

Comprehensive Annual Financial Report

Year Ended June 30, 2014



City of Upland, California

CITY OF UPLAND, CALIFORNIA
Comprehensive Annual Financial Report
Year ended June 30, 2014

Prepared by
Finance Division

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City of Upland
Comprehensive Annual Financial Report

Year ended June 30, 2014

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December 23, 2014

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, 2014 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 fiscal accountability of those entities.

The City of Upland

The City of Upland is situated on the western border of San Bernardino County, bordered by the cities of Claremont, Montclair, Ontario and Rancho Cucamonga. Upland, known as the "City of Gracious Living," is nestled at the base of the San Gabriel Mountains and encompasses 15.2 square miles. It has an estimated population of 75,147 persons as of December 2013.

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

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

Services Provided by the City of Upland	
<u>Municipal Services</u>	<u>Public Enterprise Services</u>
General Administrative Support	Water Utility
Police and Fire Protection	Solid Waste Utility
Highways and Streets	Sewer Utility
Public Improvements	Animal Services
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 Administrative Services Director. 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 Administrative Services Director is appointed by the City Manager and is responsible for establishing and maintaining the general accounting system for the City, auditing and approving for payment of all demands or charges upon the City.

Outlook for the Future

There has been some positive movement in the local economy and as a result of some lawsuit settlements the General Fund Balance was able to meet the 10% reserve limit. To address continuing financial concerns, management is working through the forty-six (46) measures presented by the City Council appointed “Fiscal Response Task Force”. The measures cover one-time revenue measures, new sources of revenues and potential expenditure reductions. The measures were prioritized by the Task Force and management is evaluating each of the measures to be brought to the City Council for approval. The City has an adopted a balanced operating budget for fiscal year 2014-15 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, Mayer Hoffman McCann P.C., Certified Public Accountants, express their opinion that the financial statements are presented fairly in conformity with generally accepted accounting principles. The opinion is unqualified and therefore signifies a substantial level of achievement. This firm also conducts and prepares the single audit report as required by federal and state agencies.

Certificate of Achievement

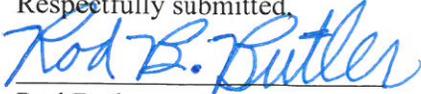
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Upland for its CAFR for the fiscal year ended June 30, 2013. To receive the award, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards, and satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to the Certificate of Achievement program requirements and we are submitting it to GFOA.

Acknowledgements

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

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

Respectfully submitted,



Rod Butler
City Manager



Christa Buhagiar
Finance Manager

Officials of the City of Upland

Elected Officials

Ray Musser, Mayor

Debbie Stone

Mayor Pro Tem

Brendan Brandt

Council Member

Gino Filippi

Council Member

Glenn Bozar

Council Member

Dan Morgan

City Treasurer

Executive Staff

Stephen C. Dunn, City Manager

Stephanie Mendenhall

Administrative Services Director

Roberta Knighten

Community Services Director

Jeff Zwack

Development Services Director

Rosemary Hoerning

Public Works Director

Jeff Mendenhall

Police Chief

Richard Mayhew

Fire Chief

Kimberly Hall Barlow

City Attorney



Government Finance Officers Association

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

Presented to

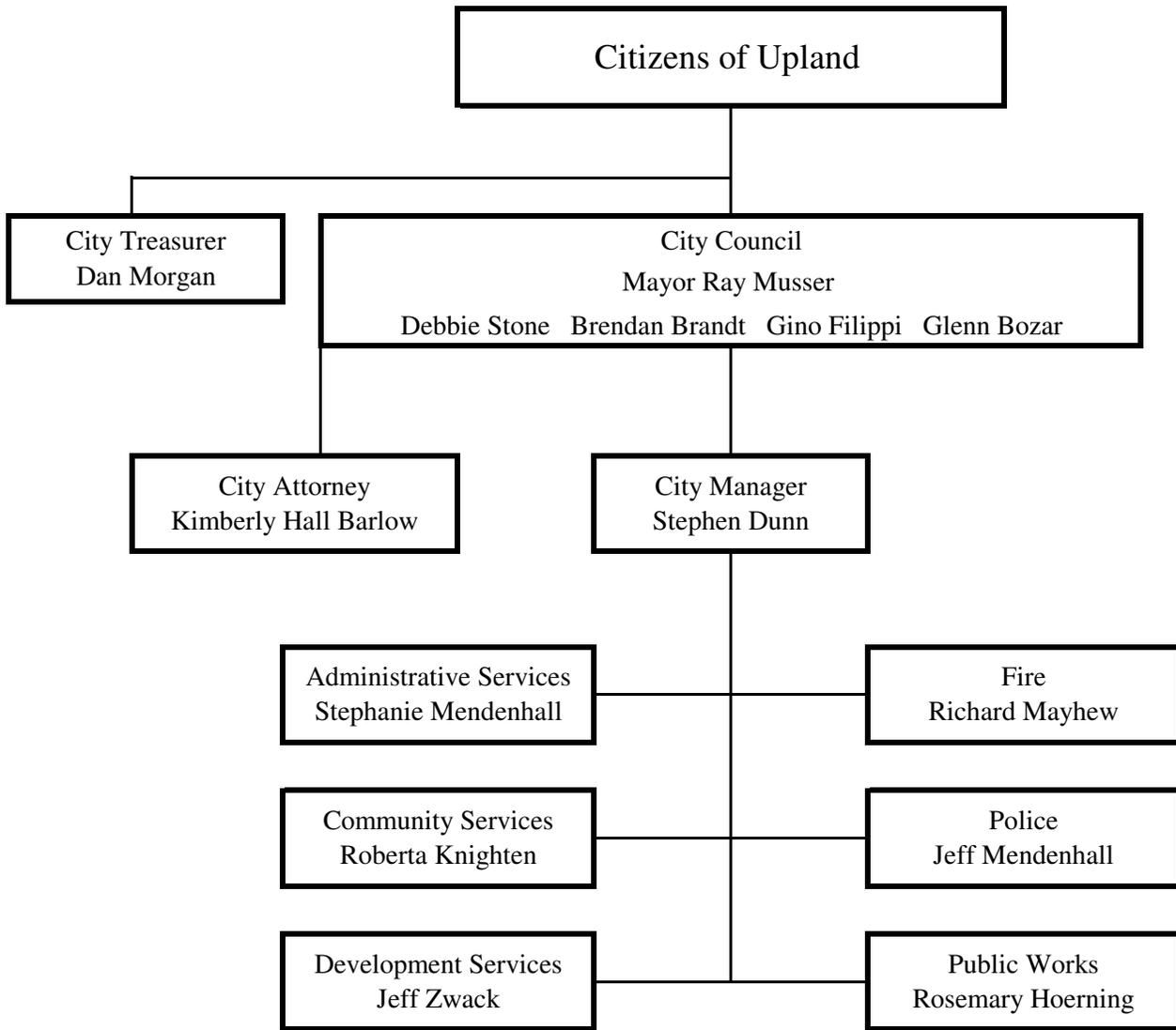
**City of Upland
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

**City of Upland
Organizational Chart
Fiscal Year 2013-14**





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, Home Program Fund, CalHome Program Fund and Housing Fund of the City of Upland, California, as of and for the year ended June 30, 2014, 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, 2014 and total revenues constituting less than 1 percent total revenues for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the joint ventures, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

In our opinion, based on our audit and the report of the other auditors the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Upland, California, as of June 30, 2014, 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, Home Program Fund, CalHome Program 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, 2014, reflect a prior period adjustment as described further in note 17 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* 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 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 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 fund financial statements and schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The *introductory section* and the

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

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 23, 2014 on our consideration of the City of Upland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Mayer Hoffman McCann P.C.

Irvine, California
December 23, 2014

MANAGEMENT'S DISCUSSION & ANALYSIS

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2014

Our 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, 2014. 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 \$402.2 million; this is an improvement of \$4.9 million in comparison with the prior year. Of this amount, \$36.5 million may be used to meet the City's ongoing obligations to citizens and creditors.
- ◆ The City's total liabilities decreased by \$3.4 million during the current fiscal year. The changes in liabilities are related to lower accounts payable and claims payable offset by an increase in deposits payable.
- ◆ As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$22.6 million, an increase of \$8.2 million in comparison with the prior year.
- ◆ As of the close of the current fiscal year, the City's enterprise funds reported combined total net position of \$111.8 million, a decrease of \$1.5 million in comparison with the prior year.
- ◆ At the end of the fiscal year, unassigned fund balance for the general fund was \$3.8 million or 10% of the FY 2014-15 Annual Budget-General Fund operating expenditures.

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

Our 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 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 we report in the government-wide statements but provide more detail and additional information, such as cash flows. We use 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 100 and 101 respectively. We exclude 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 \$402.2 million. The City's net position increased by \$4.9 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, 2014 was as follows:

Table 1
Net Position
(In Millions)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 35.8	\$ 25.2	\$ 41.0	\$ 41.3	\$ 76.8	\$ 66.5
Capital assets	290.8	298.0	86.2	87.8	377.0	385.8
Total assets	326.6	323.2	127.2	129.1	453.8	452.3
Long-term liabilities	27.6	30.7	10.7	11.4	38.3	42.1
Other liabilities	8.6	8.5	4.7	4.4	13.3	12.9
Total liabilities	36.2	39.2	15.4	15.8	51.6	55.0
Net position:						
Net investment in						
capital assets	272.3	281.2	75.1	76.1	347.4	357.3
Restricted	18.3	22.2	-	-	18.3	22.2
Unrestricted	(0.2)	(19.4)	36.7	37.2	36.5	17.8
Total net position	<u>\$ 290.4</u>	<u>\$ 284.0</u>	<u>\$ 111.8</u>	<u>\$ 113.3</u>	<u>\$ 402.2</u>	<u>\$ 397.3</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, Sewer, and Animal Services operations. A comparison of each program's revenues and expenses (in millions) for the current years is presented below.

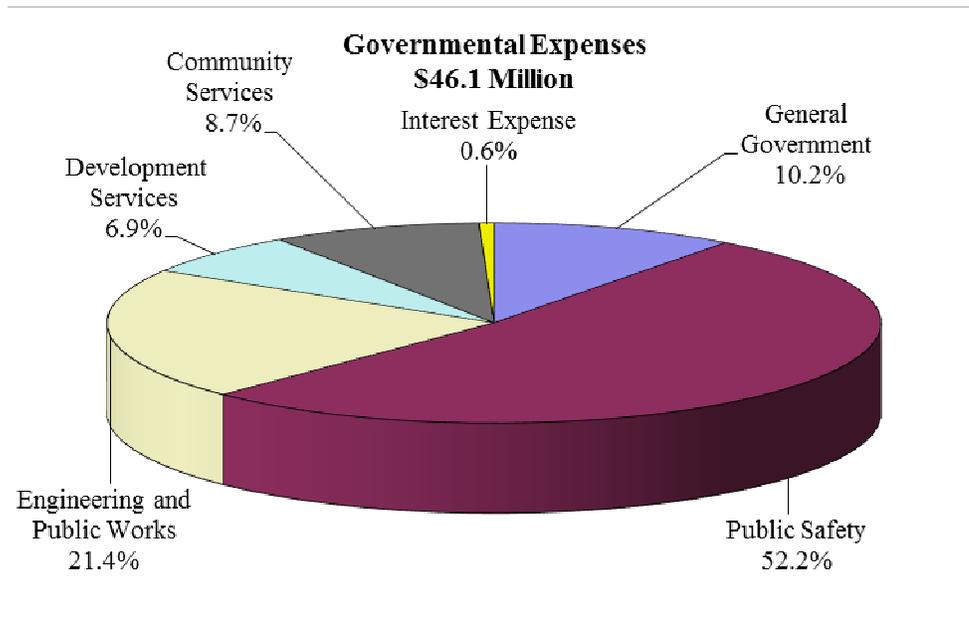
Table 2
Change in Net position
(In Millions)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues						
Charges for services	\$ 10.6	\$ 8.8	\$ 34.6	\$ 33.7	\$ 45.2	\$ 42.5
Operating Grants	6.2	6.6	-	-	6.2	6.6
Capital Contributions	1.6	2.6	-	-	1.6	2.6
General Revenues						
Taxes						
Property Taxes	17.7	17.2	-	-	17.7	17.2
Sales Taxes	11.3	10.2	-	-	11.3	10.2
Other Taxes	1.7	1.6	-	-	1.7	1.6
Investment Income	0.1	-	-	-	0.1	-
Motor Vehicle In Lieu	0.2	0.2	-	-	0.2	0.2
Gain on sale of assets	0.1	-	-	-	0.1	-
Miscellaneous Revenues	3.5	0.6	-	-	3.5	0.6
Total Revenues	<u>53.0</u>	<u>47.8</u>	<u>34.6</u>	<u>33.7</u>	<u>87.6</u>	<u>81.5</u>
Expenses						
General government	4.7	4.1	-	-	4.7	4.1
Public Safety	24.0	29.0	-	-	24.0	29.0
Public Works	9.9	7.8	-	-	9.9	7.8
Development Services	3.2	5.0	-	-	3.2	5.0
Community Services	4.0	6.1	-	-	4.0	6.1
Interest on long term debt	0.3	0.3	-	-	0.3	0.3
Water	-	-	19.6	17.1	19.6	17.1
Refuse	-	-	9.3	9.2	9.3	9.2
Sewer	-	-	6.3	5.8	6.3	5.8
Animal Services	-	-	1.0	1.0	1.0	1.0
Total Expenses	<u>46.1</u>	<u>52.3</u>	<u>36.2</u>	<u>33.1</u>	<u>82.3</u>	<u>85.4</u>
Excess/(Deficiency) Before Special Items and Transfers	6.9	(4.5)	(1.6)	0.6	5.3	(3.9)
Transfers	<u>(0.1)</u>	<u>5.9</u>	<u>0.1</u>	<u>(1.0)</u>	<u>-</u>	<u>4.9</u>
Increase (Decrease) in Net Position	<u>6.8</u>	<u>1.4</u>	<u>(1.5)</u>	<u>(0.4)</u>	<u>5.3</u>	<u>1.0</u>
Net Position at beginning of year, as restated (note 17)	283.6	282.6	113.3	113.7	396.9	396.3
Net Position end of year	<u>\$ 290.4</u>	<u>\$ 284.0</u>	<u>\$ 111.8</u>	<u>\$ 113.3</u>	<u>\$ 402.2</u>	<u>\$ 397.3</u>

Governmental Activities

Revenues and transfers for the City's governmental activities totaled \$53 million, while total expenses totaled \$46.1 million. The City's net position increased by \$6.8 million. The significant changes are highlighted below.

- ◆ Charges for services increased by \$1.8 million or 20% from the prior year, primarily due to Development Services.
- ◆ Property Taxes increased by \$0.6 million or 4% from the prior year primarily due to a 3.103% increase in the assessed valuation.
- ◆ Sales Tax increased by \$1.1 million or 11% as a result of the continuing retail businesses growth in the Colonies and throughout the City.
- ◆ The cost of all governmental activities for the fiscal year was \$46.1 million, compared to \$52.3 million in the prior year. The decrease was a result of employee vacancies and overall reduced spending due to declining reserves.
- ◆ Miscellaneous revenues showed an increase of approximately \$2.9 million as a result of the ICRMA/AIG Settlement.



Business-type Activities

As shown in the Statement of Activities, the amount paid by users for services was about \$34.6 million. The cost of all Proprietary (Business-type) activities this year was \$36.2 million.

Total resources available during the year to finance Proprietary Fund (Business-type) activities were \$147.9 million consisting of Net Position at July 1, 2013 of \$113.3 million and revenues of \$34.6 million. Expenses during the year totaled \$36.2 million; thus net position was decreased by \$1.5 million to \$111.8 million.

The City's Major Funds

The City's governmental funds reported a combined fund balance of \$22.6 million, and its enterprise funds reported combined net position of \$111.8 million. The major changes are as follows:

- ◆ The fund balance at year-end for the City's General fund of \$4 million is an overall increase of \$3.5 million, primarily due to revenues exceeding the budget, the ICRMA/AIG Settlement, and decreased operational expenses.
- ◆ The HOME Program and CalHOME Program fund balance shows an increase of \$23,071 due to program reimbursements from the State and loan payoffs.
- ◆ The Housing fund balance increased by \$0.4 million primarily due to a transfer from Successor Agency to UCRA to correct prior year balances between the two funds.
- ◆ The Water Utility fund decreased by \$2 million, or 3% in net position. The primary reason is a result of increased operating and capital improvement costs. To mitigate the effect of these cost increases, City Council has adopted a five year rate adjustment that became effective July 1, 2014.
- ◆ The Solid Waste Utility fund declined further by \$0.2 million as a result of increasing expenditures without the corresponding CPI revenue adjustment. City Council has adopted a five year rate adjustment to correct the program funding shortfall that became effective July 1, 2014.
- ◆ The Sewer Utility fund remained pretty much flat as compared to the prior year. Sewer Utility fund realized an increase of \$0.3 million or 2% in net position.
- ◆ The Animal Services fund balance increased by \$0.4 million or 8% as expenses continue to exceed revenues and minimal grants are available to fund the program.

General Fund Budgetary Highlights

Over the course of the year the City Manager revised the City budget several times but any increases in appropriation were offset by corresponding increases in the revenue budget. These budget amendments and supplemental appropriations that were approved after the beginning of the year are included in the final budget column. Comparing the fiscal year 2013-14 adopted General Fund budget of \$38.7 million to the final budget of \$40.6 million shows an increase of \$1.9 million. Actual expenditures for the General Fund of \$39.3 million were \$1.3 million under the final budget amounts. The fiscal year 2013-14 adopted revenue budget started at \$37.7 million and was increased to \$42.4 million. Actual revenue for the General Fund of \$44.3 million was \$1.9 million over the final budgeted amount. Overall the General Fund was able to significantly increase the fund balance to meet the 10% reserve requirement.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2014, the City had \$377 million invested in a broad range of capital assets, including police and fire 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	
	2014	2013	2014	2013	2014	2013
Land	\$ 5.1	\$ 5.0	\$ 2.0	\$ 2.0	\$ 7.1	\$ 7.0
Rights of way	103.4	103.4	-	-	103.4	103.4
Street trees	3.5	3.5	-	-	3.5	3.5
Construction in progress	3.0	2.8	1.3	2.3	4.3	5.1
Other capital assets	175.8	183.3	82.9	83.5	258.7	266.8
Totals	<u>\$ 290.8</u>	<u>\$ 298.0</u>	<u>\$ 86.2</u>	<u>\$ 87.8</u>	<u>\$ 377.0</u>	<u>\$ 385.8</u>

The City's fiscal year 2014-15 capital budget appropriates another \$17.1 million for capital projects, principally for the completion of its various reconstruction and improvement projects. Additional information on the City's capital assets can be found on pages 49-51 of this report.

Debt

At June 30, 2014, the City had \$41 million in debt outstanding versus \$45.6 million in the prior year, a decrease of \$4.6 million.

Table 4
Debt at Year-End
(In Millions)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Housing Revenue Bonds	\$ 18.0	\$ 18.0	\$ -	\$ -	\$ 18.0	\$ 18.0
Lease Revenue Bonds	0.7	1.0	11.3	12.0	12.0	13.0
Compensated Absences	2.2	2.7	0.3	0.3	2.5	3.0
Other Post Employment Benefits	3.3	2.7	-	-	3.3	2.7
Claims Payable	5.2	8.9	-	-	5.2	8.9
Totals	<u>\$ 29.4</u>	<u>\$ 33.3</u>	<u>\$ 11.6</u>	<u>\$ 12.3</u>	<u>\$ 41.0</u>	<u>\$ 45.6</u>

Additional detailed information on long-term debt activity can be found on pages 52-55 of this report.

Economic Condition and Outlook

On a national level, the economic growth for 2014 was slower than in 2013, but may increase slightly in 2015. Statewide home prices and home sales have continued to increase and it is expected to eventually stabilize at a rate in line with income growth. On the other side, California still faces a number of structural challenges that keep the state's economy from reaching its full potential.

Much of the Inland Empire's economy is transitioning 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 9% through 2020. Employment in the Inland Empire continues to expand causing the unemployment rate to drop another 1.8% from last year.

