

**ANNUAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2010
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, 2010 (the "Annual Report").

The Annual Report, including any amendment or supplement hereto, is electronically transmitted by the City acting as the Dissemination Agent to the Electronic Municipal Market Access ("EMMA") System of the Municipal Securities Rulemaking Board ("MSRB").

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 Annual Report does not include the audited financial statements of the District. The District is a blended component unit of the City and the audited financial statements of the District are prepared with and included in the City's Comprehensive Annual Financial Report ("CAFR"). The preparation of the City's CAFR for the fiscal year ending June 30, 2010, has been delayed due to technical difficulties encountered during the implementation of a new enterprise resource planning system. Due to this delay, the City's CAFR was not available as of the date of this Annual Report. The City expects to release the CAFR, including the audited financial statements, in August 2011 at which time it will be separately transmitted to EMMA.

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 MSRB EMMA system, are not authorized by the City. The City shall not be responsible for the accuracy, completeness or fairness of any such unauthorized statement.

DATED: March 25, 2011

CITY OF SAN DIEGO

By: Mary Lewis
Mary Lewis
Chief Financial Officer

**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, 2010**

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.

1. See Page 1 of Introduction.
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, 2010, except as noted in the attached tables):

2.1 Principal amount of bonds outstanding: \$ 5,060,000

Source: City of San Diego, Debt Management

2.2 Balance in the Redemption Fund: \$ 19,106

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

2.3 Balance in the Reserve Fund: \$ 885,911

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

Reserve Requirement: \$885,192

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

Starting in 1995, an Otay Mesa developer filed the first of four lawsuits against the City concerning alleged breaches to a 1986 development agreement and inverse condemnation. In the first lawsuit, *Border Business Park, Inc.*, a jury returned a verdict of \$94,500,000 in plaintiff’s favor. On appeal, however, the Court of Appeal overturned the jury’s verdict and ordered a new trial on the breach of contract claim only. Two other lawsuits, *National Enterprises, Inc.* and *Otay Acquisitions, LLC*, were stayed during the pendency of the *Border Business Park* appeal. Upon remand, the City successfully demurred in each of the three cases, and each was dismissed. In June 2010, the dismissals were overturned by the Court of Appeal. A fourth lawsuit, *Otay Truck Parking, L.P.*, setting forth substantially similar allegations was filed in August 2009. All four cases are presently pending in the trial court. According to the City Attorney, the possible exposure of these cases ranges between \$0 and \$90,000,000.

Source: City of San Diego, City Attorney’s Office

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

Land Uses⁽¹⁾	Number of Parcels⁽¹⁾	2010/11 Assessed		Percentages		
		Values⁽²⁾	Remaining Lien	Parcels	Liens	Assessed Value-to-Lien
Developed	84	\$ 124,934,935	\$ 3,047,008	61.76%	59.53%	41.00
Federal ⁽³⁾	2	-	30,174	1.47%	0.59%	N/A
Under Construction	0	-	-	0.00%	0.00%	N/A
Undeveloped	50	25,418,581	2,041,579	36.76%	39.88%	12.45
Grand Total	136	\$ 150,353,516	\$ 5,118,761	100.00%	100.00%	29.37

⁽¹⁾ Land Uses data based on parcel permit searches from the Development Services - Project Tracking System as of June 30, 2010.

⁽²⁾ Fiscal Year 2010/11 Assessed Values include land value and improvement value as of January 1, 2010 provided by the San Diego County Assessor.

⁽³⁾ Two properties owned by the United States of America with a zero assessed value.

Source: City of San Diego, Development Services - Project Tracking System
 Assessed Values - 2010/11 San Diego County Secured Property Tax Roll
 NBS (Assessment Administrator)

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

Assessed Value-to-Lien Range	Number of Parcels	2010/11 Assessed Values ⁽¹⁾			Aggregate Remaining Lien	Assessed Value-to-Lien Ratio	Percentage of Lien
		Land	Improvement	Total			
20:1 and over	78	\$ 52,817,467	\$ 73,735,936	\$ 126,553,403	\$ 2,782,494	45.48	54.36%
10:1 to 19.99:1	27	13,778,965	3,439,872	17,218,837	1,122,159	15.34	21.92%
5:1 to 9.99:1	25	4,974,147	190,304	5,164,451	730,717	7.07	14.28%
3:1 to 4.99:1	2	604,500	-	604,500	166,788	3.62	3.26%
2:1 to 2.99:1	2	812,325	-	812,325	286,429	2.84	5.60%
1:1 to 1.99:1	0	-	-	-	-	N/A	0.00%
Less Than 1:1 ⁽²⁾	2	-	-	-	30,174	N/A	0.59%
Grand Total	136	\$ 72,987,404	\$ 77,366,112	\$ 150,353,516	\$ 5,118,761	29.37	100.00%

⁽¹⁾ Fiscal Year 2010/11 Assessed Values as of January 1, 2010 provided by the San Diego County Assessor.

