

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

\$156,560,000

**PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO
Lease Revenue Refunding Bonds, Series 2007A
(Ballpark Refunding)
(CUSIP Number [797299](#))**

\$167,635,000

**PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO
Lease Revenue Refunding Bonds, Series 2010A
(Master Refunding Project)
(CUSIP Number [797299](#))**

\$140,440,000

**CONVENTION CENTER EXPANSION FINANCING AUTHORITY
Lease Revenue Refunding Bonds, Series 2012A
(City of San Diego, California as Lessee)
(CUSIP Number [79727L](#))**

\$72,000,000

**PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO
Lease Revenue Bonds, Series 2012A
(Capital Improvement Projects)
(CUSIP Number [797299](#))**

\$18,745,000

**PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO
Lease Revenue Refunding Bonds, Series 2012B
(Fire and Life Safety Facilities Refunding)
(CUSIP Number [797299](#))**

\$43,245,000

**PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO
Lease Revenue Refunding Bonds, Series 2013A
(Capital Improvement Projects and Old Town Light Rail Extension Refunding)
(CUSIP NUMBER [797299](#))**

\$6,285,000

**PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO
Lease Revenue Refunding Bonds, Series 2013B
(Balboa Park/Mission Bay Park Refunding)
(CUSIP Number [797299](#))**

Introduction

This Annual Report 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 “PFFA”), and the Convention Center Expansion Financing Authority (“the Convention Center Authority”) for the above stated issuances pursuant to Continuing Disclosure Certificates (entered into to allow the respective underwriters to comply with Securities and Exchange Commission Rule 15c2-12) for the Fiscal Year ended June 30, 2013.

This Annual Report, including any amendment or supplement hereto, will be electronically transmitted by the Dissemination Agent to the Electronic Municipal Market Access (“EMMA”) System of the Municipal Securities Rulemaking Board (“MSRB”).

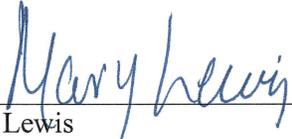
This Annual Report is provided in accordance with the terms of the Continuing Disclosure Certificates, and does not purport to provide full and complete information on the terms of the above stated issuances. The filing of this Annual Report does not constitute or imply any representation that no changes, 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 materially differ from the projected results. No statement in this Annual Report should be construed as a prediction or representation about future financial performance of the City, the PFFA, or the Convention Center Authority.

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

DATED: 3/14, 2014

CITY OF SAN DIEGO

By: 
Mary Lewis
Chief Financial Officer

Distribution: Wells Fargo Bank, National Association
BNY Mellon Trust Company
Ambac Assurance Corporation

Ballpark Refunding Lease Revenue Refunding Bonds, Series 2007A
Master Refunding Bonds, Series 2010A
Convention Center Lease Revenue Refunding Bonds, Series 2012A
Capital Improvement Projects Lease Revenue Bonds, Series 2012A
Fire and Life Safety Facilities Project Lease Revenue Refunding Bonds, Series 2012B
Capital Improvement Projects and Old Town Light Rail Extension Refunding Bonds, Series 2013A
Balboa Park/Mission Bay Park Refunding Bonds, Series 2013B

Annual Report for the Fiscal Year Ended June 30, 2013

As required by the Continuing Disclosure Certificates for the issuances covered by this Annual Report, below are updates of the required certain tabular information from the Official Statements and updates of information under the captions “Labor Relations,” “Pension Plan,” “Public Liability Insurance,” and “Investment of Funds.”

The City of San Diego’s Comprehensive Annual Financial Report for the 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.

1. Transient Occupancy Tax

CITY OF SAN DIEGO
TRANSIENT OCCUPANCY TAX ⁽¹⁾⁽²⁾
Fiscal Years Ended June 30, 2009 through 2013
(in thousands)

<u>Fiscal Year</u>	<u>Amount</u>
2009	\$140,657
2010	123,879
2011	139,545
2012	148,795
2013	159,494

(1) Modified accrual basis of accounting.

