

CITY OF UPLAND, CALIFORNIA
Comprehensive Annual Financial Report
Year ended June 30, 2016

Prepared by
Finance Division

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City of Upland
Comprehensive Annual Financial Report
Year ended June 30, 2016

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January 9, 2017

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, 2016 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 5.

It should be noted that the GASB pronouncement related to pension plans was implemented this year which resulted in large adjustments to the City's net position and long-term liabilities. This is discussed further in the footnotes to the financial statements. The City has further decided to include Animal Services in the General Fund and not classify it as an enterprise fund as was done in prior years.

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 75,774 persons as of December 2015.

It was the year of 1882 when brothers, George and W.B. Chaffey, arrived in California from Canada seeking a new place for a colony. The wide stretch of green against the foothills was lush and fertile, and they had found that for which they were looking. After acquiring the land, they used wise and long-range planning which facilitated giving Upland its unique characteristics.

Upland's wide street, which the Chaffey's named "Euclid" after the "Father" of geometry, is still an attraction and the envy of many. Upland was incorporated on May 15, 1906 and utilizes a Council-Manager form of government. The City provides a wide range of traditional municipal and public enterprise services.

| Services Provided by the City of Upland | |
|--|-----------------------------------|
| <u>Municipal Services</u> | <u>Public Enterprise Services</u> |
| General Administrative Support | Water Utility |
| Police and Fire Protection | 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 for 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 and as a result of some legal settlements the General Fund Balance was able to exceed the 12.5% reserve requirement. To address continuing financial concerns, management is working through the forty-six (46) measures presented by the City Council appointed "Fiscal Response Task Force". The measures cover one-time revenue uses, new sources of revenues and potential expenditure reductions, and implementing as applicable with Council approval. The City has adopted a balanced operating budget for fiscal year 2016-17 and controls are in place to keep spending within these budgeted amounts.

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 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, Davis Farr, 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. This firm also conducts and prepares the single audit report as required by federal and state agencies.

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, 2015. To receive the award, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards, and satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to the Certificate of Achievement program requirements and we are submitting it to GFOA.

Acknowledgements

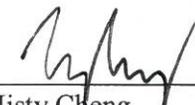
Our sincere appreciation and thanks for the support of the City Council and City department staff for their continuing cooperation. Special thanks are also extended to the Finance Division staff whose dedication and perseverance resulted in producing this report.

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

Respectfully submitted,



Martin Thouvenell
Interim City Manager



Misty Cheng
Interim Finance Manager

Officials of the City of Upland

Elected Officials

Debbie Stone, Mayor

Gino L. Filippi

Mayor Pro Tem

Carol Timm

Councilmember

Janice Elliott

Councilmember

Sid Robinson

Councilmember

Larry Kinley

City Treasurer

Executive Staff

Martin Thouvenell, Interim City Manager

Jeannette Vagnozzi, Deputy City Manager

Vacant

Community Services Director

Jeff Zwack

Development Services Director

Rosemary Hoerning

Public Works Director

Brian Johnson

Police Chief

Dave Corbin

Interim Fire Chief

Misty Cheng

Interim Finance Manager

Richard L. Adams II

City Attorney



Government Finance Officers Association

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

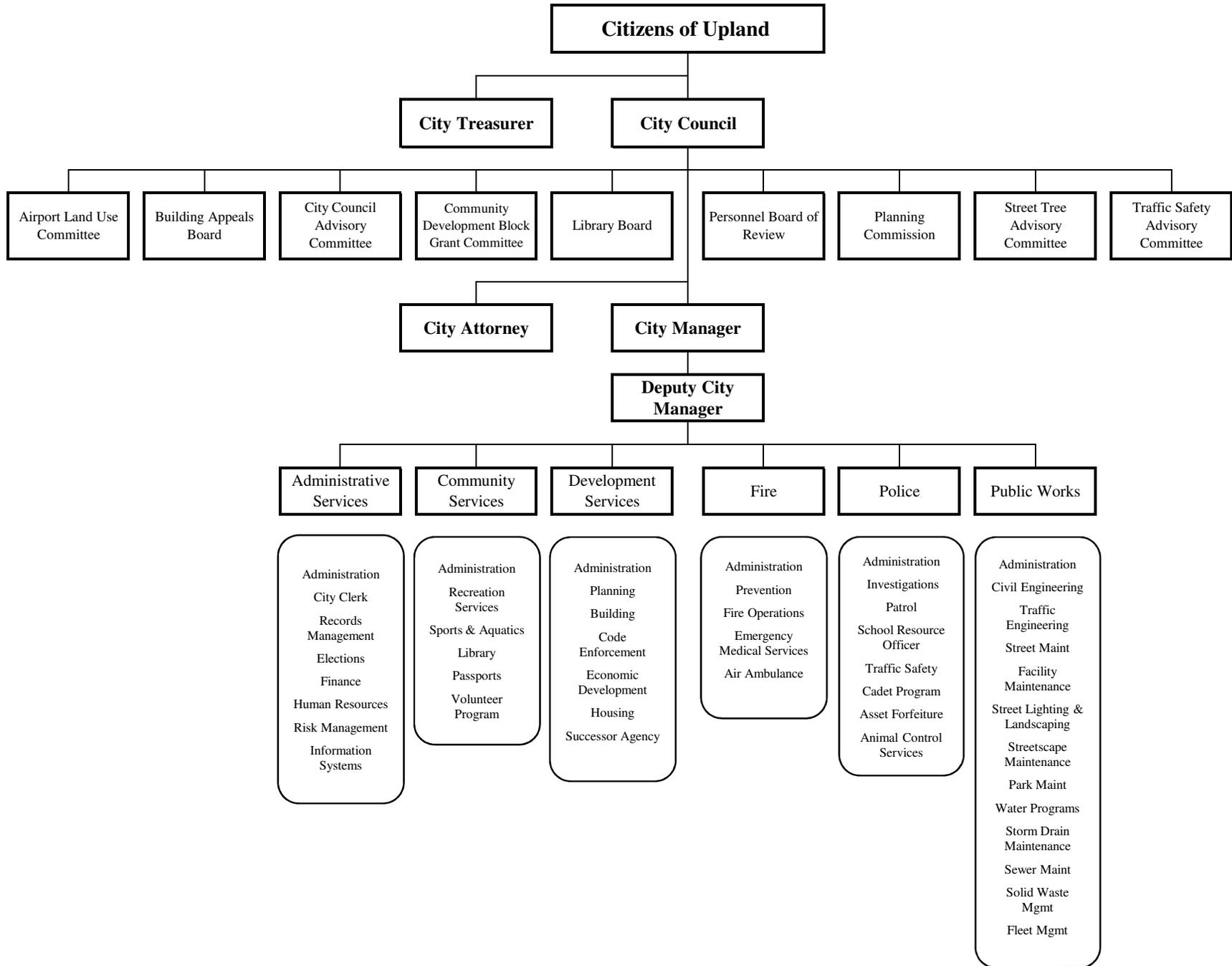
Presented to

**City of Upland
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



Honorable Mayor and City Council
City of Upland
Upland, California

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the statement of revenues, expenditures and changes in fund balances – budget to actual of the General Fund and Housing Fund of the City of Upland, California, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City'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 did not audit the financial statements of San Antonio Water Company, West End Consolidated Water Company, and Water Facilities Authority ("the joint ventures") that the City of Upland has an investment in joint venture reported on the Statement of Net Position constituting 5 percent of total assets at June 30, 2016 and total revenues constituting less than 1 percent total revenues for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the joint ventures, is based solely on the report of the other auditors. 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 from 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.

Honorable Mayor and City Council
City of Upland
Upland, California
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Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Upland, California, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows, and the statement of revenues, expenditures and changes in fund balances – budget to actual of the General Fund and Housing Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

The financial statements for the year ended June 30, 2016, reflect a prior period adjustments as described further in note 17 to the financial statements. 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 *Schedule of Changes in Net Pension Liability*, and the *Schedule of Plan Contributions* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Upland's basic financial statements. The *combining and individual nonmajor fund financial statements and schedules*, the *introductory section*, and the *statistical section* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The *combining and individual nonmajor fund financial statements and schedules* are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,

Honorable Mayor and City Council
City of Upland
Upland, California
Page Three

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *combining and individual nonmajor fund financial statements and schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The *introductory section* and the *statistical section* 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2017 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Upland's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized monogram or initials.

Irvine, California
January 9, 2017

MANAGEMENT'S DISCUSSION & ANALYSIS

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2016

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, 2016. 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 \$333.3 million; this is an improvement of \$10.7 million in comparison with the prior year.
- ◆ The City's total assets increased by \$9.8 million during the fiscal year. The largest changes were an increase in cash of \$10.6 million, increase in inventory of \$2.9, increase in receivables of \$1.9 million, increase in deferred outflow of resources of \$2.1 million and decrease of \$7 million in capital assets and investment in joint ventures.
- ◆ The City's liabilities, excluding the pension obligation, increased by \$1.7 million during the current fiscal year. The changes in liabilities are related to higher accounts payable, accrued salaries and benefits, and noncurrent liabilities.
- ◆ As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$52.8 million, an increase of \$7.7 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 \$102.8 million, an increase of \$6.8 million in comparison with the prior year.
- ◆ At the end of the fiscal year, unassigned fund balance for the general fund was \$14.4 million of which 12.5% of the FY 2016-17 Annual Budget-General Fund operating expenditures \$5.7 million is set aside as a reserve.

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 15. The fund's financial statements begin on page 18 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 and by bond covenants. However, the City Council has established many other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using certain taxes and other money (like grants received from the U.S. Department of Housing and Urban Development). 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, which 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 spent in the near future to finance the City's programs. The difference of results in the governmental funds 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 such as 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 page 114 and 115 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 that 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, such as the condition of the City's roads, to assess the overall health of the City.

City of Upland's Total Net Position

As noted earlier, the City's combined Total Net Position is \$333.3 million. The City's net position increased by \$10.7 million due to an increase in revenues and decrease in liabilities. Overall, the City's financial position was consistent with the prior year. 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 (in millions) for the fiscal year ended June 30, 2016 was as follows:

Table 1
Net Position
(In Millions)

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------------|----------------------------|-----------------|-----------------------------|----------------|-----------------|-----------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Current and other assets | \$ 58.3 | \$ 50.7 | \$ 51.8 | \$ 44.6 | \$ 110.1 | \$ 95.3 |
| Capital assets | 287.3 | 293.0 | 77.4 | 78.7 | 364.7 | 371.7 |
| Deferred outflows of resources | 7.3 | 5.2 | 0.6 | 0.7 | 7.9 | 5.9 |
| Total assets | <u>352.9</u> | <u>348.9</u> | <u>129.8</u> | <u>124.0</u> | <u>482.7</u> | <u>472.9</u> |
| Long-term liabilities | 102.9 | 98.6 | 19.2 | 21.7 | 122.1 | 120.3 |
| Other liabilities | 9.8 | 10.9 | 5.2 | 4.2 | 15.0 | 15.1 |
| Deferred inflows of resources | 9.7 | 12.8 | 2.6 | 2.1 | 12.3 | 14.9 |
| Total liabilities | <u>122.4</u> | <u>122.3</u> | <u>27.0</u> | <u>28.0</u> | <u>149.4</u> | <u>150.3</u> |
| Net position: | | | | | | |
| Net investment in | | | | | | |
| capital assets | 269.1 | 274.8 | 67.9 | 68.5 | 337.0 | 343.3 |
| Restricted | 40.0 | 14.5 | - | - | 25.7 | 14.5 |
| Unrestricted | <u>(78.6)</u> | <u>(62.7)</u> | <u>34.9</u> | <u>27.5</u> | <u>(29.4)</u> | <u>(35.2)</u> |
| Total net position | <u>\$ 230.5</u> | <u>\$ 226.6</u> | <u>\$ 102.8</u> | <u>\$ 96.0</u> | <u>\$ 333.3</u> | <u>\$ 322.6</u> |

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 (in millions) for the current years is presented below.

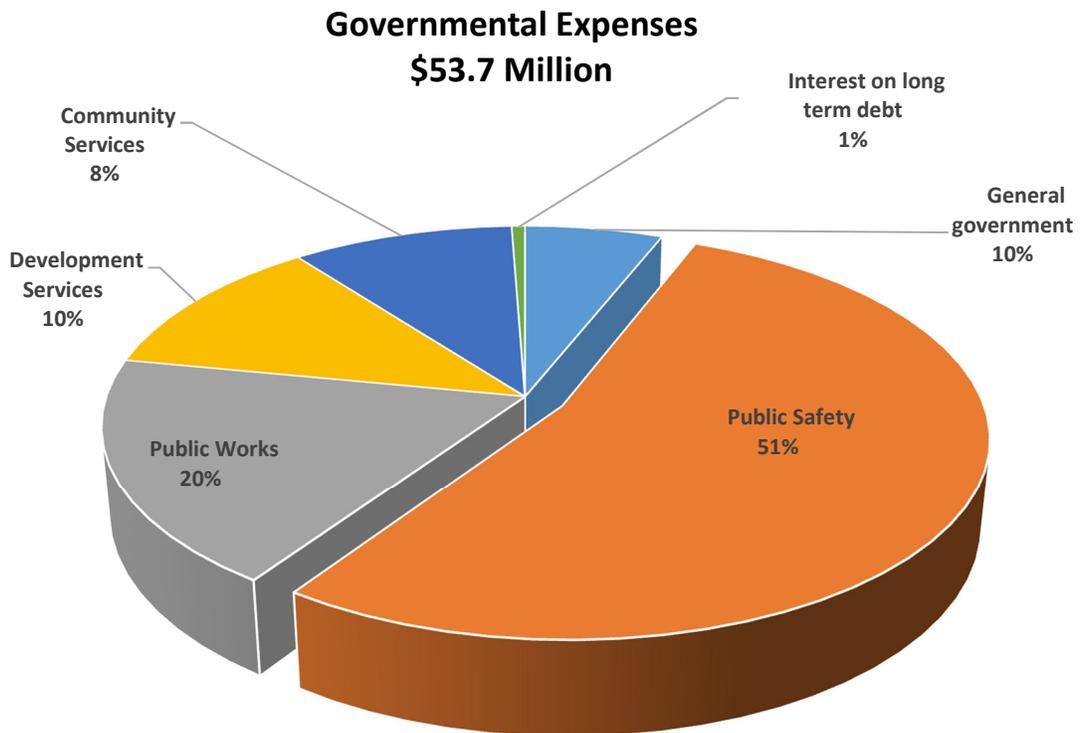
Table 2
Change in Net position
(In Millions)

| | Governmental Activities | | Business-type Activities | | Total | |
|---|----------------------------|-----------------|-----------------------------|----------------|-----------------|-----------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for services | 11.2 | 11.6 | 37.2 | 40.3 | 48.4 | 51.9 |
| Operating Contributions/Grants | 5.2 | 7.1 | - | - | 5.2 | 7.1 |
| Capital Contributions | 3.9 | 3.1 | - | 0.1 | 3.9 | 3.2 |
| General Revenues | | | | | | - |
| Taxes | | | | | | - |
| Property Taxes | 19.3 | 18.4 | - | - | 19.3 | 18.4 |
| Sales Taxes | 13.9 | 12.5 | - | - | 13.9 | 12.5 |
| Other Taxes | 1.8 | 1.9 | - | - | 1.8 | 1.9 |
| Investment Income | 0.2 | 0.1 | 0.2 | - | 0.4 | 0.1 |
| Motor Vehicle In Lieu | 0.4 | 0.8 | - | - | 0.4 | 0.8 |
| Gain on sale of assets | - | - | - | - | - | - |
| Miscellaneous Revenues | 0.4 | 4.2 | - | - | 0.4 | 4.2 |
| Total Revenues | <u>56.3</u> | <u>59.7</u> | <u>37.4</u> | <u>40.4</u> | <u>93.6</u> | <u>100.1</u> |
| Expenses | | | | | | |
| General government | 5.6 | 3.1 | - | - | 5.6 | 3.1 |
| Public Safety | 27.2 | 27.3 | - | - | 27.2 | 27.3 |
| Public Works | 11.0 | 9.4 | - | - | 11.0 | 9.4 |
| Development Services | 5.2 | 5.9 | - | - | 5.2 | 5.9 |
| Community Services | 4.3 | 5.0 | - | - | 4.3 | 5.0 |
| Interest on long term debt | 0.3 | 0.3 | - | - | 0.3 | 0.3 |
| Water | - | - | 16.1 | 20.0 | 16.1 | 20.0 |
| Refuse | - | - | 9.6 | 9.9 | 9.6 | 9.9 |
| Sewer | - | - | 7.1 | 7.5 | 7.1 | 7.5 |
| Total Expenses | <u>53.7</u> | <u>51.0</u> | <u>32.8</u> | <u>37.4</u> | <u>86.4</u> | <u>88.4</u> |
| Excess/(Deficiency) Before Special Items and Transfers | 2.6 | 8.7 | 4.6 | 3.0 | 7.2 | 11.7 |
| Transfers | - | 0.1 | - | (0.1) | - | - |
| Increase (Decrease) in Net Position | 2.6 | 8.8 | 4.6 | 2.9 | 7.2 | 11.7 |
| Net Position at beginning of year, as restated (note 19) | 227.9 | 217.8 | 98.2 | 93.1 | 326.1 | 310.9 |
| Net Position end of year | <u>\$ 230.5</u> | <u>\$ 226.6</u> | <u>\$ 102.8</u> | <u>\$ 96.0</u> | <u>\$ 333.3</u> | <u>\$ 322.6</u> |

Governmental Activities

Revenues and transfers for the City's governmental activities totaled \$56.3 million, while total expenses totaled \$53.7 million. The City's net position increased by \$2.6 million. The significant changes are highlighted below.

- ◆ Charges for services decreased by \$.4 million or 1% from the prior year, primarily due to General Government.
- ◆ Property Taxes increased by \$0.9 million or 5% from the prior year primarily due to an increase in the assessed valuation.
- ◆ Sales Tax increased by \$1.4 million or 11% as a result of the continuing retail businesses growth and triple flip wrap up.
- ◆ The cost of all governmental activities for the fiscal year was \$53.7 million, compared to \$51.0 million in the prior year. The increase was a result of increase in General Government, Public Safety, and Engineering and Public Works cost.



Business-type Activities

As shown in the Statement of Activities, the amount paid by users for services was about \$37.4 million. The cost of all Proprietary (Business-type) activities this year was \$32.8 million.

Total resources available during the year to finance Proprietary Fund (Business-type) activities were \$129.8 million consisting of Net Position at July 1, 2016 of \$102.8 million; thus net position was increased by \$6.8 million.

The City's Major Funds

The City's governmental funds reported a combined fund balance of \$52.8 million, and its enterprise funds reported combined net position of \$102.8 million. The major changes are as follows:

- ◆ The fund balance at year-end for the City's General fund of \$14.5 million is an overall increase of \$4.1 million, primarily due to revenues exceeding the budget, expenses below budget, and increased property and sales tax.
- ◆ The Housing fund balance decreased by \$122,128, or 0.8%, primarily due to decrease in rental revenue and increase in expenses.
- ◆ The Water Utility fund increased by \$4.8 million, or 6.1% in net position. The primary reason is a result of increased water rates, and \$2.9 million in stored water inventory.
- ◆ The Solid Waste Utility fund balance increased by \$0.7 million. The primary reason is a result of increased rates effective on July 1, 2014. The City Council has adopted a five year rate adjustment to correct the program funding shortfall that became effective July 1, 2014.
- ◆ The Sewer Utility fund increased by \$1.3 million, due to increase in capital assets.

General Fund Budgetary Highlights

Over the course of the year the City Manager revised the City budget several times but any increases in appropriation were offset by corresponding increases in the revenue budget. 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 2015-16 adopted General Fund budget of \$41.8 million to the final budget of \$43.1 million shows an increase of \$1.3 million. Actual expenditures for the General Fund of \$42.3 million were \$0.8 million under the final budget amounts. The fiscal year 2015-16 adopted revenue budget started at \$43.7 million and was increased to \$44.3 million. Actual revenue for the General Fund of \$46.7 million was \$2.3 million over the final budgeted amount. Overall the General Fund was able to significantly increase the fund balance to exceed the 12.5% reserve requirement.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2016, the City had \$364.7 million invested in a broad range of capital assets, including police vehicles, buildings, park facilities, roads, and water and sewer lines.

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

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|----------------------------|-----------------|-----------------------------|----------------|-----------------|-----------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| 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 | 1.2 | 3.3 | 0.8 | 2.0 | 2.0 | 5.3 |
| Other capital assets | 174.1 | 177.7 | 74.6 | 74.7 | 248.7 | 252.4 |
| Totals | <u>\$ 287.3</u> | <u>\$ 293.0</u> | <u>\$ 77.4</u> | <u>\$ 78.7</u> | <u>\$ 364.7</u> | <u>\$ 371.7</u> |

The City's fiscal year 2016-17 capital budget appropriates another \$18.7 million for capital projects, principally for the completion of its various reconstruction and improvement projects. Additional information on the City's capital assets can be found on pages 48-50 of this report.

Debt

At June 30, 2016, the City had \$126.9 million in debt outstanding versus \$125.0 million in the prior year, an increase of \$1.9 million, due to increases in OPEB, claims payable, and net pension obligation.

Table 4
Debt at Year-End
(In Millions)

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------------|----------------------------|-----------------|-----------------------------|----------------|-----------------|-----------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Housing Revenue Bonds | \$ 18.0 | \$ 18.0 | \$ - | \$ - | \$ 18.0 | \$ 18.0 |
| Lease Revenue Bonds | 0.3 | 0.5 | 9.7 | 10.5 | 9.9 | 11.0 |
| Capital Lease | 0.2 | - | - | - | 0.2 | - |
| Compensated Absences | 2.2 | 2.0 | 0.3 | 0.3 | 2.5 | 2.3 |
| Other Post Employment Benefits | 3.6 | 3.0 | 1.3 | 1.1 | 4.9 | 4.1 |
| Claims Payable | 7.2 | 6.1 | - | - | 7.2 | 6.1 |
| Net Pension Obligation | 75.3 | 72.7 | 8.9 | 10.8 | 84.2 | 83.5 |
| Totals | <u>\$ 106.7</u> | <u>\$ 102.3</u> | <u>\$ 20.2</u> | <u>\$ 22.7</u> | <u>\$ 126.9</u> | <u>\$ 125.0</u> |

Additional detailed information on long-term debt activity and the pension obligation can be found on pages 51-54 and pages 59-66, respectively, of this report.

Economic Condition and Outlook

On a national level, the economic growth for 2016 was slightly higher than in 2015 and may continue to increase in 2017. Statewide home prices and home sales have continued to increase and it is expected to eventually stabilize at a rate in line with income growth. On the other side, California still faces a number of structural challenges that keep the state's economy from reaching its full potential.

Much of the Inland Empire's economy has transitioned from a recovery to an expansionary cycle and the real estate market is responding positively. 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 rise at an average annual rate of 5% through 2018. Employment in the Inland Empire continues to expand causing the unemployment rate to be down to 4.8% state wide.

The City has also seen some positive movement in its local economy. Development activity is growing, and there are several new residential developments under construction, causing anticipated increase in building permit revenues and eventually property tax revenues. Sales tax revenues remained relatively flat, showing an increase of 3.4% over last year. The City will continue to exercise significant fiscal prudence in the current year and into the future years.

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, 2016

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|-----------------------|
| <u>Assets</u> | | | |
| Cash and investments (note 2) | \$ 33,640,402 | \$ 18,784,072 | \$ 52,424,474 |
| Receivables: | | | |
| Accounts, net | 895,282 | 5,233,160 | 6,128,442 |
| Accrued interest | 74,782 | - | 74,782 |
| Notes, net | 13,131,501 | - | 13,131,501 |
| Due from other governments | 5,320,752 | 557,831 | 5,878,583 |
| Inventory and prepaid items | 276,485 | 2,929,906 | 3,206,391 |
| Land held for resale | 1,731,389 | - | 1,731,389 |
| Restricted assets: | | | |
| Cash and investments with fiscal agent (note 2) | 3,197,271 | 150,344 | 3,347,615 |
| Investment in joint ventures (note 13) | - | 24,116,420 | 24,116,420 |
| Capital assets (note 4): | | | |
| Capital assets not being depreciated | 113,175,352 | 2,843,366 | 116,018,718 |
| Capital assets, net of depreciation | 174,125,491 | 74,557,015 | 248,682,506 |
| Total assets | <u>345,568,707</u> | <u>129,172,114</u> | <u>474,740,821</u> |
| <u>Deferred outflows of resources</u> | | | |
| Pension related (note 12) | 7,353,326 | 636,827 | 7,990,153 |
| Total deferred outflows of resources | <u>7,353,326</u> | <u>636,827</u> | <u>7,990,153</u> |
| <u>Liabilities</u> | | | |
| Accounts payable | 2,136,049 | 3,549,246 | 5,685,295 |
| Accrued salaries and benefits | 1,720,877 | 139,992 | 1,860,869 |
| Accrued interest payable (note 6) | 5,750 | 101,269 | 107,019 |
| Deposits payable | 1,902,015 | 435,615 | 2,337,630 |
| Unearned revenue | 168,399 | 72,567 | 240,966 |
| Noncurrent liabilities: | | | |
| OPEB liability (note 7) | 3,642,995 | 1,347,410 | 4,990,405 |
| Net pension liability (note 12) | 75,264,891 | 8,867,480 | 84,132,371 |
| Due within one year (note 6) | 3,822,192 | 961,349 | 4,783,541 |
| Due in more than one year (note 6) | 23,987,740 | 8,962,296 | 32,950,036 |
| Total liabilities | <u>112,650,908</u> | <u>24,437,224</u> | <u>137,088,132</u> |
| <u>Deferred inflows of resources</u> | | | |
| Pension related (note 12) | 9,738,518 | 2,563,151 | 12,301,669 |
| Total deferred inflows of resources | <u>9,738,518</u> | <u>2,563,151</u> | <u>12,301,669</u> |
| <u>Net position</u> | | | |
| Net investment in capital assets | 269,132,382 | 67,891,850 | 337,024,232 |
| Restricted for: | | | |
| Public safety | 613,962 | - | 613,962 |
| Engineering and public works | 13,703,303 | - | 13,703,303 |
| Development services | 22,395,055 | - | 22,395,055 |
| Community services | 3,238,518 | - | 3,238,518 |
| Unrestricted | <u>(78,550,613)</u> | <u>34,916,716</u> | <u>(43,633,897)</u> |
| Total net position | <u>\$ 230,532,607</u> | <u>\$ 102,808,566</u> | <u>\$ 333,341,173</u> |

See accompanying notes to the basic financial statements.

