



UPLAND CITY COUNCIL

AGENDA

March 9, 2020

City Council Chamber

**DEBBIE STONE, MAYOR
RICKY FELIX, MAYOR PRO TEM
JANICE ELLIOTT, COUNCILMEMBER
RUDY ZUNIGA, COUNCILMEMBER
BILL VELTO, COUNCILMEMBER**

**ROSEMARY HOERNING, CITY MANAGER
STEVEN FLOWER, INTERIM CITY ATTORNEY**

DISRUPTION OF MEETINGS

Individuals who demonstrate disruptive conduct during City Council meetings that prevent the City Council from conducting its meeting in an orderly manner are guilty of a misdemeanor as stated in PC403, disrupting a public meeting, and are subject to removal from the chamber or arrest.

- 1. CALL TO ORDER AND ROLL CALL**
- 2. ADDITIONS-DELETIONS TO AGENDA**
- 3. ORAL COMMUNICATIONS**

This is a time for any citizen to comment on item listed on the closed session agenda only. Anyone wishing to address the legislative body is requested to submit a speaker card to the City Clerk at or prior to speaking. The speakers are requested to keep their comments to no more than three (3) minutes. The use of visual aids will be included in the time limit.

- 4. CLOSED SESSION None**

7:00 PM

5. INVOCATION

Alfredo Silvestre, Church of Jesus Christ of Latter-day Saints

6. PLEDGE OF ALLEGIANCE

7. PRESENTATIONS

True North Research, Inc. presentation of Community Survey Results by Timothy McLarney

8. CITY ATTORNEY

9. ORAL COMMUNICATIONS

This is a time for any citizen to comment on any item listed on the agenda only. Anyone wishing to address the legislative body is requested to submit a speaker card to the City Clerk at or prior to speaking. The speakers are requested to keep their comments to no more than three (3) minutes. Speakers will be given five (5) minutes during public hearings. The use of visual aids will be included in the time limit.

10. COUNCIL COMMUNICATIONS

11. CONSENT CALENDAR

All matters listed under the Consent Calendar are considered to be routine and will be enacted by one roll call vote. There will be no separate discussion of these items unless members of the legislative body request specific items be removed from the Consent Calendar for separate action.

A. APPROVAL OF MINUTES

Approve the Regular Meeting Minutes of February 24, 2020. (Staff Person: Keri Johnson)

B. TREASURY REPORT DECEMBER 2019 AND JANUARY 2020

Receive and file the December 2019 and January 2020 Treasury Report. (Staff Person: Londa Bock-Helms)

C. APPOINTMENTS TO THE PLANNING COMMISSION

Ratify the Mayor's appointment of Serge Mayer and Patrick Shim to the Planning Commission, terms expiring June 2023. (Staff Person: Keri Johnson)

D. RESIGNATION OF PERSONNEL BOARD OF REVIEW MEMBER

Accept the resignation of Steve Bierbaum, who serves on the Personnel Board of Review. (Staff Person: Keri Johnson)

E. PROPOSED AMENDMENT TO THE ADMINISTRATIVE CITATION FINE SCHEDULE

Adopt a Resolution amending the master fee schedule by updating administrative fines for certain violations of the Upland Municipal Code. (Staff Person: Darren Goodman)

F. SURVIVORS GROVE MEMORIAL AT BALDY VIEW PARK

Approve the implementation of a Survivors Grove at Baldy View Park by Incredible Edible Community Garden. (Staff Person: Steve Nix)

12. PUBLIC HEARINGS

13. COUNCIL COMMITTEE REPORTS

- A. SPECIAL FINANCE COMMITTEE MEETING, FEBRUARY 19, 2020
- B. ECONOMIC DEVELOPMENT COMMITTEE MEETING, MARCH 2, 2020

14. BUSINESS ITEMS

- A. COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AND RELATED REPORTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019
Receive and file the Comprehensive Annual Financial Report, the Single Audit Report on Federal Award Programs, the Statement on Auditing Standards 114 and 115 letters and the Independent Accountants' Report of Agreed-Upon Procedures Applied to Appropriation Limit Worksheets for the Fiscal Year Ended June 30, 2019. (Staff Person: Londa Bock-Helms)
- B. MID-YEAR BUDGET REVIEW FY 2019-20
Receive and file the Mid-Year Budget Report fiscal year 2019-20; approve the Proposed Mid-Year Adjustments; approve the updated Assignment of Classification; provide staff with direction regarding committing unassigned fund balance. (Staff Person: Londa Bock-Helms)
- C. WATER RATE ADJUSTMENT - UPDATE
Maintain the established water rates implemented on January 1, 2019 and not implement the water rate increase scheduled for January 1, 2020. It is further recommended City Council direct staff review water rates to determine if an adjustment will be necessary on January 1, 2021. (Staff Person: Rosemary Hoerning)

15. ORAL COMMUNICATIONS

This is a time for any citizen to comment on any item not listed on the agenda. Anyone wishing to address the legislative body is requested to submit a speaker card to the City Clerk at or prior to speaking. The speakers are requested to keep their comments to no more than three (3) minutes. The use of visual aids will be included in the time limit. Public comments and questions for the purpose of hearing current matters of concern in our community and to provide citizens a method for the public to hear those concerns in an open venue is encouraged. However, under the provisions of the Brown Act, the City Council is prohibited from discussion of items not listed on the agenda, and therefore, the City Council, City Manager, or City Attorney will take communications under advisement for consideration and appropriate response or discussion at a later time.

16. CITY MANAGER

17. ADJOURNMENT

The next regularly scheduled City Council meeting is Monday, March 23, 2020.

NOTE: If you challenge the public hearing(s) or the related environmental determinations in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City of Upland, at, or prior to, the public hearing.

All Agenda items and back-up materials are available for public review at the Upland Public Library, downstairs reference desk at 450 North Euclid Avenue, the City Clerk's Office at 460

North Euclid Avenue and the City website at www.uplandca.gov.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office, 931-4120. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. [28 CFR 35.102-35.104 ADA Title II]

POSTING STATEMENT: On March 4, 2020 a true and correct copy of this agenda was posted on the bulletin boards at 450 N. Euclid Avenue (Upland Public Library) and 460 N. Euclid Avenue (Upland City Hall) and the City website at www.uplandca.gov.

8. CITY ATTORNEY

Interim City Attorney Flower announced there was nothing to report from Closed Session.

9. ORAL COMMUNICATIONS None

10. COUNCIL COMMUNICATIONS

Councilmembers announced various activities throughout the community, including providing an update on the meetings they attended.

11. CONSENT CALENDAR

Motion by Councilmember Elliott to approve the Consent Calendar, seconded by Councilmember Velto, and carried unanimously.

A. APPROVAL OF MINUTES

Approved the Special Workshop Minutes of February 8, 2020 and Regular Meeting Minutes of February 10, 2020.

B. APPROVAL OF FINAL MAP TPM 20045 AND ACCEPTANCE OF SUBDIVISION AGREEMENTS AND IMPROVEMENT BONDS FOR KB HOMES

Approved the final map for TPM 20045 and authorized the City Manager to execute the subdivision agreements, both public and private. The City Council also accepted the faithful performance and labor and materials security bonds for both public and private improvements and authorized recordation of the Final Tract Map 20045.

C. USED OIL PAYMENT PROGRAM (OPP CYCLE 10) GRANT

Accepted the Used Oil Payment Program Cycle 10 Grant Award of \$21,154.

D. REPLACEMENT OF PUBLIC WORKS SERVICE YARD FUEL ISLAND FUEL DISPENSERS

Authorized the purchase of four (4) Gasboy fuel dispensers from Western Pump in the amount of \$49,016.30, approved the installation of the Fuel Island Dispenser equipment by P. F. Services Inc. in the amount of \$16,710.00 and authorized a contingency in the amount of \$6,573.70, for a total amount of \$72,300.00. The City Council also un-reserved General Fund, fund balance of \$50,000.00 and transferred these funds to Fleet Maintenance and appropriated an additional \$22,300.00 from the Fleet Maintenance fund balance for these project expenses.

12. PUBLIC HEARINGS

A. CONSIDERATION OF A STREET VACATION, CONDITIONAL USE PERMIT, SITE PLAN REVIEW, DESIGN REVIEW AND ENVIRONMENTAL ASSESSMENT REVIEW FOR THE DEVELOPMENT OF A NEW DRIVE-THROUGH COFFEE SHOP WITHIN

THE EXISTING SHOPPING CENTER LOCATED AT 275 EAST FOOTHILL BOULEVARD (APN: 1045-551-04)

Associate Planner Winter presented the staff report along with a PowerPoint, which is on file in the City Clerk's Office. The City Council was provided with a breakdown of past funding and a low and moderate income area map.

There was discussion on the drive through design, parking, and the south facade of the building.

Mayor Stone opened the public hearing.

Allen Nicely, spoke in opposition of the project stating it was a horrible use of land and concerns about potential issues with long drive through lines.

There being no other speakers, Mayor Stone closed the public hearing.

The applicant, Matthew Bush with Upland Village Center, LLC, answered questions posed by the Council regarding the drive through design, minimizing traffic impacts on Foothill Boulevard, parking accessibility, and restrictions on the building location.

Motion by Councilmember Elliott to adopt Resolution No. 6526 approving Street Vacation No. SV-19-01, to vacate 3,983 square feet of a portion of the frontage road on the north side of Foothill Boulevard right-of-way, located approximately 175 linear feet east of the intersection of Foothill Boulevard and Second Avenue, seconded by Councilmember Zuniga, and carried unanimously.

Motion by Mayor Stone to adopt Resolution No. 6527 approving Conditional Use Permit No. CUP-19-08, Site Plan Review No. SP-19-05, Design Review No. DR-19-08, and Environmental Assessment Review No. EAR-0082 for the establishment of a new 2,049 square foot drive-through coffee shop (Starbucks) with outdoor seating located within an existing shopping center located at 275 E. Foothill Blvd (APN: 1045-551-04), seconded by Councilmember Elliott, and carried with Councilmembers Felix and Zuniga opposed.

13. COUNCIL COMMITTEE REPORTS None

14. BUSINESS ITEMS

A. APPROVAL OF A PROFESSIONAL SERVICES AGREEMENT FOR GRAFFITI REMOVAL AND ABATEMENT

Operations Manager Smiderle presented the staff report, which is on file in the City Clerk's Office.

There was discussion on the cost to provide graffiti removal services utilizing city staff instead of contract services, the number of calls for graffiti removal, and the removal of graffiti on private properties.

Motion by Councilmember Felix to approve a Professional Services Agreement with Graffiti Protective Coatings, Inc. for graffiti removal and abatement; and

authorize the City Manager to execute any and all necessary and related documents to implement the agreement, seconded by Councilmember Zuniga, and carried unanimously.

15. ORAL COMMUNICATION (items not on the agenda)

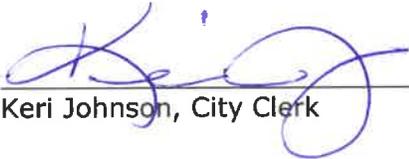
16. CITY MANAGER

City Manager Hoerning reminded the community that the weed abatement inspections were currently being conducted in the City.

17. ADJOURNMENT

Mayor Stone adjourned the meeting at 8:51 p.m. The next regularly scheduled City Council meeting is Monday, March 9, 2020.

SUBMITTED BY



Keri Johnson, City Clerk

APPROVED

March 9, 2020 _____



STAFF REPORT

ITEM NO. 11.B.

DATE: March 9, 2020
TO: MAYOR AND CITY COUNCIL
FROM: ROSEMARY HOERNING, CITY MANAGER
PREPARED BY: LONDA BOCK-HELMS CPA, ACTING ADMINISTRATIVE SERVICES DIRECTOR
SUBJECT: TREASURY REPORT DECEMBER 2019 AND JANUARY 2020

RECOMMENDED ACTION

It is recommended that the City Council receive and file the December 2019 and January 2020 Treasury Report.

GOAL STATEMENT

The proposed action supports the City's goal to manage the City's resources in a fiscally responsible manner.

BACKGROUND

Per California Government Code Section 53646(b), the City's treasurer or fiscal officer shall render a treasury report to the City Council (at a minimum) on a quarterly basis. This report shall include the type of investment, issuer, date of maturity, par, and dollar amount invested on all securities, current market value as of the date of the report, investments and monies held by the local agency, and shall additionally include a description of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, including lending programs. The report shall state compliance to the City's investment policy (approved June 10, 2019) and shall include a statement noting the City's ability to meet its expenditure requirements for the next six months.

ISSUES/ANALYSIS

The submission of the monthly Treasury Report is a compliance measure.

FISCAL IMPACTS

There is no fiscal impact associated with this action.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

Treasury Report December 2019

Treasury Report January 2020

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

For Period Ended
December 31, 2019

Investment Portfolio	Cost	Par Value	Market Value	% of Portfolio
State Local Agency Investment Fund	\$ 26,590,037	N/A	\$ 26,771,940	26.3%
Bank Accounts and Change Funds	14,449,115	N/A	14,449,115	14.3%
ABS-Corporate Paydown Securities	-	N/A	-	0.0%
Money Market Fund	7,076,549	N/A	7,076,549	7.0%
Government Agency Securities	40,123,229	40,155,000	40,133,906	39.6%
Corporate Bonds	12,347,828	12,343,000	12,484,880	12.3%
US Treasury	403,134	400,000	399,670	0.4%
Total Cash and Investments	\$ 100,989,891	\$ 52,898,000	\$ 101,316,060	100.0%

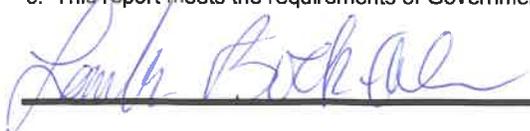
PARS Investment Portfolio	Cost	Market Value	% of Portfolio
115 Trust-OPEB Investment as of 12/31/19	1,179,576	1,179,576	14.5%
Pension Trust Investment as of 12/31/19	6,973,667	6,973,667	85.5%
Total Cash and Investments	\$ 8,153,243	\$ 8,153,243	100.0%

Weighted Average Days to Maturity	557.63
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Blended Yield:	2.070%
Benchmarks:	
LAIF	2.043%
2yr U.S. Treasury	1.580%
5yr U.S. Treasury	1.690%

Restricted Funds with Fiscal Agent	Book Value	Market Value
Water System Lease Revenue Refunding Bonds 2011	14	14
Colonies CFD Area #2 2015	1,733,433	1,733,433
Colonies CFD Area #1 2012	2,386,566	2,386,566
Upland 54 CFD 2004	201,331	201,331
Successor Agency TAN 2013 / TAN 2016- Merged Project	2,459,114	2,459,114
Harvest at Upland CFD 2016-1	4,940,921	4,940,921
Sycamore Hills CFD 2015-1	8,910,340	8,910,340
Total Restricted Funds	\$ 20,631,720	\$ 20,631,720

- I hereby certify that the investments are in compliance with the investment policy adopted by the City Council in June 2018. *g. 2018*
- The City has the ability to meet its budgeted expenditures for the next six months.
- The market values for funds held in banking institutions do not change. The amounts listed as market values for these items are the same as their book values.
- The book value for the State Pool is the withdrawal value provided by the State Treasurer. The market value of funds held by the State Treasurer equates to the City's pro-rata share of the market value of the entire State Pool.
- Sources for current market valuation are Account Statements and the Wall Street Journal GNMA Mortgage rates on the last trading day of the month.
- This report meets the requirements of Government Code Section 53646.



Reviewed by Finance Officer

1/22/2020

Date



Interim City Manager

1/22/20

Date

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

State Local Agency Investment Fund

**For Period Ended
December 31, 2019**

<u>Fund or Account</u>		<u>Account Balance</u>	
City	95-36-642	26,590,037	
		<hr/>	Market Value
			(See Note 4)
	Totals	\$ 26,590,037	\$ 26,771,940
		<hr/>	
Yield for Period Ended	12/31/2019	2.043%	
		<hr/>	

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

Bank Accounts and Change Funds

For Period Ended
December 31, 2019

Account Name	Institution	Insured Deposits	Collateralized Deposits	Total Deposits
Petty Cash City of Upland	City of Upland	\$ -	\$ 11,900	\$ 11,900
City of Upland Payroll Zero Balance Account	Chase	-	-	-
City of Upland Checking Account	Chase	250,000	13,346,700	13,596,700
City of Upland Successor Agency	Chase	-	840,515	840,515
	Totals	\$ 250,000	\$ 14,199,115	\$ 14,449,115

TREASURY REPORT
City of Upland - Successor Agency - Public Financing Authority
For Period Ended
December 31, 2019

Investment	Purchased From	Cusip #	Cost	Market Value	Stated Rate	Maturity Date
Bank of Hope CD		062683BX4	250,000	252,018	2.800%	9/14/2020
Comenity CAP BK CD		20033AXY7	250,000	250,705	2.000%	10/23/2020
First Internet CD		32056GDD9	250,000	253,300	3.000%	12/28/2020
JP Morgan Chase CD		48128F4V1	250,000	250,003	3.000%	1/8/2021
Live Oak CD		538036DX9	250,000	253,660	3.000%	2/9/2021
Eagle Bank CD		27002YDY9	250,000	253,470	2.800%	3/8/2021
CitiBank NA CD		17312QH93	250,000	253,403	2.750%	4/12/2021
Capital One NA CD		14042RFV8	246,218	250,855	2.250%	5/24/2021
B Bay LLC Promissory Notebal		05580ANK6	250,000	254,953	3.000%	7/13/2021
Capital One Bank CD		14042TBG1	250,000	251,600	2.100%	8/2/2021
Abacus Federal CD		00257TBA3	250,000	254,958	2.900%	8/31/2021
First Fid Bank C D		32024FAB7	250,000	254,845	2.850%	9/14/2021
Wells Fargo Bank CD		949763LT1	250,000	252,583	2.250%	12/8/2021
Synchorony Bank CD		87164WYK8	250,000	255,170	2.700%	3/8/2022
Sterling Bank CD		85916VCW3	250,000	257,330	3.100%	3/9/2022
Morgan Stanley CD		61690UFC9	250,000	255,738	2.800%	3/14/2022
American CD		02587DN38	249,675	249,033	2.400%	4/5/2022
First Northeast CD		33583FAB8	239,570	248,415	2.000%	4/19/2022
Old Missouri CD		68002LBL1	250,000	257,753	3.100%	5/5/2022
American Express CD		02587CFU9	250,000	252,993	2.400%	8/29/2022
Cross Riv Bank C D		227563BJ1	250,000	250,275	1.850%	11/7/2022
Flagstar Bank FSB CD		33847E2V8	250,000	249,913	1.800%	11/15/2022
Wells Fargo Natl C D		949495AF2	250,000	250,170	1.850%	12/30/2022
Apple Inc		037833DE7	494,750	508,305	2.400%	1/13/2023
Goldman Sachs CD		38148PYQ4	250,000	257,425	2.800%	2/28/2023
Sallie Mae Bank Salt Lke		795450P66	250,000	261,103	3.200%	5/9/2023
Discover Bank Greenwood Del CD		254673RF5	250,000	262,480	3.300%	7/11/2023
Raymond James C D		75472RAT8	250,000	249,625	1.800%	12/29/2023
UBS Bank USA C D		90348JJQ4	260,650	260,558	2.900%	4/3/2024
Morgan Stanley C D		61760AZR3	250,000	259,063	2.750%	5/2/2024
Jonesboro St Bank C D		48040PFB6	250,000	250,043	2.050%	9/16/2024
State Bank of C D		856285RS2	252,625	251,285	2.050%	11/27/2024
Corporate Bonds Subtotal			12,347,828	12,484,880		
US Treasury						
US T-note	Citigroup Global Mkt Inc	912828H52	202,258	199,936	1.250%	1/31/2020
US T-note	Morgan Stanley	912828UV0	200,876	199,734	1.125%	3/31/2020
US Treasury Subtotal			403,134	399,670		
Total Portfolio			\$ 59,950,741	\$ 60,095,005		

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

	Market Value	Availability 12/31/19 01/01/20	No. of days until maturity	weight	days to maturity weighted average	Total by maturity	
December 31, 2019							
Petty Cash	11,900	01/01/20	1	0.0%	0.00		
Checking Account	13,596,700	01/01/20	1	13.4%	0.13		
Successor Agency	840,515	01/01/20	1	0.8%	0.01	14,449,115	
Total Bank Accounts	14,449,115						
State Local Agency Investment Fund	26,771,940	01/01/20	1	26.4%	0.26	26,771,940	
US Bank	7,076,549	01/01/20	1	7.0%	0.07	7,076,549	
Total Money Market Accounts	7,076,549						
The Fahey CD	250,060	01/10/20	10	0.2%	0.02		
Union Bank CD	250,115	01/16/20	16	0.2%	0.04		
Merrick Bank CD	250,158	01/21/20	21	0.2%	0.05		
Radius Bank CD	250,073	01/29/20	29	0.2%	0.07		
Town and Country CD	250,080	01/30/20	30	0.2%	0.07	1,250,485	
Corporate Bonds	1,250,485						
						49,548,089	1 - 30 days
Valley N B CD	250,283	02/07/20	38	0.2%	0.09	250,283	
Corporate Bonds	250,283						
Citigroup Global Mkt Inc	199,936	01/31/20	31	0.2%	0.06	199,936	
US Treasury	199,936						
						450,219	31 - 60 days
Wells Fargo Sec LLC	199,782	04/06/20	97	0.2%	0.19	199,782	
Government Securities	199,782						
Iberia Bank CD	250,500	03/02/20	62	0.2%	0.15		
Compass BK CD	250,515	03/04/20	64	0.2%	0.16		
Bank of OZK C D	250,475	04/09/20	100	0.2%	0.25	751,490	
Corporate Bonds	751,490						
Morgan Stanley	199,734	03/31/20	91	0.2%	0.18	199,734	
US Treasury	199,734						
						1,151,006	61 - 120 days
Wells Fargo Sec LLC	204,857	05/13/20	134	0.2%	0.27	204,857	
Government Securities	204,857						
United Bankers CD	251,145	05/19/20	140	0.2%	0.35		
Brookline Bank CD	251,280	05/29/20	150	0.2%	0.37		
First Financial CD	251,520	06/26/20	178	0.2%	0.44	753,945	
Corporate Bonds	753,945						
						958,802	121 - 180 days
Federal Home Loan Bks	1,501,125	09/28/20	272	1.5%	4.03		
Deutsche Bank Sec Intl	1,498,920	10/30/20	304	1.5%	4.50		
Deutsche Bank Sec Intl	1,499,475	11/30/20	335	1.5%	4.96	4,499,520	
Government Securities	4,499,520						
Ally Bank Midvale Utah	251,360	06/29/20	181	0.2%	0.45		
TCF National Bank CD	251,180	07/02/20	184	0.2%	0.46		
Wells Fargo Bank CD	251,638	07/27/20	209	0.2%	0.52		
Bank Pontiac ILL C D	251,078	08/14/20	227	0.2%	0.56		
State Street Bank Note	100,399	08/18/20	231	0.1%	0.23		
Bank of Hope CD	252,018	09/14/20	258	0.2%	0.64		
Comenity CAP BK CD	250,705	10/23/20	297	0.2%	0.73		
First Internet CD	253,300	12/28/20	363	0.3%	0.91	1,861,677	
Corporate Bonds	1,861,677						
						6,361,197	181 - 1 year

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

	Market Value	Availability 12/31/19 01/01/20	No. of days until maturity	weight	days to maturity weighted average	Total by maturity	
December 31, 2019							
Federal Farm Credit Bks	1,250,000	09/13/21	622	1.2%	7.67		
Deutsche Bank Sec Intl	1,494,300	10/07/21	646	1.5%	9.53		
Federal Farm Credit Bks	2,014,420	11/19/21	689	2.0%	13.70	4,758,720	
Government Securities	4,758,720						
JP Morgan Chase CD	250,003	01/08/21	374	0.2%	0.92		
Live Oak CD	253,660	02/09/21	406	0.3%	1.02		
Eagle Bank CD	253,470	03/08/21	433	0.3%	1.08		
CitiBank NA CD	253,403	04/12/21	468	0.3%	1.17		
Capital One NA CD	250,855	05/24/21	510	0.2%	1.26		
B Bay LLC Promissory Notebal	254,953	07/13/21	560	0.3%	1.41		
Capital One Bank CD	251,600	08/02/21	580	0.2%	1.44		
Abacus Federal CD	254,958	08/31/21	609	0.3%	1.53		
First Fid Bank C D	254,845	09/14/21	623	0.3%	1.57		
Wells Fargo Bank CD	252,583	12/08/21	708	0.2%	1.77	2,530,328	
Corporate Bonds	2,530,328						
						7,289,048	1- 2 years
Federal Home Loan Bks	1,503,435	05/06/22	857	1.5%	12.72		
Federal Farm Credit Bks	1,001,320	06/03/22	885	1.0%	8.75		
Federal Farm Credit Bks	3,002,760	07/22/22	934	3.0%	27.68		
Federal Farm Credit Bks	1,250,025	09/12/22	986	1.2%	12.17		
Federal Farm Credit Bks DEB	2,002,720	12/27/22	1,092	2.0%	21.59	8,760,260	
Government Securities	8,760,260						
Synchrony Bank CD	255,170	03/08/22	798	0.3%	2.01		
Sterling Bank CD	257,330	03/09/22	799	0.3%	2.03		
Morgan Stanley CD	255,738	03/14/22	804	0.3%	2.03		
American CD	249,033	04/05/22	826	0.2%	2.03		
First Northeast CD	248,415	04/19/22	840	0.2%	2.06		
Old Missouri CD	257,753	05/05/22	856	0.3%	2.18		
American Express CD	252,993	08/29/22	972	0.2%	2.43		
Cross Riv Bank C D	250,275	11/07/22	1,042	0.2%	2.57		
Flagstar Bank FSB CD	249,913	11/15/22	1,050	0.2%	2.59		
Wells Fargo Natl C D	250,170	12/30/22	1,095	0.2%	2.70	2,526,788	
Corporate Bonds	2,526,788						
						11,287,048	2- 3 years
Morgan Stanley & Co	2,000,900	10/30/23	1,399	2.0%	27.63		
Federal Home LN Corp MTN	1,491,165	12/18/23	1,448	1.5%	21.31	3,492,065	
Government Securities	3,492,065						
Apple Inc	508,305	01/13/23	1,109	0.5%	5.56		
Goldman Sachs CD	257,425	02/28/23	1,155	0.3%	2.93		
Sallie Mae Bank Salt Lke	261,103	05/09/23	1,225	0.3%	3.16		
Discover Bank Greenwood Del CD	262,480	07/11/23	1,288	0.3%	3.34		
Raymond James C D	249,625	12/29/23	1,459	0.2%	3.59	1,538,938	
Corporate Bonds	1,538,938						
						5,031,003	3- 4 years
Morgan Stanley & Co	2,005,040	04/30/24	1,582	2.0%	31.31		
Federal Home LN Corp MTN	1,500,120	05/15/24	1,597	1.5%	23.65		
Federal Home Loan Bks	2,504,250	06/05/24	1,618	2.5%	39.99		
Federal Home LN Corp	1,002,630	06/17/24	1,630	1.0%	16.13		
Federal Home LN Corp	1,501,620	07/30/24	1,673	1.5%	24.80		
Federal Home LN Corp	1,500,495	07/30/24	1,673	1.5%	24.78		
Federal Farm Credit Bks	1,481,400	08/13/24	1,687	1.5%	24.67		
Federal Home LN Corp	1,492,320	09/18/24	1,723	1.5%	25.38		
Federal Home Loan Bks	1,230,313	10/02/24	1,737	1.2%	21.09		
Federal Home LN Corp MTN	1,500,120	11/12/24	1,778	1.5%	26.33		
Federal Home LN Corp MTN	1,500,165	11/25/24	1,791	1.5%	26.52		
Federal Home LN Bks DEB	1,000,230	12/16/24	1,812	1.0%	17.89	18,218,703	
Government Securities	18,218,703						

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

	Market Value	Availability 12/31/19 01/01/20	No. of days until maturity	weight	days to maturity weighted average	Total by maturity	
December 31, 2019							
UBS Bank USA C D	260,558	04/03/24	1,555	0.3%	4.00		
Morgan Stanley C D	259,063	05/02/24	1,584	0.3%	4.05		
Jonesboro St Bank C D	250,043	09/16/24	1,721	0.2%	4.25		
State Bank of C D	251,285	11/27/24	1,793	0.2%	4.45	1,020,948	
Corporate Bonds	1,020,948						
						19,239,650	4- 5 years
Total Investments	\$ 101,316,060			100.00%	557.63	\$ 101,316,060	

Average Maturity in Days 557.63
 Average Maturity in Years: 1.528

LAIF Amortized Cost \$ 88,927,564,494
 LAIF Fair Value \$ 89,535,920,219
 Check: 1.006841025

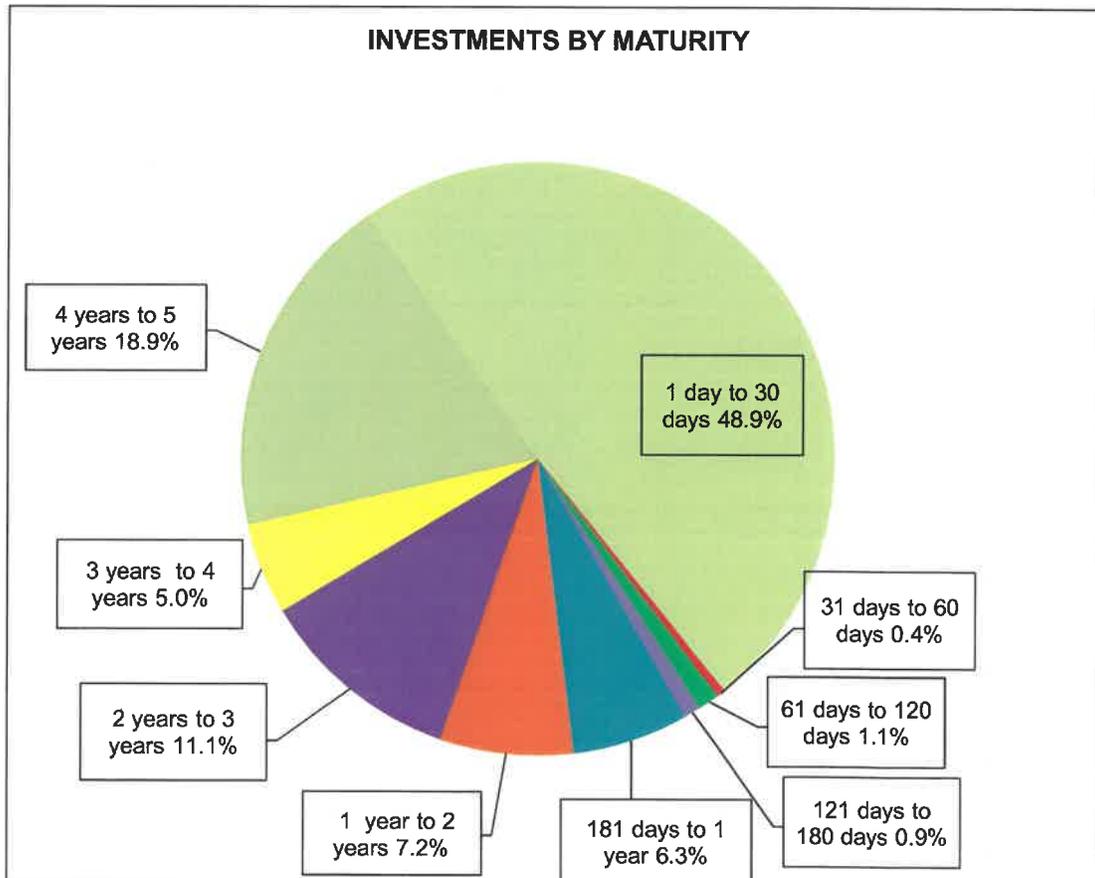
TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

December 31, 2019

**Par Values Maturing by Date and Type
Maturities in Thousands of Dollars**

Investment Portfolio	1 day to 30 days	31 days to 60 days	61 days to 120 days	121 days to 180 days	181 days to 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years
State Local Agency Investment Fund	26,772	-	-	-	-	-	-	-	-
Bank Accounts and Change Funds	14,449	-	-	-	-	-	-	-	-
ABS	-	-	-	-	-	-	-	-	-
Government Securities	-	-	200	205	4,500	4,759	8,760	3,492	18,219
Money Market Fund	7,077	-	-	-	-	-	-	-	-
Corporate Bonds	1,250	250	751	754	1,862	2,530	2,527	1,539	1,021
US Treasury	-	200	200	-	-	-	-	-	-
Total Cash and Investments	49,548	450	1,151	959	6,362	7,289	11,287	5,031	19,240
Percentage	48.9%	0.4%	1.1%	0.9%	6.3%	7.2%	11.1%	5.0%	18.9%



TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

For Period Ended
January 31, 2020

Investment Portfolio	Cost	Par Value	Market Value	% of Portfolio
State Local Agency Investment Fund	\$ 36,714,373	N/A	\$ 36,964,070	34.6%
Bank Accounts and Change Funds	9,221,568	N/A	9,221,568	8.7%
ABS-Corporate Paydown Securities	-	N/A	-	0.0%
Money Market Fund	10,166,912	N/A	10,166,912	9.5%
Government Agency Securities	37,390,392	37,405,000	37,476,921	35.2%
Corporate Bonds	12,344,061	12,328,000	12,485,906	11.7%
US Treasury	200,876	200,000	199,842	0.2%
Total Cash and Investments	\$ 106,038,179	\$ 49,933,000	\$ 106,515,218	100.0%

PARS Investment Portfolio	Cost	Market Value	% of Portfolio
115 Trust-OPEB Investment as of 01/31/20	1,180,804	1,180,804	14.4%
Pension Trust Investment as of 01/31/20	7,027,320	7,027,320	85.6%
Total Cash and Investments	\$ 8,208,124	\$ 8,208,124	100.0%

Weighted Average Days to Maturity	507.56
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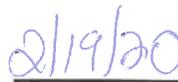
Blended Yield:	1.970%
Benchmarks:	
LAIF	1.967%
2yr U.S. Treasury	1.330%
5yr U.S. Treasury	1.320%

Restricted Funds with Fiscal Agent	Book Value	Market Value
Water System Lease Revenue Refunding Bonds 2011	14	14
Colonies CFD Area #2 2015	1,733,654	1,733,654
Colonies CFD Area #1 2012	2,386,870	2,386,870
Upland 54 CFD 2004	201,357	201,357
Successor Agency TAN 2013 / TAN 2016- Merged Project	2,459,428	2,459,428
Harvest at Upland CFD 2016-1	2,275,002	2,275,002
Sycamore Hills CFD 2015-1	8,911,475	8,911,475
Total Restricted Funds	\$ 17,967,800	\$ 17,967,800

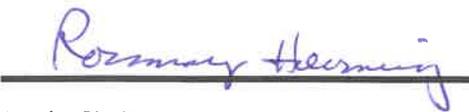
- I hereby certify that the investments are in compliance with the investment policy adopted by the City Council in June 2019.
- The City has the ability to meet its budgeted expenditures for the next six months.
- The market values for funds held in banking institutions do not change. The amounts listed as market values for these items are the same as their book values.
- The book value for the State Pool is the withdrawal value provided by the State Treasurer. The market value of funds held by the State Treasurer equates to the City's pro-rata share of the market value of the entire State Pool.
- Sources for current market valuation are Account Statements and the Wall Street Journal GNMA Mortgage rates on the last trading day of the month.
- This report meets the requirements of Government Code Section 53646.



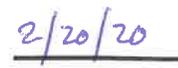
Reviewed by Finance Officer



Date



Interim City Manager



Date

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

State Local Agency Investment Fund

**For Period Ended
January 31, 2020**

<u>Fund or Account</u>		<u>Account Balance</u>	
City	95-36-642	36,714,373	
			Market Value (See Note 4)
	Totals	\$ 36,714,373	\$ 36,964,070
Yield for Period Ended	1/31/2020	1.967%	

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

Bank Accounts and Change Funds

For Period Ended
January 31, 2020

Account Name	Institution	Insured Deposits	Collateralized Deposits	Total Deposits
Petty Cash City of Upland	City of Upland	\$ -	\$ 11,916	\$ 11,916
City of Upland Payroll Zero Balance Account	Chase	-	-	-
City of Upland Checking Account	Chase	250,000	8,119,136	8,369,136
City of Upland Successor Agency	Chase	-	840,515	840,515
	Totals	\$ 250,000	\$ 8,971,568	\$ 9,221,568

TREASURY REPORT
City of Upland - Successor Agency - Public Financing Authority
For Period Ended
January 31, 2020

Investment	Purchased From	Cusip #	Cost	Market Value	Stated Rate	Maturity Date
<u>Government Securities</u>						
FHLB	Wells Fargo Sec LLC	3130A7PU3	199,088	199,882	1.200%	4/6/2020
FFCB	Wells Fargo Sec LLC	3133ECPD0	204,100	204,926	1.420%	5/13/2020
FHLB	Federal Home Loan Bks	313382J53	1,508,501	1,501,935	1.750%	9/28/2020
FNMA	Deutsche Bank Sec Intl	3135G0RM7	1,499,295	1,499,790	1.630%	10/30/2020
FNMA	Deutsche Bank Sec Intl	3135G0F73	1,492,515	1,499,625	1.500%	11/30/2020
FFCB	Federal Farm Credit Bks	3133EHYU1	1,236,313	1,250,013	1.840%	9/13/2021
FNMA	Deutsche Bank Sec Intl	3135G0Q89	1,481,400	1,499,790	1.375%	10/7/2021
FFCB	Federal Farm Credit Bks	3133EFPT8	2,020,180	2,020,820	1.960%	11/19/2021
FHLB	Federal Home Loan Bks	3130AGCU7	1,500,000	1,503,465	2.550%	5/6/2022
FFCB	Federal Farm Credit Bks	3133EKMN3	1,000,000	1,001,770	2.430%	6/3/2022
FFCB	Federal Farm Credit Bks	3133EKVP8	3,000,000	3,005,400	2.110%	7/22/2022
FFCB	Federal Farm Credit Bks DEB	3133ELFS8	1,999,000	2,011,280	1.660%	12/27/2022
FHLMC	Federal Home LN Corp MTN	3134GUXE5	1,500,000	1,500,825	1.900%	12/18/2023
FHLMC	Morgan Stanley & Co	3134GTDW0	2,000,000	2,005,480	2.750%	4/30/2024
FHLMC	Federal Home LN Corp MTN	3134GUPX2	1,500,000	1,501,590	2.000%	5/15/2024
FHLB	Federal Home Loan Bks	3130AGKB0	2,500,000	2,506,400	2.550%	6/5/2024
FHLMC	Federal Home LN Corp	3134GTRK1	1,000,000	1,003,460	2.550%	6/17/2024
FHLMC	Federal Home LN Corp	3134GTP56	1,500,000	1,502,490	2.300%	7/30/2024
FHLMC	Federal Home LN Corp MTN	3134GUBY5	2,000,000	2,000,020	1.800%	7/30/2024
FFCB	Federal Farm Credit Bks	3133EKZN9	1,500,000	1,500,540	2.060%	8/13/2024
FHLMC	Federal Home LN Corp	3134GUBY5	1,500,000	1,502,220	2.000%	9/18/2024
FHLB	Federal Home Loan Bks	3130AH7F4	1,250,000	1,250,000	2.000%	10/2/2024
FHLMC	Federal Home LN Corp MTN	3134GUPK0	1,500,000	1,501,545	2.000%	11/12/2024
FHLMC	Federal Home LN Corp MTN	3134GUTJ9	1,500,000	1,500,405	2.050%	11/25/2024
FHLB	Federal Home LN Bks DEB	3130AHN66	1,000,000	1,003,250	1.940%	12/16/2024
Government Securities Subtotal			37,390,392	37,476,921		
<u>Money Market Fund</u>						
City of Upland						
	US Bank	31846V203	10,166,912	10,166,912	0.93%	N/A
Money Market Fund Subtotal			10,166,912	10,166,912		
<u>Corporate Bonds</u>						
	Valley N B CD	919853BX8	250,000	250,060	2.700%	2/7/2020
	Iberia Bank CD	45083ALH3	250,000	250,283	2.800%	3/2/2020
	Compass BK CD	20451PWE2	250,000	250,300	2.800%	3/4/2020
	Bank of OZK C D	06417NGZ0	250,000	250,395	2.350%	4/9/2020
	United Bankers CD	909557HZ6	250,000	250,963	2.850%	5/19/2020
	Brookline Bank CD	11373QFU7	250,000	251,098	2.900%	5/29/2020
	First Financial CD	32021SFP6	250,000	251,320	2.900%	6/26/2020
	Ally Bank Midvale Utah	02007GDM2	250,875	251,190	2.750%	6/29/2020
	TCF National Bank CD	87227RCN2	250,000	251,055	2.600%	7/2/2020
	Wells Fargo Bank CD	949763SP2	249,873	251,455	2.800%	7/27/2020
	Bank Pontiac ILL C D	064455AM0	250,000	250,985	2.350%	8/14/2020
	State Street Bank Note	857477AS2	103,593	100,457	2.550%	8/18/2020
	Bank of Hope CD	062683BX4	250,000	251,828	2.800%	9/14/2020
	Comenity CAP BK CD	20033AXY7	250,000	250,680	2.000%	10/23/2020
	First Internet CD	32056GDD9	250,000	253,095	3.000%	12/28/2020
	Live Oak CD	538036DX9	250,000	253,470	3.000%	2/9/2021
	Eagle Bank CD	27002YDY9	250,000	253,315	2.800%	3/8/2021
	CitiBank NA CD	17312QH93	250,000	253,263	2.750%	4/12/2021
	Capital One NA CD	14042RFV8	246,218	250,885	2.250%	5/24/2021

TREASURY REPORT
City of Upland - Successor Agency - Public Financing Authority
For Period Ended
January 31, 2020

Investment	Purchased From	Cusip #	Cost	Market Value	Stated Rate	Maturity Date
B Bay LLC Promissory Notebal		05580ANK6	250,000	254,778	3.000%	7/13/2021
First National Bank C D		32117BDW5	250,000	250,118	1.700%	7/30/2021
Capital One Bank CD		14042TBG1	250,000	251,600	2.100%	8/2/2021
Abacus Federal CD		00257TBA3	250,000	254,783	2.900%	8/31/2021
First Fid Bank C D		32024FAB7	250,000	254,688	2.850%	9/14/2021
Wells Fargo Bank CD		949763LT1	250,000	252,533	2.250%	12/8/2021
Synchorony Bank CD		87164WYK8	250,000	255,105	2.700%	3/8/2022
Sterling Bank CD		85916VCW3	250,000	257,183	3.100%	3/9/2022
Morgan Stanley CD		61690UFC9	250,000	255,663	2.800%	3/14/2022
American CD		02587DN38	249,675	249,097	2.400%	4/5/2022
First Northeast CD		33583FAB8	239,570	248,568	2.000%	4/19/2022
Old Missouri CD		68002LBL1	250,000	257,723	3.100%	5/5/2022
American Express CD		02587CFU9	250,000	253,388	2.400%	8/29/2022
Cross Riv Bank C D		227563BJ1	250,000	250,925	1.850%	11/7/2022
Flagstar Bank FSB CD		33847E2V8	250,000	250,593	1.800%	11/15/2022
Wells Fargo Natl C D		949495AF2	250,000	250,973	1.850%	12/30/2022
Apple Inc		037833DE7	494,750	512,555	2.400%	1/13/2023
Goldman Sachs CD		38148PYQ4	250,000	258,050	2.800%	2/28/2023
Sallie Mae Bank Salt Lke		795450P66	250,000	261,580	3.200%	5/9/2023
Discover Bank Greenwood Del CD		254673RF5	250,000	262,880	3.300%	7/11/2023
Raymond James C D		75472RAT8	250,000	250,030	1.800%	12/29/2023
BMO Harris Bank C D		05581W4Y8	250,000	250,500	2.000%	1/30/2024
Bank Hapoalim BM C D		06251AW48	246,233	245,166	2.900%	3/25/2024
UBS Bank USA C D		90348JJQ4	260,650	260,908	2.900%	4/3/2024
Morgan Stanley C D		61760AZR3	250,000	259,493	2.750%	5/2/2024
Jonesboro St Bank C D		48040PFB6	250,000	250,058	2.050%	9/16/2024
State Bank of C D		856285RS2	252,625	252,313	2.050%	11/27/2024
Enerbank USA C D		29278TMR8	250,000	249,313	1.800%	1/29/2025
JP Morgan Chase C D		48128LE70	250,000	250,543	2.050%	1/31/2025
Merrick Bank C D		59013KFH4	250,000	248,713	1.750%	1/31/2025
Corporate Bonds Subtotal			12,344,061	12,485,906		
US Treasury						
US T-note	Morgan Stanley	912828UV0	200,876	199,842	1.125%	3/31/2020
US Treasury Subtotal			200,876	199,842		
Total Portfolio			\$ 60,102,241	\$ 60,329,581		

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

	Market Value	Availability 01/31/20 02/01/20	No. of days until maturity	weight	days to maturity weighted average	Total by maturity	
January 31, 2020							
Petty Cash	11,916	02/01/20	1	0.0%	0.00		
Checking Account	8,369,136	02/01/20	1	7.9%	0.08		
Successor Agency	840,515	02/01/20	1	0.8%	0.01	9,221,568	
Total Bank Accounts	9,221,568						
State Local Agency Investment Fund	36,964,070	02/01/20	1	34.7%	0.35	36,964,070	
US Bank	10,166,912	02/01/20	1	9.5%	0.10	10,166,912	
Total Money Market Accounts	10,166,912						
Valley N B CD	250,060	02/07/20	7	0.2%	0.02	250,060	
Corporate Bonds	250,060						
						56,602,609	1 - 30 days
Iberia Bank CD	250,283	03/02/20	31	0.2%	0.07		
Compass BK CD	250,300	03/04/20	33	0.2%	0.08	500,583	
Corporate Bonds	500,583						
Morgan Stanley	199,842	03/31/20	60	0.2%	0.11	199,842	
US Treasury	199,842						
						700,425	31 - 60 days
Wells Fargo Sec LLC	199,882	04/06/20	66	0.2%	0.12		
Wells Fargo Sec LLC	204,926	05/13/20	103	0.2%	0.20	404,808	
Government Securities	404,808						
Bank of OZK C D	250,395	04/09/20	69	0.2%	0.16		
United Bankers CD	250,963	05/19/20	109	0.2%	0.26		
Brookline Bank CD	251,098	05/29/20	119	0.2%	0.28	752,455	
Corporate Bonds	752,455						
						1,157,263	61 - 120 days
First Financial CD	251,320	06/26/20	147	0.2%	0.35		
Ally Bank Midvale Utah	251,190	06/29/20	150	0.2%	0.35		
TCF National Bank CD	251,055	07/02/20	153	0.2%	0.36		
Wells Fargo Bank CD	251,455	07/27/20	178	0.2%	0.42	1,005,020	
Corporate Bonds	1,005,020						
						1,005,020	121 - 180 days
Federal Home Loan Bks	1,501,935	09/28/20	241	1.4%	3.40		
Deutsche Bank Sec Intl	1,499,790	10/30/20	273	1.4%	3.84		
Deutsche Bank Sec Intl	1,499,625	11/30/20	304	1.4%	4.28	4,501,350	
Government Securities	4,501,350						
Bank Pontiac ILL C D	250,985	08/14/20	196	0.2%	0.46		
State Street Bank Note	100,457	08/18/20	200	0.1%	0.19		
Bank of Hope CD	251,828	09/14/20	227	0.2%	0.54		
Comenity CAP BK CD	250,680	10/23/20	266	0.2%	0.63		
First Internet CD	253,095	12/28/20	332	0.2%	0.79	1,107,045	
Corporate Bonds	1,107,045						
						5,608,395	181 - 1 year
Federal Farm Credit Bks	1,250,013	09/13/21	591	1.2%	6.94		
Deutsche Bank Sec Intl	1,499,790	10/07/21	615	1.4%	8.66		
Federal Farm Credit Bks	2,020,820	11/19/21	658	1.9%	12.48	4,770,623	
Government Securities	4,770,623						
Live Oak CD	253,470	02/09/21	375	0.2%	0.89		
Eagle Bank CD	253,315	03/08/21	402	0.2%	0.96		
CitiBank NA CD	253,263	04/12/21	437	0.2%	1.04		
Capital One NA CD	250,885	05/24/21	479	0.2%	1.13		
B Bay LLC Promissory Notebal	254,778	07/13/21	529	0.2%	1.27		

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

	Market Value	Availability 01/31/20 02/01/20	No. of days until maturity	weight	days to maturity weighted average	Total by maturity	
January 31, 2020							
First National Bank C D	250,118	07/30/21	546	0.2%	1.28		
Capital One Bank CD	251,600	08/02/21	549	0.2%	1.30		
Abacus Federal CD	254,783	08/31/21	578	0.2%	1.38		
First Fid Bank C D	254,688	09/14/21	592	0.2%	1.42		
Wells Fargo Bank CD	252,533	12/08/21	677	0.2%	1.61	2,529,430	
Corporate Bonds	2,529,430						
						7,300,053	1- 2 years
Federal Home Loan Bks	1,503,465	05/06/22	826	1.4%	11.66		
Federal Farm Credit Bks	1,001,770	06/03/22	854	0.9%	8.03		
Federal Farm Credit Bks	3,005,400	07/22/22	903	2.8%	25.48		
Federal Farm Credit Bks DEB	2,011,280	12/27/22	1,061	1.9%	20.03	7,521,915	
Government Securities	7,521,915						
Synchrony Bank CD	255,105	03/08/22	767	0.2%	1.84		
Sterling Bank CD	257,183	03/09/22	768	0.2%	1.85		
Morgan Stanley CD	255,663	03/14/22	773	0.2%	1.86		
American CD	249,097	04/05/22	795	0.2%	1.86		
First Northeast CD	248,568	04/19/22	809	0.2%	1.89		
Old Missouri CD	257,723	05/05/22	825	0.2%	2.00		
American Express CD	253,388	08/29/22	941	0.2%	2.24		
Cross Riv Bank C D	250,925	11/07/22	1,011	0.2%	2.38		
Flagstar Bank FSB CD	250,593	11/15/22	1,019	0.2%	2.40		
Wells Fargo Natl C D	250,973	12/30/22	1,064	0.2%	2.51		
Apple Inc	512,555	01/13/23	1,078	0.5%	5.19	3,041,771	
Corporate Bonds	3,041,771						
						10,563,686	2- 3 years
Federal Home LN Corp MTN	1,500,825	12/18/23	1,417	1.4%	19.97	1,500,825	
Government Securities	1,500,825						
Goldman Sachs CD	258,050	02/28/23	1,124	0.2%	2.72		
Sallie Mae Bank Salt Lke	261,580	05/09/23	1,194	0.2%	2.93		
Discover Bank Greenwood Del CD	262,880	07/11/23	1,257	0.2%	3.10		
Raymond James C D	250,030	12/29/23	1,428	0.2%	3.35		
BMO Harris Bank C D	250,500	01/30/24	1,460	0.2%	3.43	1,283,040	
Corporate Bonds	1,283,040						
						2,783,865	3- 4 years
Morgan Stanley & Co	2,005,480	04/30/24	1,551	1.9%	29.20		
Federal Home LN Corp MTN	1,501,590	05/15/24	1,566	1.4%	22.08		
Federal Home Loan Bks	2,506,400	06/05/24	1,587	2.4%	37.34		
Federal Home LN Corp	1,003,460	06/17/24	1,599	0.9%	15.06		
Federal Home LN Corp	1,502,490	07/30/24	1,642	1.4%	23.16		
Federal Home LN Corp MTN	2,000,020	07/30/24	1,642	1.9%	30.83		
Federal Farm Credit Bks	1,500,540	08/13/24	1,656	1.4%	23.33		
Federal Home LN Corp	1,502,220	09/18/24	1,692	1.4%	23.86		
Federal Home Loan Bks	1,250,000	10/02/24	1,706	1.2%	20.02		
Federal Home LN Corp MTN	1,501,545	11/12/24	1,747	1.4%	24.63		
Federal Home LN Corp MTN	1,500,405	11/25/24	1,760	1.4%	24.79		
Federal Home LN Bks DEB	1,003,250	12/16/24	1,781	0.9%	16.77	18,777,400	
Government Securities	18,777,400						
Bank Hapoalim BM C D	245,166	03/25/24	1,515	0.2%	3.49		
UBS Bank USA C D	260,908	04/03/24	1,524	0.2%	3.73		
Morgan Stanley C D	259,493	05/02/24	1,553	0.2%	3.78		
Jonesboro St Bank C D	250,058	09/16/24	1,690	0.2%	3.97		
State Bank of C D	252,313	11/27/24	1,762	0.2%	4.17		
Enerbank USA C D	249,313	01/29/25	1,825	0.2%	4.27	1,517,249	
Corporate Bonds	1,517,249						
						20,294,649	4- 5 years

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

	Market Value	Availability 01/31/20 02/01/20	No. of days until maturity	weight	days to maturity weighted average	Total by maturity	
January 31, 2020							
JP Morgan Chase C D	250,543	01/31/25	1,827	0.2%	4.30		
Merrick Bank C D	248,713	01/31/25	1,827	0.2%	4.27	499,255	
Corporate Bonds	499,255					499,255	5- 6 years
Total Investments	\$ 106,515,218			100.00%	507.56	\$ 106,515,218	
	Average Maturity in Days		507.56				
	Average Maturity in Years:		1.391				
LAIF Amortized Cost	\$ 100,623,558,185						
LAIF Fair Value	\$ 101,307,906,613						
Check:	1.006801076						

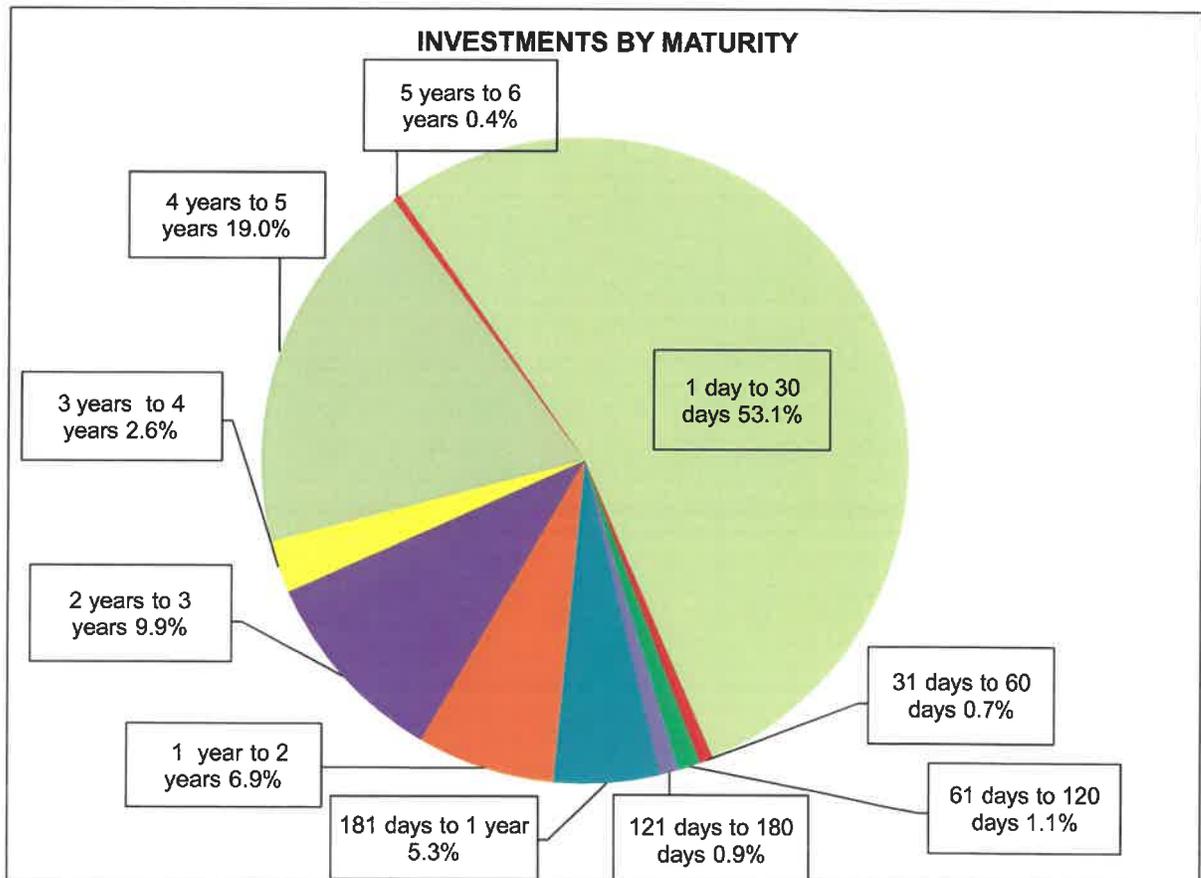
TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

January 31, 2020

**Par Values Maturing by Date and Type
Maturities in Thousands of Dollars**

Investment Portfolio	1 day to 30 days	31 days to 60 days	61 days to 120 days	121 days to 180 days	181 days to 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	5 years to 6 years
State Local Agency Investment Fund	36,964	-	-	-	-	-	-	-	-	-
Bank Accounts and Change Funds	9,222	-	-	-	-	-	-	-	-	-
ABS	-	-	-	-	-	-	-	-	-	-
Government Securities	-	-	405	-	4,501	4,771	7,522	1,501	18,777	-
Money Market Fund	10,167	-	-	-	-	-	-	-	-	-
Corporate Bonds	250	501	752	1,005	1,107	2,529	3,042	1,283	1,517	499
US Treasury	-	200	-	-	-	-	-	-	-	-
Total Cash and Investments	56,603	701	1,157	1,005	5,608	7,300	10,564	2,784	20,294	499
Percentage	53.1%	0.7%	1.1%	0.9%	5.3%	6.9%	9.9%	2.6%	19.0%	0.4%





STAFF REPORT

ITEM NO. 11.C.

DATE: March 9, 2020
TO: MAYOR AND CITY COUNCIL
FROM: ROSEMARY HOERNING, CITY MANAGER
PREPARED BY: KERI JOHNSON, CITY CLERK
SUBJECT: APPOINTMENTS TO THE PLANNING COMMISSION

RECOMMENDED ACTION

It is recommended that the City Council ratify the Mayor's appointment of Serge Mayer and Patrick Shim to the Planning Commission, terms expiring June 2023.

GOAL STATEMENT

The proposed action supports the City's goal to provide opportunities for the citizenry to participate in local government through service on various committees, commissions, and boards.

BACKGROUND

The Planning Commission was established in 1930 pursuant to the Planning Act of 1929. Changes to the Commission were later made in 1950 in accordance with the Conservation and Planning Act. The Planning Commission is comprised of seven members, appointed by the City Council, to review and act on matters related to planning and development. Resolution No. 6504 sets forth the process for appointment and states the Mayor shall appoint the Committee, Commission, Board, and Authority members subject to ratification by the majority of the Council.

The two positions to be filled on the Planning Commission are regularly scheduled vacancies with terms that expired in June 2019. Pursuant to Government Code Section 54972, the expiring terms of the Planning Commission members was duly posted prior to December 31, 2018.

ISSUES/ANALYSIS

At the regular meeting of the City Council on June 10, 2019, the Council considered the reappointment of Commissioners Brouse and Verrinder. At that time the Council tabled the item and directed staff to recruit additional applicants. The City Clerk's office posted a notice requesting applications for the Planning Commission. The notice was posted on the City's website homepage, the City Hall electronic marquee, and on social media. During the 17 day application period, three applications were submitted to the City Clerk's office.

At the regular meeting of the City Council on July 8, 2019, the Council reviewed and discussed the selection process for the Planning Commission and directed staff to move forward with the current selection process.

On July 30, 2019, interviews were conducted by a panel consisting of Mayor Stone, Mayor Pro Tem Elliott, Planning Commission Chair Schwary, and Development Services Director Dalquest. A total of fourteen applicants were interviewed. At the conclusion of the interviews, Shelly Verrinder and Candace Moffitt were ranked the top two candidates. At the regular meeting of the City Council on August 12, 2019 the Council did not ratify the appointments and the Mayor directed the staff to open the recruitment process for Planning Commissioner applications. Once again, the City Clerk's office posted a notice requesting applications for the Planning Commission. The notice was posted on the City's website homepage, the City Hall electronic marquee, and on social media.

On February 3 and 13, 2020, interviews were conducted by a panel consisting of Mayor Stone, Mayor Pro Tem Felix, Planning Commission Chair Aspinall, and Development Services Director Dalquest. A total of seventeen applicants were interviewed. At the conclusion of the interviews, Serge Mayer and Patrick Shim were ranked the top two candidates and it was agreed that they would be positive additions to the Planning Commission.

Below for Council's reference are the names, listed in alphabetical order, of the remaining applicants that were interviewed for the two openings.

- Lois Sicking Dieter
- Grant Gengel
- Thomas Grahn
- John Ickis
- Brigitte James
- Lorraine Kindred
- Edward McNabb
- David Moore
- Allen Nicely
- Marian Nichols
- Howard Nugen
- Beverly Reyes
- Brinda Sarathy
- Eugenia Schluter
- Ruby Simpson

FISCAL IMPACTS

There is no fiscal impact associated with this action.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

**Serge Mayer application
Patrick Shim application
Resolution No. 6504**



RECEIVED
UPLAND CITY
CLERK'S OFFICE

City of Upland
Public Service Application for Boards, Committees, or Commissions

AUG 27 AM 9:38

Name: Serge Mayer

Date: 8/24/19

- I want to generally apply for all committees
- I am applying specifically for the following:
PLANNING COMMISSION

When are you available for meeting? (Check all that apply)

Mornings
sometimes

Afternoons
sometimes

Evenings
mostly

General Information

Home Address: [REDACTED]

Home Phone: [REDACTED]

Email Address: [REDACTED]

Present Employer: Marshall ENGINEERING GROUP, INC.

Business Address: [REDACTED]

Business Phone: [REDACTED]

I am also self employed as an Architect.

Activities Information

Professional Activities: I am an Architect and work on Residential and commercial Project. I ~~am~~ Also work in civil engineering under a licensed Civil engineer.

Community Activities: involved with boy scouts, (troop 616) my church, and church youth group.

Education Information

Professional 5 year Bachelors Degree in Architecture from Cal Poly Pomona, Licensed Architect, HAMF Radio License, Culinary ~~Arts~~ Arts Certificate.

In 300 words or less, explain reasons for wanting to serve:

I want to serve in the community. Planning Commission is where I think I have a lot to offer. I have the ability to Read and understand Plans well. I love UPLAND AND WANT TO Help keep and improve the vibrant community that we are. I have attended ~~many~~ planning commissions in ~~many~~ ^{Other} cities and have found that It is a great advantage to have at least one Professional Designer on the commission, But that is not always the case. I would love to help UPLAND and the Residence here.

List three (3) community references:

1. LAURINE CLARK, (UPLAND, CA) Friend
[REDACTED]

2. Timothy Jensen (Upland, CA) Friend
[REDACTED]

3. Jim Thomas (Upland, CA) Friend
[REDACTED]

[REDACTED]
Signature



City of Upland

Public Service Application for Boards, Committees, or Commissions

Name: PATRICK Y. SHIM

Date: 12/10/2019

- I want to generally apply for all committees
 I am applying specifically for the following:
PLANNING COMMISSION

When are you available for meeting? (Check all that apply)

- Mornings Afternoons Evenings

General Information

Home Address: [REDACTED]

Home Phone: [REDACTED]

Email Address: [REDACTED]

Present Employer: MIRAE ASSET SECURITIES & INVESTMENTS (USA), LLC

Business Address: [REDACTED]

Business Phone: [REDACTED]

Activities Information

Professional Activities: MANAGING DIRECTOR OF A GLOBAL INVESTMENT FIRM WITH ABOUT \$400 BILLION UNDER MANAGEMENT.

Community Activities: MEMBER, THE CALIFORNIA CLUB
FORMER BOARD MEMBER, FOOTHILL FAMILY SERVICE
FORMER CHAIR, LA CHAPTER, CMC ALUMNI ASSOCIATION

Education Information

STUDIED ECONOMICS, CLAREMONT MCKENNA COLLEGE (DID NOT GRADUATE)

RESOLUTION NO. 6504

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF UPLAND
AMENDING THE POLICIES AND PROCEDURES RELATIVE TO THE
ESTABLISHMENT AND OPERATION OF COMMISSIONS,
COMMITTEES, BOARDS, AND AUTHORITIES APPOINTED TO
ADVISE THE CITY COUNCIL

Intent of the Parties and Findings

(i) The use of citizen Commissions, Committees, Boards, and Authorities to advise the City Council on issues of public concern is an efficient and effective means of involving citizens in policy development; and

(ii) Chapter 2.16 and Section 2.20.030 of the Upland Municipal Code provides that the City Council shall by resolution, establish a process for the screening of individuals desiring to serve as City Commission, Committee, Boards or Authority members; and

(iii) The effective use of these Commissions, Committees, Boards, and Authorities is furthered by clear guidelines governing their creation and operation; and

(iv) The City Council adopted Resolution No. 4331 which established guidelines governing the creation and operation of established Commissions, Committees, Boards and Authorities; and

(v) From time to time there is a need to eliminate or amend the established rules governing the operation and creation of Commissions, Committees, Boards, and Authorities, which was the basis for the adoption of Resolutions No. 5786, 6038, 6270, and 6397; and

(vi) The City desires to provide a fair and equitable manner by which citizens are appointed to City Commissions, Committees, Boards, and Authorities, which is free of undue influence, but which advances the authority provided by Government Code Section 40605; and

(vii) The City Council may establish standing committees of the legislative body to provide an opportunity for fact finding prior to consideration by the entire Council; and

(viii) The City Council established the Recreation Committee by Resolution No. 4839 on June 9, 1997, and rescinded previously adopted Resolution Nos. 2600, 3324, 3626, 4212 and 4474 and amended Resolution Nos. 4331 and 5007; and

(ix) The City Council later amended the composition of the Recreation Committee with Resolution No. 5007, dated February 8, 1999, adding two School Board Members to the Committee; and

(x) The City Council added the Finance & Economic Development Committee, Police & Fire Committee, and Public Works Committee with Resolution No. 5290, dated December 10, 2001.

(xi) The Council amended the Standing Legislative Committees by Resolution No. 6397 to include Economic Development Committee, Police & Fire Committee, Public Works Committee, and Investments Committee.

(xii) The City Council established the Litigation Committee by Resolution No. 6447 dated May 29, 2018.

NOW, THEREFORE, the Upland City Council hereby finds, determines and resolves as follows:

Section 1. The City Council hereby amends the established guidelines for Authorities, Boards, Committees, and Commissions of the City (as attached) including incorporating, by reference, all prior actions taken by the City Council to eliminate or modify Committees, to the extent they are not inconsistent with the attached guidelines.

Section 2. Amend the Standing Legislative Committees to include Economic Development Committee, Finance Committee, Police & Fire Committee, and Public Works Committee.

Section 2. The City Council hereby further amends the established guidelines for Authorities, Boards, Committees and Commissions of the City (as attached) to include guidelines for standing legislative committees.

Section 3. Certification. The City Clerk shall certify the adoption of this Resolution and enter it into the book of original resolutions.

PASSED, APPROVED and ADOPTED this 12th day of August, 2019.



Debbie Stone, Mayor

I, Keri Johnson, City Clerk of the City of Upland, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council held on the 12th day of August, 2019, by the following vote:

AYES: Mayor Stone, Councilmembers Elliott, Felix, Velto, Zuniga
NOES: None
ABSENT: None
ABSTAINED: None

ATTEST:


Keri Johnson, City Clerk

COMMISSIONS, COMMITTEES, BOARDS, AND AUTHORITIES

SECTION 1. CREATION OF COMMISSIONS, COMMITTEES, BOARDS, AND AUTHORITIES

The Upland City Council shall have the power from time to time by resolution to create such Commissions, Committees, Boards, and Authorities which are necessary or deemed advisable by the Council to carry out the governmental functions of the City in the manner reflecting the best interest of its citizens. The number of members to each Commission, Committee, Board, and/or Authority shall unless otherwise required by law, correspond to the number of members of the appointing body as authorized by law. Each active member of the Upland City Council shall have an appointee on each Commission, Committee, Board and/or Authority. Each appointee shall be a citizen nominated by the Mayor or Councilmember, respectively, and approved by a majority vote of the City Council and appointed by the Mayor.

SECTION 2. DEFINITION

"Commission" shall be any group established pursuant to the Upland Municipal Code. "Committee" shall be any group of individuals which shall have any ongoing charge from the City Council and which are formed by resolution. "Committee" shall not include Committees composed solely of elected officials. "Board" shall be any group formed pursuant to State law providing for same. "Authority" shall be any group formed pursuant to State law providing for same. "Standing Legislative Committee" shall include committees comprised of elected officials who will review operational concerns prior to official council action.

SECTION 3. APPLICABILITY

The provisions of this resolution shall apply to all Commissions, Committees, Boards, and Authorities hereafter created by resolution of the City Council and to existing Commissions, Committees, Boards, and Authorities as identified on the attachments hereto. The provisions of this resolution shall supersede any minute motion or resolution of any prior City Council of Upland which is in conflict with the provisions of this document. Insofar as possible, the provisions of this resolution shall govern the operation and creation of Commissions, Committees, Boards, and Authorities appointed by the City Council except in those instances where the provisions of this resolution conflict with provisions of State or Federal law.

SECTION 4. APPOINTMENT AND APPLICATION PROCESS

The City Clerk shall maintain a roster of individuals who expressed interest in serving on City Commissions, Committees, Boards, and Authorities, who may be nominated by a serving member of the City Council, and who have completed an application form in a manner established or approved by the City Council. Said application shall indicate among other things, the Commission, Committee, Board, or Authority on which said individual is interested in serving. Any application filed shall be valid for a period of three (3) years. Incumbent Commission, Committee, Board, or Authority members shall submit an application prior to the end of their term if they would like to be considered for reappointment. Members of the City Council shall make appointments from this roster.

SECTION 5. SELECTION AND APPOINTMENT

Members of the City Council requiring representation on a particular Commission, Committee, Board, or Authority shall review the list of applicants and submit a nominee to the City Clerk. The City Clerk shall place nominations before the City Council for its review and approval as and when necessary.

For selections made by the Mayor and ratified by the City Council, the Mayor shall review the list of applicants and submit a nominee to the City Clerk. The City Clerk shall place the nominations before the City Council for its review and approval as and when necessary.

In appointing Planning Commissioners, the Mayor shall establish an interview panel composed of the Mayor (or another Councilmember appointed by the Mayor), the Mayor Pro Tem (or another Councilmember appointed by the Mayor), the Chair of the Planning Commission, and the Development Services Director (advisory). All applicants will be interviewed and the interview panel shall recommend to the Mayor at least one of those which a majority of the interview panel believe to be qualified. The Mayor shall appoint the Commissioners for ratification by the Council.

Appointments to standing legislative committees (Economic Development, Finance Committee, Police & Fire Committee, and Public Works Committee) are made by the Mayor biannually to coincide with elections and may be reviewed and reassigned annually or as needed.

SECTION 6. TERMS OF COMMISSION, COMMITTEES, BOARDS, AND AUTHORITIES

For Council nominated appointments the term of each Commission, Committee, Board, and Authority member shall coincide with the holding of office by the nominating member of the City Council, unless otherwise prescribed by resolution creating the Commission, Committee, Board, or Authority.

For appointments made by the Mayor, the term shall be as outlined in the creation of the Commission, Committee, Board, or Authority.

No Commission, Committee, Board, or Authority member shall serve for more than two (2) consecutive terms on any individual Committee, Commission, Board, or Authority without the approval of the City Council by an affirmative 4/5ths vote.

SECTION 7. REMOVAL FROM COMMISSION, COMMITTEES, BOARDS, AND AUTHORITIES

Any Committee, Commission, Board, or Authority member may be removed from office during their unexpired term upon 4/5ths vote of the City Council, when in the sole discretion of the Council said removal is deemed appropriate. Notwithstanding the foregoing, if the appointee's nominating Councilmember is no longer a part of the Upland City Council or Mayor, that appointee shall be deemed to have automatically resigned the seat they hold upon the filling of the City Council vacancy.

SECTION 8. RESIDENCY OF COMMISSION, COMMITTEE, BOARD, AND AUTHORITY MEMBERS

In order to be appointed to a Commission, Committee, Board, or Authority, a prospective appointee must be a resident of the City of Upland and must remain in residence throughout

the term of their appointment, unless a member is appointed by another entity. This provision may be waived upon an affirmative 4/5ths vote of the Council.

SECTION 9. CHAIRPERSON SELECTION

With the exception of the Planning Commission, the Library Board, and the Personnel Board of Review, the member appointed by the Mayor to any Commission, Committee, Board, and/or Authority shall serve as the Chairperson of that body. With regard to the Planning Commission, the Library Board, and the Personnel Board of Review, the members of said bodies shall select, nominate, and appoint by majority consensus, a sitting member of the Body to the position of Chairperson. The term of the Chairperson shall be for 2 years. No Chairperson shall serve for more than two (2) consecutive terms without the approval of the City Council by an affirmative 4/5ths vote.

SECTION 10. POSTING REQUIRED

The City Clerk shall, before December 31st of each year, develop a listing of all scheduled vacancies on City Commissions, Committees, Boards, and/or Authorities expected during the next twelve (12) months. In addition to the requirement of the Government Code, said list shall be posted at City buildings and other locations as may be designated from time to time by City Council resolution, for a period of thirty (30) days and announced at a Council meeting in December. Said listing shall advise interested parties to obtain application forms and related materials at the City Clerk's office. In addition, the City Clerk shall publish said list in the city newsletter seeking applications from interested parties and listing scheduled vacancies during the same thirty (30) day period. Unscheduled vacancies shall be advertised in accordance with the Government Code and posted at the same location as scheduled vacancies.

SECTION 11. DUTIES

The Commissions, Committees, Boards, and Authorities established by the Council shall perform such duties and have such powers as may be established from time to time by the Council.

SECTION 12. ATTENDANCE

In any case where a Commission, Committee, Board, and/or Authority member has missed three (3) regularly scheduled meetings in a twelve (12) month period without notifying the Chair of said Commission, Committee, Board, and/or Authority in advance of said meeting, the City Clerk shall contact the Commission, Committee, Board, and/or Authority member with a request to provide the reasons therefore, which shall be forwarded to the City Council.

SECTION 13. OPEN MEETINGS

All Commission, Committee, Board, and Authority meetings shall be conducted pursuant to the provisions of the Ralph M. Brown Act and the City Clerk shall maintain a copy of all agendas and minutes of all meetings.

BUILDING APPEALS BOARD

PURPOSE

To determine the suitability of alternate materials and methods of construction and to provide reasonable interpretations of the Uniform Building Code, Uniform Mechanical Code, Uniform Plumbing Code, the Uniform Housing Code, Uniform Code for the Abatement of Dangerous Buildings, National Electric Code, and the Seismic Hazards Reduction Ordinance.

MEMBERSHIP

5 Members Total

Selected from the following classifications:

- a. Architect or Engineer
- b. Attorney
- c. Contractor – Electrical, Mechanical, Plumbing or General

LENGTH OF TERM/FREQUENCY OF MEETINGS

4 Year Term / Meetings are scheduled as needed as appeals are received.

No member may serve more than two full consecutive terms, unless approved by a 4/5ths vote of the Council

SELECTION PROCESS

- The City Clerk causes a request for volunteers to be posted
- Using the criteria for membership, the Building Official determines if applicants are qualified and passes all qualified candidates to the City Clerk
- Each member of the City Council shall submit their nomination from the list of qualified candidates to the City Clerk for consideration at a Council meeting

CODE REFERENCES

Resolution 4107
Resolution 2725
Ordinance 1882

(effective July 27, 1992)

CITY COUNCIL ADVISORY COMMITTEE

PURPOSE

Review of any matters which may be referred to the Committee from time to time. If so directed, the City Council Advisory Committee will be responsible for performing an analysis and present recommendations to the City Council.

MEMBERSHIP

5 Members Total
Nominated by Councilmembers

LENGTH OF TERM/FREQUENCY OF MEETINGS

- 4 year terms to coincide with the terms of Mayor and Councilmember making nomination
- No applicant may serve more than two full consecutive terms, unless approved by a 4/5ths vote of the Council
- Meets quarterly, the first Wednesday of March, June, September and December

SELECTION PROCESS

Each member of the City Council shall submit their nomination to the City Clerk for consideration at a Council meeting.

CODE REFERENCE

Ordinance 1812, 10/8/2006
Ordinance 1428, Section 2, 6/20/88
Ordinance 1416, Section 1, 12/21/87
Ordinance 1563, Section 1, 10/26/72
Council Minutes 7/3/72

COMMUNITY DEVELOPMENT BLOCK GRANT COMMITTEE

PURPOSE

Annually review applications for Community Development Block Grant funds, conduct hearings to determine the most effective use of the grant funds and provide recommendations to the City Council.

MEMBERSHIP

5 Members Total
Nominated by Councilmembers

LENGTH OF TERM/FREQUENCY OF MEETINGS

- 4 year terms to coincide with the terms of Mayor and Councilmember making nomination
- No applicant may serve more than two full consecutive terms, unless approved by a 4/5ths vote of the Council
- Meetings held from January through April, with additional meetings on an as needed basis

SELECTION PROCESS

Each member of the City Council shall submit their nomination to the City Clerk for consideration at a Council meeting.

CODE REFERENCE

- Council Minutes 3/14/89

LIBRARY BOARD

PURPOSE

The Upland Public Library serves the community by providing materials and staff assistance for meeting the informal and educational needs of the library users.

MEMBERSHIP

- 5 Citizens at Large
- 1 Council Liaison (advisory)
- 1 Friends of the Library Liaison (advisory)

LENGTH OF TERMS/FREQUENCY OF MEETINGS

- 3 Year Term
- Meetings held the second Wednesday of the month
- No applicant shall serve more than two full consecutive terms, unless approved by a 4/5ths vote of the Council

SELECTION PROCESS

Mayor shall appoint with Council ratification

CODE REFERENCES

UMC Section 2.28.010
California Library laws, Education Code 1990
Ordinance No. 99

PERSONNEL BOARD OF REVIEW

PURPOSE

The functions of the board shall be to hear appeals as provided by this part and by rule, except matters pertaining to the meet and confer process.

MEMBERSHIP

3 Members Total
1 Alternate Member

LENGTH OF TERM/FREQUENCY OF MEETINGS

- 4 Year Term
- No applicant shall serve more than two full consecutive terms, unless approved by a 4/5ths vote of the Council
- On call by the Human Resources Manager

SELECTION PROCESS

- 1 member - Council appointment shall be made by the Mayor, with Council ratification
- 1 member - Employee Associations submits name(s) and Council selects appointment
- 1 member agreed upon by Council and Employee Associations
- 1 alternate member agreed upon by Council and Employee Associations

CODE REFERENCE

UMC Section 2.36.160
Ordinance 1566
Ordinance 1494
Minute Action 5/31/1945

PLANNING COMMISSION

PURPOSE

The powers and duties of the Planning Commission shall be to:

1. Prepare, periodically review, and revise, as necessary the General Plan
2. Annually review the Capital Improvement Program of the City and the local public works projects of other local agencies for their consistency with the General Plan
3. Perform other functions as the City Council provides
4. Perform such other land use-related functions pursuant to State laws pertaining to conservation, planning, and zoning as the council may direct or provide
5. Serve as the Airport Land Use Committee, applying the procedures and findings set forth in the Municipal Code in regards to all processes relating to a request for an implementation/land use compatibility decision, preparation, adoption and amendment to the Comprehensive Airport Land Use Plan of the City of Upland conforming to requirements set forth in Public Utilities Section 21670.1
6. Serve as the Historic Preservation Committee as outlined in the Upland Municipal Code

MEMBERSHIP

7 Members Total

Airport Land Use Committee consists of:

7 Planning Commissioners

2 ALUC members (possess expertise in aviation)

LENGTH OF TERM/FREQUENCY OF MEETINGS

- 4 year terms
- No applicant may serve more than two full consecutive terms, unless approved by a 4/5ths vote of the Council
- Once a month, 4th Wednesday
- Commissioners receive \$100 compensation per meeting (not to exceed \$200 per month)

SELECTION PROCESS

- The City Clerk causes a request for volunteers to be posted
- Mayor (or Mayor designee), Mayor Pro Tem (or Mayor designee), Planning Commission Chair (or designee selected by Planning Commission), and Development Services Director (advisory) shall serve as an interview panel and interview each applicant
- Interview panel shall recommend at least one candidate per opening to the Mayor for ratification by the Council
- Airport Land Use Commissioners - Mayor shall appoint with Council ratification

CODE REFERENCE

UMC Chapter 17.43.030
Resolution 6397
Resolution 6270
Resolution 4697
Ordinance 1202
Ordinance 415

STREET TREE ADVISORY COMMITTEE

PURPOSE

This Committee shall study and review the proposed Urban Forestry Management Plan and make appropriate recommendation to Council and staff regarding the matters contained therein; to provide an avenue for citizens to appeal special circumstantial tree problems (i.e., tree removals, street tree designations, spraying for fruit insects); and to review tree removal and other policies.

MEMBERSHIP

5 Members Total
Selected from 5 Citizens at Large

LENGTH OF TERM

- 4 year terms
- No applicant may serve more than two full consecutive terms, unless approved by a 4/5ths vote of the Council

MEETINGS

Meets the 2nd Thursday of , January, March, May, July, September and November

SELECTION PROCESS

Each member of the City Council shall submit their nomination to the City Clerk for consideration at a Council meeting.

CODE REFERENCE

Resolution 5786
Resolution 5201
Resolution 4462

TRAFFIC SAFETY ADVISORY COMMITTEE

PURPOSE

To advise Council and staff of community concerns regarding issues of traffic safety and to recommend solutions to those concerns.

MEMBERSHIP

10 Members Total

5 Citizens at Large (one nominated by each Councilmember)
1 Upland Unified School District

1 Chamber of Commerce Representative

Non Voting Liaison members:

1 Upland Police Department Liaison

1 Engineering Department Liaison

1 Upland School District Representative

LENGTH OF TERM/FREQUENCY OF MEETINGS

- 4 Year Term (except Police and Engineering Liaisons)
- No applicant shall serve more than two full consecutive terms, unless approved by a 4/5ths vote of the Council

Meets quarterly the first Wednesday of February, May, August and November, 8:30 a.m. at the Police Department

SELECTION PROCESS

Citizens at Large - Each member of the City Council shall submit their nomination to the City Clerk for consideration at a Council meeting.

CODE REFERENCE

Resolution 6147

Upland Council Minutes, 11/6/78

Upland Council Minutes, 10/6/64

ECONOMIC DEVELOPMENT COMMITTEE

PURPOSE

The function of the Committee is to provide an opportunity for review and fact finding relative to significant projects, programs, or activities in economic development operations prior to consideration by the entire Council.

MEMBERSHIP

2 City Council Members

LENGTH OF TERM/FREQUENCY OF MEETINGS

- Appointments may coincide with elections biannually or be reviewed and reassigned annually as desired by the Mayor
- Meets quarterly, the first Monday of March, June, September, and December

SELECTION PROCESS

All Standing Legislative Committees are appointed by the Mayor with Council ratification

CODE REFERENCE

UMC Section 2.16.010
Resolution No. 6397
Resolution No. 5290
Upland City Council Minutes, 12/01/2001

POLICE & FIRE COMMITTEE

PURPOSE

The function of the Committee is to provide an opportunity for review and fact finding relative to significant projects, programs, or activities in public safety operations prior to consideration by the entire Council.

MEMBERSHIP

2 City Council Members

LENGTH OF TERM/FREQUENCY OF MEETINGS

- Appointments may coincide with elections biannually or be reviewed and reassigned annually as desired by the Mayor
- Meets quarterly, the 4th Monday of March, June, September, and December

SELECTION PROCESS

All Standing Legislative Committees are appointed by the Mayor with Council ratification

CODE REFERENCE

UMC Section 2.16.010
Resolution No. 5290
Upland City Council Minutes, 12/01/2001

PUBLIC WORKS COMMITTEE

PURPOSE

The function of the Committee is to provide an opportunity for review and fact finding relative to significant projects, programs, or activities in Public Works operations prior to consideration by the entire Council.

MEMBERSHIP

2 City Council Members

LENGTH OF TERM/FREQUENCY OF MEETINGS

- Appointments may coincide with elections biannually or be reviewed and reassigned annually as desired by the Mayor
- Meets quarterly, the 2nd Tuesday of January, April, July, and October

SELECTION PROCESS

All Standing Legislative Committees are appointed by the Mayor with Council ratification

CODE REFERENCE

UMC Section 2.16.010

Resolution No. 5290

Upland City Council Minutes, 12/01/2001

FINANCE COMMITTEE

PURPOSE

The Committee shall be responsible for reviewing matters pertaining to the finances of the City. This may include reviewing warrants and registers, financial statements, investment reports, the City's annual independent audit, City fees and service charges, and operating budgets

MEMBERSHIP

2 City Council Members
Finance Officer (staff)
City Treasurer (review of quarterly investment reports)

LENGTH OF TERM/FREQUENCY OF MEETINGS

- Appointments may coincide with elections biannually or be reviewed and reassigned annually as desired by the Mayor with the exception of the Finance Officer
- Meets quarterly, the 4th Wednesday of January, April, July, and October

SELECTION PROCESS

The City Treasurer is an established elected position and shall review and provide input on the quarterly investment reports. All Standing Legislative Committees are appointed by the Mayor with Council ratification

CODE REFERENCE

UMC Section 2.16.010
Resolution No. 6397
Resolution No. 6394 (Investment Policy)



STAFF REPORT

ITEM NO. 11.D.

DATE: March 9, 2020
TO: MAYOR AND CITY COUNCIL
FROM: ROSEMARY HOERNING, CITY MANAGER
PREPARED BY: KERI JOHNSON, CITY CLERK
SUBJECT: RESIGNATION OF PERSONNEL BOARD OF REVIEW MEMBER

RECOMMENDED ACTION

It is recommended that the City Council accept the resignation of Steve Bierbaum, who serves on the Personnel Board of Review.

GOAL STATEMENT

The proposed action supports the City's goal to provide opportunities for the citizenry to participate in local government through service on various committees, commissions, and boards.

BACKGROUND

Pursuant to the Upland Municipal Code, the Personnel Board of Review was established. The Board consists of three members and one alternate. One member is nominated by the City Council, one member is nominated and mutually agreed upon by the City Council and the Employee Associations, and the third member is selected from names submitted by Employee Associations. Mr. Bierbaum was the Employee Associations' nominee.

ISSUES/ANALYSIS

Board Member Steve Bierbaum submitted his resignation on February 27, 2020, and the notice of vacancy was posted on March 2, 2020, pursuant to Government Code Section 54974.

Government Code Section 54974 requires vacancies be posted for 10 working days before new appointments can be made. Pursuant to Government Code Section 40605, the Mayor shall appoint Committee, Board, and Authority members subject to ratification by a majority of the Council. The selection of a board member will need to be nominated by the Employee

Associations before presentation to City Council. Mr. Bierbaum was originally appointed in March 2019 to fill an unscheduled vacancy, and was reappointed to the board in June 2019. The term for this appointment expires in June 2023.

FISCAL IMPACTS

There are no fiscal impacts associated with this action.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

No Attachments Available



STAFF REPORT

ITEM NO. 11.E.

DATE: March 9, 2020
TO: MAYOR AND CITY COUNCIL
FROM: ROSEMARY HOERNING, CITY MANAGER
PREPARED BY: DARREN L. GOODMAN, POLICE CHIEF
DON DODT, POLICE LIEUTENANT
SUBJECT: PROPOSED AMENDMENT TO THE ADMINISTRATIVE CITATION
FINE SCHEDULE

RECOMMENDED ACTION

It is recommended that the City Council adopt a Resolution amending the master fee schedule by updating administrative fines for certain violations of the Upland Municipal Code.

GOAL STATEMENT

The proposed action supports the City's goal to protect property values and eliminate blight in the City of Upland.

BACKGROUND

Upland Municipal Code chapter 1.22 (Administrative Citations) authorizes the imposition of fines for violations of the UMC through the issuance of administrative citations.

UMC section 1.22.040(A) provides that the amount of the administrative fine may be set forth in an Administrative Fine Schedule established by resolution of the City Council.

The City Council has previously approved an Administrative Fine Schedule for certain violations of the UMC.

ISSUES/ANALYSIS

The City Council approved the Administrative Citation Ordinance and the Administrative Citation Fine Schedule at the January 27, 2020 City Council Meeting. The City Council, at that time, requested an adjustment in the fines, and/or grace periods, for approximately

seven municipal code violations in order to efficiently address blight and public nuisance violations. Staff has incorporated the requested adjustments into the attached resolution.

FISCAL IMPACTS

Staff anticipates that the proposed resolution will have a minimal fiscal impact. Some fines were increased while others were reduced in the proposed fee schedule.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

Resolution

Proposed fine schedule

Redline version of proposed fine schedule

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
UPLAND AMENDING THE MASTER FEE SCHEDULE BY
UPDATING ADMINISTRATIVE FINES FOR CERTAIN
VIOLATIONS OF THE UPLAND MUNICIPAL CODE

FINDINGS

(i) Upland Municipal Code ("UMC") chapter 1.22 (Administrative Citations) authorizes the imposition of fines for violations of the UMC through the issuance of administrative citations.

(ii) UMC section 1.22.040(A) provides that the amount of the administrative fine may be set forth in an Administrative Fine Schedule established by resolution of the City Council.

(iii) The City Council has previously approved an Administrative Fine Schedule for certain violations of the UMC.

(iv) The City Council now wishes to update the Administrative Fine Schedule.

UMC section 1.22.040(A) provides that the amount of the administrative fine may be set forth in an Administrative Fine Schedule established by resolution of the City Council.

NOW, THEREFORE, the City Council hereby finds, determines and resolves as follows:

Section 1. The updated Administrative Fine Schedule for certain violations of the UMC as set forth in Exhibit A attached hereto and incorporated herein is hereby approved.

Section 2. Compliance with California Environmental Quality Act. The Upland City Council ("City Council") finds that this Resolution is not subject to the California Environmental Quality Act ("CEQA") pursuant to California Code of Regulations, title 14, chapter 3 ("CEQA Guidelines"), sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) because it has no potential for resulting in physical change to the environment, directly or indirectly. Further, if the activity is deemed a project, the City Council finds that this Resolution is exempt pursuant to CEQA Guidelines section 15061(b)(3).

Section 3. This resolution shall prevail over any existing resolution in the event of a conflict.

Section 4. The fees adopted by this resolution shall become effective thirty days after adoption and shall remain in effect until repealed or amended.

Resolution No.

Page 2

Section 5. Certification. The City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original resolutions.

PASSED, APPROVED, and ADOPTED this 9th day of March, 2020.

Debbie Stone, Mayor

I, Keri Johnson, City Clerk of the City of Upland, California, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council of the City of Upland held on the 9th day of March, 2020, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

ATTEST:

Keri Johnson, City Clerk

EXHIBIT A

Administrative Fine Schedule

Pursuant to Upland Municipal Code (“UMC”) section 1.22.040, and subject to Government Code section 36900, each UMC violation designated below is subject to a fine of not more than the initial fine amounts and maximum daily fine amounts specified herein. Each subsequent violation of the same UMC section shall be subject to double the fine of the previous violation up to a maximum of \$1,000 per violation. Any violation of the UMC not otherwise identified below is subject to a fine of no more than the maximum amount authorized in UMC section 1.22.040.

Pursuant to UMC section 1.22.040, a party is entitled to a reasonable opportunity to correct continuing or ongoing violations that do not constitute a continuing violation, that do not create an immediate danger, and that are not the result of the illegal cultivation of cannabis as designated herein (“Grace Period”). Any violation of the UMC entitled to a Grace Period that is not otherwise designated herein shall be entitled a Grace Period of at least three days.

Code	Brief Description of Violation	Grace Period	Initial Fine Amount	Maximum Daily Fine Amount
5.02.010	Business License—Illegal Businesses (Non-Cannabis Related)	1 Day	\$500	\$1,000
5.02.010	Business License—Illegal Businesses (Cannabis Related)	N/A	\$1,000	\$1,000
5.04.090(A)	Business License—Failure to Procure License	30 Days	\$25	\$1,000
5.16.020	Gambling Devices	N/A	\$500	\$1,000
5.28.010	Solicitor, Canvasser or Peddler—Failure to Procure License	5 Days	\$25	\$1,000
5.40.020	Outdoor Festival—Failure to Procure License	N/A	\$500	\$1,000
5.44.020	Dwelling Unit Construction—Failure to Procure License	5 Days	\$250	\$1,000
5.48.030	Residential Property Transactions—Failure to Deliver Report of Residential Property	N/A	\$200	\$1,000
5.60.210(A)–(C)	Massage—Prohibited Services	N/A	\$500	\$1,000
5.60.050(A)–(Q)	Massage—Failure to Abide by Operating Requirements	5 Days	\$250	\$1,000
6.04.120(A)	Animals—Without A Leash	N/A	\$100	\$500
6.04.140	Animals—Causing Noise Disturbance	N/A	\$100	\$100
8.12.020(A)	Nuisance—Improper Drainage	15 Days	\$50	\$50
8.12.020(B)(1)	Nuisance—Accumulation of Discards and Rubbish	15 Days	\$50	\$50
8.12.020(B)(2)	Nuisance—Accumulation of Building Materials	15 Days	\$50	\$50
8.12.020(B)(3)	Nuisance—Accumulation of Firewood	15 Days	\$50	\$50

EXHIBIT A

8.12.020(C)	Nuisance—Commercial Vehicles Stored on Residential Property	15 Days	\$50	\$50
8.12.020(D)(1)	Nuisance—Dead or Hazardous Vegetation	15 Days	\$50	\$50
8.12.020(D)(2)	Nuisance—Overgrown Weeds	15 Days	\$50	\$50
8.12.020(D)(3)	Nuisance—Inadequate Landscaping	15 Days	\$50	\$50
8.12.020(D)(4)	Nuisance—Unmaintained Landscaping	15 Days	\$50	\$50
8.12.020(E)(1)	Nuisance—Partially Destroyed or Incomplete Construction	15 Days	\$50	\$50
8.12.020(E)(3)	Nuisance—Deteriorating Paint or Unpainted Surface	15 Days	\$50	\$50
8.12.020(E)(4)	Nuisance—Roofs with Loose Shingles	15 Days	\$50	\$50
8.12.020(E)(5)	Nuisance—Broken Windows and Doors	15 Days	\$50	\$50
8.12.020(E)(6)	Nuisance—Defective Steps, Rails, Walls, Driveways	15 Days	\$50	\$50
8.12.020(E)(7)	Nuisance—Defective Garage Doors	15 Days	\$50	\$50
8.12.020(E)(8)	Nuisance—Premise Detrimental to Health and Safety	N/A	\$100	\$1,000
8.12.020(E)(9)	Nuisance—Graffiti on Premises	15 Days	\$50	\$50
8.12.020(E)(10)	Nuisance—Blight	15 Days	\$50	\$50
8.12.020(F)	Nuisance—Parking of Vehicles	15 Days	\$50	\$50
8.12.020(G)	Nuisance—Inoperative Vehicles	15 Days	\$50	\$50
8.12.020(H)	Nuisance—Unmaintained Swimming Pools and Ponds	15 Days	\$50	\$50
8.12.020(I)	Nuisance—Accumulation of Dirt and Debris	15 Days	\$50	\$50
8.20.010(A)(1)	Attractive Nuisance—Abandoned Vehicles	3 Days	\$100	\$1,000
9.04.070	Human Waste—Bodily Waste in Public Place	N/A	\$100	\$1,000
9.04.110(C)	Trespass Upon Private Property	N/A	\$75	\$1,000
9.08.020	Gambling—Betting	N/A	\$100	\$1,000
9.12.030(A)	Juvenile Curfew Violations	N/A	\$100	\$500
9.12.060	Juvenile Curfew Violations—Responsibility of Guardian	N/A	\$100	\$1,000
9.12.080(C)	Distribution of Harmful Materials to Minor	N/A	\$100	\$1,000
9.16.020(A)	Alcoholic Beverages—Drinking in Public	N/A	\$100	\$1,000
9.16.020(B)	Alcoholic Beverages—Intoxication in Public	N/A	\$100	\$1,000

EXHIBIT A

9.16.030	Alcoholic Beverages—Possession or Consumption in Public Park	N/A	\$100	\$1,000
9.24.020	Firearms—Discharge of Firearm or Weapon	N/A	\$1,000	\$1,000
9.24.030	Firearms—Minor in Possession of Firearm or Weapon	N/A	\$1,000	\$1,000
9.28.020	Live Entertainment—Without Obtaining Permit	3 Days	\$250	\$1,000
9.36.040	Graffiti—Application thereof	N/A	\$250	\$1,000
9.36.050	Defacing Public Buildings	N/A	\$250	\$1,000
9.36.060	Graffiti—Possession of Graffiti Implements	N/A	\$150	\$1,000
9.36.090	Maintaining Graffiti Unlawful—Public Nuisance	15 Days	\$150	\$1,000
9.40.060	Unnecessary Noise—Excessive	N/A	\$200	\$1,000
9.40.100	Noises Prohibited—Unnecessary Noise Standard	N/A	\$150	\$1,000
9.48.040	Marijuana—All Prohibited Marijuana Use and Activity	N/A	\$100	\$1,000
9.48.050	Marijuana—Unlawful Use of Structure or Property	N/A	\$100	\$1,000
9.52.030	Synthetic Drug—Sale and Distribution Thereof	N/A	\$100	\$1,000
9.52.050	Synthetic Drug—Possession Thereof	N/A	\$100	\$1,000
10.36.050	Vehicles and Traffic—Use of Street for Storage of Vehicles	5 Days	\$50	\$1,000
10.36.060	Vehicles and Traffic—Repairing or Maintaining Vehicles on Public Street	N/A	\$50	\$1,000
10.68.010	Vehicles and Traffic—Vegetation that Obstructs View of Vehicular Traffic	10 Days	\$75	\$1,000
10.72.010(A)	Vehicles and Traffic—Use of Skateboard or Similar Device to Travel on Roadway	N/A	\$100	\$500
10.72.010(B)	Vehicles and Traffic—Use of Skateboard or Similar Device on Property with Signs Prohibiting Such Acts	N/A	\$50	\$1,000
12.08.010(A)	Street Excavations—Failure to Obtain Permit	N/A	\$100	\$1,000
12.08.060(A)	Street Closures—Failure to Obtain Permit	N/A	\$100	\$1,000
12.16.010	Sidewalk or Street—Use for Display of Goods	N/A	\$100	\$1,000
12.16.040	Sidewalk or Street—Pool Discharge into Streets	N/A	\$150	\$1,000
12.16.050	Sidewalk or Street—Encroaching Vegetation	15 Days	\$150	\$1,000
12.16.060	Sidewalk or Street—Animals Tethered in Public Place	N/A	\$50	\$1,000
12.16.070	Sidewalk or Street—Riding Bicycle in Street	N/A	\$50	\$1,000
12.16.080	Sidewalk or Street—Littering	N/A	\$200	\$1,000

EXHIBIT A

12.24.060	Allowable Objects and Plantings in the Public-Right-of-Way	15 Days	\$50	\$1,000
12.24.110	Sidewalk or Street—Maintenance of Trees in the Public Right of Trees	10 Days	\$50	\$1,000
12.24.130	Sidewalk or Street—Maintenance of Property Landscaping	10 Days	\$50	\$1,000
12.36.050(A-Q)	Sidewalk or Street—Failure to Abide by Skateboard Park Regulations	N/A	\$100	\$500
12.40.030(A)	Sidewalk or Street—Camping in Public Areas	N/A	\$100	\$1,000
12.44.040	Sidewalk or Street—Permit Required for Use of Park Facilities	N/A	\$100	\$500
13.16.020(A)(1)	Public Services—Failure to Conserve Water	N/A	\$100	\$500
13.24.130	Public Services—Failure to Obtain Permit to Connect to Public Sewer	30 Days	\$100	\$1,000
13.28.510	Public Services—Garbage Containers in Public View	10 Days	\$50	\$1,000
13.32.190	Community Sewer System—Nondomestic Wastewater Discharge	10 Days	\$100	\$1,000
13.32.280	Community Sewer System—Compliance Monitoring, Sampling, & Inspection	10 Days	\$100	\$1,000
15.08.010	Building Code—Violation of Building Codes	30 Days	\$50	\$1,000
15.08.070	Building Code—Failure to Enclose Swimming Pools	30 Days	\$50	\$1,000
15.12.010	Mechanical Code—Unpermitted Mechanical Work	30 Days	\$50	\$1,000
15.14.010	Residential Code—Violation of Residential Codes	30 Days	\$50	\$1,000
15.16.010	Housing Code—Violation of Housing Codes	30 Days	\$50	\$1,000
15.20.010	Abatement of Dangerous Buildings Code—Violation of the Codes	30 Days	\$50	\$1,000
15.24.010	Plumbing Code—Unpermitted Plumbing Work	30 Days	\$50	\$1,000
15.28.010	Electrical Code—Unpermitted Electrical Work	30 Days	\$50	\$1,000
15.40.080	Address Numbering of Curb and Structures—Size, Color, and Location	15 Days	\$50	\$1,000
15.52.030	Building Code—Failure to Obtain Grading Permits	30 Days	\$50	\$1,000
15.56.080	Building Code—Failure to Obtain Development Permit	30 Days	\$50	\$1,000
17.13.040	Height Limits	15 Days	\$50	\$1,000
17.40.030	Light Trespass	15 Days	\$50	\$1,000
17.15.030	Signs—Failure to Obtain Permits	30 Days	\$50	\$1,000
17.15.050(C)	Signs—Prohibited Vehicle Signs	30 Days	\$50	\$1,000
17.15.050(E)	Signs—Prohibited Roof Signs	30 Days	\$50	\$1,000
17.15.050(D)	Signs—Temporary Signs	30 Days	\$50	\$1,000

EXHIBIT A

17.15.060(A)	Signs—Prohibited On-Premise Signs	30 Days	\$50	\$1,000
17.15.060(B)	Signs—Prohibited Off-Premise Signs	30 Days	\$50	\$1,000
17.15.080(E)	Signs—Prohibited Signs Over Rights of Way	30 Days	\$50	\$1,000
17.15.110	Temporary Real Estate Signs	N/A	\$50	\$500
17.15.130	Political Campaign Signs	1 Day	\$50	\$500
17.15.150	Flags, Banners, Pennants, Balloons, Window and Interior Signs	1 Day	\$50	\$500
17.16.030	Zoning Ordinance—Excessive Storage in Yards	30 Days	\$50	\$1,000
17.16.050(B)(1-9)	Zoning Ordinance—Unmaintained Structures	30 Days	\$50	\$1,000
17.16.050(C)	Zoning Ordinance—Damaged Structures	30 Days	\$50	\$1,000
17.16.060	Zoning Ordinance—Fence and Wall Maintenance	30 Days	\$50	\$1,000
17.16.080	Zoning Ordinance—Unmaintained Landscaping	30 Days	\$50	\$1,000
17.19.050	Zoning Ordinance—Accessory Uses and Structures in Residential Zones	30 Days	\$50	\$1,000
17.34.040	Parking, Storage, and Screening	3 Days	\$50	\$1,000

EXHIBIT A

Administrative Fine Schedule

Pursuant to Upland Municipal Code (“UMC”) section 1.22.040, and subject to Government Code section 36900, each UMC violation designated below is subject to a fine of not more than the initial fine amounts and maximum daily fine amounts specified herein. Each subsequent violation of the same UMC section shall be subject to double the fine of the previous violation up to a maximum of \$1,000 per violation. Any violation of the UMC not otherwise identified below is subject to a fine of no more than the maximum amount authorized in UMC section 1.22.040.

Pursuant to UMC section 1.22.040, a party is entitled to a reasonable opportunity to correct continuing or ongoing violations that do not constitute a continuing violation, that do not create an immediate danger, and that are not the result of the illegal cultivation of cannabis as designated herein (“Grace Period”). Any violation of the UMC entitled to a Grace Period that is not otherwise designated herein shall be entitled a Grace Period of at least three days.

