

CITY OF SANTA CLARA, TEXAS

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

SEPTEMBER 30, 2009

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CITY OF SANTA CLARA, TEXAS
ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2009

CITY OFFICIALS

MAYOR

DAVID D. MUELLER

CITY COUNCIL

DAVID CALE

H. E. FELIX

ROBERT D. COURTNEY

CHRIS KOEHLER

TOM OWENS

CITY SECRETARY

JOYCE DAMERAU

CITY ATTORNEY

MARC SCHNALL, LANGLEY & BANACK

AUDITOR

ARMSTRONG, VAUGHAN & ASSOCIATES, P.C.

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SHAREHOLDERS:

Nancy L. Vaughan, CPA
Deborah F. Fraser, CPA



Armstrong, Vaughan & Associates, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Mayor and City Council
City of Santa Clara, Texas

We have audited the accompanying financial statements of the governmental activities, and the major fund of the City of Santa Clara, Texas as of and for the year ended September 30, 2009, 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 Santa Clara, Texas' 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund of the City of Santa Clara, Texas as of September 30, 2009, and the respective changes in financial position, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 4 and 18 through 21, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Santa Clara, Texas' basic financial statements. The other supplementary information and statistical tables are presented for purposes of additional analysis and are not a required part of these basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Armstrong, Vaughan & Assoc., P.C.
February 10, 2010

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**CITY OF SANTA CLARA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2009**

The discussion and analysis of the City of Santa Clara's financial performance provides an overview of the City's financial activity for the fiscal year ended September 30, 2009. It should be read in conjunction with the financial statements that follow.

Financial Highlights

- The City's net assets were \$1,159,709 at September 30, 2009, an increase of \$81,607 from September 30, 2008. Of this amount, \$208,005 was reported as unrestricted.
- The City's total revenues were \$187,378. The previous year's revenues were \$126,454. The predominant reason for the increase was increased support from the Guadalupe Power Partners.
- The City's expenses were \$105,771 compared to \$68,835 in the prior year. This increase was primarily from hiring a street maintenance employee.

Using this Annual Report

This annual report consists of three parts; Management's Discussion and Analysis, Financial Statements, and Required Supplementary Information. The Statements of Net Assets and Activities provide information on the City as a whole with a focus on economic resources. The city's net assets – the difference between assets and liabilities – is a way to measure financial health or financial position. The fund financial statements which begin on page 8, present the City's operations with a focus on financial resources.

Government-wide Statements
Statement of Net Assets

Table 1 shows summarized assets and liabilities of the City and is presented on the accrual basis. The total net assets are \$1,159,709.

Table 1
City of Santa Clara
Statement of Net Assets

	2009	2008
Current Assets	\$ 239,227	230,863
Capital Assets	921,704	857,239
Total Assets	1,160,931	1,088,102
Current Liabilities	1,222	10,000
Total Liabilities	1,222	10,000
Invested in Capital Assets, net of Related Debt	921,704	857,239
Restricted	30,000	-
Unrestricted Assets	208,005	220,863
Total Net Assets	\$ 1,159,709	\$ 1,078,102

Statement of Activities

Table 2 summarizes the expenses and revenues of the City and is also presented on the accrual basis. General Revenues consist primarily of payments from Guadalupe Power Partners and sales tax.

Table 2
City of Santa Clara
Changes in Net Assets

	2009	2008
Expenses		
General Government	\$ (52,723)	\$ 29,539
Public Safety	(15,574)	14,764
Streets and Highways	(37,403)	24,532
Interest	(71)	-
Total Expenses	(105,771)	68,835
Program Revenues		
Charges for Services	450	225
Operating Contributions	30,000	35
Total Program Revenues	30,450	260
General Revenues		
Industrial District Agreement	130,000	100,000
Taxes	18,131	15,362
Other	8,797	10,832
Total General Revenues	156,928	126,194
Change in Net Assets	\$ 293,149	\$ 57,619

Fund Financial Statements

Balance Sheet

The Balance sheet shows the financial assets, liabilities and reserves for the City. Long-term assets and liabilities are not presented on this statement because the focus is on current financial resources.

