



# CITY OF UPLAND, CALIFORNIA

## Comprehensive Annual Financial Report

### Year ended June 30, 2017



**Upland Fire Department**  
**1911 – 2017**

*Thank you for 106 years of outstanding service  
to the Upland community.*



CITY OF UPLAND, CALIFORNIA  
Comprehensive Annual Financial Report  
Year ended June 30, 2017

Prepared by  
Finance Division

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City of Upland  
Comprehensive Annual Financial Report  
Year ended June 30, 2017

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December 26, 2017

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

The *Comprehensive Annual Financial Report* of the City of Upland, California for the fiscal year ended June 30, 2017 is hereby submitted.

The Comprehensive Annual Financial Report (CAFR) is prepared in accordance with generally accepted accounting principles as promulgated by the Government Accounting Standards Board (GASB). GASB has primary responsibility for determining current accounting and financial reporting standards for activities and transactions of state and local government entities. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge, the data enclosed is accurate in all material aspects; it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activities have been included. For a more detailed discussion and analysis of the City's financial performance, refer to Management's Discussion and Analysis on page 5.

### **The Scope of the Comprehensive Annual Financial Report**

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

### **The City of Upland**

The City of Upland is situated on the western border of San Bernardino County, bordered by the cities of Claremont, Montclair, Ontario and Rancho Cucamonga. Upland, known as the "City of Gracious Living," is nestled at the base of the San Gabriel Mountains and encompasses 15.2 square miles. It has an estimated population of 76,790 persons as of December 2016.

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.

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

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

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

**Outlook for the Future**

There has been some positive movement in the local economy. Actual revenues exceeding budgeted revenues and actual expenditures being less than budgeted are positive signs that the economy is improving and the City has been able to cut costs and operate more efficiently. The above also resulted in the General Fund Balance reaching and exceeding the 15% reserve requirement. To address future financial concerns, on November 28, 2016, the City Council unanimously authorized the submission of an application to the Local Agency Formation Commission (LAFCO) for annexation to the San Bernardino County Fire Protection District (SBCFPD). On December 5, 2016, an application was submitted to LAFCO to annex approximately 10,016+/- acres located within the corporate boundaries of the City to the SBCFPD, and it’s Valley Service Zone. On December 20, 2016, the Board of Directors of the SBCFPD adopted a resolution requesting LAFCO to commence proceedings for the sphere of influence amendment and reorganization to annex the City of Upland fire services into SBCFPD, its Valley and FP-5 Service Zones. On February 13, 2017 the City Council adopted Resolution No. 6380 accepting the property tax revenue transfer amount for the proposed reorganization. The transfer is 54% of the City’s ad valorem property tax or \$6,771,580 for Fiscal Year 2018. On July 22, 2017, the City’s fire department was annexed by the SBCFPD. Based on the original fiscal year 2017/2018 fire department budget (final adopted only included estimated expenses through July 22, 2017) and taking into consideration the expected loss of non-property tax revenues, the annexation is expected to save the City \$3.3 million in fiscal year 2017/2018. The City has adopted a balanced operating budget for fiscal year 2017/2018 and controls are in place to keep spending within these budgeted amounts.

## **Financial Controls**

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

## **Budgetary Controls**

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

## **OTHER RELEVANT INFORMATION**

### **Auditor's Opinion**

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

### **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, 2016. To receive the award, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards, and satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to the Certificate of Achievement program requirements and we are submitting it to GFOA.

### **Acknowledgements**

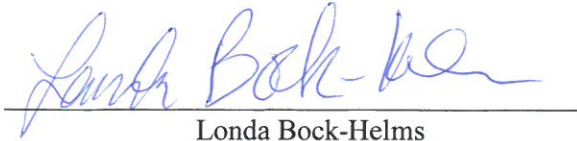
Our sincere appreciation and thanks for the support of the City Council and City department staff for their continuing cooperation. Special thanks are also extended to the Finance Division staff whose dedication and perseverance resulted in producing this report.

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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Martin Thouvenell', with a horizontal line underneath.

Martin Thouvenell  
Interim City Manager

A handwritten signature in blue ink, appearing to read 'Londa Bock-Helms', with a horizontal line underneath.

Londa Bock-Helms  
Finance Officer

# Officials of the City of Upland

## Elected Officials

**Debbie Stone, Mayor**

**Gino L. Filippi**

**Carol Timm**

**Janice Elliott**

**Sid Robinson**

**Larry Kinley**

**Mayor Pro Tem**

**Councilmember**

**Councilmember**

**Councilmember**

**City Treasurer**

## Executive Staff

**Martin Thouvenell, Interim City Manager**

**Jeannette Vagnozzi, Deputy City Manager**

**Vacant**

**Jeff Zwack**

**Rosemary Hoerning**

**Brian Johnson**

**Vacant**

**Londa Bock-Helms**

**James L. Markman**

**Community Services Director**

**Development Services Director**

**Public Works Director**

**Police Chief**

**Fire Chief**

**Finance Officer**

**City Attorney**



Government Finance Officers Association

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

Presented to

**City of Upland  
California**

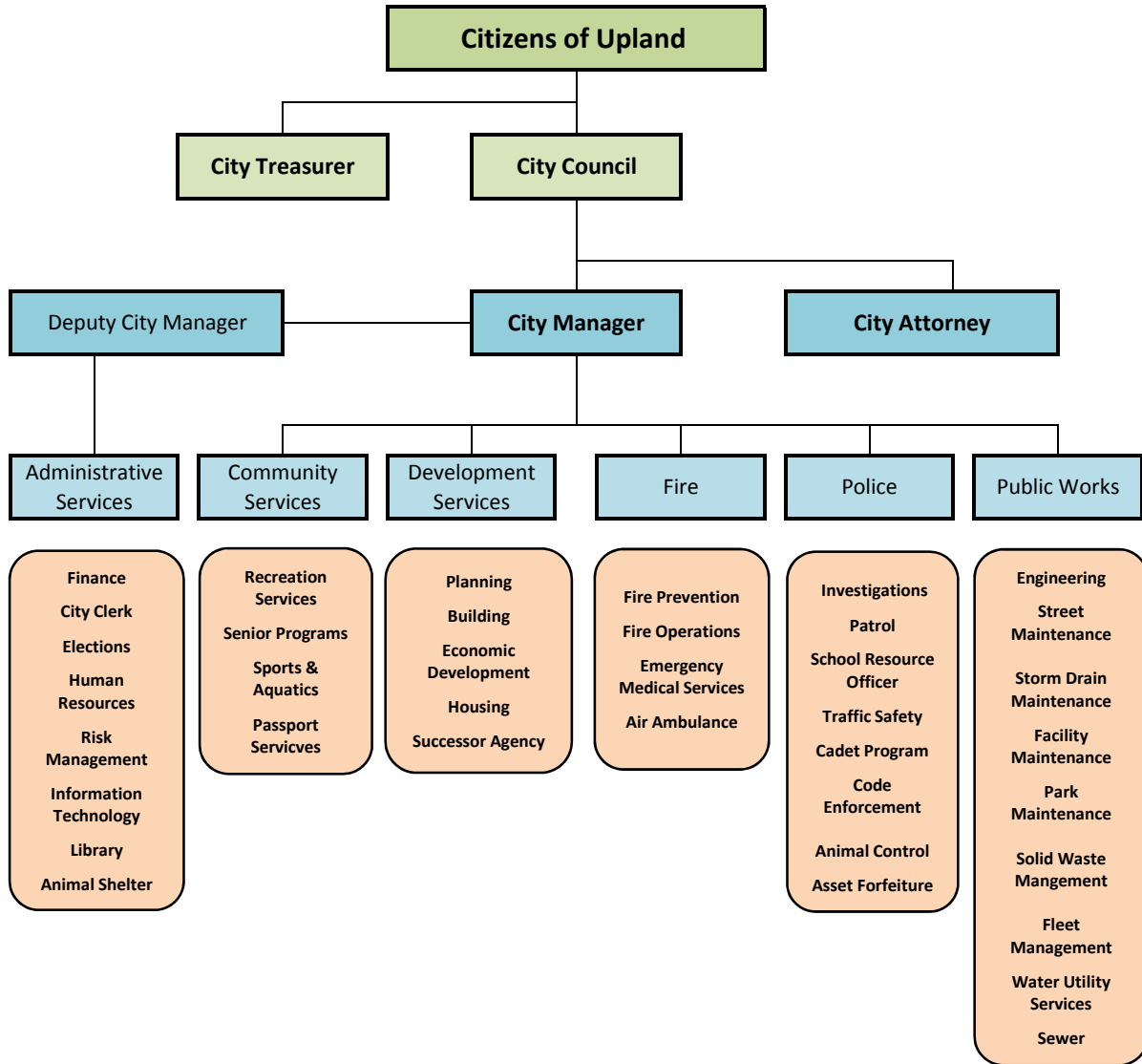
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

*Christopher P. Morill*

Executive Director/CEO

**City of Upland  
Organizational Chart  
Fiscal Year 2016-17**



Honorable Mayor and City Council  
City of Upland  
Upland, California

## **Independent Auditor's Report**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the statement of revenues, expenditures and changes in fund balances – budget to actual of the General Fund and Housing Fund of the City of Upland, California, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of San Antonio Water Company, West End Consolidated Water Company, and Water Facilities Authority ("the joint ventures") that the City of Upland has an investment in joint venture reported on the Statement of Net Position constituting 5 percent of total assets at June 30, 2017 and the share of net income (loss) constituting less than 1 percent total revenues for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the joint ventures, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

### ***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Upland, California, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows, and the statement of revenues, expenditures and changes in fund balances – budget to actual of the General Fund and Housing Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

The financial statements for the year ended June 30, 2016, reflect a prior period adjustments as described further in note 19 to the financial statements. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Upland's basic financial statements. The *combining and individual nonmajor fund financial statements and schedules*, the *introductory section*, and the *statistical section* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The *combining and individual nonmajor fund financial statements and schedules* are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *combining and individual nonmajor fund financial statements and schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2017 our consideration of the City of Upland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Upland's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Davis Fan UP". The signature is written in a cursive, flowing style.

Irvine, California  
December 26, 2017

MANAGEMENT'S DISCUSSION & ANALYSIS

## **Management's Discussion and Analysis**

### **Fiscal Year Ended June 30, 2017**

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, 2017. 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 \$343.2 million; this is an improvement of \$9.9 million in comparison with the prior year.
- ◆ The City's total assets increased by \$9.3 million during the fiscal year. The largest changes were an increase in cash of \$10.6 million, increase in inventory of \$.6 million, a net decrease of receivables of \$.1 million, and a decrease of \$1.8 million in Capital Assets and Investment in Joint Ventures.
- ◆ The City's liabilities, excluding the pension and other post-employment obligations, increased by \$1.3 million. The increase in liabilities is due to an increase of \$2.3 million in accounts payable, accrued salaries and benefits, and other noncurrent liabilities, and a decrease of \$1.0 million in City's long term liabilities.
- ◆ As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$54.9 million, an increase of \$2.1 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 \$108.7 million, an increase of \$5.9 million in comparison with the prior year.
- ◆ At the end of the fiscal year, unassigned fund balance for the general fund totaled \$15.2 million. This represents 24.0% of the FY 2017-18 Annual Budget-General Fund operating expenditures. The annual reserve requirement is 15% or 9.1 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 15. The fund's financial statements begin on page 18 and provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council has established many other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using certain taxes and other money (like grants received from the U.S. Department of Housing and Urban Development). The City's two kinds of funds - governmental and proprietary - use different accounting approaches.

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

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

- ◆ Proprietary funds - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows. The City uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities such as the City's self-insurance fund. The internal service funds are reported with governmental activities in the government-wide financial statements.
- ◆ Fiduciary Funds – The City is responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in a separate Statement of Assets and Liabilities and Statement of Changes in Assets and Liabilities on page 116 and 117 respectively. The City excludes these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### **Reporting the City as a Whole**

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

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

## City of Upland's Total Net Position

As noted earlier, the City's combined Total Net Position is \$343.2 million. The City's net position increased by \$9.9 million due to an increase in revenues and decrease in liabilities. Overall, the City's financial position was consistent with the prior year. Program expenses by function, general revenues by major source, excess and/or deficiency of revenues over expenses, changes in and total net position are presented in the Statement of Activities. The City's combined Net Position (in millions) for the fiscal year ended June 30, 2017 was as follows:

**Table 1**  
Net Position  
(In Millions)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 65.8	\$ 58.3	\$ 54.9	\$ 51.8	\$ 120.7	\$ 110.1
Capital assets	285.9	287.3	77.4	77.4	363.3	364.7
Total assets	<u>351.7</u>	<u>345.6</u>	<u>132.3</u>	<u>129.2</u>	<u>484.0</u>	<u>474.8</u>
Deferred outflows of resources	17.4	7.3	2.3	0.6	19.7	7.9
Long-term liabilities	118.2	102.9	20.6	19.2	138.8	122.1
Other liabilities	11.9	9.8	4.4	5.2	16.3	15.0
Total liabilities	<u>130.1</u>	<u>112.7</u>	<u>25.0</u>	<u>24.4</u>	<u>155.1</u>	<u>137.1</u>
Deferred inflows of resources	4.5	9.7	0.9	2.6	5.4	12.3
Net position:						
Net investment in capital assets	267.8	269.1	68.8	67.9	336.6	337.0
Restricted	40.9	40.0	-	-	40.9	40.0
Unrestricted	(74.2)	(78.6)	39.9	34.9	(34.3)	(43.7)
Total net position	<u>\$ 234.5</u>	<u>\$ 230.5</u>	<u>\$ 108.7</u>	<u>\$ 102.8</u>	<u>\$ 343.2</u>	<u>\$ 333.3</u>

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

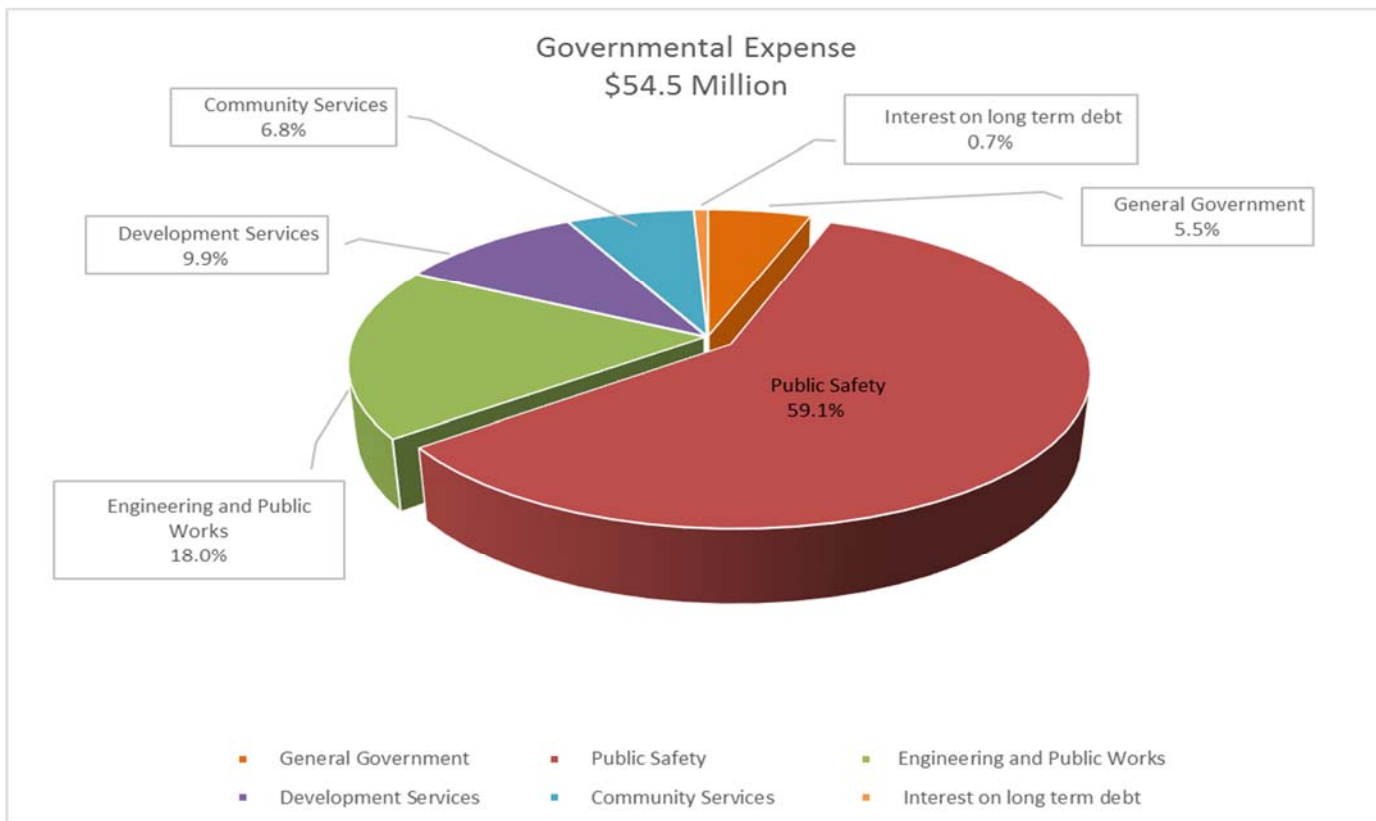
**Table 2**  
Change in Net Position  
(In Millions)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Program Revenues						
Charges for services	10.6	10.3	42.1	37.2	52.7	47.5
Operating Contributions/Grants	5.9	5.2	0.1	-	6.0	5.2
Capital Contributions	4.3	3.9	-	-	4.3	3.9
General Revenues						
Taxes						
Property Taxes	20.5	19.3	-	-	20.5	19.3
Sales Tax	13.3	13.9	-	-	13.3	13.9
Franchise Taxes	1.2	1.2	-	-	1.2	1.2
Transient Occupancy Taxes	0.2	0.2	-	-	0.2	0.2
Business License Taxes	1.1	0.9	-	-	1.1	0.9
Other Taxes	0.3	0.4	-	-	0.3	0.4
Investment Income	0.3	0.2	0.2	0.2	0.5	0.4
Motor Vehicle In Lieu	0.2	0.4	-	-	0.2	0.4
Gain on sale of assets	-	-	-	-	-	-
Miscellaneous Revenues	0.3	0.4	-	-	0.3	0.4
Total Revenues	<u>58.2</u>	<u>56.3</u>	<u>42.4</u>	<u>37.4</u>	<u>100.6</u>	<u>93.7</u>
<b>Expenses</b>						
General government	3.0	5.6	-	-	3.0	5.6
Public Safety	32.2	27.2	-	-	32.2	27.2
Public Works	9.8	11.0	-	-	9.8	11.0
Development Services	5.4	5.2	-	-	5.4	5.2
Community Services	3.7	4.3	-	-	3.7	4.3
Interest on long term debt	0.4	0.3	-	-	0.4	0.3
Water	-	-	18.5	16.1	18.5	16.1
Refuse	-	-	10.1	9.6	10.1	9.6
Sewer	-	-	7.8	7.1	7.8	7.1
Total Expenses	<u>54.5</u>	<u>53.7</u>	<u>36.4</u>	<u>32.8</u>	<u>90.9</u>	<u>86.5</u>
Excess/(Deficiency) Before Special Items and Transfers	3.7	2.6	6.0	4.6	9.7	7.2
Transfers	0.1	-	(0.1)	-	-	-
Increase (Decrease) in Net Position	3.8	2.6	5.9	4.6	9.7	7.2
Net Position at beginning of year, as restated (note 19)	230.7	227.9	102.8	98.2	333.5	326.1
Net Position end of year	<u>\$ 234.5</u>	<u>\$ 230.5</u>	<u>\$ 108.7</u>	<u>\$ 102.8</u>	<u>\$ 343.2</u>	<u>\$ 333.3</u>

## Governmental Activities

Revenues and transfers for the City's governmental activities totaled \$58.2 million, while expenses totaled \$54.5 million. The City's net position increased by \$3.7 million. The significant changes are highlighted below.

- ◆ Charges for services decreased by \$.6 million or 5.4% from the prior year, primarily in the General Government function.
- ◆ Property Taxes increased by \$1.1 million or 5.7% from the prior year primarily due to an increase in the assessed valuation.
- ◆ Sales Tax decreased by \$.6 million or 4.3% due mostly to a major retail store closing one of its locations within the City.
- ◆ The cost of all governmental activities for the fiscal year was \$54.5 million, compared to \$53.7 million in the prior year. The increase from prior fiscal year is due to higher cost in Public Safety and Development Services, and a decrease in General Government, Community Services, and Engineering and Public Works.



## **Business Type Activities**

As shown in the Statement of Activities, the amount paid by users for services was about \$42.4 million. The cost of all Proprietary (Business-type) activities this year was \$36.4 million.

Total resources available during the year to finance Proprietary Fund (Business-type) activities were \$102.8 million consisting of Net Position at July 1, 2017 of \$108.7 million; thus net position was increased by \$5.9 million.

## **The City's Major Funds**

The City's governmental funds reported a combined fund balance of \$52.0 million, and its enterprise funds reported combined net position of \$108.7 million. The major changes are as follows:

- ◆ The fund balance at year-end for the City's General fund of \$15.3 million is an overall increase of \$.8 million, primarily due to the increase in property tax revenues.
- ◆ The Housing fund balance decreased by \$.2 million or 1.5%, primarily due to an increase in interest expense and development services personnel costs.
- ◆ The Water Utility fund increased by \$2.8 million, or 3.4% in net position. The primary reason is a result of increased revenue from Charges for Services due to rate increases.
- ◆ The Solid Waste Utility net position increased by \$0.9 million resulting primarily from annual rate increases effective July 1, 2014. The City Council had adopted a five year rate adjustment to correct the program funding shortfall.
- ◆ The Sewer Utility fund increased by \$2.2 million, due to Sewer rate increases.

## **General Fund Budgetary Highlights**

Over the course of the year the City Manager revised the City budget several times but any increases in appropriations were offset by corresponding increases in budgeted revenues. These budget amendments and supplemental appropriations that were approved after the beginning of the year are included in the final budget column. Comparing the fiscal year 2016-17 adopted General Fund budget of \$46.1 million to the final budget of \$52.4 million results in an increase of \$6.3 million. Actual expenditures for the General Fund of \$47.5 million were \$5 million under the final budget amounts. The fiscal year 2016-17 adopted revenue budget started at \$46.3 million and was increased to \$46.7 million. Actual revenue for the General Fund of \$48.2 million was \$1.5 million over the final budgeted amount. Overall, the General Fund's positive results for the year significantly increased the fund balance to the point that it now exceeds the 15.0% reserve requirement.

## Capital Assets and Debt Administration

### Capital Assets

At June 30, 2017, the City had \$363.3 million invested in a broad range of capital assets, including police vehicles, buildings, park facilities, roads, and water and sewer lines.

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 5.1	\$ 5.1	\$ 2.0	\$ 2.0	\$ 7.1	\$ 7.1
Rights of way	103.4	103.4	-	-	103.4	103.4
Street trees	3.5	3.5	-	-	3.5	3.5
Construction in progress	1.6	1.2	1.0	0.8	2.6	2.0
Other capital assets	172.3	174.1	74.4	74.6	246.7	248.7
Totals	<u>\$ 285.9</u>	<u>\$ 287.3</u>	<u>\$ 77.4</u>	<u>\$ 77.4</u>	<u>\$ 363.3</u>	<u>\$ 364.7</u>

The City's fiscal year 2017-18 capital budget appropriates another \$10 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 of the financial statements.

### Debt

At June 30, 2017, the City had \$141.7 million in debt outstanding versus \$126.9 million in the prior year, an increase of \$14.8 million mostly due to increases Claims Payable and Net Pension Obligations.