The City has also seen some positive movement in its local economy. Development activity is growing, and there are several new residential developments under construction, causing anticipated increase in building permit revenues and eventually property tax revenues. Sales tax revenues showed an increase of 11% over last year and ongoing development in the Colonies will continue to generate new sales tax revenue in the coming fiscal year. Although reports are positive, it is uncertain if the growth will continue and if the pace will be sufficient to meet ongoing costs. The City will continue to exercise significant fiscal prudence in the current year and into the future years.

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

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CITY OF UPLAND

STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and investments (note 2)	\$ 21,840,968	\$ 5,903,060	\$ 27,744,028
Receivables:			
Accounts	714,085	4,433,556	5,147,641
Accrued interest	23,073	-	23,073
Notes	11,526,926	-	11,526,926
Due from other governments	2,692,319	19,814	2,712,133
Inventory and prepaid items	130,980	46,392	177,372
Interfund borrowing	(5,302,002)	5,302,002	-
Land held for resale	1,731,389	-	1,731,389
Restricted assets:			
Cash and investments with fiscal agent (note 2)	2,451,995	208,880	2,660,875
Investment in joint ventures (note 13)	-	24,825,284	24,825,284
Capital assets (note 4):			
Capital assets not being depreciated	114,992,198	3,258,238	118,250,436
Capital assets, net of depreciation	175,789,186	82,930,300	258,719,486
 Total assets	 <u>326,591,117</u>	 <u>126,927,526</u>	 <u>453,518,643</u>
<u>Deferred outflows of resources</u>			
Deferred charge on refunding	-	255,395	255,395
Total deferred outflows of resources	<u>-</u>	<u>255,395</u>	<u>255,395</u>
<u>Liabilities</u>			
Accounts payable	1,560,579	3,137,328	4,697,907
Accrued salaries and benefits	1,166,392	106,828	1,273,220
Accrued interest payable	28,175	112,867	141,042
Deposits payable	4,015,855	349,731	4,365,586
Unearned revenue	20,428	47,909	68,337
Noncurrent liabilities (notes 6 to 11):			
Due within one year	3,656,732	944,340	4,601,072
Due in more than one year	25,740,033	10,663,666	36,403,699
 Total liabilities	 <u>36,188,194</u>	 <u>15,362,669</u>	 <u>51,550,863</u>
<u>Net position</u>			
Net investment in capital assets	272,320,453	75,114,852	347,435,305
Restricted for:			
Public safety	327,973	-	327,973
Engineering and public works	7,866,554	-	7,866,554
Development services	9,010,598	-	9,010,598
Community services	1,130,879	-	1,130,879
Unrestricted	(253,534)	36,705,400	36,451,866
 Total net position	 <u>\$ 290,402,923</u>	 <u>\$ 111,820,252</u>	 <u>\$ 402,223,175</u>

See accompanying notes to the basic financial statements.

CITY OF UPLAND

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	\$ 4,709,996	\$ 1,508,984	\$ 257,822	\$ -
Public safety	24,047,934	2,930,767	2,304,504	-
Engineering and public works	9,879,986	579,582	2,816,379	1,636,573
Development services	3,174,496	4,541,765	754,847	-
Community services	4,057,338	1,058,570	100,768	-
Interest expense	286,492	-	-	-
Total governmental activities	<u>46,156,242</u>	<u>10,619,668</u>	<u>6,234,320</u>	<u>1,636,573</u>
Business-type activities:				
Water utility	19,565,979	18,184,343	-	-
Solid waste utility	9,322,648	9,592,364	23,220	-
Sewer utility	6,278,008	6,432,824	-	-
Animal services	1,020,821	384,674	-	-
Total business-type activities	<u>36,187,456</u>	<u>34,594,205</u>	<u>23,220</u>	<u>-</u>
	<u>\$ 82,343,698</u>	<u>\$ 45,213,873</u>	<u>\$ 6,257,540</u>	<u>\$ 1,636,573</u>

General revenues:

Taxes:

Property taxes

Sales taxes

Other taxes

Investment income

Motor vehicle in lieu, unrestricted

Gain on sale of assets

Miscellaneous revenues

Transfers

Total general revenues and transfers

Change in net position

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

Net position at end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (2,943,190)	\$ -	\$ (2,943,190)
(18,812,663)	-	(18,812,663)
(4,847,452)	-	(4,847,452)
2,122,116	-	2,122,116
(2,898,000)	-	(2,898,000)
(286,492)	-	(286,492)
<u>(27,665,681)</u>	<u>-</u>	<u>(27,665,681)</u>
-	(1,381,636)	(1,381,636)
-	292,936	292,936
-	154,816	154,816
-	(636,147)	(636,147)
<u>-</u>	<u>(1,570,031)</u>	<u>(1,570,031)</u>
<u>(27,665,681)</u>	<u>(1,570,031)</u>	<u>(29,235,712)</u>
17,656,767	-	17,656,767
11,282,830	-	11,282,830
1,744,459	-	1,744,459
61,284	28,549	89,833
217,444	-	217,444
51,530	-	51,530
3,494,568	-	3,494,568
(69,537)	69,537	-
<u>34,439,345</u>	<u>98,086</u>	<u>34,537,431</u>
6,773,664	(1,471,945)	5,301,719
<u>283,629,259</u>	<u>113,292,197</u>	<u>396,921,456</u>
<u>\$ 290,402,923</u>	<u>\$ 111,820,252</u>	<u>\$ 402,223,175</u>

CITY OF UPLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Special Revenue			Non-Major Governmental	Total
		Home Program	CalHome Program	Housing		
Assets						
Cash and investments	\$ 4,247,538	\$ 398,203	\$ -	\$ 4,803,581	\$ 12,322,790	\$ 21,772,112
Cash and investments with fiscal agent	-	-	-	2,183,375	268,620	2,451,995
Receivables:						
Accounts	701,852	-	-	-	12,233	714,085
Accrued interest	23,073	-	-	-	-	23,073
Notes	27,343	3,866,657	2,025,347	5,607,579	-	11,526,926
Due from other funds (note 3)	54,097	-	-	-	-	54,097
Due from other governments	1,855,821	-	-	-	782,401	2,638,222
Inventory and prepaid items	130,980	-	-	-	-	130,980
Land held for resale	-	-	-	1,731,389	-	1,731,389
Total assets	\$ 7,040,704	\$ 4,264,860	\$ 2,025,347	\$ 14,325,924	\$ 13,386,044	\$ 41,042,879
Liabilities						
Accounts payable	\$ 937,524	\$ -	\$ 17,076	\$ 77,403	\$ 411,264	\$ 1,443,267
Accrued salaries and benefits	1,112,421	-	-	14,026	29,223	1,155,670
Due to other funds (note 3)	26,487	-	56,575	-	195,053	278,115
Deposits payable	937,890	-	-	-	3,077,965	4,015,855
Unearned revenue	5,000	-	4,469	-	10,959	20,428
Total liabilities	3,019,322	-	78,120	91,429	3,724,464	6,913,335
Deferred inflows of resources						
Unavailable revenue	21,382	3,866,657	2,025,347	5,607,579	37,891	11,558,856
Total deferred inflow of resources	21,382	3,866,657	2,025,347	5,607,579	37,891	11,558,856
Fund balance						
Nonspendable:						
Inventory and prepaid items	130,980	-	-	-	-	130,980
Notes receivable	27,343	-	-	-	-	27,343
Restricted for:						
Public safety	-	-	-	-	327,973	327,973
Engineering and public works	-	-	-	-	7,866,554	7,866,554
Development services	-	398,203	-	8,626,916	63,599	9,088,718
Community services	-	-	-	-	1,130,879	1,130,879
Debt service	-	-	-	-	269,075	269,075
Unassigned	3,841,677	-	(78,120)	-	(34,391)	3,729,166
Total fund balances (deficit)	4,000,000	398,203	(78,120)	8,626,916	9,623,689	22,570,688
Total liabilities, deferred inflows of resources and fund balances	\$ 7,040,704	\$ 4,264,860	\$ 2,025,347	\$ 14,325,924	\$ 13,386,044	\$ 41,042,879

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, 2014

Fund balances of governmental funds	\$ 22,570,688
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	369,574,012
Accumulated depreciation	(79,509,294)
Long-term debt and compensated absences that have not been included in the governmental fund activity:	
Bonds and notes payable	(18,730,000)
Compensated absences	(2,196,395)
Other post employment benefits obligation	(3,304,656)
Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds.	(28,175)
Revenues that are measurable but not available. Amounts are recorded as unearned revenue under the modified accrual basis of accounting.	11,558,856
Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.	<u>(9,532,113)</u>
Net position of governmental activities	<u>\$ 290,402,923</u>

See accompanying notes to the basic financial statements.

CITY OF UPLAND

STATEMENT OF REVENUE
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	General	Special Revenue			Non-Major Governmental Funds	Total
		Home Program	CalHome Program	Housing		
<u>Revenues</u>						
Taxes	\$ 31,554,449	\$ -	\$ -	\$ -	\$ 1,038,762	\$ 32,593,211
Licenses and permits	764,843	-	-	-	276,545	1,041,388
Charges for services	5,230,294	-	-	-	-	5,230,294
Fines and penalties	533,282	-	-	-	-	533,282
Investment income	38,705	303	-	9,903	8,236	57,147
Rental income	533,101	-	-	3,203,772	51,021	3,787,894
Intergovernmental	1,558,454	105,812	140,704	-	5,001,265	6,806,235
Other	4,171,884	-	-	130,803	356,353	4,659,040
Total revenues	<u>44,385,012</u>	<u>106,115</u>	<u>140,704</u>	<u>3,344,478</u>	<u>6,732,182</u>	<u>54,708,491</u>
<u>Expenditures</u>						
Current:						
General government	5,138,890	-	-	-	-	5,138,890
Public safety	24,892,791	-	-	-	1,105,835	25,998,626
Engineering and public works	4,033,618	-	-	-	837,168	4,870,786
Development services	1,374,268	48,243	175,505	2,353,999	660,532	4,612,547
Community services	3,868,199	-	-	-	40,248	3,908,447
Debt service:						
Principal	-	-	-	-	220,000	220,000
Interest and fiscal charges	-	-	-	255,017	41,940	296,957
Total expenditures	<u>39,307,766</u>	<u>48,243</u>	<u>175,505</u>	<u>2,609,016</u>	<u>2,905,723</u>	<u>45,046,253</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,077,246</u>	<u>57,872</u>	<u>(34,801)</u>	<u>735,462</u>	<u>3,826,459</u>	<u>9,662,238</u>
<u>Other financing sources (uses)</u>						
Transfers in (note 14)	1,810,737	-	-	-	950,638	2,761,375
Transfers out (note 14)	<u>(3,402,033)</u>	-	-	<u>(384,850)</u>	<u>(132,955)</u>	<u>(3,919,838)</u>
Total other financing sources (uses)	<u>(1,591,296)</u>	-	-	<u>(384,850)</u>	<u>817,683</u>	<u>(1,158,463)</u>
Change in fund balances	3,485,950	57,872	(34,801)	350,612	4,644,142	8,503,775
Fund balances (deficit) at beginning of year, as restated (note 17)	<u>514,050</u>	<u>340,331</u>	<u>(43,319)</u>	<u>8,276,304</u>	<u>4,979,547</u>	<u>14,066,913</u>
Fund balances (deficit) at end of year	<u>\$ 4,000,000</u>	<u>\$ 398,203</u>	<u>\$ (78,120)</u>	<u>\$ 8,626,916</u>	<u>\$ 9,623,689</u>	<u>\$ 22,570,688</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, 2014

Net changes in fund balances of governmental funds \$ 8,503,775

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	1,845,240
Depreciation expense	(8,629,724)

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	220,000
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The statement of net position includes accrued interest on long term debt.	10,465
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To record as an expense the net change in compensated absences in the statement of activities.	530,495
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To record as an expense the net change in the other post employment benefit obligation in the statement of activities.	(653,301)
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Revenues that are measurable but not available. Amounts are not recorded as revenue under the modified accrual basis of accounting.	1,293,123
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Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.	<u>3,653,591</u>
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Change in net position of governmental activities	<u>\$ 6,773,664</u>
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CITY OF UPLAND
 BUDGETARY COMPARISON STATEMENT
 GENERAL FUND
 YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Revenues:				
Taxes:				
Property taxes	\$ 17,757,960	\$ 17,757,960	\$ 17,656,767	\$ (101,193)
Business license tax	792,940	823,809	870,394	46,585
Sales and use tax	10,968,120	10,968,120	11,282,830	314,710
Franchise tax	1,168,340	1,168,340	1,180,536	12,196
Other	310,230	410,230	563,922	153,692
Licenses and permits	520,380	560,380	764,843	204,463
Charges for services	4,375,940	5,142,654	5,230,294	87,640
Fines and penalties	200,000	481,340	533,282	51,942
Investment income	-	50	38,705	38,655
Rental income	504,690	504,690	533,101	28,411
Intergovernmental	1,018,350	1,061,394	1,558,454	497,060
Other	79,200	3,561,829	4,171,884	610,055
Total revenues	<u>37,696,150</u>	<u>42,440,796</u>	<u>44,385,012</u>	<u>1,944,216</u>
Expenditures:				
Current:				
General government	5,063,220	5,534,175	5,138,890	395,285
Public safety:				
Police	14,788,990	15,390,988	15,085,497	305,491
Fire	9,820,480	9,852,109	9,807,294	44,815
Engineering and public works	4,119,520	4,134,208	4,033,618	100,590
Development services	1,328,000	1,546,083	1,374,268	171,815
Community services	<u>3,589,940</u>	<u>4,104,785</u>	<u>3,868,199</u>	<u>236,586</u>
Total expenditures	<u>38,710,150</u>	<u>40,562,348</u>	<u>39,307,766</u>	<u>1,254,582</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,014,000)</u>	<u>1,878,448</u>	<u>5,077,246</u>	<u>3,198,798</u>
Other financing sources (uses):				
Transfers in	1,807,850	1,807,850	1,810,737	2,887
Transfers out	<u>(761,900)</u>	<u>(3,305,039)</u>	<u>(3,402,033)</u>	<u>(96,994)</u>
Total other financing sources (uses)	<u>1,045,950</u>	<u>(1,497,189)</u>	<u>(1,591,296)</u>	<u>(94,107)</u>
Change in fund balances	31,950	381,259	3,485,950	3,104,691
Fund balances at beginning of year, as restated	<u>860,439</u>	<u>860,439</u>	<u>514,050</u>	<u>346,389</u>
Fund balances at end of year	<u>\$ 892,389</u>	<u>\$ 1,241,698</u>	<u>\$ 4,000,000</u>	<u>\$ 3,451,080</u>

See accompanying notes to the basic financial statements.

CITY OF UPLAND
 BUDGETARY COMPARISON STATEMENT
 HOME PROGRAM FUND
 YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Revenues:				
Investment income	\$ 3,300	\$ 3,300	\$ 303	\$ (2,997)
Intergovernmental	<u>715,000</u>	<u>715,000</u>	<u>105,812</u>	<u>(609,188)</u>
Total revenues	<u>718,300</u>	<u>718,300</u>	<u>106,115</u>	<u>(612,185)</u>
Expenditures:				
Current:				
Development services	<u>847,550</u>	<u>847,550</u>	<u>48,243</u>	<u>799,307</u>
Total expenditures	<u>847,550</u>	<u>847,550</u>	<u>48,243</u>	<u>799,307</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(129,250)</u>	<u>(129,250)</u>	<u>57,872</u>	<u>187,122</u>
Net change in fund balance	(129,250)	(129,250)	57,872	187,122
Fund balances at beginning of year	<u>340,331</u>	<u>340,331</u>	<u>340,331</u>	<u>-</u>
Fund balances (deficit) at end of year	<u>\$ 211,081</u>	<u>\$ 211,081</u>	<u>\$ 398,203</u>	<u>\$ 187,122</u>

See accompanying notes to the basic financial statements.

CITY OF UPLAND
 BUDGETARY COMPARISON STATEMENT
 CALHOME PROGRAM FUND
 YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Revenues:				
Intergovernmental	\$ 211,400	\$ 211,400	\$ 140,704	\$ (70,696)
Total revenues	<u>211,400</u>	<u>211,400</u>	<u>140,704</u>	<u>(70,696)</u>
Expenditures:				
Current:				
Development services	<u>211,400</u>	<u>211,400</u>	<u>175,505</u>	<u>35,895</u>
Total expenditures	<u>211,400</u>	<u>211,400</u>	<u>175,505</u>	<u>35,895</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(34,801)</u>	<u>(34,801)</u>
Net change in fund balance	-	-	(34,801)	(34,801)
Fund balances (deficit) at beginning of year	<u>(43,319)</u>	<u>(43,319)</u>	<u>(43,319)</u>	<u>-</u>
Fund balances (deficit) at end of year	<u>\$ (43,319)</u>	<u>\$ (43,319)</u>	<u>\$ (78,120)</u>	<u>\$ (34,801)</u>

See accompanying notes to the basic financial statements.

CITY OF UPLAND

BUDGETARY COMPARISON STATEMENT

HOUSING FUND

YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Revenues:				
Investment income	\$ 2,570	\$ 2,570	\$ 9,903	\$ 7,333
Rental income	2,967,780	2,967,780	3,203,772	235,992
Other	5,040	5,040	130,803	125,763
Total revenues	<u>2,975,390</u>	<u>2,975,390</u>	<u>3,344,478</u>	<u>369,088</u>
Expenditures:				
Current:				
Development services	3,681,810	3,694,324	2,353,999	1,340,325
Debt service:				
Interest and fiscal charges	<u>798,000</u>	<u>798,000</u>	<u>255,017</u>	<u>542,983</u>
Total expenditures	<u>4,479,810</u>	<u>4,492,324</u>	<u>2,609,016</u>	<u>1,883,308</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,504,420)</u>	<u>(1,516,934)</u>	<u>735,462</u>	<u>2,252,396</u>
Other financing sources (uses):				
Transfers out	<u>(384,850)</u>	<u>(384,850)</u>	<u>(384,850)</u>	<u>-</u>
Total other financing sources (uses)	<u>(384,850)</u>	<u>(384,850)</u>	<u>(384,850)</u>	<u>-</u>
Change in fund balances	(1,889,270)	(1,901,784)	350,612	2,252,396
Fund balances at beginning of year	<u>8,276,304</u>	<u>8,276,304</u>	<u>8,276,304</u>	<u>-</u>
Fund balances at end of year	<u>\$ 6,387,034</u>	<u>\$ 6,374,520</u>	<u>\$ 8,626,916</u>	<u>\$ 2,252,396</u>

See accompanying notes to the basic financial statements.