Code	Brief Description of Violation	Grace Period	Initial Fine Amount	Maximum Daily Fine Amount
5.02.010	Business License—Illegal Businesses (Non-Cannabis Related)	10 Days 1 Day	\$500	\$1,000
<u>5.02.010</u>	<u>Business License—Illegal Businesses (Cannabis Related)</u>	<u>N/A</u>	<u>\$1,000</u>	<u>\$1,000</u>
5.04.090(A)	Business License—Failure to Procure License	30 Days	\$25	\$1,000
<u>5.16.020</u>	<u>Gambling Devices</u>	<u>N/A</u>	<u>\$500</u>	<u>\$1,000</u>
5.28.010	Solicitor, Canvasser or Peddler—Failure to Procure License	5 Days	\$25	\$1,000
5.40.020	Outdoor Festival—Failure to Procure License	N/A	\$500	\$1,000
5.44.020	Dwelling Unit Construction—Failure to Procure License	5 Days	\$250	\$1,000
5.48.030	Residential Property Transactions—Failure to Deliver Report of Residential Property	N/A	\$200	\$1,000
5.60.210(A)–(C)	Massage—Prohibited Services	N/A	\$500	\$1,000
5.60.050(A)–(Q)	Massage—Failure to Abide by Operating Requirements	5 Days	\$250	\$1,000
6.04.120(A)	Animals—Without A Leash	N/A	\$100	\$500
6.04.140	Animals—Causing Noise Disturbance	N/A	\$100	\$100
8.12.020(A)	Nuisance—Improper Drainage	15 Days	\$50	\$50
8.12.020(B)(1)	Nuisance—Accumulation of Discards and Rubbish	15 Days	\$50	\$50
8.12.020(B)(2)	Nuisance—Accumulation of Building Materials	15 Days	\$50	\$50
8.12.020(B)(3)	Nuisance—Accumulation of Firewood	15 Days	\$50	\$50

ADMINISTRATIVE FINE SCHEDULE

– 1 of 5 –

EXHIBIT A

8.12.020(C)	Nuisance—Commercial Vehicles Stored on Residential Property	15 Days	\$50	\$50
8.12.020(D)(1)	Nuisance—Dead or Hazardous Vegetation	15 Days	\$50	\$50
8.12.020(D)(2)	Nuisance—Overgrown Weeds	15 Days	\$50	\$50
8.12.020(D)(3)	Nuisance—Inadequate Landscaping	15 Days	\$50	\$50
8.12.020(D)(4)	Nuisance—Unmaintained Landscaping	15 Days	\$50	\$50
8.12.020(E)(1)	Nuisance—Partially Destroyed or Incomplete Construction	15 Days	\$50	\$50
8.12.020(E)(3)	Nuisance—Deteriorating Paint or Unpainted Surface	15 Days	\$50	\$50
8.12.020(E)(4)	Nuisance—Roofs with Loose Shingles	15 Days	\$50	\$50
8.12.020(E)(5)	Nuisance—Broken Windows and Doors	15 Days	\$50	\$50
8.12.020(E)(6)	Nuisance—Defective Steps, Rails, Walls, Driveways	15 Days	\$50	\$50
8.12.020(E)(7)	Nuisance—Defective Garage Doors	15 Days	\$50	\$50
8.12.020(E)(8)	Nuisance—Premise Detrimental to Health and Safety	15 Days N/ A	\$50 100	\$50 1,000
8.12.020(E)(9)	Nuisance—Graffiti on Premises	15 Days	\$50	\$50
8.12.020(E)(10)	Nuisance—Blight	15 Days	\$50	\$50
8.12.020(F)	Nuisance—Parking of Vehicles	15 Days	\$50	\$50
8.12.020(G)	Nuisance—Inoperative Vehicles	15 Days	\$50	\$50
8.12.020(H)	Nuisance—Unmaintained Swimming Pools and Ponds	15 Days	\$50	\$50
8.12.020(I)	Nuisance—Accumulation of Dirt and Debris	15 Days	\$50	\$50
8.20.010(A)(1)	Attractive Nuisance—Abandoned Vehicles	3 Days	\$100	\$1,000
9.04.070	Human Waste—Bodily Waste in Public Place	N/A	\$100	\$1,000
9.04.110(C)	Trespass Upon Private Property	N/A	\$75	\$1,000
9.08.020	Gambling—Betting	N/A	\$100	\$1,000
9.12.030(A)	Juvenile Curfew Violations	N/A	\$100	\$500
9.12.060	Juvenile Curfew Violations—Responsibility of Guardian	N/A	\$100	\$1,000
9.12.080(C)	Distribution of Harmful Materials to Minor	N/A	\$100	\$1,000
9.16.020(A)	Alcoholic Beverages—Drinking in Public	N/A	\$100	\$1,000
9.16.020(B)	Alcoholic Beverages—Intoxication in Public	N/A	\$100	\$1,000

ADMINISTRATIVE FINE SCHEDULE

EXHIBIT A

9.16.030	Alcoholic Beverages—Possession or Consumption in Public Park	N/A	\$100	\$1,000
9.24.020	Firearms—Discharge of Firearm or Weapon	N/A	\$1,000	\$1,000
9.24.030	Firearms—Minor in Possession of Firearm or Weapon	N/A	\$1,000	\$1,000
9.28.020	Live Entertainment—Without Obtaining Permit	3 Days	\$250	\$1,000
9.36.040	Graffiti—Application thereof	N/A	\$250	\$1,000
9.36.050	Defacing Public Buildings	N/A	\$250	\$1,000
9.36.060	Graffiti—Possession of Graffiti Implements	N/A	\$150	\$1,000
9.36.090	Maintaining Graffiti Unlawful—Public Nuisance	15 Days	\$150	\$1,000
9.40.060	Unnecessary Noise—Excessive	N/A	\$200	\$1,000
9.40.100	Noises Prohibited—Unnecessary Noise Standard	N/A	\$150	\$1,000
9.48.040	Marijuana—All Prohibited Marijuana Use and Activity	N/A	\$100	\$1,000
9.48.050	Marijuana—Unlawful Use of Structure or Property	N/A	\$100	\$1,000
9.52.030	Synthetic Drug—Sale and Distribution Thereof	N/A	\$100	\$1,000
9.52.050	Synthetic Drug—Possession Thereof	N/A	\$100	\$1,000
10.36.050	Vehicles and Traffic—Use of Street for Storage of Vehicles	5 Days	\$50	\$1,000
10.36.060	Vehicles and Traffic—Repairing or Maintaining Vehicles on Public Street	N/A	\$50	\$1,000
10.68.010	Vehicles and Traffic—Vegetation that Obstructs View of Vehicular Traffic	10 Days	\$75	\$1,000
10.72.010(A)	Vehicles and Traffic—Use of Skateboard or Similar Device to Travel on Roadway	N/A	\$100	\$500
10.72.010(B)	Vehicles and Traffic—Use of Skateboard or Similar Device on Property with Signs Prohibiting Such Acts	N/A	\$50	\$1,000
12.08.010(A)	Street Excavations—Failure to Obtain Permit	N/A	\$100	\$1,000
12.08.060(A)	Street Closures—Failure to Obtain Permit	N/A	\$100	\$1,000
12.16.010	Sidewalk or Street—Use for Display of Goods	N/A	\$100	\$1,000
12.16.040	Sidewalk or Street—Pool Discharge into Streets	N/A	\$150	\$1,000
12.16.050	Sidewalk or Street—Encroaching Vegetation	15 Days	\$150	\$1,000
12.16.060	Sidewalk or Street—Animals Tethered in Public Place	N/A	\$50	\$1,000
12.16.070	Sidewalk or Street—Riding Bicycle in Street	N/A	\$50	\$1,000
12.16.080	Sidewalk or Street—Littering	N/A	\$200	\$1,000

ADMINISTRATIVE FINE SCHEDULE

EXHIBIT A

12.24.060	Allowable Objects and Plantings in the Public-Right-of-Way	15 Days	\$50	\$1,000
12.24.110	Sidewalk or Street—Maintenance of Trees in the Public Right of Trees	10 Days	\$50	\$1,000
12.24.130	Sidewalk or Street—Maintenance of Property Landscaping	10 Days	\$50	\$1,000
12.36.050(A-Q)	Sidewalk or Street—Failure to Abide by Skateboard Park Regulations	N/A	\$100	\$500
12.40.030(A)	Sidewalk or Street—Camping in Public Areas	N/A	\$100	\$1,000
12.44.040	Sidewalk or Street—Permit Required for Use of Park Facilities	N/A	\$100	\$500
13.16.020(A)(1)	Public Services—Failure to Conserve Water	N/A	\$100	\$500
13.24.130	Public Services—Failure to Obtain Permit to Connect to Public Sewer	30 Days	\$100	\$1,000
13.28.510	Public Services—Garbage Containers in Public View	10 Days	\$50	\$1,000
13.32.190	Community Sewer System—Nondomestic Wastewater Discharge	10 Days	\$100	\$1,000
13.32.280	Community Sewer System—Compliance Monitoring, Sampling, & Inspection	10 Days	\$100	\$1,000
15.08.010	Building Code—Violation of Building Codes	30 Days	\$50	\$1,000
15.08.070	Building Code—Failure to Enclose Swimming Pools	30 Days	\$50	\$1,000
15.12.010	Mechanical Code—Unpermitted Mechanical Work	30 Days	\$50	\$1,000
15.14.010	Residential Code—Violation of Residential Codes	30 Days	\$50	\$1,000
15.16.010	Housing Code—Violation of Housing Codes	30 Days	\$50	\$1,000
15.20.010	Abatement of Dangerous Buildings Code—Violation of the Codes	30 Days	\$50	\$1,000
15.24.010	Plumbing Code—Unpermitted Plumbing Work	30 Days	\$50	\$1,000
15.28.010	Electrical Code—Unpermitted Electrical Work	30 Days	\$50	\$1,000
15.40.080	Address Numbering of Curb and Structures—Size, Color, and Location	15 Days	\$50	\$1,000
15.52.030	Building Code—Failure to Obtain Grading Permits	30 Days	\$50	\$1,000
15.56.080	Building Code—Failure to Obtain Development Permit	30 Days	\$50	\$1,000
17.13.040	Height Limits	15 Days	\$50	\$1,000
17.40.030	Light Trespass	15 Days	\$50	\$1,000
17.15.030	Signs—Failure to Obtain Permits	30 Days	\$50	\$1,000
17.15.050(C)	Signs—Prohibited Vehicle Signs	30 Days	\$50	\$1,000
17.15.050(E)	Signs—Prohibited Roof Signs	30 Days	\$50	\$1,000
17.15.050(D)	Signs—Temporary Signs	30 Days	\$50	\$1,000

ADMINISTRATIVE FINE SCHEDULE

EXHIBIT A

17.15.060(A)	Signs—Prohibited On-Premise Signs	30 Days	\$50	\$1,000
17.15.060(B)	Signs—Prohibited Off-Premise Signs	30 Days	\$50	\$1,000
17.15.080(E)	Signs—Prohibited Signs Over Rights of Way	30 Days	\$50	\$1,000
17.15.110	Temporary Real Estate Signs	N/A	\$50	\$1,000 500
17.15.130	Political Campaign Signs	N/A 1 Day	\$50	\$1,000 500
17.15.150	Flags, Banners, Pennants, Balloons, Window and Interior Signs	N/A 1 Day	\$50	\$1,000 500
17.16.030	Zoning Ordinance—Excessive Storage in Yards	30 Days	\$50	\$1,000
17.16.050(B)(1-9)	Zoning Ordinance—Unmaintained Structures	30 Days	\$50	\$1,000
17.16.050(C)	Zoning Ordinance—Damaged Structures	30 Days	\$50	\$1,000
17.16.060	Zoning Ordinance—Fence and Wall Maintenance	30 Days	\$50	\$1,000
17.16.080	Zoning Ordinance—Unmaintained Landscaping	30 Days	\$50	\$1,000
17.19.050	Zoning Ordinance—Accessory Uses and Structures in Residential Zones	30 Days	\$50	\$1,000
17.34.040	Parking, Storage, and Screening	3 Days	\$50	\$1,000



STAFF REPORT

ITEM NO. 11.F.

DATE: March 9, 2020
TO: MAYOR AND CITY COUNCIL
FROM: ROSEMARY HOERNING, CITY MANAGER
PREPARED BY: STEVEN NIX, INTERIM PUBLIC WORKS DIRECTOR
RICHARD SMIDERLE, OPERATIONS MANAGER
SUBJECT: SURVIVORS GROVE MEMORIAL AT BALDY VIEW PARK

RECOMMENDED ACTION

It is recommended that the City Council approve the implementation of a Survivors Grove at Baldy View Park by Incredible Edible Community Garden.

GOAL STATEMENT

The proposed action supports the City's goal of honoring and providing special acknowledgement to members of the community in certain circumstances.

BACKGROUND

On December 2, 2015, 14 people were killed and 22 people seriously injured in a terrorist attack at the Inland Regional Center in the City of San Bernardino.

Mary Petit and Eleanor Torres with the Incredible Edible Community Garden are offering to implement a Survivors Grove at Baldy View Park in memoriam of the victims of this tragic event. This memorial would be similar to the Healing Grove implemented at San Antonio Park in December 2016.

The Incredible Edible Community Gardens will provide and install 9 trees, all hardscaping and any irrigation modifications necessary and have agreed to maintain the trees and hardscape in perpetuity.

ISSUES/ANALYSIS

The City adopted Resolution 6105 which provides guidance regarding the implementation of dedications and memorials in public lands and places. The approval, placement, and

identification of these dedications will be at the sole direction of the City. Approval is subject to conditions as specified in Section 3 of the Resolution, etc. to include provisions which limit long-term obligations.

FISCAL IMPACTS

All work described under the attached scope of work will be fully funded by Incredible Edible Community Garden. The City will continue to bear the cost of the irrigation and turf maintenance within the confines of the monument.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

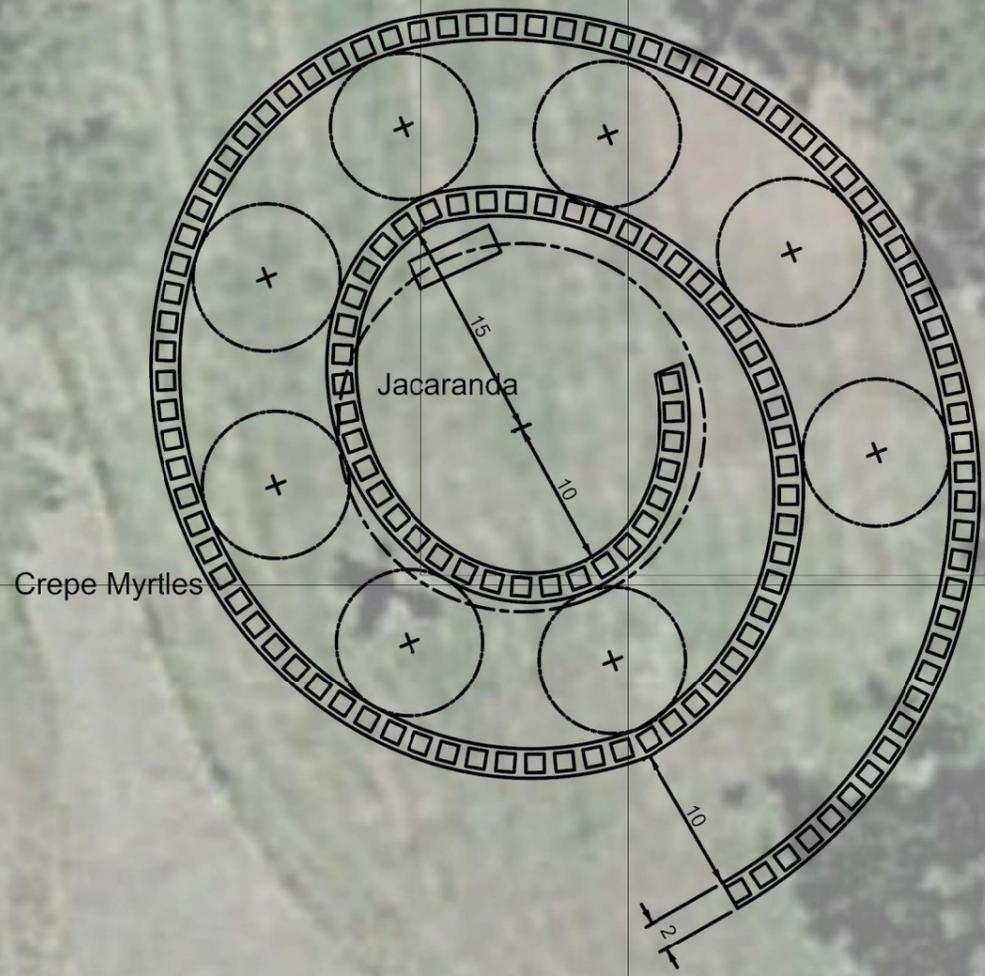
Location Map

Monument Concept

Scope of Work - Grove Memorial

Resolution 6105

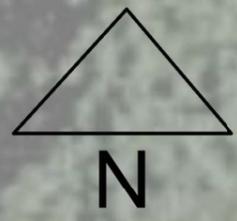
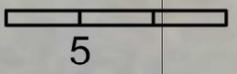




Crepe Myrtles

Jacaranda

Units in Feet



Survivor's Healing Grove

Baldy View Park

Steve Nix

Subject: FW: SURVIVORS GROVE DRAWING AND OTHER INFORMATION FOR CITY COUNCIL MEETING
Attachments: Baldyview park line drawing.pdf

From: Mary Petit [mailto: [REDACTED]]
Sent: Monday, March 2, 2020 12:42 PM
To: Richard Smiderle <rsmiderle@ci.upland.ca.us>
Cc: Rosemary Hoerning <rhoerning@ci.upland.ca.us>; Eleanor Torres < [REDACTED]>
Subject: SURVIVORS GROVE DRAWING AND OTHER INFORMATION FOR CITY COUNCIL MEETING

WARNING: External email. Please verify sender before opening attachments or clicking on links.

Good Morning Rosemary and Richard,

LINE DRAWING OF THE SURVIVORS GROVE DESIGN:

Attached is the line drawing for the Survivors Grove. The site is the last one that Richard approved for our use. If the site is changed to an area where there is currently a rose garden dedication, there will be no changes to this line drawing. There are 9 trees: the center lavender Jacaranda and the 8 Crepe Myrtles of varying colors. There are approximately 140 paver stepping stones measuring 16" square and 2" thick that comprise the spiral path. We will do sod cuts and install the pavers so they are flush with the ground. Berms will be placed around each of the trees. The center area will have a larger area that is mulched to accommodate our marker and a concrete bench. The bench will be the same as what is currently in the park. If the company can do an inscription, we will send the mock-up to you for approval.

The final rendering in color with keys to the trees, etc. will be done upon approval by the city and installation of the Grove. We will present a rendering to the City at the dedication.

CONSENT AGENDA:

If you decide to add this project to the consent agenda, here are the points that can be included on the project:

1. Incredible Edible Community Garden (IECG) will provide all labor and materials at no cost to the city. This includes labor and equipment to make sod cuts to accommodate the paver stepping stones; paver sand and stepping stones; new dedicated irrigation lines and bubblers at each tree, new valve tied into the main service line in a separate box, and battery-operated timer for the 9 trees; please note that no changes to the existing irrigation are required; 9 x 15 gallon trees; mulch for berms; lodge poles and tree ties to secure trees; our standard granite marker set in a concrete form similar to what is at San Antonio Park for Hal Bowman's Healing Grove; concrete bench.
2. Care and maintenance of the grove site will be done in perpetuity. We have secured private donor funds when grant funding is not available.

The care and maintenance includes: weeding; fertilizing and structural pruning according to best management practices; repair or replace damaged or broken irrigation, paver stones, lodge poles, concrete bench, marker, trees; refresh berms and mulch as needed; battery replacement at yearly intervals for the irrigation timer; cut grass within the grove site; cut overgrowth of grass around the paver stones.

3. The only cost to the city is for the water used to irrigate the 9 trees.

Please let me know if you have any questions. Is this information and the line drawing acceptable to be on the March 9th City Council Agenda. Please provide time and location of the meeting and approximately when this item will be discussed. We will plan to be there. Thanks you so much for your help. Mary

Mary E. Petit, Founder and Co-Executive Director
The Incredible Edible Community Garden
[REDACTED]

RESOLUTION NO. 6105

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
UPLAND APPROVING A NAMING POLICY FOR PUBLIC
PARKS AND FACILITIES

Intent of the Parties and Findings

(i) Public requests have identified a need to establish a Policy governing the guidelines for the naming of City parks and facilities, and the placement of memorial objects in public facilities and parks; and

(ii) This Policy supports the City's goal to recognize individuals and/or organizations that have made a significant contribution to the community; and

(iii) This Policy would benefit the residents of the City by creating a stronger sense of community; a sense of identity and place; and enhance the sense of history in the community by creating community role models and communicating a sense of what the community values; and

(iv) This Policy has been reviewed and approved by the Public Works Committee.

NOW, THEREFORE, the Upland City Council hereby finds, determines and resolves as follows:

Section 1. The above findings are true and correct.

Section 2. The Policy, as described on Attachment A, is approved.

Section 3. Certification. The City Clerk of the City of Upland shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED, APPROVED and ADOPTED this 23rd day of April, 2012.



Ray M. Musser, Mayor

I, Stephanie Mendenhall, City Clerk of the City of Upland, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the City Council held on the 23rd day of April, 2012, by the following vote:

AYES: Mayor Musser, Councilmembers Willis, Brandt, Filippi, Stone
NOES: None
ABSENT: None
ABSTAINED: None

ATTEST:



Stephanie A. Mendenhall, City Clerk



PARKS AND FACILITIES NAMING POLICY

A. PURPOSE

The following policy is to be used in the naming of parks, facilities and facility amenities owned by the City of Upland. To insure that parks, facilities and amenities paid for and operated by public funds have clear guidelines for establishing names and identity, this policy establishes uniform and consistent evaluation of dedication and naming requests and to ensure that this honor is bestowed in an equitable manner and based on common criteria supported by compelling reasons. All naming must be congruent with overall strategic mission, vision and values for the City of Upland. Final approval of all naming is the responsibility of the City Council unless otherwise stated.

Additionally, the policy sets forth guidelines for allocation of sponsorship naming rights for accepting and recognizing contributions through Sponsor Agreements developed through fundraising campaigns.

B. DEFINITIONS:

The following definitions shall be in effect for this policy:

- **Public Parks and Open Spaces:** City owned parks, open space and trails.
- **Recreational Community Facilities:** City owned buildings that are used primarily for recreational or cultural activities.
- **Other Community Facilities:** City owned facilities used to conduct city business or provide services that are not recreational or cultural in nature.
- **Facility Amenities:** Portions of City owned properties subject to naming including rooms, courtyards, sport fields and significant architectural elements of a facility. Site furnishings, equipment or fixtures are excluded from this policy.

C. NAMING CATEGORIES/CRITERIA

The following factors shall be considered in the naming of any park, open space, facility or amenity:

1. General Conditions and Exclusions

- Naming that promotes unhealthy lifestyles, including but not limited to alcohol or tobacco use will not be considered.
- Naming that promotes any political organization will not be considered.
- Re-naming of City facilities is strongly discouraged and can only be considered when compelling circumstances exist.

2. Geographical Location, Historical Designation & Designated Facility Function

- First preference is to provide easy and recognizable reference for City residents based on the location and the designation function of the park or facility.
- If a park site or facility is located next to a school and the school has been officially named, it may bear the same name. If the school has not been named, the City shall work with the School District on a mutually agreed upon name.
- If the park site or facility is near a geographical landmark it may be named for that landmark if it is not adjacent to a school site.
- A park or facility may be named for an adjacent street or commemorative event if it is not located next to a school site or significant geological or historic element.
- If the park site or facility is near a historical site or landmark, it may be named for that site.
- A park site, facility or amenities may be named after individuals or organizations if they have contributed significantly to the development of the park, amenity, general park system or other City project or program.

3. Termination of Naming Rights

Due to the high profile nature of public facilities, diligence and discretion must be exercised in their naming. Significant review and higher standard of care will be applied in the use of a name of an individual, organization or business. The City reserves the right to reject any sponsor request or naming request at any time during the approval process. The City Council may remove a name from a park, open space, trail, building, or portion thereof, structure, equipment or furnishing when deemed by the City council to be in the best interest of the City.

The City Council reserves the right to suspend the use of a Commemorative Name or terminate a Sponsor Agreement in the case of circumstances involving fraud, poor moral character, criminal activity or other actions which would reflect poorly on the reputation, image or good-will of the City. Additionally, should a corporate entity cease to exist, their naming rights may be terminated.

D. NAMING DESIGNATIONS – COMMEMORATIVE AND SPONSORSHIPS

Individuals, families, organizations or businesses recognized shall be defined as either a Commemorative designation (for outstanding civic contributions) or Sponsorship designation (in exchange for financial contribution). City Hall is excluded from either Commemorative or Sponsorship naming opportunities. Existing parks or facilities with a Commemorative name are excluded from Sponsorship naming, however, amenities at existing parks or facilities may be considered.

1. Commemorative Naming

- Honorarium/Memorial – includes the use of a name of an individual, family or organization (not associated with Sponsorship Agreements) for the purpose of recognizing distinguished and significant contributions to the community that resulted in positive, lasting impacts. Preference is that Commemorative Naming be done in conjunction with Geographical and Functional Naming.
- Commemorative Naming shall be done in a manner that insures that there is broad support for the naming and a general knowledge that the contributions of the individual, family or organization are extraordinary. Extreme care and diligence must be exercised in application of this policy to insure that the selection of honorees will withstand the test of time.
- Nominees for Commemorative Naming (individuals, families and organizations) are subject to background investigations to ascertain and affirm that their character represents the integrity and service to the community that warrants such a privilege.
- See Policy Section on Elected Officials for clarification of Commemorative Naming involving individuals serving in an elected office capacity.

2. Sponsorship Naming Rights

Sponsorship Naming Rights includes naming in exchange for a significant donation from a business, organization or individual to recognize philanthropic support, whether through an affiliate non-profit Foundation or through the City. In evaluating Sponsorship Naming Rights associated with an approved fundraising campaign, the following guidelines are to be adhered to:

- The City may enter into agreements with non-profits that allow the organization to solicit contributions towards construction or operation of a City park or facility. Organizations affiliated with the City that desire to raise funds for a City sponsored project must receive City Council approval prior to soliciting naming opportunities.
- The non-profits may assist the City in negotiating terms of the gift. Staff will prepare a recommendation to the appropriate commission who will make a final recommendation to the City Council.

- Sponsors will be required to enter into a Sponsorship Agreement with the City and appropriate Foundation establishing terms and conditions, payment schedules, donor status and recognition levels, duration of naming and termination of rights.
- Sponsorships will not be considered from any donor whose purpose or conduct would reasonably demean the reputation, image or good-will of the City.
- Potential sponsorships will be evaluated in terms of their possible negative impact on soliciting and obtaining additional sponsors in the future. Sponsors should not be considered if such approval would likely result in a significant reduction in future sponsors.
- Sponsorships, and wording on donor recognition/individual appeal plaques, will not be considered which could place the staff, Foundations, City Council or the City in any potential or perceived conflict of interest.
- Sponsorships will only be approved with corporations, organizations or individuals who wish to contribute, based solely on their support of the mission and objectives of the City. While acknowledgement of the sponsor's official business, name and/or affiliation is important for positive appreciation, the donor recognition program, including wording used on donor recognition/individual appeal plaques, shall not be allowed for marketing or advertisement of specific product, projects or campaigns.
- See Policy Section on Elected Officials for clarification of Sponsorship Naming involving individuals serving in an elected office capacity.

3. Dedications/Memorials

In addition to the naming of public facilities by using the criteria established, the City can provide for the recognition of individuals, either deceased or living, or organizations, active or non, by the placement of memorial objects (symbols); such as living trees, public benches, rocks, memorial flagpoles, sculptures, etc., in public facilities, on public lands or parks. The approval, placement, and identification of these dedications will be at the discretion of the City. Approval is subject to the following guidelines and conditions.

- Dedication or memorial plaques may not be placed in or on City facilities without City approval.
- The City will not be responsible for upkeep, repair or replacement of any dedication or memorial plaque whose placement was not sponsored by the City.
- Facilities or portions thereof may be dedicated in memory, or honor of, individuals, groups or organizations. Dedications are encouraged to be in the form of facility improvements or enhancements.

- Dedication may be in recognition of an outstanding service, a donation or contribution to the facility or community.
- Dedication may be in memory of someone who has contributed to the facility or community.
- Any individual, family, group or organization sponsoring a dedication or memorial must provide sufficient funds to purchase, install, and maintain any plaque or other form of label associated with the recognition.
- The City will make every effort to preserve any dedication plaque or other dedicated object. If necessary, due to repair of surrounding arena, construction or redesign of a facility, the plaque or dedication object may be relocated. If the plaque or other dedication object cannot continue to be reasonably maintained or after a period of ten (10) years, it may be removed by the City.
- If the dedication includes the gift of a tree or other plant the City will provide its regular standard of landscape care for the tree. If the tree does not survive, the City is not obligated to provide a replacement. If the dedication includes the gift of an object (e.g. bench, picnic table, play equipment), the City will provide its regular standard of care and maintenance for the object. If the object is damaged due to vandalism, becomes unusable due to age, wear and tear, or is stolen, the City is not obligated to replace or repair the object.

4. Plaques, markers, and memorials

Plaques, Markers and Memorials that are requested to be located on City Property, a City Facility or on any City Premises, must follow the guidelines set below:

- Must be in accordance with City Standards. The location, size and writing on plaques require approval by the designated City Staff.
- Designed to blend with the compliment of the existing Park or Facility.
- Must be made of bronze or any other pre-approved material by the City of Upland.
- Each plaque, marker or memorial request will be reviewed by the Public Works Director prior to submission to the City.

E. GUIDELINES ASSOCIATED WITH FUNDRAISING CAMPAIGNS

The naming of facilities in association with fundraising campaigns may be considered under the following conditions:

1. Organizations affiliated with the City that desire to raise funds for a city-sponsored project must receive a recommendation from the City and receive final approval from the City prior to attaching naming opportunities to the fundraising campaign.

2. Organizations conducting fundraising campaigns with naming opportunities attached must immediately notify City staff when a naming proposal is under consideration in order to facilitate and administrative review.
3. Naming proposals that promote alcohol, tobacco products or political organizations will not be considered.
4. Acceptance of a naming proposal by an organization conducting a fundraising campaign must be considered "conditional pending" until a review and recommendation by the City Manager and FINAL approval by the City.

F. COMMEMORATIVE OR SPONSORSHIP NAMING INVOLVING ELECTED OFFICIALS

Extreme care is to be used in consideration of naming a public park or facility in recognition of elected public officials.

1. Commemorative Naming Guidelines for Elected Officials

To be considered for Commemorative Naming of a park, facility, or amenity in the name of a Federal, State, or Local elected official for their contributions associated with their elected office, the individual must not have served in elected office for which they are being recognized for at least one year. Exceptions are at the discretion of the City Council and will only be considered when extenuating circumstances exists.

2. Sponsorship Naming Guidelines for Elected Officials

For the purposes of recognizing a financial contribution through a negotiated sponsor agreement through an approved fundraising campaign, a building, room or amenity may bear the name of an elected official if specific conditions are met, including approval of a formal written agreement outlining the terms and conditions of the Naming Rights. The individual must not have served in the elected office from which they assisted with the financial contribution for at least one year. Final approval is at the discretion of the City Council.

G. RENAMING PARKS/FACILITIES

The renaming of parks and facilities will be strongly discouraged and can only be initiated upon City Council approval. If considered, critical examination will be conducted to insure that renaming the park or facility will not diminish the original justification for the name or the prior contributors. Renaming must be accompanied by a petition from the park or facility users as well as the residents surrounding the area.

Only parks and facilities named for geographic location, outstanding feature or subdivision should be considered for renaming.

Parks and facilities named after individuals shall never be changed unless it is found that because of the individual's character the continued use of their name would not be in the best interest of the community.

H. NOMINATION PROCESS

All requests to the City, including those developed by City or Agency Staff for naming of City lands and facilities, must be submitted to the office of the City Clerk and contain detailed justification for the request.

1. The detailed request will provide the minimum of information contained on the form attached.
2. The City Clerk will transmit the form and supporting documents to the City for review. If applicable, a public meeting as outlined in this policy, will take place before a recommendation is made to the City.
3. After action has been taken on the nomination by the appropriate department, the recommendation will be sent back to the City Clerk to be placed on the City Council agenda.
4. The Clerk will notify the petitioner of the date for Council consideration and/or the subsequent action by City Council.
5. This process does not apply to the naming of streets which will continue to be processed through the Development Services Department-Planning Division.

I. PROCEDURE

1. All proposals should clearly identify the facility, the reason for naming the feature, and include required evidence supporting the proposal.
2. A proposal to commemorate an individual should contain evidence of local support for the name and its application. Such evidence may be in the form of letters from local residents and administrative agency personnel and/or petitions containing original signatures of local citizens. Evidence may also be in the form of newspaper clippings of articles and letters to the editor showing public awareness and endorsement of the proposed name.
3. Applications that are determined to be incomplete, without sufficient documentation, or otherwise inconsistent with the City's policy will be returned to the applicant with a letter stating the reasons for rejection. The applicant may resubmit the name request with new or additional information that brings the request to compliance with the City's policy. The standard approval process will ensue.
4. Difficult to use in written or spoken form or cumbersome names generally will not be approved by the City. Parks, features, and community recreation centers should be named in a manner that will provide an easy and recognizable reference.
5. This policy may be amended by the City upon approval by the City Council.

J. APPROVAL PROCESS

Initiation of naming can occur at the Department level or by a member of the community. City staff may solicit community input for the naming of a public facility or commence an ad hoc committee for a planned project. Naming opportunity recommendations shall be forwarded for approval to the City Council from the City Manager via the appropriate Department, Board, Committee or Commission. Depending upon the park or facility being considered for naming, the following guidelines apply:

1. Park or Recreational Facility or Amenity

- General naming or Commemorative naming opportunities for parks and recreational or cultural facilities shall be researched by the Community Services Department. The Department will forward a recommendation to the City Manager. The City Manager will forward a final recommendation to the City Council for approval and adoption of resolution.

2. Library Facility or Amenity

- General naming or Commemorative naming opportunities for library facilities shall be researched by the Library Services Division and taken for review to the Library Board. The Library Board will forward a recommendation to the City Manager. The City Manager will forward a final recommendation to the City Council for approval and adoption of resolution.

3. Other Facilities or Amenities

- General naming opportunities for other facilities shall be reviewed by the appropriate Department and forwarded to the City Manager. The City Manager will forward a final recommendation to the City Council for approval and adoption of resolution.

4. Sponsorship Naming Rights

- Sponsorship naming rights for parks and facilities shall be solicited and negotiated by the City Manager's office and forwarded to the City Council for final approval.

**SPECIAL FINANCE COMMITTEE MEETING
FEBRUARY 19, 2020**

CONCLUSION/ACTION SUMMARY

In attendance: Committee Chair Elliott, Committee Member Zuniga, City Manager Hoerning, and Acting Administrative Services Director Bock-Helms

1) **ORAL COMMUNICATIONS**

Alex Velto, questioned what fees the City pays to Piper Sandler.

- 2) **PERIOD ENDING JUNE 30, 2019 INVESTMENT PORTFOLIO REVIEW**, Victor E. Ume-Ukeje from Piper Sandler (formerly Piper Jaffray) gave a presentation on the economic outlooks. There was discussion on how to invest the nine million dollars that is available to invest. The Committee decided to invest 20% in short-term CD's, 40% in two to three year maturities, and 40% in three to five year maturities.



Special Finance Committee Meeting

February 19, 2020

4:00 PM

Pinky Alder Room - City Hall

-
1. ORAL COMMUNICATIONS
 2. PERIOD ENDING DECEMBER 31, 2019 INVESTMENT PORTFOLIO REVIEW
 3. COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE: All Agenda items and back-up materials are available for public review at the Upland Public Library, downstairs reference desk at 450 North Euclid Avenue, the City Clerk's Office at 460 North Euclid Avenue and the City website at www.uplandca.gov.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at 909.931.4120. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. [28 CFR 35.102-35.104 ADA Title II]

POSTING STATEMENT: On February 12, 2020, a true and correct copy of this agenda was posted on the bulletin boards at 450 N. Euclid Avenue (Upland Public Library) and 460 N. Euclid Avenue (Upland City Hall) and the City website at www.uplandca.gov.



STAFF REPORT

ITEM NO. 2.

DATE: February 19, 2020
TO: FINANCE COMMITTEE
FROM: ROSEMARY HOERNING, CITY MANAGER
PREPARED BY: LONDA BOCK-HELMS, CPA, ACTING ADMINISTRATIVE SERVICES DIRECTOR
SUBJECT: PERIOD ENDING DECEMBER 31, 2019 INVESTMENT PORTFOLIO REVIEW

RECOMMENDED ACTION

It is recommended that the Finance Committee receive and file the period ending December 31, 2019, Investment Report as presented by Piper Sandler.

GOAL STATEMENT

The proposed action supports the City's goal to provide fiscal stewardship for the City of Upland.

BACKGROUND

The City is currently using Piper Sandler & Co. (formerly Piper Jaffray & Co) as its broker-dealer. In accordance with the City's Investment Policy (approved June 10, 2019), Piper Sandler & Co. (1) has been in existence for more than five years; (2) has provided proof of net capital position in excess of \$100 million; (3) is licensed as a broker-dealer by the State of California; and (4) has a branch office in the State of California.

The City currently has \$60 million invested in various instruments, none of which exceed any of the investment policy concentration limits. Our investment goal is to maximize investment income while maintaining adequate liquidity. The City's remaining investable cash balances of approximately \$26.6 million will continue to be held in the Local Agency Investment Fund (LAIF). Balances in LAIF earn a higher interest rate than a regular bank account and yet can be accessed same day if necessary without penalty or loss of income.

ISSUES/ANALYSIS

The period ending December 31, 2019, Investment Report will be presented by a representative from Piper Sandler & Co.

FISCAL IMPACTS

There is no fiscal impact associated with this action.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

Portfolio Review 12-31-19

Portfolio Review

Fixed Income | Strategic Analytics | Premium Service



City of Upland

Upland, CA

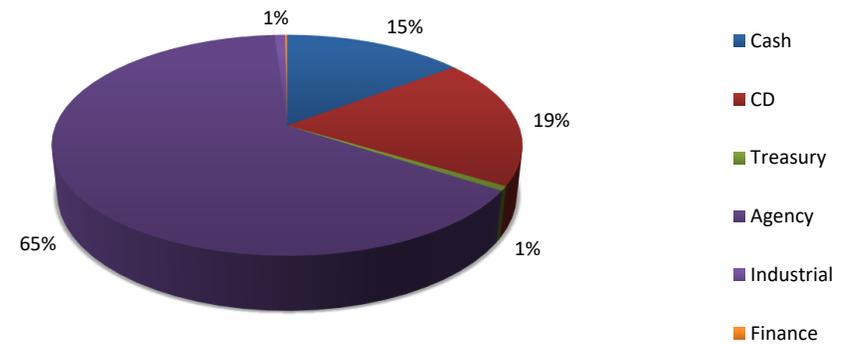
SAG Account: 41018
 Portfolio as of: 12/31/2019
 Pricing date: 12/31/2019

Portfolio Characteristics

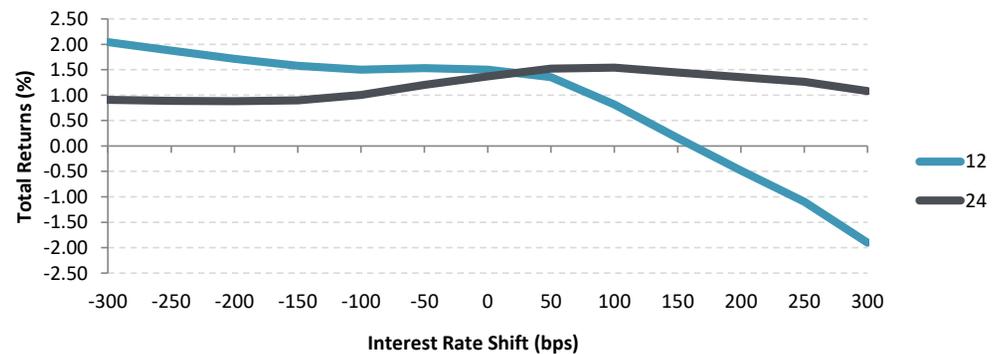
Total Par Value (000)	60,019
Total Market Value w Accrued (000)	60,351
Total Book Value (000)	60,012
Weighted Average Coupon	2.05
Weighted Average Life	1.20
FTE Market Yield*	1.78
Book Yield	2.01
Modified Duration	2.40
Effective Duration	1.39
Estimated Total Cash Flow (2-yr, Flat Rate)	49,741

Report Created: 1/14/2020

Sector Distribution



Return Simulations



Portfolio Distribution Report

Portfolio as of: 12/31/2019

Pricing date: 12/31/2019

City of Upland

Maturity	
Years	%
0.00 - 0.99	31.2%
1.00 - 2.99	28.0%
3.00 - 4.99	40.8%
5.00 - 9.99	
10.00 - 19.99	
20+	

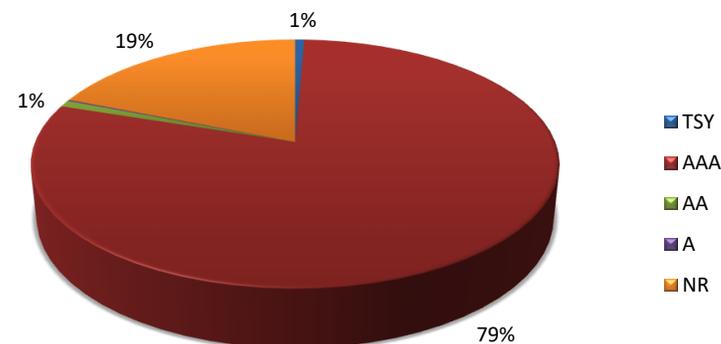
Sector	
Sector	%
Cash	14.7%
CD	18.9%
Treasury	0.7%
Agency	64.7%
Pass-Through	
ARM	
CMO	
ABS	
CMBS	
Corporate	1.0%
Industrial	0.9%
Utility	
Finance	0.2%
Municipal	
Provincial	
Sovereign	
Surpranational	
Preferred Bond	
Preferred Stock	
Other	

Quality	
Moody's/S&P	%
TSY	0.7%
AAA	79.4%
AA	0.9%
A	0.2%
BBB	
BB	
B	
CCC	
CC	
C	
D	
NR	18.9%

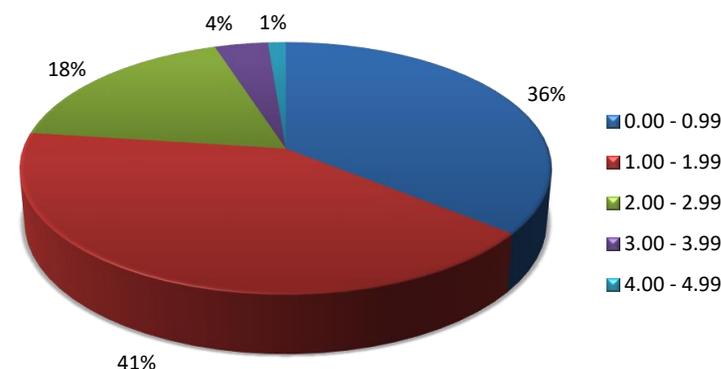
Coupon	
Percent	%
0% - 1%	
1% - 2%	40.5%
2% - 3%	56.5%
3% - 4%	3.0%
4% - 5%	
5% - 6%	
6% - 7%	
7% - 8%	
8% - 9%	
9% - 10%	
10%+	

Effective Duration	
Years	%
0.00 - 0.99	35.8%
1.00 - 1.99	41.3%
2.00 - 2.99	17.9%
3.00 - 3.99	3.8%
4.00 - 4.99	1.3%
5.00 - 5.99	
6.00 - 6.99	
7.00 - 7.99	
8.00+	

Credit Exposure



Effective Duration Breakdown



Portfolio Sector & Duration Matrix

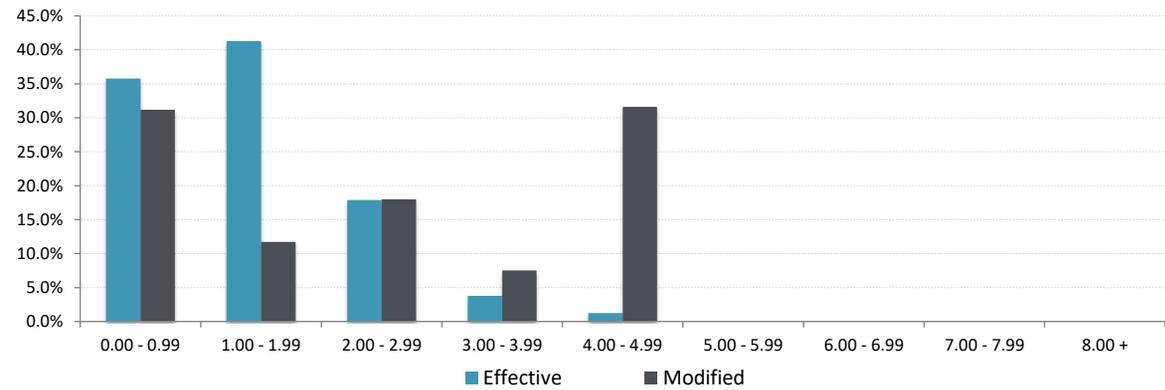
Portfolio as of: 12/31/2019

Pricing date: 12/31/2019

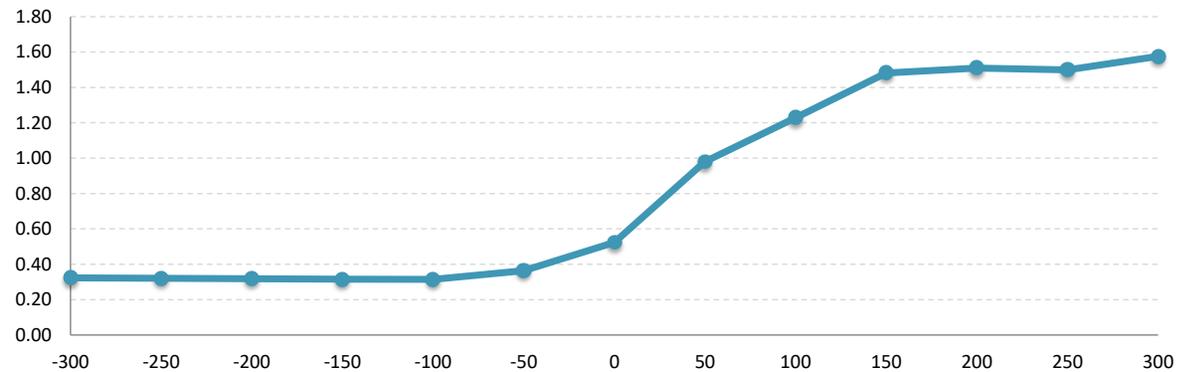
City of Upland

Duration		
Years	Effective	Modified
0.00 - 0.99	35.8%	31.2%
1.00 - 1.99	41.3%	11.7%
2.00 - 2.99	17.9%	18.0%
3.00 - 3.99	3.8%	7.5%
4.00 - 4.99	1.3%	31.6%
5.00 - 5.99		
6.00 - 6.99		
7.00 - 7.99		
8.00 +		

Effective vs. Modified



12 Month Simulations Ending Duration



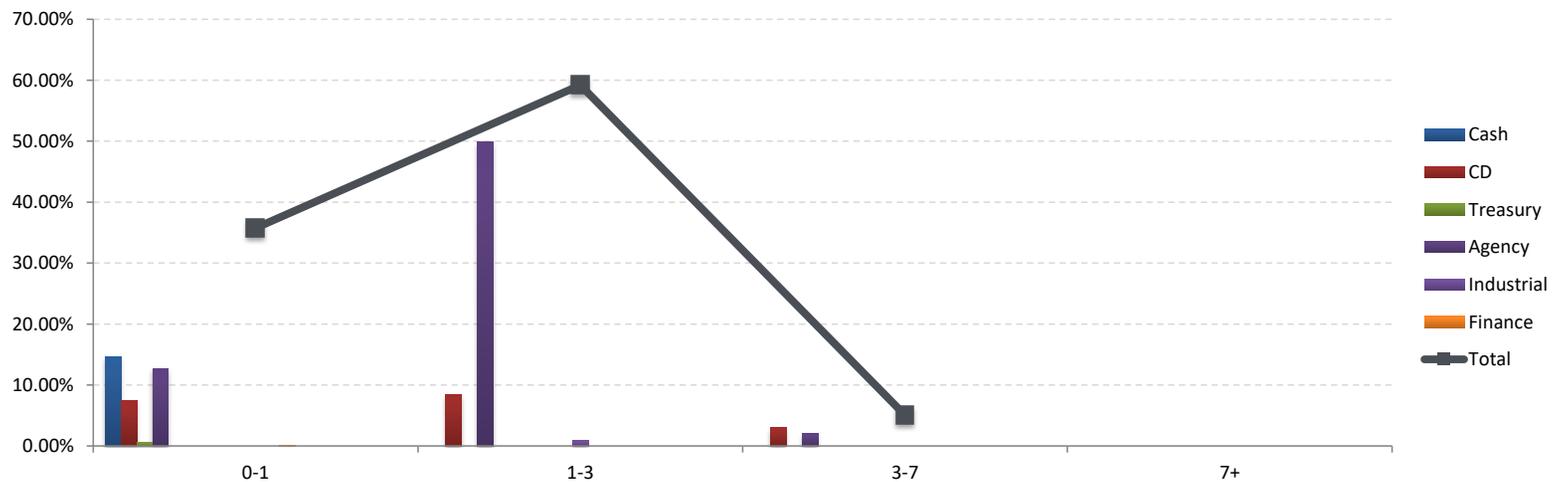
Portfolio Duration Report

Portfolio as of: 12/31/2019

Pricing date: 12/31/2019

City of Upland

Duration Distribution Matrix (Effective Duration)					
	0 - 1	1 - 3	3 - 7	7+	Total
Cash	14.7%				14.7%
CD	7.5%	8.4%	3.0%		18.9%
Treasury	0.7%				0.7%
Agency	12.7%	49.9%	2.1%		64.7%
Pass-Through					
ARM					
CMO					
ABS					
CMBS					
Industrial		0.9%			0.9%
Utility					
Finance	0.2%				0.2%
Municipal					
Provincial					
Sovereign					
Surpranational					
Preferred Bond					
Preferred Stock					
Other					
Total	35.8%	59.2%	5.0%		100.0%



Portfolio Parallel Simulation

Portfolio as of: 12/31/2019

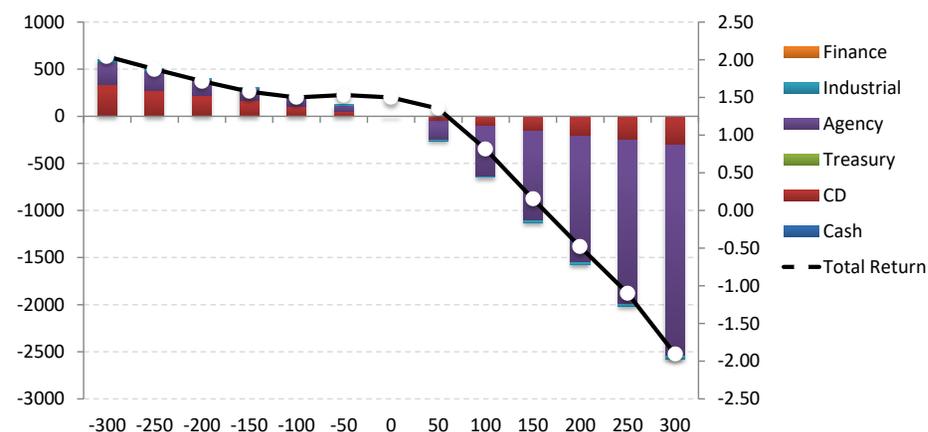
Pricing date: 12/31/2019

City of Upland

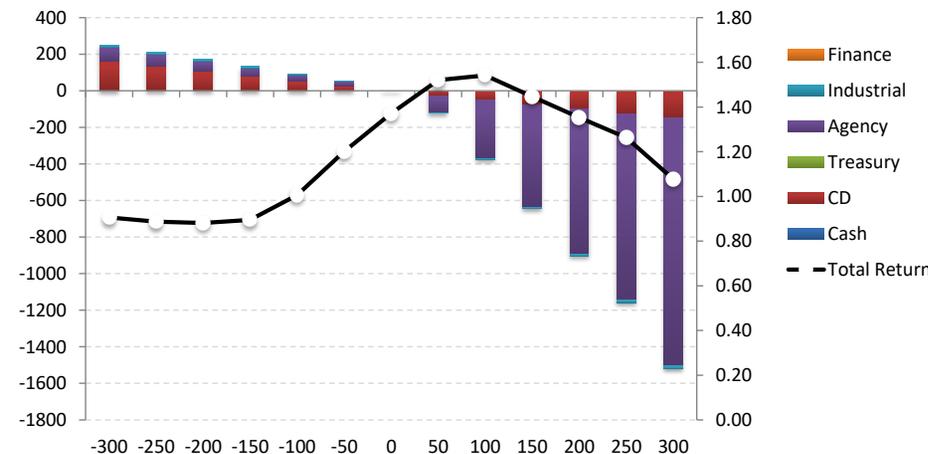
12		Month Horizon					Market Value (000)
Yield Δbps	Returns (%)			Average Life	Effective Duration		
	Total	Income	Price				
-300	2.04	1.05	1.00	0.33	0.32	60,671	
-250	1.88	1.05	0.82	0.33	0.32	60,573	
-200	1.71	1.07	0.64	0.32	0.32	60,475	
-150	1.58	1.10	0.48	0.32	0.32	60,379	
-100	1.50	1.19	0.31	0.32	0.31	60,284	
-50	1.53	1.33	0.20	0.49	0.36	60,191	
0	1.50	1.48	0.03	0.65	0.52	60,070	
50	1.35	1.76	-0.40	1.43	0.98	59,810	
100	0.82	1.86	-1.04	1.48	1.23	59,420	
150	0.15	1.97	-1.81	1.61	1.48	58,942	
200	-0.48	2.04	-2.53	1.60	1.51	58,494	
250	-1.10	2.12	-3.21	1.58	1.50	58,053	
300	-1.90	2.20	-4.11	1.67	1.58	57,492	

24		Month Horizon					Market Value (000)
Yield Δbps	Returns (%)			Average Life	Effective Duration		
	Total	Income	Price				
-300	0.91	0.70	0.20	0.13	0.13	60,287	
-250	0.89	0.72	0.17	0.13	0.13	60,246	
-200	0.88	0.75	0.13	0.13	0.13	60,207	
-150	0.90	0.80	0.10	0.13	0.13	60,168	
-100	1.01	0.94	0.07	0.13	0.13	60,128	
-50	1.20	1.15	0.05	0.25	0.17	60,090	
0	1.37	1.36	0.01	0.37	0.28	60,036	
50	1.52	1.61	-0.09	0.58	0.43	59,914	
100	1.54	1.83	-0.29	0.88	0.73	59,660	
150	1.45	1.96	-0.51	0.91	0.85	59,392	
200	1.35	2.07	-0.72	0.91	0.86	59,132	
250	1.26	2.18	-0.92	0.90	0.86	58,878	
300	1.08	2.29	-1.21	0.98	0.93	58,516	

Market Value Change (000) Total Return



Market Value Change (000) Total Return



Portfolio Review

Fixed Income | Strategic Analytics | Premium Service

PIPER | SANDLER

Portfolio Interest Rate Sensitivity

Portfolio as of: 12/31/2019

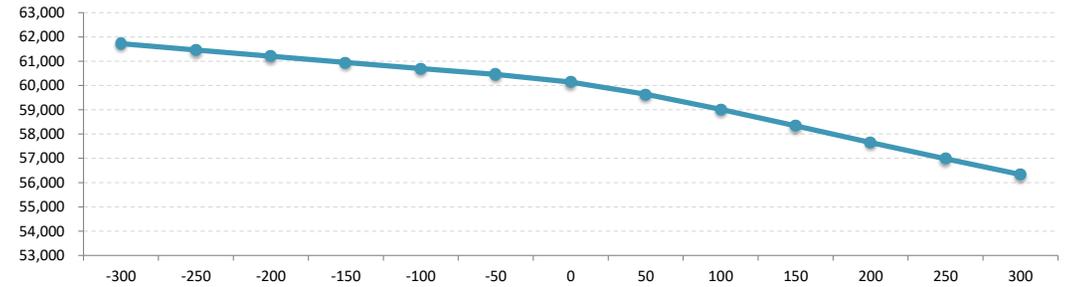
Pricing date: 12/31/2019

City of Upland

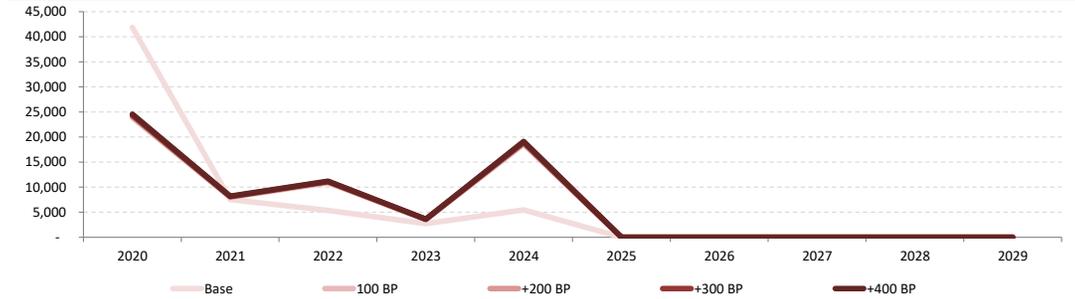
Instantaneous Interest Rate Shift Changes

Yield Δbps	Average Life	Effective Duration	Market Value (000)	Change in Market Value (%)
-300	0.85	0.85	61,723	2.63%
-250	0.84	0.84	61,464	2.20%
-200	0.84	0.84	61,204	1.77%
-150	0.83	0.84	60,945	1.34%
-100	0.83	0.87	60,698	0.93%
-50	0.90	1.07	60,452	0.52%
0	1.20	1.39	60,139	0.00%
50	2.51	1.76	59,642	-0.83%
100	2.50	2.10	59,019	-1.86%
150	2.49	2.26	58,341	-2.99%
200	2.47	2.32	57,653	-4.13%
250	2.46	2.30	56,984	-5.25%
300	2.44	2.29	56,333	-6.33%

Market Value Sensitivity (000)



Cash Flow Sensitivity (000)



Annual Dynamic Rate Shift Cash Flow Comparisons (000)

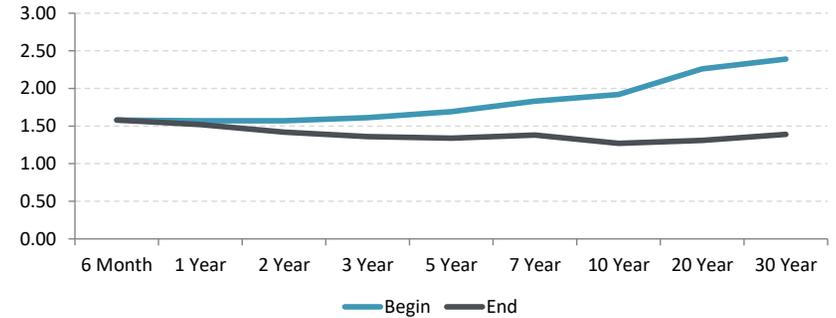
Reinvestment Rate: 1.78		-200 BP			-100 BP			Base			+100 BP			+200 BP			+300 BP			+400 BP		
Date	Principal	Coupon*	Total																			
12/31/2020	45,776	807	46,583	45,776	1,164	46,940	40,276	1,584	41,860	22,276	1,612	23,888	22,276	1,835	24,111	22,276	2,058	24,334	22,276	2,281	24,557	
12/31/2021	5,750	280	6,030	5,750	325	6,075	7,000	512	7,512	7,000	997	7,997	7,000	1,067	8,067	7,000	1,137	8,137	7,000	1,207	8,207	
12/31/2022	4,993	165	5,158	4,993	204	5,197	4,993	338	5,331	9,993	906	10,899	9,993	1,006	10,999	9,993	1,106	11,099	9,993	1,206	11,199	
12/31/2023	1,000	69	1,069	1,000	77	1,077	2,500	198	2,698	3,000	532	3,532	3,000	562	3,562	3,000	592	3,592	3,000	622	3,622	
12/31/2024	2,500	67	2,567	2,500	86	2,586	5,250	216	5,466	17,750	818	18,568	17,750	995	18,745	17,750	1,173	18,923	17,750	1,350	19,100	
12/31/2025																						
12/31/2026																						
12/31/2027																						
12/31/2028																						
12/31/2029																						
Total	60,019	1,389	61,408	60,019	1,857	61,876	60,019	2,849	62,868	60,019	4,865	64,884	60,019	5,465	65,484	60,019	6,065	66,084	60,019	6,666	66,685	

* Includes reinvestment cash flows.

Bull Flattener Curve Scenario

	Begin	End	Change (bps)
6 Month	1.58	1.58	0
1 Year	1.57	1.52	-5
2 Year	1.57	1.42	-15
3 Year	1.61	1.36	-25
5 Year	1.69	1.34	-35
7 Year	1.83	1.38	-45
10 Year	1.92	1.27	-65
20 Year	2.26	1.31	-95
30 Year	2.39	1.39	-100

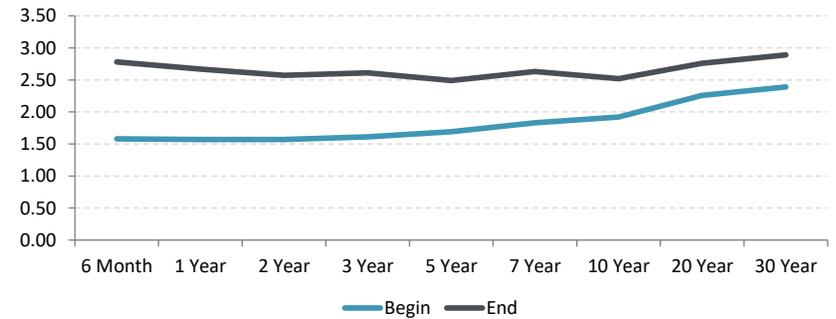
	Begin	End
Total Return		1.57
Price Return		0.09
Income Return		1.48
Mkt Val (\$000)	60,351	61,299
Eff Dur	1.39	0.41
Avg Life	1.20	0.56



Bear Flattener Curve Scenario

	Begin	End	Change (bps)
6 Month	1.58	2.78	120
1 Year	1.57	2.67	110
2 Year	1.57	2.57	100
3 Year	1.61	2.61	100
5 Year	1.69	2.49	80
7 Year	1.83	2.63	80
10 Year	1.92	2.52	60
20 Year	2.26	2.76	50
30 Year	2.39	2.89	50

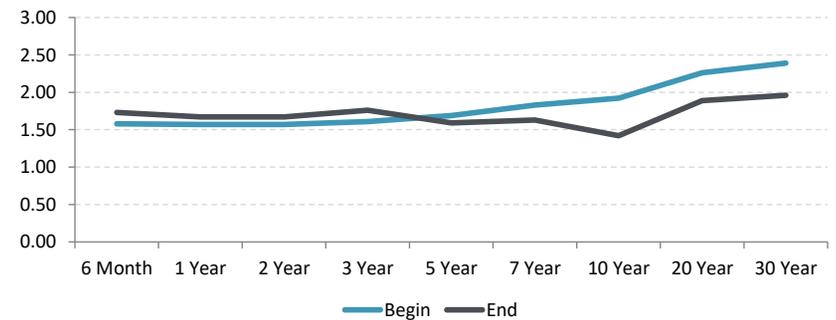
	Begin	End
Total Return		0.31
Price Return		-1.60
Income Return		1.90
Mkt Val (\$000)	60,351	60,538
Eff Dur	1.39	1.29
Avg Life	1.20	1.46



Custom Curve Scenario

	Begin	End	Change (bps)
6 Month	1.58	1.73	15
1 Year	1.57	1.67	10
2 Year	1.57	1.67	10
3 Year	1.61	1.76	15
5 Year	1.69	1.59	-10
7 Year	1.83	1.63	-20
10 Year	1.92	1.42	-50
20 Year	2.26	1.89	-37
30 Year	2.39	1.96	-43

	Begin	End
Total Return		1.49
Price Return		-0.03
Income Return		1.52
Mkt Val (\$000)	60,351	61,250
Eff Dur	1.39	0.55
Avg Life	1.20	0.71



Portfolio Income Analysis

Portfolio as of: 12/31/2019

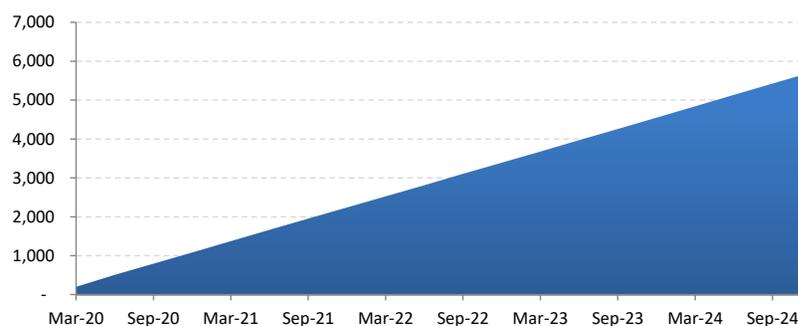
Pricing date: 12/31/2019

City of Upland

Quarterly Income (000)



Cumulative Income (000)



Date	Principal (000)	Coupon (000)	Interest on Cash Flow (000)	Change in Accrued Interest (000)	Book Amort/Accret (000)	Total Pre-Tax Income (000)	Cumulative Pre-Tax Income (000)
Beginning							
03/01/2020	15,321	163	20	17	(2)	198	198
06/01/2020	6,855	263	77	(32)	1	309	507
09/01/2020	8,850	202	122	(38)	1	287	794
12/01/2020	8,000	191	150	(57)	4	288	1,082
03/01/2021	1,500	94	183	9	3	289	1,371
06/01/2021	750	118	188	(16)	3	293	1,664
09/01/2021	750	80	192	16	2	290	1,954
12/01/2021	5,000	108	203	(28)	(1)	283	2,236
03/01/2022	250	69	221	(2)	0	288	2,524
06/01/2022	1,493	64	226	(1)	0	289	2,813
09/01/2022	250	68	231	(10)	(0)	288	3,101
12/01/2022	500	45	233	10	(0)	288	3,389
03/01/2023	3,000	63	245	(19)	(1)	288	3,677
06/01/2023	250	39	251	1	(1)	291	3,968
09/01/2023	250	38	254	(1)	(1)	290	4,258
12/01/2023	-	35	256	0	(1)	291	4,549
03/01/2024	1,750	34	262	(5)	(1)	291	4,840
06/01/2024	500	35	267	(8)	(0)	293	5,132
09/01/2024	1,500	15	270	7	(0)	292	5,425
12/01/2024	3,250	56	285	(51)	(0)	290	5,715

*Assumes All Cash Flows are Reinvested at the Reinvestment Rate (%): 1.78

Portfolio Monthly Cash Flow Analysis

Portfolio as of: 12/31/2019

Pricing date: 12/31/2019

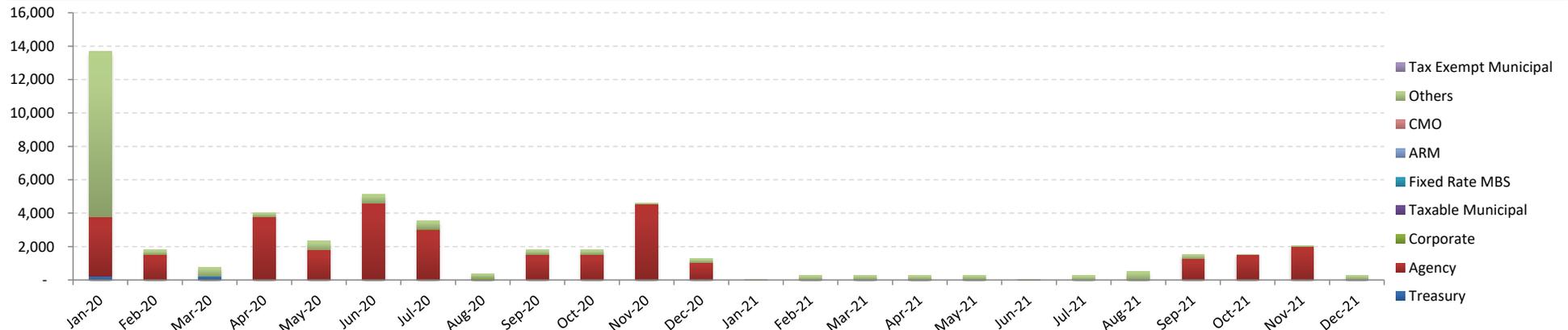
City of Upland

Reinvestment Rate: 1.78

Monthly Cashflows (000, Unchanged Rate Scenario)

Date	Treasury	Agency	Corporate	Taxable Municipal	Fixed Rate MBS	ARM	CMO	Others	Tax Exempt Municipal	Principal	Coupon	Interest on Cash Flow	Total	Cumulative
Ending														
01/31/2020	201	3,581	6					9,900		13,571	117	-	13,688	13,688
02/29/2020		1,531	1					264		1,750	46	20	1,817	15,504
03/31/2020	201	40						522		700	63	23	786	16,290
04/30/2020		3,772						267		3,950	89	24	4,063	20,353
05/31/2020		1,786						530		2,205	111	30	2,346	22,700
06/30/2020		4,599						517		5,000	116	34	5,149	27,849
07/31/2020		3,032	6					522		3,500	60	41	3,601	31,450
08/31/2020		15	101					260		350	27	47	424	31,874
09/30/2020		1,540						266		1,750	56	47	1,853	33,727
10/31/2020		1,535						263		1,750	48	50	1,848	35,575
11/30/2020		4,561						26		4,500	87	53	4,640	40,215
12/31/2020		1,041						257		1,250	48	60	1,358	41,572
01/31/2021			6					16			22	62	84	41,656
02/28/2021		15						258		250	24	62	335	41,992
03/31/2021		27						264		250	40	62	353	42,344
04/30/2021		23						261		250	34	63	347	42,691
05/31/2021		20						275		250	44	63	357	43,048
06/30/2021		31						6			36	64	100	43,149
07/31/2021			6					265		250	21	64	335	43,484
08/31/2021		15						507		500	22	65	587	44,071
09/30/2021		1,277						263		1,500	39	65	1,604	45,675
10/31/2021		1,523						6		1,500	29	68	1,597	47,272
11/30/2021		2,020						21		2,000	40	70	2,110	49,382
12/31/2021		31						254		250	35	73	358	49,741
	402	32,013	127	-	-	-	-	15,989	-	47,276	1,255	1,210	49,741	

Cash Flows by Sector (000)



Portfolio Dynamic Cash Flow Analysis

Portfolio as of: 12/31/2019

Pricing date: 12/31/2019

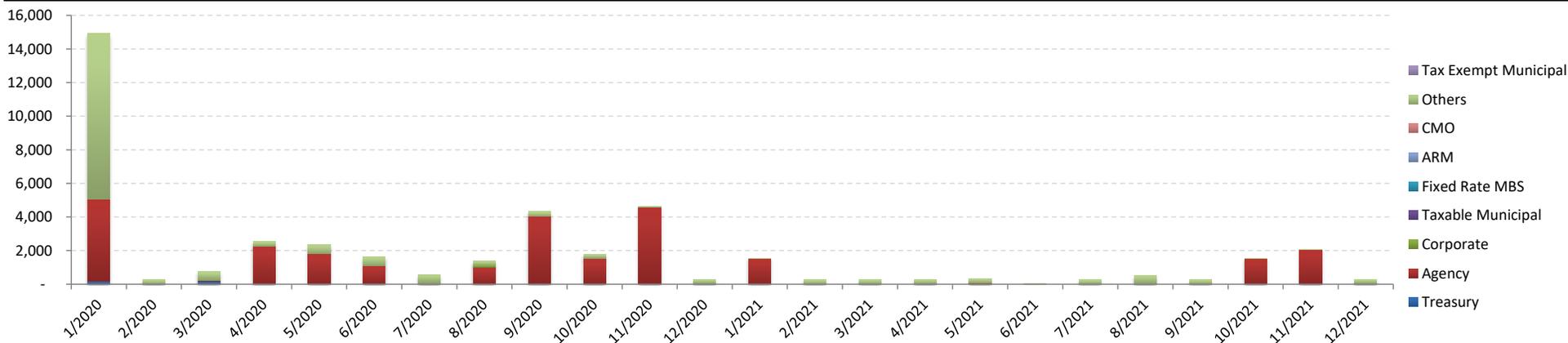
City of Upland

Reinvestment Rate: 1.78

Monthly Cashflows (000, Dynamic Rate Scenario)

Date	Treasury	Agency	Corporate	Taxable Municipal	Fixed Rate MBS	ARM	CMO	Others	Tax Exempt Municipal	Principal	Coupon	Interest on Cash Flow	Total	Cumulative
Ending														
1/31/2020	201	4,840	6					9,900		14,821	125	-	14,946	14,946
2/29/2020		15	1					264		250	31	22	303	15,249
3/31/2020	201	28						522		700	52	23	774	16,024
4/30/2020		2,264						267		2,450	80	24	2,554	18,578
5/31/2020		1,802						530		2,205	126	28	2,359	20,937
6/30/2020		1,097						517		1,500	114	31	1,645	22,582
7/31/2020		49	6					522		500	77	33	611	23,192
8/31/2020		1,021	101					260		1,350	33	34	1,417	24,609
9/30/2020		4,048						266		4,250	65	37	4,351	28,960
10/31/2020		1,535						263		1,750	48	43	1,841	30,802
11/30/2020		4,599						26		4,500	125	46	4,671	35,472
12/31/2020		41						257		250	48	53	351	35,823
1/31/2021		1,517	6					16		1,500	40	53	1,593	37,416
2/28/2021		15						258		250	24	55	329	37,745
3/31/2021		15						264		250	29	56	335	38,080
4/30/2021		23						261		250	34	56	340	38,420
5/31/2021		65						275		250	90	57	397	38,816
6/30/2021		41						6			46	58	104	38,920
7/31/2021			6					265		250	21	58	329	39,249
8/31/2021		15						507		500	22	58	580	39,829
9/30/2021		15						263		250	28	59	337	40,166
10/31/2021		1,523						6		1,500	29	60	1,589	41,755
11/30/2021		2,065						21		2,000	86	62	2,147	43,902
12/31/2021		41						254		250	45	65	360	44,262
	402	26,674	127	-	-	-	-	15,989	-	41,776	1,416	1,070	44,262	

Cash Flows by Sector (000)



Portfolio Annual Cash Flow Analysis

Portfolio as of: 12/31/2019

Pricing date: 12/31/2019

City of Upland

Reinvestment Rate: 1.78

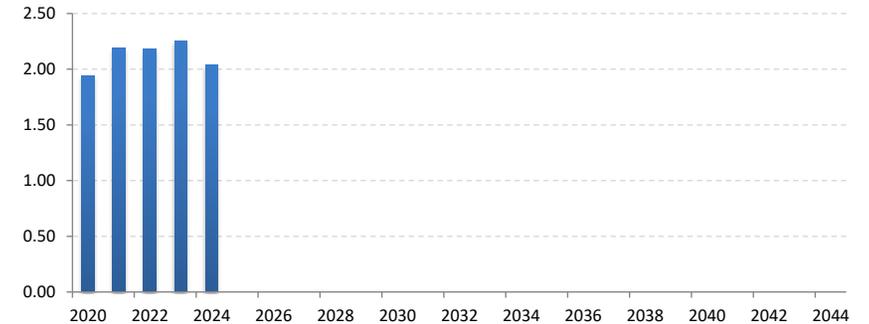
Annual Cashflows (000, Unchanged Rate Scenario)

Date	Treasury	Agency	Corporate	Taxable Municipal	Fixed Rate MBS	ARM	CMO	Others	Tax Exempt Municipal	Principal	Coupon	Interest on Cash Flow	Total	Cumulative	Bk Yld Run-off
Ending															
12/31/2020	402	27,032	115					13,594		40,276	867	-	41,143	41,143	1.94
12/31/2021		4,980	12					2,395		7,000	387	732	8,120	49,263	2.19
12/31/2022		2,148	517					2,578		4,993	249	877	6,119	55,383	2.18
12/31/2023		1,614						1,039		2,500	154	986	3,640	59,022	2.25
12/31/2024		4,336						1,037		5,250	123	1,051	6,423	65,446	2.04
12/31/2025															
12/31/2026															
12/31/2027															
12/31/2028															
12/31/2029															
12/31/2030															
12/31/2031															
12/31/2032															
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12/31/2036															
12/31/2037															
12/31/2038															
12/31/2039															
12/31/2040															
12/31/2041															
12/31/2042															
12/31/2043															
12/31/2044	402	40,111	644	-	-	-	-	20,643	-	60,019	1,781	3,646	65,446		

Cash Flows by Sector (000)



Run off Book Yield



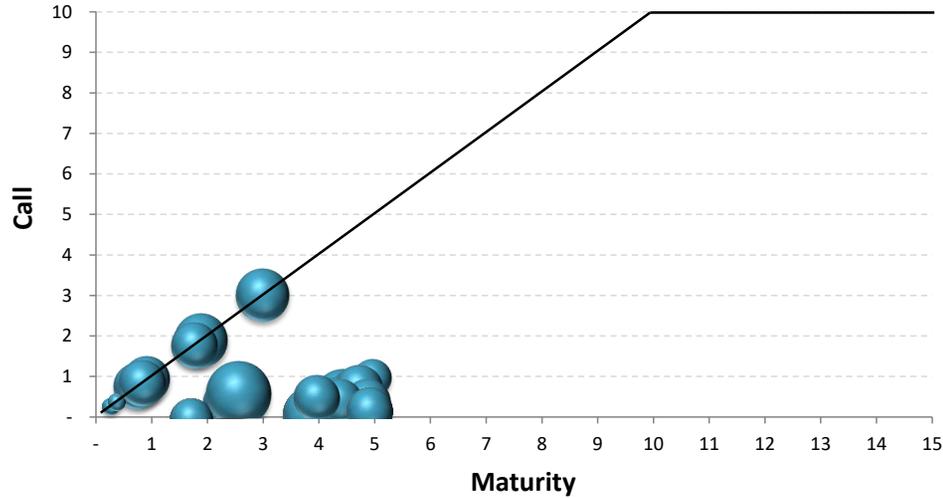
Agency Analysis

City of Upland

Portfolio as of: 12/31/2019

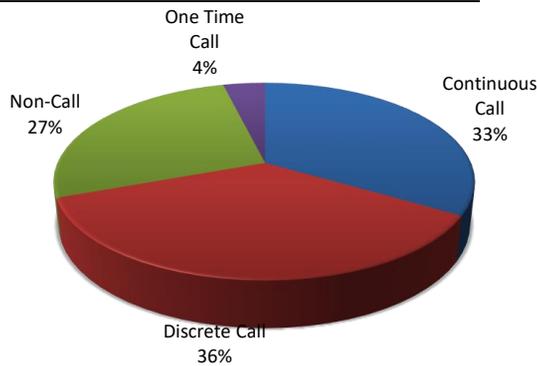
Pricing date: 12/31/2019

Agency Structure

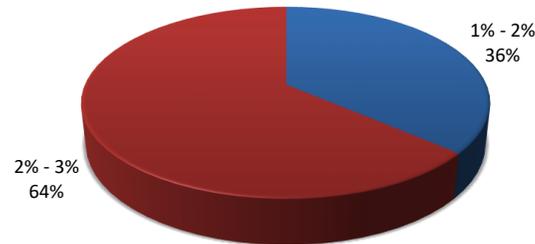


Call Type	Maturity				
	0 - 3	3 - 5	5 - 7	7 - 10	10+
NonCall > 3	10,439				
2 - 3					
1 - 2					
< 1	5,543	21,809			
Current Call	1,258				

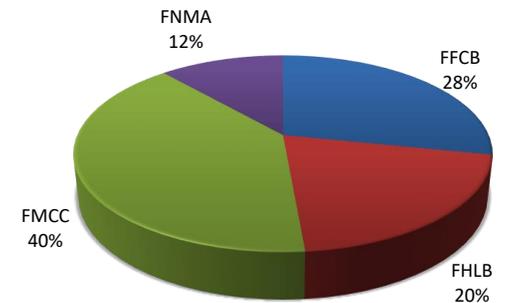
Call Structure



Coupon Breakdown



Issuer Distribution



Agency Call Analysis

Portfolio as of: 12/31/2019

Pricing date: 12/31/2019

City of Upland

Interest Rate Shift Projected Calls 12 Months

	Par (000)	% Agency	% Portfolio
-300	28,500	73.26%	47.48%
-250	28,500	73.26%	47.48%
-200	28,500	73.26%	47.48%
-150	28,500	73.26%	47.48%
-100	28,500	73.26%	47.48%
-50	25,750	66.19%	42.90%
0	24,250	62.33%	40.40%
50	6,500	16.71%	10.83%
100	5,500	14.14%	9.16%
150	2,000	5.14%	3.33%
200	2,000	5.14%	3.33%
250	2,000	5.14%	3.33%
300			

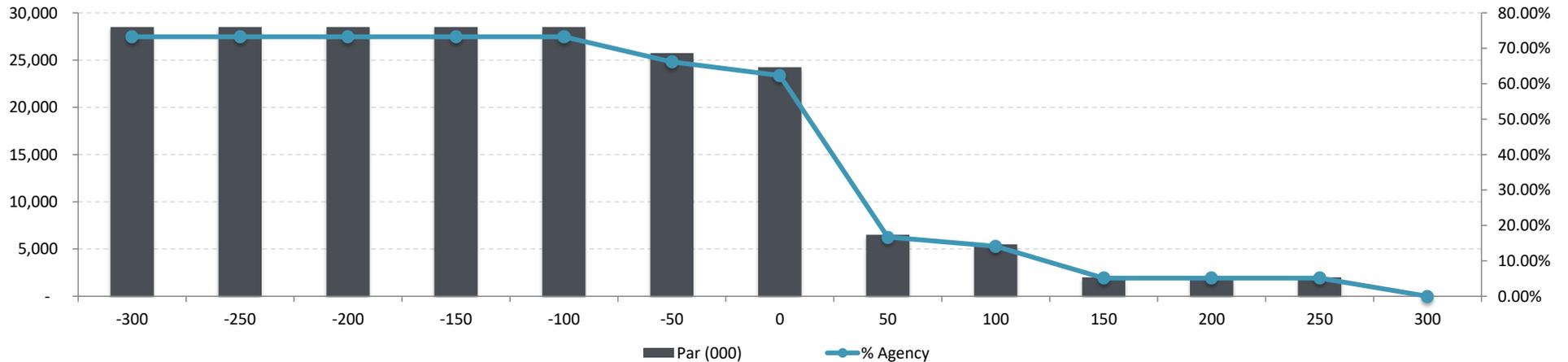
Monthly Projected Calls 12 Months

	Discrete	Continuous
01/31/2020	3,500	
02/29/2020	1,500	
03/31/2020		
04/30/2020	3,500	
05/31/2020		1,500
06/30/2020	1,000	3,500
07/31/2020		3,000
08/31/2020		
09/30/2020		
10/31/2020		
11/30/2020	3,000	
12/31/2020		1,000
01/31/2021		

Call Breakout 12 Months



Projected Agency Call +300/-300 12 Month



Corporate Analysis

Portfolio as of: 12/31/2019

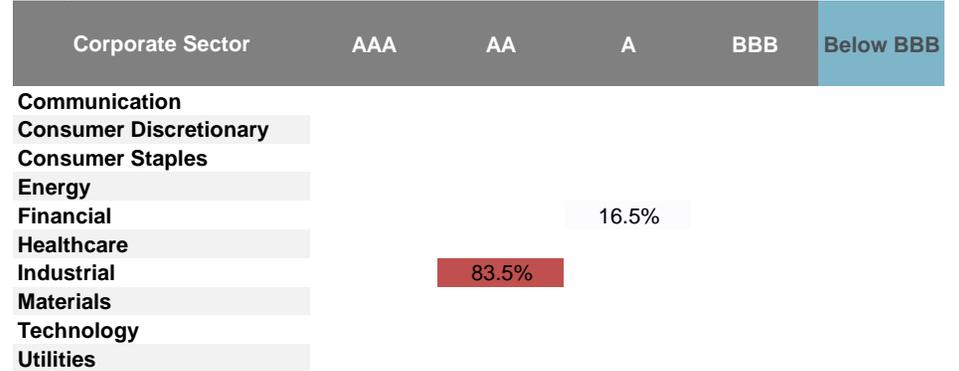
Pricing date: 12/31/2019

City of Upland

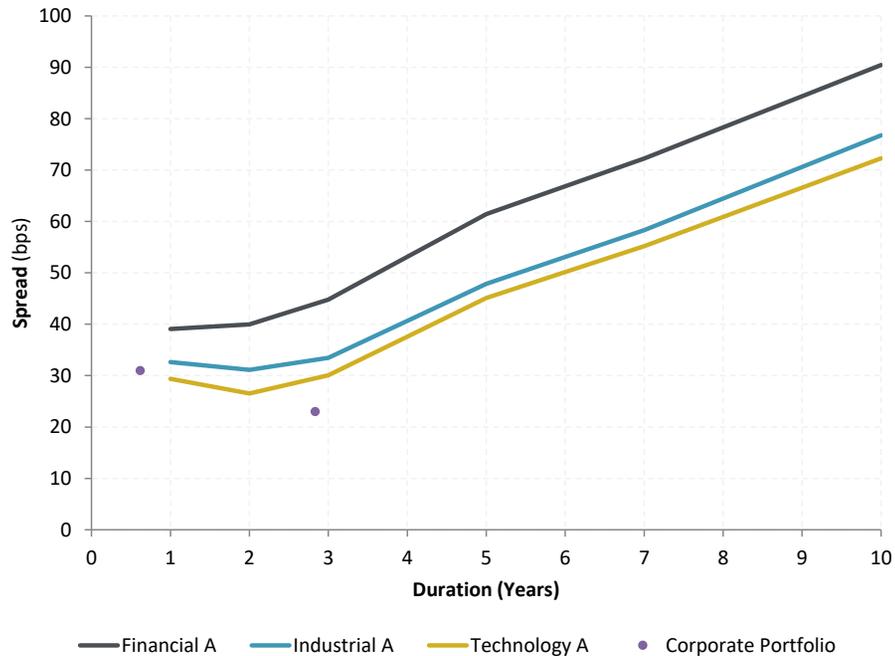
Corporate Sector Summary

Corporate Sector	Market Value (\$000)	Market Value (%)	Maturity (Years)	Market Yield (%)
Communication				
Consumer Discretionary				
Consumer Staples				
Energy				
Financial	101	16%	0.63	1.91
Healthcare				
Industrial	514	84%	3.04	1.82
Materials				
Technology				
Utilities				
TOTAL	615			

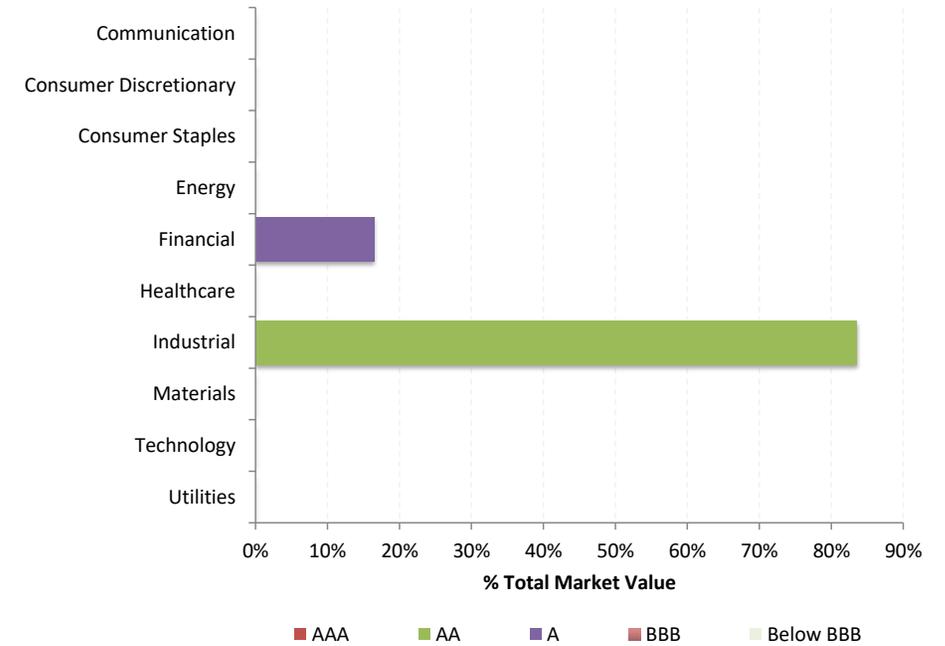
Corporate Sector & Credit Distribution



Portfolio vs. Benchmark Spreads



Corporate Sector & Credit Breakdown



Portfolio Review

Fixed Income | Strategic Analytics | Premium Service

PIPER | SANDLER

Book Value Appraisal

Portfolio as of: 12/31/2019

Pricing date: 12/31/2019

City of Upland

Par (000)	CUSIP	Issuer	S&P	Mdys	Cpn	Maturity	Average Life	Book Price	Market Price	Book Value (000)	Market Value (000)~	Gain/Loss (000)	Book Yield	FTE Market Yield	Effective Duration
60,019			AAA	Aaa	2.05	2.53	1.20	99.99	100.21	60,012	60,351	127	2.01	1.78	1.39
8,871		Total Cash & Equivalents (14.7%)	AAA	Aaa	1.20	0.09	0.08	100.00	100.00	8,871	8,871	0	1.20	1.20	0.08
8,871	FGVXX	CASH & EQUIVALENTS	AAA	Aaa	1.20	01/31/2020	0.08	100.00	100.00	8,871	8,871	0	1.20	1.20	0.08
11,243		Total CD (18.9%)	NR	NR	2.58	1.73	1.73	100.06	101.20	11,249	11,417	127	2.57	1.73	1.66
250	90520VAG8	UNION BK GREENVILLE NC	NR	NR	2.65	01/16/2020	0.04	100.00	100.05	250	251	0	2.65	1.62	0.04
250	59013J5A3	MERRICK BK SOUTH JORDAN UTAH	NR	NR	2.70	01/21/2020	0.06	100.00	100.06	250	250	0	2.70	1.53	0.06
250	75047ABK9	RADIUS BK BOSTON MASS	NR	NR	2.00	01/29/2020	0.08	100.00	100.03	250	252	0	2.00	1.64	0.08
250	89210PBZ5	TOWN CTRY BK SPRINGFIELD ILL	NR	NR	2.00	01/30/2020	0.08	100.00	100.03	250	250	0	2.00	1.58	0.08
250	919853BX8	VALLEY NATL BK PASSAIC N J	NR	NR	2.70	02/07/2020	0.10	100.00	100.11	250	251	0	2.70	1.62	0.10
250	45083ALH3	IBERIABANK LAFAYETTE LA	NR	NR	2.80	03/02/2020	0.17	100.00	100.20	250	251	1	2.80	1.60	0.17
250	20451PWE2	COMPASS BK BIRMINGHAM ALA	NR	NR	2.80	03/04/2020	0.18	100.00	100.21	250	251	1	2.80	1.61	0.17
250	06417NGZ0	BANK OZK	NR	NR	2.35	04/09/2020	0.27	100.00	100.19	250	251	0	2.35	1.65	0.27
250	909557HZ6	UNITED BANKERS BK BLOOMINGTO	NR	NR	2.85	05/19/2020	0.38	100.00	100.46	250	251	1	2.85	1.65	0.38
250	11373QFU7	BROOKLINE BK MASS	NR	NR	2.90	05/29/2020	0.41	100.00	100.51	250	251	1	2.90	1.65	0.41
250	32021SFP6	FIRST FINL BK HAMILTON OH	NR	NR	2.90	06/26/2020	0.49	100.00	100.61	250	252	2	2.90	1.64	0.48
250	02007GDM2	ALLY BK MIDVALE UTAH	NR	NR	2.75	06/29/2020	0.50	100.35	100.54	251	251	0	2.04	1.64	0.49
250	87227RCN2	TCF NATL BK	NR	NR	2.60	07/02/2020	0.50	100.00	100.47	250	254	1	2.60	1.64	0.49
250	949763SP2	WELLS FARGO BANK NATL ASSN	NR	NR	2.80	07/27/2020	0.57	99.95	100.66	250	252	2	2.89	1.65	0.56
250	064455AM0	BANK PONTIAC (ILLINOIS)	NR	NR	2.35	08/14/2020	0.62	100.00	100.43	250	251	1	2.35	1.65	0.61
250	062683BX4	BANK HOPE LOS ANGELES CA	NR	NR	2.80	09/14/2020	0.71	100.00	100.81	250	252	2	2.80	1.65	0.69
250	20033AXY7	COMENITY CAP BK UTAH	NR	NR	2.00	10/23/2020	0.81	100.00	100.28	250	251	1	2.00	1.65	0.80
250	32056GDD9	FIRST INTERNET BK IND	NR	NR	3.00	12/28/2020	0.99	100.00	101.32	250	253	3	3.00	1.66	0.97
250	538036DX9	LIVE OAK BKG CO NC	NR	NR	3.00	02/09/2021	1.11	100.00	101.46	250	254	4	3.00	1.67	1.08
250	27002YDY9	EAGLEBANK BETHESDA MD	NR	NR	2.85	03/08/2021	1.18	100.00	101.39	250	254	3	2.85	1.67	1.16
250	17312QH93	CITIBANK NATIONAL ASSOCIATIO	NR	NR	2.75	04/12/2021	1.28	100.00	101.36	250	255	3	2.75	1.67	1.25
250	14042RFV8	CAPITAL ONE NATL ASSN VA	NR	NR	2.25	05/24/2021	1.40	98.49	100.34	246	251	5	3.37	2.00	1.37
250	05580ANK6	BMW BK NORTH AMER SALT LAKE	NR	NR	3.00	07/13/2021	1.53	100.00	101.98	250	258	5	3.00	1.68	1.48
250	14042TBG1	CAPITAL ONE BANK (USA) NAT	NR	NR	2.10	08/02/2021	1.59	100.00	100.64	250	254	2	2.10	1.69	1.54
250	00257TBA3	ABACUS FED SVGS BK NY	NR	NR	2.90	08/31/2021	1.67	100.00	101.98	250	255	5	2.90	1.70	1.62
250	32024FAB7	FIRST FID BK OKLA CITY OKLA	NR	NR	2.85	09/14/2021	1.70	100.00	101.94	250	255	5	2.85	1.70	1.65
250	949763LT1	WELLS FARGO BANK NATL ASSN	NR	NR	2.25	12/08/2021	1.94	100.00	101.03	250	253	3	2.25	1.71	1.88
250	87164WYK8	SYNCHRONY BANK	NR	NR	2.70	03/08/2022	2.18	100.00	102.07	250	257	5	2.70	1.73	2.10
250	85916VCW3	STERLING BK POPLAR BLUFF MO	NR	NR	3.10	03/09/2022	2.19	100.00	102.93	250	258	7	3.10	1.73	2.11
250	61690UFC9	MORGAN STANLEY BK N A	NR	NR	2.80	03/14/2022	2.20	100.00	102.30	250	258	6	2.80	1.74	2.12
246	02587DN38	AMERICAN EXPRESS CENTRN	NR	NR	2.45	04/05/2022	2.26	101.49	101.23	250	251	-1	1.77	1.89	2.18
247	33583FAB8	FIRST NORTHEAST BK NEB LYONS	NR	NR	2.00	04/19/2022	2.30	96.99	100.57	240	249	9	3.36	1.75	2.23
250	68002LBL1	OLD MO BK SPRINGFIELD	NR	NR	3.10	05/05/2022	2.34	100.00	103.10	250	258	8	3.10	1.76	2.24
250	02587CFU9	AMERICAN EXP FED SVGS BK INS	NR	NR	2.40	08/29/2022	2.66	100.00	101.20	250	255	3	2.40	1.94	2.55
250	227563BJ1	CROSS RIV BK TEANECK N J	NR	NR	1.85	11/07/2022	2.85	100.00	100.11	250	251	0	1.85	1.81	2.76
250	33847E2V8	FLAGSTAR BK FSB TROY MICH	NR	NR	1.80	11/15/2022	2.87	100.00	99.97	250	250	0	1.80	1.81	2.78
250	949495AF2	WELLS FARGO NATL BK WEST LAS	NR	NR	1.85	12/30/2022	3.00	100.00	100.07	250	250	0	1.85	1.83	2.89
250	38148PYQ4	GOLDMAN SACHS BK USA NY	NR	NR	2.80	02/28/2023	3.16	100.00	102.97	250	260	7	2.80	1.83	3.00
250	795450P66	SALLIE MAE BK SLT LAKE CITY	NR	NR	3.20	05/09/2023	3.35	100.00	104.44	250	262	11	3.20	1.83	3.17
250	254673RF5	DISCOVER BK	NR	NR	3.30	07/11/2023	3.53	100.00	104.99	250	266	12	3.30	1.83	3.29
250	75472RAT8	RAYMOND JAMES BK NATL ASSN	NR	NR	1.80	12/29/2023	4.00	100.00	99.85	250	250	0	1.80	1.84	3.84
250	90348JJQ4	UBS BK USA SALT LAKE CITY UT	NR	NR	2.90	04/03/2024	4.26	104.26	104.22	261	261	0	1.86	1.87	3.98
250	61760AZR3	MORGAN STANLEY PVT BK PURCHA	NR	NR	2.75	05/02/2024	4.34	100.00	103.63	250	260	9	2.75	1.88	4.08
250	48040PFB6	JONESBORO ST BANK	NR	NR	2.05	09/16/2024	4.71	100.00	100.00	250	251	0	2.05	2.05	4.46

Portfolio Review

Fixed Income | Strategic Analytics | Premium Service

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Book Value Appraisal

Portfolio as of: 12/31/2019

Pricing date: 12/31/2019

City of Upland

Par (000)	CUSIP	Issuer	S&P	Mdys	Cpn	Maturity	Average Life	Book Price	Market Price	Book Value (000)	Market Value (000)~	Gain/Loss (000)	Book Yield	FTE Market Yield	Effective Duration
60,019			AAA	Aaa	2.05	2.53	1.20	99.99	100.21	60,012	60,351	127	2.01	1.78	1.39
250	856285RS2	STATE BK INDIA NEW YORK NY	NR	NR	2.05	11/27/2024	4.91	101.05	100.51	253	252	-1	1.83	1.94	4.65
400		Total US Treasury (0.7%)	AAA	Aaa	1.19	0.17	0.17	100.78	99.92	403	401	-3	-6.31	1.64	0.17
200	912828H52	UNITED STATES TREAS NTS	TSY	TSY	1.25	01/31/2020	0.08	101.13	99.97	202	201	-2	-11.96	1.62	0.08
200	912828UV0	UNITED STATES TREAS NTS	TSY	TSY	1.13	03/31/2020	0.25	100.44	99.87	201	200	-1	-0.63	1.66	0.25
38,905		Total Agency (64.7%)	AA+	Aaa	2.10	3.33	1.29	99.96	99.95	38,890	39,047	-7	2.13	1.93	1.60
200	3130A7PU3	FEDERAL HOME LOAN BANKS	AA+	AGY	1.20	04/06/2020	0.25	99.54	99.89	199	200	1	2.93	1.61	0.26
205	3133ECPD0	FEDERAL FARM CR BKS	AA+	AGY	1.42	05/13/2020	0.33	99.56	99.93	204	205	1	2.62	1.61	0.36
1,500	313382J53	FEDERAL HOME LOAN BANKS	AA+	AGY	1.75	09/28/2020	0.75	100.57	100.08	1,509	1,509	-7	0.98	1.65	0.73
1,500	3135G0RM7	FEDERAL NATL MTG ASSN	AA+	AGY	1.63	10/30/2020	0.83	99.95	99.93	1,499	1,503	0	1.69	1.72	0.82
1,500	3135G0F73	FEDERAL NATL MTG ASSN	AA+	AGY	1.50	11/30/2020	0.92	99.50	99.97	1,493	1,501	7	2.05	1.54	0.91
1,250	3133EHYU1	FEDERAL FARM CR BKS	AA+	AGY	1.84	09/13/2021	0.08	98.91	100.00	1,236	1,258	14	2.50	1.83	0.71
1,500	3135G0Q89	FEDERAL NATL MTG ASSN	AA+	AGY	1.38	10/07/2021	1.75	98.76	99.62	1,481	1,499	13	2.09	1.59	1.74
2,000	3133EFPT8	FEDERAL FARM CR BKS	AA+	AGY	1.96	11/19/2021	1.92	101.01	100.72	2,020	2,018	-6	1.42	1.57	1.84
1,500	3130AGCU7	FEDERAL HOME LOAN BANKS	AA+	AGY	2.55	05/06/2022	0.33	100.00	100.23	1,500	1,509	3	2.55	1.88	0.71
1,000	3133EKMN3	FEDERAL FARM CR BKS	AA+	AGY	2.43	06/03/2022	0.42	100.00	100.13	1,000	1,003	1	2.43	2.11	1.02
3,000	3133EKP8	FEDERAL FARM CR BKS	AA+	AGY	2.11	07/22/2022	0.58	100.00	100.09	3,000	3,030	3	2.11	1.94	1.22
2,000	3133ELFS8	FEDERAL FARM CR BKS	AA+	AGY	1.66	12/27/2022	3.00	99.95	100.14	1,999	2,003	4	1.68	1.61	2.91
2,000	3134GTKX0	FEDERAL HOME LN MTG CORP	AA+	AGY	2.78	10/30/2023	0.08	100.00	100.05	2,000	2,011	1	2.78	2.23	1.03
1,500	3134GUXE5	FEDERAL HOME LN MTG CORP	AGY	AGY	1.90	12/18/2023	4.00	100.00	99.41	1,500	1,493	-9	1.90	2.06	2.19
2,000	3134GTDW0	FEDERAL HOME LN MTG CORP	AA+	AGY	2.75	04/30/2024	0.33	100.00	100.25	2,000	2,015	5	2.75	1.98	1.05
1,500	3134GUPX2	FEDERAL HOME LN MTG CORP	AGY	AGY	2.00	05/15/2024	0.42	100.00	100.01	1,500	1,505	0	2.00	1.97	1.75
2,500	3130AGKB0	FEDERAL HOME LOAN BANKS	AA+	AGY	2.55	06/05/2024	0.42	100.00	100.17	2,500	2,509	4	2.55	2.15	1.54
1,000	3134GTRK1	FEDERAL HOME LN MTG CORP	AA+	AGY	2.55	06/17/2024	0.50	100.00	100.26	1,000	1,004	3	2.55	1.97	1.40
1,500	3134GTP98	FEDERAL HOME LN MTG CORP	AGY	AGY	2.40	07/30/2024	0.08	100.00	100.03	1,500	1,515	0	2.40	1.98	1.36
1,500	3134GTP56	FEDERAL HOME LN MTG CORP	AGY	AGY	2.30	07/30/2024	0.33	100.00	100.11	1,500	1,517	2	2.30	1.98	1.57
1,500	3133EKZN9	FEDERAL FARM CR BKS	AA+	AGY	2.06	08/13/2024	4.58	100.00	98.76	1,500	1,493	-19	2.06	2.35	2.89
1,500	3134GUBY5	FEDERAL HOME LN MTG CORP	AGY	AGY	2.00	09/18/2024	4.75	100.00	99.49	1,500	1,501	-8	2.00	2.11	2.64
1,250	3130AH7F4	FEDERAL HOME LOAN BANKS	AA+	AGY	2.00	10/02/2024	4.75	100.00	98.43	1,250	1,237	-20	2.00	2.35	3.18
1,500	3134GUPK0	FEDERAL HOME LN MTG CORP	AGY	AGY	2.00	11/12/2024	0.33	100.00	100.01	1,500	1,505	0	2.00	1.97	1.89
1,500	3134GUTJ9	FEDERAL HOME LN MTG CORP	AGY	AGY	2.05	11/25/2024	0.17	100.00	100.01	1,500	1,503	0	2.05	1.97	1.66
1,000	3130AHN66	FEDERAL HOME LOAN BANKS	AA+	AGY	1.94	12/16/2024	1.00	100.00	100.02	1,000	1,001	0	1.94	1.92	2.39
500		Total Corporate - Industrials (0.9%)	AA+	Aa1	2.40	3.04	2.92	98.95	101.66	495	514	14	2.76	1.82	2.84
500	037833DE7	APPLE INC	AA+	Aa1	2.40	01/13/2023	2.92	98.95	101.66	495	514	14	2.76	1.82	2.84
100		Total Corporate - Financials (0.2%)	A	A1	2.55	0.63	0.67	103.59	100.40	104	101	-3	-3.05	1.91	0.62
100	857477AS2	STATE STR CORP	A	A1	2.55	08/18/2020	0.67	103.59	100.40	104	101	-3	-3.05	1.91	0.62

Portfolio Review

Fixed Income | Strategic Analytics | Premium Service

PIPER | SANDLER

Portfolio Holdings Report

Portfolio as of: 12/31/2019

Pricing date: 12/31/2019

City of Upland

Par (000)	CUSIP	Issuer	S&P	Mdys	Cpn	Maturity	Call Date	Average Life	Market Price	Market Value (000)	Market Yield	FTE Market Yield*	Modified Duration	Effective Duration	Convexity
60,019			AAA	Aaa	2.05	2.5259		1.20	100.21	60,351	1.78	1.78	2.40	1.39	-0.46
8,871		Total Cash & Equivalents (14.7%)	AAA	Aaa	1.20	0.09		0.08	100.00	8,871	1.20	1.20	0.08	0.08	0.00
8,871	FGVXX	CASH & EQUIVALENTS	AAA	Aaa	1.20	01/31/2020		0.08	100.00	8,871	1.20	1.20	0.08	0.08	0.00
11,243		Total CD (18.9%)	NR	NR	2.58	1.73		1.73	101.20	11,417	1.73	1.73	1.66	1.66	0.03
250	90520VAG8	UNION BK GREENVILLE NC	NR	NR	2.65	01/16/2020		0.04	100.05	251	1.62	1.62	0.04	0.04	0.00
250	59013J5A3	MERRICK BK SOUTH JORDAN UTAH	NR	NR	2.70	01/21/2020		0.06	100.06	250	1.53	1.53	0.06	0.06	0.00
250	75047ABK9	RADIUS BK BOSTON MASS	NR	NR	2.00	01/29/2020		0.08	100.03	252	1.64	1.64	0.08	0.08	0.00
250	89210PBZ5	TOWN CTRY BK SPRINGFIELD ILL	NR	NR	2.00	01/30/2020		0.08	100.03	250	1.58	1.58	0.08	0.08	0.00
250	919853BX8	VALLEY NATL BK PASSAIC N J	NR	NR	2.70	02/07/2020		0.10	100.11	251	1.62	1.62	0.10	0.10	0.00
250	45083ALH3	IBERIABANK LAFAYETTE LA	NR	NR	2.80	03/02/2020		0.17	100.20	251	1.60	1.60	0.17	0.17	0.00
250	20451PWE2	COMPASS BK BIRMINGHAM ALA	NR	NR	2.80	03/04/2020		0.18	100.21	251	1.61	1.61	0.17	0.17	0.00
250	06417NGZ0	BANK OZK	NR	NR	2.35	04/09/2020		0.27	100.19	251	1.65	1.65	0.27	0.27	0.00
250	909557HZ6	UNITED BANKERS BK BLOOMINGTO	NR	NR	2.85	05/19/2020		0.38	100.46	251	1.65	1.65	0.38	0.38	0.00
250	11373QFU7	BROOKLINE BK MASS	NR	NR	2.90	05/29/2020		0.41	100.51	251	1.65	1.65	0.41	0.41	0.00
250	32021SFP6	FIRST FINL BK HAMILTON OH	NR	NR	2.90	06/26/2020		0.49	100.61	252	1.64	1.64	0.48	0.48	0.00
250	02007GDM2	ALLY BK MIDVALE UTAH	NR	NR	2.75	06/29/2020		0.50	100.54	251	1.64	1.64	0.49	0.49	0.00
250	87227RCN2	TCF NATL BK	NR	NR	2.60	07/02/2020		0.50	100.47	254	1.64	1.64	0.49	0.49	0.00
250	949763SP2	WELLS FARGO BANK NATL ASSN	NR	NR	2.80	07/27/2020		0.57	100.66	252	1.65	1.65	0.56	0.56	0.00
250	064455AM0	BANK PONTIAC (ILLINOIS)	NR	NR	2.35	08/14/2020		0.62	100.43	251	1.65	1.65	0.61	0.61	0.00
250	062683BX4	BANK HOPE LOS ANGELES CA	NR	NR	2.80	09/14/2020		0.71	100.81	252	1.65	1.65	0.69	0.69	0.00
250	20033AXY7	COMENITY CAP BK UTAH	NR	NR	2.00	10/23/2020		0.81	100.28	251	1.65	1.65	0.80	0.80	0.01
250	32056GDD9	FIRST INTERNET BK IND	NR	NR	3.00	12/28/2020		0.99	101.32	253	1.66	1.66	0.98	0.97	0.01
250	538036DX9	LIVE OAK BKG CO NC	NR	NR	3.00	02/09/2021		1.11	101.46	254	1.67	1.67	1.09	1.08	0.01
250	27002YDY9	EAGLEBANK BETHESDA MD	NR	NR	2.85	03/08/2021		1.18	101.39	254	1.67	1.67	1.16	1.16	0.01
250	17312QH93	CITIBANK NATIONAL ASSOCIATIO	NR	NR	2.75	04/12/2021		1.28	101.36	255	1.67	1.67	1.25	1.25	0.01
250	14042RFV8	CAPITAL ONE NATL ASSN VA	NR	NR	2.25	05/24/2021		1.40	100.34	251	2.00	2.00	1.36	1.37	0.01
250	05580ANK6	BMW BK NORTH AMER SALT LAKE	NR	NR	3.00	07/13/2021		1.53	101.98	258	1.68	1.68	1.48	1.48	0.02
250	14042TBG1	CAPITAL ONE BANK (USA) NAT	NR	NR	2.10	08/02/2021		1.59	100.64	254	1.69	1.69	1.54	1.54	0.02
250	00257TBA3	ABACUS FED SVGS BK NY	NR	NR	2.90	08/31/2021		1.67	101.98	255	1.70	1.70	1.62	1.62	0.02
250	32024FAB7	FIRST FID BK OKLA CITY OKLA	NR	NR	2.85	09/14/2021		1.70	101.94	255	1.70	1.70	1.66	1.65	0.02
250	949763LT1	WELLS FARGO BANK NATL ASSN	NR	NR	2.25	12/08/2021		1.94	101.03	253	1.71	1.71	1.89	1.88	0.02
250	87164WYK8	SYNCHRONY BANK	NR	NR	2.70	03/08/2022		2.18	102.07	257	1.73	1.73	2.10	2.10	0.03
250	85916VCW3	STERLING BK POPLAR BLUFF MO	NR	NR	3.10	03/09/2022		2.19	102.93	258	1.73	1.73	2.09	2.11	0.03
250	61690UFC9	MORGAN STANLEY BK N A	NR	NR	2.80	03/14/2022		2.20	102.30	258	1.74	1.74	2.11	2.12	0.03
246	02587DN38	AMERICAN EXPRESS CENTRN	NR	NR	2.45	04/05/2022		2.26	101.23	251	1.89	1.89	2.18	2.18	0.03
247	33583FAB8	FIRST NORTHEAST BK NEB LYONS	NR	NR	2.00	04/19/2022		2.30	100.57	249	1.75	1.75	2.23	2.23	0.03
250	68002LBL1	OLD MO BK SPRINGFIELD	NR	NR	3.10	05/05/2022		2.34	103.10	258	1.76	1.76	2.25	2.24	0.03
250	02587CFU9	AMERICAN EXP FED SVGS BK INS	NR	NR	2.40	08/29/2022		2.66	101.20	255	1.94	1.94	2.55	2.55	0.04
250	227563BJ1	CROSS RIV BK TEANECK N J	NR	NR	1.85	11/07/2022		2.85	100.11	251	1.81	1.81	2.76	2.76	0.05
250	33847E2V8	FLAGSTAR BK FSB TROY MICH	NR	NR	1.80	11/15/2022		2.87	99.97	250	1.81	1.81	2.78	2.78	0.05
250	949495AF2	WELLS FARGO NATL BK WEST LAS	NR	NR	1.85	12/30/2022		3.00	100.07	250	1.83	1.83	2.89	2.89	0.05
250	38148PYQ4	GOLDMAN SACHS BK USA NY	NR	NR	2.80	02/28/2023		3.16	102.97	260	1.83	1.83	3.00	3.00	0.05
250	795450P66	SALLIE MAE BK SLT LAKE CITY	NR	NR	3.20	05/09/2023		3.35	104.44	262	1.83	1.83	3.17	3.17	0.06
250	254673RF5	DISCOVER BK	NR	NR	3.30	07/11/2023		3.53	104.99	266	1.83	1.83	3.28	3.29	0.07
250	75472RAT8	RAYMOND JAMES BK NATL ASSN	NR	NR	1.80	12/29/2023		4.00	99.85	250	1.84	1.84	3.84	3.84	0.09
250	90348JJQ4	UBS BK USA SALT LAKE CITY UT	NR	NR	2.90	04/03/2024		4.26	104.22	261	1.87	1.87	3.97	3.98	0.09
250	61760AZR3	MORGAN STANLEY PVT BK PURCHA	NR	NR	2.75	05/02/2024		4.34	103.63	260	1.88	1.88	4.07	4.08	0.10
250	48040PFB6	JONESBORO ST BANK	NR	NR	2.05	09/16/2024		4.71	100.00	251	2.05	2.05	4.51	4.46	0.12
250	856285RS2	STATE BK INDIA NEW YORK NY	NR	NR	2.05	11/27/2024		4.91	100.51	252	1.94	1.94	4.64	4.65	0.13

Portfolio Review

Fixed Income | Strategic Analytics | Premium Service

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Portfolio Holdings Report

Portfolio as of: 12/31/2019

Pricing date: 12/31/2019

City of Upland

Par (000)	CUSIP	Issuer	S&P	Mdys	Cpn	Maturity	Call Date	Average Life	Market Price	Market Value (000)	Market Yield	FTE Market Yield*	Modified Duration	Effective Duration	Convexity
60,019			AAA	Aaa	2.05	2.5259		1.20	100.21	60,351	1.78	1.78	2.40	1.39	-0.46
400		Total US Treasury (0.7%)	AAA	Aaa	1.19	0.17		0.17	99.92	401	1.64	1.64	0.17	0.17	0.00
200	912828H52	UNITED STATES TREAS NTS	TSY	TSY	1.25	01/31/2020		0.08	99.97	201	1.62	1.62	0.08	0.08	0.00
200	912828U0V	UNITED STATES TREAS NTS	TSY	TSY	1.13	03/31/2020		0.25	99.87	200	1.66	1.66	0.25	0.25	0.00
38,905		Total Agency (64.7%)	AA+	Aaa	2.10	3.33		1.29	99.95	39,047	1.93	1.93	3.16	1.60	-0.72
200	3130A7PU3	FEDERAL HOME LOAN BANKS	AA+	AGY	1.20	04/06/2020		0.25	99.89	200	1.61	1.61	0.27	0.26	0.00
205	3133ECPD0	FEDERAL FARM CR BKS	AA+	AGY	1.42	05/13/2020		0.33	99.93	205	1.61	1.61	0.37	0.36	0.00
1,500	313382J53	FEDERAL HOME LOAN BANKS	AA+	AGY	1.75	09/28/2020		0.75	100.08	1,509	1.65	1.65	0.73	0.73	0.01
1,500	3135G0RM7	FEDERAL NATL MTG ASSN	AA+	AGY	1.63	10/30/2020		0.83	99.93	1,503	1.72	1.72	0.82	0.82	0.01
1,500	3135G0F73	FEDERAL NATL MTG ASSN	AA+	AGY	1.50	11/30/2020		0.92	99.97	1,501	1.54	1.54	0.91	0.91	0.01
1,250	3133EHYU1	FEDERAL FARM CR BKS	AA+	AGY	1.84	09/13/2021	12/13/2019	0.08	100.00	1,258	1.83	1.83	1.66	0.71	-0.61
1,500	3135G0Q89	FEDERAL NATL MTG ASSN	AA+	AGY	1.38	10/07/2021		1.75	99.62	1,499	1.59	1.59	1.74	1.74	0.02
2,000	3133EFPT8	FEDERAL FARM CR BKS	AA+	AGY	1.96	11/19/2021		1.92	100.72	2,018	1.57	1.57	1.84	1.84	0.02
1,500	3130AGCU7	FEDERAL HOME LOAN BANKS	AA+	AGY	2.55	05/06/2022	05/06/2020	0.33	100.23	1,509	1.88	1.88	2.26	0.71	-0.36
1,000	3133EKMN3	FEDERAL FARM CR BKS	AA+	AGY	2.43	06/03/2022	06/03/2020	0.42	100.13	1,003	2.11	2.11	2.34	1.02	-0.57
3,000	3133EKVP8	FEDERAL FARM CR BKS	AA+	AGY	2.11	07/22/2022	07/22/2020	0.58	100.09	3,030	1.94	1.94	2.46	1.22	-0.59
2,000	3133ELFS8	FEDERAL FARM CR BKS	AA+	AGY	1.66	12/27/2022		3.00	100.14	2,003	1.61	1.61	2.91	2.91	0.05
2,000	3134GTKX0	FEDERAL HOME LN MTG CORP	AA+	AGY	2.78	10/30/2023	01/30/2020	0.08	100.05	2,011	2.23	2.23	3.60	1.03	-0.94
1,500	3134GUXE5	FEDERAL HOME LN MTG CORP	AGY	AGY	1.90	12/18/2023	06/18/2020	4.00	99.41	1,493	2.06	2.06	3.79	2.19	-1.12
2,000	3134GTDW0	FEDERAL HOME LN MTG CORP	AA+	AGY	2.75	04/30/2024	04/30/2020	0.33	100.25	2,015	1.98	1.98	4.04	1.05	-0.71
1,500	3134GUPX2	FEDERAL HOME LN MTG CORP	AGY	AGY	2.00	05/15/2024	05/15/2020	0.42	100.01	1,505	1.97	1.97	4.16	1.75	-1.24
2,500	3130AGKB0	FEDERAL HOME LOAN BANKS	AA+	AGY	2.55	06/05/2024	06/05/2020	0.42	100.17	2,509	2.15	2.15	4.16	1.54	-1.06
1,000	3134GTRK1	FEDERAL HOME LN MTG CORP	AA+	AGY	2.55	06/17/2024	06/17/2020	0.50	100.26	1,004	1.97	1.97	4.19	1.40	-0.90
1,500	3134GTP98	FEDERAL HOME LN MTG CORP	AGY	AGY	2.40	07/30/2024	01/30/2020	0.08	100.03	1,516	1.98	1.98	4.28	1.36	-1.27
1,500	3134GTP56	FEDERAL HOME LN MTG CORP	AGY	AGY	2.30	07/30/2024	04/30/2020	0.33	100.11	1,517	1.98	1.98	4.29	1.57	-1.18
1,500	3133EKZN9	FEDERAL FARM CR BKS	AA+	AGY	2.06	08/13/2024	08/13/2020	4.58	98.76	1,493	2.35	2.35	4.34	2.89	-1.10
1,500	3134GUBY5	FEDERAL HOME LN MTG CORP	AGY	AGY	2.00	09/18/2024	09/18/2020	4.75	99.49	1,501	2.11	2.11	4.45	2.64	-1.39
1,250	3130AH7F4	FEDERAL HOME LOAN BANKS	AA+	AGY	2.00	10/02/2024	10/02/2020	4.75	98.43	1,237	2.35	2.35	4.48	3.18	-1.01
1,500	3134GUPK0	FEDERAL HOME LN MTG CORP	AGY	AGY	2.00	11/12/2024	05/12/2020	0.33	100.01	1,505	1.97	1.97	4.60	1.89	-1.38
1,500	3134GUTJ9	FEDERAL HOME LN MTG CORP	AGY	AGY	2.05	11/25/2024	02/25/2020	0.17	100.01	1,503	1.97	1.97	4.63	1.66	-1.45
1,000	3130AHN66	FEDERAL HOME LOAN BANKS	AA+	AGY	1.94	12/16/2024	12/16/2020	1.00	100.02	1,001	1.92	1.92	4.70	2.39	-1.17
500		Total Corporate - Industrials (0.9%)	AA+	Aa1	2.40	3.04		2.92	101.66	514	1.82	1.82	2.89	2.84	0.03
500	037833DE7	APPLE INC	AA+	Aa1	2.40	01/13/2023	12/13/2022	2.92	101.66	514	1.82	1.82	2.89	2.84	0.03
100		Total Corporate - Financials (0.2%)	A	A1	2.55	0.63		0.67	100.40	101	1.91	1.91	0.62	0.62	0.00
100	857477AS2	STATE STR CORP	A	A1	2.55	08/18/2020		0.67	100.40	101	1.91	1.91	0.62	0.62	0.00

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STAFF REPORT

ITEM NO. 3.