Statement of Revenues, Expenditures and Changes in Fund Balance

This statement shows the revenues and expenditures for the City. The revenue from sales tax makes up 10% of the total revenues (12% in the prior year). Payments from Guadalupe Power Partners made up 85% of total revenues (80% in the prior year). Total expenditures increased \$12,179 or 7%.

Capital Assets

The City spent \$99,284 on improving infrastructure (roads) during the fiscal year ended September 30, 2009. This increased total capital assets by 10%.

Budgetary Analysis

The City has one fund – general. The original adopted budget was not changed during the year. The general fund expenditures were \$713 more than budgeted expenditures, but revenues exceeded the budget by \$31,678. The budget overage can be attributed in large part to the repayment of the note payable not being budgeted.

Economic Factors and Next Year's Budgets and Rates

Our budget will rise in the 2009/2010 year to \$185,000. These expenditures will be primarily seen in our roads system. The drought of the last two years has taken a toll on our roads. The ad valorem tax of \$0.12/\$100 will increase revenue approximately \$37,000, which will help with additional City expenses. We continue to experience drainage problems in some areas of the City. As these issues are addressed we will have some budget deficiencies. Our citizens coming together to contribute through the tax system will assure our basic needs are met.

We received \$30,000 from the Guadalupe Power Partners as seed money for a Law Enforcement Department within the City. All of these issues connected with this effort; a municipal court, signage, officers, and guidelines, will be discussed throughout the year.

We continue to refine our website – www.cisantaclaratx.com. It is our intent to provide all information possible.

Contacting the City's Financial Management

The financial report is designed to provide a general overview of the City's finances and to show the City's accountability to its taxpayers. If you have any questions about this report or need additional information, contact the City office at City of Santa Clara, P.O. Box 429, Marion, Texas 78124.

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CITY OF SANTA CLARA
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2009

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – Wide Financial Statements
- Fund Financial Statements:
 - Governmental Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF SANTA CLARA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 27,576
Certificates of Deposit	209,055
Accounts Receivable - Sales Tax	2,596
Capital Assets:	
Buildings & Improvements	101,973
Infrastructure	997,660
Furniture & Equipment	6,388
Accumulated Depreciation	<u>(184,317)</u>
 TOTAL ASSETS	 <u>\$ 1,160,931</u>
 LIABILITIES AND NET ASSETS	
<i>Liabilities:</i>	
Accounts Payable	\$ 1,222
<i>Total Liabilities</i>	<u>1,222</u>
 <i>Net Assets:</i>	
Invested in Capital Assets, Net of Related Debt	921,704
Restricted for Law Enforcement	30,000
Unrestricted	<u>208,005</u>
<i>Total Net Assets</i>	<u>1,159,709</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,160,931</u>

See accompanying notes to basic financial statements.

CITY OF SANTA CLARA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

FUNCTIONS AND PROGRAMS	Expenses	Program Revenues		Net Revenue (Expense)
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 52,723	\$ 450	\$ -	\$ (52,273)
Public Safety	15,574	-	30,000	14,426
Streets and Highways	37,403	-	-	(37,403)
Interest and Fiscal Charges	71	-	-	(71)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 105,771	\$ 450	\$ 30,000	\$ (75,321)
GENERAL REVENUES				
Industrial District Agreement				\$ 130,000
Sales Tax				18,131
Interest Income				8,760
Miscellaneous				37
TOTAL GENERAL REVENUES				156,928
Change in Net Assets				81,607
NET ASSETS AT BEGINNING OF YEAR				1,078,102
NET ASSETS AT END OF YEAR				\$ 1,159,709

See accompanying notes to basic financial statements.