CITY OF UPLAND

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

| | Expenses | Program Revenues | | |
|----------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Contributions and Grants | Capital Contributions and Grants |
| Governmental activities: | | | | |
| General government | \$ 5,626,905 | \$ 1,124,713 | \$ 151,643 | \$ 746,496 |
| Public safety | 27,178,673 | 3,789,627 | 2,435,197 | - |
| Engineering and public works | 11,049,238 | 246,341 | 1,870,531 | 3,179,969 |
| Development services | 5,214,410 | 4,933,961 | 657,409 | - |
| Community services | 4,308,397 | 1,072,754 | 5,351 | - |
| Interest expense | 281,359 | - | - | - |
| Total governmental activities | <u>53,658,982</u> | <u>11,167,396</u> | <u>5,120,131</u> | <u>3,926,465</u> |
| Business-type activities: | | | | |
| Water utility | 16,121,912 | 18,601,289 | - | - |
| Solid waste utility | 9,602,172 | 10,544,776 | 15,519 | - |
| Sewer utility | <u>7,063,779</u> | <u>8,068,428</u> | <u>-</u> | <u>-</u> |
| Total business-type activities | <u>32,787,863</u> | <u>37,214,493</u> | <u>15,519</u> | <u>-</u> |
| | <u>\$ 86,446,845</u> | <u>\$ 48,381,889</u> | <u>\$ 5,135,650</u> | <u>\$ 3,926,465</u> |

General revenues:

Taxes:

Property taxes

Sales taxes

Other taxes

Investment income

Motor vehicle in lieu, unrestricted

Gain on sale of assets

Miscellaneous revenues

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year, as restated (note 17)

Net position at end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position

| <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|------------------------------------|-------------------------------------|-----------------------|
| \$ (3,604,053) | \$ - | \$ (3,604,053) |
| (20,953,849) | - | (20,953,849) |
| (5,752,397) | - | (5,752,397) |
| 376,960 | - | 376,960 |
| (3,230,292) | - | (3,230,292) |
| (281,359) | - | (281,359) |
| <u>(33,444,990)</u> | <u>-</u> | <u>(33,444,990)</u> |
| - | 2,479,377 | 2,479,377 |
| - | 958,123 | 958,123 |
| <u>-</u> | <u>1,004,649</u> | <u>1,004,649</u> |
| - | 4,442,149 | 4,442,149 |
| <u>(33,444,990)</u> | <u>4,442,149</u> | <u>(29,002,841)</u> |
| 19,309,037 | - | 19,309,037 |
| 13,909,909 | - | 13,909,909 |
| 1,778,356 | - | 1,778,356 |
| 216,843 | 148,205 | 365,048 |
| 429,308 | - | 429,308 |
| 32,589 | - | 32,589 |
| 394,567 | - | 394,567 |
| (3,000) | 3,000 | - |
| <u>36,067,609</u> | <u>151,205</u> | <u>36,218,814</u> |
| 2,622,619 | 4,593,354 | 7,215,973 |
| <u>227,909,988</u> | <u>98,215,212</u> | <u>326,125,200</u> |
| <u>\$ 230,532,607</u> | <u>\$ 102,808,566</u> | <u>\$ 333,341,173</u> |

CITY OF UPLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

| | General | Special Revenue Housing | Non-Major Governmental | Total |
|---|--------------------------|----------------------------|---------------------------|--------------------------|
| <u>Assets</u> | | | | |
| Cash and investments | \$ 10,400,024 | \$ 3,519,688 | \$ 18,424,586 | \$ 32,344,298 |
| Cash and investments with fiscal agent | - | 2,928,576 | 268,695 | 3,197,271 |
| Receivables: | | | | |
| Accounts | 796,402 | - | 43,396 | 839,798 |
| Accrued interest | 74,782 | - | - | 74,782 |
| Notes, net | 7,459 | 6,386,875 | 6,737,167 | 13,131,501 |
| Due from other funds (note 3) | 3,428,036 | - | - | 3,428,036 |
| Due from other governments | 4,326,580 | - | 989,932 | 5,316,512 |
| Inventory and prepaid items | 56,372 | - | - | 56,372 |
| Land held for resale | - | 1,731,389 | - | 1,731,389 |
| Total assets | <u>\$ 19,089,655</u> | <u>\$ 14,566,528</u> | <u>\$ 26,463,776</u> | <u>\$ 60,119,959</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ 1,429,511 | \$ 72,783 | \$ 182,376 | \$ 1,684,670 |
| Accrued salaries and benefits | 1,613,815 | 19,541 | 45,249 | 1,678,605 |
| Due to other funds (note 3) | - | - | 271,876 | 271,876 |
| Deposits payable | 1,446,764 | - | 455,251 | 1,902,015 |
| Unearned revenue | - | - | 168,399 | 168,399 |
| Total liabilities | <u>4,490,090</u> | <u>92,324</u> | <u>1,123,151</u> | <u>5,705,565</u> |
| <u>Deferred inflows of resources</u> | | | | |
| Unavailable revenue | 57,070 | 182,744 | 1,362,265 | 1,602,079 |
| Total deferred inflow of resources | <u>57,070</u> | <u>182,744</u> | <u>1,362,265</u> | <u>1,602,079</u> |
| <u>Fund balance</u> | | | | |
| Nonspendable: | | | | |
| Inventory and prepaid items | 56,372 | - | - | 56,372 |
| Notes receivable | 7,459 | - | - | 7,459 |
| Restricted for: | | | | |
| Public safety | - | - | 478,593 | 478,593 |
| Engineering and public works | - | - | 13,703,303 | 13,703,303 |
| Development services | - | 14,291,460 | 6,575,463 | 20,866,923 |
| Community services | - | - | 3,207,972 | 3,207,972 |
| Debt service | - | - | 267,457 | 267,457 |
| Unassigned | 14,478,664 | - | (254,428) | 14,224,236 |
| Total fund balances | <u>14,542,495</u> | <u>14,291,460</u> | <u>23,978,360</u> | <u>52,812,315</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 19,089,655</u> | <u>\$ 14,566,528</u> | <u>\$ 26,463,776</u> | <u>\$ 60,119,959</u> |

See accompanying notes to the basic financial statements.

CITY OF UPLAND

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

| | |
|--|-----------------------|
| Fund balances of governmental funds | \$ 52,812,315 |
| Amounts reported for governmental activities in the statement of net position is different because: | |
| Capital assets, net of depreciation, have not been included as financial resources in governmental fund activity. | |
| Capital assets | 373,425,381 |
| Accumulated depreciation | (87,451,287) |
| Long-term debt and compensated absences that have not been included in the governmental fund activity: | |
| Bonds and notes payable | (18,250,000) |
| Capital lease payable | (187,156) |
| Compensated absences | (2,034,051) |
| Pension liability | (72,722,489) |
| Other post employment benefits obligation | (3,642,995) |
| Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds. | (5,750) |
| Revenues that are measurable but not available. Amounts are recorded as unearned revenue under the modified accrual basis of accounting. | 1,602,079 |
| Deferred outflows are not current assets or financial resources and deferred inflows are not due and payable in the current period, and, therefore are not reported on the Governmental Fund Balance Sheet: | |
| Deferred outflows or resources - pension related | 7,108,819 |
| Deferred inflows of resources - pension related | (9,035,060) |
| 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. | <u>(11,087,199)</u> |
| Net position of governmental activities | <u>\$ 230,532,607</u> |

See accompanying notes to the basic financial statements.

CITY OF UPLAND
STATEMENT OF REVENUE
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

| | General | Special Revenue Housing | Non-Major Governmental Funds | Total |
|--|----------------------|----------------------------|------------------------------------|----------------------|
| <u>Revenues</u> | | | | |
| Taxes | \$ 35,870,870 | \$ - | \$ 1,928,358 | \$ 37,799,228 |
| Licenses and permits | 1,247,614 | - | 627,418 | 1,875,032 |
| Charges for services | 5,392,160 | - | - | 5,392,160 |
| Fines and penalties | 594,417 | - | - | 594,417 |
| Investment income | 89,417 | 18,225 | 80,177 | 187,819 |
| Rental income | 520,032 | 3,436,549 | 57,323 | 4,013,904 |
| Intergovernmental | 1,983,099 | - | 3,452,422 | 5,435,521 |
| Other | 1,002,323 | - | 271,071 | 1,273,394 |
| Total revenues | <u>46,699,932</u> | <u>3,454,774</u> | <u>6,416,769</u> | <u>56,571,475</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| General government | 3,658,673 | - | - | 3,658,673 |
| Public safety | 27,273,444 | - | 904,706 | 28,178,150 |
| Engineering and public works | 5,611,909 | - | 2,262,161 | 7,874,070 |
| Development services | 1,538,400 | 3,198,881 | 525,642 | 5,262,923 |
| Community services | 4,210,771 | - | 5,579 | 4,216,350 |
| Debt service: | | | | |
| Principal | 13,368 | - | 245,000 | 258,368 |
| Interest and fiscal charges | 19,028 | 256,498 | 22,968 | 298,494 |
| Total expenditures | <u>42,325,593</u> | <u>3,455,379</u> | <u>3,966,056</u> | <u>49,747,028</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>4,374,339</u> | <u>(605)</u> | <u>2,450,713</u> | <u>6,824,447</u> |
| <u>Other financing sources (uses)</u> | | | | |
| Transfers in (note 14) | 121,523 | - | 1,087,030 | 1,208,553 |
| Transfers out (note 14) | (551,158) | (121,523) | (852,473) | (1,525,154) |
| Proceeds of capital lease | 200,524 | - | - | 200,524 |
| Proceeds from sale of capital asset | 1,600 | - | - | 1,600 |
| Total other financing sources (uses) | <u>(227,511)</u> | <u>(121,523)</u> | <u>234,557</u> | <u>(114,477)</u> |
| Change in fund balances | 4,146,828 | (122,128) | 2,685,270 | 6,709,970 |
| Fund balances (deficit) at beginning of year, as restated (note 17) | <u>10,395,667</u> | <u>14,413,588</u> | <u>21,293,090</u> | <u>46,102,345</u> |
| Fund balances at end of year | <u>\$ 14,542,495</u> | <u>\$ 14,291,460</u> | <u>\$ 23,978,360</u> | <u>\$ 52,812,315</u> |

See accompanying notes to the basic financial statements.

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, 2016

| | |
|--|---------------------|
| Net changes in fund balances of governmental funds | \$ 6,709,970 |
| Amounts reported for governmental activities in the statement of activities is different because: | |
| Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | |
| Capital expenditures | 85,091 |
| Depreciation expense | (6,460,605) |
| Other capital related items | 624,615 |
| Changes in long-term liabilities are reported as expenditures and other financing sources (uses) in the governmental funds, but are reported as increases and decreases of long-term liabilities in the statement of net position. | |
| Principal reduction | 258,368 |
| Proceeds of capital lease | (200,524) |
| The statement of net position includes the change in accrued interest on debt. | 17,135 |
| The following amounts reported in the Statement of Activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds. | |
| Net change in compensated absences | (105,009) |
| Net change in other post employment benefit obligations | (621,716) |
| Net change in net pension liability and related deferrals | 2,219,934 |
| Revenues that are measurable but not available. Amounts are not recorded as revenue under the modified accrual basis of accounting. | 413,545 |
| Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. | <u>(318,185)</u> |
| Change in net position of governmental activities | <u>\$ 2,622,619</u> |

See accompanying notes to the basic financial statements.

CITY OF UPLAND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2016

| | Budgeted Amounts | | Actual | Variance with |
|---|---------------------|---------------------|---------------------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| Revenues: | | | | |
| Taxes: | | | | |
| Property taxes | \$18,974,205 | \$18,974,205 | \$19,309,037 | \$ 334,832 |
| Business license tax | 820,000 | 820,000 | 873,568 | 53,568 |
| Sales and use tax | 13,671,000 | 13,672,780 | 13,909,909 | 237,129 |
| Franchise tax | 1,230,000 | 1,230,000 | 1,264,970 | 34,970 |
| Other | 428,699 | 428,699 | 513,386 | 84,687 |
| Licenses and permits | 908,060 | 1,158,060 | 1,247,614 | 89,554 |
| Charges for services | 5,191,604 | 5,255,476 | 5,392,160 | 136,684 |
| Fines and penalties | 496,000 | 496,000 | 594,417 | 98,417 |
| Investment income | 28,280 | 28,280 | 89,417 | 61,137 |
| Rental income | 510,544 | 510,544 | 520,032 | 9,488 |
| Intergovernmental | 898,000 | 1,088,010 | 1,983,099 | 895,089 |
| Other | 590,300 | 701,355 | 1,002,323 | 300,968 |
| Total revenues | <u>43,746,692</u> | <u>44,363,409</u> | <u>46,699,932</u> | <u>2,336,523</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 3,915,210 | 3,547,647 | 3,658,673 | (111,026) |
| Public safety: | | | | |
| Police | 16,266,977 | 17,181,414 | 16,717,487 | 463,927 |
| Fire | 10,379,180 | 10,449,746 | 10,555,957 | (106,211) |
| Engineering and public works | 5,720,527 | 5,796,931 | 5,611,909 | 185,022 |
| Development services | 1,443,830 | 1,695,477 | 1,538,400 | 157,077 |
| Community services | 4,088,735 | 4,461,535 | 4,210,771 | 250,764 |
| Debt service: | | | | |
| Principal | - | - | 13,368 | (13,368) |
| Interest | - | - | 19,028 | (19,028) |
| Total expenditures | <u>41,814,459</u> | <u>43,132,750</u> | <u>42,325,593</u> | <u>807,157</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,932,233</u> | <u>1,230,659</u> | <u>4,374,339</u> | <u>3,143,680</u> |
| Other financing sources (uses): | | | | |
| Transfers in | - | 121,523 | 121,523 | - |
| Transfers out | (266,135) | (551,158) | (551,158) | - |
| Proceeds of capital lease | - | 72,680 | 200,524 | 127,844 |
| Proceeds from sale of capital assets | - | - | 1,600 | 1,600 |
| Total other financing sources (uses) | <u>(266,135)</u> | <u>(356,955)</u> | <u>(227,511)</u> | <u>129,444</u> |
| Change in fund balances | 1,666,098 | 873,704 | 4,146,828 | 3,273,124 |
| Fund balances at beginning of year | <u>10,395,667</u> | <u>10,395,667</u> | <u>10,395,667</u> | <u>-</u> |
| Fund balances at end of year | <u>\$12,061,765</u> | <u>\$11,269,371</u> | <u>\$14,542,495</u> | <u>\$ 3,273,124</u> |

See accompanying notes to the basic financial statements.

CITY OF UPLAND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET TO ACTUAL - HOUSING FUND
 YEAR ENDED JUNE 30, 2016

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|---|----------------------|----------------------|----------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Investment income | \$ 3,000 | \$ 3,000 | \$ 18,225 | \$ 15,225 |
| Rental income | 3,189,732 | 3,189,732 | 3,436,549 | 246,817 |
| Other | 53,240 | 53,240 | - | (53,240) |
| Total revenues | <u>3,245,972</u> | <u>3,245,972</u> | <u>3,454,774</u> | <u>208,802</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Development services | 4,260,843 | 1,081,885 | 3,198,881 | (2,116,996) |
| Debt service: | | | | |
| Interest and fiscal charges | 841,425 | 2,391,756 | 256,498 | 2,135,258 |
| Total expenditures | <u>5,102,268</u> | <u>3,473,641</u> | <u>3,455,379</u> | <u>18,262</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,856,296)</u> | <u>(227,669)</u> | <u>(605)</u> | <u>227,064</u> |
| Other financing sources (uses): | | | | |
| Transfers in | - | 10,129 | - | (10,129) |
| Transfers out | - | (121,523) | (121,523) | - |
| Total other financing sources (uses) | <u>-</u> | <u>(111,394)</u> | <u>(121,523)</u> | <u>(10,129)</u> |
| Change in fund balances | (1,856,296) | (339,063) | (122,128) | 216,935 |
| Fund balances at beginning of year, as restated | <u>14,413,588</u> | <u>14,413,588</u> | <u>14,413,588</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ 12,557,292</u> | <u>\$ 14,074,525</u> | <u>\$ 14,291,460</u> | <u>\$ 216,935</u> |

See accompanying notes to the basic financial statements.

CITY OF UPLAND

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

| | Business-Type Activities-Enterprise Funds | | | Business-Type Activities | Governmental Activities |
|---|---|------------------------|----------------------|------------------------------|------------------------------------|
| | Water Utility | Solid Waste Utility | Sewer Utility | Enterprise Funds Total | Internal Service Funds Total |
| <u>Assets</u> | | | | | |
| Current assets: | | | | | |
| Cash and investments | \$ 9,857,290 | \$ 463,707 | \$ 8,463,075 | \$ 18,784,072 | \$ 1,296,104 |
| Receivables: | | | | | |
| Accounts, net | 2,439,828 | 1,473,250 | 1,320,082 | 5,233,160 | 55,484 |
| Notes receivable, net | - | - | - | - | - |
| Due from other funds (note 3) | - | - | 50,000 | 50,000 | - |
| Due from other governments | 557,625 | 99 | 107 | 557,831 | 4,240 |
| Inventory and prepaid items | 2,929,906 | - | - | 2,929,906 | 220,113 |
| Total current assets | <u>15,784,649</u> | <u>1,937,056</u> | <u>9,833,264</u> | <u>27,554,969</u> | <u>1,575,941</u> |
| Noncurrent assets: | | | | | |
| Restricted cash and investments | | | | | |
| with fiscal agent | 150,344 | - | - | 150,344 | - |
| Investment in joint ventures | 24,116,420 | - | - | 24,116,420 | - |
| Capital assets: | | | | | |
| Land | 1,995,981 | - | - | 1,995,981 | - |
| Construction in progress | 496,346 | - | 351,039 | 847,385 | 554,416 |
| Other capital assets, net | 60,794,049 | - | 13,762,966 | 74,557,015 | 772,333 |
| Total noncurrent assets | <u>87,553,140</u> | <u>-</u> | <u>14,114,005</u> | <u>101,667,145</u> | <u>1,326,749</u> |
| Total assets | <u>103,337,789</u> | <u>1,937,056</u> | <u>23,947,269</u> | <u>129,222,114</u> | <u>2,902,690</u> |
| <u>Deferred Outflows of Resources</u> | | | | | |
| Pension related | 409,595 | 46,424 | 180,808 | 636,827 | 244,507 |
| Total deferred outflow of resources | <u>409,595</u> | <u>46,424</u> | <u>180,808</u> | <u>636,827</u> | <u>244,507</u> |
| <u>Liabilities</u> | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 1,286,872 | 1,352,271 | 910,103 | 3,549,246 | 451,379 |
| Accrued salaries and wages | 96,637 | 7,944 | 35,411 | 139,992 | 42,272 |
| Due to other funds (note 3) | - | 50,000 | - | 50,000 | 3,156,160 |
| Interest payable | 101,269 | - | - | 101,269 | - |
| Unearned revenue | - | 72,567 | - | 72,567 | - |
| Deposits payable | 396,943 | - | 38,672 | 435,615 | - |
| Current portion of long-term liabilities: | | | | | |
| Compensated absences | 88,042 | 8,601 | 49,706 | 146,349 | - |
| Revenue bonds payable | 815,000 | - | - | 815,000 | - |
| Total current liabilities | <u>2,784,763</u> | <u>1,491,383</u> | <u>1,033,892</u> | <u>5,310,038</u> | <u>3,649,811</u> |
| Long-term liabilities: | | | | | |
| Claims and judgments payable | - | - | - | - | 7,228,645 |
| OPEB liability (note 7) | 898,273 | 99,808 | 349,329 | 1,347,410 | - |
| Net pension liability | 5,703,395 | 646,426 | 2,517,659 | 8,867,480 | 2,542,402 |
| Compensated absences | 64,551 | 8,737 | 45,133 | 118,421 | 110,080 |
| Revenue bonds payable | 8,843,875 | - | - | 8,843,875 | - |
| Total long-term liabilities | <u>15,510,094</u> | <u>754,971</u> | <u>2,912,121</u> | <u>19,177,186</u> | <u>9,881,127</u> |
| Total liabilities | <u>18,294,857</u> | <u>2,246,354</u> | <u>3,946,013</u> | <u>24,487,224</u> | <u>13,530,938</u> |
| <u>Deferred Inflows of Resources</u> | | | | | |
| Pension related | 1,704,272 | 341,213 | 517,666 | 2,563,151 | 703,458 |
| Total deferred inflows of resources | <u>1,704,272</u> | <u>341,213</u> | <u>517,666</u> | <u>2,563,151</u> | <u>703,458</u> |
| <u>Net position</u> | | | | | |
| Net investment in capital assets | 53,777,845 | - | 14,114,005 | 67,891,850 | 1,326,749 |
| Unrestricted | 29,970,410 | (604,087) | 5,550,393 | 34,916,716 | (12,413,948) |
| Total net position | <u>\$ 83,748,255</u> | <u>\$ (604,087)</u> | <u>\$ 19,664,398</u> | <u>\$ 102,808,566</u> | <u>\$ (11,087,199)</u> |

See accompanying notes to the basic financial statements.

CITY OF UPLAND

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

| | Business-Type Activities-Enterprise Funds | | | Business-Type Activities | Governmental Activities |
|---|---|---------------------|----------------------|-----------------------------|----------------------------|
| | Water | Solid Waste | Sewer | Enterprise | Internal |
| | Utility | Utility | Utility | Funds | Service Funds |
| | | | Total | Total | |
| Operating revenues: | | | | | |
| Charges for services | \$ 17,452,334 | \$ 10,544,776 | \$ 7,838,749 | \$ 35,835,859 | \$ 6,639,359 |
| Licenses and permits | 354,902 | - | 229,497 | 584,399 | - |
| Fines and penalties | 269,953 | - | - | 269,953 | - |
| Other | 1,192,274 | - | 182 | 1,192,456 | 3,892 |
| Total operating revenues | <u>19,269,463</u> | <u>10,544,776</u> | <u>8,068,428</u> | <u>37,882,667</u> | <u>6,643,251</u> |
| Operating expenses: | | | | | |
| Administrative costs | 1,267,743 | 462,742 | 304,435 | 2,034,920 | - |
| Maintenance and operations | 9,839,968 | 37,227 | 1,008,094 | 10,885,289 | 2,450,450 |
| Contractual services | 1,324,247 | 9,102,586 | 5,122,385 | 15,549,218 | 266,904 |
| Customer service | 935,229 | - | - | 935,229 | - |
| Claims expense | - | - | - | - | 4,101,551 |
| Depreciation | 1,819,507 | 390 | 476,242 | 2,296,139 | 492,909 |
| Total operating expenses | <u>15,186,694</u> | <u>9,602,945</u> | <u>6,911,156</u> | <u>31,700,795</u> | <u>7,311,814</u> |
| Operating income (loss) | <u>4,082,769</u> | <u>941,831</u> | <u>1,157,272</u> | <u>6,181,872</u> | <u>(668,563)</u> |
| Nonoperating revenues (expenses): | | | | | |
| Investment income | 58,852 | 17,289 | 72,064 | 148,205 | 5,788 |
| Share of joint venture net income (loss) (note 13) | (668,174) | - | - | (668,174) | - |
| Gain (loss) on sale of assets | (428,609) | 773 | (152,623) | (580,459) | 30,989 |
| Interest expense | (506,609) | - | - | (506,609) | - |
| Intergovernmental revenue | - | 15,519 | - | 15,519 | - |
| Total nonoperating revenues (expenses) | <u>(1,544,540)</u> | <u>33,581</u> | <u>(80,559)</u> | <u>(1,591,518)</u> | <u>36,777</u> |
| Income (loss) before transfers | <u>2,538,229</u> | <u>975,412</u> | <u>1,076,713</u> | <u>4,590,354</u> | <u>(631,786)</u> |
| Transfers and capital contributions: | | | | | |
| Transfers in (note 14) | 3,000 | - | 245,000 | 248,000 | 313,601 |
| Transfers out (note 14) | - | (245,000) | - | (245,000) | - |
| Total transfers and capital contributions | <u>3,000</u> | <u>(245,000)</u> | <u>245,000</u> | <u>3,000</u> | <u>313,601</u> |
| Changes in net position | 2,541,229 | 730,412 | 1,321,713 | 4,593,354 | (318,185) |
| Net position at beginning of year, as restated | <u>81,207,026</u> | <u>(1,334,499)</u> | <u>18,342,685</u> | <u>98,215,212</u> | <u>(10,769,014)</u> |
| Net position at end of year | <u>\$ 83,748,255</u> | <u>\$ (604,087)</u> | <u>\$ 19,664,398</u> | <u>\$ 102,808,566</u> | <u>\$ (11,087,199)</u> |

See accompanying notes to the basic financial statements.

CITY OF UPLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

| | <u>Business-Type Activities-Enterprise Funds</u> | | | <u>Business-Type Activities</u> | <u>Governmental Activities</u> |
|--|--|----------------------------|----------------------|---------------------------------|--------------------------------|
| | <u>Water Utility</u> | <u>Solid Waste Utility</u> | <u>Sewer Utility</u> | <u>Enterprise Funds Total</u> | <u>Internal Service Funds</u> |
| Cash flows from operating activities: | | | | | |
| Cash received from customers | \$ 20,645,050 | \$ 9,769,927 | \$ 7,808,774 | \$ 38,223,751 | \$ - |
| Cash received from user departments | - | - | - | - | 6,643,251 |
| Cash payments to suppliers for goods and services | (12,380,418) | (8,411,935) | (5,625,071) | (26,417,424) | (4,985,900) |
| Cash payments to employees for services | (2,119,974) | (666,574) | (1,250,809) | (4,037,357) | (1,184,023) |
| Net cash provided by (used for) operating activities | <u>6,144,658</u> | <u>691,418</u> | <u>932,894</u> | <u>7,768,970</u> | <u>473,328</u> |
| Cash flows from noncapital financing activities: | | | | | |
| Cash transferred from other funds | 3,000 | - | 245,000 | 248,000 | 313,601 |
| Cash transferred to other funds | - | (245,000) | - | (245,000) | - |
| Net cash provided by (used for) noncapital financing activities | <u>3,000</u> | <u>(245,000)</u> | <u>245,000</u> | <u>3,000</u> | <u>313,601</u> |
| Cash flows from capital and related financing activities: | | | | | |
| Cash paid for acquisition and construction of capital assets | (633,723) | - | (216,595) | (850,318) | (522,327) |
| Principal paid on debt | (790,000) | - | - | (790,000) | - |
| Interest paid on debt | (540,955) | - | - | (540,955) | - |
| Net cash provided by (used for) capital and related financing activities | <u>(1,964,678)</u> | <u>-</u> | <u>(216,595)</u> | <u>(2,181,273)</u> | <u>(522,327)</u> |
| Cash flows from investing activities: | | | | | |
| Interest received on investments | <u>58,852</u> | <u>17,289</u> | <u>72,064</u> | <u>148,205</u> | <u>5,788</u> |
| Net cash provided by (used for) investing activities | <u>58,852</u> | <u>17,289</u> | <u>72,064</u> | <u>148,205</u> | <u>5,788</u> |
| Net increase (decrease) in cash and cash equivalents | 4,241,832 | 463,707 | 1,033,363 | 5,738,902 | 270,390 |
| Cash and cash equivalents at beginning of year | <u>5,765,802</u> | <u>-</u> | <u>7,429,712</u> | <u>13,195,514</u> | <u>1,025,714</u> |
| Cash and cash equivalents at end of year | <u>\$ 10,007,634</u> | <u>\$ 463,707</u> | <u>\$ 8,463,075</u> | <u>\$ 18,934,416</u> | <u>\$ 1,296,104</u> |
| Reconciliation of amounts reported on the Statement of Net Position: | | | | | |
| Net Position: | | | | | |
| Cash and investments | \$ 9,857,290 | \$ 463,707 | \$ 8,463,075 | \$ 18,784,072 | \$ 1,296,104 |
| Cash with fiscal agents | <u>150,344</u> | <u>-</u> | <u>-</u> | <u>150,344</u> | <u>-</u> |
| Cash and cash equivalents at end of year | <u>\$ 10,007,634</u> | <u>\$ 463,707</u> | <u>\$ 8,463,075</u> | <u>\$ 18,934,416</u> | <u>\$ 1,296,104</u> |

(Continued)

See accompanying notes to the basic financial statements.

CITY OF UPLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016, (Continued)

| | <u>Business-Type Activities-Enterprise Funds</u> | | | <u>Business-Type Activities</u> | <u>Governmental Activities</u> |
|---|--|----------------------------|----------------------|---------------------------------|--------------------------------|
| | <u>Water Utility</u> | <u>Solid Waste Utility</u> | <u>Sewer Utility</u> | <u>Enterprise Funds Total</u> | <u>Internal Service Funds</u> |
| Reconciliation of operating income to net cash provided by (used for) operating activities: | | | | | |
| Operating income (loss) | \$ 4,082,769 | \$ 941,831 | \$ 1,157,272 | \$ 6,181,872 | \$ (668,563) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | | |
| Depreciation | 1,819,507 | 390 | 476,242 | 2,296,139 | 492,909 |
| Gain (loss) on disposition of capital assets | (428,609) | 773 | (152,623) | (580,459) | 30,989 |
| Nonoperating revenue (expense) | - | 15,519 | - | 15,519 | - |
| (Increase) decrease in accounts receivable | 2,555,401 | (163,562) | (260,051) | 2,131,788 | (54,933) |
| (Increase) decrease in due from other governments | (694,246) | (99) | 397 | (693,948) | 6,857 |
| (Increase) decrease in inventory | (692,840) | - | - | (692,840) | 3,978 |
| (Increase) decrease in deferred outflows - pension related | (52,961) | 4,144 | (39,460) | (88,277) | (93,565) |
| Increase (decrease) in accounts payable | 212,991 | 688,708 | (25,348) | 876,351 | 252,467 |
| Increase (decrease) in accrued salaries and benefits | 21,624 | (1,443) | 10,992 | 31,173 | 12,946 |
| Increase (decrease) in unearned revenue | - | 25,404 | - | 25,404 | - |
| Increase (decrease) in due to other funds | - | (636,691) | - | (636,691) | (310,700) |
| Increase (decrease) in deposits payable | 141,916 | - | - | 141,916 | - |
| Increase (decrease) in OPEB liability | 153,300 | 17,033 | 59,617 | 229,950 | - |
| Increase (decrease) in pension liability | (1,305,209) | (347,341) | (260,125) | (1,912,675) | (423,925) |
| Increase (decrease) in compensated absences | (945) | 123 | (7,785) | (8,607) | 9,053 |
| Increase (decrease) in claims and judgments payable | - | - | - | - | 1,093,174 |
| Increase (decrease) in deferred inflows | 331,960 | 146,629 | (26,234) | 452,355 | 122,641 |
| Total adjustments | 2,061,889 | (250,413) | (224,378) | 1,587,098 | 1,141,891 |
| Net cash provided by (used for) operating activities | \$ 6,144,658 | \$ 691,418 | \$ 932,894 | \$ 7,768,970 | \$ 473,328 |

See accompanying notes to the basic financial statements.