DATE: February 19, 2020
TO: FINANCE COMMITTEE
FROM: ROSEMARY HOERNING, CITY MANAGER
PREPARED BY: LONDA BOCK-HELMS, CPA, ACTING ADMINISTRATIVE SERVICES DIRECTOR
SUBJECT: COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2019

RECOMMENDED ACTION

It is recommended that the Finance Committee recommend the City Council receive and file the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2019.

GOAL STATEMENT

The proposed action supports the City's goal to manage the City's resources in a fiscally responsible manner.

BACKGROUND

Each year the Finance Department is responsible for the preparation and publication of the City's Comprehensive Annual Financial Report (CAFR) following an independent audit. The CAFR presents the financial results as of and for the fiscal year ended June 30, 2019.

ISSUES/ANALYSIS

For fiscal year 2018/19, the City has received an unqualified "clean" audit opinion, meaning that the auditors believe the City's financial statements are presented fairly in all material respects in accordance with generally accepted accounting principles (GAAP) in the United States of America.

Financial Highlights Government-wide

The City's Total Net Position at the close of the fiscal year is \$351.8 million. This is an improvement of \$11.7 million in comparison with the prior year. The beginning Net Position was restated for funds received in prior years and reported as deposits that should have been reported as revenue. This resulted in an increase of the City's Net Position of \$.8 million at the beginning of the year.

The City's total assets increased by \$16.7 million during the fiscal year. The largest change was an increase in cash balances of \$14.1 million. Other significant changes include an increase in capital assets of \$1.3 million, an increase in amounts due from other governments totaling \$.9 million and an increase of \$.6 million in the value of the City's investment in joint ventures.

The City's total liabilities decreased by \$2.3 million during the year. The changes in liabilities are related to decreases in accounts, deposits and retentions payable and a decrease of \$.7 million in long term debt.

Governmental Activities

Revenues and transfers in for the City's governmental activities totaled \$58.5 million, while expenditures and transfers out totaled \$54.6 million. Fund balance increased by \$4.7 million. The significant changes are highlighted below:

- Charges for services increased by \$.3 million or 2.4%
- Operating and Capital Grants and Contributions increased by \$1 million or 11.2%
- Property Taxes increased by \$.5 million or 2.9%
- Sales Tax increased by \$.8 million or 6.1%
- General Government activities costs decreased \$.5 million or 11.1%
- Public Safety activity costs decreased \$.7 million or 2.3%
- Engineering and Public Works activities' costs increased \$.6 million or 5.4%
- Development Services costs decreased \$.6 million or 8.5%
- Community Services costs increased \$.9 million or 26.2%

Financial Highlights Fund Financial Statements

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$68.3 million, an increase of \$11.4 million in comparison with the prior year. The major changes are:

- The General Fund balance was \$23.3 million, an increase of \$9.1 million over the previous year. The unassigned fund balance per footnote 15 is \$15.4 million, of which \$7.2 million represents the operating reserve which equals 19.7% of fiscal year 2018/19 actual expenditures.
- The Housing fund balance increased by \$.2 million or 2%
- The total non major fund's fund balance increased \$2.2 million or 6.5%

The City's enterprise funds reported combined total net position of \$125.3 million, an increase of \$7.8 million in comparison with the prior year. The major changes are:

- The Water Utility fund net position increased \$5.7 million, or 6.0%
- The Solid Waste Utility fund net position decreased \$.1 million or 11.3%
- The Sewer Utility fund net position increased \$2.0 million or 8.8%.

Capital Assets

As of June 30, 2019, the City had \$361.9 million invested in a broad range of capital assets, including vehicles, buildings, park facilities, roads, storm drains and water and sewer lines. Capital assets (net of depreciation) increased overall by \$1.2 million.

Debt

As of June 30, 2019, the City had \$165.8 million in debt outstanding versus \$166.5 million in the prior year, an decrease of \$.7 million.

Other Information

The Government Finance Officers Association of the United States and Canada (GFOA) sponsors an award program for excellence in financial reporting. The purpose of the program is to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal. The goal of the program is not to assess the financial health of participating governments, but rather to ensure that users of their financial statements have the information they need to do so themselves. The City has received the award of excellence for several consecutive years. City staff feels the June 30, 2019 CAFR continues to maintain the high standards set by the GFOA and has submitted it for evaluation under this esteemed program.

FISCAL IMPACTS

The cost of submitting the CAFR for evaluation by the GFOA is \$550 which is included in the annual operating budget.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

Draft CAFR FY2018-19

CITY OF UPLAND, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2019

Draft

Prepared by
Finance Division

City of Upland
Comprehensive Annual Financial Report
Year Ended June 30, 2019

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City of Upland
Comprehensive Annual Financial Report
Year Ended June 30, 2019

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INTRODUCTORY SECTION



February __, 2020

Honorable Mayor and
Members of the City Council
City of Upland, California

The *Comprehensive Annual Financial Report* of the City of Upland, California for the fiscal year ended June 30, 2019 is hereby submitted.

The Comprehensive Annual Financial Report (CAFR) is prepared in accordance with generally accepted accounting principles as promulgated by the Government Accounting Standards Board (GASB). GASB has primary responsibility for determining current accounting and financial reporting standards for activities and transactions of state and local government entities. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge, the data enclosed is accurate in all material aspects; it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activities have been included. For a more detailed discussion and analysis of the City's financial performance, refer to Management's Discussion and Analysis on page 4.

The Scope of the Comprehensive Annual Financial Report

In accordance with Generally Accepted Accounting Principles (GAAP), the CAFR combines the financial statements of the City of Upland together with the Successor Agency to the former Upland Community Redevelopment Agency (UCRA) and the Upland Public Financing Authority (Authority). Although the Successor Agency to UCRA and the Authority are legally separate from the City, the City has certain responsibilities with respect to the fiscal accountability of those entities.

The City of Upland

The City of Upland is situated on the western border of San Bernardino County, bordered by the cities of Claremont, Montclair, Ontario and Rancho Cucamonga. Upland, known as the "City of Gracious Living," is nestled at the base of the San Gabriel Mountains and encompasses 15.2 square miles. It has an estimated population of 78,481 persons as of December 2018.

It was the year of 1882 when brothers, George and W.B. Chaffey, arrived in California from Canada seeking a new place for a colony. The wide stretch of green against the foothills was lush and fertile, and they had found that for which they were looking. After acquiring the land, they used wise and long-range planning which facilitated giving Upland its unique characteristics. Upland's wide, main, thorough way named Euclid Avenue (which the Chaffey's named after the "Father" of geometry) is still an attraction

and the envy of many. Upland was incorporated on May 15, 1906 and utilizes a Council-Manager form of government. The City provides a wide range of traditional municipal and public enterprise services.

Services Provided by the City of Upland	
<u>Municipal Services</u>	<u>Public Enterprise Services</u>
General Administrative Support	Water Utility
Public safety	Solid Waste Utility
Highways and Streets	Sewer Utility
Public Improvements	
Planning and Zoning	
Development Services and Housing	
Library and Cultural	
Recreation and Parks	

The City Council consists of a directly elected Mayor and four Council members elected by residents in their respective districts. Council terms are four years. Elections are held every two years at which time either the mayor and one Council member, or three Council members are elected. The City Council appoints a City Manager to administer the affairs of the City, as well as a City Attorney. A listing of names of officials of the City of Upland and a City organization chart are included in the Introductory Section of this CAFR.

Officials responsible for City financial administration are the City Treasurer, City Manager, and the Deputy City Manager. The City Treasurer is elected by the community at large to a four-year term. The City Treasurer is the custodian of all City funds. The Deputy City Manager is appointed by the City Manager and is responsible for establishing and maintaining the general accounting system for the City, auditing and approving for payment of all demands or charges upon the City.

Outlook for the Future

There continues to be positive movement in the local economy. This year actual revenues exceeded budgeted revenues and actual expenditures were less than budgeted in the General fund. Continuing cost effective measures are expected to garner similar results in fiscal year 2019/20. On February 13, 2017 the City Council adopted Resolution No. 6380 accepting a property tax revenue transfer resulting in the San Bernardino County Fire Protection District (SBCFPD) annexing the City of Upland into its sphere of service in exchange for 54% or \$6,771,580 of the City’s ad valorem property tax entitlement in Fiscal Year 2018 and subsequent years. In December of 2018, the tax rate exchange was renegotiated to 46% due to an error in the original calculation. Removing the fire department from City provided services was a proactive measure toward addressing the unfunded pension liability issue. The ongoing savings realized due to the annexation is expected to be significant (approximately \$2 million dollars per year) and will be used to offset the current projected increases in the mandatory unfunded pension liability payments and post-employment benefit costs. Any excess fire annexation savings can be used to reduce the City’s unfunded pension liability and/or increase the City’s fund balance reserves to levels that will aid the City in weathering any future economic downturns.

Financial Controls

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control

should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The legal level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is at the fund level. For budgeting purposes, the General Fund is composed of several departments while all other budgeted funds are each considered to be a single department. The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

OTHER RELEVANT INFORMATION

Auditor's Opinion

Included in the Financial Section is the independent auditors' opinion, which is a significant part of the CAFR. In this report, Van Lant & Fankhanel, LLP, Certified Public Accountants, express their opinion that the financial statements are presented fairly in conformity with generally accepted accounting principles. The opinion is unmodified and therefore signifies a substantial level of achievement.

Certificate of Achievement

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 Upland for its CAFR for the fiscal year ended June 30, 2018. To receive the award, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards, and 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 our current report conforms to the Certificate of Achievement program requirements and we are submitting it to GFOA.

Acknowledgements

Our sincere appreciation and thanks for the support of the City Council and City department staff for their continuing cooperation. Special thanks are also extended to the Finance Division staff whose dedication and perseverance resulted in producing this report.

In keeping with past practice, a copy of this CAFR will be placed on file in the City's library and sent to the City Council, City management personnel, bond rating agencies and other agencies (such as financial institutions and governments), which have expressed an interest in the financial affairs of the City of Upland. This CAFR will also be available online at www.ci.upland.ca.us.

Respectfully submitted,

Rosemary Hoerning
Interim City Manager

Londa Bock-Helms
Acting Administrative Services Director

Officials of the City of Upland

Elected Officials

Debbie Stone, Mayor

**Janice Elliot
Ricky Felix
Rudy Zuniga
Bill Velto**

**Mayor Pro Tem
Councilmember
Councilmember
Councilmember**

Larry Kinley

City Treasurer

Executive Staff

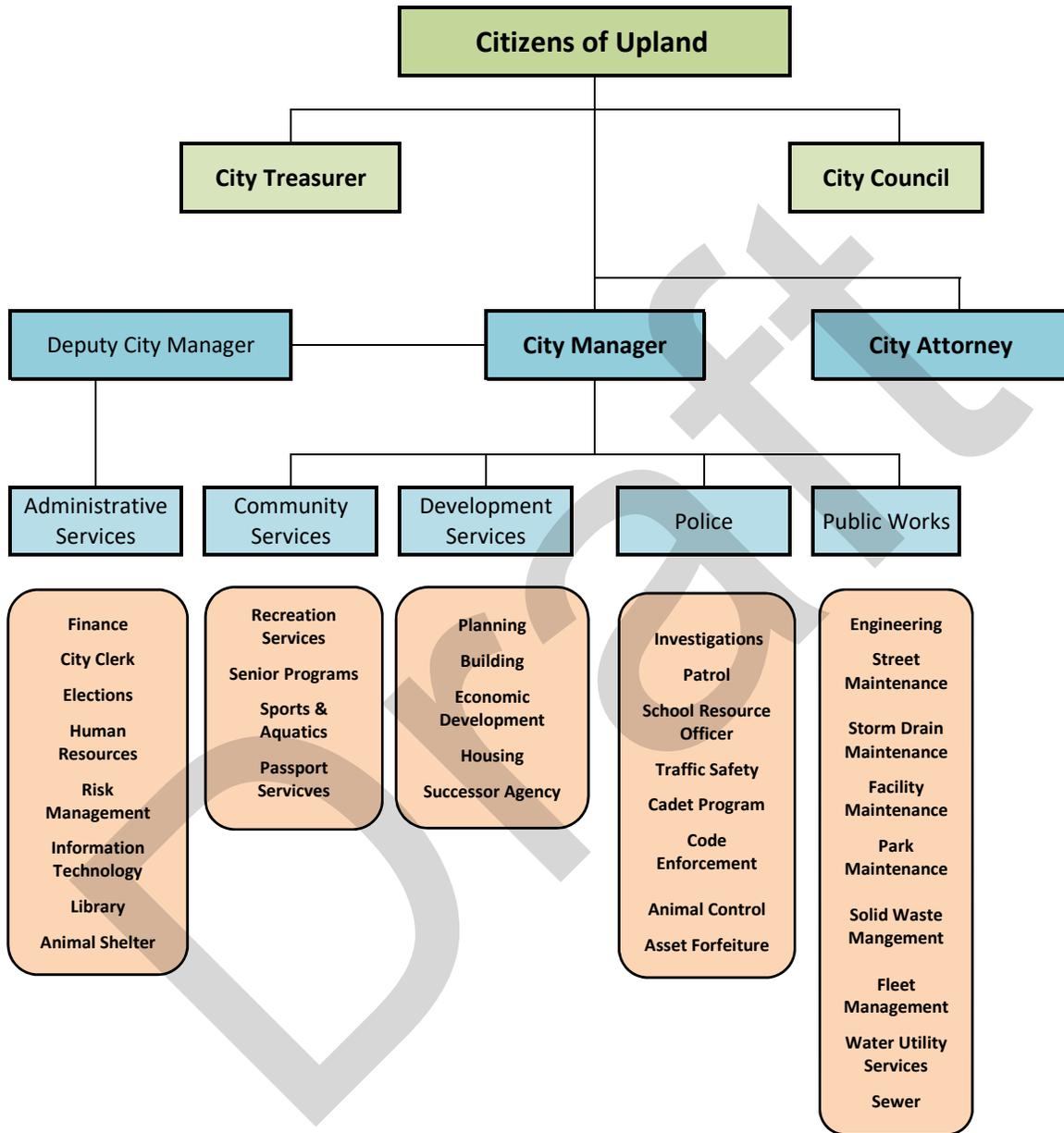
Rosemary Hoerning, Interim City Manager

Vacant, Assistant City Manager

**Robert Dalquest
Rosemary Hoerning
Londa Bock-Helms, CPA
Darren Goodman
James L. Markman**

**Development Services Director
Public Works Director
Acting Administrative Services Director
Police Chief
City Attorney**

**City of Upland
Organizational Chart
Fiscal Year 2018-19**





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Upland
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

Draft

FINANCIAL SECTION

Independent Auditor's Report

The Honorable City Council
City of Upland, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Upland, California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Upland's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Upland, California, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the supplementary information as listed in the table of contents, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and schedules listed in the supplementary information section of the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____ __, 2020, on our consideration of the City of Upland’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

_____, 2020

Draft

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2019

The discussion and analysis of the City of Upland's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2019. It should be read in conjunction with the basic financial statements and the accompanying notes to the financial statements.

Financial Highlights

- ◆ The City's Total Net Position at the close of the fiscal year is \$351.8 million; this is an increase of \$12.5 million in comparison with the prior year.
- ◆ The City's total assets increased by \$16.7 million during the fiscal year. The largest change was an increase in cash of \$14.1 million. Other significant changes include an increase in capital assets of \$1.3 million, an increase in amounts due from other governments totaling \$.9 million and an increase of \$.6 million in the value of the City's investment in joint ventures.
- ◆ The City's liabilities decreased by \$2.3 million. Significant changes from prior year balances include a decrease in accounts, deposits and retentions payable of \$1.6 million, and a decrease in long term liabilities of \$.8 million details of which are presented in Footnote 5 of the financial statements.
- ◆ As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$68.3 million, an increase of \$11.4 million in comparison with the prior year.
- ◆ As of the close of the current fiscal year, the City's enterprise funds reported combined total net position of \$125.3 million, an increase of \$7.8 million in comparison with the prior year.
- ◆ At the end of the fiscal year, unassigned fund balance for the general fund totaled \$15.4 million. This represents 37.7% of the FY 2018-19 Annual Budget-General Fund operating expenditures. The annual minimum requirement per the City municipal code is 12.5% or \$5.1 million.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statements.

Reporting the City's Most Significant Funds

The analysis of the City's major funds begins on page 8. The fund financial statements begin on page 15 and provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law, grant requirements or by bond covenants. The City Council has established many other funds to help it control and manage other monies for particular purposes. The City's two kinds of funds - governmental and proprietary - use different accounting approaches.

- ◆ Governmental funds - Most of the City's basic services are reported in governmental funds which focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides.

Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be used in the near future to finance the City’s programs. The difference of results in the governmental fund’s statements to those in the government-wide financial statements are explained in a reconciliation schedule following the governmental funds financial statements.

- ◆ Proprietary funds - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City’s enterprise funds (a component of proprietary funds) are the same as the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows. The City uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City’s other programs and activities an example of such is the City’s Self-Insurance fund. The internal service funds are reported with governmental activities in the government-wide financial statements.
- ◆ Fiduciary Funds – The City is responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the City’s fiduciary activities are reported in a separate Statement of Assets and Liabilities and Statement of Changes in Assets and Liabilities on pages 96 to 100 respectively. The City excludes these activities from the City’s other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring the assets reported in these funds are used for their intended purposes.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities include all the assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City’s net position and changes in them. One can think of the City’s net position as one way to measure the City’s financial health, or financial position. Over time, increases or decreases in the City’s net position are an indicator of whether its financial health is improving or deteriorating. There are other nonfinancial factors that should be considered to assess the overall health of the City; such as, the condition of the City’s roads,

City of Upland’s Total Net Position

As noted earlier, the City’s combined Total Net Position is \$351.8 million. The City’s net position increased by \$12.5 million due to an increase in assets (including deferred outflows of resources) totaling \$9.7 million and a decrease in liabilities and deferred inflows of resources totaling \$2.8 million. Program expenses by function, general revenues by major source, excess and/or deficiency of revenues over expenses, changes in and total net position are presented in the Statement of Activities. The City’s combined Net Position for the fiscal year ended June 30, 2019 was:

Table 1
Net Position (In Millions)

	Governmental		Business-type		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 80.3	\$ 71.0	\$ 73.7	\$ 67.5	\$ 154.0	\$ 138.5
Capital assets	283.5	284.0	78.5	76.7	362.0	360.7
Total assets	363.8	355.0	152.2	144.2	516.0	499.2
Deferred outflows of resources	14.2	20.0	1.2	2.3	15.4	22.3
Long-term liabilities	143.6	139.0	22.2	23.8	165.8	162.8
Other liabilities	5.7	11.5	5.6	5.0	11.3	16.5
Total liabilities	149.3	150.5	27.8	28.8	177.1	179.3
Deferred inflows of resources	2.2	2.7	0.3	0.2	2.5	2.9
Net position:						
Net investment in						
capital assets	262.5	262.3	70.5	69.5	333.0	331.8
Restricted	44.9	42.7	-	-	44.9	42.7
Unrestricted	(80.9)	(83.2)	54.8	48.0	(26.1)	(35.2)
Total net position	\$ 226.5	\$ 221.8	\$ 125.3	\$ 117.5	\$ 351.8	\$ 339.3

The City's programs for governmental activities include General Government, Public Safety, Public Works and Engineering, Development Services, and Community Services. The programs for business-type activities include Water, Solid Waste, and Sewer operations. A comparison of each program's revenues and expenses for the current years is presented below:

Table 2
Change in Net Position
(In Millions)

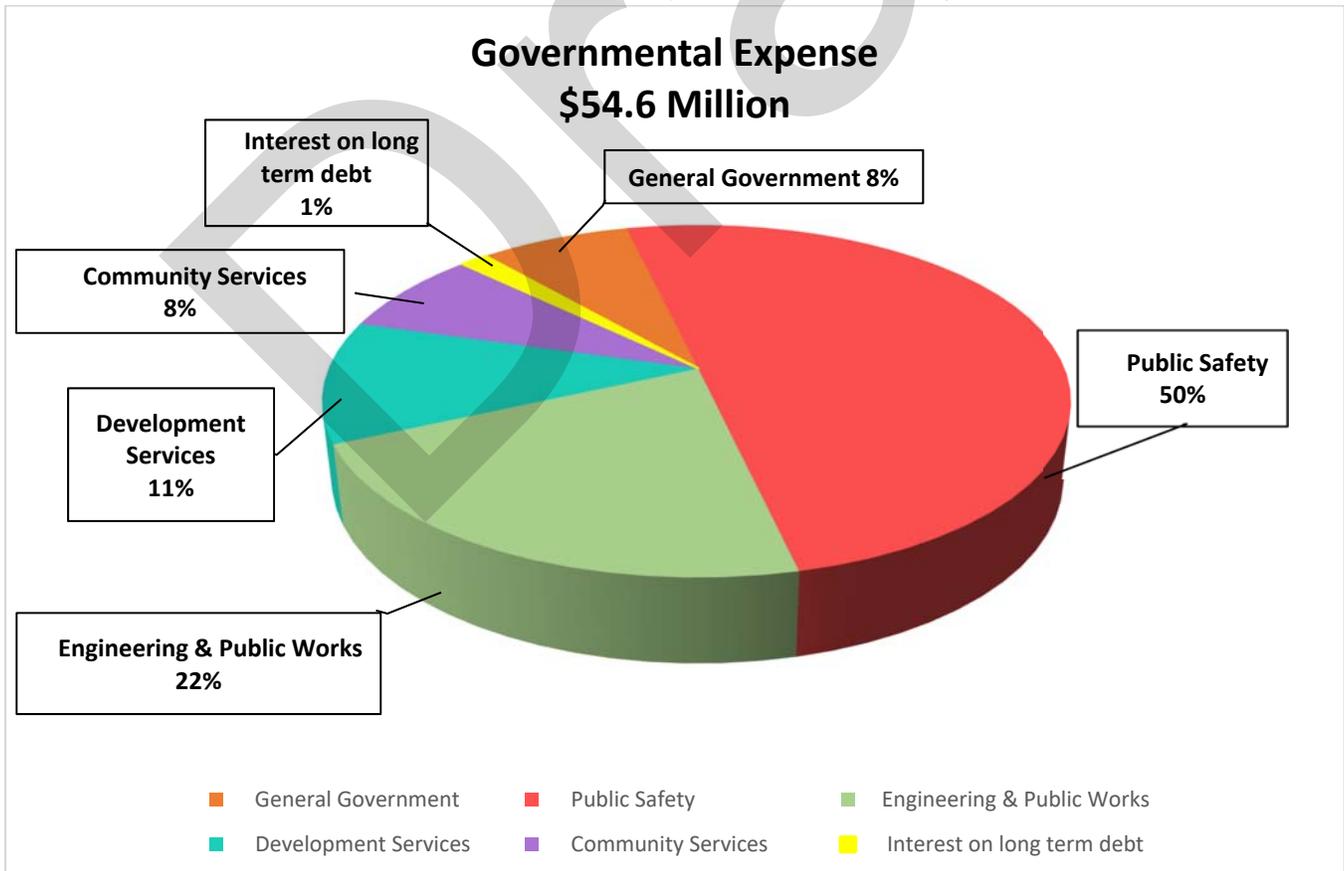
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues						
Charges for services	12.5	12.2	49.5	49.9	62.0	62.1
Operating Contributions/Grants	2.3	2.1	0.1	0.1	2.4	2.2
Capital Contributions	7.3	6.6	1.5	-	8.8	6.6
General Revenues						
Taxes						
Property Taxes	16.8	16.3	-	-	16.8	16.3
Sales Tax	14.5	13.7	-	-	14.5	13.7
Franchise Taxes	1.3	1.2	-	-	1.3	1.2
Transient Occupancy Taxes	0.2	0.2	-	-	0.2	0.2
Business License Taxes	1.0	1.0	-	-	1.0	1.0
Other Taxes	0.3	0.3	-	-	0.3	0.3
Investment Income	1.0	(0.1)	0.7	0.4	1.7	0.3
Motor Vehicle In Lieu	0.0	0.0	-	-	0.0	0.0
Gain on sale of assets	0.1	-	-	-	0.1	-
Miscellaneous Revenues	0.3	0.4	-	-	0.3	0.4
Total Revenues	<u>57.6</u>	<u>53.9</u>	<u>51.8</u>	<u>50.4</u>	<u>109.4</u>	<u>104.3</u>
Expenses						
General government	4.0	4.5	-	-	4.0	4.5
Public Safety	27.3	27.9	-	-	27.3	27.9
Public Works	12.1	11.5	-	-	12.1	11.5
Development Services	6.0	6.6	-	-	6.0	6.6
Community Services	4.3	3.4	-	-	4.3	3.4
Interest on long term debt	0.8	0.7	-	-	0.8	0.7
Water	-	-	21.5	20.0	21.5	20.0
Refuse	-	-	12.3	11.0	12.3	11.0
Sewer	-	-	9.4	9.3	9.4	9.3
Total Expenses	<u>54.5</u>	<u>54.6</u>	<u>43.2</u>	<u>40.3</u>	<u>97.7</u>	<u>94.9</u>
Special Items	-	(5.6)	-	-	-	(5.6)
Transfers	0.8	-	(0.8)	-	-	-
Change in Net Position	3.9	(6.3)	7.8	10.1	11.7	3.8
Net Position at beginning of year, as restated (note 14)	<u>222.6</u>	<u>228.1</u>	<u>117.5</u>	<u>107.4</u>	<u>340.1</u>	<u>335.5</u>
Net Position end of year	<u>\$ 226.5</u>	<u>\$ 221.8</u>	<u>\$ 125.3</u>	<u>\$ 117.5</u>	<u>\$ 351.8</u>	<u>\$ 339.3</u>

Governmental Activities

Governmental activities net position increased in total by \$4.7 million, \$3.9 million of which resulted from operations and \$.8 million was the result of a restatement of prior year net position more thoroughly discussed in Note 14 to the financial statements. The City’s governmental activities revenue and transfers totaled \$58.5 million, an 8.4% increase over the prior year. Significant changes are highlighted below:

- ◆ Charges for services revenue totaled \$12.5 million which reflects a minimal increase of \$.3 million or 2.4%.
- ◆ Operating and capital grants increased overall by \$1 million. An increase in recognized CDBG funding of \$.4 million and an increase in SBCTA funding reimbursements of \$.5 million made up a majority of this increase.
- ◆ Residential Property sales of new construction and property tax resets from older home sales resulted in an increase of \$.5 million in property tax revenue.
- ◆ Sales Tax increased by \$.8 million due mostly to improved retail activity within the City but also as a result of improved reporting capabilities after issues with the State of California’s software implementation have been resolved.
- ◆ Investment income increased by \$1.1 million as a result of higher cash balances to invest at higher yields.

Governmental activities expenses were \$54.6 million which equals last year’s expenses. The cost of all governmental activities for the fiscal year was \$54.6 million, which is equal to the prior year total of \$54.6 million. Although there is no difference in total governmental activity costs between last year and this year, minor variances (the greatest being 1.6%) occurred in several functions: General Government costs decreased \$.5 million; Public Safety costs decreased \$.6 million; Public Works costs increased \$.6 million; Development Services costs decreased \$.5 million; Community Services costs increased \$.9 million; and interest on long term debt increased \$.1 million.



Business-type Activities

Total resources available during the year to finance Proprietary Fund (Business-type) activities were \$117.5 million. Net Position at June 30, 2019 is \$125.3 million which is an increase of \$7.8 million or 6.6%.

As shown in the Statement of Activities, the amount paid by users for services was \$49.5 million compared to \$49.9 million reported in the prior year. Capital and operating grants increased by \$1.5 million over amounts reported last year. The cost of all Proprietary (Business-type) activities increased \$2.9 million this year to \$43.2 million compared to \$40.3 million reported last year. Significant changes are highlighted below by specific proprietary fund.

The City's Major Funds

The City's governmental funds reported a combined fund balance of \$68.3 million, and its enterprise funds reported combined net position of \$125.3 million. Below are the major changes:

- ◆ The fund balance at year-end for the City's General fund of \$23.3 million is an overall increase of \$9.1 million. The significant increase in fund balance is the result of increases in revenues and transfers in to the tune of \$5.8 million and decreases in expenditures and transfers out totaling \$3.4 million. Revenues increased \$3.3 million in taxes (includes one-time payment of \$1.6 million from San Bernardino County Fire District related to the fire annexation in 2017), \$1.5 million in investment income and \$.3 million in charges for services. Transfers in went up \$.7 million. Expenditures decreased \$.5 million and transfers out decreased \$2.9 million. In the prior year, the General fund transferred \$3.3 million to the self-insurance fund in order to eliminate negative cash balances, as required by the municipal code. No such transfers were required in the current year.
- ◆ The Housing fund balance increased by \$.2 million or 2.0%, primarily due to an increases in rental income of \$183,505 and program revenue of \$208,040 offset by an increase in debt service payments. After the refinancing of the 2007 Housing Revenue Bonds with Multifamily Housing Revenue Bonds, principal and interest payments are made monthly as opposed to interest only monthly payments.
- ◆ Even though operating and non-operating expenses increased \$.8 million in the current year and operating and non-operating revenues decreased \$2.6 million, the Water Utility fund increased net position by \$5.7 million or 6.0%. After taking into consideration a one-time revenue of \$3.2 million from the sale of leased water in the prior year, normal water charges increased \$1.4 million due to higher usage resulting from new construction within the city and recognizing a full year's revenues resulting from water rate increases implemented March of 2017. The water fund received a capital contribution of \$1.1 million this year compared to zero contributions last year.
- ◆ The Solid Waste Utility net position increased by approximately \$80,000 or 11.3%. Expenses increased by \$1.4 million, \$.2 in administrative costs and \$1.1 million for contractual services which will fluctuate based on the number of bins serviced and disposal cost based on actual waste tonnage. Charges for services increased \$1 million due to annual rate increases beginning in July of 2014. The City Council had adopted a five year rate adjustment to correct the program funding shortfall. Net position accumulation is necessary to comply with various state mandated programs required to be implemented in the near future.
- ◆ The Sewer Utility fund net position increased by \$2 million or 8.8%. Together, operating and non-operating revenues increased \$.6 million primarily due to the addition of new accounts resulting from new construction within the city and an increase in investment income. The fund also received a capital contribution of \$.4 million not received in the prior year. Increases in expenses and transfers out were 4% or \$.4 million.

General Fund Budgetary Highlights

Over the course of the year, the City Manager revised the City budget several times. The budget amendments and supplemental appropriations that were approved after the beginning of the year are included in the final budget column (net of interagency transactions) on page 56 of the financial statements. Comparing the fiscal year 2018-19 adopted General Fund budget of \$39.2 million to the final budget of \$39.6 million results in an increase of \$.4 million. Actual expenditures for the General Fund of \$35.9 million were \$3.6 million less than final budget amounts. The fiscal year 2018-19 adopted

revenue budget started at \$39.4 million and was increased to \$39.5 million. Actual revenue for the General Fund of \$43.8 million was \$4.3 million over the final budgeted amount. Overall, the General Fund's positive results for the year significantly increased fund balance to the point that it exceeds the 12.5% reserve requirement and exceeds the current reserve balance of 17.5%.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2019, the City had \$361.9 million invested in a broad range of capital assets, including police vehicles, buildings, park facilities, roads, and water and sewer lines. Capital assets (net of accumulated depreciation) increased overall by \$1.2 million primarily due to the completion and capitalization of capital improvement projects including the energy efficiency project and multiple vehicle replacements.

Table 3
Capital Assets at Year-End
(Net of Depreciation, in Millions)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 5.1	\$ 5.1	\$ 2.1	\$ 2.0	\$ 7.2	\$ 7.1
Rights of way	103.4	103.4	-	-	103.4	103.4
Street trees	3.5	3.5	-	-	3.5	3.5
Construction in progress	6.9	5.7	3.0	1.0	9.9	6.7
Other capital assets	164.5	166.3	73.4	73.7	237.9	240.0
Totals	<u>\$ 283.4</u>	<u>\$ 284.0</u>	<u>\$ 78.5</u>	<u>\$ 76.7</u>	<u>\$ 361.9</u>	<u>\$ 360.7</u>

The City's fiscal year 2018-19 capital budget appropriated another \$15.2 million for capital projects, principally for the completion of its various construction and improvement projects. Additional information on the City's capital assets can be found in Note 4 to the financial statements.

Debt

At June 30, 2019, the City had \$165.8 million in outstanding debt versus \$166.5 million in the prior year. This represents a decrease of \$.8 million. Debt issues decreased by \$1.4 million in accordance with their amortization schedule principal payments. Compensated absences, the OPEB and net pension liability decreased by \$1.7 million as a result of usage and updated actuarial information. The only liability experiencing an increase was claims payable to the tune of \$2.4 million as a result of increased reserves for several prior year claims and an increase in the number of claims filed during the fiscal year.

Table 4
Debt at Year-End
(In Millions)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
1.0 Compensated Absences	\$ 1.7	\$ 1.7	\$ 0.3	\$ 0.4	\$ 2.0	\$ 2.1
2.0 Net OPEB Liability	10.3	11.6	2.4	2.9	12.7	14.5
3.0 Net Pension Liability	100.2	100.0	11.5	12.0	111.7	112.0
4.0 Claims Payable	10.3	7.9	-	-	10.3	7.9
5.0 Multifamily Housing Rev Bonds	13.9	14.4	-	-	13.9	14.4
6.0 Energy Efficiency Lease	2.6	2.7	-	-	2.6	2.7
7.0 CREBS Lease Agreement	4.5	4.5	-	-	4.5	4.5
8.0 Housing Revenue Bonds	-	-	-	-	-	-
9.0 Capital Lease	-	-	-	-	-	-
10.0 Revenue Refunding Bonds	-	-	8.1	8.4	8.1	8.4
Totals	\$ 143.5	\$ 142.8	\$ 22.3	\$ 23.7	\$ 165.8	\$ 166.5

Additional detailed information on long-term debt activity can be found in Note 5. Calculations and information related to the OPEB liability can be found in Note 6 and additional Net Pension Liability information can be found in Note 10 to the financial statements.

Economic Condition and Outlook

The City of Upland’s economic growth continued during fiscal year 2018-19. The real estate assessed values increased from 2018-19 to 2019-20 by \$451 million or a net taxable value increase of 4.8%. This change is moderately less than the 6.5% increase experienced countywide. Even though single family homes in the region are relatively more affordable than in nearby Los Angeles and Orange Counties, forecasters are projecting the number of home sales to decline in 2019-20. During the first three months of 2019-20, single family residences average sales prices dropped \$2,000 to \$568,000.

The City of Upland experienced a net taxable value increase of 5.4% in the 2018-19 tax rolls which represents its second largest gain since the recession. Development activity is increasing and there are several new residential and commercial developments underway resulting in increases in anticipated building permit revenue and eventually property tax and sales tax revenue. A major commercial project completed in 2017-18 was sold in late January of 2019 and is expected to increase the 2020-21 assessed value \$10,000,000.

Fiscal year 2018-19 ended with an actual 3.6% increase in sales tax over the previous year. At the time the annual budget for fiscal year 2019-20 was adopted, it included a 3.6% increase of budgeted sales tax over the prior year budget.

Fiscal year 2018-19 General fund operations resulted in a surplus (revenue exceeded expenditures) for the 4th year in a row. City leadership will work hard with the City Council to address long-term financial strategies to ensure sustainability despite the specific challenges of: costs related to annual pension contributions; the unfunded pension liability; the OPEB liability; the pressure of providing new services (state mandates) and; significant issues including homelessness and recruitment and retention of highly skilled workers.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors, with a general overview of the City's finances. If you have any questions regarding this report or need additional financial information, please contact the Administrative Services Department at 460 North Euclid Avenue, Upland, CA 91786.

Draft

BASIC FINANCIAL STATEMENTS

City of Upland
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 51,039,034	\$ 34,077,033	\$ 85,116,067
Receivables:			
Accounts, Net	839,940	9,020,268	9,860,208
Accrued Interest	342,233	-	342,233
Notes, Net	10,369,479	-	10,369,479
Accrued Interest on Notes	2,486,610	-	2,486,610
Due From Other Governments	6,028,178	30,882	6,059,060
Inventory and Prepaid Items	268,353	4,469,043	4,737,396
Land Held for Resale	1,731,389	-	1,731,389
Restricted Assets:			
Cash and Investments with Fiscal Agent	334,827	-	334,827
Cash and Investments	6,892,262	626,010	7,518,272
Investment in Joint Ventures	-	25,434,873	25,434,873
Capital Assets, Not Being Depreciated:	118,959,010	5,121,421	124,080,431
Capital Assets, Net of Accumulated Depreciation:	164,514,151	73,405,815	237,919,966
Total Assets	<u>363,805,466</u>	<u>152,185,345</u>	<u>515,990,811</u>
DEFERRED OUTFLOWS OF RESOURCES			
OPEB Related Items	344,966	80,077	425,043
Pension Related Items	13,854,362	1,071,434	14,925,796
Total Deferred Outflows of Resources	<u>14,199,328</u>	<u>1,151,511</u>	<u>15,350,839</u>
LIABILITIES			
Accounts Payable	2,342,846	4,531,870	6,874,716
Accrued Salaries and Benefits	953,871	157,597	1,111,468
Accrued Interest Payable	-	89,123	89,123
Deposits Payable	2,037,114	625,999	2,663,113
Retention Payable	364,245	91,583	455,828
Unearned Revenue	21,334	-	21,334
Noncurrent Liabilities:			
Due Within One Year	4,614,031	510,752	5,124,783
Due in More Than One Year	138,939,611	21,744,211	160,683,822
Total Liabilities	<u>149,273,052</u>	<u>27,751,135</u>	<u>177,024,187</u>
DEFERRED INFLOWS OF RESOURCES			
OPEB Related Items	425,883	98,862	524,745
Pension Related Items	1,822,056	179,724	2,001,780
Total Deferred Inflows of Resources	<u>2,247,939</u>	<u>278,586</u>	<u>2,526,525</u>
NET POSITION			
Net Investment in Capital Assets	262,465,719	70,481,398	332,947,117
Restricted for:			
Public Safety	1,668,756	-	1,668,756
Engineering and Public Works	7,701,965	-	7,701,965
Development Services	28,721,631	-	28,721,631
Community Services	6,785,372	-	6,785,372
Unrestricted	(80,859,640)	54,825,737	(26,033,903)
Total Net Position	<u>\$ 226,483,803</u>	<u>\$ 125,307,135</u>	<u>\$ 351,790,938</u>

The accompanying notes are an integral part of this statement.

**City of Upland
Statement of Activities
Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 4,033,829	\$ 1,187,018	\$ -	\$ 64,648
Public Safety	27,265,506	1,866,761	1,205,034	264,126
Engineering and Public Works	12,092,590	2,991,516	1,739	5,675,407
Development Services	6,059,857	5,876,464	1,048,690	-
Community Services	4,255,538	581,989	85,413	1,301,236
Interest on Long-Term Debt	840,116	-	-	-
Total Governmental Activities	54,547,436	12,503,748	2,340,876	7,305,417
Business-type Activities:				
Water Utility	21,525,637	26,203,575	-	1,112,230
Solid Waste Utility	12,316,577	12,677,799	57,708	-
Sewer Utility	9,387,370	10,573,571	-	432,299
Total Business-type Activities	43,229,584	49,454,945	57,708	1,544,529
Total Primary Government	\$ 97,777,020	\$ 61,958,693	\$ 2,398,584	\$ 8,849,946

General Revenues:

Taxes:

Property Taxes

Sales Taxes

Franchise Taxes

Transient Occupancy Taxes

Business License Tax

Other Taxes

Motor Vehicle in-lieu

Miscellaneous Revenues

Gain/ (Loss) on Disposal of Capital Assets

Investment Income

Transfers In/(Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Restatement of Net Position

Net Position - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (2,782,163)	\$ -	\$ (2,782,163)
(23,929,585)	-	(23,929,585)
(3,423,928)	-	(3,423,928)
865,297	-	865,297
(2,286,900)	-	(2,286,900)
(840,116)	-	(840,116)
<u>(32,397,395)</u>	<u>-</u>	<u>(32,397,395)</u>
-	5,790,168	5,790,168
-	418,930	418,930
-	1,618,500	1,618,500
-	<u>7,827,598</u>	<u>7,827,598</u>
<u>(32,397,395)</u>	<u>7,827,598</u>	<u>(24,569,797)</u>
16,831,839	-	16,831,839
14,507,927	-	14,507,927
1,246,233	-	1,246,233
177,885	-	177,885
1,046,114	-	1,046,114
221,819	-	221,819
36,969	-	36,969
271,298	-	271,298
132,623	(12,879)	119,744
1,012,981	761,947	1,774,928
814,669	(814,669)	-
<u>36,300,357</u>	<u>(65,601)</u>	<u>36,234,756</u>
3,902,962	7,761,997	11,664,959
221,769,806	117,545,138	339,314,944
811,035	-	811,035
<u>\$ 226,483,803</u>	<u>\$ 125,307,135</u>	<u>\$ 351,790,938</u>

**City of Upland
Balance Sheet
Governmental Funds
June 30, 2019**

	General	Special Revenue Housing	Non-major Governmental	Total
ASSETS				
Cash and Investments	\$ 14,953,918	\$ 2,733,175	\$ 29,231,390	\$ 46,918,483
Cash with Fiscal Agent	-	-	334,827	334,827
Restricted Cash	6,705,413	186,849	-	6,892,262
Receivables:				
Accounts	755,091	3,482	37,840	796,413
Accrued Interest	342,233	-	-	342,233
Notes, net	21,113	5,250,342	5,098,024	10,369,479
Accrued Interest on Notes	-	1,290,816	1,195,794	2,486,610
Due from Other Governments	4,127,087	-	1,901,091	6,028,178
Due from Other Funds	183,508	-	-	183,508
Inventory and Prepaid Items	52,690	-	-	52,690
Land Held for Resale	-	1,731,389	-	1,731,389
Total Assets	\$ 27,141,053	\$ 11,196,053	\$ 37,798,966	\$ 76,136,072
LIABILITIES				
Accounts Payable	\$ 1,157,487	\$ 105,030	\$ 746,821	\$ 2,009,338
Accrued Salaries and Benefits	829,076	27,058	42,915	899,049
Due to Other Funds	-	-	183,508	183,508
Deposits Payable	1,852,915	184,199	-	2,037,114
Retentions Payable	-	-	364,245	364,245
Unearned Revenue	-	-	21,334	21,334
Total Liabilities	3,839,478	316,287	1,358,823	5,514,588
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	1,154,186	1,185,733	2,339,919
Total Deferred Inflows of Resources	-	1,154,186	1,185,733	2,339,919
FUND BALANCE (DEFICITS)				
Nonspendable	73,803	-	-	73,803
Restricted	53,073	9,725,580	35,254,410	45,033,063
Committed	7,750,840	-	-	7,750,840
Assigned	-	-	-	-
Unassigned	15,423,859	-	-	15,423,859
Total Fund Balances (Deficits)	23,301,575	9,725,580	35,254,410	68,281,565
Total Liabilities, Deferred Inflows and Fund Balances (Deficits)	\$ 27,141,053	\$ 11,196,053	\$ 37,798,966	\$ 76,136,072

The accompanying notes are an integral part of this statement.

City of Upland
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2019

Fund balances of governmental funds \$ 68,281,565

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital Assets	384,922,513	
Accumulated Depreciation	<u>(102,455,840)</u>	282,466,673

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds. 2,339,919

Long term liabilities are not due and payable in the current period and are not reported in the funds.

Compensated Absences		(1,589,735)
Multifamily Housing Revenue Note		(13,905,991)
CREBS Lease Payable		(4,494,189)
Energy Efficiency Lease Payable		(2,607,262)
Net Pension Liability		(97,364,311)
Net OPEB Liability		(9,599,493)

Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability are not reported in the funds.

Deferred Outflows Related to Pensions		13,587,585
Deferred Inflows Related to Pensions		(1,777,306)
Deferred Outflows Related to OPEB		322,227
Deferred Inflows Related to OPEB		(397,809)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position. (8,778,070)

Net position of governmental activities \$ 226,483,803

The accompanying notes are an integral part of this statement.

City of Upland
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

	General	Special Revenue Housing	Non-major Governmental	Total
REVENUES				
Taxes	\$ 35,051,238	\$ -	\$ 1,067,976	\$ 36,119,214
Licenses & Permits	2,236,733	-	2,117,387	4,354,120
Charges for Services	3,055,102	-	-	3,055,102
Fines and Penalties	989,437	-	-	989,437
Investment Income	1,171,051	52,502	590,392	1,813,945
Rental Income	888,310	4,044,281	71,358	5,003,949
Intergovernmental	100,321	-	5,417,852	5,518,173
Other Revenue	340,280	230,601	1,156,878	1,727,759
Total Revenues	43,832,472	4,327,384	10,421,843	58,581,699
EXPENDITURES				
Current:				
General Government	1,918,770	-	-	1,918,770
Public Safety	22,463,307	-	1,189,790	23,653,097
Engineering and Public Works	6,321,020	-	6,586,564	12,907,584
Development Services	1,583,083	3,050,311	709,644	5,343,038
Community Services	3,221,870	-	57,628	3,279,498
Debt Service:				
Principal	160,424	514,159	-	674,583
Interest	272,363	567,753	-	840,116
Total Expenditures	35,940,837	4,132,223	8,543,626	48,616,686
Excess (Deficiency) of Revenues over Expenditures	7,891,635	195,161	1,878,217	9,965,013
OTHER FINANCING SOURCES (USES)				
Transfer In	724,123	-	311,433	1,035,556
Transfer Out	(490,683)	-	(28,209)	(518,892)
Sale of Capital Assets	132,623	-	-	132,623
Total Other Financing Sources (Uses)	366,063	-	283,224	649,287
Net Change in Fund Balances	8,257,698	195,161	2,161,441	10,614,300
Fund Balances, Beginning	14,232,842	9,530,419	33,092,969	56,856,230
Prior Period Adjustments (Note 14)	811,035	-	-	811,035
Fund Balances, Ending	<u>\$ 23,301,575</u>	<u>\$ 9,725,580</u>	<u>\$ 35,254,410</u>	<u>\$ 68,281,565</u>

The accompanying notes are an integral part of this statement.

City of Upland
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2019

Net change in fund balances-total governmental funds \$ 10,614,300

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense.

Capital Expenditures	6,005,349
Depreciation Expense	(6,684,579)
Transfers of Capital Assets from Internal Service Funds	1,061,129

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (1,078,595)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, government funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The effect of these differences are as follows:

Principal Paid on Capital Leases	160,424
Principal Paid on Housing Revenue Note	514,159

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as governmental fund expenditures:

Net Change in Compensated Absences	(30,157)
Net Change in Net Pension Liability	(1,314,710)
Net Change in Net OPEB Liability	1,118,930
Net Change in Deferred Outflows Pension Related Amounts	(5,345,351)
Net Change in Deferred Inflows Pension Related Amounts	877,147
Net Change in Deferred Outflows OPEB Related Amounts	6,639
Net Change in Deferred Inflows OPEB Related Amounts	(384,203)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. (1,617,520)

Change in net position of governmental activities \$ 3,902,962

The accompanying notes are an integral part of this statement.

City of Upland
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental
	Water Utility	Solid Waste Utility	Sewer Utility	Totals	Internal Service Fund
ASSETS					
Current Assets:					
Cash and Investments	\$ 17,971,522	\$ 1,771,115	\$ 14,334,396	\$ 34,077,033	\$ 4,120,551
Accounts Receivable, Net	5,748,436	1,427,258	1,844,574	9,020,268	43,527
Due from Other Governments	30,740	60	82	30,882	-
Inventory and Prepaid Items	4,469,043	-	-	4,469,043	215,663
Total Current Assets	28,219,741	3,198,433	16,179,052	47,597,226	4,379,741
Noncurrent Assets:					
Restricted Cash and Investments	587,338	-	38,672	626,010	-
Investment in Joint Ventures	25,434,873	-	-	25,434,873	-
Capital Assets, Not Being Depreciated:					
Land	2,058,694	-	-	2,058,694	-
Construction in Progress	2,773,664	-	289,063	3,062,727	52,388
Capital Assets, Net of Accumulated Depreciation	59,959,228	-	13,446,587	73,405,815	954,100
Total Noncurrent Assets	90,813,797	-	13,774,322	104,588,119	1,006,488
Total Assets	119,033,538	3,198,433	29,953,374	152,185,345	5,386,229
DEFERRED OUTFLOWS OF RESOURCES					
OPEB Related Items	52,662	5,058	22,357	80,077	22,739
Pension Related Items	687,131	67,415	316,888	1,071,434	266,777
Total Deferred Outflows of Resources	739,793	72,473	339,245	1,151,511	289,516
LIABILITIES					
Current Liabilities:					
Accounts Payable	1,870,659	1,559,501	1,101,710	4,531,870	333,508
Accrued Salaries and Wages	106,266	11,270	40,061	157,597	54,822
Interest Payable	89,123	-	-	89,123	-
Unearned Revenue	-	-	-	-	-
Retentions Payable	82,715	-	8,868	91,583	-
Deposits Payable	587,327	-	38,672	625,999	-
Current Portion of Long-Term Liabilities:					
Claims and Judgments Payable	-	-	-	-	3,063,045
Compensated Absences	89,887	10,593	45,272	145,752	58,037
Revenue Bonds Payable	365,000	-	-	365,000	-
Total Current Liabilities	3,190,977	1,581,364	1,234,583	6,006,924	3,509,412
Noncurrent Liabilities:					
Claims and Judgments Payable	-	-	-	-	7,275,163
Net OPEB Liability	1,568,892	150,685	666,051	2,385,628	677,448
Net Pension Liability	7,366,158	722,702	3,397,089	11,485,949	2,859,892
Compensated Absences	102,422	14,177	75,197	191,796	59,076
Revenue Bonds Payable	7,680,838	-	-	7,680,838	-
Total Noncurrent Liabilities	16,718,310	887,564	4,138,337	21,744,211	10,871,579
Total Liabilities	19,909,287	2,468,928	5,372,920	27,751,135	14,380,991
DEFERRED INFLOWS OF RESOURCES					
OPEB Related Items	65,016	6,244	27,602	98,862	28,074
Pension Related Items	115,261	11,308	53,155	179,724	44,750
Total Deferred Outflows of Resources	180,277	17,552	80,757	278,586	72,824
NET POSITION					
Net Investment in Capital Assets	56,745,748	-	13,735,650	70,481,398	1,006,488
Unrestricted	42,938,019	784,426	11,103,292	54,825,737	(9,784,558)
Total Net Position	\$ 99,683,767	\$ 784,426	\$ 24,838,942	\$ 125,307,135	\$ (8,778,070)

The accompanying notes are an integral part of this statement.

City of Upland
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental
	Water Utility	Solid Waste Utility	Sewer Utility	Totals	Internal Service Fund
OPERATING REVENUES					
Charges for Services	\$ 25,467,460	\$ 12,677,799	\$ 10,201,084	\$ 48,346,343	\$ 7,944,887
Licenses and Permits	422,174	-	370,920	793,094	-
Other	313,941	-	1,567	315,508	252,714
Total Operating Revenue	26,203,575	12,677,799	10,573,571	49,454,945	8,197,601
OPERATING EXPENSES					
Administrative Costs	3,398,269	1,189,058	273,792	4,861,119	-
Maintenance and Operations	15,460,201	-	2,255,996	17,716,197	2,994,234
Contractual Services	172,259	11,127,519	6,283,427	17,583,205	373,804
Customer Service	659,800	-	-	659,800	-
Claims Expense	-	-	-	-	5,610,250
Depreciation	1,883,081	-	574,155	2,457,236	195,418
Total Operating Expenses	21,573,610	12,316,577	9,387,370	43,277,557	9,173,706
Operating Income (Loss)	4,629,965	361,222	1,186,201	6,177,388	(976,105)
NONOPERATING REVENUES (EXPENSES)					
Investment Income	372,907	44,752	344,288	761,947	79,709
Share of Joint Venture Net Income (loss)	375,646	-	-	375,646	-
Gain/ (Loss) on Disposal of Capital Assets	(12,879)	-	-	(12,879)	42,000
Interest Expense	(327,673)	-	-	(327,673)	-
Intergovernmental	-	57,708	-	57,708	-
Total Nonoperating Revenues (Expenses)	408,001	102,460	344,288	854,749	121,709
Income Before Contributions and Transfers	5,037,966	463,682	1,530,489	7,032,137	(854,396)
Capital Contributions	1,112,230	-	432,299	1,544,529	-
Transfers In	-	-	265,000	265,000	298,005
Transfers Out	(490,543)	(383,944)	(205,182)	(1,079,669)	(1,061,129)
Change in Net Position	5,659,653	79,738	2,022,606	7,761,997	(1,617,520)
Total Net Position, Beginning	94,024,114	704,688	22,816,336	117,545,138	(7,160,550)
Total Net Position, Ending	\$ 99,683,767	\$ 784,426	\$ 24,838,942	\$ 125,307,135	\$ (8,778,070)

The accompanying notes are an integral part of this statement.

City of Upland
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental
	Water Utility	Solid Waste Utility	Sewer Utility	Totals	Internal Service Fund
Cash Flows from Operating Activities					
Cash Received from Customers	\$ 25,864,867	\$ 12,882,178	\$ 10,518,540	\$ 49,265,585	\$ -
Cash Received from User Departments	-	-	-	-	8,191,108
Cash Paid to Suppliers for Goods and Services	(16,059,186)	(11,882,054)	(7,559,632)	(35,500,872)	(5,332,122)
Cash Paid to Employees for Services	(3,264,755)	(326,931)	(1,138,754)	(4,730,440)	(2,137,460)
Net Cash from Operating Activities	6,540,926	673,193	1,820,154	9,034,273	721,526
Cash Flows from Noncapital Financing Activities					
Grant Revenue	-	57,708	-	57,708	-
Cash Paid for Investment in Joint Ventures	(277,800)	-	-	(277,800)	-
Cash Paid (to) from Other Funds	(490,543)	(383,944)	59,818	(814,669)	298,005
Net Cash from Noncapital Financing Activities	(768,343)	(326,236)	59,818	(1,034,761)	298,005
Cash Flows from Capital and Related Financing Activities					
Acquisition and Construction of Capital Assets	(2,510,918)	-	(283,798)	(2,794,716)	(347,293)
Proceeds from the Sale of Assets	23,800	-	-	23,800	42,000
Principal Paid on Debt	(355,000)	-	-	(355,000)	-
Interest Paid on Debt	(365,548)	-	-	(365,548)	-
Net Cash from Capital and Related Financing Activities	(3,207,666)	-	(283,798)	(3,491,464)	(305,293)
Cash Flows from Investing Activities					
Interest on Investments	372,907	44,752	344,288	761,947	79,709
Net Cash from Investing Activities	372,907	44,752	344,288	761,947	79,709
Net Increase (Decrease) in Cash and Cash Equivalents	2,937,824	391,709	1,940,462	5,269,995	793,947
Cash and Cash Equivalents, Beginning of Year	15,621,036	1,379,406	12,432,606	29,433,048	3,326,604
Cash and Cash Equivalents, End of Year	\$ 18,558,860	\$ 1,771,115	\$ 14,373,068	\$ 34,703,043	\$ 4,120,551
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ 4,629,965	\$ 361,222	\$ 1,186,201	\$ 6,177,388	\$ (976,105)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,883,081	-	574,155	2,457,236	195,418
(Increase) Decrease in Accounts Receivable	(393,755)	223,536	(55,002)	(225,221)	(6,643)
(Increase) Decrease in Due from Other Governments	(30,591)	(20)	(29)	(30,640)	150
(Increase) Decrease in Inventory and Prepaid Items	-	-	-	-	(72,062)
(Increase) Decrease in Deferred Outflows - Pensions	798,981	64,266	327,972	1,191,219	469,884
(Increase) Decrease in Deferred Outflows - OPEB	(784)	(614)	(1,548)	(2,946)	(102)
Increase (Decrease) in Accounts Payable	314,778	35,927	(76,113)	274,592	(38,865)
Increase (Decrease) in Accrued Salaries and Benefits	(6,495)	(2,179)	(13,342)	(22,016)	(1,660)
Increase (Decrease) in Retention Payable	82,715	-	8,868	91,583	-
Increase (Decrease) in Deposits Payable	85,638	-	-	85,638	-
Increase (Decrease) in Compensated Absences	(23,395)	172	3,615	(19,608)	(7,521)
Increase (Decrease) in Net Pension Liability	(556,671)	20,679	(40,817)	(576,809)	(1,067,424)
Increase (Decrease) in Net OPEB Liability	(357,605)	(14,355)	(106,707)	(478,667)	(163,178)
Increase (Decrease) in Deferred Inflows - Pensions	(41,117)	(2,548)	(14,701)	(58,366)	(22,848)
Increase (Decrease) in Deferred Inflows - OPEB	65,016	6,244	27,602	98,862	18,156
Increase (Decrease) in Unearned Revenue	-	(19,137)	-	(19,137)	-
Increase (Decrease) in Claims and Judgments	-	-	-	-	2,394,326
Net Cash Provided (Used) by Operating Activities	\$ 6,449,761	\$ 673,193	\$ 1,820,154	\$ 8,943,108	\$ 721,526
Non Cash Investing, Capital and Financing Activities:					
Amortization of Premium on Bonds	\$ 34,345	\$ -	\$ -	\$ 34,345	\$ -
Contributions of Capital Assets	1,112,230	-	432,299	1,544,529	-

The accompanying notes are an integral part of this statement.

**City of Upland
Statement of Net Position
Fiduciary Funds
June 30, 2019**

	OPEB Trust Fund	Successor Agency Private-purpose Trust Fund	Agency Funds
ASSETS			
Cash and Investments	\$ -	\$ 2,930,277	\$ 6,807,879
Cash and Investments with Fiscal Agent	-	2,456,546	13,397,950
Investments:			
Moderate Index PLUS	1,119,235	-	-
Notes Receivable, Net	-	33,001	-
Due from Other Governments	-	-	-
Land Held for Resale	-	3,358,000	31,544
	<u>1,119,235</u>	<u>8,777,824</u>	<u>\$ 20,237,373</u>
Total Assets			
	<u>1,119,235</u>	<u>8,777,824</u>	<u>\$ 20,237,373</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	-	387,455	-
	<u>-</u>	<u>387,455</u>	<u>-</u>
LIABILITIES			
Accounts Payable	-	623	\$ 11,761
Accrued Salaries and Wages	-	6,489	-
Deposits Payable	-	-	5,269,059
Interest Payable	-	321,091	-
Due to Bondholders	-	-	-
Bonds Payable	-	25,414,459	14,956,553
	<u>-</u>	<u>25,414,459</u>	<u>14,956,553</u>
Total Liabilities			
	<u>-</u>	<u>25,742,662</u>	<u>\$ 20,237,373</u>
NET POSITION			
Net Position Restricted for OPEB	<u>\$ 1,119,235</u>		
Net Position Held in Trust		<u>\$ (16,577,383)</u>	

The accompanying notes are an integral part of this statement.

**City of Upland
Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2019**

	OPEB Trust Fund	Successor Agency Private-purpose Trust Fund
ADDITIONS		
Taxes	\$ -	\$ 2,879,672
Investment Income	69,490	21,174
Rental Income	-	-
Sale of Land	-	1,284,075
	69,490	4,184,921
Total Additions	69,490	4,184,921
DEDUCTIONS		
Development Services	-	1,992,642
Bond Issuance Costs	-	-
Interest Expense	-	759,562
Other Expenses	2,660	-
	2,660	2,752,204
Total Deductions	2,660	2,752,204
Change in Net Position	66,830	1,432,717
Net Position - Beginning of Year	1,052,405	(18,010,100)
Net Position - End of Year	\$ 1,119,235	\$ (16,577,383)

The accompanying notes are an integral part of this statement.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Upland, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A) Financial Reporting Entity

The City was incorporated on May 15, 1906 under the general laws of the State of California. The City is governed by an elected five-member board.

As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

Included within the financial reporting entity of the City is the Upland Public Financing Authority because it meets the above-mentioned criteria.

Upland Public Financing Authority

The Upland Public Financing Authority (Authority) is a Joint Exercise of Powers Authority under the Laws of the State of California. The Authority is authorized to issue bonds under the Mark-Roos Local Bond Pooling Act of 1985 (Article 1 through 4, Section 6500). The City and the former Community Redevelopment Agency formed the Authority in December 1988, by execution of a Joint Exercise of Powers Agreement. The purpose of the Authority is to provide financing to the City for various project purposes. Since the City Council serves as the governing board for the Authority, it is considered to be a blended component unit. Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are reported with the data of the primary government.

B) Basis of Accounting and Measurement Focus

The *basic financial statements* of the City are composed of the following:

- a) Government-wide financial statements
- b) Fund financial statements
- c) Notes to the basic financial statements

Government-wide Financial Statements:

Government-wide financial statements display information about the reporting entity as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

type activities of the primary government (including its blended component units), as well as its discretely presented component units. The City has no discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are reported only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using *the economic resources measurement focus* and the *accrual basis of accounting*. Under the *economic resources measurement focus*, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the *accrual basis* of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expense. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expense.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about the major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Governmental Funds

The 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Sales taxes, property taxes, franchise taxes, intergovernmental revenue and rental income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Non-current portions of long-term receivables due from governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered “available spendable resources,” since they do not represent net current assets.

Proprietary and Fiduciary Funds

The City’s enterprise and internal service funds are considered proprietary funds. Proprietary funds and fiduciary funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. Proprietary funds are presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the enterprise fund financial statements, rather than reported as an expense. Proceeds of long-term debt are recorded as a liability in the enterprise fund financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the enterprise fund are reported as a reduction of the related liability, rather than as an expense.

Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of City revenues and expenses. The private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C) Fund Classifications

The City reports the following major governmental funds:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund finances the basic services provided to residents including police and recreation.

Housing Fund - This fund accounts for the activities of the City that were previously reported in the low- and moderate-income housing redevelopment agency fund of the former Community Redevelopment Agency. The primary source of revenue is from rental income.

The City reports the following major enterprise funds:

Water Utility Fund - This fund accounts for the sale of water to the City's citizens and businesses and also records expenditures for water operations and capital improvement projects.

Solid Waste Utility Fund - This fund accounts for the refuse pick-up services provided by private contract. Billing and collection is accomplished by City staff for residential services and by the contracted agency for commercial services. Activities include recycling and green waste programs.

Sewer Utility Fund - This fund records all City sewer service transactions, and also includes the storm drain maintenance and NPDES programs.

Additionally, the City reports the following fund types:

Internal Service Funds - These funds are used to account for self-funded insurance, fleet management, information systems, and building maintenance and operations. Departments of the City are charged for the services provided or benefits received from these funds.

Agency Funds - Used to account for monies held for assessment districts and for the Welfare Committee.

Private Purpose Trust Fund - Used to account for the activities of the Redevelopment Obligation Retirement Fund, and other Successor Agency activities. Resources are accumulated to retire obligations previously incurred by the former Community Redevelopment Agency.

OPEB Trust Fund – Used to account for the prefunding of post-employment benefits other than pension.

D) Cash and Investments

Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. *Investment income* earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of 3 months or less. Cash equivalents represent the proprietary funds' share in the cash and investment pool of the City.

E) Inventories

Inventories held by the General Fund and Water Fund are recorded at cost on a first-in, first-out basis and, for the General Fund, are recorded as expenditures as used (the consumption method). General Fund inventories consist primarily of fuel, office supplies, and small hand tools. Water Fund inventory consists of stored water.

F) Land Held for Resale

Land held for resale represents land that was acquired for resale in accordance with the objective of the Redevelopment Project Area. These costs will be charged to current year project expenditures when the related land and structures are sold. Land held for resale is valued at the lower of cost or the sales price per contract with the developer.

G) Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. Accordingly, the City accrues only those taxes which are received within 60 days after year end. The property tax calendar is as follows:

Property Tax Calendar		County Remittance Dates and Percentages	
Lien date	January 1	December	30% Advance
Levy date	July 1	January	Collection No. 1
Due date	November 1 and February 1	April	10% Advance
Delinquent dates	December 11 and April 11	May	Collection No. 2
		July	Collection No. 3

H) Claims and Judgements

The City records a liability for litigation, judgments, and claims when it is probable that an asset has been impaired or a liability (including incurred but not reported) has been incurred prior to yearend and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. This liability is recorded in the internal service fund that accounts for the City's self-insurance activities.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

I) Employee Leave Benefits

Vacation: The City’s policy permits employees to accumulate earned but unused vacation and similar compensatory leave balances, which are eligible for payment upon separation from City service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts are recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick Leave: A liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in payments upon retirement. This is estimated by including in the liability the unused balances of employees currently entitled to receive a payment upon retirement, as well as those who are expected to become eligible to receive the benefit payout as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) which is outside the control of the City and the employee.

J) Capital Assets

Capital assets (including infrastructure) greater than \$5,000 are capitalized and recorded at cost or at the estimated fair value of the assets at the time of acquisition where complete historical records have not been maintained. Contributed capital assets are valued at their acquisition value at the date of the contribution. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets include public domain (infrastructure) general capital assets consisting of certain improvements including roads, bridges, curbs and gutters, streets and sidewalks, medians, sewers and storm drains. As allowed by GASB Statement No. 34, certain infrastructure assets that were acquired, reconstructed or significantly improved prior to June 30, 1980 have not been included in the City’s financial statements due to the unavailability of the information. Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on specific circumstances. No interest was capitalized for the year ended June 30, 2019.

Land and construction in progress are not depreciated. The other property, plant, equipment and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

Governmental Activities		Business-type Activities	
Buildings and Improvements	50 years	Pipelines and Reservoirs	50 years
Park Improvements	10-50 years	Treatment Facilities	50 years
Equipment	5-10 years	Wells/Pumps	10-50 years
Vehicles	5-10 years	Sewer Manholes	50 years
Infrastructure - Street System	30-100 years	Equipment and Machinery	5-10 years
Infrastructure - Storm Drains	100 years	Vehicles	5-10 years

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

K) Notes and Loans Receivable

The accompanying financial statements report certain loans receivable for loans made to private developers, private homeowners, and other parties. Where applicable, an allowance for doubtful accounts has been recorded to reflect management's best estimate of probable losses associated with non-repayment.

L) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has certain items that qualify for reporting in this category: 1) a deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price, which is deferred and amortized over the shorter of the life of the refunded or refunding debt, and 2) deferred outflows relating to the City's net pension and OPEB liabilities.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows for certain items under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues related to interest earned on loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows relating to the net pension liability.

M) Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N) Other Postemployment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used: June 30, 2017 Valuation Date; June 30, 2018 Measurement Date; and July 1, 2017 through June 30, 2018 Measurement Period.

O) Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position.

P) Fund Balance

Nonspendable Fund Balance: this includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).

Restricted Fund Balance: this includes amounts that can be spent only for specific purposes stipulated by legal requirements imposed by other governments, external resource providers, or creditors. City Council-imposed restrictions do not create restricted fund balance unless the legal document that initially authorized the revenue (associated with that portion of fund balance) also included language that specified the limited use for which the authorized revenues were to be expended.

Committed Fund Balance: this includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (for example, resolution, ordinance, minutes action, etc.) that it employed to previously commit those amounts. If the Council action that limits the use of the funds was separate from the action that initially created the revenues that form the basis for the fund balance, then the resultant fund balance is considered to be committed, not restricted. The City considers a minute action to constitute a formal action of City Council for the purposes of establishing committed fund balance.

Assigned Fund Balance: this includes amounts that are intended to be used for specific purposes as indicated either by the City Council or by persons to whom the City Council has delegated the authority to assign amounts for specific purposes. The City Manager authorizes assigned amounts for specific purposes pursuant to the policy-making powers granted through an adopted City Council resolution.

Unassigned Fund Balance: this includes the remaining spendable amounts which are not included in one of the other classifications.

Reserve Policy – the City shall strive to obtain, and maintain, a minimum unassigned fund balance of at least 12.5% of General Fund operating expenditures with a goal of bringing the total level of reserves up to 25% of operating expenditures. This is considered the minimum level necessary to maintain the City's credit worthiness and to adequately provide for economic uncertainties, local disasters and other hardships or downturns in the local economy; contingencies for unforeseen operating or capital needs; and cash flow requirements.

Once the 12.5% reserve is met, any additional reserves will go to other funds that rely on the General Fund for revenue to eliminate their deficit fund balances. If unassigned fund balance exceeds 25% of operating expenditures, the excess will go into a Committed Fund Balance to be used for economic uncertainty. The purpose would be to provide the fiscal capacity to absorb one-time emergency situations without disrupting day-to-day operations. 17.5% of the fiscal year ended June 30, 2019 General Fund operating budget is \$7,161,824. The General Fund unassigned fund balance at June 30, 2019 is \$15,473,859.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Q) Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements), as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive; inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the City’s own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the City’s own data.

R) Use of Estimates

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/expenses during the reporting period. Actual results could differ from those estimates.

2) CASH AND INVESTMENTS

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

	Government-wide Statement of Net Position			Total
	Governmental Activities	Business-Type Activities	Fiduciary Funds	
Cash and Investments	\$ 51,039,034	\$ 34,077,033	\$ 10,857,391	\$ 95,973,458
Restricted Cash and Investments	6,892,262	626,010	-	7,518,272
Cash and Investments with Fiscal Agent	334,827	-	15,854,496	16,189,323
Total Cash and Investments	\$ 58,266,123	\$ 34,703,043	\$ 26,711,887	\$ 119,681,053

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

2) CASH AND INVESTMENTS – Continued

Cash and investments as of June 30, 2019 consist of the following:

Cash on Hand	\$ 12,580
Deposits with Financial Institutions	13,705,021
Investments	105,963,452
Total Cash and Investments	\$ 119,681,053

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
Municipal Securities	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency Issues	5 years	50%	50%
Commercial Paper	270 days	15%	10%
Bankers' Acceptances	180 days	40%	30%
Negotiable Certificates of Deposits	5 years	30%	None, if collateralized
Medium Term Notes/Corporate Bonds	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Supranational Securities	5 years	30%	10%

* Based on state law requirements or investment policy requirements, whichever is more restrictive.

Additionally, the City's investment policy requires at least 50% of the portfolio to mature in three years or less, 30% in two years or less, and 20% within one year or less.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. Generally, the table below identifies the investment types that are authorized for investments held by bond trustees, subject to certain additional restrictions in the debt agreements. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

2) CASH AND INVESTMENTS – Continued

Authorized Investment Type	Maximum Maturity
U.S. Treasury Obligations	None
U.S. Government Agency Issues (with certain exceptions)	None
Banker's Acceptances	30-360 days
Commercial Paper	270 days
Money Market Funds	N/A
State and Municipal Obligations	None
Investment Agreements	None
Repurchase Agreements	None
Local Agency Investment Fund	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 36 Months	37 to 60 Months	More than 60 Months
US Treasury Obligations	\$ 996,390	\$ 996,390	\$ -	\$ -	\$ -
U.S. Government Agency Securities	38,057,840	5,790,200	14,741,315	17,526,325	-
Medium-term Notes	310,178	209,734	100,444	-	-
Certificates of Deposit	12,822,407	5,767,758	5,032,992	2,021,657	-
Money Market Mutual Funds	7,251,417	7,251,417	-	-	-
Local Agency Investment Fund (LAIF)	22,846,065	22,846,065	-	-	-
Mutual Funds	7,824,648	7,824,648	-	-	-
Held by Fiscal Agent					
Money Market Mutual Funds	15,854,507	15,854,507	-	-	-
Total Pooled Investments	\$105,963,452	\$ 66,540,719	\$ 19,874,751	\$ 19,547,982	\$ -

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the City's Investment Policy, or debt agreements, and the actual rating as of year-end for each investment type.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

2) CASH AND INVESTMENTS – Continued

Investment Type	Total	Minimum	Aaa	Aaa3 - Aa1	A1, A2, A3	Not Rated
		Legal Rating				
US Treasury Obligations	\$ 996,390	N/A	\$ 996,390	\$ -	\$ -	\$ -
U.S. Government Agency Securities	38,057,840	N/A	38,057,840	-	-	-
Medium-term Notes	310,178	A	119,857	-	190,321	-
Certificates of Deposit	12,822,407	N/A	-	-	-	12,822,407
Money Market Mutual Funds	7,251,417	A	7,251,417	-	-	-
Local Agency Investment Fund (LAIF)	22,846,065	N/A	-	-	-	22,846,065
Mutual Funds	7,824,648	N/A	-	-	-	7,824,648
Held by Fiscal Agent						
Money Market Mutual Funds	15,854,507	A	15,854,507	-	-	-
Total Pooled Investments	\$105,963,452		\$ 62,280,011	\$ -	\$ 190,321	\$ 43,493,120

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2019, the City's investments with each of the following issuers exceed 5% of its total investments.

Issuer	Investment Type	Reported Amount	Maturity	Interest (%)
FFCB	Federal Agency Securities	\$ 8,658,932	2020-2022	1.15 - 2.43
FHLB	Federal Agency Securities	11,509,940	2020-2024	1.20 - 3.12
FHLMC	Federal Agency Securities	11,921,803	2020-2024	1.25 - 2.78
FNMA	Federal Agency Securities	5,967,165	2020-2021	1.00 - 1.63

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

2) CASH AND INVESTMENTS – Continued

Based upon the fair value measurements described in Note 1, the City held the following investments as of June 30, 2019:

Investment Type	Total	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
US Treasury Obligations	\$ 996,390	\$ 996,390	\$ -	\$ -
U.S. Government Agency Securities	38,057,840	-	38,057,840	-
Medium-term Notes	310,178	-	310,178	-
Certificates of Deposit	12,822,407	-	12,822,407	-
Total	\$ 52,186,815	\$ 996,390	\$ 51,190,425	\$ -

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due to/From

As of June 30, 2019, the General Fund has an outstanding receivable from non-major governmental funds of \$183,508 to cover current year operating deficits. These deficits will be repaid with future revenues and when receivables are collected.

Interfund transfers for the year ended June 30, 2019 are as follows:

TRANSFERS OUT	TRANSFERS IN				Total
	General Fund	Nonmajor Governmental Funds	Sewer Utility Fund	Internal Service Funds	
General Fund	\$ -	\$ 311,433	\$ -	\$ 179,250	\$ 490,683
Nonmajor Governmental Funds	28,209	-	-	-	28,209
Water Utility Fund	431,166	-	-	59,377	490,543
Solid Waste Fund	75,194	-	265,000	43,750	383,944
Sewer Utility Fund	189,554	-	-	15,628	205,182
	\$ 724,123	\$ 311,433	\$ 265,000	\$ 298,005	\$ 1,598,561

The General Fund transferred \$311,433 to the nonmajor governmental funds to fund projects. In addition, the General Fund transferred \$179,250 to the Internal Service Funds for building and maintenance operations. The Solid Waste Fund transferred \$265,000 to the Sewer Fund to pay for landfill costs. The Water Utility, Solid Waste Utility, and Sewer Utility funds transferred \$431,166, \$75,194, and \$189,554, respectively, to the General Fund for their share of the deficit elimination of claims liabilities. The nonmajor governmental funds transferred \$188,304 and \$56,873, to other nonmajor governmental funds and the Internal Service Funds for various project costs and equipment purchases. In addition, the Water Utility, Solid Waste Utility, and Sewer Utility Funds transferred \$59,377, \$43,750, and \$15,628, respectively, to the Internal Service Funds for fleet management purchases.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 is as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 5,053,610	\$ -	\$ -	\$ 5,053,610
Rights of Way	103,432,811	-	-	103,432,811
Street Trees	3,537,384	-	-	3,537,384
Construction in Progress	5,732,395	4,522,206	(3,319,396)	6,935,205
Total Capital Assets, Not Being Depreciated	<u>117,756,200</u>	<u>4,522,206</u>	<u>(3,319,396)</u>	<u>118,959,010</u>
Capital Assets Being Depreciated:				
Building and improvements	40,551,099	1,991,636	-	42,542,735
Land Improvements	1,093,419	-	-	1,093,419
Park Improvements	12,169,535	54,879	-	12,224,414
Equipment	6,258,150	390,990	-	6,649,140
Vehicles	3,642,019	533,502	(512,870)	3,662,651
Infrastructure - Street System	179,089,893	1,875,644	(119,271)	180,846,266
Infrastructure - Storm Drains	22,337,095	303,181	-	22,640,276
Total Capital Assets Being Depreciated	<u>265,141,210</u>	<u>5,149,832</u>	<u>(632,141)</u>	<u>269,658,901</u>
Less Accumulated Depreciation:				
Building and improvements	(12,081,782)	(792,735)	-	(12,874,517)
Land Improvements	(203,791)	(27,973)	-	(231,764)
Park Improvements	(6,234,072)	(400,971)	-	(6,635,043)
Equipment	(4,061,406)	(556,202)	-	(4,617,608)
Vehicles	(2,634,997)	(256,903)	512,870	(2,379,030)
Infrastructure - Street System	(69,455,624)	(4,621,842)	119,271	(73,958,195)
Infrastructure - Storm Drains	(4,225,222)	(223,371)	-	(4,448,593)
Total Accumulated Depreciation	<u>(98,896,894)</u>	<u>(6,879,997)</u>	<u>632,141</u>	<u>(105,144,750)</u>
Total Capital Assets Being Depreciated, Net	<u>166,244,316</u>	<u>(1,730,165)</u>	<u>-</u>	<u>164,514,151</u>
Governmental Activities, Capital Assets, Net	<u>\$ 284,000,516</u>	<u>\$ 2,792,041</u>	<u>\$ (3,319,396)</u>	<u>\$ 283,473,161</u>

Depreciation expense was charged to the following functions for governmental activities in the Statement of Activities:

General Government	\$ 716,900
Public Safety	767,396
Engineering and Public Works	4,959,696
Community Services	436,005
	<u>\$ 6,879,997</u>

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

4) CAPITAL ASSETS – Continued

Business Type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 2,058,694	\$ -	\$ -	\$ 2,058,694
Construction in Progress	1,009,708	2,250,112	(197,093)	3,062,727
Total Capital Assets, Not Being Depreciated	3,068,402	2,250,112	(197,093)	5,121,421
Capital Assets Being Depreciated:				
Pipelines	51,266,953	1,715,802	(114,622)	52,868,133
Reservoirs	37,904,346	25,821	-	37,930,167
Land Improvements	9,870	-	-	9,870
Treatment Facilities	14,549,932	-	-	14,549,932
Wells/pumps	5,340,879	-	-	5,340,879
Sewer Manholes	2,784,068	-	-	2,784,068
Machinery and Equipment	1,090,303	233,106	-	1,323,409
Vehicles	2,372,116	311,497	(90,813)	2,592,800
Total Capital Assets Being Depreciated	115,318,467	2,286,226	(205,435)	117,399,258
Less Accumulated Depreciation:				
Pipelines	(17,304,645)	(1,025,339)	77,943	(18,252,041)
Reservoirs	(12,281,943)	(740,756)	-	(13,022,699)
Land Improvements	-	(987)	-	(987)
Treatment Facilities	(6,254,652)	(290,999)	-	(6,545,651)
Wells/pumps	(1,386,284)	(105,737)	-	(1,492,021)
Sewer Manholes	(2,004,402)	(51,784)	-	(2,056,186)
Machinery and Equipment	(993,711)	(27,330)	-	(1,021,041)
Vehicles	(1,479,326)	(214,304)	90,813	(1,602,817)
Total Accumulated Depreciation	(41,704,963)	(2,457,236)	168,756	(43,993,443)
Total Capital Assets Being Depreciated, Net	73,613,504	(171,010)	(36,679)	73,405,815
Business Activities, Capital Assets, Net	<u>\$ 76,681,906</u>	<u>\$ 2,079,102</u>	<u>\$ (233,772)</u>	<u>\$ 78,527,236</u>

Depreciation expense was charged to the following programs for business-type activities in the Statement of Activities:

Water Utility	\$ 1,883,081
Sewer Utility	<u>574,155</u>
	<u>\$ 2,457,236</u>

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

5) LONG-TERM LIABILITIES

Changes in long-term liabilities for governmental activities are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due in one year
Governmental Activities					
Compensated Absences Payable	\$ 1,684,212	\$ 1,219,816	\$ 1,197,180	\$ 1,706,848	\$ 855,309
Net OPEB Liability	11,559,049	909,618	2,191,726	10,276,941	-
Net Pension Liability	99,976,917	247,286	-	100,224,203	-
Claims Payable	7,943,882	4,041,717	1,647,391	10,338,208	3,063,045
Loans from Direct Borrowings:					
2017 Multifamily Housing Rev. Note	14,420,150	-	514,159	13,905,991	533,839
Energy Efficiency Lease	2,736,043	-	128,781	2,607,262	139,914
CREBS Lease Agreement	4,525,832	-	31,643	4,494,189	21,924
Total Direct Borrowings	21,682,025	-	674,583	21,007,442	695,677
Total Government Activities	\$ 142,846,085	\$ 6,418,437	\$ 5,710,880	\$ 143,553,642	\$ 4,614,031

The liability for compensated absences, Net OPEB, and Net Pension are generally liquidated by the General Fund and internal service funds.

2017 Multifamily Housing Revenue Note (direct borrowing)

On July 26, 2017, the City entered into a Multifamily Housing Revenue Note agreement in the amount of \$14,865,000 for the purpose of refunding the 2007 Housing Revenue Bonds. Proceeds from the loan were used to refund in full the 2007 Multifamily Housing Revenue Bonds. The 2007 Multifamily Housing Revenue Bonds were used to finance certain redevelopment projects in the project area of the former Community Redevelopment Agency and to advance refund previous Housing Revenue Bonds. Upon the issuance of the 2017 Housing Revenue Note, the 2007 Bonds are considered defeased and the liability has been removed from these financial statements. Principal and interest are payable in monthly payments due the first of each month, with the final payment scheduled for August 1, 2037. Payments are secured by a pledge of revenues generated by apartment rentals that have been assigned to the Housing Fund of the City pursuant to Assembly Bills 1x26 and 1484. The loan agreement contains provisions that in an event of default, outstanding amounts may become immediately due if the City is unable to make payment.

The following represents the future annual debt service requirements:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 533,839	\$ 548,073	\$ 1,081,912
2021	557,098	524,814	1,081,912
2022	579,825	502,116	1,081,941
2023	603,417	478,495	1,081,912
2024	626,750	455,162	1,081,912
2025-2029	3,544,024	1,865,536	5,409,560
2030-2034	4,327,586	1,081,974	5,409,560
2035-2038	3,133,452	202,819	3,336,271
Totals	<u>\$ 13,905,991</u>	<u>\$ 5,658,989</u>	<u>\$ 19,564,980</u>

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

5) LONG-TERM LIABILITIES – Continued

Energy Efficiency Lease Agreement (direct borrowing)

In August 2017, the City entered into a lease-purchase agreement for the acquisition and installation of certain energy conservation equipment including lighting and HVAC (non-solar) with an aggregate principal borrowing of \$2,797,094. The proceeds are to be used to pay for the energy efficiency and conservation improvements as specified in the agreement. The payments bear interest at 3.60% and are due and payable semi-annually on February 24th and August 24th each year, maturing on August 24, 2032. The General Fund will generally be responsible for making the debt service payments annually.

The annual debt service requirements for the lease agreement as of June 30, 2019 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 139,913	\$ 110,664	\$ 250,577
2021	151,846	104,521	256,367
2022	164,463	97,859	262,322
2023	171,137	90,646	261,783
2024	172,741	83,285	256,026
2025-2029	961,953	299,244	1,261,197
2030-2033	845,209	75,147	920,356
Totals	<u>\$ 2,607,262</u>	<u>\$ 861,366</u>	<u>\$ 3,468,628</u>

CREBS Lease Agreement (direct borrowing)

In August 2017, the City entered into a lease-purchase agreement for the acquisition, construction and installation of certain energy conservation equipment and improvements (solar) with an aggregate principal borrowing of \$4,548,393. The proceeds are to be used to pay for certain issuance costs and energy efficiency and conservation improvements as specified in the agreement. The payments bear interest at 3.46% and are due and payable semi-annually, on February 24th and August 24th each year, maturing on August 24, 2037. The General Fund will generally be responsible for making the debt service payments annually.

The annual debt service requirements for the lease agreement as of June 30, 2019 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 21,924	\$ 155,346	\$ 177,270
2021	30,634	154,510	185,144
2022	55,603	153,375	208,978
2023	83,657	151,088	234,745
2024	98,346	148,070	246,416
2025-2029	748,394	675,743	1,424,137
2030-2034	1,514,164	502,962	2,017,126
2035-2038	1,941,467	139,591	2,081,058
Totals	<u>\$ 4,494,189</u>	<u>\$ 2,080,685</u>	<u>\$ 6,574,874</u>

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

5) LONG-TERM LIABILITIES – Continued

Changes in long-term liabilities for business-type activities are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due in one year
Business-type Activities					
Compensated absences payable	\$ 357,156	\$ 200,666	\$ 220,274	\$ 337,548	\$ 145,752
Net OPEB Liability	2,864,295	106,924	585,591	2,385,628	-
Net Pension Liability	12,062,758	-	576,809	11,485,949	-
2011 Revenue Refunding Bonds	7,920,000	-	355,000	7,565,000	365,000
Unamortized premium	515,184	-	34,345	480,839	-
Total Business-type Activities	\$ 23,719,393	\$ 307,590	\$ 1,772,019	\$ 22,254,964	\$ 510,752

2011 Lease Revenue Refunding Bonds (Water System)

In December 2011, the City issued \$12,140,000 of 2011 Lease Revenue Refunding Bonds to provide for the advance refunding of the remaining portion of the City's 2003 Lease Revenue Refunding Bonds and 2003 Lease Revenue Bonds. Interest rates on the bonds range from 2.0% to 4.0% and are payable semi-annually on April 1 and October 1 of each year until maturity on October 1, 2033. The reserve requirement at June 30, 2019 of \$723,500 was fully satisfied.

The Bonds are secured by a pledge of net revenues of the water system and requires that the City set rates, fees, and charges for each fiscal year so as to yield system net revenues during each fiscal year equal to 125% of the annual debt service (including parity debt, if any).

All system net revenues are irrevocably pledged to the payment of the installment payments, which approximate \$26 million annually. Principal and interest payments on the bonds for the 2018-19 fiscal year totaled \$720,548. The Bond indenture contains a provision that in an event of default, outstanding amounts may become immediately due if the City is unable to make payment. The future debt service requirements are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 365,000	\$ 351,150	\$ 716,150
2021	380,000	336,250	716,250
2022	395,000	320,750	715,750
2023	410,000	304,650	714,650
2024	430,000	287,850	717,850
2025-2029	2,450,000	1,102,500	3,552,500
2030-2034	3,135,000	407,125	3,542,125
Totals	<u>\$ 7,565,000</u>	<u>\$ 3,110,275</u>	<u>\$ 10,675,275</u>

6) OTHER POST EMPLOYMENT BENEFITS

General Information About the OPEB Plan

Plan Description – The City administers a single-employer defined benefit healthcare plan (“the Plan”) which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

6) OTHER POST EMPLOYMENT BENEFITS – Continued

agreements. After age 65, Medicare automatically becomes the primary provider of health coverage. The City's defined benefit plan becomes the secondary provider. Eligible retirees will have no noticeable change in health benefits or plan administration; however, there is a reduction in the City's cost of health coverage as the secondary provider. The City's defined benefit plan administrator establishes the cost of secondary provider rates annually. There is no separate audited benefit plan report available. The City will pay a portion of the eligible retirees' health coverage depending on their years of service.

Benefits Provided – Employees are eligible for retiree health benefits if they retire from the City on or after age 50 with at least 10 years of service, and are eligible for a PERS pension.

City Service	Monthly City Contribution	
	Retiree	Spouse
10 - 14 years	\$ 72.57	\$ 45.00
15 - 19 years	96.81	45.00
20 - 24 years	121.05	45.00
25 or more years	145.14	45.00

Employees Covered by Benefit Terms – As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Retirees or spouses of retirees currently receiving benefits	235
Active employees	190
Total	425

Contributions – The Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the City and the bargaining units. The annual contributions to the Plan are based on the costs to provide the benefits as described above on a pay as you go basis. For the fiscal year ended June 30, 2019, the City's pay-as-you-go costs were \$408,067. In addition, as the City's budget allows, the City will make additional contributions to the OPEB Trust Account, administered by the Public Agency Retirement Systems (PARS).