(2) Includes both the General Fund portion of TOT (5.5¢ of 10.5¢) and the balance (5¢ of 10.5¢) allocated to Special Promotional Programs. Special Promotional Programs are intended to: advance the City’s economy by promoting the City as a visitor destination; develop, maintain, and enhance visitor-related facilities; and support the City’s cultural amenities and natural attractions.

Source: Fiscal Year 2013 Comprehensive Annual Financial Report, Comptroller’s Office, City of San Diego.

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2. Operating Budget Summary

**CITY OF SAN DIEGO
OPERATING BUDGET SUMMARY
Fiscal Years 2013-2014
(in thousands)**

	<u>Fiscal Year 2013</u>	<u>Fiscal Year 2014</u>
	<u>Actuals on a Budgetary Basis⁽¹⁾</u>	<u>Adopted Budget</u>
REVENUE SOURCES:		
Property Tax	\$412,204	\$408,003
Sales Tax	232,939	248,139
Property Transfer Tax	6,968	7,027
Transient Occupancy Tax ⁽²⁾	83,904	87,858
Licenses and Permits	32,772	31,827
Fines, Forfeitures, and Penalties	29,656	29,350
Interest Earnings	4,379	859
Franchises	67,723	68,431
Other Rents and Concessions	49,036	44,079
Revenue from Other Agencies	8,670	4,234
Charges for Current Services	155,102	177,117
Transfers from Other Funds	91,739	87,150
Other Revenue	8,946	8,976
Total General Fund Revenues and Transfers⁽³⁾	<u>\$1,184,038</u>	<u>\$1,203,048</u>
EXPENDITURES:		
Public Safety	\$596,847	\$632,888
Parks, Recreation, Culture and Leisure	122,008	131,180
Sanitation and Health	63,553	72,795
Transportation	59,371	66,637
Neighborhood Services	22,992	24,512
General Government and Support	215,601	233,025
Capital Projects	1,183	2,883
Debt Service	7,632	19,118
Transfers to Other Funds ⁽⁴⁾	91,276	42,454
Total General Fund Expenditures and Transfers⁽³⁾	<u>\$1,180,463</u>	<u>\$1,225,491</u>

(1) Actuals on a budgetary basis are prepared using the modified accrual basis of accounting except that (1) encumbrances outstanding at year-end are considered expenditures, (2) the increase/decrease in reserve for advances and deposits are considered as additions/deductions of expenditures, and (3) unrealized gains/losses resulting from the change in fair value of investments, proceeds from capital leases, and net income from joint ventures are excluded.

(2) Consists of the General Fund portion of Transient Occupancy Tax (5.5% of the 10.5% levy) only. For Fiscal Year 2014, the remaining 5%, or \$79.9 million, is budgeted in the Transient Occupancy Tax Fund, of which \$34.4 million is budgeted as a transfer to the General Fund in the "Transfers from Other Funds" category.

(3) The Fiscal Year 2014 Adopted General Fund expenditures budget does not match the General Fund revenue budget primarily due to the use of a portion of the General Fund balance which resulted from Fiscal Year 2013 savings and the use of fund balance for non-pensionable compensation increases.

(4) The variance in Transfers to other Funds in Fiscal Year 2014 is due to a difference in classification within the Adopted Budget in comparison with actual expenditures. Examples of actual expenditures that are captured under Transfers to Other Funds in Fiscal Years 2013, but not reflected in the Transfers to Other Funds in the Adopted Budget for Fiscal Year 2014, include annual debt service payments that are classified under the Debt Service expenditure category, interdepartmental support payments that are spread among departments, and other citywide expenditure items of similar nature.

Source: Table: Fiscal Year 2013: Comprehensive Annual Financial Report, Comptroller's Office, City of San Diego; Fiscal Year 2014: Financial Management, City of San Diego.

Footnotes: Comptroller's Office, City of San Diego; and Financial Management, City of San Diego.