CITY OF UPLAND

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Business-Type Activities-Enterprise Funds				Business-Type Activities	Governmental Activities
	Water Utility	Solid Waste Utility	Sewer Utility	Animal Services	Enterprise	Internal
					Funds Total	Service Funds Total
Assets						
Current assets:						
Cash and investments	\$ 3,583,662	\$ -	\$ 2,319,398	\$ -	\$ 5,903,060	\$ 68,856
Receivables:						
Accounts	2,242,656	1,199,236	986,964	4,700	4,433,556	-
Due from other funds (note 3)	1,948,590	-	5,073,887	-	7,022,477	-
Due from other governments	-	19,814	-	-	19,814	-
Inventory and prepaid items	14,888	11,385	17,077	3,042	46,392	-
Total current assets	7,789,796	1,230,435	8,397,326	7,742	17,425,299	68,856
Noncurrent assets:						
Restricted cash and investments						
with fiscal agent	208,880	-	-	-	208,880	-
Investment in joint ventures	24,825,284	-	-	-	24,825,284	-
Capital assets:						
Land	1,995,981	-	-	-	1,995,981	-
Construction in progress	827,282	-	434,975	-	1,262,257	-
Other capital assets, net	61,879,839	780	13,838,999	7,210,682	82,930,300	716,666
Total noncurrent assets	89,737,266	780	14,273,974	7,210,682	111,222,702	716,666
Total assets	97,527,062	1,231,215	22,671,300	7,218,424	128,648,001	785,522
Deferred Outflows of Resources						
Deferred charge on refunding	255,395	-	-	-	255,395	-
Total deferred charge on refunding	255,395	-	-	-	255,395	-
Liabilities						
Current liabilities:						
Accounts payable	1,305,744	682,211	1,128,793	20,580	3,137,328	117,312
Accrued salaries and wages	58,439	7,608	25,887	14,894	106,828	10,722
Due to other funds (note 3)	-	903,530	-	816,945	1,720,475	5,023,887
Interest payable	112,867	-	-	-	112,867	-
Unearned revenue	-	47,909	-	-	47,909	-
Deposits payable	215,947	-	38,672	95,112	349,731	-
Current portion of long-term liabilities:						
Claims and judgments payable	-	-	-	-	-	1,816,338
Compensated absences	94,007	11,232	50,351	23,750	179,340	5,498
Revenue bonds payable	765,000	-	-	-	765,000	-
Total current liabilities	2,552,004	1,652,490	1,243,703	971,281	6,419,478	6,973,757
Long-term liabilities:						
Claims and judgments payable	-	-	-	-	-	3,339,850
Compensated absences	72,555	13,738	49,843	9,964	146,100	4,028
Revenue bonds payable	10,517,566	-	-	-	10,517,566	-
Total long-term liabilities	10,590,121	13,738	49,843	9,964	10,663,666	3,343,878
Total liabilities	13,142,125	1,666,228	1,293,546	981,245	17,083,144	10,317,635
Net position						
Net investment in capital assets	53,629,416	780	14,273,974	7,210,682	75,114,852	716,666
Unrestricted	31,010,916	(435,793)	7,103,780	(973,503)	36,705,400	(10,248,779)
Total net position	\$ 84,640,332	\$ (435,013)	\$ 21,377,754	\$ 6,237,179	\$ 111,820,252	\$ (9,532,113)

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, 2014

	Business-Type Activities-Enterprise Funds				Business-Type Activities	Governmental Activities
	Water	Solid Waste	Sewer	Animal	Enterprise	Internal
	Utility	Utility	Utility	Services	Funds Total	Service Funds Total
Operating revenues:						
Charges for services	\$ 17,298,868	\$ 9,591,865	\$ 6,288,146	\$ 139,190	\$ 33,318,069	\$ 2,755,799
Licenses and permits	123,721	-	144,678	173,440	441,839	-
Fines and penalties	215,807	-	-	28,046	243,853	-
Other	298,042	499	-	43,998	342,539	774
Total operating revenues	<u>17,936,438</u>	<u>9,592,364</u>	<u>6,432,824</u>	<u>384,674</u>	<u>34,346,300</u>	<u>2,756,573</u>
Operating expenses:						
Administrative costs	1,873,918	396,323	213,189	119,495	2,602,925	-
Maintenance and operations	13,107,715	142,847	997,487	716,371	14,964,420	32,428
Contractual services	626,003	8,782,784	4,625,858	20,885	14,055,530	489,656
Customer service	925,083	-	-	-	925,083	-
Claims expense	-	-	-	-	-	2,313,981
Change in claim estimate	-	-	-	-	-	(3,767,546)
Depreciation	1,921,637	694	441,474	157,811	2,521,616	565,652
Total operating expenses	<u>18,454,356</u>	<u>9,322,648</u>	<u>6,278,008</u>	<u>1,014,562</u>	<u>35,069,574</u>	<u>(365,829)</u>
Operating income (loss)	<u>(517,918)</u>	<u>269,716</u>	<u>154,816</u>	<u>(629,888)</u>	<u>(723,274)</u>	<u>3,122,402</u>
Nonoperating revenues (expenses):						
Investment income	6,167	10,478	11,904	-	28,549	111
Share of joint venture net income (loss) (note 13)	247,905	-	-	-	247,905	-
Gain (loss) on sale of assets	(408,437)	-	-	-	(408,437)	51,530
Interest expense	(703,186)	-	-	(6,259)	(709,445)	-
Intergovernmental revenue	-	23,220	-	-	23,220	-
Total nonoperating revenues (expenses)	<u>(857,551)</u>	<u>33,698</u>	<u>11,904</u>	<u>(6,259)</u>	<u>(818,208)</u>	<u>51,641</u>
Income (loss) before transfers	<u>(1,375,469)</u>	<u>303,414</u>	<u>166,720</u>	<u>(636,147)</u>	<u>(1,541,482)</u>	<u>3,174,043</u>
Transfers:						
Transfers in (note 14)	22,920	85,707	245,000	1,091,410	1,445,037	598,438
Transfers out (note 14)	(686,830)	(542,240)	(126,460)	(19,970)	(1,375,500)	(118,890)
Total transfers	<u>(663,910)</u>	<u>(456,533)</u>	<u>118,540</u>	<u>1,071,440</u>	<u>69,537</u>	<u>479,548</u>
Changes in net position	(2,039,379)	(153,119)	285,260	435,293	(1,471,945)	3,653,591
Net position at beginning of year	<u>86,679,711</u>	<u>(281,894)</u>	<u>21,092,494</u>	<u>5,801,886</u>	<u>113,292,197</u>	<u>(13,185,704)</u>
Net position at end of year	<u>\$ 84,640,332</u>	<u>\$ (435,013)</u>	<u>\$ 21,377,754</u>	<u>\$ 6,237,179</u>	<u>\$ 111,820,252</u>	<u>\$ (9,532,113)</u>

See accompanying notes to the basic financial statements.

CITY OF UPLAND

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	Business-Type Activities-Enterprise Funds				Business-Type Activities	Governmental Activities
	Water Utility	Solid Waste Utility	Sewer Utility	Animal Services	Enterprise Funds Total	Internal Service Funds
Cash flows from operating activities:						
Cash received from customers	\$ 18,507,803	\$ 9,647,556	\$ 6,420,632	\$ 390,041	\$ 34,966,032	\$ -
Cash received from user departments	-	-	-	-	-	1,365,465
Cash payments to suppliers for goods and services	(11,716,574)	(9,245,554)	(4,877,563)	(306,357)	(26,146,048)	(2,335,966)
Cash payments to employees for services	(4,282,683)	(108,935)	(613,616)	(554,170)	(5,559,404)	(681)
Net cash provided by (used for) operating activities	<u>2,508,546</u>	<u>293,067</u>	<u>929,453</u>	<u>(470,486)</u>	<u>3,260,580</u>	<u>(971,182)</u>
Cash flows from noncapital financing activities:						
Cash transferred from other funds	1,826,205	228,763	245,000	496,695	2,796,663	1,078,614
Cash transferred to other funds	(686,830)	(542,240)	(606,636)	(19,970)	(1,855,676)	(118,890)
Net cash provided by (used for) noncapital financing activities	<u>1,139,375</u>	<u>(313,477)</u>	<u>(361,636)</u>	<u>476,725</u>	<u>940,987</u>	<u>959,724</u>
Cash flows from capital and related financing activities:						
Cash paid for acquisition and construction of capital assets	(1,009,699)	-	(333,409)	-	(1,343,108)	(88,759)
Cash received from sale of capital assets	-	-	-	-	-	36,304
Principal paid on debt	(750,000)	-	-	-	(750,000)	-
Interest paid on debt	(508,508)	-	-	(6,259)	(514,767)	-
Net cash provided by (used for) capital and related financing activities	<u>(2,268,207)</u>	<u>-</u>	<u>(333,409)</u>	<u>(6,259)</u>	<u>(2,607,875)</u>	<u>(52,455)</u>
Cash flows from investing activities:						
Interest received on investments	<u>6,167</u>	<u>10,478</u>	<u>11,906</u>	<u>-</u>	<u>28,551</u>	<u>111</u>
Net cash provided by (used for) investing activities	<u>6,167</u>	<u>10,478</u>	<u>11,906</u>	<u>-</u>	<u>28,551</u>	<u>111</u>
Net increase (decrease) in cash and cash equivalents	1,385,881	(9,932)	246,314	(20)	1,622,243	(63,802)
Cash and cash equivalents at beginning of year	<u>2,406,661</u>	<u>9,932</u>	<u>2,073,084</u>	<u>20</u>	<u>4,489,697</u>	<u>132,658</u>
Cash and cash equivalents at end of year	<u>\$ 3,792,542</u>	<u>\$ -</u>	<u>\$ 2,319,398</u>	<u>\$ -</u>	<u>\$ 6,111,940</u>	<u>\$ 68,856</u>

See accompanying notes to the basic financial statements.

CITY OF UPLAND

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2014

	Business-Type Activities-Enterprise Funds				Business-Type Activities	Governmental Activities
	Water Utility	Solid Waste Utility	Sewer Utility	Animal Services	Enterprise Funds Total	Internal Service Funds
Reconciliation of amounts reported on the Statement of Net Position:						
Net Position:						
Cash and investments	\$ 3,583,662	\$ -	\$ 2,319,398	\$ -	\$ 5,903,060	\$ 68,856
Cash with fiscal agents	208,880	-	-	-	208,880	-
Cash and cash equivalents at end of year	<u>\$ 3,792,542</u>	<u>\$ -</u>	<u>\$ 2,319,398</u>	<u>\$ -</u>	<u>\$ 6,111,940</u>	<u>\$ 68,856</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:						
Operating income (loss)	<u>\$ (517,918)</u>	<u>\$ 269,716</u>	<u>\$ 154,816</u>	<u>\$ (629,888)</u>	<u>\$ (723,274)</u>	<u>\$ 3,122,402</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	1,921,637	694	441,474	157,811	2,521,616	565,652
Nonoperating revenue (expense)	-	23,220	-	-	23,220	-
(Increase) decrease in accounts receivable	305,911	(15,937)	(5,765)	(4,700)	279,509	7,735
(Increase) decrease in due from other governments	-	(19,814)	-	-	(19,814)	-
(Increase) decrease in prepaid expense	(14,888)	(11,385)	(17,077)	-	(43,350)	-
(Increase) decrease in inventory	56,270	-	-	(550)	55,720	-
(Increase) decrease in advances to other funds	923,000	-	-	-	923,000	-
Increase (decrease) in accounts payable	(173,428)	(2,813)	322,890	(788)	145,861	25,581
Increase (decrease) in accrued salaries and benefits	5,455	5,572	11,822	2,212	25,061	10,722
Increase (decrease) in unearned revenue	-	47,909	-	-	47,909	-
Increase (decrease) in advances from other funds	-	-	-	-	-	(923,000)
Increase (decrease) in deposits payable	17,549	-	4,679	10,617	32,845	-
Increase (decrease) in compensated absences	(15,042)	(4,095)	16,614	(5,200)	(7,723)	(12,728)
Increase (decrease) in claims and judgments payable	-	-	-	-	-	(3,767,546)
Total adjustments	<u>3,026,464</u>	<u>23,351</u>	<u>774,637</u>	<u>159,402</u>	<u>3,983,854</u>	<u>(4,093,584)</u>
Net cash provided by (used for) operating activities	<u>\$ 2,508,546</u>	<u>\$ 293,067</u>	<u>\$ 929,453</u>	<u>\$ (470,486)</u>	<u>\$ 3,260,580</u>	<u>\$ (971,182)</u>

There were no significant noncash financing or investing activities for the fiscal year ended June 30, 2014.

CITY OF UPLAND

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	Agency Funds	Private-Purpose Trust Fund Successor Agency to UCRA
<u>Assets</u>		
Cash and investments (note 2)	\$ 3,215,222	\$ 3,042,894
Cash and investments with fiscal agent (note 2)	3,794,085	2,838,443
Receivables:		
Accounts	5,483	-
Accrued interest	-	734
Notes	-	68,780
Land held for resale	-	3,888,000
Total current assets	<u>7,014,790</u>	<u>9,838,851</u>
Noncurrent assets:		
Capital assets (note 16)	-	783,577
Total noncurrent assets	-	783,577
Total assets	<u>7,014,790</u>	<u>10,622,428</u>
<u>Deferred outflows of resources</u>		
Deferred charge on refunding	-	654,474
Total deferred outflows of resources	-	<u>654,474</u>
<u>Liabilities</u>		
Accounts payable	-	5,316
Deposits payable	22,704	-
Accrued salaries and wages	-	4,975
Interest payable	-	451,544
Due to other funds (note 3)	-	54,097
Due to bondholders	6,992,086	-
Current portion of long-term liabilities:		
Bonds payable (note 16)	-	1,950,000
Total current liabilities	<u>7,014,790</u>	<u>2,465,932</u>
Long-term liabilities (note 16):		
Bonds payable	-	34,481,135
Total long-term liabilities	-	34,481,135
Total liabilities	<u>\$ 7,014,790</u>	<u>36,947,067</u>
<u>Net Position</u>		
Net investment in capital assets		783,577
Unrestricted		(26,453,742)
Total net position		<u>\$ (25,670,165)</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, 2014

	Private-Purpose Trust Fund
<u>Additions</u>	<u>Successor Agency to UCRA</u>
Taxes	\$ 3,446,966
Investment income	29,124
Rental income	18,300
Contributions from City (note 14)	804,148
Other	127,698
Total additions	<u>4,426,236</u>
 <u>Deductions</u>	
Development services	118,308
Interest expense	643,481
Contributions to City (note 14)	194,770
Total deductions	<u>956,559</u>
Changes in fiduciary net position	3,469,677
Net position at beginning of year, as restated (note 17)	<u>(29,139,842)</u>
Net position at end of year	<u>\$ (25,670,165)</u>

See accompanying notes to the basic financial statements.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

(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, 2014

(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, 2014

(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, 2014

(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, 2014

(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.

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

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

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

The City reports the following major enterprise funds:

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

Solid Waste Utility Fund - This fund accounts for the refuse pick-up services provided by private contract. Billing and collection is assisted by City staff and an outside billing company for non-residential accounts. 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.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

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

Animal Services Fund - This fund records all City animal services transactions.

Additionally, the City reports the following fund types:

Internal Service Funds – These funds are used to account for self-funded insurance and vehicle replacement. Departments of the City are charged for the services provided or benefits received from these funds.

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

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

(d) Encumbrances

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

(e) Cash and Investments

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

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

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

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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

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

(f) Inventories

Inventories held by the General and Animal Services Funds 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. Animal Services Fund inventories consist primarily of shelter store and pet supplies.

(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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

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

(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.

(j) Employee Leave Benefits

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

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

(k) Capital Assets

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

Capital assets include public domain (infrastructure) general capital assets consisting of certain improvements including roads, bridges, curbs and gutters, streets and sidewalks, medians, sewers and storm drains. As allowed by GASB Statement No. 34, certain infrastructure assets that were acquired, reconstructed or significantly improved prior to June 30, 1980 have not been included in the City's financial statements due to the unavailability of the information.

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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

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

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.

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. An estimate of any additional potential losses associated with non-repayment cannot be reasonably estimated at this time.

(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 only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. 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.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

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

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 only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues relates to loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

(n) 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.

(o) 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 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.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

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

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

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

Reserve Policy – the City shall strive to obtain, and maintain, a minimum unassigned fund balance of at least 10% of General Fund operating expenditures with a goal of bringing the total level of reserves up to 25% of operating expenditures. This is considered the minimum level necessary to maintain the City’s credit worthiness and to adequately provide for:

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

Once the 10% reserve is met, any additional reserves will go to other funds that rely on the General Fund for revenue to eliminate their deficit fund balances. If unassigned fund balance ever exceeds 25% of operating expenditures, the excess will go into a Committed Fund Balance to be used for economic uncertainty. The purpose would be to provide the fiscal capacity to absorb one-time emergency situations without disrupting day-to-day operations. Ten percent of the fiscal year ending June 30, 2014 General Fund operating budget is \$3,859,515. Fund balance of the General Fund at June 30, 2014 is \$4,000,000.

(p) 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.

(q) 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 \$3,307,650. 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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

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

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 and Community Facilities District capital projects fund for which no budget is legally adopted and therefore no budget comparison schedule will be presented.

(2) Cash and Investments

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Governmental Activities:	
Cash and investments	\$21,840,968
Cash and investments with fiscal agent	2,451,995
Business-type Activities:	
Cash and investments	5,903,060
Cash and investments with fiscal agent	208,880
Fiduciary funds:	
Cash and investments	6,258,116
Cash and investments with fiscal agent	<u>6,632,528</u>
Total cash and investments	<u>\$43,295,547</u>

Cash and investments as of June 30, 2014 consist of the following:

Cash on hand	\$ 15,182
Deposits with financial institutions	11,186,144
Investments	<u>32,094,221</u>
Total cash and investments	<u>\$43,295,547</u>

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

(2) Cash and Investments, (Continued)

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

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

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

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

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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

(2) Cash and Investments, (Continued)

Investments Authorized by Debt Agreements

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

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

Disclosures Relating to Interest Rate Risk

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

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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

(2) Cash and Investments, (Continued)

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25-60 Months	More Than 60 Months
Negotiable certificates of deposit	\$ 784,678	\$ 394,471	\$ 390,207	\$ -	\$ -
Federal Agency Securities	6,340,646	510,101	3,199,358	2,631,187	-
Commercial Paper	399,684	399,684	-	-	-
Corporate Bonds	2,366,954	226,793	631,478	1,508,683	-
Local Agency Investment Fund	12,033,999	12,033,999	-	-	-
Money Market Funds	874,857	874,857	-	-	-
Held by fiscal agent:					
Money market mutual funds	<u>9,293,403</u>	<u>9,293,403</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 32,094,221</u>	<u>\$ 23,733,308</u>	<u>\$ 4,221,043</u>	<u>\$ 4,139,870</u>	<u>\$ -</u>

Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	Minimum Rating						
			Aa3	Aa1	A3	A2	A1	Aaa	Not Rated
Negotiable certificates of deposit	\$ 784,678	N/A	\$ 194,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 589,928
Federal Agency Securities	6,340,646	N/A	200,000	200,741	-	199,081	-	5,740,824	-
Commercial Paper	399,684	A1	399,684	-	-	-	-	-	-
Corporate Bonds	2,366,954	A	100,505	-	-	1,385,113	881,336	-	-
Local Agency Investment Fund	12,033,999	N/A	-	-	-	-	-	-	12,033,999
Money Market Funds	874,857	A	874,857	-	-	-	-	-	-
Held by fiscal agent:									
Money market mutual funds	<u>9,293,403</u>	A	<u>7,120,211</u>	<u>-</u>	<u>2,173,192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 32,094,221</u>		<u>\$ 8,890,007</u>	<u>\$ 200,741</u>	<u>\$ 2,173,192</u>	<u>\$ 1,584,194</u>	<u>\$ 881,336</u>	<u>\$ 5,740,824</u>	<u>\$ 12,623,927</u>

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2014 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, 2014

(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.