Net OPEB Liability - The City's net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Actuarial Cost
Mortality	2014 CalPERS Active Mortality
Age at Retirement	Varies, 55 to 62
Health Care Trend Rate	6.00% initial, 5.0% ultimate
Inflation Rate	2.75%
Salary Changes	3.00%
Discount Rate	4.15%
Asset Return	6.25%

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

6) OTHER POST EMPLOYMENT BENEFITS – Continued

percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Rate of Return
Fixed Income	45%	1.75%
Equities	50%	5.00%
Cash	5%	0.00%
Total	<u>100.00%</u>	

Discount Rate – The discount rate of 4.15% is a blended rate between the rate of return of 6.25% and 3.90%, the resulting rate using the Bond Buyer 20-Bond GO index.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (TOL)	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2017	\$ 15,424,310	\$ 1,000,966	\$ 14,423,344
Changes in the year:			
Service cost	557,634	-	557,634
Interest on the total OPEB liability	562,756	-	562,756
Changes of benefit terms	(1,080,543)	-	(1,080,543)
Employer contributions	-	699,692	(699,692)
Employee contributions	-	-	-
Actual investment income	-	54,034	(54,034)
Changes of assumptions	(1,049,491)	-	(1,049,491)
Administrative Expense	-	(2,595)	2,595
Benefit payments, including refunds	(699,692)	(699,692)	-
Other	-	-	-
Net changes	<u>(1,709,336)</u>	<u>51,439</u>	<u>(1,760,775)</u>
Balance at June 30, 2018	<u>\$ 13,714,974</u>	<u>\$ 1,052,405</u>	<u>\$ 12,662,569</u>

Sensitivity of the Net OPEB Liability to changes in the Discount Rate - The following presents the net OPEB liability of the City if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (3.15%)	Discount Rate (4.15%)	1% Increase (5.15%)
Net OPEB liability (asset)	\$ 14,463,405	\$ 12,662,569	\$ 11,177,262

Sensitivity of the Net OPEB Liability to changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability of the District, as well as what the District's Net OPEB would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

**City of Upland
Notes to Financial Statements
Year Ended June 30, 2019**

6) OTHER POST EMPLOYMENT BENEFITS – Continued

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB liability (asset)	\$ 12,100,925	\$ 12,662,569	\$ 13,327,476

OPEB Plan Fiduciary Net Position

PARS issues a publicly available financial report that may be obtained from the Public Agency Retirement Services, 4350 Von Karman Ave., Newport Beach, CA 92660.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the City recognized OPEB expense of \$539,687. The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
OPEB Contributions Subsequent to the Measurement Date	\$ 408,067	\$ -
Changes of Assumptions	-	524,745
Net differences between projected and actual earnings on plan investments	16,976	-
Total	\$ 425,043	\$ 524,745

The \$408,067 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ended June 30, 2020. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year Ending June 30,	
2020	\$ (519,649)
2021	5,096
2022	5,095
2023	1,689
2024	-
Thereafter	-

7) TAX ABATEMENT

The City enters into various tax abatement agreements for the purpose of attracting or retaining businesses within the City's jurisdiction. In June 2007, a fifteen-year agreement was entered into with a commercial concrete and asphalt company. As an incentive to continue to operate within the City, the City will pay the company the greater of 60% of all sales tax revenue generated in any fiscal year or \$400,000. The amount of sales tax abated to that company for the fiscal year ended June 30, 2019 was \$281,492.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

8) DEBT WITHOUT GOVERNMENT COMMITMENT

The City has various outstanding bond issues which are not reflected in these financial statements. These bond issues are special obligations payable solely from and secured by specific revenue sources described in the resolutions and official statements of the respective issues. Neither the faith and credit nor the taxing power of the City, the Successor Agency to UCRA, the State of California or any political subdivision thereof, is pledged for the payment of these bonds. No legal obligation on the part of the City exists to make payments on the bonds from any source other than the revenues or assets pledged therefor. The programs are completely administered by trustees, and the total outstanding balance at June 30, 2019 is \$53,635,000.

9) CLAIMS AND JUDGEMENTS

The City is exposed to various risks of loss related to its operation, including losses associated with errors and omissions, injuries to employees and members of the public. The City's Self-funded Insurance Internal Service Fund is used to account for and finance its uninsured risks of loss. The City purchases coverage from Municipal Insurance Cooperative (MIC) for general liability coverage, with a limit up to \$10M. MIC provides coverage in excess of the City's self-insured retention of \$500,000. Excess general liability coverage is also obtained through excess carriers up to \$30M in limits. Torus National Insurance provides \$10M excess and Market Insurance Company provides the second layer of excess coverage.

The City purchases workers' compensation coverage from MIC with a limit up to \$100M. Under this coverage, the reinsurer, Arch Insurance Company, covers claims in excess of the City's self-insured retention of \$750,000.

In the past three years, no claims for general liability or workers' compensation have exceeded the City's purchased insurance coverage.

The claims and judgments liability reported in the Self-funded Insurance Internal Service Fund is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims and judgments be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. As of June 30, 2019, claims and judgments payable, including estimated claims for incurred but not reported claims, amounted to \$10,338,208.

Changes in the claims and judgments payable amounts in fiscal years ended June 30, 2018 and 2019 for the Self-funded Insurance Fund are as follows:

Year Ended June 30,	Beginning of Year	Claims and Changes in Estimates	Claim Payments	End of Year
2019	\$ 7,943,882	\$ 4,041,717	\$ 1,647,391	\$ 10,338,208
2018	7,742,648	3,088,324	2,887,090	7,943,882

10) PENSION PLAN

Plan Descriptions: All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

10) PENSION PLAN – Continued

Benefits Provided: The Plans are agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the plan's June 30, 2017 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website.

The Plans' provisions that are in effect at June 30, 2019, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52
Monthly benefits, as a % of eligible compensation	(1)	(1)
Required employee contribution rates	8%	6.75%
Required employer contribution rates	10.461% + \$2,530,898	6.75%

(1) - Depending on years of service

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52
Monthly benefits, as a % of eligible compensation	(1)	(1)
Required employee contribution rates	9%	12.25%
Required employer contribution rates	18.745% + \$4,363,236	11.50%

(1) - Depending on years of service

Employees Covered: At June 30, 2019, the following number of employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	392	199
Inactive employees entitled to but not yet receiving benefits	247	105
Active employees	142	101

**City of Upland
Notes to Financial Statements
Year Ended June 30, 2019**

10) PENSION PLAN – Continued

Contributions: Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer-Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions: The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	All Plans
Valuation date	June 30, 2017
Measurement date	June 30, 2018
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.15%
Mortality	(2)

(1) Depending on age, service and type of employment

(2) Derived using CalPERS' Membership Data for all Funds.

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Long-term Expected Rate of Return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

10) PENSION PLAN – Continued

Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	50%	4.80%	5.98%
Global Fixed Income	28%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	2%	-	-0.92%

(1) An expected inflation of 2.0% used for this period.

(2) An expected inflation of 2.92% used for this period.

Discount Rate – The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

10) PENSION PLAN – Continued

Changes in Net Pension Liability

The changes in the Net Pension Liability for the Miscellaneous Plan are as follows:

	Increase (Decrease)		
	Pension Plan Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$ 128,371,391	\$ 88,255,803	\$ 40,115,588
Changes in the year:			
Service cost	1,568,587	-	1,568,587
Interest on the total pension liability	8,880,290	-	8,880,290
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(675,727)	-	(675,727)
Changes in assumptions	(600,917)	-	(600,917)
Contributions from the employer	-	2,999,453	(2,999,453)
Contributions from employees	-	655,077	(655,077)
Net investment income	-	7,384,991	(7,384,991)
Benefit payments, including refunds	(7,358,347)	(7,358,347)	-
Administrative/other expense	-	(398,906)	398,906
Net changes	1,813,886	3,282,268	(1,468,382)
Balance at June 30, 2018	\$ 130,185,277	\$ 91,538,071	\$ 38,647,206

The changes in the Net Pension Liability for the Safety Plan are as follows:

	Increase (Decrease)		
	Pension Plan Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$ 206,098,820	\$ 134,174,733	\$ 71,924,087
Changes in the year:			
Service cost	3,120,107	-	3,120,107
Interest on the total pension liability	14,424,159	-	14,424,159
Changes of benefit terms	-	-	-
Differences between expected and actual experience	146,880	-	146,880
Changes in assumptions	(482,151)	-	(482,151)
Contributions from the employer	-	4,816,496	(4,816,496)
Contributions from employees	-	668,922	(668,922)
Net investment income	-	11,191,173	(11,191,173)
Benefit payments, including refunds	(11,174,227)	(11,174,227)	-
Administrative/other expense	-	(606,455)	606,455
Net changes	6,034,768	4,895,909	1,138,859
Balance at June 30, 2018	\$ 212,133,588	\$ 139,070,642	\$ 73,062,946

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

10) PENSION PLAN – Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 55,286,384	\$ 102,052,036
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 38,647,206	\$ 73,062,946
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 24,911,964	\$ 49,366,911

Pension Plan Fiduciary Net Position: Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the City recognized pension expense of \$5,605,275 for the Miscellaneous Plan and \$8,950,241 for the Safety Plan. At June 30, 2019, the City reported deferred outflows and deferred inflows for the Miscellaneous Plan from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,335,368	\$ -
Differences between actual and expected experience	-	320,081
Changes in assumptions	-	284,645
Net differences between projected and actual earnings on plan investments	269,725	-
Total	<u>\$ 3,605,093</u>	<u>\$ 604,726</u>

\$3,335,368 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows related to pensions will be recognized as pension expense as follows:

Miscellaneous	
Year Ending June 30,	
2020	\$ 579,799
2021	268,092
2022	(935,627)
2023	(247,265)
2024	-
Thereafter	-

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

10) PENSION PLAN – Continued

At June 30, 2019, the City reported deferred outflows and deferred inflows for the Safety Plan from the following sources:

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 5,322,942	\$ -
Differences between actual and expected experience	267,016	1,061,009
Changes in assumptions	5,258,394	336,045
Net differences between projected and actual earnings on plan investments	472,351	-
Total	\$ 11,320,703	\$ 1,397,054

\$5,322,942 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows related to pensions will be recognized as pension expense as follows:

Safety	
Year Ending June 30,	
2021	\$ 4,480,822
2022	1,895,250
2023	(1,409,693)
2024	(365,672)
2025	-
Thereafter	-

11) JOINT VENTURES

The City has ownership in the San Antonio and West End water companies based upon the number of stock shares owned. To protect the water rights for the citizens of Upland, the City's water utility has followed the practice of purchasing shares of stock in the water companies as they become available. The City's primary motivation for owning shares in the water companies is to secure rights to well water pumped by the two companies. Two Upland City Council members are also on the Board of San Antonio Water Company. As development takes place within the City, the City requires developers to contribute 1.5 shares for each acre developed. The City's investment in the Authority has been recorded using the equity method of accounting and is reflected as an investment in joint venture in the accompanying financial statements.

On February 19, 1980, the Water Facilities Authority was created under a joint exercise of powers agreement for the acquisition and construction of facilities to supply water to the inhabitants within the boundaries of its members. The Authority's Board of Directors consists of one member appointed from each participating agency. The City's investment in the Authority has been recorded using the equity method of accounting and is reflected as an investment in joint venture in the accompanying financial statements.

Separate financial statements may be obtained for the San Antonio Water Company and Liquidation Trust at 139 North Euclid Avenue, Upland, California; for the West End Consolidated Water Company at 460 N. Euclid Avenue, Upland, California; and for the Water Facilities Authority at 1775 North Benson Avenue, Upland, California.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

11) JOINT VENTURES

The following schedule summarizes the City's investment in joint ventures at June 30, 2019 and the gain (loss) on the investment for the year then ended:

Water Company	Percentage Ownership	Total Joint Venture Equity	City's Equity Interest	City's Share of Joint Venture Net Income (Loss)
San Antonio Water Company	68%	\$ 25,459,226	\$ 17,289,281	\$ 29,207
West End Water Company	91%	2,391,563	2,180,627	70,447
Water Facilities Authority	23%	25,328,106	5,825,464	275,991
Total			<u>\$ 25,295,372</u>	<u>\$ 375,645</u>

12) SUCCESSOR AGENCY ACTIVITIES

Changes in long-term liabilities for the Successor Agency are as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due in one year
Fiduciary Fund Long-term Debt					
2013 Tax Allocation Bonds	\$ 12,990,000	\$ -	\$ 1,955,000	\$ 11,035,000	\$ 2,030,000
2016 Tax Allocation Bonds	12,095,000	-	165,000	11,930,000	170,000
Unamortized Premium	2,741,155	-	291,695	2,449,460	-
Total Fiduciary Fund Debt	<u>\$ 27,826,155</u>	<u>\$ -</u>	<u>\$ 2,411,695</u>	<u>\$ 25,414,460</u>	<u>\$ 2,200,000</u>

2013 Tax Allocation Refunding Bonds

On May 9, 2013, the Successor Agency of the former Upland Community Redevelopment Agency issued tax allocation refunding bonds in the amount of \$22,090,000 to refund the outstanding aggregate principal amount of the 1998 and 2003 Tax Allocation Bonds. Interest rates on the bonds range from 2.00% to 5.00% and are payable semi-annually on March 1 and September 1 of each year until maturity. The interest and principal of the bonds are payable from pledged tax increment revenues of the Merged Project Area. Term Bonds maturing September 1, 2018 and September 1, 2023 are subject to mandatory sinking fund redemption, in part by lot, on September 1, 2015 and September 1, 2019, respectively, and on each September 1 thereafter at a price equal to the principal amount thereof plus accrued interest. There are certain limitations regarding the issuance of parity debt as further described in the official statement.

The future debt service requirements for the bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 2,030,000	\$ 447,700	\$ 2,477,700
2021	2,115,000	364,800	2,479,800
2022	2,200,000	278,500	2,478,500
2023	2,290,000	177,250	2,467,250
2024	2,400,000	60,000	2,460,000
Totals	<u>\$ 11,035,000</u>	<u>\$ 1,328,250</u>	<u>\$ 12,363,250</u>

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

12) SUCCESSOR AGENCY ACTIVITIES – Continued

2016 Tax Allocation Refunding Bonds

On September 14, 2016, the Successor Agency of the former Redevelopment Agency issued tax allocation refunding bonds in the amount of \$12,275,000 to refund the outstanding aggregate principal amount of the 2006 Tax Allocation Bonds. Interest rates on the 2016 Bonds range from 2.00% to 5.00%, and payments are due semi-annually on March 1 and September 1 of each year until maturity. The interest and principal of the bonds are payable from pledged tax increment revenues of the Merged Project Area. Term Bonds maturing September 1, 2036 are subject to mandatory sinking fund redemption, in part by lot, on September 1, 2029, and on each September 1 thereafter at a price equal to the principal amount thereof, plus accrued interest.

The future debt service requirements for the bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 170,000	\$ 477,688	\$ 647,688
2021	175,000	472,513	647,513
2022	185,000	466,188	651,188
2023	190,000	458,687	648,687
2024	205,000	450,787	655,787
2025-2029	7,255,000	1,074,807	8,329,807
2030-2034	2,235,000	366,232	2,601,232
2035-2037	1,515,000	63,319	1,578,319
Totals	<u>\$ 11,930,000</u>	<u>\$ 3,830,221</u>	<u>\$ 15,760,221</u>

13) CONTINGENT RECEIVABLE

Measure I is the half-cent sales tax collected throughout San Bernardino County for transportation improvements. San Bernardino County Transportation Authority (SBCTA), the regional transportation authority, administers Measure I revenue and is responsible for determining which projects receive Measure I funding, and ensuring that transportation projects are implemented. In June of 2012, the City and SBCTA entered into a Jurisdiction Master Agreement. Per the terms of the Agreement, SBCTA will reimburse the City for the public share of eligible project expenditures with Measure I funds in an amount determined by SBCTA. SBCTA is to annually adopt a funding allocation and project list and will notify the City of the Measure I allocation and the list of eligible projects for reimbursement. The City will prepare and submit to SBCTA invoices for reimbursement of those eligible expenditures.

Revenues are recognized by the City when both eligible expenditures have been incurred and annual funding allocations are approved by SBCTA. At June 30, 2019, prior expenditures related to the Foothill Boulevard Widening Project, which total over \$3.5 million are included in the Measure I projects eligible for reimbursement. However, due to limited program tax revenue accruals from 2010, only \$2,590,094 of project costs have been approved for disbursements by SBCTA and recorded as revenue as of June 30, 2019. Of this amount, \$807,920 was received during prior years and \$782,174 remained outstanding as of June 30, 2019. Future reimbursements are expected to coincide with annual tax revenue generated under the Measure I program for arterial transportation projects.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

14) RESTATEMENT OF NET POSITION/PRIOR PERIOD ADJUSTMENT

The Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balances includes a restatement of net position/prior period adjustment of \$811,035 for funds received in prior years previously reported as deposits but should have been reported as revenues when received.

15) FUND BALANCE

The City's governmental fund balances at June 30, 2019, are presented below:

	General Fund	Housing Fund	Total Non-major Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Items	\$ 52,690	\$ -	\$ -	\$ 52,690
Long-term Notes Receivable	21,113	-	-	21,113
Restricted:				
Disability Access	53,073	-	-	53,073
Low and Moderate Income Housing	-	9,725,580	-	9,725,580
Public Safety - Asset Forfeiture/Grants	-	-	1,691,195	1,691,195
Housing - HOME/CalHOME Program	-	-	6,905,769	6,905,769
Housing - CDBG	-	-	57,513	57,513
Street Maintenance	-	-	11,496,624	11,496,624
Air Pollution Reduction Measures	-	-	270,364	270,364
Downtown Parking & Business Improvement	-	-	265,781	265,781
Solar and Energy Efficiency Improvements	-	-	113,827	113,827
Capital Improvements	-	-	1,508,887	1,508,887
Park Acquisition and Development	-	-	6,785,372	6,785,372
Storm Drain	-	-	3,188,349	3,188,349
Street and Traffic Safety	-	-	2,190,902	2,190,902
Street and Alley Repair	-	-	771,985	771,985
Committed to:				
Facility Repairs:				
Library Power System	150,000	-	-	150,000
Fuel Island	50,000	-	-	50,000
Memorial Park Improvements	140,000	-	-	140,000
Section 115 Pension Trust	6,705,413	-	-	6,705,413
Legal/Labor Negotiations	450,000	-	-	450,000
Continuing Appropriations	255,427	-	-	255,427
Assigned:				
Library Literacy Program	-	-	7,842	7,842
Unassigned	15,423,859	-	-	15,423,859
Total Fund Balance	<u>\$ 23,301,575</u>	<u>\$ 9,725,580</u>	<u>\$ 35,254,410</u>	<u>\$ 68,281,565</u>

Included in unassigned fund balance in the General Fund is a reserve fund balance of \$7,161,824, or 17.5% of the original budgeted operating expenditures for fiscal year 2018-19. The reserve has been established by City Ordinance 1901 (Section 2,2016) and can only be used for emergencies or unforeseen events and requires a four-fifths vote by the City Council.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

16) COMMITMENTS AND CONTINGENCIES

The City has been named as a defendant in certain other claims and litigation matters. In the opinion of City management, the outcome of such litigation is not expected to result in a material adverse effect in the financial condition of the City beyond that accrued in the City's Self-funded Insurance Fund.

The City has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, it is believed that any required reimbursements will not be material.

The City had approximately \$2,761,481 in outstanding construction contract obligations as of June 30, 2019.

17) IMPLEMENTATION OF GASB PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued the following Statements, which may affect the City's financial reporting requirements in the future:

GASB 84 - Fiduciary Activities: This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB 87 - Leases: This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB 89 - Accounting for Interest Cost Incurred before the End of a Construction Period: This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB 90 - Majority Equity Interests: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB 91 - Conduit Debt Obligations: The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

18) SUBSEQUENT EVENTS

In December 2019, subsequent to the end of the fiscal year, the City entered into a loan financing agreement with the State Water Resources Control Board for the replacement of a 7.5 million gallon water reservoir. The loan is an installment agreement for \$16,500,000 that will be drawn down as project costs are incurred.

REQUIRED SUPPLEMENTARY INFORMATION

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property Taxes	\$ 16,676,930	\$ 16,681,835	\$ 17,447,616	\$ 765,781
Business License Taxes	950,000	950,000	1,046,114	96,114
Sales and Use Tax	13,975,790	13,975,790	14,507,927	532,137
Franchise Tax	1,230,000	1,230,000	1,246,233	16,233
Other	740,530	740,530	803,348	62,818
Licenses and Permits	1,483,460	1,483,460	2,236,733	753,273
Charges for Services	2,210,930	2,263,910	3,055,102	791,192
Fines and Penalties	429,950	429,950	989,437	559,487
Investment Income	125,000	125,000	1,171,051	1,046,051
Rental Income	832,670	832,670	888,310	55,640
Intergovernmental	59,210	59,210	100,321	41,111
Other Revenue	728,320	742,621	340,280	(402,341)
Total Revenues	39,442,790	39,514,976	43,832,472	4,317,496
EXPENDITURES				
Current:				
General Government	2,937,510	3,220,787	1,918,770	1,302,017
Public Safety	24,291,940	24,428,672	22,463,307	1,965,365
Engineering and Public Works	6,536,230	6,449,797	6,321,020	128,777
Development Services	1,735,170	1,766,376	1,583,083	183,293
Community Services	3,252,920	3,272,276	3,221,870	50,406
Debt Service:				
Principal	160,290	160,290	160,424	(134)
Interest and Fiscal Charges	272,520	272,520	272,363	157
Total Expenditures	39,186,580	39,570,718	35,940,837	3,629,881
Excess (Deficiency) of Revenues over Expenditures	256,210	(55,742)	7,891,635	7,947,377
OTHER FINANCING SOURCES (USES)				
Transfers In	-	945,914	724,123	(221,791)
Transfers Out	-	(429,250)	(490,683)	(61,433)
Sale of General Capital Assets	-	-	132,623	132,623
Total Other Financing Sources (Uses)	-	516,664	366,063	(150,601)
Net Change in Fund Balances	256,210	460,922	8,257,698	7,796,776
Fund Balances, Beginning	14,232,842	14,232,842	14,232,842	-
Prior Period Adjustment	-	-	811,035	-
Fund Balances, Ending	\$ 14,489,052	\$ 14,693,764	\$ 23,301,575	\$ 8,607,811

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Housing Special Revenue Fund
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 15,000	\$ 15,000	\$ 52,502	\$ 37,502
Rental Income	3,600,000	3,600,000	4,044,281	444,281
Other Revenue	110,000	110,000	230,601	120,601
Total Revenues	<u>3,725,000</u>	<u>3,725,000</u>	<u>4,327,384</u>	<u>602,384</u>
EXPENDITURES				
Current:				
Development Services	2,720,950	2,729,700	3,050,311	(320,611)
Debt Service:				
Principal	512,710	512,710	514,159	(1,449)
Interest & Fiscal Charges	569,220	569,220	567,753	1,467
Total Expenditures	<u>3,802,880</u>	<u>3,811,630</u>	<u>4,132,223</u>	<u>(320,593)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(77,880)</u>	<u>(86,630)</u>	<u>195,161</u>	<u>281,791</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(77,880)	(86,630)	195,161	281,791
Fund Balance, Beginning	<u>9,530,419</u>	<u>9,530,419</u>	<u>9,530,419</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 9,452,539</u>	<u>\$ 9,443,789</u>	<u>\$ 9,725,580</u>	<u>\$ 281,791</u>

City of Upland
Notes to Required Supplementary Information
Year Ended June 30, 2019

BUDGETS AND BUDGETARY ACCOUNTING

The following procedures are used in establishing the budgetary data reflected in the financial statements:

The City Council approves each year's budget submitted by the City Manager prior to the beginning of the fiscal year. Public hearings are conducted prior to the adoption by City Council. Appropriations for each fund may only be increased or decreased by the City Council. During the year, there were budgetary appropriation increases amounting to \$2,051,784. The City Manager has authority to adjust the amounts appropriated between the departments and activities of a fund, provided, however, that the total appropriations for each fund may not exceed the amounts provided in the budget resolution. The level on which expenditures may not legally exceed appropriations is the fund level. The City Manager is also authorized to approve continuing appropriations at year-end for capital improvement projects and other expenditures previously approved by the City Council. City Council approval is required for an increase in total appropriations greater than \$20,000.

Budgets for the various funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets are legally adopted for the general, special revenue, capital projects, and debt service fund types, except for the Public Financing Authority Debt Service fund for which no budget is legally adopted and therefore no budget comparison schedule will be presented.

Draft

**City of Upland
Required Supplementary Information
Year Ended June 30, 2019**

**Schedule of Changes in the Net Pension Liability
And Related Ratios – Last 10 Years*
Agent Multiple-employer Plan – Miscellaneous Plan**

	Measurement Period				
	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 1,568,587	\$ 1,728,641	\$ 1,603,986	\$ 1,778,643	\$ 2,058,203
Interest on total pension liability	8,880,290	8,747,118	8,670,714	8,475,794	8,374,645
Changes in benefits	-	-	-	-	-
Changes in assumptions	(600,917)	7,056,199	-	(2,015,694)	-
Differences between expected and actual experience	(675,727)	(1,671,546)	(1,502,457)	(3,437,406)	-
Benefit payments, including refunds	(7,358,347)	(7,154,726)	(6,299,318)	(5,934,069)	(5,480,303)
Net change in total pension liability	1,813,886	8,705,686	2,472,925	(1,132,732)	4,952,545
Total pension liability - beginning	128,371,391	119,665,705	117,192,780	118,325,512	113,372,967
Total pension liability - ending (a)	<u>\$ 130,185,277</u>	<u>\$ 128,371,391</u>	<u>\$ 119,665,705</u>	<u>\$ 117,192,780</u>	<u>\$ 118,325,512</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 2,999,453	\$ 2,352,967	\$ 2,239,207	\$ 1,977,651	\$ 1,880,762
Contributions - employee	655,077	670,114	703,361	703,031	846,655
Net investment income	7,384,991	9,227,177	429,550	1,971,870	13,175,373
Benefit payments	(7,358,347)	(7,154,726)	(6,299,318)	(5,934,069)	(5,480,303)
Net Plan to Plan Resource Movement	-	-	(301)	-	-
Administrative/Other Expense	(398,906)	(122,962)	(52,573)	(97,096)	-
Net change in plan fiduciary net position	3,282,268	4,972,570	(2,980,074)	(1,378,613)	10,422,487
Plan fiduciary net position - beginning	88,255,803	83,283,233	86,263,307	87,641,920	77,219,433
Plan fiduciary net position - ending (b)	<u>\$ 91,538,071</u>	<u>\$ 88,255,803</u>	<u>\$ 83,283,233</u>	<u>\$ 86,263,307</u>	<u>\$ 87,641,920</u>
Net pension liability - ending (a) - (b)	<u>\$ 38,647,206</u>	<u>\$ 40,115,588</u>	<u>\$ 36,382,472</u>	<u>\$ 30,929,473</u>	<u>\$ 30,683,592</u>
Plan fiduciary net position as a percentage of the total pension liability	70.31%	68.75%	69.60%	73.61%	74.07%
Covered payroll	\$ 8,430,545	\$ 9,034,865	\$ 9,183,479	\$ 10,003,615	\$ 11,030,619
Net pension liability as percentage of covered payroll	458.42%	444.01%	396.17%	309.18%	278.17%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies to voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflected an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

* - Fiscal Year 2015 was the first year of implementation; therefore, only five years are reported.

**City of Upland
Required Supplementary Information
Year Ended June 30, 2019**

**Schedule of Changes in the Net Pension Liability
And Related Ratios – Last 10 Years*
Agent Multiple-employer Plan – Safety Plan**

	Measurement Period				
	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 3,120,107	\$ 3,353,845	\$ 2,840,973	\$ 2,955,272	\$ 3,190,547
Interest on total pension liability	14,424,159	13,994,358	13,738,636	13,154,006	12,955,418
Changes in benefits	-	-	-	-	-
Changes in assumptions	(482,151)	11,831,388	-	(3,292,952)	-
Differences between expected and actual experience	146,880	(2,387,269)	987,863	(4,793,043)	-
Benefit payments, including refunds	(11,174,227)	(10,595,503)	(9,694,252)	(9,101,311)	(8,365,575)
Net change in total pension liability	6,034,768	16,196,819	7,873,220	(1,078,028)	7,780,390
Total pension liability - beginning	206,098,820	189,902,001	182,028,781	183,106,809	175,326,419
Total pension liability - ending (a)	<u>\$ 212,133,588</u>	<u>\$ 206,098,820</u>	<u>\$ 189,902,001</u>	<u>\$ 182,028,781</u>	<u>\$ 183,106,809</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 4,816,496	\$ 4,870,870	\$ 4,265,372	\$ 3,611,390	\$ 3,380,630
Contributions - employee	668,922	1,085,857	1,166,670	1,183,942	1,342,231
Net investment income	11,191,173	13,839,363	673,474	2,937,028	19,584,973
Benefit payments	(11,174,227)	(10,595,503)	(9,694,252)	(9,101,311)	(8,365,575)
Net Plan to Plan Resource Movement	-	-	301	-	-
Administrative/Other Expense	(606,455)	(184,789)	(78,513)	(144,969)	-
Net change in plan fiduciary net position	4,895,909	9,015,798	(3,666,948)	(1,513,920)	15,942,259
Plan fiduciary net position - beginning	134,174,733	125,158,935	128,825,883	130,339,803	114,397,544
Plan fiduciary net position - ending (b)	<u>\$ 139,070,642</u>	<u>\$ 134,174,733</u>	<u>\$ 125,158,935</u>	<u>\$ 128,825,883</u>	<u>\$ 130,339,803</u>
Net pension liability - ending (a) - (b)	<u>\$ 73,062,946</u>	<u>\$ 71,924,087</u>	<u>\$ 64,743,066</u>	<u>\$ 53,202,898</u>	<u>\$ 52,767,006</u>
Plan fiduciary net position as a percentage of the total pension liability	65.56%	65.10%	65.91%	70.77%	71.18%
Covered payroll	\$ 7,851,917	\$ 11,286,708	\$ 10,755,149	\$ 11,241,479	\$ 11,699,414
Net pension liability as percentage of covered payroll	930.51%	637.25%	601.97%	473.27%	451.02%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies to voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflected an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

* - Fiscal Year 2015 was the first year of implementation; therefore, only five years are reported.

**City of Upland
Required Supplementary Information
Year Ended June 30, 2019**

**Schedule of Contributions – Last 10 Years*
Agent Multiple-employer Plan – Miscellaneous Plan**

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2019	\$ 3,335,368	\$ (3,335,368)	\$ -	\$ 8,883,543	37.55%
2018	2,999,453	(2,999,453)	-	8,430,545	35.58%
2017	2,352,967	(2,352,967)	-	9,034,865	26.04%
2016	2,239,207	(2,239,207)	-	9,183,479	24.38%
2015	1,977,651	(1,977,651)	-	10,003,615	19.77%
2014	1,880,762	(1,880,762)	-	11,030,619	17.05%

**Schedule of Contributions – Last 10 Years*
Agent Multiple-employer Plan – Safety Plan**

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2019	\$ 5,322,942	\$ (5,322,942)	\$ -	\$ 8,118,176	65.57%
2018	4,816,496	(4,816,496)	-	7,851,917	61.34%
2017	4,870,870	(4,870,870)	-	11,286,708	43.16%
2016	4,265,372	(4,265,372)	-	10,755,149	39.66%
2015	3,611,390	(3,611,390)	-	11,241,479	32.13%
2014	3,380,630	(3,380,630)	-	11,699,414	28.90%

Notes to Schedule of Plan Contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2015 Funding Valuation Report.
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2015 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

**City of Upland
Required Supplementary Information
Year Ended June 30, 2019**

**Schedule of Changes in the Net OPEB Liability and Related Ratios
for the Measurement Periods Ended June 30**

	Measurement Period	
	2018	2017
Total OPEB Liability		
Service cost	\$ 557,634	\$ 538,257
Interest on total OPEB liability	562,756	547,618
Changes in assumptions	(1,049,491)	-
Changes in benefits	(1,080,543)	-
Benefit payments, including refunds	(699,692)	(669,865)
Net change in total OPEB liability	(1,709,336)	416,010
Total OPEB liability - beginning	15,424,310	15,008,300
Total OPEB liability - ending (a)	<u>\$ 13,714,974</u>	<u>\$ 15,424,310</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 699,692	\$ 1,669,865
Net Investment Income	54,034	966
Benefit payments	(699,692)	(669,865)
Administrative Expense	(2,595)	-
Net change in plan fiduciary net position	51,439	1,000,966
Plan fiduciary net position - beginning	1,000,966	-
Plan fiduciary net position - ending (b)	<u>\$ 1,052,405</u>	<u>\$ 1,000,966</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 12,662,569</u>	<u>\$ 14,423,344</u>
Plan fiduciary net position as a percentage of the total OPEB liability	7.7%	6.5%
Covered - employee payroll	16,282,462	20,253,855
Net OPEB liability as a percentage of covered-employee payroll	77.77%	71.21%

SUPPLEMENTARY INFORMATION

Draft

NON-MAJOR GOVERNMENTAL FUNDS

City of Upland
Non-Major Governmental Funds
Year Ended June 30, 2019

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Gas Tax Fund

To account for State gasoline taxes received by the City. These funds may be used for street maintenance, right-of-way acquisition, and street construction. Gas Tax funds are used for capital projects established within the Gas Tax Fund.

HOME Program Fund

This fund accounts for housing rehab loans/grants from the California Department of Housing and Community Development. These loans/grants are provided for single-family rehabilitation, neighborhood restoration, and first-time homebuyers, tenant based assistance and rental rehabilitation programs.

CalHOME Program Fund

This fund accounts for housing rehab loans/grants from the CalHome program. These loans/grants are provided for single-family rehabilitation, neighborhood restoration, and first-time homebuyers, tenant based assistance and rental rehabilitation programs.

Community Development Block Grant Fund

To account for receipt and disbursement of the Upland Community Development Block Grant Program of the United States Department of Housing and Urban Development.

Measure I Fund

To account for revenues which were approved by the San Bernardino County voters in a General Election authorizing a one-half percent (1/2%) sales tax on all retail transactions within the incorporated and unincorporated territory of the County of San Bernardino for a period not to exceed thirty years, proceeds of which are to be solely for county-wide transportation improvements and traffic management programs.

Air Quality Management District Fund

To account for the receipt and disbursement of funds generated by Assembly Bill 2766 which sets forth requirements for reduction of air pollution from mobile sources as promulgated by the South Coast Air Quality Management District.

Parking Business Improvement Area Fund

To account for revenues received from an additional levy of the general business license tax imposed on businesses to be used for the acquisition, construction and maintenance of parking facilities for the benefit of the area.

SB509 Public Safety Augmentation Fund

To account for revenue and expenditures related to the half-cent sales tax enacted by Proposition 172 and SB509. Funds are used to cover operational expenditures of the Police Department.

Asset Forfeiture Fund

To account for revenue received for the City's various deposits for asset forfeiture restricted for public safety.

Public Safety Grants Fund

To account for revenue and expenditures related to grants restricted to be used for public safety.

Other Grants Fund

To account for revenue and expenditures related to grants restricted for specific purposes.

**City of Upland
Non-Major Governmental Funds
Year Ended June 30, 2019**

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.

Public Financing Authority Fund

A joint exercise of powers under the laws of the State of California, authorized to issue bonds under the Mello-Roos Local Bond Pooling Act of 1985 (Article 1 through 4, Section 6500, Chapter 5, Division 7, Title 1 of the State of California Government Code). The City of Upland and the Successor Agency (formerly known as Upland Community Redevelopment Agency) formed the Financing Authority by execution of a joint exercise of powers agreement to provide financing by agreements and loans for various project purposes.

CAPITAL PROJECT FUNDS

Capital Projects Funds are used to account for the purchase or construction of major capital facilities which are not financed by Proprietary Funds or Trust Funds. Capital Projects Funds are ordinarily not used to account for the acquisition of furniture, fixtures, machinery, equipment and other relatively minor or short-lived capital assets.

Park Acquisition and Development Fund

To account for revenue from the Dwelling Unit Construction Tax which must be used for the acquisition and development of park facilities within the City.

General Capital Development Fund

To account revenues received for fees from various building permits to be used for certain general government, fire, and police facilities.

Storm Drain Development Fund

To account for the revenues received from the fees on various building permits to be used for the creation of a storm drain system in cooperation with other governmental entities in the area.

Street and Traffic Safety Development Fund

To account for the revenues received from fees on various building permits to be used for improved street and traffic facilities. The revenue source of this fund is from a fee on building permits.

General Capital Fund

To account for projects of general nature which are supported by available General Funds, Special Revenue Funds.

Street and Alley Repair Fund

To account for the revenues received from fees on various permits to be used for improved street and alley repairs.

Energy Efficiency Improvements

To account for the loan proceeds from leases issued that are restricted for the acquisition, construction, and installation of energy efficient improvements.

**City of Upland
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2019**

	Special Revenue			
	Gas Tax	HOME Program	CalHOME Program	Community Development Block Grant
ASSETS				
Cash and Investments	\$ 5,526,888	\$ 1,214,064	\$ 418,396	\$ -
Cash with Fiscal Agent	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Notes, net	-	3,318,895	1,779,129	-
Accrued Interest on Notes	-	869,201	326,593	-
Due from Other Governments	1,034,237	-	-	337,863
Total Assets	\$ 6,561,125	\$ 5,402,160	\$ 2,524,118	\$ 337,863
LIABILITIES				
Accounts Payable	\$ 199,877	\$ -	\$ -	\$ 138,184
Accrued Salaries and Benefits	12,112	-	-	1,237
Due to Other Funds	-	-	-	129,884
Deposits Payable	-	-	-	-
Retentions Payable	104,041	-	-	11,045
Unearned Revenue	-	-	4,469	-
Total Liabilities	316,030	-	4,469	280,350
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	718,847	297,193	-
Total Deferred Inflows of Resources	-	718,847	297,193	-
FUND BALANCE (DEFICITS)				
Restricted	6,245,095	4,683,313	2,222,456	57,513
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	6,245,095	4,683,313	2,222,456	57,513
Total Liabilities, Deferred Inflows and Fund Balances (Deficits)	\$ 6,561,125	\$ 5,402,160	\$ 2,524,118	\$ 337,863

Measure I	Special Revenue					
	Air Quality Management District	Parking and Business Improvement	SB 509 Public Safety Augmentation	Asset Forfeiture	Public Safety Grants	Other Grants
\$ 5,053,805	\$ 246,436	\$ 254,066	\$ -	\$ 702,955	\$ 971,617	\$ 24,711
-	-	-	-	-	-	-
-	-	11,715	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
368,506	25,898	-	78,179	-	56,408	-
<u>\$ 5,422,311</u>	<u>\$ 272,334</u>	<u>\$ 265,781</u>	<u>\$ 78,179</u>	<u>\$ 702,955</u>	<u>\$ 1,028,025</u>	<u>\$ 24,711</u>
\$ 43,635	\$ 855	\$ -	\$ -	\$ -	\$ 1,711	\$ 4
-	1,115	-	24,274	-	4,105	-
-	-	-	53,624	-	-	-
-	-	-	-	-	-	-
13,862	-	-	-	-	-	-
-	-	-	-	-	-	16,865
<u>57,497</u>	<u>1,970</u>	<u>-</u>	<u>77,898</u>	<u>-</u>	<u>5,816</u>	<u>16,869</u>
113,285	-	-	-	-	56,408	-
113,285	-	-	-	-	56,408	-
5,251,529	270,364	265,781	281	702,955	965,801	7,842
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5,251,529</u>	<u>270,364</u>	<u>265,781</u>	<u>281</u>	<u>702,955</u>	<u>965,801</u>	<u>7,842</u>
<u>\$ 5,422,311</u>	<u>\$ 272,334</u>	<u>\$ 265,781</u>	<u>\$ 78,179</u>	<u>\$ 702,955</u>	<u>\$ 1,028,025</u>	<u>\$ 24,711</u>

Continued

City of Upland
Combining Balance Sheet
Non-major Governmental Funds - Continued
June 30, 2019

	Debt Service Fund	Capital Projects		
	Public Financing Authority	Park Acquisition & Development	General Capital Development	Storm Drain Development
ASSETS				
Cash and Investments	\$ -	\$ 6,792,110	\$ 1,515,394	\$ 3,409,757
Cash with Fiscal Agent	-	-	-	-
Receivables:				
Accounts	-	-	-	625
Notes, net	-	-	-	-
Accrued Interest on Notes	-	-	-	-
Due from Other Governments	-	-	-	-
Total Assets	\$ -	\$ 6,792,110	\$ 1,515,394	\$ 3,410,382
LIABILITIES				
Accounts Payable	\$ -	\$ 6,738	\$ 78,468	\$ 217,864
Accrued Salaries and Benefits	-	-	24	-
Due to Other Funds	-	-	-	-
Deposits Payable	-	-	-	-
Retentions Payable	-	-	-	4,169
Unearned Revenue	-	-	-	-
Total Liabilities	-	6,738	78,492	222,033
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
FUND BALANCE (DEFICITS)				
Restricted	-	6,785,372	1,436,902	3,188,349
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	-	6,785,372	1,436,902	3,188,349
Total Liabilities, Deferred Inflows and Fund Balances (Deficits)	\$ -	\$ 6,792,110	\$ 1,515,394	\$ 3,410,382

Capital Projects				
Street and Traffic Safety Development	General Capital Projects	Street & Alley Repair	Energy Efficiency Improvements	Total
\$ 2,175,670	\$ 153,628	\$ 771,893	\$ -	\$ 29,231,390
-	-	-	334,827	334,827
15,232	-	10,268	-	37,840
-	-	-	-	5,098,024
-	-	-	-	1,195,794
-	-	-	-	1,901,091
<u>\$ 2,190,902</u>	<u>\$ 153,628</u>	<u>\$ 782,161</u>	<u>\$ 334,827</u>	<u>\$ 37,798,966</u>
\$ -	\$ 59,485	\$ -	\$ -	\$ 746,821
-	-	48	-	42,915
-	-	-	-	183,508
-	-	-	-	-
-	-	10,128	221,000	364,245
-	-	-	-	21,334
-	59,485	10,176	221,000	1,358,823
-	-	-	-	1,185,733
-	-	-	-	1,185,733
2,190,902	94,143	771,985	113,827	35,254,410
-	-	-	-	-
-	-	-	-	-
<u>2,190,902</u>	<u>94,143</u>	<u>771,985</u>	<u>113,827</u>	<u>35,254,410</u>
<u>\$ 2,190,902</u>	<u>\$ 153,628</u>	<u>\$ 782,161</u>	<u>\$ 334,827</u>	<u>\$ 37,798,966</u>

City of Upland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended June 30, 2019

	Special Revenue			
	Gas Tax	HOME Program	CalHOME Program	Community Development Block Grant
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Investment Income	124,877	23,462	6,680	-
Rental Income	-	-	-	-
Intergovernmental	2,902,597	-	-	709,644
Other Revenue	869,026	211,447	24,012	-
Total Revenues	3,896,500	234,909	30,692	709,644
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
Engineering and Public Works	3,036,690	-	-	-
Development Services	-	-	-	709,644
Community Services	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	3,036,690	-	-	709,644
Excess (Deficiency) of Revenues Over Expenditures	859,810	234,909	30,692	-
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Issuance of Debt	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	859,810	234,909	30,692	-
Fund Balances - Beginning	5,385,285	4,448,404	2,191,764	57,513
Fund Balances - Ending	<u>\$ 6,245,095</u>	<u>\$ 4,683,313</u>	<u>\$ 2,222,456</u>	<u>\$ 57,513</u>

Measure I	Special Revenue					
	Air Quality Management District	Parking and Business Improvement	SB 509 Public Safety Augmentation	Asset Forfeiture	Public Safety Grants	Other Grants
\$ -	\$ -	\$ 61,842	\$ 1,006,134	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
97,716	4,240	5,014	1,958	15,018	19,165	311
-	-	-	-	-	-	-
1,342,418	99,896	-	-	15,823	342,239	5,235
-	-	-	-	-	-	52,393
1,440,134	104,136	66,856	1,008,092	30,841	361,404	57,939
-	-	-	1,007,515	-	182,275	-
299,058	14,991	6,874	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	57,628
-	-	-	-	-	-	-
-	-	-	-	-	-	-
299,058	14,991	6,874	1,007,515	-	182,275	57,628
1,141,076	89,145	59,982	577	30,841	179,129	311
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,141,076	89,145	59,982	577	30,841	179,129	311
4,110,453	181,219	205,799	(296)	672,114	786,672	7,531
\$ 5,251,529	\$ 270,364	\$ 265,781	\$ 281	\$ 702,955	\$ 965,801	\$ 7,842

Continued

City of Upland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds - Continued
Year Ended June 30, 2019

	Debt Service Fund		Capital Projects	
	Public Financing Authority	Park Acquisition & Development	General Capital Development	Storm Drain Development
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	1,174,294	269,920	166,575
Investment Income	-	126,941	28,011	72,066
Rental Income	-	-	-	71,358
Intergovernmental	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	-	1,301,235	297,931	309,999
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
Engineering and Public Works Development Services	-	7,388	17,002	241,095
Community Services	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	-	7,388	17,002	241,095
Excess (Deficiency) of Revenues Over Expenditures	-	1,293,847	280,929	68,904
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(28,209)	-	-	-
Issuance of Debt	-	-	-	-
Total Other Financing Sources (Uses)	(28,209)	-	-	-
Net Change in Fund Balances	(28,209)	1,293,847	280,929	68,904
Fund Balances - Beginning	28,209	5,491,525	1,155,973	3,119,445
Fund Balances - Ending	\$ -	\$ 6,785,372	\$ 1,436,902	\$ 3,188,349

Capital Projects				
Street and Traffic Safety Development	General Capital Projects	Street & Alley Repair	Energy Efficiency Improvements	Total
\$ -	\$ -	\$ -	\$ -	\$ 1,067,976
298,194	-	208,404	-	2,117,387
43,114	-	17,082	4,737	590,392
-	-	-	-	71,358
-	-	-	-	5,417,852
-	-	-	-	1,156,878
341,308	-	225,486	4,737	10,421,843
-	-	-	-	1,189,790
48	217,290	250,152	2,495,976	6,586,564
-	-	-	-	709,644
-	-	-	-	57,628
-	-	-	-	-
-	-	-	-	-
48	217,290	250,152	2,495,976	8,543,626
341,260	(217,290)	(24,666)	(2,491,239)	1,878,217
-	311,433	-	-	311,433
-	-	-	-	(28,209)
-	-	-	-	-
-	311,433	-	-	283,224
341,260	94,143	(24,666)	(2,491,239)	2,161,441
1,849,642	-	796,651	2,605,066	33,092,969
\$ 2,190,902	\$ 94,143	\$ 771,985	\$ 113,827	\$ 35,254,410

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Gas Tax Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	17,600	124,877	107,277
Intergovernmental	3,215,540	2,902,597	(312,943)
Other Revenue	-	869,026	869,026
Total Revenues	<u>3,233,140</u>	<u>3,896,500</u>	<u>663,360</u>
EXPENDITURES			
Current:			
Engineering and Public Works	<u>8,405,556</u>	<u>3,036,690</u>	<u>5,368,866</u>
Total Expenditures	<u>8,405,556</u>	<u>3,036,690</u>	<u>5,368,866</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(5,172,416)</u>	<u>859,810</u>	<u>6,032,226</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(5,172,416)	859,810	6,032,226
Fund Balance, Beginning	<u>5,385,285</u>	<u>5,385,285</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 212,869</u>	<u>\$ 6,245,095</u>	<u>\$ 6,032,226</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - HOME Program Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	100	23,462	23,362
Intergovernmental	-	-	-
Other Revenue	115,000	211,447	96,447
Total Revenues	<u>115,100</u>	<u>234,909</u>	<u>119,809</u>
EXPENDITURES			
Current:			
Development Services	210,000	-	210,000
Total Expenditures	<u>210,000</u>	<u>-</u>	<u>210,000</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(94,900)</u>	<u>234,909</u>	<u>329,809</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(94,900)	234,909	329,809
Fund Balance, Beginning	<u>4,448,404</u>	<u>4,448,404</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 4,353,504</u>	<u>\$ 4,683,313</u>	<u>\$ 329,809</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - CalHOME Program Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	50	6,680	6,630
Intergovernmental	-	-	-
Other Revenue	56,000	24,012	(31,988)
Total Revenues	<u>56,050</u>	<u>30,692</u>	<u>(25,358)</u>
EXPENDITURES			
Current:			
Development Services	270,000	-	270,000
Total Expenditures	<u>270,000</u>	<u>-</u>	<u>270,000</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(213,950)</u>	<u>30,692</u>	<u>244,642</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(213,950)	30,692	244,642
Fund Balance, Beginning	<u>2,191,764</u>	<u>2,191,764</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,977,814</u>	<u>\$ 2,222,456</u>	<u>\$ 244,642</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - CDBG Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Intergovernmental	\$ 712,760	\$ 709,644	\$ (3,116)
Other Revenue	-	-	-
Total Revenues	<u>712,760</u>	<u>709,644</u>	<u>(3,116)</u>
EXPENDITURES			
Current:			
Development Services	1,104,730	709,644	395,086
Total Expenditures	<u>1,104,730</u>	<u>709,644</u>	<u>395,086</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(391,970)</u>	-	<u>391,970</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(391,970)	-	391,970
Fund Balance, Beginning	<u>57,513</u>	<u>57,513</u>	<u>-</u>
Fund Balance, Ending	<u>\$ (334,457)</u>	<u>\$ 57,513</u>	<u>\$ 391,970</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Measure I Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	10,700	97,716	87,016
Intergovernmental	1,282,870	1,342,418	59,548
Other Revenue	-	-	-
Total Revenues	<u>1,293,570</u>	<u>1,440,134</u>	<u>146,564</u>
EXPENDITURES			
Current:			
Engineering and Public Works	<u>4,026,919</u>	<u>299,058</u>	<u>3,727,861</u>
Total Expenditures	<u>4,026,919</u>	<u>299,058</u>	<u>3,727,861</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,733,349)</u>	<u>1,141,076</u>	<u>3,874,425</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(2,733,349)	1,141,076	3,874,425
Fund Balance, Beginning	<u>4,110,453</u>	<u>4,110,453</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,377,104</u>	<u>\$ 5,251,529</u>	<u>\$ 3,874,425</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Air Quality Management District Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	280	4,240	3,960
Intergovernmental	99,180	99,896	716
Other Revenue	-	-	-
Total Revenues	<u>99,460</u>	<u>104,136</u>	<u>4,676</u>
EXPENDITURES			
Current:			
Engineering and Public Works	<u>111,160</u>	<u>14,991</u>	<u>96,169</u>
Total Expenditures	<u>111,160</u>	<u>14,991</u>	<u>96,169</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(11,700)</u>	<u>89,145</u>	<u>100,845</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(11,700)	89,145	100,845
Fund Balance, Beginning	<u>181,219</u>	<u>181,219</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 169,519</u>	<u>\$ 270,364</u>	<u>\$ 100,845</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Parking & Business Improvement Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ 43,500	\$ 61,842	\$ 18,342
Investment Income	100	5,014	4,914
Total Revenues	<u>43,600</u>	<u>66,856</u>	<u>23,256</u>
EXPENDITURES			
Current:			
Engineering and Public Works	<u>231,543</u>	<u>6,874</u>	<u>224,669</u>
Total Expenditures	<u>231,543</u>	<u>6,874</u>	<u>224,669</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(187,943)</u>	<u>59,982</u>	<u>247,925</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(187,943)	59,982	247,925
Fund Balance, Beginning	<u>205,799</u>	<u>205,799</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 17,856</u>	<u>\$ 265,781</u>	<u>\$ 247,925</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - SB 509 Public Safety Augmentation Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ 810,000	\$ 1,006,134	\$ 196,134
Investment Income	50	1,958	1,908
Intergovernmental	-	-	-
Other Revenue	-	-	-
	<u>810,050</u>	<u>1,008,092</u>	<u>198,042</u>
EXPENDITURES			
Current:			
Public Safety	810,050	1,007,515	(197,465)
	<u>810,050</u>	<u>1,007,515</u>	<u>(197,465)</u>
Excess (Deficiency) of Revenues over Expenditures	-	577	577
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	-	577	577
Fund Balance, Beginning	(296)	(296)	-
Fund Balance, Ending	<u>\$ (296)</u>	<u>\$ 281</u>	<u>\$ 577</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Asset Forfeiture Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Investment Income	\$ -	\$ 15,018	\$ 15,018
Intergovernmental	-	15,823	15,823
Total Revenues	-	30,841	30,841
EXPENDITURES			
Current:			
Public Safety	750	-	750
Total Expenditures	750	-	750
Excess (Deficiency) of Revenues over Expenditures	(750)	30,841	31,591
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(750)	30,841	31,591
Fund Balance, Beginning	672,114	672,114	-
Fund Balance, Ending	\$ 671,364	\$ 702,955	\$ 31,591

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Public Safety Grants Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	2,200	19,165	16,965
Intergovernmental	380,706	342,239	(38,467)
Other Revenue	-	-	-
Total Revenues	<u>382,906</u>	<u>361,404</u>	<u>(21,502)</u>
EXPENDITURES			
Current:			
Public Safety	<u>1,002,136</u>	<u>182,275</u>	<u>819,861</u>
Total Expenditures	<u>1,002,136</u>	<u>182,275</u>	<u>819,861</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(619,230)</u>	<u>179,129</u>	<u>798,359</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(619,230)	179,129	798,359
Fund Balance, Beginning	<u>786,672</u>	<u>786,672</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 167,442</u>	<u>\$ 965,801</u>	<u>\$ 798,359</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Other Grants Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	-	311	311
Intergovernmental	5,592	5,235	(357)
Other Revenue	52,923	52,393	(530)
Total Revenues	<u>58,515</u>	<u>57,939</u>	<u>(576)</u>
EXPENDITURES			
Current:			
Public Safety	-	-	-
Community Services	58,515	57,628	887
Total Expenditures	<u>58,515</u>	<u>57,628</u>	<u>887</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>311</u>	<u>311</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	311	311
Fund Balance, Beginning	<u>7,531</u>	<u>7,531</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 7,531</u>	<u>\$ 7,842</u>	<u>\$ 311</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Park Acquisition & Development Capital Projects Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ 400,000	\$ 1,174,294	\$ 774,294
Investment Income	10,000	126,941	116,941
Intergovernmental	-	-	-
Other Revenue	-	-	-
Total Revenues	<u>410,000</u>	<u>1,301,235</u>	<u>891,235</u>
EXPENDITURES			
Current:			
Engineering and Public Works	118,400	7,388	111,012
Community Services	-	-	-
Total Expenditures	<u>118,400</u>	<u>7,388</u>	<u>111,012</u>
Excess (Deficiency) of Revenues over Expenditures	<u>291,600</u>	<u>1,293,847</u>	<u>1,002,247</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	291,600	1,293,847	1,002,247
Fund Balance, Beginning	<u>5,491,525</u>	<u>5,491,525</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 5,783,125</u>	<u>\$ 6,785,372</u>	<u>\$ 1,002,247</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Capital Development Capital Projects Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ 241,560	\$ 269,920	\$ 28,360
Investment Income	4,230	28,011	23,781
Intergovernmental	-	-	-
Other Revenue	-	-	-
Total Revenues	<u>245,790</u>	<u>297,931</u>	<u>52,141</u>
EXPENDITURES			
Current:			
Engineering and Public Works	1,122,201	17,002	1,105,199
Community Services	-	-	-
Total Expenditures	<u>1,122,201</u>	<u>17,002</u>	<u>1,105,199</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(876,411)</u>	<u>280,929</u>	<u>1,157,340</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(876,411)	280,929	1,157,340
Fund Balance, Beginning	<u>1,155,973</u>	<u>1,155,973</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 279,562</u>	<u>\$ 1,436,902</u>	<u>\$ 1,157,340</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Storm Drain Development Capital Projects Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ 448,400	\$ 166,575	\$ (281,825)
Investment Income	11,250	72,066	60,816
Rental Income	57,540	71,358	13,818
Total Revenues	<u>517,190</u>	<u>309,999</u>	<u>(207,191)</u>
EXPENDITURES			
Current:			
Engineering and Public Works	471,520	241,095	230,425
Community Services	-	-	-
Total Expenditures	<u>471,520</u>	<u>241,095</u>	<u>230,425</u>
Excess (Deficiency) of Revenues over Expenditures	<u>45,670</u>	<u>68,904</u>	<u>23,234</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	45,670	68,904	23,234
Fund Balance, Beginning	<u>3,119,445</u>	<u>3,119,445</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 3,165,115</u></u>	<u><u>\$ 3,188,349</u></u>	<u><u>\$ 23,234</u></u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Street & Traffic Safety Development Capital Projects Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ 335,300	\$ 298,194	\$ (37,106)
Investment Income	5,130	43,114	37,984
Intergovernmental	-	-	-
Other Revenue	6,880	-	(6,880)
Total Revenues	<u>347,310</u>	<u>341,308</u>	<u>(6,002)</u>
EXPENDITURES			
Current:			
Engineering and Public Works	1,479,570	48	1,479,522
Community Services	-	-	-
Total Expenditures	<u>1,479,570</u>	<u>48</u>	<u>1,479,522</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,132,260)</u>	<u>341,260</u>	<u>1,473,520</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Issuance of Debt	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(1,132,260)	341,260	1,473,520
Fund Balance, Beginning	<u>1,849,642</u>	<u>1,849,642</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 717,382</u>	<u>\$ 2,190,902</u>	<u>\$ 1,473,520</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Capital Projects Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ -	\$ -	\$ -
Investment Income	-	-	-
Intergovernmental	-	-	-
Other Revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total Revenues	-	-	-
EXPENDITURES			
Current:			
Engineering and Public Works	311,433	217,290	94,143
Community Services	-	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	311,433	217,290	94,143
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues over Expenditures	(311,433)	(217,290)	94,143
OTHER FINANCING SOURCES (USES)			
Transfers In	250,000	311,433	61,433
Transfers Out	-	-	-
Issuance of Debt	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	250,000	311,433	61,433
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	(61,433)	94,143	155,576
	<hr/>	<hr/>	<hr/>
Fund Balance, Beginning	-	-	-
	<hr/>	<hr/>	<hr/>
Fund Balance, Ending	<u>\$ (61,433)</u>	<u>\$ 94,143</u>	<u>\$ 155,576</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Street & Alley Repair Capital Projects Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ 208,000	\$ 208,404	\$ 404
Investment Income	-	17,082	17,082
Intergovernmental	-	-	-
Other Revenue	-	-	-
Total Revenues	<u>208,000</u>	<u>225,486</u>	<u>17,486</u>
EXPENDITURES			
Current:			
Engineering and Public Works	790,536	250,152	540,384
Community Services	-	-	-
Total Expenditures	<u>790,536</u>	<u>250,152</u>	<u>540,384</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(582,536)</u>	<u>(24,666)</u>	<u>557,870</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Issuance of Debt	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(582,536)	(24,666)	557,870
Fund Balance, Beginning	<u>796,651</u>	<u>796,651</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 214,115</u>	<u>\$ 771,985</u>	<u>\$ 557,870</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Energy Efficiency Improvements Capital Projects Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ -	\$ -	\$ -
Investment Income	-	4,737	4,737
Intergovernmental	-	-	-
Other Revenue	-	-	-
Total Revenues	<u>-</u>	<u>4,737</u>	<u>4,737</u>
EXPENDITURES			
Current:			
Engineering and Public Works	2,597,834	2,495,976	101,858
Community Services	-	-	-
Total Expenditures	<u>2,597,834</u>	<u>2,495,976</u>	<u>101,858</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,597,834)</u>	<u>(2,491,239)</u>	<u>106,595</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Issuance of Debt	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(2,597,834)	(2,491,239)	106,595
Fund Balance, Beginning	<u>2,605,066</u>	<u>2,605,066</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 7,232</u>	<u>\$ 113,827</u>	<u>\$ 106,595</u>

INTERNAL SERVICE FUNDS

**City of Upland
Internal Service Funds
Year Ended June 30, 2019**

INTERNAL SERVICE FUNDS

The internal service funds are used to account for goods and services provided by one City department to other City departments on a cost reimbursement basis.

Self-funded Insurance Fund

To account for the accumulation and allocation of costs associated with the City's Workers' Compensation and General Liability Self-Insurance Program.

Vehicle Replacement Fund

To account for the accumulation and allocation of costs associated with the acquisition, repair, and maintenance of City vehicles.

Information Systems Fund

To account for the operations of the City's information systems division, including maintenance of copiers, voice systems, and the City's computer network and hardware infrastructure.

Building Maintenance Fund

To provide for the operation of the City's building maintenance and operations division which maintains the City's facilities.

City of Upland
Combining Statement of Net Position
Internal Service Funds
June 30, 2019

	Self-funded Insurance	Vehicle Replacement	Information Systems	Building Maintenance	Totals
ASSETS					
Current Assets:					
Cash and Investments	\$ 489,712	\$ 908,423	\$ 1,360,171	\$ 1,362,245	\$ 4,120,551
Accounts Receivable - Net	-	7,450	36,077	-	43,527
Inventory and Prepaid Items	143,326	72,337	-	-	215,663
Total Current Assets	633,038	988,210	1,396,248	1,362,245	4,379,741
Noncurrent Assets:					
Capital Assets, Not Being Depreciated					
Construction In Progress	-	-	52,388	-	52,388
Capital Assets, Depreciable, Net	-	223,282	730,818	-	954,100
Total Noncurrent Assets	-	223,282	783,206	-	1,006,488
Total Assets	633,038	1,211,492	2,179,454	1,362,245	5,386,229
DEFERRED OUTFLOWS OF RESOURCES					
OPEB Related Items	3,570	5,738	5,398	8,033	22,739
Pension Related Items	37,132	66,334	82,196	81,115	266,777
Total Deferred Outflows of Resources	40,702	72,072	87,594	89,148	289,516
LIABILITIES					
Current Liabilities:					
Accounts Payable	52,965	193,896	23,905	62,742	333,508
Accrued Salaries and Wages	10,285	14,541	15,446	14,550	54,822
Current Portion of Long-Term Liabilities:					
Claims and Judgments Payable	3,063,045	-	-	-	3,063,045
Compensated Absences	9,236	15,959	16,592	16,250	58,037
Total Current Liabilities	3,135,531	224,396	55,943	93,542	3,509,412
Noncurrent Liabilities:					
Claims and Judgments Payable	7,275,163	-	-	-	7,275,163
Net OPEB Liability	106,365	170,945	160,815	239,323	677,448
Net Pension Liability	398,066	711,108	881,156	869,562	2,859,892
Compensated Absences	740	32,369	10,001	15,966	59,076
Total Noncurrent Liabilities	7,780,334	914,422	1,051,972	1,124,851	10,871,579
Total Liabilities	10,915,865	1,138,818	1,107,915	1,218,393	14,380,991
DEFERRED INFLOWS OF RESOURCES					
OPEB Related Items	4,408	7,084	6,664	9,918	28,074
Pension Related Items	6,229	11,127	13,788	13,606	44,750
Total Deferred Inflows of Resources	10,637	18,211	20,452	23,524	72,824
NET POSITION					
Net Investment in Capital Assets	-	223,282	783,206	-	1,006,488
Unrestricted	(10,252,762)	(96,747)	355,475	209,476	(9,784,558)
Total Net Position	\$ (10,252,762)	\$ 126,535	\$ 1,138,681	\$ 209,476	\$ (8,778,070)

City of Upland
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2019

	Self-funded Insurance	Vehicle Replacement	Information Systems	Building Maintenance	Totals
OPERATING REVENUES					
Charges for Services	\$ 4,096,916	\$ 1,313,991	\$ 1,435,140	\$ 1,098,840	\$ 7,944,887
Other Operating Revenues	50,545	-	202,169	-	252,714
Total Operating Revenues	<u>4,147,461</u>	<u>1,313,991</u>	<u>1,637,309</u>	<u>1,098,840</u>	<u>8,197,601</u>
OPERATING EXPENSES					
Maintenance and Operations	62,031	1,045,008	1,210,607	676,588	2,994,234
Contractual Services	373,804	-	-	-	373,804
Claims Expense	5,610,250	-	-	-	5,610,250
Depreciation	-	-	195,418	-	195,418
Total Operating Expenses	<u>6,046,085</u>	<u>1,045,008</u>	<u>1,406,025</u>	<u>676,588</u>	<u>9,173,706</u>
Operating Income (Loss)	<u>(1,898,624)</u>	<u>268,983</u>	<u>231,284</u>	<u>422,252</u>	<u>(976,105)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest Income	11,665	16,494	28,102	23,448	79,709
Gain/(Loss) on Disposal of Capital Assets	-	42,000	-	-	42,000
Total Nonoperating Revenues (Expenses)	<u>11,665</u>	<u>58,494</u>	<u>28,102</u>	<u>23,448</u>	<u>121,709</u>
Income (Loss) Before Capital Contributions and Operating Transfers	<u>(1,886,959)</u>	<u>327,477</u>	<u>259,386</u>	<u>445,700</u>	<u>(854,396)</u>
Capital Contributions	-	-	-	-	-
Transfers In	-	118,755	-	179,250	298,005
Transfers Out	-	(1,061,129)	-	-	(1,061,129)
Change in Net Position	<u>(1,886,959)</u>	<u>(614,897)</u>	<u>259,386</u>	<u>624,950</u>	<u>(1,617,520)</u>
Net Position - Beginning of Year	<u>(8,365,803)</u>	<u>741,432</u>	<u>879,295</u>	<u>(415,474)</u>	<u>(7,160,550)</u>
Net Position - End of Year	<u>\$ (10,252,762)</u>	<u>\$ 126,535</u>	<u>\$ 1,138,681</u>	<u>\$ 209,476</u>	<u>\$ (8,778,070)</u>

City of Upland
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2019

	Self-funded Insurance	Vehicle Replacement	Information Systems	Building Maintenance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from User Departments	\$ 4,152,770	\$ 1,329,591	\$ 1,609,907	\$ 1,098,840	\$ 8,191,108
Cash Paid to Suppliers for Goods and Services	(3,623,552)	(584,611)	(870,178)	(253,781)	(5,332,122)
Cash Paid to Employees for Services	(503,761)	(473,131)	(527,711)	(632,857)	(2,137,460)
Net Cash from Operating Activities	<u>25,457</u>	<u>271,849</u>	<u>212,018</u>	<u>212,202</u>	<u>721,526</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES					
Cash Paid (to) from Other Funds	-	118,755	-	179,250	298,005
Advances Paid (to) from Other Funds	-	-	-	-	-
Net Cash from Noncapital and Related Financing Activities	<u>-</u>	<u>118,755</u>	<u>-</u>	<u>179,250</u>	<u>298,005</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Cash Received from Sale of Capital Assets	-	42,000	-	-	42,000
Acquisition and Construction of Capital Assets	-	(223,281)	(124,012)	-	(347,293)
Net Cash from Capital and Related Financing Activities	<u>-</u>	<u>(181,281)</u>	<u>(124,012)</u>	<u>-</u>	<u>(305,293)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	11,665	16,494	28,102	23,448	79,709
Net Cash from Investing Activities	<u>11,665</u>	<u>16,494</u>	<u>28,102</u>	<u>23,448</u>	<u>79,709</u>
Net Increase (Decrease) in Cash and Cash Equivalents	37,122	225,817	116,108	414,900	793,947
Cash and Cash Equivalents, Beginning of the Year	452,590	682,606	1,244,063	947,345	3,326,604
Cash and Cash Equivalents, End of the Year	<u>\$ 489,712</u>	<u>\$ 908,423</u>	<u>\$ 1,360,171</u>	<u>\$ 1,362,245</u>	<u>\$ 4,120,551</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:					
Operating Income (Loss)	\$ (1,898,624)	\$ 268,983	\$ 231,284	\$ 422,252	\$ (976,105)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	-	-	195,418	-	195,418
Changes in Operating Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	5,159	15,600	(27,402)	-	(6,643)
(Increase) Decrease in Due from Other Governments	150	-	-	-	150
(Increase) Decrease in Inventory and Prepaid Items	(61,834)	(10,228)	-	-	(72,062)
(Increase) Decrease in Deferred Outflows - Pensions	96,054	108,237	132,256	133,337	469,884
(Increase) Decrease in Deferred Outflows - OPEB	791	(961)	2	66	(102)
Increase (Decrease) in Accounts Payable	(128,762)	104,795	(7,940)	(6,958)	(38,865)
Increase (Decrease) in Accrued Salaries and Benefits	(2,425)	(770)	3,029	(1,494)	(1,660)
Increase (Decrease) in Compensated Absences	(8,430)	12,360	(10,676)	(775)	(7,521)
Increase (Decrease) in Net Pension Liability	(311,980)	(219,574)	(262,138)	(273,732)	(1,067,424)
Increase (Decrease) in Net OPEB Liability	(55,590)	(6,435)	(39,701)	(61,452)	(163,178)
Increase (Decrease) in Deferred Inflows - Pensions	(7,786)	(7,242)	(8,778)	958	(22,848)
Increase (Decrease) in Deferred Inflows - OPEB	4,408	7,084	6,664	-	18,156
Increase (Decrease) in Claims Payable	2,394,326	-	-	-	2,394,326
Net Cash from Operating Activities	<u>\$ 25,457</u>	<u>\$ 271,849</u>	<u>\$ 212,018</u>	<u>\$ 212,202</u>	<u>\$ 721,526</u>

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AGENCY FUNDS

**City of Upland
Agency Funds
Year Ended June 30, 2019**

AGENCY FUNDS

Agency Funds are used to account for assets held by a government in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Community Facilities District 2003-1 Fund

To account for revenues received from property holders for the payment of debt issued to finance the acquisition of certain public rights of way and construction of certain public improvements.

Community Facilities District 2003-2 Fund

To account for revenues received from property holders for the payment of debt issued to finance the acquisition of certain public rights of way and construction of certain public improvements.

Community Facilities District 2015-1 Fund

To account for revenues received from property holders for the payment of debt issued to finance the acquisition of certain public rights of way and construction of certain public improvements.

Community Facilities District 2016-1 Fund

To account for revenues received from property holders for the payment of debt issued to finance the acquisition of certain public rights of way and construction of certain public improvements.

Community Facilities District 2016-2 Fund

To account for revenues received from property holders for the payment of maintenance services including median landscaping, channel landscaping, storm drain clean outs, and asphalt slurry every 5 years.

Community Facilities District 2017-1 Fund

To account for revenues received from property holders for the payment of debt issued to finance the acquisition of certain public rights of way and construction of certain public improvements.

Assessment District 84-1 Fund

To account for the district formed to provide street sweeping, landscape irrigation, and street light services.

Sanitary Sewer Facility Development Fund

To account for revenue collected to expand both the City's and the region's sanitary sewage facilities to accommodate current and future growth.

Welfare Committee Fund

To account for employee contributions to provide future financial assistance to employees in the event of a personal financial emergency.

Upland 54 Fund

To account for revenues received from property holders for the payment of debt issued to finance the acquisition of certain public rights of way and construction of certain public improvement.

Fire Worker's Comp Trust Fund

To account for a deposit required to be maintained per the agreement with the City and San Bernardino County Fire as security for the liquidation of existing worker's compensation claims at the time of annexation.

City of Upland
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2019

	Community Facilities District 2003-1	Community Facilities District 2003-2	Community Facilities District 2015-1	Community Facilities District 2016-1	Community Facilities District 2016-2
ASSETS					
Cash and Investments	\$ 694,479	\$ 714,310	\$ 177,189	\$ 189,702	\$ 21,545
Cash with Fiscal Agent	2,762,691	2,071,967	-	8,321,086	-
Accounts Receivable	5,344	-	-	21,146	1,350
Total Assets	<u>\$ 3,462,514</u>	<u>\$ 2,786,277</u>	<u>\$ 177,189</u>	<u>\$ 8,531,934</u>	<u>\$ 22,895</u>
LIABILITIES					
Deposits Payable	\$ -	\$ -	\$ 167,189	\$ 150,500	\$ 15,784
Accounts Payable	-	1,750	10,000	-	-
Due to Bondholders	3,462,514	2,784,527	-	8,381,434	7,111
Total Liabilities	<u>\$ 3,462,514</u>	<u>\$ 2,786,277</u>	<u>\$ 177,189</u>	<u>\$ 8,531,934</u>	<u>\$ 22,895</u>

Community Facilities District 2017-1	Assessment District 84-1	Sanitary Sewer Facility Development	Welfare Committee	West End Consolidated Water Co.	Upland 54	Total
\$ 18,153	\$ 243	\$ 4,424,270	\$ 31,316	\$ 480,000	\$ 56,672	\$ 6,807,879
-	-	-	-	-	242,206	13,397,950
-	-	-	-	-	3,704	31,544
<u>\$ 18,153</u>	<u>\$ 243</u>	<u>\$ 4,424,270</u>	<u>\$ 31,316</u>	<u>\$ 480,000</u>	<u>\$ 302,582</u>	<u>\$ 20,237,373</u>
\$ -	\$ -	\$ 4,424,270	\$ 31,316	\$ 480,000	\$ -	\$ 5,269,059
-	11	-	-	-	-	11,761
18,153	232	-	-	-	302,582	14,956,553
<u>\$ 18,153</u>	<u>\$ 243</u>	<u>\$ 4,424,270</u>	<u>\$ 31,316</u>	<u>\$ 480,000</u>	<u>\$ 302,582</u>	<u>\$ 20,237,373</u>

City of Upland
Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2019

	Beginning Balance	Additions	Deletions	Ending Balance
<u>COMMUNITY FACILITIES DISTRICT 2003-1</u>				
ASSETS				
Cash and Investments	\$ 543,079	\$ 1,447,619	\$ 1,296,219	\$ 694,479
Cash with Fiscal Agent	2,925,201	1,284,202	1,446,712	2,762,691
Accounts Receivable	3,404	5,344	3,404	5,344
Total Assets	<u>\$ 3,471,684</u>	<u>\$ 2,737,165</u>	<u>\$ 2,746,335</u>	<u>\$ 3,462,514</u>
LIABILITIES				
Accounts Payable	\$ 78	\$ 757,921	\$ 757,999	\$ -
Due to Bondholders	3,471,606	1,979,244	1,988,336	3,462,514
Total Liabilities	<u>\$ 3,471,684</u>	<u>\$ 2,737,165</u>	<u>\$ 2,746,335</u>	<u>\$ 3,462,514</u>
<u>COMMUNITY FACILITIES DISTRICT 2003-2</u>				
ASSETS				
Cash and Investments	\$ 645,824	\$ 1,251,196	\$ 1,182,710	\$ 714,310
Cash with Fiscal Agent	2,216,143	1,225,614	1,369,790	2,071,967
Accounts Receivable	-	-	-	-
Total Assets	<u>\$ 2,861,967</u>	<u>\$ 2,476,810</u>	<u>\$ 2,552,500</u>	<u>\$ 2,786,277</u>
LIABILITIES				
Due to Bondholders	\$ 2,861,967	\$ 2,475,060	\$ 2,552,500	\$ 2,784,527
Accounts Payable	-	1,750	-	1,750
Total Liabilities	<u>\$ 2,861,967</u>	<u>\$ 2,476,810</u>	<u>\$ 2,552,500</u>	<u>\$ 2,786,277</u>
<u>COMMUNITY FACILITIES DISTRICT 2015-1</u>				
ASSETS				
Cash and Investments	\$ 64,861	\$ 151,650	\$ 39,322	\$ 177,189
Total Assets	<u>\$ 64,861</u>	<u>\$ 151,650</u>	<u>\$ 39,322</u>	<u>\$ 177,189</u>
LIABILITIES				
Accounts Payable	\$ 34,589	\$ 14,733	\$ 39,322	\$ 10,000
Deposits Payable	30,272	136,917	-	167,189
Total Liabilities	<u>\$ 64,861</u>	<u>\$ 151,650</u>	<u>\$ 39,322</u>	<u>\$ 177,189</u>
<u>COMMUNITY FACILITIES DISTRICT 2016-1</u>				
ASSETS				
Cash and Investments	\$ 120,500	\$ 502,218	\$ 433,016	\$ 189,702
Cash with Fiscal Agent	-	8,419,936	98,850	8,321,086
Accounts Receivable	-	21,146	-	21,146
Total Assets	<u>\$ 120,500</u>	<u>\$ 8,943,300</u>	<u>\$ 531,866</u>	<u>\$ 8,531,934</u>
LIABILITIES				
Due to Bondholders	\$ -	\$ 8,913,300	\$ 531,866	\$ 8,381,434
Deposits Payable	120,500	30,000	-	150,500
Total Liabilities	<u>\$ 120,500</u>	<u>\$ 8,943,300</u>	<u>\$ 531,866</u>	<u>\$ 8,531,934</u>
<u>COMMUNITY FACILITIES DISTRICT 2016-2</u>				
ASSETS				
Cash and Investments	\$ -	\$ 30,118	\$ 8,573	\$ 21,545
Accounts Receivable	15,784	-	14,434	1,350
Total Assets	<u>\$ 15,784</u>	<u>\$ 30,118</u>	<u>\$ 23,007</u>	<u>\$ 22,895</u>
LIABILITIES				
Deposits Payable	\$ 15,784	\$ 23,007	\$ 23,007	\$ 15,784
Due to Bondholders	-	7,111	-	7,111
Total Liabilities	<u>\$ 15,784</u>	<u>\$ 30,118</u>	<u>\$ 23,007</u>	<u>\$ 22,895</u>

Continued

City of Upland
Statement of Changes in Assets and Liabilities
Agency Funds - Continued
Year Ended June 30, 2019

	Beginning Balance	Additions	Deletions	Ending Balance
<u>COMMUNITY FACILITIES DISTRICT 2017-1</u>				
ASSETS				
Cash and Investments	\$ -	\$ 21,120	\$ 2,967	\$ 18,153
Total Assets	<u>\$ -</u>	<u>\$ 21,120</u>	<u>\$ 2,967</u>	<u>\$ 18,153</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Bondholders	-	21,120	2,967	18,153
Total Liabilities	<u>\$ -</u>	<u>\$ 21,120</u>	<u>\$ 2,967</u>	<u>\$ 18,153</u>
<u>ASSESMENT DISTRICT 84-1</u>				
ASSETS				
Cash and Investments	\$ 6,548	\$ 4,288	\$ 10,593	\$ 243
Total Assets	<u>\$ 6,548</u>	<u>\$ 4,288</u>	<u>\$ 10,593</u>	<u>\$ 243</u>
LIABILITIES				
Accounts Payable	\$ 25	\$ 11	\$ 25	\$ 11
Due to Bondholders	6,523	4,277	10,568	232
Total Liabilities	<u>\$ 6,523</u>	<u>\$ 4,288</u>	<u>\$ 10,593</u>	<u>\$ 243</u>
<u>SANITARY SEWER FACILITY DEVELOPMENT</u>				
ASSETS				
Cash and Investments	\$ 2,095,916	\$ 2,863,981	\$ 535,627	\$ 4,424,270
Total Assets	<u>\$ 2,095,916</u>	<u>\$ 2,863,981</u>	<u>\$ 535,627</u>	<u>\$ 4,424,270</u>
LIABILITIES				
Deposits Payable	\$ 2,095,916	\$ 2,863,981	\$ 535,627	\$ 4,424,270
Total Liabilities	<u>\$ 2,095,916</u>	<u>\$ 2,863,981</u>	<u>\$ 535,627</u>	<u>\$ 4,424,270</u>
<u>WELFARE COMMITTEE</u>				
ASSETS				
Cash and Investments	\$ 28,131	\$ 3,185	\$ -	\$ 31,316
Total Assets	<u>\$ 28,131</u>	<u>\$ 3,185</u>	<u>\$ -</u>	<u>\$ 31,316</u>
LIABILITIES				
Deposits Payable	\$ 28,131	\$ 3,185	\$ -	\$ 31,316
Total Liabilities	<u>\$ 28,131</u>	<u>\$ 3,185</u>	<u>\$ -</u>	<u>\$ 31,316</u>
<u>WEST END CONSOLIDATED WATER CO.</u>				
ASSETS				
Cash and Investments	\$ -	\$ 480,000	\$ -	\$ 480,000
Total Assets	<u>\$ -</u>	<u>\$ 480,000</u>	<u>\$ -</u>	<u>\$ 480,000</u>
LIABILITIES				
Deposits Payable	\$ -	\$ 480,000	\$ -	\$ 480,000
Total Liabilities	<u>\$ -</u>	<u>\$ 480,000</u>	<u>\$ -</u>	<u>\$ 480,000</u>

Continued

City of Upland
Statement of Changes in Assets and Liabilities
Agency Funds - Continued
Year Ended June 30, 2019

UPLAND 54

ASSETS

Cash and Investments	\$ 53,747	\$ 130,690	\$ 127,765	\$ 56,672
Cash with Fiscal Agent	252,126	113,719	123,639	242,206
Accounts Receivable	1,274	3,704	1,274	3,704
Total Assets	<u>\$ 307,147</u>	<u>\$ 248,113</u>	<u>\$ 252,678</u>	<u>\$ 302,582</u>

LIABILITIES

Accounts Payable	\$ 31	\$ 70,514	\$ 70,545	\$ -
Due to Bondholders	307,116	177,599	182,133	302,582
Total Liabilities	<u>\$ 307,147</u>	<u>\$ 248,113</u>	<u>\$ 252,678</u>	<u>\$ 302,582</u>

TOTALS - ALL AGENCY FUNDS

ASSETS

Cash and Investments	\$ 3,558,606	\$ 6,886,065	\$ 3,636,792	\$ 6,807,879
Cash with Fiscal Agent	5,393,470	11,043,471	3,038,991	13,397,950
Accounts Receivable	20,462	30,194	19,112	31,544
Total Assets	<u>\$ 8,972,538</u>	<u>\$ 17,959,730</u>	<u>\$ 6,694,895</u>	<u>\$ 20,237,373</u>

LIABILITIES

Accounts Payable	\$ 34,723	\$ 844,929	\$ 867,891	\$ 11,761
Deposits Payable	2,290,603	3,537,090	558,634	5,269,059
Due to Bondholders	6,647,212	13,577,711	5,268,370	14,956,553
Total Liabilities	<u>\$ 8,972,538</u>	<u>\$ 17,959,730</u>	<u>\$ 6,694,895</u>	<u>\$ 20,237,373</u>

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STATISTICAL SECTION

City of Upland
Description of Statistical Section Contents
June 30, 2019

This part of the City of Upland'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 say about the government's overall financial health.

Contents:	<u>Pages</u>
<u>Financial Trends</u> these schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time	102
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax	112
<u>Debt Capacity</u> 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	120
<u>Demographic and Economic Information</u> these schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place	127
<u>Operating Information</u> 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	130

CITY OF UPLAND

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
Governmental activities					
Invested in capital assets, net of related debt	\$ 241,385,275	\$ 247,582,946	\$ 279,503,381	\$ 281,184,806	\$ 272,320,453
Restricted	28,585,512	23,099,917	15,971,514	22,177,079	18,336,004
Unrestricted	2,933,314	(2,198,045)	(12,516,353)	(19,386,237)	(253,534)
Total governmental activities net position	\$ 272,904,101	\$ 268,484,818	\$ 282,958,542	\$ 283,975,648	\$ 290,402,923
Business-type activities					
Invested in capital assets, net of related debt	\$ 73,989,104	\$ 73,202,621	\$ 75,066,229	\$ 76,050,669	\$ 75,114,852
Restricted	-	-	-	-	-
Unrestricted	36,680,591	42,140,896	38,813,010	37,241,528	36,705,400
Total business-type activities net position	\$ 110,669,695	\$ 115,343,517	\$ 113,879,239	\$ 113,292,197	\$ 111,820,252
Primary government					
Invested in capital assets, net of related debt	\$ 315,374,379	\$ 320,785,567	\$ 354,569,610	\$ 357,235,475	\$ 347,435,305
Restricted	28,585,512	23,099,917	15,971,514	22,177,079	18,336,004
Unrestricted	39,613,905	39,942,851	26,296,657	17,855,291	36,451,866
Total primary government net position	\$ 383,573,796	\$ 383,828,335	\$ 396,837,781	\$ 397,267,845	\$ 402,223,175

Source: Finance Division, City of Upland

Fiscal Year Ended June 30,				
2015	2016	2017	2018	2019
\$ 274,795,930	\$ 269,132,382	\$ 267,791,299	\$ 262,318,491	\$ 262,465,719
14,482,775	25,659,378	40,844,504	42,616,153	44,877,724
(62,716,819)	(64,259,153)	(74,170,029)	(83,164,838)	(80,859,640)
<u>\$ 226,561,886</u>	<u>\$ 230,532,607</u>	<u>\$ 234,465,774</u>	<u>\$ 221,769,806</u>	<u>\$ 226,483,803</u>
\$ 68,450,050	\$ 67,891,850	\$ 68,761,226	\$ 69,511,985	\$ 70,481,398
-	-	-	-	-
27,528,096	34,916,716	39,989,572	48,033,153	54,825,737
<u>\$ 95,978,146</u>	<u>\$ 102,808,566</u>	<u>\$ 108,750,798</u>	<u>\$ 117,545,138</u>	<u>\$ 125,307,135</u>
\$ 343,245,980	\$ 337,024,232	\$ 336,552,525	\$ 331,830,476	\$ 332,947,117
14,482,775	25,659,378	40,844,504	42,616,153	44,877,724
(35,188,723)	(29,342,437)	(34,180,457)	(35,131,685)	(26,033,903)
<u>\$ 322,540,032</u>	<u>\$ 333,341,173</u>	<u>\$ 343,216,572</u>	<u>\$ 339,314,944</u>	<u>\$ 351,790,938</u>

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CITY OF UPLAND

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
Expenses					
Governmental activities:					
General government	\$ 3,845,613	\$ 3,894,625	\$ 5,137,446	\$ 4,113,605	\$ 4,709,996
Public safety	27,994,406	26,883,113	30,710,194	29,009,795	24,047,934
Engineering and public works	11,196,658	8,734,681	12,074,768	7,868,067	9,879,986
Development services	11,058,341	13,322,147	5,218,453	4,967,335	3,174,496
Community services	4,460,801	3,962,221	4,584,937	6,100,981	4,057,338
Interest expense	2,255,445	2,186,876	1,326,383	310,478	286,492
Total governmental activities expenses	60,811,264	58,983,663	59,052,181	52,370,261	46,156,242
Business-type activities:					
Water utility	16,580,163	15,393,981	17,893,977	17,019,949	19,565,979
Solid waste utility	9,730,993	9,669,314	9,360,397	9,246,343	9,322,648
Sewer utility	6,169,303	6,098,777	5,882,096	5,813,597	6,278,008
Animal services	8,852	1,150,728	1,163,149	1,082,162	1,020,821
Total business-type activities expenses	32,489,311	32,312,800	34,299,619	33,162,051	36,187,456
Total primary government expenses	\$ 93,300,575	\$ 91,296,463	\$ 93,351,800	\$ 85,532,312	\$ 82,343,698
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 2,487,288	\$ 1,318,635	\$ 1,428,531	\$ 1,416,615	\$ 1,508,984
Public safety	2,487,629	2,464,321	2,509,528	2,526,925	2,930,767
Engineering and public works	364,187	398,112	271,742	411,595	579,582
Development services	514,645	3,789,998	2,094,944	3,881,798	4,541,765
Community services	902,971	690,120	624,243	611,995	1,058,570
Operating grants and contributions	6,153,273	6,637,224	6,515,231	6,554,132	6,234,320
Capital grants and contributions	4,138,510	2,113,299	1,827,726	2,614,837	1,636,573
Total governmental activities program revenues	17,048,503	17,411,709	15,271,945	18,017,897	18,490,561
Business-type activities					
Charges for services:					
Water utility	14,219,495	22,016,148	17,769,773	17,324,491	18,184,343
Solid waste utility	9,784,984	9,617,834	9,421,363	9,535,127	9,592,364
Sewer utility	5,791,624	5,822,597	6,193,947	6,294,532	6,432,824
Animal services	35,798	334,927	438,750	567,329	384,674
Operating grants and contributions	-	-	-	-	23,220
Capital grants and contributions	270,118	-	-	-	-
Total business-type activities program revenues	30,102,019	37,791,506	33,823,833	33,721,479	34,617,425
Total primary government program revenues	\$ 47,150,522	\$ 55,203,215	\$ 49,095,778	\$ 51,739,376	\$ 53,107,986
Net (expenses)/revenue					
Governmental activities	\$ (43,762,761)	\$ (41,571,954)	\$ (43,780,236)	\$ (34,352,364)	\$ (27,665,681)
Business-type activities	(2,387,292)	5,478,706	(475,786)	559,428	(1,570,031)
Total net revenues (expense)	\$ (46,150,053)	\$ (36,093,248)	\$ (44,256,022)	\$ (33,792,936)	\$ (29,235,712)

Fiscal Year Ended June 30,

	2015	2016	2017	2018	2019
\$	3,050,233	\$ 5,626,905	\$ 3,080,619	\$ 4,539,492	\$ 4,033,829
	27,468,131	27,178,673	32,174,086	27,927,892	27,265,506
	9,281,467	11,049,238	9,819,952	11,468,377	12,092,590
	5,447,239	5,214,410	5,407,099	6,624,913	6,059,857
	5,073,673	4,308,397	3,691,035	3,370,656	4,255,538
	284,269	281,359	358,679	715,062	840,116
	50,605,012	53,658,982	54,531,470	54,646,392	54,547,436
	20,124,035	16,121,912	18,483,205	19,989,900	21,525,637
	9,872,451	9,602,172	10,051,229	11,042,468	12,316,577
	7,457,367	7,063,779	7,818,112	9,285,699	9,387,370
	-	-	-	-	-
	37,453,853	32,787,863	36,352,546	40,318,067	43,229,584
\$	88,058,865	\$ 86,446,845	\$ 90,884,016	\$ 94,964,459	\$ 97,777,020
\$	1,658,124	\$ 1,124,713	\$ 305,373	\$ 382,010	\$ 1,187,018
	3,593,175	3,789,627	3,541,745	1,827,271	1,866,761
	660,583	246,341	776,173	4,207,550	2,991,516
	4,612,643	4,933,961	5,461,323	5,245,335	5,876,464
	1,097,518	1,072,754	495,702	546,702	581,989
	7,014,790	5,120,131	5,933,967	2,066,407	2,340,876
	2,712,801	3,926,465	4,337,377	6,604,091	7,305,417
	21,349,634	20,213,992	20,851,660	20,879,366	22,150,041
	22,713,562	18,601,289	21,299,753	28,076,336	26,203,575
	10,355,699	10,544,776	11,103,446	11,687,415	12,677,799
	7,233,341	8,068,428	9,705,668	10,144,832	10,573,571
	-	-	-	-	-
	21,672	15,519	63,207	70,598	57,708
	-	-	-	-	1,544,529
	40,324,274	37,230,012	42,172,074	49,979,181	51,057,182
\$	61,673,908	\$ 57,444,004	\$ 63,023,734	\$ 70,858,547	\$ 73,207,223
\$	(29,255,378)	\$ (33,444,990)	\$ (33,679,810)	\$ (33,767,026)	\$ (32,397,395)
	2,870,421	4,442,149	5,819,528	9,661,114	7,827,598
\$	(26,384,957)	\$ (29,002,841)	\$ (27,860,282)	\$ (24,105,912)	\$ (24,569,797)

CITY OF UPLAND

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 18,436,456	\$ 18,288,333	\$ 16,279,713	\$ 17,207,416	\$ 17,656,767
Tax increment	6,016,240	7,628,784	4,813,601	-	-
Sales taxes	6,852,466	7,228,970	9,992,768	10,167,479	11,282,830
Other taxes	1,469,692	1,359,820	1,676,719	1,603,147	1,744,459
Investment income	1,299,166	411,082	100,072	26,819	61,284
Motor vehicle in lieu	485,436	674,770	179,479	190,258	217,444
Gain on sale of assets	292,828	47,086	9,682	-	51,530
Miscellaneous revenue	1,980,747	377,996	908,588	583,147	3,494,568
Extraordinary gain (note 21)	-	-	23,491,941	-	-
Special Item (note 16)	-	-	-	-	-
Transfers	(7,864,436)	1,135,830	1,195,158	5,922,919	(69,537)
Total governmental activities	<u>28,968,595</u>	<u>37,152,671</u>	<u>58,647,721</u>	<u>35,701,185</u>	<u>34,439,345</u>
Business-type activities:					
Investment income	274,432	330,946	186,316	53,563	28,549
Share of joint venture net income	-	-	-	-	-
Gain on sale of assets	-	-	20,350	-	-
Miscellaneous revenue	21,875	-	-	-	-
Transfers	7,864,436	(1,135,830)	(1,195,158)	(1,058,593)	69,537
Total business-type activities	<u>8,160,743</u>	<u>(804,884)</u>	<u>(988,492)</u>	<u>(1,005,030)</u>	<u>98,086</u>
Total primary government	<u>\$ 37,129,338</u>	<u>\$ 36,347,787</u>	<u>\$ 57,659,229</u>	<u>\$ 34,696,155</u>	<u>\$ 34,537,431</u>
Changes in Net Position					
Governmental activities	\$ (14,794,166)	\$ (4,419,283)	\$ 14,867,485	\$ 1,348,821	\$ 6,773,664
Business-type activities	5,773,451	4,673,822	(1,464,278)	(445,602)	(1,471,945)
Total primary government	<u>\$ (9,020,715)</u>	<u>\$ 254,539</u>	<u>\$ 13,403,207</u>	<u>\$ 903,219</u>	<u>\$ 5,301,719</u>

Source: Finance Division, City of Upland

Fiscal Year Ended June 30,				
2015	2016	2017	2018	2019
\$ 18,376,071	\$ 19,309,037	\$ 20,482,854	\$ 16,343,119	\$ 16,831,839
-	-	-	-	-
12,477,307	13,909,909	13,293,304	13,673,539	14,507,927
1,890,562	1,778,356	2,740,447	2,696,807	2,692,051
93,147	216,843	326,531	(90,335)	1,012,981
852,384	429,308	223,315	40,421	36,969
14,151	32,589	4,180	-	132,623
4,238,903	394,567	355,677	321,564	271,298
-	-	-	-	-
-	-	-	(5,562,967)	-
122,245	(3,000)	67,000	-	814,669
<u>38,064,770</u>	<u>36,067,609</u>	<u>37,493,308</u>	<u>27,422,148</u>	<u>36,300,357</u>
99,832	148,205	189,704	415,529	761,947
-	-	-	-	-
-	-	-	-	(12,879)
-	-	-	-	-
(122,245)	3,000	(67,000)	-	(814,669)
<u>(22,413)</u>	<u>151,205</u>	<u>122,704</u>	<u>415,529</u>	<u>(65,601)</u>
<u>\$ 38,042,357</u>	<u>\$ 36,218,814</u>	<u>\$ 37,616,012</u>	<u>\$ 27,837,677</u>	<u>\$ 36,234,756</u>
\$ 8,809,392	\$ 2,622,619	\$ 3,813,498	\$ (6,344,878)	\$ 3,902,962
2,848,008	4,593,354	5,942,232	10,076,643	7,761,997
<u>\$ 11,657,400</u>	<u>\$ 7,215,973</u>	<u>\$ 9,755,730</u>	<u>\$ 3,731,765</u>	<u>\$ 11,664,959</u>

CITY OF UPLAND

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
General Fund					
Reserved	\$ 288,827	\$ -	\$ -	\$ -	\$ -
Unreserved	7,913,927	-	-	-	-
Nonspendable	-	393,974	125,762	139,164	158,323
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	5,730,018	805,739	721,275	3,841,677
Total General Fund	\$ 8,202,754	\$ 6,123,992	\$ 931,501	\$ 860,439	\$ 4,000,000
Other governmental funds					
Reserved	\$ 10,114,180	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	6,401,610	-	-	-	-
Debt service funds	3,934,620	-	-	-	-
Capital projects funds	4,357,471	-	-	-	-
Nonspendable	-	-	-	-	-
Restricted	-	23,005,460	10,208,668	15,078,398	18,683,199
Committed	-	-	-	-	-
Assigned	-	291,300	-	-	-
Unassigned	-	(2,192,732)	(83,676)	(1,525,535)	(112,511)
Total Other Governmental Funds	\$ 24,807,881	\$ 21,104,028	\$ 10,124,992	\$ 13,552,863	\$ 18,570,688

Source: Finance Division, City of Upland

Notes:

- (1) Increase in General Fund Balance due to increased Property and Sales Tax, and various other revenue categories, and decrease in Public Safety expenses. Refer to MD&A and Statement of Revenues, Expenditures and Changes in Fund Balances.
- (2) Increase in Fund Balance for Other Governmental Funds is due to decreased expenses in Special Revenue and Capital Projects Funds, and lease and bond proceeds for energy efficiency projects.

Fiscal Year Ended June 30,				
2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
110,709	63,831	75,325	64,869	73,803
-	-	-	18,473	18,473
-	-	-	4,670,418	4,670,418
-	-	-	-	-
10,284,958	14,478,664	15,254,150	9,479,082	18,538,881
<u>\$ 10,395,667</u>	<u>\$ 14,542,495</u>	<u>\$ 15,329,475</u>	<u>\$ 14,232,842</u>	<u>\$ 23,301,575</u> ⁽¹⁾

\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
34,769,384	38,524,248	39,563,384	42,616,153	44,979,990
-	-	-	-	-
-	-	-	7,531	-
(20,372)	(254,428)	(4,088)	(296)	-
<u>\$ 34,749,012</u>	<u>\$ 38,269,820</u>	<u>\$ 39,559,296</u>	<u>\$ 42,623,388</u>	<u>\$ 44,979,990</u> ⁽²⁾

CITY OF UPLAND

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
Revenues					
Taxes	\$ 37,799,498	\$ 38,213,931	\$ 35,295,459	\$ 30,756,478	\$ 32,593,211
Licenses and permits	992,516	1,004,926	1,070,611	987,862	1,041,388
Charges for services	4,390,535	4,711,284	4,203,719	4,362,451	5,230,294
Fines and penalties	638,627	460,768	517,741	500,389	533,282
Investment income	1,119,133	281,201	100,072	27,704	57,147
Rental income	3,390,859	3,475,107	1,727,205	3,318,077	3,787,894
Intergovernmental	6,657,431	7,161,290	7,268,610	7,221,745	6,806,235
Contributions from property owners	-	-	-	-	-
Other	1,980,747	908,044	1,182,183	1,254,136	4,659,040
Total revenues	56,969,346	56,216,551	51,365,600	48,428,842	54,708,491
Expenditures					
General government	4,120,131	5,360,853	5,991,749	4,805,137	5,138,890
Public safety	27,545,584	26,456,365	27,603,446	26,530,316	25,998,626
Engineering and public works	12,931,622	11,382,753	7,940,843	10,362,812	4,870,786
Development services	11,046,686	9,973,548	4,959,672	4,857,256	4,612,547
Community services	4,519,662	4,079,975	3,894,008	4,145,232	3,908,447
Debt service					
Principal	1,800,000	1,860,000	1,925,000	210,000	220,000
Interest	2,292,409	2,227,951	1,242,428	317,068	293,657
Pass-through payments	4,852,006	1,442,542	801,386	-	-
Fiscal charges	3,300	3,300	3,319	3,300	3,300
Total expenditures	69,111,400	62,787,287	54,361,851	51,231,121	45,046,253
Excess (deficiency) of revenues over (under) expenditures	(12,142,054)	(6,570,736)	(2,996,251)	(2,802,279)	9,662,238
Other financing sources (uses)					
Transfers in	21,650,371	4,751,051	2,073,948	6,808,907	2,761,375
Transfers out	(21,650,371)	(3,615,221)	(1,129,300)	(870,049)	(3,919,838)
Extraordinary gain (loss) (note 21)	-	-	(14,129,606)	-	-
Proceeds from sale of capital assets	292,828	47,086	9,682	-	-
Issuance of capital leases	-	-	-	-	-
Payments to bond escrow	-	-	-	-	-
Issuance of bonds/debt	-	-	-	-	-
Total other financing sources(uses)	292,828	1,182,916	(13,175,276)	5,938,858	(1,158,463)
Net change in fund balances	\$ (11,849,226)	\$ (5,387,820)	\$ (16,171,527)	\$ 3,136,579	\$ 8,503,775
Debt service as a percentage of noncapital expenditures*	6.3%	7.5%	6.0%	1.2%	1.2%

* This percentage is computed as: Debt Service divided by Non-Capital Expenditures

Fiscal Year Ended June 30,				
2015	2016	2017	2018	2019
\$ 35,655,141	\$ 37,799,228	\$ 38,830,352	\$ 32,719,390	\$ 36,119,214
1,794,686	1,875,032	3,009,862	5,164,222	4,354,120
5,606,821	5,392,160	5,857,984	2,785,383	3,055,102
604,509	594,417	619,646	646,874	989,437
92,100	187,819	86,173	38,881	1,813,945
3,860,094	4,013,904	4,191,730	4,738,192	5,003,949
7,655,572	5,435,521	5,798,858	5,579,860	5,518,173
-	-	-	-	-
5,317,007	1,273,394	1,742,663	934,735	1,727,759
60,585,930	56,571,475	60,137,268	52,607,537	58,581,699
3,420,069	3,658,673	4,950,630	2,154,855	1,918,770
26,462,312	28,178,150	31,733,042	23,950,547	23,653,097
5,698,034	7,874,070	9,380,001	15,361,147	12,907,584
5,274,072	5,262,923	5,446,549	6,366,818	5,343,038
4,506,490	4,216,350	3,518,510	3,170,399	3,279,498
235,000	258,368	288,319	18,677,299	674,583
282,901	296,236	360,854	715,062	840,116
-	-	-	-	-
6,659	2,258	3,575	-	-
45,885,537	49,747,028	55,681,480	70,396,127	48,616,686
14,700,393	6,824,447	4,455,788	(17,788,590)	9,965,013
273,409	1,208,553	517,960	224,081	1,035,556
(2,478,470)	(1,525,154)	(2,164,720)	(3,693,295)	(518,892)
-	-	-	-	-
-	1,600	-	-	132,623
-	200,524	-	-	-
-	-	-	-	-
-	-	-	22,210,487	-
(2,205,061)	(114,477)	(1,646,760)	18,741,273	649,287
\$ 12,495,332	\$ 6,709,970	\$ 2,809,028	\$ 952,683	\$ 10,614,300
1.1%	1.1%	1.3%	31.7%	3.6%

CITY OF UPLAND

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
(IN THOUSANDS OF DOLLARS)
LAST TEN FISCAL YEARS**

	Fiscal Year				
	2009/10	2010/11	2011/12	2012/13	2013/14
Residential	5,304,942	5,276,157	5,382,875	5,498,151	5,680,385
Commercial	824,278	809,416	820,057	823,190	849,188
Industrial	312,147	309,820	309,414	306,113	314,762
Dry Farm	4,758	4,746	4,021	4,029	4,184
Govt. Owned	10,101	934	941	960	979
Institutional	15,000	17,232	12,430	12,982	14,288
Irrigated	1,881	1,876	1,890	1,928	1,967
Miscellaneous	79,608	73,372	74,576	76,292	78,275
Recreational	19,497	18,770	17,828	18,041	14,322
Vacant	82,266	69,147	71,460	68,364	74,268
SBE Nonunitary	69	69	69	69	69
Unsecured	280,845	274,428	262,654	265,091	262,039
TOTALS	6,935,391	6,855,966	6,958,214	7,075,211	7,294,725
Total Direct Rate	<u>0.29355%</u>	<u>0.29273%</u>	<u>0.29248%</u>	<u>0.29337%</u>	<u>0.17491%</u>

Note: The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local overrides. These values are considered to be full market values.

Source: San Bernardino County Assessor 2009/10 - 2018/19 Combined Tax Rolls; HdL Coren & Cone

Fiscal Year				
2014/15	2015/16	2016/17	2017/18	2018/19
6,068,414	6,401,935	6,697,951	7,059,507	7,440,680
873,943	875,269	908,646	991,548	1,059,249
318,293	342,277	350,443	377,242	401,508
4,186	470	477	487	497
983	1,003	1,018	1,039	1,060
10,334	9,826	13,908	11,982	12,730
1,976	2,015	1,640	1,673	1,707
78,792	80,400	103,978	76,233	78,464
14,353	14,804	14,162	13,758	13,812
65,657	84,782	91,043	132,223	127,536
70	70	70	70	69
259,893	268,858	249,241	230,214	246,034
7,696,894	8,081,709	8,432,577	8,895,976	9,383,346
0.17491%	0.17492%	0.17492%	0.17492%	0.08257%

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CITY OF UPLAND

**WATER SALES BY USER TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Residential		Commercial		Public Agency		Irrigation	
	Gallons Consumed	% of Total						
2010	4,620,895,664	74.9%	651,208,800	10.6%	239,059,304	3.9%	656,050,604	10.6%
2011	4,456,138,940	74.4%	648,324,512	10.8%	229,503,604	3.8%	655,200,876	10.9%
2012	4,648,953,144	74.3%	694,179,156	11.1%	238,037,536	3.8%	677,373,092	10.8%
2013	4,825,517,048	73.7%	733,835,124	11.2%	241,184,372	3.7%	750,007,632	11.4%
2014	4,930,872,848	72.8%	729,473,536	10.8%	218,617,212	3.2%	895,623,036	13.2%
2015	4,456,746,316	71.4%	718,672,416	11.5%	210,080,288	3.4%	860,493,216	13.8%
2016	3,566,689,896	70.7%	650,598,432	12.9%	176,596,816	3.5%	649,350,020	12.9%
2017	3,848,856,440	71.0%	680,205,768	12.5%	177,463,748	3.3%	717,650,648	13.2%
2018	4,243,225,976	70.1%	717,147,992	11.8%	186,568,404	3.1%	909,118,452	15.0%
2019	3,804,467,128	69.4%	659,586,400	12.0%	165,040,216	3.0%	852,306,356	15.5%

Source: Finance Division, City of Upland

CITY OF UPLAND

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
(RATE PER \$100 OF TAXABLE VALUE)
LAST TEN FISCAL YEARS**

Agency	Fiscal Year				
	2009/10	2010/11	2011/12	2012/13	2013/14
Basic Levy¹	1.00000	1.00000	1.00000	1.00000	1.00000
Alta Loma Elementary Bond	0.03870	0.04510	0.04530	0.04580	0.04500
Central Elementary Bond	0.05840	0.06900	0.06880	0.07270	0.07110
Chaffey Community College Bond	0.01220	0.00910	0.01530	0.01110	0.01570
Chaffey High School Bond	0.01680	0.01920	0.01940	0.01010	0.03710
Metropolitan Water Agency	0.00430	0.00370	0.00370	0.00350	0.00350
Ontario-Montclair Elementary Bond	0.02870	0.03360	0.02890	0.02740	0.02940
Upland Unified School Bond	0.03810	0.04430	0.04740	0.05240	0.04840
Total Direct & Overlapping² Tax Rates	1.19720	1.22400	1.22880	1.22300	1.25020
City Share of 1% levy per Prop 13³	0.17482	0.17482	0.17482	0.17482	0.17482
Redevelopment Rate⁴	1.00430	1.00370	1.00370	n/a	n/a
Total Direct Rate⁵	0.29355	0.29273	0.29248	0.29337	0.17491

Notes:

¹ In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

² Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

³ City's share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.

