

**ANNUAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
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, 2011 (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 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 Certificate.

Any statements regarding the above stated issuance, 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's 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 14, 2012

CITY OF SAN DIEGO

By:   
Jay M. Goldstone  
Chief Operating Officer

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

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**Annual Report Under the Continuing Disclosure Certificate  
Fiscal Year Ending June 30, 2011**

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. Financial Statements:

The requirement that the City file its audited financial statements as a part of the Annual Report has been included in the Disclosure Agreement solely to satisfy the provisions of Rule 15c2-12. The inclusion of this information does not mean that the Bonds are secured by any resources or property of the City.

Refer to the City of San Diego's Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2011 ("CAFR"), filed on the MSRB's EMMA site on March 1, 2012. The District Funds can be found under the Supplementary Information section, under the heading Fiduciary Funds, Other Miscellaneous Agency and the capital improvements financed by District Funds can be found in the Supplementary information section, under the heading Nonmajor Governmental Funds - Capital Projects (Special Assessment/Special Tax Bonds), of the City's CAFR.

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, 2011, except as noted in the attached tables):

2.1 Principal amount of bonds outstanding: \$ 4,450,000

Source: City of San Diego, Debt Management

2.2 Balance in the Redemption Fund: \$ 13,810

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

2.3 Balance in the Reserve Fund: \$ 880,135

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

Reserve Requirement: \$879,290

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**

<b>Land Uses<sup>(1)</sup></b>	<b>Number of Parcels<sup>(1)</sup></b>	<b>2011-12 Assessed Values<sup>(2)</sup></b>	<b>Remaining Lien</b>	<b>Percentages</b>		<b>Assessed Value-to-Lien</b>
				<b>Parcels</b>	<b>Liens</b>	
Developed	91	\$ 128,666,288	\$ 2,847,414	65.47%	63.28%	45.19
Federal <sup>(3)</sup>	2	-	26,526	1.44%	0.59%	N/A
Under Construction	0	-	-	0.00%	0.00%	N/A
Undeveloped	46	22,342,055	1,626,015	33.09%	36.13%	N/A
<b>Grand Total</b>	<b>139</b>	<b>\$ 151,008,343</b>	<b>\$ 4,499,955</b>	<b>100.00%</b>	<b>100.00%</b>	<b>33.56</b>

<sup>(1)</sup> Land Uses data based on parcel permit searches from the Development Services - Project Tracking System as of June 30, 2011.

<sup>(2)</sup> Fiscal Year 2011-12 Assessed Values include land value and improvement value as of January 1, 2011 provided by the San Diego County Assessor.

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

Source: City of San Diego, Development Services - Project Tracking System  
 2011-12 Assessed Values - San Diego County Assessor's 2011 Assessment Roll  
 NBS (Assessment Administrator)

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

2011-12 Assessed Values <sup>(1)</sup>							
Assessed Value-to- Lien Range	Number of Parcels	Land	Improvement	Total	Aggregate Remaining Lien	Assessed Value-to-Lien Ratio	Percentage of Lien
20:1 and over	91	\$ 57,238,193	\$ 78,068,531	\$ 135,306,724	\$ 2,838,732	47.66	63.08%
10:1 to 19.99:1	20	9,096,174	1,255,357	10,351,531	708,298	14.61	15.74%
5:1 to 9.99:1	22	3,858,973	63,624	3,922,597	527,971	7.43	11.73%
3:1 to 4.99:1	4	1,427,491	-	1,427,491	398,428	3.58	8.85%
2:1 to 2.99:1	0	-	-	-	-	N/A	0.00%
1:1 to 1.99:1	0	-	-	-	-	N/A	0.00%
Less Than 1:1 <sup>(2)</sup>	2	-	-	-	26,526	N/A	0.59%
<b>Grand Total</b>	<b>139</b>	<b>\$ 71,620,831</b>	<b>\$ 79,387,512</b>	<b>\$ 151,008,343</b>	<b>\$ 4,499,955</b>	<b>33.56</b>	<b>100.00%</b>

<sup>(1)</sup> Fiscal Year 2011-12 Assessed Values as of January 1, 2011 provided by the San Diego County Assessor.

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

Source: 2011-12 Assessed Values - San Diego County Assessor's 2011 Assessment Roll  
NBS (Assessment Administrator)

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

<b>Owner<sup>(1)</sup></b>	<b>Number of Parcels</b>	<b>Remaining Lien</b>	<b>Percentage of Total Lien<sup>(2)</sup></b>	<b>2011-12 Assessed Values<sup>(3)</sup></b>	<b>Assessed Value-to-Lien</b>
GUTIERREZ SALVADOR G	1	\$ 30,274	0.67%	\$ 871,458	28.79
LOPEZ ALEX & ROSE	1	16,045	0.36%	288,535	17.98
OTAY CONCRETE PARKING L P	2	49,090	1.09%	325,127	6.62
OTAY MESA PROPERTY L P <sup>(4)</sup>	4	187,859	4.17%	801,951	4.27
OTAY TRUCK PARKING L P <sup>(4)</sup>	2	26,734	0.59%	165,969	6.21
UNIT 5 L P	1	134,394	2.99%	547,911	4.08
UNIT 7 L P <sup>(4)</sup>	1	126,638	2.81%	415,739	3.28
UNITED STATES OF AMERICA	2	26,526	0.59%	-	N/A
<b>Grand Total</b>	<b>14</b>	<b>\$ 597,560</b>	<b>13.28%</b>	<b>\$ 3,416,690</b>	<b>5.72</b>

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

<sup>(2)</sup> Total Remaining Lien is \$4,499,955 as of September 3, 2011.

<sup>(3)</sup> Fiscal Year 2011-12 Assessed Values include land value and improvement value as of January 1, 2011 provided by the San Diego County Assessor.

<sup>(4)</sup> Reassessment Numbers 94, 95, 96 & 98 were reconfigured in 2005 into Reassessment Numbers 121, 122, 123 & 124. One of these, Reassessment Number 124 (APN 646-120-46-00) is exempt from the assessment lien. It has been included in the "Number 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 2011-12 Assessed Values - San Diego County Assessor's 2011 Assessment 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 1/10/12	Percent Remaining Delinquent As of 1/10/12
			Delinquent Installments <sup>(1)</sup>	Percent Delinquent		
2010-2011	139	\$ 944,152	\$ 24,090	2.55%	\$ 19,975	2.12%
2009-2010	136	946,732	53,150	5.61%	7,721	0.82%
2008-2009	137	833,040	67,268	8.07%	3,819	0.46%
2007-2008	137	903,030	7,157	0.79%	701	0.08%
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%	-	0.00%
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%
<b>Total Amount Delinquent:</b>					<b>\$ 32,915</b>	

<sup>(1)</sup> 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; August 17, 2010 for Fiscal Year 2009-10; and August 10, 2011 for Fiscal Year 2010-11. 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 10, 2012, three delinquent parcels of which two are in common ownership reached the foreclosure threshold after the first installment of Fiscal Year 2011-12 became delinquent, and were referred to the City Attorney's Office to initiate the foreclosure process.

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