



UPLAND CITY COUNCIL

AGENDA

**February 11, 2019
City Council Chamber**

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

**JEANNETTE VAGNOZZI, CITY MANAGER
JAMES L. MARKMAN, 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

Reverend Jan Chase, Unity Church of Pomona

6. PLEDGE OF ALLEGIANCE

7. PRESENTATIONS

Presentation of Badge to Officer Nelson by Police Chief Goodman

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 WARRANT AND PAYROLL REGISTERS DECEMBER 2018

Approve the December Warrant Registers and Direct Disbursements (check numbers 23278-23633) totaling \$5,521,896.07 and Payroll Registers totaling \$1,352,139.42 (check Numbers 160325-160470 and EFTs 12067-12556). (Staff Person: Londa Bock-Helms)

B. APPROVAL OF MINUTES

Approve the Regular Meeting Minutes of January 28, 2019. (Staff Person: Jeannette Vagnozzi)

C. TREASURER'S REPORT NOVEMBER 2018 AND DECEMBER 2018

Receive and file the November 2018 and December 2018 Treasurer's Reports. (Staff Person: Londa Bock-Helms)

D. SAN ANTONIO WATER COMPANY STOCK ACQUISITION

Authorize the City Manager to acquire 1/4 share of San Antonio Water Stock from the James M. Casey, Trustee of the Serra Group Trust in the amount of \$13,500. (Staff Person: Rosemary Hoerning)

E. EMERGENCY PURCHASE AND INSTALLATION OF EQUIPMENT AND PROFESSIONAL SERVICES FOR WATER SYSTEM IMPROVEMENTS

Receive and file the status update. (Staff Person: Rosemary Hoerning)

F. SEWER SERVICE AGREEMENT FOR 125 E 24TH STREET (SSA-2018-29-11)

Authorize the City Manager to execute the Sewer Service Agreement. (Staff Person: Rosemary Hoerning)

G. PROXY FOR SAN ANTONIO WATER COMPANY

Appoint Tom Thomas as proxy to vote all shares at the annual stockholder's meeting of the San Antonio Water Company for the slate of directors, to include the reappointment of Will Elliott and the appointment of Sid Robinson and Linden Brouse. (Staff Person: Rosemary Hoerning)

H. BOARD OF DIRECTORS FOR WEST END CONSOLIDATED WATER COMPANY

Appoint Tom Thomas as proxy to vote all shares at the annual stockholder's meeting of the West End Consolidated Water Company for the slate of directors, to include the reappointment of Tom Thomas and Ken Willis. (Staff Person: Rosemary Hoerning)

12. PUBLIC HEARINGS

A. 20-FOOT WIDE ALLEY VACATION AT 1148 SAN BERNARDINO ROAD

Declare its intention to vacate approximately 813 linear feet of 20-foot wide alley located at 1148 San Bernardino Road, further described as south and east of Assessor's Parcel No. 1046-191-06 and continue the public hearing concerning the vacation to February 25, 2019 at 7 p.m. in the Council Chamber. (Staff Person: Rosemary Hoerning)

13. COUNCIL COMMITTEE REPORTS

14. BUSINESS ITEMS

A. COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AND RELATED REPORTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Receive and file the CAFR, 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, 2018. It is also recommended that City Council retroactively approve the transfer of cash from the General Fund to the Self-Insurance Fund in the amount of \$3,213,000 in order to eliminate a long term negative cash balance which couldn't be reported as such in the June 30, 2018 Comprehensive Annual Financial Report (CAFR). (Staff Person: Londa Bock-Helms)

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, Feb. 25, 2019.

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.ci.upland.ca.us, subject to staff's ability to post the documents before the meeting.

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 February 7, 2019 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).

**MINUTES OF THE REGULAR MEETING OF THE
UPLAND CITY COUNCIL
JANUARY 28, 2019**

OPENING

The regular meeting of the Upland City Council was called to order by Mayor Debbie Stone at 6:00 p.m. in the Council Chamber of the Upland City Hall.

1. ROLL CALL

Present: Mayor Debbie Stone, Council Members Janice Elliott, Ricky Felix, Bill Velto, and Rudy Zuniga

Staff: City Manager Jeannette Vagnozzi, City Attorney James L. Markman, and City Clerk Keri Johnson

2. ADDITIONS/DELETIONS TO AGENDA None

3. ORAL COMMUNICATIONS

Vince Van Hook, Rancho Cucamonga, stated support for a tax sharing agreement with Ford of Upland.

John Engelhardt, Upland, spoke regarding the construction and timeline of the Ford of Upland property in the Colonies and requested the City Council consider extending the tax sharing agreement.

Mark Bertone, Upland, spoke regarding project costs and requested the City Council extend the tax sharing agreement.

Steve Bierbaum, Upland, questioned the reasons for discussing the Ford of Upland agreement in closed session.

4. CLOSED SESSION

City Attorney Markman stated that the anticipated litigation in Item 4A is with Dry Dock and Depot, Inc. regarding back rents.

At 6:12 p.m. Mayor Stone announced the City Council would recess to Closed Session pursuant to Government Code Section

A. GOVERNMENT CODE SECTION 54956.9 - CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (POTENTIAL ACTION TO APPROVE AGREEMENT)

Significant exposure to litigation pursuant paragraph 2 of subdivision (d) of Section 54956.9: 1 Potential Case

B. GOVERNMENT CODE SECTION 54956.8 - CONFERENCE WITH REAL PROPERTY NEGOTIATOR

Property: APN 0201-201-36

Agency Negotiators: City Manager Vagnozzi

Negotiating Parties: City of Upland and Ford of Upland

Under Negotiation: Price and terms

C. GOVERNMENT CODE SECTION 54957 - PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: City Attorney

The City Council reconvened in open session at 7:03 p.m.

5. INVOCATION Deacon Richard Simpson, St. Anthony's Catholic Church

6. PLEDGE OF ALLEGIANCE City Attorney Markman

7. PRESENTATIONS

City Clerk Johnson administered the Oath of Office to Councilmember Bill Velto.

Police Chief Goodman introduced the Police Impact Team, Special Investigation Unit, and Luna the Community Service dog.

Certificates of completion were presented to the Upland Community Emergency Response Team (CERT) graduates.

8. CITY ATTORNEY

City Attorney Markman announced that the City Council took action on the following during Closed Session: Item 4A, the City Council voted unanimously to approve a settlement agreement between the City and Dry Dock and Depot, Inc. related to a rent dispute.

9. ORAL COMMUNICATIONS

John Ickis, Upland, stated that he looked forward to serving on the City's Street Tree Advisory Committee.

Lisa Turnbow, Upland City Employees Association, encouraged the Council to modify the purchasing policy.

Gabe Garcia, Upland Police Officer's Association, stated the association was discouraged by contract negotiations and hoped the Council would be involved in the negotiations.

Robert C. Velto, congratulated the Council on doing their due diligence to appoint the right person to fill the City Council vacancy.

Steve Morris, Upland, stated opposition to some of the committee appointments.

10. COUNCIL COMMUNICATIONS

Councilmembers announced various activities throughout the community.

11. CONSENT CALENDAR

Mayor Stone removed Consent Calendar Item 11D, and Councilmember Felix removed Consent Calendar Item 11B for separate action. Motion by Councilmember Elliott to

approve the remainder of the Consent Calendar, seconded by Councilmember Felix, and carried unanimously.

A. APPROVAL OF MINUTES

Approved the Regular Meeting Minutes of January 14, 2019 and the Special Meeting Minutes of January 16, 2019.

C. MAYORAL APPOINTMENTS FOR 2019

Ratified the Mayoral Appointments for 2019, appointing Council Members and City Representatives to City Council committees and various City and regional committees.

E. APPROVAL OF TRACT MAP 20117 BY WATT COMMUNITIES HIGHLINE, LLC (GENERALLY LOCATED AT THE NORTHEAST CORNER OF CAMPUS AVENUE AND COLONIES PARKWAY)

Approved Final Tract Map 20117 and authorized the City Manager to execute the Subdivision Improvement Agreements with Watt Communities Highline, LLC; accepted the Faithful Performance Bond in the amount of \$252,000 and Labor and Materials Bond in the amount of \$126,000; and authorized recordation of the Final Map.

F. APPROVAL OF PARCEL MAP 19975 FOR BRAVEPARK COMMERCIAL PROPERTY (GENERALLY LOCATED NORTH OF BASELINE ROAD AND SOUTHEAST OF THE 210 FREEWAY)

Authorized the City Manager to approve the Parcel Map 19975 for recordation.

G. ACCEPTANCE OF WORK FOR PROJECT NO. 7068, CITYWIDE STRIPING REPLACEMENT 2017-2018

Accepted the work; authorized the recordation the Notice of Completion; and, reduced the Faithful Performance Bond to 10% for Project No. 7068, Citywide Striping Replacement 2017-2018.

H. EMERGENCY PURCHASE AND INSTALLATION OF EQUIPMENT AND PROFESSIONAL SERVICES FOR WATER SYSTEM IMPROVEMENTS

Received and filed the status update.

I. DECLARATION OF VACANCY ON THE PLANNING COMMISSION

Accepted the resignation from Planning Commissioner Bill Velto and instructed the City Clerk to post the vacancy pursuant to Government Code Section 54974.

J. DISPOSAL OF SURPLUS EQUIPMENT

Declared the items included on the attached list as surplus, and authorized the City Manager to initiate disposal of the surplus equipment.

ITEMS REMOVED FOR SEPARATE ACTION

B. ANNUAL WEED ABATEMENT PROGRAM

Weed Abatement Coordinator Bloomfield answered Council's questions regarding the timeline for inspections and noticing to property owners.

Motion by Councilmember Felix to adopt Resolution No. 6480 declaring certain weeds, rubbish, refuse and dirt in the public right-of-way and private property within the city to be public nuisances and provide for the abatement thereof; authorize the mailing of notices to all persons where such nuisances exist; and set a public hearing date for June 10, 2019, seconded by Councilmember Zuniga, and carried unanimously.

D. APPOINTMENTS TO COMMITTEES

There was discussion on the Councilmembers' appointees for various committees.

Motion by Councilmember Elliott to ratify the appointments of Mark Bertone and Mark Smith to the Building Appeals Board; Steve Bierbaum, Roger Evans, Shannan Maust, and Brinda Sarathy to the City Council Advisory Committee; Robin Aspinall, Carlos Garcia, Rebecca Monk, and Lisa Nicely to the Community Development Block Grant Committee; Craig Anderson, Paul Bird, John Ickis, and Brigitte James to the Street Tree Advisory Committee; and James Beechin, Mark Bertone, and Mark Walters to the Traffic Safety Advisory Committee, seconded by Councilmember Velto, and carried with Mayor Stone opposed.

12. PUBLIC HEARINGS

At 7:49 p.m. City Attorney Markman announced that Mayor Stone and Councilmember Zuniga would abstain from Item 12A because they both own businesses located within the Parking and Business Improvement Area.

Mayor Stone and Councilmember Zuniga then left the Council Chamber.

A. CONTINUED PUBLIC HEARING - ORDINANCE AMENDING SECTION 5.04.470 OF TITLE 5 OF THE UPLAND MUNICIPAL CODE PERTAINING TO THE RATE OF LEVY FOR THE PARKING AND BUSINESS IMPROVEMENT AREA

Development Services Manager Chavez presented the staff report which is on file in the City Clerk's office.

There was discussion on the public workshop conducted by staff, the purpose of the PBIA funds, the amount of funds collected annually, the proposed parking lot improvements at 1st and A Street, and the disbursement of funds.

Mayor Pro Tem Elliott opened the public hearing.

Ron Stark, Upland, stated that he is a business owner in the downtown and felt that if the fund would not be used to promote businesses in the downtown then it should be dissolved. He stated that he would like to work with the City to

find ways to restructure a memorandum of understanding and to improve infrastructure in the downtown.

Jolene Houser, Upland, stated that the funds should only be used for special benefits for the area and she has been involved in meetings with the City over the past years and questioned why the City never signed a memorandum of understanding with the Historic Downtown. She further stated that she was opposed to stopping the PBIA tax, but the funds should be used to promote downtown businesses.

Ray Podesta, Upland, stated that he is a business and property owner in the PBIA area. He requested that the City continue to collect the PBIA funds and forward the funds to the downtown merchants to promote their businesses.

Tammy Rapp, Upland, stated that merchants have not been able to use the funds to promote their businesses and suggested ending the tax and letting the merchants form their own association to collect funds and promote the downtown.

Marjorie Musser Mikels, Upland, stated the City has no right to collect the funds without giving the merchants the opportunity to say how the funds should be spent. She further stated that the City has not disbursed funds to the merchants in seven years.

David Moore, Upland, stated that the PBIA has been treated like a PBID. He further stated that the Historic Downtown Upland association was promised 95% of the funds if it was spent according the rules of the PBIA and referred to the memorandum of understanding that was never executed. He suggested the tax be continued and a committee be formed to work on issues related to the PBIA.

Tyler Smith, Upland, stated that the funds collected should be utilized for promoting businesses and requested that the tax be continued for at least a year to provide the opportunity for the downtown merchants to form their own organization. He further stated that the parking lot at 1st and A Street is underutilized and would benefit the proposed apartments in the area more than the businesses in the downtown.

Linda Trawnik, Upland, stated that there was not a consensus among the merchants that attended the workshop and requested that all who pay the PBIA fee be given the opportunity to vote on this matter.

David Wade, Upland, stated that the funds collected needed to be used to the benefit of the merchants.

Eric Gavin, Upland, stated that the funds don't belong to the merchants, taxes don't belong to the taxpayer. He suggested that the merchants form their own association to collect and disburse the funds.

There being no other speakers, Mayor Pro Tem Elliott closed the public hearing.

There was discussion regarding the previous drafts of a memorandum of understanding, the improvements that have been completed in the downtown

using PBIA funds, future improvements planned for the downtown, and the boundaries of the PBIA.

There was the suggestion to continue the tax and form an adhoc committee to discuss the issues and

Motion by Mayor Pro Tem Elliott to not act on the ordinance; instruct staff to revisit the memorandum of understanding and bring it back to the Council at the second meeting in February; and over the next year the City review the Downtown Upland Specific plan and make recommendations to update it, seconded by Councilmember Velto, and carried with Mayor Stone and Councilmember Zuniga abstaining.

Request by Mayor Pro Tem Elliott for staff to bring back a future agenda item to form a downtown Upland adhoc committee. Councilmember Felix seconded the request.

Mayor Stone and Councilmember Zuniga returned to the Council Chamber at 9:03 p.m. and took their seats at the dais.

13. COUNCIL COMMITTEE REPORTS

14. BUSINESS ITEMS

A. 2018 AGREEMENT TO APPROPRIATIVE POOL POOLING PLAN AND CAMA AMENDMENTS

Public Works Director Hoerning presented the staff report, which is on file in the City Clerk's Office.

City Attorney Markman provided additional information regarding the history of the Chino Basin Judgement and the determination of the safe yield.

Motion by Councilmember Felix to authorize approval of the 2018 Agreement to Appropriative Pool Pooling Plan and Court Approved Management Agreement (CAMA) Amendments associated with the adjudicated Chino Groundwater Basin, seconded by Councilmember Velto, and carried unanimously.

B. SAN ANTONIO SURFACE WATER TREATMENT PLANT

Public Works Director Hoerning presented the staff report, which is on file in the City Clerk's Office.

There was discussion regarding the MIOX unit being a sole source purchase which eliminated the need to issue a request for proposals.

Motion by Councilmember Elliott to authorize a purchase order with Johnson Matthey for the purchase of a MIOX on-site generated Sodium Hypochlorite Generation Unit in the amount not to exceed \$93,000, seconded by Councilmember Felix, and carried unanimously.

C. APPROVAL OF A FIRST AMENDMENT TO THE STORAGE FACILITY LEASE (PHASE 3) BETWEEN THE CITY OF UPLAND AND DRY DOCK AND DEPOT STORAGE, INC.

Development Services Manager Chavez presented the staff report, which is on file in the City Clerk's Office.

There was discussion regarding the calculation of the rate increases.

Motion by Councilmember Elliott to approve a First Amendment to the Storage Facility Lease (Phase 3) between the City of Upland and Dry Dock and Depot Storage, Inc.; and authorize the City Manager to execute any and all necessary and related documents, seconded by Councilmember Zuniga, and carried unanimously.

D. DISCUSSION OF PURCHASING PROCEDURES

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

There was discussion on the levels of purchasing authority and the need for clarity in areas of the purchasing policy. There was a suggestion to utilize an outside agency to review and update the purchasing policy.

Motion by Councilmember Elliott to instruct staff to put out a request for proposal for an external consulting firm that regularly deals with municipalities to complete a citywide purchasing operational assessment which would include an evaluation of existing policies and procedures; plus recommendations for an updated purchasing ordinance and administrative purchasing policy and procedures, which would further include recommendations for purchasing best practices such as purchasing thresholds, seconded by Councilmember Velto, and carried unanimously.

15. ORAL COMMUNICATION (items not on the agenda)

Algie Bookshelves, Upland spoke regarding investigating corruption and crimes.

David Wade, Upland, thanked the Council for open discussions and stated that he applied to serve on the Planning Commission.

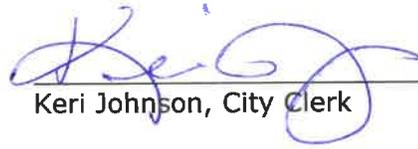
16. CITY MANAGER

City Manager Vagnozzi announced a series of upcoming educational workshops for residents. Topics will include understanding the Brown Act, how to read a CAFR, economic development, and water supply and reliability.

17. ADJOURNMENT

Mayor Stone adjourned the meeting at 9:50 p.m. The next regularly scheduled City Council meeting is Monday, February, 11, 2019.

SUBMITTED BY



Keri Johnson, City Clerk

APPROVED

February 11, 2019



STAFF REPORT

ITEM NO. 11.C.

DATE: February 11, 2019
TO: MAYOR AND CITY COUNCIL
FROM: JEANNETTE VAGNOZZI, CITY MANAGER
PREPARED BY: LONDA BOCK-HELMS, FINANCE OFFICER
SUBJECT: TREASURER'S REPORT NOVEMBER 2018 AND DECEMBER 2018

RECOMMENDED ACTION

It is recommended that the City Council receive and file the November 2018 and December 2018 Treasurer's Reports.

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 treasurer's 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 moneys 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 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 Treasurer's Report is a compliance measure.

FISCAL IMPACTS

There is no fiscal impact associated with this action.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

Treasurer's Report, November 2018

Treasurer's Report, December 2018

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

For Period Ended
November 30, 2018

Investment Portfolio	Cost	Par Value	Market Value	% of Portfolio
State Local Agency Investment Fund	\$ 15,105,691	N/A	\$ 15,156,959	21.5%
Bank Accounts and Change Funds	6,149,534	N/A	6,149,534	8.8%
ABS-Corporate Paydown Securities	-	N/A	-	0.0%
Money Market Fund	2,982,830	N/A	2,982,830	4.2%
Government Agency Securities	36,217,836	36,265,000	35,689,219	50.4%
Corporate Bonds	9,177,521	9,178,000	9,091,246	12.8%
US Treasury	1,778,677	1,780,000	1,761,032	2.5%
Total Cash and Investments	\$ 71,412,089	\$ 47,223,000	\$ 70,830,819	100.0%

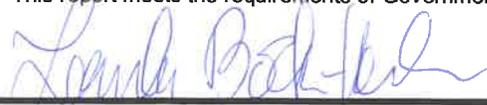
PARS Investment Portfolio	Cost	Market Value	% of Portfolio
115 Trust-OPEB Investment as of 9/30/18	1,044,590	1,044,590	14.4%
Pension Trust Investment as of 9/30/18	6,277,884	6,277,884	85.8%
Total Cash and Investments	\$ 7,322,473	\$ 7,322,473	100.0%

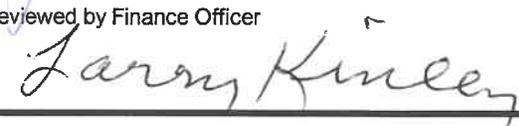
Weighted Average Days to Maturity	563.95
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Blended Yield:	2.150%
Benchmarks:	
LAIF	2.208%
2yr U.S. Treasury	2.800%
5yr U.S. Treasury	2.840%

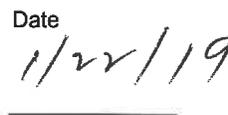
Restricted Funds with Fiscal Agent	Book Value	Market Value
Water System Lease Revenue Refunding Bonds 2011	54	54
Colonies CFD Area #2 2015	1,839,102	1,839,102
Colonies CFD Area #1 2012	2,443,929	2,443,929
Upland 54 CFD 2004	216,907	216,907
Successor Agency TAN 2013 / TAN 2016- Merged Project	2,452,472	2,452,472
Total Restricted Funds	\$ 6,952,465	\$ 6,952,465

- I hereby certify that the investments are in compliance with the investment policy adopted by the City Council in March 2017.
- 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


TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

State Local Agency Investment Fund

**For Period Ended
November 30, 2018**

Fund or Account		Account Balance	
City	98-36-942	15,105,691	
Successor Agency	65-36-007	-	
Upland Public Financing Authority	40-36-004	-	
		<u> </u>	
	Totals	<u>\$ 15,105,691</u>	Market Value (See Note 4)
			<u>\$ 15,156,959</u>
Yield for Period Ended	11/30/2018	<u>2.208%</u>	

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

Bank Accounts and Change Funds

**For Period Ended
November 30, 2018**

<u>Account Name</u>	<u>Institution</u>	<u>Insured Deposits</u>	<u>Collateralized Deposits</u>	<u>Total Deposits</u>
Petty Cash City of Upland	City of Upland	\$ -	\$ 11,780	\$ 11,780
City of Upland Payroll Zero Balance Account	Chase	-	-	-
City of Upland Checking Account	Chase	250,000	5,138,507	5,388,507
City of Upland Successor Agency	Chase	-	749,247	749,247
	Totals	\$ 250,000	\$ 5,899,534	\$ 6,149,534

TREASURY REPORT
City of Upland - Successor Agency - Public Financing Authority
For Period Ended
November 30, 2018

Investment	Purchased From	Cusip #	Cost	Market Value	Stated Rate	Maturity Date
<u>Government Securities</u>						
FNMA	Deutsche Bank Sec Intl	3135G0G72	209,687	209,927	1.125%	12/14/2018
FFCB	Keybank Capital Mkt Inc	3133EFSJ7	100,337	99,969	1.300%	12/14/2018
FHLMC	Morgan Stanley & Co	3137EADZ9	199,934	199,010	1.125%	4/15/2019
FHLB	Wells Fargo Sec LLC	313379EE5	202,912	198,990	1.625%	6/14/2019
FHCB	Keybank Capital Mkt Inc	3133EFW52	200,854	198,338	1.150%	7/1/2019
FHLMC	Bnp Paribas Securities	3137EADK2	198,576	198,128	1.250%	8/1/2019
FHLB	Wells Fargo Sec LLC	313380FB8	101,020	98,946	1.375%	9/13/2019
FFCB	Federal Farm Credit Bks	3133EHKA0	1,500,000	1,484,415	1.400%	9/23/2019
FHLMC	Morgan Stanley & Co	3137EADM8	198,617	197,520	1.250%	10/2/2019
FNMA	Deutsche Bank Sec Intl	3135G0R39	1,485,675	1,476,885	1.000%	10/24/2019
FHLB	Wells Fargo Sec LLC	3130AA3R7	1,498,710	1,480,425	1.375%	11/15/2019
FHLB	Wells Fargo Sec LLC	3130A0JR2	205,698	199,100	2.375%	12/13/2019
FHLB	Federal Home Loan Bks	3130ADPX4	1,496,250	1,497,465	2.000%	3/5/2020
FHLB	Wells Fargo Sec LLC	3130A7PU3	199,088	195,702	1.200%	4/6/2020
FFCB	Wells Fargo Sec LLC	3133ECPD0	204,100	200,982	1.420%	5/13/2020
FHLB	Federal Home Loan Bks	3130ADPR7	2,500,000	2,486,300	2.500%	9/15/2020
FHLB	Federal Home Loan Bks	313382J53	1,508,501	1,471,020	1.750%	9/28/2020
FNMA	Deutsche Bank Sec Intl	3135G0RM7	1,499,295	1,464,435	1.630%	10/30/2020
FFCB	Federal Farm Credit Bks	3133EJMX4	1,000,000	995,850	2.680%	11/2/2020
FNMA	Deutsche Bank Sec Intl	3135G0F73	1,492,515	1,460,640	1.500%	11/30/2020
FHLMC	Morgan Stanley & Co	3134GSNS0	998,750	993,850	2.800%	6/28/2021
FFCB	Federal Farm Credit Bks	3133EHYU1	1,236,313	1,213,663	1.840%	9/13/2021
FNMA	Deutsche Bank Sec Intl	3135G0Q89	1,481,400	1,437,900	1.375%	10/7/2021
FFCB	Federal Farm Credit Bks	3133EFPT8	2,020,180	1,944,740	1.960%	11/19/2021
FHLB	Federal Home Loan Bks	3130AFD79	1,500,000	1,499,835	3.000%	11/23/2021
FHLB	Federal Home Loan Bks	3130AFCU9	1,500,000	1,498,755	3.125%	11/26/2021
FFCB	Federal Farm Credit Bks	3133EJPE3	1,000,000	993,780	2.950%	2/15/2022
FHLMC	Morgan Stanley & Co	3134GSFS9	2,500,000	2,491,475	2.375%	9/6/2022
FFCB	Federal Farm Credit Bks	3133EHYB3	1,232,838	1,201,788	1.940%	9/12/2022
FHLB	Federal Home Loan Bks	3130ACH72	1,247,738	1,213,863	2.260%	10/4/2022
FFCB	Federal Farm Credit Bks	3133EHF73	1,248,850	1,216,625	2.280%	10/17/2022
FHLMC	Federal Home LN Corp	3134GB3A8	1,500,000	1,456,965	2.250%	11/28/2022
FHLB	Wells Fargo Sec LLC	3130ACX82	1,250,000	1,216,450	2.375%	12/5/2022
FHLMC	Morgan Stanley & Co	3134GSLT0	1,500,000	1,495,485	1.125%	5/30/2023
Government Securities Subtotal			36,217,836	35,689,219		
<u>Money Market Fund</u>						
City of Upland						
	US Bank	31846V203	2,982,830	2,982,830	0.93%	N/A
Money Market Fund Subtotal			2,982,830	2,982,830		
<u>Corporate Bonds</u>						
	First National Bank CD	332135HJ4	250,000	249,993	2.000%	12/13/2018
	John Deere Capital Corp Note	24422ETE9	126,958	124,866	1.950%	1/8/2019
	Bank of New York Note	06406HCP2	126,059	124,890	2.500%	1/15/2019
	Illini St Bank II	45177RAR3	250,000	249,718	2.000%	3/25/2019
	Bank of China New York City	06426WY63	250,000	249,735	2.200%	5/15/2019
	Maple Bank Champlin CD	565109AZ8	250,000	249,763	2.200%	5/15/2019
	Toyota Motor Mountain	89236TDE2	124,825	124,196	1.400%	5/20/2019

TREASURY REPORT
City of Upland - Successor Agency - Public Financing Authority
For Period Ended
November 30, 2018

Investment	Purchased From	Cusip #	Cost	Market Value	Stated Rate	Maturity Date
Bank of India New York Branch		06279KML7	250,000	249,860	2.350%	6/5/2019
Microsoft Note		594918BN3	119,876	118,578	1.100%	8/8/2019
Paccar Financial Corp Note		69371RN36	90,000	88,864	1.200%	8/12/2019
Bank India New CD		06279KSJ6	250,000	250,133	2.600%	8/28/2019
First Fid Bank Oklahoma City CD		32024FAB7	250,000	247,468	2.850%	9/14/2019
Safra National Bank CD		78658Q3T8	250,000	249,853	2.500%	9/16/2019
Lakeside Bank CD		51210SPT8	250,000	249,358	2.400%	10/30/2019
Wex Bank Midvale CD		92937CHF8	250,000	249,438	2.550%	12/13/2019
Union Bank CD		90520VAG8	250,000	249,575	2.650%	1/16/2020
Merrick Bank CD		59013J5A3	250,000	249,693	2.700%	1/21/2020
Valley N B CD		919853BX8	250,000	249,635	2.700%	2/7/2020
Iberia Bank CD		45083ALH3	250,000	249,855	2.800%	3/2/2020
Brookline Bank CD		11373QFU7	250,000	249,878	2.900%	5/29/2020
Ally Bank Midvale Utah		02007GDM2	250,875	249,178	2.750%	6/29/2020
Wells Fargo Bank CD		949763SP2	249,873	249,230	2.800%	7/27/2020
State Street Bank Note		857477AS2	103,593	98,585	2.550%	8/18/2020
Bank of Hope CD		062683BX4	250,000	248,968	2.800%	9/14/2020
Comenity CAP BK CD		20033AXY7	250,000	245,053	2.000%	10/23/2020
Live Oak CD		538036DX9	250,000	249,255	3.000%	2/9/2021
Eagle Bank CD		27002YDY9	250,000	248,345	2.800%	3/8/2021
CitiBank NA CD		17312QH93	250,000	247,635	2.750%	4/12/2021
Capital One NA CD		14042RFV8	246,218	242,595	2.250%	5/24/2021
B Bay LLC Promissory Notebal		05580ANK6	250,000	248,718	3.000%	7/13/2021
Abacus Federal CD		00257TBA3	250,000	247,865	2.900%	8/31/2021
Wells Fargo Bank CD		949763LT1	250,000	242,660	2.250%	12/8/2021
Sterling Bank CD		85916VCW3	250,000	248,363	3.100%	3/9/2022
American CD		02587DN38	249,675	237,811	2.400%	4/5/2022
First Northeast CD		33583FAB8	239,570	236,480	2.000%	4/19/2022
Old Missouri CD		68002LBL1	250,000	248,040	3.100%	5/5/2022
American Express CD		02587CFU9	250,000	239,318	2.400%	8/29/2022
Goldman Sachs CD		38148PYQ4	250,000	243,318	2.800%	2/28/2023
Sallie Mae Bank Salt Lke		795450P66	250,000	246,885	3.200%	5/9/2023
Discover Bank Greenwood Del CD		254673RF5	250,000	247,603	3.300%	7/11/2023
Corporate Bonds Subtotal			9,177,521	9,091,246		
US Treasury						
US T-note	Citigroup Global Mkt Inc	912828P53	199,657	199,350	0.750%	2/15/2019
US T-note	Bmo Capital Mkt Corp	912828SN1	176,798	174,419	1.500%	3/31/2019
US T-note	Jefferies LLC	912828ST8	200,157	198,968	1.250%	4/30/2019
US T-note	Citigroup Global Mkt Inc	912828SX9	203,952	203,583	1.125%	5/31/2019
US T-note	Morgan Stanley	912828TH3	197,673	197,704	0.875%	7/31/2019
US T-note	Bmo Capital Mkt Corp	912828TR1	198,118	197,242	1.000%	9/30/2019
US T-note	Barclays Capital Inc	912828G61	199,188	197,546	1.500%	11/30/2019
US T-note	Citigroup Global Mkt Inc	912828H52	202,258	196,540	1.250%	1/31/2020
US T-note	Morgan Stanley	912828UV0	200,876	195,680	1.125%	3/31/2020
US Treasury Subtotal			1,778,677	1,761,032		
Total Portfolio			\$ 50,156,864	\$ 49,524,327		

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

For Period Ended	Market Value	Availability	No. of	weight	days to maturity	Total by
November 30, 2018		11/30/18 12/01/18	days until maturity		weighted average	maturity
Petty Cash	11,780	12/01/18	1	0.0%	0.00	
Checking Account	5,388,507	12/01/18	1	7.6%	0.08	
Successor Agency	749,247	12/01/18	1	1.1%	0.01	6,149,534
Total Bank Accounts	6,149,534					
State Local Agency Investment Fund	15,156,959	12/01/18	1	21.4%	0.21	15,156,959
US Bank	2,982,830	12/01/18	1	4.2%	0.04	2,982,830
Total Money Market Accounts	2,982,830					
Deutsche Bank Sec Intl	209,927	12/14/18	14	0.3%	0.04	
Keybank Capital Mkt Inc	99,969	12/14/18	14	0.1%	0.02	309,896
Government Securities	309,896					
First National Bank CD	249,993	12/13/18	13	0.4%	0.05	249,993
Corporate Bonds	249,993					24,849,210 1 - 30 days
John Deere Capital Corp Note	124,866	01/08/19	39	0.2%	0.07	
Bank of New York Note	124,890	01/15/19	46	0.2%	0.08	249,756
Corporate Bonds	249,756					249,756 31 - 60 days
Illini St Bank II	249,718	03/25/19	115	0.4%	0.41	249,718
Corporate Bonds	249,718					
Citigroup Global Mkt Inc	199,350	02/15/19	77	0.3%	0.22	199,350
US Treasury	199,350					449,068 61 - 120 days
Morgan Stanley & Co	199,010	04/15/19	136	0.3%	0.38	199,010
Government Securities	199,010					
Bank of China New York City	249,735	05/15/19	166	0.4%	0.59	
Maple Bank Champlin CD	249,763	05/15/19	166	0.4%	0.59	
Toyota Motor Mountain	124,196	05/20/19	171	0.2%	0.30	623,694
Corporate Bonds	623,694					
Bmo Capital Mkt Corp	174,419	03/31/19	121	0.2%	0.30	
Jefferies LLC	198,968	04/30/19	151	0.3%	0.42	373,387
US Treasury	373,387					1,196,091 121 - 180 days
Wells Fargo Sec LLC	198,990	06/14/19	196	0.3%	0.55	
Keybank Capital Mkt Inc	198,338	07/01/19	213	0.3%	0.60	
Bnp Paribas Securities	198,128	08/01/19	244	0.3%	0.68	
Wells Fargo Sec LLC	98,946	09/13/19	287	0.1%	0.40	
Federal Farm Credit Bks	1,484,415	09/23/19	297	2.1%	6.22	
Morgan Stanley & Co	197,520	10/02/19	306	0.3%	0.85	
Deutsche Bank Sec Intl	1,476,885	10/24/19	328	2.1%	6.84	
Wells Fargo Sec LLC	1,480,425	11/15/19	350	2.1%	7.32	5,333,647
Government Securities	5,333,647					
Bank of India New York Branch	249,860	06/05/19	187	0.4%	0.66	
Microsoft Note	118,578	08/08/19	251	0.2%	0.42	
Paccar Financial Corp Note	88,864	08/12/19	255	0.1%	0.32	
Bank India New CD	250,133	08/28/19	271	0.4%	0.96	
First Fid Bank Oklahoma City CD	247,468	09/14/19	288	0.3%	1.01	
Safra National Bank CD	249,853	09/16/19	290	0.4%	1.02	
Lakeside Bank CD	249,358	10/30/19	334	0.4%	1.18	1,454,112
Corporate Bonds	1,454,112					
Citigroup Global Mkt Inc	203,583	05/31/19	182	0.3%	0.52	
Morgan Stanley	197,704	07/31/19	243	0.3%	0.68	
Bmo Capital Mkt Corp	197,242	09/30/19	304	0.3%	0.85	
Barclays Capital Inc	197,546	11/30/19	365	0.3%	1.02	796,075
US Treasury	796,075					7,583,835 181 - 1 year

