



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2012

City of Colton, California
650 North La Cadena Drive, Colton, California 92324

CITY OF COLTON, CALIFORNIA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2012

Prepared by:
Management Services Department
Finance Division

CITY OF COLTON
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 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
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650 North La Cadena Drive, Colton California 92324

January 15, 2013

Honorable Mayor and Members of the City Council:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Colton for the fiscal year ended June 30, 2012. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. In our opinion, the data is accurate in all material aspects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and contains all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs.

The financial statements are prepared in accordance with the Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB). This report consists of management's representations concerning the finances of the City of Colton, California. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft and misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Lance, Soll & Lunghard LLP, a public accounting firm fully licensed and qualified to perform audits of the State and local governments within the State of California. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Colton, California, for the fiscal year ended June 30, 2012, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and, evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Colton, California's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair representation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. These reports will be available in the City's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the financial section of the CAFR.

Profile of the City of Colton, California

Colton History

The City of Colton was formally founded in 1875 and incorporated on July 11, 1887. However, its history goes back to the 1770's when several explorers searched routes from Sonora, Mexico to Monterey, California bringing the first Europeans to the Colton area. Prior to this time, the Gua-chama, Serannos and San Gorgonio Indians inhabited the area.

By 1840 Colton was part of two privately owned ranchos, Jurupa and San Bernardino. The southwest section of Colton, the area settled by New Mexico pioneers in 1842, is referred to as Agua Mansa ("Gentle Waters").

The town of Colton was laid out when the Southern Pacific Railway was constructed through the valley on its way eastward from Los Angeles in 1875. Colton was named for Civil War General David Colton who was also Vice President of the Southern Railroad Company.

Nicholas P. Earp, father of Wyatt, Virgil and Morgan (among other children), was elected as Colton's first City Clerk/Recorder in 1887. After Morgan was killed at the famous gunfight in Tombstone, Arizona, Virgil brought his body to Colton where he was buried in Hermosa Cemetery. Virgil then lived for a time in the family home with his wife, Allie, which still stands at 528 H Street.

The population of Colton gradually increased from 400 in 1887 to 21,310 by 1980. Since that time, fueled by new residential development, the population has more than doubled to just over 55,000 today.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

Reflecting a continued uncertain economic environment, the pace of growth in the Inland Empire—like many other regions in California—has slowed. However, over the past 16 months, unemployment rates and job growth have started to move in a positive direction. The Bureau of Labor Statistics shows unemployment rates improving between June, 2011 and November, 2012 decreasing from 14.2% to 11.3% for the Riverside/San Bernardino Metropolitan Statistical Area.

Long-Term Financial Planning

The next couple of fiscal years will be promising for the City of Colton. Although the future seems optimistic with economic opportunities and lifestyle enhancements for Colton residents, it will not be without its challenges. Examples of such opportunities and enhancements include the planned transformation of the underdeveloped west-end community in the vicinity of the Arrowhead Regional Medical Center, as well as the \$270 million Colton Crossing Project which is currently under construction and includes an underpass at Laurel Street, realignment of railroad tracks that currently run down the middle of a residential area on Ninth Street and converting the entire City into quiet zone, so trains can safely pass through without blowing whistles. In addition, the City is excited the long-awaited senior housing project in downtown Colton that will break ground on February 2, 2013.

Notwithstanding the above, the City must remain focused on maintaining and enhancing revenues at the local level while at the same time continue navigating other factors over which it has no control; examples include the recent dissolution of redevelopment agencies, the annually increasing PERS retirement contributions rates and, related pension reform legislation, as well as other ongoing State budget impacts. Although this task seems to get more challenging at every turn, over the past two years, the City has demonstrated its ability and desire to live within its means, wherein expenditures have not exceeded revenue levels. The City is committed to continuing in this manner.

Cash Management Policies and Practices

The City Treasurer, an elected official, manages the cash and investments for the City, the former redevelopment agency, the utility enterprise funds and bond proceeds from the various bonds issues. Investments for the non-bond proceeds included obligations of the U.S. Treasury and the Local Agency Investment Fund. The average yield on investments for the fiscal year was approximately 0.35% for the general portfolio.

Risk Management

The City of Colton is self-insured for comprehensive liability claims for up to a maximum of \$250,000 for each workers' compensation claim and \$500,000 for each general liability claim. The City purchases commercial insurance for claims in excess of coverage provided by the funds and for all other risks of loss. All funds of the City participate in the self-insurance program and make payments to the internal service fund based on estimates of the amounts needed to pay the current year claims.

Pension and Other Post-employment Benefits

The City provides its full-time and certain part-time employees retirement and disability benefits through three defined benefit pension plans. The three plans are: Fire Safety, Police Safety and Miscellaneous employee groups. These plans are all part of the California Public Employees' Retirement System (CalPERS). The City makes required employer contributions to the plans based on amounts determined by CalPERS actuaries. The employees also contribute required contributions to the plans; i.e., 9% for safety plans and 8% for the miscellaneous plan. In 2007, the City issued pension obligation bonds to prepay a portion of the unamortized unfunded accrued actuarial liability related to its pension plans. Absent the prepayment, current contribution rates would be higher.

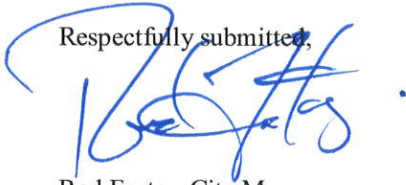
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Colton for its comprehensive annual financial report CAFR for the fiscal year ended June 30, 2008. This was the eighth consecutive year that the City of Colton has received this prestigious award. The Certificate of Achievement from the GFOA and the Certificate of Award for Outstanding Financial Reporting from the CSMFO are valid for a period of one year. Although the City has not pursued the above awards for fiscal years 2009, 2010, 2011 and 2012, staff believes that our current comprehensive annual financial report continues to meet the Certificate of Achievement and Certificate of Award for Outstanding Financial Reporting requirement. Staff plans to pursue the reporting awards in the future.

The successful conclusion of the fiscal year 2011-12 audit would not have been possible without the efficient and dedicated services of the Management Services Department staff, as well as staff from various other City departments.

Finally, City staff truly appreciates the ongoing leadership and support of the City Council. Consistent leadership and support is the foundation for a successful and stable future. Congratulations on an outstanding audit.

Respectfully submitted,



Rod Foster, City Manager



Bonnie Johnson, Management Services Director

CITY OF COLTON, CALIFORNIA

MUNICIPAL OFFICIALS

June 30, 2012

CITY COUNCIL

Sarah S. Zamora, Mayor

David J. Toro, Council Member – District 1

Frank A. Gonzales, Council Member – District 2

Vincent Yzaguirre, Council Member – District 3

Susan M. Oliva, Council Member – District 4

Deirdre H. Bennett, Council Member – District 5

Alex G. Perez, Council Member – District 6

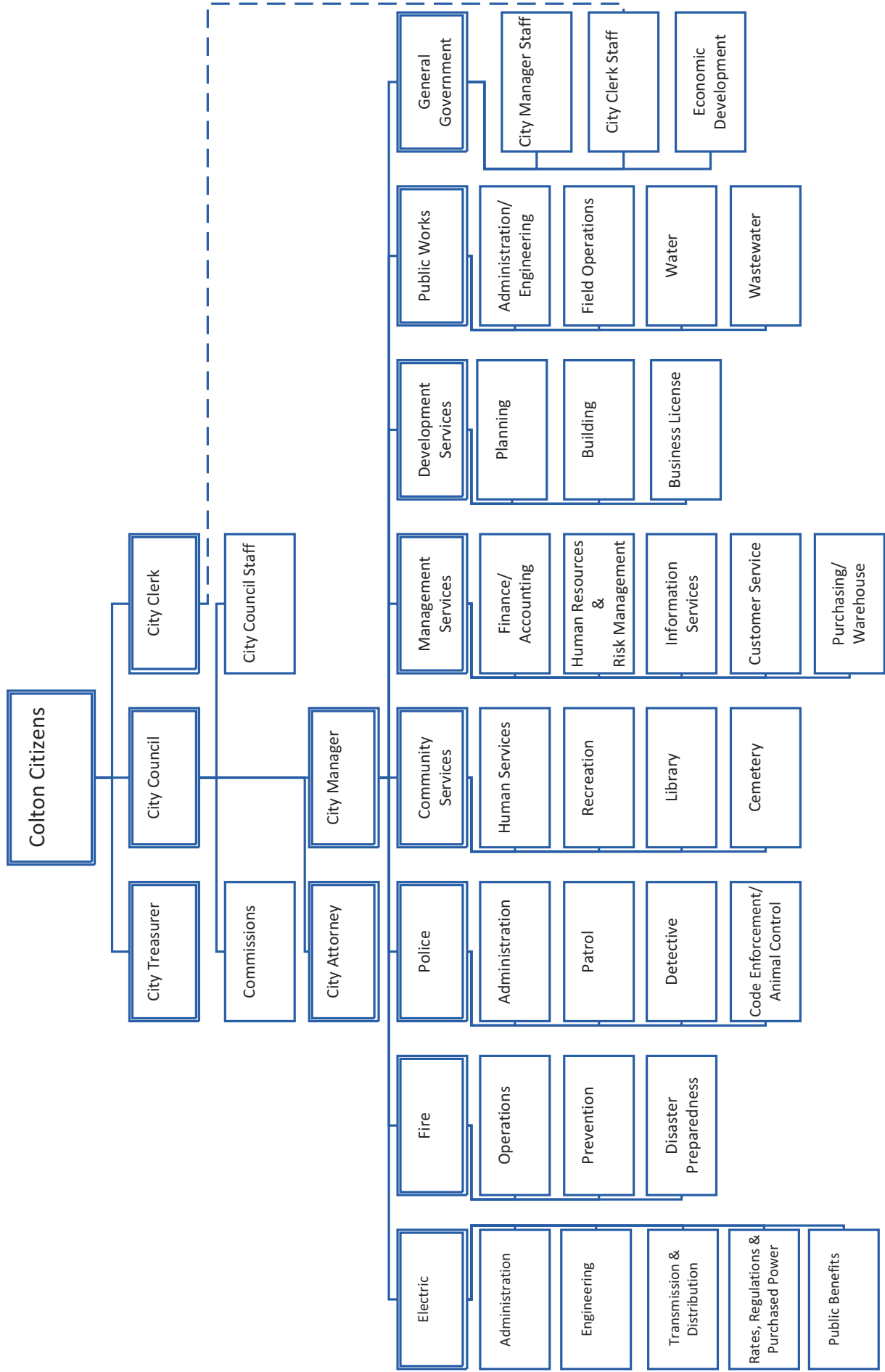
ADMINISTRATIVE PERSONNEL

Eileen C. Gomez, City Clerk

Aurelio De La Torre, City Treasurer

Citywide Organizational Chart

Fiscal Year 2012-2013





CERTIFIED PUBLIC ACCOUNTANTS

- David E. Hale, CPA, CFP
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA
- Deborah A. Harper, CPA

Brandon W. Burrows, CPA, Retired

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council
City of Colton, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Colton, California, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Colton, California's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, 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 Colton, California, as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison statement for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We would like to draw the reader's attention to Note 15 – "Successor Agency Trust for Assets of Former Redevelopment Agency". The note provides information on the dissolution of the Redevelopment Agency and the new formed Successor Agency.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2013, on our consideration of the City of Colton, California'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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.



To the Honorable Mayor and Members of City Council
City of Colton, California

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.

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

Lance, Solt & Lughard, LLP

Brea, California
January 15, 2013

Management's Discussion and Analysis

As management of the City of Colton, California (City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Colton for the fiscal year ended June 30, 2012. To obtain a complete picture of the City's financial condition, this document should be read in conjunction with the accompanying letter of transmittal and financial statements.

Financial Highlights

All changes in financial conditions in the following discussion are expressed relative to fiscal year 2011-12. Please note that each of these changes will be discussed in detail in the appropriate sections of this analysis.

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$138,041,434 (*net assets*). The two components of this total are: \$47,267,093 in governmental activities and \$90,774,341 in business-type activities.
- Overall, the City's total net assets increased by \$31,161,568.
- Total City long-term debt decreased by \$48,972,721.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$11,245,082, a decrease of \$22,420,281 over the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements contain three components: Government-wide financial statements; fund financial statements; and notes to the basic financial statements

This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private sector business. These statements include all assets and liabilities of the City 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.

The *statement of net assets* presents information on all City assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the *timing* of related cash flows. Thus, some of the revenues and expenses reported in this statement will have no effect on cash until some future fiscal period.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from functions that are intended to recover some or all of their costs through user fees and charges (*business-type activities*).

Governmental activities. Most of the City's basic services are reported in this category, including general administration (city manager, city clerk, finance, etc.), police and fire protection, public works and community development. Property

taxes, sales tax, transient occupancy tax, user fees, interest income, franchise fees, state and federal grants, contributions from other agencies, and other revenues finance these activities.

Business-type activities. The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's Electric, Water and Wastewater utilities are reported in this category.

The government-wide financial statements can be found on pages 13-15 of this report.

Fund Financial Statements. The fund financial statements provide detailed information about the most significant funds and other funds—not the City as a whole. Some funds are required by state law and by bond covenants. However, management has established 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, grants, and other resources. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Most of the City's basic services are reported in governmental funds, which focus on how money flows in 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 to 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 determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between the results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

In addition to the major funds reported separately on the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances, the City also maintains 14 special revenue funds, 5 capital project funds, and 2 debt service funds. Data from these funds are combined into a single, aggregated presentation referred to as *other governmental funds*. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for all of its governmental and proprietary funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. This comparison can be found on page 23 of this report.

The basic governmental fund financial statements can be found on pages 16-22 of this report.

Proprietary funds. When the City charges customers for the services it provides, these services are generally reported in proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type* activities in the government-wide financial statements. The City uses enterprise funds to account for its Electric, Water and Wastewater activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its insurance programs, IS department and facilities/equipment maintenance activities. Because these services predominantly benefit governmental rather than business-type functions, this fund has been included within *governmental activities* in the government-wide financial statement.

Proprietary funds provide the same type of information as the government-wide financial statements except that more detail is presented. The proprietary fund financial statements provide separate information for the Electric, Water and

Wastewater operations, all of which are considered major funds of the City. The City's internal service funds combined are shown separately under the heading of *governmental activities*.

The basic proprietary fund financial statements can be found on pages 24-29 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of these funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. Individual fund data for each of these fiduciary funds is provided in the form of *combining statements* elsewhere in this report. The City currently has two agency funds and two private-purpose trust funds. The Successor Agency of the former RDA is accounted for as a private-purpose trust fund.

The basic fiduciary fund financial statements can be found on pages 30-31 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the financial statements can be found on pages 33-75 of this report.

Other information. In addition, the combining statements referred to earlier in connection with non-major governmental funds, internal service funds and fiduciary funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 80-123 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As referenced earlier, net assets may serve over time as a useful indicator of a government's financial position. At the end of the current year, total City assets exceeded total liabilities by \$138,041,434, an increase of \$30,846,626 over the prior year. Of this net increase, governmental activities increased net assets by \$19,398,277 and business-type activities increased it by \$11,448,349. The underlying reasons for major changes in each of these components will be discussed in the following sections.

**City of Colton's Net Assets
As of June 30**

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 46,418,380	\$ 72,729,228	\$ 59,014,997	\$ 45,862,031	\$ 105,433,377	\$ 118,591,259
Capital Assets	60,685,288	63,594,398	106,758,387	112,550,125	167,443,675	176,144,523
Total Assets	107,103,668	136,323,626	165,773,384	158,412,156	272,877,052	294,735,782
Long-term Debt Outstanding	52,013,855	97,015,436	70,413,081	74,384,221	122,426,936	171,399,657
Other Liabilities	7,822,720	11,439,374	4,585,962	4,701,943	12,408,682	16,141,317
Total Liabilities	59,836,575	108,454,810	74,999,043	79,086,164	134,835,618	187,540,974
Net Assets:						
Invested in Capital Assets, Net of Debt	45,177,147	8,938,118	36,883,482	39,098,859	82,060,629	48,036,977
Restricted	12,240,766	38,240,516	6,049,437	5,760,520	18,290,203	44,001,036
Unrestricted	(10,150,820)	(19,309,818)	47,841,422	34,466,613	37,690,602	15,156,795
Total Net Assets	\$ 47,267,093	\$ 27,868,816	\$ 90,774,341	\$ 79,325,992	\$ 138,041,434	\$ 107,194,808

Governmental Activities

Governmental activities increased the City of Colton's net assets by \$19,398,277, a 69.6% increase over the prior year. The increase is attributable mainly to a continued overall decrease in expenses, as well as the net gain from the dissolution of the Redevelopment Agency.

City of Colton's Changes in Net Assets Fiscal Year Ended June 30						
	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues:						
Charges for Services	\$ 3,901,311	\$ 5,334,511	\$ 77,131,917	\$ 75,730,443	\$ 81,033,228	\$ 81,064,954
Operating Contributions and Grants	1,262,475	824,501	286,907	69,676	1,549,382	894,177
Capital Contributions and Grants	3,549,475	3,831,950			3,549,475	3,831,950
General Revenues:						
Property Taxes	13,300,697	17,654,388			13,300,697	17,654,388
Sales Taxes	6,475,409	5,735,928			6,475,409	5,735,928
Other Taxes	1,775,612	6,611,553			1,775,612	6,611,553
Use of Money and Property	2,843,573	3,569,991	273,223	274,186	3,116,796	3,844,177
Other	969,061	463,405	1,544,981	1,174,850	2,514,042	1,638,255
Extraordinary Gain - RDA	14,029,804				14,029,804	-
Total Revenues	48,107,417	44,026,227	79,237,028	77,249,155	127,344,445	121,275,382
Expenses						
General Government	5,236,386	9,415,958			5,236,386	9,415,958
Community Services	3,083,688	3,132,316			3,083,688	3,132,316
Public Works	4,594,582	5,126,915			4,594,582	5,126,915
Public Safety	17,818,926	20,436,034			17,818,926	20,436,034
Interest on long-term debt	3,920,158	5,819,212			3,920,158	5,819,212
Electric			46,277,804	46,052,494	46,277,804	46,052,494
Water			8,506,714	7,692,742	8,506,714	7,692,742
Wastewater			6,744,619	6,369,993	6,744,619	6,369,993
Total Expenses	34,653,740	43,930,435	61,529,137	60,115,229	96,182,877	104,045,664
Increase/(Decrease) in Net Assets Before Transfers	13,453,677	95,792	17,707,891	17,133,926	31,161,568	17,229,718
Transfers	6,259,542	6,112,332	(6,259,542)	(6,112,332)	-	-
Restatement of net assets	(314,942)	-			(314,942)	-
Increase/(Decrease) in Net Assets	\$ 19,398,277	\$ 6,208,124	\$ 11,448,349	\$ 11,021,594	\$ 30,846,626	\$ 17,229,718

The following presents the cost of each of the City's five largest programs—*general government*, *community services*, *public works*, *public safety* and *interest on long-term debt* – as well as each program's *net cost* (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

Cost of Governmental Programs

Function/Program	Total Cost of Service	Net Cost of Service
General Government	\$ 5,236,386	\$ (4,259,219)
Public Safety	17,818,926	(16,228,186)
Community Services	3,083,688	(743,555)
Public Works	4,594,582	(789,361)
Interest on Long-Term Debt	3,920,158	(3,920,158)
Total Governmental Activities	\$ 34,653,740	\$ (25,940,479)

Business-Type Activities

The following presents the cost of each of the City’s three utilities – Electric, Water and Wastewater – as well as each utility’s *net* cost (total cost less revenues generated by the activities). The net cost shows the amount not funded through user charges for these services.

Business-Type Activities

Type of Business	Total Cost of Service	Net Cost of Service
Electric Utility	\$ 46,277,804	\$ 12,727,273
Water Utility	8,506,714	1,291,524
Wastewater Utility	6,744,619	1,870,890
Total Business-Type Activity	\$ 61,529,137	\$ 15,889,687

Business-type activities increased the City’s net assets by \$11,448,349. The major components are as follows:

Electric Utility

Operating revenues increased \$691,924 over the prior year; a 1.2% change. However, operating expenses decreased by \$1,012,024; a 2.3% change. A major component of the decrease in expenses related to a reduction in power generation costs.

Water Utility

Although the Water Fund has struggled in the past due to ongoing costs related to the regional battle to remove perchlorate from underground water sources, it experienced positive net service cost of \$1,291,524 and net operating income of \$1,745,267. This marks the second year in a row the Water Fund has had positive operating results.

Wastewater Utility

As shown above, the Wastewater revenues were sufficient to cover the cost of service. The Wastewater Utility is continuing to focus on required maintenance and upgrade of facilities in order to remain in compliance with State mandates.

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

Governmental Funds. The focus of the City’s governmental funds is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$11,245,082, a decrease of \$22,420,281 from the prior year. Of this balance, 7.3% is classified as nonspendable for inventory, land held for resale and notes and loans; and the remaining 92.7% is a combination of legally restricted fund balance to fund such areas as capital projects, public safety, community services, development services and debt service; as well as unassigned fund balance. Restricted and unassigned fund balances are \$12,435,412 and (\$2,006,442), respectively.

There are three major funds on the balance sheet for governmental funds: the General Fund, the Housing Authority special revenue fund, and the combined Redevelopment Agency debt service funds.

The General Fund is the major operating fund of the City. At the end of the current fiscal year, the General Fund's unassigned fund balance was \$2,709,136, or 88% of its total fund balance of \$3,089,456. Unassigned fund balance serves as a useful measure of a government's net resources available for spending at the end of the fiscal year. The total General Fund ending fund balance was \$197,774 less than the previous year. The General Fund's top 3 revenue categories, namely property tax, sales tax and other taxes, saw a combined decrease of \$4,038,897, or 21.5%, over the prior year. This is due to a dramatic decrease in other taxes resulting from the sunset of the utility users' tax on June 30, 2011.

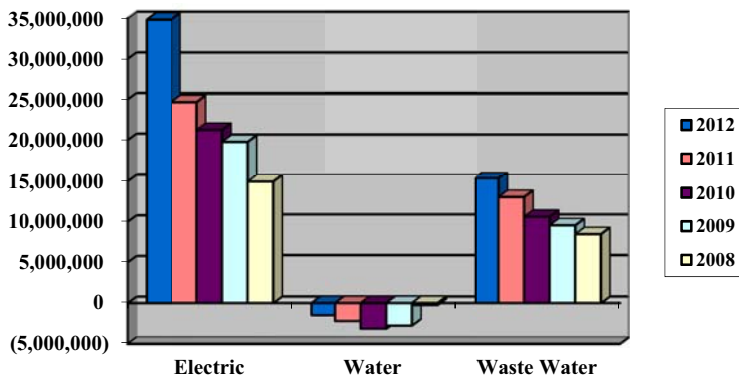
Revenue by Source - General Fund

Revenue Category	Amount	Percent of Total
Property Tax	\$ 6,458,710	32%
Sales Tax	6,533,245	33%
Other Taxes	1,734,849	9%
Licenses and Permits	1,078,828	5%
Intergovernmental	761,279	4%
Charges for Services	964,373	5%
Use of Money and Property	1,621,738	8%
Fines and Forfeitures	219,464	1%
Contributions	75,000	0%
Miscellaneous	548,105	3%
Total General Fund Revenue	\$ 19,995,591	100%

The major reason for the overall change in governmental fund balances is related to the dissolution of the Redevelopment Agency. In the prior year, major redevelopment related funds had total fund balances of \$25.83 million. In the accompanying financial statement, redevelopment balances are now accounted for in a private-purpose trust fund.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements but in greater detail by fund.

**Proprietary Funds
Unrestricted Net Assets
June 30, 2012**



GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, with the recommendation from the City's staff, the City Council revised the City budget numerous times in order to adjust for changes in cost and revenue estimates. All amendments that result in a net change in estimated revenue or appropriations in any given fund are approved by City Council.

Budget to Actual

With respect to revenue, the decrease in actual revenue over the prior year of \$5,147,802 was primarily attributable to the loss of \$4,617,978 in utility users' tax as well as fluctuations (up and down) in all other revenue categories. The overall decrease in revenue amount does not include Other Financing Sources such as operating transfers and the administrative transfer from the Electric Fund. Accounting for all revenue sources results in a net decrease in actual revenue of \$5,226,068, which includes a decrease in Other Financing Sources of \$78,266. However, when compared to final budget, actual total revenues came in favorable by \$813,818, mainly as the result of charges for services and sales tax coming in higher than budgeted.

The amended appropriations increased the budget by \$485,730. Although there were a number of changes to the original budget, the largest increases were due to the carryover of open purchase orders from the prior year and other minor operational adjustments made at mid-year. When compared to final budget, actual total expenditures came in favorable by \$517,054.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2012, was \$167,443,675 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, streets and bridges.

Governmental Activity

During the year, the Public Works department added the following projects to capital assets:

Lincoln Elementary Safe Route to School Project.

The City of Colton was awarded a Safe Route to School grant administered by Caltrans to install concrete pathway along vacant City right of way from B Street to Olive Street. The scope of works includes installation of concrete curb and 8 feet wide sidewalk. The project enhances the safety of students who walk to and from school. In addition to the Safe Route to School Project, the City installed asphalt paving along this right of way from Hanna Street to Olive Street that serves as school bus drop off. The Notice of Completion for the Project was filed November 15, 2011.

Santa Ana River Trail Staging Area

The City of Colton was awarded a TDA/Article grant administered by San Bernardino Associated Government (SANBAG) to construct improvement to an existing staging area. The improvement includes paved access and parking, installation of concrete curb, gutter, striping and signing, construction of restrooms and shade structure, installation of picnic table, benches and drinking fountain, and installation of irrigation and landscaping. The project is located on the south west end of La Cadena Drive Bridge adjacent to Santa Ana River Regional Trail. The project provides a safer rest stop and parking area for the regional trail users. The Notice of Completion for the Project was filed December 6, 2011.

Iowa Avenue/Main Street Intersection Improvement Project

The City of Colton was awarded a Surface Transportation Program (STP) grant administered by Caltrans to improve the geometrics and safety of Iowa Avenue and Main Street intersection. The scope of works includes installation of traffic signal and realignment of intersection that includes asphalt paving, and installation of curb, gutter and striping. This a joint project between the City of Colton, City of Grand Terrace and County of Riverside. City of Colton is the lead agency for the Project. The Notice of Completion for the Project was filed August 7, 2012.

Washington Street Bus Turn-out Project

The City of Colton was awarded a TDA/Article grant administered by San Bernardino Associated Government (SANBAG) to construct a bus stop turnout. The scope of the project includes pavement widening to accommodate bus turn out, installation of concrete curb, gutter and sidewalk, striping and signing, and installation of irrigation and landscaping. The scope also includes minor modification of traffic signal at the intersection of Washington Street and Mojave Drive. The project is located on the south side of Washington Street east of Mojave Drive. The project enhanced the safety of motorist and public transport commuter. The Notice of Completion for the Project was filed August 7, 2012.

