OFFICIAL STATEMENT OCTOBER 4, 2018

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. 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

$15,000,000
Montgomery County General Obligation
Park Acquisition and Development Project Bonds, Series MC-2018A

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, 2029, are subject to redemption in whole or in part at par, at any time on or after November 1, 2028. – 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 May 1, 2019
Closing/Settlement	On or about October 18, 2018
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

$15,000,000 Montgomery County General Obligation
Park Acquisition and Development Project Bonds, Series MC-2018A

Maturing November 1	Principal Amount	Interest Rate*	Price or Yield*	CUSIP**	Maturing November 1	Principal Amount	Interest Rate*	Price or Yield*	CUSIP**
2019	$1,200,000	5.000%	1.950%	5741402W8	2029	$600,000	5.000%	2.800%†	5741403G2
2020	1,200,000	5.000	2.100	5741402X6	2030	600,000	5.000	2.900†	5741403H0
2021	1,200,000	5.000	2.170	5741402Y4	2031	600,000	4.000	3.100†	5741403J6
2022	1,200,000	5.000	2.250	5741402Z1	2032	600,000	4.000	3.150†	5741403K3
2023	1,200,000	5.000	2.340	5741403A5	2033	600,000	3.250	3.465	5741403L1
2024	600,000	5.000	2.440	5741403B3	2034	600,000	3.375	3.498	5741403M9
2025	600,000	5.000	2.520	5741403C1	2035	600,000	3.500	3.550	5741403N7
2026	600,000	5.000	2.590	5741403D9	2036	600,000	3.500	3.600	5741403P2
2027	600,000	5.000	2.660	5741403E7	2037	600,000	3.500	3.650	5741403Q0
2028	600,000	5.000	2.730	5741403F4	2038	600,000	3.500	3.700	5741403R8

† Price 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 October 4, 2018. The interest rates and prices or yields shown above are furnished by Morgan Stanley & Co. LLC ("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

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 Oxford Building, 8600 LaSalle Road, Suite 618, Towson, 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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THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Montgomery County General Obligation
Park Acquisition and Development Project Bonds, Series MC-2018A

INTRODUCTION

The purpose of this Official Statement, including the cover page and appendices hereto, is to set forth certain information concerning the $15,000,000 Montgomery County General Obligation Park Acquisition and Development Project Bonds, Series MC-2018A (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 66,000 acres of parkland, 37,000 of which are located in Montgomery County and 29,000 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 September 26, 2018.

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 semiannually on each May 1 and November 1, commencing May 1, 2019, 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 2029, are subject to redemption prior to their respective maturities at any time on or after November 1, 2028 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.

The Depository Trust Company

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, 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 66,000 acres. It is composed of stream-valley parks, large regional parks, neighborhood parks and park-school recreational areas. Its current staff consists of over 2,100 year-round career employees. In addition, it employs in its numerous park and recreation programs more than 5,400 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's degrees in both city and regional planning, and civil engineering from Catholic University. He has been a resident of Rockville 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.

Tina E. Patterson was appointed to the Montgomery County Planning Board on July 28, 2017. Ms. Patterson served on the Montgomery County Human Rights Commission from 2008 to 2014 and on the Board of Trustees for the Black Rock Center for the Arts and Leadership Montgomery. She is the owner of Jade Solutions, LLC, a management consulting firm headquartered in Germantown, Maryland. She received a bachelor's degree from Brown University and a graduate certificate in Alternative Dispute Resolution from Southern Methodist University.

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 spent a year as a Rotary Ambassadorial Scholar in Guatemala where he took master classes in Development and worked on humanitarian community projects. Dr. Doerner has traveled throughout Central America and is fluent in Spanish. He resides in a mixed-use, walkable development in Hyattsville, Maryland and enjoys working together with the community to develop a sense of place and appreciates diverse, active citizenship.

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, board member of the Maryland Legal Aid Bureau and a member of the Maryland Court of Appeals Standing Committee on Pro Bono Service.. 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 and is fluent in Portuguese and Spanish.

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 and the Government Finance Officers Association. 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*, and a master plan to assure vibrant, walkable parks in areas of high population density: *Energized Public Spaces Functional Master Plan.*

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.

Darin Conforti was appointed Acting Director of the Prince George's County Department of Parks and Recreation in June, 2018. With more than 25 years of public service, Mr. Darin brings a broad range of experience and skills to the position. He has served as the Deputy Director for Administration and Development for the Department responsible for the capital improvement program, operating budget, human resources, and information technology. Prior to that he was the Budget Manager for M-NCPPC and County Budget Manager for Washoe County, Nevada. Darin began his career as a legislative auditor for the Utah Legislature and then for Nevada Legislature. He also served in local government as a Court Administrator... In 2011, he was awarded the Good Government award by the Nevada Taxpayer's Association. Darin holds a Bachelor's degree from the University of Massachusetts, Dartmouth and a Master's degree from the Rockefeller School of Public Affairs and Policy at SUNY-Albany, both in political science. He is active in numerous professional associations including GFOA, ICMA, NRPA, and MRPA.

M. Andree 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 several 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 43rd 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 2017. The Commission has submitted its CAFR for review and believes that its CAFR for the fiscal year 2018 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
2013…	$105,257,980	$18,897,080	$7,058,450	($47,889)	$1,035,127	$132,200,748
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
2017…	117,236,611	19,209,204	7,528,729	211,981	2,079,417	146,265,942

(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
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…	8,874,953	20,649,754	86,884,376	24,912,223	5,071,183	146,392,489
2016…	7,469,148	23,526,052	89,386,588	37,503,965	4,483,593	162,369,346
2017…	7,944,600	22,626,298	91,355,568	27,792,895	4,915,022	154,634,383

(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 four fiscal years 2014 through 2017. Also shown are the budgeted and preliminary revenues and expenditures for the fiscal year ending June 30, 2018 and the budget for the fiscal year ended June 30, 2019**.**

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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	Preliminary Actual	Budget
	2014	2015	2016	2017	2018	06/30/2018	2019
Revenues:							
Taxes	$77,558,047	$83,626,126	$85,610,387	$88,051,405	$93,529,054	$92,415,781	$93,198,722
Interest	(33,762)	81	(19,835)	53,871	9,500	164,200	73,000
Fees, Charges and Other	5,695,923	6,214,141	6,938,497	7,092,782	7,812,784	7,501,885	8,333,909
Total Revenues	83,220,208	89,840,348	92,529,049	95,198,058	101,351,338	100,081,866	101,605,631
Expenditures and Encumbrances:							
Park Management and Design	18,669,543	18,894,436	19,351,340	20,020,051	24,538,824	22,720,712	27,037,341
Natural Resources	7,670,251	8,512,977	9,485,432	9,465,751	10,020,215	9,949,769	10,564,222
Facilities Maintenance	11,005,020	11,341,479	11,517,350	11,937,762	12,466,323	11,873,105	12,310,057
Regions	21,318,291	21,802,008	22,139,075	22,937,672	24,355,189	23,702,532	24,525,753
Park Police	13,073,713	13,464,002	14,467,666	14,228,532	14,928,991	14,753,962	14,257,923
Support Services	9,072,077	11,300,319	10,959,305	11,787,169	10,503,128	10,545,761	9,881,870
Total Expenditures and Encumbrances	80,808,895	85,315,221	87,920,168	90,376,937	96,812,670	93,545,841	98,577,166
Other Financing Sources (Uses):							
Debt Service Fund	(3,881,641)	(4,789,723)	(4,256,316)	(4,838,893)	(5,511,210)	(5,428,913)	(6,461,285)
Other, Net	(493,630)	753,840	1,076,338	(330,453)	165,000	179,269	(325,000)
Total	(4,375,271)	(4,035,883)	(3,179,978)	(5,169,346)	(5,346,210)	(5,249,644)	(6,786,285)
Excess (deficiency of revenues and Other sources over expenditures, encumbrances and other uses	(1,963,958)	489,244	1,428,903	(348,225)	(807,542)	1,286,381	(3,757,820)
Beginning Fund Balance	8,274,546	6,310,588	6,799,832	8,228,735	7,880,510	7,880,510	7,170,999
Ending Fund Balance	$6,310,588	$6,799,832	$8,228,735	$7,880,510	$7,072,968	$9,166,891	$3,413,179

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

Fiscal Year 2018 Operating Results and 2019 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 2018 projection, the aggregate of the General Fund-Park Account revenues (including transfers) was $1,255,202 less than the budgeted amount and expenditures (including transfers) were $3,349,126 less than the budgeted amount for Montgomery County. The shortfall in revenues was primarily due property taxes. Expenditure savings were primarily generated by a cost savings plan and savings from personnel vacancies. The Montgomery County General Fund-Park Account Total Budgetary Fund Balance is projected to be $9,166,892 at June 30, 2018. The Fund Balance consisted of unassigned funds totaling $2,593,012, and assigned funds designated of $6,573,880.

The fiscal outlook for the Commission's Montgomery County – Park Fund for fiscal year 2019 is expected to be positive. The Commission's 2019 adopted budget reflects about a 3.65% 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 2019 in a solid financial position.

The Commission's fund balance policy requires a contingency reserve of 3% of expenditures. The fiscal year 2018 results will comply 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 ending June 30.

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
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	0.0170/0.0425	0.0548/0.1370	0.0010/0.0025	0.0728/0.1820	118,471,849
2018	0.0172/0.0430	0.0554/0.1385	0.0010/0.0025	0.0736/0.1840	122,844,694

(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.
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 ending June 30.

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
2014	$ 105,671,395	$ 105,042,397	99.4%	$ 128,304	$ 105,170,701
2015	111,224,664	110,366,064	99.2%	322,266	110,688,330
2016	115,877,295	114,942,121	99.2%	(139,025)	114,803,096
2017	118,159,679	114,794,762	97.2%	186,313	114,981,075
2018	122,844,694	122,601,258	99.8%	-	122,601,258

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 June 2018.
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"). 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 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 2019 through 2024 is summarized below (in thousands of dollars):

	2019	2020	2021	2022	2023	2024
Expenditures:						
Land Acquisition	$8,650	$8,650	$10,150	$10,150	$11,650	$11,650
Development	32,502	34,153	33,030	28,446	28,308	26,158
Total*	$41,152	$42,803	$43,180	$38,596	$39,958	$37,808
Funding Sources:						
Bonds - Commission	$8,603	$8,132	$8,147	$7,980	$8,082	$7,432
Bonds - County	11,859	11,631	13,083	13,943	14,726	14,926
Contributions - Developers	700	500	250	450	200	200
Current Revenue - Commission	350	350	350	350	350	350
Current Revenue - County	3,790	3,790	4,750	4,750	4,750	4,750
Enterprise - Commission	4,125	8,000	6,000	400		
Program Open Space ("POS")	9,200	8,050	8,050	8,173	9,000	7,300
Other	2,525	2,350	2,550	2,550	2,850	2,850
Total*	$41,152	$42,803	$43,180	$38,596	$39,958	$37,808

* 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 year 2020 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, 2017, the Commission's Risk Management Fund had net assets of $16,757,743 of which $5,866,040 was for Montgomery County and $10,891,703 was for Prince George's County. The Commission's approved budget for fiscal year 2018 includes an appropriation of $3,359,940 for Montgomery County risk management costs and $4,998,544 for Prince George's County for a total of $8,358,484 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 July 20, 2018, the Commission had approximately 7,573 employees, which included 2,103 full- and part-time merit employees and 5,404 seasonal employees, 44 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 has a three-year contract with the FOP from February 1, 2017 through January 31, 2020. 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, 2021. The Commission will begin negotiating wage reopeners for FY 2020 wages in the fall of 2019.

- 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 1189 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, 2017, 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)	$20,037
Interest on net OPEB obligation	5,108
Adjustment to annual required contribution	(4,236)
Annual OPEB cost (Expense)	20,909
Less Contribution made	16,107
Increase in Net OPEB obligation	4,802
Net OPEB obligations, beginning of the year	72,976
Net OPEB obligation, end of year	$77,778

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 2015, 2016, 2017, 2018 and estimates for fiscal years 2019 are presented below ($000):

	2015	2016	2017	2018	Est. 2019
Annual Required Contribution (ARC)	$20,585	$19,192	$20,037	$20,566	$23,107
Percentage of ARC Contributed	77%	88%	100%	100%	100%
Net OPEB Obligation	72,728	75,073	77,778	73,848	$73,944

An actuarial valuation of the plan was performed as of July 1, 2017. Based on the assumptions and qualifications stated therein, the OPEB report concluded that the fiscal year 2018 annual required contribution (ARC) for the Commission is $20,566,000 and the related unfunded actuarial liability (UAL) is $256,682,000. The budgetary impact in fiscal year 2018 to meet the OPEB obligation after considering the amounts needed to make current benefit payments is $21,375,000.

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, 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 2017 were audited by SB & Company, LLC of Hunt Valley, Maryland.

The Retirement System's actuarial valuation as of July 1, 2017 was performed by Boomershine Consulting Group of Ellicott City, Maryland. As of that date, there was an unfunded actuarial accrued liability of $92,288,218 and a funded ratio of 90.69% (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
2015	$28,149,976	100.0%
2016	27,191,305	100.0
2017	20,268,189	100.0
2018	24,822,301	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; $200,072 in 2015, $211,150 in 2016, $250,000 in 2017, and $240,000 in fiscal year 2018. 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, 2018.

The Maryland-National Capital Park and Planning Commission
Bonded Debt as of June 30, 2018

Fiscal Years Ending June 30	Montgomery County (1) Principal	Montgomery County (1) Interest	Montgomery County (1) Debt Service	Prince George's County (2) Principal	Prince George's County (2) Interest	Prince George's County (2) Debt Service
2019	$ 3,990,000	$ 1,647,035	$ 5,637,035	$ 6,150,000	$ 3,325,831	$ 9,475,831
2020	3,665,000	1,501,610	5,166,610	6,180,000	3,059,206	9,239,206
2021	3,730,000	1,364,760	5,094,760	6,225,000	2,786,056	9,011,056
2022	3,385,000	1,234,760	4,619,760	4,970,000	2,510,156	7,480,156
2023	3,445,000	1,106,660	4,551,660	5,065,000	2,270,306	7,335,306
2024	3,105,000	980,804	4,085,804	5,160,000	2,040,256	7,200,256
2025	3,175,000	862,966	4,037,966	4,400,000	1,806,456	6,206,456
2026	2,920,000	754,834	3,674,834	4,510,000	1,599,156	6,109,156
2027	2,980,000	663,163	3,643,163	4,605,000	1,417,556	6,022,556
2028	2,745,000	580,949	3,325,949	4,165,000	1,232,406	5,397,406
2029	2,795,000	501,748	3,296,748	4,260,000	1,113,988	5,373,988
2030	2,550,000	426,786	2,976,786	4,375,000	986,188	5,361,188
2031	2,610,000	352,253	2,962,253	4,475,000	838,438	5,313,438
2032	2,675,000	274,981	2,949,981	4,575,000	697,125	5,272,125
2033	2,750,000	191,063	2,941,063	4,685,000	554,625	5,239,625
2034	2,085,000	114,219	2,199,219	4,795,000	406,488	5,201,488
2035	1,150,000	64,500	1,214,500	2,945,000	246,913	3,191,913
2036	1,175,000	29,625	1,204,625	2,990,000	150,025	3,140,025
2037	400,000	6,000	406,000	1,650,000	51,563	1,701,563
Total	$ 51,330,000	$ 12,658,715	$ 63,988,715	$ 86,180,000	$ 27,092,738	$ 113,272,738

(1) Includes Debt Service for the Advance Land Acquisition, which is supported by its own taxing authority and rate.
(2) Prince George's County has no outstanding ALA bonds.

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- 2018A Principal	Interest (2)	Adjusted Total Debt Service (1)
2019	$ 5,637,035	$ 0	$ 365,494	$ 6,002,529
2020	5,166,610	1,200,000	651,750	7,018,360
2021	5,094,760	1,200,000	591,750	6,886,510
2022	4,619,760	1,200,000	531,750	6,351,510
2023	4,551,660	1,200,000	471,750	6,223,410
2024	4,085,804	1,200,000	411,750	5,697,554
2025	4,037,966	600,000	366,750	5,004,716
2026	3,674,834	600,000	336,750	4,611,584
2027	3,643,163	600,000	306,750	4,549,913
2028	3,325,949	600,000	276,750	4,202,699
2029	3,296,748	600,000	246,750	4,143,498
2030	2,976,786	600,000	216,750	3,793,536
2031	2,962,253	600,000	186,750	3,749,003
2032	2,949,981	600,000	159,750	3,709,731
2033	2,941,063	600,000	135,750	3,676,813
2034	2,199,219	600,000	114,000	2,913,219
2035	1,214,500	600,000	94,125	1,908,625
2036	1,204,625	600,000	73,500	1,878,125
2037	406,000	600,000	52,500	1,058,500
2038	0	600,000	31,500	631,500
2039	0	600,000	10,500	610,500
Total	$63,988,716	$15,000,000	$5,633,119	$84,621,835

(1) Totals may not add due to rounding.
(2) Interest rates range from 3.250% 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
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	52,932,000	0.03	0.03	50.41
2017…	1,055,000	181,546,725	193,683,159	57,973,000	0.03	0.03	54.95

(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
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
2017…	4,758,980	154,634,383	3.08

(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, 2018. 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
2017 (est)	375,960	1,050,370	8.1%
2016	373,346	1,049,477	7.4
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 2016 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 2017 derived by the Montgomery County Department of Finance from using average annual rate from 2015 to 2045 from MWCOG.

Median Age

	1960	1970	1980	1990	2000	2010	2016
Median Age	28.1	27.9	32.1	33.9	36.8	38.5	39.0

Sources: 2010 and 2016 the American Community Survey, U.S. Bureau of the Census. For previous years, Decennial Census, U.S. Bureau of the Census.

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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 80.6 percent of the total workforce in 2016, the latest available annual data. The following tables present the County's employment by industrial sector.

Payroll Employment

	2010	2015	2016
TOTAL PRIVATE SECTOR................	358,172	369,541	373,686
PUBLIC SECTOR EMPLOYMENT:			
Federal..	45,072	47,321	48,068
State	1,199	1,249	1,217
Local..	37,140	40,774	40,478
TOTAL PUBLIC SECTOR	83,411	89,344	89,763
GRAND TOTAL..................................	441,583	458,885	463,449

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 2015 and 2016 based on the new classification system which shows that the County had a slight overall percentage gain in employment in 2016.

Payroll Employment
(NAICS Series)*

	2014	2016	Difference	Percent Change
TOTAL PRIVATE SECTOR	369,541	373,686	4,145	1.1%
GOODS-PRODUCING	35,559	35,588	29	0.1%
Natural Resources and Mining	308	310	2	0.6%
Construction	23,585	23,332	(253)	-1.1%
Manufacturing	11,666	11,946	280	2.5%
SERVICE PROVIDING	333,982	338,098	4,116	1.2%
Trade, Transportation, and Utilities	57,695	56,846	(849)	-1.5%
Information	12,354	11,780	(574)	-4.6%
Financial Activities	30,607	29,790	(817)	-
Professional and Business Services	99,022	102,397	3,375	3.4%
Education and Health Services	69,925	71,561	1,636	2.3%
Leisure and Hospitality	41,827	43,203	1,376	3.3%
Other Services	22,552	22,251	(31)	-0.1%
PUBLIC SECTOR EMPLOYMENT	89,344	89,763	419	-0.5%
Federal Government	47,321	48,068	747	1.6%
State Government	1,249	1,217	(32)	-2.6%
Local Government	40,774	40,478	(296)	-0.7%
GRAND TOTAL	458,885	463,449	4,564	1.0%

*Source: North American Industrial Classification System.

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During calendar year 2016, the County's unemployment rate averaged 3.3 percent. The table below presents the County's labor force, employment and unemployment for the calendar years 2008 through 2017.

Montgomery County's Resident Labor Force
Employment & Unemployment

	Labor Force	Employment	Unemployment	Unemployment Rate
2017*	554,029	536,300	17,729	3.2%
2016	551,392	533,201	18,191	3.3%
2015	548,499	527,034	21,415	3.9%
2014	544,210	520,288	23,922	4.4%
2013	542,690	515,689	27,001	5.0%
2012	540,427	512,438	27,989	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%

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 2016.

Department of Health and Human Services (HHS)	31,435
National Institutes of Health	
Food and Drug Administration	
Department of Defense	14,000
Walter Reed National Military Center	
Carderock Naval Surface Warfare Center	
Department of Commerce	5,755
National Oceanic & Atmospheric Administration	
National Institute of Standards & Technology	
Nuclear Regulatory Commission	2,340
Department of Energy	1,035

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.	5,800
Adventist Hospital	4,290
Kaiser Foundation Health Plan	2,640
MedImmune/Astra Zeneca	2,320
Government Employee Insurance Company (GEICO)	2,270
Holy Cross Hospital	2,000
Verizon	2,000
Westat, Inc.	2,000
Suburban Hospital	1,815
Henry M. Jackson Foundation	1,780
Lockheed Martin	1,610

Source: Maryland Department of Commerce 2016 data

Personal Income

Actual personal income of County residents exceeded $84.5 billion in calendar year 2016 which is an increase over the 2015 amount of $80.8 billion. The County's total personal income experienced an increase of 4.6 percent in 2016, greater than the nation's increase of 2.3 percent, and greater than the State's rate of 3.6 percent. The County's total personal income increase of 4.6 percent is greater than the ten-year (2006-2015) annual average growth rate of 2.6 percent.

The County accounts for 24.2 percent of the State's personal income in 2016, 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
2016	$84,518	$349,267	$15,912,777	24.2 %
2015	80,786	337,212	15,547,661	24.0
2014	75,745	322,885	14,811,388	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

Notes: Data from U.S. Department of Commerce, Bureau of Economic Analysis, revised November 2017 (County, State, and U.S.).

.Average Household and Per Capita Personal Income

According to the Bureau of Economic Analysis, U.S. Department of Commerce, the County's total personal income exceeded $84.5 billion in calendar year 2016, up from a revised $80.8 billion in 2015, while per capita income reached $80,967 in 2016, up from a revised $77,961 in 2015. Average household income increased from a revised $217,484 in 2015 to $226,381 in 2016.

Per Capita and Average Household Income, 2016

County	Per Capita Income	County	Average Household Income
Marin, CA	$115,952	San Mateo, CA	$306,914
Fairfield, CT	106,666	Fairfield, CT	300,346
San Mateo, CA	105,721	Marin, CA	284,229
Westchester, NY	94,140	Santa Clara, CA	268,485
Somerset, NJ	90,268	Westchester, NY	306,914
Morris, NJ	89,065	Somerset, NJ	259,339
Santa Clara, CA	88,920	Morris, NJ	245,181
Arlington, VA	87,986	Nassau, NY	244,985
Collier, FL	84,101	**Montgomery, MD**	**226,381**
Norfolk, MA	81,948	Fairfax, VA	226,268
Montgomery, MD	**80,967**	Collier, FL	220,096
Nassau, NY	79,314	Loudoun, VA	220,038
Bergen, NJ	77,187	Norfolk, MA	219,227
Fairfax, VA	75,978	Bergen, NJ	214,961
Middlesex, MA	75,869	Lake, IL	209,875
Chester, PA	75,281	Chester, PA	207,644
Lake, IL	72,956	Contra Costa, CA	205,507
Montgomery, PA	72,780	Howard, MD	203,248
Howard, MD	71,869	Middlesex, MA	202,583
Loudoun, VA	70,840	Arlington, VA	195,606

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 2017, 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 $2.517 billion for fiscal year 2018, a 2.4 percent increase over the prior year, and the approved amended fiscal years 2017-2022 Capital Improvement Program is $1.744 billion, an increase of $14.3 million over the previously approved CIP. The emphasis that County residents place on education is reflected in budgeted per pupil operating expenditures of $15,589 in fiscal year 2018, and in the high percentage of high school graduates who continue formal education. In fiscal year 2018, projected enrollment is 161,302 students.

In the most recent American Community Survey taken in 2016, the 5-year estimates indicated that County residents, on average, are highly educated. According to the 2016 Survey, 57.9 percent of County residents 25 years old or over completed four or more years of college. Advanced degrees are held by 31.1 percent of the adult population, while high school graduates account for 91.2 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	13,347
Catholic University, Washington, DC	6,699
George Washington University, Washington, DC	26,600*
Georgetown University, Washington, DC	18,459
Hood College, Frederick, MD	2,289
Howard University, Washington, DC	10,002
Johns Hopkins University, Baltimore, MD	22,686
Montgomery College, 3 campuses in County (2-year)	23,916**
Universities at Shady Grove, Montgomery County	4,000 *
University of Maryland, College Park, MD	38,140

* 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 2017, approximately 22.98 million passenger trips took place on the County Ride-On Bus system. The entire fleet consists of 348 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 years 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. The County has issued parking revenue bonds for land acquisition, construction, repair and renovation of parking facilities. During fiscal year 2017, the four districts collectively had in service 20 garages with approximately 16,763 parking spaces, 20 surface lots with 1,272 spaces, and 2,447 on-street metered spaces for a total of 20,482 spaces.

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 2016, the airport served approximately 23.6 million passengers, sixth straight year of record-breaking growth for the airport. 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 21.8 million passengers in 2016, a small but significant gain, fueled largely by international travelers. The airport is positioned for continued growth as demand increases.

Baltimore-Washington International Thurgood Marshall Airport (BWI) is located in Anne Arundel County, Maryland. Approximately 25.1 million passengers few through BWI in 2016, making it the region's busiest airport. BWI officials began planning for a major expansion of international service in 2015. A new secure connector between domestic D concourse and E concourse was completed in 2017 and BWI is poised to begin work on the next phase of its international terminal expansion.

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 $889,000 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 $338,000 is earmarked for pending fiscal year 2018 easement settlements in association with the County and State Agricultural Easement Programs.

New Construction

Between fiscal year 2016 and fiscal year 2017, the number of new construction projects decreased 8.1 percent. At the same time, the value of new construction added to the real property tax base increased 1.4 percent to $1.640 billion. Over the prior nine-year period (from fiscal year 2008 to fiscal year 2016), the number of projects, both residential and non-residential increased from 952 to 1,797. During that same period, the value of new construction averaged $1.282 billion between fiscal year 2008 and fiscal year 2016 and ranging from a high of $1.618 billion in fiscal year 2016 to a low of $0.586 billion in fiscal year 2012. The decline in the construction of residential properties beginning in fiscal year 2008 and ending in fiscal year 2012 reached its lowest level in five 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 27.7 percent between the peak in 2008 and 2012, but since 2012, new residential construction increased at an average annual rate of 25.6 percent.

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

Fiscal Year	Construction Starts	Residential	Apartments	Condominiums	Commercial/ Industrial	All Other	Total
2017	$1,651	$820.4	$101.7	$130.9	$578.8	$7.9	$1,639.8
2016*	1,797	755.2	118.6	130.1	595.2	18.5	1,617.5
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
10 Year Summary		$6,413.2	$527.5	$1,543.1	$4,349.1	$345.1	$13,178.4
Categories as Percent of Total		48.7%	4.0%	11.7%	33.0%	2.6%	100.0%

Source: Dodge Analytics, McGraw-Hill Construction, and Maryland State Department of Assessments and Taxation* 2016 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.

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 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. The award-winning Pike & Rose project has delivered almost 900 new residential units, a new hotel, and over 500,000 square feet of commercial space, with a new office building under review. The County has completed a new 650 space garage, the first phase of a road project, and new separated bike lanes on two existing streets in White Flint to allow for better local mobility and connections. Two new mixed-use projects have been approved and are out for financing. The White Flint 2 Sector Plan, which includes 460 acres adjacent to the White Flint Sector Plan, is under final review by the Council and will encourage further mixed use.

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 is 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.

The new Progress Place, which serves low-income and homeless populations, began operation in December 2016. By partnering with, local developer, Washington Property Company for the design and construction of a new Progress Place on County-owned land, the County was able to expand services, via 21 apartments for persons transitioning out of homelessness. Washington Property Company will redevelop the former Progress Place site as a high-rise residential development. This partnership illustrates the County's continued commitment to smart growth by leveraging publicly owned land, promoting transit-oriented development in Silver Spring and expanding the County's capacity to serve the community.

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 that were capable of accommodating larger development projects. The County determined that some of these assets might be used to stimulate redevelopment in Wheaton. The redevelopment progress in Wheaton is as follows:

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, 125 restaurants. A 148,000 square foot Costco Wholesale opened alongside the Westfield shopping mall in 2013.

- Also, in 2013, Foulger-Pratt developed a certified LEED Silver high-rise residential project with certified LEED Gold first floor Safeway grocer located directly at the Wheaton Metro Station. The building, known as The Exchange at Wheaton, features a 17th floor sky terrace, pool, dog park, and fitness facility with 486 rental units and 58,000 SF of retail.
- In October 2014, the Montgomery County Department of Transportation (MCDOT) entered into a joint development partnership with StonebridgeCarras for the Wheaton Revitalization Project which will provide a new 14-story government office building, below ground parking garage, and a town square as part of the Revitalization
- Strategy for this area. This mixed-use development will endeavor to improve mobility, increase Wheaton Metro Station use, diminish negative environmental impacts, reduce traffic congestion and increase the diversity of employment opportunities and services in the Wheaton area.
- The Mid County Regional Services Center Building was vacated on August 31, 2017 and will be demolished as part of the planned Plaza development south of Reedie Drive. Building demolition is scheduled for early 2018. The Mid County Regional Service Center moved on September 5, 2017 to a temporary home at 11435 Grandview Ave, Wheaton, MD 20902 as it awaits the completion of the Wheaton Revitalization Project which will be its permanent location. The revitalization project continues to be on schedule and within budget. Mass excavation for the new building and garage foundations continues and is scheduled to finish in early January 2018. Substantial completion for the entire project is anticipated for Spring of 2020.