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

For Period Ended	Market Value	Availability	No. of	weight	days to maturity	Total by
November 30, 2018		11/30/18	days until		weighted average	maturity
		12/01/18	maturity			
Wells Fargo Sec LLC	199,100	12/13/19	378	0.3%	1.06	
Federal Home Loan Bks	1,497,465	03/05/20	461	2.1%	9.75	
Wells Fargo Sec LLC	195,702	04/06/20	493	0.3%	1.36	
Wells Fargo Sec LLC	200,982	05/13/20	530	0.3%	1.50	
Federal Home Loan Bks	2,486,300	09/15/20	655	3.5%	22.99	
Federal Home Loan Bks	1,471,020	09/28/20	668	2.1%	13.87	
Deutsche Bank Sec Intl	1,464,435	10/30/20	700	2.1%	14.47	
Federal Farm Credit Bks	995,850	11/02/20	703	1.4%	9.88	8,510,854
Government Securities	8,510,854					
Wex Bank Midvale CD	249,438	12/13/19	378	0.4%	1.33	
Union Bank CD	249,575	01/16/20	412	0.4%	1.45	
Merrick Bank CD	249,693	01/21/20	417	0.4%	1.47	
Valley N B CD	249,635	02/07/20	434	0.4%	1.53	
Iberia Bank CD	249,855	03/02/20	458	0.4%	1.62	
Brookline Bank CD	249,878	05/29/20	546	0.4%	1.93	
Ally Bank Midvale Utah	249,178	06/29/20	577	0.4%	2.03	
Wells Fargo Bank CD	249,230	07/27/20	605	0.4%	2.13	
State Street Bank Note	98,585	08/18/20	627	0.1%	0.87	
Bank of Hope CD	248,968	09/14/20	654	0.4%	2.30	
Comenity CAP BK CD	245,053	10/23/20	693	0.3%	2.40	2,589,085
Corporate Bonds	2,589,085					
Citigroup Global Mkt Inc	196,540	01/31/20	427	0.3%	1.18	
Morgan Stanley	195,680	03/31/20	487	0.3%	1.35	392,220
US Treasury	392,220					
						11,492,159 1- 2 years
Deutsche Bank Sec Intl	1,460,640	11/30/20	731	2.1%	15.07	
Morgan Stanley & Co	993,850	06/28/21	941	1.4%	13.20	
Federal Farm Credit Bks	1,213,663	09/13/21	1,018	1.7%	17.44	
Deutsche Bank Sec Intl	1,437,900	10/07/21	1,042	2.0%	21.15	
Federal Farm Credit Bks	1,944,740	11/19/21	1,085	2.7%	29.79	
Federal Home Loan Bks	1,499,835	11/23/21	1,089	2.1%	23.06	
Federal Home Loan Bks	1,498,755	11/26/21	1,092	2.1%	23.11	10,049,383
Government Securities	10,049,383					
Live Oak CD	249,255	02/09/21	802	0.4%	2.82	
Eagle Bank CD	248,345	03/08/21	829	0.4%	2.91	
CitiBank NA CD	247,635	04/12/21	864	0.3%	3.02	
Capital One NA CD	242,595	05/24/21	906	0.3%	3.10	
B Bay LLC Promissory Notebal	248,718	07/13/21	956	0.4%	3.36	1,236,548
Corporate Bonds	1,236,548					
						11,285,930 2- 3 years
Federal Farm Credit Bks	993,780	02/15/22	1,173	1.4%	16.46	
Morgan Stanley & Co	2,491,475	09/06/22	1,376	3.5%	48.40	
Federal Farm Credit Bks	1,201,788	09/12/22	1,382	1.7%	23.45	
Federal Home Loan Bks	1,213,863	10/04/22	1,404	1.7%	24.06	
Federal Farm Credit Bks	1,216,625	10/17/22	1,417	1.7%	24.34	
Federal Home LN Corp	1,456,965	11/28/22	1,459	2.1%	30.01	8,574,495
Government Securities	8,574,495					
Wells Fargo Bank CD	242,660	12/08/21	1,104	0.3%	3.78	
Sterling Bank CD	248,363	03/09/22	1,195	0.4%	4.19	
American CD	237,811	04/05/22	1,222	0.3%	4.10	
First Northeast CD	236,480	04/19/22	1,236	0.3%	4.13	
Old Missouri CD	248,040	05/05/22	1,252	0.4%	4.38	
American Express CD	239,318	08/29/22	1,368	0.3%	4.62	
Abacus Federal CD	247,865	10/04/22	1,404	0.3%	4.91	1,700,536
Corporate Bonds	1,700,536					
						10,275,031 3- 4 years

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

For Period Ended	Market Value	Availability	No. of	weight	days to maturity	Total by
November 30, 2018		11/30/18	days until		weighted average	maturity
		12/01/18	maturity			
Wells Fargo Sec LLC	1,216,450	12/05/22	1,466	1.7%	25.18	
Morgan Stanley & Co	1,495,485	05/30/23	1,642	2.1%	34.67	2,711,935
Government Securities	2,711,935					
Goldman Sachs CD	243,318	02/28/23	1,551	0.3%	5.33	
Sallie Mae Bank Salt Lke	246,885	05/09/23	1,621	0.3%	5.65	
Discover Bank Greenwood Del CD	247,603	07/11/23	1,684	0.3%	5.89	737,805
Corporate Bonds	737,805					
						3,449,740
						4- 5 years
Total Investments	\$ 70,830,819			100.00%	563.95	\$ 70,830,819

Average Maturity in Days: 563.95
 Average Maturity in Years: 1.545

LAIF Amortized Cost \$ 80,445,589,890
 LAIF Fair Value \$ 80,718,614,969
 Check: 1.003393910

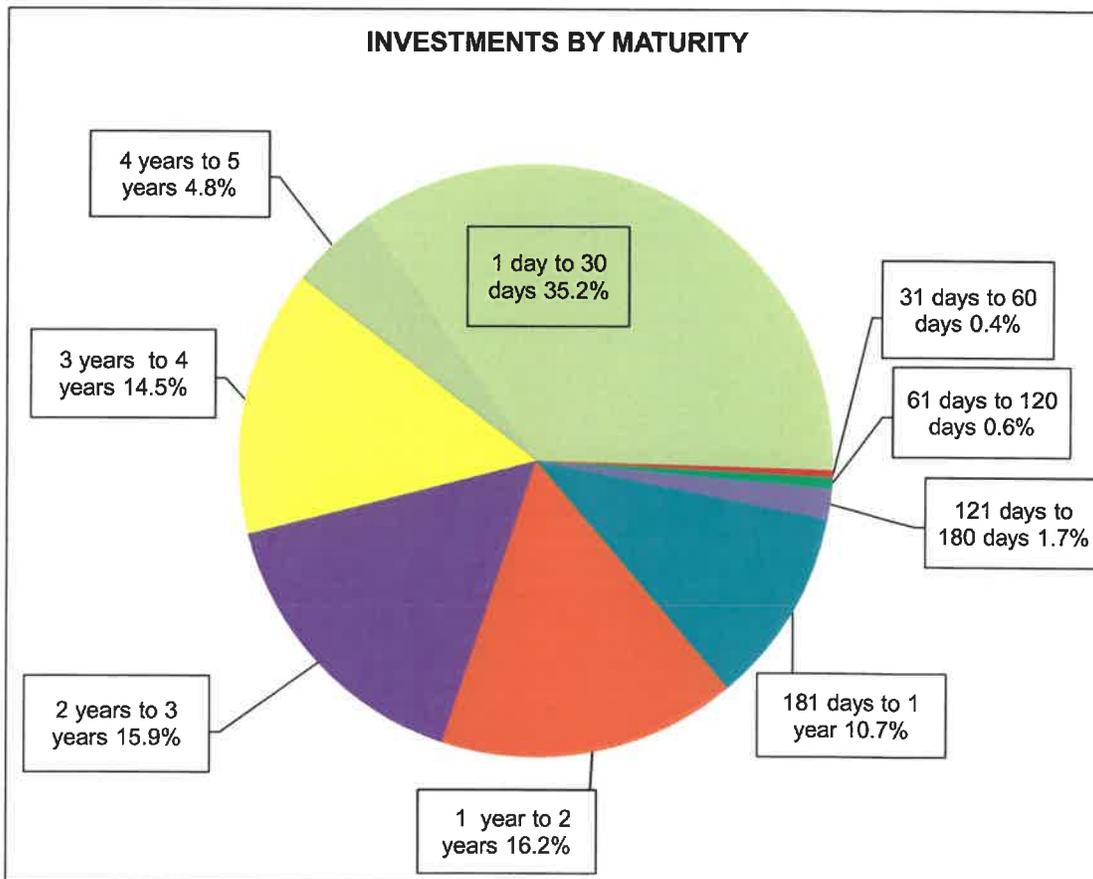
TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

**For Period Ended
November 30, 2018**

**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	15,157	-	-	-	-	-	-	-	-
Bank Accounts and Change Funds	6,150	-	-	-	-	-	-	-	-
ABS	-	-	-	-	-	-	-	-	-
Government Securities	310	-	-	199	5,334	8,511	10,049	8,574	2,712
Money Market Fund	2,983	-	-	-	-	-	-	-	-
Corporate Bonds	250	250	250	624	1,454	2,589	1,237	1,701	738
US Treasury	-	-	199	373	796	392	-	-	-
Total Cash and Investments	24,849	250	449	1,196	7,584	11,492	11,286	10,276	3,450
Percentage	35.2%	0.4%	0.6%	1.7%	10.7%	16.2%	15.9%	14.5%	4.8%



TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

For Period Ended
December 31, 2018

Investment Portfolio	Cost	Par Value	Market Value	% of Portfolio
State Local Agency Investment Fund	\$ 18,105,691	N/A	\$ 18,131,387	24.1%
Bank Accounts and Change Funds	7,706,524	N/A	7,706,524	10.3%
ABS-Corporate Paydown Securities	-	N/A	-	0.0%
Money Market Fund	1,608,933	N/A	1,608,933	2.1%
Government Agency Securities	35,907,812	36,265,000	35,606,911	47.1%
Corporate Bonds	10,927,521	9,178,000	10,852,013	14.3%
US Treasury	1,778,677	1,780,000	1,764,526	2.3%
Total Cash and Investments	\$ 76,035,158	\$ 47,223,000	\$ 75,670,294	100.0%

PARS Investment Portfolio	Cost	Market Value	% of Portfolio
115 Trust-OPEB Investment as of 9/30/18	1,006,852	1,006,852	14.1%
Pension Trust Investment as of 9/30/18	6,175,389	6,175,389	86.1%
Total Cash and Investments	\$ 7,182,241	\$ 7,182,241	100.0%

Weighted Average Days to Maturity	523.61
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Blended Yield:	2.190%
Benchmarks:	
LAIF	2.291%
2yr U.S. Treasury	2.480%
5yr U.S. Treasury	2.510%

Restricted Funds with Fiscal Agent	Book Value	Market Value
Water System Lease Revenue Refunding Bonds 2011	54	54
Colonies CFD Area #2 2015	1,839,555	1,839,555
Colonies CFD Area #1 2012	2,444,532	2,444,532
Upland 54 CFD 2004	216,960	216,960
Successor Agency TAN 2013 / TAN 2016- Merged Project	2,453,077	2,453,077
Total Restricted Funds	\$ 6,954,178	\$ 6,954,178

- I hereby certify that the investments are in compliance with the investment policy adopted by the City Council in March 2017.
- 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


1/17/19

 Date
 1/23/19

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

State Local Agency Investment Fund

**For Period Ended
December 31, 2018**

<u>Fund or Account</u>		<u>Account Balance</u>	
City	98-36-942	18,105,691	
Successor Agency	65-36-007	-	
Upland Public Financing Authority	40-36-004	-	
	Totals	<u>\$ 18,105,691</u>	Market Value (See Note 4)
			<u>\$ 18,131,387</u>
 Yield for Period Ended	 12/31/2018	 <u>2.291%</u>	

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

Bank Accounts and Change Funds

For Period Ended
December 31, 2018

Account Name	Institution	Insured Deposits	Collateralized Deposits	Total Deposits
Petty Cash City of Upland	City of Upland	\$ -	\$ 11,780	\$ 11,780
City of Upland Payroll Zero Balance Account	Chase	-	-	-
City of Upland Checking Account	Chase	250,000	6,695,497	6,945,497
City of Upland Successor Agency	Chase	-	749,247	749,247
	Totals	\$ 250,000	\$ 7,456,524	\$ 7,706,524

TREASURY REPORT
City of Upland - Successor Agency - Public Financing Authority
For Period Ended
December 31, 2018

Investment	Purchased From	Cusip #	Cost	Market Value	Stated Rate	Maturity Date
<u>Government Securities</u>						
FHLMC	Morgan Stanley & Co	3137EADZ9	199,934	199,254	1.125%	4/15/2019
FHLB	Wells Fargo Sec LLC	313379EE5	202,912	199,134	1.625%	6/14/2019
FHCB	Keybanc Capital Mkt Inc	3133EFW52	200,854	198,630	1.150%	7/1/2019
FHLMC	Bnp Paribas Securities	3137EADK2	198,576	198,336	1.250%	8/1/2019
FHLB	Wells Fargo Sec LLC	313380FB8	101,020	99,101	1.375%	9/13/2019
FFCB	Federal Farm Credit Bks	3133EHKA0	1,500,000	1,486,740	1.400%	9/23/2019
FHLMC	Morgan Stanley & Co	3137EADM8	198,617	197,934	1.250%	10/2/2019
FNMA	Deutsche Bank Sec Intl	3135G0R39	1,485,675	1,480,125	1.000%	10/24/2019
FHLB	Wells Fargo Sec LLC	3130AA3R7	1,498,710	1,483,755	1.375%	11/15/2019
FHLB	Wells Fargo Sec LLC	3130A0JR2	205,698	199,496	2.375%	12/13/2019
FHLB	Federal Home Loan Bks	3130ADPX4	1,496,250	1,499,505	2.000%	3/5/2020
FHLB	Wells Fargo Sec LLC	3130A7PU3	199,088	196,618	1.200%	4/6/2020
FFCB	Wells Fargo Sec LLC	3133ECPD0	204,100	201,946	1.420%	5/13/2020
FHLB	Federal Home Loan Bks	3130ADPR7	2,500,000	2,498,400	2.500%	9/15/2020
FHLB	Federal Home Loan Bks	313382J53	1,508,501	1,480,050	1.750%	9/28/2020
FNMA	Deutsche Bank Sec Intl	3135G0RM7	1,499,295	1,474,515	1.630%	10/30/2020
FFCB	Federal Farm Credit Bks	3133EJMX4	1,000,000	1,000,000	2.680%	11/2/2020
FNMA	Deutsche Bank Sec Intl	3135G0F73	1,492,515	1,470,270	1.500%	11/30/2020
FHLMC	Morgan Stanley & Co	3134GSNS0	998,750	1,000,270	2.800%	6/28/2021
FFCB	Federal Farm Credit Bks	3133EHYU1	1,236,313	1,226,063	1.840%	9/13/2021
FNMA	Deutsche Bank Sec Intl	3135G0Q89	1,481,400	1,454,910	1.375%	10/7/2021
FFCB	Federal Farm Credit Bks	3133EFPT8	2,020,180	1,965,360	1.960%	11/19/2021
FHLB	Federal Home Loan Bks	3130AFD79	1,500,000	1,502,010	3.000%	11/23/2021
FHLB	Federal Home Loan Bks	3130AFCU9	1,500,000	1,504,440	3.125%	11/26/2021
FFCB	Federal Farm Credit Bks	3133EJPE3	1,000,000	1,000,010	2.950%	2/15/2022
FHLMC	Morgan Stanley & Co	3134GSFS9	2,500,000	2,499,600	2.375%	9/6/2022
FFCB	Federal Farm Credit Bks	3133EHYB3	1,232,838	1,217,825	1.940%	9/12/2022
FHLB	Federal Home Loan Bks	3130ACH72	1,247,738	1,229,888	2.260%	10/4/2022
FFCB	Federal Farm Credit Bks	3133EHF73	1,248,850	1,232,838	2.280%	10/17/2022
FHLMC	Federal Home LN Corp	3134GB3A8	1,500,000	1,476,945	2.250%	11/28/2022
FHLB	Wells Fargo Sec LLC	3130ACX82	1,250,000	1,233,125	2.375%	12/5/2022
FHLMC	Morgan Stanley & Co	3134GSLT0	1,500,000	1,499,820	1.125%	5/30/2023
Government Securities Subtotal			35,907,812	35,606,911		
<u>Money Market Fund</u>						
City of Upland						
	US Bank	31846V203	1,608,933	1,608,933	0.93%	N/A
Money Market Fund Subtotal			1,608,933	1,608,933		
<u>Corporate Bonds</u>						
	John Deere Capital Corp Note	24422ETE9	126,958	124,984	1.950%	1/8/2019
	Bank of New York Note	06406HCP2	126,059	124,964	2.500%	1/15/2019
	Illini St Bank II	45177RAR3	250,000	249,748	2.000%	3/25/2019
	Bank of China New York City	06426WY63	250,000	249,685	2.200%	5/15/2019
	Maple Bank Champlin CD	565109AZ8	250,000	249,713	2.200%	5/15/2019
	Toyota Motor Mountain	89236TDE2	124,825	124,294	1.400%	5/20/2019
	Bank of India New York Branch	06279KML7	250,000	249,770	2.350%	6/5/2019
	Microsoft Note	594918BN3	119,876	118,806	1.100%	8/8/2019
	Paccar Financial Corp Note	69371RN36	90,000	89,011	1.200%	8/12/2019
	Bank India New CD	06279KSJ6	250,000	250,000	2.600%	8/28/2019

TREASURY REPORT
City of Upland - Successor Agency - Public Financing Authority
For Period Ended
December 31, 2018

Investment	Purchased From	Cusip #	Cost	Market Value	Stated Rate	Maturity Date
First Fid Bank Oklahoma City CD		32024FAB7	250,000	247,958	2.850%	9/14/2019
Safra National Bank CD		78658Q3T8	250,000	249,815	2.500%	9/16/2019
Preferred Bank CD		740367GU5	250,000	249,895	2.550%	9/20/2019
BMO Harris CD		05581WJ22	250,000	249,968	2.600%	9/30/2019
Lakeside Bank CD		51210SPT8	250,000	249,480	2.400%	10/30/2019
USNY Bank CD		90344LEQ8	250,000	249,970	2.650%	11/5/2019
Wex Bank Midvale CD		92937CHF8	250,000	249,635	2.550%	12/13/2019
Bank Baroda New CD		06063HBF9	250,000	250,190	2.800%	12/27/2019
Union Bank CD		90520VAG8	250,000	249,768	2.650%	1/16/2020
Merrick Bank CD		59013J5A3	250,000	249,883	2.700%	1/21/2020
Valley N B CD		919853BX8	250,000	249,835	2.700%	2/7/2020
Iberia Bank CD		45083ALH3	250,000	250,053	2.800%	3/2/2020
Compass BK CD		20451PWE2	250,000	250,048	2.800%	3/4/2020
United Bankers CD		909557HZ6	250,000	249,988	2.850%	5/19/2020
Brookline Bank CD		11373QFU7	250,000	250,128	2.900%	5/29/2020
First Financial CD		32021SFP6	250,000	250,040	2.900%	6/26/2020
Ally Bank Midvale Utah		02007GDM2	250,875	249,485	2.750%	6/29/2020
Wells Fargo Bank CD		949763SP2	249,873	249,553	2.800%	7/27/2020
State Street Bank Note		857477AS2	103,593	99,160	2.550%	8/18/2020
Bank of Hope CD		062683BX4	250,000	249,330	2.800%	9/14/2020
Comenity CAP BK CD		20033AXY7	250,000	245,605	2.000%	10/23/2020
First Internet CD		32056GDD9	250,000	249,723	3.000%	12/28/2020
Live Oak CD		538036DX9	250,000	249,610	3.000%	2/9/2021
Eagle Bank CD		27002YDY9	250,000	248,745	2.800%	3/8/2021
CitiBank NA CD		17312QH93	250,000	248,068	2.750%	4/12/2021
Capital One NA CD		14042RFV8	246,218	243,203	2.250%	5/24/2021
B Bay LLC Promissory Notebal		05580ANK6	250,000	249,153	3.000%	7/13/2021
Abacus Federal CD		00257TBA3	250,000	248,340	2.900%	8/31/2021
Wells Fargo Bank CD		949763LT1	250,000	243,343	2.250%	12/8/2021
Sterling Bank CD		85916VCW3	250,000	248,835	3.100%	3/9/2022
American CD		02587DN38	249,675	238,472	2.400%	4/5/2022
First Northeast CD		33583FAB8	239,570	237,127	2.000%	4/19/2022
Old Missouri CD		68002LBL1	250,000	248,480	3.100%	5/5/2022
American Express CD		02587CFU9	250,000	239,898	2.400%	8/29/2022
Goldman Sachs CD		38148PYQ4	250,000	243,535	2.800%	2/28/2023
Sallie Mae Bank Salt Lke		795450P66	250,000	247,015	3.200%	5/9/2023
Discover Bank Greenwood Del CD		254673RF5	250,000	247,713	3.300%	7/11/2023
Corporate Bonds Subtotal			10,927,521	10,852,013		
US Treasury						
US T-note Citigroup Global Mkt Inc		912828P53	199,657	199,612	0.750%	2/15/2019
US T-note Bmo Capital Mkt Corp		912828SN1	176,798	174,605	1.500%	3/31/2019
US T-note Jefferies LLC		912828ST8	200,157	199,180	1.250%	4/30/2019
US T-note Citigroup Global Mkt Inc		912828SX9	203,952	203,848	1.125%	5/31/2019
US T-note Morgan Stanley		912828TH3	197,673	198,078	0.875%	7/31/2019
US T-note Bmo Capital Mkt Corp		912828TR1	198,118	197,632	1.000%	9/30/2019
US T-note Barclays Capital Inc		912828G61	199,188	197,938	1.500%	11/30/2019
US T-note Citigroup Global Mkt Inc		912828H52	202,258	197,110	1.250%	1/31/2020
US T-note Morgan Stanley		912828UV0	200,876	196,524	1.125%	3/31/2020
US Treasury Subtotal			1,778,677	1,764,526		
Total Portfolio			\$ 50,222,943	\$ 49,832,383		

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

For Period Ended	Market Value	Availability 12/31/18	No. of days until maturity	weight	days to maturity weighted average	Total by maturity	
December 31, 2018		01/01/19					
Petty Cash	11,780	01/01/19	1	0.0%	0.00		
Checking Account	6,945,497	01/01/19	1	9.2%	0.09		
Successor Agency	749,247	01/01/19	1	1.0%	0.01	7,706,524	
Total Bank Accounts	7,706,524						
State Local Agency Investment Fund	18,131,387	01/01/19	1	24.0%	0.24	18,131,387	
US Bank	1,608,933	01/01/19	1	2.1%	0.02	1,608,933	
Total Money Market Accounts	1,608,933						
John Deere Capital Corp Note	124,984	01/08/19	8	0.2%	0.01		
Bank of New York Note	124,964	01/15/19	15	0.2%	0.02	249,948	
Corporate Bonds	249,948						
						27,696,791	1 - 30 days
Citigroup Global Mkt Inc	199,612	02/15/19	46	0.3%	0.12	199,612	
US Treasury	199,612						
						199,612	31 - 60 days
Morgan Stanley & Co	199,254	04/15/19	105	0.3%	0.28	199,254	
Government Securities	199,254						
Illini St Bank II	249,748	03/25/19	84	0.3%	0.28	249,748	
Corporate Bonds	249,748						
Bmo Capital Mkt Corp	174,605	03/31/19	90	0.2%	0.21		
Jefferies LLC	199,180	04/30/19	120	0.3%	0.32	373,785	
US Treasury	373,785						
						822,786	61 - 120 days
Wells Fargo Sec LLC	199,134	06/14/19	165	0.3%	0.43	199,134	
Government Securities	199,134						
Bank of China New York City	249,685	05/15/19	135	0.3%	0.45		
Maple Bank Champlin CD	249,713	05/15/19	135	0.3%	0.45		
Toyota Motor Mountain	124,294	05/20/19	140	0.2%	0.23		
Bank of India New York Branch	249,770	06/05/19	156	0.3%	0.51	873,461	
Corporate Bonds	873,461						
Citigroup Global Mkt Inc	203,848	05/31/19	151	0.3%	0.41	203,848	
US Treasury	203,848						
						1,276,443	121 - 180 days
Keybank Capital Mkt Inc	198,630	07/01/19	182	0.3%	0.48		
Bnp Paribas Securities	198,336	08/01/19	213	0.3%	0.56		
Wells Fargo Sec LLC	99,101	09/13/19	256	0.1%	0.34		
Federal Farm Credit Bks	1,486,740	09/23/19	266	2.0%	5.23		
Morgan Stanley & Co	197,934	10/02/19	275	0.3%	0.72		
Deutsche Bank Sec Intl	1,480,125	10/24/19	297	2.0%	5.81		
Wells Fargo Sec LLC	1,483,755	11/15/19	319	2.0%	6.26		
Wells Fargo Sec LLC	199,496	12/13/19	347	0.3%	0.91	5,344,117	
Government Securities	5,344,117						
Microsoft Note	118,806	08/08/19	220	0.2%	0.35		
Paccar Financial Corp Note	89,011	08/12/19	224	0.1%	0.26		
Bank India New CD	250,000	08/28/19	240	0.3%	0.79		
First Fid Bank Oklahoma City CD	247,958	09/14/19	257	0.3%	0.84		
Safra National Bank CD	249,815	09/16/19	259	0.3%	0.86		
Preferred Bank CD	249,895	09/20/19	263	0.3%	0.87		
BMO Harris CD	249,968	09/30/19	273	0.3%	0.90		
Lakeside Bank CD	249,480	10/30/19	303	0.3%	1.00		
USNY Bank CD	249,970	11/05/19	309	0.3%	1.02		
Wex Bank Midvale CD	249,635	12/13/19	347	0.3%	1.14		
Bank Baroda New CD	250,190	12/27/19	361	0.3%	1.19	2,454,727	
Corporate Bonds	2,454,727						
Morgan Stanley	198,078	07/31/19	212	0.3%	0.55		
Bmo Capital Mkt Corp	197,632	09/30/19	273	0.3%	0.71		
Barclays Capital Inc	197,938	11/30/19	334	0.3%	0.87	593,648	
US Treasury	593,648						
						8,392,492	181 - 1 year

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

For Period Ended December 31, 2018	Market Value	Availability 12/31/18 01/01/19	No. of days until maturity	weight	days to maturity weighted average	Total by maturity
Federal Home Loan Bks	1,499,505	03/05/20	430	2.0%	8.52	
Wells Fargo Sec LLC	196,618	04/06/20	462	0.3%	1.20	
Wells Fargo Sec LLC	201,946	05/13/20	499	0.3%	1.33	
Federal Home Loan Bks	2,498,400	09/15/20	624	3.3%	20.60	
Federal Home Loan Bks	1,480,050	09/28/20	637	2.0%	12.46	
Deutsche Bank Sec Intl	1,474,515	10/30/20	669	1.9%	13.04	
Federal Farm Credit Bks	1,000,000	11/02/20	672	1.3%	8.88	
Deutsche Bank Sec Intl	1,470,270	11/30/20	700	1.9%	13.60	9,821,304
Government Securities	9,821,304					
Union Bank CD	249,768	01/16/20	381	0.3%	1.26	
Merrick Bank CD	249,883	01/21/20	386	0.3%	1.27	
Valley N B CD	249,835	02/07/20	403	0.3%	1.33	
Iberia Bank CD	250,053	03/02/20	427	0.3%	1.41	
Compass BK CD	250,048	03/04/20	429	0.3%	1.42	
United Bankers CD	249,988	05/19/20	505	0.3%	1.67	
Brookline Bank CD	250,128	05/29/20	515	0.3%	1.70	
First Financial CD	250,040	06/26/20	543	0.3%	1.79	
Ally Bank Midvale Utah	249,485	06/29/20	546	0.3%	1.80	
Wells Fargo Bank CD	249,553	07/27/20	574	0.3%	1.89	
State Street Bank Note	99,160	08/18/20	596	0.1%	0.78	
Bank of Hope CD	249,330	09/14/20	623	0.3%	2.05	
Comenity CAP BK CD	245,605	10/23/20	662	0.3%	2.15	
First Internet CD	249,723	12/28/20	728	0.3%	2.40	3,342,595
Corporate Bonds	3,342,595					
Citigroup Global Mkt Inc	197,110	01/31/20	396	0.3%	1.03	
Morgan Stanley	196,524	03/31/20	456	0.3%	1.18	393,634
US Treasury	393,634					
						13,557,533 1- 2 years
Morgan Stanley & Co	1,000,270	06/28/21	910	1.3%	12.03	
Federal Farm Credit Bks	1,226,063	09/13/21	987	1.6%	15.99	
Deutsche Bank Sec Intl	1,454,910	10/07/21	1,011	1.9%	19.44	
Federal Farm Credit Bks	1,965,360	11/19/21	1,054	2.6%	27.38	
Federal Home Loan Bks	1,502,010	11/23/21	1,058	2.0%	21.00	
Federal Home Loan Bks	1,504,440	11/26/21	1,061	2.0%	21.09	8,653,053
Government Securities	8,653,053					
Live Oak CD	249,610	02/09/21	771	0.3%	2.54	
Eagle Bank CD	248,745	03/08/21	798	0.3%	2.62	
CitiBank NA CD	248,068	04/12/21	833	0.3%	2.73	
Capital One NA CD	243,203	05/24/21	875	0.3%	2.81	
B Bay LLC Promissory Notebal	249,153	07/13/21	925	0.3%	3.05	
Wells Fargo Bank CD	243,343	12/08/21	1,073	0.3%	3.45	1,482,120
Corporate Bonds	1,482,120					
						10,135,173 2- 3 years
Federal Farm Credit Bks	1,000,010	02/15/22	1,142	1.3%	15.09	
Morgan Stanley & Co	2,499,600	09/06/22	1,345	3.3%	44.43	
Federal Farm Credit Bks	1,217,825	09/12/22	1,351	1.6%	21.74	
Federal Home Loan Bks	1,229,888	10/04/22	1,373	1.6%	22.32	
Federal Farm Credit Bks	1,232,838	10/17/22	1,386	1.6%	22.58	
Federal Home LN Corp	1,476,945	11/28/22	1,428	2.0%	27.87	8,657,105
Government Securities	8,657,105					
Sterling Bank CD	248,835	03/09/22	1,164	0.3%	3.83	
American CD	238,472	04/05/22	1,191	0.3%	3.75	
First Northeast CD	237,127	04/19/22	1,205	0.3%	3.78	
Old Missouri CD	248,480	05/05/22	1,221	0.3%	4.01	
American Express CD	239,898	08/29/22	1,337	0.3%	4.24	
Abacus Federal CD	248,340	10/04/22	1,373	0.3%	4.51	1,461,152
Corporate Bonds	1,461,152					
						10,118,257 3- 4 years

TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

For Period Ended	Market Value	Availability 12/31/18 01/01/19	No. of days until maturity	weight	days to maturity weighted average	Total by maturity
December 31, 2018						
Wells Fargo Sec LLC	1,233,125	12/05/22	1,435	1.6%	23.38	
Morgan Stanley & Co	1,499,820	05/30/23	1,611	2.0%	31.93	2,732,945
Government Securities	2,732,945					
Goldman Sachs CD	243,535	02/28/23	1,520	0.3%	4.89	
Sallie Mae Bank Salt Lke	247,015	05/09/23	1,590	0.3%	5.19	
Discover Bank Greenwood Del CD	247,713	07/11/23	1,653	0.3%	5.41	738,263
Corporate Bonds	738,263					
						3,471,208
						4- 5 years
Total Investments	\$ 75,670,294			100.00%	523.61	\$ 75,670,294
	Average Maturity in Days		523.61			
	Average Maturity in Years:		1.435			
LAIF Amortized Cost	\$ 83,510,434,627					
LAIF Fair Value	\$ 83,628,953,130					
Check:	1.001419206					

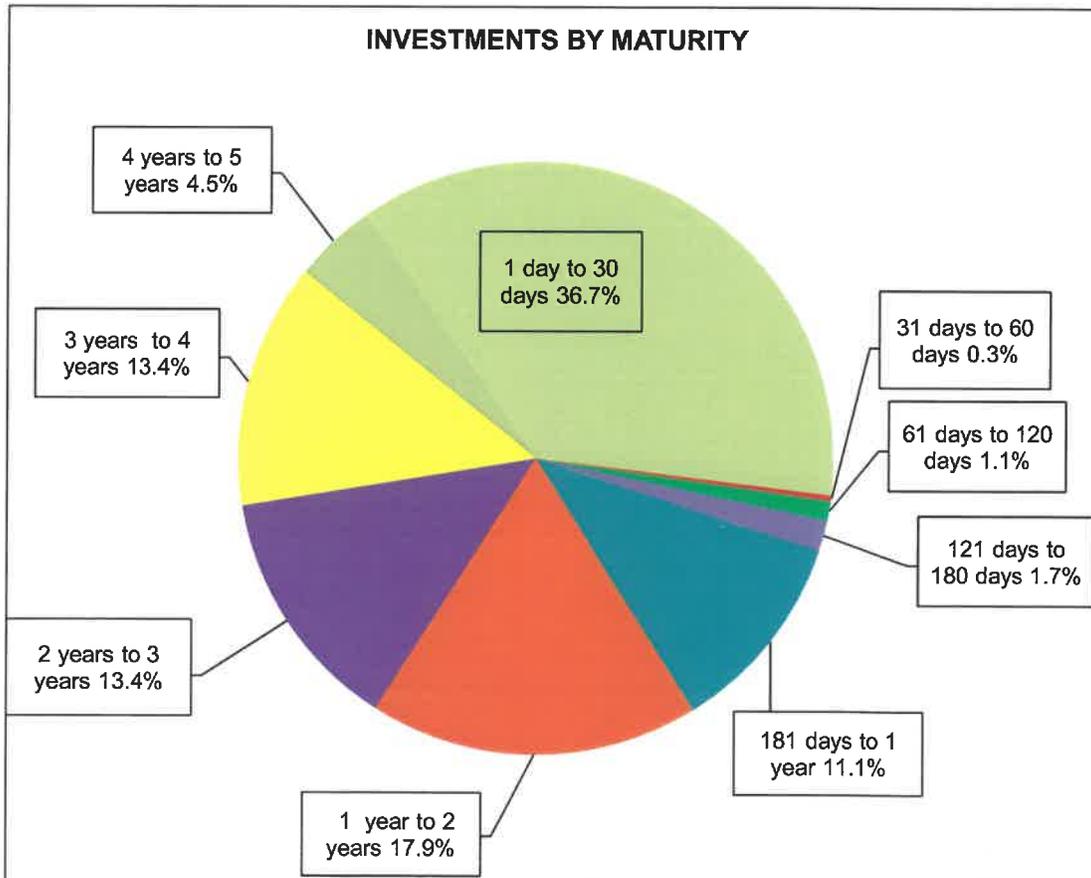
TREASURY REPORT

City of Upland - Successor Agency - Public Financing Authority

**For Period Ended
December 31, 2018**

**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	18,131	-	-	-	-	-	-	-	-
Bank Accounts and Change Funds	7,707	-	-	-	-	-	-	-	-
ABS	-	-	-	-	-	-	-	-	-
Government Securities	-	-	199	199	5,344	9,821	8,653	8,657	2,733
Money Market Fund	1,609	-	-	-	-	-	-	-	-
Corporate Bonds	250	-	250	873	2,455	3,343	1,482	1,461	738
US Treasury	-	200	374	204	594	394	-	-	-
Total Cash and Investments	27,697	200	823	1,276	8,392	13,558	10,135	10,119	3,471
Percentage	36.7%	0.3%	1.1%	1.7%	11.1%	17.9%	13.4%	13.4%	4.5%





STAFF REPORT

ITEM NO. 11.D.

DATE: February 11, 2019
TO: MAYOR AND CITY COUNCIL
FROM: JEANNETTE VAGNOZZI, CITY MANAGER
PREPARED BY: ROSEMARY HOERNING, PUBLIC WORKS DIRECTOR
SUBJECT: SAN ANTONIO WATER COMPANY STOCK ACQUISITION

RECOMMENDED ACTION

It is recommended that the City Council authorize the City Manager to acquire 1/4 share of San Antonio Water Stock from the James M. Casey, Trustee of the Serra Group Trust in the amount of \$13,500.

GOAL STATEMENT

The proposed action supports the City's goal to increase water rights holdings to ensure a cost effective water supply is available for the community's benefit.

BACKGROUND

On January 15, 2019, Mr. L.G. Engles contacted the City on behalf of the James M. Casey, Trustee of the Serra Group Trust and offered (Certificate No. A 13232) 1/4 share of San Antonio Water Company (SAW Co.) stock for purchase to the City of Upland for \$13,500. This offer price is slightly lower than the price paid for a 1/4 share of SAW Co. stock purchased in October 2018 at the SAW Co. stock auction.

ISSUES/ANALYSIS

In October, the City participated in San Antonio Water Company's Shareholder stock auction. The City was successful in securing 9 out of the 11 stock certificates auctioned which increased the City stock ownership by 2.5 shares. The purchase price offered by the City ranged from \$13,600 to \$14,000 per 1/4 share.

It is desirable to secure additional shares of water stock to increase access to local water supplies. This will reduce the City's dependence on imported water supply and build operational flexibility with rights to varied sources. Acquisition of additional SAW Co. shares

provides a perpetual right to future company water supplies. At this time, the entitlement of 1 share = 1.73AF/share.

FISCAL IMPACTS

The purchase price of this potential acquisition is \$100 less than the cost of the previous purchases. The stock certificate purchase is to be made from the Water Fund (Fund 640).

The share entitlement right is in perpetuity under the company holdings. Therefore, the financial investment rate of return will be eventually realized and surpassed. These rights also increase the City's financial obligations associated with company water operations and infrastructure reinvestment and are indeterminable at this time.

SAW Co. is one of the City's cheapest sources of water supply. For FY 2017-18, SAW Co. water cost the City approximately \$350/AF. By contrast, imported Metropolitan Water District (MWD) water supply costs the City approximately \$908/AF for the same period. It is anticipated MWD will continue to increase their water rates into the future.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

No Attachments Available



STAFF REPORT

ITEM NO. 11.E.

DATE: February 11, 2019
TO: MAYOR AND CITY COUNCIL
FROM: JEANNETTE VAGNOZZI, CITY MANAGER
PREPARED BY: ROSEMARY HOERNING, PUBLIC WORKS DIRECTOR
BOB CRITCHFIELD, ENGINEERING MANAGER
SUBJECT: EMERGENCY PURCHASE AND INSTALLATION OF EQUIPMENT
AND PROFESSIONAL SERVICES FOR WATER SYSTEM
IMPROVEMENTS

RECOMMENDED ACTION

It is recommended that the City Council receive and file the status update.

