



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2013

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, 2013

Prepared by:  
Management Services Department  
Finance Division

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 FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
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650 North La Cadena Drive, Colton California 92324

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December 26, 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, 2013. 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, 2013, 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, 2013, and they 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, Seranno 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 over 52,000 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—is slowly improving. According to the Bureau of Labor Statistics, unemployment rates have decreased from 11.7% in October 2012 to 9.8% in October 2013 for the Riverside/San Bernardino Metropolitan Statistical Area.

### **Long-Term Financial Planning**

The City of Colton will continue to grow economically in the near future. The anticipated approval of the Hub City Centre Specific Plan and Habitat Conservation Plan in early 2014 will enable new development in the west end area near Arrowhead Regional Medical Center. Growth will continue throughout other areas of the city, as well, including the Chino Valley Ranchers food processing plant, United Packaging Group's facility expansion, Lineage Logistics' cold-storage facility, and completion of an 800,000+ square foot industrial building with an intended use as a fulfillment center. Additionally, the long-awaited senior housing project in downtown Colton will see its first residents begin to move-in January 2014.

The economic growth within the City will enhance revenues, especially property and sales taxes. Second quarter 2013 sales tax revenues were up 12.6% over the previous year and property taxes improved by 1.8%. These improvements will allow Colton to weather the challenges it has and will continue to face in the future, including the continued impacts of the dissolution of redevelopment agencies, increasing PERS retirement contributions, and much-needed infrastructure improvements. The City will continue to look for new funding sources and cooperative arrangements in order to provide enhanced services while maintaining fiscal health.

### **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 0.31% for the general portfolio.

### **Risk Management**

The City of Colton is self-insured for comprehensive liability claims for up to a maximum of \$1,000,000 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.

Additionally, January 2013 saw the implementation of the Public Employees' Pension Reform Act of 2013. This legislation greatly reduces Colton's cost of new employee pensions through the modification of benefits and greater employee contribution. As this change only affects new CalPERS members, the City's long-term future pension liability is anticipated to decrease.

**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 had 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 since fiscal year 2008, staff will submit the current comprehensive annual financial report for consideration of the Certificate of Achievement for Excellence in Financial Reporting through GFOA.

The successful conclusion of the fiscal year 2012-13 audit would not have been possible without the efficient and dedicated services of the Finance 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,



Stephen P. Compton, City Manager



Misty V. Cheng, Interim Finance Director

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**CITY OF COLTON, CALIFORNIA**

**MUNICIPAL OFFICIALS**

**June 30, 2013**

**CITY COUNCIL**

Sarah S. Zamora, Mayor

David J. Toro, Council Member – District 1

Frank A. Gonzales, Council Member – District 2

Frank J. Navarro, Council Member – District 3

Susan M. Oliva, Council Member – District 4

Deirdre H. Bennett, Council Member – District 5

Isaac T. Suchil, Council Member – District 6

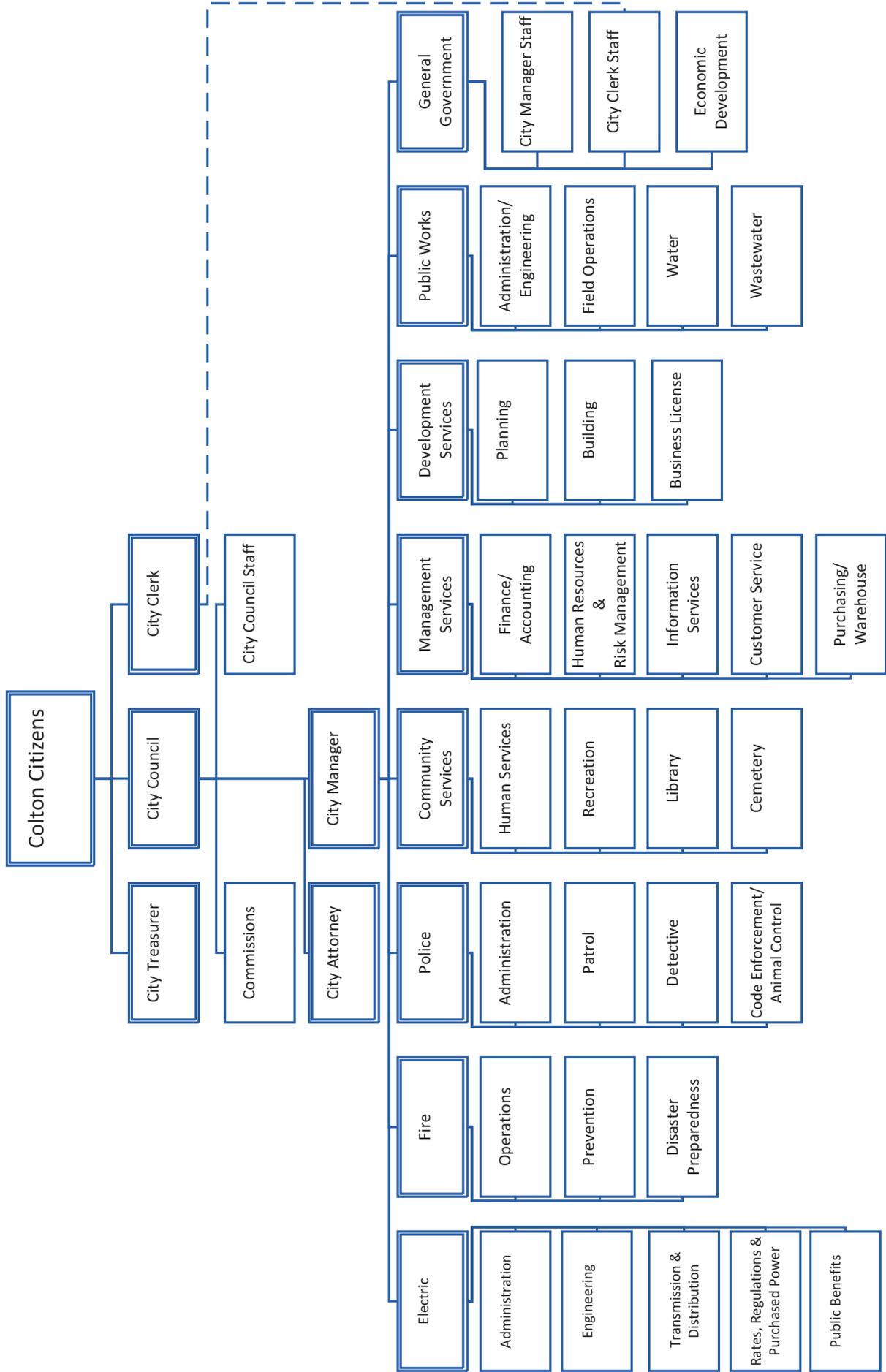
**ADMINISTRATIVE PERSONNEL**

Eileen C. Gomez, City Clerk

Aurelio De La Torre, City Treasurer

# Citywide Organizational Chart

Fiscal Year 2012-2013



## INDEPENDENT AUDITORS' REPORT

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

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Colton, California, (the City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### *Auditors' Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Colton, California, as of June 30, 2013,



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

and, the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison information for the General Fund and Housing Authority Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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



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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

*Lance, Soll & Lughard, LLP*

Brea, California  
December 26, 2013

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## 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, 2013. 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 2012-13. 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 \$147,131,137 (*net position*). The two components of this total are: \$50,203,834 in governmental activities and \$96,927,303 in business-type activities.
- Overall, the City's total net position increased by \$9,089,703.
- Total City long-term debt decreased by \$5,935,906.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$14,415,396, an increase of \$3,170,314 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.

**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, deferred outflow of resources 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 position* presents information on all City assets, deferred outflows of resources and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 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 15-17 of this report.

**Fund Financial Statements.** The fund financial statements provide detailed information about the individual funds, not the City as a whole. A fund is a fiscal and accounting entity with a self-balancing set of accounts that is used to keep track of specific sources of funding and spending for a particular purpose. Certain funds are required by state law and bond covenants. However, additional funds have been established to assist with controlling and managing money for particular purposes or to show that legal responsibilities for using certain taxes, grants, and other resources are being met. 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 year-end balances 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, 4 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* after the notes section of the report.

The City adopts an annual appropriated budget for all of its governmental and proprietary funds. Budgetary comparison statements have been provided for the General Fund and Housing Authority to demonstrate compliance with this budget. This comparison can be found on page 22 of this report.

The basic governmental fund financial statements can be found on pages 18-21 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 and internal service 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, information services 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 with more detail. 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 Governmental Activities – Internal Service Funds.

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 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 Position. Individual fund data for each of these fiduciary funds is provided in the form of *combining statements* after the notes section of the report. The City currently has two agency funds and two private-purpose trust funds. The Successor Agency of the former Redevelopment Agency (Successor Agency) 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 33-71 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 76-117 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As referenced earlier, net position 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 liabilities by \$147,131,137, an increase of \$9,089,703 over the prior year. Of this net increase, governmental activities net position increased by \$2,936,741 and business-type activities increased by \$6,152,962. The underlying reasons for major changes in each of these components will be discussed in the following sections.

### City of Colton's Net Position As of June 30

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$ 48,819,920	\$ 46,418,380	\$ 61,692,267	\$ 59,014,997	\$ 110,512,187	\$ 105,433,377
Capital Assets	60,451,211	60,685,288	104,748,047	106,758,387	165,199,258	167,443,675
<b>Total Assets</b>	<b>109,271,131</b>	<b>107,103,668</b>	<b>166,440,314</b>	<b>165,773,384</b>	<b>275,711,445</b>	<b>272,877,052</b>
Deferred loss on refunding	145,847	-	497,050	-	642,897	-
<b>Total Deferred Outflows of Resources</b>	<b>145,847</b>	<b>-</b>	<b>497,050</b>	<b>-</b>	<b>642,897</b>	<b>-</b>
Long-term Debt Outstanding	51,088,413	52,013,855	65,402,617	70,413,081	116,491,030	122,426,936
Other Liabilities	8,134,232	7,822,720	4,607,444	4,585,962	12,741,676	12,408,682
<b>Total Liabilities</b>	<b>59,222,645</b>	<b>59,836,575</b>	<b>70,010,061</b>	<b>74,999,043</b>	<b>129,232,706</b>	<b>134,835,618</b>
Net Position:						
Net Investment in Capital Assets	48,178,795	45,177,147	39,894,840	36,883,482	88,073,635	82,060,629
Restricted	12,036,745	12,240,766	5,177,690	6,049,437	17,214,435	18,290,203
Unrestricted	(10,021,207)	(10,150,820)	51,854,773	47,841,422	41,833,566	37,690,602
<b>Total Net Position</b>	<b>\$ 50,194,333</b>	<b>\$ 47,267,093</b>	<b>\$ 96,927,303</b>	<b>\$ 90,774,341</b>	<b>\$ 147,121,636</b>	<b>\$ 138,041,434</b>

## Governmental Activities

Governmental activities increased the City of Colton’s net position by \$2,936,741, a 6.2% increase over the prior year. The increase is attributable mainly to an advance wastewater facility lease payment from the Wastewater Fund and a contribution to the Housing Authority for the construction of a new senior housing complex.

### City of Colton's Changes in Net Position Fiscal Year Ended June 30

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 4,666,390	\$ 3,901,311	\$ 81,630,767	\$ 77,131,917	\$ 86,297,157	\$ 81,033,228
Operating Contributions and Grants	1,000,957	1,262,475	121,266	286,907	1,122,223	1,549,382
Capital Contributions and Grants	2,931,858	3,549,475			2,931,858	3,549,475
General Revenues:						
Property Taxes	10,232,378	13,300,697			10,232,378	13,300,697
Sales Taxes	6,192,845	6,475,409			6,192,845	6,475,409
Other Taxes	1,902,890	1,775,612			1,902,890	1,775,612
Use of Money and Property	7,357,507	2,843,573	162,807	273,223	7,520,314	3,116,796
Other	3,156,215	969,061	1,977,065	1,544,981	5,133,280	2,514,042
Extraordinary Gain/(Loss)	(3,403,862)	14,029,804			(3,403,862)	14,029,804
<b>Total Revenues</b>	<b>34,037,178</b>	<b>48,107,417</b>	<b>83,891,905</b>	<b>79,237,028</b>	<b>117,929,083</b>	<b>127,344,445</b>
<b>Expenses</b>						
General Government	8,262,086	5,236,386			8,262,086	5,236,386
Community Services	3,462,370	3,083,688			3,462,370	3,083,688
Public Works	4,827,239	4,594,582			4,827,239	4,594,582
Public Safety	18,236,348	17,818,926			18,236,348	17,818,926
Interest on long-term debt	2,415,144	3,920,158			2,415,144	3,920,158
Electric			47,904,907	46,277,804	47,904,907	46,277,804
Water			7,921,708	8,506,714	7,921,708	8,506,714
Wastewater			11,688,507	6,744,619	11,688,507	6,744,619
<b>Total Expenses</b>	<b>37,203,187</b>	<b>34,653,740</b>	<b>67,515,122</b>	<b>61,529,137</b>	<b>104,718,309</b>	<b>96,182,877</b>
<b>Increase/(Decrease) in Net Position Before Transfers</b>	<b>(3,166,009)</b>	<b>13,453,677</b>	<b>16,376,783</b>	<b>17,707,891</b>	<b>13,210,774</b>	<b>31,161,568</b>
Transfers	7,710,280	6,259,542	(7,710,280)	(6,259,542)	-	-
Restatement of net position	(1,607,530)	(314,942)	(2,513,541)		(4,121,071)	(314,942)
<b>Increase/(Decrease) in Net Position</b>	<b>\$ 2,936,741</b>	<b>\$ 19,398,277</b>	<b>\$ 6,152,962</b>	<b>\$ 11,448,349</b>	<b>\$ 9,089,703</b>	<b>\$ 30,846,626</b>

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	\$ 8,262,086	\$ (7,255,167)
Public Safety	18,236,348	(16,682,034)
Community Services	3,462,370	(1,002,070)
Public Works	4,827,239	(1,249,567)
Interest on Long-Term Debt	2,415,144	(2,415,144)
<b>Total Governmental Activities</b>	<b>\$ 37,203,187</b>	<b>\$ (28,603,982)</b>

### 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	\$ 47,904,907	\$ 15,379,073
Water Utility	7,921,708	2,313,349
Wastewater Utility	11,688,507	(3,455,511)
<b>Total Business-Type Activity</b>	<b>\$ 67,515,122</b>	<b>\$ 14,236,911</b>

Business-type activities increased the City’s net position by \$6,152,962. The major components are as follows:

#### *Electric Utility*

Operating revenues increased \$4,490,613 over the prior year; a 7.5% change. Operating expenses also increased by \$3,684,107; a 8.7% change. A major component of the increase in expenses is related to an increase in power generation costs.

#### *Water Utility*

In previous years, the Water Fund has struggled due to ongoing costs related to the regional battle to remove perchlorate from underground water sources. This fiscal year saw the first installment of a perchlorate settlement which contributed to a positive net service cost of \$2,313,349 and net operating income of \$3,405,764.

#### *Wastewater Utility*

Operating revenues declined 7.0% over the prior period; an amount of \$626,033. Operating expenses increased by \$4,942,119, or 76.1% primarily due to an advance payment of the wastewater facility lease.

### 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, unassigned 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 \$14,415,396, an increase of \$3,170,314 from the prior year. Of this balance, 5.5% is classified as nonspendable for inventory, prepaid costs, land held for resale, and notes and loans; and the remaining 94.5% is a combination of legally restricted fund balance to fund such areas as capital projects, public safety, debt service, and other services; balances committed by the City Council for specific purposes; as well as unassigned fund balance. Restricted fund balances total \$12,535,822; committed and unassigned fund balances are \$300,000 and \$779,562, respectively.

There are two major funds on the balance sheet for governmental funds: the General Fund and the Housing Authority special revenue fund. All remaining governmental funds are combined into Other Governmental 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 \$4,836,507, or 91% of its total fund balance of \$5,306,033. Unassigned fund balance serves

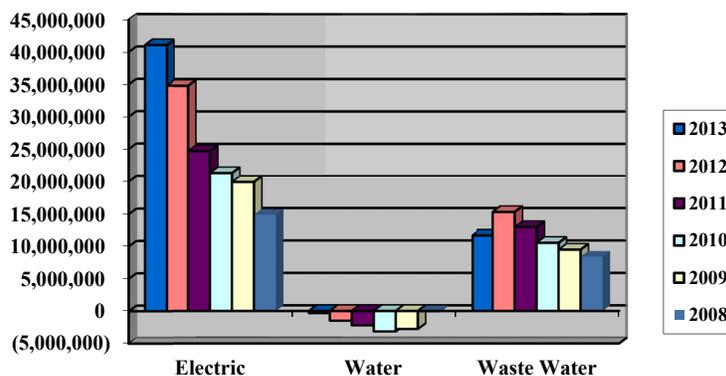
as a useful measure of a government's net resources available for spending at the end of the fiscal year. The total General Fund ending fund balance was \$2,216,577 higher than the previous year. The General Fund's top three revenue categories for the year, namely property tax, sales tax, and use of money and property, saw a combined increase of \$7,789,068, or 53.3%, over the prior year. This is primarily due to additional property taxes received as a result of the dissolution of the former Redevelopment Agency, and an advanced wastewater facility lease payment received from the Wastewater Fund.

**Revenue by Source - General Fund**

Revenue Category	Amount	Percent of Total
Property Tax	\$ 9,590,673	34%
Sales Tax	6,195,322	22%
Other Taxes	1,854,137	7%
Licenses and Permits	1,133,102	4%
Intergovernmental	823,756	3%
Charges for Services	1,155,782	4%
Use of Money and Property	6,616,766	23%
Fines and Forfeitures	240,359	1%
Contributions	50,000	0%
Miscellaneous	557,178	2%
<b>Total General Fund Revenue</b>	<b>\$ 28,217,075</b>	<b>100%</b>

**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 Position  
June 30, 2013**



**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 increase in actual revenue over the prior year of \$8,221,484 was primarily attributable to the additional property taxes received as a result of the dissolution of the Redevelopment Agency and the advanced wastewater facility lease payment. The overall increase in revenue 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 increase

in actual revenue of \$9,692,696, which includes an increase in Other Financing Sources of \$1,471,212. When compared to the final budget, actual total revenues came in favorable by \$3,331,586, mainly as the result of property taxes coming in higher than budgeted.

The amended appropriations increased the budget by \$371,130. 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 the final budget, actual total expenditures came in \$1,073,152 under-budget.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2013, was \$165,199,258 (net of accumulated depreciation). This net investment in capital assets includes land, building 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:

#### **Mount Vernon Ave. And Valley Blvd Traffic Signal Modification Project**

The City of Colton was awarded a Highway Safety Improvement Program (HSIP) grant to improve traffic circulation and safety. The scope of works for this project included the installation of upgrades to Mt. Vernon Avenue and Valley Boulevard traffic signal. A left turn phase was installed for the east and west bound traffic along Valley Blvd. The intersection was re-striped and some of the traffic signal poles and signal heads were replaced. The Notice of Completion for this Project was filed on June 4, 2013.

#### **City Wide Concrete Repair Project**

The City of Colton funded this Capital Improvement Project with Measure I funding to improve traffic circulation, pedestrian safety and to beautify the public right of way. The City Wide Concrete Repair Project scope of work included the repair of broken cross gutters, sidewalks, and curbs throughout the City. The Notice of Completion for this Project was filed on February 19, 2013.