Business-Type Activity

Electric Department

- Replaced approximately 15,000 feet of 15 kV underground cable as part of the ongoing cable replacement program.
- Installation of additional 2,800 automated electric meters, bringing the project to approximately 52% completion.
- Replaced approximately 20 utility poles and 3,500 feet of overhead conductor on the La Loma Circuit as part of the ongoing capital maintenance project.
- Replaced approximately 8,000 feet of 15 kV underground cable on three circuits to accommodate the Colton Crossing Project. The cable was supplied by the UPRR.

Water Department

- Rehabilitation of Well 17 – Installed New Pump.
- Continuous upgrade of the Supervisory Control and Data Acquisition (SCADA) System.
- Mainline replacement – 6th Street Project: Install PVC Pipe & Appurtenances.
- Mainline replacement – North Colton Waterline Project: Mainline Replacement @ Bordwell St., H St., 6th St., F St., 4th St., Fogg St., Olive, 10th St., Colton Ave., Alley @ Larch, Hanna St., Long Beach Dr. and Louise
- Continued progress preparing the construction of pumping plant Wells 30 & 31.

Wastewater Department

- Ongoing construction work on the RIX Facility Expansion Project.
- Replaced End Suction Pump on Unit 3 Digester.
- Continuous upgrade of Telemetry/SCADA System.
- Cleaned 489,720 feet of sewer system pipelines.

Governmental Activity

Additional information on the City's capital assets can be found in Note 5 on pages 45-46 of this report.

**City of Colton's Capital Assets at June 30
(net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$6,828,143	\$7,143,085	\$6,228,942	\$6,228,942	\$13,057,085	\$13,372,027
Construction in progress	3,883,846	3,386,356	2,398,895	3,162,047	6,282,741	6,548,403
Structure and Improvements	14,668,905	15,133,160	19,822,971	21,775,348	34,491,876	36,908,508
Furniture and Equipment	2,357,015	3,069,510	11,772,476	12,629,309	14,129,491	15,698,819
Capacity Rights			4,512,731	4,645,458	4,512,731	4,645,458
Infrastructure	32,947,379	34,862,287	62,022,372	64,109,021	94,969,751	98,971,308
Total	\$ 60,685,288	\$ 63,594,398	\$ 106,758,387	\$ 112,550,125	\$ 167,443,675	\$ 176,144,523

Long-Term Debt

No new bonded indebtedness was issued during the year and as a result total City debt decreased by \$7,831,992. In addition, the debt reflected for the primary government was further reduced by the transfer of debt in the amount of \$41,140,729 to the Successor Agency for the former Redevelopment Agency.

Governmental Activities

During the year, no new debt was issued. The only increases were related to post-employment benefits, claims and judgments payable, and existing redevelopment agreements.

Proprietary Funds

During the year, no new debt was issued. The only increase was related to compensated absences.

The City maintains a “BBB+” with Standard & Poor’s and the revenue bonds of the Electric Utility have been insured and as such have a “AAA” rating from both Moody’s and Standard & Poor’s. The Electric Utility separately maintains an “A-” rating by Moody’s.

Additional information on the City’s long-term debt can be found in Note 7 on pages 48-58 of this report.

City of Colton Outstanding Debt at June 30

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenue bonds	\$ 14,715,000	\$ 15,390,000	\$63,407,182	\$66,298,276	\$ 78,122,182	\$ 81,688,276
Tax allocation bonds*	-	35,890,000			-	35,890,000
Capital lease obligations	661,703	997,900			661,703	997,900
Taxable Pension Bonds	29,664,258	30,210,827			29,664,258	30,210,827
Notes Payable*	-	1,254,507	6,467,723	7,518,009	6,467,723	8,772,516
Tax Sharing agreements*	-	3,845,318			-	3,845,318
Disposition and Development agreements*	-	2,175,012			-	2,175,012
Compensated absences	2,252,078	2,455,415	538,176	567,936	2,790,254	3,023,351
Assessments payable	175,000	205,000			175,000	205,000
Other long-term liabilities	4,545,816	4,591,457			4,545,816	4,591,457
Total	\$ 52,013,855	\$ 97,015,436	\$70,413,081	\$74,384,221	\$ 122,426,936	\$ 171,399,657

*\$41,140,729 in governmental debt transferred to the Successor Agency of the former Redevelopment Agency

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The General Fund appropriations for 2012-13 were adopted at \$33,640,484, a \$5,909,279 increase over the final 2011-12 budget. This increase is mainly attributable to a one-time \$4.9 million appropriation to fund upcoming capital projects and cure long-standing deficit balances in other City funds. The City is committed to continuing to adjust expenditures to ensure a stable financial future. A copy of the City's 2012-13 budget may be obtained by accessing the City's website (www.ci.colton.ca.us) or by contacting the Finance Division of the City's Management Services Department (see below).

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 of Colton's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Management Services Department at the City of Colton, 650 North La Cadena Drive, Colton, CA 92324.

CITY OF COLTON

STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 9,153,235	\$ 30,526,121	\$ 39,679,356
Receivables:			
Accounts	854,785	10,324,999	11,179,784
Taxes	294,954	-	294,954
Notes and loans	93,519	-	93,519
Interest	7,976	21,151	29,127
Internal balances	754,157	(754,157)	-
Prepaid costs	-	558,004	558,004
Deposits	-	2,743,077	2,743,077
Due from other governments	3,429,937	2,110,763	5,540,700
Due from Successor Agency	1,903,927	-	1,903,927
Inventories	185,674	1,533,403	1,719,077
Deferred charges	1,006,852	2,740,809	3,747,661
Deferred loss on refunding	158,397	284,707	443,104
Prepaid pension asset	23,991,855	-	23,991,855
Land held for resale	536,919	-	536,919
Restricted assets:			
Cash and investments	839,822	-	839,822
Cash with fiscal agent	3,206,371	8,926,120	12,132,491
Capital assets not being depreciated	10,711,989	8,627,837	19,339,826
Capital assets, net of depreciation	49,973,299	98,130,550	148,103,849
Total Assets	107,103,668	165,773,384	272,877,052
Liabilities:			
Accounts payable	1,105,031	2,575,604	3,680,635
Accrued interest	903,844	862,388	1,766,232
Unearned revenue	161,176	-	161,176
Deposits payable	16,693	1,147,970	1,164,663
Due to other governments	5,635,976	-	5,635,976
Noncurrent liabilities:			
Due within one year	3,761,564	3,987,214	7,748,778
Due in more than one year	48,252,291	66,425,867	114,678,158
Total Liabilities	59,836,575	74,999,043	134,835,618
Net Assets:			
Invested in capital assets, net of related debt	45,177,147	36,883,482	82,060,629
Restricted for:			
Public safety	654,374	-	654,374
Capital projects	7,960,015	-	7,960,015
Debt service	3,317,108	6,049,437	9,366,545
Social service	7,788	-	7,788
Air quality projects	301,481	-	301,481
Unrestricted	(10,150,820)	47,841,422	37,690,602
Total Net Assets	\$ 47,267,093	\$ 90,774,341	\$ 138,041,434

CITY OF COLTON

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 5,236,386	\$ 977,167	\$ -	\$ -
Public safety	17,818,926	890,583	700,157	-
Community services	3,083,688	1,680,058	446,795	213,280
Public works	4,594,582	353,503	115,523	3,336,195
Interest on long-term debt	3,920,158	-	-	-
Total Governmental Activities	34,653,740	3,901,311	1,262,475	3,549,475
Business-Type Activities:				
Electric Utility	46,277,804	58,718,170	286,907	-
Water Utility	8,506,714	9,798,238	-	-
Waste Water Utility	6,744,619	8,615,509	-	-
Total Business-Type Activities	61,529,137	77,131,917	286,907	-
Total Primary Government	\$ 96,182,877	\$ 81,033,228	\$ 1,549,382	\$ 3,549,475

General Revenues:

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Other taxes

Use of money and property

Other

**Extraordinary gain/(loss) on dissolution
of redevelopment agency (Note 15)**

Transfers

**Total General Revenues,
Extraordinary Items and Transfers**

Change in Net Assets

Net Assets at Beginning of Year

Restatement of Net Assets

Net Assets at End of Year

Net (Expenses) Revenues and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (4,259,219)	\$ -	\$ (4,259,219)
(16,228,186)	-	(16,228,186)
(743,555)	-	(743,555)
(789,361)	-	(789,361)
(3,920,158)	-	(3,920,158)
(25,940,479)	-	(25,940,479)
-	12,727,273	12,727,273
-	1,291,524	1,291,524
-	1,870,890	1,870,890
-	15,889,687	15,889,687
(25,940,479)	15,889,687	(10,050,792)
13,300,697	-	13,300,697
402,154	-	402,154
6,475,409	-	6,475,409
1,279,293	-	1,279,293
94,165	-	94,165
2,843,573	273,223	3,116,796
969,061	1,544,981	2,514,042
14,029,804	-	14,029,804
6,259,542	(6,259,542)	-
45,653,698	(4,441,338)	41,212,360
19,713,219	11,448,349	31,161,568
27,868,816	79,325,992	107,194,808
(314,942)	-	(314,942)
\$ 47,267,093	\$ 90,774,341	\$ 138,041,434

CITY OF COLTON

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

		Special Revenue Fund	Debt Service Fund
	General	Housing Authority	Redevelopment Agency
Assets:			
Cash and investments	\$ 1,933,827	\$ 978,982	\$ -
Receivables:			
Accounts	847,616	7,169	-
Taxes	130,254	554	-
Notes and loans	-	93,519	-
Interest	292	359	-
Due from other governments	783,333	-	-
Due from Successor Agency	-	1,903,927	-
Due from other funds	-	-	-
Inventories	183,119	-	-
Land held for resale	-	536,919	-
Restricted assets:			
Cash and investments	-	163,768	-
Cash and investments with fiscal agents	-	32,009	-
Total Assets	\$ 3,878,441	\$ 3,717,206	\$ -
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 786,508	\$ 20,963	\$ -
Deferred revenues	2,477	-	-
Unearned revenues	-	-	-
Deposits payable	-	15,738	-
Due to other governments	-	5,635,976	-
Due to other funds	-	-	-
Total Liabilities	788,985	5,672,677	-
Fund Balances:			
Nonspendable:			
Inventory	183,119	-	-
Land held for resale	-	536,919	-
Notes and loans	-	93,519	-
Restricted for:			
Public safety	53,979	-	-
Capital Projects	-	-	-
Debt service	-	-	-
Community services	-	-	-
Air quality projects	-	-	-
Parks and recreation	1,582	-	-
Development services	107,705	-	-
General government	33,935	-	-
Unassigned	2,709,136	(2,585,909)	-
Total Fund Balances	3,089,456	(1,955,471)	-
Total Liabilities and Fund Balances	\$ 3,878,441	\$ 3,717,206	\$ -

CITY OF COLTON

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	Other Governmental Funds	Total Governmental Funds
Assets:		
Cash and investments	\$ 5,613,802	\$ 8,526,611
Receivables:		
Accounts	-	854,785
Taxes	164,146	294,954
Notes and loans	-	93,519
Interest	6,654	7,305
Due from other governments	2,646,604	3,429,937
Due from Successor Agency	-	1,903,927
Due from other funds	2,320,128	2,320,128
Inventories	2,555	185,674
Land held for resale	-	536,919
Restricted assets:		
Cash and investments	626,326	790,094
Cash and investments with fiscal agents	3,174,362	3,206,371
Total Assets	\$ 14,554,577	\$ 22,150,224
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable	\$ 204,512	\$ 1,011,983
Deferred revenues	1,757,664	1,760,141
Unearned revenues	161,176	161,176
Deposits payable	-	15,738
Due to other governments	-	5,635,976
Due to other funds	2,320,128	2,320,128
Total Liabilities	4,443,480	10,905,142
Fund Balances:		
Nonspendable:		
Inventory	2,555	185,674
Land held for resale	-	536,919
Notes and loans	-	93,519
Restricted for:		
Public safety	654,374	708,353
Capital Projects	7,960,015	7,960,015
Debt service	3,317,108	3,317,108
Community services	5,233	5,233
Air quality projects	301,481	301,481
Parks and recreation	-	1,582
Development services	-	107,705
General government	-	33,935
Unassigned	(2,129,669)	(2,006,442)
Total Fund Balances	10,111,097	11,245,082
Total Liabilities and Fund Balances	\$ 14,554,577	\$ 22,150,224

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CITY OF COLTON

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012**

Fund balances of governmental funds		\$ 11,245,082
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		60,005,498
Prepaid pension obligation relates to the proceeds of the pension funding bonds, which was used to fund the City's unfunded pension obligation. The contribution to the pension plan was recorded as an expenditure in the governmental funds, but it is a prepaid item amortized over the plan actuarial amortization on the statement of net assets.		23,991,855
Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the statement of net assets.		1,006,852
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
County memorandum of understanding	\$ (1,829,298)	
Capital lease obligations	(661,704)	
Taxable pension funding bonds, series 2007	(29,664,259)	
Special tax revenue bonds series 1996	(2,575,000)	
Lease revenue bonds 2007 series B	(12,140,000)	
Assessments Payable	(175,000)	
Bond defeasance to be amortized	158,397	
Bond discount to be amortized	207,661	
Bond premium to be amortized	(131,438)	
Compensated Absences	<u>(2,199,160)</u>	(49,009,801)
Governmental funds report all OPEB contributions as expenditures, however in the statement of net assets any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability.		(1,068,574)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(903,844)
Revenues reported as deferred revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		1,760,141
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets.		<u>239,884</u>
Net assets of governmental activities		<u><u>\$ 47,267,093</u></u>

CITY OF COLTON

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

		Special Revenue Funds	Debt Service Fund
	General	Housing Authority	Redevelopment Agency
Revenues:			
Taxes	\$ 6,458,710	\$ 43,430	\$ 6,202,327
Sales taxes	6,533,245	-	-
Other taxes	1,734,849	-	-
Licenses and permits	1,078,828	-	-
Intergovernmental	761,279	-	-
Charges for services	964,373	-	-
Use of money and property	1,621,738	451,217	56,789
Fines and forfeitures	219,464	-	-
Contributions	75,000	-	-
Miscellaneous	548,105	350	-
Total Revenues	19,995,591	494,997	6,259,116
Expenditures:			
Current:			
General government	3,620,674	120,330	28,047
Public safety	16,607,395	-	-
Parks and recreation	2,301,432	-	-
Public works	1,416,158	-	-
Capital outlay	163,439	-	-
Debt service:			
Principal retirement	336,197	10,000	2,020,000
Interest and fiscal charges	42,172	1,039,566	1,109,705
Pass-through agreement payments	-	-	193,510
Total Expenditures	24,487,467	1,169,896	3,351,262
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,491,876)	(674,899)	2,907,854
Other Financing Sources (Uses):			
Transfers in	7,020,786	-	1,240,465
Transfers out	(2,726,684)	-	(3,690,465)
Total Other Financing Sources (Uses)	4,294,102	-	(2,450,000)
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 15)	-	(1,280,572)	(26,292,402)
Net Change in Fund Balances	(197,774)	(1,955,471)	(25,834,548)
Fund Balances:			
Beginning of year	3,287,230	-	25,834,548
End of year	\$ 3,089,456	\$ (1,955,471)	\$ -

CITY OF COLTON

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	Other Governmental Funds	Total Governmental Funds
Revenues:		
Taxes	\$ 596,230	\$ 13,300,697
Sales taxes	-	6,533,245
Other taxes	-	1,734,849
Licenses and permits	-	1,078,828
Intergovernmental	5,452,360	6,213,639
Charges for services	370,130	1,334,503
Use of money and property	650,129	2,779,873
Fines and forfeitures	265,170	484,634
Contributions	-	75,000
Miscellaneous	409,480	957,935
Total Revenues	7,743,499	34,493,203
Expenditures:		
Current:		
General government	717,634	4,486,685
Public safety	698,365	17,305,760
Parks and recreation	628,443	2,929,875
Public works	444,533	1,860,691
Capital outlay	1,131,148	1,294,587
Debt service:		
Principal retirement	1,450,000	3,816,197
Interest and fiscal charges	2,267,155	4,458,598
Pass-through agreement payments	-	193,510
Total Expenditures	7,337,278	36,345,903
Excess (Deficiency) of Revenues Over (Under) Expenditures	406,221	(1,852,700)
Other Financing Sources (Uses):		
Transfers in	8,727,608	16,988,859
Transfers out	(4,266,971)	(10,684,120)
Total Other Financing Sources (Uses)	4,460,637	6,304,739
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 15)	700,654	(26,872,320)
Net Change in Fund Balances	5,567,512	(22,420,281)
Fund Balances:		
Beginning of year	4,543,585	33,665,363
End of year	\$ 10,111,097	\$ 11,245,082

CITY OF COLTON

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012**

Net change in fund balances - total governmental funds		\$ (22,420,281)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs 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 outlay	\$ 1,230,395	
Depreciation	(3,710,933)	
Gain/(loss) on sale of capital assets	<u>(8,449)</u>	(2,488,987)
Prepaid pension obligation relates to the proceeds of the pension funding bonds, which was used to fund the City's pension obligation. The contribution to the pension plan was recorded as an expenditure in the governmental funds statement, but it is a prepaid item on the government-wide statements amortized over the plan actuarial amortization period.		
		(315,878)
The issuance of long-term debt provides financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the net effect of these differences in the treatments of long-term debt and related items.		
Debt issued or incurred		
Accreted interest	(208,431)	
Principal repayments		
Special tax revenue bonds, series 1996	335,000	
Tax allocation bonds	1,775,000	
Subordinated tax allocation revenue bonds, 2004 series A	245,000	
Taxable pension funding bonds, series 2007	755,000	
Lease revenue bonds, 2007 series B	340,000	
Capital lease obligations	336,197	
Notes payable	30,000	
Bond defeasance amortization	(12,550)	
Bond issuance costs amortization	(44,913)	
Bond premium and discount amortization	<u>(1,735)</u>	3,548,568
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.		
		806,069
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
		200,238
Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense.		
		(168,019)
Revenues reported as deferred revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		
		(467,283)
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.		
		116,668
Extraordinary gains and losses relating to capital assets and long term liabilities transferred to the Successor Agency are reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds.		
Long-term liabilities	40,663,521	
Unamortized bond issuance costs	<u>238,603</u>	<u>40,902,124</u>
Change in net assets of governmental activities		<u>\$ 19,713,219</u>

CITY OF COLTON

**BUDGETARY COMPARISON STATEMENT BY DEPARTMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,287,230	\$ 3,287,230	\$ 3,287,230	\$ -
Resources (Inflows):				
Taxes	14,080,421	13,972,839	14,726,804	753,965
Licenses and permits	1,223,000	1,042,802	1,078,828	36,026
Intergovernmental	869,993	764,493	761,279	(3,214)
Charges for services	774,903	781,094	964,373	183,279
Use of money and property	1,620,250	1,622,250	1,621,738	(512)
Fines and forfeitures	214,532	174,632	219,464	44,832
Contributions	50,000	50,000	75,000	25,000
Miscellaneous	727,000	774,050	548,105	(225,945)
Transfers in	6,992,135	7,020,399	7,020,786	387
Amounts Available for Appropriations	29,839,464	29,489,789	30,303,607	813,818
Charges to Appropriations (Outflow):				
General government				
City Council	111,915	112,568	121,707	(9,139)
City Clerk	144,709	149,085	105,387	43,698
City Manager	97,434	148,428	140,151	8,277
Human Resource	55,414	41,362	24,934	16,428
Financial Services	123,299	92,646	(11,637)	104,283
City Attorney	408,077	554,952	666,373	(111,421)
City Treasurer	(2,101)	(2,101)	(5,400)	3,299
Non-departmental	2,355,024	2,629,369	2,579,159	50,210
Public safety				
Police	9,776,533	9,663,380	9,450,042	213,338
Fire	7,238,187	7,134,515	7,157,353	(22,838)
Parks and recreation				
Parks, Recreation & Family Services	1,650,148	1,669,676	1,660,836	8,840
Community Development	632,802	688,815	640,596	48,219
Public works				
Public Services	1,445,512	1,492,613	1,416,158	76,455
Capital outlay	95,866	243,241	163,439	79,802
Debt service:				
Principal retirement	336,197	336,197	336,197	-
Interest and fiscal charges	42,172	42,172	42,172	-
Transfers out	2,734,287	2,734,287	2,726,684	7,603
Total Charges to Appropriations	27,245,475	27,731,205	27,214,151	517,054
Budgetary Fund Balance, June 30	\$ 2,593,989	\$ 1,758,584	\$ 3,089,456	\$ 1,330,872

CITY OF COLTON

**STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2012**

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Electric Utility	Water Utility	Waste Water Utility	Totals	
Assets:					
Current:					
Cash and investments	\$ 23,813,473	\$ -	\$ 6,712,648	\$ 30,526,121	\$ 626,624
Receivables:					
Accounts	7,306,140	1,460,185	1,558,674	10,324,999	-
Accrued interest	10,539	-	10,612	21,151	671
Prepaid costs	-	-	558,004	558,004	-
Deposits	2,743,077	-	-	2,743,077	-
Due from other governments	-	37,763	-	37,763	-
Due from other funds	-	-	5,158,867	5,158,867	-
Inventories	1,424,080	109,323	-	1,533,403	-
Restricted:					
Cash and investments	-	-	-	-	49,728
Cash with fiscal agent	4,915,869	3,597,593	412,658	8,926,120	-
Total Current Assets	40,213,178	5,204,864	14,411,463	59,829,505	677,023
Noncurrent:					
Deferred Charges	2,392,566	173,892	174,351	2,740,809	-
Deferred loss on refunding	284,707	-	-	284,707	-
Advances to other funds	-	-	1,669,459	1,669,459	-
Due from other governments	-	2,073,000	-	2,073,000	-
Capital assets - net of accumulated depreciation	51,674,546	20,330,752	34,753,089	106,758,387	679,790
Total Noncurrent Assets	54,351,819	22,577,644	36,596,899	113,526,362	679,790
Total Assets	\$ 94,564,997	\$ 27,782,508	\$ 51,008,362	\$ 173,355,867	\$ 1,356,813
Liabilities and Net Assets:					
Liabilities:					
Current:					
Accounts payable	\$ 1,055,524	\$ 1,109,199	\$ 410,881	\$ 2,575,604	\$ 93,048
Accrued interest	585,286	133,348	143,754	862,388	-
Deposits payable	1,128,568	18,414	988	1,147,970	955
Due to other funds	-	5,158,867	-	5,158,867	-
Advances from other governments	-	-	703,214	703,214	-
Accrued compensated absences	193,000	62,000	14,000	269,000	27,000
Accrued claims and judgments	-	-	-	-	725,411
Bonds, notes, and capital leases	2,500,000	295,000	220,000	3,015,000	-
Total Current Liabilities	5,462,378	6,776,828	1,492,837	13,732,043	846,414
Noncurrent:					
Advances from other governments	-	-	5,764,509	5,764,509	-
Advances from other funds	-	1,669,459	-	1,669,459	-
Accrued compensated absences	193,485	62,509	13,182	269,176	25,917
Accrued claims and judgments	-	-	-	-	998,755
Bonds, notes, and capital leases	48,847,182	7,920,000	3,625,000	60,392,182	-
Total Noncurrent Liabilities	49,040,667	9,651,968	9,402,691	68,095,326	1,024,672
Total Liabilities	54,503,045	16,428,796	10,895,528	81,827,369	1,871,086

CITY OF COLTON

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2012

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Totals</u>	<u>Governmental Activities- Internal Service Funds</u>
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Waste Water Utility</u>		
Net Assets:					
Invested in capital assets, net of related debt	327,364	12,115,752	24,440,366	36,883,482	679,790
Restricted for debt service	4,915,869	720,910	412,658	6,049,437	-
Unrestricted	34,818,719	(1,482,950)	15,259,810	48,595,579	(1,194,063)
Total Net Assets	40,061,952	11,353,712	40,112,834	91,528,498	(514,273)
Total Liabilities and Net Assets	\$94,564,997	\$27,782,508	\$ 51,008,362	\$ 173,355,867	\$ 1,356,813

Reconciliation of Net Assets to the Statement of Net Assets

Net Assets per Statement of Net Assets - Proprietary Funds	\$ 91,528,498
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds	(1,040,571)
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds	<u>286,414</u>
Net Assets per Statement of Net Assets	<u>\$ 90,774,341</u>

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CITY OF COLTON

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012**

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Electric Utility	Water Utility	Waste Water Utility	Totals	
Operating Revenues:					
Sales and service charges	\$ 58,718,170	\$ 9,798,238	\$ 8,615,509	\$ 77,131,917	\$ 3,504,144
Miscellaneous	1,096,327	123,823	324,831	1,544,981	21,876
Total Operating Revenues	59,814,497	9,922,061	8,940,340	78,676,898	3,526,020
Operating Expenses:					
Salaries and benefits	4,418,792	1,749,570	863,394	7,031,756	818,578
Maintenance and operations	3,498,790	5,171,951	3,364,837	12,035,578	1,208,602
Generation	2,082,494	-	-	2,082,494	-
Purchased power	25,619,144	-	-	25,619,144	-
Contractual services	-	-	-	-	160,895
Claims and benefits	-	-	-	-	826,206
Charges from other funds	2,339,269	736,143	1,135,620	4,211,032	-
Amortization	156,123	10,229	13,412	179,764	-
Depreciation expense	4,390,939	508,901	1,119,963	6,019,803	115,154
Total Operating Expenses	42,505,551	8,176,794	6,497,226	57,179,571	3,129,435
Operating Income (Loss)	17,308,946	1,745,267	2,443,114	21,497,327	396,585
Nonoperating Revenues (Expenses):					
Intergovernmental	286,907	-	-	286,907	-
Interest revenue	159,674	45,648	67,901	273,223	2,018
Interest expense	(2,449,774)	(417,169)	(318,778)	(3,185,721)	-
Gain (loss) on disposal of capital assets	(1,450,259)	-	-	(1,450,259)	-
Total Nonoperating Revenues (Expenses)	(3,453,452)	(371,521)	(250,877)	(4,075,850)	2,018
Income (Loss) Before Transfers	13,855,494	1,373,746	2,192,237	17,421,477	398,603
Transfers out	(6,092,619)	(105,492)	(61,431)	(6,259,542)	(45,197)
Changes in Net Assets	7,762,875	1,268,254	2,130,806	11,161,935	353,406
Net Assets:					
Beginning of fiscal year	32,299,077	10,085,458	37,982,028	80,366,563	(867,679)
End of fiscal year	\$ 40,061,952	\$ 11,353,712	\$ 40,112,834	\$ 91,528,498	\$ (514,273)
Reconciliation of Changes in Net Assets to the Statement of Activities:					
Changes in Net Assets, per the Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds				\$ 11,161,935	
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds				286,414	
Changes in Net Assets of Business-Type Activities per Statement of Activities				\$ 11,448,349	