CITY OF SANTA CLARA
BALANCE SHEET – GOVERNMENTAL FUND
SEPTEMBER 30, 2009

ASSETS

Cash and Cash Equivalents	\$ 27,576
Certificates of Deposit	209,055
Accounts Receivable - Sales Tax	<u>2,596</u>
TOTAL ASSETS	<u><u>\$ 239,227</u></u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts Payable	\$ 1,222
<i>Total Liabilities</i>	<u>1,222</u>

Fund Balances:

Reserved for Law Enforcement	30,000
Designated for Road Repairs	75,652
Unreserved	<u>132,353</u>
<i>Total Fund Balances</i>	<u>238,005</u>

TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 239,227</u></u>
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See accompanying notes to basic financial statements.

CITY OF SANTA CLARA
RECONCILIATION TO STATEMENT OF NET ASSETS – GOVERNMENTAL FUND
SEPTEMBER 30, 2009

TOTAL FUND BALANCE - GOVERNMENTAL FUND \$ 238,005

Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Capital Assets used in governmental activities are not financial resources and,
therefore, are not reported in the general fund.

921,704

TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 1,159,709

CITY OF SANTA CLARA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

REVENUES	
Industrial District Agreement	\$ 130,000
Contribution	30,000
Sales Tax	18,131
Interest Income	8,760
Miscellaneous	487
TOTAL REVENUES	<u>187,378</u>
 EXPENDITURES	
General Government	49,098
Public Safety	15,574
Streets and Highways	6,209
Capital Outlay	99,284
Debt Service:	
Principal	10,000
Interest	71
TOTAL EXPENDITURES	<u>180,236</u>
 Net Change in Fund Balance	 7,142
 FUND BALANCE AT BEGINNING OF YEAR	 <u>230,863</u>
 FUND BALANCE AT END OF YEAR	 <u>\$ 238,005</u>

See accompanying notes to basic financial statements.

CITY OF SANTA CLARA
RECONCILIATION TO STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUND	\$ 7,142
Amounts reported for governmental activities in the Statement of Activities are different because:	
The repayment of principal of long-term debt consumes the current financial resources of governmental funds but has no effect on net assets.	10,000
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation.	<u>64,465</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 81,607</u></u>

See accompanying notes to basic financial statements.

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CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Santa Clara, Texas ("City") are presented in accordance with generally accepted accounting principles (GAAP) applicable to state and local governmental units as set forth by the Governmental Accounting Standards Board. A summary of the City's significant accounting policies consistently applied in the preparation of the accompanying financial statements follow:

1. REPORTING ENTITY

The City of Santa Clara was established in May of 1999 and is governed by an elected mayor and five-member council. The City is located in Guadalupe County, Texas.

The City's annual financial report includes the accounts of all City operations. The financial statements of the City of Santa Clara, Texas, have been prepared in accordance with generally accepted accounting principles. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles.

In evaluating how to define the government for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based on the foregoing criteria, there were no component units identified that would require inclusion in this report.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net assets and the statement of activities. Government-wide statements report information on all of the activities of the City, except for fiduciary activities. Governmental activities are supported mainly by sales tax revenues and income from an industrial district agreement.

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds which meet the criteria as a **major governmental fund**. The general fund is the only major fund of the City and there were no non-major funds.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2009

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The **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 related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental fund:

The General Fund is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include sales tax and industrial district agreement payments. Primary expenditures are for general administration, public safety, and street maintenance.

4. ACCOUNTS RECEIVABLE

Accounts receivable represents amounts due from the state for sales tax collections. Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements.

5. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined as assets costing over \$3,000 and having an estimated useful life over 1 year. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2009

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. CAPITAL ASSETS (Continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings and improvements	10 to 30 years
Infrastructure (Roads)	30 years
Furniture and equipment	5 years

6. FUND EQUITY

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.

7. NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

8. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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 expenses during the reporting period. Actual results could differ from those estimates.