⁴ Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

⁵ Total Direct Rate is the weighted average of all individual direct rates applied to by the government preparing the statistical section information and excludes revenues derived from aircraft taxes. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purpose of this report, residual revenue is assumed to be distributed to the City in the same proportions as

Source: San Bernardino County Assessor 2009/10 - 2018/19 Tax Rate Table; HdL Coren & Cone

Fiscal Year				
<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>
1.00000	1.00000	1.00000	1.00000	1.00000
0.04370	0.04170	0.04080	0.05640	0.06800
0.06600	0.06500	0.06880	0.06700	0.04650
0.01090	0.01130	0.01160	0.00880	0.01530
0.02940	0.04090	0.03190	0.02790	0.04020
0.00350	0.00350	0.00350	0.00350	0.00350
0.02600	0.02680	0.02640	0.05570	0.05550
0.04620	0.05250	0.06070	0.05510	0.05870
<u>1.22570</u>	<u>1.24170</u>	<u>1.24370</u>	<u>1.27440</u>	<u>1.28770</u>
0.17482	0.17482	0.17482	0.17482	0.08042
n/a	n/a	n/a	n/a	n/a
<u>0.17491</u>	<u>0.17492</u>	<u>0.17492</u>	<u>0.17492</u>	<u>0.08257</u>

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CITY OF UPLAND

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Colonies-Pacific LLC	\$ 158,754,773	1	1.69%	\$ 44,961,340	1	0.65%
College Park Apartment Homes LP	59,085,246	2	0.63%	27,169,923	9	0.39%
MG Stoneridge Village Grove LLC	45,249,555	3	0.48%			
Rancho Monte Vista Apartment Homes	43,873,408	4	0.47%	39,607,688	3	0.57%
CT Retail Properties Finance II LLC	42,180,359	5	0.45%	37,269,212	5	0.54%
WNG Mountain Springs GP	38,587,820	6	0.41%	34,094,962	6	0.49%
Dee Matreyek Kurth Non Exempt Trust	35,709,897	7	0.38%			
NU-168 Apartments LLC	34,446,437	8	0.37%	30,435,766	8	0.44%
AMFP IV Altavista	34,333,201	9	0.37%			
College Business Park LLC	33,604,919	10	0.36%			
Granite Sr Woodlane LLC				42,629,744	2	0.61%
Koll Per College Business Park, LLC				38,584,445	4	0.56%
Bill and Mary Matreyek Trust				32,619,212	7	0.47%
Holliday Rock Company INC				26,619,833	10	0.38%
Totals	\$ 525,825,615		5.61%	\$ 353,992,125		5.10%

Source: San Bernardino County Assessor 2018/19 Combined Tax Roll and the SBE Non Unitary Tax Roll

CITY OF UPLAND

PRINCIPAL WATER PURCHASERS
CURRENT YEAR AND TEN YEARS AGO

Water Purchaser	2019		2010		Percentage of Total Gallons Consumed	Percentage of Total Gallons Consumed
	Gallons Consumed	Rank	Gallons Consumed	Rank		
City of Upland	223,922,776	1	185,442,664	1	4.1%	2.5%
Mountain View Land Co.	134,675,904	2	40,971,700	5	2.5%	0.6%
Upland Development, LLC	132,295,020	3			2.4%	
Upland Unified School District	105,954,948	4	87,339,472	2	1.9%	1.2%
State of California Dept of Trans	83,911,388	5			1.5%	
San Antonio Community Hospital	52,900,804	6	51,197,608	4	1.0%	0.7%
Upland Hills Estates HOA	48,043,292	7			0.9%	
Upland Hills CC COA	36,188,240	8			0.7%	
Upland Meadows Management CO. LP	28,762,844	9			0.5%	
College Park Apartment Homes	23,217,920	10			0.4%	
Sanbag			79,845,260	3		1.1%
HWL Properties			32,581,384	6		0.4%
CALTRANS			27,739,580	7		0.4%
Upland Cascade			25,871,824	8		0.4%
Upland Housing Authority			17,820,352	9		0.2%
Upland El Dorado			14,767,016	10		0.2%
Totals	<u>869,873,136</u>		<u>563,576,860</u>		<u>15.8%</u>	<u>7.8%</u>

Source: Finance Division, City of Upland

CITY OF UPLAND

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years ⁽¹⁾	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2010	10,099,630	9,485,948	93.92%	N/A	9,485,948	93.92%
2011	9,574,988	9,209,935	96.19%	N/A	9,209,935	96.19%
2012	9,732,257	9,265,615	95.21%	N/A	9,265,615	95.21%
2013	9,881,310	9,452,806	95.66%	N/A	9,452,806	95.66%
2014	10,195,064	9,902,877	97.13%	N/A	9,902,877	97.13%
2015	10,792,671	10,512,265	97.40%	N/A	10,512,265	97.40%
2016	11,319,306	11,049,460	97.62%	N/A	11,049,460	97.62%
2017	11,883,283	11,615,501	97.75%	N/A	11,615,501	97.75%
2018	12,310,682	12,120,710	98.46%	N/A	12,120,710	98.46%
2019 ¹	6,032,861	5,900,839	97.81%	N/A	5,900,839	97.81%

Notes:

Source: Data provided by the San Bernardino County Assessor's Office for collection of prior years taxes does not segregate the information by fiscal year. Therefore, the City is not able to provide this information in the above schedule.

¹ Change from prior years due to City's Annexation with San Bernadino County for Fire Services.

CITY OF UPLAND

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Governmental Activities					Total Governmental Activities
	Lease Revenue Bonds	Tax Allocation Notes ^(b)	Housing Bonds	Capital Leases	Clean Renewable Energy Bonds	
2010	1,560,000	42,810,000	18,000,000	324,622	-	62,694,622
2011	1,365,000	41,145,000	18,000,000	124,532	-	60,634,532
2012	1,160,000	-	18,000,000	-	-	19,160,000
2013	950,000	-	18,000,000	-	-	18,950,000
2014	730,000	-	18,000,000	-	-	18,730,000
2015	495,000	-	18,000,000	-	-	18,495,000
2016	250,000	-	18,000,000	187,156	-	18,437,156
2017	-	-	18,000,000	148,837	-	18,148,837
2018	-	-	14,420,150	2,736,044	4,525,832	21,682,026
2019	-	-	13,905,615	2,607,411	4,494,189	21,007,215

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(a) This ratio is calculated using personal income and population for the prior calendar year.

(b) As a result of the dissolution of the Redevelopment Agency on January 31, 2012 indebtedness was transferred to the Successor Agency.

Source: Notes to the Financial Statements, Long Term Debt Section

<u>Business-type Activities</u>				
<u>Water Lease Revenue Bonds</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (a)</u>	<u>Debt Per Capita (a)</u>	<u>Fiscal Year Ended June 30,</u>
13,950,288	76,644,910	3.73%	1,023.11	2010
13,327,924	73,962,456	3.46%	971.83	2011
12,746,534	31,906,534	1.45%	427.89	2012
11,958,964	30,908,964	1.41%	412.63	2013
11,282,566	30,012,566	1.38%	399.38	2014
10,483,221	28,978,221	1.36%	386.00	2015
9,658,875	28,096,031	1.29%	370.79	2016
8,809,529	26,958,366	1.21%	351.07	2017
8,435,184	30,117,210	1.32%	391.05	2018
8,045,838	29,053,053	1.20%	370.19	2019

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CITY OF UPLAND

**DIRECT AND OVERLAPPING BOND DEBT
JUNE 30, 2019**

FY 2018-19 Assessed Valuation \$ 9,370,618,881

	% Applicable ⁽¹⁾	Total Debt at 6/30/19	City's Share of Debt at 6/30/19
Overlapping Tax and Assessment Debt:			
Metropolitan Water District	0.321%	\$ 48,050,000	\$ 154,241
Chaffey Community College District	8.253%	132,540,000	10,938,526
Upland Unified School District	92.581%	99,507,400	92,124,946
Chaffey Union High School District	0.815%	479,265,904	3,906,017
Alta Loma School District	0.528%	44,002,889	232,335
Central School District	2.023%	47,446,765	959,848
Ontario-Montclair School District	2.706%	119,694,737	3,238,940
Upland Unified School District Community Facilities District No. 99-1	100.000%	1,374,000	1,374,000
Upland Unified School District Community Facilities District No. 01-1	100.000%	1,781,000	1,781,000
City of Upland Community Facilities District No. 2003-1	100.000%	1,290,000	1,290,000
City Of Upland Community Facilities District No. 2003-2, I.A. Nos. 1 & 2	100.000%	34,835,000.00	34,835,000.00
City Of Upland Community Facilities District No. 2016-A, I.A. No.1	100.000%	8,435,000	8,435,000
Total Overlapping Tax and Assessment Debt		\$ 1,018,222,695	\$ 159,269,854
Direct and Overlapping General Fund Debt:			
San Bernardino County General Fund Obligations	4.213%	\$ 335,155,000	\$ 14,120,080
San Bernardino County Pension Obligations	4.213%	288,826,268	12,168,251
San Bernardino County Flood Control Dist. Gen Fund Obligations	4.213%	62,820,000	2,646,607
Chaffey Community College District Gen. Fund Obligations	8.253%	30,890,000	2,549,352
City of Upland Capital Lease Obligations	100.000%	7,101,600	7,101,600
City of Upland Housing Revenue Bonds	100.000%	13,905,615	13,905,615
Total Gross Direct and Overlapping General Fund Debt			\$ 52,491,505
Less: City of Upland Housing Revenue Bonds (100% supported from housing related revenues)			13,905,615
Total Net Direct and Overlapping General Fund Debt		\$ 738,698,483	\$ 38,585,890
Overlapping Tax Increment Debt (Successor Agency):	100.000%	\$ 22,965,000	\$ 22,965,000
Total Gross Direct Debt			\$ 21,007,215
Total Net Direct Debt			\$ 7,101,600
Total Overlapping Debt			\$ 213,719,144
Gross Combined Total Debt			\$ 234,726,359 ⁽²⁾
Net Combined Total Debt			\$ 220,820,744
Ratios to FY 2018-19 Assessed Valuation:			
Total Overlapping Tax and Assessment Debt	1.70%		
Total Gross Direct Debt (\$21,007,215)	0.22%		
Total Net Direct Debt (\$7,101,600)	0.08%		
Gross Combined Total Debt	2.50%		
Net Combined Total Debt	2.36%		
Ratios to Redevelopment Incremental Valuation (\$1,599,955,657):			
Total Overlapping Tax Increment Debt	1.44%		

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

CITY OF UPLAND

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
Debt Limit	\$ 930,115,752	\$ 882,507,215	\$ 895,958,208	\$ 1,058,579,687	\$ 1,091,662,967
Total Net Debt Applicable to Limit	-	-	-	-	-
Legal Debt Margin	\$ 930,115,752	\$ 882,507,215	\$ 895,958,208	\$ 1,058,579,687	\$ 1,091,662,967
Total Net Debt Applicable to The Limit As a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2019:

Assessed Valuation

Debt Limit (15% of Assessed Value)

Debt Applicable to Limit:

General Obligation Bonds

Legal Debt Margin

Note: The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation.

¹ As a result of the dissolution of the Redevelopment Agency on January 31, 2012, total assessed value for the City is no longer reduced by the incremental value of the redevelopment project areas.

Fiscal Year Ended June 30,				
2015	2016	2017	2018	2019
\$ 1,152,315,001	\$ 1,210,072,895	\$ 1,263,218,981	\$ 1,332,692,325	\$ 1,405,592,832 ¹
-	-			
\$ 1,152,315,001	\$ 1,210,072,895	\$ 1,263,218,981	\$ 1,332,692,325	\$ 1,405,592,832
0.00%	0.00%	0.00%	0.00%	0.00%
				\$ 9,370,618,881
				1,405,592,832
				-
				<u>\$ 1,405,592,832</u>

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CITY OF UPLAND

**PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Water Bonds						
Fiscal Year Ended June 30,	Water Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2010	15,295,069	13,902,795	1,392,274	610,000	776,562	1.00
2011	22,582,581	14,164,896	8,417,685	630,000	735,443	6.16
2012	16,873,954	17,468,067	(594,112)	655,000	1,023,096	(0.35)
2013	17,122,606	15,146,422	1,976,184	760,000	407,969	1.69
2014	18,184,342	16,532,719	1,651,623	750,000	463,325	1.36
2015	22,713,561	17,673,638	5,039,923	765,000	442,475	4.17
2016	18,601,416	13,367,187	5,234,229	760,000	419,150	4.44
2017	21,436,735	17,418,778	4,017,957	815,000	361,406	3.42
2018	28,076,336	18,979,818	9,096,518	340,000	340,868	13.36
2019	26,203,575	19,636,043	6,567,532	355,000	327,673	9.62

Note: Water Charges and Other includes total revenues (including investment earnings).
Operating Expenses are exclusive of depreciation.

Source: Finance Division, City of Upland

Special Assessment Bonds

Special Assessment Collections	Debt Service		Coverage
	Principal	Interest	
3,087,810	295,000	2,556,075	1.08
3,337,663	365,000	2,542,803	1.15
3,358,321	440,000	2,525,223	1.13
3,022,803	520,000	2,356,637	1.05
2,935,287	700,000	2,107,620	1.05
2,973,637	820,000	2,080,248	1.03
2,731,961	1,305,000	1,441,090	0.99
2,863,814	1,160,000	1,635,846	1.02
2,822,587	1,250,000	1,598,954	0.99
3,384,728	1,330,000	1,666,350	1.13

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CITY OF UPLAND

**DEMOGRAPHIC AND ECONOMIC STATUS
LAST TEN CALENDAR YEARS**

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (in thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2009	74,914	\$ 2,056,977	\$ 27,458	14,404	9.0%
2010	76,106	\$ 2,138,350	\$ 28,097	14,232	9.9%
2011	74,568	\$ 2,193,940	\$ 29,422	11,927	9.1%
2012	74,907	\$ 2,192,004	\$ 29,263	11,908	6.5%
2013	75,147	\$ 2,182,720	\$ 29,046	11,665	5.6%
2014	75,074	\$ 2,130,600	\$ 28,380	11,380	5.9%
2015	75,774	\$ 2,182,404	\$ 28,801	11,138	4.8%
2016	76,790	\$ 2,226,460	\$ 28,994	11,028	4.2%
2017	77,017	\$ 2,274,591	\$ 29,533	10,913	2.5%
2018	78,481	\$ 2,417,412	\$ 30,802	10,702	3.3%

Sources: HdL, Coren & Cone and the California Department of Education

CITY OF UPLAND

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
San Antonio Community Hospital	2,400	1	6.4%	2,001	1	7.9%
Upland Unified School District	1,037	2	2.8%	1,435	2	5.7%
Home Depot	340	3	0.9%	351	6	1.4%
Upland Rehabilitaion & Care Center	320	4	0.8%			
Wal Mart	315	5	0.8%	400	5	1.6%
Lewis Group	312	6	0.8%	300	9	1.2%
Target	265	7	0.7%	250	10	1.0%
Lowe's Home Center	254	8	0.7%			
City of Upland	250	9	0.7%	325	8	1.3%
Holliday Rock Co. Inc	250	10	0.7%			
Kohl's Department Store				501	3	2.0%
Insurance Agency Network				500	4	2.0%
Shield Security				335	7	1.3%
Totals	5,743		15.3%	6,398		25.4%

Source: Upland Chamber of Commerce, Finance Division & Development Services

CITY OF UPLAND

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	98.00	102.00	75.00	75.50	78.25	78.00	64.00	58.00	58.00	57.00
Public safety										
Police										
Officers	84.00	85.00	76.00	70.00	70.00	70.00	74.00	75.00	75.00	75.00
Civilians	41.00	42.00	28.00	22.50	22.50	22.50	26.00	30.00	31.00	37.00
Fire										
Firefighters and officers	43.00	43.00	41.00	41.00	40.00	40.00	40.00	40.00	-	- ¹
Civilians	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	-	- ¹
Highways and streets										
Engineering	6.00	6.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Operations	20.00	20.00	23.00	23.00	23.00	22.00	23.50	23.50	23.50	23.50
Recreation	11.50	11.50	7.50	7.50	7.50	7.50	6.00	6.00	5.00	5.00
Water	23.00	23.00	22.00	24.00	24.00	24.00	24.00	24.00	24.00	27.00
Solid Waste Utility	1.00	1.00	-	-	-	-	-	-	-	-
Environmental Quality	6.00	6.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Total	342.50	348.50	289.50	279.50	281.25	280.00	273.50	272.50	223.50	231.50

Source: Finance Division, City of Upland

¹ Decrease due to annexation of the Fire Department to San Bernardino County as of July 22, 2017.

CITY OF UPLAND

**CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
Fire					
Stations	4	5	5	5	5
Police					
Patrol Units	25	24	23	23	23
Motorcycles	6	6	6	5	4
Library					
Facilities	1	1	1	1	1
Recreation					
Buildings	3	3	3	4	4
Parks	12	13	13	13	13
Soccer fields (lighted)	6	6	6	6	6
Baseball fields (lighted)	7	8	8	8	8
Softball fields (lighted)	4	3	3	3	3
Public Works					
Miles of City Streets	208.90	208.90	208.90	208.90	208.90
Miles of State Highways	6.70	6.70	6.70	6.70	6.70
Miles of City Alleys	37.50	37.50	37.50	37.50	37.50
Water					
Miles of Water Mains	240.26	240.26	240.26	240.26	240.26
Sewer					
Miles of Sewer Lines	228.00	228.00	228.00	228.00	228.00

Source: Various Departments, City of Upland

¹ Decrease due to annexation of the Fire Department to San Bernardino County as of July 22, 2017.

Fiscal Year Ended June 30,				
2015	2016	2017	2018	2019

5	5	5	1	1 ¹
22	22	22	24	24
5	5	4	4	5
1	1	1	1	1
4	4	4	4	4
13	13	13	13	13
6	6	6	6	6
8	8	8	8	8
3	3	3	3	3
208.90	209.20	209.25	209.85	210.08
6.70	6.70	6.20	6.20	6.20
37.50	37.50	37.50	37.50	37.50
240.88	243.70	255.60	245.71	247.08
228.00	228.00	222.00	222.00	224.01

CITY OF UPLAND

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
General government					
Building permits issued	973	1,055	1,042	1,120	1,408
Police					
Physical arrests	5,317	4,476	3,809	3,104	4,272
Traffic collisions	610	755	666	634	667
Fire					
Emergency responses	6,748	7,120	7,300	7,865	9,482
Public Works					
Miles of street sweeping	9,216	10,488	14,172	14,484	14,484
Potholes repaired	2,714	2,184	918	831	910
Number of trees pruned	7,192	3,349	9,235	5,405	5,671
Parks and recreation					
Community center admissions	9,102	8,653	8,454	9,093	9,406
Library					
Volumes in collection	148,867	154,463	159,746	157,769	117,295
Current Periodical & Serial Subscriptions	267	267	81	73	340
Audio-visual items	7,773	8,341	8,454	7,464	5,911
Water					
New meter installations	676	376	292	550	1,056
Average daily consumption (thousands of gallons)	22,589	16,529	21,838	21,087	20,690
Number of linear feet of new water pipelines	-	7,380	17,240	3,859	-
Refuse collection					
Refuse collected (tons per day)	138	137	129	130	144
Recyclables collected (tons per day)	68	68	72	65	72
Environmental Quality					
Number of sewer inspections conducted	214	208	199	207	210
Number of permitted dischargers/active permits	202	197	196	192	194

Source: Various Departments, City of Upland

¹Last date of service for the City of Upland Fire Department was 07/22/2017.

Fiscal Year Ended June 30,				
2015	2016	2017	2018	2019
2,007	1,176	1,095	2,040	2,327
3,532	3,013	4,377	3,477	3,670
690	814	867	724	607
8,855	9,607	9,647	404	0 ¹
13,009	14,600	15,000	10,800	11,600
2,400	318	720	550	650
5,015	2,378	2,273	4,288	5,850
9,450	8,868	6,864	6,703	7,208
113,146	111,548	107,760	82,577	103,466
83	97	42	466	40
5,947	5,695	5,154	4,302	2,916
981	894	1,233	1,500	153
17,848	14,209	15,572	17,276	15,650
1,531	3,668	1,627	18,091	6,581
140	158	151	165	158
64	68	65	76	68
201	208	211	148	145
197	193	195	191	193

**ECONOMIC DEVELOPMENT COMMITTEE MEETING
MARCH 2, 2020**

CONCLUSION/ACTION SUMMARY

In attendance: Committee Chair Felix, Committee Member Velto, City Manager Hoerning, Development Services Director Dalquest, Development Services Manager Chavez, Economic Development Coordinator Picazo, and Councilmember Elliott

1) **ORAL COMMUNICATIONS**

Shannan Maust, inquired about proposed tenants for the potential project on Foothill Boulevard and questioned whether public storage units generate sales tax for the City.

2) **DISCUSSION OF POTENTIAL PROJECT LOCATED AT 1382 E. FOOTHILL BOULEVARD**, Nancy Bane, of development company SORSIRS, Inc., and Mark Bertone, of Madole and Associates, made a brief presentation on the proposed project, which would include a free standing drive-through restaurant, several retail spaces, and personal indoor storage units.

3) **3RD QUARTER 2019 SALES TAX UPDATE**, City Manager Hoerning presented information on the 3rd Quarter 2019 Sales Tax Update. There were questions related to definitions of fast-casual and quick-service restaurants, and what percent of the sales tax the City gets for auto sales. City Manager Hoerning and Development Services Director Dalquest answered questions related to the sales tax update.

4) **DISCUSSION OF CURRENT PLANNING PROJECTS**, Development Services Director Dalquest presented information on current planning projects in the City.



Economic Development Committee Meeting

March 2, 2020

4:00 PM

Pinky Alder Room - City Hall

-
1. ORAL COMMUNICATIONS
 2. DISCUSSION OF POTENTIAL PROJECT LOCATED AT 1382 E. FOOTHILL BOULEVARD
 3. 3RD QUARTER 2019 SALES TAX UPDATE
 4. DISCUSSION OF CURRENT PLANNING PROJECTS

NOTE: All Agenda items and back-up materials are available for public review at the Upland Public Library, downstairs reference desk at 450 North Euclid Avenue, the City Clerk's Office at 460 North Euclid Avenue and the City website at www.uplandca.gov.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at 909.931.4120. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. [28 CFR 35.102-35.104 ADA Title II]

POSTING STATEMENT: On February 27, 2020, a true and correct copy of this agenda was posted on the bulletin boards at 450 N. Euclid Avenue (Upland Public Library) and 460 N. Euclid Avenue (Upland City Hall) and on the City Website at www.uplandca.gov



STAFF REPORT

ITEM NO. 2.

DATE: March 2, 2020
TO: ECONOMIC DEVELOPMENT COMMITTEE
FROM: ROSEMARY HOERNING, CITY MANAGER
PREPARED BY: ROBERT D. DALQUEST, DEVELOPMENT SERVICES DIRECTOR
SUBJECT: DISCUSSION OF POTENTIAL PROJECT LOCATED AT 1382 E. FOOTHILL BOULEVARD

RECOMMENDED ACTION

It is recommended that the Committee provide staff with any input on the proposal.

GOAL STATEMENT

The proposed action supports the goal of keeping the Economic Development Committee, City Council, and community informed on current or planned projects.

BACKGROUND

Staff met with a prospective developer on a property located at 1382 E. Foothill Boulevard, adjacent to the east side of Memorial Park (APN: 1046-141-08). The property is 2.57 acres in size and contains an existing medial office building and is zoned Commercial/Office Mixed-Use (C/O-MU).

The subject property is for sale and the prospective buyer is proposing to acquire the site and obtain approval to demolish the existing building and construct a 163,468 square foot mixed-use development. The project consists of a 2,583 square foot, freestanding drive-through restaurant along the Foothill Boulevard frontage, and a 163,468 square foot, 4-story building. This main building would include 3,596 square foot ground floor space for several retail and/or food tenants with the balance of the building will be used for high end climate controlled commercial and personal indoor storage units.

The building will emulate a packing house-type design consisting of a red brick veneer exterior on the upper floors, split-face block with an Onyx Black finish on the ground floor, and accented with vertical corrugated metal panels. The building contains clerestory windows along the upper level and a decorative cornice along the roofline.

The site design depicts a parking field and landscaping with a shared driveway along Foothill Boulevard for ingress/egress. Attached are conceptual plans and elevations for the project.

ISSUES/ANALYSIS

This project requires a conditional use approval, which will go to the Planning Commission for final actions. A similar facility was recently approved in Chino Hills and another is undergoing entitlement review in a City in North San Diego County.

FISCAL IMPACTS

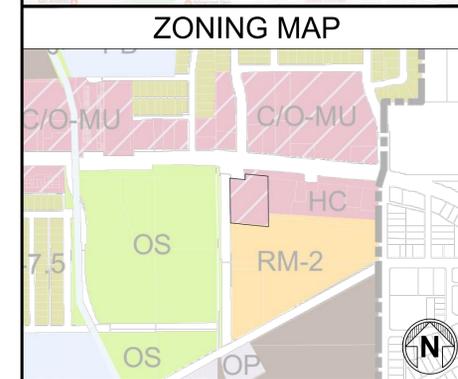
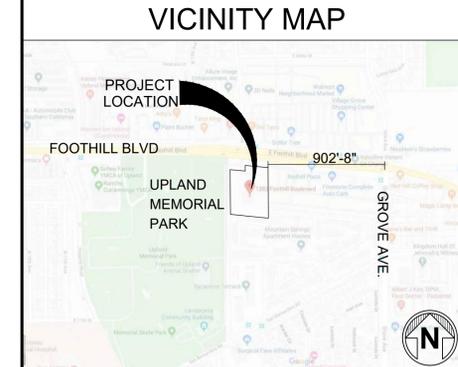
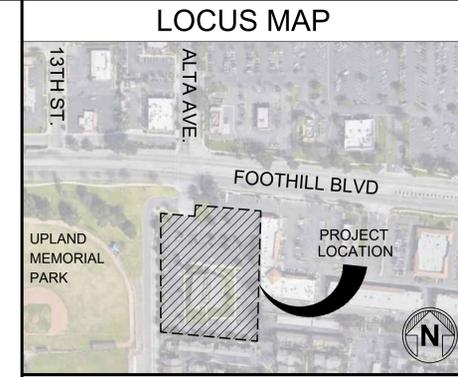
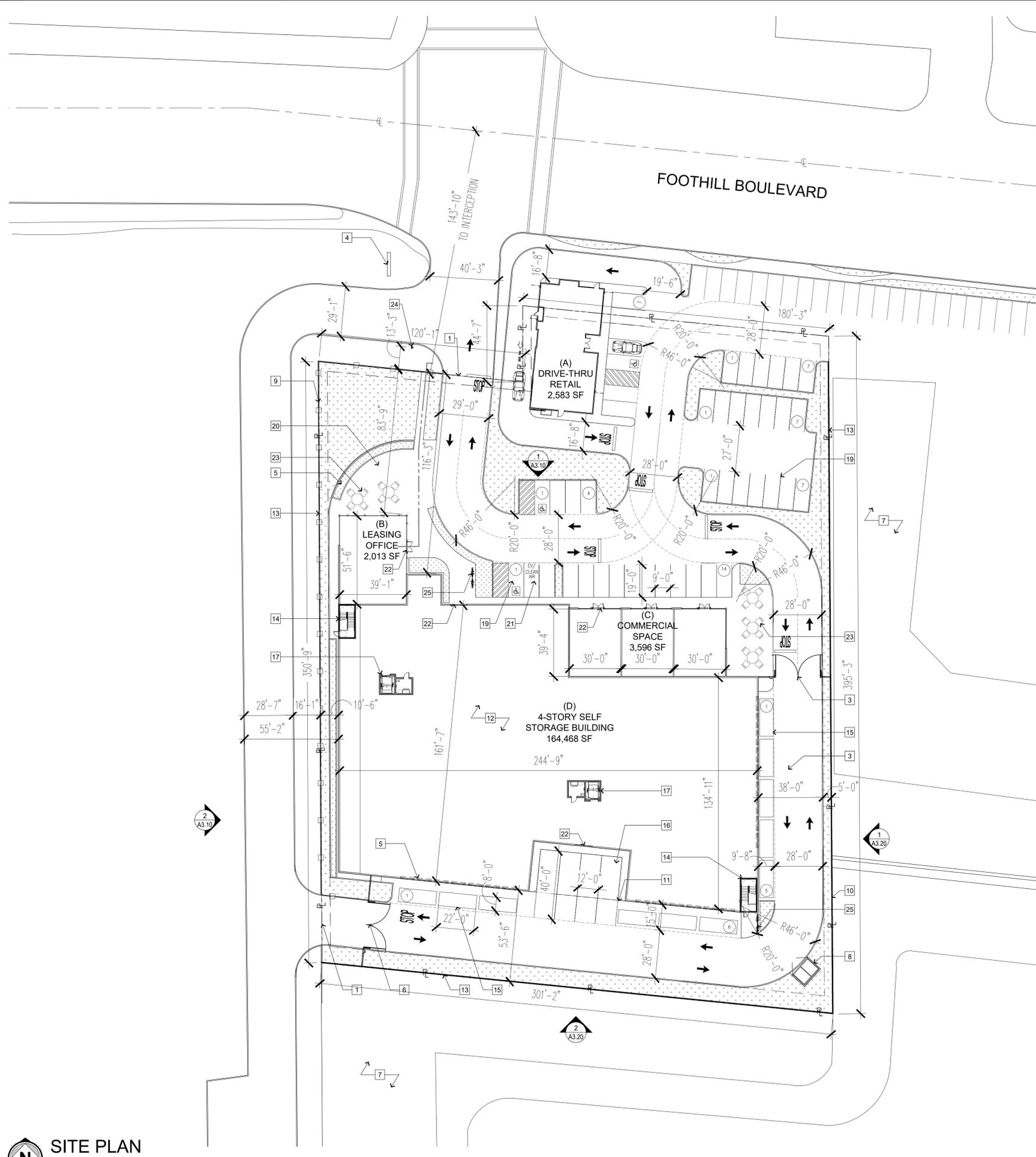
There is no fiscal impact associated with this action.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

Site Plan and Building Elevations



- ### PLAN NOTES
- DO NOT SCALE DWGS. WRITTEN DIMENSIONS GOVERN. ALL PARTITION LOCATIONS SHALL BE AS SHOWN ON PARTITION PLAN. IN CASE OF CONFLICT NOTIFY ARCHITECT. PARTITION PLAN BY ARCHITECT TAKES PRECEDENCE OVER ALL OTHER PLANS.
 - ALL GYPSUM BOARD PARTITIONS SHALL BE TAPED, SPACKLED AND SANDED SMOOTH WITH NO VISIBLE JOINTS. PATCH AND REPAIR SURFACES TO MATCH ADJACENT OR ADJOINING SURFACES WHERE REQUIRED. ALL SURFACES SHALL BE ALIGNED.
 - ALL PARTITIONS ARE DIMENSIONED FROM FINISH FACE OF GWB TO FINISH FACE OF GWB UNLESS OTHERWISE NOTED. ALL DIMENSIONS MARKED "CLEAR" OR "CLR" SHALL BE MAINTAINED AND SHALL ALLOW FOR THICKNESSES OF ALL WALL FINISHES, U.O.N.
 - DIMENSIONS MARKED ± MEAN A TOLERANCE NOT GREATER NOR SMALLER THAN 2 INCHES FROM INDICATED DIMENSION, U.O.N. VERIFY FIELD DIMENSIONS EXCEEDING TOLERANCE WITH THE ARCHITECT. SECURE ARCHITECT'S APPROVAL.
 - NOTIFY ARCHITECT IN WRITING OF ANY DISCREPANCIES OR CONFLICTS IN THE LOCATION(S) OF NEW CONSTRUCTION. UPON COMPLETION OF PARTITION LAYOUT, NOTIFY ARCHITECT. VERIFICATION OF THE LAYOUT TO BE PROVIDED BY THE ARCHITECT PRIOR TO PARTITION INSTALLATION.
 - REFER TO SHEET A01 FOR ADDITIONAL NOTES, LEGENDS, SYMBOLS, ABBREVIATIONS, AND SCHEDULES.
 - DIMENSIONS LOCATING DOORS ARE TO THE INSIDE EDGE OF JAMB, U.O.N.
 - "ALIGN" MEANS TO ACCURATELY LOCATE FINISHED FACES IN THE SAME PLANE.
 - MODIFY EXISTING SUBSTRATE, AS REQUIRED TO RECEIVE NEW FLOORING MATERIALS, THUS PREVENTING NOTICEABLE LUMPS OR DEPRESSIONS.
 - ALL WORK SHALL BE ERRECTED AND INSTALLED PLUMB, LEVEL, SQUARE AND TRUE.
 - REFER TO MILLWORK SHOP DWGS FOR SPECIFIC DETAILS OF COORDINATION BETWEEN DRYWALL/MILLWORK CONDITIONS.
 - ALL EXISTING AND NEW FLOOR PENETRATIONS FOR PIPING SHALL BE FULLY PACKED AND SEALED IN ACCORDANCE WITH THE APPLICABLE BUILDING AND FIRE CODES.
 - ALL MILLWORK TO BE FASTENED TO THE PARTITION. PROVIDE NON-COMBUSTIBLE BLOCKING FOR ALL MILLWORK NOT SUPPORTED BY FLOOR OR ABOVE 4'-0" HT. ALL CONCEALED LUMBER & BLOCKING TO BE FIRE TREATED.
 - GC TO PROVIDE SHOP DWGS FOR CASEWORK.
 - EXISTING CONDITIONS WERE DERIVED FROM SURVEY BY OMEGA ENGINEERING CONSULTANTS, INC. REFER TO COVER SHEET FOR ADDITIONAL SURVEYOR INFORMATION.
 - ACCESSIBLE ROUTES OF TRAVEL NOT TO EXCEED 5% SLOPE IN THE DIRECTION OF TRAVEL AND 2% CROSS SLOPE.
 - THE GC IS RESPONSIBLE FOR PROCURING NECESSARY PERMITS, AS REQUIRED, FOR: FIRE HYDRANTS & WATER MAIN INSTALLATIONS, SPRINKLER SYSTEM SUPPLY MAIN AND FDC, SPRINKLER SYSTEM, AUTOMATIC FIRE ALARM SYSTEM AND MONITORING SYSTEMS AS APPROPRIATE.
 - EXTERIOR POLE LIGHTS AND WALL PACK LIGHTING CONFIGURATION TO BE DONE BY ELECTRICAL ENGINEER AT DESIGN DEVELOPMENT.

- ### KEY NOTES
- PROPOSED DRIVE ENTRIES, ONE ENTRY, ONE EXIT WITH ONE WAY TRAFFIC
 - EXISTING ADJACENT SITE DRIVE ENTRIES
 - FIRE ACCESS DRIVE AISLE
 - MONUMENT SIGNAGE
 - RAISED 3'-0" BIO-RETENTION/STORM WATER AREA PER LANDSCAPE/CIVIL DRAWINGS WITH DECORATIVE WALL AT STREET FRONT ALONG R.O.W.
 - VEHICLE/PEDESTRIAN GATE
 - EXISTING BUILDING ADJACENT TO SITE
 - CMU WALL WITH PLANTING FOR TRASH ENCLOSURE
 - PROPOSED 6'-0" WROUGHT IRON FENCE ALONG PROPERTY LINE
 - PROPOSED 6'-0" DECORATIVE CMU WALL ALONG PROPERTY LINE
 - 3RD AND 4TH FLOORS STORAGE ABOVE LOADING AREA
 - 4 STORY SELF STORAGE BUILDING
 - PROPERTY LINE
 - INTERIOR EXIT STAIRWAY
 - 10'-0" X 21'-0" PARALLEL PARKING/LOADING STALLS, (11 TOTAL)
 - COVERED PARKING AND LOADING AREA, (4) SPACES
 - STORAGE ELEVATORS
 - 9'-0" X 18'-6" ACCESSIBLE PARKING SPACE (3 TOTAL) WITH A 8'-0" ACCESS AISLE.
 - PROPOSED 9'-0" X 18'-6" PARKING STALLS, (36) SPACES
 - PROPOSED BICYCLE PARKING
 - PROPOSED FUTURE EV/CLEAN AIR STALL
 - ENTRY ACCESS
 - PROPOSED OUTSIDE SEATING
 - EXISTING FIRE HYDRANT
 - PROPOSED BICYCLE PARKING (4)

SITE INFORMATION

SITE DATA:

PARCEL NUMBER:	1046-141-08
JURISDICTION:	CITY OF UPLAND
PROPERTY ZONING:	C/O-MU - (COMMERCIAL MIXED-USED)
OCCUPANCY TYPES:	S-1
BUILDING CONSTRUCTION TYPE:	II-A, FULLY SPRINKLERED
BUILDING AREA:	163,468 SF
SITE SIZE:	119,947 SF. (2.57 AC)
PROPOSED USE:	SELF-STORAGE FACILITY
BLDG HEIGHT:	50'-0"

REQUIRED SETBACKS:

BY CODE	PROPOSED
5'	83'-9"
5'	42'-11"
5'	10'-6"
10'	53'-6"
LANDSCAPE	15%(17,992 SF) / 13%(15,974 SF)

PARKING REQUIREMENTS & CALCULATIONS:

TYPE	STALLS
DRIVE-THRU (1/200SF) = 2,538/200 =	12.69
MIXED-USED OFFICE (1/450) = 2,013/450 =	4.47
MIXED-USED COMMERCIAL (1/400) = 3,596/400 =	8.99
PUBLIC STORAGE (1/100 UNITS) = 1,300/APPROX./100 =	13.00
TOTAL REQUIRED =	40
STALLS PROVIDED =	57

ACCESSIBLE SPACES:

REQUIRED	PROVIDED
3	3 SPACES
4	4 SPACES

AREA CALCULATIONS & CONDITIONS:

TOTAL GROSS SITE AREA:	119,947 SF (2.57 ACRES)
NET SITE AREA (W/O SETBACKS):	46,305 SF
SITE COVERAGE:	38% (BUILDING)

BUILDING AREA:

DRIVE-THRU:	2,583 SF
LEVEL 1 STORAGE AREA:	34,918 SF
LEVEL 2 STORAGE AREA:	40,527 SF
LEVEL 3 STORAGE AREA:	41,207 SF
LEVEL 4 STORAGE AREA:	41,207 SF
TOTAL GROSS STORAGE AREA:	157,859 SF
LEVEL 1 OFFICE AREA:	2,013 SF
LEVEL 1 COMMERCIAL AREA:	3,596 SF
TOTAL GROSS BUILDING AREA:	163,468 SF

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FOOTHILL SELF-STORAGE
 NEW CONSTRUCTION
 1382 FOOTHILL BLVD
 UPLAND, CA 91786

REVISIONS

NO.	DATE	BY
1		
2		
3		
4		
5		
6		

ISSUE DATES

DESIGN APPROVAL:
 PERMIT SUBMITTAL:
 PERMIT RECEIVED:
 BID DOCS:
 CONSTR. DOCS:

SCALE: AS NOTED

PLOT DATE: 2020-01-02

CAD FILE:

JOB NUMBER: 19-039

CHECKED:

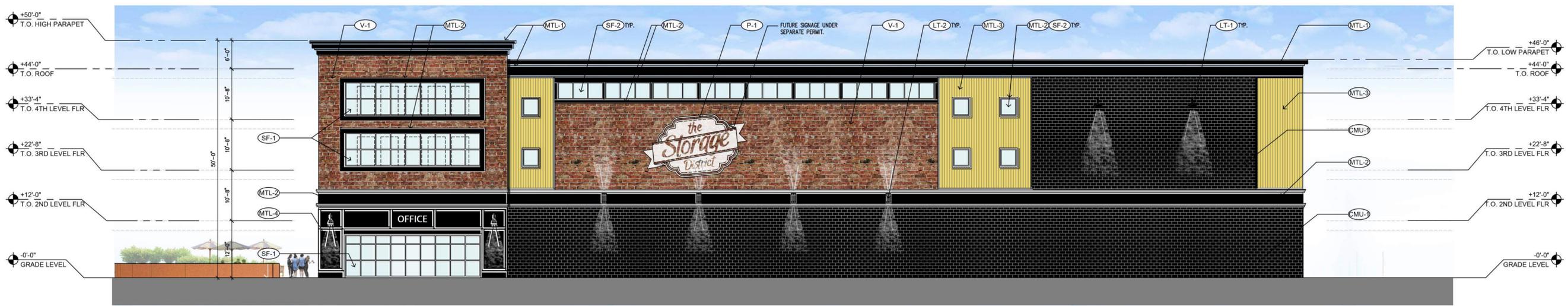
DRAWN:

STATUS: PRE REVIEW APP

SITE PLAN
A1.10



1 NORTH ELEVATION
SCALE: 3/32" = 1'-0"



2 WEST ELEVATION
SCALE: 3/32" = 1'-0"

MATL I.D.	DESCRIPTION	COLOR	FINISH
CMU-1	8" SPLIT FACED CMU BLOCK BY ANGELUS	ONYX BLACK FINISH	CLEAR BLOCK SEALER
V-1	TYPICAL INDUSTRIAL BRICK VENEER	DARK BRICK FINISH	CLEAR BLOCK SEALER
P-1	STENCIL PAINTED THE STORAGE DISTRICT SIGN	WHITE PAINT	CLEAR BLOCK SEALER
MTL-1	METAL TRIM/PARAPET CAP	BLACK FINISH	PREFINISHED
MTL-2	METAL TRIM/PANEL/BELLY BAND	BLACK FINISH	PREFINISHED
MTL-3	PREFINISHED VERTICAL CORRUGATED METAL PANELS, 36" WIDE - ATAS BELVEDERE SERIES, 7.2 RIB (BWR360)	ATAS CONCORD CREAM	PREFINISHED
MTL-4	RECESSED DETAIL METAL PANELING	BLACK FINISH	PREFINISHED
MTL-5	JANUS EXTERIOR METAL STORAGE DOORS	BLACK FINISH	PREFINISHED
SF-1	ALUMINUM STOREFRONT FRAMES WITH VISION GLASS	BLACK FINISH	PREFINISHED
SF-2	ALUMINUM STOREFRONT FRAMES WITH SPANDREL GLASS	BLACK FINISH	PREFINISHED
LT-1	GOOSENECK LAMP DOWNLIGHTING	BLACK FINISH	PREFINISHED
LT-2	SCONCE LIGHTING	BLACK FINISH	PREFINISHED

3 EXTERIOR FINISH SCHEDULE
SCALE: NONE

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REVISIONS		
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ISSUE DATES
DESIGN APPROVAL:
PERMIT SUBMITTAL:
PERMIT RECEIVED:
BID DOCS:
CONSTR. DOCS:

SCALE:	AS NOTED
PLOT DATE:	2019-12-16
CAD FILE:	
JOB NUMBER:	19-039
CHECKED:	
DRAWN:	
STATUS:	PRE REVIEW APP

ELEVATIONS
A3.10



1 EAST ELEVATION
SCALE: 3/32" = 1'-0"



2 SOUTH ELEVATION
SCALE: 3/32" = 1'-0"

MAT'L I.D.	DESCRIPTION	COLOR	FINISH
CMU-1	8" SPLIT FACED CMU BLOCK BY ANGELLIS	ONYX BLACK FINISH	CLEAR BLOCK SEALER
V-1	TYPICAL INDUSTRIAL BRICK VENEER	DARK BRICK FINISH	CLEAR BLOCK SEALER
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LT-1	GOOSENECK LAMP DOWNLIGHTING	BLACK FINISH	PREFINISHED
LT-2	SCONCE LIGHTING	BLACK FINISH	PREFINISHED

2A EXTERIOR FINISH SCHEDULE
SCALE: NONE

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DESIGN APPROVAL:	
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PERMIT RECEIVED:	
BID DOCS:	
CONSTR. DOCS:	

SCALE: AS NOTED
PLOT DATE: 2019-12-16
CAD FILE: CV
JOB NUMBER: 19-039
CHECKED:
DRAWN:
STATUS: PRE REVIEW APP

ELEVATIONS
A3.20

Meet the Developer SORSIRS INC.

Having worked with some of the largest private equity firms in the Country

- Sun Oil
- KKR
- George Johnson & Wayne Huizenga
- Prudential
- Guggenheim Partners
- Carlyle Group

SORSIRS' team is uniquely positioned to move an immature business model into a sophisticated business with our building's designed to serve

"millennial generation" who often choose entrepreneurial / home based businesses; along with the expansion of AMAZON and similar internet/delivery businesses with need for alternative fulfillment facility (ie storage units)

In doing so, SORSIRS' expects its facility will ultimately become a "sector within a sector".

FEMALE OWNED

Commercial Development firm

30 Years of Ground Up Commercial
Development sites inclusive of :

- retail
- mixed use
- child care
- hospitality
- self storage

Developments in Process

as of Feb. 28, 2020

EL CAJON
processing as a Specific Plan
expect Approvals May 2020





VIDEO of EL CAJON site

https://www.dropbox.com/s/nddq239urexh6fo/EL_Cajon_video_V2_20-02-14.mp4?dl=0

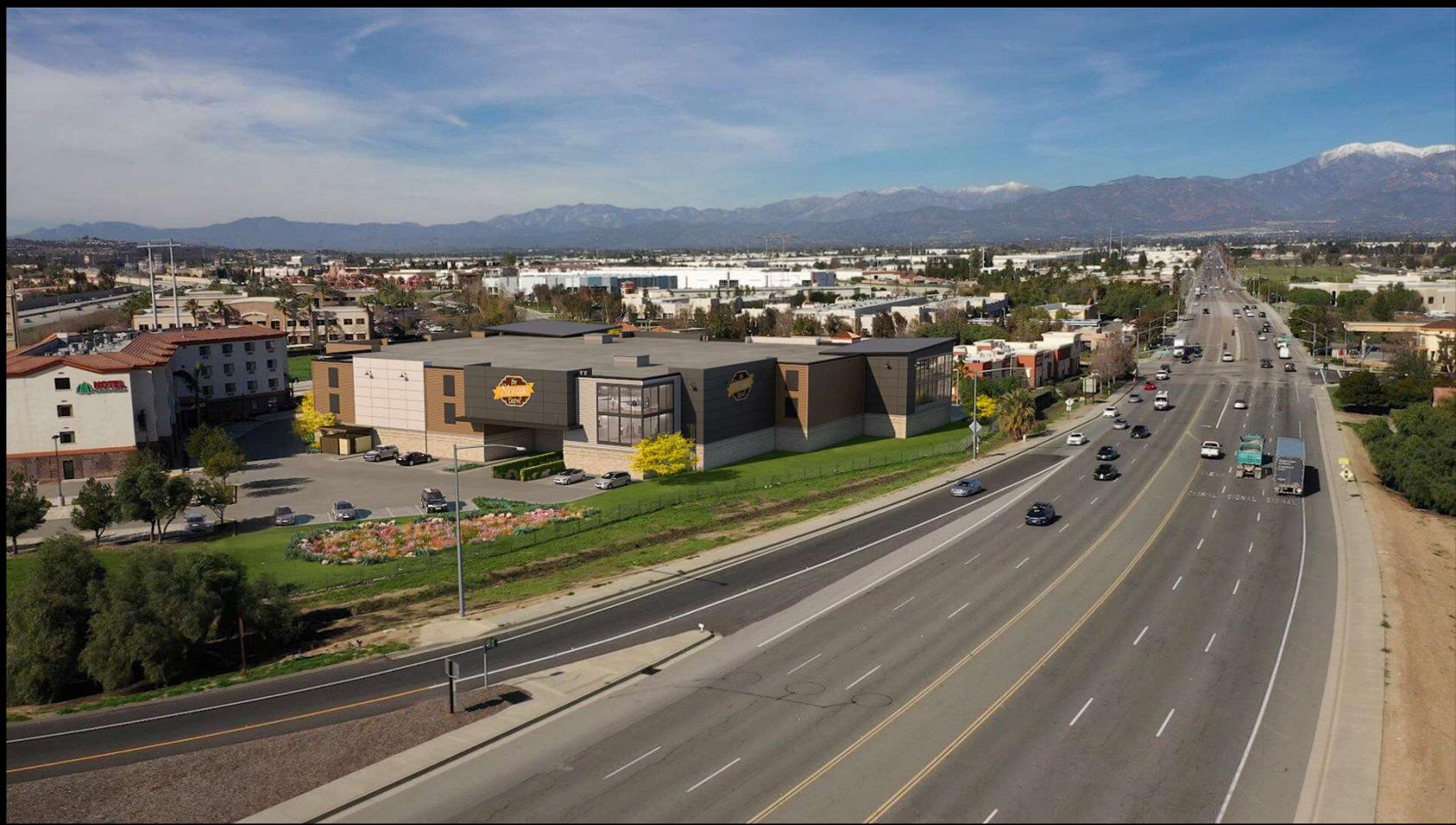


VIDEO of EL CAJON site

https://www.dropbox.com/s/nddq239urexh6fo/EL_Cajon_video_V2_20-02-14.mp4?dl=0

CHINO HILLS

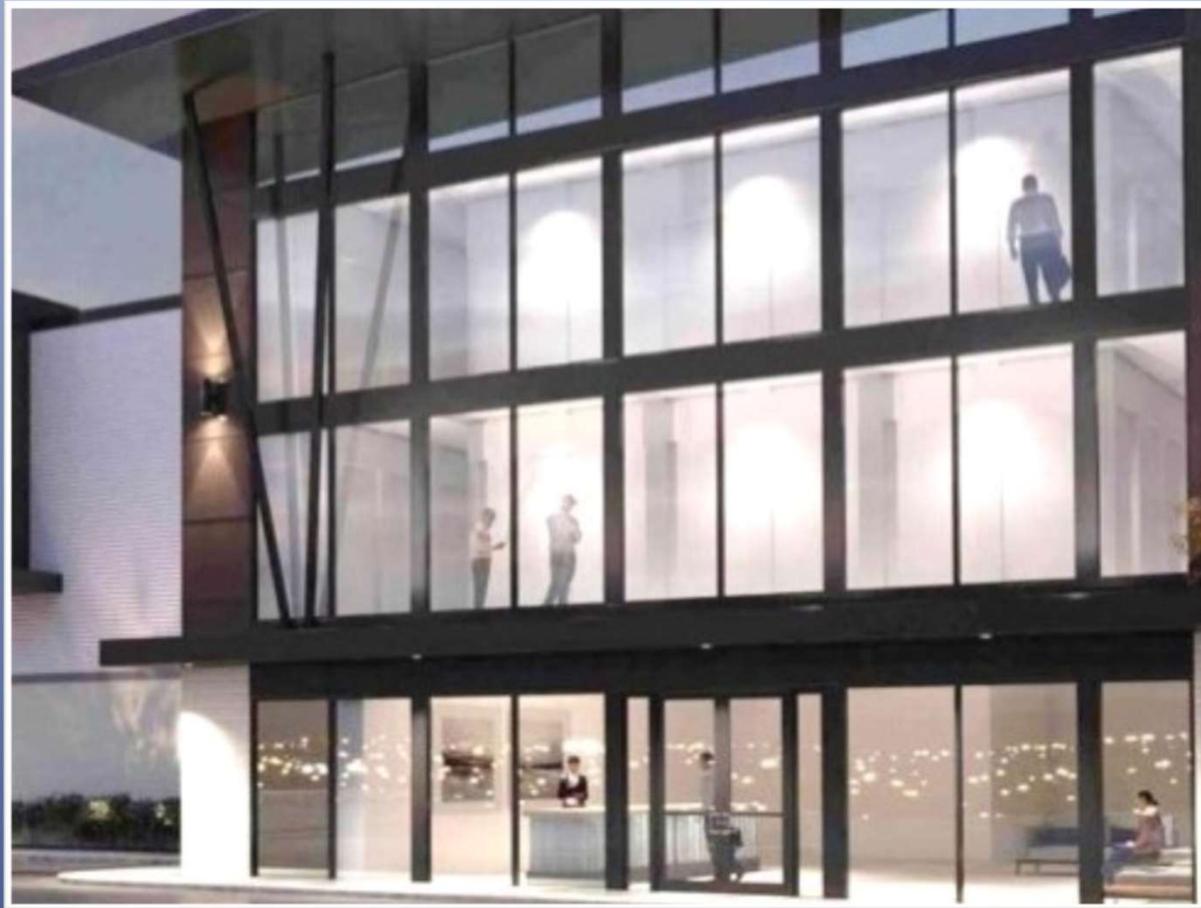
view from 71 freeway off-ramp





VIDEO of Chino Hills site

<https://youtu.be/fhYztsD6Lzk>



Chino Hills-close in look of office

<https://youtu.be/fhYztsD6Lzk>

ZONING

ZONING of PROPOSED SITE

ZONING LANGUAGE for C/O-MU

D. Commercial/Office Mixed-Use (C/O-MU). The C/O-MU Zone is intended to accommodate multiple story office buildings along Foothill Boulevard near San Antonio Hospital and along Mountain Avenue near the I-10 Freeway to support regional employment opportunities. This zone is intended to facilitate the transformation of underutilized and auto-oriented sections of boulevards into vibrant, attractive, and pedestrian-friendly mixed-use employment centers that step down in height and mass to adjacent residential neighborhoods. The preference for land uses consist of vertical mixed-use developments. Allowable ground floor uses include local-serving retail uses, service oriented commercial uses, and some small-scale office uses that generate customer traffic. Office uses are the predominant use above the first floor. The maximum permitted non-residential FAR is 1.5, exclusive of City and state density bonuses. The C/O-MU zone implements the Commercial/Office Mixed-Use (C/O-MU) land use designation in the General Plan.

ZONING of PROPOSED SITE

ZONING MAP

Zoomed in



Matrix re: “public storage”

Key	Mixed-Use Zones				Applicable Regulations
	C/R-MU	B/R-MU	C/O-MU	C/I-MU	
P Permitted Use					
CUP Conditional Use Permit Req.					
AUP Admin. Use Permit Req.					
— Use Not Allowed					
Dance Studios, Pilates Studio, Yoga Studio, Martial Arts Studio	AUP	AUP	AUP	AUP	
Gymnasiums, Health Clubs, and Similar Uses	AUP	AUP	AUP	AUP	
Lodging					
Bed and Breakfast	CUP	CUP	—	—	Ch. 17.23
Hotels and Motels	CUP	CUP	CUP	CUP	
Marijuana-Related Use and Activity	—	—	—	—	
Massage Therapy	CUP	CUP	CUP	CUP	Ch. 17.29
Movie Theater	AUP	AUP	AUP	AUP	
Nursery (wholesale, retail)	—	—	P	P	
Outdoor Storage and Display [6]	P	P	P	P	Ch. 17.16
Pawning	AUP	AUP	AUP	—	
Personal Services (excluding massage)	P	P	P	P	
Psychics	—	—	—	—	
Public Storage	—	—	CUP	CUP	
Recreational Vehicle Storage and Parking	—	—	CUP	CUP	Ch. 17.34
Recycling Facilities					Ch. 17.35

ZONING of PROPOSED SITE

ZONING MAP

Zoomed in



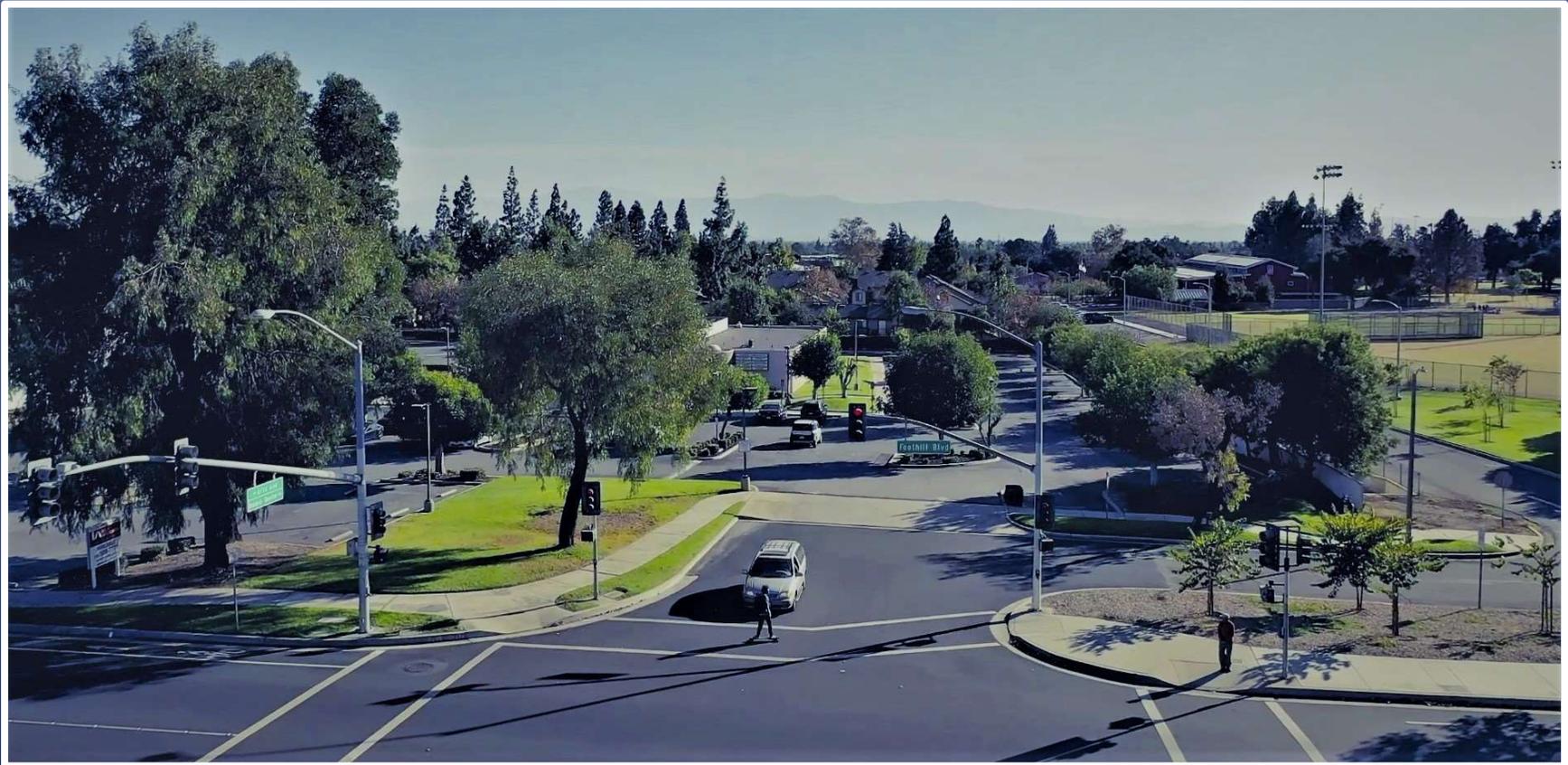
Matrix re: “condos”

TABLE 17.05-1 PERMITTED LAND USES IN THE MIXED-USE ZONES

Key:	Mixed-Use Zones				Applicable Regulations
	C/R-MU	B/R-MU	C/O-MU	C/I-MU	
P Permitted Use					
CUP Conditional Use Permit Req.					
AUP Admin. Use Permit Req.					
— Use Not Allowed					
Residential Land Uses					
Accessory Structures, Non-Habitable[1]	—	P	—	—	Ch. 17.19
Animal Keeping for Non-Commercial Purposes	<i>See Title 6 of the Upland Municipal Code</i>				
Boarding House	—	—	—	—	
Condominiums	CUP	CUP	—	CUP [11]	

**APPLICANT'S
UPLAND SITE PLAN &
FUTURE LOOK OF IT'S
BUILDING in UPLAND, CA.**

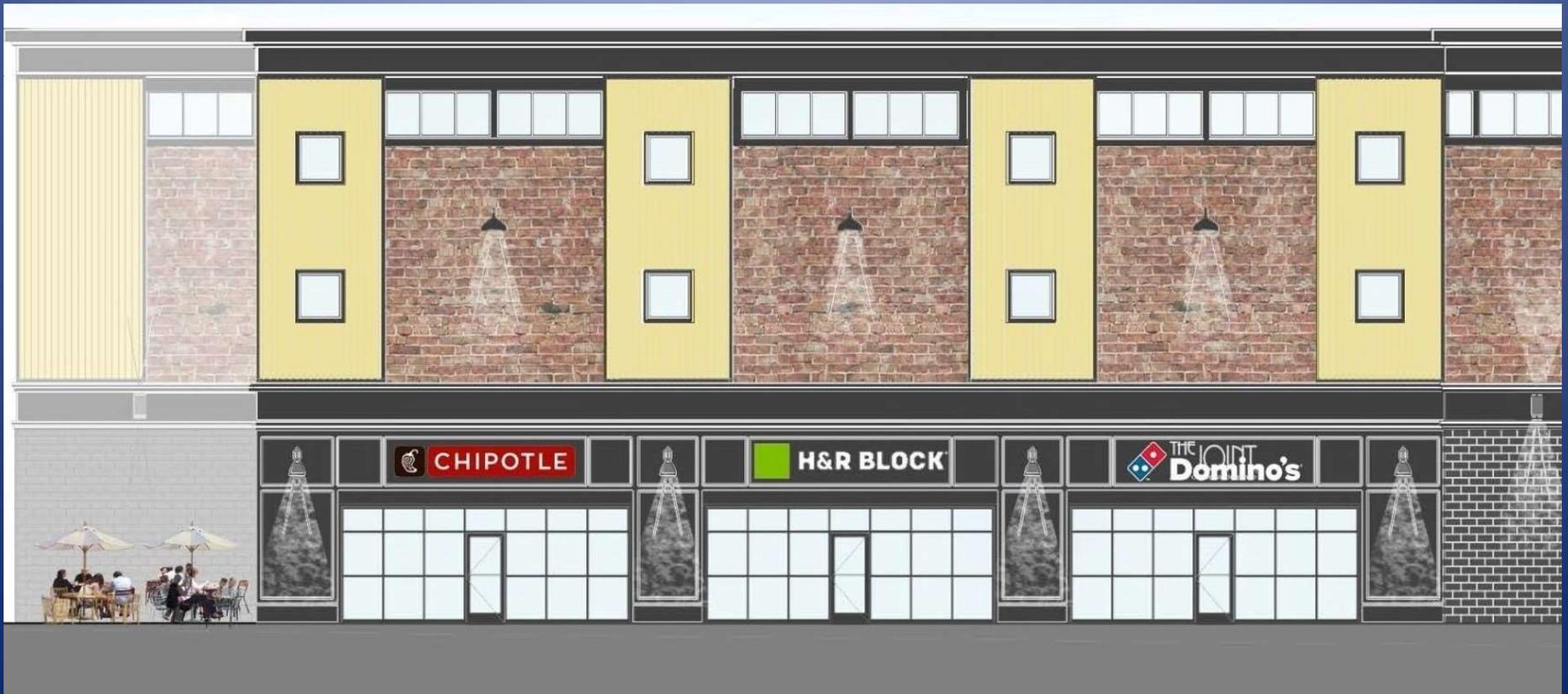
Drone view of site's main entrance



the Storage District @ Foothill Blvd & Alta Ave.



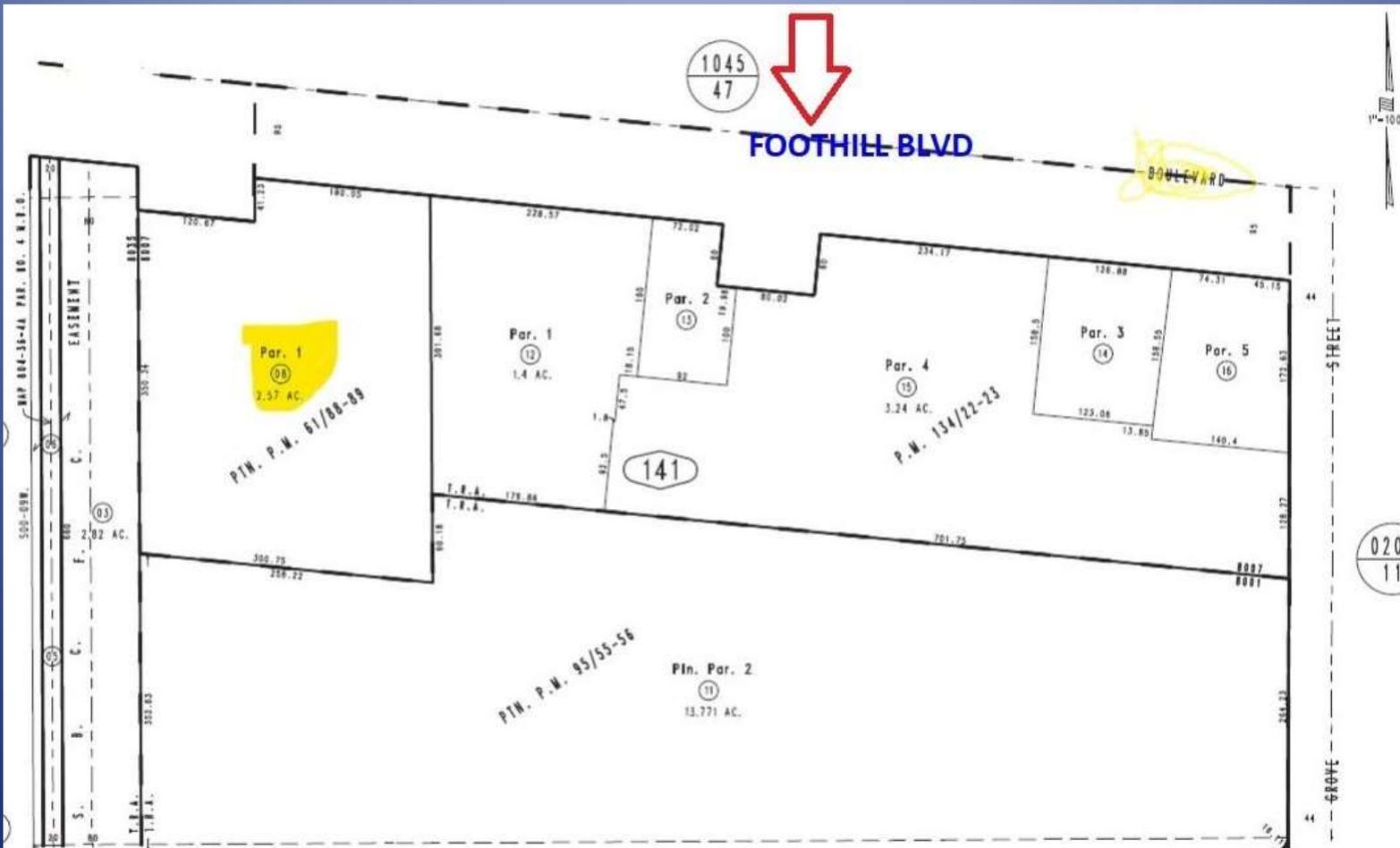
“the Storage District” shop retail w/ outside seating



“the Office District” w/ outside seating



APN MAP detailing subject parcel & neighboring parcels



Aerial outlining Subject site

▷ AERIAL



Aerial outlining Subject site



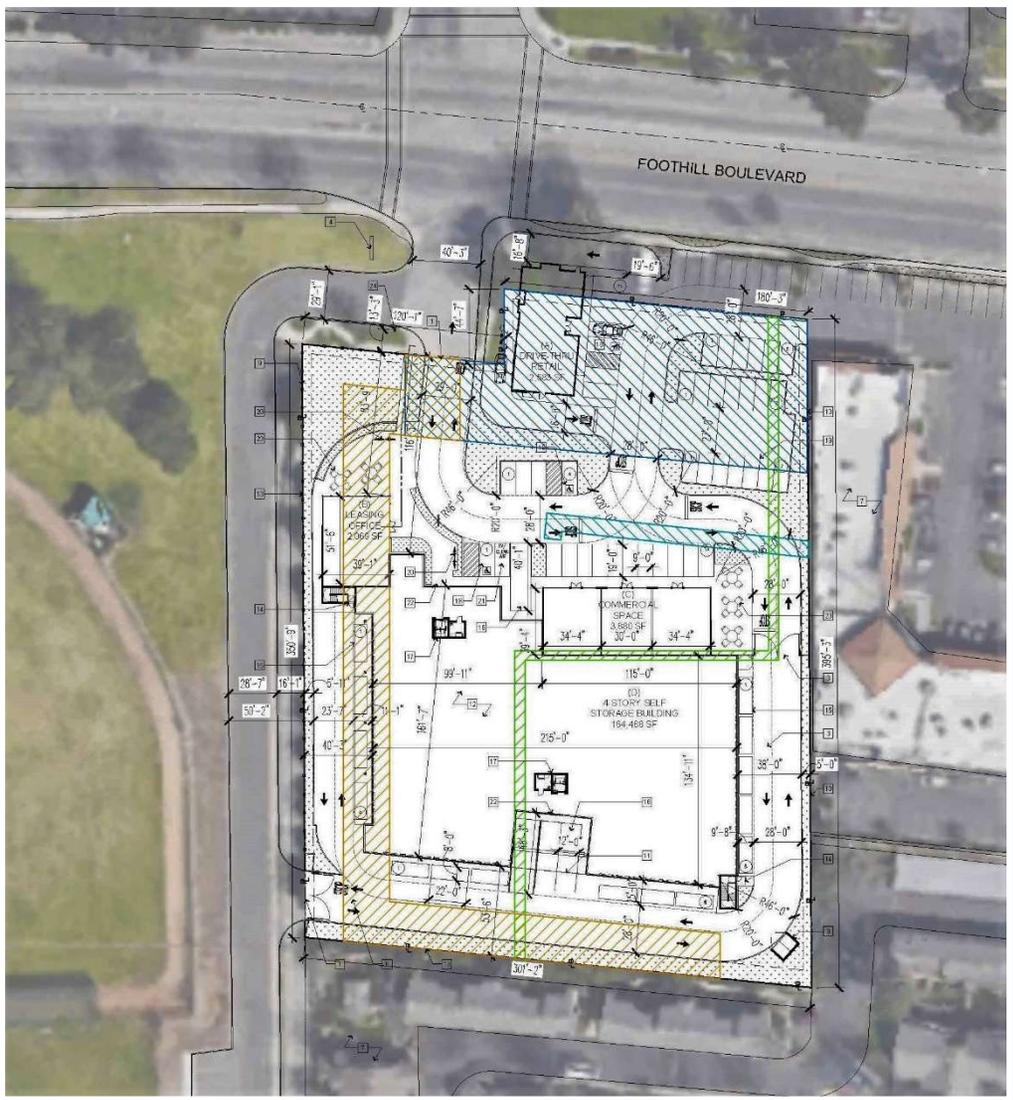
Drone view of east bound Foothill Blvd.



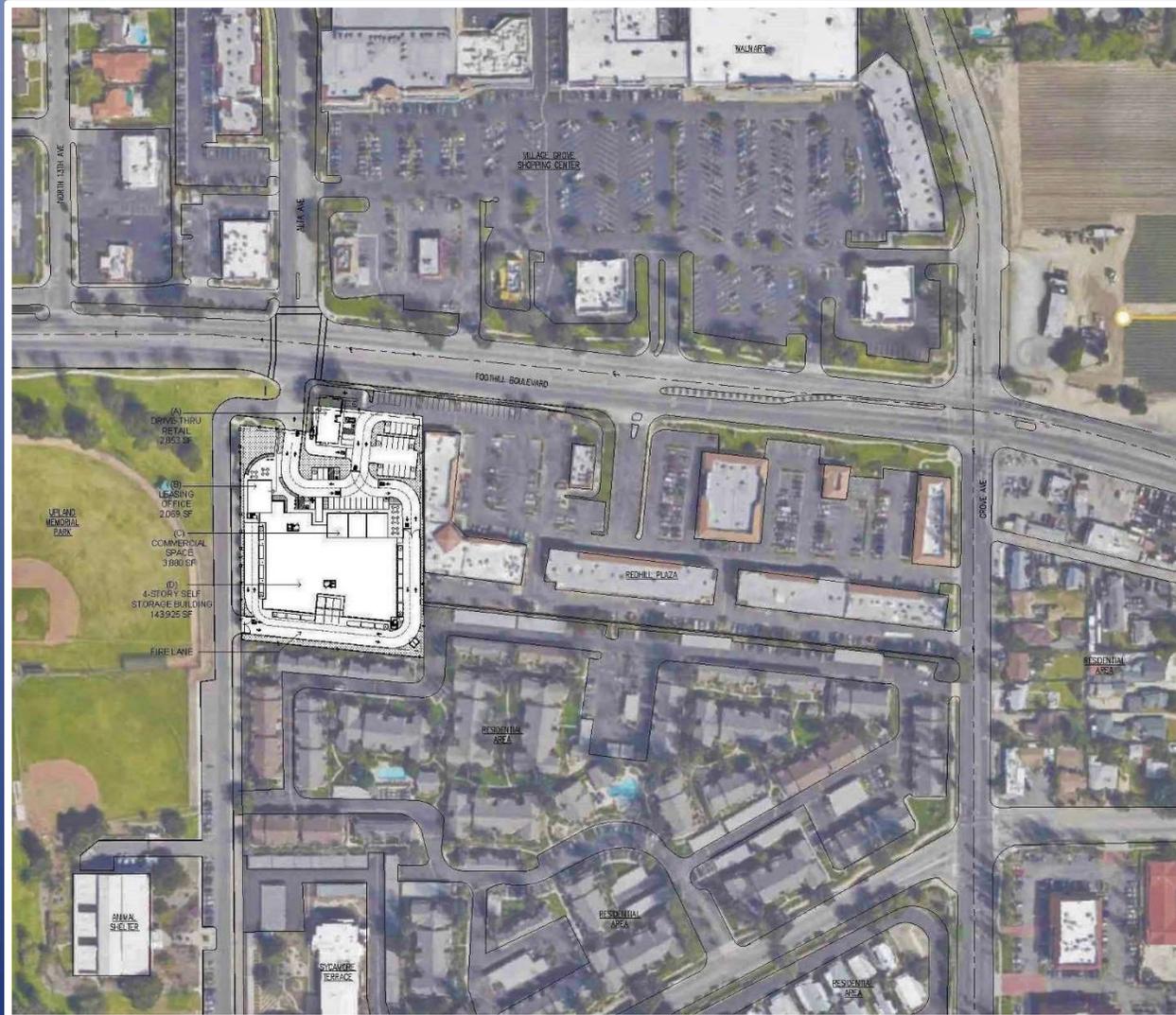
Aerial outlining Subject site



Site Plan overlay onto aerial detailing current easements to deal with

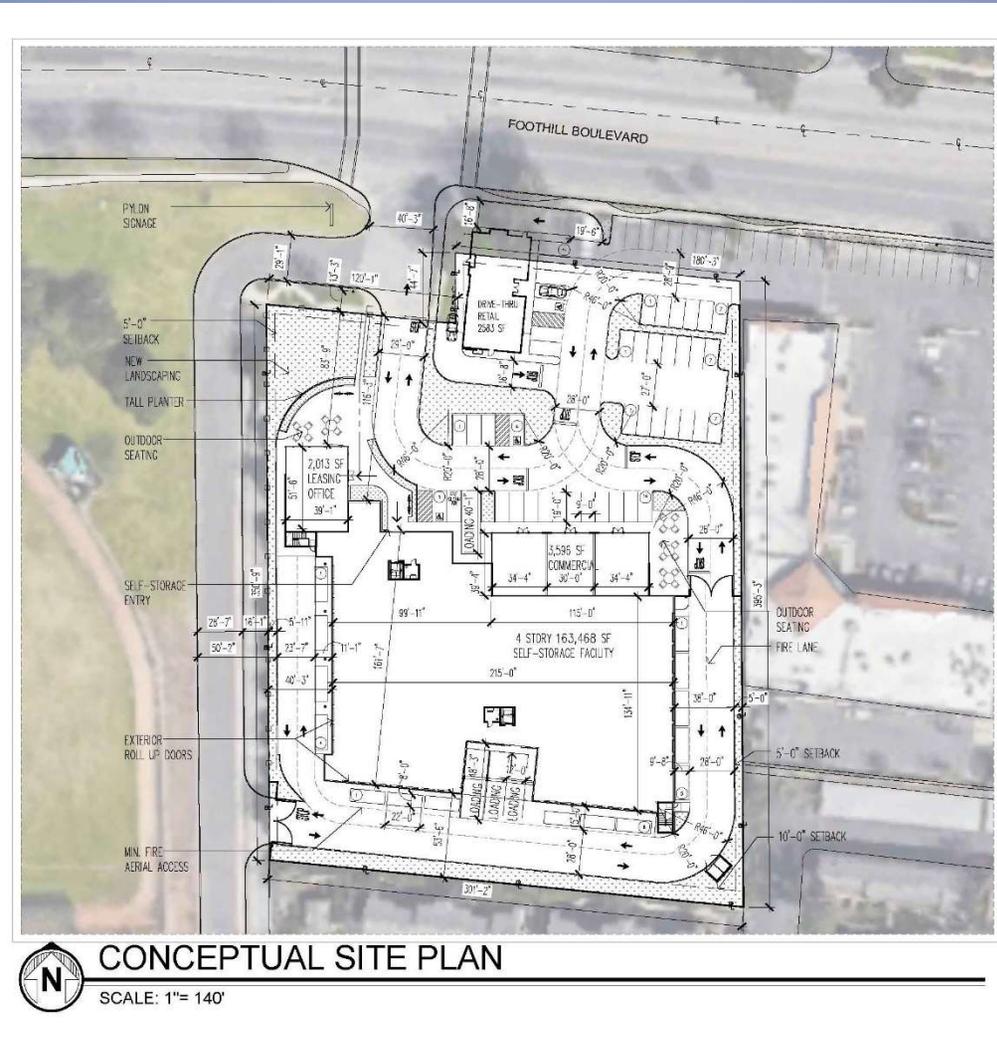


Site Plan overlay onto aerial detailing current curb cuts etc.



MIXED USE PROJECT

to include pad site (fast fooder) & 5600 sf of shop retail

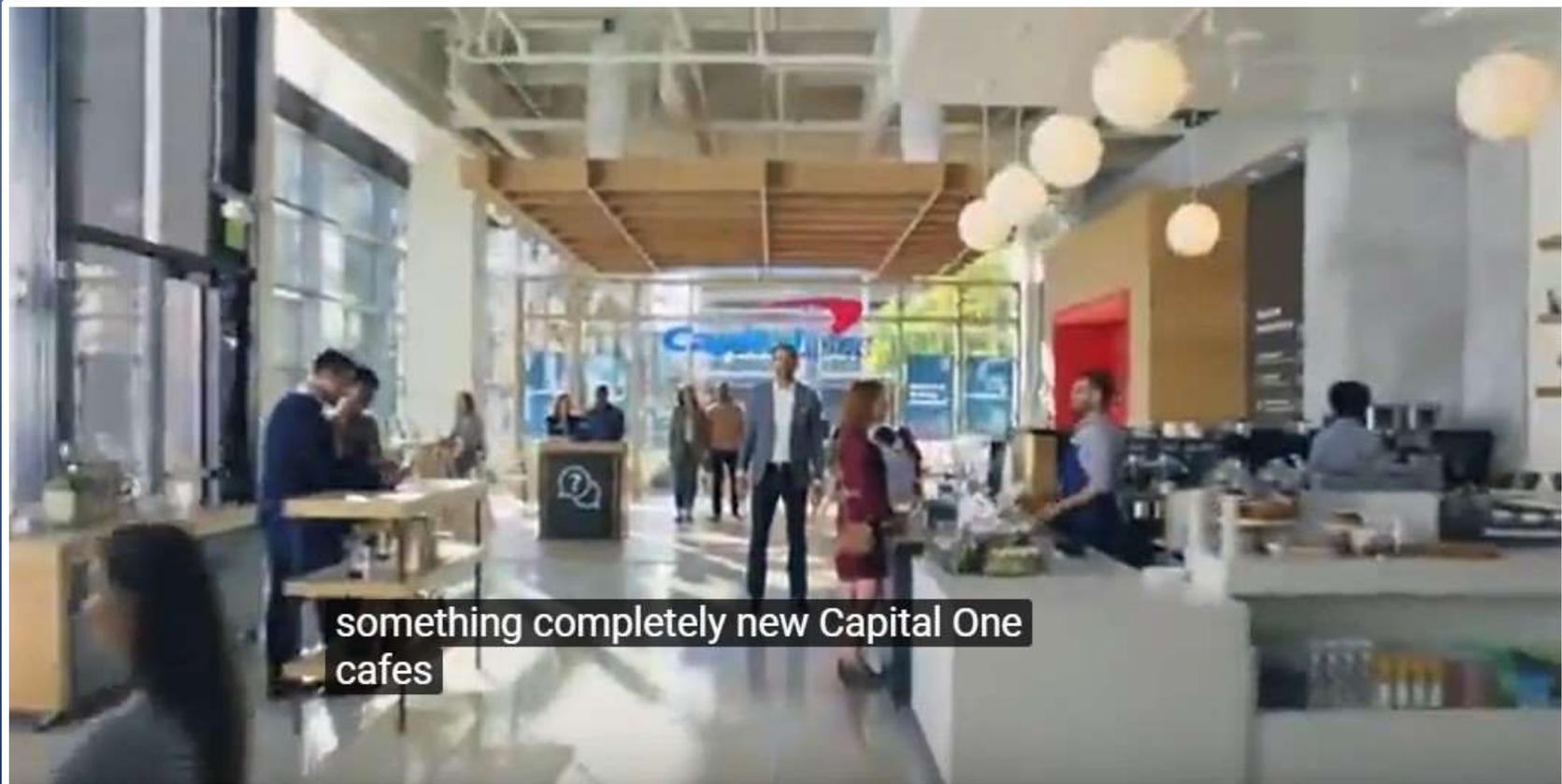


OPERATIONS

CO-BRANDING
let's look at
Capital One Cafe's
concept

Capital One Cafe

<https://youtu.be/g-ohMwX4cAk>



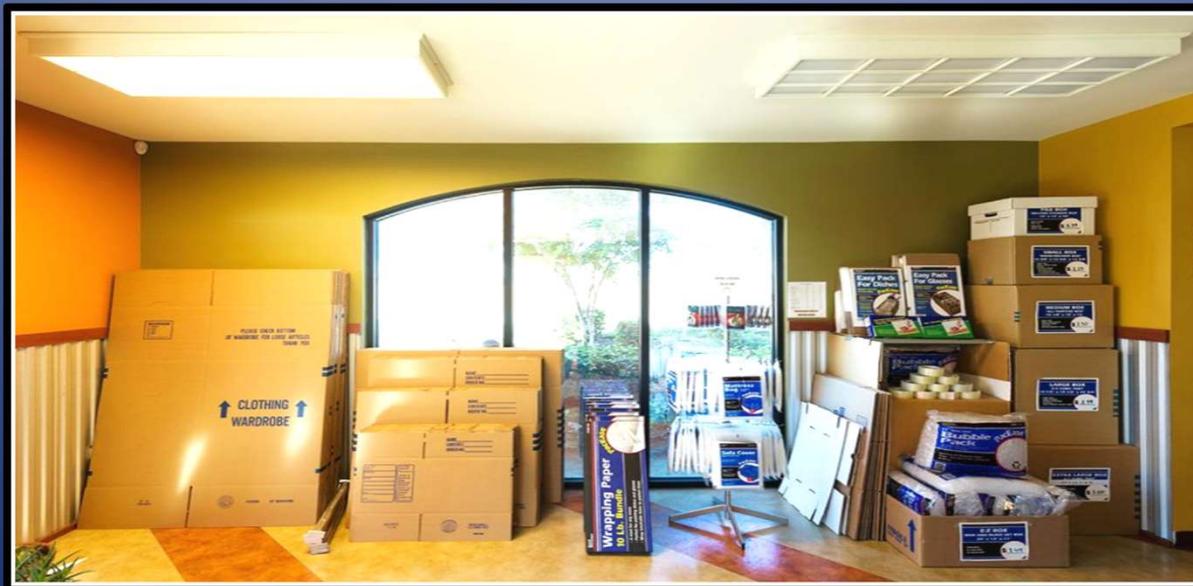
something completely new Capital One
cafes

**the Storage District
&
how its
Operations differs
from its Competitors**

TYPICAL SELF STORAGE OFFICE

The photo below is typical of the office component of a self storage facility and as such generates very little in sales and/or sales tax revenue.

The Storage District's lobby area is designed to serve & attract the trending demand from home based entrepreneurs needing a "Third Base" for their inventory control requirements (fulfillment center) ; shipping & receiving of its products while also being able to conduct meetings in either The Storage District's private conference room or within our upscale lobby and its common areas. We will offer customers the ability to catch up on their emails (free Wi-Fi) and conduct any internet research it may need while being on the road.

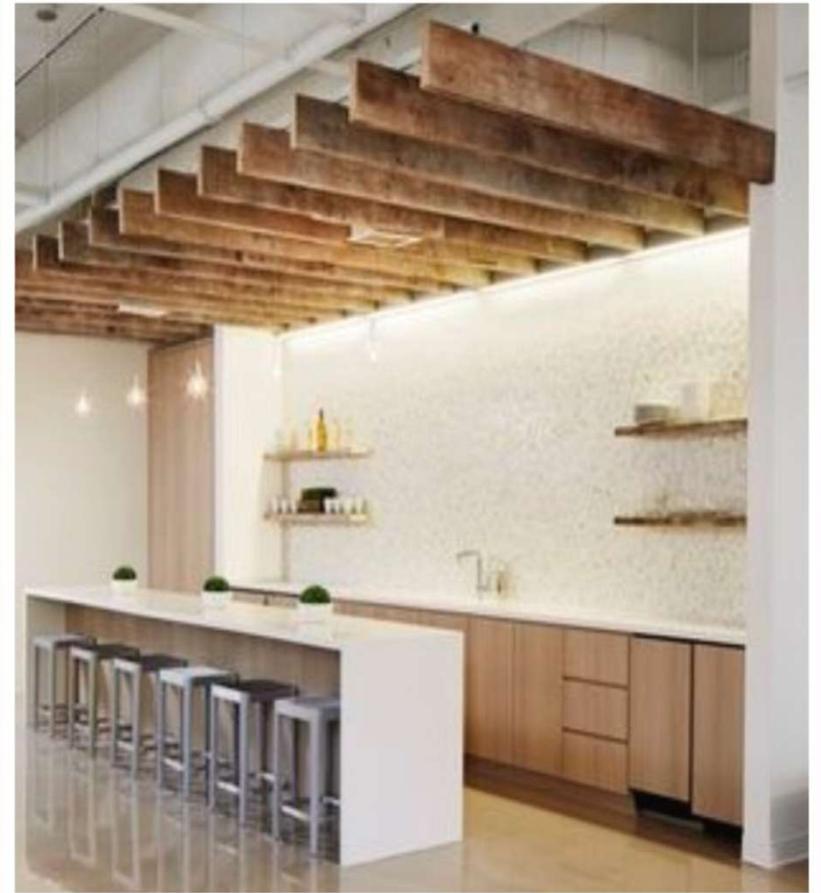
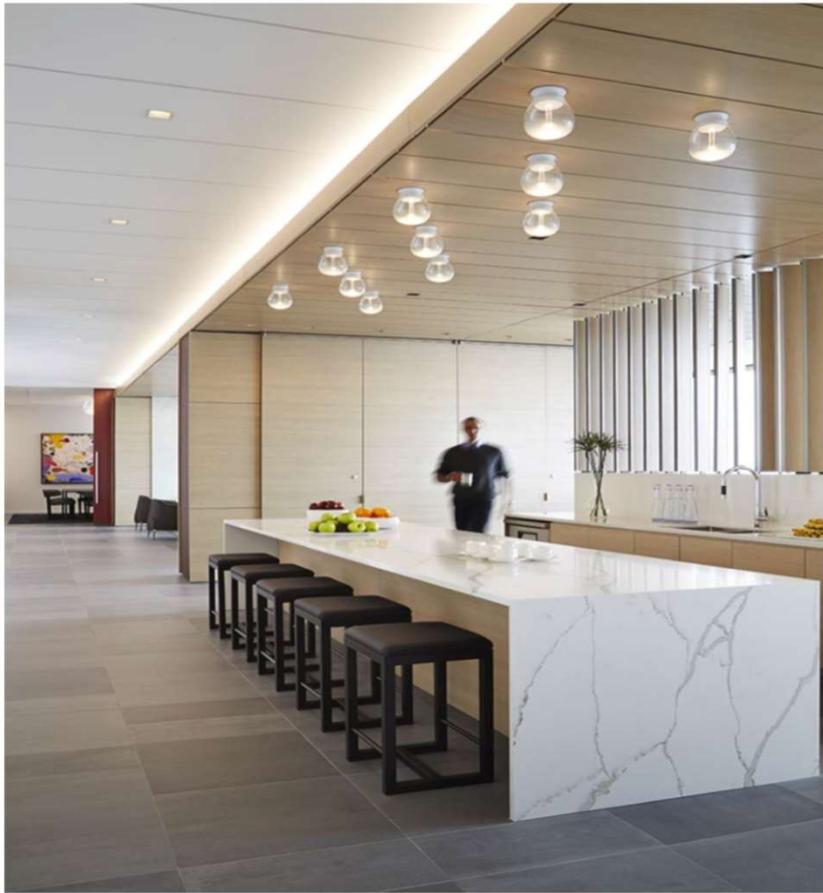


TYPICAL SELF STORAGE DRIVE UP FACILITY

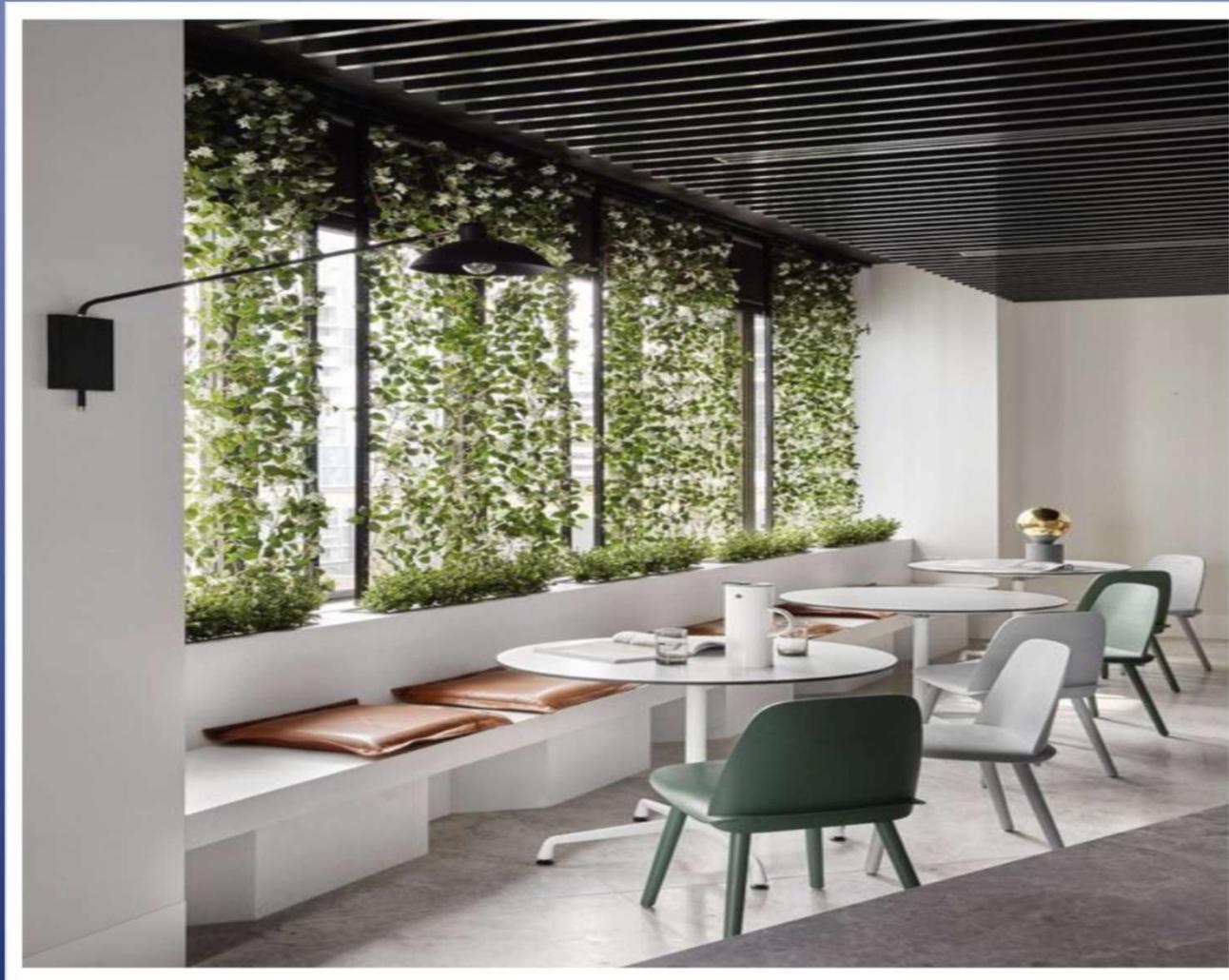
The Storage District's Class A building is all interior units to serve & attract the trending demand from home based entrepreneurs needing a "Third Base" for their inventory control requirements (fulfillment center) ; shipping & receiving of its products while also being able to conduct meetings in either The Storage District's private conference room or within our upscale lobby and its common areas. We will offer customers the ability to catch up on their emails (free Wi-Fi) and conduct any internet research it may need while being on the road.

OR

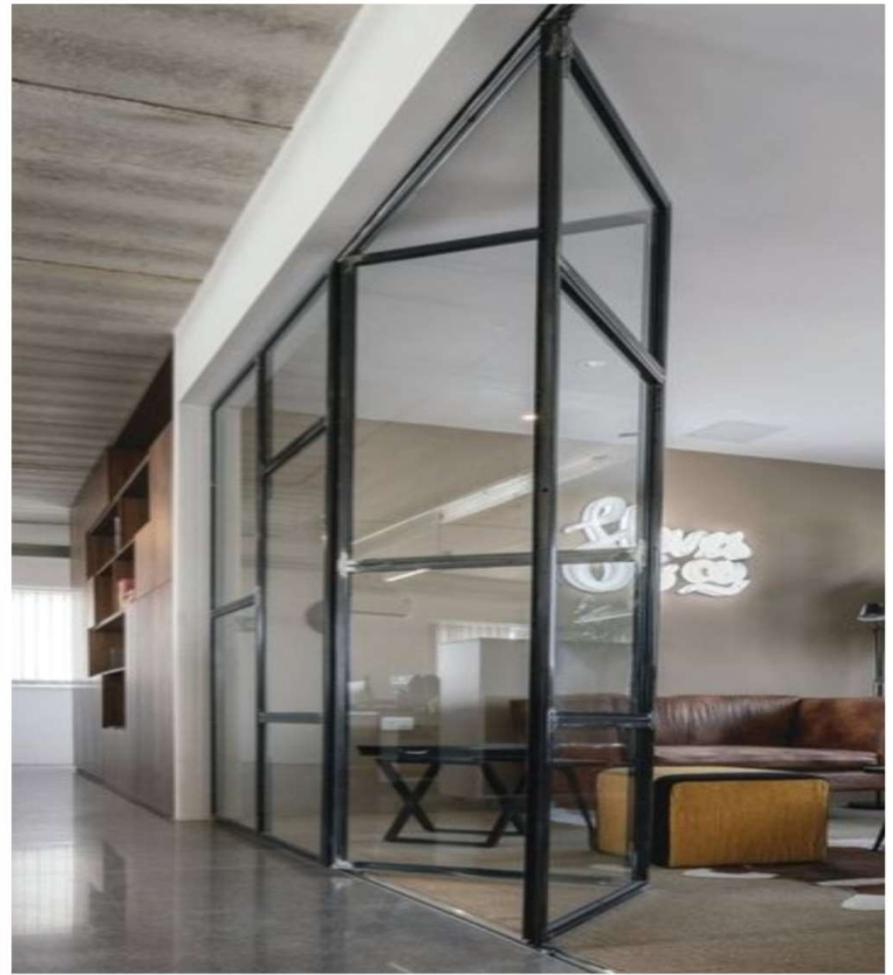
Creating the Customer Experience begins when one enters our Lobby Area



Common Area fixtures-window seat & window screen



Common Area conference room



Creating the Customer Experience starts at the counter

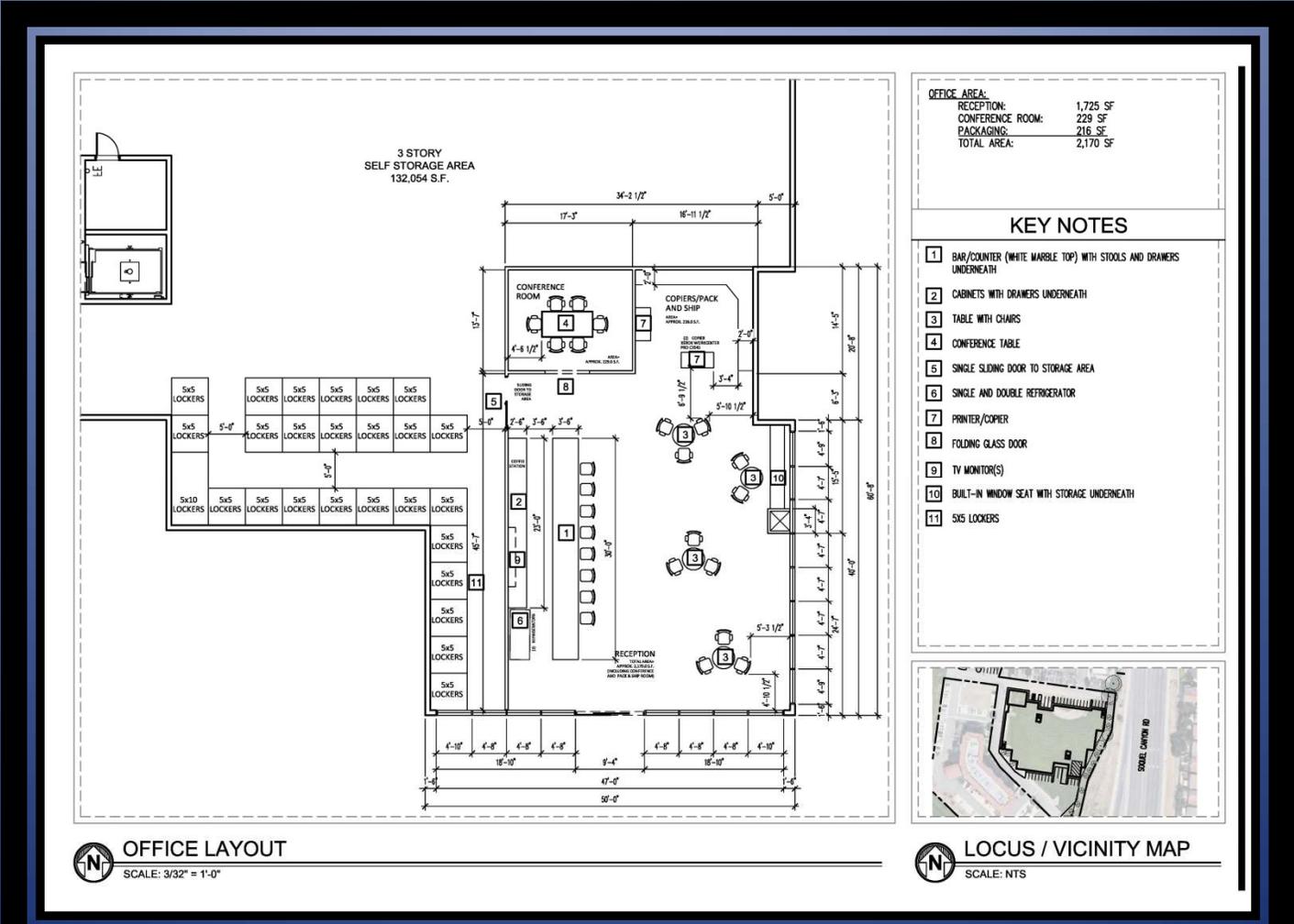


VIDEO WALL

Centered on wall behind sales counter, customers may advertise on the Video Wall while we, in turn, will keep our customers informed of the various services and products available.



INTERIOR SPACE PLAN of the Lobby Area



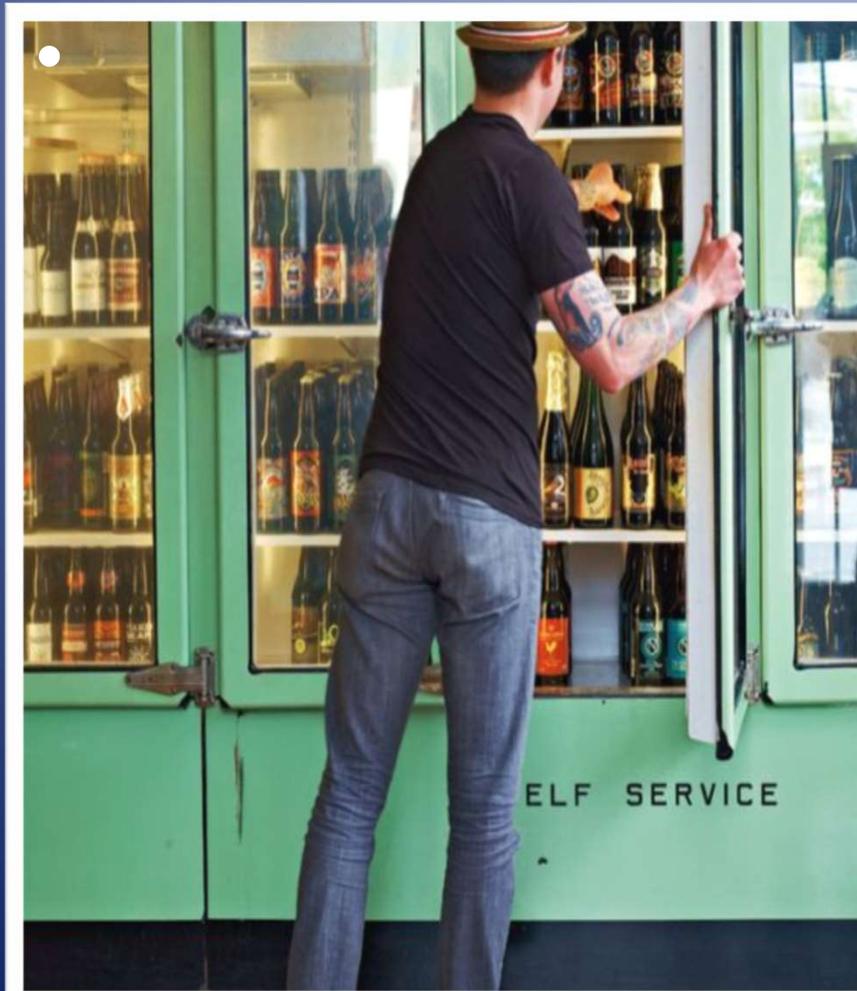
Fresh snacks; soft drinks & coffee/tea available to Storage District's customers



“Third Base” common areas available to Storage District’s customers



“Third Base” refreshments while catching up on your day



Common Area copying; packaging & shipping via Amazon Prime; FED EX ; UPS, etc.



CUSTOMER EXPERIENCE

- **Interior Space** will be designed with **high end finishes** to create the “**Customer Experience**” demanded by today’s sophisticated consumer.
- Following in the footsteps of **Starbucks and Trader Joes**, and now **Amazon Go** as these retailers understand that it is the **Customer Experience** that not only changes how a customer shops but then transcends how their respective competitors must re-think their operations or “die”.
- **the lobby of the Storage District** with its upscale design features and “Third Base” common area will be a **game changer** in the storage sector as it is projected our 2k sf “**the Storage District**” **lobby/office area** will generate **taxable sales volume equivalent to what a UPS Store produces.**

Mail & Shipping

- SF of lobby area of “the Storage District” – a **2000 sf store front**
- Via Amazon Prime, FED EX; UPS, etc., **the Storage District** can act as a **fulfilment center** for our customers’ outgoing packages and mail; but also **the Storage District** will accept customers’ packages on their behalf and then place in our customers’ respective unit until they are ready to pick up.

the Office District

Private Mailing Addresses

- Much like renting a mailbox at the Post Office, each of the **Storage District's** units will, as a concierge service, **have its own address**
- A private mailing address **serves how entrepreneurial**s conduct their business today and in the near future.
- **Millennials** don't need, nor do they want an office space to tether them to a desk and/or specific location.
- **Fluidity** is the key to the future to how millennials will work;

Customer Activities

- A **communal open space** (similar to Starbucks / PEETS etc) where our customers can relax while conducting business (ie email, mailing out/in packages; copying ; preparing proposals, etc)
- Ability to **reserve/use private meeting space/conference room**
- Ability to **sit down** with a cup of coffee, soda or water and work or just relax.
- Ability with **free Wi-Fi** to log on to customer's own computer or log on to any of our desktop computers which will be scattered around for our customers to use when a Desktop Computer is preferred to using the customer's own tablet or cell phone.