GOAL STATEMENT

The proposed action supports the City's goal to maintain water facilities in good operable condition in order to provide safe reliable service to the community.

BACKGROUND

On October 10, 2016, the City Council adopted a Resolution declaring an emergency condition and approved the Emergency Work Plan Phase 1. Continuing progress update reports have been provided to the City Council. At this time, the City has completed the Well 7A, Reservoir 4, Well 20, temporary measures at the existing 7.5 million gallon reservoir, and the construction documents and entitlement work needed for the replacement reservoir of the Phase I emergency work program.

The remaining involves the implementation of the Replacement Reservoir at the northwest corner of 17th Street and Benson Avenue.

ISSUES/ANALYSIS

Reservoir at 17th and Benson Work:

Staff has completed the project plans and specifications for a 7.5 million gallon replacement reservoir; the environmental documentation and Notice of Determination; the property

appraisal; secured the Intent to Purchase a portion of the San Antonio Water Company property; and submitted all of the required documents to the State for the loan request necessary for up to a \$16.5 million Drinking Water State Revolving Loan.

The City Attorney's Office and staff are working on two items. The first item is the development of a purchase and sale agreement for the property acquisition from San Antonio Water Company required for this project. The second item is the development of the SRF loan agreement with the State. It is anticipated the purchase and sale agreement will be presented to City Council in early 2019. It is also expected to have the loan work also completed in early 2019.

Once funding is secured it is anticipated the construction will take 12-18 months.

FISCAL IMPACTS

Sufficient funds are available in the FY 2018-19 budget to complete the Phase I emergency work program. Phase II, the construction, is dependent upon receiving the State loan. The FY 2018-19 budget includes sufficient funds to provide construction cash flow and will require fund draws under the loan. The actual amount of the loan will only be the amount of funds required to implement the emergency work.

Staff is also exploring other possible funding opportunities. However, the State loan appears to be the most cost effective funding mechanism.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

No Attachments Available



STAFF REPORT

ITEM NO. 11.F.

DATE: February 11, 2019
TO: MAYOR AND CITY COUNCIL
FROM: JEANNETTE VAGNOZZI, CITY MANAGER
PREPARED BY: ROSEMARY HOERNING, PUBLIC WORKS DIRECTOR
HARRISON NGUYEN, ENVIRONMENTAL QUALITY ADMIN
ROBERT HERBSTER, ASSISTANT ENGINEER
SUBJECT: SEWER SERVICE AGREEMENT FOR 125 E 24TH STREET (SSA-2018-29-11)

RECOMMENDED ACTION

It is recommended that the City Council authorize the City Manager to execute the Sewer Service Agreement.

GOAL STATEMENT

The proposed action supports the City's goal of providing sewer services to the County unincorporated area within the City's sphere of influence.

BACKGROUND

On June 13, 1989, a Memorandum of Agreement was entered into between the City and the County of San Bernardino concerning the conveyance, treatment and disposal of wastewater from the County unincorporated areas within the City's sphere of influence.

Pursuant to State law, Local Agency Formation Commission (LAFCO) must approve the connection of parcels within the county areas to the City's sewage or water system, and review city contracts for services outside City boundaries.

In December 1998, the City established a policy relating to the connection of County unincorporated areas to the City sewer system. In the interest of groundwater supply protection, the City prefers to allow the extension of sewer services to new developments in lieu of the use of septic tanks.

ISSUES/ANALYSIS

Sara Friedman applied for a permit to connect her property to the public sewers on 24th Street. The application for extension of sewer service by contract was submitted to LAFCO. On December 12, 2018, LAFCO granted statutory exemption of the service contract from environmental review and approved the service extension agreement.

The proposed agreement allows the owner to connect sewer facilities from her existing single-family residential building to the City of Upland sewer on 24th Street. The City will collect all fees applicable to the discharge of the proposed development's wastewater to the City sewers and its conveyance to the regional treatment plants for treatment and disposal.

FISCAL IMPACTS

The cost of the sewer installation will be borne by the property owner.

ALTERNATIVES

Provide alternative direction to staff.

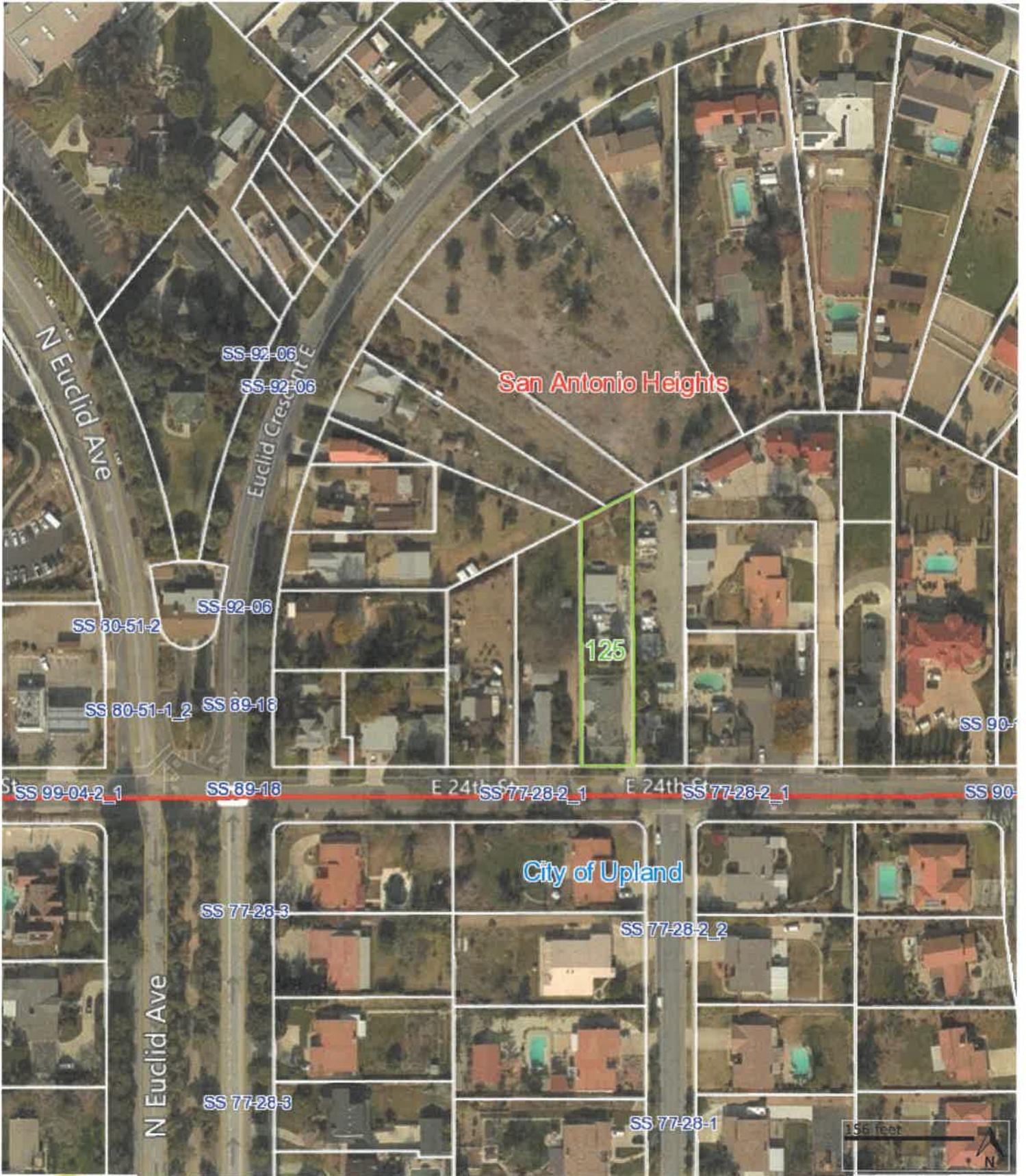
ATTACHMENTS:

Site Location Map

Sewer Service Agreement

LAFCO Exemption Letter

125 E 24th Street



SEWER SERVICE AGREEMENT

No. 2018-29-11

THIS AGREEMENT, is entered into this ____ day of _____, 2019; by and between Sara Friedman, hereinafter referred to as "OWNERS", and the City of Upland, a municipal corporation, hereafter referred to as "CITY".

WITNESSETH:

WHEREAS, OWNER holds title to the parcels of real property presently located in unincorporated areas of the County of San Bernardino, and the parcels are further described by legal description and San Bernardino County Assessor's Parcel Number 1003-161-04-0000. The subject real property shall be referenced hereafter as the "Land";

WHEREAS, the Land is within the Sphere of Influence of the CITY; and

WHEREAS, the City of Upland and the County of San Bernardino entered into a Memorandum of Understanding on June 13, 1989, allowing the City of Upland to provide sewer service to the county unincorporated area to those requesting it; and

WHEREAS, OWNER desires to obtain sewer service for the Land; and

WHEREAS, sewer service could be provided to said parcels by connecting to the CITY's sewage system, said system otherwise being available only to properties with the City of Upland corporate limits; and

WHEREAS, CITY's sewage system and the regional wastewater treatment plants have sufficient capacity to convey and treat the sewage generated by the Land;

WHEREAS, CITY is willing to allow connection of the Land to its sewage system, due to the fact that the Land is within CITY's Sphere of Influence; and

WHEREAS, the covenants and conditions set forth herein shall create a binding covenant running with the land upon the Land, and shall be fully binding upon OWNER's heirs, successors and assigns.

NOW, THEREFORE, the parties hereto agree as follows:

SECTION I: OWNER Agrees:

1. To construct, at their own cost and expense, the sewer main extensions and appurtenances thereto, connecting their development to the CITY's sewer system.

2. To pay all fees and charges and make all deposits required by CITY to connect to and use the sewer, and further agrees to be bound by all CITY ordinances, rules and regulations respecting the sewage system. The service charge for the sewer users subject to this agreement is anticipated to be 1.5 times the normal rate or fees paid by users within the city limits. The additional monies are required to offset additional costs to provide the services outside of the CITY's corporate boundary.

3. To comply with Section 13.32.140, "General Restrictions and Prohibitions on the Use of the Community Sewers" of the Upland Municipal Code, relating to the discharge of materials into CITY's sewage system, and all other applicable County, State, Federal or district regulations applicable to discharges.

4. To make application to the Local Agency Formation Commission (LAFCO) and pay all applicable fees, for approval to connect to CITY's sewage system, pursuant to Section 56133 of the Government Code.

5. To make application to the County of San Bernardino for Road Excavation Permits as applicable and comply with all permit conditions under which the connection shall be made.

6. To make application to CITY for a Sewer Connection Permit and comply with the permit terms and conditions under which the connection shall be made and maintained.

7. That no connection to the CITY system shall occur until all the requirements of this Agreement, including the actions of third parties have been fully completed.

SECTION II: CITY Agrees:

1. To allow the Land to connect to the CITY's sewage system subject to payment of all applicable fees and permits, and further subject to satisfaction of the terms and conditions of this Agreement.

SECTION III: Be it Mutually Agreed, as follows:

- a. City Clerk for CITY shall record the Agreement with the County Recorder.
- b. The benefit to the Land will inure to the benefit of subsequent owners, their heirs, successors, and assigns, and the agreements, conditions, and covenants contained herein shall be binding upon them and run with the land.
- c. The approval granted to connect said Land to CITY's sewage system is contingent upon OWNER securing final, unappealable approval from the Local Agency Formation Commission.
- d. Indemnification: OWNER shall defend indemnify and save harmless CITY, its elected and appointed officials, officers, agents and employees, from all liability from loss, damage or injury to persons or property, including the payment by OWNER of any and all legal costs and attorney's fees, in any manner arising out of the acts and/or omissions of OWNER pursuant to this Agreement, including, but not limited to, all consequential damages, to the maximum extent permitted by law.
- e. Assignment: No assignment of this Agreement or of any part or obligation of performance hereunder shall be made, either in whole or in part by OWNER without the prior written consent of the CITY.

f. Independent OWNER: The parties hereto agree that OWNER and its employees, officers and agents are independent OWNERS under this Agreement and shall not be construed for any purpose to be employees of CITY.

g. Governing Law: This Agreement shall be governed by and construed in accordance with the laws of the State of California.

h. Attorney's Fees: In the event any legal proceeding is instituted to enforce any term or provision of the Agreement, the prevailing party in said legal proceeding shall be entitled to recover attorney's fees and costs from the opposing party in an amount determined by the court to be reasonable.

i. Entire Agreement: This Agreement supersedes any and all other agreements, either oral or in writing, between the parties with respect to the subject matter herein. Each party to this Agreement acknowledges that no representation by any party, which is not embodied herein, nor any other agreement, statement, or promise not contained in the Agreement shall be valid and binding. Any modification of this Agreement shall be effective only if it is in writing signed by all parties.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their respective officials thereunto duly authorized.

OWNERS

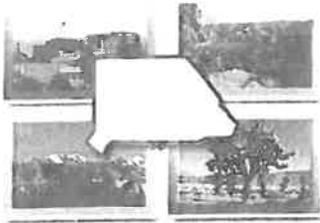
By: S. Friedman
Sara Friedman, Owner

CITY OF UPLAND

By: _____
Jeannette Vagnozzi, City Manager
for
Debbie Stone, Mayor

ATTEST:

Keri Johnson
City Clerk



LAFCO

**Local Agency
Formation Commission
for San Bernardino County**

1170 West 3rd Street, Unit 150
San Bernardino, CA 92415-0480
909 388 0480 | Fax 909 388 0481
lafco@lafco.sbcounty.gov
www.sbclafco.org

COMMISSIONERS

JIM BAGLEY
Public Member

KIMBERLY COX
Special District

JAMES V. CURATALO, Vice Chair
Special District

ROBERT A. LOVINGOOD
Board of Supervisors

LARRY McCALLON
City Member

Vacant
Board of Supervisors

DIANE WILLIAMS
City Member

ALTERNATES

LOUISA HOLSTEAD AMIS
Public Member

STEVEN FARRELL
Special District

JANICE RUTHERFORD
Board of Supervisors

ACQUANETTA WARREN
City Member

EXECUTIVE OFFICER

SAMUEL MARTINEZ

LEGAL COUNSEL

PAULA DE SOUSA MILLS

Sent Via Fax (909) 291-2974 and Mail

December 12, 2018

Jeannette Vagnozzi, Acting City Manager
City of Upland
P.O. Box 460
Upland, CA 91785

Dear Ms. Vagnozzi:

RE: City of Upland Sewer Service Agreement No. 2018-29-11

LAFCO has received the proposed out-of-agency service agreement for sewer service from the City of Upland. The area to be served is located at 125 E. 24th Street (APN 1003-161-04) in the City of Upland's northern sphere of influence, commonly known as "San Antonio Heights". The application submitted is determined to be complete and has been assigned the following identification number: LAFCO SC#435.

Pursuant to the provisions within Government Code Section 56133 and policies adopted by the Local Agency Formation Commission, our review of the application submitted by the City of Upland shows that an administrative approval by the Executive Officer can be provided. The determinations related to the agreement are:

1. The agreement meets the criteria outlined within the Commission's guidelines for processing of out-of-agency contracts in response to health and safety concerns. The agreement proposes to provide sewer service to the parcel comprising 0.43+/- acres located northerly of E. 24th Street between Euclid Avenue and Bellevue Road, an existing single-family residence.
2. The agreement has been determined to be categorically exempt from environmental review. It has been determined that the agreement falls under the Class 3 Categorical Exemption, Section 15303(d) of the California Environmental Quality Act Guidelines as it relates to the connection of an existing structure to existing infrastructure. A Notice of Exemption has been filed.
3. The area to be served by agreement is within the sphere of influence assigned the City of Upland. The signing of the agreement anticipates that a future change of organization will take place in compliance with State law and Commission policy.

5. The area to be served is contiguous to existing City boundaries to the south along E. 24th Street, and is thereby capable of being annexed. This service agreement has been submitted in compliance with the Memorandum of Understanding between the County of San Bernardino and the City of Upland related to sewer service provision within the area known as San Antonio Heights
5. The LAFCO filing fee of \$500 for this review has been paid.

In keeping with the determinations outlined above, the City of Upland is hereby authorized to proceed to provide the requested sewer service through final action on the service agreement.

Should you have questions concerning this correspondence, please do not hesitate to contact our office at the number listed above.

Sincerely,


SAMUEL MARTINEZ
Executive Officer

Encs.

cc: Robert Herbster, Assistant Engineer, City of Upland, w/encs.
Sara Friedman, property owner



STAFF REPORT

ITEM NO. 11.G.

DATE: February 11, 2019
TO: MAYOR AND CITY COUNCIL
FROM: JEANNETTE VAGNOZZI, CITY MANAGER
PREPARED BY: ROSEMARY HOERNING, PUBLIC WORKS DIRECTOR
SUBJECT: PROXY FOR SAN ANTONIO WATER COMPANY

RECOMMENDED ACTION

It is recommended that the City Council appoint Tom Thomas as proxy to vote all shares at the annual stockholder's meeting of the San Antonio Water Company for the slate of directors, to include the reappointment of Will Elliott and the appointment of Sid Robinson and Linden Brouse.

GOAL STATEMENT

The proposed action supports the City's strategic efforts to maintain reasonable water rates by developing a long-term systematic strategy to develop facilities in need of improvement, and by implementing management and financial controls.

BACKGROUND

The City of Upland owns controlling interest (approximately 68% of all outstanding shares) in San Antonio Water Company (SAW Co.), a private mutual water company. The City Council has selected the person carrying the proxy to vote for the slate of directors for the SAW Co. Board. Tom Thomas has served on the Board for a number of years and has indicated his willingness to serve as requested.

The SAW Co. Board members serve a four year term. SAW Co. will hold its annual meeting on April 9, 2019 to conduct annual business of the company. There are three vacant seats this year. Both Directors John Gerardi and Sue Sundell have indicated they enjoyed their assignments on the Board; however, they are unable to serve for an additional four-year term. As such, the City will need to provide two new Board candidates.

ISSUES/ANALYSIS

SAWCo will hold its annual meeting on April 9, 2019, to conduct annual business of the company. At this meeting three seats for the Board will be considered. The current Board members' seats which are up for consideration are Directors Sue Sundell, Will Elliott and John Gerardi.

The following are the recommended directors to fill the vacant seats with the other slated Board members.

The Board composition is as follows:

Existing Director Term Expiration Proposed Director Term Expiration

Tom Thomas	2021		
Gino Fillipi	2021		
Bob Cable	2021		
Jose Sanchez	2021		
Will Elliott	2019	Will Elliott	2023
Sue Sundell	2019	Sid Robinson	2023
John Gerardi	2019	Linden Brouse	2023

As the majority shareholder, the City must authorize a person to carry the City's proxy and to vote the City's shares at the annual meeting. Tom Thomas has served on the Board for several years and will present the City's proxy and vote the City's shares at the annual meeting.

FISCAL IMPACTS

There is no fiscal impact associated with this action.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

Proxy

SAN ANTONIO WATER COMPANY
Annual Meeting of the Shareholders
OFFICIAL PROXY AUTHORIZATION
(2019)

INSTRUCTIONS TO PROXY HOLDER(S)

Shareholders: Complete this form as noted below if you desire to instruct your chosen proxy holder, regarding the voting of your shares with respect to the election of members of the Board of Directors from the list of nominees set forth below.

Any shareholder completing this proxy, but failing to indicate in writing how the shares are to be voted on candidates or proposals before the meeting, will be deemed to have given the proxy holder(s) complete discretion in voting his, her, or its shares on any matter voted on at the meeting. If instructions are provided, your shares shall be voted in accordance with your instructions. Please return your proxy to: San Antonio Water Company, 139 N. Euclid Ave., Upland, CA 91786

ELECTION OF DIRECTORS

FOR ALL NOMINEES listed below (except as marked to the contrary).

To withhold authority to vote for any individual or all nominees, strike a line through the nominee's name in the list below:

Linden Brouse
Sid Robinson
Will Elliott

The undersigned appoints **Tom Thomas** as the proxy of the undersigned, with full power of substitution, to attend and vote all shares of the undersigned in the Corporation at the Annual Meeting to be held on Tuesday, April 9, 2019, and all adjournments thereof according to the number of votes the undersigned would be entitled to cast if personally present, for or against any proposal, including the election of members of the Board of Directors, and any and all other business that may come before the meeting, except as otherwise indicated in the written instructions hereon.

Please sign exactly as your name(s) appear(s) on your stock certificate. Joint owners should sign personally. If signed by attorney-in-fact, power of attorney must also be attached.

Dated 2/11/2019

Signature(s)

460 N Euclid Ave
Address

Signature(s)

Upland, CA
City/State

Debbie Stone, Mayor
Name(s) Typed or Printed



STAFF REPORT

ITEM NO. 11.H.

DATE: February 11, 2019
TO: MAYOR AND CITY COUNCIL
FROM: JEANNETTE VAGNOZZI, CITY MANAGER
PREPARED BY: ROSEMARY HOERNING, PUBLIC WORKS DIRECTOR
SUBJECT: BOARD OF DIRECTORS FOR WEST END CONSOLIDATED WATER COMPANY

RECOMMENDED ACTION

It is recommended that the City Council appoint Tom Thomas as proxy to vote all shares at the annual stockholder's meeting of the West End Consolidated Water Company for the slate of directors, to include the reappointment of Tom Thomas and Ken Willis.

GOAL STATEMENT

The proposed action supports the City's strategic efforts to maintain reasonable water rates by developing a long-term systematic strategy to develop facilities in need of improvement, and by implementing management and financial controls to improve financial strength.

BACKGROUND

The City of Upland owns controlling interest (approximately 91% of all outstanding shares) in West End Consolidated Water Company (WECWC), a private mutual water company. Historically, the City Council has directed the person carrying the proxy to vote for the slate of directors for the West End Consolidated Water Company.

ISSUES/ANALYSIS

The WECWC Board members serve a four year term. WECWC will hold its annual meeting on April 3, 2019 to conduct annual business of the company. There are two vacant seats this year.

The following are the West End Board Members and their term expiration dates:

Existing Director	Term Expiration	Proposed Director	Term Expiration
Mark Bertone	2021		
Richard Mayo	2021		
Sid Robinson	2021		
Tom Thomas	2019	<i>Tom Thomas</i>	<i>2023</i>
Ken Willis	2019	<i>Ken Willis</i>	<i>2023</i>

As the majority shareholder the City must authorize a person to carry the City's proxy and to vote the City's shares at the annual meeting.

FISCAL IMPACTS

There is no fiscal impact associated with this action.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

Proxy



OFFICIAL PROXY AUTHORIZATION

INSTRUCTION TO SHAREHOLDER(S)

If you desire to designate and instruct your chosen proxy holder, regarding the voting of your shares for such business requiring a vote at the meeting, please complete this form as noted below.

Any shareholder completing this proxy without indicating in writing how the shares are to be voted on proposals before the meeting, will be deemed to have given the proxy holders(s) complete discretion in voting the represented shares on any matter voted on at the meeting. If instructions are provided, your shares shall be voted in accordance with your instructions. Please return your proxy to West End Consolidated Water Company, 1370 N. Benson Ave., Upland, CA 91786.

VOTING PROXY

The instructions for voting my shares are as follows:

Written instructions:

Cast All Votes for the following Board candidates:

Tom Thomas

Ken Willis

The undersigned appoints(s) **Tom Thomas** as the proxy of the undersigned, with full power of substitution, to attend and vote all shares of the undersigned in the Corporation at the Annual 2019 Meeting to be held on April 3, 2019, and all adjournments thereof according to the number of votes the undersigned would be entitled to cast if personally present, for or against any proposal and any and all other business that may come before the meeting, except as otherwise indicated in the written instructions hereon.

Please sign exactly as your name(s) appears on your stock certificate. Joint owners should sign personally. If signed by attorney-in-fact, power of attorney must also be attached.

February 11, 2019

Date

Signature

460 N. Euclid Avenue

Address

Debbie Stone

Name

Upland, CA

City/State

Mayor

Title



STAFF REPORT

ITEM NO. 12.A.

DATE: February 11, 2019
TO: MAYOR AND CITY COUNCIL
FROM: JEANNETTE VAGNOZZI, CITY MANAGER
PREPARED BY: ROSEMARY HOERNING, PUBLIC WORKS DIRECTOR
PONCE YAMBOT, PRINCIPAL ENGINEER
SUBJECT: 20-FOOT WIDE ALLEY VACATION AT 1148 SAN BERNARDINO ROAD

RECOMMENDED ACTION

It is recommended that the City Council declare its intention to vacate approximately 813 linear feet of 20-foot wide alley located at 1148 San Bernardino Road, further described as south and east of Assessor's Parcel No. 1046-191-06 and continue the public hearing concerning the vacation to February 25, 2019 at 7 p.m. in the Council Chamber.

GOAL STATEMENT

The proposed action supports the City's goal to adhere for processing of development proposals in an efficient professional and courteous manner.

BACKGROUND

On September 26, 2018, the Planning Commission adopted Resolution No. 4893, making a General Plan Conformity Determination for SV 18-01, which involves the vacation of approximately 813 linear feet of 20-foot wide alley located at 1148 San Bernardino Road, further described as south and east of Assessor's Parcel No. 1046-191-06.

ISSUES/ANALYSIS

Approval by City Council will declare the City's intention to vacate the alley, as well as continuing the public hearing. Following the conclusion of the public hearing, the City Council can adopt a resolution ordering vacation of the alley.

In addition to the Planning Commission's determinations, the California Streets and Highways Code 8320 et seq contains specific proceedings in vacating public roadways and alleys, as follows:

- City to declare its intention to vacate the street;
- City to set a public hearing by fixing the date, hour and place of the hearing;
- City has caused the publishing and posting of the hearing notices;
- City Council to hold a public hearing, and make its determination of the approval or disapproval of the vacation.

FISCAL IMPACTS

The Proposed action does not have fiscal impact.

ALTERNATIVES

Provide alternative direction to staff.

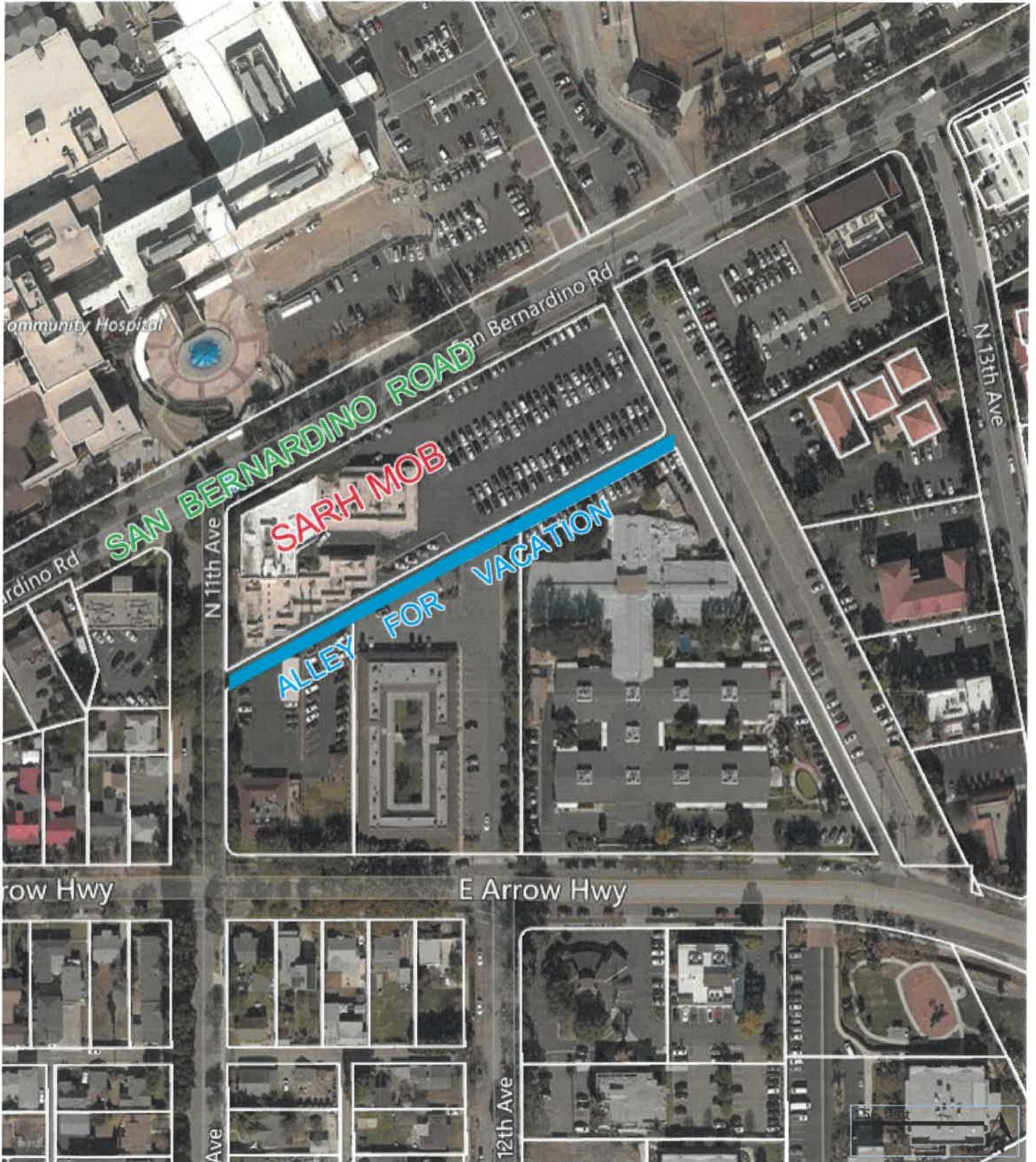
ATTACHMENTS:

LOCATION MAP

Alley Vacation Legal & Exhibits

Notice of Public Hearing

LOCATION MAP



ALLEY VACATION



EXHIBIT "A"
ALLEY VACATION
SAN ANTONIO REGIONAL HOSPITAL – MEDICAL OFFICE BUILDING

AN EASEMENT FOR ALLEY AND RELATED PURPOSES IN, OVER, ALONG, AND ACROSS THAT PORTION OF LOTS 573 AND 550, MAP OF ONTARIO, IN THE CITY OF UPLAND, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 11, PAGE 6 OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE SOUTHWESTERLY LINE OF THE EASEMENT TO THE SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT, AS RECORDED IN BOOK 3140, PAGE 71 OF OFFICIAL RECORDS IN THE OFFICE OF SAID COUNTY RECORDER, WITH A LINE WHICH IS PARALLEL WITH AND DISTANT SOUTHEASTERLY 11.00 FEET, MEASURED AT RIGHT ANGLES, FROM THE SOUTHEASTERLY LINE OF SAN BERNARDINO ROAD, 66 FEET WIDE;

THENCE SOUTHEASTERLY ALONG SAID SOUTHWESTERLY LINE OF THE SAN BERNARDINO COUNTY FLOOD CONTROL EASEMENT 189.07 FEET TO THE POINT OF INTERSECTION WITH A LINE WHICH IS PARALLEL WITH THE DISTANT SOUTHEASTERLY 200.00 FEET, MEASURED AT RIGHT ANGLES, FROM SAID SOUTHEASTERLY LINE OF SAN BERNARDINO ROAD;

THENCE SOUTHWESTERLY ALONG THE LAST DESCRIBED PARALLEL LINE 624.68 FEET TO THE POINT OF INTERSECTION WITH A LINE WHICH IS PARALLEL WITH AND DISTANT EASTERLY 33.00 FEET, MEASURED AT RIGHT ANGLES, FROM THE EASTERLY LINE OF ELEVENTH AVENUE, 33.00 FEET WIDE;

THENCE NORTHERLY ALONG THE LAST DESCRIBED PARALLEL LINE 22.65 FEET TO THE POINT OF INTERSECTION WITH A LINE WHICH IS PARALLEL WITH THE DISTANT SOUTHEASTERLY 180.00 FEET, MEASURED AT RIGHT ANGLES FROM SAID SOUTHEASTERLY LINE OF SAN BERNARDINO ROAD;

THENCE NORTHEASTERLY ALONG THE LAST DESCRIBED PARALLEL LINE 584.82 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 10.00 FEET, SAID CURVE ALSO BEING TANGENT AT ITS NORTHERLY TERMINUS WITH A LINE WHICH IS PARALLEL WITH AND DISTANT SOUTHWESTERLY 20.00 FEET, MEASURED AT RIGHT ANGLES, FROM SAID SOUTHWESTERLY LINE OF THE EASEMENT TO THE SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT;

THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 88°28'15" AN ARC DISTANCE OF 15.44 FEET TO THE POINT OF TANGENCY IN THE LAST DESCRIBED PARALLEL LINE;

THENCE NORTHWESTERLY ALONG THE LAST DESCRIBED PARALLEL LINE 159.32 FEET TO THE POINT OF INTERSECTION WITH THE PARALLEL LINE DESCRIBED ABOVE AS BEING DISTANT SOUTHEASTERLY 11.00 FEET, MEASURED AT RIGHT ANGLES, FROM THE SOUTHEASTERLY LINE OF SAN BERNARDINO ROAD;

THENCE NORTHEASTERLY ALONG THE LAST DESCRIBED PARALLEL LINE 20.01 FEET TO **POINT OF BEGINNING**;

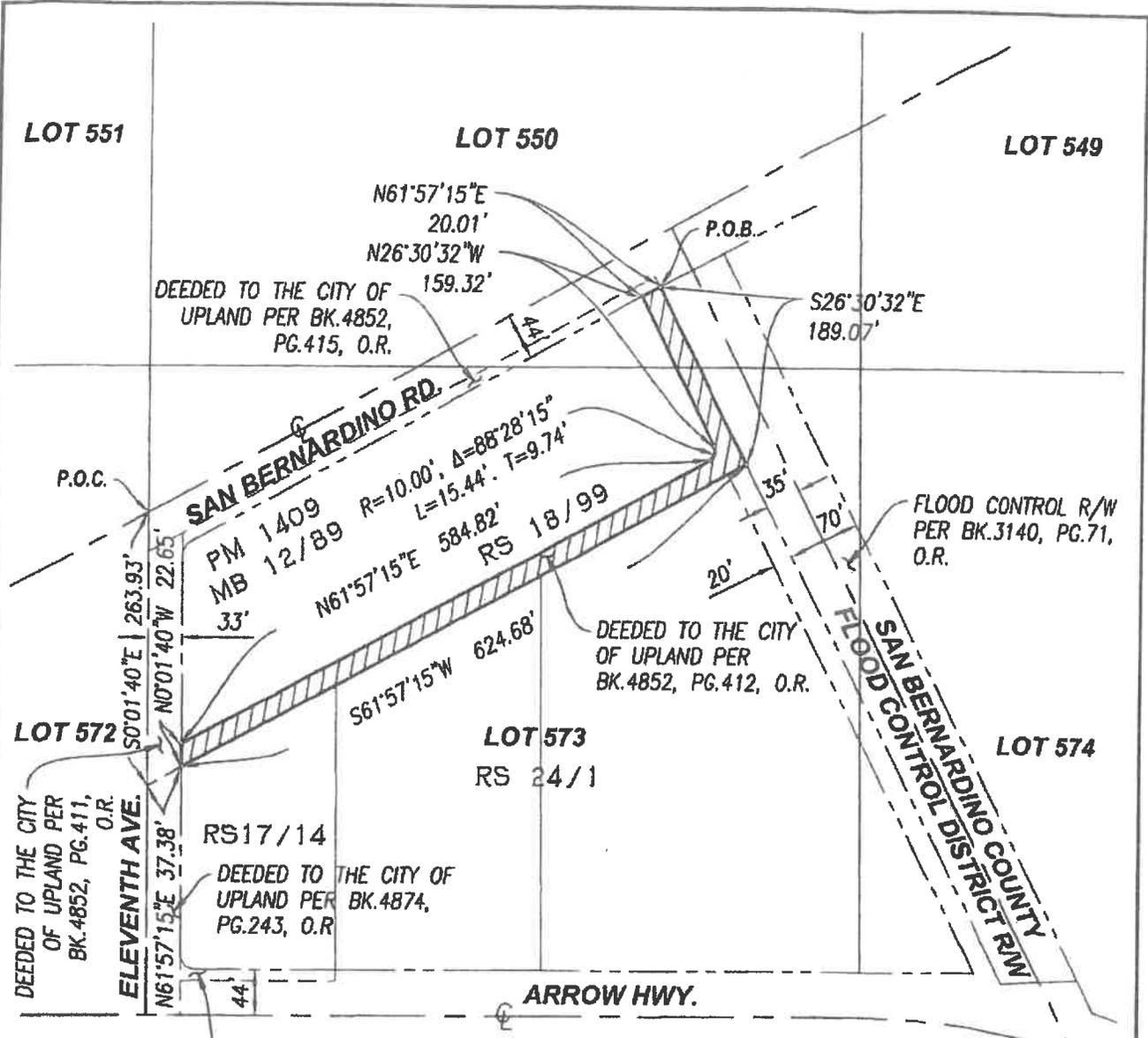
EXCEPTING AND RESERVING FROM THE VACATION AN EASEMENT FOR ANY EXISTING PUBLIC UTILITIES AND PUBLIC SERVICE FACILITIES, TOGETHER WITH THE RIGHT TO MAINTAIN, OPERATE, REPLACE, REMOVE, OR RENEW SUCH FACILITIES, PURSUANT TO SECTION 8340 OF THE STREETS AND HIGHWAYS CODE.