CITY OF UPLAND

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2016

| | <u>Agency Funds</u> | <u>Private-Purpose Trust Fund Successor Agency to UCRA</u> |
|---|----------------------|--|
| <u>Assets</u> | | |
| Cash and investments (note 2) | \$ 6,784,224 | \$ 2,704,445 |
| Cash and investments with fiscal agent (note 2) | 3,544,869 | 2,531,284 |
| Receivables: | | |
| Notes, net | - | 33,001 |
| Land held for resale | - | 3,888,000 |
| Total current assets | <u>10,329,093</u> | <u>9,156,730</u> |
| <u>Deferred outflows of resources</u> | | |
| Deferred charge on refunding | - | 523,580 |
| Total deferred outflows of resources | <u>-</u> | <u>523,580</u> |
| <u>Liabilities</u> | | |
| Accounts payable | 608,502 | 5,004 |
| Deposits payable | 2,905,758 | - |
| Accrued salaries and wages | - | 7,044 |
| Interest payable | - | 420,173 |
| Due to bondholders | 6,814,833 | - |
| Current portion of long-term liabilities: | | |
| Bonds payable (note 16) | - | 2,035,000 |
| Total current liabilities | <u>10,329,093</u> | <u>2,467,221</u> |
| Long-term liabilities (note 16): | | |
| Bonds payable | - | 30,032,909 |
| Total long-term liabilities | <u>-</u> | <u>30,032,909</u> |
| Total liabilities | <u>\$ 10,329,093</u> | <u>32,500,130</u> |
| <u>Net Position</u> | | |
| Held in trust | | <u>(22,819,820)</u> |
| Total net position | | <u>\$ (22,819,820)</u> |

See accompanying notes to the basic financial statements.

CITY OF UPLAND

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

YEAR ENDED JUNE 30, 2016

| | Private-Purpose Trust Fund |
|-----------------------------------|-------------------------------------|
| <u>Additions</u> | <u>Successor Agency to UCRA</u> |
| Taxes | \$ 3,564,158 |
| Investment income | 36,800 |
| Rental income | 19,032 |
| Total additions | <u>3,619,990</u> |
| <u>Deductions</u> | |
| Development services | 1,086,228 |
| Interest expense | 1,131,182 |
| Total deductions | <u>2,217,410</u> |
| Changes in fiduciary net position | 1,402,580 |
| Net position at beginning of year | <u>(24,222,400)</u> |
| Net position at end of year | <u>\$ (22,819,820)</u> |

See accompanying notes to the basic financial statements.

Statement of net position

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(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) 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 the Authority component unit meets the above-mentioned criteria.

Upland Public Financing Authority

The Upland Public Financing Authority (the 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 of Upland Community Redevelopment Agency formed the Authority, in December 1988, by execution of the Joint Exercise of Powers Agreement. The purpose of the Authority is to provide financing to the Agency and the City for various project purposes. Since the City Council serves as the governing board for this component unit, all of the City's component units are considered to be blended component units. 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 interfund 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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(1) Summary of Significant Accounting Policies. (Continued)

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-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 recorded 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, rather than as another financing source. 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.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(1) Summary of Significant Accounting Policies. (Continued)

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 fund individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified accrual basis of accounting*. Revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days for all revenues.

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 where cash is received by the government.

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed nonexchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary nonexchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(1) Summary of Significant Accounting Policies. (Continued)

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

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.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Proprietary and Fiduciary Funds

The City’s enterprise and internal service funds are proprietary funds. In the fund financial statements, the 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. In the fund financial statements, 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.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(1) Summary of Significant Accounting Policies. (Continued)

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 an other 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.

(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, fire, and recreation.

Housing Fund - This fund accounts for the housing activities of the City that were previously accounted for in the low and moderate housing redevelopment agency fund. 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 Upland'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. Activities include recycling and green waste programs.

Sewer Utility Fund - This fund records all City sewer service transactions and includes the additional services of 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.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(1) Summary of Significant Accounting Policies. (Continued)

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 to UCRA activities, which accumulates resources for obligations previously incurred by the former Upland Community Redevelopment Agency.

(d) Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded, is employed in the governmental funds. Encumbrances at year end are reported as restricted, committed, or assigned fund balance depending on the resources that have been identified to fund the applicable encumbrance.

(e) 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.

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. Certain restricted assets and deposits of proprietary funds consist of investments which are not considered to be cash equivalents as defined above and therefore excluded from the statements of cash flows.

(f) Inventories

Inventories held by the General Fund, and Water Fund are capitalized 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 vehicle parts, office supplies, small hand tools, cement, custodial supplies, herbicides and pesticides. Water Fund inventory consist of stored water.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(1) Summary of Significant Accounting Policies. (Continued)

(g) 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.

(h) 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 90 days after year end.

The property tax calendar is as follows:

| | |
|------------------|---|
| Lien Date: | January 1 |
| Levy Date: | July 1 |
| Due Date: | First Installment - November 1 Second Installment - February 1 |
| Delinquent Date: | First Installment - December 11 Second Installment - April 11 |

Taxes are collected by San Bernardino County and are remitted to the City periodically. Dates and percentages are as follows:

| | |
|-------------|------------------|
| December 10 | 30% Advance |
| January 16 | Collection No. 1 |
| April 10 | 10% Advance |
| May 15 | Collection No. 2 |
| July 31 | Collection No. 3 |

(i) Claims and Judgments

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 year end 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 the Basic Financial Statements

Year ended June 30, 2016

(1) Summary of Significant Accounting Policies. (Continued)

(j) Employee Leave Benefits

In accordance with GASB Statement No. 16, a liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

Under GASB Statement No. 16, a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits 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.

(k) 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 estimated fair market 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.

Depreciation has been provided using the straight-line method over the estimated useful life of the asset in the government-wide financial statements and in the fund financial statements of the proprietary funds.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(1) Summary of Significant Accounting Policies. (Continued)

The following schedule summarizes capital asset useful lives:

Governmental Activities:

| | |
|--------------------------------|--------------|
| Buildings and improvements | 50 years |
| Park improvements | 50 years |
| Equipment | 5 years |
| Vehicles | 5-10 years |
| Infrastructure – street system | 30-100 years |
| Infrastructure – storm drains | 100 years |

Business-type Activities:

| | |
|-------------------------|------------|
| Pipelines | 50 years |
| Reservoirs | 50 years |
| Treatment facilities | 50 years |
| Wells/Pumps | 50 years |
| Sewer manholes | 50 years |
| Equipment and machinery | 5 years |
| Vehicles | 5-10 years |

(l) Notes and Loans Receivable

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

(m) 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, deferred outflows of resources, represents a 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 government has two items that qualify for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Pension related is associated with the City's net pension liability.

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, deferred inflows of resources, 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 government has two of these items. One of these items arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues relates 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 second item, deferred inflows – pension related is associated with the City's net pension liability.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(1) Summary of Significant Accounting Policies. (Continued)

(n) Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by City of Upland. 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.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

| | |
|-------------------------|--------------------------------|
| Valuation Date (VD) | June 30, 2014 |
| Measurement Date (MD) | June 30, 2015 |
| Measurement Period (MP) | June 30, 2014 to June 30, 2015 |

(o) Net Position Flow Assumption

Sometimes the government 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 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 government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

(p) Fund Balance

Nonspendable 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).

Spendable Fund Balance

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 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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(1) Summary of Significant Accounting Policies. (Continued)

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 resolution 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 City Council or be persons to whom 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 to him through a resolution adopted by the City Council.

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 10% 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
- Cash flow requirements

Once the 10% 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 ever 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. Ten percent of the fiscal year ending June 30, 2016 General Fund operating budget is \$4,108,672. Fund balance of the General Fund at June 30, 2016 is \$14,148,809.

(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). The three levels of fair value hierarchy are as follows:

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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(1) Summary of Significant Accounting Policies. (Continued)

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 input 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) Budgets and Budgetary Data

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 \$1,011,626. 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 Sanitary Sewer Facility Development special revenue fund for which no budget is legally adopted and therefore no budget comparison schedule will be presented.

(s) 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.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(2) Cash and Investments

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

| | |
|--|---------------------|
| Governmental Activities: | |
| Cash and investments | \$33,640,402 |
| Cash and investments with fiscal agent | 3,197,271 |
| Business-type Activities: | |
| Cash and investments | 18,784,072 |
| Cash and investments with fiscal agent | 150,344 |
| Fiduciary funds: | |
| Cash and investments | 9,488,669 |
| Cash and investments with fiscal agent | <u>6,076,153</u> |
| Total cash and investments | <u>\$71,336,911</u> |

Cash and investments as of June 30, 2016 consist of the following:

| | |
|--------------------------------------|---------------------|
| Cash on hand | \$ 14,980 |
| Deposits with financial institutions | 13,004,677 |
| Investments | <u>58,317,254</u> |
| Total cash and investments | <u>\$71,336,911</u> |

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(2) Cash and Investments, (Continued)

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 trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

| <u>Investment Types Authorized by State Law</u> | <u>Authorized By Investment Policy</u> | <u>*Maximum Maturity</u> | <u>*Maximum Percentage Of Portfolio</u> | <u>*Maximum Investment In One Issuer</u> |
|---|--|------------------------------|---|--|
| Local Agency Bonds | No | 5 years | None | None |
| U.S. Treasury Obligations | Yes | 5 years | None | None |
| U.S. Agency Securities | Yes | 5 years | None | None |
| Banker's Acceptances | No | 180 days | 40% | 30% |
| Commercial Paper | Yes | 270 days | 15% | 10% |
| Negotiable Certificates of Deposit | Yes | 5 years | 30% | None |
| Repurchase Agreements | No | 1 year | None | None |
| Reverse Repurchase Agreements | No | 92 days | 20% of base value | None |
| Medium-Term Notes | Yes | 5 years | 30% | 5% |
| Mutual Funds | Yes | N/A | 20% | 10% |
| Money Market Mutual Funds | Yes | N/A | 20% | 10% |
| Mortgage Pass-Through Securities | Yes | 5 years | 20% | None |
| County Pooled Investment Funds | No | N/A | None | None |
| Local Agency Investment Fund (LAIF) | Yes | N/A | None | None |
| JPA Pools (other investment pools) | No | 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.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(2) Cash and Investments, (Continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee 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 trustee, 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.

| <u>Authorized Investment Type</u> | <u>Maximum Maturity</u> |
|---|-----------------------------|
| U.S. Treasury Obligations | None |
| Federal Agency Securities (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 are. One of the ways that 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 trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(2) Cash and Investments, (Continued)

| Investment Type | Total | Remaining Maturity (in Months) | | | |
|------------------------------|----------------------|--------------------------------|---------------------|-------------------|------------------------|
| | | 12 Months Or Less | 13 to 36 Months | 36-60 Months | More Than 60 Months |
| Treasury securities | \$ 2,173,648 | \$ 993,415 | \$ 1,180,233 | \$ - | \$ - |
| Federal agency securities | 5,001,474 | 2,053,622 | 2,141,603 | 806,249 | - |
| Medium term notes | 2,989,008 | 900,100 | 1,952,708 | 136,200 | - |
| Local Agency Investment Fund | 38,712,948 | 38,712,948 | - | - | - |
| Money market mutual funds | 19,877 | 19,877 | - | - | - |
| Held by fiscal agent: | | | | | |
| Money market mutual funds | <u>9,420,299</u> | <u>9,420,299</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 58,317,254</u> | <u>\$ 52,100,261</u> | <u>\$ 5,274,544</u> | <u>\$ 942,449</u> | <u>\$ -</u> |

Disclosures Relating to Credit Risk

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

| Investment Type | Total | Minimum Legal Rating | Minimum | | | | Exempt from Rating |
|------------------------------|----------------------|----------------------------|---------------------|---------------------|----------------------|----------------------|-----------------------|
| | | | Aaa | Aa3-Aa1 | A1, A2, A3 | Not Rated | |
| Treasury securities | \$ 2,173,648 | N/A | \$ - | \$ - | \$ - | \$ - | \$ 2,173,648 |
| Federal agency securities | 5,001,474 | N/A | 2,162,561 | 1,026,387 | 1,812,526 | - | - |
| Medium term notes | 2,989,008 | A | 477,855 | 817,857 | 1,693,296 | - | - |
| Local Agency Investment Fund | 38,712,948 | N/A | - | - | - | 38,712,948 | - |
| Money market mutual funds | 19,877 | A | - | 19,877 | - | - | - |
| Held by fiscal agent: | | | | | | | |
| Money market mutual funds | <u>9,420,299</u> | A | <u>2,918,385</u> | <u>-</u> | <u>6,501,914</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 58,317,254</u> | | <u>\$ 5,558,801</u> | <u>\$ 1,864,121</u> | <u>\$ 10,007,736</u> | <u>\$ 38,712,948</u> | <u>\$ 2,173,648</u> |

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, 2016 there were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(2) Cash and Investments, (Continued)

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.

Based upon the fair value measurements described above, the City held the following investments as of June 30, 2016:

| <u>Investment Type</u> | <u>Total</u> | <u>Fair Value Hierarchy</u> | | |
|------------------------------|----------------------|-----------------------------|----------------------|----------------|
| | | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Treasury securities | \$ 2,173,648 | \$ 2,173,648 | \$ - | \$ - |
| Federal agency securities | 5,001,474 | - | 5,001,474 | - |
| Medium term notes | 2,989,008 | - | 2,989,008 | - |
| Local Agency Investment Fund | <u>38,712,948</u> | <u>-</u> | <u>38,712,948</u> | <u>-</u> |
| Total | <u>\$ 48,877,078</u> | <u>\$ 2,173,648</u> | <u>\$ 46,703,430</u> | <u>\$ -</u> |

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(3) Due From and To Other Funds

Interfund receivable and payable balances at June 30, 2016 are as follows:

| <u>Due From</u> | <u>Due To</u> | | | <u>Total</u> |
|--------------------|--------------------------------|---------------------|----------------------|--------------------|
| | <u>Governmental Activities</u> | | <u>Business Type</u> | |
| | <u>Self Funded</u> | <u>Nonmajor</u> | <u>Activities</u> | |
| | <u>Insurance</u> | <u>Governmental</u> | <u>Solid Waste</u> | |
| | <u>Fund</u> | <u>Funds</u> | <u>Utility</u> | |
| | | | <u>Fund</u> | |
| General Fund | \$3,156,160 | \$271,876 | \$ - | \$3,428,036 |
| Sewer Utility Fund | <u>-</u> | <u>-</u> | <u>50,000</u> | <u>50,000</u> |
| | <u>\$3,156,160</u> | <u>\$271,876</u> | <u>\$ 50,000</u> | <u>\$3,478,036</u> |

Interfund receivable and payable balances are a result of short-term cash borrowings to cover deficit cash balances at June 30, 2016.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(4) Capital Assets

Capital asset activity for the year ended June 30, 2016 is as follows:

| Governmental Activities: | Balance at June 30, 2015 | Additions | Deletions | Transfers* | Balance at June 30, 2016 |
|---|-----------------------------|-----------------------|----------------------|--------------------|-----------------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 5,053,610 | \$ - | \$ - | \$ - | \$ 5,053,610 |
| Rights of way | 103,432,811 | - | - | - | 103,432,811 |
| Street Trees | 3,537,384 | - | - | - | 3,537,384 |
| Construction in progress | 3,346,883 | 2,004,382 | (2,129,426) | (2,070,292) | 1,151,547 |
| Total Capital Assets Not Being Depreciated | 115,370,688 | 2,004,382 | (2,129,426) | (2,070,292) | 113,175,352 |
| Capital assets being depreciated: | | | | | |
| Buildings and improvements | 46,913,468 | 16,000 | - | 927,019 | 47,856,487 |
| Park improvements | 12,491,676 | 229 | - | - | 12,491,905 |
| Equipment | 7,097,549 | 345,599 | (704,493) | - | 6,738,655 |
| Vehicles | 6,519,828 | 194,090 | (212,810) | - | 6,501,108 |
| Infrastructure- street system | 174,350,693 | - | (1,211,260) | 2,070,063 | 175,209,496 |
| Infrastructure- storm drains | 22,306,135 | - | - | - | 22,306,135 |
| Total Capital Assets Being Depreciated | 269,679,349 | 555,918 | (2,128,563) | 2,997,082 | 271,103,786 |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (10,707,861) | (919,983) | - | (180,523) | (11,808,367) |
| Park improvements | (5,763,416) | (395,403) | - | - | (6,158,819) |
| Equipment | (5,765,111) | (623,281) | 587,635 | - | (5,800,757) |
| Vehicles | (5,955,688) | (221,580) | 212,810 | - | (5,964,458) |
| Infrastructure- street system | (60,279,907) | (4,398,455) | 1,211,260 | - | (63,467,102) |
| Infrastructure- storm drains | (3,555,731) | (223,061) | - | - | (3,778,792) |
| Total Accumulated Depreciation | (92,027,714) | (6,781,763) | 2,011,705 | (180,523) | (96,978,295) |
| Total Capital Assets Being Depreciated | 177,651,635 | (6,225,845) | (116,858) | 2,816,559 | 174,125,491 |
| Governmental Activity Capital Assets, Net | \$ 293,022,323 | \$ (4,221,463) | \$(2,246,284) | \$ 746,267 | \$ 287,300,843 |

* Transfers includes assets transferred from the Private Purpose Trust Fund to governmental activities and transfers of completed construction in progress.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(4) Capital Assets, (Continued)

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

| | |
|------------------------------|--------------------|
| General government | \$ 820,440 |
| Public safety | 759,198 |
| Engineering and public works | 4,799,337 |
| Community services | <u>402,788</u> |
| | <u>\$6,781,763</u> |

Capital asset activity for the year ended June 30, 2016 is as follows:

| Business Type Activities: | Balance at June 30, 2015 | Additions | Deletions | Transfers | Balance at June 30, 2016 |
|---|-----------------------------|---------------------|---------------------|--------------------|-----------------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 1,995,981 | \$ - | \$ - | \$ - | \$ 1,995,981 |
| Construction in progress | 1,980,799 | 1,428,251 | (2,928) | (2,558,737) | 847,385 |
| Total Capital Assets Not Being Depreciated | <u>3,976,780</u> | <u>1,428,251</u> | <u>(2,928)</u> | <u>(2,558,737)</u> | <u>2,843,366</u> |
| Capital assets being depreciated: | | | | | |
| Pipelines | 49,869,728 | - | (1,290,656) | 1,907,073 | 50,486,145 |
| Reservoirs | 36,921,911 | - | - | - | 36,921,911 |
| Treatment facilities | 13,918,076 | - | - | 604,403 | 14,522,479 |
| Wells/ pumps | 5,312,319 | - | - | 2,322 | 5,314,641 |
| Sewer manholes | 2,784,068 | - | - | - | 2,784,068 |
| Machinery and equipment | 1,730,780 | - | (466,497) | 44,939 | 1,309,222 |
| Vehicles | 1,496,189 | 78,036 | (23,693) | - | 1,550,532 |
| Total Capital Assets Being Depreciated | <u>112,033,071</u> | <u>78,036</u> | <u>(1,780,846)</u> | <u>2,558,737</u> | <u>112,888,998</u> |
| Less accumulated depreciation for: | | | | | |
| Pipelines | (16,023,314) | (997,395) | 832,840 | - | (16,187,869) |
| Reservoirs | (10,118,619) | (721,108) | - | - | (10,839,727) |
| Treatment facilities | (5,394,842) | (278,361) | - | - | (5,673,203) |
| Wells/ pumps | (1,070,302) | (105,497) | - | - | (1,175,799) |
| Sewer manholes | (1,838,903) | (55,165) | - | - | (1,894,068) |
| Machinery and equipment | (1,449,581) | (124,937) | 393,077 | - | (1,181,441) |
| Vehicles | (1,389,893) | (13,676) | 23,693 | - | (1,379,876) |
| Total Accumulated Depreciation | <u>(37,285,454)</u> | <u>(2,296,139)</u> | <u>1,249,610</u> | <u>-</u> | <u>(38,331,983)</u> |
| Total Capital Assets Being Depreciated | <u>74,747,617</u> | <u>(2,218,103)</u> | <u>(531,236)</u> | <u>2,558,737</u> | <u>74,557,015</u> |
| Business Type Activity Capital Assets, Net | <u>\$ 78,724,397</u> | <u>\$ (789,852)</u> | <u>\$ (534,164)</u> | <u>\$ -</u> | <u>\$ 77,400,381</u> |

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(4) Capital Assets, (Continued)

Depreciation expense was charged in the following programs of the primary government:

| | |
|---------------------|--------------------|
| Water Utility | \$1,819,507 |
| Solid Waste Utility | 390 |
| Sewer Utility | <u>476,242</u> |
| | <u>\$2,296,139</u> |

(5) Accumulated Fund Deficits

The following funds reported deficits in fund balances/net position as of June 30, 2016:

| | <u>Deficit Balance</u> |
|-----------------------------------|------------------------|
| Non-Major Funds: | |
| Special Revenue Funds: | |
| Community Development Block Grant | \$ (254,428) |
| Enterprise Fund: | |
| Solid Waste Utility | \$ (604,087) |
| Fiduciary Fund: | |
| Successor Agency to UCRA | \$ (22,819,820) |
| Internal Service Fund: | |
| Self-Funded Insurance | \$ (10,956,047) |
| Vehicle replacement | \$ (166,761) |
| Building maintenance | \$ (590,381) |

Management's explanations for the resolution of accumulated fund deficits are summarized as follows:

Special Revenue Funds

The deficit fund balance of \$254,428 in the Community Development Block Grant is the result of pending program reimbursements.

Enterprise Fund

The deficit balance of \$604,087 in the Solid Waste Utility Fund is the result of expenditures being higher than CPI revenue adjustments resulting in an annual decline in Solid Waste Fund reserves. City Council has adopted a five year rate adjustment to correct the program funding shortfall.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(5) Accumulated Fund Deficits (Continued)

Fiduciary Fund

The deficit balance of \$22,819,820 in the Successor Agency to UCRA is the result of the dissolution of the Upland Community Redevelopment Agency in fiscal year 2011/12.

Internal Service Fund:

The deficit fund balance of \$10,956,047 in the Self-Funded Insurance Fund is a result of increased legal costs and claims that will be covered through future charges. The deficit fund balances of \$166,761 and \$590,381 in the Vehicle Replacement and Building Maintenance Funds, respectively, are a result of GASB No. 68 implementation in the prior year.

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2016 are as follows:

| Governmental activities: | Balance at June 30, 2015 | Additions | Deletions | Balance at June 30, 2016 | Due within one year |
|-------------------------------|-----------------------------|---------------------|-----------------------|-----------------------------|------------------------|
| Compensated absences payable* | \$ 2,030,069 | \$ 1,878,651 | \$ (1,764,589) | \$ 2,144,131 | \$ 1,212,196 |
| Claims payable | 6,135,471 | 1,665,570 | (572,396) | 7,228,645 | 2,319,891 |
| 2002 Lease Revenue Bonds | 495,000 | - | (245,000) | 250,000 | 250,000 |
| 2007 Housing Revenue Bond | 18,000,000 | - | - | 18,000,000 | - |
| Capital Lease | - | 200,524 | (13,368) | 187,156 | 40,105 |
| Total long-term liabilities | <u>\$ 26,660,540</u> | <u>\$ 3,744,745</u> | <u>\$ (2,595,353)</u> | <u>\$ 27,809,932</u> | <u>\$ 3,822,192</u> |

* For governmental activities, compensated absences liabilities are generally liquidated by the General Fund.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(6) Long-Term Liabilities, (Continued)

Governmental Activities:

2002 Lease Revenue Refunding Bonds (Police Building)

In June 2002, the City issued \$3,040,000 of 2002 Lease Revenue Refunding Bonds to provide for the advance refunding of the remaining portion of the City's 1992 Certificates of Participation.

The bonds consist of \$1,880,000 of serial bonds and \$1,160,000 of term bonds. The serial bonds accrue interest at rates between 1.60% and 3.85% and mature between August 1, 2002 and August 1, 2012. The term bonds accrue interest at a rate of 4.60% and mature on August 1, 2016.

The reserve requirement at June 30, 2016 of \$255,750 was fully satisfied. At June 30, 2016 the outstanding principal of the Lease Revenue Bonds is \$250,000.

The annual debt service requirements for the bond as of June 30, 2016 are as follows:

| Year ending | <u>2002 Lease Revenue</u> | | |
|-------------|---------------------------|------------------|-----------------|
| | <u>June 30</u> | <u>Principal</u> | <u>Interest</u> |
| 2017 | \$ | <u>250,000</u> | \$ <u>5,750</u> |
| Totals | \$ | <u>250,000</u> | \$ <u>5,750</u> |

2007 Housing Revenue Bonds

On August 1, 2007, the former Upland Community Redevelopment Agency issued revenue refunding bonds in the amount of \$18,000,000 to finance redevelopment projects benefiting the Project Area and to advance refund the Agency's \$6,700,000, Housing Revenue Bonds, issue of 1999.

The bonds bear interest at a variable rate that resets weekly. Interest on the bonds is payable on the first Wednesday of each month beginning September 5, 2007. Principal is payable on August 1, 2037. Payments of principal and interest are secured by a pledge of revenues generated by apartment rentals, a ten year irrevocable letter of credit issued by East West Bank, and a ten year irrevocable standby letter of credit issued by Federal Home Loan Bank of San Francisco. The principal balance of outstanding bonds at June 30, 2016 is \$18,000,000. Interest on the 2007 Housing Revenue Bonds was estimated based on the variable interest rate of 0.23% at June 30, 2016. The above bonds are payable from certain housing related revenues (rents, etc.) that have been assigned to the Housing Fund of the City pursuant to Assembly Bills 1X26 and 1484.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(6) Long-Term Liabilities, (Continued)

The annual debt service requirements for the bond as of June 30, 2016 are as follows:

| Year ending <u>June 30</u> | <u>2007 Housing Revenue</u> | |
|-------------------------------|-----------------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2017 | \$ - | \$ 41,425 |
| 2018 | - | 41,425 |
| 2019 | - | 41,425 |
| 2020 | - | 41,425 |
| 2021 | - | 41,425 |
| 2022-2026 | - | 207,125 |
| 2027-2031 | - | 207,125 |
| 2032-2036 | - | 207,125 |
| 2037-2038 | <u>18,000,000</u> | <u>41,425</u> |
| Totals | <u>\$18,000,000</u> | <u>\$ 869,925</u> |

Capital Lease

In February 2016, the City entered into a 60 month lease agreement for financing \$200,524 of equipment with U.S. Bank. The lease agreement qualifies as a capital lease for accounting purposes, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date.

