

**ANNUAL REPORT FOR THE FISCAL YEAR ENDED June 30, 2012
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, 2012 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 Agreements and Certificates 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: Mar 27, 2013

City of San Diego

By:  _____
Greg Bych
Interim Chief Financial Officer

Distribution: Municipal Securities Rulemaking Board, Electronic Municipal Market Access System
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” which are included and are 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, 2012 (“CAFR”), which includes the City’s Fiscal Year 2012 audited financial statements, was electronically transmitted to the Electronic Municipal Market Access (“EMMA”) System of the Municipal Securities Rulemaking Board (“MSRB”) on February 14, 2013.

HISTORICAL NUMBER OF RETAIL CONNECTIONS TO WATER SYSTEM Fiscal Years 2008 through 2012 (Unaudited)

Customer Type	2008	2009	2010	2011	2012
Single Family Residential	220,519	220,854	221,274	221,863	221,949
Multi-Family	29,208	29,193	29,190	29,167	30,159
Commercial ⁽¹⁾	15,603	15,598	15,605	15,631	16,841
Industrial ⁽¹⁾	215	205	188	185	-
Outside City ⁽¹⁾	46	45	45	44	-
Irrigation	7,462	7,465	7,465	7,480	7,497
Temporary Construction	345	296	278	308	347
TOTAL	273,398	273,656	274,045	274,678	276,793
Percent Growth	0.17%	0.09%	0.14%	0.23%	0.77%

⁽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 2012
(Unaudited)**

Customers	Millions of Cubic Feet	Billings	% of Total Sales Revenues
MAJOR NON-GOVERNMENTAL RETAIL CUSTOMERS			
CP Kelco	41.12	\$1,570,951	0.40%
The Irvine Co.	25.38	1,161,595	0.30%
San Diego Zoo	28.62	1,101,250	0.28%
Marine Park Corp	25.04	957,010	0.24%
H G Fenton Co	18.51	846,824	0.22%
Garden Communities	17.09	718,773	0.18%
ERP Operating LP	12.87	561,145	0.14%
Coca Cola Bottling Co	11.87	450,633	0.12%
Sharp Memorial Hospital .	10.70	433,394	0.11%
FF Properties, Inc.	10.15	421,213	0.11%
Total Top 10 Non-Governmental Retail Customers	201.34	\$8,222,789	2.10%
MAJOR GOVERNMENTAL RETAIL CUSTOMERS			
City of San Diego	416.00	\$16,767,187	4.28%
United States Navy	334.79	13,871,910	3.54%
University of California at San Diego	104.76	\$4,134,152	1.06%
California Department of Transportation	59.03	2,654,027	0.68%
San Diego Unified School District	47.14	2,512,001	0.64%
All Federal Agencies ⁽¹⁾	55.27	2,257,846	0.58%
San Diego State University	24.94	1,019,861	0.26%
San Diego Port District	20.91	973,308	0.25%
County of San Diego	20.19	905,648	0.23%
Poway Unified School District	12.01	531,708	0.14%
Total Top 10 Governmental Retail Customers	1,095.05	\$45,627,649	11.65%

⁽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, 2012

Reservoir	Storage Capacity		Percent Full
	Acre Feet (AF)	Storage (AF)	
Barrett	34,805.5	23,406.8	67%
El Capitan	112,806.9	80,420.3	71
Lake Hodges	30,251.0	19,482.4	64
Lake Murray	4,684.2	4,075.1	87
Lower Otay	49,848.9	42,367.9	85
Miramar	6,682.4	5,396.8	81
Morena	50,694.0	12,039.4	24
San Vicente	89,312.2	37,584.3 ⁽¹⁾	42
Sutherland	<u>29,508.1</u>	<u>10,271.4</u>	<u>35</u>
TOTAL	408,593.2	235,044.4 ⁽²⁾	58%

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

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, 2012

Water Treatment Plant	Original Design Capacity	Current Rated Capacity	Future Rated Capacity ⁽¹⁾	Current Average Demand	Current Peak/Max Demand ⁽²⁾
Alvarado	66	120	200	82.6	108.3
Miramar	100	144	215	60.9	123.9
Otay	40	34	40	14.9	24.5
TOTAL	206	298	455	158.4	256.7

⁽¹⁾ Although construction required to attain the future rated capacity at the Alvarado plant is complete, further studies and certification by California Department of Public Health (CDPH) is required for it to be officially rated for capacity. 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 2009 through 2013
(Per Acre Feet)

Calendar Year	Municipal & Industrial Rates		Transportation Rate
	Untreated	Treated	
2009	\$463	\$631	\$64
2010 ⁽²⁾	\$532	\$747	\$67
2011	\$597	\$812	\$75
2012	\$638	\$872	\$85
2013	\$714	\$970	\$93

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

⁽²⁾ Rates went into effect September 1, 2009, due to MWD's rate increase start date.