CONTAINING AN AREA OF APPROXIMATELY 0.37 NET ACRES, MORE OR LESS;

AS SHOWN ON EXHIBIT "B" AND BY THIS REFERENCE MADE A PART THEREOF.

PREPARED BY: Steve Leja 1/15/19
STEVE A. LEJA PLS 5933 DATE





DEEDED TO THE CITY OF UPLAND PER BK.4852, PG.415, O.R.

P.O.C.

SAN BERNARDINO RD.
 PM 1409
 MB 12/89 R=10.00' Δ=88°28'15"
 L=15.44' T=9.74'
 RS 18/99

FLOOD CONTROL R/W PER BK.3140, PG.71, O.R.

DEEDED TO THE CITY OF UPLAND PER BK.4852, PG.412, O.R.

SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT R/W

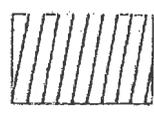
DEEDED TO THE CITY OF UPLAND PER BK.4852, PG.411, O.R.
ELEVENTH AVE.

RS17/14
 DEEDED TO THE CITY OF UPLAND PER BK.4874, PG.243, O.R.

LOT 573
 RS 24/1

ARROW HWY.

DEEDED TO THE CITY OF UPLAND PER BK.4874, PG.245, O.R.



INDICATES AREA OF VACATION

ALLEY VACATION CONTAINS 0.37 ACRES, MORE OR LESS.



1/15/19

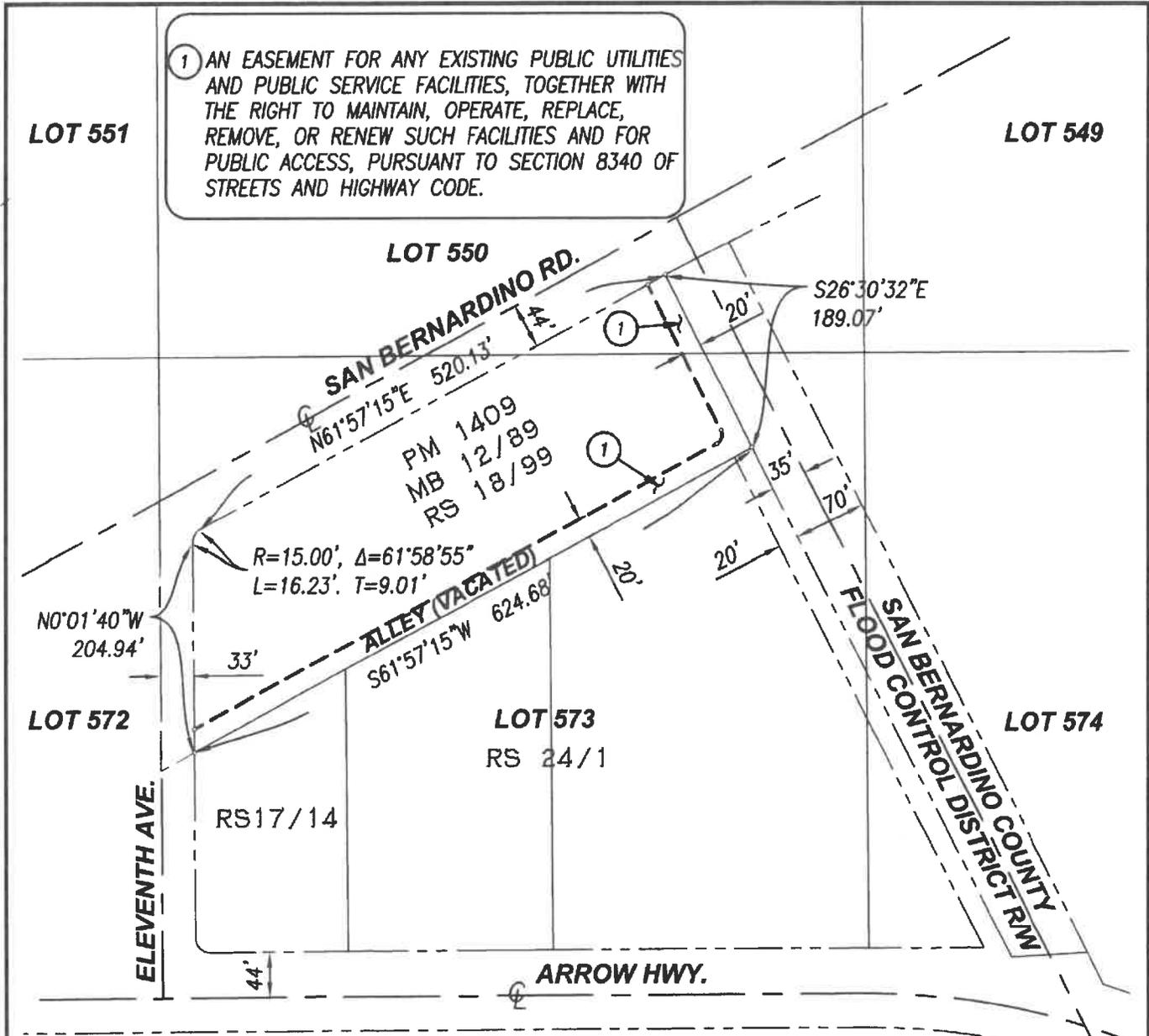


EPIC ENGINEERS

CIVIL ENGINEERING | LAND SURVEYING | PLANNING | STORMWATER MANAGEMENT
 101 E. REDLANDS BOULEVARD
 SUITE 146
 REDLANDS, CA 92373
 TEL: 909.792.5969
 FAX: 909.792.8869
 www.epicrce.com

EXHIBIT "B"
 BEFORE ALLEY VACATION
 AT ELEVENTH AVENUE & SAN BERNARDINO ROAD
 UPLAND, CA

W.O. 29.133
 BY: C.A.W.
 DATE: 10/12/2018
 SCALE: 1"= 150'
 SHEET: 1 OF 2



ALLEY VACATION CONTAINS
0.37 ACRES, MORE OR LESS.



1/15/19



EPIC ENGINEERS

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EXHIBIT "B"

**AFTER ALLEY VACATION
 AT ELEVENTH AVENUE & SAN
 BERNARDINO ROAD
 UPLAND, CA**

W.O. 29.133
 BY: C.A.W.
 DATE: 10/12/2018
 SCALE: 1" = 150'
 SHEET: 2 OF 2

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the City Council of the City of Upland will hold a public hearing on Monday, February 11, 2019, at 7:00 p.m., in the Council Chambers of the Upland City Hall, 460 North Euclid Avenue, Upland, CA 91786, to consider the item described herein:

STREET VACATION SV-18-01 to vacate a 20 foot strip from 11th Avenue to approximately 816 linear feet to the east. The alley is located at 1148 San Bernardino Road, further described as south and east of Assessor Parcel Number 1046-191-06. The proposed street vacation is an area of approximately 16,260 square feet (0.37 acres).

ENVIRONMENTAL ASSESSMENT: The proposed project has been determined to be exempt from environmental proceedings pursuant to the General Rule exemption in Article 5, Section 15061 (b)(3), Review for Exemption, of the California Environmental Quality Act (CEQA) Guidelines, since it does not involve a direct or reasonable foreseeable indirect physical change in the environment, and it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

Notice and conduct of public hearing will be in accordance with all pertinent provisions of the Streets and Highways Code Section 8322.

All maps, environmental information, and other data pertinent to this proposed project are filed in the Development Services Department and will be available for inspection during normal business hours prior to the public hearing. All interested persons are invited to attend this public hearing and express their opinions for or against the project proposed.

Comments on the proposal should be submitted in writing on or before February 11, 2019. All comments should be addressed to the Upland Public Works Department, Upland City Hall, 460 North Euclid Avenue, Upland, CA 91786.

If you challenge SV-18-01, 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.

Keri Johnson
Upland City Clerk

Publish: January 28 & February 4, 2019



STAFF REPORT

ITEM NO. 14.A.

DATE: February 11, 2019
TO: MAYOR AND CITY COUNCIL
FROM: JEANNETTE VAGNOZZI, CITY MANAGER
PREPARED BY: LONDA BOCK-HELMS, CPA, FINANCE OFFICER
SUBJECT: COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AND RELATED REPORTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

RECOMMENDED ACTION

It is recommended that the City Council receive and file the CAFR, 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, 2018. It is also recommended that City Council retroactively approve the transfer of cash from the General Fund to the Self-Insurance Fund in the amount of \$3,213,000 in order to eliminate a long term negative cash balance which couldn't be reported as such in the June 30, 2018 Comprehensive Annual Financial Report (CAFR).

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 following an independent audit. The CAFR presents a summary of financial position and financial transactions for the 2017-2018 fiscal year.

A municipality is also subject to the Single Audit Act as set forth by the United States of America Office of Management and Budget Circular A-133. 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 did not expend over \$750,000 during the year, and as a result, is exempt from the single audit requirement for FY 2017/18.

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.

In conjunction with the CAFR, a retroactive adjustment is presented for Council approval. For several years, the Self Insurance fund has had a substantial negative cash balance. In previous years, this negative cash balance was eliminated for financial statement purposes with a short term (2 day due to/from) loan from the General Fund. During the audit of the June 30, 2018 General Fund balance sheet, the audit firm of Van Lant & Fankhanel, LLP deemed it inappropriate to use either a short term or a long term loan from the General Fund to eliminate the negative cash balance. The loan receivable on the General Fund balance sheet would be invalid as the Self-Insurance fund has no revenue source other than the General Fund to repay the loan.

In addition, in accordance with the City of Upland Municipal Code chapter 3.01.030 B2 (also known as the Fiscal Responsibility Act), *"Once the 12.5% fund balance reserve is met, the city finance officer will provide recommendations to the council for assigning any additional reserves to: a. Reduce or eliminate deficit fund balances for funds supported by the General Fund, or operating needs as outlined in subsection A of this section."*

ISSUES/ANALYSIS

For Fiscal Year 2017/18, the City's CAFR has received an unmodified "clean" audit opinion, meaning that 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 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 were 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 \$339.3 million; this is a decrease of \$3.9 million in comparison with the prior year. The beginning Net Position was restated by \$(7,633,393) to adjust for: the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*; a restatement to record assets related to the housing function not previously reported; and a restatement to record an adjustment for revenues previously reported as unearned revenue.

The City's total assets increased by \$15.2 million during the fiscal year. The largest changes were an increase in cash of \$8.1 million, an increase in bond related restricted cash and joint venture net income of \$5.7 million, a \$4.2 million increase in receivables and inventory, and a \$2.7 million decrease in capital assets due to the Upland Fire Department's annexation to the San Bernardino County Fire Protection District.

The City's liabilities, excluding the pension obligation, increased by \$0.2 million during the current fiscal year. The increase in liabilities is due to an increase of \$2.2 million in accounts payable, a decrease of \$0.2 million in retentions payable and unearned revenue, and a decrease of \$1.8 million in accrued salaries and benefits and deposits payable.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$56.9 million, an increase of \$2 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 \$117.5 million, an increase of \$8.8 million (net of prior period restatement) in comparison with the prior year.

At the end of the fiscal year, the General Fund unassigned fund balance was \$9.5 million. This represents 24.8% of the FY 2017-18 General Fund operating budget expenditures. The current, council approved, annual reserve requirement is 17.5% or \$6.8 million.

Governmental Activities

Revenues and transfers in for the City's governmental activities totaled \$53.9 million, while expenses and transfers out totaled \$54.6 million. The City's net position decreased by \$0.7 million. The significant changes are highlighted below:

Charges for services increased by \$1.6 million or 15.4% from the prior year. The most significant increases were noted in the engineering and public works functions.

Property Taxes decreased \$4.2 million or 20.2% from the prior year primarily due to the property tax exchange approved when the Upland Fire Department was annexed to the San Bernardino County Fire Protection District.

Sales Tax increased by \$0.4 million or 2.9%, mostly due to improved retail activity within the City.

The cost of all governmental activities for the fiscal year was \$54.6 million, compared to \$54.5 million in the prior year. The difference of \$0.1 million represents a 0.18% increase.

Business-type Activities

As shown in the Statement of Activities, the amount paid by users for services was \$49.9 million. The cost of all Proprietary (Business-type) activities this year was \$40.3 million.

Total resources available during the year to finance Proprietary Fund (Business-type) activities were \$107.5 million (net of a \$1.3 million restatement). Net Position at June 30, 2018 is \$117.5 million; thus, net position increased by \$10.0 million.

The City's Major Funds

The City's governmental funds reported a combined fund balance of \$56.9 million, and its enterprise funds reported combined net position of \$117.5 million. The major changes are:

- The fund balance at year-end for the City's General Fund of \$14.2 million is an overall decrease of \$1.1 million. The decrease is the result of lower public safety expenses and lower property tax revenue due to the Fire Annexation and a transfer out of approximately \$3.2 million required in order eliminate the negative cash balance in the Self-Insured internal service fund.
- The Housing fund balance decreased by \$4.6 million or 32.4% after taking into consideration a restatement of net position. The decrease is primarily due to the refinancing of the 2007 Housing Revenue Bonds with the issuance of Multifamily Housing Revenue Bonds. The reserve cash balance from the 2007 Housing Revenue Bonds was used to reduce the outstanding liability resulting in a lower amount of debt to be refinanced.

- The Water Utility fund increased net position by \$8.3 million, or 9.76% due to increases in the water rates and the addition of new accounts resulting from new construction within the city.
- The Solid Waste Utility fund net position increased by \$0.5 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 increased by \$1.3 million (after a \$.4 million restatement) primarily due to sewer rate increases and the addition of new accounts resulting from new construction within the city.

Capital Assets

At June 30, 2018, the City had \$360.7 million invested in a broad range of capital assets, including police vehicles, buildings, park facilities, roads, and water and sewer lines. Capital assets decreased by \$2.6 million primarily due to the transfer of assets to San Bernardino County due to the Fire Department Annexation.

Debt

At June 30, 2018, the City had \$166.5 million in debt outstanding versus \$142.5 million in the prior year. This \$24 million increase is mostly due to increases in claims payable, OPEB and Net Pension Obligations and new lease/bond financing of energy efficiency and solar projects.

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, 2018 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 June 30, 2018

SAS 114 Letter

SAS 115 letter

Appropriations Limit Report

CITY OF UPLAND, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2018

Prepared by
Finance Division

City of Upland
Comprehensive Annual Financial Report
Year Ended June 30, 2018

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City of Upland
Comprehensive Annual Financial Report
Year Ended June 30, 2018

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INTRODUCTORY SECTION



January 31, 2019

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, 2018 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 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 77,017 persons as of December 2017.

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 the community at large. 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 has been some 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 2018/19. 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. On July 22, 2017, the City’s fire department was officially annexed by the SBCFPD. The savings realized in the current year and future years is expected to be significant enough to offset the rising pension and post-employment benefit costs without affecting current service levels and will most likely allow the City to increase its fund balance reserves to levels that will aid the City in weathering any future economic downturns without serious consequences.

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 generally accepted accounting principles. 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

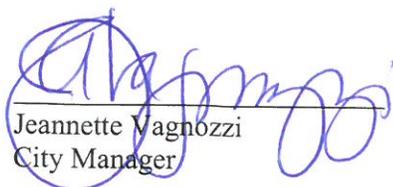
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Upland for its CAFR for the fiscal year ended June 30, 2017. To receive the award, a governmental unit must publish an easily readable 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,


Jeannette Vagnozzi
City Manager


Londa Bock-Helms
Finance Officer

Officials of the City of Upland

Elected Officials

Debbie Stone, Mayor

Gino L. Filippe

Janice Elliot

Sid Robinson

Carol Timm

Larry Kinley

Mayor Pro Tem

Councilmember

Councilmember

Councilmember

City Treasurer

Executive Staff

Martin Thouvenell, Interim City Manager

Jeannette Vagnozzi, Deputy City Manager

Vacant

Jeff Zwack

Rosemary Hoerning

Brian Johnson

Londa Bock-Helms

James L. Markman

Community Services Director

Development Services Director

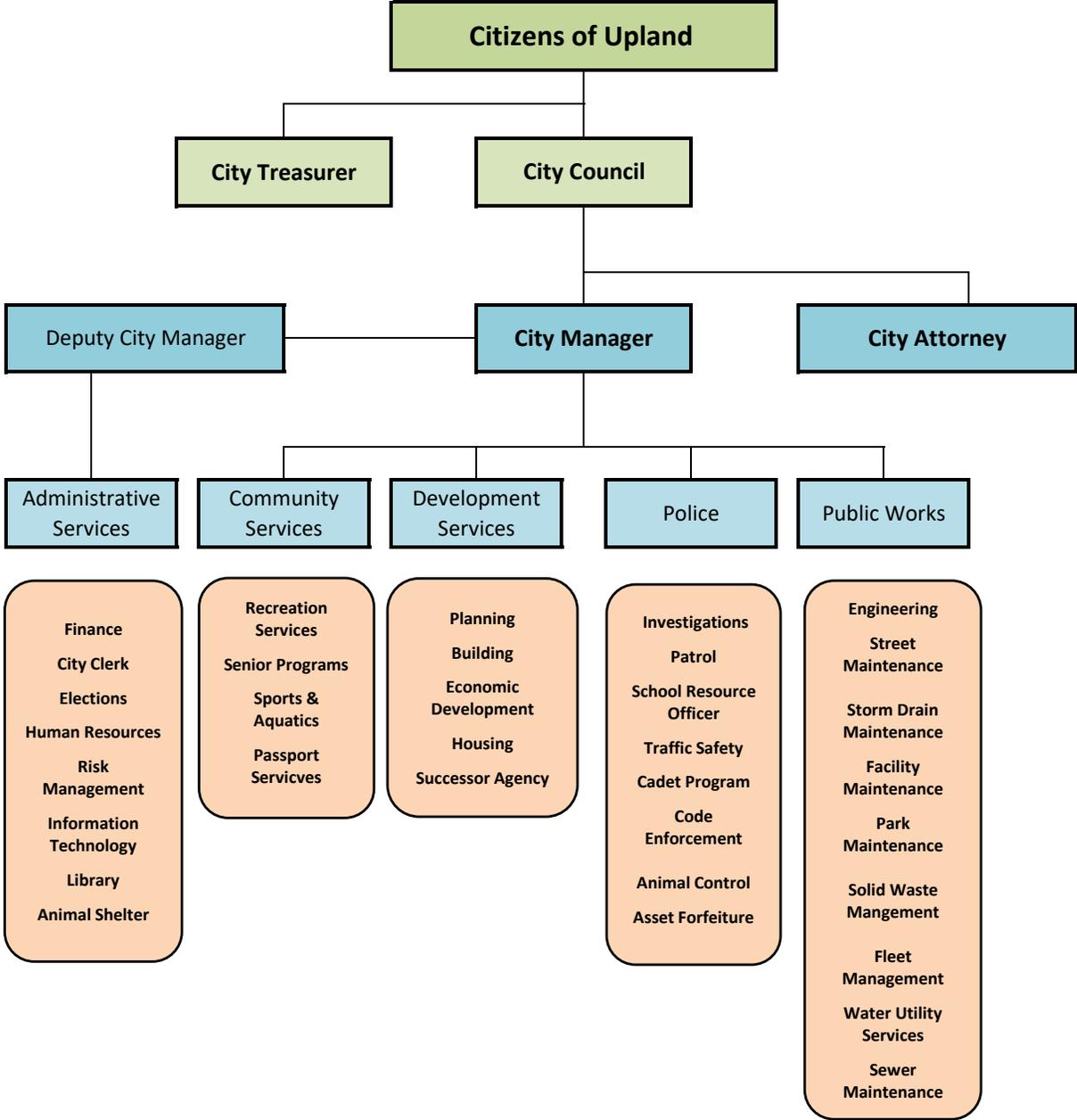
Public Works Director

Police Chief

Finance Officer

City Attorney

**City of Upland
Organizational Chart
Fiscal Year 2017-18**





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, 2017

Christopher P. Morrell

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, 2018, 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, 2018, 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.

Change in Accounting Principle

As described in Note 7 to the financial statements, in fiscal year 2017-18, the City adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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 January 31, 2019, 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 + Fankhaed, LLP

January 31, 2019

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2018

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, 2018. 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 \$339.3 million; this is a decrease of \$3.9 million in comparison with the prior year.
- ◆ The City's total assets increased by \$15.3 million during the fiscal year. The largest changes were an increase in cash of \$8.1 million, an increase in the City's bond related restricted cash and joint venture's cash of \$5.7 million, an increase of \$4.2 million in receivables and inventory, and a net decrease of \$2.7 million in Capital Assets due to Fire Department's annexation by the San Bernardino County Fire District.
- ◆ The City's liabilities, excluding the pension and other post-employment obligations, increased by \$0.2 million. The increase in liabilities is due to an increase of \$2.2 million in accounts payable, a decrease of \$0.2 million in retentions payable and unearned revenue, and a decrease of \$1.8 million in accrued salaries and benefits and deposits payable.
- ◆ As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$56.9 million, an increase of \$2.0 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 \$117.5 million, an increase of \$9.7 million in comparison with the prior year after taking into consideration the restatement of beginning net position more thoroughly discussed in Note 14 of the financial statements.
- ◆ At the end of the fiscal year, unassigned fund balance for the general fund totaled \$9.5 million. This represents 24.8% of the FY 2017-18 Annual Budget-General Fund operating expenditures. The annual minimum requirement per the City municipal code is 12.5% or \$4.8 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 14 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 21 and 22 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 \$339.3 million. The City’s net position decreased by \$3.9 million due to an increase in liabilities and decrease in capital assets (due to the Fire Department’s annexation to the San Bernardino County Fire District). 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, 2018 was:

Table 1

	Net Position (In Millions)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 71.0	\$ 65.8	\$ 67.5	\$ 54.9	\$ 138.5	\$ 120.7
Capital assets	284.0	285.9	76.7	77.4	360.7	363.3
Total assets	355.0	351.7	144.2	132.3	499.2	484.0
Deferred outflows of resources	20.0	17.4	2.3	2.3	22.3	19.7
Long-term liabilities	139.0	118.2	23.8	20.6	162.8	138.8
Other liabilities	11.5	11.9	5.0	4.4	16.5	16.3
Total liabilities	150.5	130.1	28.8	25.0	179.3	155.1
Deferred inflows of resources	2.7	4.5	0.2	0.9	2.9	5.4
Net position:						
Net investment in capital assets	262.3	267.8	69.5	68.8	331.8	336.6
Restricted	42.7	40.9	-	-	42.7	40.9
Unrestricted	(83.2)	(74.2)	48.0	39.9	(35.2)	(34.3)
Total net position	\$ 221.8	\$ 234.5	\$ 117.5	\$ 108.7	\$ 339.3	\$ 343.2

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:

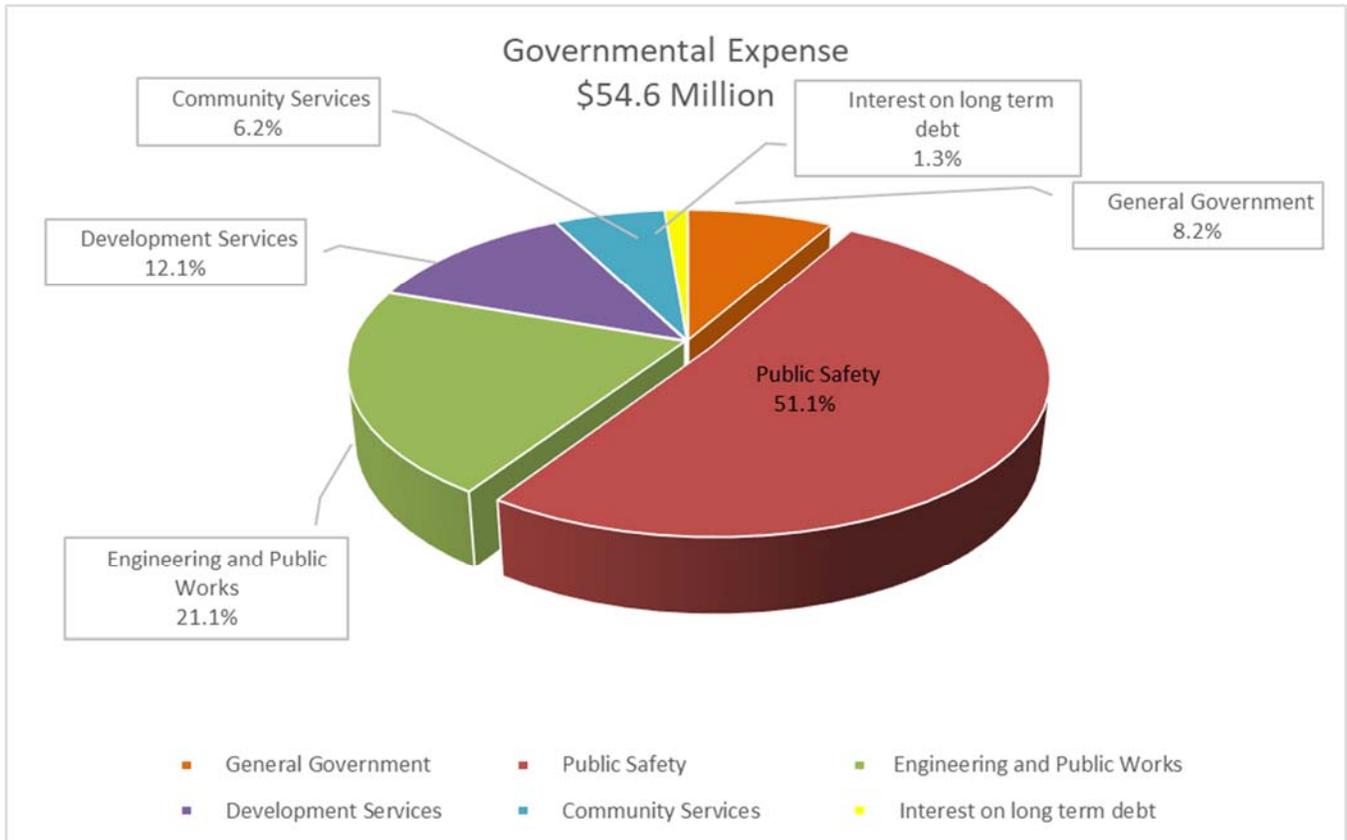
Table 2
Change in Net Position
(In Millions)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for services	12.2	10.6	49.9	42.1	62.1	52.7
Operating Contributions/Grants	2.1	5.9	0.1	0.1	2.2	6.0
Capital Contributions	6.6	4.3	-	-	6.6	4.3
General Revenues						
Taxes						-
Property Taxes	16.3	20.5	-	-	16.3	20.5
Sales Tax	13.7	13.3	-	-	13.7	13.3
Franchise Taxes	1.2	1.2	-	-	1.2	1.2
Transient Occupancy Taxes	0.2	0.2	-	-	0.2	0.2
Business License Taxes	1.0	1.1	-	-	1.0	1.1
Other Taxes	0.3	0.3	-	-	0.3	0.3
Investment Income	(0.1)	0.3	0.4	0.2	0.3	0.5
Motor Vehicle In Lieu	0.0	0.2	-	-	0.0	0.2
Gain on sale of assets	-	-	-	-	-	-
Miscellaneous Revenues	0.4	0.3	-	-	0.4	0.3
Total Revenues	<u>53.9</u>	<u>58.2</u>	<u>50.4</u>	<u>42.4</u>	<u>104.3</u>	<u>100.6</u>
Expenses						
General government	4.5	3.0	-	-	4.5	3.0
Public Safety	27.9	32.2	-	-	27.9	32.2
Public Works	11.5	9.8	-	-	11.5	9.8
Development Services	6.6	5.4	-	-	6.6	5.4
Community Services	3.4	3.7	-	-	3.4	3.7
Interest on long term debt	0.7	0.4	-	-	0.7	0.4
Water	-	-	20.0	18.5	20.0	18.5
Refuse	-	-	11.0	10.1	11.0	10.1
Sewer	-	-	9.3	7.8	9.3	7.8
Total Expenses	<u>54.6</u>	<u>54.5</u>	<u>40.3</u>	<u>36.4</u>	<u>94.9</u>	<u>90.9</u>
Special Items	(5.6)	-	-	-	(5.6)	-
Transfers	-	0.1	-	(0.1)	-	-
Change in Net Position	(6.3)	3.8	10.1	5.9	3.8	9.7
Net Position at beginning of year, as restated (note 14)	<u>228.1</u>	<u>230.7</u>	<u>107.4</u>	<u>102.8</u>	<u>335.5</u>	<u>333.5</u>
Net Position end of year	<u>\$ 221.8</u>	<u>\$ 234.5</u>	<u>\$ 117.5</u>	<u>\$ 108.7</u>	<u>\$ 339.3</u>	<u>\$ 343.2</u>

Governmental Activities

Revenues and transfers for the City’s governmental activities totaled \$53.9 million, while expenses totaled \$54.6 million, for a decrease in net position of \$0.7 million and an additional decrease of \$5.6 million due to City assets being transferred to the San Bernardino County Fire District due to the Fire Annexation discussed in Note 16. The actual total decrease in net position was \$6.3 million after taking into consideration the \$6.4 million restatement of prior year net position (Note 14). The significant changes are highlighted below.

- ◆ Charges for services increased by \$1.6 million or 15.4% from the prior year, primarily in the Engineering and Public Works function.
- ◆ Property Taxes decreased by \$4.2 million or 20.2% from the prior year primarily due Fire Department’s Annexation to the San Bernardino County Fire District.
- ◆ Sales Tax increased by \$0.4 million or 2.9% mostly due to improved retail activity within the City.
- ◆ The cost of all governmental activities for the fiscal year was \$54.6 million, compared to \$54.5 million in the prior year. Although the increase is only \$0.1 million, it is the net result of some major changes in several functions: General Government costs increased \$1.5 million; Public Works costs increased \$1.7 million; Development Services costs increased \$1.2 million; Public Safety costs decreased \$4.3 million. The increase in expenses in the General Government function was due to increases in Net Pension and OPEB liabilities and an increase in worker’s compensation claims expense. Public Works costs increased as the City started new energy efficiency projects including solar power installations citywide. Expenses in Development Services increased due to the debt refinancing and related expenses of the 2007 Housing Revenue bonds. Interest expense increased by \$0.3 million due to debt refinancing in the Housing fund, the new energy efficiency capital lease and the solar project Clean Renewable Energy Bonds (CREBS). All new debt instruments are more clearly described in Note 5 to the financial statements.



Business-type Activities

As shown in the Statement of Activities, the amount paid by users for services was about \$49.9 million. The cost of all Proprietary (Business-type) activities this year was \$40.3 million.

Total resources available during the year to finance Proprietary Fund (Business-type) activities were \$107.5 million (net of a \$1.3 million restatement more thoroughly discussed in Note 14 to the financial statements). Net Position at June 30, 2018 is \$117.5 million; thus, net position increased by \$10.0 million.

The City's Major Funds

The City's governmental funds reported a combined fund balance of \$56.9 million, and its enterprise funds reported combined net position of \$117.5 million. The major changes are as follows:

- ◆ The fund balance at year-end for the City's General fund of \$14.2 million is an overall decrease of \$1.1 million. The decrease is the result of lower public safety expenses and lower property tax revenues due to the Fire Annexation and a transfer out of \$3.4 million required to eliminate negative cash balances in the Self Insured internal service fund.
- ◆ The Housing fund balance decreased by \$4.6 million or 32.4%, after taking into consideration a restatement of net position described in Note 14 to the financial statements, primarily due to the refinancing of the 2007 Housing Revenue Bonds with issuance of Multifamily Housing Revenue Bonds.
- ◆ The Water Utility fund increased net position by \$8.3 million or 9.76% after taking into consideration a restatement of net position described in Note 14 to the financial statements. Water charges increased \$3.2 million due to a rate increase and higher usage resulting from new construction within the city. The fund received one-time revenues of \$3.5 million from the sale of leased water. The fund also recognized income of \$1.2 million as its share of joint venture net income more thoroughly discussed in Note 11 to the financial statements.
- ◆ The Solid Waste Utility net position increased by \$0.5 million resulting primarily from annual rate increases 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 state mandated programs.
- ◆ The Sewer Utility fund increased by \$1.3 million (after a \$.4 million restatement described in Note 14) primarily due to Sewer rate increases and the addition of new accounts resulting from new construction within the city.

General Fund Budgetary Highlights

Over the course of the year the City Manager revised the City budget several times, however, any increases in appropriations were offset by corresponding increases in budgeted revenues. These budget amendments and supplemental appropriations that were approved after the beginning of the year are included in the final budget column. Comparing the fiscal year 2017-18 adopted General Fund budget of \$37.5 million to the final budget of \$39.6 million results in an increase of \$2.1 million. Actual expenditures for the General Fund of \$36.4 million were \$3.0 million under the final budget amounts. The fiscal year 2017-18 adopted revenue budget started at \$37.1 million and was increased to \$37.8 million. Actual revenue for the General Fund of \$38.7 million was \$0.9 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, 2018, the City had \$360.7 million invested in a broad range of capital assets, including police vehicles, buildings, park facilities, roads, and water and sewer lines. Capital assets decreased by \$2.6 million primarily due to transfer of assets to San Bernardino County due to the Fire Department Annexation.

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 5.1	\$ 5.1	\$ 2.0	\$ 2.0	\$ 7.1	\$ 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	5.7	1.6	1.0	1.0	6.7	2.6
Other capital assets	166.3	172.3	73.7	74.4	240.0	246.7
Totals	<u>\$ 284.0</u>	<u>\$ 285.9</u>	<u>\$ 76.7</u>	<u>\$ 77.4</u>	<u>\$ 360.7</u>	<u>\$ 363.3</u>

The City's fiscal year 2018-19 capital budget appropriates another \$17.1 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, 2018, the City had \$166.6 million in outstanding debt versus \$142.5 million in the prior year. This represents an increase of \$24.1 million, mostly due to increases in Net Pension and Net OPEB liabilities, and the City issuing new debt in order to finance two energy efficiency projects.

Table 4
Debt at Year-End
(In Millions)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Compensated Absences	\$ 1.7	\$ 1.8	\$ 0.4	\$ 0.2	\$ 2.1	\$ 2.0
Net OPEB Liability/obligation	11.6	3.3	2.9	1.4	14.5	4.7
Net Pension Liability	100.0	90.4	12.0	10.7	112.0	101.1
Claims Payable	7.9	7.7	-	-	7.9	7.7
Multifamily Housing Rev Bonds	14.4	-	-	-	14.4	-
Energy Efficiency Lease	2.7	-	-	-	2.7	-
CREBS Lease Agreement	4.5	-	-	-	4.5	-
Housing Revenue Bonds	-	18.0	-	-	-	18.0
Capital Lease	-	0.2	-	-	-	0.2
Revenue Refunding Bonds	-	-	8.4	8.8	8.4	8.8
Totals	<u>\$ 142.8</u>	<u>\$ 121.4</u>	<u>\$ 23.7</u>	<u>\$ 21.1</u>	<u>\$ 166.5</u>	<u>\$ 142.5</u>

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

Much of the Inland Empire's economy continues to reside in an expansionary cycle. In the City of Upland, real estate assessed values, which increased 5.5% in fiscal year 2017/18, grew another \$487 million for 2018/19. With single family homes in the region relatively more affordable than in nearby Los Angeles and Orange Counties, forecasters are projecting the number of home sales to maintain their current pace. As evidenced in the first four months of 2018/19, single family residences are selling for an average of 49.3% over their previous assessed values.

The City of Upland experienced a net taxable value increase of 5.5% in the 2017/18 tax rolls which represents its 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 development was completed during the current fiscal year which birthed 5 new businesses in the City including Whole Foods 365 and CVS Pharmacy. Five additional businesses are expected to open in fiscal year 2018/19. At the time the annual budget for fiscal year 2018/19 was adopted, it included a .4% increase of budgeted sales tax. Current sales tax data provided by HdI Companies indicates an increase in sales tax of 17.64% in the first quarter of fiscal year 2018/19 over the same period in the prior year.

Even though the economic outlook for the City of Upland has improved over the past couple of years and is expected to continue to improve in the current year, the City will continue to exercise fiscal prudence.