#### **Washington Street Bus Turnout Project**

The City of Colton was awarded a Article III grant administered by San Bernardino Associated Government (SANBAG) to improve traffic circulation and street infrastructure by improving access to transit stops for pedestrians and persons with disabilities. The scope of work included the installation of the concrete bus turn-out with landscaping and irrigation. The Notice of Completion was filed on August 7, 2012.

#### **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 work includes the installation of a traffic signal and the realignment of an intersection that included asphalt paving, striping, and the installation of a gutter and curb. This was a joint project between the City of Colton, City of Grand Terrace and the County of Riverside. The City of Colton was the lead agency for the Project. The Notice of Completion for the Project was filed August 7, 2012.

### **C Street Underpass Landscaping Project**

The City of Colton funded this Project through the Community Development Block Grant to improve and beautify the public right of way. The scope of work for this project included paving, stamp concrete, curb, irrigation, planting and landscaping. The Notice of Completion for this Project was filed on June 18, 2013.

### **Mount Vernon Avenue Pavement Rehabilitation Project**

The City of Colton funded this Project through the Community Development Block Grant to improve the traffic circulation and street infrastructure. The scope of work for this project included grinding and overlay of existing pavement with a 2 inch thick rubberized asphalt, paving striping and the installation of traffic loops. The Notice of Completion for the Project was filed on April 2, 2013.

### ***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 60% completion.
- Replaced approximately 35 utility poles and 2,906 feet of overhead conductor on the electric system as part of the ongoing capital maintenance project.
- Replaced approximately 8,000 feet of 15 kV underground cable as part of the Hunts Lane Grade Separation Project

#### ***Water Department***

- Re-Roof Prado Booster Station.
- Repair and Rehabilitation on Well Plant Nos. 13, 19 & 27
- Continuous upgrade and Retrofit of the Supervisory Control and Data Acquisition (SCADA) Water System.
- Mainline Replacement – I-215 HOV Water Utility Relocation: Installation & Connection of New 6” Water Main Line and Installation and Connection of Hydrant.
- Mainline Replacement – Completion of North Colton Waterline Project:
- CIP: Construction of Pumping Plant Wells 30 Located on Fogg Street (95% Complete)

#### ***Wastewater Department***

- Ongoing RIX Facility Expansion Project: Plant Rehabilitation and Installation of Security System.
- Replaced Mixer Pump and Impeller on South Digester.
- Continuous Upgrades/Retrofit of Telemetry/SCADA System.
- Veterans Park Project – Irrigation Pump/SCADA Upgrade
- Sewer Line Replacement – 11<sup>th</sup> Street Rehab Project: Installed Sewer Line North of Rail Road Tracks.
- Sewer Line Replacement – 5<sup>th</sup> & K Street Project: Repair 14” VCP Sewer Main.
- Sewer Line Replacement – I-215 HOV Project: Re-alignment & Installation of Manhole and 8” Sewer Line.
- Wastewater Treatment Plant: CIP Centrifuge Project – Professional Engineering Procurement Services.
- Cleaned 485,523 feet of sewer system pipelines and Video Inspected 129.5 feet.

### ***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)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Land	\$6,828,143	\$6,828,143	\$6,228,942	\$6,228,942	\$13,057,085	\$13,057,085
Construction in progress	4,885,109	3,883,846	2,877,263	2,398,895	7,762,372	6,282,741
Structure and Improvements	14,845,703	14,668,905	17,877,262	19,822,971	32,722,965	34,491,876
Furniture and Equipment	1,883,813	2,357,015	11,662,343	11,772,476	13,546,156	14,129,491
Capacity Rights			4,380,004	4,512,731	4,380,004	4,512,731
Infrastructure	32,008,443	32,947,379	61,722,233	62,022,372	93,730,676	94,969,751
<b>Total</b>	<b>\$ 60,451,211</b>	<b>\$ 60,685,288</b>	<b>\$ 104,748,047</b>	<b>\$ 106,758,387</b>	<b>\$ 165,199,258</b>	<b>\$ 167,443,675</b>

**Long-Term Debt**

New bonded indebtedness was issued during the year in the amount of \$30,765,000. This issue was secured to refund existing 2002 series bonds and as a result total City debt decreased by \$5,935,906.

***Governmental Activities***

During the year, no new debt was issued. The only increases to long-term debt were related to compensated absences, post-employment benefits, and claims and judgments payable.

***Proprietary Funds***

During the year, new debt was issued in the amount of \$30,765,000. This debt was issued to refund existing Colton Public Financing Authority 2002 Series bonds. Additional increases related to unamortized bond premium and compensated absences were also recognized.

The City has recently received a rating upgrade to “A” with Standard & Poor’s while the Colton Public Financing Authority received a rating upgrade to “A-“. The Colton Public Financing Authority and Electric Utility maintain “A2” ratings with Moody’s.

Additional information on the City’s long-term debt can be found in Note 7 on pages 47-57 of this report.

**City of Colton Outstanding Debt at June 30**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Revenue bonds	\$ 14,000,000	\$ 14,715,000	\$59,088,714	\$63,407,182	\$ 73,088,714	\$ 78,122,182
Capital lease obligations	362,550	661,703			362,550	661,703
Taxable Pension Bonds	29,010,534	29,664,258			29,010,534	29,664,258
Notes Payable	-	-	5,764,493	6,467,723	5,764,493	6,467,723
Compensated absences	2,421,951	2,252,078	549,410	538,176	2,971,361	2,790,254
Assessments payable	155,000	175,000			155,000	175,000
Other long-term liabilities	5,138,378	4,545,816			5,138,378	4,545,816
<b>Total</b>	<b>\$ 51,088,413</b>	<b>\$ 52,013,855</b>	<b>\$65,402,617</b>	<b>\$70,413,081</b>	<b>\$ 116,491,030</b>	<b>\$ 122,426,936</b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The General Fund appropriations for 2013-14 were adopted at \$29,755,904, a \$4,255,711 decrease over the final 2012-13 budget. This decrease is mainly attributable to a one-time \$4.9 million appropriation to fund 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 2013-14 budget may be obtained by accessing the City's website ([www.ci.colton.ca.us](http://www.ci.colton.ca.us)) or by contacting the Finance 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 Finance Department at the City of Colton, 650 North La Cadena Drive, Colton, CA 92324.

CITY OF COLTON

STATEMENT OF NET POSITION  
JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and investments	\$ 12,892,926	\$ 37,607,572	\$ 50,500,498
Receivables:			
Accounts	1,029,989	11,842,566	12,872,555
Taxes	205,917	-	205,917
Notes and loans	90,449	-	90,449
Accrued interest	12,931	12,694	25,625
Internal balances	545,971	(545,971)	-
Prepaid costs	1,602	558,004	559,606
Prepaid bond insurance	-	47,507	47,507
Deposits	-	2,224,954	2,224,954
Due from other governments	5,444,710	2,209,263	7,653,973
Inventories	171,042	1,495,023	1,666,065
Prepaid pension asset	23,651,496	-	23,651,496
Land held for resale	536,919	-	536,919
Restricted assets:			
Cash and investments	940,826	-	940,826
Cash with fiscal agent	3,295,142	6,240,655	9,535,797
Capital assets not being depreciated	11,713,252	9,106,205	20,819,457
Capital assets, net of depreciation	48,737,959	95,641,842	144,379,801
<b>Total Assets</b>	<b>109,271,131</b>	<b>166,440,314</b>	<b>275,711,445</b>
<b>Deferred Outflows of Resources:</b>			
Deferred loss on refunding	145,847	497,050	642,897
<b>Total Deferred Outflows of Resources</b>	<b>145,847</b>	<b>497,050</b>	<b>642,897</b>
<b>Liabilities:</b>			
Accounts payable	1,426,632	2,573,760	4,000,392
Accrued liabilities	-	9,811	9,811
Accrued interest	868,705	773,946	1,642,651
Unearned revenue	164,422	-	164,422
Deposits payable	16,693	1,249,927	1,266,620
Due to other governments	5,648,279	-	5,648,279
Noncurrent liabilities:			
Due within one year	3,968,622	3,915,659	7,884,281
Due in more than one year	47,119,791	61,486,958	108,606,749
<b>Total Liabilities</b>	<b>59,213,144</b>	<b>70,010,061</b>	<b>129,223,205</b>
<b>Net Position:</b>			
Net investment in capital assets	48,178,795	39,894,840	88,073,635
Restricted for:			
Public safety	575,101	-	575,101
Capital projects	7,665,092	-	7,665,092
Debt service	3,403,112	5,177,690	8,580,802
Education	2,218	-	2,218
Social services	25,311	-	25,311
Air quality projects	365,911	-	365,911
Unrestricted	(10,011,706)	51,854,773	41,843,067
<b>Total Net Position</b>	<b>\$ 50,203,834</b>	<b>\$ 96,927,303</b>	<b>\$ 147,131,137</b>

CITY OF COLTON

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 8,262,086	\$ 1,004,579	\$ -	\$ 2,340
Public safety	18,236,348	1,151,804	402,510	-
Community development	-	-	-	-
Community services	3,462,370	1,624,099	525,850	310,351
Public works	4,827,239	885,908	72,597	2,619,167
Interest on long-term debt	2,415,144	-	-	-
<b>Total Governmental Activities</b>	<b>37,203,187</b>	<b>4,666,390</b>	<b>1,000,957</b>	<b>2,931,858</b>
Business-Type Activities:				
Electric Utility	47,904,907	63,162,714	121,266	-
Water Utility	7,921,708	10,235,057	-	-
Waste Water Utility	11,688,507	8,232,996	-	-
<b>Total Business-Type Activities</b>	<b>67,515,122</b>	<b>81,630,767</b>	<b>121,266</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 104,718,309</b>	<b>\$ 86,297,157</b>	<b>\$ 1,122,223</b>	<b>\$ 2,931,858</b>

**General Revenues:**

Taxes:

- Property taxes, levied for general purpose
- Transient occupancy taxes
- Sales taxes
- Franchise taxes
- Other taxes
- Motor vehicle in lieu - unrestricted
- Use of money and property
- Other

**Extraordinary loss**

**Transfers**

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

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

**Net Position at End of Year**

<b>Net (Expenses) Revenues and Changes in Net Position</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (7,255,167)	\$ -	\$ (7,255,167)
(16,682,034)	-	(16,682,034)
-	-	-
(1,002,070)	-	(1,002,070)
(1,249,567)	-	(1,249,567)
(2,415,144)	-	(2,415,144)
<b>(28,603,982)</b>	<b>-</b>	<b>(28,603,982)</b>
-	15,379,073	15,379,073
-	2,313,349	2,313,349
-	(3,455,511)	(3,455,511)
<b>-</b>	<b>14,236,911</b>	<b>14,236,911</b>
<b>(28,603,982)</b>	<b>14,236,911</b>	<b>(14,367,071)</b>
10,232,378	-	10,232,378
500,596	-	500,596
6,192,845	-	6,192,845
1,285,278	-	1,285,278
67,539	-	67,539
49,477	-	49,477
7,357,507	162,807	7,520,314
3,156,215	1,977,065	5,133,280
(3,403,862)	-	(3,403,862)
7,710,280	(7,710,280)	-
<b>33,148,253</b>	<b>(5,570,408)</b>	<b>27,577,845</b>
4,544,271	8,666,503	13,210,774
47,267,093	90,774,341	138,041,434
(1,607,530)	(2,513,541)	(4,121,071)
<b>\$ 50,203,834</b>	<b>\$ 96,927,303</b>	<b>\$ 147,131,137</b>

CITY OF COLTON

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	General	Special Revenue Fund Housing Authority	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and investments	\$ 2,922,848	\$ -	\$ 8,626,721	\$ 11,549,569
Receivables:				
Accounts	1,013,227	16,762	-	1,029,989
Taxes	87,750	587	117,580	205,917
Notes and loans	-	90,449	-	90,449
Interest	700	5,853	5,679	12,232
Prepaid costs	1,602	-	-	1,602
Due from other governments	1,308,327	1,903,927	2,232,456	5,444,710
Due from other funds	713,347	-	512,245	1,225,592
Inventories	167,924	-	3,118	171,042
Land held for resale	-	536,919	-	536,919
Restricted assets:				
Cash and investments	-	211,282	692,514	903,796
Cash and investments with fiscal agents	-	31,986	3,263,156	3,295,142
<b>Total Assets</b>	<b>\$ 6,215,725</b>	<b>\$ 2,797,765</b>	<b>\$ 15,453,469</b>	<b>\$ 24,466,959</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 882,024	\$ 9,627	\$ 439,397	\$ 1,331,048
Unearned revenues	27,668	-	146,255	173,923
Deposits payable	-	15,738	-	15,738
Due to other governments	-	5,635,976	12,303	5,648,279
Due to other funds	-	312,319	913,273	1,225,592
<b>Total Liabilities</b>	<b>909,692</b>	<b>5,973,660</b>	<b>1,511,228</b>	<b>8,394,580</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	1,656,983	1,656,983
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>1,656,983</b>	<b>1,656,983</b>
<b>Fund Balances:</b>				
<b>Nonspendable</b>				
Inventory	167,924	-	3,118	171,042
Prepaid costs	1,602	-	-	1,602
Land held for resale	-	536,919	-	536,919
Notes and loans	-	90,449	-	90,449
<b>Restricted for:</b>				
Public safety	-	-	790,074	790,074
Capital Projects	-	-	7,952,314	7,952,314
Debt service	-	-	3,403,112	3,403,112
Education	-	-	2,218	2,218
Community services	-	-	22,193	22,193
Air quality projects	-	-	365,911	365,911
<b>Committed to:</b>				
Parks and recreation	300,000	-	-	300,000
<b>Unassigned</b>	4,836,507	(3,803,263)	(253,682)	779,562
<b>Total Fund Balances</b>	<b>5,306,033</b>	<b>(3,175,895)</b>	<b>12,285,258</b>	<b>14,415,396</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 6,215,725</b>	<b>\$ 2,797,765</b>	<b>\$ 15,453,469</b>	<b>\$ 24,466,959</b>

**CITY OF COLTON**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2013**

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Fund balances of governmental funds \$ 14,415,396

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

Capital assets net of depreciation have not been included as financial resources in governmental fund activity. 59,867,043

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. 23,651,496

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		(362,550)	
Taxable pension funding bonds, series 2007		(29,010,534)	
Special tax revenue bonds, series 1996		(2,215,000)	
Lease revenue bonds 2007 series B		(11,785,000)	
Assessments payable		(155,000)	
Bond defeasance to be amortized		145,847	
Bond discount to be amortized		199,353	
Bond premium to be amortized		(124,866)	
Compensated Absences		<u>(2,360,251)</u>	(47,497,299)

Governmental funds report all OPEB contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability. (1,301,191)

Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds. (868,705)

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. 1,666,484

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 position. 270,610

**Net Position of governmental activities \$ 50,203,834**

CITY OF COLTON

**STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

	General	Special Revenue Fund Housing Authority	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 9,590,673	\$ 55,883	\$ 585,822	\$ 10,232,378
Sales taxes	6,195,322	-	-	6,195,322
Other taxes	1,854,137	-	-	1,854,137
Licenses and permits	1,133,102	-	-	1,133,102
Intergovernmental	823,756	-	4,427,521	5,251,277
Charges for services	1,155,782	-	772,190	1,927,972
Use of money and property	6,616,766	163,600	507,370	7,287,736
Fines and forfeitures	240,359	-	141,203	381,562
Contributions	50,000	-	-	50,000
Miscellaneous	557,178	2,502,763	159,246	3,219,187
<b>Total Revenues</b>	<b>28,217,075</b>	<b>2,722,246</b>	<b>6,593,352</b>	<b>37,532,673</b>
<b>Expenditures:</b>				
Current:				
General government	3,508,920	3,912,025	9,430	7,430,375
Public safety	16,917,076	-	684,827	17,601,903
Parks and recreation	2,624,354	-	660,039	3,284,393
Public works	1,676,448	-	560,299	2,236,747
Capital outlay	338,521	-	3,704,314	4,042,835
Debt service:				
Principal retirement	299,153	20,000	1,590,000	1,909,153
Interest and fiscal charges	25,839	10,645	2,178,238	2,214,722
<b>Total Expenditures</b>	<b>25,390,311</b>	<b>3,942,670</b>	<b>9,387,147</b>	<b>38,720,128</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,826,764	(1,220,424)	(2,793,795)	(1,187,455)
<b>Other Financing Sources (Uses):</b>				
Transfers in	8,491,998	-	10,647,853	19,139,851
Transfers out	(7,548,152)	-	(3,830,068)	(11,378,220)
<b>Total Other Financing Sources (Uses)</b>	<b>943,846</b>	<b>-</b>	<b>6,817,785</b>	<b>7,761,631</b>
Extraordinary gain/(loss) on dissolution of redevelopment agency	(1,554,033)	-	(1,849,829)	(3,403,862)
Net Change in Fund Balances	2,216,577	(1,220,424)	2,174,161	3,170,314
Fund Balances, Beginning of Year	3,089,456	(1,955,471)	10,111,097	11,245,082
<b>Fund Balances, End of Year</b>	<b>\$ 5,306,033</b>	<b>\$ (3,175,895)</b>	<b>\$ 12,285,258</b>	<b>\$ 14,415,396</b>

**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, 2013**

Net change in fund balances - total governmental funds \$ 3,170,314

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	\$ 3,863,025	
Depreciation	<u>(3,400,802)</u>	462,223

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. (340,359)

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	(221,276)	
Principal repayments		
Special tax revenue bonds, series 1996	360,000	
Taxable pension funding bonds, series 2007	875,000	
Lease revenue bonds, 2007 series B	355,000	
Capital lease obligations	299,153	
Notes payable	20,000	
Bond defeasance amortization	(12,550)	
Bond premium and discount amortization	<u>(1,735)</u>	1,673,592

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 35,139

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. (161,090)

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. (232,617)

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. (93,657)

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. 30,726

**Change in net position of governmental activities \$ 4,544,271**

CITY OF COLTON

**BUDGETARY COMPARISON STATEMENT BY DEPARTMENT  
GENERAL FUND  
YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 3,089,456	\$ 3,089,456	\$ 3,089,456	\$ -
<b>Resources (Inflows):</b>				
Taxes	14,379,634	14,443,901	17,640,132	3,196,231
Licenses and permits	1,240,750	1,204,650	1,133,102	(71,548)
Intergovernmental	764,293	796,558	823,756	27,198
Charges for services	1,658,094	1,118,347	1,155,782	37,435
Use of money and property	6,738,188	6,614,188	6,616,766	2,578
Fines and forfeitures	273,000	218,500	240,359	21,859
Contributions	50,000	50,000	50,000	-
Miscellaneous	422,943	419,250	557,178	137,928
Transfers in	8,495,093	8,512,093	8,491,998	(20,095)
<b>Amounts Available for Appropriations</b>	<b>37,111,451</b>	<b>36,466,943</b>	<b>39,798,529</b>	<b>3,331,586</b>
<b>Charges to Appropriations (Outflow):</b>				
General government				
City Council	254,193	274,311	272,924	1,387
City Clerk	187,249	203,984	136,827	67,157
City Manager	136,197	109,099	129,054	(19,955)
Human Resource	26,931	53,403	102,282	(48,879)
Financial Services	(20,453)	(11,799)	(56,268)	44,469
City Attorney	458,077	458,077	593,918	(135,841)
City Treasurer	(2,198)	(2,317)	(6,608)	4,291
Non-departmental	2,383,605	2,406,142	2,336,791	69,351
Public safety				
Police	10,375,866	10,129,284	9,873,795	255,489
Fire	6,809,429	7,026,350	7,043,281	(16,931)
Parks and recreation				
Parks, Recreation & Family Services	1,771,891	1,833,887	1,753,418	80,469
Community Development	988,899	1,017,118	870,936	146,182
Public works				
Public Services	1,739,922	1,812,514	1,676,448	136,066
Capital outlay	357,732	528,417	338,521	189,896
Debt service:				
Principal retirement	299,153	299,153	299,153	-
Interest and fiscal charges	25,839	25,839	25,839	-
Transfers out	7,848,153	7,848,153	7,548,152	300,001
<b>Total Charges to Appropriations</b>	<b>33,640,485</b>	<b>34,011,615</b>	<b>32,938,463</b>	<b>1,073,152</b>
<b>Extraordinary Gain/(Loss)</b>	<b>-</b>	<b>-</b>	<b>(1,554,033)</b>	<b>(1,554,033)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 3,470,966</b>	<b>\$ 2,455,328</b>	<b>\$ 5,306,033</b>	<b>\$ 2,850,705</b>