Source: San Diego County Water Authority Board Meeting Documents.

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MWD and CWA FIXED WATER SUPPLY COSTS
Calendar Years 2009 through 2013
(\$ In Thousands)

Calendar Year	2009	2010	2011	2012	2013
MWD Fixed Charges					
Capacity Reservation Charges	\$ 2,797	\$ 3,015	\$ 3,010	\$ 2,718	\$ 2,479
Readiness-to-Serve Charge ⁽¹⁾	5,493	7,050	8,481	9,808	10,255
CWA Fixed Charges					
Customer Service	5,503	6,259	8,198	9,645	10,008
Emergency Storage Charge	9,234	13,735	17,949	22,310	25,104
Infrastructure Access Charge	8,816	9,405	11,600	12,153	12,498
In Lieu Tax Payment	1,707	1,629	1,583	1,642	1,640
Total Fixed Charges	\$ 33,550	\$ 41,093	\$ 50,821	\$ 58,276	\$ 61,984

⁽¹⁾ Fiscal Year charge.

Source: San Diego County Water Authority Board Meeting Documents.

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WATER SUPPLIES FOR THE CITY OF SAN DIEGO
Fiscal Years 2008 through 2012
(In Acre Feet)

Fiscal Year	Local Supplies	CWA Water Supplies	Total
2008	24,155	215,791	239,946
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

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%
Recycled Water										
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 2013 through 2017

Description	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Total
Water Treatment Plants	\$ 5,576,370	\$ 4,230,961	\$ 5,407,146	\$ 18,699,326	\$ 14,459,504	\$ 48,373,307
Pipelines	56,329,018	65,771,351	69,824,910	62,205,008	64,567,580	318,697,867
Pump Stations	6,227,093	3,187,318	10,358,679	4,455,091	285,975	24,514,156
Storage Facilities ⁽³⁾	3,215,506	4,575,318	10,535,830	4,580,755	217,502	23,124,911
Reclaimed Water	1,800,140	1,308,549	343,536	-	-	3,452,225
Miscellaneous	5,022,000	3,962,343	3,098,794	7,900,010	4,519,231	24,502,378
Total	\$ 78,170,127	\$ 83,035,840	\$ 99,568,895	\$ 97,840,190	\$ 84,049,792	\$ 442,664,844

⁽¹⁾ Projections as of December 2012.

⁽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 2013 through 2017, approximately 55% of the capital program is mandated by the CDPH. The bulk of the program 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 2008 through 2012**

Justification for Increase:		Revenue Requirement	Increase in Water Costs from CWA	Revenue Requirement	Increase in Water Costs from CWA and IPR Project	Revenue Requirement	Increase in Water Costs from CWA	Revenue Requirement	Revenue Requirement	Revenue Requirement	Increase in Water Costs from CWA	Revenue Requirement	Increase in Water Costs from CWA
Increase amount:		6.50%	\$0.14/EDU	6.50%	\$0.20/EDU	6.50%	\$0.12/EDU	6.50%	0%	0%	\$0.47/EDU	0%	\$0.11/EDU
BASE FEES ⁽¹⁾		7/1/2007	1/1/2008	7/1/2008	1/1/2009	7/1/2009	1/1/2010	7/1/2010	9/1/2010	1/1/2011	3/1/2011	7/1/2011	1/1/2012 ⁽²⁾
Meter Size:	5/8 inch	\$15.18	\$15.32	\$16.32	\$16.52	\$17.59	\$17.71	\$18.86	\$18.86	\$18.86	\$19.33	\$19.33	\$19.33
	3/4 inch	15.18	15.32	16.32	16.52	17.59	17.71	18.86	18.86	18.86	19.33	19.33	19.33
	1 inch	22.17	22.41	23.86	24.2	25.77	25.97	27.66	27.66	27.66	28.46	28.46	28.46
	1 1/2 inch	38.13	38.59	41.1	41.76	44.47	44.87	47.79	47.79	47.79	49.34	49.34	49.34
	2 inch	58.09	58.83	62.66	63.72	67.86	68.5	72.95	72.95	72.95	75.44	75.44	75.44
	3 inch	104.98	106.38	113.29	115.29	122.78	123.9	132.04	132.04	132.04	136.74	136.74	136.74
	4 inch	171.83	174.17	185.49	188.83	201.10	203.10	216.30	216.30	216.30	224.15	224.15	224.15
	6 inch	337.46	342.12	364.36	371.02	395.14	399.14	425.08	425.08	425.08	440.73	440.73	440.73
	8 inch	537.01	544.47	579.86	590.52	628.9	635.3	676.59	676.59	676.59	701.64	701.64	701.64
	10 inch	770.49	781.23	832.01	847.35	902.43	911.63	970.89	970.89	970.89	1006.94	1006.94	1006.94
	12 inch	1,435.00	1,455.06	1,549.64	1,578.30	1,680.89	1,698.09	1,808.47	1,808.47	1,808.47	1,875.82	1,875.82	1,875.82
	16 inch	2,499.62	2,534.62	2,699.37	2,749.37	2,928.08	2,958.08	3,150.36	3,150.36	3,150.36	3,267.86	3,267.86	3,267.86