As of June 30, 2014, City investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the City to buy the securities:

<u>Investment Type</u>	<u>Reported Amount</u>
Negotiable certificates of deposit (FDIC Insured)	\$736,646

Investment in State Investment Pool

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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

(3) Due From and To Other Funds

Interfund receivable and payable balances at June 30, 2014 are as follows:

	Due To							Total
	Governmental Activities				Business Type Activities		Fiduciary Funds	
	Self Funded Insurance Fund	CalHome	General Fund	Nonmajor Governmental Funds	Solid Waste Utility Fund	Animal Services Fund	Private Purpose Trust Fund	
Water Utility Fund	\$ -	\$56,575	\$26,487	\$195,053	\$853,530	\$816,945	\$ -	\$1,948,590
Sewer Utility Fund	5,023,887	-	-	-	50,000	-	-	5,073,887
General Fund	-	-	-	-	-	-	54,097	54,097
	<u>\$5,023,887</u>	<u>\$56,575</u>	<u>\$26,487</u>	<u>\$195,053</u>	<u>\$903,530</u>	<u>\$816,945</u>	<u>\$54,097</u>	<u>\$7,076,574</u>

Interfund receivable and payable balances are a result of short-term cash borrowings to cover deficit cash balances at June 30, 2014.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

(4) Capital Assets

Capital asset activity for the year ended June 30, 2014 is as follows:

Governmental Activities:	Balance at June 30, 2013	Additions	Deletions	Transfers	Balance at June 30, 2014
Capital assets not being depreciated:					
Land	\$ 4,959,458	\$ 94,152	\$ -	\$ -	\$ 5,053,610
Rights of way	103,432,811	-	-	-	103,432,811
Street Trees	3,537,384	-	-	-	3,537,384
Construction in progress	2,771,064	1,337,097	-	(1,139,768)	2,968,393
Total Capital Assets Not Being Depreciated	114,700,717	1,431,249	-	(1,139,768)	114,992,198
Capital assets being depreciated:					
Buildings and improvements	38,974,617	103,732	-	-	39,078,349
Park improvements	12,366,871	-	-	-	12,366,871
Equipment	6,482,810	341,074	-	-	6,823,884
Vehicles	6,326,351	90,597	(32,650)	-	6,384,298
Infrastructure- street system	173,155,284	-	(194,509)	1,113,068	174,073,843
Infrastructure- storm drains	22,212,167	-	-	26,700	22,238,867
Total Capital Assets Being Depreciated	259,518,100	535,403	(227,159)	1,139,768	260,966,112
Less accumulated depreciation for:					
Buildings and improvements	(8,377,443)	(776,247)	-	-	(9,153,690)
Park improvements	(4,954,096)	(404,681)	-	-	(5,358,777)
Equipment	(4,650,686)	(537,225)	-	-	(5,187,911)
Vehicles	(5,134,637)	(565,651)	32,650	-	(5,667,638)
Infrastructure- street system	(49,980,625)	(6,689,452)	194,509	-	(56,475,568)
Infrastructure- storm drains	(3,111,220)	(222,122)	-	-	(3,333,342)
Total Accumulated Depreciation	(76,208,707)	(9,195,378)	227,159	-	(85,176,926)
Total Capital Assets Being Depreciated	183,309,393	(8,659,975)	-	1,139,768	175,789,186
Governmental Activity Capital Assets, Net	\$ 298,010,110	\$ (7,228,726)	\$ -	\$ -	\$ 290,781,384

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

(4) Capital Assets, (Continued)

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

General government	\$ 930,734
Public safety	736,569
Engineering and public works	7,003,087
Community services	<u>524,988</u>
	<u>\$9,195,378</u>

Capital asset activity for the year ended June 30, 2014 is as follows:

Business Type Activities:	Balance at June 30, 2013	Additions	Deletions	Transfers	Balance at June 30, 2014
Capital assets not being depreciated:					
Land	\$ 1,995,981	\$ -	\$ -	\$ -	\$ 1,995,981
Construction in progress	2,246,236	1,301,934	-	(2,285,913)	1,262,257
	<u>4,242,217</u>	<u>1,301,934</u>	<u>-</u>	<u>(2,285,913)</u>	<u>3,258,238</u>
Capital assets being depreciated:					
Pipelines	48,688,381	-	(604,269)	1,542,493	49,626,605
Reservoirs	36,921,911	-	-	-	36,921,911
Buildings	7,835,120	-	-	-	7,835,120
Treatment facilities	13,918,076	-	-	-	13,918,076
Wells/ pumps	4,150,266	33,136	-	743,420	4,926,822
Sewer manholes	2,784,068	-	-	-	2,784,068
Machinery and equipment	1,627,029	8,037	-	-	1,635,066
Vehicles	1,553,542	-	-	-	1,553,542
	<u>117,478,393</u>	<u>41,173</u>	<u>(604,269)</u>	<u>2,285,913</u>	<u>119,201,210</u>
Less accumulated depreciation for:					
Pipelines	(14,522,345)	(973,768)	195,832	-	(15,300,281)
Reservoirs	(8,673,954)	(723,557)	-	-	(9,397,511)
Buildings	(469,953)	(156,702)	-	-	(626,655)
Treatment facilities	(4,838,120)	(278,361)	-	-	(5,116,481)
Wells/ pumps	(890,261)	(82,255)	-	-	(972,516)
Sewer manholes	(2,091,205)	(42,904)	-	-	(2,134,109)
Machinery and equipment	(1,038,969)	(224,299)	-	-	(1,263,268)
Vehicles	(1,420,319)	(39,770)	-	-	(1,460,089)
	<u>(33,945,126)</u>	<u>(2,521,616)</u>	<u>195,832</u>	<u>-</u>	<u>(36,270,910)</u>
Total Capital Assets Being Depreciated	<u>83,533,267</u>	<u>(2,480,443)</u>	<u>(408,437)</u>	<u>2,285,913</u>	<u>82,930,300</u>
Business Type Activity Capital Assets, Net	<u>\$ 87,775,484</u>	<u>\$ (1,178,509)</u>	<u>\$ (408,437)</u>	<u>\$ -</u>	<u>\$ 86,188,538</u>

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

(4) Capital Assets, (Continued)

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

Water Utility	\$1,921,637
Solid Waste Utility	694
Sewer Utility	441,474
Animal Services	<u>157,811</u>
	<u>\$2,521,616</u>

(5) Accumulated Fund Deficits

The following funds reported deficits in fund balances/net position as of June 30, 2014:

	<u>Deficit Balance</u>
Major Governmental Fund:	
CalHome Program	\$ (78,120)
Non-Major Funds:	
Special Revenue Funds:	
Homeland Security Grants - PD	\$ (34,391)
Enterprise Fund:	
Solid Waste Utility	\$ (435,013)
Fiduciary Fund:	
Successor Agency to UCRA	\$ (25,670,165)
Internal Service Fund:	
Self-Funded Insurance	\$ (10,257,230)

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

Major Governmental Funds

The deficit fund balance of \$78,120 in the CalHome Program Fund is the result of pending program reimbursements.

Special Revenue Funds

The deficit fund balance of \$34,391 in the Homeland Security Grants – PD Fund is the result of pending program reimbursements.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

(5) Accumulated Fund Deficits (Continued)

Enterprise Fund

The deficit balance of \$435,013 in the Solid Waste Utility Fund is the result of expenditures being higher than CPI revenue adjustments resulting in an annual decline in Solid Waste Fund reserves. City Council has adopted a five year rate adjustment to correct the program funding shortfall.

Fiduciary Fund

The deficit balance of \$25,670,165 in the Successor Agency to UCRA is the result of the dissolution of the Upland Community Redevelopment Agency in fiscal year 2011/12.

Internal Service Fund:

The deficit fund balance of \$10,257,230 in the Self-Funded Insurance Fund is a result of increased legal costs and claims that will be covered through future charges.

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2014 are as follows:

Governmental activities:	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014	Due within one year
Compensated absences payable*	\$ 2,749,144	\$ 1,988,401	\$ (2,531,624)	\$ 2,205,921	\$ 1,605,394
Claims payable	8,923,734	941,339	(4,708,885)	5,156,188	1,816,338
Other post employment liabilities*	2,651,355	1,136,881	(483,580)	3,304,656	-
2002 Lease Revenue Bonds	950,000	-	(220,000)	730,000	235,000
2007 Housing Revenue Bond	18,000,000	-	-	18,000,000	-
Total long-term liabilities	<u>\$ 33,274,233</u>	<u>\$ 4,066,621</u>	<u>\$ (7,944,089)</u>	<u>\$ 29,396,765</u>	<u>\$ 3,656,732</u>

* For governmental activities, compensated absences and other post employment benefit liabilities are generally liquidated by the General Fund.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

(6) Long-Term Liabilities, (Continued)

Governmental Activities:

2002 Lease Revenue Refunding Bonds (Police Building)

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

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

The reserve requirement at June 30, 2014 of \$263,175 was fully satisfied. At June 30, 2014 the outstanding principal of the Lease Revenue Bonds is \$730,000.

The annual debt service requirements for the bond as of June 30, 2014 are as follows:

Year ending <u>June 30</u>	<u>2002 Lease Revenue</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 235,000	\$ 28,175
2016	245,000	17,135
2017	<u>250,000</u>	<u>5,750</u>
Totals	<u>\$ 730,000</u>	<u>\$ 51,060</u>

2007 Housing Revenue Bonds

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

The bonds bear interest at a variable rate that resets weekly. Interest on the bonds is payable on the first Wednesday of each month beginning September 5, 2007. Principal is payable on August 1, 2037. Payments of principal and interest are secured by a pledge of revenues generated by apartment rentals, a ten year irrevocable letter of credit issued by East West Bank, and a ten year irrevocable standby letter of credit issued by Federal Home Loan Bank of San Francisco. The principal balance of outstanding bonds at June 30, 2014 is \$18,000,000. Interest on the 2007 Housing Revenue Bonds was estimated based on the variable interest rate of 0.23% at June 30, 2014. The above bonds are payable from certain housing related revenues (rents, etc.) that have been assigned to the Housing Fund of the City pursuant to Assembly Bills 1X26 and 1484.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

(6) Long-Term Liabilities, (Continued)

The annual debt service requirements for the bond as of June 30, 2014 are as follows:

Year ending June 30	<u>2007 Housing Revenue</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ -	\$ 41,425
2016	-	41,425
2017	-	41,425
2018	-	41,425
2019	-	41,425
2020-2024	-	207,125
2025-2029	-	207,125
2030-2034	-	207,125
2035-2039	<u>18,000,000</u>	<u>124,275</u>
Totals	<u>\$18,000,000</u>	<u>\$ 952,775</u>

Changes in long-term liabilities for the year ended June 30, 2014 (including unamortized premium) are as follows:

Business-type activities:	Balance at	Additions	Deletions	Balance at	Due within
	June 30, 2013			June 30, 2014	one year
Compensated absences payable	\$ 333,161	\$ 324,522	\$ (332,243)	\$ 325,440	\$ 179,340
2011 Revenue refunding bonds	11,380,000	-	(750,000)	10,630,000	765,000
Unamortized premium	<u>578,965</u>	<u>107,947</u>	<u>(34,346)</u>	<u>652,566</u>	<u>-</u>
Total long-term liabilities	<u>\$ 12,292,126</u>	<u>\$ 432,469</u>	<u>\$ (1,116,589)</u>	<u>\$ 11,608,006</u>	<u>\$ 944,340</u>

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

(6) Long-Term Liabilities, (Continued)

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, 2014 of \$970,283 was fully satisfied. At June 30, 2014 the outstanding principal of the Lease Revenue Bonds is \$10,630,000.

Year ending <u>June 30</u>	<u>2011 Lease Revenue</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 765,000	\$ 453,950
2016	790,000	431,000
2017	815,000	407,300
2018	340,000	382,850
2019	355,000	372,650
2020-2024	1,980,000	1,640,250
2025-2029	2,450,000	1,163,750
2030-2034	<u>3,135,000</u>	<u>485,500</u>
Totals	<u>\$ 10,630,000</u>	<u>\$ 5,337,250</u>

(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.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

(7) Post Employment Benefit Plan. (Continued)

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, 2014, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	211
Active plan members	<u>266</u>
Total	<u>477</u>

City's Funding Policy: The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2013-14, the City contributed \$483,580 to the plan for current premiums.

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

Annual required contribution	\$1,161,501
Interest on net OPEB obligation	91,088
Adjustments for net OPEB obligation	<u>(115,708)</u>
Annual OPEB cost (expense)	1,136,881
Contributions made (including premiums paid)	<u>(483,580)</u>
Increase in net OPEB obligation	653,301
Net OPEB obligation-beginning of year	<u>2,651,355</u>
Net OPEB obligation-end of year	<u>\$3,304,656</u>

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

(7) Post Employment Benefit Plan, (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 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>
6/30/12	\$1,090,000	39%	\$2,024,184
6/30/13	\$1,103,051	43%	\$2,651,355
6/30/14	\$1,136,881	34%	\$3,304,656

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

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

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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

(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
6/30/08	\$0	\$ 8,249,000	\$ 8,249,000	0%	\$21,599,000	38.2%
6/30/11	\$0	\$ 8,675,000	\$ 8,675,000	0%	\$24,016,000	36.1%
6/30/13	\$0	\$13,050,933	\$13,050,933	0%	\$19,459,000	67.1%

(8) Letter of Credit

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

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

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

(9) Defeasance of Debt

The City has defeased certain certificates of participation and bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old debt issues. Accordingly, the trust account assets and the liability for the defeased debt issues are not included in the City's financial statements. As of June 30, 2014, the following outstanding debt issues are considered defeased:

1988 Revenue Bonds, Series B	\$1,910,000
1986 Certificates of Participation (Police)	\$1,380,000
1986 Certificates of Participation (Water)	\$2,425,000
1992 Certificates of Participation (Police)	\$1,380,000
1992 Certificates of Participation (Water)	\$2,450,000

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

(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.

<u>Type and Bond Issuer</u>	<u>Date of Issue</u>	<u>Original Amount of Issue</u>	<u>Outstanding at June 30, 2014</u>
Multi-Family Residential Housing Loan to Lender Revenue Bonds, New American Federal Credit Union Project, Americana Development Corporation, Los Angeles, California, 1983 Series A	April 1, 1983	\$ 4,165,000	\$ 4,165,000
Housing Authority of the City of Upland Revenue Bonds, Issue A of 1990	May 1, 1990	\$ 10,145,000	\$ 4,890,000
1991 Sunset Haven Project Certificates of Participation, Sunset Haven, A California Nonprofit Public Benefit Corporation	June 10, 1991	\$ 6,200,000	\$ 2,855,000
1993 Series, Certificate of Participation, San Antonio Community Hospital, Upland, California	September 1, 1993	\$ 34,735,000	\$ 8,945,000
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

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

(10) Debt Without Government Commitment, (Continued)

Community Facilities District 2003-2 Improvement District 1 (The Colonies at San Antonio)	August 1, 2012	\$ 22,060,000	\$ 21,735,000
Community Facilities District 2003-2 Improvement District 2 (The Colonies at San Antonio)	March 13, 2004	\$ 19,650,000	\$ 17,945,000
Community Facilities District 2003-1 Series A of 2004 (Upland 54)	December 22, 2004	\$ 1,750,000	\$ 1,515,000

(11) Claims and Judgments

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

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

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

The claims and judgments liability reported in the Internal Service Self-Funded Insurance Fund is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims and judgments be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. As of June 30, 2014, claims and judgments payable, including estimated claims for incurred but not reported claims, amounted to \$5,156,188.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

(11) Claims and Judgments, (Continued)

Changes in the claims and judgments payable amounts in fiscal years ended June 30, 2013 and 2014 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>
2012-13	\$ 8,146,464	\$ 2,706,449	\$ (1,929,179)	\$ 8,923,734
2013-14	\$ 8,923,734	\$ 941,339	\$ (4,708,885)	\$ 5,156,188

(12) Defined Benefit Pension Plan (PERS)

The City contributes to the California Public Employees Retirement System (PERS), a cost sharing public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

Contributions and Funding Policy

Miscellaneous and safety participants are required to contribute 8% and 9%, respectively, of their annual covered salary. The City is required to contribute at an actuarially determined rate. The rate for the year ended June 30, 2014 is 19.198% for miscellaneous participants and 33.139% for safety participants, percent of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by City Council in conjunction with applicable labor contracts. The City's contributions to the miscellaneous plan for the years ending June 30, 2012, 2013, and 2014 were \$2,313,018, \$1,733,782, and \$1,837,932 respectively, and were equal to the required contributions for each year. The City's contributions to the safety plan for the years ending June 30, 2012, 2013, and 2014 were \$3,850,684, \$3,060,784, and \$3,349,164 respectively, and were equal to the required contributions for each year.

(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.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

(13) Joint Ventures, (Continued)

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, 2014 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%	\$ 25,488,026	\$ 17,298,723	\$ 735,981
West End Water Company	91%	2,445,609	2,229,907	107,488
Water Facilities Authority	20%	26,483,271	<u>5,296,654</u>	<u>(595,564)</u>
Total			<u>\$24,825,284</u>	<u>\$ 247,905</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, 2014

(14) Transfers In/Transfers Out

The following schedule summarizes the City's transfer activity:

Transfers In	Transfers Out									Total
	Governmental Activities			Business Type Activities				Internal	Fiduciary	
	General Fund	Housing Fund	Nonmajor Governmental Funds	Water Utility Fund	Solid Waste Utility Fund	Sewer Utility Fund	Animal Services Fund	Service Funds Self Funded Insurance Fund	Private Purpose Trust Fund	
Governmental Funds:										
Major Funds:										
General Fund	\$ -	\$ 384,850	\$ 4,647	\$ 686,830	\$ 289,600	\$ 118,820	\$ 12,330	\$ 118,890	\$ 194,770	\$ 1,810,737
Nonmajor Governmental Funds	950,638	-	-	-	-	-	-	-	-	950,638
Business Type Activities:										
Major Funds:										
Water Utility Fund	-	-	-	-	7,640	7,640	7,640	-	-	22,920
Solid Waste Utility Fund	-	-	85,707	-	-	-	-	-	-	85,707
Sewer Utility Fund	-	-	-	-	245,000	-	-	-	-	245,000
Animal Services Fund	1,091,410	-	-	-	-	-	-	-	-	1,091,410
Internal Service Funds	555,837	-	42,601	-	-	-	-	-	-	598,438
Fiduciary Funds	804,148	-	-	-	-	-	-	-	-	804,148
	<u>\$ 3,402,033</u>	<u>\$ 384,850</u>	<u>\$ 132,955</u>	<u>\$ 686,830</u>	<u>\$ 542,240</u>	<u>\$ 126,460</u>	<u>\$ 19,970</u>	<u>\$ 118,890</u>	<u>\$ 194,770</u>	<u>\$ 5,608,998</u>

- Various funds transferred a total of \$1,810,737 to the General Fund to cover personnel and administrative costs.
- The General Fund transferred \$950,638 to Nonmajor Governmental Funds for the 2002 Lease Revenue Bond debt service payment and personnel expenses.
- The General Fund transferred \$1,091,410 to Animal Services Fund to fund current and prior year animal services operations.
- The General Fund transferred \$555,837 to the Self-Funded Insurance Fund to fund legal costs and claims.
- The General Fund transferred \$716,000 to the Successor Agency to UCRA due to the "claw-back" provision of AB 1x 26.
- Solid Waste Utility Fund transferred \$245,000 to the Sewer Utility Fund to pay for landfill costs.
- Asset Forfeiture Fund transferred \$42,601 to the Vehicle Replacement Fund for public safety vehicle purchases.

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

(15) Expenditures in Excess of Appropriations

Expenditures for the year ended June 30, 2014 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	\$713,679	\$768,739	\$(55,060)
Other Grants	\$ 12,570	\$ 13,766	\$ (1,196)

(16) Successor Agency to UCRA Activities

Changes in capital assets for the Successor Agency to UCRA year ended June 30, 2014 are as follows:

	<u>Balance at June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2014</u>
Capital assets not depreciated:				
Land	\$ 1,019,571	\$ -	\$ (1,019,571)	\$ -
Total Capital Assets Not Being Depreciated	<u>1,019,571</u>	<u>-</u>	<u>(1,019,571)</u>	<u>-</u>
Capital assets being depreciated:				
Buildings	<u>927,019</u>	<u>-</u>	<u>-</u>	<u>927,019</u>
Total Capital Assets Being Depreciated	<u>927,019</u>	<u>-</u>	<u>-</u>	<u>927,019</u>
Less accumulated depreciation for:				
Buildings	<u>(124,902)</u>	<u>(18,540)</u>	<u>-</u>	<u>(143,442)</u>
Total Accumulated Depreciation	<u>(124,902)</u>	<u>(18,540)</u>	<u>-</u>	<u>(143,442)</u>
Total Capital Assets Being Depreciated	<u>802,117</u>	<u>(18,540)</u>	<u>-</u>	<u>783,577</u>
Capital Assets, Net	<u>\$ 1,821,688</u>	<u>\$ (18,540)</u>	<u>\$ (1,019,571)</u>	<u>\$ 783,577</u>

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

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

Changes in long-term liabilities for the Successor Agency to UCRA year ended June 30, 2014 are as follows:

	<u>Balance at June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2014</u>	<u>Due within one year</u>
2006 Tax Allocation Bond	\$ 14,210,000	\$ -	\$ (175,000)	\$ 14,035,000	\$ 180,000
2013 Tax Allocation Bond	22,090,000	-	(1,785,000)	20,305,000	1,770,000
Unamortized premium	<u>2,300,249</u>	<u>-</u>	<u>(209,114)</u>	<u>2,091,135</u>	<u>-</u>
Total long-term liabilities	<u>\$ 38,600,249</u>	<u>\$ -</u>	<u>\$ (2,169,114)</u>	<u>\$ 36,431,135</u>	<u>\$ 1,950,000</u>

2006 Tax Allocation Bonds

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

The bonds accrue interest at 4.47% and mature on September 1, 2036. The interest and principal on the notes are payable from pledged tax increment revenues. The principal balance of outstanding notes at June 30, 2014 is \$14,035,000.