CITY OF COLTON

**BUDGETARY COMPARISON STATEMENT  
HOUSING AUTHORITY  
YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	<u>\$(1,955,471)</u>	<u>\$ (1,955,471)</u>	<u>\$(1,955,471)</u>	<u>\$ -</u>
<b>Resources (Inflows):</b>				
Taxes	-	42,127	55,883	13,756
Use of money and property	120,000	158,492	163,600	5,108
Miscellaneous	2,771,279	2,771,534	2,502,763	(268,771)
<b>Amounts Available for Appropriations</b>	<b><u>935,808</u></b>	<b><u>1,016,682</u></b>	<b><u>766,775</u></b>	<b><u>(249,907)</u></b>
<b>Charges to Appropriations (Outflow):</b>				
General government	2,882,830	2,885,377	3,912,025	(1,026,648)
Debt service:				
Principal retirement	10,000	20,000	20,000	-
Interest and fiscal charges	9,999	10,645	10,645	-
<b>Total Charges to Appropriations</b>	<b><u>2,902,829</u></b>	<b><u>2,916,022</u></b>	<b><u>3,942,670</u></b>	<b><u>(1,026,648)</u></b>
<b>Budgetary Fund Balance, June 30</b>	<b><u>\$(1,967,021)</u></b>	<b><u>\$ (1,899,340)</u></b>	<b><u>\$(3,175,895)</u></b>	<b><u>\$ (1,276,555)</u></b>

## CITY OF COLTON

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2013

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Electric Utility	Water Utility	Waste Water Utility	Totals	
<b>Assets:</b>					
Current:					
Cash and investments	\$ 31,422,152	\$ -	\$ 6,185,420	\$ 37,607,572	\$ 1,343,357
Receivables:					
Accounts	8,986,528	1,411,665	1,444,373	11,842,566	-
Accrued interest	7,264	-	5,430	12,694	699
Prepaid costs	-	-	558,004	558,004	-
Prepaid bond insurance	-	32,000	15,507	47,507	-
Deposits	2,224,954	-	-	2,224,954	-
Due from other governments	-	37,763	98,500	136,263	-
Due from other funds	-	-	2,852,157	2,852,157	-
Inventories	1,382,043	112,980	-	1,495,023	-
Restricted:					
Cash and investments	-	-	-	-	37,030
Cash with fiscal agent	4,031,643	1,783,875	425,137	6,240,655	-
<b>Total Current Assets</b>	<b>48,054,584</b>	<b>3,378,283</b>	<b>11,584,528</b>	<b>63,017,395</b>	<b>1,381,086</b>
Noncurrent:					
Advances to other funds	-	-	1,272,533	1,272,533	-
Due from other governments	-	2,073,000	-	2,073,000	-
Capital assets - net of accumulated depreciation	49,194,586	21,681,620	33,871,841	104,748,047	584,168
<b>Total Noncurrent Assets</b>	<b>49,194,586</b>	<b>23,754,620</b>	<b>35,144,374</b>	<b>108,093,580</b>	<b>584,168</b>
<b>Total Assets</b>	<b>97,249,170</b>	<b>27,132,903</b>	<b>46,728,902</b>	<b>171,110,975</b>	<b>1,965,254</b>
<b>Deferred Outflows of Resources:</b>					
Deferred loss on refunding	497,050	-	-	497,050	-
<b>Total Deferred Outflows of Resources</b>	<b>497,050</b>	<b>-</b>	<b>-</b>	<b>497,050</b>	<b>-</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 97,746,220</b>	<b>\$ 27,132,903</b>	<b>\$ 46,728,902</b>	<b>\$ 171,608,025</b>	<b>\$ 1,965,254</b>
<b>Liabilities and Net Position:</b>					
<b>Liabilities:</b>					
Current:					
Accounts payable	\$ 1,305,988	\$ 655,407	\$ 612,365	\$ 2,573,760	\$ 108,301
Accrued liabilities	9,811	-	-	9,811	-
Accrued interest	504,791	128,775	140,380	773,946	-
Deposits payable	1,216,932	32,007	988	1,249,927	955
Due to other funds	-	2,852,157	-	2,852,157	-
Advances from other governments	-	-	721,659	721,659	-
Accrued compensated absences	200,000	53,000	21,000	274,000	31,000
Accrued claims and judgments	-	-	-	-	795,425
Bonds, notes, and capital leases	2,380,000	310,000	230,000	2,920,000	-
<b>Total Current Liabilities</b>	<b>5,617,522</b>	<b>4,031,346</b>	<b>1,726,392</b>	<b>11,375,260</b>	<b>935,681</b>
Noncurrent:					
Advances from other governments	-	-	5,042,834	5,042,834	-
Advances from other funds	-	1,272,533	-	1,272,533	-
Accrued compensated absences	199,970	53,505	21,935	275,410	30,700
Accrued claims and judgments	-	-	-	-	1,286,951
Bonds, notes, and capital leases	45,163,714	7,610,000	3,395,000	56,168,714	-
<b>Total Noncurrent Liabilities</b>	<b>45,363,684</b>	<b>8,936,038</b>	<b>8,459,769</b>	<b>62,759,491</b>	<b>1,317,651</b>
<b>Total Liabilities</b>	<b>50,981,206</b>	<b>12,967,384</b>	<b>10,186,161</b>	<b>74,134,751</b>	<b>2,253,332</b>

CITY OF COLTON

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activities- Internal Service Funds</u>
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Waste Water Utility</u>	<u>Totals</u>	
<b>Net Position:</b>					
Net investment in capital assets	1,650,872	13,761,620	24,482,348	39,894,840	584,168
Restricted for debt service	4,031,643	720,910	425,137	5,177,690	-
Unrestricted	41,082,499	(317,011)	11,635,256	52,400,744	(872,246)
<b>Total Net Position</b>	<b>46,765,014</b>	<b>14,165,519</b>	<b>36,542,741</b>	<b>97,473,274</b>	<b>(288,078)</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 97,746,220</b>	<b>\$ 27,132,903</b>	<b>\$ 46,728,902</b>	<b>\$ 171,608,025</b>	<b>\$ 1,965,254</b>

**Reconciliation of Net Position to the Statement of Net Position**

Net Position per Statement of Net Position - Proprietary Funds	\$ 97,473,274
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds	(754,157)
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds	208,186
<b>Net Position per Statement of Net Position</b>	<b>\$ 96,927,303</b>

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CITY OF COLTON

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Electric Utility	Water Utility	Waste Water Utility	Totals	
<b>Operating Revenues:</b>					
Sales and service charges	\$ 63,162,714	\$ 10,235,057	\$ 8,232,996	\$ 81,630,767	\$ 3,548,704
Miscellaneous	1,142,396	753,358	81,311	1,977,065	-
<b>Total Operating Revenues</b>	<b>64,305,110</b>	<b>10,988,415</b>	<b>8,314,307</b>	<b>83,607,832</b>	<b>3,548,704</b>
<b>Operating Expenses:</b>					
Salaries and benefits	4,551,604	1,788,443	923,728	7,263,775	791,903
Maintenance and operations	2,855,475	4,578,356	8,191,523	15,625,354	1,182,486
Generation	3,702,627	-	-	3,702,627	-
Purchased power	28,164,174	-	-	28,164,174	-
Contractual services	-	-	-	-	118,391
Claims and benefits	-	-	-	-	1,068,261
Charges from other funds	2,344,228	685,450	1,199,288	4,228,966	-
Amortization	792,237	10,229	-	802,466	-
Depreciation expense	3,779,313	520,173	1,124,806	5,424,292	112,141
<b>Total Operating Expenses</b>	<b>46,189,658</b>	<b>7,582,651</b>	<b>11,439,345</b>	<b>65,211,654</b>	<b>3,273,182</b>
Operating Income (Loss)	18,115,452	3,405,764	(3,125,038)	18,396,178	275,522
<b>Nonoperating Revenues (Expenses):</b>					
Intergovernmental	121,266	-	-	121,266	-
Interest revenue	70,388	37,338	55,081	162,807	2,024
Interest expense	(1,805,002)	(402,470)	(301,064)	(2,508,536)	-
Loss on disposal of capital assets	(3,118)	-	-	(3,118)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(1,616,466)</b>	<b>(365,132)</b>	<b>(245,983)</b>	<b>(2,227,581)</b>	<b>2,024</b>
Income (Loss) Before Transfers	16,498,986	3,040,632	(3,371,021)	16,168,597	277,546
Transfers out	(7,559,481)	(97,162)	(53,637)	(7,710,280)	(51,351)
Changes in Net Position	8,939,505	2,943,470	(3,424,658)	8,458,317	226,195
<b>Net Position:</b>					
Beginning of Fiscal Year, as previously stated	40,061,952	11,353,712	40,112,834	91,528,498	(514,273)
Restatements	(2,236,443)	(131,663)	(145,435)	(2,513,541)	-
Beginning of Fiscal Year, as restated	37,825,509	11,222,049	39,967,399	89,014,957	(514,273)
<b>End of Fiscal Year</b>	<b>\$ 46,765,014</b>	<b>\$ 14,165,519</b>	<b>\$ 36,542,741</b>	<b>\$ 97,473,274</b>	<b>\$ (288,078)</b>
<b>Reconciliation of Changes in Net Position to the Statement of Activities:</b>					
Changes in Net Position, per the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds				\$ 8,458,317	
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds				208,186	
<b>Changes in Net Position of Business-Type Activities per Statement of Activities</b>				<b>\$ 8,666,503</b>	

## CITY OF COLTON

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activities- Internal Service Funds</u>
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Waste Water Utility</u>	<u>Totals</u>	
<b>Cash Flows from Operating Activities:</b>					
Cash received from customers and users	\$ 63,231,209	\$ 11,050,528	\$ 8,330,108	\$ 82,611,845	\$ 3,548,704
Cash paid to suppliers for goods and services	(36,764,192)	(5,721,255)	(9,892,557)	(52,378,004)	(1,995,675)
Cash paid to employees for services	(4,538,119)	(1,806,447)	(907,975)	(7,252,541)	(783,120)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>21,928,898</b>	<b>3,522,826</b>	<b>(2,470,424)</b>	<b>22,981,300</b>	<b>769,909</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Cash transfers out	(7,559,481)	(97,162)	(53,637)	(7,710,280)	(51,351)
Repayment received from other funds	-	-	2,306,710	2,306,710	-
Repayment made to other funds	-	(2,306,710)	-	(2,306,710)	-
Advance to other funds	-	(396,926)	-	(396,926)	-
Advance from other funds	-	-	396,926	396,926	-
<b>Net Cash Provided by (Used in) Non-Capital Financing Activities</b>	<b>(7,559,481)</b>	<b>(2,800,798)</b>	<b>2,649,999</b>	<b>(7,710,280)</b>	<b>(51,351)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Grant subsidy	121,266	-	-	121,266	-
Acquisition and construction of capital assets	(1,302,471)	(1,871,041)	(243,558)	(3,417,070)	(16,520)
Proceeds form capital debt	34,802,340	-	-	34,802,340	-
Principal paid on capital debt	(38,320,000)	(295,000)	(220,000)	(38,835,000)	-
Interest paid on capital debt	(3,019,762)	(407,043)	(291,029)	(3,717,834)	-
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<b>(7,718,627)</b>	<b>(2,573,084)</b>	<b>(754,587)</b>	<b>(11,046,298)</b>	<b>(16,520)</b>
<b>Cash Flows from Investing Activities:</b>					
Interest received	73,663	37,338	60,263	171,264	1,997
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>73,663</b>	<b>37,338</b>	<b>60,263</b>	<b>171,264</b>	<b>1,997</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>6,724,453</b>	<b>(1,813,718)</b>	<b>(514,749)</b>	<b>4,395,986</b>	<b>704,035</b>
Cash and Cash Equivalents at Beginning of Year	28,729,342	3,597,593	7,125,306	39,452,241	676,352
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 35,453,795</b>	<b>\$ 1,783,875</b>	<b>\$ 6,610,557</b>	<b>\$ 43,848,227</b>	<b>\$ 1,380,387</b>

CITY OF COLTON

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activities- Internal Service Funds</u>
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Waste Water Utility</u>	<u>Totals</u>	
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ 18,115,452	\$ 3,405,764	\$ (3,125,038)	\$ 18,396,178	\$ 275,522
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>					
Depreciation	3,779,313	520,173	1,124,806	5,424,292	112,141
Amortization	792,237	10,229	-	802,466	-
(Increase) decrease in accounts receivable	(1,680,388)	48,520	114,301	(1,517,567)	-
(Increase) decrease in deposits receivable	518,123	-	-	518,123	-
(Increase) decrease in due from other governmer	-	-	(98,500)	(98,500)	-
(Increase) decrease in inventories	42,037	(3,657)	-	38,380	-
Increase (decrease) in accounts payable	250,464	(453,792)	201,484	(1,844)	15,253
Increase (decrease) in accrued liabilities	9,811	-	-	9,811	-
Increase (decrease) in advances from other governments	-	-	(703,230)	(703,230)	-
Increase (decrease) in deposits payable	88,364	13,593	-	101,957	-
Increase (decrease) in claims and judgments	-	-	-	-	358,210
Increase (decrease) in compensated absences	13,485	(18,004)	15,753	11,234	8,783
<b>Total Adjustments</b>	<b>3,813,446</b>	<b>117,062</b>	<b>654,614</b>	<b>4,585,122</b>	<b>494,387</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 21,928,898</b>	<b>\$ 3,522,826</b>	<b>\$ (2,470,424)</b>	<b>\$ 22,981,300</b>	<b>\$ 769,909</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>					
Gain/(Loss) on disposition of capital assets	\$ 3,118	\$ -	\$ -	\$ 3,118	\$ -
Increase in Fair Value of Investments	792,237	10,229	-	802,466	-

CITY OF COLTON

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2013

	<u>Agency Funds</u>	<u>Private Purpose Trust Funds</u>
<b>Assets:</b>		
Cash and investments	\$ 1,723,596	\$ 2,487,136
Receivables:		
Accounts	370	2,870
Taxes	4,176	-
Notes and loans	2,175	-
Accrued interest	7	5,368
Prepaid items	15,783	3,850
Deposits	1,510	-
Due from other governments	-	5,645,705
Land held for resale	-	6,973,000
Restricted assets:		
Cash and investments	1,915,820	1,088,390
Cash and investments with fiscal agents	538,449	5,263,903
<b>Total Assets</b>	<b><u>\$ 4,201,886</u></b>	<b><u>21,470,222</u></b>
<b>Deferred Outflows of Resources:</b>		
Deferred charge on refunding		<u>224,143</u>
<b>Total Deferred Outflows of Resources</b>		<b><u>224,143</u></b>
<b>Liabilities:</b>		
Accounts payable	\$ 531,884	54,711.0
Accrued liabilities	1,181,269	-
Accrued interest	-	694,050
Deposits payable	219,785	364,540
Due to other governments	443,058	2,073,000
Long-term liabilities:		
Due in one year	1,825,890	2,327,327
Due in more than one year	-	34,971,021
<b>Total Liabilities</b>	<b><u>\$ 4,201,886</u></b>	<b><u>40,484,649</u></b>
<b>Net Position:</b>		
Held in trust for endowment		775,101
Held in trust for other purposes		<u>(19,565,385)</u>
<b>Total Net Position</b>		<b><u>\$ (18,790,284)</u></b>

CITY OF COLTON

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 YEAR ENDED JUNE 30, 2013

	<u>Private- Purpose Trust Fund</u>
<b>Additions:</b>	
Taxes	\$ 4,322,007
Contributions	20,145
Interest and change in fair value of investments	74,899
Miscellaneous	26,416
	<u>4,443,467</u>
<b>Total Additions</b>	<b>4,443,467</b>
<b>Deductions:</b>	
Administrative expenses	262,214
Contractual services	23,174
Interest expense	2,066,840
Contributions to other governments	11,523,113
	<u>13,875,341</u>
<b>Total Deductions</b>	<b>13,875,341</b>
Extraordinary gain	<u>3,403,862</u>
<b>Changes in Net Position</b>	<b>(6,028,012)</b>
Net Position - Beginning of the Year	<u>(12,762,272)</u>
<b>Net Position - End of the Year</b>	<b><u>\$ (18,790,284)</u></b>

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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 States 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 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 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.

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

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 position 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 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

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

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 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

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

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 to the Redevelopment Agency for the City of Colton (Successor Agency) 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.

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.

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 Position 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.

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

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.

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

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

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:

Assets Type	Years
Structures and improvements	20 - 50
Furniture and equipment	5 - 20
Infrastructure	20 - 50

**Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City only has two items that qualify for reporting in this category. It is the deferred charge on refunding and the deferred loss on refunding reported in the government-wide statement of net position, proprietary statement of net position and fiduciary statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from sources such as grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**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 position.

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 position. Bond premiums and discount 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

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

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)**

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last

Net Position

In the governmental-wide financial statements and proprietary fund financial statements, net position are classified as follows:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position.”

Net Position Flow Assumption

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

New Accounting Pronouncements

The City adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which established accounting and financial reporting standards for financial statements of state and local governments.

The City implemented GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65, among other things, amends prior guidance with respect to the treatment of debt issuance costs. Debt issuance costs should be recognized in the period incurred rather than reported on the statement of net position as deferred charges and recognized systematically over the life of the debt. The accounting

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

changes of this statement should be applied retroactive and therefore the City has reported a restatement of beginning net position for any unamortized debt issuance costs (deferred charges) previously reported on the statement of net position to conform.

**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.

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, 2013, based on calculations by City staff, proceeds of taxes did not exceed appropriations.

CITY OF COLTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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**Note 2: Stewardship, Compliance and Accountability (Continued)**

**b. Fund Balance Deficits**

At June 30, 2013, the following funds had deficit fund balances:

Major Governmental Fund:	
Housing Authority	\$ 3,175,895
Non-major Governmental Funds:	
Community Development Block Grant	181,653
ViTep	3,291
Assessment Districts	68,738
Internal Service Fund:	
Insurance	1,471,431
Private Purpose Trust Funds:	
Successor Agency of the Former RDA	19,565,385

The City expects to eliminate these deficits with future revenues.