9. RECLASSIFICATIONS

Certain reclassifications have been made to the September 30, 2008 comparative information to conform to the September 30, 2009 presentation. These reclassifications had no effect on fund balance or net assets.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2009

NOTE B -- CASH AND CASH EQUIVALENTS

The City considers all checking, money market and certificates of deposit with maturities of three months or less as cash and cash equivalents. At year-end, the carrying amount of the City's deposits in the bank, were \$27,576 and the bank balance was \$45,551. All of the bank balance was covered by federal depository insurance.

NOTE C -- INVESTMENTS

The City has adopted an investment policy restricting the types of investments it may purchase. However, for the current year, the City only invested in certificates of deposit with local banks that were fully covered by federal depository insurance. As of September 30, 2009, the total amount of certificates of deposit was \$209,055.

NOTE D -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2009 was as follows:

<u>Governmental Activities</u>	Balance 10/1/08	Additions	Disposals	Balance 9/30/09
Furniture & Equipment	\$ 6,388	\$ -	\$ -	\$ 6,388
Infrastructure (Roads)	898,376	99,284	-	997,660
Building and Improvements	101,973	-	-	101,973
	<u>1,006,737</u>	<u>99,284</u>	<u>-</u>	<u>1,106,021</u>
Less Accumulated Depreciation:				
Furniture & Equipment	(6,387)	-	-	(6,387)
Infrastructure (Roads)	(120,127)	(31,195)	-	(151,322)
Building and Improvements	(22,984)	(3,624)	-	(26,608)
	<u>(149,498)</u>	<u>(34,819)</u>	<u>-</u>	<u>(184,317)</u>
Governmental Capital Assets, Net	<u>\$ 857,239</u>	<u>\$ 64,465</u>	<u>\$ -</u>	<u>\$ 921,704</u>

Depreciation Expense was allocated to the following governmental functions:

General Government	\$ 3,625
Streets and Highways	31,194
Total Current Depreciation	<u>\$ 34,819</u>

CITY OF SANTA CLARA
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2009

NOTE E -- RESERVE FUND BALANCE AND CONTRIBUTION

In 2009, the City received a contribution of \$30,000 from the Guadalupe Power Partners to aid the City in hiring police officers. The contribution is restricted for the specific purpose of public safety and accordingly, is reflected as restricted fund balance/net assets until spent.

NOTE F -- DESIGNATED FUND BALANCE

Council has designated funds in the amount of \$75,652 to be used for future road repairs.

NOTE G -- INDUSTRIAL DISTRICT AGREEMENT

The City has an Industrial District Agreement with Guadalupe Power Partners, LP under the authority of Texas Local Government Code Section 42.044, and other applicable laws. The term of the agreement is fifteen years: October 1, 1999 through September 30, 2013. Payments are due each year on October 1 and are deemed to be paid in advance for the fiscal year that follows. The following schedule summarizes the remaining contractual payments:

Fiscal Year Ending September 30,	Payment
2010	\$ 130,000
2011	130,000
2012	130,000
2013	130,000
2014	130,000
	<u>\$ 650,000</u>

NOTE H -- RISK MANAGEMENT

The City has identified possible risk of losses arising from events such as the following:

1. Torts.
2. Theft of, damage to, or destruction of assets.
3. Errors and omissions.
4. Job-related illnesses or injuries to employees.
5. Acts of God.

The City contracts with Texas Municipal League providers to provide insurance coverage for identified risks. TML is a multi-government group that provides for a combination of modified self-insurance and stop-loss coverage. Contributions are set annually by TML. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2009, were \$1,523.

CITY OF SANTA CLARA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2009

NOTE I -- LITIGATION

The City is unaware of any threatened or pending litigation that may have a material effect on the financial statements.

