OFFICIAL STATEMENT DATED MARCH 21, 2012

NEW ISSUE - Book-Entry Only

In the opinion of Bond Counsel, (i) the Bonds will be valid and binding general obligations of The Maryland-National Capital Park and Planning Commission and of Montgomery County, Maryland, to the payment of which the full faith and credit of both will be pledged, (ii) the Bonds will be payable from annual ad valorem property taxes which Montgomery County is required by law to levy in the portion of the Metropolitan District (defined herein) in Montgomery County and in the entire County, (iii) by the terms of Article 28 (defined herein), the principal amount of the Bonds, the interest payable thereon, their transfer, and any income derived therefrom, including any profit made in the sale or transfer thereof, shall be and shall remain exempt from taxation by the State of Maryland (the "State") and the several counties and municipalities of the State, but no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the income therefrom, (iv) assuming compliance with certain covenants described herein, interest on the Series MC-2012A Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations, and decisions and (v) interest on the Series MC-2012B Bonds will be includable in gross income for federal income tax purposes. As described herein under "TAX MATTERS," interest on the Series MC-2012A Bonds is not includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment; however, interest earned on the Series MC-2012A Bonds may be includable in a corporation's "adjusted current earnings" in the calculation of a corporation's alternative minimum taxable income for federal income tax purposes. Interest earned on the Series MC-2012A Bonds may also be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States. See "TAX MATTERS" herein.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

$12,505,000
Montgomery County
Park Acquisition and Development
General Obligation Project and Refunding Bonds,
Series MC-2012A (Federally Tax-Exempt)

$3,000,000
Montgomery County
Park Acquisition and Development
General Obligation Project Bonds,
Series MC-2012B (Federally Taxable)

Dated: April 5, 2012 **Due: December 1, as shown inside this cover**

Bond Ratings	Moody's Investors Service, Inc.: Aaa Standard & Poor's Rating Services: AAA Fitch Ratings: AAA
Redemption	Bonds maturing on or after December 1, 2023, are subject to redemption in whole or in part at par, prior to their maturities on or after December 1, 2022. -- Page 3
Security	General Obligations of The Maryland-National Capital Park and Planning Commission and of Montgomery County, Maryland
Purpose	Proceeds of the Series MC-2012A Bonds will be used (i) to refund certain outstanding Montgomery County Park Acquisition and Development Bonds, (ii) to pay the costs of certain capital park acquisition and development projects in Montgomery County and (iii) to pay all or a portion of the costs of issuance of the Series MC-2012A Bonds. Proceeds of the Series MC-2012B Bonds will be used to provide funds (i) to pay the costs of certain capital park acquisition and development projects in Montgomery County and (ii) to pay, all or a portion of the cost of issuance of the Series MC-2012B Bonds -- Page 2, 3
Interest Payment Dates	December 1 and June 1, beginning December 1, 2012
Closing/Settlement	On or about April 5, 2012.
Denominations	$5,000 or integral multiples thereof.
Book-Entry Only Form	The Depository Trust Company, New York, NY
Registrar/Paying Agent	The Maryland-National Capital Park and Planning Commission
Bond Counsel	McKennon Shelton & Henn LLP, Baltimore, MD
Financial Advisor	Davenport & Company LLC, Towson, MD
Issuer Contact	Secretary-Treasurer: (301) 454-1540

FOR MATURITY SCHEDULE SEE INSIDE COVER

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

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

Maturity Schedule

$12,505,000
Montgomery County
Park Acquisition and Development
General Obligation Project and Refunding Bonds, Series MC-2012A (Federally Tax-Exempt)

Maturing December 1	Principal Amount	Interest Rate*	Price or Yield*	CUSIP†	Maturing December 1	Principal Amount	Interest Rate*	Price or Yield*	CUSIIP†
2013	$395,000	2.00%	0.40%	574140L98	2023	$370,000	5.00%	2.70%†	574140N39
2014	605,000	3.00	0.57	574140M22	2024	390,000	5.00	2.78†	574140N47
2015	605,000	3.00	0.75	574140M30	2025	410,000	5.00	2.91†	574140N54
2016	855,000	3.00	1.02	574140M48	2026	430,000	3.00	3.13	574140N62
2017	860,000	2.50	1.25	574140M55	2027	440,000	3.00	3.23	574140N70
2018	920,000	4.00	1.76	574140M63	2028	455,000	3.125	3.30	574140N88
2019	930,000	4.00	2.01	574140M71	2029	470,000	3.25	3.36	574140N96
2020	950,000	4.00	2.25	574140M89	2030	485,000	3.25	3.40	574140P29
2021	950,000	4.00	2.44	574140M97	2031	500,000	3.25	3.45	574140P37
2022	965,000	4.00	2.65	574140N21	2032	520,000	3.375	3.50	574140P45

$3,000,000
Montgomery County
Park Acquisition and Development
General Obligation Project Bonds, Series MC-2012B (Federally Taxable)

Maturing December 1	Principal Amount	Interest Rate*	Price or Yield*	CUSIP†	Maturing December 1	Principal Amount	Interest Rate*	Price or Yield*	CUSIIP†
2013	$120,000	4.00%	0.50%	574140P52	2023	$145,000	3.25%	3.25%	574140Q77
2014	125,000	4.00	0.70	574140P60	2024	150,000	3.40	3.40	574140Q85
2015	125,000	4.00	0.90	574140P78	2025	155,000	3.55	3.55	574140Q93
2016	125,000	4.00	1.25	574140P86	2026	160,000	3.65	3.65	574140R27
2017	130,000	4.00	1.55	574140P94	2027	165,000	3.75	3.75	574140R35
2018	130,000	4.00	1.90	574140Q28	2028	170,000	3.85	3.85	574140R43
2019	130,000	4.00	2.25	574140Q36	2029	180,000	3.95	3.95	574140R50
2020	135,000	4.00	2.50	574140Q44	2030	185,000	4.00	4.00	574140R68
2021	140,000	4.00	2.75	574140Q51	2031	190,000	4.00	4.05	574140R76
2022	140,000	4.00	3.05	574140Q69	2032	200,000	4.00	4.10	574140R84

† Yield to call.

* 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 on March 21, 2012 by M&T Securities Inc. for the Series MC-2012A Bonds and by BMO Capital Markets for the Series MC-2012B Bonds. The interest rates and prices or yields shown above are furnished by M & T Securities Inc. and BMO Capital Markets (the "Successful Bidders") for the respective series purchased. 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).

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

COMMISSIONERS

Françoise Carrier, Chairman
Elizabeth M. Hewlett, Vice Chairman

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

OFFICERS

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

DEPARTMENT DIRECTORS

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

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

BOND COUNSEL

McKennon Shelton & Henn LLP
Baltimore, Maryland

INDEPENDENT AUDITORS

CliftonLarsonAllen LLP
Calverton, Maryland

FINANCIAL ADVISOR

Davenport & Company LLC
Towson, Maryland

ESCROW AGENT

Wells Fargo Bank N.A.
Columbia, Maryland

VERIFICATION AGENT

The Arbitrage Group, Inc.
Tuscaloosa/Buhl, Alabama

Additional copies of the Official Statement can be obtained from Joseph C. Zimmerman, Secretary-Treasurer, The Maryland-National Capital Park and Planning Commission, 6611 Kenilworth Avenue, Suite 304, Riverdale, Maryland 20737 (301-454-1540) or from Davenport & Company LLC, Maryland Executive Park, The Chester Building, 8600 LaSalle Road, Suite 324, Baltimore, Maryland 21286-2011 (410-296-9426).

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

This Official Statement is not to be construed as a contract or agreement between The Maryland-National Capital Park and Planning Commission and the purchasers or holders of any of the Bonds.

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

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

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

TABLE OF CONTENTS

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

$12,505,000
Montgomery County
Park Acquisition and Development
General Obligation Project and Refunding Bonds,
Series MC-2012A (Federally Tax-Exempt)

$3,000,000
Montgomery County
Park Acquisition and Development
General Obligation Project Bonds,
Series MC-2012B (Federally Taxable)

INTRODUCTION

The purpose of this Official Statement, including the cover page and appendices hereto, is to set forth certain information concerning the $12,505,000 Montgomery County Park Acquisition and Development General Obligation Project and Refunding Bonds, Series MC-2012A (Federally Tax-Exempt) (the "Series MC-2012A Bonds") and the $3,000,000 Montgomery County Park Acquisition and Development General Obligation Project Bonds, Series MC-2012B (Federally Taxable) (the "Series MC-2012B Bonds") to be issued by The Maryland-National Capital Park and Planning Commission (the "Commission" or "M-NCPPC"). The Series MC-2012A and the Series MC-2012B Bonds are referred to hereinafter, together as the "Bonds".

The Commission is a body corporate of, and an agency created by, the State of Maryland. The Commission is governed by Article 28 of the Annotated Code of Maryland, as amended ("Article 28"). It is composed of ten members, five from 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 62,000 acres of parkland, 35,000 of which are located in Montgomery County and 27,000 of which are located in Prince George's County. The Commission develops and operates a variety of parks and recreational facilities in both counties and administers the recreation program in Prince George's County, which includes a diverse array of cultural activities. The Commission provides facilities at the neighborhood, community, regional, and County-wide level. Within these categories are playgrounds and picnic areas; baseball and miscellaneous other athletic fields; neighborhood parks; community centers; regional and stream valley parks; park school facilities; historic sites and museums; golf courses; ice skating, tennis and swimming facilities; senior centers; nature centers; an equestrian center; a multi-purpose arena and several cultural arts facilities; a sports and learning complex; and several public/private endeavors including a soccer complex, a champion junior tennis center, and a baseball stadium.

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

The proceeds of the Series MC-2012A Bonds will be used to advance refund certain outstanding Montgomery Park Acquisition and Development Bonds and to finance certain capital park acquisition and development projects in Montgomery County, as described herein. The proceeds of the Series MC-2012B Bonds will be used to finance certain capital park acquisition and development projects in Montgomery County, 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 6-101 and 6-104 of Article 28, and (ii) Resolutions of the Commission adopted on January 18, 2012 and March 8, 2012 (the "Resolutions").

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 levy against all property assessed for the purposes of county taxation in the portion of the Maryland-Washington Metropolitan District (the "Metropolitan District"), as established by Title 3 of Article 28, in 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 6-106(a) of Article 28 requires Montgomery County to levy 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 valuation for real property and 9 cents for each $100 of assessed valuation for personal property, notwithstanding the fact that no interest may be due on bonds or notes of the Commission or that no bonds or notes of the Commission have been issued. Section 6-106(a) of Article 28 provides that the proceeds of this tax are pledged to payment of debt service on all Commission bonds issued for Montgomery County pursuant to the provisions of Sections 6-101 and 6-104 of Article 28 (and all bonds issued to refund such bonds pursuant to Section 6-104 of Article 28). Any portion of such proceeds not required for such debt service may be used by the Commission for its authorized purposes.

Sections 6-101(d) and 6-104(e) of Article 28 provide that bonds issued by the Commission under Sections 6-101 and 6-104, respectively, of Article 28 are to be issued on its full faith and credit and on the full faith and credit of the county or counties guaranteeing them. Sections 6-101(d)(3) and 6-104(e) of Article 28 require 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 6-102 of Article 28 provides that, to the extent that the proceeds of the taxes authorized to be levied for the benefit of the Commission are not adequate to pay the principal of and interest on Commission bonds issued pursuant to Title 6 of Article 28, the county guaranteeing the bonds shall levy, in each year that an inadequacy exists, an additional tax on all assessable property in the portion of the Metropolitan District in such county (or the entire county, if necessary) sufficient to make up the inadequacy

Application of Proceeds

Series MC-2012A Bonds

A portion of the proceeds of the Series MC-2012A Bonds ("the Refunding Proceeds") will be used to advance refund certain Montgomery County Park Acquisition and Development Bonds (the "Refunded Bonds") issued in the years and series set out in Appendix E of this Official Statement, in order to realize savings on debt service costs. Another portion of the proceeds of the Series MC-2012A Bonds in the amount of $7,500,000 will be used to pay the costs of certain park acquisition and development projects in Montgomery County, Maryland. The remaining portion of the proceeds of the Series MC-2012A Bond will be used to pay costs of issuance of the Series MC-2012A Bonds.

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

Series MC-2012B Bonds

A portion of the proceeds of the Series MC-2012B Bonds will be used to improve existing parks in Montgomery County, Maryland and the remaining portion will be used to pay costs of issuance of the Series MC-2012B Bonds.

Description of the Bonds

The Bonds will be dated the date of their delivery, will bear interest from their dated date, payable December 1, 2012, and semiannually thereafter on each June 1 and December 1 until maturity or prior redemption. The Bonds will mature on December 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.

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 of each series which mature on or after December 1, 2023, are subject to redemption prior to their respective maturities on or after December 1, 2022 at the option of the Commission, in whole or in part at any time, 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 of a series shall be called for redemption, the particular maturities of the Bonds of such series to be redeemed shall be selected by the Commission. So long as the Bonds of a series are maintained under a book-entry system, the selection of individual ownership interests in the Bonds of such series 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 a series 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 deem proper or by DTC in such manner as is its practice at that time.

Notice of Redemption

So long as the Bonds of a series are maintained under a book-entry system, notice of the call for any redemption of the Bonds of such series 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 proceedings for the redemption of any Bonds as to which notice of redemption was properly given. 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.

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 of each series 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 of any series 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 of any series 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.

<u>Payments on Bonds</u>

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

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

Discontinuance of Book-Entry Only System

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

Registration and Exchange of Bonds

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

The Commission

The Commission, established by the General Assembly of Maryland in 1927, is a body corporate of, and an agency created by, the State of Maryland. The Commission is empowered to (i) acquire, develop, maintain and administer a regional system of parks in a defined Metropolitan District within the Maryland Counties (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 approximately 62,000 acres. It is composed of stream-valley parks, large regional parks, neighborhood parks and park-school recreational areas. Its current staff consists of over 2,005 year-round career employees. In addition, it employs in its numerous park and recreation programs more than 4,490 seasonal workers. Two regional offices are maintained, one in each county. The Commission meets regularly, once each month, the site of the meetings alternating between the two regional offices.

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

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

Duties and Functions of the Commission

The major duties and functions of the Commission are:

- Preparation and periodic review of a general plan for the entire Regional District;
- Management of the physical growth and plan communities;
- Protection and stewardship of natural, cultural and historic resources;
- Preparation and revision of functional master plans for 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

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

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

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

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

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

Prince George's County Commissioners

Elizabeth M. Hewlett was appointed Chairman of the Prince George's County Planning Board in June, 2011. She previously served as Chairman of the Prince George's County Planning Board from 1995 to 2006. A former principal in the law firm of Shipley, Horne and Hewlett, P.A., Ms. Hewlett has an extensive legal background in both the public and private sectors, including serving as Associate General Counsel to M-NCPPC, Staff Counsel to the Legal Aid Bureau, an attorney in private practice, and a member of the Prince George's County Attorney's Office and the Prince George's County Council legislative staff. Recognized as one of the Region's "100 Most Powerful Women" by the Washingtonian Magazine and "Top 100 Women in Maryland" by The Daily Record, she earned a bachelor's degree from Tufts University and juris doctorate degree from Boston College Law School. She has served on the Metropolitan Washington Council of

Governments' Metropolitan Development Policy Committee, and regional Washington Metropolitan Area Transit Authority, where she completed a four year tenure, including a term as Chairman.

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

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

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

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

Officers

Patricia Colihan Barney was appointed as Executive Director on February 25, 2010, following 10 years as the Commission's Secretary-Treasurer. Previously, Ms. Barney served as the Director of Finance of

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

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

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

Department Directors

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

Fern V. Piret is the Director of the Prince George's County Planning Department. Dr. Piret joined the Commission in December 1989, after more than 15 years of experience in Prince George's County government, where she served as senior advisor for Economic Development and Transportation in the Office of the County Executive. Dr. Piret earned her master's and doctorate degrees in Government and Politics from the University of Maryland and her bachelor's degree from Texas Technological College. Her professional affiliations include membership on the Council of Governments' Planning Directors Technical Committee and Metropolitan Development Policy Committee, the International Economic Development Council and Leadership Washington.

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

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

COMMISSION FINANCIAL DATA

Basic Accounting System

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

Fund Structure

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

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

Basis of Accounting

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

The financial operations of the Governmental Funds are maintained on the modified accrual basis of accounting. Under this method of accounting, revenues are recorded only when received in cash, except for revenues considered both measurable and available to finance appropriations for the current year, which are recognized as revenue when earned. Expenditures are recorded at the time liabilities are incurred. 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 38th consecutive year, the Government Finance Officers Association of the United States and Canada has awarded a Certificate of Achievement for Excellence in Financial Reporting to the Commission for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year 2010. The Commission intends to continue to submit its CAFR for review and believes that its CAFR for the fiscal year 2011 will conform to the Certificate of Achievement Program requirements.

Financial Information

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

Revenues and Expenditures

Total Commission Revenues and Expenditures

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

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

The following tables show the general revenues and expenditures of the Commission for 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
2007...........	$94,830,253	$9,596,935	$6,246,520	$1,572,247	$1,197,859	$113,443,814
2008...........	102,941,009	19,120,478	4,855,917	1,419,956	581,910	128,919,270
2009...........	106,020,507	13,764,081	4,448,781	963,050	873,857	126,070,276
2010...........	107,237,477	11,907,142	4,270,640	122,182	1,199,067	124,736,508
2011...........	93,847,608	18,145,689	5,070,721	54,375	551,545	117,669,938

(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
2007	$7,279,126	$19,209,691	$67,087,820	$15,244,829	$4,204,474	$113,025,940
2008	7,961,774	21,708,345	74,085,837	20,329,092	4,583,853	128,668,901
2009	8,338,955	21,087,703	77,833,592	21,071,586	4,674,567	133,006,403
2010	8,456,100	21,265,025	80,755,776	16,543,281	4,365,756	131,385,938
2011	7,551,162	18,084,212	67,643,040	20,594,360	4,650,147	118,522,921

(1) Includes General, Capital Projects, Debt Service, and Special Revenue Funds.
(2) Contributions to Enterprise Funds are included in Park Operations.
(3) Includes contribution to Advance Land Acquisition Trust Fund
Source: The Maryland-National Capital Park and Planning Commission.

General Fund

Description

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

Park Account Revenues and Expenditures

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

[The remainder of this page intentionally left blank.]

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	Unaudited Actual
	2007	2008	2009	2010	2011	2012	10/31/2011
Revenues:							
Taxes	$69,135,828	$76,339,969	$76,815,841	$77,539,025	$69,049,034	$71,834,800	$43,306,709
Interest	816,469	830,609	407,513	46,099	(4,105)	122,000	(14,528)
Fees, Charges and Other	3,456,640	3,355,738	2,763,387	2,977,955	2,737,822	4,645,600	828,237
Total Revenues	73,408,937	80,526,316	79,986,741	80,563,079	71,782,751	76,602,400	44,120,418
Expenditures and Encumbrances:							
Park Management and Design	11,789,624	13,516,852	14,629,864	14,121,716	11,957,478	15,021,730	6,696,733
Natural Resources	5,760,037	5,332,827	5,866,903	6,256,581	7,126,677	7,170,500	2,921,228
Central Maintenance	9,531,023	10,226,825	10,989,955	11,574,831	10,451,071	10,099,500	3,920,369
Regions	19,960,411	21,033,340	21,742,436	22,774,946	17,579,706	19,313,400	7,410,204
Park Police	10,531,390	11,391,458	11,833,281	11,737,802	10,270,062	11,344,200	4,415,442
Support Services	8,241,994	10,910,467	13,943,270	11,989,609	11,289,776	9,949,800	6,121,197
Total Expenditures and Encumbrances	65,814,479	72,411,769	79,005,709	78,455,485	68,674,770	72,899,130	31,485,173
Other Financing Sources (Uses):							
Debt Service Fund	(3,438,880)	(3,817,466)	(3,804,650)	(3,658,975)	(3,963,043)	(4,351,900)	(395,048)
Other, Net	(577,307)	(835,365)	(329,991)	(303,039)	351,849	350,000)	0
Total	(4,016,187)	(4,652,831)	(4,134,641)	(3,962,014)	(3,611,194)	(4,701,900)	(395,048)
Excess (deficiency) of revenues and other sources over expenditures, encumbrances and other uses	3,578,271	3,461,716	(3,153,609)	(1,854,420	(503,213)	(998,630)	12,240,197
Beginning Fund Balance	3,662,593	7,240,864	10,702,580	7,548,971	5,694,551	5,191,338	4,192,708
Ending Fund Balance	$ 7,240,864	$ 10,702,580	$ 7,548,971	5,694,551	$ 5,191,338	$ 4,192,708	$ 16,432,905

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

Fiscal Year 2011 Operating Results and Fiscal 2012 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 2011, the aggregate of the General Fund-Park Account revenues (including transfers) was $1,239,570, less than the budgeted amount and expenditures (including transfers) were $2,187,067 less than the budgeted amount for Montgomery County. The decrease in revenues was primarily due to property tax collections which were less than budget by $547,566 due to decreases in the assessable base. Expenditure savings were generated as a result of managing operations to generate savings to help offset the revenue losses. The savings were primarily generated by restructuring and abolishing positions. Additional savings were generated by postponing a bond sale until fiscal year 2012. The Montgomery County General Fund-Park Account Total Budgetary Fund Balance was $5,191,338 at June 30, 2011. The Fund Balance consisted of unassigned funds totaling $4,392,708, and assigned funds designated for fiscal year 2012 of $798,630.

The fiscal outlook for the Commission's Montgomery County – Park Fund for fiscal year 2012 is expected to be positive. The Commission's 2012 adopted budget reflects a 3.3% decline in the real property assessable base in the Metropolitan District, which funds the Park Account operations and debt service. The tax rates have increased by 7% over fiscal year 2011. With the stable growth in the property taxes and controls on expenditures, the Commission is projecting to end fiscal year 2012 in a solid financial position.

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

Property Taxes

Property taxes are levied and collected for the Commission by Montgomery County and remitted monthly to the Commission. Real property taxes are levied on July 1 each year and become delinquent on October 1, at which time interest and penalties commence. Effective July 1, 2000, semi - annual 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.

[The remainder of this page intentionally left blank.]

Rates and Levies

The following table sets forth the Montgomery County tax rates and tax levies allocated to the Commission for each of the five most recent fiscal years ended June 30 and fiscal year 2012 through January.

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
2007.......	0.020/0.050	0.057/0.143	0.001/0.003	0.078/0.196	$91,903,957
2008.......	0.019/0.047	0.058/0.145	0.001/0.003	0.078/0.195	102,981,734
2009.......	0.019/0.047	0.053/0.132	0.001/0.003	0.073/0.182	106,450,471
2010.......	0.018/0.045	0.050/0.125	0.001/0.003	0.069/0.173	106,745,211
2011.......	0.015/0.038	0.045/0.112	0.001/0.003	0.061/0.153	94,042,259
2012 (4) .	0.017/0.043	0.048/0.120	0.001/0.003	0.066/0.166	97,705,980

(1) Rates are per $100 of assessed valuation.
(2) All taxes except the Advance Land Acquisition tax are accounted for in the General Fund.
(3) Rates shown are for Real/Personal.
(4) Tax levy through January 2012.
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 five fiscal years and fiscal year 2012 through January:

Property Tax Levies and Collections Allocated to the Commission

Fiscal Year	Total Tax Levy	Current Tax Collections (1)	Percent of Levy Collected	Collections in Subsequent Years (1)	Total Collections
2007	$91,903,957	$91,347,333	99.4	(22,210)	$91,325,123
2008	102,981,734	102,582,155	99.6	(150,137)	102,432,018
2009	106,450,471	105,976,302	99.6	396,350	106,372,652
2010	106,745,211	106,536,204	99.8	(467,821)	106,068,383
2011	94,042,259	93,847,608	99.8	194,844	93,847,608
2012 (2).........	97,705,980	92,562,570	-	0	92,562,570

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) Levy and Collections through January 2012.
Source: Montgomery County Government.

Assessments

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

Exemptions

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

Budget

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

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

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

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

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

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

Capital Budget

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

	2012 (1)	2013	2014	2015	2016	2017
Expenditures:						
Land Acquisition	$ 4,389	$ 6,170	$,670	$ 8,170	$ 8,170	$7,670
Development	45,009	18,257	25,342	18,342	20,611	28,026
Total*	$49,398	$24,427	$33,012	$26,512	$28,781	$35,696
Funding Sources:						
Bonds – Commission	$12,101	$6,561	$6,378	$5,303	$6,134	$ 5,721
Bonds – County	18,208	7,479	11,404	12,865	15,599	23,927
Certificates of Participation ("COPS")	0	0	0	0	0	0
Contributions – Developer	1,707	650	350	549	200	200
Current Revenue – Commission	988	350	350	350	350	350
Current Revenue – County	4,713	2,948	2,748	2,748	2,748	2,748
Enterprise – Commission	241	200	200	200	200	200
Program Open Space ("POS")	8,763	3,431	6,776	1,947	1,000	1,000
Other	2,677	2,808	4,806	2,550	2,550	1,550
Total*	$49,398	$24,427	$33,012	$26,512	$28,781	$35,696

* Excludes Revenues and Expenditures for the Advance Land Acquisition Fund which is supported by its own taxing authority and tax rate.
(1) The plan includes prior year authorized projects totaling $28,081 and fiscal year 2011 projects totaling $21,317.

Plans for Future Debt

The Commission has no plans to incur any additional general obligation debt during fiscal year 2012 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, Gallagher Bassett Services, Inc., and the Montgomery County Attorney's Office to administer the legal requirements of the Program.

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

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

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

At June 30, 20011, the Commission's Risk Management Fund had net assets of $11,223,156 of which $4,793,258 was for Montgomery County and $6,429,898 was for Prince George's County. The Commission's approved budget for fiscal year 2012 included an appropriation of $3,209,100 for Montgomery County risk management costs and $5,014,900 for Prince George's County for a total of $8,224,000 designated for risk management costs.

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

Labor/Employee Relations

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

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

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

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

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

- Merit System employees in Service/Labor, Trades, and Office/Clerical bargaining units are represented by the Municipal and County Government Employees Organization ("MCGEO"), Local 1994 UFCW. A three-year collective bargaining agreement with MCGEO is in effect until June 30, 2012. (The Commission is currently negotiating the next Union contract with MCGEO.)

- 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 the Montgomery County and Prince George's County Planning Boards, Merit System Board Members, Commissioners and appointed officials who retire under a Commission Retirement Plan or the State of Maryland Retirement Plan and who have been insured under any Commission-sponsored group medical plan during the three years immediately preceding the date of retirement or ability to prove similar coverage in another plan immediately prior to retirement. Employees that separate from employment before retirement are not eligible to participate. Currently 787 retirees and survivors are participating in the Commission's medical plans. The Commission contributes 85 percent of the amount of medical, prescription drug, and dental insurance rates and 80 percent of the low coverage option for all three coverage options of vision benefit rates. The System contributes the same percentages for its full-time and part-time employees.

In fiscal year 2008, the Commission began phasing in over an eight-year period actuarially based funding of Other Post Employment Benefits in connection with the implementation of the accounting requirements of GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions".

The Commission's annual Other Post Employment 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 fiscal year ended June 30. 2011, the amount actually contributed to the plan, and the calculation of the year end net OPEB obligation (dollar amounts in thousands).