**Table 4**  
Debt at Year-End  
(In Millions)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Housing Revenue Bonds	\$ 18.0	\$ 18.0	\$ -	\$ -	\$ 18.0	\$ 18.0
Lease Revenue Bonds	-	0.2	-	-	-	0.2
Revenue Refunding Bonds	-	-	8.2	9.7	\$ 8.2	\$ 9.7
Capital Lease	0.1	0.2	-	-	0.1	0.2
Compensated Absences	1.8	2.2	0.2	0.3	2.1	2.5
Other Post Employment Benefits	3.3	3.6	1.4	1.3	4.6	4.9
Claims Payable	7.7	7.2	-	-	7.7	7.2
Net Pension Obligation	90.4	75.3	10.7	8.9	101.1	84.2
Totals	<u>\$ 121.3</u>	<u>\$ 106.7</u>	<u>\$ 20.5</u>	<u>\$ 20.2</u>	<u>\$ 141.7</u>	<u>\$ 126.9</u>

Additional detailed information on long-term debt activity and the pension obligation can be found in footnote 6 to the financial statements.

### **Economic Condition and Outlook**

Much of the Inland Empire's economy has transitioned from a recovery to an expansionary cycle and the real estate market is responding positively. With single family homes in the region relatively more affordable than in nearby Los Angeles and Orange Counties, forecasters are projecting the number of home sales to rise at an average annual rate of 5% through 2018. Employment in the Inland Empire continues to expand resulting in a decrease in the unemployment rate to 4.4%.

The City of Upland experienced a net taxable value increase of 5.5% for the 2017/2018 tax roll which represents its largest gain since the recession. Development activity is increasing and there are several new residential and commercial developments underway resulting in increases in anticipated building permit revenues and eventually property tax revenues. At the time the annual budget for fiscal year 2017/2018 was adopted, it included an increase of 2.2% of budgeted sales tax. Current sales tax data provided by HdL Companies indicates an increase in sales tax of 1.9% in the first quarter of fiscal year 2017/2018 alone.

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

### **Contacting the City's Financial Management**

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

BASIC FINANCIAL STATEMENTS

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CITY OF UPLAND  
STATEMENT OF NET POSITION  
JUNE 30, 2017

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and investments (note 2)	\$ 42,824,240	\$ 20,107,900	\$ 62,932,140
Receivables:			
Accounts, net	1,053,352	7,287,670	8,341,022
Accrued interest	157,188	-	157,188
Notes, net	10,997,194	-	10,997,194
Accrued interest on notes	2,126,994	-	2,126,994
Due from other governments	3,342,478	99,605	3,442,083
Inventory and prepaid items	219,784	3,593,422	3,813,206
Land held for resale	1,731,389	-	1,731,389
Restricted assets:			
Cash and investments with fiscal agent (note 2)	3,337,028	150,395	3,487,423
Investment in joint ventures (note 13)	-	23,619,930	23,619,930
Capital assets (note 4):			
Capital assets not being depreciated	113,590,126	3,054,941	116,645,067
Capital assets, net of depreciation	172,350,010	74,365,419	246,715,429
 Total assets	 <u>351,729,783</u>	 <u>132,279,282</u>	 <u>484,009,065</u>
<u>Deferred outflows of resources</u>			
Pension related (note 12)	17,392,558	2,325,287	19,717,845
Total deferred outflows of resources	<u>17,392,558</u>	<u>2,325,287</u>	<u>19,717,845</u>
<u>Liabilities</u>			
Accounts payable	3,053,299	3,083,436	6,136,735
Accrued salaries and benefits	2,571,580	141,784	2,713,364
Accrued interest payable (note 6)	-	95,189	95,189
Deposits payable	2,712,835	477,121	3,189,956
Retentions payable	30,399	10,007	40,406
Unearned revenue	376,707	49,807	426,514
Noncurrent liabilities:			
OPEB liability (note 7)	3,309,922	1,380,345	4,690,267
Net pension liability (note 12)	90,418,177	10,707,361	101,125,538
Due within one year (note 6)	3,146,635	505,412	3,652,047
Due in more than one year (note 6)	24,500,627	8,544,980	33,045,607
 Total liabilities	 <u>130,120,181</u>	 <u>24,995,442</u>	 <u>155,115,623</u>
<u>Deferred inflows of resources</u>			
Pension related (note 12)	4,536,386	858,329	5,394,715
Total deferred inflows of resources	<u>4,536,386</u>	<u>858,329</u>	<u>5,394,715</u>
<u>Net position</u>			
Net investment in capital assets	267,791,299	68,761,226	336,552,525
Restricted for:			
Public safety	405,135	-	405,135
Engineering and public works	14,550,836	-	14,550,836
Development services	21,392,053	-	21,392,053
Community services	4,496,480	-	4,496,480
Unrestricted	<u>(74,170,029)</u>	<u>39,989,572</u>	<u>(34,180,457)</u>
 Total net position	 <u>\$ 234,465,774</u>	 <u>\$ 108,750,798</u>	 <u>\$ 343,216,572</u>

See accompanying notes to the basic financial statements.

CITY OF UPLAND

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2017

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Governmental activities:</b>				
General government	\$ 3,080,619	\$ 305,373	\$ 96,763	\$ -
Public safety	32,174,086	3,541,745	2,621,250	-
Engineering and public works	9,819,952	776,173	1,991,332	4,337,377
Development services	5,407,099	5,461,323	1,199,469	-
Community services	3,691,035	495,702	25,153	-
Interest expense	358,679	-	-	-
Total governmental activities	<u>54,531,470</u>	<u>10,580,316</u>	<u>5,933,967</u>	<u>4,337,377</u>
<b>Business-type activities:</b>				
Water utility	18,483,205	21,299,753	-	-
Solid waste utility	10,051,229	11,103,446	63,207	-
Sewer utility	7,818,112	9,705,668	-	-
Total business-type activities	<u>36,352,546</u>	<u>42,108,867</u>	<u>63,207</u>	<u>-</u>
	<u>\$ 90,884,016</u>	<u>\$ 52,689,183</u>	<u>\$ 5,997,174</u>	<u>\$ 4,337,377</u>

General revenues:

Taxes:

Property taxes

Sales taxes

Franchise taxes

Transient occupancy taxes

Business license Tax

Other taxes

Investment income

Motor vehicle in lieu, unrestricted

Gain on sale of assets

Miscellaneous revenues

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year

Net position at end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (2,678,483)	\$ -	\$ (2,678,483)
(26,011,091)	-	(26,011,091)
(2,715,070)	-	(2,715,070)
1,253,693	-	1,253,693
(3,170,180)	-	(3,170,180)
(358,679)	-	(358,679)
(33,679,810)	-	(33,679,810)
-	2,816,548	2,816,548
-	1,115,424	1,115,424
-	1,887,556	1,887,556
-	5,819,528	5,819,528
(33,679,810)	5,819,528	(27,860,282)
20,482,854	-	20,482,854
13,293,304	-	13,293,304
1,184,255	-	1,184,255
167,699	-	167,699
1,058,722	-	1,058,722
329,771	-	329,771
326,531	189,704	516,235
223,315	-	223,315
4,180	-	4,180
355,677	-	355,677
67,000	(67,000)	-
37,493,308	122,704	37,616,012
3,813,498	5,942,232	9,755,730
230,652,276	102,808,566	333,460,842
\$ 234,465,774	\$ 108,750,798	\$ 343,216,572

CITY OF UPLAND  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	General	Special Revenue Housing	Non-Major Governmental	Total
<u>Assets</u>				
Cash and investments	\$ 15,423,073	\$ 3,019,729	\$ 21,299,025	\$ 39,741,827
Cash and investments with fiscal agent	-	3,337,028	-	3,337,028
Receivables:				
Accounts	990,894	-	28,495	1,019,389
Accrued interest	157,188	-	-	157,188
Notes, net	18,012	5,405,073	5,574,109	10,997,194
Accrued interest on notes	-	1,033,890	1,093,104	2,126,994
Due from other funds (note 3)	3,278,563	-	-	3,278,563
Due from other governments	2,433,863	-	908,567	3,342,430
Inventory and prepaid items	57,313	-	-	57,313
Land held for resale	-	1,731,389	-	1,731,389
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 22,358,906</u>	<u>\$ 14,527,109</u>	<u>\$ 28,903,300</u>	<u>\$ 65,789,315</u>
<u>Liabilities</u>				
Accounts payable	\$ 2,296,911	\$ 109,891	\$ 421,789	\$ 2,828,591
Accrued salaries and benefits	2,479,181	26,596	8,336	2,514,113
Due to other funds (note 3)	-	-	276,329	276,329
Deposits payable	2,144,544	-	568,291	2,712,835
Retentions payable	-	-	30,399	30,399
Unearned revenue	78,307	-	298,400	376,707
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>6,998,943</u>	<u>136,487</u>	<u>1,603,544</u>	<u>8,738,974</u>
<u>Deferred inflows of resources</u>				
Unavailable revenue	30,488	1,033,890	1,097,192	2,161,570
Total deferred inflow of resources	<u>30,488</u>	<u>1,033,890</u>	<u>1,097,192</u>	<u>2,161,570</u>
<u>Fund balance</u>				
Nonspendable:				
Inventory and prepaid items	57,313	-	-	57,313
Notes receivable	18,012	-	-	18,012
Restricted for:				
Public safety	-	-	405,135	405,135
Engineering and public works	-	-	14,550,836	14,550,836
Development services	-	13,356,732	6,725,992	20,082,724
Community services	-	-	4,496,480	4,496,480
Debt service	-	-	28,209	28,209
Unassigned	15,254,150	-	(4,088)	15,250,062
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>15,329,475</u>	<u>13,356,732</u>	<u>26,202,564</u>	<u>54,888,771</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 22,358,906</u>	<u>\$ 14,527,109</u>	<u>\$ 28,903,300</u>	<u>\$ 65,789,315</u>

See accompanying notes to the basic financial statements.

CITY OF UPLAND

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2017

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Fund balances of governmental funds \$ 54,888,771

Amounts reported for governmental activities in the statement of net position is different because:

Capital assets, net of depreciation, have not been included as financial resources in governmental fund activity.

Capital assets	376,689,631
Accumulated depreciation	(92,101,004)

Long-term debt and compensated absences that have not been included in the governmental fund activity:

Bonds and notes payable	(18,000,000)
Capital lease payable	(148,837)
Compensated absences	(1,640,569)
Pension liability	(87,114,648)
Other post employment benefits obligation	(3,309,922)

Revenues that are measurable but not available. Amounts are recorded as unearned revenue under the modified accrual basis of accounting. 2,161,570

Deferred outflows are not current assets or financial resources and deferred inflows are not due and payable in the current period, and, therefore are not reported on the Governmental Fund Balance Sheet:

Deferred outflows or resources - pension related	16,588,101
Deferred inflows of resources - pension related	(4,349,896)

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. (9,197,423)

Net position of governmental activities \$ 234,465,774

CITY OF UPLAND

STATEMENT OF REVENUE  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2017

	General	Special Revenue Housing	Non-Major Governmental Funds	Total
<u>Revenues</u>				
Taxes	\$ 36,443,924	\$ -	\$ 2,386,428	\$ 38,830,352
Licenses and permits	1,361,776	-	1,648,086	3,009,862
Charges for services	5,857,984	-	-	5,857,984
Fines and penalties	619,646	-	-	619,646
Investment income (loss)	(76,762)	27,899	135,036	86,173
Rental income	545,115	3,585,706	60,909	4,191,730
Intergovernmental	1,903,558	-	3,895,300	5,798,858
Other	1,152,646	28,305	561,712	1,742,663
Total revenues	<u>47,807,887</u>	<u>3,641,910</u>	<u>8,687,471</u>	<u>60,137,268</u>
<u>Expenditures</u>				
Current:				
General government	4,950,630	-	-	4,950,630
Public safety	30,704,963	-	1,028,079	31,733,042
Engineering and public works	5,243,432	-	4,136,569	9,380,001
Development services	1,370,709	3,488,963	586,877	5,446,549
Community services	3,464,660	-	53,850	3,518,510
Debt service:				
Principal	38,319	-	250,000	288,319
Interest	-	355,103	9,326	364,429
Total expenditures	<u>45,772,713</u>	<u>3,844,066</u>	<u>6,064,701</u>	<u>55,681,480</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,035,174</u>	<u>(202,156)</u>	<u>2,622,770</u>	<u>4,455,788</u>
<u>Other financing sources (uses)</u>				
Transfers in (note 14)	437,960	-	80,000	517,960
Transfers out (note 14)	(1,686,154)	-	(478,566)	(2,164,720)
Total other financing sources (uses)	<u>(1,248,194)</u>	<u>-</u>	<u>(398,566)</u>	<u>(1,646,760)</u>
Change in fund balances	786,980	(202,156)	2,224,204	2,809,028
Fund balances (deficit) at beginning of year, as restated (note 19)	<u>14,542,495</u>	<u>13,558,888</u>	<u>23,978,360</u>	<u>52,079,743</u>
Fund balances at end of year	<u>\$ 15,329,475</u>	<u>\$ 13,356,732</u>	<u>\$ 26,202,564</u>	<u>\$ 54,888,771</u>

See accompanying notes to the basic financial statements.

CITY OF UPLAND

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2017

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Net changes in fund balances of governmental funds \$ 2,809,028

Amounts reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital expenditures	4,895,487
Depreciation expense	(6,280,954)

Changes in long-term liabilities are reported as expenditures and other financing sources (uses) in the governmental funds, but are reported as increases and decreases of long-term liabilities in the statement of net position.

Principal reduction	288,319
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The statement of net position includes the change in accrued interest on debt. 5,750

The following amounts reported in the Statement of Activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.

Net change in compensated absences	393,482
Net change in other post employment benefit obligations	333,073
Net change in net pension liability and related deferrals	(227,713)

Revenues that are measurable but not available. Amounts are not recorded as revenue under the modified accrual basis of accounting. (292,750)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. 1,889,776

Change in net position of governmental activities \$ 3,813,498

## CITY OF UPLAND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL - GENERAL FUND  
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Revenues:				
Taxes:				
Property taxes	\$ 20,075,914	\$ 20,249,414	\$ 20,410,173	\$ 160,759
Business license tax	850,000	850,000	1,058,722	208,722
Sales and use tax	13,600,000	13,622,588	13,293,304	(329,284)
Franchise tax	1,230,000	1,230,000	1,184,255	(45,745)
Other	473,050	473,050	497,470	24,420
Licenses and permits	1,066,186	1,066,186	1,361,776	295,590
Charges for services	5,530,260	5,584,843	5,857,984	273,141
Fines and penalties	434,000	434,000	619,646	185,646
Investment income	30,000	30,000	(76,762)	(106,762)
Rental income	536,560	536,560	545,115	8,555
Intergovernmental	2,026,450	2,145,851	1,903,558	(242,293)
Other	56,600	66,858	1,152,646	1,085,788
Total revenues	<u>45,909,020</u>	<u>46,289,350</u>	<u>47,807,887</u>	<u>1,518,537</u>
Expenditures:				
Current:				
General government	3,542,334	5,437,380	4,950,630	486,750
Public safety:				
Police	19,131,557	20,251,820	17,827,848	2,423,972
Fire	11,986,104	13,551,524	12,877,115	674,409
Engineering and public works	5,538,432	5,934,537	5,243,432	691,105
Development services	1,376,376	1,586,694	1,370,709	215,985
Community services	4,486,050	4,009,450	3,464,660	544,790
Debt service:				
Principal	-	-	38,319	(38,319)
Total expenditures	<u>46,060,853</u>	<u>50,771,405</u>	<u>45,772,713</u>	<u>4,998,692</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(151,833)</u>	<u>(4,482,055)</u>	<u>2,035,174</u>	<u>6,517,229</u>
Other financing sources (uses):				
Transfers in	396,960	437,960	437,960	-
Transfers out	(20,000)	(1,666,154)	(1,686,154)	(20,000)
Proceeds of capital lease	-	72,680	-	(72,680)
Total other financing sources (uses)	<u>376,960</u>	<u>(1,155,514)</u>	<u>(1,248,194)</u>	<u>(92,680)</u>
Change in fund balances	225,127	(5,637,569)	786,980	6,424,549
Fund balances at beginning of year	<u>14,542,495</u>	<u>14,542,495</u>	<u>14,542,495</u>	<u>-</u>
Fund balances at end of year	<u>\$ 14,767,622</u>	<u>\$ 8,904,926</u>	<u>\$ 15,329,475</u>	<u>\$ 6,424,549</u>

See accompanying notes to the basic financial statements.

CITY OF UPLAND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET TO ACTUAL - HOUSING FUND  
 YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final		(Negative)
Revenues:				
Investment income	\$ 3,000	\$ 3,000	\$ 27,899	\$ 24,899
Rental income	3,305,905	3,305,905	3,585,706	279,801
Other	50,000	50,000	28,305	(21,695)
Total revenues	<u>3,358,905</u>	<u>3,358,905</u>	<u>3,641,910</u>	<u>283,005</u>
Expenditures:				
Current:				
Development services	5,676,750	5,684,430	3,488,963	2,195,467
Debt service:				
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>355,103</u>	<u>(355,103)</u>
Total expenditures	<u>5,676,750</u>	<u>5,684,430</u>	<u>3,844,066</u>	<u>1,840,364</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,317,845)</u>	<u>(2,325,525)</u>	<u>(202,156)</u>	<u>2,123,369</u>
Change in fund balances	(2,317,845)	(2,325,525)	(202,156)	2,123,369
Fund balances at beginning of year, as restated (note 19)	<u>13,558,888</u>	<u>13,558,888</u>	<u>13,558,888</u>	<u>-</u>
Fund balances at end of year	<u>\$ 11,241,043</u>	<u>\$ 11,233,363</u>	<u>\$ 13,356,732</u>	<u>\$ 2,123,369</u>

See accompanying notes to the basic financial statements.

## CITY OF UPLAND

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017

	Business-Type Activities-Enterprise Funds			Business-Type Activities	Governmental Activities
	Water Utility	Solid Waste Utility	Sewer Utility	Enterprise	Internal
				Funds Total	Service Funds Total
<u>Assets</u>					
Current assets:					
Cash and investments	\$ 9,792,058	\$ 269,259	\$ 10,046,583	\$ 20,107,900	\$ 3,082,413
Receivables:					
Accounts, net	4,013,408	1,617,546	1,656,716	7,287,670	33,963
Due from other governments	99,473	105	27	99,605	48
Inventory and prepaid items	3,593,422	-	-	3,593,422	162,471
Total current assets	17,498,361	1,886,910	11,703,326	31,088,597	3,278,895
Noncurrent assets:					
Restricted cash and investments					
with fiscal agent	150,395	-	-	150,395	-
Investment in joint ventures	23,619,930	-	-	23,619,930	-
Capital assets:					
Land	1,995,981	-	-	1,995,981	-
Construction in progress	1,004,878	-	54,082	1,058,960	747,430
Other capital assets, net	60,656,050	-	13,709,369	74,365,419	604,079
Total noncurrent assets	87,427,234	-	13,763,451	101,190,685	1,351,509
Total assets	104,925,595	1,886,910	25,466,777	132,279,282	4,630,404
<u>Deferred Outflows of Resources</u>					
Pension related	1,662,023	143,579	519,685	2,325,287	804,457
Total deferred outflow of resources	1,662,023	143,579	519,685	2,325,287	804,457
<u>Liabilities</u>					
Current liabilities:					
Accounts payable	1,730,999	728,770	623,667	3,083,436	224,708
Accrued salaries and wages	102,064	8,058	31,662	141,784	57,467
Due to other funds (note 3)	-	-	-	-	3,002,234
Interest payable	95,189	-	-	95,189	-
Unearned revenue	-	49,807	-	49,807	-
Retentions payable	10,007	-	-	10,007	-
Deposits payable	438,449	-	38,672	477,121	-
Current portion of long-term liabilities:					
Claims and judgments payable (note 6)	-	-	-	-	1,725,932
Compensated absences (note 6)	107,988	9,948	47,476	165,412	62,613
Revenue bonds payable	340,000	-	-	340,000	-
Total current liabilities	2,824,696	796,583	741,477	4,362,756	5,072,954
Long-term liabilities:					
Claims and judgments payable (note 6)	-	-	-	-	6,016,716
OPEB liability (note 7)	936,177	96,150	348,018	1,380,345	-
Net pension liability	7,261,941	745,841	2,699,579	10,707,361	3,303,529
Compensated absences (note 6)	43,017	5,060	27,374	75,451	52,595
Revenue bonds payable	8,469,529	-	-	8,469,529	-
Total long-term liabilities	16,710,664	847,051	3,074,971	20,632,686	9,372,840
Total liabilities	19,535,360	1,643,634	3,816,448	24,995,442	14,445,794
<u>Deferred Inflows of Resources</u>					
Pension related	455,355	103,054	299,920	858,329	186,490
Total deferred inflows of resources	455,355	103,054	299,920	858,329	186,490
<u>Net position</u>					
Net investment in capital assets	54,997,775	-	13,763,451	68,761,226	1,267,447
Unrestricted	31,599,128	283,801	8,106,643	39,989,572	(10,464,870)
Total net position	\$ 86,596,903	\$ 283,801	\$ 21,870,094	\$ 108,750,798	\$ (9,197,423)

There are no noncash investing, capital or financing activities for the year ended June 30, 2017.

See accompanying notes to the basic financial statements.

CITY OF UPLAND

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2017

	Business-Type Activities-Enterprise Funds			Business-Type Activities	Governmental Activities
	Water Utility	Solid Waste Utility	Sewer Utility	Enterprise Funds	Internal Service Funds
				Total	Total
Operating revenues:					
Charges for services	\$ 20,569,193	\$ 11,103,446	\$ 8,963,330	\$ 40,635,969	\$ 8,499,956
Licenses and permits	553,617	-	329,189	882,806	-
Fines and penalties	280,407	-	-	280,407	-
Other	393,027	-	413,149	806,176	76,488
Total operating revenues	<u>21,796,244</u>	<u>11,103,446</u>	<u>9,705,668</u>	<u>42,605,358</u>	<u>8,576,444</u>
Operating expenses:					
Administrative costs	1,779,949	495,062	356,350	2,631,361	-
Maintenance and operations	11,408,833	24,089	994,123	12,427,045	2,663,483
Contractual services	1,438,077	9,532,078	5,644,120	16,614,275	333,762
Customer service	974,440	-	-	974,440	-
Claims expense	-	-	-	-	5,163,061
Depreciation	1,817,479	-	472,334	2,289,813	256,246
Total operating expenses	<u>17,418,778</u>	<u>10,051,229</u>	<u>7,466,927</u>	<u>34,936,934</u>	<u>8,416,552</u>
Operating income (loss)	<u>4,377,466</u>	<u>1,052,217</u>	<u>2,238,741</u>	<u>7,668,424</u>	<u>159,892</u>
Nonoperating revenues (expenses):					
Investment income	80,600	17,464	91,640	189,704	11,944
Share of joint venture net income (loss) (note 13)	(496,491)	-	-	(496,491)	-
Gain (loss) on sale of assets	(703,021)	-	(351,185)	(1,054,206)	4,180
Interest expense	(361,406)	-	-	(361,406)	-
Intergovernmental revenue	-	63,207	-	63,207	-
Total nonoperating revenues (expenses)	<u>(1,480,318)</u>	<u>80,671</u>	<u>(259,545)</u>	<u>(1,659,192)</u>	<u>16,124</u>
Income (loss) before transfers	<u>2,897,148</u>	<u>1,132,888</u>	<u>1,979,196</u>	<u>6,009,232</u>	<u>176,016</u>
Transfers and capital contributions:					
Transfers in (note 14)	-	5,000	265,000	270,000	1,724,760
Transfers out (note 14)	(48,500)	(250,000)	(38,500)	(337,000)	(11,000)
Total transfers and capital contributions	<u>(48,500)</u>	<u>(245,000)</u>	<u>226,500</u>	<u>(67,000)</u>	<u>1,713,760</u>
Changes in net position	2,848,648	887,888	2,205,696	5,942,232	1,889,776
Net position at beginning of year	<u>83,748,255</u>	<u>(604,087)</u>	<u>19,664,398</u>	<u>102,808,566</u>	<u>(11,087,199)</u>
Net position at end of year	<u>\$ 86,596,903</u>	<u>\$ 283,801</u>	<u>\$ 21,870,094</u>	<u>\$ 108,750,798</u>	<u>\$ (9,197,423)</u>

See accompanying notes to the basic financial statements.