**III. DETAILED NOTES ON ALL FUNDS**

**Note 3: Cash and Investments**

As of June 30, 2013, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 17,128,894
Business-type activities	43,848,227
Fiduciary funds	<u>13,017,294</u>
Total Cash and Investments	<u><u>\$ 73,994,415</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, 2013, the carrying amount of the City's deposits was \$12,937,026, and the bank balance was \$13,985,425. The \$1,048,399 difference represents outstanding checks and other reconciling items.

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

**Note 3: Cash and Investments (Continued)**

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.

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.

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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**
**Note 3: Cash and Investments (Continued)**

## 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, 2013, 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, 2013, 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, 2013, 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 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, 2013, the City had the following investments and original maturities:

	Investment Maturities (in Years)		Total
	6 months or less	3 to 5 years	
Cash and Investments			
California Local Agency Investment Fund	\$ 45,719,243	\$ -	\$ 45,719,243
Cash and Investments with Fiscal Agents			
Money Market Mutual Funds	13,397,455	-	13,397,455
California Local Agency Investment Fund	306,889	-	306,889
Guaranteed Investment Contracts	-	1,633,802	1,633,802
	<u>\$ 59,423,587</u>	<u>\$ 1,633,802</u>	<u>\$ 61,057,389</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 \$51,094 and other notes receivables of \$39,355. Total of loans and notes receivables at June 30, 2013, amounts to \$90,449.

**CITY OF COLTON**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

**Note 5: Capital Assets**

Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance July 1, 2013	Adjustments	July 1, 2013 as Adjusted	Additions	Transfers	Balance June 30, 2013
<b>Governmental Activities:</b>						
Capital assets, not being depreciated:						
Land	\$ 6,828,143	\$ -	\$ 6,828,143	\$ -	\$ -	\$ 6,828,143
Construction-in-progress	3,883,846	(1,283,641)	2,600,205	3,676,390	(1,391,486)	4,885,109
Total Capital Assets, Not Depreciable Assets	10,711,989	(1,283,641)	9,428,348	3,676,390	(1,391,486)	11,713,252
Capital assets, being depreciated:						
Structure and improvement	22,566,644	-	22,566,644	35,455	619,142	23,221,241
Furniture and equipment	14,909,027	-	14,909,027	167,700	86,572	15,163,299
Infrastructure	102,230,919	918,143	103,149,062	-	685,772	103,834,834
Total Capital Assets, Being Depreciated	139,706,590	918,143	140,624,733	203,155	1,391,486	142,219,374
Less accumulated depreciation:						
Structure and improvement	7,897,739	-	7,897,739	477,799	-	8,375,538
Furniture and equipment	12,552,012	-	12,552,012	727,474	-	13,279,486
Infrastructure	69,283,540	235,180	69,518,720	2,307,671	-	71,826,391
Total Accumulated Depreciation	89,733,291	235,180	89,968,471	3,512,944	-	93,481,415
Total Capital Assets, Being Depreciated, Net	49,973,299	682,963	50,656,262	(3,309,789)	1,391,486	48,737,959
Governmental Activities Capital Assets	\$ 60,685,288	\$ (600,678)	\$ 60,084,610	\$ 366,601	\$ -	\$ 60,451,211

	Balance July 1, 2013	Additions	Deletions	Transfers	Balance June 30, 2013
<b>Business-type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 6,228,942	\$ -	\$ -	\$ -	\$ 6,228,942
Construction-in-progress	2,398,895	1,604,724	-	(1,126,356)	2,877,263
Total Capital Assets, Not Depreciable Assets	8,627,837	1,604,724	-	(1,126,356)	9,106,205
Capital assets, being depreciated:					
Structure and improvement	33,556,571	13,807	-	-	33,570,378
Furniture and equipment	32,639,657	855,109	291,389	-	33,203,377
Capacity rights	7,300,000	-	-	-	7,300,000
Infrastructure	97,842,519	943,431	23,145	1,126,356	99,889,161
Total Capital Assets, Being Depreciated	171,338,747	1,812,347	314,534	1,126,356	173,962,916
Less accumulated depreciation:					
Structure and improvement	13,733,600	1,959,516	-	-	15,693,116
Furniture and equipment	20,867,181	962,688	288,835	-	21,541,034
Capacity rights	2,787,269	132,727	-	-	2,919,996
Infrastructure	35,820,147	2,369,361	22,580	-	38,166,928
Total Accumulated Depreciation	73,208,197	5,424,292	311,415	-	78,321,074
Total Capital Assets, Being Depreciated, Net	98,130,550	(3,611,945)	3,119	1,126,356	95,641,842
Business-type Activities Capital Assets	\$ 106,758,387	\$ (2,007,221)	\$ 3,119	\$ -	\$ 104,748,047

CITY OF COLTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

**Note 5: Capital Assets (Continued)**

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

Governmental Activities:	
General Government	\$ 196,245
Public Safety	424,040
Community Services	187,967
Public Works	2,592,550
Internal Service Fund	112,142
	<u>\$ 3,512,944</u>
Business-Type Activities:	
Electric Utility	\$ 3,779,313
Water Utility	520,173
Waste Water Utility	1,124,806
	<u>\$ 5,424,292</u>

**Note 6: Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of June 30, 2013, was as follows:

**Due To/From Other Funds**

Due from other funds	Due to other funds		Total
	General Fund	Nonmajor Governmental Funds	
Housing Authority	\$ 312,319	\$ -	\$ 312,319
Nonmajor Governmental Funds	401,028	512,245	913,273
Total	<u>\$ 713,347</u>	<u>\$ 512,245</u>	<u>\$ 1,225,592</u>

The interfund balances were made to cover negative cash balances and other temporary loans at June 30, 2013.

**Advances To/From Other Funds**

	Advances from other
	<u>Water Utility</u>
<u>Advances to other funds</u>	
Waste Water Utility	<u>\$ 1,272,533</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, 2013

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

**Interfund Transfers**

Transfers in	Transfers out						Total
	General Fund	Nonmajor Governmental Funds	Electric Utility	Water Utility	Waste Water Utility	Internal Service Funds	
General Fund	\$ -	\$ 1,226,905	\$ 7,265,093	\$ -	\$ -	\$ -	\$ 8,491,998
Nonmajor Governmental Funds	7,548,152	2,603,163	294,388	97,162	53,637	51,351	10,647,853
Total	<u>\$ 7,548,152</u>	<u>\$ 3,830,068</u>	<u>\$ 7,559,481</u>	<u>\$ 97,162</u>	<u>\$ 53,637</u>	<u>\$ 51,351</u>	<u>\$ 19,139,851</u>

During the year, the Electric Utility made payment to the General Fund for administrative cost incurred in the amount of \$7,265,093. Non-major governmental funds made payments to the General Fund for operating costs incurred during the year in the amount of \$1,226,905.

The internal service fund Facility and Equipment Maintenance transferred \$51,351 in capital assets to the governmental activities.

**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, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
<b>City:</b>					
Compensated Absences	\$ 2,252,078	\$ 1,012,625	\$ 842,752	\$ 2,421,951	\$ 1,211,000
Claims and judgments	1,724,166	1,003,438	645,228	2,082,376	795,425
County Memorandum of Understanding	1,829,298	-	-	1,829,298	-
Capital Lease Obligations	661,703	-	299,153	362,550	187,197
Taxable Pension Funding Bonds	29,664,258	221,276	875,000	29,010,534	1,005,000
Other post employment benefits liability	1,068,574	1,391,791	1,159,174	1,301,191	-
<b>Public Financing Authority:</b>					
Special Tax Revenue Bonds - Series 1996	2,575,000	-	360,000	2,215,000	375,000
Lease Revenue Bonds - 2007 Series B	12,140,000	-	355,000	11,785,000	375,000
<b>Housing Successor Agency:</b>					
Assessments Payable	175,000	-	20,000	155,000	20,000
<b>Net Unamortized Premiums and Discounts:</b>	(76,222)	8,307	6,572	(74,487)	-
Total	<u>\$ 52,013,855</u>	<u>\$ 3,637,437</u>	<u>\$ 4,562,879</u>	<u>\$ 51,088,413</u>	<u>\$ 3,968,622</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

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**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, 2013, the balance includes \$27,864,400 and \$1,146,134 accreted interest.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2013, including interest are as follows:

	Taxable Pension Funding Bonds, Series 2007	
	Principal	Interest
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	1,630,000	1,151,887
2019-2023	6,130,000	4,611,384
2024-2028	6,707,411	2,604,800
2029-2033	2,023,516	1,846,448
2034-2037	7,629,607	1,184,592
Totals	<u>\$ 29,010,534</u>	<u>\$ 16,785,519</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 \$2,594,457 with annual debt service requirements as indicated below. For the current year, the total special tax collected and recognized by the Authority was \$561,110 and the debt service obligation on the payable was \$490,528.

CITY OF COLTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2013, including interest are as follows:

	Special Tax Revenue Bonds Series 1996	
	Principal	Interest
2014	\$ 375,000	\$ 110,499
2015	400,000	89,380
2016	405,000	67,444
2017	250,000	49,595
2018	265,000	35,561
2019-2020	520,000	26,978
Totals	<u>\$ 2,215,000</u>	<u>\$ 379,457</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, 2013, including interest are as follows:

	Lease Revenue Bonds, 2007 Series B	
	Principal	Interest
2014	\$ 375,000	\$ 530,644
2015	390,000	511,519
2016	410,000	491,519
2017	430,000	470,519
2018	450,000	449,644
2019-2023	2,570,000	1,939,098
2024-2028	3,180,000	1,313,378
2029-2033	3,980,000	489,181
Totals	<u>\$ 11,785,000</u>	<u>\$ 6,195,502</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

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

**Limited Obligation Refunding Bonds Reassessment District No. 00-1** (Rancho Meditterrania 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 Meditterrania 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 \$192,188 with annual debt service requirements as indicated below. For the current year, the total reassessment collected was \$55,883 and the debt service obligation on the payable was \$30,645. 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, 2013, including interest are as follows:

	Reassessment District No. 00-1	
	Rancho Meditterrania	
	Principal	Interest
2014	\$ 20,000	\$ 9,400
2015	20,000	8,125
2016	20,000	6,825
2017	20,000	5,525
2018	20,000	2,975
2019-2022	55,000	4,338
Totals	<u>\$ 155,000</u>	<u>\$ 37,188</u>

**Compensated Absences**

The City's policies relating to compensated absences are described in Note 1. This liability, amounting to \$2,421,951 at June 30, 2013, 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, 2013

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**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, 2013, 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, 2013, is \$362,550.

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, 2013:

	<u>Total</u>
2014	\$ 199,996
2015	75,000
2016	75,000
2017	<u>37,500</u>
Minimum Lease Payments	387,496
Less: Amount Representing Interest	<u>(24,946)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 362,550</u></u>

CITY OF COLTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
Revenue Bonds:					
Colton Public Financing Authority Water Revenue Bonds, Series 1998	\$ 8,215,000	\$ -	\$ 295,000	\$ 7,920,000	\$ 310,000
Colton Utility Authority Revenue Bonds, Series 2000	3,845,000	-	220,000	3,625,000	230,000
Colton Public Financing Authority Revenue Bonds, Series 2002	35,670,000	-	35,670,000	-	-
Colton Public Financing Authority Revenue Refunding Bonds, Series 2007 A	15,460,000	-	920,000	14,540,000	960,000
Colton Public Electric Revenue Refunding Bonds, Series 2012 A	-	30,765,000	1,730,000	29,035,000	1,420,000
Notes payable:					
Santa Ana Watershed Project Authority	1,158,753	-	277,950	880,803	285,747
State of California Water Resource Control Board	5,308,970	-	425,280	4,883,690	435,912
Compensated Absences	538,176	271,006	259,772	549,410	274,000
Unamortized bond premium	217,182	4,037,340	285,808	3,968,714	-
<b>Total</b>	<b>\$ 70,413,081</b>	<b>\$ 35,073,346</b>	<b>\$ 40,083,810</b>	<b>\$ 65,402,617</b>	<b>\$ 3,915,659</b>

**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.

CITY OF COLTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2013, including interest are as follows:

	Water Revenue Bonds, Series 1998	
	Principal	Interest
2014	\$ 310,000	\$ 386,325
2015	325,000	371,600
2016	340,000	356,163
2017	360,000	340,013
2018	375,000	322,913
2019-2023	2,160,000	1,330,513
2024-2028	2,750,000	750,750
2029-2030	1,300,000	98,250
Totals	<u>\$ 7,920,000</u>	<u>\$ 3,956,527</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.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2013, including interest are as follows:

	Colton Utility Authority Revenue Bonds	
	Principal	Interest
2014	\$ 230,000	\$ 182,238
2015	240,000	171,428
2016	250,000	159,908
2017	265,000	147,658
2018	275,000	134,408
2019-2023	1,605,000	448,294
2024-2027	760,000	58,938
Totals	<u>\$ 3,625,000</u>	<u>\$ 1,302,872</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

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

**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 were secured primarily by certain proceeds of the 2002 Bonds and Facilities Revenues, which consisted of 2002 Purchase Payments to be made by the City under the Installment Purchase Agreement between the City and the Financing Authority. The Colton Electric Revenue Refunding Bonds, Series 2012A were issued to current refund the 2002 Series Bonds. There was no remaining balance as of June 30, 2013.

**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.

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, 2013, including interest are as follows:

	Revenue Refunding Bonds, 2007 Series A	
	Principal	Interest
2014	\$ 960,000	\$ 675,213
2015	1,000,000	636,813
2016	1,040,000	596,813
2017	1,085,000	548,363
2018	1,140,000	494,113
2019-2023	4,245,000	1,664,694
2024-2028	1,455,000	1,060,213
2029-2033	1,820,000	692,158
2034-2037	1,795,000	218,025
Totals	<u>\$ 14,540,000</u>	<u>\$ 6,586,405</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

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

**Colton Public Electric Revenue Refunding Bonds, 2012A Series** in the original issue amount of \$30,765,000 were issued to provide funds for (i) the redemption of the Authority's Revenue Bonds, 2002 Series, (ii) a deposit into the Reserve Account, and (iii) the payment of costs of issuance related to the 2012 Bonds. The bonds are secured primarily by a pledge, charge and lien upon Facilities Revenues and a pledge of all the moneys in the Purchase Payment Account and Reserve Account. The bonds mature beginning April 1, 2013 through April 1, 2028 and bear interest payable April 1 and October 1, at rates from 2.00% to 5.00%. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2013, including interest are as follows:

	Colton Public Financing Authority Revenue Refunding Bonds, Series 2012 A	
	Principal	Interest
2014	\$ 1,420,000	\$ 1,343,950
2015	1,465,000	1,301,350
2016	1,525,000	1,242,750
2017	1,585,000	1,181,750
2018	1,650,000	1,118,350
2019-2023	9,410,000	4,433,600
2024-2028	11,980,000	1,855,500
Totals	<u>\$ 29,035,000</u>	<u>\$ 12,477,250</u>

**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, 2013, relating to the RIX full-scale facility is \$880,803.

**CITY OF COLTON**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013**

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

At June 30, 2013, the annual requirement to repay the outstanding indebtedness for both loans is as follows:

	Santa Ana Watershed Project Authority	
	Principal	Interest
2014	\$ 285,747	\$ 24,662
2015	293,732	16,662
2016	301,324	8,438
Totals	<u>\$ 880,803</u>	<u>\$ 49,762</u>

**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, 2013, the annual requirement to repay the outstanding indebtedness is as follows:

	State of California Water Resource Control Board	
	Principal	Interest
2014	\$ 435,912	\$ 73,255
2015	446,810	66,717
2016	457,980	60,015
2017	469,430	53,145
2018	481,165	46,103
2019-2023	<u>2,592,393</u>	<u>118,578</u>
Totals	<u>\$ 4,883,690</u>	<u>\$ 417,813</u>

**Compensated Absences**

The City's policies relating to compensated absences are described in Note 1. This liability, amounting to \$549,410 at June 30, 2013, 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.

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

**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 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, 2013, is \$1,515,000.

**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, 2013, is \$1,410,000.

**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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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

**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 13.086% 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.

**Required Contribution**

The City required contribution and change in net pension asset for fiscal year ending June 30, 2013, were as follows:

Required contribution	\$ 2,109,670
Interest on net pension asset	(1,859,369)
Adjustment to annual required contribution	<u>2,199,728</u>
Annual pension cost	2,450,029
Contributions made	<u>2,109,670</u>
Decrease in net pension asset	340,359
Net pension (asset) - beginning of year	<u>(23,991,855)</u>
Net pension (asset) - end of year	<u>\$ (23,651,496)</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.

CITY OF COLTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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

Three-Year Trend Information for PERS  
 Miscellaneous Plan  
 (Amounts in Thousands)

Fiscal Years Ended	Required Contribution	Annual Required Contribution	Percentage of APC Contributed	Net Pension Obligations
6/30/2011	\$ 2,205	\$ 1,911	87%	(24,308)
6/30/2012	2,397	2,081	87%	(23,992)
6/30/2013	2,450	2,110	86%	(23,651)

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

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Liability as % of Payroll
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%
6/30/2012	104,913	93,453	11,460	89.1%	10,293	89.8%

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, California 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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

**Required Contribution**

For the year ended June 30, 2013, the City's required contribution for the fire safety employees and police safety employees was \$1,153,198 and \$1,575,235 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, 2010
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)

<u>Fiscal Year Ended</u>	<u>Required Contribution</u>	<u>Annual Required Contribution</u>	<u>Percentage of APC Contributed</u>
Fire			
6/30/2011	\$ 1,302	\$ 1,302	100%
6/30/2012	1,102	1,102	100%
6/30/2013	1,153	1,153	100%
Police			
6/30/2011	1,677	1,677	100%
6/30/2012	1,502	1,502	100%
6/30/2013	1,575	1,575	100%

For fiscal year 2012-2013, 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, 2013**

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**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 2012-2013, the City paid \$1,159,174 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	\$ 1,387,458
Interest on OPEB obligation	49,361
Adjustment to annual required contribution	<u>(45,028)</u>
Annual OPEB cost	1,391,791
Contributions made	<u>1,159,174</u>
Increase (decrease) in net OPEB obligation	232,617
Net OPEB obligation - beginning of year	<u>1,068,574</u>
Net OPEB obligation - end of year	<u><u>\$ 1,301,191</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, 2013**

**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
6/30/2011	\$ 1,205,535	\$ 950,699	79%	\$ 900,555
6/30/2012	1,228,638	1,060,619	86%	1,068,574
6/30/2013	1,391,791	1,159,174	83%	1,301,191

**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.

(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
1/1/2010	\$ -	\$ 17,761	\$ (17,761)	0.0%	\$ 19,045	-93.3%
7/1/2013	-	17,931	(17,931)	0.0%	20,015	-89.6%

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, 2013, was twenty-eight years. As of the actuarial valuation date, the City had 217 active participants and 136 retirees receiving benefits.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

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**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, 2013, was as follows:

Project	Principal Outstanding	City of Colton Percentage Share	City of Colton Obligation
Hoover Upgrading Project	\$ 309,906	3.20%	\$ 9,917
Mead-Adelanto Project	3,798,442	2.60%	98,759
Mead-Phoenix Project	450,250	1.00%	4,503
Palo Verde Project	584,400	1.00%	5,844
San Juan Project	16,492,430	14.70%	2,424,387
Magnolia	14,676,435	4.30%	631,087
Natural Gas Project	11,645,000	24.40%	2,841,380
Prepaid Natural Gas	34,931,050	11.00%	3,842,416
		Total	\$ 9,858,292

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](http://www.scppa.org) or can be obtained by written request at 225 South Lake Avenue, Suite 1250, Pasadena, California 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, California 92408.