⁽²⁾ Includes two parcels owned by the United States of America with a zero assessed value.

Source: Assessed Values - 2010/11 San Diego County Secured Property Tax Roll
NBS (Assessment Administrator)

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

Owner⁽¹⁾	No. of Parcels	Remaining Lien	Percentage of Total Lien⁽²⁾	2010/11 Assessed Values⁽³⁾	Assessed Value-to-Lien
GUTIERREZ SALVADOR G	1	\$ 34,437	0.67%	\$ 864,945	25.12
LOPEZ ALEX & ROSE	1	18,251	0.36%	286,379	15.69
O M C PROPERTIES L L C	1	152,875	2.99%	543,817	3.56
OTAY CONCRETE PARKING L P	2	55,840	1.09%	322,699	5.78
OTAY MESA PROPERTY L P ⁽⁴⁾	5	357,745	6.99%	1,208,592	3.38
OTAY TRUCK PARKING L P ⁽⁴⁾	2	30,410	0.59%	164,729	5.42
UNITED STATES OF AMERICA	2	30,174	0.59%	-	N/A
Grand Total	14	\$ 679,732	13.28%	\$ 3,391,161	4.99

⁽¹⁾ Certain Parcels of the 14 Original Parcels as shown in the Official Statement have changed ownership and configuration.

⁽²⁾ Total Remaining Lien is \$5,118,761.

⁽³⁾ Fiscal Year 2010/11 Assessed Values include land value and improvement value as of January 1, 2010 provided by the San Diego County Assessor.

⁽⁴⁾ Reassessment Nos. 94, 95, 96 & 98 were reconfigured in 2005 into Reassessment Nos. 121, 122, 123 & 124. One of these, Reassessment No. 124 (APN 646-120-46-00) is exempt from the assessment lien. It has been included in the "No. of Parcels" count but because it is exempt and provides no security for the lien, its Assessed Value has not been included.

Source: Owner and Assessed Values - 2010/11 San Diego County Secured Property Tax Roll
NBS (Assessment Administrator)

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

Fiscal Year	Number of Parcels Assessed	Total Levy	Fiscal Year-End Delinquencies		Amount Remaining Delinquent As of 1/12/11	Percent Remaining Delinquent As of 1/12/11
			Amount Delinquent ⁽¹⁾	Percent Delinquent		
2009-2010	136	\$ 946,732	\$ 53,150	5.61%	\$ 30,614	3.23%
2008-2009	137	833,040	67,268	8.07%	14,484	1.74%
2007-2008	137	903,030	7,157	0.79%	3,929	0.44%
2006-2007	134	900,119	15,363	1.71%	699	0.08%
2005-2006	121	936,205	8,825	0.94%	-	0.00%
2004-2005	111	938,337	19,765	2.11%	4,169	0.44%
2003-2004	121	991,921	17,272	1.74%	-	0.00%
2002-2003	129	1,195,333	22,899	1.92%	-	0.00%
2001-2002	127	1,232,834	36,527	2.96%	-	0.00%
2000-2001	124	1,217,147	132,693	10.90%	-	0.00%
1999-2000	128	1,230,942	42,374	3.44%	-	0.00%
1998-1999	128	1,218,615	162,818	13.36%	-	0.00%
1997-1998	128	1,300,675	173,160	13.31%	-	0.00%
1996-1997	128	1,322,290	565,183	42.74%	-	0.00%
Total Amount Delinquent:					\$ 53,895	

⁽¹⁾ The data is as of August 8, 2005 for Fiscal Year 2004-05; August 28, 2006 for Fiscal Year 2005-06; August 8, 2007 for Fiscal Year 2006-07; August 27, 2008 for Fiscal Year 2007-08; August 18, 2009 for Fiscal Year 2008-09; and August 17, 2010 for Fiscal Year 2009-10. Delinquent installments prior to Fiscal Year 2004-05 are from reports generated by the County Auditor and Controller in either July or August of each year. 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 November 1 following the close of each fiscal year in which such special assessments were due.

As of January 12, 2011, five delinquent parcels met the foreclosure threshold. The City Council authorized the filing of a judicial foreclosure lawsuit on two of the parcels on January 18, 2008, and two of the parcels on October 27, 2009. One of the parcels reached the threshold after the December 10, 2010 installment, and was referred to City Attorney's Office for collection process. Subsequently in February 2011, the delinquent amounts for two of these parcels were paid in full.

Source: City of San Diego, Debt Management; San Diego County Delinquency Reports
NBS (Assessment Administrator)