CITY OF COLTON

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2012**

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds	
	Electric Utility	Water Utility	Waste Water Utility		Totals
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 60,163,132	\$ 9,680,402	\$ 8,951,559	\$ 78,795,093	\$ 3,526,020
Cash paid to suppliers for goods and services	(34,448,196)	(5,375,451)	(5,558,419)	(45,382,066)	(1,755,285)
Cash paid to employees for services	(4,457,768)	(1,739,865)	(863,883)	(7,061,516)	(1,833,102)
Net Cash Provided (Used) by Operating Activities	21,257,168	2,565,086	2,529,257	26,351,511	(62,367)
Cash Flows from Non-Capital Financing Activities:					
Cash transfers out	(6,092,619)	(105,492)	(61,431)	(6,259,542)	(45,197)
Repayment received from other funds	-	-	691,169	691,169	-
Repayment made to other funds	-	(691,169)	-	(691,169)	-
Advance from other funds	-	(330,541)	-	(330,541)	-
Advance to other funds	-	-	330,541	330,541	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(6,092,619)	(1,127,202)	960,279	(6,259,542)	(45,197)
Cash Flows from Capital and Related Financing Activities:					
Intergovernmental	286,907	-	-	286,907	-
Acquisition and construction of capital assets	(863,936)	(776,904)	(37,484)	(1,678,324)	(9,973)
Principal paid on capital debt	(2,385,000)	(285,000)	(210,000)	(2,880,000)	-
Interest paid on capital debt	(2,460,819)	(421,491)	(327,681)	(3,209,991)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(5,422,848)	(1,483,395)	(575,165)	(7,481,408)	(9,973)
Cash Flows from Investing Activities:					
Interest received	162,789	45,648	64,089	272,526	1,821
Net Cash Provided (Used) by Investing Activities	162,789	45,648	64,089	272,526	1,821
Net Increase (Decrease) in Cash and Cash Equivalents	9,904,490	137	2,978,460	12,883,087	(115,716)
Cash and Cash Equivalents at Beginning of Year	18,824,852	3,597,456	4,146,846	26,569,154	792,068
Cash and Cash Equivalents at End of Year	\$ 28,729,342	\$ 3,597,593	\$ 7,125,306	\$ 39,452,241	\$ 676,352

CITY OF COLTON

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Electric Utility	Water Utility	Waste Water Utility	Totals	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 17,308,946	\$ 1,745,267	\$ 2,443,114	\$ 21,497,327	\$ 396,585
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:					
Depreciation	4,390,939	508,901	1,119,963	6,019,803	115,154
Amortization	156,123	10,229	13,412	179,764	-
(Increase) decrease in accounts receivable	(596,751)	(248,770)	(287,317)	(1,132,838)	-
(Increase) decrease in deposits receivable	775,185	45	-	775,230	-
(Increase) decrease in due from other governments	69,676	-	298,536	368,212	-
(Increase) decrease in inventories	(191,760)	(11,345)	-	(203,105)	-
Increase (decrease) in accounts payable	(716,739)	543,988	(7,676)	(180,427)	(351,502)
Increase (decrease) in advances from other governments	-	-	(1,050,286)	(1,050,286)	-
Increase (decrease) in deposits payable	100,525	7,066	-	107,591	-
Increase (decrease) in claims and judgments	-	-	-	-	(219,504)
Increase (decrease) in compensated absences	(38,976)	9,705	(489)	(29,760)	(3,100)
Total Adjustments	3,948,222	819,819	86,143	4,854,184	(458,952)
Net Cash Provided (Used) by Operating Activities	\$ 21,257,168	\$ 2,565,086	\$ 2,529,257	\$ 26,351,511	\$ (62,367)
Non-Cash Investing, Capital, and Financing Activities:					
Loss on disposition of capital assets	\$ 1,450,259	\$ -	\$ -	\$ 1,450,259	\$ -
Amortization of deferred changes and deferred loss on refunding	156,123	10,229	13,412	179,764	-

CITY OF COLTON

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2012

	<u>Agency Funds</u>	<u>Private Purpose Trust Funds</u>
Assets:		
Cash and investments	\$ 1,519,990	\$ 21,355,725
Receivables:		
Accounts	92	-
Taxes	6,037	-
Notes and loans	1,770	-
Accrued interest	6	20,185
Prepaid costs	-	3,500
Due from other governments	7,723	5,635,976
Deferred charges	-	224,143
Land held for resale	-	6,973,000
Restricted assets:		
Cash and investments	1,866,731	1,108,414
Cash and investments with fiscal agents	539,786	5,406,035
Total Assets	<u>\$ 3,942,135</u>	<u>\$ 40,726,978</u>
Liabilities:		
Accounts payable	\$ 442,461	\$ 75,023
Accrued liabilities	1,105,819	-
Accrued interest	-	731,060
Deposits payable	214,370	402,807
Due to other governments	626,772	9,080,290
Due to bondholders	1,552,713	-
Long-term liabilities:		
Due in one year	-	2,217,729
Due in more than one year	-	40,982,341
Total Liabilities	<u>\$ 3,942,135</u>	<u>53,489,250</u>
Net Assets:		
Held in trust for endowment		753,857
Held in trust for other purposes		(13,516,129)
Total Net Assets		<u>\$ (12,762,272)</u>

CITY OF COLTON

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2012

	Private Purpose Trust Funds
	<u> </u>
Additions:	
Contributions	\$ 11,450
Taxes	2,838,479
Interest and change in fair value of investments	716,111
Miscellaneous	<u>70,088</u>
Total Additions	<u>3,636,128</u>
Deductions:	
Administrative expenses	267,814
Interest expense	1,840,818
Contributions to other governments	<u>1,004,166</u>
Total Deductions	<u>3,112,798</u>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 15)	<u>(14,029,804)</u>
Changes in Net Assets	(13,506,474)
Net Assets - Beginning of the Year	<u>744,202</u>
Net Assets - End of the Year	<u>\$ (12,762,272)</u>

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I. SIGNIFICANT ACCOUNT POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The City of Colton, California (the City), is located in the County of San Bernardino and was incorporated on July 20, 1887, under the general laws of the State of California. The City operates under an elected Council/City Manager form of government. The City's major operations include police and fire protection, electric, water, sanitation, public works, parks, recreation and certain social services and general administration services. As required by accounting principles generally accepted in the United State of America, these financial statements present the City of Colton (the City) and its Component units, entities for which the City is considered financially accountable.

The inclusion of an organization within the scope of the reporting entity of the City of Colton is based on the provision of GASB Statement No. 14. A component unit is included in the primary government's financial statements if the governing body is substantively the same as that of the City, or if the component unit provides services or other benefits almost entirely to the primary government. The component units discussed below are included in the City's reporting entity because of their operational significance or financial relationships with the City. These component units are controlled by common governing boards, which are substantively the same as the City's, and are presented as blended component units for financial reporting purposes. The component units have the same fiscal year end as the City. For those that publish separate financial statements, those statements can be obtained from the City Clerk. The blended component units discussed below, although legally separate entities, are in substance part of the government operation and have been combined herein.

Blended Component Units

The Redevelopment Agency of the City of Colton (the Agency) was established pursuant to the State of California Health and Safety Code, Section 53601, entitled *Community Redevelopment Law*. Its purpose is to prepare and carry out plans for the improvement, rehabilitation and redevelopment of blighted areas within the City of Colton. The City Council acts as the governing board of the Redevelopment Agency. The redevelopment agency was dissolved as of January 31, 2012 through the Supreme Court decision on Assembly Bill 1X 26. See Note 14 for more information on the dissolution.

The Colton Public Financing Authority (the Authority) was created by a joint powers agreement, formed for the purpose of issuing bonds in order to finance capital improvement projects. The Authority's Board of Directors is composed of the seven elected City Council members. Separate financial statements are not prepared for the Authority.

The Colton Utility Authority (the Utility Authority) was created on July 18, 2001, pursuant to Joint Powers Law Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code, and the Marks-Roos Local Bond Pooling Act of 1985. The Utility Authority was formed to provide for the lease, ownership, operation, maintenance, construction and financing

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

of the Water and Wastewater Utility systems. The City Council acts as the governing board of the Utility Authority. Separate financial statements are not prepared for the Utility Authority.

On September 1, 2000, the Utility Authority entered into an agreement with the City to lease the Water and Wastewater Utilities. The lease payments are to be paid by the Utility Authority to the City from the Water and Wastewater Utility Funds in the amount of \$870,000 and \$570,000 each year, respectively, from surplus utility revenues. In the event that surplus utility revenues exceed these amounts, the Authority is required to prepay a portion of the total lease payments. This agreement also approved the issuance of the 2000 Wastewater Revenue Bonds by the Utility Authority. See Note 7 for disclosure of bond.

The Colton Housing Authority was established on March 15, 2011. The Housing Authority was activated pursuant to State Law Section 34240 of the California Health and Safety Code, which allows for every City to establish a housing authority. The Housing Authority is designed to protect local housing funds and programs, provide new revenue opportunities for affordable housing programs, serve the public interest, promote public safety and welfare, and ensure decent, safe sanitary and affordable housing accommodations to persons of low income. The City Council of the City of Colton serves as the Housing Authority's Commissioners.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The City's fiduciary fund financial statements report agency funds and private purpose trust funds. Agency funds are used to account for situations where the government's role is purely custodial. All assets reported in an agency fund are offset by a liability to the party on whose behalf they are held. Agency funds have no measurement focus. Private purpose trust fund funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, franchise taxes, licenses, and interest 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

- The General Fund is used to account for sources and uses of financial resources applicable to the general government operation of the City. All general operating revenues and expenditures which are not restricted and accounted for in another fund are recorded in the General Fund.
- The Housing Authority Special Revenue Fund is used to account for activities related to protecting local housing funds and programs, providing new revenue opportunities for affordable housing programs, promoting public safety and welfare, and ensuring decent, safe, sanitary and affordable housing accommodations to persons of low income within the City.
- The Redevelopment Agency Debt Service Fund is used to account for the accumulation of resources for payment of tax increment bonds and other redevelopment debt. Debt service is primarily financed via property tax increment. This fund accounts for the activities of the Mt Vernon, Downtown I & II, Santa Ana River, West Valley, Rancho Mill, and Cooley Ranch project areas. The Redevelopment Agency was dissolved as of January 31, 2012 through the Supreme Court decision on Assembly Bill 1X 26. See Note 14 for more information.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

The City reports the following major proprietary funds:

- The Electric Utility Fund is used to account for the production, distribution and transmission of electric energy to residents and businesses located within the City.
- The Water Utility Fund is used to account for the production and distribution of potable water to residents and businesses located within the City.
- The Wastewater Utility Fund is used to account for the operation and maintenance of the water reclamation plant and sewage system.

Additionally the government reports the following fund types:

- Internal Service Funds used by management to charge the cost of building and equipment maintenance, information services and self-insurance provided by one department to other departments of the City.
- Fiduciary Funds include two agency funds and two private purpose trust funds. Agency funds account for money and property held by the City as trustee or custodian. They act as a temporary repository for federal and state wages, as well as various other forms of payroll contributions collected from employees until remitted to the relevant authorities. They also account for various assessment districts and community facilities districts for which the City acts as an agent for debt service activity. The Cemetery Endowment private purpose trust fund holds donations made to the City for the Cemetery and the Successor Agency of the former RDA private-purpose trust fund accounts for the assets and liabilities of the former redevelopment agency and its allocated revenue to pay estimated installment payments of enforceable obligations until the obligations of the former redevelopment agency are paid in full and assets have been liquidated.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds and of the Internal Service Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

d. Assets, Liabilities and Net Assets or Equity

Cash and Investments

The City's cash and cash equivalents include cash on hand, demand deposits, and short-term marketable securities with original maturities of three months or less from the date of acquisition. Investments for the City, as well as for its component units, are reported at fair value. The current year changes in fair value are recognized in the statement of revenue, expenditures and changes in fund balance. Investment in the State Treasurer's Investment Pool operates in accordance with appropriate State laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of San Bernardino collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent on August 31.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Inventories

All inventories are valued using the weighted average method.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Land Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value.

Capacity Rights

Capacity rights are the unamortized cost of an agreement between the City and the San Bernardino Valley Municipal Water District whereby the City acquired the rights to discharge industrial wastewater into the Santa Ana Regional Interceptor System. The rights are being amortized on a straight-line basis over 55 years.

Capital Assets

Capital assets, which include property, plant, equipment, intangible assets and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In accordance with GASB Statement No. 34, the City has also reported all its general infrastructure assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as its component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets Type</u>	<u>Years</u>
Structures and improvements	20 - 50
Furniture and equipment	5 - 20
Infrastructure	20 - 50

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Compensated Absences

The City records the cost of vacation and sick leave when paid in the Governmental Fund types and when incurred in the Proprietary Fund types. All vacation and sick leave is accrued when incurred in the government-wide statement of net assets.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, government funds report the following fund balance classification:

- Non-spendable includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted includes amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.
- Committed includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution.
- Assigned includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Manager and the Director of Management Services are authorized to assign amounts to a specific purpose, which was established by the governing body in a resolution.
- Unassigned includes the residual amounts that have not been restricted, committed, or assigned to specific purposes.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

An individual governmental fund could include non-spendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications. Restricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. General Budget Policies

The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.

The City has the following policy in establishing the budgetary data for financial reporting purposes. In May, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means for financing them. Public hearings are conducted at City Council meetings to obtain taxpayer comments. Prior to July 1, the budget is adopted by Council action.

After adoption of the budget, the City Manager is authorized to transfer funds from any classification within the same fund only. However, any revisions that alter the total expenditures of any fund must be approved by the City Council.

The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund for the general fund, as well as for all other budgeted funds. During the year, several supplementary appropriations were necessary.

At fiscal year-end, all operating budget appropriations lapse and, if appropriate, are added to the following year's budgeted appropriations. For fiscal year 2011-2012, the following funds had no legally adopted budget:

Housing Authority
Drug/Gang Intervention

Under Article XIII-B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset by a deficit in the following year. For the fiscal year ended June 30, 2012, based on calculations by City staff, proceeds of taxes did not exceed appropriations.

CITY OF COLTON

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012**

Note 2: Stewardship, Compliance and Accountability (Continued)

b. Fund Balance Deficits

At June 30, 2012, the following non-major funds had deficit fund balances:

Governmental Funds:	
Library Grant	\$ 2,677
Community Development Block Grant	583,177
Miscellaneous Grants	1,407,256
Capital Improvements	33,465
Assessment Districts	103,094
Internal Service Funds:	
Insurance	1,501,521

The City expects to eliminate these deficits with future revenues.

c. Excess of Expenditures over Appropriations

For fiscal year 2011-2012, excess of expenditure over appropriations was as follows:

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
Special revenue funds:			
Library Grant	\$ 29,757	\$ 29,607	\$ 150

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

As of June 30, 2012, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 13,199,428
Business-type activities	39,452,241
Fiduciary funds	<u>31,796,681</u>
Total Cash and Investments	<u><u>\$ 84,448,350</u></u>

The City of Colton maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy which authorizes it to invest in various investments.

Deposits

At June 30, 2012, the carrying amount of the City's deposits was \$8,114,635, and the bank balance was \$8,855,256. The \$740,621 difference represents outstanding checks and other reconciling items.

Note 3: Cash and Investments (Continued)

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure a City's deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

A provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act provides temporary unlimited deposit insurance coverage for noninterest-bearing transaction account at all FDIC-insured institutions. This provision was effective from December 31, 2010 and will remain effective until December 31, 2012. Noninterest-bearing transaction accounts are defined as an account (1) with respect to which interest is neither accrued nor paid; (2) on which the depositor or account holder is permitted to make withdrawals by negotiable or transferable instrument, payment orders of withdrawal, telephone or other electronic media transfers, or other similar items for the purpose of making payments or transfers to third parties or others; and (3) on which the FDIC-insured depository institution does not reserve the right to require advance notice of an intended withdrawal. As of June 30, 2012, the City maintains cash deposits that are covered by this provision.

Investments

Under provision of the City's investment policy, and in accordance with the California Government Code, the following investments are authorized:

- U.S. Treasury Obligations (bills, notes and bonds)
- U.S. Government Agency Securities and Instrumentality's of Government Sponsored Corporations
- Banker's Acceptances
- Commercial paper
- Repurchase Agreements
- Negotiable Certificates of deposit
- Medium term corporate notes
- Money market mutual funds
- Local Agency Investment Fund (State Pool)

Investment Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

Note 3: Cash and Investments (Continued)

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

GASB Statement No. 31

The City adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Credit Risk

Investments in U.S. government securities are not considered to have credit risk and, therefore, their credit quality is not disclosed. As of June 30, 2012, the City's investments in external investment pools and money market mutual funds are unrated.

Custodial Credit Risk

The 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 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 to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of June 30, 2012, none of the City's deposits or investments were exposed to custodial credit risk.

Concentration of Credit Risk

The City's investment policy imposes restrictions for certain types of investments with any one issuer. In addition, GASB 40 requires a separate disclosure if any single issuer comprises more than 5% of the total investment value. As of June 30, 2012, none of the City's investments were exposed to concentration of credit risk. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that all maturities are limited to a period of 5 years (60 months) from the date of purchase. The City's investment policy also states that maturities for Bankers

CITY OF COLTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 3: Cash and Investments (Continued)

Acceptances, both foreign and domestic, may not exceed 270 days, nor exceed 40% of the portfolio at the time of purchase. The policy also states that maturities for Commercial Paper may not exceed 61 days, nor exceed 15% of the Treasurer's portfolio. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

As of June 30, 2012, the City had the following investments and original maturities:

	<u>Investment Maturities (in Years)</u>		<u>Fair Value</u>
	<u>6 months or less</u>	<u>3 to 5 years</u>	
Cash and Investments			
Fund	\$ 58,255,403	\$ -	\$ 58,255,403
Cash and Investments with Fiscal Agents			
Money Market Mutual Funds	10,390,604	-	10,390,604
Fund	305,883	-	305,883
Guaranteed Investment Contracts	-	1,615,496	1,615,496
US Treasury	2,551,329	3,215,000	5,766,329
	<u>\$ 71,503,219</u>	<u>\$ 4,830,496</u>	<u>\$ 76,333,715</u>

Note 4: Long-Term Receivables

Loans and notes receivables consist primarily of loans and advances for development purposes. Included in the Housing Authority, are mortgage assistance program loans of \$51,864 and other notes receivables of \$41,655. Total of loans and notes receivables at June 30, 2012 amounts to \$93,519.

CITY OF COLTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Adjustments	July 1, 2011 as Adjusted	Additions	Deletions	Transfers	Balance June 30, 2012
Governmental Activities:							
Capital assets, not being depreciated:							
Land	\$ 7,143,085	\$ (314,942)	\$ 6,828,143	\$ -	\$ -	\$ -	\$ 6,828,143
Construction-in-progress	3,386,356	-	3,386,356	1,129,559	-	(632,069)	3,883,846
Total Capital Assets, Not Depreciable Assets	10,529,441	(314,942)	10,214,499	1,129,559	-	(632,069)	10,711,989
Capital assets, being depreciated:							
Structure and improvement	22,624,392	-	22,624,392	-	57,748	-	22,566,644
Furniture and equipment	14,807,643	-	14,807,643	110,808	9,424	-	14,909,027
Infrastructure	101,598,850	-	101,598,850	-	-	632,069	102,230,919
Total Capital Assets, Being Depreciated	139,030,885	-	139,030,885	110,808	67,172	632,069	139,706,590
Less accumulated depreciation:							
Structure and improvement	7,491,232	-	7,491,232	461,630	55,123	-	7,897,739
Furniture and equipment	11,738,133	-	11,738,133	817,479	3,600	-	12,552,012
Infrastructure	66,736,563	-	66,736,563	2,546,977	-	-	69,283,540
Total Accumulated Depreciation	85,965,928	-	85,965,928	3,826,086	58,723	-	89,733,291
Total Capital Assets, Being Depreciated, Net	53,064,957	-	53,064,957	(3,715,278)	8,449	632,069	49,973,299
Governmental Activities Capital Assets	\$ 63,594,398	\$ (314,942)	\$ 63,279,456	\$ (2,585,719)	\$ 8,449	\$ -	\$ 60,685,288
Business-type Activities:							
Capital assets, not being depreciated:							
Land	\$ 6,228,942	\$ -	\$ 6,228,942	\$ -	\$ -	\$ -	\$ 6,228,942
Construction-in-progress	3,162,047	-	3,162,047	656,319	1,419,471	-	2,398,895
Total Capital Assets, Not Depreciable Assets	9,390,989	-	9,390,989	656,319	1,419,471	-	8,627,837
Capital assets, being depreciated:							
Structure and improvement	33,545,921	-	33,545,921	10,650	-	-	33,556,571
Furniture and equipment	31,989,959	(14,145)	31,975,814	756,714	92,871	-	32,639,657
Capacity rights	7,300,000	-	7,300,000	-	-	-	7,300,000
Infrastructure	97,594,114	14,145	97,608,259	254,641	20,381	-	97,842,519
Total Capital Assets, Being Depreciated	170,429,994	-	170,429,994	1,022,005	113,252	-	171,338,747
Less accumulated depreciation:							
Structure and improvement	11,770,573	-	11,770,573	1,963,027	-	-	13,733,600
Furniture and equipment	19,360,650	-	19,360,650	1,576,271	69,740	-	20,867,181
Capacity rights	2,654,542	-	2,654,542	132,727	-	-	2,787,269
Infrastructure	33,485,093	-	33,485,093	2,347,778	12,724	-	35,820,147
Total Accumulated Depreciation	67,270,858	-	67,270,858	6,019,803	82,464	-	73,208,197
Total Capital Assets, Being Depreciated, Net	103,159,136	-	103,159,136	(4,997,798)	30,788	-	98,130,550
Business-type Activities Capital Assets	\$ 112,550,125	\$ -	\$ 112,550,125	\$ (4,341,479)	\$ 1,450,259	\$ -	\$ 106,758,387

CITY OF COLTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 5: Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 183,844
Public Safety	613,641
Community Services	162,309
Public Works	2,751,138
Internal Service Fund	115,154
	<u>\$ 3,826,086</u>
Business-Type Activities:	
Electric Utility	\$ 4,390,939
Water Utility	508,901
Waste Water Utility	1,119,963
	<u>\$ 6,019,803</u>

Note 6: Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2012, was as follows:

Due To/From Other Funds

Due from other funds	Due to other funds		Total
	Water Utility	Nonmajor Governmental Funds	
Waste Water Utility	\$ 5,158,867	\$ -	\$ 5,158,867
Nonmajor Governmental Funds	-	2,320,128	2,320,128
Total	<u>\$ 5,158,867</u>	<u>\$ 2,320,128</u>	<u>\$ 7,478,995</u>

The interfund balances were made to cover negative cash balances and other temporary loans at June 30, 2012.

Advances To/From Other Funds

	Advances from other
	<u>Water</u>
<u>Advances to other funds</u>	<u>Utility</u>
Waste Water Utility	<u>\$ 1,669,459</u>

Advances between Water Utility and Waste Water Utility were to provide operating cash to the Water Utility Fund.

CITY OF COLTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 6: Interfund Receivables, Payables and Transfers (Continued)

Interfund Transfers

Transfers in	Transfers out							Total
	General Fund	Debt Service Redevelopment Agency	Nonmajor Governmental Funds	Electric Utility	Water Utility	Waste Water Utility	Internal Service Funds	
General Fund	\$ -	\$ -	\$ 1,220,786	\$ 5,800,000	\$ -	\$ -	\$ -	\$ 7,020,786
Debt Service Fund - Redevelopment Agency	-	-	1,240,465	-	-	-	-	1,240,465
Nonmajor Governmental Funds	<u>2,726,684</u>	<u>3,690,465</u>	<u>1,805,720</u>	<u>292,619</u>	<u>105,492</u>	<u>61,431</u>	<u>45,197</u>	<u>8,727,608</u>
Total	<u>\$ 2,726,684</u>	<u>\$ 3,690,465</u>	<u>\$ 4,266,971</u>	<u>\$ 6,092,619</u>	<u>\$ 105,492</u>	<u>\$ 61,431</u>	<u>\$ 45,197</u>	<u>\$ 16,988,859</u>

During the year, the Electric Utility made payment to the General Fund for administrative cost incurred in the amount of \$5,800,000. Non-major governmental funds made payments to the General Fund for operating costs incurred during the year in the amount of \$1,220,786.

Transfers within the former Redevelopment Agency Funds were to fund capital projects and cover administrative cost.

The internal service fund Facility and Equipment Maintenance transferred \$45,197 in capital assets to the governmental activities.