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

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City of Upland
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 42,140,625	\$ 28,892,687	\$ 71,033,312
Receivables:			
Accounts, Net	1,082,367	8,795,047	9,877,414
Accrued Interest	305,164	-	305,164
Notes, Net	10,681,499	-	10,681,499
Accrued Interest on Notes	2,336,242	-	2,336,242
Due From Other Governments	5,104,689	242	5,104,931
Inventory and Prepaid Items	191,722	4,560,208	4,751,930
Land Held for Resale	1,731,389	-	1,731,389
Restricted Assets:			
Cash and Investments with Fiscal Agent	4,418,419	-	4,418,419
Cash and Investments	3,030,825	540,361	3,571,186
Investment in Joint Ventures	-	24,781,427	24,781,427
Capital Assets, Not Being Depreciated:	117,756,200	3,068,402	120,824,602
Capital Assets, Net of Accumulated Depreciation:	166,244,316	73,613,504	239,857,820
Total Assets	<u>355,023,457</u>	<u>144,251,878</u>	<u>499,275,335</u>
DEFERRED OUTFLOWS OF RESOURCES			
OPEB Related Items	338,225	77,131	415,356
Pension Related Items	19,669,597	2,262,653	21,932,250
Total Deferred Outflows of Resources	<u>20,007,822</u>	<u>2,339,784</u>	<u>22,347,606</u>
LIABILITIES			
Accounts Payable	4,096,103	4,258,326	8,354,429
Accrued Salaries and Benefits	827,114	178,565	1,005,679
Accrued Interest Payable	-	92,653	92,653
Deposits Payable	2,497,504	540,360	3,037,864
Retention Payable	234,383	-	234,383
Unearned Revenue	14,709	19,137	33,846
Noncurrent Liabilities:			
Net OPEB Liability	11,559,049	2,864,295	14,423,344
Net Pension Liability	99,976,917	12,062,758	112,039,675
Due Within One Year	3,858,006	555,984	4,413,990
Due in More Than One Year	27,452,113	8,236,356	35,688,469
Total Liabilities	<u>150,515,898</u>	<u>28,808,434</u>	<u>179,324,332</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Items	2,745,575	238,090	2,983,665
NET POSITION			
Net Investment in Capital Assets	262,318,491	69,511,985	331,830,476
Restricted for:			
Public Safety	1,458,786	-	1,458,786
Engineering and Public Works	9,526,777	-	9,526,777
Development Services	26,139,065	-	26,139,065
Community Services	5,491,525	-	5,491,525
Unrestricted	(83,164,838)	48,033,153	(35,131,685)
Total Net Position	<u>\$ 221,769,806</u>	<u>\$ 117,545,138</u>	<u>\$ 339,314,944</u>

The accompanying notes are an integral part of this statement.

**City of Upland
Statement of Activities
Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 4,539,492	\$ 382,010	\$ 7,500	\$ 164,094
Public Safety	27,927,892	1,827,271	1,473,235	869,852
Engineering and Public Works	11,468,377	4,207,550	79,305	4,467,791
Development Services	6,624,913	5,245,335	438,818	-
Community Services	3,370,656	546,702	67,549	1,102,354
Interest on Long-Term Debt	715,062	-	-	-
Total Governmental Activities	<u>54,646,392</u>	<u>12,208,868</u>	<u>2,066,407</u>	<u>6,604,091</u>
Business-type Activities:				
Water Utility	19,989,900	28,076,336	-	-
Solid Waste Utility	11,042,468	11,687,415	70,598	-
Sewer Utility	9,285,699	10,144,832	-	-
Total Business-type Activities	<u>40,318,067</u>	<u>49,908,583</u>	<u>70,598</u>	<u>-</u>
Total Primary Government	<u>\$ 94,964,459</u>	<u>\$ 62,117,451</u>	<u>\$ 2,137,005</u>	<u>\$ 6,604,091</u>

General Revenues:

Taxes:

Property Taxes

Sales Taxes

Franchise Taxes

Transient Occupancy Taxes

Business License Tax

Other Taxes

Motor Vehicle in-lieu

Miscellaneous Revenues

Investment Income

Total General Revenues and Transfers

Special Item (Note 16)

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
\$ (3,985,888)	\$ -	\$ (3,985,888)
(23,757,534)	-	(23,757,534)
(2,713,731)	-	(2,713,731)
(940,760)	-	(940,760)
(1,654,051)	-	(1,654,051)
(715,062)	-	(715,062)
<u>(33,767,026)</u>	<u>-</u>	<u>(33,767,026)</u>
-	8,086,436	8,086,436
-	715,545	715,545
-	859,133	859,133
<u>-</u>	<u>9,661,114</u>	<u>9,661,114</u>
<u>(33,767,026)</u>	<u>9,661,114</u>	<u>(24,105,912)</u>
16,343,119	-	16,343,119
13,673,539	-	13,673,539
1,227,857	-	1,227,857
168,824	-	168,824
1,036,158	-	1,036,158
263,968	-	263,968
40,421	-	40,421
321,564	-	321,564
(90,335)	415,529	325,194
<u>32,985,115</u>	<u>415,529</u>	<u>33,400,644</u>
<u>(5,562,967)</u>	<u>-</u>	<u>(5,562,967)</u>
(6,344,878)	10,076,643	3,731,765
234,465,774	108,750,798	343,216,572
<u>(6,351,090)</u>	<u>(1,282,303)</u>	<u>(7,633,393)</u>
<u>\$ 221,769,806</u>	<u>\$ 117,545,138</u>	<u>\$ 339,314,944</u>

**City of Upland
Balance Sheet
Governmental Funds
June 30, 2018**

	General	Special Revenue Housing	Non-major Governmental	Total
ASSETS				
Cash and Investments	\$ 12,205,134	\$ 2,552,041	\$ 24,056,846	\$ 38,814,021
Cash with Fiscal Agent	-	-	4,418,419	4,418,419
Restricted Cash	2,857,401	173,424	-	3,030,825
Receivables:				
Accounts	995,758	3,375	46,350	1,045,483
Accrued Interest	305,164	-	-	305,164
Notes, net	16,748	5,386,972	5,277,779	10,681,499
Accrued Interest on Notes	-	1,174,837	1,161,405	2,336,242
Due from Other Governments	3,422,305	-	1,682,234	5,104,539
Due from Other Funds	83,670	-	-	83,670
Inventory and Prepaid Items	48,121	-	-	48,121
Land Held for Resale	-	1,731,389	-	1,731,389
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 19,934,301</u>	<u>\$ 11,022,038</u>	<u>\$ 36,643,033</u>	<u>\$ 67,599,372</u>
LIABILITIES				
Accounts Payable	\$ 1,635,027	\$ 110,355	\$ 1,978,348	\$ 3,723,730
Accrued Salaries and Benefits	714,076	34,303	22,253	770,632
Due to Other Funds	-	-	83,670	83,670
Deposits Payable	2,321,686	172,124	3,694	2,497,504
Retentions Payable	11,250	-	223,133	234,383
Unearned Revenue	-	-	14,709	14,709
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>4,682,039</u>	<u>316,782</u>	<u>2,325,807</u>	<u>7,324,628</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	1,019,420	1,174,837	1,224,257	3,418,514
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>1,019,420</u>	<u>1,174,837</u>	<u>1,224,257</u>	<u>3,418,514</u>
FUND BALANCE (DEFICITS)				
Nonspendable	64,869	-	-	64,869
Restricted	18,473	9,530,419	33,085,734	42,634,626
Committed	4,670,418	-	-	4,670,418
Assigned	-	-	7,531	7,531
Unassigned	9,479,082	-	(296)	9,478,786
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances (Deficits)	<u>14,232,842</u>	<u>9,530,419</u>	<u>33,092,969</u>	<u>56,856,230</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows and Fund Balances (Deficits)	<u>\$ 19,934,301</u>	<u>\$ 11,022,038</u>	<u>\$ 36,643,033</u>	<u>\$ 67,599,372</u>

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, 2018

Fund balances of governmental funds \$ 56,856,230

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	375,956,044	
Accumulated Depreciation	<u>(93,871,270)</u>	282,084,774

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

3,418,514

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

Compensated Absences		(1,559,578)
Multifamily Housing Revenue Note		(14,420,150)
CREBS Lease Payable		(4,525,832)
Energy Efficiency Lease Payable		(2,736,043)
Net Pension Liability		(96,049,601)
Net OPEB Liability		(10,718,423)

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		18,932,936
Deferred Inflows Related to Pensions		(2,668,059)
Deferred Outflows Related to OPEB		315,588

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.

(7,160,550)

Net position of governmental activities \$ 221,769,806

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, 2018

	General	Special Revenue Housing	Non-major Governmental	Total
REVENUES				
Taxes	\$ 31,724,535	\$ -	\$ 994,855	\$ 32,719,390
Licenses & Permits	2,212,782	-	2,951,440	5,164,222
Charges for Services	2,785,383	-	-	2,785,383
Fines and Penalties	646,874	-	-	646,874
Investment Income	(304,772)	37,227	306,426	38,881
Rental Income	788,274	3,860,776	89,142	4,738,192
Intergovernmental	356,199	-	5,223,661	5,579,860
Other Revenue	483,390	22,561	428,784	934,735
Total Revenues	38,692,665	3,920,564	9,994,308	52,607,537
EXPENDITURES				
Current:				
General Government	2,154,855	-	-	2,154,855
Public Safety	22,812,021	-	1,138,526	23,950,547
Engineering and Public Works	6,292,362	-	9,068,785	15,361,147
Development Services	1,660,617	4,325,809	380,392	6,366,818
Community Services	3,131,395	-	39,004	3,170,399
Debt Service:				
Principal	232,449	18,444,850	-	18,677,299
Interest	129,035	586,027	-	715,062
Total Expenditures	36,412,734	23,356,686	10,626,707	70,396,127
Excess (Deficiency) of Revenues over Expenditures	2,279,931	(19,436,122)	(632,399)	(17,788,590)
OTHER FINANCING SOURCES (USES)				
Transfer In	35,777	-	188,304	224,081
Transfer Out	(3,412,341)	-	(280,954)	(3,693,295)
Issuance of Debt	-	14,865,000	7,345,487	22,210,487
Total Other Financing Sources (Uses)	(3,376,564)	14,865,000	7,252,837	18,741,273
Net Change in Fund Balances	(1,096,633)	(4,571,122)	6,620,438	952,683
Fund Balances, Beginning	15,329,475	13,356,732	26,202,564	54,888,771
Prior Period Adjustments (Note 14)	-	744,809	269,967	1,014,776
Fund Balances, Ending	\$ 14,232,842	\$ 9,530,419	\$ 33,092,969	\$ 56,856,230

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, 2018

Net change in fund balances-total governmental funds \$ 952,683

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	9,290,691
Depreciation Expense	(5,886,450)
Loss on Disposal of Capital Assets	(345,127)
Loss on Disposal of Capital Assets (See Note 18 - Special Item)	(5,562,967)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 1,256,944

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	232,449
Principal Paid on Lease Revenue Bonds	18,444,850
Issuance of Multifamily Housing Revenue Note	(14,865,000)
Issuance of Capital Leases	(7,345,487)

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	80,991
Net Change in Net Pension Liability	(8,934,953)
Net Change in Net OPEB Liability	684,883
Net Change in Deferred Outflows Pension Related Amounts	2,344,835
Net Change in Deferred Inflows Pension Related Amounts	1,681,837
Net Change in Deferred Outflows OPEB Related Amounts	(1,193,375)

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. 2,818,318

Change in net position of governmental activities \$ (6,344,878)

The accompanying notes are an integral part of this statement.

City of Upland
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-type Activities - Enterprise Funds				Governmental
	Water Utility	Solid Waste Utility	Sewer Utility	Totals	Internal Service Fund
ASSETS					
Current Assets:					
Cash and Investments	\$ 15,119,347	\$ 1,379,406	\$ 12,393,934	\$ 28,892,687	\$ 3,326,604
Accounts Receivable, Net	5,354,681	1,650,794	1,789,572	8,795,047	36,884
Due from Other Governments	149	40	53	242	150
Inventory and Prepaid Items	4,560,208	-	-	4,560,208	143,601
Total Current Assets	25,034,385	3,030,240	14,183,559	42,248,184	3,507,239
Noncurrent Assets:					
Restricted Cash and Investments	501,689	-	38,672	540,361	-
Investment in Joint Ventures	24,781,427	-	-	24,781,427	-
Capital Assets, Not Being Depreciated:					
Land	2,058,694	-	-	2,058,694	-
Construction in Progress	930,465	-	79,243	1,009,708	99,578
Capital Assets, Net of Accumulated Depreciation	60,099,039	-	13,514,465	73,613,504	1,816,164
Total Noncurrent Assets	88,371,314	-	13,632,380	102,003,694	1,915,742
Total Assets	113,405,699	3,030,240	27,815,939	144,251,878	5,422,981
DEFERRED OUTFLOWS OF RESOURCES					
OPEB Related Items	51,878	4,444	20,809	77,131	22,637
Pension Related Items	1,486,112	131,681	644,860	2,262,653	736,661
Total Deferred Outflows of Resources	1,537,990	136,125	665,669	2,339,784	759,298
LIABILITIES					
Current Liabilities:					
Accounts Payable	1,555,881	1,523,574	1,178,871	4,258,326	372,373
Accrued Salaries and Wages	112,761	13,449	52,355	178,565	56,482
Interest Payable	92,653	-	-	92,653	-
Unearned Revenue	-	19,137	-	19,137	-
Retentions Payable	-	-	-	-	-
Deposits Payable	501,688	-	38,672	540,360	-
Current Portion of Long-Term Liabilities:					
Claims and Judgments Payable	-	-	-	-	2,336,385
Compensated Absences	128,946	12,806	59,232	200,984	56,539
Revenue Bonds Payable	355,000	-	-	355,000	-
Total Current Liabilities	2,746,929	1,568,966	1,329,130	5,645,025	2,821,779
Noncurrent Liabilities:					
Claims and Judgments Payable	-	-	-	-	5,607,497
Net OPEB Liability	1,926,497	165,040	772,758	2,864,295	840,626
Net Pension Liability	7,922,829	702,023	3,437,906	12,062,758	3,927,316
Compensated Absences	86,758	11,792	57,622	156,172	68,095
Revenue Bonds Payable	8,080,184	-	-	8,080,184	-
Total Noncurrent Liabilities	18,016,268	878,855	4,268,286	23,163,409	10,443,534
Total Liabilities	20,763,197	2,447,821	5,597,416	28,808,434	13,265,313
DEFERRED INFLOWS OF RESOURCES					
Pension Related Items	156,378	13,856	67,856	238,090	77,516
NET POSITION					
Net Investment in Capital Assets	55,168,198	750,079	13,593,708	69,511,985	1,915,742
Unrestricted	38,855,916	(45,391)	9,222,628	48,033,153	(9,076,292)
Total Net Position	\$ 94,024,114	\$ 704,688	\$ 22,816,336	\$ 117,545,138	\$ (7,160,550)

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, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water Utility	Solid Waste Utility	Sewer Utility	Totals	Internal Service Fund
OPERATING REVENUES					
Charges for Services	\$ 27,308,823	\$ 11,687,415	\$ 9,746,313	\$ 48,742,551	\$ 7,923,752
Licenses and Permits	486,581	-	398,224	884,805	-
Other	280,932	-	295	281,227	100,128
Total Operating Revenue	28,076,336	11,687,415	10,144,832	49,908,583	8,023,880
OPERATING EXPENSES					
Administrative Costs	4,194,768	1,004,403	276,829	5,476,000	-
Maintenance and Operations	13,938,926	-	2,513,318	16,452,244	4,184,936
Contractual Services	194,581	10,038,065	5,870,982	16,103,628	523,694
Customer Service	651,542	-	-	651,542	-
Claims Expense	-	-	-	-	3,803,621
Depreciation	1,820,643	-	556,002	2,376,645	231,876
Total Operating Expenses	20,800,460	11,042,468	9,217,131	41,060,059	8,744,127
Operating Income (Loss)	7,275,876	644,947	927,701	8,848,524	(720,247)
NONOPERATING REVENUES (EXPENSES)					
Investment Income	195,469	27,613	192,447	415,529	46,301
Share of Joint Venture Net Income (loss)	1,161,497	-	-	1,161,497	-
Gain/ (Loss) on Disposal of Capital Assets	(10,069)	-	(68,568)	(78,637)	23,050
Interest Expense	(340,868)	-	-	(340,868)	-
Intergovernmental	-	70,598	-	70,598	-
Total Nonoperating Revenues (Expenses)	1,006,029	98,211	123,879	1,228,119	69,351
Income Before Contributions and Transfers	8,281,905	743,158	1,051,580	10,076,643	(650,896)
Capital Contributions	-	-	-	-	-
Transfers In	-	-	265,000	265,000	3,469,214
Transfers Out	-	(265,000)	-	(265,000)	-
Change in Net Position	8,281,905	478,158	1,316,580	10,076,643	2,818,318
Total Net Position, Beginning	86,596,903	283,801	21,870,094	108,750,798	(9,197,423)
Restatement of Net Position	(854,694)	(57,271)	(370,338)	(1,282,303)	(781,445)
Total Net Position, Ending	\$ 94,024,114	\$ 704,688	\$ 22,816,336	\$ 117,545,138	\$ (7,160,550)

The accompanying notes are an integral part of this statement.

City of Upland
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2018

	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	\$ 26,897,626	\$ 11,623,562	\$ 10,011,950	\$ 48,533,138	\$ -
Cash Received from User Departments	-	-	-	-	8,020,857
Cash Paid to Suppliers for Goods and Services	(16,948,194)	(9,925,115)	(6,871,168)	(33,744,477)	(6,747,177)
Cash Paid to Employees for Services	(2,486,567)	(421,511)	(757,379)	(3,665,457)	(769,711)
Net Cash from Operating Activities	<u>7,462,865</u>	<u>1,276,936</u>	<u>2,383,403</u>	<u>11,123,204</u>	<u>503,969</u>
Cash Flows from Noncapital Financing Activities					
Grant Revenue	-	70,598	-	70,598	-
Advances Paid (to) from Other Funds	-	-	-	-	210,767
Cash Paid (to) from Other Funds	-	(265,000)	265,000	-	256,213
Net Cash from Noncapital Financing Activities	<u>-</u>	<u>(194,402)</u>	<u>265,000</u>	<u>70,598</u>	<u>466,980</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition and Construction of Capital Assets	(1,262,002)	-	(454,827)	(1,716,829)	(796,109)
Proceeds from the Sale of Assets	-	-	-	-	23,050
Principal Paid on Debt	(340,000)	-	-	(340,000)	-
Interest Paid on Debt	(377,749)	-	-	(377,749)	-
Net Cash from Capital and Related Financing Activities	<u>(1,979,751)</u>	<u>-</u>	<u>(454,827)</u>	<u>(2,434,578)</u>	<u>(773,059)</u>
Cash Flows from Investing Activities					
Interest on Investments	195,469	27,613	192,447	415,529	46,301
Net Cash from Investing Activities	<u>195,469</u>	<u>27,613</u>	<u>192,447</u>	<u>415,529</u>	<u>46,301</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,678,583	1,110,147	2,386,023	9,174,753	244,191
Cash and Cash Equivalents, Beginning of Year	9,942,453	269,259	10,046,583	20,258,295	3,082,413
Cash and Cash Equivalents, End of Year	<u>\$ 15,621,036</u>	<u>\$ 1,379,406</u>	<u>\$ 12,432,606</u>	<u>\$ 29,433,048</u>	<u>\$ 3,326,604</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ 7,275,876	\$ 644,947	\$ 927,701	\$ 8,848,524	\$ (720,247)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,820,643	-	556,002	2,376,645	231,876
(Increase) Decrease in Accounts Receivable	(1,341,273)	(33,248)	(132,856)	(1,507,377)	(2,921)
(Increase) Decrease in Due from Other Governments	99,324	65	(26)	99,363	(102)
(Increase) Decrease in Inventory and Prepaid Items	(966,786)	-	-	(966,786)	18,870
(Increase) Decrease in Deferred Outflows - Pensions	175,911	11,898	(125,175)	62,634	67,796
(Increase) Decrease in Deferred Outflows - OPEB	(51,878)	(4,444)	(20,809)	(77,131)	(22,637)
Increase (Decrease) in Accounts Payable	(175,118)	794,804	554,156	1,173,842	146,629
Increase (Decrease) in Accrued Salaries and Benefits	10,697	5,391	21,741	37,829	51
Increase (Decrease) in Retention Payable	(10,007)	-	-	(10,007)	-
Increase (Decrease) in Deposits Payable	63,239	-	-	63,239	-
Increase (Decrease) in Compensated Absences	64,699	9,590	42,004	116,293	9,426
Increase (Decrease) in Net Pension Liability	660,888	(43,818)	738,327	1,355,397	623,787
Increase (Decrease) in Net OPEB Liability	135,627	11,619	54,402	201,648	59,181
Increase (Decrease) in Deferred Inflows - Pensions	(298,977)	(89,198)	(232,064)	(620,239)	(108,974)
Increase (Decrease) in Unearned Revenue	-	(30,670)	-	(30,670)	-
Increase (Decrease) in Claims and Judgments	-	-	-	-	201,234
Net Cash Provided (Used) by Operating Activities	<u>\$ 7,462,865</u>	<u>\$ 1,276,936</u>	<u>\$ 2,383,403</u>	<u>\$ 11,123,204</u>	<u>\$ 503,969</u>
Non Cash Investing, Capital and Financing Activities:					
Amortization of Premium on Bonds	\$ 34,345	\$ -	\$ -	\$ 34,345	\$ -

The accompanying notes are an integral part of this statement.

**City of Upland
Statement of Net Position
Fiduciary Funds
June 30, 2018**

	OPEB Trust Fund	Successor Agency Private-purpose Trust Fund	Agency Funds
ASSETS			
Cash and Investments	\$ 1,052,405	\$ 3,342,222	\$ 3,558,606
Cash and Investments with Fiscal Agent	-	2,453,372	5,393,470
Notes Receivable, Net	-	33,001	-
Due from Other Governments	-	1,010	-
Land Held for Resale	-	3,888,000	20,462
Total Assets	1,052,405	9,717,605	\$ 8,972,538
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	-	456,445	-
LIABILITIES			
Accounts Payable	-	5,733	\$ 34,723
Accrued Salaries and Wages	-	4,152	-
Deposits Payable	-	-	2,290,603
Interest Payable	-	348,110	-
Due to Bondholders	-	-	-
Bonds Payable	-	27,826,155	6,647,212
Total Liabilities	-	28,184,150	\$ 8,972,538
NET POSITION			
Net Position Held in Trust	\$ 1,052,405	\$ (18,010,100)	

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, 2018

	<u>OPEB Trust Fund</u>	<u>Successor Agency Private-purpose Trust Fund</u>
ADDITIONS		
Taxes	\$ -	\$ 3,373,600
Investment Income	54,034	37,799
Rental Income	-	15,497
Contributions	-	-
	<u>54,034</u>	<u>3,426,896</u>
Total Additions		
	<u>54,034</u>	<u>3,426,896</u>
DEDUCTIONS		
Development Services	-	263,490
Bond Issuance Costs	-	-
Interest Expense	-	837,542
Other Expenses	2,595	-
	<u>2,595</u>	<u>1,101,032</u>
Total Deductions		
	<u>2,595</u>	<u>1,101,032</u>
Change in Net Position	51,439	2,325,864
Net Position - Beginning of Year	<u>1,000,966</u>	<u>(20,335,964)</u>
Net Position - End of Year	<u>\$ 1,052,405</u>	<u>\$ (18,010,100)</u>

The accompanying notes are an integral part of this statement.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2018

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, 2018

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 transaction 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, 2018

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, 2018

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, 2018**

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. 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, 2018**

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, 2018.

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, 2018

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, 2017 Measurement Date; and July 1, 2016 through June 30, 2017 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, 2018

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. 12.5% of the fiscal year ending June 30, 2018 General Fund operating budget is \$4,930,242. The General Fund unassigned fund balance at June 30, 2018 is \$9,479,082.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2018

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, 2018 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	\$ 42,140,625	\$ 28,892,687	\$ 7,953,233	\$ 78,986,545
Restricted Cash and Investments	3,030,825	540,361	-	3,571,186
Cash and Investments with Fiscal Agent	4,418,419	-	7,846,842	12,265,261
Total Cash and Investments	\$ 49,589,869	\$ 29,433,048	\$ 15,800,075	\$ 94,822,992

City of Upland
Notes to Financial Statements
Year Ended June 30, 2018

2) CASH AND INVESTMENTS - Continued

Cash and investments as of June 30, 2018 consist of the following:

Cash on Hand	\$	10,680
Deposits with Financial Institutions		10,399,341
Investments		84,412,971
Total Cash and Investments	\$	94,822,992

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%	15%
Commercial Paper	270 days	15%	5%
Bankers' Acceptances	180 days	40%	5%
Negotiable Certificates of Deposits	5 years	30%	5%
Medium Term Notes/Corporate Bonds	5 years	30%	5%
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

* 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, 2018

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
U.S. Treasury Obligations	\$ 1,755,174	\$ 1,755,174	\$ -	\$ -	\$ -
U.S. Government Agency Securities	36,927,485	5,395,442	15,604,560	15,927,483	-
Medium-term Notes	738,516	-	432,707	305,809	-
Certificates of Deposit	4,207,861	2,248,255	743,616	1,215,990	-
Asset-Backed Securities	9,124	9,124	-	-	-
Money Market Mutual Funds	5,547,460	5,547,460	-	-	-
Local Agency Investment Fund (LAIF)	23,470,688	23,470,688	-	-	-
Mutual Funds	3,909,807	3,909,807	-	-	-
Held by Fiscal Agent					
Investment Agreement	2,435,586	2,435,586	-	-	-
Money Market Mutual Funds	5,411,276	5,411,276	-	-	-
Total Pooled Investments	<u>\$ 84,412,977</u>	<u>\$ 50,182,812</u>	<u>\$ 16,780,883</u>	<u>\$ 17,449,282</u>	<u>\$ -</u>

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, 2018

2) CASH AND INVESTMENTS – Continued

Investment Type	Total	Minimum	Aaa	Aaa3 - Aa1	A1, A2, A3	Not Rated	Exempt from Rating
		Legal Rating					
U.S. Treasury Obligations	\$ 1,755,174	N/A	\$ 1,755,174	\$ -	\$ -	\$ -	\$ -
U.S. Government Agency Securities	36,927,485	N/A	36,927,485	-	-	-	-
Medium-term Notes	738,516	A	177,895	123,643	436,978	-	-
Certificates of Deposit	4,207,861	N/A	-	-	-	4,207,861	-
Asset-Backed Securities	9,124	AA	9,124	-	-	-	-
Money Market Mutual Funds	5,547,460	A	5,547,460	-	-	-	-
Local Agency Investment Fund (LAIF)	23,470,688	N/A	-	-	-	23,470,688	-
Mutual Funds	3,909,807	N/A	-	-	-	3,909,807	-
Held by Fiscal Agent							
Investment Agreement	2,435,586	N/A	-	-	-	-	2,435,586
Money Market Mutual Funds	5,411,276	A	5,411,276	-	-	-	-
Total Pooled Investments	\$ 84,412,977		\$ 49,828,414	\$ 123,643	\$ 436,978	\$ 31,588,356	\$ 2,435,586

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, 2018, 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	\$ 8,576,076	2019-2022	1.15 - 2.95
FHLB	Federal Agency Securities	12,874,693	2019-2022	1.20 - 2.50
FHLMC	Federal Agency Securities	7,535,287	2019-2023	.088 - 2.75
FNMA	Federal Agency Securities	7,941,429	2019-2021	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, 2018

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, 2018:

Investment Type	Total	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
U.S. Treasury Obligations	\$ 1,755,174	\$ 1,755,174	\$ -	\$ -
U.S. Government Agency Securities	36,927,485	-	36,927,485	-
Medium-term Notes	738,516	-	738,516	-
Certificates of Deposit	4,207,861	-	4,207,861	-
Asset-Backed Securities	9,124	-	9,124	-
Total	\$ 43,638,160	\$ 1,755,174	\$ 41,882,986	\$ -

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due to/From

As of June 30, 2018, the General Fund has an outstanding receivable from non-major governmental funds of \$83,670 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, 2018 are as follows:

TRANSFERS OUT	TRANSFERS IN				Total
	General Fund	Nonmajor Governmental Funds	Sewer Fund	Internal Service Funds	
General Fund	\$ -	\$ -	\$ -	\$ 3,412,341	\$ 3,412,341
Nonmajor Governmental Funds	35,777	188,304	-	56,873	280,954
Solid Waste Fund	-	-	265,000	-	265,000
	<u>\$ 35,777</u>	<u>\$ 188,304</u>	<u>\$ 265,000</u>	<u>\$ 3,469,214</u>	<u>\$ 3,958,295</u>

The General Fund transferred \$3,412,341 to the Internal Service Funds, which consisted of \$256,213 for library improvements, vehicle repairs and purchases and \$3,213,001 to cover accumulated cash deficits for Self-Funded Insurance. The Solid Waste Fund transferred \$265,000 to the Sewer Fund to pay for landfill costs. The nonmajor governmental funds transferred \$188,304 and \$56,873, to other nonmajor governmental funds and the Internal Service Funds for various projects costs and equipment purchases. The nonmajor governmental funds transferred \$35,777 to the General Fund to transfer the activities of the Office of Traffic Safety Grants to the nonmajor funds.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2018

4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 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	1,566,321	8,775,493	(4,609,419)	5,732,395
Total Capital Assets, Not Being Depreciated	113,590,126	8,775,493	(4,609,419)	117,756,200
Capital Assets Being Depreciated:				
Building and improvements	46,608,014	1,357,979	(7,414,894)	40,551,099
Land Improvements	1,017,116	76,303	-	1,093,419
Park Improvements	12,950,646	316,868	(1,097,979)	12,169,535
Equipment	7,134,850	1,542,463	(2,419,163)	6,258,150
Vehicles	6,589,101	741,955	(3,689,037)	3,642,019
Infrastructure - Street System	177,487,909	2,982,910	(1,380,926)	179,089,893
Infrastructure - Storm Drains	22,336,865	230	-	22,337,095
Total Capital Assets Being Depreciated	274,124,501	7,018,708	(16,001,999)	265,141,210
Less Accumulated Depreciation:				
Building and improvements	(12,923,832)	(802,529)	1,644,579	(12,081,782)
Land Improvements	(183,449)	(20,342)	-	(203,791)
Park Improvements	(6,187,741)	(91,382)	45,051	(6,234,072)
Equipment	(6,037,513)	(260,226)	2,236,333	(4,061,406)
Vehicles	(6,146,985)	(177,049)	3,689,037	(2,634,997)
Infrastructure - Street System	(66,293,121)	(4,543,429)	1,380,926	(69,455,624)
Infrastructure - Storm Drains	(4,001,853)	(223,369)	-	(4,225,222)
Total Accumulated Depreciation	(101,774,494)	(6,118,326)	8,995,926	(98,896,894)
Total Capital Assets Being Depreciated, Net	172,350,007	900,382	(7,006,073)	166,244,316
Governmental Activities, Capital Assets	\$ 285,940,133	\$ 9,675,875	\$ (11,615,492)	\$ 284,000,516

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

General Government	\$ 576,914
Public Safety	603,755
Engineering and Public Works	4,822,741
Community Services	114,916
Total Depreciation, Governmental Activities	\$ 6,118,326

City of Upland
Notes to Financial Statements
Year Ended June 30, 2018

4) CAPITAL ASSETS – Continued

Business Type Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated:				
Land	\$ 1,995,981	\$ 62,713	\$ -	\$ 2,058,694
Construction in Progress	1,058,960	1,305,037	(1,354,289)	1,009,708
Total Capital Assets, Not Being Depreciated	<u>3,054,941</u>	<u>1,367,750</u>	<u>(1,354,289)</u>	<u>3,068,402</u>
Capital Assets Being Depreciated:				
Pipelines	51,141,419	345,617	(220,083)	51,266,953
Reservoirs	36,921,911	982,435	-	37,904,346
Land Improvements	-	9,870	-	9,870
Treatment Facilities	14,549,932	-	-	14,549,932
Wells/pumps	5,314,641	26,238	-	5,340,879
Sewer Manholes	2,784,068	-	-	2,784,068
Machinery and Equipment	1,318,094	51,676	(279,467)	1,090,303
Vehicles	2,182,819	287,530	(98,233)	2,372,116
Total Capital Assets Being Depreciated	<u>114,212,884</u>	<u>1,703,366</u>	<u>(597,783)</u>	<u>115,318,467</u>
Less Accumulated Depreciation:				
Pipelines	(16,423,262)	(1,022,829)	141,446	(17,304,645)
Reservoirs	(11,560,835)	(721,108)	-	(12,281,943)
Land Improvements	-	-	-	-
Treatment Facilities	(5,963,653)	(290,999)	-	(6,254,652)
Wells/pumps	(1,281,071)	(105,213)	-	(1,386,284)
Sewer Manholes	(1,949,235)	(55,167)	-	(2,004,402)
Machinery and Equipment	(1,253,920)	(19,258)	279,467	(993,711)
Vehicles	(1,415,489)	(162,071)	98,234	(1,479,326)
Total Accumulated Depreciation	<u>(39,847,465)</u>	<u>(2,376,645)</u>	<u>519,147</u>	<u>(41,704,963)</u>
Total Capital Assets Being Depreciated, Net	<u>74,365,419</u>	<u>(673,279)</u>	<u>(78,636)</u>	<u>73,613,504</u>
Business Activities, Capital Assets, Net	<u>\$ 77,420,360</u>	<u>\$ 694,471</u>	<u>\$ (1,432,925)</u>	<u>\$ 76,681,906</u>

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

Water Utility	\$ 1,820,643
Sewer Utility	<u>556,002</u>
Total Depreciation, Business-type Activities	<u>\$ 2,376,645</u>

City of Upland
Notes to Financial Statements
Year Ended June 30, 2018

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	\$ 1,755,777	\$ 1,453,561	\$ 1,525,126	\$ 1,684,212	\$ 846,810
Net OPEB Obligation	3,309,922	-	3,309,922	-	-
Net OPEB Liability	-	12,221,258	662,209	11,559,049	-
Net Pension Liability	90,418,177	9,558,740	-	99,976,917	-
Claims Payable	7,742,648	3,088,324	2,887,090	7,943,882	2,336,385
2007 Housing Revenue Bond	18,000,000	-	18,000,000	-	-
2017 Multifamily Housing Revenue Note	-	14,865,000	444,850	14,420,150	514,535
Energy Efficiency Lease	-	2,797,094	61,051	2,736,043	128,633
CREBS Lease Agreement	-	4,548,393	22,561	4,525,832	31,643
Capital Lease	148,837	-	148,837	-	-
Total Government Activities	\$ 121,375,361	\$ 48,532,370	\$ 27,061,646	\$ 142,846,085	\$ 3,858,006

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

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 City refunded the 2007 Bonds to reduce total debt service payments by approximately \$5.9 million. The refinanced debt was a variable rate obligation, therefore, determining the economic gain was not deemed possible. The following represents the future annual debt service requirements:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 514,535	\$ 567,520	\$ 1,082,055
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
2024-2028	3,404,085	2,005,475	5,409,560
2029-2033	4,158,176	1,251,384	5,409,560
2034-2038	4,069,175	348,632	4,417,807
Totals	\$ 14,420,150	\$ 6,226,509	\$ 20,646,659

City of Upland
Notes to Financial Statements
Year Ended June 30, 2018

5) LONG-TERM LIABILITIES – Continued

Energy Efficiency Lease Agreement

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, 2018 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 128,633	\$ 116,314	\$ 244,947
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	176,862	75,825	252,687
2026	183,160	68,162	251,322
2027	191,372	60,207	251,579
2028	200,307	51,879	252,186
2029	210,252	43,171	253,423
2030	222,403	34,009	256,412
2031	236,395	24,303	260,698
2032	253,619	13,977	267,596
2033	132,940	2,858	135,798
Totals	<u>\$ 2,736,043</u>	<u>\$ 977,680</u>	<u>\$ 3,713,723</u>

CREBS Lease Agreement

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, 2018 are as follows:

City of Upland
Notes to Financial Statements
Year Ended June 30, 2018

5) LONG-TERM LIABILITIES – Continued

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 31,643	\$ 156,197	\$ 187,840
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
2024-2028	659,097	699,303	1,358,400
2029-2033	1,237,704	548,127	1,785,831
2034-2038	2,405,570	218,936	2,624,506
Total	<u>\$ 4,525,832</u>	<u>\$ 2,236,882</u>	<u>\$ 6,762,714</u>

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	\$ 240,863	\$ 313,202	\$ 196,909	\$ 357,156	\$ 200,984
Net OPEB Obligation	1,380,345	-	1,380,345	-	-
Net OPEB Liability	-	2,864,295	-	2,864,295	-
Net Pension Liability	10,707,361	1,355,397	-	12,062,758	-
2011 Revenue Refunding Bonds	8,260,000	-	340,000	7,920,000	355,000
Unamortized premium	549,529	-	34,345	515,184	-
Total Business-type Activities	<u>\$ 21,138,098</u>	<u>\$ 4,532,894</u>	<u>\$ 1,951,599</u>	<u>\$ 23,719,393</u>	<u>\$ 555,984</u>

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, 2018 of \$723,500 was fully satisfied. The future debt service requirements are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 355,000	\$ 365,550	\$ 720,550
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
2024-2028	2,340,000	1,220,100	3,560,100
2029-2033	2,985,000	560,125	3,545,125
2034	690,000	17,250	707,250
Totals	<u>\$ 7,920,000</u>	<u>\$ 3,475,825</u>	<u>\$ 11,395,825</u>

City of Upland
Notes to Financial Statements
Year Ended June 30, 2018

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 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	226
Total	461

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, 2018, the City’s pay-as-you-go costs were \$401,729. 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, 2017 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	50
Health Care Trend Rate	6.50% initial, 5.0% ultimate
Inflation Rate	2.75%
Salary Changes	2.75%
Discount Rate	3.60% - Bond Buyer 20-Bond GO Index
Asset Return	3.60% - Bond Buyer 20-Bond GO Index

City of Upland
Notes to Financial Statements
Year Ended June 30, 2018

6) OTHER POST EMPLOYMENT BENEFITS - Continued

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 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, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Rate of Return
Short-term Money Market	100%	0.85%
Cash	0%	0.00%
Total	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total OPEB liability was 3.60 percent and is based on 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, 2016	\$ 15,008,300	\$ -	\$ 15,008,300
Changes in the year:			
Service cost	538,257	-	538,257
Interest on the total OPEB liability	547,618	-	547,618
Employer Contributions	-	1,669,865	(1,669,865)
Employee Contributions	-	-	-
Actual Investment Income	-	966	(966)
Administrative Expense	-	-	-
Benefit payments, including refunds	(669,865)	(669,865)	-
Other	-	-	-
Net changes	<u>416,010</u>	<u>1,000,966</u>	<u>(584,956)</u>
Balance at June 30, 2017	<u>\$ 15,424,310</u>	<u>\$ 1,000,966</u>	<u>\$ 14,423,344</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 (2.6%)	Discount Rate (3.6%)	1% Increase (4.6%)
Net OPEB liability (asset)	\$ 16,600,614	\$ 14,423,344	\$ 12,642,575

**City of Upland
Notes to Financial Statements
Year Ended June 30, 2018**

6) OTHER POST EMPLOYMENT BENEFITS - Continued

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:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB liability (asset)	\$ 13,803,789	\$ 14,423,344	\$ 15,159,957

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, 2018, the City recognized OPEB expense of \$1,071,282. 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	\$ 401,729	\$ -
Changes of Assumptions	-	-
Net differences between projected and actual earnings on plan investments	13,627	-
Total	\$ 415,356	\$ -

The \$401,729 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year Ending June 30,		
2019	\$	3,407
2020		3,407
2021		3,407
2022		3,406
2023		-
Thereafter		-

**City of Upland
Notes to Financial Statements
Year Ended June 30, 2018**

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, 2018 was \$302,914.

