

# Municipal Secondary Market Disclosure Information Cover Sheet

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, Nationally Recognized Municipal Securities Information Repositories, and any applicable State Information Depository, whether the filing is voluntary or made pursuant to Securities and Exchange Commission rule 15c2-12 or any analogous state statute.

See [www.sec.gov/info/municipal/nrmsir.htm](http://www.sec.gov/info/municipal/nrmsir.htm) for list of current NRMSIRs and SIDs

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IF THIS FILING RELATES TO ALL SECURITIES ISSUED BY THE ISSUER OR ALL SECURITIES OF A SPECIFIC CREDIT OR ISSUED UNDER A SINGLE INDENTURE:

Issuer's Name (please include name of state where Issuer is located):

**CITY OF SAN DIEGO (STATE: CALIFORNIA)**

**CITY OF SAN DIEGO REASSESSMENT DISTRICT NO. 2003-1 LIMITED OBLIGATION  
REFUNDING BONDS**

Other Obligated Person's Name (if any): \_\_\_\_\_  
(Exactly as it appears on the Official Statement Cover)

Provide six-digit CUSIP\* number(s), if available, of Issuer: **797283**

\*(Contact CUSIP's Municipal Disclosure Assistance Line at 212.438.6518 for assistance with obtaining the proper CUSIP numbers.)

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TYPE OF FILING:

Electronic

Paper (no. of pages attached)

If information is also available on the Internet, give URL: NOT AVAILABLE

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WHAT TYPE OF INFORMATION ARE YOU PROVIDING? (Check all that apply)

**A. Annual Report for the Fiscal Year Ended June 30, 2007**  
(Financial information and operating data should not be filed with the MSRB.)

**B. Financial Statements or CAFR pursuant to Rule 15c2-12**

**C. Notice of a Material Event pursuant to Rule 15c2-12** (Check as appropriate)

- |   |   |
|---|---|
| 1. Principal and interest payment delinquencies                                 | 6. Adverse tax opinions or events affecting the tax-exempt status of the security   |
| 2. Non-payment related defaults   | 7. Modifications to the rights of security holders                                  |
| 3. Unscheduled draws on debt service reserves reflecting financial difficulties | 8. Bond calls   |
| 4. Unscheduled draws on credit enhancements reflecting financial difficulties   | 9. Defeasances  |
| 5. Substitution of credit or liquidity providers, or their failure to perform   | 10. Release, substitution, or sale of property securing repayment of the securities |
|   | 11. Rating changes  |

**D. Notice of Failure to Provide Annual Financial Information as Required**

See the Annual Report, Section 1.

**E. Other Secondary Market Information** (Specify): \_\_\_\_\_

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I hereby represent that I am authorized by the issuer or obligor or its agent to distribute this information publicly:

**Issuer Contact:**

Name: **MARY LEWIS**

Title: **CHIEF FINANCIAL OFFICER**

Employer: **CITY OF SAN DIEGO**

Address: **202 C STREET, MAIL STATION 9A**

City: **SAN DIEGO** State: **CA** Zip Code: **92101**

**Dissemination Agent Contact, if any:**

Name: **MARY LEWIS**

Title: **CHIEF FINANCIAL OFFICER**

Employer: **CITY OF SAN DIEGO**

Address: **202 C STREET, MAIL STATION 9A**

City: **SAN DIEGO** State: **CA** Zip Code: **92101**

Relationship to Issuer: **DISSEMINATION AGENT**

**Investor Relations Contact, if any:**

Name:

Title:

Telephone:

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**ANNUAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**RELATING TO  
\$8,850,000  
CITY OF SAN DIEGO  
Reassessment District No. 2003-1  
Limited Obligation Refunding Bonds**

**(CUSIP Number 797283)**

The following Annual Report is being provided by the City of San Diego (the "City") for the above stated issue (the "Bonds"), pursuant to the Continuing Disclosure Certificate requirements and in compliance with Securities and Exchange Commission Rule 15c2-12 for the fiscal year ending June 30, 2007 (the "Annual Report").

The Annual Report, including any amendment or supplement hereto, will be electronically transmitted to the CENTRAL POST OFFICE by the Dissemination Agent for retransmission by the CENTRAL POST OFFICE to each of the Nationally Recognized Municipal Securities Information Repositories (the "NRMSIRs"), approved by the Securities and Exchange Commission, set forth in Exhibit A.

The Annual Report is provided in accordance with the terms of the Continuing Disclosure Certificate, and does not purport to provide full and complete information on the terms of the Bonds. The filing of the 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 the Annual Report relates (other than as contained in the 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 the Annual Report has been obtained from sources which are believed to be reliable, the City has not independently verified such Outside Information, and the City cannot guarantee its completeness or accuracy. No statements in this annual report should be construed as a prediction or representation about future financial performance of the City or Reassessment District 2003-1.

