

**ANNUAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2015 RELATING TO**

**\$105,400,000**

**CITY OF SAN DIEGO**

**TOBACCO SETTLEMENT REVENUE FUNDING CORPORATION**

**Tobacco Settlement Asset-Backed Bonds**

**Series 2006**

**(CUSIP Number 797330)**

This Annual Report is being provided by the City of San Diego (the “City”) on behalf of itself and the San Diego Tobacco Settlement Revenue Funding Corporation (the “Corporation”) for the above stated issuance pursuant to Continuing Disclosure Undertaking requirements between the City and Wells Fargo Bank National Association, as Trustee (the “Trustee”), relating to the Outstanding Tobacco (“Bonds”) (entered into to allow the respective underwriters to comply with Securities and Exchange Commission Rule 15c2-12) for the Fiscal Year ended June 30, 2015.

The City of San Diego’s Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015 (“CAFR”), which includes the City’s Fiscal Year 2015 audited financial statements was filed on the Electronic Municipal Market Access (“EMMA”) System of the Municipal Securities Rulemaking Board (“MSRB”) on February 1, 2016.

This Annual Report, including any amendment or supplement hereto, is electronically transmitted by the City acting as the Dissemination Agent to the EMMA System of the MSRB.

This Annual Report is provided in accordance with the terms of the Continuing Disclosure Undertaking, and does not purport to provide full and complete information on the terms of the Bonds. 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 Bonds or an investor’s decision to buy, sell or hold the Bonds. Certain information and data provided herein was obtained from sources other than the City (the “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 materially differ from the projected results. No statements in this Annual Report should be construed as a prediction or representation about future financial performance of the City, the Corporation or the Outstanding Tobacco Bonds.

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

Any statements regarding the above stated issuance, 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 is not responsible for the accuracy, completeness, or fairness of any statements other than those obtained in the aforementioned locations.

DATED: 3/9, 2016

City of San Diego

By: Mary Lewis

Mary Lewis

Chief Financial Officer

Distribution: Wells Fargo Bank, National Association (Trustee)

**TOBACCO SETTLEMENT REVENUE FUNDING CORPORATION**  
**Tobacco Settlement Asset-Backed Bonds, Series 2006**

**Annual Report for the Fiscal Year Ended June 30, 2015**

As required by the Continuing Disclosure Undertaking for the issuance covered by this Annual Report, below are the updates of the required certain tabular information from the Offering Circular.

**(A) Update of Strategic Contribution Fund and Total Payments Received by Indenture Trustee -Strategic Contribution Fund Payments**

<b>Total Payments</b>			
<b>Fiscal Year</b>	<b>Total Annual Payments to Indenture Trustee</b>	<b>Total Strategic Contribution Fund Payments to Indenture Trustee</b>	<b>Total Payments to Indenture Trustee</b>
2015	\$8,583,115 <sup>(1)</sup>	\$437,713 <sup>(1)</sup>	\$9,020,828 <sup>(1)</sup>

<sup>(1)</sup>Amounts shown are net distributions received by Indenture Trustee under the Master Settlement Agreement and the Memorandum of Understanding between the State of California, the City, and other local agencies.

Source: Wells Fargo Bank, National Association, Indenture Trustee

**(B) Update of Actual Interest, Principal and Debt Service Coverage Ratio**

<b>Fiscal Year</b>	<b>Total Available Funds</b>	<b>Interest</b>	<b>Principal</b>	<b>Total Debt Service</b>	<b>Debt Service Coverage Ratio</b>
2015	\$9,613,453 <sup>(1)</sup>	\$5,533,453	\$4,080,000 <sup>(2)</sup>	\$9,613,453	1.00

<sup>(1)</sup> Available funds include net Tobacco Settlement Revenues received in Fiscal Year 2015 by the Indenture Trustee, investment earnings in various trustee held accounts including earnings on amounts in the Debt Service Reserve Account less Operating Expenses.

<sup>(2)</sup> Reflects Optional Redemptions (Turbo Redemption) of CUSIP 797330AA5 on 12/01/14 (\$245,000) and 06/01/15 (\$3,835,000).

Source: Wells Fargo Bank, National Association, Indenture Trustee