CITY OF COLTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 7: Long-Term Debt

a. Governmental Activities Long-Term Debt

The following is a summary of the changes in long-term debt of the governmental activities of the City:

	Balance July 1, 2011	Accreted Interest	Additions	Deletions	Transfer to Successor Agency *	Balance June 30, 2012	Due Within One Year
City:							
Compensated Absences	\$ 2,455,415	\$ -	\$ 1,175,743	\$ 1,379,080	\$ -	\$ 2,252,078	\$ 1,127,000
Claims and judgments	1,943,670	-	598,259	817,763	-	1,724,166	725,411
County Memorandum of Understanding	1,829,298	-	-	-	-	1,829,298	-
Capital Lease Obligations	997,900	-	-	336,197	-	661,703	299,153
Taxable Pension Funding Bonds	30,210,827	208,431	-	755,000	-	29,664,258	875,000
Other post employment benefits liability	900,555	-	1,228,638	1,060,619	-	1,068,574	-
Public Financing Authority:							
Special Tax Revenue Bonds - Series 1996	2,910,000	-	-	335,000	-	2,575,000	360,000
Lease Revenue Bonds - 2007 Series B	12,480,000	-	-	340,000	-	12,140,000	355,000
Housing Successor Agency:							
Assessments Payable	-	-	-	10,000	185,000	175,000	20,000
Community Redevelopment Agency:							
Tax Allocation Bonds:							
Colton Public Financing Authority Series 1998 A & B	24,345,000	-	-	1,680,000	(22,665,000)	-	-
Mount Vernon Corridor & West Valley Redevelopment Projects 1999 TAB	5,830,000	-	-	95,000	(5,735,000)	-	-
Subordinate Tax Allocation Revenue Bonds Series 2004A	5,715,000	-	-	245,000	(5,470,000)	-	-
Assessments Payable	205,000	-	-	20,000	(185,000)	-	-
Notes - CIEDB	1,254,507	-	-	-	(1,254,507)	-	-
Disposition and Development Agreements:							
Price Company	2,175,012	-	-	-	(2,175,012)	-	-
Tax Sharing Agreements	3,845,318	-	-	-	(3,845,318)	-	-
Unamortized Premiums and Discounts:	(82,066)	-	8,308	6,572	4,108	(76,222)	-
Total	\$ 97,015,436	\$ 208,431	\$ 3,010,948	\$ 7,080,231	\$ (41,140,729)	\$ 52,013,855	\$ 3,761,564

*As a result of the dissolution of the redevelopment agency, indebtedness of the former redevelopment agency was transferred to the Successor Agency. See Note 15 for disclosures for indebtedness of the Successor Agency.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 7: Long-Term Debt (Continued)**Bonds Payable**

Taxable Pension Funding Bonds, Series 2007 in the amount of \$31,149,400 were issued in August 2007. The bonds are payable from legally available funds of the City and are being issued to pay the normal contributions to the California Public Employee Retirement System ("PERS") for fiscal year 2007-08 and to pay the unamortized, unfunded accrued actuarial liability with respect to certain pension benefits of certain City employees under the Retirement Law. The bonds include \$28,485,000 term current interest bonds with interest payable semi annually on February 1 and August 1 of each year commencing February 1, 2008, and \$2,664,400 capital appreciation bonds payable at maturity. At June 30, 2012, the balance includes \$28,739,400 and \$924,858 accreted interest.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2012, including interest are as follows:

	Taxable Pension Funding Bonds, Series 2007	
	Principal	Interest
2013	\$ 875,000	\$ 1,498,816
2014	1,005,000	1,445,724
2015	1,140,000	1,385,150
2016	1,290,000	1,316,526
2017	1,455,000	1,239,008
2018-2022	6,415,000	4,980,499
2023-2027	7,836,352	3,003,660
2028-2032	2,590,570	1,873,532
2033-2037	7,057,336	1,541,420
Totals	<u>\$ 29,664,258</u>	<u>\$ 18,284,335</u>

Colton Public Financing Authority Special Tax Revenue Bonds, Series 1996 in the original issue amount of \$6,215,000, were issued by the Authority for the purchase of certain refunding bonds of the Community Facilities District Nos. 87-1, 88-1 and 89-1. The bonds mature in both serial and term fashion through September 1, 2019, and interest is payable semi-annually at rates ranging from 3.85% to 5.45%. The bonds are subject to optional and mandatory sinking fund redemption prior to maturity in denomination of \$5,000. The bonds are payable from a special tax assessed on the properties within the community facilities districts. Total principal and interest remaining on the debt is \$3,078,985 with annual debt service requirements as indicated below. For the current year, the total special tax collected and recognized by the Authority was \$565,960 and the debt service obligation on the payable was \$484,466.

CITY OF COLTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 7: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2012, including interest are as follows:

	Special Tax Revenue Bonds Series 1996	
	Principal	Interest
2013	\$ 360,000	\$ 130,528
2014	375,000	110,499
2015	400,000	89,380
2016	405,000	67,444
2017	250,000	49,595
2018-2022	785,000	62,539
Totals	<u>\$ 2,575,000</u>	<u>\$ 509,985</u>

Colton Public Financing Authority Lease Revenue Bonds 2007 Series B in the original issue amount of \$13,385,000 were issued for the purpose of financing certain capital improvements for the City of Colton and refinancing the Refunding Certificates of Participation, Series 1998 and the Lease Revenue Bonds 2002, Series A. The bonds are limited obligations of the Authority payable from and secured by certain revenues consisting of certain base rental payments with respect to lease property by the City pursuant to a lease agreement dated August 1, 2007, between the City and the Authority. The bonds maturing on or after August 1, 2018, are subject to redemption prior to their respective maturity dates as a whole or in part from prepayments of base rental payment made by the City after August 1, 2017. Interest on the bonds are payable on August 1 and February 1 of each year commencing February 1, 2008 at a rate ranging from 4.0% to 5.0%.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2012, including interest are as follows:

	Lease Revenue Bonds, 2007 Series B	
	Principal	Interest
2013	\$ 355,000	\$ 548,894
2014	375,000	530,644
2015	390,000	511,519
2016	410,000	491,519
2017	430,000	470,519
2018-2022	2,465,000	2,045,569
2023-2027	3,040,000	1,452,603
2028-2032	3,805,000	672,466
2033-2037	870,000	20,663
Totals	<u>\$ 12,140,000</u>	<u>\$ 6,744,396</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 7: Long-Term Debt (Continued)

Limited Obligation Refunding Bonds Reassessment District No. 00-1 (Rancho Mediterrania Project) Serial and Term Bonds in the original issue amount of \$2,365,000 were issued to defease the City's Limited Obligation Improvement Bonds, Assessment District No. 94-1 (Rancho Mediterrania Public Improvements Project), which were issued to finance the acquisition of certain public improvements in Assessment District 94-1 consisting of streets and drainage systems. The Bonds are not secured by the general taxing power of the City, the State of California or any other political subdivision thereof, and neither the City nor the State, nor any subdivision thereof, has pledged its full faith and credit for the payment thereof. The bonds are solely secured by unpaid reassessments levied against the assessed property and the City has no obligation or duty to pay any delinquency out of any available funds of the City. Total principal and interest remaining on the debt is \$222,833 with annual debt service requirements as indicated below. For the current year, the total reassessment collected was \$58,872 and the debt service obligation on the payable was \$32,530. However, the Agency owns 29 of the 259 mobile home lots within the Assessment District and is, therefore, responsible for the assessments until the lots are sold.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2012, including interest are as follows:

	Reassessment District No. 00-1 Rancho Mediterrania	
	Principal	Interest
2013	\$ 20,000	\$ 10,645
2014	20,000	9,400
2015	20,000	8,125
2016	20,000	6,825
2017	20,000	5,525
2018-2022	75,000	7,313
Totals	<u>\$ 175,000</u>	<u>\$ 47,833</u>

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. This liability, amounting to \$2,252,078 at June 30, 2012, will be paid in future years from the general fund.

Claims and judgments

The City's liability regarding self insurance is described in Note 11 of the Notes to Financial Statements. The liability will be paid in future years from the Internal Service fund.

County Memorandum of Understanding

In November 1995, the County of San Bernardino (County) loaned \$1,500,000 to the City under a memorandum of understanding between the County and the City approved by the City on May 2, 1995. The loan is to be repaid without interest from development

CITY OF COLTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 7: Long-Term Debt (Continued)

impact fees imposed and collected by the City on new development. In December 1996 and May 1997, the County loaned an additional \$329,298 under a memorandum of understanding for administrative and engineering costs incurred by the County on the City's behalf. At June 30, 2012, the total amount due is \$1,829,298. There is no repayment schedule as fixed maturities and debt service payments have not been established for this loan.

Capital Lease Obligations

The City has entered into capital lease agreements with various parties with expiration dates through fiscal year 2016-17. For accounting purposes, the lease agreements qualify as capital leases and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The assets acquired through capital leases are included in capital assets at a cost of \$2,957,971. The City's future commitment under these capital leases at June 30, 2012, is \$661,703.

The following is a schedule of future minimum lease payments under the capital lease, together with present value of the net minimum lease payments, as of June 30, 2012:

	<u>Total</u>
2013	\$ 324,991
2014	199,996
2015	75,000
2016	75,000
2017	<u>37,500</u>
Minimum Lease Payments	712,487
Less: Amount Representing Interest	<u>(50,784)</u>
Present Value of Minimum Lease Payments	<u>\$ 661,703</u>

CITY OF COLTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 7: Long-Term Debt (Continued)

b. Business-Type Activities Long-Term Debt

The following is a summary of the changes in long-term debt of the business-type activities of the City:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year
Revenue Bonds:					
Certificate of Participation, Financing Authority for Resource Efficiency of California, Series 1997	\$ 835,000	\$ -	\$ 835,000	\$ -	\$ -
Colton Public Financing Authority Water Revenue Bonds, Series 1998	8,500,000	-	285,000	8,215,000	295,000
Colton Utility Authority Revenue Bonds, Series 2000	4,055,000	-	210,000	3,845,000	220,000
Colton Public Financing Authority Revenue Bonds, Series 2002	37,185,000	-	1,515,000	35,670,000	1,580,000
Colton Public Financing Authority Revenue Refunding Bonds, Series 2007 A	15,495,000	-	35,000	15,460,000	920,000
Notes payable:					
Santa Ana Watershed Project Authority	1,429,131	-	270,378	1,158,753	277,934
San Bernardino Valley Municipal Water District	365,000	-	365,000	-	-
State of California Water Resource Control Board	5,723,878	-	414,908	5,308,970	425,280
Compensated Absences	567,936	496,304	526,064	538,176	269,000
Unamortized bond premium	228,276	-	11,094	217,182	
Total	\$ 74,384,221	\$ 496,304	\$ 4,467,444	\$ 70,413,081	\$ 3,987,214

Revenue Bonds Payable

Certificates of Participation, Financing Authority for Resource Efficiency of California (FARECal), Series 1997 in the original issue amount of \$46,565,000 were issued for the purpose of financing or refinancing the acquisition, construction and installation of certain projects of the City of Anaheim Electric System, the City of Colton Electric System and the Trinity County Public Utilities District. The City of Colton's allocation of the total debt is \$19,985,000 and matures through April 2021. The certificates bear interest, payable annually, at rates ranging from 4.50% to 5.75% in both serial and term fashion. The certificates are subject to optional and mandatory prepayment prior to maturity in increments of \$5,000. The City is obligated to make installment sale payment under an installment sale agreement dated April 1, 1997, by and between the City and the Financing Authority for Resource Efficiency of California (FARECal). In August 2007, the City issued the Colton Public Financing Authority Lease Revenue Bonds 2007, Series A to, among other things, advance refund \$11,145,000 of the outstanding balance of the Certificates of Participation, Financing Authority for Resource Efficiency of California, Series 1997.

As of June 30, 2012; the balance has been paid in full.

CITY OF COLTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 7: Long-Term Debt (Continued)

Colton Public Financing Authority Water Revenue Bonds, Series 1998 serial and term bonds in the original issue amount of \$11,120,000 were issued to provide funds to construct certain water system improvements for the City of Colton. The bonds are secured solely from Authority revenues, consisting primarily of installment payments by the City pursuant to an installment purchase agreement dated December 1, 1998. The Serial Bonds mature through March 2019, and bear interest, payable on March 1 and September 1, at rates ranging from 4.375% to 4.750%. The term bonds mature March 2023 and March 2030, and bear interest, payable on March 1 and September 1, at 4.95% and 5.05%, respectively. The serial bonds are subject to optional redemption beginning March 1, 2007, at the option of the Authority. The term bonds are subject to mandatory redemption beginning March 1, 2023.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2012, including interest are as follows:

	Water Revenue Bonds, Series 1998	
	Principal	Interest
2013	\$ 295,000	\$ 400,043
2014	310,000	386,325
2015	325,000	371,600
2016	340,000	356,163
2017	360,000	340,013
2018-2022	2,060,000	1,428,363
2023-2027	2,620,000	880,563
2028-2032	1,905,000	193,500
Totals	<u>\$ 8,215,000</u>	<u>\$ 4,356,570</u>

Colton Utility Authority Revenue Bonds (Wastewater System Project), Series 2000 serial and term bonds in the original issue amount of \$5,785,000 were issued to finance certain capital improvements to the Wastewater Enterprise Fund and to pay certain costs of issuance. The bonds are secured solely by and payable from net Wastewater Revenues and certain funds and accounts held under the indenture. The bonds mature through March 2025 and bear interest, payable on March 1 and September 1, at rates from 4.0% to 5.5%. The bonds are subject to optional redemption beginning March 1, 2010, at the option of the Authority. The bonds are subject to mandatory redemption at any date by the trustee if insurance proceeds received with respect to the Wastewater Enterprise are not used to repair, rebuild or replace the Wastewater Enterprise. The term bonds are subject to mandatory sinking account redemption beginning with bonds maturing on March 1, 2025.

CITY OF COLTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 7: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2012, including interest are as follows:

	Colton Utility Authority Revenue Bonds	
	Principal	Interest
2013	\$ 220,000	\$ 192,358
2014	230,000	182,238
2015	240,000	171,428
2016	250,000	159,908
2017	265,000	147,658
2018-2022	1,525,000	525,558
2023-2027	1,115,000	116,081
Totals	<u>\$ 3,845,000</u>	<u>\$ 1,495,229</u>

Colton Public Financing Authority Revenue Bonds, 2002 Series in the original issue amount of \$47,620,000 were issued to provide funds for the acquisition, construction and installation of a nominally rated 43 MW gas-fired simple cycle combustion turbine for the Electric System of the City of Colton. The bonds are secured primarily by certain proceeds of the 2002 Bonds and Facilities Revenues, which consist of 2002 Purchase Payments to be made by the City under the Installment Purchase Agreement between the City and the Financing Authority. The bonds mature beginning April 1, 2004 through April 1, 2028 and bear interest payable April 1 and October 1 at rates from 3.50% to 4.75%. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2012, including interest are as follows:

	Colton Public Financing Authority Revenue Bonds, Series 2002	
	Principal	Interest
2013	\$ 1,580,000	\$ 1,629,131
2014	1,645,000	1,565,931
2015	1,710,000	1,500,131
2016	1,790,000	1,423,181
2017	1,860,000	1,351,581
2018-2022	10,655,000	5,408,206
2023-2027	13,365,000	2,691,350
2028-2032	3,065,000	145,588
Totals	<u>\$ 35,670,000</u>	<u>\$ 15,715,099</u>

Colton Public Financing Authority Revenue Refunding Bonds, 2007 Series A in the original issue amount of \$15,620,000 were issued to provide funds for (i) the acquisition, construction and installation of certain improvements to the City's Electric System (the "2007 Project"), (ii) the prepayment of a portion of the Certificates of Participation, Financing Authority for Resource Efficiency of California (FARECal), Series 1997, (iii) to purchase a Reserve Account Policy for the Reserve Account, and (iv) the payment of the cost of issuance related to the 2007 bonds. The 2007 Bonds are secured by a pledge, charge and lien upon Facility Revenues and a pledge of all the monies in the Purchase Payments Account and the Reserve Account. Purchase Payments consist of the purchase payments made by the City in connection with its purchase of the 2007 Project. The 2007 Purchase Payments will be subordinate to the 1997 Installment Payments.

CITY OF COLTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 7: Long-Term Debt (Continued)

Interest on the bond is payable semiannually on April 1 and October 1 of each year commencing October 1, 2007.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2012, including interest are as follows:

	Revenue Refunding Bonds, 2007 Series A	
	Principal	Interest
2013	\$ 920,000	\$ 712,013
2014	960,000	675,213
2015	1,000,000	636,813
2016	1,040,000	596,813
2017	1,085,000	548,363
2018-2022	5,130,000	1,910,543
2023-2027	1,395,000	1,122,672
2028-2032	1,735,000	773,703
2033-2037	2,195,000	322,288
Totals	\$ 15,460,000	\$ 7,298,421

Notes Payable

Santa Ana Watershed Project Authority (RIX Demonstration and Full-Scale Facility Project)

On February 14, 1991, the State of California, acting by and through the State Water Resources Control Board and the Santa Ana Watershed Project Authority (SAWPA) entered into a loan agreement with the Cities of Colton and San Bernardino. The agreement provided for a loan in the amount of \$5,353,621 for the construction of the Demonstration Project, San Bernardino/Colton Rapid Infiltration Extraction facility (RIX Demo facility). The City of Colton is to be held responsible for one-quarter of this amount, or \$1,338,405. The loan bears interest at 3.3% with payments to be made annually. The outstanding balance relating to the RIX Demo facility has been repaid in full at June 30, 2010.

On April 12, 1994, the City entered into a second agreement that provided for a loan in the amount of \$30,563,058 for the construction of the Regional Tertiary Treatment System for the cities of San Bernardino and Colton (RIX full-scale facility). The City is to be held responsible for 15% of this amount, or \$4,584,458. The loan bears interest at 2.8% with payments to be made annually. The amount outstanding as of June 30, 2012, relating to the RIX full-scale facility is \$1,158,753.

At June 30, 2012, the annual requirement to repay the outstanding indebtedness for both loans is as follows:

	Santa Ana Watershed Project Authority	
	Principal	Interest
2013	\$ 277,934	\$ 32,445
2014	285,747	24,662
2015	293,732	16,662
2016	301,340	8,438
Totals	\$ 1,158,753	\$ 82,207

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 7: Long-Term Debt (Continued)

San Bernardino Valley Municipal Water District (SARI Capacity Rights)

In June 1993, the City entered into an agreement with the San Bernardino Valley Municipal Water District that provided for the purchase of a discharge right allocation (capacity rights only) into the Santa Ana Regional Interceptor (SARI) system. The loan amount of \$7,300,000 bears no interest, with payments of \$365,000 to be made annually. The City's income from sewer revenues is pledged as security for the required payments. As of June 30, 2012; the balance has been paid in full.

State of California Water Resources Control Board

In March 1998, the State of California, acting by and through the State of California Water Resources Control Board, entered into a loan agreement with the City that provided for the expansion and renovation of the sewer facility. The agreement provided for a loan amount not to exceed \$8,114,108 with repayments to begin upon completion of the project and bears interest at a rate of 2.5%.

At June 30, 2012, the annual requirement to repay the outstanding indebtedness is as follows:

	State of California Water Resource Control Board	
	Principal	Interest
2013	\$ 425,280	\$ 79,635
2014	435,912	73,255
2015	446,810	66,717
2016	457,980	60,015
2017	469,430	53,145
2018-2022	2,529,164	156,515
2023-2027	544,394	8,166
Totals	<u>\$ 5,308,970</u>	<u>\$ 497,448</u>

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. This liability, amounting to \$538,176 at June 30, 2012, will be paid in future years from the respective enterprise funds.

c. Non-Commitment Debt

Assessment District Bonds

The following bonds are not secured by the general taxing power of the City, State of California or any other political subdivision thereof, and neither the City, State nor any political subdivision thereof has pledged its full faith and credit for bond payments.

Community Facilities District No. 90-1 Special Tax Bonds (Mount Vernon Corridor), Series 1998

Original issue in the amount of \$2,800,000 was issued for the purpose of providing funds to purchase and, thereby, refund and discharge in full the issue of Community Facilities District No. 90-1 Bonds, Series 1990. The Bonds are

Note 7: Long-Term Debt (Continued)

payable solely from Special Tax Revenues levied upon District 90-1. The Bonds mature in term fashion on September 1, 2020, and bear interest at 7.5%, payable on March 1 and September 1 of each year. The Bonds are subject to optional redemption beginning March 1, 2010, and mandatory sinking fund redemption beginning September 1, 1999. The balance outstanding at June 30, 2012, is \$1,650,000.

Community Facilities District No. 89-2 Special Tax Refunding Bonds, Series 1998

Original issue amount of \$3,415,000 was issued to defease the Community Facilities District's No. 89-2 Series A Bonds issued in 1990 to provide a method of financing certain public capital facilities and services. The bonds are secured solely by Special Tax Revenues assessed on District No. 89-2. The bonds mature in term fashion through September 2019 and bear interest, payable on March 1 and September 1 at rates ranging from 3.35% to 5.75%. The bonds are subject to optional redemption beginning September 2004, and mandatory sinking fund redemption on bonds maturing in 2018 beginning September 2014. The balance outstanding at June 30, 2012, is \$1,590,000.

IV. OTHER INFORMATION

Note 8: Pension Plan Obligation

a. Miscellaneous Plan

Plan Description

The City of Colton contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments 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. A menu of benefit provisions, as well as other requirements, is established by state statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contracting with CalPERS and adopts those benefits through local ordinance. Copies of PERS' annual financial report may be obtained from its executive office: 400 P Street, Sacramento, California 95814.

Funding Policy

Participants contribute 8% of their annual covered salary

In addition, the City is required to contribute an actuarially determined rate. The current rate is 12.685% of employee annual covered payroll. The contribution requirements of plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 8: Employee Pension Plan (Continued)**Required Contribution**

The City required contribution and change in net pension asset for fiscal year ending June 30, 2012, were as follows:

Required contribution	\$ 2,081,153
Interest on net pension asset	(1,883,849)
Adjustment to annual required contribution	<u>2,199,727</u>
Annual pension cost	2,397,031
Contributions made	<u>2,081,153</u>
Decrease in net pension asset	315,878
Net pension (asset) - beginning of year	<u>(24,307,733)</u>
Net pension (asset) - end of year	<u><u>\$ (23,991,855)</u></u>

A summary of principal assumptions and methods used to determine the annual required contribution is shown below:

Valuation Date	June 30, 2010
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	23 Years as of the Valuation Date
Asset Valuation Method	15-Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.55% to 14.45% depending on age, service and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.00% and an annual production growth of 0.25%

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30 year rolling period, which results in an amortization of about 6% of unamortized gains and losses each year. If the Plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012
Note 8: Employee Pension Plan (Continued)
 Three-Year Trend Information for PERS
 Miscellaneous Plan
 (Amounts in Thousands)

Fiscal Years Ended	Required Contribution	Actual Required Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/2010	\$ 1,612	\$ 1,905	118%	\$ (24,601)
6/30/2011	2,205	1,911	87%	(24,308)
6/30/2012	2,397	2,081	87%	(23,992)

 Schedule of Funding Progress for PERS
 Miscellaneous Plan
 (Amounts in Thousands)

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Liability	Funded Ratio	Annual Covered Payroll	Unfunded Liability as % of Payroll
6/30/2009	\$ 94,667	\$ 86,189	\$ 8,478	91.0%	\$ 14,250	59.5%
6/30/2010	97,625	89,444	8,181	91.6%	11,682	70.0%
6/30/2011	103,115	92,786	10,329	90.0%	11,544	89.5%

The information above is the most recent information available.

b. Safety Fire Plan and Safety Police Plan**Plan Description**

The City contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement, disability benefits, annual cost-of-living adjustments 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. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy

Participants contribute 9% of their annual covered salary. In addition, the City is required to contribute at an actuarially determined rate; the current rate is 25.821% of annual covered payroll for fire safety employees and 25.976% of annual covered payroll for police safety employees. The contribution requirements of plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS.

Required Contribution

For the year ended June 30, 2012, the City's required contribution for the fire safety employees and police safety employees was \$1,102,209 and \$1,502,230

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012
Note 8: Employee Pension Plan (Continued)

respectively and was equal to the City's actual contributions. The required contribution was determined as part of the June 30, 2009, actuarial valuation using the entry age normal actuarial cost method.

Valuation Date	June 30, 2009
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	18 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.55% to 14.45% depending on age, service and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.00% and an annual production growth of 0.25%

Three-Year Trend Information for PERS
 Safety Fire and Safety Police Plans
 (Amounts in Thousands)

Fiscal Year Ended	Required Contribution	Annual Required Contribution	Percentage of APC Contributed
Fire			
6/30/2010	\$ 1,255	\$ 1,255	100%
6/30/2011	1,302	1,302	100%
6/30/2012	1,102	1,102	100%
Police			
6/30/2010	1,788	1,788	100%
6/30/2011	1,677	1,677	100%
6/30/2012	1,502	1,502	100%

For fiscal year 2011-2012, the City of Colton participated in risk pooling for its police safety and fire safety employees. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Participation in risk pools is mandatory for all rate plans with less than 100 active members. Mandated participation in risk pools was initially based on the active membership of each rate plan as of June 30, 2003. The implementation of risk pools was done in a way that minimizes the impact on employer contribution rates. The first year in risk pools, the employer contribution rates are almost identical to what the rates would have been outside pools. Future rates will be based on the experience of each pool. Pooling will reduce the volatility of future employer rates. Mandated participation will occur on an annual basis. If on any valuation date starting with the June 30, 2003, valuation, a rate plan has less than 100 active members, it will be mandated in one of the risk pools effective on that valuation date.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 9: Other Post-Employment Employee Benefits**Plan Description**

The City provides other post-employment benefits (OPEB) through a single-employer defined benefit healthcare plan. The plan, which is administered by the City, provides certain health care benefits. Specifically, the City provides health insurance for its retired employees according to the Personnel Rules and Regulations. The authority to do so is included annually in the Memorandum of Understanding between the City and each of its employee groups and ultimately passed by Council action. The contributions to the plan and benefits paid are accounted for within the governmental and proprietary funds and are funded on a pay-as-you-go basis.

Funding Policy

Currently the City funds retiree healthcare benefits on a pay-as-you-go basis, paying for retiree benefits as they are due with no pre-funding for future years. For fiscal year 2011-2012, the City paid \$1,060,619 in benefits for retired employees.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 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 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.

Annual required contribution	\$ 1,215,896
Interest on OPEB obligation	45,028
Adjustment to annual required contribution	<u>(32,286)</u>
Annual OPEB cost	1,228,638
Contributions made	<u>1,060,619</u>
Increase (decrease) in net OPEB obligation	168,019
Net OPEB obligation - beginning of year	<u>900,555</u>
Net OPEB obligation - end of year	<u><u>\$ 1,068,574</u></u>

The City implemented the provision of GASB Statement 45 in fiscal year ended June 30, 2009. Information on the annual OPEB cost, percentage of annual OPEB cost contributed, and net OPEB obligation is available for the fiscal year ended June 30, 2009 and thereafter.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 9: Other Post-Employment Employee Benefits (Continued)

Three-Year Trend Information for OPEB				
Fiscal Year Ended	Annual OPEB cost	Actual Contributions (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 1,211,382	\$ 865,584	71%	\$ 645,719
6/30/2011	1,205,535	950,699	79%	900,555
6/30/2012	1,228,638	1,060,619	86%	1,068,574

Funded Status and Funding Progress

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 trends. 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 below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress for OPEB (Amount in Thousands)						
Actuarial Valuation date	Actuarial Valuation of Assets	Actuarial Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
12/1/2007	\$ -	\$ 14,603	\$ (14,603)	0.0%	\$ 15,067	-96.9%
1/1/2010	-	17,761	(17,761)	0.0%	19,045	-93.3%

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 the 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 value of assets, consistent with the long-term perspective of the calculations.

The actuarial valuation dated January 1, 2010, used the Entry Age Normal actuarial cost method. The actuarial assumptions included a 5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, an annual healthcare cost trend rate of 4% per year, and an annual payroll increase of 3%. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2012, was twenty-eight years. As of the actuarial valuation date, the City had 217 active participants and 131 retirees receiving benefits.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 10: Jointly Governed Organizations**Southern California Public Power Authority**

The City is a member of the Southern California Public Power Authority (SCPPA) which was formed in 1980. SCPPA's objectives are to plan, finance, develop, acquire, construct, operate and maintain projects for the generation and transmission of electrical energy for sale to its members. Membership includes the cities of Anaheim, Azusa, Banning, Burbank, Colton, Glendale, Los Angeles, Pasadena, Riverside, Vernon, the Imperial Irrigation District and Cerritos. A Board of Directors consisting of the electric utility director from each Member Agency governs SCPPA. The City of Colton does not control the Authority's financing or budgeting.