The future minimum lease payments as of June 30, 2016 are as follows:

| Year ending <u>June 30</u> | <u>Capital Lease</u> | | |
|-------------------------------|----------------------|-----------------|------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Supplies</u> |
| 2017 | \$ 40,105 | \$ 1,900 | \$ 10,373 |
| 2018 | 40,105 | 1,900 | 10,373 |
| 2019 | 40,105 | 1,900 | 10,373 |
| 2020 | 40,105 | 1,900 | 6,915 |
| 2021 | <u>26,736</u> | <u>1,267</u> | <u>-</u> |
| Totals | <u>\$ 187,156</u> | <u>\$ 8,867</u> | <u>\$ 38,034</u> |

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(6) Long-Term Liabilities, (Continued)

Changes in long-term liabilities for the year ended June 30, 2016 (including unamortized premium) are as follows:

| Business-type activities: | Balance at <u>June 30, 2015</u> | <u>Additions</u> | <u>Deletions</u> | Balance at <u>June 30, 2016</u> | Due within <u>one year</u> |
|------------------------------|------------------------------------|-------------------|-----------------------|------------------------------------|-------------------------------|
| Compensated absences payable | \$ 273,377 | \$ 249,926 | \$ (258,533) | \$ 264,770 | \$ 146,349 |
| 2011 Revenue refunding bonds | 9,865,000 | - | (790,000) | 9,075,000 | 815,000 |
| Unamortized premium | <u>618,221</u> | <u>-</u> | <u>(34,346)</u> | <u>583,875</u> | <u>-</u> |
| Total long-term liabilities | <u>\$ 10,756,598</u> | <u>\$ 249,926</u> | <u>\$ (1,082,879)</u> | <u>\$ 9,923,645</u> | <u>\$ 961,349</u> |

Business-type Activities:

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, 2023.

The reserve requirement at June 30, 2016 of \$728,500 was fully satisfied. At June 30, 2016 the outstanding principal of the Lease Revenue Bonds is \$9,075,000.

| Year ending <u>June 30</u> | <u>2011 Lease Revenue</u> | |
|-------------------------------|---------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2017 | \$ 815,000 | \$ 407,300 |
| 2018 | 340,000 | 382,850 |
| 2019 | 355,000 | 372,650 |
| 2020 | 365,000 | 358,450 |
| 2021 | 380,000 | 343,850 |
| 2022-2026 | 2,140,000 | 1,474,450 |
| 2027-2031 | 2,710,000 | 912,500 |
| 2032-2034 | <u>1,970,000</u> | <u>200,250</u> |
| Totals | <u>\$ 9,075,000</u> | <u>\$ 4,452,300</u> |

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(7) Post Employment Benefit Plan

Plan Description: The City administers a single-employer defined benefit 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.

Eligibility: Employees are eligible for retiree health benefits if they retire from the City on or after age 50 with at least 5 years of service, and are eligible for a PERS pension. Membership of the plan consisted of the following at June 30, 2016, the date of the latest actuarial valuation:

| | |
|---|------------|
| Retirees and beneficiaries receiving benefits | 217 |
| Active plan members | <u>257</u> |
| Total | <u>474</u> |

City's Funding Policy: The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2015-16, the City contributed \$517,028 to the plan for current premiums.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

| | |
|--|--------------------|
| Annual required contribution | \$1,441,718 |
| Interest on net OPEB obligation | 186,243 |
| Adjustments for net OPEB obligation | <u>(259,266)</u> |
| Annual OPEB cost (expense) | 1,368,695 |
| Contributions made (including premiums paid) | <u>(517,028)</u> |
| Increase in net OPEB obligation | 851,667 |
| Net OPEB obligation-beginning of year | <u>4,138,738</u> |
| Net OPEB obligation-end of year | <u>\$4,990,405</u> |

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(7) Post Employment Benefit Plan, (Continued)

Allocation of OPEB Liability at June 30, 2016

| | |
|--------------------------|--------------------|
| Governmental Activities | \$3,642,995 |
| Water Utility Fund | 898,273 |
| Solid Waste Utility Fund | 99,808 |
| Sewer Utility Fund | <u>349,329</u> |
| Total | <u>\$4,990,405</u> |

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

| <u>Fiscal Year</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|--------------------|-------------------------|---|----------------------------|
| 6/30/14 | \$ 1,136,881 | 34% | 3,304,656 |
| 6/30/15 | 1,341,420 | 32% | 4,138,738 |
| 6/30/16 | 1,368,695 | 27% | 4,990,405 |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Actuarial Cost Method. The actuarial assumptions included a 4.5 percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, a general inflation rate of 2.8 percent and an annual healthcare trend rate of 7.5 percent initially, reduced by decrements of 0.5 per year to an ultimate rate of 5 percent after the sixth year. The UAAL is being amortized as a level percentage of projected payroll over 20 years open period. It is assumed the City's payroll will increase 3.0 percent per year.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(7) Post Employment Benefit Plan. (Continued)

SCHEDULE OF FUNDING PROGRESS

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Liability (AAL) – Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a)/c) |
|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|--|
| 6/30/11 | \$0 | \$ 8,675,000 | \$ 8,675,000 | 0% | \$24,016,000 | 36.1% |
| 6/30/13 | \$0 | \$13,050,933 | \$13,050,933 | 0% | \$19,459,000 | 67.1% |
| 6/30/15 | \$0 | \$15,439,724 | \$15,439,724 | 0% | \$18,584,000 | 83.0% |

(8) Letter of Credit

The City has a letter of credit securing the payment of principal and interest on the Housing Revenue Bonds. The letter of credit is issued in favor of the trustees and enables the trustees to make drawings against the letter of credit for payment of principal and interest amounts.

The terms of the letter of credit are summarized as follows:

| <u>Letter of Credit</u> | <u>Trustee</u> | <u>Amount</u> | <u>Expiration Date</u> |
|--|----------------|---------------|------------------------|
| East-West Bank Housing Revenue Bonds, Series 2007 | U.S. Bank | \$18,230,795 | July 31, 2017 |

(9) Defeasance of Debt

The City has defeased certain certificates of participation and bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old debt issues. Accordingly, the trust account assets and the liability for the defeased debt issues are not included in the City's financial statements. As of June 30, 2016, the following outstanding debt issues are considered defeased:

| | |
|---|-----------|
| 1986 Certificates of Participation (Police) | \$495,000 |
| 1986 Certificates of Participation (Water) | \$870,000 |
| 1992 Certificates of Participation (Police) | \$490,000 |
| 1992 Certificates of Participation (Water) | \$870,000 |

(10) Debt Without Government Commitment

The following issues of Bonds are not reflected in the City's financial statements because they 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 or Agency exists to make payments on the bonds from any source other than the revenues or assets pledged therefore. The programs are completely administered by the trustees.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(10) Debt Without Government Commitment, (Continued)

| <u>Type and Bond Issuer</u> | <u>Date of Issue</u> | <u>Original Amount of Issue</u> | <u>Outstanding at June 30, 2016</u> |
|--|----------------------|-------------------------------------|---|
| Housing Authority of the City of Upland Revenue Bonds, Issue A of 1990 | May 1, 1990 | \$ 10,145,000 | \$ 3,745,000 |
| 1991 Sunset Haven Project Certificates of Participation, Sunset Haven, A California Nonprofit Public Benefit Corporation | June 10, 1991 | \$ 6,200,000 | \$ 2,180,000 |
| 1993 Series, Certificate of Participation, San Antonio Community Hospital, Upland, California | September 1, 1993 | \$ 34,735,000 | \$ 4,690,000 |
| Variable Rate Demand Multifamily Housing Revenue Refunding Bonds, Issue A and B (Northwoods 168 Project) | February 9, 2000 | \$ 7,775,000 | \$ 7,775,000 |
| Variable Rate Demand Multifamily Housing Revenue Refunding Bonds, Issue A and B (Northwoods 156 Project) | February 9, 2000 | \$ 7,100,000 | \$ 7,100,000 |
| Community Facilities District 2003-2 Improvement District 1 (The Colonies at San Antonio) | August 1, 2012 | \$ 22,060,000 | \$ 20,895,000 |
| Community Facilities District 2003-2 Improvement District 2 (The Colonies at San Antonio) | March 13, 2004 | \$ 19,650,000 | \$ 17,140,000 |
| Community Facilities District 2003-1 Series A of 2004 (Upland 54) | December 22, 2004 | \$ 1,750,000 | \$ 1,430,000 |

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(11) Claims and Judgments

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 Internal Service Risk Management 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 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 limit up to \$100M. Under this coverage, the reinsurer, Arch Insurance Company, recover 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 self-insured retention level.

The claims and judgments liability reported in the Internal Service Self-Funded Insurance 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, 2016, claims and judgments payable, including estimated claims for incurred but not reported claims, amounted to \$7,228,645.

Changes in the claims and judgments payable amounts in fiscal years ended June 30, 2015 and 2016 for the Self-Funded Insurance Fund are as follows:

| | Beginning of Fiscal Year <u>Liability</u> | Current Year Claims and Changes in <u>Estimates</u> | Claim <u>Payments</u> | Balance at Fiscal <u>Year End</u> |
|---------|---|--|--------------------------|---|
| 2014-15 | \$ 5,156,188 | \$ 2,070,864 | \$ (1,091,581) | \$ 6,135,471 |
| 2015-16 | \$ 6,135,471 | \$ 1,665,570 | \$ (572,396) | \$ 7,228,645 |

(12) Pension Plan

Plan Descriptions: All qualified permanent and probationary employees are eligible to participate in the Local Government'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 Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(12) Pension Plan, (Continued)

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. The Plans' provisions and benefits in effect at June 30, 2016, 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 of service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50-55 | 52-62 |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.5% | 1.0% to 2.0% |
| Required employee contribution rates | 8% | 6.75% |
| Required employer contribution rates | 25.717% | 25.717% |

| | Safety | |
|---|--------------------------|-----------------------------|
| | Prior to January 1, 2013 | On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 3% @ 55 | 2.7% @ 57 |
| Benefit vesting schedule | 5 years service | 5 years of service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50-55 | 50-57 |
| Monthly benefits, as a % of eligible compensation | 2.4% to 3.0% | 2.0% to 2.7% |
| Required employee contribution rates | 9% | 12.25% |
| Required employer contribution rates | 39.929% | 39.929% |

Employees Covered: As of June 30, 2016, the following employees were covered by the benefit terms for each Plan:

| | Miscellaneous | Safety |
|--|---------------|--------|
| Active members not yet receiving benefits | 166 | 106 |
| Transferred members not yet receiving benefits | 149 | 66 |
| Terminated members not yet receiving benefits | 85 | 30 |
| Retired members and beneficiaries | 331 | 177 |
| Total | 731 | 379 |

Contribution Description

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 the 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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(12) Pension Plan, (Continued)

liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

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, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below. The City's net pension liability is liquidated using employee benefits internal service fund's unrestricted net position.

Actuarial Methods and Assumptions used to determine Total Pension Liability

The June 30, 2014 valuation was rolled forward to determine the June 30, 2015 total pension liability, based on the following actuarial methods and assumptions:

| | |
|-----------------------------------|--|
| Actuarial Cost Method | Entry Age Normal in accordance with the requirements of GASB Statement No. 68 |
| Asset Valuation Method | Market Value of Assets |
| Actuarial Assumptions | |
| Discount Rate | 7.65% |
| Inflation | 2.75% |
| Payroll Growth | Varies by Entry Age and Service |
| Investment Rate of Return | 7.65% Net of Pension Plan Investment and Administrative Expenses: includes Inflation |
| Mortality Rate Table ¹ | Derived using CalPERS' Membership Data for all Funds |
| Post Retirement Benefit Increase | Contract COLA up to 2.75% until Purchasing Power Protection Allowance. Floor on Purchasing Power applies, 2.75% thereafter |

¹ The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

Change of Assumptions

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(12) Pension Plan, (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.65 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 7.65 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 7.65 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.

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, 2014.

| Asset Class | Current Target Allocation | Real Return Years 1 - 10¹ | Real Return Years 11+² |
|-------------------------------|----------------------------------|---|--|
| Global Equity | 51.0% | 5.25% | 5.71% |
| Global Fixed Income | 19.0% | 0.99% | 2.43% |
| Inflation Sensitive | 6.0% | 0.45% | 3.36% |
| Private Equity | 10.0% | 6.83% | 6.95% |
| Real Estate | 10.0% | 4.50% | 5.13% |
| Infrastructure and Forestland | 2.0% | 4.50% | 5.09% |
| Liquidity | 2.0% | (0.55%) | (1.05%) |

¹An expected inflation of 2.5% used for this period

²An expected inflation of 3.0% used for this period

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(12) Pension Plan, (Continued)

Changes in Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period for the safety plan:

| | Increase (Decrease) | | |
|---|--------------------------------|------------------------------------|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (c) = (a) - (b) |
| Balance at: 6/30/2014 | \$183,106,809 | \$130,339,803 | \$52,757,006 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 2,955,272 | | 2,955,272 |
| Interest on the Total Pension Liability | 13,154,006 | | 13,154,006 |
| Changes of Benefit Terms | 0 | | 0 |
| Differences between Expected and Actual Experience | (4,793,043) | | (4,793,043) |
| Changes of Assumptions | (3,292,952) | | (3,292,952) |
| Contributions from the Employer | | 3,611,390 | (3,611,390) |
| Contributions from Employees | | 1,183,942 | (1,183,942) |
| Net Investment Income | | 2,937,028 | (2,937,028) |
| Benefit Payments, including Refunds of Employee Contributions | (9,101,311) | (9,101,311) | 0 |
| Administrative Expense | | (144,969) | 144,969 |
| Net Changes during 2014-15 | \$(1,078,028) | \$(1,513,920) | \$435,892 |
| Balance at: 6/30/2015 | \$182,028,781 | \$128,825,883 | \$53,202,898 |

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(12) Pension Plan, (Continued)

The following table shows the changes in net pension liability recognized over the measurement period for the miscellaneous plan:

| | Increase (Decrease) | | |
|---|--------------------------------|------------------------------------|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (c) = (a) - (b) |
| Balance at: 6/30/2014 | \$118,325,512 | \$87,641,920 | \$30,683,592 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 1,778,643 | | 1,778,643 |
| Interest on the Total Pension Liability | 8,475,794 | | 8,475,794 |
| Changes of Benefit Terms | 0 | | 0 |
| Differences between Expected and Actual Experience | (3,437,406) | | (3,437,406) |
| Changes of Assumptions | (2,015,694) | | (2,015,694) |
| Contributions from the Employer | | 1,977,651 | (1,977,651) |
| Contributions from Employees | | 703,031 | (703,031) |
| Net Investment Income | | 1,971,870 | (1,971,870) |
| Benefit Payments, including Refunds of Employee Contributions | (5,934,069) | (5,934,069) | 0 |
| Administrative Expense | | (97,096) | 97,096 |
| Net Changes during 2014-15 | \$(1,132,732) | \$(1,378,613) | \$245,881 |
| Balance at: 6/30/2015 | \$117,192,780 | \$86,263,307 | \$30,929,473 |

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 7.65 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 (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(12) Pension Plan, (Continued)

| | Discount Rate – 1% (6.65%) | Current Discount Rate (7.65%) | Discount Rate + 1% (8.65%) |
|---------------------------------------|-------------------------------|----------------------------------|-------------------------------|
| Plan’s Net Pension Liability – Misc. | \$ 46,106,265 | \$ 30,929,473 | \$18,392,688 |
| Plan’s Net Pension Liability - Safety | \$ 78,145,217 | \$ 53,202,898 | \$32,791,779 |

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, deferred inflows and deferred outflows of resources related to pensions are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred inflows and deferred outflows to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

| | |
|--|--|
| Difference between projected and actual earnings | 5 year straight-line amortization |
| All other amounts | Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired as of the beginning of the measurement period). |

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the Safety Plan for the 2014-15 measurement period was 3.7 years, which was obtained by dividing the total service years of 1,388 (the sum of remaining service lifetimes of the active employees) by 379 (the total number of participants). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members’ probability of decrementing due to an event other than receiving a cash refund.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(12) Pension Plan, (Continued)

The EARS� for the Miscellaneous Plan for the 2014-15 measurement period was 2.2 years, which was obtained by dividing the total service years of 1,575 (the sum of remaining service lifetimes of the active employees) by 731 (the total number of participants). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the measurement period ending June 30, 2015 (the measurement date), the City of Upland recognized a pension expense of \$30,221 for the Miscellaneous Plan and \$2,232,029 for the Safety Plan.

As of June 30, 2015, the City of Upland reports other amounts for the Plan as deferred outflow and deferred inflow of resources related to pensions as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------|-------------------------------|
| Pension Contributions | \$6,606,045 | 0 |
| Changes of Assumptions | 0 | (3,502,434) |
| Differences between Expected and Actual Experience | 0 | (5,372,575) |
| Additional Deferral | 1,384,108 | (1,384,108) |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 0 | (2,084,552) |
| Total | \$7,990,153 | \$(12,301,669) |

The amounts above are net inflows and outflows recognized in the 2014-15 measurement period expense.

\$6,606,045 reported as deferred outflows of resources related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Measurement period Ended June 30: | Deferred Outflows/(Inflows) of Resources |
|-----------------------------------|--|
| 2016 | \$(6,107,606) |
| 2017 | (4,124,660) |
| 2018 | (2,973,304) |
| 2019 | 2,288,009 |
| 2020 | 0 |
| Thereafter | 0 |

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(13) Joint Ventures

The City has an 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.

The following schedule summarizes the City's investment in joint ventures at June 30, 2016 and the gain (loss) on the investment for the year then ended:

| <u>Water Company</u> | <u>Percentage Ownership</u> | <u>Total Joint Venture Equity</u> | <u>City's Equity Interest</u> | <u>City's Share of Joint Venture Net Income (Loss)</u> |
|----------------------------|---------------------------------|---------------------------------------|-----------------------------------|--|
| San Antonio Water Company | 68% | \$ 24,958,689 | \$ 16,939,462 | \$ (587,955) |
| West End Water Company | 91% | 2,442,852 | 2,227,392 | 90,652 |
| Water Facilities Authority | 20% | 24,747,829 | <u>4,949,566</u> | <u>(170,871)</u> |
| Total | | | <u>\$24,116,420</u> | <u>\$ (668,174)</u> |

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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(14) Transfers In/Transfers Out

The following schedule summarizes the City's transfer activity:

| Transfers Out | Governmental Activities | | Transfers In | | | Total |
|-----------------------------|-------------------------|-----------------------------|--------------------------|----------------|------------------------|---------------------|
| | General Fund | Nonmajor Governmental Funds | Business Type Activities | | | |
| | | | Major Funds | | Internal Service Funds | |
| | | | Water | Sewer | | |
| Governmental Funds: | | | | | | |
| Major Funds: | | | | | | |
| General Fund | \$ - | 266,135 | 3,000 | - | 282,023 | \$ 551,158 |
| Housing Fund | 121,523 | - | - | - | - | 121,523 |
| Nonmajor Governmental Funds | - | 820,895 | - | - | 31,578 | 852,473 |
| Business Type Activities: | | | | | | |
| Major Funds: | | | | | | |
| Solid Waste Fund | - | - | - | 245,000 | - | 245,000 |
| | <u>\$ 121,523</u> | <u>1,087,030</u> | <u>3,000</u> | <u>245,000</u> | <u>313,601</u> | <u>\$ 1,770,154</u> |

- The General Fund transferred \$266,135 to Nonmajor Governmental Funds for the 2002 Lease Revenue Bond debt service payment.
- The General Fund transferred \$103,689 to the internal service funds to fund maintenance costs and labor charges and \$178,334 for the purchase of vehicles.
- The General Fund transferred \$3,000 to the Water Utility Fund from lease agreement proceeds.
- The Housing Fund transferred \$121,523 to the General Fund to wrap up the General Plan and to cover administrative expenses provided by the General Fund.
- Air Quality Management District Fund transferred \$31,578 to the Vehicle Replacement Fund for vehicle purchases.
- Nonmajor Governmental Fund: Measure I transferred \$396,960 to the Nonmajor Governmental Fund: General Capital Improvements Fund and \$423,935 to the Nonmajor Governmental Fund: Street and Traffic Safety Development for reimbursement from SANBAG.
- Solid Waste Utility Fund transferred \$245,000 to the Sewer Utility Fund to pay for landfill costs.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(15) Expenditures in Excess of Appropriations

Expenditures for the year ended June 30, 2016 exceeded the appropriations of the following funds:

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--------------------------------|---------------|---------------|-----------------|
| Special Revenue Fund: | | | |
| SB 509 Public Safety Sales Tax | \$815,000 | \$829,922 | \$(14,922) |
| Public Financing Authority | \$266,135 | \$267,968 | \$(1,833) |
| Capital Projects Fund: | | | |
| Storm Drain Development Fund | \$451,748 | \$687,957 | \$(234,209) |
| Street and Alley Repair Fund | \$ - | \$579 | \$(579) |

(16) Successor Agency to UCRA Activities

Changes in capital assets for the Successor Agency to UCRA year ended June 30, 2016 are as follows:

| | <u>Balance at June 30, 2015</u> | <u>Additions</u> | <u>Transfers to City</u> | <u>Balance at June 30, 2016</u> |
|---|-------------------------------------|--------------------|------------------------------|-------------------------------------|
| Capital assets being depreciated: | | | | |
| Buildings | \$ 927,019 | \$ - | \$ (927,019) | \$ - |
| Total Capital Assets Being Depreciated | <u>927,019</u> | <u>-</u> | <u>(927,019)</u> | <u>-</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | <u>(161,982)</u> | <u>(18,541)</u> | <u>180,523</u> | <u>-</u> |
| Total Accumulated Depreciation | <u>(161,982)</u> | <u>(18,541)</u> | <u>180,523</u> | <u>-</u> |
| Total Capital Assets Being Depreciated | <u>765,037</u> | <u>(18,541)</u> | <u>(746,496)</u> | <u>-</u> |
| Capital Assets, Net | <u>\$ 765,037</u> | <u>\$ (18,541)</u> | <u>\$ (746,496)</u> | <u>\$ -</u> |

Changes in long-term liabilities for the Successor Agency to UCRA year ended June 30, 2016 are as follows:

| | <u>Balance at June 30, 2015</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance at June 30, 2016</u> | <u>Due within one year</u> |
|-----------------------------|-------------------------------------|------------------|-----------------------|-------------------------------------|--------------------------------|
| 2006 Tax Allocation Bond | \$ 13,855,000 | \$ - | \$ (190,000) | \$ 13,665,000 | \$ 195,000 |
| 2013 Tax Allocation Bond | 18,535,000 | - | (1,805,000) | 16,730,000 | 1,840,000 |
| Unamortized premium | <u>1,882,021</u> | <u>-</u> | <u>(209,112)</u> | <u>1,672,909</u> | <u>-</u> |
| Total long-term liabilities | <u>\$ 34,272,021</u> | <u>\$ -</u> | <u>\$ (2,204,112)</u> | <u>\$ 32,067,909</u> | <u>\$ 2,035,000</u> |

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(16) Successor Agency to UCRA Activities, (Continued)

2006 Tax Allocation Bonds

On September 1, 2006, the former Upland Community Redevelopment Agency issued tax allocation refunding bonds in the amount of \$15,000,000 to finance redevelopment projects benefiting the Project Area and to advance refund the Agency's \$5,000,000 Magnolia Redevelopment Project, Tax Allocation Notes, issue of 2004.

The bonds accrue interest at 4.47% and mature on September 1, 2036. The interest and principal on the notes are payable from pledged tax increment revenues. The principal balance of outstanding notes at June 30, 2016 is \$13,665,000.

| Year ending <u>June 30</u> | <u>2006 Tax Allocation Bonds</u> | |
|-------------------------------|----------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2017 | \$ 195,000 | \$ 588,706 |
| 2018 | 205,000 | 580,419 |
| 2019 | 210,000 | 572,731 |
| 2020 | 220,000 | 564,331 |
| 2021 | 230,000 | 555,531 |
| 2022-2026 | 5,795,000 | 2,533,106 |
| 2027-2031 | 3,380,000 | 1,139,025 |
| 2032-2036 | 2,790,000 | 532,175 |
| 2037-2039 | <u>640,000</u> | <u>28,800</u> |
| Totals | <u>\$ 13,665,000</u> | <u>\$ 7,094,824</u> |

2013 Tax Allocation Refunding Bonds

On May 9, 2013, the Successor Agency of the former Upland Community Redevelopment Agency issued tax allocation refunding bonds in the amount of \$22,090,000 to refund the outstanding aggregate principal amount of the 1998 and 2003 Tax Allocation Bonds.

Interest rates on the bonds range from 2.00% to 5.00% and are payable semi-annually on March 1 and September 1 of each year until maturity. The interest and principal of the bonds are payable from pledged tax increment revenues of the Merged Project Area. Term Bonds maturing September 1, 2018 and September 1, 2023 are subject to mandatory sinking fund redemption, in part by lot, on September 1, 2015 and September 1, 2019, respectively, and on each September 1 thereafter at a price equal to the principal amount thereof plus accrued interest.

There are certain limitations regarding the issuance of parity debt as further described in the official statement. The principal balance of outstanding bonds at June 30, 2016 is \$16,730,000.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(16) Successor Agency to UCRA Activities, (Continued)

The annual debt service requirements for the bonds as of June 30, 2016 are as follows:

| Year ending <u>June 30</u> | <u>2013 Tax Allocation Bonds</u> | |
|-------------------------------|----------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2017 | \$ 1,840,000 | \$ 678,700 |
| 2018 | 1,900,000 | 623,500 |
| 2019 | 1,955,000 | 566,500 |
| 2020 | 2,030,000 | 488,300 |
| 2021 | 2,115,000 | 407,100 |
| 2022-2024 | <u>6,890,000</u> | <u>677,000</u> |
| Totals | <u>\$ 16,730,000</u> | <u>\$ 3,441,100</u> |

(17) Prior Period Adjustments

During the year, adjustments were made to the beginning equity of the Governmental Activities and certain fund financial statements. Below is a summary of prior period adjustments affecting net position/fund balance:

| | <u>Governmental Activities</u> | <u>Home Fund</u> | <u>CalHome Fund</u> | <u>Housing Fund</u> |
|--|------------------------------------|---------------------|-------------------------|----------------------|
| Fund Balance/Net Position at June 30, 2015, as previously reported | \$ 226,561,885 | \$ 3,940,193 | \$ 2,016,791 | \$ 14,060,479 |
| Overstatement of unavailable revenue in prior year | - | - | 179,400 | - |
| Loans paid off in prior years | (98,004) | (58,564) | (39,440) | - |
| Loans issued, but not recorded in prior years | 876,270 | 523,161 | - | 353,109 |
| Interest receivable not recorded in prior years | <u>569,837</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance/Net Position at June 30, 2015, as restated | <u>\$ 227,909,988</u> | <u>\$ 4,404,790</u> | <u>\$ 2,156,751</u> | <u>\$ 14,413,588</u> |

| | <u>Busines Activities</u> | <u>Water Fund</u> |
|--|-------------------------------|----------------------|
| Fund Balance/Net Position at June 30, 2015, as previously reported | \$ 95,978,146 | \$ 78,969,960 |
| Stored water inventory not previously recorded | <u>2,237,066</u> | <u>2,237,066</u> |
| Fund Balance/Net Position at June 30, 2015, as restated | <u>\$ 98,215,212</u> | <u>\$ 81,207,026</u> |

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2016

(18) Contingent Receivable

Measure I is the half-cent sales tax collected throughout San Bernardino County for transportation improvements. San Bernardino Associated Governments (SANBAG) 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 2012 the City of Upland and SANBAG entered into a Jurisdiction Master Agreement. Per the terms of the Agreement, SANBAG will reimburse the City for the public share of eligible project expenditures with Measure I funds in an amount determined by SANBAG. SANBAG 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 SANBAG 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 SANBAG. At June 30, 2016, prior expenditures related to the Foothill Boulevard Widening Project which total over \$3.5 million and are part of the Measure I projects eligible for reimbursement. However, due to limited program tax revenue accruals from 2010, only \$1,063,943 of project costs have been approved for disbursement by SANBAG and recorded as revenue through June 30, 2016. Of this amount, \$820,895 was received during the year ended June 30, 2016 and \$243,048 remained outstanding. Future reimbursements are expected coincident with annual tax revenues generated under the Measure I program for arterial transportation projects.

(19) Contingent Liabilities

The City had 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 for in the City's Self-Funded Insurance Fund.