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

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

	2009	2010	2011	Est. 2012	Projected 2013
Annual Required Contribution (ARC)	$ 21,306	$ 23,049	$ 23,935	$ 28,213	$ 29,652
Percentage of ARC Contributed	50%	31%	39%	57%	63%
Net Pension Obligation	20,386	36,232	50,957	63,964	74,261

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

Employees' Retirement System

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

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

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

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

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

The investments of Plans A, B, C and D are commingled and held in a single trust fund (the "Trust") which is separate from the assets of the Commission. The Trust is administered by a Board of Trustees solely for the benefit of the members and beneficiaries of the Employees' Retirement System. The portfolio of the trust fund currently is managed by eighteen professional investment managers: Artisan Partners of Canton, Massachusetts; Alliance Bernstein L.P. of New York, New York; Blackrock Institutional Trust Company of San Francisco, California; Capital Guardian of New York, New York; C.S. McKee, L.P. of Pittsburg, Pennsylvania; Earnest Partners International of Atlanta, Georgia; Eaton Vance Management of Pasadena, California; FLAG Capital Management of Stamford, Connecticut; JP Morgan Asset Management of New York, New York; Loomis Sayles & Company of Washington, DC; Neuberger Berman of New York, New York; Oaktree Capital Management of Los Angeles, California; Principal Global Investors of Des Moines, Iowa; Pugh Capital Management of Seattle, Washington; Pyramis Global Advisors of Smithfield, Rhode Island; Ranger Capital Group of Dallas, Texas; RhumbLine Advisors of Boston, Massachusetts; and Western Asset Management of Pasadena, California. The Northern Trust Company of Chicago, Illinois is retained by the Board of Trustees as master custodian. Wilshire Associates of Pittsburgh, Pennsylvania provides performance analysis services for the investment managers and provides a quarterly report of such evaluation to the Board of Trustees.

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

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

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

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

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

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

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

DEBT OF THE COMMISSION

Bonded Debt

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

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

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

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

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

Statement of Outstanding Bonded Debt

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

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

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

(1) Includes Debt Service for the Advance Land Acquisition which is supported by its own taxing authority and rate.
(2) Excludes $1,861,738 of Little Bennett Refunding Revenue Bonds issued to refinance a golf course in Montgomery County and the $1,323,858 Wheaton Ice Rink Refunding Revenue Bonds and the $2,444,448 Cabin John Regional Park Ice Rink Revenue Note issued to finance or refinance construction of two new ice rinks in Montgomery County.

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

Fiscal Years Ending June 30	Total Debt Service(1)	LESS: Refunded Bonds Debt Service	Park Acquisition and Development General Obligation Refunding Bonds, Series MC-2012A (Tax Exempt)		Park Acquisition and Development General Obligation Project Bonds, Series MC-2012B (Taxable)		Adjusted Total Debt Service (1)
			Principal	Interest (2)	Principal	Interest (3)	
2012	$3,738,330	$106,991	$ 0	$ 0	$ 0	$ 0	$3,631,339
2013	3,754,493	213,983	0	512,612	0	134,042	4,187,164
2014	3,387,866	522,683	395,000	439,656	120,000	113,598	3,933,437
2015	3,333,952	510,083	605,000	426,631	125,000	108,698	4,089,198
2016	2,603,241	497,325	605,000	408,481	125,000	103,698	3,348,095
2017	2,581,419	719,903	855,000	386,581	125,000	98,698	3,326,795
2018	2,598,381	697,665	860,000	363,006	130,000	93,598	3,347,320
2019	2,561,078	728,649	920,000	333,856	130,000	88,398	3,304,683
2020	2,101,131	703,115	930,000	296,856	130,000	83,198	2,838,070
2021	2,030,163	682,088	950,000	259,256	135,000	77,898	2,770,229
2022	1,566,163	650,540	950,000	221,256	140,000	72,398	2,299,277
2023	1,511,953	623,615	965,000	182,956	140,000	66,798	2,243,092
2024	1,096,028	0	370,000	154,406	145,000	61,641	1,827,076
2025	1,057,830	0	390,000	135,406	150,000	56,735	1,789,971
2026	666,585	0	410,000	115,406	155,000	51,434	1,398,425
2027	642,900	0	430,000	98,706	160,000	45,763	1,377,369
2028	333,900	0	440,000	85,656	165,000	39,749	1,064,305
2029	321,300	0	455,000	71,947	170,000	33,383	1,051,629
2030	0	0	470,000	57,200	180,000	26,555	733,755
2031	0	0	485,000	41,681	185,000	19,300	730,981
2032	0	0	500,000	25,675	190,000	11,800	727,475
2033	0	0	520,000	8,775	200,000	4,000	732,775
Total	$35,886,713	$6,656,638	$12,505,000	$4,626,009	$3,000,000	$1,391,375	$50,752,460

(1) Totals may not add due to rounding.
(2) Interest rates range from 2.00% to 5.00%.
(3) Interest rates range from 3.25% to 4.00%.

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
2007	941,491	$129,659,726	$135,583,270	$36,315,000	0.03	0.03	39.02
2008	949,591	146,276,983	149,181,196	33,210,000	0.02	0.02	35.39
2009	957,760	162,053,662	167,959,063	35,500,000	0.02	0.02	37.07
2010	966,000	171,220,841	179,277,921	32,360,000	0.02	0.02	33.50
2011	979,551	171,646,984	193,664,781	28,855,000	0.02	0.01	29.46

(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 five most recent fiscal years ended June 30.

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

Fiscal Year	Total Debt Service(1)	Total General Expenditures(2)	Ratio of Debt Service to General Expenditures
2007	$4,112,798	$112,620,940	3.65%
2008	4,522,554	127,799,901	3.54
2009	4,464,890	132,387,403	3.37
2010	4,284,282	131,350,938	3.26
2011	4,591,255	118,522,921	3.87

(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 18, 2011. 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 2000 Census, was 878,683, an increase of 15.7 percent since the 1990 Census. The Metropolitan Washington Council of Governments' (WMCOG) population estimate shows 964,100 for the County on July 1, 2010 and over 1 million by 2015.

	Households	Population	Population Percent Change from Prior Census
2015	377,000	1,001,000	13.9%
2010	360,500	964,100	9.7
2009	357,860	960,800	9.3
2008	355,250	953,685	8.5
2007	352,650	941,491	7.1
2006	350,060	935,168	6.5
2005	347,500	928,916	5.7
2004	337,838	920,965	4.8
2003	336,613	914,893	4.1
2002	334,500	906,145	3.1
2001	329,000	893,275	1.7
2000 (U.S. Census)	324,565	878,683	15.7
1990 (U.S. Census)	283,400	759,600	31.2
1980 (U.S. Census)	207,195	579,053	10.8
1970 (U.S. Census)	156,674	522,809	53.3
1960 (U.S. Census)	92,433	340,928	107.4
1950 (U.S. Census)	45,264	164,401	-------

Note: Data for total population for 2001 to 2008 from the Bureau of Economic Analysis, U.S. Department of Commerce. Data for 2009 from the American Community Survey, U.S. Census Bureau, and 2010 and 2015 from the Metropolitan Washington Council of Governments (MWCOG), Round 8.0 Cooperative Estimates (July 2010). Data for households for 2001 and 2002 from *Sales and Marketing Management* issues of "Survey of Buying Power." Data for households in 2003 to 2004 from the American Community Survey, U.S. Census Bureau, and household data for 2005 through 2015 derived from the Demographic Forecast Model from MWCOG (Round 8).

Median Age

	1950	1960	1970	1980	1990	2000
Median Age	29.5	28.1	27.9	32.1	33.9	36.8

Sources: U.S. Bureau of the Census and M-NCPPC Montgomery County Department of Park and Planning, Research and Technology Center, revised May 2001.

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 81.1 percent of the total workforce in 2010, the latest available annual data. The following tables present the County's employment by industrial sector.

Payroll Employment

	1990	2000	2010
TOTAL PRIVATE SECTOR	307,490	365,022	358,172
PUBLIC SECTOR EMPLOYMENT:			
Federal	42,713	39,615	45,072
State	1,634	1,100	1,199
Local	27,011	33,084	37,140
TOTAL PUBLIC SECTOR	71,358	73,799	83,411
GRAND TOTAL	378,848	438,821	441,583

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

[The remainder of this page has been intentionally left blank.]

Due to reclassification by the Bureau of Labor Statistics, U.S. Department of Commerce, of private-sector industrial categories from the U.S. Standard Industrial Classification (SIC) system to the North American Industrial Classification System (NAICS) beginning with the 2001 employment statistics, there is no longer a historical comparison available within the private sector employment categories for years prior to 2001. The table below provides a comparison of the payroll employment data for 2009 and 2010 based on the new classification system.

Payroll Employment
(NAICS Series)*

	2009	2010	Difference	Percent Change
TOTAL PRIVATE SECTOR	361,284	358,172	(3,112)	-0.9%
GOODS-PRODUCING	38,373	35,443	(2,930)	-12.5%
Natural Resources and Mining	719	796	77	10.7%
Construction	24,223	22,291	(1,932)	-8.0%
Manufacturing	13,431	12,356	(1,075)	-8.0%
SERVICE PROVIDING	322,738	322,729	(9)	-0.3%
Trade, Transportation, and Utilities	56,566	57,287	721	1.3%
Information	14,117	12,818	(1,299)	-9.2%
Financial Activities	31,908	30,830	(1,078)	-3.4%
Professional and Business Services	99,577	100,075	498	0.5%
Education and Health Services	61,977	63,188	1,211	2.0%
Leisure and Hospitality	37,133	36,894	(239)	-0.6%
Other Services	21,460	21,637	177	0.8%
UNCLASSIFIED	173	0	(173)	-100.0%
PUBLIC SECTOR EMPLOYMENT	82,021	83,411	1,390	1.7%
Federal Government	43,158	45,072	1,914	4.4%
State Government	1,029	1,199	170	16.5%
Local Government	37,834	37,140	(694)	-1.8%
GRAND TOTAL	443,305	441,583	(1,722)	-0.4%

*Source: North American Industrial Classification System.

During the first nine months of 2010, the County's unemployment rate averaged 5.7 percent. The following table presents the County's labor force, employment and unemployment for the calendar years 1998 through 2009 and annualized data based on the first nine months of 2010.

Montgomery County's Resident Labor Force
Employment & Unemployment*

	Labor Force	Employment	Unemployment	Unemployment Rate
2010**	509,520	480,644	28,875	5.7%
2009	513,689	486,329	27,360	5.3
2008	519,944	502,940	17,004	3.3
2007	516,790	502,904	13,886	2.7
2006	517,532	502,959	14,573	2.8
2005	508,250	492,431	15,820	3.1
2004	497,203	481,248	15,956	3.2
2003	496,222	479,675	16,548	3.3
2002	496,101	478,782	17,319	3.5
2001	490,213	475,049	15,164	3.1
2000	489,050	476,197	12,853	2.6
1999	478,946	470,018	8,928	1.9
1998	472,944	462,620	10,324	2.2

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

*Data for 2005 through 2009 were revised by DLLR and BLS to incorporate intercensal population controls for 2000.
**Based on the rate of change in the averages of the first nine months of 2009 and 2010

Federal Government Employment

The County is home to 23 Federal agencies in which nearly 69,000 civilians are employed, including a significant number of non-Federal employees working as consultants or researchers. The National Institutes of Health in Bethesda (part of the Department of Health and Human Services) is one of the nation's centers of medical research. The following is a partial list of Federal agencies in the County and their estimated employment in 2008.

Department of Health and Human Services	39,979
National Institutes of Health	
Food and Drug Administration	
Other	
Department of Defense	14,709
Naval Medical Command	
National Geospatial Intelligence Agency	
Walter Reed Army Medical Center/Institute of Research	
Naval Surface Warfare Center	
Army Laboratory Center	
Other	
Department of Commerce	8,749
National Oceanic & Atmospheric Administration	
National Institute of Standards & Technology	
Nuclear Regulatory Commission	2,972
Department of Energy	2,070
Consumer Product Safety Commission	338

Source: M-NCPPC Montgomery County Department of Park and Planning, Research and Technology Center (2008 data).

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
Adventist Healthcare*	6,911
Lockheed Martin	5,025
Marriott International Inc. (Headquarters)	3;957
Giant Food Corporation	3,890
Holy Cross Hospital	2,649
Clark Enterprises	2,450
Government Employees Insurance Company (GEICO)	2,300
Westat, Inc.	1,900
Discovery Communications, Inc.	1,699
MedImmune/Astra Zeneca	1,658
International Business Machines (IBM)	1,642
Capital One (Headquarters) (formerly Chevy Chase Bank)	1,600
Suburban Hospital	1,400

*Includes Shady Grove and Washington Adventist Hospitals

Note: The employee numbers listed are best estimates taken during the spring of 2010 from various sources, including first-hand research by the County's Department of Economic Development, and Dun & Bradstreet's online database.

Personal Income

Actual personal income of County residents reached $64.4 billion in calendar year 2008 and is estimated to total approximately $65.3 billion in 2009 and $67.7 billion in 2010. The County's total personal income experienced a growth rate of 2.4 percent in 2008, less than the nation's growth rate of 4 percent, and lower than the State's rate of 3.6 percent. The County's total personal income is estimated to increase a modest 1.3 percent in 2009 then accelerate to 3.7 percent in 2010, which is well below the eight-year (2000-2007) annual average growth rate of 5.4 percent.

The County, which accounts for just over 16.9 percent of the State's population in 2008, is expected to account for 23.8 percent of the State's total personal income in 2010, which is the same percentage as the previous ten-year average.

Total Personal Income
($ millions)

Calendar Year	Montgomery County	Maryland	U.S.	Montgomery County as Percent of Maryland
2010 (est.)	$67,670	$283,948	$12,300,500	23.8%
2009 (est.)	65,250	275,143	12,165,474	23.7
2008	64,404	273,934	12,379,745	23.5
2007	62,902	264,375	11,899,853	23.8
2006	60,473	245,879	11,268,100	24.6
2005	55,807	232,950	10,485,900	24.0
2004	51,907	220,127	9,937,200	23.6
2003	48,534	205,737	9,378,100	23.6
2002	47,042	198,823	9,060,100	23.7
2001	45,538	191,657	8,883,300	23.8
2000	43,575	181,957	8,559,400	23.9

Notes: Actual data from U.S. Department of Commerce, Bureau of Economic Analysis, revised May 2009 (County, State, U.S).
Estimates for Montgomery County (2009-2010) by Montgomery County Department of Finance.
Estimates for Maryland (2010) by State of Maryland, Bureau of Revenue Estimates and the United States (2010) by the Montgomery Department of Finance based on 2007-2009 annual data.

Average Household and Per Capita Personal Income

The County's total personal income reached $64.4 billion in calendar year 2008, up from $62.9 billion in 2007, and per capita income is expected to reach $70,190 in 2010, up from $67,531 in 2008. Average household income is expected to increase from $181,290 in 2008 to $187,710 in 2010.

Per Capita and Average Household Income, 2008

County	Per Capita Income	County	Average Household Income
Marin, CA	$93,159	Marin, CA	$226,493
Fairfield, CT	79,108	Fairfield, CT	218,386
Westchester, NY	77,192	Westchester, NY	215,408
San Mateo, CA	73,839	Somerset, NJ	209,672
Arlington, VA	72,317	San Mateo, CA	205,372
Somerset, NJ	72,201	Nassau, NY	204,239
Morris, NJ	71,812	Morris, NJ	198,591
Fairfax, VA	69,885	Fairfax, VA	198,475
Montgomery, MD	**67,531**	**Montgomery, MD**	**181,290**
Nassau, NY	65,668	Rockland, NY	177,669
Norfolk, MA	63,935	Santa Clara, CA	176,874
Montgomery, PA	63,002	Douglas, CO	174,746
Collier, FL	62,559	Howard, MD	172,705
Howard, MD	62,098	Collier, FL	168,219
Douglas, CO	60,361	Norfolk, MA	166,159
Middlesex, MA	60,093	Lake, IL	166,058
Santa Clara, CA	59,227	Arlington, VA	164,595
Palm Beach, FL	58,358	Montgomery, PA	162,752
Contra Costa, CA	57,874	ContraCosta, CA	161,279
Rockland, NY	56,312	Middlesex, MA	157,876

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. These counties are primarily suburban in nature; no city or town accounts for 40 percent or more of the total population.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, "Survey of Current Business", May 2009, for total personal income and per capita data; the Department of Finance used data from the U.S. Department of Commerce, Bureau of the Census, *American Community Survey* for 2007, for the number of households in each county.

Education

The 2005 Census Update Survey indicated that County residents, on average, are highly educated. The proportion of County residents 25 years old or over completing four or more years of college increased from 33.2 percent in 1970 to 63.6 percent in 2005. Advanced degrees are held by 35 percent of the adult population. High school graduates account for 92.2 percent of the County population aged 25 and over, above the 79.5 percent proportion in 1970, the 87.3 percent in 1980, and the 90.3 percent in 2000.

Within a 40-mile radius of Montgomery County, there are 32 colleges and universities offering degrees in various disciplines. Many of those 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.

Secondary Education

College	Student Enrollment
American University, Washington, DC	12,241
Catholic University, Washington, DC	6,768
Hood College, Frederick, MD	2,448
Howard University, Washington, DC	10,491
Johns Hopkins University, Baltimore, MD	6,754
Montgomery College, Rockville, MD (2-year)*	26,174**
University of Maryland, College Park, MD	37,000

* 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.

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 200 elementary and secondary schools. The operating budget is $2.104 billion for fiscal year 2011, a 4.3 percent decrease over the prior year, and the fiscal years 2011-2016 capital improvements budget is $1.386 billion. The emphasis that County residents place on education is reflected in budgeted per pupil operating expenditures of $13,862 in fiscal year 2011, and in the high percentage of high school graduates who continue formal education. In fiscal year 2011 projected enrollment is 143,309 students.

Transportation

Ride-On Bus System

The County Ride-On bus system operates on 76 routes and is designed to complement the service provided by other transit operators in the County. All but two of those routes serve one or more of the 12 Metrorail Red Line or MARC Rail Stations in the County. In fiscal year 2010, approximately 27.9 million passenger trips took place on the County system. The entire fleet consists of 352 buses owned and operated by the County, which travel approximately 14 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. A special ad valorem tax is levied on certain commercial and residential property located within each district to pay debt used to finance parking facilities within the district, the maintenance and operation of such facilities, and capital construction projects within each district. Other 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 issued parking revenue bonds in the amount of $97.6 million for land acquisition, construction, repair and renovation of parking facilities. During fiscal year 2010, the four districts collectively had in service 18 garages with approximately 17,030 parking spaces, 22 surface lots with 1,837 spaces and 2,302 on-street metered 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 by Metrorail. In 2009, the airport served approximately 17.6 million passengers on commercial, general aviation and commuter flights, a 2 percent decrease from 2008.

Dulles International Airport is located in adjacent Fairfax/Loudoun counties in Virginia and offers commercial, general aviation and commuter service. Dulles served 23.2 million passengers in 2009, a 2.8 percent decrease from 2008. The 16-mile Dulles Access Highway provides two dedicated lanes in each direction and a direct connection to Interstate 66 and the Capital Beltway.

Baltimore-Washington International Thurgood Marshall Airport (BWI) is located in Anne Arundel County, Maryland. Approximately 20.95 million passengers used the airport in 2009, an increase of 2.3 percent over 2008. As part of a recently completed five-year expansion program, BWI added a new terminal facility, parking garages, multiple skywalks, and a new rental car facility.

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 13,368 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 a 106-mile regional network connecting 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 29.4 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, Viers Mill Road, and Colesville Road. Approximately 150 Metrobuses operate on 39 routes in the County.

MARC Rail

The Maryland Mass Transit Administration operates MARC commuter rail service with 10 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 $243 million to the local economy. Over $84 million comes from the County's thriving equine industry, about $126 million from horticulture, and $33 million from traditional agriculture. There are more than 561 farms and 350 horticultural enterprises in the County. 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 $19.3 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 (71,622 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 Department of Economic Development-Agricultural Services Division 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 Division 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 asset events during the current fiscal year included $1.1 million to purchase preservation easements on farmland in agricultural zones to preserve farmland not protected by Transferable Development Rights (TDRs).

Federal Spending

Federal spending remains an important contributor to the Washington area's economy. According to a George Mason University study, total Federal spending accounts for nearly a third of the metropolitan Washington gross regional product. The success of the region's economy is closely linked to the Federal economy, and the Federal government remains, either directly as an employer or indirectly through Federal spending, the primary source of regional economic growth.

The importance of Federal spending in the Washington metropolitan region, and particularly in Montgomery County in is exhibited in the percent of total Federal spending targeted to the Washington Metropolitan Statistical Area (MSA). While total Federal spending in Federal fiscal year (FFY) 2009 amounted to $3,238 billion nationwide, the Washington MSA received $181.8 billion, a 5.6 percent share. Montgomery County received $27.9 billion, a 0.9 percent share of the total Federal spending and 15.4 percent of the region's share. While growth in total Federal spending is robust for all categories, by far the strongest growth is in procurement. As the table below shows, this category consistently grew for the nation and the Washington metropolitan area every year since 2000 and nine of the past ten years for Montgomery County. These data also show that Federal procurement spending in Montgomery County achieved significant gains in that period, closely tracking growth in the region as a whole. Approximately $27.9 billion in total Federal spending in Montgomery County is estimated to represent approximately 42.2 percent of total personal income for the County as the Federal government boosts economic activity through salaries and wages, transfer payments, and purchases of goods and services with the County's private sector industries. Federal procurement for the County reached $17.5 billion in Federal fiscal year 2009, an increase of 118.8 percent over Federal fiscal year 2008, which, based on available data, was the highest level for the County to date.

Federal Procurement Trends
2000-2009*
($ billions)**

Fiscal Year	Montgomery County	Washington MSA	U.S.
2009	$17.5	$96.9	$550.8
2008	8.0	69.3	514.2
2007	6.6	59.5	440.4
2006	7.8	57.4	408.7
2005	7.7	54.6	381.0
2004	7.5	52.8	339.7
2003	5.7	44.2	327.4
2002	5.0	37.3	271.0
2001	3.9	32.3	246.2
2000	3.8	29.2	223.3

* Federal fiscal year (October 1 through September 30)
** Amounts shown in current dollars (not adjusted for inflation).
Source: U.S. Bureau of the Census, Consolidated Federal Funds Report, fiscal years 2000-2009.

New Construction

Between fiscal year 2001 and fiscal year 2002, the number of new construction projects increased 5.5 percent. At the same time, the value of new construction added to the real property tax base increased nearly 16 percent. However, between fiscal years 2002 and 2005, the number of construction starts decreased 56.8 percent. Conversely, the value of new construction between fiscal years 2002 and 2005 increased from $1.5 billion in fiscal year 2002 to nearly $1.7 billion in fiscal year 2005, an increase of 10.6 percent. Since that time, the value of new construction declined from $1.7 billion in fiscal year 2005 to less than $1.4 billion in fiscal year 2010, a decrease of 20.8 percent. While each category within the tax base exhibited volatility from year to year, such volatility did not affect the growth in new construction between fiscal years 2000-2005. Because of the decline in the construction of apartments and commercial/industrial properties beginning in fiscal year 2006 and ending in fiscal year 2009, the combined total non-inflation adjusted value of all new construction during those fiscal years were at their lowest levels since fiscal year 2002. Because of the depressed housing market beginning in late 2005, the value of new residential construction declined 42.2 percent between the peak in 2007 and 2010.

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

Fiscal Year	Construction Starts	Residential	Apartments	Condominiums	Commercial/ Industrial	All Other	Total
2010	849	$599.4	$19.7	$180.3	$354.7	$226.6	$1,380.7
2009	738	724.1	5.8	455.4	229.5	0.0	1,414.8
2008	952	882.7	25.8	318.5	256.6	0.0	1,483.6
2007	985	1,040.1	22.9	211.4	312.6	19.5	1,606.5
2006	1,580	978.3	41.2	132.9	384.6	4.8	1,541.8
2005	2,077	874.2	82.5	121.2	588.4	1.7	1,668.0
2004	2,758	892.4	21.0	176.4	559.1	3.0	1,651.9
2003	4,062	1,023.5	49.9	133.2	426.9	1.2	1,634.7
2002	4,807	896.1	19.4	70.8	520.7	1.3	1,508.3
2001	4,555	878.5	53.7	88.2	276.0	4.4	1,300.8
10 Year Summary		$8,789.3	$341.9	$1,888.3	$3,909.1	$262.5	$15,191.1
Categories as Percent of Total		57.9%	2.3%	12.4%	25.7%	1.7%	100.0%

Notes: Property assessed at full cash value effective in fiscal year 2002 with prior years adjusted to full cash value.
Construction starts for fiscal year 2006 are revised.
Source: Dodge Analytics, McGraw-Hill Construction, and Maryland State Department of Assessments and Taxation.

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.

Technology Corridors

The I-270 Technology Corridor is an internationally recognized life sciences and advanced technology center. It is home to over 1,000 biotechnology and advanced technology companies, including Human Genome Sciences, Lockheed Martin, MedImmune/Astra-Zeneca, IBM and Hughes Communications. The corridor continues to grow with over 18 million square feet of additional commercial and industrial development in the pipeline.

The Montgomery County Council voted to approve the Great Seneca Science Corridor Master Plan in May 2010. The long-term plan will allow the area near Shady Grove Road and Darnestown Road to develop into one of the nation's premier areas for scientific research and development. According to the approved plan, the Great Seneca Science Corridor calls for 17.5 million square feet of development anchored by Johns Hopkins University and would allow a maximum of 9,000 dwelling units and approximately 52,500 jobs. The U.S. General Services Administration selected the Montgomery County campus of Johns Hopkins University as the site for the National Cancer Institute's consolidated headquarters.

The Council also approved the White Flint Sector Plan in March 2010. The plan targets future growth along Rockville Pike with development clustered around about 430 acres near the White Flint Metro Station. It will allow replacement of aging low-rise commercial properties in the area with mixed-use buildings as tall as 30 stories. The revitalized new urban neighborhood would include residences, offices, service-oriented businesses, restaurants and entertainment venues. Plans for almost six million square feet of new development were submitted for approval in White Flint. Federal Realty Investment Trust (FRIT) proposed 3.44 million square feet of mixed-use development for Mid-Pike Plaza, a retail center located at the corner of Rockville Pike and Old Georgetown Road. FRIT's development plan is comprised of 1.14 million square feet of office space, 1,725 dwelling units, a 125-room hotel and 304,200 square feet of retail. For its part, the JBG Companies submitted plans for the next phase of development at North Bethesda Market. The plans include over 700,000 square feet of new residential and commercial space. A sketch plan for North Bethesda Gateway proposed 1.7 million square feet, half office and half residential, in the southeast quadrant of Rockville Pike and Nicholson Lane.

Ground broke for the 14-story, 362,000 square-foot building located steps from the White Flint Metro Station in North Bethesda. The U.S. Nuclear Regulatory Commission will occupy the space in the largest new office lease signed in Maryland so far this year. Choice Hotels International, Inc. recently announced its decision to relocate its headquarters from Silver Spring to downtown Rockville. The company will invest $65 million to construct a 125,000 square foot Class A office building at the corner of Hungerford Drive (MD 355) and East Middle Lane. Choice Hotel also proposed a 100,000 square foot building in the vicinity to open a Cambria Suites hotel.

The City of Gaithersburg partnered with Scheer Partners to establish a life sciences accelerator facility at 21 Firstfield Road in Gaithersburg. The 53,000 square-foot building received more than $6 million in laboratory related renovations and features shared services such as an autoclave and glass wash system. The City of Gaithersburg is waiving all interior commercial-renovation permit fees and is providing a tenant fit-up grant of up to $3 per square foot on a reimbursement basis. Zyngenia, Inc., a biotherapeutics company, is the first tenant in this building, occupying 14,000 square feet. Integrated BioTherapeutics, a biotech company specializing in anti-infective vaccines and drugs, is scheduled to relocate its headquarters from Germantown to the accelerator facility.

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. The $900 million FDA Headquarters Consolidation project is continuing its long-term build out, occupying 130 acres of the 660-acre Federal Research Center in White Oak. The new FDA campus will include over 2.1 million square feet of office, lab and support facilities. There are already over 5,500 FDA employees located on the campus, which will house up to 8,889 total employees by project completion in 2014.

Recognizing the economic importance of such a large Federal user like the FDA, the County is planning a new Science and Technology Center on a 115-acre site just northeast of the FDA campus. The East County Center for Science and Technology will feature over 800,000 square feet of development. Percontee Inc. proposed redeveloping a 300-acre development near the East County Center for Science and Technology into a mixed-use community called LifeSci Village. Current plans for LifeSci Village outline roughly two million square feet of life science and tech uses, including educational and clinical facilities, research labs and regular office space; two million square feet of retail space, hotel rooms and a conference center; and three to four thousand residencies. In addition, Washington Adventist Hospital will be moving and updating this facility to a parcel adjacent to the East County Center for Science and Technology.