NOTE J -- PROPERTY TAX ADOPTION

The City approved a property tax ordinance under which a property tax will be levied each year on October 1 and be due by January 31. This will provide an additional source of revenue for the City beginning in the 2009-2010 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund

CITY OF SANTA CLARA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Industrial District Agreement	\$ 130,000	\$ 130,000	\$ 130,000	\$ -
Contributions	-	-	30,000	30,000
Sales Tax	15,000	15,000	18,131	3,131
Interest Income	10,000	10,000	8,760	(1,240)
Miscellaneous Income	700	700	487	(213)
TOTAL REVENUES	<u>155,700</u>	<u>155,700</u>	<u>187,378</u>	<u>31,678</u>
EXPENDITURES				
<i>General Government:</i>				
Personnel Costs	5,844	20,358	19,007	1,351
Legal and Accounting	10,500	13,698	14,403	(705)
Utilities	3,200	3,200	2,279	921
Telephone Expense	875	875	548	327
Insurance	2,600	2,600	2,277	323
Dues	487	487	487	-
Elections	3,500	3,500	1,773	1,727
Communications	5,000	5,000	4,885	115
Building Maintenance	1,500	1,500	1,030	470
Office Supplies	500	988	788	200
Community Library	500	500	500	-
Miscellaneous	1,100	2,128	1,121	1,007
<i>Total General Government</i>	<u>35,606</u>	<u>54,834</u>	<u>49,098</u>	<u>5,736</u>
<i>Public Safety:</i>				
Marion Fire Department	3,000	5,350	5,350	-
Schertz Emergency Medical Service	10,339	10,339	10,224	115
<i>Total Public Safety</i>	<u>\$ 13,339</u>	<u>\$ 15,689</u>	<u>\$ 15,574</u>	<u>\$ 115</u>

CITY OF SANTA CLARA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 GENERAL FUND (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (CONT.):				
<i>Streets and Highways:</i>				
Road Repairs	\$ 9,716	\$ 9,716	\$ 6,209	\$ 3,507
<i>Total Streets and Highways</i>	<u>9,716</u>	<u>9,716</u>	<u>6,209</u>	<u>3,507</u>
<i>Capital Outlay</i>	<u>99,284</u>	<u>99,284</u>	<u>99,284</u>	<u>-</u>
<i>Debt Service:</i>				
Principal	-	-	10,000	(10,000)
Interest and Fiscal Charges	-	-	71	(71)
<i>Total Debt Service</i>	<u>-</u>	<u>-</u>	<u>10,071</u>	<u>(10,071)</u>
TOTAL EXPENDITURES	<u>157,945</u>	<u>179,523</u>	<u>180,236</u>	<u>(713)</u>
Net Change in Fund Balance	(2,245)	(23,823)	7,142	30,965
BEGINNING FUND BALANCE	<u>230,863</u>	<u>230,863</u>	<u>230,863</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 228,618</u>	<u>\$ 207,040</u>	<u>\$ 238,005</u>	<u>\$ 30,965</u>

CITY OF SANTA CLARA
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
SEPTEMBER 30, 2009

Budgetary Information – Budgets are prepared for the general fund in accordance with the modified cash basis of accounting. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The following fund has legally adopted an annual budget: General Fund.

The 2008-2009 legally adopted budget was exceeded by \$713.

Budgetary preparation and control is exercised at the fund level. Actual expenditures may not legally exceed appropriations at the fund level. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year.

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Contents

- Comparative Balance Sheets - General Fund
- Comparative Statements of Revenues, Expenditures and Changes in Fund Balance – General Fund

CITY OF SANTA CLARA
 COMPARATIVE BALANCE SHEETS
 GENERAL FUND
 SEPTEMBER 30, 2009 AND 2008

	2009	2008
ASSETS		
Cash and Cash Equivalents	\$ 27,576	\$ 5,227
Certificates of Deposit	209,055	224,902
Accounts Receivable - Sales Tax	2,596	734
TOTAL ASSETS	\$ 239,227	\$ 230,863
LIABILITIES AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 1,222	\$ -
TOTAL LIABILITIES	1,222	-
<i>Fund Balances:</i>		
Reserved for Law Enforcement	30,000	-
Designated for Road Repairs	75,652	-
Unreserved	132,353	230,863
<i>Total Fund Balances</i>	238,005	230,863
TOTAL LIABILITIES & FUND BALANCES	\$ 239,227	\$ 230,863