Year ending <u>June 30</u>	<u>2006 Tax Allocation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 180,000	\$ 604,431
2016	190,000	596,781
2017	195,000	588,706
2018	205,000	580,419
2019	210,000	572,731
2020-2024	1,205,000	2,728,430
2025-2029	7,480,000	1,693,988
2030-2034	2,535,000	762,925
2035-2039	<u>1,835,000</u>	<u>167,625</u>
Totals	<u>\$ 14,035,000</u>	<u>\$ 8,296,036</u>

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

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

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, 2014 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, 2014 is \$20,305,000.

The annual debt service requirements for the bonds as of June 30, 2014 are as follows:

Year ending	<u>2013 Tax Allocation Bonds</u>	
	<u>June 30</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,770,000	\$ 750,200
2016	1,805,000	714,800
2017	1,840,000	678,700
2018	1,900,000	623,500
2019	1,955,000	566,500
2020-2024	<u>11,035,000</u>	<u>1,572,400</u>
Totals	<u>\$ 20,305,000</u>	<u>\$ 4,906,100</u>

CITY OF UPLAND

Notes to the Basic Financial Statements

Year ended June 30, 2014

(17) Prior Period Adjustments

Below is a summary of prior period adjustments affecting net position/fund balance of Governmental and Fiduciary Activities:

	Government Wide <u>Activities</u>	<u>General Fund</u>	<u>Gas Tax Fund</u>	General Capital <u>Improvements Fund</u>	Private Purpose <u>Trust Fund</u>
Net Position at June 30, 2013, as previously reported	\$ 283,975,648	\$ 860,439	\$ 2,339,711	\$ (1,203,110)	\$ (27,873,565)
Assessment District 87-1 Funds Retentions Payable	(346,389)	(346,389)	-	-	-
Loan Receivable	-	-	(249,636)	249,636	-
	<u>1,266,277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,266,277)</u>
Net Position at June 30, 2013, as restated	<u>\$ 283,629,259</u>	<u>\$ 514,050</u>	<u>\$ 2,090,075</u>	<u>\$ (953,474)</u>	<u>\$ (29,139,842)</u>

- Assessment District revenue was inadvertently recorded in the General Fund in prior years.
- During the year ended June 30, 2014 the City identified retentions payable that had been incorrectly recorded in the General Capital Improvements Fund in the prior year that should have been recorded in the Gas Tax Fund.
- During the year ended June 30, 2014 the City identified a loan receivable that was incorrectly recorded in the Private Purpose Trust Fund and should have been moved to the Housing Fund at the time of the Upland Community Redevelopment Agency dissolution. There is no impact on the Housing Fund because the loan receivable is offset with unavailable revenue in the Government Fund Financial Statements.

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 gasoline taxes received from the State of California to be used for street maintenance and improvements only.

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.

Community Development Block Grant Fund – To account for revenue and costs related to the activities approved and funded by the United States Department of Housing and Urban Development.

Measure I Fund – To account for revenue received from the State of California from a special ½% sales tax to be used for street maintenance and improvements only.

Air Quality Management District Fund – To account for the receipt of funds generated by AB2766 which sets forth requirements for reduction of air pollution from mobile sources as promulgated by the SCAQMD.

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

SB509 Public Safety Sales Tax Fund – To account for revenue and expenditures related to the half-cent sales tax enacted by Proposition 172 and SB509.

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

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 – To account for the payment of principal and interest on the City's general debt issues.

NON-MAJOR GOVERNMENTAL FUNDS

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 the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

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.

Community Facilities District Capital Projects Fund - This fund is used to account for the revenues received from the issuance of Community Facilities District debt and the acquisition and construction of certain capital projects within the Community Facilities District.

CITY OF UPLAND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014

	Special Revenue Funds				
	Gas Tax	Sanitary Sewer Facility Development	Community Development Block Grant	Measure I	Air Quality Management District
Assets:					
Cash and investments	\$ 4,150,345	\$ 2,722,424	\$ -	\$ 1,298,811	\$ 87,452
Cash and investments with fiscal agent	-	-	-	-	-
Receivables:					
Accounts	-	-	-	-	-
Due from other governments	223,909	-	247,730	179,380	24,132
Total assets	\$ 4,374,254	\$ 2,722,424	\$ 247,730	\$ 1,478,191	\$ 111,584
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 43,934	\$ 33,000	\$ 35,511
Accrued salaries and benefits	1,881	-	3,889	102	1,007
Due to other funds	-	-	143,332	-	-
Deposits payable	-	2,722,424	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	1,881	2,722,424	191,155	33,102	36,518
Deferred inflows of resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflow of resources	-	-	-	-	-
Fund balances:					
Restricted	4,372,373	-	56,575	1,445,089	75,066
Unassigned	-	-	-	-	-
Total fund balances (deficit)	4,372,373	-	56,575	1,445,089	75,066
Total liabilities, deferred inflows of resources and fund balances	\$ 4,374,254	\$ 2,722,424	\$ 247,730	\$ 1,478,191	\$ 111,584

(Continued)

Special Revenue Funds						Debt Service Fund
Parking and Business Improvement	SB 509 Public Safety Sales Tax	Police Grants	Other Grants	Homeland Security Grants - PD	Prop 30	Public Financing Authority
\$ 75,385	\$ -	\$ 867,144	\$ 10,951	\$ -	\$ 152,074	\$ 455
-	-	-	-	-	-	268,620
11,608	-	-	-	-	-	-
-	60,352	-	-	46,898	-	-
<u>\$ 86,993</u>	<u>\$ 60,352</u>	<u>\$ 867,144</u>	<u>\$ 10,951</u>	<u>\$ 46,898</u>	<u>\$ 152,074</u>	<u>\$ 269,075</u>
\$ 141	\$ -	\$ 172,671	\$ 176	\$ 34,391	\$ 75,920	\$ -
-	21,138	-	251	-	-	-
-	39,214	-	-	12,507	-	-
-	-	355,541	-	-	-	-
-	-	10,959	-	-	-	-
<u>141</u>	<u>60,352</u>	<u>539,171</u>	<u>427</u>	<u>46,898</u>	<u>75,920</u>	<u>-</u>
-	-	-	3,500	34,391	-	-
-	-	-	3,500	34,391	-	-
86,852	-	327,973	7,024	-	76,154	269,075
-	-	-	-	(34,391)	-	-
<u>86,852</u>	<u>-</u>	<u>327,973</u>	<u>7,024</u>	<u>(34,391)</u>	<u>76,154</u>	<u>269,075</u>
<u>\$ 86,993</u>	<u>\$ 60,352</u>	<u>\$ 867,144</u>	<u>\$ 10,951</u>	<u>\$ 46,898</u>	<u>\$ 152,074</u>	<u>\$ 269,075</u>

CITY OF UPLAND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014

	Capital Projects Funds					Total
	Park Acquisition and Development	General Capital Improvements	Storm Drain Development	Street and Traffic Safety Development	Community Facilities District	
Assets:						
Cash and investments	\$ 1,130,879	\$ 16,020	\$ 1,465,502	\$ 345,348	\$ -	\$ 12,322,790
Cash and investments with fiscal agent	-	-	-	-	-	268,620
Receivables:						
Accounts	-	-	625	-	-	12,233
Due from other governments	-	-	-	-	-	782,401
Total assets	\$ 1,130,879	\$ 16,020	\$ 1,466,127	\$ 345,348	\$ -	\$ 13,386,044
Liabilities:						
Accounts payable	\$ -	\$ 15,520	\$ -	\$ -	\$ -	\$ 411,264
Accrued salaries and benefits	-	500	-	455	-	29,223
Due to other funds	-	-	-	-	-	195,053
Deposits payable	-	-	-	-	-	3,077,965
Unearned revenue	-	-	-	-	-	10,959
Total liabilities	-	16,020	-	455	-	3,724,464
Deferred inflows of resources:						
Unavailable revenue	-	-	-	-	-	37,891
Total deferred inflow of resources	-	-	-	-	-	37,891
Fund balances:						
Restricted	1,130,879	-	1,466,127	344,893	-	9,658,080
Unassigned	-	-	-	-	-	(34,391)
Total fund balances (deficit)	1,130,879	-	1,466,127	344,893	-	9,623,689
Total liabilities, deferred inflows of resources and fund balances	\$ 1,130,879	\$ 16,020	\$ 1,466,127	\$ 345,348	\$ -	\$ 13,386,044

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CITY OF UPLAND

COMBINING STATEMENT OF REVENUES
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2014

	Special Revenue Funds				
	Gas	Sanitary Sewer	Community		Air Quality
	Tax	Facility	Development	Measure I	Management
	Development	Block Grant		District	
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Investment income	3,882	-	-	1,616	24
Rental income	-	-	-	-	-
Intergovernmental	2,367,118	-	512,129	1,116,907	92,931
Other	-	-	270	-	-
Total revenues	<u>2,371,000</u>	<u>-</u>	<u>512,399</u>	<u>1,118,523</u>	<u>92,955</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	-
Engineering and public works	88,702	-	-	491,356	39,363
Development services	-	-	512,130	-	-
Community services	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>88,702</u>	<u>-</u>	<u>512,130</u>	<u>491,356</u>	<u>39,363</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,282,298</u>	<u>-</u>	<u>269</u>	<u>627,167</u>	<u>53,592</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(40,158)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,158)</u>
Change in fund balances	2,282,298	-	269	627,167	13,434
Fund balances (deficit) at beginning of year, as restated	<u>2,090,075</u>	<u>-</u>	<u>56,306</u>	<u>817,922</u>	<u>61,632</u>
Fund balances (deficit) at end of year	<u>\$ 4,372,373</u>	<u>\$ -</u>	<u>\$ 56,575</u>	<u>\$ 1,445,089</u>	<u>\$ 75,066</u>

(Continued)

Special Revenue Funds							Debt Service Fund
Parking and Business Improvement	SB 509 Public Safety Sales Tax	Police Grants	Other Grants	Homeland Security Grants - PD	Prop 30	Public Financing Authority	
\$ 45,692	\$ 768,370	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
63	-	633	-	-	234	92	-
-	-	-	-	-	-	-	-
-	-	174,815	90,974	41,302	151,840	-	-
-	-	-	-	-	-	-	-
<u>45,755</u>	<u>768,370</u>	<u>175,448</u>	<u>90,974</u>	<u>41,302</u>	<u>152,074</u>	<u>92</u>	
-	768,739	183,340	2,143	75,693	75,920	-	-
5,839	-	-	251	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	11,372	-	-	-	-
-	-	-	-	-	-	-	220,000
-	-	-	-	-	-	-	41,940
<u>5,839</u>	<u>768,739</u>	<u>183,340</u>	<u>13,766</u>	<u>75,693</u>	<u>75,920</u>	<u>261,940</u>	
<u>39,916</u>	<u>(369)</u>	<u>(7,892)</u>	<u>77,208</u>	<u>(34,391)</u>	<u>76,154</u>	<u>(261,848)</u>	
-	-	101,525	-	-	-	261,940	
-	-	(7,090)	(85,707)	-	-	-	
-	-	94,435	(85,707)	-	-	261,940	
39,916	(369)	86,543	(8,499)	(34,391)	76,154	92	
<u>46,936</u>	<u>369</u>	<u>241,430</u>	<u>15,523</u>	<u>-</u>	<u>-</u>	<u>268,983</u>	
<u>\$ 86,852</u>	<u>\$ -</u>	<u>\$ 327,973</u>	<u>\$ 7,024</u>	<u>\$ (34,391)</u>	<u>\$ 76,154</u>	<u>\$ 269,075</u>	

CITY OF UPLAND

COMBINING STATEMENT OF REVENUES
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2014

	Capital Projects Funds					Total
	Park Acquisition and Development	General Capital Improvements	Storm Drain Development	Street and Traffic Safety Development	Community Facilities District	
Revenues:						
Taxes	\$ 224,700	\$ -	\$ -	\$ -	\$ -	\$ 1,038,762
Licenses and permits	-	-	174,338	102,207	-	276,545
Investment income	764	-	919	9	-	8,236
Rental income	-	-	51,021	-	-	51,021
Intergovernmental	-	453,249	-	-	-	5,001,265
Other	-	61,454	-	-	294,629	356,353
Total revenues	<u>225,464</u>	<u>514,703</u>	<u>226,278</u>	<u>102,216</u>	<u>294,629</u>	<u>6,732,182</u>
Expenditures:						
Current:						
Public safety	-	-	-	-	-	1,105,835
Engineering and public works	-	-	29,166	182,491	-	837,168
Development services	-	148,402	-	-	-	660,532
Community services	28,876	-	-	-	-	40,248
Debt service:						
Principal	-	-	-	-	-	220,000
Interest and fiscal charges	-	-	-	-	-	41,940
Total expenditures	<u>28,876</u>	<u>148,402</u>	<u>29,166</u>	<u>182,491</u>	<u>-</u>	<u>2,905,723</u>
Excess (deficiency) of revenues over (under) expenditures	<u>196,588</u>	<u>366,301</u>	<u>197,112</u>	<u>(80,275)</u>	<u>294,629</u>	<u>3,826,459</u>
Other financing sources (uses):						
Transfers in	-	587,173	-	-	-	950,638
Transfers out	-	-	-	-	-	(132,955)
Total other financing sources (uses)	<u>-</u>	<u>587,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>817,683</u>
Change in fund balances	196,588	953,474	197,112	(80,275)	294,629	4,644,142
Fund balances (deficit) at beginning of year, as restated	<u>934,291</u>	<u>(953,474)</u>	<u>1,269,015</u>	<u>425,168</u>	<u>(294,629)</u>	<u>4,979,547</u>
Fund balances (deficit) at end of year	<u>\$ 1,130,879</u>	<u>\$ -</u>	<u>\$ 1,466,127</u>	<u>\$ 344,893</u>	<u>\$ -</u>	<u>\$ 9,623,689</u>

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CITY OF UPLAND
 BUDGETARY COMPARISON SCHEDULE
 GAS TAX FUND
 YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Investment income	\$ 16,000	\$ 3,882	\$ (12,118)
Intergovernmental	<u>2,210,260</u>	<u>2,367,118</u>	<u>156,858</u>
Total revenues	<u>2,226,260</u>	<u>2,371,000</u>	<u>144,740</u>
Expenditures:			
Current:			
Engineering and public works	<u>3,420,711</u>	<u>88,702</u>	<u>3,332,009</u>
Total expenditures	<u>3,420,711</u>	<u>88,702</u>	<u>3,332,009</u>
Change in fund balances	(1,194,451)	2,282,298	3,476,749
Fund balances at beginning of year, as restated	<u>2,090,075</u>	<u>2,090,075</u>	<u>-</u>
Fund balances at end of year	<u>\$ 895,624</u>	<u>\$ 4,372,373</u>	<u>\$ 3,476,749</u>

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT FUND
 YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance- Positive (Negative)
Revenues:			
Intergovernmental	\$ 509,760	\$ 512,129	\$ 2,369
Other	-	270	270
Total revenues	<u>509,760</u>	<u>512,399</u>	<u>2,639</u>
Expenditures:			
Current:			
Development services	<u>541,531</u>	<u>512,130</u>	<u>29,401</u>
Total expenditures	<u>541,531</u>	<u>512,130</u>	<u>29,401</u>
Change in fund balances	(31,771)	269	32,040
Fund balances at beginning of year	<u>56,306</u>	<u>56,306</u>	<u>-</u>
Fund balances at end of year	<u>\$ 24,535</u>	<u>\$ 56,575</u>	<u>\$ 32,040</u>

CITY OF UPLAND
 BUDGETARY COMPARISON SCHEDULE
 MEASURE I FUND
 YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Investment income	\$ 1,000	\$ 1,616	\$ 616
Intergovernmental	<u>1,044,490</u>	<u>1,116,907</u>	<u>72,417</u>
Total revenues	<u>1,045,490</u>	<u>1,118,523</u>	<u>73,033</u>
Expenditures:			
Current:			
Engineering and public works	<u>1,606,580</u>	<u>491,356</u>	<u>1,115,224</u>
Total expenditures	<u>1,606,580</u>	<u>491,356</u>	<u>1,115,224</u>
Change in fund balances	(561,090)	627,167	1,188,257
Fund balances at beginning of year	<u>817,922</u>	<u>817,922</u>	<u>-</u>
Fund balances at end of year	<u>\$ 256,832</u>	<u>\$ 1,445,089</u>	<u>\$ 1,188,257</u>

CITY OF UPLAND
 BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY MANAGEMENT DISTRICT FUND
 YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance- Positive (Negative)
Revenues:			
Investment income	\$ -	\$ 24	\$ 24
Intergovernmental	<u>91,300</u>	<u>92,931</u>	<u>1,631</u>
Total revenues	<u>91,300</u>	<u>92,955</u>	<u>1,655</u>
Expenditures:			
Current:			
Engineering and public works	<u>48,769</u>	<u>39,363</u>	<u>9,406</u>
Total expenditures	<u>48,769</u>	<u>39,363</u>	<u>9,406</u>
Excess (deficiency) of revenues over (under) expenditures	<u>42,531</u>	<u>53,592</u>	<u>11,061</u>
Other financing sources (uses):			
Transfers out	<u>(43,131)</u>	<u>(40,158)</u>	<u>2,973</u>
Total other financing sources (uses)	<u>(43,131)</u>	<u>(40,158)</u>	<u>2,973</u>
Change in fund balances	(600)	13,434	14,034
Fund balances at beginning of year	<u>61,632</u>	<u>61,632</u>	<u>-</u>
Fund balances at end of year	<u>\$ 61,032</u>	<u>\$ 75,066</u>	<u>\$ 14,034</u>

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE

PARKING AND BUSINESS IMPROVEMENT DISTRICT FUND

YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance- Positive (Negative)
Revenues:			
Taxes	\$ 35,210	\$ 45,692	\$ 10,482
Investment income	<u>160</u>	<u>63</u>	<u>(97)</u>
Total revenues	<u>35,370</u>	<u>45,755</u>	<u>10,385</u>
Expenditures:			
Current:			
Engineering and public works	<u>33,600</u>	<u>5,839</u>	<u>27,761</u>
Total expenditures	<u>33,600</u>	<u>5,839</u>	<u>27,761</u>
Change in fund balances	1,770	39,916	38,146
Fund balances at beginning of year	<u>46,936</u>	<u>46,936</u>	<u>-</u>
Fund balances at end of year	<u>\$ 48,706</u>	<u>\$ 86,852</u>	<u>\$ 38,146</u>

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE
 SB 509 PUBLIC SAFETY SALES TAX FUND
 YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Taxes	\$ 713,190	\$ 768,370	\$ 55,180
Investment income	<u>120</u>	<u>-</u>	<u>(120)</u>
Total revenues	<u>713,310</u>	<u>768,370</u>	<u>55,060</u>
Expenditures:			
Current:			
Public safety	<u>713,679</u>	<u>768,739</u>	<u>(55,060)</u>
Total expenditures	<u>713,679</u>	<u>768,739</u>	<u>(55,060)</u>
Change in fund balances	(369)	(369)	-
Fund balances at beginning of year	<u>369</u>	<u>369</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF UPLAND
 BUDGETARY COMPARISON SCHEDULE
 POLICE GRANTS FUND
 YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance- Positive (Negative)
Revenues:			
Investment income	\$ 305	\$ 633	\$ 328
Intergovernmental	<u>172,373</u>	<u>174,815</u>	<u>2,442</u>
Total revenues	<u>172,678</u>	<u>175,448</u>	<u>2,770</u>
Expenditures:			
Current:			
Public safety	<u>317,464</u>	<u>183,340</u>	<u>134,124</u>
Total expenditures	<u>317,464</u>	<u>183,340</u>	<u>134,124</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(144,786)</u>	<u>(7,892)</u>	<u>136,894</u>
Other financing sources (uses):			
Transfers in	-	101,525	101,525
Transfers out	<u>-</u>	<u>(7,090)</u>	<u>(7,090)</u>
Total other financing sources (uses)	<u>-</u>	<u>94,435</u>	<u>94,435</u>
Change in fund balances	(144,786)	86,543	231,329
Fund balances at beginning of year	<u>241,430</u>	<u>241,430</u>	<u>-</u>
Fund balances at end of year	<u>\$ 96,644</u>	<u>\$ 327,973</u>	<u>\$ 231,329</u>