Central Business Districts

The County is committed to promoting new investment in its Central Business Districts (CBD). 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.

Downtown Silver Spring

Since 1998, the State and Montgomery County invested a total of over $186 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.

Through a public-private partnership with developer Foulger Pratt, the downtown Silver Spring project has over 800,000 square feet of retail, office, restaurant, hotel, and entertainment space, plus two new parking garages. The first phase was completed in 2000, and features 100,000 square feet of retail space, including Whole Foods Market and Strosniders Hardware. In 2001, the project was expanded to include additional services and retail centers serving the neighborhood.

Since 2004, an array of new restaurants and shops were added as new sections were completed, including but not limited to, , Red Lobster, Panera Bread, Austin Grill, Pier 1, Men's Wearhouse, Ann Taylor Loft, Starbucks, Washington Sports Club, and the Maryland Youth Ballet. The Regal Majestic 20 movie theater with its 20 screens and 4,500 seats has, along with the American Film Institute (AFI), made downtown Silver Spring a significant entertainment destination. Each year the AFI Silver Theatre and Discovery Communications co-sponsor the Silverdocs international documentary film festival which attracts an estimated 20,000 people. Additionally, Downtown Silver Spring has over 190 free diverse and multicultural events per year within the development including festivals, concerts, movies and fashion shows.

United Therapeutics, an innovative locally grown biotech company, began construction on the third phase of its headquarters/research/laboratory campus in downtown Silver Spring. The third phase includes an eight-story building with an integrated public use space and stand alone circular retail building. The first level will be comprised of retail space and the remaining seven stories will consist of office and laboratory space associated with the biotechnology company. United Therapeutics will total 213,000 square feet on both corners of Spring and Cameron streets in downtown Silver Spring when it is completed around 2012. This is a massive outgrowth from its 8,000 square foot dwelling on Spring Street just 11 years ago.

The new Paul S. Sarbanes Silver Spring Transit Center is designed for integrated private transit oriented development. The private transit oriented development, which will be paid for with private funds, is a mixed use project comprised of two residential towers with 450 apartments and condominiums and a 200 room hotel. The private transit oriented development will generate over 4,200 additional daily bus and rail trips for a 7 percent increase in baseline transit ridership at the Transit Center. The $193.6 million Transit Center mixed-use development project, including retail, residential, hotel and restaurants alongside an inter-modal transportation hub linking bus, rail, and other transportation services, is currently under construction. This expanded gateway to downtown Silver Spring is scheduled to be completed in the fall of 2011.

The Fillmore broke ground in September 2010, and is slated to open in September 2011. Live Nation will provide a variety of programming including rock, jazz and blues for the venue, which will cater to the culturally diverse community. This much-anticipated music venue will be operated as a standing room only venue and is being designed to accommodate 2,000 people. The Fillmore project is a unique public-private partnership between Montgomery County, Lee Development Group and Live Nation. The Fillmore project will bring revitalization to the north side of Colesville Road generating foot traffic on the street before and after shows. Moreover, the Fillmore will also reinforce Silver Spring's growing reputation as a destination for arts and entertainment complementing existing venues including the AFI Silver Theatre, the Round House Theater, the Regal Majestic 20 movie theater, the Maryland Youth Ballet, Pyramid Atlantic, and the Montgomery County Performing Arts Center at the Montgomery College Takoma Park / Silver Spring Campus.

Also in the downtown core, the Silver Spring Civic Building and Veterans Plaza opened in July 2010, providing a 42,000 square foot building with six community use rooms and a 5,200 square foot Great Hall. The facility houses the Silver Spring Regional Services Center and the administrative offices of the Round House Theatre Company. In addition, the facility has a large pedestrian plaza (Veterans Plaza) which includes a pavilion. The Plaza is home to the annual Silver Spring Jazz festival, held the second Saturday of each September. The pavilion also houses three artistic panels dedicated to Veterans, featuring letters to and from home, created by Toby Mendez Studios.

In the southern part of downtown, the 20,000 square foot Silver Spring Innovation Center, the second of five business incubators in the County's Innovation Network, opened in 2004, along with the State's new $18.4 million District Courthouse. A new $13.3 million fire station, which includes a satellite police station and the Silver Spring Urban District office, opened in 2006.

The new 65,000 square foot Silver Spring Library broke ground in August 2010. The seven-story building will be multi-purpose, with the first two floors designed as an art center with a combination of functions such as classes, offices and an art gallery. Pyramid Atlantic will be an anchor arts/non-profit tenant for the activation of the street at ground level. Floors 3, 4, and 5 will hold the library, and the 6th floor is set aside for the Department of Health and Human Services. The top floor will hold meeting rooms for the library. This building is being designed to achieve LEED Silver certification and will have green vegetated roofs. The State of Maryland expressed an interest in incorporating a Purple Line station into this project. Montgomery County issued a request for qualifications for developers interested in forming a public-private partnership to build housing on a County-owned 120,000 square foot property abutting the site of the proposed library. The property has the capacity for 120 units of which 30% will be designated as moderately priced housing units, 30 percent as workforce housing and 40 percent as market rate units.

In addition to being a destination for work, entertainment, and shopping, downtown Silver Spring is established as a place where people are attracted to live. More than 5,000 units of rental housing provide a solid residential base for downtown Silver Spring. Ground broke for the 17-story building on 1150 Ripley Street just off Georgia Avenue on August 30, 2010. This 417,000 square-foot, 286-unit apartment complex is being developed by Bethesda-based Washington Property Company. It is the first major construction project within the Ripley District in almost 20 years. This apartment building will have an array of studios and one and two bedrooms units and feature 7,000 square feet of service retail on the ground floor. The County's Department of Housing and Community Affairs provided $5 million in short-term financing to Washington Property Company through its Housing Initiative Fund to spur residential development in downtown Silver Spring. The first units are scheduled to be delivered in 18 months with full delivery expected in the summer of 2012.

Construction began for the Galaxy at 8025 13th Street in Silver Spring in August 2010. The building will have 195 rental units with 113 market rate units and 82 subsidized units for occupants making less than 60 percent of the Area Median Income. The project received a $5 million loan from the County's Housing Initiative Fund.

Home Properties has proposed developing 9.7 acres of land at the corner of 16th Street and East-West Highway. The proposed development project calls for constructing a multi-building complex totaling some 1,250 rental apartments upon completion. Four separate buildings connected by pedestrian pathways will surround pockets of green space and landscaped courtyards featuring a swimming pool, pond and water fountain. Over 150 units will be designated as moderately priced while at least another 59 will be reserved as workforce housing. Also divided among the four buildings is the proposed 70,000 square feet of retail space, with an anchor space set to become a major grocery store. Foulger-Pratt is also in design for another 200 unit residential building, The Ellsworth, in "Downtown," off Colesville Road.

Wheaton

The limited size of Wheaton's Central Business District (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.

In January 2010, the County, in association with two other public entities, Washington Metropolitan Area Transit Authority (WMATA) and Maryland-National Capital Park and Planning Commission (M-NCPPC), issued a "Request for Qualifications (RFQ) for Public-Private Partnership for the Design, Construction and Financing of Transit-Oriented Development for the Wheaton Central Business District." The purpose of this RFQ was to select a private real estate development partner with the experience, capability and financial capacity to complete viable, sustainable redevelopment projects in downtown Wheaton. The public partners leveraged ten public properties throughout Downtown Wheaton to induce private development, with the expectation that a selected developer would aggregate private property in addition to public sites.

In July 2010, the public partners announced B.F. Saul Companies (Saul) as the developer selected through the RFQ process. Saul will address the development of five of the public properties (7.6 acres) identified in the RFQ and the potential aggregation of additional privately-owned, adjacent properties. It is anticipated that this partnership will result in some one million square feet of redevelopment. Situated in Wheaton's downtown core, these sites are immediately proximate to the Metro Red Line station and bus depot. The first phase of the project, concept development, is expected to be completed mid-2011.

The Wheaton CBD and Vicinity Sector Plan is currently under revision and its review and adoption by the County Council is anticipated by the end of 2011. The sector plan will promote new transit-oriented, "smart growth" development in downtown Wheaton. Such development will enhance Wheaton's strong retail base, which includes a newly renovated regional shopping mall (Westfield Wheaton), and over 300 locally owned and operated small businesses, including more than 80 restaurants.

Planning for a 2012 opening, Costco partnered with Westfield Wheaton to occupy approximately 148,000 square feet, which will enhance the Mall's regional draw. The addition of Costco is expected to bring additional national and regional retail chains to the Mall as well. Capitalizing on Wheaton's retail strength, the County seeks to enhance Wheaton's urban character and improve it further by attracting more arts/entertainment-related entities, and encouraging more mixed-use development. It will continue to use its designations as both an Enterprise Zone and an Arts and Entertainment District to move this type of development forward.

Safeway will demolish its existing 23,000 square foot store on Georgia Avenue and, in partnership with Patriot Realty Co, develop a mixed-use residential/retail project on site. The project will include a new 59,500 square foot Safeway with a 17-story, 486- unit apartment building constructed above it. The project will be built to LEED - Silver standards. It sits directly across the street from the Metro Red Line subway entrance.

Washington Property Co. is planning to develop a six-story, 221-unit apartment complex on Georgia Avenue at the site of the First Baptist Church of Wheaton. The Church is relocating to Olney Md. The project will be one block south of the Metro Red Line station. Avalon Bay Properties is reviving its project on Georgia Avenue, approximately 1/3 mile north of the Metro subway line. Originally planned as a mixed-use residential/street-level retail project, plans were changed to an exclusively residential project.

Centex Homes, now owned by Pulte, continues to build and sell townhouse units at its "Leesborough" project on Georgia Avenue, recently receiving approvals to build another 20 townhouses in addition to the

100 units already on the site. Bozzuto Development Corp. and the Housing Opportunities Commission of Montgomery County completed Metro-Pointe, a mixed-use residential/retail project situated near the existing Wheaton Metro Station Kiss-and-Ride lot. The 173 residential units (30 percent affordable housing) are fully leased. The project also includes retail space totaling 3,500 square feet.

Georgia Crossing, situated at the intersection of Georgia Avenue and University Boulevard, is a 32,000 square foot multi-use project with street-level retail and mezzanine-level office space. The second phase of Georgia Crossing was completed in early 2009.

Bethesda

Downtown Bethesda is one of the County's major urban business and entertainment centers, with nearly 200 restaurants along with the density of both high-rise office and residential buildings. Downtown Bethesda is a thriving, day and night destination offering residents, visitors and its workforce multi-cultural dining, live theater, cinema, unique shops and numerous special events and festivals. In the past several years, Bethesda opened Round House Theatre, Imagination Stage, and Bethesda Row Landmark Theatre as marquee entertainment organizations that highlight classical plays, children's theatre, and independent and foreign films.

Bethesda has a workforce of over 46,000 and includes employees who work for some of the region's most notable employers, including Capital One (formerly Chevy Chase Bank), Clark Construction Group, Development Alternatives and American Capital Strategies. In February 2010, the International Baccalaureate Organization signed a lease for 33,000 square feet of real estate at 7501 Wisconsin Avenue to relocate its American headquarters from New York to Montgomery County. This facility will eventually accommodate 250 relocated and new employees. C.W. Capital is consolidating its offices in Washington, D.C. and Montgomery County and is scheduled to move into 48,000 square foot space at 7501 Wisconsin Avenue in December 2010.

The Hilton Garden Inn, Bethesda opened its doors in January 2010. This hotel created 216 additional guestrooms to serve the National Institutes of Health, National Naval Medical Center, and the Bethesda community. The hotel is part of the Air Rights Center, a 700,000 square foot office and retail located on Wisconsin Avenue in the heart of Bethesda. Donohoe Construction plans to construct 80,792 square feet of office space at Battery Lane and Wisconsin Avenue. The company also submitted plans for 150,000 square feet of office space adjacent to the Air Rights Center at 7300 Pearl Street. Bernstein Management proposed a 270,000 square foot office complex as part of a redevelopment of the Bethesda Court Hotel and adjoining properties between Woodmont and Wisconsin Avenues.

Several new planned apartment buildings are expected to add 1,497 new housing units in downtown Bethesda. Bainbridge Companies closed on the Monty site at 4918 St. Elmo Avenue in July 2010. The Monty is a mixed-used project with 200 dwelling units (including 30 moderately priced dwelling units) and 7,200 square feet of retail space and four levels of underground parking. The entire project plans to seek LEED silver certification and should be delivered in October 2012. The Christ Evangelical Lutheran Church received approval for its plan to build a 107-unit residential building combined with a six-story church and community center. The complex will feature an indoor athletic field for community use, public green space, and affordable residences for the elderly and transitional housing for the homeless.

Friendship Heights

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

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

112,000 square foot project facing Wisconsin Avenue developed and managed by The Chevy Chase Land Company of Montgomery County, Maryland. The Collection brought retailers such as Christian Dior, Jimmy Choo and Barney's New York Co-Op to this area for the first time. Tiffany & Company, Georgette Klinger and Cartier were in Chevy Chase for many years and moved down the street to join Collection tenants such as Bulgari, Ralph Lauren, Gucci, Max Mara, and Louis Vuitton.

The second component of Chevy Chase Center is 100,000 square feet of neighborhood-oriented retail, anchored by Giant Food and Pharmacy, which was an original tenant of the Center when it was first developed in the 1950s. Other tenants include Clyde's Restaurant, Sushi Ko Restaurant, Lacoste, Potomac Pizza, Giffords Ice Cream, and many other familiar area and national retailers.

The third component of the project is the 200,000 square foot office tower, which was originally leased in its entirety by The Mills Corporation in 2006. Mills subsequently filed for bankruptcy and put the entire building on the market for sublease, and the space was immediately backfilled by such tenants as New Enterprise Associates, Columbia Partners and The Travel Channel. DHR International moved into the building in 2010.

The latest project in Friendship Heights is Wisconsin Place, a one million square foot mixed-used development on Wisconsin Avenue. Wisconsin Place consists of 305,000 square feet of retail (Bloomingdale's and Whole Foods are the anchor tenants), 432 luxury apartments, 295,000 square feet of office space, a 20,500 square foot community center and a 1,765 space underground parking garage. EDF, Inc. opened its new North American headquarters at Wisconsin Place in October 2010. EDF is a wholly-owned subsidiary of EDF International S.A. of France and an international low carbon energy leader. Wisconsin Place accounts for a significant portion of the development allowed in Friendship Heights under the Friendship Heights Sector Plan. The Plan originally allowed for a total of over 1.4 million additional square feet of office and retail space, and an estimated 635 dwelling units on the former Hecht's and adjacent GEICO properties. One of the first major projects constructed in this Plan was the Chase Tower, a 240,000 square foot retail and office building delivered in November 2001. This luxury Class A tower is now home to the corporate headquarters for Ritz Carlton. Other tenants include Capital Trust and the JBG Companies.

Existing Office/R&D/Commercial Space

As of October 2010, Montgomery County has over 139 million square feet of commercial real estate space (office, flex, R&D, industrial and retail). The weighted direct vacancy rate for the County decreased since December 2009 to 8.4 percent from 8.8 percent.

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 105 million square feet of commercial space. Notable buildings along the I-270 corridor include the 700,000 square foot Capital One Bank headquarters in Bethesda, and the 260,000 square foot Tower Building in Rockville. The Route 29 corridor connects Silver Spring to Burtonsville and includes over 14 million square feet of commercial space. Discovery Communications' 550,000 square foot corporate headquarters in downtown Silver Spring is the signature building in the corridor. Also featured along Route 29 is the Westech Business Park, which includes over three million square feet of office, R&D, light industrial and retail development.

Office/Flex/Industrial/Commercial Space Availability by Major Submarket
As of October, 2010

Montgomery County Office Market	Total Inventory (Square Feet)	Direct Vacant (Square Feet)	Direct Vacancy Rate	Vacancy Rate w/ Sublet
Bethesda/Chevy Chase	16,721,776	960,761	5.7%	7.7%
Gaithersburg	21,493,61	2,012,544	9.4	9.8
Germantown	7,576,790	513,593	6.8	7.4
Kensington/Wheaton	7,700,348	420,671	5.5	5.8
North Bethesda/Potomac	17,050,237	1,712,922	10.0	11.4
North Rockville	22,731,057	2,399,872	10.6	12.2
North Silver Spring/Rt 29	8,690,702	397,549	4.6	5.0
Rockville	18,559,750	1,990,962	10.7	11.5
Silver Spring	13,391,605	973,368	7.3	7.8
Others	5,103,369	237,886	4.7	8.4
Total County	139,019,244	11,620,128	8.4%	9.5%

Note: These figures are provided by CoStar Property, the County's source for commercial real estate information.
*Others include I-270 North, Outlying Montgomery County East, and Outlying Montgomery County West submarkets.

Office/Industrial Projects

Summary

Despite the depressed economy, a few large commercial projects began in Montgomery County in 2010. Construction began for the Fillmore in Silver Spring, and the new headquarters of the Nuclear Regulatory Commission in Bethesda, and the National Cancer Institute in Shady Grove. Additionally, Montgomery County continued to make significant progress developing two strategic Science and Technology Centers. Details on many of these projects appear below.

Public/Private Projects

The Fillmore in Silver Spring

The Fillmore broke ground in September 2010 and is slated to open in September 2011. The Fillmore will be a dynamic new music, entertainment and community use venue in downtown Silver Spring. Live Nation will provide a variety of programming for the venue, which will cater to the culturally diverse community. This much anticipated music venue will be operated as a standing room only venue and is being designed to accommodate 2,000 people.

The Fillmore project is a unique public-private partnership between Montgomery County and Lee Development Group (LDG). The State of Maryland will contribute $4 million and Montgomery County will contribute $6.7 million, for a total of $10.7 million, toward the cost of building the facility, which will be owned by the County. LDG is contributing the value of the land estimated at $3.5 million, as well as developing the project. In addition, Live Nation will contribute up to $2 million in tenant improvements.

East County Center for Science and Technology (ECCST)

The proposed 115-acre Site II development, also known as the East County Center for Science and Technology, is envisioned as a public-private partnership between the County and a yet-to-be selected private developer. The goal is to create a world-class life sciences, education and research campus that will be an economic engine in the eastern portion of the County, and complement nearby Federal agencies, including the consolidated Food and Drug Administration (FDA) headquarters. Currently, the County is taking the property through the State's Voluntary Clean-Up Program, which will determine the type of environmental remediation that will need to occur prior to developing the site.

Montgomery College-Germantown Science and Technology Park

In early 2003, Montgomery College settled on the purchase of a 20-acre site adjacent to the College's Germantown campus. This property was combined with 20 acres of existing undeveloped land on the campus to form a 40-acre site on which a one million square foot Science and Technology Park will be constructed. The purchase of the 20- acre site was made possible by a total of $6.1 million in funding appropriations to the College from the State and County. The preliminary plan for the Science and Technology Park calls for primarily high technology research and development space, with a focus on the life sciences, which will complement the biotechnology programs and curriculum already offered at the Germantown Campus. Once built out, the Science and Technology Park would be home to nearly 4,000 employees. Currently, 25 acres is leased to an anchor tenant. To complement the Science and Technology Park, the College provided space for a 35,000 square foot County-operated business incubator on campus, which is fully occupied with science and technology early stage companies. To complete this three part science and technology project, the 127,000 square foot Bioscience Education Center will soon begin construction and open to students in 2013.

Montgomery County Business Innovation Network

The Montgomery County Business Innovation Network is a program of business incubator facilities that has successfully assisted start-up technology and professional services companies to grow and expand in the County since the first facility, The Maryland Technology Development Center (MTDC), opened its doors in 1998 and was renamed the Shady Grove Innovation Center in September 2009. To date, nearly 125 companies have graduated from the County's incubators. The County opened a second incubator in 2004, called the Silver Spring Innovation Center (SSIC). The SSIC is nearly fully leased to start-up information technology facilities. The success of and demand for the incubator program spurred the County to develop three additional incubators since the opening of the SSIC. The Wheaton Business Innovation Center (WBIC) opened in 2006, and the Rockville Innovation Center (RIC) opened in 2007. The latest addition to the incubator program is the Germantown Innovation Center (GIC), which opened in October 2008.

Private Real Estate Project Delivered in 2010

1040 Spring Street, Silver Spring

United Therapeutics, a biotherapeutics company headquartered in Silver Spring, delivered an eight-story 90,000 square foot building in the summer of 2010. The building features retail space on the first floor and United Therapeutics' laboratory and office space on the remaining floors. The company entered into a partnership with the American Film Institute to program screenings of scientific material on its 12 by 9 foot state-of-the-art video screen. The building received a LEED Gold certification from the U.S. Green Building Council.

Commercial Projects Started in 2010

North Bethesda Center 1, North Bethesda

This 14-story, 362,000 square-foot building is located near the White Flint Metro Station in North Bethesda. The U.S. Nuclear Regulatory Commission will occupy the space in the largest new office lease signed in Maryland. The main-street style, pedestrian-friendly development links all the new buildings to Metro and will include 930,000 square feet of office space, 202,000 square feet of retail space, four apartment buildings and a hotel. The entire North Bethesda Center development is expected to generate approximately 5,400 jobs.

National Cancer Institute

A $200 million new satellite campus of the National Cancer Institute broke ground in September on the Montgomery County campus of Johns Hopkins University. This 575,000 square foot facility will house 2,100 employees of the National Cancer Institute at the Shady Grove Life Sciences Center. This project was made possible through the cooperative efforts of the National Cancer Institute, Johns Hopkins University, the U.S. General Services Administration and The JBG Companies. JBG was selected to develop the complex as twin, seven-story buildings with a parking garage and shops on nine acres overlooking a large pond. JBG will register with the U.S. Green Building Council, and will pursue a LEED Gold certification. A transit stop on the future Corridor Cities Transitway will connect to the Shady Grove Metro station, which will be critical to the success of this transit-oriented project. JBG signed a long-term ground lease with Johns Hopkins, which owns the land, to build the facility, which is scheduled to be delivered in early 2013. It was designed by Washington architect HOK.

Qiagen Sciences, LLC

Qiagen Sciences, a molecular diagnostics company in Germantown, began its North American headquarters and manufacturing facility project in September 2010. This $52 million, 117,000 square-foot expansion on the Germantown campus will enable the company to consolidate several key manufacturing operations and accommodate an expected 90 new jobs. The expansion project will bring the Germantown campus from 181,800 square feet to 300,000 square feet to accommodate office, lab and manufacturing operations. It will feature the addition of a manufacturing wing, a five-story office tower, parking deck and an expanded employee cafeteria.

New Business Additions and Expansions

Montgomery County's Department of Economic Development worked with 208 companies during the first three quarters of 2010 that were interested in expanding in or relocating to the County. The companies that signed commitments to locate or expand in Montgomery County in 2010 are projected to retain and create over 4,758 jobs, lease or construct over 1.2 million square feet of office space, and generate over $195 million in capital investment over the next three to five years. Some highlights of the Department's efforts in 2010 include:

Choice Hotels International, Inc.

Choice Hotels International, Inc., one of the world's largest lodging companies currently headquartered in Silver Spring, announced its decision to move its headquarters to Rockville in October 2010. Since mid-2008, the company was looking for a new headquarters of 130,000 square feet or more in the Washington, DC region to accommodate a growing number of employees and is in negotiations to lease office space in Rockville Town Center. Once at its new location, the company plans to add 75 new employees, adding to its current base of approximately 375 employees in Montgomery County. Also under consideration is a Cambria Suites hotel near the proposed headquarters site to accommodate an estimated 10,000 stays per year generated by employee and franchisee training programs, as well as other community, vendor and hotel developer events.

Zyngenia, Inc.

Zyngenia, a privately held biotherapeutics company, relocated its headquarters from California to Montgomery County in January 2010. The company has over 20 employees and occupies 14,000 square feet at Firstfield Road in Gaithersburg. The formation and planned growth of Zyngenia was spurred by significant venture capital investments, led by a $10 million Series A investment from New Enterprise Associates. Zyngenia uses proprietary technology to enable the development of singular molecular entities that address two or more targets, by combining the activity of two or more biologic therapies into one protein. The company is focusing its early research and development on creating therapies for patients who have unmet medical needs in cancer and autoimmune diseases.

EDF, Inc.

EDF, Inc. opened its new North American headquarters in Chevy Chase in October 2010. EDF is a wholly-owned subsidiary of EDF International S.A. of France and an international low carbon energy leader. The company signed a 10-year lease for 16,000 square feet at 5404 Wisconsin Place. EDF's selection of Montgomery County for its North

American headquarters followed the completion of its previously announced investment in Constellation Energy Nuclear Group, LLC, which is structured as a new joint venture.

Wegmans

Wegmans Food Markets, Inc. signed a lease for 150,000 square feet in Germantown to open a grocery store at the Shops at Seneca Meadows. The store is scheduled to open in 2012. Wegmans will anchor a new mixed-use development at Seneca Meadows Corporate Center that currently contains more than 700,000 square feet of flex, office, high tech and biotech space in 11 buildings with room for an additional 800,000 square feet of mixed-use development.

Kaiser Permanente

Kaiser Permanente purchased a 200,000 square foot office building at 655 Watkins Mill Road in Gaithersburg and plans to convert the building into a medical office site. Kaiser anticipates a summer 2012 opening for the building, which will serve members who are area residents and nearby workers.

Retail Sales

Retail sales, measured by sales tax data collected for the first eight months of 2010, increased in Maryland, but declined in Montgomery County based on adjusted data for the rate increase. Compared to the prior year, when retail sales in the County declined 7.1 percent, sales declined a modest 0.2 percent during the first eight months of 2010 compared to the same period in 2009, showing the effect of the slowdown in housing sales. The declines in purchases of furniture and appliances (down 1.2%) and hardware, machinery, and equipment (down 5.4%) offset the increase in purchases of building and industrial supplies (up 4.1%). Purchases of nondurable goods decreased 4.5 percent during the first eight months of 2010 compared to the same period in 2009. Consumer confidence during this eight-month period was up 21.4 percent for the region compared to the same eight-month period in 2009. Retail sales are traditionally one of the first indicators to reflect changes in consumer behavior. However, the employment situation and housing market in the County may offset the increase in consumer confidence thereby dampening any significant increase in retail sales.

Retail sales in the County improved during the period 2004-2006 compared to the previous two years by growing a robust 6.7 percent in 2004, then moderating to 5 percent in 2005 and moderating further to 3.5 percent in 2006, but increasing 0.1 percent by 2007. During the next two calendar years, retail sales experienced a decline of 4.1 percent and 7.1 percent in 2008 and 2009, respectively. The slowdowns were attributed largely to decreases in furniture and appliances, and building and industrial supplies.

Sales & Use Tax Receipts
By Principal Business Activity

	Montgomery County						Maryland	
	2008		2009		Jan.-Aug. 2010		Jan.-Aug. 2010	
	Pct. Chg .(1)	Share of Total	Pct. Chg. (2)	Share of Total	Pct. Chg. (3)	Share of Total	Pct.\ Chg. (3)	Share of Total
Food and Beverages	0.3%	26.1%	0.2%	28.2%	3.8%	30.0%	3.4%	23.7%
Apparel	-3.0	6.4	-6.7	6.5	-2.9	6.0	-2.2	4.6
General Merchandise	-0.6	18.3	-8.1	18.1	-8.2	15.5	-0.9	17.0
Automotive	-7.1	7.3	2.2	8.0	23.6	9.8	-1.5	6.6
Furniture & Appliances	-18.5	6.9	-22.3	5.7	-1.2	5.7	-7.0	8.3
Building & Industrial Supplies	-11.4	9.1	-17.1	8.1	4.1	8.9	1.3	12.2
Utilities & Transportation	7.3	9.5	-7.9	9.4	-22.8	7.8	-3.7	9.9
Hardware, Machinery & Equipment	-8.1	1.3	-8.2	1.3	-5.4	1.3	-0.1	2.5
Miscellaneous	-6.2	14.4	-9.3	14.1	4.4	14.7	16.2	14.9
Other	-23.6	0.7	-12.5	0.6	-31.6	0.3	-23.2	0.3
Total Retail Sales Tax	-4.1%	100.0%	-7.1%	100.0%	-0.2%	100.0%	1.6%	100.0%

(1) Percent change between 2007 and 2008.
(2) Percent change between 2008 and 2009 adjusted for rate change.
(3) Percent change between the period January through August 2009, and the same period in 2010 adjusted for rate change.
Source: Maryland Comptroller of the Treasury, Revenue Administration Division.