CITY OF SANTA CLARA
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE – GENERAL FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

	2009	2008
REVENUES		
Industrial District Agreement	\$ 130,000	\$ 100,000
Contributions	30,000	-
Sales Tax	18,131	15,362
Interest Income	8,760	10,732
Miscellaneous	487	360
TOTAL REVENUES	187,378	126,454
 EXPENDITURES		
<i>General Government:</i>		
General Government	49,098	24,872
Public Safety	15,574	12,432
Streets and Highways	6,209	-
Capital Outlay	99,284	130,753
<i>Debt Service:</i>		
Principal	10,000	-
Interest	71	-
TOTAL EXPENDITURES	180,236	168,057
 Excess (Deficiency) of Revenues Over (Under) Expenditures	7,142	(41,603)
 OTHER SOURCES (USES)		
Loan Proceeds	-	10,000
TOTAL OTHER SOURCES (USES)	-	10,000
 Net Change in Fund Balance	7,142	(31,603)
 FUND BALANCE - BEGINNING OF YEAR	230,863	262,466
 FUND BALANCE - END OF YEAR	\$ 238,005	\$ 230,863

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STATISTICAL SECTION

The following unaudited Statistical Tables reflect social and economic data, financial trends and fiscal capacity of the City.

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

Contents

Financial Trends - Tables 1 through 5

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

Revenue Capacity - Table 6

These schedules contain information to help the reader assess Santa Clara's ability to levy property taxes.

Demographic and Economic Information - Tables 7 and 8

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

CITY OF SANTA CLARA
NET ASSETS BY COMPONENT
LAST SIX FISCAL YEARS

	Fiscal Year			
	2004	2005	2006	2007
Governmental Activities				
Invested in capital assets, net of related debt	\$ 753,959	\$ 744,544	\$ 736,589	\$ 758,017
Restricted	-	-	-	-
Unrestricted	170,193	206,426	237,680	262,466
Total governmental activities net assets	<u>\$ 924,152</u>	<u>\$ 950,970</u>	<u>\$ 974,269</u>	<u>\$ 1,020,483</u>

TABLE 1

Fiscal Year	
2008	2009
\$ 857,239	\$ 921,704
-	30,000
220,863	208,005
<u>\$ 1,078,102</u>	<u>\$ 1,159,709</u>

CITY OF SANTA CLARA
CHANGE IN NET ASSETS
LAST SIX FISCAL YEARS

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Governmental Activities				
General Government	\$ 26,635	\$ 44,457	\$ 39,404	\$ 26,332
Public Safety	13,252	12,237	11,890	12,806
Streets and Highways	42,963	37,839	51,382	45,858
Interest and Fiscal Charges	990	-	-	-
Total Governmental Activities Expenses	<u>\$ 83,840</u>	<u>\$ 94,533</u>	<u>\$ 102,676</u>	<u>\$ 84,996</u>
Program Revenues				
Governmental Activities				
Charges for Services:				
General Government	\$ -	\$ -	\$ 1,682	\$ -
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	679,484	-	-	-
Total Governmental Activities				
Program Revenues	<u>\$ 679,484</u>	<u>\$ -</u>	<u>\$ 1,682</u>	<u>\$ -</u>
Net (Expense) Revenue				
Total Governmental Activities	<u>\$ 595,644</u>	<u>\$ (94,533)</u>	<u>\$ (100,994)</u>	<u>\$ (84,996)</u>
General Revenues				
Governmental Activities				
Industrial District Agreement	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Sales Tax	13,211	15,968	15,229	18,683
Interest Income	2,040	4,248	7,740	11,922
Miscellaneous	7,064	1,135	1,324	605
Total Governmental Activities	<u>\$ 122,315</u>	<u>\$ 121,351</u>	<u>\$ 124,293</u>	<u>\$ 131,210</u>
Changes in Net Assets				
Governmental Activities	<u>\$ 717,959</u>	<u>\$ 26,818</u>	<u>\$ 23,299</u>	<u>\$ 46,214</u>

