



# CITY OF UPLAND, CALIFORNIA

## Comprehensive Annual Financial Report

### Year ended June 30, 2018



Prepared by Finance Division



**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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**Comprehensive Annual Financial Report**  
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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.

#### **City of Upland**

460 North Euclid Avenue, Upland, CA 91786-4732 • (909) 931-4100 • Fax (909) 931-4123 • TDD (900) 735-2929 • [www.ci.upland.ca.us](http://www.ci.upland.ca.us)

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.

<b>Services Provided by the City of Upland</b>	
<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](http://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**

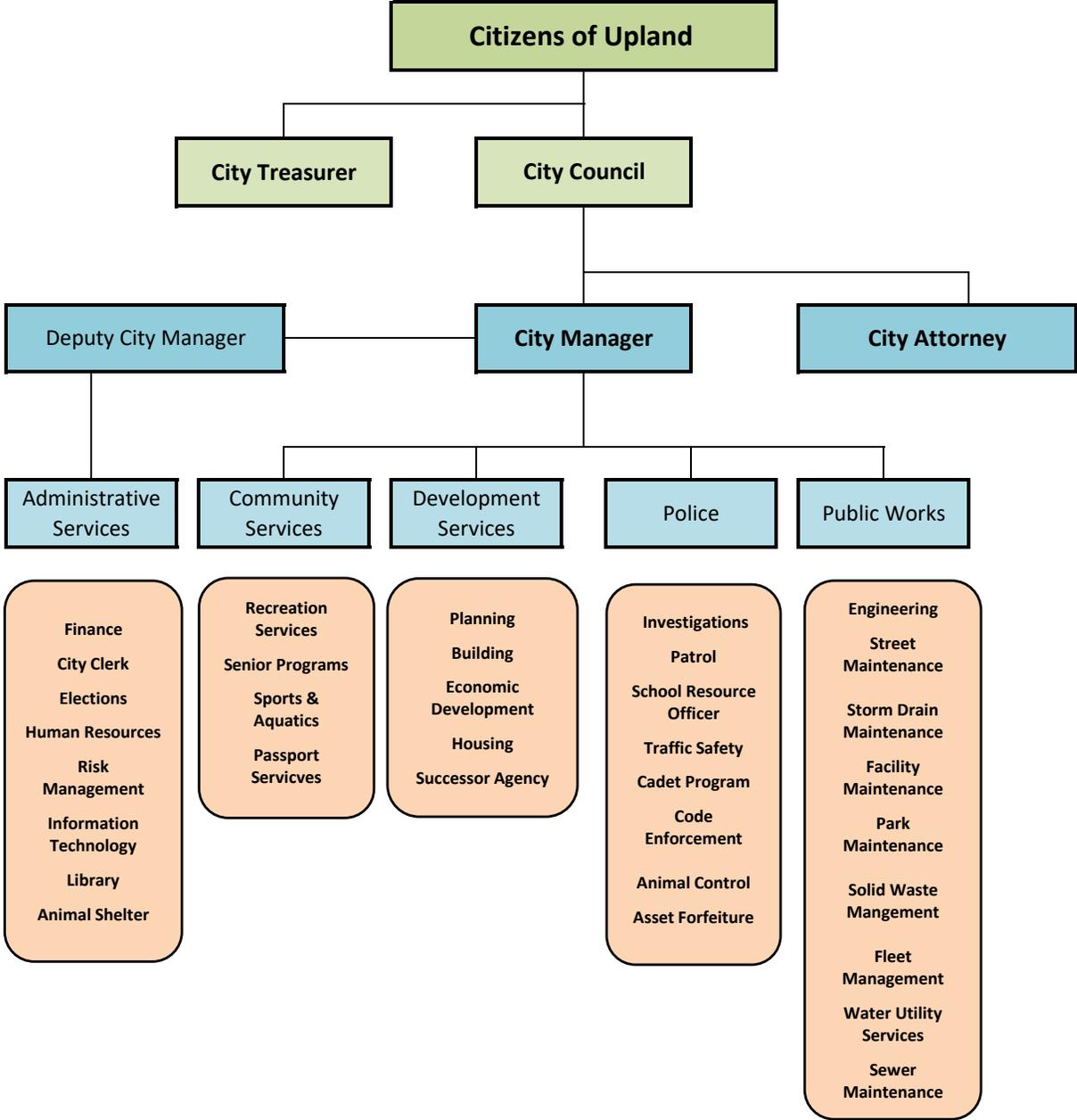
**Public Works Director**

**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:

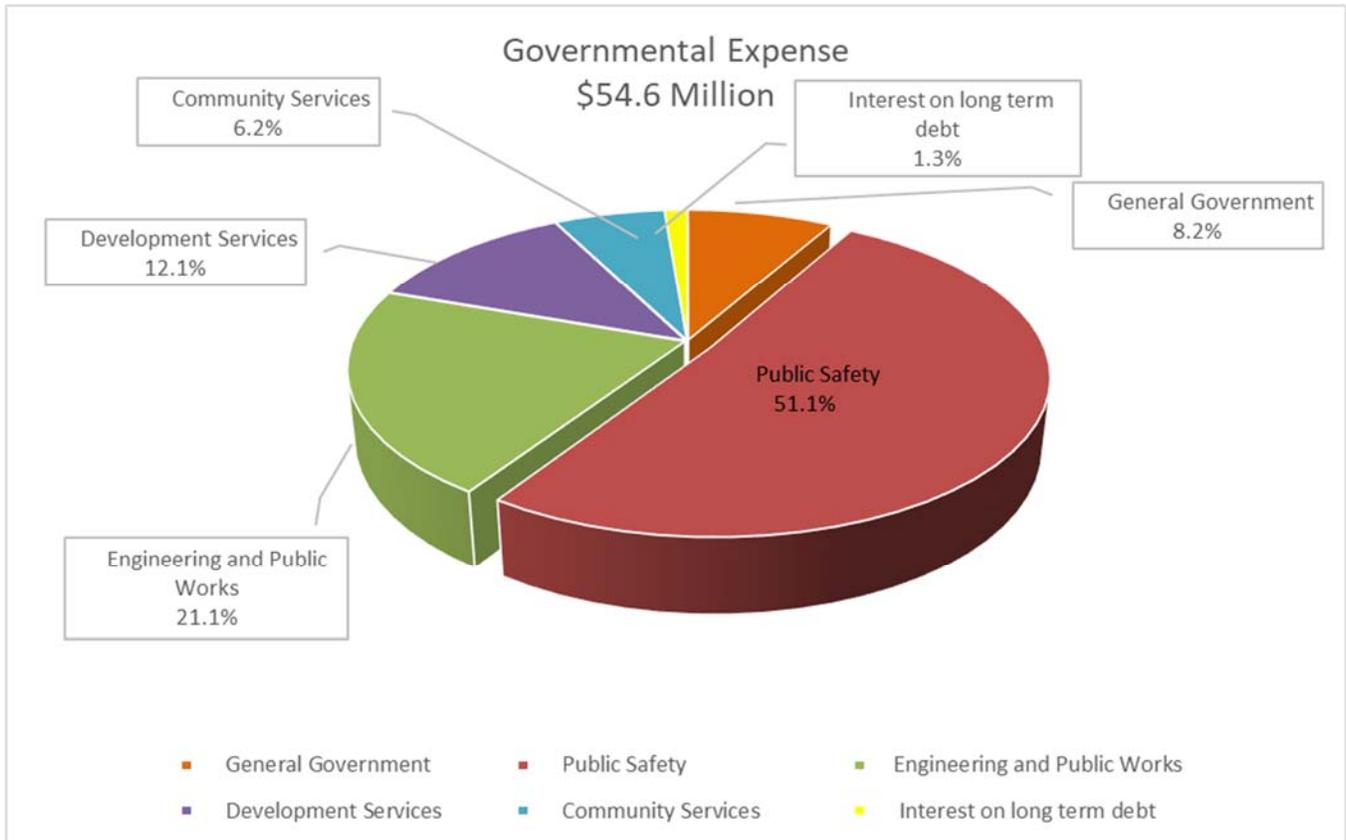
**Table 2**  
Change in Net Position  
(In Millions)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
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>
<b>Expenses</b>						
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	\$ 284.0	\$ 285.9	\$ 76.7	\$ 77.4	\$ 360.7	\$ 363.3

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	\$ 142.8	\$ 121.4	\$ 23.7	\$ 21.1	\$ 166.5	\$ 142.5

