



for the Fiscal Year Ended June 30

2015

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Michael E. Duggan
Mayor



John W. Hill
Chief Financial Officer



“We hope for better things.”

“It shall rise again from the ashes.””

FOUNDED 1701

INCORPORATED 1806

AREA (Square Miles) 137.9

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City of Detroit

Comprehensive Annual Financial Report

for the Fiscal Year Ended June 30, 2015

Michael E. Duggan, Mayor

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PHOTO CREDITS

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May 31, 2016

The City of Detroit
Honorable Mayor Michael Duggan and
The Honorable City Council

The management and staff of the Office of the Chief Financial Officer (“OCFO”) are pleased to submit the City of Detroit’s Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015 along with the Independent Auditors’ Report. This report is prepared for the purpose of disclosing the City’s financial condition to its residents, elected officials, and other interested parties.

INTRODUCTION TO THE REPORT

Responsibility

The OCFO prepares the City’s CAFR and is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. We believe the data presented is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City’s primary government and component units for which it is financially accountable and that the disclosures necessary to enable the reader to gain an understanding of the City’s financial affairs have been included.

Adherence to Generally Accepted Accounting Principles (GAAP)

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of independent auditors.

Independent Audit

All local units of government within the State of Michigan must comply with the Uniform Budgeting and Accounting Act, Public Act 2 of 1968, as amended, which requires an annual audit of the financial records and transactions of the City by independent certified public accountants. The primary purpose of the auditing requirements of this act is to maintain the confidence of all interested parties in the integrity of the record keeping and financial reporting of local units of government.

PROFILE OF THE GOVERNMENT

Detroit is the largest city in the state of Michigan and is the seat of Wayne County. The City covers approximately 140 square miles and accounts for the single largest population in Wayne County. The City is internationally known for automotive manufacturing and trade. Detroit is located on an international waterway, which is linked via the St. Lawrence Seaway to seaports around the world. The City was incorporated in 1806, and is a home rule city under State law.

Financial Review Commission

Michigan Public Act 181 of 2014, M.C.L. §§ 141.1631, et seq. (“PA 181”), established the Detroit Financial Review Commission (the “Commission”) to monitor the City’s compliance with the bankruptcy Plan of Adjustment and PA 181, and provide oversight of the City’s financial activities. The Commission has broad authority (as of the Effective Date) to obtain and review the City’s financial records on an ongoing basis, approve budgets and contracts and conduct financial audits of the City. On December 10, 2014, the Commission became operational. Michigan Public Act 182 of 2014, M.C.L. 117.4s-t, further imposes requirements including that the City adopt a multi-year financial plan and appoint a chief financial officer (“CFO”).



Executive Branch

The citizens of Detroit elect the Mayor to a four-year term. The City Charter grants the Mayor broad managerial powers including the authority to appoint department directors, deputy directors, and other executive branch officials. The responsibility to implement most programs, provide services, activities, and manage day-to-day operations is delegated by the Charter to the executive branch.

Legislative Branch

The legislative branch is comprised of the City Council and its agencies. The nine members of the City Council are also elected to four-year terms. Many significant decisions, including budget appropriations, procurement of goods and services, and certain policy matters must be approved by the City Council.

Other Agencies

The City Clerk's Office and the Election Commission are not classified under either of the two branches mentioned above.

Services Provided

The City Charter calls for the City to provide a wide range of services, the most significant of which are police protection; fire suppression; street maintenance & repair; public transit services; parking; building inspections; refuse collection; licenses and permits; recreation and cultural services; water and sewer treatment; and economic development.

Budgetary control

For FY2015, the budget was determined by the Emergency Manager consistent with the Plan of Adjustment. During the City's period of oversight by the Commission, the Mayor submits to the City Council a proposed four-year financial plan that includes the annual budget for the next fiscal year as well as projected revenues and expenditures for the three subsequent fiscal years no later than February 25. After public hearings, the City Council adopts the budget and four year financial plan (with or without amendment). The City is required to submit the four-year financial plan to the Commission at least 100 days prior to the commencement of the City's fiscal year, or March 23. The CFO must certify the annual budget complies with the uniform budgeting and accounting act, 1968 PA 2 MCL 141.421 to 141.440a. The Commission shall approve or disapprove the four-year financial plan within 30 days of receipt. The budget may be amended during the year, with the City Council's and Commission's approval. Budgetary appropriations are made at the department level.

BANKRUPTCY

After several years of financial distress and the lengthy financial emergency process of the State of Michigan for local units of government, the Governor declared a state of financial emergency in the City of Detroit and installed an Emergency Manager ("EM") during the 2013 fiscal year, who remained with the City for the next 18 months. In July 2013, the City of Detroit filed a voluntary petition under Chapter 9 of the Bankruptcy Code. For the next 17 months, the City proceeded through the bankruptcy process which culminated in the approval of the City's Plan of Adjustment ("POA") on December 10, 2014. The final POA signified the end of the bankruptcy process and included sweeping changes to the City of Detroit's financial situation, including:

- Issuing \$1.3 billion of debt, of which \$1.1 billion was delivered to various classes of creditors in satisfaction of their claims, including the elimination of \$1.4 billion of debt related to the pension obligation certificates (the "POC's").
- Irrevocably transferred the assets of the Detroit Institute of Arts ("DIA") to the DIA, to be held in perpetuity in a trust, in exchange for \$816 million over 20 years to be used for pension contributions. This exchange is referred to as "the Grand Bargain".
- Restructuring the City's retiree healthcare program, eliminating billions in unfunded legacy obligations.
- Restructuring the City's pension obligations, eliminating \$1.3 billion of the net pension liability.
- Along with Wayne, Oakland, and Macomb Counties, established a regional authority (to be called the Great Lakes Water Authority) for providing water and sewer services throughout and beyond the tri-county area.
- Restructuring many of the departments throughout the City and the services they provide.
- Substantial revitalization and reinvestment initiatives throughout the City.



Altogether, the City eliminated a net \$8.3 billion of its outstanding obligations.

The City of Detroit has emerged from bankruptcy with its financial house in order, reclaiming its place as a destination, a good investment for both businesses and citizens, and a growth opportunity in the eyes of the world.

LOCAL ECONOMY

The City of Detroit is the largest city in Michigan and the 21st largest city in the United States. The City's current economic condition is improving. The future outlook for recovery and improvement is positive. Businesses are transferring employees from suburban cities to the City of Detroit. New residents are moving into the City.

The Great Lakes contain 20 percent of the world's fresh water supply. There are three top-tier universities within 90 minutes of the City. Michigan, due to the Detroit metropolitan area and the auto industry, has America's highest concentration of engineers.

Detroit has long-standing education and culture institutions, and is increasingly becoming a major entertainment destination. The City is home to major sports teams including the Tigers, Lions, and Red Wings. Also, the City's three casinos and a growing number of restaurants and night spots provide visitors with many entertainment options.

The Detroit economy is becoming increasingly diversified while supported by long standing public and private institutions. According to the 2013 American Community Survey, private education and healthcare industries make up nearly 25% of the employment composition. The Detroit Medical Center and Henry Ford Health Systems were two of the top five largest employers in Detroit in 2014. The Detroit metro economy remains heavily influenced by the auto industry. Auto sales by Detroit manufacturers were up in 2015 from the prior year. It is expected that auto sales will continue their upward track this year.

Moody's Investors Service, in its July 30, 2015 analysis of the City, upgraded Detroit's issuer rating to B2 from B3 and revised the outlook to positive from stable. The analysis also noted "The city's new leadership is also focused on developing infrastructure to support businesses and to establish a solid foundation for future economic growth. Construction continues on the city's new light rail transit system, which is expected to open in the fall of 2016 and is already spurring development along the Woodward Avenue corridor. The Cobo Convention Center is in the final phase of its \$300 million rehabilitation, while the city's new hockey arena is expected to open in 2017. Within the confines of city hall, management continues to overhaul operations across nearly all key departments, including finance, human resources and housing. Proceeds from the current issuance are funding new information technology systems to replace outdated systems and will allow the city to update its aging police and fire protection fleets. These successes are balanced by continued challenges, including the expectation for continued property valuation declines over the next five years as the city works to complete its re-evaluation process. A struggling labor market, dilapidated and abandoned housing, and water/sewer infrastructure in need of rehabilitation are also significant drags to potential improvement."

The City's border with Ontario, Canada is the most frequently crossed in North America, allowing for significant international commercial cooperation. A second bridge, the "New International Trade Crossing" (NITC), between Canada and Detroit has been approved and is expected to contribute to improvements in the City's economy through increased commerce and jobs for residents. Pursuant to an agreement between the Canadian federal government and the State of Michigan announced June 15, 2012, the Canadian federal government would fund bridge construction, land acquisition in Michigan, and the construction of ramps from Interstate 75. The Canadian contribution would be repaid from bridge tolls. On April 12, 2013, the U.S. State Department issued a Presidential permit to the State of Michigan for the new bridge. On May 22, 2013, the Canadian government allocated \$25 million to begin land acquisition on the Detroit side. The crossing, as proposed, would connect Detroit and Windsor by linking Interstate 75 and Interstate 94 in Michigan with the new Windsor–Essex Parkway connection to Highway 401 in Ontario. The bridge is tentatively scheduled for completion in 2020. The NITC is expected to provide an orderly flow of people and goods between the two countries.



City Services

The City has committed to a multi-year effort to improve city services that impact its citizens' quality of life and enhance sustainability. The City is focused on public safety, transportation, blight elimination, public lighting and technology. Some key actions the City has taken include: reducing police response time and putting more officers on the streets, increasing the number of firefighters and ambulances, increasing available buses and bus service area, executing on the most extensive and aggressive blight remediation program in the nation, and installing LED streetlights and upgrading its technology infrastructure at a rapid pace.

Public Lighting

The City has long struggled with inadequate street lighting. In the last year, the Public Lighting Authority of Detroit (PLA) made great strides in providing citizens with satisfactory public lighting. The PLA is a State-created authority whose mission is to improve, modernize, and maintain all streetlights in the City. The PLA's goal is to complete relighting all neighborhoods in Detroit by the end of 2015 and all major thoroughfares by the end of 2016. In January 2014, half of the streetlights were out. As of August 2015, the City has installed more than 47,000 streetlights.

Blight Removal Initiatives

Remediation of blight is one of the City's highest reinvestment priority. The Detroit Land Bank Authority has taken control of a significant number of vacant City owned properties and will auction them to people who will renovate and inhabit the properties. In addition, the Authority takes legal action to seize abandoned homes and/or reaches agreements with property owners who agree to remove blight violations. The City also receives Federal grants to assist in demolition efforts of structures that cannot be saved.

LONG-TERM FINANCIAL PLANNING

The City's current financial planning process is informed by the terms of the Plan of Adjustment, a new revenue estimating conference required under P.A. 182 following the City's exit from bankruptcy, and priority reinvestment and restructuring initiatives as determined by the Mayor and City Council through the budget process.