The City's obligation is determined by the extent of its participation in projects developed by SCPPA. A summary of the City's contracts and related projects and its contingent liability at June 30, 2012, was as follows:

Project	City of Colton Percentage Share	City of Colton Obligation
Hoover Uprating Project	3.20%	\$ 362,394
Mead-Adelanto Project	2.60%	4,190,874
Mead-Phoenix Project	1.00%	505,550
Palo Verde Project	1.00%	691,000
San Juan Project	14.70%	16,492,430
Magnolia	4.30%	15,087,060
Natural Gas Project	12.20%	12,630,000
Prepaid Natural Gas	11.00%	35,459,600
	Total	\$ 85,418,908

The City has entered into power sales agreements for the projects listed above. The City is entitled to power output from the projects and is obligated to make payments on a "take or pay" basis for their proportionate share of maintenance, operating and debt service related to outstanding revenue bonds and other debt. The contract expires in various years through 2036. Payment of these obligations represents operating expenses of the City's Electric Utility Enterprise Fund and can only be funded from electric utility revenues. A copy of SCPPA's audited financial statements can be reviewed on their web site at www.scppa.org or can be obtained by written request at 225 South Lake Avenue, Suite 1250, Pasadena, CA 91101.

San Bernardino Valley International Airport Authority

In May 1992, the San Bernardino Valley International Airport Authority (SBVIAA) was created pursuant to a joint exercise of powers agreement, entered into between the City of Colton, the County of San Bernardino and the cities of Loma Linda, San Bernardino and Highland. The SBVIAA was established for the purpose of acquiring, operating, repairing, maintaining and administrating the aviation portions of the former Norton Air Force Base, now known as the San Bernardino International Airport. A copy of SBVIAA's audited financial statements can be obtained by written request at 294 S. Leland Norton Way, Suite #1, San Bernardino, CA 92408.

Note 10: Jointly Governed Organizations (Continued)

Inland Valley Economic Development Agency

The Redevelopment Agency of the City of Colton is a member of the San Bernardino/Colton/Loma Linda Joint Powers Financing Authority between the redevelopment agencies of San Bernardino, Colton, Loma Linda and the County of San Bernardino, all of which are members of the Inland Valley Economic Development Agency (IVEDA). The Governing Board of the IVEDA is composed of the executive directors of the Colton and Loma Linda redevelopment agencies, the Agency Administrator of the Economic Development Agency of the City of San Bernardino and representatives from the County of San Bernardino.

The authority was formed on September 30, 1991, for the purpose of issuing debt. Tax Allocation Notes in the original amount of \$7,500,000, were issued November 1, 1991, and the proceeds were used to make a loan to the IVEDA. The loan was used to pay certain operating and development costs of the Inland Valley Redevelopment Project Area. Since 1991 the original obligation has been refunded twice and in 1997 expanded to incorporate monies for school district purposes. The total 1997 refunding was \$44,485,000 of which 63%, or \$28,025,550, is applicable to the IVEDA.

These obligations are secured by a loan obligation made by IVEDA to the Joint Powers Authority. The obligation of the IVEDA will be payable from IVEDA tax revenue received from project area. If such tax revenues are unavailable, the obligation is further secured by commitments from the member agencies in the following percentages:

Redevelopment Agency of San Bernardino	92.08%
Redevelopment Agency of the City of Colton	3.06%
Redevelopment Agency of the City of Loma Linda	4.86%

A copy of IVEDA's audited financial statements can be obtained by written request at 363 S. Park Avenue, Suite 104, P.O. Box 1073, Pomona, CA 91766.

Colton/San Bernardino Regional Tertiary Treatment and Water Reclamation Authority

The City is a member of the Colton/San Bernardino Regional Tertiary Treatment and Water Reclamation Authority (the Authority). The Governing Board of the Authority is composed of two appointed representatives, one each from Colton and San Bernardino. In September 1994, the Authority was formed for the purpose of creating a public agency to exercise the common powers of Colton and San Bernardino to construct, operate, use and maintain tertiary wastewater treatment, disposal and water reclamation systems.

In April 1994, the Authority entered into a second agreement that provided for a loan in the amount of \$30,563,058 for the construction of the Regional Tertiary Treatment System (RIX full-scale facility). See Note 7 for complete disclosure.

A copy of the Authority's audited financial statements can be obtained by written request at 300 North "D" Street, 5th Floor, San Bernardino, CA 92418.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 11: Commitments and Contingencies**Self-Insurance Payable**

The City is exposed to various risk of loss related to torts; theft, damage and destruction of assets; errors and omissions; and injuries to employees. The City of Colton adopted a self-insurance program for workers' compensation and general liability and uses an internal service fund to account for and finance its uninsured risk of loss. Under this program, the self-insurance funds provide coverage for up to a maximum of \$250,000 for each workers' compensation claim and \$500,000 for each general liability claim. All funds of the City participate in the program and make payments to the internal service fund.

Based on estimated amounts needed to pay prior and current year claims. The insurance coverage in excess of the self-insured amount is provided by the Independent Cities Risk Management Authority (ICRMA) up to a limit of \$20,000,000.

Effective July 17, 1990, the City became a member of the Independent Cities Risk Management Authority (ICRMA), a joint power authority of 25 California cities organized under the laws of the State of California for the purpose of pooling the City of Colton's risk for workers' compensation and general liabilities with those of other member cities. The governing Board of ICRMA is comprised of one elected official or alternate from each member City, selected by each member City's City Council. Each governing Board member has one vote regarding all financial and management issues coming before the governing Board.

The fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The City has accrued for its anticipated liability with respect to claims filed and claims incurred but not reported to the City as of year-end. The accruals are in the amounts of \$956,186 and \$767,980 for the workers' compensation claims and general liability claims, respectively, for a total of \$1,724,166.

A reconciliation of changes in aggregate liabilities for claims for the current fiscal year and the prior fiscal year is as follows:

Amount of accrued claims at June 30, 2011	\$ 1,621,710
Incurred claims, representing the total of a provision for events of the current fiscal year and any changes (increase or decrease) in the provision for events of prior fiscal years	830,487
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(508,527)</u>
Amount of accrued claims at June 30, 2011	1,943,670
Incurred claims, representing the total of a provision for events of the current fiscal year and any changes (increase or decrease) in the provision for events of prior fiscal years	598,259
Payments on claims attributable to events of both the current fiscal year and prior fiscal years	<u>(817,763)</u>
Amount of accrued claims at June 30, 2012	<u><u>\$ 1,724,166</u></u>

CITY OF COLTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 11: Commitments and Contingencies (Continued)

There have been no significant changes in insurance coverage from the prior year. During the past three fiscal years, the amount of settlements has not exceeded the amount of insurance coverage.

Litigation

There are several lawsuits pending against the City. The outcome and eventual liability of the City, if any, in these cases is not known at this time. Management estimates that the potential claims against the City, not covered by insurance or self-insurance reserves, resulting from such litigation would not materially affect the financial statements of the City.

Construction Commitments

The following material construction commitments existed at June 30, 2012:

Project Name	Contract Amount	Expenditures to date as of June 30, 2012	Remaining Commitments
North Colton Waterline Replacement	\$ 1,105,142	\$ 648,641	\$ 456,501
Laurel Street Grade Separation Project	5,511,000	220,415	5,290,585

Note 12: Operating Leases

The City leases copiers under non-cancelable operating leases. Total costs of such leases were \$68,298 for the year ended June 30, 2012. The future minimum lease payments for these are as follows:

Years Ending June 30	Amount
2013	\$ 25,674
Total	\$ 25,674

Note 13: Net Assets Restatements

Beginning net assets has been restated by \$314,942 for capital assets improperly reported in the prior fiscal year.

Note 14: California Redevelopment Agency Dissolution

On July 18, 2011, the California Redevelopment Association (“CRA”) and the League of California Cities (“League”) filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-12 State Budget, AB 1X 26 and 27 (*California Redevelopment Association v. Matosantos*). AB 1X 26 dissolves redevelopment agencies effective October 1, 2011. AB 1X 27 gave redevelopment agencies an option to avoid dissolution if it commits to making defined payments for the benefit of the State, school districts and certain special districts.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 14: California Redevelopment Agency Dissolution (Continued)

In 2011-12, these payments amounted to a state-wide total of \$1.7 billion. In 2012-13 and subsequent years, the payments totaled \$400 million, annually. Each city or county's share of these payments was determined based on its proportionate share of state-wide tax increment.

On August 17, 2011 the Supreme Court issued a stay of the implementation of AB 1X 26 and 27 which allowed a redevelopment agency to continue if it adopted an AB 1X 27 ordinance. However, because of the effect of the stay order, the authority for the Redevelopment Agency to engage in most activities was suspended.

The Supreme Court heard oral arguments on November 10, 2011 and on December 29, 2011 announced its decision in *California Redevelopment Association v. Matosantos*. The court upheld AB 1X 26 which dissolves redevelopment agencies, but invalidated in its entirety AB 1X 27 which allowed redevelopment agencies to continue as long as they made the required payments. AB 1X 26 established deadlines for the process of Redevelopment Agency dissolution and the handling of existing obligations. The full text of AB 1X 26 may be obtained from the California legislative information website maintained by the Legislative Counsel of the State of California at: <http://www.leginfo.ca.gov/bilinfo.html>.

As of January 31, 2012 the Redevelopment Agency has been dissolved and the City of Colton has elected to become the Successor Agency. The Successor Agency will be responsible for winding down the remaining activities of the dissolved Redevelopment Agency.

Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Colton that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 11, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number R-01-12.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary loss reported in the governmental funds - increase to net assets of the Successory Agency Trust Fund	\$ 26,872,320
Long-term debt reported in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Fund	<u>(40,902,124)</u>
Net decrease to net assets of the Successor Agency Trust Fund as a result of initial transfers (equal to amount of extraordinary gain reported in the government-wide financial statements of the City)	<u><u>\$ (14,029,804)</u></u>

CITY OF COLTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

a. Cash and investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	\$ 21,307,517
Cash and investments with fiscal agent	<u>5,406,035</u>
	<u>\$ 26,713,552</u>

b. Long-Term Debt

The following debt was transferred from the Redevelopment Agency to the Successor Agency as of February 1, 2012 as a result of the dissolution. A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2012, follows:

	Balance July 1, 2011	Transferred from the former RDA	Additions	Deletions	Balance June 30, 2012	Due Within One Year
Fiduciary Activities:						
Compensated Absences	\$ -	\$ -	\$ 2,898	\$ -	\$ 2,898	\$ -
Tax Allocation Bonds:						
Colton Public Financing Authority Series 1998 A & B Mount Vernon Corridor & West Valley Redevelopment Projects 1999 TAB	-	22,665,000	-	-	22,665,000	1,760,000
Subordinate Tax Allocation Revenue Bonds Series 2004A	-	5,735,000	-	-	5,735,000	105,000
Notes - CIEDB	-	5,470,000	-	-	5,470,000	245,000
Disposition and Development Agreements:	-	1,254,507	-	-	1,254,507	107,729
Price Company	-	2,175,012	152,248	-	2,327,260	-
Tax Sharing Agreements	-	3,845,318	-	-	3,845,318	-
SERAF Loan	-	1,903,927	-	-	1,903,927	-
Unamortized Discounts:	-	(4,108)	268	-	(3,840)	-
Total	<u>\$ -</u>	<u>\$ 43,044,656</u>	<u>\$ 155,414</u>	<u>\$ -</u>	<u>\$ 43,200,070</u>	<u>\$ 2,217,729</u>

Compensated Absences

The Successor Agency follows the same policies relating to compensated absences as described in Note 1. This liability, amounting to \$2,898 at June 30, 2012, will be paid in future years from the Successor Agency administrative costs.

Tax Allocation Bonds:

On June 14, 2012, Moody's Investors Service ("Moody's") downgraded all California tax allocation bonds rated 'Baa3' and above. As such, the Bonds' insured rating was downgraded from 'A3' to 'Ba1' and underlying rating was downgraded from 'A3' to 'Ba1'. According to Moody's, all California tax allocation bond ratings remain on review for possible withdrawal.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

Colton Public Financing Authority Tax Allocation Revenue Bonds, Series 1998 A and B - The Colton Public Financing Authority issued serial and term bonds in the original issue amounts of \$32,900,000 and \$11,115,000, respectively, were issued to defease the Colton Public Financing Authority Tax Allocation Revenue Bonds, 1989 Series A and B, to finance additional capital projects relating to the Santa Ana River Redevelopment Project and the Cooley Ranch Redevelopment Project and to finance certain low and moderate income housing projects of the City's Redevelopment Agency. Insured Series A Serial Bonds in the amount of \$13,815,000, mature through August 1, 2012, and bear interest, payable semiannually, at rates ranging from 4.1% to 5.0%. Insured Series A Term Bonds in the amounts of \$9,215,000 and \$5,695,000, mature August 1, 2018 and August 1, 2027, respectively, and bear interest at a rate of 5.0%. Uninsured Series A Special Escrow Term Bonds in the amount of \$4,175,000, mature on August 1, 2027, and bear interest at a rate of 5.3%. Uninsured Series B Serial Bonds in the amount of \$5,025,000 mature through August 1, 2012, and bear interest at rates ranging from 4.25% to 5.60%. Uninsured Series B Term Bonds in the amount of \$6,090,000 mature on August 1, 2027, and bear interest at a rate of 5.875%. The bonds are subject to mandatory redemption at any time prior to maturity and subject to optional redemption beginning on August 1, 2009. The bonds were payable from and secured by tax increment of the Santa Ana River Redevelopment Project Area, the Cooley Ranch Redevelopment Project Area and revenues of the Low and Moderate Income Housing Fund. The Series A Bonds lien on the revenues of the Redevelopment Agency is senior to the lien which secures the Series B Bonds.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2012, including interest are as follows:

	Tax Allocation Bonds, Series 1998A and 1998B	
	Principal	Interest
2013	\$ 1,760,000	\$ 1,139,923
2014	1,845,000	1,046,375
2015	1,950,000	947,218
2016	2,045,000	842,768
2017	2,155,000	732,953
2018-2022	6,995,000	2,231,764
2023-2027	4,800,000	947,952
2028-2032	1,115,000	29,248
Totals	<u>\$ 22,665,000</u>	<u>\$ 7,918,201</u>

Mount Vernon Corridor and West Valley Redevelopment 1999 Tax Allocation Bonds - The former redevelopment agency issued tax allocation bonds in the original issue amounts of \$5,290,000 and \$1,375,000, respectively, to finance activities relating to the Mount Vernon Corridor Redevelopment Project. The bonds mature in a serial and term fashion, through September 1, 2036, and bear interest, payable semi-annually, at rates ranging from 4.25% to 6.30%. The bonds are subject to mandatory redemption at any time prior to maturity and subject to optional redemption beginning on September 1, 2009. The bonds were payable from and are secured by the tax revenues of the Agency for the affected project area.

CITY OF COLTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2012

Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2012, including interest are as follows:

1999 Tax Allocation Bonds Mount Vernon Corridor & West Valley Redevelopment Projects		
	Principal	Interest
2013	\$ 105,000	\$ 354,831
2014	110,000	348,517
2015	115,000	341,809
2016	120,000	334,687
2017	130,000	327,034
2018-2022	795,000	1,499,329
2023-2027	1,055,000	1,215,069
2028-2032	1,445,000	826,367
2033-2037	1,860,000	296,614
Totals	<u>\$ 5,735,000</u>	<u>\$ 5,544,257</u>

Subordinate Tax Allocation Revenue Bonds, 2004 Series A - The Colton Public Financing Authority issued tax allocation revenue bonds in the amount of \$6,980,000 on July 1, 2004 on behalf of the former redevelopment agency. Serial and term bonds in the original issue amounts of \$3,170,000 and \$3,810,000 respectively, were issued to redeem the Revenue Subordinate Housing Tax Allocation Revenue Bonds Series 2001A. Serial bonds mature through August 1, 2017 and bear interest payable semi-annually at rates ranging from 3.00% to 4.45%. Term bonds mature as follows: \$660,000 in term bonds bearing interest at 4.75% and maturing August 1, 2019; \$1,675,000 in term bonds bearing interest at 4.90% and maturing August 1, 2022, and \$1,475,000 in term bonds bearing interest at 5.05% and maturing August 1, 2026. The bonds are secured by a lien upon Surplus Housing Tax Revenues generated in the Project Areas. Surplus Housing Tax Revenues are defined in the Indenture as that portion of the Housing Set-Aside Revenues that have been released from the pledge and lien of the 1998 Housing Loan. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2012, including interest are as follows:

Subordinate Housing Tax Allocation Bonds, Series 2004A		
	Principal	Interest
2013	\$ 245,000	\$ 252,273
2014	260,000	242,418
2015	275,000	231,718
2016	280,000	220,268
2017	295,000	207,901
2018-2022	2,055,000	799,861
2023-2027	2,060,000	242,214
Totals	<u>\$ 5,470,000</u>	<u>\$ 2,196,653</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

Notes Obligations

In April 2002, the former redevelopment agency entered into a financing arrangement for \$2,000,000 with California Infrastructure and Economic Development Bank (CIEDB). Funds were actually advanced to the former redevelopment agency during fiscal year 2003-04. The loan matures on July 15, 2021, bearing interest at 3.34%, and is secured by a third lien on Cooley Ranch Project Area tax increment revenues. At such time when the requirements of the 1998 Colton Public Financing Authority Tax Allocation Revenue Bonds, Series 1998B indenture are met for CIEDB to be in second lien position, CIEDB shall move up to that position and Agency shall fund a debt service reserve. Agency agrees to incur no new debt senior to CIEDB until CIEDB is in second lien position. At June 30, 2012, the annual requirements to repay the outstanding indebtedness were as follows:

	California Infrastructure and Economic Development Bank	
	Principal	Interest
2013	\$ 107,729	\$ 40,101
2014	111,327	36,443
2015	115,045	32,663
2016	118,888	28,756
2017	122,859	24,719
2018-2022	678,659	58,157
Totals	<u>\$ 1,254,507</u>	<u>\$ 220,839</u>

Disposition and Development Agreements

Price Company - In October 1996, the former redevelopment agency entered into a disposition and development agreement with Price Company relating to the redevelopment of certain real property located within the West Valley Redevelopment Project Area. Pursuant to this agreement, the Agency entered into three note payable agreements totaling \$2,461,493. The notes bear interest at rate of 7% per annum and are repayable solely from a portion of the tax revenue generated by the Price Company's operations within the City. As of June 30, 2012, the balance outstanding is \$2,327,260.

Tax Sharing Agreement

The former redevelopment agency has entered into pass-through agreements with several other units of local government in order to lessen the fiscal impact of tax increment financing of the Redevelopment Agency projects on these other governmental funds. Amount will be repaid as tax increment funds become available. The outstanding pass-through liability at June 30, 2012, is \$3,845,318. There is no repayment schedule as fixed maturities and debt service payments have not been established for this loan.

SERAF loan

The Housing Authority made a loan of \$1,903,927 to the Successor Agency for the payment of the Education Revenue Augmentation Fund. There is no repayment schedule as fixed maturities and debt service payments have not been established for this loan.

Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

c. Pledged Revenue

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$49,529,177 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the City and Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$9,040,806 and the debt service obligation on the bonds was \$3,869,293.

d. Insurance

The Successor Agency is covered under the City of Colton's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 11.

e. Commitments and Contingencies

At June 30, 2012, the Successor Agency was involved as a defendant in several lawsuits arising out of the ordinary conduct of its affairs. It is the opinion of management that settlements of these lawsuits, including losses for claims that are incurred but not reported, if any, will not have a material effect on the financial position of the Successor Agency.

f. Reversal of Transfers of Assets

On April 20, 2012, pursuant to Health and Safety Code Section 34167.5, the California State Controller issued an order to cities, counties, and agencies, directly or indirectly receiving assets from a redevelopment agency after January 1, 2011, to reverse the transfer and return assets to successor agency. The California State Controller will specifically review and audit cities, counties, and public agencies to ensure that all applicable asset transfers have been reversed. Any reversals of transfers are not reflected in the Agency's financial statements as of January 31, 2012. Upon the Controller's review, any assets, if applicable, would be transferred to the Successor Agency in accordance with the order.

g. Subsequent Events

Assembly Bill 1484 established a requirement for the successor agency to remit to the County auditor-controller three payments as determined by the auditor-controller which consist of a payment to be made in July 2012 for taxing entities' share of the December 2011 property tax distribution to redevelopment agency/successor agency, a

CITY OF COLTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

payment to be made in November 2012 related to Low-Moderate Income Housing Fund Due Diligence Review for unencumbered cash, and a payment to be made in April 2013 related to the other Redevelopment Funds Due Diligence Review for unencumbered cash. As of the date of the report, the payment in July 2012 resulted in no amount due and future amounts due in November 2012 and April 2013 have not been determined by the auditor-controller.

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects), that are restricted to expenditures for special purposes. The following funds have been classified as non-major funds:

Gas Tax Fund - To account for monies received and expended from State Gas Tax allocations.

Community Child Care Fund - To account for monies received and expended from State Dept. of Education.

Library Grant Fund - To account for monies received and expended from various grant sources.

Community Development Block Grant Fund - To account for monies received and expended by the City as a participating in the Federal Community Development Block Grant Program.

State Traffic Relief Fund - To account for monies received from AB2928 for street pavement maintenance, rehabilitation and reconstruction of traffic control devices.

Asset Seizure Fund - To account for monies received and property seized as a result of judicial forfeitures.

Air Quality Fund - To account for monies received from AQMD for Alternate Fuel Program and Trip Reduction.

Drug/Gang Intervention Fund - To account for monies received from Asset Seizure for anti gang education.

Host City Fees Fund- To account for monies received and expended from County of San Bernardino for hosting the County landfill.

Storm Water Fund - To account for monies received and expended for the maintenance of storm drains.

Local Transportation Fund - To account for monies received from a portion of sales tax revenue restricted to fund transportation related activities.

New Facilities Fund - To account for monies received from new development dedicated to building of new Public Safety and Library facilities.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (Continued)

VITEP Fund- This fund was setup up using a grant from the Office of Traffic Safety to tow cars belonging to unlicensed drivers within the City. For continuation of the program revenue is now derived from citation of traffic violators within the City.

Miscellaneous Grants Fund - To account for monies received and expended from various grant sources.

CAPITAL PROJECTS FUNDS

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major facilities other than those financed by Proprietary, Special Assessment, and/or Trust Funds. Funds included are the following:

Capital Improvements – To account for the General City capital projects. The funding for these projects is primarily from Measure I, Gas Tax and the General Fund.

Development Fees - To account for funds collected from developers for capital infrastructure projects within the development.

Assessment Districts - To account for funds collected from the Assessment Districts for infrastructure projects within the project areas.

Colton Crossing - To account for funds relating to the Laurel/Hunts Lane Separation Project which is funded by Local Stimulus Funds, Proposition 42, Traffic Relief Funds and Traffic Impact Fees.

Redevelopment Agency Capital Projects - To account for the acquisition, demolition and sale of land for those areas in Colton designated as in need of redevelopment related activities. Primary sources of funding have been bond proceeds and property tax increments transferred from the Redevelopment Debt Service Fund.

NON-MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

Debt Service Funds are used to accumulate resources for the payment of principal and interest on long-term debt for the City and Redevelopment Agency. The following are classified as a major fund in the accompanying financial statements:

Public Financing Authority (PFA) - This fund is used to account to accumulate resources for the payment of principal and interest on long-term debt for the City.

Taxable Pension Funding Bonds – This fund is used to accumulate resource for the payment of principal and interest on the amount borrowed for purposes of funding the City's enterprise funds' previously unfunded pension liability.