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, Cohn Reznick, and Marriott Hotels and Resort.
- Bethesda Row, located two blocks from downtown Bethesda, illustrates the redevelopment of a commercial area to a mixed-use, walkable district. It has become a sought after and prestigious address in the DC Metro area. The neighborhood delivers dining - 33 food options; shopping - 34 retail stores and 20 service-oriented venues, along with 180 high-end apartments and over 530,000 square feet of Class A office space. It is home to Riverbed Technology, Honest Tea, MIDCAP, and Tracx US to name a few of the many businesses located at Bethesda Row. The development's location on the Capital Crescent Trail and its proximity to a Metro station provide convenient connections to downtown Washington, D.C., and other parts of the region. In 2002, Bethesda Row received a Charter Award from the Congress for the New Urbanism and an Award for Excellence from the Urban Land Institute.

- The $300 million, 40-acre Intelligence Community Campus-Bethesda celebrated its grand opening in October 2015. The site is 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 was the first top-tier luxury shopping center on the east coast outside of New York City. It was developed in the 1950's. The Collection at Chevy Chase, formerly named the Chevy Chase Center, is a mixed-used development, with 100,000 square feet of neighborhood-oriented retail, and a 200,000 square foot office tower. On September 8, 2017, the Planning Board approved Site Plan Amendments for updates to The Collection to modify the public use and amenity space, provide on-site pedestrian and vehicular circulation, update architecture, and revise the quantity of on-site parking.
- Wisconsin Place, completed in 2009, is a 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.
- Friendship Heights is known as the "Rodeo Drive" of Washington, DC/Maryland. There are a large number of upscale malls and luxury retailers that give this area its nickname. Chevy Chase Pavilion is on the Washington D.C. and Maryland border and hosts stores like H&M, J.Crew, Nordstrom Rack, Old Navy, and World Market. Mazza Gallerie is a small, upscale shopping mall in Washington, D.C. Stores include Neiman Marcus,
- Ann Taylor, Charles Schwartz & Son Jewelers, Saks Fifth Avenue Men's Store, Tabandeh, Pampillonia Jewelers, Williams Sonoma and more. Neighboring the Mazza Gallerie, are the Shops at Wisconsin Place, located in Chevy Chase, MD, there are open-air, high-end retail stores and restaurants including Bloomingdales, MAC Cosmetics, Sephora, Anthropologie, BCBG, Cole Haan, Eileen Fisher, The Capital Grille, Le Pain
- Quotidien, P.F. Chang's and Whole Foods Market. Further up Wisconsin Avenue, still in Chevy Chase, MD, The Collection boasts high end shops, such as Cartier, Gucci and Jimmy Choo. Chevy Chase is also home to a Tiffany & Co as well as a full Saks Fifth Avenue department store.

Existing Office/R&D/Commercial Space

As of December 2017, Montgomery County has more than 140 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 1.27 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. Also featured along Route 29 is the WesTech Business Park and surrounding area, which includes just under eight million square feet of office, R&D, light industrial, and retail development.

Office/Flex/Industrial/Retail Space Availability by Major Submarkets
as of September 2017

Montgomery County Market	Total Inventory (Square Feet)	Direct Vacant (Square Feet)	Direct Vacancy Rate	Vacancy Rate w/Sublet
Bethesda/Chevy Chase	15,981,260	1,234,964	7.7%	8.8%
Gaithersburg	21,404,595	1,778,451	8.3	8.6
Germantown	9,347,449	607,362	6.5	6.6
Kensington/Wheaton	7,037,188	576,272	7.9	7.9
North Bethesda/Potomac	16,456,359	2,543,188	15.5	15.6
North Rockville	22,908,750	2,611,483	11.4	12.1
North Silver Spring/Rt. 29	8,920,078	610,479	6.8	7.7
Rockville	19,658,014	1,716,790	8.7	9.2
Silver Spring	11,692,859	805,541	6.9	7.3
Other Markets*	7,009,074	748,378	10.7	10.7
Total County	140,415,626	13,232,908	9.4	9.9

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.

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Office/Industrial Projects

Summary

Over five million square feet of future academic, science, and technology-oriented office space remains approved and ready for potential development in Montgomery County. The Johns Hopkins Research Campus, Medimmune, and the Shady Grove Life Sciences building remain the largest of these types of active and ongoing commercial development projects in the county.

In 2017, two new and substantial office development projects have progressed down the development pipeline. The new 825,000 square foot Marriott headquarters achieved permitting in late fall, and the old police station located in downtown Bethesda at 7359 Wisconsin Avenue is pending approval in early 2018 for redevelopment into a 535,000 square foot mixed-use office/hotel with approximately 400,000 square feet of dedicated office space.

A notable shift away from single-use, traditional office development toward more dynamic mixed-use commercial space has also been recently observed. Crystal Rock and Rock Spring Center are two substantial examples of active single-use office projects in the county that have recently added residential and/or retail components to their development portfolio.

Montgomery County's industrial and logistics' markets continue to experience growth primarily in large self-storage development projects. Two self-storage projects currently exist in the county's pipeline, Rockville's CubeSmart and EZ Storage, which could lead to an additional 220,000 square feet of industrial/logistics GFA in Montgomery County.

Public/Private Projects

Viva White Oak (formally LifSci Village)

The White Oak Science Gateway Master Plan was approved in 2014 and several plans are underway including new retail, civic uses, diverse housing and a hotel. The proposed Master Plan developments will provide unique opportunities to capitalize on the presence of the U.S. Food and Drug Administration (FDA), transform the East County into a vibrant hub for technological advancement and bring the much-desired amenities to the community.

The proposed Viva White Oak project will merge County property and property owned by Global Life Sciences, LLC to create a 280-acre mixed-use development. The goal is to initiate 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 its portion of the Viva White Oak property in the State's Voluntary Clean-Up Program and environmental remediation was completed in late 2014. The Viva White Oak Sketch Plan was approved by the Planning Board in November 2017 and the transportation improvement program is being financed under a new initiative: the Local Area Transportation Improvement Program (LATIP). The final Preliminary/Site Plan is expected to be approved in late 2018 and construction to start shortly thereafter.

Pinkney Innovation Complex for Science & Technology at Montgomery College

The Pinkney Innovation Complex for Science & Technology at Montgomery College (PIC MC) is an integrated academic, business and research campus in Germantown. PIC MC, previously known as the Montgomery College-Germantown Science and Technology Park, was identified in 2001 by the County as a location to grow life sciences and technology companies. With a total of $6.1 million in funding appropriations to Montgomery College from the State and the County, the campus was able to add 20 acres to its own 20 acres to create a 40-acre park. Since its beginning, PIC MC has successfully located an anchor tenant, Holy Cross Germantown Hospital, a 93-bed hospital employing, to date, about 730 healthcare professionals and related jobs, and a medical office building with 50 plus doctors, nurses and medical personnel. Students in the Allied Health Science programs do their clinical rotations at the hospital and, upon graduation, are eligible to become employees. Targeted business sectors include life sciences, cybersecurity and technology, which reflect the signature academic programs offered at the Germantown campus. Additionally, the County-owned life sciences and technology incubator, the Germantown Innovation Center, houses 24 start-up companies with 116 employees in 35,000 square feet on the Germantown campus. PIC MC has received preliminary subdivision approval of a 5.67-acre parcel for construction of a building, up to 150,000 square feet. At full build out, the campus is expected to accommodate close to a million square feet of private sector space in addition to the College's academic buildings.

Montgomery County Business Innovation Network

The Montgomery County Business Innovation Network is a program of three business incubator facilities that has successfully assisted start-up technology and professional services companies to grow and expand in the County. To date, over 245 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 located in the heart of the County's media tech industries and supports tech and engineering firms. 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

The National Institute of Allergy and Infectious Diseases (NIAID) brought an estimated 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, concrete parking garage located adjacent to the building. NIAID signed a 15-year lease for its new quarters, which was completed in 2014.

Downtown Rockville

Foulger-Pratt is planning on constructing a 240,000-square-foot mixed-use project with 240 rentals and approximately 8,000 square feet of ground-floor retail. The project is planned to "bridge the gap" between the Rockville Metro Plaza and Rockville Town Center.

This planned mid-rise building is part of the third phase of the Rockville Metro Plaza (RMP) redevelopment, otherwise known as RMP III. The first two phases of the Rockville Metro Plaza redevelopment focused on office space. For these phases, tenants secured included the Choice Hotels International Headquarters and the Kabu Japanese Steakhouse.

Foulger-Pratt is expected to submit preliminary drawings to the City of Rockville for RMP III. The timeline for the project involves two years of planning and approvals followed by two years of construction. Delivery is expected by 2021.

Construction began in early 2016 on Brightview, located at 285 North Washington Street in Rockville Town Center. It is a 195-unit senior living community that will provide independent and assisted-living residences specializing in Alzheimer's care. The ground floor features 6,568 square feet of retail while community amenities include a landscaped courtyard with public art installation and a rooftop garden. Developed by Shelter Development Group, Brightview Rockville Town Center opened in October 2017. Construction began in February 2016 on The Metropolitan, which adds to the redevelopment of Rockville Town Center with a 6-story, 275-unit luxury apartment complex that includes 6,113 SF of retail on the ground level. Developed by Kettler, The Metropolitan is expected to open in 2018.

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 2017, increased in Maryland and in Montgomery County. Compared to the prior fiscal year when retail sales in the County increased a modest 0.1 percent, sales increased 2.4 percent in fiscal year 2017. The increase was attributed to purchases of apparel items which increased 19.1 percent and purchases of building and industrial supplies which were up 3.1 percent.

Major Retail Centers

As of third quarter 2017, according to the Montgomery County Planning Department, Montgomery County contains 24,740,297 square feet of retail-appropriate space. Within this, 19,705,719 square feet of space was occupied by retail tenants. Of the total retail, there were 5,615 unique retailers. The remaining square footage was either occupied by nonretail tenants, such as a bank or a gym, or was vacant. The vacancy rate for the county was 6.8%, and there were 524 available properties. The three largest retail centers are: Westfield Wheaton at 1,540,124 SF; Westfield Montgomery 1,249,536 SF; and Lakeforest Mall 994,254 SF.

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 163 stores, with an expansion that included Costco, which opened in 2013.

Westfield Montgomery Shopping Mall opened in 1968 and has 1.25 million square feet of leased space. It features Nordstrom, Macy's, Macy's Furniture Gallery, Sears Roebuck & Co. There are 195 stores, and three parking garages. In 2014 the mall enlarged the Macy's, moved the Sears Automotive Center, and added a promenade with shops and restaurants with outdoor seating, a new parking garage and ArcLight Cinemas space was added. In 2016, a new $7.1 million Montgomery County Transit Center was opened at the mall funded with $6 million from the mall to include six covered bus bays, screens with real-time bus arrival information and walled-in areas with radiant heat lamps.

Lakeforest Mall, located along Maryland Route 355 and Montgomery Village Avenue near I-270, opened in 1978. At Lakeforest Mall, there is a complete selection of stores, eateries and services for the Gaithersburg and upper Montgomery County area. There are over 140 shopping choices, some of the retailers are: Aeropostale, Charlotte Russe, The Children's Place, Cotton On, Crazy 8, Finish Line, Foot Locker, Forever 21, Gymboree, H&M, Hollister Co, Hot Topic, JCPenney, Journeys, Lord & Taylor, Macy's, New York & Company, Payless ShoeSource, Ruby Tuesday, Sears, Shoe Dept Encore, Victoria's Secret, and Zumiez.

Clarksburg Premium Outlets is a 392,000 square foot, two-story LEED-certified venue which opened in October 2016. The outlet is located right off I-270 Exit 18 in Clarksburg and includes 96 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 Armour.

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. In fiscal year 2017, real property taxable assessments increased 4.3 percent and personal property table assessments increased 4.3 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 Two.

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
2017	$1,313,146,277	$1,295,425,337	98.65%	($28,250,117)	$1,267,175,220	96.50%	$10,832,703	0.82%
2016	1,172,889,804	1,148,375,647	97.91%	(22,380,048)	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

Source: Montgomery County Department of Finance, Comprehensive Annual Financial Reports.

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.

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/FY17_DEBT_SERVICE_BOOK.pdf.

Statement of Direct and Overlapping Debt As of June 30, 2017

Direct Debt:		
General Obligation Bonds Outstanding	$2,789,265,000	
General Obligation Variable Rate Demand Obligations	90,000,000	
Short-Term BANs/Commercial Paper Outstanding	500,000,000	
Revenue Bonds Outstanding	212,311,000	
Total Direct Debt		$3,591,576,000
Overlapping Debt:		
Gross Debt:		
Washington Suburban Sanitary Commission Applicable to Montgomery County	$2,096,133,000	
Housing Opportunities Commission	820,629,094	
Montgomery County Revenue Authority	84,938,772	
Maryland-National Capital Park and Planning Commission Applicable to Montgomery County	55,125,000	
Kingsview Village Center Development District	923,480	
West Germantown Development District	10,740,000	
Towns, Cities and Villages within Montgomery County	136,211,201	
Total Overlapping Debt		$3,204,700,547
Total Direct and Overlapping Debt		$6,796,276,547
Less Self-Supporting Debt:		
County Government Revenue Bonds	$212,311,000	
Washington Suburban Sanitary Commission Applicable to Montgomery County	2,096,133,000	
Housing Opportunities Commission	820,629,094	
Montgomery County Revenue Authority	84,938,772	
Total Self-Supporting Debt		($3,214,011,866)
Net Direct and Overlapping Debt		$3,582,264,681
Ratio of Debt to June 30, 2017 Assessed Valuation of (100% Assessment):		$181,546,725,485
Direct Debt		1.98%
Net Direct Debt *		1.86%
Direct and Overlapping Debt		3.74%
Net Direct and Overlapping Debt		1.97%
Ratio of Debt to June 30, 2017 Market Value		$193,683,159,880
Direct Debt		1.85%
Net Direct Debt *		1.74%
Direct and Overlapping Debt		3.51%
Net Direct and Overlapping Debt		1.85 %

*Net Direct Debt of $3,379,265,000 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.

The Annotated Code of Maryland, Article 25A, Section 5(P), 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. Article 25A, Section 5(P) 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, 2017

June 30, 2017 Assessed Valuation – Real Property		$177,495,353,017
Debt Limit (% of Assessed Valuation)		6%
Subtotal Limitation – Real Property		$10,649,721,181
June 30, 2017 Assessed Valuation – Personal Property		$ 4,051,372,468
Debt Limit (% of Assessed Valuation)		15%
Subtotal Limitation – Personal Property		$ 607,705,870
Total Assessed Valuation – Real and Personal Property		$181,546,725,485
Legal Limitation for the Borrowing of Funds and the Issuance of Bonds		$11,257,427,051
Less Amount of Debt Applicable to Debt Limit:		
General Obligation Bonds Outstanding	$2,789,265,000	
General Obligation Variable Rate Demand Obligations	90,000,000	
Short-Term BANs/Commercial Paper	500,000,000	
Net Direct Debt		$3,379,265,000
Legal Debt Margin		$7,878,162,051
Net Direct Debt as a Percentage of Assessed Valuation		1.86%

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 in 2006 which were to mature on June 1, 2026. The proceeds of the 2017 GO Series B Refunding Bonds issued on October 31, 2017 were used to refinance all of the County's outstanding VRDOs.

On December 19, 2017, the County issued $170,000 aggregate principal amount of Variable Rate, Tax-Exempt General Obligation Bonds Series E (VRDO). 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 2028. The new 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
2008 – 2017

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
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
2017.....	1.74	10.01	3,220	3.99	67.26

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 October 4, 2018 in accordance with the Notice of Sale, the form of which is attached to this Official Statement as Appendix C.

Morgan Stanley & Co. LLC., an underwriter of the Bonds, has entered into a distribution agreement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

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.

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 and the underwriters of the Bonds 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 U.S. Department of the Treasury (the “Treasury”). 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 generally the first price at which a substantial amount of the Bonds of the same maturity was sold to the public. 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). 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 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 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.

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.

Possible Legislative or Regulatory Action. Legislation affecting tax-exempt obligations is regularly considered by the U.S. Congress and various state legislatures. Such legislation may effect changes in federal or state income tax rates and the application of federal or state income tax laws (including the substitution of another type of tax), or may repeal or reduce the benefit of the excludability of interest on the tax-exempt obligations from gross income for federal or state income tax purposes. The Treasury and the IRS are continuously drafting regulations to interpret and apply the provisions of the Code and court proceedings may be filed the outcome of which could modify the federal or state tax treatment of tax-exempt obligations. There can be no assurance that legislation proposed or enacted after the date of issue of the Bonds, regulatory interpretation of the Code or actions by a court involving either the Bonds or other tax-exempt obligations will not have an adverse effect on the Bonds' federal or state tax status, marketability or market price or on the economic value of the tax-exempt status of the interest on the Bonds. In addition, the IRS has established an expanded audit and enforcement program for tax-exempt bonds. There can be no assurance that an audit initiated or other enforcement or regulatory action taken by the Treasury 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 or State tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

INDEPENDENT AUDITOR

The basic financial statements as of June 30, 2017 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, 250 Greenwich Street, New York, New York 10007; S&P Global Ratings, 55 Water Street, New York, New York 10041; Fitch Ratings, 33 Whitehall Street, 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, 2019 and the Commission will provide notices of the occurrence of certain listed events. Potential purchasers should note that certain of the material events listed in Section 5(a) in the Commission's Continuing Disclosure Certificate have been included for purposes of compliance with the Rule but are not relevant for the Bonds.

The Commission's annual report for fiscal year 2015 failed to contain or include by reference the most recent audited financial statements and other financial information for the County and Prince George's County, Maryland and the Commission failed to file a notice with EMMA regarding such failure. The required filings have been made. Except as described in this paragraph (to the extent that the foregoing constitutes a material failure), 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

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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, 2017

TABLE OF CONTENTS

♦ PART I ♦

INTRODUCTORY SECTION

Piedmont Fort and Slides located in Greenbriar Park which offers an excellent blend of green space and recreational opportunities.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

6611 Kenilworth Avenue • Riverdale, Maryland 20737

October 12, 2017

Commissioners:

The Comprehensive Annual Financial Report of The Maryland-National Capital Park and Planning Commission ("the Commission") for the fiscal year ended June 30, 2017 is hereby submitted. This Report was prepared by the Commission's Finance Department, in accordance with the Land Use Article of the Annotated Code of Maryland, Sections 15-115 and 15-116. Responsibility for the completeness and reliability of all the information presented, including all disclosures, rests with the Commission. We assert that to the best of our knowledge and belief, the data, as presented, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and changes in financial position of the governmental activities, business-type activities and various funds of the Commission in accordance with accounting principles generally accepted in the United States of America (GAAP). All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

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

State statutes require an annual audit by independent certified public accountants. The Commission selected the accounting firm of SB & Company, LLC. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Commission for the fiscal year ended June 30, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent public accountants concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Commission's financial statements for the fiscal year ended June 30, 2017 are fairly presented in conformance with GAAP. The independent public accountants report is presented as the first component of the Financial Section of this Report.

This year the Commission is not required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Uniform Administrative Requirements, Cost Principles and Audit Requirements for the Federal Awards. The Commission is required to file a Uniform Financial Report with the Maryland State Department of Legislative Services by January 1 of each year.

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

The Commission

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

The annual budget serves as the foundation for the Commission's financial planning and control. The Commission maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Montgomery County and Prince George's County governments. Activities of the General Fund, which include a transfer for debt service expenditures, are included in the annual appropriated budget. Project length financial plans are adopted for the Capital Projects Funds. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established within each individual account in the General Fund. Budget-to-actual presentations for all five accounts of the General Fund are presented in Note 6 in the basic financial statements.

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

The Montgomery County Parks Foundation, Inc. and Prince George's County Parks and Recreation Foundation, Inc. are included as component units in the accompanying financial statements and are disclosed in the Notes to the Financial Statements. A copy of the independently audited annual financial report is available from the component units.

Factors Affecting Financial Condition

The Commission's financial condition is positive as a result of a stable primary revenue source, property taxes, and the Commission's conservative fiscal management policies. The assessable bases in both Prince George's and Montgomery Counties increased in FY 2017, and collections, including interest and penalties as a percent of the levy, are consistently above 99%. The Commission prepares quarterly financial projections to help guide current year expenditures based upon anticipated revenue sources. In addition, the Commission maintains a comprehensive fund balance policy to provide a cushion against unforeseen expenditures or revenue shortfalls in each fund. As of June 30, 2017, the Commission's General Fund budget basis ending fund balance was $211.4 million.

Along with the Commission's internal financial management policies, spending affordability guidelines continue to be provided by Montgomery County Government for the Commission's Montgomery County operations, and by a Spending Affordability Committee for the Commission's Prince George's County operations.

Montgomery and Prince George's Counties are adjacent to Washington, D.C. and both counties have an economic base that is centered on vital government bureaus, major corporations and higher educational institutions. Maryland remains the wealthiest state in the nation, according to the latest U. S. Census data. The state's median household income for 2015 was $75,847, an increase of about $1,900 from the previous year.

Like other jurisdictions across the nation both counties are impacted by the current fiscal environment. As of June 2017, the nation's unemployment rate was 4.4 percent, whereas Montgomery and Prince George's rates were 3.4 percent and 4.3 percent, respectively. These counties have a combined population base of 2.0 million people and have over 1.0 million employed as of fiscal year 2017.

More detailed information on the financial outlook is provided in the Management's Discussion and Analysis section of this Report.

Long-term Financial Planning

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

The Commission has an established fund balance policy of designating 3% to 5% of budgeted expenditures for contingencies. In Montgomery County a designation of 3% of budgeted FY2017 expenditures was made, while in Prince George's County this percentage was 5%. In both Counties there are undesignated fund balances, which could also be used to provide funding for unexpected needs.

There are significant unassigned fund balances in Prince George's County ($194.7 million) which are planned to be used over the six-year period to maintain a stable tax rate for the Commission in that county.

Major Initiatives

The Commission enjoyed an excellent program year in fiscal year 2017. The major accomplishments of the Commission are set forth in the Program Highlights section of this Report.

Other Information

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Commission for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. The Commission has received this award continuously since fiscal year 1973. In order to be awarded a Certificate of Achievement, the Commission must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This Report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another Certificate.

In addition, the Commission also received the GFOA's Award for Distinguished Budget Presentation for its annual budget for fiscal year 2017. The Commission has received this award continuously since fiscal year 1987. In order to qualify for the Distinguished Budget Presentation Award, the Commission's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

Acknowledgments

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

Respectfully submitted,

Joseph C. Zimmerman, CPA
Secretary-Treasurer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Maryland-National

Capital Park and Planning Commission

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Commission Background and Organization

The Maryland-National Capital Park and Planning Commission is a body corporate of the State of Maryland, established by the Maryland General Assembly in 1927. The laws governing the Commission were codified in 1959, recodified in 1975 to be Article 66D of the Annotated Code of Maryland and again in 1983, to be Article 28. As of October 1, 2012, Article 28 of the Annotated Code of Maryland is recodified under Division II, Land Use Article, Maryland Annotated Code.

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

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

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

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

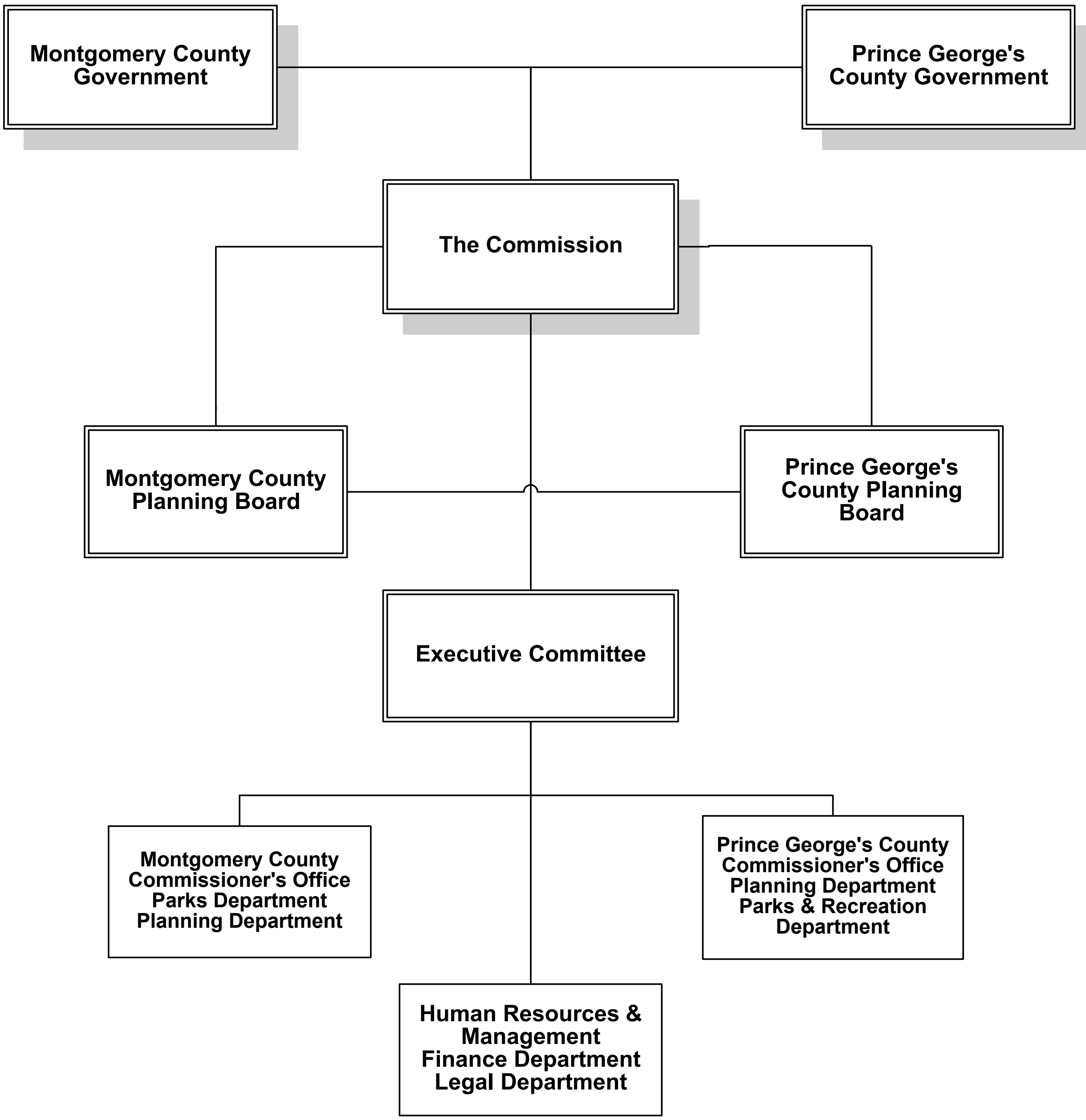
The Commission coordinates and acts on matters of interest to both Counties. Two regional offices are maintained, one in each County. The Commission meets once each month regularly, the site of the meetings alternating between the two regional offices. The members of the Commission from each County serve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

The Commission administers a park system that currently contains over 64,000 acres. It is composed of stream-valley parks, large regional parks, neighborhood parks and park-school recreational areas. At June 30, its staff consisted of over 2,000 career employees - planners, park and recreation administrators, park police and administrative staff. In addition, it employs approximately over 5,000 seasonal workers, primarily for its numerous park and recreation programs.

The operating and administrative functions of the Commission are financed primarily by property taxes levied for the Commission by the two Counties. The Commission has the authority to sell general obligation bonds to fund approved park acquisition and development projects.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

ORGANIZATION CHART



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FY 2017 PROGRAM HIGHLIGHTS

SUMMARY

During 2017, The Maryland-National Capital Park and Planning Commission celebrated its 90th Anniversary - “90 Years of Excellence” in delivering award-winning land use planning, parks and recreation services in Prince George’s and Montgomery Counties through progressive, innovative leadership and strong commitment to the community and the environment. Logos and marketing materials were produced, and a number of internal and external special events were held to mark this most important milestone. Events included a Speaker Series launched by Montgomery County Planning that focused on the Department’s 90 years of planning achievements in preserving farmland and creating public open spaces and zoning for affordable housing, and a community appreciation day of free celebratory activities offered at Prince George’s Department of Parks and Recreation sites and facilities. In keeping with its long-time record of excellence, M-NCPPC continued to earn national, regional and statewide recognition for outstanding performance, projects and programs. The Montgomery County Planning Department was the sole recipient of the American Planning Association (APA) national Planning Landmark Award for its long-standing efforts toward establishing and preserving the County’s Agricultural Reserve, and received the Gold National Planning Award for Transportation Planning for the digital Bicycle Stress Map, which also garnered an award from APA’s National Capital Area chapter. The Prince George’s County Planning Department was recognized by APA’s Sustainable Communities Division with a national award for “Plan Prince George’s 2035”, the update of the County’s General Plan. Commission employees were proud to accept recognition from the Maryland Recreation and Parks Association for a variety of programming, publications and professional accomplishments. And, the Commission once again earned Government Finance Officers Association awards for excellence in budget and annual reporting. Finally, new parks and parks and recreation projects to enhance the Commission’s commitment to meeting our customers’ and communities’ needs were completed, including the new Kentland Community Center, the College Park Airport Operations Building, and the Ellsworth Urban Dog Park.