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

## **Economic Condition and Outlook**

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
<b>ASSETS</b>			
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>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
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>
<b>LIABILITIES</b>			
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>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Related Items	2,745,575	238,090	2,983,665
<b>NET POSITION</b>			
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
<b>ASSETS</b>				
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
<b>Total Assets</b>	<b>\$ 19,934,301</b>	<b>\$ 11,022,038</b>	<b>\$ 36,643,033</b>	<b>\$ 67,599,372</b>
<b>LIABILITIES</b>				
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
<b>Total Liabilities</b>	<b>4,682,039</b>	<b>316,782</b>	<b>2,325,807</b>	<b>7,324,628</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	1,019,420	1,174,837	1,224,257	3,418,514
<b>Total Deferred Inflows of Resources</b>	<b>1,019,420</b>	<b>1,174,837</b>	<b>1,224,257</b>	<b>3,418,514</b>
<b>FUND BALANCE (DEFICITS)</b>				
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
<b>Total Fund Balances (Deficits)</b>	<b>14,232,842</b>	<b>9,530,419</b>	<b>33,092,969</b>	<b>56,856,230</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances (Deficits)</b>	<b>\$ 19,934,301</b>	<b>\$ 11,022,038</b>	<b>\$ 36,643,033</b>	<b>\$ 67,599,372</b>

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
<b>REVENUES</b>				
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
<b>Total Revenues</b>	<b>38,692,665</b>	<b>3,920,564</b>	<b>9,994,308</b>	<b>52,607,537</b>
<b>EXPENDITURES</b>				
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
<b>Total Expenditures</b>	<b>36,412,734</b>	<b>23,356,686</b>	<b>10,626,707</b>	<b>70,396,127</b>
Excess (Deficiency) of Revenues over Expenditures	2,279,931	(19,436,122)	(632,399)	(17,788,590)
<b>OTHER FINANCING SOURCES (USES)</b>				
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
<b>Total Other Financing Sources (Uses)</b>	<b>(3,376,564)</b>	<b>14,865,000</b>	<b>7,252,837</b>	<b>18,741,273</b>
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
<b>Fund Balances, Ending</b>	<b>\$ 14,232,842</b>	<b>\$ 9,530,419</b>	<b>\$ 33,092,969</b>	<b>\$ 56,856,230</b>

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
<b>ASSETS</b>					
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
<b>Total Current Assets</b>	<b>25,034,385</b>	<b>3,030,240</b>	<b>14,183,559</b>	<b>42,248,184</b>	<b>3,507,239</b>
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
<b>Total Noncurrent Assets</b>	<b>88,371,314</b>	<b>-</b>	<b>13,632,380</b>	<b>102,003,694</b>	<b>1,915,742</b>
<b>Total Assets</b>	<b>113,405,699</b>	<b>3,030,240</b>	<b>27,815,939</b>	<b>144,251,878</b>	<b>5,422,981</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
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
<b>Total Deferred Outflows of Resources</b>	<b>1,537,990</b>	<b>136,125</b>	<b>665,669</b>	<b>2,339,784</b>	<b>759,298</b>
<b>LIABILITIES</b>					
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	-
<b>Total Current Liabilities</b>	<b>2,746,929</b>	<b>1,568,966</b>	<b>1,329,130</b>	<b>5,645,025</b>	<b>2,821,779</b>
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	-
<b>Total Noncurrent Liabilities</b>	<b>18,016,268</b>	<b>878,855</b>	<b>4,268,286</b>	<b>23,163,409</b>	<b>10,443,534</b>
<b>Total Liabilities</b>	<b>20,763,197</b>	<b>2,447,821</b>	<b>5,597,416</b>	<b>28,808,434</b>	<b>13,265,313</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension Related Items	156,378	13,856	67,856	238,090	77,516
<b>NET POSITION</b>					
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)
<b>Total Net Position</b>	<b>\$ 94,024,114</b>	<b>\$ 704,688</b>	<b>\$ 22,816,336</b>	<b>\$ 117,545,138</b>	<b>\$ (7,160,550)</b>

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
<b>OPERATING REVENUES</b>					
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
<b>Total Operating Revenue</b>	<b>28,076,336</b>	<b>11,687,415</b>	<b>10,144,832</b>	<b>49,908,583</b>	<b>8,023,880</b>
<b>OPERATING EXPENSES</b>					
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
<b>Total Operating Expenses</b>	<b>20,800,460</b>	<b>11,042,468</b>	<b>9,217,131</b>	<b>41,060,059</b>	<b>8,744,127</b>
Operating Income (Loss)	7,275,876	644,947	927,701	8,848,524	(720,247)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
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	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>1,006,029</b>	<b>98,211</b>	<b>123,879</b>	<b>1,228,119</b>	<b>69,351</b>
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)
<b>Total Net Position, Ending</b>	<b>\$ 94,024,114</b>	<b>\$ 704,688</b>	<b>\$ 22,816,336</b>	<b>\$ 117,545,138</b>	<b>\$ (7,160,550)</b>