Jobs-Jobs-Jobs

- Perception over the years is that self storage does not create jobs and that perception **could not be further from what is so**
- **First Generation Storage**—primarily with DRIVE UP units that **serves contractors**; handymen, independent landscape service; painting contractors etc.
- Industry wide its known that **20% of the units within a facility will be for the purpose of supporting a business**; ie a 800 unit self storage facility produces at a minimum **160 jobs**.
- **the Storage District**, with its ancillary component of **“ the OFFICE DISTRICT”**, we expect to double the jobs statics from 20% to 40% ; or as much as 320 jobs within an 800 unit facility.

Filling a Need

- Big Box Retail is changing—THINK of recent headlines
- **Toys-R-U's** (BK filing, 2017)
- **Sam's Club** —(closing 160 stores)
- **Best Buys** (its “footprint”)
- **Whole Foods' acquisition by Amazon**
 - a) will Grocery Stores survive ?
 - b) will “**Staples**” survive ?
 - c) others ??
 - d) **Amazon's** planned retail sites (**Amazon Go**)
 - e) **increase in demand for package services,**
via **AMAZON** will continue to grow dramatically
in the next decade

FUTURE LANDSCAPE @ Entrance

FUTURE SIGNAGE @ Entrance

End of Presentation
UPLAND
site
fronting
Foothill Blvd @ ALTA AVE.



STAFF REPORT

ITEM NO. 3.

DATE: March 2, 2020
TO: ECONOMIC DEVELOPMENT COMMITTEE
FROM: ROSEMARY HOERNING, CITY MANAGER
PREPARED BY: ROBERT DALQUEST, DEVELOPMENT SERVICES DIRECTOR
LIZ CHAVEZ, DEVELOPMENT SERVICES MANAGER
MELECIO PICAZO, ECONOMIC DEVELOPMENT COORDINATOR
SUBJECT: 3RD QUARTER 2019 SALES TAX UPDATE

RECOMMENDED ACTION

It is recommended that the Committee receive and file the report.

GOAL STATEMENT

The proposed action supports the City's goal of keeping the Economic Development Committee, City Council, and Community informed on general City business sales tax revenue activity and comparisons with the same period in the prior year.

BACKGROUND

HdL Companies prepares a Sales Tax Update on a quarterly basis and presents the information to the City. This HdL Sales Tax Update is available on the City's website for review.

ISSUES/ANALYSIS

Staff will provide a 3rd Quarter 2019 Sales Tax Update report and answer questions for the committee.

FISCAL IMPACTS

There are no fiscal impacts associated with this action.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

3rd Quarter 2019 Sales Tax Update

Q3 2019



City of Upland Sales Tax Update

Fourth Quarter Receipts for Third Quarter Sales (July - September 2019)

Upland In Brief

Upland's receipts from July through September were 13.4% below the third sales period in 2018, though a large portion of this decline was the result of anomalies in payment timing that occurred after the State's recent transition to a new reporting system. After adjusting for the correct allocation period, sales were down 1.8%.

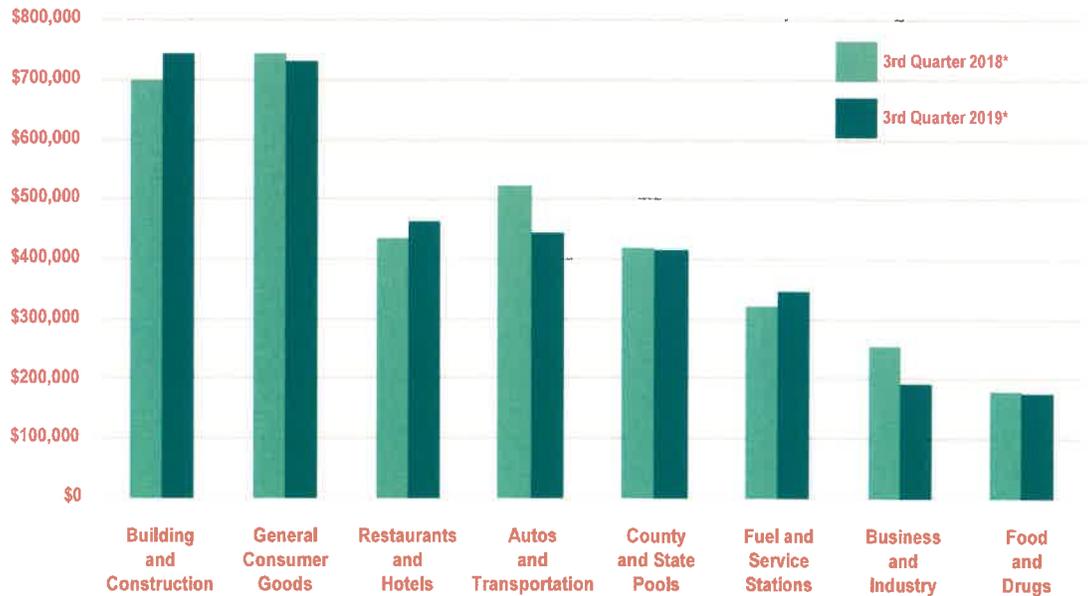
The primary factor in this retreat was lower auto-transportation related sales. While used car proceeds were positive, this was not enough to offset other losses in the category overall.

Sales were also lower in the volatile business-industrial category.

Recent openings of a popular new fast-food and family apparel store were positives. The sale of building-construction related supplies continued their rebound from the rainy first quarter. Service station sales also exceeded the statewide trend.

Net of aberrations, taxable sales for all of San Bernardino County grew 1.7% over the comparable time period; the Southern California region was up 2.8%.

SALES TAX BY MAJOR BUSINESS GROUP



*Allocation aberrations have been adjusted to reflect sales activity

TOP 25 PRODUCERS IN ALPHABETICAL ORDER

Arco AM PM	Lowes
Bed Bath & Beyond	Marshalls
Chick Fil A	Mountain View Chevrolet
Circle K	Nordstrom Rack
CNC Motors	RV Spa
Dick's Sporting Goods	Shell
Euclid Arco	Stater Bros
Ford of Upland	Target
G&M Oil	TJ Maxx
Holliday Rock	USA Gasoline
Home Depot	Vons Fuel
In N Out Burger	Walmart
Kohls	

REVENUE COMPARISON

One Quarter - Fiscal Year To Date (Q3)

	2018-19	2019-20
Point-of-Sale	\$3,598,277	\$3,130,805
County Pool	486,260	405,330
State Pool	1,846	1,210
Gross Receipts	\$4,086,383	\$3,537,345

Statewide Results

The local one-cent share of statewide sales and use tax from sales occurring July through September was 2.2% higher than the summer quarter of 2018 after adjusting for accounting anomalies.

The bulk of the increase came from the countywide use tax allocation pools and is due to the acceleration in online shopping where a large volume of the orders are shipped from out-of-state.

Online shopping also produced gains in the business-industrial group with in-state industrial zoned logistics centers filling orders previously taken by brick and mortar retailers. Purchases to support healthcare, food processing, logistics/warehouse operations and information/data technology also helped offset declines in other business-related categories.

With the exception of some discount and value-oriented retail, most categories of general consumer goods were down. New cannabis related start-ups offset declines in the food and drug group while a softening in building-construction receipts was consistent with recent declines in the volume and value of new building permit issuances.

Overall growth in restaurant receipts continued to soften with a shift toward lower cost dining establishments and takeout meal options. Reports of labor shortages and the impact of homelessness on customer traffic in metropolitan areas were reportedly factors in the decline in tax revenues from higher price, fine dining establishments.

Despite a slight uptick in used auto and auto lease receipts, the auto related group was significantly down due to a drop in new car and RV sales. Previously propped up by a 23% subprime rated customer base and six- and seven-year financing, loan delinquencies have recently surged back to levels last seen in 2009.

Additional Tax Districts Approved

Voters approved eight of the nine sales

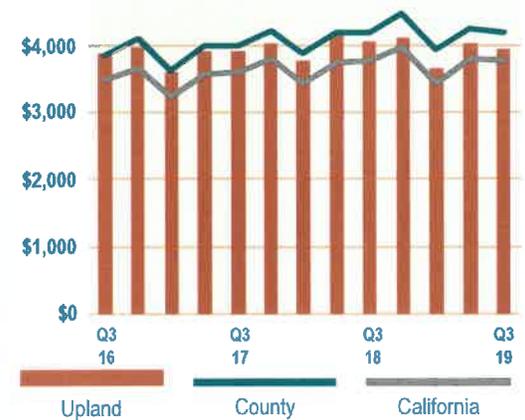
tax measures on the November 2019 ballot adding six new districts and extending two others.

This brings the total number of local transactions and use tax districts (TUT's) to 325 with 62 that are levied countywide and 263 imposed by individual cities. The number of local districts have close to tripled over the last decade as agencies deal with rising costs and service needs. TUT's have been a favorable option as visitors contribute to the tax and a collection system is already in place that minimizes administrative and monitoring costs.

California's basic rule is that the rate for all local TUT's combined, shall not exceed 2.0% or a total of 9.25% including the state levy. However, the state legislature has authorized higher caps in some jurisdictions with the highest voter-approved, combined state/local rate now at 10.5%.

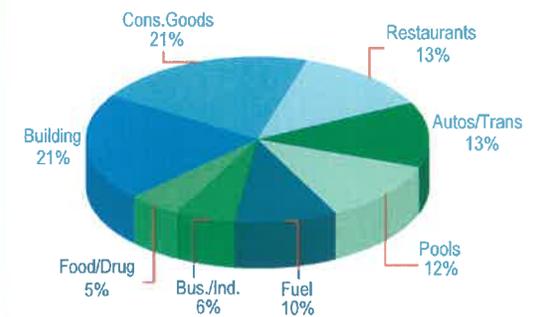
Thirty-five or more additional local TUT measures are currently being considered for the March 2020 ballot.

SALES PER CAPITA*



*Allocation aberrations have been adjusted to reflect sales activity

REVENUE BY BUSINESS GROUP
Upland This Quarter*



*Allocation aberrations have been adjusted to reflect sales activity

UPLAND TOP 15 BUSINESS TYPES**

*In thousands of dollars

Business Type	Upland		County	HdL State
	Q3 '19*	Change	Change	Change
Building Materials	414.2	2.7%	-4.3%	0.2%
Casual Dining	161.4	0.7%	3.4%	2.3%
Contractors	— CONFIDENTIAL —	—	15.9%	2.6%
Convenience Stores/Liquor	54.7	-9.8%	-1.3%	1.0%
Department Stores	— CONFIDENTIAL —	—	-8.8%	-9.5%
Discount Dept Stores	— CONFIDENTIAL —	—	1.5%	2.8%
Electronics/Appliance Stores	58.5	-22.5%	-3.7%	-3.2%
Family Apparel	96.3	38.0%	5.1%	1.5%
Fast-Casual Restaurants	59.5	-2.9%	7.0%	5.1%
Grocery Stores	89.0	0.7%	-0.4%	1.7%
New Motor Vehicle Dealers	— CONFIDENTIAL —	—	-0.7%	-7.2%
Quick-Service Restaurants	235.0	15.3%	3.3%	2.6%
Service Stations	345.4	7.9%	-1.6%	-1.5%
Specialty Stores	96.7	-7.5%	1.4%	0.3%
Used Automotive Dealers	64.7	70.7%	8.4%	2.1%
Total All Accounts	3,099.2	-2.0%	1.2%	0.2%
County & State Pool Allocation	415.3	-0.8%	5.1%	14.9%
Gross Receipts	3,514.5	-1.8%	1.7%	2.3%

** Accounting aberrations such as late payments, fund transfers, and audit adjustments have been adjusted to reflect the quarter in which the sales occurred.



STAFF REPORT

ITEM NO. 4.

DATE: March 2, 2020
TO: ECONOMIC DEVELOPMENT COMMITTEE
FROM: ROSEMARY HOERNING, CITY MANAGER
PREPARED BY: ROBERT DALQUEST, DEVELOPMENT SERVICES DIRECTOR
LIZ CHAVEZ, DEVELOPMENT SERVICES MANAGER
MELECIO PICAZO, ECONOMIC DEVELOPMENT COORDINATOR
SUBJECT: DISCUSSION OF CURRENT PLANNING PROJECTS

RECOMMENDED ACTION

It is recommended that the Committee receive and file the report.

GOAL STATEMENT

The proposed action supports the City's goal of keeping the Economic Development Committee, City Council, and Community informed on current development projects underway in the City.

BACKGROUND

The Development Services Department prepares and periodically updates a Planning and Economic Development report. This report is available on the City's website for review.

ISSUES/ANALYSIS

Staff will provide a brief report and answer questions for the Committee.

FISCAL IMPACTS

There are no fiscal impacts associated with this action.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

Current Planning Projects Summary List



DEVELOPMENT HIGHLIGHTS

CITY COUNCIL DISTRICT NO. 1

Upland Town Square | 913 W. Foothill Boulevard.

Project: Demolish two (2) existing buildings and replace them with a new 10,000 square foot mixed use building.

Applicant/Developer: Brixmore
Current Status:

- Planning entitlements have been approved.
- In building plan check.



Historic Pumthouse Commercial Center | 1590 N. Benson Avenue.

Project: Remodel of an existing commercial center.

Applicant/Developer: Behnam Naraghi
Current Status:

- Planning entitlements have been approved.
- Construction halted by owner/contractor.



Chipotle | 2057 Baseline Road.

Project: A 2,360 square feet restaurant with drive-through.

Applicant/Developer: Shawna Fuhrman

Current Status:

- Planning entitlements have been approved.
- In building plan check.



Sycamore Hills PA1 & PA2 | Baseline Road and Parkview Promenade.

Project: Development of 145 for-sale single-family detached homes.

Applicant/Developer: Taylor Morrison

Current Status:

- Planning entitlements have been approved.
- Construction is underway.



Bridge Point Upland Project | NE corner of Central Avenue & Foothill Boulevard.

Project: A 201,096 square foot warehouse/parcel delivery service building.

Applicant/Developer: Bridge Development Partners

Current Status:

- Scheduled for Planning Commission on February 12, 2020.



The Magnolias | 1555 W. Foothill Blvd.

Project: 37 for-sale two-story townhomes.

Applicant/Developer: GFR Homes

Current Status:

- Construction is underway.



The Commons | NW Corner of Monte Vista Avenue and Foothill Boulevard.

Project: Proposed development of residential, mixed-use, and open space on approximately 9.5 gross acres of land with a maximum of 105 for-sale dwelling units. The Project site is located in both the Cities of Upland and Claremont on the northwest corner of Foothill Boulevard and Monte Vista Avenue.

Applicant/Developer: Clare Properties LLC
Current Status:

- Planning entitlements are under review.



CITY COUNCIL DISTRICT NO. 2

Ford of Upland | 1300 E. 20th Street.

Project: Construction of a 22,285 square foot auto dealership building with showroom, parts, service, new car delivery, administration building and a quick lane service building on a 5.8-acre site.

Applicant/Developer: John Engelhardt, Ford of Upland

Current Status:

- Planning entitlements have been approved.
- Construction is underway.



Highline | Campus Ave. & Colonies Parkway.

Project: 48 for-sale three-story townhomes in 10 buildings.

Applicant/Developer: Watt Communities

Current Status:

- Planning entitlements have been approved.
- Construction is underway.



Alta Apartments | E. 19th Street.

Project: 203 for-rent apartments in 2 four-story buildings.

Applicant/Developer: Wood Partners Current Status:

- Planning entitlements have been approved.
- Site preparation work is underway.

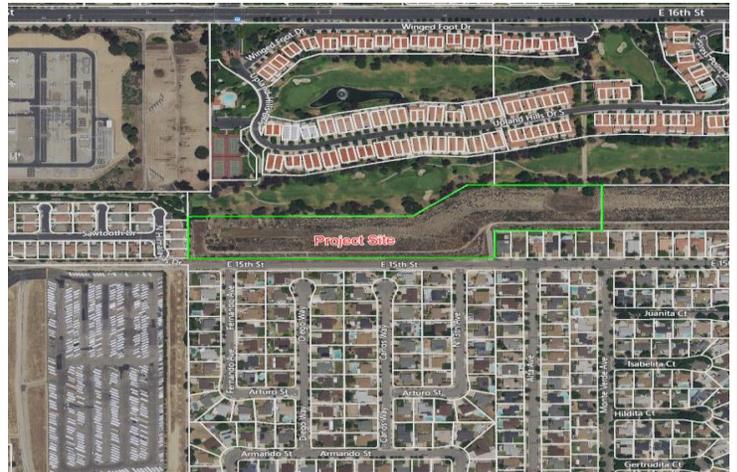


Villa Serena | 15th Street, between Fernando Avenue and Monte Verde Avenue.

Project: 65 for-sale detached single-family homes.

Applicant/Developer: Frontier Current Status:

- On 1/22/2020 the Planning Commission recommended to the City Council that the project should be denied.
- Community Workshop on 2/20/2020.



The Courtyards at Upland Hills | Upland Hills Drive and E. 16th Street.

Project: 66 detached for-sale single-family homes.

Applicant/Developer: Diversified Properties Current Status:

- Construction is underway.



Colonies Condominiums | E. 19th Street.

Project: Proposal is for 60 for-sale condominiums in a 7 story structure.

Applicant/Developer: Peter Berger

Current Status:

- Preliminary project design under review.



Colonies Campus Center | The Colonies at San Antonio Specific Plan Planning Area No. 21

Project: Proposal for a gas station/car wash, a 4,280 s.f. convenience store with beer and wine sales, and a 1,500 s.f. quick service restaurant. Also, a 9,225 s.f. mixed-use building (retail/food) with a drive-thru.

Applicant/Developer: Ash Etemadian

Current Status:

- Planning entitlements are under review.



CITY COUNCIL DISTRICT NO. 3

Lennar at Harvest | W. 11th and Dewey Way.

Project: 193 for-sale single family detached (159) and attached (34) homes.

Applicant/Developer: Lennar

Current Status:

- Construction is underway.



ECI Fuel Systems | 1794 W. 11th Street.

Project: 2 office/warehouse buildings totaling 44,570 square feet.

Applicant/Developer: ECI Fuel Systems

Current Status:

- Construction is underway.



Chase Partners | 1704 W. 11th Street.

Project: 2 office/warehouse buildings totaling 56,000 square feet.

Applicant/Developer: Chase Partners

Current Status:

- Construction is underway.



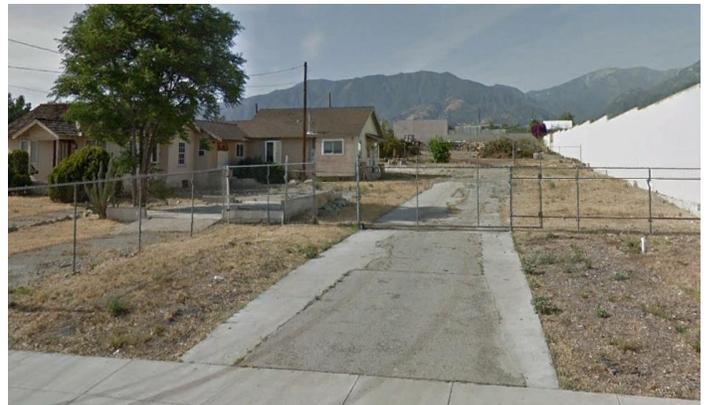
T & T Industrial | 1701 W. 11th Street.

Project: 2 office/warehouse buildings totaling 56,000 square feet.

Applicant/Developer: Francis Wang

Current Status:

- Planning entitlements have been approved.
- In building plan check.



Arrow Vista Village | SE Corner of Arrow Route and Monte Vista Avenue.

Project: 40 for-rent apartments.

Applicant/Developer: Hutton Companies

Current Status:

- Construction is underway.
- Project completed.



Enclave by Lewis Companies | College Heights

Project: Development of up to 350 attached and/or detached single-family residences.

Applicant/Developer: Lewis Land Developers, LLC.

Current Status:

- Planning entitlements have been approved.
- Project on hold per Applicant.



San Antonio Apartments | San Antonio and 9th Street.

Project: 6 for-rent apartments and 1 single-family detached home.

Applicant/Developer: Mario R. Sosa Herrera

Current Status:

- Planning entitlements have been approved.
- Under construction.



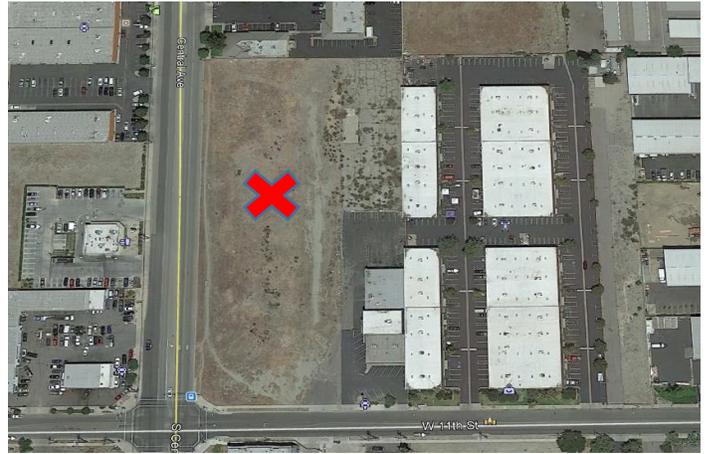
Upland Central Commerce Center | 1985 W. 11th Street.

Project: 4 industrial buildings totaling 71,384 square feet.

Applicant/Developer: Jennifer Moore Realty Group

Current Status:

- Planning entitlements have been approved.
- In building plan check.



Mountain Green Center | 233 S. Mountain Avenue

Project: Redevelopment of the northerly portion of the Mountain Green Center where Kohl's was previously located. Proposed uses include a fitness club, gas station/car wash, restaurant and a car wash.

Applicant/Developer: Zurich Financial, LLC

Current Status:

- Preliminary project design under review.



Mountain Green Center | 335 S. Mountain Avenue

Project: A Chick-fil-A Restaurant with drive-thru. Site of previous El Torito Mexican Grill.

Applicant/Developer: Kelsey Wu

Current Status:

- Planning entitlements under review.



CITY COUNCIL DISTRICT NO. 4

Medical Office Building | 1100 San Bernardino Road Project: A two-story, 59,700 square foot medical office building.

Applicant/Developer: San Antonio Regional Hospital

Current Status:

- Project completed.

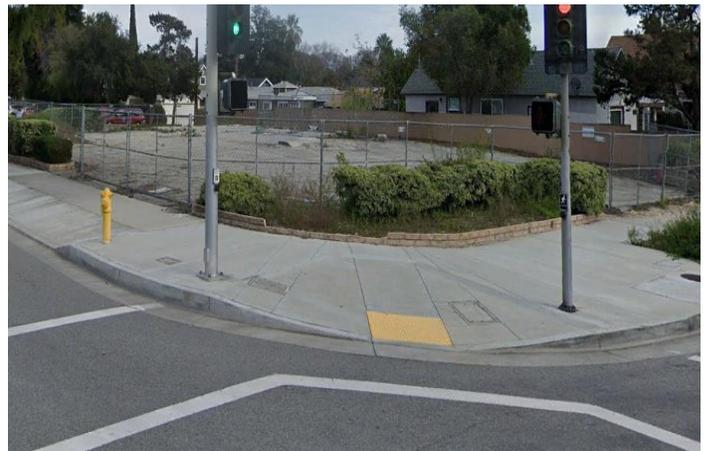


Firefly Cottage | 234 Arrow Highway Project: A 2,642 square foot dine-in and take-out restaurant/bakery.

Applicant/Developer: The Firefly Cottage LLC

Current Status:

- Planning entitlements have been approved.
- Building permits have been issued.



Chevron Gas Station & Mini-Mart | 1212 W. Foothill Boulevard.

Project: A 1,482 square foot gas station and mini-mart.

Applicant/Developer: G & M Oil Company

Current Status:

- Planning entitlements have been approved.
- Project completed.



Upland Apartments | 13th Street and A Street.

Project: 4 for-rent apartments.

Applicant/Developer: Amy Braun AIA

Current Status:

- Planning entitlements are under review.



Studio 429 | 222 E. 9th Street.

Project: New restaurant and bar.

Applicant/Developer: Alain Fournier

Current Status:

- Tenant improvements are under construction.



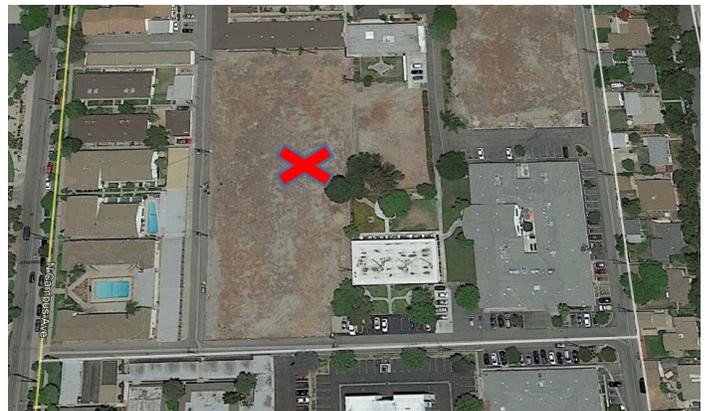
Mesa Court Apartments | 708 Mesa Court.

Project: 60 for-rent 2-story apartment units.

Applicant/Developer: Soroush Rahbari, AIA

Current Status:

- Planning Commission approved project on 1/22/2020.
- City Council to discuss at date to be determined.



Fairytale Castel Daycare | 710 E. Foothill Boulevard.

Project: Child Day Care Center for up to 120 children.

Applicant/Developer: We Zhao

Current Status:

- Planning entitlements are under review.



Ridgecrest (Phase 1) | 1337 Bowen Street.

Project: 49 for-sale 2-story townhomes.

Applicant/Developer: Upland 3 Acres LLC

Current Status:

- Planning entitlements are approved.
- In building plan check.



Ridgecrest (Phase 2) | 1337 Bowen Street.

Project: 26 for-sale 2-story townhomes.

Applicant/Developer: Upland 3 Acres LLC

Current Status:

- Planning entitlements are under review.



Tierras Atlas | NE corner of 8th and Euclid Avenue.

Project: 61, 3-story, for-rent apartment units.

Applicant/Developer: 8th & Euclid Inc. LLC

Current Status:

- Planning Entitlements have expired.
- Applicant is working a new development application.



11th Avenue Apartments | 278 N. 11th Avenue.

Project: 6 2-story for-rent apartment units.

Applicant/Developer: Salim Samour

Current Status:

- Planning entitlements are approved.
- Building permits have been approved.



Starbucks | 275 E. Foothill Blvd.

Project: Drive-thru coffee shop.

Applicant/Developer: Upland Village Center, LLC.

Current Status:

- On 12/11/2019 the Planning Commission adopted a Resolution recommending that the City Council approve the project. Project tentatively scheduled for City Council consideration on February 24, 2020.



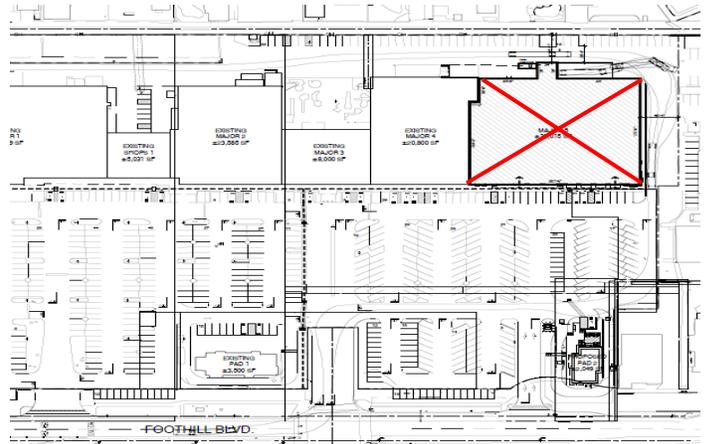
Supermarket | 229 E. Foothill Blvd

Project: 35,000 square foot grocery store.

Applicant/Developer: Upland Village Center, LLC.

Current Status:

- Planning Commission approved project on 12/11/2019.



Apartments | 1252 E. 7th Street

Project: 72 3-story for-rent apartment units.

Applicant/Developer: KIVA LLC.

Current Status:

- Planning entitlements under review.





STAFF REPORT

ITEM NO. 14.A.

DATE: March 9, 2020
TO: MAYOR AND CITY COUNCIL
FROM: ROSEMARY HOERNING, CITY MANAGER
PREPARED BY: LONDA BOCK-HELMS, CPA, ACTING ADMINISTRATIVE SERVICES DIRECTOR
SUBJECT: COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AND RELATED REPORTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

RECOMMENDED ACTION

It is recommended that the City Council receive and file the Comprehensive Annual Financial Report, the Single Audit Report on Federal Award Programs, the Statement on Auditing Standards 114 and 115 letters and the Independent Accountants' Report of Agreed-Upon Procedures Applied to Appropriation Limit Worksheets for the Fiscal Year Ended June 30, 2019.

GOAL STATEMENT

The proposed action supports the City's goal to manage the City's resources in a fiscally responsible manner.

BACKGROUND

Each year Finance is responsible for the preparation and publication of the City's Comprehensive Annual Financial Report (CAFR) following an independent audit. The CAFR presents a summary of financial position and financial transactions for the 2018-19 fiscal year.

A municipality is also subject to a Single Audit (compliance requirements described in the OMB Compliance Supplement). Any city receiving federal recipient award funding that has expended \$750,000 in any fiscal year is subject to a single audit. The City of Upland expended over \$750,000 during the year, and was subject to the single audit requirement for FY 2018-19.

In addition to the preparation of a CAFR, the City must also prepare appropriation limit worksheets as set forth by Article XIII B, Appropriations Limitation Uniform Guidelines, which

limits the level of most appropriations from tax sources that state and local government entities are permitted to make in any given fiscal year.

ISSUES/ANALYSIS

For Fiscal Year 2018-19, the City's CAFR has received an unmodified "clean" audit opinion, meaning the auditors believe that the City's financial statements are presented fairly in all material respects in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Single Audit Report on Federal Award Programs is attached for review. The auditor's found that the City of Upland, complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

The letters provided by the auditors, in compliance with Statement on Auditing Standards 114 and 115, are attached for review.

The Report of Agreed-Upon Procedures with respect to the Appropriation Limit Worksheets was found by the independent auditors to contain no exceptions.

CAFR Financial Highlights

The City's Total Net Position at the close of the fiscal year is \$351.8 million; this is an increase of \$12.5 million in comparison with the prior year. The beginning Net Position was restated by \$811,035 to adjust for undergrounding utility deposits inappropriately reported as such instead of being reported as revenue in prior years.

The City's total assets increased by \$16.7 million during the fiscal year. The largest changes were an increase in cash of \$14.1 million, and an increase in capital assets totaling \$1.3 million.

The City's liabilities decreased by \$2.3 million during the fiscal year. Significant changes from prior year balances include a decrease in accounts, deposits and retentions payable of \$1.6 million.

As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$68.3 million, an increase of \$11.4 million in comparison with the prior year.

As of the close of the fiscal year, the City's enterprise funds reported combined total net position of \$125.3 million, an increase of \$7.8 million in comparison with the prior year.

Governmental Activities

Revenues for the City's governmental activities totaled \$58.5 million, while expenses totaled \$54.6 million. The City's net position increased by \$4.7 million, \$3.9 million of which resulted from operations and \$0.8 million was the result of a restatement of prior year net position. The significant changes are highlighted below:

Program revenues increased by \$1.3 million or 6.0% over the prior year. The most significant increases were noted in the development services function.

Property Taxes increased \$0.5 million or 2.9% over the prior year primarily due to new housing development sales and housing resales during the year.

Sales Tax increased by \$0.8 million or 6.1%. The source of the increase is not clear as the State of California software implementation has crippled many entities ability to timely report

their sales activity. Consequently, the increase is most likely the result of corrections for under reporting in the prior year.

The cost of all governmental activities for the fiscal year was \$54.5 million, which is approximately \$100,000 less than fiscal year 2017-18 and \$16,000 more than fiscal year 2016-17. Staff has done an excellent job maintaining expenditures at the same level for 3 years considering the **increases** in the mandatory payments towards the PERS unfunded liability of approximately \$631,000 in fiscal year 2016-17, \$751,000 in fiscal year 2017-18 and \$991,000 in fiscal year 2018-19.

Business-type Activities

As shown in the Statement of Activities, the amount paid by users for services was \$49.5 million. The cost of all Proprietary (Business-type) activities this year was \$43.2 million which is \$2.9 million more than the previous year.

Total resources available during the year to operate Proprietary Fund (Business-type) activities were \$117.6 million. Net Position at June 30, 2019 is \$125.3 million; thus, net position increased by \$7.8 million.

Major Governmental Funds Activity

General Fund fund balance at year-end is \$23.3 million which is an increase of \$9.1 million. General Fund unassigned fund balance was \$15.4 million. This represents 37.7% of the FY 2018-19 Annual Budget-General Fund operating expenditures. Included in the \$15.4 million is the current, council approved, operating reserve requirement of 17.5% or \$7,338,048.

Housing Fund revenue increased by \$406,820 to \$4.3 million while non debt related expenditures decreased \$1.3 million from amounts reported in the previous year. Total revenues of \$4.3 million minus total expenditures of \$4.1 million resulted in an increase in fund balance of \$195,161 for a final year-end balance of \$9.7 million.

While operating revenues decreased by \$1.9 million and operating expenses increased by \$0.8 million from prior year totals, the Water Utility fund increased net position by \$5.7 million or 6%. This resulted from total revenues, transfers in and capital contributions exceeding total expenses and transfers out by the \$5.7 million.

The Solid Waste Utility fund net position increased by \$0.8 million resulting primarily from the annual rate increase effective July 1, 2014. The City Council had adopted a five-year rate adjustment to correct the program funding shortfall. Net position accumulation is necessary to comply with various new state mandated programs.

The Sewer Utility fund net position increased by \$2 million or 8.8%. This resulted from total revenues, transfers in and capital contributions of \$11.6 million exceeding total expenses and transfers out of \$9.6 million.

Capital Assets

At June 30, 2019, the City had \$361.9 million (net of accumulated depreciation) invested in a broad range of capital assets, including police vehicles, buildings, park facilities, roads, storm drains, and water and sewer lines. Capital assets increased by \$1.2 million as a result of vehicles purchased and City construction projects completed during the year.

Debt

At June 30, 2019, the City had \$165.8 million in debt outstanding versus \$166.5 million in the prior year. While estimated and actuarially calculated liability balances increased \$0.9

million, debt from direct borrowings decreased \$1.6 million resulting in an overall decrease in total debt of \$.7 million.

Other Information

The Government Finance Officers Association of the United States and Canada (GFOA) sponsors an award program for excellence in financial reporting. The purpose of the program is to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure and to recognize individual governments that succeed in achieving that goal. The goal of the program is not to assess the financial health of participating governments, but rather to ensure that users of their financial statements have the information they need to do so themselves. The City has received the award of excellence for several consecutive years. City staff feels the June 30, 2019 CAFR continues to maintain the high standards set by the GFOA and has submitted it for evaluation under this esteemed program.

FISCAL IMPACTS

There are no fiscal impacts associated with this item.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

Comprehensive Annual Financial Report 6-30-2019

Single Audit Report

Single Audit Management letter

SAS 114 Report

SAS 115 Report

Appropriations Limit Report



CITY OF UPLAND, CALIFORNIA

Comprehensive Annual Financial Report

Year ended June 30, 2019



The first Whole Foods 365 in San Bernardino County is now open in the new Sycamore Hills Development on Upland's western border with Claremont. This development features retail, dining, and a neighboring residential development featuring 321 residential units.



CITY OF UPLAND, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2019

Prepared by
Finance Division

City of Upland
Comprehensive Annual Financial Report
Year Ended June 30, 2019

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City of Upland
Comprehensive Annual Financial Report
Year Ended June 30, 2019

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INTRODUCTORY SECTION



February 18, 2020

Honorable Mayor and
Members of the City Council
City of Upland, California

The *Comprehensive Annual Financial Report* of the City of Upland, California for the fiscal year ended June 30, 2019 is hereby submitted.

The Comprehensive Annual Financial Report (CAFR) is prepared in accordance with generally accepted accounting principles as promulgated by the Government Accounting Standards Board (GASB). GASB has primary responsibility for determining current accounting and financial reporting standards for activities and transactions of state and local government entities. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge, the data enclosed is accurate in all material aspects; it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activities have been included. For a more detailed discussion and analysis of the City's financial performance, refer to Management's Discussion and Analysis on page 4.

The Scope of the Comprehensive Annual Financial Report

In accordance with Generally Accepted Accounting Principles (GAAP), the CAFR combines the financial statements of the City of Upland together with the Successor Agency to the former Upland Community Redevelopment Agency (UCRA) and the Upland Public Financing Authority (Authority). Although the Successor Agency to UCRA and the Authority are legally separate from the City, the City has certain responsibilities with respect to the fiscal accountability of those entities.

The City of Upland

The City of Upland is situated on the western border of San Bernardino County, bordered by the cities of Claremont, Montclair, Ontario and Rancho Cucamonga. Upland, known as the "City of Gracious Living," is nestled at the base of the San Gabriel Mountains and encompasses 15.2 square miles. It has an estimated population of 78,481 persons as of December 2018.

It was the year of 1882 when brothers, George and W.B. Chaffey, arrived in California from Canada seeking a new place for a colony. The wide stretch of green against the foothills was lush and fertile, and they had found that for which they were looking. After acquiring the land, they used wise and long-range planning which facilitated giving Upland its unique characteristics. Upland's wide, main, thorough way named Euclid Avenue (which the Chaffey's named after the "Father" of geometry) is still an attraction

and the envy of many. Upland was incorporated on May 15, 1906 and utilizes a Council-Manager form of government. The City provides a wide range of traditional municipal and public enterprise services.

Services Provided by the City of Upland	
<u>Municipal Services</u>	<u>Public Enterprise Services</u>
General Administrative Support	Water Utility
Public safety	Solid Waste Utility
Highways and Streets	Sewer Utility
Public Improvements	
Planning and Zoning	
Development Services and Housing	
Library and Cultural	
Recreation and Parks	

The City Council consists of a directly elected Mayor and four Council members elected by residents in their respective districts. Council terms are four years. Elections are held every two years at which time either the mayor and one Council member, or three Council members are elected. The City Council appoints a City Manager to administer the affairs of the City, as well as a City Attorney. A listing of names of officials of the City of Upland and a City organization chart are included in the Introductory Section of this CAFR.

Officials responsible for City financial administration are the City Treasurer, City Manager, and the Deputy City Manager. The City Treasurer is elected by the community at large to a four-year term. The City Treasurer is the custodian of all City funds. The Deputy City Manager is appointed by the City Manager and is responsible for establishing and maintaining the general accounting system for the City, auditing and approving for payment of all demands or charges upon the City.

Outlook for the Future

There continues to be positive movement in the local economy. This year actual revenues exceeded budgeted revenues and actual expenditures were less than budgeted in the General fund. Continuing cost effective measures are expected to garner similar results in fiscal year 2019/20. On February 13, 2017 the City Council adopted Resolution No. 6380 accepting a property tax revenue transfer resulting in the San Bernardino County Fire Protection District (SBCFPD) annexing the City of Upland into its sphere of service in exchange for 54% or \$6,771,580 of the City’s ad valorem property tax entitlement in Fiscal Year 2018 and subsequent years. In December of 2018, the tax rate exchange was renegotiated to 46% due to an error in the original calculation. Removing the fire department from City provided services was a proactive measure toward addressing the unfunded pension liability issue. The ongoing savings realized due to the annexation is expected to be significant (approximately \$2 million dollars per year) and will be used to offset the current projected increases in the mandatory unfunded pension liability payments and post-employment benefit costs. Any excess fire annexation savings can be used to reduce the City’s unfunded pension liability and/or increase the City’s fund balance reserves to levels that will aid the City in weathering any future economic downturns.

Financial Controls

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control

should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The legal level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is at the fund level. For budgeting purposes, the General Fund is composed of several departments while all other budgeted funds are each considered to be a single department. The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

OTHER RELEVANT INFORMATION

Auditor's Opinion

Included in the Financial Section is the independent auditors' opinion, which is a significant part of the CAFR. In this report, Van Lant & Fankhanel, LLP, Certified Public Accountants, express their opinion that the financial statements are presented fairly in conformity with generally accepted accounting principles. The opinion is unqualified and therefore signifies a substantial level of achievement.

Certificate of Achievement

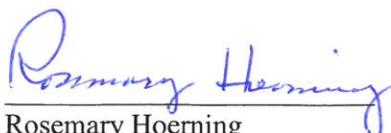
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Upland for its CAFR for the fiscal year ended June 30, 2018. To receive the award, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards, and 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 our current report conforms to the Certificate of Achievement program requirements and we are submitting it to GFOA.

Acknowledgements

Our sincere appreciation and thanks for the support of the City Council and City department staff for their continuing cooperation. Special thanks are also extended to the Finance Division staff whose dedication and perseverance resulted in producing this report.

In keeping with past practice, a copy of this CAFR will be placed on file in the City's library and sent to the City Council, City management personnel, bond rating agencies and other agencies (such as financial institutions and governments), which have expressed an interest in the financial affairs of the City of Upland. This CAFR will also be available online at www.ci.upland.ca.us.

Respectfully submitted,



Rosemary Hoerning
Interim City Manager



Londa Bock-Helms
Acting Administrative Services Director

Officials of the City of Upland

Elected Officials

Debbie Stone, Mayor

Janice Elliot
Ricky Felix
Rudy Zuniga
Bill Velto

Mayor Pro Tem
Councilmember
Councilmember
Councilmember

Larry Kinley

City Treasurer

Executive Staff

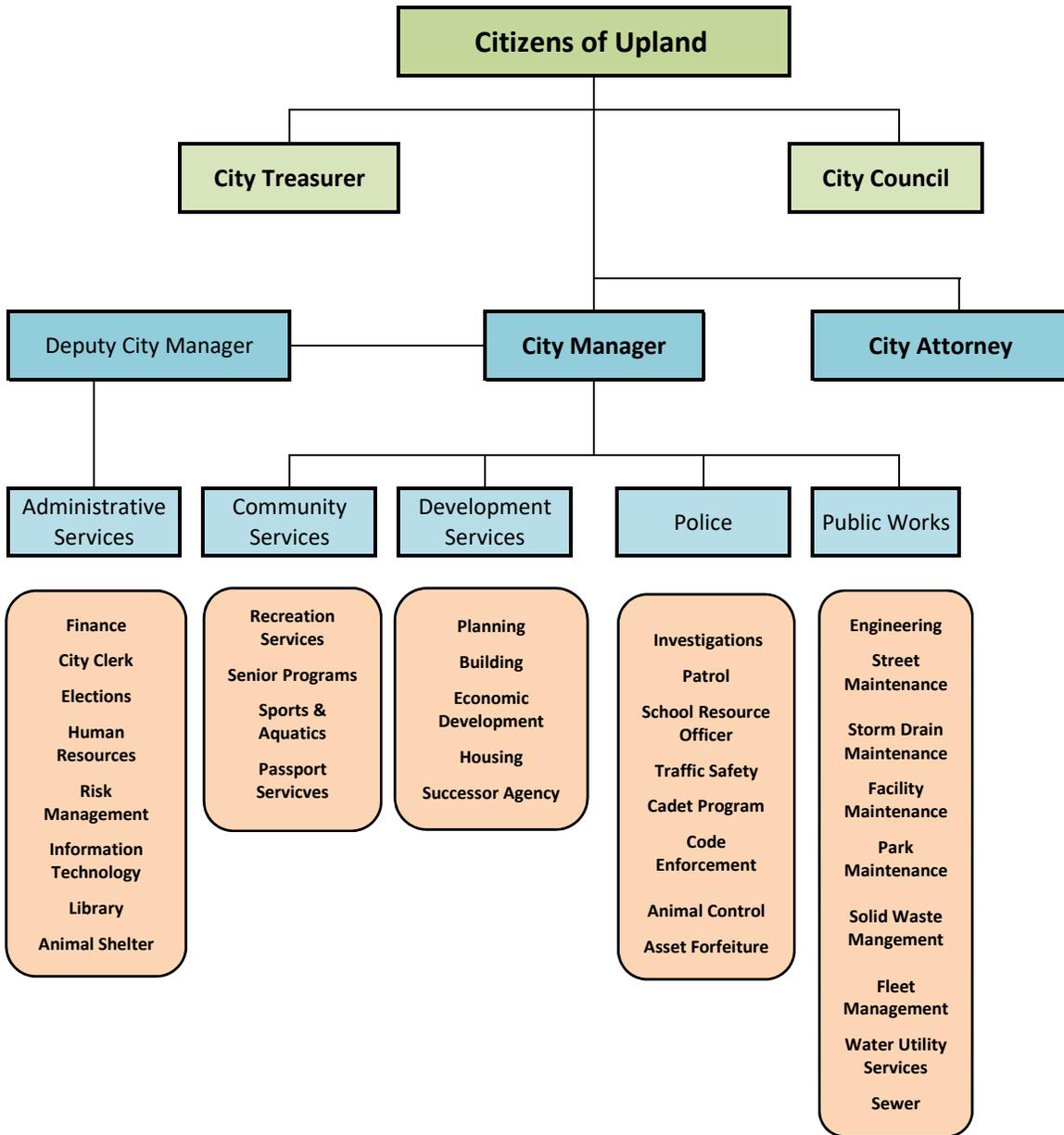
Rosemary Hoerning, Interim City Manager

Vacant, Assistant City Manager

Robert Dalquest
Rosemary Hoerning
Londa Bock-Helms, CPA
Darren Goodman
James L. Markman

Development Services Director
Public Works Director
Acting Administrative Services Director
Police Chief
City Attorney

**City of Upland
Organizational Chart
Fiscal Year 2018-19**





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Upland
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

Independent Auditor's Report

The Honorable City Council
City of Upland, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Upland, California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Upland's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Upland, California, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the supplementary information as listed in the table of contents, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and schedules listed in the supplementary information section of the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2020, on our consideration of the City of Upland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Van Lant & Fankhaenel, LLP

February 18, 2020

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2019

The discussion and analysis of the City of Upland's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2019. It should be read in conjunction with the basic financial statements and the accompanying notes to the financial statements.

Financial Highlights

- ◆ The City's Total Net Position at the close of the fiscal year is \$351.8 million; this is an increase of \$12.5 million in comparison with the prior year.
- ◆ The City's total assets increased by \$16.7 million during the fiscal year. The largest change was an increase in cash of \$14.1 million. Other significant changes include an increase in capital assets of \$1.3 million, an increase in amounts due from other governments totaling \$.9 million and an increase of \$.6 million in the value of the City's investment in joint ventures.
- ◆ The City's liabilities decreased by \$2.3 million. Significant changes from prior year balances include a decrease in accounts, deposits and retentions payable of \$1.6 million, and a decrease in long term liabilities of \$.8 million details of which are presented in Footnote 5 of the financial statements.
- ◆ As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$68.3 million, an increase of \$11.4 million in comparison with the prior year.
- ◆ As of the close of the current fiscal year, the City's enterprise funds reported combined total net position of \$125.3 million, an increase of \$7.8 million in comparison with the prior year.
- ◆ At the end of the fiscal year, unassigned fund balance for the general fund totaled \$15.4 million. This represents 37.7% of the FY 2018-19 Annual Budget-General Fund operating expenditures. The annual minimum requirement per the City municipal code is 12.5% or \$5.1 million.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statements.

Reporting the City's Most Significant Funds

The analysis of the City's major funds begins on page 8. The fund financial statements begin on page 15 and provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law, grant requirements or by bond covenants. The City Council has established many other funds to help it control and manage other monies for particular purposes. The City's two kinds of funds - governmental and proprietary - use different accounting approaches.

- ◆ Governmental funds - Most of the City's basic services are reported in governmental funds which focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides.

Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be used in the near future to finance the City’s programs. The difference of results in the governmental fund’s statements to those in the government-wide financial statements are explained in a reconciliation schedule following the governmental funds financial statements.

- ◆ Proprietary funds - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City’s enterprise funds (a component of proprietary funds) are the same as the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows. The City uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City’s other programs and activities an example of such is the City’s Self-Insurance fund. The internal service funds are reported with governmental activities in the government-wide financial statements.
- ◆ Fiduciary Funds – The City is responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the City’s fiduciary activities are reported in a separate Statement of Assets and Liabilities and Statement of Changes in Assets and Liabilities on pages 96 to 100 respectively. The City excludes these activities from the City’s other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring the assets reported in these funds are used for their intended purposes.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities include all the assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City’s net position and changes in them. One can think of the City’s net position as one way to measure the City’s financial health, or financial position. Over time, increases or decreases in the City’s net position are an indicator of whether its financial health is improving or deteriorating. There are other nonfinancial factors that should be considered to assess the overall health of the City; such as, the condition of the City’s roads,

City of Upland’s Total Net Position

As noted earlier, the City’s combined Total Net Position is \$351.8 million. The City’s net position increased by \$12.5 million due to an increase in assets (including deferred outflows of resources) totaling \$9.7 million and a decrease in liabilities and deferred inflows of resources totaling \$2.8 million. Program expenses by function, general revenues by major source, excess and/or deficiency of revenues over expenses, changes in and total net position are presented in the Statement of Activities. The City’s combined Net Position for the fiscal year ended June 30, 2019 was:

Table 1
Net Position (In Millions)

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 80.3	\$ 71.0	\$ 73.7	\$ 67.5	\$ 154.0	\$ 138.5
Capital assets	283.5	284.0	78.5	76.7	362.0	360.7
Total assets	363.8	355.0	152.2	144.2	516.0	499.2
Deferred outflows of resources	14.2	20.0	1.2	2.3	15.4	22.3
Long-term liabilities	143.6	139.0	22.2	23.8	165.8	162.8
Other liabilities	5.7	11.5	5.6	5.0	11.3	16.5
Total liabilities	149.3	150.5	27.8	28.8	177.1	179.3
Deferred inflows of resources	2.2	2.7	0.3	0.2	2.5	2.9
Net position:						
Net investment in						
capital assets	262.5	262.3	70.5	69.5	333.0	331.8
Restricted	44.9	42.7	-	-	44.9	42.7
Unrestricted	(80.9)	(83.2)	54.8	48.0	(26.1)	(35.2)
Total net position	\$ 226.5	\$ 221.8	\$ 125.3	\$ 117.5	\$ 351.8	\$ 339.3

The City's programs for governmental activities include General Government, Public Safety, Public Works and Engineering, Development Services, and Community Services. The programs for business-type activities include Water, Solid Waste, and Sewer operations. A comparison of each program's revenues and expenses for the current years is presented below:

Table 2
Change in Net Position
(In Millions)

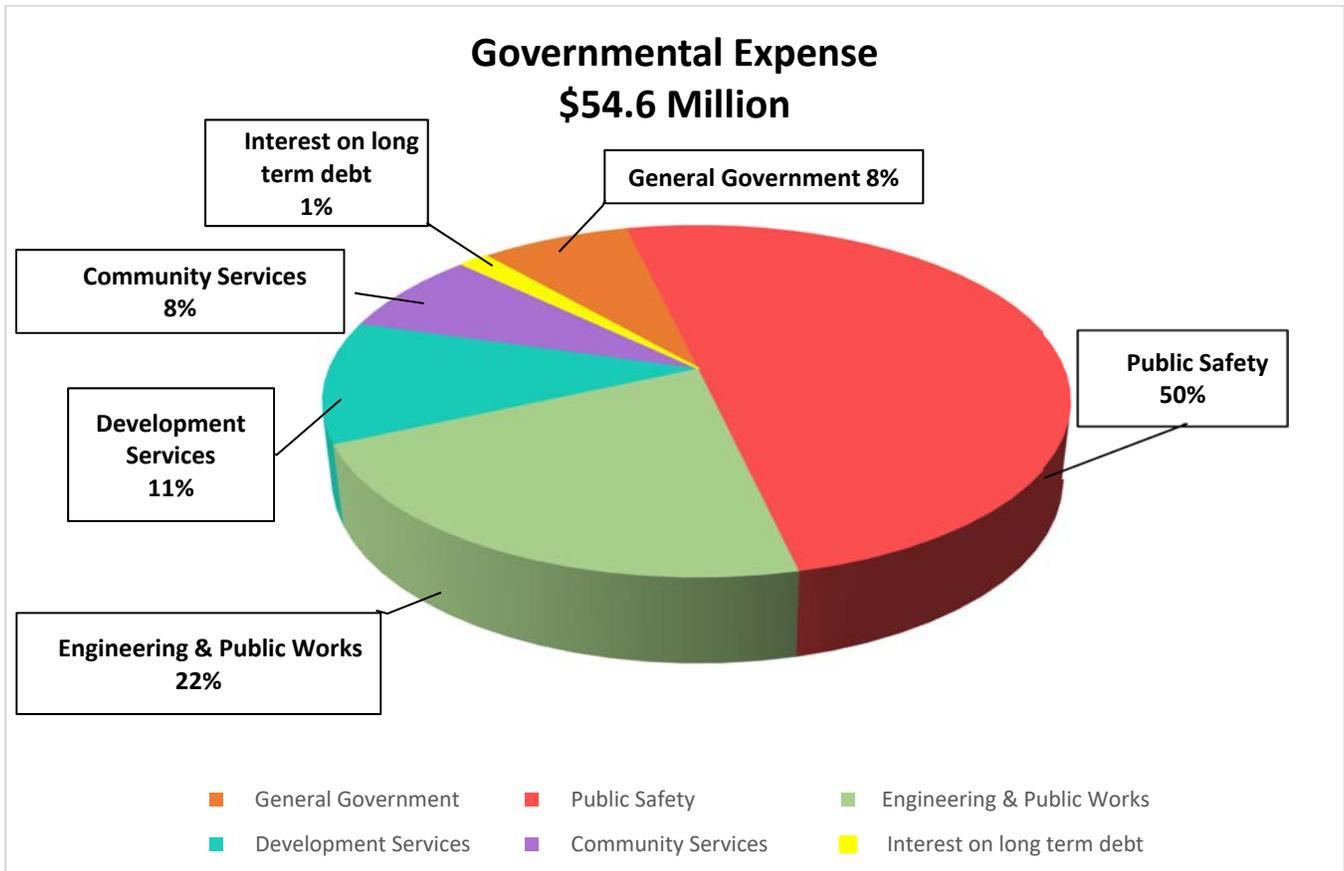
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues						
Charges for services	12.5	12.2	49.5	49.9	62.0	62.1
Operating Contributions/Grants	2.3	2.1	0.1	0.1	2.4	2.2
Capital Contributions	7.3	6.6	1.5	-	8.8	6.6
General Revenues						
Taxes						
Property Taxes	16.8	16.3	-	-	16.8	16.3
Sales Tax	14.5	13.7	-	-	14.5	13.7
Franchise Taxes	1.3	1.2	-	-	1.3	1.2
Transient Occupancy Taxes	0.2	0.2	-	-	0.2	0.2
Business License Taxes	1.0	1.0	-	-	1.0	1.0
Other Taxes	0.3	0.3	-	-	0.3	0.3
Investment Income	1.0	(0.1)	0.7	0.4	1.7	0.3
Motor Vehicle In Lieu	0.0	0.0	-	-	0.0	0.0
Gain on sale of assets	0.1	-	-	-	0.1	-
Miscellaneous Revenues	0.3	0.4	-	-	0.3	0.4
Total Revenues	<u>57.6</u>	<u>53.9</u>	<u>51.8</u>	<u>50.4</u>	<u>109.4</u>	<u>104.3</u>
Expenses						
General government	4.0	4.5	-	-	4.0	4.5
Public Safety	27.3	27.9	-	-	27.3	27.9
Public Works	12.1	11.5	-	-	12.1	11.5
Development Services	6.0	6.6	-	-	6.0	6.6
Community Services	4.3	3.4	-	-	4.3	3.4
Interest on long term debt	0.8	0.7	-	-	0.8	0.7
Water	-	-	21.5	20.0	21.5	20.0
Refuse	-	-	12.3	11.0	12.3	11.0
Sewer	-	-	9.4	9.3	9.4	9.3
Total Expenses	<u>54.5</u>	<u>54.6</u>	<u>43.2</u>	<u>40.3</u>	<u>97.7</u>	<u>94.9</u>
Special Items	-	(5.6)	-	-	-	(5.6)
Transfers	0.8	-	(0.8)	-	-	-
Change in Net Position	3.9	(6.3)	7.8	10.1	11.7	3.8
Net Position at beginning of year, as restated (note 14)	<u>222.6</u>	<u>228.1</u>	<u>117.5</u>	<u>107.4</u>	<u>340.1</u>	<u>335.5</u>
Net Position end of year	<u>\$ 226.5</u>	<u>\$ 221.8</u>	<u>\$ 125.3</u>	<u>\$ 117.5</u>	<u>\$ 351.8</u>	<u>\$ 339.3</u>

Governmental Activities

Governmental activities net position increased in total by \$4.7 million, \$3.9 million of which resulted from operations and \$.8 million was the result of a restatement of prior year net position more thoroughly discussed in Note 14 to the financial statements. The City’s governmental activities revenue and transfers totaled \$58.5 million, an 8.4% increase over the prior year. Significant changes are highlighted below:

- ◆ Charges for services revenue totaled \$12.5 million which reflects a minimal increase of \$.3 million or 2.4%.
- ◆ Operating and capital grants increased overall by \$1 million. An increase in recognized CDBG funding of \$.4 million and an increase in SBCTA funding reimbursements of \$.5 million made up a majority of this increase.
- ◆ Residential Property sales of new construction and property tax resets from older home sales resulted in an increase of \$.5 million in property tax revenue.
- ◆ Sales Tax increased by \$.8 million due mostly to improved retail activity within the City but also as a result of improved reporting capabilities after issues with the State of California’s software implementation have been resolved.
- ◆ Investment income increased by \$1.1 million as a result of higher cash balances to invest at higher yields.

Governmental activities expenses were \$54.6 million which equals last year’s expenses. The cost of all governmental activities for the fiscal year was \$54.6 million, which is equal to the prior year total of \$54.6 million. Although there is no difference in total governmental activity costs between last year and this year, minor variances (the greatest being 1.6%) occurred in several functions: General Government costs decreased \$.5 million; Public Safety costs decreased \$.6 million; Public Works costs increased \$.6 million; Development Services costs decreased \$.5 million; Community Services costs increased \$.9 million; and interest on long term debt increased \$.1 million.



Business-type Activities

Total resources available during the year to finance Proprietary Fund (Business-type) activities were \$117.5 million. Net Position at June 30, 2019 is \$125.3 million which is an increase of \$7.8 million or 6.6%.

As shown in the Statement of Activities, the amount paid by users for services was \$49.5 million compared to \$49.9 million reported in the prior year. Capital and operating grants increased by \$1.5 million over amounts reported last year. The cost of all Proprietary (Business-type) activities increased \$2.9 million this year to \$43.2 million compared to \$40.3 million reported last year. Significant changes are highlighted below by specific proprietary fund.

The City's Major Funds

The City's governmental funds reported a combined fund balance of \$68.3 million, and its enterprise funds reported combined net position of \$125.3 million. Below are the major changes:

- ◆ The fund balance at year-end for the City's General fund of \$23.3 million is an overall increase of \$9.1 million. The significant increase in fund balance is the result of increases in revenues and transfers in to the tune of \$5.8 million and decreases in expenditures and transfers out totaling \$3.4 million. Revenues increased \$3.3 million in taxes (includes one-time payment of \$1.6 million from San Bernardino County Fire District related to the fire annexation in 2017), \$1.5 million in investment income and \$.3 million in charges for services. Transfers in went up \$.7 million. Expenditures decreased \$.5 million and transfers out decreased \$2.9 million. In the prior year, the General fund transferred \$3.3 million to the self-insurance fund in order to eliminate negative cash balances, as required by the municipal code. No such transfers were required in the current year.
- ◆ The Housing fund balance increased by \$.2 million or 2.0%, primarily due to an increases in rental income of \$183,505 and program revenue of \$208,040 offset by an increase in debt service payments. After the refinancing of the 2007 Housing Revenue Bonds with Multifamily Housing Revenue Bonds, principal and interest payments are made monthly as opposed to interest only monthly payments.
- ◆ Even though operating and non-operating expenses increased \$.8 million in the current year and operating and non-operating revenues decreased \$2.6 million, the Water Utility fund increased net position by \$5.7 million or 6.0%. After taking into consideration a one-time revenue of \$3.2 million from the sale of leased water in the prior year, normal water charges increased \$1.4 million due to higher usage resulting from new construction within the city and recognizing a full year's revenues resulting from water rate increases implemented March of 2017. The water fund received a capital contribution of \$1.1 million this year compared to zero contributions last year.
- ◆ The Solid Waste Utility net position increased by approximately \$80,000 or 11.3%. Expenses increased by \$1.4 million, \$.2 in administrative costs and \$1.1 million for contractual services which will fluctuate based on the number of bins serviced and disposal cost based on actual waste tonnage. Charges for services increased \$1 million due to annual rate increases beginning in July of 2014. The City Council had adopted a five year rate adjustment to correct the program funding shortfall. Net position accumulation is necessary to comply with various state mandated programs required to be implemented in the near future.
- ◆ The Sewer Utility fund net position increased by \$2 million or 8.8%. Together, operating and non-operating revenues increased \$.6 million primarily due to the addition of new accounts resulting from new construction within the city and an increase in investment income. The fund also received a capital contribution of \$.4 million not received in the prior year. Increases in expenses and transfers out were 4% or \$.4 million.

General Fund Budgetary Highlights

Over the course of the year, the City Manager revised the City budget several times. The budget amendments and supplemental appropriations that were approved after the beginning of the year are included in the final budget column (net of interagency transactions) on page 56 of the financial statements. Comparing the fiscal year 2018-19 adopted General Fund budget of \$39.2 million to the final budget of \$39.6 million results in an increase of \$.4 million. Actual expenditures for the General Fund of \$35.9 million were \$3.6 million less than final budget amounts. The fiscal year 2018-19 adopted

revenue budget started at \$39.4 million and was increased to \$39.5 million. Actual revenue for the General Fund of \$43.8 million was \$4.3 million over the final budgeted amount. Overall, the General Fund's positive results for the year significantly increased fund balance to the point that it exceeds the 12.5% reserve requirement and exceeds the current reserve balance of 17.5%.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2019, the City had \$361.9 million invested in a broad range of capital assets, including police vehicles, buildings, park facilities, roads, and water and sewer lines. Capital assets (net of accumulated depreciation) increased overall by \$1.2 million primarily due to the completion and capitalization of capital improvement projects including the energy efficiency project and multiple vehicle replacements.

Table 3
Capital Assets at Year-End
(Net of Depreciation, in Millions)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 5.1	\$ 5.1	\$ 2.1	\$ 2.0	\$ 7.2	\$ 7.1
Rights of way	103.4	103.4	-	-	103.4	103.4
Street trees	3.5	3.5	-	-	3.5	3.5
Construction in progress	6.9	5.7	3.0	1.0	9.9	6.7
Other capital assets	164.5	166.3	73.4	73.7	237.9	240.0
Totals	<u>\$ 283.4</u>	<u>\$ 284.0</u>	<u>\$ 78.5</u>	<u>\$ 76.7</u>	<u>\$ 361.9</u>	<u>\$ 360.7</u>

The City's fiscal year 2018-19 capital budget appropriated another \$15.2 million for capital projects, principally for the completion of its various construction and improvement projects. Additional information on the City's capital assets can be found in Note 4 to the financial statements.

Debt

At June 30, 2019, the City had \$165.8 million in outstanding debt versus \$166.5 million in the prior year. This represents a decrease of \$.8 million. Debt issues decreased by \$1.4 million in accordance with their amortization schedule principal payments. Compensated absences, the OPEB and net pension liability decreased by \$1.7 million as a result of usage and updated actuarial information. The only liability experiencing an increase was claims payable to the tune of \$2.4 million as a result of increased reserves for several prior year claims and an increase in the number of claims filed during the fiscal year.

Table 4
Debt at Year-End
(In Millions)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Compensated Absences	\$ 1.7	\$ 1.7	\$ 0.3	\$ 0.4	\$ 2.0	\$ 2.1
Net OPEB Liability/obligation	10.3	11.6	2.9	2.9	13.2	14.5
Net Pension Liability	100.2	100.0	11.5	12.0	111.7	112.0
Claims Payable	10.3	7.9	-	-	10.3	7.9
Multifamily Housing Rev Bonds	13.9	14.4	-	-	13.9	14.4
Energy Efficiency Lease	2.6	2.7	-	-	2.6	2.7
CREBS Lease Agreement	4.5	4.5	-	-	4.5	4.5
Housing Revenue Bonds	-	-	-	-	-	-
Capital Lease	-	-	-	-	-	-
Revenue Refunding Bonds	-	-	7.6	8.4	7.6	8.4
Totals	\$ 143.5	\$ 142.8	\$ 22.3	\$ 23.7	\$ 165.8	\$ 166.5

Additional detailed information on long-term debt activity can be found in Note 5. Calculations and information related to the OPEB liability can be found in Note 6 and additional Net Pension Liability information can be found in Note 10 to the financial statements.

Economic Condition and Outlook

The City of Upland's economic growth continued during fiscal year 2018-19. The real estate assessed values increased from 2018-19 to 2019-20 by \$451 million or a net taxable value increase of 4.8%. This change is moderately less than the 6.5% increase experienced countywide. Even though single family homes in the region are relatively more affordable than in nearby Los Angeles and Orange Counties, forecasters are projecting the number of home sales to decline in 2019-20. During the first three months of 2019-20, single family residences average sales prices dropped \$2,000 to \$568,000.

The City of Upland experienced a net taxable value increase of 5.4% in the 2018-19 tax rolls which represents its second largest gain since the recession. Development activity is increasing and there are several new residential and commercial developments underway resulting in increases in anticipated building permit revenue and eventually property tax and sales tax revenue. A major commercial project completed in 2017-18 was sold in late January of 2019 and is expected to increase the 2020-21 assessed value \$10,000,000.

Fiscal year 2018-19 ended with an actual 3.6% increase in sales tax over the previous year. At the time the annual budget for fiscal year 2019-20 was adopted, it included a 3.6% increase of budgeted sales tax over the prior year budget.

Fiscal year 2018-19 General fund operations resulted in a surplus (revenue exceeded expenditures) for the 4th year in a row. City leadership will work hard with the City Council to address long-term financial strategies to ensure sustainability despite the specific challenges of: costs related to annual pension contributions; the unfunded pension liability; the OPEB liability; the pressure of providing new services (state mandates) and; significant issues including homelessness and recruitment and retention of highly skilled workers.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors, with a general overview of the City's finances. If you have any questions regarding this report or need additional financial information, please contact the Administrative Services Department at 460 North Euclid Avenue, Upland, CA 91786.

BASIC FINANCIAL STATEMENTS

City of Upland
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 51,039,034	\$ 34,077,033	\$ 85,116,067
Receivables:			
Accounts, Net	839,940	9,020,268	9,860,208
Accrued Interest	342,233	-	342,233
Notes, Net	10,369,479	-	10,369,479
Accrued Interest on Notes	2,486,610	-	2,486,610
Due From Other Governments	6,028,178	30,882	6,059,060
Inventory and Prepaid Items	268,353	4,469,043	4,737,396
Land Held for Resale	1,731,389	-	1,731,389
Restricted Assets:			
Cash and Investments with Fiscal Agent	334,827	-	334,827
Cash and Investments	6,892,262	626,010	7,518,272
Investment in Joint Ventures	-	25,434,873	25,434,873
Capital Assets, Not Being Depreciated:	118,959,010	5,121,421	124,080,431
Capital Assets, Net of Accumulated Depreciation:	164,514,151	73,405,815	237,919,966
Total Assets	<u>363,805,466</u>	<u>152,185,345</u>	<u>515,990,811</u>
DEFERRED OUTFLOWS OF RESOURCES			
OPEB Related Items	344,966	80,077	425,043
Pension Related Items	13,854,362	1,071,434	14,925,796
Total Deferred Outflows of Resources	<u>14,199,328</u>	<u>1,151,511</u>	<u>15,350,839</u>
LIABILITIES			
Accounts Payable	2,342,846	4,531,870	6,874,716
Accrued Salaries and Benefits	953,871	157,597	1,111,468
Accrued Interest Payable	-	89,123	89,123
Deposits Payable	2,037,114	625,999	2,663,113
Retention Payable	364,245	91,583	455,828
Unearned Revenue	21,334	-	21,334
Noncurrent Liabilities:			
Due Within One Year	4,614,031	510,752	5,124,783
Due in More Than One Year	138,939,611	21,744,211	160,683,822
Total Liabilities	<u>149,273,052</u>	<u>27,751,135</u>	<u>177,024,187</u>
DEFERRED INFLOWS OF RESOURCES			
OPEB Related Items	425,883	98,862	524,745
Pension Related Items	1,822,056	179,724	2,001,780
Total Deferred Inflows of Resources	<u>2,247,939</u>	<u>278,586</u>	<u>2,526,525</u>
NET POSITION			
Net Investment in Capital Assets	262,465,719	70,481,398	332,947,117
Restricted for:			
Public Safety	1,668,756	-	1,668,756
Engineering and Public Works	7,701,965	-	7,701,965
Development Services	28,721,631	-	28,721,631
Community Services	6,785,372	-	6,785,372
Unrestricted	(80,859,640)	54,825,737	(26,033,903)
Total Net Position	<u>\$ 226,483,803</u>	<u>\$ 125,307,135</u>	<u>\$ 351,790,938</u>

The accompanying notes are an integral part of this statement.

City of Upland
Statement of Activities
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 4,033,829	\$ 1,187,018	\$ -	\$ 64,648
Public Safety	27,265,506	1,866,761	1,205,034	264,126
Engineering and Public Works	12,092,590	2,991,516	1,739	5,675,407
Development Services	6,059,857	5,876,464	1,048,690	-
Community Services	4,255,538	581,989	85,413	1,301,236
Interest on Long-Term Debt	840,116	-	-	-
Total Governmental Activities	<u>54,547,436</u>	<u>12,503,748</u>	<u>2,340,876</u>	<u>7,305,417</u>
Business-type Activities:				
Water Utility	21,525,637	26,203,575	-	1,112,230
Solid Waste Utility	12,316,577	12,677,799	57,708	-
Sewer Utility	9,387,370	10,573,571	-	432,299
Total Business-type Activities	<u>43,229,584</u>	<u>49,454,945</u>	<u>57,708</u>	<u>1,544,529</u>
Total Primary Government	<u>\$ 97,777,020</u>	<u>\$ 61,958,693</u>	<u>\$ 2,398,584</u>	<u>\$ 8,849,946</u>

General Revenues:

- Taxes:
 - Property Taxes
 - Sales Taxes
 - Franchise Taxes
 - Transient Occupancy Taxes
 - Business License Tax
 - Other Taxes
 - Motor Vehicle in-lieu
 - Miscellaneous Revenues
 - Gain/ (Loss) on Disposal of Capital Assets
 - Investment Income
 - Transfers In/(Out)
- Total General Revenues and Transfers
- Change in Net Position
- Net Position - Beginning
- Restatement of Net Position
- Net Position - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (2,782,163)	\$ -	\$ (2,782,163)
(23,929,585)	-	(23,929,585)
(3,423,928)	-	(3,423,928)
865,297	-	865,297
(2,286,900)	-	(2,286,900)
(840,116)	-	(840,116)
<u>(32,397,395)</u>	<u>-</u>	<u>(32,397,395)</u>
-	5,790,168	5,790,168
-	418,930	418,930
-	1,618,500	1,618,500
<u>-</u>	<u>7,827,598</u>	<u>7,827,598</u>
<u>(32,397,395)</u>	<u>7,827,598</u>	<u>(24,569,797)</u>
16,831,839	-	16,831,839
14,507,927	-	14,507,927
1,246,233	-	1,246,233
177,885	-	177,885
1,046,114	-	1,046,114
221,819	-	221,819
36,969	-	36,969
271,298	-	271,298
132,623	(12,879)	119,744
1,012,981	761,947	1,774,928
814,669	(814,669)	-
<u>36,300,357</u>	<u>(65,601)</u>	<u>36,234,756</u>
3,902,962	7,761,997	11,664,959
221,769,806	117,545,138	339,314,944
811,035	-	811,035
<u>\$ 226,483,803</u>	<u>\$ 125,307,135</u>	<u>\$ 351,790,938</u>

**City of Upland
Balance Sheet
Governmental Funds
June 30, 2019**

	General	Special Revenue Housing	Non-major Governmental	Total
ASSETS				
Cash and Investments	\$ 14,953,918	\$ 2,733,175	\$ 29,231,390	\$ 46,918,483
Cash with Fiscal Agent	-	-	334,827	334,827
Restricted Cash	6,705,413	186,849	-	6,892,262
Receivables:				
Accounts	755,091	3,482	37,840	796,413
Accrued Interest	342,233	-	-	342,233
Notes, net	21,113	5,250,342	5,098,024	10,369,479
Accrued Interest on Notes	-	1,290,816	1,195,794	2,486,610
Due from Other Governments	4,127,087	-	1,901,091	6,028,178
Due from Other Funds	183,508	-	-	183,508
Inventory and Prepaid Items	52,690	-	-	52,690
Land Held for Resale	-	1,731,389	-	1,731,389
Total Assets	\$ 27,141,053	\$ 11,196,053	\$ 37,798,966	\$ 76,136,072
LIABILITIES				
Accounts Payable	\$ 1,157,487	\$ 105,030	\$ 746,821	\$ 2,009,338
Accrued Salaries and Benefits	829,076	27,058	42,915	899,049
Due to Other Funds	-	-	183,508	183,508
Deposits Payable	1,852,915	184,199	-	2,037,114
Retentions Payable	-	-	364,245	364,245
Unearned Revenue	-	-	21,334	21,334
Total Liabilities	3,839,478	316,287	1,358,823	5,514,588
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	1,154,186	1,185,733	2,339,919
Total Deferred Inflows of Resources	-	1,154,186	1,185,733	2,339,919
FUND BALANCE (DEFICITS)				
Nonspendable	73,803	-	-	73,803
Restricted	53,073	9,725,580	35,254,410	45,033,063
Committed	7,750,840	-	-	7,750,840
Assigned	-	-	-	-
Unassigned	15,423,859	-	-	15,423,859
Total Fund Balances (Deficits)	23,301,575	9,725,580	35,254,410	68,281,565
Total Liabilities, Deferred Inflows and Fund Balances (Deficits)	\$ 27,141,053	\$ 11,196,053	\$ 37,798,966	\$ 76,136,072

The accompanying notes are an integral part of this statement.

City of Upland
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2019

Fund balances of governmental funds \$ 68,281,565

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital Assets	384,922,513	
Accumulated Depreciation	<u>(102,455,840)</u>	282,466,673

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.

2,339,919

Long term liabilities are not due and payable in the current period and are not reported in the funds.

Compensated Absences		(1,589,735)
Multifamily Housing Revenue Note		(13,905,991)
CREBS Lease Payable		(4,494,189)
Energy Efficiency Lease Payable		(2,607,262)
Net Pension Liability		(97,364,311)
Net OPEB Liability		(9,599,493)

Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability are not reported in the funds.

Deferred Outflows Related to Pensions		13,587,585
Deferred Inflows Related to Pensions		(1,777,306)
Deferred Outflows Related to OPEB		322,227
Deferred Inflows Related to OPEB		(397,809)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.

(8,778,070)

Net position of governmental activities

\$ 226,483,803

The accompanying notes are an integral part of this statement.

City of Upland
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

	General	Special Revenue Housing	Non-major Governmental	Total
REVENUES				
Taxes	\$ 35,051,238	\$ -	\$ 1,067,976	\$ 36,119,214
Licenses & Permits	2,236,733	-	2,117,387	4,354,120
Charges for Services	3,055,102	-	-	3,055,102
Fines and Penalties	989,437	-	-	989,437
Investment Income	1,171,051	52,502	590,392	1,813,945
Rental Income	888,310	4,044,281	71,358	5,003,949
Intergovernmental	100,321	-	5,417,852	5,518,173
Other Revenue	340,280	230,601	1,156,878	1,727,759
Total Revenues	43,832,472	4,327,384	10,421,843	58,581,699
EXPENDITURES				
Current:				
General Government	1,918,770	-	-	1,918,770
Public Safety	22,463,307	-	1,189,790	23,653,097
Engineering and Public Works	6,321,020	-	6,586,564	12,907,584
Development Services	1,583,083	3,050,311	709,644	5,343,038
Community Services	3,221,870	-	57,628	3,279,498
Debt Service:				
Principal	160,424	514,159	-	674,583
Interest	272,363	567,753	-	840,116
Total Expenditures	35,940,837	4,132,223	8,543,626	48,616,686
Excess (Deficiency) of Revenues over Expenditures	7,891,635	195,161	1,878,217	9,965,013
OTHER FINANCING SOURCES (USES)				
Transfer In	724,123	-	311,433	1,035,556
Transfer Out	(490,683)	-	(28,209)	(518,892)
Sale of Capital Assets	132,623	-	-	132,623
Total Other Financing Sources (Uses)	366,063	-	283,224	649,287
Net Change in Fund Balances	8,257,698	195,161	2,161,441	10,614,300
Fund Balances, Beginning	14,232,842	9,530,419	33,092,969	56,856,230
Prior Period Adjustments (Note 14)	811,035	-	-	811,035
Fund Balances, Ending	<u>\$ 23,301,575</u>	<u>\$ 9,725,580</u>	<u>\$ 35,254,410</u>	<u>\$ 68,281,565</u>

The accompanying notes are an integral part of this statement.

City of Upland
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2019

Net change in fund balances-total governmental funds \$ 10,614,300

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense.

Capital Expenditures	6,005,349
Depreciation Expense	(6,684,579)
Transfers of Capital Assets from Internal Service Funds	1,061,129

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (1,078,595)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, government funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The effect of these differences are as follows:

Principal Paid on Capital Leases	160,424
Principal Paid on Housing Revenue Note	514,159

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as governmental fund expenditures:

Net Change in Compensated Absences	(30,157)
Net Change in Net Pension Liability	(1,314,710)
Net Change in Net OPEB Liability	1,118,930
Net Change in Deferred Outflows Pension Related Amounts	(5,345,351)
Net Change in Deferred Inflows Pension Related Amounts	877,147
Net Change in Deferred Outflows OPEB Related Amounts	6,639
Net Change in Deferred Inflows OPEB Related Amounts	(384,203)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. (1,617,520)

Change in net position of governmental activities \$ 3,902,962

The accompanying notes are an integral part of this statement.

City of Upland
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental
	Water Utility	Solid Waste Utility	Sewer Utility	Totals	Internal Service Fund
ASSETS					
Current Assets:					
Cash and Investments	\$ 17,971,522	\$ 1,771,115	\$ 14,334,396	\$ 34,077,033	\$ 4,120,551
Accounts Receivable, Net	5,748,436	1,427,258	1,844,574	9,020,268	43,527
Due from Other Governments	30,740	60	82	30,882	-
Inventory and Prepaid Items	4,469,043	-	-	4,469,043	215,663
Total Current Assets	28,219,741	3,198,433	16,179,052	47,597,226	4,379,741
Noncurrent Assets:					
Restricted Cash and Investments	587,338	-	38,672	626,010	-
Investment in Joint Ventures	25,434,873	-	-	25,434,873	-
Capital Assets, Not Being Depreciated:					
Land	2,058,694	-	-	2,058,694	-
Construction in Progress	2,773,664	-	289,063	3,062,727	52,388
Capital Assets, Net of Accumulated Depreciation	59,959,228	-	13,446,587	73,405,815	954,100
Total Noncurrent Assets	90,813,797	-	13,774,322	104,588,119	1,006,488
Total Assets	119,033,538	3,198,433	29,953,374	152,185,345	5,386,229
DEFERRED OUTFLOWS OF RESOURCES					
OPEB Related Items	52,662	5,058	22,357	80,077	22,739
Pension Related Items	687,131	67,415	316,888	1,071,434	266,777
Total Deferred Outflows of Resources	739,793	72,473	339,245	1,151,511	289,516
LIABILITIES					
Current Liabilities:					
Accounts Payable	1,870,659	1,559,501	1,101,710	4,531,870	333,508
Accrued Salaries and Wages	106,266	11,270	40,061	157,597	54,822
Interest Payable	89,123	-	-	89,123	-
Unearned Revenue	-	-	-	-	-
Retentions Payable	82,715	-	8,868	91,583	-
Deposits Payable	587,327	-	38,672	625,999	-
Current Portion of Long-Term Liabilities:					
Claims and Judgments Payable	-	-	-	-	3,063,045
Compensated Absences	89,887	10,593	45,272	145,752	58,037
Revenue Bonds Payable	365,000	-	-	365,000	-
Total Current Liabilities	3,190,977	1,581,364	1,234,583	6,006,924	3,509,412
Noncurrent Liabilities:					
Claims and Judgments Payable	-	-	-	-	7,275,163
Net OPEB Liability	1,568,892	150,685	666,051	2,385,628	677,448
Net Pension Liability	7,366,158	722,702	3,397,089	11,485,949	2,859,892
Compensated Absences	102,422	14,177	75,197	191,796	59,076
Revenue Bonds Payable	7,680,838	-	-	7,680,838	-
Total Noncurrent Liabilities	16,718,310	887,564	4,138,337	21,744,211	10,871,579
Total Liabilities	19,909,287	2,468,928	5,372,920	27,751,135	14,380,991
DEFERRED INFLOWS OF RESOURCES					
OPEB Related Items	65,016	6,244	27,602	98,862	28,074
Pension Related Items	115,261	11,308	53,155	179,724	44,750
Total Deferred Outflows of Resources	180,277	17,552	80,757	278,586	72,824
NET POSITION					
Net Investment in Capital Assets	56,745,748	-	13,735,650	70,481,398	1,006,488
Unrestricted	42,938,019	784,426	11,103,292	54,825,737	(9,784,558)
Total Net Position	\$ 99,683,767	\$ 784,426	\$ 24,838,942	\$ 125,307,135	\$ (8,778,070)

The accompanying notes are an integral part of this statement.

City of Upland
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental
	Water Utility	Solid Waste Utility	Sewer Utility	Totals	Internal Service Fund
OPERATING REVENUES					
Charges for Services	\$ 25,467,460	\$ 12,677,799	\$ 10,201,084	\$ 48,346,343	\$ 7,944,887
Licenses and Permits	422,174	-	370,920	793,094	-
Other	313,941	-	1,567	315,508	252,714
Total Operating Revenue	26,203,575	12,677,799	10,573,571	49,454,945	8,197,601
OPERATING EXPENSES					
Administrative Costs	3,398,269	1,189,058	273,792	4,861,119	-
Maintenance and Operations	15,460,201	-	2,255,996	17,716,197	2,994,234
Contractual Services	172,259	11,127,519	6,283,427	17,583,205	373,804
Customer Service	659,800	-	-	659,800	-
Claims Expense	-	-	-	-	5,610,250
Depreciation	1,883,081	-	574,155	2,457,236	195,418
Total Operating Expenses	21,573,610	12,316,577	9,387,370	43,277,557	9,173,706
Operating Income (Loss)	4,629,965	361,222	1,186,201	6,177,388	(976,105)
NONOPERATING REVENUES (EXPENSES)					
Investment Income	372,907	44,752	344,288	761,947	79,709
Share of Joint Venture Net Income (loss)	375,646	-	-	375,646	-
Gain/ (Loss) on Disposal of Capital Assets	(12,879)	-	-	(12,879)	42,000
Interest Expense	(327,673)	-	-	(327,673)	-
Intergovernmental	-	57,708	-	57,708	-
Total Nonoperating Revenues (Expenses)	408,001	102,460	344,288	854,749	121,709
Income Before Contributions and Transfers	5,037,966	463,682	1,530,489	7,032,137	(854,396)
Capital Contributions	1,112,230	-	432,299	1,544,529	-
Transfers In	-	-	265,000	265,000	298,005
Transfers Out	(490,543)	(383,944)	(205,182)	(1,079,669)	(1,061,129)
Change in Net Position	5,659,653	79,738	2,022,606	7,761,997	(1,617,520)
Total Net Position, Beginning	94,024,114	704,688	22,816,336	117,545,138	(7,160,550)
Total Net Position, Ending	\$ 99,683,767	\$ 784,426	\$ 24,838,942	\$ 125,307,135	\$ (8,778,070)

The accompanying notes are an integral part of this statement.

City of Upland
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental
	Water Utility	Solid Waste Utility	Sewer Utility	Totals	Internal Service Fund
Cash Flows from Operating Activities					
Cash Received from Customers	\$ 25,864,867	\$ 12,882,178	\$ 10,518,540	\$ 49,265,585	\$ -
Cash Received from User Departments	-	-	-	-	8,191,108
Cash Paid to Suppliers for Goods and Services	(16,059,186)	(11,882,054)	(7,559,632)	(35,500,872)	(5,332,122)
Cash Paid to Employees for Services	(3,264,755)	(326,931)	(1,138,754)	(4,730,440)	(2,137,460)
Net Cash from Operating Activities	<u>6,540,926</u>	<u>673,193</u>	<u>1,820,154</u>	<u>9,034,273</u>	<u>721,526</u>
Cash Flows from Noncapital Financing Activities					
Grant Revenue	-	57,708	-	57,708	-
Cash Paid for Investment in Joint Ventures	(277,800)	-	-	(277,800)	-
Cash Paid (to) from Other Funds	(490,543)	(383,944)	59,818	(814,669)	298,005
Net Cash from Noncapital Financing Activities	<u>(768,343)</u>	<u>(326,236)</u>	<u>59,818</u>	<u>(1,034,761)</u>	<u>298,005</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition and Construction of Capital Assets	(2,510,918)	-	(283,798)	(2,794,716)	(347,293)
Proceeds from the Sale of Assets	23,800	-	-	23,800	42,000
Principal Paid on Debt	(355,000)	-	-	(355,000)	-
Interest Paid on Debt	(365,548)	-	-	(365,548)	-
Net Cash from Capital and Related Financing Activities	<u>(3,207,666)</u>	<u>-</u>	<u>(283,798)</u>	<u>(3,491,464)</u>	<u>(305,293)</u>
Cash Flows from Investing Activities					
Interest on Investments	372,907	44,752	344,288	761,947	79,709
Net Cash from Investing Activities	<u>372,907</u>	<u>44,752</u>	<u>344,288</u>	<u>761,947</u>	<u>79,709</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>2,937,824</u>	<u>391,709</u>	<u>1,940,462</u>	<u>5,269,995</u>	<u>793,947</u>
Cash and Cash Equivalents, Beginning of Year	15,621,036	1,379,406	12,432,606	29,433,048	3,326,604
Cash and Cash Equivalents, End of Year	<u>\$ 18,558,860</u>	<u>\$ 1,771,115</u>	<u>\$ 14,373,068</u>	<u>\$ 34,703,043</u>	<u>\$ 4,120,551</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ 4,629,965	\$ 361,222	\$ 1,186,201	\$ 6,177,388	\$ (976,105)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,883,081	-	574,155	2,457,236	195,418
(Increase) Decrease in Accounts Receivable	(393,755)	223,536	(55,002)	(225,221)	(6,643)
(Increase) Decrease in Due from Other Governments	(30,591)	(20)	(29)	(30,640)	150
(Increase) Decrease in Inventory and Prepaid Items	-	-	-	-	(72,062)
(Increase) Decrease in Deferred Outflows - Pensions	798,981	64,266	327,972	1,191,219	469,884
(Increase) Decrease in Deferred Outflows - OPEB	(784)	(614)	(1,548)	(2,946)	(102)
Increase (Decrease) in Accounts Payable	314,778	35,927	(76,113)	274,592	(38,865)
Increase (Decrease) in Accrued Salaries and Benefits	(6,495)	(2,179)	(13,342)	(22,016)	(1,660)
Increase (Decrease) in Retention Payable	82,715	-	8,868	91,583	-
Increase (Decrease) in Deposits Payable	85,638	-	-	85,638	-
Increase (Decrease) in Compensated Absences	(23,395)	172	3,615	(19,608)	(7,521)
Increase (Decrease) in Net Pension Liability	(556,671)	20,679	(40,817)	(576,809)	(1,067,424)
Increase (Decrease) in Net OPEB Liability	(357,605)	(14,355)	(106,707)	(478,667)	(163,178)
Increase (Decrease) in Deferred Inflows - Pensions	(41,117)	(2,548)	(14,701)	(58,366)	(22,848)
Increase (Decrease) in Deferred Inflows - OPEB	65,016	6,244	27,602	98,862	18,156
Increase (Decrease) in Unearned Revenue	-	(19,137)	-	(19,137)	-
Increase (Decrease) in Claims and Judgments	-	-	-	-	2,394,326
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,449,761</u>	<u>\$ 673,193</u>	<u>\$ 1,820,154</u>	<u>\$ 8,943,108</u>	<u>\$ 721,526</u>
Non Cash Investing, Capital and Financing Activities:					
Amortization of Premium on Bonds	\$ 34,345	\$ -	\$ -	\$ 34,345	\$ -
Contributions of Capital Assets	1,112,230	-	432,299	1,544,529	-

The accompanying notes are an integral part of this statement.

**City of Upland
Statement of Net Position
Fiduciary Funds
June 30, 2019**

	OPEB Trust Fund	Successor Agency Private-purpose Trust Fund	Agency Funds
ASSETS			
Cash and Investments	\$ -	\$ 2,930,277	\$ 6,807,879
Cash and Investments with Fiscal Agent	-	2,456,546	13,397,950
Investments:			
Moderate Index PLUS	1,119,235	-	-
Notes Receivable, Net	-	33,001	-
Due from Other Governments	-	-	-
Land Held for Resale	-	3,358,000	31,544
	1,119,235	8,777,824	\$ 20,237,373
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	-	387,455	-
	-	387,455	-
LIABILITIES			
Accounts Payable	-	623	\$ 11,761
Accrued Salaries and Wages	-	6,489	-
Deposits Payable	-	-	5,269,059
Interest Payable	-	321,091	-
Due to Bondholders	-	-	-
Bonds Payable	-	25,414,459	14,956,553
	-	25,742,662	\$ 20,237,373
NET POSITION			
Net Position Restricted for OPEB	\$ 1,119,235		
Net Position Held in Trust		\$ (16,577,383)	

The accompanying notes are an integral part of this statement.

City of Upland
Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2019

	OPEB Trust Fund	Successor Agency Private-purpose Trust Fund
ADDITIONS		
Taxes	\$ -	\$ 2,879,672
Investment Income	69,490	21,174
Rental Income	-	-
Sale of Land	-	1,284,075
	69,490	4,184,921
DEDUCTIONS		
Development Services	-	1,992,642
Bond Issuance Costs	-	-
Interest Expense	-	759,562
Other Expenses	2,660	-
	2,660	2,752,204
Change in Net Position	66,830	1,432,717
Net Position - Beginning of Year	1,052,405	(18,010,100)
Net Position - End of Year	\$ 1,119,235	\$ (16,577,383)

The accompanying notes are an integral part of this statement.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Upland, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A) Financial Reporting Entity

The City was incorporated on May 15, 1906 under the general laws of the State of California. The City is governed by an elected five-member board.

As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

Included within the financial reporting entity of the City is the Upland Public Financing Authority because it meets the above-mentioned criteria.

Upland Public Financing Authority

The Upland Public Financing Authority (Authority) is a Joint Exercise of Powers Authority under the Laws of the State of California. The Authority is authorized to issue bonds under the Mark-Roos Local Bond Pooling Act of 1985 (Article 1 through 4, Section 6500). The City and the former Community Redevelopment Agency formed the Authority in December 1988, by execution of a Joint Exercise of Powers Agreement. The purpose of the Authority is to provide financing to the City for various project purposes. Since the City Council serves as the governing board for the Authority, it is considered to be a blended component unit. Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are reported with the data of the primary government.

B) Basis of Accounting and Measurement Focus

The *basic financial statements* of the City are composed of the following:

- a) Government-wide financial statements
- b) Fund financial statements
- c) Notes to the basic financial statements

Government-wide Financial Statements:

Government-wide financial statements display information about the reporting entity as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

type activities of the primary government (including its blended component units), as well as its discretely presented component units. The City has no discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are reported only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using *the economic resources measurement focus* and the *accrual basis of accounting*. Under the *economic resources measurement focus*, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the *accrual basis* of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expense. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expense.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about the major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Governmental Funds

The 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Sales taxes, property taxes, franchise taxes, intergovernmental revenue and rental income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Non-current portions of long-term receivables due from governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered “available spendable resources,” since they do not represent net current assets.

Proprietary and Fiduciary Funds

The City’s enterprise and internal service funds are considered proprietary funds. Proprietary funds and fiduciary funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. Proprietary funds are presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the enterprise fund financial statements, rather than reported as an expense. Proceeds of long-term debt are recorded as a liability in the enterprise fund financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the enterprise fund are reported as a reduction of the related liability, rather than as an expense.

Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of City revenues and expenses. The private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C) Fund Classifications

The City reports the following major governmental funds:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund finances the basic services provided to residents including police and recreation.

Housing Fund - This fund accounts for the activities of the City that were previously reported in the low- and moderate-income housing redevelopment agency fund of the former Community Redevelopment Agency. The primary source of revenue is from rental income.

The City reports the following major enterprise funds:

Water Utility Fund - This fund accounts for the sale of water to the City's citizens and businesses and also records expenditures for water operations and capital improvement projects.

Solid Waste Utility Fund - This fund accounts for the refuse pick-up services provided by private contract. Billing and collection is accomplished by City staff for residential services and by the contracted agency for commercial services. Activities include recycling and green waste programs.

Sewer Utility Fund - This fund records all City sewer service transactions, and also includes the storm drain maintenance and NPDES programs.

Additionally, the City reports the following fund types:

Internal Service Funds - These funds are used to account for self-funded insurance, fleet management, information systems, and building maintenance and operations. Departments of the City are charged for the services provided or benefits received from these funds.

Agency Funds - Used to account for monies held for assessment districts and for the Welfare Committee.

Private Purpose Trust Fund - Used to account for the activities of the Redevelopment Obligation Retirement Fund, and other Successor Agency activities. Resources are accumulated to retire obligations previously incurred by the former Community Redevelopment Agency.

OPEB Trust Fund – Used to account for the prefunding of post-employment benefits other than pension.

D) Cash and Investments

Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**City of Upland
Notes to Financial Statements
Year Ended June 30, 2019**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. *Investment income* earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of 3 months or less. Cash equivalents represent the proprietary funds' share in the cash and investment pool of the City.

E) Inventories

Inventories held by the General Fund and Water Fund are recorded at cost on a first-in, first-out basis and, for the General Fund, are recorded as expenditures as used (the consumption method). General Fund inventories consist primarily of fuel, office supplies, and small hand tools. Water Fund inventory consists of stored water.

F) Land Held for Resale

Land held for resale represents land that was acquired for resale in accordance with the objective of the Redevelopment Project Area. These costs will be charged to current year project expenditures when the related land and structures are sold. Land held for resale is valued at the lower of cost or the sales price per contract with the developer.

G) Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. Accordingly, the City accrues only those taxes which are received within 60 days after year end. The property tax calendar is as follows:

Property Tax Calendar		County Remittance Dates and Percentages	
Lien date	January 1	December	30% Advance
Levy date	July 1	January	Collection No. 1
Due date	November 1 and February 1	April	10% Advance
Delinquent dates	December 11 and April 11	May	Collection No. 2
		July	Collection No. 3

H) Claims and Judgements

The City records a liability for litigation, judgments, and claims when it is probable that an asset has been impaired or a liability (including incurred but not reported) has been incurred prior to yearend and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. This liability is recorded in the internal service fund that accounts for the City's self-insurance activities.

**City of Upland
Notes to Financial Statements
Year Ended June 30, 2019**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

I) Employee Leave Benefits

Vacation: The City’s policy permits employees to accumulate earned but unused vacation and similar compensatory leave balances, which are eligible for payment upon separation from City service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts are recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick Leave: A liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in payments upon retirement. This is estimated by including in the liability the unused balances of employees currently entitled to receive a payment upon retirement, as well as those who are expected to become eligible to receive the benefit payout as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) which is outside the control of the City and the employee.

J) Capital Assets

Capital assets (including infrastructure) greater than \$5,000 are capitalized and recorded at cost or at the estimated fair value of the assets at the time of acquisition where complete historical records have not been maintained. Contributed capital assets are valued at their acquisition value at the date of the contribution. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets include public domain (infrastructure) general capital assets consisting of certain improvements including roads, bridges, curbs and gutters, streets and sidewalks, medians, sewers and storm drains. As allowed by GASB Statement No. 34, certain infrastructure assets that were acquired, reconstructed or significantly improved prior to June 30, 1980 have not been included in the City’s financial statements due to the unavailability of the information. Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on specific circumstances. No interest was capitalized for the year ended June 30, 2019.

Land and construction in progress are not depreciated. The other property, plant, equipment and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

Governmental Activities		Business-type Activities	
Buildings and Improvements	50 years	Pipelines and Reservoirs	50 years
Park Improvements	10-50 years	Treatment Facilities	50 years
Equipment	5-10 years	Wells/Pumps	10-50 years
Vehicles	5-10 years	Sewer Manholes	50 years
Infrastructure - Street System	30-100 years	Equipment and Machinery	5-10 years
Infrastructure - Storm Drains	100 years	Vehicles	5-10 years

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

K) Notes and Loans Receivable

The accompanying financial statements report certain loans receivable for loans made to private developers, private homeowners, and other parties. Where applicable, an allowance for doubtful accounts has been recorded to reflect management's best estimate of probable losses associated with non-repayment.

L) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has certain items that qualify for reporting in this category: 1) a deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price, which is deferred and amortized over the shorter of the life of the refunded or refunding debt, and 2) deferred outflows relating to the City's net pension and OPEB liabilities.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows for certain items under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues related to interest earned on loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows relating to the net pension liability.

M) Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N) Other Postemployment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used: June 30, 2017 Valuation Date; June 30, 2018 Measurement Date; and July 1, 2017 through June 30, 2018 Measurement Period.

O) Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position.

P) Fund Balance

Nonspendable Fund Balance: this includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).

Restricted Fund Balance: this includes amounts that can be spent only for specific purposes stipulated by legal requirements imposed by other governments, external resource providers, or creditors. City Council-imposed restrictions do not create restricted fund balance unless the legal document that initially authorized the revenue (associated with that portion of fund balance) also included language that specified the limited use for which the authorized revenues were to be expended.

Committed Fund Balance: this includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (for example, resolution, ordinance, minutes action, etc.) that it employed to previously commit those amounts. If the Council action that limits the use of the funds was separate from the action that initially created the revenues that form the basis for the fund balance, then the resultant fund balance is considered to be committed, not restricted. The City considers a minute action to constitute a formal action of City Council for the purposes of establishing committed fund balance.

Assigned Fund Balance: this includes amounts that are intended to be used for specific purposes as indicated either by the City Council or by persons to whom the City Council has delegated the authority to assign amounts for specific purposes. The City Manager authorizes assigned amounts for specific purposes pursuant to the policy-making powers granted through an adopted City Council resolution.

Unassigned Fund Balance: this includes the remaining spendable amounts which are not included in one of the other classifications.

Reserve Policy – the City shall strive to obtain, and maintain, a minimum unassigned fund balance of at least 12.5% of General Fund operating expenditures with a goal of bringing the total level of reserves up to 25% of operating expenditures. This is considered the minimum level necessary to maintain the City's credit worthiness and to adequately provide for economic uncertainties, local disasters and other hardships or downturns in the local economy; contingencies for unforeseen operating or capital needs; and cash flow requirements.

Once the 12.5% reserve is met, any additional reserves will go to other funds that rely on the General Fund for revenue to eliminate their deficit fund balances. If unassigned fund balance exceeds 25% of operating expenditures, the excess will go into a Committed Fund Balance to be used for economic uncertainty. The purpose would be to provide the fiscal capacity to absorb one-time emergency situations without disrupting day-to-day operations. 17.5% of the fiscal year ended June 30, 2019 General Fund operating budget is \$7,161,824. The General Fund unassigned fund balance at June 30, 2019 is \$15,473,859.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Q) Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements), as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive; inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the City’s own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the City’s own data.

R) Use of Estimates

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/expenses during the reporting period. Actual results could differ from those estimates.

2) CASH AND INVESTMENTS

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

	Government-wide Statement of Net Position			Total
	Governmental Activities	Business-Type Activities	Fiduciary Funds	
Cash and Investments	\$ 51,039,034	\$ 34,077,033	\$ 10,857,391	\$ 95,973,458
Restricted Cash and Investments	6,892,262	626,010	-	7,518,272
Cash and Investments with Fiscal Agent	334,827	-	15,854,496	16,189,323
Total Cash and Investments	\$ 58,266,123	\$ 34,703,043	\$ 26,711,887	\$ 119,681,053

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

2) CASH AND INVESTMENTS – Continued

Cash and investments as of June 30, 2019 consist of the following:

Cash on Hand	\$	12,580
Deposits with Financial Institutions		13,705,021
Investments		105,963,452
Total Cash and Investments		\$ 119,681,053

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
Municipal Securities	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency Issues	5 years	50%	50%
Commercial Paper	270 days	15%	10%
Bankers' Acceptances	180 days	40%	30%
Negotiable Certificates of Deposits	5 years	30%	None, if collateralized
Medium Term Notes/Corporate Bonds	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Supranational Securities	5 years	30%	10%

* Based on state law requirements or investment policy requirements, whichever is more restrictive.

Additionally, the City's investment policy requires at least 50% of the portfolio to mature in three years or less, 30% in two years or less, and 20% within one year or less.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. Generally, the table below identifies the investment types that are authorized for investments held by bond trustees, subject to certain additional restrictions in the debt agreements. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

2) CASH AND INVESTMENTS – Continued

Authorized Investment Type	Maximum Maturity
U.S. Treasury Obligations	None
U.S. Government Agency Issues (with certain exceptions)	None
Banker's Acceptances	30-360 days
Commercial Paper	270 days
Money Market Funds	N/A
State and Municipal Obligations	None
Investment Agreements	None
Repurchase Agreements	None
Local Agency Investment Fund	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 36 Months	37 to 60 Months	More than 60 Months
US Treasury Obligations	\$ 996,390	\$ 996,390	\$ -	\$ -	\$ -
U.S. Government Agency Securities	38,057,840	5,790,200	14,741,315	17,526,325	-
Medium-term Notes	310,178	209,734	100,444	-	-
Certificates of Deposit	12,822,407	5,767,758	5,032,992	2,021,657	-
Money Market Mutual Funds	7,251,417	7,251,417	-	-	-
Local Agency Investment Fund (LAIF)	22,846,065	22,846,065	-	-	-
Mutual Funds	7,824,648	7,824,648	-	-	-
Held by Fiscal Agent					
Money Market Mutual Funds	15,854,507	15,854,507	-	-	-
Total Pooled Investments	\$105,963,452	\$ 66,540,719	\$ 19,874,751	\$ 19,547,982	\$ -

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the City's Investment Policy, or debt agreements, and the actual rating as of year-end for each investment type.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

2) CASH AND INVESTMENTS – Continued

Investment Type	Total	Minimum Legal Rating	Aaa	Aaa3 - Aa1	A1, A2, A3	Not Rated
US Treasury Obligations	\$ 996,390	N/A	\$ 996,390	\$ -	\$ -	\$ -
U.S. Government Agency Securities	38,057,840	N/A	38,057,840	-	-	-
Medium-term Notes	310,178	A	119,857	-	190,321	-
Certificates of Deposit	12,822,407	N/A	-	-	-	12,822,407
Money Market Mutual Funds	7,251,417	A	7,251,417	-	-	-
Local Agency Investment Fund (LAIF)	22,846,065	N/A	-	-	-	22,846,065
Mutual Funds	7,824,648	N/A	-	-	-	7,824,648
Held by Fiscal Agent						
Money Market Mutual Funds	15,854,507	A	15,854,507	-	-	-
Total Pooled Investments	\$105,963,452		\$ 62,280,011	\$ -	\$ 190,321	\$ 43,493,120

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2019, the City's investments with each of the following issuers exceed 5% of its total investments.

Issuer	Investment Type	Reported Amount	Maturity	Interest (%)
FFCB	Federal Agency Securities	\$ 8,658,932	2020-2022	1.15 - 2.43
FHLB	Federal Agency Securities	11,509,940	2020-2024	1.20 - 3.12
FHLMC	Federal Agency Securities	11,921,803	2020-2024	1.25 - 2.78
FNMA	Federal Agency Securities	5,967,165	2020-2021	1.00 - 1.63

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

2) CASH AND INVESTMENTS – Continued

Based upon the fair value measurements described in Note 1, the City held the following investments as of June 30, 2019:

Investment Type	Total	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
US Treasury Obligations	\$ 996,390	\$ 996,390	\$ -	\$ -
U.S. Government Agency Securities	38,057,840	-	38,057,840	-
Medium-term Notes	310,178	-	310,178	-
Certificates of Deposit	12,822,407	-	12,822,407	-
Total	\$ 52,186,815	\$ 996,390	\$ 51,190,425	\$ -

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due to/From

As of June 30, 2019, the General Fund has an outstanding receivable from non-major governmental funds of \$183,508 to cover current year operating deficits. These deficits will be repaid with future revenues and when receivables are collected.