Prince George’s County Department of Parks and Recreation

Bringing Art to the Community. The Department continued its efforts to expand art offerings in the community with new partnerships and events including, offering classes and concerts at the Bowie State University Fine and Performing Arts Center and working with the Oscar Hawkins Ballet Arts Academy to offer ballet classes at the Arts/Harmony Hall Regional Center. These collaborations provided new and high quality performing arts experiences for the community, as well as provided opportunities for the Department to reach a broader arts audience. The Junior Academy for the Performing Arts expanded its programming into the summer, offering two 4-week intensives for youth and teen participants and performing two Broadway-like productions for family and friends.

Promoting Health and Wellness in the Community. In FY 2017, the Department joined the national Park Prescription Initiative (Park Rx). Park Rx is a national initiative dedicated to using and strengthening the connection between health care, parks, and public lands to improve physical and mental health among individuals and communities. The partnership will allow health professionals to connect their patients with our parks to encourage overall behavioral change, improve health outcomes and foster new stewards and advocates for public lands.

Festivals and Special Events in the Community. An array of special events drew thousands of residents and visitors to the Winter Festival of Lights, summer concerts in the parks and outdoor movie nights, the Lake Arbor Jazz Festival, the 35th Annual Hispanic Festival, the Beltway BBQ, the Jug Bay Run for Wildlife, and summer wine and jazz festivals. The Department also experienced increased attendance at our annual Juneteenth Festival, held 11 Shakespeare in the Parks performances, and sponsored the Fairwood Music Festival offering arts activities, several music performances, and food and art vendors for all to enjoy. New events received record attendance and are expected to become community staples in the years to come.

Summer Camp and Volunteers in the Community. In FY 2017, there were more than 19,880 registrations for children and youth for summer day camps and playgrounds, as well as winter and spring break camps. Nearly 215 individuals volunteered with 68 summer day camps and summer playgrounds. Volunteers in nature, arts, sports, senior programs, special events and projects, donated time valued at $509,063 in FY17.

Conserving the Environment for the Community. The Department kicked off its Pollinator Project with an aim to create more than 100-acres in native wild flowers over the next five years. In addition, the initiative will encourage local residents to foster backyard habitats – extending the effort and impact. The Department continued its commitment to recycling by installing recycling containers at all 111 indoor facilities, resulting in an annual collection of 267,532,000 million pounds. Additionally, a $250,000 grant for storm water stewardship projects was secured from the Chesapeake Bay Trust to fund reforestation projects, rain gardens, pollinator gardens, and staffing for Conservation Job Corps initiatives, environmental educational programs and outreach efforts.

Investing in Infrastructure in the Community. In FY 2017, the Department invested significant funding into more than 400 major maintenance and infrastructure renovation projects totaling $12,600,000. Some of these projects included ADA accessible walkways, bridge replacement/repair, interior/site and parking lot lights, conversion to LED lighting and roof repair and replacement.

Expanding Services to the Community. The Department was a major provider of nutrition for youth at eligible afterschool programs (78,143 meals) and various summer programs (75,305 meals) in partnership with the Prince George's County Public Schools and Capital Area Food Bank. We also expanded opportunities for seniors, including the Centenarian Celebration which hosted 335 attendees at the 20th Annual celebration to honor our elders. The Department held 23 Therapeutic Recreation Summer Camps serving over 215 participants with disabilities - including a new Therapeutic Recreation Outdoor Education Teen Camp for teens of all abilities. Inclusion support services were also provided to another 800 patrons.

Connecting with the Community. Social media enabled the Department to provide 24/7 customer service, as well as create large-scale campaigns to seek community input on Master Plan development and community forums. In FY17, a television and digital ad campaign, "Play Faces," launched to connect the Department's programs, services and brand with potential patrons. The campaign broadcast to Prince George's County and surrounding counties. The ads were viewed 7,058,059 times. The campaigns reached 91% of Prince George's County households, and more than 760K households in the surrounding counties. The Department also created the History Lives! campaign to promote our historic sites to a wider audience. A new multi-purpose brochure serves as a guide to our entire portfolio of accessible historic properties. Additionally, the Department continues to increase the use of its multi-language interpretive services. This initiative ensures that we are reaching the community and providing information on programs, activities and services in customers' native languages. We also continue to provide free Wi-Fi and technology labs at most of our facilities.

Prince George's County Planning Department

Modernizing Zoning and Subdivision Ordinances. Working with our consultants, staff completed a draft of the County's new Zoning Ordinance and Subdivision Regulations and presented recommendations at numerous County Council work sessions. More than 75 stakeholder meetings were held to discuss the project, consultant findings and recommendations, and a multi-faceted outreach strategy was implemented to engage 900,000 residents and interested parties.

Planning for Quality Communities. In FY17, work continued on a variety of projects including a Transit District Development Plan, two Sector Plans, two overlay zones, implementation activities and Planning Assistance to Municipalities and Communities (PAMC) projects. Community Planning's accomplishments included the approval of the Prince George's Plaza Transit District Development Plan and Transit District Overlay Zone, the Military Installation Overlay Zoning Map Amendment, and minor amendments to the Largo Town Center, Prince George's County Gateway Arts District, and Central Annapolis Road Sector Plans and their associated development district overlay zones. The Division also completed the City of Bowie Sustainability Plan, continued work on the East Riverdale-Beacon Heights and Greater Cheverly Sector Plans, and continued partnerships with the Economic Development Corporation on Prince George's Plaza branding, the Department of the Environment on stormwater management in the Anacostia watershed, and the Town of Upper Marlboro on pedestrian improvements. The Division continued to staff and support the Transforming Neighborhoods Initiative and provided critical support to existing and potential state-recognized Sustainable Communities, including leading the application process to secure Sustainable Community designation for the Greater Chillum community. The Division continued to work with key partners and stakeholders to develop the Subregion 4 Employment Area Action Plan.

Providing Planning Support for Public Facilities and Services and Developing Efficient Transportation Systems. Staff members provided public facility technical support for all active master plans and completed 23 mandatory referral reviews of government and public utility construction projects. Staff also assisted in the development and review of the Board of Education's Annual Educational Facilities Master Plan and the Department of the Environment's Water and Sewer Plan, and coordinated the Planning Department's analysis of water and sewer category changes. Staff members continued work toward replacing the current traffic forecasting model with a new model that meets national best practice standards.

Preserving and Protecting the Environment and Historic Properties. The Woodland and Wildlife Habitat Conservation ordinance was implemented by requiring forest conservation and reforestation in all new development. Staff supported the work of the Historic Preservation Commission, including the issuance of grants to rehabilitate historic structures, and recommendations for development review referrals and Historic Area Work Permits. The County Council approved a Resource Conservation Plan that establishes new policies for environmental, historic and rural character preservation.

Supporting Economic Growth. Staff completed an in-depth study of the County's retail sector, including an assessment of nearly 250 shopping center properties. Working with the Economic Development Corporation, staff completed the Competitive Retail Market Strategic Action Plan which outlines ways to attract high-quality retail, improve existing shopping centers, and repurpose failing centers. To facilitate mixed-use development on Route 1 and growth at the University of Maryland, staff created a database to expedite aviation safety reviews for development near the College Park Airport.

Advancing Information Technology. The Department continued to expand its IT Infrastructure. A new Storage Area Network System (SAN) and a Security Awareness program were implemented. Staff also worked with consultants on requirements analysis and system design projects for a new server room and phone system in anticipation of the Department's office move in 2018. Cloud based enterprise software was also implemented for office collaboration and document publishing and design. The Department continued its maintenance, product enhancement and delivery of over 250 GIS layers in multiple digital formats. Twenty additional single use applications were developed which range from highlighting pending development, to showing enterprise and revitalization zones and resident associations. Major data development efforts were initiated that produced a detailed land use map, a multifamily property map and the creation of a new construction map. The GIS Section responded to approximately 100 internal and external requests for digital maps, data reports, account numbers for mail-outs, image data, and technical services. Over 300 maps were provided to support legislative analysis related to cannabis growing, processing, and distribution.

Promoting Responsible Development. Approximately 463 applications for zoning map amendments, special exceptions, conceptual and detailed site plans, departures, alternative compliance and preliminary plans and final plats of subdivision were analyzed for conformance with County plans, policies and development regulations. Approximately 12,602 permits were processed and the Planning Information Center responded to more than 10,000 inquiries from the public. Several major development proposals were evaluated for conformance to adopted and approved public plans and policies. The evaluations were documented in technical staff reports and the Planning Board conducted public hearings for many cases. Major applications approved included the following: Greenbelt Town Center, The Brickyard, and Riverside (M-Square). The Greenbelt Town Center application was for an expedited transit oriented development (ETOD) detailed site plan for a 121.48-acre property in the M-X-T/D-D-O Zones. This infrastructure-only plan, located at the southeast corner of the intersection of Cherrywood Lane and the Capital Beltway (I 95/495), proposes to grade and develop infrastructure including the location and design of public roadways, an eight-story Washington Metropolitan Area Transit Authority (WMATA) parking garage, WMATA 'Kiss and Ride' and bus loop, event bus layover area, proposed pipes and trails on the subject property to prepare for a future multiphase mixed-use development, to include a possible location for the Federal Bureau of Investigation (FBI). The Brickyard application involves a detailed site plan to convert a 12-acre property previously approved for multifamily development to townhouses. This section is part of a MARC Planned Community, and is located on the east side of Muirkirk Road, northeast of its intersection with Baltimore Avenue (US 1). The development includes 188 townhouse units to replace the previously approved 433 multifamily dwelling units. The Riverside (M-Square) application was for a preliminary plan of subdivision for the Riverside (M-Square) project, including 5 parcels for existing and proposed research and development offices within the existing M-Square campus, on the north side of River Road in College Park.

Montgomery County Department of Parks

As land becomes scarcer in Montgomery County, and residents seek walkable, vibrant neighborhoods, park planners are developing alternatives to auto-oriented sprawl. Our approach, called new suburbanism, embraces infill development, mixed uses, active parks and streets shared by cars, bicycles and pedestrians. This approach is improving communities and public spaces throughout the County.

The Energized Public Spaces Functional Master Plan: This plan applies innovative methodologies to identify locations with the highest need for parks and open spaces in areas with the highest population density, and recommends opportunities to increase the number of parks and open spaces in those communities.

PROS Update: The 2017 Park, Recreation, and Open Space (PROS) Plan serves as the primary policy for parks and recreation in Montgomery County to the year 2030 and beyond. The focus of the 2017 PROS Plan is on equitably providing activated, central community spaces while meeting recreational needs and protecting and managing natural and cultural resources for future generations.

Wall Park Plan: the long-standing vision of transforming the surface parking lots serving the Shriver Aquatic Center into a green, vibrant community park for White Flint will be realized. A public / private partnership will deliver public parking for the Shriver Center and park as part of an adjoining development, and an interim park with a large central lawn, looped recreation trail, and attractive landscaping. A subsequent phase will deliver additional active recreational amenities.

PEPCO Trail Plan: The Department of Parks partnered with the Potomac Electric Power Company (Pepco) to implement a Pilot Natural Surface Trail Project. Phase one of the project is a five-mile section that will begin near Quince Orchard Road and end at Shaeffer Road, adjacent to South Germantown Recreational Park. The project will extend 13 miles from Cabin John to South Germantown and include both natural surface and paved trails and will be open to hikers, equestrians and cyclists. The Department has been working closely with Pepco, Montgomery County Department of Transportation and local non-profit organizations to finalize the design and coordinate the necessary permitting. Construction is expected to begin in fall 2017.

Other Park Master Plans and Facility Plans: Concept and facility plans were completed for renovations to Dewey Local Park, Long Branch-Wayne Local Park and Wheaton Regional Park's Shorefield area. Concept plans are underway for renovations to Acorn Urban Park, Edith Throckmorton Neighborhood Park and Capital Crescent Trail connections from Arlington Road to the Little Falls Trail. Upcoming projects include Carroll Knolls Local Park, renovations to Columbia Local Park and hard surface trail extension from Wheaton Regional Park to the Matthew Henson Trail.

Park Projects: Final designs for renovations to Woodside Urban Park, Pinecrest Local Park and Seneca Store were completed. Final designs for renovations to Dewey Local Park and Hillandale Local Park are underway. Designs for playground renovations include Long Branch Wayne, General Getty, Hillandale, Newport Mills, Sundown, Centerway and Damascus Regional. Upcoming projects include: Carroll Knolls Local Park; renovations to Columbia Local Park and hard surface trail extension from Wheaton Regional Park to the Matthew Henson Trail; renovation of two playgrounds at Southeast Olney Local Park and West Fairland Local Park; construction of Kemp Mill Urban Park in Wheaton; renovation of Pine Lake Trail, sections of the Rock Creek Hiker-Biker Trail and reconstruction of the trail connector at Olney Family Neighborhood Park; and a stream restoration project at Little Falls as part of the stream bank protection program. Construction continues at the greenhouse at Brookside Gardens, Laytonia Recreational Park, Rock Creek Maintenance Yard, Parklawn North Trail and Western Grove Park. Completion of nine ADA projects and construction of five ADA projects are currently underway; nine ADA improvements were completed as part of other larger park projects.

Emerald Ash Borer Update: The Department continues to remove high-risk ash trees on parkland to improve public safety. The paved trail systems, parkways and trees adjacent to private residences were a priority for ash removal over the past year and will continue to be so during the next fiscal years. In FY 2017, ash removals were focused on Sligo Creek Parkway and trail, Little Falls Parkway and Rock Creek Trail.

Communication Initiatives: More than one third of Montgomery County's residents are foreign-born and approximately 14 percent have limited English proficiency. We face marketing and outreach challenges like language, culture, geographic location, economic status, values and perceptions. Our goal is to improve long-term engagement through cost-efficient, effective and sustainable strategies that will over time better serve underrepresented populations in Montgomery County.

Accessibility: The American with Disabilities Act (ADA) Final Transition Plan is currently underway. The plan addresses our ADA compliance, including physical and program access, communications, website compliance, employee training, public outreach and policies. It identifies and outlines the procedures, priorities, timelines and anticipated costs to bring the park system into compliance. We removed more than 1,200 barriers, completed more than 80 projects, established an ADA Access Team to provide oversight, and established intra-divisional coordination.

Special Events: We host hundreds of permitted public and private events, such as the Friendship Picnic, MoCo Epic, Persian Festival and Parks Half Marathon. We hosted Total Eclipse in the Park to celebrate the solar event, which brought in thousands of visitors. Parks is planning to expand its presence in the community by providing more special events throughout the County such as this one.

Park Activation: More people are getting out into parks, thanks to Pop Up Parks. The program is designed to bring people into parks to relax and reconnect with their communities. With a full schedule of fun outdoor activities, there are plenty of opportunities to discover or rediscover a local park.

Montgomery County Planning Department

Planning for Great Communities: The Department received Planning Board approval for a Design Advisory Panel to review and provide feedback on significant development proposals in Downtown Bethesda that are requesting additional density. Design guidelines for Downtown Bethesda, approved by the Planning Board in July 2017, will help steer the design of these projects so that both the pedestrian and the skyline are considered. Work on major plans was substantially completed, encompassing Downtown Bethesda, Greater Lyttonsville, Rock Spring, White Flint 2, Grosvenor-Strathmore Metro Station area and MARC-served station areas of Boyds and Germantown. Planning efforts for the Veirs Mill Corridor area, stretching from Wheaton to Rockville, continue with community meetings held to gain public feedback and support. The goal of these planning efforts is to improve the quality of life in Montgomery County's diverse communities through recommendations for public spaces, transportation, environment, new development and more.

Studying Trends in Rental Housing: Rental housing accounts for about 30 percent of the housing supply in Montgomery County and is concentrated around Metro lines and employment centers, as shown in a report which was presented to the County Council in July 2017. Most of the rental housing stock consists of older units, with only 14 percent of rental units constructed later than 2000. Research shows the rental market is short about 20,000 units for households earning less than 30 percent of the area median income, but a surplus of units is available for households earning 50 percent to 100 percent of area median income. The report includes recommendations for changing the moderately priced dwelling unit requirements to meet the growing need for affordable rentals in the County. Revisions to this inclusionary zoning policy will be considered by the County Council in fall 2017.

Examining Retail Trends: As large chain stores close and more people shop online, retail is undergoing fundamental changes. This comprehensive countywide study finds that stores in the County are generally well balanced in terms of types with 19.7 million square feet of occupied retail, amounting to 24 square feet of retail per person. The study, which will be reviewed by the Planning Board in fall 2017, includes detailed submarket analyses and recommendations as to how to enhance the retail environment, now and in the future, to serve the County.

Planning for Public Facilities: Planners have been working closely with the County Executive's office and a Director's Oversight Committee of senior staff from a range of agencies to research and develop new tools to enhance colocation of the county's public facilities, including schools and government buildings. The study, due to be completed in fall 2017, includes a survey of national colocation policies and practices.

Tracking Employment Opportunities: A study of employment trends is being undertaken in fall 2017 to increase the understanding of changes in the labor market and firm location preferences that impact land use planning. The study will assess tools and strategies that support a range of employment opportunities.

Winning National and Local Planning Awards: In May 2017, the Planning Department won two national awards from the American Planning Association (APA), honoring the Agricultural Reserve and the Bicycle Stress Map. The Department also won an award for the Bicycle Stress Map from the National Capital Area Chapter of APA. In addition, the Department was honored with four 2017 Communicator Awards from the New York-based Academy of Interactive & Visual Arts. As part of Montgomery County's Recycling Awareness Week in May 2017, the Department of Environmental Protection's Division of Solid Waste Services recognized outstanding achievements in waste reduction, reuse and recycling. The Planning Department was honored in the Business Awards category with the 2017 Silver Award for outstanding programs to increase overall awareness and participation with recycling. The third annual Design Excellence Award competition was launched in spring 2017, building on the first award program in 2015 by expanding the winning categories to landscape architecture as well as buildings

Improving Regulatory Reviews: In FY17, the Department's Development Application and Regulatory Coordination Division processed 451 total regulatory plans and 37 non-regulatory plans. These plans included 64 forest conservation plans approved by the Planning Board and staff, 92 forest conservation exemptions, 5 zoning applications, 108 record plats, 57 pre-preliminary plans, 62 subdivision plans, 60 project plans, site plans and sketch plans, and 15 mandatory referrals. Among the most significant proposals are the new Marriott headquarters and the 7272 Wisconsin Avenue complex in Bethesda, the 244-home community of Bradford's Landing and 309-home development on the former site of Bethesda's WMAL radio tower. Work on improving the development review process is continuing and the time it takes for plat processing has decreased significantly. This efficiency has been achieved through ePlans and efforts to better coordinate the review tasks of the Planning Department and the Department of Permitting Services.

Investing in Historic Preservation: As part of its work to support the county's Historic Preservation Commission, the Historic Preservation Office processed 225 historic area work permits in FY17, a 25 percent increase from FY16 (168 permits). Staff also received 121 historic preservation tax credit applications, representing more than $2 million in investments in historic properties across Montgomery County.

Department of Human Resources and Management

Under the leadership of the Executive Director, the Department of Human Resources and Management (DHRM) provides executive and operational leadership to the agency through a set of best management practices, recommends and implements policy, and establishes administrative standards for efficient and effective operations. DHRM is responsible for systems and programs that meet regulatory requirements and support the agency. Programs and policies ensure fair and equitable treatment of all employees. DHRM administers a system to create, maintain, and retain a diverse, qualified, healthy, and motivated workforce. The Corporate Budget Office promotes responsible use of public funds through analysis and long-term fiscal planning. DHRM also provides risk management, workplace safety, and insurance programs to protect the Commission's assets, employees and patrons.

Program and Service Improvements: There were several new initiatives and notable updates to agency-wide programs and policies to strengthen internal controls, contain costs, address organizational development concerns, promote a workplace of excellence, and enhance public accountability.

National Recognition for Workplace of Excellence: Once again, achieved national recognition for innovative policies and programs, awarded by the Alliance for Workplace Excellence. Following a rigorous review by a panel of industry leaders, the M-NCPPC became one of only a handful of organizations which earned all four awards for outstanding and innovative policies and programs: Workplace Excellence Award for exceptional commitment to the overall success of its workforce initiatives such as management practices, workplace standards, and comprehensive work/life policies; Health and Wellness Trailblazer Award; Diversity Champion Award; and EcoLeadership Award for visionary leadership and commitment to environmentally sustainable workplace practices.

Workforce Planning/Development: Continued implementing multi-year recommendations from comprehensive compensation/classification study to support the ability to recruit/retain a highly skilled work force. Agency-wide language and literacy proficiency program was very successful and offered for a second year. Implemented current strategic plan and programs to encourage agency-wide support of diversity initiatives with the Diversity Council.

Collective Bargaining/Labor Relations: Led the management bargaining team in collective bargaining with the Fraternal Order of Police Lodge # 30 (FOP) to obtain a three (3) year agreement effective for the period of February 1, 2017 and January 3, 2020. Also, lead the team in negotiation of a wage reopener with the Municipal and County Government Employees Organization/UFCWU Local 1994 (MCGEO) Union for FY18. Other activities included advising departments on complex labor issues, conducting special investigations, responding to grievances, and began a full review of medical standards for the employment of Park Police Officers.

Benefits Restructuring/Health Care Reform: Continued compliance under the Affordable HealthCare Act (ACA) including medical health benefits for eligible seasonal employees and dissemination of required tax forms to participants. Obtained Employer Group Waiver Plan Medicare Part D (Prescription) direct subsidy payments of $507,498. As a result of Collective Bargaining with MCGEO, the Group Insurance Fund Reserve was adjusted from 8.0% to 8.5%. Introduced a new Wellness Platform and implemented additional initiatives to improve employee and family health.

Fiscal Responsibility and Budget Management: Received the Distinguished Budget Presentation Award from the Government Finance Officers' Association (GFOA) for the 31st consecutive year. The Corporate Budget Office is responsible for salary projections, long range fiscal planning, labor cost modeling, and cost allocations, and serves as the main point of contact for administration of the agency budgets. Departmental budget activities are streamlined to strengthen tracking, cost containment, oversight, and increase transparency. Updated the FY18–FY23 long-term fiscal plan for both Montgomery and Prince George's operations (for Prince George's, the plan was built upon the FY17 major revisions).

Risk Management/Workplace Safety: This function provides oversight and protection of M-NCPPC assets through insurance, transfer of risk, program and operational analysis, and loss prevention. This Office also is charged with developing and implementing the agency's safety and health programs to reduce accidents and injuries through extensive training, inspections, testing, and regulatory compliance with state and federal workplace safety laws. Completed initiatives include: comprehensive review of risk management and workplace safety policies; on-site emergency preparedness plan assessments for more than150 facilities; 74 facility inspections with enhanced reporting and 100% follow up on corrective actions; monthly claim audits of worker's compensation and liability claims; environmental investigation to assess indoor air quality; enhancements in insurance to protect agency assets against flood and cyber exposures; Occupational Safety and Health Administration (OSHA)-based certification training for maintenance/construction supervisors; emergency protocols to prepare for mosquito/tick exposures; and safety compliance and awareness training for more than 1,300 participants.

Enterprise Resource Planning System (ERP): In partnership with the Department of Finance, DHRM continued implementation of the Human Resources Information System to include an Employee Self-Services Benefits Enrollment Pilot Program for all employees at the Executive Office Building, revamping of internal processes, and addressing system issues. ERP allows integration of multiple functions such as Human Resources, Payroll, Budget and other components to create greater data consistency, greater efficiencies, and provide better information for decision making purposes. Enhanced field departments' access to system information by providing designated Human Resource Managers and Coordinators system access to all employee data, except SSN's, HIPAA Protected Data, Birth Date, and Home Address. This access improved efficiency of personnel action processing in the field.

Corporate Policy/Operational Standards: Team conducts management studies, analyzes, and develops recommendations for organizational policies/programs to address operational concerns, enhance efficiencies, strengthen internal controls, and address regulatory changes. Examples of policy/program analysis completed during this fiscal period include: comprehensive update of employment regulations pertaining to contract employees; ethics and internal controls in areas such as use of agency resources, handling of public information act inquiries, outside employment, gifts, and authorized business expenses; responsibilities for handling and protecting employment records; and work/life policies which promote a preferred workplace, including nursing mother and flextime policies.

Department of Finance

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

Corporate Financial Management: The Department provided financial guidance to operating departments on proposed and existing public, private partnerships, funding approaches for various projects, and long–term fiscal strategy. During FY17, the Department coordinated the sale of an $8,000,000 million bond issue for Montgomery County Park Acquisition and Development Bonds. The proceeds will be used to finance certain capital park acquisition and development projects in the county.

Automating/Streamlining Efforts: Efforts continue on the Enterprise Resource Planning (ERP) system with focus on moving to the Cloud and upgrading to Infor v10, which will take significant effort the last half of FY18 and into FY19.

Outreach to Minority, Female and Disabled Vendors: The Department's Purchasing Division continues to expand its outreach efforts in trade and procurement events. These events reflect the increasing diversity of the two Counties. The Commission achieved an MFD utilization rate of 24.3% which equated to $26 million of procurement with MFD firms.

Financial Reporting: For the 43rd consecutive year, the Commission received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada for the FY 2016 Comprehensive Annual Financial Report (CAFR), prepared by the Finance Department.

Office of General Counsel

The Office of the General Counsel (OGC or Legal Department) provides a comprehensive program of legal services to the Commission, supporting almost every facet of the Commission's work program. The OGC guides the Commission's internal corporate operations; advises staff and the Planning Boards as they navigate their important quasi-judicial and regulatory responsibilities; advocates on the Commission's behalf in litigation before the state and federal courts; and participates in cross-functional teams assembled periodically to develop creative solutions to new challenges facing the Commission.

Protecting the Public Interest in Litigation: During FY 2017, the OGC handled 23 new cases and closed 38 cases – ending the Fiscal Year with 22 cases still pending in the state and federal courts. This litigation workload included conventional disputes involving various tort claims, workers compensation laws or judicial review of Commission land use decisions in both Montgomery and Prince George's counties. For this year, the OGC chalked-up a perfect record protecting Planning Board land use decisions, winning affirmation of every case taken up for review in either county circuit court or the Maryland Court of Special Appeals. The Legal Department also defended several more atypical cases, including the federal lawsuit seeking the destruction or removal of the Bladensburg Peace Cross historic monument, a challenge to the Commission's wildlife management initiatives, and judicial review involving the transportation mitigation components of Prince George's County's adequate public facilities law.

Proactive Legal Support for Commission Policy Makers: The Legal Department continued its tradition of delivering real-time, preventive counsel to support sound business and public policy decisions. During FY 2017, this included assisting with the ongoing development of a new zoning ordinance in Prince George's County and the development of updated Subdivision Regulations in Montgomery County, including regulations for administering a variety of regulatory cases to assure consistency with the Zoning Ordinance adopted in 2014. The Legal Department also consulted with the National Capital Park and Planning Commission for several projects, including an effort to compile data for a searchable database of Commission properties acquired under the federal Capper-Cramton Act. Additionally, both OGC Land Use teams helped staff manage several politically-charged development projects, such as the expansion of the National Cancer Institute in Montgomery County and the New Carrollton Metro project and its public/private components in Prince George's County.

Building Quality of Life – One Transaction at a Time: Commission attorneys represented staff and the Planning Boards in the negotiation and development of dozens of complex agreements, memoranda of understanding, and policies related to the Commission's park and recreation functions. An example of important projects initiated or completed during FY 2017 include completing the total rewrite of the Park Rules and Regulations governing the use of the Park Facilities in Montgomery and Prince George's Counties. Other projects ongoing or completed during the year include: agreements related to construction of the new Brookside Gardens Greenhouse; a new Dog Park at Ellsworth; construction of solar photo voltaic projects on parkland in both counties; and, various technology agreements for upgrading the Commission's enterprise resource planning technology systems.

Legislative Support: In its role as legislative advocate for the Commission, the OGC Legislative Management Team lobbied or monitored over 250 bills during the 2017 Session of the Maryland General Assembly; 18 of which either were local or "bi-county" bills for Prince George's or Montgomery County.

Office of the Chief Information Officer

The Office of the Chief Information Officer develops the Information Technology architecture and recommends information technology policies for the Commission. Policies are authorized by the Information Technology Council. The Information Technology Council and the Chief Information Officer provide the Commission governance for enterprise-wide project efforts. The CIO is responsible for strategic planning for the enterprise-wide IT systems in collaboration with departments to meet business needs. The CIO also functions as the Commission's Chief Technology Security Officer. The Bi-County Chief Technology Officers have a dotted line reporting relationship to the Chief Information Officer.

During fiscal year 2017 (FY17), the Information Technology division transitioned from the Finance department to the Office of the Chief Information Officer. Two Project Managers were added to the department along with the establishment of a Project Management Office (PMO) charter. Additional accomplishments during the year were: successful negotiations of the Infor SaaS agreement; review of the Microsoft agreement with modifications to cultivate more benefits for the Commission; structured the Adobe license agreement into a Commission-wide agreement and negotiated licenses for all Commission users which resulted in cost savings; completed the automation of the Accounting Online System (for processing check requests online) adding online signature authorization; and began the process to upgrade Kronos from the current Version 5 to Version 8.

Fiscal year 2017 has seen continued success in identifying required policy enhancements in the face of increased information technology security threats and breaches. The OCIO launched Security Awareness Training for all Commission staff. This initiative will help reduce IT security risks. The OCIO and the IT Council worked diligently to develop a comprehensive IT Governance and Vision policy statements.

The OCIO worked closely with the Office of Internal Audit to review of our information technology environment and the policies that govern it, identified gaps and made recommendations. The focus of the department is to ensure that the integrity and confidentiality of Commission's data is protected under all circumstances. A comprehensive security assessment would be carried out and recommendations will be promptly implemented to ensure that the Commission's environment is able to face and mitigate all types of threats in the increasingly changing technology environment. Additionally, the OCIO will continue to work with the Information Technology Council to set project priorities and to ensure that projects are aligned with Commissions goals and objectives.