## CITY OF UPLAND

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2017

	Business-Type Activities-Enterprise Funds			Business-Type Activities	Governmental Activities
	Water Utility	Solid Waste Utility	Sewer Utility	Enterprise Funds Total	Internal Service Funds
Cash flows from operating activities:					
Cash received from customers	\$ 19,495,271	\$ 10,936,384	\$ 9,369,114	\$ 39,800,769	\$ -
Cash received from user departments	-	-	-	-	8,576,444
Cash payments to suppliers for goods and services	(12,539,419)	(10,175,947)	(6,341,816)	(29,057,182)	(6,540,828)
Cash payments to employees for services	(2,955,274)	(740,556)	(1,288,965)	(4,984,795)	(1,702,377)
Net cash provided by (used for) operating activities	<u>4,000,578</u>	<u>19,881</u>	<u>1,738,333</u>	<u>5,758,792</u>	<u>333,239</u>
Cash flows from noncapital financing activities:					
Cash transferred from other funds	-	5,000	265,000	270,000	1,728,952
Cash transferred to other funds	(48,500)	(300,000)	(38,500)	(387,000)	(11,000)
Grants received	-	63,207	-	63,207	-
Net cash provided by (used for) noncapital financing activities	<u>(48,500)</u>	<u>(231,793)</u>	<u>226,500</u>	<u>(53,793)</u>	<u>1,717,952</u>
Cash flows from capital and related financing activities:					
Cash paid for acquisition and construction of capital assets	(2,891,034)	-	(381,325)	(3,272,359)	(276,826)
Principal paid on debt	(790,000)	-	-	(790,000)	-
Interest paid on debt	(416,825)	-	-	(416,825)	-
Net cash provided by (used for) capital and related financing activities	<u>(4,097,859)</u>	<u>-</u>	<u>(381,325)</u>	<u>(4,479,184)</u>	<u>(276,826)</u>
Cash flows from investing activities:					
Interest received on investments	<u>80,600</u>	<u>17,464</u>	<u>91,640</u>	<u>189,704</u>	<u>11,944</u>
Net cash provided by (used for) investing activities	<u>80,600</u>	<u>17,464</u>	<u>91,640</u>	<u>189,704</u>	<u>11,944</u>
Net increase (decrease) in cash and cash equivalents	(65,181)	(194,448)	1,675,148	1,415,519	1,786,309
Cash and cash equivalents at beginning of year	<u>10,007,634</u>	<u>463,707</u>	<u>8,371,435</u>	<u>18,842,776</u>	<u>1,296,104</u>
Cash and cash equivalents at end of year	<u>\$ 9,942,453</u>	<u>\$ 269,259</u>	<u>\$ 10,046,583</u>	<u>\$ 20,258,295</u>	<u>\$ 3,082,413</u>
Reconciliation of amounts reported on the Statement of Net Position:					
Net Position:					
Cash and investments	\$ 9,792,058	\$ 269,259	\$ 10,046,583	\$ 20,107,900	\$ 3,082,413
Cash with fiscal agents	<u>150,395</u>	<u>-</u>	<u>-</u>	<u>150,395</u>	<u>-</u>
Cash and cash equivalents at end of year	<u>\$ 9,942,453</u>	<u>\$ 269,259</u>	<u>\$ 10,046,583</u>	<u>\$ 20,258,295</u>	<u>\$ 3,082,413</u>

(Continued)

See accompanying notes to the basic financial statements.

## CITY OF UPLAND

## STATEMENT OF CASH FLOWS

## PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2017, (Continued)

	<u>Business-Type Activities-Enterprise Funds</u>			<u>Business-Type</u>	<u>Governmental</u>
	<u>Water</u>	<u>Solid Waste</u>	<u>Sewer</u>	<u>Activities</u>	<u>Activities</u>
	<u>Utility</u>	<u>Utility</u>	<u>Utility</u>	<u>Enterprise Funds</u>	<u>Internal Service</u>
				<u>Total</u>	<u>Funds</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 4,377,466	\$ 1,052,217	\$ 2,238,741	\$ 7,668,424	\$ 159,892
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	1,817,479	-	472,334	2,289,813	256,246
(Increase) decrease in accounts receivable	(1,570,577)	(144,296)	(336,634)	(2,051,507)	21,521
(Increase) decrease in due from other governments	455,149	(6)	80	455,223	-
(Increase) decrease in due from other funds	-	-	50,000	50,000	-
(Increase) decrease in inventory	(663,516)	-	-	(663,516)	57,642
(Increase) decrease in deferred outflows - pension related	(1,252,428)	(97,155)	(338,877)	(1,688,460)	(559,950)
Increase (decrease) in accounts payable	443,759	(623,869)	(286,804)	(466,914)	(226,671)
Increase (decrease) in accrued salaries and benefits	5,795	482	(3,381)	2,896	15,195
Increase (decrease) in unearned revenue	-	(22,760)	-	(22,760)	-
Increase (decrease) in due to other funds	-	-	-	-	(153,926)
Increase (decrease) in deposits payable	41,506	-	-	41,506	-
Increase (decrease) in OPEB liability	37,904	(3,658)	(1,311)	32,935	-
Increase (decrease) in pension liability	1,558,546	99,415	181,920	1,839,881	761,127
Increase (decrease) in compensated absences	(1,588)	(2,330)	(19,989)	(23,907)	5,128
Increase (decrease) in claims and judgments payable	-	-	-	-	514,003
Increase (decrease) in deferred inflows	(1,248,917)	(238,159)	(217,746)	(1,704,822)	(516,968)
Total adjustments	(376,888)	(1,032,336)	(500,408)	(1,909,632)	173,347
Net cash provided by (used for) operating activities	\$ 4,000,578	\$ 19,881	\$ 1,738,333	\$ 5,758,792	\$ 333,239

See accompanying notes to the basic financial statements.

CITY OF UPLAND

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2017

	Agency Funds	Private-Purpose Trust Fund Successor Agency to UCRA	OPEB Trust Fund OPEB Trust
<u>Assets</u>			
Cash and investments (note 2)	\$ 1,399,872	\$ 3,343,489	\$ 1,000,966
Cash and investments with fiscal agent (note 2)	6,756,279	2,456,359	-
Receivables:			
Notes, net	-	33,001	-
Land held for resale	-	3,888,000	-
Total current assets	<u>8,181,180</u>	<u>9,720,849</u>	<u>1,000,966</u>
<u>Deferred outflows of resources</u>			
Deferred charge on refunding	-	525,434	-
Total deferred outflows of resources	<u>-</u>	<u>525,434</u>	<u>-</u>
<u>Liabilities</u>			
Accounts payable	-	7,990	-
Deposits payable	1,329,789	-	-
Accrued salaries and wages	-	8,207	-
Interest payable	-	368,200	-
Due to bondholders	6,851,391	-	-
Current portion of long-term liabilities:			
Bonds payable (note 16)	-	2,080,000	-
Total current liabilities	<u>8,181,180</u>	<u>2,464,397</u>	<u>-</u>
Long-term liabilities (note 16):			
Bonds payable	-	28,117,850	-
Total long-term liabilities	<u>-</u>	<u>28,117,850</u>	<u>-</u>
Total liabilities	<u>\$ 8,181,180</u>	<u>30,582,247</u>	<u>-</u>
<u>Net Position</u>			
Held in trust		(20,335,964)	1,000,966
Total net position		<u>\$ (20,335,964)</u>	<u>\$ 1,000,966</u>

See accompanying notes to the basic financial statements.

CITY OF UPLAND

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

YEAR ENDED JUNE 30, 2017

	Private-Purpose Trust Fund	OPEB Trust Fund
<u>Additions</u>	<u>Successor Agency to UCRA</u>	<u>OPEB Trust</u>
Taxes	\$ 3,964,680	-
Investment income	37,635	3,050
Rental income	19,413	-
Contributions	-	1,000,000
Total additions	<u>4,021,728</u>	<u>1,003,050</u>
<u>Deductions</u>		
Development services	258,306	-
Bond issuance costs	382,813	-
Interest expense	896,753	-
Other expenses	-	2,084
Total deductions	<u>1,537,872</u>	<u>2,084</u>
Changes in fiduciary net position	2,483,856	1,000,966
Net position at beginning of year	<u>(22,819,820)</u>	<u>-</u>
Net position at end of year	<u>\$ (20,335,964)</u>	<u>\$ 1,000,966</u>

See accompanying notes to the basic financial statements.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(1) Summary of Significant Accounting Policies

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

(a) Reporting Entity

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

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

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

Upland Public Financing Authority

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

(b) Basis of Accounting and Measurement Focus

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

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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

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

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its discretely presented component units. The City has no discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

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

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

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

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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

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

Fund Financial Statements

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

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

Governmental Funds

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

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

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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

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

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

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

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

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

Proprietary and Fiduciary Funds

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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the enterprise fund financial statements, rather than reported as an expense. Proceeds of long-term debt are recorded as a liability in the enterprise fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the enterprise fund are reported as a reduction of the related liability, rather than as an expense. Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of City revenues and expenses. The private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting.

(c) Fund Classifications

The City reports the following major governmental funds:

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

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

The City reports the following major enterprise funds:

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

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

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

Additionally, the City reports the following fund types:

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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

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

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

Private Purpose Trust Fund - Used to account for the activities of the Redevelopment Obligation Retirement Fund, and other Successor Agency to UCRA activities, which accumulates resources for obligations previously incurred by the former Upland Community Redevelopment Agency.

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

(d) Encumbrances

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

(e) Cash and Investments

Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

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

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of 3 months or less. Cash equivalents represent the proprietary funds' share in the cash and investment pool of the City. Certain restricted assets and deposits of proprietary funds consist of investments which are not considered to be cash equivalents as defined above and therefore excluded from the statements of cash flows.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

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

(f) Inventories

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

(g) Land Held for Resale

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

(h) Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. Accordingly, the City accrues only those taxes which are received within 90 days after year end.

The property tax calendar is as follows:

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

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

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

(i) Claims and Judgments

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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

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

(j) Employee Leave Benefits

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

Under GASB Statement No. 16, a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) which is outside the control of the City and the employee.

(k) Capital Assets

Capital assets (including infrastructure) greater than \$5,000 are capitalized and recorded at cost or at the estimated fair value of the assets at the time of acquisition where complete historical records have not been maintained. Contributed capital assets are valued at their 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.

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

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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

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

The following schedule summarizes capital asset useful lives:

Governmental Activities:

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

Business-type Activities:

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

(l) Notes and Loans Receivable

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

(m) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Pension related is associated with the City's net pension liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two of these items. One of these items arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues 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 second item, deferred inflows – pension related is associated with the City's net pension liability.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

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

(n) Pensions

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

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

Valuation Date (VD)	June 30, 2015
Measurement Date (MD)	June 30, 2016
Measurement Period (MP)	June 30, 2015 to June 30, 2016

(o) Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

(p) Fund Balance

Nonspendable Fund Balance

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

Spendable Fund Balance

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

Committed Fund Balance – this includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (for example, resolution, ordinance, minutes action, etc.) that it employed to previously commit those amounts. If

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

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

the Council action that limits the use of the funds was separate from the action that initially created the revenues that form the basis for the fund balance, then the resultant fund balance is considered to be committed, not restricted. The City considers a resolution to constitute a formal action of City Council for the purposes of establishing committed fund balance.

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

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

Reserve Policy – the City shall strive to obtain, and maintain, a minimum unassigned fund balance of at least 15% of General Fund operating expenditures with a goal of bringing the total level of reserves up to 25% of operating expenditures. This is considered the minimum level necessary to maintain the City’s credit worthiness and to adequately provide for:

- Economic uncertainties, local disasters and other hardships or downturns in the local economy
- Contingencies for unforeseen operating or capital needs
- Cash flow requirements

Once the 15% reserve is met, any additional reserves will go to other funds that rely on the General Fund for revenue to eliminate their deficit fund balances. If unassigned fund balance ever exceeds 25% of operating expenditures, the excess will go into a Committed Fund Balance to be used for economic uncertainty. The purpose would be to provide the fiscal capacity to absorb one-time emergency situations without disrupting day-to-day operations. Fifteen percent of the fiscal year ending June 30, 2017 General Fund operating budget is \$7,865,634. Fund balance of the General Fund at June 30, 2017 is \$15,329,475.

(q) Fair Value Measurements

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

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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

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

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

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

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

(r) Budgets and Budgetary Data

The City Council approves each year's budget submitted by the City Manager prior to the beginning of the fiscal year. Public hearings are conducted prior to the adoption by City Council. Appropriations for each fund may only be increased or decreased by the City Council. During the year, there were budgetary appropriation increases amounting to \$2,220,656. The City Manager has authority to adjust the amounts appropriated between the departments and activities of a fund, provided, however, that the total appropriations for each fund may not exceed the amounts provided in the budget resolution. The level on which expenditures may not legally exceed appropriations is the fund level. The City Manager is also authorized to approve continuing appropriations at year-end for capital improvement projects and other expenditures previously approved by the City Council. City Council approval is required for an increase in total appropriations greater than \$20,000.

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

(s) Use of Estimates

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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(2) Cash and Investments

Cash and investments as of June 30, 2017 are classified in the accompanying financial statements as follows:

Governmental Activities:

Cash and investments	\$ 42,824,240
Cash and investments with fiscal agent	3,337,028

Business-type Activities:

Cash and investments	20,107,900
Cash and investments with fiscal agent	150,395

Fiduciary funds:

Cash and investments	5,744,327
Cash and investments with fiscal agent	<u>9,212,638</u>

Total cash and investments \$ 81,376,528

Cash and investments as of June 30, 2017 consist of the following:

Cash on hand	\$ 13,230
Deposits with financial institutions	9,807,185
Investments	<u>71,556,113</u>

Total cash and investments \$81,376,528

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(2) Cash and Investments, (Continued)

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

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

<u>Investment Types</u> <u>Authorized by State Law</u>	<u>Authorized</u> <u>By</u> <u>Investment</u> <u>Policy</u>	<u>*Maximum</u> <u>Maturity</u>	<u>*Maximum</u> <u>Percentage</u> <u>Of Portfolio</u>	<u>*Maximum</u> <u>Investment</u> <u>In One Issuer</u>
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	50%	25%
Banker's Acceptances	No	180 days	40%	30%
Commercial Paper	Yes	270 days	15%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	No	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	Yes	5 years	30%	5%
Mutual Funds	Yes	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	None
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
JPA Pools (other investment pools)	No	N/A	None	None

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

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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(2) Cash and Investments, (Continued)

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.

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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:

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(2) Cash and Investments, (Continued)

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 36 Months</u>	<u>36 to 60 Months</u>	<u>More Than 60 Months</u>
Treasury securities	\$ 1,944,491	\$ 174,542	\$ 1,769,949	\$ -	\$ -
Federal agency securities	21,752,397	2,406,366	11,378,531	7,967,500	-
Commercial paper	125,000	125,000	-	-	-
Medium term notes	2,590,921	1,244,220	1,244,824	101,877	-
Local Agency Investment Fund	31,734,257	31,734,257	-	-	-
Money market mutual funds	708,994	708,994	-	-	-
Held by fiscal agent:					
Money market mutual funds	12,700,053	12,700,053	-	-	-
<b>Total</b>	<b>\$ 71,556,113</b>	<b>\$ 49,093,432</b>	<b>\$ 14,393,304</b>	<b>\$ 8,069,377</b>	<b>\$ -</b>

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>	<u>Total</u>	Minimum Legal <u>Rating</u>	<u>Minimum Rating</u>				<u>Exempt from Rating</u>
			<u>Aaa</u>	<u>Aa3-Aa1</u>	<u>A1, A2, A3</u>	<u>Not Rated</u>	
Treasury securities	\$ 1,944,491	N/A	\$ -	\$ -	\$ -	\$ -	\$ 1,944,491
Federal agency securities	21,752,397	N/A	21,752,397	-	-	-	-
Commercial paper	125,000	N/A	125,000	-	-	-	-
Medium term notes	2,590,921	A	726,938	378,701	1,485,282	-	-
Local Agency Investment Fund	31,734,257	N/A	-	-	-	31,734,257	-
Money market mutual funds	708,994	A	708,994	-	-	-	-
Held by fiscal agent:							
Money market mutual funds	12,700,053	A	-	-	12,700,053	-	-
<b>Total</b>	<b>\$ 71,556,113</b>		<b>\$ 23,313,329</b>	<b>\$ 378,701</b>	<b>\$ 14,185,335</b>	<b>\$ 31,734,257</b>	<b>\$ 1,944,491</b>

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2017 there were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(2) Cash and Investments, (Continued)

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

Investment in State Investment Pool

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

Based upon the fair value measurements described above, the City held the following investments as of June 30, 2017:

<u>Investment Type</u>	<u>Total</u>	<u>Fair Value Hierarchy</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Treasury Securities	\$ 1,944,491	\$ 1,944,491	\$ -	\$ -
Federal Agency Securities	21,752,397	-	21,752,397	-
Commercial Paper	125,000	-	125,000	-
Medium Term Notes	2,590,921	-	2,590,921	-
<b>Total</b>	<b>\$ 26,412,809</b>	<b>\$ 1,944,491</b>	<b>\$ 24,468,318</b>	<b>\$ -</b>

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(3) Due From and To Other Funds

Interfund receivable and payable balances at June 30, 2017 are as follows:

<u>Due From</u>	<u>Due to</u>		<u>Total</u>
	<u>Self Funded Insurance Fund</u>	<u>Nonmajor Governmental Funds</u>	
General Fund	\$3,002,234	\$ 276,329	\$3,278,563
	<u>\$3,002,234</u>	<u>\$ 276,329</u>	<u>\$3,278,563</u>

Interfund receivable and payable balances are a result of short-term cash borrowings to cover deficit cash balances at June 30, 2017.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(4) Capital Assets

Governmental Activities:	Balance at June 30, 2016	Additions	Deletions	Balance at June 30, 2017
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	<u>1,151,547</u>	<u>4,546,896</u>	<u>(4,132,122)</u>	<u>1,566,321</u>
 Total Capital Assets Not Being Depreciated	 <u>113,175,352</u>	 <u>4,546,896</u>	 <u>(4,132,122)</u>	 <u>113,590,126</u>
Capital assets being depreciated:				
Building and improvements	47,856,487	30,002	-	47,886,489
Park improvements	12,491,905	197,382	-	12,689,287
Equipment	6,738,655	511,602	(115,407)	7,134,850
Vehicles	6,501,108	87,993	-	6,589,101
Infrastructure- street system	175,209,496	3,904,010	(1,625,597)	177,487,909
Infrastructure- storm drains	<u>22,306,135</u>	<u>30,730</u>	<u>-</u>	<u>22,336,865</u>
 Total Capital Assets Being Depreciated	 <u>271,103,786</u>	 <u>4,761,719</u>	 <u>(1,741,004)</u>	 <u>274,124,501</u>
Less accumulated depreciation for:				
Building and improvements	(11,808,367)	(938,844)	-	(12,747,211)
Park improvements	(6,158,819)	(388,991)	-	(6,547,810)
Equipment	(5,800,757)	(352,163)	115,407	(6,037,513)
Vehicles	(5,964,458)	(182,527)	-	(6,146,985)
Infrastructure- street system	(63,467,102)	(4,451,616)	1,625,597	(66,293,121)
Infrastructure- storm drains	<u>(3,778,792)</u>	<u>(223,061)</u>	<u>-</u>	<u>(4,001,853)</u>
 Total Accumulated Depreciation	 <u>(96,978,295)</u>	 <u>(6,537,201)</u>	 <u>1,741,004</u>	 <u>(101,774,492)</u>
 Total Capital Assets Being Depreciated	 <u>174,125,491</u>	 <u>(1,775,481)</u>	 <u>-</u>	 <u>172,350,010</u>
 Governmental Activity Capital Assets, Net	 <u>\$ 287,300,843</u>	 <u>\$ 2,771,415</u>	 <u>\$ (4,132,122)</u>	 <u>\$ 285,940,136</u>

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(4) Capital Assets, (Continued)

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

General government	\$ 735,125
Public safety	553,200
Engineering and public works	4,852,499
Community services	<u>396,377</u>
	<u>\$6,537,201</u>

Capital asset activity for the year ended June 30, 2017 is as follows:

Business Type Activities:	Balance at June 30, 2016	Additions	Deletions	Balance at June 30, 2017
Capital assets not being depreciated:				
Land	\$ 1,995,981	\$ -	\$ -	\$ 1,995,981
Construction in progress	<u>847,385</u>	<u>2,682,248</u>	<u>(2,470,673)</u>	<u>1,058,960</u>
Total Capital Assets Not Being Depreciated	<u>2,843,366</u>	<u>2,682,248</u>	<u>(2,470,673)</u>	<u>3,054,941</u>
Capital assets being depreciated:				
Pipelines	50,486,145	1,802,061	(1,146,787)	51,141,419
Reservoirs	36,921,911	-	-	36,921,911
Treatment Facilities	14,522,479	27,453	-	14,549,932
Wells/pumps	5,314,641	-	-	5,314,641
Sewer manholes	2,784,068	-	-	2,784,068
Machinery and equipment	1,309,222	8,872	-	1,318,094
Vehicles	<u>1,550,532</u>	<u>632,287</u>	<u>-</u>	<u>2,182,819</u>
Total Capital Assets Being Depreciated	<u>112,888,998</u>	<u>2,470,673</u>	<u>(1,146,787)</u>	<u>114,212,884</u>
Less accumulated depreciation for:				
Pipelines	(16,187,869)	(1,009,723)	774,330	(16,423,262)
Reservoirs	(10,839,727)	(721,108)	-	(11,560,835)
Treatment Facilities	(5,673,203)	(290,450)	-	(5,963,653)
Wells/pumps	(1,175,799)	(105,272)	-	(1,281,071)
Sewer manholes	(1,894,068)	(55,167)	-	(1,949,235)
Machinery and equipment	(1,181,441)	(72,479)	-	(1,253,920)
Vehicles	<u>(1,379,876)</u>	<u>(35,613)</u>	<u>-</u>	<u>(1,415,489)</u>
Total Accumulated Depreciation	<u>(38,331,983)</u>	<u>(2,289,812)</u>	<u>774,330</u>	<u>(39,847,465)</u>
Total Capital Assets Being Depreciated	<u>74,557,015</u>	<u>180,861</u>	<u>(372,457)</u>	<u>74,365,419</u>
Governmental Activity Capital Assets, Net	<u>\$ 77,400,381</u>	<u>\$ 2,863,109</u>	<u>\$ (2,843,130)</u>	<u>\$ 77,420,360</u>

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(4) Capital Assets, (Continued)

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

Water Utility	\$1,817,479
Sewer Utility	<u>472,334</u>
	<u>\$2,289,813</u>

(5) Accumulated Fund Deficits

The following funds reported deficits in fund balances/net position as of June 30, 2017:

	<u>Deficit Balance</u>
Non-Major Funds:	
Special Revenue Funds:	
Homeland Security Grants	\$ (4,088)
Fiduciary Fund:	
Successor Agency to UCRA	\$ (20,335,964)
Internal Service Fund:	
Self-Funded Insurance	\$ (11,183,477)
Building Maintenance	\$ (154,165)

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

Special Revenue Funds

The deficit fund balance of \$4,088 in the Homeland Security Grants Fund is the result of pending program reimbursements.