The Community Facilities District and Assessment District Funds are considered part of the City's reporting entity and can be found in the supplementary information section, under the headings Nonmajor Governmental Funds - Debt Service (Other Special Assessments), and Nonmajor Governmental Funds - Capital Projects (Other Construction), of the City of San Diego's Comprehensive Annual Financial Report ("CAFR").

On March 12, 2007, the City received an unqualified opinion from KPMG, the City's outside auditors, on its fiscal year 2003 financial statements. On May 11, 2007, the City received an unqualified opinion from Macias, Gini and O'Connell ("Macias"), the City's new outside auditors, on the City's financial statements for fiscal year 2004. Those audited financial statements were recently filed with the Central Post Office for transmission to the NRMSIRs.

On October 26, 2007, Macias released an unqualified opinion on the City's financial statements for fiscal year 2005. Subsequently, on December 13, 2007, the City's Chief Operating Officer announced that the City was reopening the 2005 financial statements for the limited purpose of revising Note 18 of such financial statements with respect to issues related to the City's pension system. On February 8, 2008, Macias issued an unqualified audit opinion on the City's 2005 financial statements incorporating the opinion of October 26 and covering the subsequent revisions to the 2005 financial statements. The 2005 financial statements were reviewed by the City's Audit Committee and were received and filed by the City Council on March 26, 2008. The 2005 financial statements will be filed with the Central Post Office for transmission to the NRMSIRs when published for release. On March 21, 2008, Macias issued an unqualified opinion on the City's 2006 financial statements. The 2006 financial statements are awaiting review by the Audit Committee and the City Council. It is unknown at this time when the City's financial statements for fiscal year 2007 will be completed.

This Annual Report does not include the audited financial statements of the City for the fiscal years ended June 30, 2006 and June 30, 2007, because they have either not been completed or have not been received and filed by the City Council. Once the audited financial statements for fiscal years 2006 and 2007 are reviewed and filed by the City Council, they will be filed with the Central Post Office for transmission to the NRMSIRs.

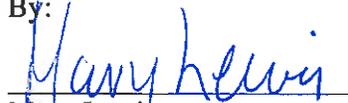
The City is acting as the Dissemination Agent for the above stated issue. The City does not have any obligation to update these reports other than as expressly provided in the Continuing Disclosure Certificate.

Any statements regarding the above stated issue, other than a statement made by the City in an official release or subsequent notice or annual report, published in a financial newspaper of general circulation and/or filed with the Municipal Securities Rulemaking Board or the NRMSIRs, are not authorized by the City. The City shall not be responsible for the accuracy, completeness or fairness of any such unauthorized statement.

DATED: April 1, 2008

CITY OF SAN DIEGO

By:



Mary Lewis  
Chief Financial Officer

## **EXHIBIT A**

Nationally Recognized Municipal Securities Information Repositories approved by the Securities and Exchange Commission:

### **Bloomberg Municipal Repository**

100 Business Park Drive  
Skillman, NJ 08558  
Phone: (609) 279-3225  
Fax: (609) 279-5962  
<http://www.bloomberg.com/markets/rates/municontacts.html>  
Email: [Munis@Bloomberg.com](mailto:Munis@Bloomberg.com)

### **DPC Data Inc.**

One Executive Drive  
Fort Lee, NJ 07024  
Phone: (201) 346-0701  
Fax: (201) 947-0107  
<http://www.dpcdata.com>  
Email: [nrmsir@dpcdata.com](mailto:nrmsir@dpcdata.com)

### **FT Interactive Data**

Attn: NRMSIR  
100 William Street, 15th Floor  
New York, NY 10038  
Phone: 212-771-6999; 800-689-8466  
Fax: 212-771-7390  
<http://www.ftid.com>  
Email: [NRMSIR@interactivedata.com](mailto:NRMSIR@interactivedata.com)

### **Standard & Poor's Securities Evaluations, Inc.**

55 Water Street  
45th Floor  
New York, NY 10041  
Phone: (212) 438-4595  
Fax: (212) 438-3975  
<http://www.disclosuredirectory.standardandpoors.com/>  
Email: [nrmsir\\_repository@sandp.com](mailto:nrmsir_repository@sandp.com)

**CITY OF SAN DIEGO  
REASSESSMENT DISTRICT NO. 2003-1  
LIMITED OBLIGATION REFUNDING BONDS**

**Annual Report Under the Continuing Disclosure Certificate  
Fiscal Year Ending June 30, 2007**

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1. This Annual Report includes information required by the Continuing Disclosure Certificate for City of San Diego Reassessment District No. 2003-1 Limited Obligation Refunding Bonds, except for the Comprehensive Annual Financial Report of the City of San Diego (the "CAFR") for the Fiscal Year ended June 30, 2007 (see item (a) below):
  - (a) The Community Facilities District and Assessment District Funds are considered part of the City's reporting entity and can be found in the supplementary information section, under the headings Nonmajor Governmental Funds - Debt Service (Other Special Assessments), and Nonmajor Governmental Funds - Capital Projects (Other Construction), of the City of San Diego's Comprehensive Annual Financial Report ("CAFR").