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
2010	$1,082,224,889	$1,064,870,559	98.40%	($16,618,444)	$1,048,252,115	96.86%	$24,752,779	2.29%
2009	1,003,679,078	984,378,292	98.08	(20,121,191)	964,257.101	96.07	20,570,727	2.05
2008	848,638,685	822,982,107	96.98	(22,930,874)	800,051,233	94.27	12,156,570	1.43
2007	808,175,965	801,178,612	99.13	(8,146,428)	793,032,184	98.13	14,118,766	1.75
2006	784,435,018	788,440,342	100.51	1,053,372	789,493,714	100.64	16,757,606	2.14

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), nearly all 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. The tax is imposed prior to the issuance of a building permit.

The original impact tax law was enacted in 1990, was applied for 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; require the County to increase rates by the rate of construction inflation (for the two previous years) in every odd year, for a two year period.

DEBT SUMMARY

Overview

The County Government, four of its agencies, 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 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 in the table on the following page. For additional discussion of particular elements of the County's debt, see the sections that follow.

Statement of Direct and Overlapping Debt
As of June 30, 2010

Direct Debt:		
General Obligation Bonds Outstanding	$1,669,839,285	
General Obligation Variable Rate Demand Obligations	100,000,000	
Short-Term BANs/Commercial Paper Outstanding	425,000,000	
Revenue Bonds Outstanding	87,025,000	
Total Direct Debt		$2,281,864,285
Overlapping Debt:		
Gross Debt:		
Washington Suburban Sanitary Commission Applicable to Montgomery County	865,068,428	
Housing Opportunities Commission	807,730,036	
Montgomery County Revenue Authority	94,487,067	
Maryland-National Capital Park and Planning Commission Applicable to Montgomery County	36,680,290	
Kingsview Village Center Development District	1,995,000	
West Germantown Development District	14,815,000	
Towns, Cities and Villages within Montgomery County	44,958,509	
Total Overlapping Debt		1,865,734,330
Total Direct and Overlapping Debt		4,147,598,615
Less Self-Supporting Debt:		
County Government Revenue Bonds	87,025,000	
Washington Suburban Sanitary Commission Applicable to Montgomery County	865,068,428	
Housing Opportunities Commission	807,730,036	
Montgomery County Revenue Authority	94,487,067	
Maryland-National Capital Park and Planning Commission Applicable to Montgomery County	3,393,262	
Total Self-Supporting Debt		(1,857,703,793)
Net Direct and Overlapping Debt		$2.289.894.822
Ratio of Debt to June 30, 2010 Assessed Valuation of (100% Assessment):		$171,220,840,149
Direct Debt		1.33%
Net Direct Debt		1.28%
Direct and Overlapping Debt		2.42%
Net Direct and Overlapping Debt		1.34%
Ratio of Debt to June 30, 2010 Market Value of:		$179,277,920,655
Direct Debt		1.27%
Net Direct Debt		1.22%
Direct and Overlapping Debt		2.31%
Net Direct and Overlapping Debt		1.28%

*Net Direct Debt of $2,194,839,285 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, 2010

June 30, 2010 Assessed Valuation - Real Property		$167,096,843,537	
Debt Limit (% of Assessed Valuation)		6%	
Subtotal Limitation - Real Property		$10,025,810,612	
June 30, 2010 Assessed Valuation - Personal Property		$4,123,996,612	
Debt Limit (% of Assessed Valuation)		15%	
Subtotal Limitation - Personal Property		$618,599,492	
Total Assessed Valuation - Real and Personal Property		$171,220,840,149	
Legal Limitation for the Borrowing of Funds and the Issuance of Bonds		$10,644,410,104	
Less Amount of Debt Applicable to Debt Limit:			
General Obligation Bonds Outstanding		$1,669,839,285	
General Obligation Variable Rate Demand Obligations	100,000,000		
Short-Term BANs/Commercial Paper	425,000,000		
Net Direct Debt		2,194,839,285	
Legal Debt Margin		$8,442,570,819	
Net Direct Debt as a Percentage of Assessed Valuation			1.28%

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 30 years.

Over the past three decades the composition of County general obligation debt has changed. As more general County bonding was shifted towards schools and roads, a related shift occurred away from general County facilities, parks, and mass transit. In addition, in recent years general obligation debt was not issued to finance parking lot district or solid waste projects. Such projects are financed with revenue bonds or current revenues.

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 below table.

General Obligation Bonded Debt Ratios
2001- 2010

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 Ratio
2001..........	1.57%	8.72%	$1,459	2.97%	71.83%
2002..........	1.55	8.32	1,508	3.03	71.32
2003..........	1.45	8.47	1,543	2.90	71.10
2004..........	1.45	7.98	1,608	2.88	70.94
2005..........	1.30	7.74	1,527	2.61	70.20
2006..........	1.30	7.77	1,701	2.71	69.75
2007..........	1.30	7.83	1,861	2.81	68.92
2008..........	1.18	7.95	1,848	2.70	71.39
2007..........	1.30	7.83	1,861	2.81	68.92
2008..........	1.18	7.95	1,848	2.70	71.39
2009..........	1.13	7.31	1,997	2.83	70.63
2010..........	1.22	7.92	2,277	3.24	69.37

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

Each series of the Bonds was offered by the Commission at competitive bidding on March 21, 2012 in accordance with the Notices of Sale, the forms of which are attached to this Official Statement as Appendix C.

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

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance and sale of each series of the Bonds will be subject to the final approving opinions of McKennon Shelton & Henn LLP, Baltimore, Maryland, Bond Counsel. Such opinions will be available at the time of delivery of the Bonds and will be to the effect that each series of 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 opinions will be substantially in the form of the draft opinions included in this Official Statement. See Appendix B.

TAX MATTERS

State Tax Exemption

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

Federal Income Taxation of Series MC-2012A

Bond Counsel is of the opinion that, assuming compliance with certain covenants described herein, under existing statutes, regulations and decisions, interest on the Series MC-2012A Bonds will be excludable from gross income for federal income tax purposes.

Under the provisions of the Code, there are certain restrictions that must be met subsequent to the delivery of the Series MC-2012A Bonds in order for interest on the Series MC-2012A Bonds to remain excludable from gross income for federal income tax purposes, including restrictions that must be complied with throughout the term of the Series MC-2012A Bonds. These include the following: (i) a requirement that certain investment earnings received from the investment of the proceeds of the Series MC-2012A Bonds be rebated to the United States of America under certain circumstances (or that certain payments in lieu of rebate be made); (ii) other requirements applicable to the investment of the proceeds of the Series MC-2012A Bonds; and (iii) other requirements applicable to the use of the proceeds of the Series MC-2012A Bonds and the facilities financed or refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Series MC-2012A Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The Commission has covenanted to regulate the investment of the proceeds of the Series MC-2012A Bonds and to take such other actions as may be required to maintain the excludability from gross income for federal income tax purposes of interest on the Series MC-2012A Bonds. It is the opinion of Bond Counsel that, assuming compliance with such covenants, the interest on the Series MC-2012A Bonds will remain excludable from gross income for federal income tax purposes under the provisions of the Code.

Further, Bond Counsel is of the opinion that interest on the Series MC-2012A Bonds is not included in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment. However, for purposes of calculating the corporate alternative minimum tax, a corporation subject to such tax will be required to increase its alternative minimum taxable income by 75% of the amount by which its "adjusted current earnings" exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For such purposes, "adjusted current earnings" would include, among other items, interest income from the Series MC-2012A Bonds. In addition, interest income on the Series MC-2012A Bonds may be subject to the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States.

In rendering its opinion, McKennon Shelton & Henn LLP will rely without independent investigation on certifications provided by the Commission with respect to certain material facts within the knowledge of the Commission relevant to the tax-exempt status of interest on the Series MC-2012A Bonds.

See Appendix B hereto for the proposed forms of opinions of Bond Counsel.

Tax Accounting Treatment of Discount Series MC-2012A Bonds

Certain maturities of the Series MC-2012A Bonds may be issued at an initial public offering price, which is less than the amount payable on such Series MC-2012A Bonds at maturity (the "Discount Series MC-2012A Bonds"). The difference between the initial public offering price at which a substantial amount of the Discount Series MC-2012A Bonds of each maturity was sold and the principal amount of such Discount Series MC-2012A Bonds payable at maturity constitutes original issue discount. In the case of any holder of Discount Series MC-2012A Bonds, the amount of such original issue discount which is treated as having accrued with respect to such Discount Series MC-2012A Bonds is added to the original cost basis of the holder in determining, for federal income tax purposes, gain or loss upon disposition (including sale, early redemption or purchase or repayment at maturity). For federal income tax purposes (i) any holder of a Discount Series MC-2012A Bond will recognize gain or loss upon the disposition of such Discount Series MC-2012A Bond (including sale, early redemption or purchase or payment at maturity) in an amount equal to the difference between (a) the amount received upon such disposition and (b) the sum of (1) the holder's original cost basis in such Discount Series MC-2012A Bond, and (2) the amount of original issue discount attributable to the period during which the holder held such Discount Series MC-2012A Bond, and (ii) the amount of the basis adjustment described in clause (i)(b)(2) will not be included in the gross income of the holder.

Original issue discount on Discount Series MC-2012A Bonds will be attributed to permissible compounding periods during the life of any Discount Series MC-2012A Bonds in accordance with a constant rate of interest accrual method. The yield to maturity of the Discount Series MC-2012A Bonds of each maturity is determined using permissible compounding periods. In general, the length of a permissible compounding period cannot exceed the length of the interval between debt service payments on the Discount Series MC-2012A Bonds and must begin or end on the date of such payments. Such yield then is used to determine an amount of accrued interest for each permissible compounding period. For this purpose, interest is treated as compounding periodically at the end of each applicable compounding period. The amount of original issue discount which is treated as having accrued in respect of a Discount Series MC-2012A Bond for any particular compounding period is equal to the excess of (i) the product of (a) of the yield for the Discount Series MC-2012A Bond (adjusted as necessary for an initial short period) divided by the number of compounding periods in a year, multiplied by (b) the amount that would be the tax basis of such Discount Series MC-2012A Bond at the beginning of such period if held by an original purchaser who purchased at the initial public offering price, over (ii) the amount actually payable as interest on such Discount Series MC-2012A Bond during such period. For purposes of the preceding sentence, the tax basis of a Discount Series MC-2012A Bond, if held by an original purchaser, can be determined by adding to the initial public offering price of such Discount Series MC-2012A Bond the original issue discount that is treated as having accrued during all prior compounding periods. If a Discount Series MC-2012A Bond is sold or otherwise disposed of between compounding dates, then interest which would have accrued for that compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Holders of Discount Series MC-2012A Bonds should note that, under applicable regulations, the yield and maturity of a Discount Series MC-2012A Bond is determined without regard to commercially reasonable sinking fund payments and any original issue discount remaining unaccrued at the time that a Discount Series MC-2012A Bond is redeemed or purchased in advance of stated maturity will be treated as taxable gain. Moreover, tax regulations prescribe special conventions for determining the yield and maturity of certain debt instruments that provide for alternative payment schedules applicable upon the occurrence of certain contingencies.

The foregoing summarizes certain federal income tax consequences of original issue discount with respect to the Discount Series MC-2012A Bonds but does not purport to deal with all aspects of federal income taxation that may be relevant to particular investors or circumstances, including those set out above. Prospective purchasers of Discount Series MC-2012A Bonds should consider possible state and local income, excise or franchise tax consequences arising from original issue discount on Discount Series MC-2012A Bonds. In addition, prospective corporate purchasers should consider possible federal tax consequences arising from original issue discount on such Discount Series MC-2012A Bonds under the alternative minimum tax or the branch profits tax. The amount of original issue discount considered to have accrued may be reportable in the year of accrual for state and local tax purposes or for purposes of the alternative minimum tax or the branch profits tax without a corresponding receipt of cash with which to pay any tax liability attributable to such discount. Purchasers with questions concerning the detailed tax consequences of transactions in the Discount Series MC-2012A Bonds should consult their tax advisors.

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

Purchase, Sale and Retirement of Series MC-2012A Bonds

Except as noted below with respect to accrued market discount, the sale or other disposition of a Series MC-2012A Bond may result in capital gain or loss to its holder. A holder's initial tax basis in a Series MC-2012A Bond will be its cost. Upon the sale or retirement of a Series MC-2012A Bond, for federal income tax purposes a holder will recognize capital gain or loss upon the disposition of such Series MC-2012A Bond (including sale, early redemption or payment at maturity) in an amount equal to the difference between (a) the amount received upon such disposition and (b) the tax basis in such Series MC-2012A Bond, determined by adding to the original cost basis in such Series MC-2012A Bond the amount of original issue discount that is treated as having accrued as described above under "Tax Accounting Treatment of Discount Series MC-2012A Bonds." Such gain or loss will be long-term capital gain or loss if at the time of the sale or retirement the Series MC-2012A Bond has been held for more than one year. Under present law, both long and short-term capital gains of corporations are taxed at the rates applicable to ordinary income. For noncorporate taxpayers, however, net capital gains will generally be taxed at a maximum rate of 15%, while short-term capital gains and other ordinary income will be taxed at a maximum rate of 35%. Net capital gains are the excess of net long-term capital gains (gains on capital assets held for more than one year) over net short-term capital losses. Because of the limitation on itemized deductions and the deduction for personal exemptions applicable to higher income taxpayers, the effective rate of tax may be higher in certain circumstances. The operation of sunset, effective date and similar timing provisions in current law could result in a change in the tax rates in certain future time periods.

Market Discount

If a holder acquires a Series MC-2012A Bond after its original issuance at a discount below its principal amount (or in the case of a Series MC-2012A Bond issued at an original issue discount, at a price that produces a yield to maturity higher than the yield to maturity at which such Series MC-2012A Bond was first issued), the holder will be deemed to have acquired the Series MC-2012A Bond at "market discount," unless the amount of market discount is *de minimis,* as described in the following paragraph. If a holder that acquires a Series MC-2012A Bond with market discount subsequently realizes a gain upon the disposition of the Series MC-2012A Bond, such gain shall be treated as taxable ordinary income to the extent such gain does not exceed the accrued market discount attributable to the period during which the holder held such Series MC-2012A Bond, and any gain realized in excess of such market discount will be treated as capital gain. Potential purchasers should consult their tax advisors as to the proper method of accruing market discount.

In the case of a Series MC-2012A Bond not issued at an original issue discount, market discount will be *de minimis* if the excess of the Series MC-2012A Bond's stated redemption price at maturity over the holder's cost of acquiring the Series MC-2012A Bond is less than 0.25% of the stated redemption price at maturity multiplied by the number of complete years between the date the holder acquires the Series MC-2012A Bond and its stated maturity date. In the case of a Series MC-2012A Bond issued with original issue discount, market discount will be *de minimis* if the excess of the Series MC-2012A Bond's revised issue price over the holder's cost of acquiring the Series MC-2012A Bond is less than 0.25% of the revised issue price multiplied by the number of complete years between the date the holder acquires the Series MC-2012A Bond and its stated maturity date. For this purpose, a Series MC-2012A Bond's "revised issue price" is the sum of (i) its original issue price and (ii) the aggregate amount of original issue discount that is treated as having accrued with respect to the Series MC-2012A Bond during the period between its original issue date and the date of acquisition by the holder.

Premium

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

Additional Federal Consideration pertaining to Series MC-2012A Bonds

There are other federal income tax consequences of ownership of obligations such as the Series MC-2012A Bonds under certain circumstances, including the following: (i) deductions are disallowed for certain expenses of taxpayers allocable to interest on tax-exempt obligations, as well as interest on indebtedness incurred or continued to purchase or carry tax-exempt obligations and interest expense of financial institutions allocable to tax-exempt interest; (ii) for property and casualty insurance companies, the amount of the deduction for losses incurred must be reduced by 15% of the sum of tax-exempt interest income received or accrued and the deductible portion of dividends received by such companies; (iii) interest income that is exempt from tax must be taken into account for the purpose of determining whether, and what amount of, social security or railroad retirement benefits are includable in gross income for federal income taxation purposes; and (iv) for S corporations having Subchapter C earnings and profits, the receipt of certain levels of passive investment income, which includes interest on tax-exempt obligations such as the Series MC-2012A Bonds, can result in the imposition of tax on such passive investment income and, in some cases, loss of S corporation status.

The foregoing discussion does not discuss all aspects of federal income taxation that may be relevant to a particular holder of Series MC-2012A Bonds in light of his or her particular circumstances and income tax situation. Each holder of Series MC-2012A Bonds should consult such holder's tax advisor as to the specific tax consequences to such holder of the ownership and disposition of the Series MC-2012A Bonds, including the application of state, local, foreign and other tax laws.

Legislative proposals before Congress or that are introduced after issuance and delivery of the Series MC-2012A Bonds, if enacted, could alter or amend one or more of the federal tax matters referred to above and/or adversely affect the market value of the Series MC-2012A Bonds. It cannot be predicted whether or in what form any such proposal may be enacted, and there can be no assurance that any such proposal would not apply to obligations issued prior to the enactment of such proposal. Accordingly, prospective purchasers of the Series MC-2012A Bonds should consult with their tax advisors as to the status and potential effect of such proposals.

Federal Income Taxation of Series MC-2012B Bonds

Pursuant to the regulations governing practice before the Internal Revenue Service, prospective investors are hereby informed that: (i) any advice regarding federal income tax matters pertaining to the Series MC-2012B Bonds contained herein is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer; (ii) any such advice is written to support the promotion or marketing of the Series MC-2012B Bonds and the transactions described herein; and (iii) each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Interest on the Series MC-2012B Bonds *will* be includable in gross income for federal income tax purposes.

General

Many factors may impact the application of federal income tax laws pertaining to the Series MC-2012B Bonds and the receipt of interest on Series MC-2012B Bonds, including the status of the beneficial owner of the Series MC-2012B Bonds as a United States holder or non-United States holder under the Code, whether

Series MC-2012B Bonds are held as capital assets or in some other context and whether the status of the beneficial owner or the financial context in which it is operating represents a special tax situation, such as an S corporation, insurance company, tax-exempt organization, financial institution, regulated investment company, real estate investment trust or broker-dealer or trader in securities. Persons considering the purchase of Series MC-2012B Bonds should consult their own tax advisors concerning the application of federal income tax laws to their particular situations as well as any consequences arising from the federal alternative minimum tax or the federal estate tax.

The following is a summary of certain federal income tax consequences of the ownership of Series MC-2012B Bonds held as capital assets by United States holders. The discussion below is based upon the provisions of the Code and regulations, rulings and judicial decisions as of the date of this Official Statement. Those provisions may be changed, in some cases retroactively, so as to result in federal income tax consequences different from those discussed below.

As used herein, "United States holder" means a beneficial owner of a Series MC-2012B Bond who or that, for United States federal income tax purposes, is (i) a citizen or resident of the United States, (ii) an entity taxable as a corporation created or organized in or under the laws of the United States or any political subdivision of the United States, (iii) an estate, the income of which is subject to federal income taxation regardless of its source or (iv) a trust, if it is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or if it has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

If a partnership, or other entity classified as a partnership for federal income tax purposes, holds Series MC-2012B Bonds, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. A partner of a partnership holding Series MC-2012B Bonds should consult its tax advisor.

Tax Accounting Treatment of Discount Series MC-2012B Bonds

Certain maturities of the Series MC-2012B Bonds may be issued at an initial public offering price, which is less than the stated redemption price at maturity of such Series MC-2012B Bonds (the "Discount Series MC-2012B Bonds"). If the stated redemption price at maturity of Discount Series MC-2012B Bonds of a particular maturity exceeds the first price at which a substantial amount of such Discount Series MC-2012B Bonds was sold for money (excluding sales to bond houses, brokers or similar persons acting as underwriters, placement agents or wholesalers) by more than a de minimis amount, the Discount Series MC-2012B Bonds will be treated as having original issue discount. A holder of Discount Series MC-2012B Bonds (whether a cash or accrual method taxpayer) is required to include in gross income as interest the amount of such original issue discount which is treated as having accrued during a taxable year with respect to such Discount Series MC-2012B Bonds, in advance of the receipt of some or all of the related cash payments. Accrued original issue discount is added to the original cost basis of the holder in determining, for federal income tax purpose, gain or loss upon disposition (including sale, early redemption or repayment at maturity).

Original issue discount on Discount Series MC-2012B Bonds will be attributed to permissible compounding periods during the life of any Discount Series MC-2012B Bonds in accordance with a constant rate of interest accrual method. The yield to maturity of the Discount Series MC-2012B Bonds of each maturity is determined using permissible compounding periods. In general, the length of a permissible compounding period cannot exceed the length of the interval between debt service payments on the Discount Series MC-2012B Bonds and must begin or end on the date of such payments. The amount of original issue discount allocable to any compounding period is equal to the excess, if any, of (a) the Series Discount Series MC-2012B Bond's adjusted issue price at the beginning of the compounding period multiplied by its yield to maturity, determined on the basis of compounding at the close of each compounding period and properly adjusted for the length of the compounding period, over (b) the aggregate of all qualified stated interest allocable to the compounding period. Original issue discount allocable to a final compounding period is the difference between the amount payable at maturity, other than a payment of qualified stated interest, and the adjusted issue price at the beginning of the final compounding period. Special rules apply for calculating original issue discount for an initial short compounding period. The "adjusted issue price" of a Discount Series MC-2012B Bond at the beginning of any compounding period is equal to its issue price increased by the accrued original issue discount for each prior compounding period (determined without regard to the amortization of any acquisition or bond premium, as described below) and reduced by any payments made on the Discount Series MC-2012B Bond (other than qualified stated interest) on or before the first day of the compounding period. Under these rules, a holder of a Discount Series MC-2012B Bond will have to include in income increasingly greater amounts of original issue discount in successive compounding periods. The amount of original issue discount accrued on Discount Series MC-2012B Bonds held of record by persons other than corporations and other exempt holders will be reported to the Internal Revenue Service. If a Discount Series MC-2012B Bond is sold or otherwise disposed of between compounding dates, then interest which would have accrued for that compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

The term "qualified stated interest" means stated interest that is unconditionally payable in cash or in property, other than debt instruments of the issuer, if the interest to be paid is payable at least once per year, is payable over the entire term of the Discount Series MC-2012B Bond and is payable at a single fixed rate or, subject to certain conditions, based on one or more interest indices.

Holders of Discount Series MC-2012B Bonds should note that, under applicable regulations, the yield and maturity of a Discount Series MC-2012B Bond is determined without regard to commercially reasonable sinking fund payments and any original issue discount remaining unaccrued at the time that a Discount Series MC-2012B Bond is redeemed in advance of stated maturity will be treated as taxable gain. Moreover, tax regulations prescribe special conventions for determining the yield and maturity of certain debt instruments that provide for alternative payment schedules applicable upon the occurrence of certain contingencies.

The yields (and related prices) provided by the Underwriters shown on the inside cover of this Official Statement may not reflect the initial issue prices for purposes of determining the original issue discount for federal income tax purposes.

The foregoing summarizes certain federal income tax consequences of original issue discount with respect to the Discount Series MC-2012B Bonds but does not purport to deal with all aspects of federal income taxation that may be relevant to particular investors or circumstances, including those set out above. Prospective purchasers of Discount Series MC-2012B Bonds should consider possible state and local income, excise or franchise tax consequences arising from original issue discount on Discount Series MC-2012B Bonds. In addition, prospective foreign corporate purchasers should consider possible federal tax consequences arising from original issue discount on such Discount Series MC-2012B Bonds under the branch profits tax. The amount of original issue discount considered to have accrued may be reportable in the year of accrual for state and local tax purposes or for purposes of the branch profits tax without a corresponding receipt of cash with which to pay any tax liability attributable to such discount. Purchasers with questions concerning the detailed tax consequences of transactions in the Discount Series MC-2012B Bonds should consult their tax advisors.

Purchase, Sale and Retirement of Series MC-2012B Bonds

Except as noted below in the case of market discount, the sale or other disposition of a Series MC-2012B Bond will normally result in capital gain or loss. A United States holder's initial tax basis in a Series MC-2012B Bond will be its cost. Upon the sale, redemption or retirement of a Series MC-2012B Bond, for federal income tax purposes, a United States holder will recognize capital gain or loss upon the disposition of such security (including sale, early redemption or payment at maturity) in an amount equal to the difference between (a) the amount received upon such disposition (less an amount equal to any accrued qualified stated interest, which will be treated as a payment of interest) and (b) the tax basis in such Series MC-2012B Bond, determined by adding to the original cost basis in such Series MC-2012B Bond the amount of any original issue discount and any market discount previously included in such holder's income, and by subtracting any amortized premium and any cash payments on the Series MC-2012B Bond other than qualified stated interest, as more fully described above under "Tax Accounting Treatment of Discount Series MC-2012B Bonds." Such gain or loss will be long-term capital gain or loss if at the time of the sale, redemption or retirement, the Series MC-2012B Bond has been held for more than one year. Under present law, both long and short-term capital gains of corporations are taxed at the rates applicable to ordinary income. For noncorporate taxpayers, however, net capital gains will be taxed at a maximum rate of 15%, while short-term capital gains and other ordinary income will be taxed at a maximum rate of 35%. Net capital gains are the excess of net long-term capital gains (gains on capital assets held for more than one year) over net short-term capital losses. Because of the limitation on itemized deductions and the deduction for personal exemptions applicable to higher income taxpayers, the effective rate of tax may be higher in certain circumstances. The operation of sunset, effective date and similar provisions in current law could result in a change in the tax rates in certain future periods.

Market Discount

If a United States holder acquires a Series MC-2012B Bond after its original issuance at a cost which is less than its stated redemption price at maturity (or, in the case of a Series MC-2012B Bond having original issue discount, its revised issue price) by more than a certain *de minimis* amount, such holder will be deemed to have acquired the Series MC-2012B Bond at "market discount." The amount of market discount treated as having accrued will be determined either on a ratable basis, or, if the holder so elects, on a constant interest method. Upon any subsequent disposition (including a gift, redemption or payment at maturity) of such Series MC-2012B Bond (other than in connection with certain nonrecognition transactions), the lesser of any gain on such disposition (or appreciation, in the case of a gift) or the portion of the market discount that accrued while the Series MC-2012B Bond was held by such holder will be treated as ordinary income at the time of the disposition. In lieu of including accrued market discount in income at the time of disposition, a holder may elect to include market discount in income currently. Unless a holder so elects, a holder may be required to defer deductions for a portion of such holder's interest expenses with respect to any indebtedness incurred or maintained to purchase or carry such Series MC-2012B Bond until the holder disposes of the Series MC-2012B Bond. The election to include market discount in income currently, once made, is irrevocable and applies to all market discount obligations acquired on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the Internal Revenue Service.

Acquisition Premium

A subsequent United States holder of a Series MC-2012B Bond is generally subject to rules for accruing original issue discount described above. However, if such holder's purchase price for the Series MC-2012B Bond exceeds the adjusted issue price (the sum of the issue price of the Series MC-2012B Bond and the aggregate amount of the original issue discount includable in the gross income of all holders for periods before the acquisition of the Series MC-2012B Bond by such holder and reduced by any payments previously made on the Series MC-2012B Bond other than payments of qualified stated interest, the excess (referred to as "acquisition premium") is offset ratably against the amount of original issue discount otherwise includable in such holder's taxable income (*i.e.,* such holder may reduce the daily portions of original issue discount by a fraction, the numerator of which is the excess of such holder's purchase price for the Series MC-2012B Bond over the adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Series MC-2012B Bond after the purchase date other than qualified stated interest over the Series MC-2012B Bonds' adjusted price).