TABLE 2

Fiscal Year	
2008	2009
\$ 29,539	\$ 52,723
14,764	15,574
24,532	37,403
-	71
\$ 68,835	\$ 105,771
\$ -	\$ 450
-	30,000
-	-
\$ -	\$ 30,450
\$ (68,835)	\$ (75,321)
\$ 100,000	\$ 130,000
15,362	18,131
10,732	8,760
360	37
\$ 126,454	\$ 156,928
\$ 57,619	\$ 81,607

CITY OF SANTA CLARA
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

	Fiscal Year			
	2000	2001	2002	2003
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Designated	-	-	-	-
Unreserved	37,950	54,528	104,105	121,495
Total General Fund	<u>\$ 37,950</u>	<u>\$ 54,528</u>	<u>\$ 104,105</u>	<u>\$ 121,495</u>

TABLE 3

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000
-	-	-	-	-	75,652
<u>170,193</u>	<u>216,426</u>	<u>237,680</u>	<u>262,466</u>	<u>230,863</u>	<u>132,353</u>
<u><u>\$ 170,193</u></u>	<u><u>\$ 216,426</u></u>	<u><u>\$ 237,680</u></u>	<u><u>\$ 262,466</u></u>	<u><u>\$ 230,863</u></u>	<u><u>\$ 238,005</u></u>

CITY OF SANTA CLARA
CHANGES IN FUND BALANCE
LAST TEN FISCAL YEARS

	Fiscal Year			
	2000	2001	2002	2003
REVENUES				
Industrial District Agreement	\$ 141,260	\$ 75,000	\$ 75,000	\$ 75,000
Contribution	-	-	-	-
Sales Tax	2,216	11,484	10,848	12,009
Interest Income	3,141	4,352	2,253	1,153
Miscellaneous	4,609	1,315	5,565	3,081
TOTAL REVENUES	151,226	92,151	93,666	91,243
EXPENDITURES				
General Government	110,627	39,681	23,089	23,006
Public Safety	3,000	3,000	3,000	8,867
Streets and Highways	-	-	-	-
Capital Outlay	-	82,892	-	21,963
Debt Service:				
Principal	-	-	16,471	18,000
Interest	-	-	1,529	2,017
TOTAL EXPENDITURES	113,627	125,573	44,089	73,853
OTHER FINANCING				
SOURCES (USES)				
Loan Proceeds	-	50,000	-	-
TOTAL OTHER FINANCING				
SOURCES (USES)	-	50,000	-	-
Net Change in Fund Balance	37,599	16,578	49,577	17,390
Debt Service Expenditures as a Percentage of Noncapital Expenditures	0.0%	0.0%	69.0%	62.8%

TABLE 4

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 130,000
-	-	-	-	-	30,000
13,211	15,968	15,229	18,683	15,362	18,131
2,040	4,248	7,740	11,922	10,732	8,760
7,064	1,135	3,006	605	360	487
<u>122,315</u>	<u>121,351</u>	<u>125,975</u>	<u>131,210</u>	<u>126,454</u>	<u>187,378</u>
17,822	33,508	31,873	20,796	24,872	49,098
8,867	9,223	11,890	12,157	12,432	15,574
28,748	23,989	30,667	24,006	-	6,209
1,661	18,398	20,276	49,465	130,753	99,284
15,529	-	10,000	-	-	10,000
990	-	15	-	-	71
<u>73,617</u>	<u>85,118</u>	<u>104,721</u>	<u>106,424</u>	<u>168,057</u>	<u>180,236</u>
-	10,000	-	-	10,000	-
-	10,000	-	-	10,000	-
<u>48,698</u>	<u>46,233</u>	<u>21,254</u>	<u>24,786</u>	<u>(31,603)</u>	<u>7,142</u>
29.8%	0.0%	11.9%	0.0%	0.0%	12.4%