Office of Internal Audit

The primary focus of the Commission's Office of Internal Audit is to provide the Board and Department Heads with objective information to assist them in determining whether Commission operations are adequately controlled and whether the required high degree of public accountability is maintained over public funds and to improve the efficiency and effectiveness of the Commission. To accomplish this, in fiscal year 2017 more than 52 audits and reviews were performed and a variety of consulting services were provided to ensure the reliability and integrity of financial records, compliance with established policy and procedures, accountability and protection of Commission assets and the achievement of program objectives.

Merit System Board

The Merit System Board is an impartial Board, which provides recommendations and decisions regarding the Merit System of the Commission and is the highest level within the Commission for hearing appeals. During FY17, the Board continued to maintain its caseload on a current and timely basis.

Employees' Retirement System

The Employee's Retirement System (ERS), administered by an 11-member Board of Trustees, in accordance with the Trust Agreement between the Board and the Commission, is a contributory defined benefit pension system with five plans, qualified under the Internal Revenue Code Section 401(a). The administrative operations are the responsibility of the ERS Staff and Board-appointed Administrator, who reports directly to the Chairman of the Board of Trustees.

ERS Trust Fund assets closed the year with a fair market value in excess of $868 million. For the one year ending June 30, 2017 the ERS posted 14.7 % net of fee return, and for the three and five years ended June 30, 2017, the ERS posted net of fee return of 4.8% and 8.2%, respectively. The Board of Trustees actions for the year included approval of a portfolio restructuring to add an 8% allocation to low volatility equities; reduce U.S and international equity allocations from 23% to 19%; and added a global infrastructure allocation under public real assets. Due to this action, the Board changed Blackrock Institutional Trust Company's mandate from an S&P 500 Index Fund to an MSCI ACWI Low Volatility Index Fund; added a global infrastructure allocation to the State Street Global Advisors custom real assets strategy; and reduced equity allocations for legacy managers. Additional initiatives included, a $90 million real assets strategy with Grosvenor Capital Management; selection of Wilshire Associates as investment consultant and Boomershine Consulting Group as actuary; and a successful upgrade of the ERS' pension software. The ERS has continued comprehensive communications to all members via an Annual Report, Comprehensive Annual Financial Report, Annual Statements, website, and educational on-site workshops and counseling for participants

♦ PART IIA ♦

FINANCIAL SECTION

Basic Financial Statements

Oxon Hill Manor constructed in 1928, sits high on a hill with a picturesque view of the Potomac River.

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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, the aggregate discretely presented component units, 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, 2017, 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 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 did not audit the financial statements of the Montgomery County Parks Foundations, Inc. and Prince George's County Parks & Recreation Foundation, Inc., which are both discreetly presented component units. The Montgomery County Parks Foundations, Inc. and Prince George's County Parks & Recreation Foundation, Inc. were audited by other auditors whose report have been furnished to us. Our opinions, insofar as they relate to the amounts included for the Montgomery County Parks Foundations, Inc. and Prince George's County Parks & Recreation Foundation, Inc. are based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States. 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.

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Opinions

In our opinion, based on the our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commission, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof 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 of required supplementary information for defined benefit pension plans, the schedules required supplementary information for Other Postemployment Benefits, 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 sufficient evidence to express an opinion or provide any assurance.

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 as listed in the accompanying 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory 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 it.

Hunt Valley, Maryland
October 12, 2017

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, 2017.

The 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 inflows of resources at June 30, 2017 by $1,032.2 million (net position). Of this amount, $175.0 million may be used to meet the Commission's ongoing obligations.

- The Commission's net position grew by $36.6 million during fiscal year 2017. This is largely a result of an increase in capital assets of $31.4 million and a decrease in accounts payable of $12.6 million. These are offset by debt principal payments of $11.1 million and an increase in the OPEB liability of $4.8 million.

- As of June 30, 2017, the Commission's governmental funds reported combined ending fund balances of $326.0 million, an increase of $20.4 million. Of this amount, $178.1 million is unassigned, $18.9 million is assigned, $124.2 million is committed, $4.1 million of fund balance is restricted and $0.7 million is non-spendable.

- The Commission's General Fund balance at June 30, 2017, is $259.2 million, an increase of $34.2 million during the year. The unassigned fund balance of $205.7 million is approximately 57.1% of fiscal year 2017 expenditures and transfers out.

- The Montgomery County Capital Projects Fund balance as of June 30, 2017 is $8.7 million, a decrease of $0.7 million. The unassigned fund deficit of $7.2 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, 2017, is $42.2 million, a decrease of $14.0 million.

- The assets plus deferred outflows of the enterprise funds exceeded liabilities and deferred inflows by $65.6 million, a decrease of $1.7 million. The Prince George's Enterprise Fund had a decrease in net position of $2.6 million and the Montgomery Enterprise Fund had an increase in net position of $0.9 million.

- The Commission's bonds and notes payable decreased by $11.1 million due to scheduled principal payments. These payments were offset by the issued general obligation bonds for Montgomery County in the amount of $8 million for a net decrease of $3.1 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 inflows and outflows 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 include not only the Commission itself (known as the Primary Government), but also legally separate entities known as Component Units. The Montgomery County Parks Foundation, Inc. and Prince George's County Parks and Recreation Foundation, Inc. are the Commission's discretely presented component units, which are presented as separate columns in the government-wide statements.

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 postemployment 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 $1,032.2 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, 2017 and 2016

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2017	2016	2017	2016	2017	2016	2016-2017
Assets							
Current and Other Assets	$ 436.7	$ 423.5	$ 14.3	$ 14.6	$ 451.0	$ 438.1	2.9%
Capital Assets	913.4	879.9	60.6	62.8	974.0	942.7	3.3%
Total Assets	1,350.1	1,303.4	74.9	77.4	1,425.0	1,380.8	3.2%
Deferred Outflows	92.6	87.3	3.3	3.2	95.9	90.5	6.0%
Liabilities/Deferred Inflows							
Current Portion of Long-term Liabilities	26.0	27.4	0.4	0.3	26.4	27.7	-4.7%
Long-term Liabilities	332.1	352.8	8.4	9.1	340.5	361.9	-5.9%
Other Liabilities/Deferred Inflows	117.9	82.1	3.9	4.0	121.8	86.1	41.5%
Total Liabilities/Deferred Inflows	476.0	462.3	12.7	13.4	488.7	475.7	2.7%
Net Position							
Net Investment in Capital Assets	796.6	768.3	60.6	62.8	857.2	831.1	3.1%
Unrestricted	170.1	160.1	4.9	4.4	175.0	164.5	6.4%
Total Net Position	$ 966.7	$ 928.4	$ 65.5	$ 67.2	$ 1,032.2	$ 995.6	3.7%

Current and other assets increased by 2.9% mainly due to the issuance of general obligation bonds. Also, long-term liabilities decreased by 5.9% due to the reduction of the net pension liability and other liabilities/deferred inflows increased by 41.5%, which is mainly due to increases in changes in pension plan assumptions, the difference between projected and actual earnings 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 $175.0 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:

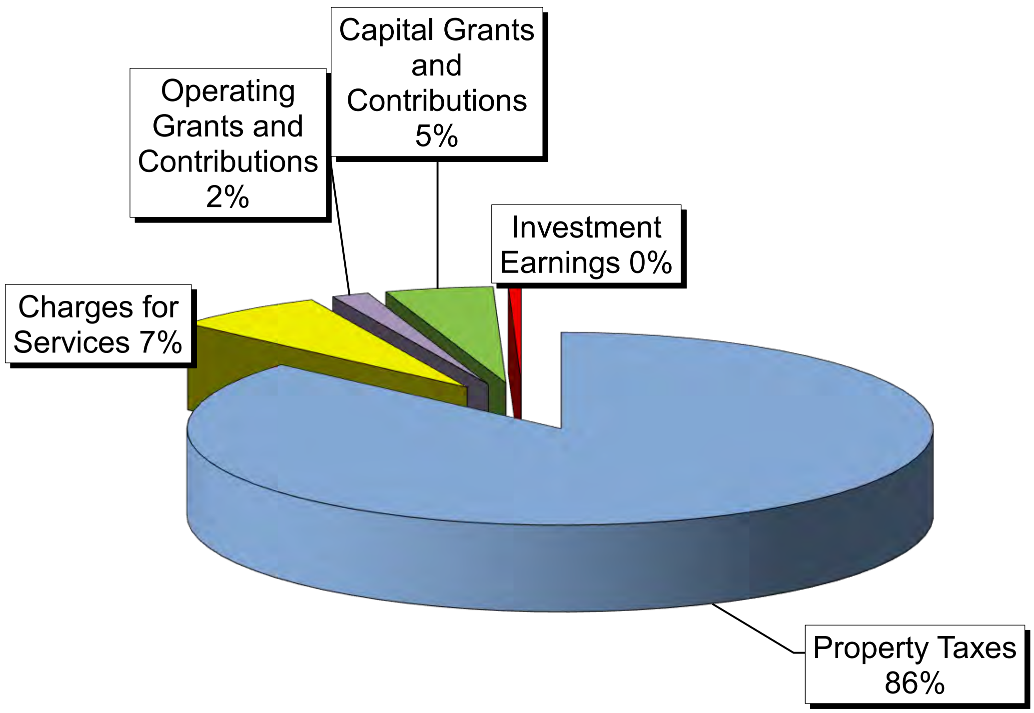
Summary of Changes in Net Position (in millions)
For the Fiscal Years Ended June 30, 2017 and 2016

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2017	2016	2017	2016	2017	2016	2016-2017
Program Revenues:							
Charges for Services	$ 28.4	$ 26.9	$ 19.9	$ 20.0	$ 48.3	$ 46.9	3.0%
Operating Grants and Contributions	6.9	6.0	-	-	6.9	6.0	15.0%
Capital Grants and Contributions	20.0	37.2	-	1.9	20.0	39.1	-48.8%
General Revenues:							
Property Taxes	371.5	352.3	-	-	371.5	352.3	5.4%
Investment Earnings	2.4	1.2	0.2	0.1	2.6	1.3	100.0%
Total Revenues	429.2	423.6	20.1	22.0	449.3	445.6	0.8%
Expenses:							
General Government	18.2	18.9	-	-	18.2	18.9	-3.7%
County Planning and Zoning	57.3	57.3	-	-	57.3	57.3	0.0%
Park Operations and Maintenance	231.4	243.0	-	-	231.4	243.0	-4.8%
Recreation Programs	71.2	50.3	-	-	71.2	50.3	41.6%
Recreational and Cultural Facilities	-	-	30.9	30.5	30.9	30.5	1.3%
Interest on Long-term Debt	3.7	4.0	-	-	3.7	4.0	-7.5%
Total Expenses	381.8	373.5	30.9	30.5	412.7	404.0	2.2%
Increase (Decrease) in Net Position Before Transfers	47.4	50.1	(10.8)	(8.5)	36.6	41.6	-12.0%
Transfers	(9.1)	(9.1)	9.1	9.1	-	-	
Increase (Decrease) in Net Position	38.3	41.0	(1.7)	0.6	36.6	41.6	
Net Position - beginning	928.4	887.4	67.2	66.6	995.6	954.0	
Net Position - ending	$ 966.7	$ 928.4	$ 65.5	$ 67.2	$ 1,032.2	$ 995.6	

During the current fiscal year the Commission's net position increased by $36.6 million. This is largely a result of an increase in capital assets of $31.4 million, the issuance of bonds in the amount of $8.0 million and decrease in accounts payable of $12.6 million. These are offset by debt principal payments of $11.1 million, an increase in the OPEB liability of $4.8 million.

Governmental activities. Governmental activities increased the Commission's net position by $38.3 million, thereby accounting for over 100.0% of the total growth in the net position of the Commission. This increase is primarily attributable to capital grants receipts of $20.0 million, offset by a surplus of ongoing revenues over ongoing expenses of $27.4 million and by the transfers to business-type activities of $9.1 million.

Revenues by Source - Governmental Activities



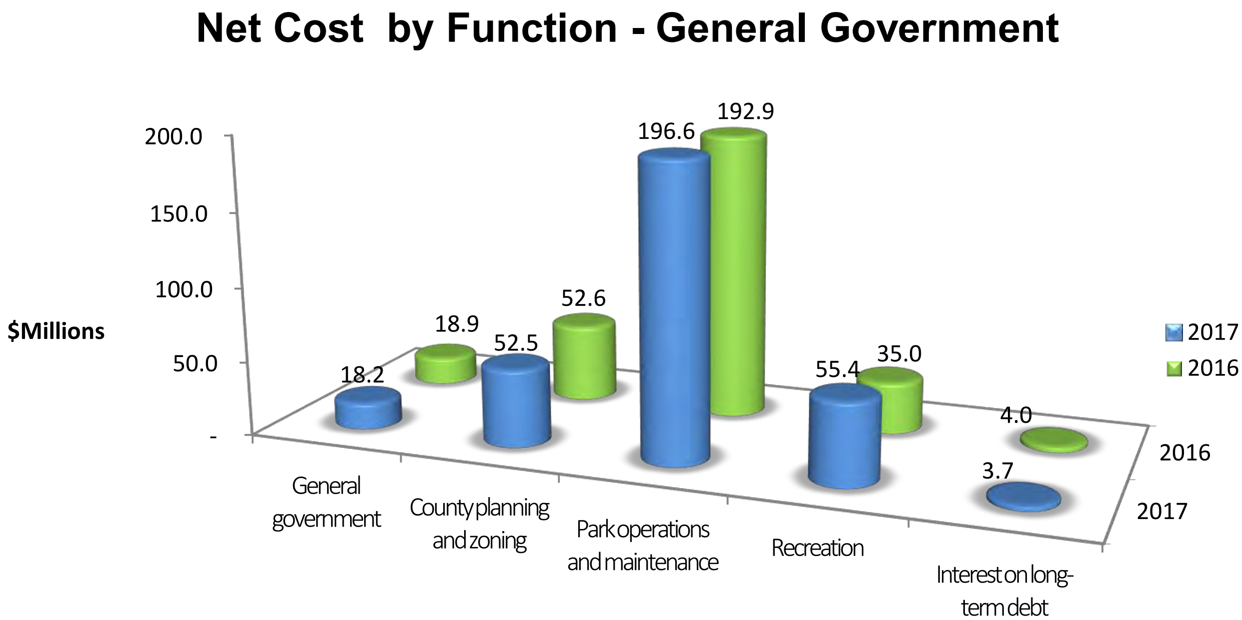
As the above diagram shows, property taxes make up 86% of Commission governmental revenues.

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 9.3% of governmental activities expenses.

The overall total cost of services and net cost of services increased by 2.2% and 7.6% for FY 2017 compared to FY 2016, respectively.

Net Cost of Governmental Activities (000's)
For the Fiscal Years Ended June 30, 2017 and 2016

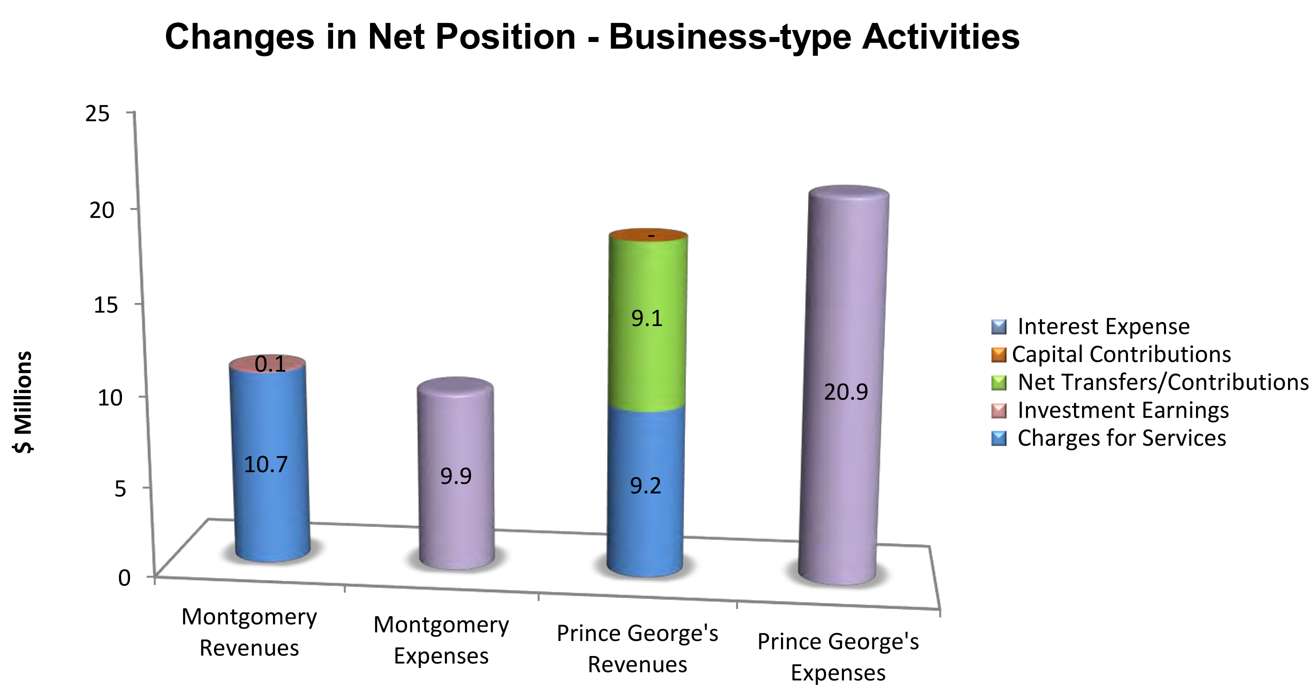
	2017		2016		Percentage Change 2016 - 2017	
	Total Cost Of Services	Net Cost Of Services	Total Cost Of Services	Net Cost Of Services	Total Cost Of Services	Net Cost Of Services
General Government	$ 18,211	$ 18,211	$ 18,944	$ 18,944	-3.9%	-3.9%
County Planning and Zoning	57,302	52,547	57,309	52,643	0.0%	-0.2%
Park Operations and Maintenance	231,399	196,635	243,036	192,906	-4.8%	1.9%
Recreation Programs	71,198	55,360	50,263	34,955	41.7%	58.4%
Interest on Long-term Debt	3,688	3,688	4,048	4,048	-8.9%	-8.9%
Total	$ 381,798	$ 326,441	$ 373,600	$ 303,496	2.2%	7.6%

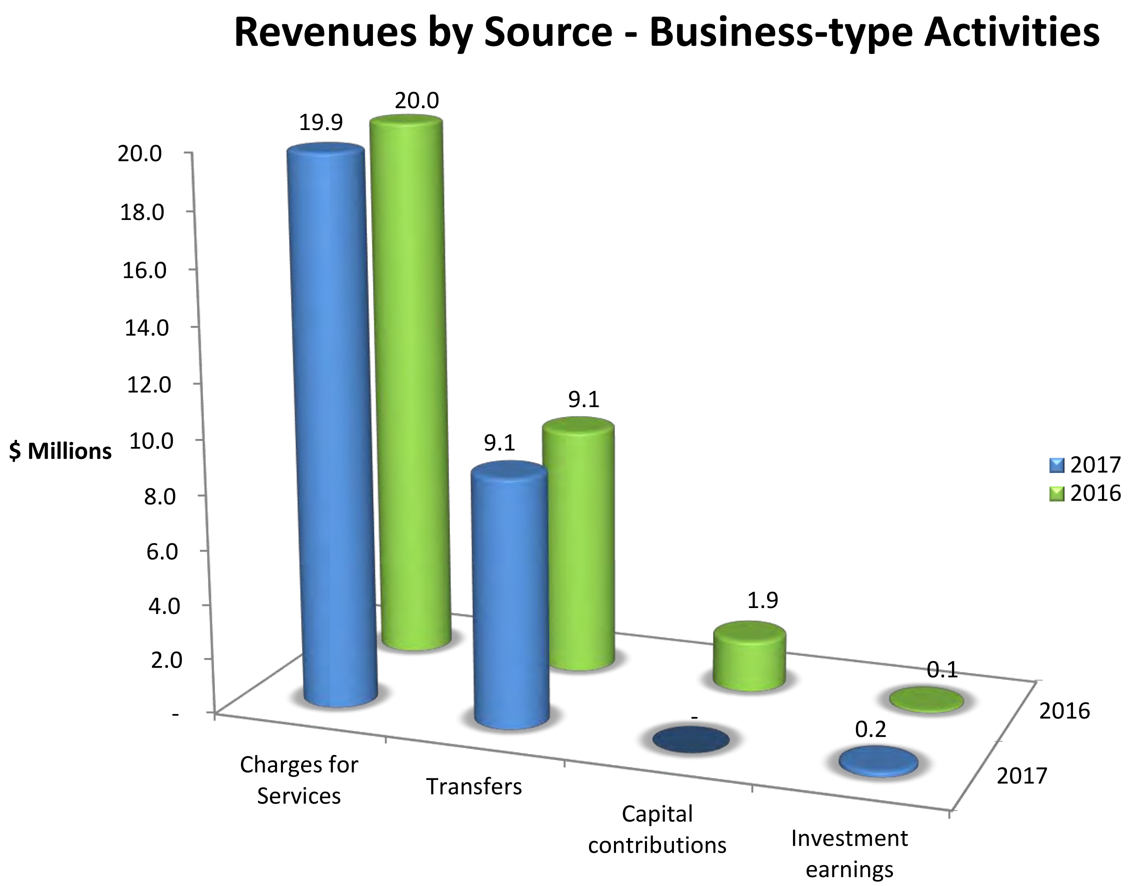


Business-type Activities. Business-type activities expenses in excess of revenues led to an decrease in the Commission's net position of $1.7 million.

- Expenses of operating these recreational and cultural activities (including interest expense) exceeded charges for services, current operating grants and interest income by $10.8 million.

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





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 $326.0 million, an increase of $20.4 million in comparison with the prior year. Approximately 54.6% of this total amount, or $178.1 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, $124.2 million has been committed for contracts and purchase orders, $4.1 million is restricted and $18.9 million is assigned to fund fiscal year 2018 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 $205.7 million, while total fund balance was $259.2 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 57.1% of the total general fund expenditures and transfers out, while total fund balance represents 72.0% of the same amount.

The fund balance of the Commission's General Fund has increased by $34.2 million during the current fiscal year. Key factors that generated this increase are as follows:

- Savings of $0.7 million due to delaying of the bond issues until later in the fiscal year.
- Property tax revenues were $10.5 million higher than budgeted.
- Control of expenditures generated $20.7 million in savings to provide funding for future years' budgets.

The capital project fund for Montgomery County has a total fund balance of $8.7 million and Prince George's County has a fund balance of $42.2 million, both of which represents authorized and funded projects that are not completed. The net change in fund balances during the current year in these funds were a decrease of $0.7 million in Montgomery County, and a decrease of $14.0 million in Prince George's County, primarily due to the transfer of $0.3 million to the Prince George's County Park Account, offset by the $6.7 million transfer from the general fund to the capital projects fund for Prince George's County, construction grants realized of $14.8 million in Montgomery County and $1.1 million in Prince George's County and the issuance of General Obligation Bonds in the amount of $8.0 million in Montgomery County. This is all offset by expenditures for the fiscal year which were $26.0 million in Montgomery County and $24.5 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, the 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 $6.1 million and the unrestricted net position for the Prince George's County fund amounted to $(1.2) million. The total changes in net position for the funds were an increase in the Montgomery County fund of $0.9 million and a decrease of $2.6 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, 2017 and 2016				
	Montgomery County		Prince George's County	
	FY2017	FY2016	FY2017	FY2016
Operating Revenues	$ 10,671	$ 10,411	$ 9,228	$ 9,607
Operating Expenses, Excluding Depreciation	8,796	8,605	18,974	18,746
Operating Income (Loss), Excluding Depreciation	1,875	1,806	(9,746)	(9,139)
Depreciation	1,110	1,154	1,970	1,924
Operating Income (Loss)	765	652	(11,716)	(11,063)
Nonoperating Revenue (Expense)	117	64	48	1,935
Transfers/Contributions	-	-	9,071	9,071
Change in Net Position	$ 882	$ 716	$ (2,597)	$ (57)

Comparative Montgomery County key data are as follows:

Montgomery County Enterprise Fund Key Data (000's) For the Fiscal Years Ended June 30, 2017 and 2016						
	Operating Revenues			Operating Income (Loss) Excluding Depreciation		
	FY2017	FY2016	Change	FY2017	FY2016	Change
Event Centers	$ 524	$ 633	$ (109)	$ (194)	$ (75)	$ (119)
Golf Courses	54	13	41	49	12	37
Ice Rinks	4,831	4,600	231	908	640	268
Indoor Tennis	1,778	1,688	90	431	362	69
Park Facilities	3,484	3,477	7	681	867	(186)
Total	$ 10,671	$ 10,411	$ 260	$ 1,875	$ 1,806	$ 69

The Montgomery County Enterprise Fund revenues increased by $260,000 and operating income increased by $69,000. Operating revenues and income were down at the Event Centers mainly due to decreased revenue rental as a result of fewer events at Rockwood Manor. Revenues were up at the Ice Rinks and Indoor Tennis facilities due to increases in group lessons and camps and, additionally, the Golf Courses received a higher lease payment than in previous years. Park Facility revenues were also up due to a donation from the Parks Foundation to Brookside Gardens. In addition, revenues increased due to more special events at Cabin John and Wheaton Trains. Park Facilities operating income was down as a result of higher seasonal costs and an increase in personnel services related to vacancy fillings at Little Bennett Park.

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, 2017 and 2016						
	Operating Revenues			Operating Income (Loss) Excluding Depreciation		
	FY2017	FY2016	Change	FY2017	FY2016	Change
Airport	$ 236	$ 196	$ 40	$ (194)	$ (176)	$ (18)
Equestrian Center/ShowplaceArena	1,273	1,369	(96)	(1,576)	(1,502)	(74)
Golf Courses	2,083	2,199	(116)	(1,854)	(1,527)	(327)
Ice Rinks	424	559	(135)	(684)	(711)	27
Tennis Bubbles/Administration	397	344	53	(530)	(654)	124
Trap and Skeet Center	1,583	1,633	(50)	(19)	(26)	7
Sports and Learning Complex	3,069	3,167	(98)	(4,773)	(4,459)	(314)
Bladensburg Marina	163	140	23	(116)	(84)	(32)
Total	$ 9,228	$ 9,607	$ (379)	$ (9,746)	$ (9,139)	$ (607)

The Prince George's County Enterprise Fund revenues decreased by $379,000 and the operating loss, excluding depreciation, decreased by $607,000. There was an increase in sales at College Park Airport; however, expenditures also increased due to the purchase of a flight simulator in FY2017. The Equestrian Center decline in revenue is due to lower food sales and event cancellations, while personnel services increased due to an increased use of intermittent staff vs. outside contractors. The decrease in operating income at the Golf Courses is due to slower sales and user fees in addition to increased use of seasonal staff. The increased operating income for the Ice Rinks is due to the fire and closure of Tucker Road Ice Rink causing savings in personnel services. Increased revenue at the Tennis Bubbles is due to a higher collection in fees and rental concessions due to the new club house. The increase in operating income for the Trap and Skeet Center is due to a decrease in personnel services due to vacancies. The Sports and Learning Complex operating loss is due to a water main break causing facility closures.

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, 2017		
	Administration Account	Park Account
(Unfavorable) property tax collections	$ (279.5)	$ (913.5)
Favorable charges for services	250.5	52.8
(Unfavorable) intergovernmental revenue	(164.7)	(288.6)
Favorable investment revenue	46.5	44.9
Favorable other revenue	6.9	94.4
Total (unfavorable) revenue variance	(140.3)	(1,010.0)
Expenditure savings	2,638.8	2,112.6
Favorable other financing sources (uses)	-	2.6
Total favorable budgetary variance	$ 2,498.5	$ 1,105.2

Property tax collections were lower than budgeted due to a lower than projected actual assessable base. Charges for Services exceeded the budget for both the Administration and Park Accounts. The Administration Account 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. Debt service payments were slightly less than budget.

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, 2017	Administration Account	Park Account
Fund balance, budget basis		
Assigned	$ 1,880.3	$ 807.5
Unassigned	3,928.5	7,073.0
Total Budgetary Fund Balance	$ 5,808.8	$ 7,880.5

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, 2017	Administration Account	Park Account	Recreation Account
Favorable property tax collections	$ 2,192.3	$ 6,464.4	$ 3,064.0
Favorable (unfavorable) charges for services	203.9	164.9	189.5
(Unfavorable) intergovernmental revenue	(32.0)	-	-
Favorable (unfavorable) investment revenue	200.2	395.8	144.1
Favorable other revenue	2.8	206.5	100.0
Total (unfavorable) revenue variance	2,567.2	7,231.6	3,497.6
Expenditure savings	7,547.6	4,122.8	4,328.6
Favorable other financing sources	-	907.4	-
Total favorable budgetary variance	$ 10,114.8	$ 12,261.8	$ 7,826.2

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 increased in the Administration Account as a result of higher than anticipated revenues generated from urban design site plan fees. Charges for Services increased in the Park Account primarily due to increased fees collected at the festival of lights and increased tent rentals. Revenue in the Recreation Account is higher mainly due to higher than budgeted collections from aquatic programs, sports clinics and tournaments in Sports, Health & Wellness. 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 Park Account was due to insurance claim recoveries and increased collections from fees and citations. The Recreation Account had higher than anticipated Other Revenue from increased donations and contributions. The expenditure savings were mostly the result of vacant positions in all Accounts. All Accounts generated savings in Non-Departmental expenditures resulting from prior year purchase order cancellations and post-employment benefits. Additional savings in the Administration Account were the result of savings in the Director’s Office, Development Review, Community Planning, Information Management and Countywide Planning Divisions for Other Services & Charges and Supplies and Materials. Additional Park Account savings were the result of lower utility costs and savings from contractual services. The Recreation Account also generated expenditure savings from lower than budgeted expenditures for utility costs in Support Services and lower expenditures in Area Operations. Additional savings in Area Operations for the Recreation Account was the result of delayed facility openings resulting in decreased program offerings in Trips & Excursions in the Central and Southern Areas. The Park Account had additional savings in Other Services and Charges as a result of decreased contract services for recreation programs and general services. In the Park Account, savings from other financing sources was the result of higher than anticipated budgeted interest income from the CIP Fund to the Park Account. Additional savings in other financing sources are the result of a delayed bond sale.