Amortizable Bond Premium

If a United States holder's basis in a Series MC-2012B Bond exceeds the sum of all amounts payable on the Series MC-2012B Bond after the date on which the holder acquires it other than qualified stated interest, such excess will constitute amortizable bond premium with respect to the Series MC-2012B Bond and, in the case of a Discount Series MC-2012B Bond, such holder will not have to account for original issue discount with respect to such Bond. The holder of a Series MC-2012B Bond having amortizable bond premium generally may elect to amortize the premium over the remaining term of the Series MC-2012B Bond on a constant yield method as an offset to interest when includable in income under its regular accounting method. In the case of instruments that provide for alternative payment schedules, bond premium is calculated by assuming that (a) the holder will exercise or not exercise options in a manner that maximizes its yield and (b) the issuer will exercise or not exercise options in a manner that minimizes its yield (except that the issuer will be assumed to exercise call options in a manner that maximizes the holder's yield). In addition, bond premium is calculated without regard to commercially reasonable sinking fund payments. If the holder does not elect to amortize bond premium, that premium will decrease the gain or increase the loss that would otherwise be recognized on disposition of the Series MC-2012B Bond. An election to amortize premium on a constant yield method will also apply to all debt obligations held or subsequently acquired by the holder on or after the first day of the first taxable year to which the election applies. The holder may not revoke the election without the consent of the Internal Revenue Service. Holders of Series MC-2012B Bonds having amortizable bond premium should consult with their own tax advisors before making this election.

Election to Use Original Discount Method with Respect to a Series MC-2012B Bond

The holder of a Series MC-2012B Bond may elect to treat all interest on the Series MC-2012B Bond as original issue discount and calculate the amount includable in gross income under the constant yield method described above. For the purposes of this election, interest includes stated interest, acquisition discount, original issue discount, *de minimis* original issue discount, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium. The holder must make this election for the taxable year in which the Series MC-2012B Bond is acquired and may not revoke the election without the consent of the Internal Revenue Service. Holders of Series MC-2012B Bonds should consult with their own tax advisors about this election.

Consequences of Defeasance of Series MC-2012B Bonds

The Series MC-2012B Bonds may be defeased prior to maturity at the option of the Authority. Holders of the Series MC-2012B Bonds should be aware that under applicable Treasury Regulations, any such defeasance may be treated as a sale or retirement and subsequent reissuance of the Series MC-2012B Bonds for tax purposes with the result that such holders would be required to recognize capital gain or loss for federal income tax purposes at the time of such defeasance.

U.S. Federal Information Reporting and Backup Withholding

Under current United States federal income tax law, a 28% backup withholding tax requirement may apply to certain payments of interest and original issue discount on, and the proceeds of a sale, exchange or redemption of, the Series MC-2012B Bonds. In addition, certain persons making such payments are required to submit information returns (*i.e.,* Internal Revenue Service Form 1099) to the Internal Revenue Service with regard to those payments. Backup withholding and information reporting will generally not apply with respect to payments made to certain exempt recipients, such as corporations or certain exempt entities.

Foreign Investors

Payments with respect to the Series MC-2012B Bonds to a non-United States holder that has no connection with the United States other than holding its Series MC-2012B Bond generally will be made free of withholding tax, as long as that holder has complied with certain tax identification and certification requirements.

The foregoing discussion does not discuss all aspects of federal income taxation that may be relevant to a particular holder of Series MC-2012B Bonds in light of his or her particular circumstances and income tax situation. Each holder of Series MC-2012B Bonds should consult such holder's tax advisor as to the specific tax consequences to such holder of the ownership and disposition of the Series MC-2012B Bonds, including the application of state, local, foreign and other tax laws.

See Appendix B hereto for the proposed forms of opinions of Bond Counsel.

INDEPENDENT AUDITOR

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

FINANCIAL ADVISOR

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

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The Arbitrage Group, Inc., Tuscaloosa, Alabama, a firm of independent arbitrage agents, upon delivery of the Series MC-2012A Bonds, will deliver to the Commission its attestation report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of the computations performed by Davenport & Company LLC relating to (a) the sufficiency of the anticipated receipts from the Federal Securities, together with the initial cash deposit, if any, to pay, when due, the principal of, the redemption premium, if any, and interest due on the Refunded Bonds to and including the dates on which such bonds mature or are redeemed, and (b) the "yield" on the Federal Securities and on the Series MC-2012A Bonds.

RATINGS

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

CONTINUING DISCLOSURE

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

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

MISCELLANEOUS

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

The Notice of Sale for each series of 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 respective series of 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 each series of the Bonds will receive a reasonable number of copies of the Official Statement without charge.

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

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

Appendix A

THE MARYLAND – NATIONAL CAPITAL PARK AND PLANNING COMMISSION

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

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Maryland-National Capital Park and Planning Commission

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

CliftonLarsonAllen

CliftonLarsonAllen LLP
11710 Beltsville Drive, Suite 300
Calverton, MD 20705
301-931-2050 | fax 301-931-1710
www.cliftonlarsonallen.com

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of The Maryland-National Capital Park and Planning Commission (the Commission) as of and for the year ended June 30, 2011, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Commission as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2012, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and schedules of funding progress as referenced in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

CliftonLarsonAllen LLP

Calverton, Maryland
January 17, 2012

DRAFTv3

MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of The Maryland-National Capital Park and Planning Commission ("the Commission"), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities for the Commission for the fiscal year ended June 30, 2011.

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

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

- Montgomery County
  - Administration tax - general administration and planning
  - Park tax - park operations and debt service for park acquisition and development bonds

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

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

Financial Highlights

- The assets of the Commission exceeded its liabilities at June 30, 2011 by $ 901.8 million (net assets). Of this amount, $259.1 million may be used to meet the Commission's ongoing obligations.

- The Commission's net assets grew by $6.4 million during fiscal year 2011. This is largely a result of: pay-as-you-go funds of $21.7 million in the Capital Projects Funds which has not been spent, $28.8 million of grants and contributions, receipt of property taxes ($4.3 million) lower than the budget, debt principal payments of $16.2 million, increase in the pension liability of $9.6 million and the increase in the OPEB liability of $14.7 million.

- In fiscal year 2008 the Commission implemented GASB statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". Implementing this statement required reporting accrual basis information related to retiree benefits, which previously were reported on a pay-as-you-go basis. Because the Commission is phasing into full funding of the actuarially calculated contribution for these benefits, which contribution must be recorded as an expense, a liability of $51.0 million has been recognized on the Commission's Statement of Net Assets, including $2.2 million in the Business-type activities. For more information, see note 5E of the Notes to the Financial Statements.

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

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

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

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

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

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

Overview of the Financial Statements

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

Organization and Flow of Financial Section Information

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

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

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

Notes to Financial Statements
Provides a summary of significant accounting policies and related disclosures.
Following Exhibit 11.

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

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

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

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

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

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

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

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

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

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

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

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

Internal service funds are an accounting device used to accumulate and allocate costs internally among the Commission's various functions. The Commission uses internal service funds to account for Montgomery County's Capital Equipment, Employee Benefits and Risk Management and Prince George's County's Capital Equipment, Executive Office Building, Employee Benefits, and Risk Management, and Commission-wide Initiatives. As these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each county's Recreational and Cultural Facilities, both of which are considered to be major funds of the Commission. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements, Schedules 7 - 9 in the Combining and Individual Statements Section of this report.

The basic proprietary fund financial statements can be found as Exhibits 7 - 9 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Commission uses fiduciary funds to account for the Employees' Retirement System Pension Trust, Postemployment Benefit Trust, and Private Purpose Trusts for each county, and two agency funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Commission's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary financial statements can be found as Exhibits 10 and 11 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Commission has also included financial statements for each county's portion of the governmental funds financial statements to reflect the relationship between the financing sources and responsibility for debt. The Notes to the Financial Statements can be found following Exhibit 11 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Commission's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required supplementary information can be found immediately following the Notes to the Financial Statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets exceeded liabilities by $901.8 million at the close of the most recent fiscal year. A summary of the Commission's net assets follows:

Summary of Net Assets (millions)
June 30, 2011 and 2010

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

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

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

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

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

A summary of changes in net assets follows:

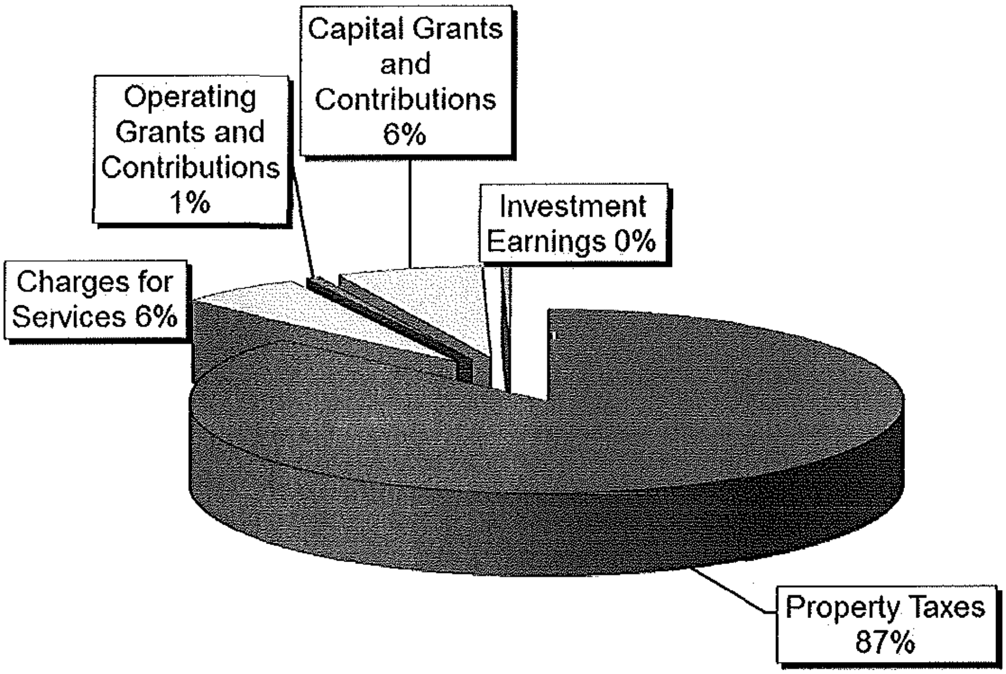
Summary of Changes in Net Assets (in millions)
For the Fiscal Years Ended June 30, 2011 and 2010

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

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

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

Revenues by Source - Governmental Activities



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

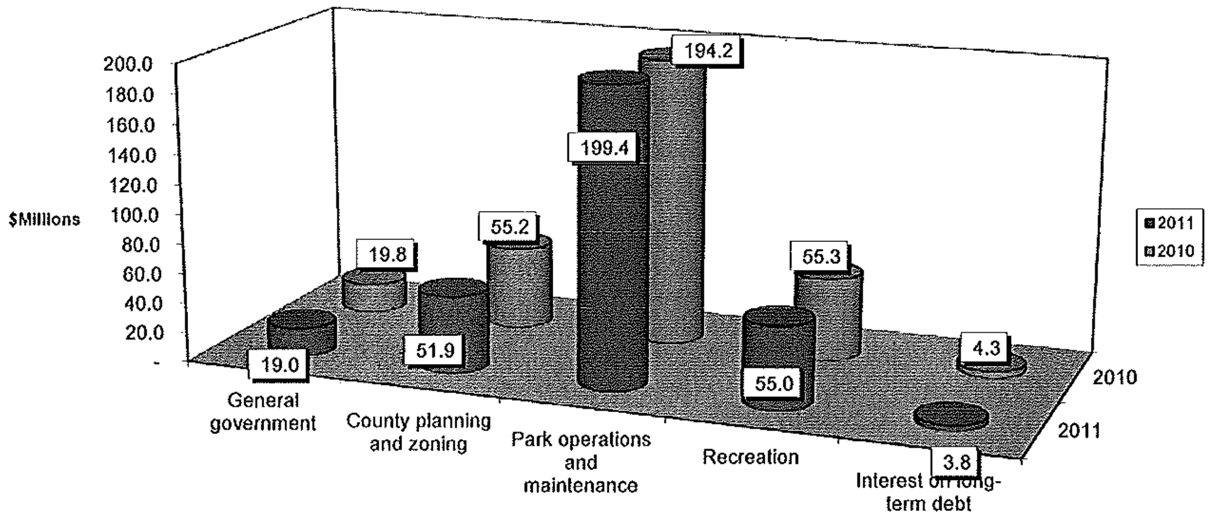
As is reflected in the following chart, the Commission's governmental activities are largely supported by general revenues and in particular property taxes. Charges for services and operating grants cover 6.3% of governmental activities expenses.

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

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

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

Net Cost by Function - General Government

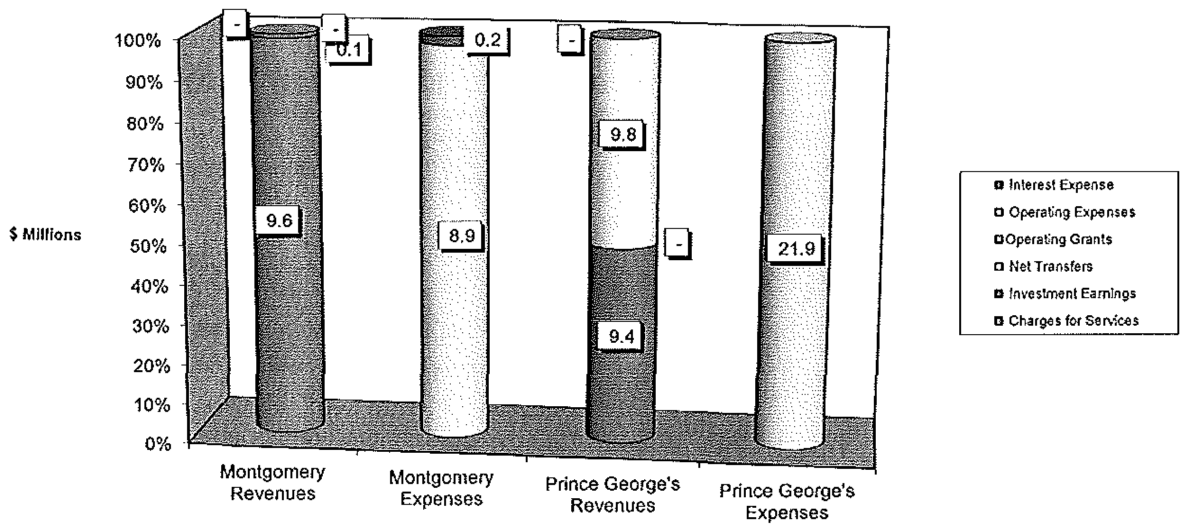


DRAFTv3

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

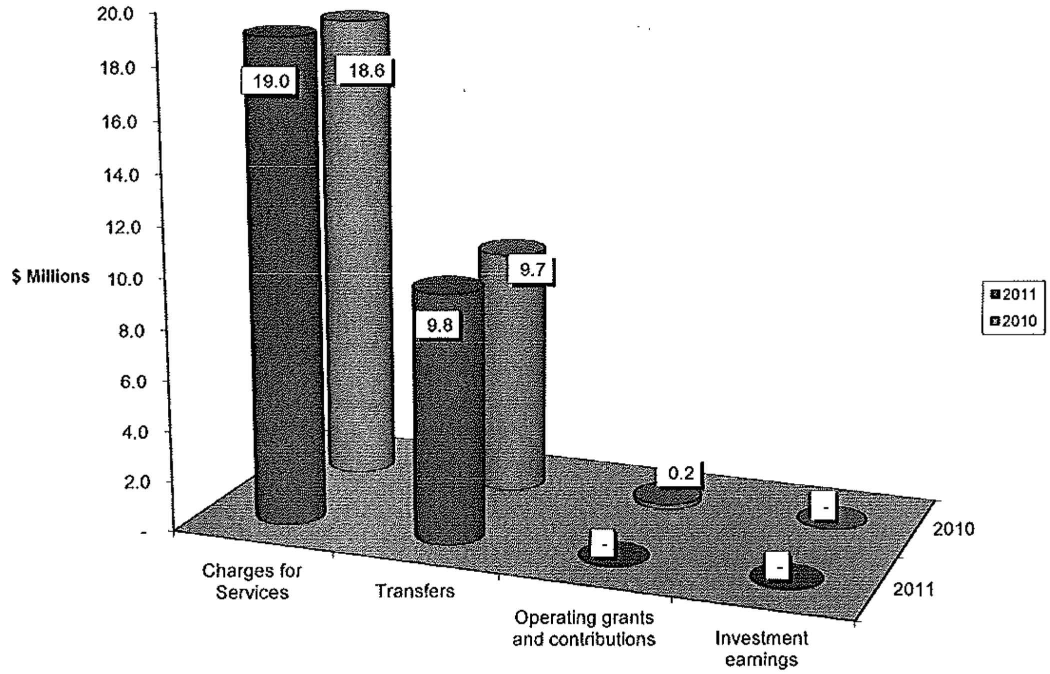
- Expenses of operating these recreational and cultural activities (including interest expense) exceeded charges for services, current operating grants and interest income by $12.0 million.
- Governmental activities contributed $9.8 million to support the enterprise activities. The funding is primarily for the Prince George's County business-type activities.

Changes in Net Assets - Business-type Activities



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

Revenues by Source - Business-type Activities



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

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

Financial Analysis of the Commission's Funds

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

As of the end of the current fiscal year, the Commission's governmental funds reported combined ending fund balances of $303.3 million, an increase of $1.3 million in comparison with the prior year. Approximately 67.6% of this total amount, or $204.9 million, constitutes unassigned fund balance, which is available for spending in future years and provides reserves for unforeseen expenditure needs. $112.0 million of this balance is in the capital project funds. The remaining fund balances are restricted, committed or assigned to indicate that they are not available for new spending as $72.7 million has been committed for contracts and purchase orders, and $25.7 million is assigned to fund fiscal year 2012 expenditures.

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

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

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

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

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

Proprietary Funds. The Commission has determined that certain recreational and cultural facilities should be predominantly self-supporting through user fees. Enterprise fund accounting and reporting is used to emphasize the self-supporting nature of these activities and to provide improved cost accounting information. Enterprise Fund accounting, which is on a commercial accounting accrual basis, more accurately reflects whether individual facilities return the full cost of the program.

One enterprise fund has been established in each county to account for the various facilities. Separate cost centers are maintained for each major type of facility including an historical airport, four ice rinks, three golf courses, four enclosed tennis facilities, three conference centers, an equestrian center, a multipurpose arena, a trap and skeet center, certain regional park facilities, a sports and learning complex and a marina. Four golf courses in Montgomery County have been leased to the Montgomery County Revenue Authority since April 2006.

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

Unrestricted net assets of the Montgomery County fund at the end of the year amounted to $1.6 million and those for the Prince George's County fund amounted to $0.2 million. The total changes in net assets for the funds is an increase in the Montgomery County fund of $0.5 million and a decrease of $2.7 million in the Prince George's County fund.

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

Financial Operations of the Enterprise Funds (000's)
For the Fiscal Years Ended June 30, 2011 and 2010

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

Comparative Montgomery County key data are as follows:

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

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

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

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

Prince George's County Enterprise Fund Key Data (000's) For the Fiscal Years Ended June 30, 2011 and 2010	Operating Revenues			Operating Income (Loss) Excluding Depreciation		
	FY2011	FY2010	Change	FY2011	FY2010	Change
Airport	$ 171	$ 202	$ (31)	$ (259)	$ (242)	$ (17)
Equestrian Center/Arena	1,381	1,401	(20)	(2,513)	(2,757)	244
Golf Courses	2,321	2,466	(145)	(1,171)	(1,220)	49
Ice Rinks	584	523	61	(919)	(934)	15
Tennis Bubbles	339	328	11	(699)	(112)	(587)
Trap and Skeet Center	1,413	1,352	61	(44)	(146)	102
Sports and Learning Complex	3,178	3,160	18	(4,005)	(4,199)	194
Bladensburg Marina	53	71	(18)	(568)	(315)	(253)
Total	$ 9,440	$ 9,503	$ (63)	$ (10,178)	$ (9,925)	$ (253)

The Prince George's County Enterprise Fund revenues decreased by $63,000 and the operating loss, excluding depreciation, increased by $253,000. Revenues remained fairly stable at facilities with the exception of the Golf Courses where revenues were lower in FY 2011 due to the general state of the economy. Some of these revenue losses were offset by a reduction in spending for compensation and supplies. Expenses increased overall, primarily due to increased compensation costs resulting in greater losses than in 2010. By policy, the fee structures at all facilities are designed for maximum participation with General Fund support.

General Fund Budgetary Highlights

The Commission's park, recreation, planning and general administrative functions are financed primarily by five legally designated property taxes that must be levied on a separate County basis. These functions are accounted for in accounts within the General Fund, each of which has its own budget, and is presented separately in the Notes to the Financial Statements.

A summary of the Montgomery County budget to actual variances follows:

Montgomery County Budget to Actual Variances (000's) For the Year Ended June 30, 2011	Administration Account	Park Account
(Unfavorable) property tax collections	$ (208.4)	$ (547.6)
(Unfavorable) charges for services	(29.2)	(200.9)
(Unfavorable) intergovernmental revenue	(47.6)	(285.6)
(Unfavorable) investment revenue	(47.3)	(124.1)
Favorable other revenue	3.5	86.8
Total unfavorable revenue variance	(329.0)	(1,071.4)
Expenditure savings	903.2	1,842.3
Favorable other financing sources (uses)	-	176.6
Total favorable budgetary variance	$ 574.2	$ 947.5

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

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

Montgomery County Budgetary Fund Balances June 30, 2011		
	Administration Account	Park Account
Fund balance, budget basis		
Assigned	$ 513.0	$ 798.6
Unassigned	1,558.5	4,392.7
Total Budgetary Fund Balance	$ 2,071.5	$ 5,191.3

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

Prince George's County Budget to Actual Variances (000's) For the Year Ended June 30, 2011			
	Administration Account	Park Account	Recreation Account
(Unfavorable) property tax collections	$ (897.9)	$ (1,773.3)	$ (833.5)
Favorable (unfavorable) charges for services	(168.9)	(222.1)	80.0
(Unfavorable) intergovernmental revenue	109.0	-	-
(Unfavorable) investment revenue	(46.0)	(258.1)	(234.5)
Favorable other revenue	65.7	122.4	19.5
Total favorable revenue variance	(938.1)	(2,131.1)	(968.5)
Expenditure savings	2,239.9	5,904.3	6,968.5
(Unfavorable) other financing sources	-	(46.0)	-
Total favorable budgetary variance	$ 1,301.8	$ 3,727.2	$ 6,000.0

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

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

Prince George's County Budgetary Fund Balances (000's) June 30, 2011	Administration Account	Park Account	Recreation Account
Fund balance, budget basis			
Assigned	$ 4,810.7	$ -	$ 13,149.4
Unassigned	15,954.9	56,233.3	14,692.3
Total Budgetary Fund Balance	$ 20,765.6	$ 56,233.3	$ 27,841.7

Capital Asset and Debt Administration

Capital assets. The Commission's investment in capital assets for its governmental and business-type activities as of June 30, 2011 amounts to $730.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, equipment and intangibles, park facilities, and roads. The total increase in the Commission's investment in capital assets for the current fiscal year was 2.7% (a 3.6% increase for governmental activities and a 4.3% decrease for business-type activities). The most significant increases are from land acquisitions, construction of recreational facilities, community center renovation/expansion, construction of an irrigation system in a regional park, replacement of playground equipment and trail construction. The only significant capital asset changes in business-type activities consisted of depreciation of existing assets.

Proceeds of general obligation park acquisition and development bonds are accounted for in Capital Projects Funds until the projects are completed. Completed projects and construction in progress at year-end are shown as capital assets in the Government-wide Statement of Net Assets. During fiscal year 2011, projects totaling $5.2 million in governmental activities were completed. Among these projects, where most of the costs were incurred in prior years, are the installation and other enhancements at Hamilton Neighborhood Park, the installation of artificial turf at Fairland Recreational Park, and a new irrigation system at Brookside Gardens.

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

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

Commission's Capital Assets

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

Additional information on the Commission's capital assets can be found in Note 4B of the Notes to Financial Statements in this report.

Long-term debt. Debt Service Funds are used to account for the payments on the Commission's general obligation debt, which includes Park Acquisition and Development Bonds (Park Bonds) and Advance Land Acquisition Bonds (ALA Bonds). The outstanding issues totaling $94.8 million and the related debt service requirements to maturity are set forth in Note 4E of the Notes to the Financial Statements.

The Commission's general obligation bonds are unconditionally guaranteed by the Commission and the county for which issued. Debt service principal and interest expenditures for Park Bonds and ALA Bonds totaled $18.0 million (Montgomery - $4.6 million; Prince George's - $13.4 million) for the fiscal year. Of the outstanding debt, Park Bonds totaled $92.6 million (Montgomery County - $26.7 million and Prince George's County - $65.9 million) at June 30, 2011. Park Bonds debt service expenditures totaled $17.1 million (Montgomery - $4.0 million, Prince George's - $13.1 million) for the fiscal year. The Commission's Metropolitan District (Park) tax includes a mandatory tax for debt service for Park Bonds of 3.6 cents per $100 of assessed valuation for real property (9 cents for personal property) in Montgomery County and 4 cents per $100 of assessed valuation for real property (10 cents for personal property) in Prince George's County. Debt service payments approximated 0.26 cents per $100 of assessed valuation for real property and .65 cents per $100 of assessed valuation for personal property for Montgomery County and 1.48 cents per $100 of assessed valuation for real property and 3.70 cents per $100 of assessed valuation for personal property for Prince George's County. The remainder of the proceeds of the mandatory taxes was used for park operation and maintenance expenditures in the respective counties.

The Commission's outstanding general obligation bonds have the following ratings:

Commission General Obligation Bond Ratings June 30, 2011			
	Moody's Investor Services Inc.	Standard & Poor's Rating Services	Fitch Ratings
Montgomery County	Aaa	AAA	AAA
Prince George's County	Aa1	AAA	AA+

The Commission's Montgomery County revenue bonds and revenue notes payable totaled $2.2 million at June 30, 2011. These bonds and notes are accounted for in the Enterprise Funds. The revenue bonds and notes are not general obligations of the Commission or Montgomery County and are payable solely from revenues generated from revenue producing facilities. Debt service expenditures for the revenue bonds and notes totaled $1.2 million for the fiscal year. The outstanding proprietary fund debt as of June 30, 2011, and the related debt service requirements are set forth in the Notes to the Financial Statements.

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

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

Commission's Outstanding Debt
June 30, 2011 and 2010

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

Montgomery County Outstanding Debt
June 30, 2011 and 2010

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

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

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

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

State statutes limit the amount of general obligation debt the Commission may issue to the amount that can be redeemed within 30 years from date of issue by the taxes authorized for payment of the bonds. The legal debt margin for the Commission is $1,630.0 million of debt service for Montgomery County and $983.6 million of debt service for Prince George's County, which is in excess of the Commission's required debt service of $33.2 million and $79.2 million, respectively, over the 30 year period.

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

Economic Factors and Next Year's Budgets and Rates

The Commission continues to maintain a solid financial position and stable future outlook supported by the stability of its major revenue source, property taxes which represented 87% of the Governmental Funds revenues in FY 2011. Strong fiscal policies including fund balance reserves, interim financial reporting to monitor revenues and expenditures, and long-term fiscal plans enabled the Commission to respond to the strategies incorporated by the two County Governments in setting the FY 2012 tax rates and adopting the FY 2012 Budget.