Fiduciary Fund

The deficit balance of \$20,335,964 in the Successor Agency to UCRA is the result of the dissolution of the Upland Community Redevelopment Agency in fiscal year 2011/12.

Internal Service Fund:

The deficit fund balance of \$11,183,477 in the Self-Funded Insurance Fund is a result of increased legal costs and claims that will be covered through future charges. The deficit fund balances of \$154,165 in the Building Maintenance Fund is the result of GASB No. 68 implementation in 2015.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2017 are as follows:

Governmental activities:	Balance at June 30, 2016	Additions	Deletions	Balance at June 30, 2017	Due within one year
Compensated absences payable	\$ 2,144,131	\$ 1,376,915	\$ (1,765,269)	\$ 1,755,777	\$ 1,381,099
Claims payable	7,228,645	4,014,722	(3,500,719)	7,742,648	1,725,932
2002 Lease Revenue Bonds	250,000	-	(250,000)	-	-
2007 Housing Revenue Bond	18,000,000	-	-	18,000,000	-
Capital Lease	187,156	-	(38,319)	148,837	39,604
Total long-term liabilities	<u>\$ 27,809,932</u>	<u>\$ 5,391,637</u>	<u>\$ (5,554,307)</u>	<u>\$ 27,647,262</u>	<u>\$ 3,146,635</u>

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

Governmental Activities:

2007 Housing Revenue Bonds

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

The bonds bear interest at a variable rate that resets weekly. Interest on the bonds is payable on the first Wednesday of each month beginning September 5, 2007. Principal is payable on August 1, 2037. Payments of principal and interest are secured by a pledge of revenues generated by apartment rentals, a ten year irrevocable letter of credit issued by East West Bank, and a ten year irrevocable standby letter of credit issued by Federal Home Loan Bank of San Francisco. The principal balance of outstanding bonds at June 30, 2017 is \$18,000,000. Interest on the 2007 Housing Revenue Bonds was estimated based on the variable interest rate of 0.87% at June 30, 2017. The above bonds are payable from certain housing related revenues (rents, etc.) that have been assigned to the Housing Fund of the City pursuant to Assembly Bills 1X26 and 1484.

Subsequent Event

On July 26, 2017, the City entered into a Multifamily Housing Revenue Loan in the amount of \$14,865,000 for the purpose of refunding the 2007 Housing Revenue Bonds. The Loan bears interest at 4% per annum and is due on August 1, 2037.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(6) Long-Term Liabilities, (Continued)

The annual debt service requirements for the bonds as of June 30, 2017 are as follows:

Year ending June 30	2007 Housing Revenue	
	Principal	Interest
2018	\$ -	\$ 156,600
2019	-	156,600
2020	-	156,600
2021	-	156,600
2022	-	156,600
2023-2027	-	783,000
2028-2032	-	783,000
2033-2038	18,000,000	783,000
Total	<u>\$ 18,000,000</u>	<u>\$3,132,000</u>

Capital Lease

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

The future minimum lease payments as of June 30, 2017 are as follows:

Year ending June 30	Capital Lease	
	Principal	Interest
2018	\$ 40,105	\$ 1,900
2019	40,105	1,900
2020	40,105	1,900
2021	28,522	1,267
Total	<u>\$ 148,837</u>	<u>\$ 6,967</u>

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(6) Long-Term Liabilities, (Continued)

Changes in long-term liabilities for the year ended June 30, 2017 (including unamortized premium) are as follows:

Business-type activities:	Balance at June 30, 2016	Additions	Deletions	Balance at June 30, 2017	Due within one year
Compensated absences payable	\$ 264,770	\$ 235,230	\$ (259,137)	\$ 240,863	\$ 165,412
2011 Revenue refunding bonds	9,075,000	-	(815,000)	8,260,000	340,000
Unamortized premium	583,875	-	(34,346)	549,529	-
Total long-term liabilities	<u>\$ 9,923,645</u>	<u>\$ 235,230</u>	<u>\$ (1,108,483)</u>	<u>\$ 9,050,392</u>	<u>\$ 505,412</u>

Business-type Activities:

2011 Lease Revenue Refunding Bonds (Water System)

In December 2011, the City issued \$12,140,000 of 2011 Lease Revenue Refunding Bonds to provide for the advance refunding of the remaining portion of the City's 2003 Lease Revenue Refunding Bonds and 2003 Lease Revenue Bonds.

Interest rates on the bonds range from 2.0% to 4.0% and are payable semi-annually on April 1 and October 1 of each year until maturity on October 1, 2023.

The reserve requirement at June 30, 2017 of \$723,500 was fully satisfied. At June 30, 2017 the outstanding principal of the Lease Revenue Bonds is \$8,260,000.

Year ending June 30	2011 Lease Revenue	
	Principal	Interest
2018	\$ 340,000	\$ 382,850
2019	355,000	372,650
2020	365,000	358,450
2021	380,000	343,850
2022	395,000	328,650
2023-2027	2,235,000	1,379,800
2028-2032	2,845,000	777,000
2033-2034	1,345,000	101,750
Total	<u>\$ 8,260,000</u>	<u>\$ 4,045,000</u>

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(7) Post Employment Benefit Plan

*Plan Description:* The City administers a single-employer defined benefit plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. After age 65, Medicare automatically becomes the primary provider of health coverage. The City's defined benefit plan becomes the secondary provider. Eligible retirees will have no noticeable change in health benefits or plan administration; however, there is a reduction in the City's cost of health coverage as the secondary provider. The City's defined benefit plan administrator establishes the cost of secondary provider rates annually. There is no separate audited benefit plan report available. The City will pay a portion of the eligible retirees' health coverage depending on their years of service.

*Eligibility:* Employees are eligible for retiree health benefits if they retire from the City on or after age 50 with at least 5 years of service, and are eligible for a PERS pension. Membership of the plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	235
Active plan members	<u>226</u>
Total	<u>461</u>

*City's Funding Policy:* The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). The City established a Section 115 irrevocable trust for purpose of funding the net OPEB obligations. For fiscal year 2016-17, the City contributed \$1,669,988 to the plan (\$1,000,000 to the Section 115 trust and \$669,988 for current premiums and the implied rate subsidy).

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

Annual required contribution	\$ 1,518,543
Interest on net OPEB obligation	174,664
Adjustments for net OPEB obligation	<u>(323,356)</u>
Annual OPEB cost (expense)	1,369,851
Contributions made (including premiums paid)	<u>(1,669,989)</u>
Increase (decrease) in net OPEB obligation	(300,138)
Net OPEB obligation-beginning of year	<u>4,990,405</u>
Net OPEB obligation-end of year	<u>\$4,690,267</u>

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(7) Post Employment Benefit Plan, (Continued)

Allocation of OPEB Liability at June 30, 2017

Governmental Activities	\$3,309,922
Water Utility Fund	936,177
Solid Waste Utility Fund	96,150
Sewer Utility Fund	<u>348,018</u>
Total	<u>\$4,690,267</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/15	\$ 1,341,420	32%	4,138,738
6/30/16	1,368,695	27%	4,990,405
6/30/17	1,369,851	29%	4,690,267

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

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

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Actuarial Cost Method. The actuarial assumptions included a 3.5 percent discount rate and a general inflation rate of 2.75 percent. It is assumed the City's payroll will increase 3.0 percent per year. The UAAL is being amortized over 20 years using a fresh start basis at June 30, 2013. The remaining period at June 30, 2017 is 16 years.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(7) Post Employment Benefit Plan, (Continued)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
6/30/13	\$0	\$13,050,933	\$13,050,933	0%	\$19,459,000	67.1%
6/30/15	\$0	\$15,439,724	\$15,439,724	0%	\$18,584,000	83.0%
6/30/17	\$1,000,966	\$15,622,520	\$14,621,554	6%	\$16,775,000	87.3%

(8) Letter of Credit

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

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

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

(9) 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 was \$279,812.

(10) Debt Without Government Commitment

The following issues of Bonds are not reflected in the City’s financial statements because they are special obligations payable solely from and secured by specific revenue sources described in the resolutions and official statements of the respective issues. Neither the faith and credit nor the taxing power of the City, the Successor Agency to UCRA, the State of California or any political subdivision thereof, is pledged for the payment of these bonds. No legal obligation on the part of the City or Agency exists to make payments on the bonds from any source other than the revenues or assets pledged therefore. The programs are completely administered by the trustees.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(10) Debt Without Government Commitment, (Continued)

<u>Type and Bond Issuer</u>	<u>Date of Issue</u>	<u>Original Amount of Issue</u>	<u>Outstanding at June 30, 2017</u>
Housing Authority of the City of Upland Revenue Bonds, Issue A of 1990	May 1, 1990	\$ 10,145,000	\$ 3,105,000
1991 Sunset Haven Project Certificates of Participation, Sunset Haven, A California Nonprofit Public Benefit Corporation	June 10, 1991	\$ 6,200,000	\$ 1,805,000
1993 Series, Certificate of Participation, San Antonio Community Hospital, Upland, California	September 1, 1993	\$ 34,735,000	\$ 2,400,000
Variable Rate Demand Multifamily Housing Revenue Refunding Bonds, Issue A and B (Northwoods 168 Project)	February 9, 2000	\$ 7,775,000	\$ 7,775,000
Variable Rate Demand Multifamily Housing Revenue Refunding Bonds, Issue A and B (Northwoods 156 Project)	February 9, 2000	\$ 7,100,000	\$ 7,100,000
Community Facilities District 2003-2 Improvement District 1 (The Colonies at San Antonio)	August 1, 2012	\$ 22,060,000	\$ 20,410,000
Community Facilities District 2003-1 Series A of 2004 (Upland 54)	December 22, 2004	\$ 1,750,000	\$ 1,385,000
Community Facilities District 2003-2 Improvement District 1 (The Colonies at San Antonio), 2015 Series	September 15, 2015	\$ 18,360,000	\$ 16,910,000

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(11) Claims and Judgments

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

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

In the past three years, no claims for general liability or workers' compensation have exceeded the City's self-insured retention level.

The claims and judgments liability reported in the Internal Service Self-Funded Insurance Fund is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims and judgments be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. As of June 30, 2017, claims and judgments payable, including estimated claims for incurred but not reported claims, amounted to \$8,249,555.

Changes in the claims and judgments payable amounts in fiscal years ended June 30, 2016 and 2017 for the Self-Funded Insurance Fund are as follows:

	Beginning of Fiscal Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	Balance at Fiscal <u>Year End</u>
2015-16	\$ 6,135,471	\$ 1,665,570	\$ (572,396)	\$ 7,228,645
2016-17	\$ 7,228,645	\$ 4,014,722	\$ (3,500,719)	\$ 7,742,648

(12) Pension Plan

*Plan Descriptions:* All qualified permanent and probationary employees are eligible to participate in the Local Government's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. 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 from the CalPERS' website.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(12) Pension Plan, (Continued)

*Benefits Provided:* CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-62
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.0%
Required employee contribution rates	8%	6.75%
Required employer contribution rates	28.977%	28.977%

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	50-57
Monthly benefits, as a % of eligible compensation	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9%	12.25%
Required employer contribution rates	44.834%	44.834%

*Employees Covered:* As of June 30, 2017, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Active members not yet receiving benefits	157	103
Transferred members not yet receiving benefits	150	71
Terminated members not yet receiving benefits	93	28
Retired members and beneficiaries	355	187
Total	755	389

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(12) Pension Plan, (Continued)

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. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions, .

Actuarial Methods and Assumptions used to determine Total Pension Liability

The June 30, 2015 valuation was rolled forward to determine the June 30, 2016 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salaries Increases	Varies by Entry Age and Service
Mortality Rate Table <sup>1</sup>	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance. Floor on Purchasing Power applies, 2.75% thereafter

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

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

Change of Assumptions

There were no changes of assumptions.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(12) Pension Plan, (Continued)

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 (public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective July 1, 2015.

<u>Asset Class</u>	Current Target <u>Allocation</u>	Real Return <sup>1</sup> <u>Years 1 – 10</u>	Real Return <sup>2</sup> <u>Year 11</u>
Global Equity	51.0%	5.25%	5.71%
Global Fixed income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	(0.55%)	(1.05%)
Total	<u>100.0%</u>		

<sup>1</sup> An expected inflation of 2.5% used for this period

<sup>2</sup> An expected inflation of 3.0% used for this period

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(12) Pension Plan, (Continued)

Changes in Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at: 06/30/2015	\$182,028,781	\$128,825,883	\$53,202,898
Changes Recognized for the Measurement Period:			
Service Cost	\$2,840,973		\$2,840,973
Interest on the Total Pension Liability	13,738,636		13,738,636
Changes of Benefit Terms	-		-
Differences between Expected and Actual Experience	987,863		987,863
Plan to Plan Resource Movement		301	(301)
Changes of Assumptions	-		-
Contributions from the Employer		4,265,372	(4,265,372)
Contributions from Employees		1,166,670	(1,166,670)
Net Investment Income		673,474	(673,474)
Benefit Payments, including Refunds of Employee Contributions	(9,694,252)	(9,694,252)	-
Administrative Expense		(78,513)	78,513
Other Miscellaneous Income	-	-	-
Net Changes during 2015-16	\$7,873,220	\$(3,666,948)	\$11,540,168
Balance at: 06/30/2016	\$189,902,001	\$125,158,935	\$64,743,066

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(12) Pension Plan, (Continued)

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at: 06/30/2015	\$117,192,780	\$86,263,307	\$30,929,473
Changes Recognized for the Measurement Period:			
Service Cost	\$1,603,986	-	\$1,603,986
Interest on the Total Pension Liability	8,670,714	-	8,670,714
Changes of Benefit Terms	-	-	-
Differences between Expected and Actual Experience	(1,502,457)	-	(1,502,457)
Changes of Assumptions	-	-	-
Plan to Plan Resource Movement		(301)	301
Contributions from the Employer	-	2,239,207	(2,239,207)
Contributions from Employees	-	703,361	(703,361)
Net Investment Income	-	429,550	(429,550)
Benefit Payments, including Refunds of Employee Contributions	(6,299,318)	(6,299,318)	-
Administrative Expense	-	(52,573)	52,573
Other Miscellaneous Income	-	-	-
Net Changes during 2015-16	\$2,472,925	\$(2,980,074)	\$5,452,999
Balance at: 06/30/2016	\$119,665,705	\$83,283,233	\$36,382,472

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(12) 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 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate – 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Plan’s Net Pension Liability – Misc.	\$51,608,987	\$36,382,472	\$23,797,799
Plan’s Net Pension Liability - Safety	\$90,349,625	\$64,743,066	\$43,770,445

Subsequent Events

In December 2016, the CalPERS Board of Administration voted to lower the discount rate from 7.5% to 7.0% over the next three years. For public agencies, the discount rate changes approved by the Board for the next three fiscal years ending June 30, 2019, 2020, and 2021 are 7.375%, 7.25% and 7.0%, respectively.

Amortization of Deferred Outflows and Deferred Inflows

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

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

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

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

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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(12) Pension Plan, (Continued)

The EARSL for the Miscellaneous Plan for the measurement period ending June 30, 2016 was 2.0 years, which was obtained by dividing the total service years of 1,485 (the sum of remaining service lifetimes of the active employees) by 755 (the total number of participants). The EARSL for the Safety Plan for the measurement period ending June 30, 2016 is 3.6 years, which was obtained by dividing the total service years of 1,385 (the sum of remaining service lifetimes of the active employees) by 389 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

For the measurement period ending June 30, 2016 (the measurement date), the City of Upland recognized a pension expense of \$546,414 for the Miscellaneous Plan and \$4,959,988 for the Safety Plan. As of June 30, 2017, the City of Upland reports other amounts for the Plan as deferred outflow and deferred inflow of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions	\$ 7,147,803	\$ 0
Changes of Assumptions	0	(1,696,222)
Differences between Expected and Actual Experience	713,457	(3,265,930)
Additional Deferral	432,563	(432,563)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	11,424,022	0
Total	\$19,717,845	\$(5,394,715)

\$7,147,803 reported as deferred outflows of resources related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2017	\$(1,595,719)
2018	306,866
2019	5,458,418
2020	3,005,742
2021	0
Thereafter	0

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(13) Joint Ventures

The City has an ownership in the San Antonio and West End water companies based upon the number of stock shares owned. To protect the water rights for the citizens of Upland, the City's water utility has followed the practice of purchasing shares of stock in the water companies as they become available.

The City's primary motivation for owning shares in the water companies is to secure rights to well water pumped by the two companies. Two Upland City Council members are also on the Board of San Antonio Water Company. As development takes place within the City, the City requires developers to contribute 1.5 shares for each acre developed. The City's investment in the Authority has been recorded using the equity method of accounting and is reflected as an investment in joint venture in the accompanying financial statements.

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

The following schedule summarizes the City's investment in joint ventures at June 30, 2017 and the gain (loss) on the investment for the year then ended:

<u>Water Company</u>	<u>Percentage Ownership</u>	<u>Total Joint Venture Equity</u>	<u>City's Equity Interest</u>	<u>City's Share of Joint Venture Net Income (Loss)</u>
San Antonio Water Company	68%	\$ 24,218,916	\$ 16,437,378	\$ (502,084)
West End Water Company	91%	2,335,582	2,129,584	(97,808)
Water Facilities Authority	20%	25,264,839	<u>5,052,968</u>	<u>103,401</u>
Total			<u>\$23,619,930</u>	<u>\$ (496,491)</u>

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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(14) Transfers In/Transfers Out

The following schedule summarizes the City's transfer activity:

Transfers Out	Transfers In					Total
	Governmental Activities		Business Type Activities			
	General Fund	Nonmajor Governmental Funds	Major Funds		Internal Service Funds	
			Solid Waste	Sewer		
Governmental Funds:						
Major Funds:						
General Fund	\$ -	80,000	-	-	1,606,154	\$ 1,686,154
Nonmajor						
Governmental Funds	396,960	-	-	-	81,606	478,566
Business Type Activities:						
Major Funds:						
Water Utility Fund	5,000	-	5,000	20,000	18,500	48,500
Solid Waste Fund	5,000	-	-	245,000	-	250,000
Sewer Utility	20,000	-	-	-	18,500	38,500
Internal Service Funds:						
Self Funded Liability	11,000	-	-	-	-	11,000
	<u>\$ 437,960</u>	<u>80,000</u>	<u>5,000</u>	<u>265,000</u>	<u>1,724,760</u>	<u>\$ 2,512,720</u>

- The General Fund transferred \$80,000 to Nonmajor Governmental Funds; \$40,000 was for the City Hall Landscape Conservation, and \$40,000 was for the Lemon Festival Proceeds and to close the Public Financing Authority.
- The General Fund transferred \$1,606,154 to the Internal Service Funds; \$602,304 for maintenance costs, \$525,350 to the Fire Dept Workers Comp Trust Fund, and \$478,500 was for the purchase of vehicles.
- The Nonmajor Governmental General Capital Fund transferred \$396,960 to the General Fund to reimburse for FY 2013-14 transfer.
- The Nonmajor Governmental AQMD Fund transferred \$81,606 to Fleet Management for the purchase of clean air vehicles.
- The Water Utility Fund transferred \$5,000 to the General Fund for maintenance costs, \$5,000 to the Solid Waste Fund for maintenance costs, \$20,000 to the Sewer Fund for maintenance costs, and \$18,500 to the Fleet Management Fund for vehicle purchases.
- Solid Waste Utility Fund transferred \$5,000 to the General Fund for maintenance costs and \$245,000 to the Sewer Utility Fund to pay for landfill costs.
- The Sewer Utility Fund transferred \$20,000 to the General Fund for maintenance costs and \$18,500 to the Fleet Management Fund for vehicle purchases.
- The Self-Funded Liability Fund transferred \$11,000 to the General Fund for maintenance costs.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(15) Expenditures in Excess of Appropriations

Expenditures for the year ended June 30, 2017 exceeded the appropriations of the following funds:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Special Revenue Fund:			
SB 509 Public Safety Sales Tax	\$801,000	\$866,294	\$(65,294)

(16) Successor Agency to UCRA Activities

Changes in long-term liabilities for the Successor Agency to UCRA year ended June 30, 2017 are as follows:

	Balance at June 30, 2016	Additions	Deletions	Balance at June 30, 2017	Due within one year
2006 Tax Allocation Bonds	\$ 13,665,000	\$ -	\$ (13,665,000)	\$ -	\$ -
2013 Tax Allocation Bonds	16,730,000	-	(1,840,000)	14,890,000	1,900,000
2016 Tax Allocation Bonds	-	12,275,000	-	12,275,000	180,000
Unamortized premium	1,672,909	1,651,637	(291,696)	3,032,850	-
Total long-term liabilities	<u>\$ 32,067,909</u>	<u>\$ 13,926,637</u>	<u>\$ (15,796,696)</u>	<u>\$ 30,197,850</u>	<u>\$ 2,080,000</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 principal balance of outstanding bonds at June 30, 2017 is \$14,890,000.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

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

The annual debt service requirements for the bonds as of June 30, 2017 are as follows:

<b>Year ending June 30</b>	<b><u>2013 Tax Allocation Bonds</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2018	\$ 1,900,000	\$ 623,500
2019	1,955,000	566,500
2020	2,030,000	488,300
2021	2,115,000	407,100
2022	2,200,000	322,500
2023-2024	<u>4,690,000</u>	<u>354,500</u>
Totals	<u>\$ 14,890,000</u>	<u>\$ 2,762,400</u>

2016 Tax Allocation Refunding Bonds

On September 14, 2016, the Successor Agency of the former Redevelopment Agency issued tax allocation refunding bonds in the amount of \$12,275,000 to refund the outstanding aggregate principal amount of the 2006 Tax Allocation Bond. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2006 Bonds. As a result, the 2006 Bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Fiduciary Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$70,844. This difference, reported in the accompanying financial statements as a deferred charge on refunding, is being charged to operations through the year 2023 using the effective-interest method. The City completed the advance refunding to reduce its total debt service payments over the next 20 years by \$2.7 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$2.1 million.

Interest rates on the 2016 Bonds range from 2.00% to 5.00% and are payable semi-annually on March 1 and September 1 of each year until maturity. The interest and principal of the bonds are payable from pledged tax increment revenues of the Merged Project Area. Term Bonds maturing September 1, 2036 are subject to mandatory sinking fund redemption, in part by lot, on September 1, 2029, and on each September 1 thereafter at a price equal to the principal amount thereof plus accrued interest.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

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

2016 Tax Allocation Refunding Bonds, (Continued)

The annual debt service requirements for the bonds as of June 30, 2017 are as follows:

<b>Year ending June 30</b>	<b><u>2016 Tax Refunding Bonds</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2018	\$ 180,000	\$ 469,546
2019	165,000	483,538
2020	170,000	480,238
2021	175,000	475,138
2022	185,000	469,888
2023-2027	6,290,000	1,891,438
2028-2032	2,650,000	546,975
2033-2038	2,460,000	206,663
Totals	<u>\$ 12,275,000</u>	<u>\$ 5,023,424</u>

(17) 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 2012 the City of Upland 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, 2017, prior expenditures related to the Foothill Boulevard Widening Project which total over \$3.5 million and are part of the Measure I projects eligible for reimbursement. However, due to limited program tax revenue accruals from 2010, only \$1,063,943 of project costs have been approved for disbursement by SBCTA and recorded as revenue through June 30, 2017. Of this amount, \$820,895 was received during the prior year and \$243,048 remained outstanding as of June 30, 2017. Future reimbursements are expected coincide with annual tax revenues generated under the Measure I program for arterial transportation projects.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2017

(18) Contingent Liabilities

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

(19) Prior Period Adjustments

During the year, adjustments were made to the beginning equity of the Housing Special Revenue Fund financial statements. Below is a summary of prior period adjustments affecting fund balance:

	<u>Housing Fund</u>
Fund Balance/Net Position at June 30, 2016, as previously reported	\$ 14,291,460
Understatement of unavailable revenue in prior year	<u>(732,572)</u>
Fund Balance/Net Position at June 30, 2016, as restated	<u>\$ 13,558,888</u>

(20) Subsequent Events

On November 28, 2016, the City Council unanimously authorized the submission of an application to the Local Agency Formation Commission (LAFCO) for annexation to the San Bernardino County Fire Protection District (SBCFPD). On December 5, 2016, an application was submitted to LAFCO to annex approximately 10,016+/- acres located within the corporate boundaries of the City to the SBCFPD, and its Valley Service Zone.