3. Assessed Valuation

CITY OF SAN DIEGO
ASSESSED VALUATION ⁽¹⁾⁽²⁾⁽³⁾
Fiscal Years Ended June 30, 2005 through 2014
(in thousands except for percentages)
(unaudited)

Fiscal Year	Secured Property	Unsecured Property	Gross Total	Less Exemptions⁽⁴⁾	Net Assessed Valuation⁽⁵⁾	Annual Assessed Valuation % Change
2005	115,305,637	6,724,787	122,030,424	4,872,423	117,158,002	8.76
2006	128,935,155	7,067,580	136,002,735	5,684,279	130,318,456	11.23
2007	142,036,802	7,629,006	149,665,808	5,867,546	143,798,261	10.34
2008	154,653,913	7,410,589	162,064,502	6,329,714	155,734,787	8.30
2009	162,580,727	7,880,341	170,461,068	6,795,274	163,665,794	5.09
2010	161,637,831	8,164,394	169,802,225	7,157,357	162,644,869	-0.62
2011	158,803,280	7,873,095	166,676,375	7,411,231	159,265,145	-2.08
2012	160,568,112	7,614,792	168,182,903	7,713,035	160,469,868	0.76
2013	159,731,138	7,784,851	167,515,989	7,883,818	159,632,171	-0.52
2014	166,492,182	8,229,813	174,721,995	8,321,763	166,440,232	4.24

⁽¹⁾ The official date of assessment is the first day of January preceding the Fiscal Year during which taxes are levied. For example, January 1, 2013 is the official assessment date for property taxes due during Fiscal Year 2014.

⁽²⁾ Does not include state assessed utility property.

⁽³⁾ Does not reflect incremental value allocated to former redevelopment project areas (\$17.5 billion for Fiscal Year 2014).

⁽⁴⁾ Reflects homeowners' exemptions, which provide for a reduction of \$7,000 off the assessed value of a qualifying residence. The result is an annual property tax reduction of approximately \$70 for a qualifying homeowner.

⁽⁵⁾ Net assessed valuation for tax purposes. Net assessed valuation reflects a reduction for homeowners' exemptions (see footnote 4 above).

Source: Fiscal Years 2005 – 2013: Comprehensive Annual Financial Report, Comptroller's Office, City of San Diego
 Fiscal Year 2014: MuniServices, LLC.

4. Secured Tax Levies and Collections

Refer to the Unaudited Statistical Section, Table 8 (page 289) "Property Tax Levies and Collections," to the Fiscal Year 2013 CAFR.

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5. Principal Property Taxpayers in City of San Diego

For the Fiscal Year 2013 Tax Roll, refer to the Unaudited Statistical Section, Table 7 (page 287) "Principal Property Tax Payers," to the Fiscal Year 2013 CAFR.

The Table below indicates the ten largest secured and unsecured property taxpayers in the City for the Tax Roll of Fiscal Year 2014.

PRINCIPAL PROPERTY TAXPAYERS IN CITY OF SAN DIEGO ⁽¹⁾⁽²⁾⁽³⁾
Tax Roll of Fiscal Year 2014
(in thousands except for percentages)
 (unaudited)

Taxpayers	Type of Business	Assessed Valuation⁽³⁾	Percentage of Net Assessed Valuation⁽⁴⁾	Amount of Tax⁽⁵⁾
Irvine Co	Real Estate	\$ 1,618,629	0.88%	\$ 19,145
Qualcomm Inc	Electronics	1,434,626	0.78	16,968
Kilroy Realty LP	Real Estate	1,428,488	0.78	16,896
Are SD Region Exchange LLC	Real Estate	853,654	0.46	10,097
Host Hotels Resorts LP	Hotel Management	781,415	0.42	9,242
One Park Boulevard LLC	Hotel Management	612,551	0.33	7,245
OCSD Holdings	Real Estate	488,798	0.27	5,781
Fashion Valley Mall LLC	Developer	476,580	0.26	5,637
Arden Realty LTD. Partnership	Real Estate	455,245	0.25	5,385
SeaWorld Parks	Entertainment	436,958	0.24	5,168
TOTAL		\$ 8,586,944	4.67%	\$101,564

⁽¹⁾ The official date of assessment is the first day of January preceding the Fiscal Year during which taxes are levied. For example, January 1, 2013 is the official assessment date for property taxes due during Fiscal Year 2014.