RELEVANT FINANCIAL POLICIES

Internal Control Structure

Management of the City is responsible to establish and maintain an internal control structure that ensures the assets of the government are protected from loss, theft, or misuse and that adequate accounting data are compiled to allow for preparation of financial statements in conformity with U.S. generally accepted accounting principles. The City adheres to the GASB (Governmental Accounting Standards Board) standards for financial reporting and internal accounting purposes. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

The City maintains budgetary controls, which are designed to ensure compliance with legal provisions of the annual budget adopted by the City Council. An operating budget is legally adopted by ordinance each fiscal year for the General Fund, and other City funds.



ACCOMPLISHMENTS/ACKNOWLEDGEMENTS

Accomplishments

Implementation of the OCFO

In September 2014, the former EM issued EM Order No. 41, establishing a centralized financial management organizational structure known as the OCFO under the direction of the CFO. The CFO created a new organizational structure for the financial operations of the City through extensive benchmarking of municipal organizational structures and practices, as well as leading practice research and recommendations from private and public publications and institutions including the GFOA. The CFO conducted extensive job studies to determine the requirements of the new positions in the OCFO, created and issued a new salary and grading system for all new positions included in the OCFO, and is filling all new positions through a competitive selection processes. As of May 2016, the OCFO is approximately 70% staffed and is actively recruiting and onboarding staff.

New Financial Management System

The City went live with a new financial management system, Oracle Cloud ERP, in March 2016. As a cloud-based system, the City is required to continuously update the system and its processes based on new releases. This prevents the City from customizing the system to maintain processes that are outdated, as the City did with its old financial management system. As part of the implementation, the City performed extensive data clean up and redesigned its processes to align with system functionality. For the first time ever, the City is closing its books on a monthly basis and is increasingly improving its reporting and tracking capabilities.

Implementation of Reinvestment and Restructuring Initiatives

The City began implementation of the \$1.7 billion program of reinvestment and restructuring initiatives made possible by confirmation of the Plan. The reinvestment and restructuring initiatives provide funds for, among other areas, (a) public safety equipment, facilities and services; (b) blight remediation; (c) upgrades to City infrastructure, operations, and information technology; and (d) public transportation improvements.

Acknowledgements

We wish to express our appreciation to the City's OCFO, other City personnel and the fiscal staff at each of our component units whose professionalism, dedication, and efficiency contributed to the preparation of this report. We also would like to extend our thanks to the Mayor's Office, Members of City Council and their staff and the Auditor General for their support.

Sincerely,

John W. Hill
Chief Financial Officer

John Naglick, Jr.
Chief Deputy CFO/Finance Director

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City of Detroit
OFFICE OF THE AUDITOR GENERAL
2 WOODWARD AVENUE, SUITE 216
Detroit, Michigan 48226
PHONE: (313) 224-4558
FAX: (313) 224-4091
www.detroitmi.gov

Mark W. Lockridge
AUDITOR GENERAL

AUDITOR GENERAL'S LETTER

May 31, 2016

The Honorable Mayor Michael E. Duggan
And Members of the City Council
City of Detroit, Michigan

The basic financial statements included in the City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015, were audited by KPMG LLP, under contract with the City of Detroit's, Office of the Auditor General. The audit of these financial statements and the resulting Auditors' opinion satisfies the requirements of the City Charter under Section 7.5-105.

Respectfully,

A handwritten signature in blue ink that reads "Mark W. Lockridge".

Mark W. Lockridge
Auditor General

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PRINCIPAL OFFICIALS OF THE CITY OF DETROIT, MICHIGAN

Executive (Elected)



Mayor
MIKE DUGGAN

Legislative (Elected)

City Council



BRENDA JONES
President



GEORGE CUSHINGBERRY
President Pro Tem



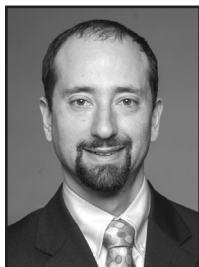
JANEÉ AYERS



SCOTT BENSON



RAQUEL
CASTANEDA-LOPEZ



GABE LELAND



MARY SHEFFIELD



ANDRE SPIVEY



JAMES TATE

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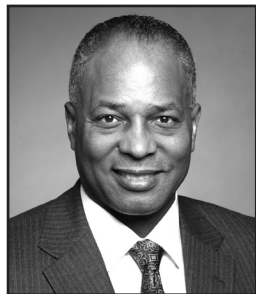
PRINCIPAL OFFICIALS OF THE CITY OF DETROIT, MICHIGAN

Legislative (Elected)



City Clerk
JANICE WINFREY

Other Executive Officials (Appointed)



JOHN HILL
Chief Financial Officer



JOHN NAGLICK
**Chief Deputy CFO/
Finance Director**



\$148-Million Manufacturing Center Opens in Corktown

The American Lightweight Materials Manufacturing Innovation Institute (ALMMII) opened its new \$148-million innovation acceleration center at 1400 Rosa Parks Blvd. on January 15, 2015. Originally slated for Canton, the center opened in Detroit after a lease for the Canton site fell through.

The 100,000-square-foot center will facilitate partnerships among major research institutions and manufacturers to accelerate the transfer of new manufacturing technology using lightweight metals from the research lab to the production floor. The facility is part of a national network of research institutions and industrial companies geared toward advancing America's leadership in manufacturing technology.





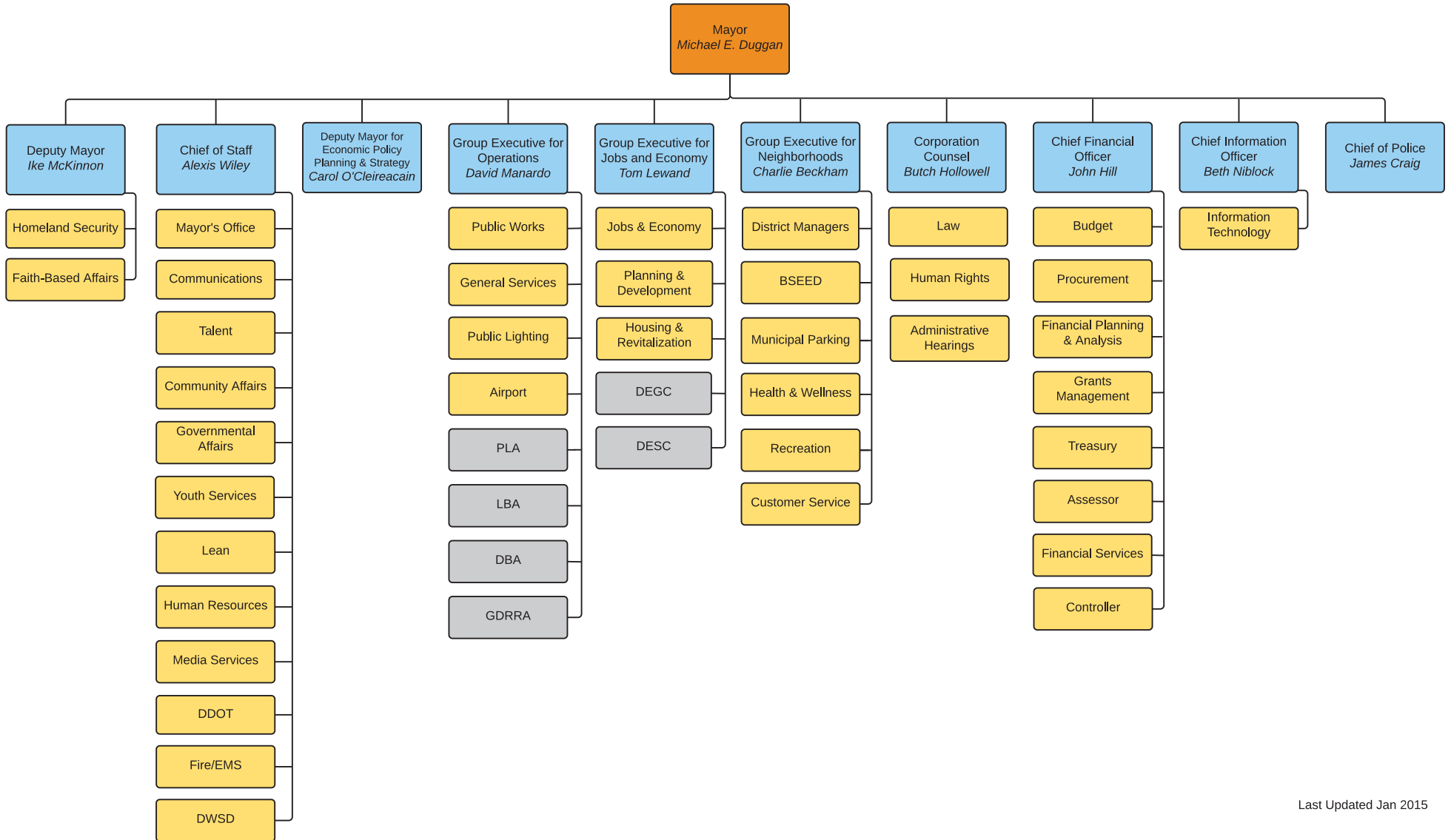
Fresh Fruits and Vegetables Available in Detroit Neighborhoods

Wayne State University is the site of one of a number of farmers' market spread across the city of Detroit. The neighborhood markets feature fresh, affordable, locally-produced food and include Northwest Detroit Farmers' Market, Oakland Avenue Farmers Market (Northend), Sowing Seeds Growing Futures (Far West), CHASS Mercado (Southwest), D-Town Farm Stand (Southwest), Meldrum Fresh Market (East), and Corktown Farmers Market. Most locations are outdoors and operate from June through mid-October.



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Mayor's Office Org Chart



Last Updated Jan 2015

Detroit Seniors Show Off their Skills

Senior citizens showed off their skills during the Detroit Senior Olympics on June 16-17, 2015. A total of 198 individuals ran, walked, swam, bowled, danced, baked their favorite dessert or crocheted at the annual event. The events included sports events, games, and other activities, such as tennis, horseshoes, Frisbee toss, bowling, table tennis, arts & crafts and baking. The oldest participant was 94 years old.

The Senior Olympics, held at Adams Butzel and Williams recreation centers, was sponsored by the Detroit Area Agency on Aging and the Detroit Parks and Recreation Department.



Catch the Action at Campus Martius

Campus Martius Park, a 2.5-acre public square and year-round entertainment venue, is the heart of downtown. During the summer, employees from area companies, residents and visitors can take in a concert or movie, wage a friendly game of basketball or volleyball, or strategize over a game of chess. In addition, a variety of food is available at nearby restaurants and food trucks. In the winter, Campus Martius features ice skating and is the site of the annual Christmas tree lighting ceremony and Motown Winter Blast.