Interfund transfers for the year ended June 30, 2019 are as follows:

TRANSFERS OUT	TRANSFERS IN				Total
	General Fund	Nonmajor Governmental Funds	Sewer Utility Fund	Internal Service Funds	
General Fund	\$ -	\$ 311,433	\$ -	\$ 179,250	\$ 490,683
Nonmajor Governmental Funds	28,209	-	-	-	28,209
Water Utility Fund	431,166	-	-	59,377	490,543
Solid Waste Fund	75,194	-	265,000	43,750	383,944
Sewer Utility Fund	189,554	-	-	15,628	205,182
	\$ 724,123	\$ 311,433	\$ 265,000	\$ 298,005	\$ 1,598,561

The General Fund transferred \$311,433 to the nonmajor governmental funds to fund projects. In addition, the General Fund transferred \$179,250 to the Internal Service Funds for building and maintenance operations. The Solid Waste Fund transferred \$265,000 to the Sewer Fund to pay for landfill costs. The Water Utility, Solid Waste Utility, and Sewer Utility funds transferred \$431,166, \$75,194, and \$189,554, respectively, to the General Fund for their share of the deficit elimination of claims liabilities. The nonmajor governmental funds transferred \$188,304 and \$56,873, to other nonmajor governmental funds and the Internal Service Funds for various project costs and equipment purchases. In addition, the Water Utility, Solid Waste Utility, and Sewer Utility Funds transferred \$59,377, \$43,750, and \$15,628, respectively, to the Internal Service Funds for fleet management purchases.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 is as follows:

Governmental Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated:				
Land	\$ 5,053,610	\$ -	\$ -	\$ 5,053,610
Rights of Way	103,432,811	-	-	103,432,811
Street Trees	3,537,384	-	-	3,537,384
Construction in Progress	5,732,395	4,522,206	(3,319,396)	6,935,205
Total Capital Assets, Not Being Depreciated	<u>117,756,200</u>	<u>4,522,206</u>	<u>(3,319,396)</u>	<u>118,959,010</u>
Capital Assets Being Depreciated:				
Building and improvements	40,551,099	1,991,636	-	42,542,735
Land Improvements	1,093,419	-	-	1,093,419
Park Improvements	12,169,535	54,879	-	12,224,414
Equipment	6,258,150	390,990	-	6,649,140
Vehicles	3,642,019	533,502	(512,870)	3,662,651
Infrastructure - Street System	179,089,893	1,875,644	(119,271)	180,846,266
Infrastructure - Storm Drains	22,337,095	303,181	-	22,640,276
Total Capital Assets Being Depreciated	<u>265,141,210</u>	<u>5,149,832</u>	<u>(632,141)</u>	<u>269,658,901</u>
Less Accumulated Depreciation:				
Building and improvements	(12,081,782)	(792,735)	-	(12,874,517)
Land Improvements	(203,791)	(27,973)	-	(231,764)
Park Improvements	(6,234,072)	(400,971)	-	(6,635,043)
Equipment	(4,061,406)	(556,202)	-	(4,617,608)
Vehicles	(2,634,997)	(256,903)	512,870	(2,379,030)
Infrastructure - Street System	(69,455,624)	(4,621,842)	119,271	(73,958,195)
Infrastructure - Storm Drains	(4,225,222)	(223,371)	-	(4,448,593)
Total Accumulated Depreciation	<u>(98,896,894)</u>	<u>(6,879,997)</u>	<u>632,141</u>	<u>(105,144,750)</u>
Total Capital Assets Being Depreciated, Net	<u>166,244,316</u>	<u>(1,730,165)</u>	<u>-</u>	<u>164,514,151</u>
Governmental Activities, Capital Assets, Net	<u><u>\$ 284,000,516</u></u>	<u><u>\$ 2,792,041</u></u>	<u><u>\$ (3,319,396)</u></u>	<u><u>\$ 283,473,161</u></u>

Depreciation expense was charged to the following functions for governmental activities in the Statement of Activities:

General Government	\$ 716,900
Public Safety	767,396
Engineering and Public Works	4,959,696
Community Services	436,005
	<u>\$ 6,879,997</u>

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

4) CAPITAL ASSETS – Continued

Business Type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 2,058,694	\$ -	\$ -	\$ 2,058,694
Construction in Progress	1,009,708	2,250,112	(197,093)	3,062,727
Total Capital Assets, Not Being Depreciated	3,068,402	2,250,112	(197,093)	5,121,421
Capital Assets Being Depreciated:				
Pipelines	51,266,953	1,715,802	(114,622)	52,868,133
Reservoirs	37,904,346	25,821	-	37,930,167
Land Improvements	9,870	-	-	9,870
Treatment Facilities	14,549,932	-	-	14,549,932
Wells/pumps	5,340,879	-	-	5,340,879
Sewer Manholes	2,784,068	-	-	2,784,068
Machinery and Equipment	1,090,303	233,106	-	1,323,409
Vehicles	2,372,116	311,497	(90,813)	2,592,800
Total Capital Assets Being Depreciated	115,318,467	2,286,226	(205,435)	117,399,258
Less Accumulated Depreciation:				
Pipelines	(17,304,645)	(1,025,339)	77,943	(18,252,041)
Reservoirs	(12,281,943)	(740,756)	-	(13,022,699)
Land Improvements	-	(987)	-	(987)
Treatment Facilities	(6,254,652)	(290,999)	-	(6,545,651)
Wells/pumps	(1,386,284)	(105,737)	-	(1,492,021)
Sewer Manholes	(2,004,402)	(51,784)	-	(2,056,186)
Machinery and Equipment	(993,711)	(27,330)	-	(1,021,041)
Vehicles	(1,479,326)	(214,304)	90,813	(1,602,817)
Total Accumulated Depreciation	(41,704,963)	(2,457,236)	168,756	(43,993,443)
Total Capital Assets Being Depreciated, Net	73,613,504	(171,010)	(36,679)	73,405,815
Business Activities, Capital Assets, Net	<u>\$ 76,681,906</u>	<u>\$ 2,079,102</u>	<u>\$ (233,772)</u>	<u>\$ 78,527,236</u>

Depreciation expense was charged to the following programs for business-type activities in the Statement of Activities:

Water Utility	\$ 1,883,081
Sewer Utility	<u>574,155</u>
	<u>\$ 2,457,236</u>

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

5) LONG-TERM LIABILITIES

Changes in long-term liabilities for governmental activities are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due in one year
Governmental Activities					
Compensated Absences Payable	\$ 1,684,212	\$ 1,219,816	\$ 1,197,180	\$ 1,706,848	\$ 855,309
Net OPEB Liability	11,559,049	909,618	2,191,726	10,276,941	-
Net Pension Liability	99,976,917	247,286	-	100,224,203	-
Claims Payable	7,943,882	4,041,717	1,647,391	10,338,208	3,063,045
Loans from Direct Borrowings:					
2017 Multifamily Housing Rev. Note	14,420,150	-	514,159	13,905,991	533,839
Energy Efficiency Lease	2,736,043	-	128,781	2,607,262	139,914
CREBS Lease Agreement	4,525,832	-	31,643	4,494,189	21,924
Total Direct Borrowings	21,682,025	-	674,583	21,007,442	695,677
Total Government Activities	\$ 142,846,085	\$ 6,418,437	\$ 5,710,880	\$ 143,553,642	\$ 4,614,031

The liability for compensated absences, Net OPEB, and Net Pension are generally liquidated by the General Fund and internal service funds.

2017 Multifamily Housing Revenue Note (direct borrowing)

On July 26, 2017, the City entered into a Multifamily Housing Revenue Note agreement in the amount of \$14,865,000 for the purpose of refunding the 2007 Housing Revenue Bonds. Proceeds from the loan were used to refund in full the 2007 Multifamily Housing Revenue Bonds. The 2007 Multifamily Housing Revenue Bonds were used to finance certain redevelopment projects in the project area of the former Community Redevelopment Agency and to advance refund previous Housing Revenue Bonds. Upon the issuance of the 2017 Housing Revenue Note, the 2007 Bonds are considered defeased and the liability has been removed from these financial statements. Principal and interest are payable in monthly payments due the first of each month, with the final payment scheduled for August 1, 2037. Payments are secured by a pledge of revenues generated by apartment rentals that have been assigned to the Housing Fund of the City pursuant to Assembly Bills 1x26 and 1484. The loan agreement contains provisions that in an event of default, outstanding amounts may become immediately due if the City is unable to make payment.

The following represents the future annual debt service requirements:

Fiscal Year Ending	Principal	Interest	Total
June 30,			
2020	\$ 533,839	\$ 548,073	\$ 1,081,912
2021	557,098	524,814	1,081,912
2022	579,825	502,116	1,081,941
2023	603,417	478,495	1,081,912
2024	626,750	455,162	1,081,912
2025-2029	3,544,024	1,865,536	5,409,560
2030-2034	4,327,586	1,081,974	5,409,560
2035-2038	3,133,452	202,819	3,336,271
Totals	<u>\$ 13,905,991</u>	<u>\$ 5,658,989</u>	<u>\$ 19,564,980</u>

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

5) LONG-TERM LIABILITIES – Continued

Energy Efficiency Lease Agreement (direct borrowing)

In August 2017, the City entered into a lease-purchase agreement for the acquisition and installation of certain energy conservation equipment including lighting and HVAC (non-solar) with an aggregate principal borrowing of \$2,797,094. The proceeds are to be used to pay for the energy efficiency and conservation improvements as specified in the agreement. The payments bear interest at 3.60% and are due and payable semi-annually on February 24th and August 24th each year, maturing on August 24, 2032. The General Fund will generally be responsible for making the debt service payments annually.

The annual debt service requirements for the lease agreement as of June 30, 2019 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 139,913	\$ 110,664	\$ 250,577
2021	151,846	104,521	256,367
2022	164,463	97,859	262,322
2023	171,137	90,646	261,783
2024	172,741	83,285	256,026
2025-2029	961,953	299,244	1,261,197
2030-2033	845,209	75,147	920,356
Totals	<u>\$ 2,607,262</u>	<u>\$ 861,366</u>	<u>\$ 3,468,628</u>

CREBS Lease Agreement (direct borrowing)

In August 2017, the City entered into a lease-purchase agreement for the acquisition, construction and installation of certain energy conservation equipment and improvements (solar) with an aggregate principal borrowing of \$4,548,393. The proceeds are to be used to pay for certain issuance costs and energy efficiency and conservation improvements as specified in the agreement. The payments bear interest at 3.46% and are due and payable semi-annually, on February 24th and August 24th each year, maturing on August 24, 2037. The General Fund will generally be responsible for making the debt service payments annually.

The annual debt service requirements for the lease agreement as of June 30, 2019 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 21,924	\$ 155,346	\$ 177,270
2021	30,634	154,510	185,144
2022	55,603	153,375	208,978
2023	83,657	151,088	234,745
2024	98,346	148,070	246,416
2025-2029	748,394	675,743	1,424,137
2030-2034	1,514,164	502,962	2,017,126
2035-2038	1,941,467	139,591	2,081,058
Totals	<u>\$ 4,494,189</u>	<u>\$ 2,080,685</u>	<u>\$ 6,574,874</u>

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

5) LONG-TERM LIABILITIES – Continued

Changes in long-term liabilities for business-type activities are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due in one year
Business-type Activities					
Compensated absences payable	\$ 357,156	\$ 200,666	\$ 220,274	\$ 337,548	\$ 145,752
Net OPEB Liability	2,864,295	106,924	585,591	2,385,628	-
Net Pension Liability	12,062,758	-	576,809	11,485,949	-
2011 Revenue Refunding Bonds	7,920,000	-	355,000	7,565,000	365,000
Unamortized premium	515,184	-	34,345	480,839	-
Total Business-type Activities	\$ 23,719,393	\$ 307,590	\$ 1,772,019	\$ 22,254,964	\$ 510,752

2011 Lease Revenue Refunding Bonds (Water System)

In December 2011, the City issued \$12,140,000 of 2011 Lease Revenue Refunding Bonds to provide for the advance refunding of the remaining portion of the City's 2003 Lease Revenue Refunding Bonds and 2003 Lease Revenue Bonds. Interest rates on the bonds range from 2.0% to 4.0% and are payable semi-annually on April 1 and October 1 of each year until maturity on October 1, 2033. The reserve requirement at June 30, 2019 of \$723,500 was fully satisfied.

The Bonds are secured by a pledge of net revenues of the water system and requires that the City set rates, fees, and charges for each fiscal year so as to yield system net revenues during each fiscal year equal to 125% of the annual debt service (including parity debt, if any).

All system net revenues are irrevocably pledged to the payment of the installment payments, which approximate \$26 million annually. Principal and interest payments on the bonds for the 2018-19 fiscal year totaled \$720,548. The Bond indenture contains a provision that in an event of default, outstanding amounts may become immediately due if the City is unable to make payment. The future debt service requirements are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 365,000	\$ 351,150	\$ 716,150
2021	380,000	336,250	716,250
2022	395,000	320,750	715,750
2023	410,000	304,650	714,650
2024	430,000	287,850	717,850
2025-2029	2,450,000	1,102,500	3,552,500
2030-2034	3,135,000	407,125	3,542,125
Totals	<u>\$ 7,565,000</u>	<u>\$ 3,110,275</u>	<u>\$ 10,675,275</u>

6) OTHER POST EMPLOYMENT BENEFITS

General Information About the OPEB Plan

Plan Description – The City administers a single-employer defined benefit healthcare plan (“the Plan”) which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

6) OTHER POST EMPLOYMENT BENEFITS – Continued

agreements. After age 65, Medicare automatically becomes the primary provider of health coverage. The City's defined benefit plan becomes the secondary provider. Eligible retirees will have no noticeable change in health benefits or plan administration; however, there is a reduction in the City's cost of health coverage as the secondary provider. The City's defined benefit plan administrator establishes the cost of secondary provider rates annually. There is no separate audited benefit plan report available. The City will pay a portion of the eligible retirees' health coverage depending on their years of service.

Benefits Provided – Employees are eligible for retiree health benefits if they retire from the City on or after age 50 with at least 10 years of service, and are eligible for a PERS pension.

City Service	Monthly City Contribution	
	Retiree	Spouse
10 - 14 years	\$ 72.57	\$ 45.00
15 - 19 years	96.81	45.00
20 - 24 years	121.05	45.00
25 or more years	145.14	45.00

Employees Covered by Benefit Terms – As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Retirees or spouses of retirees currently receiving benefits	235
Active employees	190
Total	425

Contributions – The Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the City and the bargaining units. The annual contributions to the Plan are based on the costs to provide the benefits as described above on a pay as you go basis. For the fiscal year ended June 30, 2019, the City's pay-as-you-go costs were \$408,067. In addition, as the City's budget allows, the City will make additional contributions to the OPEB Trust Account, administered by the Public Agency Retirement Systems (PARS).

Net OPEB Liability - The City's net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Actuarial Cost
Mortality	2014 CalPERS Active Mortality
Age at Retirement	Varies, 55 to 62
Health Care Trend Rate	6.00% initial, 5.0% ultimate
Inflation Rate	2.75%
Salary Changes	3.00%
Discount Rate	4.15%
Asset Return	6.25%

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

6) OTHER POST EMPLOYMENT BENEFITS – Continued

percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Rate of Return
Fixed Income	45%	1.75%
Equities	50%	5.00%
Cash	5%	0.00%
Total	<u>100.00%</u>	

Discount Rate – The discount rate of 4.15% is a blended rate between the rate of return of 6.25% and 3.90%, the resulting rate using the Bond Buyer 20-Bond GO index.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (TOL)	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2017	\$ 15,424,310	\$ 1,000,966	\$ 14,423,344
Changes in the year:			
Service cost	557,634	-	557,634
Interest on the total OPEB liability	562,756	-	562,756
Changes of benefit terms	(1,080,543)	-	(1,080,543)
Employer contributions	-	699,692	(699,692)
Employee contributions	-	-	-
Actual investment income	-	54,034	(54,034)
Changes of assumptions	(1,049,491)	-	(1,049,491)
Administrative Expense	-	(2,595)	2,595
Benefit payments, including refunds	(699,692)	(699,692)	-
Other	-	-	-
Net changes	<u>(1,709,336)</u>	<u>51,439</u>	<u>(1,760,775)</u>
Balance at June 30, 2018	<u>\$ 13,714,974</u>	<u>\$ 1,052,405</u>	<u>\$ 12,662,569</u>

Sensitivity of the Net OPEB Liability to changes in the Discount Rate - The following presents the net OPEB liability of the City if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (3.15%)	Discount Rate (4.15%)	1% Increase (5.15%)
Net OPEB liability (asset)	\$ 14,463,405	\$ 12,662,569	\$ 11,177,262

Sensitivity of the Net OPEB Liability to changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability of the District, as well as what the District's Net OPEB would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

**City of Upland
Notes to Financial Statements
Year Ended June 30, 2019**

6) OTHER POST EMPLOYMENT BENEFITS – Continued

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB liability (asset)	\$ 12,100,925	\$ 12,662,569	\$ 13,327,476

OPEB Plan Fiduciary Net Position

PARS issues a publicly available financial report that may be obtained from the Public Agency Retirement Services, 4350 Von Karman Ave., Newport Beach, CA 92660.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the City recognized OPEB expense of \$539,687. The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
OPEB Contributions Subsequent to the Measurement Date	\$ 408,067	\$ -
Changes of Assumptions	-	524,745
Net differences between projected and actual earnings on plan investments	16,976	-
Total	\$ 425,043	\$ 524,745

The \$408,067 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ended June 30, 2020. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year Ending June 30,	
2020	\$ (519,649)
2021	5,096
2022	5,095
2023	1,689
2024	-
Thereafter	-

7) TAX ABATEMENT

The City enters into various tax abatement agreements for the purpose of attracting or retaining businesses within the City's jurisdiction. In June 2007, a fifteen-year agreement was entered into with a commercial concrete and asphalt company. As an incentive to continue to operate within the City, the City will pay the company the greater of 60% of all sales tax revenue generated in any fiscal year or \$400,000. The amount of sales tax abated to that company for the fiscal year ended June 30, 2019 was \$281,492.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

8) DEBT WITHOUT GOVERNMENT COMMITMENT

The City has various outstanding bond issues which are not reflected in these financial statements. These bond issues are special obligations payable solely from and secured by specific revenue sources described in the resolutions and official statements of the respective issues. Neither the faith and credit nor the taxing power of the City, the Successor Agency to UCRA, the State of California or any political subdivision thereof, is pledged for the payment of these bonds. No legal obligation on the part of the City exists to make payments on the bonds from any source other than the revenues or assets pledged therefor. The programs are completely administered by trustees, and the total outstanding balance at June 30, 2019 is \$53,635,000.

9) CLAIMS AND JUDGEMENTS

The City is exposed to various risks of loss related to its operation, including losses associated with errors and omissions, injuries to employees and members of the public. The City's Self-funded Insurance Internal Service Fund is used to account for and finance its uninsured risks of loss. The City purchases coverage from Municipal Insurance Cooperative (MIC) for general liability coverage, with a limit up to \$10M. MIC provides coverage in excess of the City's self-insured retention of \$500,000. Excess general liability coverage is also obtained through excess carriers up to \$30M in limits. Torus National Insurance provides \$10M excess and Market Insurance Company provides the second layer of excess coverage.

The City purchases workers' compensation coverage from MIC with a limit up to \$100M. Under this coverage, the reinsurer, Arch Insurance Company, covers claims in excess of the City's self-insured retention of \$750,000.

In the past three years, no claims for general liability or workers' compensation have exceeded the City's purchased insurance coverage.

The claims and judgments liability reported in the Self-funded Insurance Internal Service Fund is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims and judgments be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. As of June 30, 2019, claims and judgments payable, including estimated claims for incurred but not reported claims, amounted to \$10,338,208.

Changes in the claims and judgments payable amounts in fiscal years ended June 30, 2018 and 2019 for the Self-funded Insurance Fund are as follows:

Year Ended June 30,	Beginning of Year	Claims and Changes in Estimates	Claim Payments	End of Year
2019	\$ 7,943,882	\$ 4,041,717	\$ 1,647,391	\$ 10,338,208
2018	7,742,648	3,088,324	2,887,090	7,943,882

10) PENSION PLAN

Plan Descriptions: All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

10) PENSION PLAN – Continued

Benefits Provided: The Plans are agent multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the plan’s June 30, 2017 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website.

The Plans’ provisions that are in effect at June 30, 2019, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52
Monthly benefits, as a % of eligible compensation	(1)	(1)
Required employee contribution rates	8%	6.75%
Required employer contribution rates	10.461% + \$2,530,898	6.75%

(1) - Depending on years of service

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52
Monthly benefits, as a % of eligible compensation	(1)	(1)
Required employee contribution rates	9%	12.25%
Required employer contribution rates	18.745% + \$4,363,236	11.50%

(1) - Depending on years of service

Employees Covered: At June 30, 2019, the following number of employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries		
currently receiving benefits	392	199
Inactive employees entitled to but not yet		
receiving benefits	247	105
Active employees	142	101

**City of Upland
Notes to Financial Statements
Year Ended June 30, 2019**

10) PENSION PLAN – Continued

Contributions: Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer-Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Net Pension Liability

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions: The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	All Plans
Valuation date	June 30, 2017
Measurement date	June 30, 2018
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.15%
Mortality	(2)

- (1) Depending on age, service and type of employment
- (2) Derived using CalPERS’ Membership Data for all Funds.

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Long-term Expected Rate of Return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

10) PENSION PLAN – Continued

Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	50%	4.80%	5.98%
Global Fixed Income	28%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	2%	-	-0.92%

(1) An expected inflation of 2.0% used for this period.

(2) An expected inflation of 2.92% used for this period.

Discount Rate – The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

10) PENSION PLAN – Continued

Changes in Net Pension Liability

The changes in the Net Pension Liability for the Miscellaneous Plan are as follows:

	Increase (Decrease)		
	Pension Plan Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$ 128,371,391	\$ 88,255,803	\$ 40,115,588
Changes in the year:			
Service cost	1,568,587	-	1,568,587
Interest on the total pension liability	8,880,290	-	8,880,290
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(675,727)	-	(675,727)
Changes in assumptions	(600,917)	-	(600,917)
Contributions from the employer	-	2,999,453	(2,999,453)
Contributions from employees	-	655,077	(655,077)
Net investment income	-	7,384,991	(7,384,991)
Benefit payments, including refunds	(7,358,347)	(7,358,347)	-
Administrative/other expense	-	(398,906)	398,906
Net changes	1,813,886	3,282,268	(1,468,382)
Balance at June 30, 2018	\$ 130,185,277	\$ 91,538,071	\$ 38,647,206

The changes in the Net Pension Liability for the Safety Plan are as follows:

	Increase (Decrease)		
	Pension Plan Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$ 206,098,820	\$ 134,174,733	\$ 71,924,087
Changes in the year:			
Service cost	3,120,107	-	3,120,107
Interest on the total pension liability	14,424,159	-	14,424,159
Changes of benefit terms	-	-	-
Differences between expected and actual experience	146,880	-	146,880
Changes in assumptions	(482,151)	-	(482,151)
Contributions from the employer	-	4,816,496	(4,816,496)
Contributions from employees	-	668,922	(668,922)
Net investment income	-	11,191,173	(11,191,173)
Benefit payments, including refunds	(11,174,227)	(11,174,227)	-
Administrative/other expense	-	(606,455)	606,455
Net changes	6,034,768	4,895,909	1,138,859
Balance at June 30, 2018	\$ 212,133,588	\$ 139,070,642	\$ 73,062,946

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

10) PENSION PLAN – Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Miscellaneous	Safety	
1% Decrease	6.15%	6.15%	
Net Pension Liability	\$ 55,286,384	\$ 102,052,036	
Current Discount Rate	7.15%	7.15%	
Net Pension Liability	\$ 38,647,206	\$ 73,062,946	
1% Increase	8.15%	8.15%	
Net Pension Liability	\$ 24,911,964	\$ 49,366,911	

Pension Plan Fiduciary Net Position: Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the City recognized pension expense of \$5,605,275 for the Miscellaneous Plan and \$8,950,241 for the Safety Plan. At June 30, 2019, the City reported deferred outflows and deferred inflows for the Miscellaneous Plan from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,335,368	\$ -
Differences between actual and expected experience	-	320,081
Changes in assumptions	-	284,645
Net differences between projected and actual earnings on plan investments	269,725	-
Total	\$ 3,605,093	\$ 604,726

\$3,335,368 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows related to pensions will be recognized as pension expense as follows:

	Miscellaneous	
Year Ending June 30,		
2020	\$	579,799
2021		268,092
2022		(935,627)
2023		(247,265)
2024		-
Thereafter		-

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

10) PENSION PLAN – Continued

At June 30, 2019, the City reported deferred outflows and deferred inflows for the Safety Plan from the following sources:

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 5,322,942	\$ -
Differences between actual and expected experience	267,016	1,061,009
Changes in assumptions	5,258,394	336,045
Net differences between projected and actual earnings on plan investments	472,351	-
 Total	 \$ 11,320,703	 \$ 1,397,054

\$5,322,942 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows related to pensions will be recognized as pension expense as follows:

Safety	
Year Ending June 30,	
2021	\$ 4,480,822
2022	1,895,250
2023	(1,409,693)
2024	(365,672)
2025	-
Thereafter	-

11) JOINT VENTURES

The City has ownership in the San Antonio and West End water companies based upon the number of stock shares owned. To protect the water rights for the citizens of Upland, the City's water utility has followed the practice of purchasing shares of stock in the water companies as they become available. The City's primary motivation for owning shares in the water companies is to secure rights to well water pumped by the two companies. Two Upland City Council members are also on the Board of San Antonio Water Company. As development takes place within the City, the City requires developers to contribute 1.5 shares for each acre developed. The City's investment in the Authority has been recorded using the equity method of accounting and is reflected as an investment in joint venture in the accompanying financial statements.

On February 19, 1980, the Water Facilities Authority was created under a joint exercise of powers agreement for the acquisition and construction of facilities to supply water to the inhabitants within the boundaries of its members. The Authority's Board of Directors consists of one member appointed from each participating agency. The City's investment in the Authority has been recorded using the equity method of accounting and is reflected as an investment in joint venture in the accompanying financial statements.

Separate financial statements may be obtained for the San Antonio Water Company and Liquidation Trust at 139 North Euclid Avenue, Upland, California; for the West End Consolidated Water Company at 460 N. Euclid Avenue, Upland, California; and for the Water Facilities Authority at 1775 North Benson Avenue, Upland, California.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

11) JOINT VENTURES

The following schedule summarizes the City's investment in joint ventures at June 30, 2019 and the gain (loss) on the investment for the year then ended:

Water Company	Percentage Ownership	Total Joint Venture Equity	City's Equity Interest	City's Share of Joint Venture Net Income (Loss)
San Antonio Water Company	68%	\$ 25,459,226	\$ 17,289,281	\$ 29,207
West End Water Company	91%	2,391,563	2,180,627	70,447
Water Facilities Authority	23%	25,328,106	5,825,464	275,991
Total			<u>\$ 25,295,372</u>	<u>\$ 375,645</u>

12) SUCCESSOR AGENCY ACTIVITIES

Changes in long-term liabilities for the Successor Agency are as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due in one year
Fiduciary Fund Long-term Debt					
2013 Tax Allocation Bonds	\$ 12,990,000	\$ -	\$ 1,955,000	\$ 11,035,000	\$ 2,030,000
2016 Tax Allocation Bonds	12,095,000	-	165,000	11,930,000	170,000
Unamortized Premium	2,741,155	-	291,695	2,449,460	-
Total Fiduciary Fund Debt	<u>\$ 27,826,155</u>	<u>\$ -</u>	<u>\$ 2,411,695</u>	<u>\$ 25,414,460</u>	<u>\$ 2,200,000</u>

2013 Tax Allocation Refunding Bonds

On May 9, 2013, the Successor Agency of the former Upland Community Redevelopment Agency issued tax allocation refunding bonds in the amount of \$22,090,000 to refund the outstanding aggregate principal amount of the 1998 and 2003 Tax Allocation Bonds. Interest rates on the bonds range from 2.00% to 5.00% and are payable semi-annually on March 1 and September 1 of each year until maturity. The interest and principal of the bonds are payable from pledged tax increment revenues of the Merged Project Area. Term Bonds maturing September 1, 2018 and September 1, 2023 are subject to mandatory sinking fund redemption, in part by lot, on September 1, 2015 and September 1, 2019, respectively, and on each September 1 thereafter at a price equal to the principal amount thereof plus accrued interest. There are certain limitations regarding the issuance of parity debt as further described in the official statement.

The future debt service requirements for the bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 2,030,000	\$ 447,700	\$ 2,477,700
2021	2,115,000	364,800	2,479,800
2022	2,200,000	278,500	2,478,500
2023	2,290,000	177,250	2,467,250
2024	2,400,000	60,000	2,460,000
Totals	<u>\$ 11,035,000</u>	<u>\$ 1,328,250</u>	<u>\$ 12,363,250</u>

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

12) SUCCESSOR AGENCY ACTIVITIES – Continued

2016 Tax Allocation Refunding Bonds

On September 14, 2016, the Successor Agency of the former Redevelopment Agency issued tax allocation refunding bonds in the amount of \$12,275,000 to refund the outstanding aggregate principal amount of the 2006 Tax Allocation Bonds. Interest rates on the 2016 Bonds range from 2.00% to 5.00%, and payments are due semi-annually on March 1 and September 1 of each year until maturity. The interest and principal of the bonds are payable from pledged tax increment revenues of the Merged Project Area. Term Bonds maturing September 1, 2036 are subject to mandatory sinking fund redemption, in part by lot, on September 1, 2029, and on each September 1 thereafter at a price equal to the principal amount thereof, plus accrued interest.

The future debt service requirements for the bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 170,000	\$ 477,688	\$ 647,688
2021	175,000	472,513	647,513
2022	185,000	466,188	651,188
2023	190,000	458,687	648,687
2024	205,000	450,787	655,787
2025-2029	7,255,000	1,074,807	8,329,807
2030-2034	2,235,000	366,232	2,601,232
2035-2037	1,515,000	63,319	1,578,319
Totals	<u>\$ 11,930,000</u>	<u>\$ 3,830,221</u>	<u>\$ 15,760,221</u>

13) CONTINGENT RECEIVABLE

Measure I is the half-cent sales tax collected throughout San Bernardino County for transportation improvements. San Bernardino County Transportation Authority (SBCTA), the regional transportation authority, administers Measure I revenue and is responsible for determining which projects receive Measure I funding, and ensuring that transportation projects are implemented. In June of 2012, the City and SBCTA entered into a Jurisdiction Master Agreement. Per the terms of the Agreement, SBCTA will reimburse the City for the public share of eligible project expenditures with Measure I funds in an amount determined by SBCTA. SBCTA is to annually adopt a funding allocation and project list and will notify the City of the Measure I allocation and the list of eligible projects for reimbursement. The City will prepare and submit to SBCTA invoices for reimbursement of those eligible expenditures.

Revenues are recognized by the City when both eligible expenditures have been incurred and annual funding allocations are approved by SBCTA. At June 30, 2019, prior expenditures related to the Foothill Boulevard Widening Project, which total over \$3.5 million are included in the Measure I projects eligible for reimbursement. However, due to limited program tax revenue accruals from 2010, only \$2,590,094 of project costs have been approved for disbursements by SBCTA and recorded as revenue as of June 30, 2019. Of this amount, \$807,920 was received during prior years and \$782,174 remained outstanding as of June 30, 2019. Future reimbursements are expected to coincide with annual tax revenue generated under the Measure I program for arterial transportation projects.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

14) RESTATEMENT OF NET POSITION/PRIOR PERIOD ADJUSTMENT

The Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balances includes a restatement of net position/prior period adjustment of \$811,035 for funds received in prior years previously reported as deposits but should have been reported as revenues when received.

15) FUND BALANCE

The City's governmental fund balances at June 30, 2019, are presented below:

	General Fund	Housing Fund	Total Non-major Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Items	\$ 52,690	\$ -	\$ -	\$ 52,690
Long-term Notes Receivable	21,113	-	-	21,113
Restricted:				
Disability Access	53,073	-	-	53,073
Low and Moderate Income Housing	-	9,725,580	-	9,725,580
Public Safety - Asset Forfeiture/Grants	-	-	1,691,195	1,691,195
Housing - HOME/CalHOME Program	-	-	6,905,769	6,905,769
Housing - CDBG	-	-	57,513	57,513
Street Maintenance	-	-	11,496,624	11,496,624
Air Pollution Reduction Measures	-	-	270,364	270,364
Downtown Parking & Business Improvement	-	-	265,781	265,781
Solar and Energy Efficiency Improvements	-	-	113,827	113,827
Capital Improvements	-	-	1,508,887	1,508,887
Park Acquisition and Development	-	-	6,785,372	6,785,372
Storm Drain	-	-	3,188,349	3,188,349
Street and Traffic Safety	-	-	2,190,902	2,190,902
Street and Alley Repair	-	-	771,985	771,985
Committed to:				
Facility Repairs:				
Library Power System	150,000	-	-	150,000
Fuel Island	50,000	-	-	50,000
Memorial Park Improvements	140,000	-	-	140,000
Section 115 Pension Trust	6,705,413	-	-	6,705,413
Legal/Labor Negotiations	450,000	-	-	450,000
Continuing Appropriations	255,427	-	-	255,427
Assigned:				
Library Literacy Program	-	-	7,842	7,842
Unassigned	15,423,859	-	-	15,423,859
Total Fund Balance	<u>\$ 23,301,575</u>	<u>\$ 9,725,580</u>	<u>\$ 35,254,410</u>	<u>\$ 68,281,565</u>

Included in unassigned fund balance in the General Fund is a reserve fund balance of \$7,161,824, or 17.5% of the original budgeted operating expenditures for fiscal year 2018-19. The reserve has been established by City Ordinance 1901 (Section 2,2016) and can only be used for emergencies or unforeseen events and requires a four-fifths vote by the City Council.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2019

16) COMMITMENTS AND CONTINGENCIES

The City has been named as a defendant in certain other claims and litigation matters. In the opinion of City management, the outcome of such litigation is not expected to result in a material adverse effect in the financial condition of the City beyond that accrued in the City's Self-funded Insurance Fund.

The City has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, it is believed that any required reimbursements will not be material.

The City had approximately \$2,761,481 in outstanding construction contract obligations as of June 30, 2019.

17) IMPLEMENTATION OF GASB PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued the following Statements, which may affect the City's financial reporting requirements in the future:

GASB 84 - Fiduciary Activities: This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB 87 - Leases: This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB 89 - Accounting for Interest Cost Incurred before the End of a Construction Period: This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB 90 - Majority Equity Interests: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB 91 - Conduit Debt Obligations: The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

18) SUBSEQUENT EVENTS

In December 2019, subsequent to the end of the fiscal year, the City entered into a loan financing agreement with the State Water Resources Control Board for the replacement of a 7.5 million gallon water reservoir. The loan is an installment agreement for \$16,500,000 that will be drawn down as project costs are incurred.

REQUIRED SUPPLEMENTARY INFORMATION

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property Taxes	\$ 16,676,930	\$ 16,681,835	\$ 17,447,616	\$ 765,781
Business License Taxes	950,000	950,000	1,046,114	96,114
Sales and Use Tax	13,975,790	13,975,790	14,507,927	532,137
Franchise Tax	1,230,000	1,230,000	1,246,233	16,233
Other	740,530	740,530	803,348	62,818
Licenses and Permits	1,483,460	1,483,460	2,236,733	753,273
Charges for Services	2,210,930	2,263,910	3,055,102	791,192
Fines and Penalties	429,950	429,950	989,437	559,487
Investment Income	125,000	125,000	1,171,051	1,046,051
Rental Income	832,670	832,670	888,310	55,640
Intergovernmental	59,210	59,210	100,321	41,111
Other Revenue	728,320	742,621	340,280	(402,341)
Total Revenues	39,442,790	39,514,976	43,832,472	4,317,496
EXPENDITURES				
Current:				
General Government	2,937,510	3,220,787	1,918,770	1,302,017
Public Safety	24,291,940	24,428,672	22,463,307	1,965,365
Engineering and Public Works	6,536,230	6,449,797	6,321,020	128,777
Development Services	1,735,170	1,766,376	1,583,083	183,293
Community Services	3,252,920	3,272,276	3,221,870	50,406
Debt Service:				
Principal	160,290	160,290	160,424	(134)
Interest and Fiscal Charges	272,520	272,520	272,363	157
Total Expenditures	39,186,580	39,570,718	35,940,837	3,629,881
Excess (Deficiency) of Revenues over Expenditures	256,210	(55,742)	7,891,635	7,947,377
OTHER FINANCING SOURCES (USES)				
Transfers In	-	945,914	724,123	(221,791)
Transfers Out	-	(429,250)	(490,683)	(61,433)
Sale of General Capital Assets	-	-	132,623	132,623
Total Other Financing Sources (Uses)	-	516,664	366,063	(150,601)
Net Change in Fund Balances	256,210	460,922	8,257,698	7,796,776
Fund Balances, Beginning	14,232,842	14,232,842	14,232,842	-
Prior Period Adjustment	-	-	811,035	-
Fund Balances, Ending	\$ 14,489,052	\$ 14,693,764	\$ 23,301,575	\$ 8,607,811

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Housing Special Revenue Fund
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 15,000	\$ 15,000	\$ 52,502	\$ 37,502
Rental Income	3,600,000	3,600,000	4,044,281	444,281
Other Revenue	110,000	110,000	230,601	120,601
Total Revenues	3,725,000	3,725,000	4,327,384	602,384
EXPENDITURES				
Current:				
Development Services	2,720,950	2,729,700	3,050,311	(320,611)
Debt Service:				
Principal	512,710	512,710	514,159	(1,449)
Interest & Fiscal Charges	569,220	569,220	567,753	1,467
Total Expenditures	3,802,880	3,811,630	4,132,223	(320,593)
Excess (Deficiency) of Revenues over Expenditures	(77,880)	(86,630)	195,161	281,791
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(77,880)	(86,630)	195,161	281,791
Fund Balance, Beginning	9,530,419	9,530,419	9,530,419	-
Fund Balance, Ending	\$ 9,452,539	\$ 9,443,789	\$ 9,725,580	\$ 281,791

City of Upland
Notes to Required Supplementary Information
Year Ended June 30, 2019

BUDGETS AND BUDGETARY ACCOUNTING

The following procedures are used in establishing the budgetary data reflected in the financial statements:

The City Council approves each year's budget submitted by the City Manager prior to the beginning of the fiscal year. Public hearings are conducted prior to the adoption by City Council. Appropriations for each fund may only be increased or decreased by the City Council. During the year, there were budgetary appropriation increases amounting to \$2,051,784. The City Manager has authority to adjust the amounts appropriated between the departments and activities of a fund, provided, however, that the total appropriations for each fund may not exceed the amounts provided in the budget resolution. The level on which expenditures may not legally exceed appropriations is the fund level. The City Manager is also authorized to approve continuing appropriations at year-end for capital improvement projects and other expenditures previously approved by the City Council. City Council approval is required for an increase in total appropriations greater than \$20,000.

Budgets for the various funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets are legally adopted for the general, special revenue, capital projects, and debt service fund types, except for the Public Financing Authority Debt Service fund for which no budget is legally adopted and therefore no budget comparison schedule will be presented.

**City of Upland
Required Supplementary Information
Year Ended June 30, 2019**

**Schedule of Changes in the Net Pension Liability
And Related Ratios – Last 10 Years*
Agent Multiple-employer Plan – Miscellaneous Plan**

	Measurement Period				
	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 1,568,587	\$ 1,728,641	\$ 1,603,986	\$ 1,778,643	\$ 2,058,203
Interest on total pension liability	8,880,290	8,747,118	8,670,714	8,475,794	8,374,645
Changes in benefits	-	-	-	-	-
Changes in assumptions	(600,917)	7,056,199	-	(2,015,694)	-
Differences between expected and actual experience	(675,727)	(1,671,546)	(1,502,457)	(3,437,406)	-
Benefit payments, including refunds	(7,358,347)	(7,154,726)	(6,299,318)	(5,934,069)	(5,480,303)
Net change in total pension liability	1,813,886	8,705,686	2,472,925	(1,132,732)	4,952,545
Total pension liability - beginning	128,371,391	119,665,705	117,192,780	118,325,512	113,372,967
Total pension liability - ending (a)	<u>\$ 130,185,277</u>	<u>\$ 128,371,391</u>	<u>\$ 119,665,705</u>	<u>\$ 117,192,780</u>	<u>\$ 118,325,512</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 2,999,453	\$ 2,352,967	\$ 2,239,207	\$ 1,977,651	\$ 1,880,762
Contributions - employee	655,077	670,114	703,361	703,031	846,655
Net investment income	7,384,991	9,227,177	429,550	1,971,870	13,175,373
Benefit payments	(7,358,347)	(7,154,726)	(6,299,318)	(5,934,069)	(5,480,303)
Net Plan to Plan Resource Movement	-	-	(301)	-	-
Administrative/Other Expense	(398,906)	(122,962)	(52,573)	(97,096)	-
Net change in plan fiduciary net position	3,282,268	4,972,570	(2,980,074)	(1,378,613)	10,422,487
Plan fiduciary net position - beginning	88,255,803	83,283,233	86,263,307	87,641,920	77,219,433
Plan fiduciary net position - ending (b)	<u>\$ 91,538,071</u>	<u>\$ 88,255,803</u>	<u>\$ 83,283,233</u>	<u>\$ 86,263,307</u>	<u>\$ 87,641,920</u>
Net pension liability - ending (a) - (b)	<u>\$ 38,647,206</u>	<u>\$ 40,115,588</u>	<u>\$ 36,382,472</u>	<u>\$ 30,929,473</u>	<u>\$ 30,683,592</u>
Plan fiduciary net position as a percentage of the total pension liability	70.31%	68.75%	69.60%	73.61%	74.07%
Covered payroll	\$ 8,430,545	\$ 9,034,865	\$ 9,183,479	\$ 10,003,615	\$ 11,030,619
Net pension liability as percentage of covered payroll	458.42%	444.01%	396.17%	309.18%	278.17%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies to voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflected an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

* - Fiscal Year 2015 was the first year of implementation; therefore, only five years are reported.

**City of Upland
Required Supplementary Information
Year Ended June 30, 2019**

**Schedule of Changes in the Net Pension Liability
And Related Ratios – Last 10 Years*
Agent Multiple-employer Plan – Safety Plan**

	Measurement Period				
	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 3,120,107	\$ 3,353,845	\$ 2,840,973	\$ 2,955,272	\$ 3,190,547
Interest on total pension liability	14,424,159	13,994,358	13,738,636	13,154,006	12,955,418
Changes in benefits	-	-	-	-	-
Changes in assumptions	(482,151)	11,831,388	-	(3,292,952)	-
Differences between expected and actual experience	146,880	(2,387,269)	987,863	(4,793,043)	-
Benefit payments, including refunds	(11,174,227)	(10,595,503)	(9,694,252)	(9,101,311)	(8,365,575)
Net change in total pension liability	6,034,768	16,196,819	7,873,220	(1,078,028)	7,780,390
Total pension liability - beginning	206,098,820	189,902,001	182,028,781	183,106,809	175,326,419
Total pension liability - ending (a)	<u>\$ 212,133,588</u>	<u>\$ 206,098,820</u>	<u>\$ 189,902,001</u>	<u>\$ 182,028,781</u>	<u>\$ 183,106,809</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 4,816,496	\$ 4,870,870	\$ 4,265,372	\$ 3,611,390	\$ 3,380,630
Contributions - employee	668,922	1,085,857	1,166,670	1,183,942	1,342,231
Net investment income	11,191,173	13,839,363	673,474	2,937,028	19,584,973
Benefit payments	(11,174,227)	(10,595,503)	(9,694,252)	(9,101,311)	(8,365,575)
Net Plan to Plan Resource Movement	-	-	301	-	-
Administrative/Other Expense	(606,455)	(184,789)	(78,513)	(144,969)	-
Net change in plan fiduciary net position	4,895,909	9,015,798	(3,666,948)	(1,513,920)	15,942,259
Plan fiduciary net position - beginning	134,174,733	125,158,935	128,825,883	130,339,803	114,397,544
Plan fiduciary net position - ending (b)	<u>\$ 139,070,642</u>	<u>\$ 134,174,733</u>	<u>\$ 125,158,935</u>	<u>\$ 128,825,883</u>	<u>\$ 130,339,803</u>
Net pension liability - ending (a) - (b)	<u>\$ 73,062,946</u>	<u>\$ 71,924,087</u>	<u>\$ 64,743,066</u>	<u>\$ 53,202,898</u>	<u>\$ 52,767,006</u>
Plan fiduciary net position as a percentage of the total pension liability	65.56%	65.10%	65.91%	70.77%	71.18%
Covered payroll	\$ 7,851,917	\$ 11,286,708	\$ 10,755,149	\$ 11,241,479	\$ 11,699,414
Net pension liability as percentage of covered payroll	930.51%	637.25%	601.97%	473.27%	451.02%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies to voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflected an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

* - Fiscal Year 2015 was the first year of implementation; therefore, only five years are reported.

**City of Upland
Required Supplementary Information
Year Ended June 30, 2019**

**Schedule of Contributions – Last 10 Years*
Agent Multiple-employer Plan – Miscellaneous Plan**

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2019	\$ 3,335,368	\$ (3,335,368)	\$ -	\$ 8,883,543	37.55%
2018	2,999,453	(2,999,453)	-	8,430,545	35.58%
2017	2,352,967	(2,352,967)	-	9,034,865	26.04%
2016	2,239,207	(2,239,207)	-	9,183,479	24.38%
2015	1,977,651	(1,977,651)	-	10,003,615	19.77%
2014	1,880,762	(1,880,762)	-	11,030,619	17.05%

**Schedule of Contributions – Last 10 Years*
Agent Multiple-employer Plan – Safety Plan**

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2019	\$ 5,322,942	\$ (5,322,942)	\$ -	\$ 8,118,176	65.57%
2018	4,816,496	(4,816,496)	-	7,851,917	61.34%
2017	4,870,870	(4,870,870)	-	11,286,708	43.16%
2016	4,265,372	(4,265,372)	-	10,755,149	39.66%
2015	3,611,390	(3,611,390)	-	11,241,479	32.13%
2014	3,380,630	(3,380,630)	-	11,699,414	28.90%

Notes to Schedule of Plan Contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2015 Funding Valuation Report.
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2015 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

**City of Upland
Required Supplementary Information
Year Ended June 30, 2019**

**Schedule of Changes in the Net OPEB Liability and Related Ratios
for the Measurement Periods Ended June 30**

	Measurement Period	
	2018	2017
Total OPEB Liability		
Service cost	\$ 557,634	\$ 538,257
Interest on total OPEB liability	562,756	547,618
Changes in assumptions	(1,049,491)	-
Changes in benefits	(1,080,543)	-
Benefit payments, including refunds	(699,692)	(669,865)
Net change in total OPEB liability	(1,709,336)	416,010
Total OPEB liability - beginning	15,424,310	15,008,300
Total OPEB liability - ending (a)	<u>\$ 13,714,974</u>	<u>\$ 15,424,310</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 699,692	\$ 1,669,865
Net Investment Income	54,034	966
Benefit payments	(699,692)	(669,865)
Administrative Expense	(2,595)	-
Net change in plan fiduciary net position	51,439	1,000,966
Plan fiduciary net position - beginning	1,000,966	-
Plan fiduciary net position - ending (b)	<u>\$ 1,052,405</u>	<u>\$ 1,000,966</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 12,662,569</u>	<u>\$ 14,423,344</u>
Plan fiduciary net position as a percentage of the total OPEB liability	7.7%	6.5%
Covered - employee payroll	16,282,462	20,253,855
Net OPEB liability as a percentage of covered-employee payroll	77.77%	71.21%

SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

**City of Upland
Non-Major Governmental Funds
Year Ended June 30, 2019**

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Gas Tax Fund

To account for State gasoline taxes received by the City. These funds may be used for street maintenance, right-of-way acquisition, and street construction. Gas Tax funds are used for capital projects established within the Gas Tax Fund.

HOME Program Fund

This fund accounts for housing rehab loans/grants from the California Department of Housing and Community Development. These loans/grants are provided for single-family rehabilitation, neighborhood restoration, and first-time homebuyers, tenant based assistance and rental rehabilitation programs.

CalHOME Program Fund

This fund accounts for housing rehab loans/grants from the CalHome program. These loans/grants are provided for single-family rehabilitation, neighborhood restoration, and first-time homebuyers, tenant based assistance and rental rehabilitation programs.

Community Development Block Grant Fund

To account for receipt and disbursement of the Upland Community Development Block Grant Program of the United States Department of Housing and Urban Development.

Measure I Fund

To account for revenues which were approved by the San Bernardino County voters in a General Election authorizing a one-half percent (1/2%) sales tax on all retail transactions within the incorporated and unincorporated territory of the County of San Bernardino for a period not to exceed thirty years, proceeds of which are to be solely for county-wide transportation improvements and traffic management programs.

Air Quality Management District Fund

To account for the receipt and disbursement of funds generated by Assembly Bill 2766 which sets forth requirements for reduction of air pollution from mobile sources as promulgated by the South Coast Air Quality Management District.

Parking Business Improvement Area Fund

To account for revenues received from an additional levy of the general business license tax imposed on businesses to be used for the acquisition, construction and maintenance of parking facilities for the benefit of the area.

SB509 Public Safety Augmentation Fund

To account for revenue and expenditures related to the half-cent sales tax enacted by Proposition 172 and SB509. Funds are used to cover operational expenditures of the Police Department.

Asset Forfeiture Fund

To account for revenue received for the City's various deposits for asset forfeiture restricted for public safety.

Public Safety Grants Fund

To account for revenue and expenditures related to grants restricted to be used for public safety.

Other Grants Fund

To account for revenue and expenditures related to grants restricted for specific purposes.

**City of Upland
Non-Major Governmental Funds
Year Ended June 30, 2019**

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.

Public Financing Authority Fund

A joint exercise of powers under the laws of the State of California, authorized to issue bonds under the Mello-Roos Local Bond Pooling Act of 1985 (Article 1 through 4, Section 6500, Chapter 5, Division 7, Title 1 of the State of California Government Code). The City of Upland and the Successor Agency (formerly known as Upland Community Redevelopment Agency) formed the Financing Authority by execution of a joint exercise of powers agreement to provide financing by agreements and loans for various project purposes.

CAPITAL PROJECT FUNDS

Capital Projects Funds are used to account for the purchase or construction of major capital facilities which are not financed by Proprietary Funds or Trust Funds. Capital Projects Funds are ordinarily not used to account for the acquisition of furniture, fixtures, machinery, equipment and other relatively minor or short-lived capital assets.

Park Acquisition and Development Fund

To account for revenue from the Dwelling Unit Construction Tax which must be used for the acquisition and development of park facilities within the City.

General Capital Development Fund

To account revenues received for fees from various building permits to be used for certain general government, fire, and police facilities.

Storm Drain Development Fund

To account for the revenues received from the fees on various building permits to be used for the creation of a storm drain system in cooperation with other governmental entities in the area.

Street and Traffic Safety Development Fund

To account for the revenues received from fees on various building permits to be used for improved street and traffic facilities. The revenue source of this fund is from a fee on building permits.

General Capital Fund

To account for projects of general nature which are supported by available General Funds, Special Revenue Funds.

Street and Alley Repair Fund

To account for the revenues received from fees on various permits to be used for improved street and alley repairs.

Energy Efficiency Improvements

To account for the loan proceeds from leases issued that are restricted for the acquisition, construction, and installation of energy efficient improvements.

**City of Upland
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2019**

	Special Revenue			
	Gas Tax	HOME Program	CalHOME Program	Community Development Block Grant
ASSETS				
Cash and Investments	\$ 5,526,888	\$ 1,214,064	\$ 418,396	\$ -
Cash with Fiscal Agent	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Notes, net	-	3,318,895	1,779,129	-
Accrued Interest on Notes	-	869,201	326,593	-
Due from Other Governments	1,034,237	-	-	337,863
Total Assets	\$ 6,561,125	\$ 5,402,160	\$ 2,524,118	\$ 337,863
LIABILITIES				
Accounts Payable	\$ 199,877	\$ -	\$ -	\$ 138,184
Accrued Salaries and Benefits	12,112	-	-	1,237
Due to Other Funds	-	-	-	129,884
Deposits Payable	-	-	-	-
Retentions Payable	104,041	-	-	11,045
Unearned Revenue	-	-	4,469	-
Total Liabilities	316,030	-	4,469	280,350
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	718,847	297,193	-
Total Deferred Inflows of Resources	-	718,847	297,193	-
FUND BALANCE (DEFICITS)				
Restricted	6,245,095	4,683,313	2,222,456	57,513
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	6,245,095	4,683,313	2,222,456	57,513
Total Liabilities, Deferred Inflows and Fund Balances (Deficits)	\$ 6,561,125	\$ 5,402,160	\$ 2,524,118	\$ 337,863

Measure I	Special Revenue					
	Air Quality Management District	Parking and Business Improvement	SB 509 Public Safety Augmentation	Asset Forfeiture	Public Safety Grants	Other Grants
\$ 5,053,805	\$ 246,436	\$ 254,066	\$ -	\$ 702,955	\$ 971,617	\$ 24,711
-	-	-	-	-	-	-
-	-	11,715	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
368,506	25,898	-	78,179	-	56,408	-
<u>\$ 5,422,311</u>	<u>\$ 272,334</u>	<u>\$ 265,781</u>	<u>\$ 78,179</u>	<u>\$ 702,955</u>	<u>\$ 1,028,025</u>	<u>\$ 24,711</u>
\$ 43,635	\$ 855	\$ -	\$ -	\$ -	\$ 1,711	\$ 4
-	1,115	-	24,274	-	4,105	-
-	-	-	53,624	-	-	-
-	-	-	-	-	-	-
13,862	-	-	-	-	-	-
-	-	-	-	-	-	16,865
<u>57,497</u>	<u>1,970</u>	<u>-</u>	<u>77,898</u>	<u>-</u>	<u>5,816</u>	<u>16,869</u>
113,285	-	-	-	-	56,408	-
113,285	-	-	-	-	56,408	-
5,251,529	270,364	265,781	281	702,955	965,801	7,842
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5,251,529</u>	<u>270,364</u>	<u>265,781</u>	<u>281</u>	<u>702,955</u>	<u>965,801</u>	<u>7,842</u>
<u>\$ 5,422,311</u>	<u>\$ 272,334</u>	<u>\$ 265,781</u>	<u>\$ 78,179</u>	<u>\$ 702,955</u>	<u>\$ 1,028,025</u>	<u>\$ 24,711</u>

Continued

City of Upland
Combining Balance Sheet
Non-major Governmental Funds - Continued
June 30, 2019

	Debt Service Fund	Capital Projects		
	Public Financing Authority	Park Acquisition & Development	General Capital Development	Storm Drain Development
ASSETS				
Cash and Investments	\$ -	\$ 6,792,110	\$ 1,515,394	\$ 3,409,757
Cash with Fiscal Agent	-	-	-	-
Receivables:				
Accounts	-	-	-	625
Notes, net	-	-	-	-
Accrued Interest on Notes	-	-	-	-
Due from Other Governments	-	-	-	-
Total Assets	\$ -	\$ 6,792,110	\$ 1,515,394	\$ 3,410,382
LIABILITIES				
Accounts Payable	\$ -	\$ 6,738	\$ 78,468	\$ 217,864
Accrued Salaries and Benefits	-	-	24	-
Due to Other Funds	-	-	-	-
Deposits Payable	-	-	-	-
Retentions Payable	-	-	-	4,169
Unearned Revenue	-	-	-	-
Total Liabilities	-	6,738	78,492	222,033
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
FUND BALANCE (DEFICITS)				
Restricted	-	6,785,372	1,436,902	3,188,349
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	-	6,785,372	1,436,902	3,188,349
Total Liabilities, Deferred Inflows and Fund Balances (Deficits)	\$ -	\$ 6,792,110	\$ 1,515,394	\$ 3,410,382

Capital Projects				
Street and Traffic Safety Development	General Capital Projects	Street & Alley Repair	Energy Efficiency Improvements	Total
\$ 2,175,670	\$ 153,628	\$ 771,893	\$ -	\$ 29,231,390
-	-	-	334,827	334,827
15,232	-	10,268	-	37,840
-	-	-	-	5,098,024
-	-	-	-	1,195,794
-	-	-	-	1,901,091
<u>\$ 2,190,902</u>	<u>\$ 153,628</u>	<u>\$ 782,161</u>	<u>\$ 334,827</u>	<u>\$ 37,798,966</u>
\$ -	\$ 59,485	\$ -	\$ -	\$ 746,821
-	-	48	-	42,915
-	-	-	-	183,508
-	-	-	-	-
-	-	10,128	221,000	364,245
-	-	-	-	21,334
-	59,485	10,176	221,000	1,358,823
-	-	-	-	1,185,733
-	-	-	-	1,185,733
2,190,902	94,143	771,985	113,827	35,254,410
-	-	-	-	-
-	-	-	-	-
<u>2,190,902</u>	<u>94,143</u>	<u>771,985</u>	<u>113,827</u>	<u>35,254,410</u>
<u>\$ 2,190,902</u>	<u>\$ 153,628</u>	<u>\$ 782,161</u>	<u>\$ 334,827</u>	<u>\$ 37,798,966</u>

City of Upland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended June 30, 2019

	Special Revenue			
	Gas Tax	HOME Program	CalHOME Program	Community Development Block Grant
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Investment Income	124,877	23,462	6,680	-
Rental Income	-	-	-	-
Intergovernmental	2,902,597	-	-	709,644
Other Revenue	869,026	211,447	24,012	-
Total Revenues	3,896,500	234,909	30,692	709,644
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
Engineering and Public Works	3,036,690	-	-	-
Development Services	-	-	-	709,644
Community Services	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	3,036,690	-	-	709,644
Excess (Deficiency) of Revenues Over Expenditures	859,810	234,909	30,692	-
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Issuance of Debt	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	859,810	234,909	30,692	-
Fund Balances - Beginning	5,385,285	4,448,404	2,191,764	57,513
Fund Balances - Ending	\$ 6,245,095	\$ 4,683,313	\$ 2,222,456	\$ 57,513

Measure I	Special Revenue					
	Air Quality Management District	Parking and Business Improvement	SB 509 Public Safety Augmentation	Asset Forfeiture	Public Safety Grants	Other Grants
\$ -	\$ -	\$ 61,842	\$ 1,006,134	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
97,716	4,240	5,014	1,958	15,018	19,165	311
-	-	-	-	-	-	-
1,342,418	99,896	-	-	15,823	342,239	5,235
-	-	-	-	-	-	52,393
1,440,134	104,136	66,856	1,008,092	30,841	361,404	57,939
-	-	-	1,007,515	-	182,275	-
299,058	14,991	6,874	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	57,628
-	-	-	-	-	-	-
-	-	-	-	-	-	-
299,058	14,991	6,874	1,007,515	-	182,275	57,628
1,141,076	89,145	59,982	577	30,841	179,129	311
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,141,076	89,145	59,982	577	30,841	179,129	311
4,110,453	181,219	205,799	(296)	672,114	786,672	7,531
\$ 5,251,529	\$ 270,364	\$ 265,781	\$ 281	\$ 702,955	\$ 965,801	\$ 7,842

Continued

City of Upland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds - Continued
Year Ended June 30, 2019

	Debt Service Fund		Capital Projects	
	Public Financing Authority	Park Acquisition & Development	General Capital Development	Storm Drain Development
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	1,174,294	269,920	166,575
Investment Income	-	126,941	28,011	72,066
Rental Income	-	-	-	71,358
Intergovernmental	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	-	1,301,235	297,931	309,999
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
Engineering and Public Works Development Services	-	7,388	17,002	241,095
Community Services	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	-	7,388	17,002	241,095
Excess (Deficiency) of Revenues Over Expenditures	-	1,293,847	280,929	68,904
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(28,209)	-	-	-
Issuance of Debt	-	-	-	-
Total Other Financing Sources (Uses)	(28,209)	-	-	-
Net Change in Fund Balances	(28,209)	1,293,847	280,929	68,904
Fund Balances - Beginning	28,209	5,491,525	1,155,973	3,119,445
Fund Balances - Ending	\$ -	\$ 6,785,372	\$ 1,436,902	\$ 3,188,349

Capital Projects				
Street and Traffic Safety Development	General Capital Projects	Street & Alley Repair	Energy Efficiency Improvements	Total
\$ -	\$ -	\$ -	\$ -	\$ 1,067,976
298,194	-	208,404	-	2,117,387
43,114	-	17,082	4,737	590,392
-	-	-	-	71,358
-	-	-	-	5,417,852
-	-	-	-	1,156,878
341,308	-	225,486	4,737	10,421,843
-	-	-	-	1,189,790
48	217,290	250,152	2,495,976	6,586,564
-	-	-	-	709,644
-	-	-	-	57,628
-	-	-	-	-
-	-	-	-	-
48	217,290	250,152	2,495,976	8,543,626
341,260	(217,290)	(24,666)	(2,491,239)	1,878,217
-	311,433	-	-	311,433
-	-	-	-	(28,209)
-	-	-	-	-
-	311,433	-	-	283,224
341,260	94,143	(24,666)	(2,491,239)	2,161,441
1,849,642	-	796,651	2,605,066	33,092,969
<u>\$ 2,190,902</u>	<u>\$ 94,143</u>	<u>\$ 771,985</u>	<u>\$ 113,827</u>	<u>\$ 35,254,410</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Gas Tax Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	17,600	124,877	107,277
Intergovernmental	3,215,540	2,902,597	(312,943)
Other Revenue	-	869,026	869,026
Total Revenues	<u>3,233,140</u>	<u>3,896,500</u>	<u>663,360</u>
EXPENDITURES			
Current:			
Engineering and Public Works	<u>8,405,556</u>	<u>3,036,690</u>	<u>5,368,866</u>
Total Expenditures	<u>8,405,556</u>	<u>3,036,690</u>	<u>5,368,866</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(5,172,416)</u>	<u>859,810</u>	<u>6,032,226</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(5,172,416)	859,810	6,032,226
Fund Balance, Beginning	<u>5,385,285</u>	<u>5,385,285</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 212,869</u>	<u>\$ 6,245,095</u>	<u>\$ 6,032,226</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - HOME Program Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	100	23,462	23,362
Intergovernmental	-	-	-
Other Revenue	115,000	211,447	96,447
Total Revenues	<u>115,100</u>	<u>234,909</u>	<u>119,809</u>
EXPENDITURES			
Current:			
Development Services	<u>210,000</u>	<u>-</u>	<u>210,000</u>
Total Expenditures	<u>210,000</u>	<u>-</u>	<u>210,000</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(94,900)</u>	<u>234,909</u>	<u>329,809</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(94,900)	234,909	329,809
Fund Balance, Beginning	<u>4,448,404</u>	<u>4,448,404</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 4,353,504</u>	<u>\$ 4,683,313</u>	<u>\$ 329,809</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - CalHOME Program Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	50	6,680	6,630
Intergovernmental	-	-	-
Other Revenue	56,000	24,012	(31,988)
Total Revenues	<u>56,050</u>	<u>30,692</u>	<u>(25,358)</u>
EXPENDITURES			
Current:			
Development Services	<u>270,000</u>	<u>-</u>	<u>270,000</u>
Total Expenditures	<u>270,000</u>	<u>-</u>	<u>270,000</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(213,950)</u>	<u>30,692</u>	<u>244,642</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(213,950)	30,692	244,642
Fund Balance, Beginning	<u>2,191,764</u>	<u>2,191,764</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,977,814</u>	<u>\$ 2,222,456</u>	<u>\$ 244,642</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - CDBG Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Intergovernmental	\$ 712,760	\$ 709,644	\$ (3,116)
Other Revenue	-	-	-
Total Revenues	<u>712,760</u>	<u>709,644</u>	<u>(3,116)</u>
EXPENDITURES			
Current:			
Development Services	<u>1,104,730</u>	<u>709,644</u>	<u>395,086</u>
Total Expenditures	<u>1,104,730</u>	<u>709,644</u>	<u>395,086</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(391,970)</u>	<u>-</u>	<u>391,970</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(391,970)	-	391,970
Fund Balance, Beginning	<u>57,513</u>	<u>57,513</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ (334,457)</u></u>	<u><u>\$ 57,513</u></u>	<u><u>\$ 391,970</u></u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Measure I Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	10,700	97,716	87,016
Intergovernmental	1,282,870	1,342,418	59,548
Other Revenue	-	-	-
Total Revenues	<u>1,293,570</u>	<u>1,440,134</u>	<u>146,564</u>
EXPENDITURES			
Current:			
Engineering and Public Works	<u>4,026,919</u>	<u>299,058</u>	<u>3,727,861</u>
Total Expenditures	<u>4,026,919</u>	<u>299,058</u>	<u>3,727,861</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,733,349)</u>	<u>1,141,076</u>	<u>3,874,425</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(2,733,349)	1,141,076	3,874,425
Fund Balance, Beginning	<u>4,110,453</u>	<u>4,110,453</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,377,104</u>	<u>\$ 5,251,529</u>	<u>\$ 3,874,425</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Air Quality Management District Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	280	4,240	3,960
Intergovernmental	99,180	99,896	716
Other Revenue	-	-	-
Total Revenues	<u>99,460</u>	<u>104,136</u>	<u>4,676</u>
EXPENDITURES			
Current:			
Engineering and Public Works	<u>111,160</u>	<u>14,991</u>	<u>96,169</u>
Total Expenditures	<u>111,160</u>	<u>14,991</u>	<u>96,169</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(11,700)</u>	<u>89,145</u>	<u>100,845</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(11,700)	89,145	100,845
Fund Balance, Beginning	<u>181,219</u>	<u>181,219</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 169,519</u>	<u>\$ 270,364</u>	<u>\$ 100,845</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Parking & Business Improvement Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ 43,500	\$ 61,842	\$ 18,342
Investment Income	100	5,014	4,914
Total Revenues	<u>43,600</u>	<u>66,856</u>	<u>23,256</u>
EXPENDITURES			
Current:			
Engineering and Public Works	<u>231,543</u>	<u>6,874</u>	<u>224,669</u>
Total Expenditures	<u>231,543</u>	<u>6,874</u>	<u>224,669</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(187,943)</u>	<u>59,982</u>	<u>247,925</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(187,943)	59,982	247,925
Fund Balance, Beginning	<u>205,799</u>	<u>205,799</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 17,856</u>	<u>\$ 265,781</u>	<u>\$ 247,925</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - SB 509 Public Safety Augmentation Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ 810,000	\$ 1,006,134	\$ 196,134
Investment Income	50	1,958	1,908
Intergovernmental	-	-	-
Other Revenue	-	-	-
Total Revenues	<u>810,050</u>	<u>1,008,092</u>	<u>198,042</u>
EXPENDITURES			
Current:			
Public Safety	<u>810,050</u>	<u>1,007,515</u>	<u>(197,465)</u>
Total Expenditures	<u>810,050</u>	<u>1,007,515</u>	<u>(197,465)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>577</u>	<u>577</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	577	577
Fund Balance, Beginning	<u>(296)</u>	<u>(296)</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ (296)</u></u>	<u><u>\$ 281</u></u>	<u><u>\$ 577</u></u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Asset Forfeiture Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Investment Income	\$ -	\$ 15,018	\$ 15,018
Intergovernmental	-	15,823	15,823
Total Revenues	<u>-</u>	<u>30,841</u>	<u>30,841</u>
EXPENDITURES			
Current:			
Public Safety	<u>750</u>	<u>-</u>	<u>750</u>
Total Expenditures	<u>750</u>	<u>-</u>	<u>750</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(750)</u>	<u>30,841</u>	<u>31,591</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(750)	30,841	31,591
Fund Balance, Beginning	<u>672,114</u>	<u>672,114</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 671,364</u>	<u>\$ 702,955</u>	<u>\$ 31,591</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Public Safety Grants Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	2,200	19,165	16,965
Intergovernmental	380,706	342,239	(38,467)
Other Revenue	-	-	-
Total Revenues	<u>382,906</u>	<u>361,404</u>	<u>(21,502)</u>
EXPENDITURES			
Current:			
Public Safety	<u>1,002,136</u>	<u>182,275</u>	<u>819,861</u>
Total Expenditures	<u>1,002,136</u>	<u>182,275</u>	<u>819,861</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(619,230)</u>	<u>179,129</u>	<u>798,359</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(619,230)	179,129	798,359
Fund Balance, Beginning	<u>786,672</u>	<u>786,672</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 167,442</u>	<u>\$ 965,801</u>	<u>\$ 798,359</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Other Grants Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	-	311	311
Intergovernmental	5,592	5,235	(357)
Other Revenue	52,923	52,393	(530)
Total Revenues	<u>58,515</u>	<u>57,939</u>	<u>(576)</u>
EXPENDITURES			
Current:			
Public Safety	-	-	-
Community Services	58,515	57,628	887
Total Expenditures	<u>58,515</u>	<u>57,628</u>	<u>887</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>311</u>	<u>311</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	311	311
Fund Balance, Beginning	<u>7,531</u>	<u>7,531</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 7,531</u>	<u>\$ 7,842</u>	<u>\$ 311</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Park Acquisition & Development Capital Projects Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ 400,000	\$ 1,174,294	\$ 774,294
Investment Income	10,000	126,941	116,941
Intergovernmental	-	-	-
Other Revenue	-	-	-
Total Revenues	<u>410,000</u>	<u>1,301,235</u>	<u>891,235</u>
EXPENDITURES			
Current:			
Engineering and Public Works	118,400	7,388	111,012
Community Services	-	-	-
Total Expenditures	<u>118,400</u>	<u>7,388</u>	<u>111,012</u>
Excess (Deficiency) of Revenues over Expenditures	<u>291,600</u>	<u>1,293,847</u>	<u>1,002,247</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	291,600	1,293,847	1,002,247
Fund Balance, Beginning	<u>5,491,525</u>	<u>5,491,525</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 5,783,125</u></u>	<u><u>\$ 6,785,372</u></u>	<u><u>\$ 1,002,247</u></u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Capital Development Capital Projects Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ 241,560	\$ 269,920	\$ 28,360
Investment Income	4,230	28,011	23,781
Intergovernmental	-	-	-
Other Revenue	-	-	-
Total Revenues	<u>245,790</u>	<u>297,931</u>	<u>52,141</u>
EXPENDITURES			
Current:			
Engineering and Public Works	1,122,201	17,002	1,105,199
Community Services	-	-	-
Total Expenditures	<u>1,122,201</u>	<u>17,002</u>	<u>1,105,199</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(876,411)</u>	<u>280,929</u>	<u>1,157,340</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(876,411)	280,929	1,157,340
Fund Balance, Beginning	<u>1,155,973</u>	<u>1,155,973</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 279,562</u>	<u>\$ 1,436,902</u>	<u>\$ 1,157,340</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Storm Drain Development Capital Projects Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ 448,400	\$ 166,575	\$ (281,825)
Investment Income	11,250	72,066	60,816
Rental Income	57,540	71,358	13,818
Total Revenues	<u>517,190</u>	<u>309,999</u>	<u>(207,191)</u>
EXPENDITURES			
Current:			
Engineering and Public Works	471,520	241,095	230,425
Community Services	-	-	-
Total Expenditures	<u>471,520</u>	<u>241,095</u>	<u>230,425</u>
Excess (Deficiency) of Revenues over Expenditures	<u>45,670</u>	<u>68,904</u>	<u>23,234</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	45,670	68,904	23,234
Fund Balance, Beginning	<u>3,119,445</u>	<u>3,119,445</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 3,165,115</u>	<u>\$ 3,188,349</u>	<u>\$ 23,234</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Street & Traffic Safety Development Capital Projects Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ 335,300	\$ 298,194	\$ (37,106)
Investment Income	5,130	43,114	37,984
Intergovernmental	-	-	-
Other Revenue	6,880	-	(6,880)
Total Revenues	<u>347,310</u>	<u>341,308</u>	<u>(6,002)</u>
EXPENDITURES			
Current:			
Engineering and Public Works	1,479,570	48	1,479,522
Community Services	-	-	-
Total Expenditures	<u>1,479,570</u>	<u>48</u>	<u>1,479,522</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,132,260)</u>	<u>341,260</u>	<u>1,473,520</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Issuance of Debt	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(1,132,260)	341,260	1,473,520
Fund Balance, Beginning	<u>1,849,642</u>	<u>1,849,642</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 717,382</u>	<u>\$ 2,190,902</u>	<u>\$ 1,473,520</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Capital Projects Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ -	\$ -	\$ -
Investment Income	-	-	-
Intergovernmental	-	-	-
Other Revenue	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
Engineering and Public Works	311,433	217,290	94,143
Community Services	-	-	-
Total Expenditures	<u>311,433</u>	<u>217,290</u>	<u>94,143</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(311,433)</u>	<u>(217,290)</u>	<u>94,143</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	250,000	311,433	61,433
Transfers Out	-	-	-
Issuance of Debt	-	-	-
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>311,433</u>	<u>61,433</u>
Net Change in Fund Balances	(61,433)	94,143	155,576
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ (61,433)</u>	<u>\$ 94,143</u>	<u>\$ 155,576</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Street & Alley Repair Capital Projects Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ 208,000	\$ 208,404	\$ 404
Investment Income	-	17,082	17,082
Intergovernmental	-	-	-
Other Revenue	-	-	-
	<u>208,000</u>	<u>225,486</u>	<u>17,486</u>
EXPENDITURES			
Current:			
Engineering and Public Works	790,536	250,152	540,384
Community Services	-	-	-
	<u>790,536</u>	<u>250,152</u>	<u>540,384</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(582,536)</u>	<u>(24,666)</u>	<u>557,870</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Issuance of Debt	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(582,536)	(24,666)	557,870
Fund Balance, Beginning	<u>796,651</u>	<u>796,651</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 214,115</u>	<u>\$ 771,985</u>	<u>\$ 557,870</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Energy Efficiency Improvements Capital Projects Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ -	\$ -	\$ -
Investment Income	-	4,737	4,737
Intergovernmental	-	-	-
Other Revenue	-	-	-
Total Revenues	<u>-</u>	<u>4,737</u>	<u>4,737</u>
EXPENDITURES			
Current:			
Engineering and Public Works	2,597,834	2,495,976	101,858
Community Services	-	-	-
Total Expenditures	<u>2,597,834</u>	<u>2,495,976</u>	<u>101,858</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,597,834)</u>	<u>(2,491,239)</u>	<u>106,595</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Issuance of Debt	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(2,597,834)	(2,491,239)	106,595
Fund Balance, Beginning	<u>2,605,066</u>	<u>2,605,066</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 7,232</u>	<u>\$ 113,827</u>	<u>\$ 106,595</u>

INTERNAL SERVICE FUNDS

**City of Upland
Internal Service Funds
Year Ended June 30, 2019**

INTERNAL SERVICE FUNDS

The internal service funds are used to account for goods and services provided by one City department to other City departments on a cost reimbursement basis.

Self-funded Insurance Fund

To account for the accumulation and allocation of costs associated with the City's Workers' Compensation and General Liability Self-Insurance Program.

Vehicle Replacement Fund

To account for the accumulation and allocation of costs associated with the acquisition, repair, and maintenance of City vehicles.

Information Systems Fund

To account for the operations of the City's information systems division, including maintenance of copiers, voice systems, and the City's computer network and hardware infrastructure.

Building Maintenance Fund

To provide for the operation of the City's building maintenance and operations division which maintains the City's facilities.

City of Upland
Combining Statement of Net Position
Internal Service Funds
June 30, 2019

	Self-funded Insurance	Vehicle Replacement	Information Systems	Building Maintenance	Totals
ASSETS					
Current Assets:					
Cash and Investments	\$ 489,712	\$ 908,423	\$ 1,360,171	\$ 1,362,245	\$ 4,120,551
Accounts Receivable - Net	-	7,450	36,077	-	43,527
Inventory and Prepaid Items	143,326	72,337	-	-	215,663
Total Current Assets	<u>633,038</u>	<u>988,210</u>	<u>1,396,248</u>	<u>1,362,245</u>	<u>4,379,741</u>
Noncurrent Assets:					
Capital Assets, Not Being Depreciated					
Construction In Progress	-	-	52,388	-	52,388
Capital Assets, Depreciable, Net	-	223,282	730,818	-	954,100
Total Noncurrent Assets	<u>-</u>	<u>223,282</u>	<u>783,206</u>	<u>-</u>	<u>1,006,488</u>
Total Assets	<u>633,038</u>	<u>1,211,492</u>	<u>2,179,454</u>	<u>1,362,245</u>	<u>5,386,229</u>
DEFERRED OUTFLOWS OF RESOURCES					
OPEB Related Items	3,570	5,738	5,398	8,033	22,739
Pension Related Items	37,132	66,334	82,196	81,115	266,777
Total Deferred Outflows of Resources	<u>40,702</u>	<u>72,072</u>	<u>87,594</u>	<u>89,148</u>	<u>289,516</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	52,965	193,896	23,905	62,742	333,508
Accrued Salaries and Wages	10,285	14,541	15,446	14,550	54,822
Current Portion of Long-Term Liabilities:					
Claims and Judgments Payable	3,063,045	-	-	-	3,063,045
Compensated Absences	9,236	15,959	16,592	16,250	58,037
Total Current Liabilities	<u>3,135,531</u>	<u>224,396</u>	<u>55,943</u>	<u>93,542</u>	<u>3,509,412</u>
Noncurrent Liabilities:					
Claims and Judgments Payable	7,275,163	-	-	-	7,275,163
Net OPEB Liability	106,365	170,945	160,815	239,323	677,448
Net Pension Liability	398,066	711,108	881,156	869,562	2,859,892
Compensated Absences	740	32,369	10,001	15,966	59,076
Total Noncurrent Liabilities	<u>7,780,334</u>	<u>914,422</u>	<u>1,051,972</u>	<u>1,124,851</u>	<u>10,871,579</u>
Total Liabilities	<u>10,915,865</u>	<u>1,138,818</u>	<u>1,107,915</u>	<u>1,218,393</u>	<u>14,380,991</u>
DEFERRED INFLOWS OF RESOURCES					
OPEB Related Items	4,408	7,084	6,664	9,918	28,074
Pension Related Items	6,229	11,127	13,788	13,606	44,750
Total Deferred Inflows of Resources	<u>10,637</u>	<u>18,211</u>	<u>20,452</u>	<u>23,524</u>	<u>72,824</u>
NET POSITION					
Net Investment in Capital Assets	-	223,282	783,206	-	1,006,488
Unrestricted	(10,252,762)	(96,747)	355,475	209,476	(9,784,558)
Total Net Position	<u>\$ (10,252,762)</u>	<u>\$ 126,535</u>	<u>\$ 1,138,681</u>	<u>\$ 209,476</u>	<u>\$ (8,778,070)</u>

City of Upland
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2019

	Self-funded Insurance	Vehicle Replacement	Information Systems	Building Maintenance	Totals
OPERATING REVENUES					
Charges for Services	\$ 4,096,916	\$ 1,313,991	\$ 1,435,140	\$ 1,098,840	\$ 7,944,887
Other Operating Revenues	50,545	-	202,169	-	252,714
Total Operating Revenues	<u>4,147,461</u>	<u>1,313,991</u>	<u>1,637,309</u>	<u>1,098,840</u>	<u>8,197,601</u>
OPERATING EXPENSES					
Maintenance and Operations	62,031	1,045,008	1,210,607	676,588	2,994,234
Contractual Services	373,804	-	-	-	373,804
Claims Expense	5,610,250	-	-	-	5,610,250
Depreciation	-	-	195,418	-	195,418
Total Operating Expenses	<u>6,046,085</u>	<u>1,045,008</u>	<u>1,406,025</u>	<u>676,588</u>	<u>9,173,706</u>
Operating Income (Loss)	<u>(1,898,624)</u>	<u>268,983</u>	<u>231,284</u>	<u>422,252</u>	<u>(976,105)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest Income	11,665	16,494	28,102	23,448	79,709
Gain/(Loss) on Disposal of Capital Assets	-	42,000	-	-	42,000
Total Nonoperating Revenues (Expenses)	<u>11,665</u>	<u>58,494</u>	<u>28,102</u>	<u>23,448</u>	<u>121,709</u>
Income (Loss) Before Capital Contributions and Operating Transfers	<u>(1,886,959)</u>	<u>327,477</u>	<u>259,386</u>	<u>445,700</u>	<u>(854,396)</u>
Capital Contributions	-	-	-	-	-
Transfers In	-	118,755	-	179,250	298,005
Transfers Out	-	(1,061,129)	-	-	(1,061,129)
Change in Net Position	<u>(1,886,959)</u>	<u>(614,897)</u>	<u>259,386</u>	<u>624,950</u>	<u>(1,617,520)</u>
Net Position - Beginning of Year	<u>(8,365,803)</u>	<u>741,432</u>	<u>879,295</u>	<u>(415,474)</u>	<u>(7,160,550)</u>
Net Position - End of Year	<u>\$ (10,252,762)</u>	<u>\$ 126,535</u>	<u>\$ 1,138,681</u>	<u>\$ 209,476</u>	<u>\$ (8,778,070)</u>

City of Upland
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2019

	Self-funded Insurance	Vehicle Replacement	Information Systems	Building Maintenance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from User Departments	\$ 4,152,770	\$ 1,329,591	\$ 1,609,907	\$ 1,098,840	\$ 8,191,108
Cash Paid to Suppliers for Goods and Services	(3,623,552)	(584,611)	(870,178)	(253,781)	(5,332,122)
Cash Paid to Employees for Services	(503,761)	(473,131)	(527,711)	(632,857)	(2,137,460)
Net Cash from Operating Activities	<u>25,457</u>	<u>271,849</u>	<u>212,018</u>	<u>212,202</u>	<u>721,526</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES					
Cash Paid (to) from Other Funds	-	118,755	-	179,250	298,005
Advances Paid (to) from Other Funds	-	-	-	-	-
Net Cash from Noncapital and Related Financing Activities	<u>-</u>	<u>118,755</u>	<u>-</u>	<u>179,250</u>	<u>298,005</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Cash Received from Sale of Capital Assets	-	42,000	-	-	42,000
Acquisition and Construction of Capital Assets	-	(223,281)	(124,012)	-	(347,293)
Net Cash from Capital and Related Financing Activities	<u>-</u>	<u>(181,281)</u>	<u>(124,012)</u>	<u>-</u>	<u>(305,293)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	11,665	16,494	28,102	23,448	79,709
Net Cash from Investing Activities	<u>11,665</u>	<u>16,494</u>	<u>28,102</u>	<u>23,448</u>	<u>79,709</u>
Net Increase (Decrease) in Cash and Cash Equivalents	37,122	225,817	116,108	414,900	793,947
Cash and Cash Equivalents, Beginning of the Year	<u>452,590</u>	<u>682,606</u>	<u>1,244,063</u>	<u>947,345</u>	<u>3,326,604</u>
Cash and Cash Equivalents, End of the Year	<u>\$ 489,712</u>	<u>\$ 908,423</u>	<u>\$ 1,360,171</u>	<u>\$ 1,362,245</u>	<u>\$ 4,120,551</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:					
Operating Income (Loss)	\$ (1,898,624)	\$ 268,983	\$ 231,284	\$ 422,252	\$ (976,105)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	-	-	195,418	-	195,418
Changes in Operating Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	5,159	15,600	(27,402)	-	(6,643)
(Increase) Decrease in Due from Other Governments	150	-	-	-	150
(Increase) Decrease in Inventory and Prepaid Items	(61,834)	(10,228)	-	-	(72,062)
(Increase) Decrease in Deferred Outflows - Pensions	96,054	108,237	132,256	133,337	469,884
(Increase) Decrease in Deferred Outflows - OPEB	791	(961)	2	66	(102)
Increase (Decrease) in Accounts Payable	(128,762)	104,795	(7,940)	(6,958)	(38,865)
Increase (Decrease) in Accrued Salaries and Benefits	(2,425)	(770)	3,029	(1,494)	(1,660)
Increase (Decrease) in Compensated Absences	(8,430)	12,360	(10,676)	(775)	(7,521)
Increase (Decrease) in Net Pension Liability	(311,980)	(219,574)	(262,138)	(273,732)	(1,067,424)
Increase (Decrease) in Net OPEB Liability	(55,590)	(6,435)	(39,701)	(61,452)	(163,178)
Increase (Decrease) in Deferred Inflows - Pensions	(7,786)	(7,242)	(8,778)	958	(22,848)
Increase (Decrease) in Deferred Inflows - OPEB	4,408	7,084	6,664	-	18,156
Increase (Decrease) in Claims Payable	2,394,326	-	-	-	2,394,326
Net Cash from Operating Activities	<u>\$ 25,457</u>	<u>\$ 271,849</u>	<u>\$ 212,018</u>	<u>\$ 212,202</u>	<u>\$ 721,526</u>

AGENCY FUNDS

**City of Upland
Agency Funds
Year Ended June 30, 2019**

AGENCY FUNDS

Agency Funds are used to account for assets held by a government in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Community Facilities District 2003-1 Fund

To account for revenues received from property holders for the payment of debt issued to finance the acquisition of certain public rights of way and construction of certain public improvements.

Community Facilities District 2003-2 Fund

To account for revenues received from property holders for the payment of debt issued to finance the acquisition of certain public rights of way and construction of certain public improvements.

Community Facilities District 2015-1 Fund

To account for revenues received from property holders for the payment of debt issued to finance the acquisition of certain public rights of way and construction of certain public improvements.

Community Facilities District 2016-1 Fund

To account for revenues received from property holders for the payment of debt issued to finance the acquisition of certain public rights of way and construction of certain public improvements.

Community Facilities District 2016-2 Fund

To account for revenues received from property holders for the payment of maintenance services including median landscaping, channel landscaping, storm drain clean outs, and asphalt slurry every 5 years.

Community Facilities District 2017-1 Fund

To account for revenues received from property holders for the payment of debt issued to finance the acquisition of certain public rights of way and construction of certain public improvements.

Assessment District 84-1 Fund

To account for the district formed to provide street sweeping, landscape irrigation, and street light services.

Sanitary Sewer Facility Development Fund

To account for revenue collected to expand both the City's and the region's sanitary sewage facilities to accommodate current and future growth.

Welfare Committee Fund

To account for employee contributions to provide future financial assistance to employees in the event of a personal financial emergency.

Upland 54 Fund

To account for revenues received from property holders for the payment of debt issued to finance the acquisition of certain public rights of way and construction of certain public improvement.

Fire Worker's Comp Trust Fund

To account for a deposit required to be maintained per the agreement with the City and San Bernardino County Fire as security for the liquidation of existing worker's compensation claims at the time of annexation.

City of Upland
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2019

	Community Facilities District 2003-1	Community Facilities District 2003-2	Community Facilities District 2015-1	Community Facilities District 2016-1	Community Facilities District 2016-2
ASSETS					
Cash and Investments	\$ 694,479	\$ 714,310	\$ 177,189	\$ 189,702	\$ 21,545
Cash with Fiscal Agent	2,762,691	2,071,967	-	8,321,086	-
Accounts Receivable	5,344	-	-	21,146	1,350
	<u>5,344</u>	<u>-</u>	<u>-</u>	<u>21,146</u>	<u>1,350</u>
Total Assets	<u>\$ 3,462,514</u>	<u>\$ 2,786,277</u>	<u>\$ 177,189</u>	<u>\$ 8,531,934</u>	<u>\$ 22,895</u>
LIABILITIES					
Deposits Payable	\$ -	\$ -	\$ 167,189	\$ 150,500	\$ 15,784
Accounts Payable	-	1,750	10,000	-	-
Due to Bondholders	3,462,514	2,784,527	-	8,381,434	7,111
	<u>3,462,514</u>	<u>2,784,527</u>	<u>-</u>	<u>8,381,434</u>	<u>7,111</u>
Total Liabilities	<u>\$ 3,462,514</u>	<u>\$ 2,786,277</u>	<u>\$ 177,189</u>	<u>\$ 8,531,934</u>	<u>\$ 22,895</u>

<u>Community Facilities District 2017-1</u>	<u>Assessment District 84-1</u>	<u>Sanitary Sewer Facility Development</u>	<u>Welfare Committee</u>	<u>West End Consolidated Water Co.</u>	<u>Upland 54</u>	<u>Total</u>
\$ 18,153	\$ 243	\$ 4,424,270	\$ 31,316	\$ 480,000	\$ 56,672	\$ 6,807,879
-	-	-	-	-	242,206	13,397,950
-	-	-	-	-	3,704	31,544
<u>\$ 18,153</u>	<u>\$ 243</u>	<u>\$ 4,424,270</u>	<u>\$ 31,316</u>	<u>\$ 480,000</u>	<u>\$ 302,582</u>	<u>\$ 20,237,373</u>
\$ -	\$ -	\$ 4,424,270	\$ 31,316	\$ 480,000	\$ -	\$ 5,269,059
-	11	-	-	-	-	11,761
18,153	232	-	-	-	302,582	14,956,553
<u>\$ 18,153</u>	<u>\$ 243</u>	<u>\$ 4,424,270</u>	<u>\$ 31,316</u>	<u>\$ 480,000</u>	<u>\$ 302,582</u>	<u>\$ 20,237,373</u>

City of Upland
Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2019

	Beginning Balance	Additions	Deletions	Ending Balance
<u>COMMUNITY FACILITIES DISTRICT 2003-1</u>				
ASSETS				
Cash and Investments	\$ 543,079	\$ 1,447,619	\$ 1,296,219	\$ 694,479
Cash with Fiscal Agent	2,925,201	1,284,202	1,446,712	2,762,691
Accounts Receivable	3,404	5,344	3,404	5,344
Total Assets	<u>\$ 3,471,684</u>	<u>\$ 2,737,165</u>	<u>\$ 2,746,335</u>	<u>\$ 3,462,514</u>
LIABILITIES				
Accounts Payable	\$ 78	\$ 757,921	\$ 757,999	\$ -
Due to Bondholders	3,471,606	1,979,244	1,988,336	3,462,514
Total Liabilities	<u>\$ 3,471,684</u>	<u>\$ 2,737,165</u>	<u>\$ 2,746,335</u>	<u>\$ 3,462,514</u>
<u>COMMUNITY FACILITIES DISTRICT 2003-2</u>				
ASSETS				
Cash and Investments	\$ 645,824	\$ 1,251,196	\$ 1,182,710	\$ 714,310
Cash with Fiscal Agent	2,216,143	1,225,614	1,369,790	2,071,967
Accounts Receivable	-	-	-	-
Total Assets	<u>\$ 2,861,967</u>	<u>\$ 2,476,810</u>	<u>\$ 2,552,500</u>	<u>\$ 2,786,277</u>
LIABILITIES				
Due to Bondholders	\$ 2,861,967	\$ 2,475,060	\$ 2,552,500	\$ 2,784,527
Accounts Payable	-	1,750	-	1,750
Total Liabilities	<u>\$ 2,861,967</u>	<u>\$ 2,476,810</u>	<u>\$ 2,552,500</u>	<u>\$ 2,786,277</u>
<u>COMMUNITY FACILITIES DISTRICT 2015-1</u>				
ASSETS				
Cash and Investments	\$ 64,861	\$ 151,650	\$ 39,322	\$ 177,189
Total Assets	<u>\$ 64,861</u>	<u>\$ 151,650</u>	<u>\$ 39,322</u>	<u>\$ 177,189</u>
LIABILITIES				
Accounts Payable	\$ 34,589	\$ 14,733	\$ 39,322	\$ 10,000
Deposits Payable	30,272	136,917	-	167,189
Total Liabilities	<u>\$ 64,861</u>	<u>\$ 151,650</u>	<u>\$ 39,322</u>	<u>\$ 177,189</u>
<u>COMMUNITY FACILITIES DISTRICT 2016-1</u>				
ASSETS				
Cash and Investments	\$ 120,500	\$ 502,218	\$ 433,016	\$ 189,702
Cash with Fiscal Agent	-	8,419,936	98,850	8,321,086
Accounts Receivable	-	21,146	-	21,146
Total Assets	<u>\$ 120,500</u>	<u>\$ 8,943,300</u>	<u>\$ 531,866</u>	<u>\$ 8,531,934</u>
LIABILITIES				
Due to Bondholders	\$ -	\$ 8,913,300	\$ 531,866	\$ 8,381,434
Deposits Payable	120,500	30,000	-	150,500
Total Liabilities	<u>\$ 120,500</u>	<u>\$ 8,943,300</u>	<u>\$ 531,866</u>	<u>\$ 8,531,934</u>
<u>COMMUNITY FACILITIES DISTRICT 2016-2</u>				
ASSETS				
Cash and Investments	\$ -	\$ 30,118	\$ 8,573	\$ 21,545
Accounts Receivable	15,784	-	14,434	1,350
Total Assets	<u>\$ 15,784</u>	<u>\$ 30,118</u>	<u>\$ 23,007</u>	<u>\$ 22,895</u>
LIABILITIES				
Deposits Payable	\$ 15,784	\$ 23,007	\$ 23,007	\$ 15,784
Due to Bondholders	-	7,111	-	7,111
Total Liabilities	<u>\$ 15,784</u>	<u>\$ 30,118</u>	<u>\$ 23,007</u>	<u>\$ 22,895</u>

Continued

City of Upland
Statement of Changes in Assets and Liabilities
Agency Funds - Continued
Year Ended June 30, 2019

	Beginning Balance	Additions	Deletions	Ending Balance
<u>COMMUNITY FACILITIES DISTRICT 2017-1</u>				
ASSETS				
Cash and Investments	\$ -	\$ 21,120	\$ 2,967	\$ 18,153
Total Assets	<u>\$ -</u>	<u>\$ 21,120</u>	<u>\$ 2,967</u>	<u>\$ 18,153</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Bondholders	-	21,120	2,967	18,153
Total Liabilities	<u>\$ -</u>	<u>\$ 21,120</u>	<u>\$ 2,967</u>	<u>\$ 18,153</u>
<u>ASSESMENT DISTRICT 84-1</u>				
ASSETS				
Cash and Investments	\$ 6,548	\$ 4,288	\$ 10,593	\$ 243
Total Assets	<u>\$ 6,548</u>	<u>\$ 4,288</u>	<u>\$ 10,593</u>	<u>\$ 243</u>
LIABILITIES				
Accounts Payable	\$ 25	\$ 11	\$ 25	\$ 11
Due to Bondholders	6,523	4,277	10,568	232
Total Liabilities	<u>\$ 6,523</u>	<u>\$ 4,288</u>	<u>\$ 10,593</u>	<u>\$ 243</u>
<u>SANITARY SEWER FACILITY DEVELOPMENT</u>				
ASSETS				
Cash and Investments	\$ 2,095,916	\$ 2,863,981	\$ 535,627	\$ 4,424,270
Total Assets	<u>\$ 2,095,916</u>	<u>\$ 2,863,981</u>	<u>\$ 535,627</u>	<u>\$ 4,424,270</u>
LIABILITIES				
Deposits Payable	\$ 2,095,916	\$ 2,863,981	\$ 535,627	\$ 4,424,270
Total Liabilities	<u>\$ 2,095,916</u>	<u>\$ 2,863,981</u>	<u>\$ 535,627</u>	<u>\$ 4,424,270</u>
<u>WELFARE COMMITTEE</u>				
ASSETS				
Cash and Investments	\$ 28,131	\$ 3,185	\$ -	\$ 31,316
Total Assets	<u>\$ 28,131</u>	<u>\$ 3,185</u>	<u>\$ -</u>	<u>\$ 31,316</u>
LIABILITIES				
Deposits Payable	\$ 28,131	\$ 3,185	\$ -	\$ 31,316
Total Liabilities	<u>\$ 28,131</u>	<u>\$ 3,185</u>	<u>\$ -</u>	<u>\$ 31,316</u>
<u>WEST END CONSOLIDATED WATER CO.</u>				
ASSETS				
Cash and Investments	\$ -	\$ 480,000	\$ -	\$ 480,000
Total Assets	<u>\$ -</u>	<u>\$ 480,000</u>	<u>\$ -</u>	<u>\$ 480,000</u>
LIABILITIES				
Deposits Payable	\$ -	\$ 480,000	\$ -	\$ 480,000
Total Liabilities	<u>\$ -</u>	<u>\$ 480,000</u>	<u>\$ -</u>	<u>\$ 480,000</u>

Continued

City of Upland
Statement of Changes in Assets and Liabilities
Agency Funds - Continued
Year Ended June 30, 2019

UPLAND 54

ASSETS

Cash and Investments	\$ 53,747	\$ 130,690	\$ 127,765	\$ 56,672
Cash with Fiscal Agent	252,126	113,719	123,639	242,206
Accounts Receivable	1,274	3,704	1,274	3,704
Total Assets	<u>\$ 307,147</u>	<u>\$ 248,113</u>	<u>\$ 252,678</u>	<u>\$ 302,582</u>

LIABILITIES

Accounts Payable	\$ 31	\$ 70,514	\$ 70,545	\$ -
Due to Bondholders	307,116	177,599	182,133	302,582
Total Liabilities	<u>\$ 307,147</u>	<u>\$ 248,113</u>	<u>\$ 252,678</u>	<u>\$ 302,582</u>

TOTALS - ALL AGENCY FUNDS

ASSETS

Cash and Investments	\$ 3,558,606	\$ 6,886,065	\$ 3,636,792	\$ 6,807,879
Cash with Fiscal Agent	5,393,470	11,043,471	3,038,991	13,397,950
Accounts Receivable	20,462	30,194	19,112	31,544
Total Assets	<u>\$ 8,972,538</u>	<u>\$ 17,959,730</u>	<u>\$ 6,694,895</u>	<u>\$ 20,237,373</u>

LIABILITIES

Accounts Payable	\$ 34,723	\$ 844,929	\$ 867,891	\$ 11,761
Deposits Payable	2,290,603	3,537,090	558,634	5,269,059
Due to Bondholders	6,647,212	13,577,711	5,268,370	14,956,553
Total Liabilities	<u>\$ 8,972,538</u>	<u>\$ 17,959,730</u>	<u>\$ 6,694,895</u>	<u>\$ 20,237,373</u>

STATISTICAL SECTION

City of Upland
Description of Statistical Section Contents
June 30, 2019

This part of the City of Upland'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 say about the government's overall financial health.

Contents:	<u>Pages</u>
<u>Financial Trends</u> these schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time	102
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax	112
<u>Debt Capacity</u> 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	120
<u>Demographic and Economic Information</u> these schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place	127
<u>Operating Information</u> 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	130

CITY OF UPLAND

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
Governmental activities					
Invested in capital assets, net of related debt	\$ 241,385,275	\$ 247,582,946	\$ 279,503,381	\$ 281,184,806	\$ 272,320,453
Restricted	28,585,512	23,099,917	15,971,514	22,177,079	18,336,004
Unrestricted	2,933,314	(2,198,045)	(12,516,353)	(19,386,237)	(253,534)
Total governmental activities net position	\$ 272,904,101	\$ 268,484,818	\$ 282,958,542	\$ 283,975,648	\$ 290,402,923
Business-type activities					
Invested in capital assets, net of related debt	\$ 73,989,104	\$ 73,202,621	\$ 75,066,229	\$ 76,050,669	\$ 75,114,852
Restricted	-	-	-	-	-
Unrestricted	36,680,591	42,140,896	38,813,010	37,241,528	36,705,400
Total business-type activities net position	\$ 110,669,695	\$ 115,343,517	\$ 113,879,239	\$ 113,292,197	\$ 111,820,252
Primary government					
Invested in capital assets, net of related debt	\$ 315,374,379	\$ 320,785,567	\$ 354,569,610	\$ 357,235,475	\$ 347,435,305
Restricted	28,585,512	23,099,917	15,971,514	22,177,079	18,336,004
Unrestricted	39,613,905	39,942,851	26,296,657	17,855,291	36,451,866
Total primary government net position	\$ 383,573,796	\$ 383,828,335	\$ 396,837,781	\$ 397,267,845	\$ 402,223,175

Source: Finance Division, City of Upland

Fiscal Year Ended June 30,				
2015	2016	2017	2018	2019
\$ 274,795,930	\$ 269,132,382	\$ 267,791,299	\$ 262,318,491	\$ 262,465,719
14,482,775	25,659,378	40,844,504	42,616,153	44,877,724
(62,716,819)	(64,259,153)	(74,170,029)	(83,164,838)	(80,859,640)
<u>\$ 226,561,886</u>	<u>\$ 230,532,607</u>	<u>\$ 234,465,774</u>	<u>\$ 221,769,806</u>	<u>\$ 226,483,803</u>
\$ 68,450,050	\$ 67,891,850	\$ 68,761,226	\$ 69,511,985	\$ 70,481,398
-	-	-	-	-
27,528,096	34,916,716	39,989,572	48,033,153	54,825,737
<u>\$ 95,978,146</u>	<u>\$ 102,808,566</u>	<u>\$ 108,750,798</u>	<u>\$ 117,545,138</u>	<u>\$ 125,307,135</u>
\$ 343,245,980	\$ 337,024,232	\$ 336,552,525	\$ 331,830,476	\$ 332,947,117
14,482,775	25,659,378	40,844,504	42,616,153	44,877,724
(35,188,723)	(29,342,437)	(34,180,457)	(35,131,685)	(26,033,903)
<u>\$ 322,540,032</u>	<u>\$ 333,341,173</u>	<u>\$ 343,216,572</u>	<u>\$ 339,314,944</u>	<u>\$ 351,790,938</u>

CITY OF UPLAND

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
Expenses					
Governmental activities:					
General government	\$ 3,845,613	\$ 3,894,625	\$ 5,137,446	\$ 4,113,605	\$ 4,709,996
Public safety	27,994,406	26,883,113	30,710,194	29,009,795	24,047,934
Engineering and public works	11,196,658	8,734,681	12,074,768	7,868,067	9,879,986
Development services	11,058,341	13,322,147	5,218,453	4,967,335	3,174,496
Community services	4,460,801	3,962,221	4,584,937	6,100,981	4,057,338
Interest expense	2,255,445	2,186,876	1,326,383	310,478	286,492
Total governmental activities expenses	60,811,264	58,983,663	59,052,181	52,370,261	46,156,242
Business-type activities:					
Water utility	16,580,163	15,393,981	17,893,977	17,019,949	19,565,979
Solid waste utility	9,730,993	9,669,314	9,360,397	9,246,343	9,322,648
Sewer utility	6,169,303	6,098,777	5,882,096	5,813,597	6,278,008
Animal services	8,852	1,150,728	1,163,149	1,082,162	1,020,821
Total business-type activities expenses	32,489,311	32,312,800	34,299,619	33,162,051	36,187,456
Total primary government expenses	\$ 93,300,575	\$ 91,296,463	\$ 93,351,800	\$ 85,532,312	\$ 82,343,698
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 2,487,288	\$ 1,318,635	\$ 1,428,531	\$ 1,416,615	\$ 1,508,984
Public safety	2,487,629	2,464,321	2,509,528	2,526,925	2,930,767
Engineering and public works	364,187	398,112	271,742	411,595	579,582
Development services	514,645	3,789,998	2,094,944	3,881,798	4,541,765
Community services	902,971	690,120	624,243	611,995	1,058,570
Operating grants and contributions	6,153,273	6,637,224	6,515,231	6,554,132	6,234,320
Capital grants and contributions	4,138,510	2,113,299	1,827,726	2,614,837	1,636,573
Total governmental activities program revenues	17,048,503	17,411,709	15,271,945	18,017,897	18,490,561
Business-type activities:					
Charges for services:					
Water utility	14,219,495	22,016,148	17,769,773	17,324,491	18,184,343
Solid waste utility	9,784,984	9,617,834	9,421,363	9,535,127	9,592,364
Sewer utility	5,791,624	5,822,597	6,193,947	6,294,532	6,432,824
Animal services	35,798	334,927	438,750	567,329	384,674
Operating grants and contributions	-	-	-	-	23,220
Capital grants and contributions	270,118	-	-	-	-
Total business-type activities program revenues	30,102,019	37,791,506	33,823,833	33,721,479	34,617,425
Total primary government program revenues	\$ 47,150,522	\$ 55,203,215	\$ 49,095,778	\$ 51,739,376	\$ 53,107,986
Net (expenses)/revenue					
Governmental activities	\$ (43,762,761)	\$ (41,571,954)	\$ (43,780,236)	\$ (34,352,364)	\$ (27,665,681)
Business-type activities	(2,387,292)	5,478,706	(475,786)	559,428	(1,570,031)
Total net revenues (expense)	\$ (46,150,053)	\$ (36,093,248)	\$ (44,256,022)	\$ (33,792,936)	\$ (29,235,712)

Fiscal Year Ended June 30,				
2015	2016	2017	2018	2019
\$ 3,050,233	\$ 5,626,905	\$ 3,080,619	\$ 4,539,492	\$ 4,033,829
27,468,131	27,178,673	32,174,086	27,927,892	27,265,506
9,281,467	11,049,238	9,819,952	11,468,377	12,092,590
5,447,239	5,214,410	5,407,099	6,624,913	6,059,857
5,073,673	4,308,397	3,691,035	3,370,656	4,255,538
284,269	281,359	358,679	715,062	840,116
50,605,012	53,658,982	54,531,470	54,646,392	54,547,436
20,124,035	16,121,912	18,483,205	19,989,900	21,525,637
9,872,451	9,602,172	10,051,229	11,042,468	12,316,577
7,457,367	7,063,779	7,818,112	9,285,699	9,387,370
-	-	-	-	-
37,453,853	32,787,863	36,352,546	40,318,067	43,229,584
\$ 88,058,865	\$ 86,446,845	\$ 90,884,016	\$ 94,964,459	\$ 97,777,020
\$ 1,658,124	\$ 1,124,713	\$ 305,373	\$ 382,010	\$ 1,187,018
3,593,175	3,789,627	3,541,745	1,827,271	1,866,761
660,583	246,341	776,173	4,207,550	2,991,516
4,612,643	4,933,961	5,461,323	5,245,335	5,876,464
1,097,518	1,072,754	495,702	546,702	581,989
7,014,790	5,120,131	5,933,967	2,066,407	2,340,876
2,712,801	3,926,465	4,337,377	6,604,091	7,305,417
21,349,634	20,213,992	20,851,660	20,879,366	22,150,041
22,713,562	18,601,289	21,299,753	28,076,336	26,203,575
10,355,699	10,544,776	11,103,446	11,687,415	12,677,799
7,233,341	8,068,428	9,705,668	10,144,832	10,573,571
-	-	-	-	-
21,672	15,519	63,207	70,598	57,708
-	-	-	-	1,544,529
40,324,274	37,230,012	42,172,074	49,979,181	51,057,182
\$ 61,673,908	\$ 57,444,004	\$ 63,023,734	\$ 70,858,547	\$ 73,207,223
\$ (29,255,378)	\$ (33,444,990)	\$ (33,679,810)	\$ (33,767,026)	\$ (32,397,395)
2,870,421	4,442,149	5,819,528	9,661,114	7,827,598
\$ (26,384,957)	\$ (29,002,841)	\$ (27,860,282)	\$ (24,105,912)	\$ (24,569,797)

CITY OF UPLAND

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 18,436,456	\$ 18,288,333	\$ 16,279,713	\$ 17,207,416	\$ 17,656,767
Tax increment	6,016,240	7,628,784	4,813,601	-	-
Sales taxes	6,852,466	7,228,970	9,992,768	10,167,479	11,282,830
Other taxes	1,469,692	1,359,820	1,676,719	1,603,147	1,744,459
Investment income	1,299,166	411,082	100,072	26,819	61,284
Motor vehicle in lieu	485,436	674,770	179,479	190,258	217,444
Gain on sale of assets	292,828	47,086	9,682	-	51,530
Miscellaneous revenue	1,980,747	377,996	908,588	583,147	3,494,568
Extraordinary gain (note 21)	-	-	23,491,941	-	-
Special Item (note 16)	-	-	-	-	-
Transfers	(7,864,436)	1,135,830	1,195,158	5,922,919	(69,537)
Total governmental activities	<u>28,968,595</u>	<u>37,152,671</u>	<u>58,647,721</u>	<u>35,701,185</u>	<u>34,439,345</u>
Business-type activities:					
Investment income	274,432	330,946	186,316	53,563	28,549
Share of joint venture net income	-	-	-	-	-
Gain on sale of assets	-	-	20,350	-	-
Miscellaneous revenue	21,875	-	-	-	-
Transfers	7,864,436	(1,135,830)	(1,195,158)	(1,058,593)	69,537
Total business-type activities	<u>8,160,743</u>	<u>(804,884)</u>	<u>(988,492)</u>	<u>(1,005,030)</u>	<u>98,086</u>
Total primary government	<u>\$ 37,129,338</u>	<u>\$ 36,347,787</u>	<u>\$ 57,659,229</u>	<u>\$ 34,696,155</u>	<u>\$ 34,537,431</u>
Changes in Net Position					
Governmental activities	\$ (14,794,166)	\$ (4,419,283)	\$ 14,867,485	\$ 1,348,821	\$ 6,773,664
Business-type activities	5,773,451	4,673,822	(1,464,278)	(445,602)	(1,471,945)
Total primary government	<u>\$ (9,020,715)</u>	<u>\$ 254,539</u>	<u>\$ 13,403,207</u>	<u>\$ 903,219</u>	<u>\$ 5,301,719</u>

Source: Finance Division, City of Upland

Fiscal Year Ended June 30,				
2015	2016	2017	2018	2019
\$ 18,376,071	\$ 19,309,037	\$ 20,482,854	\$ 16,343,119	\$ 16,831,839
-	-	-	-	-
12,477,307	13,909,909	13,293,304	13,673,539	14,507,927
1,890,562	1,778,356	2,740,447	2,696,807	2,692,051
93,147	216,843	326,531	(90,335)	1,012,981
852,384	429,308	223,315	40,421	36,969
14,151	32,589	4,180	-	132,623
4,238,903	394,567	355,677	321,564	271,298
-	-	-	-	-
-	-	-	(5,562,967)	-
122,245	(3,000)	67,000	-	814,669
<u>38,064,770</u>	<u>36,067,609</u>	<u>37,493,308</u>	<u>27,422,148</u>	<u>36,300,357</u>
99,832	148,205	189,704	415,529	761,947
-	-	-	-	-
-	-	-	-	(12,879)
-	-	-	-	-
(122,245)	3,000	(67,000)	-	(814,669)
<u>(22,413)</u>	<u>151,205</u>	<u>122,704</u>	<u>415,529</u>	<u>(65,601)</u>
<u>\$ 38,042,357</u>	<u>\$ 36,218,814</u>	<u>\$ 37,616,012</u>	<u>\$ 27,837,677</u>	<u>\$ 36,234,756</u>
\$ 8,809,392	\$ 2,622,619	\$ 3,813,498	\$ (6,344,878)	\$ 3,902,962
2,848,008	4,593,354	5,942,232	10,076,643	7,761,997
<u>\$ 11,657,400</u>	<u>\$ 7,215,973</u>	<u>\$ 9,755,730</u>	<u>\$ 3,731,765</u>	<u>\$ 11,664,959</u>

CITY OF UPLAND

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
General Fund					
Reserved	\$ 288,827	\$ -	\$ -	\$ -	\$ -
Unreserved	7,913,927	-	-	-	-
Nonspendable	-	393,974	125,762	139,164	158,323
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	5,730,018	805,739	721,275	3,841,677
Total General Fund	\$ 8,202,754	\$ 6,123,992	\$ 931,501	\$ 860,439	\$ 4,000,000
Other governmental funds					
Reserved	\$ 10,114,180	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	6,401,610	-	-	-	-
Debt service funds	3,934,620	-	-	-	-
Capital projects funds	4,357,471	-	-	-	-
Nonspendable	-	-	-	-	-
Restricted	-	23,005,460	10,208,668	15,078,398	18,683,199
Committed	-	-	-	-	-
Assigned	-	291,300	-	-	-
Unassigned	-	(2,192,732)	(83,676)	(1,525,535)	(112,511)
Total Other Governmental Funds	\$ 24,807,881	\$ 21,104,028	\$ 10,124,992	\$ 13,552,863	\$ 18,570,688

Source: Finance Division, City of Upland

Notes:

- (1) Increase in General Fund Balance due to increased Property and Sales Tax, and various other revenue categories, and decrease in Public Safety expenses. Refer to MD&A and Statement of Revenues, Expenditures and Changes in Fund Balances.
- (2) Increase in Fund Balance for Other Governmental Funds is due to decreased expenses in Special Revenue and Capital Projects Funds, and lease and bond proceeds for energy efficiency projects.

