



CITY OF UPLAND, CALIFORNIA

Comprehensive Annual Financial Report

Year ended June 30, 2019



The first Whole Foods 365 in San Bernardino County is now open in the new Sycamore Hills Development on Upland's western border with Claremont. This development features retail, dining, and a neighboring residential development featuring 321 residential units.



CITY OF UPLAND, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2019

Prepared by
Finance Division

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

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INTRODUCTORY SECTION



February 18, 2020

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

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

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

The Scope of the Comprehensive Annual Financial Report

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

The City of Upland

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

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

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

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

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

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

Outlook for the Future

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

Financial Controls

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

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

Budgetary Controls

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

OTHER RELEVANT INFORMATION

Auditor's Opinion

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

Certificate of Achievement

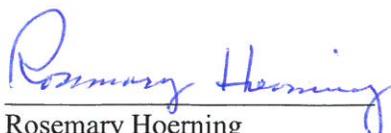
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Upland for its CAFR for the fiscal year ended June 30, 2018. To receive the award, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards, and satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to the Certificate of Achievement program requirements and we are submitting it to GFOA.

Acknowledgements

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

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

Respectfully submitted,



Rosemary Hoerning
Interim City Manager



Londa Bock-Helms
Acting Administrative Services Director

Officials of the City of Upland

Elected Officials

Debbie Stone, Mayor

Janice Elliott

Mayor Pro Tem

Ricky Felix

Councilmember

Rudy Zuniga

Councilmember

Bill Velto

Councilmember

Larry Kinley

City Treasurer

Executive Staff

Rosemary Hoerning, Interim City Manager

Vacant, Assistant City Manager

Robert Dalquest

Development Services Director

Rosemary Hoerning

Public Works Director

Londa Bock-Helms, CPA

Acting Administrative Services Director

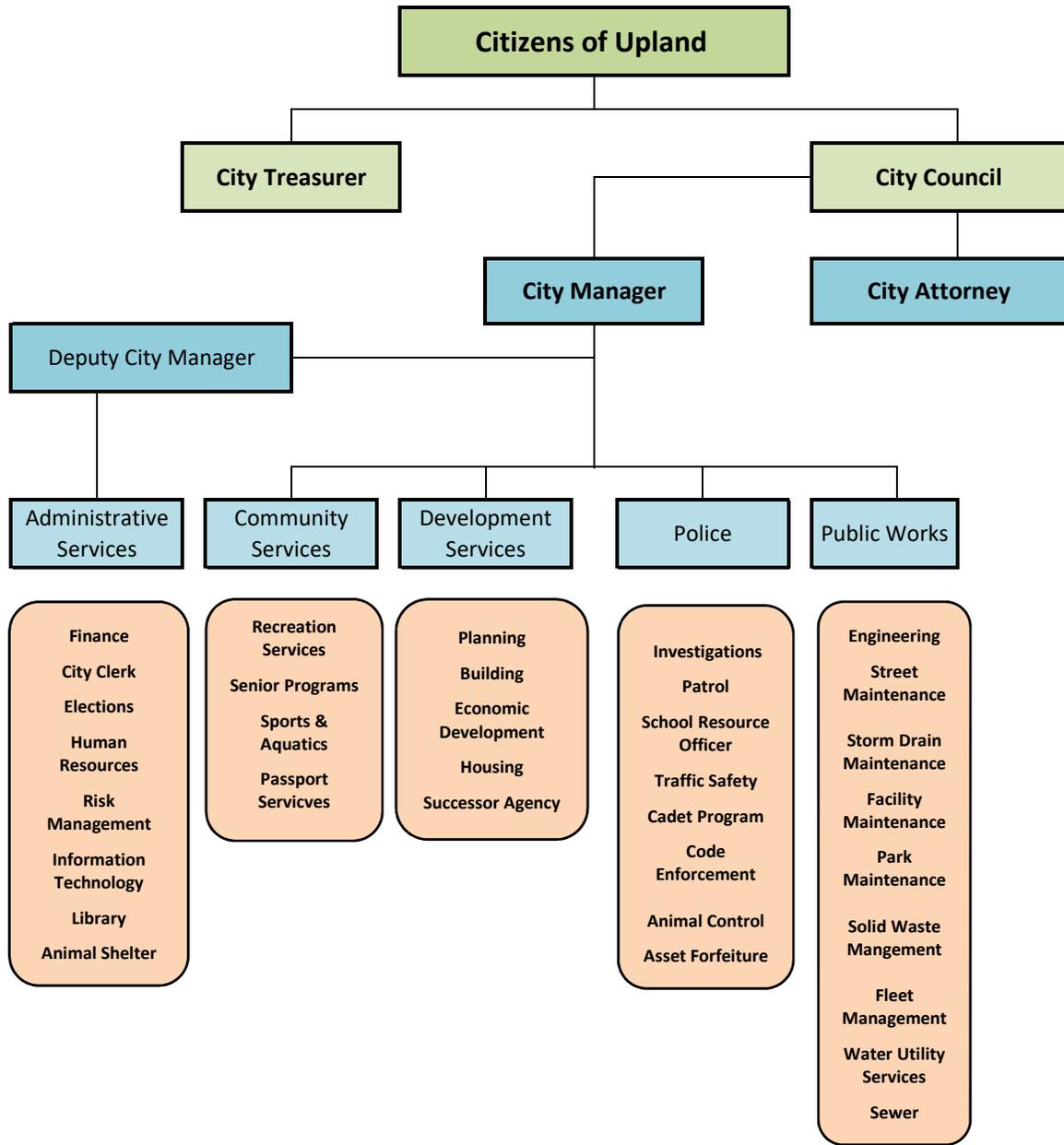
Darren Goodman

Police Chief

James L. Markman

City Attorney

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





Government Finance Officers Association

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

Presented to

**City of Upland
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



Independent Auditor's Report

The Honorable City Council
City of Upland, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2020, on our consideration of the City of Upland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Van Lant & Fankhaenel, LLP

February 18, 2020

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2019

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

Financial Highlights

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

Using This Annual Report

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

Reporting the City's Most Significant Funds

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

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

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

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

Reporting the City as a Whole

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

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

City of Upland’s Total Net Position

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

Table 1
Net Position (In Millions)

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

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

Table 2
Change in Net Position
(In Millions)

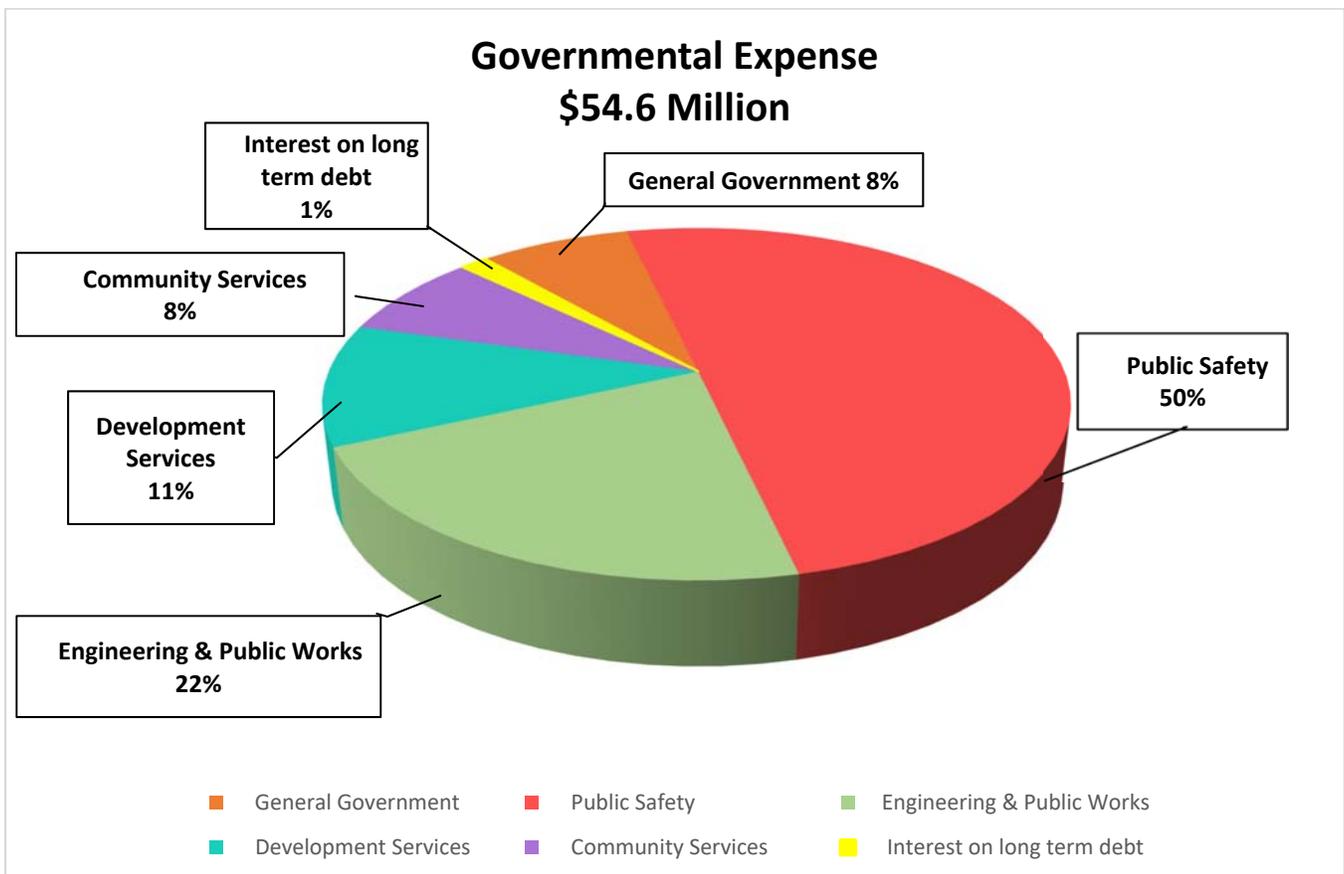
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues						
Charges for services	12.5	12.2	49.5	49.9	62.0	62.1
Operating Contributions/Grants	2.3	2.1	0.1	0.1	2.4	2.2
Capital Contributions	7.3	6.6	1.5	-	8.8	6.6
General Revenues						
Taxes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

Governmental Activities

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

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

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



Business-type Activities

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

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

The City's Major Funds

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

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

General Fund Budgetary Highlights

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

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

Capital Assets and Debt Administration

Capital Assets

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

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

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

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

Debt

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

Table 4
Debt at Year-End
(In Millions)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Compensated Absences	\$ 1.7	\$ 1.7	\$ 0.3	\$ 0.4	\$ 2.0	\$ 2.1
Net OPEB Liability/obligation	10.3	11.6	2.9	2.9	13.2	14.5
Net Pension Liability	100.2	100.0	11.5	12.0	111.7	112.0
Claims Payable	10.3	7.9	-	-	10.3	7.9
Multifamily Housing Rev Bonds	13.9	14.4	-	-	13.9	14.4
Energy Efficiency Lease	2.6	2.7	-	-	2.6	2.7
CREBS Lease Agreement	4.5	4.5	-	-	4.5	4.5
Housing Revenue Bonds	-	-	-	-	-	-
Capital Lease	-	-	-	-	-	-
Revenue Refunding Bonds	-	-	7.6	8.4	7.6	8.4
Totals	\$ 143.5	\$ 142.8	\$ 22.3	\$ 23.7	\$ 165.8	\$ 166.5

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

Economic Condition and Outlook

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

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

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

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

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

City of Upland
Statement of Net Position
June 30, 2019

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

The accompanying notes are an integral part of this statement.

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

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

General Revenues:

Taxes:

Property Taxes

Sales Taxes

Franchise Taxes

Transient Occupancy Taxes

Business License Tax

Other Taxes

Motor Vehicle in-lieu

Miscellaneous Revenues

Gain/ (Loss) on Disposal of Capital Assets

Investment Income

Transfers In/(Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Restatement of Net Position

Net Position - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Position

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

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

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

The accompanying notes are an integral part of this statement.

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

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

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

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

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

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

2,339,919

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

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

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

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

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

(8,778,070)

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

The accompanying notes are an integral part of this statement.

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

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

The accompanying notes are an integral part of this statement.

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

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

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

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

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

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

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

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

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

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

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

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

The accompanying notes are an integral part of this statement.

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

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

The accompanying notes are an integral part of this statement.

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

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

The accompanying notes are an integral part of this statement.

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

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

The accompanying notes are an integral part of this statement.

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

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

The accompanying notes are an integral part of this statement.

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

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

The accompanying notes are an integral part of this statement.