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, 2017	Administration Account	Park Account	Recreation Account
Fund balance, budget basis			
Assigned	$ -	$ 3,011.0	$ -
Unassigned	32,940.9	124,635.8	37,089.8
Total Budgetary Fund Balance	$ 32,940.9	$ 127,646.8	$ 37,089.8

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, 2017 amounts to $974.0 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 3.3% (a 3.8% increase for governmental activities and a 3.5% decrease for business-type activities). The most significant increase is $21.8 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 2017, projects totaling $26 million were completed.

Expenditures on Montgomery County projects totaled $26 million in fiscal year 2017, of which $.7 million was for land acquisition and $25.3 million was for development. The land purchases represented the acquisition of about 0.7 acres of land. Major Park Development expenditures included $3.6 million for the Kemp Mill Urban Park, $3.5 million for Laytonia Regional Park, $2.5 million for Rock Creek Maintenance Facility upgrades, and $1.6 million for Brookside Master Plan Improvements. In addition, $2.5 million was expended for play equipment and minor park renovations.

Prince George's County projects totaled $24.4 million in fiscal year 2017, of which $1.4 million was for land acquisition and $23.0 million was for development. Land acquisition included $1.4 million in Regional Park acquisitions. Major park development expenditures include improvements for infrastructure with construction costs to date of $21.5 million of which $9.9 million was in fiscal year 2017, College Park Airport with construction costs to date of $5.8 million of which $350 thousand was in fiscal year 2017, Largo Town Center with construction costs to date of $1.8 million, of which $400 thousand was in fiscal year 2017, Compton Bassett Historic Restoration Site with construction costs to date of $1.4 million, of which $1.2 million was in fiscal year 2017. Westphalia Neighborhood Park with construction costs to date of $5.9 million of which $1.0 million was in fiscal year 2017, William Beanes Community Center with construction costs to date of $5.3 million of which $400 thousand was in fiscal year 2017. Southern Area Aquatic and Recreation Complex with construction costs to date of $4.3 million of which $3.0 million was in fiscal year 2017, Synthetic Turf Fields with total construction costs of $2.8 million. Recreation Facility Planning with total construction costs to date of $510 thousand. In addition, expenditures totaling $2.0 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, 2017 and 2016

	June 30, 2017			June 30, 2016			
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Percent Change Total
Land	$ 380,150	$ 19,364	$ 399,514	$ 378,645	$ 19,364	$ 398,009	0.4%
Buildings and improvements	90,925	36,400	127,325	81,109	39,132	120,241	5.9%
Infrastructure	111,847	161	112,008	111,862	169	112,031	0.0%
Machinery, equip. & intangibles	32,979	2,061	35,040	32,482	1,970	34,452	1.7%
Construction in progress	297,538	2,604	300,142	275,743	2,198	277,941	8.0%
Total	$ 913,439	$ 60,590	$ 974,029	$ 879,841	$ 62,833	$ 942,674	3.3%

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 $116.2 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 $15.6 million (Montgomery - $4.8 million; Prince George's - $10.8 million) for the fiscal year. Of the outstanding debt, Park Bonds totaled $115.2 million (Montgomery County - $54.1 million and Prince George's County - $61.1 million) at June 30, 2017. Park Bonds debt service expenditures totaled $15.5 million (Montgomery - $4.7 million, Prince George's - $10.8 million) for the fiscal year. The Commission's Metropolitan District (Park) tax includes a mandatory tax for debt service for Park Bonds of 3.6 cents per $100 of assessed valuation for real property (9 cents for personal property) in Montgomery County and 4 cents per $100 of assessed valuation for real property (10 cents for personal property) in Prince George's County. Debt service payments approximated 0.29 cents per $100 of assessed valuation for real property and .73 cents per $100 of assessed valuation for personal property for Montgomery County and 1.30 cents per $100 of assessed valuation for real property and 3.25 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, 2017			
	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, 2017, are as follows ($000's):

Commission's Outstanding Debt June 30, 2017 and 2016			
	Governmental Activities		Change
	2017	2016	
General obligation bonds	$ 122,506	$ 124,658	-1.7%
Total	$ 122,506	$ 124,658	-1.7%

Montgomery County Outstanding Debt June 30, 2017 and 2016			
	Governmental Activities		Change
	2017	2016	
General obligation bonds	$ 57,973	$ 52,474	10.5%
Sub-Total	$ 57,973	$ 52,474	10.5%

Prince George's County Outstanding Debt June 30, 2017 and 2016			
	Governmental Activities		Change
	2017	2016	
General obligation bonds	$ 64,533	$ 72,184	-10.6%
Sub-Total	$ 64,533	$ 72,184	-10.6%

The Commission's bonds and notes payable decreased by $2.1 million for the fiscal year due to the issuance of general obligation bonds in the amount of $8.0 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 $1,685.3 million of debt service for Montgomery County and $916.8 million of debt service for Prince George's County, which is in excess of the Commission's required debt service of $68.5 million and $79.2 million, respectively, over the 30 year period.

Additional information on the Commission's long-term debt can be found in Note 4E of the Notes to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates

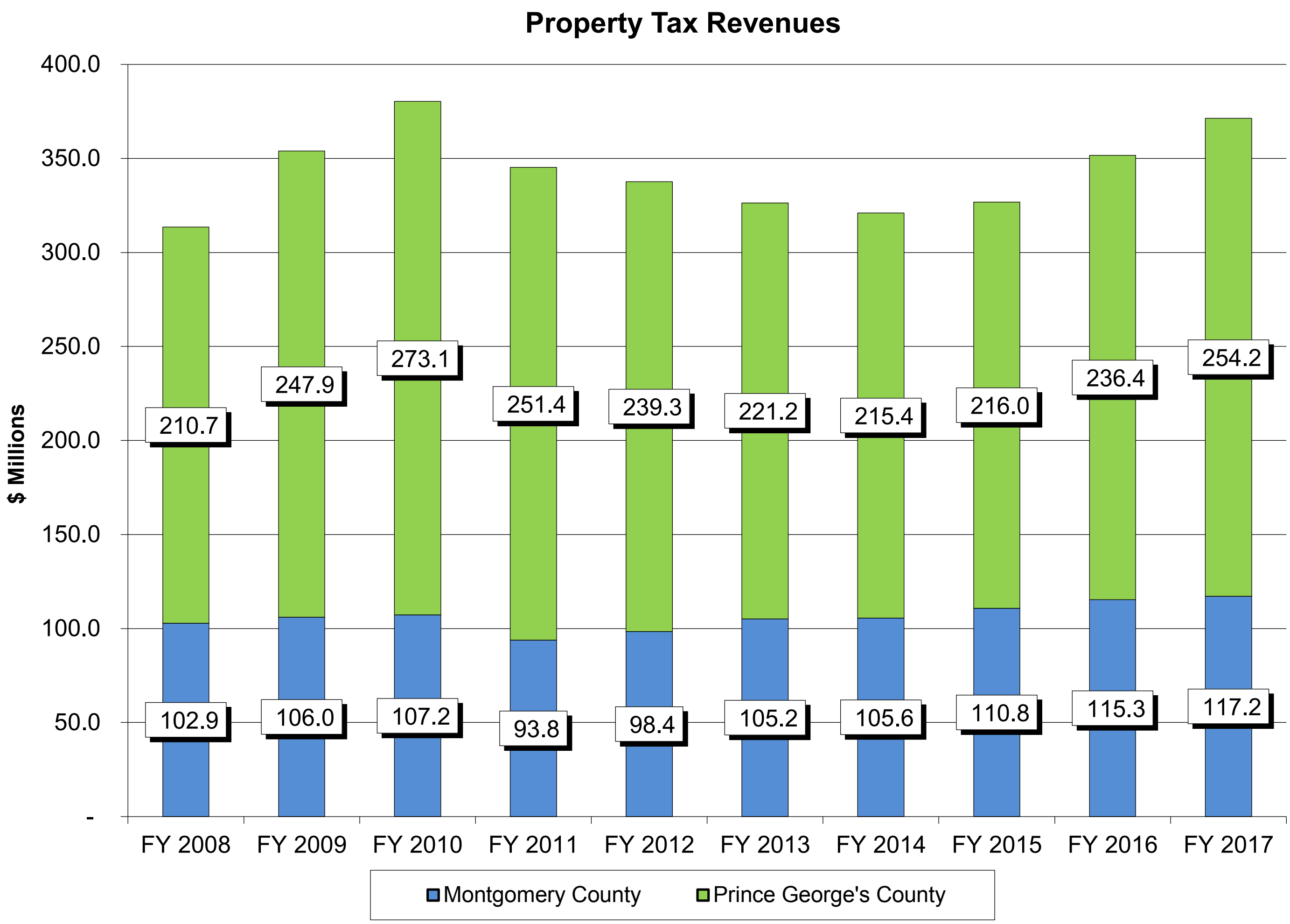
The Commission continues to maintain a solid financial position and stable future outlook supported by the stability of its major revenue source, property taxes which represented 86.7% of the Governmental Funds revenues in FY 2017. Strong fiscal policies including fund balance reserves, interim financial 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 2018 tax rates and adopting the FY 2018 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 2018 the Commission's total Montgomery County real property tax rate was decreased by 0.08 cents and the personal property tax rate was decreased by 0.20 cents and the taxable real property assessable base is projected to increase by 3.45%. Commission property tax revenue is budgeted to increase by 5.1% and budgeted expenditures are budgeted to increase 4.37% 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 2018. In FY 2018, the real property assessable base is projected to increase by 7.4%. 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 $14.5 million in FY 2016 to $14.1 million in FY 2017, and for FY 2018, they are budgeted at $13.0 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 $211.4 million. Of this amount, $5.7 million is assigned fund balance and $205.7 million is unassigned as of June 30, 2017. Of the unassigned portion, $194.7 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, 2017

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Montgomery County Parks Foundation, Inc.	Prince George's County Parks & Recreation Foundation, Inc.	Total
ASSETS						
Equity in Pooled Cash and Investments	$ 414,461,119	$ 13,224,742	$ 427,685,861	$ 1,066,408	$ 103,705	$ 1,170,113
Receivables - Taxes, net of allowance for uncollectibles	2,673,823	-	2,673,823	-	-	-
Receivables - Other	1,348,266	1,515	1,349,781	109,000	-	109,000
Due from County Governments	6,490,616	227,989	6,718,605	-	-	-
Due from Other Governments	4,831,452	-	4,831,452	-	-	-
Inventories	684,987	882,032	1,567,019	-	-	-
Deposits and Other	2,027,526	-	2,027,526	969	1,617	2,586
Restricted Cash, Cash Equivalents and Investments:						
Investments	-	-	-	171,886	-	171,886
Unspent Debt Proceeds	4,142,830	-	4,142,830	-	-	-
Capital Assets:						
Land and Construction in Progress	677,687,632	21,968,160	699,655,792	-	-	-
Other Capital Assets, Net of Accumulated Depreciation	235,751,818	38,621,423	274,373,241	-	-	-
Total Assets	1,350,100,069	74,925,861	1,425,025,930	1,348,263	105,322	1,453,585
DEFERRED OUTFLOWS OF RESOURCES						
Deferred loss on refunding of debt	1,113,856	-	1,113,856	-	-	-
Changes in pension plan assumptions	33,484,608	1,201,620	34,686,228	-	-	-
Difference between projected and actual earnings on pension plan investments	57,706,544	2,171,357	59,877,901	-	-	-
Difference between expected and actual experience	336,667	12,366	349,033	-	-	-
Total Deferred Outflows of Resources	92,641,675	3,385,343	96,027,018	-	-	-
LIABILITIES						
Accounts Payable and Other Current Liabilities	30,951,876	1,069,246	32,021,122	195,377	-	195,377
Accrued Interest Payable	1,212,137	-	1,212,137	-	-	-
Due to Other Governments	90	-	90	-	-	-
Deposits and Fees Collected in-Advance	10,099,239	70,474	10,169,713	-	-	-
Claims Payable:						
Due within One Year	5,734,681	-	5,734,681	-	-	-
Due in more than One Year	13,002,052	-	13,002,052	-	-	-
Compensated Absences:						
Due within One Year	10,341,598	350,678	10,692,276	-	-	-
Due in more than One Year	10,536,175	648,473	11,184,648	-	-	-
Bonds and Notes Payable:						
Due within One Year	10,026,180	-	10,026,180	-	-	-
Due in more than One Year	112,460,197	-	112,460,197	-	-	-
Net Other Post Employment Benefit Obligations						
Due in more than One Year	76,463,636	3,410,903	79,874,539	-	-	-
Net Pension Liability						
Due in more than One Year	119,576,314	4,443,322	124,019,636	-	-	-
Total Liabilities	400,424,175	9,993,096	410,417,271	195,377	-	-
DEFERRED INFLOW OF RESOURCES						
Changes in pension plan assumptions	9,510,045	360,400	9,870,445	-	-	-
Difference between projected and actual earnings on pension plan investments	44,274,910	1,582,208	45,857,118	-	-	-
Difference between expected and actual experience	21,871,533	812,380	22,683,913	-	-	-
Total Deferred Inflow of Resources	75,656,488	2,754,988	78,411,476	-	-	-
NET POSITION						
Net Investment in Capital Assets	796,599,317	60,589,583	857,188,900	-	-	-
Temporarily Restricted	-	-	-	924,337	63,703	988,040
Unrestricted	170,061,764	4,973,537	175,035,301	228,549	41,619	270,168
Total Net Position	$ 966,661,081	$ 65,563,120	$ 1,032,224,201	$ 1,152,886	$ 105,322	$ 1,258,208

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

Exhibit 2

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Statement of Activities
For the Year Ended June 30, 2017

		Program Revenues			Net (Expense) Revenue and Changes in Net Position					
					Primary Government			Component Units		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Montgomery County Parks Foundation, Inc.	Prince George's County Parks & Recreation Foundation, Inc.	Total
Primary Government:										
Governmental Activities:										
General Government	$ 18,210,634	$ -	$ -	$ -	$ (18,210,634)	$ -	$ (18,210,634)	$ -	$ -	$ -
County Planning and Zoning	57,302,000	3,850,889	904,323	-	(52,546,788)	-	(52,546,788)	-	-	-
Park Operations and Maintenance	231,398,938	9,269,553	5,480,518	20,013,891	(196,634,976)	-	(196,634,976)	-	-	-
Recreation Programs	71,198,062	15,277,062	560,610	-	(55,360,390)	-	(55,360,390)	-	-	-
Interest on Long-term Debt	3,688,429	-	-	-	(3,688,429)	-	(3,688,429)	-	-	-
Total Governmental Activities	381,798,063	28,397,504	6,945,451	20,013,891	(326,441,217)	-	(326,441,217)	-	-	-
Business-type Activities:										
Recreational and Cultural Facilities	30,874,630	19,899,293	-	-	-	(10,975,337)	(10,975,337)	-	-	-
Total Business-type Activities	30,874,630	19,899,293	-	-	-	(10,975,337)	(10,975,337)	-	-	-
Total Primary Government	$ 412,672,693	$ 48,296,797	$ 6,945,451	$ 20,013,891	$ (326,441,217)	$ (10,975,337)	$ (337,416,554)	$ -	$ -	$ -
Component Units:										
Montgomery County Foundation	$ 2,018,794	$ -	$ 968,070	$ -	$ -	$ -	$ -	$ (1,050,724)	$ -	$ (1,050,724)
Prince George's County Foundation	407,410	-	442,644	-	-	-	-	-	35,234	35,234
Total Component Units	$ 2,426,204	$ -	$ 1,410,714	$ -	$ -	$ -	$ -	$ (1,050,724)	$ 35,234	$ (1,015,490)
General Revenues:										
Property Taxes					371,471,118	-	371,471,118	-	-	-
Unrestricted Investment Earnings					2,362,429	189,626	2,552,055	15,629	70	15,699
Transfers					(9,070,347)	9,070,347	-	-	-	-
Net General Revenues and Transfers					364,763,200	9,259,973	374,023,173	15,629	70	15,699
Change in Net Position					38,321,983	(1,715,364)	36,606,619	(1,035,095)	35,304	(999,791)
Net Position - Beginning					928,339,098	67,278,484	995,617,582	2,187,981	70,018	2,257,999
Net Position - Ending					$ 966,661,081	$ 65,563,120	$ 1,032,224,201	$ 1,152,886	$ 105,322	$ 1,258,208

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

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THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 3

Balance Sheet
Governmental Funds
June 30, 2017

	General	Montgomery County Capital Projects	Prince George's County Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Equity in Pooled Cash and Investments	$ 285,452,641	$ -	$ 48,083,814	$ 16,071,713	$ 349,608,168
Receivables - Taxes (net of allowance for uncollectibles)	2,655,982	-	-	17,841	2,673,823
Receivables - Other (net of allowance for uncollectibles)	163,573	-	-	10,650	174,223
Due from Other Funds	62,545	-	-	-	62,545
Due from County Governments	96,947	5,824,111	-	69,558	5,990,616
Due from Other Governments	305,008	4,346,387	112,489	67,568	4,831,452
Inventories	-	-	-	684,987	684,987
Restricted Cash - Unspent Debt Proceeds	-	4,142,830	-	-	4,142,830
Other	22,580	-	-	-	22,580
Total Assets	$ 288,759,276	$ 14,313,328	$ 48,196,303	$ 16,922,317	$ 368,191,224
LIABILITIES					
Liabilities:					
Accounts Payable	$ 9,687,343	$ 3,438,649	$ 3,159,074	$ 388,182	$ 16,673,248
Accrued Liabilities	9,156,681	-	-	449,083	9,605,764
Retainage Payable	-	2,094,400	1,149,966	-	3,244,366
Due to Other Funds	-	62,545	-	-	62,545
Due to County Governments	60	-	-	30	90
Deposits and Fees Collected in-Advance	8,219,569	-	1,669,372	202,255	10,091,196
Total Liabilities	27,063,653	5,595,594	5,978,412	1,039,550	39,677,209
DEFERRED INFLOW OF RESOURCES					
Unavailable Property Tax Revenue	2,445,249	-	-	-	2,445,249
Total Deferred Inflow of Resources	2,445,249	-	-	-	2,445,249
Fund Balance:					
Nonspendable to:					
Recreation	-	-	-	684,987	684,987
Restricted for:					
Parks	-	4,142,830	-	25	4,142,855
Committed to:					
Planning	21,080,594	-	-	266,484	21,347,078
Parks	20,287,678	11,777,135	62,539,132	873,698	95,477,643
Recreation	6,515,221	-	-	824,414	7,339,635
Assigned to:					
Planning	1,880,281	-	-	4,239,193	6,119,474
Parks	3,818,563	-	-	2,553,281	6,371,844
Recreation	-	-	-	6,440,685	6,440,685
Unassigned:	205,668,037	(7,202,231)	(20,321,241)	-	178,144,565
Total Fund Balances	259,250,374	8,717,734	42,217,891	15,882,767	326,068,766
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 288,759,276	$ 14,313,328	$ 48,196,303	$ 16,922,317	

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.	899,602,810
Deferred outflows of resources related to pensions and refunding of debt are applicable to future periods and, therefore, are not reported in the funds.	92,641,675
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	1,523,414
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.	58,429,694
Some of the Commission's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.	2,445,249
Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(75,656,488)
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.	(338,394,039)
Net Position of Governmental Activities	$ 966,661,081

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, 2017

	General	Montgomery County Capital Projects	Prince George's County Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	$ 369,613,659	$ -	$ -	$ 1,859,617	$ 371,473,276
Intergovernmental -					
Federal	40,791	-	-	-	40,791
State	1,580,863	2,602,436	1,107,128	-	5,290,427
County	3,389,135	11,923,680	-	1,284,439	16,597,254
Local	-	282,247	-	-	282,247
Charges for Services	10,939,957	-	-	3,975,248	14,915,205
Rentals and Concessions	5,996,941	-	-	6,146,391	12,143,332
Interest	1,535,464	22,171	348,587	78,964	1,985,186
Contributions	170,809	1,497,840	2,324,725	224,202	4,217,576
Miscellaneous	730,424	98,241	370,738	139,564	1,338,967
Total Revenues	393,998,043	16,426,615	4,151,178	13,708,425	428,284,261
EXPENDITURES					
Current -					
General Government	16,965,608	-	-	-	16,965,608
Planning and Zoning	50,973,328	-	-	3,456,475	54,429,803
Park Operations and Maintenance	198,983,007	-	-	2,090,465	201,073,472
Recreation	60,949,379	-	-	5,924,384	66,873,763
Contributions	-	-	-	1,786,021	1,786,021
Debt Service -					
Principal	-	-	-	11,126,946	11,126,946
Interest	-	-	-	4,459,106	4,459,106
Other Debt Service Costs	-	-	-	159,718	159,718
Capital Outlay -					
Park Acquisition	-	697,500	1,455,891	-	2,153,391
Park Development	-	25,309,804	22,998,654	-	48,308,458
Total Expenditures	327,871,322	26,007,304	24,454,545	29,003,115	407,336,286
Excess (Deficiency) of Revenues over Expenditures	66,126,721	(9,580,689)	(20,303,367)	(15,294,690)	20,947,975
OTHER FINANCING SOURCES (USES)					
General Obligation Bonds Issued	-	8,000,000	-	-	8,000,000
Premiums on Bonds Issued	-	514,748	-	-	514,748
Transfers In	370,756	350,000	6,691,000	16,202,263	23,614,019
Transfers Out	(32,283,610)	(22,169)	(348,587)	(30,000)	(32,684,366)
Total Other Financing Sources (Uses)	(31,912,854)	8,842,579	6,342,413	16,172,263	(555,599)
Net Change in Fund Balances	34,213,867	(738,110)	(13,960,954)	877,573	20,392,376
Fund Balances - Beginning	225,036,507	9,455,844	56,178,845	15,005,194	305,676,390
Fund Balances - Ending	$ 259,250,374	$ 8,717,734	$ 42,217,891	$ 15,882,767	$ 326,068,766

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, 2017

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)		$	20,392,376
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	48,802,436		
Depreciation Expense	(15,393,252)		
Net adjustment			33,409,184
In the Statement of Activities, donated land activity that has no impact on financial resources is also included in the Statement of Activities.			
Donations	275,835		
Net adjustment			275,835
Tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount by which the deferred revenues changed from last fiscal year.			(2,158)
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	(8,514,748)		
Repayments of Principal	11,126,946		
Net adjustment			2,612,198
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.			(21,936,909)
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.			276,870
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.			3,294,587
Change in net position of governmental activities (Exhibit 2)		$	38,321,983

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, 2017

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Revenues:				
Property Taxes	$ 359,085,900	$ 359,085,900	$ 369,613,659	$ 10,527,759
Intergovernmental	3,981,613	5,496,134	5,010,789	(485,345)
Charges for Services	10,325,268	10,325,268	10,939,957	614,689
Rentals and Concessions	5,750,075	5,750,075	5,996,941	246,866
Interest	704,000	704,000	1,535,464	831,464
Miscellaneous	490,500	490,500	901,233	410,733
Total Revenues	380,337,356	381,851,877	393,998,043	12,146,166
Expenditures/Encumbrances:				
Current -				
General Government	20,562,949	20,562,949	19,332,455	1,230,494
County Planning and Zoning	58,187,149	58,391,777	49,435,838	8,955,939
Park Operation and Maintenance	209,451,736	210,425,834	204,233,524	6,192,310
Recreation Programs	62,725,153	63,060,948	58,732,315	4,328,633
Total Expenditures/Encumbrances	350,926,987	352,441,508	331,734,132	20,707,376
Excess of Revenues over Expenditures/Encumbrances	29,410,369	29,410,369	62,263,911	32,853,542
Other Financing Sources (Uses):				
Transfers In	175,000	175,000	370,756	195,756
Transfers Out	(32,997,887)	(32,997,887)	(32,283,610)	714,277
Total Other Financing Sources (Uses)	(32,822,887)	(32,822,887)	(31,912,854)	910,033
Excess of Revenues and Other Financing Sources over Expenditures/Encumbrances and Other Financing Uses - Budget Basis	$ (3,412,518)	$ (3,412,518)	30,351,057	$ 33,763,575
Fund Balances - Budget Basis, Beginning			181,015,824	
Fund Balances - Budget Basis, Ending			$ 211,366,881	

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, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Recreational and Cultural Activities			
	Montgomery County	Prince George's County	Totals	
ASSETS				
Current Assets:				
Equity in Pooled Cash and Investments	$ 8,408,670	$ 4,816,072	$ 13,224,742	$ 64,038,843
Accounts Receivable	1,361	154	1,515	1,174,043
Due from County Government	227,989	-	227,989	500,000
Deposits and Other	-	-	-	481,532
Inventories	191,255	690,777	882,032	-
Total Current Assets	8,829,275	5,507,003	14,336,278	66,194,418
Noncurrent Assets:				
Capital Assets:				
Land	11,584,468	7,779,131	19,363,599	748,497
Buildings and Improvements	27,216,080	73,637,174	100,853,254	3,299,192
Infrastructure	35,510	134,686	170,196	15,657
Machinery, Equipment and Intangibles	2,631,818	4,516,918	7,148,736	40,338,276
Construction in Progress	2,604,561	-	2,604,561	-
	44,072,437	86,067,909	130,140,346	44,401,622
Less - Accumulated Depreciation	(24,631,541)	(44,919,222)	(69,550,763)	(30,564,983)
Total Capital Assets, Net of Depreciation	19,440,896	41,148,687	60,589,583	13,836,639
Total Noncurrent Assets	19,440,896	41,148,687	60,589,583	13,836,639
Total Assets	28,270,171	46,655,690	74,925,861	80,031,057
DEFERRED OUTFLOWS OF RESOURCES				
Changes in pension plan assumptions	402,387	799,233	1,201,620	276,826
Difference between projected and actual earnings on pension plan investments	716,959	1,454,398	2,171,357	407,528
Difference between expected and actual experience	3,793	8,573	12,366	2,230
Total Deferred Outflows of Resources	1,123,139	2,262,204	3,385,343	686,584
LIABILITIES				
Current Liabilities:				
Accounts Payable	107,800	109,192	216,992	1,364,015
Claims Payable	-	-	-	5,734,681
Accrued Salaries and Benefits	255,321	596,933	852,254	64,483
Compensated Absences	117,953	232,725	350,678	47,399
Revenue Collected in Advance	43,037	27,437	70,474	8,043
Total Current Liabilities	524,111	966,287	1,490,398	7,218,621
Noncurrent Liabilities:				
Claims Payable	-	-	-	13,002,052
Compensated Absences	186,255	462,218	648,473	51,111
Net Other Post Employment Benefit Obligations	743,133	2,667,770	3,410,903	570,581
Net Pension Liability	1,391,215	3,052,107	4,443,322	758,999
Total Noncurrent Liabilities	2,320,603	6,182,095	8,502,698	14,382,743
Total Liabilities	2,844,714	7,148,382	9,993,096	21,601,364
DEFERRED INFLOWS OF RESOURCES				
Changes in pension plan assumptions	125,971	234,429	360,400	73,464
Difference between projected and actual earnings on pension plan investments	537,927	1,044,281	1,582,208	378,930
Difference between expected and actual experience	281,348	531,032	812,380	175,318
Total Deferred Inflows of Resources	945,246	1,809,742	2,754,988	627,712
NET POSITION				
Net Investment in Capital Assets	19,440,896	41,148,687	60,589,583	13,836,639
Unrestricted	6,162,454	(1,188,917)	4,973,537	44,651,926
Total Net Position	$ 25,603,350	$ 39,959,770	$ 65,563,120	$ 58,488,565

