



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE  
CITY OF NEW CARROLLTON, MARYLAND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**CITY OF NEW CARROLLTON, MARYLAND**  
**New Carrollton, Maryland**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For The Year Ended June 30, 2010**

**PREPARED BY THE**  
**Department of Finance**  
**Skaria Abraham**  
**Chief Financial Officer**

**CITY OF NEW CARROLLTON, Maryland**  
**For The Year Ended June 30, 2010**  
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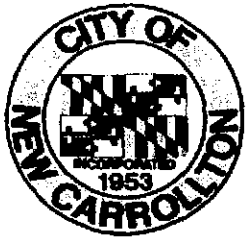
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**CITY OF NEW CARROLLTON, MARYLAND**  
**For The Year Ended June 30, 2010**  
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# CITY of NEW CARROLLTON

6016 PRINCESS GARDEN PARKWAY • NEW CARROLLTON, MARYLAND 20784-2898  
(301) 459-6100 FAX (301) 459-8172

October 20, 2010

Honorable Chairman and Members of the City Council  
City of New Carrollton, Maryland:

**MAYOR**  
ANDREW C. HANKO

**CITY COUNCIL**

RICHARD BECHTOLD  
CHAIRMAN

JUNE D. GARRETT  
VICE CHAIRMAN

DUANE H. ROSENBERG  
MAYOR PRO-TEM

KATRINA R. DODRO  
COUNCIL MEMBER

JAMES A. WILDONER  
COUNCIL MEMBER

J. MICHAEL DOWNES  
ADMINISTRATIVE OFFICER

GREGORY WILLS  
PUBLIC WORKS DIRECTOR

ROBERT A. MANZI, ESQ.  
CITY ATTORNEY

TONYA F. EVANS  
CITY CLERK

The City Charter, Chapter 1, Section 14, paragraph (e), requires that the financial books and accounts of the City be audited annually in accordance with applicable State laws and the requirements of the City Council. The City Council has elected to have its financial statements prepared in accordance with generally accepted accounting principles and audited in accordance with generally accepted auditing standards by a certified public accountant. We hereby issue the comprehensive annual financial report (CAFR) for the year ended June 30, 2010.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe that the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and changes in financial position of the City; and, that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been provided.

Bridgett, Mock & Associates, P.A. a firm of licensed certified public accountants, has audited the City of New Carrollton, Maryland's financial statements. The independent auditor's report is included with the City's financial statements in the Financial Section of this report. The audit was conducted in accordance with auditing standards generally accepted in the United States of America. On the basis of this examination, the independent auditors have issued an unqualified opinion that the presentation of the basic financial statements conforms to accounting principles generally accepted in the United States. In conducting the audit, the auditors performed tests of the accounting records and such other procedures as were considered necessary in the circumstances to provide a reasonable basis for the opinion on the financial statements. The auditors also assessed the accounting principles used and the significant estimates made by management, as well as evaluated the overall financial statement presentation.

Management has provided a narrative introduction, overview, and analysis to accompany the basic financial statements in the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the Financial Section of this report.

## **PROFILE OF THE GOVERNMENT**

The City of New Carrollton is located in central Prince George's County, Maryland, approximately eight miles northeast of Washington, D.C. With a population of 12,818 and a land area of 1.5 square miles, New Carrollton is the seventeenth largest municipality in Maryland and the sixth largest in Prince George's County.

The City was incorporated on April 11, 1953, by an act of the Maryland General Assembly and granted a Charter as the City of Carrollton. On February 17, 1965, a resolution was introduced in the City Council for an amendment to the City Charter that would change the name of the City from "Carrollton" to "New Carrollton." A public hearing was held on the name change, and on April 7, 1965, the City Council approved the change. The issue of the new name was brought to referendum and was subsequently approved by the voters on May 2, 1966.

Another significant legal change occurred in 1970 when the citizens voted to alter the form of government. In May 1971, a new City Charter became effective changing the government from a commission to a Mayor and Council form. The duties of the Mayor and City Council were expressly defined, separating executive and legislative functions.

The Mayor is the City's chief executive officer, directing the administration of the municipal services of general government and public works, including safety and health, sanitation, highways, and parks and recreation. The Mayor is not a member of the City Council and has no vote at Council sessions. The Mayor, however, has veto power over any ordinance or resolution passed by the Council. The Mayor appoints, with the advice and consent of the City Council, all City officers. The Mayor proposes and executes the budget and is also the City's chief financial officer.

The City Council, in its legislative role, adopts all ordinances and resolutions and establishes the general policies for the City. The Council may also override an executive veto, and it must grant all special exceptions or variances to any ordinance. The City Council sets the tax rate and approves and adopts the budget. All bills must be approved by the Council before payment. Another duty includes the annual appointment of the City Auditor. The Council may investigate or call for an accounting of any action by the Mayor and the executive department. The Mayor and members of the City Council serve on a part-time basis.

The programs of the City government are carried out through two major departments (administrative and public works), headed by a full-time City Administrative Officer and a Director of Public Works. Both officials are responsible directly to the Mayor. All work priorities are set by the Mayor within the limitations imposed by the budget and the City Council. The Mayor is also assisted in operating the City by a part-time professional staff, including the City Treasurer, Attorney, and Engineer. The Board of Elections is a semi-autonomous body appointed by the Mayor with approval of the Council.

Official City committees, such as the Public Safety and Health Committee, the Ethics Commission, the Education Committee, and the Weinbach Scholarship Committee are comprised of citizen volunteers. These committees perform important functions and advise the Mayor and City Council in their respective areas of expertise. The City's operating philosophy has been one, which encourages the greatest possible input and participation.

## **ECONOMIC CONDITION AND OUTLOOK**

The economy of the surrounding metropolitan area is dominated by the presence of the United States Federal Government. Historically, our region has fared well throughout fluctuating economic conditions and has continued to attract businesses and development because of its long-term growth potential. Within Prince George's County, Maryland, the local economy mirrors the metropolitan area in both residential and commercial terms. While the area has fared better than other parts of the United States, the budget balancing cuts by the State government, especially Highway User Revenue (HUR) and State Aid for Police Protection, with the possibility of future cuts in Fiscal Year 2012 present future budget problems for the City.

## **LONG-TERM FINANCIAL PLANNING**

The City is exploring the possibility of a bond issuance to fund much needed street and sidewalk repairs in fiscal year 2012. In addition, a possible real property tax increase to fund General Fund expenditures in Fiscal Year 2012 to ensure the continuance of City provided core services may be necessary in the face of a continued economic downturn.

## **RELEVANT FINANCIAL POLICIES**

The City adopted a Debt Management Policy last year which incorporates fiscal policies contained in the City Charter with newly established policies. The City also follows an Investment Policy of long standing.

The City has also adopted a Purchase Order System for purchases over \$1,000.

## **MAJOR INITIATIVES**

In Fiscal Year 2011, the City entered into a loan agreement with PNC Bank to fund a three-year capital improvement project. In 2011, the City is expected to use \$300,000 of the amount borrowed to purchase vehicles and equipment. The City will draw on the remaining \$400,000 of funds, if needed, in the following two years.

Pursuit of possible annexation of Metro area and other surrounding properties continue to remain on the City's economic radar screen.

The Police Department has expanded its force from 13 to 17 to patrol the City 24 hours a day, 7 days a week and also appointed a full time animal control officer in Fiscal Year 2011.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of New Carrollton, Maryland for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the thirty-second consecutive year that the City has achieved this prestigious award.

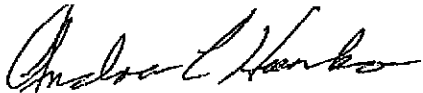
In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.



The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Administrative Department. I want to express my sincere appreciation to all the members of the Department who assisted in and contributed to its preparation and to all employees of the City for their cooperation throughout the year in supporting the financial goals of the City. I would also like to thank the City Council for their interest and support in planning the financial operations of the City.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Andrew C. Hanks".

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of New Carrollton  
Maryland

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

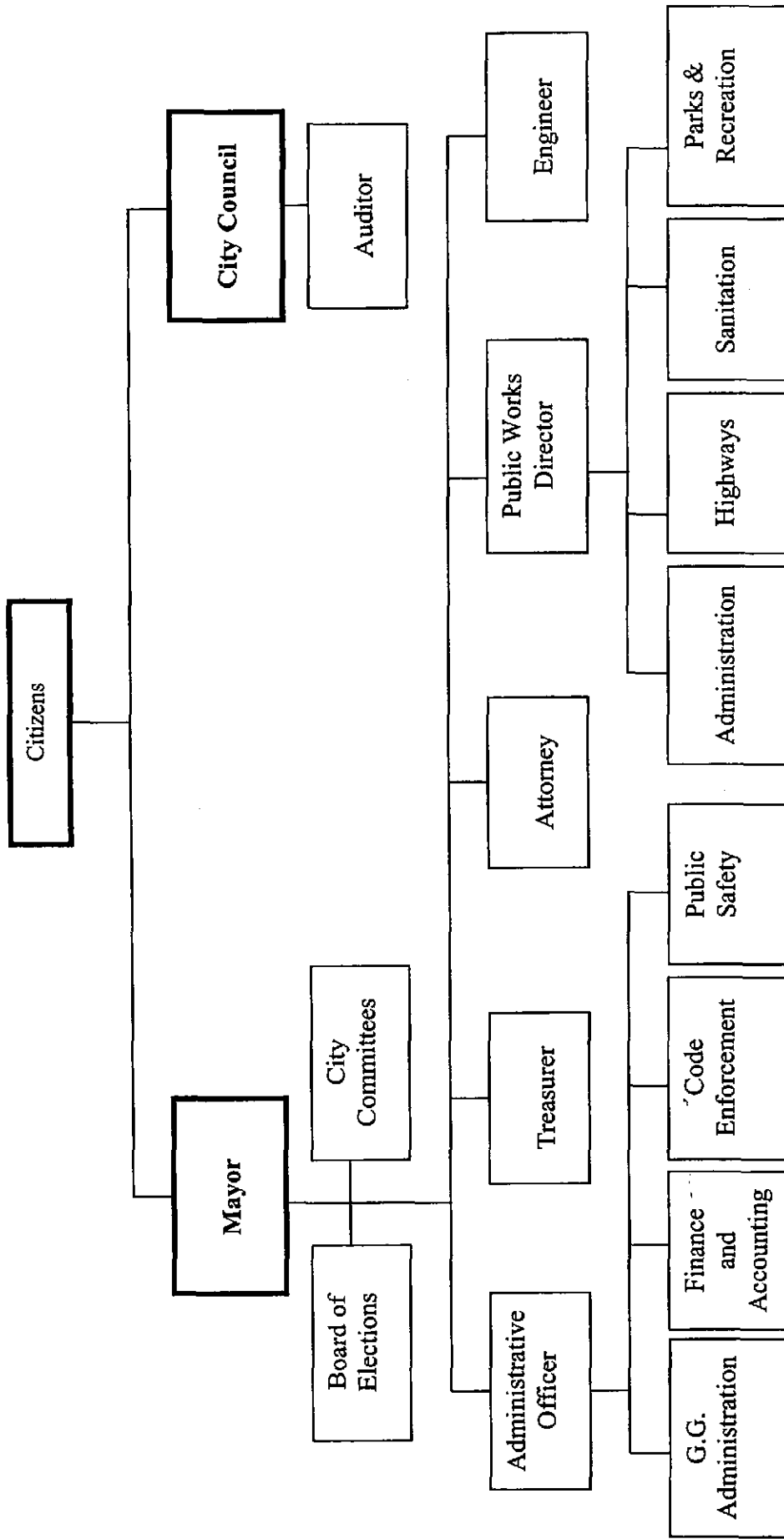
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

**CITY OF NEW CARROLLTON, MARYLAND  
 ORGANIZATIONAL CHART  
 For The Year Ended June 30, 2010**



**CITY OF NEW CARROLLTON, MARYLAND  
LIST OF ELECTED AND APPOINTED OFFICIALS  
For The Year Ended June 30, 2010**

**MAYOR**

Andrew C. Hanko

**CITY COUNCIL**

Duane H. Rosenberg, Mayor Pro-Tem  
Richard Bechtold, Chairman  
June D. Garrett, Vice Chairman  
Katrina R. Dodro, Council Member  
James A. Wildoner, Council Member

**CITY TREASURER**

Cheryl D. Dawes

**CITY ADMINISTRATIVE OFFICER**

J. Michael Downes

**CITY ATTORNEY**

Robert A. Manzi, ESQ.

**PUBLIC WORKS DIRECTOR**

Gregory Wills

**POLICE CHIEF**

David G. Rice

**INDEPENDENT AUDITORS**

Bridgett, Mock & Associates, P.A.



## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council  
City of New Carrollton  
New Carrollton, Maryland

We have audited the accompanying financial statements of the governmental activities and the general fund of the City of New Carrollton, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of New Carrollton's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the general fund of the City of New Carrollton as of June 30, 2010, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of New Carrollton's basic financial statements as a whole.

The introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Bridgetty Mock + Associates, P. A.*

Waldorf, Maryland  
October 20, 2010

**CITY OF NEW CARROLLTON, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2010**

## **INTRODUCTION**

This section of the City of New Carrollton's annual financial report presents a discussion and analysis, prepared by the City's senior management, of the financial performance for the year ended June 30, 2010. The Management's Discussion and Analysis (MD&A) is best understood if read in conjunction with the transmittal letter and the City's basic financial statements. We encourage users to read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

## **FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2010**

- The City's assets exceeded its liabilities at the close of the most recent fiscal year by \$8,332,001 (*net assets*). Of this amount, \$4,284,568 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors. The City's total net assets increased by \$1,277,444.
- As of the close of the current fiscal year, the City's governmental funds reported an ending fund balance of \$4,127,992. The City designated \$790,646 for street, sidewalk, and bridge repairs and upgrades.
- The City's Police Department has increased its patrol staff from 13 to 17 for 24 hours a day, 7 days a week. The same level of staffing in fiscal year 2011 as 2010. The Police Department purchased \$118,000 in new equipment and vehicles.

## **USING THIS ANNUAL REPORT**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. This Annual Financial Report (AFR) consists of two sections - Financial and Statistical. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and, 3) notes to the financial statements. This AFR also contains other required supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** – The government-wide financial statements, which are the *Statement of Net Assets* and the *Statement of Activities*, provide information about the activities of the City as a whole. They present both short-term and long-term information about the City's overall financial status. They provide readers with a broader overview of the City's finances in a manner similar to a private-sector business entity.

**CITY OF NEW CARROLLTON, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2010**

The *Statement of Net Assets* presents information on all of the City'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 and condition of the City is improving or deteriorating.

The *Statement of Activities* presents information on how the City'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 certain items that will result in cash flows in future periods (e.g., uncollected taxes or earned, but unused vacation leave).

The government-wide financials include only the City because the City has no component unit relationships with any other governmental agency. The government-wide financials can be found on pages 21 and 22 of this AFR.

**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 City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds 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 tell how services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements.

The City only operates one governmental fund, the General Fund. Information is presented for this fund in the Governmental Fund Balance Sheets and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance.

The City adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

The basic governmental fund financial statements and statement of budgetary comparison can be found on pages 23-32 of this AFR.

**Proprietary funds** – The City operates no proprietary funds.

**Fiduciary funds** – The City operates no fiduciary funds.



**CITY OF NEW CARROLLTON, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2010**

Summary of significant accounting policies and notes to the financial statements – The summary and notes to the government-wide and fund financial statements provide additional information that is essential to a full understanding of this AFR. They can be found on pages 33-45 of this AFR.

Figure 1 shows how the various parts of this annual report are arranged and are related to one another.

**Figure 1**

**Organization and Flow of Financial Section Information**

<p><b>Independent Auditor's Report</b> Provides the opinion of the Independent Auditor on the fair presentation of the financial statements.</p>
--

<p><b>Management's Discussion and Analysis</b> This supplementary information is required for state and local government financial statements, and is intended to provide a narrative introduction, overview and analysis.</p>
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<p><b>Government-Wide Financial Statements</b> Provides information on governmental and business type activities of the primary government.</p>
---

<p><b>Fund Financial Statements</b> Provides information on the financial position of specific funds of the primary government.</p>
---

<p><b>Notes to Financial Statements</b> Provides a summary of significant accounting policies and related disclosures.</p>
--

**CITY OF NEW CARROLLTON, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2010**

Figure 2 summarizes the major features of the City's financial statements, including the portion of the activities they cover and the types of information they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

**Figure 2**

**Major Features of the Government-Wide and Fund Financial Statements**

	<b>Government-Wide Statements</b>	<b>Fund Financial Statements - Government Funds</b>
Scope	Entire City	The activities of the City that are not proprietary or fiduciary.
Required financial statements	- Statement of net assets - Statement of activities	- Balance Sheet - Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources Focus	Modified accrual accounting and current financial focus
Type of asset/liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter
Type of in-flow/out-flow information	All revenues and expenses during the year	Revenues for which cash is received, expenditures when goods or services have been received, and related liabilities that are due and payable

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following tables and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the year ended June 30, 2010 with comparative information for the previous fiscal year.

As noted earlier, net assets may serve, over time, as a useful indicator of a government's overall financial condition and position. In the case of the City, assets exceeded liabilities by \$8.3 million at the close of the most recent fiscal year. The City's net assets are divided into three categories: 1) invested in capital assets, net of related debt; 2) restricted net assets; and 3) unrestricted net assets.

**CITY OF NEW CARROLLTON, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2010**

The City's investment in capital assets, net of depreciation and any unamortized debt used to acquire those assets represents approximately 48% of total net assets. The City uses these assets to provide services to the citizens of the City. Consequently, these assets are not available for future spending.

Restricted net assets are resources that are subject to external restrictions on how they may be used. Restricted net assets represent 0.6% of net assets and are restricted for scholarships to the City's youth.

Unrestricted net assets of the City represent approximately 51.4% of the City's total net assets. The City may use these net assets to meet the City's ongoing obligations to citizens and creditors.

Figure 3 presents a summary of the Statement of Net Assets for the City as of June 30, 2010 and 2009, respectively:

**Figure 3**

<b><u>Total Governmental Activities</u></b>		
	<b><u>2010</u></b>	<b><u>2009</u></b>
<b>Assets</b>		
Current and other assets	\$ 4,817,216	\$ 3,657,071
Land	760,825	760,825
Capital assets, net	<u>4,624,306</u>	<u>4,713,237</u>
Total Assets	<b><u>\$ 10,202,347</u></b>	<b><u>\$ 9,131,133</u></b>
<b>Liabilities</b>		
Long-term liabilities outstanding	\$ 1,540,813	\$ 1,714,397
Other liabilities	<u>329,533</u>	<u>362,179</u>
Total Liabilities	<b><u>\$ 1,870,346</u></b>	<b><u>\$ 2,076,576</u></b>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	\$ 4,000,143	\$ 3,937,476
Restricted for Weinbach Scholarship	47,290	51,178
Unrestricted	<u>4,284,568</u>	<u>3,065,903</u>
<b>Total Net Assets</b>	<b><u>\$ 8,332,001</u></b>	<b><u>\$ 7,054,557</u></b>

**CITY OF NEW CARROLLTON, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2010**

General revenues of governmental activities were approximately \$5.2 million, while total expenses, net of charges for services and grants, were approximately \$3.9 million. The increase in net assets for governmental activities was \$1,277,444, which is an increase of \$265,014 over the prior year. Revenues from property taxes increased by approximately \$231,300 over the prior year. Figure 4 presents statement of governmental activities for the City as of June 30, 2010 and 2009, respectively.

**Figure 4**

	<u>2010</u>	<u>2009</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 1,524,946	\$ 692,755
Operating and capital grants and contributions	287,917	492,928
General revenues		
Property tax	4,272,781	4,041,481
Shared taxes	830,964	891,105
Miscellaneous	68,455	188,572
Investment earnings	<u>8,330</u>	<u>38,074</u>
Total Revenues	6,993,393	6,344,915
<b>Expenses</b>		
General government	1,286,886	1,211,140
Public health code enforcement	398,466	373,221
Public safety police services	1,413,243	1,294,109
Public works	456,430	451,183
Highways	583,084	482,175
Sanitation	922,845	897,146
Parks and recreation	578,704	542,138
Weinbach Scholarship	4,000	3,000
Interest	<u>72,291</u>	<u>78,373</u>
Total Expenses	<u>5,715,949</u>	<u>5,332,485</u>
<b>Increase in net assets</b>	1,277,444	1,012,430
<b>Net assets, beginning</b>	<u>7,054,557</u>	<u>6,042,127</u>
<b>Net assets, ending</b>	<u>\$ 8,332,001</u>	<u>\$ 7,054,557</u>

**CITY OF NEW CARROLLTON, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2010**

Figure 5 represents the cost and program revenues of each of the City's activities for the years ending June 30, 2010 and 2009. This table also shows each activity's net cost (total cost less fees generated by the activities and program specific intergovernmental aid). The net cost shows the financial burden placed upon local taxpayers for each of these functions.

**Figure 5  
Net Cost of Governmental Activities – Year Ending June 30, 2010**

	<u>Services</u>	<u>Revenues</u>	<u>Cost of Services</u>
General government	\$ 1,286,886	\$ 274,702	\$ 1,012,184
Public safety and health	398,466	200,165	198,301
Public safety police services	1,413,243	1,179,508	233,735
Public works	456,430	99,748	356,682
Highways	583,084	16,140	566,944
Sanitation	922,845	42,600	880,245
Parks	578,704	-	578,704
Weinbach Scholarship	4,000	-	4,000
Interest	72,291	-	72,291
<b>Total</b>	<b><u>\$ 5,715,949</u></b>	<b><u>\$ 1,812,863</u></b>	<b><u>\$ 3,903,086</u></b>

**Net Cost of Governmental Activities – Year Ending June 30, 2009**

	<u>Services</u>	<u>Revenues</u>	<u>Cost of Services</u>
General government	\$ 1,211,140	\$ 235,116	\$ 976,024
Public safety and health	373,221	236,175	137,046
Public safety police services	1,294,109	290,958	1,003,151
Public works	451,183	364,579	86,604
Highways	482,175	16,140	466,035
Sanitation	897,146	42,600	854,546
Parks	542,138	-	542,138
Weinbach Scholarship	3,000	115	2,885
Interest	78,373	-	78,373
<b>Total</b>	<b><u>\$ 5,332,485</u></b>	<b><u>\$ 1,185,683</u></b>	<b><u>\$ 4,146,802</u></b>

The total cost of all governmental activities this year was approximately \$5.7 million. Some costs of government activities were paid by those who directly benefited from the programs (\$1,524,946) and other governments and organizations that subsidized certain programs with grants and contributions (\$287,917).

**CITY OF NEW CARROLLTON, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2010**

**GOVERNMENT FUND FINANCIAL ANALYSIS**

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

**Governmental fund** - The focus of the City's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City'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.

The General Fund is the only governmental fund of the City. At the end of the current fiscal year, the General Fund reported an ending fund balance of \$4,127,992, an increase of \$1,136,085. Approximately 98.9% of this total amount constitutes *unreserved fund balance*, which represents working capital available to support governmental operating needs and future years' expenditures as designated by the City Council members. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed for scholarships to the City's youth.

As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Currently, this comparison indicates that the City has sufficient fund balances to meet the financial needs of the upcoming fiscal year based on the City's expectations.

**General fund budgetary highlights**

During the fiscal year, the City made several amendments to the General Fund original approved budget. The net result of these amendments increased both budgeted revenues and expenditures by \$257,736. On a budgetary basis, actual revenues for the fiscal year were less than the final budget by \$298,800.

The budgeted amount for highway user revenue was reduced significantly from an expected \$345,000 to \$40,301 due to the significant state reduction. The red light camera operation was discontinued by the contracting company due to the revenue shortage during the year. The City introduced a new revenue source "speed camera" and the actual revenue exceeded its budgeted estimation.

Actual general fund expenditures were \$1,434,885 less than revised budget authorization. This variance was due to lower anticipated costs in almost every department and actual expenditures were reduced to reduce operating and personnel expenditures.

**CITY OF NEW CARROLLTON, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2010**

The positive variance between expected and actual expenditures in the highway department is attributable to the temporary delay in street, sidewalk and bridge repairs expected to commence during the current fiscal year. This variance has been included in the designations of fund balance for future expenditure for street, sidewalk, and bridge repairs of \$790,646. The City did not need to use the operating and contingency reserves which were budgeted for \$301,406.

An analysis of the budget and actual revenues and expenditures for the General Fund can be found on pages 27-32 of this report.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets**

As of June 30, 2010, the City had approximately \$5.4 million invested in net capital assets including land, buildings, computers, infrastructure, park facilities, vehicles, and equipment. During the year ended June 30, 2010, the City purchased \$294,844 of capital assets and had total depreciation expense of approximately \$383,775.

Figure 6 displays a summary of governmental activities capital assets by type as of June 30, 2010 and 2009.

**Figure 6  
Capital Assets, Net of Depreciation  
Total Government Activities**

	<b>2010</b>	<b>2009</b>
Land	\$ 760,825	\$ 760,825
Buildings	1,753,056	1,827,858
Improvements other than buildings	13,305	15,523
Street and infrastructure	1,603,393	1,647,580
Equipment	<u>1,254,552</u>	<u>1,222,276</u>
<b>Total</b>	<b><u>\$ 5,385,131</u></b>	<b><u>\$ 5,474,062</u></b>

Additional information on the City's capital assets can be found in Note 5, pages 40-41 of this AFR.

**Debt**

As of June 30, 2010, the City had total debt outstanding of \$1,540,813. Of this amount, \$903,652 is comprised of bonds payable to the Maryland Department of Housing and Community Development (MDHCD), and Community Development Administration (CDA), and \$481,336 in notes payable to a local commercial bank. The remaining \$155,825 represents amounts due City employees for accrued vacation.

