

**ANNUAL REPORT FOR THE FISCAL YEAR ENDED June 30, 2013
RELATING TO**

\$157,190,000

**PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO
WATER REVENUE BONDS, REFUNDING SERIES 2009A
(Payable Solely From Installment Payments
Secured by Net System Revenues of the Water Utility Fund)
(CUSIP Number 79730C)**

and

\$328,060,000

**PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO
WATER REVENUE BONDS, SERIES 2009B
(Payable Solely From Installment Payments
Secured by Net System Revenues of the Water Utility Fund)
(CUSIP Number 79730C)**

and

\$123,075,000

**PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO
WATER REVENUE BONDS, REFUNDING SERIES 2010A
(Payable Solely From Installment Payments
Secured by Net System Revenues of the Water Utility Fund)
(CUSIP Number 79730C)**

and

\$188,610,000

**PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO
SUBORDINATED WATER REVENUE BONDS, REFUNDING SERIES 2012A
(Payable Solely From Subordinated Installment Payments
Secured by Net System Revenues of the Water Utility Fund)
(CUSIP 79730C)**

Introduction

The Public Facilities Financing Authority of the City of San Diego Water Revenue Bonds, Refunding Series 2009A (“2009A Bonds”), the Water Revenue Bonds, Series 2009B (“2009B Bonds”), the Water Revenue Bonds, Refunding Series 2010A (“2010A Bonds”), and the Subordinated Water Revenue Bonds, Refunding Series 2012A (“2012A Bonds”) will collectively be referred to as the “Outstanding Water Bonds.”

This Annual Report for the Fiscal Year ended June 30, 2013 is being provided by the City of San Diego (the “City”) on behalf of itself. The Public Facilities Financing Authority of the City of San Diego (the “Authority”), pursuant to the Continuing Disclosure Certificates (the “Certificates”) between the City and Wells Fargo Bank National Association, as Trustee, (the “Trustee”) relating to the Outstanding Water Bonds, entered into to allow the respective underwriters to comply with the Securities and Exchange Commission Rule 15c2-12.

This Annual Report is being transmitted electronically by the City to the Electronic Municipal Market Access (“EMMA”) System of the Municipal Securities Rulemaking Board (“MSRB”).

This Annual Report is provided in accordance with the terms of the Continuing Disclosure Certificates, and does not purport to provide full and complete information on the terms of the above stated issuances. The filing of this Annual Report does not constitute or imply any representation that no changes, circumstances or events have occurred since the end of the Fiscal Year to which this Annual Report relates (other than as contained in this Annual Report), or that no other information exists, which may have a bearing on the security for the above stated issuances or an investor's decision to buy, sell or hold the above-stated issuances. Certain information and data provided herein was obtained from sources other than the City ("Outside Information"), as indicated by the source citations. Although the information contained in this Annual Report has been obtained from sources that are believed to be reliable, the City has not independently verified such Outside Information, and the City cannot guarantee its completion or accuracy. Certain of the information presented in this Annual Report may contain forward-looking statements. Forward-looking statements may be indicated by forward-looking words such as "may," "will," "should," "expects," "believes," "anticipates," "estimates," or others. Forward looking statements are subject to a variety of uncertainties that could cause actual results to differ from the projected results. No statement in this Annual Report should be construed as a prediction or representation of future financial performance of the City, the Authority, the Water System, or the Outstanding Water Bonds.

The City is acting as the Dissemination Agent for each of the above stated issuances. The City does not have any obligation to update this report other than as expressly provided in the Continuing Disclosure Certificate for each of the above stated issuances.

Any statements regarding the above- referenced issuances, other than a statement made by the City in an official release that is filed with the MSRB's EMMA system or posted on the City's investor information webpage, are not intended to be the basis of, nor should they be relied upon, in making an investment decision. The City shall not be responsible for the accuracy, completeness or fairness of any statements other than those obtained in the aforementioned locations.

DATED: 3/21, 2014

City of San Diego

By: Mary Lewis
Mary Lewis
Chief Financial Officer

Distribution: Wells Fargo Bank, National Association (Trustee)

Financial and Operating Data

As required by the Continuing Disclosure Certificates, below are updates of certain required tabular information from the Official Statements. The tables have been reordered to conform to the order in the latest Official Statement (2012A Bonds) including additional new tables related to pension funding and retiree health contributions. The Tables titled “Raw Water Reservoirs”, “Capacity and Demand of Water System Water Treatment Plants”, “CWA Water Supply Rates”, “MWD and CWA Fixed Water Supply Costs”, “Outstanding Debt”, City of San Diego Schedule of Funding Progress (OPEB)”, and “City and Water System OPEB Contributions” as required only under the continuing disclosure certificate associated with the 2012A Bonds. Additionally, included are updates providing information under the captions “Investment of Funds,” “Labor Relations,” “Pension Plan,” and “Water System Share of Contribution to Pension System,” and “Postemployment Healthcare Benefits” for the Outstanding Water Bonds are also contained in this Annual Report.

The City of San Diego’s Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2013 (“CAFR”), which includes the City’s Fiscal Year 2013 audited financial statements, was electronically transmitted to the Electronic Municipal Market Access (“EMMA”) System of the Municipal Securities Rulemaking Board (“MSRB”) on February 11, 2014.

HISTORICAL NUMBER OF RETAIL CONNECTIONS TO WATER SYSTEM Fiscal Years 2009 through 2013 (Unaudited)

Customer Type	2009	2010	2011	2012	2013
Single Family Residential	220,854	221,274	221,863	221,949	222,417
Multi-Family	29,193	29,190	29,167	30,159	30,122
Commercial ⁽¹⁾	15,598	15,605	15,631	16,841	16,955
Industrial ⁽¹⁾	205	188	185	-	-
Outside City ⁽¹⁾	45	45	44	-	-
Irrigation	7,465	7,465	7,480	7,497	8,111
Temporary Construction	296	278	308	347	357
TOTAL	273,656	274,045	274,678	276,793	277,962
Percent Growth	0.09%	0.14%	0.23%	0.77%	0.42%

⁽¹⁾ Commercial, Industrial and Outside City customers are combined into one customer type as of Fiscal Year 2012.

Source: Public Utilities Department, City of San Diego.