On December 8, 2016, LAFCO issued a Notice of Filing (NOF) notifying the affected agencies of the reorganization proposal. The NOF requires the San Bernardino County Auditor-Controller to estimate the property tax revenue and proportions by agency. This information is used to establish the property tax revenue to be transferred upon the successful completion of the annexation proceedings.

On December 20, 2016, the Board of Directors of the SBCFPD adopted a resolution requesting LAFCO to commence proceedings for the sphere of influence amendment and reorganization to annex the City of Upland fire services into SBCFPD, its Valley and FP-5 Service Zones.

On February 13, 2017 the City Council adopted Resolution No. 6380 accepting the property tax revenue transfer amount for the proposed reorganization. The transfer is 54% of the City's ad valorem property tax or \$6,771,580 for Fiscal Year 2018.

The transfer to San Bernardino County Fire was effective at 8:00 a.m. on Saturday, July 22, 2017.

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REQUIRED SUPPLEMENTARY INFORMATION

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

Safety Plan Schedule of Changes in Net Pension Liability and Related Ratios for the Measurement Periods Ended June 30:

Measurement Period	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>TOTAL PENSION LIABILITY:</b>			
Service Cost	\$2,840,973	\$2,955,272	\$3,190,547
Interest on Total Pension Liability	13,738,636	13,154,006	12,955,418
Changes of Benefit Terms	0	0	0
Changes of Assumptions	0	(3,292,952)	0
Difference between Expected and Actual Experience	987,863	(4,793,043)	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(9,694,252)</u>	<u>(9,101,311)</u>	<u>(8,365,575)</u>
Net Change in Total Pension Liability	7,873,220	(1,078,028)	7,780,390
Total Pension Liability – Beginning	<u>182,028,781</u>	<u>183,106,809</u>	<u>175,326,419</u>
Total Pension Liability – Ending (a)	<u>\$189,902,001</u>	<u>\$182,028,781</u>	<u>\$183,106,809</u>
<b>PLAN FIDUCIARY NET POSITION</b>			
Contributions – Employer	\$4,265,372	\$3,611,390	\$3,380,630
Contributions – Employee	1,166,670	1,183,942	1,342,231
Net Investment Income	673,474	2,937,028	19,584,973
Benefit Payments, Including Refunds of Employee Contributions	(9,694,252)	(9,101,311)	(8,365,575)
Net Plan to Plan Resource Movement	301	0	0
Administrative Expense	<u>(78,513)</u>	<u>(144,969)</u>	<u>0</u>
Net Change in Fiduciary Net Position	(3,666,948)	(1,513,920)	15,942,259
Plan Fiduciary Net Position – Beginning	<u>128,825,883</u>	<u>130,339,803</u>	<u>114,397,544</u>
Plan Fiduciary Net Position – Ending (b)	<u>\$125,158,935</u>	<u>\$128,825,883</u>	<u>\$130,339,803</u>
Plan Net Pension Liability/(Asset) – (a)-(b)	<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	65.91%	70.77%	71.18%
Covered Payroll	\$11,638,666	\$11,241,479	\$11,699,414
Plan Net Pension Liability/Asset) as a Percentage of Covered Payroll	556.28%	473.27%	451.02%

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

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, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

**Changes of Assumptions:** In 2016, there were no changes. In 2015, amounts reported reflect 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.

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

Miscellaneous Plan Schedule of Changes in Net Pension Liability and Related Ratios for the Measurement Periods Ended June 30:

Measurement Period	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>TOTAL PENSION LIABILITY:</b>			
Service Cost	\$1,603,986	\$1,778,643	\$2,058,203
Interest on Total Pension Liability	8,670,714	8,475,794	8,374,645
Changes of Benefit Terms	0	0	0
Changes of Assumptions	0	(2,015,694)	0
Difference between Expected and Actual Experience	(1,502,457)	(3,437,406)	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(6,299,318)</u>	<u>(5,934,069)</u>	<u>(5,480,303)</u>
Net Change in Total Pension Liability	2,472,925	(1,132,732)	4,952,545
Total Pension Liability – Beginning	<u>117,192,780</u>	<u>118,325,512</u>	<u>113,372,967</u>
Total Pension Liability – Ending (a)	<u>\$119,665,705</u>	<u>\$117,192,780</u>	<u>\$118,325,512</u>
<b>PLAN FIDUCIARY NET POSITION</b>			
Contributions – Employer	\$2,239,207	\$1,977,651	\$1,880,762
Contributions – Employee	703,361	703,031	846,655
Net Investment Income	429,550	1,971,870	13,175,373
Benefit Payments, Including Refunds of Employee Contributions	(6,299,318)	(5,934,069)	(5,480,303)
Net Plan to Plan Resource Movement	(301)	0	0
Administrative Expense	<u>(52,573)</u>	<u>(97,096)</u>	<u>0</u>
Net Change in Fiduciary Net Position	(2,980,074)	(1,378,613)	10,422,487
Plan Fiduciary Net Position – Beginning	<u>86,263,307</u>	<u>87,641,920</u>	<u>77,219,433</u>
Plan Fiduciary Net Position – Ending (b)	<u>\$83,283,233</u>	<u>\$86,263,307</u>	<u>\$87,641,920</u>
Plan Net Pension Liability/(Asset) – (a)-(b)	<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	69.60%	73.61%	74.07%
Covered Payroll	\$8,777,141	\$10,003,615	\$11,030,619
Plan Net Pension Liability/Asset) as a Percentage of Covered Payroll	414.51%	309.18%	278.17%

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

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, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

**Changes of Assumptions:** In 2016, there were no changes. In 2015, amounts reported reflect 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.

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

Schedule of Miscellaneous Plan Contributions for the Fiscal Years Ended June 30

Employer Fiscal Year End	2016-17	2015-16	2014-15
Actuarially Determined Contribution	\$2,443,724	\$2,221,229	\$1,977,651
Contributions in Relation to the Actuarially Determined Contribution	(2,443,724)	(2,221,229)	(1,977,651)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$8,864,610	\$8,777,141	\$10,003,615
Contributions as a Percentage of Covered Payroll	27.57%	25.30%	19.77%

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

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were derived from the June 30, 2014 funding valuation report.

Actuarial Cost Method	Entry age normal
Amortization Method/Period	Level percent of payroll
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2014 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% (net of administrative expenses)
Retirement Age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

Other Information:

For changes to previous year's information, refer to past GASB 68 reports.

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

Schedule of Safety Plan Contributions for the Fiscal Years Ended June 30

Employer Fiscal Year End	2016-17	2015-16	2014-15
Actuarially Determined Contribution	\$4,704,079	\$4,384,815	\$3,611,390
Contributions in Relation to the Actuarially Determined Contribution	(4,704,079)	(4,384,815)	(3,611,390)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$11,389,245	\$11,368,666	\$11,241,479
Contributions as a Percentage of Covered Payroll	41.30%	38.57%	32.13%

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

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were derived from the June 30, 2014 funding valuation report.

Actuarial Cost Method	Entry age normal
Amortization Method/Period	Level percent of payroll
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2014 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% (net of administrative expenses)
Retirement Age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

Other Information:

For changes to previous year's information, refer to past GASB 68 reports.

## **NON-MAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

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

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

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

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

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

Community Development Block Grant Fund – To account for receipt and disbursement of the Upland Community Development Block Grant Program of the United States Department of Housing and Urban Development Program Accountability follows the guidelines of Office Management and Budget Circulars A102 and A87.

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

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

Parking Business Improvement Area (PBIA) – To account for revenues received from an additional levy of the general business license tax imposed on businesses to be used for the acquisition, construction and maintenance of parking facilities for the benefit of the area.

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

Public Safety Grant Fund – To account for revenue received for the City's various Public Safety grants and deposits for the Asset Forfeiture fund.

## **NON-MAJOR GOVERNMENTAL FUNDS**

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

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

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

### **Debt Service Funds**

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest. The City of Upland has the following Non-Major Debt Service Fund:

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

### **Capital Project Funds**

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

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

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

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

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

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

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

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CITY OF UPLAND  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2017

	Special Revenue Funds				
	Gas Tax	Home Program	CalHome Program	Community Development Block Grant	Measure I
<b>Assets:</b>					
Cash and investments	\$ 5,985,192	\$ 789,829	\$ 309,010	\$ -	\$ 2,417,878
<b>Receivables:</b>					
Accounts	-	-	-	-	-
Notes, net	-	4,416,940	2,250,273	-	-
Due from other governments	134,160	-	-	352,495	322,406
<b>Total assets</b>	<b>\$ 6,119,352</b>	<b>\$ 5,206,769</b>	<b>\$ 2,559,283</b>	<b>\$ 352,495</b>	<b>\$ 2,740,284</b>
<b>Liabilities:</b>					
Accounts payable	\$ 210,606	\$ -	\$ -	\$ 86,231	\$ 42,285
Accrued salaries and benefits	5,904	-	-	1,961	385
Due to other funds	-	-	-	206,790	-
Retentions payable	20,228	-	-	-	-
Deposits payable	-	-	-	-	-
Unearned revenue	-	-	4,469	-	-
<b>Total liabilities</b>	<b>236,738</b>	<b>-</b>	<b>4,469</b>	<b>294,982</b>	<b>42,670</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	-	786,395	306,709	-	-
<b>Total deferred inflow of resources</b>	<b>-</b>	<b>786,395</b>	<b>306,709</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>					
Restricted	5,882,614	4,420,374	2,248,105	57,513	2,697,614
Unassigned	-	-	-	-	-
<b>Total fund balances (deficit)</b>	<b>5,882,614</b>	<b>4,420,374</b>	<b>2,248,105</b>	<b>57,513</b>	<b>2,697,614</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 6,119,352</b>	<b>\$ 5,206,769</b>	<b>\$ 2,559,283</b>	<b>\$ 352,495</b>	<b>\$ 2,740,284</b>

(Continued)

Special Revenue Funds							Debt Service Fund
Air Quality Management District	Parking and Business Improvement	SB 509 Public Safety Augmentation	Public Safety Grants	Other Grants	Homeland Security Grants - PD	Prop 30	Public Financing Authority
\$ 104,230	\$ 134,844	\$ -	\$ 1,154,075	\$ 12,916	\$ -	\$ 144,637	\$ 28,177
-	11,138	-	-	-	-	-	32
-	-	-	-	-	-	-	-
<u>24,597</u>	<u>-</u>	<u>69,539</u>	<u>1,282</u>	<u>-</u>	<u>4,088</u>	<u>-</u>	<u>-</u>
<u>\$ 128,827</u>	<u>\$ 145,982</u>	<u>\$ 69,539</u>	<u>\$ 1,155,357</u>	<u>\$ 12,916</u>	<u>\$ 4,088</u>	<u>\$ 144,637</u>	<u>\$ 28,209</u>
\$ 336	\$ -	\$ -	\$ 38,165	\$ 78	\$ 4,088	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	69,539	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	568,291	-	-	-	-
-	-	-	<u>288,403</u>	<u>5,528</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>336</u>	<u>-</u>	<u>69,539</u>	<u>894,859</u>	<u>5,606</u>	<u>4,088</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	4,088	-	-
-	-	-	-	-	<u>4,088</u>	<u>-</u>	<u>-</u>
128,491	145,982	-	260,498	7,310	-	144,637	28,209
-	-	-	-	-	(4,088)	-	-
<u>128,491</u>	<u>145,982</u>	<u>-</u>	<u>260,498</u>	<u>7,310</u>	<u>(4,088)</u>	<u>144,637</u>	<u>28,209</u>
<u>\$ 128,827</u>	<u>\$ 145,982</u>	<u>\$ 69,539</u>	<u>\$ 1,155,357</u>	<u>\$ 12,916</u>	<u>\$ 4,088</u>	<u>\$ 144,637</u>	<u>\$ 28,209</u>

CITY OF UPLAND  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2017

	Capital Projects Funds					Total
	Park Acquisition and Development	General Capital Improvements	Storm Drain Development	Street and Traffic Safety Development	Street & Alley Repair	
<b>Assets:</b>						
Cash and investments	\$ 4,497,236	\$ 885,941	\$ 2,245,048	\$ 2,006,421	\$ 583,591	\$ 21,299,025
<b>Receivables:</b>						
Accounts	-	-	1,760	-	15,565	28,495
Notes, net	-	-	-	-	-	6,667,213
Due from other governments	-	-	-	-	-	908,567
<b>Total assets</b>	<b>\$ 4,497,236</b>	<b>\$ 885,941</b>	<b>\$ 2,246,808</b>	<b>\$ 2,006,421</b>	<b>\$ 599,156</b>	<b>\$ 28,903,300</b>
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ 421,789
Accrued salaries and benefits	-	-	-	-	86	8,336
Due to other funds	-	-	-	-	-	276,329
Retentions payable	8,066	2,105	-	-	-	30,399
Deposits payable	-	-	-	-	-	568,291
Unearned revenue	-	-	-	-	-	298,400
<b>Total liabilities</b>	<b>8,066</b>	<b>42,105</b>	<b>-</b>	<b>-</b>	<b>86</b>	<b>1,603,544</b>
<b>Deferred inflows of resources:</b>						
Unavailable revenue	-	-	-	-	-	1,097,192
<b>Total deferred inflow of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,097,192</b>
<b>Fund balances:</b>						
Restricted	4,489,170	843,836	2,246,808	2,006,421	599,070	26,206,652
Unassigned	-	-	-	-	-	(4,088)
<b>Total fund balances (deficit)</b>	<b>4,489,170</b>	<b>843,836</b>	<b>2,246,808</b>	<b>2,006,421</b>	<b>599,070</b>	<b>26,202,564</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 4,497,236</b>	<b>\$ 885,941</b>	<b>\$ 2,246,808</b>	<b>\$ 2,006,421</b>	<b>\$ 599,156</b>	<b>\$ 28,903,300</b>

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CITY OF UPLAND

COMBINING STATEMENT OF REVENUES  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2017

	Special Revenue Funds				
	Gas Tax	Home Program	CalHome Program	Community Development Block Grant	Measure I
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Investment income	43,969	5,204	1,724	855	16,547
Rental income	-	-	-	-	-
Intergovernmental	1,455,932	-	83,122	877,031	1,285,698
Other	261	23,863	-	35	-
Total revenues	<u>1,500,162</u>	<u>29,067</u>	<u>84,846</u>	<u>877,921</u>	<u>1,302,245</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	-
Engineering and public works	2,391,097	-	-	-	1,420,487
Development services	-	20,897	-	565,980	-
Community services	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>2,391,097</u>	<u>20,897</u>	<u>-</u>	<u>565,980</u>	<u>1,420,487</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(890,935)</u>	<u>8,170</u>	<u>84,846</u>	<u>311,941</u>	<u>(118,242)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	<u>(890,935)</u>	<u>8,170</u>	<u>84,846</u>	<u>311,941</u>	<u>(118,242)</u>
Fund balances (deficit) at beginning of year	<u>6,773,549</u>	<u>4,412,204</u>	<u>2,163,259</u>	<u>(254,428)</u>	<u>2,815,856</u>
Fund balances (deficit) at end of year	<u>\$ 5,882,614</u>	<u>\$ 4,420,374</u>	<u>\$ 2,248,105</u>	<u>\$ 57,513</u>	<u>\$ 2,697,614</u>

(Continued)

Special Revenue Funds							Debt Service Fund
Air Quality Management District	Parking and Business Improvement	SB 509 Public Safety Augmentation	Public Safety Grants	Other Grants	Homeland Security Grants - PD	Prop 30	Public Financing Authority
\$ -	\$ 61,222	\$ 866,171	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
778	927	123	7,136	125	-	986	78
-	-	-	-	-	-	-	-
96,763	-	-	74,836	21,918	-	-	-
-	-	-	1,281	31,932	-	-	-
<u>97,541</u>	<u>62,149</u>	<u>866,294</u>	<u>83,253</u>	<u>53,975</u>	<u>-</u>	<u>986</u>	<u>78</u>
-	-	866,294	157,697	-	4,088	-	-
17,967	48,199	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	53,850	-	-	-
-	-	-	-	-	-	-	250,000
-	-	-	-	-	-	-	9,326
<u>17,967</u>	<u>48,199</u>	<u>866,294</u>	<u>157,697</u>	<u>53,850</u>	<u>4,088</u>	<u>-</u>	<u>259,326</u>
<u>79,574</u>	<u>13,950</u>	<u>-</u>	<u>(74,444)</u>	<u>125</u>	<u>(4,088)</u>	<u>986</u>	<u>(259,248)</u>
-	20,000	-	-	-	-	-	20,000
<u>(81,606)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(81,606)</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
<u>(2,032)</u>	<u>33,950</u>	<u>-</u>	<u>(74,444)</u>	<u>125</u>	<u>(4,088)</u>	<u>986</u>	<u>(239,248)</u>
<u>130,523</u>	<u>112,032</u>	<u>-</u>	<u>334,942</u>	<u>7,185</u>	<u>-</u>	<u>143,651</u>	<u>267,457</u>
<u>\$ 128,491</u>	<u>\$ 145,982</u>	<u>\$ -</u>	<u>\$ 260,498</u>	<u>\$ 7,310</u>	<u>\$ (4,088)</u>	<u>\$ 144,637</u>	<u>\$ 28,209</u>

## CITY OF UPLAND

## COMBINING STATEMENT OF REVENUES

## EXPENDITURES AND CHANGES IN FUND BALANCES

## NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2017

	Capital Projects Funds					Total
	Park Acquisition and Development	General Capital Improvements	Storm Drain Development	Street and Traffic Safety Development	Street & Alley Repair	
Revenues:						
Taxes	\$ 1,459,035	\$ -	\$ -	\$ -	\$ -	\$ 2,386,428
Licenses and permits	-	-	708,148	736,508	203,430	1,648,086
Investment income	26,730	5,272	12,937	11,645	-	135,036
Rental income	-	-	60,909	-	-	60,909
Intergovernmental	-	-	-	-	-	3,895,300
Other	-	504,340	-	-	-	561,712
Total revenues	<u>1,485,765</u>	<u>509,612</u>	<u>781,994</u>	<u>748,153</u>	<u>203,430</u>	<u>8,687,471</u>
Expenditures:						
Current:						
Public safety	-	-	-	-	-	1,028,079
Engineering and public works	197,382	55,738	183	166	5,350	4,136,569
Development services	-	-	-	-	-	586,877
Community services	-	-	-	-	-	53,850
Debt service:						
Principal	-	-	-	-	-	250,000
Interest and fiscal charges	-	-	-	-	-	9,326
Total expenditures	<u>197,382</u>	<u>55,738</u>	<u>183</u>	<u>166</u>	<u>5,350</u>	<u>6,064,701</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,288,383</u>	<u>453,874</u>	<u>781,811</u>	<u>747,987</u>	<u>198,080</u>	<u>2,622,770</u>
Other financing sources (uses):						
Transfers in	-	40,000	-	-	-	80,000
Transfers out	-	(396,960)	-	-	-	(478,566)
Total other financing sources (uses)	<u>-</u>	<u>(356,960)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(398,566)</u>
Change in fund balances	1,288,383	96,914	781,811	747,987	198,080	2,224,204
Fund balances (deficit) at beginning of year	<u>3,200,787</u>	<u>746,922</u>	<u>1,464,997</u>	<u>1,258,434</u>	<u>400,990</u>	<u>23,978,360</u>
Fund balances (deficit) at end of year	<u>\$ 4,489,170</u>	<u>\$ 843,836</u>	<u>\$ 2,246,808</u>	<u>\$ 2,006,421</u>	<u>\$ 599,070</u>	<u>\$ 26,202,564</u>

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CITY OF UPLAND  
 BUDGETARY COMPARISON SCHEDULE  
 GAS TAX FUND  
 YEAR ENDED JUNE 30, 2017

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	Final Budget	Actual	Variance- Positive (Negative)
Revenues:			
Investment income	\$ -	\$ 43,969	\$ 43,969
Intergovernmental	1,552,744	1,455,932	(96,812)
Other	-	261	261
Total revenues	<u>1,552,744</u>	<u>1,500,162</u>	<u>(52,582)</u>
Expenditures:			
Current:			
Engineering and public works	<u>7,490,618</u>	<u>2,391,097</u>	<u>5,099,521</u>
Total expenditures	<u>7,490,618</u>	<u>2,391,097</u>	<u>5,099,521</u>
Change in fund balances	(5,937,874)	(890,935)	5,046,939
Fund balances at beginning of year	<u>6,773,549</u>	<u>6,773,549</u>	<u>-</u>
Fund balances at end of year	<u>\$ 835,675</u>	<u>\$ 5,882,614</u>	<u>\$ 5,046,939</u>

CITY OF UPLAND  
 BUDGETARY COMPARISON SCHEDULE  
 HOME FUND  
 YEAR ENDED JUNE 30, 2017

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Investment income	\$ -	\$ 5,204	\$ 5,204
Intergovernmental	-	-	-
Other	<u>116,000</u>	<u>23,863</u>	<u>(92,137)</u>
Total revenues	<u>116,000</u>	<u>29,067</u>	<u>(86,933)</u>
Expenditures:			
Current:			
Development services	<u>790,000</u>	<u>20,897</u>	<u>769,103</u>
Total expenditures	<u>790,000</u>	<u>20,897</u>	<u>769,103</u>
Net change in fund balance	(674,000)	8,170	682,170
Fund balances at beginning of year	<u>4,412,204</u>	<u>4,412,204</u>	<u>-</u>
Fund balances at end of year	<u>\$ 3,738,204</u>	<u>\$ 4,420,374</u>	<u>\$ 682,170</u>

CITY OF UPLAND  
 BUDGETARY COMPARISON SCHEDULE  
 CALHOME FUND  
 YEAR ENDED JUNE 30, 2017

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	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Investment income	-	1,724	1,724
Intergovernmental	\$ 826,600	\$ 83,122	\$ (743,478)
Total revenues	<u>826,600</u>	<u>84,846</u>	<u>(741,754)</u>
Expenditures:			
Current:			
Development services	<u>820,600</u>	<u>-</u>	<u>820,600</u>
Total expenditures	<u>820,600</u>	<u>-</u>	<u>820,600</u>
Net change in fund balance	6,000	84,846	78,846
Fund balances (deficit) at beginning of year	<u>2,163,259</u>	<u>2,163,259</u>	<u>-</u>
Fund balances at end of year	<u>\$ 2,169,259</u>	<u>\$ 2,248,105</u>	<u>\$ 78,846</u>

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE  
 COMMUNITY DEVELOPMENT BLOCK GRANT FUND  
 YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance- Positive (Negative)
Revenues:			
Intergovernmental	\$ 812,909	\$ 877,031	\$ 64,122
Investment income	-	855	855
Other	-	35	35
Total revenues	<u>812,909</u>	<u>877,921</u>	<u>65,012</u>
Expenditures:			
Current:			
Development services	<u>844,904</u>	<u>565,980</u>	<u>278,924</u>
Total expenditures	<u>844,904</u>	<u>565,980</u>	<u>278,924</u>
Change in fund balances	(31,995)	311,941	343,936
Fund balances (deficits) at beginning of year	<u>(254,428)</u>	<u>(254,428)</u>	<u>-</u>
Fund balances at end of year	<u>\$ (286,423)</u>	<u>\$ 57,513</u>	<u>\$ 343,936</u>