**CITY OF NEW CARROLLTON, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2010**

A loan in the amount of \$175,000 was borrowed in the year ended June 30, 2010 to purchase police vehicles, a dump truck, and related computer equipment.

Figure 7 displays a summary of governmental activities long-term debt by type as of June 30, 2010 and 2009.

**Figure 7  
Long-Term Debt  
Total Government Activities**

	<b>2010</b>	<b>2009</b>
Notes payable	\$ 481,336	\$ 512,230
Bonds payable	903,652	1,024,356
Compensated absences	155,825	177,811
<b>Total</b>	<b>\$ 1,540,813</b>	<b>\$ 1,714,397</b>

Additional information on the City of New Carrollton's long-term debt can be found in Note 6 on pages 41-43 of this AFR.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- Due to the increase in state assessment on real property in Fiscal Year 2011, there is an estimated \$300,000 increase in real property revenue. The City expects the state and county shared revenue to have a shortfall of almost \$165,000. The City introduced a new service fee on trash collection for single family homes and condominiums that will bring an estimated \$250,000 in revenue. There is an expected increase of \$182,000 in fines and forfeitures due to speed camera revenue. Net revenue from speed cameras are required to be used for public safety purposes.
- Salary costs remain the same for Fiscal Year 2011, as there was no cost of living or merit raise awarded to employees. An approximate 22% increase in personnel costs is estimated due to the rise in cost of health insurance, workman compensation insurance, and state retirement contribution premiums. There is a 30% decrease in operating and capital expenditures budgeted for Fiscal Year 2011.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide residents, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions, please contact City Hall at (301) 459-6100.



**CITY OF NEW CARROLLTON, MARYLAND**  
**STATEMENT OF NET ASSETS**  
**June 30, 2010**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,060,138
Cash, restricted	47,290
Receivables, net	323,533
Due from other units of government	386,255
Land	760,825
Capital assets, net of accumulated depreciation	<u>4,624,306</u>
Total Assets	<u>\$ 10,202,347</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 142,257
Accrued expenses	94,031
Unearned revenue	69,560
Due to other units of government	23,685
Non-current liabilities	
Due within one year	360,873
Due in more than one year	<u>1,179,940</u>
Total Liabilities	<u>\$ 1,870,346</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	\$ 4,000,143
Restricted for Weinbach Scholarship	47,290
Unrestricted	<u>4,284,568</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 8,332,001</u>

These financial statements should be read only in connection with  
the accompanying summary of significant accounting policies  
and notes to financial statements.

**CITY OF NEW CARROLLTON, MARYLAND**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended June 30, 2010**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Assets
					Governmental Activities
Governmental activities					
General government	\$ 1,286,886	\$ 195,078	\$ 79,624	\$ -	\$ (1,012,184)
Public health code enforcement	398,466	200,165	-	-	(198,301)
Public safety police services	1,413,243	1,011,516	167,992	-	(233,735)
Public works	456,430	59,447	40,301	-	(356,682)
Highways	583,084	16,140	-	-	(566,944)
Sanitation	922,845	42,600	-	-	(880,245)
Parks and recreation	578,704	-	-	-	(578,704)
Weinbach Scholarship	4,000	-	-	-	(4,000)
Interest on long-term debt	72,291	-	-	-	(72,291)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 5,715,949</b>	<b>\$ 1,524,946</b>	<b>\$ 287,917</b>	<b>\$ -</b>	<b>(3,903,086)</b>
<b>GENERAL REVENUES</b>					
					4,272,781
Property taxes					723,772
Income taxes					107,192
Other taxes					68,455
Miscellaneous					8,330
Unrestricted investment earnings					
Total General Revenues					<u>5,180,530</u>
<b>CHANGE IN NET ASSETS</b>					
					1,277,444
<b>NET ASSETS, BEGINNING OF YEAR</b>					
					<u>7,054,557</u>
<b>NET ASSETS, END OF YEAR</b>					
					<u>\$ 8,332,001</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

**CITY OF NEW CARROLLTON, MARYLAND  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2010**

	<b>General Fund</b>
<b>ASSETS</b>	
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,060,138
Cash restricted	47,290
Receivables, net	323,533
Due from other units of government	386,255
<b>TOTAL ASSETS</b>	<b>\$ 4,817,216</b>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 142,257
Other liabilities	87,396
Unearned revenue	400,611
Due to other units of government	23,685
Compensated absences payable	35,275
Total Liabilities	689,224
<b>FUND BALANCES</b>	
Reserved	47,290
Unreserved	
Designated for	
Capital assets replacement	168,407
Street, sidewalk, and bridge repairs	790,646
Future expenditures	627,191
Public safety	437,610
Compensated absences	126,029
Operating reserve	904,500
Contingency reserve	130,000
Undesignated	896,319
Unreserved fund balance	4,080,702
Total Fund Balances	4,127,992
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,817,216</b>

These financial statements should be read only in connection with  
the accompanying summary of significant accounting policies  
and notes to financial statements.

**CITY OF NEW CARROLLTON, MARYLAND  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
For The Year Ended June 30, 2010**

<b>TOTAL FUND BALANCE - GOVERNMENTAL FUNDS</b>	<b>\$ 4,127,992</b>
 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 as assets in governmental funds. The cost of these assets is \$9,167,169 and the accumulated depreciation is \$3,782,038.	5,385,131
Long-term liabilities are not due and payable in the current period, and therefore, are not reported as liabilities in the funds.	(1,505,538)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(6,321)
Certain receivables are offset by deferred revenue in the governmental funds since they are not available to pay for current-period expenditures. This is the amount of deferred revenue related to these receivables.	<u>330,737</u>
<b>TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 8,332,001</u></b>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

**CITY OF NEW CARROLLTON, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2010**

	<b>General Fund</b>
<b>REVENUES</b>	
Taxes	\$ 5,066,353
Licenses and permits	187,186
Intergovernmental	247,616
Charges of services	360,044
Fines and forfeitures	961,576
Investment earnings	8,330
Miscellaneous	84,595
Total Revenues	6,915,700
<b>EXPENDITURES</b>	
Current	
General government	1,208,177
Public health code enforcement	406,675
Public safety police services	1,463,257
Public works	422,925
Highways	607,968
Sanitation	894,595
Parks and recreation	547,397
Weinbach Scholarship	4,000
Debt service	
Principal	326,597
Interest	73,024
Total Expenditures	5,954,615
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	
<b>BEFORE OTHER FINANCING SOURCES</b>	961,085
<b>OTHER FINANCING SOURCES</b>	
Issuance of debt	175,000
<b>NET CHANGE IN FUND BALANCE</b>	1,136,085
<b>FUND BALANCE, BEGINNING OF YEAR</b>	2,991,907
<b>FUND BALANCE, END OF YEAR</b>	\$ 4,127,992

These financial statements should be read only in connection with  
the accompanying summary of significant accounting policies  
and notes to financial statements.

**CITY OF NEW CARROLLTON, MARYLAND  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
For The Year Ended June 30, 2010**

**TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS** **\$ 1,136,085**

Amounts reported for governmental activities in the Statement of  
Activities are different because

Capital outlays are reported in governmental funds as expenditures.  
However, in the Statement of Activities, the cost of those assets is  
allocated over their estimated useful lives as depreciation expense.  
This is the amount by which depreciation expense (\$383,775) exceeds  
capital outlay (\$294,844) in the period. (88,931)

Long-term debt repayments are an expenditure in the governmental  
funds, but the repayment reduces long-term liabilities in the  
Statement of Net Assets. This is the amount of long-term debt  
repayments for 2010. 326,864

The issuance of long-term debt provides current financial resources to  
governmental funds; however, it is not reported as revenue in the  
Statement of Activities. (175,000)

Interest expense in the Statement of Activities differs from the amount  
reported in governmental funds due to the net change in accrued interest. 733

Under the modified accrual basis of accounting, revenues are not  
recognized unless they are deemed "available" to finance current  
expenditures. Accrual-basis recognition is not limited by  
availability, so certain revenues need to be reduced by the amounts  
that were unavailable at the beginning of the year and increased by  
the amounts that were unavailable at the end of the year. This  
adjustment records a net increase in "unavailable" revenues at the  
end of the year over the amount at the beginning of the year. 77,693

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES** **\$ 1,277,444**

These financial statements should be read only in connection with  
the accompanying summary of significant accounting policies  
and notes to financial statements.

**CITY OF NEW CARROLLTON, MARYLAND**  
**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL**  
**(NON-GAAP BUDGETARY BASIS) – GENERAL FUND**  
**For The Year Ended June 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>				
<b>Taxes</b>				
General property taxes				
Real property	\$ 3,802,219	\$ 3,802,219	\$ 3,764,094	\$ (38,125)
Business real property - public safety	87,600	87,600	50,689	(36,911)
Personal property - businesses	319,000	319,000	233,147	(85,853)
Personal property - public safety	16,400	16,400	20,556	4,156
Property of railroads and public utilities	43,000	43,000	44,606	1,606
Penalties and interest on delinquent taxes	8,700	8,700	11,881	3,181
Total General Property Taxes	<u>4,276,919</u>	<u>4,276,919</u>	<u>4,124,973</u>	<u>(151,946)</u>
State shared taxes				
Admissions and amusements	4,500	4,500	1,178	(3,322)
Highway user and motor vehicle	345,000	45,000	40,301	(4,699)
Income taxes	701,000	701,000	793,887	92,887
Total State Shared Taxes	<u>1,050,500</u>	<u>750,500</u>	<u>835,366</u>	<u>84,866</u>
County shared taxes				
Disposal fee rebate	33,467	33,467	33,468	1
Hotel/motel tax	62,000	62,000	72,507	10,507
PMT in lieu of bank stock	20	20	39	19
Total County Shared Taxes	<u>95,487</u>	<u>95,487</u>	<u>106,014</u>	<u>10,527</u>
Total Taxes	<u>5,422,906</u>	<u>5,122,906</u>	<u>5,066,353</u>	<u>(56,553)</u>
<b>Licenses and permits</b>				
State traders and peddlers	8,500	8,500	11,546	3,046
City business licenses	10,600	10,600	11,005	405
Comcast cable franchise fees	95,000	95,000	88,732	(6,268)
Verizon cable franchise fees	30,000	30,000	47,998	17,998
Nextel franchise fees	13,200	13,200	13,200	-
Cricket communication franchise fees	-	-	4,800	4,800
Verizon property lease	7,200	7,200	7,200	-
Building permit fees	3,500	3,500	2,705	(795)
Total Licenses And Permits	<u>168,000</u>	<u>168,000</u>	<u>187,186</u>	<u>19,186</u>
<b>Intergovernmental grants</b>				
State aid for police	74,292	74,292	107,256	32,964
Crime control and prevention	-	60,736	60,736	-
Total Intergovernmental Grants	<u>74,292</u>	<u>135,028</u>	<u>167,992</u>	<u>32,964</u>
<b>Revenues from other agencies</b>				
Cable television equipment support grant - Comcast	48,000	48,000	52,097	4,097
Cable television equipment support grant - Verizon	12,000	12,000	27,527	15,527
Total Revenue From Other Agencies	<u>60,000</u>	<u>60,000</u>	<u>79,624</u>	<u>19,624</u>

These financial statements should be read only in connection with  
the accompanying summary of significant accounting policies  
and notes to financial statements.

**CITY OF NEW CARROLLTON, MARYLAND**  
**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL**  
**(NON-GAAP BUDGETARY BASIS) – GENERAL FUND**  
**(continued)**  
**For The Year Ended June 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES (continued)</b>				
<b>Current service charges</b>				
Advertising fees	1,600	1,600	5,642	4,042
Municipal center room rent	2,150	2,150	1,850	(300)
General service fees	500	500	-	(500)
Board of appeals fees	1,720	1,720	400	(1,320)
Fingerprint fees	500	500	985	485
Special police services	3,500	3,500	48,955	45,455
Rental property inspection	172,000	172,000	200,165	28,165
Property clean-up and liens	22,000	22,000	59,447	37,447
Recycling fees	42,600	42,600	42,600	-
<b>Total Current Service Charges</b>	<u>246,570</u>	<u>246,570</u>	<u>360,044</u>	<u>113,474</u>
<b>Fines and forfeitures</b>				
Municipal infractions	5,500	5,500	3,060	(2,440)
Red light camera	67,500	7,500	9,548	2,048
Speed camera revenue	-	545,000	723,200	178,200
Vehicle control fines and towing	199,000	199,000	225,768	26,768
<b>Total Fines And Forfeitures</b>	<u>272,000</u>	<u>757,000</u>	<u>961,576</u>	<u>204,576</u>
<b>Interest earned on investments</b>	36,000	16,000	8,330	(7,670)
<b>Other revenues</b>				
Scrap metal and paper	2,996	2,996	3,332	336
Seized revenues	2,500	2,500	495	(2,005)
Right-of-way fees (ICC)	16,000	16,000	16,140	140
Pension rebate	32,000	32,000	34,456	2,456
Miscellaneous	19,500	19,500	30,172	10672
Weinbach scholarship grant	4,000	4,000	-	(4,000)
<b>Total Other Revenues</b>	<u>76,996</u>	<u>76,996</u>	<u>84,595</u>	<u>7,599</u>
<b>Undesignated prior year surplus</b>	350,000	382,000	-	(382,000)
<b>Contingency</b>	250,000	250,000	-	(250,000)
<b>TOTAL REVENUES</b>	<u>6,956,764</u>	<u>7,214,500</u>	<u>6,915,700</u>	<u>(298,800)</u>

These financial statements should be read only in connection with  
the accompanying summary of significant accounting policies  
and notes to financial statements.