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, 2017

	Business-type Activities - Enterprise Funds: Recreational and Cultural Activities: Montgomery County	Business-type Activities - Enterprise Funds: Recreational and Cultural Activities: Prince George's County	Business-type Activities - Enterprise Funds: Recreational and Cultural Activities: Totals	Governmental Activities- Internal Service Funds
Operating Revenues:				
Sales	$ 602,961	$ 2,021,208	$ 2,624,169	$ -
Charges for Services	6,890,177	4,339,989	11,230,166	47,352,933
Claim Recoveries	-	-	-	1,031,849
Rentals and Concessions	3,177,740	2,867,218	6,044,958	-
Total Operating Revenues	10,670,878	9,228,415	19,899,293	48,384,782
Operating Expenses:				
Cost of Goods Sold	293,684	1,112,214	1,405,898	-
Personal Services	5,424,138	11,914,177	17,338,315	2,247,550
Supplies and Materials	693,294	1,693,908	2,387,202	1,221,438
Claims Incurred	-	-	-	27,610,404
Insurance	-	-	-	7,824,301
Communications	64,210	387,410	451,620	-
Utilities	1,009,407	1,651,941	2,661,348	-
Maintenance	304,547	955,591	1,260,138	-
Contractual Services	585,791	652,477	1,238,268	934,610
Other Services and Charges	420,642	280,829	701,471	2,219,799
Administrative Services	-	325,403	325,403	-
Depreciation	1,110,259	1,969,791	3,080,050	3,409,593
Total Operating Expenses	9,905,972	20,943,741	30,849,713	45,467,695
Operating Income (Loss)	764,906	(11,715,326)	(10,950,420)	2,917,087
Nonoperating Revenues (Expenses):				
Investment Earnings	108,741	80,885	189,626	377,243
Loss on Disposal of Asset	7,947	(32,864)	(24,917)	256
Total Nonoperating Revenue (Expense)	116,688	48,021	164,709	377,499
Income (Loss) before Contributions and Transfers	881,594	(11,667,305)	(10,785,711)	3,294,586
Transfers In	-	9,070,347	9,070,347	-
Total Contributions and Transfers	-	9,070,347	9,070,347	-
Change in Net Position	881,594	(2,596,958)	(1,715,364)	3,294,586
Total Net Position - Beginning	24,721,756	42,556,728	67,278,484	55,193,979
Total Net Position - Ending	$ 25,603,350	$ 39,959,770	$ 65,563,120	$ 58,488,565

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, 2017

	Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Funds
	Recreational and Cultural Activities			
	Montgomery County	Prince George's County	Totals	
Cash Flows from Operating Activities:				
Receipts from Customers and Users	$ 9,679,824	$ 9,243,434	$ 18,923,258	$ 48,533,729
Payments to Suppliers	(1,823,769)	(7,009,201)	(8,832,970)	(38,767,563)
Payments to Employees	(5,018,416)	(11,445,619)	(16,464,035)	(2,013,025)
Payments for Interfund Services Used	(205,443)	-	(205,443)	(834,652)
Payments for Administrative Charges	(1,749,249)	(325,403)	(2,074,652)	-
Net Cash Provided (Used) by Operating Activities	882,947	(9,536,789)	(8,653,842)	6,918,489
Cash Flows from Noncapital Financing Activities:				
Transfers In from Other Funds	-	9,070,347	9,070,347	-
Net Cash Flows from Noncapital Financing Activities	-	9,070,347	9,070,347	-
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(664,010)	(198,030)	(862,040)	(2,971,353)
Net Cash Used by Capital and Related Financing Activities	(664,010)	(198,030)	(862,040)	(2,971,353)
Cash Flows from Investing Activities:				
Interest on Investments	108,741	80,885	189,626	377,243
Net Increase (Decrease) in Cash and Cash Equivalents	327,678	(583,587)	(255,909)	4,324,379
Cash and Cash Equivalents, July 1	8,080,992	5,399,659	13,480,651	59,714,464
Cash and Cash Equivalents, June 30	$ 8,408,670	$ 4,816,072	$ 13,224,742	$ 64,038,843

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)	$ 764,906	$ (11,715,326)	$ (10,950,420)	$ 2,917,087
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	1,110,259	1,969,791	3,080,050	3,409,593
Effect of Changes in Operating Assets and Liabilities in:				
Accounts Receivable	(1,047)	1,215	168	29,118
Due from Other Government	(18,581)	9,440	(9,141)	-
Inventories, at Cost	(16,106)	46,174	30,068	-
Deposits and Other	-	-	-	119,828
Accounts Payable	(185,337)	(321,005)	(506,342)	75,658
Claims Payable	-	-	-	132,680
Accrued Salaries and Benefits	(94,094)	(116,140)	(210,234)	14,826
Compensated Absences	14,550	13,943	28,493	19,391
Net Pension Obligation	223,647	434,164	657,811	155,890
Net Other Post Employment Obligations	56,176	136,591	192,767	44,418
Revenue Collected in Advance	(971,426)	4,364	(967,062)	-
Total Adjustments	118,041	2,178,537	2,296,578	4,001,402
Net Cash Provided (Used) by Operating Activities	$ 882,947	$ (9,536,789)	$ (8,653,842)	$ 6,918,489

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, 2017

	Pension Trust Funds	Private Purpose Trust Funds	Agency Funds
ASSETS			
Equity in Pooled Cash and Investments	$ 643,708	$ 12,075,963	$ 2,191,978
Cash	53,189	-	-
Fixed Income Securities	220,359,467	-	-
International Fixed Income Securities	4,087,352	-	-
Venture Capital/Alternative Investments	99,602,371	-	-
Corporate Stock	381,674,975	-	-
International Corporate Stock	78,907,068	-	-
Real Estate Investments	78,765,306	-	-
Short Term Investments	24,314,068	-	-
Mutual Funds	43,897,803	-	-
Collateral for Securities Lending Transactions	37,514,301	-	-
Accounts Receivable	40,823	-	-
Accrued Income on Investments	733,881	-	-
Land Held for Other Governments	-	74,493,496	-
Other	14,902	-	-
Total Assets	970,609,214	86,569,459	2,191,978
LIABILITIES			
Investment Payable	619,681	-	-
Accounts Payable	1,514,962	537	-
Claims Payable	518,406	-	-
Obligation for Collateral Received under Securities Lending Transactions	38,457,569	-	-
Deposits	-	-	2,191,978
Total Liabilities	41,110,618	537	2,191,978
NET POSITION			
Assets Held in Trust for:			
Land Held for Other Governments	-	74,493,496	-
Pension Benefits	868,155,816	-	-
Other Postemployment Benefits	61,342,780	-	-
Other Purposes	-	12,075,426	-
Total Net Position	$ 929,498,596	$ 86,568,922	$ -

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

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THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 11

Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

	Pension Trust Funds	Private Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer	$ 34,979,469	$ -
Plan Members	6,751,196	-
Plan Members for Current Benefits	2,685,917	-
Private Donations	-	37,366
Total Contributions	44,416,582	37,366
Receipts from Commission Debt Service Funds	-	1,786,021
Federal Grants - Medicare	1,396,311	-
Investment Earnings:		
Interest	9,707,262	62,360
Dividends	789,250	-
Net decrease in the Fair Value of Investments	113,449,327	-
Total Investment Earnings	123,945,839	62,360
Less Investment Advisory and Management Fees	(3,675,541)	-
Net Income from Investing Activities	120,270,298	62,360
Securities Lending Activity		
Securities Lending Income	444,450	-
Securities Lending Fees	(278,524)	-
Net Income from Securities Lending Activity	165,926	-
Total Net Investment Income	120,436,224	62,360
Total Additions and Investment Income	166,249,117	1,885,747
DEDUCTIONS		
Benefits	58,417,036	-
Refunds of Contributions	561,120	-
Administrative Expenses	2,085,218	-
Other	-	19,254
Total Deductions	61,063,374	19,254
Change in Net Position	105,185,743	1,866,493
Net Position - Beginning	824,312,853	84,702,429
Net Position - Ending	$ 929,498,596	$ 86,568,922

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

NOTES TO FINANCIAL STATEMENTS

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THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

(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 and discretely presented component units, the Montgomery County Parks Foundation, Inc. and the Prince George’s County Parks and Recreation Foundation, Inc. (the Foundations). 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. The discretely presented component units are included in the reporting unit because the Primary Government provides a significant amount of funding to the units and appoints the governing board.

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.

The Montgomery County Parks Foundation helps fund parks and open space needs in Montgomery County, Maryland. The Foundation works in cooperation with private citizens, business, other foundations, the Commission and the Montgomery County Department of Parks to meet these parks and open space needs. The Foundation has a calendar year of December 31. The completed financial statements can be obtained at 9500 Brunett Avenue, Silver Spring, MD 20901.

The Prince George's County Parks and Recreation Foundation helps fund parks and open space needs in Prince George's County, Maryland. The Foundation works in cooperation with private citizens, business, other foundations, the Commission and the Prince George's County Department of Parks and Department of Recreation to meet these parks, recreation programs and open space needs. The Foundation has a calendar year of December 31. The completed financial statements can be obtained at 7833 Walker Drive, Suite 210 Greenbelt, MD 20770.

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, 2017.

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

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

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

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

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

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

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

The Government-wide, proprietary, and pension trust and private purpose fiduciary fund financial statements are reported using the economic resources measurement focus 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 Outflows/Inflows 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 $1,634,751 as of June 30, 2017. 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 $10,000 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	$ 5,050,982	$ 4,502,898	$ 16,029,612	$ 15,784,780	$ 6,515,221	$ 47,883,493
Assigned	1,880,281	807,542	-	3,011,021	-	5,698,844
Unassigned	3,928,553	7,072,968	32,940,901	124,635,790	37,089,825	205,668,037
Total Fund Balance	$ 10,859,816	$ 12,383,408	$ 48,970,513	$ 143,431,591	$ 43,605,046	$ 259,250,374

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:

(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	$ 379,401,366
Buildings and improvements	240,005,618
Infrastructure	263,901,378
Machinery, Equipment and Intangibles	61,758,365
Accumulated Depreciation on Buildings, Improvements and Machinery, Equipment and Intangibles	(343,001,686)
Construction in Progress	297,537,769
Total	$ 899,602,810

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	$ 10,026,180
Due in More than One Year	112,480,197
Net Other Post Employment Benefit	
Obligations	75,893,055
Net Pension Obligations	118,817,815
Compensated Absences	
Due Within One Year	10,294,200
Due in More than One Year	10,485,063
Accrued Interest Payable	1,212,137
Totals	$ 339,208,647

(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 2017 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, 2017, 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, 2017	$ 4,840,083	$ 3,939,706	$ 15,411,154	$ 11,097,455	$ 8,732,285	$ 44,020,683
To Decrease -						
Encumbrances -						
June 30, 2017	(5,050,982)	(4,502,898)	(16,029,612)	(15,784,780)	(6,515,221)	(47,883,493)
Total Adjustment	(210,899)	(563,192)	(618,458)	(4,687,325)	2,217,064	(3,862,810)
Net Change in Fund Balance:						
GAAP Basis	615,649	214,967	10,031,774	13,537,249	9,814,228	34,213,867
Budget Basis	$ 404,750	$ (348,225)	$ 9,413,316	$ 8,849,924	$ 12,031,292	$ 30,351,057

(4) – DETAILED NOTES ON ALL FUNDS

(A) Cash and Investments

The Commission's deposits and investments as of June 30, 2017, totaled $1,415,916,240. The Commission's unrestricted pool of deposits and investments of $442,597,510 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 is $2,469,237, and the bank balance is $5,462,960. In addition, the Commission held cash at various locations totaling $232,208. Of the bank balance, $250,000 is covered by Federal depository insurance, and the remainder is collateralized by $5,212,959 of securities held by a member of the Federal Reserve banking system in the name of the Commission and the Commission's bank.

The Commission requires collateral for the 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, 2017. 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 $47,573,664. Of these deposits, $20,313 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 $4,142,830 of unspent bonds and note proceeds restricted to pay construction costs for various projects.

Custodial Credit Risk - Investments - 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, 2017 were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Municipal Bonds	$ 1,192,828	3.70
Federal National Mortgage Association Notes	19,946,400	94.00
Federal Farm Credit Bank	39,935,145	331.00
Commercial Paper	42,733,180	179.18
U.S. Treasury Bills	44,843,954	393.71
Maryland Local Government Investment Pool (MLGIP)	48,045,285	46.00
Federal Agricultural Mortgage Corporation Notes	49,830,061	192.30
Federal Home Loan Bank Notes	59,928,205	406.91
Federal Home Loan Mortgage Association Notes	90,010,173	301.00
Total Fair Value	**$ 396,465,231**	
Portfolio Weighted Average Maturity		261.52

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 $20,313 (0.49%) 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, 2017 is $24,367,257. Cash deposits that were insured and collateralized in the bank account totaled $53,189 at June 30, 2017. At June 30, 2017, the ERS held $24,314,068 of short-term investments in its custodial investment accounts.

As of June 30, 2017, the ERS held $86,133 of short-term investments that were exposed to custodial credit risk.

Investments - The Board of Trustees (the 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	19.00%	14%-24%
International Equities	19.00%	14%-24%
Low Volatility Equities	8.00%	4%-12%
Private Equities	5.00%	0%-8%
Total Equities	**51.00%**	**46%-56%**
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 (the Policy) on April 4, 2017. The Policy was amended to add an 8% allocation to global low volatility equities; reduce U.S. and international equities from 23% to 19%; and add a global infrastructure allocation to public real assets.

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, inflation indexed bonds, and global infrastructure that are broadly diversified such that each sub-asset class may contribute to the portfolio's real return and risk profile.

<u>Derivatives Policy Statement</u> - 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, 2017, 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 payments 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, 2017. The ERS' contracts to purchase and sell by foreign currencies were as follows:

Foreign Exchange Contracts Settled as of June 30, 2017:

Currency	Purchases	Realized Gain/(Loss)	Sells	Realized Gain/(Loss)
Brazilian real	$ 78,809	$ -	$ (1,075,667)	$ 3
British pound sterling	5,576,132	(3,001)	(3,573,754)	(7,409)
Canadian dollar	103,874	(1,049)	(388,821)	1,553
Czech koruna	70,074	159	(269,035)	1,479
Euro	6,175,490	(3,826)	(8,384,737)	15,821
Hong Kong dollar	1,054,672	(77)	(880,674)	87
Indonesian rupiah	70,784	-	(242,825)	(248)
Japanese yen	969,873	(315)	(2,299,036)	2,365
Mexican peso	348,523	1,069	(471,257)	(6,710)
New Taiwan dollar	1,028,504	(7)	(1,844,311)	2,864
Norwegian krone	237,222	771	(1,118,971)	3,049
Singapore dollar	55,744	(424)	(376,346)	(102)
South Korean won	225,133	-	(874,965)	(547)
Swedish krona	139,903	212	(416,410)	3,666
Swiss franc	207,634	(264)	(700,711)	447
Turkish lira	125,191	403	(364,408)	(1,174)

Foreign Exchange Contracts Pending as of June 30, 2017:

Currency	Purchases	Unrealized Gain/(Loss)	Sells	Unrealized Gain/(Loss)
Japanese yen	$ 289,245	$ (222)	$ -	$ -
Mexican peso	50,731	-	(50,858)	(127)

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

Investments and Derivative Instruments Measured at Fair Value

($ in thousands)

		Fair Value Measurements Using			
	Fair Value 6/30/2017	**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	$ 2,437	$ 2,437	$ -	$ -	$ -
Short-term investment funds	2,482	2,482	-	-	-
Debt securities					
Asset backed securities	5,073	-	5,073	-	-
Commercial mortgage-backed	2,393	-	2,393	-	-
Corporate bonds	24,509	-	24,509	-	-
Government agencies	2,919	-	2,919	-	-
Government bonds	17,804	-	17,804	-	-
Government mortgage-backed securities	15,454	-	15,454	-	-
Other fixed income-funds	3,790	-	3,790	-	-
Index linked government bonds	2,315	-	2,315	-	-
Provincial Bonds	481	-	481	-	-
Total debt securities	74,738	-	74,738	-	-
Equity investments					
Common stock	95,575	95,572	3	-	-
Funds-common stock	17,439	-	17,439	-	-
Equity exchange traded fund	-	-	-	-	-
Total equity investments	113,014	95,572	17,442	-	-
Securities lending short term collateral investment pool	37,514	37,514	-	-	-
Total investments by fair value level	$ 230,185	$ 138,005	$ 92,180	$ -	$ -

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.

ERS's investments at June 30, 2017 were as follows:

Investments Measured at the NAV

($ in thousands)

	2017 Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Short-term investment funds	$ 19,395	None	Monthly	1-6 days
Funds-corporate bonds	33,354	None	Monthly	7-15 days
Other fixed income-funds	103,821	None	Monthly	7-15 days
Funds-common stock	347,568	None	Monthly	7-15 days
Venture capital and partnerships	99,602	None	Monthly, Quarterly	Frequent Changes
Real estate	73,845	None	Monthly	1-15 days
Total investments measured at NAV	**$ 677,585**			

Money-Weighted Rate of Return - For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 14.62%. 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' $907.8 million in investments at June 30, 2017, $37.5 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, 2017, 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	$ 5,072,642	5.068466
Commercial mortgage-backed	2,392,629	26.739867
Corporate bonds	24,508,934	8.761937
Government agencies	2,919,452	6.854436
Government bonds	17,804,090	9.976094
Government mortgage-backed securities	15,453,446	24.568417
Index linked government bonds	2,315,317	11.033408
Provincial bonds	480,857	18.599925
Fixed income mutual funds	107,610,837	N/A
Short-term investment funds	21,876,871	N/A
TOTAL	**$ 200,435,075**	**12.445681**

Asset-backed Securities – Asset-backed securities (ABS) are bonds or notes backed by loan paper or accounts receivable originated by banks, credit card companies, or other providers of credit. The originator of the loan or accounts receivable paper sells it to a specially created trust, which repackages it as securities. Brokerage firms underwrite the securities and reoffer them to the public. ERS held $5,072,642 in ABS at June 30, 2017.

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 the 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, 2017:

Credit Quality Distribution for Services		% of Total Portfolio
Agency	AGY	3.80%
Government Agencies	AA	0.30%
Government Agencies	BBB	0.02%
Government Bonds	A	0.01%
Government Bonds	NR	0.03%
Government Mortgage Backed Securities	NR	0.08%
Asset Backed Securities	AAA	0.28%
Asset Backed Securities	AA	0.06%
Asset Backed Securities	BBB	0.04%
Asset Backed Securities	NR	0.18%
Commercial Mortgage-Backed	AAA	0.06%
Commercial Mortgage-Backed	NR	0.21%
Corporate Bonds	AAA	0.06%
Corporate Bonds	AA	0.27%
Corporate Bonds	A	1.04%
Corporate Bonds	BBB	1.34%
Provincial Bonds	AA	0.04%
Provincial Bonds	A	0.01%
Other Fixed Income	NR	0.42%
Funds - Corporate Bond	NR	3.67%
Funds - Other Fixed Income	NR	11.44%
Funds - Short Term Investment	NR	2.41%

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, 2017, was as follows:

Investment Type	Currency	Fair Value
Common stock	British pound sterling	$ 10,161,857
Common stock	Canadian dollar	1,298,811
Common stock	Czech koruna	695,296
Common stock	Euro	17,094,017
Common stock	Hong Kong dollar	2,223,578
Common stock	Indonesian rupiah	753,561
Common stock	Japanese yen	5,508,997
Common stock	Mexican peso	1,450,364
Common stock	New Taiwan dollar	5,217,836
Common stock	Norwegian krone	3,256,884
Common stock	Singapore dollar	1,340,640
Common stock	South Korean won	2,701,503
Common stock	Swedish krona	1,223,473
Common stock	Swiss franc	1,848,489
Common stock	Turkish lira	1,058,916
Cash	Mexican peso	50,858
Cash	Euro	22,657
Cash	Norwegian krone	12,619
Total		**$ 55,920,356**

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

Cash Received as Securities Lending Collateral

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 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, 2017.

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 was approximately 145 days in 2017.

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 33 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, 2017:

Securities Lent	Fair Value	Cash Collateral Received*
Fixed income securities	$ 16,878,951	$ 17,278,541
Domestic equities	18,559,037	18,988,537
Global equities	2,076,313	2,190,491
Total	$ 37,514,301	$ 38,457,569

*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 $643,708. Investments in mutual funds totaled $61,352,360.

Investments - The Board of Trustees of the Trust (the 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 2017 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, 2017 were as follows:

Investment Type	Fair Value
Equity Index Fund	$ 43,897,803
Fixed Income	12,534,689
Real Estate	4,919,868
Total Investments	$ 61,352,360

The Trust's fixed income investments at June 30, 2017 were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Duration)
Fixed Allocation Funds	$ 5,843,712	1.79
Fixed Bond Fund	6,690,977	0.66
Total Fair Value	**$ 12,534,689**	
Portfolio Weighted Average Maturity		0.54

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

Statement of Net Position	
Equity in Pooled Cash and Investments	$ 427,685,861
Restricted Cash, Cash Equivalents and Investments -	
Unspent Bonds Proceeds	4,142,830
Statement of Net Position - Fiduciary Funds	
Equity in Pooled Cash and Investments - Pension Trust Funds	643,708
Equity in Pooled Cash and Investments - Private Purpose Trust Funds	12,075,963
Equity in Pooled Cash and Investments - Agency Funds	2,191,978
Cash and Marketable Securities - Pension Trust Funds	931,661,599
Collateral for Securities Lending Transactions - Pension Trust Funds	37,514,301
Total	$ 1,415,916,240
They are composed of:	
Cash in Banks of Commission	$ 2,469,237
Cash of Employees' Retirement System Pension Trust Fund	53,189
Cash in Other Locations - Commission	232,208
Money Market Deposits of Commission	47,561,730
Money Market Deposits in Other Post Employment Benefits Fund	11,934
Fixed Income Securities In Commission's Investment Pool *	396,465,231
Mutual funds in Other Post Employment Benefits Fund *	61,352,360
Investments of Employees' Retirement System Pension Trust Fund	
Equity Investments	460,582,043
Fixed Income Securities	211,912,130
Real Estate	73,845,438
Venture Capital and Partnerships	99,602,371
Cash & Cash Equivalents	24,314,068
Collateral for Securities Lending Transactions	37,514,301
Total	$ 1,415,916,240

* 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, 2017 is as follows:

	July 1, 2016	Increases	Decreases	Transfers/ Contributions	June 30, 2017
Capital assets not being depreciated					
Land	$ 378,645,487	$ 1,504,376	$ -	$ -	$ 380,149,863
Construction in progress	275,742,700	21,795,069	-	-	297,537,769
Total capital assets not being depreciated	654,388,187	23,299,445	-	-	677,687,632
Other capital assets, being depreciated					
Buildings and improvements	229,214,827	14,920,013	(830,029)	-	243,304,811
Infrastructure	259,254,324	5,180,713	(518,002)	-	263,917,035
Machinery, equipment and intangibles	102,350,247	9,001,447	(9,255,053)	-	102,096,641
Total other capital assets	590,819,398	29,102,173	(10,603,084)	-	609,318,487
Less accumulated depreciation for:					
Buildings and improvements	(148,106,374)	(5,103,117)	830,029	-	(152,379,462)
Infrastructure	(147,391,497)	(5,196,182)	518,002	-	(152,069,677)
Machinery, equipment and intangibles	(69,869,037)	(8,503,546)	9,255,053	-	(69,117,530)
Total accumulated depreciation	(365,366,908)	(18,802,845)	10,603,084	-	(373,566,669)
Total other capital asset, net	225,452,490	10,299,328	-	-	235,751,818
Governmental activities capital assets, net	$ 879,840,677	$ 33,598,773	$ -	$ -	$ 913,439,450

Summaries of business-type activities capital assets at June 30, 2017, made up of two major enterprise funds, are as follows:

	July 1, 2016	Increases	Decreases	Transfers	June 30, 2017
Montgomery County Enterprise Fund					
Capital assets not being depreciated:					
Land	$ 11,584,468	$ -	$ -	$ -	$ 11,584,468
Construction in progress	2,197,686	406,875	-	-	2,604,561
Total capital assets not being depreciated	13,782,154	406,875	-	-	14,189,029
Capital assets being depreciated					
Buildings and improvements	27,216,081	-	(1)	-	27,216,080
Infrastructure	35,510	-	-	-	35,510
Machinery, equipment and intangibles	2,610,895	265,081	(244,158)	-	2,631,818
Total capital assets being depreciated	29,862,486	265,081	(244,159)	-	29,883,408
Less accumulated depreciation for:					
Buildings and improvements	(22,081,934)	(947,700)	-	-	(23,029,634)
Infrastructure	(1,864)	(1,776)	-	-	(3,640)
Machinery, equipment and intangibles	(1,681,643)	(160,783)	244,159	-	(1,598,267)
Total accumulated depreciation	(23,765,441)	(1,110,259)	244,159	-	(24,631,541)
Total capital assets being depreciated, net	6,097,045	(845,178)	-	-	5,251,867
Capital assets, net	$ 19,879,199	$ (438,303)	$ -	$ -	$ 19,440,896
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	74,108,617	-	(471,443)	-	73,637,174
Infrastructure	134,686	-	-	-	134,686
Machinery, equipment and intangibles	4,718,533	198,030	(399,645)	-	4,516,918
Total capital assets being depreciated	78,961,836	198,030	(871,088)	-	78,288,778
Less accumulated depreciation for:					
Buildings and improvements	(40,110,923)	(1,751,355)	438,581	-	(41,423,697)
Infrastructure	-	(6,734)	-	-	(6,734)
Machinery, equipment and intangibles	(3,676,732)	(211,702)	399,643	-	(3,488,791)
Total accumulated depreciation	(43,787,655)	(1,969,791)	838,224	-	(44,919,222)
Total capital assets being depreciated, net	35,174,181	(1,771,761)	(32,864)	-	33,369,556
Capital assets, net	$ 42,953,312	$ (1,771,761)	$ (32,864)	$ -	$ 41,148,687
Total Business-type activities	$ 62,832,511	$ (2,210,064)	$ (32,864)	$ -	$ 60,589,583

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

Governmental Activities:	
General Government	$ 368,707
County Planning and Zoning	591,553
Park Operations and Maintenance	15,794,795
Recreation Programs	2,047,790
Total depreciation expense - governmental activities	$ 18,802,845
Total depreciation expense - business-type actvities:	
Recreational and Cultural Facilities	$ 3,080,050

Construction Commitments - The Commission is committed to $74,316,267 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, 2017. The Montgomery County Capital Projects Fund has a payable balance of $62,545 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 2017:

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	$ -	$ -	$ -	$ 530,000	$ -	$ 530,000
General Fund - Park Account	-	350,000	6,661,000	15,672,263	-	22,683,263
General Fund - Recreation Account	-	-	-	-	9,070,347	9,070,347
Special Revenue Fund	-	-	30,000	-	-	30,000
Capital Projects	370,756	-	-	-	-	370,756
Total Transfers In	$ 370,756	$ 350,000	$ 6,691,000	$ 16,202,263	$ 9,070,347	$ 32,684,366
Transfers Out						
General Fund - Park Account	$ -	$ 22,169	$ 348,587	$ -	$ -	$ 370,756
Debt Service Fund	15,669,641	-	-	-	-	15,669,641
Capital Projects	7,011,000	-	-	30,000	-	7,041,000
Special Revenue Fund	532,622	-	-	-	-	532,622
Enterprise Fund	9,070,347	-	-	-	-	9,070,347
Total Transfers Out	$ 32,283,610	$ 22,169	$ 348,587	$ 30,000	$ -	$ 32,684,366

A majority of the transfers were used to provide funding for the Debt Service Fund for Park Acquisition and Development Bonds ($15,669,641) and current funding for Capital Projects ($7,011,000).

Proprietary fund transfers are made up of the following:

Interfund Transfers:	Prince George's County Enterprise Fund
Transfers In	
General Fund - Recreation Account	$ 9,070,347
Total Transfers In	$ 9,070,347

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 $1,785,591 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 $430 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, 2017 are as follows ($000's):

	Operating Leases		
Year Ending June 30,	Total	Montgomery County	Prince George's County
2018	$ 3,541	$ 340	$ 3,201
2019	2,581	340	2,241
2020	1,287	340	947
2021	1,277	340	937
2022	1,215	340	875
Total minimum lease payments	$ 9,901	$ 1,700	$ 8,201

In fiscal year 2017, expenditures in the General Fund included $2,052,018 relating to the rental of office space and $1,481,469 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 2017, debt service payments approximated 0.29 cents per $100 of real property and 0.73 cents per $100 of personal property for Montgomery County and 1.30 cents for real property and 3.25 cents for personal property for Prince George’s County. The remainder of the proceeds of the mandatory taxes was used for operating and maintaining the park system of the respective counties.