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FINANCIAL

The Financial Section Contains:

Independent Auditors' Report
Management's Discussion and Analysis
Basic Financial Statements
Notes to Basic Financial Statements
Required Supplementary Information

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INDEPENDENT AUDITORS' REPORT

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KPMG LLP
Suite 1900
150 West Jefferson
Detroit, MI 48226

Independent Auditors' Report

To the Honorable Mayor Michael E. Duggan
and the Honorable Members of the City Council
City of Detroit, Michigan:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Detroit, Michigan (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of discretely presented component units listed in note I (a) to the financial statements, which represent 100% of the assets and expenses/expenditures/deductions of the aggregate discretely presented component units. We also did not audit the financial statements of the General Retirement System, the Police and Fire Retirement System (together the Retirement Systems), the Public Lighting Authority, and the Detroit Building Authority, which represent 95% and 64% of the assets and expenses/expenditures/deductions, respectively, of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for aggregate discretely presented component units and aggregate remaining fund information, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial



statements of the Retirement Systems and certain discretely presented component units identified in note I (a) were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Detroit, Michigan, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matters

Emphasis of Matter Regarding Exit from Bankruptcy

As discussed in Note XI to the financial statements, on July 18, 2013 the City filed a voluntary petition under Chapter 9 of the Bankruptcy Code. On November 12, 2014, the Bankruptcy Court entered an order confirming the City's Eighth Amended Plan of Adjustment (Plan). The Plan became effective in accordance with its terms on December 10, 2014, and the City exited bankruptcy. Our opinions are not modified with respect to this matter.

Emphasis of Matter Regarding Adoption of New Accounting Pronouncements

As discussed in Note I (s) to the financial statements, in 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

Emphasis of Matter Regarding the Fair Value of Pension Investments

The plan investments of the General Retirement System and the Police and Fire Retirement System include investments valued at \$658,000,000 and \$892,000,000, respectively, as of June 30, 2015 whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on various methods, which may include information provided by investment managers,



general partners, real estate advisors, and other means. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management discussion and analysis and the schedules listed under Required Supplementary Information in the table of contents (collectively referred to as RSI), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other supplementary information within the financial section, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the other supplementary information within the financial section is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on



compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KPMG LLP

Detroit, Michigan
May 31, 2016



New Athletic and Education Center to Open in Lipke Park

The youth on Detroit's northeast side will have a new location to hone their athletic skills while focusing on their education. The S.A.Y. Detroit Play Center (Sports, Academics, Youth), announced on January 27, 2015, will open in the closed recreation center in Lipke Park off Van Dyke near Seven Mile Road. The center is the brainchild of Detroit Free Press columnist Mitch Albom, who solicited the help of Detroit Lions quarterback Matthew Stafford, and in partnership with the Detroit Parks and Recreation Department.

The center on Detroit's northeast side will feature a new football field, soccer fields, an ice rink, a new indoor practice facility and a digital learning center.

The goal of the center is to increase academic performance, attendance and graduation rates, and to heighten social, self-esteem and professional presentation skills, all within the confines of a safe and well-operated facility. In order to participate, students ages 8 to 18 must maintain a certain grade point average and regular school attendance or enroll in the daily tutoring program on site.

The overall investment in the 10-year revitalization plan is an estimated \$10 million, plus \$2.5 million in capital improvements.



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MANAGEMENT'S

DISCUSSION

AND ANALYSIS

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City of Detroit, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015
(UNAUDITED)

The following Management's Discussion and Analysis is a required supplement to the City of Detroit's (the "City") financial statements. It describes and analyzes the financial position of the City, providing an overview of the City's activities for the year ended June 30, 2015. We encourage readers to consider the information we present here in conjunction with the information presented in the City's financial statements and notes, which follow this section.

FINANCIAL HIGHLIGHTS

Government Wide

- On December 10, 2014, the City exited bankruptcy with settlements with substantially all its major creditor groups. See Note XI for additional information related to the Bankruptcy
- At June 30, 2015, the City's total net position was a \$2.1 billion deficit a decrease of \$2.3 billion from the prior year.
- The City's unrestricted net position reflected a deficit of \$4.1 billion as of June 30, 2015.
- The City had revenues of \$2.3 billion and expenses of \$2.2 billion for the year ended June 30, 2015.
- The City implemented the provisions of Governmental Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result, the City reported a change in accounting principle (See Note I (s)). In accordance with the standard, the City's net position at June 30, 2014 was restated, resulting in a reduction of net position in the amount of \$4.2 billion.

Fund Level

- The City of Detroit General Fund assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$437.7 million, and cash and investments on hand totaling \$579.4 million were \$198.1 million higher than the \$381.3 million at June 30, 2014.
- The General Fund had fund balance of \$437.7 million, a \$384.3 million increase from the \$53.4 million fund balance at June 30, 2014.
- The General Fund had unassigned cumulative fund surplus of \$70.9 million at June 30, 2015, a \$216.8 million increase from the \$145.9 million deficit at June 30, 2014. The change in the cumulative unassigned surplus was primarily due to extraordinary items resulting from the bankruptcy.
- The City's enterprise funds had a net position deficit of \$676.2 million at June 30, 2015, a decrease of \$911.0 million from \$234.8 million surplus at June 30, 2014. The enterprise fund cumulative unrestricted net position was a deficit totaling \$1.1 billion.

Capital and Long-term Debt Activities

- The City's total bonded debt at June 30, 2015 was \$7.2 billion, an increase of \$0.8 billion from the June 30, 2014 balance. This net increase was primarily due to the net effect of eliminated, restructured, and new debt associated with the bankruptcy (see Notes VI and XI).
- Total primary government long-term obligations were \$11.1 billion, at June 30, 2015, an increase of \$2.3 billion from the \$8.8 billion at June 30, 2014. The long-term obligations increase was mainly due to recognition of net pension obligation resulting from GASB 68 implementation.
- At June 30, 2014, POC related swaps were recorded as investment derivatives with a negative fair value of \$302.5 million. The swaps were terminated during 2015 and accordingly there is no amount recorded at June 30, 2015.
- At June 30, 2015, the fair value of the Derivative Instruments liability was zero compared to \$244.1 million for governmental activities and \$302.5 million for primary government as of June 30, 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the City's basic financial statements, which has been comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the basic financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. The financial statements include the Statement of Net Position and the Statement of Activities. These statements are prepared using the economic resources measurement focus and accrual basis of accounting. They take into account all revenues and expenses connected with the fiscal year, regardless of when the City received or paid the cash. The Statement of Net Position and the Statement of Activities are two financial statements that report information about the City as a whole, and about its activities. This statement should help answer how has the City's financial position, as a whole, changed as a result of this year's activities. These statements include all non-fiduciary assets and liabilities.

The Statement of Net Position, presents all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position measure whether the City's financial position is improving or eroding.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both statements report three activities:

- **Governmental Activities** – Most of the City's basic services such as public protection (police and fire) and public works are reported under this category. Taxes and intergovernmental revenues generally fund these services.
- **Business-Type Activities** – The City charges fees to customers to help it cover all or most of the cost of services it provides such as water and transportation.
- **Discretely Presented Component Units** – Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. There are thirteen legally separate organizations including the Economic Development Corporation, Museum of African American History, Detroit Employment Solutions Corporation and Housing Commission that are reported as discretely presented component units.

Fund Financial Statements

The fund financial statements provide detailed information regarding the major individual funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the City uses to keep track of specific sources of funding and spending for a particular purpose. The City's funds are divided into three categories; governmental, proprietary and fiduciary which use different accounting approaches.

- **Governmental funds** – Most of the City's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for future spending. The governmental fund financial statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental funds include the General Fund, General Retirement System Service Corporation, Police and Fire Retirement System Service Corporation and Other Governmental Funds.

- *Proprietary funds* – When the City charges customers for services it provides, whether to outside customers or to other agencies within the City, these services are generally reported in proprietary funds. Proprietary (e.g., Enterprise) funds utilize accrual accounting, the same method used by private sector businesses. Enterprise funds report activities that provide supplies and services to the general public (e.g., Transportation Fund).
- *Fiduciary funds* – The City acts as a trustee or fiduciary for its employee pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The City's fiduciary activities are reported in the Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These funds, which include pension, other employee benefits, and agency funds are reported using accrual accounting. The government-wide statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and do not represent discretionary assets of the City to finance its operations.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found immediately following the Basic Financial Statements.

Additional Required Supplementary Information

The Required Supplementary Information that follows the basic financial statements further explains and supports the information in the financial statements.

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental, proprietary, and fiduciary funds. These funds are added together, by fund type, and are presented in single columns in the basic financial statements, but are not reported individually, as are the major funds on the government-wide statements.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Government-wide Net Position

Net position (assets and deferred outflows less liabilities and deferred inflows) serves as a useful indicator of a government's financial position. The City's liabilities and deferred inflows exceeded assets and deferred outflows of resources by \$2.1 billion, at June 30, 2015 resulting in unrestricted net deficit of \$4.1 billion, during the year. As discussed previously, the increase was mainly due to recognition of net pension liability resulting from GASB 68 implementation.

City of Detroit, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015
(UNAUDITED)

Summary of Net Position
June 30, 2015 and 2014
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other non-current assets	\$ 1,347,243	\$ 1,805,240	\$ 1,359,431	\$ 1,507,345	\$ 2,706,674	\$ 3,312,585
Capital assets	1,453,722	1,510,671	5,159,683	5,106,915	6,613,405	6,617,586
Total assets	<u>2,800,965</u>	<u>3,315,911</u>	<u>6,519,114</u>	<u>6,614,260</u>	<u>9,320,079</u>	<u>9,930,171</u>
Deferred outflows of resources	418,471	14,797	426,640	331,572	845,111	346,369
Current and other liabilities	316,358	829,064	280,095	374,956	596,453	1,204,020
Long-term obligations	3,931,341	2,515,734	7,197,204	6,316,358	11,128,545	8,832,092
Total liabilities	<u>4,247,699</u>	<u>3,344,798</u>	<u>7,477,299</u>	<u>6,691,314</u>	<u>11,724,998</u>	<u>10,036,112</u>
Deferred inflows of resources	<u>370,351</u>	<u>32,299</u>	<u>144,698</u>	<u>19,735</u>	<u>515,049</u>	<u>52,034</u>
Net position:						
Net investment						
in capital assets	1,098,963	886,141	(23,001)	54,337	1,075,963	940,478
Restricted	544,637	102,048	423,775	473,057	968,412	575,105
Unrestricted (deficit)	<u>(3,042,213)</u>	<u>(1,034,578)</u>	<u>(1,077,018)</u>	<u>(292,611)</u>	<u>(4,119,231)</u>	<u>(1,327,189)</u>
Total net position (deficit)	<u>\$ (1,398,613)</u>	<u>\$ (46,389)</u>	<u>\$ (676,244)</u>	<u>\$ 234,783</u>	<u>\$ (2,074,857)</u>	<u>\$ 188,394</u>

Total Primary Government

The City's net investment in capital assets (e.g., land, buildings, equipment, infrastructure, and others), net of any related debt outstanding that was needed to acquire or construct the assets was \$1.1 billion at June 30, 2015, \$135.5 million more than the \$940.5 million at June 30, 2014. The City uses capital assets to provide services to citizens, consequently, these assets are not available for future spending.