**Note 10: Jointly Governed Organizations (Continued)**

**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, 5<sup>th</sup> Floor, San Bernardino, California 92418.

**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 \$1,231,644 and \$850,731 for the workers' compensation claims and general liability claims, respectively, for a total of \$2,082,376.

CITY OF COLTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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**Note 11: Commitments and Contingencies (Continued)**

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, 2012	\$ 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	1,724,166
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.	1,003,438
Payments on claims attributable to events of both the current fiscal year and prior fiscal years.	<u>(645,228)</u>
Amount of accrued claims at June 30, 2013	<u><u>\$ 2,082,376</u></u>

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.

**Note 12: Operating Leases**

The City leases copiers under non-cancelable operating leases. Total costs of such leases were \$25,674 for the year ended June 30, 2013. As of June 30 operating lease is paid in full.

**Note 13: Net Position Restatements**

Beginning net position restatements in the Electric Utility, Water Utility and Waste Water Utility funds are the result of GASB Statement No. 65 implementation, a change in accounting principle.

Beginning net position in governmental activities has been restated to implement GASB Statement No. 65 (\$1,006,852) and to adjust capital assets to the City's detail records (\$600,678).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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**Note 14: 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.

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.

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.

**a. Cash and investments**

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

Cash and investments pooled with the City	\$ 2,487,136
Restricted cash and investments	1,088,390
Cash and investments with fiscal agent	<u>5,263,903</u>
	<u>\$ 8,839,429</u>

CITY OF COLTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

**Note 14: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)**

**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, 2013, follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
<b>Fiduciary Activities:</b>					
Compensated Absences	\$ 2,898	\$ 458	\$ 2,310	\$ 1,046	\$ 1,000
Tax Allocation Bonds:					
Authority Series 1998 A & B	22,665,000	-	1,760,000	20,905,000	1,845,000
Mount Vernon Corridor & Projects 1999 TAB	5,735,000	-	105,000	5,630,000	110,000
Subordinate Tax Allocation					
Revenue Bonds Series 2004A	5,470,000	-	245,000	5,225,000	260,000
Notes - CIEDB	1,254,507	-	107,730	1,146,777	111,327
Agreements:					
Price Company	2,327,260	162,912	-	2,490,172	-
Tax Sharing Agreements	3,845,318	-	3,845,318	-	-
SERAF Loan	1,903,927	-	-	1,903,927	-
Unamortized Discounts:	(3,840)	266	-	(3,574)	-
<b>Total</b>	<b>\$ 43,200,070</b>	<b>\$ 163,636</b>	<b>\$ 6,065,358</b>	<b>\$ 37,298,348</b>	<b>\$ 2,327,327</b>

**Compensated Absences**

The Successor Agency follows the same policies relating to compensated absences as described in Note 1. This liability, amounting to \$1,046 at June 30, 2013, will be paid in future years from the Successor Agency administrative costs.

**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 former 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 former Redevelopment Agency is senior to the lien which secures the Series B Bonds.

CITY OF COLTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

**Note 14: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)**

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2013, including interest are as follows:

	Tax Allocation Bonds, Series 1998A and 1998B	
	Principal	Interest
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	2,270,000	617,221
2019-2023	5,590,000	1,902,102
2014-2028	5,050,000	689,707
Totals	<u>\$ 20,905,000</u>	<u>\$ 6,778,344</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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

**Note 14: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)**

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2013, including interest are as follows:

	1999 Tax Allocation Bonds Mount Vernon Corridor & West Valley Redevelopment Projects	
	Principal	Interest
2014	\$ 110,000	\$ 348,517
2015	115,000	341,809
2016	120,000	334,687
2017	130,000	327,034
2018	140,000	318,769
2019-2023	840,000	1,449,039
2024-2028	1,125,000	1,147,236
2029-2033	1,535,000	732,253
2034-2038	1,515,000	190,082
Totals	<u>\$ 5,630,000</u>	<u>\$ 5,189,426</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, 2013, including interest are as follows:

	Subordinate Housing Tax Allocation Bonds, Series 2004A	
	Principal	Interest
2014	\$ 260,000	\$ 242,418
2015	275,000	231,718
2016	280,000	220,268
2017	295,000	207,901
2018	305,000	194,699
2019-2023	2,335,000	693,983
2024-2028	1,475,000	153,394
Totals	<u>\$ 5,225,000</u>	<u>\$ 1,944,381</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

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**Note 14: 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, 2013, the annual requirements to repay the outstanding indebtedness were as follows:

	California Infrastructure and Economic Development Bank	
	Principal	Interest
2014	\$111,327	\$36,443
2015	115,045	32,663
2016	118,888	28,756
2017	122,859	24,719
2018	126,962	20,547
2019-2020	551,695	37,610
Totals	<u>\$1,146,776</u>	<u>\$180,738</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, 2013, the balance outstanding is \$2,490,172.

**Tax Sharing Agreement**

The former redevelopment agency 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 former Redevelopment Agency projects on these other governmental funds. Amount will be repaid as tax increment funds become available. The outstanding pass-through liability as of June 30, 2012, was paid in the current fiscal year. There is no outstanding balance as of June 30, 2013.

**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 14: 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 \$46,999,665 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$4,322,007 and the debt service obligation on the bonds was \$4,004,857.

**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, 2013, 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. Extraordinary item**

The Successor Agency Private-Purpose Trust Fund reports an extraordinary gain of \$3,403,862 on the Statement of Changes in Fiduciary Net Position due to various liabilities that have been dismissed and items being transferred to the Successor Agency in the current year per Department of Finance determination.

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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.

## 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, 2013

	Special Revenue Funds			
	Gas Tax	Community Child Care	Library Grant	Community Development Block Grant
<b>Assets:</b>				
Cash and investments	\$ -	\$ 48,313	\$ 32,544	\$ -
Receivables:				
Taxes	104,714	-	-	-
Accrued interest	420	44	11	-
Due from other governments	-	8,987	-	294,074
Due from other funds	-	-	-	-
Inventories	-	3,118	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 105,134</b>	<b>\$ 60,462</b>	<b>\$ 32,555</b>	<b>\$ 294,074</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 2,350	\$ 26,748	\$ 129,002
Unearned revenues	-	-	3,589	-
Due to other governments	-	11,354	-	-
Due to other funds	104,714	-	-	187,088
<b>Total Liabilities</b>	<b>104,714</b>	<b>13,704</b>	<b>30,337</b>	<b>316,090</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	21,447	-	159,637
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>21,447</b>	<b>-</b>	<b>159,637</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	-	3,118	-	-
<b>Restricted for:</b>				
Public safety	-	-	-	-
Capital projects	420	-	-	-
Debt service	-	-	-	-
Education	-	-	2,218	-
Community services	-	22,193	-	-
Air quality projects	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(181,653)</b>
<b>Total Fund Balances</b>	<b>420</b>	<b>25,311</b>	<b>2,218</b>	<b>(181,653)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 105,134</b>	<b>\$ 60,462</b>	<b>\$ 32,555</b>	<b>\$ 294,074</b>

## CITY OF COLTON

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013

(CONTINUED)

	Special Revenue Funds			
	State Traffic Relief	Asset Seizure	Air Quality	Drug/Gang Intervention
<b>Assets:</b>				
Cash and investments	\$ 316,963	\$ -	\$ 349,058	\$ 15,644
Receivables:				
Taxes	-	-	-	-
Accrued interest	183	-	210	9
Due from other governments	-	-	16,643	-
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Restricted assets:				
Cash and investments	-	692,514	-	-
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 317,146</b>	<b>\$ 692,514</b>	<b>\$ 365,911</b>	<b>\$ 15,653</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 95,779	\$ -	\$ -
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	21,559	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>117,338</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	-	-	-	-
<b>Restricted for:</b>				
Public safety	-	575,176	-	15,653
Capital projects	317,146	-	-	-
Debt service	-	-	-	-
Education	-	-	-	-
Community services	-	-	-	-
Air quality projects	-	-	365,911	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>317,146</b>	<b>575,176</b>	<b>365,911</b>	<b>15,653</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 317,146</b>	<b>\$ 692,514</b>	<b>\$ 365,911</b>	<b>\$ 15,653</b>

CITY OF COLTON

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013

	Special Revenue Funds			
	Host City Fees	Storm Water	Local Transportation	New Facilities
<b>Assets:</b>				
Cash and investments	\$ -	\$ 231,789	\$ 843,122	\$ 102,634
Receivables:				
Taxes	-	12,866	-	-
Accrued interest	104	-	526	59
Due from other governments	68,933	-	130,240	-
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 69,037</b>	<b>\$ 244,655</b>	<b>\$ 973,888</b>	<b>\$ 102,693</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 36,738	\$ -	\$ -
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	15,637	-	-	-
<b>Total Liabilities</b>	<b>15,637</b>	<b>36,738</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	-	-	-	-
<b>Restricted for:</b>				
Public safety	-	-	-	-
Capital projects	53,400	207,917	973,888	102,693
Debt service	-	-	-	-
Education	-	-	-	-
Community services	-	-	-	-
Air quality projects	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>53,400</b>	<b>207,917</b>	<b>973,888</b>	<b>102,693</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 69,037</b>	<b>\$ 244,655</b>	<b>\$ 973,888</b>	<b>\$ 102,693</b>

## CITY OF COLTON

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013

(CONTINUED)

	Special Revenue Funds		Capital Projects Funds	
	ViTep	Miscellaneous Grants	Capital Improvements	Development Fees
<b>Assets:</b>				
Cash and investments	\$ -	\$ 616,954	\$ 408,651	\$ 837,175
Receivables:				
Taxes	-	-	-	-
Accrued interest	-	471	-	540
Due from other governments	-	1,713,579	-	-
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 2,331,004</b>	<b>\$ 408,651</b>	<b>\$ 837,715</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 120,538	\$ -
Unearned revenues	-	142,666	-	-
Due to other governments	-	949	-	-
Due to other funds	3,291	512,245	-	-
<b>Total Liabilities</b>	<b>3,291</b>	<b>655,860</b>	<b>120,538</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	1,475,899	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>1,475,899</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	-	-	-	-
<b>Restricted for:</b>				
Public safety	-	199,245	-	-
Capital projects	-	-	288,113	837,715
Debt service	-	-	-	-
Education	-	-	-	-
Community services	-	-	-	-
Air quality projects	-	-	-	-
<b>Unassigned</b>	<b>(3,291)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>(3,291)</b>	<b>199,245</b>	<b>288,113</b>	<b>837,715</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ -</b>	<b>\$ 2,331,004</b>	<b>\$ 408,651</b>	<b>\$ 837,715</b>

CITY OF COLTON

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013

	Capital Projects Funds		Debt Service Funds		Total Nonmajor Governmental Funds
	Assessment Districts	Colton Crossing	Public Financing Authority	Taxable Pension Funding	
<b>Assets:</b>					
Cash and investments	\$ -	\$ 4,683,982	\$ 113,619	\$ 26,273	\$ 8,626,721
Receivables:					
Taxes	-	-	-	-	117,580
Accrued interest	-	3,037	65	-	5,679
Due from other governments	-	-	-	-	2,232,456
Due from other funds	-	512,245	-	-	512,245
Inventories	-	-	-	-	3,118
Restricted assets:					
Cash and investments	-	-	-	-	692,514
Cash and investments with fiscal agents	1	-	1,516,056	1,747,099	3,263,156
<b>Total Assets</b>	<b>\$ 1</b>	<b>\$ 5,199,264</b>	<b>\$ 1,629,740</b>	<b>\$ 1,773,372</b>	<b>\$ 15,453,469</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 28,242	\$ -	\$ -	\$ 439,397
Unearned revenues	-	-	-	-	146,255
Due to other governments	-	-	-	-	12,303
Due to other funds	68,739	-	-	-	913,273
<b>Total Liabilities</b>	<b>68,739</b>	<b>28,242</b>	<b>-</b>	<b>-</b>	<b>1,511,228</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenues	-	-	-	-	1,656,983
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,656,983</b>
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Inventory	-	-	-	-	3,118
<b>Restricted for:</b>					
Public safety	-	-	-	-	790,074
Capital projects	-	5,171,022	-	-	7,952,314
Debt service	-	-	1,629,740	1,773,372	3,403,112
Education	-	-	-	-	2,218
Community services	-	-	-	-	22,193
Air quality projects	-	-	-	-	365,911
<b>Unassigned</b>	<b>(68,738)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(253,682)</b>
<b>Total Fund Balances</b>	<b>(68,738)</b>	<b>5,171,022</b>	<b>1,629,740</b>	<b>1,773,372</b>	<b>12,285,258</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 1</b>	<b>\$ 5,199,264</b>	<b>\$ 1,629,740</b>	<b>\$ 1,773,372</b>	<b>\$ 15,453,469</b>

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## CITY OF COLTON

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

	<b>Special Revenue Funds</b>			
	<b>Gas Tax</b>	<b>Community Child Care</b>	<b>Library Grant</b>	<b>Community Development Block Grant</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,191,571	444,222	49,410	310,351
Charges for services	-	172,311	-	-
Use of money and property	1,400	180	51	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>1,192,971</b>	<b>616,713</b>	<b>49,461</b>	<b>310,351</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community services	-	585,473	74,566	-
Public works	-	-	-	-
Capital outlay	-	-	-	410,059
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>585,473</b>	<b>74,566</b>	<b>410,059</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,192,971	31,240	(25,105)	(99,708)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	30,000	561,232
Transfers out	(1,358,883)	(13,717)	-	(60,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,358,883)</b>	<b>(13,717)</b>	<b>30,000</b>	<b>501,232</b>
Extraordinary gain/(loss)	-	-	-	-
Net Change in Fund Balances	(165,912)	17,523	4,895	401,524
Fund Balances, Beginning of Year	166,332	7,788	(2,677)	(583,177)
<b>Fund Balances, End of Year</b>	<b>\$ 420</b>	<b>\$ 25,311</b>	<b>\$ 2,218</b>	<b>\$ (181,653)</b>

## CITY OF COLTON

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013

(CONTINUED)

	Special Revenue Funds			
	State Traffic Relief	Asset Seizure	Air Quality	Drug/Gang Intervention
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	63,561	-
Charges for services	-	-	-	-
Use of money and property	979	1,519	869	42
Fines and forfeitures	-	141,203	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>979</b>	<b>142,722</b>	<b>64,430</b>	<b>42</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	193,872	-	-
Community services	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>193,872</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	979	(51,150)	64,430	42
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	(61,774)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(61,774)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Extraordinary gain/(loss)	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>(60,795)</b>	<b>(51,150)</b>	<b>64,430</b>	<b>42</b>
Fund Balances, Beginning of Year	377,941	626,326	301,481	15,611
<b>Fund Balances, End of Year</b>	<b>\$ 317,146</b>	<b>\$ 575,176</b>	<b>\$ 365,911</b>	<b>\$ 15,653</b>

## CITY OF COLTON

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

	<b>Special Revenue Funds</b>			
	<b>Host City Fees</b>	<b>Storm Water</b>	<b>Local Transportation</b>	<b>New Facilities</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ 585,822	\$ -	\$ -
Intergovernmental	310,990	-	765,907	-
Charges for services	-	-	-	31,446
Use of money and property	835	193	3,497	216
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>311,825</b>	<b>586,015</b>	<b>769,404</b>	<b>31,662</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	530,299	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>530,299</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	311,825	55,716	769,404	31,662
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	(600,000)	(8,002)	(1,125,622)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(600,000)</b>	<b>(8,002)</b>	<b>(1,125,622)</b>	<b>-</b>
Extraordinary gain/(loss)	-	-	-	-
Net Change in Fund Balances	(288,175)	47,714	(356,218)	31,662
Fund Balances, Beginning of Year	341,575	160,203	1,330,106	71,031
<b>Fund Balances, End of Year</b>	<b>\$ 53,400</b>	<b>\$ 207,917</b>	<b>\$ 973,888</b>	<b>\$ 102,693</b>

## CITY OF COLTON

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013

(CONTINUED)

	Special Revenue Funds		Capital Projects Funds	
	ViTep	Miscellaneous Grants	Capital Improvements	Development Fees
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	1,291,509	-	-
Charges for services	46,600	-	-	521,833
Use of money and property	15	1,610	523	1,606
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	124,917
<b>Total Revenues</b>	<b>46,615</b>	<b>1,293,119</b>	<b>523</b>	<b>648,356</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	62,343	428,612	-	-
Community services	-	-	-	-
Public works	-	-	-	30,000
Capital outlay	-	-	3,199,083	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>62,343</b>	<b>428,612</b>	<b>3,199,083</b>	<b>30,000</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,728)	864,507	(3,198,560)	618,356
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	1,309,650	3,520,138	-
Transfers out	-	(567,656)	-	(34,414)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>741,994</b>	<b>3,520,138</b>	<b>(34,414)</b>
Extraordinary gain/(loss)	-	-	-	(199,829)
Net Change in Fund Balances	(15,728)	1,606,501	321,578	384,113
Fund Balances, Beginning of Year	12,437	(1,407,256)	(33,465)	453,602
<b>Fund Balances, End of Year</b>	<b>\$ (3,291)</b>	<b>\$ 199,245</b>	<b>\$ 288,113</b>	<b>\$ 837,715</b>

## CITY OF COLTON

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

	<u>Capital Projects Funds</u>		<u>Debt Service Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Assessment Districts</u>	<u>Colton Crossing</u>	<u>Public Financing Authority</u>	<u>Taxable Pension Funding</u>	
<b>Revenues:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 585,822
Intergovernmental	-	-	-	-	4,427,521
Charges for services	-	-	-	-	772,190
Use of money and property	27	13,136	478,741	1,931	507,370
Fines and forfeitures	-	-	-	-	141,203
Miscellaneous	34,329	-	-	-	159,246
<b>Total Revenues</b>	<b>34,356</b>	<b>13,136</b>	<b>478,741</b>	<b>1,931</b>	<b>6,593,352</b>
<b>Expenditures:</b>					
Current:					
General government	-	-	7,230	2,200	9,430
Public safety	-	-	-	-	684,827
Community services	-	-	-	-	660,039
Public works	-	-	-	-	560,299
Capital outlay	-	95,172	-	-	3,704,314
Debt service:					
Principal retirement	-	-	715,000	875,000	1,590,000
Interest and fiscal charges	-	-	679,422	1,498,816	2,178,238
<b>Total Expenditures</b>	<b>-</b>	<b>95,172</b>	<b>1,401,652</b>	<b>2,376,016</b>	<b>9,387,147</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	34,356	(82,036)	(922,911)	(2,374,085)	(2,793,795)
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	1,843,833	903,894	2,479,106	10,647,853
Transfers out	-	-	-	-	(3,830,068)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>1,843,833</b>	<b>903,894</b>	<b>2,479,106</b>	<b>6,817,785</b>
Extraordinary gain/(loss)	-	(1,650,000)	-	-	(1,849,829)
Net Change in Fund Balances	34,356	111,797	(19,017)	105,021	2,174,161
Fund Balances, Beginning of Year	(103,094)	5,059,225	1,648,757	1,668,351	10,111,097
<b>Fund Balances, End of Year</b>	<b>\$ (68,738)</b>	<b>\$ 5,171,022</b>	<b>\$ 1,629,740</b>	<b>\$ 1,773,372</b>	<b>\$ 12,285,258</b>