COMMODITY CHARGE

Customer Type:	Usage ⁽³⁾ :	7/1/2007	1/1/2008	7/1/2008	1/1/2009	7/1/2009	1/1/2010	7/1/2010	9/1/2010	1/1/2011	3/1/2011	7/1/2011	1/1/20 12
Increase amount:		6.50%	\$0.09/HCF	6.50%	\$8.5% (CWA) and 3.08% (IPR)	6.50%	10.60%	6.50%	-3.86% (IPR Sunset)	-2.16% (CWA)	7.90% (CWA)	0%	5.30% ⁽²⁾
Single Family Residential													
Tier 1	0-7 HCF	\$2.26	\$2.35	\$2.51	\$2.80	\$2.98	\$3.29	\$3.51	\$3.41	\$3.35	\$3.61	\$3.61	\$3.61
Tier 2	8-14 HCF	2.461	2.551	2.717	3.032	3.229	3.571	3.803	3.698	3.63	3.917	3.917	3.917
Tier 3	15+ HCF	2.775	2.865	3.051	3.404	3.625	4.009	4.27	4.152	4.076	4.398	4.398	4.398
Typical Single Family Monthly Bill Based on 14 HCF/month		48.24	49.64	52.87	57.31	61.03	65.76	70.03	68.62	67.7	72.03	72.03	72.03
Multi-Family	per HCF ⁽⁴⁾	2.461	2.551	2.717	3.032	3.229	3.571	3.803	3.698	3.63	3.917	3.917	3.917
Commercial	per HCF ⁽⁴⁾	2.357	2.447	2.606	2.908	3.097	3.425	3.648	3.547	3.482	3.757	3.757	3.757
Industrial	per HCF ⁽⁴⁾	2.357	2.447	2.606	2.908	3.097	3.425	3.648	3.547	3.482	3.757	3.757	3.757
Irrigation	per HCF ⁽⁴⁾	2.524	2.614	2.784	3.107	3.309	3.66	3.898	3.790	3.721	4.014	4.014	4.014
Temporary Construction	per HCF ⁽⁴⁾	2.524	2.614	2.784	3.107	3.309	3.66	3.898	3.790	3.721	4.014	4.014	4.014

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

⁽²⁾ On a temporary basis, the Public Utilities Department opted to not pass this 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

Source: Public Utilities Department, City of San Diego.

**RECENT RATE HISTORY
FOR WATER CAPACITY CHARGES
Fiscal Years 2008 through 2012
(Unaudited)**

Fiscal Year	Water Capacity Charges (Per EDU)⁽¹⁾	% Increase/ (Decrease)⁽²⁾
2008	\$3,047	19.5
2009	\$3,047	0
2010	\$3,047	0
2011	\$3,047	0
2012	\$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 2008 through 2012
(Unaudited)**

Fiscal Year	New EDUs	Capacity Charge Revenues⁽¹⁾
2008	4,337	\$9,697,815
2009	1,826	\$4,232,469
2010	1,567	\$4,486,143
2011	2,474	\$7,516,512
2012	2,573	\$8,003,332