⁽²⁾ Utility Companies excluded.

⁽³⁾ Total assessed valuation includes both secured and unsecured property; does not include supplemental assessments.

⁽⁴⁾ Using total Net Assessed Valuation of \$184 billion (includes incremental value for redevelopment project areas) for Fiscal Year 2014.

⁽⁵⁾ A number of the top 10 property taxpayers have filed various assessment appeals that could result in refunds of prior year taxes paid. The amount of any such refunds is unknown.

Source: MuniServices, LLC

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6. 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 December 31, 2013, the City has approximately 4,812 MEA-represented employees; 1,727 AFSCME Local 127-represented employees; 1,858 POA-represented employees; 828 IAFF Local 145-represented employees; 297 Teamsters Local 911-represented employees; 135 DCAA-represented employees; and 758 unrepresented 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.

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7. Pension Plan

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	5,963,550	78.2	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	2,106,407	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	4,848,059	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
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 Valuation Valuations; Comptroller's Office, City of San Diego

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Pension Contributions

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 General Fund. In addition, refer to Note 12, "Pension Plans," to the Fiscal Year 2013 CAFR.

**CITY OF SAN DIEGO
PENSION CONTRIBUTION
Fiscal Years 2010 through 2014
(\$ In Thousands)**

<i>Fiscal Year ended (June 30)</i>	<i>Pension Plan ARC</i>	<i>Preservation of Benefits Plan ARC</i>	<i>Total Plan ARC</i>	<i>Pension Plan Contribution</i>	<i>Preservation of Benefits Plan Contribution</i>	<i>Total Pension Contribution⁽¹⁾</i>	<i>General Fund Pension Contribution</i>
2010	\$154,200	\$1,000	\$155,200	\$192,533	\$1,370	\$193,880	\$152,785
2011	229,100	1,817	230,917	229,100	1,323	230,423	182,913
2012	231,200	1,269	232,469	231,200	1,687	232,828	181,363
2013	231,100	1,314	232,414	231,100	1,572	232,672	181,883
2014 ⁽²⁾	275,400	708	276,108	275,401	1,700	277,101	214,401

⁽¹⁾ Comprised of the pension plan contribution and the Preservation of Benefits Plan ("POB") Plan contribution; may not sum due to rounding.

⁽²⁾ Fiscal Year 2014 figures are budgeted amounts. All other data are actuals.

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

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8. Postemployment Healthcare Benefits (OPEB)

Funding Status

The following table shows the City's defined benefit OPEB Plan funding progress for Fiscal Years 2008 through 2013. 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)

<i>Fiscal Year ending June 30</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability</i>	<i>Unfunded Actuarial Liability</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>UAAL as % of Covered Payroll⁽²⁾</i>
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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9. Public Liability Insurance

The City is self-insured for workers' compensation, long-term disability ("LTD") and public liability claims. Public liability, workers' compensation, and LTD estimated liabilities as of June 30, 2013 are determined based on results of independent actuarial evaluations and include amounts for claims incurred but not reported and the loss adjustment expenses. Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. Estimated liabilities for public liability claims have been recorded in the Self Insurance Fund, Sewer Utility Fund, and Water Utility Fund. The table below presents both the liability expense and the liability premium payments of the City for all three funds for the years presented. Amounts charged to the General Fund for claims and premiums vary from year to year based on a variety of factors, including distribution of claims among responsible funds. In addition, refer to the Letter of Transmittal and Note 15, "Risk Management," to the Fiscal Year 2013 CAFR.