CITY OF UPLAND  
 BUDGETARY COMPARISON SCHEDULE  
 MEASURE I FUND  
 YEAR ENDED JUNE 30, 2017

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	<u>Final Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
Revenues:			
Investment income	\$ 1,000	\$ 16,547	\$ 15,547
Intergovernmental	<u>1,000,400</u>	<u>1,285,698</u>	<u>285,298</u>
Total revenues	<u>1,001,400</u>	<u>1,302,245</u>	<u>300,845</u>
Expenditures:			
Current:			
Engineering and public works	<u>3,336,611</u>	<u>1,420,487</u>	<u>1,916,124</u>
Total expenditures	<u>3,336,611</u>	<u>1,420,487</u>	<u>1,916,124</u>
Change in fund balances	(2,335,211)	(118,242)	2,216,969
Fund balances at beginning of year	<u>2,815,856</u>	<u>2,815,856</u>	<u>-</u>
Fund balances at end of year	<u>\$ 480,645</u>	<u>\$ 2,697,614</u>	<u>\$ 2,216,969</u>

CITY OF UPLAND  
 BUDGETARY COMPARISON SCHEDULE  
 AIR QUALITY MANAGEMENT DISTRICT FUND  
 YEAR ENDED JUNE 30, 2017

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Investment income	\$ -	\$ 778	\$ 778
Intergovernmental	<u>92,400</u>	<u>96,763</u>	<u>4,363</u>
Total revenues	<u>92,400</u>	<u>97,541</u>	<u>5,141</u>
Expenditures:			
Current:			
Engineering and public works	<u>116,536</u>	<u>17,967</u>	<u>98,569</u>
Total expenditures	<u>116,536</u>	<u>17,967</u>	<u>98,569</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(24,136)</u>	<u>79,574</u>	<u>103,710</u>
Other financing sources (uses):			
Transfers out	<u>-</u>	<u>(81,606)</u>	<u>(81,606)</u>
Total other financing sources (uses)	<u>-</u>	<u>(81,606)</u>	<u>(81,606)</u>
Change in fund balances	(24,136)	(2,032)	22,104
Fund balances at beginning of year	<u>130,523</u>	<u>130,523</u>	<u>-</u>
Fund balances at end of year	<u>\$ 106,387</u>	<u>\$ 128,491</u>	<u>\$ 22,104</u>

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE  
 PARKING BUSINESS IMPROVEMENT AREA FUND  
 YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance- Positive (Negative)
Revenues:			
Taxes	\$ 60,000	\$ 61,222	\$ 1,222
Investment income	-	927	927
Total revenues	<u>60,000</u>	<u>62,149</u>	<u>2,149</u>
Expenditures:			
Current:			
Development services	<u>70,000</u>	<u>48,199</u>	<u>21,801</u>
Total expenditures	<u>70,000</u>	<u>48,199</u>	<u>21,801</u>
Excess (deficiency) of revenues over (under) expenditures	(10,000)	13,950	23,950
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>20,000</u>	<u>-</u>
Change in fund balances	(10,000)	33,950	23,950
Fund balances at beginning of year	<u>112,032</u>	<u>112,032</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 102,032</u></u>	<u><u>\$ 145,982</u></u>	<u><u>\$ 23,950</u></u>

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE  
 SB 509 PUBLIC SAFETY AUGMENTATION FUND  
 YEAR ENDED JUNE 30, 2017

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	Final Budget	Actual	Variance- Positive (Negative)
Revenues:			
Taxes	\$ 801,000	\$ 866,171	\$ 65,171
Investment income	-	123	123
Total revenues	<u>801,000</u>	<u>866,294</u>	<u>65,294</u>
Expenditures:			
Current:			
Public safety	<u>801,000</u>	<u>866,294</u>	<u>(65,294)</u>
Total expenditures	<u>801,000</u>	<u>866,294</u>	<u>(65,294)</u>
Change in fund balances	-	-	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF UPLAND  
 BUDGETARY COMPARISON SCHEDULE  
 PUBLIC SAFETY GRANTS  
 YEAR ENDED JUNE 30, 2017

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	Final Budget	Actual	Variance- Positive (Negative)
Revenues:			
Investment income	\$ -	\$ 7,136	\$ 7,136
Intergovernmental	328,208	74,836	(253,372)
Other	-	1,281	1,281
	<u>328,208</u>	<u>83,253</u>	<u>(244,955)</u>
Total revenues			
Expenditures:			
Current:			
Public safety	<u>614,074</u>	<u>157,697</u>	<u>456,377</u>
Total expenditures	<u>614,074</u>	<u>157,697</u>	<u>456,377</u>
Change in fund balances	(285,866)	(74,444)	211,422
Fund balances at beginning of year	<u>334,942</u>	<u>334,942</u>	<u>-</u>
Fund balances at end of year	<u>\$ 49,076</u>	<u>\$ 260,498</u>	<u>\$ 211,422</u>

CITY OF UPLAND  
 BUDGETARY COMPARISON SCHEDULE  
 OTHER GRANTS FUND  
 YEAR ENDED JUNE 30, 2017

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Investment income	\$ -	\$ 125	\$ 125
Intergovernmental	22,137	21,918	(219)
Other	<u>37,241</u>	<u>31,932</u>	<u>(5,309)</u>
Total revenues	<u>59,378</u>	<u>53,975</u>	<u>(5,403)</u>
Expenditures:			
Current:			
Community services	<u>59,378</u>	<u>53,850</u>	<u>5,528</u>
Total expenditures	<u>59,378</u>	<u>53,850</u>	<u>5,528</u>
Change in fund balances	-	125	125
Fund balances at beginning of year	<u>7,185</u>	<u>7,185</u>	<u>-</u>
Fund balances at end of year	<u>\$ 7,185</u>	<u>\$ 7,310</u>	<u>\$ 125</u>

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE  
 HOMELAND SECURITY GRANTS - PD FUND  
 YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance- Positive (Negative)
Revenues:			
Intergovernmental	\$ 41,988	\$ -	\$ (41,988)
Total revenues	<u>41,988</u>	<u>-</u>	<u>(41,988)</u>
Expenditures:			
Current:			
Public safety	<u>41,988</u>	<u>4,088</u>	<u>37,900</u>
Total expenditures	<u>41,988</u>	<u>4,088</u>	<u>37,900</u>
Change in fund balances	-	(4,088)	(4,088)
Fund balances (deficit) at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) at end of year	<u>\$ -</u>	<u>\$ (4,088)</u>	<u>\$ (4,088)</u>

CITY OF UPLAND  
 BUDGETARY COMPARISON SCHEDULE  
 PROP 30 FUND  
 YEAR ENDED JUNE 30, 2017

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Investment income	\$ -	\$ 986	\$ 986
Intergovernmental	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>
Total revenues	<u>75,000</u>	<u>986</u>	<u>(74,014)</u>
Expenditures:			
Current:			
Public safety	<u>140,000</u>	<u>-</u>	<u>140,000</u>
Total expenditures	<u>140,000</u>	<u>-</u>	<u>140,000</u>
Change in fund balances	(65,000)	986	65,986
Fund balances at beginning of year	<u>143,651</u>	<u>143,651</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 78,651</u></u>	<u><u>\$ 144,637</u></u>	<u><u>\$ 65,986</u></u>

CITY OF UPLAND  
 BUDGETARY COMPARISON SCHEDULE  
 PUBLIC FINANCING AUTHORITY FUND  
 YEAR ENDED JUNE 30, 2017

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	Final Budget	Actual	Variance- Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Investment income	\$ -	\$ 78	\$ 78
	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	-	78	78
	<u>          </u>	<u>          </u>	<u>          </u>
Expenditures:			
Debt service:			
Principal	250,000	250,000	-
Interest and fiscal charges	30,650	9,326	21,324
	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	280,650	259,326	21,324
	<u>          </u>	<u>          </u>	<u>          </u>
Excess (deficiency) of revenues over (under) expenditures	(280,650)	(259,248)	21,402
	<u>          </u>	<u>          </u>	<u>          </u>
Other financing sources:			
Transfers in	20,000	20,000	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total other financing sources	20,000	20,000	-
	<u>          </u>	<u>          </u>	<u>          </u>
Change in fund balances	(260,650)	(239,248)	21,402
	<u>          </u>	<u>          </u>	<u>          </u>
Fund balances at beginning of year	267,457	267,457	-
	<u>          </u>	<u>          </u>	<u>          </u>
Fund balances at end of year	\$ 6,807	\$ 28,209	\$ 21,402
	<u>          </u>	<u>          </u>	<u>          </u>

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE  
 PARK ACQUISITION AND DEVELOPMENT FUND  
 YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance- Positive (Negative)
Revenues:			
Taxes	\$ 600,000	\$ 1,459,035	\$ 859,035
Investment income	-	26,730	26,730
Total revenues	<u>600,000</u>	<u>1,485,765</u>	<u>885,765</u>
Expenditures:			
Current:			
Engineering and public works	<u>430,361</u>	<u>197,382</u>	<u>232,979</u>
Total expenditures	<u>430,361</u>	<u>197,382</u>	<u>232,979</u>
Change in fund balances	169,639	1,288,383	1,118,744
Fund balances at beginning of year	<u>3,200,787</u>	<u>3,200,787</u>	-
Fund balances at end of year	<u>\$ 3,370,426</u>	<u>\$ 4,489,170</u>	<u>\$ 1,118,744</u>

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE  
 GENERAL CAPITAL IMPROVEMENTS FUND  
 YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance- Positive (Negative)
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ -	\$ -
Investment income	-	5,272	5,272
Other	<u>270,000</u>	<u>504,340</u>	<u>234,340</u>
<b>Total revenues</b>	<u>270,000</u>	<u>509,612</u>	<u>239,612</u>
<b>Expenditures:</b>			
<b>Current:</b>			
Engineering and public works	<u>279,811</u>	<u>55,738</u>	<u>224,073</u>
<b>Total expenditures</b>	<u>279,811</u>	<u>55,738</u>	<u>224,073</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(9,811)</u>	<u>453,874</u>	<u>463,685</u>
<b>Other financing sources:</b>			
Transfers in	40,000	40,000	-
Transfers out	<u>(396,960)</u>	<u>(396,960)</u>	<u>-</u>
<b>Total other financing sources</b>	<u>(356,960)</u>	<u>(356,960)</u>	<u>-</u>
<b>Change in fund balances</b>	<u>(366,771)</u>	<u>96,914</u>	<u>463,685</u>
<b>Fund balances at beginning of year</b>	<u>746,922</u>	<u>746,922</u>	<u>-</u>
<b>Fund balances at end of year</b>	<u>\$ 380,151</u>	<u>\$ 843,836</u>	<u>\$ 463,685</u>

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE

STORM DRAIN DEVELOPMENT FUND

YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance- Positive (Negative)
Revenues:			
Licenses and permits	\$ 150,000	\$ 708,148	\$ 558,148
Investment income	-	12,937	12,937
Rental income	65,018	60,909	(4,109)
Total revenues	<u>215,018</u>	<u>781,994</u>	<u>566,976</u>
Expenditures:			
Current:			
Engineering and public works	<u>241,744</u>	<u>183</u>	<u>241,561</u>
Total expenditures	<u>241,744</u>	<u>183</u>	<u>241,561</u>
Change in fund balances	(26,726)	781,811	808,537
Fund balances at beginning of year	<u>1,464,997</u>	<u>1,464,997</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,438,271</u>	<u>\$ 2,246,808</u>	<u>\$ 808,537</u>

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE

STREET AND TRAFFIC SAFETY DEVELOPMENT FUND

YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance- Positive (Negative)
Revenues:			
Licenses and permits	\$ 270,000	\$ 736,508	\$ 466,508
Investment income	-	11,645	11,645
Total revenues	<u>270,000</u>	<u>748,153</u>	<u>478,153</u>
Expenditures:			
Current:			
Engineering and public works	<u>192,274</u>	<u>166</u>	<u>192,108</u>
Total expenditures	<u>192,274</u>	<u>166</u>	<u>192,108</u>
Change in fund balances	77,726	747,987	670,261
Fund balances at beginning of year	<u>1,258,434</u>	<u>1,258,434</u>	-
Fund balances at end of year	<u><u>\$ 1,336,160</u></u>	<u><u>\$ 2,006,421</u></u>	<u><u>\$ 670,261</u></u>

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE

STREET AND ALLEY REPAIR FUND

YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance- Positive (Negative)
Revenues:			
Licenses and permits	\$ 204,484	\$ 203,430	\$ (1,054)
Total revenues	<u>204,484</u>	<u>203,430</u>	<u>(1,054)</u>
Expenditures:			
Current:			
Engineering and public works	<u>399,421</u>	<u>5,350</u>	<u>394,071</u>
Total expenditures	<u>399,421</u>	<u>5,350</u>	<u>394,071</u>
Change in fund balances	(194,937)	198,080	393,017
Fund balances at beginning of year	<u>400,990</u>	<u>400,990</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 206,053</u></u>	<u><u>\$ 599,070</u></u>	<u><u>\$ 393,017</u></u>

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## **INTERNAL SERVICE FUNDS**

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

The City of Upland has the following Internal Service Funds:

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

**Vehicle Replacement Fund** – To account for the accumulation and allocation of costs associated with the repair and maintenance of City owned vehicles.

**Information Systems Fund** – To account for the operations of the City's information systems division, including maintenance of the City's computer network and hardware infrastructure.

**Building Maintenance Fund** – To provide for the operation of the City's building maintenance and operations division which maintains the City's facilities.

CITY OF UPLAND  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 JUNE 30, 2017

<u>Assets</u>	<u>Self-Funded Insurance</u>	<u>Vehicle Replacement</u>	<u>Information Systems</u>	<u>Building Maintenance</u>	<u>Total</u>
Current assets:					
Cash and investments	\$ 525,650	\$ 746,130	\$ 1,149,537	\$ 661,096	\$ 3,082,413
Receivables:					
Accounts	142	-	33,821	-	33,963
Due from other governments	48	-	-	-	48
Inventory and prepaid items	101,946	60,525	-	-	162,471
Total current assets	<u>627,786</u>	<u>806,655</u>	<u>1,183,358</u>	<u>661,096</u>	<u>3,278,895</u>
Noncurrent assets:					
Capital assets:					
Construction in progress	-	84,062	663,368	-	747,430
Other capital assets, net	-	442,124	161,955	-	604,079
Total noncurrent assets	<u>-</u>	<u>526,186</u>	<u>825,323</u>	<u>-</u>	<u>1,351,509</u>
Total assets	<u>627,786</u>	<u>1,332,841</u>	<u>2,008,681</u>	<u>661,096</u>	<u>4,630,404</u>
<u>Deferred Outflows of Resources</u>					
Deferred pension related	<u>118,365</u>	<u>219,199</u>	<u>168,009</u>	<u>298,884</u>	<u>804,457</u>
<u>Liabilities</u>					
Current liabilities:					
Accounts payable	24,873	106,252	39,690	53,893	224,708
Accrued salaries and wages	4,677	27,094	10,927	14,769	57,467
Due to other funds	3,002,234	-	-	-	3,002,234
Current portion of long-term liabilities:					
Claims and judgments payable (note 6)	1,725,932	-	-	-	1,725,932
Compensated absences	8,526	17,804	18,521	17,762	62,613
Total current liabilities	<u>4,766,242</u>	<u>151,150</u>	<u>69,138</u>	<u>86,424</u>	<u>5,072,954</u>
Long-term liabilities:					
Claims and judgments payable	6,016,716	-	-	-	6,016,716
Net pension liability	614,864	895,009	818,606	975,050	3,303,529
Compensated absences	2,887	21,381	20,384	7,943	52,595
Total long-term liabilities	<u>6,634,467</u>	<u>916,390</u>	<u>838,990</u>	<u>982,993</u>	<u>9,372,840</u>
Total liabilities	<u>11,400,709</u>	<u>1,067,540</u>	<u>908,128</u>	<u>1,069,417</u>	<u>14,445,794</u>
<u>Deferred Inflows of Resources</u>					
Deferred pension related	<u>22,012</u>	<u>56,105</u>	<u>63,645</u>	<u>44,728</u>	<u>186,490</u>
<u>Net position</u>					
Investment in capital assets	-	442,124	825,323	-	1,267,447
Unrestricted	<u>(10,676,570)</u>	<u>(13,729)</u>	<u>379,594</u>	<u>(154,165)</u>	<u>(10,464,870)</u>
Total net position	<u>\$ (10,676,570)</u>	<u>\$ 428,395</u>	<u>\$ 1,204,917</u>	<u>\$ (154,165)</u>	<u>\$ (9,197,423)</u>

## CITY OF UPLAND

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2017

	Self-Funded Insurance	Vehicle Replacement	Information Systems	Building Maintenance	Total
Operating revenues:					
Charges for services	\$ 4,970,307	\$ 773,198	\$ 1,658,600	\$ 1,097,851	\$ 8,499,956
Other	-	-	76,488	-	76,488
Total operating revenues	<u>4,970,307</u>	<u>773,198</u>	<u>1,735,088</u>	<u>1,097,851</u>	<u>8,576,444</u>
Operating expenses:					
Maintenance and operations	288,045	598,926	1,088,676	687,836	2,663,483
Contractual services	333,762	-	-	-	333,762
Claims expense	5,163,061	-	-	-	5,163,061
Depreciation	-	182,527	73,719	-	256,246
Total operating expenses	<u>5,784,868</u>	<u>781,453</u>	<u>1,162,395</u>	<u>687,836</u>	<u>8,416,552</u>
Operating income	<u>(814,561)</u>	<u>(8,255)</u>	<u>572,693</u>	<u>410,015</u>	<u>159,892</u>
Nonoperating revenues (expenses):					
Gain (loss) on sale of assets	-	4,180	-	-	4,180
Investment income	384	2,125	6,234	3,201	11,944
Total nonoperating revenues (expenses)	<u>384</u>	<u>6,305</u>	<u>6,234</u>	<u>3,201</u>	<u>16,124</u>
Income before transfers	<u>(814,177)</u>	<u>(1,950)</u>	<u>578,927</u>	<u>413,216</u>	<u>176,016</u>
Transfers and capital contributions:					
Transfers in	1,104,654	597,106	-	23,000	1,724,760
Transfers out	(11,000)	-	-	-	(11,000)
Capital contribution	-	-	-	-	-
Total transfers and capital contributions	<u>1,093,654</u>	<u>597,106</u>	<u>-</u>	<u>23,000</u>	<u>1,713,760</u>
Changes in net position	279,477	595,156	578,927	436,216	1,889,776
Net position at beginning of year	<u>(10,956,047)</u>	<u>(166,761)</u>	<u>625,990</u>	<u>(590,381)</u>	<u>(11,087,199)</u>
Net position at end of year	<u>\$ (10,676,570)</u>	<u>\$ 428,395</u>	<u>\$ 1,204,917</u>	<u>\$ (154,165)</u>	<u>\$ (9,197,423)</u>

## CITY OF UPLAND

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2017

	Self-Funded <u>Insurance</u>	Vehicle <u>Replacement</u>	Information <u>Systems</u>	Building <u>Maintenance</u>	<u>Total</u>
Cash flows from operating activities:					
Cash received from user departments	\$ 4,970,307	\$ 773,198	\$ 1,735,088	\$ 1,097,851	\$ 8,576,444
Cash payments to suppliers for goods and services	(5,263,358)	(115,335)	(930,307)	(231,828)	(6,540,828)
Cash payments to employees for services	(275,639)	(476,853)	(442,784)	(507,101)	(1,702,377)
Net cash provided by (used for) operating activities	<u>(568,690)</u>	<u>181,010</u>	<u>361,997</u>	<u>358,922</u>	<u>333,239</u>
Cash flows from noncapital financing activities:					
Cash transferred to other funds	(11,000)	-	-	-	(11,000)
Cash transferred from other funds	<u>1,104,956</u>	<u>597,106</u>	<u>3,890</u>	<u>23,000</u>	<u>1,728,952</u>
Net cash provided by (used for) noncapital financing activities	<u>1,093,956</u>	<u>597,106</u>	<u>3,890</u>	<u>23,000</u>	<u>1,717,952</u>
Cash flows from capital and related financing activities:					
Cash paid for acquisition of capital assets	-	(167,875)	(108,951)	-	(276,826)
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>(167,875)</u>	<u>(108,951)</u>	<u>-</u>	<u>(276,826)</u>
Cash flows from investing activities:					
Interest received on investments	<u>384</u>	<u>2,125</u>	<u>6,234</u>	<u>3,201</u>	<u>11,944</u>
Net cash provided by (used for) investing activities	<u>384</u>	<u>2,125</u>	<u>6,234</u>	<u>3,201</u>	<u>11,944</u>
Net increase (decrease) in cash and cash equivalents	525,650	612,366	263,170	385,123	1,786,309
Cash and cash equivalents at beginning of year	<u>-</u>	<u>133,764</u>	<u>886,367</u>	<u>275,973</u>	<u>1,296,104</u>
Cash and cash equivalents at end of year	<u>\$ 525,650</u>	<u>\$ 746,130</u>	<u>\$ 1,149,537</u>	<u>\$ 661,096</u>	<u>\$ 3,082,413</u>

## CITY OF UPLAND

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2017

	<u>Self-Funded Insurance</u>	<u>Vehicle Replacement</u>	<u>Information Systems</u>	<u>Building Maintenance</u>	<u>Totals</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ (814,561)	\$ (8,255)	\$ 572,693	\$ 410,015	\$ 159,892
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	-	182,527	73,719	-	256,246
(Increase) decrease in accounts receivable	(142)	20,225	1,438	-	21,521
(Increase) decrease in inventory	(8,152)	3,998	61,796	-	57,642
(Increase) decrease in deferred outflows	(16,462)	(170,554)	(119,364)	(253,570)	(559,950)
Increase (decrease) in accounts payable	(118,281)	79,512	(209,630)	21,728	(226,671)
Increase (decrease) in accrued salaries and benefits	(3,444)	16,305	955	1,379	15,195
Increase (decrease) in due to other funds	(153,926)	-	-	-	(153,926)
Increase (decrease) in pension liability	58,133	217,654	141,251	344,089	761,127
Increase (decrease) in compensated absences	(1,574)	1,509	2,353	2,840	5,128
Increase (decrease) in claims and judgments payable	514,003	-	-	-	514,003
Increase (decrease) in deferred inflows	(24,284)	(161,911)	(163,214)	(167,559)	(516,968)
Total adjustments	<u>245,871</u>	<u>189,265</u>	<u>(210,696)</u>	<u>(51,093)</u>	<u>173,347</u>
Net cash provided by (used for) operating activities	<u>\$ (568,690)</u>	<u>\$ 181,010</u>	<u>\$ 361,997</u>	<u>\$ 358,922</u>	<u>\$ 333,239</u>

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## 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.

The City of Upland has the following Agency Funds:

Community Facilities District 2003-1 Fund – To account for revenues received from property holders for the payment of debt issued to finance the acquisition of certain public rights of way and construction of certain public improvements.

Community Facilities District 2003-2 Fund – To account for revenues received from property holders for the payment of debt issued to finance the acquisition of certain public rights of way and construction of certain public improvements.

Community Facilities District 2015-1 Fund – To account for revenues received from property holders for the payment of debt issued to finance the acquisition of certain public rights of way and construction of certain public improvements.

Community Facilities District 2016-1 Fund – To account for revenues received from property holders for the payment of debt issued to finance the acquisition of certain public rights of way and construction of certain public improvements.

Community Facilities District 2016-2 Fund – To account for revenues received from property holders for the payment of debt issued to finance the acquisition of certain public rights of way and construction of certain public improvements.