Restricted net position totaling \$968.4 million at June 30, 2015 are resources subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The City presents restricted net position for Highway and Street Improvement (\$66.9 million), Capital Projects and Acquisitions (\$181.4 million), Debt Service (\$274.6 million), Endowments and Trusts (\$1.7 million), Pension (\$442.7 million) and Donations (\$1.1 million).

The remaining balance is an unrestricted accumulated deficit of \$4.1 billion at June 30, 2015. A deficit represents a shortage of assets available to meet all City's obligations if they were immediately due and payable.

Governmental Activities

At June 30, 2015, the City's governmental activities had a net deficit (liabilities and deferred inflows exceeded assets and deferred outflows) of \$1.4 billion, a deficit increase of \$1.4 billion from the \$46.4 million net deficit at June 30, 2014. The decrease was primarily due to GASB 68 implementation and bankruptcy related costs.

Restricted net position totaled \$544.6 million at June 30, 2015. The unrestricted net deficit totaled \$3.0 billion at June 30, 2015, a \$2.0 billion increase from the \$1 billion deficit at June 30, 2014.

Business-type Activities

The business-type activities had a net deficit totaling \$676.2 million at June 30, 2015, a decrease of \$911.0 million from the \$234.8 net position at June 30, 2014. The unrestricted net deficit totaled \$1.1 billion at June 30, 2015, a \$784.4 million increase from net deficit of \$292.6 million at June 30, 2014.

City of Detroit, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015
(UNAUDITED)

The Water Fund had a \$352.8 million net deficit at June 30, 2015. The Sewage Disposal Fund had a net deficit of \$248.7 million at June 30, 2015. The Transportation, Parking, and Other Enterprise (Airport and PLA) Funds had net positions totaling \$158.1 million deficit, \$46.5 million surplus, and \$36.8 million surplus respectively, at June 30, 2015.

Government-wide Changes in Net Position

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City's net position changed during the fiscal year:

	Summary of Changes in Net Position					
	June 30, 2015 and 2014					
	(In Thousands)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for Services	\$ 334,927	\$ 346,935	\$ 911,970	\$ 857,942	\$ 1,246,897	\$ 1,204,877
Operating Grants and Contributions	155,869	176,788	56,702	61,598	212,570	238,386
Capital Grants and Contributions	7,149	30,593	34,890	9,943	42,039	40,536
General Revenues:						
Property Taxes	190,096	194,680	-	-	190,096	194,680
Municipal Income Tax	263,377	253,770	-	-	263,377	253,770
Utility Users Tax	37,939	42,387	-	-	37,939	42,387
Wagering Tax	170,177	167,570	-	-	170,177	167,570
Hotel and Liquor Tax	-	-	-	-	-	-
Other Local Taxes	7,370	8,604	-	-	7,370	8,604
State Shared Taxes	194,758	189,757	-	-	194,758	189,757
State Returnable Liquor License Fees	607	607	-	-	607	607
Investment Earnings (Losses)	(59,434)	(4,171)	3,116	5,609	(56,318)	1,438
Bond Issuance Costs	-	-	13,049	(22,174)	13,049	(22,174)
Miscellaneous	15,905	8,460	6,054	(15,217)	21,959	(6,757)
Total Revenues	<u>1,318,739</u>	<u>1,415,980</u>	<u>1,025,781</u>	<u>897,701</u>	<u>2,344,520</u>	<u>2,313,681</u>
Expenses:						
Public Protection	527,636	539,831	-	-	527,636	539,831
Public Works	-	-	-	-	-	-
Health	31,640	49,563	-	-	31,640	49,563
Recreation and Culture	21,863	30,467	-	-	21,863	30,467
Economic Development	70,890	59,702	-	-	70,890	59,702
Educational Development	1	-	-	-	1	-
Housing Supply and Conditions	1,920	8,465	-	-	1,920	8,465
Physical Environment	41,582	110,555	-	-	41,582	110,555
Transportation Facilitation	38,659	55,832	-	-	38,659	55,832
Development and Management	490,077	328,244	-	-	490,077	328,244
Interest on Long-term Debt	95,777	135,131	-	-	95,777	135,131
Sewage Disposal	-	-	425,198	482,724	425,198	482,724
Transportation	-	-	101,466	163,841	101,466	163,842
Water	-	-	360,527	392,921	360,527	392,921
Automobile Parking	-	-	7,915	14,714	7,915	14,714
Airport	-	-	18,072	4,613	18,072	4,613
Total Expenses	<u>1,320,045</u>	<u>1,317,790</u>	<u>913,178</u>	<u>1,058,813</u>	<u>2,233,223</u>	<u>2,376,604</u>
Excess (Deficiency) Before	(1,307)	98,190	112,603	(161,112)	111,297	(62,923)
Asset Impairment	-	-	(5,536)	-	(5,536)	-
Extraordinary Item	1,048,258	766,046	211,822	228,728	1,260,080	994,774
Gain (loss) on sale of capital assets	600,150	-	(55)	-	600,096	-
Transfers, Net	(72,650)	(79,433)	72,650	79,433	-	-
Increase (decrease) in Net Position	<u>1,574,452</u>	<u>784,803</u>	<u>391,484</u>	<u>147,049</u>	<u>1,965,936</u>	<u>931,851</u>
Net Position, July 1	(46,389)	(807,792)	234,783	129,614	188,394	(678,178)
GASB 68 Adjustment	<u>(2,926,675)</u>	<u>(23,400)</u>	<u>(1,302,511)</u>	<u>(41,880)</u>	<u>(4,229,186)</u>	<u>(65,280)</u>
Restated Net Assets, July 1	<u>(2,973,064)</u>	<u>(831,192)</u>	<u>(1,067,728)</u>	<u>87,734</u>	<u>(4,040,792)</u>	<u>(743,458)</u>
Net Position, June 30	<u>\$ (1,398,613)</u>	<u>\$ (46,389)</u>	<u>\$ (676,244)</u>	<u>\$ 234,783</u>	<u>\$ (2,074,856)</u>	<u>\$ 188,393</u>

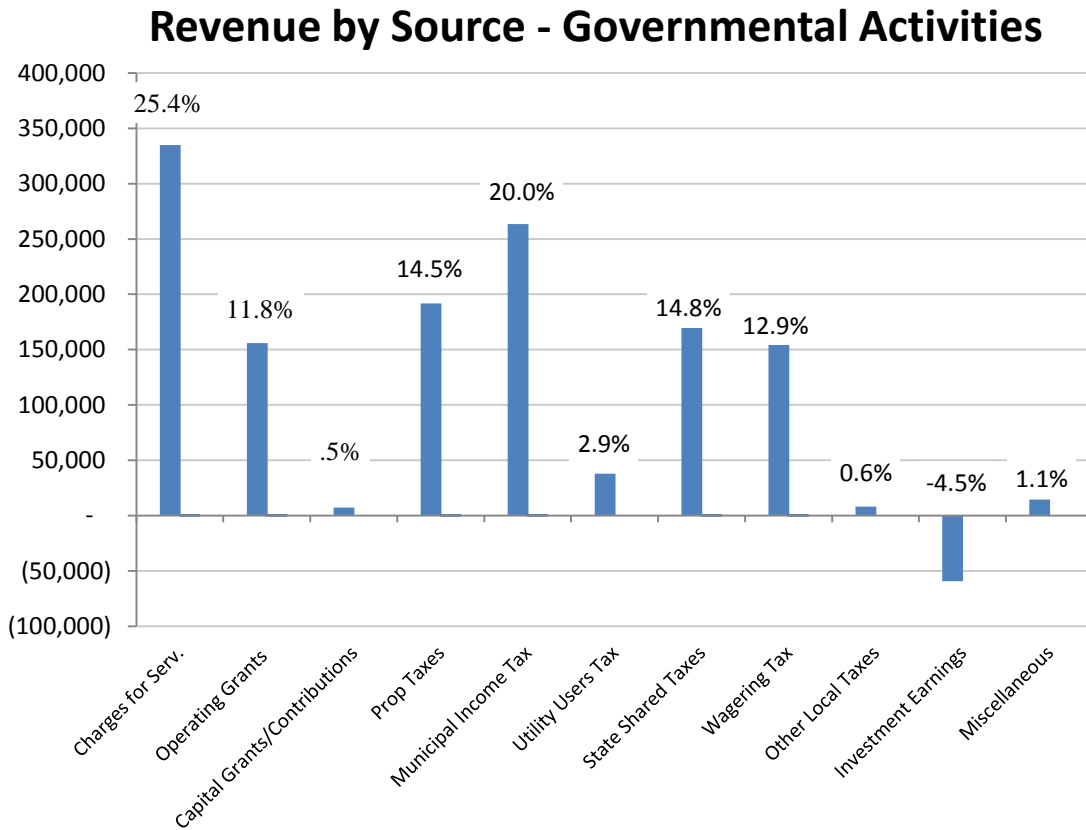
Total Primary Government

Total revenues for the year ended June 30, 2015 were \$2.3 billion an increase of \$30.8 million.

Total expenses for the year ended June 30, 2015, were \$2.2 billion, a decrease of \$143.4 million from the prior fiscal year.

Governmental Activities

The following chart depicts revenues of the governmental activities for the year ended June 30, 2015.

