

ANNUAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2010 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, 2010.

This 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”).

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. 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 Annual Report does not include the audited financial statements of the Corporation. The Corporation is a blended component unit of the City and the audited financial statements of the Corporation are prepared with and included in the City’s Comprehensive Annual Financial Report (“CAFR”). The preparation of the City’s audited 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 audited CAFR is not available as of the date of this Annual Report. The City expects to release the CAFR, including 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 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 or subsequent notice or annual report, published in a financial newspaper or 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 25, 2011

CITY OF SAN DIEGO

By: Mary Lewis
Mary Lewis
Chief Financial Officer

Distribution: Municipal Securities Rulemaking Board, Electronic Municipal Market Access System
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, 2010

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

Total Payments ⁽¹⁾			
<u>Date</u>	<u>Total Annual Payments to Indenture Trustee</u>	<u>Total Strategic Contribution Fund Payments to Indenture Trustee</u>	<u>Total Payments to Indenture Trustee</u>
4/15/2010	<u>\$9,052,375.09</u>		\$9,052,375.09
4/19/2010		<u>\$477,936.01</u>	<u>\$477,936.01</u>
TOTAL	\$9,052,375.09	\$477,936.01	\$9,530,311.10

⁽¹⁾The Tobacco Corporation is only entitled to payments up to \$10.1 million annually. Any excess of this amount is transferred to the City.

Source: Wells Fargo Bank, National Association, Indenture Trustee

(B) Debt Service Coverage Ratio

Fiscal Year	Total Available Funds	Sizing Amounts for Series 2006 Bond Maturity	Interest	Total Debt Service	Debt Service Coverage Ratio
2009-10	\$9,960,454.24 ⁽¹⁾	\$3,030,000 ⁽²⁾	\$6,795,825	\$9,825,825	1.01

⁽¹⁾ Available funds include Tobacco Settlement Revenues received by the Indenture Trustee, plus investment earnings in various trustee held accounts including earnings on amounts in the Debt Service Reserve Account, less Operating Expenses.

⁽²⁾ Reflects Optional Redemption (Turbo Redemption) of CUSIP 797330AA5 on 6/01/10.

Source: Wells Fargo Bank, National Association, Indenture Trustee