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

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

Montgomery County General Obligation Bonds

Fiscal Year	Governmental Activities: Total Park Principal	Total Park Interest	Total Park Payments	Total ALA Principal	Total ALA Interest	Total ALA Payments
2018	$ 3,660	$ 1,763	$ 5,423	$ 135	$ 19	$ 154
2019	3,855	1,631	5,486	135	16	151
2020	3,535	1,488	5,023	130	14	144
2021	3,600	1,354	4,954	130	11	141
2022	3,260	1,226	4,486	125	9	134
2023-2027	15,260	4,358	19,618	365	11	376
2028-2032	13,375	2,137	15,512	-	-	-
2033-2037	7,560	404	7,964	-	-	-
Totals	$ 54,105	$ 14,361	$ 68,466	$ 1,020	$ 80	$ 1,100

Prince George's County General Obligation Bonds

Fiscal Year	Governmental Activities: Total Park Principal	Total Park Interest	Total Park Payments	Total Commission General Obligation Bonds Principal & Interest
2018	$ 6,231	$ 2,280	$ 8,511	$ 14,088
2019	4,500	2,068	6,568	12,205
2020	4,530	1,884	6,414	11,581
2021	4,575	1,692	6,267	11,362
2022	3,320	1,500	4,820	9,440
2023-2027	15,490	5,317	20,807	40,801
2028-2032	13,600	2,819	16,419	31,931
2033-2037	8,815	642	9,457	17,421
Totals	$ 61,061	$ 18,202	$ 79,263	$ 148,829

Outstanding General Obligation Bonds - General obligation bonds outstanding as of June 30, 2017, consist of the following individual issues (000's):

Series	Effective Interest Rate at Date of Sale	Dated	Final Maturity Date	FY 2018 Serial Payment	Original Issue	Outstanding as of June 30, 2017
Montgomery County						
Park Acquisition and Development Bonds						
Series LL-2 Advance and Current Refund	2.4059	05/21/09	11/01/20	$ 915	$ 8,405	$ 2,625
Series MM-2	3.4803	05/21/09	11/01/28	210	5,250	735
Series MC-2012A (Note 1)	2.8695	04/05/12	12/01/32	860	12,505	10,045
Series MC-2012B	3.5622	04/05/12	12/01/32	130	3,000	2,505
Series MC-2014A	2.8633	06/17/14	12/01/33	525	14,000	12,495
Series MC-2016A	2.3634	04/14/16	11/01/35	440	12,000	11,580
Series MC-2016B Advance Refunding	1.6866	04/14/16	11/01/28	180	6,120	6,120
Series MC-2017A	2.6860	04/20/17	11/20/36	400	8,000	8,000
				3,660	69,280	54,105
Advance Land Acquisition Bonds						
MC 2016C- Advanced Land Acquisition	1.2475	04/14/16	11/01/24	135	1,075	1,020
				135	1,075	1,020
Total Montgomery County General Obligation Bonds				$ 3,795	$ 70,355	$ 55,125
Prince George's County						
Park Acquisition and Development Bonds						
Series KK-2 Current Refunding	3.2004	04/10/08	05/01/18	1,856	17,300	1,856
Series NN-2 Advance Refunding	2.4212	03/04/10	05/01/21	1,395	14,080	5,465
Series PGC-2012A Advance and Current	1.8735	06/21/12	01/15/24	910	11,420	6,135
Series PGC-2014A	3.0409	05/01/14	01/15/34	985	26,565	23,385
Series PGC-2015A (Note 1)	2.7254	10/15/15	01/15/36	1,085	24,820	24,220
Total Prince George's County General Obligation Bonds				$ 6,231	$ 94,185	$ 61,061

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

New Bond Issues – On April 20, 2017, the Commission issued $8,000,000 of Montgomery County Park Acquisition and Development General Obligation Project Bonds Series MC-2017A. These proceeds are to be used for capital project financing. Semiannual payments of interest and annual principal payments are due until November 1, 2035 at a net interest cost of 2.685595 %.

Defeased Debt – In prior fiscal years, 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
Series MM-2	11/01/19	$ 2,835,000

Changes in Long-term Liabilities – Changes in long-term liabilities for the year ended June 30, 2017, were as follows: Long-term obligations are shown in the Statement of Net Position as follows:

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
Montgomery County					
General Obligation Park Bonds Payable	$ 49,155,000	$ 8,000,000	$ 3,050,000	$ 54,105,000	$ 3,660,000
General Obligation ALA Bonds Payable	1,075,000	-	55,000	1,020,000	135,000
Premiums on Bonds Issued	2,701,769	514,748	368,764	2,847,753	-
Accrued Compensated Absences	8,623,708	4,842,892	4,748,542	8,718,058	4,748,542
Net Other Post Employment Benefit Obligations	30,282,219	2,004,459	-	32,286,678	-
Net Pension Liability	61,852,521	-	10,700,190	51,152,331	-
Long-term Liabilities	153,690,217	15,362,099	18,922,496	150,129,820	8,543,542
Prince George's County					
General Obligation Park Bonds Payable	69,083,127	-	8,021,946	61,061,181	6,231,180
Premiums on Bonds Issued	4,246,310	-	773,867	3,472,443	-
Accrued Compensated Absences	11,897,356	5,855,415	5,593,056	12,159,715	5,593,056
Net Other Post Employment Benefit Obligations	41,572,775	2,604,183	-	44,176,958	-
Net Pension Liability	82,662,919	-	14,238,936	68,423,983	-
Long-term Liabilities	209,462,487	8,459,598	28,627,805	189,294,280	11,824,236
Total Long-term Liabilities	$ 363,152,704	$ 23,821,697	$ 47,550,301	$ 339,424,100	$ 20,367,778

Business-type activities:	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
Montgomery County					
Accrued Compensated Absences	$ 289,659	$ 132,502	$ 117,953	$ 304,208	$ 117,953
Net Other Post Employment Benefit Obligations	686,957	56,176	-	743,133	-
Net Pension Liability	1,688,586		297,371	1,391,215	-
Long-term Liabilities	2,665,202	188,678	415,324	2,438,556	117,953
Prince George's County					
Accrued Compensated Absences	681,000	246,668	232,725	694,943	232,725
Net Other Post Employment Benefit Obligations	2,531,179	136,591	-	2,667,770	-
Net Pension Liability	3,629,395	-	577,288	3,052,107	-
Long-term Liabilities	6,841,574	383,259	810,013	6,414,820	232,725
Total Long-term Liabilities	$ 9,506,776	$ 571,937	$ 1,225,337	$ 8,853,376	$ 350,678

	Governmental Activities	Business Type Activities	Total
Compensated Absences:			
Due within One Year	$ 10,341,598	$ 350,678	$ 10,692,276
Due in more than One Year	10,536,175	648,473	11,184,648
Bonds and Notes Payable:			
Due within One Year	10,026,180	-	10,026,180
Due in more than One Year	112,480,197	-	112,480,197
Net Other Post employment Benefit Obligations			
Due in more than One Year	76,463,636	3,410,903	79,874,539
Net Pension Liability	119,576,314	4,443,322	124,019,636
Total Long-term Liabilities	$ 339,424,100	$ 8,853,376	$ 348,277,476

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 subject to various risk exposures related to property damage and destruction of assets; errors and omissions, injuries to employees and tort liability. The Commission protects against unforeseen losses through a combination of self-insurance and commercial insurance products. 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), professional liability, and property and fire damage (up to $250,000). Commercial insurance policies are obtained for: property and fire damage above $250,000, excess liability and commercial crime coverages. The Commission is responsible for reimbursing the Program up to the self-insured amount of $250,000. Outside the “Program", the Commission also carries Public Official bonds, airport liability and airport museum policies, national flood protection and cyber insurance protections. The Commission did not pay any claim settlements in excess of $250,000 in fiscal years 2015, 2016 or 2017. No insurance coverages were reduced in fiscal year 2017.

The Commission's employees and retirees have various options in their selection of health insurance benefits. The Commission partially-insures the following medical plans: one traditional HMO, one exclusive provider organization (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 2017. 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 2017 totaled $4,676,316. 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, 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
Incurred Claims, Fiscal Year 2017	21,781,030	5,486,769
Claims Paid, Fiscal Year 2017	(22,446,200)	(4,688,925)
Unpaid Claims, June 30, 2017	$ 1,400,659	$ 17,336,071

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	$ 1,400,663	$ 4,334,020	$ 5,734,683
Due in more than One Year	-	13,002,051	13,002,051
Total	$ 1,400,663	$ 17,336,071	$ 18,736,734

(B) Related Party Transactions

The Commission was involved in the following related party transactions during fiscal year 2017:

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	890,463
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	2,212,770
Total (1)	$ 12,105,733

(1) Of this amount, $9,313,047 is in Accounts Payable at June 30, 2017.

(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, 2016, membership in the System was as follows:

Active	2,073
Retired	1,396
Terminated Vested	263
Total Participants	3,732

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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016.

Actuarial Assumptions – The total pension liability of the Defined Benefit Pension Plan was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50%
Salary Increases: 2.50% plus service based increases
Investment Return: 7.00%, net of investment expense and including inflation

Mortality rates were based on the RP-2000 Healthy Mortality table with Male rates set forward 1 year and Female rates set forward 2 years, with generational adjustments for mortality improvements based on Scale BB factors. An alternative table was used for the valuation of disabled members.

A Post Retirement Cost of Living Adjustment of 2.40% was made for benefits based on credited service accrued until July 1, 2012, and sick leave accrued until January 1, 2013; a 2.0% adjustment was assumed for benefits accrued thereafter.

The total pension liability as of June 30, 2017 is equal to the July 1, 2016 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 based on the results of an Experience Study conducted in 2016:

1. The investment return assumption was changed from 7.25% to 7.00% with a corresponding decrease in the salary scale assumption by 25%.
2. The post retirement cost of living adjustment was changed from 2.75% to 2.40% for benefits based on credited service accrued until July 1, 2012 and sick leave accrued as of January 1, 2013, and for post 2012 benefits from 2.50% to 2.00%.
3. The mortality assumption was changed from the RP-2000 (Scale AA generational) to the RP-2000 (Scale BB generational).
4. Rates of retirement, disability and withdrawal along with credit of future sick leave assumptions were also changed.

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-Carlo 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, including low volatility	5.75%	27.00%
International Equity	5.95%	19.00%
Fixed Income & Bank Loans - U.S.	2.25%	14.00%
Fixed Income - U.S. High Yield	4.50%	7.50%
Fixed Income - International	2.50%	7.50%
Public Real Assets	2.55%	5.00%
Private Equity	8.00%	5.00%
Private Real Assets	4.45%	15.00%
Cash	0.85%	0.00%
Total Weighted Average Real Return	**4.67%**	**100.00%**
Plus Inflation	2.50%	
Total Return without Adjustment	7.17%	
Risk Adjustment	-0.17%	
Total Expected Investment Return	7.00%	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. 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, 2016	$ 924,173,913	$ 776,338,424	147,835,489
Changes for the year:			
Service cost	20,196,060	-	20,196,060
Interest	66,311,451	-	66,311,451
Changes in benefit terms*	(6,233)	-	(6,233)
Differences between expected and actual experience	(9,213,536)	-	(9,213,536)
Changes in assumptions	34,368,804	-	34,368,804
Benefit Payment, including refunds	(45,189,395)	(45,189,395)	-
Contributions - Employer	-	20,268,189	(20,268,189)
Contributions - Employee	-	6,751,196	(6,751,196)
Net Investment Income	-	111,662,056	(111,662,056)
Administrative expenses	-	(1,674,654)	1,674,654
Net changes	66,467,151	91,817,392	(25,350,241)
Balances at June 30, 2017	$ 990,641,064	$ 868,155,816	$ 122,485,248

* Effective January 1, 2016, employee contributions for Plan C were changed from 8.50% of base pay to 9% of base pay and for Plan D were changed from 7.50% of base pay to 8.00% 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 7.00%, 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 6.00%	**Current Discount Rate 7.00%**	**1% Increase 8.00%**
Net Pension Liability	$ 250,610,168	$ 122,485,248	$ 8,324,008

Pension Expense and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions – For the year ended June 30, 2017, the Commission recognized pension expense of $39,333,479. As of June 30, 2017, 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	$ 59,877,901	$ (45,857,118)
Differences between expected and actual experience	349,033	(22,683,913)
Changes in assumptions	34,686,228	(9,870,445)
	$ 94,913,162	$ (78,411,476)

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)
2018	$ 12,249,401
2019	12,249,401
2020	1,155,078
2021	(11,408,003)
2022	(1,337,799)
After 2022	3,593,608

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 $463,544 in FY 2017. The balance due to the State as of June 30, 2017 is $1,534,388 of which $814,108 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

Plan Administration - The Commission administers the Post-Retirement Insurance Benefits Program (the Plan), which is a single-employer defined benefit healthcare plan. In accordance with Commission approval, the plan provides post-retirement healthcare benefits 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. Benefit provisions and obligations to contribute to the Plan and all other requirements have been established by a Trust Agreement (the Trust) between the Commission and the Maryland-National Capital Park and Planning Commission Section 115 Trust Board of Trustees (the Board) which has been periodically amended since the Trust was established July 1, 1999. The Board consists of 5 individual trustees. The Commission appoints one trustee from the Montgomery County Planning Board and one trustee from the Prince George's County Planning Board. The remaining trustees consist of the Commission's Executive Director, Secretary-Treasurer and Human Resources Director. Separate financial statements are not issued for the Trust and the Trust's financial records are not maintained on a separate county basis.

Employees Covered by Benefit Terms – As of July 1, 2016, membership consisted of the following:

Inactive plan members currently receiving benefits	1,137
Inactive plan members entitled to but not yet receiving benefit payments	58
Active plan members	1,871
Total	3,066

Benefits Provided – The Plan provides pre- and post-Medicare healthcare, prescription (provided through the EGWP program for post 65 retirees), and dental and vision benefits to retired employees and their dependents.

Contributions - 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. Retirees are responsible for the remaining 20 percent. Retiree benefits levels are established annually by resolution of the Commission.

Investments

Investment Policy – The Board has the responsibility of establishing and maintaining policies governing management of the Trust's financial assets including: setting of investment policy, choosing an asset allocation to balance risk and return, selecting and evaluating professionals to manage those assets, communicating guidelines to those professionals and monitoring performance of the plan. The following is the Board's adopted asset allocation policy as of June 30, 2017:

Asset Class	Target Allocation
Tactical Asset Allocation	10%
Domestic Large Cap Equity	20%
Domestic SMID Cap Equity	20%
Foreign Developed Market Equity	20%
Foreign Emerging Market Equity	10%
Real Estate	10%
Fixed Income and Cash	10%

Rate of Return – For the year ended June 30, 2017, the annual money-weighted rate of return on OPEB plan investments, net of investment expense, was 16.8%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability -

The components of the net OPEB Liability as of June 30, 2017, are as follows:

Total OPEB Liability	$ 311,738,794
Plan Fiduciary Net Position	61,342,780
Net OPEB Liability	$ 250,396,014
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	19.7%

Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Return: 7.00%, net of investment expense and including inflation.
Healthcare Trend: 6.25% initially, grading down to 4.00% ultimate for medical and pharmacy benefits; 4.00% for dental; 3.5% for vision.

Mortality Rates-

Healthy: RP-2000 with male rates set forward 1 year and female rates set forward 2 years with generational method applied using Scale BB factors.

Disabled: RP-2000 Disabled with male rates set forward 1 year and female rates set forward 2 years with generational method applied using Scale BB factors.

The Entry Age method is used for accounting purposes. Actuarial determined contributions are also based on the Entry Age method, with a 30 year level dollar amortization of the unfunded liability.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the 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-Carlo simulation process, by which a (downward) risk adjustment is applied to the baseline expected return.

Best estimates of real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2017, and the final investment return assumption, are summarized in the following table:

Asset Class	Long-Term Expected Real Return - Portfolio	Target Allocation
Domestic Equity	5.75%	40.00%
International Funds	6.00%	30.00%
Fixed Income/Cash - U.S.	2.65%	10.00%
Tactical Asset Allocation	3.00%	10.00%
Real Assets	4.45%	10.00%
Total Weighted Average Real Return	**5.11%**	**100.00%**
Plus Inflation	2.50%	
Total Return without Adjustment	7.61%	
Risk Adjustment	-0.61%	
Total Expected Investment Return	7.00%	

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that Commission contributions will be made equal to the actuarially determined contribution each year. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected benefit payments of current plan members. Therefore, the long-term expected rates of return on OPEB trust investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of the Commission, calculated using the discount rate of 7.00%, as well as what the Commission's net OPEB 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 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net OPEB Liability	$ 291,586,304	$ 250,396,014	$ 216,560,469
Ratio of Plan Net Position to Total OPEB Liability	17.00%	20.00%	22.00%

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the net OPEB liability of the Commission calculated using the medical trend rate of from 6.25% to an ultimate rate of 4.00% (dental = 4.00%, vision = 3.5%), as well as what the Commission's net OPEB liability would be if it were calculated using trend rates for each year that are 1.00% lower or 1.00% higher than the current rates:

	1% Decrease 3.00%/2.50%	Current Discount Rate 4.00%/3.50%	1% Increase 5.00%/4.00%
Net OPEB Liability	$ 201,384,020	$ 250,396,014	$ 311,235,868
Ratio of Plan Net Position to Total OPEB Liability	23.00%	20.00%	16.00%

Actuarial Methods and Assumptions under GASB Statement 45

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)	$ 20,037
Interest on net OPEB obligation	5,108
Adjustment to annual required contribution	(4,236)
Annual OPEB cost (Expense)	20,909
Contribution made	16,107
Increase in Net OPEB obligation	4,802
Net OPEB obligation, beginning of year	75,073
Net OPEB obligation, end of year	$ 79,875

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 2015, 2016 and 2017 is presented below ($000):

	2015	2016	2017
Annual OPEB Cost	$ 20,585	$ 19,192	$ 20,909
Percentage of Annual OPEB Cost Contributed	77%	88%	77%
Net OPEB Obligation	$ 72,728	$ 75,073	$ 79,875

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, 2016 actuarial valuation.

The entry age method is used.

The actuarial accrued liability was estimated as part of an actuarial valuation performed as of July 1, 2016. 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. 00% a year compounded annually.
>
> **Salary Increases** - Salary increases of 2.50% per year are projected for calculating the level percentage of pay.

Healthcare Cost Trend Rates – The expected rate of increase for healthcare costs in 2017 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 for prescription drugs and medical, with 2022 and later rates at 4.00%.

The funded status of the plan as of the most recent actuarial date, July 1, 2016, is as follows ($000's):

Actuarial Valuation of Plan Assets	$ 47,974
Actuarial Accrued Liability	302,296
Funded Ratio	15.87%
Unfunded Actuarial Accrued Liability	254,321
Annual Covered Payroll	136,049
Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll	186.9%

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

(F) Pension Trust Funds

Combining schedules of the pension trust funds follow:

Combining Schedule of Net Position
Pension Trust Funds
June 30, 2017

	Employees' Retirement Fund	Other Post Employment Benefits Fund	Total Pension Trust Funds
ASSETS			
Equity in Pooled Cash and Investments	$ -	$ 643,708	$ 643,708
Cash	53,189	-	53,189
Fixed Income Securities	207,824,778	12,534,689	220,359,467
International Fixed Income Securities	4,087,352	-	4,087,352
Venture Capital/Alternative Investments	99,602,371	-	99,602,371
Corporate Stock	381,674,975	-	381,674,975
International Corporate Stock	78,907,068	-	78,907,068
Real Estate Investments	73,845,438	4,919,868	78,765,306
Short Term Investments	24,314,068	-	24,314,068
Mutual Funds	-	43,897,803	43,897,803
Collateral for Securities Lending Transactions	37,514,301	-	37,514,301
Accrued Income on Investments	733,881	-	733,881
Accounts Receivable	40,823	-	40,823
Other	14,902	-	14,902
Total Assets	908,613,146	61,996,068	970,609,214
LIABILITIES			
Investments Payable	619,681	-	619,681
Accounts Payable	1,380,080	134,882	1,514,962
Claims Payable	-	518,406	518,406
Obligation for Collateral Received under Securities Lending Transactions	38,457,569	-	38,457,569
Total Liabilities	40,457,330	653,288	41,110,618
NET POSITION			
Assets Held in Trust for:			
Pension Benefits	868,155,816	-	868,155,816
Other Postemployment Benefits	-	61,342,780	61,342,780
Total Net Position	$ 868,155,816	$ 61,342,780	$ 929,498,596

Combining Schedule of Changes in Net Position
Pension Trust Funds
For the Year Ended June 30, 2017

	Employees' Retirement Fund	Other Post Employment Benefits Fund	Totals
ADDITIONS:			
Contributions:			
Employer	$ 20,268,189	$ 14,711,280	$ 34,979,469
Plan Members	6,751,196	-	6,751,196
Plan Members for Current Benefits	-	2,685,917	2,685,917
Total Contributions	27,019,385	17,397,197	44,416,582
Federal Grants - Medicare	-	1,396,311	1,396,311
Investment Earnings:			
Interest	9,707,262	-	9,707,262
Dividends	630,640	158,610	789,250
Net increase in the Fair Value of Investments	104,833,769	8,615,558	113,449,327
Total Investment Earnings	115,171,671	8,774,168	123,945,839
Less Investment Advisory and Management Fees	(3,675,541)	-	(3,675,541)
Net Income from Investing Activities	111,496,130	8,774,168	120,270,298
Securities Lending Activity			
Securities Lending Income	444,450	-	444,450
Securities Lending Fees	(278,524)	-	(278,524)
Net Income from Securities Lending Activity	165,926	-	165,926
Total Net Investment Earnings	111,662,056	8,774,168	120,436,224
Total Additions and Investment Earnings	138,681,441	27,567,676	166,249,117
DEDUCTIONS:			
Benefits	44,628,275	13,788,761	58,417,036
Refunds of Contributions	561,120	-	561,120
Administrative expenses	1,674,654	410,564	2,085,218
Total Deductions	46,864,049	14,199,325	61,063,374
Change in Net Position	91,817,392	13,368,351	105,185,743
Net Position - Beginning	776,338,424	47,974,429	824,312,853
Net Position - Ending	$ 868,155,816	$ 61,342,780	$ 929,498,596

6) – COUNTY FINANCIAL DATA

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

MONTGOMERY COUNTY
Summary of Assets, Liabilities, Deferred Inflow of Resources and Fund Balances
Governmental Funds and Accounts
June 30, 2017

	General Fund Accounts			Capital	Nonmajor Governmental	Total Governmental
	Administration	Park	Total	Projects	Funds	Funds
ASSETS						
Equity in Pooled Cash and Investments	$ 14,220,614	$ 15,661,076	$ 29,881,690	$ -	$ 6,610,848	$ 36,492,538
Receivables - Taxes (net of allowance for uncollectibles)	171,484	578,879	750,363	-	17,816	768,179
Receivables - Other	10,578	22,708	33,286	-	10,650	43,936
Due from Other Funds	-	62,545	62,545	-	-	62,545
Due from County Government	-	83,873	83,873	5,824,111	69,558	5,977,542
Due from Other Governments	-	50,000	50,000	4,346,387	-	4,396,387
Restricted Cash - Unspent Debt Proceeds	-	-	-	4,142,830	-	4,142,830
Other	12,389	-	12,389	-	-	12,389
Total Assets	$ 14,415,065	$ 16,459,081	$ 30,874,146	$ 14,313,328	$ 6,708,872	$ 51,896,346
LIABLITIES						
Liabilities:						
Accounts Payable	$ 966,132	$ 933,981	$ 1,900,113	$ 3,438,649	$ 329,611	$ 5,668,373
Accrued Liabilities	842,822	2,447,069	3,289,891	-	14,533	3,304,424
Retainage Payable	-	-	-	2,094,400	-	2,094,400
Due to Other Funds	-	-	-	62,545	-	62,545
Due to County Government	60	-	60	-	30	90
Deposits and Fees Collected in-Advance	1,665,074	402,032	2,067,106	-	178,255	2,245,361
Total Liabilities	3,474,088	3,783,082	7,257,170	5,595,594	522,429	13,375,193
DEFERRED INFLOW OF RESOURCES						
Unavailable Property Tax Revenue	81,161	292,591	373,752	-	-	373,752
Total Deferred Inflow of Resources	81,161	292,591	373,752	-	-	373,752
Fund Balance:						
Restricted for:						
Parks	-	-	-	4,142,830	-	4,142,830
Committed to:						
Planning	5,050,982	-	5,050,982	-	266,484	5,317,466
Parks	-	4,502,898	4,502,898	11,777,135	766,643	17,046,676
Assigned to:						
Planning	1,880,281	-	1,880,281	-	4,236,499	6,116,780
Parks	-	807,542	807,542	-	916,817	1,724,359
Unassigned:	3,928,553	7,072,968	11,001,521	(7,202,231)	-	3,799,290
Total Fund Balances	10,859,816	12,383,408	23,243,224	8,717,734	6,186,443	38,147,401
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 14,415,065	$ 16,459,081	$ 30,874,146	$ 14,313,328	$ 6,708,872	$ 51,896,346

Note 6B

MONTGOMERY COUNTY
Summary of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds and Accounts
For the Year Ended June 30, 2017

	General Fund Accounts			Capital	Nonmajor Governmental	Total Governmental
	Administration	Park	Total	Projects	Funds	Funds
REVENUES						
Property Taxes	$ 27,326,044	$ 88,051,405	$ 115,377,449	$ -	$ 1,859,162	$ 117,236,611
Intergovernmental:						
Federal	-	10,000	10,000	-	-	10,000
State	-	101,408	101,408	2,602,436	-	2,703,844
County	395,208	2,817,413	3,212,621	11,923,680	1,076,812	16,213,113
Local	-	-	-	282,247	-	282,247
Charges for Services	395,509	2,015,713	2,411,222	-	2,713,073	5,124,295
Rentals and Concessions	-	1,946,098	1,946,098	-	458,336	2,404,434
Interest	106,457	53,871	160,328	22,171	29,482	211,981
Contributions	-	-	-	1,497,840	164,196	1,662,036
Miscellaneous	6,854	202,150	209,004	98,241	110,136	417,381
Total Revenues	28,230,072	95,198,058	123,428,130	16,426,615	6,411,197	146,265,942
EXPENDITURES						
Current:						
General Government	7,944,600	-	7,944,600	-	-	7,944,600
Planning and Zoning	19,169,823	-	19,169,823	-	3,456,475	22,626,298
Park Operations and Maintenance	-	89,813,745	89,813,745	-	1,541,823	91,355,568
Contributions	-	-	-		1,785,591	1,785,591
Debt Service:						
Principal	-	-	-	-	3,105,000	3,105,000
Interest	-	-	-	-	1,653,980	1,653,980
Other Debt Service Costs	-	-	-	-	156,042	156,042
Capital Outlay:						
Park Acquisition	-	-	-	697,500	-	697,500
Park Development	-	-	-	25,309,804	-	25,309,804
Total Expenditures	27,114,423	89,813,745	116,928,168	26,007,304	11,698,911	154,634,383
Excess (Deficiency) of Revenues over Expenditures	1,115,649	5,384,313	6,499,962	(9,580,689)	(5,287,714)	(8,368,441)
OTHER FINANCING SOURCES (USES)						
General Obligation Bonds Issued	-	-	-	8,000,000	-	8,000,000
Refunding Bonds Issued	-	-	-	-	-	-
Premiums on Bonds Issued	-	-	-	514,748	-	514,748
Payment to Refunding Bond Escrow Account	-	-	-	-	-	-
Transfers In	-	22,169	22,169	350,000	5,341,515	5,713,684
Transfer Out	(500,000)	(5,191,515)	(5,691,515)	(22,169)	-	(5,713,684)
Total Other Financing Sources (Uses)	(500,000)	(5,169,346)	(5,669,346)	8,842,579	5,341,515	8,514,748
Net Change in Fund Balances	615,649	214,967	830,616	(738,110)	53,801	146,307
Fund Balances - Beginning	10,244,167	12,168,441	22,412,608	9,455,844	6,132,642	38,001,094
Fund Balances - Ending	$ 10,859,816	$ 12,383,408	$ 23,243,224	$ 8,717,734	$ 6,186,443	$ 38,147,401

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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, 2017

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property Taxes	$ 27,605,550	$ 27,605,550	$ 27,326,044	$ (279,506)
Intergovernmental -				
State	150,000	150,000	-	(150,000)
County	409,900	409,900	395,208	(14,692)
Charges for Services	145,000	145,000	395,509	250,509
Interest	60,000	60,000	106,457	46,457
Miscellaneous	-		6,854	6,854
Total Revenues	28,370,450	28,370,450	28,230,072	(140,378)
Expenditures/Encumbrances:				
Commissioners' Office	1,193,633	1,193,633	1,084,788	108,845
Central Administrative Services -				
Department of Human Resources and Management	2,069,304	2,069,304	1,778,846	290,458
Department of Finance	3,201,045	3,201,045	3,200,492	553
Internal Audit Division	234,792	234,792	230,209	4,583
Legal Department	1,350,530	1,350,530	1,350,507	23
Support Services	619,665	619,665	618,192	1,473
Merit System Board	81,571	81,571	57,295	24,276
Total Central Administrative Services	7,556,907	7,556,907	7,235,541	321,366
Planning Department -				
Office of the Planning Director	958,251	958,251	971,975	(13,724)
Management and Technology Services	2,179,170	2,179,170	2,293,256	(114,086)
Functional Planning and Policy	3,078,132	3,078,132	2,800,488	277,644
Area 1	1,461,944	1,461,944	1,368,252	93,692
Area 2	2,016,799	2,016,799	1,611,113	405,686
Area 3	2,041,269	2,041,269	1,861,203	180,066
Dev. Applications and Regulatory Coordination	1,118,165	1,118,165	917,605	200,560
Information Technology and Innovation	3,217,719	3,217,719	3,272,197	(54,478)
Support Services	2,137,101	2,162,101	2,170,425	(8,324)
Research and Special Projects	1,347,156	1,322,156	1,140,596	181,560
Grants	150,000	150,000	-	150,000
Total Planning Department	19,705,706	19,705,706	18,407,110	1,298,596
Non-Departmental	1,507,956	1,507,956	597,883	910,073
Total Expenditures/Encumbrances	29,964,202	29,964,202	27,325,322	2,638,880
Excess of Revenues over Expenditures/Encumbrances	(1,593,752)	(1,593,752)	904,750	2,498,502
Other Financing Sources (Uses):				
Transfers In (Out) -				
Special Revenue Fund - Dev. Review	(500,000)	(500,000)	(500,000)	-
Total Other Financing Sources (Uses)	(500,000)	(500,000)	(500,000)	-
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	$ (2,093,752)	$ (2,093,752)	404,750	$ 2,498,502
Fund Balance - Budget Basis, Beginning			5,404,084	
Fund Balance - Budget Basis, Ending			$ 5,808,834	