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 therefore. The programs are completely administered by trustees, and the total outstanding balance at June 30, 2018 is \$56,145,000.

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 Markel 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, 2018, claims and judgments payable, including estimated claims for incurred but not reported claims, amounted to \$7,943,882.

Changes in the claims and judgments payable amounts in fiscal years ended June 30, 2017 and 2018 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
2018	\$ 7,742,648	\$ 3,088,324	\$ 2,887,090	\$ 7,943,882
2017	7,228,645	4,014,722	3,500,719	7,742,648

City of Upland
Notes to Financial Statements
Year Ended June 30, 2018

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.

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, 2016 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, 2018, 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	10.253% + \$2,200,447	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	18.063% + \$3,702,958	11.50%

(1) - Depending on years of service

City of Upland
Notes to Financial Statements
Year Ended June 30, 2018

10) PENSION PLAN – Continued

Employees Covered: At June 30, 2018, the following number of employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries		
currently receiving benefits	366	191
Inactive employees entitled to but not yet		
receiving benefits	252	97
Active employees	157	108

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, 2016 rolled forward to June 30, 2017 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, 2016 actuarial valuations were determined using the following actuarial assumptions:

	All Plans
Valuation date	June 30, 2016
Measurement date	June 30, 2017
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.

**City of Upland
Notes to Financial Statements
Year Ended June 30, 2018**

10) PENSION PLAN – Continued

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate: The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section. 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, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees’ Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2016.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47%	4.90%	5.38%
Global Fixed Income	19%	0.80%	2.27%
Inflation Sensitive	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-0.40%	-0.90%

(1) An expected inflation of 2.5% used for this period.

(2) An expected inflation of 3.0% used for this period.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2018

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, 2016	\$ 119,665,705	\$ 83,283,233	\$ 36,382,472
Changes in the year:			
Service cost	1,728,641	-	1,728,641
Interest on the total pension liability	8,747,118	-	8,747,118
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(1,671,546)	-	(1,671,546)
Changes in assumptions	7,056,199	-	7,056,199
Contributions from the employer	-	2,352,967	(2,352,967)
Contributions from employees	-	670,114	(670,114)
Net investment income	-	9,227,177	(9,227,177)
Benefit payments, including refunds	(7,154,726)	(7,154,726)	-
Administrative expense	-	(122,962)	122,962
Net changes	8,705,686	4,972,570	3,733,116
Balance at June 30, 2017	\$ 128,371,391	\$ 88,255,803	\$ 40,115,588

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, 2016	\$ 189,902,001	\$ 125,158,935	\$ 64,743,066
Changes in the year:			
Service cost	3,353,845	-	3,353,845
Interest on the total pension liability	13,994,358	-	13,994,358
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(2,387,269)	-	(2,387,269)
Changes in assumptions	11,831,388	-	11,831,388
Contributions from the employer	-	4,870,870	(4,870,870)
Contributions from employees	-	1,085,857	(1,085,857)
Net investment income	-	13,839,363	(13,839,363)
Benefit payments, including refunds	(10,595,503)	(10,595,503)	-
Administrative expense	-	(184,789)	184,789
Net changes	16,196,819	9,015,798	7,181,021
Balance at June 30, 2017	\$ 206,098,820	\$ 134,174,733	\$ 71,924,087

City of Upland
Notes to Financial Statements
Year Ended June 30, 2018

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	\$ 56,911,864		\$ 100,521,510
Current Discount Rate		7.15%	7.15%
Net Pension Liability	\$ 40,115,588		\$ 71,924,087
1% Increase		8.15%	8.15%
Net Pension Liability	\$ 26,282,393		\$ 48,577,813

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, 2018, the City recognized pension expense of \$5,660,120 for the Miscellaneous Plan and \$8,318,385 for the Safety Plan. At June 30, 2018, the City reported deferred outflows and deferred inflows for both Miscellaneous and Safety Plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 7,613,789	\$ -
Differences between actual and expected experience	-	2,983,665
Changes in assumptions	11,264,310	-
Net differences between projected and actual earnings on plan investments	3,054,151	-
Total	\$ 21,932,250	\$ 2,983,665

\$7,613,789 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, 2019. Other amounts reported as deferred outflows and deferred inflows related to pensions will be recognized as pension expense as follows:

Year Ending June 30,		
2019	\$	3,778,951
2020		6,379,878
2021		2,877,873
2022		(1,701,906)
2023		-
Thereafter		-

City of Upland
Notes to Financial Statements
Year Ended June 30, 2018

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.

The following schedule summarizes the City's investment in joint ventures at June 30, 2018 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%	\$ 25,227,308	\$ 17,121,774	\$ 684,396
West End Water Company	91%	2,314,301	2,110,180	(19,404)
Water Facilities Authority	23%	24,128,144	5,549,473	496,505
Total			<u>\$ 24,781,427</u>	<u>\$ 1,161,497</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	\$ 14,890,000	\$ -	\$ 1,900,000	\$ 12,990,000	\$ 1,955,000
2016 Tax Allocation Bonds	12,275,000	-	180,000	12,095,000	165,000
Unamortized Premium	3,032,850	-	291,695	2,741,155	-
Total Fiduciary Fund Debt	<u>\$ 30,197,850</u>	<u>\$ -</u>	<u>\$ 2,371,695</u>	<u>\$ 27,826,155</u>	<u>\$ 2,120,000</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

City of Upland
Notes to Financial Statements
Year Ended June 30, 2018

12) SUCCESSOR AGENCY ACTIVITIES - Continued

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
2019	\$ 1,955,000	\$ 527,400	\$ 2,482,400
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>\$ 12,990,000</u>	<u>\$ 1,855,650</u>	<u>\$ 14,845,650</u>

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
2019	\$ 165,000	\$ 481,888	\$ 646,888
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
2024-2028	7,115,000	1,418,588	8,533,588
2029-2033	2,100,000	424,975	2,524,975
2034-2037	1,995,000	111,582	2,106,582
Totals	<u>\$ 12,095,000</u>	<u>\$ 4,312,109</u>	<u>\$ 16,407,109</u>

City of Upland
Notes to Financial Statements
Year Ended June 30, 2018

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, 2018, 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 \$1,807,920 of project costs have been approved for disbursements by SBCTA and recorded as revenue as of June 30, 2018. Of this amount, \$1,063,943 was received during prior years and \$743,977 remained outstanding as of June 30, 2018. Future reimbursements are expected to coincide with annual tax revenue generated under the Measure I program for arterial transportation projects.

14) RESTATEMENT OF NET POSITION

Restatements to the beginning net position in the government-wide financial statements for fiscal year 2017-18 are summarized below:

	Governmental Activities		Business-type Activities	
	\$ (7,365,866)	(1)	\$ (1,282,303)	(1)
	744,809	(2)		
	269,967	(3)	-	
Total	\$ (6,351,090)		\$ (1,282,303)	

- (1) The City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal year 2017-18. As a result, the beginning net position in the Statement of Activities was restated to reduce net position by \$7,365,866 and \$1,282,303, in the Governmental Activities and Business-type Activities, respectively. Included in the \$7,365,866 is the adjustment of \$781,445 related to Internal Service Funds. The restatement in the Business-type Activities is the combination of the restatements of \$854,694, \$57,271, and \$370,338 in the Water Utility, Solid Waste Utility and Sewer Utility Enterprise Funds, respectively.
- (2) A restatement to net position/fund balance in the governmental activities and Housing Special Revenue Fund of \$744,809 was made to record assets related to the housing function, previously not reported.
- (3) A restatement of net position/fund balance in the governmental activities and Non-major Governmental Funds of \$269,967 was made to record an adjustment to net position/fund balance for revenues previously reported as unearned revenue.

City of Upland
Notes to Financial Statements
Year Ended June 30, 2018

15) FUND BALANCE

The City's governmental fund balances at June 30, 2018, are presented below:

	General Fund	Housing Fund	Total Non-major Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Items	\$ 48,121	\$ -	\$ -	\$ 48,121
Long-term Notes Receivable	16,748	-	-	16,748
Restricted:				
Disability Access	18,473	-	-	18,473
Low and Moderate Income Housing	-	9,530,419	-	9,530,419
Public Safety - Asset Forfeiture/Grants	-	-	1,458,786	1,458,786
Housing - HOME/CalHOME Program	-	-	6,640,168	6,640,168
Housing - CDBG	-	-	57,513	57,513
Street Maintenance	-	-	9,495,738	9,495,738
Air Pollution Reduction Measures	-	-	181,219	181,219
Downtown Parking & Business Improvement	-	-	205,799	205,799
Solar and Energy Efficiency Improvements	-	-	1,800,224	1,800,224
Capital Improvements	-	-	1,155,973	1,155,973
Park Acquisition and Development	-	-	5,491,525	5,491,525
Storm Drain	-	-	3,119,445	3,119,445
Street and Traffic Safety	-	-	1,849,642	1,849,642
Street and Alley Repair	-	-	796,651	796,651
Energy Efficiency Improvements	-	-	804,842	804,842
Debt Service	-	-	28,209	28,209
Committed to:				
Facility Repairs:				
Library Power System	150,000	-	-	150,000
Magnolia Center Rehab	250,000	-	-	250,000
Magnolia Roof Repair	30,000	-	-	30,000
Mildura Room HVAC	15,000	-	-	15,000
City Hall Plumbing	50,000	-	-	50,000
Fuel Island Rehab	50,000	-	-	50,000
Memorial Park Improvements	140,000	-	-	140,000
Section 115 Pension Trust	3,500,000	-	-	3,500,000
Legal/Labor Negotiations	450,000	-	-	450,000
Continuing Appropriations	35,418	-	-	35,418
Assigned:				
Library Literacy Program	-	-	7,531	7,531
Unassigned				
	9,479,082	-	(296)	9,478,786
Total Fund Balance	<u>\$ 14,232,842</u>	<u>\$ 9,530,419</u>	<u>\$ 33,092,969</u>	<u>\$ 56,856,230</u>

Included in unassigned fund balance in the General Fund is a reserve fund balance of \$6,677,748, or 17.5% of the original budgeted operating expenditures for fiscal year 2017-18. 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, 2018

16) SPECIAL ITEM

In July 2017, pursuant to Resolution No. 6380 adopted by the City Council of the City of Upland, the City transferred the operations of the former Fire Department to the San Bernardino County Fire Protection District (District). As part of the transfer and takeover of operations by the District, the City transferred fire related capital assets, including buildings, equipment, and vehicles previously reported as capital assets in governmental activities. The special item of \$5,562,967 reported on the Statement of Activities reflects the book value of the capital assets transferred to the District during fiscal year 2017-18.

17) 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 \$2,936,668 in outstanding construction contract obligations as of June 30, 2018.

18) 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 83 - Certain Asset Retirement Obligations: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

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 88 - Certain Disclosures Related to Debt: The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing

City of Upland
Notes to Financial Statements
Year Ended June 30, 2018

18) IMPLEMENTATION OF GASB PRONOUNCEMENTS - Continued

information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

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.

In addition, the City implemented *GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of June 30, 2018. This statement was issued to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions.

19) SUBSEQUENT EVENTS

In November 2018, Communities Facilities District No. 2016-1 of the City of Upland, issued the 2018A and 2018B Special Tax Bonds in the amount of \$5,385,000 and \$3,050,000, respectively. The bonds are to finance certain public facilities and certain development impact fees of the City of Upland serving property within Improvement Area No. 1. Repayment of the bonds is secured solely by special taxes levied within Improvement Area No. 1 and will not be a debt of the City of Upland.

REQUIRED SUPPLEMENTARY INFORMATION

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property Taxes	\$ 14,694,153	\$ 16,029,453	\$ 14,826,546	\$ (1,202,907)
Business License Taxes	873,500	873,500	1,036,158	162,658
Sales and Use Tax	13,919,500	13,919,500	13,704,027	(215,473)
Franchise Tax	1,230,000	1,230,000	1,227,857	(2,143)
Other	747,580	922,580	929,947	7,367
Licenses and Permits	892,371	892,371	2,212,782	1,320,411
Charges for Services	2,084,405	2,271,388	2,785,383	513,995
Fines and Penalties	508,805	578,702	646,874	68,172
Investment Income	106,625	106,625	(304,772)	(411,397)
Rental Income	569,016	773,432	788,274	14,842
Intergovernmental	1,453,868	112,068	356,199	244,131
Other Revenue	37,885	93,833	483,390	389,557
	<u>37,117,708</u>	<u>37,803,452</u>	<u>38,692,665</u>	<u>889,213</u>
EXPENDITURES				
Current:				
General Government	2,430,105	3,188,643	2,154,855	1,033,788
Public Safety	23,902,032	24,429,164	22,812,021	1,617,143
Engineering and Public Works	6,210,580	6,771,807	6,292,362	479,445
Development Services	1,669,410	1,715,458	1,660,617	54,841
Community Services	3,245,373	3,336,862	3,131,395	205,467
Debt Service:				
Principal	-	-	232,449	(232,449)
Interest and Fiscal Charges	-	-	129,035	(129,035)
	<u>37,457,500</u>	<u>39,441,934</u>	<u>36,412,734</u>	<u>3,029,200</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(339,792)</u>	<u>(1,638,482)</u>	<u>2,279,931</u>	<u>3,918,413</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	35,777	35,777
Transfers Out	-	(195,000)	(3,412,341)	(3,217,341)
	<u>-</u>	<u>(195,000)</u>	<u>(3,376,564)</u>	<u>(3,181,564)</u>
Net Change in Fund Balances	(339,792)	(1,833,482)	(1,096,633)	736,849
Fund Balances, Beginning	15,329,475	15,329,475	15,329,475	-
Fund Balances, Ending	<u>\$ 14,989,683</u>	<u>\$ 13,495,993</u>	<u>\$ 14,232,842</u>	<u>\$ 736,849</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Housing Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ 18,000	\$ 18,000	\$ 37,227	\$ 19,227
Rental Income	3,505,905	3,505,905	3,860,776	354,871
Other Revenue	25,000	25,000	22,561	(2,439)
Total Revenues	3,548,905	3,548,905	3,920,564	371,659
EXPENDITURES				
Current:				
Development Services	5,785,345	5,619,356	4,325,809	1,293,547
Debt Service:				
Principal	-	18,445,023	18,444,850	173
Interest & Fiscal Charges	350,000	554,913	586,027	(31,114)
Total Expenditures	6,135,345	24,619,292	23,356,686	1,262,606
Excess (Deficiency) of Revenues over Expenditures	(2,586,440)	(21,070,387)	(19,436,122)	1,634,265
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Issuance of Debt	-	14,865,000	14,865,000	-
Total Other Financing Sources (Uses)	-	14,865,000	14,865,000	-
Net Change in Fund Balance	(2,586,440)	(6,205,387)	(4,571,122)	1,634,265
Fund Balance, Beginning	13,356,732	13,356,732	13,356,732	
Prior Period Adjustments	-	-	744,809	744,809
Fund Balance, Ending	\$ 10,770,292	\$ 7,151,345	\$ 9,530,419	\$ 2,379,074

City of Upland
Notes to Required Supplementary Information
Year Ended June 30, 2018

BUDGETS AND BUDGETARY ACCOUNTING

The City follows the following procedures 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, 2018**

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

	Measurement Period			
	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 1,728,641	\$ 1,603,986	\$ 1,778,643	\$ 2,058,203
Interest on total pension liability	8,747,118	8,670,714	8,475,794	8,374,645
Changes in benefits	-	-	-	-
Changes in assumptions	7,056,199	-	(2,015,694)	-
Differences between expected and actual experience	(1,671,546)	(1,502,457)	(3,437,406)	-
Benefit payments, including refunds	(7,154,726)	(6,299,318)	(5,934,069)	(5,480,303)
Net change in total pension liability	8,705,686	2,472,925	(1,132,732)	4,952,545
Total pension liability - beginning	119,665,705	117,192,780	118,325,512	113,372,967
Total pension liability - ending (a)	<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	\$ 2,352,967	\$ 2,239,207	\$ 1,977,651	\$ 1,880,762
Contributions - employee	670,114	703,361	703,031	846,655
Net investment income	9,227,177	429,550	1,971,870	13,175,373
Benefit payments	(7,154,726)	(6,299,318)	(5,934,069)	(5,480,303)
Net Plan to Plan Resource Movement	-	(301)	-	-
Administrative Expense	(122,962)	(52,573)	(97,096)	-
Net change in plan fiduciary net position	4,972,570	(2,980,074)	(1,378,613)	10,422,487
Plan fiduciary net position - beginning	83,283,233	86,263,307	87,641,920	77,219,433
Plan fiduciary net position - ending (b)	<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>\$ 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	68.75%	69.60%	73.61%	74.07%
Covered payroll	\$ 9,034,865	\$ 9,183,479	\$ 10,003,615	\$ 11,030,619
Net pension liability as percentage of covered payroll	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, 2016 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 four years are reported.

**City of Upland
Required Supplementary Information
Year Ended June 30, 2018**

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

	Measurement Period			
	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 3,353,845	\$ 2,840,973	\$ 2,955,272	\$ 3,190,547
Interest on total pension liability	13,994,358	13,738,636	13,154,006	12,955,418
Changes in benefits	-	-	-	-
Changes in assumptions	11,831,388	-	(3,292,952)	-
Differences between expected and actual experience	(2,387,269)	987,863	(4,793,043)	-
Benefit payments, including refunds	(10,595,503)	(9,694,252)	(9,101,311)	(8,365,575)
Net change in total pension liability	16,196,819	7,873,220	(1,078,028)	7,780,390
Total pension liability - beginning	189,902,001	182,028,781	183,106,809	175,326,419
Total pension liability - ending (a)	<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	\$ 4,870,870	\$ 4,265,372	\$ 3,611,390	\$ 3,380,630
Contributions - employee	1,085,857	1,166,670	1,183,942	1,342,231
Net investment income	13,839,363	673,474	2,937,028	19,584,973
Benefit payments	(10,595,503)	(9,694,252)	(9,101,311)	(8,365,575)
Net Plan to Plan Resource Movement	-	301	-	-
Administrative Expense	(184,789)	(78,513)	(144,969)	-
Net change in plan fiduciary net position	9,015,798	(3,666,948)	(1,513,920)	15,942,259
Plan fiduciary net position - beginning	125,158,935	128,825,883	130,339,803	114,397,544
Plan fiduciary net position - ending (b)	<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>\$ 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	65.10%	65.91%	70.77%	71.18%
Covered payroll	\$ 11,286,708	\$ 10,755,149	\$ 11,241,479	\$ 11,699,414
Net pension liability as percentage of covered payroll	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, 2016 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 four years are reported.

**City of Upland
Required Supplementary Information
Year Ended June 30, 2018**

**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
2018	\$ 2,993,629	\$ (2,993,629)	\$ -	\$ 8,697,589	34.42%
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
2018	\$ 4,620,160	\$ (4,620,160)	\$ -	\$ 7,231,919	63.89%
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, 2014 Funding Valuation Report.
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2014 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, 2018**

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

	Measurement Period
	<u>2017</u>
Total OPEB Liability	
Service cost	\$ 538,257
Interest on total OPEB liability	547,618
Changes in assumptions	-
Changes in benefits	-
Benefit payments, including refunds	<u>(669,865)</u>
Net change in total OPEB liability	416,010
Total OPEB liability - beginning	15,008,300
Total OPEB liability - ending (a)	<u>\$ 15,424,310</u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 1,669,865
Net Investment Income	966
Benefit payments	(669,865)
Administrative Expense	-
Net change in plan fiduciary net position	<u>1,000,966</u>
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	<u>\$ 1,000,966</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 14,423,344</u>
Plan fiduciary net position as a percentage of the total OPEB liability	6.5%
Covered - employee payroll	20,253,855
Net OPEB liability as a percentage of covered-employee payroll	71.21%

SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

**City of Upland
Non-Major Governmental Funds
Year Ended June 30, 2018**

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 twenty 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, 2018**

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 Improvements Fund

To account for projects of general nature which are supported by available General Funds, Special Revenue Funds, or Development Impact Fees from new development.

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.

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, 2018**

	Special Revenue			
	Gas Tax	HOME Program	CalHOME Program	Community Development Block Grant
ASSETS				
Cash and Investments	\$ 5,116,990	\$ 979,154	\$ 387,704	\$ -
Cash with Fiscal Agent	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Notes, net	-	3,469,250	1,808,529	-
Accrued Interest on Notes	-	838,320	323,085	-
Due from Other Governments	563,503	-	-	127,232
Total Assets	\$ 5,680,493	\$ 5,286,724	\$ 2,519,318	\$ 127,232
LIABILITIES				
Accounts Payable	\$ 271,499	\$ -	\$ -	\$ 42,448
Accrued Salaries and Benefits	6,819	-	-	984
Due to Other Funds	-	-	-	26,287
Deposits Payable	-	-	-	-
Retentions Payable	16,890	-	-	-
Unearned Revenue	-	-	4,469	-
Total Liabilities	295,208	-	4,469	69,719
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	838,320	323,085	-
Total Deferred Inflows of Resources	-	838,320	323,085	-
FUND BALANCE (DEFICITS)				
Restricted	5,385,285	4,448,404	2,191,764	57,513
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	5,385,285	4,448,404	2,191,764	57,513
Total Liabilities, Deferred Inflows and Fund Balances (Deficits)	\$ 5,680,493	\$ 5,286,724	\$ 2,519,318	\$ 127,232

Measure I	Special Revenue					
	Air Quality Management District	Parking and Business Improvement	SB 509 Public Safety Augmentation	Asset Forfeiture	Public Safety Grants	Other Grants
\$ 3,717,765	\$ 156,976	\$ 220,828	\$ -	\$ 675,808	\$ 793,113	\$ 14,546
-	-	-	-	-	-	-
-	-	12,566	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
394,488	25,281	-	70,754	-	87,136	-
<u>\$ 4,112,253</u>	<u>\$ 182,257</u>	<u>\$ 233,394</u>	<u>\$ 70,754</u>	<u>\$ 675,808</u>	<u>\$ 880,249</u>	<u>\$ 14,546</u>
\$ 1,800	\$ 396	\$ 27,595	\$ -	\$ -	\$ 27,500	\$ -
-	642	-	13,667	-	-	-
-	-	-	57,383	-	-	-
-	-	-	-	3,694	-	-
-	-	-	-	-	-	-
-	-	-	-	-	3,225	7,015
<u>1,800</u>	<u>1,038</u>	<u>27,595</u>	<u>71,050</u>	<u>3,694</u>	<u>30,725</u>	<u>7,015</u>
-	-	-	-	-	62,852	-
-	-	-	-	-	62,852	-
4,110,453	181,219	205,799	-	672,114	786,672	-
-	-	-	-	-	-	7,531
-	-	-	(296)	-	-	-
<u>4,110,453</u>	<u>181,219</u>	<u>205,799</u>	<u>(296)</u>	<u>672,114</u>	<u>786,672</u>	<u>7,531</u>
<u>\$ 4,112,253</u>	<u>\$ 182,257</u>	<u>\$ 233,394</u>	<u>\$ 70,754</u>	<u>\$ 675,808</u>	<u>\$ 880,249</u>	<u>\$ 14,546</u>

Continued

City of Upland
Combining Balance Sheet
Non-major Governmental Funds - Continued
June 30, 2018

	Debt		Capital Projects	
	Service Fund Public Financing Authority	Park Acquisition & Development	General Capital Improvements	Storm Drain Development
ASSETS				
Cash and Investments	\$ 14,314	\$ 5,491,525	\$ 1,156,114	\$ 3,118,820
Cash with Fiscal Agent	-	-	-	-
Receivables:				
Accounts	-	-	-	625
Notes, net	-	-	-	-
Accrued Interest on Notes	-	-	-	-
Due from Other Governments	13,895	-	-	-
Total Assets	\$ 28,209	\$ 5,491,525	\$ 1,156,114	\$ 3,119,445
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Salaries and Benefits	-	-	141	-
Due to Other Funds	-	-	-	-
Deposits Payable	-	-	-	-
Retentions Payable	-	-	-	-
Unearned Revenue	-	-	-	-
Total Liabilities	-	-	141	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
FUND BALANCE (DEFICITS)				
Restricted	28,209	5,491,525	1,155,973	3,119,445
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	28,209	5,491,525	1,155,973	3,119,445
Total Liabilities, Deferred Inflows and Fund Balances (Deficits)	\$ 28,209	\$ 5,491,525	\$ 1,156,114	\$ 3,119,445

Capital Projects			
Street and Traffic Safety Development	Street & Alley Repair	Energy Efficiency Improvements	Total
\$ 1,449,697	\$ 763,492	\$ -	\$ 24,056,846
-	-	4,418,419	4,418,419
-	33,159	-	46,350
-	-	-	5,277,779
-	-	-	1,161,405
399,945	-	-	1,682,234
<u>\$ 1,849,642</u>	<u>\$ 796,651</u>	<u>\$ 4,418,419</u>	<u>\$ 36,643,033</u>
\$ -	\$ -	\$ 1,607,110	\$ 1,978,348
-	-	-	22,253
-	-	-	83,670
-	-	-	3,694
-	-	206,243	223,133
-	-	-	14,709
-	-	1,813,353	2,325,807
-	-	-	1,224,257
-	-	-	1,224,257
1,849,642	796,651	2,605,066	33,085,734
-	-	-	7,531
-	-	-	(296)
<u>1,849,642</u>	<u>796,651</u>	<u>2,605,066</u>	<u>33,092,969</u>
<u>\$ 1,849,642</u>	<u>\$ 796,651</u>	<u>\$ 4,418,419</u>	<u>\$ 36,643,033</u>

City of Upland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended June 30, 2018

	Special Revenue			
	Gas Tax	HOME Program	CalHOME Program	Community Development Block Grant
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Investment Income	68,011	12,450	5,410	-
Rental Income	-	-	-	-
Intergovernmental	1,971,394	-	-	310,601
Other Revenue	363,835	15,580	8,040	-
Total Revenues	2,403,240	28,030	13,450	310,601
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
Engineering and Public Works	2,900,569	-	-	-
Development Services	-	-	69,791	310,601
Community Services	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	2,900,569	-	69,791	310,601
Excess (Deficiency) of Revenues Over Expenditures	(497,329)	28,030	(56,341)	-
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Issuance of Debt	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(497,329)	28,030	(56,341)	-
Fund Balances - Beginning	5,882,614	4,420,374	2,248,105	57,513
Prior Period Adjustments	-	-	-	-
Fund Balances - Ending	\$ 5,385,285	\$ 4,448,404	\$ 2,191,764	\$ 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
\$ -	\$ -	\$ 59,248	\$ 935,607	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
44,628	1,703	2,456	2,351	9,079	10,533	212
-	-	-	-	-	-	-
1,408,135	98,484	-	-	597,835	433,854	4,013
-	-	-	-	-	-	35,000
<u>1,452,763</u>	<u>100,187</u>	<u>61,704</u>	<u>937,958</u>	<u>606,914</u>	<u>444,387</u>	<u>39,225</u>
-	-	-	938,254	6,994	193,278	-
39,924	18,066	1,887	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	39,004
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>39,924</u>	<u>18,066</u>	<u>1,887</u>	<u>938,254</u>	<u>6,994</u>	<u>193,278</u>	<u>39,004</u>
<u>1,412,839</u>	<u>82,121</u>	<u>59,817</u>	<u>(296)</u>	<u>599,920</u>	<u>251,109</u>	<u>221</u>
-	-	-	-	-	188,304	-
-	(29,393)	-	-	(188,304)	(63,257)	-
-	-	-	-	-	-	-
-	(29,393)	-	-	(188,304)	125,047	-
1,412,839	52,728	59,817	(296)	411,616	376,156	221
2,697,614	128,491	145,982	-	260,498	140,549	7,310
-	-	-	-	-	269,967	-
<u>\$ 4,110,453</u>	<u>\$ 181,219</u>	<u>\$ 205,799</u>	<u>\$ (296)</u>	<u>\$ 672,114</u>	<u>\$ 786,672</u>	<u>\$ 7,531</u>

Continued

City of Upland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds - Continued
Year Ended June 30, 2018

	Debt		Capital Projects	
	Service Fund			
	Public	Park	General	Storm
	Financing	Acquisition &	Capital	Drain
	Authority	Development	Improvements	Development
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	1,033,025	412,808	745,366
Investment Income	-	69,330	14,226	38,176
Rental Income	-	-	-	89,142
Intergovernmental	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	-	1,102,355	427,034	872,684
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
Engineering and Public Works	-	100,000	114,897	47
Development Services	-	-	-	-
Community Services	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	-	100,000	114,897	47
Excess (Deficiency) of Revenues Over Expenditures	-	1,002,355	312,137	872,637
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Issuance of Debt	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	1,002,355	312,137	872,637
Fund Balances - Beginning	28,209	4,489,170	843,836	2,246,808
Prior Period Adjustments	-	-	-	-
Fund Balances - Ending	\$ 28,209	\$ 5,491,525	\$ 1,155,973	\$ 3,119,445

Capital Projects			
Street and Traffic Safety Development	Street & Alley Repair	Energy Efficiency Improvements	Total
\$ -	\$ -	\$ -	\$ 994,855
554,126	206,115	-	2,951,440
20,629	-	7,232	306,426
-	-	-	89,142
399,345	-	-	5,223,661
6,329	-	-	428,784
<u>980,429</u>	<u>206,115</u>	<u>7,232</u>	<u>9,994,308</u>
-	-	-	1,138,526
1,137,208	8,534	4,747,653	9,068,785
-	-	-	380,392
-	-	-	39,004
-	-	-	-
-	-	-	-
<u>1,137,208</u>	<u>8,534</u>	<u>4,747,653</u>	<u>10,626,707</u>
<u>(156,779)</u>	<u>197,581</u>	<u>(4,740,421)</u>	<u>(632,399)</u>
-	-	-	188,304
-	-	-	(280,954)
-	-	7,345,487	7,345,487
-	-	7,345,487	7,252,837
(156,779)	197,581	2,605,066	6,620,438
2,006,421	599,070	-	26,202,564
-	-	-	269,967
<u>\$ 1,849,642</u>	<u>\$ 796,651</u>	<u>\$ 2,605,066</u>	<u>\$ 33,092,969</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, 2018

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	30,000	68,011	38,011
Intergovernmental	2,114,722	1,971,394	(143,328)
Other Revenue	-	363,835	363,835
	<u>2,144,722</u>	<u>2,403,240</u>	<u>258,518</u>
EXPENDITURES			
Current:			
Engineering and Public Works	7,209,643	2,900,569	4,309,074
	<u>7,209,643</u>	<u>2,900,569</u>	<u>4,309,074</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(5,064,921)</u>	<u>(497,329)</u>	<u>4,567,592</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(5,064,921)	(497,329)	4,567,592
Fund Balance, Beginning	5,882,614	5,882,614	-
Fund Balance, Ending	<u>\$ 817,693</u>	<u>\$ 5,385,285</u>	<u>\$ 4,567,592</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, 2018

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	2,000	12,450	10,450
Intergovernmental	-	-	-
Other Revenue	100,000	15,580	(84,420)
Total Revenues	<u>102,000</u>	<u>28,030</u>	<u>(73,970)</u>
EXPENDITURES			
Current:			
Development Services	180,000	-	180,000
Total Expenditures	<u>180,000</u>	<u>-</u>	<u>180,000</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(78,000)</u>	<u>28,030</u>	<u>106,030</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	(78,000)	28,030	106,030
Fund Balance, Beginning	<u>4,420,374</u>	<u>4,420,374</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 4,342,374</u>	<u>\$ 4,448,404</u>	<u>\$ 106,030</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, 2018

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	500	5,410	4,910
Intergovernmental	-	-	-
Other Revenue	766,600	8,040	(758,560)
Total Revenues	<u>767,100</u>	<u>13,450</u>	<u>(753,650)</u>
EXPENDITURES			
Current:			
Development Services	880,600	69,791	810,809
Total Expenditures	<u>880,600</u>	<u>69,791</u>	<u>810,809</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(113,500)</u>	<u>(56,341)</u>	<u>57,159</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	(113,500)	(56,341)	57,159
Fund Balance, Beginning	<u>2,248,105</u>	<u>2,248,105</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 2,134,605</u>	<u>\$ 2,191,764</u>	<u>\$ 57,159</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - CDBG Special Revenue Fund
Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	500	-	(500)
Intergovernmental	-	310,601	310,601
Other Revenue	766,600	-	(766,600)
Total Revenues	<u>767,100</u>	<u>310,601</u>	<u>(456,499)</u>
EXPENDITURES			
Current:			
Development Services	<u>880,600</u>	<u>310,601</u>	<u>569,999</u>
Total Expenditures	<u>880,600</u>	<u>310,601</u>	<u>569,999</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(113,500)</u>	<u>-</u>	<u>113,500</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	(113,500)	-	113,500
Fund Balance, Beginning	<u>57,513</u>	<u>57,513</u>	
Fund Balance, Ending	<u>\$ (55,987)</u>	<u>\$ 57,513</u>	<u>\$ 113,500</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, 2018

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	11,127	44,628	33,501
Intergovernmental	1,309,940	1,408,135	98,195
Other Revenue	-	-	-
Total Revenues	<u>1,321,067</u>	<u>1,452,763</u>	<u>131,696</u>
EXPENDITURES			
Current:			
Engineering and Public Works	<u>1,998,978</u>	<u>39,924</u>	<u>1,959,054</u>
Total Expenditures	<u>1,998,978</u>	<u>39,924</u>	<u>1,959,054</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(677,911)</u>	<u>1,412,839</u>	<u>2,090,750</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	(677,911)	1,412,839	2,090,750
Fund Balance, Beginning	<u>2,697,614</u>	<u>2,697,614</u>	
Fund Balance, Ending	<u>\$ 2,019,703</u>	<u>\$ 4,110,453</u>	<u>\$ 2,090,750</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, 2018

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	275	1,703	1,428
Intergovernmental	92,400	98,484	6,084
Other Revenue	-	-	-
Total Revenues	<u>92,675</u>	<u>100,187</u>	<u>7,512</u>
EXPENDITURES			
Current:			
Engineering and Public Works	<u>179,130</u>	<u>18,066</u>	<u>161,064</u>
Total Expenditures	<u>179,130</u>	<u>18,066</u>	<u>161,064</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(86,455)</u>	<u>82,121</u>	<u>168,576</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>(29,393)</u>	<u>(29,393)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(29,393)</u>	<u>(29,393)</u>
Net Change in Fund Balances	(86,455)	52,728	139,183
Fund Balance, Beginning	<u>128,491</u>	<u>128,491</u>	
Fund Balance, Ending	<u><u>\$ 42,036</u></u>	<u><u>\$ 181,219</u></u>	<u><u>\$ 139,183</u></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, 2018