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**MAJOR NON-GOVERNMENTAL RETAIL CUSTOMERS
AND MAJOR GOVERNMENTAL CUSTOMERS
Fiscal Year 2013
(Unaudited)**

Customers	Millions of Cubic Feet	Billings	% of Total Sales Revenues
MAJOR NON-GOVERNMENTAL RETAIL CUSTOMERS			
CP Kelco	40.31	\$1,540,654	0.38%
The Irvine Co.	27.45	1,242,705	0.31
H G Fenton Co	22.04	1,006,146	0.25
San Diego Zoo	26.04	1,003,549	0.25
Marine Park Corp	17.42	663,156	0.17
Garden communities	15.05	638,020	0.16
ERP Operating LP	12.37	540,981	0.14
Sea World	13.88	530,962	0.13
Sharp Memorial Hospital	12.06	484,653	0.12
Costa Verde Dev LLC	10.17	439,385	0.11
Total Top 10 Non-Governmental Retail Customers	196.79	\$8,090,210	2.02%
MAJOR GOVERNMENTAL RETAIL CUSTOMERS			
City Of San Diego	399.75	\$16,252,546	4.06%
United States Navy	334.48	13,843,908	3.46
University of California at San Diego	99.40	3,940,870	0.98
California Department of Transportation	66.08	2,909,888	0.73
San Diego Unified School District	52.58	2,724,694	0.68
All Federal Agencies ⁽¹⁾	45.68	1,890,400	0.47
San Diego Port District	22.45	1,038,448	0.26
San Diego State University	25.43	1,036,789	0.26
County of San Diego	21.81	966,009	0.24
San Diego Housing Commission	14.49	654,913	0.16
Total Top 10 Governmental Retail Customers	1,082.14	\$45,258,464	11.30%

⁽¹⁾ Category includes several federal agencies, including, but not limited to, the United States Postal Service, the United States Marine Corps, and the United States Coast Guard.

Source: Public Utilities Department, City of San Diego.

RAW WATER RESERVOIRS
As of June 30, 2013

Reservoir	Storage Capacity Acre Feet (AF)	Storage (AF)	Percent Full
Barrett	34,805.5	16,196.96	47%
El Capitan	112,806.9	63,878.90	57
Lake Hodges	30,251.0	11,359.10	38
Lake Murray	4,684.2	4,206.75	90
Lower Otay	49,848.9	35,537.67	71
Miramar	6,682.4	5,520.81	83
Morena	50,694.0	7,414.62	15
San Vicente	89,312.2	37,767.85 ⁽¹⁾	42
Sutherland	29,508.1	3,268.35	11
TOTAL	408,593.2	185,151.01⁽²⁾	45%

⁽¹⁾ Approximately 55% of the raw water stored at the San Vicente Reservoir was drawn down by the end of Fiscal Year 2009 in connection with the ongoing improvements thereto.

⁽²⁾ Includes approximately 2% to 3% of total amount of water in storage that is inaccessible due to abandoned, blind flagged, or silted reservoir outlets.

Source: Public Utilities Department, City of San Diego.

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CAPACITY AND DEMAND OF WATER SYSTEM WATER TREATMENT PLANTS
(In Million Gallons Daily (MGD))
As of June 30, 2013

Water Treatment Plant	Original Design Capacity	Current Rated Capacity	Future Rated Capacity⁽¹⁾	Current Average Demand	Current Peak/Max Demand⁽²⁾
Alvarado	66	200	200	81.00	107.62
Miramar	100	144	215	68.39	119.93
Otay	40	34	40	14.46	23.68
TOTAL	206	378	455	163.85	251.23

⁽¹⁾ The Otay and Miramar plants require additional improvements, and/or further studies, to reach their Future Rated Capacity.

⁽²⁾ Total is not intended to reflect the aggregate peak/maximum demand supported by all of the water treatment plants, because the plants do not all reach the peak/maximum demand simultaneously.

Source: Public Utilities Department, City of San Diego.

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COUNTY WATER AUTHORITY WATER SUPPLY RATES ⁽¹⁾
Calendar Years 2010 through 2014
(Per Acre Feet)

Calendar Year	Municipal & Industrial Rates		Transportation Rate
	Untreated	Treated	
2010	\$532	\$747	\$67
2011	597	812	75
2012	638	872	85
2013	714	970	93
2014	732	1,006	97

⁽¹⁾ Rates shown are for volumetric charges only and do not include the additional fixed charges displayed in the following table.

Source: San Diego County Water Authority Board Meeting Documents.

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MWD and CWA FIXED WATER SUPPLY COSTS
Calendar Years 2010 through 2014
(\$ In Thousands)

Calendar Year	2010	2011	2012	2013	2014
MWD Fixed Charges					
Capacity Reservation Charges	\$3,015	\$3,010	\$2,718	\$2,479	\$3,124
Readiness-to-Serve Charge ⁽¹⁾	7,050	8,481	9,808	10,255	10,657
CWA Fixed Charges					
Customer Service	6,259	8,198	9,645	10,008	10,198
Emergency Storage Charge	13,735	17,949	22,310	25,247	26,758
Infrastructure Access Charge	9,405	11,600	12,153	12,498	12,664
In Lieu Tax Payment	1,629	1,583	1,642	1,593	1,755
Total Fixed Charges	\$41,093	\$50,821	\$58,276	\$62,080	\$65,156

⁽¹⁾ Fiscal Year charge.

Source: San Diego County Water Authority Board Meeting Documents, and Public Utilities Department, City of San Diego.

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WATER SUPPLIES FOR THE CITY OF SAN DIEGO
Fiscal Years 2009 through 2013
(In Acre Feet)

Fiscal Year	Local Supplies	CWA Water Supplies	Total
2009	22,845	202,794	225,639
2010	12,486	187,304	199,790
2011	27,841	161,552	189,393
2012	28,408	164,838	193,246
2013	22,371	180,077	202,447

Source: San Diego County Water Authority Comprehensive Annual Financial Reports (CAFRs).

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PROJECTED WATER SUPPLY SOURCES
Fiscal Years 2015 through 2035
Acre Feet/Year

Water Supply Sources	2015	%	2020	%	2025	%	2030	%	2035	%
San Diego County Water Authority	201,719	83.9	221,458	85.1	237,622	86.0	249,728	86.6	260,107	87.0
Supplier produced surface water	29,000	12.1	29,000	11.1	29,000	10.5	29,000	10.0	29,000	9.7
Supplier produced groundwater	500	0.2	500	0.2	500	0.2	500	0.2	500	0.2
Total	231,219	96%	250,958	96%	267,122	97%	279,228	97%	289,607	97%

Source: 2010 Urban Water Management Plan, Public Utilities Department, City of San Diego (next update expected in 2015).