(20) Subsequent Events

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 Bond.

Interest rates on the bonds range from 2.00% to 5.00% and are payable semi-annually on March 1 and September 1 of each year until maturity. The interest and principal of the bonds are payable from pledged tax increment revenues of the Merged Project Area. Term Bonds maturing September 1, 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.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF UPLAND
Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period
Last Ten Fiscal Years*

| Measurement Period | June 30, 2015 | | June 30, 2014 | |
|--|--------------------|---------------------|---------------------|---------------------|
| | Miscellaneous | Safety | Miscellaneous | Safety |
| TOTAL PENSION LIABILITY | | | | |
| Service Cost | \$ 1,778,643 | \$ 2,955,272 | \$ 2,058,203 | \$ 3,190,547 |
| Interest | 8,475,794 | 13,154,006 | 8,374,645 | 12,955,419 |
| Changes of Benefit Terms | 0 | 0 | 0 | 0 |
| Difference between Expected and Actual Experience | (3,437,406) | (4,793,043) | 0 | 0 |
| Changes of Assumptions | (2,015,697) | (3,292,952) | 0 | 0 |
| Benefit Payments, Including Refunds of Employee | <u>(5,934,069)</u> | <u>(9,101,311)</u> | <u>(5,480,303)</u> | <u>(8,365,575)</u> |
| Net Change in Total Pension | (1,132,732) | (1,078,028) | 4,952,545 | 7,780,390 |
| Total Pension Liability – Beginning | <u>118,325,512</u> | <u>183,106,809</u> | <u>113,372,967</u> | <u>175,326,419</u> |
| Total Pension Liability – Ending (a) | <u>117,192,780</u> | <u>182,028,781</u> | <u>118,325,512</u> | <u>183,106,809</u> |
| PLAN FIDUCIARY NET POSITION | | | | |
| Contributions – Employer | 1,977,651 | 3,611,390 | 1,880,762 | 3,380,630 |
| Contributions – Employee | 703,031 | 1,183,942 | 846,655 | 1,342,231 |
| Investment Income | 1,971,870 | 2,937,028 | 13,175,373 | 19,584,973 |
| Benefit Payments, Including Refunds of Employee | (5,934,069) | (9,101,311) | (5,480,303) | (8,365,575) |
| Administrative Expense | <u>(97,096)</u> | <u>(144,969)</u> | <u>0</u> | <u>0</u> |
| Net Change in Fiduciary Net Position | (1,378,613) | (1,513,920) | 10,422,487 | 15,942,259 |
| Plan Fiduciary Net Position – Beginning | <u>87,641,920</u> | <u>130,339,803</u> | <u>77,219,433</u> | <u>114,397,544</u> |
| Plan Fiduciary Net Position – Ending (b) | <u>86,263,307</u> | <u>128,825,883</u> | <u>87,641,920</u> | <u>130,339,803</u> |
| Plan Net Pension Liability – Ending (a) - (b) | <u>\$30,929,47</u> | <u>\$53,202,898</u> | <u>\$30,683,592</u> | <u>\$52,767,006</u> |
| Plan Fiduciary Net Position as a Percentage of the | 73.61% | 70.77% | 74.07% | 71.18% |
| Covered-Employee Payroll | 10,003,615 | 11,241,479 | 11,030,619 | 11,699,414 |
| Plan Net Pension Liability as a Percentage of Covered-Employee Payroll | 309.18% | 473.27% | 278.19% | 451.02% |

*Historical information is required only for measurement periods for which GASB 68 is applicable.

Notes to Schedule:

Benefit Changes - The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit.

Changes of Assumptions - Change from 7.5% to 7.65 for measurement period ended June 30, 2015.

CITY OF UPLAND
Schedule of Plan Contributions
Last Ten Fiscal Years*

| Fiscal Year 2015-16 | Miscellaneous | Safety |
|--|----------------------|--------------------|
| Actuarially Determined Contribution | \$ 2,221,229 | \$ 4,384,815 |
| Contributions in Relation to the Actuarially Determined Contribution | <u>(2,221,229)</u> | <u>(4,384,815)</u> |
| Contribution Deficiency (Excess) | <u>\$ 0</u> | <u>\$ 0</u> |
| | | |
| Covered-Employee Payroll | \$8,777,141 | \$11,368,666 |
| Contributions as a Percentage of Covered-Employee Payroll | 25.31% | 38.57% |
| | | |
| Fiscal Year 2014-15 | Miscellaneous | Safety |
| Actuarially Determined Contribution | \$ 1,977,651 | \$ 3,611,390 |
| Contributions in Relation to the Actuarially Determined Contribution | <u>(1,977,651)</u> | <u>(3,611,390)</u> |
| Contribution Deficiency (Excess) | <u>\$ 0</u> | <u>\$ 0</u> |
| | | |
| Covered-Employee Payroll | \$10,003,615 | \$11,241,479 |
| Contributions as a Percentage of Covered-Employee Payroll | 19.8% | 32.1% |

*Historical information is required only for measurement periods for which GASB 68 is applicable.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were from the June 30, 2013 actuarial valuations.

| | |
|----------------------------|---|
| Actuarial Cost Method | Entry age normal |
| Amortization Method/Period | Level percent of payroll |
| Asset Valuation Method | Market value |
| Inflation | 2.75% |
| Salary Increases | 3.30% to 14.20% depending upon age, service, and type of employment |
| Payroll Growth | 3.00% |
| Investment Rate of Return | 7.50% (net of administrative expenses) |
| Retirement Age | The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. |
| Mortality | The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries. |

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

The City of Upland has the following Non-Major Special Revenue Funds:

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 Program accountability follows the guidelines of Office Management and Budget Circulars A102 and A87.

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 transaction 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 (SCAQMD).

Parking Business Improvement Area (PBIA) – 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.

Police Grants Fund – To account for revenue received by the State of California and federal government including Local Law Enforcement Block Grants and State COPS.

NON-MAJOR GOVERNMENTAL FUNDS

Other Grants Fund – To account for revenue and expenditures related to state grants for library and recycling programs.

Homeland Security Grants - PD Fund – To account for revenue and expenditures related to grants received from the Department of Justice Office of Community Oriented Policing Homeland Security Program.

Prop 30 Fund – To account for Proposition 30 funding of public safety expenditures.

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. The City of Upland has the following Non-Major Debt Service Fund:

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 to the Agency 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 comparatively short-lived capital assets.

The City of Upland has the following Non-Major Capital Projects Funds:

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

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CITY OF UPLAND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

| | Special Revenue Funds | | | | |
|---|-----------------------|---------------------|---------------------|---|---------------------|
| | Gas Tax | Home Program | CalHome Program | Community Development Block Grant | Measure I |
| Assets: | | | | | |
| Cash and investments | \$ 6,778,754 | \$ 691,166 | \$ 185,936 | \$ - | \$ 2,642,600 |
| Cash and investments with fiscal agent | - | - | - | - | - |
| Receivables: | | | | | |
| Accounts | - | - | - | - | - |
| Notes, net | - | 4,463,995 | 2,273,172 | - | - |
| Due from other governments | 145,609 | - | - | 311,051 | 180,122 |
| Total assets | \$ 6,924,363 | \$ 5,155,161 | \$ 2,459,108 | \$ 311,051 | \$ 2,822,722 |
| Liabilities: | | | | | |
| Accounts payable | \$ 148,892 | \$ - | \$ - | \$ 26,003 | \$ 4,846 |
| Accrued salaries and benefits | 1,922 | - | - | 4,756 | 2,020 |
| Due to other funds | - | - | - | 223,669 | - |
| Deposits payable | - | - | - | - | - |
| Unearned revenue | - | - | 4,469 | - | - |
| Total liabilities | 150,814 | - | 4,469 | 254,428 | 6,866 |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue | - | 742,957 | 291,380 | 311,051 | - |
| Total deferred inflow of resources | - | 742,957 | 291,380 | 311,051 | - |
| Fund balances: | | | | | |
| Restricted | 6,773,549 | 4,412,204 | 2,163,259 | - | 2,815,856 |
| Unassigned | - | - | - | (254,428) | - |
| Total fund balances (deficit) | 6,773,549 | 4,412,204 | 2,163,259 | (254,428) | 2,815,856 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 6,924,363 | \$ 5,155,161 | \$ 2,459,108 | \$ 311,051 | \$ 2,822,722 |

(Continued)

| Special Revenue Funds | | | | | | | Debt Service Fund |
|---------------------------------|----------------------------------|-----------------------------------|----------------------|------------------|-------------------------------|-------------------|----------------------------|
| Air Quality Management District | Parking and Business Improvement | SB 509 Public Safety Augmentation | Public Safety Grants | Other Grants | Homeland Security Grants - PD | Prop 30 | Public Financing Authority |
| \$ 104,613 | \$ 102,416 | \$ - | \$ 940,514 | \$ 38,386 | \$ - | \$ 143,651 | \$ 1,020,268,695 |
| - | - | - | - | - | - | - | - |
| - | 9,616 | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 25,930 | - | 67,294 | 16,877 | - | - | - | - |
| <u>\$ 130,543</u> | <u>\$ 112,032</u> | <u>\$ 67,294</u> | <u>\$ 957,391</u> | <u>\$ 38,386</u> | <u>\$ -</u> | <u>\$ 143,651</u> | <u>\$ 269,715</u> |
| | | | | | | | |
| \$ 20 | \$ - | \$ - | \$ 71 | \$ 286 | \$ - | \$ - | \$ 2,258 |
| - | - | 35,953 | - | 369 | - | - | - |
| - | - | 31,341 | 16,866 | - | - | - | - |
| - | - | - | 455,251 | - | - | - | - |
| - | - | - | 133,384 | 30,546 | - | - | - |
| <u>20</u> | <u>-</u> | <u>67,294</u> | <u>605,572</u> | <u>31,201</u> | <u>-</u> | <u>-</u> | <u>2,258</u> |
| | | | | | | | |
| - | - | - | 16,877 | - | - | - | - |
| - | - | - | 16,877 | - | - | - | - |
| | | | | | | | |
| 130,523 | 112,032 | - | 334,942 | 7,185 | - | 143,651 | 267,457 |
| - | - | - | - | - | - | - | - |
| <u>130,523</u> | <u>112,032</u> | <u>-</u> | <u>334,942</u> | <u>7,185</u> | <u>-</u> | <u>143,651</u> | <u>267,457</u> |
| | | | | | | | |
| <u>\$ 130,543</u> | <u>\$ 112,032</u> | <u>\$ 67,294</u> | <u>\$ 957,391</u> | <u>\$ 38,386</u> | <u>\$ -</u> | <u>\$ 143,651</u> | <u>\$ 269,715</u> |

CITY OF UPLAND

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2016

| | Capital Projects Funds | | | | | Total |
|---|--|------------------------------------|-------------------------------|---|-----------------------------|----------------------|
| | Park Acquisition and Development | General Capital Improvements | Storm Drain Development | Street and Traffic Safety Development | Street & Alley Repair | |
| Assets: | | | | | | |
| Cash and investments | \$ 3,201,016 | \$ 746,922 | \$ 1,464,997 | \$ 1,015,385 | \$ 367,210 | \$ 18,424,586 |
| Cash and investments with fiscal agent | - | - | - | - | - | 268,695 |
| Receivables: | | | | | | |
| Accounts | - | - | - | - | 33,780 | 43,396 |
| Notes | - | - | - | - | - | 6,737,167 |
| Due from other governments | - | - | - | 243,049 | - | 989,932 |
| Total assets | \$ 3,201,016 | \$ 746,922 | \$ 1,464,997 | \$ 1,258,434 | \$ 400,990 | \$ 26,463,776 |
| Liabilities: | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 182,376 |
| Accrued salaries and benefits | 229 | - | - | - | - | 45,249 |
| Due to other funds | - | - | - | - | - | 271,876 |
| Deposits payable | - | - | - | - | - | 455,251 |
| Unearned revenue | - | - | - | - | - | 168,399 |
| Total liabilities | 229 | - | - | - | - | 1,123,151 |
| Deferred inflows of resources: | | | | | | |
| Unavailable revenue | - | - | - | - | - | 1,362,265 |
| Total deferred inflow of resources | - | - | - | - | - | 1,362,265 |
| Fund balances: | | | | | | |
| Restricted | 3,200,787 | 746,922 | 1,464,997 | 1,258,434 | 400,990 | 24,232,788 |
| Unassigned | - | - | - | - | - | (254,428) |
| Total fund balances (deficit) | 3,200,787 | 746,922 | 1,464,997 | 1,258,434 | 400,990 | 23,978,360 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 3,201,016 | \$ 746,922 | \$ 1,464,997 | \$ 1,258,434 | \$ 400,990 | \$ 26,463,776 |

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CITY OF UPLAND
COMBINING STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

| | Special Revenue Funds | | | | |
|---|-----------------------|---------------------|---------------------|---|---------------------|
| | Gas Tax | Home Program | CalHome Program | Community Development Block Grant | Measure I |
| Revenues: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - |
| Investment income | 30,007 | 3,583 | - | 2 | 11,127 |
| Rental income | - | - | - | - | - |
| Intergovernmental | 1,560,475 | 18,331 | 6,508 | 200,090 | 1,219,641 |
| Other | 27,961 | - | - | 35 | - |
| Total revenues | <u>1,618,443</u> | <u>21,914</u> | <u>6,508</u> | <u>200,127</u> | <u>1,230,768</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Public safety | - | - | - | - | - |
| Engineering and public works | 1,055,480 | - | - | - | 427,643 |
| Development services | - | 14,500 | - | 511,142 | - |
| Community services | - | - | - | - | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | <u>1,055,480</u> | <u>14,500</u> | <u>-</u> | <u>511,142</u> | <u>427,643</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>562,963</u> | <u>7,414</u> | <u>6,508</u> | <u>(311,015)</u> | <u>803,125</u> |
| Other financing sources (uses): | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | - | - | - | - | (820,895) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(820,895)</u> |
| Change in fund balances | 562,963 | 7,414 | 6,508 | (311,015) | (17,770) |
| Fund balances (deficit) at beginning of year, as restated | <u>6,210,586</u> | <u>4,404,790</u> | <u>2,156,751</u> | <u>56,587</u> | <u>2,833,626</u> |
| Fund balances (deficit) at end of year | <u>\$ 6,773,549</u> | <u>\$ 4,412,204</u> | <u>\$ 2,163,259</u> | <u>\$ (254,428)</u> | <u>\$ 2,815,856</u> |

(Continued)

| Special Revenue Funds | | | | | | | Debt Service Fund |
|---------------------------------|----------------------------------|-----------------------------------|----------------------|-----------------|-------------------------------|-------------------|----------------------------|
| Air Quality Management District | Parking and Business Improvement | SB 509 Public Safety Augmentation | Public Safety Grants | Other Grants | Homeland Security Grants - PD | Prop 30 | Public Financing Authority |
| \$ - | \$ 43,336 | \$ 829,895 | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| 383 | 441 | 27 | 4,185 | - | - | 675 | 144 |
| - | - | - | - | - | - | - | - |
| 96,429 | - | - | 31,139 | 5,491 | 20,372 | 55,214 | - |
| - | - | - | - | - | - | - | - |
| <u>96,812</u> | <u>43,777</u> | <u>829,922</u> | <u>35,324</u> | <u>5,491</u> | <u>20,372</u> | <u>55,889</u> | <u>144</u> |
| - | - | 829,922 | 74,784 | - | - | - | - |
| 20,610 | 3,538 | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 5,351 | - | - | - |
| - | - | - | - | - | - | - | 245,000 |
| - | - | - | - | - | - | - | <u>22,968</u> |
| <u>20,610</u> | <u>3,538</u> | <u>829,922</u> | <u>74,784</u> | <u>5,351</u> | <u>-</u> | <u>-</u> | <u>267,968</u> |
| <u>76,202</u> | <u>40,239</u> | <u>-</u> | <u>(39,460)</u> | <u>140</u> | <u>20,372</u> | <u>55,889</u> | <u>(267,824)</u> |
| - | - | - | - | - | - | - | 266,135 |
| <u>(31,578)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>(31,578)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>266,135</u> |
| 44,624 | 40,239 | - | (39,460) | 140 | 20,372 | 55,889 | (1,689) |
| <u>85,899</u> | <u>71,793</u> | <u>-</u> | <u>374,402</u> | <u>7,045</u> | <u>(20,372)</u> | <u>87,762</u> | <u>269,146</u> |
| <u>\$ 130,523</u> | <u>\$ 112,032</u> | <u>\$ -</u> | <u>\$ 334,942</u> | <u>\$ 7,185</u> | <u>\$ -</u> | <u>\$ 143,651</u> | <u>\$ 267,457</u> |

CITY OF UPLAND

COMBINING STATEMENT OF REVENUES
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2016

| | Capital Projects Funds | | | | | Total |
|---|----------------------------------|------------------------------|-------------------------|---------------------------------------|-----------------------|----------------------|
| | Park Acquisition and Development | General Capital Improvements | Storm Drain Development | Street and Traffic Safety Development | Street & Alley Repair | |
| Revenues: | | | | | | |
| Taxes | \$ 1,055,127 | \$ - | \$ - | \$ - | \$ - | \$ 1,928,358 |
| Licenses and permits | - | - | 281,242 | 144,611 | 201,565 | 627,418 |
| Investment income | 13,788 | 3,193 | 7,939 | 4,683 | - | 80,177 |
| Rental income | - | - | 57,323 | - | - | 57,323 |
| Intergovernmental | - | 238,732 | - | - | - | 3,452,422 |
| Other | - | 27 | - | 243,048 | - | 271,071 |
| Total revenues | <u>1,068,915</u> | <u>241,952</u> | <u>346,504</u> | <u>392,342</u> | <u>201,565</u> | <u>6,416,769</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Public safety | - | - | - | - | - | 904,706 |
| Engineering and public works | - | 121 | 685,957 | 68,233 | 579 | 2,262,161 |
| Development services | - | - | - | - | - | 525,642 |
| Community services | 228 | - | - | - | - | 5,579 |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | 245,000 |
| Interest and fiscal charges | - | - | - | - | - | 22,968 |
| Total expenditures | <u>228</u> | <u>121</u> | <u>685,957</u> | <u>68,233</u> | <u>579</u> | <u>3,966,056</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,068,687</u> | <u>241,831</u> | <u>(339,453)</u> | <u>324,109</u> | <u>200,986</u> | <u>2,450,713</u> |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | 396,960 | - | 423,935 | - | 1,087,030 |
| Transfers out | - | - | - | - | - | (852,473) |
| Total other financing sources (uses) | <u>-</u> | <u>396,960</u> | <u>-</u> | <u>423,935</u> | <u>-</u> | <u>234,557</u> |
| Change in fund balances | <u>1,068,687</u> | <u>638,791</u> | <u>(339,453)</u> | <u>748,044</u> | <u>200,986</u> | <u>2,685,270</u> |
| Fund balances (deficit) at beginning of year | <u>2,132,100</u> | <u>108,131</u> | <u>1,804,450</u> | <u>510,390</u> | <u>200,004</u> | <u>21,293,090</u> |
| Fund balances (deficit) at end of year | <u>\$ 3,200,787</u> | <u>\$ 746,922</u> | <u>\$ 1,464,997</u> | <u>\$ 1,258,434</u> | <u>\$ 400,990</u> | <u>\$ 23,978,360</u> |

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CITY OF UPLAND
 BUDGETARY COMPARISON SCHEDULE
 GAS TAX FUND
 YEAR ENDED JUNE 30, 2016

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance- Positive (Negative)</u> |
|------------------------------------|-------------------------|---------------------|--|
| Revenues: | | | |
| Investment income | \$ - | \$ 30,007 | \$ 30,007 |
| Intergovernmental | 1,685,509 | 1,560,475 | (125,034) |
| Other | <u>-</u> | <u>27,961</u> | <u>27,961</u> |
| Total revenues | <u>1,685,509</u> | <u>1,618,443</u> | <u>(67,066)</u> |
| Expenditures: | | | |
| Current: | | | |
| Engineering and public works | <u>6,823,700</u> | <u>1,055,480</u> | <u>5,768,220</u> |
| Total expenditures | <u>6,823,700</u> | <u>1,055,480</u> | <u>5,768,220</u> |
| Change in fund balances | (5,138,191) | 562,963 | 5,701,154 |
| Fund balances at beginning of year | <u>6,210,586</u> | <u>6,210,586</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ 1,072,395</u> | <u>\$ 6,773,549</u> | <u>\$ 5,701,154</u> |

CITY OF UPLAND
 BUDGETARY COMPARISON SCHEDULE
 HOME FUND
 YEAR ENDED JUNE 30, 2016

| | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|---|---------------------|---------------------|---|
| Revenues: | | | |
| Investment income | \$ - | \$ 3,583 | \$ 3,583 |
| Intergovernmental | <u>701,630</u> | <u>18,331</u> | <u>(683,299)</u> |
| Total revenues | <u>701,630</u> | <u>21,914</u> | <u>(679,716)</u> |
| Expenditures: | | | |
| Current: | | | |
| Development services | <u>1,322,500</u> | <u>14,500</u> | <u>1,308,000</u> |
| Total expenditures | <u>1,322,500</u> | <u>14,500</u> | <u>1,308,000</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(620,870)</u> | <u>7,414</u> | <u>628,284</u> |
| Net change in fund balance | (620,870) | 7,414 | 628,284 |
| Fund balances at beginning of year, as restated | <u>4,404,790</u> | <u>4,404,790</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ 3,783,920</u> | <u>\$ 4,412,204</u> | <u>\$ 628,284</u> |

CITY OF UPLAND
 BUDGETARY COMPARISON SCHEDULE
 CALHOME FUND
 YEAR ENDED JUNE 30, 2016

| | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|---|---------------------|---------------------|---|
| Revenues: | | | |
| Intergovernmental | \$ 849,000 | \$ 6,508 | \$ (842,492) |
| Total revenues | <u>849,000</u> | <u>6,508</u> | <u>(842,492)</u> |
| Expenditures: | | | |
| Current: | | | |
| Development services | <u>886,000</u> | <u>-</u> | <u>886,000</u> |
| Total expenditures | <u>886,000</u> | <u>-</u> | <u>886,000</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(37,000)</u> | <u>6,508</u> | <u>43,508</u> |
| Net change in fund balance | (37,000) | 6,508 | 43,508 |
| Fund balances (deficit) at beginning year, as restated | <u>2,156,751</u> | <u>2,156,751</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ 2,119,751</u> | <u>\$ 2,163,259</u> | <u>\$ 43,508</u> |

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

YEAR ENDED JUNE 30, 2016

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance- Positive (Negative)</u> |
|---|-------------------------|---------------------|--|
| Revenues: | | | |
| Intergovernmental | \$ 546,540 | \$ 200,090 | \$ (346,450) |
| Investment income | - | 2 | 2 |
| Other | - | 35 | 35 |
| | <u>546,540</u> | <u>200,127</u> | <u>(346,413)</u> |
| Total revenues | | | |
| Expenditures: | | | |
| Current: | | | |
| Development services | <u>822,058</u> | <u>511,142</u> | <u>310,916</u> |
| Total expenditures | <u>822,058</u> | <u>511,142</u> | <u>310,916</u> |
| Change in fund balances | (275,518) | (311,015) | (35,497) |
| Fund balances at beginning of year | <u>56,587</u> | <u>56,587</u> | <u>-</u> |
| Fund balances (deficits) at end of year | <u>\$ (218,931)</u> | <u>\$ (254,428)</u> | <u>\$ (35,497)</u> |

CITY OF UPLAND
 BUDGETARY COMPARISON SCHEDULE
 MEASURE I FUND
 YEAR ENDED JUNE 30, 2016

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance- Positive (Negative)</u> |
|---|-------------------------|---------------------|--|
| Revenues: | | | |
| Investment income | \$ - | \$ 11,127 | \$ 11,127 |
| Intergovernmental | <u>1,000,000</u> | <u>1,219,641</u> | <u>219,641</u> |
| Total revenues | <u>1,000,000</u> | <u>1,230,768</u> | <u>230,768</u> |
| Expenditures: | | | |
| Current: | | | |
| Engineering and public works | <u>2,788,819</u> | <u>427,643</u> | <u>2,361,176</u> |
| Total expenditures | <u>2,788,819</u> | <u>427,643</u> | <u>2,361,176</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,788,819)</u> | <u>803,125</u> | <u>2,591,944</u> |
| Other financing sources (uses): | | | |
| Transfers out | <u>-</u> | <u>(820,895)</u> | <u>(820,895)</u> |
| Total other financing sources (uses) | <u>-</u> | <u>(820,895)</u> | <u>(820,895)</u> |
| Change in fund balances | (1,788,819) | (17,770) | 1,771,049 |
| Fund balances at beginning of year | <u>2,833,626</u> | <u>2,833,626</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ 1,044,807</u> | <u>\$ 2,815,856</u> | <u>\$ 1,771,049</u> |

CITY OF UPLAND
 BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY MANAGEMENT DISTRICT FUND
 YEAR ENDED JUNE 30, 2016

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance- Positive (Negative)</u> |
|---|-------------------------|-------------------|--|
| Revenues: | | | |
| Investment income | \$ - | \$ 383 | \$ 383 |
| Intergovernmental | <u>94,000</u> | <u>96,429</u> | <u>2,429</u> |
| Total revenues | <u>94,000</u> | <u>96,812</u> | <u>2,812</u> |
| Expenditures: | | | |
| Current: | | | |
| Engineering and public works | <u>96,510</u> | <u>20,610</u> | <u>75,900</u> |
| Total expenditures | <u>96,510</u> | <u>20,610</u> | <u>75,900</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(2,510)</u> | <u>76,202</u> | <u>78,712</u> |
| Other financing sources (uses): | | | |
| Transfers out | <u>-</u> | <u>(31,578)</u> | <u>(31,578)</u> |
| Total other financing sources (uses) | <u>-</u> | <u>(31,578)</u> | <u>(31,578)</u> |
| Change in fund balances | (2,510) | 44,624 | 47,134 |
| Fund balances at beginning of year | <u>85,899</u> | <u>85,899</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ 83,389</u> | <u>\$ 130,523</u> | <u>\$ 47,134</u> |

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE
 PARKING BUSINESS IMPROVEMENT AREA FUND
 YEAR ENDED JUNE 30, 2016

| | Final Budget | Actual | Variance- Positive (Negative) |
|------------------------------------|------------------|-------------------|-------------------------------------|
| Revenues: | | | |
| Taxes | \$ 33,000 | \$ 43,336 | \$ 10,336 |
| Investment income | - | 441 | 441 |
| Total revenues | <u>33,000</u> | <u>43,777</u> | <u>10,777</u> |
| Expenditures: | | | |
| Current: | | | |
| Development services | <u>30,000</u> | <u>3,538</u> | <u>26,462</u> |
| Total expenditures | <u>30,000</u> | <u>3,538</u> | <u>26,462</u> |
| Change in fund balances | 3,000 | 40,239 | 37,239 |
| Fund balances at beginning of year | <u>71,793</u> | <u>71,793</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ 74,793</u> | <u>\$ 112,032</u> | <u>\$ 37,239</u> |

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE
 SB 509 PUBLIC SAFETY AUGMENTATION FUND
 YEAR ENDED JUNE 30, 2016

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance- Positive (Negative)</u> |
|------------------------------------|-------------------------|--------------------|--|
| Revenues: | | | |
| Taxes | \$ 815,000 | \$ 829,895 | \$ 14,895 |
| Investment income | <u>-</u> | <u>27</u> | <u>27</u> |
| Total revenues | <u>815,000</u> | <u>829,922</u> | <u>14,922</u> |
| Expenditures: | | | |
| Current: | | | |
| Public safety | <u>815,000</u> | <u>829,922</u> | <u>(14,922)</u> |
| Total expenditures | <u>815,000</u> | <u>829,922</u> | <u>(14,922)</u> |
| Change in fund balances | - | - | - |
| Fund balances at beginning of year | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances at end of year | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