CITY OF COLTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds			
	Gas Tax	Community Child Care	Library Grant	Community Development Block Grant
Assets:				
Cash and investments	\$ 16,409	\$ 43,765	\$ -	\$ -
Receivables:				
Taxes	149,240	-	-	-
Interest	683	76	-	-
Due from other governments	-	27,600	-	94,857
Due from other funds	-	-	-	-
Inventories	-	2,555	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 166,332	\$ 73,996	\$ -	\$ 94,857
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 16,532	\$ -	\$ 24,907
Deferred revenues	-	49,676	-	21,947
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	2,677	631,180
Total Liabilities	-	66,208	2,677	678,034
Fund Balances:				
Nonspendable:				
Inventory	-	2,555	-	-
Restricted for:				
Public safety	-	-	-	-
Capital Projects	166,332	-	-	-
Debt service	-	-	-	-
Community services	-	5,233	-	-
Air quality projects	-	-	-	-
Unassigned	-	-	(2,677)	(583,177)
Total Fund Balances	166,332	7,788	(2,677)	(583,177)
Total Liabilities and Fund Balances	\$ 166,332	\$ 73,996	\$ -	\$ 94,857

CITY OF COLTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

(Continued)

	Special Revenue Funds			
	State Traffic Relief	Asset Seizure	Air Quality	Drug/Gang Intervention
Assets:				
Cash and investments	\$ 377,546	\$ -	\$ 284,983	\$ 15,597
Receivables:				
Taxes	-	-	-	-
Interest	395	-	244	14
Due from other governments	-	-	16,254	-
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Restricted assets:				
Cash and investments	-	626,326	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 377,941	\$ 626,326	\$ 301,481	\$ 15,611
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	-	-	-
Fund Balances:				
Nonspendable:				
Inventory	-	-	-	-
Restricted for:				
Public safety	-	626,326	-	15,611
Capital Projects	377,941	-	-	-
Debt service	-	-	-	-
Community services	-	-	-	-
Air quality projects	-	-	301,481	-
Unassigned	-	-	-	-
Total Fund Balances	377,941	626,326	301,481	15,611
Total Liabilities and Fund Balances	\$ 377,941	\$ 626,326	\$ 301,481	\$ 15,611

CITY OF COLTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds			
	Host City Fees	Storm Water	Local Transportation	New Facilities
Assets:				
Cash and investments	\$ 222,059	\$ 31,466	\$ 1,213,513	\$ 70,970
Receivables:				
Taxes	-	14,906	-	-
Interest	245	-	1,170	61
Due from other governments	119,271	34,329	115,423	-
Due from other funds	-	103,094	-	-
Inventories	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 341,575	\$ 183,795	\$ 1,330,106	\$ 71,031
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 23,592	\$ -	\$ -
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	23,592	-	-
Fund Balances:				
Nonspendable:				
Inventory	-	-	-	-
Restricted for:				
Public safety	-	-	-	-
Capital Projects	341,575	160,203	1,330,106	71,031
Debt service	-	-	-	-
Community services	-	-	-	-
Air quality projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	341,575	160,203	1,330,106	71,031
Total Liabilities and Fund Balances	\$ 341,575	\$ 183,795	\$ 1,330,106	\$ 71,031

CITY OF COLTON

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012**

(Continued)

	<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>	
	<u>ViTep</u>	<u>Miscellaneous Grants</u>	<u>Capital Improvements</u>	<u>Development Fees</u>
Assets:				
Cash and investments	\$ 12,419	\$ 50,000	\$ 236,569	\$ 470,446
Receivables:				
Taxes	-	-	-	-
Interest	18	-	-	406
Due from other governments	-	1,821,613	-	-
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 12,437	\$ 1,871,613	\$ 236,569	\$ 470,852
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 8,577	\$ 109,932	\$ 17,250
Deferred revenues	-	1,686,041	-	-
Unearned revenues	-	161,176	-	-
Due to other governments	-	-	-	-
Due to other funds	-	1,423,075	160,102	-
Total Liabilities	-	3,278,869	270,034	17,250
Fund Balances:				
Nonspendable:				
Inventory	-	-	-	-
Restricted for:				
Public safety	12,437	-	-	-
Capital Projects	-	-	-	453,602
Debt service	-	-	-	-
Community services	-	-	-	-
Air quality projects	-	-	-	-
Unassigned	-	(1,407,256)	(33,465)	-
Total Fund Balances	12,437	(1,407,256)	(33,465)	453,602
Total Liabilities and Fund Balances	\$ 12,437	\$ 1,871,613	\$ 236,569	\$ 470,852

CITY OF COLTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Capital Projects Funds			Debt Service Funds
	Assessment Districts	Colton Crossing	Redevelopment Agency	Public Financing Authority
Assets:				
Cash and investments	\$ -	\$ 2,424,064	\$ -	\$ 115,523
Receivables:				
Taxes	-	-	-	-
Interest	-	3,342	-	-
Due from other governments	-	417,257	-	-
Due from other funds	-	2,217,034	-	-
Inventories	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	1,534,484
Total Assets	\$ -	\$ 5,061,697	\$ -	\$ 1,650,007
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 2,472	\$ -	\$ 1,250
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	103,094	-	-	-
Total Liabilities	103,094	2,472	-	1,250
Fund Balances:				
Nonspendable:				
Inventory	-	-	-	-
Restricted for:				
Public safety	-	-	-	-
Capital Projects	-	5,059,225	-	-
Debt service	-	-	-	1,648,757
Community services	-	-	-	-
Air quality projects	-	-	-	-
Unassigned	(103,094)	-	-	-
Total Fund Balances	(103,094)	5,059,225	-	1,648,757
Total Liabilities and Fund Balances	\$ -	\$ 5,061,697	\$ -	\$ 1,650,007

CITY OF COLTON

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>Debt Service Funds</u>	
	<u>Taxable Pension Funding Bonds</u>	<u>Total Governmental Funds</u>
Assets:		
Cash and investments	\$ 28,473	\$ 5,613,802
Receivables:		
Taxes	-	164,146
Interest	-	6,654
Due from other governments	-	2,646,604
Due from other funds	-	2,320,128
Inventories	-	2,555
Restricted assets:		
Cash and investments	-	626,326
Cash and investments with fiscal agents	1,639,878	3,174,362
Total Assets	\$ 1,668,351	\$ 14,554,577
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable	\$ -	\$ 204,512
Deferred revenues	-	1,757,664
Unearned revenues	-	161,176
Due to other governments	-	-
Due to other funds	-	2,320,128
Total Liabilities	-	4,443,480
Fund Balances:		
Nonspendable:		
Inventory	-	2,555
Restricted for:		
Public safety	-	654,374
Capital Projects	-	7,960,015
Debt service	1,668,351	3,317,108
Community services	-	5,233
Air quality projects	-	301,481
Unassigned	-	(2,129,669)
Total Fund Balances	1,668,351	10,111,097
Total Liabilities and Fund Balances	\$ 1,668,351	\$ 14,554,577

CITY OF COLTON

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	Special Revenue Funds			
	Gas Tax	Community Child Care	Library Grant	Community Development Block Grant
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,461,806	406,509	-	216,292
Charges for services	-	212,825	-	-
Use of money and property	1,749	528	2	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	1,463,555	619,862	2	216,292
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community services	-	598,686	29,757	-
Public works	-	-	-	-
Capital outlay	-	-	-	42,838
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	598,686	29,757	42,838
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,463,555	21,176	(29,755)	173,454
Other Financing Sources (Uses):				
Transfers in	-	-	22,705	-
Transfers out	(1,600,000)	(12,899)	-	(195,399)
Total Other Financing Sources (Uses)	(1,600,000)	(12,899)	22,705	(195,399)
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 15)	-	-	-	-
Net Change in Fund Balances	(136,445)	8,277	(7,050)	(21,945)
Fund Balances:				
Beginning of year	302,777	(489)	4,373	(561,232)
End of year	\$ 166,332	\$ 7,788	\$ (2,677)	\$ (583,177)

CITY OF COLTON

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

(Continued)

	Special Revenue Funds			
	State Traffic Relief	Asset Seizure	Air Quality	Drug/Gang Intervention
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	65,844	-
Charges for services	-	-	-	-
Use of money and property	1,434	1,094	775	45
Fines and forfeitures	-	265,042	-	128
Miscellaneous	-	-	-	-
Total Revenues	1,434	266,136	66,619	173
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	10,726	-	-
Community services	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	14,895	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	10,726	14,895	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,434	255,410	51,724	173
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(176,818)	-	-	-
Total Other Financing Sources (Uses)	(176,818)	-	-	-
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 15)	-	-	-	-
Net Change in Fund Balances	(175,384)	255,410	51,724	173
Fund Balances:				
Beginning of year	553,325	370,916	249,757	15,438
End of year	\$ 377,941	\$ 626,326	\$ 301,481	\$ 15,611

CITY OF COLTON

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	Special Revenue Funds			
	Host City Fees	Storm Water	Local Transportation	New Facilities
Revenues:				
Taxes	\$ -	\$ 580,788	\$ -	\$ -
Intergovernmental	381,232	-	723,862	-
Charges for services	-	-	-	6,206
Use of money and property	590	-	3,486	196
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	381,822	580,788	727,348	6,402
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	399,156	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	399,156	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	381,822	181,632	727,348	6,402
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(203,154)	(6,784)	(425,429)	-
Total Other Financing Sources (Uses)	(203,154)	(6,784)	(425,429)	-
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 15)	-	-	-	-
Net Change in Fund Balances	178,668	174,848	301,919	6,402
Fund Balances:				
Beginning of year	162,907	(14,645)	1,028,187	64,629
End of year	\$ 341,575	\$ 160,203	\$ 1,330,106	\$ 71,031

CITY OF COLTON

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

(Continued)

	Special Revenue Funds		Capital Projects Funds	
	ViTep	Miscellaneous Grants	Capital Improvements	Development Fees
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	2,196,815	-	-
Charges for services	64,130	-	-	86,969
Use of money and property	39	-	-	1,294
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	3,642
Total Revenues	64,169	2,196,815	-	91,905
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	87,234	600,405	-	-
Community services	-	-	-	-
Public works	-	-	-	45,377
Capital outlay	-	-	836,515	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	87,234	600,405	836,515	45,377
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,065)	1,596,410	(836,515)	46,528
Other Financing Sources (Uses):				
Transfers in	-	-	1,124,105	-
Transfers out	-	(1,585,606)	-	(13,850)
Total Other Financing Sources (Uses)	-	(1,585,606)	1,124,105	(13,850)
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 15)	-	-	-	-
Net Change in Fund Balances	(23,065)	10,804	287,590	32,678
Fund Balances:				
Beginning of year	35,502	(1,418,060)	(321,055)	420,924
End of year	\$ 12,437	\$ (1,407,256)	\$ (33,465)	\$ 453,602

CITY OF COLTON

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	Capital Projects Funds			Debt Service Funds
	Assessment Districts	Colton Crossing	Redevelopment Agency	Public Financing Authority
Revenues:				
Taxes	\$ -	\$ -	\$ 15,442	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	-	6,547	68,439	560,125
Fines and forfeitures	-	-	-	-
Miscellaneous	34,329	359,213	3,157	-
Total Revenues	34,329	365,760	87,038	560,125
Expenditures:				
Current:				
General government	-	-	707,009	8,150
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	236,900	-	-
Debt service:				
Principal retirement	-	-	20,000	675,000
Interest and fiscal charges	-	-	6,573	715,735
Total Expenditures	-	236,900	733,582	1,398,885
Excess (Deficiency) of Revenues Over (Under) Expenditures	34,329	128,860	(646,544)	(838,760)
Other Financing Sources (Uses):				
Transfers in	-	3,482,660	800,000	908,744
Transfers out	-	-	(47,032)	-
Total Other Financing Sources (Uses)	-	3,482,660	752,968	908,744
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 15)	-	-	700,654	-
Net Change in Fund Balances	34,329	3,611,520	807,078	69,984
Fund Balances:				
Beginning of year	(137,423)	1,447,705	(807,078)	1,578,773
End of year	\$ (103,094)	\$ 5,059,225	\$ -	\$ 1,648,757

CITY OF COLTON

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012**

	Debt Service Funds	
	Taxable Pension Funding Bonds	Total Governmental Funds
Revenues:		
Taxes	\$ -	\$ 596,230
Intergovernmental	-	5,452,360
Charges for services	-	370,130
Use of money and property	3,786	650,129
Fines and forfeitures	-	265,170
Miscellaneous	9,139	409,480
Total Revenues	12,925	7,743,499
Expenditures:		
Current:		
General government	2,475	717,634
Public safety	-	698,365
Community services	-	628,443
Public works	-	444,533
Capital outlay	-	1,131,148
Debt service:		
Principal retirement	755,000	1,450,000
Interest and fiscal charges	1,544,847	2,267,155
Total Expenditures	2,302,322	7,337,278
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,289,397)	406,221
Other Financing Sources (Uses):		
Transfers in	2,389,394	8,727,608
Transfers out	-	(4,266,971)
Total Other Financing Sources (Uses)	2,389,394	4,460,637
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 15)	-	700,654
Net Change in Fund Balances	99,997	5,567,512
Fund Balances:		
Beginning of year	1,568,354	4,543,585
End of year	\$ 1,668,351	\$ 10,111,097

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE
GAS TAX
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 302,777	\$ 302,777	\$ 302,777	\$ -
Resources (Inflows):				
Intergovernmental	1,394,897	1,410,278	1,461,806	51,528
Use of money and property	-	700	1,749	1,049
Amounts Available for Appropriations	1,697,674	1,713,755	1,766,332	52,577
Charges to Appropriations (Outflow):				
Transfers out	1,600,000	1,600,000	1,600,000	-
Total Charges to Appropriations	1,600,000	1,600,000	1,600,000	-
Budgetary Fund Balance, June 30	\$ 97,674	\$ 113,755	\$ 166,332	\$ 52,577

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY CHILD CARE
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (489)	\$ (489)	\$ (489)	\$ -
Resources (Inflows):				
Intergovernmental	540,915	449,253	406,509	(42,744)
Charges for services	263,000	196,947	212,825	15,878
Use of money and property	-	500	528	28
Amounts Available for Appropriations	803,426	646,211	619,373	(26,838)
Charges to Appropriations (Outflow):				
Community services	738,362	621,235	598,686	22,549
Transfers out	12,899	12,899	12,899	-
Total Charges to Appropriations	751,261	634,134	611,585	22,549
Budgetary Fund Balance, June 30	\$ 52,165	\$ 12,077	\$ 7,788	\$ (4,289)

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE
LIBRARY GRANT
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,373	\$ 4,373	\$ 4,373	\$ -
Resources (Inflows):				
Intergovernmental	37,939	37,939	-	(37,939)
Use of money and property	-	-	2	2
Transfers in	-	-	22,705	22,705
Amounts Available for Appropriations	42,312	42,312	27,080	(15,232)
Charges to Appropriations (Outflow):				
Community services	37,939	29,607	29,757	(150)
Total Charges to Appropriations	37,939	29,607	29,757	(150)
Budgetary Fund Balance, June 30	\$ 4,373	\$ 12,705	\$ (2,677)	\$ (15,382)

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (561,232)	\$ (561,232)	\$ (561,232)	\$ -
Resources (Inflows):				
Intergovernmental	383,199	651,518	216,292	(435,226)
Amounts Available for Appropriations	(178,033)	90,286	(344,940)	(435,226)
Charges to Appropriations (Outflow):				
Capital outlay	216,064	456,119	42,838	413,281
Transfers out	167,135	195,399	195,399	-
Total Charges to Appropriations	383,199	651,518	238,237	413,281
Budgetary Fund Balance, June 30	\$ (561,232)	\$ (561,232)	\$ (583,177)	\$ (21,945)

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE
STATE TRAFFIC RELIEF
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 553,325	\$ 553,325	\$ 553,325	\$ -
Resources (Inflows):				
Use of money and property	-	1,000	1,434	434
Amounts Available for Appropriations	553,325	554,325	554,759	434
Charges to Appropriations (Outflow):				
Transfers out	80,569	489,238	176,818	312,420
Total Charges to Appropriations	80,569	489,238	176,818	312,420
Budgetary Fund Balance, June 30	\$ 472,756	\$ 65,087	\$ 377,941	\$ 312,854

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE
ASSET SEIZURE
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 370,916	\$ 370,916	\$ 370,916	\$ -
Resources (Inflows):				
Use of money and property	-	1,000	1,094	94
Fines and forfeitures	-	63,729	265,042	201,313
Amounts Available for Appropriations	370,916	435,645	637,052	201,407
Charges to Appropriations (Outflow):				
Public safety	-	13,985	10,726	3,259
Total Charges to Appropriations	-	13,985	10,726	3,259
Budgetary Fund Balance, June 30	\$ 370,916	\$ 421,660	\$ 626,326	\$ 204,666

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 249,757	\$ 249,757	\$ 249,757	\$ -
Resources (Inflows):				
Intergovernmental	50,000	50,000	65,844	15,844
Use of money and property	-	400	775	375
Amounts Available for Appropriations	299,757	300,157	316,376	16,219
Charges to Appropriations (Outflow):				
Capital outlay	-	14,895	14,895	-
Total Charges to Appropriations	-	14,895	14,895	-
Budgetary Fund Balance, June 30	\$ 299,757	\$ 285,262	\$ 301,481	\$ 16,219

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE
HOST CITY FEES
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 162,907	\$ 162,907	\$ 162,907	\$ -
Resources (Inflows):				
Intergovernmental	347,697	347,697	381,232	33,535
Use of money and property	-	200	590	390
Amounts Available for Appropriations	510,604	510,804	544,729	33,925
Charges to Appropriations (Outflow):				
Transfers out	249,001	272,279	203,154	69,125
Total Charges to Appropriations	249,001	272,279	203,154	69,125
Budgetary Fund Balance, June 30	\$ 261,603	\$ 238,525	\$ 341,575	\$ 103,050

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE
STORM WATER
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (14,645)	\$ (14,645)	\$ (14,645)	\$ -
Resources (Inflows):				
Property taxes	575,000	588,591	580,788	(7,803)
Amounts Available for Appropriations	560,355	573,946	566,143	(7,803)
Charges to Appropriations (Outflow):				
Public works	514,791	510,534	399,156	111,378
Transfers out	6,784	6,784	6,784	-
Total Charges to Appropriations	521,575	517,318	405,940	111,378
Budgetary Fund Balance, June 30	\$ 38,780	\$ 56,628	\$ 160,203	\$ 103,575

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE
LOCAL TRANSPORTATION
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,028,187	\$ 1,028,187	\$ 1,028,187	\$ -
Resources (Inflows):				
Intergovernmental	473,460	473,460	723,862	250,402
Use of money and property	-	1,500	3,486	1,986
Amounts Available for Appropriations	1,501,647	1,503,147	1,755,535	252,388
Charges to Appropriations (Outflow):				
Transfers out	405,542	896,780	425,429	471,351
Total Charges to Appropriations	405,542	896,780	425,429	471,351
Budgetary Fund Balance, June 30	\$ 1,096,105	\$ 606,367	\$ 1,330,106	\$ 723,739

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE
NEW FACILITIES
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 64,629	\$ 64,629	\$ 64,629	\$ -
Resources (Inflows):				
Charges for services	8,000	8,000	6,206	(1,794)
Use of money and property	-	75	196	121
Amounts Available for Appropriations	72,629	72,704	71,031	(1,673)
Budgetary Fund Balance, June 30	\$ 72,629	\$ 72,704	\$ 71,031	\$ (1,673)

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE
VITEP
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 35,502	\$ 35,502	\$ 35,502	\$ -
Resources (Inflows):				
Charges for services	125,000	50,000	64,130	14,130
Use of money and property	-	50	39	(11)
Amounts Available for Appropriations	160,502	85,552	99,671	14,119
Charges to Appropriations (Outflow):				
Public safety	142,590	138,398	87,234	51,164
Total Charges to Appropriations	142,590	138,398	87,234	51,164
Budgetary Fund Balance, June 30	\$ 17,912	\$ (52,846)	\$ 12,437	\$ 65,283

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE
MISCELLANEOUS GRANTS
YEAR ENDED JUNE 30, 2012**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1 as restated	\$ (1,418,060)	\$ (1,418,060)	\$ (1,418,060)	\$ -
Resources (Inflows):				
Intergovernmental	1,502,197	3,591,519	2,196,815	(1,394,704)
Amounts Available for Appropriations	84,137	2,173,459	778,755	(1,394,704)
Charges to Appropriations (Outflow):				
Public safety	427,266	916,823	600,405	316,418
Transfers out	992,459	2,579,923	1,585,606	994,317
Total Charges to Appropriations	1,419,725	3,496,746	2,186,011	1,310,735
Budgetary Fund Balance, June 30	<u><u>\$ (1,335,588)</u></u>	<u><u>\$ (1,323,287)</u></u>	<u><u>\$ (1,407,256)</u></u>	<u><u>\$ (83,969)</u></u>

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENTS
YEAR ENDED JUNE 30, 2012**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (321,055)	\$ (321,055)	\$ (321,055)	\$ -
Resources (Inflows):				
Transfers in	469,911	3,073,349	1,124,105	(1,949,244)
Amounts Available for Appropriations	148,856	2,752,294	803,050	(1,949,244)
Charges to Appropriations (Outflow):				
Capital outlay	469,911	3,073,350	836,515	2,236,835
Total Charges to Appropriations	469,911	3,073,350	836,515	2,236,835
Budgetary Fund Balance, June 30	\$ (321,055)	\$ (321,056)	\$ (33,465)	\$ 287,591

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE
DEVELOPMENT FEES
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 420,924	\$ 420,924	\$ 420,924	\$ -
Resources (Inflows):				
Charges for services	43,000	30,602	86,969	56,367
Use of money and property	-	500	1,294	794
Miscellaneous	50,000	50,000	3,642	(46,358)
Amounts Available for Appropriations	513,924	502,026	512,829	10,803
Charges to Appropriations (Outflow):				
Public works	50,000	50,000	45,377	4,623
Transfers out	-	92,790	13,850	78,940
Total Charges to Appropriations	50,000	142,790	59,227	83,563
Budgetary Fund Balance, June 30	\$ 463,924	\$ 359,236	\$ 453,602	\$ 94,366

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE
ASSESSMENT DISTRICTS
YEAR ENDED JUNE 30, 2012**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (137,423)	\$ (137,423)	\$ (137,423)	\$ -
Resources (Inflows):				
Miscellaneous	-	34,329	34,329	-
Amounts Available for Appropriations	(137,423)	(103,094)	(103,094)	-
Budgetary Fund Balance, June 30	\$ (137,423)	\$ (103,094)	\$ (103,094)	\$ -

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE
COLTON CROSSING
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,447,705	\$ 1,447,705	\$ 1,447,705	\$ -
Resources (Inflows):				
Use of money and property	-	1,500	6,547	5,047
Miscellaneous	-	359,213	359,213	-
Transfers in	1,832,660	3,482,660	3,482,660	-
Amounts Available for Appropriations	3,280,365	5,291,078	5,296,125	5,047
Charges to Appropriations (Outflow):				
Capital outlay	-	1,011,873	236,900	774,973
Total Charges to Appropriations	-	1,011,873	236,900	774,973
Budgetary Fund Balance, June 30	\$ 3,280,365	\$ 4,279,205	\$ 5,059,225	\$ 780,020

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS - REDEVELOPMENT AGENCY
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (807,078)	\$ (807,078)	\$ (807,078)	\$ -
Resources (Inflows):				
Property taxes	412,258	412,258	15,442	(396,816)
Use of money and property	529,274	529,274	68,439	(460,835)
Miscellaneous	370	3,370	3,157	(213)
Transfers in	1,600,000	1,600,000	800,000	(800,000)
Amounts Available for Appropriations	1,734,824	1,737,824	79,960	(1,657,864)
Charges to Appropriations (Outflow):				
General government	1,425,189	933,495	707,009	226,486
Debt service:				
Principal retirement	20,000	30,000	20,000	10,000
Interest and fiscal charges	1,046,140	1,056,720	6,573	1,050,147
Transfers out	80,626	47,032	47,032	-
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	(700,654)	700,654
Total Charges to Appropriations	2,571,955	2,067,247	79,960	1,987,287
Budgetary Fund Balance, June 30	\$ (837,131)	\$ (329,423)	\$ -	\$ 329,423

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE
PUBLIC FINANCING AUTHORITY
YEAR ENDED JUNE 30, 2012**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 1,578,773	\$ 1,578,773	\$ 1,578,773	\$ -
Resources (Inflows):				
Use of money and property	500,500	501,200	560,125	58,925
Transfers in	916,349	916,349	908,744	(7,605)
Amounts Available for Appropriations	2,995,622	2,996,322	3,047,642	51,320
Charges to Appropriations (Outflow):				
General government	10,080	10,725	8,150	2,575
Debt service:				
Principal retirement	675,000	675,000	675,000	-
Interest and fiscal charges	715,735	715,735	715,735	-
Total Charges to Appropriations	1,400,815	1,401,460	1,398,885	2,575
Budgetary Fund Balance, June 30	\$ 1,594,807	\$ 1,594,862	\$ 1,648,757	\$ 53,895

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE
TAXABLE PENSION FUNDING BONDS
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,568,354	\$ 1,568,354	\$ 1,568,354	\$ -
Resources (Inflows):				
Use of money and property	21,000	21,000	3,786	(17,214)
Miscellaneous	-	-	9,139	9,139
Transfers in	2,398,526	2,398,526	2,389,394	(9,132)
Amounts Available for Appropriations	3,987,880	3,987,880	3,970,673	(17,207)
Charges to Appropriations (Outflow):				
General government	4,500	4,500	2,475	2,025
Debt service:				
Principal retirement	755,000	755,000	755,000	-
Interest and fiscal charges	1,544,847	1,544,847	1,544,847	-
Total Charges to Appropriations	2,304,347	2,304,347	2,302,322	2,025
Budgetary Fund Balance, June 30	\$ 1,683,533	\$ 1,683,533	\$ 1,668,351	\$ (15,182)

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE - REDEVELOPMENT AGENCY
YEAR ENDED JUNE 30, 2012**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 25,834,548	\$ 25,834,548	\$ 25,834,548	\$ -
Resources (Inflows):				
Property taxes	10,019,397	10,129,428	6,202,327	(3,927,101)
Use of money and property	34,600	40,817	56,789	15,972
Transfers in	1,945,460	1,945,460	1,240,465	(704,995)
Amounts Available for Appropriations	37,834,005	37,950,253	33,334,129	(4,616,124)
Charges to Appropriations (Outflow):				
General government	63,826	64,027	28,047	35,980
Debt service:				
Principal retirement	2,124,247	2,124,247	2,020,000	104,247
Interest and fiscal charges	2,072,936	2,215,227	1,109,705	1,105,522
Pass-through agreement payments	-	-	193,510	(193,510)
Transfers out	5,664,935	7,336,281	3,690,465	3,645,816
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	26,292,402	(26,292,402)
Total Charges to Appropriations	9,925,944	11,739,782	33,334,129	(21,594,347)
Budgetary Fund Balance, June 30	\$ 27,908,061	\$ 26,210,471	\$ -	\$ (26,210,471)

CITY OF COLTON

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2012**

	<u>Facility and Equipment Maintenance</u>	<u>Information Services</u>	<u>Insurance</u>	<u>Total</u>
Assets:				
Current:				
Cash and investments	\$ 35,251	\$ 399,016	\$ 192,357	\$ 626,624
Receivables:				
Accrued interest	34	318	319	671
Restricted:				
Cash and investments	-	-	49,728	49,728
Total Current Assets	35,285	399,334	242,404	677,023
Noncurrent:				
Capital assets - net of accumulated depreciation	436,335	243,455	-	679,790
Total Noncurrent Assets	436,335	243,455	-	679,790
Total Assets	\$ 471,620	\$ 642,789	\$ 242,404	\$ 1,356,813
Liabilities and Net Assets:				
Liabilities:				
Current:				
Accounts payable	\$ 13,747	\$ 60,497	\$ 18,804	\$ 93,048
Deposits payable	-	-	955	955
Accrued compensated absences	21,000	6,000	-	27,000
Accrued claims and judgments	-	-	725,411	725,411
Total Current Liabilities	34,747	66,497	745,170	846,414
Noncurrent:				
Accrued compensated absences	20,490	5,427	-	25,917
Accrued claims and judgments	-	-	998,755	998,755
Total Noncurrent Liabilities	20,490	5,427	998,755	1,024,672
Total Liabilities	55,237	71,924	1,743,925	1,871,086
Net Assets:				
Invested in capital assets, net of related debt	436,335	243,455	-	679,790
Unrestricted	(19,952)	327,410	(1,501,521)	(1,194,063)
Total Net Assets	416,383	570,865	(1,501,521)	(514,273)
Total Liabilities and Net Assets	\$ 471,620	\$ 642,789	\$ 242,404	\$ 1,356,813

CITY OF COLTON

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2012**

	Facility and Equipment Maintenance	Information Services	Insurance	Total
Operating Revenues:				
Sales and service charges	\$ 636,132	\$ 667,020	\$ 2,200,992	\$ 3,504,144
Miscellaneous	-	-	21,876	21,876
Total Operating Revenues	636,132	667,020	2,222,868	3,526,020
Operating Expenses:				
Salaries and benefits	496,449	195,667	126,462	818,578
Contractual services	26,020	77	134,798	160,895
Maintenance and operations	81,563	257,864	869,175	1,208,602
Claims and benefits	-	-	826,206	826,206
Depreciation expense	21,300	93,854	-	115,154
Total Operating Expenses	625,332	547,462	1,956,641	3,129,435
Operating Income (Loss)	10,800	119,558	266,227	396,585
Nonoperating Revenues (Expenses):				
Interest revenue	99	840	1,079	2,018
Total Nonoperating Revenues (Expenses)	99	840	1,079	2,018
Income (Loss) Before Transfers	10,899	120,398	267,306	398,603
Transfers out	(25,242)	(13,286)	(6,669)	(45,197)
Changes in Net Assets	(14,343)	107,112	260,637	353,406
Net Assets:				
Beginning of fiscal year	430,726	463,753	(1,762,158)	(867,679)
End of fiscal year	\$ 416,383	\$ 570,865	\$ (1,501,521)	\$ (514,273)

CITY OF COLTON

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2012**

	Facility and Equipment Maintenance	Information Services	Insurance	Total
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 636,132	\$ 667,020	\$ 2,222,868	\$ 3,526,020
Cash paid to suppliers for goods and services	(96,379)	(213,947)	(1,444,959)	(1,755,285)
Cash paid to employees for services	(491,504)	(203,712)	(1,137,886)	(1,833,102)
Net Cash Provided (Used) by Operating Activities	48,249	249,361	(359,977)	(62,367)
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	(25,242)	(13,286)	(6,669)	(45,197)
Net Cash Provided (Used) by Non-Capital Financing Activities	(25,242)	(13,286)	(6,669)	(45,197)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	(9,973)	-	(9,973)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(9,973)	-	(9,973)
Cash Flows from Investing Activities:				
Interest received	65	661	1,095	1,821
Net Cash Provided (Used) by Investing Activities	65	661	1,095	1,821
Net Increase (Decrease) in Cash and Cash Equivalents	23,072	226,763	(365,551)	(115,716)
Cash and Cash Equivalents at Beginning of Year	12,179	172,253	607,636	792,068
Cash and Cash Equivalents at End of Year	\$ 35,251	\$ 399,016	\$ 242,085	\$ 676,352
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 10,800	\$ 119,558	\$ 266,227	\$ 396,585
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	21,300	93,854	-	115,154
Increase (decrease) in accounts payable	11,204	43,994	(406,700)	(351,502)
Increase (decrease) in claims and judgments	-	-	(219,504)	(219,504)
Increase (decrease) in compensated absences	4,945	(8,045)	-	(3,100)
Total Adjustments	37,449	129,803	(626,204)	(458,952)
Net Cash Provided (Used) by Operating Activities	\$ 48,249	\$ 249,361	\$ (359,977)	\$ (62,367)

Non-Cash Investing, Capital, and Financing Activities:

There was no non-cash investing, capital or financing activities during fiscal year 2011-2012.