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SUMMARY OF PROJECTED CIP PROJECTS ⁽¹⁾⁽²⁾
Fiscal Years 2014 through 2018

<u>Description</u>	<u>Projected 2014</u>	<u>Projected 2015</u>	<u>Projected 2016</u>	<u>Projected 2017</u>	<u>Projected 2018</u>	<u>Total</u>
Water Treatment Plants	\$4,031,500	\$2,093,100	\$5,138,500	\$13,156,900	\$14,946,900	\$39,366,900
Pipelines	68,341,300	62,116,900	92,971,600	101,575,600	79,679,700	404,685,100
Pump Stations	5,137,000	14,359,500	7,993,700	19,594,900	15,845,500	62,930,600
Storage Facilities ⁽³⁾	4,460,200	11,609,400	6,322,200	5,482,700	10,486,500	38,361,000
Reclaimed Water	1,655,600	215,000	98,900	653,300	0	2,622,800
Groundwater	264,500	173,900	1,695,600	4,568,500	23,186,600	29,889,100
Miscellaneous	4,464,600	8,017,200	14,952,800	8,119,200	7,567,800	43,121,600
Total	\$88,354,700	\$98,585,000	\$129,173,300	\$153,151,100	\$151,713,000	\$620,977,100

⁽¹⁾ Projections as of June 2013.

⁽²⁾ Amounts reflect the aggregate costs of all CIP projects required to satisfy the CDPH Compliance Order as well as projects related thereto or necessary for the operation thereof. For Fiscal Years 2014 through 2018, approximately 24% of the capital program is mandated by the CDPH. The program size for Fiscal Years 2016 through 2018 is dependent on future rate increases.

⁽³⁾ Storage Facilities include treated and untreated water reservoirs.

Source: Public Utilities Department, City of San Diego.

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**FIVE-YEAR WATER SERVICE CHARGE HISTORY FOR SINGLE FAMILY RESIDENTIAL,
MULTI-FAMILY, COMMERCIAL, INDUSTRIAL, IRRIGATION, AND
TEMPORARY CONSTRUCTION
Fiscal Years 2010 through 2014**

	Justification for Increase:	Revenue Requirement	Increase in Water Costs from CWA	Revenue Requirement	Revenue Requirement	Revenue Requirement	Increase in Water Costs from CWA	Revenue Requirement	Revenue Requirement	Revenue Requirement	Revenue Requirement	Increase in Water Costs from CWA
	Increase amount ⁽²⁾	6.50%	\$0.12/EDU	6.50%	0%	0%	\$0.47/EDU	0%	0%	0%	0%	Varies
BASE FEES⁽¹⁾		7/1/2009	1/1/2010	7/1/2010	9/1/2010	1/1/2011	3/1/2011	7/1/2011	7/1/2012	7/1/2013	1/1/2014	
Meter Size:	5/8 inch	\$17.59	\$17.71	\$18.86	\$18.86	\$18.86	\$19.33	\$19.33	\$19.33	\$19.33	\$19.33	\$18.89
	3/4 inch	17.59	17.71	18.86	18.86	18.86	19.33	19.33	19.33	19.33	19.33	18.89
	1 inch	25.77	25.97	27.66	27.66	27.66	28.46	28.46	28.46	28.46	28.46	25.59
	1 1/2 inch	44.47	44.87	47.79	47.79	47.79	49.34	49.34	49.34	49.34	49.34	40.89
	2 inch	67.86	68.50	72.95	72.95	72.95	75.44	75.44	75.44	75.44	75.44	60.03
	3 inch	122.78	123.98	132.04	132.04	132.04	136.74	136.74	136.74	136.74	136.74	104.98
	4 inch	201.10	203.10	216.30	216.30	216.30	224.15	224.15	224.15	224.15	224.15	169.07
	6 inch	395.14	399.14	425.08	425.08	425.08	440.73	440.73	440.73	440.73	440.73	327.86
	8 inch	628.90	635.30	676.59	676.59	676.59	701.64	701.64	701.64	701.64	701.64	519.16
	10 inch	902.43	911.63	970.89	970.89	970.89	1,006.94	1,006.94	1,006.94	1,006.94	1,006.94	742.99
	12 inch	1,680.89	1,698.09	1,808.47	1,808.47	1,808.47	1,875.82	1,875.82	1,875.82	1,875.82	1,875.82	1,380.05
	16 inch	2,928.08	2,958.08	3,150.36	3,150.36	3,150.36	3,267.86	3,267.86	3,267.86	3,267.86	3,267.86	2,400.67
COMMODITY CHARGE												
Customer Type:	Usage⁽³⁾:	7/1/2009	1/1/2010	7/1/2010	9/1/2010	1/1/2011	3/1/2011	7/1/2011	7/1/2012	7/1/2013	1/1/2014	
	Increase amount ⁽²⁾	6.50%	10.60%	6.50%	-3.86%(IPR Sunset)	-2.16% (CWA)	7.90% (CWA)	0%	0%	0%	0%	Varies
Single Family Residential												
Tier 1	0-7 HCF	\$2.977	\$3.293	\$3.507	\$3.410	\$3.348	\$3.612	\$3.612	\$3.612	\$3.612	\$3.612	
Tier 2	8-14 HCF	3.229	3.571	3.803	3.698	3.630	3.917	3.917	3.917	3.917	3.917	
Tier 3	15+ HCF	3.625	4.009	4.270	4.152	4.076	4.398	4.398	4.398	4.398	4.398	
Tier 1	0-4 HCF											\$3.639
Tier 2	5-12 HCF											4.076
Tier 3	13-18 HCF											5.823
Tier 4	19+ HCF											8.188
Typical Single Family Monthly Bill Based on 12 HCF/month		\$54.58	\$58.62	\$62.42	\$61.22	\$60.44	\$64.20	\$64.20	\$64.20	\$64.20	\$64.20	\$66.09
Multi-Family	per HCF ⁽⁴⁾	\$3.229	\$3.571	\$3.803	\$3.698	\$3.630	\$3.917	\$3.917	\$3.917	\$3.917	\$3.917	\$4.343
Non Residential	per HCF ^{(4) (5)}	3.097	3.425	3.648	3.547	3.482	3.757	3.757	3.757	3.757	3.757	4.175
Irrigation	per HCF ⁽⁴⁾	3.309	3.660	3.898	3.790	3.721	4.014	4.014	4.014	4.014	4.014	4.621
Temporary Construction	per HCF ⁽⁴⁾	3.309	3.660	3.898	3.790	3.721	4.014	4.014	4.014	4.014	4.014	4.621

⁽¹⁾ The base fee is dependent on the meter size

⁽²⁾ On a temporary basis, the Public Utilities Department opted to not pass on the January 1, 2012 and January 1, 2013 CWA rate increase on to its retail customers; the department was able to absorb the rate increase via a combination of operational efficiencies savings, drafting more local supply from its reservoirs and by drawing down its cash balance.