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE  
GAS TAX  
YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 166,332	\$ 166,332	\$ 166,332	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	1,354,776	1,327,627	1,191,571	(136,056)
Use of money and property	700	700	1,400	700
<b>Amounts Available for Appropriations</b>	<b>1,521,808</b>	<b>1,494,659</b>	<b>1,359,303</b>	<b>(135,356)</b>
<b>Charges to Appropriations (Outflow):</b>				
Transfers out	1,379,032	1,379,032	1,358,883	20,149
<b>Total Charges to Appropriations</b>	<b>1,379,032</b>	<b>1,379,032</b>	<b>1,358,883</b>	<b>20,149</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 142,776</b>	<b>\$ 115,627</b>	<b>\$ 420</b>	<b>\$ (115,207)</b>

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE  
COMMUNITY CHILD CARE  
YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 7,788	\$ 7,788	\$ 7,788	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	402,786	440,956	444,222	3,266
Charges for services	204,688	158,448	172,311	13,863
Use of money and property	350	350	180	(170)
<b>Amounts Available for Appropriations</b>	<b>615,612</b>	<b>607,542</b>	<b>624,501</b>	<b>16,959</b>
<b>Charges to Appropriations (Outflow):</b>				
Community services	593,748	585,687	585,473	214
Transfers out	13,717	13,717	13,717	-
<b>Total Charges to Appropriations</b>	<b>607,465</b>	<b>599,404</b>	<b>599,190</b>	<b>214</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 8,147</b>	<b>\$ 8,138</b>	<b>\$ 25,311</b>	<b>\$ 17,173</b>

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE  
LIBRARY GRANT  
YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (2,677)	\$ (2,677)	\$ (2,677)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	52,732	49,410	(3,322)
Use of money and property	-	-	51	51
Transfers in	30,000	30,000	30,000	-
<b>Amounts Available for Appropriations</b>	<b>27,323</b>	<b>80,055</b>	<b>76,784</b>	<b>(3,271)</b>
<b>Charges to Appropriations (Outflow):</b>				
Community services	29,055	82,732	74,566	8,166
<b>Total Charges to Appropriations</b>	<b>29,055</b>	<b>82,732</b>	<b>74,566</b>	<b>8,166</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (1,732)</b>	<b>\$ (2,677)</b>	<b>\$ 2,218</b>	<b>\$ 4,895</b>

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE  
COMMUNITY DEVELOPMENT BLOCK GRANT  
YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (583,177)	\$ (583,177)	\$ (583,177)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	414,330	836,502	310,351	(526,151)
Transfers in	561,232	561,232	561,232	-
<b>Amounts Available for Appropriations</b>	<b>392,385</b>	<b>814,557</b>	<b>288,406</b>	<b>(526,151)</b>
<b>Charges to Appropriations (Outflow):</b>				
Capital outlay	354,330	776,502	410,059	366,443
Transfers out	60,000	60,000	60,000	-
<b>Total Charges to Appropriations</b>	<b>414,330</b>	<b>836,502</b>	<b>470,059</b>	<b>366,443</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (21,945)</b>	<b>\$ (21,945)</b>	<b>\$ (181,653)</b>	<b>\$ (159,708)</b>

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE  
STATE TRAFFIC RELIEF  
YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 377,941	\$ 377,941	\$ 377,941	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	1,000	500	979	479
<b>Amounts Available for Appropriations</b>	<b>378,941</b>	<b>378,441</b>	<b>378,920</b>	<b>479</b>
<b>Charges to Appropriations (Outflow):</b>				
Transfers out	61,774	374,195	61,774	312,421
<b>Total Charges to Appropriations</b>	<b>61,774</b>	<b>374,195</b>	<b>61,774</b>	<b>312,421</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 317,167</b>	<b>\$ 4,246</b>	<b>\$ 317,146</b>	<b>\$ 312,900</b>

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE  
ASSET SEIZURE  
YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 626,326	\$ 626,326	\$ 626,326	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	1,600	1,519	(81)
Fines and forfeitures	-	70,367	141,203	70,836
<b>Amounts Available for Appropriations</b>	<b>626,326</b>	<b>698,293</b>	<b>769,048</b>	<b>70,755</b>
<b>Charges to Appropriations (Outflow):</b>				
Public safety	265,000	543,452	193,872	349,580
<b>Total Charges to Appropriations</b>	<b>265,000</b>	<b>543,452</b>	<b>193,872</b>	<b>349,580</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 361,326</b>	<b>\$ 154,841</b>	<b>\$ 575,176</b>	<b>\$ 420,335</b>

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE  
AIR QUALITY  
YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 301,481	\$ 301,481	\$ 301,481	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	60,000	60,000	63,561	3,561
Use of money and property	400	450	869	419
<b>Amounts Available for Appropriations</b>	<b>361,881</b>	<b>361,931</b>	<b>365,911</b>	<b>3,980</b>
<b>Charges to Appropriations (Outflow):</b>				
Public safety	200,000	200,000	-	200,000
<b>Total Charges to Appropriations</b>	<b>200,000</b>	<b>200,000</b>	<b>-</b>	<b>200,000</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 161,881</b>	<b>\$ 161,931</b>	<b>\$ 365,911</b>	<b>\$ 203,980</b>

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE  
 DRUG/GANG INTERVENTION  
 YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 15,611	\$ 15,611	\$ 15,611	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	25	42	17
<b>Amounts Available for Appropriations</b>	<b>15,611</b>	<b>15,636</b>	<b>15,653</b>	<b>17</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 15,611</b>	<b>\$ 15,636</b>	<b>\$ 15,653</b>	<b>\$ 17</b>

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE  
HOST CITY FEES  
YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 341,575	\$ 341,575	\$ 341,575	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	367,697	377,177	310,990	(66,187)
Use of money and property	200	-	835	835
<b>Amounts Available for Appropriations</b>	<b>709,472</b>	<b>718,752</b>	<b>653,400</b>	<b>(65,352)</b>
<b>Charges to Appropriations (Outflow):</b>				
Transfers out	600,000	669,120	600,000	69,120
<b>Total Charges to Appropriations</b>	<b>600,000</b>	<b>669,120</b>	<b>600,000</b>	<b>69,120</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 109,472</b>	<b>\$ 49,632</b>	<b>\$ 53,400</b>	<b>\$ 3,768</b>

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE  
STORM WATER  
YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 160,203	\$ 160,203	\$ 160,203	\$ -
<b>Resources (Inflows):</b>				
Property taxes	588,591	592,000	585,822	(6,178)
Use of money and property	-	120	193	73
<b>Amounts Available for Appropriations</b>	<b>748,794</b>	<b>752,323</b>	<b>746,218</b>	<b>(6,105)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	559,466	593,418	530,299	63,119
Transfers out	8,002	8,002	8,002	-
<b>Total Charges to Appropriations</b>	<b>567,468</b>	<b>601,420</b>	<b>538,301</b>	<b>63,119</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 181,326</b>	<b>\$ 150,903</b>	<b>\$ 207,917</b>	<b>\$ 57,014</b>

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE  
LOCAL TRANSPORTATION  
YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 1,330,106	\$ 1,330,106	\$ 1,330,106	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	573,460	891,753	765,907	(125,846)
Use of money and property	1,500	2,970	3,497	527
<b>Amounts Available for Appropriations</b>	<b>1,905,066</b>	<b>2,224,829</b>	<b>2,099,510</b>	<b>(125,319)</b>
<b>Charges to Appropriations (Outflow):</b>				
Transfers out	991,854	2,048,811	1,125,622	923,189
<b>Total Charges to Appropriations</b>	<b>991,854</b>	<b>2,048,811</b>	<b>1,125,622</b>	<b>923,189</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 913,212</b>	<b>\$ 176,018</b>	<b>\$ 973,888</b>	<b>\$ 797,870</b>

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE  
NEW FACILITIES  
YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 71,031	\$ 71,031	\$ 71,031	\$ -
<b>Resources (Inflows):</b>				
Charges for services	-	5,550	31,446	25,896
Use of money and property	150	150	216	66
<b>Amounts Available for Appropriations</b>	<b>71,181</b>	<b>76,731</b>	<b>102,693</b>	<b>25,962</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 71,181</b>	<b>\$ 76,731</b>	<b>\$ 102,693</b>	<b>\$ 25,962</b>

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE  
VITEP  
YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 12,437	\$ 12,437	\$ 12,437	\$ -
<b>Resources (Inflows):</b>				
Charges for services	75,000	52,000	46,600	(5,400)
Use of money and property	30	30	15	(15)
<b>Amounts Available for Appropriations</b>	<b>87,467</b>	<b>64,467</b>	<b>59,052</b>	<b>(5,415)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public safety	65,324	64,403	62,343	2,060
<b>Total Charges to Appropriations</b>	<b>65,324</b>	<b>64,403</b>	<b>62,343</b>	<b>2,060</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 22,143</b>	<b>\$ 64</b>	<b>\$ (3,291)</b>	<b>\$ (3,355)</b>

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE  
MISCELLANEOUS GRANTS  
YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	<u>\$(1,407,256)</u>	<u>\$ (1,407,256)</u>	<u>\$(1,407,256)</u>	<u>\$ -</u>
<b>Resources (Inflows):</b>				
Intergovernmental	187,594	10,697,587	1,291,509	(9,406,078)
Use of money and property	-	1,000	1,610	610
Transfers in	1,309,650	1,309,650	1,309,650	-
<b>Amounts Available for Appropriations</b>	<b><u>89,988</u></b>	<b><u>10,600,981</u></b>	<b><u>1,195,513</u></b>	<b><u>(9,405,468)</u></b>
<b>Charges to Appropriations (Outflow):</b>				
Public safety	104,192	2,415,512	428,612	1,986,900
Transfers out	-	8,171,657	567,656	7,604,001
<b>Total Charges to Appropriations</b>	<b><u>104,192</u></b>	<b><u>10,587,169</u></b>	<b><u>996,268</u></b>	<b><u>9,590,901</u></b>
<b>Budgetary Fund Balance, June 30</b>	<b><u>\$ (14,204)</u></b>	<b><u>\$ 13,812</u></b>	<b><u>\$ 199,245</u></b>	<b><u>\$ 185,433</u></b>

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENTS  
YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (33,465)	\$ (33,465)	\$ (33,465)	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	249	523	274
Transfers in	3,171,056	11,757,315	3,520,138	(8,237,177)
<b>Amounts Available for Appropriations</b>	<b>3,137,591</b>	<b>11,724,099</b>	<b>3,487,196</b>	<b>(8,236,903)</b>
<b>Charges to Appropriations (Outflow):</b>				
Capital outlay	2,850,000	11,436,258	3,199,083	8,237,175
<b>Total Charges to Appropriations</b>	<b>2,850,000</b>	<b>11,436,258</b>	<b>3,199,083</b>	<b>8,237,175</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 287,591</b>	<b>\$ 287,841</b>	<b>\$ 288,113</b>	<b>\$ 272</b>

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE  
DEVELOPMENT FEES  
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 453,602	\$ 453,602	\$ 453,602	\$ -
<b>Resources (Inflows):</b>				
Charges for services	68,000	85,500	521,833	436,333
Use of money and property	700	750	1,606	856
Miscellaneous	5,000	5,000	124,917	119,917
<b>Amounts Available for Appropriations</b>	<b>527,302</b>	<b>544,852</b>	<b>1,101,958</b>	<b>557,106</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	30,000	276,400	30,000	246,400
Transfers out	50,000	128,940	34,414	94,526
<b>Total Charges to Appropriations</b>	<b>80,000</b>	<b>405,340</b>	<b>64,414</b>	<b>340,926</b>
<b>Extraordinary Gain/(Loss)</b>	<b>-</b>	<b>-</b>	<b>(199,829)</b>	<b>199,829</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 447,302</b>	<b>\$ 139,512</b>	<b>\$ 837,715</b>	<b>\$ 416,009</b>

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE  
ASSESSMENT DISTRICTS  
YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (103,094)	\$ (103,094)	\$ (103,094)	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	13,600	-	27	27
Miscellaneous	-	-	34,329	34,329
<b>Amounts Available for Appropriations</b>	<b>(89,494)</b>	<b>(103,094)</b>	<b>(68,738)</b>	<b>34,356</b>
<b>Charges to Appropriations (Outflow):</b>				
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (89,494)</b>	<b>\$ (103,094)</b>	<b>\$ (68,738)</b>	<b>\$ 34,356</b>

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE  
COLTON CROSSING  
YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 5,059,225	\$ 5,059,225	\$ 5,059,225	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	4,200	13,136	8,936
Transfers in	1,832,660	2,918,497	1,843,833	(1,074,664)
<b>Amounts Available for Appropriations</b>	<b>6,891,885</b>	<b>7,981,922</b>	<b>6,916,194</b>	<b>(1,065,728)</b>
<b>Charges to Appropriations (Outflow):</b>				
Capital outlay	-	1,428,565	95,172	1,333,393
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>1,428,565</b>	<b>95,172</b>	<b>1,333,393</b>
<b>Extraordinary Gain/(Loss)</b>	<b>-</b>	<b>-</b>	<b>(1,650,000)</b>	<b>1,650,000</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 6,891,885</b>	<b>\$ 6,553,357</b>	<b>\$ 5,171,022</b>	<b>\$ (749,121)</b>

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE  
PUBLIC FINANCING AUTHORITY  
YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 1,648,757	\$ 1,648,757	\$ 1,648,757	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	507,028	505,678	478,741	(26,937)
Transfers in	903,894	903,894	903,894	-
<b>Amounts Available for Appropriations</b>	<b>3,059,679</b>	<b>3,058,329</b>	<b>3,031,392</b>	<b>(26,937)</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	10,080	7,230	7,230	-
Debt service:				
Principal retirement	715,000	715,000	715,000	-
Interest and fiscal charges	679,422	679,422	679,422	-
<b>Total Charges to Appropriations</b>	<b>1,404,502</b>	<b>1,401,652</b>	<b>1,401,652</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,655,177</b>	<b>\$ 1,656,677</b>	<b>\$ 1,629,740</b>	<b>\$ (26,937)</b>

CITY OF COLTON

**BUDGETARY COMPARISON SCHEDULE  
TAXABLE PENSION FUNDING BONDS  
YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 1,668,351	\$ 1,668,351	\$ 1,668,351	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	4,500	3,500	1,931	(1,569)
Transfers in	2,479,106	2,479,106	2,479,106	-
<b>Amounts Available for Appropriations</b>	<b>4,151,957</b>	<b>4,150,957</b>	<b>4,149,388</b>	<b>(1,569)</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	2,475	2,200	2,200	-
Debt service:				
Principal retirement	875,000	875,000	875,000	-
Interest and fiscal charges	1,498,816	1,498,816	1,498,816	-
<b>Total Charges to Appropriations</b>	<b>2,376,291</b>	<b>2,376,016</b>	<b>2,376,016</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,775,666</b>	<b>\$ 1,774,941</b>	<b>\$ 1,773,372</b>	<b>\$ (1,569)</b>

CITY OF COLTON

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2013

	<b>Governmental Activities - Internal Service Funds</b>			
	<b>Facility and Equipment Maintenance</b>	<b>Information Services</b>	<b>Insurance</b>	<b>Totals</b>
<b>Assets:</b>				
Current:				
Cash and investments	\$ 132,588	\$ 575,977	\$ 634,792	\$ 1,343,357
Receivables:				
Accrued interest	76	321	302	699
Restricted:				
Cash and investments	-	-	37,030	37,030
<b>Total Current Assets</b>	<b>132,664</b>	<b>576,298</b>	<b>672,124</b>	<b>1,381,086</b>
Noncurrent:				
Capital assets - net of accumulated depreciation	415,034	169,134	-	584,168
<b>Total Noncurrent Assets</b>	<b>415,034</b>	<b>169,134</b>	<b>-</b>	<b>584,168</b>
<b>Total Assets</b>	<b>\$ 547,698</b>	<b>\$ 745,432</b>	<b>\$ 672,124</b>	<b>\$ 1,965,254</b>
<b>Liabilities and Net Position:</b>				
<b>Liabilities:</b>				
Current:				
Accounts payable	\$ 11,382	\$ 36,695	\$ 60,224	\$ 108,301
Deposits payable	-	-	955	955
Accrued compensated absences	21,408	9,592	-	31,000
Accrued claims and judgments	-	-	795,425	795,425
<b>Total Current Liabilities</b>	<b>32,790</b>	<b>46,287</b>	<b>856,604</b>	<b>935,681</b>
Noncurrent:				
Accrued compensated absences	21,201	9,499	-	30,700
Accrued claims and judgments	-	-	1,286,951	1,286,951
<b>Total Noncurrent Liabilities</b>	<b>21,201</b>	<b>9,499</b>	<b>1,286,951</b>	<b>1,317,651</b>
<b>Total Liabilities</b>	<b>53,991</b>	<b>55,786</b>	<b>2,143,555</b>	<b>2,253,332</b>
<b>Net Position:</b>				
Net investment in capital assets	415,034	169,134	-	584,168
Unrestricted	78,673	520,512	(1,471,431)	(872,246)
<b>Total Net Position</b>	<b>493,707</b>	<b>689,646</b>	<b>(1,471,431)</b>	<b>(288,078)</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 547,698</b>	<b>\$ 745,432</b>	<b>\$ 672,124</b>	<b>\$ 1,965,254</b>

## CITY OF COLTON

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2013**

	<b>Governmental Activities - Internal Service Funds</b>			
	<b>Facility and Equipment Maintenance</b>	<b>Information Services</b>	<b>Insurance</b>	<b>Totals</b>
<b>Operating Revenues:</b>				
Sales and service charges	\$ 663,903	\$ 678,010	\$ 2,206,791	\$ 3,548,704
<b>Total Operating Revenues</b>	<b>663,903</b>	<b>678,010</b>	<b>2,206,791</b>	<b>3,548,704</b>
<b>Operating Expenses:</b>				
Salaries and benefits	439,995	216,693	135,215	791,903
Contractual services	23,340	15,651	79,400	118,391
Maintenance and operations	73,776	222,088	886,622	1,182,486
Claims and benefits	-	-	1,068,261	1,068,261
Depreciation expense	21,300	90,841	-	112,141
<b>Total Operating Expenses</b>	<b>558,411</b>	<b>545,273</b>	<b>2,169,498</b>	<b>3,273,182</b>
Operating Income (Loss)	105,492	132,737	37,293	275,522
<b>Nonoperating Revenues (Expenses):</b>				
Interest revenue	233	1,344	447	2,024
<b>Total Nonoperating Revenues (Expenses)</b>	<b>233</b>	<b>1,344</b>	<b>447</b>	<b>2,024</b>
Income (Loss) Before Transfers	105,725	134,081	37,740	277,546
Transfers out	(28,401)	(15,300)	(7,650)	(51,351)
Changes in Net Position	77,324	118,781	30,090	226,195
<b>Net Position:</b>				
Beginning of Year	416,383	570,865	(1,501,521)	(514,273)
<b>End of Fiscal Year</b>	<b>\$ 493,707</b>	<b>\$ 689,646</b>	<b>\$ (1,471,431)</b>	<b>\$ (288,078)</b>