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AGENCY FUNDS

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds operate as a clearing mechanism. Cash resources are collected, held for a brief period and then distributed to the proper recipients. The City has a fiduciary responsibility for the assets, which it does not own. The following are classified as agency funds in the financial statements:

General Deposit Fund - This fund is used to account for deposits placed with the City for future services, and trust funds awaiting remittance to relevant service provider.

Assessment Districts Fund - Used to account for funds collected from Assessment Districts.

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CITY OF COLTON

COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2012

	General Deposit	Assessment Districts	Total
Assets:			
Cash and investments	\$ 1,519,990	\$ -	\$ 1,519,990
Receivables:			
Accounts	92	-	92
Taxes	-	6,037	6,037
Notes and loans	1,770	-	1,770
Interest	-	6	6
Due from other governments	-	7,723	7,723
Restricted assets:			
Cash and investments	193,224	1,673,507	1,866,731
Cash and investments with fiscal agents	-	539,786	539,786
Total Assets	\$ 1,715,076	\$ 2,227,059	\$ 3,942,135
Liabilities:			
Accounts payable	\$ 394,887	\$ 47,574	\$ 442,461
Accrued liabilities	1,105,819	-	1,105,819
Deposits payable	214,370	-	214,370
Due to other governments	-	626,772	626,772
Due to bondholders	-	1,552,713	1,552,713
Total Liabilities	\$ 1,715,076	\$ 2,227,059	\$ 3,942,135

CITY OF COLTON

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2012**

	<u>Balance 7/1/2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2012</u>
<u>General Deposit</u>				
Assets:				
Cash and investments	\$ 1,579,449	\$ 29,038,571	\$ 29,098,030	\$ 1,519,990
Receivables:				
Accounts	-	92	-	92
Notes and loans	1,659	2,473	2,362	1,770
Deposits	13,217	225	13,442	-
Restricted assets:				
Cash and investments	189,806	6,400	2,982	193,224
Total Assets	<u>\$ 1,784,131</u>	<u>\$ 29,047,761</u>	<u>\$ 29,116,816</u>	<u>\$ 1,715,076</u>
Liabilities:				
Accounts payable	\$ 582,170	\$ 11,779,192	\$ 11,966,475	\$ 394,887
Accrued liabilities	1,037,319	28,865,175	28,796,675	1,105,819
Deposits payable	164,642	196,773	147,045	214,370
Total Liabilities	<u>\$ 1,784,131</u>	<u>\$ 40,841,140</u>	<u>\$ 40,910,195</u>	<u>\$ 1,715,076</u>
<u>Assessment Districts</u>				
Assets:				
Cash and investments	\$ 10,613	\$ 1,505,930	\$ 1,516,543	\$ -
Receivables:				
Taxes	12,878	6,038	12,879	6,037
Interest	26	6	26	6
Due from other governments	-	7,723	-	7,723
Restricted assets:				
Cash and investments	1,578,222	1,170,257	1,074,972	1,673,507
Cash and investments with fiscal agents	537,361	1,045,806	1,043,381	539,786
Total Assets	<u>\$ 2,139,100</u>	<u>\$ 3,735,760</u>	<u>\$ 3,647,801</u>	<u>\$ 2,227,059</u>
Liabilities:				
Accounts payable	\$ 27,580	\$ 658,234	\$ 638,240	\$ 47,574
Due to other governments	456,880	554,680	384,788	626,772
Due to bondholders	1,654,640	1,817,184	1,919,111	1,552,713
Total Liabilities	<u>\$ 2,139,100</u>	<u>\$ 3,030,098</u>	<u>\$ 2,942,139</u>	<u>\$ 2,227,059</u>

CITY OF COLTON

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2012

	<u>Balance 7/1/2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2012</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 1,590,062	\$ 30,544,501	\$ 30,614,573	\$ 1,519,990
Receivables:				
Accounts	-	92	-	92
Taxes	12,878	6,038	12,879	6,037
Notes and loans	1,659	2,473	2,362	1,770
Interest	26	6	26	6
Deposits	13,217	225	13,442	-
Due from other governments	-	7,723	-	7,723
Restricted assets:				
Cash and investments	1,768,028	1,176,657	1,077,954	1,866,731
Cash and investments with fiscal agents	537,361	1,045,806	1,043,381	539,786
Total Assets	<u>\$ 3,923,231</u>	<u>\$ 32,783,521</u>	<u>\$ 32,764,617</u>	<u>\$ 3,942,135</u>
Liabilities:				
Accounts payable	\$ 609,750	\$ 12,437,426	\$ 12,604,715	\$ 442,461
Accrued liabilities	1,037,319	28,865,175	28,796,675	1,105,819
Deposits payable	164,642	196,773	147,045	214,370
Due to other governments	456,880	554,680	384,788	626,772
Due to bondholders	1,654,640	1,817,184	1,919,111	1,552,713
Total Liabilities	<u>\$ 3,923,231</u>	<u>\$ 43,871,238</u>	<u>\$ 43,852,334</u>	<u>\$ 3,942,135</u>

CITY OF COLTON

COMBINING BALANCE SHEET
 ALL PRIVATE-PURPOSE TRUST FUNDS
 JUNE 30, 2012

	Cemetery Endowment Fund	Successor Agency of the former RDA	Total
Assets:			
Cash and investments	\$ 48,208	\$ 21,307,517	\$ 21,355,725
Receivables:			
Interest	42	20,143	20,185
Prepaid costs	-	3,500	3,500
Due from other governments	-	5,635,976	5,635,976
Deferred charges	-	224,143	224,143
Land held for resale	-	6,973,000	6,973,000
Restricted assets:			
Cash and investments	1,108,414	-	1,108,414
Cash and investments with fiscal agents	-	5,406,035	5,406,035
Total Assets	1,156,664	39,570,314	40,726,978
Liabilities:			
Accounts payable	-	75,023	75,023
Accrued interest	-	731,060	731,060
Deposits payable	402,807	-	402,807
Due to other governments	-	9,080,290	9,080,290
Long-term liabilities:			
Due in one year	-	2,217,729	2,217,729
Due in more than one year	-	40,982,341	40,982,341
Total Liabilities	402,807	53,086,443	53,489,250
Net Assets:			
Held in trust for endowment	753,857	-	753,857
Held in trust for other purposes	-	(13,516,129)	(13,516,129)
Total Net Assets	\$ 753,857	\$ (13,516,129)	\$ (12,762,272)

CITY OF COLTON

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
YEAR ENDED JUNE 30, 2012**

	<u>Cemetery Endowment Fund</u>	<u>Successor Agency of the former RDA</u>	<u>Total</u>
Additions:			
Contributions	\$ 11,450	\$ -	\$ 11,450
Taxes	-	2,838,479	2,838,479
Interest and change in fair value of investments	(503)	716,614	716,111
Miscellaneous	-	70,088	70,088
Total Additions	10,947	3,625,181	3,636,128
Deductions:			
Administrative expenses	1,292	266,522	267,814
Interest expense	-	1,840,818	1,840,818
Contributions to other governments	-	1,004,166	1,004,166
Total Deductions	1,292	3,111,506	3,112,798
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 15)	-	(14,029,804)	(14,029,804)
Changes in Net Assets	9,655	(13,516,129)	(13,506,474)
Net Assets - Beginning of the Year	744,202	-	744,202
Net Assets - End of the Year	\$ 753,857	\$ (13,516,129)	\$ (12,762,272)

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Statistical Section

This part of the City of Colton'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 the city's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.</i>	127-131
Revenue Capacity <i>These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.</i>	132-138
Debt Capacity <i>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.</i>	139-143
Demographic and Economic Information <i>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.</i>	144-146
Operating Information <i>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.</i>	147-148

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.*

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City of Colton
Net Assets by Component,
Last Nine Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities									
Invested in capital assets, net of related debt	\$ 16,309,314	\$ 16,192,140	\$ 17,712,248	\$ 22,050,337	\$ 8,413,726	\$ 8,344,523	\$ 9,463,993	\$ 8,938,118	\$ 45,177,147
Restricted	27,253,375	28,855,518	34,681,049	31,252,306	37,893,149	29,323,645	29,033,595	38,294,495	12,240,766
Unrestricted	(43,819,588)	(40,929,785)	(37,867,686)	(30,358,075)	(22,013,054)	(16,314,151)	(16,836,896)	(19,363,797)	(10,150,820)
Total governmental activities net assets	\$ (256,899)	\$ 4,117,873	\$ 14,525,611	\$ 22,944,566	\$ 24,293,821	\$ 21,354,017	\$ 21,660,692	\$ 27,868,816	\$ 47,267,093
Business-type activities									
Invested in capital assets, net of related debt	\$ 29,644,897	\$ 26,956,109	\$ 28,363,689	\$ 28,287,387	\$ 30,056,470	\$ 32,303,397	\$ 34,947,388	\$ 39,098,859	\$ 36,883,482
Restricted	23,771,342	11,605,798	11,071,498	8,389,339	5,547,322	5,877,095	5,744,749	5,760,520	6,049,437
Unrestricted	10,652,236	23,143,670	20,607,902	23,914,937	21,444,561	25,210,594	27,612,261	34,466,613	47,841,422
Total business-type activities net assets	\$ 64,068,475	\$ 61,705,577	\$ 60,043,089	\$ 60,591,663	\$ 57,048,353	\$ 63,391,086	\$ 68,304,398	\$ 79,325,992	\$ 90,774,341
Primary government									
Invested in capital assets, net of related debt	\$ 45,954,211	\$ 43,148,249	\$ 46,075,937	\$ 50,337,724	\$ 38,470,196	\$ 40,647,920	\$ 44,411,381	\$ 48,036,977	\$ 82,060,629
Restricted	51,024,717	40,461,316	45,752,547	39,641,645	43,440,471	35,200,740	34,778,344	44,055,015	18,290,203
Unrestricted	(33,167,352)	(17,786,115)	(17,259,784)	(6,443,136)	(568,493)	8,896,443	10,775,365	15,102,816	37,690,602
Total primary government net assets	\$ 63,811,576	\$ 65,823,450	\$ 74,568,700	\$ 83,536,231	\$ 81,342,174	\$ 84,745,103	\$ 89,965,090	\$ 107,194,808	\$ 138,041,434

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

The City of Colton implemented changes to the statistical section per GASB Statement no. 44 in fiscal 2006.

This schedule requires presentation of the last ten years, but only the last nine years were readily available.

City of Colton
Changes in Net Assets, Last Nine Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental activities:									
General government	\$ 6,127,840	\$ 5,389,431	\$ 8,043,423	\$ 3,166,168	\$ 10,471,277	\$ 6,335,018	\$ 8,184,814	\$ 9,415,958	\$ 5,236,386
Community Services	5,455,410	4,831,984	7,485,496	6,067,743	6,077,540	7,530,058	4,890,385	3,132,316	3,083,688
Public Works	8,986,631	9,007,957	6,925,658	9,128,492	6,899,459	7,861,024	6,229,888	5,126,915	4,594,582
Public Safety	18,250,157	20,733,576	21,950,800	26,313,672	26,193,362	27,074,045	24,540,340	20,436,034	17,818,926
Interest on long-term debt	4,500,381	5,097,234	4,812,572	4,793,267	6,448,327	6,190,555	5,976,908	5,819,212	3,920,158
Total governmental activities expenses	43,320,419	45,060,182	49,217,949	49,469,342	56,089,965	54,990,700	49,822,335	43,930,435	34,653,740
Business-type activities:									
Electric	40,145,060	39,896,348	44,211,535	48,211,348	53,999,134	47,577,309	48,650,685	46,052,494	46,277,804
Water	7,299,941	7,756,570	8,174,930	10,010,951	11,604,531	8,232,181	8,319,269	7,692,742	8,506,714
Wastewater	5,799,314	6,556,954	6,440,416	6,577,950	6,306,927	6,779,455	6,868,307	6,369,993	6,744,619
Total business-type activities expenses	53,244,315	54,209,872	58,826,881	64,800,249	71,910,592	62,588,945	63,838,261	60,115,229	61,529,137
Total primary government expenses	\$ 96,564,734	\$ 99,270,054	\$ 108,044,830	\$ 114,269,591	\$ 128,000,557	\$ 117,579,645	\$ 113,660,596	\$ 104,045,664	\$ 96,182,877
Program Revenues (see Schedule 3)									
Governmental activities:									
Charges for services	\$ 3,381,329	\$ 3,708,862	\$ 4,906,582	\$ 4,688,206	\$ 6,230,606	\$ 5,779,588	\$ 5,198,365	\$ 5,334,511	\$ 3,901,311
Operating contributions and grants	3,190,493	1,775,385	2,528,215	3,780,193	2,795,368	2,713,102	2,034,476	824,501	1,262,475
Capital contributions and grants	2,621,779	2,884,999	3,140,492	3,021,320	5,310,007	1,302,818	2,766,401	3,831,950	3,549,475
Total governmental activities program revenues	9,193,601	8,369,246	10,575,289	11,489,719	14,335,981	9,795,508	9,999,242	9,990,962	8,713,261
Business-type activities:									
Charges for services:									
Electric	39,825,731	39,333,727	44,296,212	51,565,766	57,124,228	57,830,359	57,964,716	58,168,727	58,718,170
Water	6,041,412	5,855,561	6,202,568	6,754,350	6,172,889	6,093,153	7,925,002	8,563,345	9,798,238
Wastewater	8,132,983	8,729,446	8,715,741	8,965,160	8,573,485	8,264,242	8,302,059	8,998,371	8,615,509
Operating grants and contributions	-	658,852	419,454	71,543	-	-	-	69,676	286,907
Total business-type activities program revenues	54,000,126	54,577,586	59,633,975	67,356,819	71,870,602	72,187,754	74,191,777	75,800,119	77,418,824
Total primary government program revenues	\$ 63,193,727	\$ 62,946,832	\$ 70,209,264	\$ 78,846,538	\$ 86,206,583	\$ 81,983,262	\$ 84,191,019	\$ 85,791,081	\$ 86,132,085

City of Colton
Changes in Net Assets, Last Nine Fiscal Years
(modified accrual basis of accounting)

(CONTINUED)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (Expense)/Revenue									
Governmental activities	\$ (34,126,818)	\$ (36,690,936)	\$ (38,642,660)	\$ (37,979,623)	\$ (41,753,984)	\$ (45,195,192)	\$ (39,823,093)	\$ (33,939,473)	\$ (25,940,479)
Business-type activities	755,811	367,714	807,094	2,556,570	(39,990)	9,598,809	10,353,516	15,684,890	15,889,687
Total primary government net expense	\$ (33,371,007)	\$ (36,323,222)	\$ (37,835,566)	\$ (35,423,053)	\$ (41,793,974)	\$ (35,596,383)	\$ (29,469,577)	\$ (18,254,583)	\$ (10,050,792)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes	\$ 9,801,084	\$ 11,180,154	\$ 14,638,143	\$ 17,937,345	\$ 18,878,050	\$ 19,768,300	\$ 18,736,900	\$ 17,654,388	\$ 13,300,697
Sales taxes	9,129,955	10,840,401	11,846,126	10,979,334	7,727,727	5,765,109	5,373,215	5,735,928	6,475,409
Other taxes	1,936,924	5,423,684	5,158,368	6,359,392	5,890,286	6,298,430	6,559,013	6,347,669	1,775,612
Motor vehicle in lieu	2,254,401	3,842,957	1,160,018	355,163	231,884	209,161	113,781	263,884	-
Use of money and property	2,633,071	2,721,144	3,415,539	3,167,964	4,930,685	3,876,655	3,291,843	3,569,991	2,843,573
Other	13,723,010	3,574,198	8,879,414	8,312,751	1,029,963	362,458	269,321	463,405	969,061
Transfers	3,664,805	4,487,021	4,107,384	4,268,935	5,301,526	5,757,687	5,661,926	6,112,332	6,259,542
Extraordinary gain on dissolution of redevelopment agency									14,029,804
Total governmental activities	43,143,250	42,069,559	49,204,992	51,380,884	43,990,121	42,037,800	40,005,999	40,147,597	45,653,698
Business-type activities:									
Other taxes	312	77	520	-	-	-	-	-	-
Use of money and property	739,966	841,345	997,043	1,761,384	1,692,048	655,485	221,722	274,186	273,223
Other	1,892,756	3,062,279	1,185,762	2,142,614	-	-	-	1,174,850	1,544,981
Transfers	(3,664,805)	(4,487,021)	(4,107,384)	(4,268,935)	(5,301,526)	(5,757,687)	(5,661,926)	(6,112,332)	(6,259,542)
Total business-type activities	(1,031,771)	(583,320)	(1,924,059)	(364,937)	(5,301,526)	(5,102,202)	(5,440,204)	(4,663,296)	(4,441,338)
Total primary government	\$ 42,111,479	\$ 41,486,239	\$ 47,280,933	\$ 51,015,947	\$ 43,990,121	\$ 36,935,598	\$ 34,565,795	\$ 35,484,301	\$ 41,212,360
Change in Net Assets									
Governmental activities	\$ 9,016,432	\$ 5,378,623	\$ 10,562,332	\$ 13,401,261	\$ 2,236,137	\$ (3,157,392)	\$ 182,906	\$ 6,208,124	\$ 19,713,219
Business-type activities	(275,960)	(215,606)	(1,116,965)	2,191,633	(39,990)	4,496,607	4,913,312	11,021,594	11,448,349
Total primary government	\$ 8,740,472	\$ 5,163,017	\$ 9,445,367	\$ 15,592,894	\$ 2,196,147	\$ 1,339,215	\$ 5,096,218	\$ 17,229,718	\$ 31,161,568

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004. The City of Colton implemented changes to the statistical section per GASB Statement no. 44 in fiscal 2006. This schedule requires presentation of the last ten years, but only the last nine years were readily available.

City of Colton
Fund Balances, Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund									
Reserved	\$ 752,739	\$ 799,433	\$ 917,473	\$ 853,553	\$ 3,452,686	\$ 2,295,394	\$ 2,046,193	\$ -	\$ -
Unreserved	738,216	2,545,640	5,498,873	9,711,356	4,498,203	1,147,008	(663,386)	-	-
Nonspendable	-	-	-	-	-	-	-	231,095	183,119
Restricted	-	-	-	-	-	-	-	197,201	197,201
Unassigned	-	-	-	-	-	-	-	2,858,934	2,709,136
Total general fund	\$ 1,490,955	\$ 3,345,073	\$ 6,416,346	\$ 10,564,909	\$ 7,950,889	\$ 3,442,402	\$ 1,382,807	\$ 3,287,230	\$ 3,089,456
All Other Governmental Funds									
Reserved	\$ 19,239,544	\$ 6,901,271	\$ 6,570,911	\$ 6,948,324	\$ 11,031,330	\$ 13,553,712	\$ 11,555,346	\$ -	\$ -
Unreserved:									
Reported in:									
Special revenue funds	4,392,978	4,048,318	3,392,686	519,384	793,600	1,014,562	358,456	-	-
Capital projects funds	1,519,149	4,142,019	4,640,193	1,434,192	941,337	846,700	118,106	-	-
Debt service funds	6,623,372	6,662,402	6,785,420	1,569,094	5,981,543	3,587,777	3,019,917	-	-
Designated for capital improvement projects	1,712,872	-	-	-	-	-	-	-	-
Designated for debt service	6,075,899	10,818,032	16,902,537	21,099,258	23,393,397	20,190,243	19,310,405	-	-
Undesignated	(12,799,399)	(4,883,042)	(5,075,480)	(3,843,873)	(14,862,051)	(11,435,321)	(7,937,634)	-	-
Nonspendable	-	-	-	-	-	-	-	11,658,478	632,993
Restricted:									
Reported in:									
Special revenue funds	-	-	-	-	-	-	-	7,803,567	12,238,211
Capital projects funds	-	-	-	-	-	-	-	8,648,607	-
Debt service funds	-	-	-	-	-	-	-	21,786,760	-
Unassigned	-	-	-	-	-	-	-	(19,519,279)	(4,715,578)
Total all other governmental funds	\$ 26,764,415	\$ 27,689,000	\$ 33,216,267	\$ 27,726,379	\$ 27,279,156	\$ 27,757,673	\$ 26,424,596	\$ 30,378,133	\$ 8,155,626

Notes: The City of Colton implemented changes to the statistical section per GASB Statement no. 44 in fiscal 2006. This schedule requires presentation of the last ten years, but only the last nine years were readily available. The City of Colton implemented changes to the presentation of fund balance per GASB Statement no. 54 in fiscal year 2011.

City of Colton
Changes in Fund Balances, Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues									
Taxes (see Schedule 6)	\$ 19,763,357	\$ 24,645,236	\$ 32,854,345	\$ 35,661,435	\$ 33,389,809	\$ 32,473,516	\$ 30,624,248	\$ 29,772,782	\$ 21,568,791
Licenses and permits	1,230,998	1,337,083	1,529,822	1,494,432	1,887,156	1,605,543	1,460,956	1,241,153	1,078,828
Intergovernmental	7,876,687	9,843,468	7,148,208	6,113,540	6,952,226	7,336,096	5,606,806	6,474,144	6,213,639
Charges for services	2,013,631	2,004,780	2,545,743	2,827,182	2,577,891	2,470,160	1,953,323	2,184,334	1,334,503
Use of money and property	4,041,196	4,119,667	4,801,977	4,842,170	4,888,775	3,834,377	3,254,035	3,521,907	2,779,873
Fines and forfeitures	721,821	968,857	1,075,194	540,661	595,521	554,331	563,749	468,911	484,634
Contributions	-	-	-	1,200,000	12,500	12,500	75,000	25,000	75,000
Miscellaneous	10,823,520	1,049,765	6,780,624	4,942,074	1,308,710	479,203	244,293	422,140	957,935
Total revenues	46,471,210	43,968,856	56,735,913	57,621,494	51,612,588	48,765,726	43,782,410	44,110,371	34,493,203
Expenditures									
General government	4,891,628	5,234,448	7,902,150	3,025,148	33,815,258	3,441,066	5,481,155	6,811,797	4,486,685
Community services	5,088,159	4,483,418	4,631,891	5,939,219	6,018,854	7,365,043	4,734,498	2,964,264	2,929,875
Public works	2,694,503	3,677,870	4,141,904	5,915,408	5,373,406	5,048,407	3,400,482	2,019,277	1,860,691
Public safety	18,012,963	20,383,725	21,738,352	25,074,498	25,830,897	26,801,128	24,318,248	19,865,275	17,305,760
Capital outlay	10,607,375	5,059,181	5,669,378	9,348,520	13,655,318	9,721,886	4,075,500	1,685,800	1,294,587
Debt service									
Debt issuance cost	-	318,133	-	-	1,231,418	-	-	-	-
Principal retirement	14,802,737	9,556,358	3,638,103	6,521,839	2,762,065	3,396,682	3,498,017	3,724,715	3,816,197
Interest and fiscal charges	4,508,392	5,140,422	4,843,059	4,812,452	5,477,773	6,000,504	5,792,442	5,626,076	4,458,598
Advance refunding escrow agent	-	-	-	-	4,062,913	-	-	-	-
Pass-through agreement payments	-	-	-	-	1,649,791	2,123,934	1,884,215	1,865,886	193,510
Total expenditures	60,605,757	53,853,555	52,564,837	60,637,084	99,877,693	63,898,650	53,184,557	44,563,090	36,345,903
Excess (Deficiency) of revenues over (under) expenditures	(14,134,547)	(9,884,699)	4,171,076	(3,015,590)	(48,265,105)	(15,132,924)	(9,402,147)	(452,719)	(1,852,700)
Other Financing Sources (Uses)									
Long-term debt issued	4,349,603	8,103,381	419,723	424,681	31,318,075	158,522	140,995	145,391	-
Refunding bonds issued	-	-	-	-	13,385,000	-	-	-	-
Capital Leases	-	-	-	2,097,215	-	-	-	-	-
Bond premium	-	-	-	-	164,298	-	-	-	-
Bond discount	-	(5,837)	-	-	(249,195)	-	-	-	-
Transfers in	12,412,238	11,519,317	12,395,350	14,798,623	21,652,350	26,567,152	15,540,681	14,488,418	16,988,859
Transfers out	(8,747,433)	(7,032,296)	(8,233,015)	(10,502,212)	(16,319,098)	(20,740,308)	(9,795,970)	(8,323,130)	(10,684,120)
Proceeds from sale of capital assets	-	-	-	-	-	4,900,000	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	(3,860,684)	-	-	-	-
Total other financing sources (uses)	8,014,408	12,584,565	4,582,058	6,818,307	46,090,746	10,885,366	5,885,706	6,310,679	6,304,739
Extraordinary loss on dissolution of redevelopment agency									(26,872,320)
Net change in fund balances	\$ (6,120,139)	\$ 2,699,866	\$ 8,753,134	\$ 3,802,717	\$ (2,174,359)	\$ (4,247,558)	\$ (3,516,441)	\$ 5,857,960	\$ (22,420,281)
Debt service as a percentage of noncapital expenditures	38.6%	30.8%	18.1%	22.1%	17.6%	21.3%	22.8%	26.2%	24.2%

Note: The City of Colton implemented changes to the statistical section per GASB Statement no. 44 in fiscal 2006. This schedule requires presentation of the last ten years, but only the last nine years were readily available.