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ 59,248	\$ 59,248
Investment Income	275	2,456	2,181
Intergovernmental	92,400	-	(92,400)
Other Revenue	-	-	-
Total Revenues	<u>92,675</u>	<u>61,704</u>	<u>(30,971)</u>
EXPENDITURES			
Current:			
Engineering and Public Works	<u>179,130</u>	<u>1,887</u>	<u>177,243</u>
Total Expenditures	<u>179,130</u>	<u>1,887</u>	<u>177,243</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(86,455)</u>	<u>59,817</u>	<u>146,272</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	(86,455)	59,817	146,272
Fund Balance, Beginning	<u>145,982</u>	<u>145,982</u>	
Fund Balance, Ending	<u>\$ 59,527</u>	<u>\$ 205,799</u>	<u>\$ 146,272</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, 2018

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ 780,968	\$ 935,607	\$ 154,639
Investment Income	27	2,351	2,324
Intergovernmental	-	-	-
Other Revenue	-	-	-
Total Revenues	<u>780,995</u>	<u>937,958</u>	<u>156,963</u>
EXPENDITURES			
Current:			
Public Safety	<u>780,995</u>	<u>938,254</u>	<u>(157,259)</u>
Total Expenditures	<u>780,995</u>	<u>938,254</u>	<u>(157,259)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(296)</u>	<u>(296)</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	-	(296)	(296)
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ (296)</u>	<u>\$ (296)</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, 2018

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	2,000	9,079	7,079
Intergovernmental	120,000	597,835	477,835
Other Revenue	-	-	-
Total Revenues	<u>122,000</u>	<u>606,914</u>	<u>484,914</u>
EXPENDITURES			
Current:			
Public Safety	<u>120,000</u>	<u>6,994</u>	<u>113,006</u>
Total Expenditures	<u>120,000</u>	<u>6,994</u>	<u>113,006</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,000</u>	<u>599,920</u>	<u>597,920</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>(188,304)</u>	<u>(188,304)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(188,304)</u>	<u>(188,304)</u>
Net Change in Fund Balances	2,000	411,616	409,616
Fund Balance, Beginning	<u>260,498</u>	<u>260,498</u>	
Fund Balance, Ending	<u>\$ 262,498</u>	<u>\$ 672,114</u>	<u>\$ 409,616</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, 2018

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	1,008	10,533	9,525
Intergovernmental	877,409	433,854	(443,555)
Other Revenue	-	-	-
Total Revenues	<u>878,417</u>	<u>444,387</u>	<u>(434,030)</u>
EXPENDITURES			
Current:			
Public Safety	<u>874,514</u>	<u>193,278</u>	<u>681,236</u>
Total Expenditures	<u>874,514</u>	<u>193,278</u>	<u>681,236</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,903</u>	<u>251,109</u>	<u>247,206</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	188,304	188,304
Transfers Out	-	(63,257)	(63,257)
Total Other Financing Sources (Uses)	<u>-</u>	<u>125,047</u>	<u>125,047</u>
Net Change in Fund Balances	3,903	376,156	372,253
Fund Balance, Beginning	140,549	140,549	
Prior Period Adjustment	<u>-</u>	<u>269,967</u>	<u>269,967</u>
Fund Balance, Ending	<u>\$ 144,452</u>	<u>\$ 786,672</u>	<u>\$ 642,220</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, 2018

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	219	212	(7)
Intergovernmental	9,386	4,013	(5,373)
Other Revenue	36,423	35,000	(1,423)
Total Revenues	<u>46,028</u>	<u>39,225</u>	<u>(6,803)</u>
EXPENDITURES			
Current:			
Public Safety	-	-	-
Community Services	46,028	39,004	7,024
Total Expenditures	<u>46,028</u>	<u>39,004</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>221</u>	<u>(6,803)</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	-	221	221
Fund Balance, Beginning	<u>7,310</u>	<u>7,310</u>	
Fund Balance, Ending	<u><u>\$ 7,310</u></u>	<u><u>\$ 7,531</u></u>	<u><u>\$ 221</u></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, 2018

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ 460,000	\$ 1,033,025	\$ 573,025
Investment Income	12,500	69,330	56,830
Intergovernmental	-	-	-
Other Revenue	-	-	-
Total Revenues	<u>472,500</u>	<u>1,102,355</u>	<u>629,855</u>
EXPENDITURES			
Current:			
Engineering and Public Works	215,998	100,000	115,998
Community Services	-	-	-
Total Expenditures	<u>215,998</u>	<u>100,000</u>	<u>115,998</u>
Excess (Deficiency) of Revenues over Expenditures	<u>256,502</u>	<u>1,002,355</u>	<u>745,853</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	256,502	1,002,355	745,853
Fund Balance, Beginning	<u>4,489,170</u>	<u>4,489,170</u>	
Fund Balance, Ending	<u><u>\$ 4,745,672</u></u>	<u><u>\$ 5,491,525</u></u>	<u><u>\$ 745,853</u></u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Capital Improvement Capital Projects Fund
Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ 121,000	\$ 412,808	\$ 291,808
Investment Income	3,000	14,226	11,226
Intergovernmental	-	-	-
Other Revenue	-	-	-
Total Revenues	<u>124,000</u>	<u>427,034</u>	<u>303,034</u>
EXPENDITURES			
Current:			
Engineering and Public Works	516,450	114,897	401,553
Community Services	-	-	-
Total Expenditures	<u>516,450</u>	<u>114,897</u>	<u>401,553</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(392,450)</u>	<u>312,137</u>	<u>704,587</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	(392,450)	312,137	704,587
Fund Balance, Beginning	<u>843,836</u>	<u>843,836</u>	
Fund Balance, Ending	<u>\$ 451,386</u>	<u>\$ 1,155,973</u>	<u>\$ 704,587</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, 2018

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ 194,000	\$ 745,366	\$ 551,366
Investment Income	5,000	38,176	33,176
Rental Income	-	89,142	89,142
	<u>199,000</u>	<u>872,684</u>	<u>673,684</u>
EXPENDITURES			
Current:			
Engineering and Public Works	241,561	47	241,514
Community Services	-	-	-
	<u>241,561</u>	<u>47</u>	<u>241,514</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(42,561)</u>	<u>872,637</u>	<u>915,198</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Issuance of Debt	72,929	-	(72,929)
	<u>72,929</u>	<u>-</u>	<u>(72,929)</u>
Net Change in Fund Balances	30,368	872,637	842,269
Fund Balance, Beginning	<u>2,246,808</u>	<u>2,246,808</u>	<u></u>
Fund Balance, Ending	<u>\$ 2,277,176</u>	<u>\$ 3,119,445</u>	<u>\$ 842,269</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, 2018

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ 136,000	\$ 554,126	\$ 418,126
Investment Income	4,500	20,629	16,129
Intergovernmental	-	399,345	399,345
Other Revenue	-	6,329	6,329
Total Revenues	<u>140,500</u>	<u>980,429</u>	<u>839,929</u>
EXPENDITURES			
Current:			
Engineering and Public Works	1,942,109	1,137,208	804,901
Community Services	-	-	-
Total Expenditures	<u>1,942,109</u>	<u>1,137,208</u>	<u>804,901</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,801,609)</u>	<u>(156,779)</u>	<u>1,644,830</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	(1,801,609)	(156,779)	1,644,830
Fund Balance, Beginning	<u>2,006,421</u>	<u>2,006,421</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 204,812</u></u>	<u><u>\$ 1,849,642</u></u>	<u><u>\$ 1,644,830</u></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, 2018

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ 204,480	\$ 206,115	\$ 1,635
Investment Income	-	-	-
Intergovernmental	-	-	-
Other Revenue	-	-	-
Total Revenues	<u>204,480</u>	<u>206,115</u>	<u>1,635</u>
EXPENDITURES			
Current:			
Engineering and Public Works	594,071	8,534	585,537
Community Services	-	-	-
Total Expenditures	<u>594,071</u>	<u>8,534</u>	<u>585,537</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(389,591)</u>	<u>197,581</u>	<u>587,172</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	(389,591)	197,581	587,172
Fund Balance, Beginning	<u>599,070</u>	<u>599,070</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ 209,479</u></u>	<u><u>\$ 796,651</u></u>	<u><u>\$ 587,172</u></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, 2018

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ 204,480	\$ -	\$ (204,480)
Investment Income	-	7,232	7,232
Intergovernmental	-	-	-
Other Revenue	-	-	-
Total Revenues	<u>204,480</u>	<u>7,232</u>	<u>(197,248)</u>
EXPENDITURES			
Current:			
Engineering and Public Works	594,071	4,747,653	(4,153,582)
Community Services	-	-	-
Total Expenditures	<u>594,071</u>	<u>4,747,653</u>	<u>(4,153,582)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(389,591)</u>	<u>(4,740,421)</u>	<u>(4,350,830)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Issuance of Debt	-	7,345,487	7,345,487
Total Other Financing Sources (Uses)	<u>-</u>	<u>7,345,487</u>	<u>7,345,487</u>
Net Change in Fund Balances	(389,591)	2,605,066	2,994,657
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ (389,591)</u>	<u>\$ 2,605,066</u>	<u>\$ 2,994,657</u>

INTERNAL SERVICE FUNDS

**City of Upland
Internal Service Funds
Year Ended June 30, 2018**

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 reimbursements basis.

Self-Funded Insurance Fund

To account for the accumulation and allocation of costs associated with the City's Workers' Compensation and Self-Funded Liability Program.

Vehicle Replacement] Fund

To account for the accumulation and allocation of costs associated with the repair and maintenance of City owned vehicles.

Information Systems Fund

To account for the operations of the City's information systems division, including maintenance of 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, 2018

	Self-funded Insurance	Vehicle Replacement	Information Systems	Building Maintenance	Totals
ASSETS					
Current Assets:					
Cash and Investments	\$ 452,590	\$ 682,606	\$ 1,244,063	\$ 947,345	\$ 3,326,604
Accounts Receivable - Net	5,159	23,050	8,675	-	36,884
Due from Other Governments	150	-	-	-	150
Inventory and Prepaid Items	81,492	62,109	-	-	143,601
Total Current Assets	<u>539,391</u>	<u>767,765</u>	<u>1,252,738</u>	<u>947,345</u>	<u>3,507,239</u>
Noncurrent Assets:					
Capital Assets, Not Being Depreciated					
Land	-	-	-	-	-
Construction In Progress	-	82,440	17,138	-	99,578
Capital Assets, Depreciable, Net	-	978,690	837,474	-	1,816,164
Total Noncurrent Assets	<u>-</u>	<u>1,061,130</u>	<u>854,612</u>	<u>-</u>	<u>1,915,742</u>
Total Assets	<u>539,391</u>	<u>1,828,895</u>	<u>2,107,350</u>	<u>947,345</u>	<u>5,422,981</u>
DEFERRED OUTFLOWS OF RESOURCES					
OPEB Related Items	4,361	4,777	5,400	8,099	22,637
Pension Related Items	133,186	174,571	214,452	214,452	736,661
Total Deferred Outflows of Resources	<u>137,547</u>	<u>179,348</u>	<u>219,852</u>	<u>222,551</u>	<u>759,298</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	181,727	89,101	31,845	69,700	372,373
Accrued Salaries and Wages	12,710	15,311	12,417	16,044	56,482
Current Portion of Long-Term Liabilities:					
Claims and Judgments Payable	2,336,385	-	-	-	2,336,385
Compensated Absences	9,102	15,120	13,032	19,285	56,539
Total Current Liabilities	<u>2,539,924</u>	<u>119,532</u>	<u>57,294</u>	<u>105,029</u>	<u>2,821,779</u>
Noncurrent Liabilities:					
Claims and Judgments Payable	5,607,497	-	-	-	5,607,497
Net OPEB Liability	161,955	177,380	200,516	300,775	840,626
Net Pension Liability	710,046	930,682	1,143,294	1,143,294	3,927,316
Compensated Absences	9,304	20,848	24,237	13,706	68,095
Total Noncurrent Liabilities	<u>6,488,802</u>	<u>1,128,910</u>	<u>1,368,047</u>	<u>1,457,775</u>	<u>10,443,534</u>
Total Liabilities	<u>9,028,726</u>	<u>1,248,442</u>	<u>1,425,341</u>	<u>1,562,804</u>	<u>13,265,313</u>
DEFERRED INFLOWS OF RESOURCES					
Pension Related Items	14,015	18,369	22,566	22,566	77,516
NET POSITION					
Net Investment in Capital Assets	-	1,061,130	854,612	-	1,915,742
Unrestricted	(8,365,803)	(319,698)	24,683	(415,474)	(9,076,292)
Total Net Position	<u>\$ (8,365,803)</u>	<u>\$ 741,432</u>	<u>\$ 879,295</u>	<u>\$ (415,474)</u>	<u>\$ (7,160,550)</u>

City of Upland
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2018

	Self-funded Insurance	Vehicle Replacement	Information Systems	Building Maintenance	Totals
OPERATING REVENUES					
Charges for Services	\$ 4,020,832	\$ 1,270,420	\$ 1,538,683	\$ 1,093,817	\$ 7,923,752
Rental Income	-	-	-	-	-
Other Operating Revenues	12,447	420	87,261	-	100,128
Total Operating Revenues	4,033,279	1,270,840	1,625,944	1,093,817	8,023,880
OPERATING EXPENSES					
Maintenance and Operations	465,052	734,944	1,727,115	1,257,825	4,184,936
Contractual Services	523,694	-	-	-	523,694
Claims Expense	3,803,621	-	-	-	3,803,621
Depreciation	-	177,049	54,827	-	231,876
Total Operating Expenses	4,792,367	911,993	1,781,942	1,257,825	8,744,127
Operating Income (Loss)	(759,088)	358,847	(155,998)	(164,008)	(720,247)
NONOPERATING REVENUES (EXPENSES)					
Interest Income	7,407	9,819	16,776	12,299	46,301
Gain/(Loss) on Disposal of Capital Assets	-	23,050	-	-	23,050
Total Nonoperating Revenues (Expenses)	7,407	32,869	16,776	12,299	69,351
Income (Loss) Before Capital Contributions and Operating Transfers	(751,681)	391,716	(139,222)	(151,709)	(650,896)
Capital Contributions	-	-	-	-	-
Transfers In	3,213,001	86,213	-	170,000	3,469,214
Transfers Out	-	-	-	-	-
Change in Net Position	2,461,320	477,929	(139,222)	18,291	2,818,318
Net Position - Beginning of Year	(10,676,570)	428,395	1,204,917	(154,165)	(9,197,423)
Restatement of Net Position	(150,553)	(164,892)	(186,400)	(279,600)	(781,445)
Net Position - End of Year	\$ (8,365,803)	\$ 741,432	\$ 879,295	\$ (415,474)	\$ (7,160,550)

City of Upland
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2018

	Self-funded Insurance	Vehicle Replacement	Information Systems	Building Maintenance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from User Departments	\$ 4,028,160	\$ 1,247,790	\$ 1,651,090	\$ 1,093,817	\$ 8,020,857
Cash Paid to Suppliers for Goods and Services	(4,126,363)	(446,249)	(1,385,183)	(789,382)	(6,747,177)
Cash Paid to Employees for Services	(193,031)	(272,154)	(104,041)	(200,485)	(769,711)
Net Cash from Operating Activities	<u>(291,234)</u>	<u>529,387</u>	<u>161,866</u>	<u>103,950</u>	<u>503,969</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES					
Cash Paid (to) from Other Funds	-	86,213	-	170,000	256,213
Advances Paid (to) from Other Funds	210,767	-	-	-	210,767
Net Cash from Noncapital and Related Financing Activities	<u>210,767</u>	<u>86,213</u>	<u>-</u>	<u>170,000</u>	<u>466,980</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Cash Received from Sale of Capital Assets	-	23,050	-	-	23,050
Acquisition and Construction of Capital Assets	-	(711,993)	(84,116)	-	(796,109)
Net Cash from Capital and Related Financing Activities	<u>-</u>	<u>(688,943)</u>	<u>(84,116)</u>	<u>-</u>	<u>(773,059)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	7,407	9,819	16,776	12,299	46,301
Net Cash from Investing Activities	<u>7,407</u>	<u>9,819</u>	<u>16,776</u>	<u>12,299</u>	<u>46,301</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(73,060)	(63,524)	94,526	286,249	244,191
Cash and Cash Equivalents, Beginning of the Year	525,650	746,130	1,149,537	661,096	3,082,413
Cash and Cash Equivalents, End 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>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:					
Operating Income (Loss)	\$ (759,088)	\$ 358,847	\$ (155,998)	\$ (164,008)	\$ (720,247)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	-	177,049	54,827	-	231,876
Changes in Operating Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(5,017)	(23,050)	25,146	-	(2,921)
(Increase) Decrease in Due from Other Governments	(102)	-	-	-	(102)
(Increase) Decrease in Inventory and Prepaid Items	20,454	(1,584)	-	-	18,870
(Increase) Decrease in Deferred Outflows - Pensions	(14,821)	44,628	(46,443)	84,432	67,796
(Increase) Decrease in Deferred Outflows - OPEB	(4,361)	(4,777)	(5,400)	(8,099)	(22,637)
Increase (Decrease) in Accounts Payable	155,818	(17,151)	(7,845)	15,807	146,629
Increase (Decrease) in Accrued Salaries and Benefits	9,069	(11,783)	1,490	1,275	51
Increase (Decrease) in Compensated Absences	6,993	(3,217)	(1,636)	7,286	9,426
Increase (Decrease) in Net Pension Liability	95,182	35,673	324,688	168,244	623,787
Increase (Decrease) in Net OPEB Liability	11,402	12,488	14,116	21,175	59,181
Increase (Decrease) in Deferred Inflows - Pensions	(7,997)	(37,736)	(41,079)	(22,162)	(108,974)
Increase (Decrease) in Claims Payable	201,234	-	-	-	201,234
Net Cash from Operating Activities	<u>\$ (291,234)</u>	<u>\$ 529,387</u>	<u>\$ 161,866</u>	<u>\$ 103,950</u>	<u>\$ 503,969</u>

AGENCY FUNDS

**City of Upland
Agency Funds
Year Ended June 30, 2018**

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 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.

City of Upland
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2018

	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	\$ 543,079	\$ 645,824	\$ 64,861	\$ 120,500	\$ -
Cash with Fiscal Agent	2,925,201	2,216,143	-	-	-
Accounts Receivable	3,404	-	-	-	15,784
	<u>3,471,684</u>	<u>2,861,967</u>	<u>64,861</u>	<u>120,500</u>	<u>15,784</u>
Total Assets	<u>\$ 3,471,684</u>	<u>\$ 2,861,967</u>	<u>\$ 64,861</u>	<u>\$ 120,500</u>	<u>\$ 15,784</u>
LIABILITIES					
Deposits Payable	\$ -	\$ -	\$ 30,272	\$ 120,500	\$ 15,784
Accounts Payable	78	-	34,589	-	-
Due to Bondholders	3,471,606	2,861,967	-	-	-
	<u>3,471,684</u>	<u>2,861,967</u>	<u>64,861</u>	<u>120,500</u>	<u>15,784</u>
Total Liabilities	<u>\$ 3,471,684</u>	<u>\$ 2,861,967</u>	<u>\$ 64,861</u>	<u>\$ 120,500</u>	<u>\$ 15,784</u>

Assessment District 84-1	Sanitary Sewer Facility Development	Welfare Committee	Upland 54	Total
\$ 6,548	\$ 2,095,916	\$ 28,131	\$ 53,747	\$ 3,558,606
-	-	-	252,126	5,393,470
-	-	-	1,274	20,462
<u>\$ 6,548</u>	<u>\$ 2,095,916</u>	<u>\$ 28,131</u>	<u>\$ 307,147</u>	<u>\$ 8,972,538</u>
\$ -	\$ 2,095,916	\$ 28,131	\$ -	\$ 2,290,603
25	-	-	31	34,723
6,523	-	-	307,116	6,647,212
<u>\$ 6,548</u>	<u>\$ 2,095,916</u>	<u>\$ 28,131</u>	<u>\$ 307,147</u>	<u>\$ 8,972,538</u>

City of Upland
Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2018

	Beginning Balance	Additions	Deletions	Ending Balance
<u>COMMUNITY FACILITIES DISTRICT 2003-1</u>				
ASSETS				
Cash and Investments	\$ -	\$ 1,333,054	\$ 789,975	\$ 543,079
Cash with Fiscal Agent	3,589,475	749,088	1,413,362	2,925,201
Accounts Receivable	7,551	3,404	7,551	3,404
Total Assets	<u>\$ 3,597,026</u>	<u>\$ 2,085,546</u>	<u>\$ 2,210,888</u>	<u>\$ 3,471,684</u>
LIABILITIES				
Accounts Payable	\$ 11,726	\$ 16,971	\$ 28,619	\$ 78
Due to Bondholders	3,585,300	2,068,575	2,182,269	3,471,606
Total Liabilities	<u>\$ 3,597,026</u>	<u>\$ 2,085,546</u>	<u>\$ 2,210,888</u>	<u>\$ 3,471,684</u>
<u>COMMUNITY FACILITIES DISTRICT 2003-2</u>				
ASSETS				
Cash and Investments	\$ -	\$ 1,348,741	\$ 702,917	\$ 645,824
Cash with Fiscal Agent	2,846,113	684,524	1,314,494	2,216,143
Accounts Receivable	17,478	-	17,478	-
Total Assets	<u>\$ 2,863,591</u>	<u>\$ 2,033,265</u>	<u>\$ 2,034,889</u>	<u>\$ 2,861,967</u>
LIABILITIES				
Due to Bondholders	\$ 2,863,591	\$ 2,033,265	\$ 2,034,889	\$ 2,861,967
Total Liabilities	<u>\$ 2,863,591</u>	<u>\$ 2,033,265</u>	<u>\$ 2,034,889</u>	<u>\$ 2,861,967</u>
<u>COMMUNITY FACILITIES DISTRICT 2015-1</u>				
ASSETS				
Cash and Investments	\$ 25,000	\$ 121,000	\$ 81,139	\$ 64,861
Total Assets	<u>\$ 25,000</u>	<u>\$ 121,000</u>	<u>\$ 81,139</u>	<u>\$ 64,861</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 90,728	\$ 56,139	\$ 34,589
Deposits Payable	25,000	30,272	25,000	30,272
Total Liabilities	<u>\$ 25,000</u>	<u>\$ 121,000</u>	<u>\$ 81,139</u>	<u>\$ 64,861</u>
<u>COMMUNITY FACILITIES DISTRICT 2016-1</u>				
ASSETS				
Cash and Investments	\$ 13,080	\$ 176,503	\$ 69,083	\$ 120,500
Total Assets	<u>\$ 13,080</u>	<u>\$ 176,503</u>	<u>\$ 69,083</u>	<u>\$ 120,500</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 44,866	\$ 44,866	\$ -
Deposits	13,080	131,637	24,217	120,500
Total Liabilities	<u>\$ 13,080</u>	<u>\$ 176,503</u>	<u>\$ 69,083</u>	<u>\$ 120,500</u>
<u>COMMUNITY FACILITIES DISTRICT 2016-2</u>				
ASSETS				
Cash and Investments	\$ 35,284	\$ 15,784	\$ 51,068	\$ -
Accounts Receivable	-	15,784	-	15,784
Total Assets	<u>\$ 35,284</u>	<u>\$ 31,568</u>	<u>\$ 51,068</u>	<u>\$ 15,784</u>
LIABILITIES				
Deposits Payable	\$ 35,284	\$ 31,568	\$ 51,068	\$ 15,784
Total Liabilities	<u>\$ 35,284</u>	<u>\$ 31,568</u>	<u>\$ 51,068</u>	<u>\$ 15,784</u>

Continued

City of Upland
Statement of Changes in Assets and Liabilities
Agency Funds - Continued
Year Ended June 30, 2018

	Beginning Balance	Additions	Deletions	Ending Balance
<u>ASSESSMENT DISTRICT 84-1</u>				
ASSETS				
Cash and Investments	\$ 7,014	\$ 9,885	\$ 10,351	\$ 6,548
Total Assets	<u>\$ 7,014</u>	<u>\$ 9,885</u>	<u>\$ 10,351</u>	<u>\$ 6,548</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 25	\$ -	\$ 25
Due to Bondholders	7,014	9,860	10,351	6,523
Total Liabilities	<u>\$ 7,014</u>	<u>\$ 9,885</u>	<u>\$ 10,351</u>	<u>\$ 6,548</u>
<u>SANITARY SEWER FACILITY DEVELOPMENT</u>				
ASSETS				
Cash and Investments	\$ 1,291,709	\$ 2,914,522	\$ 2,110,315	\$ 2,095,916
Total Assets	<u>\$ 1,291,709</u>	<u>\$ 2,914,522</u>	<u>\$ 2,110,315</u>	<u>\$ 2,095,916</u>
LIABILITIES				
Deposits Payable	\$ 1,291,709	\$ 2,914,522	\$ 2,110,315	\$ 2,095,916
Total Liabilities	<u>\$ 1,291,709</u>	<u>\$ 2,914,522</u>	<u>\$ 2,110,315</u>	<u>\$ 2,095,916</u>
<u>WELFARE COMMITTEE</u>				
ASSETS				
Cash and Investments	\$ 27,785	\$ 28,867	\$ 28,521	\$ 28,131
Total Assets	<u>\$ 27,785</u>	<u>\$ 28,867</u>	<u>\$ 28,521</u>	<u>\$ 28,131</u>
LIABILITIES				
Deposits Payable	\$ 27,785	\$ 28,867	\$ 28,521	\$ 28,131
Total Liabilities	<u>\$ 27,785</u>	<u>\$ 28,867</u>	<u>\$ 28,521</u>	<u>\$ 28,131</u>
<u>UPLAND 54</u>				
ASSETS				
Cash and Investments	\$ -	\$ 131,662	\$ 77,915	\$ 53,747
Cash with Fiscal Agent	320,691	52,533	121,098	252,126
Accounts Receivable	-	1,274	-	1,274
Total Assets	<u>\$ 320,691</u>	<u>\$ 185,469</u>	<u>\$ 199,013</u>	<u>\$ 307,147</u>
LIABILITIES				
Accounts Payable	\$ 11,806	\$ 8,970	\$ 20,745	\$ 31
Due to Bondholders	308,885	176,499	178,268	307,116
Total Liabilities	<u>\$ 320,691</u>	<u>\$ 185,469</u>	<u>\$ 199,013</u>	<u>\$ 307,147</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and Investments	\$ 1,399,872	\$ 6,080,018	\$ 3,921,284	\$ 3,558,606
Cash with Fiscal Agent	6,756,279	1,486,145	2,848,954	5,393,470
Accounts Receivable	25,029	20,462	25,029	20,462
Total Assets	<u>\$ 8,181,180</u>	<u>\$ 7,586,625</u>	<u>\$ 6,795,267</u>	<u>\$ 8,972,538</u>
LIABILITIES				
Accounts Payable	\$ 23,532	\$ 161,560	\$ 150,369	\$ 34,723
Deposits	1,392,858	3,136,866	2,239,121	2,290,603
Due to Bondholders	6,764,790	4,288,199	4,405,777	6,647,212
Total Liabilities	<u>\$ 8,181,180</u>	<u>\$ 7,586,625</u>	<u>\$ 6,795,267</u>	<u>\$ 8,972,538</u>

STATISTICAL SECTION

City of Upland
Description of Statistical Section Contents
June 30, 2018

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	100
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax	110
<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	118
<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	125
<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	128

CITY OF UPLAND

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year Ended June 30,				
	2009	2010	2011	2012	2013
Governmental activities					
Invested in capital assets, net of related debt	\$ 245,472,014	\$ 241,385,275	\$ 247,582,946	\$ 279,503,381	\$ 281,184,806
Restricted	33,823,149	28,585,512	23,099,917	15,971,514	22,177,079
Unrestricted	8,655,969	2,933,314	(2,198,045)	(12,516,353)	(19,386,237)
Total governmental activities net position	<u>\$ 287,951,132</u>	<u>\$ 272,904,101</u>	<u>\$ 268,484,818</u>	<u>\$ 282,958,542</u>	<u>\$ 283,975,648</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 66,319,305	\$ 73,989,104	\$ 73,202,621	\$ 75,066,229	\$ 76,050,669
Restricted	-	-	-	-	-
Unrestricted	38,576,939	36,680,591	42,140,896	38,813,010	37,241,528
Total business-type activities net position	<u>\$ 104,896,244</u>	<u>\$ 110,669,695</u>	<u>\$ 115,343,517</u>	<u>\$ 113,879,239</u>	<u>\$ 113,292,197</u>
Primary government					
Invested in capital assets, net of related debt	\$ 311,791,319	\$ 315,374,379	\$ 320,785,567	\$ 354,569,610	\$ 357,235,475
Restricted	33,823,149	28,585,512	23,099,917	15,971,514	22,177,079
Unrestricted	47,232,908	39,613,905	39,942,851	26,296,657	17,855,291
Total primary government net position	<u>\$ 392,847,376</u>	<u>\$ 383,573,796</u>	<u>\$ 383,828,335</u>	<u>\$ 396,837,781</u>	<u>\$ 397,267,845</u>

Source: Finance Division, City of Upland

Fiscal Year Ended June 30,				
2014	2015	2016	2017	2018
\$ 272,320,453	\$ 274,795,930	\$ 269,132,382	\$ 267,791,299	\$ 262,318,491
18,336,004	14,482,775	25,659,378	40,844,504	42,616,153
(253,534)	(62,716,819)	(64,259,153)	(74,170,029)	(83,164,838)
<u>\$ 290,402,923</u>	<u>\$ 226,561,886</u>	<u>\$ 230,532,607</u>	<u>\$ 234,465,774</u>	<u>\$ 221,769,806</u>
\$ 75,114,852	\$ 68,450,050	\$ 67,891,850	\$ 68,761,226	\$ 69,511,985
-	-	-	-	-
36,705,400	27,528,096	34,916,716	39,989,572	48,033,153
<u>\$ 111,820,252</u>	<u>\$ 95,978,146</u>	<u>\$ 102,808,566</u>	<u>\$ 108,750,798</u>	<u>\$ 117,545,138</u>
\$ 347,435,305	\$ 343,245,980	\$ 337,024,232	\$ 336,552,525	\$ 331,830,476
18,336,004	14,482,775	25,659,378	40,844,504	42,616,153
36,451,866	(35,188,723)	(29,342,437)	(34,180,457)	(35,131,685)
<u>\$ 402,223,175</u>	<u>\$ 322,540,032</u>	<u>\$ 333,341,173</u>	<u>\$ 343,216,572</u>	<u>\$ 339,314,944</u>

CITY OF UPLAND

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year Ended June 30,				
	2009	2010	2011	2012	2013
Expenses					
Governmental activities:					
General government	\$ 4,424,174	\$ 3,845,613	\$ 3,894,625	\$ 5,137,446	\$ 4,113,605
Public safety	24,736,537	27,994,406	26,883,113	30,710,194	29,009,795
Engineering and public works	17,926,088	11,196,658	8,734,681	12,074,768	7,868,067
Development services	11,165,502	11,058,341	13,322,147	5,218,453	4,967,335
Community services	1,353,790	4,460,801	3,962,221	4,584,937	6,100,981
Interest expense	1,567,438	2,255,445	2,186,876	1,326,383	310,478
Total governmental activities expenses	61,173,529	60,811,264	58,983,663	59,052,181	52,370,261
Business-type activities:					
Water utility	16,904,301	16,580,163	15,393,981	17,893,977	17,019,949
Solid waste utility	9,758,184	9,730,993	9,669,314	9,360,397	9,246,343
Sewer utility	5,821,768	6,169,303	6,098,777	5,882,096	5,813,597
Animal services	-	8,852	1,150,728	1,163,149	1,082,162
Total business-type activities expenses	32,484,253	32,489,311	32,312,800	34,299,619	33,162,051
Total primary government expenses	\$ 93,657,782	\$ 93,300,575	\$ 91,296,463	\$ 93,351,800	\$ 85,532,312
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 2,850,519	\$ 2,487,288	\$ 1,318,635	\$ 1,428,531	\$ 1,416,615
Public safety	2,760,224	2,487,629	2,464,321	2,509,528	2,526,925
Engineering and public works	426,987	364,187	398,112	271,742	411,595
Development services	470,048	514,645	3,789,998	2,094,944	3,881,798
Community services	903,935	902,971	690,120	624,243	611,995
Operating grants and contributions	6,968,247	6,153,273	6,637,224	6,515,231	6,554,132
Capital grants and contributions	38,292,605	4,138,510	2,113,299	1,827,726	2,614,837
Total governmental activities program revenues	52,672,565	17,048,503	17,411,709	15,271,945	18,017,897
Business-type activities:					
Charges for services:					
Water utility	15,717,899	14,219,495	22,016,148	17,769,773	17,324,491
Solid waste utility	9,949,742	9,784,984	9,617,834	9,421,363	9,535,127
Sewer utility	5,371,785	5,791,624	5,822,597	6,193,947	6,294,532
Animal services	-	35,798	334,927	438,750	567,329
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	1,614,270	270,118	-	-	-
Total business-type activities program revenues	32,653,696	30,102,019	37,791,506	33,823,833	33,721,479
Total primary government program revenues	\$ 85,326,261	\$ 47,150,522	\$ 55,203,215	\$ 49,095,778	\$ 51,739,376
Net (expenses)/revenue					
Governmental activities	\$ (8,500,964)	\$ (43,762,761)	\$ (41,571,954)	\$ (43,780,236)	\$ (34,352,364)
Business-type activities	169,443	(2,387,292)	5,478,706	(475,786)	559,428
Total net revenues (expense)	\$ (8,331,521)	\$ (46,150,053)	\$ (36,093,248)	\$ (44,256,022)	\$ (33,792,936)

Fiscal Year Ended June 30,				
2014	2015	2016	2017	2018
\$ 4,709,996	\$ 3,050,233	\$ 5,626,905	\$ 3,080,619	\$ 4,539,492
24,047,934	27,468,131	27,178,673	32,174,086	27,927,892
9,879,986	9,281,467	11,049,238	9,819,952	11,468,377
3,174,496	5,447,239	5,214,410	5,407,099	6,624,913
4,057,338	5,073,673	4,308,397	3,691,035	3,370,656
286,492	284,269	281,359	358,679	715,062
46,156,242	50,605,012	53,658,982	54,531,470	54,646,392
19,565,979	20,124,035	16,121,912	18,483,205	19,989,900
9,322,648	9,872,451	9,602,172	10,051,229	11,042,468
6,278,008	7,457,367	7,063,779	7,818,112	9,285,699
1,020,821	-	-	-	-
36,187,456	37,453,853	32,787,863	36,352,546	40,318,067
\$ 82,343,698	\$ 88,058,865	\$ 86,446,845	\$ 90,884,016	\$ 94,964,459
\$ 1,508,984	\$ 1,658,124	\$ 1,124,713	\$ 305,373	\$ 382,010
2,930,767	3,593,175	3,789,627	3,541,745	1,827,271
579,582	660,583	246,341	776,173	4,207,550
4,541,765	4,612,643	4,933,961	5,461,323	5,245,335
1,058,570	1,097,518	1,072,754	495,702	546,702
6,234,320	7,014,790	5,120,131	5,933,967	2,066,407
1,636,573	2,712,801	3,926,465	4,337,377	6,604,091
18,490,561	21,349,634	20,213,992	20,851,660	20,879,366
18,184,343	22,713,562	18,601,289	21,299,753	28,076,336
9,592,364	10,355,699	10,544,776	11,103,446	11,687,415
6,432,824	7,233,341	8,068,428	9,705,668	10,144,832
384,674	-	-	-	-
23,220	21,672	15,519	63,207	70,598
-	-	-	-	-
34,617,425	40,324,274	37,230,012	42,172,074	49,979,181
\$ 53,107,986	\$ 61,673,908	\$ 57,444,004	\$ 63,023,734	\$ 70,858,547
\$ (27,665,681)	\$ (29,255,378)	\$ (33,444,990)	\$ (33,679,810)	\$ (33,767,026)
(1,570,031)	2,870,421	4,442,149	5,819,528	9,661,114
\$ (29,235,712)	\$ (26,384,957)	\$ (29,002,841)	\$ (27,860,282)	\$ (24,105,912)