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
<b>Cash Flows from Operating Activities</b>					
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>
<b>Cash Flows from Noncapital Financing Activities</b>					
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>
<b>Cash Flows from Capital and Related Financing Activities</b>					
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>
<b>Cash Flows from Investing Activities</b>					
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>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>5,678,583</u>	<u>1,110,147</u>	<u>2,386,023</u>	<u>9,174,753</u>	<u>244,191</u>
Cash and Cash Equivalents, Beginning of Year	9,942,453	269,259	10,046,583	20,258,295	3,082,413
<b>Cash and Cash Equivalents, End of Year</b>	<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>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>					
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>
<b>Non Cash Investing, Capital and Financing Activities:</b>					
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
<b>ASSETS</b>			
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
	<u>1,052,405</u>	<u>9,717,605</u>	<u>\$ 8,972,538</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charge on Refunding	-	456,445	-
	<u>-</u>	<u>456,445</u>	<u>-</u>
<b>LIABILITIES</b>			
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
	<u>-</u>	<u>28,184,150</u>	<u>\$ 8,972,538</u>
<b>NET POSITION</b>			
Net Position Held in Trust	<u>\$ 1,052,405</u>	<u>\$ (18,010,100)</u>	

The accompanying notes are an integral part of this statement.

**City of Upland**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
**Year Ended June 30, 2018**

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

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
<b>Total Cash and Investments</b>	<b>\$ 49,589,869</b>	<b>\$ 29,433,048</b>	<b>\$ 15,800,075</b>	<b>\$ 94,822,992</b>

**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
<b>Total Cash and Investments</b>	<b>\$ 94,822,992</b>

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	-	-	-
<b>Total Pooled Investments</b>	<b>\$ 84,412,977</b>	<b>\$ 50,182,812</b>	<b>\$ 16,780,883</b>	<b>\$ 17,449,282</b>	<b>\$ -</b>

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
		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	-	-	-	-
<b>Total Pooled Investments</b>	<b>\$ 84,412,977</b>		<b>\$ 49,828,414</b>	<b>\$ 123,643</b>	<b>\$ 436,978</b>	<b>\$ 31,588,356</b>	<b>\$ 2,435,586</b>

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	-
<b>Total</b>	<b>\$ 43,638,160</b>	<b>\$ 1,755,174</b>	<b>\$ 41,882,986</b>	<b>\$ -</b>

**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
	<b>\$ 35,777</b>	<b>\$ 188,304</b>	<b>\$ 265,000</b>	<b>\$ 3,469,214</b>	<b>\$ 3,958,295</b>

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:

<b>Governmental Activities:</b>	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital Assets, Not Being Depreciated:</b>				
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
<b>Total Capital Assets, Not Being Depreciated</b>	<b>113,590,126</b>	<b>8,775,493</b>	<b>(4,609,419)</b>	<b>117,756,200</b>
<b>Capital Assets Being Depreciated:</b>				
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
<b>Total Capital Assets Being Depreciated</b>	<b>274,124,501</b>	<b>7,018,708</b>	<b>(16,001,999)</b>	<b>265,141,210</b>
<b>Less Accumulated Depreciation:</b>				
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)
<b>Total Accumulated Depreciation</b>	<b>(101,774,494)</b>	<b>(6,118,326)</b>	<b>8,995,926</b>	<b>(98,896,894)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>172,350,007</b>	<b>900,382</b>	<b>(7,006,073)</b>	<b>166,244,316</b>
<b>Governmental Activities, Capital Assets</b>	<b>\$ 285,940,133</b>	<b>\$ 9,675,875</b>	<b>\$ (11,615,492)</b>	<b>\$ 284,000,516</b>

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
<b>Total Depreciation, Governmental Activities</b>	<b>\$ 6,118,326</b>

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

**4) CAPITAL ASSETS – Continued**

<b>Business Type Activities:</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Capital Assets, Not Being Depreciated:</b>				
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>
<b>Capital Assets Being Depreciated:</b>				
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>
<b>Less Accumulated Depreciation:</b>				
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>
<b>Business Activities, Capital Assets, Net</b>	<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
<b>Governmental Activities</b>					
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	-	-
<b>Total Government Activities</b>	<b>\$ 121,375,361</b>	<b>\$ 48,532,370</b>	<b>\$ 27,061,646</b>	<b>\$ 142,846,085</b>	<b>\$ 3,858,006</b>