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

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A) Financial Reporting Entity

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

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

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

Upland Public Financing Authority

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

B) Basis of Accounting and Measurement Focus

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

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

Government-wide Financial Statements:

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

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

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

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

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

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

Fund Financial Statements

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

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

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

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Governmental Funds

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

Proprietary and Fiduciary Funds

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

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

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

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

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C) Fund Classifications

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

D) Cash and Investments

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

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

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

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

E) Inventories

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

F) Land Held for Resale

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

G) Property Taxes

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

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

H) Claims and Judgements

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

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

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

I) Employee Leave Benefits

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

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

J) Capital Assets

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

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

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

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

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

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

K) Notes and Loans Receivable

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

L) Deferred Outflows/Inflows of Resources

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

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

M) Pensions

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

N) Other Postemployment Benefits (OPEB)

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

O) Net Position Flow Assumption

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

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

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

P) Fund Balance

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

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

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

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

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

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

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

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

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Q) Fair Value Measurements

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

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

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

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

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

R) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2) CASH AND INVESTMENTS

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

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

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

2) CASH AND INVESTMENTS – Continued

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

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

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

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

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

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

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

Investments Authorized by Debt Agreements

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

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

2) CASH AND INVESTMENTS – Continued

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

Disclosures Relating to Interest Rate Risk

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

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

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

Disclosures Relating to Credit Risk

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

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

2) CASH AND INVESTMENTS – Continued

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

Concentration of Credit Risk

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

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

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

Investment in State Investment Pool

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

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

2) CASH AND INVESTMENTS – Continued

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

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

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due to/From

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

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

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

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

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

4) CAPITAL ASSETS

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

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

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

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

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

4) CAPITAL ASSETS – Continued

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

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

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

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

5) LONG-TERM LIABILITIES

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

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

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

2017 Multifamily Housing Revenue Note (direct borrowing)

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

The following represents the future annual debt service requirements:

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

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

5) LONG-TERM LIABILITIES – Continued

Energy Efficiency Lease Agreement (direct borrowing)

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

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

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

CREBS Lease Agreement (direct borrowing)

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

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

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

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

5) LONG-TERM LIABILITIES – Continued

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

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

2011 Lease Revenue Refunding Bonds (Water System)

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

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

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

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

6) OTHER POST EMPLOYMENT BENEFITS

General Information About the OPEB Plan

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

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

6) OTHER POST EMPLOYMENT BENEFITS – Continued

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

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

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

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

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

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

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

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

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

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

6) OTHER POST EMPLOYMENT BENEFITS – Continued

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

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

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

Changes in the Net OPEB Liability

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

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

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

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

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

6) OTHER POST EMPLOYMENT BENEFITS – Continued

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

OPEB Plan Fiduciary Net Position

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

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

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

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

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

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

7) TAX ABATEMENT

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

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

8) DEBT WITHOUT GOVERNMENT COMMITMENT

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

9) CLAIMS AND JUDGEMENTS

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

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

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

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

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

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

10) PENSION PLAN

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

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

10) PENSION PLAN – Continued

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

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

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

(1) - Depending on years of service

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

(1) - Depending on years of service

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

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

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

10) PENSION PLAN – Continued

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

Net Pension Liability

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

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

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

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

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

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

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

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

10) PENSION PLAN – Continued

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

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

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

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

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

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

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

10) PENSION PLAN – Continued

Changes in Net Pension Liability

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

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

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

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

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

10) PENSION PLAN – Continued

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

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

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

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

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

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

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

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

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

10) PENSION PLAN – Continued

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

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

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

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

11) JOINT VENTURES

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

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

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

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

11) JOINT VENTURES

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

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

12) SUCCESSOR AGENCY ACTIVITIES

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

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

2013 Tax Allocation Refunding Bonds

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

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

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

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

12) SUCCESSOR AGENCY ACTIVITIES – Continued

2016 Tax Allocation Refunding Bonds

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

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

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

13) CONTINGENT RECEIVABLE

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

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

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

14) RESTATEMENT OF NET POSITION/PRIOR PERIOD ADJUSTMENT

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

15) FUND BALANCE

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

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

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

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

16) COMMITMENTS AND CONTINGENCIES

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

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

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

17) IMPLEMENTATION OF GASB PRONOUNCEMENTS

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

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

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

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

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

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

18) SUBSEQUENT EVENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to Schedule of Plan Contributions:

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

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

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

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

SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

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

SPECIAL REVENUE FUNDS

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

Gas Tax Fund

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

HOME Program Fund

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

CalHOME Program Fund

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

Community Development Block Grant Fund

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

Measure I Fund

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

Air Quality Management District Fund

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

Parking Business Improvement Area Fund

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

SB509 Public Safety Augmentation Fund

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

Asset Forfeiture Fund

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

Public Safety Grants Fund

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

Other Grants Fund

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

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

DEBT SERVICE FUNDS

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

Public Financing Authority Fund

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

CAPITAL PROJECT FUNDS

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

Park Acquisition and Development Fund

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

General Capital Development Fund

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

Storm Drain Development Fund

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

Street and Traffic Safety Development Fund

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

General Capital Fund

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

Street and Alley Repair Fund

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

Energy Efficiency Improvements

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

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

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

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

Continued

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

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

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

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

	Special Revenue			
	Gas Tax	HOME Program	CalHOME Program	Community Development Block Grant
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Investment Income	124,877	23,462	6,680	-
Rental Income	-	-	-	-
Intergovernmental	2,902,597	-	-	709,644
Other Revenue	869,026	211,447	24,012	-
Total Revenues	3,896,500	234,909	30,692	709,644
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
Engineering and Public Works	3,036,690	-	-	-
Development Services	-	-	-	709,644
Community Services	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	3,036,690	-	-	709,644
Excess (Deficiency) of Revenues Over Expenditures	859,810	234,909	30,692	-
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Issuance of Debt	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	859,810	234,909	30,692	-
Fund Balances - Beginning	5,385,285	4,448,404	2,191,764	57,513
Fund Balances - Ending	\$ 6,245,095	\$ 4,683,313	\$ 2,222,456	\$ 57,513

Measure I	Special Revenue					
	Air Quality Management District	Parking and Business Improvement	SB 509 Public Safety Augmentation	Asset Forfeiture	Public Safety Grants	Other Grants
\$ -	\$ -	\$ 61,842	\$ 1,006,134	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
97,716	4,240	5,014	1,958	15,018	19,165	311
-	-	-	-	-	-	-
1,342,418	99,896	-	-	15,823	342,239	5,235
-	-	-	-	-	-	52,393
1,440,134	104,136	66,856	1,008,092	30,841	361,404	57,939
-	-	-	1,007,515	-	182,275	-
299,058	14,991	6,874	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	57,628
-	-	-	-	-	-	-
-	-	-	-	-	-	-
299,058	14,991	6,874	1,007,515	-	182,275	57,628
1,141,076	89,145	59,982	577	30,841	179,129	311
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,141,076	89,145	59,982	577	30,841	179,129	311
4,110,453	181,219	205,799	(296)	672,114	786,672	7,531
\$ 5,251,529	\$ 270,364	\$ 265,781	\$ 281	\$ 702,955	\$ 965,801	\$ 7,842

Continued

City of Upland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds - Continued
Year Ended June 30, 2019

	Debt Service Fund		Capital Projects	
	Public Financing Authority	Park Acquisition & Development	General Capital Development	Storm Drain Development
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	1,174,294	269,920	166,575
Investment Income	-	126,941	28,011	72,066
Rental Income	-	-	-	71,358
Intergovernmental	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	-	1,301,235	297,931	309,999
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
Engineering and Public Works Development Services	-	7,388	17,002	241,095
Community Services	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	-	7,388	17,002	241,095
Excess (Deficiency) of Revenues Over Expenditures	-	1,293,847	280,929	68,904
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(28,209)	-	-	-
Issuance of Debt	-	-	-	-
Total Other Financing Sources (Uses)	(28,209)	-	-	-
Net Change in Fund Balances	(28,209)	1,293,847	280,929	68,904
Fund Balances - Beginning	28,209	5,491,525	1,155,973	3,119,445
Fund Balances - Ending	\$ -	\$ 6,785,372	\$ 1,436,902	\$ 3,188,349

Capital Projects				
Street and Traffic Safety Development	General Capital Projects	Street & Alley Repair	Energy Efficiency Improvements	Total
\$ -	\$ -	\$ -	\$ -	\$ 1,067,976
298,194	-	208,404	-	2,117,387
43,114	-	17,082	4,737	590,392
-	-	-	-	71,358
-	-	-	-	5,417,852
-	-	-	-	1,156,878
341,308	-	225,486	4,737	10,421,843
-	-	-	-	1,189,790
48	217,290	250,152	2,495,976	6,586,564
-	-	-	-	709,644
-	-	-	-	57,628
-	-	-	-	-
-	-	-	-	-
48	217,290	250,152	2,495,976	8,543,626
341,260	(217,290)	(24,666)	(2,491,239)	1,878,217
-	311,433	-	-	311,433
-	-	-	-	(28,209)
-	-	-	-	-
-	311,433	-	-	283,224
341,260	94,143	(24,666)	(2,491,239)	2,161,441
1,849,642	-	796,651	2,605,066	33,092,969
\$ 2,190,902	\$ 94,143	\$ 771,985	\$ 113,827	\$ 35,254,410

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

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	17,600	124,877	107,277
Intergovernmental	3,215,540	2,902,597	(312,943)
Other Revenue	-	869,026	869,026
Total Revenues	<u>3,233,140</u>	<u>3,896,500</u>	<u>663,360</u>
EXPENDITURES			
Current:			
Engineering and Public Works	<u>8,405,556</u>	<u>3,036,690</u>	<u>5,368,866</u>
Total Expenditures	<u>8,405,556</u>	<u>3,036,690</u>	<u>5,368,866</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(5,172,416)</u>	<u>859,810</u>	<u>6,032,226</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(5,172,416)	859,810	6,032,226
Fund Balance, Beginning	<u>5,385,285</u>	<u>5,385,285</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 212,869</u>	<u>\$ 6,245,095</u>	<u>\$ 6,032,226</u>

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

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	100	23,462	23,362
Intergovernmental	-	-	-
Other Revenue	115,000	211,447	96,447
Total Revenues	<u>115,100</u>	<u>234,909</u>	<u>119,809</u>
EXPENDITURES			
Current:			
Development Services	<u>210,000</u>	<u>-</u>	<u>210,000</u>
Total Expenditures	<u>210,000</u>	<u>-</u>	<u>210,000</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(94,900)</u>	<u>234,909</u>	<u>329,809</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(94,900)	234,909	329,809
Fund Balance, Beginning	<u>4,448,404</u>	<u>4,448,404</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 4,353,504</u>	<u>\$ 4,683,313</u>	<u>\$ 329,809</u>

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

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	50	6,680	6,630
Intergovernmental	-	-	-
Other Revenue	56,000	24,012	(31,988)
Total Revenues	<u>56,050</u>	<u>30,692</u>	<u>(25,358)</u>
EXPENDITURES			
Current:			
Development Services	<u>270,000</u>	<u>-</u>	<u>270,000</u>
Total Expenditures	<u>270,000</u>	<u>-</u>	<u>270,000</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(213,950)</u>	<u>30,692</u>	<u>244,642</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(213,950)	30,692	244,642
Fund Balance, Beginning	<u>2,191,764</u>	<u>2,191,764</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,977,814</u>	<u>\$ 2,222,456</u>	<u>\$ 244,642</u>

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

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Intergovernmental	\$ 712,760	\$ 709,644	\$ (3,116)
Other Revenue	-	-	-
Total Revenues	<u>712,760</u>	<u>709,644</u>	<u>(3,116)</u>
EXPENDITURES			
Current:			
Development Services	<u>1,104,730</u>	<u>709,644</u>	<u>395,086</u>
Total Expenditures	<u>1,104,730</u>	<u>709,644</u>	<u>395,086</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(391,970)</u>	<u>-</u>	<u>391,970</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(391,970)	-	391,970
Fund Balance, Beginning	<u>57,513</u>	<u>57,513</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ (334,457)</u></u>	<u><u>\$ 57,513</u></u>	<u><u>\$ 391,970</u></u>

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

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	10,700	97,716	87,016
Intergovernmental	1,282,870	1,342,418	59,548
Other Revenue	-	-	-
Total Revenues	<u>1,293,570</u>	<u>1,440,134</u>	<u>146,564</u>
EXPENDITURES			
Current:			
Engineering and Public Works	<u>4,026,919</u>	<u>299,058</u>	<u>3,727,861</u>
Total Expenditures	<u>4,026,919</u>	<u>299,058</u>	<u>3,727,861</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,733,349)</u>	<u>1,141,076</u>	<u>3,874,425</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(2,733,349)	1,141,076	3,874,425
Fund Balance, Beginning	<u>4,110,453</u>	<u>4,110,453</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,377,104</u>	<u>\$ 5,251,529</u>	<u>\$ 3,874,425</u>

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

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	280	4,240	3,960
Intergovernmental	99,180	99,896	716
Other Revenue	-	-	-
Total Revenues	<u>99,460</u>	<u>104,136</u>	<u>4,676</u>
EXPENDITURES			
Current:			
Engineering and Public Works	<u>111,160</u>	<u>14,991</u>	<u>96,169</u>
Total Expenditures	<u>111,160</u>	<u>14,991</u>	<u>96,169</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(11,700)</u>	<u>89,145</u>	<u>100,845</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(11,700)	89,145	100,845
Fund Balance, Beginning	<u>181,219</u>	<u>181,219</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 169,519</u>	<u>\$ 270,364</u>	<u>\$ 100,845</u>