CITY OF SANTA CLARA
TAX REVENUE BY SOURCE
LAST TEN FISCAL YEARS

TABLE 5

<u>Fiscal Year</u>	<u>Sales & Use</u>
2000	\$ 2,216
2001	11,484
2002	10,848
2003	12,009
2004	13,211
2005	15,968
2006	15,229
2007	18,683
2008	15,362
2009	18,131

CITY OF SANTA CLARA
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS

TABLE 6

Fiscal Period	Direct	Overlapping		Total
	City	Marion ISD	Guadalupe County	
2000	0.000000	1.506200	0.399900	1.906100
2001	0.000000	1.545000	0.382300	1.927300
2002	0.000000	1.154400	0.391900	1.546300
2003	0.000000	1.780000	0.413100	2.193100
2004	0.000000	1.780000	0.413100	2.193100
2005	0.000000	1.767900	0.403100	2.171000
2006	0.000000	1.690500	0.403100	2.093600
2007	0.000000	1.531500	0.403100	1.934600
2008	0.000000	1.230000	0.389500	1.619500
2009	0.000000	1.230000	0.389500	1.619500

Note: Overlapping governments are those that coincide, at least in part, within the geographic boundaries of the City.

Source: Guadalupe County Tax Assessor Collector

CITY OF SANTA CLARA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

TABLE 7

Year	Population	Per Capita Personal Income	Median Age*	School Enrollment*	Unemployment Rate
2000	889	23,106	37.4	N/A	2.7%
2001	893	23,566	37.4	N/A	4.0%
2002	897	24,743	37.4	N/A	5.3%
2003	901	25,146	37.4	N/A	4.3%
2004	905	26,905	37.4	N/A	4.6%
2005	909	29,330	37.4	N/A	4.0%
2006	913	30,554	37.4	N/A	3.6%
2007	917	32,083	37.4	N/A	3.6%
2008	921	32,083*	37.4	N/A	5.0%
2009	924	32,083*	37.4	N/A	6.5%

Sources: Unemployment rate provided by the Texas Workforce Commission for Guadalupe County. Population and median age provided by United States Census Bureau and is based on estimated growth since the 2000 census. The residents of Santa Clara are within the boundaries of the Marion Independent School District, however no schools are within the city limits nor under city control, so no enrollment information is applicable. Per capita personal income provided by the Bureau of Economic Analysis for Guadalupe County. The most recent personal income statistics available are from 2007.

CITY OF SANTA CLARA
PRINCIPAL EMPLOYERS
CURRENT YEAR

TABLE 8

	2009		
	Employees	Rank	Percentage of Total City Employment
Fort Sam Houston	30,793	1	3.25%
Lackland Air Force Base	28,100	2	2.97%
USAA	14,852	3	1.57%
HEB Food Stores	14,588	4	1.54%
Randolph Air Force Base	10,700	5	1.13%
AT&T	5,000	6	0.53%
Bill Miller BBQ	4,190	7	0.44%
Frost Bank	3,982	8	0.42%
Valero Energy	3,777	9	0.40%
Brooks City-Base	3,406	10	0.36%
Total	119,388		12.61%

The City of Santa Clara is part of the major metropolitan area of the City of San Antonio. Employment in the City of Santa Clara is limited and most employees commute to the San Antonio area. Thus, the above data is for San Antonio.

Source: San Antonio Economic Development Foundation

Note: Data for nine years ago is not available.

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