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Source: City of San Diego, Debt Management; City of San Diego, Auditor and Comptroller's Office

2. Other financial information and operating data relating to the District contained in the Official Statement for the Bonds (all data as of December 31, 2007):

2.1 Principal amount of bonds outstanding: \$6,825,000

Source: City of San Diego, Debt Management

2.2 Balance in the Redemption Fund: \$285,852

Source: US Bank Fiscal Agent Statements; City of San Diego, Debt Management

2.3 Balance in the Reserve Fund: \$893,490

Source: US Bank Fiscal Agent Statements; City of San Diego, Debt Management

Reserve Requirement: \$885,191.76

Equal to the least of:

- (i) Maximum Annual Debt Service for the Bonds,
- (ii) One hundred twenty-five percent (125%) of Average Annual Debt Service for the Bonds, or
- (iii) Ten percent (10%) of the original principal amount of the Bonds less original issue discount, if any, plus original issue premium, if any, applicable to the Bonds.

Source: City of San Diego, Debt Management

2.4 Updates of the following tables in the Official Statement are attached:

Table 2 - Development Status and Land Use Summary

Table 4 - Assessed Value-To-Lien Ratio Ranges

Table 6 - Appraised Value-To-Lien Ratios by Property Owner (excluding the columns headed "Appraised Value" and "Appraised Value-To-Lien Ratio")

Table 11 - Delinquency History

**3. The following is an update of certain information originally presented in the Official Statement for the Bonds regarding litigation:**

***Border Business Park, Inc. (aka De La Fuente Business Park, Inc.) v. City of San Diego***

This lawsuit, Border, filed in 1995, involves allegations of breach of contract and inverse condemnation brought by an Otay Mesa developer. In the first proceeding, the jury returned a verdict of \$94,500,000 in favor of the plaintiff. Following appeal of the verdict, the Court of Appeal ruled for the City on all issues and remanded the case for a new trial on the breach of contract claim and whether the inverse claims are invalid. The parties are currently litigating these claims. Two other related cases, National and Otay were dismissed based on the Court of Appeal decision in Border. The dismissal of National and Otay have been appealed. These cases are on hold pending the outcome of the Border case. According to the City Attorney, the possible exposure of these cases ranges between \$0 and \$117,000,000.

Source: City Attorney

**Table 2**  
**City of San Diego Reassessment District No. 2003-1**  
**Development Status and Land Use Summary**

Land Uses	Number of Parcels	2007/08 Assessed Value	Remaining Lien	Percentages		Assessed Value-to- Lien
				Parcels	Liens	
Developed	85	\$122,602,202.00	\$4,334,245.78	62.04%	63.49%	28.29
Federal <sup>(1)</sup>	2	0.00	40,241.56	1.46%	0.59%	N/A
Under Construction	4	2,433,494.00	190,433.33	2.92%	2.79%	12.78
Undeveloped	46	16,261,630.00	2,261,743.66	33.58%	33.13%	7.19
<b>Grand Total</b>	<b>137</b>	<b>\$141,297,326.00</b>	<b>\$6,826,664.33</b>	<b>100.00%</b>	<b>100.00%</b>	<b>20.70</b>

<sup>(1)</sup> Two properties owned by the United States of America with a zero assessed value.

Source: Assessed Values - 2007/08 San Diego County Secured Property Tax Roll.

MuniFinancial, Assessment Engineer

**Table 4**  
**City of San Diego Reassessment District No. 2003-1**  
**Assessed Value-to-Lien Ratio Ranges**

**2007/08 Assessed Values**

<b>Assessed Value-to-Lien Range</b>	<b>Number of Parcels</b>	<b>Land</b>	<b>Improvement</b>	<b>Total</b>	<b>Aggregate Remaining Lien</b>	<b>Assessed Value-to-Lien Ratio</b>	<b>% of Lien</b>
20:1 and over	65	\$33,572,779.00	\$65,175,443.00	\$98,748,222.00	\$2,433,702.63	40.58	35.65%
10:1 to 19.99:1	31	21,000,700.00	10,088,257.00	31,088,957.00	2,122,256.43	14.65	31.09%
5:1 to 9.99:1	20	7,022,400.00	331,114.00	7,353,514.00	1,011,594.02	7.27	14.82%
3:1 to 4.99:1	16	2,800,051.00	0.00	2,800,051.00	632,989.74	4.42	9.27%
2:1 to 2.99:1	3	1,306,582.00	0.00	1,306,582.00	585,879.95	2.23	8.58%
1:1 to 1.99:1	0	0.00	0.00	0.00	0.00	N/A	0.00%
Less Than 1:1 <sup>(1)</sup>	2	0.00	0.00	0.00	40,241.56	N/A	0.59%
<b>Grand Total</b>	<b>137</b>	<b>\$65,702,512.00</b>	<b>\$75,594,814.00</b>	<b>\$141,297,326.00</b>	<b>\$6,826,664.33</b>	<b>20.70</b>	<b>100.00%</b>

<sup>(1)</sup> Includes two parcels owned by the United States of America with a zero assessed value.