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

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ 43,500	\$ 61,842	\$ 18,342
Investment Income	100	5,014	4,914
Total Revenues	<u>43,600</u>	<u>66,856</u>	<u>23,256</u>
EXPENDITURES			
Current:			
Engineering and Public Works	<u>231,543</u>	<u>6,874</u>	<u>224,669</u>
Total Expenditures	<u>231,543</u>	<u>6,874</u>	<u>224,669</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(187,943)</u>	<u>59,982</u>	<u>247,925</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(187,943)	59,982	247,925
Fund Balance, Beginning	<u>205,799</u>	<u>205,799</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 17,856</u>	<u>\$ 265,781</u>	<u>\$ 247,925</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - SB 509 Public Safety Augmentation Special Revenue Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ 810,000	\$ 1,006,134	\$ 196,134
Investment Income	50	1,958	1,908
Intergovernmental	-	-	-
Other Revenue	-	-	-
	<u>810,050</u>	<u>1,008,092</u>	<u>198,042</u>
EXPENDITURES			
Current:			
Public Safety	<u>810,050</u>	<u>1,007,515</u>	<u>(197,465)</u>
	<u>810,050</u>	<u>1,007,515</u>	<u>(197,465)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>577</u>	<u>577</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	577	577
Fund Balance, Beginning	<u>(296)</u>	<u>(296)</u>	<u>-</u>
Fund Balance, Ending	<u>\$ (296)</u>	<u>\$ 281</u>	<u>\$ 577</u>

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

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Investment Income	\$ -	\$ 15,018	\$ 15,018
Intergovernmental	-	15,823	15,823
Total Revenues	<u>-</u>	<u>30,841</u>	<u>30,841</u>
EXPENDITURES			
Current:			
Public Safety	<u>750</u>	<u>-</u>	<u>750</u>
Total Expenditures	<u>750</u>	<u>-</u>	<u>750</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(750)</u>	<u>30,841</u>	<u>31,591</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(750)	30,841	31,591
Fund Balance, Beginning	<u>672,114</u>	<u>672,114</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 671,364</u>	<u>\$ 702,955</u>	<u>\$ 31,591</u>

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

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	2,200	19,165	16,965
Intergovernmental	380,706	342,239	(38,467)
Other Revenue	-	-	-
Total Revenues	<u>382,906</u>	<u>361,404</u>	<u>(21,502)</u>
EXPENDITURES			
Current:			
Public Safety	<u>1,002,136</u>	<u>182,275</u>	<u>819,861</u>
Total Expenditures	<u>1,002,136</u>	<u>182,275</u>	<u>819,861</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(619,230)</u>	<u>179,129</u>	<u>798,359</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(619,230)	179,129	798,359
Fund Balance, Beginning	<u>786,672</u>	<u>786,672</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 167,442</u>	<u>\$ 965,801</u>	<u>\$ 798,359</u>

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

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment Income	-	311	311
Intergovernmental	5,592	5,235	(357)
Other Revenue	52,923	52,393	(530)
Total Revenues	<u>58,515</u>	<u>57,939</u>	<u>(576)</u>
EXPENDITURES			
Current:			
Public Safety	-	-	-
Community Services	58,515	57,628	887
Total Expenditures	<u>58,515</u>	<u>57,628</u>	<u>887</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>311</u>	<u>311</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	311	311
Fund Balance, Beginning	<u>7,531</u>	<u>7,531</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 7,531</u>	<u>\$ 7,842</u>	<u>\$ 311</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Park Acquisition & Development Capital Projects Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ 400,000	\$ 1,174,294	\$ 774,294
Investment Income	10,000	126,941	116,941
Intergovernmental	-	-	-
Other Revenue	-	-	-
Total Revenues	<u>410,000</u>	<u>1,301,235</u>	<u>891,235</u>
EXPENDITURES			
Current:			
Engineering and Public Works	118,400	7,388	111,012
Community Services	-	-	-
Total Expenditures	<u>118,400</u>	<u>7,388</u>	<u>111,012</u>
Excess (Deficiency) of Revenues over Expenditures	<u>291,600</u>	<u>1,293,847</u>	<u>1,002,247</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	291,600	1,293,847	1,002,247
Fund Balance, Beginning	<u>5,491,525</u>	<u>5,491,525</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 5,783,125</u>	<u>\$ 6,785,372</u>	<u>\$ 1,002,247</u>

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

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ 241,560	\$ 269,920	\$ 28,360
Investment Income	4,230	28,011	23,781
Intergovernmental	-	-	-
Other Revenue	-	-	-
Total Revenues	<u>245,790</u>	<u>297,931</u>	<u>52,141</u>
EXPENDITURES			
Current:			
Engineering and Public Works	1,122,201	17,002	1,105,199
Community Services	-	-	-
Total Expenditures	<u>1,122,201</u>	<u>17,002</u>	<u>1,105,199</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(876,411)</u>	<u>280,929</u>	<u>1,157,340</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(876,411)	280,929	1,157,340
Fund Balance, Beginning	<u>1,155,973</u>	<u>1,155,973</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 279,562</u>	<u>\$ 1,436,902</u>	<u>\$ 1,157,340</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Storm Drain Development Capital Projects Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ 448,400	\$ 166,575	\$ (281,825)
Investment Income	11,250	72,066	60,816
Rental Income	57,540	71,358	13,818
Total Revenues	<u>517,190</u>	<u>309,999</u>	<u>(207,191)</u>
EXPENDITURES			
Current:			
Engineering and Public Works	471,520	241,095	230,425
Community Services	-	-	-
Total Expenditures	<u>471,520</u>	<u>241,095</u>	<u>230,425</u>
Excess (Deficiency) of Revenues over Expenditures	<u>45,670</u>	<u>68,904</u>	<u>23,234</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	45,670	68,904	23,234
Fund Balance, Beginning	<u>3,119,445</u>	<u>3,119,445</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 3,165,115</u>	<u>\$ 3,188,349</u>	<u>\$ 23,234</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Street & Traffic Safety Development Capital Projects Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ 335,300	\$ 298,194	\$ (37,106)
Investment Income	5,130	43,114	37,984
Intergovernmental	-	-	-
Other Revenue	6,880	-	(6,880)
Total Revenues	<u>347,310</u>	<u>341,308</u>	<u>(6,002)</u>
EXPENDITURES			
Current:			
Engineering and Public Works	1,479,570	48	1,479,522
Community Services	-	-	-
Total Expenditures	<u>1,479,570</u>	<u>48</u>	<u>1,479,522</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,132,260)</u>	<u>341,260</u>	<u>1,473,520</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Issuance of Debt	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(1,132,260)	341,260	1,473,520
Fund Balance, Beginning	<u>1,849,642</u>	<u>1,849,642</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 717,382</u>	<u>\$ 2,190,902</u>	<u>\$ 1,473,520</u>

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

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ -	\$ -	\$ -
Investment Income	-	-	-
Intergovernmental	-	-	-
Other Revenue	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
Engineering and Public Works	311,433	217,290	94,143
Community Services	-	-	-
Total Expenditures	<u>311,433</u>	<u>217,290</u>	<u>94,143</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(311,433)</u>	<u>(217,290)</u>	<u>94,143</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	250,000	311,433	61,433
Transfers Out	-	-	-
Issuance of Debt	-	-	-
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>311,433</u>	<u>61,433</u>
Net Change in Fund Balances	(61,433)	94,143	155,576
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ (61,433)</u>	<u>\$ 94,143</u>	<u>\$ 155,576</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Street & Alley Repair Capital Projects Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ 208,000	\$ 208,404	\$ 404
Investment Income	-	17,082	17,082
Intergovernmental	-	-	-
Other Revenue	-	-	-
Total Revenues	<u>208,000</u>	<u>225,486</u>	<u>17,486</u>
EXPENDITURES			
Current:			
Engineering and Public Works	790,536	250,152	540,384
Community Services	-	-	-
Total Expenditures	<u>790,536</u>	<u>250,152</u>	<u>540,384</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(582,536)</u>	<u>(24,666)</u>	<u>557,870</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Issuance of Debt	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(582,536)	(24,666)	557,870
Fund Balance, Beginning	<u>796,651</u>	<u>796,651</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 214,115</u>	<u>\$ 771,985</u>	<u>\$ 557,870</u>

City of Upland
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Energy Efficiency Improvements Capital Projects Fund
Year Ended June 30, 2019

	Final Budget	Actual Amounts	Variance - Positive (Negative)
REVENUES			
Licenses and Permits	\$ -	\$ -	\$ -
Investment Income	-	4,737	4,737
Intergovernmental	-	-	-
Other Revenue	-	-	-
Total Revenues	<u>-</u>	<u>4,737</u>	<u>4,737</u>
EXPENDITURES			
Current:			
Engineering and Public Works	2,597,834	2,495,976	101,858
Community Services	-	-	-
Total Expenditures	<u>2,597,834</u>	<u>2,495,976</u>	<u>101,858</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,597,834)</u>	<u>(2,491,239)</u>	<u>106,595</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Issuance of Debt	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(2,597,834)	(2,491,239)	106,595
Fund Balance, Beginning	<u>2,605,066</u>	<u>2,605,066</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 7,232</u>	<u>\$ 113,827</u>	<u>\$ 106,595</u>

INTERNAL SERVICE FUNDS

**City of Upland
Internal Service Funds
Year Ended June 30, 2019**

INTERNAL SERVICE FUNDS

The internal service funds are used to account for goods and services provided by one City department to other City departments on a cost reimbursement basis.

Self-funded Insurance Fund

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

Vehicle Replacement Fund

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

Information Systems Fund

To account for the operations of the City's information systems division, including maintenance of copiers, voice systems, and the City's computer network and hardware infrastructure.

Building Maintenance Fund

To provide for the operation of the City's building maintenance and operations division which maintains the City's facilities.

City of Upland
Combining Statement of Net Position
Internal Service Funds
June 30, 2019

	Self-funded Insurance	Vehicle Replacement	Information Systems	Building Maintenance	Totals
ASSETS					
Current Assets:					
Cash and Investments	\$ 489,712	\$ 908,423	\$ 1,360,171	\$ 1,362,245	\$ 4,120,551
Accounts Receivable - Net	-	7,450	36,077	-	43,527
Inventory and Prepaid Items	143,326	72,337	-	-	215,663
Total Current Assets	633,038	988,210	1,396,248	1,362,245	4,379,741
Noncurrent Assets:					
Capital Assets, Not Being Depreciated					
Construction In Progress	-	-	52,388	-	52,388
Capital Assets, Depreciable, Net	-	223,282	730,818	-	954,100
Total Noncurrent Assets	-	223,282	783,206	-	1,006,488
Total Assets	633,038	1,211,492	2,179,454	1,362,245	5,386,229
DEFERRED OUTFLOWS OF RESOURCES					
OPEB Related Items	3,570	5,738	5,398	8,033	22,739
Pension Related Items	37,132	66,334	82,196	81,115	266,777
Total Deferred Outflows of Resources	40,702	72,072	87,594	89,148	289,516
LIABILITIES					
Current Liabilities:					
Accounts Payable	52,965	193,896	23,905	62,742	333,508
Accrued Salaries and Wages	10,285	14,541	15,446	14,550	54,822
Current Portion of Long-Term Liabilities:					
Claims and Judgments Payable	3,063,045	-	-	-	3,063,045
Compensated Absences	9,236	15,959	16,592	16,250	58,037
Total Current Liabilities	3,135,531	224,396	55,943	93,542	3,509,412
Noncurrent Liabilities:					
Claims and Judgments Payable	7,275,163	-	-	-	7,275,163
Net OPEB Liability	106,365	170,945	160,815	239,323	677,448
Net Pension Liability	398,066	711,108	881,156	869,562	2,859,892
Compensated Absences	740	32,369	10,001	15,966	59,076
Total Noncurrent Liabilities	7,780,334	914,422	1,051,972	1,124,851	10,871,579
Total Liabilities	10,915,865	1,138,818	1,107,915	1,218,393	14,380,991
DEFERRED INFLOWS OF RESOURCES					
OPEB Related Items	4,408	7,084	6,664	9,918	28,074
Pension Related Items	6,229	11,127	13,788	13,606	44,750
Total Deferred Inflows of Resources	10,637	18,211	20,452	23,524	72,824
NET POSITION					
Net Investment in Capital Assets	-	223,282	783,206	-	1,006,488
Unrestricted	(10,252,762)	(96,747)	355,475	209,476	(9,784,558)
Total Net Position	\$ (10,252,762)	\$ 126,535	\$ 1,138,681	\$ 209,476	\$ (8,778,070)