CITY OF UPLAND

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year Ended June 30,				
	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 18,380,458	\$ 18,436,456	\$ 18,288,333	\$ 16,279,713	\$ 17,207,416
Tax increment	8,812,255	6,016,240	7,628,784	4,813,601	-
Sales taxes	7,006,296	6,852,466	7,228,970	9,992,768	10,167,479
Other taxes	3,205,483	1,469,692	1,359,820	1,676,719	1,603,147
Investment income	2,096,228	1,299,166	411,082	100,072	26,819
Motor vehicle in lieu	518,539	485,436	674,770	179,479	190,258
Gain on sale of assets	564,698	292,828	47,086	9,682	-
Miscellaneous revenue	1,016,498	1,980,747	377,996	908,588	583,147
Extraordinary gain (note 21)	-	-	-	23,491,941	-
Special Item (note 16)	-	-	-	-	-
Transfers	186,459	(7,864,436)	1,135,830	1,195,158	5,922,919
Total governmental activities	<u>41,786,914</u>	<u>28,968,595</u>	<u>37,152,671</u>	<u>58,647,721</u>	<u>35,701,185</u>
Business-type activities:					
Investment income	754,695	274,432	330,946	186,316	53,563
Share of joint venture net income	-	-	-	-	-
Gain on sale of assets	-	-	-	20,350	-
Miscellaneous revenue	-	21,875	-	-	-
Transfers	(186,459)	7,864,436	(1,135,830)	(1,195,158)	(1,058,593)
Total business-type activities	<u>568,236</u>	<u>8,160,743</u>	<u>(804,884)</u>	<u>(988,492)</u>	<u>(1,005,030)</u>
Total primary government	<u>\$ 42,355,150</u>	<u>\$ 37,129,338</u>	<u>\$ 36,347,787</u>	<u>\$ 57,659,229</u>	<u>\$ 34,696,155</u>
Changes in Net Position					
Governmental activities	\$ 33,285,950	\$ (14,794,166)	\$ (4,419,283)	\$ 14,867,485	\$ 1,348,821
Business-type activities	737,679	5,773,451	4,673,822	(1,464,278)	(445,602)
Total primary government	<u>\$ 34,023,629</u>	<u>\$ (9,020,715)</u>	<u>\$ 254,539</u>	<u>\$ 13,403,207</u>	<u>\$ 903,219</u>

Source: Finance Division, City of Upland

Fiscal Year Ended June 30,

2014	2015	2016	2017	2018
\$ 17,656,767	\$ 18,376,071	\$ 19,309,037	\$ 20,482,854	\$ 16,343,119
-	-	-	-	-
11,282,830	12,477,307	13,909,909	13,293,304	13,673,539
1,744,459	1,890,562	1,778,356	2,740,447	2,696,807
61,284	93,147	216,843	326,531	(90,335)
217,444	852,384	429,308	223,315	40,421
51,530	14,151	32,589	4,180	-
3,494,568	4,238,903	394,567	355,677	321,564
-	-	-	-	-
-	-	-	-	(5,562,967)
(69,537)	122,245	(3,000)	67,000	-
34,439,345	38,064,770	36,067,609	37,493,308	27,422,148
28,549	99,832	148,205	189,704	415,529
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
69,537	(122,245)	3,000	(67,000)	-
98,086	(22,413)	151,205	122,704	415,529
\$ 34,537,431	\$ 38,042,357	\$ 36,218,814	\$ 37,616,012	\$ 27,837,677
\$ 6,773,664	\$ 8,809,392	\$ 2,622,619	\$ 3,813,498	\$ (6,344,878)
(1,471,945)	2,848,008	4,593,354	5,942,232	10,076,643
\$ 5,301,719	\$ 11,657,400	\$ 7,215,973	\$ 9,755,730	\$ 3,731,765

CITY OF UPLAND

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year Ended June 30,				
	2009	2010	2011	2012	2013
General Fund					
Reserved	\$ 3,119,899	\$ 288,827	\$ -	\$ -	\$ -
Unreserved	6,971,355	7,913,927	-	-	-
Nondisposable	-	-	393,974	125,762	139,164
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	5,730,018	805,739	721,275
Total General Fund	<u>\$ 10,091,254</u>	<u>\$ 8,202,754</u>	<u>\$ 6,123,992</u>	<u>\$ 931,501</u>	<u>\$ 860,439</u>
Other governmental funds					
Reserved	\$ 12,039,958	\$ 10,114,180	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	5,521,555	6,401,610	-	-	-
Debt service funds	20,100,303	3,934,620	-	-	-
Capital projects funds	(3,035,140)	4,357,471	-	-	-
Nondisposable	-	-	-	-	-
Restricted	-	-	23,005,460	10,208,668	15,078,398
Committed	-	-	-	-	-
Assigned	-	-	291,300	-	-
Unassigned	-	-	(2,192,732)	(83,676)	(1,525,535)
Total Other Governmental Funds	<u>\$ 34,626,676</u>	<u>\$ 24,807,881</u>	<u>\$ 21,104,028</u>	<u>\$ 10,124,992</u>	<u>\$ 13,552,863</u>

Source: Finance Division, City of Upland

Fiscal Year Ended June 30,				
2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
158,323	110,709	63,831	75,325	64,869
-	-	-	-	18,473
-	-	-	-	4,670,418
-	-	-	-	-
3,841,677	10,284,958	14,478,664	15,254,150	9,479,082
<u>\$ 4,000,000</u>	<u>\$ 10,395,667</u>	<u>\$ 14,542,495</u>	<u>\$ 15,329,475</u>	<u>\$ 14,232,842</u>

\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
18,683,199	34,769,384	38,524,248	39,563,384	42,616,153
-	-	-	-	-
-	-	-	-	7,531
(112,511)	(20,372)	(254,428)	(4,088)	(296)
<u>\$ 18,570,688</u>	<u>\$ 34,749,012</u>	<u>\$ 38,269,820</u>	<u>\$ 39,559,296</u>	<u>\$ 42,623,388</u>

CITY OF UPLAND

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year Ended June 30,				
	2009	2010	2011	2012	2013
Revenues					
Taxes	\$ 39,741,446	\$ 37,799,498	\$ 38,213,931	\$ 35,295,459	\$ 30,756,478
Licenses and permits	948,778	992,516	1,004,926	1,070,611	987,862
Charges for services	4,894,688	4,390,535	4,711,284	4,203,719	4,362,451
Fines and penalties	926,545	638,627	460,768	517,741	500,389
Investment income	1,807,832	1,119,133	281,201	100,072	27,704
Rental income	2,348,894	3,390,859	3,475,107	1,727,205	3,318,077
Intergovernmental	9,057,297	6,657,431	7,161,290	7,268,610	7,221,745
Contributions from property owners	-	-	-	-	-
Other	1,013,468	1,980,747	908,044	1,182,183	1,254,136
Total revenues	60,738,948	56,969,346	56,216,551	51,365,600	48,428,842
Expenditures					
General government	5,171,784	4,120,131	5,360,853	5,991,749	4,805,137
Public safety	27,883,044	27,545,584	26,456,365	27,603,446	26,530,316
Engineering and public works	19,849,223	12,931,622	11,382,753	7,940,843	10,362,812
Development services	12,227,932	11,046,686	9,973,548	4,959,672	4,857,256
Community services	4,974,815	4,519,662	4,079,975	3,894,008	4,145,232
Debt service					
Principal	1,740,000	1,800,000	1,860,000	1,925,000	210,000
Interest	1,866,854	2,292,409	2,227,951	1,242,428	317,068
Pass-through payments	1,747,905	4,852,006	1,442,542	801,386	-
Fiscal charges	3,300	3,300	3,300	3,319	3,300
Total expenditures	75,464,857	69,111,400	62,787,287	54,361,851	51,231,121
Excess (deficiency) of revenues over (under) expenditures	(14,725,909)	(12,142,054)	(6,570,736)	(2,996,251)	(2,802,279)
Other financing sources (uses)					
Transfers in	8,346,657	21,650,371	4,751,051	2,073,948	6,808,907
Transfers out	(8,160,198)	(21,650,371)	(3,615,221)	(1,129,300)	(870,049)
Extraordinary gain (loss) (note 21)	-	-	-	(14,129,606)	-
Proceeds from sale of capital assets	-	292,828	47,086	9,682	-
Issuance of capital leases	772,300	-	-	-	-
Payments to bond escrow	-	-	-	-	-
Issuance of bonds/debt	-	-	-	-	-
Total other financing sources(uses)	958,759	292,828	1,182,916	(13,175,276)	5,938,858
Net change in fund balances	\$ (13,767,150)	\$ (11,849,226)	\$ (5,387,820)	\$ (16,171,527)	\$ 3,136,579
Debt service as a percentage of noncapital expenditures*	6.4%	6.3%	7.5%	6.0%	1.2%

* This percentage is computed as: Debt Service divided by Non-Capital Expenditures

Fiscal Year Ended June 30,				
2014	2015	2016	2017	2018
\$ 32,593,211	\$ 35,655,141	\$ 37,799,228	\$ 38,830,352	\$ 32,719,390
1,041,388	1,794,686	1,875,032	3,009,862	5,164,222
5,230,294	5,606,821	5,392,160	5,857,984	2,785,383
533,282	604,509	594,417	619,646	646,874
57,147	92,100	187,819	86,173	38,881
3,787,894	3,860,094	4,013,904	4,191,730	4,738,192
6,806,235	7,655,572	5,435,521	5,798,858	5,579,860
-	-	-	-	-
4,659,040	5,317,007	1,273,394	1,742,663	934,735
54,708,491	60,585,930	56,571,475	60,137,268	52,607,537
5,138,890	3,420,069	3,658,673	4,950,630	2,154,855
25,998,626	26,462,312	28,178,150	31,733,042	23,950,547
4,870,786	5,698,034	7,874,070	9,380,001	15,361,147
4,612,547	5,274,072	5,262,923	5,446,549	6,366,818
3,908,447	4,506,490	4,216,350	3,518,510	3,170,399
220,000	235,000	258,368	288,319	18,677,299
293,657	282,901	296,236	360,854	715,062
-	-	-	-	-
3,300	6,659	2,258	3,575	-
45,046,253	45,885,537	49,747,028	55,681,480	70,396,127
9,662,238	14,700,393	6,824,447	4,455,788	(17,788,590)
2,761,375	273,409	1,208,553	517,960	224,081
(3,919,838)	(2,478,470)	(1,525,154)	(2,164,720)	(3,693,295)
-	-	-	-	-
-	-	1,600	-	-
-	-	200,524	-	-
-	-	-	-	-
-	-	-	-	22,210,487
(1,158,463)	(2,205,061)	(114,477)	(1,646,760)	18,741,273
\$ 8,503,775	\$ 12,495,332	\$ 6,709,970	\$ 2,809,028	\$ 952,683
1.2%	1.1%	1.1%	1.3%	31.7%

CITY OF UPLAND

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
(IN THOUSANDS OF DOLLARS)
LAST TEN FISCAL YEARS**

	Fiscal Year				
	2008/09	2009/10	2010/11	2011/12	2012/13
Residential	5,638,782	5,304,942	5,276,157	5,382,875	5,498,151
Commercial	774,553	824,278	809,416	820,057	823,190
Industrial	280,887	312,147	309,820	309,414	306,113
Dry Farm	4,664	4,758	4,746	4,021	4,029
Govt. Owned	3,887	10,101	934	941	960
Institutional	15,139	15,000	17,232	12,430	12,982
Irrigated	1,844	1,881	1,876	1,890	1,928
Miscellaneous	74,054	79,608	73,372	74,576	76,292
Recreational	22,650	19,497	18,770	17,828	18,041
Vacant	84,346	82,266	69,147	71,460	68,364
SBE Nonunitary	69	69	69	69	69
Unsecured	274,194	280,845	274,428	262,654	265,091
TOTALS	7,175,069	6,935,391	6,855,966	6,958,214	7,075,211
Total Direct Rate	<u>0.25824%</u>	<u>0.29355%</u>	<u>0.29273%</u>	<u>0.29248%</u>	<u>0.29337%</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 2008/09 - 2017/18 Combined Tax Rolls; HdL Coren & Cone

Fiscal Year				
2013/14	2014/15	2015/16	2016/17	2017/18
5,680,385	6,068,414	6,401,935	6,697,951	7,059,507
849,188	873,943	875,269	908,646	991,548
314,762	318,293	342,277	350,443	377,242
4,184	4,186	470	477	487
979	983	1,003	1,018	1,039
14,288	10,334	9,826	13,908	11,982
1,967	1,976	2,015	1,640	1,673
78,275	78,792	80,400	103,978	76,233
14,322	14,353	14,804	14,162	13,758
74,268	65,657	84,782	91,043	132,223
69	70	70	70	70
262,039	259,893	268,858	249,241	230,214
7,294,725	7,696,894	8,081,709	8,432,577	8,895,976
<u>0.17491%</u>	<u>0.17491%</u>	<u>0.17492%</u>	<u>0.17492%</u>	<u>0.17492%</u>

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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						
2009	5,056,526,376	73.9%	777,416,596	11.4%	331,785,124	4.9%	673,292,004	9.8%
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%

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>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>
Basic Levy¹	1.00000	1.00000	1.00000	1.00000	1.00000
Alta Loma Elementary Bond	0.03010	0.03870	0.04510	0.04530	0.04580
Central Elementary Bond	0.05690	0.05840	0.06900	0.06880	0.07270
Chaffey Community College Bond	0.02090	0.01220	0.00910	0.01530	0.01110
Chaffey High School Bond	0.01620	0.01680	0.01920	0.01940	0.01010
Metropolitan Water Agency	0.00430	0.00430	0.00370	0.00370	0.00350
Ontario-Montclair Elementary Bond	0.02380	0.02870	0.03360	0.02890	0.02740
Upland Unified School Bond	0.03420	0.03810	0.04430	0.04740	0.05240
Total Direct & Overlapping² Tax Rates	<u>1.18640</u>	<u>1.19720</u>	<u>1.22400</u>	<u>1.22880</u>	<u>1.22300</u>
City Share of 1% levy per Prop 13³	0.17482	0.17482	0.17482	0.17482	0.17482
Redevelopment Rate⁴	1.00430	1.00430	1.00370	1.00370	n/a
Total Direct Rate⁵	<u>0.28524</u>	<u>0.29355</u>	<u>0.29273</u>	<u>0.29248</u>	<u>0.29377</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 2008/09 - 2017/18 Tax Rate Table; HdL Coren & Cone

Fiscal Year				
<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
1.00000	1.00000	1.00000	1.00000	1.00000
0.04500	0.04370	0.04170	0.04080	0.05640
0.07110	0.06600	0.06500	0.06880	0.06700
0.01570	0.01090	0.01130	0.01160	0.00880
0.03710	0.02940	0.04090	0.03190	0.02790
0.00350	0.00350	0.00350	0.00350	0.00350
0.02940	0.02600	0.02680	0.02640	0.05570
0.04840	0.04620	0.05250	0.06070	0.05510
<u>1.25020</u>	<u>1.22570</u>	<u>1.24170</u>	<u>1.24370</u>	<u>1.27440</u>
0.17482	0.17482	0.17482	0.17482	0.17482
n/a	n/a	n/a	n/a	n/a
<u>0.17491</u>	<u>0.17491</u>	<u>0.17492</u>	<u>0.17492</u>	<u>0.17492</u>

CITY OF UPLAND

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Colonies-Pacific LLC	\$ 150,011,521	1	1.69%	\$ 44,079,745	1	0.61%
College Park Apartment Homes LP	59,084,647	2	0.66%			
Bravepark Commerical Property LLC	46,610,021	3	0.52%			
MG Stoneridge Village Grove LLC	44,362,307	4	0.50%			
Rancho Monte Vista Apartment Homes	43,035,267	5	0.48%	38,417,842	3	0.54%
CT Retail Properties Finance II LLC	41,353,292	6	0.46%	36,538,442	4	0.51%
WNG Mountain Springs GP	37,831,196	7	0.43%	33,426,433	5	0.47%
Dee Matreyek Kurth Non Exempt Trust	35,009,703	8	0.39%			
Bre Paragon MF Alvista Portofino CA	33,790,971	9	0.38%			
NU-168 Apartments LLC	33,771,016	10	0.38%	29,838,987	7	0.42%
Bill and Mary Matreyek Trust				31,980,855	6	0.45%
Pres- Mountain Grove LP				25,682,274	8	0.36%
Broadstone Residential LLC				24,137,280	10	0.34%
Holliday Rock Company INC				24,328,284	9	0.34%
Granite Sr Woodlane LLC				41,718,000	2	0.58%
Totals	<u>\$ 524,859,941</u>		<u>5.89%</u>	<u>\$ 330,148,142</u>		<u>4.62%</u>

Source: San Bernardino County Assessor 2017/18 Combined Tax Roll and the SBE Non Unitary Tax Roll

CITY OF UPLAND

**PRINCIPAL WATER PURCHASERS
CURRENT YEAR AND TEN YEARS AGO**

Water Purchaser	2018			2009		
	Gallons Consumed	Rank	Percentage of Total Gallons Consumed	Gallons Consumed	Rank	Percentage of Total Gallons Consumed
City of Upland	239,184,220	1	3.9%	132,262,108	1	1.9%
Upland Development, LLC	150,058,524	2	2.5%			
Mountain View Land Co.	135,732,828	3	2.2%	46,094,752	5	0.7%
Upland Unified School District	118,850,468	4	2.0%	113,698,992	2	1.7%
State of California Dept of Trans	68,258,740	5	1.1%	27,364,084	10	0.4%
The Colonies Pacifics, LLC	59,753,980	6	1.0%			
San Antonio Community Hospital	57,245,188	7	0.9%	66,585,464	4	1.0%
Upland Hills Estates HOA	54,130,516	8	0.9%			
Upland Hills CC COA	38,890,764	9	0.6%			
Upland Meadows Management CO. LP	29,614,068	10	0.5%			
HWL Properties				45,587,608	6	0.7%
Upland Cascade				37,561,568	7	0.5%
Hutton Construction Company				32,521,544	8	0.5%
Upland Housing Authority				28,608,008	9	0.4%
SanBag				73,566,548	3	1.1%
Totals	951,719,296		15.6%	603,850,676		8.9%

Source: Finance Division, City of Upland

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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
2009	10,202,653	9,518,641	93.30%	N/A	9,518,641	93.30%
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%

Notes:

(1) 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.

Source: San Bernardino Auditor-Controller's Office

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	
2009	1,750,000	44,420,000	18,000,000	1,167,943	-	65,337,943
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

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>
14,687,062	80,025,005	3.82%	1,072.23	2009
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

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CITY OF UPLAND

**DIRECT AND OVERLAPPING BOND DEBT
JUNE 30, 2018**

FY 2017-18 Assessed Valuation		\$	8,884,615,500	
				City's Share of Debt at 6/30/18
<u>Overlapping Tax and Assessment Debt:</u>	<u>% Applicable⁽¹⁾</u>		<u>Total Debt at 6/30/18</u>	
Metropolitan Water District	0.324%	\$	60,600,000	\$ 196,344
Chaffey Community College District	8.468%		138,940,000	11,765,439
Upland Unified School District	92.528%		89,769,550	83,061,969
Chaffey Union High School District	0.791%		389,572,765	3,081,521
Alta Loma School District	0.536%		29,046,793	155,691
Central School District	2.041%		35,670,100	728,027
Ontario-Montclair School District	2.556%		79,865,288	2,041,357
Upland Unified School District Community Facilities District No. 99-1	100.000%		1,471,000	1,471,000
Upland Unified School District Community Facilities District No. 01-1	100.000%		1,873,000	1,873,000
City of Upland Community Facilities District No. 2003-1	100.000%		1,340,000	1,340,000
City Of Upland Community Facilities District No. 2003-2, I.A. Nos. 1 & 2	100.000%		36,115,000	36,115,000
		\$	864,263,496	\$ 141,829,348
<u>Direct and Overlapping General Fund Debt:</u>				
San Bernardino County General Fund Obligations	4.286%	\$	368,015,000	\$ 15,773,123
San Bernardino County Pension Obligations	4.286%		336,106,248	14,405,514
San Bernardino County Flood Control Dist. Gen Fund Obligations	4.286%		68,325,000	2,928,410
Chaffey Community College District Gen. Fund Obligations	8.468%		31,725,000	2,686,473
City of Upland Capital Lease Obligations	100.000%		7,261,876	7,261,876
City of Upland Housing Revenue Bonds	100.000%		14,420,150	14,420,150
Total Gross Direct and Overlapping General Fund Debt				\$ 57,475,546
Less: City of Upland Housing Revenue Bonds (100% supported from housing related revenues)				14,420,150
Total Net Direct and Overlapping General Fund Debt		\$	825,853,274	\$ 43,055,396
<u>Overlapping Tax Increment Debt (Successor Agency):</u>	100.000%	\$	25,085,000	\$ 25,085,000
Total Gross Direct Debt				\$ 21,682,026
Total Net Direct Debt				\$ 7,261,876
Total Overlapping Debt				\$ 202,707,868
Gross Combined Total Debt				\$ 224,389,894 ⁽²⁾
Net Combined Total Debt				\$ 209,969,744
<u>Ratios to FY 2017-18 Assessed Valuation:</u>				
Total Overlapping Tax and Assessment Debt	1.60%			
Total Gross Direct Debt (\$21,682,026)	0.24%			
Total Net Direct Debt (\$7,261,876)	0.08%			
Gross Combined Total Debt	2.53%			
Net Combined Total Debt	2.36%			
<u>Ratios to Redevelopment Incremental Valuation (\$1,453,811,261):</u>				
Total Overlapping Tax Increment Debt	1.73%			

(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,				
	2009	2010	2011	2012	2013
Debt Limit	\$ 933,319,281	\$ 930,115,752	\$ 882,507,215	\$ 895,958,208	\$ 1,058,579,687
Total Net Debt Applicable to Limit	-	-	-	-	-
Legal Debt Margin	\$ 933,319,281	\$ 930,115,752	\$ 882,507,215	\$ 895,958,208	\$ 1,058,579,687
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 2017:

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,				
2014	2015	2016	2017	2018
\$ 1,091,662,967	\$ 1,152,315,001	\$ 1,210,072,895	\$ 1,263,218,981	\$ 1,332,692,325 ¹
-	-	-		
\$ 1,091,662,967	\$ 1,152,315,001	\$ 1,210,072,895	\$ 1,263,218,981	\$ 1,332,692,325
0.00%	0.00%	0.00%	0.00%	0.00%

\$ 8,884,615,500

1,332,692,325

\$ 1,332,692,325

CITY OF UPLAND

**PLEGDED 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	
2009	15,613,892	14,338,698	1,275,194	595,000	547,607	1.12
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

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	
3,257,487	235,000	2,566,050	1.16
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

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>
2008	74,634	\$ 2,094,566	\$ 28,065	14,307	5.4%
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%

Sources: HdL, Coren & Cone and the California Department of Education

CITY OF UPLAND

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
San Antonio Community Hospital	2,400	1	6.4%	2,000	1	5.1%
Upland Unified School District	1,037	2	2.8%	1,009	2	2.6%
Home Depot	340	3	0.9%	351	3	0.9%
Upland Rehabilitaion & Care Center	320	4	0.8%			
Wal Mart	315	5	0.8%	269	5	0.7%
Lewis Group	312	6	0.8%			
Target	265	7	0.7%			
Lowe's Home Center	254	8	0.7%	130	10	0.3%
City of Upland	250	9	0.7%	336	4	0.9%
Holliday Rock Co. Inc	250	10	0.7%			
VCI Telecom, Inc				202	6	0.5%
Vons				155	7	0.4%
Westwood College of Technology				153	8	0.4%
Albertsons				146	9	0.4%
Totals	<u>5,743</u>		<u>15.3%</u>	<u>4,751</u>		<u>12.2%</u>

Source: Upland Chamber of Commerce, Finance Division & Development Services

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CITY OF UPLAND

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	97.75	98.00	102.00	75.00	75.50	78.25	78.00	64.00	58.00	58.00
Public safety										
Police										
Officers	84.00	84.00	85.00	76.00	70.00	70.00	70.00	74.00	75.00	75.00
Civilians	41.00	41.00	42.00	28.00	22.50	22.50	22.50	26.00	30.00	31.00
Fire										
Firefighters and officers	43.00	43.00	43.00	41.00	41.00	40.00	40.00	40.00	40.00	- ¹
Civilians	4.00	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	6.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Operations	22.00	20.00	20.00	23.00	23.00	23.00	22.00	23.50	23.50	23.50
Recreation	11.50	11.50	11.50	7.50	7.50	7.50	7.50	6.00	6.00	5.00
Water	21.00	23.00	23.00	22.00	24.00	24.00	24.00	24.00	24.00	24.00
Solid Waste Utility	1.00	1.00	1.00	-	-	-	-	-	-	-
Environmental Quality	6.00	6.00	6.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00
Total	337.25	342.50	348.50	289.50	279.50	281.25	280.00	273.50	272.50	223.50

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,					
	2009	2010	2011	2012	2013	2014
Fire						
Stations	4	4	5	5	5	5
Police						
Patrol Units	25	25	24	23	23	23
Motorcycles	6	6	6	6	5	4
Library						
Facilities	1	1	1	1	1	1
Recreation						
Buildings	3	3	3	3	4	4
Parks	12	12	13	13	13	13
Soccer fields (lighted)	6	6	6	6	6	6
Baseball fields (lighted)	7	7	8	8	8	8
Softball fields (lighted)	4	4	3	3	3	3
Public Works						
Miles of City Streets	208.90	208.90	208.90	208.90	208.90	208.90
Miles of State Highways	6.70	6.70	6.70	6.70	6.70	6.70
Miles of City Alleys	37.50	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	240.26
Sewer						
Miles of Sewer Lines	228.00	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
5	5	5	1 ¹
22	22	22	24
5	5	4	4
1	1	1	1
4	4	4	4
13	13	13	13
6	6	6	6
8	8	8	8
3	3	3	3
208.90	209.20	209.25	209.85
6.70	6.70	6.20	6.20
37.50	37.50	37.50	37.50
240.88	243.70	255.60	245.71
228.00	228.00	222.00	222.00

CITY OF UPLAND

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year Ended June 30,				
	2009	2010	2011	2012	2013
Function					
General government					
Building permits issued	827	973	1,055	1,042	1,120
Police					
Physical arrests	3,032	5,317	4,476	3,809	3,104
Traffic collisions	473	610	755	666	634
Fire					
Emergency responses	6,049	6,748	7,120	7,300	7,865
Public Works					
Miles of street sweeping	9,216	9,216	10,488	14,172	14,484
Potholes repaired	1,363	2,714	2,184	918	831
Number of trees pruned	6,771	7,192	3,349	9,235	5,405
Parks and recreation					
Community center admissions	9,431	9,102	8,653	8,454	9,093
Library					
Volumes in collection	148,867	148,867	154,463	159,746	157,769
Current Periodical & Serial Subscriptions	267	267	267	81	73
Audio-visual items	7,773	7,773	8,341	8,454	7,464
Water					
New meter installations	553	676	376	292	550
Average daily consumption (thousands of gallons)	19,924	22,589	16,529	21,838	21,087
Number of linear feet of new water pipelines	1,385	-	7,380	17,240	3,859
Refuse collection					
Refuse collected (tons per day)	145	138	137	129	130
Recyclables collected (tons per day)	72	68	68	72	65
Environmental Quality					
Number of sewer inspections conducted	198	214	208	199	207
Number of permitted dischargers/active permits	201	202	197	196	192

Source: Various Departments, City of Upland

¹Last date of service for the City of Upland Fire Department was 07/22/2017.

²Data from 2013-2017 revised and corrected.

Fiscal Year Ended June 30,				
2014	2015	2016	2017	2018
1,408	2,007	1,176	1,095	2,040
4,272	3,532	3,013	4,377	3,477
667	690	814	867	724
9,482	8,855	9,607	9,647	404 ¹
14,484	13,009	14,600	15,000	10,800
910	2,400	318	720	550
5,671	5,015	2,378	2,273	4,288
9,406	9,450	8,868	6,864	6,703
117,295	113,146	111,548	107,760	82,577
340	83	97	42	466
5,911	5,947	5,695	5,154	4,302
1,056	981	894	1,233	1,500
20,690	17,848	14,209	15,572	17,276
-	1,531	3,668	1,627	18,091 ²
144	140	158	151	165
72	64	68	65	76
210	201	208	211	148
194	197	193	195	191

January 31, 2019

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, 2018. 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 June 19, 2018. 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, except for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. 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.

Adjustments were made to record unearned revenues as earned 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 January 31, 2019.

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 January 31, 2019, in which we identified significant deficiencies and a compliance finding.

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 18 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, 2018, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated January 31, 2019.

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. 2018-001, 2018-002 and 2018-003).

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 instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2018-004.

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

January 31, 2019

City of Upland
Schedule of Findings and Responses
Year Ended June 30, 2018

2018-001: *Fraud Prevention and Detection Policies*

Condition:

While performing audit procedures, we noted the City has taken steps to address the risk of fraud in certain areas, such as segregation of duties and other internal controls. However, the City should consider developing and expanding its formal fraud policies. For example, the City's current policies do not provide a thorough description of fraud. They also do not provide direction as to what employees should do if they suspect fraud is occurring.

Criteria:

The City Council and Management are responsible for designing and implementing systems and procedures for the prevention and detection of fraud, and for ensuring a culture and environment that promotes honesty and ethical behavior. This includes the responsibility to develop and implement a formal fraud risk assessment program.

The risk of fraud can be reduced through a combination of prevention, deterrence, and detection measures. However, fraud can be difficult to detect because it often involves concealment through falsification of documents or collusion among management, employees, or third parties. Therefore, it is important to place a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals that they should not commit fraud because of the likelihood of detection and punishment. Moreover, prevention and deterrence measures are much less costly than the time and expense required for fraud detection and investigation.

Cause of Condition:

Formal fraud prevention and risk assessment programs have not been established.

Potential Effect of Condition:

Fraud can range from minor employee theft and unproductive behavior to misappropriation of assets and fraudulent financial reporting. Although external auditors are required to consider the risk of fraud in the audit process, it should be noted that external auditors are not considered part of the City's controls over the prevention and detection of fraud. Rather, external auditors are required to evaluate the City's fraud prevention and detection program, in relation to the audit of the financial statements.

Recommendation:

The City should consider establishing a more formal training program for all employees regarding fraud. New employees should be trained at the time of hiring about the City's code of conduct (including fraud policies). This training should explicitly cover expectations of all employees regarding (1) their duty to communicate certain matters; (2) a list of the types of matters, including actual or suspected fraud, to be communicated along with specific examples; and (3) information on how to communicate those matters.

City of Upland
Schedule of Findings and Responses
Year Ended June 30, 2018

2018-001: Fraud Prevention and Detection Policies - Continued

In addition to the training at the time of hiring, employees should receive refresher training periodically thereafter.

As mentioned above, management needs to provide information to employees on how to communicate fraud related matters. Research has shown that most fraud is detected by fellow employees, and not by outside auditors or internal controls. It is important for the City to establish and communicate to employees a reporting system that is appropriate for the City. The City should consider establishing a confidential reporting mechanism, not only for employees, but also for vendors and customers of the City.

Overall, the City should establish a formal fraud risk assessment program, to ensure that the risk of fraud is being periodically evaluated, monitored, and that appropriate action is taken to address the identified risks.

In summary, the City has established controls over fraud in certain areas. However, the City should consider expanding its fraud prevention program as discussed above. The above comments do not address all components of a strong antifraud program. Additional information can be provided regarding this issue.

Management's Response:

The City is adding Fraud Training to the mandatory new hire trainings which must be completed within 90 days of hire and is administered by Keenan & Associates, the City's Risk Management consultant. Fraud training refresher courses will be added to employee's ongoing training schedule on a biannual basis.

The City is in the process of developing a Fraud Protection and Detection Policy which is expected to be completed by the end of the fiscal year.

A "Report Suspected Fraud" link will be added to the City's website and intranet within the next 3 months. The City is exploring locations for placement of a secure drop box for anonymous fraud reporting.

City of Upland
Schedule of Findings and Responses
Year Ended June 30, 2018

2018-002: Housing Fund Rental Property: Bank Accounts and Purchasing

Condition:

The City maintains bank accounts for its apartment complexes, to deposit rental income and make disbursements for related expenses. The City has contracted with a third-party management company (Company) to provide property management services. The rental income deposited in these accounts is used to pay for maintenance and necessary capital improvements throughout each year.

While performing audit procedures, we noted general ledger accounts had not been established in the City's accounting records for these bank accounts, indicating that procedures to reconcile the bank balances and activity with the accounting records had not been performed in the past.

While gaining an understanding of the City's controls over the activity in these bank accounts, we were not able to determine the extent of the City's monitoring and review of disbursements and procurement activity related to these accounts. Although the Property Management Services Agreement (Agreement) includes guidance for the procurement of materials, supplies and services, it appeared the City had not established policies and procedures to monitor activity in relation to the provisions in the Agreement. Although the City has established strong policies and procedures for other purchases executed by City employees, it appeared that purchases made by the Company for the apartment complexes were not necessarily subject to the same internal controls.

Criteria:

The Agreement includes requirements for the company to obtain bids and quotes for certain purchases, and also requires pre-approval by City staff in certain situations. The City should develop formal procedures to ensure rental apartment procurement activity is in accordance with the Agreement.

In addition, all bank accounts should be recorded in the accounting records to ensure all activity is being recorded, reconciled and reviewed.

Cause of Condition:

It does not appear the City has established formal procedures to ensure the activity in these bank accounts, including purchases, has been properly recorded, reconciled and reviewed for compliance with the Agreement.

Potential Effect of Condition:

Purchases made by the Company on behalf of the City could be non-compliant with the City's established procurement policies, and activity in these bank accounts may not be properly recorded in the City's accounting records.

**City of Upland
Schedule of Findings and Responses
Year Ended June 30, 2018**

2018-002: Housing Fund Rental Property: Bank Accounts and Purchasing - Continued

Recommendation:

We recommend the City develop formal policies and procedures to ensure the activity related to the apartment complexes is properly recorded and reconciled, and to document that procurement transactions have been properly approved and reviewed for compliance with the Agreement.

Management's Response:

A new fund (202) was created to account for the activity of the apartment complexes. The accounting department compiles the activity for the 3 complexes and records the activity monthly. The finance officer reviews the monthly check registers and bank reconciliations for each complex on a monthly basis.

RPM Company (RPM) is the City's property management team responsible for managing the 3 apartment complexes. It is included in their contract that they are to be following the City's purchasing policies. When applicable, RPM provides the City a written summary indicating their preference and justification for contract award. They provide a bid comparison matrix and copies of 3 or more bids for materials, supplies and/or services. In turn, the City reviews the documentation and if in agreement, approves the contract award and provides RPM with a memo or email establishing the department head or designee's approval.

City of Upland
Schedule of Findings and Responses
Year Ended June 30, 2018

2018-003: Building Permit Fees

Condition:

While gaining an understanding of the process for calculating and issuing building permits, we selected six 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 has been in the process of converting all municipal software programs to Tyler Munis. The building and safety department began their conversion during the year but failed to complete it due to the amount of turnover and lack of technological skills within the department. Apparently when the annual fee schedule was adopted in November of 2017, the fees were not correctly updated in the old permitting system PermitPlus, which is still being used. The fees have since been updated in PermitPlus. In the future, when the master fee schedule is updated, the finance department will verify that the fees in whichever software is being used, have been updated and are correct by testing random permits issued.

**City of Upland
Schedule of Findings and Responses
Year Ended June 30, 2018**

2018-004: Housing Fund Bank Accounts

Condition:

As noted in 2018-002 above, the City maintains bank accounts for its apartment complexes, to deposit rental income and make disbursements for related expenses. The City has contracted with a third-party management company (company) to provide property management services. We were unable to obtain evidence that these accounts were properly collateralized in accordance with California Government Code and the City's investment policy.

Criteria:

California Government Code and the City's investment policy requires that all demand deposit accounts that exceed the FDIC insured limit, shall be fully collateralized with securities authorized under state law and the City's investment policy.

Cause of Condition:

It appears these bank accounts were not established as government depository accounts, and, therefore, not properly collateralized in accordance with the State Government Code and the City's investment policy.

Potential Effect of Condition:

City is not in compliance with the City's investment policy and California Government Code.

Recommendation:

We recommend the City review the City's investment policy and California Government Code and determine what action should be taken to ensure all depository accounts are in compliance with the collateralization requirements established by the City's investment policy and California Government Code.

Management's Response:

The City is in the process of changing the name of the account from Upland Community Redevelopment Agency to the City of Upland. Signers on the account now include two City employees instead of just representatives from PFM. The bank will change the accounts from commercial accounts to government depository accounts as soon as the City Treasurer signs the appropriate forms after review by the City Attorney. Once the accounts are converted, the deposits will be appropriately collateralized in accordance with the State Government Code and the City's investment policy.

**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, 2018. 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

January 31, 2019

CITY OF UPLAND
APPROPRIATIONS LIMIT COMPUTATION
2017 – 2018

	<u>2017 - 2018</u>
Change in Per Capita Personal Income	3.69%
Population Change:	
County Population Growth	1.16%
Change in Per Capita Personal Income, Converted to a Ratio	1.0369
Population Change Converted to a Ratio	1.0116
Calculation of Growth Factor	1.0489
2016 - 2017 Appropriations Limit	<u>\$ 79,571,667</u>
2017 - 2018 Appropriations Limit (\$79,571,667 X 1.0489)	<u>\$ 83,462,722</u>