⁽³⁾ HCF (Hundred Cubic Feet) = 748 gallons

⁽⁴⁾ One rate applies for all usage amounts

⁽⁵⁾ Previously Commercial and Industrial

Source: Public Utilities Department, City of San Diego.

**RECENT RATE HISTORY
FOR WATER CAPACITY CHARGES
Fiscal Years 2009 through 2013
(Unaudited)**

Fiscal Year	Water Capacity Charges (Per EDU)⁽¹⁾	% Increase/ (Decrease)⁽²⁾
2009	\$3,047	0
2010	3,047	0
2011	3,047	0
2012	3,047	0
2013	3,047	0

⁽¹⁾ "EDU" means Equivalent Dwelling Units.

⁽²⁾ Figure represents percentage change from prior year.

Source: Public Utilities Department, City of San Diego.

**WATER UTILITY FUND
HISTORICAL CAPACITY CHARGE REVENUES
Fiscal Years 2009 through 2013
(Unaudited)**

Fiscal Year	New EDUs	Capacity Charge Revenues⁽¹⁾
2009	1,826	\$4,233,231
2010	1,567	4,486,143
2011	2,474	7,516,512
2012	2,573	8,003,332
2013	4,218	11,704,419

⁽¹⁾ Amounts include potable and recycled capacity charge revenues.

Source: Office of the Comptroller, and Public Utilities Department, City of San Diego.

**WATER CUSTOMER ACCOUNTS RECEIVABLE
AND SHUT-OFFS BY FISCAL YEAR
Fiscal Years 2009 through 2013
(\$ In Thousands)
(Unaudited, except as otherwise noted)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Water Sales Revenue ⁽¹⁾	\$324,772	\$354,543	\$358,747	\$391,614	\$400,448
Accounts Receivable ⁽²⁾	25,311	29,817	19,359	29,746	33,201
Accounts Receivable Over 120 Days ⁽²⁾	2,190	2,396	1,861	4,403	3,534
% of Total Water Sales Revenues ⁽³⁾	0.67%	0.68%	0.52%	1.12%	0.88%
No. of Shut-Offs ⁽⁴⁾	23,650	26,875	23,271	22,203	19,363

⁽¹⁾ Audited.

⁽²⁾ Amounts are as of June 30 and represent the receivable portion of billed customer accounts as of the end of each Fiscal Year. Not included are amounts for unbilled accounts as of June 30.

⁽³⁾ Percentage of Accounts Receivable over 120 days as compared to Total Water Sales Revenues.

⁽⁴⁾ Shut-Offs for non-payment may include multiple shut-offs at the same address throughout the Fiscal Year.

Source: Public Utilities Department and Office of the Comptroller, City of San Diego.

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HISTORICAL SOURCES OF WATER SALES REVENUES ⁽¹⁾
Fiscal Years 2009 through 2013
(\$ In Thousands)
(Unaudited, except as otherwise noted)

<u>Sources</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Retail					
Single Family Residential	\$132,571	\$148,024	\$155,675	\$156,995	\$162,352
Multi-Family Residential ⁽²⁾	59,458	72,450	73,902	80,749	80,225
Non Residential ⁽³⁾	73,154	79,150	76,315	87,111	86,547
Irrigation	39,104	37,554	37,100	46,864	51,269
Reclaimed	7,737	4,488	4,130	5,467	5,460
Wholesale to Other Retailers					
Treated ⁽⁴⁾	10,237	10,718	9,747	12,184	12,028
Untreated ⁽⁵⁾	603	462	489	332	541
Reclaimed ⁽⁵⁾	1,908	1,697	1,389	1,912	2,026
TOTAL⁽⁶⁾	\$324,772	\$354,543	\$358,747	\$391,614	\$400,448

⁽¹⁾ Referred to as Historical Sources of Service Revenues in the City's previous Continuing Disclosure Certificates.

⁽²⁾ Previously listed as "Other Domestic" customer type.

⁽³⁾ Fiscal Year 2012 "Commercial", "Industrial" and "Outside City" have been combined into one customer type. The significant increase in revenue between Fiscal Year 2011 and 2012 can be attributed to the following: (i) the implementation of a new customer billing system in July, 2011, where approximately \$7 million earned in Fiscal Year 2011 was recognized in Fiscal Year 2012, which resulted in a one-time variance of approximately \$14 million; (ii) the consolidation of the residential "Irrigation" only accounts with "Commercial"/"Industrial" combined category resulting in a variance of approximately \$10 million; and (iii) the remaining balance due to growth in water sales.

⁽⁴⁾ Previously listed as "Other Utilities" customer type. Primarily reflects wholesale revenues from California American Water Company.

⁽⁵⁾ Previously listed as "Water Districts" customer type.

⁽⁶⁾ Audited.

Source: Public Utilities Department and Office of the Comptroller, City of San Diego.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE WATER UTILITY FUND
Fiscal Years 2009 through 2013
(\$ In Thousands)
(Audited)**