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

	Self-funded Insurance	Vehicle Replacement	Information Systems	Building Maintenance	Totals
OPERATING REVENUES					
Charges for Services	\$ 4,096,916	\$ 1,313,991	\$ 1,435,140	\$ 1,098,840	\$ 7,944,887
Other Operating Revenues	50,545	-	202,169	-	252,714
Total Operating Revenues	<u>4,147,461</u>	<u>1,313,991</u>	<u>1,637,309</u>	<u>1,098,840</u>	<u>8,197,601</u>
OPERATING EXPENSES					
Maintenance and Operations	62,031	1,045,008	1,210,607	676,588	2,994,234
Contractual Services	373,804	-	-	-	373,804
Claims Expense	5,610,250	-	-	-	5,610,250
Depreciation	-	-	195,418	-	195,418
Total Operating Expenses	<u>6,046,085</u>	<u>1,045,008</u>	<u>1,406,025</u>	<u>676,588</u>	<u>9,173,706</u>
Operating Income (Loss)	<u>(1,898,624)</u>	<u>268,983</u>	<u>231,284</u>	<u>422,252</u>	<u>(976,105)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest Income	11,665	16,494	28,102	23,448	79,709
Gain/(Loss) on Disposal of Capital Assets	-	42,000	-	-	42,000
Total Nonoperating Revenues (Expenses)	<u>11,665</u>	<u>58,494</u>	<u>28,102</u>	<u>23,448</u>	<u>121,709</u>
Income (Loss) Before Capital Contributions and Operating Transfers	<u>(1,886,959)</u>	<u>327,477</u>	<u>259,386</u>	<u>445,700</u>	<u>(854,396)</u>
Capital Contributions	-	-	-	-	-
Transfers In	-	118,755	-	179,250	298,005
Transfers Out	-	(1,061,129)	-	-	(1,061,129)
Change in Net Position	<u>(1,886,959)</u>	<u>(614,897)</u>	<u>259,386</u>	<u>624,950</u>	<u>(1,617,520)</u>
Net Position - Beginning of Year	<u>(8,365,803)</u>	<u>741,432</u>	<u>879,295</u>	<u>(415,474)</u>	<u>(7,160,550)</u>
Net Position - End of Year	<u>\$ (10,252,762)</u>	<u>\$ 126,535</u>	<u>\$ 1,138,681</u>	<u>\$ 209,476</u>	<u>\$ (8,778,070)</u>

City of Upland
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2019

	Self-funded Insurance	Vehicle Replacement	Information Systems	Building Maintenance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from User Departments	\$ 4,152,770	\$ 1,329,591	\$ 1,609,907	\$ 1,098,840	\$ 8,191,108
Cash Paid to Suppliers for Goods and Services	(3,623,552)	(584,611)	(870,178)	(253,781)	(5,332,122)
Cash Paid to Employees for Services	(503,761)	(473,131)	(527,711)	(632,857)	(2,137,460)
Net Cash from Operating Activities	<u>25,457</u>	<u>271,849</u>	<u>212,018</u>	<u>212,202</u>	<u>721,526</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES					
Cash Paid (to) from Other Funds	-	118,755	-	179,250	298,005
Advances Paid (to) from Other Funds	-	-	-	-	-
Net Cash from Noncapital and Related Financing Activities	<u>-</u>	<u>118,755</u>	<u>-</u>	<u>179,250</u>	<u>298,005</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Cash Received from Sale of Capital Assets	-	42,000	-	-	42,000
Acquisition and Construction of Capital Assets	-	(223,281)	(124,012)	-	(347,293)
Net Cash from Capital and Related Financing Activities	<u>-</u>	<u>(181,281)</u>	<u>(124,012)</u>	<u>-</u>	<u>(305,293)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	11,665	16,494	28,102	23,448	79,709
Net Cash from Investing Activities	<u>11,665</u>	<u>16,494</u>	<u>28,102</u>	<u>23,448</u>	<u>79,709</u>
Net Increase (Decrease) in Cash and Cash Equivalents	37,122	225,817	116,108	414,900	793,947
Cash and Cash Equivalents, Beginning of the Year	<u>452,590</u>	<u>682,606</u>	<u>1,244,063</u>	<u>947,345</u>	<u>3,326,604</u>
Cash and Cash Equivalents, End of the Year	<u>\$ 489,712</u>	<u>\$ 908,423</u>	<u>\$ 1,360,171</u>	<u>\$ 1,362,245</u>	<u>\$ 4,120,551</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:					
Operating Income (Loss)	\$ (1,898,624)	\$ 268,983	\$ 231,284	\$ 422,252	\$ (976,105)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	-	-	195,418	-	195,418
Changes in Operating Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	5,159	15,600	(27,402)	-	(6,643)
(Increase) Decrease in Due from Other Governments	150	-	-	-	150
(Increase) Decrease in Inventory and Prepaid Items	(61,834)	(10,228)	-	-	(72,062)
(Increase) Decrease in Deferred Outflows - Pensions	96,054	108,237	132,256	133,337	469,884
(Increase) Decrease in Deferred Outflows - OPEB	791	(961)	2	66	(102)
Increase (Decrease) in Accounts Payable	(128,762)	104,795	(7,940)	(6,958)	(38,865)
Increase (Decrease) in Accrued Salaries and Benefits	(2,425)	(770)	3,029	(1,494)	(1,660)
Increase (Decrease) in Compensated Absences	(8,430)	12,360	(10,676)	(775)	(7,521)
Increase (Decrease) in Net Pension Liability	(311,980)	(219,574)	(262,138)	(273,732)	(1,067,424)
Increase (Decrease) in Net OPEB Liability	(55,590)	(6,435)	(39,701)	(61,452)	(163,178)
Increase (Decrease) in Deferred Inflows - Pensions	(7,786)	(7,242)	(8,778)	958	(22,848)
Increase (Decrease) in Deferred Inflows - OPEB	4,408	7,084	6,664	-	18,156
Increase (Decrease) in Claims Payable	2,394,326	-	-	-	2,394,326
Net Cash from Operating Activities	<u>\$ 25,457</u>	<u>\$ 271,849</u>	<u>\$ 212,018</u>	<u>\$ 212,202</u>	<u>\$ 721,526</u>

AGENCY FUNDS

**City of Upland
Agency Funds
Year Ended June 30, 2019**

AGENCY FUNDS

Agency Funds are used to account for assets held by a government in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Community Facilities District 2003-1 Fund

To account for revenues received from property holders for the payment of debt issued to finance the acquisition of certain public rights of way and construction of certain public improvements.

Community Facilities District 2003-2 Fund

To account for revenues received from property holders for the payment of debt issued to finance the acquisition of certain public rights of way and construction of certain public improvements.

Community Facilities District 2015-1 Fund

To account for revenues received from property holders for the payment of debt issued to finance the acquisition of certain public rights of way and construction of certain public improvements.

Community Facilities District 2016-1 Fund

To account for revenues received from property holders for the payment of debt issued to finance the acquisition of certain public rights of way and construction of certain public improvements.

Community Facilities District 2016-2 Fund

To account for revenues received from property holders for the payment of maintenance services including median landscaping, channel landscaping, storm drain clean outs, and asphalt slurry every 5 years.

Community Facilities District 2017-1 Fund

To account for revenues received from property holders for the payment of debt issued to finance the acquisition of certain public rights of way and construction of certain public improvements.

Assessment District 84-1 Fund

To account for the district formed to provide street sweeping, landscape irrigation, and street light services.

Sanitary Sewer Facility Development Fund

To account for revenue collected to expand both the City's and the region's sanitary sewage facilities to accommodate current and future growth.

Welfare Committee Fund

To account for employee contributions to provide future financial assistance to employees in the event of a personal financial emergency.

Upland 54 Fund

To account for revenues received from property holders for the payment of debt issued to finance the acquisition of certain public rights of way and construction of certain public improvement.

Fire Worker's Comp Trust Fund

To account for a deposit required to be maintained per the agreement with the City and San Bernardino County Fire as security for the liquidation of existing worker's compensation claims at the time of annexation.

City of Upland
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2019

	Community Facilities District 2003-1	Community Facilities District 2003-2	Community Facilities District 2015-1	Community Facilities District 2016-1	Community Facilities District 2016-2
ASSETS					
Cash and Investments	\$ 694,479	\$ 714,310	\$ 177,189	\$ 189,702	\$ 21,545
Cash with Fiscal Agent	2,762,691	2,071,967	-	8,321,086	-
Accounts Receivable	5,344	-	-	21,146	1,350
	<u>3,462,514</u>	<u>2,786,277</u>	<u>177,189</u>	<u>8,531,934</u>	<u>22,895</u>
Total Assets	<u>\$ 3,462,514</u>	<u>\$ 2,786,277</u>	<u>\$ 177,189</u>	<u>\$ 8,531,934</u>	<u>\$ 22,895</u>
LIABILITIES					
Deposits Payable	\$ -	\$ -	\$ 167,189	\$ 150,500	\$ 15,784
Accounts Payable	-	1,750	10,000	-	-
Due to Bondholders	3,462,514	2,784,527	-	8,381,434	7,111
	<u>3,462,514</u>	<u>2,784,527</u>	<u>-</u>	<u>8,381,434</u>	<u>7,111</u>
Total Liabilities	<u>\$ 3,462,514</u>	<u>\$ 2,786,277</u>	<u>\$ 177,189</u>	<u>\$ 8,531,934</u>	<u>\$ 22,895</u>

<u>Community Facilities District 2017-1</u>	<u>Assessment District 84-1</u>	<u>Sanitary Sewer Facility Development</u>	<u>Welfare Committee</u>	<u>West End Consolidated Water Co.</u>	<u>Upland 54</u>	<u>Total</u>
\$ 18,153	\$ 243	\$ 4,424,270	\$ 31,316	\$ 480,000	\$ 56,672	\$ 6,807,879
-	-	-	-	-	242,206	13,397,950
-	-	-	-	-	3,704	31,544
<u>\$ 18,153</u>	<u>\$ 243</u>	<u>\$ 4,424,270</u>	<u>\$ 31,316</u>	<u>\$ 480,000</u>	<u>\$ 302,582</u>	<u>\$ 20,237,373</u>
\$ -	\$ -	\$ 4,424,270	\$ 31,316	\$ 480,000	\$ -	\$ 5,269,059
-	11	-	-	-	-	11,761
18,153	232	-	-	-	302,582	14,956,553
<u>\$ 18,153</u>	<u>\$ 243</u>	<u>\$ 4,424,270</u>	<u>\$ 31,316</u>	<u>\$ 480,000</u>	<u>\$ 302,582</u>	<u>\$ 20,237,373</u>

City of Upland
Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2019

	Beginning Balance	Additions	Deletions	Ending Balance
<u>COMMUNITY FACILITIES DISTRICT 2003-1</u>				
ASSETS				
Cash and Investments	\$ 543,079	\$ 1,447,619	\$ 1,296,219	\$ 694,479
Cash with Fiscal Agent	2,925,201	1,284,202	1,446,712	2,762,691
Accounts Receivable	3,404	5,344	3,404	5,344
Total Assets	<u>\$ 3,471,684</u>	<u>\$ 2,737,165</u>	<u>\$ 2,746,335</u>	<u>\$ 3,462,514</u>
LIABILITIES				
Accounts Payable	\$ 78	\$ 757,921	\$ 757,999	\$ -
Due to Bondholders	3,471,606	1,979,244	1,988,336	3,462,514
Total Liabilities	<u>\$ 3,471,684</u>	<u>\$ 2,737,165</u>	<u>\$ 2,746,335</u>	<u>\$ 3,462,514</u>
<u>COMMUNITY FACILITIES DISTRICT 2003-2</u>				
ASSETS				
Cash and Investments	\$ 645,824	\$ 1,251,196	\$ 1,182,710	\$ 714,310
Cash with Fiscal Agent	2,216,143	1,225,614	1,369,790	2,071,967
Accounts Receivable	-	-	-	-
Total Assets	<u>\$ 2,861,967</u>	<u>\$ 2,476,810</u>	<u>\$ 2,552,500</u>	<u>\$ 2,786,277</u>
LIABILITIES				
Due to Bondholders	\$ 2,861,967	\$ 2,475,060	\$ 2,552,500	\$ 2,784,527
Accounts Payable	-	1,750	-	1,750
Total Liabilities	<u>\$ 2,861,967</u>	<u>\$ 2,476,810</u>	<u>\$ 2,552,500</u>	<u>\$ 2,786,277</u>
<u>COMMUNITY FACILITIES DISTRICT 2015-1</u>				
ASSETS				
Cash and Investments	\$ 64,861	\$ 151,650	\$ 39,322	\$ 177,189
Total Assets	<u>\$ 64,861</u>	<u>\$ 151,650</u>	<u>\$ 39,322</u>	<u>\$ 177,189</u>
LIABILITIES				
Accounts Payable	\$ 34,589	\$ 14,733	\$ 39,322	\$ 10,000
Deposits Payable	30,272	136,917	-	167,189
Total Liabilities	<u>\$ 64,861</u>	<u>\$ 151,650</u>	<u>\$ 39,322</u>	<u>\$ 177,189</u>
<u>COMMUNITY FACILITIES DISTRICT 2016-1</u>				
ASSETS				
Cash and Investments	\$ 120,500	\$ 502,218	\$ 433,016	\$ 189,702
Cash with Fiscal Agent	-	8,419,936	98,850	8,321,086
Accounts Receivable	-	21,146	-	21,146
Total Assets	<u>\$ 120,500</u>	<u>\$ 8,943,300</u>	<u>\$ 531,866</u>	<u>\$ 8,531,934</u>
LIABILITIES				
Due to Bondholders	\$ -	\$ 8,913,300	\$ 531,866	\$ 8,381,434
Deposits Payable	120,500	30,000	-	150,500
Total Liabilities	<u>\$ 120,500</u>	<u>\$ 8,943,300</u>	<u>\$ 531,866</u>	<u>\$ 8,531,934</u>
<u>COMMUNITY FACILITIES DISTRICT 2016-2</u>				
ASSETS				
Cash and Investments	\$ -	\$ 30,118	\$ 8,573	\$ 21,545
Accounts Receivable	15,784	-	14,434	1,350
Total Assets	<u>\$ 15,784</u>	<u>\$ 30,118</u>	<u>\$ 23,007</u>	<u>\$ 22,895</u>
LIABILITIES				
Deposits Payable	\$ 15,784	\$ 23,007	\$ 23,007	\$ 15,784
Due to Bondholders	-	7,111	-	7,111
Total Liabilities	<u>\$ 15,784</u>	<u>\$ 30,118</u>	<u>\$ 23,007</u>	<u>\$ 22,895</u>