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

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

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**WATER CUSTOMER ACCOUNTS RECEIVABLE
AND SHUT-OFFS BY FISCAL YEAR
Fiscal Years 2008 through 2012
(\$ In Thousands)
(Unaudited, except as otherwise noted)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Water Sales Revenue ⁽¹⁾	\$ 297,225	\$ 324,772	\$ 354,543	\$ 358,747	\$ 391,614
Accounts Receivable ⁽²⁾	\$ 25,995	\$ 25,311	\$ 29,817	\$ 19,359	\$ 29,746
Accounts Receivable Over 120 Days ⁽²⁾	\$ 2,939	\$ 2,190	\$ 2,396	\$ 1,861	\$ 4,403
% of Total Water Sales Revenues ⁽³⁾	1.00%	0.67%	0.68%	0.52%	1.12%
No. of Shut-Offs ⁽⁴⁾	22,420	23,650	26,875	23,271	22,203

⁽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: The City's Comprehensive Annual Financial Reports for the indicated Fiscal Years with respect to "Water Sales Revenue"; Public Utilities Department and Office of the Comptroller, City of San Diego, for all other line items.

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HISTORICAL SOURCES OF WATER SALES REVENUES ⁽¹⁾
Fiscal Years 2008 through 2012
(\$ In Thousands)
(Unaudited, except as otherwise noted)

<u>Sources</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Retail					
Single Family Residential	\$ 126,373	\$ 132,806	\$ 148,262	\$ 155,958	\$ 156,995
Multi-Family Residential ⁽²⁾	62,404	67,529	80,065	81,662	80,749
Commercial ⁽³⁾	87,465	100,581	104,819	101,200	133,705
Industrial ⁽³⁾	2,718	3,050	3,723	3,749	--
Reclaimed	5,867	7,737	4,488	4,129	5,467
Outside City ⁽³⁾	46	52	52	52	--
Wholesale to Other Retailers					
Other Utilities ⁽⁴⁾	9,809	10,238	10,718	9,747	12,184
Water Districts	2,543	2,779	2,416	2,250	2,514
TOTAL ⁽⁵⁾	\$ 297,225	\$ 324,772	\$ 354,543	\$ 358,747	\$ 391,614

⁽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⁾ Primarily reflects wholesale revenues from California American Water Company.

⁽⁵⁾ Audited.

Source: The City's Comprehensive Annual Financial Reports for Fiscal Years 2008 through 2012 for Total; Public Utilities Department and Office of the Comptroller, City of San Diego for all other line items.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE WATER UTILITY FUND
Fiscal Years 2008 through 2012
(\$ In Thousands)
(Audited)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
OPERATING REVENUES ⁽¹⁾					
Sales of Water	\$ 297,225	\$ 324,772	\$ 354,543	\$ 358,747	\$ 391,614
Charges for Services ⁽²⁾	33	-	14,655	3,789	7,822
Revenue from Use of Property	6,115	5,418	4,431	5,540	6,184
Usage Fees	1,235	1,272	503	33	34
Other ⁽²⁾	14,018	11,257	2,329	3,406	2,465
TOTAL OPERATING REVENUES	<u>\$ 318,626</u>	<u>\$ 342,719</u>	<u>\$ 376,461</u>	<u>\$ 371,515</u>	<u>\$ 408,119</u>
OPERATING EXPENSES ⁽³⁾					
Maintenance and Operations	\$ 100,360	\$ 95,979	\$ 70,568	\$ 72,027	\$ 78,108
Cost of Purchased Water Used	121,186	133,499	148,232	143,155	167,104
Taxes ⁽⁴⁾	162	162	1,805	1,755	1,826
Administration ⁽²⁾	36,722	33,258	65,169	65,926	53,619
Depreciation	29,870	39,627	38,525	43,054	46,030
TOTAL OPERATING EXPENSES	<u>\$ 288,300</u>	<u>\$ 302,525</u>	<u>\$ 324,299</u>	<u>\$ 325,917</u>	<u>\$ 346,687</u>
OPERATING INCOME (LOSS)	<u>\$ 30,326</u>	<u>\$ 40,194</u>	<u>\$ 52,162</u>	<u>\$ 45,598</u>	<u>\$ 61,432</u>
NONOPERATING REVENUES (EXPENSES)					
Earnings on Investments ⁽⁵⁾	\$ 15,536	\$ 12,478	\$ 8,914	\$ 4,468	\$ 4,244
Federal Grant Assistance	1,427	192	1,351	203	442
Other Agency Grant Assistance	272	1,070	(135)	7,028	372
Gain (Loss) on Sale/Retirement of Capital Assets	(3,494)	(2,436)	(2,582)	(1,164)	1,270
Debt Service Interest Expense	(29,919)	(28,081)	(38,240)	(34,490)	(36,496)
Other	980	751	3,809	3,552	365
TOTAL NON OPERATING REVENUES (EXPENSES)	<u>\$ (15,198)</u>	<u>\$ (16,026)</u>	<u>\$ (26,883)</u>	<u>\$ (20,403)</u>	<u>\$ (29,803)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>\$ 15,128</u>	<u>\$ 24,168</u>	<u>\$ 25,279</u>	<u>\$ 25,195</u>	<u>\$ 31,629</u>
Capital Contributions ⁽⁶⁾	\$ 31,526	\$ 30,277	\$ 23,932	\$ 18,011	\$ 56,640
Transfers from Other Funds	578	439	245	113	79
Transfers from Governmental Funds	3,867	3,443	337	142	--
Transfers to Other Funds	(93)	(99)	(2)	--	(496)
Transfer to Governmental Funds	(834)	(530)	(612)	(222)	(6,312)
Extraordinary Gain ⁽⁷⁾	--	--	--	--	\$ 686
CHANGE IN NET ASSETS	<u>\$ 50,172</u>	<u>\$ 57,698</u>	<u>\$ 49,179</u>	<u>\$ 43,239</u>	<u>\$ 82,226</u>
Net Assets at Beginning of Year	1,315,348	1,365,520	1,423,218	1,472,397	1,515,636
NET ASSETS AT END OF YEAR	<u>\$ 1,365,520</u>	<u>\$ 1,423,218</u>	<u>\$ 1,472,397</u>	<u>\$ 1,515,636</u>	<u>\$ 1,597,862</u>