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
<b>Totals</b>	<b>\$ 14,420,150</b>	<b>\$ 6,226,509</b>	<b>\$ 20,646,659</b>

**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 24<sup>th</sup> and August 24<sup>th</sup> 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 24<sup>th</sup> and August 24<sup>th</sup> 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
<b>Business-type Activities</b>					
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:

	<u>Miscellaneous</u>	<u>Safety</u>
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:

	<u>All Plans</u>
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
<b>Fiduciary Fund Long-term Debt</b>					
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
<b>Nonspendable:</b>				
Prepaid Items	\$ 48,121	\$ -	\$ -	\$ 48,121
Long-term Notes Receivable	16,748	-	-	16,748
<b>Restricted:</b>				
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
<b>Committed to:</b>				
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
<b>Assigned:</b>				
Library Literacy Program	-	-	7,531	7,531
<b>Unassigned</b>				
	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		
<b>REVENUES</b>				
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>
<b>EXPENDITURES</b>				
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>
<b>OTHER FINANCING SOURCES (USES)</b>				
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		
<b>REVENUES</b>				
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)
<b>Total Revenues</b>	<b>3,548,905</b>	<b>3,548,905</b>	<b>3,920,564</b>	<b>371,659</b>
<b>EXPENDITURES</b>				
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)
<b>Total Expenditures</b>	<b>6,135,345</b>	<b>24,619,292</b>	<b>23,356,686</b>	<b>1,262,606</b>
Excess (Deficiency) of Revenues over Expenditures	(2,586,440)	(21,070,387)	(19,436,122)	1,634,265
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Issuance of Debt	-	14,865,000	14,865,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>14,865,000</b>	<b>14,865,000</b>	<b>-</b>
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	<b>\$ 10,770,292</b>	<b>\$ 7,151,345</b>	<b>\$ 9,530,419</b>	<b>\$ 2,379,074</b>

**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
<b>Total Pension Liability</b>				
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>
<b>Plan Fiduciary Net Position</b>				
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
<b>Total Pension Liability</b>				
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>
<b>Plan Fiduciary Net Position</b>				
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>
<b>Total OPEB Liability</b>	
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>
<b>Plan Fiduciary Net Position</b>	
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
<b>ASSETS</b>				
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
<b>Total Assets</b>	<b>\$ 5,680,493</b>	<b>\$ 5,286,724</b>	<b>\$ 2,519,318</b>	<b>\$ 127,232</b>
<b>LIABILITIES</b>				
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	-
<b>Total Liabilities</b>	<b>295,208</b>	<b>-</b>	<b>4,469</b>	<b>69,719</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	-	838,320	323,085	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>838,320</b>	<b>323,085</b>	<b>-</b>
<b>FUND BALANCE (DEFICITS)</b>				
Restricted	5,385,285	4,448,404	2,191,764	57,513
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b>5,385,285</b>	<b>4,448,404</b>	<b>2,191,764</b>	<b>57,513</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances (Deficits)</b>	<b>\$ 5,680,493</b>	<b>\$ 5,286,724</b>	<b>\$ 2,519,318</b>	<b>\$ 127,232</b>

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
<b>ASSETS</b>				
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	-	-	-
<b>Total Assets</b>	<b>\$ 28,209</b>	<b>\$ 5,491,525</b>	<b>\$ 1,156,114</b>	<b>\$ 3,119,445</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Salaries and Benefits	-	-	141	-
Due to Other Funds	-	-	-	-
Deposits Payable	-	-	-	-
Retentions Payable	-	-	-	-
Unearned Revenue	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>141</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE (DEFICITS)</b>				
Restricted	28,209	5,491,525	1,155,973	3,119,445
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b>28,209</b>	<b>5,491,525</b>	<b>1,155,973</b>	<b>3,119,445</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances (Deficits)</b>	<b>\$ 28,209</b>	<b>\$ 5,491,525</b>	<b>\$ 1,156,114</b>	<b>\$ 3,119,445</b>

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
<b>REVENUES</b>				
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	-
<b>Total Revenues</b>	<b>2,403,240</b>	<b>28,030</b>	<b>13,450</b>	<b>310,601</b>
<b>EXPENDITURES</b>				
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	-	-	-	-
<b>Total Expenditures</b>	<b>2,900,569</b>	<b>-</b>	<b>69,791</b>	<b>310,601</b>
Excess (Deficiency) of Revenues Over Expenditures	(497,329)	28,030	(56,341)	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Issuance of Debt	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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	-	-	-	-
<b>Fund Balances - Ending</b>	<b>\$ 5,385,285</b>	<b>\$ 4,448,404</b>	<b>\$ 2,191,764</b>	<b>\$ 57,513</b>