Continued

City of Upland
Statement of Changes in Assets and Liabilities
Agency Funds - Continued
Year Ended June 30, 2019

	Beginning Balance	Additions	Deletions	Ending Balance
<u>COMMUNITY FACILITIES DISTRICT 2017-1</u>				
ASSETS				
Cash and Investments	\$ -	\$ 21,120	\$ 2,967	\$ 18,153
Total Assets	<u>\$ -</u>	<u>\$ 21,120</u>	<u>\$ 2,967</u>	<u>\$ 18,153</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Bondholders	-	21,120	2,967	18,153
Total Liabilities	<u>\$ -</u>	<u>\$ 21,120</u>	<u>\$ 2,967</u>	<u>\$ 18,153</u>
<u>ASSESMENT DISTRICT 84-1</u>				
ASSETS				
Cash and Investments	\$ 6,548	\$ 4,288	\$ 10,593	\$ 243
Total Assets	<u>\$ 6,548</u>	<u>\$ 4,288</u>	<u>\$ 10,593</u>	<u>\$ 243</u>
LIABILITIES				
Accounts Payable	\$ 25	\$ 11	\$ 25	\$ 11
Due to Bondholders	6,523	4,277	10,568	232
Total Liabilities	<u>\$ 6,523</u>	<u>\$ 4,288</u>	<u>\$ 10,593</u>	<u>\$ 243</u>
<u>SANITARY SEWER FACILITY DEVELOPMENT</u>				
ASSETS				
Cash and Investments	\$ 2,095,916	\$ 2,863,981	\$ 535,627	\$ 4,424,270
Total Assets	<u>\$ 2,095,916</u>	<u>\$ 2,863,981</u>	<u>\$ 535,627</u>	<u>\$ 4,424,270</u>
LIABILITIES				
Deposits Payable	\$ 2,095,916	\$ 2,863,981	\$ 535,627	\$ 4,424,270
Total Liabilities	<u>\$ 2,095,916</u>	<u>\$ 2,863,981</u>	<u>\$ 535,627</u>	<u>\$ 4,424,270</u>
<u>WELFARE COMMITTEE</u>				
ASSETS				
Cash and Investments	\$ 28,131	\$ 3,185	\$ -	\$ 31,316
Total Assets	<u>\$ 28,131</u>	<u>\$ 3,185</u>	<u>\$ -</u>	<u>\$ 31,316</u>
LIABILITIES				
Deposits Payable	\$ 28,131	\$ 3,185	\$ -	\$ 31,316
Total Liabilities	<u>\$ 28,131</u>	<u>\$ 3,185</u>	<u>\$ -</u>	<u>\$ 31,316</u>
<u>WEST END CONSOLIDATED WATER CO.</u>				
ASSETS				
Cash and Investments	\$ -	\$ 480,000	\$ -	\$ 480,000
Total Assets	<u>\$ -</u>	<u>\$ 480,000</u>	<u>\$ -</u>	<u>\$ 480,000</u>
LIABILITIES				
Deposits Payable	\$ -	\$ 480,000	\$ -	\$ 480,000
Total Liabilities	<u>\$ -</u>	<u>\$ 480,000</u>	<u>\$ -</u>	<u>\$ 480,000</u>

Continued

City of Upland
Statement of Changes in Assets and Liabilities
Agency Funds - Continued
Year Ended June 30, 2019

UPLAND 54

ASSETS

Cash and Investments	\$ 53,747	\$ 130,690	\$ 127,765	\$ 56,672
Cash with Fiscal Agent	252,126	113,719	123,639	242,206
Accounts Receivable	1,274	3,704	1,274	3,704
Total Assets	<u>\$ 307,147</u>	<u>\$ 248,113</u>	<u>\$ 252,678</u>	<u>\$ 302,582</u>

LIABILITIES

Accounts Payable	\$ 31	\$ 70,514	\$ 70,545	\$ -
Due to Bondholders	307,116	177,599	182,133	302,582
Total Liabilities	<u>\$ 307,147</u>	<u>\$ 248,113</u>	<u>\$ 252,678</u>	<u>\$ 302,582</u>

TOTALS - ALL AGENCY FUNDS

ASSETS

Cash and Investments	\$ 3,558,606	\$ 6,886,065	\$ 3,636,792	\$ 6,807,879
Cash with Fiscal Agent	5,393,470	11,043,471	3,038,991	13,397,950
Accounts Receivable	20,462	30,194	19,112	31,544
Total Assets	<u>\$ 8,972,538</u>	<u>\$ 17,959,730</u>	<u>\$ 6,694,895</u>	<u>\$ 20,237,373</u>

LIABILITIES

Accounts Payable	\$ 34,723	\$ 844,929	\$ 867,891	\$ 11,761
Deposits Payable	2,290,603	3,537,090	558,634	5,269,059
Due to Bondholders	6,647,212	13,577,711	5,268,370	14,956,553
Total Liabilities	<u>\$ 8,972,538</u>	<u>\$ 17,959,730</u>	<u>\$ 6,694,895</u>	<u>\$ 20,237,373</u>

STATISTICAL SECTION

City of Upland
Description of Statistical Section Contents
June 30, 2019

This part of the City of Upland's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

Contents:	<u>Pages</u>
<u>Financial Trends</u> these schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time	102
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax	112
<u>Debt Capacity</u> these schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future	120
<u>Demographic and Economic Information</u> these schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place	127
<u>Operating Information</u> these schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs	130

CITY OF UPLAND

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

	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
Governmental activities					
Invested in capital assets, net of related debt	\$ 241,385,275	\$ 247,582,946	\$ 279,503,381	\$ 281,184,806	\$ 272,320,453
Restricted	28,585,512	23,099,917	15,971,514	22,177,079	18,336,004
Unrestricted	2,933,314	(2,198,045)	(12,516,353)	(19,386,237)	(253,534)
Total governmental activities net position	<u>\$ 272,904,101</u>	<u>\$ 268,484,818</u>	<u>\$ 282,958,542</u>	<u>\$ 283,975,648</u>	<u>\$ 290,402,923</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 73,989,104	\$ 73,202,621	\$ 75,066,229	\$ 76,050,669	\$ 75,114,852
Restricted	-	-	-	-	-
Unrestricted	36,680,591	42,140,896	38,813,010	37,241,528	36,705,400
Total business-type activities net position	<u>\$ 110,669,695</u>	<u>\$ 115,343,517</u>	<u>\$ 113,879,239</u>	<u>\$ 113,292,197</u>	<u>\$ 111,820,252</u>
Primary government					
Invested in capital assets, net of related debt	\$ 315,374,379	\$ 320,785,567	\$ 354,569,610	\$ 357,235,475	\$ 347,435,305
Restricted	28,585,512	23,099,917	15,971,514	22,177,079	18,336,004
Unrestricted	39,613,905	39,942,851	26,296,657	17,855,291	36,451,866
Total primary government net position	<u>\$ 383,573,796</u>	<u>\$ 383,828,335</u>	<u>\$ 396,837,781</u>	<u>\$ 397,267,845</u>	<u>\$ 402,223,175</u>

Source: Finance Division, City of Upland

Fiscal Year Ended June 30,

2015	2016	2017	2018	2019
\$ 274,795,930	\$ 269,132,382	\$ 267,791,299	\$ 262,318,491	\$ 262,465,719
14,482,775	25,659,378	40,844,504	42,616,153	44,877,724
(62,716,819)	(64,259,153)	(74,170,029)	(83,164,838)	(80,859,640)
<u>\$ 226,561,886</u>	<u>\$ 230,532,607</u>	<u>\$ 234,465,774</u>	<u>\$ 221,769,806</u>	<u>\$ 226,483,803</u>
\$ 68,450,050	\$ 67,891,850	\$ 68,761,226	\$ 69,511,985	\$ 70,481,398
-	-	-	-	-
27,528,096	34,916,716	39,989,572	48,033,153	54,825,737
<u>\$ 95,978,146</u>	<u>\$ 102,808,566</u>	<u>\$ 108,750,798</u>	<u>\$ 117,545,138</u>	<u>\$ 125,307,135</u>
\$ 343,245,980	\$ 337,024,232	\$ 336,552,525	\$ 331,830,476	\$ 332,947,117
14,482,775	25,659,378	40,844,504	42,616,153	44,877,724
(35,188,723)	(29,342,437)	(34,180,457)	(35,131,685)	(26,033,903)
<u>\$ 322,540,032</u>	<u>\$ 333,341,173</u>	<u>\$ 343,216,572</u>	<u>\$ 339,314,944</u>	<u>\$ 351,790,938</u>

CITY OF UPLAND

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

	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
Expenses					
Governmental activities:					
General government	\$ 3,845,613	\$ 3,894,625	\$ 5,137,446	\$ 4,113,605	\$ 4,709,996
Public safety	27,994,406	26,883,113	30,710,194	29,009,795	24,047,934
Engineering and public works	11,196,658	8,734,681	12,074,768	7,868,067	9,879,986
Development services	11,058,341	13,322,147	5,218,453	4,967,335	3,174,496
Community services	4,460,801	3,962,221	4,584,937	6,100,981	4,057,338
Interest expense	2,255,445	2,186,876	1,326,383	310,478	286,492
Total governmental activities expenses	60,811,264	58,983,663	59,052,181	52,370,261	46,156,242
Business-type activities:					
Water utility	16,580,163	15,393,981	17,893,977	17,019,949	19,565,979
Solid waste utility	9,730,993	9,669,314	9,360,397	9,246,343	9,322,648
Sewer utility	6,169,303	6,098,777	5,882,096	5,813,597	6,278,008
Animal services	8,852	1,150,728	1,163,149	1,082,162	1,020,821
Total business-type activities expenses	32,489,311	32,312,800	34,299,619	33,162,051	36,187,456
Total primary government expenses	\$ 93,300,575	\$ 91,296,463	\$ 93,351,800	\$ 85,532,312	\$ 82,343,698
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 2,487,288	\$ 1,318,635	\$ 1,428,531	\$ 1,416,615	\$ 1,508,984
Public safety	2,487,629	2,464,321	2,509,528	2,526,925	2,930,767
Engineering and public works	364,187	398,112	271,742	411,595	579,582
Development services	514,645	3,789,998	2,094,944	3,881,798	4,541,765
Community services	902,971	690,120	624,243	611,995	1,058,570
Operating grants and contributions	6,153,273	6,637,224	6,515,231	6,554,132	6,234,320
Capital grants and contributions	4,138,510	2,113,299	1,827,726	2,614,837	1,636,573
Total governmental activities program revenues	17,048,503	17,411,709	15,271,945	18,017,897	18,490,561
Business-type activities					
Charges for services:					
Water utility	14,219,495	22,016,148	17,769,773	17,324,491	18,184,343
Solid waste utility	9,784,984	9,617,834	9,421,363	9,535,127	9,592,364
Sewer utility	5,791,624	5,822,597	6,193,947	6,294,532	6,432,824
Animal services	35,798	334,927	438,750	567,329	384,674
Operating grants and contributions	-	-	-	-	23,220
Capital grants and contributions	270,118	-	-	-	-
Total business-type activities program revenues	30,102,019	37,791,506	33,823,833	33,721,479	34,617,425
Total primary government program revenues	\$ 47,150,522	\$ 55,203,215	\$ 49,095,778	\$ 51,739,376	\$ 53,107,986
Net (expenses)/revenue					
Governmental activities	\$ (43,762,761)	\$ (41,571,954)	\$ (43,780,236)	\$ (34,352,364)	\$ (27,665,681)
Business-type activities	(2,387,292)	5,478,706	(475,786)	559,428	(1,570,031)
Total net revenues (expense)	\$ (46,150,053)	\$ (36,093,248)	\$ (44,256,022)	\$ (33,792,936)	\$ (29,235,712)

