A colon is formed with two vertical periods and has two primary functions: it is used to introduce something or to separate elements.

Introducing an explanation, example, or appositive
When quoting from a text, you must cite the information: list the author or publication where the quote comes from followed by its page number. (The second statement gives an explanation of the first.)

Kim is never on time for any of her appointments; just last week she arrived thirty minutes late to the Volunteer Council meeting. (The second statement is an example of the first.)

Students at Agnes Scott abide by the Honor Code: a pledge that we will refrain from unpleasant behaviors such as cheating, stealing, or plagiarizing. (The second statement provides an appositive for Honor Code.)

Introducing a series, list, or quote
Since Mom is working late, she gave me a list of things to pick up at the grocery: eggs, milk, tomatoes, and ice cream.

I remember my mother always said the same thing to me each morning as I left for school: “Be sweet and remember that Mom loves you very much.”

Separating elements
Time (hours, minutes, seconds) 9:45 P.M. 5:13:07
Biblical Chapters and Verses John 3:16 II Timothy 2:1a
Titles and Subtitles America's Sport: A History of Baseball

Common colon mistakes
Unless it is separating elements, a colon should only come at the end of an independent clause. Colons do not follow expressions like such as, especially, or including. Colons should not be placed between a verb and its object or complement, unless the object is a quotation.

My favorite colors are: red, blue, and white.
Correct—My favorite colors are red, blue, and white.

We frequent several Decatur restaurants such as: Oz Pizza and Our Way Café.
Correct—We frequent several Decatur restaurants such as Oz Pizza and Our Way Café.

When John saw his new car, he said: “I can’t believe it’s actually mine!”
Correct—When John saw his new car, he said: “I can’t believe it’s actually mine!”

For more information on colons, see:
http://englishplus.com/grammar/00000092.htm