Source: Comprehensive Annual Financial Reports for Fiscal Years 2008 through 2012

- (1) Operating Revenues represent charges to customers for sales and services.
(2) Variance from Fiscal Year 2009 to Fiscal Years 2010 through 2012 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.

Source of footnotes: Public Utilities Department, Unaudited.

CALCULATION OF HISTORIC DEBT SERVICE COVERAGE
Fiscal Years 2008 through 2012
(\$ 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
2008	\$350,770	\$258,813	\$91,957	(\$1,481)	\$90,476	\$21,354	(\$1,481)	\$19,873	4.55	\$43,082	2.13
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)	\$103,820	\$28,303	(\$3,767)	\$24,536	4.23	\$56,978	1.89
2011	\$397,755	\$285,059	\$112,696	(\$1,436)	\$111,260	\$34,115	(\$1,436)	\$32,679	3.40	\$62,784	1.79
2012	\$431,188	\$307,465	\$123,723	(\$1,919)	\$121,804	\$37,518	(\$1,919)	\$35,599	3.42	\$66,191	1.87

Source: Statistical Section (Unaudited) of Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2012

- (1) All Obligations include Outstanding Senior Obligations and the Outstanding Subordinated Obligations, which includes the Senior State Revolving Fund (SRF) Loans and the 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 06/30/2012
<hr/>	
Cash and Cash Equivalents⁽¹⁾	
Cash and Investments (including Reserves)	\$ 359,067
Restricted Cash and Investments	96,832
Less Investments Not Meeting the Definition of Cash Equivalents ⁽¹⁾	(88,371)
Total Cash and Cash Equivalents at Year End	\$ 367,528
	As of 06/30/2012
Reserves	
Rate Stabilization Reserve ⁽²⁾	\$ 50,300
Secondary Purchase Reserve	12,504
Operating Reserve	29,557
Dedicated Reserve for Efficiencies and Savings (DRES)	21,393
Capital Reserve	5,000
Sub- Total	<u>\$ 118,754</u>
SRF Loan Reserve ⁽³⁾	4,532
Debt Service Reserve Fund ⁽³⁾	68,382

⁽¹⁾ Includes Debt Service Reserve Fund and State Revolving Fund (SRF) Reserve, and other outstanding bond funds.

⁽²⁾ Operational and Capital Improvement Program savings allowed for a total of \$29.8 million to be transferred to the Rate Stabilization Fund in Fiscal Year 2012 with the projection the Water Utility would draw down the funds in Fiscal Years 2013 and 2014.

⁽³⁾ Trustee held accounts other than one subordinate SRF Loan Reserve (\$1.4 million) held with Public Utilities.

Source for Cash and Cash Equivalents: The City's Comprehensive Annual Financial Report for Fiscal Year 2012.