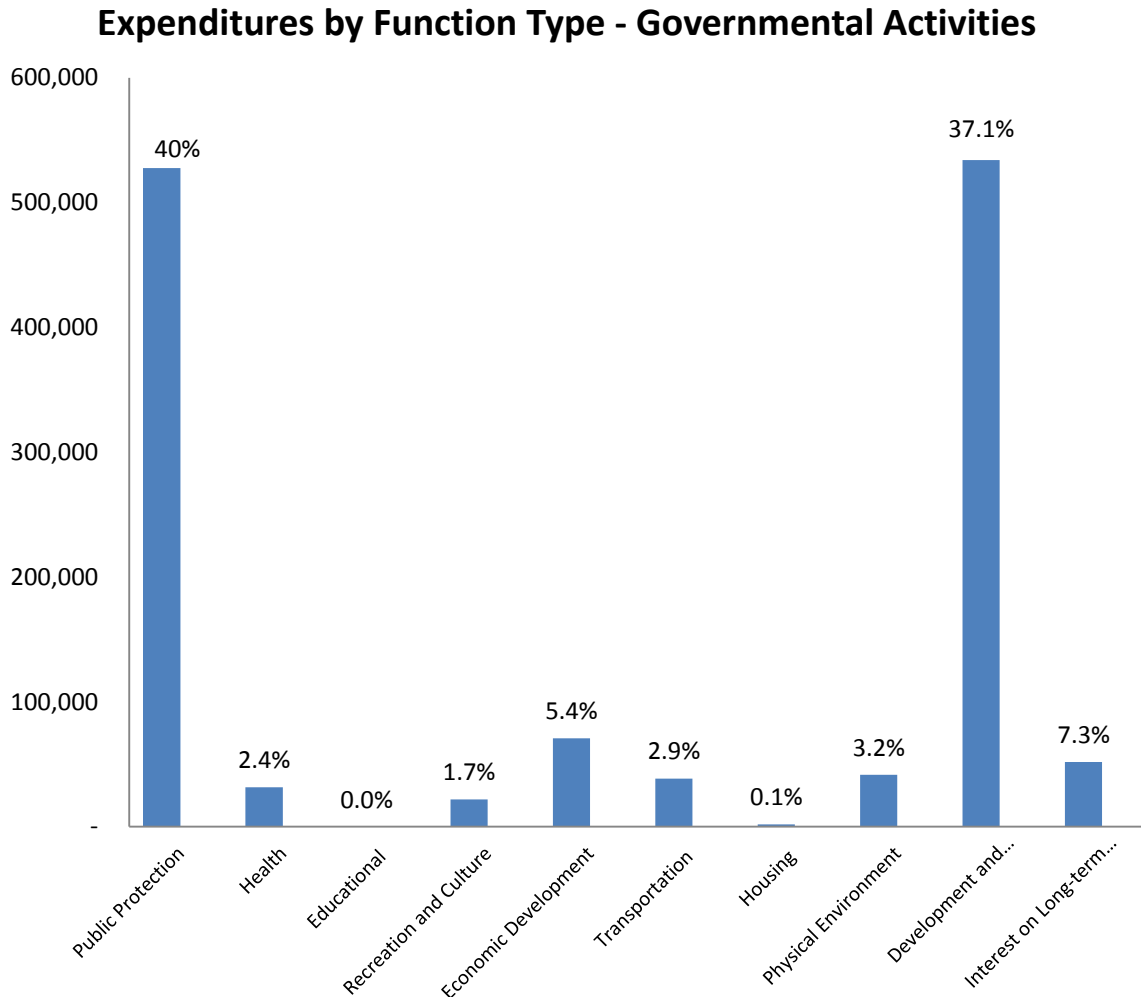


The governmental activities revenues totaled \$1.3 billion for the year ended June 30, 2015. The amount that taxpayers paid for these activities through City taxes was \$669.0 million or 50.7% of total revenues.

Income taxes were the largest (20.0% of total revenues) category of taxes collected and totaled \$263.4 million, a \$9.6 million increase from the prior fiscal year amount mainly resulting from improvement in the local economy. Property taxes were \$4.6 million less than the prior fiscal year amount due to reduction in assessment values. Wagering (casino) tax revenues increased \$2.6 million. Utility user taxes decreased \$4.4 million. Other funding for governmental activities was provided from the following sources for the year ended June 30, 2015:

- Charges for services paid by those who directly benefited totaled \$334.9 million or 25.4% of total revenues. These services included permits, parking fines, licenses, and solid waste fees. Charges for services were \$12 million less than the \$346.9 million for the year ended June 30, 2014.
- Other governments and organizations subsidized programs such as health related activities and community development projects with grants and contributions totaling \$163.0 million or 12.4% of total revenue. This was \$44.4 million less than the \$207.4 million of subsidies during the year ended June 30, 2014.
- Other revenues such as state aid (revenue sharing), interest, and miscellaneous income funded the “public benefit” portion of various programs and totaled \$151.8 million or 11.5% of total revenue. This was \$42.8 million less than the \$194.7 million for the year ended June 30, 2014 mainly due to \$59.4 million loss in investment earnings (decrease in derivative market value), \$5 million increase in State revenue sharing, and \$7.4 million increase in miscellaneous revenue.

The following chart depicts expenses of the governmental activities for the year ended June 30, 2015:



The governmental activities expenses totaled \$1.3 billion for the year ended June 30, 2015, an increase of \$2.3 million from prior fiscal year.

Business-type Activities

The total net position deficit for business-type activities was \$676.2 million at June 30, 2015, an increase net deficit of \$911.0 million from fiscal year 2014. Detailed below are the results for the major business-type funds:

Water Fund

The Water Fund had a net deficit of \$352.8 million at June 30, 2015, a deficit increase of \$314.9 million from the prior year net deficit of \$37.9 million. The reduction was mainly due to increase in net pension obligation resulting from GASB 68 implementation.

Sewage Disposal Fund

The Sewage Disposal Fund had a net deficit of \$248.7 million at June 30, 2015, a decrease of \$319.8 million from the prior year surplus net position of \$71.0 million. The reduction was mainly due to increase in net pension obligation resulting from GASB 68 implementation.

Transportation Fund

The Transportation Fund (“DDOT”) had a net deficit of \$158.1 million at June 30, 2015, a decrease of \$269.0 million from the prior year net surplus of \$110.9 million. The reduction was mainly due to increase in net pension obligation resulting from GASB 68 implementation.

Automobile Parking Fund

The Automobile Parking Fund had a net position of \$46.5 million at June 30, 2015, a decrease of \$10.9 million from the prior year net surplus of \$57.4 million. The reduction was mainly due to increase in net pension obligation resulting from GASB 68 implementation.

Airport and Public Lighting Authority Funds (Other Enterprise Funds)

Other Enterprise Funds include the Airport Fund and Public Lighting Authority of Detroit (the “PLA”). Because the PLA is in substance a part of the City’s operation, its financial statements are blended (Blended Component Unit) with the City’s financial statements in the CAFR’s Enterprise Funds section. The PLA had a \$19.1 million net position at June 30, 2015, a \$2.6 million increase from \$16.5 million at June 30, 2014. The PLA had revenues of \$19.3 million (including \$12.5 million transferred from the City’s General Fund for utility users tax revenues). The PLA had \$5.6 million of expenses for the year ended June 30, 2015, a \$4.3 million increase from the prior fiscal year.

The Airport Fund had a \$17.7 million net position at June 30, 2015, a \$0.9 million increase from June 30, 2014 primarily due to rental fees and surcharge revenue from the Public Lighting Authority. The General Fund contribution to the Airport Fund was \$0.9 million for the year ended June 30, 2015, which was \$0.3 million more than the prior fiscal year.

FINANCIAL ANALYSIS OF THE CITY’S GOVERNMENTAL FUNDS

The City’s governmental funds reported a combined ending fund balance of \$632.1 million at June 30, 2015, a \$386.5 million increase from the \$245.6 million fund balance at June 30, 2014. This was mainly due to the \$787.6 million in proceeds from the issuance of B and C notes, less \$350.2 million in principal, interest and bond issuance costs payments and \$396.9 million in settlement or refinancing payments.

General Fund

The General Fund is the chief operating fund of the City. The fund had a \$437.7 million surplus at June 30, 2015, a \$384.3 million increase from the \$53.4 million at June 30, 2014. The fund balance includes unassigned balance of \$70.9 million, a \$216.8 million increase from the \$145.9 million deficit at June 30, 2014. The remaining General Fund balance includes:

- (1) Restricted (Unspent Bond Proceeds) - \$1.0 million and (Quality of Life) - \$125.0 million
- (2) Committed (Risk Management) - \$58.8 million
- (3) Budget Reserve - \$182.0 million.

City of Detroit, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015
(UNAUDITED)

General Fund Balance Sheet
June 30, 2015 and 2014
(in millions)

	2015	2014
Assets and Deferred Outflows of Resources	\$ 1,210.9	\$ 622.8
Liabilities and Deferred Inflows of Resources	773.3	569.4
Fund Balance		
Nonspendable	-	-
Restricted	126.0	43.0
Committed	58.8	156.3
Assigned	181.9	
Unassigned	70.9	(145.9)
Total Fund Balance (Deficit)	437.6	53.4
Total Liabilities and Fund Balance (Deficit)	\$ 1,210.9	\$ 622.8

The \$216.8 million increase in the unassigned General Fund surplus was primarily due to \$192.6 million from the State of Michigan, DIA and Foundations contributions towards the “Grand Bargain” bankruptcy settlement.

General Fund Budgetary Highlights

The City’s fiscal year 2015 General Fund budget was \$1.7 billion. The City’s fiscal year 2015 General Fund budget contained no additions or material changes to existing taxes pursuant to Section 12(1)(b) of Michigan Public Act 436 of 2012.

The actual revenues fell short of estimated revenues in the budget by \$626.4 million for the year ended June 30, 2015. The revenue shortfall is mainly attributable to actual intergovernmental (including grant) revenues, and other revenues being \$271.0 million and \$373.6 million, respectively, less than the final budget and offset by an increase in Utility Users tax of \$20.9 million.

Actual expenditures were less than budgeted expenditures by \$547.0 million for the year ended June 30, 2015. The actual expenditures were less than budget for the following categories: Public Protection (\$111.8 million), Health (\$123.2 million), Recreation (\$7.7 million), Housing (\$19.7 million), Physical Environment (\$55.8 million), Development and Management (\$192.9 million), Capital Outlay (\$22.9 million), and Debt Service (\$12.9 million).

Differences between the original budget and the final amended budget of \$11.1 million consisted of a total net increase in estimated revenues of \$355.5 million and a total net increase in appropriations of \$366.6 million. The difference was offset by a total net increase attributable to other financing sources and uses.

City of Detroit, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015
(UNAUDITED)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Total Government

At June 30, 2015, the City had invested \$6.6 billion, net of accumulated depreciation, in a broad range of capital assets (see table below). This was a decrease of \$4.2 million from the balance at June 30, 2014.

(In Thousands)	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2015	2014	2015	2014	2015	2014
Land & Land Rights	\$ 412,807	\$ 412,817	\$ 76,807	\$ 76,694	\$ 489,614	\$ 489,511
Land Improvements	-	-	148,082	136,311	148,082	136,311
Buildings & Structures	597,705	667,074	1,951,124	2,100,346	2,548,829	2,767,420
Sewer & Water Lines	-	-	872,079	893,839	872,079	893,839
Equipment & Structures	47,398	50,282	1,508,122	1,504,276	1,555,520	1,554,558
Works of Art	29,788	29,805	-	-	29,788	29,805
Infrastructure	346,977	326,323	-	-	346,977	326,323
Construction in Progress	19,047	24,370	603,470	395,449	622,517	419,819
Total	\$ 1,453,722	\$ 1,510,671	\$ 5,159,683	\$ 5,106,915	\$ 6,613,405	\$ 6,617,586

Governmental Activities

Governmental Activities capital assets at June 30, 2015 were \$1.45 billion which was \$57.0 million less than the \$1.51 billion at June 30, 2014. The City acquired \$90.7 million in new assets including \$14.9 million of construction in progress, which was completed during the year ended June 30, 2015. Depreciation expenses totaled \$87.5 million for the year ended June 30, 2015, which was \$5.3 million more than the prior fiscal year.

At June 30, 2015, the City governmental activities had commitments for future capital asset construction contracts of \$19.6 million.

Major capital assets acquired and projects completed or in progress during the year ended June 30, 2015 included the following:

- \$35.9 million for traffic light modernization and replacement as well as road construction and resurfacing;
- \$10.4 million for building of the Michigan State Police Forensic laboratory at the new public safety headquarters;
- \$6.2 million for expansion and improvements to the Police and Fire Training Academy and renovation of various police precincts, upgrades of police electronic systems and fire station expansions; and
- \$1.1 million for renewable energy projects, street lighting, outreach and educational promotion and improvements and renovation of parking lot.