	2009	2010	2011	2012	2013
OPERATING REVENUES⁽¹⁾					
Sales of Water	\$324,772	\$354,543	\$358,747	\$391,614	\$400,448
Charges for Services ⁽²⁾	-	14,655	3,789	7,822	5,743
Revenue from Use of Property	5,418	4,431	5,540	6,184	5,864
Usage Fees	1,272	503	33	34	35
Other ⁽²⁾	11,257	2,329	3,406	2,465	2,418
TOTAL OPERATING REVENUES	<u>\$342,719</u>	<u>\$376,461</u>	<u>\$371,515</u>	<u>\$408,119</u>	<u>\$414,508</u>
OPERATING EXPENSES⁽³⁾					
Maintenance and Operations	\$95,979	\$70,568	\$72,027	\$78,108	\$79,188
Cost of Purchased Water Used	133,499	148,232	143,155	167,104	205,704
Taxes ⁽⁴⁾	162	1,805	1,755	1,826	1,797
Administration ⁽²⁾	33,258	65,169	65,926	53,619	47,553
Depreciation	39,627	38,525	43,054	46,030	48,334
TOTAL OPERATING EXPENSES	<u>\$302,525</u>	<u>\$324,299</u>	<u>\$325,917</u>	<u>\$346,687</u>	<u>\$382,576</u>
OPERATING INCOME (LOSS)	\$40,194	\$52,162	\$45,598	\$61,432	\$31,932
NONOPERATING REVENUES (EXPENSES)					
Earnings on Investments ⁽⁵⁾	\$12,478	\$8,914	\$4,468	\$4,244	\$1,231
Federal Grant Assistance	192	1,351	203	442	1,095
Other Agency Grant Assistance	1,070	(135)	7,028	372	261
Gain (Loss) on Sale/Retirement of Capital Assets	(2,436)	(2,582)	(1,164)	1,270	(106)
Debt Service Interest Expense	(28,081)	(38,240)	(34,490)	(36,496)	(37,280)
Other	751	3,809	3,552	365	570
TOTAL NON OPERATING REVENUES (EXPENSES)	<u>(\$16,026)</u>	<u>(\$26,883)</u>	<u>(\$20,403)</u>	<u>(\$29,803)</u>	<u>(\$34,229)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	\$24,168	\$25,279	\$25,195	\$31,629	(\$2297)
Capital Contributions ⁽⁶⁾	\$30,277	\$23,932	\$18,011	\$56,640	\$64,893
Transfers from Other Funds	439	245	113	79	51
Transfers from Governmental Funds	3,443	337	142	--	1,234
Transfers to Other Funds	(99)	(2)	--	(496)	(579)
Transfer to Governmental Funds	(530)	(612)	(222)	(6,312)	(8,168)
Extraordinary Gain (Loss)	--	--	--	686 ⁽⁷⁾	(686) ⁽⁸⁾
CHANGE IN NET ASSETS	<u>\$57,698</u>	<u>\$49,179</u>	<u>\$43,239</u>	<u>\$82,226</u>	<u>\$54,448</u>
Net Assets at Beginning of Year	1,365,520	1,423,218	1,472,397	1,515,636	1,597,862
NET ASSETS AT END OF YEAR	<u>\$ 1,423,218</u>	<u>\$ 1,472,397</u>	<u>\$ 1,515,636</u>	<u>\$ 1,597,862</u>	<u>\$ 1,652,310</u>

Source: Comprehensive Annual Financial Reports for Fiscal Years 2009 through 2013

- (1) Operating Revenues represent charges to customers for sales and services.
(2) Variance from Fiscal Year 2009 to Fiscal Years 2010 through 2013 due to change in reporting classifications as a result of the City's conversion to a new Enterprise Resource Planning System.
(3) Operating Expenses include cost of sales and services, administrative expenses, and depreciation on capital assets.
(4) Includes annual property taxes and quarterly payments of taxes in-lieu to CWA.
(5) Earnings on investments include interest earned on the bond construction funds.
(6) Includes \$40.7 million in grant revenue in Fiscal Year 2012.
(7) Extraordinary Gain resulting from the dissolution of the Redevelopment Agency.
(8) Extraordinary Loss resulting from prior year loan receivable from the Redevelopment Agency that will not be repaid.

Source of footnotes: Public Utilities Department, and Office of the Comptroller, City of San Diego, Unaudited.

CALCULATION OF HISTORIC DEBT SERVICE COVERAGE
Fiscal Years 2009 through 2013
(\$ In Thousands)
(Unaudited)

Fiscal Year Ended June 30	Total System Revenues ⁽²⁾	Total Maintenance & Operation Costs (Excludes Depreciation) ⁽³⁾	Net System Revenue	Less: Interest Earnings on Reserve fund ⁽⁴⁾	Adjusted Net System Revenues	Senior Obligations				All Obligations ⁽¹⁾	
						Total Sr. Debt Service	Less: Senior Interest Earnings ⁽⁴⁾	Adjusted Debt Service	Adjusted Debt Service Coverage	Total Debt Service	Aggregate Debt Service Coverage
2009	\$364,413	\$263,280	\$101,133	(\$2,668)	\$98,465	\$21,354	(\$2,668)	\$18,686	5.27	\$49,600	2.04
2010	394,948	287,361	107,587	(3,767)	107,587	28,303	(3,767)	28,303	3.80	56,978	1.89
2011	397,755	285,059	112,696	(1,436)	112,696	34,115	(1,436)	34,115	3.30	62,784	1.79
2012	431,188	307,465	123,723	(1,919)	123,723	37,518	(1,919)	37,518	3.30	66,191	1.87
2013	444,751	342,989	101,762	(363)	101,399	39,707	(363)	39,707	2.58	64,210	1.58

Source: Statistical Section (Unaudited) of Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2013

- ⁽¹⁾ All Obligations include Outstanding Senior Obligations and the Outstanding Subordinated Obligations, which includes the Senior State Revolving Fund (SRF) Loans and one Subordinated SRF Loan.
- ⁽²⁾ System Revenues as defined in the Installment Purchase Agreement, including operating and non-operating receipts (i.e. interest earnings, capacity charges, other income) as well as transfers and the cash-based components of capital contributions. Fiscal Year 2012 includes a reduction in system revenue of \$29.8M due to FY12 transfer to Rate Stabilization Fund and includes additional grant revenue of \$40.7M.
- ⁽³⁾ Amounts under Total Expenses reflect the Maintenance and Operations Costs of the Water System for such Fiscal Year in accordance with the Installment Purchase Agreement and generally includes maintenance and operations, administration, cost of water purchases, transfers to other funds, pension benefits, and retiree health costs.
- ⁽⁴⁾ Interest earnings on the Senior Debt Service Reserve Fund are netted out of both System Revenues and total Debt Service to calculate Senior Debt Service Coverage Ratios, but are not netted out for Aggregate Debt Service Coverage Ratios.

Source of Footnotes: Public Utilities Department and Office of the Comptroller, City of San Diego, Unaudited.

WATER UTILITY FUND CASH AND CASH EQUIVALENTS (INCLUDING RESERVES)
(\$ In Thousands)
As of 06/30/2013

Cash and Cash Equivalents

Cash and Investments ⁽¹⁾	\$	331,420
Restricted Cash and Investments		79,263
Less Investments Not Meeting the Definition of Cash Equivalents ⁽²⁾		(72,000)
Total Cash and Cash Equivalents at Year End	\$	338,683

Reserves

Rate Stabilization Reserve ⁽³⁾	\$	38,500
Secondary Purchase Reserve		12,315
Operating Reserve		29,493
Dedicated Reserve for Efficiencies and Savings (DRES)		29,902
Capital Reserve		5,000
Sub- Total	\$	115,210
SRF Loan Reserve Funds	\$	5,610
Debt Service Reserve Funds	\$	66,786

⁽¹⁾ Includes Rate Stabilization Reserve, Secondary Purchase Reserve, Operating Reserve, DRES, and Capital Reserve.