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

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OUTSTANDING DEBT
As of June 30, 2012

<u>Series</u>	<u>Final Maturity</u>	<u>Outstanding Principal Amount</u>
Senior Obligations:		
2009A Bonds	August 1, 2038	\$ 153,905,000
2009B Bonds	August 1, 2039	317,425,000
2010A Bonds	August 1, 2028	123,075,000
State Revolving Fund Loans	July 1, 2031	49,365,788
Total Senior Obligations:		<u><u>\$ 643,770,788</u></u>
Subordinated Obligations:		
2002 Subordinated Bonds ⁽¹⁾	August 1, 2012	\$ 16,430,000
2012A Bonds	August 1, 2032	188,610,000
State Revolving Fund Loan	July 1, 2025	15,669,431
Total Subordinated Obligations:		<u><u>\$ 220,709,431</u></u>
Total Outstanding Obligations:		<u><u>\$ 864,480,219</u></u>

⁽¹⁾ With the issuance of the Subordinated Water Revenue Bonds, Refunding Series 2012A in May, 2012 the City refunded all outstanding maturities of the 2002 Subordinated Bonds, with the exception of the August 1, 2012 maturity, which was paid from the Water Fund's operating budget and therefore was still outstanding on June 30, 2012.

Source: Debt Management Department, City of San Diego.

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Investment of Funds (As of June 30, 2012)

Refer to Note 3, “Cash and Investments,” to the Fiscal Year 2012 CAFR for information regarding Investment of Funds as of June 30, 2012.

Investment of Funds (As of January 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 January 31, 2013, approximately 11% of the pool investments mature within 62 days, 14% within 92 days, 28% within 184 days, 40% within 1 year, 74% within 2 years, 97% within 3 years, and 100% within 5 years (on a cumulative basis). As of January 31, 2013, the City Treasurer’s Pooled Investment Fund had a weighted average maturity of 1.39 years (507 days) and its weighted average yield was 0.47%. 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 0.34 years and the Core portfolio had a duration of 1.67 years as of January 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 0.34% for every 1% increase in market interest rates while the Core portfolio should decrease in market value by 1.67% 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 TREASURER’S POOLED INVESTMENT FUND
At January 31, 2013
(\$ In Thousands)
(Unaudited)

Investment Instrument	Book Value	Fair Value	Percent of Total ⁽¹⁾
U.S. Treasury Notes	\$ 1,049,734	\$ 1,051,383	45.65%
Agency Discount Notes	49,911	49,978	2.17
Agency Notes & Bonds	634,747	635,728	27.60
Commercial Paper	124,751	124,861	5.42
Corporate Notes & Bonds	85,665	85,973	3.73
Local Agency Investment Fund	49,604	49,604	2.16
Repurchase Agreement	71,000	71,000	3.09
Negotiable Certificates of Deposit	150,000	150,051	6.52
Certificates of Deposit (CDARS)	10,000	10,000	0.43
Asset Backed Securities	74,317	74,423	3.23
TOTAL INVESTMENTS	\$2,299,729	\$2,303,001	100.00%

⁽¹⁾ Based on book value.

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

Labor Relations

General. The City has five labor organizations which represent classified employees. They are the San Diego Municipal Employees' Association (MEA); Local 127, American Federation of State, County, and Municipal Employees, AFL-CIO (Local 127), the San Diego Police Officers Association (POA), the San Diego City Firefighters, International Association of Firefighters Local 145 (Local 145), and the California Teamsters Local 911 (Teamsters Local 911) which represents lifeguards. A sixth labor organization, the Deputy City Attorneys Association of San Diego (DCAA), represents unclassified deputy city attorneys. There are also certain City employees who are unrepresented.

As of July 1, 2012, 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).

Contracts for Fiscal Years 2010 through 2013

Beginning in Fiscal Year 2010, the City either negotiated or imposed a general salary freeze and 6% reduction in overall compensation for all labor organizations and virtually all unrepresented employees. The salary freeze and 6% reduction is in place through Fiscal Year 2013. The various labor organizations and unrepresented employees implemented the 6% reduction in overall compensation in different ways as described below:

MEA: MEA implemented its 6% reduction through a 52 hour mandatory furlough and a 3% salary reduction.

Local 127: Local 127 implemented its 6% reduction principally through the elimination of a 5.4% retirement offset contribution.

POA: POA implemented its 6% reduction principally through the elimination of a 4.1% retirement offset contribution and a 1.5% salary reduction.

Local 145: Local 145 implemented its 6% reduction principally through the elimination of a 4.3% retirement offset contribution.

Teamsters Local 911: Teamsters Local 911 implemented its 6% reduction principally through a 52 hour mandatory furlough and a 3% reduction of the retirement offset contribution.