## CITY OF COLTON

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2013**

	<b>Governmental Activities - Internal Service Funds</b>			
	<b>Facility and Equipment Maintenance</b>	<b>Information Services</b>	<b>Insurance</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers and users	\$ 663,903	\$ 678,010	\$ 2,206,791	\$ 3,548,704
Cash paid to suppliers for goods and services	(99,481)	(261,541)	(1,634,653)	(1,995,675)
Cash paid to employees for services	(438,876)	(209,029)	(135,215)	(783,120)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>125,546</b>	<b>207,440</b>	<b>436,923</b>	<b>769,909</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Cash transfers out	(28,401)	(15,300)	(7,650)	(51,351)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>(28,401)</b>	<b>(15,300)</b>	<b>(7,650)</b>	<b>(51,351)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	-	(16,520)	-	(16,520)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>(16,520)</b>	<b>-</b>	<b>(16,520)</b>
<b>Cash Flows from Investing Activities:</b>				
Interest received	192	1,341	464	1,997
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>192</b>	<b>1,341</b>	<b>464</b>	<b>1,997</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>97,337</b>	<b>176,961</b>	<b>429,737</b>	<b>704,035</b>
Cash and Cash Equivalents at Beginning of Year	35,251	399,016	242,085	676,352
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 132,588</b>	<b>\$ 575,977</b>	<b>\$ 671,822</b>	<b>\$ 1,380,387</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 105,492	\$ 132,737	\$ 37,293	\$ 275,522
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>				
Depreciation	21,300	90,841	-	112,141
Increase (decrease) in accounts payable	(2,365)	(23,802)	41,420	15,253
Increase (decrease) in claims and judgments	-	-	358,210	358,210
Increase (decrease) in compensated absences	1,119	7,664	-	8,783
<b>Total Adjustments</b>	<b>20,054</b>	<b>74,703</b>	<b>399,630</b>	<b>494,387</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 125,546</b>	<b>\$ 207,440</b>	<b>\$ 436,923</b>	<b>\$ 769,909</b>

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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 STATEMENT OF NET POSITION  
 ALL AGENCY FUNDS  
 JUNE 30, 2013

	General Deposit	Assessment Districts	Totals
<b>Assets:</b>			
Cash and investments	\$ 1,723,596	\$ -	\$ 1,723,596
Receivables:			
Accounts	370	-	370
Taxes	-	4,176	4,176
Notes and loans	2,175	-	2,175
Accrued interest	-	7	7
Prepaid items	-	15,783	15,783
Deposits	1,510	-	1,510
Restricted assets:			
Cash and investments	198,900	1,716,920	1,915,820
Cash and investments with fiscal agents	-	538,449	538,449
<b>Total Assets</b>	<b><u>\$ 1,926,551</u></b>	<b><u>\$ 2,275,335</u></b>	<b><u>\$ 4,201,886</u></b>
<b>Liabilities:</b>			
Accounts payable	\$ 526,657	\$ 5,227	\$ 531,884
Accrued liabilities	1,180,109	1,160	1,181,269
Deposits payable	219,785	-	219,785
Due to other governments	-	443,058	443,058
Due to bondholders	-	1,825,890	1,825,890
<b>Total Liabilities</b>	<b><u>\$ 1,926,551</u></b>	<b><u>\$ 2,275,335</u></b>	<b><u>\$ 4,201,886</u></b>

## CITY OF COLTON

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2013**

	<u>Balance 7/1/2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2013</u>
<b><u>General Deposit</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 1,519,990	\$ 29,197,473	\$ 28,993,867	\$ 1,723,596
Receivables:				
Accounts	92	370	92	370
Notes and loans	1,770	9,868	9,463	2,175
Deposits	-	1,510	-	1,510
Restricted assets:				
Cash and investments	193,224	5,681	5	198,900
<b>Total Assets</b>	<b><u>\$ 1,715,076</u></b>	<b><u>\$ 29,214,902</u></b>	<b><u>\$ 29,003,427</u></b>	<b><u>\$ 1,926,551</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 394,887	\$ 11,908,394	\$ 11,776,624	\$ 526,657
Accrued liabilities	1,105,819	28,974,344	28,900,054	1,180,109
Deposits payable	214,370	192,762	187,347	219,785
<b>Total Liabilities</b>	<b><u>\$ 1,715,076</u></b>	<b><u>\$ 41,075,500</u></b>	<b><u>\$ 40,864,025</u></b>	<b><u>\$ 1,926,551</u></b>
<b><u>Assessment Districts</u></b>				
<b>Assets:</b>				
Cash and investments	\$ -	\$ 961,366	\$ 961,366	\$ -
Receivables:				
Taxes	6,037	4,176	6,037	4,176
Accrued interest	6	7	6	7
Prepaid items	-	15,783	-	15,783
Due from other governments	7,723	-	7,723	-
Restricted assets:				
Cash and investments	1,673,507	1,488,181	1,444,768	1,716,920
Cash and investments with fiscal agents	539,786	519,208	520,545	538,449
<b>Total Assets</b>	<b><u>\$ 2,227,059</u></b>	<b><u>\$ 2,988,721</u></b>	<b><u>\$ 2,940,445</u></b>	<b><u>\$ 2,275,335</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 47,574	\$ 306,980	\$ 349,327	\$ 5,227
Due to other governments	626,772	406,357	590,071	443,058
Due to bondholders	1,552,713	2,177,998	1,903,661	1,827,050
<b>Total Liabilities</b>	<b><u>\$ 2,227,059</u></b>	<b><u>\$ 2,891,335</u></b>	<b><u>\$ 2,843,059</u></b>	<b><u>\$ 2,275,335</u></b>

CITY OF COLTON

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2013

	<u>Balance 7/1/2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2013</u>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 1,519,990	\$ 30,158,839	\$ 29,955,233	\$ 1,723,596
Receivables:				
Accounts	92	370	92	370
Taxes	6,037	4,176	6,037	4,176
Notes and loans	1,770	9,868	9,463	2,175
Accrued interest	6	7	6	7
Prepaid items	-	15,783	-	15,783
Deposits	-	1,510	-	1,510
Due from other governments	7,723	-	7,723	-
Restricted assets:				
Cash and investments	1,866,731	1,493,862	1,444,773	1,915,820
Cash and investments with fiscal agents	539,786	519,208	520,545	538,449
<b>Total Assets</b>	<b><u>\$ 3,942,135</u></b>	<b><u>\$ 32,203,623</u></b>	<b><u>\$ 31,943,872</u></b>	<b><u>\$ 4,201,886</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 442,461	\$ 12,215,374	\$ 12,125,951	\$ 531,884
Accrued liabilities	1,105,819	28,974,344	28,900,054	1,180,109
Deposits payable	214,370	192,762	187,347	219,785
Due to other governments	626,772	406,357	590,071	443,058
Due to Bondholders	1,552,713	2,177,998	1,903,661	1,827,050
<b>Total Liabilities</b>	<b><u>\$ 3,942,135</u></b>	<b><u>\$ 43,966,835</u></b>	<b><u>\$ 43,707,084</u></b>	<b><u>\$ 4,201,886</u></b>

CITY OF COLTON

**COMBINING STATEMENT OF NET POSITION  
ALL PRIVATE-PURPOSE TRUST FUNDS  
JUNE 30, 2013**

	<b>Cemetery Endowment Fund</b>	<b>Successor Agency of the former RDA</b>	<b>Totals</b>
<b>Assets:</b>			
Cash and investments	\$ 48,353	\$ 2,438,783	\$ 2,487,136
Receivables:			
Accounts	2,870	-	2,870
Accrued interest	28	5,340	5,368
Prepaid items	-	3,850	3,850
Due from other governments	-	5,645,705	5,645,705
Deferred charges	-	-	-
Land held for resale	-	6,973,000	6,973,000
Restricted assets:			
Cash and investments	1,088,390	-	1,088,390
Cash and investments with fiscal agents	-	5,263,903	5,263,903
<b>Total Assets</b>	<b>1,139,641</b>	<b>20,330,581</b>	<b>21,470,222</b>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding	-	224,143	-
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>224,143</b>	<b>-</b>
<b>Liabilities:</b>			
Accounts payable	-	54,711	54,711
Accrued interest	-	694,050	694,050
Deposits payable	364,540	-	364,540
Due to other governments	-	2,073,000	2,073,000
Long-term liabilities:			
Due in one year	-	2,327,327	2,327,327
Due in more than one year	-	34,971,021	34,971,021
<b>Total Liabilities</b>	<b>364,540</b>	<b>40,120,109</b>	<b>40,484,649</b>
<b>Net Position:</b>			
Held in trust for endowment	775,101	-	775,101
Held in trust for other purposes	-	(19,565,385)	(19,565,385)
<b>Total Net Position</b>	<b>\$ 775,101</b>	<b>\$ (19,565,385)</b>	<b>\$ (18,790,284)</b>

CITY OF COLTON

COMBINING STATEMENT OF CHANGES IN NET POSITION  
 ALL PRIVATE-PURPOSE TRUST FUNDS  
 YEAR ENDED JUNE 30, 2013

	Cemetery Endowment Fund	Successor Agency of the former RDA	Totals
<b>Additions:</b>			
Contributions:	\$ 20,145	\$ -	\$ 20,145
Taxes	-	4,322,007	4,322,007
Interest and change in fair value of investments	1,099	73,800	74,899
Miscellaneous	-	26,416	26,416
<b>Total Additions</b>	<b>21,244</b>	<b>4,422,223</b>	<b>4,443,467</b>
<b>Deductions:</b>			
Administrative expenses	-	262,214	262,214
Contractual services	-	23,174	23,174
Interest expense	-	2,066,840	2,066,840
Contributions to other governments	-	11,523,113	11,523,113
<b>Total Deductions</b>	<b>-</b>	<b>13,875,341</b>	<b>13,875,341</b>
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	3,403,862	3,403,862
<b>Changes in Net Position</b>	<b>21,244</b>	<b>(6,049,256)</b>	<b>(6,028,012)</b>
Net Position - Beginning of the Year	753,857	(13,516,129)	(12,762,272)
<b>Net Position - End of the Year</b>	<b>\$ 775,101</b>	<b>\$ (19,565,385)</b>	<b>\$ (18,790,284)</b>

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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.*

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<p><b>Financial Trends</b></p> <p><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></p>	<b>120-123</b>
<p><b>Revenue Capacity</b></p> <p><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></p>	<b>124-131</b>
<p><b>Debt Capacity</b></p> <p><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></p>	<b>132-136</b>
<p><b>Demographic and Economic Information</b></p> <p><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></p>	<b>137-139</b>
<p><b>Operating Information</b></p> <p><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></p>	<b>140-141</b>

**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.*

City of Colton  
Schedule 1  
Net Position by Component  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities</b>										
Net investment in capital assets	\$ 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	\$ 48,178,795
Restricted	27,253,375	28,855,518	34,681,049	31,252,306	37,893,149	29,323,645	29,033,995	38,294,495	12,240,766	12,323,121
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)	(10,298,082)
<b>Total governmental activities net position</b>	<b>\$ (256,899)</b>	<b>\$ 4,117,873</b>	<b>\$ 14,525,611</b>	<b>\$ 22,944,568</b>	<b>\$ 24,293,821</b>	<b>\$ 21,354,017</b>	<b>\$ 21,660,692</b>	<b>\$ 27,868,816</b>	<b>\$ 47,267,093</b>	<b>\$ 50,203,634</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 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	\$ 39,894,840
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	5,177,690
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	51,854,773
<b>Total business-type activities net position</b>	<b>\$ 64,068,475</b>	<b>\$ 61,705,577</b>	<b>\$ 60,043,089</b>	<b>\$ 60,591,663</b>	<b>\$ 57,048,353</b>	<b>\$ 63,391,086</b>	<b>\$ 68,304,398</b>	<b>\$ 79,325,992</b>	<b>\$ 90,774,341</b>	<b>\$ 96,927,303</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 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	\$ 88,073,635
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	17,500,811
Unrestricted	(33,167,352)	(17,786,115)	(17,259,784)	(6,443,138)	(588,493)	8,896,443	10,775,365	15,102,816	37,690,602	41,556,691
<b>Total primary government net position</b>	<b>\$ 63,811,576</b>	<b>\$ 65,823,450</b>	<b>\$ 74,568,700</b>	<b>\$ 83,536,231</b>	<b>\$ 81,342,174</b>	<b>\$ 84,745,103</b>	<b>\$ 89,965,090</b>	<b>\$ 107,194,808</b>	<b>\$ 138,041,434</b>	<b>\$ 147,131,137</b>

**Notes:** Per GASB 63, Net Assets have been replaced with Net Position for fiscal year 2013.  
All descriptions have been changed to conform with this requirement.  
The City of Colton implemented changes to the statistical section per GASB Statement No. 44 in fiscal year 2008.  
The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

**City of Colton**  
**Schedule 2**  
**Changes in Net Position, Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
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	\$ 8,262,086
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	3,462,370
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	4,827,239
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	18,236,348
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	2,415,144
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	37,203,187
Business-type activities:										
Electric	40,145,060	39,896,348	44,211,535	48,211,348	53,989,134	47,577,309	48,650,685	46,052,494	46,277,804	47,904,907
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	7,921,708
Wastewater	5,799,314	6,556,954	6,440,416	6,577,950	6,306,927	6,779,455	6,868,307	6,369,983	6,744,619	11,688,507
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	67,515,122
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	\$ 104,718,309
<b>Program Revenues</b>										
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	\$ 4,666,390
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	1,000,957
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	2,931,858
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	8,599,205
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	63,162,714
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	10,235,057
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	8,232,996
Operating grants and contributions	-	658,852	419,454	71,543	-	-	-	69,676	286,907	121,266
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	81,752,033
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	\$ 90,351,238

**City of Colton**  
**Schedule 3**  
**Changes in Net Position, Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

(CONTINUED)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Net (Expense)/Revenue</b>										
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)	\$ (28,603,982)
Business-type activities	755,811	367,714	807,094	2,566,570	(39,990)	9,598,809	10,353,516	15,684,890	15,889,687	14,236,911
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)	\$ (14,367,071)
<b>General Revenues and Other Changes in Net Position</b>										
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	\$ 10,232,378
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	6,192,845
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	1,853,413
Motor vehicle in lieu	2,254,401	3,842,957	1,160,018	355,163	231,884	209,161	113,781	263,884	-	49,477
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	7,357,507
Other	13,723,010	3,574,198	8,879,414	8,312,751	1,029,963	362,458	269,321	463,405	969,061	3,156,215
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	7,710,280
Extraordinary gain (loss)	-	-	-	-	-	-	-	-	14,029,804	(3,403,862)
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	33,148,253
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	162,807
Other	1,892,756	3,062,279	1,185,762	2,142,614	-	-	-	1,174,850	1,544,981	1,977,065
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)	(7,710,280)
Total business-type activities	(1,031,771)	(583,320)	(1,924,059)	(364,937)	(3,609,478)	(5,102,202)	(5,440,204)	(4,663,296)	(4,441,336)	(5,570,408)
Total primary government	\$ 42,111,479	\$ 41,486,239	\$ 47,280,933	\$ 51,015,947	\$ 40,380,643	\$ 36,935,598	\$ 34,565,795	\$ 35,484,301	\$ 41,212,360	\$ 27,577,845
<b>Change in Net Position</b>										
Governmental activities	\$ 9,016,432	\$ 5,378,623	\$ 10,562,332	\$ 13,401,261	\$ 2,236,137	\$ (3,157,382)	\$ 182,906	\$ 6,208,124	\$ 19,713,219	\$ 4,544,271
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	8,666,503
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	\$ 13,210,774

**Notes:** Per GASB 63, Net Assets have been replaced with Net Position for fiscal year 2013.

All descriptions have been changed to conform with this requirement.

The City of Colton implemented changes to the statistical section per GASB Statement no. 44 in fiscal year 2008.

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

City of Colton  
Schedule 4  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	169,526
Restricted	-	-	-	-	-	-	-	197,201	197,201	-
Committed	-	-	-	-	-	-	-	-	-	300,000
Unassigned	-	-	-	-	-	-	-	2,858,934	2,709,136	4,836,507
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	\$ 5,306,033
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	-	-	-
Designated for capital improvement projects	6,623,372	6,662,402	6,785,420	1,569,094	5,981,543	3,587,777	3,019,917	-	-	-
Debt service funds	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	630,486
Restricted:										
Reported in:										
Special revenue funds	-	-	-	-	-	-	-	7,803,567	12,238,211	1,180,396
Capital projects funds	-	-	-	-	-	-	-	8,648,607	-	7,952,314
Debt service funds	-	-	-	-	-	-	-	21,786,760	-	3,403,112
Unassigned	-	-	-	-	-	-	-	(19,519,279)	(4,715,578)	(4,056,945)
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	\$ 9,109,363

Notes: The City of Colton implemented changes to the statistical section per GASB Statement No. 44 in fiscal year 2006.  
The City of Colton implemented changes to the presentation of fund balance per GASB Statement No. 54 in fiscal year 2011.