⁽²⁾ Consists primarily of Debt Service Reserve Funds and certain SRF Loan Reserve Funds.

⁽³⁾ Operational and Capital Improvement Program savings allowed for \$29.8 million transfer to the Rate Stabilization Fund in Fiscal Year 2012 resulting in a balance of \$50.3 million. The Water Utility has drawn down \$11.8 million in Fiscal Year 2013 and \$18 million in Fiscal Year 2014, and is projecting a balance of \$20.5 million as of 6/30/2014.

Source for Cash and Cash Equivalents: The City's Comprehensive Annual Financial Report for Fiscal Year 2013.

Source for Reserves: Public Utilities Department and Debt Management Department, City of San Diego.

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OUTSTANDING DEBT
As of June 30, 2013

<u>Series</u>	<u>Final Maturity</u>	<u>Outstanding Principal Amount</u>
Senior Obligations:		
2009A Bonds	August 1, 2038	\$ 152,735,000
2009B Bonds	August 1, 2039	311,870,000
2010A Bonds	August 1, 2028	123,075,000
State Revolving Fund Loans (five)	July 1, 2031	61,758,626
Total Senior Obligations:		\$ 649,438,626
Subordinated Obligations:		
2012A Bonds	August 1, 2032	188,610,000
State Revolving Fund Loan (one)	July 1, 2025	14,681,142
Total Subordinated Obligations:		\$ 203,291,142
Total Outstanding Obligations:		\$ 852,729,768

Source: Debt Management Department, City of San Diego.

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Investment of Funds (As of June 30, 2013)

Refer to Note 3, "Cash and Investments," to the Fiscal Year 2013 CAFR for information regarding Investment of Funds as of June 30, 2013.

Investment of Funds (As of December 31, 2013)

Pool Liquidity and Other Characteristics

The City Treasurer's Pooled Investment Fund (including both the "Liquidity" and the "Core" portfolios) is highly liquid. Based on unaudited month-end data as of December 31, 2013, approximately 10% of the pool investments mature within 62 days, 13% within 92 days, 27% within 184 days, 44% within 1 year, 75% within 2 years, 97% within 3 years, and 100% within 5 years (on a cumulative basis). As of December 31, 2013, the City Treasurer's Pooled Investment Fund had a weighted average maturity of 1.31 years (478 days) and its weighted average yield was 0.41%. For purposes of calculating weighted average maturity, the City Treasurer treats investments in the State-wide Local Agency Investment Fund (California State Pool) as maturing within one day. The Liquidity portfolio had a duration of 0.37 years and the Core portfolio had a duration of 1.70 years as of December 31, 2013. Duration is a measure of the price volatility of the portfolio and reflects an estimate of the projected increase or decrease in the value of the portfolio based upon a decrease or increase in interest rates. Accordingly, the Liquidity portfolio should decrease in market value by 0.37% for every 1% increase in market interest rates while the Core portfolio should decrease in market value by 1.70% for every 1% increase in market interest rates. The City Treasurer's Pooled Investment Fund composition is designed with a goal of having sufficient liquid funds available to meet disbursement requirements. The composition and value of investments under management in the City Treasurer's Pooled Investment Fund will vary from time to time depending on cash flow needs of the City, maturity or sale of investments, purchase of new securities, and fluctuations in interest rates.

CITY OF SAN DIEGO POOLED INVESTMENT FUND

At December 31, 2013

(in thousands)
(unaudited)

<i>Investment Instrument</i>	<i>Book Value</i>	<i>Fair Value</i>	<i>Percent of Total⁽¹⁾</i>
U.S. Treasury Notes	\$ 949,237	\$ 949,863	48.71%
Agency Discount Notes	59,948	59,965	3.08
Agency Notes & Bonds	493,466	493,042	25.32
Commercial Paper	149,778	149,823	7.69
Corporate Notes & Bonds	107,880	107,432	5.54
Local Agency Investment Fund	49,701	49,701	2.55
Repurchase Agreement	22,500	22,500	1.14
Negotiable Certificates of Deposit	50,000	50,006	2.57
Municipal Securities	10,148	10,148	0.52
Asset Backed Securities	56,029	56,050	2.88
TOTAL INVESTMENTS	\$ 1,948,685	\$ 1,948,529	100.00%

⁽¹⁾ Based on book value.

Source: Office of the City Treasurer, City of San Diego.

Labor Relations

General

The City has five recognized employee organizations which represent classified employees. They are the San Diego Municipal Employees' Association ("MEA"), the American Federation of State, County, and Municipal Employees, Local 127 ("AFSCME Local 127"), the San Diego Police Officers Association ("POA"), the San Diego City Firefighters, International Association of Firefighters, Local 145 ("IAFF Local 145"), and the California Teamsters Local 911 ("Teamsters Local 911"), which represents lifeguards. A sixth recognized employee organization, the Deputy City Attorneys Association ("DCAA"), represents unclassified deputy city attorneys. Certain classified and unclassified City employees are unrepresented.

As of July 1, 2013, there were 708.44 regular full-time employees of the Public Utilities Department (Water Branch) of which 403.50 are represented by the MEA and 260.30 are represented by the AFSCME Local 127. The remaining 44.64 employees are unrepresented and unclassified. The two bargaining units represent approximately 94% of the Public Utilities Department (Water Branch employees).

Labor Contracts

Beginning in Fiscal Year 2010, the City negotiated or imposed a general salary freeze and 6 percent reduction in overall compensation for all employee organizations and for unrepresented employees, which continued through Fiscal Year 2013. Effective on July 1, 2013, the City entered into New Labor Agreements with each of its employee organizations pursuant to the terms of Proposition B, which was approved by voters on June 5, 2012. For a period of up to five years, there will be no cost-of-living or general pensionable pay increases for the represented employees covered by the New Labor Agreements. However, individual employees may still receive merit increases or promotions within the parameters of the Fiscal Year 2011 salary schedules.