Fiscal Year Ended June 30,				
2015	2016	2017	2018	2019
\$ 3,050,233	\$ 5,626,905	\$ 3,080,619	\$ 4,539,492	\$ 4,033,829
27,468,131	27,178,673	32,174,086	27,927,892	27,265,506
9,281,467	11,049,238	9,819,952	11,468,377	12,092,590
5,447,239	5,214,410	5,407,099	6,624,913	6,059,857
5,073,673	4,308,397	3,691,035	3,370,656	4,255,538
284,269	281,359	358,679	715,062	840,116
50,605,012	53,658,982	54,531,470	54,646,392	54,547,436
20,124,035	16,121,912	18,483,205	19,989,900	21,525,637
9,872,451	9,602,172	10,051,229	11,042,468	12,316,577
7,457,367	7,063,779	7,818,112	9,285,699	9,387,370
-	-	-	-	-
37,453,853	32,787,863	36,352,546	40,318,067	43,229,584
\$ 88,058,865	\$ 86,446,845	\$ 90,884,016	\$ 94,964,459	\$ 97,777,020
\$ 1,658,124	\$ 1,124,713	\$ 305,373	\$ 382,010	\$ 1,187,018
3,593,175	3,789,627	3,541,745	1,827,271	1,866,761
660,583	246,341	776,173	4,207,550	2,991,516
4,612,643	4,933,961	5,461,323	5,245,335	5,876,464
1,097,518	1,072,754	495,702	546,702	581,989
7,014,790	5,120,131	5,933,967	2,066,407	2,340,876
2,712,801	3,926,465	4,337,377	6,604,091	7,305,417
21,349,634	20,213,992	20,851,660	20,879,366	22,150,041
22,713,562	18,601,289	21,299,753	28,076,336	26,203,575
10,355,699	10,544,776	11,103,446	11,687,415	12,677,799
7,233,341	8,068,428	9,705,668	10,144,832	10,573,571
-	-	-	-	-
21,672	15,519	63,207	70,598	57,708
-	-	-	-	1,544,529
40,324,274	37,230,012	42,172,074	49,979,181	51,057,182
\$ 61,673,908	\$ 57,444,004	\$ 63,023,734	\$ 70,858,547	\$ 73,207,223
\$ (29,255,378)	\$ (33,444,990)	\$ (33,679,810)	\$ (33,767,026)	\$ (32,397,395)
2,870,421	4,442,149	5,819,528	9,661,114	7,827,598
\$ (26,384,957)	\$ (29,002,841)	\$ (27,860,282)	\$ (24,105,912)	\$ (24,569,797)

CITY OF UPLAND

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

	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 18,436,456	\$ 18,288,333	\$ 16,279,713	\$ 17,207,416	\$ 17,656,767
Tax increment	6,016,240	7,628,784	4,813,601	-	-
Sales taxes	6,852,466	7,228,970	9,992,768	10,167,479	11,282,830
Other taxes	1,469,692	1,359,820	1,676,719	1,603,147	1,744,459
Investment income	1,299,166	411,082	100,072	26,819	61,284
Motor vehicle in lieu	485,436	674,770	179,479	190,258	217,444
Gain on sale of assets	292,828	47,086	9,682	-	51,530
Miscellaneous revenue	1,980,747	377,996	908,588	583,147	3,494,568
Extraordinary gain (note 21)	-	-	23,491,941	-	-
Special Item (note 16)	-	-	-	-	-
Transfers	(7,864,436)	1,135,830	1,195,158	5,922,919	(69,537)
Total governmental activities	<u>28,968,595</u>	<u>37,152,671</u>	<u>58,647,721</u>	<u>35,701,185</u>	<u>34,439,345</u>
Business-type activities:					
Investment income	274,432	330,946	186,316	53,563	28,549
Share of joint venture net income	-	-	-	-	-
Gain on sale of assets	-	-	20,350	-	-
Miscellaneous revenue	21,875	-	-	-	-
Transfers	7,864,436	(1,135,830)	(1,195,158)	(1,058,593)	69,537
Total business-type activities	<u>8,160,743</u>	<u>(804,884)</u>	<u>(988,492)</u>	<u>(1,005,030)</u>	<u>98,086</u>
Total primary government	<u>\$ 37,129,338</u>	<u>\$ 36,347,787</u>	<u>\$ 57,659,229</u>	<u>\$ 34,696,155</u>	<u>\$ 34,537,431</u>
Changes in Net Position					
Governmental activities	\$ (14,794,166)	\$ (4,419,283)	\$ 14,867,485	\$ 1,348,821	\$ 6,773,664
Business-type activities	5,773,451	4,673,822	(1,464,278)	(445,602)	(1,471,945)
Total primary government	<u>\$ (9,020,715)</u>	<u>\$ 254,539</u>	<u>\$ 13,403,207</u>	<u>\$ 903,219</u>	<u>\$ 5,301,719</u>

Source: Finance Division, City of Upland

Fiscal Year Ended June 30,				
2015	2016	2017	2018	2019
\$ 18,376,071	\$ 19,309,037	\$ 20,482,854	\$ 16,343,119	\$ 16,831,839
-	-	-	-	-
12,477,307	13,909,909	13,293,304	13,673,539	14,507,927
1,890,562	1,778,356	2,740,447	2,696,807	2,692,051
93,147	216,843	326,531	(90,335)	1,012,981
852,384	429,308	223,315	40,421	36,969
14,151	32,589	4,180	-	132,623
4,238,903	394,567	355,677	321,564	271,298
-	-	-	-	-
-	-	-	(5,562,967)	-
122,245	(3,000)	67,000	-	814,669
<u>38,064,770</u>	<u>36,067,609</u>	<u>37,493,308</u>	<u>27,422,148</u>	<u>36,300,357</u>
99,832	148,205	189,704	415,529	761,947
-	-	-	-	-
-	-	-	-	(12,879)
-	-	-	-	-
(122,245)	3,000	(67,000)	-	(814,669)
<u>(22,413)</u>	<u>151,205</u>	<u>122,704</u>	<u>415,529</u>	<u>(65,601)</u>
<u>\$ 38,042,357</u>	<u>\$ 36,218,814</u>	<u>\$ 37,616,012</u>	<u>\$ 27,837,677</u>	<u>\$ 36,234,756</u>
\$ 8,809,392	\$ 2,622,619	\$ 3,813,498	\$ (6,344,878)	\$ 3,902,962
2,848,008	4,593,354	5,942,232	10,076,643	7,761,997
<u>\$ 11,657,400</u>	<u>\$ 7,215,973</u>	<u>\$ 9,755,730</u>	<u>\$ 3,731,765</u>	<u>\$ 11,664,959</u>

CITY OF UPLAND

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

	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
General Fund					
Reserved	\$ 288,827	\$ -	\$ -	\$ -	\$ -
Unreserved	7,913,927	-	-	-	-
Nonspendable	-	393,974	125,762	139,164	158,323
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	5,730,018	805,739	721,275	3,841,677
Total General Fund	<u>\$ 8,202,754</u>	<u>\$ 6,123,992</u>	<u>\$ 931,501</u>	<u>\$ 860,439</u>	<u>\$ 4,000,000</u>
Other governmental funds					
Reserved	\$ 10,114,180	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	6,401,610	-	-	-	-
Debt service funds	3,934,620	-	-	-	-
Capital projects funds	4,357,471	-	-	-	-
Nonspendable	-	-	-	-	-
Restricted	-	23,005,460	10,208,668	15,078,398	18,683,199
Committed	-	-	-	-	-
Assigned	-	291,300	-	-	-
Unassigned	-	(2,192,732)	(83,676)	(1,525,535)	(112,511)
Total Other Governmental Funds	<u>\$ 24,807,881</u>	<u>\$ 21,104,028</u>	<u>\$ 10,124,992</u>	<u>\$ 13,552,863</u>	<u>\$ 18,570,688</u>

Source: Finance Division, City of Upland

Notes:

- (1) Increase in General Fund Balance due to increased Property and Sales Tax, and various other revenue categories, and decrease in Public Safety expenses. Refer to MD&A and Statement of Revenues, Expenditures and Changes in Fund Balances.
- (2) Increase in Fund Balance for Other Governmental Funds is due to decreased expenses in Special Revenue and Capital Projects Funds, and lease and bond proceeds for energy efficiency projects.

Fiscal Year Ended June 30,				
2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
110,709	63,831	75,325	64,869	73,803
-	-	-	18,473	18,473
-	-	-	4,670,418	4,670,418
-	-	-	-	-
10,284,958	14,478,664	15,254,150	9,479,082	18,538,881
<u>\$ 10,395,667</u>	<u>\$ 14,542,495</u>	<u>\$ 15,329,475</u>	<u>\$ 14,232,842</u>	<u>\$ 23,301,575</u>

(1)

\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
34,769,384	38,524,248	39,563,384	42,616,153	44,979,990
-	-	-	-	-
-	-	-	7,531	-
(20,372)	(254,428)	(4,088)	(296)	-
<u>\$ 34,749,012</u>	<u>\$ 38,269,820</u>	<u>\$ 39,559,296</u>	<u>\$ 42,623,388</u>	<u>\$ 44,979,990</u>

(2)

CITY OF UPLAND

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

	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
Revenues					
Taxes	\$ 37,799,498	\$ 38,213,931	\$ 35,295,459	\$ 30,756,478	\$ 32,593,211
Licenses and permits	992,516	1,004,926	1,070,611	987,862	1,041,388
Charges for services	4,390,535	4,711,284	4,203,719	4,362,451	5,230,294
Fines and penalties	638,627	460,768	517,741	500,389	533,282
Investment income	1,119,133	281,201	100,072	27,704	57,147
Rental income	3,390,859	3,475,107	1,727,205	3,318,077	3,787,894
Intergovernmental	6,657,431	7,161,290	7,268,610	7,221,745	6,806,235
Contributions from property owners	-	-	-	-	-
Other	1,980,747	908,044	1,182,183	1,254,136	4,659,040
Total revenues	56,969,346	56,216,551	51,365,600	48,428,842	54,708,491
Expenditures					
General government	4,120,131	5,360,853	5,991,749	4,805,137	5,138,890
Public safety	27,545,584	26,456,365	27,603,446	26,530,316	25,998,626
Engineering and public works	12,931,622	11,382,753	7,940,843	10,362,812	4,870,786
Development services	11,046,686	9,973,548	4,959,672	4,857,256	4,612,547
Community services	4,519,662	4,079,975	3,894,008	4,145,232	3,908,447
Debt service					
Principal	1,800,000	1,860,000	1,925,000	210,000	220,000
Interest	2,292,409	2,227,951	1,242,428	317,068	293,657
Pass-through payments	4,852,006	1,442,542	801,386	-	-
Fiscal charges	3,300	3,300	3,319	3,300	3,300
Total expenditures	69,111,400	62,787,287	54,361,851	51,231,121	45,046,253
Excess (deficiency) of revenues over (under) expenditures	(12,142,054)	(6,570,736)	(2,996,251)	(2,802,279)	9,662,238
Other financing sources (uses)					
Transfers in	21,650,371	4,751,051	2,073,948	6,808,907	2,761,375
Transfers out	(21,650,371)	(3,615,221)	(1,129,300)	(870,049)	(3,919,838)
Extraordinary gain (loss) (note 21)	-	-	(14,129,606)	-	-
Proceeds from sale of capital assets	292,828	47,086	9,682	-	-
Issuance of capital leases	-	-	-	-	-
Payments to bond escrow	-	-	-	-	-
Issuance of bonds/debt	-	-	-	-	-
Total other financing sources(uses)	292,828	1,182,916	(13,175,276)	5,938,858	(1,158,463)
Net change in fund balances	\$ (11,849,226)	\$ (5,387,820)	\$ (16,171,527)	\$ 3,136,579	\$ 8,503,775
Debt service as a percentage of noncapital expenditures*	6.3%	7.5%	6.0%	1.2%	1.2%