**CITY OF NEW CARROLLTON, MARYLAND**  
**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL**  
**(NON-GAAP BUDGETARY BASIS) – GENERAL FUND**

(continued)

For The Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>EXPENDITURES</b>				
<b>General government</b>				
Mayor and city council				
Personnel	37,235	37,235	35,582	1,653
Operating				
Contracted services	1,200	1,200	-	1,200
Supplies	1,000	1,000	-	1,000
Other operating expenses	17,577	17,577	16,873	704
Miscellaneous	7,500	7,500	7,500	-
Operating expenses	2,500	2,500	423	2,077
Total Operating	<u>29,777</u>	<u>29,777</u>	<u>24,796</u>	<u>4,981</u>
Total Mayor And City Council	<u>67,012</u>	<u>67,012</u>	<u>60,378</u>	<u>6,634</u>
Administration				
Personnel	588,084	552,084	510,137	41,947
Operating				
Professional services	56,500	84,500	77,152	7,348
Contracted services	184,000	184,000	160,292	23,708
Repairs and maintenance	37,050	42,050	36,891	5,159
Supplies	30,000	38,000	28,107	9,893
Other operating expenses	35,500	35,500	22,877	12,623
Utilities	83,250	83,250	66,859	16,391
Operating expense	55,800	51,800	36,314	15,486
Total Operating	<u>482,100</u>	<u>519,100</u>	<u>428,492</u>	<u>90,608</u>
Capital outlay	119,000	74,500	28,943	45,557
Total Administration	<u>1,189,184</u>	<u>1,145,684</u>	<u>967,572</u>	<u>178,112</u>
Financial administration				
Personnel	136,614	148,214	134,529	13,685
Operating				
Professional services	27,500	27,500	18,893	8,607
Supplies	4,950	6,950	3,479	3,471
Other operating expenses	4,000	4,000	1,508	2,492
Utilities	2,500	2,500	1,741	759
Operating expense	4,770	4,770	2,973	1,797
Total Operating	<u>43,720</u>	<u>45,720</u>	<u>28,594</u>	<u>17,126</u>
Capital outlay	7,000	25,900	17,104	8,796
Total Financial Administration	<u>187,334</u>	<u>219,834</u>	<u>180,227</u>	<u>39,607</u>
Total General Government	<u>1,443,530</u>	<u>1,432,530</u>	<u>1,208,177</u>	<u>224,353</u>

These financial statements should be read only in connection with  
the accompanying summary of significant accounting policies  
and notes to financial statements.

**CITY OF NEW CARROLLTON, MARYLAND**  
**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL**  
**(NON-GAAP BUDGETARY BASIS) – GENERAL FUND**  
**(continued)**  
**For The Year Ended June 30, 2010**

<b>EXPENDITURES (continued)</b>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Public health code enforcement</b>				
Code enforcement				
Personnel	323,134	313,134	294,364	18,770
Operating				
Contracted services	27,500	68,000	62,291	5,709
Repairs and maintenance	16,150	16,150	9,757	6,393
Supplies	16,450	16,450	8,627	7,823
Other operating expenses	9,250	9,250	5,845	3,405
Utilities	10,500	10,500	6,383	4,117
Operating expenses	500	500	-	500
Total Operating	<u>80,350</u>	<u>120,850</u>	<u>92,903</u>	<u>27,947</u>
Capital outlay	<u>21,500</u>	<u>21,500</u>	<u>19,408</u>	<u>2,092</u>
Total Public Health Code Enforcement	<u>424,984</u>	<u>455,484</u>	<u>406,675</u>	<u>48,809</u>
<b>Public safety police services</b>				
Police administration				
Personnel	270,856	233,356	206,887	26,469
Operating				
Repairs and maintenance	12,000	15,000	10,868	4,132
Supplies	10,532	10,532	7,378	3,154
Other operating expenses	10,300	10,300	7,515	2,785
Utilities	7,200	7,200	5,182	2,018
Operating expenses	62,350	62,350	36,783	25,567
Total Operating	<u>102,382</u>	<u>105,382</u>	<u>67,726</u>	<u>37,656</u>
Capital outlay	<u>6,000</u>	<u>6,000</u>	<u>1,164</u>	<u>4,836</u>
Total Police Administration	<u>379,238</u>	<u>344,738</u>	<u>275,777</u>	<u>68,961</u>
Police technical support				
Personnel	85,436	55,436	13,921	41,515
Operating				
Repairs and maintenance	8,500	4,000	3,966	34
Supplies	7,300	4,500	3,830	670
Other operating expenses	4,900	12,200	1,298	10,902
Utilities	1,250	1,250	318	932
Total Operating	<u>21,950</u>	<u>21,950</u>	<u>9,412</u>	<u>12,538</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Police Technical Support	<u>107,386</u>	<u>77,386</u>	<u>23,333</u>	<u>54,053</u>
Special operations				
Personnel	-	190,000	173,713	16,287
Operating				
Repairs and maintenance	-	10,000	6,236	3,764
Other operating expenses	-	55,000	45,277	9,723
Utilities	-	-	456	(456)
Total Operating	<u>-</u>	<u>65,000</u>	<u>51,969</u>	<u>13,031</u>
Capital outlay	<u>-</u>	<u>84,500</u>	<u>80,417</u>	<u>4,083</u>
Total Special Operations	<u>-</u>	<u>339,500</u>	<u>306,099</u>	<u>33,401</u>

These financial statements should be read only in connection with  
the accompanying summary of significant accounting policies  
and notes to financial statements.

**CITY OF NEW CARROLLTON, MARYLAND**  
**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL**  
**(NON-GAAP BUDGETARY BASIS) – GENERAL FUND**

(continued)

For The Year Ended June 30, 2010

EXPENDITURES (continued)	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Police patrol				
Personnel	663,676	648,676	592,539	56,137
Operating				
Repairs and maintenance	49,932	53,932	47,549	6,383
Supplies	22,000	24,500	19,051	5,449
Other operating expenses	28,250	29,750	21,043	8,707
Utilities	14,000	15,000	14,631	369
Operating expense	2,000	2,000	1,170	830
Total Operating	<u>116,182</u>	<u>125,182</u>	<u>103,444</u>	<u>21,738</u>
Capital outlay	8,000	68,736	61,470	7,266
Total Police Patrol	<u>787,858</u>	<u>842,594</u>	<u>757,453</u>	<u>85,141</u>
Parking enforcement				
Personnel	116,465	116,465	83,446	33,019
Operating				
Repairs and maintenance	12,500	12,500	10,059	2,441
Supplies	4,000	4,000	2,219	1,781
Other operating expenses	2,800	2,800	2,764	36
Utilities	3,000	3,000	2,107	893
Total Operating	<u>22,300</u>	<u>22,300</u>	<u>17,149</u>	<u>5,151</u>
Total Parking Enforcement	<u>138,765</u>	<u>138,765</u>	<u>100,595</u>	<u>38,170</u>
Total Public Safety Police Services	<u>1,413,247</u>	<u>1,742,983</u>	<u>1,463,257</u>	<u>279,726</u>
<b>Public works</b>				
Administration				
Personnel	415,529	363,429	322,005	41,424
Operating				
Contracted services	35,000	35,000	21,286	13,714
Repairs and maintenance	21,800	21,800	16,976	4,824
Supplies	16,700	16,700	7,194	9,506
Other operating expenses	6,900	7,400	5,396	2,004
Utilities	36,700	38,200	26,396	11,804
Operating expenses	1,000	1,000	202	798
Total Operating	<u>118,100</u>	<u>120,100</u>	<u>77,450</u>	<u>42,650</u>
Capital outlay	15,000	26,600	23,470	3,130
Total Public Works	<u>548,629</u>	<u>510,129</u>	<u>422,925</u>	<u>87,204</u>
<b>Highways</b>				
Personnel	293,311	313,311	260,329	52,982
Operating				
Professional services	1,500	1,500	-	1,500
Contracted services	123,000	123,000	99,645	23,355
Repairs and maintenance	49,020	54,020	41,812	12,208
Supplies	34,450	71,950	60,922	11,028
Other operating expenses	4,700	4,700	3,992	708
Operating expense	21,000	21,000	20,586	414
Total Operating	<u>233,670</u>	<u>276,170</u>	<u>226,957</u>	<u>49,213</u>
Capital outlay	390,000	310,000	120,682	189,318
Total Highways	<u>916,981</u>	<u>899,481</u>	<u>607,968</u>	<u>291,513</u>

These financial statements should be read only in connection with  
the accompanying summary of significant accounting policies  
and notes to financial statements.

**CITY OF NEW CARROLLTON, MARYLAND**  
**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL**  
**(NON-GAAP BUDGETARY BASIS) – GENERAL FUND**  
**(continued)**

**For The Year Ended June 30, 2010**

<b>EXPENDITURES (continued)</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts - Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Sanitation</b>				
Personnel	576,488	569,488	505,085	64,403
<b>Operating</b>				
Contracted services	404,000	364,000	321,859	42,141
Repairs and maintenance	68,000	73,000	55,122	17,878
Supplies	14,000	14,000	7,296	6,704
Other operating expenses	8,100	8,100	5,218	2,882
Operating expense	1,000	1,000	15	985
<b>Total Operating</b>	<b>495,100</b>	<b>460,100</b>	<b>389,510</b>	<b>70,590</b>
<b>Total Sanitation</b>	<b>1,071,588</b>	<b>1,029,588</b>	<b>894,595</b>	<b>134,993</b>
<b>Parks and recreation</b>				
Personnel	484,237	484,237	453,198	31,039
<b>Operating</b>				
Contracted services	5,000	5,000	4,935	65
Repairs and maintenance	53,600	53,600	43,011	10,589
Supplies	2,000	2,000	-	2,000
Other operating expenses	7,500	8,500	6,915	1,585
Operating expenses	38,000	48,000	33,738	14,262
<b>Total Operating</b>	<b>106,100</b>	<b>117,100</b>	<b>88,599</b>	<b>28,501</b>
Capital Outlay	10,100	5,600	5,600	-
<b>Total Parks And Recreation</b>	<b>600,437</b>	<b>606,937</b>	<b>547,397</b>	<b>59,540</b>
<b>Weinbach scholarship</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>-</b>
<b>Debt service - principal &amp; interest payments</b>	<b>406,562</b>	<b>406,562</b>	<b>399,621</b>	<b>6,941</b>
<b>Miscellaneous</b>				
Contingency reserve	51,406	51,406	-	51,406
Operating reserve	250,000	250,000	-	250,000
Judgment and losses	400	400	-	400
<b>Total Miscellaneous</b>	<b>301,806</b>	<b>301,806</b>	<b>-</b>	<b>301,806</b>
<b>TOTAL EXPENDITURES</b>	<b>7,131,764</b>	<b>7,389,500</b>	<b>5,954,615</b>	<b>1,434,885</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES</b>				
	(175,000)	(175,000)	961,085	1,136,085
<b>OTHER FINANCING SOURCES</b>				
Issuance of debt	175,000	175,000	175,000	-
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,136,085</b>	<b>\$ 1,136,085</b>

These financial statements should be read only in connection with  
the accompanying summary of significant accounting policies  
and notes to financial statements.

**CITY OF NEW CARROLLTON, MARYLAND**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**For The Year Ended June 30, 2010**

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to local governments. A summary of significant accounting policies followed by the City are presented below.

**REPORTING ENTITY**

The City of New Carrollton, Maryland (the City) was incorporated in April 11, 1953 with its legal authority derived from Chapter 310, Section 2 of the Annotated Code of Maryland. The City is to be construed to mean both the City and its inhabitants. The City operates under the Council-Mayor form of government. Services provided include sanitation, highway and streets, parks and recreation, police, and planning and zoning.

For financial reporting purposes, in conformance with accounting principles generally accepted in the United States of America, the reporting entity includes the Mayor and City Council and the primary government.

The City has no component units as defined by generally accepted accounting principles.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Governmental activities are those which are supported by taxes and intergovernmental revenues, whereas business-type activities are those supported through customer service charges. The City does not have any business-type activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those specifically associated with a program or function. Program revenues include charges for services and grants and contributions restricted to the capital or operational requirements of specific programs or functions. Revenues that are not classified as program revenues, such as taxes, are reported as general revenues.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The accounting and financial reporting is determined by its measurement focus. Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Property taxes are recognized in the year of levy and grants are recognized when all eligibility requirements are met.

**CITY OF NEW CARROLLTON, MARYLAND**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**For The Year Ended June 30, 2010**

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)**

Governmental fund statements are presented using the flow of economic resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). *Measurable means the amount of the transaction that can be determined and available means collected within 60 days of the year-end.* Expenditures are recorded when the related liability is incurred as in the accrual basis of accounting. However, principal and interest on long-term debt and expenditures for compensated absences are recorded when the payments are due.