The New Labor Agreements maintain the salary schedules and tables from the Fiscal Year 2011 Salary Ordinance for a five-year period, which is consistent with San Diego Charter Section 70.2. In exchange for the agreement to limit pensionable pay of employees during this five-year period, the City agreed to increases in non-pensionable pay through reductions or eliminations of mandatory furlough hours and increases to the annual flexible benefit allotments paid by the City to employees. Each of the New Labor Agreements includes a partial restoration of the 6 percent compensation reduction in the first three fiscal years, Fiscal Years 2014 through 2016, with reopeners in Fiscal Years 2017 and 2018 to meet and confer solely regarding increases to non-pensionable compensation. Each employee organization receives the partial restoration of the 6 percent compensation reduction through different non-pensionable pay components, as discussed below.

MEA: Most MEA-represented employees have had their mandatory furlough hours reduced from 52 to 26 hours in Fiscal Year 2014 and these hours will be eliminated in Fiscal Year 2015. 52 hours of mandatory furlough is eliminated entirely in Fiscal Year 2014 for employees in specified public safety support-related classifications. The annual flexible benefit allotment was increased in Fiscal Year 2014 for MEA-represented employees. The remaining retirement offset contribution of 0.4 percent for MEA-represented employees was eliminated in Fiscal Year 2014. The pay reduction for hourly MEA-represented employees was reduced from 3 percent to 1.25 percent in Fiscal Year

2014 and, in Fiscal Year 2015, the remaining reduction of 1.25 percent will be eliminated. In Fiscal Years 2015 and 2016, the annual flexible benefit allotments will also be increased. The employee organization will have the option to reopen negotiations solely for the purpose to meet and confer on non-pensionable compensation increases in Fiscal Years 2017 and 2018.

AFSCME Local 127: In Fiscal Years 2014 through 2016, employees represented by AFSCME Local 127 will receive non-pensionable increases to their annual flexible benefit allotments, totaling a 5.25 percent increase in overall compensation. The employee organization will have the option to reopen negotiations solely for the purpose to meet and confer on non-pensionable compensation increases in Fiscal Years 2017 and 2018.

POA: In Fiscal Years 2014 through 2016, employees represented by POA will have 5 percent of their 6 percent reduction in compensation from Fiscal Year 2010 restored through non-pensionable increases to their annual flexible benefit allotments. POA will have the option to reopen negotiations solely for the purpose to meet and confer on non-pensionable compensation increases in Fiscal Years 2017 and 2018 with a minimum of 1 percent for each Fiscal Year upon the POA's exercise of the reopener.

IAFF Local 145: In Fiscal Years 2014 through 2016, employees represented by IAFF Local 145 will have 5.25 percent of their 6 percent reduction in compensation from Fiscal Year 2010 restored through non-pensionable increases to their annual flexible benefit allotments. IAFF Local 145 will have the option to reopen negotiations solely for the purpose to meet and confer upon non-pensionable compensation increases in Fiscal Years 2017 and 2018.

Teamsters Local 911: 52 hours of mandatory furlough for employees represented by Teamsters Local 911 was entirely eliminated in Fiscal Year 2014. The remaining retirement offset contribution of 2.3 percent for Teamster Local 911 represented employees was eliminated in Fiscal Year 2014. Teamsters Local 911-represented employees will receive increases to their annual flexible benefit allotments in Fiscal Years 2014 through 2016. The pay reduction for hourly represented employees will be reduced from 3 percent to 0.75 percent. The 6 percent reduction in compensation the employees represented by Teamsters Local 911 took in Fiscal Year 2010 is being restored by 5.25 percent, with the option to reopen negotiations solely for the purpose to meet and confer over further increases to non-pensionable compensation in Fiscal Years 2017 and 2018.

DCAA: 32 hours of mandatory furlough for employees represented by the DCAA was eliminated in Fiscal Year 2014. In Fiscal Years 2014 through 2016, DCAA-represented employees will receive an increase in their annual flexible benefit allotments. From Fiscal Years 2014 through 2016, DCAA-represented employees will have 5.25 percent of their compensation restored, from the 6 percent reduction taken in Fiscal Year 2010. The employee organization will have the option to reopen negotiations solely for the purpose to meet and confer upon non-pensionable compensation increases in Fiscal Years 2017 and 2018.

Unrepresented: Unrepresented employees had their 6.4 percent reduction in compensation, which was taken through elimination of retirement offset contributions and a salary reduction, modified in Fiscal Year 2014. The salary reduction of 3 percent was lowered to 1.25 percent for unrepresented, non-safety and lifeguard employees in Fiscal Year 2014. The salary reduction of 1.9 percent was lowered to 0.15 percent for unrepresented, police safety employees and the salary reduction of 1.7 percent was eliminated for unrepresented, fire safety employees in Fiscal Year 2014.

The unrepresented employees are not parties to the New Labor Agreements and compensation for unrepresented employees can change year to year.

Pension Plan

The Table below sets forth the City's portion of SDCERS historical funding progress for Fiscal Years 2004 through 2013. In addition, refer to Note 12, "Pension Plans," in the Fiscal Year 2013 CAFR.

**CITY OF SAN DIEGO
SCHEDULE OF FUNDING PROGRESS
Fiscal Years 2004 through 2013
(\$ In Thousands)
(Unaudited)**

Valuation Date (June 30)	Actuarial Value of Assets	Market Value of Assets	AAL	Funded Ratio (Actuarial)	Funded Ratio (Market)	UAAL (Actuarial)	AAL less Market Value of Assets	Covered Payroll⁽⁵⁾	UAAL to Covered Payroll
2004 ⁽¹⁾	\$2,628,680	\$2,847,479	\$3,997,328	65.8%	71.2%	\$1,368,648	\$1,149,849	\$540,181	253.4%
2005	2,983,080	3,205,722	4,377,093	68.2	73.2	1,394,013	1,171,371	557,631	250.0
2006 ⁽²⁾	3,981,932	3,981,932	4,982,699	79.9	79.9	1,000,767	1,000,767	534,103	187.4
2007 ⁽³⁾	4,413,411	4,641,341	5,597,653	78.8	82.9	1,184,242	956,312	512,440	231.1
2008 ⁽¹⁾	4,660,346	4,408,719	5,963,549	78.1	73.9	1,303,203	1,554,831	535,774	243.2
2009	4,175,229	3,479,357	6,281,636	66.5	55.4	2,106,408	2,802,279	536,591	392.6
2010	4,382,047	3,900,537	6,527,224	67.1	59.8	2,145,177	2,626,687	530,238	404.6
2011 ⁽⁴⁾	4,739,399	4,848,054	6,917,175	68.5	70.1	2,177,776	2,069,116	514,265	423.5
2012	4,982,442	4,799,827	7,261,731	68.6	66.1	2,279,289	2,461,904	511,091	446.0
2013 ⁽⁶⁾	5,317,778	5,395,158	7,555,527	70.4	71.4	2,237,749	2,160,369	499,463	448.0

⁽¹⁾ Reflects revised actuarial assumptions.