City of Colton
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year	Residential Property*	Commercial Property*	Industrial Property*	Other Property*	Total Taxable Assessed Value*	Total Tax Rate	Estimated Actual Taxable Value
2003	\$ 1,032,593	\$ 184,405	\$ 173,491	\$ 356,420	\$ 1,746,909	1.2004	\$ 1,746,909
2004	1,131,652	196,168	181,176	352,825	1,861,821	1.2184	1,861,821
2005	1,233,656	223,117	192,929	363,790	2,013,492	1.2214	2,013,492
2006	1,418,230	258,024	221,315	414,253	2,311,822	1.2193	2,311,822
2007	1,665,615	297,505	251,044	447,585	2,661,749	1.2598	2,607,979
2008	1,906,025	332,616	273,231	494,451	3,006,323	1.2583	2,943,159
2009	1,957,935	369,032	287,190	512,260	3,126,417	1.2731	3,052,975
2010	1,599,415	378,656	306,053	554,461	2,838,585	1.2915	2,763,821
2011	1,470,930	376,590	301,283	515,253	2,664,056	1.3421	2,586,929
2012	1,481,699	374,565	306,474	471,431	2,634,169	1.3426	2,556,579

*Source: HdL, Coren & Cone

Notes: The City of Colton implemented changes to the statistical section per GASB Statement no. 44 in fiscal 2006. This schedule requires presentation of the last ten years.

City of Colton
Property Tax Rates
All Overlapping Governments
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Fiscal Year	Basic Levy	City of Colton Bonds	San Bernardino Community College Board	Colton Unified School District	San Bernardino Valley Water	Total Tax Rate
2003	1.0000	0.0000	0.0000	0.0604	0.1400	1.2004
2004	1.0000	0.0000	0.0169	0.0615	0.1400	1.2184
2005	1.0000	0.0000	0.0189	0.0625	0.1400	1.2214
2006	1.0000	0.0000	0.0166	0.0427	0.1600	1.2193
2007	1.0000	0.0000	0.0195	0.0753	0.1650	1.2598
2008	1.0000	0.0000	0.0127	0.0806	0.1650	1.2583
2009	1.0000	0.0000	0.0393	0.0688	0.1650	1.2731
2010	1.0000	0.0000	0.0280	0.0985	0.1650	1.2915
2011	1.0000	0.0000	0.0467	0.1304	0.1650	1.3421
2012	1.0000	0.0000	0.0373	0.1403	0.1650	1.3426

Source: HdL, Coren & Cone (San Bernardino County Assessor's Office)

Notes: The City's basic property tax rate may be increased only by a majority vote of the city's residents.
 Rates for debt service are set based on each year's requirements.
 Overlapping rates are those of local and county governments that apply to property owners within the City of Colton. Not all overlapping rates apply to all City of Colton property owners.

**City of Colton
Principal Property Tax Payers
Current Year and Nine Years Ago**

<u>Taxpayer</u>	2012			2003		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Assessed Value</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Assessed Value</u>
Ashley Furniture Industries Inc.	\$ 56,051,000	1	2.19%	\$ -	-	-
Wanvog Investments LLC	42,455,392	2	1.66%	27,185,230	3	1.55%
CSM Bakery Products NA Inc	40,905,593	3	1.60%	-	-	-
Pacific West Management	28,716,449	4	1.12%	-	-	-
Grand Terrace Apartments California	28,434,135	5	1.11%	-	-	-
My Montecito III	23,173,832	6	0.91%	20,021,281	4	1.14%
Headlands Realty Corporation	21,504,891	7	0.84%	-	-	-
Meadow Lane Apartments LLC	21,325,398	8	0.83%	-	-	-
Bbrands (Multi) QRS 16-137 Inc	19,067,057	9	0.75%	-	-	-
Conagra Foods Inc.	16,963,722	10	0.67%	12,725,547	9	0.73%
Alliance Colton LLC	-	-	-	66,035,796	1	3.78%
Telco Food Products Inc.	-	-	-	35,246,342	2	2.01%
Stater Brothers Markets	-	-	-	18,733,707	5	1.07%
Colane Associates Ltd. Partnership	-	-	-	16,700,000	6	0.95%
BRE Properties Inc.	-	-	-	15,055,743	7	0.86%
Cottonwood Ranch Partners LP	-	-	-	14,442,189	8	0.84%
Cooley Ranch Properties Inc.	-	-	-	12,300,000	10	0.70%
Total	\$ 298,597,469		11.68%	\$ 238,445,835		13.63%
City Total	2,556,579,483			1,749,208,085		

Source: HdL Coren & Cone

Note: The City of Colton implemented changes to the statistical section per GASB Statement no. 44 in fiscal 2006. This schedule requires presentation of the current year and ten years ago.

**City of Colton
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 the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 2,000,642	\$ 1,937,434	96.84%	\$ -	\$ 1,937,434	96.84%
2004	2,253,398	2,280,939	101.22%	-	2,280,939	101.22%
2005	2,312,803	2,329,367	100.72%	-	2,329,367	100.72%
2006	2,608,687	2,399,713	91.99%	41,683	2,441,396	93.59%
2007	3,279,012	3,387,992	103.32%	-	3,387,992	103.32%
2008	3,703,378	3,549,387	95.84%	-	3,549,387	95.84%
2009	3,886,742	3,506,589	90.22%	-	3,506,589	90.22%
2010	2,571,334	2,441,190	94.94%	-	2,441,190	94.94%
2011	2,409,313	2,319,560	96.27%	-	2,319,560	96.27%
2012	2,387,208	2,273,773	95.25%	-	2,273,773	95.25%

Sources: County of San Bernardino Auditor-Controller - Property Tax Division

City of Colton
Taxable Sales by Category
Last Ten Calendar Years
(in thousands of dollars)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Apparel Stores	\$ 2,553	\$ 2,854	\$ 2,351	\$ 2,398	\$ 5,132	\$ 8,426	\$ 8,371	\$ 8,948	\$ 9,865	\$ 9,793
General Merchandise	56,167	55,615	54,221	53,907	53,803	52,209	50,547	50,952	49,422	49,673
Food Stores	26,722	36,793	45,412	44,372	44,801	45,664	49,240	41,811	37,128	31,412
Eating and Drinking Places	44,950	45,372	50,660	53,075	56,360	55,928	52,597	48,516	46,690	47,403
Building Materials	39,316	47,901	67,518	81,245	84,864	67,841	52,546	30,038	30,161	30,047
Auto Dealers and Supplies	237,311	274,985	309,712	358,120	346,432	310,304	185,076	111,004	145,719	135,209
Service Stations	38,547	39,796	109,600	149,049	184,042	95,412	79,365	57,617	68,155	86,723
Other Retail Stores	42,244	42,547	41,501	46,081	43,891	67,592	54,706	53,115	46,640	49,876
All Other Outlets	194,038	190,135	255,867	286,185	289,154	236,023	157,169	118,165	115,222	133,343
Total	\$ 681,848	\$ 735,998	\$ 936,842	\$ 1,074,432	\$ 1,108,479	\$ 939,399	\$ 689,617	\$ 520,166	\$ 549,002	\$ 573,479

Source: HdL, Coren & Cone (State of California Board of Equalization)

Notes: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

The City of Colton implemented changes to the statistical section per GASB Statement No. 44 in fiscal year 2006.

This schedule requires presentation of the latest ten years available.

**City of Colton
 Direct and Overlapping Sales Tax Rates
 Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>City & Local</u>	<u>San Bernardino County</u>
2003	1.25%	0.50%
2004	1.00%	0.50%
2005	1.00%	0.50%
2006	1.00%	0.50%
2007	1.00%	0.50%
2008	1.00%	0.50%
2009	1.00%	0.50%
2010	1.00%	0.50%
2011	1.00%	0.50%
2012	1.00%	0.50%

Sources: California Board of Equalization web site

Note: The city sales tax rate may be changed only with the approval of the state legislature.
 The City of Colton does not have a city sales tax.

**City of Colton
Principal Sales Tax Remitters - Identified by Category, Top 25
For Current Year and Nine Years Ago**

Business Category	2012	2003
	Service Stations	Service Stations
	Service Stations	New Motor Vehicle Dealers
	Service Stations	Electronics/Appliance Stores
	Home Furnishings	Lumber/Building Materials
	New Motor Vehicle Dealers	Trailers/RVs
	Electrical Equipment	Used Automotive Dealers
	Used Automotive Dealers	Electrical Equipment
	Service Stations	Trailers/RVs
	Electrical Equipment	New Motor Vehicle Dealers
	Petroleum Prod/Equipment	Paint/Glass/Wallpaper
	Grocery Stores Liquor	Lumber/Building Materials
	Trailers/RVs	Trailers/RVs
	Service Stations	Contractors
	Trailers/RVs	Trailers/RVs
	Trailers/RVs	Trailers/Auto Parts
	Service Stations	Trailers/RVs
	Contractors	Service Stations
	Family Apparel	New Motor Vehicle Dealers
	Service Stations	Business Services
	Lumber/Building Materials	Light Industrial/Printers
	Grocery Stores Liquor	Contractors
	Service Stations	Contractors
	Service Stations	Lumber/Building Materials
	Discount Dept Stores	Grocery Stores Liquor
	New Motor Vehicle Dealers	Discount Dept Stores

Source: HdL, Coren & Cone

City of Colton
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities										Business-type Activities				
	Notes and Agreements	Redevelopment Bonds	Financing Authority Bonds	Pension Obligation Bond	Certificates of Participation	Capital Leases	Revenue Bonds	Term Loan	Certificates of Participation	Capital Leases	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)		
2003	\$ 8,290	\$ 54,251	\$ 4,545	\$ -	\$ 6,880	\$ 17,117	\$ 36,690	\$ -	\$ 6,880	\$ 804	\$ 135,457	19.6%	2,690		
2004	14,338	46,895	11,865	-	1,545	1,059	62,094	14,630	16,820	19	169,265	23.5%	3,326		
2005	13,984	46,219	11,465	-	1,425	1,149	60,523	13,610	16,190	13	164,578	21.9%	3,193		
2006	13,543	44,700	11,045	-	1,300	447	58,891	12,572	15,530	-	158,028	20.2%	3,062		
2007	9,892	43,095	10,610	-	1,165	2,310	57,070	11,517	14,835	-	150,494	18.7%	2,920		
2008	9,554	41,415	17,185	31,310	-	1,955	73,990	10,442	-	-	185,851	23.0%	3,604		
2009	9,430	39,655	16,625	31,010	-	1,633	71,455	9,349	-	-	179,157	22.6%	3,472		
2010	9,359	37,815	16,025	30,659	-	1,322	68,820	8,236	-	-	172,236	n/a	n/a		
2011	9,309	35,890	15,390	30,211	-	998	66,070	7,518	-	-	165,386	19.4%	3,192		
2012	9,327	33,870	14,715	29,456	-	662	63,190	6,468	-	-	157,688	18.3%	2,993		

Notes: Details regarding the city's outstanding debt can be found in Note 7 of the notes to the financial statements.
See Schedule 17 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
The City of Colton implemented changes to the statistical section per GASB Statement no. 44 in fiscal 2006. This schedule requires presentation of the latest ten years.

City of Colton
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year	General Obligation Bonds	Redevelopment Bonds	Total	Percentage of Actual Taxable Value of Property (2)	Per Capita ³
2003	\$ 8,290	\$ 54,251	\$ 62,541	3.6%	1,242
2004	-	46,895	46,895	2.5%	921
2005	-	46,219	46,219	2.3%	897
2006	-	44,700	44,700	1.9%	866
2007	-	43,095	43,095	1.7%	836
2008	-	41,415	41,415	1.4%	803
2009	-	39,655	39,655	1.3%	769
2010	-	37,815	37,815	1.4%	n/a
2011	-	35,890	35,890	1.4%	693
2012	-	33,870	33,870	1.3%	643

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
See Schedule 5 for property value data.
Population data can be found in Schedule 17.
The City of Colton implemented changes to the statistical section per GASB Statement no. 44 in fiscal 2006. This schedule requires presentation of the latest ten years.

City of Colton
Direct and Overlapping Governmental Activities Debt
As of June 30, 2012
(dollars in thousands)

2011-12 Assessed Valuation: \$1,616,857 (after deducting \$940,000 redevelopment incremental valuation)

	<u>Total Debt</u>	<u>Percent</u>	<u>City's Share of Debt</u>
	<u>June 30, 2012</u>	<u>Applicable (1)</u>	<u>June 30, 2012</u>
<u>Overlapping Tax and Assessment Debt</u>			
San Bernardino Valley Joint Community College District	\$427,595,651	4.382 %	\$18,737,241
Colton Joint Unified School District	188,244,422	38.383	72,253,856
Rialto Unified School District	76,992,225	7.479	5,758,249
San Bernardino Unified School District	165,304,799	0.002	3,306
City of Colton Community Facilities Districts	5,815,000	100.000	5,815,000
City of Colton 1915 Act Bonds	175,000	100.000	175,000
Total Gross Overlapping Tax and Assessment Debt			<u>\$102,742,652</u>
<u>Direct and Overlapping General Fund Obligation Debt:</u>			
San Bernardino County General Fund Obligations	\$613,235,000	1.421 %	\$8,714,069
San Bernardino County Pension Obligations	547,885,591	1.421	7,785,454
Colton Joint Unified School District Certificates of Participation	4,871,757	38.383	1,869,926
Rialto Unified School District General Fund Obligations	6,840,000	7.479	511,564
San Bernardino City Unified School District Certificates of Participation	53,080,000	0.002	1,062
City of Colton General Fund Obligations	12,140,000	100.000	12,140,000
City of Colton Pension Obligations	28,739,400	100.000	28,739,400
San Bernardino County Flood Control District Certificates of Participation	108,210,000	1.421	1,537,664
Total Gross Direct and Overlapping General Fund Obligation Debt			<u>\$61,299,139</u>
Total Net Direct and Overlapping General Fund Obligation Debt			<u>\$61,299,139</u>
Gross Combined Total Debt (2)			\$164,041,791
Net Combined Total Debt			\$164,041,791

(1) Percentage of overlapping agency's assessed valuation located with boundaries of the city.

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

Ratios to 2011-12 Assessed Valuation

Total Overlapping Tax and Assessment Debt 4.02%

Ratios to Adjusted Assessed Valuation

Combined Direct Debt (\$40,879,400) 2.53%
Gross Combined Total Debt 10.15%

State School Building Aid Repayable As of 06/30/12:

\$0

Source: California Municipal Statistics, Inc.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Colton. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident—and therefore responsible for repaying the debt—of each overlapping government.

City of Colton
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value	\$ 2,634,169
Debt limit (15% of assessed value)	395,125
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>\$ 395,125</u>
Legal debt margin	

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 935,519	\$ 279,273	\$ 302,024	\$ 346,773	\$ 399,262	\$ 450,948	\$ 468,963	\$ 425,788	\$ 399,608	\$ 395,125
Total net debt applicable to limit	<u>7,144</u>	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 928,375</u>	<u>\$ 279,273</u>	<u>\$ 302,024</u>	<u>\$ 346,773</u>	<u>\$ 399,262</u>	<u>\$ 450,948</u>	<u>\$ 468,963</u>	<u>\$ 425,788</u>	<u>\$ 399,608</u>	<u>\$ 395,125</u>

Total net debt applicable to the limit as a percentage of debt limit	0.76%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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Notes: Under state finance law, the city's outstanding general obligation debt should not exceed 15 percent of total assessed property value. However, the city has established a more conservative internal limit of no more than 5 percent. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

The City of Colton implemented changes to the statistical section per GASB Statement no. 44 in fiscal 2006. This schedule requires presentation of the latest ten years.

City of Colton
Pledged-Revenue Coverage
Last Eight Fiscal Years
(dollars in thousands)

	Fiscal Year (1)							
	2005	2006	2007	2008	2009	2010	2011	2012
<u>Business Type Activity</u>								
Revenue Bonds								
Operating Net Income (2)	11,658	10,077	15,544	9,954	19,304	18,852	25,203	27,641
Debt Service - Principal	2,195	2,285	2,375	2,390	2,535	2,635	2,750	2,880
Debt Service - Interest	3,681	3,595	3,506	3,408	3,410	3,305	3,204	3,060
Coverage (3)	1.98	1.71	2.64	1.72	3.25	3.17	4.23	4.65

Notes:

- (1) The City of Colton implemented changes to the statistical section per GASB Statement no. 44 in fiscal 2006. This schedule requires presentation of the last ten years, but only the last eight years were readily available.
- (2) Net operating income (loss) exclusive of depreciation and connection fees, inclusive of investment revenue.
- (3) Ratio of revenue to payments against bonds.

City of Colton
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population	Personal Income <i>(thousands of dollars)</i>	Per Capita Personal Income	Unemployment Rate	Median Age
2002	49,374	\$ 668,062	\$ 13,531	6.6%	n/a
2003	50,350	691,565	13,735	6.8%	n/a
2004	50,898	720,774	14,161	6.3%	n/a
2005	51,537	750,995	14,572	5.7%	n/a
2006	51,603	783,456	15,182	5.2%	n/a
2007	51,535	803,330	15,588	6.1%	n/a
2008	51,571	808,727	15,682	8.6%	n/a
2009	51,599	793,995	15,388	14.1%	27.4
2010	51,816	854,342	16,488	15.4%	28.3
2011	52,690	860,849	16,338	14.2%	28.5

Source: HdL, Coren & Cone

Notes: The City of Colton implemented changes to the statistical section per GASB Statement no. 44 in fiscal 2006. This schedule requires presentation of the latest ten years.

City of Colton
Principal Employers - Top 10
Current Year and Four Years Ago

<u>Employer</u>	2012			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Arrowhead Regional Medical Center	2,764	1	12.86%	5,000	1	24.35%
Ashley Furniture	996	2	4.63%	1,178	4	5.74%
Colton Joint Unified School District (and Colton Schools)	830	3	3.86%	3,486	2	16.98%
Wal-mart	314	4	1.46%	278	10	1.35%
Angelica Corporation	305	5	1.42%	325	8	1.58%
Stater Bros Market	248	6	1.15%	2,225	3	10.84%
Williams Furnace	234	7	1.09%	200	11	0.97%
Western Healthcare Center	187	8	0.87%	100	17	0.49%
Summit Career College	183	9	0.85%	135	14	0.66%
Castle and Cooke Cold Storage	177	10	0.82%			
Total	6,238		29.01%	12,927		62.96%

Source: City Economic Development Division

Note: Fiscal year 2006 is the first year for the implementation of GASB Statement 44. Comparative information from nine years ago is not available and accordingly not presented.

City of Colton
Full-time City Government Employees by Function/Program,
Last Eight Fiscal Years

Function/Program	Full-time Equivalent Employees as of June 30		Actual Full-time Employees as of June 30					
	2005	2006	2007	2008	2009	2010	2011	2012
General government								
Management services	10.4	10.3	18.0	22.0	21.0	18.0	18.0	16.0
Finance	19.1	21.9	23.0	19.0	23.0	6.0	6.0	6.0
Information systems	5.8	7.5	5.0	7.0	8.0	3.0	2.0	1.0
Planning	7.4	8.6	6.0	7.0	7.0	1.0	3.0	3.0
Building	2.0	1.8	1.0	2.0	0.0	0.0	2.0	2.0
Other	6.8	7.3	7.0	5.0	6.0	6.0	6.0	7.0
Police								
Field Officers	85.2	89.0	74.0	74.0	63.0	65.0	61.0	46.0
Support staff	22.6	25.1	30.0	30.0	28.0	17.0	24.0	20.0
Fire								
Firefighters and supervisors	80.3	83.1	46.0	46.0	45.0	40.0	40.0	30.0
Support staff	2.7	2.9	4.0	4.0	4.0	1.0	1.0	1.0
Other public works								
Engineering and administrative	8.3	11.0	9.0	9.0	7.0	6.0	6.0	5.0
Maintenance (1)	45.6	63.6	48.0	17.0	24.0	17.0	19.0	17.0
Redevelopment	5.0	4.2	2.0	4.0	1.0	2.0	2.0	1.0
Community Services	55.7	45.0	15.0	14.0	7.0	7.0	7.0	10.0
Library	15.1	12.8	10.0	9.0	5.0	1.0	1.0	1.0
Water	16.8	15.7	11.0	16.0	16.0	11.0	12.0	11.0
Wastewater	18.7	14.9	12.0	9.0	8.0	11.0	11.0	10.0
Electric	41.1	40.8	35.0	38.0	43.0	44.0	38.0	36.0
Total	448.6	465.5	356.0	332.0	316.0	256.0	259.0	223.0

Source: Finance Department

Notes:

- The City of Colton implemented changes to the statistical section per GASB Statement no. 44 in fiscal 2006. This schedule requires presentation of the current year and nine years ago. Comparative information nine years ago is not readily available. Accordingly, for this year, the latest year that is available for such a comparison shall be presented, which is fiscal 2005.
- A full-time employee is scheduled to work 2,088 hours per year (including vacation and sick leave). Accordingly, full-time equivalent employment is calculated by dividing total labor hours by 2,088.

**City of Colton
Operating Indicators by Function/Program,
Last Eight Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>							
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General government								
Building permits issued	825	928	889	790	624	582	602	562
Building inspections conducted	2,841	3,484	6,160	3,436	2,657	2,379	2,102	1,694
Police								
Physical arrests	6,336	5,548	5,365	4,917	3,691	1,902	2,123	1,640
Parking violations	3,558	3,481	4,558	2,493	2,602	1,501	759	785
Traffic violations	14,230	13,924	15,212	14,814	13,740	6,638	4,799	2,300
Fire								
Emergency responses	5,549	5,384	5,318	6,724	5,125	4,930	5,331	5,400
Fires extinguished	228	191	234	231	228	242	268	265
Inspections	1,500	1,200	910	640	725	717	746	754
Other public works								
Street resurfacing (lane miles)	9.9	10.3	10.8	16.6	8.7	-	2	0.4
Potholes repaired	1,500	3,500	3,200	2,800	2,100	1,700	1,500	1,400
Parks and recreation								
Facility usage permits issued	530	590	510	406	376	414	448	415
Community center attendance	150,000	176,000	208,000	215,600	210,000	205,500	208,450	215,400
Library								
Volumes in collection	99,691	93,062	89,041	69,043	65,535	78,930	85,294	79,825
Total volumes borrowed	215,893	143,347	127,880	133,629	118,824	91,930	71,825	180,134
Water								
Average daily consumption (thousands of gallons)	10,692	10,665	11,215	10,774	10,400	9,500	8,810	9,500
Peak daily consumption (thousands of gallons)	8,217	14,709	17,500	16,777	14,900	13,900	13,300	13,100
Wastewater								
Average daily sewage treatment (thousands of gallons)	2,958	5,500	5,800	5,800	5,800	5,800	5,800	5,800
Electric								
Average daily consumption (kw)	941,124	958,214	1,002,952	972,797	955,749	930,249	340,016	345,084
Annual peak demand (kw)	76	86	88	90	77	80	86	83

Sources: Various city departments.

Note: Fiscal 2006 is the first year for Colton to implement GASB Statement No. 44.

Prior year data for these types of activities is not readily available. Accordingly, only the last eight years are presented.

City of Colton
Capital Asset Statistics by Function/Program
Last Eight Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>							
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police Protection								
Stations	1	1	1	1	1	1	1	1
Substations	1	1	1	1	1	1	1	1
Patrol units	31	38	27	28	23	37	26	23
Specialized purpose units	19	21	48	38	39	47	48	49
Fire Protection								
Stations	4	4	4	4	4	4	4	4
Squad units	2	2	2	2	2	1	1	1
Engine units	6	6	7	7	7	6	6	6
Other public works								
Streets and alleys - paved (lane miles)	297	297	301	301	303	303	305	305
Streetlights	3,795	4,295	4,483	4,544	5,021	5,243	5,271	5,271
Traffic signals	42	45	47	48	52	52	53	54
Parks and recreation								
Acreage	50	50	50	50	50	50	50	50
Playgrounds	4	5	5	5	5	5	5	5
Baseball/softball diamonds	9	9	9	9	9	11	11	11
Soccer/football fields	1	1	1	1	1	1	1	1
Community centers	3	3	3	3	3	4	4	4
Swimming pool	1	1	1	1	1	1	1	1
Tennis courts	2	2	2	2	2	2	2	2
Libraries								
Central Building		1	1	1	1	1	1	1
Satelite locations	2	2	2	2	2	2	2	2
Books	87,345	83,875	83,432	65,491	77,493	69,115	72,526	70,755
Audiovisual recordings	12,246	9,187	9,516	8,180	8,599	9,204	9,611	9,070
Municipal Water Department								
Residential meters	8,682	9,129	9,402	9,535	8,797	8,868	8,910	8,905
Commercial/industrial meters	1,093	1,188	1,368	1,441	1,195	1,142	1,126	1,150
Fire protection meters	112	154	158	162	175	180	180	177
Water mains (miles)	130	130	130	130	130	130	130	130
Fire hydrants	971	1,107	1,249	1,397	1,500	1,500	1,500	1,516
Storage capacity (thousands of gallons)	2,000	12,077	19,000	19,000	19,300	19,300	19,300	19,300
Wastewater								
Sanitary sewers (miles)	480	176	176	178	178	178	178	178
Storm sewers (miles)	335	375						
Treatment capacity (thousands of gallons)	3,550	10,400	10,400	10,400	10,400	10,400	10,400	10,400
Municipal Electric Department								
Residential meters	15,886	15,992	16,002	16,032	15,994	15,994	16,055	16,055
Commercial	1,997	2,308	2,296	2,383	2,396	2,409	2,436	2,464
Industrial	37	42	45	52	70	74	73	73
Municipal	206	214	210	222	233	239	241	242
Distribution lines (miles)	154	154	155	155	156	159	163	166

Sources: Various city departments.

Note:

The City of Colton implemented changes to the statistical section per GASB Statement no. 44 in fiscal 2006.
Prior year data for these types of activities is not readily available. Accordingly, only the last eight years are presented.