CITY OF UPLAND
 BUDGETARY COMPARISON SCHEDULE
 OTHER GRANTS FUND
 YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance- Positive (Negative)
Revenues:			
Intergovernmental	\$ 31,283	\$ 90,974	\$ 59,691
Total revenues	<u>31,283</u>	<u>90,974</u>	<u>59,691</u>
Expenditures:			
Current:			
Public safety	2,143	2,143	-
Engineering and public works	-	251	(251)
Community services	<u>10,427</u>	<u>11,372</u>	<u>(945)</u>
Total expenditures	<u>12,570</u>	<u>13,766</u>	<u>(1,196)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,713</u>	<u>77,208</u>	<u>58,495</u>
Other financing sources (uses):			
Transfers out	<u>-</u>	<u>(85,707)</u>	<u>(85,707)</u>
Total other financing sources (uses)	<u>-</u>	<u>(85,707)</u>	<u>(85,707)</u>
Change in fund balances	18,713	(8,499)	(27,212)
Fund balances at beginning of year	<u>15,523</u>	<u>15,523</u>	<u>-</u>
Fund balances at end of year	<u>\$ 34,236</u>	<u>\$ 7,024</u>	<u>\$ (27,212)</u>

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE
 HOMELAND SECURITY GRANTS - PD FUND
 YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance- Positive (Negative)
Revenues:			
Intergovernmental	\$ 76,677	\$ 41,302	\$ (35,375)
Total revenues	<u>76,677</u>	<u>41,302</u>	<u>(35,375)</u>
Expenditures:			
Current:			
Public safety	<u>76,677</u>	<u>75,693</u>	<u>984</u>
Total expenditures	<u>76,677</u>	<u>75,693</u>	<u>984</u>
Change in fund balances	-	(34,391)	(34,391)
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) at end of year	<u>\$ -</u>	<u>\$ (34,391)</u>	<u>\$ (34,391)</u>

CITY OF UPLAND
 BUDGETARY COMPARISON SCHEDULE
 PROP 30 FUND
 YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance- Positive (Negative)
Revenues:			
Investment income	\$ -	\$ 234	\$ 234
Intergovernmental	<u>151,840</u>	<u>151,840</u>	<u>-</u>
Total revenues	<u>151,840</u>	<u>152,074</u>	<u>234</u>
Expenditures:			
Current:			
Public safety	<u>75,920</u>	<u>75,920</u>	<u>-</u>
Total expenditures	<u>75,920</u>	<u>75,920</u>	<u>-</u>
Change in fund balances	75,920	76,154	234
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ 75,920</u>	<u>\$ 76,154</u>	<u>\$ 234</u>

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE
 PUBLIC FINANCING AUTHORITY FUND
 YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance- Positive (Negative)
Revenues:			
Investment income	\$ 160	\$ 92	\$ (68)
Total revenues	<u>160</u>	<u>92</u>	<u>(68)</u>
Expenditures:			
Debt service:			
Principal	220,000	220,000	-
Interest and fiscal charges	<u>42,140</u>	<u>41,940</u>	<u>200</u>
Total expenditures	<u>262,140</u>	<u>261,940</u>	<u>200</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(261,980)</u>	<u>(261,848)</u>	<u>132</u>
Other financing sources:			
Transfers in	<u>262,140</u>	<u>261,940</u>	<u>(200)</u>
Total other financing sources	<u>262,140</u>	<u>261,940</u>	<u>(200)</u>
Change in fund balances	160	92	(68)
Fund balances at beginning of year	<u>268,983</u>	<u>268,983</u>	<u>-</u>
Fund balances at end of year	<u>\$ 269,143</u>	<u>\$ 269,075</u>	<u>\$ (68)</u>

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE
 PARK ACQUISITION AND DEVELOPMENT FUND
 YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Taxes	\$ 171,200	\$ 224,700	\$ 53,500
Investment income	<u>6,500</u>	<u>764</u>	<u>(5,736)</u>
Total revenues	<u>177,700</u>	<u>225,464</u>	<u>47,764</u>
Expenditures:			
Current:			
Community services	<u>445,390</u>	<u>28,876</u>	<u>416,514</u>
Total expenditures	<u>445,390</u>	<u>28,876</u>	<u>416,514</u>
Change in fund balances	(267,690)	196,588	464,278
Fund balances at beginning of year	<u>934,291</u>	<u>934,291</u>	<u>-</u>
Fund balances at end of year	<u>\$ 666,601</u>	<u>\$ 1,130,879</u>	<u>\$ 464,278</u>

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE
 GENERAL CAPITAL IMPROVEMENTS FUND
 YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance- Positive (Negative)
Revenues:			
Intergovernmental	\$ -	\$ 453,249	\$ 453,249
Other	38,380	61,454	23,074
Total revenues	<u>38,380</u>	<u>514,703</u>	<u>476,323</u>
Expenditures:			
Current:			
Development services	444,646	148,402	296,244
Total expenditures	<u>444,646</u>	<u>148,402</u>	<u>296,244</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(406,266)</u>	<u>366,301</u>	<u>772,567</u>
Other financing sources:			
Transfers in	587,173	587,173	-
Total other financing sources	<u>587,173</u>	<u>587,173</u>	<u>-</u>
Change in fund balances	180,907	953,474	772,567
Fund balances at beginning of year, as restated	<u>(953,474)</u>	<u>(953,474)</u>	<u>-</u>
Fund balances at end of year	<u>\$ (772,567)</u>	<u>\$ -</u>	<u>\$ 772,567</u>

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE

STORM DRAIN DEVELOPMENT FUND

YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Licenses and permits	\$ 45,700	\$ 174,338	\$ 128,638
Investment income	17,630	919	(16,711)
Rental income	<u>62,710</u>	<u>51,021</u>	<u>(11,689)</u>
Total revenues	<u>126,040</u>	<u>226,278</u>	<u>100,238</u>
Expenditures:			
Current:			
Engineering and public works	<u>321,456</u>	<u>29,166</u>	<u>292,290</u>
Total expenditures	<u>321,456</u>	<u>29,166</u>	<u>292,290</u>
Change in fund balances	(195,416)	197,112	392,528
Fund balances at beginning of year	<u>1,269,015</u>	<u>1,269,015</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,073,599</u>	<u>\$ 1,466,127</u>	<u>\$ 392,528</u>

CITY OF UPLAND

BUDGETARY COMPARISON SCHEDULE

STREET AND TRAFFIC SAFETY IMPROVEMENT FUND

YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance- Positive (Negative)
Revenues:			
Licenses and permits	\$ 153,610	\$ 102,207	\$ (51,403)
Investment income	<u>11,500</u>	<u>9</u>	<u>(11,491)</u>
Total revenues	<u>165,110</u>	<u>102,216</u>	<u>(62,894)</u>
Expenditures:			
Current:			
Engineering and public works	<u>306,369</u>	<u>182,491</u>	<u>123,878</u>
Total expenditures	<u>306,369</u>	<u>182,491</u>	<u>123,878</u>
Change in fund balances	(141,259)	(80,275)	60,984
Fund balances at beginning of year	<u>425,168</u>	<u>425,168</u>	<u>-</u>
Fund balances at end of year	<u>\$ 283,909</u>	<u>\$ 344,893</u>	<u>\$ 60,984</u>

INTERNAL SERVICE FUNDS

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

The City of Upland has the following Internal Service Funds:

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

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

CITY OF UPLAND

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2014

<u>Assets</u>	<u>Self-Funded Insurance</u>	<u>Vehicle Replacement</u>	<u>Total</u>
Current assets:			
Cash and investments	\$ -	\$ 68,856	\$ 68,856
Total current assets	-	68,856	68,856
Noncurrent assets:			
Capital assets:			
Other capital assets, net	-	716,666	716,666
Total noncurrent assets	-	716,666	716,666
Total assets	-	785,522	785,522
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	64,266	53,046	117,312
Accrued salaries and wages	3,363	7,359	10,722
Due to other funds	5,023,887	-	5,023,887
Current portion of long-term liabilities:			
Claims and judgments payable	1,816,338	-	1,816,338
Compensated absences	5,498	-	5,498
Total current liabilities	6,913,352	60,405	6,973,757
Long-term liabilities:			
Claims and judgments payable	3,339,850	-	3,339,850
Compensated absences	4,028	-	4,028
Total long-term liabilities	3,343,878	-	3,343,878
Total liabilities	10,257,230	60,405	10,317,635
<u>Net position</u>			
Net investment in capital assets	-	716,666	716,666
Unrestricted	(10,257,230)	8,451	(10,248,779)
Total net position	\$ (10,257,230)	\$ 725,117	\$ (9,532,113)

CITY OF UPLAND

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2014

	Self-Funded Insurance	Vehicle Replacement	Total
Operating revenues:			
Charges for services	\$ 2,755,799	\$ -	\$ 2,755,799
Other	774	-	774
Total operating revenues	<u>2,756,573</u>	<u>-</u>	<u>2,756,573</u>
Operating expenses:			
Maintenance and operations	32,428	-	32,428
Contractual services	489,656	-	489,656
Claims expense	2,313,981	-	2,313,981
Change in claim estimate	(3,767,546)	-	(3,767,546)
Depreciation	-	565,652	565,652
Total operating expenses	<u>(931,481)</u>	<u>565,652</u>	<u>(365,829)</u>
Operating income	<u>3,688,054</u>	<u>(565,652)</u>	<u>3,122,402</u>
Nonoperating revenues (expenses):			
Gain (loss) on sale of assets	-	51,530	51,530
Investment income	-	111	111
Total nonoperating revenues (expenses)	<u>-</u>	<u>51,641</u>	<u>51,641</u>
Income before transfers	<u>3,688,054</u>	<u>(514,011)</u>	<u>3,174,043</u>
Transfers:			
Transfers in	555,837	42,601	598,438
Transfers out	(118,890)	-	(118,890)
Total transfers	<u>436,947</u>	<u>42,601</u>	<u>479,548</u>
Changes in net position	4,125,001	(471,410)	3,653,591
Net position at beginning of year	<u>(14,382,231)</u>	<u>1,196,527</u>	<u>(13,185,704)</u>
Net position at end of year	<u>\$ (10,257,230)</u>	<u>\$ 725,117</u>	<u>\$ (9,532,113)</u>

CITY OF UPLAND

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
JUNE 30, 2014

	Self-Funded Insurance	Vehicle Replacement	Total
Cash flows from operating activities:			
Cash received from user departments	\$ 1,365,465	\$ -	\$ 1,365,465
Cash payments to user departments			
Cash payments to suppliers for goods and services	(2,377,096)	41,130	(2,335,966)
Cash payments to employees for services	(537)	(144)	(681)
Net cash provided by (used for) operating activities	<u>(1,012,168)</u>	<u>40,986</u>	<u>(971,182)</u>
Cash flows from noncapital financing activities:			
Cash transferred from other funds	1,036,013	42,601	1,078,614
Cash transferred to other funds	(118,890)	-	(118,890)
Net cash provided by (used for) noncapital financing activities	<u>917,123</u>	<u>42,601</u>	<u>959,724</u>
Cash flows from capital and related financing activities:			
Cash received from sale of capital assets	-	36,304	36,304
Cash paid for acquisition of capital assets	-	(88,759)	(88,759)
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>(52,455)</u>	<u>(52,455)</u>
Cash flows from investing activities:			
Interest received on investments	-	111	111
Net cash provided by (used for) investing activities	<u>-</u>	<u>111</u>	<u>111</u>
Net increase (decrease) in cash and cash equivalents	(95,045)	31,243	(63,802)
Cash and cash equivalents at beginning of year	<u>95,045</u>	<u>37,613</u>	<u>132,658</u>
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 68,856</u>	<u>\$ 68,856</u>

CITY OF UPLAND

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
JUNE 30, 2014

	<u>Self-Funded Insurance</u>	<u>Vehicle Replacement</u>	<u>Totals</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 3,688,054	\$ (565,652)	\$ 3,122,402
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	-	565,652	565,652
(Increase) decrease in accounts receivable	7,735	-	7,735
Increase (decrease) in accounts payable	(8,046)	33,627	25,581
Increase (decrease) in accrued salaries and benefits	3,363	7,359	10,722
Increase (decrease) in advances from other funds	(923,000)	-	(923,000)
Increase (decrease) in compensated absences	(12,728)	-	(12,728)
Increase (decrease) in claims and judgments payable	<u>(3,767,546)</u>	<u>-</u>	<u>(3,767,546)</u>
Total adjustments	<u>(4,700,222)</u>	<u>606,638</u>	<u>(4,093,584)</u>
Net cash provided by (used for) operating activities	<u>\$ (1,012,168)</u>	<u>\$ 40,986</u>	<u>\$ (971,182)</u>

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FIDUCIARY FUNDS

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

The City of Upland has the following Agency Funds:

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

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

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, 2014

	<u>Community Facilities District 2003-1</u>	<u>Community Facilities District 2003-2</u>	<u>Welfare Committee</u>	<u>Upland 54</u>	<u>Total</u>
<u>Assets</u>					
Cash and investments	\$ 1,640,322	\$ 1,355,436	\$ 22,704	\$ 196,760	\$ 3,215,222
Cash and investments with fiscal agent	2,082,295	1,585,011	-	126,779	3,794,085
Prepaid items	<u>2,543</u>	<u>2,057</u>	<u>-</u>	<u>883</u>	<u>5,483</u>
Total assets	<u>\$ 3,725,160</u>	<u>\$ 2,942,504</u>	<u>\$ 22,704</u>	<u>\$ 324,422</u>	<u>\$ 7,014,790</u>
<u>Liabilities</u>					
Deposits payable	\$ -	\$ -	\$ 22,704	\$ -	\$ 22,704
Due to bondholders	<u>3,725,160</u>	<u>2,942,504</u>	<u>-</u>	<u>324,422</u>	<u>6,992,086</u>
Total liabilities	<u>\$ 3,725,160</u>	<u>\$ 2,942,504</u>	<u>\$ 22,704</u>	<u>\$ 324,422</u>	<u>\$ 7,014,790</u>

CITY OF UPLAND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

YEAR ENDED JUNE 30, 2014

	Balance at <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2014</u>
<u>COMMUNITY FACILITIES DISTRICT 2003-1</u>				
<u>Assets</u>				
Cash and investments	\$ 1,375,233	\$ 265,089	\$ -	\$ 1,640,322
Cash and investments with fiscal agent	2,088,988	-	(6,693)	2,082,295
Accounts receivable	355,951	-	(355,951)	-
Prepaid items	-	2,543	-	2,543
	<u>\$ 3,820,172</u>	<u>\$ 267,632</u>	<u>\$ (362,644)</u>	<u>\$ 3,725,160</u>

Liabilities

Due to bondholders	<u>\$ 3,820,172</u>	<u>\$ 267,632</u>	<u>\$ (362,644)</u>	<u>\$ 3,725,160</u>
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COMMUNITY FACILITIES DISTRICT 2003-2

Assets

Cash and investments	\$ 1,408,354	-	(52,918)	1,355,436
Cash and investments with fiscal agent	1,584,836	175	-	1,585,011
Prepaid items	-	2,057	-	2,057
	<u>\$ 2,993,190</u>	<u>\$ 2,232</u>	<u>\$ (52,918)</u>	<u>\$ 2,942,504</u>

Liabilities

Due to bondholders	<u>\$ 2,993,190</u>	<u>\$ 2,232</u>	<u>\$ (52,918)</u>	<u>\$ 2,942,504</u>
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WELFARE COMMITTEE

Assets

Cash and investments	<u>\$ 19,111</u>	<u>\$ 3,593</u>	<u>\$ -</u>	<u>\$ 22,704</u>
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Liabilities

Deposits payable	<u>\$ 19,111</u>	<u>\$ 3,593</u>	<u>\$ -</u>	<u>\$ 22,704</u>
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CITY OF UPLAND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

YEAR ENDED JUNE 30, 2014

	<u>Balance at July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2014</u>
<u>UPLAND 54</u>				
<u>Assets</u>				
Cash and investments	\$ 208,954	\$ -	\$ (12,194)	\$ 196,760
Cash and investments with fiscal agent	126,788	-	(9)	126,779
Prepaid items	-	883	-	883
	<u>\$ 335,742</u>	<u>\$ 883</u>	<u>\$ (12,203)</u>	<u>\$ 324,422</u>
<u>Liabilities</u>				
Due to bondholders	<u>\$ 335,742</u>	<u>\$ 883</u>	<u>\$ (12,203)</u>	<u>\$ 324,422</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 3,011,652	\$ 268,682	\$ (65,112)	\$ 3,215,222
Cash and investments with fiscal agent	3,800,612	175	(6,702)	3,794,085
Accounts receivable	355,951	-	(355,951)	-
Prepaid items	-	5,483	-	5,483
Total assets	<u>\$ 7,168,215</u>	<u>\$ 274,340</u>	<u>\$ (427,765)</u>	<u>\$ 7,014,790</u>
<u>Liabilities</u>				
Deposits payable	\$ 19,111	\$ 3,593	\$ -	\$ 22,704
Due to bondholders	<u>7,149,104</u>	<u>270,747</u>	<u>(427,765)</u>	<u>6,992,086</u>
Total liabilities	<u>\$ 7,168,215</u>	<u>\$ 274,340</u>	<u>\$ (427,765)</u>	<u>\$ 7,014,790</u>

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	103
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.	111
Debt Capacity These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	123
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.	131
Operating Information These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.	133

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,			
	2005	2006	2007	2008
Governmental activities				
Invested in capital assets, net of related debt	\$ 122,072,271	\$ 139,401,579	\$ 142,064,027	\$ 203,131,709
Restricted	49,221,464	39,199,589	29,221,940	24,618,161
Unrestricted	23,601,119	15,560,950	35,167,790	31,848,246
Total governmental activities net position	\$ 194,894,854	\$ 194,162,118	\$ 206,453,757	\$ 259,598,116
Business-type activities				
Invested in capital assets, net of related debt	\$ 50,280,448	\$ 55,390,167	\$ 49,963,850	\$ 63,754,844
Restricted	-	-	-	-
Unrestricted	20,320,566	29,066,976	45,277,833	40,163,907
Total business-type activities net position	\$ 70,601,014	\$ 84,457,143	\$ 95,241,683	\$ 103,918,751
Primary government				
Invested in capital assets, net of related debt	\$ 172,352,719	\$ 194,791,746	\$ 192,027,877	\$ 266,886,553
Restricted	49,221,464	39,199,589	29,221,940	24,618,161
Unrestricted	43,921,685	44,627,926	80,445,623	72,012,153
Total primary government net position	\$ 265,495,868	\$ 278,619,261	\$ 301,695,440	\$ 363,516,867

Source: Finance Division, City of Upland

Fiscal Year Ended June 30,					
2009	2010	2011	2012	2013	2014
\$ 245,472,014	\$ 241,385,275	\$ 247,582,946	\$ 279,503,381	\$ 281,184,806	\$ 272,320,453
33,823,149	28,585,512	23,099,917	15,971,514	22,177,079	18,336,004
8,655,969	2,933,314	(2,198,045)	(12,516,353)	(19,386,237)	(253,534)
<u>\$ 287,951,132</u>	<u>\$ 272,904,101</u>	<u>\$ 268,484,818</u>	<u>\$ 282,958,542</u>	<u>\$ 283,975,648</u>	<u>\$ 290,402,923</u>
\$ 66,319,305	\$ 73,989,104	\$ 73,202,621	\$ 75,066,229	\$ 76,050,669	\$ 75,114,852
-	-	-	-	-	-
38,576,939	36,680,591	42,140,896	38,813,010	37,241,528	36,705,400
<u>\$ 104,896,244</u>	<u>\$ 110,669,695</u>	<u>\$ 115,343,517</u>	<u>\$ 113,879,239</u>	<u>\$ 113,292,197</u>	<u>\$ 111,820,252</u>
\$ 311,791,319	\$ 315,374,379	\$ 320,785,567	\$ 354,569,610	\$ 357,235,475	\$ 347,435,305
33,823,149	28,585,512	23,099,917	15,971,514	22,177,079	18,336,004
47,232,908	39,613,905	39,942,851	26,296,657	17,855,291	36,451,866
<u>\$ 392,847,376</u>	<u>\$ 383,573,796</u>	<u>\$ 383,828,335</u>	<u>\$ 396,837,781</u>	<u>\$ 397,267,845</u>	<u>\$ 402,223,175</u>