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

Fiscal Year Ended June 30,				
2015	2016	2017	2018	2019
\$ 35,655,141	\$ 37,799,228	\$ 38,830,352	\$ 32,719,390	\$ 36,119,214
1,794,686	1,875,032	3,009,862	5,164,222	4,354,120
5,606,821	5,392,160	5,857,984	2,785,383	3,055,102
604,509	594,417	619,646	646,874	989,437
92,100	187,819	86,173	38,881	1,813,945
3,860,094	4,013,904	4,191,730	4,738,192	5,003,949
7,655,572	5,435,521	5,798,858	5,579,860	5,518,173
-	-	-	-	-
5,317,007	1,273,394	1,742,663	934,735	1,727,759
60,585,930	56,571,475	60,137,268	52,607,537	58,581,699
3,420,069	3,658,673	4,950,630	2,154,855	1,918,770
26,462,312	28,178,150	31,733,042	23,950,547	23,653,097
5,698,034	7,874,070	9,380,001	15,361,147	12,907,584
5,274,072	5,262,923	5,446,549	6,366,818	5,343,038
4,506,490	4,216,350	3,518,510	3,170,399	3,279,498
235,000	258,368	288,319	18,677,299	674,583
282,901	296,236	360,854	715,062	840,116
-	-	-	-	-
6,659	2,258	3,575	-	-
45,885,537	49,747,028	55,681,480	70,396,127	48,616,686
14,700,393	6,824,447	4,455,788	(17,788,590)	9,965,013
273,409	1,208,553	517,960	224,081	1,035,556
(2,478,470)	(1,525,154)	(2,164,720)	(3,693,295)	(518,892)
-	-	-	-	-
-	1,600	-	-	132,623
-	200,524	-	-	-
-	-	-	-	-
-	-	-	22,210,487	-
(2,205,061)	(114,477)	(1,646,760)	18,741,273	649,287
\$ 12,495,332	\$ 6,709,970	\$ 2,809,028	\$ 952,683	\$ 10,614,300
1.1%	1.1%	1.3%	31.7%	3.6%

CITY OF UPLAND

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

	Fiscal Year				
	2009/10	2010/11	2011/12	2012/13	2013/14
Residential	5,304,942	5,276,157	5,382,875	5,498,151	5,680,385
Commercial	824,278	809,416	820,057	823,190	849,188
Industrial	312,147	309,820	309,414	306,113	314,762
Dry Farm	4,758	4,746	4,021	4,029	4,184
Govt. Owned	10,101	934	941	960	979
Institutional	15,000	17,232	12,430	12,982	14,288
Irrigated	1,881	1,876	1,890	1,928	1,967
Miscellaneous	79,608	73,372	74,576	76,292	78,275
Recreational	19,497	18,770	17,828	18,041	14,322
Vacant	82,266	69,147	71,460	68,364	74,268
SBE Nonunitary	69	69	69	69	69
Unsecured	280,845	274,428	262,654	265,091	262,039
TOTALS	6,935,391	6,855,966	6,958,214	7,075,211	7,294,725
Total Direct Rate	<u>0.29355%</u>	<u>0.29273%</u>	<u>0.29248%</u>	<u>0.29337%</u>	<u>0.17491%</u>

Note: The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local overrides. These values are considered to be full market values.

Source: San Bernardino County Assessor 2009/10 - 2018/19 Combined Tax Rolls; HdL Coren & Cone

Fiscal Year				
2014/15	2015/16	2016/17	2017/18	2018/19
6,068,414	6,401,935	6,697,951	7,059,507	7,440,680
873,943	875,269	908,646	991,548	1,059,249
318,293	342,277	350,443	377,242	401,508
4,186	470	477	487	497
983	1,003	1,018	1,039	1,060
10,334	9,826	13,908	11,982	12,730
1,976	2,015	1,640	1,673	1,707
78,792	80,400	103,978	76,233	78,464
14,353	14,804	14,162	13,758	13,812
65,657	84,782	91,043	132,223	127,536
70	70	70	70	69
259,893	268,858	249,241	230,214	246,034
7,696,894	8,081,709	8,432,577	8,895,976	9,383,346
<u>0.17491%</u>	<u>0.17492%</u>	<u>0.17492%</u>	<u>0.17492%</u>	<u>0.08257%</u>

CITY OF UPLAND

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

Fiscal Year	Residential		Commercial		Public Agency		Irrigation	
	Gallons Consumed	% of Total						
2010	4,620,895,664	74.9%	651,208,800	10.6%	239,059,304	3.9%	656,050,604	10.6%
2011	4,456,138,940	74.4%	648,324,512	10.8%	229,503,604	3.8%	655,200,876	10.9%
2012	4,648,953,144	74.3%	694,179,156	11.1%	238,037,536	3.8%	677,373,092	10.8%
2013	4,825,517,048	73.7%	733,835,124	11.2%	241,184,372	3.7%	750,007,632	11.4%
2014	4,930,872,848	72.8%	729,473,536	10.8%	218,617,212	3.2%	895,623,036	13.2%
2015	4,456,746,316	71.4%	718,672,416	11.5%	210,080,288	3.4%	860,493,216	13.8%
2016	3,566,689,896	70.7%	650,598,432	12.9%	176,596,816	3.5%	649,350,020	12.9%
2017	3,848,856,440	71.0%	680,205,768	12.5%	177,463,748	3.3%	717,650,648	13.2%
2018	4,243,225,976	70.1%	717,147,992	11.8%	186,568,404	3.1%	909,118,452	15.0%
2019	3,804,467,128	69.4%	659,586,400	12.0%	165,040,216	3.0%	852,306,356	15.5%

Source: Finance Division, City of Upland

CITY OF UPLAND

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

<u>Agency</u>	<u>Fiscal Year</u>				
	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
Basic Levy¹	1.00000	1.00000	1.00000	1.00000	1.00000
Alta Loma Elementary Bond	0.03870	0.04510	0.04530	0.04580	0.04500
Central Elementary Bond	0.05840	0.06900	0.06880	0.07270	0.07110
Chaffey Community College Bond	0.01220	0.00910	0.01530	0.01110	0.01570
Chaffey High School Bond	0.01680	0.01920	0.01940	0.01010	0.03710
Metropolitan Water Agency	0.00430	0.00370	0.00370	0.00350	0.00350
Ontario-Montclair Elementary Bond	0.02870	0.03360	0.02890	0.02740	0.02940
Upland Unified School Bond	0.03810	0.04430	0.04740	0.05240	0.04840
Total Direct & Overlapping² Tax Rates	<u>1.19720</u>	<u>1.22400</u>	<u>1.22880</u>	<u>1.22300</u>	<u>1.25020</u>
City Share of 1% levy per Prop 13³	0.17482	0.17482	0.17482	0.17482	0.17482
Redevelopment Rate⁴	1.00430	1.00370	1.00370	n/a	n/a
Total Direct Rate⁵	<u>0.29355</u>	<u>0.29273</u>	<u>0.29248</u>	<u>0.29337</u>	<u>0.17491</u>

Notes:

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

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

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

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

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

Source: San Bernardino County Assessor 2009/10 - 2018/19 Tax Rate Table; HdL Coren & Cone

Fiscal Year				
<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>
1.00000	1.00000	1.00000	1.00000	1.00000
0.04370	0.04170	0.04080	0.05640	0.06800
0.06600	0.06500	0.06880	0.06700	0.04650
0.01090	0.01130	0.01160	0.00880	0.01530
0.02940	0.04090	0.03190	0.02790	0.04020
0.00350	0.00350	0.00350	0.00350	0.00350
0.02600	0.02680	0.02640	0.05570	0.05550
0.04620	0.05250	0.06070	0.05510	0.05870
<u>1.22570</u>	<u>1.24170</u>	<u>1.24370</u>	<u>1.27440</u>	<u>1.28770</u>
0.17482	0.17482	0.17482	0.17482	0.08042
n/a	n/a	n/a	n/a	n/a
<u>0.17491</u>	<u>0.17492</u>	<u>0.17492</u>	<u>0.17492</u>	<u>0.08257</u>

CITY OF UPLAND

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Colonies-Pacific LLC	\$ 158,754,773	1	1.69%	\$ 44,961,340	1	0.65%
College Park Apartment Homes LP	59,085,246	2	0.63%	27,169,923	9	0.39%
MG Stoneridge Village Grove LLC	45,249,555	3	0.48%			
Rancho Monte Vista Apartment Homes	43,873,408	4	0.47%	39,607,688	3	0.57%
CT Retail Properties Finance II LLC	42,180,359	5	0.45%	37,269,212	5	0.54%
WNG Mountain Springs GP	38,587,820	6	0.41%	34,094,962	6	0.49%
Dee Matreyek Kurth Non Exempt Trust	35,709,897	7	0.38%			
NU-168 Apartments LLC	34,446,437	8	0.37%	30,435,766	8	0.44%
AMFP IV Altavista	34,333,201	9	0.37%			
College Business Park LLC	33,604,919	10	0.36%			
Granite Sr Woodlane LLC				42,629,744	2	0.61%
Koll Per College Business Park, LLC				38,584,445	4	0.56%
Bill and Mary Matreyek Trust				32,619,212	7	0.47%
Holliday Rock Company INC				26,619,833	10	0.38%
Totals	<u>\$ 525,825,615</u>		<u>5.61%</u>	<u>\$ 353,992,125</u>		<u>5.10%</u>

Source: San Bernardino County Assessor 2018/19 Combined Tax Roll and the SBE Non Unitary Tax Roll

CITY OF UPLAND

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

Water Purchaser	2019			2010		
	Gallons Consumed	Rank	Percentage of Total Gallons Consumed	Gallons Consumed	Rank	Percentage of Total Gallons Consumed
City of Upland	223,922,776	1	4.1%	185,442,664	1	2.5%
Mountain View Land Co.	134,675,904	2	2.5%	40,971,700	5	0.6%
Upland Development, LLC	132,295,020	3	2.4%			
Upland Unified School District	105,954,948	4	1.9%	87,339,472	2	1.2%
State of California Dept of Trans	83,911,388	5	1.5%			
San Antonio Community Hospital	52,900,804	6	1.0%	51,197,608	4	0.7%
Upland Hills Estates HOA	48,043,292	7	0.9%			
Upland Hills CC COA	36,188,240	8	0.7%			
Upland Meadows Management CO. LP	28,762,844	9	0.5%			
College Park Apartment Homes	23,217,920	10	0.4%			
Sanbag				79,845,260	3	1.1%
HWL Properties				32,581,384	6	0.4%
CALTRANS				27,739,580	7	0.4%
Upland Cascade				25,871,824	8	0.4%
Upland Housing Authority				17,820,352	9	0.2%
Upland El Dorado				14,767,016	10	0.2%
Totals	<u>869,873,136</u>		<u>15.8%</u>	<u>563,576,860</u>		<u>7.8%</u>

Source: Finance Division, City of Upland

CITY OF UPLAND

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years ⁽¹⁾	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2010	10,099,630	9,485,948	93.92%	N/A	9,485,948	93.92%
2011	9,574,988	9,209,935	96.19%	N/A	9,209,935	96.19%
2012	9,732,257	9,265,615	95.21%	N/A	9,265,615	95.21%
2013	9,881,310	9,452,806	95.66%	N/A	9,452,806	95.66%
2014	10,195,064	9,902,877	97.13%	N/A	9,902,877	97.13%
2015	10,792,671	10,512,265	97.40%	N/A	10,512,265	97.40%
2016	11,319,306	11,049,460	97.62%	N/A	11,049,460	97.62%
2017	11,883,283	11,615,501	97.75%	N/A	11,615,501	97.75%
2018	12,310,682	12,120,710	98.46%	N/A	12,120,710	98.46%
2019 ¹	6,032,861	5,900,839	97.81%	N/A	5,900,839	97.81%

Notes:

Source: Data provided by the San Bernardino County Assessor's Office for collection of prior years taxes does not segregate the information by fiscal year. Therefore, the City is not able to provide this information in the above schedule.

¹ Change from prior years due to City's Annexation with San Bernadino County for Fire Services.

CITY OF UPLAND

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

Fiscal Year Ended June 30,	Governmental Activities					Total Governmental Activities
	Lease Revenue Bonds	Tax Allocation Notes ^(b)	Housing Bonds	Capital Leases	Clean Renewable Energy Bonds	
2010	1,560,000	42,810,000	18,000,000	324,622	-	62,694,622
2011	1,365,000	41,145,000	18,000,000	124,532	-	60,634,532
2012	1,160,000	-	18,000,000	-	-	19,160,000
2013	950,000	-	18,000,000	-	-	18,950,000
2014	730,000	-	18,000,000	-	-	18,730,000
2015	495,000	-	18,000,000	-	-	18,495,000
2016	250,000	-	18,000,000	187,156	-	18,437,156
2017	-	-	18,000,000	148,837	-	18,148,837
2018	-	-	14,420,150	2,736,044	4,525,832	21,682,026
2019	-	-	13,905,615	2,607,411	4,494,189	21,007,215

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(a) This ratio is calculated using personal income and population for the prior calendar year.

(b) As a result of the dissolution of the Redevelopment Agency on January 31, 2012 indebtedness was transferred to the Successor Agency.