Fiscal Year Ended June 30,				
2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
110,709	63,831	75,325	64,869	73,803
-	-	-	18,473	18,473
-	-	-	4,670,418	4,670,418
-	-	-	-	-
10,284,958	14,478,664	15,254,150	9,479,082	18,538,881
<u>\$ 10,395,667</u>	<u>\$ 14,542,495</u>	<u>\$ 15,329,475</u>	<u>\$ 14,232,842</u>	<u>\$ 23,301,575</u>

(1)

\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
34,769,384	38,524,248	39,563,384	42,616,153	44,979,990
-	-	-	-	-
-	-	-	7,531	-
(20,372)	(254,428)	(4,088)	(296)	-
<u>\$ 34,749,012</u>	<u>\$ 38,269,820</u>	<u>\$ 39,559,296</u>	<u>\$ 42,623,388</u>	<u>\$ 44,979,990</u>

(2)

CITY OF UPLAND

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
Revenues					
Taxes	\$ 37,799,498	\$ 38,213,931	\$ 35,295,459	\$ 30,756,478	\$ 32,593,211
Licenses and permits	992,516	1,004,926	1,070,611	987,862	1,041,388
Charges for services	4,390,535	4,711,284	4,203,719	4,362,451	5,230,294
Fines and penalties	638,627	460,768	517,741	500,389	533,282
Investment income	1,119,133	281,201	100,072	27,704	57,147
Rental income	3,390,859	3,475,107	1,727,205	3,318,077	3,787,894
Intergovernmental	6,657,431	7,161,290	7,268,610	7,221,745	6,806,235
Contributions from property owners	-	-	-	-	-
Other	1,980,747	908,044	1,182,183	1,254,136	4,659,040
Total revenues	56,969,346	56,216,551	51,365,600	48,428,842	54,708,491
Expenditures					
General government	4,120,131	5,360,853	5,991,749	4,805,137	5,138,890
Public safety	27,545,584	26,456,365	27,603,446	26,530,316	25,998,626
Engineering and public works	12,931,622	11,382,753	7,940,843	10,362,812	4,870,786
Development services	11,046,686	9,973,548	4,959,672	4,857,256	4,612,547
Community services	4,519,662	4,079,975	3,894,008	4,145,232	3,908,447
Debt service					
Principal	1,800,000	1,860,000	1,925,000	210,000	220,000
Interest	2,292,409	2,227,951	1,242,428	317,068	293,657
Pass-through payments	4,852,006	1,442,542	801,386	-	-
Fiscal charges	3,300	3,300	3,319	3,300	3,300
Total expenditures	69,111,400	62,787,287	54,361,851	51,231,121	45,046,253
Excess (deficiency) of revenues over (under) expenditures	(12,142,054)	(6,570,736)	(2,996,251)	(2,802,279)	9,662,238
Other financing sources (uses)					
Transfers in	21,650,371	4,751,051	2,073,948	6,808,907	2,761,375
Transfers out	(21,650,371)	(3,615,221)	(1,129,300)	(870,049)	(3,919,838)
Extraordinary gain (loss) (note 21)	-	-	(14,129,606)	-	-
Proceeds from sale of capital assets	292,828	47,086	9,682	-	-
Issuance of capital leases	-	-	-	-	-
Payments to bond escrow	-	-	-	-	-
Issuance of bonds/debt	-	-	-	-	-
Total other financing sources(uses)	292,828	1,182,916	(13,175,276)	5,938,858	(1,158,463)
Net change in fund balances	\$ (11,849,226)	\$ (5,387,820)	\$ (16,171,527)	\$ 3,136,579	\$ 8,503,775
Debt service as a percentage of noncapital expenditures*	6.3%	7.5%	6.0%	1.2%	1.2%

* This percentage is computed as: Debt Service divided by Non-Capital Expenditures

Fiscal Year Ended June 30,				
2015	2016	2017	2018	2019
\$ 35,655,141	\$ 37,799,228	\$ 38,830,352	\$ 32,719,390	\$ 36,119,214
1,794,686	1,875,032	3,009,862	5,164,222	4,354,120
5,606,821	5,392,160	5,857,984	2,785,383	3,055,102
604,509	594,417	619,646	646,874	989,437
92,100	187,819	86,173	38,881	1,813,945
3,860,094	4,013,904	4,191,730	4,738,192	5,003,949
7,655,572	5,435,521	5,798,858	5,579,860	5,518,173
-	-	-	-	-
5,317,007	1,273,394	1,742,663	934,735	1,727,759
60,585,930	56,571,475	60,137,268	52,607,537	58,581,699
3,420,069	3,658,673	4,950,630	2,154,855	1,918,770
26,462,312	28,178,150	31,733,042	23,950,547	23,653,097
5,698,034	7,874,070	9,380,001	15,361,147	12,907,584
5,274,072	5,262,923	5,446,549	6,366,818	5,343,038
4,506,490	4,216,350	3,518,510	3,170,399	3,279,498
235,000	258,368	288,319	18,677,299	674,583
282,901	296,236	360,854	715,062	840,116
-	-	-	-	-
6,659	2,258	3,575	-	-
45,885,537	49,747,028	55,681,480	70,396,127	48,616,686
14,700,393	6,824,447	4,455,788	(17,788,590)	9,965,013
273,409	1,208,553	517,960	224,081	1,035,556
(2,478,470)	(1,525,154)	(2,164,720)	(3,693,295)	(518,892)
-	-	-	-	-
-	1,600	-	-	132,623
-	200,524	-	-	-
-	-	-	-	-
-	-	-	22,210,487	-
(2,205,061)	(114,477)	(1,646,760)	18,741,273	649,287
\$ 12,495,332	\$ 6,709,970	\$ 2,809,028	\$ 952,683	\$ 10,614,300
1.1%	1.1%	1.3%	31.7%	3.6%

CITY OF UPLAND

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
(IN THOUSANDS OF DOLLARS)
LAST TEN FISCAL YEARS**

	Fiscal Year				
	2009/10	2010/11	2011/12	2012/13	2013/14
Residential	5,304,942	5,276,157	5,382,875	5,498,151	5,680,385
Commercial	824,278	809,416	820,057	823,190	849,188
Industrial	312,147	309,820	309,414	306,113	314,762
Dry Farm	4,758	4,746	4,021	4,029	4,184
Govt. Owned	10,101	934	941	960	979
Institutional	15,000	17,232	12,430	12,982	14,288
Irrigated	1,881	1,876	1,890	1,928	1,967
Miscellaneous	79,608	73,372	74,576	76,292	78,275
Recreational	19,497	18,770	17,828	18,041	14,322
Vacant	82,266	69,147	71,460	68,364	74,268
SBE Nonunitary	69	69	69	69	69
Unsecured	280,845	274,428	262,654	265,091	262,039
TOTALS	6,935,391	6,855,966	6,958,214	7,075,211	7,294,725
Total Direct Rate	<u>0.29355%</u>	<u>0.29273%</u>	<u>0.29248%</u>	<u>0.29337%</u>	<u>0.17491%</u>

Note: The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local overrides. These values are considered to be full market values.

Source: San Bernardino County Assessor 2009/10 - 2018/19 Combined Tax Rolls; HdL Coren & Cone

Fiscal Year				
2014/15	2015/16	2016/17	2017/18	2018/19
6,068,414	6,401,935	6,697,951	7,059,507	7,440,680
873,943	875,269	908,646	991,548	1,059,249
318,293	342,277	350,443	377,242	401,508
4,186	470	477	487	497
983	1,003	1,018	1,039	1,060
10,334	9,826	13,908	11,982	12,730
1,976	2,015	1,640	1,673	1,707
78,792	80,400	103,978	76,233	78,464
14,353	14,804	14,162	13,758	13,812
65,657	84,782	91,043	132,223	127,536
70	70	70	70	69
259,893	268,858	249,241	230,214	246,034
7,696,894	8,081,709	8,432,577	8,895,976	9,383,346
<u>0.17491%</u>	<u>0.17492%</u>	<u>0.17492%</u>	<u>0.17492%</u>	<u>0.08257%</u>

CITY OF UPLAND

**WATER SALES BY USER TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Residential		Commercial		Public Agency		Irrigation	
	Gallons Consumed	% of Total						
2010	4,620,895,664	74.9%	651,208,800	10.6%	239,059,304	3.9%	656,050,604	10.6%
2011	4,456,138,940	74.4%	648,324,512	10.8%	229,503,604	3.8%	655,200,876	10.9%
2012	4,648,953,144	74.3%	694,179,156	11.1%	238,037,536	3.8%	677,373,092	10.8%
2013	4,825,517,048	73.7%	733,835,124	11.2%	241,184,372	3.7%	750,007,632	11.4%
2014	4,930,872,848	72.8%	729,473,536	10.8%	218,617,212	3.2%	895,623,036	13.2%
2015	4,456,746,316	71.4%	718,672,416	11.5%	210,080,288	3.4%	860,493,216	13.8%
2016	3,566,689,896	70.7%	650,598,432	12.9%	176,596,816	3.5%	649,350,020	12.9%
2017	3,848,856,440	71.0%	680,205,768	12.5%	177,463,748	3.3%	717,650,648	13.2%
2018	4,243,225,976	70.1%	717,147,992	11.8%	186,568,404	3.1%	909,118,452	15.0%
2019	3,804,467,128	69.4%	659,586,400	12.0%	165,040,216	3.0%	852,306,356	15.5%

Source: Finance Division, City of Upland

CITY OF UPLAND

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
(RATE PER \$100 OF TAXABLE VALUE)
LAST TEN FISCAL YEARS**

<u>Agency</u>	<u>Fiscal Year</u>				
	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
Basic Levy¹	1.00000	1.00000	1.00000	1.00000	1.00000
Alta Loma Elementary Bond	0.03870	0.04510	0.04530	0.04580	0.04500
Central Elementary Bond	0.05840	0.06900	0.06880	0.07270	0.07110
Chaffey Community College Bond	0.01220	0.00910	0.01530	0.01110	0.01570
Chaffey High School Bond	0.01680	0.01920	0.01940	0.01010	0.03710
Metropolitan Water Agency	0.00430	0.00370	0.00370	0.00350	0.00350
Ontario-Montclair Elementary Bond	0.02870	0.03360	0.02890	0.02740	0.02940
Upland Unified School Bond	0.03810	0.04430	0.04740	0.05240	0.04840
Total Direct & Overlapping² Tax Rates	<u>1.19720</u>	<u>1.22400</u>	<u>1.22880</u>	<u>1.22300</u>	<u>1.25020</u>
City Share of 1% levy per Prop 13³	0.17482	0.17482	0.17482	0.17482	0.17482
Redevelopment Rate⁴	1.00430	1.00370	1.00370	n/a	n/a
Total Direct Rate⁵	<u>0.29355</u>	<u>0.29273</u>	<u>0.29248</u>	<u>0.29337</u>	<u>0.17491</u>

Notes:

¹ In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

² Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

³ City's share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.

⁴ Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

⁵ Total Direct Rate is the weighted average of all individual direct rates applied to by the government preparing the statistical section information and excludes revenues derived from aircraft taxes. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purpose of this report, residual revenue is assumed to be distributed to the City in the same proportions as

Source: San Bernardino County Assessor 2009/10 - 2018/19 Tax Rate Table; HdL Coren & Cone

Fiscal Year				
<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>
1.00000	1.00000	1.00000	1.00000	1.00000
0.04370	0.04170	0.04080	0.05640	0.06800
0.06600	0.06500	0.06880	0.06700	0.04650
0.01090	0.01130	0.01160	0.00880	0.01530
0.02940	0.04090	0.03190	0.02790	0.04020
0.00350	0.00350	0.00350	0.00350	0.00350
0.02600	0.02680	0.02640	0.05570	0.05550
0.04620	0.05250	0.06070	0.05510	0.05870
<u>1.22570</u>	<u>1.24170</u>	<u>1.24370</u>	<u>1.27440</u>	<u>1.28770</u>
0.17482	0.17482	0.17482	0.17482	0.08042
n/a	n/a	n/a	n/a	n/a
<u>0.17491</u>	<u>0.17492</u>	<u>0.17492</u>	<u>0.17492</u>	<u>0.08257</u>

CITY OF UPLAND

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Colonies-Pacific LLC	\$ 158,754,773	1	1.69%	\$ 44,961,340	1	0.65%
College Park Apartment Homes LP	59,085,246	2	0.63%	27,169,923	9	0.39%
MG Stoneridge Village Grove LLC	45,249,555	3	0.48%			
Rancho Monte Vista Apartment Homes	43,873,408	4	0.47%	39,607,688	3	0.57%
CT Retail Properties Finance II LLC	42,180,359	5	0.45%	37,269,212	5	0.54%
WNG Mountain Springs GP	38,587,820	6	0.41%	34,094,962	6	0.49%
Dee Matreyek Kurth Non Exempt Trust	35,709,897	7	0.38%			
NU-168 Apartments LLC	34,446,437	8	0.37%	30,435,766	8	0.44%
AMFP IV Altavista	34,333,201	9	0.37%			
College Business Park LLC	33,604,919	10	0.36%			
Granite Sr Woodlane LLC				42,629,744	2	0.61%
Koll Per College Business Park, LLC				38,584,445	4	0.56%
Bill and Mary Matreyek Trust				32,619,212	7	0.47%
Holliday Rock Company INC				26,619,833	10	0.38%
Totals	<u>\$ 525,825,615</u>		<u>5.61%</u>	<u>\$ 353,992,125</u>		<u>5.10%</u>

Source: San Bernardino County Assessor 2018/19 Combined Tax Roll and the SBE Non Unitary Tax Roll

CITY OF UPLAND

**PRINCIPAL WATER PURCHASERS
CURRENT YEAR AND TEN YEARS AGO**

Water Purchaser	2019			2010		
	Gallons Consumed	Rank	Percentage of Total Gallons Consumed	Gallons Consumed	Rank	Percentage of Total Gallons Consumed
City of Upland	223,922,776	1	4.1%	185,442,664	1	2.5%
Mountain View Land Co.	134,675,904	2	2.5%	40,971,700	5	0.6%
Upland Development, LLC	132,295,020	3	2.4%			
Upland Unified School District	105,954,948	4	1.9%	87,339,472	2	1.2%
State of California Dept of Trans	83,911,388	5	1.5%			
San Antonio Community Hospital	52,900,804	6	1.0%	51,197,608	4	0.7%
Upland Hills Estates HOA	48,043,292	7	0.9%			
Upland Hills CC COA	36,188,240	8	0.7%			
Upland Meadows Management CO. LP	28,762,844	9	0.5%			
College Park Apartment Homes	23,217,920	10	0.4%			
Sanbag				79,845,260	3	1.1%
HWL Properties				32,581,384	6	0.4%
CALTRANS				27,739,580	7	0.4%
Upland Cascade				25,871,824	8	0.4%
Upland Housing Authority				17,820,352	9	0.2%
Upland El Dorado				14,767,016	10	0.2%
Totals	<u>869,873,136</u>		<u>15.8%</u>	<u>563,576,860</u>		<u>7.8%</u>

Source: Finance Division, City of Upland

CITY OF UPLAND

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years ⁽¹⁾	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2010	10,099,630	9,485,948	93.92%	N/A	9,485,948	93.92%
2011	9,574,988	9,209,935	96.19%	N/A	9,209,935	96.19%
2012	9,732,257	9,265,615	95.21%	N/A	9,265,615	95.21%
2013	9,881,310	9,452,806	95.66%	N/A	9,452,806	95.66%
2014	10,195,064	9,902,877	97.13%	N/A	9,902,877	97.13%
2015	10,792,671	10,512,265	97.40%	N/A	10,512,265	97.40%
2016	11,319,306	11,049,460	97.62%	N/A	11,049,460	97.62%
2017	11,883,283	11,615,501	97.75%	N/A	11,615,501	97.75%
2018	12,310,682	12,120,710	98.46%	N/A	12,120,710	98.46%
2019 ¹	6,032,861	5,900,839	97.81%	N/A	5,900,839	97.81%

Notes:

Source: Data provided by the San Bernardino County Assessor's Office for collection of prior years taxes does not segregate the information by fiscal year. Therefore, the City is not able to provide this information in the above schedule.

¹ Change from prior years due to City's Annexation with San Bernadino County for Fire Services.

CITY OF UPLAND

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Governmental Activities					Total Governmental Activities
	Lease Revenue Bonds	Tax Allocation Notes ^(b)	Housing Bonds	Capital Leases	Clean Renewable Energy Bonds	
2010	1,560,000	42,810,000	18,000,000	324,622	-	62,694,622
2011	1,365,000	41,145,000	18,000,000	124,532	-	60,634,532
2012	1,160,000	-	18,000,000	-	-	19,160,000
2013	950,000	-	18,000,000	-	-	18,950,000
2014	730,000	-	18,000,000	-	-	18,730,000
2015	495,000	-	18,000,000	-	-	18,495,000
2016	250,000	-	18,000,000	187,156	-	18,437,156
2017	-	-	18,000,000	148,837	-	18,148,837
2018	-	-	14,420,150	2,736,044	4,525,832	21,682,026
2019	-	-	13,905,615	2,607,411	4,494,189	21,007,215

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(a) This ratio is calculated using personal income and population for the prior calendar year.

(b) As a result of the dissolution of the Redevelopment Agency on January 31, 2012 indebtedness was transferred to the Successor Agency.

Source: Notes to the Financial Statements, Long Term Debt Section

Business-type Activities				
Water Lease Revenue Bonds	Total Primary Government	Percentage of Personal Income (a)	Debt Per Capita (a)	Fiscal Year Ended June 30,
13,950,288	76,644,910	3.73%	1,023.11	2010
13,327,924	73,962,456	3.46%	971.83	2011
12,746,534	31,906,534	1.45%	427.89	2012
11,958,964	30,908,964	1.41%	412.63	2013
11,282,566	30,012,566	1.38%	399.38	2014
10,483,221	28,978,221	1.36%	386.00	2015
9,658,875	28,096,031	1.29%	370.79	2016
8,809,529	26,958,366	1.21%	351.07	2017
8,435,184	30,117,210	1.32%	391.05	2018
8,045,838	29,053,053	1.20%	370.19	2019

CITY OF UPLAND

**DIRECT AND OVERLAPPING BOND DEBT
JUNE 30, 2019**

FY 2018-19 Assessed Valuation		\$	9,370,618,881	
				City's Share of Debt
			Total Debt at 6/30/19	at 6/30/19
<u>Overlapping Tax and Assessment Debt:</u>	<u>% Applicable⁽¹⁾</u>			
Metropolitan Water District	0.321%	\$	48,050,000	\$ 154,241
Chaffey Community College District	8.253%		132,540,000	10,938,526
Upland Unified School District	92.581%		99,507,400	92,124,946
Chaffey Union High School District	0.815%		479,265,904	3,906,017
Alta Loma School District	0.528%		44,002,889	232,335
Central School District	2.023%		47,446,765	959,848
Ontario-Montclair School District	2.706%		119,694,737	3,238,940
Upland Unified School District Community Facilities District No. 99-1	100.000%		1,374,000	1,374,000
Upland Unified School District Community Facilities District No. 01-1	100.000%		1,781,000	1,781,000
City of Upland Community Facilities District No. 2003-1	100.000%		1,290,000	1,290,000
City Of Upland Community Facilities District No. 2003-2, I.A. Nos. 1 & 2	100.000%		34,835,000.00	34,835,000.00
City Of Upland Community Facilities District No. 2016-A, I.A. No.1	100.000%		8,435,000	8,435,000
			<u>8,435,000</u>	<u>8,435,000</u>
Total Overlapping Tax and Assessment Debt		\$	1,018,222,695	\$ 159,269,854
<u>Direct and Overlapping General Fund Debt:</u>				
San Bernardino County General Fund Obligations	4.213%	\$	335,155,000	\$ 14,120,080
San Bernardino County Pension Obligations	4.213%		288,826,268	12,168,251
San Bernardino County Flood Control Dist. Gen Fund Obligations	4.213%		62,820,000	2,646,607
Chaffey Community College District Gen. Fund Obligations	8.253%		30,890,000	2,549,352
City of Upland Capital Lease Obligations	100.000%		7,101,600	7,101,600
City of Upland Housing Revenue Bonds	100.000%		13,905,615	13,905,615
Total Gross Direct and Overlapping General Fund Debt				\$ 52,491,505
Less: City of Upland Housing Revenue Bonds (100% supported from housing related revenues)				13,905,615
Total Net Direct and Overlapping General Fund Debt		\$	738,698,483	\$ 38,585,890
<u>Overlapping Tax Increment Debt (Successor Agency):</u>	100.000%	\$	22,965,000	\$ 22,965,000
Total Gross Direct Debt				\$ 21,007,215
Total Net Direct Debt				\$ 7,101,600
Total Overlapping Debt				<u>\$ 213,719,144</u>
Gross Combined Total Debt				\$ 234,726,359 ⁽²⁾
Net Combined Total Debt				\$ 220,820,744
<u>Ratios to FY 2018-19 Assessed Valuation:</u>				
Total Overlapping Tax and Assessment Debt	1.70%			
Total Gross Direct Debt (\$21,007,215)	0.22%			
Total Net Direct Debt (\$7,101,600)	0.08%			
Gross Combined Total Debt	2.50%			
Net Combined Total Debt	2.36%			
<u>Ratios to Redevelopment Incremental Valuation (\$1,599,955,657):</u>				
Total Overlapping Tax Increment Debt	1.44%			

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

CITY OF UPLAND

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
Debt Limit	\$ 930,115,752	\$ 882,507,215	\$ 895,958,208	\$ 1,058,579,687	\$ 1,091,662,967
Total Net Debt Applicable to Limit	-	-	-	-	-
Legal Debt Margin	\$ 930,115,752	\$ 882,507,215	\$ 895,958,208	\$ 1,058,579,687	\$ 1,091,662,967
Total Net Debt Applicable to The Limit As a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2019:

Assessed Valuation

Debt Limit (15% of Assessed Value)

Debt Applicable to Limit:

General Obligation Bonds

Legal Debt Margin

Note: The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation.

¹ As a result of the dissolution of the Redevelopment Agency on January 31, 2012, total assessed value for the City is no longer reduced by the incremental value of the redevelopment project areas.

Fiscal Year Ended June 30,				
2015	2016	2017	2018	2019
\$ 1,152,315,001	\$ 1,210,072,895	\$ 1,263,218,981	\$ 1,332,692,325	\$ 1,405,592,832 ¹
-	-			
\$ 1,152,315,001	\$ 1,210,072,895	\$ 1,263,218,981	\$ 1,332,692,325	\$ 1,405,592,832
0.00%	0.00%	0.00%	0.00%	0.00%

\$ 9,370,618,881
1,405,592,832
-
\$ 1,405,592,832

CITY OF UPLAND

**PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Water Bonds						
Fiscal Year Ended June 30,	Water Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2010	15,295,069	13,902,795	1,392,274	610,000	776,562	1.00
2011	22,582,581	14,164,896	8,417,685	630,000	735,443	6.16
2012	16,873,954	17,468,067	(594,112)	655,000	1,023,096	(0.35)
2013	17,122,606	15,146,422	1,976,184	760,000	407,969	1.69
2014	18,184,342	16,532,719	1,651,623	750,000	463,325	1.36
2015	22,713,561	17,673,638	5,039,923	765,000	442,475	4.17
2016	18,601,416	13,367,187	5,234,229	760,000	419,150	4.44
2017	21,436,735	17,418,778	4,017,957	815,000	361,406	3.42
2018	28,076,336	18,979,818	9,096,518	340,000	340,868	13.36
2019	26,203,575	19,636,043	6,567,532	355,000	327,673	9.62

Note: Water Charges and Other includes total revenues (including investment earnings).
Operating Expenses are exclusive of depreciation.

Source: Finance Division, City of Upland

Special Assessment Bonds

Special Assessment Collections	Debt Service		Coverage
	Principal	Interest	
3,087,810	295,000	2,556,075	1.08
3,337,663	365,000	2,542,803	1.15
3,358,321	440,000	2,525,223	1.13
3,022,803	520,000	2,356,637	1.05
2,935,287	700,000	2,107,620	1.05
2,973,637	820,000	2,080,248	1.03
2,731,961	1,305,000	1,441,090	0.99
2,863,814	1,160,000	1,635,846	1.02
2,822,587	1,250,000	1,598,954	0.99
3,384,728	1,330,000	1,666,350	1.13

CITY OF UPLAND

**DEMOGRAPHIC AND ECONOMIC STATUS
LAST TEN CALENDAR YEARS**

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (in thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2009	74,914	\$ 2,056,977	\$ 27,458	14,404	9.0%
2010	76,106	\$ 2,138,350	\$ 28,097	14,232	9.9%
2011	74,568	\$ 2,193,940	\$ 29,422	11,927	9.1%
2012	74,907	\$ 2,192,004	\$ 29,263	11,908	6.5%
2013	75,147	\$ 2,182,720	\$ 29,046	11,665	5.6%
2014	75,074	\$ 2,130,600	\$ 28,380	11,380	5.9%
2015	75,774	\$ 2,182,404	\$ 28,801	11,138	4.8%
2016	76,790	\$ 2,226,460	\$ 28,994	11,028	4.2%
2017	77,017	\$ 2,274,591	\$ 29,533	10,913	2.5%
2018	78,481	\$ 2,417,412	\$ 30,802	10,702	3.3%

Sources: HdL, Coren & Cone and the California Department of Education

CITY OF UPLAND

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
San Antonio Community Hospital	2,400	1	6.4%	2,001	1	7.9%
Upland Unified School District	1,037	2	2.8%	1,435	2	5.7%
Home Depot	340	3	0.9%	351	6	1.4%
Upland Rehabilitaion & Care Center	320	4	0.8%			
Wal Mart	315	5	0.8%	400	5	1.6%
Lewis Group	312	6	0.8%	300	9	1.2%
Target	265	7	0.7%	250	10	1.0%
Lowe's Home Center	254	8	0.7%			
City of Upland	250	9	0.7%	325	8	1.3%
Holliday Rock Co. Inc	250	10	0.7%			
Kohl's Department Store				501	3	2.0%
Insurance Agency Network				500	4	2.0%
Shield Security				335	7	1.3%
Totals	5,743		15.3%	6,398		25.4%

Source: Upland Chamber of Commerce, Finance Division & Development Services

CITY OF UPLAND

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	98.00	102.00	75.00	75.50	78.25	78.00	64.00	58.00	58.00	57.00
Public safety										
Police										
Officers	84.00	85.00	76.00	70.00	70.00	70.00	74.00	75.00	75.00	75.00
Civilians	41.00	42.00	28.00	22.50	22.50	22.50	26.00	30.00	31.00	37.00
Fire										
Firefighters and officers	43.00	43.00	41.00	41.00	40.00	40.00	40.00	40.00	-	- ¹
Civilians	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	-	- ¹
Highways and streets										
Engineering	6.00	6.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Operations	20.00	20.00	23.00	23.00	23.00	22.00	23.50	23.50	23.50	23.50
Recreation	11.50	11.50	7.50	7.50	7.50	7.50	6.00	6.00	5.00	5.00
Water	23.00	23.00	22.00	24.00	24.00	24.00	24.00	24.00	24.00	27.00
Solid Waste Utility	1.00	1.00	-	-	-	-	-	-	-	-
Environmental Quality	6.00	6.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Total	342.50	348.50	289.50	279.50	281.25	280.00	273.50	272.50	223.50	231.50

Source: Finance Division, City of Upland

¹ Decrease due to annexation of the Fire Department to San Bernardino County as of July 22, 2017.

CITY OF UPLAND

**CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
Fire					
Stations	4	5	5	5	5
Police					
Patrol Units	25	24	23	23	23
Motorcycles	6	6	6	5	4
Library					
Facilities	1	1	1	1	1
Recreation					
Buildings	3	3	3	4	4
Parks	12	13	13	13	13
Soccer fields (lighted)	6	6	6	6	6
Baseball fields (lighted)	7	8	8	8	8
Softball fields (lighted)	4	3	3	3	3
Public Works					
Miles of City Streets	208.90	208.90	208.90	208.90	208.90
Miles of State Highways	6.70	6.70	6.70	6.70	6.70
Miles of City Alleys	37.50	37.50	37.50	37.50	37.50
Water					
Miles of Water Mains	240.26	240.26	240.26	240.26	240.26
Sewer					
Miles of Sewer Lines	228.00	228.00	228.00	228.00	228.00

Source: Various Departments, City of Upland

¹ Decrease due to annexation of the Fire Department to San Bernardino County as of July 22, 2017.

Fiscal Year Ended June 30,

2015	2016	2017	2018	2019
------	------	------	------	------

5	5	5	1	1 ¹
22	22	22	24	24
5	5	4	4	5
1	1	1	1	1
4	4	4	4	4
13	13	13	13	13
6	6	6	6	6
8	8	8	8	8
3	3	3	3	3
208.90	209.20	209.25	209.85	210.08
6.70	6.70	6.20	6.20	6.20
37.50	37.50	37.50	37.50	37.50
240.88	243.70	255.60	245.71	247.08
228.00	228.00	222.00	222.00	224.01

CITY OF UPLAND

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
General government					
Building permits issued	973	1,055	1,042	1,120	1,408
Police					
Physical arrests	5,317	4,476	3,809	3,104	4,272
Traffic collisions	610	755	666	634	667
Fire					
Emergency responses	6,748	7,120	7,300	7,865	9,482
Public Works					
Miles of street sweeping	9,216	10,488	14,172	14,484	14,484
Potholes repaired	2,714	2,184	918	831	910
Number of trees pruned	7,192	3,349	9,235	5,405	5,671
Parks and recreation					
Community center admissions	9,102	8,653	8,454	9,093	9,406
Library					
Volumes in collection	148,867	154,463	159,746	157,769	117,295
Current Periodical & Serial Subscriptions	267	267	81	73	340
Audio-visual items	7,773	8,341	8,454	7,464	5,911
Water					
New meter installations	676	376	292	550	1,056
Average daily consumption (thousands of gallons)	22,589	16,529	21,838	21,087	20,690
Number of linear feet of new water pipelines	-	7,380	17,240	3,859	-
Refuse collection					
Refuse collected (tons per day)	138	137	129	130	144
Recyclables collected (tons per day)	68	68	72	65	72
Environmental Quality					
Number of sewer inspections conducted	214	208	199	207	210
Number of permitted dischargers/active permits	202	197	196	192	194

Source: Various Departments, City of Upland

¹Last date of service for the City of Upland Fire Department was 07/22/2017.

Fiscal Year Ended June 30,				
2015	2016	2017	2018	2019
2,007	1,176	1,095	2,040	2,327
3,532	3,013	4,377	3,477	3,670
690	814	867	724	607
8,855	9,607	9,647	404	0 ¹
13,009	14,600	15,000	10,800	11,600
2,400	318	720	550	650
5,015	2,378	2,273	4,288	5,850
9,450	8,868	6,864	6,703	7,208
113,146	111,548	107,760	82,577	103,466
83	97	42	466	40
5,947	5,695	5,154	4,302	2,916
981	894	1,233	1,500	153
17,848	14,209	15,572	17,276	15,650
1,531	3,668	1,627	18,091	6,581
140	158	151	165	158
64	68	65	76	68
201	208	211	148	145
197	193	195	191	193

CITY OF UPLAND
Single Audit Report on
Federal Award Programs

June 30, 2019

CITY OF UPLAND
SINGLE AUDIT REPORT ON FEDERAL AWARD PROGRAMS
Year Ended June 30, 2019

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**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

City Council
City of Upland
Upland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Upland (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 18, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (Finding No. 2019-001 and 2019-002).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Upland's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Van Lant & Fankhauser, LLP

February 18, 2020



**Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on the Schedule
of Expenditures of Federal Awards Required by Uniform Guidance**

City Council
City of Upland
Upland, California

Report on Compliance for Each Major Federal Program

We have audited the City of Upland's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Upland, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of the City of Upland, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial

statements. We issued our report thereon dated February 18, 2020 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Van Lant & Fankhaed, LLP

February 18, 2020

CITY OF UPLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Program Identification Number	Program Expend- itures	Provided to Sub- Recipients
<u>U.S. Department of Housing and Urban Development</u>				
<i>Direct Assistance:</i>				
Community Development Block Grant	14.218	B-18-MC-06-0569	\$ 709,644	\$ 91,407
Total Department of Housing and Urban Development			709,644 *	91,407
<u>U.S. Department of Justice</u>				
<i>Direct Assistance:</i>				
Bulletproof Vest Partnership Program	16.607	N/A	6,896	-
<i>Passed through the San Bernardino County Sheriff's Department:</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0768	3,588	-
Total Department of Justice			10,484	-
<u>U.S. Department of Transportation</u>				
<i>Passed through the California Department of Transportation</i>				
<i>Office of Traffic Safety/Highway Safety Cluster:</i>				
Selective Traffic Enforcement Program	20.600	PT18152	4,281	-
Selective Traffic Enforcement Program	20.600	PT19122	50,908	-
<i>Passed through the California Department of Transportation</i>				
<i>Office of Traffic Safety:</i>				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT18152	36,823	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT19122	64,522	-
Total Department of Transportation			156,534	-
<u>U.S. Department of Homeland Security</u>				
<i>Passed through the San Bernardino County Fire Protection District</i>				
<i>Office of Emergency Services:</i>				
Homeland Security Grant Program	97.067	2016-00102	1,304	-
Total Department of Homeland Security			1,304	-
Total Expenditures of Federal Awards			\$ 877,966	\$ 91,407

* = Major Program

CITY OF UPLAND
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Upland (the City) under programs of the federal government as well as federal financial assistance passed through other government agencies for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial statements of the City. The City's reporting entity is defined in Note 1 of the notes to the City's financial statements.

2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting for those grants that were recorded in governmental funds, and on the accrual basis of accounting for those grants that were recorded in proprietary funds. Such expenditures for part of the year are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments and for part of the year contained in Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The City elected not to use the 10% de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs.

3) Major Programs

The City had one major program for the year ended June 30, 2019, consisting of the Community Development Block Grant which had total disbursements of \$709,644. This amount calculates to 80.8% of the total disbursements from federal awards.

4) Subrecipient Expenditures

During the fiscal year ended June 30, 2019, the City made payments to subrecipients which consisted of the following:

Inland Mediation Board - Fair Housing	\$	22,000
St. Joseph Church - His Hands Food		19,503
Foothill Family Shelter - Homeless Services		13,002
Inland Mediation Board - Housing Mediation		16,500
Hope Partners-Food Security		6,501
Pacific Lifeline		6,501
IVRS - Hygiene Packers		7,400
		7,400
Total Subrecipients	\$	91,407

CITY OF UPLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditor’s Report Issued:	Unmodified
Internal Control Over Financial Reporting:	
Material Weakness(es) Identified?	No
Significant Deficiencies Identified not Considered to be Material Weaknesses?	Yes
Noncompliance Material to Financial Statements Noted?	No

Federal Awards

Internal Control Over Major Programs:	
Material Weakness(es) Identified?	No
Significant Deficiencies Identified not Considered to be Material Weaknesses?	No
Type of Auditor’s Report Issued on Compliance for Major Programs:	Unmodified
Any Audit Findings Disclosed that are Required to be Reported in Accordance With Uniform Guidance?	No

Identification of Major Programs:

CFDA Numbers	Name of Federal Program or Cluster
14.218	Community Development Block Grant

Dollar Threshold used to Distinguish Between Type A And Type B Programs:	\$ <u>750,000</u>
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Auditee Qualified as Low-Risk Auditee?	No
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CITY OF UPLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

2019-001: *Building Permit Fees*

The following is a continuation from prior year

Condition:

While gaining an understanding of the process for calculating and issuing building permits, we selected building permits to recalculate the fees charged. Based on our testing, we found that some of the fees charged did not agree to the master fee schedule approved by the City Council.

Criteria:

The City has established a master fee schedule, based on fee studies, and approved by the City Council, to be used by the City's staff to determine charges for various services/fees, including building permit fees.

Cause of Condition:

The rates established in the *PermitPlus* building permits software program are not necessarily consistent with the master fee schedule approved by Council. It appears the City has not established procedures to review and monitor the fees in the software program in comparison to the approved fees.

Potential Effect of Condition:

The City may be undercharging for certain building permit fees, resulting in lost revenues. The amount of potential lost revenues has not been determined; however, it is not expected to be material to the City's financial statements as a whole.

Recommendation:

We recommend the City evaluate procedures to monitor the collection of various fees, including periodic review of the calculations and fees charged in the building permit system in comparison to the master fee schedule adopted by City Council. Procedures should be implemented to ensure fees charged are in accordance with the adopted rates.

View of Responsible Officials and Planned Corrective Actions:

The City concurs. Refer to Separate Corrective Action Plan Report for management's response.

CITY OF UPLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS - Continued

2019-002: Sewer Utility Rates

Condition:

In June 2014, sewer rate increases were adopted by the City Council through Resolution No. 6229. The City's sewer rates were scheduled to increase each July 1 for five consecutive years. While performing a recalculation of sewer rates charged to various customers, we found that the rates were not increased on July 1, 2018, in accordance with the adopted resolution. In addition, water rates were scheduled to increase as of January 1, 2019 but were not increased until March 1, 2019, two months later.

Criteria:

The City Council (through resolution) voted to approve rate increases for the City's Water and Sewer Utility. In accordance with the City's Resolutions, the rates should have been increased unless a resolution was adopted by City Council to not increase the rates.

Cause of Condition:

Through discussions with City staff, it appears that a decision to not increase sewer rates was made by management due to the City having just recently voted for rate increases for the water utility. In addition, through discussions with City staff, the water rate increase was not completed in time due to late noticing of customers.

Potential Effect of Condition:

City's utility rates are not in accordance with the adopted resolution and revenues are less than expected due to lower rates.

Recommendation:

We recommend the City implement rate increases in accordance with adopted resolutions.

View of Responsible Officials and Planned Corrective Actions:

The City concurs. Refer to Separate Corrective Action Plan Report for management's response.

CITY OF UPLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no auditor's findings to be reported in accordance with *Uniform Guidance*.

CITY OF UPLAND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

2018-001: Fraud Prevention and Detection Policies

Current Status: Corrective Action has been taken

2018-002: Housing Fund Rental Property: Bank Accounts and Purchasing

Current Status: Corrective Action has been taken

2018-003: Building Permit Fees

Current Status: The finding had not been resolved. See Finding 2019-001

2018-004: Housing Fund Bank Accounts

Current Status: Corrective Action has been taken

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no auditor's findings to be reported in accordance with the *Uniform Guidance*.

February 18, 2020

Ms. Londa Helms, Acting Administrative Services Director
City of Upland
460 N. Euclid Avenue
Upland, CA 91786

Dear Ms. Helms:

While performing single audit procedures in accordance with the Uniform Guidance, we found that the City has not established written procedures, as stated in *Title 2 CFR Section 200.302(b)(6) and (7)*, which requires all non-Federal entities to establish written procedures to implement the requirements of *Title 2 CFR Section 200.305* (cash management) and for determining the allowability of costs in accordance with *Subpart E – Cost Principles* and the conditions of the Federal Award.

Therefore, we recommend the City review the requirements of *Title 2 CFR Section 200.302(b)(6) and (7)* and determine the appropriate written procedures necessary for the City to achieve this requirement.

We would like to take this opportunity to express our appreciation for the assistance extended us during the course of our audit. If we can be of further assistance, or if you have any questions regarding our recommendations, please call our office. This letter is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Van Lant & Fankhanel, LLP

February 18, 2020

City Council
City of Upland
Upland, CA

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Upland for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 22, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the fair value of investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life. We evaluated key factors and assumptions used to develop the estimated useful lives in determining that they are reasonable in relation to the financial statements as a whole.

Management's estimate of the net pension and net OPEB liabilities are based on actuarial information provided by the California Public Employee Retirement System's (CalPERS) actuarial office, and other sources. We evaluated the key factors and assumptions used to develop these liabilities in determining that the estimated liabilities are reasonable in relation to the financial statements as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements were:

The disclosure of the fair value of investments in Note 2 to the financial statements represents amounts susceptible to market fluctuation.

The disclosure of accumulated depreciation in Note 4 to the financial statements is based on estimated useful lives which could differ from actual useful lives of each capitalized item.

The disclosures for the net OPEB and net pension liabilities in Notes 6 and 10 to the financial statements are based on assumptions for discount rates, etc., which could differ from actual experience. The notes disclose the differences in these liabilities if different assumptions are used in estimating these liabilities.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The following material misstatements detected as a result of audit procedures were corrected by management:

Adjustments were made to record additional capital assets at year-end.

Adjustments were made to record additional payables at year-end.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 18, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Findings and Recommendations

In addition to our audit opinion on the financial statements, we issued our "Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*" dated February 18, 2020, in which we identified significant deficiencies in internal control.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying

accounting records used to prepare the financial statements or to the financial statements themselves.

New Accounting Pronouncements

Note 17 to the financial statements describes various accounting pronouncements, which the City will be required to implement in future fiscal years.

Restrictions on Use

This information is intended solely for the use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Van Lant & Fankhanel, LLP



**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

City Council
City of Upland
Upland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Upland (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 18, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (Finding No. 2019-001 and 2019-002).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Upland's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Van Lant & Fankhaed, LLP

February 18, 2020

City of Upland
Schedule of Findings and Responses
Year Ended June 30, 2019

2019-001: Building Permit Fees

Condition:

While gaining an understanding of the process for calculating and issuing building permits, we selected building permits to recalculate the fees charged. Based on our testing, we found that some of the fees charged did not agree to the master fee schedule approved by the City Council.

Criteria:

The City has established a master fee schedule, based on fee studies, and approved by the City Council, to be used by the City's staff to determine charges for various services/fees, including building permit fees.

Cause of Condition:

The rates established in the *PermitPlus* building permits software program are not necessarily consistent with the master fee schedule approved by Council. It appears the City has not established procedures to review and monitor the fees in the software program in comparison to the approved fees.

Potential Effect of Condition:

The City may be undercharging for certain building permit fees, resulting in lost revenues. The amount of potential lost revenues has not been determined; however, it is not expected to be material to the City's financial statements as a whole.

Recommendation:

We recommend the City evaluate procedures to monitor the collection of various fees, including periodic review of the calculations and fees charged in the building permit system in comparison to the master fee schedule adopted by City Council. Procedures should be implemented to ensure fees charged are in accordance with the adopted rates.

Management's Response:

The City recently completed conversion of the permitting software program from PermitsPlus to Energov (Tyler Munis). The building and safety and planning departments began using Energov in October of 2019. The annual fee schedule adopted in November of 2017 has been programmed into Energov and the issue of fees not being charged in accordance with the fee schedule has been corrected. Since going live with Energov, staff has been periodically reviewing the permit fees to ensure the approved fees are populating correctly. Staff has also engaged the services of Energov (for a 12 month period) to help fine-tune configuration issues and to ensure the program continues to process fees correctly. In the future, when the master fee schedule is updated, the finance department will verify that the fees being charged are correct by testing random permits issued.

City of Upland
Schedule of Findings and Responses
Year Ended June 30, 2019

2019-002: Sewer Utility Rates

Condition:

In June 2014, sewer rate increases were adopted by the City Council through Resolution No. 6229. The City's sewer rates were schedule to increase each July 1 for five consecutive years. While performing a recalculation of sewer rates charged to various customers, we found that the rates were not increased on July 1, 2018, in accordance with the adopted resolution. In addition, water rates were scheduled to increase as of January 1, 2019 but were not increased until March 1, 2019, two months later.

Criteria:

The City Council through resolution increased the voted to approve rate increases for the City's Water and Sewer Utility. In accordance with the City's Resolutions, the rates should have been increased unless a resolution was adopted by City Council to not increase the rates.

Cause of Condition:

Through discussions with City staff, it appears that a decision to not increase sewer rates was made by management due to the City having just recently voted for rate increases for the water utility. In addition, through discussions with City staff, the water rate increase was not completed in time due to late noticing of customers.

Potential Effect of Condition:

City's utility rates are not in accordance with the adopted resolution and revenues are less than expected due to lower rates.

Recommendation:

We recommend the City implement rate increases in accordance with adopted resolutions.

Management's Response:

At the June 10, 2019 City Council meeting, the City Council retroactively approved the continuance of the sewer rate charge of \$10.10 (implemented 7/1/2017) for fiscal year 2018/19 and approved a new reduced rate of \$9.69 effective July 1, 2019. Any future utility rate changes (increases, decreases or waiver of increases) will be approved by the City Council prior to implementation.

**INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES
APPLIED TO APPROPRIATIONS LIMIT WORKSHEETS**

City Council
City of Upland
Upland, California

We have performed procedures enumerated below to be the accompanying Appropriations Limit worksheet of the City of Upland, for the year ended June 30, 2019. These procedures, which were agreed to by the City of Upland and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII B of the California Constitution*), were performed solely to assist the City in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. The City's management is responsible for the Appropriations Limit worksheet. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed worksheets and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned documents to those that were selected by a recorded vote of the City Council.

Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit worksheet, we added last year's limit to total adjustments and agreed the resulting amount to this year's limit.

Finding: No exceptions were noted as a result of our procedures.

3. We agreed the current year information presented in the accompanying Appropriations Limit worksheet to the other documents referenced in #1 above.

Finding: No exceptions were noted as a result of our procedures.

4. We agreed the prior year appropriations limit presented in the accompanying Appropriations Limit worksheet to the prior year appropriations limit adopted by the City Council during the prior year.

Finding: No exceptions were noted as a result of our procedures.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriations limit for the base year, as defined by the League publication entitled *Article XIII B of the California Constitution*.

This report is intended solely for the use of the City Council and management of the City of Upland and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Van Lant + Fankhaed, LLP

February 18, 2020

CITY OF UPLAND
APPROPRIATIONS LIMIT COMPUTATION
2018 – 2019

	<u>2018 - 2019</u>
Change in City's New Construction Nonresidential Assessed Valuation	24.25%
Population Change: County Population Growth	0.95%
Change in City's New Construction Nonresidential Assessed Valuation Converted to a Ratio	1.2425
Population Change Converted to a Ratio	1.0095
Calculation of Growth Factor	1.2543
2017 - 2018 Appropriations Limit	<u>\$ 83,462,722</u>
2018 - 2019 Appropriations Limit (\$83,462,722 X 1.2543)	<u>\$104,687,292</u>



STAFF REPORT

ITEM NO. 14.B.

DATE: March 9, 2020
TO: MAYOR AND CITY COUNCIL
FROM: ROSEMARY HOERNING, CITY MANAGER
PREPARED BY: LONDA BOCK-HELMS, CPA, ACTING ADMINISTRATIVE SERVICES DIRECTOR
SUBJECT: MID-YEAR BUDGET REVIEW FY 2019-20

RECOMMENDED ACTION

It is recommended that the City Council take the following actions:

- Receive and file the Mid-Year Budget Report fiscal year 2019-20 (Attachment 1);
- Approve the Proposed Mid-Year Adjustments detailed in Attachment 2;
- Approve the updated Assignment of Classification (Attachment 3);
- Provide staff with direction regarding committing unassigned fund balance.

GOAL STATEMENT

The proposed action supports the City's goal to provide fiscal stewardship for the City of Upland and to reasonably compensate employees for the level of duties performed.

BACKGROUND

Between January and March each year, staff presents to the City Council and the citizens of Upland, a mid-year budget report. This report focuses on financial results through December 31, 2019. As part of this review, staff recommends changes to the budget based upon new information resulting from events that occurred thus far within the fiscal year, but were not included in the adopted budget. The focus of the mid-year review will be on the General Fund, as illustrated in Attachment 1.

ISSUES/ANALYSIS

In June 2019, the City Council adopted an operating and capital improvement budget for fiscal year 2019-20 that included \$122,417,440 in revenue and \$148,112,140 in expenditures.

The main focus of the mid-year budget review is on the City's largest fund, the General Fund. The adopted budget included General Fund revenue totaling \$42,911,180. Amendments have been made to that original budget through council action. Those budget adjustments resulted in an increase in revenue of \$74,761 (Lemon Festival revenue sharing). During the mid-year review of General Fund revenues, projections were in line with actual revenues to date so there will be no changes to revenue projections at this time.

Total General Fund original adopted budgeted expenditures were \$41,931,700. Amendments have been made to that original budget through council action which resulted in an increase in budgeted expenditures of \$254,761. At mid-year, staff recommends an increase of \$1,263,637 to the budgeted expenditures and an increase in budgeted transfers out of \$1,132,000 both of which are detailed in Attachment 2 and represent one time only expenditures/transfers.

After taking into consideration the above budget amendments, the result is an overall budget fiscal year 2019-20 shortfall of \$2,702,620 and will be funded by unassigned fund balance as indicated in Attachment 2.

Losing staff to other public agencies, especially competing cities, is hurtful to morale, organizational effectiveness, efficiency, and productivity. In the process of reviewing positions and salary classifications it was determined there are additional staffing needs required for the Information Technology department and the public works department. Additionally, several salary classifications did not reflect the work being performed. Attachment 3 details the new positions requested and positions proposed for salary reclassification.

The current fund balance operating reserve equals 17.5% of budgeted expenditures for fiscal year 2019-20 which equates to \$7,338,048. The fiscal responsibility committee recommended an ultimate goal of 20% of operating expenditures. The Government Finance Officer's Association (GFOA) best practices recommends a minimum operating reserve of 2 months operating revenue, which equates to \$7,151,863 for the City of Upland.

After adjusting the current operating reserve on 7/1/2019 (as a result of the approval of the fiscal year 2019-20 operating budget) the expected **unassigned fund balance** at December 31, 2019 is \$5,520,364. This amount is available for City Council to commit as they deem necessary. Staff recommends increasing the operating reserve to 20% of operating budgeted expenditures or \$8,386,340 which represents an increase of \$1,048,292. Additional operating reserve scenarios are detailed in Attachment 2.

FISCAL IMPACTS

Increase General Fund budgeted revenues/transfers (sources) by \$6,337 and increase budgeted expenditures/transfers (uses) by \$2,395,637. Approval of these items also requires adjustments to budgeted transfers in to the City's Capital Projects, Information Technology and Self-Insurance funds while increasing the appropriate expenditure accounts as detailed in Attachment 2.

The update of the Assignment of Classification will not require an adjustment to the fiscal year 2019-20 budget. The personnel adjustments include the deletion of one (1) Senior Information Technology Technician a recently vacated position and the addition of two (2) Information Technology Technician positions. This adjustment was requested by the IT Manager and will better address the workload within his division. The Police Department requested two (2) frozen Police Officer positions be unfrozen. This allows the Police Department to recruit for these two positions, which will likely be filled in June 2020 with Police Officer Trainees. The positions will remain at the Police Officer Trainee level until graduation from the Police Academy in November or 2020, FY2021. There are sufficient

salary savings from unfilled/vacant positions to cover any changes to the schedule. The fiscal year 2020-21 budgeted salaries and benefits will reflect the indicated changes.

Increase the PBIA fund budget by \$18,000 for downtown improvements, the source of which is accumulated fund balance.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

Attachment 1 - Mid Year Budget Review 12-31-19

Attachment 2 - Mid Year Report 12-31-19

Attachment 3 - Changes in Assignment of Classification

City of Upland
Quarterly Report Ended 12/31/2019
6/30/2020

Attachment 1

Account Number	Account Description	12/31/2016 Actual	12/31/2017 Actual	12/31/2018 Actual	Original Budget	Amended Budget	12/31/2019 Actual	% to Date
GENERAL FUND								
Revenues and other sources								
40XX	Property Taxes	6,751,139	3,456,601	3,377,754	16,849,910	16,849,910	5,222,518	30.99%
4009	Weed Abatement	21,642	21,533	57,688	65,000	65,000	26,938	41.44%
4101	Sales Tax	4,677,896	4,804,278	5,299,057	14,412,470	14,412,470	4,777,662	33.15%
4102	Business License Tax	272,595	221,211	234,023	965,000	965,000	309,054	32.03%
4103	Rock Extraction Tax	59,366	75,085	65,756	240,000	240,000	79,427	33.09%
4104	Transient Occupancy Tax	46,052	41,979	44,702	155,530	155,530	52,261	33.60%
4105	Real Property Transfer Tax	140,308	161,728	161,695	345,000	345,000	155,409	45.05%
4121	Franchise Tax	177,164	197,866	178,871	1,230,000	1,230,000	177,750	14.45%
Various	Licenses and Permits	609,595	716,781	869,512	2,639,190	2,639,190	1,971,505	74.70%
various	Intergovernmental	117,561	794,851	18,000	60,570	60,570	23,861	39.39%
46XX	User Charges	1,869,212	1,143,038	1,241,900	2,345,270	2,420,031	1,356,943	56.07%
47XX	Fines & Forfeitures	225,424	195,966	319,020	632,600	632,600	355,706	56.23%
48XX	Use of Money and Property	196,110	675,461	649,557	876,840	876,840	613,741	69.99%
4910	Water Admin Service Fee	522,055	770,866	494,866	1,367,880	1,367,880	729,514	53.33%
4911	Solid Waste Admin Service Fee	171,632	146,212	61,965	437,350	437,350	196,331	44.89%
4912	Sewer Admin Service Fee	109,085	119,731	84,622	238,220	238,220	130,076	54.60%
49XX	Other Revenues	226,815	236,232	318,013	50,350	50,350	145,782	289.54%
	Total Revenues	16,193,651	13,779,419	13,477,001	42,911,180	42,985,941	16,324,478	31.35%
	Transfers In	-	-	28,209	-	-	-	
	Prior year carryovers	-	432,418	-	-	271,280	-	
	Fund Bal Designated for Fuel Island	-	-	-	-	50,000	-	
	Fund Bal Designated for Animal Shelter	-	100,000	-	-	-	-	
	Fund Bal Designated for Library Improv	-	170,000	-	-	150,000	-	
	Fund Balance undesignated	-	400,000	-	-	-	-	
		16,193,651	14,881,837	13,505,210	42,911,180	43,457,221	16,324,478	31.08%

City of Upland
 Quarterly Report Ended 12/31/2019
 6/30/2020

Attachment 1

Account Number	Account Description	12/31/2016 Actual	12/31/2017 Actual	12/31/2018 Actual	Original Budget	Amended Budget	12/31/2019 Actual	% to Date
<u>Expenses and other uses</u>								
1101	City Council	46,356	58,106	58,047	118,670	118,670	53,173	44.81%
1104	City Treasurer	3,541	1,525	1,005	1,800	1,800	875	48.61%
1201	City Administration	132,024	147,269	181,052	438,330	456,330	91,928	20.15%
1301	Accounting Services	621,291	663,492	585,455	2,387,520	2,397,452	828,771	34.57%
1302	Mail/Printing Services	42,697	28,836	28,249	76,440	76,440	31,496	41.20%
1504	Non-Departmental	-	26,419	258,951	3,180,290	3,180,290	1,450,532	45.61%
1510	Library	514,390	730,611	429,229	1,637,320	1,637,320	672,432	41.07%
1601	Human Resources	157,507	138,781	141,182	433,990	433,990	159,696	36.80%
1602	Development & Training	30,195	82,161	46,183	57,650	57,650	15,511	26.91%
1603	City Attorney	265,199	278,473	181,291	490,000	490,000	94,914	19.37%
1701	City Clerk	102,718	292,306	116,572	330,050	423,346	93,174	22.01%
2201	Building & Safety	186,293	316,444	292,421	802,060	802,060	373,572	46.58%
2202	Weed Abatement	6,592	9,099	8,660	54,810	59,715	14,628	24.50%
2203	Economic Development	36,362	53,911	79,327	277,900	285,454	110,401	38.68%
2204	Planning Commission	3,064	4,680	4,696	14,340	14,340	1,824	12.72%
2205	Planning	297,069	295,667	217,523	563,460	563,460	241,981	42.95%
2207	Santa Fe Depot	-	-	198	27,700	27,700	13,466	48.62%
3201	Police Administration	1,663,627	2,380,423	2,343,269	5,694,710	5,694,710	2,272,213	39.90%
3202	Police Investigations	1,082,915	1,072,820	1,001,556	2,921,930	2,921,930	1,361,916	46.61%
3205	Animal Services	200,232	264,379	241,634	644,500	644,500	277,556	43.07%
3206	Police Admin Support	306,869	29,341	4,014	-	-	-	0.00%
3210	Patrol Support	659,923	31,966	2,097	-	-	-	0.00%
3211	Police Patrol	4,587,927	5,110,451	5,398,188	12,651,380	12,652,840	5,700,380	45.05%
3231	Special Events & Comm Outreach	14,947	11,490	5,480	14,700	14,700	8,809	59.93%
3232	Police Reserves	735	646	-	3,200	3,200	-	0.00%
3233	Code Enforcement	108,341	125,384	238,711	726,960	726,960	320,001	44.02%
3501	Fire Administration	1,302,348	487,700	20,157	-	14,538	9,040	62.18%
3503	Fire Reserves	2,371	-	-	-	-	-	0.00%

City of Upland
Quarterly Report Ended 12/31/2019
6/30/2020

Attachment 1

Account Number	Account Description	12/31/2016 Actual	12/31/2017 Actual	12/31/2018 Actual	Original Budget	Amended Budget	12/31/2019 Actual	% to Date
3511	Fire Station I	1,086,414	137,641	-	-	-	13,845	0.00%
3512	Fire Station II	834,901	371,265	8,500	4,600	104,600	79,674	76.17%
3513	Fire Station III	836,047	175,683	3,816	-	-	20,223	0.00%
3514	Fire Station IV	889,298	133,850	8,433	-	-	20,410	0.00%
3515	Emergency Medical Services	50,591	863	-	-	-	-	0.00%
3516	Special Operations	4,010	12	-	-	-	-	0.00%
3517	Air Ambulance	604,022	176,690	-	-	-	4,664	0.00%
3518	Historic Fire Station	11,502	11,802	11,977	14,540	14,540	7,879	54.19%
3521	Fire Prevention	80,963	33,347	-	-	-	-	0.00%
3522	Fire Training	18,973	97	-	-	-	-	0.00%
4201	Recreation Administration	384,818	266,871	271,391	683,420	691,741	326,788	47.24%
4202	Recreation Classes	95,861	93,438	86,523	226,800	226,800	96,255	42.44%
4203	Recreation Facilities	51,474	52,905	48,097	128,940	128,940	62,646	48.59%
4204	Youth Programs/Sports	35,180	36,581	43,637	118,600	118,600	42,516	35.85%
4205	Senior Center	159,056	140,839	174,276	312,020	312,020	145,855	46.75%
4206	Special Events	48,668	13,239	27,694	63,270	138,031	96,550	69.95%
4207	Community Outreach Services	14,628	4,281	14,382	47,720	47,720	35,974	75.39%
4208	Access	(1,215)	220	-	-	-	-	0.00%
4210	Landecena Center	14,066	16,004	27,013	36,900	36,900	14,353	38.90%
4402	Carnegie Library	29,079	33,321	36,425	93,960	93,960	47,042	50.07%
4409	Passports	5,792	6,848	6,768	19,590	19,590	7,511	38.34%
5201	Public Works Administration	227,314	329,644	305,391	730,320	730,320	336,043	46.01%
5301	Engineering Administration	131,419	106,751	142,065	295,740	295,740	204,307	69.08%
5302	Development/Traffic Engineering	222,807	81,817	185,099	387,130	567,130	164,421	28.99%
5401	Street Maintenance	202,027	328,314	301,567	703,490	703,490	230,039	32.70%
5402	Street Sweeping	5,460	7,139	7,683	16,660	16,660	7,922	47.55%
5403	Sidewalk Maintenance	63,307	53,747	45,614	176,740	176,740	60,671	34.33%
5404	Street Lighting	391,606	405,030	334,572	881,600	881,600	355,410	40.31%
5405	Traffic Control	65,817	91,451	68,291	156,480	156,480	70,689	45.17%
5406	Traffic Facility Maintenance	86,612	95,388	79,171	292,000	292,000	77,859	26.66%

City of Upland
Quarterly Report Ended 12/31/2019
6/30/2020

Attachment 1

Account Number	Account Description	12/31/2016 Actual	12/31/2017 Actual	12/31/2018 Actual	Original Budget	Amended Budget	12/31/2019 Actual	% to Date
5407	Weed Abatement	8,506	19,850	18,247	51,860	51,860	17,992	34.69%
5408	Flood Control	1,725	10,185	4,446	8,000	8,000	2,000	25.00%
5409	Street Tree Maintenance	144,647	568,352	708,255	820,010	820,010	438,798	53.51%
5410	Parkway Maintenance	154,781	226,424	214,830	480,840	480,840	167,336	34.80%
5412	Maintenance-Main Street	21,622	27,205	22,048	59,400	59,400	24,463	41.18%
5413	Maintenance-Metrolink Station	3,571	9,304	6,596	182,280	182,280	21,852	11.99%
5415	Graffiti Removal	-	-	-	90,000	90,000	5,020	5.58%
5416	Damage to City Property	497	48,733	10,882	55,000	55,000	8,465	15.39%
5420	Park Maintenance	245,597	387,411	307,917	645,500	658,774	250,614	38.04%
5421	Sports Field Maintenance	98,382	109,184	109,816	243,840	243,840	95,221	39.05%
5601	City Hall	99,808	130,782	172,699	354,740	354,740	150,159	42.33%
Total Expense		<u>19,805,166</u>	<u>17,384,888</u>	<u>15,699,268</u>	<u>41,931,700</u>	<u>42,457,741</u>	<u>17,909,756</u>	42.18%
5070	Transfers out	-	170,000	3,213,001	1,112,800	1,112,800	-	
	Encumbrance/carryovers	-	-	-	-	-	-	
	Undesignated fund balance	-	-	-	-	-	-	
		<u>19,805,166</u>	<u>17,554,888</u>	<u>18,912,269</u>	<u>43,044,500</u>	<u>43,570,541</u>	<u>17,909,756</u>	41.11%
Revenues Over/(Under) Expenses		<u>(3,611,515)</u>	<u>(2,673,051)</u>	<u>(5,407,059)</u>	<u>(133,320)</u>	<u>(113,320)</u>	<u>(1,585,278)</u>	

City of Upland
Mid-Year Budget Review
FY 2019-20

Attachment 2

Operating Revenues and Other Sources:

Approved Budget FY20119-20 Estimated Revenue and Available Sources	\$	42,911,180
Approved Budget Adjustments 7-1-2019 to 12/31/2019		74,761
Prior Year Purchase Order/Budget Carry Overs		271,280
		43,257,221

Recommended Mid-Year Budget Adjustments:

Library donation	\$	6,337
		6,337
Total	\$	6,337

Projected Operating Revenues/Sources 6/30/2020 **\$ 43,263,558**

Operating Expenses and Other Uses:

Approved Budget FY 2019-20 Expenditures and Uses	\$	43,044,500
Approved Budget Adjustments 7-1-2019 to 12/31/2019		254,761
Prior Year Purchase Order/Budget Carry Overs	\$	271,280
		43,570,541

Recommended Mid-Year Budget Adjustments:

Budget adjustments		1,263,637
Transfers out to Capital project, IT and Self Insurance funds		1,132,000
Total	\$	2,395,637

Projected Operating Expenditures/Uses 6/30/2019 **\$ 45,966,178**

General Fund Operating Surplus/(shortfall) **\$ (2,389,300) \$ (2,702,620)**

General Fund fund Balance June 30, 2019 (audited) **\$ 23,301,575**

Mid-Year General Fund Operating Surplus/(shortfall) (2,702,620)

Estimated Fund balance at 6/30/2020 **\$ 20,598,955**

Current Designations:

Inventory and Prepaid Items	\$	52,690
Notes Receivable		21,113
Reserve for PARS 115 Pension Trust		6,973,667
Disability Access Fees		53,073
Facility Fuel Island Repair		50,000
Memorial Park Improvements		140,000
Legal/Labor/Negotiations		450,000
Operating Reserve (17.5% of \$41,931,700 (adopted operating budget))		7,338,048
		15,078,591

Unassigned Fund Balance **\$ 5,520,364**

Recommended Mid-Year Fund Balance Designations:

Increase Operating Reserve to 20% of adopted operating budget* (1,048,292)

Projected Undesignated/Unreserved Fund Balance at 6/30/2020 **\$ 4,472,072**

- * 18%=\$209,658
- 18.5%=\$419,317
- 19%=\$628,975
- 19.5%=\$838,633
- 20%=\$1,048,292

City of Upland
Summary of Budget Adjustments-Mid Year
6/30/2020

Account Description	Account Number	Amount	Explanation	Approved yes/no
General Fund:				
Library Donation	1010000 4905	\$ (6,337)	Received Donation	
Total Revenue-General Fund		\$ (6,337)		
City Manager-Contingency	1011201 5210	\$ 75,000	Available for City Manager to use subject to purchasing policies or give to another Dept for unexpected expenses	
Finance-Other Services	1011301 5258	65,000	Increase HdL fees for Business License Discovery	
Non-Departmental-Unfunded Liability	1011504 5119	1,000,000	Direct payment to CalPERS for estimated overall savings of \$2.4 million	
Library-books & digital materials	1011510 5261	6,337	Increase budget for donation received	
Weed Abatement-other services	1012202 5258	20,000	Increase to match actual for prior year	
Planing-Contract Services	1012203 5253	30,500	For Hotel study 15K, Rent rate analysis 3.5K, Marketing materials 12k	
Development Services-Overtime	1012205 5113	3,000	Add overtime to Planning budget	
Police Admin-subscriptions	1013201 5213	43,800	Policy management, update and training solution fro Lexipol	
MetroLink Station-Kiosks	1015413 5530 54130	20,000	Need to replace damaged and unsupported Kiosks	
Total General Fund Expenditures		\$ 1,263,637		
Transfer to Information Technology	1010000 5070	\$ 100,000	transfer out to IT for Cloud email collaboration software	
Transfer to Capital Project fund	1010000 5070	175,000	Transfer to Capital project fund for City Hall Parking Lot Rehab	
Transfer to Capital Project fund	1010000 5070	357,000	Transfer to Capital project fund for PD Heating System	
Transfer to Self Insurance Fund	1010000 5070	500,000	Eliminate negative cash balance	
Total General Fund Transfers Out		\$ 1,132,000		
PBIA-Other Maintenance	2102501 5248	\$ 18,000	Downtown improvements: Powdercoat, spire, Eden Garden, Lights,	
Total PBIA Fund Expenditures		\$ 18,000		
Capital Projects Fund:				
Transfer in from General Fund	4250000 4970	(357,000)	Transfer in from General Fund for PD Heating System	
Capital Proj-PD Heating System	425XXXX 5258	357,000	Police Department Heating System	
Transfer in from General Fund	4250000 4970	(175,000)	Transfer in from General Fund for City Hall Parking Lot Rehab	
Capital Proj-City Hall Parking Lot rehab	425XXXX 5258	175,000	City Hall Parking Lot Rehab	
Total Capital Project Fund Budget Adjustments		-		
Self Insurance Fund:				
Transfer in from General Fund	7510000 4970	(500,000)	To eliminate negative cash balance	
Total Self Insurance Fund Budget Adjustments		(500,000)		
Information Technology Fund:				
Transfer in from General Fund	7530000 4970	(100,000)	Transfer from General Fund for Cloud email collaboration software	
IT-Data processing services	7531401 5254	100,000	Budget for Cloud email collaboration Software	
Total Information Technology Fund Budget Adjustments		-		

City of Upland
Salary Grades by Job Class (Job Family Order)
Assignment of Classification

Attachment 3

Occupational Job Families and Job Classes	Bargaining Unit	Salary Grade	Minimum (Step 1)	Maximum (Step 13) (6 for Police)
<u>CITY MANAGER'S OFFICE</u>				
City Manager	Executive	94	16,124	21,685
Assistant City Manager	Executive	83	12,289	16,527
Deputy City Manager, Finance and Administrative Services	Executive	4010	9,762	13,129
Executive Assistant to the City Manager	MidMgmt	41	4,356	5,859
<u>ADMINISTRATIVE SERVICES DEPARTMENT</u>				
Accounting and Finance Group				
Finance Officer	MidMgmt	62	7,317	9,840
Accounting Supervisor	MidMgmt	57	6,467	8,697
Accounting Supervisor	MidMgmt	53	5,859	7,879
Utility Billing and Customer Service Supervisor	MidMgmt	50	5,440	7,317
Senior Accountant	General	46	4,929	6,629
Accountant	General	42	4,465	6,005
Senior Accounting Technician	General	40	4,250	5,716
Payroll Technician	General	39	4,146	5,576
Accounting Technician	General	35	3,756	5,052
Purchasing Technician	General	35	3,756	5,052
Accounting Clerk	General	18	2,469	3,320
Utility Billing and Business License Inspector	General	38	4,045	5,440
Senior Customer Service Specialist	General	40	4,250	5,716
Customer Service Specialist II	General	29	3,239	4,356
Customer Service Specialist I	General	25	2,934	3,947
Office Assistant	General	18	2,469	3,320
City Clerk Group & Administrative Series				
City Clerk	MidMgmt	60	6,964	9,366
City Clerk	MidMgmt	53	5,859	7,879
Deputy City Clerk	General	35	3,756	5,052
Senior Administrative Assistant	General	33	3,575	4,809
Administrative Assistant	General	26	3,008	4,045
Human Resources Group				
Human Resources Manager	MidMgmt	62	7,317	9,840
Senior Human Resources Analyst	MidMgmt	53	5,859	7,879
Human Resources Analyst	MidMgmt	44	4,691	6,309
Human Resources Specialist	General	32	3,488	4,691
Information Technology Group				
Information Technology Manager	MidMgmt	62	7,317	9,840
Senior Information Technology Technician	General	43	4,577	6,155
Information Technology Technician	General	39	4,146	5,576
GIS/CAD Technician	General	39	4,146	5,576
<u>COMMUNITY SERVICES DEPARTMENT</u>				
Recreation Group				
Community Services Director	Executive	75	10,086	13,565
Recreation Manager	MidMgmt	55	6,155	8,278
Recreation Supervisor	MidMgmt	42	4,465	6,005
Recreation Coordinator	General	36	3,850	5,178

DEVELOPMENT SERVICES DEPARTMENT**Development Services/Housing/Economic Development**

Development Services Director	Executive	3243	9,984	13,428
Development Services Manager	MidMgmt	61	7,138	9,600
Development Services Manager	MidMgmt	60	6,964	9,366
Economic Development Coordinator	MidMgmt	46	4,929	6,629
Housing Coordinator	General	43	4,577	6,155
Development Specialist	General	36	3,850	5,178
Senior Development Services Technician	General	33	3,575	4,809
Development Services Technician	General	30	3,320	4,465
Senior Administrative Assistant	General	33	3,575	4,809
Administrative Assistant	General	26	3,008	4,045

Building Safety

Building Official	MidMgmt	63	7,500	10,086
Plans Examiner	General	47	5,052	6,794
Building Inspector II	General	41	4,356	5,859
Building Inspector I	General	39	4,146	5,576

Planning Group

Planning Manager	MidMgmt	63	7,500	10,086
Senior Planner	MidMgmt	54	6,005	8,076
Plans Examiner	General	47	5,052	6,794
Associate Planner	MidMgmt	46	4,929	6,629
Assistant Planner	MidMgmt	42	4,465	6,005
Planning Technician	General	30	3,320	4,465

POLICE DEPARTMENT

Chief of Police	Executive	85	12,911	17,364
Police Captain	PMA	6461	11,338	13,781
Police Lieutenant	PMA	5421	9,613	11,685
Police Sergeant	PMA	5387	7,964	9,680
Police Detective	POA	6363	6,531	7,938
Police Officer	POA	6339	5,809	7,061
Crime Analyst	MidMgmt	45	4,809	6,467
Police Dispatch Supervisor	MidMgmt	44	4,691	6,309
Executive Assistant to the Chief of Police	MidMgmt	41	4,356	5,859
Forensic Specialist	General	38	4,045	5,440
Code Enforcement Officer	General	38	4,045	5,440
Crime Analyst Trainee	General	38	4,045	5,440
Lead Dispatcher	General	35	3,756	5,052
Police Dispatcher II	General	35	3,756	5,052
Police Dispatcher I	General	31	3,403	4,577
Police Records Supervisor	MidMgmt	34	3,665	4,929
Homeless Coordinator	General	30	3,320	4,465
Police Services Technician	General	27	3,083	4,146
Police Records Specialist II	General	25	2,934	3,947
Police Records Specialist I	General	21	2,659	3,575
Property & Evidence Clerk	General	25	2,934	3,947

Animal Services Group

Animal Services Supervisor	MidMgmt	38	4,045	5,440
Animal Services Officer	General	32	3,488	4,691
Animal Shelter Attendant II	General	24	2,863	3,850
Animal Shelter Attendant I	General	20	2,594	3,488

PUBLIC WORKS DEPARTMENT

Public Works Director/City Engineer	Executive	3247	10,390	13,973
Assistant Public Works Director	MidMgmt	70	8,915	11,989
Operations Manager	MidMgmt	67	8,278	11,133
Management Analyst	MidMgmt	44	4,691	6,309

Engineering Group

Engineering Manager	MidMgmt	67	8,278	11,133
Principal Engineer	MidMgmt	63	7,500	10,086
Senior Engineer	MidMgmt	60	6,964	9,366
Associate Engineer	MidMgmt	54	6,005	8,076
Assistant Engineer	MidMgmt	48	5,178	6,964
GIS/CAD Technician	General	39	4,146	5,576
Engineering Technician	General	30	3,320	4,465
Senior Public Works Inspector	General	45	4,809	6,467
Public Works Inspector	General	41	4,356	5,859
Senior Water Utility Inspector	General	45	4,809	6,467
Water Utility Inspector	General	39	4,146	5,576
Environmental Quality Administrator	MidMgmt	63	7,500	10,086
Environmental Compliance Inspector	General	41	4,356	5,859
Environmental Control Technician II	General	34	3,665	4,929

Equipment Maintenance Group

Senior Equipment Mechanic	General	38	4,045	5,440
Equipment Mechanic	General	34	3,665	4,929
Inventory Specialist	General	26	3,008	4,045

Maintenance Group

Maintenance Supervisor	MidMgmt	45	4,809	6,467
Senior Maintenance Worker	General	34	3,665	4,929
Maintenance Worker	General	28	3,160	4,250
Facilities Coordinator	General	40	4,250	5,716
Facilities Specialist	General	36	3,850	5,178
Custodian	General	22	2,725	3,665

Utility System Group

Utilities Operations Manager	MidMgmt	67	8,278	11,133
Utility System Supervisor	MidMgmt	50	5,440	7,317
Senior Utility System Worker	General	43	4,577	6,155
Utility System Worker	General	34	3,665	4,929
Utility System Worker Trainee	General	29	3,114	4,188
Senior Water Meter Technician	General	34	3,665	4,929
Water Meter Technician	General	30	3,320	4,465

Water Treatment Group

Chief Water Treatment Operator	MidMgmt	51	5,576	7,500
Senior Water Treatment Operator	General	43	4,577	6,155
Water Treatment Operator	General	37	3,947	5,308



STAFF REPORT

ITEM NO. 14.C.

DATE: March 9, 2020
TO: MAYOR AND CITY COUNCIL
FROM: ROSEMARY HOERNING, CITY MANAGER
PREPARED BY: ROSEMARY HOERNING, CITY MANAGER
SUBJECT: WATER RATE ADJUSTMENT - UPDATE

RECOMMENDED ACTION

It is recommended that the City Council maintain the established water rates implemented on January 1, 2019 and not implement the water rate increase scheduled for January 1, 2020. It is further recommended City Council direct staff review water rates to determine if an adjustment will be necessary on January 1, 2021.

GOAL STATEMENT

The proposed action supports the City's goal to ensure customer rates are cost effective, equitable, and generate the necessary revenue to cover operational, debt service, capital investments, and reserves for the program requirements.

BACKGROUND

On April 23, 2018 the City Council adopted Resolution No. 6438 approving a multi-year water rate adjustment schedule. Two rate adjustments were implemented. The next adjustment was scheduled to go into effect January 1, 2020. The City Council requested a review of the rates to determine if any adjustments can be provided. This water rate check-in effort has been completed.

The drought period negatively impacted water program revenue. The two implemented adjustments were necessary to provide adequate program revenue to meet operational expenses and provide an adequate program reserve. However, water customer consumption has rebounded above the assumed rate review projections causing higher than anticipated program revenue. At this time, it is assumed these water consumption levels will continue. Based on the adjusted assumptions and the current financial position of the Water Fund and its obligations, it is recommended the City Council not implement the scheduled January 1, 2020 rate adjustment. The current rates are sufficient at this time to meet the

operational costs, debt service, and provide for a \$3M dollar per year capital replacement program. It is important, however, to annually review water rates to insure financial water fund adequacy.

ISSUES/ANALYSIS

The Water Utility is responsible for providing safe, reliable, and compliant water services to the community. The City's water utility is a not for profit program. Water rates are established to provide sufficient revenue to cover operational, debt service, capital investments, and reserves for the program requirements. The Proposition 218 public notification and adoption by resolution of the multi-year rates was completed. The City Council may, if determined appropriate, implement rate adjustments lower than those approved without processing a new Proposition 218 notification process. A 30 day prior notice in the utility bill of a change in the rates is sufficient. Evaluating rates periodically is appropriate to adjust for changing cost of service conditions and minimizing large adjustments to the customer.

FISCAL IMPACTS

The water rate check-in review has determined it is not necessary to implement the proposed January 1, 2020 rate adjustment at this time. Deferring the rate adjustment will result in the loss of potential revenue; however, based on current conditions the current rates are sufficient to meet the program obligations and provide for a \$3M dollar per year capital improvement program. It is important to monitor changes to conditions and program needs, which can alter the cost of service and result and customer rate modifications requirements.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

2020 Water Rate Study Update - Technical Memo



City of Upland

FYE 2020 WATER RATE STUDY UPDATE

March 2020



EXECUTIVE SUMMARY

1.1 Purpose

The technical memorandum summarizes the rate recommendations for the City of Upland for FYE 2020. It provides background information related to the City's currently adopted rates and the calculation of those rates; changes that have occurred since that analysis; and recommendations for future rates.

1.2 Background and Existing Rate Structure

In FYE 2018, the City of Upland adopted an aggressive rate adjustment schedule for FYE 2018 through FYE 2022. This was in response to multiple factors that challenged the City's ability to fund operations and capital needs. Those factors included declining water sales revenue, increasing water purchase costs, substantial capital investment needs, and limited reserve funds.

1.3 Updated Financial Assessment

Carollo Engineers, Inc. was retained by the City in mid-2019 to reassess the water utility's financial health following several changes to the financial assumptions. Water sales appear to have modestly rebounded, reserve funds have recovered, and the City's operating and capital costs are more stable. Based on Carollo's assessment, the City is now meeting its three key financial metrics (cash flow, debt service coverage, and reserve funding).

1.4 Recommendations

Carollo concludes that the City may defer rate increases for FYE 2020 if desired without sacrificing financial performance or funding goals. For future years, Carollo recommends that the City reassess the situation annually to gauge how assumptions have changed. Almost all four challenges outlined above went from stable or under control, to undermining the City's financial health in just three years. Given how swiftly this change occurred, Carollo recommends cautiously monitoring each of these and other drivers and responding with rate increases when necessary.

Carollo generally does not recommend keeping rates flat for more than a few years, so a long-term strategy of at least keeping rates pace with inflation is prudent.

Section 1

INTRODUCTION

The City of Upland (City) is located approximately 35 miles east of Los Angeles in San Bernardino County at the base of the San Gabriel Mountains. The population in the City is approximately 78,000 with the projected population anticipated to reach over 82,000 by 2035. The City is approximately 95 percent built out. Water demands for FYE 2017 were approximately 7.2 million CCF, down nearly 30 percent in the last decade.

The City's Public Water Utility (Utility) currently serves nearly 19,000 water customer accounts. The approximate customer distribution is as follows: 80% single family residential homes; 11% apartments

and condominiums; 6% commercial and industrial; 2% landscape meters; 1% government; and 0.1% schools.

1.5 Study Purpose and Key Drivers

The City of Upland retained Carollo Engineers, Inc. (Carollo) in 2017 to conduct a Water Rate Study for rates beginning in FYE 2018 (2018 Study). Carollo delivered its recommendations in early 2018, which included substantial rate increases to address a budget and funding shortfall caused by several factors.

The City retained Carollo again in mid-2019 to update its rate model based on updated financial data from the City. This Rate Model Update (Update) presents recommendations for FYE 2020 rates. Carollo only updated financial baseline data and did not update usage data or assumptions, cost allocations, or rate structures.

1.6 Current Rates and Fees

The Utility currently maintains two different rate structures; tiered rates for single-family residential (SFR) and uniform rates for all other customer classes, including apartments/condos, commercial/industrial, landscape, government, and schools. All customers pay a fixed bi-monthly charge based on their meter size. In addition, variable revenues are recovered through a 3-tiered rate structure based on the amount of water consumed. Tiered rate structures such as this are typically designed to encourage conservation.

The other customer classes (apartments/condos, commercial/industrial, landscape, and government accounts) pay the same fixed bi-monthly charge based on their meter size as well as a uniform volume rate based on their class type. Landscape rates (potable irrigation) are a slightly higher rate than usage for domestic and commercial purposes. Uniform rates are typically applied to customer classes whose water demands vary significantly between customers.

Table 1 and Table 2 below summarize the Utility's current water rate structure implemented, which is on a bi-monthly basis.

Table 1 Current FYE 2020 Variable Rates

Customer Class	Allocation (HCF)	Rate (\$/HCF)
Single Family		
Tier 1	0 – 20	\$1.91
Tier 2	21 – 50	\$2.52
Tier 3	> 50	\$3.01
Commercial / Industrial	All usage	\$2.25
Apartments / Condos	All usage	\$2.34
Landscape	All usage	\$2.58
Government	All usage	\$2.85
Schools	All usage	\$2.73
Recycled Water	All usage	\$2.06

Notes:

(1) All rates for FYE 2020.

Table 2 Current FYE 2020 Fixed Rates

Meter Size	Bi-Monthly Fixed Charge
5/8"	\$52.25
3/4"	66.25
1"	94.15
1.5"	164.00
2"	247.80
3"	471.25
4"	722.65
6"	1,421.00
8"	2,259.00

Notes:

(2) All rates for FYE 2020.

Section 2

FYE 2018 WATER RATE STUDY

1.7 Baseline and Challenges from FYE 2018 Study

The 2018 Study report provides a full summary of the City's financial situation and offers greater detail than is reasonable for this TM. Readers are encouraged to consult the report from the 2018 Study for a full overview of the study assumptions, methodology, and results.

When Carollo began its initial analysis in mid-2017, it was confronted with four key challenges that framed the 2018 Study.

1.7.1 Declining Water Demands

The City had experienced declining water sales for two straight years, with demands falling by 10 percent in FYE 2015 and then by another 20 percent in FYE 2016. While demands had increased by 8 percent in FYE 2017 due to a high-precipitation winter and an end to the historic California drought, demands were still down 22 percent from five years before in FYE 2013.

Unfortunately for the City, this decline occurred just after the City had finalized its previous rate study in mid-FYE 2014. The recommendations of that rate study were based on a status quo projection and did not anticipate such substantial declines in water sales and by extension revenues. The FYE 2014 Study projected FYE 2017 water sales revenues at approximately \$20.3 million, while actuals were closer to \$17.9 million, a shortfall of approximately 12 percent.

1.7.2 Insufficient Reserve Funds

Perhaps the City's greatest challenge was its struggle to keep adequate operating and capital reserves. At the time of the FYE 2018 Study, the City was projected to completely deplete its reserves due to cash flow shortages and capital funding needs. This severely threatened the City's ability to meet its operating needs for the future and resulted in significant capital deferral. Carollo recommended establishing and maintaining at least 90 days' worth of operating expenses. The City was falling short of this benchmark.

1.7.3 Increasing Water Supply Costs

The City acquires most of its water supply from external sources. San Antonio Water Company (SAWCo) delivers most of the City's water, making up nearly half of the City's supply portfolio by volume. Over the last several years, SAWCo has increased its water supply rate, increasing from \$222 per acre-foot (AF) in FYE 2017 to \$350 per AF in FYE 2020, an increase of 58 percent over that time.

The City's other water supply sources have also increased their unit costs over the last several, although not to the same degree as SAWCo. The Water Facilities Authority currently provides approximately 25 percent of the City's total water portfolio at a unit cost of \$980 per AF. This source is critical for meeting the City's peak summer demands for landscaping and irrigation. As a result of these increasing costs, the City's total water supply cost has increased from \$6.4 million in FYE 2016 to \$8.9 million in FYE 2019.

1.7.4 Significant Capital Improvement Needs

The City has identified substantial capital improvements needed to maintain service, particularly related to the City's distribution pipelines. Reservoir and pipeline replacement programs initiated by the City have placed additional funding needs on top of the City's existing operating costs. The pipeline

replacement over the next several years is approximately \$3 million annually, while the reservoir replacement project is estimated to cost approximately \$16.5 million total, funded by a new State Revolving Fund loan. Other well and reservoir rehabilitation projects are also planned, including a 7.5 million gallon reservoir rehabilitation.

1.8 Recommendations of the FYE 2018 Study

Due to these challenges, the 2018 Study recommended an aggressive rate program to help the City on a path of financial resiliency. In mid-2018, the City Council adopted the following series of rate adjustments.

Table 3 Recommended Rate Adjustments from FYE 2018 Rate Study

Fiscal Year	Revenue Adjustments (%)	Date Effective
FYE 2018	17%	April 1, 2018
FYE 2019	9%	January 1, 2019
FYE 2020	9%	January 1, 2020 (not yet implemented)
FYE 2021	5%	January 1, 2021
FYE 2022	3%	January 1, 2022
FYE 2023	3%	January 1, 2023

Section 3

CURRENT FINANCIAL SITUATION

This TM summarizes a financial update by Carollo of the FYE 2018 Water Rate Model. Carollo updated operating budgets, funding plans, capital improvement plans, and debt service schedules based on data received from the City. This update did not include usage assumptions, cost allocations, and rate design adjustments. Current rates were adopted in FYE 2019, and the Utility has maintained these rates in FYE 2020 (as shown in Table 1 and Table 2 above). This Update assumes no rate increases since January 1, 2019.

In order to update the 2018 rate analysis, Carollo revised the revenue requirements forecast. This analysis has two main purposes. First, it evaluates the Utility's fiscal health and the adequacy of current rate levels. Second, it sets the basis for near- and long-term rate planning. The revenue requirement forecast is derived from five major cost components: Operations and Maintenance (O&M), Annual Debt Service; Policy Requirements & Coverage; Capital Expenditures; and, Offsetting Revenues.

There are three tests utilized to define the annual revenues necessary to provide both (1) cash flow, (2) bond coverage, and (3) reserves balance. These sufficiency tests are commonly used to determine the amount of annual revenue that must be generated from an agency's rates.

- **Cash Flow Sufficiency Test** – The cash flow test defines the amount of annual revenues that must be generated to meet annual expenditure obligations of the utility.

- **Bond Coverage Sufficiency Test** – Bond coverage refers to the collection in revenues to meet all operating expenses and debt service obligations plus an additional multiple of that debt service. The Utility has a legal minimum bond coverage ratio of 1.25x; however, to allow account for some revenue volatility the bond coverage test was set to meet a 1.50x coverage ratio.
- **Reserves Target Test** – considers the City’s reserve balances and looks at operating, capital, and other funds’ performance against City policy minimums. When the reserves targets are not met, this test recommends additional revenue.

The cash flow test identifies projected cash requirements in each given year. Cash requirements include O&M expenses, debt service payments, policy-driven additions to working capital, miscellaneous capital outlays, replacement funding, and rate-funded capital expenditures. These expenses are compared to total annual projected revenues. Shortfalls are then used to estimate needed rate increases.

The bond coverage test measures the ability of a utility to meet legal and policy-driven revenue obligations. Given the Utility’s existing debt obligations, it is required to collect sufficient funds through rates to meet all ongoing O&M expenses and debt service, plus an additional 25 percent of the total debt-service requirements due in a year. Carollo used 50 percent as a more conservative planning assumption.

If revenues are not enough to satisfy one or both tests, the greater deficiency (shortfall) drives the rate increase.

1.9 Operations and Maintenance Budget Projection

Operating needs are expenditures that the Utility incurs in the day-to-day operations of its systems, such as employee salaries and benefits, fuel, chemicals, power, and water purchases. Other costs in the operating budget include the City’s indirect costs, such as administration, and customer service.

The City’s adopted FYE 2020 operating budget served as the basis for forecasting future operating expenses in this rate study update. The budget was compared to prior year actual financial information to identify any anomalies or one-time expenditures not appropriate for forecasting in future years. Utility staff also reviewed the budget for costs that may need to be adjusted due to future operational changes. Unless manually calculated, future years were forecasted using escalation factors appropriate for the type of expense. These factors were assigned on a line-item basis using the same factors as previously determined in the FYE 2018 Rate Study. The projected O&M costs are shown in Table 4 below.

Table 4 Projected O&M Costs

Cost Center	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Administration	\$4,140	\$4,273	\$4,410	\$4,551	\$4,696
Customer Service	\$169	\$175	\$181	\$187	\$193
Meter Service	\$993	\$1,025	\$1,058	\$1,092	\$1,127
Production & Storage	\$15,721	\$16,225	\$16,744	\$17,280	\$17,833
Transmission & Distribution	\$2,655	\$2,740	\$2,828	\$2,918	\$3,011
Conservation	\$718	\$741	\$765	\$790	\$815
PVPA	\$4	\$5	\$5	\$5	\$5
Total O&M Costs	\$24,401	\$25,184	\$25,991	\$26,823	\$27,680

Notes:

- (1) All values in thousands of dollars.
(2) Totals may not tie due to rounding.

1.10 Revenue Projection

The Utility derives revenue from a variety of sources. Currently, user rate revenue generates over 90 percent of the water fund's revenues. Actual FYE 2019 revenues were used as the basis for projecting water revenues. As the user charges are based on both the number of accounts (fixed charge) and consumption (variable charge) it is necessary to predict both values in order to forecast revenues under the existing rate.

Carollo's analysis excluded additional rate increases for the revenue sufficiency test. The account growth assumption was conservatively set at a flat 0.5 percent per year as the population of Upland is expected to increase at a rate of approximately 1 percent a year. This conservative estimate is used to help ensure that the assumption does not outpace actual growth resulting in less than forecasted revenues. Flat charge revenues were projected at 3.2 percent, similar to most O&M expenses. Table 5 summarizes the projected revenues for FYE 2020 through FYE 2024.

Table 5 Projected Revenues

Revenue Item	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Total Water Revenues	\$28,066	\$28,216	\$28,350	\$31,067	\$31,253
Flat Rate Sales	370	382	394	407	420
Recycled Water Sales	476	491	507	523	540
Total Other Revenues	1,293	1,333	1,375	1,418	1,462
Total Revenues	\$30,205	\$30,422	\$30,626	\$33,415	\$33,675

Notes:

- (1) All values in thousands of dollars.
(2) Totals may not tie due to rounding.

1.11 Debt Service

Existing debt service payments are established in the Utility's water debt repayment schedules. The water fund's annual payment for existing debt service is currently \$787,000 in FYE 2020. Annual debt service will increase in FYE 2021 with the addition of a Drinking Water State Revolving Fund Loan (DWSRF).

Table 6 summarizes the Water Fund's existing debt repayment schedule over the next five years.

Table 6 Debt Service Schedule

Fiscal Year	Total Debt	Forecasted DSCR
FYE 2020	\$787	4.66x
FYE 2021	\$948	3.20x
FYE 2022	\$1,016	2.32x
FYE 2023	\$1,441	2.94x
FYE 2024	\$1,444	2.47x

Notes:

- (1) All values in thousands of dollars.
- (2) Totals may not tie due to rounding.

1.11.1 Debt Service Coverage

The Utility must meet debt service coverage requirements on its outstanding bond issuances. Coverage requirements typically vary between 1.10x and 1.50x or higher, depending on the utility's rating of credit worthiness. Annual debt service includes the annual principal and interest payments on outstanding debt. The purpose of the coverage requirement is to provide a buffer (for repayment) regardless of potential swings in revenues or expenditures.

The Utility's required debt coverage is 1.25x, which means that the Utility's net revenues (operating revenues less operating expenses, excluding debt) must be at least 125 percent of the annual debt service. The City is projected to meet its 1.25x debt service coverage requirement from FYE 2020 through FYE 2024.

1.12 Capital Improvement Plan

The CIP includes a variety of capital projects that involve repairing (or replacing) existing assets and/or expanding system capacity to accommodate growth. Carollo worked with the City to update and prioritize capital projects to include in this rate study update. Carollo assumed an annual budget of approximately \$3 million for pipeline repair and replacement starting in FYE 2020 based on discussions with City staff. In addition, Carollo and City staff included further R&R projects in FYE 2021 and 2022. All projected were then escalated annually from FYE 2020 at 3 percent. Table 7 identifies the five-year CIP used in the revenue requirement analysis update.

Table 7 CIP Schedule

Project Type	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Pipe Repair & Replacement	\$3,000	\$3,096	\$3,195	\$3,297	\$3,403
Remaining R&R	-	1,800	1,500	-	-
Total CIP	\$3,000	\$4,896	\$4,695	\$3,297	\$3,403

Notes:

(1) All values in thousands of dollars.

(2) Totals may not tie due to rounding.

1.13 Reserves Balances

In addition to the operating and capital expenses, there are also policy-driven expenses that need to be covered. The revenue requirement analysis targets a minimum operating fund balance between 90 & 365 days of operating expenses. As much of the Utility’s revenue is variable, this target could mitigate revenue impacts caused by a sudden decrease in water demand, as was seen in 2015 and 2016. It could also better enable the Utility to fund day-to-day operations as revenues are generated over 6 bill periods, as opposed to monthly billings.

At the close of FYE 2019, the Utility had \$13.5 million in total reserves, which includes both cash for operating costs as well as capital funding for projects that are either planned or already encumbered. This figure is projected to be \$15.6 million at the close of FYE 2020. Based on the O&M expenses shown above in Table 4, the Utility aims to have at least \$5.3 in reserves given the City’s reserves target policy. Figure 1 shows the projected total reserves balance from FYE 2019 through FYE 2024 without any rate increases. For each year of the five-year period, reserves are above target levels.

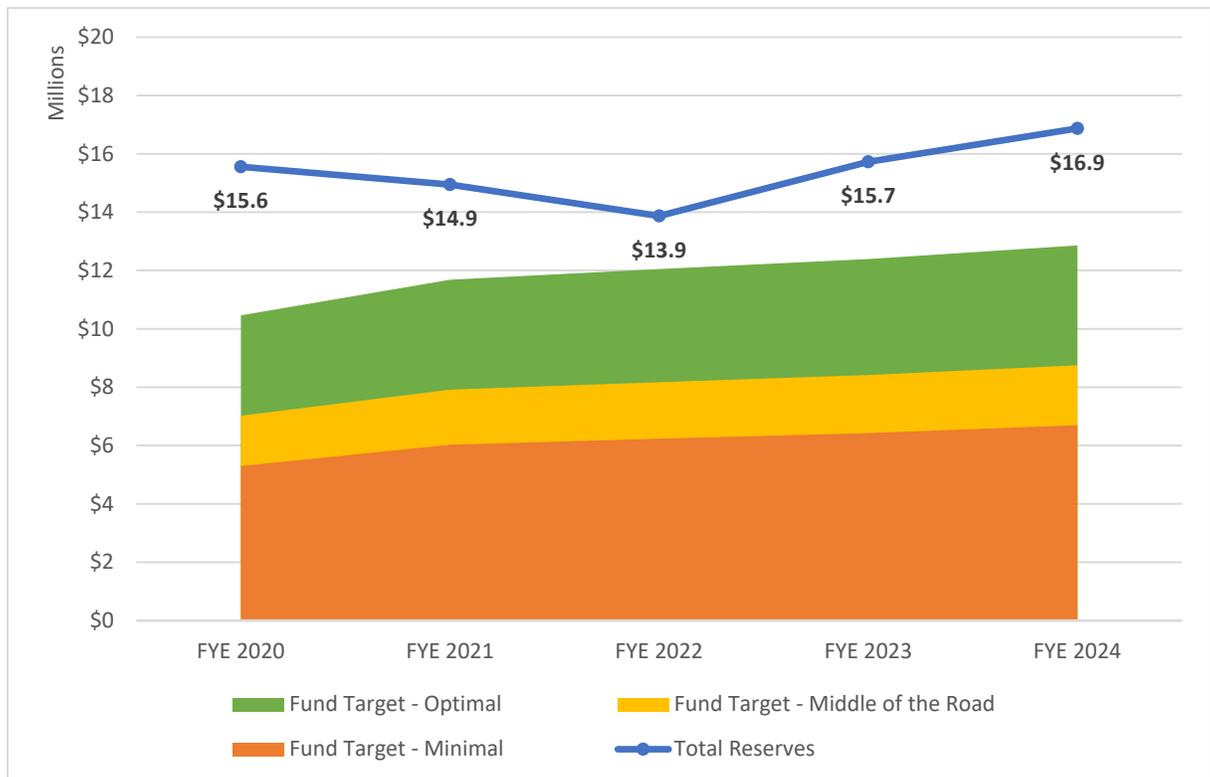


Figure 1 Total Projected Reserves Balance & Targets at Fiscal Year End

Section 4

RECOMMENDED STRATEGY AND RATES

Based on the updated revenue requirement analysis presented in Section 3, the City can defer its scheduled rate increases for FYE 2020 if desired. There is sufficient cash flow, debt coverage, and reserve balances to meet debt service coverage requirements, reserves policy targets, and pay for all anticipated CIP expenditures in FYE 2020.

This recommendation applies only to FYE 2020 and does not apply to future years. Carollo recommends revisiting this analysis at the end of FYE 2020. Keeping rates set at the same amount for more than a couple years is rarely recommend for several reasons. As was seen during the state's historic drought recently, water sales can change substantially in just a few short years.

Furthermore, while the Utility is projected to meet its debt coverage and reserve needs, it is projected to fall cash flow negative in FYE 2021 and 2022. While this may not immediately necessitate rate increases, maintaining positive cash flows is a good measure of performance in other financial measures. Ratings agencies also review this metric and gauge credit worthiness accordingly.

Therefore, Carollo recommends that the City revisit its financial performance annually. Before the next scheduled rate adjustment, the City should calculate any impact that this deferral has had. If the City is falling short or approaching its targets, additional rate revenues may be necessary. An inflation-based increase may prove sufficient.