DCAA: DCAA implemented its 6% reduction principally through a 32 hour mandatory furlough and the elimination of a 3.2% retirement offset contribution.

Unrepresented: For unrepresented employees the 6% reduction was principally implemented through eliminated retirement offset contributions and salary reductions.

Pension Plan

The Table below sets forth the City's portion of SDCERS historical funding progress for Fiscal Years 2003 through 2012. In addition, refer to Note 12, "Pension Plans," in the Fiscal Year 2012 CAFR.

**CITY OF SAN DIEGO
SCHEDULE OF FUNDING PROGRESS
Fiscal Years 2003 through 2012
(\$ 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
2003	\$2,375,431	\$2,780,080	\$3,532,626	67.2%	78.7%	\$1,157,195	\$752,546	\$533,595	216.9%
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	\$5,963,550	78.1%	73.9%	\$1,303,204	\$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	\$2,069,121	\$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%

⁽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.

Source: Fiscal Years 2003-2011 Comprehensive Annual Financial Reports, Comptroller's Office, City of San Diego; Cheiron Actuarial Valuation as of June 30, 2012.

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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 2009 through 2013, as well as the amounts related specifically to the Water System. In addition, refer to Note 12, “Pension Plans,” to the Fiscal Year 2012 CAFR.

CITY OF SAN DIEGO AND WATER UTILITY FUND
PENSION CONTRIBUTION
Fiscal Years 2009 through 2013⁽¹⁾
(\$ In Thousands)

Fiscal Year Ended June 30	Pension Plan ARC	Preservation of Benefits Plan ARC	Total ARC ⁽²⁾	Total Pension Contribution	Additional Contribution (underfunding)	Water System Contribution	Water System Contribution (% of O&M)
2009	\$161,700	\$4,004	\$165,704	\$163,614	(\$2,090)	\$6,574	2.2%
2010	\$154,200	\$1,000	\$155,200	\$193,880	\$38,680	\$10,192 ⁽³⁾	3.1%
2011	\$229,100	\$1,817	\$230,917	\$230,423	(494)	\$12,745 ⁽³⁾	3.9%
2012	\$231,200	\$1,269	\$232,469	\$232,828	\$359	\$13,600	3.9%
2013	\$231,100	\$1,314	\$232,414	\$232,800	\$386	\$12,293	2.8%

⁽¹⁾ Fiscal Years 2009 – 2012: Actuals; Fiscal Year 2013: Estimates.

⁽²⁾ Includes core pension ARC and Preservation of Benefits (POB) Plan ARC. See Note 12 in City’s Fiscal Year 2012 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⁾ Revised as of December 2012.

Source: City of San Diego Comprehensive Annual Financial Report Fiscal Years 2009-2011; Cheiron Actuarial Valuation as of June 30, 2012; Office of the City Comptroller, Department of Financial Management; and Public Utilities Department.

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Pension Reform Ballot Initiative

An initiative entitled “Comprehensive Pension Reform for San Diego” (Proposition B) was approved by voters on June 5, 2012. Generally, the measure amends the City Charter to provide all new City employees hired on or after the effective date of the amendments, except sworn police officers, with a 401(k)-style defined contribution plan instead of a defined benefit plan. The initiative contains other provisions intended to limit the City’s pension costs for existing employees by directing the City Council to seek, through labor negotiations, to limit City employees’ compensation used to calculate pension benefits through Fiscal Year 2019, a term of approximately 6 years. Pensionable pay increases may be authorized with a 2/3 vote of the City Council following preparation of an actuarial report that discloses the impact of any proposed increases in compensation or benefits on the City’s defined benefit plan.

Proposition B is the subject of ongoing litigation before the California Public Employment Relations Board (PERB). On February 11, 2012, a PERB administrative law judge issued a proposed decision finding that the City violated state labor laws by failing to meet and confer with City labor organizations prior to placing Proposition B on the ballot. The City has filed exceptions to the proposed decision, which will be reviewed by the full PERB board. The decision of the PERB board may also be appealed to the Fourth District Court of Appeal. This litigation may delay or preclude the implementation of some or all of the Proposition B amendments to the City Charter.

Notwithstanding the Proposition B litigation, the Fiscal Year 2012 Actuarial Valuation prepared by Cheiron, the SDCERS actuary, assumes the validity of Proposition B. As a result of Proposition B, the City’s annual required contribution (ARC) for Fiscal Year 2014 is approximately \$27 million higher than it would have been had Proposition B not passed.