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
<b>REVENUES</b>				
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	<u>-</u>	<u>1,102,355</u>	<u>427,034</u>	<u>872,684</u>
<b>EXPENDITURES</b>				
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	<u>-</u>	<u>100,000</u>	<u>114,897</u>	<u>47</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>1,002,355</u>	<u>312,137</u>	<u>872,637</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Issuance of Debt	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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	<u>\$ 28,209</u>	<u>\$ 5,491,525</u>	<u>\$ 1,155,973</u>	<u>\$ 3,119,445</u>

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)
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Investment Income	30,000	68,011	38,011
Intergovernmental	2,114,722	1,971,394	(143,328)
Other Revenue	-	363,835	363,835
Total Revenues	<u>2,144,722</u>	<u>2,403,240</u>	<u>258,518</u>
<b>EXPENDITURES</b>			
Current:			
Engineering and Public Works	<u>7,209,643</u>	<u>2,900,569</u>	<u>4,309,074</u>
Total Expenditures	<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>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(5,064,921)	(497,329)	4,567,592
Fund Balance, Beginning	<u>5,882,614</u>	<u>5,882,614</u>	<u>-</u>
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)
<b>REVENUES</b>			
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>
<b>EXPENDITURES</b>			
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>
<b>OTHER FINANCING SOURCES (USES)</b>			
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)
<b>REVENUES</b>			
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>
<b>EXPENDITURES</b>			
Current:			
Development Services	<u>880,600</u>	<u>69,791</u>	<u>810,809</u>
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>
<b>OTHER FINANCING SOURCES (USES)</b>			
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)	(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)
<b>REVENUES</b>			
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>
<b>EXPENDITURES</b>			
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>
<b>OTHER FINANCING SOURCES (USES)</b>			
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)
<b>REVENUES</b>			
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>
<b>EXPENDITURES</b>			
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>
<b>OTHER FINANCING SOURCES (USES)</b>			
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)
<b>REVENUES</b>			
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>
<b>EXPENDITURES</b>			
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>
<b>OTHER FINANCING SOURCES (USES)</b>			
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>\$ 42,036</u>	<u>\$ 181,219</u>	<u>\$ 139,183</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)
<b>REVENUES</b>			
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>
<b>EXPENDITURES</b>			
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>
<b>OTHER FINANCING SOURCES (USES)</b>			
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)
<b>REVENUES</b>			
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>
<b>EXPENDITURES</b>			
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>
<b>OTHER FINANCING SOURCES (USES)</b>			
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)
<b>REVENUES</b>			
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>
<b>EXPENDITURES</b>			
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>
<b>OTHER FINANCING SOURCES (USES)</b>			
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)
<b>REVENUES</b>			
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>
<b>EXPENDITURES</b>			
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>
<b>OTHER FINANCING SOURCES (USES)</b>			
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)
<b>REVENUES</b>			
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>
<b>EXPENDITURES</b>			
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>
<b>OTHER FINANCING SOURCES (USES)</b>			
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>\$ 7,310</u>	<u>\$ 7,531</u>	<u>\$ 221</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)
<b>REVENUES</b>			
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>
<b>EXPENDITURES</b>			
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>
<b>OTHER FINANCING SOURCES (USES)</b>			
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)
<b>REVENUES</b>			
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>
<b>EXPENDITURES</b>			
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>
<b>OTHER FINANCING SOURCES (USES)</b>			
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)
<b>REVENUES</b>			
Licenses and Permits	\$ 194,000	\$ 745,366	\$ 551,366
Investment Income	5,000	38,176	33,176
Rental Income	-	89,142	89,142
Total Revenues	<u>199,000</u>	<u>872,684</u>	<u>673,684</u>
<b>EXPENDITURES</b>			
Current:			
Engineering and Public Works	241,561	47	241,514
Community Services	-	-	-
Total Expenditures	<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>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Issuance of Debt	72,929	-	(72,929)
Total Other Financing Sources (Uses)	<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>	
Fund Balance, Ending	<u><u>\$ 2,277,176</u></u>	<u><u>\$ 3,119,445</u></u>	<u><u>\$ 842,269</u></u>

**City of Upland**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Street & Traffic Safety Development Capital Projects Fund**  
**Year Ended June 30, 2018**