Assessment District 84-1 Fund – To account for district formed to provide street sweeping, landscape irrigation, and street light services.

Sanitary Sewer Facility Development Fund – To account for revenue collected to expand both the City's and the region's sanitary sewage facilities to accommodate current and future growth.

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

Upland 54 Fund – To account for revenues received from property holders for the payment of debt issued to finance the acquisition of certain public rights of way and construction of certain public improvement.

CITY OF UPLAND

COMBINING STATEMENT OF ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 JUNE 30, 2017

	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	Assessment District 84-1	Sanitary Sewer Facility Development	Welfare Committee	Upland 54	Total
<u>Assets</u>										
Cash and investments	\$ -	\$ -	\$ 25,000	\$ 13,080	\$ 35,284	\$ 7,014	\$ 1,291,709	\$ 27,785	\$ -	\$ 1,399,872
Cash and investments with fiscal agent	3,589,475	2,846,113	-	-	-	-	-	-	320,691	6,756,279
Accounts receivable	7,551	17,478	-	-	-	-	-	-	-	25,029
<b>Total assets</b>	<b>\$ 3,597,026</b>	<b>\$ 2,863,591</b>	<b>\$ 25,000</b>	<b>\$ 13,080</b>	<b>\$ 35,284</b>	<b>\$ 7,014</b>	<b>\$ 1,291,709</b>	<b>\$ 27,785</b>	<b>\$ 320,691</b>	<b>\$ 8,181,180</b>
<u>Liabilities</u>										
Deposits payable	\$ -	\$ -	\$ 25,000	\$ 13,080	\$ -	\$ -	\$ 1,291,709	\$ -	\$ -	\$ 1,329,789
Due to bondholders	3,597,026	2,863,591	-	-	35,284	7,014	-	27,785	320,691	6,851,391
<b>Total liabilities</b>	<b>\$ 3,597,026</b>	<b>\$ 2,863,591</b>	<b>\$ 25,000</b>	<b>\$ 13,080</b>	<b>\$ 35,284</b>	<b>\$ 7,014</b>	<b>\$ 1,291,709</b>	<b>\$ 27,785</b>	<b>\$ 320,691</b>	<b>\$ 8,181,180</b>

CITY OF UPLAND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

YEAR ENDED JUNE 30, 2017

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
<u>COMMUNITY FACILITIES DISTRICT 2003-1</u>				
<u>Assets</u>				
Cash and investments	\$ 1,592,499	\$ -	\$ (1,592,499)	\$ -
Cash and investments with fiscal agent	2,083,170	1,506,305	-	3,589,475
Accounts receivable	-	7,551	-	7,551
	<u>\$ 3,675,669</u>	<u>\$ 1,513,856</u>	<u>\$ (1,592,499)</u>	<u>\$ 3,597,026</u>
<u>Liabilities</u>				
Due to bondholders	<u>\$ 3,675,669</u>	<u>\$ 1,513,856</u>	<u>\$ (1,592,499)</u>	<u>\$ 3,597,026</u>
<u>COMMUNITY FACILITIES DISTRICT 2003-2</u>				
<u>Assets</u>				
Cash and investments	\$ 1,449,257	\$ -	\$ (1,449,257)	\$ -
Cash and investments with fiscal agent	1,334,866	1,511,247	-	2,846,113
Accounts receivable	-	17,478	-	17,478
	<u>\$ 2,784,123</u>	<u>\$ 1,528,725</u>	<u>\$ (1,449,257)</u>	<u>\$ 2,863,591</u>
<u>Liabilities</u>				
Due to bondholders	<u>\$ 2,784,123</u>	<u>\$ 1,528,725</u>	<u>\$ (1,449,257)</u>	<u>\$ 2,863,591</u>
<u>COMMUNITY FACILITIES DISTRICT 2015-1</u>				
<u>Assets</u>				
Cash and investments	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,000</u>
<u>Liabilities</u>				
Deposits payable	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,000</u>

CITY OF UPLAND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

YEAR ENDED JUNE 30, 2017

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
<u>COMMUNITY FACILITIES DISTRICT 2016-1</u>				
<u>Assets</u>				
Cash and investments	\$ 75,000	\$ -	\$ (61,920)	\$ 13,080
<u>Liabilities</u>				
Accounts payable	\$ 34,920	\$ -	\$ (34,920)	\$ -
Deposits payable	40,080	-	(27,000)	13,080
	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ (61,920)</u>	<u>\$ 13,080</u>
<u>COMMUNITY FACILITIES DISTRICT 2016-2</u>				
<u>Assets</u>				
Cash and investments	\$ -	\$ 35,284	\$ -	\$ 35,284
<u>Liabilities</u>				
Due to bondholders	\$ -	\$ 35,284	\$ -	\$ 35,284
<u>ASSESSMENT DISTRICT 84-1</u>				
<u>Assets</u>				
Cash and investments	\$ 5,051	\$ 1,963	\$ -	\$ 7,014
<u>Liabilities</u>				
Due to bondholders	\$ 5,051	\$ 1,963	\$ -	\$ 7,014
<u>SANITARY SEWER FACILITY DEVELOPMENT</u>				
<u>Assets</u>				
Cash and investments	\$ 3,414,260	\$ -	\$ (2,122,551)	\$ 1,291,709
Accounts receivable	-	-	-	-
	<u>\$ 3,414,260</u>	<u>\$ -</u>	<u>\$ (2,122,551)</u>	<u>\$ 1,291,709</u>
<u>Liabilities</u>				
Accounts payable	\$ 573,582	\$ -	\$ (573,582)	\$ -
Deposits payable	2,840,678	-	(1,548,969)	1,291,709
	<u>\$ 3,414,260</u>	<u>\$ -</u>	<u>\$ (2,122,551)</u>	<u>\$ 1,291,709</u>

CITY OF UPLAND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

YEAR ENDED JUNE 30, 2017

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
<u>WELFARE COMMITTEE</u>				
<u>Assets</u>				
Cash and investments	\$ 24,545	\$ 3,240	\$ -	\$ 27,785
<u>Liabilities</u>				
Due to bondholders	\$ 24,545	\$ 3,240	\$ -	\$ 27,785
<u>UPLAND 54</u>				
<u>Assets</u>				
Cash and investments	\$ 198,612	\$ -	\$ (198,612)	\$ -
Cash and investments with fiscal agent	126,833	193,858	-	320,691
	<u>\$ 325,445</u>	<u>\$ 193,858</u>	<u>\$ (198,612)</u>	<u>\$ 320,691</u>
<u>Liabilities</u>				
Due to bondholders	\$ 325,445	\$ 193,858	\$ (198,612)	\$ 320,691
<u>TOTALS - ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 6,784,224	\$ 40,487	\$ (5,424,839)	\$ 1,399,872
Cash and investments with fiscal agent	3,544,869	3,211,410	-	6,756,279
Accounts receivable	-	25,029	-	25,029
Total assets	<u>\$ 10,329,093</u>	<u>\$ 3,276,926</u>	<u>\$ (5,424,839)</u>	<u>\$ 8,181,180</u>
<u>Liabilities</u>				
Accounts payable	\$ 608,502	\$ -	\$ (608,502)	\$ -
Deposits payable	2,905,758	-	(1,575,969)	1,329,789
Due to bondholders	6,814,833	3,276,926	(3,240,368)	6,851,391
Total liabilities	<u>\$ 10,329,093</u>	<u>\$ 3,276,926</u>	<u>\$ (5,424,839)</u>	<u>\$ 8,181,180</u>

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## STATISTICAL SECTION

This part of the City of Upland's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about financial trends, revenue capacity, debt capacity, demographics, and operating information.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	122
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	130
These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.	
<b>Debt Capacity</b>	142
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.	
<b>Demographic and Economic Information</b>	150
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.	
<b>Operating Information</b>	152
These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.	

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

**CITY OF UPLAND**

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

	Fiscal Year Ended June 30,			
	2008	2009	2010	2011
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 203,131,709	\$ 245,472,014	\$ 241,385,275	\$ 247,582,946
Restricted	24,618,161	33,823,149	28,585,512	23,099,917
Unrestricted	31,848,246	8,655,969	2,933,314	(2,198,045)
<b>Total governmental activities net position</b>	<b>\$ 259,598,116</b>	<b>\$ 287,951,132</b>	<b>\$ 272,904,101</b>	<b>\$ 268,484,818</b>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	\$ 63,754,844	\$ 66,319,305	\$ 73,989,104	\$ 73,202,621
Restricted	-	-	-	-
Unrestricted	40,163,907	38,576,939	36,680,591	42,140,896
<b>Total business-type activities net position</b>	<b>\$ 103,918,751</b>	<b>\$ 104,896,244</b>	<b>\$ 110,669,695</b>	<b>\$ 115,343,517</b>
<b>Primary government</b>				
Invested in capital assets, net of related debt	\$ 266,886,553	\$ 311,791,319	\$ 315,374,379	\$ 320,785,567
Restricted	24,618,161	33,823,149	28,585,512	23,099,917
Unrestricted	72,012,153	47,232,908	39,613,905	39,942,851
<b>Total primary government net position</b>	<b>\$ 363,516,867</b>	<b>\$ 392,847,376</b>	<b>\$ 383,573,796</b>	<b>\$ 383,828,335</b>

Source: Finance Division, City of Upland

2012	2013	2014	2015	2016	2017
\$ 279,503,381	\$ 281,184,806	\$ 272,320,453	\$ 274,795,930	\$ 269,132,382	\$ 267,791,299
15,971,514	22,177,079	18,336,004	14,482,775	25,659,378	40,844,504
(12,516,353)	(19,386,237)	(253,534)	(62,716,819)	(64,259,153)	(74,170,029)
<u>\$ 282,958,542</u>	<u>\$ 283,975,648</u>	<u>\$ 290,402,923</u>	<u>\$ 226,561,886</u>	<u>\$ 230,532,607</u>	<u>\$ 234,465,774</u>
\$ 75,066,229	\$ 76,050,669	\$ 75,114,852	\$ 68,450,050	\$ 67,891,850	\$ 68,761,226
-	-	-	-	-	-
38,813,010	37,241,528	36,705,400	27,528,096	34,916,716	39,989,572
<u>\$ 113,879,239</u>	<u>\$ 113,292,197</u>	<u>\$ 111,820,252</u>	<u>\$ 95,978,146</u>	<u>\$ 102,808,566</u>	<u>\$ 108,750,798</u>
\$ 354,569,610	\$ 357,235,475	\$ 347,435,305	\$ 343,245,980	\$ 337,024,232	\$ 336,552,525
15,971,514	22,177,079	18,336,004	14,482,775	25,659,378	40,844,504
26,296,657	17,855,291	36,451,866	(35,188,723)	(29,342,437)	(34,180,457)
<u>\$ 396,837,781</u>	<u>\$ 397,267,845</u>	<u>\$ 402,223,175</u>	<u>\$ 322,540,032</u>	<u>\$ 333,341,173</u>	<u>\$ 343,216,572</u>

**CITY OF UPLAND**

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

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

	2012	2013	2014	2015	2016	2017
\$	5,137,446	\$ 4,113,605	\$ 4,709,996	\$ 3,050,233	\$ 5,626,905	\$ 3,080,619
	30,710,194	29,009,795	24,047,934	27,468,131	27,178,673	32,174,086
	12,074,768	7,868,067	9,879,986	9,281,467	11,049,238	9,819,952
	5,218,453	4,967,335	3,174,496	5,447,239	5,214,410	5,407,099
	4,584,937	6,100,981	4,057,338	5,073,673	4,308,397	3,691,035
	1,326,383	310,478	286,492	284,269	281,359	358,679
	59,052,181	52,370,261	46,156,242	50,605,012	53,658,982	54,531,470
	17,893,977	17,019,949	19,565,979	20,124,035	16,121,912	18,483,205
	9,360,397	9,246,343	9,322,648	9,872,451	9,602,172	10,051,229
	5,882,096	5,813,597	6,278,008	7,457,367	7,063,779	7,818,112
	1,163,149	1,082,162	1,020,821	-	-	-
	34,299,619	33,162,051	36,187,456	37,453,853	32,787,863	36,352,546
\$	93,351,800	\$ 85,532,312	\$ 82,343,698	\$ 88,058,865	\$ 86,446,845	\$ 90,884,016
\$	1,428,531	\$ 1,416,615	\$ 1,508,984	\$ 1,658,124	\$ 1,124,713	\$ 305,373
	2,509,528	2,526,925	2,930,767	3,593,175	3,789,627	3,541,745
	271,742	411,595	579,582	660,583	246,341	776,173
	2,094,944	3,881,798	4,541,765	4,612,643	4,933,961	5,461,323
	624,243	611,995	1,058,570	1,097,518	1,072,754	495,702
	6,515,231	6,554,132	6,234,320	7,014,790	5,120,131	5,933,967
	1,827,726	2,614,837	1,636,573	2,712,801	3,926,465	4,337,377
	15,271,945	18,017,897	18,490,561	21,349,634	20,213,992	20,851,660
	17,769,773	17,324,491	18,184,343	22,713,562	18,601,289	21,299,753
	9,421,363	9,535,127	9,592,364	10,355,699	10,544,776	11,103,446
	6,193,947	6,294,532	6,432,824	7,233,341	8,068,428	9,705,668
	438,750	567,329	384,674	-	-	-
	-	-	23,220	21,672	15,519	63,207
	-	-	-	-	-	-
	33,823,833	33,721,479	34,617,425	40,324,274	37,230,012	42,172,074
\$	49,095,778	\$ 51,739,376	\$ 53,107,986	\$ 61,673,908	\$ 57,444,004	\$ 63,023,734
\$	(43,780,236)	\$ (34,352,364)	\$ (27,665,681)	\$ (29,255,378)	\$ (33,444,990)	\$ (33,679,810)
	(475,786)	559,428	(1,570,031)	2,870,421	4,442,149	5,819,528
\$	(44,256,022)	\$ (33,792,936)	\$ (29,235,712)	\$ (26,384,957)	\$ (29,002,841)	\$ (27,860,282)

CITY OF UPLAND

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

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

Source: Finance Division, City of Upland

	2012	2013	2014	2015	2016	2017
\$	16,279,713	\$ 17,207,416	\$ 17,656,767	\$ 18,376,071	\$ 19,309,037	\$ 20,482,854
	4,813,601	-	-	-	-	-
	9,992,768	10,167,479	11,282,830	12,477,307	13,909,909	13,293,304
	1,676,719	1,603,147	1,744,459	1,890,562	1,778,356	2,740,447
	100,072	26,819	61,284	93,147	216,843	326,531
	179,479	190,258	217,444	852,384	429,308	223,315
	9,682	-	51,530	14,151	32,589	4,180
	908,588	583,147	3,494,568	4,238,903	394,567	355,677
	23,491,941	-	-	-	-	-
	1,195,158	5,922,919	(69,537)	122,245	(3,000)	67,000
	<u>58,647,721</u>	<u>35,701,185</u>	<u>34,439,345</u>	<u>38,064,770</u>	<u>36,067,609</u>	<u>37,493,308</u>
	186,316	53,563	28,549	99,832	148,205	189,704
	-	-	-	-	-	-
	20,350	-	-	-	-	-
	-	-	-	-	-	-
	(1,195,158)	(1,058,593)	69,537	(122,245)	3,000	(67,000)
	<u>(988,492)</u>	<u>(1,005,030)</u>	<u>98,086</u>	<u>(22,413)</u>	<u>151,205</u>	<u>122,704</u>
\$	<u>57,659,229</u>	<u>\$ 34,696,155</u>	<u>\$ 34,537,431</u>	<u>\$ 38,042,357</u>	<u>\$ 36,218,814</u>	<u>\$ 37,616,012</u>
\$	14,867,485	\$ 1,348,821	\$ 6,773,664	\$ 8,809,392	\$ 2,622,619	\$ 3,813,498
	(1,464,278)	(445,602)	(1,471,945)	2,848,008	4,593,354	5,942,232
\$	<u>13,403,207</u>	<u>\$ 903,219</u>	<u>\$ 5,301,719</u>	<u>\$ 11,657,400</u>	<u>\$ 7,215,973</u>	<u>\$ 9,755,730</u>

**CITY OF UPLAND**

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

	Fiscal Year Ended June 30,			
	2008	2009	2010	2011
General Fund				
Reserved	\$ 4,504,251	\$ 3,119,899	\$ 288,827	\$ -
Unreserved	12,038,900	6,971,355	7,913,927	-
Nonspendable	-	-	-	393,974
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	5,730,018
<b>Total General Fund</b>	<b>\$ 16,543,151</b>	<b>\$ 10,091,254</b>	<b>\$ 8,202,754</b>	<b>\$ 6,123,992</b>
Other governmental funds				
Reserved	\$ 11,790,857	\$ 12,039,958	\$ 10,114,180	\$ -
Unreserved, reported in:				
Special revenue funds	5,513,516	5,521,555	6,401,610	-
Debt service funds	16,181,160	20,100,303	3,934,620	-
Capital projects funds	8,456,396	(3,035,140)	4,357,471	-
Nonspendable	-	-	-	-
Restricted	-	-	-	23,005,460
Committed	-	-	-	-
Assigned	-	-	-	291,300
Unassigned	-	-	-	(2,192,732)
<b>Total Other Governmental Funds</b>	<b>\$ 41,941,929</b>	<b>\$ 34,626,676</b>	<b>\$ 24,807,881</b>	<b>\$ 21,104,028</b>

Source: Finance Division, City of Upland

Notes:

- (1) Increase in General Fund Balance due to increased Property Tax, Business License Tax, and Charges for Svices. 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.

	2012	2013	2014	2015	2016	2017
\$	-	\$ -	\$ -	-	-	-
	125,762	139,164	158,323	110,709	63,831	75,325
	-	-	-	-	-	-
	-	-	-	-	-	-
	805,739	721,275	3,841,677	10,284,958	14,478,664	15,254,150
\$	931,501	\$ 860,439	\$ 4,000,000	\$ 10,395,667	\$ 14,542,495	\$ 15,329,475 <sup>(1)</sup>

\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	10,208,668	15,078,398	18,683,199	34,769,384	38,524,248	39,563,384
	-	-	-	-	-	-
	-	-	-	-	-	-
	(83,676)	(1,525,535)	(112,511)	(20,372)	(254,428)	(4,088)
\$	10,124,992	\$ 13,552,863	\$ 18,570,688	\$ 34,749,012	\$ 38,269,820	\$ 39,559,296 <sup>(2)</sup>

CITY OF UPLAND

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

	Fiscal Year Ended June 30,			
	2008	2009	2010	2011
<b>Revenues</b>				
Taxes	\$ 40,168,833	\$ 39,741,446	\$ 37,799,498	\$ 38,213,931
Licenses and permits	891,566	948,778	992,516	1,004,926
Charges for services	4,406,533	4,894,688	4,390,535	4,711,284
Fines and penalties	1,290,164	926,545	638,627	460,768
Investment income	3,034,259	1,807,832	1,119,133	281,201
Rental income	3,062,207	2,348,894	3,390,859	3,475,107
Intergovernmental	9,976,340	9,057,297	6,657,431	7,161,290
Contributions from property owners	-	-	-	-
Other	7,592,760	1,013,468	1,980,747	908,044
Total revenues	70,422,662	60,738,948	56,969,346	56,216,551
<b>Expenditures</b>				
General government	5,023,565	5,171,784	4,120,131	5,360,853
Public safety	26,405,130	27,883,044	27,545,584	26,456,365
Engineering and public works	11,425,896	19,849,223	12,931,622	11,382,753
Development services	23,197,869	12,227,932	11,046,686	9,973,548
Community services	8,016,140	4,974,815	4,519,662	4,079,975
Debt service				
Principal	8,245,000	1,740,000	1,800,000	1,860,000
Interest	3,604,214	1,870,154	2,295,709	2,231,251
Pass-through payments	1,552,885	1,747,905	4,852,006	1,442,542
Total expenditures	87,470,699	75,464,857	69,111,400	62,787,287
Excess (deficiency) of revenues over (under) expenditures	(17,048,037)	(14,725,909)	(12,142,054)	(6,570,736)
<b>Other financing sources (uses)</b>				
Transfers in	17,435,006	8,346,657	21,650,371	4,751,051
Transfers out	(17,335,006)	(8,160,198)	(21,650,371)	(3,615,221)
Extraordinary gain (loss) (note 21)	-	-	-	-
Proceeds from sale of capital assets	596,576	-	292,828	47,086
Issuance of capital leases	-	772,300	-	-
Payments to bond escrow	-	-	-	-
Issuance of bonds	18,000,000	-	-	-
Total other financing sources(uses)	18,696,576	958,759	292,828	1,182,916
Net change in fund balances	\$ 1,648,539	\$ (13,767,150)	\$ (11,849,226)	\$ (5,387,820)
Debt service as a percentage of noncapital expenditures*	18.2%	6.5%	6.3%	7.5%

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

Debt Service = Principal + Interest

Non-Capital Expenditures = Total Expenditures - Capital Outlay

	2012	2013	2014	2015	2016	2017
\$	35,295,459	\$ 30,756,478	\$ 32,593,211	\$ 35,655,141	\$ 37,799,228	\$ 38,830,352
	1,070,611	987,862	1,041,388	1,794,686	1,875,032	3,009,862
	4,203,719	4,362,451	5,230,294	5,606,821	5,392,160	5,857,984
	517,741	500,389	533,282	604,509	594,417	619,646
	100,072	27,704	57,147	92,100	187,819	86,173
	1,727,205	3,318,077	3,787,894	3,860,094	4,013,904	4,191,730
	7,268,610	7,221,745	6,806,235	7,655,572	5,435,521	5,798,858
	-	-	-	-	-	-
	1,182,183	1,254,136	4,659,040	5,317,007	1,273,394	1,742,663
	51,365,600	48,428,842	54,708,491	60,585,930	56,571,475	60,137,268
	5,991,749	4,805,137	5,138,890	3,420,069	3,658,673	4,950,630
	27,603,446	26,530,316	25,998,626	26,462,312	28,178,150	31,733,042
	7,940,843	10,362,812	4,870,786	5,698,034	7,874,070	9,380,001
	4,959,672	4,857,256	4,612,547	5,274,072	5,262,923	5,446,549
	3,894,008	4,145,232	3,908,447	4,506,490	4,216,350	3,518,510
	1,925,000	210,000	220,000	235,000	258,368	288,319
	1,245,747	320,368	296,957	289,559	298,494	364,429
	801,386	-	-	-	-	-
	54,361,851	51,231,121	45,046,253	45,885,536	49,747,028	55,681,480
	(2,996,251)	(2,802,279)	9,662,238	14,700,394	6,824,447	4,455,788
	2,073,948	6,808,907	2,761,375	273,409	1,208,553	517,960
	(1,129,300)	(870,049)	(3,919,838)	(2,478,470)	(1,525,154)	(2,164,720)
	(14,129,606)	-	-	-	-	-
	9,682	-	-	-	1,600	-
	-	-	-	-	200,524	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	(13,175,276)	5,938,858	(1,158,463)	(2,205,061)	(114,477)	(1,646,760)
\$	(16,171,527)	\$ 3,136,579	\$ 8,503,775	\$ 12,495,333	\$ 6,709,970	\$ 2,809,028
	6.0%	1.2%	1.2%	1.2%	1.1%	1.3%