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Other Postemployment Healthcare Benefits

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 2012; and (ii) the City's OPEB ARC and City's contributions for Fiscal Years 2009 through 2013, with amounts related specifically to the Water System.

In Fiscal Year 2012, the City negotiated certain changes to the retiree healthcare benefits available to its health-eligible employees, generally those hired prior to July 1, 2005. Certain eligible employees, generally, were able to choose between remaining in the defined benefit OPEB plan and opting for a defined contribution plan. Deferred terminated employees (former City employees who qualify for retiree health benefits but are not yet age-eligible) were moved into the defined contribution plan. As a result of those elections, and other factors, the City's unfunded actuarial liability for OPEB was significantly reduced beginning in Fiscal Year 2012 because there is no GASB 45 liability for the defined contribution plan. The City has also made certain modifications to the following tables to reflect City payments related to the various OPEB funding mechanisms. Additionally, the City's negotiated agreements set the City's OPEB contribution at \$57.8 million annually starting in Fiscal Year 2012 through Fiscal Year 2015, with annual increases of up to 2.5% thereafter. The terms discussed above may not be renegotiated until Fiscal Year 2015 at the earliest. The 2009 Retiree Medical Trust shown in the following table ("CITY AND WATER FUND RETIREE HEALTH CONTRIBUTIONS ALL PLANS") is a defined contribution plan available to employees hired on or after July 1, 2009 and contributions to the 2009 Retiree Medical Trust are separate from the \$57.8 million negotiated contributions associated with the City's health-eligible employees hired prior to July 1, 2005. Employees hired after July 1, 2005 and before July 1, 2009 are not eligible for City retiree health benefits.

In addition, refer to Note 13, "Other Postemployment Benefits," in the Fiscal Year 2012 CAFR.

CITY OF SAN DIEGO
SCHEDULE OF FUNDING PROGRESS (OPEB)
Fiscal Years 2008 through 2012
(\$ In Thousands)
(Unaudited)

Fiscal Year Ending June 30	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Liability	Funded Ratio	Covered Payroll ⁽¹⁾	UAAL as % of Covered Payroll
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%

⁽¹⁾ Includes payroll for active employees in the defined benefit options only because other employees are either not entitled to benefits or because the benefits are funded on a pay-go-basis.

Source: The City of San Diego Comprehensive Annual Financial Report for the Fiscal Years ended June 30, 2008 through June 30, 2012.

**CITY AND WATER FUND
RETIREE HEALTH CONTRIBUTIONS
ALL PLANS
Fiscal Years 2009 through 2013
(\$ In Thousands)**

Fiscal Year	DB OPEB ARC	Defined Benefit Plans (DB)		Defined Contribution Plans (DC)		Total City Retiree Health Contribution	Water Fund Retiree Health Contribution	Water Fund Contribution % of O&M
		Citywide CERBT Contribution	City Paygo	2009 Retiree Medical Trust Contribution ⁽¹⁾	DC Plan Contribution			
2009	\$104,475	\$23,911	\$25,587	--	--	\$49,498	\$3,701	1.2%
2010	\$113,426	\$25,000	\$31,689	\$33	--	\$56,722	\$4,227 ⁽²⁾	1.3%
2011	\$120,324	\$25,000	\$33,868	\$30	--	\$58,898	\$4,423 ⁽²⁾	1.4%
2012 ⁽³⁾	\$49,061	\$0	\$23,857	\$52	\$34,424	\$58,333	\$4,609	1.3%
2013 ⁽⁴⁾	\$51,269	--	--	--	--	\$57,833	\$4,090	0.9%

⁽¹⁾ Contributions to the Retiree Medical Trust are the City's employer match of 0.025% of employee salary for certain employees hired after July 1, 2009.

⁽²⁾ Revised as of December 2012.

⁽³⁾ In Fiscal Year 2012, in addition to the City's Paygo funding of \$23.8 million, \$13.8 million was contributed by drawing from the Calpers Employers Retirement Benefits Trust (CERBT) to fund the City's total Paygo cost of \$37.6 million.

⁽⁴⁾ Data for Fiscal Year 2013 is budgeted. All other data is actual. The City's total budgeted payment in FY 2013 is approximately \$57.8 million. This amount will be allocated between City Paygo and the Defined Benefit Plans. Any excess will be contributed to the CERBT.

Source: City of San Diego Comprehensive Annual Financial Report for the Fiscal Years ended June 30, 2008 through June 30, 2012; City of San Diego Office of the City Comptroller, Financial Management Department and the Public Utilities Department.