	Final Budget	Actual Amounts	Variance - Positive (Negative)
<b>REVENUES</b>			
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>
<b>EXPENDITURES</b>			
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>
<b>OTHER FINANCING SOURCES (USES)</b>			
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>\$ 204,812</u>	<u>\$ 1,849,642</u>	<u>\$ 1,644,830</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)
<b>REVENUES</b>			
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>
<b>EXPENDITURES</b>			
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>
<b>OTHER FINANCING SOURCES (USES)</b>			
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>\$ 209,479</u>	<u>\$ 796,651</u>	<u>\$ 587,172</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)
<b>REVENUES</b>			
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>
<b>EXPENDITURES</b>			
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>
<b>OTHER FINANCING SOURCES (USES)</b>			
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
<b>ASSETS</b>					
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>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
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>
<b>LIABILITIES</b>					
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>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension Related Items	14,015	18,369	22,566	22,566	77,516
<b>NET POSITION</b>					
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
<b>OPERATING REVENUES</b>					
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
<b>Total Operating Revenues</b>	<b>4,033,279</b>	<b>1,270,840</b>	<b>1,625,944</b>	<b>1,093,817</b>	<b>8,023,880</b>
<b>OPERATING EXPENSES</b>					
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
<b>Total Operating Expenses</b>	<b>4,792,367</b>	<b>911,993</b>	<b>1,781,942</b>	<b>1,257,825</b>	<b>8,744,127</b>
Operating Income (Loss)	(759,088)	358,847	(155,998)	(164,008)	(720,247)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest Income	7,407	9,819	16,776	12,299	46,301
Gain/(Loss) on Disposal of Capital Assets	-	23,050	-	-	23,050
<b>Total Nonoperating Revenues (Expenses)</b>	<b>7,407</b>	<b>32,869</b>	<b>16,776</b>	<b>12,299</b>	<b>69,351</b>
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	-	-	-	-	-
<b>Change in Net Position</b>	<b>2,461,320</b>	<b>477,929</b>	<b>(139,222)</b>	<b>18,291</b>	<b>2,818,318</b>
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)
<b>Net Position - End of Year</b>	<b>\$ (8,365,803)</b>	<b>\$ 741,432</b>	<b>\$ 879,295</b>	<b>\$ (415,474)</b>	<b>\$ (7,160,550)</b>

**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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
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>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>					
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>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
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>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
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>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:</b>					
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
<b>Net Cash from Operating Activities</b>	<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
<b>ASSETS</b>					
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>
<b>LIABILITIES</b>					
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
<b><u>COMMUNITY FACILITIES DISTRICT 2003-1</u></b>				
<b>ASSETS</b>				
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>
<b>LIABILITIES</b>				
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>
<b><u>COMMUNITY FACILITIES DISTRICT 2003-2</u></b>				
<b>ASSETS</b>				
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>
<b>LIABILITIES</b>				
Due to Bondholders	<u>\$ 2,863,591</u>	<u>\$ 2,033,265</u>	<u>\$ 2,034,889</u>	<u>\$ 2,861,967</u>
Total Liabilities	<u>\$ 2,863,591</u>	<u>\$ 2,033,265</u>	<u>\$ 2,034,889</u>	<u>\$ 2,861,967</u>
<b><u>COMMUNITY FACILITIES DISTRICT 2015-1</u></b>				
<b>ASSETS</b>				
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>
<b>LIABILITIES</b>				
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>
<b><u>COMMUNITY FACILITIES DISTRICT 2016-1</u></b>				
<b>ASSETS</b>				
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>
<b>LIABILITIES</b>				
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>
<b><u>COMMUNITY FACILITIES DISTRICT 2016-2</u></b>				
<b>ASSETS</b>				
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>
<b>LIABILITIES</b>				
Deposits Payable	<u>\$ 35,284</u>	<u>\$ 31,568</u>	<u>\$ 51,068</u>	<u>\$ 15,784</u>
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
<b><u>ASSESSMENT DISTRICT 84-1</u></b>				
<b>ASSETS</b>				
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>
<b>LIABILITIES</b>				
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>
<b><u>SANITARY SEWER FACILITY DEVELOPMENT</u></b>				
<b>ASSETS</b>				
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>
<b>LIABILITIES</b>				
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>
<b><u>WELFARE COMMITTEE</u></b>				
<b>ASSETS</b>				
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>
<b>LIABILITIES</b>				
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>
<b><u>UPLAND 54</u></b>				
<b>ASSETS</b>				
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>
<b>LIABILITIES</b>				
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>
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
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>
<b>LIABILITIES</b>				
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
<b>Expenses</b>					
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
<b>Program Revenues</b>					
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
<b>General Revenues and Other Changes in Net Position</b>					
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>
<b>Changes in Net Position</b>					
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	-	-	-
Nonspendable	-	-	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	-	-	-
Nonspendable	-	-	-	-	-
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
<b>Revenues</b>					
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
<b>Expenditures</b>					
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)
<b>Other financing sources (uses)</b>					
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
<b>TOTALS</b>	<b>7,175,069</b>	<b>6,935,391</b>	<b>6,855,966</b>	<b>6,958,214</b>	<b>7,075,211</b>
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>
<b>Basic Levy<sup>1</sup></b>	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
<b>Total Direct &amp; Overlapping<sup>2</sup> Tax Rates</b>	<u>1.18640</u>	<u>1.19720</u>	<u>1.22400</u>	<u>1.22880</u>	<u>1.22300</u>
<b>City Share of 1% levy per Prop 13<sup>3</sup></b>	0.17482	0.17482	0.17482	0.17482	0.17482
<b>Redevelopment Rate<sup>4</sup></b>	1.00430	1.00430	1.00370	1.00370	n/a
<b>Total Direct Rate<sup>5</sup></b>	<u>0.28524</u>	<u>0.29355</u>	<u>0.29273</u>	<u>0.29248</u>	<u>0.29377</u>