Those revenues susceptible to accrual are property taxes, taxes collected by the State and County on behalf of the City, franchise taxes, revenues from other agencies, interest revenue, and charges for services. Fines and forfeitures, licenses, permits, penalties and interest (on property taxes), and other revenues become measurable and available when cash is received by the City and are recognized as revenue at that time.

The City has one major governmental fund, the General Fund. It is used to account for all activities of the government not accounted for in another fund. The general fund accounts for the normal recurring activities of the City such as police, public works, parks and recreation, general government, etc. These activities are financed primarily by property taxes, other taxes, service charges, and grants from other governmental units.

**USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

**Cash, cash equivalents, and investments**

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months. Cash deposits of the City are made in accordance with the Annotated Code of Maryland (the Code), which requires depositories to give security in the form of collateral as provided for in the Code, for the safekeeping of these deposits.

*Excess funds are also permitted to be invested either in bonds or other obligations for the payment of principal and interest of which the full faith and credit of the United States of America are pledged, obligations of Federal government agencies issued pursuant to acts of Congress, or in the local government investment pool created by the State of Maryland.*

**CITY OF NEW CARROLLTON, MARYLAND**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**For The Year Ended June 30, 2010**

**ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (continued)**

Property taxes are reported at their estimated collectible value. The following summarizes the property tax calendar:

	<b>Real Property</b>	<b>Personal and Corporate</b>
Assessment roll validated	Dec. 31	Jan. 1
Tax rate ordinance approved	June 30	June 30
Beginning of fiscal year for which taxes have been levied	July 1	July 1
Tax bills rendered and due	July 1	On County bill
Owner-occupied residential	July 1 and Jan. 1	July 1 and Jan. 1
Property taxes payable		
Delinquent	Oct. 1, Feb. 1	After 30 days
Terms	60 days	30 days
Delinquent interest	18%	18%
Tax rates	\$0.50 per \$100	\$1.00 per \$100

Information presented is for "full year" levy. "Half year" levy dates are each 6 months later, and relate to new construction in the first six months of the calendar year. A lien is attached to property on the billing date, becomes delinquent October 1 and is sold at tax sale by the end of 18 months.

Allowances for uncollectible accounts are maintained on all types of receivables that historically experience bad debt. Receivables are shown net of such an allowance for uncollectibles. Real property taxes are generally fully collectible.

**Restricted assets**

Proceeds from donations received from external parties are restricted for the payment of scholarships to eligible students, and are held in a separate cash account until disbursement.

**Capital assets**

Capital assets, which include property, plant and equipment, and infrastructure such as roads, storm drains and pipe systems are reported in the governmental fund in the government-wide financial statements. The City defines capital assets as those which individually have an acquisition cost or donated value of at least \$2,500 and an estimated useful life of three years or more. Such assets are valued at historical or estimated historical cost if actual is not available. Donated assets are stated at their fair market value at the date of donation. The cost of normal maintenance and repairs that do not add value or extend asset lives are not capitalized.

Expenditures for major assets and improvements are capitalized as the assets are acquired or constructed. Interest on debt during the construction period is capitalized. Exhaustible capital assets are depreciated, which is charged as an expense against their operations.

**CITY OF NEW CARROLLTON, MARYLAND**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**For The Year Ended June 30, 2010**

**ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (continued)**

Accumulated depreciation is reported in the Statement of Net Assets. Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings	20-40 years
Improvements other than buildings	10-15 years
Streets and infrastructure	40-50 years
Equipment	4-10 years

**Long-term obligations**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. In the governmental fund financial statements, the face amount of newly issued debt is reported as other financing sources and the amount of principal repayment is reported as an expenditure.

**Compensated absences**

Vested or accumulated vacation is accrued when earned by employees and a liability is recorded in the government-wide financial statements. No liability is recorded for nonvesting accumulated rights to receive sick pay benefits, as the City does not pay these amounts when employees separate from service.

The City pays all outstanding vacation leave at separation. A liability for vacation pay is recorded in the governmental fund financial statements only if it has matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement).

**Net assets/fund equity**

The government-wide financial statements utilize a net asset presentation. Net assets are categorized as invested in capital (net of related debt), restricted, and unrestricted.

- *Invested in capital assets, net of related debt* - This category groups all capital assets including infrastructure into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributed to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted net assets* - This category presents external restrictions imposed by creditors, grantors or laws and regulations of other governments.
- *Unrestricted net assets* - This category presents the net assets of the City not included elsewhere.



**CITY OF NEW CARROLLTON, MARYLAND**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**For The Year Ended June 30, 2010**

**ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (continued)**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent management's tentative plans for their usage. These plans are subject to change.

**STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary information**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The budget ordinance becomes effective July 1 and provides spending authority for the operations of the City government.
3. Subsequent to passage of the budget ordinance, the City Council may approve supplemental expenditures.
4. Management may not make adjustments or transfers within the budget without approval of the City Council.
5. At the end of the fiscal year, unencumbered appropriations lapse.
6. The budget for the General Fund is adopted on a basis consistent with budget estimates. Budgetary control is maintained at the line-item level.
7. The budget information presented in the accompanying financial statements includes all budget ordinances and amendments as approved by the Mayor and City Council for the fiscal year ending June 30, 2010.

**Reconciliation of budgetary basis and GAAP basis**

Actual results of operations are presented in the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund on the non-GAAP budgetary basis of accounting in order to provide a meaningful comparison of actual results with budget estimates. The budget includes budgeted amounts for prior year surplus and a contingency as a revenue source.

There are no reconciling items for budgetary basis and GAAP basis for actual revenues or expenditures for the year ended June 30, 2010.

**CITY OF NEW CARROLLTON, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2010**

**NOTE 1 – CASH AND CASH EQUIVALENTS**

**Deposits**

Custodial risk, in the case of deposits, is the risk that in the event of a bank failure, the City's exposed balance may not be returned to it. At year-end, the carrying amount of the City deposits (including cash on hand of \$500) was \$864,871 and the bank balance was \$933,861. As of June 30, 2010, all of the City's deposits were either covered by federal depository insurance or were covered by collateral held by the City's agent in the City's name.

**Investments**

At June 30, 2010, the City's investments were pooled in the State created Maryland Local Government Investment Pool (MLGIP), a money market fund. The fair values of those investments were \$3,242,557 and have a maturity of less than one year.

Reconciliation of cash and temporary investments as shown on the Statement of Net Assets:

Carrying amount of deposits	\$ 864,871
Carrying amount of temporary investments	3,242,557
Less: carrying amount of restricted deposits	<u>(47,290)</u>
 <b>Total Cash And Temporary Investments Per Statement Of Net Assets</b>	 <b><u>\$ 4,060,138</u></b>

*Investment Rate Risk*

Fair value fluctuates with interest rates, and increasing interest rates could cause fair value to decline below original cost. To limit the City's exposure to fair value losses arising from increasing interest rates, the City's investment policy limits the term of investment maturities between thirty days to one year in order to remain sufficiently liquid to enable the City to meet all operating requirements, which might be reasonably anticipated. City management believes the liquidity in the portfolio is adequate to meet cash flow requirements and to preclude the City from having to sell investments below original cost for that purpose. The investments at June 30, 2010, met the City investment policy as of that date. Investment income was comprised entirely of interest and dividends amounting to \$8,330 for the year ended June 30, 2010.

*Credit Risk*

The investment policy of the City permits investments in the following types of investments as authorized by the State of Maryland: direct U.S. obligations, U.S. agency obligations, repurchase agreements, bankers' acceptances, municipal securities, commercial paper, money market mutual funds, and the MLGIP. The MLGIP was established in 1982 under Article 95 Section 22G of the Annotated Code of Maryland and is under the administration of the State Treasurer. It is rated AAAM by Standard & Poor's, their highest rating for money market mutual funds. The MLGIP seeks to maintain a constant value of \$1.00 per unit. Unit value is computed using the amortized cost method. In addition, the net asset value of the pool, marked to market, is calculated and maintained on a weekly basis to ensure a \$1.00 per unit constant value.

**CITY OF NEW CARROLLTON, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2010**

**NOTE 1 – CASH AND TEMPORARY INVESTMENTS (continued)**

*Custodial Credit Risk*

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover all or a portion of the value of its investments or collateral securities that are in the possession of an outside party. The investments of the City were not exposed to custodial credit risk at June 30, 2010.

*Foreign Currency Risk*

The City's investment policy does not allow for investments in foreign currencies.

**NOTE 2 – PROPERTY TAXES**

**Summary of receivables**

Receivables as of year-end for the government's funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	<b>Governmental Activities</b>
Taxes – property	\$ 164,933
Accounts	158,600
<b>Net Receivables</b>	<b>\$ 323,533</b>

**NOTE 3 – DUE FROM OTHER GOVERNMENTS**

At June 30, 2010, the balance of due from other governments consisted of the following:

<b>Federal</b>	
Crime grant	\$ 60,736
<b>State of Maryland</b>	
Admission and amusement	200
Income tax	78,778
Income tax reserve	170,455
Highway user tax	23,715
Total State of Maryland	273,148
<b>Prince George's County</b>	
Hotel tax	28,493
Deposit fee rebates	-
Other	23,878
Total Prince George's County	52,371
<b>Total</b>	<b>\$ 386,255</b>

**CITY OF NEW CARROLLTON, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2010**

**NOTE 4 – DEFERRED/UNEARNED REVENUE**

Governmental funds report deferred revenue in relation to receivables for revenues or due from other governments that are not considered to be available to liquidate liabilities of the current period such as property taxes not collected within 60 days after fiscal year end. Deferred revenue also includes rental and program advances, franchise fees and similar prepayments received by the City, grant revenue received prior to the incurrence of qualifying expenditures. Governmental funds also defer revenue recognition in connection with resources that have been received but not earned. Deferred revenue for the General Fund consisted of the following:

Income taxes	\$ 170,455
Property taxes	160,283
Charges for services	68,173
Other	<u>1,700</u>
	<u>\$ 400,611</u>

**NOTE 5 – CAPITAL ASSETS**

The following is a summary of governmental capital asset activity for the year ended June 30, 2010:

	<u>Balance at</u> <u>June 30,</u> <u>2009</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance at</u> <u>June 30,</u> <u>2010</u>
Capital assets (not being depreciated)				
Land	\$ 760,825	\$ -	\$ -	\$ 760,825
Capital assets (being depreciated)				
Buildings	2,987,266	-	-	2,987,266
Improvements other than buildings	262,134	-	-	262,134
Streets and infrastructure	1,767,485	-	-	1,767,485
Equipment	<u>3,094,615</u>	<u>294,844</u>	-	<u>3,389,459</u>
Total Capital Assets (being depreciated)	8,111,500	294,844	-	8,406,344
Less – accumulated depreciation for				
Buildings	1,159,408	74,802	-	1,234,210
Improvements other than buildings	246,611	2,218	-	248,829
Streets and infrastructure	119,905	44,187	-	164,092
Equipment	<u>1,872,339</u>	<u>262,568</u>	-	<u>2,134,907</u>
Total Accumulated Depreciation	<u>3,398,263</u>	<u>383,775</u>	-	<u>3,782,038</u>
<b>Total Governmental Activities Capital Assets, Net</b>	<u>\$ 5,474,062</u>	<u>\$ (88,931)</u>	<u>\$ -</u>	<u>\$ 5,385,131</u>

**CITY OF NEW CARROLLTON, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2010**

**NOTE 5 – CAPITAL ASSETS (continued)**

Depreciation expense was charged to functions/programs in governmental activities as follows:

General government	\$ 78,709
Public works	56,975
Public health	8,059
Public safety	89,007
Highway and streets	85,869
Sanitation	28,250
Parks and recreation	<u>36,906</u>
 <b>Total Depreciation Expense – Governmental Activities</b>	 <b><u>\$ 383,775</u></b>

**NOTE 6 – LONG-TERM DEBT**

The following is a summary of changes in the City's governmental long-term liabilities for the year ended June 30, 2010:

	Beginning Balance	Additions	Principal Repayments & Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
General obligation bonds	\$ 1,024,356	\$ -	\$ 120,704	\$ 903,652	\$ 127,652
Loans payable	512,230	175,000	205,894	481,336	197,946
Compensated absences	<u>177,811</u>	<u>22,826</u>	<u>44,812</u>	<u>155,825</u>	<u>35,275</u>
 <b>Governmental Activities</b>					
<b>Long-Term Liabilities</b>	<b><u>\$ 1,714,397</u></b>	<b><u>\$ 197,826</u></b>	<b><u>\$ 371,410</u></b>	<b><u>\$ 1,540,813</u></b>	<b><u>\$ 360,873</u></b>

**Bonds payable**

The City of New Carrollton adopted a resolution on September 4, 1991 providing for the issuance and sale of \$1,000,000 aggregate par amount of bonds to be known as "Infrastructure Bonds, 1991 Series A." The bonds were sold to the Community Development Administration (CDA), an agency in the Division of Housing Finance of the Department of Housing and Community Development, for the purpose of providing a portion of the funds necessary for the reconstruction of a public works facility. Interest is paid semiannually and principal is paid annually. The bonds are secured by the full faith and credit of the City. The term of the bonds is twenty (20) years, with maturity expected to occur on May 1, 2011. The interest rate through expected maturity date is 7.215%.