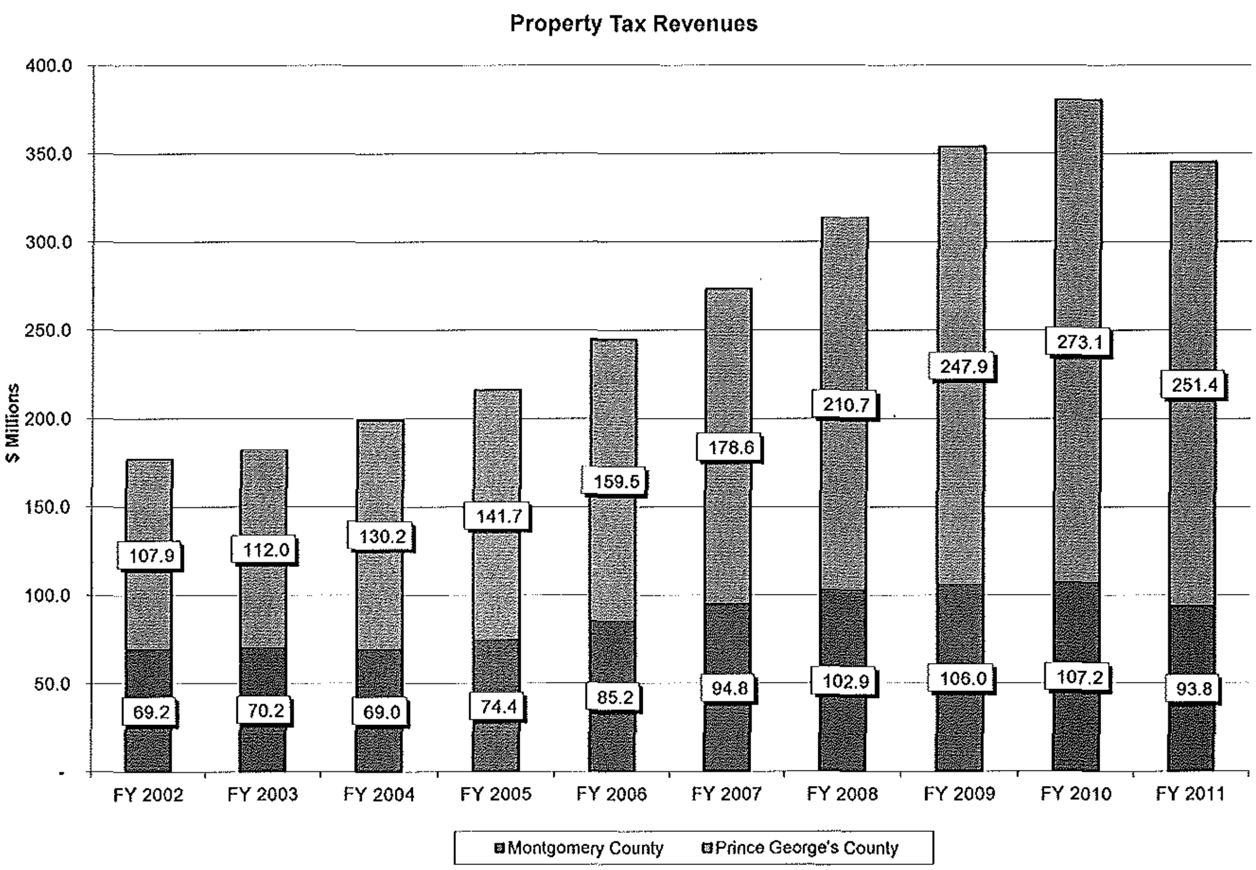
The Commission's property tax rates in the two counties are set based on different fiscal strategies. In Montgomery County, the Commission's property tax rates are set in conjunction with the Montgomery County Government property tax rates, which have resulted in declining Commission tax rates over the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

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

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

As noted above, the assessable base in Montgomery County has declined due to the economic slow down. The assessable base in Prince George's County shows a decrease between budgeted FY 2011 and FY 2012. One-third of the property is inspected and revalued by the State Department of Assessments and Taxation each year so that all real property is inspected and revalued once every three years. The three-year cycle results in a smoothing effect on property tax revenues. In times of slowing or decreasing growth, the assessable base declines at a slower rate which affords the Commission time to adjust its service delivery and spending levels in response to what is economically affordable. When the economy is recovering, the assessments growth rate will lag somewhat.

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



DRAFTv3

At year-end, the Commission had a budget basis fund unreserved balance in the General Fund of $112.1 million. Of this amount, $19.3 million is assigned fund balance and $92.8 million is unassigned as of June 30, 2011. Of the unassigned portion, $86.9 million is from Prince George's County operations and will be utilized in future years to maintain a stable tax rate in accordance with its long-term fiscal plan.

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

The spending affordability processes along with close monitoring of financial results and projections during the fiscal year add to the solid foundation of financial management and assist the Commission in meeting the challenge of providing enhanced public services at an economical cost.

Requests for Information

The financial report is designed to provide a general overview of the Commission's finances for all those with an interest in the Commission's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Finance, Office of Secretary-Treasurer, The Maryland-National Capital Park and Planning Commission, 6611 Kenilworth Avenue, Riverdale, Maryland 20737. This report can also be found on the Commissions website, http://www.mncppc.org (See Budget/CAFR).

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 1

Statement of Net Assets
June 30, 2011

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

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 2

Statement of Activities
For the Year Ended June 30, 2011

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

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 3

Balance Sheet
Governmental Funds
June 30, 2011

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

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	646,261,992
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	1,806,914
Internal service funds are used by management to charge the costs of capital equipment financing, risk management, group insurance and the Executive Office Building. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	43,814,324
Some of the Commission's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.	2,641,667
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(170,600,170)
Net Assets of Governmental Activities	$ 827,222,335

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 4

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

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

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 5

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds To the Statement of Activities For the Year Ended June 30, 2011

Amounts reported for governmental activities in the Statement of Activites (Exhibit 2) are different because:			
Net change in fund balances -- total governmental funds (Exhibit 4)		$	1,308,105
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capitalized expenditures exceeded depreciation in the current period.			
Capitalized Expenditures	$ 38,466,964		
Depreciation Expense	(14,858,862)		
Net adjustment			23,608,102
In the Statement of Activities, donated land activity that has no impact on financial resources is also included in the Statement of Activities.			
Donations	793,130		
Net adjustment			793,130
Tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount by which the deferred revenues changed from last fiscal year.			587,131
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Repayments of Principal	14,172,757		
Net adjustment			14,172,757
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This amount is the unfunded cost of other post employment benefits, pension obligation, compensated absences and other expenses.			(23,428,990)
Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds. The amount is the impact of the net change in the liabilities from the prior year.			(148,603)
Internal service funds are used by management to charge the costs of capital equipment financings, employee benefits, risk management and Executive Office Building costs, to individual funds. The change in net assets of certain activities of internal service funds is reported with governmental activities.			(8,301,489)
Change in net assets of governmental activities (Exhibit 2)		$	8,590,143

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 6

Statement of Revenues, Expenditures/Encumbrances, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual - GENERAL FUND
For the Year Ended June 30, 2011

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

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 7

Statement of Net Assets
Proprietary Funds
June 30, 2011

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

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 8

Statement of Revenues, Expenses, and Changes In Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

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

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 9

Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2011

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

Exhibit 9
continued

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

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 10

Statement of Net Assets
Fiduciary Funds
June 30, 2011

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

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Exhibit 11

Statement of Changes in Net Assets
Fiduciary Funds
For the Year Ended June 30, 2011

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

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) The Commission and Its Services

Background

The Maryland-National Capital Park and Planning Commission (the "Commission") is a body corporate of the State of Maryland established by the Maryland General Assembly in 1927. The Commission is a bi-county agency. It is empowered to acquire, develop, maintain and administer a regional system of parks in the defined Metropolitan District in Montgomery and Prince George's Counties and to prepare and administer a general plan for the physical development of a defined Regional District for the two Counties. The Commission also conducts the recreation program for Prince George's County. The express powers of the Commission are provided in Article 28 of the Annotated Code of Maryland. As a body corporate of the State of Maryland, the Commission is not generally subject to local county legislation such as the Tax Reform Initiative by Marylanders ("TRIM"), a Prince George's County Charter Amendment originally enacted in November 1978.

The major source of funding for the Commission's primary services are five property taxes levied on an individual County basis: Montgomery County administration tax - general administration and planning; Montgomery County park tax - park operations and debt service for park acquisition and development bonds; Prince George's County administration tax - general administration and planning; Prince George's County park tax - park operations and debt service for park acquisition and development bonds; and the Prince George's County recreation tax for the recreation program. Five separate accounts are maintained within the General Fund to account for the Commission's primary services. Revenues and expenditures that can be specifically identified with a County are recorded in the appropriate account of that County and those that apply to both Counties are allocated to the appropriate accounts. Other funds and accounts are maintained on a Commission-wide or on a separate County basis as necessary and appropriate.

The provisions of Sections 2-113 and 7-107 of Article 28 of the Annotated Code of Maryland require that the Commission publish an annual financial report and that its financial statements be audited by independent certified public accountants. The accompanying financial statements have been presented to meet the financial reporting needs of the Commission and the requirements of Maryland law.

Financial Reporting Entity

As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the Commission and its blended component units, the ERS and the 115 Trust. A blended component unit, although a legally separate entity, is, in substance, part of the Commission's operations and therefore data from these units are combined with data of the Commission. Accordingly, the financial statements of these component units are included as pension trust funds in the accompanying financial statements and are the only such component units of the Commission.

The Employees' Retirement System (ERS), administered by the 11 member Board of Trustees, in accordance with the Trust Agreement between the Board and the Commission, is a contributory defined benefit pension system qualified under the Internal Revenue Code Section 401(a). The administrative operations are the responsibility of the ERS Staff and Board-appointed Administrator, who reports directly to the Board of Trustees. Publicly available Financial Statements for the ERS can be obtained at 6611 Kenilworth Avenue, Suite 100, Riverdale, Maryland 20737.

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

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

(B) Government-wide and Fund Financial Statements

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

The reporting requirements established by GASB include:

Management's Discussion and Analysis – GASB standards require that financial statements be accompanied by a narrative introduction and analytical overview of the Commission's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.

Government-wide Financial Statements – The reporting model includes financial statements prepared using full accrual accounting for all of the Commission's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable), but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Full accrual accounting also recognizes all revenues and the full cost to provide services each year, not just those received or paid in the current year or soon thereafter. Neither fiduciary funds nor component units that are fiduciary in nature are included in Government-wide financial statements.

The basic financial statements include both Government-wide (based on the Commission as a whole) and fund financial statements. The focus is on both the Commission as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category). Both the Government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the Government-wide Statement of Net Assets and Statement of Activities, both the governmental and business-type activities columns are presented on a consolidated basis by column on a full accrual, economic resource basis, as discussed above. Eliminations have been made to minimize the double counting of internal activities. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

The Government-wide Financial Statements are made up of the following:

Statement of Net Assets – The Statement of Net Assets is designed to display the financial position of the Commission (government and business-type activities). The Commission reports all capital assets, including infrastructure, in the Government-wide Statement of Net Assets and reports depreciation expense – the cost of "using up" capital assets – in the Statement of Activities. The net assets of the Commission are presented in three categories – 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted. The Commission generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The Commission may defer the use of restricted assets based on a review of the specific transaction. The Commission has no restricted net assets as of June 30, 2011.

Statement of Activities – The Government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the Commission's functions. The expense of each individual function is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants). The Government-wide Statement of Activities reflects both the gross and net cost per functional category (county planning and zoning, park operations and maintenance, recreation, etc.) that is otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions.

The program revenues must be directly associated with the function (county planning and zoning, park operations and maintenance, recreation, etc.) or a business-type activity. Program revenues include 1) charges for county planning and zoning services; 2) charges for park operations and maintenance; 3) rentals and concessions; 4) recreational and cultural facilities and events and 5) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported as general revenues. Direct expenses are considered those that are clearly identifiable with a specific function or segment. The Commission does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

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

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

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Amounts not received within 60 days are reported as deferred revenue. Expenditures are generally recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment has matured and is due.

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

The Commission reports the following major governmental funds:

> **General Fund** – The General Fund is the general operating fund of the Commission. It is used to account for the tax revenues and other revenues which fund the Commission's general operations and to account for all other financial resources except those required to be accounted for in another fund.
>
> **Montgomery County and Prince George's County Capital Projects Funds** – These Capital Projects Funds are used to account for the acquisition, development or improvement of parkland and the acquisition or construction of major capital facilities other than those accounted for in the proprietary funds and the Advance Land Acquisition Accounts in the Private Purpose Trust Funds. The Commission maintains separate funds for each county.

The Commission reports the following major enterprise funds:

> **Montgomery County and Prince George's County Enterprise Funds** – These Enterprise Funds are used to account for recreational and cultural facilities' operations that are financed and operated in a manner similar to private business enterprises. A separate Enterprise Fund is maintained for the enterprise operations of each county, each of which is considered a major fund.

Additionally, the Commission reports the following fund types:

> **Other Governmental Funds** – The other governmental fund types used by the Commission are special revenue and debt service. Special revenue funds are used to account for specific revenues that are legally restricted for particular purposes. Debt service funds account for resources accumulated and payments made for principal and interest on long-term debt of governmental funds.
>
> **Internal Service Funds** – Internal service funds are used to account for the financing of certain goods or services provided by one department to other departments of the Commission on a cost-reimbursement basis. There are eight internal service funds reported by the Commission: Montgomery County Capital Equipment Fund, Montgomery County Employee Benefits Fund, Montgomery County Risk Management Fund, Prince George's County Capital Equipment Fund, Prince George's County Executive Office Building Fund, Prince George's County Employee Benefits Fund, Prince George's County Risk Management Fund, and Commission Wide Initiatives Fund.

The Commission reports the following fiduciary fund types:

> **Pension Trust Funds** – The Employees' Retirement Fund is used to account for all activities of the Employees' Retirement System including accumulation of resources for, and payment of, retirement annuities and/or other benefits and the administrative costs of operating the system.

The Other Postemployment Benefits Fund is used to account for the accumulation of Commission resources for postretirement health care benefits provided by the Commission. The Commission is not required to make additional contributions unless obligated to do so by resolution. In fiscal years 2010 and 2011, the Commission suspended the 8 year phase-in of the actuarially based funding of Other Postemployment Benefits in connection with the implementation of the accounting requirements of GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". The Commission has budgeted funds to resume the phase-in during FY 2012.

Private-Purpose Trust Funds – Private-purpose trust funds are used to account for funds whose principal and interest are legally held in trust and must be expended in accordance with their designated purposes. The most significant amounts included are the Advance Land Acquisition Accounts, which are used to acquire land for specific public uses, such as schools, libraries, parks or roads.

Agency Funds – The agency funds are used to account for the State retirement funds of participating Commission employees and retirees, and for certain deposits held.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the Government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Although governments also have the option of following subsequent private-sector guidance for their business-type activities and Enterprise Funds, subject to this same limitation, the Commission has elected not to do so.

In the process of aggregating data for the Government-wide financial statements, some amounts reported as interfund activity and balances in the funds should be eliminated or reclassified. As a general rule, the effect of interfund activity has been eliminated from the Government-wide financial statements. Internal Service Funds are used by management to charge to funds using the service the costs of capital equipment financing, risk management, employee benefits, Commission-wide initiatives, and the Executive Office Building. The assets and liabilities of the Internal Service Funds are included in the governmental activities column of the Statement of Net Assets. The Commission eliminates internal service fund expenses by allocating the expenses to other functions. Expenses for capital equipment, risk management and Commission wide initiatives are allocated based on revenues, and for employee benefits based on salaries expense. The expenses of the Prince George's County Executive Office Building Fund are allocated to general government. The funds are so unique that a single allocation method was not appropriate.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

Property Taxes Receivable – All property tax receivables are shown net of an allowance for uncollectible accounts of $1,611,432 at June 30, 2011. The property tax receivable allowance is based on an aging of receivables, with increasing percentages applied to older receivables. Property taxes are levied and collected for the special taxing districts of the Commission by Montgomery and Prince George's County Governments, as appropriate. Semiannual tax payment plans are automatic for homeowners living in their properties unless they request an annual payment plan. Under the semiannual payment plan, one-half of the real property taxes are due by September 30 and the remaining one-half is due by December 31. Real property taxes are levied on July 1 each year and become delinquent on October 1 and January 1, at which time interest and penalties commence. Personal property and real property taxes levied for a fraction of a year are due when billed. Tax liens on real property are sold at public auction on the second Monday in June in Montgomery County and on the second Monday in May in Prince George's County for taxes that are delinquent.

The property tax revenues and rates of the Commission are not subject to any legislative limitations. However, the respective County Council approves such revenues and rates when budgets are adopted.

Accounts Payable and Other Current Liabilities – Accounts payable includes only short-term liabilities due and payable within the normal course of business.

Inventories – Inventories are valued at the lower of cost (first-in, first-out) or market for proprietary funds.

Capital Assets – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, trails, dams and similar items), are reported in the applicable governmental or business-type activities columns in the Government-wide financial statements. The Commission defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed and actual costs are not known. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Improvements	20 – 40
Infrastructure	15 – 60
Machinery and Equipment	5 – 10

Compensated Absences – Commission employees earn annual leave and sick leave in varying amounts, and are granted three days of personal leave annually. Some employees may also earn compensatory leave in lieu of overtime pay. There is no liability for unpaid accumulated sick leave since the Commission does not have a policy to pay any amounts when employees separate from service.

In the Government-wide financial statements, and proprietary fund types in the fund financial statements, compensated absences are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. When annual and sick leave are used or taken by employees, the expense is charged directly to the employees' cost center. Compensated absences for leave liabilities for employees charged to proprietary funds, are charged directly to the proprietary funds' cost center to which the employee is assigned. The year-end liability for annual leave and compensatory leave for all employees is calculated based on hours of leave available, priced at current salary rates plus applicable employer payroll taxes.

Long-term Obligations – In the Government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Fund Balances - The Commission's policy is to maintain an adequate General Fund fund balance to provide liquidity in the event of an economic downturn and this policy is an important part of sound fiscal management. The Commission has adopted Resolution No. 06-21, a financial standard to maintain a minimum unrestricted fund balance of the General Fund so that at each fiscal year end this balance shall not be less than 3% to 5% of the current year's expenditures.

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

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

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

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

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

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

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

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

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

Encumbrances

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

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

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

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

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

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

Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the funds. The long-term debt related to governmental funds (not including internal service funds) includes:

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

(3) – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

(A)Budgetary Information

The following procedures are used in establishing the annual budget.

On or before January 15, the Commission submits to the County Executive of each County a proposed annual budget for the respective accounts of the General Fund (including park debt service) and the Special Revenue Funds, and a budget plan for the respective Enterprise Funds and Internal Service Funds. The Capital Projects Funds' budgets and six-year expenditure plans are submitted to the County Executive of Prince George's County prior to each November 1 and to the County Executive of Montgomery County prior to November 1 of each odd-numbered year. These budgets and plans include proposed expenditures and the means of financing them.

Each County Executive transmits the budgets and plans with recommendations to the respective County Council. The County Councils conduct public hearings on the budgets and plans, and the budgets and plans are legally adopted prior to July 1.

The legal level of budgetary control is the department or function for the Administration Accounts and the Montgomery County Park Account, and the Account level for Prince George's County Park Account, and Prince George's County Recreation Account. The Commission's expenditures may not exceed the total approved budget for each of the General Fund Accounts without prior approval by the respective County Council, except where grant funds received with the knowledge and approval of Prince George's County constitute an automatic budget amendment, thereby increasing the appropriations. Management is authorized to allow a department or function within a General Fund Account to be overspent by up to 10% of the approved budget without Council approval, provided the account in total is not overspent.

General Fund and Special Revenue Funds unencumbered appropriations lapse at year-end. Capital project appropriations do not lapse until the project is completed. The budget plans for the proprietary funds serve as a guide to the Commission and not as legally binding limitations.

Formal budgetary integration is employed as a management control device for the General Fund. The budget for the General Fund is adopted on a modified accrual basis consistent with GAAP except that encumbrances are treated as expenditures.

The actual expenditures in the General Fund Statements of Revenues, Expenditures/Encumbrances, and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual are presented on a basis consistent with The Maryland-National Capital Park and Planning Commission Adopted Annual Budget. All expenditures made during fiscal year 2011 were within the legal limitations pertinent to the Commission. Under the budgetary method, current year outstanding encumbrances are charged to the budgetary appropriations and are considered expenditures of the current period. Governmental GAAP considers outstanding encumbrances as reservations of fund balances that are charged to expenditures in the period in which the goods or services are used or received.

Reconciliation from the Budget Basis to the GAAP Basis for the year ended June 30, 2011 is as follows. The following account information is reported in Note 6.

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

(4) – DETAILED NOTES ON ALL FUNDS

(A) Cash and Investments

The Commission's deposits and investments as of June 30, 2011, totaled $1,121,221,197. The Commission's unrestricted pool of deposits and investments ($407,650,572) is available to all funds, except for the Pension Trust Funds.

Commission Cash and Investments

Custodial Credit Risk - Deposits - At year-end, the carrying amount of cash deposits was a deficit of $1,568,193 and the bank balance was $1,773,253. In addition, the Commission held cash at various locations totaling $251,242. Effective December 31, 2010, Section 343 of the Dodd-Frank Act amends the Federal Deposit Insurance Act to include noninterest-bearing transactions accounts as a new temporary deposit insurance account category. Therefore, at June 30, 2011 the entire cash carrying amount is fully insured, without limit.

In addition, the Commission had Certificates of Deposit with a carrying value (including accrued interest) of $111,386,319 at June 30, 2011. The certificates, with an average life of 246.73 days, were covered by collateral of $112,972,219, which is greater than bank balances for all applicable banks.

The Commission requires collateral for the bank balances of deposits and investments to be held in the Commission's name by the trust department of a bank other than the pledging bank. The Commission's policy was complied with throughout the year ended June 30, 2011. Collateral shall be maintained in excess of FDIC insurance coverage for all Commission bank cash accounts, certificates of deposits and time deposits.

Money Market Deposits - At year end the carrying value (fair value) of deposits in investment grade money market accounts is $34,149,615. Of these deposits $7,918 relates to cash and investments restricted for construction.

Investments - The Annotated Code of Maryland authorizes the Commission to invest in obligations for which the United States has pledged its full faith and credit for the payment of principal and interest, obligations that are issued by a Federal agency, repurchase agreements, bankers' acceptances, commercial paper, money market mutual funds, the State Treasurer's investment pool, and certificates of deposit. Commission bond proceeds may also be invested in municipal bonds and notes. The investments program also complies with the Commission's internal investment policy.

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

Custodial Credit Risk - Investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Statutes require that securities underlying repurchase agreements have a fair value of at least 102% of the cost of the investment. If during the year, the fair value of securities underlying such investments falls below this required level, additional collateral is pledged or other collateral in the amount of the required level is substituted. All collateral met statutory requirements and is held in the Commission's name by a third-party custodian.

Fixed Income Investments - Fixed income investments included in the Commission's Pooled Investments at June 30, 2011 were as follows:

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

Interest Rate Risk - The Commission manages its exposure to declines in fair value by limiting the maturity of its investment portfolio. The majority of investments shall be for a maximum maturity of one year. A portion of the portfolio may be invested in U.S. Government and U. S. Agency securities with a maturity of up to two years.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Commission's investment policy requires that investments in commercial paper, money market accounts and bankers acceptances have received ratings of the highest letter and numerical rating by at least one nationally recognized statistical rating organization as designated by the Securities and Exchange Commission. Up to 10% of bond proceeds may be invested in money market mutual funds that have not received the highest rating but are still recognized as investment grade. All related investments have received ratings of the highest letter quality, except for $7,918 (0.1%) of bond funds invested in a money market fund that is considered investment grade.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the Commission's investment in a single issuer. It is the Commission's policy to diversify by investment type and institution in order to avoid unreasonable risks, with maximum limitation as follows:

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

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

* At time of purchase

** Certificates of deposit are classified as deposits for financial reporting purposes.

The Commission is currently in compliance with this policy.

Employees' Retirement System (ERS) Cash and Investments

Custodial Credit Risk - Deposits - For cash deposits and cash equivalents, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

The amount of ERS's total cash and cash equivalents at June 30, 2011, was $17,862,018. Cash deposits in the bank account totaled $91,895 that was insured and collateralized. At June 30, 2011, ERS held $17,770,123 of cash equivalents in its custodial investment accounts.

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

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

Investments - The Board of Trustees ("Board") of ERS is authorized by the Trust Agreement dated July 26, 1972 and most recently amended September 16, 2009 to invest and reinvest the Trust Fund, as may be determined by investment counsel selected by the Commission. The Board is authorized to formulate investment policies, develop investment manager guidelines and objectives, and approve the retention of qualified advisors. The Commission approves new investment managers.

The Trust Fund shall be diversified across investment classes and among investment managers in order to achieve an optimal balance between risk and return. The Board established target allocations for the authorized investment classes as follows:

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

Trust Fund assets should be invested to obtain an appropriate long-term total return consistent with the overriding goal of limiting the risk of a large loss.

Each investment manager has a set of guidelines, which contain investment objectives, and risk control provisions, which are appropriate for each manager's mission. Investment managers have discretion within the constraints of these guidelines and are subject to regular review by the Board. The Trust Fund has guidelines, which apply broadly to each asset class as follows:

U.S. Equity

- U.S. Equity investment managers are limited to no more than 5% of the value of the portfolio in cash equivalents at any time.
- The U.S. Equity Composite should match the Russell 3000 Index in terms of capitalization and growth characteristics.
- 75% to 85% should be invested in "large capitalization stocks".
- 15% to 25% should be invested in "small and mid-capitalization stocks".

Non-U.S. Equity

- Cash equivalent exposure is limited to 5%.
- 80% to 100% should be invested in "developed markets".
- 0% to 20% should be invested in "emerging markets".

Fixed Income Guidelines

- The Fixed Income Composite is limited to 20% of its value in cash equivalents at any time.
- A single issuer cannot exceed 5% of the market value of the fixed income composite at any time.
- Duration of the fixed income composite should remain within +/- 1.5 years relative to the asset class benchmarks. The duration of the fixed income composite at June 30, 2010 was 7.50 years with the Merrill Lynch BB/B and the Barclays Aggregate at 4.76 and 5.19 years, respectively.
- The fixed income composite is expected to maintain an aggregate weighting of at least a single A.
- The fixed income composite may contain an allocation to opportunistic investments and distressed securities.
- Build America Bonds issued by Montgomery County and Prince George's County are prohibited.

Real Estate Guidelines

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

Alternative Investment Guidelines

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

Unless the Board grants prior authorization, an investment manager may not:

- Purchase securities on margin.
- Sell uncovered call options or sell put options.
- Leverage the portfolio.
- Sell securities short.
- Purchase commingled funds, mutual funds, or common trusts.
- Own more than 10% of any class of securities of any one issuer.
- Purchase letter stock, private placements, or sell securities restricted in a similar manner, other than those provided by SEC Rule 144A.
- Invest in commodities, or any vehicle that would leverage the portfolio.

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

The following uses of derivatives are prohibited:

- **Leverage.** Derivatives shall not be used to magnify exposure to an asset beyond that which would be allowed by the guidelines.
- **Unrelated Speculation**. Derivatives shall not be used to create exposures to securities, currencies, indices, or any other financial variable unless such exposures would be allowed by the manager's guidelines if created with non-derivative securities.

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

Foreign Exchange Contracts Settled as of June 30, 2011:

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

Foreign Exchange Contracts Pending June 30, 2011:

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

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

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

Custodial Credit Risk - Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the ERS will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either a) the counterparty or b) the counterparty's trust department or agent but not in the government's name. The ERS requires that all investments be clearly marked as to ownership and to the extent possible, shall be registered in the name of the ERS.

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

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

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

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

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

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

<u>Collateralized Mortgage Obligations</u> - Collateralized Mortgage Obligations are a type of mortgage-backed security that creates several pools of pass-through rates for different classes of bonds, called tranches. The tranches have their own risk characteristics with varying maturities. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. The repayments of principal and interest from the pass-through securities are used to retire the bonds in an established order of maturity. The ERS held $2,290,293 in CMOs at June 30, 2011.

<u>Asset-backed Securities</u> – Asset-backed securities (ABS) are bond or notes backed by loan paper or accounts receivable originated by banks, credit card companies, or other providers of credit. The originator of the loan or accounts receivable paper sells it to a specially created trust, which repackages it as securities. Brokerage firms underwrite the securities and reoffer them to the public. ERS held $1,700,000 in ABS at June 30, 2011.