MuniFinancial, Assessment Engineer

**Table 6**  
**City of San Diego Reassessment District No. 2003-1**  
**Assessed Value to Lien Ratios by Owner**

Owner	No. of Parcels	Remaining Lien	% of Total Lien <sup>(1)</sup>	2007/08 Assessed Value	Assessed Value-to- Lien
GARCIA PRODUCE L L C	1	\$45,926.56	0.67%	\$192,191.00	4.18
LOPEZ ALEX & ROSE	1	24,341.08	0.36%	275,914.00	11.34
O M C PROPERTIES L L C	1	203,882.86	2.99%	523,943.00	2.57
OTAY MESA PROPERTY L P	5	477,108.33	6.99%	1,164,429.00	2.44
OTAY TRUCK PARKING L P	2	40,556.70	0.59%	158,710.00	3.91
UNITED STATES OF AMERICA	2	40,241.56	0.59%	0.00	N/A
OTAY ACQUISITIONS L P	2	74,471.70	1.09%	310,909.00	4.17
<b>Grand Total</b>	<b>14</b>	<b>\$906,528.79</b>	<b>13.28%</b>	<b>\$2,626,096.00</b>	<b>2.90</b>

<sup>(1)</sup> Total Remaining Lien is \$6,826,664.33

Source: Owner and Assessed Values - 2007/08 San Diego County Secured Property Tax Roll.

Note: Certain Parcels of the 14 Original Parcels as shown in the Official Statement have changed ownership

MuniFinancial, Assessment Engineer

**Table 11**  
**City of San Diego Reassessment District No. 2003-1**  
**Delinquency History**

<u>Fiscal Year</u>	<u>Number of Parcels Assessed</u>	<u>Total Levy</u>	<u>Delinquent Installments (1)</u>	<u>Percent Delinquent</u>	<u>Amount Remaining Delinquent As of 01/4/08</u>	<u>Percent Remaining Delinquent As of 01/4/08</u>
2006-2007	134	\$900,119	\$15,363	1.71%	\$7,312	0.81%
2005-2006	121	\$936,205	\$8,825	0.94%	\$3,324	0.36%
2004-2005	111	\$938,337	\$19,765	2.11%	\$7,501	0.80%
2003-2004	121	\$991,921	\$17,272	1.74%	\$0	0.00%
2002-2003	129	\$1,195,333	\$22,899	1.92%	\$0	0.00%
2001-2002	127	\$1,232,834	\$36,527	2.96%	\$0	0.00%
2000-2001	124	\$1,217,147	\$132,693	10.90%	\$0	0.00%
1999-2000	128	\$1,230,942	\$42,374	3.44%	\$0	0.00%
1998-1999	128	\$1,218,615	\$162,818	13.36%	\$0	0.00%
1997-1998	128	\$1,300,675	\$173,160	13.31%	\$0	0.00%
1996-1997	128	\$1,322,290	\$565,183	42.74%	\$0	0.00%
1995-1996	128	\$1,335,556	\$512,919	38.40%	\$0	0.00%
1994-1995	128	\$1,327,174	\$225,939	17.02%	\$0	0.00%
1993-1994	128	\$1,340,212	\$725,682	54.15%	\$0	0.00%
1992-1993	128	\$1,343,293	\$722,398	53.78%	\$0	0.00%
1991-1992	77	\$778,067	\$34,516	4.44%	\$0	0.00%
1990-1991	61	\$409,345	\$11,967	2.92%	\$0	0.00%
1989-1990	61	\$472,094	\$5,425	1.15%	\$0	0.00%
Total Amount Delinquent					\$18,137	

(1) Does not include penalties and interest.

The District has covenanted that it will commence judicial foreclosure proceedings against parcels with delinquent special assessments in excess of \$7,500 by the November 1 following the close of each fiscal year in which such special assessments were due. As of January 4, 2008, delinquencies associated with two parcels, covering Fiscal Years 2004-05, 2005-06, and 2006-07 and totaling \$13,092, meet the foreclosure threshold, and have been approved by City Council on January 18, 2008 to proceed with judicial foreclosure action.