CITY OF UPLAND

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

	Fiscal Year Ended June 30,			
	2005	2006	2007	2008
Expenses				
Governmental activities:				
General government	\$ 4,261,101	\$ 4,283,066	\$ 3,013,964	\$ 4,732,144
Public safety	21,456,384	23,425,371	24,131,173	25,509,677
Engineering and public works	13,869,229	10,228,416	9,070,869	7,767,952
Development services	4,866,327	6,154,683	6,913,597	15,181,133
Community services	4,958,427	5,794,921	5,202,440	3,976,025
Interest expense	2,890,402	2,241,455	2,629,911	5,020,678
Total governmental activities expenses	52,301,870	52,127,912	50,961,954	62,187,609
Business-type activities:				
Water utility	11,170,149	11,185,157	12,654,182	13,633,781
Solid waste utility	7,337,711	7,788,765	8,860,304	10,905,935
Sewer utility	4,453,695	4,524,503	4,787,995	5,196,659
Animal services	-	-	-	-
Total business-type activities expenses	22,961,555	23,498,425	26,302,481	29,736,375
Total primary government expenses	\$ 75,263,425	\$ 75,626,337	\$ 77,264,435	\$ 91,923,984
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 1,233,377	\$ 1,678,180	\$ 1,272,003	\$ 2,648,542
Public safety	2,833,987	2,823,659	3,088,857	2,799,992
Engineering and public works	554,364	362,550	505,997	420,351
Development services	1,783,585	3,949,919	3,501,508	1,661,939
Community services	640,067	623,239	604,578	837,149
Operating grants and contributions	8,350,796	7,130,904	5,588,669	15,264,569
Capital grants and contributions	11,497,640	3,977,652	3,644,116	51,902,682
Total governmental activities program revenues	26,893,816	20,546,103	18,205,728	75,535,224
Business-type activities				
Charges for services:				
Water utility	16,415,143	17,868,860	16,630,059	16,077,444
Solid waste utility	8,391,140	8,668,026	9,053,671	10,054,093
Sewer utility	4,453,035	4,588,634	4,893,853	5,229,130
Animal services	-	-	-	-
Operating grants and contributions	-	-	1,413,178	839,054
Capital grants and contributions	24,697	1,851,924	3,361,628	4,024,394
Total business-type activities program revenues	29,284,015	32,977,444	35,352,389	36,224,115
Total primary government program revenues	\$ 56,177,831	\$ 53,523,547	\$ 53,558,117	\$ 111,759,339
Net (expenses)/revenue				
Governmental activities	\$ (25,408,054)	\$ (31,581,809)	\$ (32,756,226)	\$ 13,347,615
Business-type activities	6,322,460	9,479,019	9,049,908	6,487,740
Total net revenues (expense)	\$ (19,085,594)	\$ (22,102,790)	\$ (23,706,318)	\$ 19,835,355

Fiscal Year Ended June 30,					
2009	2010	2011	2012	2013	2014
\$ 4,424,174	\$ 3,845,613	\$ 3,894,625	\$ 5,137,446	\$ 4,113,605	\$ 4,709,996
24,736,537	27,994,406	26,883,113	30,710,194	29,009,795	24,047,934
17,926,088	11,196,658	8,734,681	12,074,768	7,868,067	9,879,986
11,165,502	11,058,341	13,322,147	5,218,453	4,967,335	3,174,496
1,353,790	4,460,801	3,962,221	4,584,937	6,100,981	4,057,338
1,567,438	2,255,445	2,186,876	1,326,383	310,478	286,492
61,173,529	60,811,264	58,983,663	59,052,181	52,370,261	46,156,242
16,904,301	16,580,163	15,393,981	17,893,977	17,019,949	19,565,979
9,758,184	9,730,993	9,669,314	9,360,397	9,246,343	9,322,648
5,821,768	6,169,303	6,098,777	5,882,096	5,813,597	6,278,008
-	8,852	1,150,728	1,163,149	1,082,162	1,020,821
32,484,253	32,489,311	32,312,800	34,299,619	33,162,051	36,187,456
\$ 93,657,782	\$ 93,300,575	\$ 91,296,463	\$ 93,351,800	\$ 85,532,312	\$ 82,343,698
\$ 2,850,519	\$ 2,487,288	\$ 1,318,635	\$ 1,428,531	\$ 1,416,615	\$ 1,508,984
2,760,224	2,487,629	2,464,321	2,509,528	2,526,925	2,930,767
426,987	364,187	398,112	271,742	411,595	579,582
470,048	514,645	3,789,998	2,094,944	3,881,798	4,541,765
903,935	902,971	690,120	624,243	611,995	1,058,570
6,968,247	6,153,273	6,637,224	6,515,231	6,554,132	6,234,320
38,292,605	4,138,510	2,113,299	1,827,726	2,614,837	1,636,573
52,672,565	17,048,503	17,411,709	15,271,945	18,017,897	18,490,561
15,717,899	14,219,495	22,016,148	17,769,773	17,324,491	18,184,343
9,949,742	9,784,984	9,617,834	9,421,363	9,535,127	9,592,364
5,371,785	5,791,624	5,822,597	6,193,947	6,294,532	6,432,824
-	35,798	334,927	438,750	567,329	384,674
-	-	-	-	-	23,220
1,614,270	270,118	-	-	-	-
32,653,696	30,102,019	37,791,506	33,823,833	33,721,479	34,617,425
\$ 85,326,261	\$ 47,150,522	\$ 55,203,215	\$ 49,095,778	\$ 51,739,376	\$ 53,107,986
\$ (8,500,964)	\$ (43,762,761)	\$ (41,571,954)	\$ (43,780,236)	\$ (34,352,364)	\$ (27,665,681)
169,443	(2,387,292)	5,478,706	(475,786)	559,428	(1,570,031)
\$ (8,331,521)	\$ (46,150,053)	\$ (36,093,248)	\$ (44,256,022)	\$ (33,792,936)	\$ (29,235,712)

CITY OF UPLAND

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

	Fiscal Year Ended June 30,			
	2005	2006	2007	2008
General Revenues and Other				
Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 13,270,141	\$ 15,748,826	\$ 19,068,422	\$ 19,219,566
Tax increment	5,629,001	5,624,420	6,787,912	8,456,028
Sales taxes	6,717,268	8,008,884	8,377,346	8,099,992
Other taxes	1,979,953	2,618,088	2,260,772	1,734,650
Investment income	2,195,137	789,382	1,809,955	760,153
Rental income	14,855	-	-	-
Motor vehicle in lieu	2,028,789	509,460	404,229	605,573
Gain on sale of assets	-	-	6,011,642	359,100
Miscellaneous revenue	1,384,341	245,233	339,302	168,821
Extraordinary gain (note 21)	-	-	-	-
Transfers	(789,771)	(3,359,744)	(11,715)	100,000
Total governmental activities	32,429,714	30,184,549	45,047,865	39,503,883
Business-type activities:				
Investment income	359,667	215,413	774,372	1,244,235
Share of joint venture net income	756,433	801,953	948,545	10,000
Gain on sale of assets	-	-	-	-
Miscellaneous revenue	-	-	-	-
Transfers	789,771	3,359,744	11,715	(100,000)
Total business-type activities	1,905,871	4,377,110	1,734,632	1,154,235
Total primary government	\$ 34,335,585	\$ 34,561,659	\$ 46,782,497	\$ 40,658,118
Changes in Net Position				
Governmental activities	\$ 7,021,660	\$ (1,397,260)	\$ 12,291,639	\$ 52,851,498
Business-type activities	8,228,331	13,856,129	10,784,540	7,641,975
Total primary government	\$ 15,249,991	\$ 12,458,869	\$ 23,076,179	\$ 60,493,473

Source: Finance Division, City of Upland

Fiscal Year Ended June 30,						
2009	2010	2011	2012	2013	2014	
\$ 18,380,458	\$ 18,436,456	\$ 18,288,333	\$ 16,279,713	\$ 17,207,416	\$ 17,656,767	
8,812,255	6,016,240	7,628,784	4,813,601	-	-	
7,006,296	6,852,466	7,228,970	9,992,768	10,167,479	11,282,830	
3,205,483	1,469,692	1,359,820	1,676,719	1,603,147	1,744,459	
2,096,228	1,299,166	411,082	100,072	26,819	61,284	
-	-	-	-	-	-	
518,539	485,436	674,770	179,479	190,258	217,444	
564,698	292,828	47,086	9,682	-	51,530	
1,016,498	1,980,747	377,996	908,588	583,147	3,494,568	
-	-	-	23,491,941	-	-	
186,459	(7,864,436)	1,135,830	1,195,158	5,922,919	(69,537)	
41,786,914	28,968,595	37,152,671	58,647,721	35,701,185	34,439,345	
754,695	274,432	330,946	186,316	53,563	28,549	
-	-	-	-	-	-	
-	-	-	20,350	-	-	
-	21,875	-	-	-	-	
(186,459)	7,864,436	(1,135,830)	(1,195,158)	(1,058,593)	69,537	
568,236	8,160,743	(804,884)	(988,492)	(1,005,030)	98,086	
\$ 42,355,150	\$ 37,129,338	\$ 36,347,787	\$ 57,659,229	\$ 34,696,155	\$ 34,537,431	
\$ 33,285,950	\$ (14,794,166)	\$ (4,419,283)	\$ 14,867,485	\$ 1,348,821	\$ 6,773,664	
737,679	5,773,451	4,673,822	(1,464,278)	(445,602)	(1,471,945)	
\$ 34,023,629	\$ (9,020,715)	\$ 254,539	\$ 13,403,207	\$ 903,219	\$ 5,301,719	

CITY OF UPLAND

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

	Fiscal Year Ended June 30,			
	2005	2006	2007	2008
General Fund				
Reserved	\$ 6,070,605	\$ 4,036,110	\$ 3,757,524	\$ 4,504,251
Unreserved	10,705,621	11,646,197	16,089,365	12,038,900
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 16,776,226</u>	<u>\$ 15,682,307</u>	<u>\$ 19,846,889</u>	<u>\$ 16,543,151</u>
Other governmental funds				
Reserved	\$ 14,796,471	\$ 11,274,879	\$ 11,622,432	\$ 11,790,857
Unreserved, reported in:				
Special revenue funds	14,375,747	9,015,891	4,651,173	5,513,516
Debt service funds	7,470,143	10,452,334	13,119,408	16,181,160
Capital projects funds	22,771,064	8,335,289	10,837,611	8,456,396
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Other Governmental Funds	<u>\$ 59,413,425</u>	<u>\$ 39,078,393</u>	<u>\$ 40,230,624</u>	<u>\$ 41,941,929</u>

Source: Finance Division, City of Upland

Fiscal Year Ended June 30,					
2009	2010	2011	2012	2013	2014
\$ 3,119,899	\$ 288,827	\$ -	\$ -	\$ -	\$ -
6,971,355	7,913,927	-	-	-	-
-	-	393,974	125,762	139,164	158,323
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	5,730,018	805,739	721,275	3,841,677
<u>\$ 10,091,254</u>	<u>\$ 8,202,754</u>	<u>\$ 6,123,992</u>	<u>\$ 931,501</u>	<u>\$ 860,439</u>	<u>\$ 4,000,000</u>
\$ 12,039,958	\$ 10,114,180	\$ -	\$ -	\$ -	\$ -
5,521,555	6,401,610	-	-	-	-
20,100,303	3,934,620	-	-	-	-
(3,035,140)	4,357,471	-	-	-	-
-	-	-	-	-	-
-	-	23,005,460	10,208,668	15,078,398	18,683,199
-	-	-	-	-	-
-	-	291,300	-	-	-
-	-	(2,192,732)	(83,676)	(1,525,535)	(112,511)
<u>\$ 34,626,676</u>	<u>\$ 24,807,881</u>	<u>\$ 21,104,028</u>	<u>\$ 10,124,992</u>	<u>\$ 13,552,863</u>	<u>\$ 18,570,688</u>

CITY OF UPLAND

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

	Fiscal Year Ended June 30,			
	2005	2006	2007	2008
Revenues				
Taxes	\$ 26,854,079	\$ 34,253,581	\$ 38,991,262	\$ 40,168,833
Licenses and permits	6,655,880	2,213,172	1,467,168	891,566
Charges for services	3,447,135	3,393,404	3,390,271	4,406,533
Fines and penalties	1,180,446	1,281,493	1,331,232	1,290,164
Investment income	2,168,691	1,861,855	2,757,757	3,034,259
Rental income	2,014,594	3,187,954	2,858,176	3,062,207
Intergovernmental	11,381,102	5,919,230	5,353,059	9,976,340
Contributions from property owners	1,623,640	-	-	-
Other	5,150,141	3,693,036	2,250,960	7,592,760
Total revenues	60,475,708	55,803,725	58,399,885	70,422,662
Expenditures				
General government	2,779,382	3,962,482	3,517,250	5,023,565
Public safety	21,441,898	23,068,053	23,719,136	26,405,130
Engineering and public works	24,053,148	20,671,707	14,623,466	11,425,896
Development services	5,634,120	11,171,822	13,868,883	23,197,869
Community services	7,409,536	6,826,240	5,527,730	8,016,140
Debt service				
Principal	1,812,089	1,861,971	3,245,000	8,245,000
Interest and fiscal charges	2,351,676	2,137,809	3,121,538	3,604,214
Pass-through payments	1,153,671	1,069,495	1,158,614	1,552,885
Total expenditures	66,635,520	70,769,579	68,781,617	87,470,699
Excess (deficiency) of revenues over (under) expenditures	(6,159,812)	(14,965,854)	(10,381,732)	(17,048,037)
Other financing sources (uses)				
Transfers in	3,755,803	5,206,790	6,151,865	17,435,006
Transfers out	(4,545,574)	(8,566,534)	(6,563,580)	(17,335,006)
Extraordinary gain (loss) (note 21)	-	-	-	-
Proceeds from sale of capital assets	-	-	6,011,642	596,576
Issuance of capital leases	-	-	-	-
Payments to bond escrow	-	-	(4,901,382)	-
Issuance of bonds	5,000,000	-	15,000,000	18,000,000
Total other financing sources(uses)	4,210,229	(3,359,744)	15,698,545	18,696,576
Net change in fund balances	\$ (1,949,583)	\$ (18,325,598)	\$ 5,316,813	\$ 1,648,539
Debt service as a percentage of noncapital expenditures*	7.5%	7.6%	11.1%	18.2%

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

Debt Service = Principal + Interest and fiscal charges

Non-Capital Expenditures = Total Expenditures - Capital Outlay

Fiscal Year Ended June 30,						
2009	2010	2011	2012	2013	2014	
\$ 39,741,446	\$ 37,799,498	\$ 38,213,931	\$ 35,295,459	\$ 30,756,478	\$ 32,593,211	
948,778	992,516	1,004,926	1,070,611	987,862	1,041,388	
4,894,688	4,390,535	4,711,284	4,203,719	4,362,451	5,230,294	
926,545	638,627	460,768	517,741	500,389	533,282	
1,807,832	1,119,133	281,201	100,072	27,704	57,147	
2,348,894	3,390,859	3,475,107	1,727,205	3,318,077	3,787,894	
9,057,297	6,657,431	7,161,290	7,268,610	7,221,745	6,806,235	
-	-	-	-	-	-	
1,013,468	1,980,747	908,044	1,182,183	1,254,136	4,659,040	
60,738,948	56,969,346	56,216,551	51,365,600	48,428,842	54,708,491	
5,171,784	4,120,131	5,360,853	5,991,749	4,805,137	5,138,890	
27,883,044	27,545,584	26,456,365	27,603,446	26,530,316	25,998,626	
19,849,223	12,931,622	11,382,753	7,940,843	10,362,812	4,870,786	
12,227,932	11,046,686	9,973,548	4,959,672	4,857,256	4,612,547	
4,974,815	4,519,662	4,079,975	3,894,008	4,145,232	3,908,447	
1,740,000	1,800,000	1,860,000	1,925,000	210,000	220,000	
1,870,154	2,295,709	2,231,251	1,245,747	320,368	296,957	
1,747,905	4,852,006	1,442,542	801,386	-	-	
75,464,857	69,111,400	62,787,287	54,361,851	51,231,121	45,046,253	
(14,725,909)	(12,142,054)	(6,570,736)	(2,996,251)	(2,802,279)	9,662,238	
8,346,657	21,650,371	4,751,051	2,073,948	6,808,907	2,761,375	
(8,160,198)	(21,650,371)	(3,615,221)	(1,129,300)	(870,049)	(3,919,838)	
-	-	-	(14,129,606)	-	-	
-	292,828	47,086	9,682	-	-	
772,300	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
958,759	292,828	1,182,916	(13,175,276)	5,938,858	(1,158,463)	
\$ (13,767,150)	\$ (11,849,226)	\$ (5,387,820)	\$ (16,171,527)	\$ 3,136,579	\$ 8,503,775	
6.5%	6.3%	7.5%	6.0%	1.2%	1.2%	

CITY OF UPLAND

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

	Fiscal Year			
	2004/05	2005/06	2006/07	2007/08
Residential	3,951,395	4,372,436	5,003,729	5,470,635
Commercial	477,070	510,993	615,727	698,383
Industrial	137,500	162,707	198,361	259,351
Dry Farm	49	405	4,565	4,573
Govt. Owned	2,743	2,798	3,736	3,810
Institutional	13,531	10,685	11,613	12,703
Irrigated	693	678	1,772	1,808
Miscellaneous	46,860	53,613	55,452	75,878
Recreational	18,997	19,079	21,607	24,385
Vacant	42,562	112,928	57,582	89,930
SBE Nonunitary	2,272	1,469	1,381	153
Unsecured	172,709	169,447	203,984	233,457
Exempt				
Unknown				
TOTALS	4,866,381	5,417,238	6,179,509	6,875,066
Total Direct Rate	0.26875%	0.26939%	0.27251%	0.27771%

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 2004/05 - 2013/14 Combined Tax Rolls; HdL Coren & Cone

Fiscal Year					
2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
5,638,782	5,304,942	5,276,157	5,380,844	5,495,912	5,680,385
774,553	824,278	809,416	820,057	823,190	849,188
280,887	312,147	309,820	309,414	306,113	314,762
4,664	4,758	4,746	4,021	4,029	4,184
3,887	10,101	934	941	960	979
15,139	15,000	17,232	12,430	12,982	14,288
1,844	1,881	1,876	1,890	1,928	1,967
74,054	79,608	73,372	74,576	76,292	78,275
22,650	19,497	18,770	17,828	18,041	14,322
84,346	82,266	69,147	71,460	68,364	74,268
69	69	69	69	69	69
274,194	280,845	274,428	262,654	265,091	262,039
			2,031	2,239	
7,175,069	6,935,392	6,855,967	6,958,215	7,075,210	7,294,726
0.25824%	0.29355%	0.29273%	0.29248%	0.29337%	0.17491%