**CITY OF NEW CARROLLTON, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2010**

**NOTE 6 – LONG-TERM DEBT (continued)**

The City of New Carrollton adopted a resolution on January 26, 2006 providing for the issuance and sale of \$1,000,000 aggregate par amount of bonds known as “Infrastructure Bond, 2005 Series A.” The bond is issued in connection with the Infrastructure Financing Program of the Community Development Administration, an agency in the Division of Development Finance of the Department of Housing and Community Development, for the purpose of providing a portion of the funds necessary for bridge repairs and street improvements. Interest is paid semiannually and principal is paid annually. The full faith and credit of the City is pledged to the payment of principal and interest. The term of the bonds is twenty (20) years, with maturity expected to occur on May 1, 2025. The current interest rate is 3.95%. The rate will increase to 4.2% on May 1, 2011 and will remain the same until May 1, 2022, when it will increase to 4.3%, and the final increase will occur on May 1, 2023 to 4.45% and will remain the same through maturity.

The annual requirements to amortize bonds payable to maturity are as follows:

<u>For the Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 127,652	\$ 40,977	\$ 168,629
2012	42,000	33,175	75,175
2013	43,500	31,411	74,911
2014	45,000	29,584	74,584
2015	47,000	27,694	74,694
2016-2020	266,500	107,161	373,661
2021-2025	<u>332,000</u>	<u>45,314</u>	<u>377,314</u>
<b>Total</b>	<u>\$ 903,652</u>	<u>\$ 315,316</u>	<u>\$ 1,218,968</u>

**Loans payable**

During fiscal year 2005, the City borrowed \$75,000 from a commercial bank to purchase equipment. The loan had an interest rate of 3.69% and a maturity date of April 8, 2010. The loan repayment schedule calls for monthly payments of principal and interest of \$1,371.

During fiscal year 2006, the City borrowed \$110,431 from a commercial bank to purchase equipment. The loan has an interest rate of 4.45% and a maturity date of March 1, 2011. The loan repayment schedule calls for monthly payments of principal and interest of \$2,051.

**CITY OF NEW CARROLLTON, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2010**

**NOTE 6 – LONG-TERM DEBT (continued)**

The City also borrowed \$199,569 from a commercial bank to purchase equipment. The loan has an interest rate of 4.78% and a maturity date of August 1, 2011. The loan repayment schedule calls for monthly payments of principal and interest of \$3,742. The City borrowed \$300,000 from a commercial credit company to purchase equipment. The loan has an interest rate of 4.36% and a maturity date of July 20, 2012. The loan repayment schedule calls for monthly payments of principal and interest of \$5,655.

During fiscal year 2009, the City borrowed \$200,000 from a commercial credit company to purchase police vehicles and related equipment. The loan has an interest rate of 4.891% and a maturity date of August 1, 2013. The loan repayment schedule calls for monthly payments of principal and interest of \$3,764.

During fiscal year 2010, the City borrowed \$175,000 from a commercial credit company to purchase police vehicles, dump truck, and computer equipment. The loan has an interest rate of 3.09% and a maturity date of July 28, 2014. The loan repayment schedule calls for monthly payments of principal and interest of \$3,221.31.

The annual requirements to amortize to maturity for loans payable are as follows:

<u>For the Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 197,946	\$ 17,219	\$ 215,165
2012	149,694	9,294	158,988
2013	85,516	6,965	92,481
2014	45,192	992	46,184
2015	<u>2,988</u>	<u>10</u>	<u>2,998</u>
<b>Total</b>	<u>\$ 481,336</u>	<u>\$ 34,480</u>	<u>\$ 515,816</u>

**NOTE 7 – STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND**

**Plan description**

Employees of the City are covered by the Pension System for Employees of the State of Maryland or The Employees Retirement System of the State of Maryland. These systems are part of the Maryland State Retirement and Pension System (the State System), and are cost-sharing multiple-employer public employee retirement systems. The State System provides pension, death, and disability benefits to plan members and beneficiaries.

**CITY OF NEW CARROLLTON, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2010**

**NOTE 7 – STATE RETIREMENT AND PENSION SYSTEMS OF MARYLAND (continued)**

**Plan description (continued)**

The plan is administered by the State Retirement Agency (the Agency). Responsibility for the administration and operation of the State System is vested in a 12-member Board of Trustees. The State System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland. The Agency issued a publicly available financial report that includes basic financial statements and required supplementary information for the State System. The report may be obtained by writing to the State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, Maryland 21202, or by calling 410-625-5555.

**Funding policy**

The State Personnel and Pensions Article requires active members to contribute to the State System at the rate of 5% or 7% of their covered salary depending upon the retirement option selected. The City is required to contribute at an actuarially determined rate. The City's contribution for the years ended June 30, 2010, 2009, and 2008 were \$152,396, \$188,017, and \$170,979, respectively, which were equal to the required contributions for each year.

**NOTE 8 – POST-RETIREMENT BENEFITS**

The City does not provide and therefore has no liability for post-retirement benefits at June 30, 2010.

**NOTE 9 – RISK MANAGEMENT**

The City's risk financing techniques include participation in a public entity pool and the purchase of commercial insurance. For property, general, and health and dental insurance, the City is covered through commercial insurance carriers subject to deductibles and to annual aggregate/per occurrence dollar limits. For excess environmental liability coverage the City is a member of the Maryland Local Government Insurance Trust (LGIT). This trust is a public entity risk pool which is owned and directed by the local governments that subscribe to its coverages and operates under the terms of a Trust Agreement. The City pays LGIT an annual premium. Claims are processed and recoveries and administrative costs are paid by LGIT. Similar to a commercial insurance carrier, recoveries are subject to deductibles and to annual aggregate/per occurrence dollar limits. No insurance settlement has exceeded the coverage to date. The City is fully insured for worker's compensation through the Injured Worker's Insurance Fund of Maryland. Employees are bonded through commercial insurance carriers to limit the loss to the City in the event of employees committing acts of embezzlement or theft. There have been no settlements which exceeded coverage during the past three fiscal years.



**CITY OF NEW CARROLLTON, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2010**

**NOTE 10 – CONTINGENT LIABILITIES**

The City participates in certain federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

**NOTE 11 – NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD STANDARDS**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the year ended June 30, 2010 that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the City:

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, will be effective for the City in Fiscal Year 2011. The purpose of this Statement is to improve the usefulness, including the understandability, of governmental fund balance information.

GASB Statement Number 57, *OPEB Measurements by Agent Multiple-Employer Plans* (Statement), will be effective for the City beginning with its year ending June 30, 2011. This statement addresses issues related to measurement of OPEB obligations by certain employers participating in agent multi-employer OPEB plans.

GASB Statement Number 59, *Financial Instruments Omnibus* (Statement), will be effective for the City beginning with its year ending June 30, 2011. This Statement updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice.

**NOTE 12 – SUBSEQUENT EVENTS**

The City evaluated subsequent events for potential required disclosures through October 20, 2010, which represents the date the financial statements were available to be issued.

# STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

## Contents

### Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

### Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

### Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

### Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

### Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

**CITY OF NEW CARROLLTON, MARYLAND**  
**NET ASSETS BY COMPONENT**  
 Last Seven Fiscal Years  
 (Accrual Basis of Accounting)

	Fiscal Year						
	2010	2009	2008	2007	2006	2005	2004
<b>GOVERNMENTAL ACTIVITIES</b>							
Invested in capital assets,							
net of related debt	\$ 4,000,143	\$ 3,937,476	\$ 3,867,861	\$ 3,353,644	\$ 2,348,698	\$ 2,177,277	\$ 3,100,255
Restricted for Weinbach							
Scholarship	47,290	51,178	53,237	54,792	50,858	46,949	47,786
Unrestricted	4,284,568	3,065,903	2,121,029	2,302,589	2,695,533	2,558,122	1,176,269
<b>TOTAL GOVERNMENTAL</b>							
<b>ACTIVITIES NET ASSETS</b>	<u>\$ 8,332,001</u>	<u>\$ 7,054,557</u>	<u>\$ 6,042,127</u>	<u>\$ 5,711,025</u>	<u>\$ 5,095,089</u>	<u>\$ 4,782,348</u>	<u>\$ 4,324,310</u>

Note: Information for fiscal years 2001 through 2003 is not readily available.

**CITY OF NEW CARROLLTON, MARYLAND**  
**CHANGES IN NET ASSETS**  
**Last Seven Fiscal Years**  
**(Accrual Basis of Accounting)**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>EXPENSES</b>							
Governmental activities							
General government	\$ 1,286,886	\$ 1,211,140	\$ 1,253,729	\$ 1,144,628	\$ 926,991	\$ 754,944	\$ 721,422
Public health code enforcement	398,466	373,221	422,504	324,397	298,118	-	320,364
Public safety policy services	1,413,243	1,294,109	1,095,405	868,812	258,924	579,487	126,487
Public works	456,430	451,183	661,942	528,803	531,362	500,558	426,671
Highways	583,084	482,175	352,124	492,789	506,986	486,481	448,352
Sanitation	922,845	897,146	881,235	914,342	872,552	848,663	852,625
Parks and recreation	578,704	542,138	570,438	518,466	533,413	513,525	476,193
Weinbach Scholarship	4,000	3,000	5,000	4,000	4,000	4,000	4,000
Interest on long-term debt	72,291	78,373	88,032	38,194	53,621	42,237	41,153
<b>Total Primary Government Expenses</b>	<b>5,715,949</b>	<b>5,332,485</b>	<b>5,330,409</b>	<b>4,834,431</b>	<b>3,985,967</b>	<b>3,729,895</b>	<b>3,417,267</b>
<b>PROGRAM REVENUES</b>							
Governmental activities							
Charges for services							
General government	195,078	165,567	160,217	89,599	167,462	155,240	153,598
Public health code enforcement	200,165	236,175	185,560	175,588	-	-	-
Public safety police services	1,011,516	207,973	173,933	108,866	-	-	-
Public works	59,447	24,185	20,126	-	-	-	-
Highways	16,140	16,140	-	-	-	331,406	-
Sanitation	42,600	42,600	42,600	80,929	-	-	-
Weinbach Scholarship	-	115	-	-	-	-	-
Operating grants and contributions	287,917	492,928	654,483	656,092	572,189	195,560	435,878
Capital grants and contributions	-	-	-	152,000	-	-	27,928
<b>Total Primary Government Program Revenues</b>	<b>1,812,863</b>	<b>1,185,683</b>	<b>1,236,919</b>	<b>1,263,074</b>	<b>739,651</b>	<b>677,206</b>	<b>617,404</b>
<b>Total Primary Government Net Expense</b>	<b>(3,903,086)</b>	<b>(4,146,802)</b>	<b>(4,093,490)</b>	<b>(3,571,357)</b>	<b>(3,246,316)</b>	<b>(3,052,689)</b>	<b>(2,799,863)</b>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS</b>							
Governmental activities							
Taxes							
Property tax	4,272,781	4,041,481	3,264,745	2,800,795	2,478,151	2,402,577	2,218,433
Shared taxes	830,964	891,105	863,978	707,901	798,771	837,939	763,754
Miscellaneous revenues	68,455	188,572	212,028	569,198	215,864	245,115	228,426
Investment earnings	8,330	38,074	83,841	109,399	66,271	25,096	9,882
<b>Total Primary Government</b>	<b>5,180,530</b>	<b>5,159,232</b>	<b>4,424,592</b>	<b>4,187,293</b>	<b>3,559,057</b>	<b>3,510,727</b>	<b>3,220,495</b>
<b>CHANGE IN NET ASSETS, GOVERNMENTAL ACTIVITIES</b>	<b>\$ 1,277,444</b>	<b>\$ 1,012,430</b>	<b>\$ 331,102</b>	<b>\$ 615,936</b>	<b>\$ 312,741</b>	<b>\$ 458,038</b>	<b>\$ 420,632</b>

Note: Information for fiscal years 2001 through 2003 is not readily available.

**CITY OF NEW CARROLLTON, MARYLAND**  
**GOVERNMENTAL ACTIVITIES**  
**TAX REVENUES BY SOURCE**  
 Last Seven Fiscal Years  
 (Accrual Basis of Accounting)

Fiscal Year	Property Taxes	Income Taxes	Hotel/Motel Taxes	Other Taxes	Total
2004	\$ 2,106,642	\$ 700,360	\$ 63,394	\$ 4,479	\$ 2,875,187
2005	2,385,989	769,693	71,817	13,017	3,240,516
2006	2,448,075	756,168	64,167	8,512	3,276,922
2007	2,800,795	690,363	16,559	979	3,508,696
2008	3,264,745	683,608	53,044	37,141	4,128,723
2009	4,041,481	784,741	72,067	34,297	4,932,586
2010	4,272,781	723,772	72,507	34,685	5,103,745

Source: City's financial records

Note: Information for fiscal years 2001 through 2003 is not readily available.