**CITY OF SAN DIEGO
LIABILITY CLAIMS AND PREMIUMS
Fiscal Years ended June 30, 2009 through 2013**

Fiscal Year	Liability Claims Payments and Settlement Costs ⁽¹⁾	Liability Premium Payments
2009	\$ 25,588,000	\$ 5,491,130
2010	20,498,000	5,826,611
2011	26,797,000	4,938,794
2012	18,495,000	3,850,819
2013	24,186,000	5,589,849

⁽¹⁾ The City's portion of settlement and investigation expenses for third party public liability claims, and other litigation expenses.

Source: Information under tabular heading "Liability Claims Payments and Settlement costs", Fiscal Years 2009 – 2013 Comprehensive Annual Financial Reports, Comptroller's Office, City of San Diego
Information under tabular heading "Liability Premium Payments", Risk Management Department, City of San Diego

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10. 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.

11. General Fund Lease Obligations

Long-Term Obligations

As of June 30, 2013, the City had \$533,235,000 aggregate principal amount of long-term General Fund lease obligations outstanding, and \$28,638,000 of other obligations outstanding.

The table below provides a schedule, by years, of principal and interest payments required to be made by the City or its related entities with respect to future obligations, as of June 30, 2013.

CITY OF SAN DIEGO
GENERAL FUND LEASE OBLIGATIONS AND OTHER GENERAL FUND OBLIGATIONS⁽¹⁾
As of June 30, 2013
(in thousands)

Fiscal Year <u>Ending June 30</u>	General Fund Lease <u>Obligations</u>	<u>Other</u>⁽²⁾⁽³⁾	Total Principal and <u>Interest Payable</u>
2014	\$ 44,745	\$ 10,484	\$ 55,229
2015	44,748	10,455	55,203
2016	44,754	1,431	46,185
2017	44,760	1,400	46,160
2018	<u>44,746</u>	<u>1,369</u>	<u>46,115</u>
Thereafter	<u>631,535</u>	<u>9,740</u>	<u>641,275</u>
Subtotal	\$ 855,288	\$ 34,879	\$ 890,167
Less Interest Portion	<u>(322,053)</u>	<u>(6,241)</u>	<u>(328,294)</u>
Total Principal Portion	<u>\$ 533,235</u>	<u>\$ 28,638</u>	<u>\$ 561,873</u>

⁽¹⁾ Unaudited

⁽²⁾ Includes lease payments related to Qualified Energy Conservation Bonds ("QECCBs"), which are partially offset by direct cash subsidy payments from the federal government annually over the life of the bonds. For example, the Fiscal Year 2014 subsidy is \$405,911, resulting in a net lease payment of \$1,084,149 after accounting for the subsidy. The amounts above reflect total lease payments.

⁽³⁾ Includes the payment on the Sale of McGuigan Judgment concerning the court-approved class action settlement in the case of William J. McGuigan v. City of San Diego, et. al.

Source: Debt Management Department, City of San Diego.

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The following table provides a summary list of long-term General Fund supported obligations outstanding as of June 30, 2013 and December 31, 2013.