⁽²⁾ Reflects revised actuarial methodologies.

⁽³⁾ Reflects revised actuarial assumptions, including the return to EAN actuarial funding method.

⁽⁴⁾ Reflects revised actuarial methodologies and assumptions.

⁽⁵⁾ Covered payroll includes all elements of compensation paid to active City employees on which contributions to the pension plan are based.

⁽⁶⁾ Reflects revised actuarial methodologies and assumptions. The discount rate was lowered from 7.5% to 7.25% and the wage inflation rate was reduced from 3.75% to 3.3%.

Source: SDCERS Comprehensive Annual Financial Reports for 2004 through 2012; Cheiron Actuarial Valuations; Comptroller's Office, City of San Diego.

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Water System Share of Contribution to Pension System

The Table below sets forth the City’s ARC and pension payments for Fiscal Years 2010 through 2014, as well as the amounts related specifically to the Water System. In addition, refer to Note 12, “Pension Plans,” to the Fiscal Year 2013 CAFR.

CITY OF SAN DIEGO AND WATER UTILITY FUND
PENSION CONTRIBUTION
Fiscal Years 2010 through 2014⁽¹⁾
(\$ In Thousands)

Fiscal Year Ended June 30	Pension Plan ARC	Preservation of Benefits Plan ARC	Total Plan ARC⁽²⁾	Pension Plan Contribution	POB Plan Contribution	Total Pension Contribution⁽³⁾	Water System Contribution⁽³⁾	Water System Contribution (% of O&M)
2010	\$154,200	\$1,000	\$155,200	\$161,700	1,370	\$193,880	\$10,192 ⁽⁴⁾	3.1%
2011	229,100	1,817	230,917	229,100	1,323	230,423	12,745 ⁽⁴⁾	3.9
2012	231,200	1,269	232,469	231,200	1,687	232,828	13,600	3.9
2013	231,100	1,314	232,414	231,100	1,572	232,672	13,619	3.6
2014	275,400	708	276,108	275,401	1,700	277,101	14,838	3.4

⁽¹⁾ Fiscal Years 2010 – 2013: Actuals. Fiscal Year 2014 figures are budgeted amounts.

⁽²⁾ Includes core pension ARC and Preservation of Benefits (POB) Plan ARC. See Note 12 in City’s Fiscal Year 2013 CAFR for more information on ARC and POB Plan ARC. Per IRS guidelines, the City may not pre-fund the POB Plan. Therefore, plan contributions may differ from the Total ARC in any given year.

⁽³⁾ Comprised of the pension plan contribution and the POB Plan contribution; may not sum due to rounding.

⁽⁴⁾ Revised as of December 2012.

Source: SDCERS Comprehensive Annual Financial Reports; Cheiron Actuarial Valuations; Comptroller’s Office, City of San Diego; Financial Management and Public Utilities Department, City of San Diego.

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Other Postemployment Healthcare Benefits (OPEB)

The following tables show the (i) City’s OPEB funding progress for Fiscal Years 2008 (the year the City began to prefund OPEB expenses) through 2013; and (ii) the City’s OPEB ARC and City’s contributions for Fiscal Years 2010 through 2014, with amounts related specifically to the Water System. In addition, refer to Note 13, “Other Postemployment Benefits,” in the Fiscal Year 2013 CAFR.

**CITY OF SAN DIEGO
SCHEDULE OF FUNDING PROGRESS (DEFINED BENEFIT OPEB PLAN)
Fiscal Years 2008 through 2013⁽¹⁾
(\$ In Thousands)
(Unaudited)**

Fiscal Year Ending June 30	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Liability	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll⁽²⁾
2008	\$29,637	\$1,235,707	\$1,206,070	2.40%	\$556,857	216.6%
2009	41,497	1,359,377	1,317,880	3.05	549,012	240.0
2010	72,720	1,200,910	1,128,190	6.06	472,561	238.7
2011	116,608	1,248,151	1,131,543	9.34	455,537	248.4
2012	104,304	553,432	449,128	18.85	124,675	360.2
2013	113,404	557,551	444,147	20.34	112,782	393.8

⁽¹⁾ The City began prefunding its DB OPEB Plan in 2008. An actuarial valuation was not performed prior to Fiscal Year 2008.

⁽²⁾ Represents DB OPEB Plan participation only.

Source: Comprehensive Annual Financial Reports, Comptroller’s Office, City of San Diego.

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**CITY AND WATER FUND
RETIREE HEALTH CONTRIBUTIONS
Fiscal Years 2010 through 2014⁽¹⁾
(\$ In Thousands)**

Fiscal Year	DB OPEB ARC	Defined Benefit Plan (DB)		Total City Retiree Health Contribution ⁽²⁾	Water Fund Retiree Health Contribution	Water Fund Contribution % of O&M
		City CERBT Contribution	City DB OPEB Paygo			
2010	\$113,426	\$25,000	\$31,689	\$56,689	\$4,227 ⁽³⁾	1.3%
2011	120,324	25,000	33,868	58,868	4,423 ⁽³⁾	1.4
2012 ⁽⁴⁾	49,061	0	23,857	58,333	4,609	1.3
2013	35,348	1,802	37,764	57,832	4,348	1.1
2014 ⁽⁵⁾	38,096	--	--	57,883	4,038	0.9

⁽¹⁾ Data for Fiscal Year 2014 is budgeted. All other data is actual.

⁽²⁾ Includes contributions to the Defined Benefit Plan and Defined Contribution Plans.

⁽³⁾ Revised as of December 2012, subsequent to the primary offering disclosures.

⁽⁴⁾ Effective April 2012, OPEB benefits were modified and a significant group of participants opted out of the defined benefit plan and into a defined contribution plan. The City's defined benefit OPEB plan was closed to employees hired on or after July 1, 2005.

⁽⁵⁾ Actual distribution of amounts among City CERBT Contribution, and City DB OPEB Paygo will be determined at the end of Fiscal Year 2014.

Source: Risk Management, Financial Management, Comptroller's Office, and Public Utilities Department, City of San Diego.

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