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

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

Credit Quality Ratings as of June 30, 2011:

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

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

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

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

Cash Received as Securities Lending Collateral

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

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

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

The Board of Trustees authorized the lending of fixed income securities, which activity is managed by the custodian bank. The Board of Trustees authorized a securities lending loan cap of 30% effective October 6, 2010 with an increase to 50% effective February 1, 2011. There were no violations of legal or contractual provisions, and no borrower or lending agent default losses known to the securities lending agent as of June 30, 2011.

Securities are loaned against collateral that may include cash, U.S. government securities, and irrevocable letters of credit. U.S. government securities are loaned against collateral valued at 102% of the market value of the securities plus any accrued interest. Non-U.S. government securities are loaned against collateral valued at 105% of the market value of the securities plus any accrued interest. Non-cash collateral cannot be pledged or sold unless the borrower defaults. Consequently, the non-cash collateral has not been reported as an asset or liability on the Statement of Plan Net Assets. All securities loans can be terminated on demand by either the lender or the borrower, although the average term of overall loans were approximately 130 days in 2011.

Cash open collateral is invested in a short term investment pool, the Core USA Collateral Section, which had an interest sensitivity of 21 days as of this statement date. Cash collateral may also be invested separately in "term loans", in which case the investments match the loan term. These loans can be terminated on demand by either lender or borrower. There are no dividends or coupon payments owing on the securities lent. Securities lending earnings are credited to the ERS' accounts on approximately the fifteenth day of the following month.

The custodian bank's responsibilities include performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending. Loss indemnification is provided when securities are not returned due to the insolvency of a borrower and the trustee bank fails to fulfill its contractual responsibilities relating to the lending of those securities to that borrower.

The following table presents the fair values of the underlying securities, and the value of the collateral pledged at June 30, 2011:

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

*The securities collateral value is based on the ERS' pro rata share of the value of the securities collateral maintained at The Northern Trust Bank on the program wide collateralization levels.

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

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

Investments - The Board of Trustees of the Trust ("Board") is authorized by the Trust Agreement dated July 1, 1999 and amended May 16, 2007 to invest and reinvest the Trust Fund. The Board is authorized to formulate investment policies, develop investment manager guidelines and objectives, and approve the retention of qualified advisors and investment managers. The target allocations as established by the Board for the authorized investment classes during fiscal year 2011 are as follows:

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

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

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

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

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

(B) Capital Assets

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

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

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

	July 1, 2010	Increases	Decreases	June 30, 2011
Montgomery County Enterprise Fund				
Capital assets not being depreciated:				
Land	$ 11,584,468	$ -	$ -	$ 11,584,468
Construction in progress	397,888	-	-	397,888
Total capital assets not being depreciated	11,982,356	-	-	11,982,356
Capital assets being depreciated				
Buildings and improvements	26,999,848	-	-	26,999,848
Machinery, equipment and intangibles	1,680,427	30,188	-	1,710,615
Total capital assets being depreciated	28,680,275	30,188	-	28,710,463
Less accumulated depreciation for:				
Buildings and improvements	(15,028,211)	(1,245,578)	-	(16,273,789)
Machinery, equipment and intangibles	(1,360,025)	(48,933)	-	(1,408,958)
Total accumulated depreciation	(16,388,236)	(1,294,511)	-	(17,682,747)
Total capital assets being depreciated, net	12,292,039	(1,264,323)	-	11,027,716
Capital assets, net	$ 24,274,395	$ (1,264,323)	$ -	$ 23,010,072
Prince George's County Enterprise Fund				
Capital assets not being depreciated:				
Land	$ 7,779,131	$ -	$ -	$ 7,779,131
Capital assets being depreciated:				
Buildings and improvements	72,270,589	-	-	72,270,589
Machinery, equipment and intangibles	5,106,641	238,842	(21,887)	5,323,596
Total capital assets being depreciated	77,377,230	238,842	(21,887)	77,594,185
Less accumulated depreciation for:				
Buildings and improvements	(27,401,853)	(2,071,630)	-	(29,473,483)
Machinery, equipment and intangibles	(3,665,951)	(233,959)	21,887	(3,878,023)
Total accumulated depreciation	(31,067,804)	(2,305,589)	21,887	(33,351,506)
Total capital assets being depreciated, net	46,309,426	(2,066,747)	-	44,242,679
Capital assets, net	$ 54,088,557	$ (2,066,747)	$ -	$ 52,021,810
Total Business-type activities	$ 78,362,952	$ (3,331,070)	$ -	$ 75,031,882

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

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

Construction Commitments - The Commission is committed to $46,888,237 for construction contracts for work to be performed in subsequent years.

(C) Interfund Receivables, Payables, and Transfers

The Commission had one interfund receivable and payable balance at June 30, 2011. The Montgomery County Capital Projects Fund has a payable balance of $6,553,971 to the Montgomery County Parks Fund. The short term borrowing is to remove a cash shortfall in the Capital Projects Fund.

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

Interfund Transfers:	General	Montgomery County Capital Projects	Prince George's County Capital Projects	Non-major Governmental Funds	Proprietary Funds	Total
Transfers In						
General Fund - Administration Account	$ 700,000	$ -	$ -	$ 1,578,000	$ -	$ 2,278,000
General Fund - Park Account	-	350,000	21,304,000	16,981,208	-	38,635,208
General Fund - Recreation Account	-	-	-	-	9,789,550	9,789,550
Special Revenue Fund	-	-	-	-	-	-
Capital Projects	703,215	-	-	-	-	703,215
Total Transfers In	$ 1,403,215	$ 350,000	$ 21,304,000	$ 18,559,208	$ 9,789,550	$ 51,405,973
Transfers Out						
General Fund - Park Account	$ 700,000	$ 1,849	$ 701,366	$ -	$ -	$ 1,403,215
Debt Service Fund	16,981,208	-	-	-	-	16,981,208
Capital Projects	21,654,000	-	-	-	-	21,654,000
Special Revenue Fund	1,578,000	-	-	-	-	1,578,000
Enterprise Fund	9,789,550	-	-	-	-	9,789,550
Total Transfers Out	$ 50,702,758	$ 1,849	$ 701,366	$ -	$ -	$ 51,405,973

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

Proprietary fund transfers are made up of the following:

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

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

In addition to the above transfers, tax revenues of $2,100,896 not needed to pay current debt service were contributed by the Advanced Land Acquisition Debt Service Funds to the Advanced Land Acquisition Accounts in the Private Purpose Trust Funds.

(D) Operating Leases

The Commission is committed under several operating leases for office space and office equipment expiring at various dates through 2014. Each agreement provides for termination in the event of nonappropriation of funds.

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

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

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

(E) Long-Term Obligations

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

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

General Obligation Bonds - The Commission is authorized to issue general obligation bonds for the acquisition of park land and the development of parks and recreational facilities, designated as Park Acquisition and Development Bonds ("Park Bonds"); to provide resources for advance land acquisition for highways, schools and other public purposes, designated as Advance Land Acquisition Bonds ("Advance Land Bonds"); and to refund both Park and Advance Land Bonds. The general obligation bonds are issued on the full faith and credit of the Commission and the county for which the bonds are issued.

Mandatory taxes of 3.6 cents per $100 of real property assessed valuation (9 cents for personal property) in Montgomery County and at least 4 cents per $100 of real property assessed valuation (10 cents for personal property) in Prince George's County are required by Article 28 of the Annotated Code of Maryland to be levied in the Metropolitan District in the respective counties for the payment of Park Bond debt service. In 2011, debt service payments approximated 0.26 cents per $100 of real property and 0.65 cents per $100 of personal property for Montgomery County and 1.48 cents for real property and 3.70 cents for personal property for Prince George's County. The remainder of the proceeds of the mandatory taxes was used for operating and maintaining the park system of the respective counties.

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

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

Montgomery County General Obligation Bonds

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

Prince George's County General Obligation Bonds

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

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

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

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

Revenue Bonds and Revenue Notes Payable - The Commission is authorized to issue revenue bonds and notes to finance the cost of revenue producing facilities and to refund outstanding bonds. The revenue bonds and notes are not general obligations of the Commission or county for which they are issued and are payable solely from revenues generated from revenue producing facilities. The Commission's revenue bonds and revenue notes payable, which totaled $2,208,552 (net of a deferred amount of $32,063) at June 30, 2011, are accounted for in the Montgomery County Enterprise Fund. Debt service expenditures for the revenue bonds and notes totaled $1,282,843 for the fiscal year. There were no revenue bonds or revenue notes payable for Prince George's County.

The outstanding proprietary fund debt as of June 30, 2011, and the related debt service requirements for Montgomery County are as follows (000's):

	Business-type Activities Revenue Bonds and Notes		
Fiscal Year	Total Principal	Total Interest	Total Payments
2012	1,176	83	1,259
2013	842	35	877
2014	222	6	228
Total	$ 2,240	$ 124	$ 2,364

The Commission is in compliance with all significant restrictive covenants related to revenue bonds and notes.

<u>Outstanding Revenue Bonds and Revenue Notes Payable</u> - Revenue bonds, net of a $32,063 deferred amount on the Little Bennett Golf Facilities Refunding Bond, and revenue notes payable at June 30, 2011, consist of the following individual issues (000's):

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

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

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

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

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

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

Long-term obligations are shown in the Statement of Net Assets as follows:

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

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of governmental activities. For the governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

(5) – OTHER INFORMATION

(A) Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission protects against unforeseen losses through self-insurance and commercial insurance coverages. Self-insurance and some commercial insurance policies are administered through the Montgomery County Self-Insurance Fund (the "Program"), of which the Commission is a participant. The "Program" is beneficial for the purpose of economic pooling of risks and resources, and providing claims administration. Self-insured coverage is available for workers' compensation (Maryland state mandatory limits), comprehensive general liability (Maryland Tort caps apply), police professional, public official liability, and property and fire damage (up to $250,000). Commercial insurance policies are retained for boiler and machinery damage, and data processing system breakdown, property and fire damage above $250,000 excess liability and commercial crime coverage. The Commission is responsible for reimbursing the Program, the full amount of all self-insured claims with the exception of property loss claims which are limited to $250,000 reimbursement after which point, group commercial insurance policies provide protection. Outside the" Program" coverages, the Commission also carries Public Official bond coverage, airport liability coverage, airport museum coverages, and other coverages for specialized needs. The Commission did not pay any claims settlements in excess of $250,000 for fiscal years 2009 and 2010 but in fiscal year 2011 there was one claim over $250,000. No insurance coverages were reduced in fiscal year 2011.

The Commission's employees and retirees have various options in their selection of health insurance benefits. The Commission self-insures the following medical plans: two exclusive provider organizations (EPO) which is a Health Maintenance Organization (HMO) without a PCP as a gatekeeper, a point of service (POS), and a Medicare complement plan (retirees only), as well as the prescription drug plan. All other group health insurance plans are fully insured including a dental plan and a vision plan with three coverage options. The Commission expenses (net of employee, Medicare Part D and retiree contributions) were for all group health benefits in fiscal year 2011. The basis for estimating incurred but not reported (IBNR) claims at year-end is an annual analysis performed by the plans' administrators

Premiums are paid into the Risk Management Internal Service Fund by the General Fund and Enterprise Funds and are available to pay claims, claim reserves and administrative costs of the Program. Claims paid during fiscal year 2011 totaled $4,083,568. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for IBNR claims which is determined annually based on an actuarial valuation. In addition, individual claim liabilities are established for each case based on the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. Changes in the balances of claims liabilities during the past two years are as follows:

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

The medical column excludes expenses that are fully insured.

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

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

(B) Related Party Transactions

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

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

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

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

(C) Contingencies

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

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

(D) Employees' Retirement System and Pension Plans

Defined Benefit Pension Plan

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

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

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

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

The actuarial accrued liability was estimated as part of an actuarial valuation performed as of July 1, 2010. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 7.5% a year compounded annually, (b) projected salary increases of 4% a year plus variable merit increases, (c) cost of living increases in benefits after retirement based on the Plan's provision for annual increases of 100% of the first 3% of change in the CPI-Urban Index for major U.S. cities plus half of the change in excess of 3%, but no more than 5% in total. The assumed post-retirement cost of living adjustment is 3%.

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

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

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

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

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

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

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

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

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

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

Deferred Compensation Plans

The Commission offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. One plan, available to all career Commission employees, permits them to defer a portion of their salary to future years. The deferred compensation is not available to employees or beneficiaries until termination, retirement, death or unforeseeable emergency. The Commission also offers a separate deferred compensation plan to its officers and to the staff of the Employees' Retirement System. These plans are not included in the financial statements.

(E) Other Postemployment Benefits

Plan Description - In addition to the pension benefits provided by the System, the Commission provides postretirement healthcare benefits, a single-employer defined benefit healthcare plan, in accordance with Commission approval, to all full-time and part-time career employees, directors appointed by Montgomery County and Prince George's County Planning Boards, Merit System Board Members, Commissioners, appointed officials and Employees' Retirement System employees who retire under a Commission Retirement Plan or the State of Maryland Retirement Plan at the end of their Commission or System service, and who have been insured under any Commission-sponsored group medical plan during the three years immediately preceding the date of retirement or ability to prove similar coverage in another plan immediately prior to retirement. Currently 787 retirees and survivors are participating in the Commission's medical plans. The Commission contributes 85 percent of the amount of medical, prescription drug, and dental insurance rates and 80 percent of the low coverage option for all three coverage options of vision benefit rates. The System contributes the same percentages for its full-time and part-time employees and retiree Benefits levels are established annually by resolution of the Commission. Separate financial statements are not issued for the Trust.

Funding Policy - On July 1, 1999, the Commission established a 115 Trust account (the "Trust") for the purpose of pre-funding a portion of retiree insurance costs in the future. The Commission executed a Discretionary Investment Management Agreement with a Financial Advisor (Custodial Trustee) of the account. Per the Post-Retirement Insurance Benefits Program Trust Agreement I - Contributions, the Commission may elect to contribute additional amounts as deemed necessary to meet its benefit costs. Prior to fiscal year 2008, the Trust account had not been funded based on actuarial information. The fund was used in certain prior fiscal years to pay the net cost of postretirement health care benefits, net of the retiree contributions. A minimal balance was retained in the fund to maintain the legal status of the trust.

In fiscal year 2008, the Commission began phasing in over an 8 year period actuarially based funding of Other Postemployment Benefits in connection with the implementation of the accounting requirements of GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions".

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

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

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

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

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

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

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

Actuarial Methods for Retiree Health Care Benefits Plan - The actuarial value of assets is the fair value of the investments. This year's asset value is based on the July 1, 2010 actuarial valuation.

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

The actuarial accrued liability was estimated as part of an actuarial valuation performed as of July 1, 2010. Significant actuarial assumptions used in the valuation are as follows:

> **Rate of Return** – The assumed rate of return on the investment of present and future assets is a "select and ultimate" interest rate starting at 4.25% and grading to 7.5% over an eight year period, and thereafter at 7.5% a year compounded annually.
>
> **Salary Increases** - Salary increases of 4.00% a year are projected for calculating the level percentage of pay.
>
> **Healthcare Cost Trend Rates** – The expected rate of increase for healthcare costs in 2011 was estimated at 9.0% for prescription drugs and medical costs, and 5.0% for dental and vision. Declining rates of increase were used, with 2020 and later rates at 4.5% for all costs.

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

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

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

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

(F) Pension Trust Funds

Combining schedules of the pension trust funds follow:

Combining Schedules of Net Assets
Pension Trust Funds
June 30, 2011

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

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

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

DRAFTv3

(6) – COUNTY FINANCIAL DATA

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

Note 6A

MONTGOMERY COUNTY
Summary of Assets, Liabilities and Fund Balances
Governmental Funds and Accounts
June 30, 2011

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

Note 6B

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

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

Note 6C

MONTGOMERY COUNTY
ADMINISTRATION ACCOUNT- GENERAL FUND
Summary of Revenues, Expenditures/Encumbrances, and Changes In Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2011

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

DRAFTv3

Note 6D

MONTGOMERY COUNTY
PARK ACCOUNT- GENERAL FUND
Summary of Revenues, Expenditures/Encumbrances, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2011

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

Note 6E

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

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

Note 6F

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

	General Fund Accounts						
	Administration	Park	Recreation	Total	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property Taxes	$ 42,591,567	$ 151,616,903	$ 55,972,552	$ 250,181,022	$ -	$ 1,226,133	$ 251,407,155
Intergovernmental:							
Federal	119,598	(107,522)	37,712	49,788	1,134,600	-	1,184,388
State	-	4,000	309,473	313,473	7,493,077	-	7,806,550
County	79,135	59,012	-	138,147	-	342,720	480,867
Charges for Services	568,599	116,086	6,625,586	7,310,271	-	1,036,333	8,346,604
Rentals and Concessions	-	2,101,964	891,223	2,993,187	-	4,963,026	7,956,213
Interest	173,995	266,855	205,453	646,303	701,366	19,052	1,366,721
Contributions	-	-	-	-	-	44,095	44,095
Miscellaneous	65,694	309,248	84,488	459,428	223,603	43,091	726,122
Total Revenues	43,598,588	154,366,544	64,126,487	262,091,619	9,552,646	7,674,450	279,318,715
EXPENDITURES							
Current:							
General Government	9,349,172	-	-	9,349,172	-	-	9,349,172
Planning and Zoning	33,593,366	-	-	33,593,366	-	-	33,593,366
Park Operations and Maintenance	-	116,997,515	-	116,997,515	-	483,831	117,481,346
Recreation	-	-	57,995,863	57,995,863	-	4,926,440	62,922,303
Contributions	-	-	-	-	-	943,482	943,482
Debt Service:							
Principal	-	-	-	-	-	10,610,957	10,610,957
Interest	-	-	-	-	-	2,802,605	2,802,605
Other Debt Service Costs	-	-	-	-	-	(97,966)	(97,966)
Capital Outlay:							
Park Acquisition	-	-	-	-	3,549,184	-	3,549,184
Park Development	-	-	-	-	26,213,628	-	26,213,628
Total Expenditures	42,942,538	116,997,515	57,995,863	217,935,916	29,762,812	19,669,349	267,368,077
Excess (deficiency) of Revenues over Expenditures	656,050	37,369,029	6,130,624	44,155,703	(20,210,166)	(11,994,899)	11,950,638
OTHER FINANCING SOURCES (USES)							
Transfers In	-	701,366	-	701,366	21,304,000	13,068,165	35,073,531
Transfer Out	(50,000)	(34,322,165)	(9,789,550)	(44,161,715)	(701,366)	-	(44,863,081)
Total Other Financing Sources (Uses)	(50,000)	(33,620,799)	(9,789,550)	(43,460,349)	20,602,634	13,068,165	(9,789,550)
Net Change in Fund Balances	606,050	3,748,230	(3,658,926)	695,354	392,468	1,073,266	2,161,088
Fund Balances - Beginning	26,981,356	59,682,717	34,098,259	120,762,332	161,235,297	3,606,277	285,603,906
Fund Balances - Ending	$ 27,587,406	$ 63,430,947	$ 30,439,333	$ 121,457,686	$ 161,627,765	$ 4,679,543	$ 287,764,994

Note 6G

PRINCE GEORGE'S COUNTY
ADMINISTRATION ACCOUNT- GENERAL FUND
Summary of Revenues, Expenditures/Encumbrances, and Changes In Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2011

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

Note 6H

PRINCE GEORGE'S COUNTY
PARK ACCOUNT- GENERAL FUND
Summary of Revenues, Expenditures/Encumbrances, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2011

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

Note 6 I

PRINCE GEORGE'S COUNTY
RECREATION ACCOUNT- GENERAL FUND
Summary of Revenues, Expenditures/Encumbrances, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2011

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

Required Supplementary Information for Defined Benefit Pension Plan (Unaudited)

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

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

SCHEDULE OF FUNDING PROGRESS (000'S)

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

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

Publicly available Financial Statements for the Employees' Retirement System can be obtained at 6611 Kenilworth Avenue, Suite 100, Riverdale, Maryland 20737.

Required Supplementary Information for Other Postemployment Benefits (Unaudited)

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

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

SCHEDULE OF FUNDING PROGRESS (000'S)

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

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

Appendix B

FORM OF OPINION OF BOND COUNSEL REGARDING SERIES MC-2012A BONDS

[DATE OF DELIVERY]

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

Ladies and Gentlemen:

In connection with the issuance by The Maryland-National Capital Park and Planning Commission (the "Commission") of $12,505,000 of its Montgomery County Park Acquisition and Development General Obligation Project and Refunding Bonds, Series MC-2012A (Federally Tax-Exempt) (the "Bonds"), we have examined:

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

(ii) Resolution No. 11-21 adopted by the Commission on January 18, 2012 and Resolution No. 12-01 adopted by the Commission on March 8, 2012 (collectively, the "Resolutions");

(iii) the form of Bond;

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

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

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

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

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

Based upon the foregoing, it is our opinion that:

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

(b) The Bonds are valid and legally binding general obligations of the Commission, issued on the full faith and credit of Montgomery County, Maryland (the "County"). The Bonds are payable in the first instance from proceeds of limited annual ad valorem property taxes that the County is required by Section 6-106(a) of the Act to levy and collect in the Maryland-Washington Metropolitan District in the County (the "District") and to remit to the Commission, but these proceeds may be supplemented, if necessary, by annual ad valorem taxes which may be levied upon all assessable property within the District; if these

proceeds, as supplemented, prove inadequate for the required debt service, the County has guaranteed the payment of the interest when due and the principal at maturity of the Bonds and, to provide for such payments, is further empowered and directed to levy annual ad valorem taxes upon all assessable property within the corporate limits of the County.

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

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

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

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

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

Very truly yours,

FORM OF OPINION OF BOND COUNSEL REGARDING SERIES MC-2012B BONDS

[DATE OF DELIVERY]

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

Ladies and Gentlemen:

In connection with the issuance by The Maryland-National Capital Park and Planning Commission (the "Commission") of $3,000,000 of its Montgomery County Park Acquisition and Development General Obligation Project Bonds, Series MC-2012B (Federally Taxable) (the "Bonds"), we have examined:

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

(ii) Resolution No. 11-21 adopted by the Commission on January 18, 2012 and Resolution No. 12-01 adopted by the Commission on March 8, 2012 (collectively, the "Resolutions");

(iii) the form of Bond; and

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

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

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

Based upon the foregoing, it is our opinion that:

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

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

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

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

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

Very truly yours,

Appendix C

NOTICE OF SALE

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

$13,475,000*
Montgomery County
Park Acquisition and Development
General Obligation Project and Refunding Bonds,
Series MC-2012A (Federally Tax-Exempt)

Electronic Bids only will be received until 11:00 a.m.,
Local Baltimore, Maryland Time, for the Series MC-2012A Bonds on March 21, 2012

by The Maryland-National Capital Park and Planning Commission (the "Commission"), for the purchase of the above-named issue of bonds (the "Series MC-2012A Bonds") of the Commission, to be dated as of the date of their delivery and to be issued pursuant to the authority of the laws of Maryland governing said Commission as the same appear in Sections 6-101 and 6-104 of Article 28 of the Annotated Code of Maryland (2010 Replacement Volume and 2011 Supplement) and Resolutions of the Commission adopted on January 18, 2012 and March 8, 2012. The Series MC-2012A Bonds will bear interest from the date of their delivery payable December 1, 2012, and semi-annually thereafter on each June 1 and December 1 until maturity or prior redemption.

The payment of the principal of and interest on all of the Series MC-2012A Bonds will be unconditionally guaranteed by Montgomery County, Maryland (the "County").

Maturities: The Series MC-2012A 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 Series MC-2012A Bonds and each such bond certificate shall be immobilized in the custody of DTC. DTC will act as securities depository for the Series MC-2012A 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 Series MC-2012A Bonds purchased. The winning bidder, as a condition to delivery of the Series MC-2012A Bonds, will be required to deposit the bond certificates representing each maturity with DTC.

*Preliminary, subject to change.

The Series MC-2012A Bonds will be separately numbered from No. 1 upward, and will mature in numerical order, subject to prior redemption as set forth below, in consecutive annual installments beginning on December 1, 2013 in the amounts and years set forth in the following table:

$13,475,000*
Montgomery County
Park Acquisition and Development
General Obligation Project and Refunding Bonds Series MC-2012A (Federally Tax-Exempt)

Year of Maturity	Principal Amount *	Year of Maturity	Principal Amount *
2013	$380,000	2023	$610,000
2014	690,000	2024	625,000
2015	930,000	2025	395,000
2016	930,000	2026	405,000
2017	930,000	2027	420,000
2018	980,000	2028	430,000
2019	970,000	2029	445,000
2020	975,000	2030	460,000
2021	970,000	2031	470,000
2022	975,000	2032	485,000

*Preliminary, subject to change.

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

Adjustments to Principal Amounts: The preliminary aggregate principal amount of the Series MC-2012A Bonds and the preliminary principal amount of each annual payment of the Series MC-2012A Bonds as set forth in this Notice of Sale (the "Preliminary Aggregate Principal Amount" and the "Preliminary Principal Amount" of each annual payment, respectively; collectively, the "Preliminary Amounts") may be revised before the receipt of electronic bids for their purchase. ANY SUCH REVISIONS made prior to the receipt of electronic bids (the "Revised Aggregate Principal Amount" and the "Revised Principal Amount" of each annual payment, respectively; collectively, the "Revised Amounts") WILL BE PUBLISHED ON THOMSON MUNICIPAL MARKET MONITOR ("TM3") (www.tm3.com) NOT LATER THAN 9:30 A.M. (LOCAL BALTIMORE, MARYLAND TIME) ON THE DATE OF THE SALE. In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. Bidders shall submit bids based on the Revised Amounts and the Revised Amounts will be used to compare bids and select a winning bidder.

As promptly as reasonably possible after the bids are received, the Chairman, the Vice Chairman or Secretary-Treasurer of the Commission will notify the bidder to whom the Series MC-2012A Bonds will be awarded, if and when such award is made, and such bidder, upon such notice, shall advise the Chairman or the Vice Chairman or the Secretary-Treasurer of the

Commission of the initial reoffering prices to the public of each maturity of the Series MC-2012A Bonds (the "Initial Reoffering Prices"). THE SUCCESSFUL BIDDER SHALL MAKE A BONA FIDE PUBLIC OFFERING OF THE SERIES MC-2012A BONDS AT THE INITIAL OFFERING PRICES AND SHALL PROVIDE THE RELATED CERTIFICATION DESCRIBED BELOW. Such Initial Reoffering Prices for the Series MC-2012A Bonds, among other things, will be used by the Commission to calculate the final aggregate principal amount of the Series MC-2012A Bonds and the final principal amount of each annual payment on the Series MC-2012A Bonds (the "Final Aggregate Principal Amount" and the "Final Principal Amount" of each annual payment, respectively; collectively, the "Final Amounts"). In determining the Final Amounts, the Commission expects that the Revised Amounts will be changed as necessary to effect the greatest economic advantage of the refunding, or to accommodate other refunding objectives of the Commission, but the Commission will not reduce or increase the Revised Aggregate Principal Amount by more than 13%. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS WITHIN THIS LIMIT. The dollar amount bid for principal and any amount bid for premium by the successful bidder will be adjusted proportionally to reflect any reduction or increase in the aggregate principal amount of the Series MC-2012A Bonds. Such adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the selling compensation per $1,000 of par amount of bonds from the selling compensation that would have been received based on the purchase price in the winning bid and the initial reoffering prices. The Final Amounts will be communicated to the successful bidder as soon as possible, but not later than 4:30 P.M. the day the Series MC-2012A Bonds are awarded.

Electronic Bids: Notice is hereby given that electronic proposals will be received via ***PARITY®***, in the manner described below,

Electronic Bids only will be received until 11:00 a.m., Local Baltimore, Maryland Time, for the Series MC-2012A Bonds on March 21, 2012

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

Disclaimer: Each prospective electronic bidder shall be solely responsible to submit its bid via ***PARITY®*** as described above. Each prospective electronic bidder shall be solely responsible to make necessary arrangements to access ***PARITY®*** for the purpose of submitting its bid in a timely manner and in compliance with the requirements of the Notice of Sale. Neither the Commission nor ***PARITY®*** shall have any duty or obligation to provide or assure access to ***PARITY®*** to any prospective bidder, and neither the Commission nor ***PARITY®*** shall be responsible for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, ***PARITY®***. The Commission is using ***PARITY®*** as a communication mechanism, and not as the Commission's agent, to conduct the electronic bidding for the Series MC-2012A 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 Series MC-2012A Bonds, the prospective bidder should telephone ***PARITY®*** at (212) 849-5021 and notify the Commission's Financial Advisor, Davenport & Company LLC, by facsimile at (866) 932-6660.