CITY OF UPLAND
 BUDGETARY COMPARISON SCHEDULE
 PUBLIC SAFETY GRANTS
 YEAR ENDED JUNE 30, 2016

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance- Positive (Negative)</u> |
|------------------------------------|-------------------------|--------------------------|--|
| Revenues: | | | |
| Investment income | \$ - | \$ 4,185 | \$ 4,185 |
| Intergovernmental | <u>145,075</u> | <u>31,139</u> | <u>(113,936)</u> |
| Total revenues | <u>145,075</u> | <u>35,324</u> | <u>(109,751)</u> |
| Expenditures: | | | |
| Current: | | | |
| Public safety | <u>429,683</u> | <u>74,784</u> | <u>354,899</u> |
| Total expenditures | <u>429,683</u> | <u>74,784</u> | <u>354,899</u> |
| Change in fund balances | (284,608) | (39,460) | 245,148 |
| Fund balances at beginning of year | <u>374,402</u> | <u>374,402</u> | <u>-</u> |
| Fund balances at end of year | <u><u>\$ 89,794</u></u> | <u><u>\$ 334,942</u></u> | <u><u>\$ 245,148</u></u> |

CITY OF UPLAND
 BUDGETARY COMPARISON SCHEDULE
 OTHER GRANTS FUND
 YEAR ENDED JUNE 30, 2016

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance- Positive (Negative)</u> |
|------------------------------------|-------------------------|-----------------|--|
| Revenues: | | | |
| Intergovernmental | \$ 35,898 | \$ 5,491 | \$ (30,407) |
| Total revenues | <u>35,898</u> | <u>5,491</u> | <u>(30,407)</u> |
| Expenditures: | | | |
| Current: | | | |
| Community services | <u>35,898</u> | <u>5,351</u> | <u>30,547</u> |
| Total expenditures | <u>35,898</u> | <u>5,351</u> | <u>30,547</u> |
| Change in fund balances | - | 140 | 140 |
| Fund balances at beginning of year | <u>7,045</u> | <u>7,045</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ 7,045</u> | <u>\$ 7,185</u> | <u>\$ 140</u> |

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE
 HOMELAND SECURITY GRANTS - PD FUND
 YEAR ENDED JUNE 30, 2016

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance- Positive (Negative)</u> |
|--|-------------------------|-----------------|--|
| Revenues: | | | |
| Intergovernmental | \$ 37,400 | \$ 20,372 | \$ (17,028) |
| Total revenues | <u>37,400</u> | <u>20,372</u> | <u>(17,028)</u> |
| Expenditures: | | | |
| Current: | | | |
| Public safety | <u>17,028</u> | <u>-</u> | <u>17,028</u> |
| Total expenditures | <u>17,028</u> | <u>-</u> | <u>17,028</u> |
| Change in fund balances | 20,372 | 20,372 | - |
| Fund balances (deficit) at beginning of year | <u>(20,372)</u> | <u>(20,372)</u> | <u>-</u> |
| Fund balances (deficit) at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

CITY OF UPLAND
 BUDGETARY COMPARISON SCHEDULE
 PROP 30 FUND
 YEAR ENDED JUNE 30, 2016

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance- Positive (Negative)</u> |
|------------------------------------|-------------------------|--------------------------|--|
| Revenues: | | | |
| Investment income | \$ - | \$ 675 | \$ 675 |
| Intergovernmental | <u>75,000</u> | <u>55,214</u> | <u>(19,786)</u> |
| Total revenues | <u>75,000</u> | <u>55,889</u> | <u>(19,111)</u> |
| Expenditures: | | | |
| Current: | | | |
| Public safety | <u>103,000</u> | <u>-</u> | <u>103,000</u> |
| Total expenditures | <u>103,000</u> | <u>-</u> | <u>103,000</u> |
| Change in fund balances | (28,000) | 55,889 | 83,889 |
| Fund balances at beginning of year | <u>87,762</u> | <u>87,762</u> | <u>-</u> |
| Fund balances at end of year | <u><u>\$ 59,762</u></u> | <u><u>\$ 143,651</u></u> | <u><u>\$ 83,889</u></u> |

CITY OF UPLAND
 BUDGETARY COMPARISON SCHEDULE
 PUBLIC FINANCING AUTHORITY FUND
 YEAR ENDED JUNE 30, 2016

| | Final Budget | Actual | Variance- Positive (Negative) |
|---|-------------------|-------------------|-------------------------------------|
| Revenues: | | | |
| Investment income | \$ - | \$ 144 | \$ 144 |
| Total revenues | <u>-</u> | <u>144</u> | <u>144</u> |
| Expenditures: | | | |
| Debt service: | | | |
| Principal | 245,000 | 245,000 | - |
| Interest and fiscal charges | <u>21,135</u> | <u>22,968</u> | <u>(1,833)</u> |
| Total expenditures | <u>266,135</u> | <u>267,968</u> | <u>(1,833)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(266,135)</u> | <u>(267,824)</u> | <u>(1,689)</u> |
| Other financing sources: | | | |
| Transfers in | <u>266,135</u> | <u>266,135</u> | <u>-</u> |
| Total other financing sources | <u>266,135</u> | <u>266,135</u> | <u>-</u> |
| Change in fund balances | - | (1,689) | (1,689) |
| Fund balances at beginning of year | <u>269,146</u> | <u>269,146</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ 269,146</u> | <u>\$ 267,457</u> | <u>\$ (1,689)</u> |

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE
 PARK ACQUISITION AND DEVELOPMENT FUND
 YEAR ENDED JUNE 30, 2016

| | Final Budget | Actual | Variance- Positive (Negative) |
|------------------------------------|---------------------|---------------------|-------------------------------------|
| Revenues: | | | |
| Taxes | \$ 614,287 | \$ 1,055,127 | \$ 440,840 |
| Investment income | - | 13,788 | 13,788 |
| Total revenues | <u>614,287</u> | <u>1,068,915</u> | <u>454,628</u> |
| Expenditures: | | | |
| Current: | | | |
| Community services | <u>471,214</u> | <u>228</u> | <u>470,986</u> |
| Total expenditures | <u>471,214</u> | <u>228</u> | <u>470,986</u> |
| Change in fund balances | 143,073 | 1,068,687 | 925,614 |
| Fund balances at beginning of year | <u>2,132,100</u> | <u>2,132,100</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ 2,275,173</u> | <u>\$ 3,200,787</u> | <u>\$ 925,614</u> |

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE
 GENERAL CAPITAL IMPROVEMENTS FUND
 YEAR ENDED JUNE 30, 2016

| | Final Budget | Actual | Variance- Positive (Negative) |
|--|------------------|-------------------|-------------------------------------|
| Revenues: | | | |
| Intergovernmental | \$ - | \$ 238,732 | \$ 238,732 |
| Investment income | - | 3,193 | 3,193 |
| Other | 138,144 | 27 | (138,117) |
| | <u>138,144</u> | <u>241,952</u> | <u>103,808</u> |
| Total revenues | <u>138,144</u> | <u>241,952</u> | <u>103,808</u> |
| Expenditures: | | | |
| Current: | | | |
| Engineering and public works | 219,851 | 121 | 219,730 |
| | <u>219,851</u> | <u>121</u> | <u>219,730</u> |
| Total expenditures | <u>219,851</u> | <u>121</u> | <u>219,730</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(81,707)</u> | <u>241,831</u> | <u>323,538</u> |
| Other financing sources: | | | |
| Transfers in | - | 396,960 | 396,960 |
| | <u>-</u> | <u>396,960</u> | <u>396,960</u> |
| Total other financing sources | <u>-</u> | <u>396,960</u> | <u>396,960</u> |
| Change in fund balances | (81,707) | 638,791 | 720,498 |
| Fund balances at beginning of year | <u>108,131</u> | <u>108,131</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ 26,424</u> | <u>\$ 746,922</u> | <u>\$ 720,498</u> |

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE

STORM DRAIN DEVELOPMENT FUND

YEAR ENDED JUNE 30, 2016

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance- Positive (Negative)</u> |
|------------------------------------|-------------------------|---------------------|--|
| Revenues: | | | |
| Licenses and permits | \$ 159,646 | \$ 281,242 | \$ 121,596 |
| Investment income | - | 7,939 | 7,939 |
| Rental income | - | 57,323 | 57,323 |
| Total revenues | <u>159,646</u> | <u>346,504</u> | <u>186,858</u> |
| Expenditures: | | | |
| Current: | | | |
| Engineering and public works | <u>451,748</u> | <u>685,957</u> | <u>(234,209)</u> |
| Total expenditures | <u>451,748</u> | <u>685,957</u> | <u>(234,209)</u> |
| Change in fund balances | (292,102) | (339,453) | (47,351) |
| Fund balances at beginning of year | <u>1,804,450</u> | <u>1,804,450</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ 1,512,348</u> | <u>\$ 1,464,997</u> | <u>\$ (47,351)</u> |

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE
 STREET AND TRAFFIC SAFETY DEVELOPMENT FUND
 YEAR ENDED JUNE 30, 2016

| | Final Budget | Actual | Variance- Positive (Negative) |
|---|-------------------|---------------------|-------------------------------------|
| Revenues: | | | |
| Licenses and permits | \$ 53,713 | \$ 144,611 | \$ 90,898 |
| Investment income | - | 4,683 | 4,683 |
| Other | - | 243,048 | 243,048 |
| Total revenues | <u>53,713</u> | <u>392,342</u> | <u>338,629</u> |
| Expenditures: | | | |
| Current: | | | |
| Engineering and public works | <u>150,000</u> | <u>68,233</u> | <u>81,767</u> |
| Total expenditures | <u>150,000</u> | <u>68,233</u> | <u>81,767</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(96,287)</u> | <u>324,109</u> | <u>420,396</u> |
| Other financing sources: | | | |
| Transfers in | <u>-</u> | <u>423,935</u> | <u>423,935</u> |
| Total other financing sources | <u>-</u> | <u>423,935</u> | <u>423,935</u> |
| Change in fund balances | (96,287) | 748,044 | 844,331 |
| Fund balances at beginning of year | <u>510,390</u> | <u>510,390</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ 414,103</u> | <u>\$ 1,258,434</u> | <u>\$ 844,331</u> |

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE

STREET & ALLEY REPAIR

YEAR ENDED JUNE 30, 2016

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance- Positive (Negative)</u> |
|---|-------------------------|-------------------|--|
| Revenues: | | | |
| Licenses and permits | \$ 200,000 | \$ 201,565 | \$ 1,565 |
| Total revenues | <u>200,000</u> | <u>201,565</u> | <u>1,565</u> |
| Expenditures: | | | |
| Current: | | | |
| Engineering and public works | <u>200,000</u> | <u>579</u> | <u>199,421</u> |
| Total expenditures | <u>200,000</u> | <u>579</u> | <u>199,421</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>200,986</u> | <u>200,986</u> |
| Change in fund balances | - | 200,986 | 200,986 |
| Fund balances at beginning of year | <u>200,004</u> | <u>200,004</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ 200,004</u> | <u>\$ 400,990</u> | <u>\$ 200,986</u> |

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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.

The City of Upland has the following Internal Service Funds:

Self-Funded Insurance Fund – To account for the accumulation and allocation of costs associated with the City's Workers' Compensation 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, 2016

| <u>Assets</u> | <u>Self-Funded Insurance</u> | <u>Vehicle Replacement</u> | <u>Information Systems</u> | <u>Building Maintenance</u> | <u>Total</u> |
|--|----------------------------------|--------------------------------|--------------------------------|---------------------------------|------------------------|
| Current assets: | | | | | |
| Cash and investments | \$ - | \$ 133,764 | \$ 886,367 | \$ 275,973 | \$ 1,296,104 |
| Receivables: | | | | | |
| Accounts | - | 20,225 | 35,259 | - | 55,484 |
| Due from other governments | 350 | - | 3,890 | - | 4,240 |
| Inventory and prepaid items | 93,794 | 64,523 | 61,796 | - | 220,113 |
| Total current assets | <u>94,144</u> | <u>218,512</u> | <u>987,312</u> | <u>275,973</u> | <u>1,575,941</u> |
| Noncurrent assets: | | | | | |
| Capital assets: | | | | | |
| Construction in progress | - | - | 554,416 | - | 554,416 |
| Other capital assets, net | - | 536,658 | 235,675 | - | 772,333 |
| Total noncurrent assets | <u>-</u> | <u>536,658</u> | <u>790,091</u> | <u>-</u> | <u>1,326,749</u> |
| Total assets | <u>94,144</u> | <u>755,170</u> | <u>1,777,403</u> | <u>275,973</u> | <u>2,902,690</u> |
| <u>Deferred Outflows of Resources</u> | | | | | |
| Deferred pension related | <u>101,903</u> | <u>48,645</u> | <u>48,645</u> | <u>45,314</u> | <u>244,507</u> |
| <u>Liabilities</u> | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 143,154 | 26,740 | 249,320 | 32,165 | 451,379 |
| Accrued salaries and wages | 8,121 | 10,789 | 9,972 | 13,390 | 42,272 |
| Due to other funds (note 3) | 3,156,160 | - | - | - | 3,156,160 |
| Total current liabilities | <u>3,307,435</u> | <u>37,529</u> | <u>259,292</u> | <u>45,555</u> | <u>3,649,811</u> |
| Long-term liabilities: | | | | | |
| Claims and judgments payable | 7,228,645 | - | - | - | 7,228,645 |
| Net pension liability | 556,731 | 677,355 | 677,355 | 630,961 | 2,542,402 |
| Compensated absences | 12,987 | 37,676 | 36,552 | 22,865 | 110,080 |
| Total long-term liabilities | <u>7,798,363</u> | <u>715,031</u> | <u>713,907</u> | <u>653,826</u> | <u>9,881,127</u> |
| Total liabilities | <u>11,105,798</u> | <u>752,560</u> | <u>973,199</u> | <u>699,381</u> | <u>13,530,938</u> |
| <u>Deferred Inflows of Resources</u> | | | | | |
| Deferred pension related | <u>46,296</u> | <u>218,016</u> | <u>226,859</u> | <u>212,287</u> | <u>703,458</u> |
| <u>Net position</u> | | | | | |
| Investment in capital assets | - | 536,658 | 790,091 | - | 1,326,749 |
| Unrestricted | <u>(10,956,047)</u> | <u>(703,419)</u> | <u>(164,101)</u> | <u>(590,381)</u> | <u>(12,413,948)</u> |
| Total net position | <u>\$ (10,956,047)</u> | <u>\$ (166,761)</u> | <u>\$ 625,990</u> | <u>\$ (590,381)</u> | <u>\$ (11,087,199)</u> |

CITY OF UPLAND

 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 YEAR ENDED JUNE 30, 2016

| | Self-Funded Insurance | Vehicle Replacement | Information Systems | Building Maintenance | Total |
|---|--------------------------|------------------------|------------------------|-------------------------|------------------------|
| Operating revenues: | | | | | |
| Charges for services | \$ 3,762,792 | \$ 745,572 | \$ 1,400,860 | \$ 730,135 | \$ 6,639,359 |
| Other | - | - | 3,892 | - | 3,892 |
| Total operating revenues | <u>3,762,792</u> | <u>745,572</u> | <u>1,404,752</u> | <u>730,135</u> | <u>6,643,251</u> |
| Operating expenses: | | | | | |
| Maintenance and operations | 272,781 | 525,360 | 1,095,885 | 556,424 | 2,450,450 |
| Contractual services | 266,904 | - | - | - | 266,904 |
| Claims expense | 4,101,551 | - | - | - | 4,101,551 |
| Depreciation | - | 221,579 | 271,330 | - | 492,909 |
| Total operating expenses | <u>4,641,236</u> | <u>746,939</u> | <u>1,367,215</u> | <u>556,424</u> | <u>7,311,814</u> |
| Operating income | <u>(878,444)</u> | <u>(1,367)</u> | <u>37,537</u> | <u>173,711</u> | <u>(668,563)</u> |
| Nonoperating revenues (expenses): | | | | | |
| Gain (loss) on sale of assets | - | 30,989 | - | - | 30,989 |
| Investment income | 83 | 532 | 4,241 | 932 | 5,788 |
| Total nonoperating revenues (expenses) | <u>83</u> | <u>31,521</u> | <u>4,241</u> | <u>932</u> | <u>36,777</u> |
| Income before transfers | <u>(878,361)</u> | <u>30,154</u> | <u>41,778</u> | <u>174,643</u> | <u>(631,786)</u> |
| Transfers and capital contributions: | | | | | |
| Transfers in | - | 209,912 | - | 103,689 | 313,601 |
| Total transfers and capital contributions | <u>-</u> | <u>209,912</u> | <u>-</u> | <u>103,689</u> | <u>313,601</u> |
| Changes in net position | <u>(878,361)</u> | <u>240,066</u> | <u>41,778</u> | <u>278,332</u> | <u>(318,185)</u> |
| Net position at beginning of year | <u>(10,077,686)</u> | <u>(406,827)</u> | <u>584,212</u> | <u>(868,713)</u> | <u>(10,769,014)</u> |
| Net position at end of year | <u>\$ (10,956,047)</u> | <u>\$ (166,761)</u> | <u>\$ 625,990</u> | <u>\$ (590,381)</u> | <u>\$ (11,087,199)</u> |

CITY OF UPLAND

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2016

| | Self-Funded Insurance | Vehicle Replacement | Information Systems | Building Maintenance | Total |
|--|--------------------------|------------------------|------------------------|-------------------------|---------------------|
| Cash flows from operating activities: | | | | | |
| Cash received from user departments | \$ 3,762,792 | \$ 745,572 | \$ 1,404,752 | \$ 730,135 | \$ 6,643,251 |
| Cash payments to suppliers for goods and services | (3,530,383) | (313,463) | (827,220) | (314,834) | (4,985,900) |
| Cash payments to employees for services | (232,492) | (314,697) | (306,686) | (330,148) | (1,184,023) |
| Net cash provided by (used for) operating activities | <u>(83)</u> | <u>117,412</u> | <u>270,846</u> | <u>85,153</u> | <u>473,328</u> |
| Cash flows from noncapital financing activities: | | | | | |
| Cash transferred from other funds | - | 209,912 | - | 103,689 | 313,601 |
| Net cash provided by (used for) noncapital financing activities | <u>-</u> | <u>209,912</u> | <u>-</u> | <u>103,689</u> | <u>313,601</u> |
| Cash flows from capital and related financing activities: | | | | | |
| Cash paid for acquisition of capital assets | - | (194,092) | (328,235) | - | (522,327) |
| Net cash provided by (used for) capital and related financing activities | <u>-</u> | <u>(194,092)</u> | <u>(328,235)</u> | <u>-</u> | <u>(522,327)</u> |
| Cash flows from investing activities: | | | | | |
| Interest received on investments | 83 | 532 | 4,241 | 932 | 5,788 |
| Net cash provided by (used for) investing activities | <u>83</u> | <u>532</u> | <u>4,241</u> | <u>932</u> | <u>5,788</u> |
| Net increase (decrease) in cash and cash equivalents | - | 133,764 | (53,148) | 189,774 | 270,390 |
| Cash and cash equivalents at beginning of year | - | - | 939,515 | 86,199 | 1,025,714 |
| Cash and cash equivalents at end of year | <u>\$ -</u> | <u>\$ 133,764</u> | <u>\$ 886,367</u> | <u>\$ 275,973</u> | <u>\$ 1,296,104</u> |

CITY OF UPLAND

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2016

| | Self-Funded Insurance | Vehicle Replacement | Information Systems | Building Maintenance | Totals |
|---|--------------------------|------------------------|------------------------|-------------------------|-------------------|
| Reconciliation of operating income to net cash provided by (used for) operating activities: | | | | | |
| Operating income (loss) | \$ (878,444) | \$ (1,367) | \$ 37,537 | \$ 173,711 | \$ (668,563) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | | |
| Depreciation | - | 221,579 | 271,330 | - | 492,909 |
| Gain (loss) on disposition of capital assets | - | 30,989 | - | - | 30,989 |
| (Increase) decrease in accounts receivable | 551 | (20,225) | (35,259) | - | (54,933) |
| (Increase) decrease in due from other governments | 10,747 | - | (3,890) | - | 6,857 |
| (Increase) decrease in inventory | 5,894 | 1,030 | (2,946) | - | 3,978 |
| (Increase) decrease in deferred inflows | (79,612) | (5,166) | (4,608) | (4,179) | (93,565) |
| Increase (decrease) in accounts payable | 76,748 | 19,231 | 128,218 | 28,270 | 252,467 |
| Increase (decrease) in accrued salaries and benefits | 2,905 | 3,220 | 1,815 | 5,006 | 12,946 |
| Increase (decrease) in due to other funds | (305,028) | (5,672) | - | - | (310,700) |
| Increase (decrease) in pension liability | 118,666 | (177,098) | (188,065) | (177,428) | (423,925) |
| Increase (decrease) in compensated absences | (6,205) | 180 | 9,307 | 5,771 | 9,053 |
| Increase (decrease) in claims and judgments payable | 1,093,174 | - | - | - | 1,093,174 |
| Increase (decrease) in deferred inflows | (39,479) | 50,711 | 57,407 | 54,002 | 122,641 |
| Total adjustments | <u>878,361</u> | <u>118,779</u> | <u>233,309</u> | <u>(88,558)</u> | <u>1,141,891</u> |
| Net cash provided by (used for) operating activities | <u>\$ (83)</u> | <u>\$ 117,412</u> | <u>\$ 270,846</u> | <u>\$ 85,153</u> | <u>\$ 473,328</u> |

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FIDUCIARY 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.

The City of Upland has the following Agency 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.

Assessment District 84-1 Fund – To account for 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, 2016

| | Community Facilities District 2003-1 | Community Facilities District 2003-2 | Community Facilities District 2015-1 | Community Facilities District 2016-1 | Assessment District 84-1 | Sanitary Sewer Facility Development | Welfare Committee | Upland 54 | Total |
|---|--|--|--|--|-----------------------------|---|----------------------|-------------------|----------------------|
| <u>Assets</u> | | | | | | | | | |
| Cash and investments | \$ 1,592,499 | \$ 1,449,257 | \$ 25,000 | \$ 75,000 | \$ 5,051 | \$ 3,414,260 | \$ 24,545 | \$ 198,612 | \$ 6,784,224 |
| Cash and investments with fiscal agent | <u>2,083,170</u> | <u>1,334,866</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>126,833</u> | <u>3,544,869</u> |
| Total assets | <u>\$ 3,675,669</u> | <u>\$ 2,784,123</u> | <u>\$ 25,000</u> | <u>\$ 75,000</u> | <u>\$ 5,051</u> | <u>\$ 3,414,260</u> | <u>\$ 24,545</u> | <u>\$ 325,445</u> | <u>\$ 10,329,093</u> |
| <u>Liabilities</u> | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 34,920 | \$ - | \$ 573,582 | \$ - | \$ - | \$ 608,502 |
| Deposits payable | - | - | 25,000 | 40,080 | - | 2,840,678 | - | - | 2,905,758 |
| Due to bondholders | <u>3,675,669</u> | <u>2,784,123</u> | <u>-</u> | <u>-</u> | <u>5,051</u> | <u>-</u> | <u>24,545</u> | <u>325,445</u> | <u>6,814,833</u> |
| Total liabilities | <u>\$ 3,675,669</u> | <u>\$ 2,784,123</u> | <u>\$ 25,000</u> | <u>\$ 75,000</u> | <u>\$ 5,051</u> | <u>\$ 3,414,260</u> | <u>\$ 24,545</u> | <u>\$ 325,445</u> | <u>\$ 10,329,093</u> |

CITY OF UPLAND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

YEAR ENDED JUNE 30, 2016

| | Balance at July 1, 2015 | Additions | Deletions | Balance at June 30, 2016 |
|--|----------------------------|-----------|-----------|-----------------------------|
|--|----------------------------|-----------|-----------|-----------------------------|

COMMUNITY FACILITIES DISTRICT 2003-1

Assets

| | | | | |
|---|---------------------|---------------|------------------|---------------------|
| Cash and investments | \$ 1,626,844 | \$ - | \$ 34,345 | \$ 1,592,499 |
| Cash and investments with fiscal agent | 2,082,561 | 609 | - | 2,083,170 |
| Accounts receivable | 5,800 | - | 5,800 | - |
| | <u>\$ 3,715,205</u> | <u>\$ 609</u> | <u>\$ 40,145</u> | <u>\$ 3,675,669</u> |

Liabilities

| | | | | |
|--------------------|---------------------|---------------|------------------|---------------------|
| Due to bondholders | <u>\$ 3,715,205</u> | <u>\$ 609</u> | <u>\$ 40,145</u> | <u>\$ 3,675,669</u> |
|--------------------|---------------------|---------------|------------------|---------------------|

COMMUNITY FACILITIES DISTRICT 2003-2

Assets

| | | | | |
|---|---------------------|------------------|-------------------|---------------------|
| Cash and investments | \$ 1,424,402 | \$ 24,855 | \$ - | \$ 1,449,257 |
| Cash and investments with fiscal agent | 1,551,291 | - | 216,425 | 1,334,866 |
| Accounts receivable | 37,874 | - | 37,874 | - |
| | <u>\$ 3,013,567</u> | <u>\$ 24,855</u> | <u>\$ 254,299</u> | <u>\$ 2,784,123</u> |

Liabilities

| | | | | |
|--------------------|---------------------|------------------|-------------------|---------------------|
| Due to bondholders | <u>\$ 3,013,567</u> | <u>\$ 24,855</u> | <u>\$ 254,299</u> | <u>\$ 2,784,123</u> |
|--------------------|---------------------|------------------|-------------------|---------------------|

COMMUNITY FACILITIES DISTRICT 2015-1

Assets

| | | | | |
|----------------------|-------------|------------------|-------------|------------------|
| Cash and investments | \$ - | \$ 25,000 | \$ - | \$ 25,000 |
| Prepaid items | - | - | - | - |
| | <u>\$ -</u> | <u>\$ 25,000</u> | <u>\$ -</u> | <u>\$ 25,000</u> |

Liabilities

| | | | | |
|------------------|-------------|------------------|-------------|------------------|
| Deposits payable | <u>\$ -</u> | <u>\$ 25,000</u> | <u>\$ -</u> | <u>\$ 25,000</u> |
|------------------|-------------|------------------|-------------|------------------|

CITY OF UPLAND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

YEAR ENDED JUNE 30, 2016

COMMUNITY FACILITIES DISTRICT 2016-1

Assets

| | | | | |
|----------------------|------|-----------|------|-----------|
| Cash and investments | \$ - | \$ 75,000 | \$ - | \$ 75,000 |
|----------------------|------|-----------|------|-----------|

Liabilities

| | | | | |
|------------------|-------------|------------------|-------------|------------------|
| Accounts payable | \$ - | \$ 34,920 | \$ - | \$ 34,920 |
| Deposits payable | - | 40,080 | - | 40,080 |
| | <u>\$ -</u> | <u>\$ 75,000</u> | <u>\$ -</u> | <u>\$ 75,000</u> |

| | | | | |
|--|----------------------------|-----------|-----------|-----------------------------|
| | Balance at July 1, 2014 | Additions | Deletions | Balance at June 30, 2015 |
|--|----------------------------|-----------|-----------|-----------------------------|

ASSESSMENT DISTRICT 84-1

Assets

| | | | | |
|----------------------|----------|----------|------|----------|
| Cash and investments | \$ 1,822 | \$ 3,229 | \$ - | \$ 5,051 |
|----------------------|----------|----------|------|----------|

Liabilities

| | | | | |
|--------------------|----------|----------|------|----------|
| Due to bondholders | \$ 1,822 | \$ 3,229 | \$ - | \$ 5,051 |
|--------------------|----------|----------|------|----------|

SANITARY SEWER FACILITY DEVELOPMENT

Assets

| | | | | |
|----------------------|--------------|------------|------------|--------------|
| Cash and investments | \$ 2,943,009 | \$ 573,582 | \$ 102,331 | \$ 3,414,260 |
|----------------------|--------------|------------|------------|--------------|

Liabilities

| | | | | |
|------------------|---------------------|-------------------|-------------------|---------------------|
| Accounts payable | \$ - | \$ 573,582 | \$ - | \$ 573,582 |
| Deposits payable | 2,943,009 | - | 102,331 | 2,840,678 |
| | <u>\$ 2,943,009</u> | <u>\$ 573,582</u> | <u>\$ 102,331</u> | <u>\$ 3,414,260</u> |