CITY OF UPLAND

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

	Fiscal Year				
	2007/08	2008/09	2009/10	2010/11	2011/12
Residential	5,470,635	5,638,782	5,304,942	5,276,157	5,382,875
Commercial	698,383	774,553	824,278	809,416	820,057
Industrial	259,351	280,887	312,147	309,820	309,414
Dry Farm	4,573	4,664	4,758	4,746	4,021
Govt. Owned	3,810	3,887	10,101	934	941
Institutional	12,703	15,139	15,000	17,232	12,430
Irrigated	1,808	1,844	1,881	1,876	1,890
Miscellaneous	75,878	74,054	79,608	73,372	74,576
Recreational	24,385	22,650	19,497	18,770	17,828
Vacant	89,930	84,346	82,266	69,147	71,460
SBE Nonunitary	153	69	69	69	69
Unsecured	233,457	274,194	280,845	274,428	262,654
<b>TOTALS</b>	<b>6,875,066</b>	<b>7,175,069</b>	<b>6,935,391</b>	<b>6,855,966</b>	<b>6,958,214</b>
Total Direct Rate	<u>0.27771%</u>	<u>0.25824%</u>	<u>0.29355%</u>	<u>0.29273%</u>	<u>0.29248%</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 2007/08 - 2016/17 Combined Tax Rolls; HdL Coren & Cone

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Fiscal Year				
2012/13	2013/14	2014/15	2015/16	2016/17
5,498,151	5,680,385	6,068,414	6,401,935	6,697,951
823,190	849,188	873,943	875,269	908,646
306,113	314,762	318,293	342,277	350,443
4,029	4,184	4,186	470	477
960	979	983	1,003	1,018
12,982	14,288	10,334	9,826	13,908
1,928	1,967	1,976	2,015	1,640
76,292	78,275	78,792	80,400	103,978
18,041	14,322	14,353	14,804	14,162
68,364	74,268	65,657	84,782	91,043
69	69	70	70	70
265,091	262,039	259,893	268,858	249,241
7,075,211	7,294,725	7,696,894	8,081,709	8,432,577
<u>0.29337%</u>	<u>0.17491%</u>	<u>0.17491%</u>	<u>0.17492%</u>	<u>0.17492%</u>

**CITY OF UPLAND**

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

Fiscal Year	Residential		Commercial		Public Agency		Irrigation	
	Gallons Consumed	% of Total	Gallons Consumed	% of Total	Gallons Consumed	% of Total	Gallons Consumed	% of Total
2008	5,517,246,504	75.2%	760,085,436	10.4%	345,603,676	4.7%	715,281,732	9.7%
2009	5,056,526,376	73.9%	777,416,596	11.4%	331,785,124	4.9%	673,292,004	9.8%
2010	4,620,895,664	74.9%	651,208,800	10.6%	239,059,304	3.9%	656,050,604	10.6%
2011	4,456,138,940	74.4%	648,324,512	10.8%	229,503,604	3.8%	655,200,876	10.9%
2012	4,648,953,144	74.3%	694,179,156	11.1%	238,037,536	3.8%	677,373,092	10.8%
2013	4,825,517,048	73.7%	733,835,124	11.2%	241,184,372	3.7%	750,007,632	11.4%
2014	4,930,872,848	72.8%	729,473,536	10.8%	218,617,212	3.2%	895,623,036	13.2%
2015	4,456,746,316	71.4%	718,672,416	11.5%	210,080,288	3.4%	860,493,216	13.8%
2016	3,566,689,896	70.7%	650,598,432	12.9%	176,596,816	3.5%	649,350,020	12.9%
2017	3,848,856,440	71.0%	680,205,768	12.5%	177,463,748	3.3%	717,650,648	13.2%

Source: Finance Division, City of Upland

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**CITY OF UPLAND**

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

<u>Agency</u>	<u>Fiscal Year</u>				
	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>
<b>Basic Levy<sup>1</sup></b>	1.00000	1.00000	1.00000	1.00000	1.00000
Alta Loma Elementary Bond	0.03480	0.03010	0.03870	0.04510	0.04530
Central Elementary Bond	0.05500	0.05690	0.05840	0.06900	0.06880
Chaffey Community College Bond	0.01920	0.02090	0.01220	0.00910	0.01530
Chaffey High School Bond	0.01690	0.01620	0.01680	0.01920	0.01940
Metropolitan Water Agency	0.00450	0.00430	0.00430	0.00370	0.00370
Ontario-Montclair Elementary Bond	0.01240	0.02380	0.02870	0.03360	0.02890
Upland Unified School Bond	0.02610	0.03420	0.03810	0.04430	0.04740
<b>Total Direct &amp; Overlapping<sup>2</sup> Tax Rates</b>	<u>1.16890</u>	<u>1.18640</u>	<u>1.19720</u>	<u>1.22400</u>	<u>1.22880</u>
<b>City Share of 1% levy per Prop 13<sup>3</sup></b>	0.17482	0.17482	0.17482	0.17482	0.17482
<b>Redevelopment Rate<sup>4</sup></b>	1.00450	1.00430	1.00430	1.00370	1.00370
<b>Total Direct Rate<sup>5</sup></b>	<u>0.27771</u>	<u>0.28524</u>	<u>0.29355</u>	<u>0.29273</u>	<u>0.29248</u>

**Notes:**

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

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

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

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

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

Source: San Bernardino County Assessor 2007/08 - 2016/17 Tax Rate Table; HdL Coren & Cone

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Fiscal Year				
<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
1.00000	1.00000	1.00000	1.00000	1.00000
0.04580	0.04500	0.04370	0.04170	0.04080
0.07270	0.07110	0.06600	0.06500	0.06880
0.01110	0.01570	0.01090	0.01130	0.01160
0.01010	0.03710	0.02940	0.04090	0.03190
0.00350	0.00350	0.00350	0.00350	0.00350
0.02740	0.02940	0.02600	0.02680	0.02640
0.05240	0.04840	0.04620	0.05250	0.06070
<u>1.22300</u>	<u>1.25020</u>	<u>1.22570</u>	<u>1.24170</u>	<u>1.24370</u>
0.17482	0.17482	0.17482	0.17482	0.17482
n/a	n/a	n/a	n/a	n/a
<u>0.29377</u>	<u>0.17491</u>	<u>0.17491</u>	<u>0.17492</u>	<u>0.17492</u>

CITY OF UPLAND

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Colonies-Pacific LLC	\$ 142,817,726	1	1.69%	\$ 79,104,272	1	1.15%
College Park Apartment Homes LP	58,134,949	2	0.69%			
Bravepark Property LLC	45,696,099	3	0.54%			
MG Stoneridge Village Grove LLC	43,492,458	4	0.52%			
WNG Mountain Springs GP	42,659,888	5	0.51%			
Rancho Monte Vista Apartment Homes	42,235,041	6	0.50%	21,433,226	7	0.31%
CT Retail Properties Finance II LLC	40,542,445	7	0.48%	35,822,003	2	0.52%
Dee Matreyek Kurth Non Exempt Trust	34,323,239	8	0.41%			
NU-168 Apartments LLC	33,108,839	9	0.39%			
Bre Paragon MF Alvista Portofino	33,101,070	10	0.39%			
Bill and Mary Matreyek Trust				31,350,536	3	0.46%
Pres- Mountain Grove LP				25,178,700	4	0.37%
Broadstone Residential LLC				23,664,000	5	0.34%
MG Parkview Apartments				21,620,415	6	0.31%
Pacific Canyon Club LP				21,017,919	8	0.31%
7th Street Apartments Investors LLC				20,662,468	9	0.30%
Holiday Rock Company INC				19,851,928	10	0.29%
Totals	<u>\$ 516,111,754</u>		<u>6.12%</u>	<u>\$ 299,705,467</u>		<u>4.36%</u>

Source: HdL Coren & Cone

**CITY OF UPLAND**

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

Water Purchaser	2017			2008		
	Gallons Consumed	Rank	Percentage of Total Gallons Consumed	Gallons Consumed	Rank	Percentage of Total Gallons Consumed
City of Upland	196,971,588	1	3.6%	155,257,872	1	2.1%
Upland Development, LLC	147,523,552	2	2.7%			
Mountain View Land Co.	118,909,560	3	2.2%	35,825,460	6	0.5%
Upland Unified School District	109,973,952	4	2.0%	117,507,060	2	1.6%
San Antonio Community Hospital	60,369,584	5	1.1%	57,679,776	4	0.8%
The Colonies Pacifics, LLC	52,138,592	6	1.0%			
Upland Hills Estates HOA	40,404,716	7	0.7%			
State of California Dept of Trans	38,503,300	8	0.7%	99,973,940	3	1.4%
Upland Hills CC COA	32,434,776	9	0.6%			
Upland Meadows Management CO. LP	26,453,768	10	0.5%			
HWL Properties				37,648,336	5	0.5%
Upland Cascade				30,151,132	7	0.4%
Upland Housing Authority				26,960,912	8	0.4%
Mountain View Park				26,540,536	9	0.4%
The Colonies				22,193,908	10	0.3%
Totals	<u>823,683,388</u>		<u>15.2%</u>	<u>609,738,932</u>		<u>8.3%</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 <sup>(1)</sup>	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2008	10,272,452	9,499,598	92.48%	N/A	9,499,598	92.48%
2009	10,202,653	9,518,641	93.30%	N/A	9,518,641	93.30%
2010	10,099,630	9,485,948	93.92%	N/A	9,485,948	93.92%
2011	9,574,988	9,209,935	96.19%	N/A	9,209,935	96.19%
2012	9,732,257	9,265,615	95.21%	N/A	9,265,615	95.21%
2013	9,881,310	9,452,806	95.66%	N/A	9,452,806	95.66%
2014	10,195,064	9,902,877	97.13%	N/A	9,902,877	97.13%
2015	10,792,671	10,512,265	97.40%	N/A	10,512,265	97.40%
2016	11,319,306	11,049,460	97.62%	N/A	11,049,460	97.62%
2017	11,883,283	11,615,501	97.75%	N/A	11,615,501	97.75%

**Notes:**

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

Source: San Bernardino Auditor-Controller's Office

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**CITY OF UPLAND**

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

Fiscal Year Ended June 30,	Governmental Activities				Total Governmental Activities
	Lease Revenue Bonds	Tax Allocation Notes (b)	Housing Bonds	Capital Leases	
2008	1,935,000	45,975,000	18,000,000	1,592,094	67,502,094
2009	1,750,000	44,420,000	18,000,000	1,167,943	65,337,943
2010	1,560,000	42,810,000	18,000,000	324,622	62,694,622
2011	1,365,000	41,145,000	18,000,000	124,532	60,634,532
2012	1,160,000	-	18,000,000	-	19,160,000
2013	950,000	-	18,000,000	-	18,950,000
2014	730,000	-	18,000,000	-	18,730,000
2015	495,000	-	18,000,000	-	18,495,000
2016	250,000	-	18,000,000	187,156	18,437,156
2017	-	-	18,000,000	148,837	18,148,837

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>
15,211,608	82,713,702	3.97%	1,105.99	2008
14,687,062	80,025,005	3.82%	1,072.23	2009
13,950,288	76,644,910	3.73%	1,023.11	2010
13,327,924	73,962,456	3.46%	971.83	2011
12,746,534	31,906,534	1.45%	427.89	2012
11,958,964	30,908,964	1.41%	412.63	2013
11,282,566	30,012,566	1.38%	399.38	2014
10,483,221	28,978,221	1.36%	386.00	2015
9,658,875	28,096,031	1.29%	370.79	2016
8,809,529	26,958,366	1.21%	351.07	2017

CITY OF UPLAND

DIRECT AND OVERLAPPING BOND DEBT  
JUNE 30, 2017

FY 2016-17 Assessed Valuation		\$	8,421,459,871	
				City's Share of Debt at 6/30/17
<u>Overlapping Tax and Assessment Debt:</u>	<u>% Applicable<sup>(1)</sup></u>	<u>Total Debt at 6/30/17</u>		
Metropolitan Water District	0.326%	\$ 74,905,000	\$	244,190
Chaffey Community College District	8.548%	144,865,000		12,383,060
Upland Unified School District	92.555%	93,530,345		86,567,011
Chaffey Union High School District	0.752%	398,097,765		2,993,695
Alta Loma School District	0.548%	30,358,906		166,367
Central School District	2.070%	36,305,633		751,527
Ontario-Montclair School District	2.348%	81,440,066		1,912,213
Upland Unified School District Community Facilities District No. 99-1	100.000%	1,564,000		1,564,000
Upland Unified School District Community Facilities District No. 01-1	100.000%	1,961,000		1,961,000
City of Upland Community Facilities District No. 2003-1	100.000%	1,385,000		1,385,000
City Of Upland Community Facilities District No. 2003-2, I.A. Nos. 1 & 2	100.000%	37,320,000		37,320,000
			\$	147,248,063
Total Overlapping Tax and Assessment Debt		\$ 901,732,715	\$	147,248,063
<u>Direct and Overlapping General Fund Debt:</u>				
San Bernardino County General Fund Obligations	4.307%	\$ 399,400,000	\$	17,202,158
San Bernardino County Pension Obligations	4.307%	379,612,328		16,349,903
San Bernardino County Flood Control Dist. Gen Fund Obligations	4.307%	73,680,000		3,173,398
Chaffey Community College District Gen. Fund Obligations	8.548%	10,725,666		916,830
<b>City of Upland Capital Lease Obligations</b>	<b>100.000%</b>	<b>148,837</b>		<b>148,837</b>
<b>City of Upland Housing Revenue Bonds</b>	<b>100.000%</b>	<b>18,000,000</b>		<b>18,000,000</b>
Total Gross Direct and Overlapping General Fund Debt			\$	55,791,125
<b>Less: City of Upland Housing Revenue Bonds (100% supported from housing related revenues)</b>				<b>18,000,000</b>
Total Net Direct and Overlapping General Fund Debt		\$ 881,566,831	\$	37,791,126
<u>Overlapping Tax Increment Debt (Successor Agency):</u>	100.000%	\$ 27,165,000	\$	27,165,000
Total Gross Direct Debt			\$	18,148,837
Total Net Direct Debt			\$	148,837
Total Overlapping Debt			\$	<b>212,055,352</b>
Gross Combined Total Debt			\$	<b>230,204,189</b>
Net Combined Total Debt			\$	<b>212,204,189</b>
<u>Ratios to FY 2016-17 Assessed Valuation:</u>				
Total Overlapping Tax and Assessment Debt	1.75%			
<b>Total Gross Direct Debt (\$18,148,837)</b>	<b>0.22%</b>			
<b>Total Net Direct Debt (\$148,837)</b>	<b>0.002%</b>			
Gross Combined Total Debt	2.73%			
Net Combined Total Debt	2.52%			
<u>Ratios to Redevelopment Incremental Valuation ( \$1,252,461,867):</u>				
Total Overlapping Tax Increment Debt	2.17%			

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

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

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**CITY OF UPLAND**

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

	Fiscal Year Ended June 30,			
	2008	2009	2010	2011
Debt Limit	\$ 900,487,972	\$ 933,319,281	\$ 930,115,752	\$ 882,507,215
Total Net Debt Applicable to Limit	-	-	-	-
Legal Debt Margin	\$ 900,487,972	\$ 933,319,281	\$ 930,115,752	\$ 882,507,215
Total Net Debt Applicable to The Limit As a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2017:

Assessed Valuation

Debt Limit (15% of Assessed Value)

Debt Applicable to Limit:

General Obligation Bonds

Legal Debt Margin

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

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

Fiscal Year Ended June 30,					
2012	2013	2014	2015	2016	2017
\$ 895,958,208	\$ 1,058,579,687	\$ 1,091,662,967	\$ 1,152,315,001	\$ 1,210,072,895	\$ 1,263,218,981 (1)
-	-	-	-	-	
\$ 895,958,208	\$ 1,058,579,687	\$ 1,091,662,967	\$ 1,152,315,001	\$ 1,210,072,895	\$ 1,263,218,981
0.00%	0.00%	0.00%	0.00%	0.00%	

\$ 8,421,459,871

1,263,218,981

\$ 1,263,218,981

**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	
2008	17,608,967	11,584,227	6,024,740	575,000	808,364	4.36
2009	15,613,892	14,338,698	1,275,194	595,000	547,607	1.12
2010	15,295,069	13,902,795	1,392,274	610,000	776,562	1.00
2011	22,582,581	14,164,896	8,417,685	630,000	735,443	6.16
2012	16,873,954	17,468,067	(594,112)	655,000	1,023,096	(0.35)
2013	17,122,606	15,146,422	1,976,184	760,000	407,969	1.69
2014	18,184,342	16,532,719	1,651,623	750,000	463,325	1.36
2015	22,713,561	17,673,638	5,039,923	765,000	442,475	4.17
2016	18,601,416	13,367,187	5,234,229	760,000	419,150	4.44
2017	21,436,735	17,418,778	4,017,957	815,000	361,406	3.42

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

Source: Finance Division, City of Upland

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Special Assessment Bonds

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Special Assessment Collections	Debt Service		Coverage
	Principal	Interest	
2,957,694	510,000	2,527,715	0.97
3,257,487	235,000	2,566,050	1.16
3,087,810	295,000	2,556,075	1.08
3,337,663	365,000	2,542,803	1.15
3,358,321	440,000	2,525,223	1.13
3,022,803	520,000	2,356,637	1.05
2,935,287	700,000	2,107,620	1.05
2,973,637	820,000	2,080,248	1.03
2,731,961	1,305,000	1,441,090	0.99
2,863,814	1,160,000	1,635,846	1.02

**CITY OF UPLAND**

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

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<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (in thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2007	74,787	\$ 2,084,384	\$ 27,871	14,232	3.7%
2008	74,634	\$ 2,094,566	\$ 28,065	14,307	5.4%
2009	74,914	\$ 2,056,977	\$ 27,458	14,404	9.0%
2010	76,106	\$ 2,138,350	\$ 28,097	14,232	9.9%
2011	74,568	\$ 2,193,940	\$ 29,422	11,927	9.1%
2012	74,907	\$ 2,192,004	\$ 29,263	11,908	6.5%
2013	75,147	\$ 2,182,720	\$ 29,046	11,665	5.6%
2014	75,074	\$ 2,130,600	\$ 28,380	11,380	5.9%
2015	75,774	\$ 2,182,404	\$ 28,801	11,138	4.8%
2016	76,790	\$ 2,226,460	\$ 28,994	11,028	4.2%

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

**CITY OF UPLAND**

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

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
San Antonio Community Hospital	2,200	1	5.8%	2,000	1	5.1%
Upland Unified School District	1,037	2	2.8%	1,009	2	2.6%
City of Upland	406	3	1.1%	332	4	0.8%
Upland Rehabilitaion & Care Center	320	4	0.8%			
Wal Mart	315	5	0.8%	269	5	0.7%
Target	265	6	0.7%			
Lowe's Home Center	254	7	0.7%	130	10	0.3%
Villa Mesa Care Center	250	8	0.7%			
Home Depot	240	9	0.6%	351	3	0.9%
Lewis Group	220	10	0.6%			
VCI Telecom, Inc				202	6	0.5%
Vons				155	7	0.4%
Westwood College of Technology				153	8	0.4%
Albertsons				146	9	0.4%
Totals	<u>5,507</u>		<u>14.6%</u>	<u>4,747</u>		<u>12.1%</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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	93.75	97.75	98.00	102.00	75.00	75.50	78.25	78.00	64.00	58.00
Public safety										
Police										
Officers	84.00	84.00	84.00	85.00	76.00	70.00	70.00	70.00	74.00	75.00
Civilians	41.00	41.00	41.00	42.00	28.00	22.50	22.50	22.50	26.00	30.00
Fire										
Firefighters and officers	43.00	43.00	43.00	43.00	41.00	41.00	40.00	40.00	40.00	40.00
Civilians	4.00	4.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Highways and streets										
Engineering	6.00	6.00	6.00	6.00	3.00	3.00	3.00	3.00	3.00	3.00
Operations	22.00	22.00	20.00	20.00	23.00	23.00	23.00	22.00	23.50	23.50
Recreation	11.50	11.50	11.50	11.50	7.50	7.50	7.50	7.50	6.00	6.00
Water	20.00	21.00	23.00	23.00	22.00	24.00	24.00	24.00	24.00	24.00
Solid Waste Utility	1.00	1.00	1.00	1.00	-	-	-	-	-	-
Environmental Quality	6.00	6.00	6.00	6.00	5.00	4.00	4.00	4.00	4.00	4.00
Total	<u>332.25</u>	<u>337.25</u>	<u>342.50</u>	<u>348.50</u>	<u>289.50</u>	<u>279.50</u>	<u>281.25</u>	<u>280.00</u>	<u>273.50</u>	<u>272.50</u>

Source: Finance Division, City of Upland

**CITY OF UPLAND**

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

<b>Function</b>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Fire</b>										
Stations	4	4	4	5	5	5	5	5	5	5
<b>Police</b>										
Patrol Units	24	25	25	24	23	23	23	22	22	22
Motorcycles	6	6	6	6	6	5	4	5	5	4
<b>Library</b>										
Facilities	1	1	1	1	1	1	1	1	1	1
<b>Recreation</b>										
Buildings	3	3	3	3	3	4	4	4	4	4
Parks	12	12	12	13	13	13	13	13	13	13
Soccer fields (lighted)	6	6	6	6	6	6	6	6	6	6
Baseball fields (lighted)	7	7	7	8	8	8	8	8	8	8
Softball fields (lighted)	4	4	4	3	3	3	3	3	3	3
<b>Public Works</b>										
Miles of City Streets	210.12	208.90	208.90	208.90	208.90	208.90	208.90	208.90	209.20	209.25
Miles of State Highways	7.25	6.70	6.70	6.70	6.70	6.70	6.70	6.70	6.70	6.20
Miles of City Alleys	N/A	37.50	37.50	37.50	37.50	37.50	37.50	37.50	37.50	37.50
<b>Water</b>										
Miles of Water Mains	240.00	240.26	240.26	240.26	240.26	240.26	240.26	240.88	243.70	255.60
<b>Sewer</b>										
Miles of Sewer Lines	228.00	228.00	228.00	228.00	228.00	228.00	228.00	228.00	228.00	222.00

Source: Various Departments, City of Upland

**CITY OF UPLAND**

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

Function	Fiscal Year Ended June 30,			
	2008	2009	2010	2011
Function				
General government				
Building permits issued	972	827	973	1,055
Police				
Physical arrests	5,433	3,032	5,317	4,476
Traffic collisions	750	473	610	755
Fire				
Emergency responses	6,538	6,049	6,748	7,120
Public Works				
Miles of street sweeping	9,216	9,216	9,216	10,488
Potholes repaired	2,200	1,363	2,714	2,184
Number of trees pruned	7,600	6,771	7,192	3,349
Parks and recreation				
Community center admissions	10,395	9,431	9,102	8,653
Library				
Volumes in collection	148,867	148,867	148,867	154,463
Current Periodical & Serial Subscriptions	267	267	267	267
Audio-visual items	7,773	7,773	7,773	8,341
Water				
New meter installations	534	553	676	376
Average daily consumption (thousands of gallons)	23,478	19,924	22,589	16,529
Number of linear feet of new water pipelines	13,585	1,385	-	7,380
Refuse collection				
Refuse collected (tons per day)	176	145	138	137
Recyclables collected (tons per day)	70	72	68	68
Environmental Quality				
Number of sewer inspections conducted	216	198	214	208
Number of permitted dischargers/active permits	187	201	202	197

Source: Various Departments, City of Upland

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2012	2013	2014	2015	2016	2017
1,042	1,120	1,408	2,007	1,176	1,095
3,809	3,104	4,272	3,532	3,013	4,377
666	634	667	690	814	867
7,300	7,865	9,482	8,855	9,607	9,647
14,172	14,484	14,484	13,009	14,600	15,000
918	831	910	2,400	318	720
9,235	5,405	5,671	5,015	2,378	2,273
8,454	9,093	9,406	9,450	8,868	6,864
159,746	157,769	117,295	113,146	111,548	107,760
81	73	340	83	97	42
8,454	7,464	5,911	5,947	5,695	5,154
292	550	1,056	981	894	1,233
21,838	21,087	20,690	17,848	14,209	15,572
17,240	-	-	3,668	1,286,736	1,349,568
129	130	144	140	158	151
72	65	72	64	68	65
199	207	210	201	208	211
196	192	194	197	193	195