**CITY OF NEW CARROLLTON, MARYLAND**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

Fiscal Year	Reserved	Designated	Undesignated	Total
2001	\$ 116,297	\$ 994,512	\$ 242,415	\$ 1,353,224
2002	52,400	1,072,631	280,847	1,405,878
2003	50,518	883,469	305,361	1,239,348
2004	47,786	593,678	319,454	960,918
2005	46,949	1,753,415	541,140	2,341,504
2006	74,270	1,902,962	599,785	2,577,017
2007	54,792	1,478,185	692,066	2,225,043
2008	53,237	1,637,653	332,604	2,023,494
2009	51,178	2,182,109	758,620	2,991,907
2010	47,290	3,184,383	896,319	4,127,992

Source: City's financial records.

**CITY OF NEW CARROLLTON, MARYLAND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>REVENUES</b>										
Taxes	\$ 5,066,353	\$ 5,301,025	\$ 4,507,301	\$ 3,999,419	\$ 3,686,490	\$ 3,601,819	\$ 3,179,591	\$ 3,098,757	\$ 2,867,686	\$ 2,769,471
Licenses and permits	187,186	165,567	160,217	495,001	180,398	198,101	171,021	163,909	20,096	11,553
Intergovernmental	247,616	152,534	262,372	340,224	135,325	154,827	158,650	196,691	253,480	109,353
Charges for services	360,044	278,775	228,160	218,188	61,331	59,807	65,096	63,761	-	-
Fines and forfeitures	961,576	232,158	194,059	161,442	34,897	34,920	11,985	37,757	-	-
Investment earnings	8,330	38,074	83,841	109,399	66,271	25,096	9,882	22,800	37,191	77,221
Miscellaneous	84,595	204,827	212,028	154,352	140,779	136,789	160,384	92,878	355,754	332,423
<b>Total Revenues</b>	<b>6,915,700</b>	<b>6,372,960</b>	<b>5,647,978</b>	<b>5,478,025</b>	<b>4,305,491</b>	<b>4,211,359</b>	<b>3,756,609</b>	<b>3,676,553</b>	<b>3,534,207</b>	<b>3,300,021</b>
<b>EXPENDITURES</b>										
<b>Current</b>										
General government	1,208,177	1,266,976	1,184,111	1,144,988	987,121	739,685	887,675	723,859	847,275	689,678
Public health code enforcement	406,675	385,779	343,358	344,321	288,796	589,299	441,499	530,552	513,961	489,174
Public safety police services	1,463,257	1,311,351	1,253,476	1,063,486	320,984	-	-	-	-	-
Public works	422,925	419,104	661,147	494,787	519,863	454,346	408,525	385,149	397,614	390,367
Highways	607,968	452,021	533,727	1,631,938	541,045	576,717	883,110	838,577	441,994	464,673
Sanitation	894,595	866,299	999,670	898,678	856,134	822,693	929,461	784,093	735,710	693,675
Parks and recreation	547,397	511,343	495,608	517,448	534,057	551,232	489,704	421,136	374,281	309,286
Weinbach Scholarship	4,000	3,000	5,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Debt service										
Principal	326,597	307,855	285,708	256,326	181,093	128,706	113,704	110,381	115,310	103,480
Interest	73,024	80,819	87,722	38,261	54,448	39,095	41,906	45,336	51,408	55,973
<b>Total Expenditures</b>	<b>5,954,615</b>	<b>5,604,547</b>	<b>5,849,527</b>	<b>6,394,233</b>	<b>4,287,541</b>	<b>3,905,773</b>	<b>4,199,584</b>	<b>3,843,083</b>	<b>3,481,553</b>	<b>3,200,306</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>961,085</b>	<b>768,413</b>	<b>(201,549)</b>	<b>(916,208)</b>	<b>17,950</b>	<b>305,586</b>	<b>(442,975)</b>	<b>(166,530)</b>	<b>52,654</b>	<b>99,715</b>
<b>OTHER FINANCING SOURCES</b>										
Issuance of debt	175,000	200,000	-	564,234	110,431	1,075,000	164,545	-	-	70,000
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 1,136,085</b>	<b>\$ 968,413</b>	<b>\$ (201,549)</b>	<b>\$ (351,974)</b>	<b>\$ 128,381</b>	<b>\$ 1,380,586</b>	<b>\$ (278,430)</b>	<b>\$ (166,530)</b>	<b>\$ 52,654</b>	<b>\$ 169,715</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NON-CAPITAL EXPENDITURES</b>	<b>7.2%</b>	<b>7.4%</b>	<b>7.1%</b>	<b>6.1%</b>	<b>5.9%</b>	<b>4.8%</b>	<b>4.5%</b>	<b>4.1%</b>	<b>4.8%</b>	<b>5.0%</b>

**CITY OF NEW CARROLLTON, MARYLAND**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCES**  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

Fiscal Year	Admission & Amusement Taxes	Property Taxes	Income Taxes	Highway User Taxes	Disposal Fee Rebate	Hotel/Motel Taxes	Total
2001	\$ 5,333	\$ 1,637,343	\$ 655,010	\$ 354,381	\$ 33,467	\$ 83,937	\$ 2,769,471
2002	7,519	1,693,306	698,938	363,287	33,467	71,169	2,867,686
2003	6,430	1,977,480	678,283	337,109	33,467	65,388	3,098,757
2004	4,791	2,106,642	700,360	270,937	33,467	63,394	3,179,591
2005	13,017	2,385,989	766,122	331,406	33,468	71,817	3,601,819
2006	8,512	2,448,075	734,604	397,664	33,468	64,167	3,686,490
2007	979	2,828,453	690,363	429,597	33,468	16,559	3,999,419
2008	3,673	3,252,270	772,735	392,111	33,468	53,044	4,507,301
2009	810	4,041,481	812,786	340,394	33,467	72,067	5,301,025
2010	1,217	4,124,973	793,887	40,301	33,468	72,507	5,066,353

Source: City's financial records.



**CITY OF NEW CARROLLTON, MARYLAND**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**

Fiscal Year	Real Property <sup>(1)</sup>		Personal Property <sup>(3)</sup>		Property of Railroads and Public Utilities		Total		Total Direct Tax Rate	Ratio <sup>(2)</sup> of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Retail Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2001	\$ 160,700,638	\$ 321,401,277	\$ 12,390,638	\$ 24,781,277	\$ 4,619,787	\$ 9,239,574	\$ 177,711,063	\$ 355,422,128	\$0.94	50.00%
2002	424,747,708	424,747,718	13,614,149	27,228,298	5,076,170	10,152,340	443,438,027	462,128,356	0.38	95.96
2003	406,425,750	406,425,750	12,389,149	24,778,298	4,829,255	9,658,510	423,644,154	440,862,558	0.45	96.09
2004	434,515,644	434,515,644	14,075,290	28,150,580	4,792,800	9,585,600	453,383,734	472,251,824	0.45	96.01
2005	464,943,333	464,943,333	31,150,212	62,300,424	4,720,957	9,441,914	500,814,502	536,685,671	0.45	93.32
2006	489,790,250	489,790,250	24,495,090	48,990,180	4,688,730	9,377,460	518,974,070	548,157,890	0.45	94.68
2007	552,380,358	552,380,358	30,108,723	60,217,446	4,162,872	8,325,744	586,651,953	620,923,548	0.45	94.48
2008	626,637,556	626,637,556	31,067,660	62,135,319	4,469,362	8,938,723	662,174,578	697,711,598	0.45	94.91
2009	699,764,200	699,764,200	31,472,000	62,944,000	4,137,700	8,275,400	735,373,900	770,983,600	0.50	95.38
2010	752,818,800	752,818,800	26,298,410	52,596,820	4,928,180	9,856,360	784,045,390	815,271,980	0.50	96.17

- (1) Starting in fiscal year 2002, real property is assessed at 100% of estimated actual value.
- (2) Starting in fiscal year 2002, the ratio only applies to personal property and property of railroads and public utilities.
- (3) In fiscal year 2005, the State of Maryland performed certain personal property tax audits resulting in increased assessments.

Source: Prince George's County Assessments' Office.

Note: Property owned by the City, other governments, churches and schools are exempt, and no estimate of value is included.

**CITY OF NEW CARROLLTON, MARYLAND**  
**PROPERTY TAX RATES**  
**DIRECT AND OVERLAPPING GOVERNMENTS**  
**(PER \$100 OF ASSESSED VALUE)**  
**Last Ten Fiscal Years**

Fiscal Year <sup>(3)</sup>	City of New Carrollton <sup>(2)</sup>	Prince George's County <sup>(1)</sup>	Storm Water Management <sup>(1)</sup>	State of Maryland <sup>(1)</sup>	Overlapping Rates		Washington Suburban Sanitary Commission <sup>(1)</sup>	Total Direct and Overlapping Rate
					Maryland-National Capital Park and Planning Commission			
2001	\$ 0.9400	\$ 2.3100	\$ 0.1350	\$ 0.2100	\$ 0.6100	\$ 0.1350	\$ 4.3400	
2002	0.3760	0.9246	0.0540	0.0840	0.2440	0.0540	1.7366	
2003	0.4500	0.9246	0.0540	0.0840	0.2440	0.0260	1.7826	
2004	0.4500	0.9246	0.0540	0.1320	0.2790	0.0260	1.8656	
2005	0.4500	0.9237	0.0540	0.1320	0.2790	0.0260	1.8647	
2006	0.4500	0.9261	0.0540	0.1320	0.2790	0.0260	1.8671	
2007	0.4500	0.9245	0.0540	0.1120	0.2790	0.0260	1.8455	
2008	0.4500	0.8970	0.0540	0.1120	0.2790	0.0260	1.8180	
2009	0.5000	0.8460	0.0540	0.1120	0.2790	0.0260	1.8170	
2010	0.5000	0.8420	0.0540	0.1120	0.2790	0.0260	1.8130	

Source:

(1) Prince George's County Department of Finance.

(2) City records.

(3) Starting in fiscal year 2002, real estate is assessed at 100% of estimated actual value. As a result, the City's tax rate was adjusted proportionately.

**CITY OF NEW CARROLLTON, MARYLAND**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**Current Fiscal Year and Nine Years Ago**

2010

Taxpayer	Type of Business	Assessed Value <sup>(1)</sup>	Percent of Total Assessed Value
Fountain Club Apartments	Apartment Development	\$ 29,598,400	3.93%
Norton Butler	Apartment Development	25,068,900	3.33
Carrollton Limited Partnership	Shopping Center	27,717,300	3.68
Bryant Woods Ltd. Partnership	Apartment Development	14,553,500	1.93
Albert Turner	Shopping Center	20,358,400	2.70
Wedgewood Terrace Associates, Ltd.	Apartment Development	11,337,600	1.51
American Hospitality Management	Hotel Complex	21,643,000	2.87
Decar Realty	Shopping Center	10,358,700	1.38
Virginia Brush, et al	Car Dealership	4,860,900	.65
Kim's Apartments Ltd. Partnership	Apartment Development	7,039,400	.94
<b>Total</b>		<u>\$ 172,536,100</u>	<u>22.92%</u>

2001

Taxpayer	Type of Business	Assessed Value <sup>(2)</sup>	Percent of Total Assessed Value
Fountain Club Apartments	Apartment Development	\$ 6,071,600	3.47%
Norton Butler	Apartment Development	4,448,610	2.54
Carrollton Limited Partnership	Shopping Center	2,449,320	1.40
Albert Turner	Shopping Center	2,265,330	1.30
Wedgewood Terrace Associates, Ltd.	Apartment Development	2,400,880	1.37
Bryant Woods Ltd. Partnership	Apartment Development	2,653,660	1.52
Decar Realty	Shopping Center	1,673,860	.95
Virginia Luongo, et al	Car Dealership	1,514,640	.86
PNP General Partners, Inc.	Hotel Complex	1,542,370	.88
Kim Apartments Ltd. Partnership	Apartment Development	1,180,520	.68
<b>Total</b>		<u>\$ 26,200,790</u>	<u>14.97%</u>

Source: Prince George's County Office of the Treasury.

(1) Assessed value equals 100% of total valuation.

(2) Assessed value equals 40% of total valuation.

**CITY OF NEW CARROLLTON, MARYLAND**  
**REAL PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total		Percent of Current Levy Delinquent
						Collections as Percent of Current Levy	Outstanding Delinquent Taxes	
2001	\$ 1,670,484	\$ 1,595,174	95.49%	\$ -	\$ 1,595,174	95.49%	\$ 7,590	0.45%
2002	1,718,387	1,692,890	98.52	-	1,692,890	98.52	8,784	0.51
2003	1,889,636	1,877,852	99.38	-	1,877,852	99.38	9,000	0.48
2004	1,963,927	1,959,993	99.80	2,786	1,962,779	99.94	7,187	0.37
2005	2,083,456	2,075,827	99.63	581	2,076,408	99.66	7,629	0.37
2006	2,161,550	2,153,921	99.65	6,403	2,160,324	99.94	1,226	0.06
2007	2,532,706	2,531,850	99.97	-	2,531,850	99.97	2,081	0.08
2008	2,819,869	2,779,210	98.56	-	2,779,210	98.56	40,659	1.44
2009	3,498,821	3,458,162	98.84	34,117	3,492,279	99.81	6,542	0.19
2010	3,800,530	3,766,668	99.11	-	3,766,668	99.11	33,862	0.89

Source: Finance Department.