WELFARE COMMITTEE

Assets

| | | | | |
|----------------------|-----------|----------|------|-----------|
| Cash and investments | \$ 22,871 | \$ 1,674 | \$ - | \$ 24,545 |
|----------------------|-----------|----------|------|-----------|

Liabilities

| | | | | |
|--------------------|-----------|----------|------|-----------|
| Due to bondholders | \$ 22,871 | \$ 1,674 | \$ - | \$ 24,545 |
|--------------------|-----------|----------|------|-----------|

CITY OF UPLAND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

YEAR ENDED JUNE 30, 2016

UPLAND 54

Assets

| | | | | |
|---|-------------------|-----------------|-----------------|-------------------|
| Cash and investments | \$ 194,212 | \$ 4,400 | \$ - | \$ 198,612 |
| Cash and investments with fiscal agent | 126,795 | 38 | - | 126,833 |
| Accounts receivable | 1,192 | - | 1,192 | - |
| | <u>\$ 322,199</u> | <u>\$ 4,438</u> | <u>\$ 1,192</u> | <u>\$ 325,445</u> |

Liabilities

| | | | | |
|--------------------|-------------------|-----------------|-----------------|-------------------|
| Due to bondholders | <u>\$ 322,199</u> | <u>\$ 4,438</u> | <u>\$ 1,192</u> | <u>\$ 325,445</u> |
|--------------------|-------------------|-----------------|-----------------|-------------------|

| | <u>Balance at July 1, 2015</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance at June 30, 2016</u> |
|----------------------------------|------------------------------------|------------------|------------------|-------------------------------------|
| <u>TOTALS - ALL AGENCY FUNDS</u> | | | | |

Assets

| | | | | |
|---|----------------------|-------------------|-------------------|----------------------|
| Cash and investments | \$ 6,213,160 | \$ 707,740 | \$ 136,676 | \$ 6,784,224 |
| Cash and investments with fiscal agent | 3,760,647 | 647 | 216,425 | 3,544,869 |
| Accounts receivable | 44,866 | - | 44,866 | - |
| Total assets | <u>\$ 10,018,673</u> | <u>\$ 708,387</u> | <u>\$ 397,967</u> | <u>\$ 10,329,093</u> |

Liabilities

| | | | | |
|--------------------|----------------------|-------------------|-------------------|----------------------|
| Accounts payable | \$ - | \$ 608,502 | \$ - | \$ 608,502 |
| Deposits payable | 2,943,009 | 65,080 | 102,331 | 2,905,758 |
| Due to bondholders | 7,075,664 | 34,805 | 295,636 | 6,814,833 |
| Total liabilities | <u>\$ 10,018,673</u> | <u>\$ 708,387</u> | <u>\$ 397,967</u> | <u>\$ 10,329,093</u> |

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STATISTICAL SECTION

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 says about financial trends, revenue capacity, debt capacity, demographics, and operating information.

| <u>Contents</u> | <u>Page</u> |
|---|-------------|
| Financial Trends These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time. | 120 |
| Revenue Capacity These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes. | 128 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future. | 140 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments. | 148 |
| Operating Information These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs. | 150 |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF UPLAND

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

| | Fiscal Year Ended June 30, | | | |
|---|----------------------------|-----------------------|-----------------------|-----------------------|
| | 2007 | 2008 | 2009 | 2010 |
| Governmental activities | | | | |
| Invested in capital assets, net of related debt | \$ 142,064,027 | \$ 203,131,709 | \$ 245,472,014 | \$ 241,385,275 |
| Restricted | 29,221,940 | 24,618,161 | 33,823,149 | 28,585,512 |
| Unrestricted | 35,167,790 | 31,848,246 | 8,655,969 | 2,933,314 |
| Total governmental activities net position | <u>\$ 206,453,757</u> | <u>\$ 259,598,116</u> | <u>\$ 287,951,132</u> | <u>\$ 272,904,101</u> |
| Business-type activities | | | | |
| Invested in capital assets, net of related debt | \$ 49,963,850 | \$ 63,754,844 | \$ 66,319,305 | \$ 73,989,104 |
| Restricted | - | - | - | - |
| Unrestricted | 45,277,833 | 40,163,907 | 38,576,939 | 36,680,591 |
| Total business-type activities net position | <u>\$ 95,241,683</u> | <u>\$ 103,918,751</u> | <u>\$ 104,896,244</u> | <u>\$ 110,669,695</u> |
| Primary government | | | | |
| Invested in capital assets, net of related debt | \$ 192,027,877 | \$ 266,886,553 | \$ 311,791,319 | \$ 315,374,379 |
| Restricted | 29,221,940 | 24,618,161 | 33,823,149 | 28,585,512 |
| Unrestricted | 80,445,623 | 72,012,153 | 47,232,908 | 39,613,905 |
| Total primary government net position | <u>\$ 301,695,440</u> | <u>\$ 363,516,867</u> | <u>\$ 392,847,376</u> | <u>\$ 383,573,796</u> |

Source: Finance Division, City of Upland

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 247,582,946 | \$ 279,503,381 | \$ 281,184,806 | \$ 272,320,453 | \$ 274,795,930 | \$ 269,132,382 |
| 23,099,917 | 15,971,514 | 22,177,079 | 18,336,004 | 14,482,775 | 25,659,378 |
| (2,198,045) | (12,516,353) | (19,386,237) | (253,534) | (62,716,819) | (64,259,153) |
| <u>\$ 268,484,818</u> | <u>\$ 282,958,542</u> | <u>\$ 283,975,648</u> | <u>\$ 290,402,923</u> | <u>\$ 226,561,886</u> | <u>\$ 230,532,607</u> |
| \$ 73,202,621 | \$ 75,066,229 | \$ 76,050,669 | \$ 75,114,852 | \$ 68,450,050 | \$ 67,891,850 |
| - | - | - | - | - | - |
| 42,140,896 | 38,813,010 | 37,241,528 | 36,705,400 | 27,528,096 | 34,916,716 |
| <u>\$ 115,343,517</u> | <u>\$ 113,879,239</u> | <u>\$ 113,292,197</u> | <u>\$ 111,820,252</u> | <u>\$ 95,978,146</u> | <u>\$ 102,808,566</u> |
| \$ 320,785,567 | \$ 354,569,610 | \$ 357,235,475 | \$ 347,435,305 | \$ 343,245,980 | \$ 337,024,232 |
| 23,099,917 | 15,971,514 | 22,177,079 | 18,336,004 | 14,482,775 | 25,659,378 |
| 39,942,851 | 26,296,657 | 17,855,291 | 36,451,866 | (35,188,723) | (29,342,437) |
| <u>\$ 383,828,335</u> | <u>\$ 396,837,781</u> | <u>\$ 397,267,845</u> | <u>\$ 402,223,175</u> | <u>\$ 322,540,032</u> | <u>\$ 333,341,173</u> |

CITY OF UPLAND

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

| | Fiscal Year Ended June 30, | | | | |
|---|----------------------------|----------------|----------------|-----------------|-----------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 3,013,964 | \$ 4,732,144 | \$ 4,424,174 | \$ 3,845,613 | \$ 3,894,625 |
| Public safety | 24,131,173 | 25,509,677 | 24,736,537 | 27,994,406 | 26,883,113 |
| Engineering and public works | 9,070,869 | 7,767,952 | 17,926,088 | 11,196,658 | 8,734,681 |
| Development services | 6,913,597 | 15,181,133 | 11,165,502 | 11,058,341 | 13,322,147 |
| Community services | 5,202,440 | 3,976,025 | 1,353,790 | 4,460,801 | 3,962,221 |
| Interest expense | 2,629,911 | 5,020,678 | 1,567,438 | 2,255,445 | 2,186,876 |
| Total governmental activities expenses | 50,961,954 | 62,187,609 | 61,173,529 | 60,811,264 | 58,983,663 |
| Business-type activities: | | | | | |
| Water utility | 12,654,182 | 13,633,781 | 16,904,301 | 16,580,163 | 15,393,981 |
| Solid waste utility | 8,860,304 | 10,905,935 | 9,758,184 | 9,730,993 | 9,669,314 |
| Sewer utility | 4,787,995 | 5,196,659 | 5,821,768 | 6,169,303 | 6,098,777 |
| Animal services | - | - | - | 8,852 | 1,150,728 |
| Total business-type activities expenses | 26,302,481 | 29,736,375 | 32,484,253 | 32,489,311 | 32,312,800 |
| Total primary government expenses | \$ 77,264,435 | \$ 91,923,984 | \$ 93,657,782 | \$ 93,300,575 | \$ 91,296,463 |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ 1,272,003 | \$ 2,648,542 | \$ 2,850,519 | \$ 2,487,288 | \$ 1,318,635 |
| Public safety | 3,088,857 | 2,799,992 | 2,760,224 | 2,487,629 | 2,464,321 |
| Engineering and public works | 505,997 | 420,351 | 426,987 | 364,187 | 398,112 |
| Development services | 3,501,508 | 1,661,939 | 470,048 | 514,645 | 3,789,998 |
| Community services | 604,578 | 837,149 | 903,935 | 902,971 | 690,120 |
| Operating grants and contributions | 5,588,669 | 15,264,569 | 6,968,247 | 6,153,273 | 6,637,224 |
| Capital grants and contributions | 3,644,116 | 51,902,682 | 38,292,605 | 4,138,510 | 2,113,299 |
| Total governmental activities program revenues | 18,205,728 | 75,535,224 | 52,672,565 | 17,048,503 | 17,411,709 |
| Business-type activities | | | | | |
| Charges for services: | | | | | |
| Water utility | 16,630,059 | 16,077,444 | 15,717,899 | 14,219,495 | 22,016,148 |
| Solid waste utility | 9,053,671 | 10,054,093 | 9,949,742 | 9,784,984 | 9,617,834 |
| Sewer utility | 4,893,853 | 5,229,130 | 5,371,785 | 5,791,624 | 5,822,597 |
| Animal services | - | - | - | 35,798 | 334,927 |
| Operating grants and contributions | 1,413,178 | 839,054 | - | - | - |
| Capital grants and contributions | 3,361,628 | 4,024,394 | 1,614,270 | 270,118 | - |
| Total business-type activities program revenues | 35,352,389 | 36,224,115 | 32,653,696 | 30,102,019 | 37,791,506 |
| Total primary government program revenues | \$ 53,558,117 | \$ 111,759,339 | \$ 85,326,261 | \$ 47,150,522 | \$ 55,203,215 |
| Net (expenses)/revenue | | | | | |
| Governmental activities | \$ (32,756,226) | \$ 13,347,615 | \$ (8,500,964) | \$ (43,762,761) | \$ (41,571,954) |
| Business-type activities | 9,049,908 | 6,487,740 | 169,443 | (2,387,292) | 5,478,706 |
| Total net revenues (expense) | \$ (23,706,318) | \$ 19,835,355 | \$ (8,331,521) | \$ (46,150,053) | \$ (36,093,248) |

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|----|---------------------|------------------------|------------------------|------------------------|------------------------|
| \$ | 5,137,446 | \$ 4,113,605 | \$ 4,709,996 | \$ 3,050,233 | \$ 5,626,905 |
| | 30,710,194 | 29,009,795 | 24,047,934 | 27,468,131 | 27,178,673 |
| | 12,074,768 | 7,868,067 | 9,879,986 | 9,281,467 | 11,049,238 |
| | 5,218,453 | 4,967,335 | 3,174,496 | 5,447,239 | 5,214,410 |
| | 4,584,937 | 6,100,981 | 4,057,338 | 5,073,673 | 4,308,397 |
| | 1,326,383 | 310,478 | 286,492 | 284,269 | 281,359 |
| | <u>59,052,181</u> | <u>52,370,261</u> | <u>46,156,242</u> | <u>50,605,012</u> | <u>53,658,982</u> |
| | 17,893,977 | 17,019,949 | 19,565,979 | 20,124,035 | 16,121,912 |
| | 9,360,397 | 9,246,343 | 9,322,648 | 9,872,451 | 9,602,172 |
| | 5,882,096 | 5,813,597 | 6,278,008 | 7,457,367 | 7,063,779 |
| | 1,163,149 | 1,082,162 | 1,020,821 | - | - |
| | <u>34,299,619</u> | <u>33,162,051</u> | <u>36,187,456</u> | <u>37,453,853</u> | <u>32,787,863</u> |
| \$ | <u>93,351,800</u> | <u>\$ 85,532,312</u> | <u>\$ 82,343,698</u> | <u>\$ 88,058,865</u> | <u>\$ 86,446,845</u> |
| \$ | 1,428,531 | \$ 1,416,615 | \$ 1,508,984 | \$ 1,658,124 | \$ 1,124,713 |
| | 2,509,528 | 2,526,925 | 2,930,767 | 3,593,175 | 3,789,627 |
| | 271,742 | 411,595 | 579,582 | 660,583 | 246,341 |
| | 2,094,944 | 3,881,798 | 4,541,765 | 4,612,643 | 4,933,961 |
| | 624,243 | 611,995 | 1,058,570 | 1,097,518 | 1,072,754 |
| | 6,515,231 | 6,554,132 | 6,234,320 | 7,014,790 | 5,120,131 |
| | 1,827,726 | 2,614,837 | 1,636,573 | 2,712,801 | 3,926,465 |
| | <u>15,271,945</u> | <u>18,017,897</u> | <u>18,490,561</u> | <u>21,349,634</u> | <u>20,213,992</u> |
| | 17,769,773 | 17,324,491 | 18,184,343 | 22,713,562 | 18,601,289 |
| | 9,421,363 | 9,535,127 | 9,592,364 | 10,355,699 | 10,544,776 |
| | 6,193,947 | 6,294,532 | 6,432,824 | 7,233,341 | 8,068,428 |
| | 438,750 | 567,329 | 384,674 | - | - |
| | - | - | 23,220 | 21,672 | 15,519 |
| | - | - | - | - | - |
| | <u>33,823,833</u> | <u>33,721,479</u> | <u>34,617,425</u> | <u>40,324,274</u> | <u>37,230,012</u> |
| \$ | <u>49,095,778</u> | <u>\$ 51,739,376</u> | <u>\$ 53,107,986</u> | <u>\$ 61,673,908</u> | <u>\$ 57,444,004</u> |
| \$ | (43,780,236) | \$ (34,352,364) | \$ (27,665,681) | \$ (29,255,378) | \$ (33,444,990) |
| | (475,786) | 559,428 | (1,570,031) | 2,870,421 | 4,442,149 |
| \$ | <u>(44,256,022)</u> | <u>\$ (33,792,936)</u> | <u>\$ (29,235,712)</u> | <u>\$ (26,384,957)</u> | <u>\$ (29,002,841)</u> |

CITY OF UPLAND

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

| | Fiscal Year Ended June 30, | | | | |
|---|----------------------------|----------------------|----------------------|-----------------------|----------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| General Revenues and Other Changes in Net Position | | | | | |
| Governmental activities: | | | | | |
| Taxes | | | | | |
| Property taxes | \$ 19,068,422 | \$ 19,219,566 | \$ 18,380,458 | \$ 18,436,456 | \$ 18,288,333 |
| Tax increment | 6,787,912 | 8,456,028 | 8,812,255 | 6,016,240 | 7,628,784 |
| Sales taxes | 8,377,346 | 8,099,992 | 7,006,296 | 6,852,466 | 7,228,970 |
| Other taxes | 2,260,772 | 1,734,650 | 3,205,483 | 1,469,692 | 1,359,820 |
| Investment income | 1,809,955 | 760,153 | 2,096,228 | 1,299,166 | 411,082 |
| Motor vehicle in lieu | 404,229 | 605,573 | 518,539 | 485,436 | 674,770 |
| Gain on sale of assets | 6,011,642 | 359,100 | 564,698 | 292,828 | 47,086 |
| Miscellaneous revenue | 339,302 | 168,821 | 1,016,498 | 1,980,747 | 377,996 |
| Extraordinary gain (note 21) | - | - | - | - | - |
| Transfers | (11,715) | 100,000 | 186,459 | (7,864,436) | 1,135,830 |
| Total governmental activities | <u>45,047,865</u> | <u>39,503,883</u> | <u>41,786,914</u> | <u>28,968,595</u> | <u>37,152,671</u> |
| Business-type activities: | | | | | |
| Investment income | 774,372 | 1,244,235 | 754,695 | 274,432 | 330,946 |
| Share of joint venture net income | 948,545 | 10,000 | - | - | - |
| Gain on sale of assets | - | - | - | - | - |
| Miscellaneous revenue | - | - | - | 21,875 | - |
| Transfers | 11,715 | (100,000) | (186,459) | 7,864,436 | (1,135,830) |
| Total business-type activities | <u>1,734,632</u> | <u>1,154,235</u> | <u>568,236</u> | <u>8,160,743</u> | <u>(804,884)</u> |
| Total primary government | <u>\$ 46,782,497</u> | <u>\$ 40,658,118</u> | <u>\$ 42,355,150</u> | <u>\$ 37,129,338</u> | <u>\$ 36,347,787</u> |
| Changes in Net Position | | | | | |
| Governmental activities | \$ 12,291,639 | \$ 52,851,498 | \$ 33,285,950 | \$ (14,794,166) | \$ (4,419,283) |
| Business-type activities | 10,784,540 | 7,641,975 | 737,679 | 5,773,451 | 4,673,822 |
| Total primary government | <u>\$ 23,076,179</u> | <u>\$ 60,493,473</u> | <u>\$ 34,023,629</u> | <u>\$ (9,020,715)</u> | <u>\$ 254,539</u> |

Source: Finance Division, City of Upland

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|----|-------------------|--------------------|-------------------|-------------------|-------------------|
| \$ | 16,279,713 | \$ 17,207,416 | \$ 17,656,767 | \$ 18,376,071 | \$ 19,309,037 |
| | 4,813,601 | - | - | - | - |
| | 9,992,768 | 10,167,479 | 11,282,830 | 12,477,307 | 13,909,909 |
| | 1,676,719 | 1,603,147 | 1,744,459 | 1,890,562 | 1,778,356 |
| | 100,072 | 26,819 | 61,284 | 93,147 | 216,843 |
| | 179,479 | 190,258 | 217,444 | 852,384 | 429,308 |
| | 9,682 | - | 51,530 | 14,151 | 32,589 |
| | 908,588 | 583,147 | 3,494,568 | 4,238,903 | 394,567 |
| | 23,491,941 | - | - | - | - |
| | 1,195,158 | 5,922,919 | (69,537) | 122,245 | (3,000) |
| | <u>58,647,721</u> | <u>35,701,185</u> | <u>34,439,345</u> | <u>38,064,770</u> | <u>36,067,609</u> |
| | 186,316 | 53,563 | 28,549 | 99,832 | 148,205 |
| | - | - | - | - | - |
| | 20,350 | - | - | - | - |
| | - | - | - | - | - |
| | (1,195,158) | (1,058,593) | 69,537 | (122,245) | 3,000 |
| | <u>(988,492)</u> | <u>(1,005,030)</u> | <u>98,086</u> | <u>(22,413)</u> | <u>151,205</u> |
| \$ | <u>57,659,229</u> | <u>34,696,155</u> | <u>34,537,431</u> | <u>38,042,357</u> | <u>36,218,814</u> |
| \$ | 14,867,485 | \$ 1,348,821 | \$ 6,773,664 | \$ 8,809,392 | \$ 2,622,619 |
| | (1,464,278) | (445,602) | (1,471,945) | 2,848,008 | 4,593,354 |
| \$ | <u>13,403,207</u> | <u>903,219</u> | <u>5,301,719</u> | <u>11,657,400</u> | <u>7,215,973</u> |

CITY OF UPLAND

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

| | Fiscal Year Ended June 30, | | | |
|---------------------------------------|----------------------------|----------------------|----------------------|----------------------|
| | 2007 | 2008 | 2009 | 2010 |
| General Fund | | | | |
| Reserved | \$ 3,757,524 | \$ 4,504,251 | \$ 3,119,899 | \$ 288,827 |
| Unreserved | 16,089,365 | 12,038,900 | 6,971,355 | 7,913,927 |
| Nonspendable | - | - | - | - |
| Restricted | - | - | - | - |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total General Fund | \$ 19,846,889 | \$ 16,543,151 | \$ 10,091,254 | \$ 8,202,754 |
| Other governmental funds | | | | |
| Reserved | \$ 11,622,432 | \$ 11,790,857 | \$ 12,039,958 | \$ 10,114,180 |
| Unreserved, reported in: | | | | |
| Special revenue funds | 4,651,173 | 5,513,516 | 5,521,555 | 6,401,610 |
| Debt service funds | 13,119,408 | 16,181,160 | 20,100,303 | 3,934,620 |
| Capital projects funds | 10,837,611 | 8,456,396 | (3,035,140) | 4,357,471 |
| Nonspendable | - | - | - | - |
| Restricted | - | - | - | - |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total Other Governmental Funds | \$ 40,230,624 | \$ 41,941,929 | \$ 34,626,676 | \$ 24,807,881 |

Source: Finance Division, City of Upland

Notes:

- (1) Increase in General Fund Balance due to increased Property Tax, Sales Tax, and Intergovernmental Revenue, refer to MD&A and Statement of Revenues, Expenditures and
- (2) Increase in Fund Balance for Other Governmental Funds is due to decreased expenses in Special Revenue and Capital Projects Funds.

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------------|-------------------|-------------------|---------------------|----------------------|----------------------|
| \$ - | \$ - | \$ - | \$ - | | |
| - | - | - | - | | |
| 393,974 | 125,762 | 139,164 | 158,323 | 110,709 | 63,831 |
| - | - | - | - | | |
| - | - | - | - | | |
| - | - | - | - | | |
| 5,730,018 | 805,739 | 721,275 | 3,841,677 | 10,284,958 | 14,478,664 |
| <u>\$ 6,123,992</u> | <u>\$ 931,501</u> | <u>\$ 860,439</u> | <u>\$ 4,000,000</u> | <u>\$ 10,395,667</u> | <u>\$ 14,542,495</u> |

(1)

| | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 23,005,460 | 10,208,668 | 15,078,398 | 18,683,199 | 34,769,384 | 38,524,248 |
| - | - | - | - | - | - |
| 291,300 | - | - | - | - | - |
| (2,192,732) | (83,676) | (1,525,535) | (112,511) | (20,372) | (254,428) |
| <u>\$ 21,104,028</u> | <u>\$ 10,124,992</u> | <u>\$ 13,552,863</u> | <u>\$ 18,570,688</u> | <u>\$ 34,749,012</u> | <u>\$ 38,269,820</u> |

(2)

CITY OF UPLAND

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

| | Fiscal Year Ended June 30, | | | |
|--|----------------------------|---------------------|------------------------|------------------------|
| | 2007 | 2008 | 2009 | 2010 |
| Revenues | | | | |
| Taxes | \$ 38,991,262 | \$ 40,168,833 | \$ 39,741,446 | \$ 37,799,498 |
| Licenses and permits | 1,467,168 | 891,566 | 948,778 | 992,516 |
| Charges for services | 3,390,271 | 4,406,533 | 4,894,688 | 4,390,535 |
| Fines and penalties | 1,331,232 | 1,290,164 | 926,545 | 638,627 |
| Investment income | 2,757,757 | 3,034,259 | 1,807,832 | 1,119,133 |
| Rental income | 2,858,176 | 3,062,207 | 2,348,894 | 3,390,859 |
| Intergovernmental | 5,353,059 | 9,976,340 | 9,057,297 | 6,657,431 |
| Contributions from property owners | - | - | - | - |
| Other | 2,250,960 | 7,592,760 | 1,013,468 | 1,980,747 |
| Total revenues | <u>58,399,885</u> | <u>70,422,662</u> | <u>60,738,948</u> | <u>56,969,346</u> |
| Expenditures | | | | |
| General government | 3,517,250 | 5,023,565 | 5,171,784 | 4,120,131 |
| Public safety | 23,719,136 | 26,405,130 | 27,883,044 | 27,545,584 |
| Engineering and public works | 14,623,466 | 11,425,896 | 19,849,223 | 12,931,622 |
| Development services | 13,868,883 | 23,197,869 | 12,227,932 | 11,046,686 |
| Community services | 5,527,730 | 8,016,140 | 4,974,815 | 4,519,662 |
| Debt service | | | | |
| Principal | 3,245,000 | 8,245,000 | 1,740,000 | 1,800,000 |
| Interest and fiscal charges | 3,121,538 | 3,604,214 | 1,870,154 | 2,295,709 |
| Pass-through payments | 1,158,614 | 1,552,885 | 1,747,905 | 4,852,006 |
| Total expenditures | <u>68,781,617</u> | <u>87,470,699</u> | <u>75,464,857</u> | <u>69,111,400</u> |
| Excess (deficiency) of revenues over (under) expenditures | (10,381,732) | (17,048,037) | (14,725,909) | (12,142,054) |
| Other financing sources (uses) | | | | |
| Transfers in | 6,151,865 | 17,435,006 | 8,346,657 | 21,650,371 |
| Transfers out | (6,563,580) | (17,335,006) | (8,160,198) | (21,650,371) |
| Extraordinary gain (loss) (note 21) | - | - | - | - |
| Proceeds from sale of capital assets | 6,011,642 | 596,576 | - | 292,828 |
| Issuance of capital leases | - | - | 772,300 | - |
| Payments to bond escrow | (4,901,382) | - | - | - |
| Issuance of bonds | 15,000,000 | 18,000,000 | - | - |
| Total other financing sources(uses) | <u>15,698,545</u> | <u>18,696,576</u> | <u>958,759</u> | <u>292,828</u> |
| Net change in fund balances | <u>\$ 5,316,813</u> | <u>\$ 1,648,539</u> | <u>\$ (13,767,150)</u> | <u>\$ (11,849,226)</u> |
| Debt service as a percentage of noncapital expenditures* | 11.1% | 18.2% | 6.5% | 6.3% |

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

Debt Service = Principal + Interest and fiscal charges

Non-Capital Expenditures = Total Expenditures - Capital Outlay

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----------------|-----------------|---------------|---------------|---------------|---------------|
| \$ 38,213,931 | \$ 35,295,459 | \$ 30,756,478 | \$ 32,593,211 | \$ 35,655,141 | \$ 37,799,228 |
| 1,004,926 | 1,070,611 | 987,862 | 1,041,388 | 1,794,686 | 1,875,032 |
| 4,711,284 | 4,203,719 | 4,362,451 | 5,230,294 | 5,606,821 | 5,392,160 |
| 460,768 | 517,741 | 500,389 | 533,282 | 604,509 | 594,417 |
| 281,201 | 100,072 | 27,704 | 57,147 | 92,100 | 187,819 |
| 3,475,107 | 1,727,205 | 3,318,077 | 3,787,894 | 3,860,094 | 4,013,904 |
| 7,161,290 | 7,268,610 | 7,221,745 | 6,806,235 | 7,655,572 | 5,435,521 |
| - | - | - | - | - | - |
| 908,044 | 1,182,183 | 1,254,136 | 4,659,040 | 5,317,007 | 1,273,394 |
| 56,216,551 | 51,365,600 | 48,428,842 | 54,708,491 | 60,585,930 | 56,571,475 |
| 5,360,853 | 5,991,749 | 4,805,137 | 5,138,890 | 3,420,069 | 3,658,673 |
| 26,456,365 | 27,603,446 | 26,530,316 | 25,998,626 | 26,462,312 | 28,178,150 |
| 11,382,753 | 7,940,843 | 10,362,812 | 4,870,786 | 5,698,034 | 7,874,070 |
| 9,973,548 | 4,959,672 | 4,857,256 | 4,612,547 | 5,274,072 | 5,262,923 |
| 4,079,975 | 3,894,008 | 4,145,232 | 3,908,447 | 4,506,490 | 4,216,350 |
| 1,860,000 | 1,925,000 | 210,000 | 220,000 | 235,000 | 258,368 |
| 2,231,251 | 1,245,747 | 320,368 | 296,957 | 289,559 | 298,494 |
| 1,442,542 | 801,386 | - | - | - | - |
| 62,787,287 | 54,361,851 | 51,231,121 | 45,046,253 | 45,885,536 | 49,747,028 |
| (6,570,736) | (2,996,251) | (2,802,279) | 9,662,238 | 14,700,394 | 6,824,447 |
| 4,751,051 | 2,073,948 | 6,808,907 | 2,761,375 | 273,409 | 1,208,553 |
| (3,615,221) | (1,129,300) | (870,049) | (3,919,838) | (2,478,470) | (1,525,154) |
| - | (14,129,606) | - | - | - | - |
| 47,086 | 9,682 | - | - | - | 1,600 |
| - | - | - | - | - | 200,524 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 1,182,916 | (13,175,276) | 5,938,858 | (1,158,463) | (2,205,061) | (114,477) |
| \$ (5,387,820) | \$ (16,171,527) | \$ 3,136,579 | \$ 8,503,775 | \$ 12,495,333 | \$ 6,709,970 |
| 7.5% | 6.0% | 1.2% | 1.2% | 1.2% | 1.1% |