Business-type Activities

Business-type activities capital assets at June 30, 2015 were \$5.2 billion, an increase of \$52.8 million from the balance at June 30, 2014.

City of Detroit, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015
(UNAUDITED)

Construction work in progress, major capital assets acquired, and projects completed during the year ended June 30, 2015 included the following:

- The Water Fund is engaged in a variety of projects that are a part of its five-year Capital Improvement Program (the Program). The total cost of this program is anticipated to be approximately \$651 million through fiscal year 2020. The Program is being primarily financed from revenues of the Fund and proceeds from the issuance of revenue bonds. The total amount of construction contract commitments outstanding at June 30, 2015 was approximately \$84.9 million (see Note X(f)).
- The Sewage Fund is engaged in a variety of projects that are a part of its five-year Capital Improvement Program (the Program). The total cost of this Program is anticipated to be approximately \$463 million through fiscal year 2020. The Program is being financed primarily from revenues of the Fund and proceeds from the issuance of revenue bonds. The total amount of construction contract commitments outstanding at June 30, 2015 was approximately \$75.2 million (see Note X(f)).

See Note V to the basic financial statements for more information regarding governmental and business-type activities capital assets.

Long-term Debt

Outstanding Bonded Debt as of June 30, 2015 and 2014
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 1,609,844	\$ 1,042,312	\$ 131,544	\$ 5,458	\$ 1,741,388	\$ 1,047,770
Revenue bonds	-	-	5,946,978	5,213,235	5,946,978	5,285,785
Total	\$ 1,609,844	\$ 1,042,312	\$ 6,078,522	\$ 5,275,951	\$ 7,688,366	\$ 6,333,555

At June 30, 2015, the City had total bonded debt of \$7.2 billion outstanding. Of this amount, \$1.3 billion are general obligation bonds backed by the full faith and credit of the City and \$5.9 billion are revenue bonds of the City's business enterprises. Additional information can be found in Note VI.

City's total governmental activities general obligation bonded debt increased by \$567.5 million during year ended June 30, 2015 mainly because of the issuance of B&C notes for \$787.6 million.

City's credit ratings on uninsured general obligation bonds as of June 30, 2015 were:

Moody's Investors Service, Inc.	B3
Standard & Poor's Corporation	C

The City's credit ratings were below investment grade due to its bankruptcy and related factors. A significant impact of the City's credit ratings below investment grade status comes in the form of greater limitations on the access to capital and higher borrowing costs.

Additional information on the City's long-term debt can be found in Notes VI. Long-Term Obligations, VII. Pension Plans, VIII. Other Postemployment Benefits, IX. Risk Management, and XI. Bankruptcy.

ECONOMIC CONDITIONS

City of Detroit is the largest city in Michigan and the 21st largest city in the United States. However, as documented in the 2010 Census, the City's population continues to decline, which contributes to the declining property and income tax base. According to the U.S. Bureau of Labor Statistics, as of March 2016, the City has seen a slight improvement in employment rates, but unemployment remains at 11.0% compared to an average 4.5% for Michigan cities overall. Expectations on residential property tax collections remains mixed as the percentage of vacant home remained at 25.75%, home values remain 12.5% below their pre-recessionary peak, the number of foreclosure filings was 57% lower than last year, and home sales improved 275% according to Realtytrac.com. New real estate development in downtown and surrounding areas continues to grow as investors have several residential, mixed use commercial and retail space in the planning stages. Development at the former Hudson's site, old Tiger Stadium site, Corktown, the State Fairgrounds, the Packard plant site, and the Woodward corridor continues.

Sports entertainment in Detroit may be growing. In addition to the existing major league teams including the Tigers, Lions, and Red Wings, a proposed major league soccer stadium backed by key local investors is being discussed. Also, the City's three casinos and a growing number of restaurants and night spots provide visitors with many entertainment options.

The Detroit metro area economy remains dominated by the auto industry. Auto sales by Detroit area manufacturers were up in 2015 from the prior year. It is expected that auto sales will continue their upward track into 2017 as pent up demand is satisfied.

The City has partnered with the State and Federal governments and progress continues on the rapid transit bus system operating in dedicated lanes on routes from downtown to and through the suburbs along Gratiot, Woodward, and Michigan avenues. A second bridge between Canada and Detroit has been approved and will contribute to the improvement of the City's economy, providing jobs for residents and improving commerce.

NEXT YEAR'S BUDGET

Budgeted positions for fiscal year 2015 and 2016 are as follows for comparative purposes:

<u>Description</u>	<u>Positions FY 2015-16</u>	<u>Positions FY 2014-15</u>	<u>Variance</u>
General City	5,911	5,911	-
Enterprise Agencies	3,230	3,230	-
Total Budgeted	<u>9,141</u>	<u>9,141</u>	<u>-</u>

CONTACTING THE CITY'S OFFICE OF THE CHIEF FINANCIAL OFFICER

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Additional copies of this report and other financial information can be obtained by visiting the Office of the Chief Financial Officer's website at <http://www.detroitmi.gov/How-Do-I/City-of-Detroit-CAFR-Find-How-Do-I-City-of-Detroit-MI>. You can also contact the office by phone at (313) 224-9707.

The City's component units issue their own audited financial statements. These statements may be obtained by directly contacting the component unit.



Mayor Duggan Meets with Detroit Residents

Mayor Duggan hosted a community meeting in August 28, 2014 at St. Matthews Church in District 4 on Detroit's east side. Residents listened as the Mayor gave an update on topics including installation of street lights, demolition of abandoned homes, and EMS and Police response times. After the presentation, residents asked questions of the Mayor about issues of importance to them or shared their concerns. The City Charter requires the Mayor to hold eight community meetings each year – one in each City Council district and one citywide.



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BASIC
FINANCIAL
STATEMENTS

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City of Detroit, Michigan
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
ASSETS				
Cash and Cash Equivalents	\$ 651,821,027	\$ 753,220,591	\$ 1,405,041,618	\$ 93,135,641
Investments	51,487,766	290,868,486	342,356,252	369,886,002
Accounts and Contracts Receivable - Net	507,080,155	216,673,990	723,754,145	31,857,719
Internal Balances	23,938,586	(23,938,586)	—	—
Due from Primary Government	—	—	—	5,707,156
Due from Other Governmental Agencies	111,332,321	43,259,504	154,591,825	9,004,921
Inventory	—	20,200,929	20,200,929	3,392,703
Prepaid Expenses	314,062	4,743,508	5,057,570	2,010,833
Long-Term Receivable	—	650,000	650,000	—
Loans, Notes, and Pledges Receivable	—	—	—	167,494,375
Other Assets	1,270,063	—	1,270,063	28,447,266
Restricted Assets	—	—	—	26,905,028
Prepaid Insurance on Debt	—	53,752,306	53,752,306	—
Capital Assets:				
Non-Depreciable	461,641,905	680,277,020	1,141,918,925	229,055,054
Depreciable, Net	992,079,721	4,479,406,416	5,471,486,137	369,479,578
Total Capital Assets - Net	<u>1,453,721,626</u>	<u>5,159,683,436</u>	<u>6,613,405,062</u>	<u>598,534,632</u>
Total Assets	<u>2,800,965,606</u>	<u>6,519,114,164</u>	<u>9,320,079,770</u>	<u>1,336,376,276</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>418,470,993</u>	<u>426,639,651</u>	<u>845,110,644</u>	<u>6,195,952</u>
LIABILITIES				
Accounts and Contracts Payable	54,491,889	120,613,954	175,105,843	20,895,776
Accrued Liabilities	44,746,604	—	44,746,604	—
Accrued Salaries and Wages	18,365,474	3,416,683	21,782,157	1,545,217
Accrued Interest Payable	15,493,029	136,254,586	151,747,615	18,001,555
Due to Other Governmental Agencies	118,653,550	146,934	118,800,484	24,093,107
Due to Component Units	3,565,162	2,141,994	5,707,156	—
Deposits and Refunds	12,560,923	—	12,560,923	—
Unearned Revenue	25,706	17,012,563	17,038,269	11,556,591
Settlement Credit Contingent Liability	25,000,000	—	25,000,000	—
Net Pension Liability	2,037,558,918	828,794,134	2,866,353,052	51,672,886
Other Liabilities	23,455,182	508,631	23,963,813	51,355,100
Long-Term Obligations:				
Due within one year	103,291,136	198,470,318	301,761,454	46,613,300
Due in more than one year	1,790,490,928	6,169,939,630	7,960,430,558	546,058,399
Total Liabilities	<u>4,247,698,501</u>	<u>7,477,299,427</u>	<u>11,724,997,928</u>	<u>771,791,931</u>
DEFERRED INFLOWS OF RESOURCES	<u>370,350,940</u>	<u>144,698,273</u>	<u>515,049,213</u>	<u>19,646,998</u>
NET POSITION (DEFICIT)				
Net Investment in Capital Assets	1,098,963,308	(23,000,738)	1,075,962,570	411,318,469
Restricted for:				
Highway and Street Improvement	66,979,875	—	66,979,875	—
Endowments and Trust (Expendable)	726,034	—	726,034	12,283,346
Endowments and Trust (Non-Expendable)	937,861	—	937,861	1,765,964
Capital Projects and Acquisitions	14,781,479	166,638,893	181,420,372	190,854,526
Debt Service	18,511,653	256,040,611	274,552,264	26,773,123
Pension	442,700,000	—	442,700,000	—
Donations	—	1,095,375	1,095,375	—
Unrestricted (Deficit)	<u>(3,042,213,052)</u>	<u>(1,077,018,026)</u>	<u>(4,119,231,078)</u>	<u>(91,862,129)</u>
Total Net Position (Deficit)	<u>\$ (1,398,612,842)</u>	<u>\$ (676,243,885)</u>	<u>\$ (2,074,856,727)</u>	<u>\$ 551,133,299</u>