**CITY OF SAN DIEGO
GENERAL FUND SUPPORTED OBLIGATIONS⁽¹⁾
(in thousands)**

	<i>Principal Outstanding as of June 30, 2013</i>	<i>Principal Outstanding as of December 31, 2013</i>
General Fund Lease Commitments		
<i>Certificates of Participation</i>		
2003 – Balboa Park/Mission Bay Park Refunding ⁽²⁾	\$ 6,745	---
<i>Lease Revenue Bonds</i>		
2003 – City/MTDB Authority Old Town Light Rail Refunding ⁽³⁾	9,280	---
2007 – Ballpark Project	\$ 134,090	\$ 134,090
2010A – Master Refunding Bonds	160,275	157,730
2012A – Convention Center Expansion Financing Authority Refunding Bonds	133,030	133,030
2012A – Deferred Capital Improvement Project Bonds	71,410	70,815
2012B – Fire and Life Safety Refunding Bonds	18,405	18,060
2013A – Capital Improvement Projects and Old Town Light Rail Refunding ⁽⁴⁾	---	41,590
2013B – Balboa Park/Mission Bay Park Refunding ⁽⁵⁾	---	5,845
Total Principal of General Fund Lease Commitments	<u>\$ 533,235</u>	<u>\$ 561,160</u>
Other		
2011 – Qualified Energy Conservation Bonds (Broad Spectrum Street Lighting)	\$ 11,637	\$ 11,637
2006 McGuigan Settlement Modification	<u>17,001</u>	<u>8,661</u>
Total Other	<u>\$ 28,638</u>	<u>\$ 20,298</u>
Total Principal Outstanding	<u>\$ 561,873</u>	<u>\$ 581,458</u>

⁽¹⁾ Unaudited

⁽²⁾ A portion of the proceeds of the Series 2013B Bonds was used to redeem all 2003 Certificates of Participation Balboa Park/Mission Bay Park Refunding Bonds.

⁽³⁾ A portion of the proceeds of the Series 2013A Bonds was used to redeem all 2003 City/MTDB Authority Old Town Light Rail Refunding Bonds.

⁽⁴⁾ In July, 2013, the Public Facilities Financing Authority issued \$43,245,000 Lease Revenue Bonds and Lease Revenue Refunding Bonds, Series 2013A to finance Capital Improvement Projects and to refund Lease Revenue Bonds, Series 2003 City/MTDB Authority Old Town Light Rail Refunding Bonds.

⁽⁵⁾ In August, 2013, the Public Facilities Financing Authority issued \$6,285,000 Lease Revenue Refunding Bonds to refund Certificates of Participation, Series 2003.

Source: Debt Management Department, City of San Diego.

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12. Short-Term Borrowings

The City issued annual tax and revenue anticipation notes in anticipation of the receipt of taxes and other General Fund revenues. The following Table presents a 10-year history of the City's tax and revenue anticipation notes (TRANs):

**CITY OF SAN DIEGO
GENERAL FUND TAX AND REVENUE ANTICIPATION NOTES
For Fiscal Years Ended June 30, 2005 through 2014
(in thousands)**

Fiscal Year Ended June 30	Notes Amount
2005	\$ 114,000
2006	145,000
2007	142,000
2008	116,000
2009	135,000
2010	124,070
2011	163,165
2012	161,000
2013	100,685
2014	-- ⁽¹⁾

⁽¹⁾ City did not issue TRANs.

Source: Debt Management Department, City of San Diego

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13. Future Rental Payments

The City has various General Fund lease arrangements under which the City must make annual payments to occupy facilities necessary for City operations. The table below is a schedule by years of future rental payments required under such leases entered into by the City that have initial or remaining lease terms in excess of one year, as of June 30, 2013.

**CITY OF SAN DIEGO
FUTURE RENTAL PAYMENTS
GENERAL FUND OPERATING LEASE COMMITMENTS⁽¹⁾
As of June 30, 2013 (in thousands)**

<u>Fiscal Year Ending June 30</u>	<u>Rent Payable</u>
2014	8,171 ⁽²⁾
2015	1,544
2016	1,347
2017	1,387
2018	1,428
2019	1,485
2020	583
2021	154
2022	-- ⁽³⁾
Total	<u>\$16,099</u>

⁽¹⁾ Commercial rent payable by the City of San Diego.

⁽²⁾ Four existing leases will expire by the end of Fiscal Year 2014. Terms from an amendment, extension, or new leases will affect future rental payments.

⁽³⁾ Lease commitment projections are not available for Fiscal Year 2022 and beyond.

Source: Real Estate Assets Department, City of San Diego

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14. Statement of Direct and Overlapping Bonded Debt

Refer to the Unaudited Statistical Section, Table 11 (pages 294-295) “Direct and Overlapping Debt,” to the Fiscal Year 2013 CAFR.

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