**CITY OF NEW CARROLLTON, MARYLAND  
RATIOS OF OUTSTANDING DEBT BY TYPE  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Loans Payable</u>	<u>Total</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2001	\$ 819,381	\$ 102,078	\$ 921,459	N/A	\$ 71.93
2002	748,357	57,792	806,149	N/A	62.93
2003	670,970	24,798	695,768	N/A	54.28
2004	589,944	156,665	746,609	N/A	58.25
2005	1,504,363	188,540	1,692,903	N/A	132.07
2006	1,377,920	244,321	1,622,241	N/A	126.56
2007	1,245,421	684,728	1,930,149	N/A	150.58
2008	1,138,112	506,329	1,644,441	N/A	128.29
2009	1,024,356	512,230	1,536,586	N/A	119.88
2010	903,652	481,336	1,384,988	N/A	108.05

Source: City financial records.

N/A: Not available currently.

**CITY OF NEW CARROLLTON, MARYLAND**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years**

Fiscal Year	Population <sup>(1)</sup>	Assessed Value <sup>(2)</sup>	Gross Bonded Debt <sup>(3)</sup>	Less Budgeted Debt Service Requirements	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2001	12,811	\$ 177,711,064	\$ 921,459	\$ 163,552	\$ 757,907	0.43%	\$ 59.16
2002	12,811	443,438,027	806,149	182,570	623,579	0.14	48.68
2003	12,818	423,644,154	695,768	139,734	556,034	0.13	43.38
2004	12,818	453,383,734	746,609	136,465	610,144	0.13	47.60
2005	12,818	500,814,502	1,692,903	200,435	1,492,468	0.30	116.44
2006	12,818	518,974,070	1,622,241	202,750	1,419,491	0.27	110.74
2007	12,818	586,651,953	1,930,149	285,640	1,644,509	0.28	128.30
2008	12,818	626,637,556	1,644,441	314,093	1,330,348	0.21	103.79
2009	12,818	699,764,200	1,536,586	328,285	1,208,301	0.17	94.27
2010	12,818	752,818,800	1,384,988	399,621	985,637	0.13	76.89

Source:

(1) Official U.S. census.

(2) From Table IV.

(3) Includes all long-term general obligation debt.

**CITY OF NEW CARROLLTON, MARYLAND**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**For The Year Ended June 30, 2010**

	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to this Governmental Unit</u>	<u>Share of Debt</u>
Direct debt			
City of New Carrollton	\$ 1,384,988	100.00%	\$ 1,384,988
Overlapping debt <sup>(2)</sup> :			
Prince George's County <sup>(3)</sup>	<u>1,242,618,690</u>	0.84 <sup>(1)</sup>	<u>10,437,997</u>
<b>Total Direct And Overlapping Debt</b>	<b><u>\$ 1,244,003,678</u></b>		<b><u>\$ 11,822,985</u></b>

(1) Rate of assessed value in the City (\$752,818,800) to total assessed value in the County (\$96,049,221,265).

(2) Overlapping debt is not bonded debt of the City of New Carrollton on either a direct or contingent basis, but represents the share of debt of overlapping governmental entities which the residents of the City of New Carrollton are obligated to pay through direct tax levies of these respective governmental entities. The debts of Prince George's County, Washington Suburban Sanitary Commission, and Maryland-National Capital Park and Planning Commission are direct general obligation debts of the respective governmental entities for facilities to benefit citizens of the County as a whole, including those residents within municipalities. Facilities include schools, hospitals, police and fire departments, industrial park sites, community college, mass transit, storm drainage, control park land acquisition, etc., and the citizens of the City of New Carrollton benefit generally from their use.

(3) Source of this information is the Prince George's County Department of Finance.

**CITY OF NEW CARROLLTON, MARYLAND**  
**LEGAL DEBT MARGIN INFORMATION**  
**Last Ten Fiscal Years**

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Debt limit (in thousands)	\$ 37,641	\$ 34,988	\$ 31,332	\$ 29,333	\$ 25,921	\$ 25,041	\$ 22,669	\$ 20,321	\$ 22,172	\$ 8,886
Total net debt applicable to limit (in thousands)	<u>1,385</u>	<u>1,537</u>	<u>1,644</u>	<u>1,930</u>	<u>1,622</u>	<u>1,693</u>	<u>747</u>	<u>696</u>	<u>806</u>	<u>921</u>
Legal debt margin (in thousands)	\$ <u>36,256</u>	\$ <u>33,451</u>	\$ <u>29,688</u>	\$ <u>27,403</u>	\$ <u>24,299</u>	\$ <u>23,348</u>	\$ <u>21,922</u>	\$ <u>19,625</u>	\$ <u>21,366</u>	\$ <u>7,965</u>
Total net debt applicable to the limit as a percentage of debt limit	3.68%	4.39%	5.25%	6.58%	6.26%	6.76%	3.30%	3.43%	3.64%	10.36%

**Legal Debt Margin Calculation for Fiscal Year 2009**

Fiscal year 2010 assessed value of taxable property	\$ <u>752,818,800</u>
Debt limit: 5% of assessed value	\$ <u>37,640,940</u>
Amount of debt applicable to debt limitation	<u>1,384,988</u>
Legal Debt Margin	\$ <u>36,255,952</u>

Note: Section 16(a) of the City Charter mandates a limit on the general borrowing authority, as summarized below.

**Section 16 - General Borrowing Authority**

- a. Authority and Limits - The Council may from time to time authorize the Mayor to borrow upon the faith and credit of the City for general administration purposes and payment of its obligations, and for financing municipal improvements or purchases of property, structures or equipment, and improvements authorized as benefit assessment projects, such sum or sums of money as may be necessary, provided that the total outstanding long-term indebtedness does not exceed at any time a total of five per centum (5%) of the assessed valuation of the taxable property in the City.
- b. Approval of Borrowing - The Council is prohibited from borrowing money for any purpose, except for improvements for which a benefit assessment has been or will be levied to recover the entire cost of said improvements, unless first approved by a majority vote at a regular or special municipal election. If the money to be borrowed is to be used for more than one specific purpose, each such purpose and the amount of money proposed for each shall be listed as a separate question on the ballot.



**CITY OF NEW CARROLLTON, MARYLAND  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Income<sup>(3)</sup></u>	<u>Median Age</u>	<u>Education Level in Years of Formal Schooling</u>	<u>School Enrollment</u>	<u>Unemployment Rate (%)<sup>(3)</sup></u>
2001	12,811 <sup>(2)</sup>	\$ 23,195,413	\$ 29,565	33	N/A	130,713	3.8%
2002	12,818 <sup>(2)</sup>	24,414,098	30,489	33	N/A	131,737	5.1
2003	12,818 <sup>(2)</sup>	25,715,341	31,936	33	N/A	132,899	5.2
2004	12,818 <sup>(2)</sup>	26,710,371	30,608	33	N/A	132,840	4.8
2005	12,818 <sup>(2)</sup>	26,021,341	34,912	33	N/A	131,490	4.8
2006	12,818 <sup>(2)</sup>	30,137,985	36,108	33	N/A	133,872	4.1
2007	12,818 <sup>(2)</sup>	30,994,985	37,555	33	N/A	131,014	4.0
2008	12,818 <sup>(2)</sup>	32,761,012	39,447	33	N/A	129,752	4.1
2009	12,818	N/A	N/A	33	N/A	127,977	6.9
2010	12,818	N/A	N/A	33	N/A	127,039	7.4

**Source:**

(1) Official U.S. census.

(2) Official U.S. census adjustment.

**Note:**

(3) This information is not available for the City of New Carrollton on a separate basis. The data presented above is the latest available data from Prince George's County, Maryland, which includes the City of New Carrollton, Maryland in its totals. The City of New Carrollton accounts for 1.6% of the population and 0.31% of the area of Prince George's County, Maryland.

N/A: Not available currently.

**CITY OF NEW CARROLLTON, MARYLAND  
PRINCIPAL EMPLOYERS  
Current Fiscal Year and Nine Years Ago**

2010			
Employer	Employees	Rank	Percentage of Total City Employment
Lowes Business	151	1	17.54%
Four Points by Sheraton	143	2	16.61
Shoppers Food Warehouse	129	3	14.98
Forman Mills, Inc.	127	4	14.75
Darcars	85	5	9.87
Foodway International	79	6	9.18
K & G Men's Company	61	7	7.08
CVS Pharmacy	47	8	5.46
Staples	39	9	6.53
Total	<u>861</u>		<u>100.00%</u>
Total Prince Georges County Employees	<u>445,119</u>		

Data for 2001 is currently unavailable.

Source: Amounts are estimates generated from correspondence with the companies.

N/A: Data currently not available.

**CITY OF NEW CARROLLTON, MARYLAND**  
**FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
 Last Ten Fiscal Years

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Government	17	19	19	15	12	12	11	11	11	11
Public Works										
Administration	5	5	6	6	6	6	7	7	7	7
Public Safety -- Police	19	14	14	13	7	0	0	0	0	0
Public Health Code										
Enforcement	5	5	5	5	4	4	3	3	3	3
Highways	5	5	4	5	5	5	5	5	5	5
Sanitation	10	11	11	11	11	11	11	11	11	11
Parks and Recreation	10	10	10	10	10	10	10	10	10	10
<b>Total</b>	<b>71</b>	<b>69</b>	<b>69</b>	<b>65</b>	<b>55</b>	<b>48</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>

Source: City financial records.

Method: Using 1.0 for each full-time employee (FTE).

**CITY OF NEW CARROLLTON, MARYLAND**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
 Last Ten Fiscal Years

Function/Program	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>General Information:</b>										
Population	12,818	12,818	12,818	12,818	12,818	12,818	12,818	12,818	12,811	12,811
Registered voters	5,770	6,082	5,219	5,508	5,675	5,675	4,915	5,220	5,154	5,145
<b>General Government:</b>										
Commercial construction permits issued	5	2	-	5	-	3	2	1	-	-
Residential construction permits issued	121	124	119	170	266	224	182	164	122	143
Estimated value of construction (000's)	1,245	1,240	1,190	1,508	798	2,116	782	15,459	516	343
<b>Public Health and Safety<sup>1</sup>:</b>										
Physical arrests	172	145	267	276	80	N/A	N/A	N/A	N/A	N/A
Parking violations	2,086	1,602	1,378	682	97	N/A	N/A	N/A	N/A	N/A
Traffic violations	1,128	1,122	1,370	1,782	812	N/A	N/A	N/A	N/A	N/A
<b>Sanitation:</b>										
Co-mingled (tons/day)	12.5	12.5	12.5	12.5	12.5	11.7	11.25	10.10	9.7	9.50
<b>Parks and Recreation:</b>										
Community Center admissions	515	512	503	498	492	524	474	479	399	378
Athletic field permits issued	101	97	93	97	95	89	82	83	97	79
<b>Highways:</b>										
Street resurfacing-miles	.10	.25	.75	1.25	None	1	1.5	4	1.25	1.5
Potholes repaired	145	132	128	123	103	97	104	79	127	117

(1) The City contracted police services through Prince Georges County through November 2005 and started its own police department in December 2005. Data is not applicable prior to 2006.

Source: City financial records.

N/A: Data currently not available.

**CITY OF NEW CARROLLTON, MARYLAND**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
 Last Ten Fiscal Years

Function/Program	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>General Information:</b>										
Area in square miles	1.49	1.49	1.49	1.49	1.49	1.49	1.49	1.49	1.49	1.49
<b>Public Health and Safety - Police<sup>1</sup>:</b>										
Stations	1	1	1	1	1	N/A	N/A	N/A	N/A	N/A
Number of patrol units	15	13	13	13	3	N/A	N/A	N/A	N/A	N/A
<b>Highways:</b>										
City streets (miles)	25	25	25	25	25	25	25	25	25	25
State streets (miles)	1	1	1	1	1	1	1	1	1	1
Street lights	577	577	577	577	577	577	577	577	577	577
<b>Recreation and Culture:</b>										
Park acreage	-	-	-	-	-	-	-	-	-	N/A
Parks	14	14	14	14	14	14	14	14	14	14
Museums	-	-	-	-	-	-	-	-	-	-
Swimming pools	1	1	1	1	-	-	-	-	-	-
Jogging course	1	1	1	1	1	1	1	1	1	1
Community centers	2	2	2	2	1	1	1	1	1	1
Performance arts	-	-	-	-	-	-	-	-	-	-
Tennis courts	2	2	2	2	2	2	2	2	2	2

(1) The City contracted police services through Prince Georges County through November 2005 and started its own police department in December 2005. Data is not applicable prior to 2006.

Source: City financial records.

N/A: Data currently not available.