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, 2017

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property Taxes	$ 88,964,950	$ 88,964,950	$ 88,051,405	$ (913,545)
Intergovernmental -				
Federal	-	-	10,000	10,000
State	400,000	400,000	101,408	(298,592)
County	2,817,413	2,817,413	2,817,413	-
Charges for Services	1,898,768	1,898,768	2,015,713	116,945
Rentals and Concessions	2,010,275	2,010,275	1,946,098	(64,177)
Interest	9,000	9,000	53,871	44,871
Miscellaneous	107,700	107,700	202,150	94,450
Total Revenues	96,208,106	96,208,106	95,198,058	(1,010,048)
Expenditures/Encumbrances:				
Director of Montgomery Parks	1,540,997	1,540,997	1,581,848	(40,851)
Management Services	1,752,965	1,795,965	1,479,880	316,085
Information Technology & Innovation	2,345,089	2,345,089	2,150,339	194,750
Facilities Management	11,844,367	11,794,367	11,937,762	(143,395)
Park Planning and Stewardship	4,729,310	4,819,374	4,856,630	(37,256)
Park Development	3,242,259	3,264,259	3,275,354	(11,095)
Park Police	14,160,643	14,174,843	14,228,532	(53,689)
Horticulture, Forestry & Environmental Education	9,133,771	9,448,771	9,465,751	(16,980)
Public Affairs and Community Service	2,699,010	2,760,010	2,672,009	88,001
Northern Parks	10,238,687	10,238,687	10,281,771	(43,084)
Southern Region	13,137,439	12,707,175	12,655,901	51,274
Support Services	10,951,898	11,386,307	11,787,169	(400,862)
Grants	400,000	400,000	129,767	270,233
Property Management	1,319,000	1,319,000	1,267,784	51,216
Non-Departmental	4,994,090	4,494,681	2,606,440	1,888,241
Total Expenditures/Encumbrances	92,489,525	92,489,525	90,376,937	2,112,588
Excess of Revenues over Expenditures/Encumbrances	3,718,581	3,718,581	4,821,121	1,102,540
Other Financing Sources (Uses):				
Transfers In/(Out)-				
Capital Projects Funds	25,000	25,000	22,169	(2,831)
Debt Service Fund	(4,846,969)	(4,846,969)	(4,838,893)	8,076
Capital Projects Funds - Development	(350,000)	(350,000)	(350,000)	-
Special Revenue	-	-	(2,622)	(2,622)
Total Other Financing Sources (Uses)	(5,171,969)	(5,171,969)	(5,169,346)	2,623
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	$ (1,453,388)	$ (1,453,388)	(348,225)	$ 1,105,163
Fund Balance - Budget Basis, Beginning			8,228,735	
Fund Balance - Budget Basis, Ending			$ 7,880,510	

PRINCE GEORGE'S COUNTY
Summary of Assets, Liabilities, Deferred Inflow of Resources and Fund Balances
Governmental Funds and Accounts
June 30, 2017

	General Fund Accounts						
	Administration	Park	Recreation	Total	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Equity in Pooled Cash and Investments	$ 52,345,997	$ 150,226,236	$ 52,998,718	$ 255,570,951	$ 48,083,814	$ 9,460,865	$ 313,115,630
Receivables - Taxes (net of allowance for uncollectibles)	365,091	624,411	916,117	1,905,619	-	25	1,905,644
Receivables - Other	75,129	20,600	34,558	130,287	-	-	130,287
Due from County Government	13,074	-	-	13,074	-	-	13,074
Due from Other Governments	218,038	-	36,970	255,008	112,489	67,568	435,065
Inventories	-	-	-	-	-	684,987	684,987
Restricted Cash - Unspent Debt Proceeds	-	-	-	-	-	-	-
Other	10,191	-	-	10,191	-	-	10,191
Total Assets	$ 53,027,520	$ 150,871,247	$ 53,986,363	$ 257,885,130	$ 48,196,303	$ 10,213,445	$ 316,294,878
LIABLITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	$ 2,644,252	$ 3,670,201	$ 1,472,777	$ 7,787,230	$ 3,159,074	$ 58,571	$ 11,004,875
Accrued Liabilities	954,136	2,552,336	2,360,318	5,866,790	-	434,550	6,301,340
Retainage Payable	-	-	-	-	1,149,966	-	1,149,966
Deposits and Fees Collected in-Advance	65,020	490,821	5,596,622	6,152,463	1,669,372	24,000	7,845,835
Total Liabilities	3,663,408	6,713,358	9,429,717	19,806,483	5,978,412	517,121	26,302,016
DEFERRED INFLOW OF RESOURCES							
Unavilable Property Tax Revenue	393,599	726,298	951,600	2,071,497	-	-	2,071,497
Total Deferred Inflow of Resources	393,599	726,298	951,600	2,071,497	-	-	2,071,497
Fund Balance:							
Nonspendable to:							
Recreation	-	-	-	-	-	684,987	684,987
Restricted for:							
Parks	-	-	-	-	-	25	25
Committed to:							
Planning	16,029,612	-	-	16,029,612	-	-	16,029,612
Parks	-	15,784,780	-	15,784,780	62,539,132	107,055	78,430,967
Recreation	-	-	6,515,221	6,515,221	-	824,414	7,339,635
Assigned to:							
Planning	-	-	-	-	-	2,694	2,694
Parks	-	3,011,021	-	3,011,021		1,636,464	4,647,485
Recreation	-	-	-	-	-	6,440,685	6,440,685
Unassigned:	32,940,901	124,635,790	37,089,825	194,666,516	(20,321,241)	-	174,345,275
Total Fund Balances	48,970,513	143,431,591	43,605,046	236,007,150	42,217,891	9,696,324	287,921,365
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 53,027,520	$ 150,871,247	$ 53,986,363	$ 257,885,130	$ 48,196,303	$ 10,213,445	$ 316,294,878

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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, 2017

	General Fund Accounts				Capital	Nonmajor Governmental	Total Governmental
	Administration	Park	Recreation	Total	Projects	Funds	Funds
REVENUES							
Property Taxes	$ 49,321,429	$ 134,653,737	$ 70,261,044	$ 254,236 210	$ -	$ 455	$ 254,236,665
Intergovernmental:							
Federal	-	30,791	-	30,791	-	-	30,791
State	204,628	943,307	331,520	1,479,455	1,107,128	-	2,586,583
County	172,239	-	4,275	176,514	-	207,627	384,141
Charges for Services	834,923	168,962	7,524,850	8,528,735	-	1,262,175	9,790,910
Rentals and Concessions	-	2,800,453	1,250,390	4,050,843	-	5,688,055	9,738,898
Interest	350,229	745,836	279,071	1,375,136	348,587	49,482	1,773,205
Contributions	-	-	170,809	170,809	2,324,725	60,006	2,555,540
Miscellaneous	2,839	506,586	11,995	521,420	370,738	29,428	921,586
Total Revenues	50,886,287	139,849,672	79,833,954	270,569,913	4,151,178	7,297,228	282,018,319
EXPENDITURES							
Current:							
General Government	9,021,008	-	-	9,021,008	-	-	9,021,008
Planning and Zoning	31,803,505	-	-	31,803,505	-	-	31,803,505
Park Operations and Maintenance	-	109,169,262	-	109,169,262	-	548,642	109,717,904
Recreation	-	-	60,949,379	60,949,379	-	5,924,384	66,873,763
Contributions	-	-	-	-	-	430	430
Debt Service							
Principal	-	-	-	-	-	8,021,946	8,021,946
Interest	-	-	-	-	-	2,805,126	2,805,126
Other Debt Service Costs	-	-	-	-	-	3,676	3,676
Capital Outlay:							
Park Acquisition	-	-	-	-	1,455,891	-	1,455,891
Park Development	-	-	-	-	22,998,654	-	22,998,654
Total Expenditures	40,824,513	109,169,262	60,949,379	210,943,154	24,454,545	17,304,204	252,701,903
Excess (deficiency) of Revenues over Expenditures	10,061,774	30,680,410	18,884,575	59,626,759	(20,303,367)	(10,006,976)	29,316,416
OTHER FINANCING SOURCES (USES)							
Transfers In	-	348,587	-	348,587	6,691,000	10,860,748	17,900,335
Transfer Out	(30,000)	(17,491,748)	(9,070,347)	(26,592,095)	(348,587)	(30,000)	(26,970,682)
Total Other Financing Sources (Uses)	(30,000)	(17,143,161)	(9,070,347)	(26,243,508)	6,342,413	10,830,748	(9,070,347)
Net Change in Fund Balances	10,031,774	13,537,249	9,814,228	33,383,251	(13,960,954)	823,772	20,246,069
Fund Balances - Beginning	38,938,739	129,894,342	33,790,818	202,623,899	56,178,845	8,872,552	267,675,296
Fund Balances - Ending	$ 48,970,513	$ 143,431,591	$ 43,605,046	$ 236,007,150	$ 42,217,891	$ 9,696,324	$ 287,921,365

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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, 2017

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Property Taxes	$ 47,129,100	$ 47,129,100	$ 49,321,429	$ 2,192,329
Intergovernmental -				
State	-	204,628	204,628	-
County	204,300	204,300	172,239	(32,061)
Charges for Services	631,000	631,000	834,923	203,923
Interest	150,000	150,000	350,229	200,229
Miscellaneous	-	-	2,839	2,839
Total Revenues	48,114,400	48,319,028	50,886,287	2,567,259
Expenditures/Encumbrances:				
Commissioners' Office	3,125,221	3,125,221	2,755,311	369,910
Central Administrative Services -				
Department of Human Resources and Management	2,596,087	2,596,087	2,200,943	395,144
Department of Finance	3,835,857	3,835,857	3,835,395	462
Internal Audit Division	345,084	345,084	336,482	8,602
Legal Department	1,046,298	1,046,298	1,046,268	30
Support Services	782,291	782,291	780,432	1,859
Merit System Board	81,571	81,571	57,295	24,276
Total Central Administrative Services	8,687,188	8,687,188	8,256,815	430,373
Planning Department -				
Director's Office	4,148,881	4,148,881	2,858,570	1,290,311
Development Review	6,166,008	6,166,008	5,113,336	1,052,672
Community Planning	3,936,541	3,936,541	2,589,261	1,347,280
Information Management	5,255,409	5,255,409	4,457,587	797,822
Countywide Planning	6,860,666	6,860,666	5,602,241	1,258,425
Support Services	8,653,835	8,653,835	8,581,156	72,679
Grants	149,300	353,928	323,872	30,056
Total Planning Department	35,170,640	35,375,268	29,526,023	5,849,245
Non-Departmental	1,802,847	1,802,847	904,822	898,025
Total Expenditures/Encumbrances	48,785,896	48,990,524	41,442,971	7,547,553
Excess (Deficiency) of Revenues over Expenditures/Encumbrances	(671,496)	(671,496)	9,443,316	10,114,812
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	$ (701,496)	$ (701,496)	9,413,316	$ 10,114,812
Fund Balance - Budget Basis, Beginning			23,527,585	
Fund Balance - Budget Basis, Ending			$ 32,940,901	

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, 2017

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	$ 128,189,300	$ 128,189,300	$ 134,653,737	$ 6,464,437
Intergovernmental -				
Federal	-	30,791	30,791	-
State	-	943,307	943,307	-
Charges for Services	148,500	148,500	168,962	20,462
Rentals and Concessions	2,656,100	2,656,100	2,800,453	144,353
Interest	350,000	350,000	745,836	395,836
Miscellaneous	300,000	300,000	506,586	206,586
Total Revenues	131,643,900	132,617,998	139,849,672	7,231,674
Expenditures/Encumbrances:				
Office of The Director -				
Office of the Director	2,385,514	2,385,514	2,052,452	333,062
Park Police	18,753,263	18,753,263	19,272,483	(519,220)
Administration and Development -				
Management Services	4,944,669	4,944,669	4,697,228	247,441
Administration and Development	347,302	347,302	316,207	31,095
Support Services	14,749,228	14,749,228	13,842,239	906,989
Park Planning and Development	6,260,081	6,260,081	5,532,985	727,096
Info Tech and Communications	5,181,023	5,181,023	4,819,621	361,402
Facility Operations -				
Deputy Director	630,886	630,886	591,609	39,277
Public Affairs & Marketing	2,124,385	2,124,385	1,992,620	131,765
Maintenance and Development	27,574,362	27,574,362	26,695,474	878,888
Natural and Historical Resources	6,202,801	6,202,801	6,241,641	(38,840)
Arts and Cultural Heritage	1,952,225	1,952,225	1,918,087	34,138
Total Facility Operations	38,484,659	38,484,659	37,439,431	1,045,228
Area Operations -				
Deputy Director	334,307	334,307	454,746	(120,439)
Northern Area Operations	6,617,793	6,617,793	6,591,866	25,927
Central Area Operations	6,256,016	6,256,016	6,585,651	(329,635)
Southern Area Operations	6,273,129	6,273,129	6,099,479	173,650
Total Area Operations	19,481,245	19,481,245	19,731,742	(250,497)
Grants	-	974,098	1,017,188	(43,090)
Non-Departmental	6,375,227	6,375,227	5,135,011	1,240,216
Total Expenditures/Encumbrances	116,962,211	117,936,309	113,856,587	4,079,722
Excess of Revenues over Expenditures/Encumbrances	14,681,689	14,681,689	25,993,085	11,311,396
Other Financing Sources (Uses):				
Transfers In (Out) -				
Capital Projects Funds - Interest	150,000	150,000	348,587	198,587
Debt Service - Park Fund	(11,539,571)	(11,539,571)	(10,830,748)	708,823
Capital Projects Funds - Development	(6,661,000)	(6,661,000)	(6,661,000)	-
Total Other Financing Sources (Uses)	(18,050,571)	(18,050,571)	(17,143,161)	907,410
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	$ (3,368,882)	$ (3,368,882)	8,849,924	$ 12,218,806
Fund Balance - Budget Basis, Beginning			118,796,887	
Fund Balance - Budget Basis, Ending			$ 127,646,811	

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, 2017

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	$ 67,197,000	$ 67,197,000	$ 70,261,044	$ 3,064,044
Intergovernmental -				
State	-	331,520	331,520	-
County	-	4,275	4,275	-
Charges for Services	7,502,000	7,502,000	7,524,850	22,850
Rentals and Concessions	1,083,700	1,083,700	1,250,390	166,690
Interest	135,000	135,000	279,071	144,071
Miscellaneous	82,800	82,800	182,804	100,004
Total Revenues	76,000,500	76,336,295	79,833,954	3,497,659
Expenditures/Encumbrances:				
Administration and Development-				
Support Services	7,053,039	7,053,039	6,656,311	396,728
Total Director's Office	7,053,039	7,053,039	6,656,311	396,728
Facility Operations:				
Public Affairs & Marketing	899,868	899,868	818,720	81,148
Sports, Health and Wellness	11,173,482	11,173,482	11,430,008	(256,526)
Natural and Historical Resources	1,224,539	1,224,539	992,868	231,671
Arts and Cultural Heritage	3,868,029	3,868,029	3,831,154	36,875
Grants	-	335,795	403,923	(68,128)
Total Facility Operations	17,165,918	17,501,713	17,476,673	25,040
Area Operations:				
Deputy Director	81,954	81,954	28,975	52,979
Northern Area Operations	7,157,426	7,157,426	6,366,039	791,387
Central Area Operations	7,374,342	7,374,342	6,869,973	504,369
Southern Area Operations	8,246,044	8,246,044	7,652,013	594,031
Special Programs	8,356,225	8,356,225	8,120,578	235,647
Total Area Operations	31,215,991	31,215,991	29,037,578	2,178,413
Non-Departmental	7,290,205	7,290,205	5,561,753	1,728,452
Total Operating Expenditures/Encumbrances	62,725,153	63,060,948	58,732,315	4,328,633
Excess of Revenues over Expenditures/Encumbrances	13,275,347	13,275,347	21,101,639	7,826,292
Other Financing Sources (Uses):				
Transfers In (Out) -				
Enterprise	(9,070,347)	(9,070,347)	(9,070,347)	-
Total Other Financing Sources (Uses)	(9,070,347)	(9,070,347)	(9,070,347)	-
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	$ 4,205,000	$ 4,205,000	12,031,292	$ 7,826,292
Fund Balance - Budget Basis, Beginning			25,058,533	
Fund Balance - Budget Basis, Ending			$ 37,089,825	

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

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

	2017	2016	2015
Total Pension Liability			
Service Cost	$ 20,196,060	$ 18,125,110	$ 19,015,744
Interest	66,311,451	61,280,153	64,188,829
Changes in benefit terms	(6,233)	(4,863)	-
Difference between expected and actual experience	(9,213,536)	(20,701,234)	610,807
Changes in assumptions	34,368,804	(13,818,623)	9,147,692
Benefit payments including refunds	(45,189,395)	(42,718,801)	(40,382,818)
Net change in total pension liability	66,467,151	2,161,742	52,580,254
Total pension liability - beginning	924,173,913	922,012,171	869,431,917
Total pension liability - ending (a)	$ 990,641,064	$ 924,173,913	$ 922,012,171
Plan Fiduciary Net Position			
Contributions - employer	$ 20,268,189	$ 27,191,305	$ 28,149,976
Contributions - employee	6,751,196	6,418,154	6,339,732
Net investment income	111,662,056	(4,851,526)	3,340,520
Benefit payments, including refunds	(45,189,395)	(42,718,801)	(40,382,818)
Administrative expenses	(1,674,654)	(1,696,334)	(1,587,371)
Net change in plan fiduciary net position	91,817,392	(15,657,202)	(4,139,961)
Plan fiduciary net position - beginning	776,338,424	791,995,626	796,135,587
Plan fiduciary net position - ending (b)	$ 868,155,816	$ 776,338,424	$ 791,995,626
Net pension liability - ending (a-b)	$ 122,485,248	$ 147,835,489	$ 130,016,545
Plan fiduciary net position as a percentage of total pension liability	87.6%	84.0%	85.9%
Covered employee payroll	141,670,765	135,041,803	129,134,125
Net pension liability as a percentage of covered payroll	86.5%	109.5%	100.7%

*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)

Schedule of Employer Contributions to The Maryland National Capital Park and Planning Commission 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
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%
2017	20,268,189	20,268,189	-	141,670,765	14.3%

Notes to Required Supplementary Information

(1) Changes in Actuarial Assumptions

The investment rate of return was changed from 7.25% to 7.00% with a corresponding decrease in the salary scale assumption by 0.25%.

The post retirement cost of living adjustment was changed from 2.75 to 2.40% for benefits based on credited service accrued until July 1, 2012 and sick leave accrued as of January 1, 2013 and for post 2012 benefits from 2.50% to 2.00%.

The mortality assumption was changed from the RP2000 (Scalle AA generational) to the RP 2000 (Scale BB generational).

Rates of retirement, disability and withdrawal along with credit of future sick leave assumptions were also changed.

(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	2.50%
Salary Increases	2.50% plus service based increases
Investment Rate of Return	7.00%, net of investment expense and including inflation
Mortality	RP-2000 Mortality table with male rates set forward 1 year and female rates set forward 2 years, with generational adjustments for mortality improvements based on Scale BB factors. An alternate table was used for the valuation of disabled members.

Schedule of Required Supplementary Information for Other Postemployment Benefits
(Unaudited)

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

	2017
Total OPEB Liability	
Service Cost	$ 4,937,962
Interest	20,940,838
Benefit payments including refunds	(16,435,761)
Net change in total pension liability	9,443,039
Total pension liability - beginning	302,295,755
Total pension liability - ending (a)	$ 311,738,794
Plan Fiduciary Net Position	
Contributions - employer, including implicit subsidies	$ 18,754,591
Contributions - employee	2,685,917
Net investment income	8,774,168
Benefit payments, including refunds	(16,435,761)
Administrative expenses	(410,564)
Net change in plan fiduciary net position	13,368,351
Plan fiduciary net position - beginning	47,974,429
Plan fiduciary net position - ending (b)	$ 61,342,780
Net pension liability - ending (a-b)	$ 250,396,014
Plan fiduciary net position as a percentage of total pension liability	19.7%
Covered employee payroll	141,670,765
Net pension liability as a percentage of covered payroll	176.7%

*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 Other Postemployment Benefits

(Unaudited)

(continued)

Schedule of Employer Contributions to The Maryland National Capital Park and Planning Commission Other Postemployment Benefits Trust (000's)

Fiscal Year ended June 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency/ (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2008	$ 19,402	$ 9,581	$ 9,821	$ 131,074	7.3%
2009	21,306	9,821	11,485	142,681	6.9%
2010	23,056	7,203	15,853	137,245	5.2%
2011	23,872	9,210	14,662	135,062	6.8%
2012	28,553	16,243	12,310	123,684	13.1%
2013	21,812	17,758	4,054	119,966	14.8%
2014	18,611	18,509	102	126,868	14.6%
2015	19,143	15,901	3,242	134,536	11.8%
2016	18,044	16,847	1,197	136,049	12.4%
2017	20,037	16,107	3,930	141,671	11.4%

Notes to Required Supplementary Information

(1) Changes in Actuarial Assumptions

There were no changes in actuarial assumptions since the prior year.

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

Actuarial Cost Method	Entry Age
Amortization Period	30 year level dollar
Inflation	2.50%
Salary Increases	2.50% plus service based increases
Investment Rate of Return	7.00%, net of investment expense and including inflation
Healthcare Cost Trend Rates	6.25% initially, grading down to 4.00% ultimate for medical and pharmacy benefits 4% for dental 3.5% for vision
Mortality - Healthy	RP-2000 with male rates set forward 1 year and female rates set forward 2 years, with generational method applied using Scale BB factors.
Mortality - Disabled	RP-2000 disabled with male rates set forward 1 year and female rates set forward 2 years with generational method applied using Scale BB factors.

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 $15,000,000 Montgomery County General Obligation Park Acquisition and Development Project Bonds, Series MC-2018A (the "Bonds"), which are described as follows:

Dated the date of initial delivery, interest payable semiannually on each May 1 and November 1, commencing May 1, 2019, 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 September 26, 2018 (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.

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

$15,000,000*
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION
Montgomery County
General Obligation
Park Acquisition and Development Project Bonds, Series MC-2018A

Electronic Bids only will be received until 11:00 a.m.,
Local Baltimore, Maryland Time, on October 4, 2018

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 2018 Supplement) (the "Land Use Article") and a Resolution of the Commission adopted on September 26, 2018. The Bonds will bear interest from date of delivery, payable on each May 1 and November 1 commencing May 1, 2019, 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*
2019	$1,200,000	2029...........	$600,000
2020	1,200,000	2030...........	600,000
2021	1,200,000	2031...........	600,000
2022	1,200,000	2032...........	600,000
2023	1,200,000	2033...........	600,000
2024	600,000	2034...........	600,000
2025	600,000	2035...........	600,000
2026	600,000	2036...........	600,000
2027	600,000	2037...........	600,000
2028	600,000	2038...........	600,000

*Preliminary, subject to change.

Adjustments. The aggregate principal amount and the principal amount of each maturity of the Bonds are subject to reduction by the Commission after the receipt of bids for their purchase. The final aggregate principal amount and maturity schedule for the Bonds will be communicated to the successful bidder by 5:00 p.m. local time on the date of sale and will not reduce the aggregate principal amount of the Bonds by more than the premium bid by the successful bidder. The dollar amount bid for principal by the successful bidder will be adjusted to reflect any reduction in the aggregate principal amount of the Bonds, but the interest rates specified by the successful bidder for all maturities will not change. The successful bidder may not withdraw its bid as a result of any changes made within these limits.

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, 2029, are subject to redemption prior to their respective maturities at any time on or after November 1, 2028, 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 October 4, 2018.

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.

Designation of Term Bonds: Bidders may designate in their bid two or more consecutive serial maturities beginning no earlier than November 1, 2029 and in any year thereafter as a term bond which matures on the maturity date of the last serial maturity of the sequence. The stated maturity date for any term bond so designated may not be earlier than November 1, 2030. More than one such sequence of serial maturities may be designated as a term bond. Any term bond so designated shall be subject to mandatory redemption in each year on the principal payment date and in the entire amount of each serial maturity designated for inclusion in such term bond.

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 October 4, 2018. 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 October 4, 2018. 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.

Good Faith Deposit: The successful bidder for the Bonds is required to submit a good faith deposit in the amount of $300,000 (the "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 $300,000 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.

Establishment of Issue Price: The successful bidder shall assist the Commission in establishing the issue price of the Bonds and shall execute and deliver to the Commission at closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A-1 or Exhibit A-2, as applicable, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the Commission and Bond Counsel. All actions to be taken by the Commission under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Commission by the Commission's financial advisor identified herein and any notice or report to be provided to the Commission may be provided to the Commission's financial advisor.

The Commission intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

(1) the Commission shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(2) all bidders shall have an equal opportunity to bid;

(3) the Commission may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(4) the Commission anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

By submitting a bid, each bidder (i) confirms that its bid is a firm offer for the purchase of the Bonds identified in this Notice of Sale, on the terms set forth in its bid and this Notice of Sale, except as permitted by this Notice of Sale and (ii) represents that it has an established industry reputation for underwriting new issuances of municipal bonds.

In the event that the competitive sale requirements are not satisfied, the Commission shall so advise the successful bidder. The Commission may determine to treat (i) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the "hold-the-offering-price rule"), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The successful bidder shall advise the Commission if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The Commission shall promptly advise the successful bidder, at or before the time of award of the Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of the Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the Commission determines to apply the hold-the-offering-price rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.

By submitting a bid, the successful bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the successful bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The successful bidder shall promptly advise the Commission when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds, the successful bidder agrees to promptly report to the Commission the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the closing has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold.

The Commission acknowledges that, in making the representation set forth above, the successful bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The Commission further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the successful bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the Commission (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date that the Bonds are awarded by the Commission to the successful bidder.

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.

Delivery of the Bonds, at the Commission's expense, will be made by the Commission to the purchaser on October 18, 2018, 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, The Oxford Building, Suite 618, 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: Casey Anderson
Chairman

EXHIBIT A-1 TO
NOTICE OF SALE

$_______________
The Maryland-National Capital Park and Planning Commission
Montgomery County
General Obligation
Park Acquisition and Development Project Bonds,
Series MC-2018A

ISSUE PRICE CERTIFICATE
(Qualified Competitive Bid)

The undersigned, on behalf of [NAME OF PURCHASER] (the "Purchaser"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. ***Reasonably Expected Initial Offering Price***.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Purchaser are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Bonds used by the Purchaser in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.

(b) The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Purchaser constituted a firm offer to purchase the Bonds.

2. ***Defined Terms***.

(a) *Issuer* means The Maryland-National Capital Park and Planning Commission.

(b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this Certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is ________, 2018.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Non-Arbitrage Certificate and Tax Covenants and with respect to compliance with the federal income tax rules affecting the Bonds, and by McGuireWoods LLP, as bond counsel to the Issuer, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[NAME OF PURCHASER], as Purchaser
By: ________________________________
Title: ________________________________

Dated: ___________, 2018

SCHEDULE A
Expected Offering Prices of the Bonds

SCHEDULE B
Copy of Bid

EXHIBIT A-2 TO
NOTICE OF SALE

$_____________
The Maryland-National Capital Park and Planning Commission
Montgomery County
General Obligation
Park Acquisition and Development Project Bonds,
Series MC-2018A

ISSUE PRICE CERTIFICATE
(Nonqualified Competitive Bid)

The undersigned, on behalf of [NAME OF PURCHASER] (the "Purchaser"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. ***Sale of the 10% Maturities***. As of the date of this Certificate, for each Maturity of the 10% Maturities Bonds, the first price at which a Substantial Amount of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Undersold Maturities.***

(a) Each Underwriter offered the Undersold Maturities to the Public for purchase at the respective initial offering prices listed in Schedule B (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as Schedule C.

(b) As set forth in the Notice of Sale and bid award, each Underwriter has agreed in writing that, (i) for each Maturity of the Undersold Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Offering Period for such Maturity, nor would it permit a related party to do so (the "hold-the-price rule") and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-price rule. Pursuant to such agreement, no Underwriter has offered nor sold any Maturity of the Undersold Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Offering Period.

3. ***Defined Terms***.

(a) *10% Maturities* means those Maturities of the Bonds shown in Schedule A hereto as the "10% Maturities."

(b) *Issuer* means The Maryland-National Capital Park and Planning Commission.

(c) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(d) *Offering Period* means, with respect to an Undersold Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([______,2018]), or (ii) the date on which the Purchaser has sold a Substantial Amount of such Undersold

Maturity to the Public at a price that is no higher than the Initial Offering Price for such Undersold Maturity.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this Certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _______, 2018.

(g) *Substantial Amount* means ten percent (10%).

(h) *Undersold Maturities* means those Maturities of the Bonds shown in Schedule B hereto as the "Undersold Maturities."

(i) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Non-Arbitrage Certificate and Tax Covenants and with respect to compliance with the federal income tax rules affecting the Bonds, and by McGuireWoods LLP, as bond counsel to the Issuer, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds.

[NAME OF PURCHASER], as
Purchaser
By: ________________________
Title: ______________________

Dated: _______, 2018

SCHEDULE A
Sale Prices of the 10% Maturities

SCHEDULE B
Initial Offering Prices of the Undersold Maturities

SCHEDULE C
Pricing Wire

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Appendix D

FORM OF COMMISSION CONTINUING DISCLOSURE CERTIFICATE

With respect to the $15,000,000 Montgomery County General Obligation Park Acquisition and Development Project Bonds, Series MC-2018A, issued by The Maryland-National Capital Park and Planning Commission (the "Commission"), pursuant to the resolution adopted by the Commission on September 26, 2018 (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, 2019, 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 in a timely manner 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 18th day of October, 2018.

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:	$15,000,000 Montgomery County General Obligation Park Acquisition and Development Project Bonds, Series MC-2018A,
Date of Issuance:	October 18, 2018

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 October 18, 2018. 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 $15,000,000 Montgomery County General Obligation Park Acquisition and Development Project Bonds, Series MC-2018A (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 18th day of October, 2018.

(SEAL)

____
Director of Finance
Montgomery County Maryland

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION • Montgomery County General Obligation Park Acquisition and Development Project Bonds, Series MC-2018A

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