Source: Notes to the Financial Statements, Long Term Debt Section

<u>Business-type Activities</u>				
<u>Water Lease Revenue Bonds</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (a)</u>	<u>Debt Per Capita (a)</u>	<u>Fiscal Year Ended June 30,</u>
13,950,288	76,644,910	3.73%	1,023.11	2010
13,327,924	73,962,456	3.46%	971.83	2011
12,746,534	31,906,534	1.45%	427.89	2012
11,958,964	30,908,964	1.41%	412.63	2013
11,282,566	30,012,566	1.38%	399.38	2014
10,483,221	28,978,221	1.36%	386.00	2015
9,658,875	28,096,031	1.29%	370.79	2016
8,809,529	26,958,366	1.21%	351.07	2017
8,435,184	30,117,210	1.32%	391.05	2018
8,045,838	29,053,053	1.20%	370.19	2019

CITY OF UPLAND

**DIRECT AND OVERLAPPING BOND DEBT
JUNE 30, 2019**

FY 2018-19 Assessed Valuation		\$	9,370,618,881	
				City's Share of Debt
			Total Debt at 6/30/19	at 6/30/19
<u>Overlapping Tax and Assessment Debt:</u>	<u>% Applicable⁽¹⁾</u>			
Metropolitan Water District	0.321%	\$	48,050,000	\$ 154,241
Chaffey Community College District	8.253%		132,540,000	10,938,526
Upland Unified School District	92.581%		99,507,400	92,124,946
Chaffey Union High School District	0.815%		479,265,904	3,906,017
Alta Loma School District	0.528%		44,002,889	232,335
Central School District	2.023%		47,446,765	959,848
Ontario-Montclair School District	2.706%		119,694,737	3,238,940
Upland Unified School District Community Facilities District No. 99-1	100.000%		1,374,000	1,374,000
Upland Unified School District Community Facilities District No. 01-1	100.000%		1,781,000	1,781,000
City of Upland Community Facilities District No. 2003-1	100.000%		1,290,000	1,290,000
City Of Upland Community Facilities District No. 2003-2, I.A. Nos. 1 & 2	100.000%		34,835,000.00	34,835,000.00
City Of Upland Community Facilities District No. 2016-A, I.A. No.1	100.000%		8,435,000	8,435,000
			<u>8,435,000</u>	<u>8,435,000</u>
Total Overlapping Tax and Assessment Debt		\$	1,018,222,695	\$ 159,269,854
<u>Direct and Overlapping General Fund Debt:</u>				
San Bernardino County General Fund Obligations	4.213%	\$	335,155,000	\$ 14,120,080
San Bernardino County Pension Obligations	4.213%		288,826,268	12,168,251
San Bernardino County Flood Control Dist. Gen Fund Obligations	4.213%		62,820,000	2,646,607
Chaffey Community College District Gen. Fund Obligations	8.253%		30,890,000	2,549,352
City of Upland Capital Lease Obligations	100.000%		7,101,600	7,101,600
City of Upland Housing Revenue Bonds	100.000%		13,905,615	13,905,615
Total Gross Direct and Overlapping General Fund Debt				\$ 52,491,505
Less: City of Upland Housing Revenue Bonds (100% supported from housing related revenues)				13,905,615
Total Net Direct and Overlapping General Fund Debt		\$	738,698,483	\$ 38,585,890
<u>Overlapping Tax Increment Debt (Successor Agency):</u>	100.000%	\$	22,965,000	\$ 22,965,000
Total Gross Direct Debt				\$ 21,007,215
Total Net Direct Debt				\$ 7,101,600
Total Overlapping Debt				<u>\$ 213,719,144</u>
Gross Combined Total Debt				\$ 234,726,359 ⁽²⁾
Net Combined Total Debt				\$ 220,820,744
<u>Ratios to FY 2018-19 Assessed Valuation:</u>				
Total Overlapping Tax and Assessment Debt	1.70%			
Total Gross Direct Debt (\$21,007,215)	0.22%			
Total Net Direct Debt (\$7,101,600)	0.08%			
Gross Combined Total Debt	2.50%			
Net Combined Total Debt	2.36%			
<u>Ratios to Redevelopment Incremental Valuation (\$1,599,955,657):</u>				
Total Overlapping Tax Increment Debt	1.44%			

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

CITY OF UPLAND

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

	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
Debt Limit	\$ 930,115,752	\$ 882,507,215	\$ 895,958,208	\$ 1,058,579,687	\$ 1,091,662,967
Total Net Debt Applicable to Limit	-	-	-	-	-
Legal Debt Margin	\$ 930,115,752	\$ 882,507,215	\$ 895,958,208	\$ 1,058,579,687	\$ 1,091,662,967
Total Net Debt Applicable to The Limit As a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2019:

Assessed Valuation

Debt Limit (15% of Assessed Value)

Debt Applicable to Limit:

General Obligation Bonds

Legal Debt Margin

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

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

Fiscal Year Ended June 30,				
2015	2016	2017	2018	2019
\$ 1,152,315,001	\$ 1,210,072,895	\$ 1,263,218,981	\$ 1,332,692,325	\$ 1,405,592,832 ¹
-	-			
\$ 1,152,315,001	\$ 1,210,072,895	\$ 1,263,218,981	\$ 1,332,692,325	\$ 1,405,592,832
0.00%	0.00%	0.00%	0.00%	0.00%
				\$ 9,370,618,881
				1,405,592,832
				-
				<u>\$ 1,405,592,832</u>

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	
2010	15,295,069	13,902,795	1,392,274	610,000	776,562	1.00
2011	22,582,581	14,164,896	8,417,685	630,000	735,443	6.16
2012	16,873,954	17,468,067	(594,112)	655,000	1,023,096	(0.35)
2013	17,122,606	15,146,422	1,976,184	760,000	407,969	1.69
2014	18,184,342	16,532,719	1,651,623	750,000	463,325	1.36
2015	22,713,561	17,673,638	5,039,923	765,000	442,475	4.17
2016	18,601,416	13,367,187	5,234,229	760,000	419,150	4.44
2017	21,436,735	17,418,778	4,017,957	815,000	361,406	3.42
2018	28,076,336	18,979,818	9,096,518	340,000	340,868	13.36
2019	26,203,575	19,636,043	6,567,532	355,000	327,673	9.62

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

Source: Finance Division, City of Upland

Special Assessment Bonds

Special Assessment Collections	Debt Service		Coverage
	Principal	Interest	
3,087,810	295,000	2,556,075	1.08
3,337,663	365,000	2,542,803	1.15
3,358,321	440,000	2,525,223	1.13
3,022,803	520,000	2,356,637	1.05
2,935,287	700,000	2,107,620	1.05
2,973,637	820,000	2,080,248	1.03
2,731,961	1,305,000	1,441,090	0.99
2,863,814	1,160,000	1,635,846	1.02
2,822,587	1,250,000	1,598,954	0.99
3,384,728	1,330,000	1,666,350	1.13

CITY OF UPLAND

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

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (in thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2009	74,914	\$ 2,056,977	\$ 27,458	14,404	9.0%
2010	76,106	\$ 2,138,350	\$ 28,097	14,232	9.9%
2011	74,568	\$ 2,193,940	\$ 29,422	11,927	9.1%
2012	74,907	\$ 2,192,004	\$ 29,263	11,908	6.5%
2013	75,147	\$ 2,182,720	\$ 29,046	11,665	5.6%
2014	75,074	\$ 2,130,600	\$ 28,380	11,380	5.9%
2015	75,774	\$ 2,182,404	\$ 28,801	11,138	4.8%
2016	76,790	\$ 2,226,460	\$ 28,994	11,028	4.2%
2017	77,017	\$ 2,274,591	\$ 29,533	10,913	2.5%
2018	78,481	\$ 2,417,412	\$ 30,802	10,702	3.3%

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

CITY OF UPLAND

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

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
San Antonio Community Hospital	2,400	1	6.4%	2,001	1	7.9%
Upland Unified School District	1,037	2	2.8%	1,435	2	5.7%
Home Depot	340	3	0.9%	351	6	1.4%
Upland Rehabilitaion & Care Center	320	4	0.8%			
Wal Mart	315	5	0.8%	400	5	1.6%
Lewis Group	312	6	0.8%	300	9	1.2%
Target	265	7	0.7%	250	10	1.0%
Lowe's Home Center	254	8	0.7%			
City of Upland	250	9	0.7%	325	8	1.3%
Holliday Rock Co. Inc	250	10	0.7%			
Kohl's Department Store				501	3	2.0%
Insurance Agency Network				500	4	2.0%
Shield Security				335	7	1.3%
Totals	<u>5,743</u>		<u>15.3%</u>	<u>6,398</u>		<u>25.4%</u>

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

CITY OF UPLAND

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

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	98.00	102.00	75.00	75.50	78.25	78.00	64.00	58.00	58.00	57.00
Public safety										
Police										
Officers	84.00	85.00	76.00	70.00	70.00	70.00	74.00	75.00	75.00	75.00
Civilians	41.00	42.00	28.00	22.50	22.50	22.50	26.00	30.00	31.00	37.00
Fire										
Firefighters and officers	43.00	43.00	41.00	41.00	40.00	40.00	40.00	40.00	-	- ¹
Civilians	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	-	- ¹
Highways and streets										
Engineering	6.00	6.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Operations	20.00	20.00	23.00	23.00	23.00	22.00	23.50	23.50	23.50	23.50
Recreation	11.50	11.50	7.50	7.50	7.50	7.50	6.00	6.00	5.00	5.00
Water	23.00	23.00	22.00	24.00	24.00	24.00	24.00	24.00	24.00	27.00
Solid Waste Utility	1.00	1.00	-	-	-	-	-	-	-	-
Environmental Quality	6.00	6.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Total	342.50	348.50	289.50	279.50	281.25	280.00	273.50	272.50	223.50	231.50

Source: Finance Division, City of Upland

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

CITY OF UPLAND

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

Function	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
Fire					
Stations	4	5	5	5	5
Police					
Patrol Units	25	24	23	23	23
Motorcycles	6	6	6	5	4
Library					
Facilities	1	1	1	1	1
Recreation					
Buildings	3	3	3	4	4
Parks	12	13	13	13	13
Soccer fields (lighted)	6	6	6	6	6
Baseball fields (lighted)	7	8	8	8	8
Softball fields (lighted)	4	3	3	3	3
Public Works					
Miles of City Streets	208.90	208.90	208.90	208.90	208.90
Miles of State Highways	6.70	6.70	6.70	6.70	6.70
Miles of City Alleys	37.50	37.50	37.50	37.50	37.50
Water					
Miles of Water Mains	240.26	240.26	240.26	240.26	240.26
Sewer					
Miles of Sewer Lines	228.00	228.00	228.00	228.00	228.00

Source: Various Departments, City of Upland

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

Fiscal Year Ended June 30,				
2015	2016	2017	2018	2019
5	5	5	1	1 ¹
22	22	22	24	24
5	5	4	4	5
1	1	1	1	1
4	4	4	4	4
13	13	13	13	13
6	6	6	6	6
8	8	8	8	8
3	3	3	3	3
208.90	209.20	209.25	209.85	210.08
6.70	6.70	6.20	6.20	6.20
37.50	37.50	37.50	37.50	37.50
240.88	243.70	255.60	245.71	247.08
228.00	228.00	222.00	222.00	224.01

CITY OF UPLAND

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

Function	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
General government					
Building permits issued	973	1,055	1,042	1,120	1,408
Police					
Physical arrests	5,317	4,476	3,809	3,104	4,272
Traffic collisions	610	755	666	634	667
Fire					
Emergency responses	6,748	7,120	7,300	7,865	9,482
Public Works					
Miles of street sweeping	9,216	10,488	14,172	14,484	14,484
Potholes repaired	2,714	2,184	918	831	910
Number of trees pruned	7,192	3,349	9,235	5,405	5,671
Parks and recreation					
Community center admissions	9,102	8,653	8,454	9,093	9,406
Library					
Volumes in collection	148,867	154,463	159,746	157,769	117,295
Current Periodical & Serial Subscriptions	267	267	81	73	340
Audio-visual items	7,773	8,341	8,454	7,464	5,911
Water					
New meter installations	676	376	292	550	1,056
Average daily consumption (thousands of gallons)	22,589	16,529	21,838	21,087	20,690
Number of linear feet of new water pipelines	-	7,380	17,240	3,859	-
Refuse collection					
Refuse collected (tons per day)	138	137	129	130	144
Recyclables collected (tons per day)	68	68	72	65	72
Environmental Quality					
Number of sewer inspections conducted	214	208	199	207	210
Number of permitted dischargers/active permits	202	197	196	192	194

Source: Various Departments, City of Upland

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

Fiscal Year Ended June 30,				
2015	2016	2017	2018	2019
2,007	1,176	1,095	2,040	2,327
3,532	3,013	4,377	3,477	3,670
690	814	867	724	607
8,855	9,607	9,647	404	0 ¹
13,009	14,600	15,000	10,800	11,600
2,400	318	720	550	650
5,015	2,378	2,273	4,288	5,850
9,450	8,868	6,864	6,703	7,208
113,146	111,548	107,760	82,577	103,466
83	97	42	466	40
5,947	5,695	5,154	4,302	2,916
981	894	1,233	1,500	153
17,848	14,209	15,572	17,276	15,650
1,531	3,668	1,627	18,091	6,581
140	158	151	165	158
64	68	65	76	68
201	208	211	148	145
197	193	195	191	193