**Notes:**

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> 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

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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	<u>951,719,296</u>		<u>15.6%</u>	<u>603,850,676</u>		<u>8.9%</u>

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 <sup>(1)</sup>	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 <sup>(b)</sup>	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<sup>(1)</sup></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
<b>City of Upland Capital Lease Obligations</b>	<b>100.000%</b>		<b>7,261,876</b>	<b>7,261,876</b>
<b>City of Upland Housing Revenue Bonds</b>	<b>100.000%</b>		<b>14,420,150</b>	<b>14,420,150</b>
Total Gross Direct and Overlapping General Fund Debt				\$ 57,475,546
<b>Less: City of Upland Housing Revenue Bonds (100% supported from housing related revenues)</b>				<b>14,420,150</b>
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				<b>\$ 202,707,868</b>
Gross Combined Total Debt				<b>\$ 224,389,894</b> <sup>(2)</sup>
Net Combined Total Debt				<b>\$ 209,969,744</b>
<u>Ratios to FY 2017-18 Assessed Valuation:</u>				
Total Overlapping Tax and Assessment Debt	1.60%			
<b>Total Gross Direct Debt (\$21,682,026)</b>	0.24%			
<b>Total Net Direct Debt (\$7,261,876)</b>	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.

<sup>1</sup> 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 <sup>1</sup>
-	-	-		
\$ 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**

**PLEDGED REVENUE COVERAGE  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Water Bonds					Coverage
	Water Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		
				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

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Special Assessment Bonds

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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**

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<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	- <sup>1</sup>
Civilians	4.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	- <sup>1</sup>
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
<b>Total</b>	<b>337.25</b>	<b>342.50</b>	<b>348.50</b>	<b>289.50</b>	<b>279.50</b>	<b>281.25</b>	<b>280.00</b>	<b>273.50</b>	<b>272.50</b>	<b>223.50</b>

Source: Finance Division, City of Upland

<sup>1</sup> 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
<b>Fire</b>						
Stations	4	4	5	5	5	5
<b>Police</b>						
Patrol Units	25	25	24	23	23	23
Motorcycles	6	6	6	6	5	4
<b>Library</b>						
Facilities	1	1	1	1	1	1
<b>Recreation</b>						
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
<b>Public Works</b>						
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
<b>Water</b>						
Miles of Water Mains	240.26	240.26	240.26	240.26	240.26	240.26
<b>Sewer</b>						
Miles of Sewer Lines	228.00	228.00	228.00	228.00	228.00	228.00

Source: Various Departments, City of Upland

<sup>1</sup> Decrease due to annexation of the Fire Department to San Bernardino County as of July 22, 2017.

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Fiscal Year Ended June 30,

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
-------------	-------------	-------------	-------------

5	5	5	1 <sup>1</sup>
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
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

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

<sup>2</sup>Data 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 <sup>1</sup>
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 <sup>2</sup>
144	140	158	151	165
72	64	68	65	76
210	201	208	211	148
194	197	193	195	191