CITY OF UPLAND

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

| | Fiscal Year | | | |
|-------------------|------------------|------------------|------------------|------------------|
| | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| Residential | 5,003,729 | 5,470,635 | 5,638,782 | 5,304,942 |
| Commercial | 615,727 | 698,383 | 774,553 | 824,278 |
| Industrial | 198,361 | 259,351 | 280,887 | 312,147 |
| Dry Farm | 4,565 | 4,573 | 4,664 | 4,758 |
| Govt. Owned | 3,736 | 3,810 | 3,887 | 10,101 |
| Institutional | 11,613 | 12,703 | 15,139 | 15,000 |
| Irrigated | 1,772 | 1,808 | 1,844 | 1,881 |
| Miscellaneous | 55,452 | 75,878 | 74,054 | 79,608 |
| Recreational | 21,607 | 24,385 | 22,650 | 19,497 |
| Vacant | 57,582 | 89,930 | 84,346 | 82,266 |
| SBE Nonunitary | 1,381 | 153 | 69 | 69 |
| Unsecured | 203,984 | 233,457 | 274,194 | 280,845 |
| TOTALS | 6,179,508 | 6,875,066 | 7,175,069 | 6,935,391 |
| Total Direct Rate | <u>0.27251%</u> | <u>0.27771%</u> | <u>0.25824%</u> | <u>0.29355%</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 2006/07 - 2015/16 Combined Tax Rolls; HdL Coren & Cone

| Fiscal Year | | | | | |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
| 5,276,157 | 5,382,875 | 5,498,151 | 5,680,385 | 6,068,414 | 6,401,935 |
| 809,416 | 820,057 | 823,190 | 849,188 | 873,943 | 875,269 |
| 309,820 | 309,414 | 306,113 | 314,762 | 318,293 | 342,277 |
| 4,746 | 4,021 | 4,029 | 4,184 | 4,186 | 470 |
| 934 | 941 | 960 | 979 | 983 | 1,003 |
| 17,232 | 12,430 | 12,982 | 14,288 | 10,334 | 9,826 |
| 1,876 | 1,890 | 1,928 | 1,967 | 1,976 | 2,015 |
| 73,372 | 74,576 | 76,292 | 78,275 | 78,792 | 80,400 |
| 18,770 | 17,828 | 18,041 | 14,322 | 14,353 | 14,804 |
| 69,147 | 71,460 | 68,364 | 74,268 | 65,657 | 84,782 |
| 69 | 69 | 69 | 69 | 70 | 70 |
| 274,428 | 262,654 | 265,091 | 262,039 | 259,893 | 268,858 |
| 6,855,966 | 6,958,214 | 7,075,211 | 7,294,725 | 7,696,894 | 8,081,709 |
| <u>0.29273%</u> | <u>0.29248%</u> | <u>0.29337%</u> | <u>0.17491%</u> | <u>0.17491%</u> | <u>0.17492%</u> |

CITY OF UPLAND

**WATER SALES BY USER TYPE
LAST TEN FISCAL YEARS**

| Fiscal Year | Residential | | Commercial | | Public Agency | | Irrigation | |
|-------------|------------------|------------|------------------|------------|------------------|------------|------------------|------------|
| | Gallons Consumed | % of Total |
| 2007 | 5,374,168,316 | 76.2% | 729,630,616 | 10.3% | 337,765,384 | 4.8% | 612,131,784 | 8.7% |
| 2008 | 5,517,246,504 | 75.2% | 760,085,436 | 10.4% | 345,603,676 | 4.7% | 715,281,732 | 9.7% |
| 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% |

Source: Finance Division, City of Upland

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CITY OF UPLAND

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
(RATE PER \$100 OF TAXABLE VALUE)
LAST TEN FISCAL YEARS**

| <u>Agency</u> | Fiscal Year | | | |
|---|----------------|----------------|----------------|----------------|
| | <u>2006/07</u> | <u>2007/08</u> | <u>2008/09</u> | <u>2009/10</u> |
| Basic Levy¹ | 1.00000 | 1.00000 | 1.00000 | 1.00000 |
| Alta Loma Elementary Bond | 0.03770 | 0.03480 | 0.03010 | 0.03870 |
| Central Elementary Bond | 0.05530 | 0.05500 | 0.05690 | 0.05840 |
| Chaffey Community College Bond | 0.01670 | 0.01920 | 0.02090 | 0.01220 |
| Chaffey High School Bond | 0.01930 | 0.01690 | 0.01620 | 0.01680 |
| Metropolitan Water Agency | 0.00470 | 0.00450 | 0.00430 | 0.00430 |
| Ontario-Montclair Elementary Bond | 0.02220 | 0.01240 | 0.02380 | 0.02870 |
| Upland Unified School Bond | 0.02790 | 0.02610 | 0.03420 | 0.03810 |
| Total Direct & Overlapping² Tax Rates | <u>1.18380</u> | <u>1.16890</u> | <u>1.18640</u> | <u>1.19720</u> |
| City Share of 1% levy per Prop 13³ | 0.17482 | 0.17482 | 0.17482 | 0.17482 |
| Redevelopment Rate⁴ | 1.00470 | 1.00450 | 1.00430 | 1.00430 |
| Total Direct Rate⁵ | <u>0.27251</u> | <u>0.27771</u> | <u>0.28524</u> | <u>0.29355</u> |

Notes:

¹ In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

² Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

³ City's share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.

⁴ Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

⁵ Total Direct Rate is the weighted average of all individual direct rates applied to by the government preparing the statistical section information and excludes revenues derived from aircraft taxes. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purpose of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

Source: San Bernardino County Assessor 2006/07 - 2015/16 Tax Rate Table; HdL Coren & Cone

| Fiscal Year | | | | | |
|----------------|----------------|----------------|----------------|----------------|----------------|
| <u>2010/11</u> | <u>2011/12</u> | <u>2012/13</u> | <u>2013/14</u> | <u>2014/15</u> | <u>2015/16</u> |
| 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 |
| 0.04510 | 0.04530 | 0.04580 | 0.04500 | 0.04370 | 0.04170 |
| 0.06900 | 0.06880 | 0.07270 | 0.07110 | 0.06600 | 0.06500 |
| 0.00910 | 0.01530 | 0.01110 | 0.01570 | 0.01090 | 0.01130 |
| 0.01920 | 0.01940 | 0.01010 | 0.03710 | 0.02940 | 0.04090 |
| 0.00370 | 0.00370 | 0.00350 | 0.00350 | 0.00350 | 0.00350 |
| 0.03360 | 0.02890 | 0.02740 | 0.02940 | 0.02600 | 0.02680 |
| 0.04430 | 0.04740 | 0.05240 | 0.04840 | 0.04620 | 0.05250 |
| <u>1.22400</u> | <u>1.22880</u> | <u>1.22300</u> | <u>1.25020</u> | <u>1.22570</u> | <u>1.24170</u> |
| 0.17482 | 0.17482 | 0.17482 | 0.17482 | 0.17482 | 0.17482 |
| 1.00370 | 1.00370 | n/a | n/a | n/a | n/a |
| <u>0.29273</u> | <u>0.29248</u> | <u>0.29377</u> | <u>0.17491</u> | <u>0.17491</u> | <u>0.17492</u> |

CITY OF UPLAND

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO

| Taxpayer | 2016 | | | 2007 | | |
|-------------------------------------|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Colonies-Pacific LLC | \$ 140,017,686 | 1 | 1.73% | \$ 41,594,291 | 1 | 0.67% |
| College Park Apartment Homes LP | 57,344,941 | 2 | 0.71% | | | |
| MG Stoneridge Village Grove LLC | 42,839,161 | 3 | 0.53% | | | |
| Rancho Monte Vista Apartment Homes | 41,655,748 | 4 | 0.52% | | | |
| CT Retail Properties Finance II LLC | 39,933,460 | 5 | 0.49% | 35,119,610 | 2 | 0.57% |
| WNG Mountain Springs GP | 36,532,291 | 6 | 0.45% | | | |
| College Business Park LLC | 34,726,001 | 7 | 0.43% | | | |
| Dee Matreyek Kurth Non Exempt Trust | 33,597,673 | 8 | 0.42% | | | |
| NU-168 Apartments LLC | 32,611,513 | 9 | 0.40% | | | |
| Bre Paragon MF Alvista Portofino | 27,228,209 | 10 | 0.34% | | | |
| Bill and Mary Matreyek Trust | | | | 30,740,637 | 3 | 0.50% |
| Mountain Springs | | | | 24,758,036 | 4 | 0.40% |
| Pres- Mountain Grove LP | | | | 24,685,000 | 5 | 0.40% |
| MG Parkview Apartments | | | | 21,196,485 | 6 | 0.34% |
| Broadstone Upland LLC | | | | 21,131,880 | 7 | 0.34% |
| Pacific Canyon Club LP | | | | 20,607,131 | 8 | 0.33% |
| 7th Street Apartments Investors LLC | | | | 20,257,320 | 9 | 0.33% |
| Norwalk Flallon LLC | | | | 18,881,500 | 10 | 0.31% |
| Totals | <u>\$ 486,486,683</u> | | <u>6.02%</u> | <u>\$ 258,971,890</u> | | <u>4.19%</u> |

Source: HdL Coren & Cone

CITY OF UPLAND

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

| Water Purchaser | 2016 | | | 2007 | | |
|-----------------------------------|--------------------|------|--------------------------------------|--------------------|------|--------------------------------------|
| | Gallons Consumed | Rank | Percentage of Total Gallons Consumed | Gallons Consumed | Rank | Percentage of Total Gallons Consumed |
| City of Upland | 169,469,872 | 1 | 3.4% | 284,346,216 | 1 | 3.9% |
| Upland Development, LLC | 137,632,000 | 2 | 2.7% | 43,115,468 | 4 | 0.6% |
| Mountain View Land Co. | 126,442,668 | 3 | 2.5% | 14,865,752 | 9 | 0.2% |
| Upland Unified School District | 109,651,564 | 4 | 2.2% | 112,237,400 | 2 | 1.6% |
| San Antonio Community Hospital | 55,958,628 | 5 | 1.1% | 71,123,580 | 3 | 1.0% |
| Upland Hills Estates HOA | 38,378,384 | 6 | 0.8% | | | |
| Upland Meadows Management | 29,282,704 | 7 | 0.6% | | | |
| Upland Hills CC COA | 28,020,828 | 8 | 0.6% | | | |
| State of California Dept of Trans | 26,759,700 | 9 | 0.5% | | | |
| College Park Apartment Homes | 22,307,604 | 10 | 0.4% | | | |
| Upland Cascade | | | | 37,178,592 | 5 | 0.5% |
| HWL Properties | | | | 36,370,752 | 6 | 0.5% |
| Upland Housing Authority | | | | 32,796,808 | 7 | 0.5% |
| Pebble Grove Apartments | | | | 18,272,892 | 8 | 0.3% |
| Upland Eldorado | | | | 14,148,420 | 10 | 0.2% |
| Totals | 743,903,952 | | 14.8% | 664,455,880 | | 9.3% |

Source: Finance Division, City of Upland

CITY OF UPLAND

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of Levy | | Collections in Subsequent Years ⁽¹⁾ | Total Collections to Date | |
|----------------------------------|--|---|--------------------|--|---------------------------|--------------------|
| | | Amount | Percent of Levy | | Amount | Percent of Levy |
| 2007 | 9,309,646 | 8,766,160 | 94.16% | N/A | 8,766,160 | 94.16% |
| 2008 | 10,272,452 | 9,499,598 | 92.48% | N/A | 9,499,598 | 92.48% |
| 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% |

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

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CITY OF UPLAND

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

| Fiscal Year Ended June 30, | Governmental Activities | | | | Total Governmental Activities |
|----------------------------------|----------------------------|--|------------------|-------------------|-------------------------------------|
| | Lease Revenue Bonds | Tax Allocation Notes ^(b) | Housing Bonds | Capital Leases | |
| 2007 | 2,115,000 | 47,340,000 | 6,700,000 | 209,766 | 56,364,766 |
| 2008 | 1,935,000 | 45,975,000 | 18,000,000 | 1,592,094 | 67,502,094 |
| 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 |

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

| <hr/> | | | | |
|---------------------------------|--------------------------------|--|--------------------------------------|----------------------------------|
| Business-type Activities | | | | |
| Water Lease Revenue Bonds | Total Primary Government | Percentage of Personal Income ^(a) | Debt Per Capita ^(a) | Fiscal Year Ended June 30, |
| | | | | |
| 15,407,614 | 71,772,380 | 3.60% | 971.95 | 2007 |
| 15,211,608 | 82,713,702 | 3.97% | 1,105.99 | 2008 |
| 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 |

CITY OF UPLAND

**DIRECT AND OVERLAPPING BOND DEBT
JUNE 30, 2016**

| | | | | |
|--|-----------------------------------|----|----------------------------------|---------------------------------------|
| FY 2015-16 Assessed Valuation | | \$ | 8,067,152,634 | |
| | | | | City's Share of Debt at 6/30/16 |
| <u>Overlapping Tax and Assessment Debt:</u> | <u>% Applicable⁽¹⁾</u> | | <u>Total Debt at 6/30/16</u> | |
| Metropolitan Water District | 0.329% | \$ | 92,865,000 | \$ 305,526 |
| Chaffey Community College District | 8.534% | | 149,080,324 | 12,722,515 |
| Upland Unified School District | 92.658% | | 100,523,399 | 93,142,971 |
| Chaffey Union High School District | 0.748% | | 309,906,255 | 2,318,099 |
| Alta Loma School District | 0.546% | | 11,644,861 | 63,581 |
| Central School District | 2.087% | | 36,860,968 | 769,288 |
| Ontario-Montclair School District | 2.354% | | 42,288,731 | 1,136,717 |
| Upland Unified School District Community Facilities District No. 99-1 | 100.000% | | 1,654,000 | 1,654,000 |
| Upland Unified School District Community Facilities District No. 01-1 | 100.000% | | 2,046,000 | 2,046,000 |
| City of Upland Community Facilities District No. 2003-1 | 100.000% | | 1,430,000 | 1,430,000 |
| City Of Upland Community Facilities District No. 2003-2, I.A. Nos. 1 & 2 | 100.000% | | 38,435,000 | 38,435,000 |
| | | \$ | <u>786,734,538</u> | <u>\$ 154,023,697</u> |
| <u>Total Overlapping Tax and Assessment Debt</u> | | | | |
| <u>Direct and Overlapping General Fund Debt:</u> | | | | |
| San Bernardino County General Fund Obligations | 4.299% | \$ | 435,550,000 | \$ 18,724,295 |
| San Bernardino County Pension Obligations | 4.299% | | 419,370,824 | 18,028,752 |
| San Bernardino County Flood Control Dist. Gen Fund Obligations | 4.299% | | 78,165,000 | 3,360,313 |
| Chaffey Community College District Gen. Fund Obligations | 8.534% | | 11,155,666 | 952,025 |
| City of Upland General Fund Obligations | 100.000% | | 250,000 | 250,000 |
| | | \$ | <u>944,491,490</u> | <u>\$ 41,315,385</u> |
| <u>Total Direct and Overlapping General Fund Debt</u> | | | | |
| <u>City of Upland Direct Debt</u> | | | | |
| City of Upland Housing Revenue Bonds | 100.000% | \$ | 18,000,000 | \$ 18,000,000 |
| Capital Lease (Fire Equipment) | 100.000% | | 187,156 | 187,156 |
| | | \$ | <u>18,187,156</u> | <u>\$ 18,187,156</u> |
| <u>Total City of Upland Direct Debt</u> | | | | |
| <u>Overlapping Tax Increment Debt (Successor Agency):</u> | | | | <u>\$ 30,395,000</u> |
| <u>Total Overlapping Debt</u> | | \$ | <u>1,731,226,028</u> | \$ 225,484,082 |
| <u>Total Direct Debt</u> | | | | \$ 18,437,156 |
| <u>Combined Total Debt</u> | | | | <u>\$ 243,921,238</u> |
| <u>Ratios to FY 2015-16 Assessed Valuation:</u> | | | | |
| Total Overlapping Tax and Assessment Debt | 1.91% | | | |
| Total Direct Debt (\$250,000) | 0.003% | | | |
| Combined Total Debt | 2.80% | | | |
| <u>Ratios to Redevelopment Incremental Valuation (\$1,188,065,728):</u> | | | | |
| Total Overlapping Tax Increment Debt | 2.56% | | | |

(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.

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CITY OF UPLAND

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

| | Fiscal Year Ended June 30, | | | | |
|---|----------------------------|----------------|----------------|----------------|----------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| Debt Limit | \$ 818,148,609 | \$ 900,487,972 | \$ 933,319,281 | \$ 930,115,752 | \$ 882,507,215 |
| Total Net Debt Applicable to Limit | - | - | - | - | - |
| Legal Debt Margin | \$ 818,148,609 | \$ 900,487,972 | \$ 933,319,281 | \$ 930,115,752 | \$ 882,507,215 |
| 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 2016:

Assessed Valuation

Debt Limit (15% of Assessed Value)

Debt Applicable to Limit:

General Obligation Bonds

Legal Debt Margin

Note: The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation.

(1) As a result of the dissolution of the Redevelopment Agency on January 31, 2012, total assessed value for the City is no longer reduced by the incremental value of the redevelopment project areas.

Fiscal Year Ended June 30,

| 2012 | 2013 | 2014 | 2015 | 2016 |
|----------------|------------------|------------------|------------------|----------------------|
| \$ 895,958,208 | \$ 1,058,579,687 | \$ 1,091,662,967 | \$ 1,152,315,001 | \$ 1,210,072,895 (1) |
| - | - | - | - | - |
| \$ 895,958,208 | \$ 1,058,579,687 | \$ 1,091,662,967 | \$ 1,152,315,001 | \$ 1,210,072,895 |
| 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

\$ 8,067,152,634

1,210,072,895

-
\$ 1,210,072,895

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 | |
| 2007 | 19,239,969 | 10,468,695 | 8,771,274 | 555,000 | 826,844 | 6.35 |
| 2008 | 17,608,967 | 11,584,227 | 6,024,740 | 575,000 | 808,364 | 4.36 |
| 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 |

Note: Water Charges and Other includes total revenues (including investment earnings).
Operating Expenses are exclusive of depreciation.

Source: Finance Division, City of Upland

Special Assessment Bonds

| Special Assessment Collections | Debt Service | | Coverage |
|--------------------------------------|--------------|-----------|----------|
| | Principal | Interest | |
| 2,598,917 | 460,000 | 2,614,098 | 0.85 |
| 2,957,694 | 510,000 | 2,527,715 | 0.97 |
| 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 |

CITY OF UPLAND

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

| <u>Calendar Year</u> | <u>Population</u> | <u>Personal Income (in thousands of dollars)</u> | <u>Per Capita Personal Income</u> | <u>School Enrollment</u> | <u>Unemployment Rate</u> |
|--------------------------|-------------------|--|---|------------------------------|------------------------------|
| 2006 | 73,844 | \$ 1,996,265 | \$ 27,034 | 14,128 | 3.2% |
| 2007 | 74,787 | \$ 2,084,384 | \$ 27,871 | 14,232 | 3.7% |
| 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% |

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

CITY OF UPLAND

**PRINCIPAL EMPLOYERS
CURRENT YEAR**

| Employer | 2016 | | | 2008 | | |
|---------------------------------------|--------------|------|-------------------------------------|--------------|------|-------------------------------------|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| San Antonio Community Hospital | 2,020 | 1 | 5.4% | 2,000 | 1 | 5.1% |
| Upland Unified School District | 956 | 2 | 2.5% | 1,009 | 2 | 2.6% |
| City of Upland | 386 | 3 | 1.0% | 332 | 4 | 0.8% |
| Upland Rehabilitaion & Care Center | 320 | 4 | 0.8% | | | |
| Wal Mart | 315 | 5 | 0.8% | 269 | 5 | 0.7% |
| Target | 265 | 6 | 0.7% | | | |
| Lewis Group | 220 | 7 | 0.6% | | | |
| VCI Construction | 210 | 8 | 0.6% | | | |
| Holliday Rock Co, Inc. | 203 | 9 | 0.5% | | | |
| Allied Professional Nursing Care, Inc | 200 | 10 | 0.5% | | | |
| Home Depot | | | | 351 | 3 | 0.9% |
| 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% |
| Lowe's | | | | 130 | 10 | 0.3% |
| Totals | <u>5,095</u> | | <u>13.5%</u> | <u>4,747</u> | | <u>12.1%</u> |

Note: Data on principal employers nine years ago is not available. In addition, data is not available to show at least 50% of employment.

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

CITY OF UPLAND

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

| Function | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General government | 88.40 | 93.75 | 97.75 | 98.00 | 102.00 | 75.00 | 75.50 | 78.25 | 78.00 | 64.00 |
| Public safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Officers | 82.00 | 84.00 | 84.00 | 84.00 | 85.00 | 76.00 | 70.00 | 70.00 | 70.00 | 74.00 |
| Civilians | 40.00 | 41.00 | 41.00 | 41.00 | 42.00 | 28.00 | 22.50 | 22.50 | 22.50 | 26.00 |
| Fire | | | | | | | | | | |
| Firefighters and officers | 41.00 | 43.00 | 43.00 | 43.00 | 43.00 | 41.00 | 41.00 | 40.00 | 40.00 | 40.00 |
| Civilians | 4.00 | 4.00 | 4.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| Highways and streets | | | | | | | | | | |
| Engineering | 6.50 | 6.00 | 6.00 | 6.00 | 6.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Operations | 21.00 | 22.00 | 22.00 | 20.00 | 20.00 | 23.00 | 23.00 | 23.00 | 22.00 | 23.50 |
| Recreation | 10.20 | 11.50 | 11.50 | 11.50 | 11.50 | 7.50 | 7.50 | 7.50 | 7.50 | 6.00 |
| Water | 18.00 | 20.00 | 21.00 | 23.00 | 23.00 | 22.00 | 24.00 | 24.00 | 24.00 | 24.00 |
| Solid Waste Utility | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | - | - | - | - | - |
| Environmental Quality | 5.00 | 6.00 | 6.00 | 6.00 | 6.00 | 5.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Total | 317.10 | 332.25 | 337.25 | 342.50 | 348.50 | 289.50 | 279.50 | 281.25 | 280.00 | 273.50 |

Source: Finance Division, City of Upland

CITY OF UPLAND

**CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

| Function | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fire | | | | | | | | | | |
| Stations | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 |
| Police | | | | | | | | | | |
| Patrol Units | 25 | 24 | 25 | 25 | 24 | 23 | 23 | 23 | 22 | 22 |
| Motorcycles | 5 | 6 | 6 | 6 | 6 | 6 | 5 | 4 | 5 | 5 |
| Library | | | | | | | | | | |
| Facilities | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Recreation | | | | | | | | | | |
| Buildings | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 |
| Parks | 12 | 12 | 12 | 12 | 13 | 13 | 13 | 13 | 13 | 13 |
| Soccer fields (lighted) | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Baseball fields (lighted) | 7 | 7 | 7 | 7 | 8 | 8 | 8 | 8 | 8 | 8 |
| Softball fields (lighted) | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 3 | 3 | 3 |
| Public Works | | | | | | | | | | |
| Miles of City Streets | 210.12 | 210.12 | 208.90 | 208.90 | 208.90 | 208.90 | 208.90 | 208.90 | 208.90 | 209.20 |
| Miles of State Highways | 7.25 | 7.25 | 6.70 | 6.70 | 6.70 | 6.70 | 6.70 | 6.70 | 6.70 | 6.70 |
| Miles of City Alleys | N/A | N/A | 37.50 | 37.50 | 37.50 | 37.50 | 37.50 | 37.50 | 37.50 | 37.50 |
| Water | | | | | | | | | | |
| Miles of Water Mains | 240.00 | 240.00 | 240.26 | 240.26 | 240.26 | 240.26 | 240.26 | 240.26 | 240.88 | 243.70 |
| Sewer | | | | | | | | | | |
| Miles of Sewer Lines | 228.00 | 228.00 | 228.00 | 228.00 | 228.00 | 228.00 | 228.00 | 228.00 | 228.00 | 228.00 |

Source: Various Departments, City of Upland

CITY OF UPLAND

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

| Function | Fiscal Year Ended June 30, | | |
|---|----------------------------|---------|---------|
| | 2007 | 2008 | 2009 |
| Function | | | |
| General government | | | |
| Building permits issued | 1,055 | 972 | 827 |
| Police | | | |
| Physical arrests | 4,476 | 5,433 | 3,032 |
| Traffic collisions | 755 | 750 | 473 |
| Fire | | | |
| Emergency responses | 7,120 | 6,538 | 6,049 |
| Public Works | | | |
| Miles of street sweeping | 10,488 | 9,216 | 9,216 |
| Potholes repaired | 2,184 | 2,200 | 1,363 |
| Number of trees pruned | 3,349 | 7,600 | 6,771 |
| Parks and recreation | | | |
| Community center admissions | 8,653 | 10,395 | 9,431 |
| Library | | | |
| Volumes in collection | 154,463 | 148,867 | 148,867 |
| Current Periodical & Serial Subscriptions | 267 | 267 | 267 |
| Audio-visual items | 8,341 | 7,773 | 7,773 |
| Water | | | |
| New meter installations | 376 | 534 | 553 |
| Average daily consumption (thousands of gallons) | 16,529 | 23,478 | 19,924 |
| Number of linear feet of new water pipelines | 7,380 | 13,585 | 1,385 |
| Refuse collection | | | |
| Refuse collected (tons per day) | 137 | 176 | 145 |
| Recyclables collected (tons per day) | 68 | 70 | 72 |
| Environmental Quality | | | |
| Number of sewer inspections conducted | 208 | 216 | 198 |
| Number of permitted dischargers/active permits | 197 | 187 | 201 |

Source: Various Departments, City of Upland

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------|---------|---------|---------|---------|---------|-----------|
| 973 | 1,055 | 1,042 | 1,120 | 1,408 | 2,007 | 1,176 |
| 5,317 | 4,476 | 3,809 | 3,104 | 4,272 | 3,532 | 3,013 |
| 610 | 755 | 666 | 634 | 667 | 690 | 814 |
| 6,748 | 7,120 | 7,300 | 7,865 | 9,482 | 8,855 | 9,607 |
| 9,216 | 10,488 | 14,172 | 14,484 | 14,484 | 13,009 | 14,600 |
| 2,714 | 2,184 | 918 | 831 | 910 | 2,400 | 318 |
| 7,192 | 3,349 | 9,235 | 5,405 | 5,671 | 5,015 | 2,378 |
| 9,102 | 8,653 | 8,454 | 9,093 | 9,406 | 9,450 | 8,868 |
| 148,867 | 154,463 | 159,746 | 157,769 | 117,295 | 113,146 | 111,548 |
| 267 | 267 | 81 | 73 | 340 | 83 | 97 |
| 7,773 | 8,341 | 8,454 | 7,464 | 5,911 | 5,947 | 5,695 |
| 676 | 376 | 292 | 550 | 1,056 | 981 | 894 |
| 22,589 | 16,529 | 21,838 | 21,087 | 20,690 | 17,848 | 14,209 |
| - | 7,380 | 17,240 | - | - | 3,668 | 1,286,736 |
| 138 | 137 | 129 | 130 | 144 | 140 | 158 |
| 68 | 68 | 72 | 65 | 72 | 64 | 68 |
| 214 | 208 | 199 | 207 | 210 | 201 | 208 |
| 202 | 197 | 196 | 192 | 194 | 197 | 193 |