Electronic Bidding Procedures: Electronic bids must be submitted for the purchase of the Series MC-2012A Bonds (all or none) via ***PARITY®***. Bids will be communicated electronically to the Commission at 11:00 a.m. local Baltimore, Maryland time for the Series MC-2012A Bonds on March 21, 2012. Prior to that time, a prospective bidder may (1) submit the proposed terms of its bid via ***PARITY®***, (2) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the Series MC-2012A 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 Series MC-2012A Bonds on the Terms therein provided. For purposes of the electronic bidding process, the time as maintained on ***PARITY®*** shall constitute the official time.

Security: All of the Series MC-2012A 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 Series MC-2012A Bonds will be payable as to both principal and interest first from limited ad valorem property taxes which the County is required by law to levy in the portion of the Maryland-Washington Metropolitan District (the "District") established by Title 3 of Article 28 located in said County and remit to the Commission. By its guarantee of the Series MC-2012A 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 levied for the benefit of the Commission are inadequate in any year for the payment of such principal and interest, Section 6-102 of Article 28 provides that said County shall levy an additional tax upon all assessable property within the portion of the District in the County, and, if the proceeds of such additional tax are still inadequate for such purposes, upon all assessable property within the corporate limits of said County.

Redemption: The Series MC-2012A Bonds which mature on or after December 1, 2023, are subject to redemption prior to their respective maturities on or after December 1, 2022, at the option of the Commission, in whole or in part at any time, in any order of maturities, at the redemption prices of the principal amount of the Series MC-2012A Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption.

Bid Specifications:

BIDDERS MAY SUBMIT BIDS FOR EITHER THE SERIES MC-2012A BONDS OR THE SERIES MC-2012B BONDS (DEFINED IN SEPARATE NOTICE OF SALE PRINTED BELOW) OR FOR BOTH SERIES OF BONDS. ANY BIDS FOR LESS THAN ALL OF A SERIES OF BONDS SHALL BE REJECTED BY THE COMMISSION. THE COMMISSION RESERVES THE RIGHT TO REJECT ANY AND ALL BIDS.

Proposals for purchase of the Series MC-2012A Bonds must be for all the Series MC-2012A Bonds herein described and must be submitted electronically pursuant to this Notice until 11:00 a.m., local Baltimore, Maryland time on March 21, 2012. Bidders must pay not less than par and not more than 113% of par and accrued interest. In their proposals, bidders are requested to specify the annual rate or rates of interest to be borne by the Series MC-2012A 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 Series MC-2012A Bonds, but all Series MC-2012A Bonds maturing on the same date must bear interest at the same rate. Series MC-2012A Bonds on successive maturity dates may bear the same interest rate. No Series MC-2012A Bond shall bear more than one rate of interest, which rate shall be uniform for the life of the Series MC-2012A Bond and no interest rate may be named that exceeds 5.50%. For all Series MC-2012A Bonds, the difference between the highest and lowest rates named may not be greater than three percent (3%).

Award of Bid: The successful bidder will be determined based on the lowest interest cost to the Commission. The lowest interest cost shall be determined in accordance with the true interest cost (TIC) method by doubling the semi-annual interest rate, compounded semi-annually, necessary to discount the debt service payments from the payment dates to the date of the bonds, and to the price bid, excluding interest accrued to the date of delivery of the Series

MC-2012A Bonds. Where the proposals of two or more bidders result in the same lowest interest cost, the Series MC-2012A 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 Series MC-2012A 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. No proposal to purchase the Series MC-2012A Bonds at a price less than par and accrued interest will be entertained.

Good Faith Deposit: The successful bidder for the Series MC-2012A Bonds is required to submit a good faith deposit (the "Good Faith Deposit") in the amount of $134,750. The winning bidder for the Series MC-2012A Bonds is required to submit such Good Faith Deposit payable to the order of the Commission in the form of a wire transfer in federal funds as instructed by the Commission. The winning bidder shall submit the Good Faith Deposit not more than two hours after verbal award is made. The winning bidder should provide as quickly as it is available, evidence of wire transfer by providing the Commission the federal funds reference number. If the Good Faith Deposit is not received in the time allotted, the bid of the winning 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 Series MC-2012A Bonds to the same. If the winning bidder fails to comply with the Good Faith Deposit requirement as described herein, that bidder is nonetheless obligated to pay to the Commission the sum of $134,750 as liquidated damages due to the failure of the winning bidder to timely deposit the Good Faith Deposit.

Submission of a bid to purchase the Series MC-2012A 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 Series MC-2012A Bonds, at which time the Good Faith Deposit will be applied against the purchase price of the Series MC-2012A 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 Series MC-2012A 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 Series MC-2012A Bonds.

CUSIP Numbers; Expenses of the Bidder: It is anticipated that CUSIP numbers will be assigned to each of the Series MC-2012A Bonds, but neither the failure to type or print such numbers on any of the Series MC-2012A 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 Series MC-2012A Bonds. The policies of the CUSIP Service Bureau will govern the assignment of specific numbers to the Series MC-2012A 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 Series MC-2012A Bonds promptly upon award of the bid. All expenses of typing or printing CUSIP numbers for the Series MC-2012A Bonds will be paid for by the Commission; provided the CUSIP Service Bureau charges for the assignment of the numbers shall be the responsibility of and shall be paid for by the successful bidder.

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

Registration of Series MC-2012A Bonds: When delivered, one bond certificate representing each maturity of the Series MC-2012A Bonds shall be duly executed and authenticated and registered in the name of Cede & Co., as nominee of The Depository Trust Company, as registered owner of the Series MC-2012A 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 Series MC-2012A 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 Series MC-2012A 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 Series MC-2012A 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 Series MC-2012A 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 Series MC-2012A Bonds described above will be issued and sold subject to approval as to legality by McKennon Shelton & Henn LLP, Bond Counsel, whose approving opinion will be delivered, upon request, to the successful bidder for the Series MC-2012A Bonds without charge. Such opinion will be substantially in the form included in Appendix B to the Preliminary Official Statement referred to below.

Continuing Disclosure: In order to assist bidders in complying with SEC Rule 15c2-12(b)(5), the Secretary-Treasurer will execute and deliver a continuing disclosure agreement on or before the date of issuance of the Series MC-2012A Bonds pursuant to which it will undertake to provide certain information annually and notices of certain events. A description of this agreement is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

Delivery and Payment: It shall be a condition of the obligation of the successful bidder to accept delivery of and pay for the Series MC-2012A Bonds, that, simultaneously with or before delivery and payment for the Series MC-2012A 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 her 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 Series MC-2012A Bonds, any untrue statement of a material fact, required to be stated or necessary to be stated, to make such statements, in light of the circumstances under which they were made, not misleading.

SIMULTANEOUSLY WITH OR BEFORE DELIVERY OF THE SERIES MC-2012A BONDS, THE SUCCESSFUL BIDDER SHALL FURNISH TO THE COMMISSION A CERTIFICATE ACCEPTABLE TO BOND COUNSEL TO THE EFFECT THAT (I) THE SUCCESSFUL BIDDER HAS MADE A BONA FIDE PUBLIC OFFERING OF THE SERIES MC-2012A BONDS AT THE INITIAL REOFFERING PRICES, (II) AS OF THE DATE OF THE SALE OF THE SERIES MC-2012A BONDS, THE SUCCESSFUL BIDDER REASONABLY EXPECTED TO SELL A SUBSTANTIAL AMOUNT OF THE SERIES MC-2012A BONDS AT THE INITIAL REOFFERING PRICES, AND (III) A SUBSTANTIAL AMOUNT OF THE SERIES MC-2012A BONDS WERE SOLD TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT SUCH INITIAL REOFFERING PRICES OR SUCH OTHER FACTS REGARDING THE ACTUAL SALE OF THE SERIES MC-2012A BONDS AS BOND COUNSEL SHALL REQUEST. Bond Counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder, (ii) the sale to the public of 10% or more in par amount of the Series MC-2012A Bonds of each maturity at (or below) the Initial Reoffering Prices would be sufficient to certify as to the sale of a substantial amount of the Series MC-2012A Bonds, and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Series MC-2012A Bonds.

Delivery of the Series MC-2012A Bonds, without expense, will be made by the Commission to the purchaser within thirty (30) days from the date of sale, or as soon as practicable thereafter, at New York, New York, and, thereupon, said purchaser will be required to accept delivery of the Series MC-2012A Bonds purchased and pay the balance of the purchase price thereon in federal or other immediately available funds. The Series MC-2012A Bonds will be accompanied by the customary closing documents including a no-litigation certificate effective as of the date of delivery.

Contacts: A preliminary official statement, which is in form "deemed final" as of its date by the Commission for purposes of SEC Rule 15c2-12 (the "Preliminary Official Statement") but is subject to revision, amendment and completion in the final official statement (the "Official Statement"), together with this Notice of Sale, may be obtained from Joseph C. Zimmerman, Secretary-Treasurer, The Maryland-National Capital Park and Planning Commission, 6611 Kenilworth Avenue, Riverdale, Maryland 20737, (301) 454-1540 or Davenport & Company LLC, 8600 LaSalle Road, Suite 324, Towson, Maryland 21286-2011, (410) 296-9426.

Right to Change Notice of Sale and Postpone Offering: The Commission reserves the right to 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 Thomson Municipal Market Monitor ("TM3") (www.tm3.com) News Service at least 48 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 Series MC-2012A Bonds in conformity with the provision of this Notice of Sale, as modified, including 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 Series MC-2012A Bonds also may be postponed. If the sale is postponed to a date later than June 1, 2012, then the date of the Series MC-2012A Bonds (and hence the date from which interest shall accrue) may be changed. Such changes, if any, will be announced via TM3 News Service at the time any alternative sale date is announced.

THE MARYLAND-NATIONAL CAPITAL
PARK AND PLANNING COMMISSION

By:____________________
Françoise Carrier, Chairman
March 13, 2012

NOTICE OF SALE

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

$3,000,000
Montgomery County
Park Acquisition and Development
General Obligation Project Bonds,
Series MC-2012B (Federally Taxable)

Electronic Bids only will be received until 10:30 a.m.,
Local Baltimore, Maryland Time, for the Series MC-2012B Bonds on March 21, 2012

by The Maryland-National Capital Park and Planning Commission (the "Commission"), for the purchase of the above-named issue of bonds (the "Series MC-2012B Bonds") of the Commission, to be dated as of the date of their delivery and to be issued pursuant to the authority of the laws of Maryland governing said Commission as the same appear in Sections 6-101 of Article 28 of the Annotated Code of Maryland (2010 Replacement Volume and 2011 Supplement) and Resolutions of the Commission adopted on January 18, 2012 and March 8, 2012. The Series MC-2012B Bonds will bear interest from the date of their delivery payable December 1, 2012, and semi-annually thereafter on each June 1 and December 1 until maturity or prior redemption.

The payment of the principal of and interest on all of the Series MC-2012B Bonds will be unconditionally guaranteed by Montgomery County, Maryland (the "County").

Maturities: The Series MC-2012B 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 Series MC-2012B Bonds and each such bond certificate shall be immobilized in the custody of DTC. DTC will act as securities depository for the Series MC-2012B 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 Series MC-2012B Bonds purchased. The winning bidder, as a condition to delivery of the Series MC-2012B Bonds, will be required to deposit the bond certificates representing each maturity with DTC.

The Series MC-2012B Bonds will be separately numbered from No. 1 upward, and will mature in numerical order, subject to prior redemption as set forth below, in consecutive annual installments beginning on December 1, 2013 in the amounts and years set forth in the following table:

$3,000,000
Montgomery County
Park Acquisition and Development
General Obligation Project Bonds, Series MC-2012B (Federally Taxable)

Year of Maturity	Principal Amount	Year of Maturity	Principal Amount
2013	$120,000	2023	$145,000
2014	125,000	2024	150,000
2015	125,000	2025	155,000
2016	125,000	2026	160,000
2017	130,000	2027	165,000
2018	130,000	2028	170,000
2019	130,000	2029	180,000
2020	135,000	2030	185,000
2021	140,000	2031	190,000
2022	140,000	2032	200,000

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

As promptly as reasonably possible after the bids are received, the Chairman, the Vice Chairman or Secretary-Treasurer of the Commission will notify the bidder to whom the Series MC-2012B Bonds will be awarded, if and when such award is made, and such bidder, upon such notice, shall advise the Chairman or the Vice Chairman or the Secretary-Treasurer of the Commission of the initial reoffering prices to the public of each maturity of the Series MC-2012B Bonds (the "Initial Reoffering Prices"). THE SUCCESSFUL BIDDER SHALL MAKE A BONA FIDE PUBLIC OFFERING OF THE SERIES MC-2012B BONDS AT THE INITIAL OFFERING PRICES AND SHALL PROVIDE THE RELATED CERTIFICATION DESCRIBED BELOW.

Electronic Bids: Notice is hereby given that electronic proposals will be received via ***PARITY®***, in the manner described below,

Electronic Bids only will be received until 10:30 a.m., Local Baltimore, Maryland Time, for the Series MC-2012B Bonds on March 21, 2012

Bids may be submitted electronically pursuant to this Notice until 10:30 a.m., local Baltimore, Maryland time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in ***PARITY®*** conflict with this Notice, the terms of this Notice shall control. For further information about ***PARITY®***, potential bidders may contact ***PARITY®*** at (212) 849-5021.

Disclaimer: Each prospective electronic bidder shall be solely responsible to submit its bid via ***PARITY®*** as described above. Each prospective electronic bidder shall be solely responsible to make necessary arrangements to access ***PARITY®*** for the purpose of submitting its bid in a timely manner and in compliance with the requirements of the Notice of Sale. Neither the Commission nor ***PARITY®*** shall have any duty or obligation to provide or assure access to ***PARITY®*** to any prospective bidder, and neither the Commission nor ***PARITY®*** shall be responsible for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, ***PARITY®***. The Commission is using ***PARITY®*** as a communication mechanism, and not as the Commission's agent, to conduct the electronic bidding for the Series MC-2012B 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 Series MC-2012B Bonds, the prospective bidder should telephone ***PARITY®*** at (212) 849-5021 and notify the Commission's Financial Advisor, Davenport & Company LLC, by facsimile at (866) 932-6660.

Electronic Bidding Procedures: Electronic bids must be submitted for the purchase of the Series MC-2012B Bonds (all or none) via ***PARITY®***. Bids will be communicated electronically to the Commission at 10:30 a.m. local Baltimore, Maryland time for the Series MC-2012B Bonds on March 21, 2012. Prior to that time, a prospective bidder may (1) submit the proposed terms of its bid via ***PARITY®***, (2) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the Series MC-2012B 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 Series MC-2012B Bonds on the Terms therein provided. For purposes of the electronic bidding process, the time as maintained on ***PARITY®*** shall constitute the official time.

Security: All of the Series MC-2012B 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 Series MC-2012B Bonds will be payable as to both principal and interest first from limited ad valorem property taxes which the County is required by law to levy in the portion of the Maryland-Washington Metropolitan District (the "District") established by Title 3 of Article 28 located in said County and remit to the Commission. By its guarantee of the Series MC-2012B 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 levied for the benefit of the Commission are inadequate in any year for the payment of such principal and interest, Section 6-102 of Article 28 provides that said County shall levy an additional tax upon all assessable property within the portion of the District in the County, and, if the proceeds of such additional tax are still inadequate for such purposes, upon all assessable property within the corporate limits of said County.

Redemption: The Series MC-2012B Bonds which mature on or after December 1, 2023, are subject to redemption prior to their respective maturities on or after December 1, 2022, at the option of the Commission, in whole or in part at any time, in any order of maturities, at the redemption prices of the principal amount of the Series MC-2012B Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption.

Bid Specifications:

BIDDERS MAY SUBMIT BIDS FOR EITHER THE SERIES MC-2012A BONDS (DEFINED IN SEPARATE NOTICE OF SALE PRINTED ABOVE) OR THE SERIES MC-2012B BONDS OR FOR BOTH SERIES OF BONDS. ANY BIDS FOR LESS THAN ALL OF A SERIES OF BONDS SHALL BE REJECTED BY THE COMMISSION. THE COMMISSION RESERVES THE RIGHT TO REJECT ANY AND ALL BIDS.

Proposals for purchase of the Series MC-2012B Bonds must be for all the Series MC-2012B Bonds herein described and must be submitted electronically pursuant to this Notice until 10:30 a.m., local Baltimore, Maryland time on March 21, 2012. Bidders must pay not less than par and not more than 113% of par and accrued interest. In their proposals, bidders are requested to specify the annual rate or rates of interest to be borne by the Series MC-2012B 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 Series MC-2012B Bonds, but all Series MC-2012B Bonds maturing on the same date must bear interest at the same rate. Series MC-2012B Bonds on successive maturity dates may bear the same interest rate. No Series MC-2012B Bond shall bear more than one rate of interest, which rate shall be uniform for the life of the Series MC-2012B Bond and no interest rate may be named that exceeds 5.50%. For all Series MC-2012B Bonds, the difference between the highest and lowest rates named may not be greater than three percent (3%).

Award of Bid: The successful bidder will be determined based on the lowest interest cost to the Commission. The lowest interest cost shall be determined in accordance with the true interest cost (TIC) method by doubling the semi-annual interest rate, compounded semi-annually, necessary to discount the debt service payments from the payment dates to the date of the bonds, and to the price bid, excluding interest accrued to the date of delivery of the Series MC-2012B Bonds. Where the proposals of two or more bidders result in the same lowest interest cost, the Series MC-2012B 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 Series MC-2012B 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. No proposal to purchase the Series MC-2012B Bonds at a price less than par and accrued interest will be entertained.

Good Faith Deposit: The successful bidder for the Series MC-2012B Bonds is required to submit a good faith deposit (the "Good Faith Deposit") in the amount of $30,000. The winning bidder for the Series MC-2012B Bonds is required to submit such Good Faith Deposit payable to the order of the Commission in the form of a wire transfer in federal funds as instructed by the Commission. The winning bidder shall submit the Good Faith Deposit not more than two hours after verbal award is made. The winning bidder should provide as quickly as it is available, evidence of wire transfer by providing the Commission the federal funds reference number. If the Good Faith Deposit is not received in the time allotted, the bid of the winning 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 Series MC-2012B Bonds to the same. If the winning bidder fails to comply with the Good Faith Deposit requirement as described herein, that bidder is nonetheless obligated to pay to the Commission the sum of $30,000 as liquidated damages due to the failure of the winning bidder to timely deposit the Good Faith Deposit.

Submission of a bid to purchase the Series MC-2012B 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 Series MC-2012B Bonds, at which time the Good Faith Deposit will be applied against the purchase price of the Series MC-2012B 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 Series MC-2012B 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 Series MC-2012B Bonds.

CUSIP Numbers; Expenses of the Bidder: It is anticipated that CUSIP numbers will be assigned to each of the Series MC-2012B Bonds, but neither the failure to type or print such numbers on any of the Series MC-2012B 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 Series MC-2012B Bonds. The policies of the CUSIP Service Bureau will govern the assignment of specific numbers to the Series MC-2012B 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 Series MC-2012B Bonds promptly upon award of the bid. All expenses of typing or printing CUSIP numbers for the Series MC-2012B Bonds will be paid for by the Commission; provided the CUSIP Service Bureau charges for the assignment of the numbers shall be the responsibility of and shall be paid for by the successful bidder.

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

Registration of Series MC-2012B Bonds: When delivered, one bond certificate representing each maturity of the Series MC-2012B Bonds shall be duly executed and authenticated and registered in the name of Cede & Co., as nominee of The Depository Trust Company, as registered owner of the Series MC-2012B 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 Series MC-2012B 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 Series MC-2012B 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 Series MC-2012B 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 Series MC-2012B 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 Series MC-2012B Bonds described above will be issued and sold subject to approval as to legality by McKennon Shelton & Henn LLP, Bond Counsel, whose approving opinion will be delivered, upon request, to the successful bidder for the Series MC-2012B Bonds without charge. Such opinion will be substantially in the form included in Appendix B to the Preliminary Official Statement referred to below.

Continuing Disclosure: In order to assist bidders in complying with SEC Rule 15c2-12(b)(5), the Secretary-Treasurer will execute and deliver a continuing disclosure agreement on or before the date of issuance of the Series MC-2012B Bonds pursuant to which it will undertake to provide certain information annually and notices of certain events. A description of this agreement is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

Delivery and Payment: It shall be a condition of the obligation of the successful bidder to accept delivery of and pay for the Series MC-2012B Bonds, that, simultaneously with or before delivery and payment for the Series MC-2012B 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 her 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 Series MC-2012B Bonds, any untrue statement of a material fact, required to be stated or necessary to be stated, to make such statements, in light of the circumstances under which they were made, not misleading.

SIMULTANEOUSLY WITH OR BEFORE DELIVERY OF THE SERIES MC-2012B BONDS, THE SUCCESSFUL BIDDER SHALL FURNISH TO THE COMMISSION A CERTIFICATE ACCEPTABLE TO BOND COUNSEL TO THE EFFECT THAT (I) THE SUCCESSFUL BIDDER HAS MADE A BONA FIDE PUBLIC OFFERING OF THE SERIES MC-2012B BONDS AT THE INITIAL REOFFERING PRICES, (II) AS OF THE DATE OF THE SALE OF THE SERIES MC-2012B BONDS, THE SUCCESSFUL BIDDER REASONABLY EXPECTED TO SELL A SUBSTANTIAL AMOUNT OF THE SERIES MC-2012B BONDS AT THE INITIAL REOFFERING PRICES, AND (III) A SUBSTANTIAL AMOUNT OF THE SERIES MC-2012B BONDS WERE SOLD TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT SUCH INITIAL REOFFERING PRICES OR SUCH OTHER FACTS REGARDING THE ACTUAL SALE OF THE SERIES MC-2012B BONDS AS BOND COUNSEL SHALL REQUEST. Bond Counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder, (ii) the sale to the public of 10% or more in par amount of the Series MC-2012B Bonds of each maturity at (or below) the Initial Reoffering Prices would be sufficient to certify as to the sale of a substantial amount of the Series MC-2012B Bonds, and (iii) reliance on other facts as a basis for such certification would require evaluation by Bond Counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Series MC-2012B Bonds.

Delivery of the Series MC-2012B Bonds, without expense, will be made by the Commission to the purchaser within thirty (30) days from the date of sale, or as soon as practicable thereafter, at New York, New York, and, thereupon, said purchaser will be required to accept delivery of the Series MC-2012B Bonds purchased and pay the balance of the purchase price thereon in federal or other immediately available funds. The Series MC-2012B Bonds will be accompanied by the customary closing documents including a no-litigation certificate effective as of the date of delivery.

Contacts: A preliminary official statement, which is in form "deemed final" as of its date by the Commission for purposes of SEC Rule 15c2-12 (the "Preliminary Official Statement") but is subject to revision, amendment and completion in the final official statement (the "Official Statement"), together with this Notice of Sale, may be obtained from Joseph C. Zimmerman, Secretary-Treasurer, The Maryland-National Capital Park and Planning Commission, 6611 Kenilworth Avenue, Riverdale, Maryland 20737, (301) 454-1540 or Davenport & Company LLC, 8600 LaSalle Road, Suite 324, Towson, Maryland 21286-2011, (410) 296-9426.

Right to Change Notice of Sale and Postpone Offering: The Commission reserves the right to 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 Thomson Municipal Market Monitor ("TM3") (www.tm3.com) News Service at least 48 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 Series MC-2012B Bonds in conformity with the provision of this Notice of Sale, as modified, including 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

Series MC-2012B Bonds also may be postponed. If the sale is postponed to a date later than June 1, 2012, then the date of the Series MC-2012B Bonds (and hence the date from which interest shall accrue) may be changed. Such changes, if any, will be announced via TM3 News Service at the time any alternative sale date is announced.

THE MARYLAND-NATIONAL CAPITAL
PARK AND PLANNING COMMISSION

By:______________________
Françoise Carrier, Chairman
March 13, 2012

[THIS PAGE INTENTIONALLY LEFT BLANK]

Appendix D

FORM OF COMMISSION CONTINUING DISCLOSURE CERTIFICATE

With respect to the $12,505,000 Montgomery County Park Acquisition and Development General Obligation Project and Refunding Bonds, Series MC-2012A (Federally Tax-Exempt) and the $3,000,000 Montgomery County Park Acquisition and Development General Obligation Project Bonds, Series MC-2012B (Federally Taxable) (together, the "Bonds"), issued by The Maryland-National Capital Park and Planning Commission (the "Commission" or "Issuer"), pursuant to resolutions adopted by the Commission on January 18, 2012 and March 8, 2012 (collectively, the "Resolutions"), the Issuer covenants in this Continuing Disclosure Certificate (this "Disclosure Certificate") as follows:

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

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

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

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

"County" shall mean Montgomery County, Maryland.

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

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

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

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

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

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

"State" shall mean the State of Maryland.

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

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

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

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

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

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

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

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

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

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

(i) principal and interest payment delinquencies;

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

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

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

(v) defeasances;

(vi) rating changes;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10. The Issuer shall be given written notice at the address set forth below of any claimed failure by the Issuer to perform its obligations and covenants herein, and the Issuer shall be given 45 days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to any such claimed failure by the Issuer shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action and must be filed in the Circuit Court for Montgomery County, Maryland. Written notice to the Issuer shall be given to the Secretary-Treasurer, The Maryland-National Capital Park and Planning Commission, 6611 Kenilworth Avenue, Suite 304, Riverdale, Maryland 20737.

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

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

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

____

Secretary-Treasurer

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 (the "Certificate") executed by the Commission in connection with its issuance of the $12,505,000 Montgomery County Park Acquisition and Development General Obligation Project and Refunding Bonds, Series MC-2012A (Federally Tax-Exempt) and the $3,000,000 Montgomery County Park Acquisition and Development General Obligation Project Bonds, Series MC-2012B (Federally Taxable) (together, 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 ____ day of ____, 2012.

(SEAL)

____
Director of Finance
Montgomery County, Maryland

Appendix E

REFUNDED BONDS

$3,430,000
Montgomery County Park Acquisition and Development Bonds
General Obligation Refunding and Project Bonds, Series CC-2
Dated December 1, 2002

To be redeemed on December 1, 2012

Maturing December 1	Principal	Rate of Interest	Call Price	CUSIP
2013	$315,000*	4.00%	101%	574140YQ6
2014	315,000*	4.00	101	574140YR4
2015	315,000	4.10	101	574140YS2
2016	315,000	4.20	101	574140YT0
2017	315,000	4.30	101	574140YU7
2018	370,000	4.375	101	574140YV5
2019	370,000	4.40	101	574140YW3
2020	375,000	4.50	101	574140YX1
2021	370,000	4.60	101	574140YY9
2022	370,000	4.70	101	574140YZ6

$1,680,000
Montgomery County Park Acquisition and Development
General Obligation Bonds, Series FF-2
Dated November 15, 2004

To be redeemed on December 1, 2014

Maturing December 1	Principal	Rate of Interest	Call Price	CUSIP
2016	$240,000	3.625	100%	574140ZX0
2017	240,000	3.75	100	574140ZY8
2018	240,000	3.875	100	574140ZZ5
2019	240,000	3.875	100	574140A25
2020	240,000	4.00	100	574140A33
2021	240,000	4.00	100	574140A41
2022	240,000	4.10	100	574140A58

* Represents a partial redemption of the original principal amount of this maturity. Following the redemption of the portions of these maturities in the amounts indicated above, the remaining principal amounts of $280,000 with respect to the December 1, 2013 maturity and $275,000 with respect to the December 1, 2014 maturity that have not been redeemed will remain outstanding.

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

FSC
www.fsc.org
MIX
From responsible sources
FSC™ C017146

Printed by: ImageMaster
www.ImageMaster.com

DRAFTv3