City of Colton  
Schedule 5  
Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
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	\$ 18,281,837
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	1,133,102
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	5,251,277
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	1,927,972
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	7,287,736
Fines and forfeitures	721,821	968,857	1,075,194	540,661	595,521	554,331	563,749	468,911	484,634	381,562
Contributions	-	-	-	1,200,000	12,500	12,500	75,000	25,000	75,000	50,000
Miscellaneous	10,823,520	1,049,765	6,780,624	4,942,074	1,308,710	479,203	244,293	422,140	957,935	3,219,187
uses	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	37,532,673
<b>Expenditures</b>										
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	7,430,375
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	3,284,393
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	2,236,747
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	17,601,903
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	4,042,835
Debt service										
Debt issuance cost	-	318,133	-	-	1,231,418	-	-	-	-	-
Principal retirement	14,802,737	9,556,358	3,638,103	6,521,639	2,762,065	3,396,682	3,499,017	3,724,715	3,816,197	1,909,153
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	2,214,722
Advance refunding escrow	-	-	-	-	4,062,913	-	-	-	-	-
Pass-through agreement	-	-	-	-	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	38,720,128
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)	(1,187,455)

**(CONTINUED)**

City of Colton  
 Schedule 5  
 Changes in Fund Balances, Governmental Funds  
 Last Ten Fiscal Years  
*(modified accrual basis of accounting)*

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Other Financing Sources (Uses)</b>										
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	19,139,851
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)	(11,378,220)
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	7,761,631
Extraordinary loss on dissolution of redevelopment agency	-	-	-	-	-	-	-	-	(28,776,247)	(3,403,862)
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	\$ (24,324,208)	\$ 3,170,314

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% 11.9%

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

**City of Colton**  
**Schedule 6**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
*(in thousands of dollars)*

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Other Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Tax Rate</b>	<b>Estimated Actual Taxable Value</b>
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
2013	1,500,202	386,794	313,725	481,744	2,682,466	1.3572	2,601,475

**\*Source:** HdL, Coren & Cone

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

**City of Colton**  
**Schedule 7**  
**Property Tax Rates**  
**All Overlapping Governments**  
**Last Ten Fiscal Years**  
*(rate per \$1,000 of assessed value)*

<b>Fiscal Year</b>	<b>Basic Levy</b>	<b>City of Colton Bonds</b>	<b>San Bernardino Community College Board</b>	<b>Colton Unified School District</b>	<b>San Bernardino Valley Water</b>	<b>Total Tax Rate</b>
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
2013	1.0000	0.0000	0.0459	0.1488	0.1625	1.3572

**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  
 Schedule 8  
 Principal Property Tax Payers  
 Current Year and Nine Years Ago

Taxpayer	2013			2004		
	Assessed Value	Rank	Percentage of Total City Assessed Value	Assessed Value	Rank	Percentage of Total City Assessed Value
Ashley Furniture Industries Inc.	\$ 49,573,217	1	1.91%	\$ -	-	-
Wanvog Investments LLC	43,304,500	2	1.66%	27,728,935	3	1.45%
CSM Bakery Products NA Inc	38,898,705	3	1.50%	-	-	-
Meadow Lane Apartments LLC	35,504,022	4	1.36%	-	-	-
Pacific West Management	29,184,776	5	1.12%	-	-	-
AMB Holding Co. LLC	25,945,547	6	1.00%	-	-	-
My Montecito III	23,623,132	7	0.91%	20,421,281	5	1.07%
Bbrands (Multi) QRS 16-137 Inc	22,074,526	8	0.85%	-	-	-
Grand Terrace Apartments California	21,663,704	9	0.83%	-	-	-
Dexus SoCal LLC	18,375,000	10	0.71%	-	-	-
Alliance Colton LLC	-	-	-	57,748,949	1	3.02%
Telco Food Products Inc.	-	-	-	35,583,526	2	1.86%
Stater Brothers Markets	-	-	-	23,857,882	4	1.25%
Steadfast McCord Nova Pointe	-	-	-	18,957,084	6	0.99%
Colane Associates Ltd. Partnership	-	-	-	17,200,200	7	0.90%
BRE Properties Inc.	-	-	-	15,050,639	8	0.79%
Cottonwood Ranch Partners LP	-	-	-	14,731,033	9	0.77%
Prime Plus Cooley Ranch Inc.	-	-	-	12,300,000	10	0.64%
Total	\$ 308,147,129		11.85%	\$ 243,579,529		12.73%
City Total	2,601,474,923			1,913,815,761		

Source: HdL Coren & Cone

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

**City of Colton**  
**Schedule 9**  
**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
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%
2013	2,436,976	2,334,108	95.78%	-	2,334,108	95.78%

**Source:** County of San Bernardino Auditor-Controller - Property Tax Division

City of Colton  
Schedule 10  
Taxable Sales by Category  
Last Ten Calendar Years  
(in thousands of dollars)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Apparel Stores	\$ 2,854	\$ 2,351	\$ 2,398	\$ 5,132	\$ 8,426	\$ 8,371	\$ 8,948	\$ 9,865	\$ 9,793	\$ -
General Merchandise	55,615	54,221	53,907	53,803	52,209	50,547	50,952	49,422	49,673	-
Food Stores	36,793	45,412	44,372	44,801	45,664	49,240	41,811	37,128	31,412	34,047
Eating and Drinking Places	45,372	50,660	53,075	56,360	55,928	52,597	48,516	46,690	47,403	51,366
Building Materials	47,901	67,518	81,245	84,864	67,841	52,546	30,038	30,161	30,047	32,712
Auto Dealers and Supplies	274,985	309,712	358,120	346,432	310,304	185,076	111,004	145,719	135,209	130,227
Service Stations	39,796	109,600	149,049	184,042	95,412	79,365	57,617	68,155	86,723	86,638
Other Retail Stores	42,547	41,501	46,081	43,891	67,592	54,706	53,115	46,640	49,876	117,654
All Other Outlets	190,135	255,867	286,185	289,154	236,023	157,169	118,165	115,222	133,343	136,887
<b>Total</b>	<b>\$ 735,998</b>	<b>\$ 936,842</b>	<b>\$ 1,074,432</b>	<b>\$ 1,108,479</b>	<b>\$ 939,399</b>	<b>\$ 689,617</b>	<b>\$ 520,166</b>	<b>\$ 549,002</b>	<b>\$ 573,479</b>	<b>\$ 589,531</b>

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.

**City of Colton**  
**Schedule 11**  
**Direct and Overlapping Sales Tax Rates**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>City &amp; Local</u>	<u>San Bernardino County</u>
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%
2013	1.00%	0.50%

**Sources:** California Board of Equalization web site

**Notes:** 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**  
**Schedule 12**  
**Principal Sales Tax Remitters - Identified by Category, Top 25**  
**For Current Year and Nine Years Ago**

Business Category	2013	2004
	Service Stations	Service Stations
	Service Stations	New Motor Vehicle Dealers
	Service Stations	Electronics/Appliance Stores
	Home Furnishings	Lumber/Building Materials
	New Motor Vehicle Dealers	Used Automotive Dealers
	Electrical Equipment	Trailers/RVs
	Used Automotive Dealers	Used Automotive Dealers
	Service Stations	Service Stations
	Electrical Equipment	Electrical Equipment
	Petroleum Prod/Equipment	Trailers/RVs
	Grocery Stores Liquor	New Motor Vehicle Dealers
	Trailers/RVs	Paint/Glass/Wallpaper
	Service Stations	Lumber/Building Materials
	Trailers/RVs	Grocery Stores Liquor
	Trailers/Auto Parts	Trailers/RVs
	Trailers/RVs	Trailers/RVs
	Service Stations	Trailers/Auto Parts
	Family Apparel	Trailers/RVs
	Service Stations	New Motor Vehicle Dealers
	Lumber/Building Materials	Office Equipment
	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  
Schedule 13

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities					Business-type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	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			
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	-	-	154,541	19.1%	2,997
2009	9,430	39,655	16,625	31,010	-	1,633	71,455	9,349	-	-	148,147	18.7%	2,871
2010	9,359	37,815	16,025	30,659	-	1,322	68,820	8,236	-	-	141,577	16.6%	2,732
2011	9,309	35,890	15,390	30,211	-	998	66,070	7,518	-	-	135,175	n/a	n/a
2012	9,327	33,870	14,715	29,456	-	662	63,190	6,468	-	-	128,232	14.9%	2,434
2013	5,517	31,760	14,000	28,789	-	363	55,120	5,764	-	-	112,524	13.1%	2,125

**Notes:** Details regarding the city's outstanding debt can be found in Note 7 of the notes to the financial statements.

See Schedule 18 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 year 2006.

**City of Colton**  
**Schedule 14**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
*(dollars in thousands, except per capita)*

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Redevelopment Bonds</b>	<b>Total</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
2004	\$ 8,290	\$ 46,895	\$ 55,185	2.7%	\$ 1,084
2005	-	46,219	46,219	2.0%	897
2006	-	44,700	44,700	1.7%	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%	730
2011	-	35,890	35,890	1.4%	n/a
2012	-	33,870	33,870	1.3%	643
2013	-	31,760	31,760	1.2%	600

**Notes:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.  
 See Schedule 8 for property value data. Population data may be found in Schedule 17.  
 The City of Colton implemented changes to the statistical section per GASB Statement No. 44 in fiscal year 2006.

**City of Colton**  
**Schedule 15**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2013**  
*(dollars in thousands)*

2012-13 Assessed Valuation: \$2,601,475 (after deducting \$948,532 Redevelopment Incremental Valuation)

	<u>Total Debt</u> June 30, 2013	<u>Percent</u> <u>Applicable (1)</u>	<u>City's Share of Debt</u> June 30, 2013
<b><u>Overlapping Tax and Assessment Debt</u></b>			
San Bernardino Valley Joint Community College District	\$451,279,725	5.038 %	\$22,735,473
Colton Joint Unified School District	181,856,476	29.308	53,298,496
Rialto Unified School District	74,372,913	6.638	4,936,874
San Bernardino Unified School District	200,449,560	0.004	8,018
City of Colton Community Facilities Districts	5,140,000	100.000	5,140,000
City of Colton 1915 Act Bonds	155,000	100.000	155,000
<b>Total Gross Overlapping Tax and Assessment Debt</b>			<b>\$86,273,860</b>
<b><u>Direct and Overlapping General Fund Obligation Debt:</u></b>			
San Bernardino County General Fund Obligations	\$573,875,000	1.591 %	\$9,130,351
San Bernardino County Pension Obligations	519,745,214	1.591	8,269,146
Colton Joint Unified School District Certificates of Participation	4,387,679	29.308	1,285,941
Rialto Unified School District General Fund Obligations	6,840,000	6.638	454,039
San Bernardino City Unified School District Certificates of Participation	47,750,000	0.004	1,910
City of Colton General Fund Obligations	11,785,000	100.000	11,785,000
City of Colton Pension Obligations	27,864,400	100.000	27,864,400
San Bernardino County Flood Control District Certificates of Participation	104,705,000	1.591	1,665,857
<b>Total Gross Direct and Overlapping General Fund Obligation Debt</b>			<b>\$60,456,644</b>
Total Direct Debt			\$39,649,400
Total Overlapping Debt			\$142,095,045
<b>Combined Total Debt (2)</b>			<b>\$146,730,505</b>

(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, tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2012-13 Assessed Valuation

Total Overlapping Tax and Assessment Debt	3.32%
Total Direct Debt (\$39,649,400)	1.52%
Combined Total Debt	5.64%

Ratios to Redevelopment Incremental Valuation (\$948,531,896):

Total Overlapping Tax Increment Debt	3.69%
--------------------------------------	-------

**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  
 Schedule 16  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 (dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value	\$ 2,682,466
Debt limit (15% of assessed value)	402,370
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	\$ 402,370

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 279,273	\$ 302,024	\$ 346,773	\$ 399,262	\$ 450,948	\$ 468,963	\$ 425,788	\$ 399,608	\$ 395,125	\$ 402,370
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 279,273	\$ 302,024	\$ 346,773	\$ 399,262	\$ 450,948	\$ 468,963	\$ 425,788	\$ 399,608	\$ 395,125	\$ 402,370

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 year 2006.

City of Colton  
Schedule 17  
Pledged-Revenue Coverage  
Last Nine Fiscal Years  
(dollars in thousands)

	Fiscal Year								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
<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	\$ 27,691	\$ 24,661
Debt Service - Principal	2,195	2,285	2,375	2,390	2,535	2,635	2,750	2,880	38,835
Debt Service - Interest	3,681	3,595	3,506	3,408	3,410	3,305	3,194	3,060	2,621
Coverage (3)	1.98	1.71	2.64	1.72	3.25	3.17	4.24	4.66	0.59

- Notes:**
- (1) 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 last ten years, but only the last nine 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**  
**Schedule 18**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income</b> <i>(thousands of dollars)</i>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>	<b>Median Age</b>
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
2012	52,956	856,616	16,176	10.4%	28.6

**Source:** HdL, Coren & Cone

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

City of Colton  
Schedule 19  
Principal Employers - Top 10  
Current Year and Eight Years Ago

<u>Employer</u>	2013			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Arrowhead Regional Medical Center	3,300	1	13.40%	2,733	2	13.31%
Ashley Furniture	1,475	2	6.00%	1,020	4	4.97%
Lineage Logistics	950	3	3.80%			
Kaiser Foundation Health Plan	793	4	3.20%			
Colton Joint Unified School District (and Colton Schools)	740	5	3.00%	3,379	1	16.46%
Reche Canyon Rehabilitation	550	6	2.20%	425	6	2.07%
Telco Foods	500	7	2.00%	400	7	1.95%
Wal-mart	350	8	1.40%	316	9	1.54%
City of Colton	340	9	1.38%			
Stater Bros Market	258	10	1.00%	2,000	3	9.74%
Campbell Concrete				800	5	3.90%
Al's Garden Art				320	8	1.56%
Angelica Textile Services				280	10	1.36%
Total	5,956		37.38%	11,673		56.86%

Source: City Economic Development Division

Note: Fiscal year 2006 is the first year for the implementation of GASB Statement No. 44. Comparative information from nine years ago is not available and accordingly not presented.

City of Colton  
Schedule 20  
Full-time City Government Employees by Function/Program,  
Last Nine 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	2013
General government									
Management services	10.4	10.3	18.0	22.0	21.0	18.0	18.0	16.0	15.0
Finance	19.1	21.9	23.0	19.0	23.0	6.0	6.0	6.0	6.0
Information systems	5.8	7.5	5.0	7.0	8.0	3.0	2.0	1.0	2.0
Planning	7.4	8.6	6.0	7.0	7.0	1.0	3.0	3.0	1.0
Building	2.0	1.8	1.0	2.0	0.0	0.0	2.0	2.0	1.0
Other	6.8	7.3	7.0	5.0	6.0	6.0	6.0	7.0	6.0
Police									
Field Officers	85.2	89.0	74.0	74.0	63.0	65.0	61.0	46.0	41.0
Support staff	22.6	25.1	30.0	30.0	28.0	17.0	24.0	20.0	26.0
Fire									
Firefighters and supervisors	80.3	83.1	46.0	46.0	45.0	40.0	40.0	30.0	38.0
Support staff	2.7	2.9	4.0	4.0	4.0	1.0	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	5.0
Maintenance	45.6	63.6	48.0	17.0	24.0	17.0	19.0	17.0	15.0
Redevelopment	5.0	4.2	2.0	4.0	1.0	2.0	2.0	1.0	1.0
Community Services	55.7	45.0	15.0	14.0	7.0	7.0	7.0	10.0	10.0
Library	15.1	12.8	10.0	9.0	5.0	1.0	1.0	1.0	1.0
Water	16.8	15.7	11.0	16.0	16.0	11.0	12.0	11.0	14.0
Wastewater	18.7	14.9	12.0	9.0	8.0	11.0	11.0	10.0	8.0
Electric	41.1	40.8	35.0	38.0	43.0	44.0	38.0	36.0	37.0
<b>Total</b>	<b>448.6</b>	<b>465.5</b>	<b>356.0</b>	<b>332.0</b>	<b>316.0</b>	<b>256.0</b>	<b>259.0</b>	<b>223.0</b>	<b>228.0</b>

Source: Finance Department

Notes: 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 current year and nine years ago. Accordingly, the latest year that is available for such a comparison shall be presented, which is fiscal year 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**  
**Schedule 21**  
**Operating Indicators by Function/Program,**  
**Last Nine Fiscal Years**

<b>Function/Program</b>	<b>Fiscal Year</b>								
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
General government									
Building permits issued	825	928	889	790	624	582	602	562	454
Building inspections conducted	2,841	3,484	6,160	3,436	2,657	2,379	2,102	1,694	2,560
Police									
Physical arrests	6,336	5,548	5,365	4,917	3,691	1,902	2,123	1,640	1,717
Parking violations	3,558	3,481	4,558	2,493	2,602	1,501	759	785	1,759
Traffic violations	14,230	13,924	15,212	14,814	13,740	6,638	4,799	2,300	2,670
Fire									
Emergency responses	5,549	5,384	5,318	6,724	5,125	4,930	5,331	5,400	5,480
Fires extinguished	228	191	234	231	228	242	268	265	279
Inspections	1,500	1,200	910	640	725	717	746	754	832
Other public works									
Street resurfacing (lane miles)	9.9	10.3	10.8	16.6	8.7	-	2	0	1.0
Potholes repaired	1,500	3,500	3,200	2,800	2,100	1,700	1,500	1,400	1,500
Parks and recreation									
Facility usage permits issued	530	590	510	406	376	414	448	415	420
Community center attendance	150,000	176,000	208,000	215,600	210,000	205,500	208,450	215,400	219,432
Library									
Volumes in collection	99,691	93,062	89,041	69,043	65,535	78,930	85,294	79,825	82,155
Total volumes borrowed	215,893	143,347	127,880	133,629	118,824	91,930	71,825	180,134	52,631
Water									
Average daily consumption (thousands of gallons)	10,692	10,665	11,215	10,774	10,400	9,500	8,810	9,500	9,600
Peak daily consumption (thousands of gallons)	8,217	14,709	17,500	16,777	14,900	13,900	13,300	13,100	14,365
Wastewater									
Average daily sewage treatment (thousands of gallons)	2,958	5,500	5,800	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	931,550	945,436	951,170
Annual peak demand (kw)	76	86	88	90	77	80	86	83	85

**Sources:** Various city departments.

**Note:** Fiscal year 2006 is the first year for implementation of GASB Statement No. 44.  
 This schedule requires presentation of the current year and nine years ago. Accordingly, the latest year that is

**City of Colton**  
**Schedule 22**  
**Capital Asset Statistics by Function/Program**  
**Last Nine Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Years</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>	<u>2013</u>
Police Protection									
Stations	1	1	1	1	1	1	1	1	1
Substations	1	1	1	1	1	1	1	1	1
Patrol units	31	38	27	28	23	37	26	23	21
Specialized purpose units	19	21	48	38	39	47	48	49	41
Fire Protection									
Stations	4	4	4	4	4	4	4	4	4
Squad units	2	2	2	2	2	1	1	1	2
Engine units	6	6	7	7	7	6	6	6	7
Other public works									
Streets and alleys - paved (lane miles)	297	297	301	301	303	303	305	305	305
Streetlights	3,795	4,295	4,483	4,544	5,021	5,243	5,271	5,271	5,284
Traffic signals	42	45	47	48	52	52	53	54	56
Parks and recreation									
Acreage	50	50	50	50	50	50	50	50	50
Playgrounds	4	5	5	5	5	5	5	5	5
Baseball/softball diamonds	9	9	9	9	9	11	11	11	11
Soccer/football fields	1	1	1	1	1	1	1	1	1
Community centers	3	3	3	3	3	4	4	4	4
Swimming pool	1	1	1	1	1	1	1	1	1
Tennis courts	2	2	2	2	2	2	2	2	2
Libraries									
Central Building		1	1	1	1	1	1	1	1
Satellite locations	2	2	2	2	2	2	2	2	1
Books	887,345	83,875	83,432	65,491	77,493	69,115	72,526	70,755	72,944
Audiovisual recordings	12,245	9,187	9,516	8,180	8,599	9,204	9,611	9,070	9,211
Municipal Water Department									
Residential meters	8,682	9,129	9,402	9,535	8,797	8,868	8,910	8,905	8,873
Commercial/industrial meters	1,093	1,188	1,368	1,441	1,195	1,142	1,126	1,150	1,133
Fire protection meters	112	154	158	162	175	180	180	177	180
Water mains (miles)	130	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	1,516
Storage capacity (thousands of gallons)	2,000	12,077	19,000	19,000	19,300	19,300	19,300	19,300	19,300
Wastewater									
Sanitary sewers (miles)	480	176	176	178	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	10,400
Municipal Electric Department									
Residential meters	15,886	15,992	16,002	16,032	15,994	15,994	16,055	16,055	16,085
Commercial	1,997	2,308	2,296	2,383	2,396	2,409	2,436	2,464	2,474
Industrial	37	42	45	52	70	74	73	73	75
Municipal	206	214	210	222	233	239	241	242	245
Distribution lines (miles)	154	154	155	155	156	159	163	166	166

**Sources:** Various city departments.

**Note:** Fiscal year 2006 is the first year for implementation of GASB Statement No. 44. This Schedule requires presentation of the current year and nine years ago. Accordingly, the latest year that is available for such a comparison shall be presented, which is fiscal year 2005.