CITY OF UPLAND

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

Fiscal Year	Residential		Commercial		Public Agency		Irrigation	
	Gallons Consumed	% of Total						
2005	5,398,115,536	76.5%	828,174,380	11.7%	307,598,544	4.4%	524,663,656	7.4%
2006	5,035,010,156	77.4%	699,251,344	10.7%	286,251,372	4.4%	485,226,104	7.5%
2007	5,374,168,316	76.2%	729,630,616	10.3%	337,765,384	4.8%	612,131,784	8.7%
2008	5,517,246,504	75.2%	760,085,436	10.4%	345,603,676	4.7%	715,281,732	9.7%
2009	5,056,526,376	73.9%	777,416,596	11.4%	331,785,124	4.9%	673,292,004	9.8%
2010	4,620,895,664	74.9%	651,208,800	10.6%	239,059,304	3.9%	656,050,604	10.6%
2011	4,456,138,940	74.4%	648,324,512	10.8%	229,503,604	3.8%	655,200,876	10.9%
2012	4,648,953,144	74.3%	694,179,156	11.1%	238,037,536	3.8%	677,373,092	10.8%
2013	4,825,517,048	73.7%	733,835,124	11.2%	241,184,372	3.7%	750,007,632	11.4%
2014	4,930,872,848	72.8%	729,473,536	10.8%	218,617,212	3.2%	895,623,036	13.2%

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>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>
Basic Levy¹		1.00000	1.00000	1.00000
Alta Loma Elementary Bond	0.04600	0.04180	0.03770	0.03480
Central Elementary Bond	0.08100	0.07010	0.05530	0.05500
Chaffey Community College Bond	0.01080	0.02930	0.01670	0.01920
Chaffey High School Bond	0.02640	0.02260	0.01930	0.01690
Metropolitan Water Agency	0.00580	0.00520	0.00470	0.00450
Ontario-Montclair Elementary Bond	0.02640	0.02210	0.02220	0.01240
Upland Unified School Bond	0.03050	0.03540	0.02790	0.02610
Total Direct & Overlapping² Tax Rates	<u>0.22690</u>	<u>1.22650</u>	<u>1.18380</u>	<u>1.16890</u>
City Share of 1% levy per Prop 13³	0.17482	0.17482	0.17482	0.17482
Redevelopment Rate⁴	1.00580	1.00520	1.00470	1.00450
Total Direct Rate⁵	<u>0.26875</u>	<u>0.26939</u>	<u>0.27251</u>	<u>0.27771</u>

Notes:

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

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

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

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

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

Source: San Bernardino County Assessor 2004/05 - 2013/14 Tax Rate Table; HdL Coren & Cone

Fiscal Year					
<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
0.03010	0.03870	0.04510	0.04530	0.04580	0.04500
0.05690	0.05840	0.06900	0.06880	0.07270	0.07110
0.02090	0.01220	0.00910	0.01530	0.01110	0.01570
0.01620	0.01680	0.01920	0.01940	0.01010	0.03710
0.00430	0.00430	0.00370	0.00370	0.00350	0.00350
0.02380	0.02870	0.03360	0.02890	0.02740	0.02940
0.03420	0.03810	0.04430	0.04740	0.05240	0.04840
<u>1.18640</u>	<u>1.19720</u>	<u>1.22400</u>	<u>1.22880</u>	<u>1.22300</u>	<u>1.25020</u>
0.17482	0.17482	0.17482	0.17482	0.17482	0.17482
1.00430	1.00430	1.00370	1.00370	n/a	n/a
<u>0.28524</u>	<u>0.29355</u>	<u>0.29273</u>	<u>0.29248</u>	<u>0.29377</u>	<u>0.17491</u>

CITY OF UPLAND

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Colonies-Pacific LLC	\$ 115,831,334	1	1.59%			
College Park Apartment Homes LP	57,522,638	2	0.79%			
Rancho Monte Vista Apartment Homes	40,760,651	3	0.56%			
MG Stoneridge Village Grove LLC	39,000,000	4	0.53%			
CT Retail Properties Finance II LLC	38,974,275	5	0.53%	\$ 33,755,875	1	0.69%
WNG Mountain Springs GP	35,654,802	6	0.49%	23,796,651	3	0.49%
Koll Per College Business Park LLC	34,726,001	7	0.48%			
Holliday Rock Company LLC	33,255,154	8	0.46%	17,051,160	6	0.35%
Dee Matreyek Kurth Non ExemptTrust	32,790,672	9	0.45%			
NU-168 Apartments LLC	31,828,198	10	0.44%			
Bill A. Matreyek Trust				28,705,931	2	0.59%
MG Parkview Apartments				20,423,032	4	0.42%
Pacific Canyon Club LP				19,741,825	5	0.41%
Unison Investment company LLC				15,984,000	7	0.33%
Foothill Ridge Properties LLC				15,767,484	8	0.32%
Lowe's HIW Inc				13,583,001	9	0.28%
AP-Upland Freeway Center LLC				13,426,356	10	0.28%
Totals	<u>\$ 460,343,725</u>		<u>6.31%</u>	<u>\$ 202,235,315</u>		<u>4.16%</u>

Source: HdL Coren & Cone

CITY OF UPLAND

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

Water Purchaser	2014			2005		
	Gallons Consumed	Rank	Percentage of Total Gallons Consumed	Gallons Consumed	Rank	Percentage of Total Gallons Consumed
City of Upland	240,632,348	1	3.6%	233,242,856	1	3.3%
Upland Development, LLC	137,942,420	2	2.0%			
Upland Unified School District	113,365,384	3	1.7%	110,693,528	2	1.6%
State of California	89,189,276	4	1.3%			
Mountain View Land Co.	85,217,396	5	1.3%			
Upland Hills Estates HOA	53,953,240	6	0.8%	51,701,012	4	0.7%
San Antonio Community Hospital	46,891,372	7	0.7%	62,011,444	3	0.9%
Upland Hills CC HOA	41,877,528	8	0.6%	32,235,808	6	0.5%
Upland Meadows Management	33,196,240	9	0.5%			
Upland Cascade	25,912,964	10	0.4%	30,898,384	7	0.4%
H W L Properties				38,355,196	5	0.5%
Mountain Springs Apt				29,050,076	8	0.4%
Upland Village Green				26,875,640	9	0.4%
Pacifica Canyon Club, L.P.				26,491,168	10	0.4%
Totals	<u>868,178,168</u>		<u>12.8%</u>	<u>641,555,112</u>		<u>9.1%</u>

Source: Finance Division, City of Upland

CITY OF UPLAND

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2005	7,218,259	7,061,985	97.84%	N/A	7,061,985	97.84%
2006	8,220,687	7,919,096	96.33%	N/A	7,919,096	96.33%
2007	9,309,646	8,766,160	94.16%	N/A	8,766,160	94.16%
2008	10,272,452	9,499,598	92.48%	N/A	9,499,598	92.48%
2009	10,202,653	9,518,641	93.30%	N/A	9,518,641	93.30%
2010	10,099,630	9,485,948	93.92%	N/A	9,485,948	93.92%
2011	9,574,988	9,209,935	96.19%	N/A	9,209,935	96.19%
2012	9,732,257	9,265,615	95.21%	N/A	9,265,615	95.21%
2013	9,881,310	9,452,806	95.66%	N/A	9,452,806	95.66%
2014	10,195,064	9,902,877	97.13%	N/A	9,902,877	97.13%

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	HUD Section 108 Loan	Tax Allocation Notes (b)	Housing Bonds	Capital Leases	
2005	2,460,000	500,000	41,440,000	6,700,000	528,690	51,628,690
2006	2,290,000	250,000	40,160,000	6,700,000	371,737	49,771,737
2007	2,115,000	-	47,340,000	6,700,000	209,766	56,364,766
2008	1,935,000	-	45,975,000	18,000,000	1,592,094	67,502,094
2009	1,750,000	-	44,420,000	18,000,000	1,167,943	65,337,943
2010	1,560,000	-	42,810,000	18,000,000	324,622	62,694,622
2011	1,365,000	-	41,145,000	18,000,000	124,532	60,634,532
2012	1,160,000	-	-	18,000,000	-	19,160,000
2013	950,000	-	-	18,000,000	-	18,950,000
2014	730,000	-	-	18,000,000	-	18,730,000

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

Business-type Activities	Total Primary Government	Percentage of Personal Income (a)	Debt Per Capita (a)
Water Lease Revenue Bonds			
16,432,388	68,061,078	3.75%	934.07
15,925,001	65,696,738	3.47%	893.07
15,407,614	71,772,380	3.60%	971.95
15,211,608	82,713,702	3.97%	1,105.99
14,687,062	80,025,005	3.82%	1,072.23
13,950,288	76,644,910	3.73%	1,023.11
13,327,924	73,962,456	3.46%	971.83
12,746,534	31,906,534	1.45%	427.89
11,958,964	30,908,964	1.41%	412.63
11,282,566	30,012,566	1.38%	399.38

CITY OF UPLAND

**DIRECT AND OVERLAPPING BOND DEBT
JUNE 30, 2014**

FY 2013-14 Assessed Valuation		\$	7,277,753,115	
				City's Share of Debt
			Total Debt	at 6/30/14
<u>Overlapping Tax and Assessment Debt:</u>	<u>% Applicable⁽¹⁾</u>		at 6/30/14	at 6/30/14
Metropolitan Water District	0.333%	\$	132,275,000	\$ 440,476
Chaffey Community College District	8.640%		161,660,905	13,967,502
Upland Unified School District	92.787%		86,907,967	80,639,295
Chaffey Union High School District	0.729%		180,830,000	1,318,251
Alta Loma School District	0.551%		14,175,036	78,104
Central School District	2.044%		18,143,515	370,853
Ontario-Montclair School District	2.237%		50,054,903	1,119,728
Upland Unified School District CFD No. 99-1	100.000%		1,912,000	1,912,000
Upland Unified School District CFD No. 01-1	100.000%		2,301,000	2,301,000
City of Upland Community Facilities District No. 2003-1	100.000%		1,515,000	1,515,000
City Of Upland Community Facilities District No. 2003-2, I.A. Nos. 1 & 2	100.000%		39,680,000	39,680,000
			<u>689,455,326</u>	<u>143,342,209</u>
<u>Total Overlapping Tax and Assessment Debt</u>				
<u>Direct and Overlapping General Fund Debt:</u>				
San Bernardino County General Fund Obligations	4.325%		503,145,000	21,761,021
San Bernardino County Pension Obligations	4.325%		489,138,331	21,155,233
San Bernardino County Flood Control Dist. Gen Fund Obligations	4.325%		101,040,000	4,369,980
Chaffey Community College District Gen. Fund Obligations	8.640%		11,815,666	1,020,874
City of Upland General Fund Obligations	100.000%		730,000	730,000
City of Upland Housing Revenue Bonds	100.000%		18,000,000	18,000,000
			<u>1,123,868,997</u>	<u>67,037,108</u>
<u>Total Direct and Overlapping General Fund Debt</u>				
<u>Overlapping Tax Increment Debt (Successor Agency):</u>				<u>34,340,000</u>
Total Overlapping Debt		\$	<u>1,813,324,323</u>	225,989,317
Total Direct Debt				18,730,000
Combined Total Debt				<u>\$ 244,719,317</u>
<u>Ratios to FY 2013-14 Assessed Valuation:</u>				
Total Overlapping Tax and Assessment Debt	1.97%			
Total Direct Debt (\$18,730,000)	0.26%			
Combined Total Debt	3.36%			
<u>Ratios to Redevelopment Incremental Valuation (\$1,047,040,102):</u>				
Total Overlapping Tax Increment Debt	3.28%			

(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.

Source: California Municipal Statistics, Inc.

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CITY OF UPLAND

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

	Fiscal Year Ended June 30,			
	2005	2006	2007	2008
Debt limit	\$ 647,402,537	\$ 723,349,925	\$ 818,148,609	\$ 900,487,972
Total net debt applicable to limit	-	-	-	-
Legal debt margin	\$ 647,402,537	\$ 723,349,925	\$ 818,148,609	\$ 900,487,972
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 2014:

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,	
2009	2010	2011	2012	2013	2014			
\$ 933,319,281	\$ 930,115,752	\$ 882,507,215	\$ 895,958,208	\$ 1,058,579,687	\$ 1,091,662,967	(1)		
-	-	-	-	-	-			
\$ 933,319,281	\$ 930,115,752	\$ 882,507,215	\$ 895,958,208	\$ 1,058,579,687	\$ 1,091,662,967			
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			

\$ 7,277,753,115

1,091,662,967

-

\$ 1,091,662,967

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	
2005	17,417,098	9,348,237	8,068,861	535,000	857,972	5.79
2006	18,765,955	9,057,052	9,708,903	545,000	1,125,331	5.81
2007	19,239,969	10,468,695	8,771,274	555,000	826,844	6.35
2008	17,608,967	11,584,227	6,024,740	575,000	808,364	4.36
2009	15,613,892	14,338,698	1,275,194	595,000	547,607	1.12
2010	15,295,069	13,902,795	1,392,274	610,000	776,562	1.00
2011	22,582,581	14,164,896	8,417,685	630,000	735,443	6.16
2012	16,873,954	17,468,067	(594,112)	655,000	1,023,096	(0.35)
2013	17,122,606	15,146,422	1,976,184	760,000	407,969	1.69
2014	18,184,342	16,532,719	1,651,623	750,000	463,325	1.36

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

Source: Finance Division, City of Upland

Special Assessment Bonds

Special Assessment Collections	Debt Service		Coverage
	Principal	Interest	
356,869	280,000	56,043	1.06
2,420,864	295,000	2,601,082	0.84
2,598,917	460,000	2,614,098	0.85
2,957,694	510,000	2,527,715	0.97
3,257,487	235,000	2,566,050	1.16
3,087,810	295,000	2,556,075	1.08
3,337,663	365,000	2,542,803	1.15
3,358,321	440,000	2,525,223	1.13
3,022,803	520,000	2,356,637	1.05
2,935,287	700,000	1,060,126	1.67

CITY OF UPLAND

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

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (in thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2004	72,865	\$ 1,816,199	\$ 24,926	13,866	3.9%
2005	73,563	\$ 1,895,978	\$ 25,774	13,861	3.5%
2006	73,844	\$ 1,996,265	\$ 27,034	14,128	3.2%
2007	74,787	\$ 2,084,384	\$ 27,871	14,232	3.7%
2008	74,634	\$ 2,094,566	\$ 28,065	14,307	5.4%
2009	74,914	\$ 2,056,977	\$ 27,458	14,404	9.0%
2010	76,106	\$ 2,138,350	\$ 28,097	14,232	9.9%
2011	74,568	\$ 2,193,940	\$ 29,422	11,927	9.1%
2012	74,907	\$ 2,192,004	\$ 29,263	11,908	6.5%
2013	75,147	\$ 2,182,720	\$ 29,046	11,665	5.6%

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

CITY OF UPLAND

**PRINCIPAL EMPLOYERS
CURRENT YEAR**

Employer	2014			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
San Antonio Community Hospital	1,998	1	5.3%	2,000	1	5.0%
Upland Unified School District	1,200	2	3.2%	1,000	2	2.5%
City of Upland	373	3	1.0%	330	3	0.8%
Wal Mart	310	4	0.8%	236	5	0.6%
Upland Rehabilitaion & Care Center	300	5	0.8%			
Target	220	6	0.6%			
Lewis Group	200	7	0.5%			
Kohl's Department Store	195	8	0.5%			
Holliday Rock Co, Inc.	181	9	0.5%			
Home Depot	141	10	0.4%			
Mervyns Department Store				250	4	0.6%
Surplus Home Health Services				160	6	0.4%
Totals	<u>5,118</u>		<u>13.5%</u>	<u>3,976</u>		<u>9.9%</u>

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

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

CITY OF UPLAND

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

Function	Full-Time Equivalent Employees									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	85.40	88.40	88.40	93.75	97.75	98.00	102.00	75.00	75.50	78.25
Public safety										
Police										
Officers	82.00	82.00	82.00	84.00	84.00	84.00	85.00	76.00	70.00	70.00
Civilians	39.00	40.00	40.00	41.00	41.00	41.00	42.00	28.00	22.50	22.50
Fire										
Firefighters and officers	39.00	41.00	41.00	43.00	43.00	43.00	43.00	41.00	41.00	40.00
Civilians	5.00	4.00	4.00	4.00	4.00	9.00	9.00	9.00	9.00	9.00
Highways and streets										
Engineering	5.50	6.50	6.50	6.00	6.00	6.00	6.00	3.00	3.00	3.00
Operations	24.00	21.00	21.00	22.00	22.00	20.00	20.00	23.00	23.00	23.00
Recreation	7.20	10.20	10.20	11.50	11.50	11.50	11.50	7.50	7.50	7.50
Water	18.00	18.00	18.00	20.00	21.00	23.00	23.00	22.00	24.00	24.00
Solid Waste Utility	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-
Environmental Quality	4.00	4.00	5.00	6.00	6.00	6.00	6.00	5.00	4.00	4.00
Total	<u>310.10</u>	<u>316.10</u>	<u>317.10</u>	<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>

Source: Finance Division, City of Upland

CITY OF UPLAND

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

Function	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Fire										
Stations	4	4	4	4	4	4	5	5	5	5
Police										
Patrol Units	23	25	25	24	25	25	24	23	23	23
Motorcycles	5	6	5	6	6	6	6	6	5	4
Library										
Facilities	1	1	1	1	1	1	1	1	1	1
Recreation										
Buildings	3	3	3	3	3	3	3	3	4	4
Parks	13	13	12	12	12	12	13	13	13	13
Soccer fields (lighted)	6	6	6	6	6	6	6	6	6	6
Baseball fields (lighted)	7	7	7	7	7	7	8	8	8	8
Softball fields (lighted)	4	4	4	4	4	4	3	3	3	3
Public Works										
Miles of City Streets	210.12	208.90	210.12	210.12	208.90	208.90	208.90	208.90	208.90	208.90
Miles of State Highways	7.25	6.70	7.25	7.25	6.70	6.70	6.70	6.70	6.70	6.70
Miles of City Alleys	N/A	N/A	N/A	N/A	37.50	37.50	37.50	37.50	37.50	37.50
Water										
Miles of Water Mains	240.00	240.00	240.00	240.00	240.26	240.26	240.26	240.26	240.26	240.26
Sewer										
Miles of Sewer Lines	228.00	228.00	228.00	228.00	228.00	228.00	228.00	228.00	228.00	228.00

Source: Various Departments, City of Upland

CITY OF UPLAND

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

Function	Fiscal Year Ended June 30,			
	2005	2006	2007	2008
General government				
Building permits issued	1,058	2,294	1,055	972
Police				
Physical arrests	6,238	6,555	4,476	5,433
Traffic collisions	145	N/A	755	750
Fire				
Emergency responses	6,099	6,081	7,120	6,538
Public Works				
Miles of street sweeping	9,216	9,216	10,488	9,216
Potholes repaired	1,000	1,040	2,184	2,200
Number of trees pruned	6,816	6,816	3,349	7,600
Parks and recreation				
Community center admissions	8,514	7,962	8,653	10,395
Library				
Volumes in collection	147,578	148,552	154,463	148,867
Current Periodical & Serial Subscriptions	266	267	267	267
Audio-visual items	7,873	7,933	8,341	7,773
Water				
New meter installations	566	600	376	534
Average daily consumption (thousands of gallons)	18,870	22,000	16,529	23,478
Number of linear feet of new water pipelines	1,475	1,500	7,380	13,585
Refuse collection				
Refuse collected (tons per day)	196	186	137	176
Recyclables collected (tons per day)	88	91	68	70
Environmental Quality				
Number of sewer inspections conducted	178	186	208	216
Number of permitted dischargers/active permits	192	187	197	187

Source: Various Departments, City of Upland

Fiscal Year Ended June 30,					
2009	2010	2011	2012	2013	2014
827	973	1,055	1,042	1,120	1,408
3,032	5,317	4,476	3,809	3,104	4,272
473	610	755	666	634	667
6,049	6,748	7,120	7,300	7,865	9,482
9,216	9,216	10,488	14,172	14,484	14,484
1,363	2,714	2,184	918	831	910
6,771	7,192	3,349	9,235	5,405	5,671
9,431	9,102	8,653	8,454	9,093	9,406
148,867	148,867	154,463	159,746	157,769	117,295
267	267	267	81	73	340
7,773	7,773	8,341	8,454	7,464	5,911
553	676	376	292	550	1,056
19,924	22,589	16,529	21,838	21,087	20,690
1,385	-	7,380	17,240	-	-
145	138	137	129	130	144
72	68	68	72	65	72
198	214	208	199	207	210
201	202	197	196	192	194