City of Detroit, Michigan
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Protection	\$ 527,636,236	\$ 63,885,128	\$ 16,401,755	\$ —
Health	31,640,136	21,433	21,033,123	—
Recreation and Culture	21,863,335	16,898,076	267,360	—
Economic Development	70,889,645	3,215,123	63,027,874	—
Educational Development	1,477	—	—	—
Housing Supply and Conditions	1,920,096	1,512,350	—	—
Physical Environment	41,582,157	51,082,632	—	—
Transportation Facilitation	38,658,855	47,861,667	55,138,474	7,148,673
Development and Management	490,076,634	150,450,170	—	—
Interest on Long-Term Debt	95,776,801	—	—	—
Total Governmental Activities	<u>1,320,045,372</u>	<u>334,926,579</u>	<u>155,868,586</u>	<u>7,148,673</u>
Business-type Activities:				
Sewage Disposal	425,198,938	505,671,614	—	—
Transportation	101,466,158	22,347,086	52,611,159	34,890,437
Water	360,527,146	364,278,054	—	—
Automobile Parking	7,915,022	12,337,691	—	—
Airport	1,364,972	628,221	4,090,467	—
Public Lighting Authority	16,706,571	6,707,642	—	—
Total Business-type Activities	<u>913,178,807</u>	<u>911,970,308</u>	<u>56,701,626</u>	<u>34,890,437</u>
Total Primary Government	<u>\$ 2,233,224,179</u>	<u>\$ 1,246,896,887</u>	<u>\$ 212,570,212</u>	<u>\$ 42,039,110</u>
Component Units:				
Detroit Brownfield Redevelopment Authority	\$ 1,410,520	\$ —	\$ 76,059	\$ —
Detroit Public Library	16,935,730	788,761	1,052,142	—
Detroit Transportation Corporation	22,337,949	1,453,456	13,686,380	—
Detroit Housing Commission	100,557,115	79,500,117	34,539,468	—
Downtown Development Authority	38,536,682	90,458,746	—	—
Eastern Market Corporation	4,710,183	1,280,674	575,761	—
Economic Development Corporation	6,703,782	2,984,424	—	—
Greater Detroit Resource Recovery Authority	11,723,980	240,286	—	—
Local Development Finance Authority	2,785,552	—	—	—
Museum of African American History	6,374,951	1,975,340	2,026,524	—
Detroit Land Bank Authority	54,454,511	—	63,105,064	—
Eight Mile/Woodward Corridor Imp. Authority	424,279	—	—	—
Detroit Employment Solutions Corporation	37,797,850	—	37,864,201	—
Total Component Units	<u>\$ 304,753,084</u>	<u>\$ 178,681,804</u>	<u>\$ 152,925,599</u>	<u>\$ —</u>

General Revenues:

Taxes:

- Property Taxes
- Municipal Income Tax
- Utility Users' Tax
- Wagering Tax
- Other Taxes and Assessments
- State Shared Taxes
- State Returnable Liquor License Fees
- Interest and Penalties on Taxes
- Tipping Fees
- Contributions

Investment Earnings (Losses)

- Asset impairment
- Amortization of bond insurance costs and deferral
- Miscellaneous Revenues
- Gain on Sale of Capital Assets

Extraordinary Item - See Note I (t)

Transfers

Total General Revenues, Transfers and Special Items

Change in Net Position

Net Position (Deficit) - Beginning of Year, as Restated (Note I(s))

Net Position (Deficit) - End of Year

**Net (Expense) Revenue and
Changes in Net Position**

Primary Government			
Governmental Activities	Business-type Activities	Totals	Component Units
\$ (447,349,353)	\$ —	\$ (447,349,353)	\$ —
(10,585,580)	—	(10,585,580)	—
(4,697,899)	—	(4,697,899)	—
(4,646,648)	—	(4,646,648)	—
(1,477)	—	(1,477)	—
(407,746)	—	(407,746)	—
9,500,475	—	9,500,475	—
71,489,959	—	71,489,959	—
(339,626,464)	—	(339,626,464)	—
(95,776,801)	—	(95,776,801)	—
<u>(822,101,534)</u>	<u>—</u>	<u>(822,101,534)</u>	<u>—</u>
—	80,472,676	80,472,676	—
—	8,382,524	8,382,524	—
—	3,750,908	3,750,908	—
—	4,422,669	4,422,669	—
—	3,353,716	3,353,716	—
—	(9,998,929)	(9,998,929)	—
<u>—</u>	<u>90,383,564</u>	<u>90,383,564</u>	<u>—</u>
<u>(822,101,534)</u>	<u>90,383,564</u>	<u>(731,717,970)</u>	<u>—</u>
—	—	—	(1,334,461)
—	—	—	(15,094,827)
—	—	—	(7,198,113)
—	—	—	13,482,470
—	—	—	51,922,064
—	—	—	(2,853,748)
—	—	—	(3,719,358)
—	—	—	(11,483,694)
—	—	—	(2,785,552)
—	—	—	(2,373,087)
—	—	—	8,650,553
—	—	—	(424,279)
—	—	—	66,351
<u>—</u>	<u>—</u>	<u>—</u>	<u>26,854,319</u>
190,096,078	—	190,096,078	55,766,527
263,376,804	—	263,376,804	—
37,939,463	—	37,939,463	—
170,176,735	—	170,176,735	—
7,370,339	—	7,370,339	3,259,222
194,757,659	—	194,757,659	595,463
606,690	—	606,690	—
1,619,147	—	1,619,147	—
—	—	—	10,117,218
—	—	—	9,283,123
(59,433,962)	3,116,422	(56,317,540)	2,943,061
—	(5,536,257)	(5,536,257)	—
—	13,048,879	13,048,879	—
14,285,952	6,053,524	20,339,476	6,879,383
600,150,246	(53,510)	600,096,736	—
1,048,258,217	211,821,856	1,260,080,073	14,382,230
(72,649,546)	72,649,546	—	—
<u>2,396,553,822</u>	<u>301,100,460</u>	<u>2,697,654,282</u>	<u>103,226,227</u>
1,574,452,288	391,484,024	1,965,936,312	130,080,546
(2,973,065,130)	(1,067,727,909)	(4,040,793,039)	421,052,753
<u>\$ (1,398,612,842)</u>	<u>\$ (676,243,885)</u>	<u>\$ (2,074,856,727)</u>	<u>\$ 551,133,299</u>

City of Detroit, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	General Retirement System Service Corporation	Police and Fire Retirement System Service Corporation	Other Governmental Funds	Totals
ASSETS					
Cash and Cash Equivalents	\$ 562,355,652	\$ —	\$ —	\$ 89,465,375	\$ 651,821,027
Investments	16,997,268	—	—	34,490,498	51,487,766
Accounts and Contracts Receivable:					
Estimated Withheld Income Taxes Receivable	23,900,883	—	—	—	23,900,883
Utility Users' Taxes Receivable	1,340,475	—	—	—	1,340,475
Property Taxes Receivable	285,363,276	—	—	116,420,058	401,783,334
Income Tax Assessments	68,369,060	—	—	—	68,369,060
Special Assessments	24,669,919	—	—	541,890	25,211,809
Loans Receivable	21,500,000	—	—	18,000,000	39,500,000
Trade Receivables	617,924,968	—	—	35,849,189	653,774,157
Total Accounts and Contracts Receivable	1,043,068,581	—	—	170,811,137	1,213,879,718
Allowance for Uncollectible Accounts	(538,396,901)	—	—	(170,457,849)	(708,854,750)
Total Accounts and Contracts Receivable - Net	504,671,680	—	—	353,288	505,024,968
Due from Other Funds	33,985,405	—	—	117,182,705	151,168,110
Due from Fiduciary Funds	1,712,882	—	—	342,305	2,055,187
Due from Component Units	—	—	—	—	—
Due from Other Governmental Agencies	90,520,514	—	—	20,811,807	111,332,321
Prepaid Expenditures	314,062	—	—	—	314,062
Other Advances	85,143	—	—	—	85,143
Other Assets	297,250	—	—	887,670	1,184,920
Total Assets	1,210,939,856	—	—	263,533,648	1,474,473,504
DEFERRED OUTFLOWS OF RESOURCES					
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,210,939,856	\$ —	\$ —	\$ 263,533,648	\$ 1,474,473,504
LIABILITIES					
Accounts and Contracts Payable	\$ 28,327,297	\$ —	\$ —	\$ 18,677,388	\$ 47,004,685
Accrued Liabilities	26,603,523	—	—	18,143,081	44,746,604
Accrued Salaries and Wages	17,544,267	—	—	821,207	18,365,474
Due to Other Funds	117,804,354	—	—	9,425,170	127,229,524
Due to Fiduciary Funds	7,487,204	—	—	—	7,487,204
Due to Other Governmental Agencies	79,441,869	—	—	16,762,866	96,204,735
Due to Component Units	3,565,162	—	—	—	3,565,162
Income Tax Refunds Payable	6,020,519	—	—	—	6,020,519
Deposits from Vendors and Customers	5,743,981	—	—	796,423	6,540,404
Unearned Revenue	—	—	—	25,706	25,706
Other Liabilities	20,162,698	—	—	3,292,484	23,455,182
Claims and Judgments	2,899,227	—	—	—	2,899,227
Total Liabilities	\$ 315,600,101	\$ —	\$ —	\$ 67,944,325	\$ 383,544,426
DEFERRED INFLOWS OF RESOURCES					
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 457,652,195	\$ —	\$ —	\$ 1,143,929	\$ 458,796,124
FUND BALANCES					
Nonspendable:					
Permanent Fund Principal	\$ —	\$ —	\$ —	\$ 937,861	\$ 937,861
Restricted for:					
Highway and Street Improvements	—	—	—	66,979,875	66,979,875
Unspent Bond Proceeds	979,826	—	—	—	979,826
Police	—	—	—	10,431,841	10,431,841
Endowments and Trusts	—	—	—	726,034	726,034
Capital Acquisitions	—	—	—	54,680,729	54,680,729
Local Business Growth	—	—	—	478,084	478,084
Rubbish Collection and Disposal	—	—	—	22,139,606	22,139,606
Construction Code	—	—	—	5,711,933	5,711,933
Grants	—	—	—	13,859,295	13,859,295
QOL Program	124,981,648	—	—	—	124,981,648
Debt Service	—	—	—	18,511,653	18,511,653
Committed for:					
Risk Management Operations	58,788,660	—	—	—	58,788,660
Assigned for:					
Budget reserve	111,264,397	—	—	—	111,264,397
Restructuring	70,750,455	—	—	—	70,750,455
Unassigned:	70,922,574	—	—	(11,517)	70,911,057
Total Fund Balances	437,687,560	—	—	194,445,394	632,132,954
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,210,939,856	\$ —	\$ —	\$ 263,533,648	\$ 1,474,473,504

City of Detroit, Michigan
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2015

Fund Balances - Total Governmental Funds \$ 632,132,954

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:

Governmental capital assets	\$ 3,365,941,128	
Less accumulated depreciation	<u>(1,912,219,502)</u>	1,453,721,626

Other assets/liabilities used in governmental activities are not financial resources and therefore are not reported in the governmental funds:

Certain revenues of the Government-Wide Financial Statements are earned but not considered available in the Governmental Funds and are, therefore, reported as deferred inflows of resources		16,235,224
Deferred inflow - Grand Bargain receivable		442,700,000

Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds; interest on long-term debt is not accrued in the governmental funds and is recognized as an expenditure to the extent due; and all liabilities, both current and long-term, are reported in the statement of net position:

Net pension liability	(2,037,558,918)	
Net Deferred outflows related to net pension liability	418,470,993	
Net Deferred inflows related to net pension liability	(370,490,040)	
Accrued interest payable on bonds and other long-term obligations	(15,493,029)	
Accrued interest and penalties on escheatment payable	(22,448,815)	
General obligation bonds	(1,609,844,120)	
Notes payable	(80,802,000)	
Loans payable	(1,965,697)	
Settlement Credit Contingent Liability	(25,000,000)	
Unamortized premiums	(9,280,510)	
Accrued compensated absences	(75,366,379)	
Accrued workers' compensation	(66,057,000)	
Accrued other postemployment benefits	(1,095,164)	
Claims and judgments	(46,417,342)	
Accrued pollution remediation	<u>(54,625)</u>	
		<u>(3,943,402,646)</u>

Net Deficit of Governmental Activities \$ (1,398,612,842)

City of Detroit, Michigan
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	General Fund	General Retirement System Service Corporation	Police and Fire Retirement System Service Corporation	Other Governmental Funds	Totals
REVENUES:					
Taxes:					
Property Taxes	\$ 126,394,573	\$ —	\$ —	\$ 63,701,505	\$ 190,096,078
Municipal Income Tax	263,376,804	—	—	—	263,376,804
Utility Users' Tax	37,939,463	—	—	—	37,939,463
Wagering Tax	172,523,054	—	—	—	172,523,054
Gas and Weight Tax	—	—	—	55,138,474	55,138,474
Other Taxes and Assessments	4,783,208	—	—	2,587,131	7,370,339
Interest and Penalties on Taxes	1,106,744	—	—	512,403	1,619,147
Licenses, Permits, and Inspection Charges	11,080,804	—	—	19,905,430	30,986,234
Intergovernmental:					
Federal	43,347,186	—	—	66,233,652	109,580,838
State:					
State Shared Revenue	194,757,659	—	—	—	194,757,659
State Returnable Liquor License Fees	606,690	—	—	—	606,690
Other State Sourced Revenue	14,128,494	—	—	3,845,817	17,974,311
Other	157	—	—	3,331,668	3,331,825
Sales and Charges for Services	86,783,156	—	—	44,283,229	131,066,385
Ordinance Fines and Forfeitures	20,608,519	—	—	4,117,795	24,726,314
Revenue from Use of Assets	14,277,845	—	—	—	14,277,845
Investment Earnings (Losses)	(3,144,590)	—	—	259,054	(2,885,536)
Other Revenue	71,222,054	—	—	53,897,820	125,119,874
Total Revenues	1,059,791,820	—	—	317,813,978	1,377,605,798
EXPENDITURES:					
Current:					
Public Protection	389,089,858	—	—	19,111,145	408,201,003
Health	32,630,225	—	—	2,924	32,633,149
Recreation and Culture	12,439,661	—	—	258,977	12,698,638
Economic Development	—	—	—	64,020,545	64,020,545
Educational Development	—	—	—	1,477	1,477
Housing Supply and Conditions	5,570,783	—	—	—	5,570,783
Physical Environment	14,490,993	—	—	40,430,820	54,921,813
Transportation Facilitation	—	—	—	28,936,547	28,936,547
Development and Management	548,221,809	—	—	424,792	548,646,601
Debt Service:					
Principal	134,340,535	—	—	62,272,000	196,612,535
Interest	35,445,185	—	—	23,121,986	58,567,171
Bond Issuance Costs	4,194,731	—	—	—	4,194,731
Capital Outlay	28,803,462	—	—	61,915,693	90,719,155
Total Expenditures	1,205,227,242	—	—	300,496,906	1,505,724,148
Excess (Deficiency) of Revenues Over (Under) Expenditures	(145,435,422)	—	—	17,317,072	(128,118,350)
OTHER FINANCING SOURCES (USES):					
Sources:					
Transfers In	47,055,766	3,886,100	5,320,771	9,300,320	65,562,957
Proceeds From Sale of Assets from Bankruptcy	218,100,000	—	—	—	218,100,000
Proceeds From Bonds and Notes Issued	1,138,192,978	—	—	20,195,000	1,158,387,978
Uses:					
Transfers Out	(118,978,706)	—	—	(19,233,797)	(138,212,503)
Other financing use-bankruptcy	(959,481,790)	—	—	—	(959,481,790)
Extraordinary Item--Gain (Loss) on bankruptcy	204,828,365	(27,902,704)	(5,320,771)	(1,304,610)	170,300,280
Total Other Financing Sources (Uses)	529,716,613	(24,016,604)	—	8,956,913	514,656,922
Net Change in Fund Balances	384,281,191	(24,016,604)	—	26,273,985	386,538,572
Fund Balances at Beginning of Year	53,406,369	24,016,604	—	168,171,409	245,594,382
Fund Balances at End of Year	\$ 437,687,560	\$ —	\$ —	\$ 194,445,394	\$ 632,132,954

City of Detroit, Michigan
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

Change in Fund Balances - Total Governmental Funds	\$	386,538,572
Amounts reported for governmental activities in the statement of activities are different because:		
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the governmental funds		(2,346,319)
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives:		
Expenditures for capital assets	\$ 90,719,155	
Gain on sale of capital assets	382,488,590	
Less current year depreciation	<u>(87,457,247)</u>	385,750,498
Due to State Government for Escheatment		(2,325,231)
Losses on changes in fair value of investment derivatives are not reported in the governmental funds		(56,548,115)
Full accrual adjustments related to Bankruptcy		
Other bankruptcy related transactions		959,043,447
Extraordinary item - discharge of bonds, notes, loans, and pension obligation certificates payable		877,985,312
Bond and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position		(1,158,387,978)
Repayment of bond principal and other debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position		196,612,535
Pension related expenses do not require the use of current resources, and therefore are not reported in the governmental funds		12,958,000
Some expenses recorded in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Change in accrued interest payable	(20,106,063)	
Amortization of bond premiums	(10,583,603)	
Change in accrued compensated absences	(11,779,598)	
Change in accrued workers' compensation claims	3,119,000	
Change in accrued claims and judgments liability	1,587,416	
Change in accrued other post employment benefits	12,937,775	
Change in accrued pollution remediation	<u>(3,360)</u>	<u>(24,828,433)</u>
Change in Net Position of Governmental Activities	\$	<u>1,574,452,288</u>

City of Detroit, Michigan
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
June 30, 2015

	<u>Sewage Disposal Fund</u>	<u>Transportation Fund</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 142,187,114	\$ 1,018,954
Investments	38,483,036	10,648
Accounts and Contracts Receivable:		
Other Receivables - Trade	<u>231,742,696</u>	<u>532,947</u>
Total Accounts and Contracts Receivable	231,742,696	532,947
Allowance for Uncollectible Accounts	<u>(124,299,622)</u>	<u>(15,570)</u>
Total Accounts and Contracts Receivable - Net	<u>107,443,074</u>	<u>517,377</u>
Due from Other Funds	—	6,296,241
Due from Fiduciary Funds	17,619,903	—
Due from Other Governmental Agencies	—	43,259,504
Inventory	6,759,899	3,799,830
Prepaid Expenses	1,706,766	183,354
Restricted:		
Cash and Cash Equivalents	135,873,306	—
Cash on Deposit with Trustee	51,419,750	—
Investments	—	—
Other accounts receivable	<u>—</u>	<u>—</u>
Total Current Assets	<u>501,492,848</u>	<u>55,085,908</u>
Noncurrent Assets:		
Restricted:		
Cash and Cash Equivalents	156,319,430	—
Investments	30,503,724	—
Prepaid Insurance on Debt	30,905,040	—
Other Receivables	—	650,000
Capital Assets:		
Land and Land Rights	37,926,842	7,578,462
Land Improvements	76,800,884	—
Buildings and Structures	2,131,248,726	152,929,632
Interceptors and Regulators	205,749,861	—
Mains	—	—
Services and Meters	—	—
Vehicles and Buses	—	149,181,789
Machinery, Equipment, and Fixtures	1,763,074,059	53,938,759
Construction in Progress	<u>336,990,773</u>	<u>415,929</u>
Total Capital Assets	4,551,791,145	364,044,571
Less: Accumulated Depreciation	<u>(1,682,645,587)</u>	<u>(192,308,544)</u>
Capital Assets - Net	<u>2,869,145,558</u>	<u>171,736,027</u>
Total Noncurrent Assets	<u>3,086,873,752</u>	<u>172,386,027</u>
Total Assets	<u>3,588,366,600</u>	<u>227,471,935</u>
Deferred Outflows of Resources	<u>254,269,732</u>	<u>26,410,198</u>

<u>Water Fund</u>	<u>Automobile Parking Fund</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>
\$ 78,267,573	\$ 12,753,576	\$ 14,775,725	\$ 249,002,942
7,977,280	—	—	46,470,964
<u>105,951,348</u>	<u>345,663</u>	<u>1,865,149</u>	<u>340,437,803</u>
105,951,348	345,663	1,865,149	340,437,803
<u>(31,856,346)</u>	<u>(206,992)</u>	<u>(803,231)</u>	<u>(157,181,761)</u>
<u>74,095,002</u>	<u>138,671</u>	<u>1,061,918</u>	<u>183,256,042</u>
41,406,082	333,923	9,781	48,046,027
15,537,571	260,474	—	33,417,948
—	—	—	43,259,504
9,641,200	—	—	20,200,929
2,020,045	114,778	718,565	4,743,508
78,867,846	—	—	214,741,152
59,789,797	—	—	111,209,547
16,307,080	—	—	16,307,080
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>383,909,476</u>	<u>13,601,422</u>	<u>16,565,989</u>	<u>970,655,643</u>
21,947,520	—	—	178,266,950
65,544,850	—	132,041,868	228,090,442
22,847,266	—	—	53,752,306
—	—	—	650,000
8,872,365	4,967,313	17,461,958	76,806,940
115,911,645	214,908	10,916,778	203,844,215
684,377,278	200,066,403	5,853,773	3,174,475,812
—	—	—	205,749,861
1,034,926,486	—	—	1,034,926,486
176,652,924	—	—	176,652,924
—	1,254,151	1,326,693	151,762,633
1,180,385,651	5,033,100	2,402,410	3,004,833,979
184,815,383	1,788,971	79,459,024	603,470,080
<u>3,385,941,732</u>	<u>213,324,846</u>	<u>117,420,636</u>	<u>8,632,522,930</u>
<u>(1,436,245,018)</u>	<u>(145,538,889)</u>	<u>(16,101,456)</u>	<u>(3,472,839,494)</u>
<u>1,949,696,714</u>	<u>67,785,957</u>	<u>101,319,180</u>	<u>5,159,683,436</u>
<u>2,060,036,350</u>	<u>67,785,957</u>	<u>233,361,048</u>	<u>5,620,443,134</u>
<u>2,443,945,826</u>	<u>81,387,379</u>	<u>249,927,037</u>	<u>6,591,098,777</u>
<u>145,131,503</u>	<u>629,372</u>	<u>198,846</u>	<u>426,639,651</u>

(Continued)

City of Detroit, Michigan
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
June 30, 2015

	Sewage Disposal Fund	Transportation Fund
LIABILITIES AND NET POSITION (DEFICIT)		
Current Liabilities:		
Accounts and Contracts Payable	\$ 48,969,920	\$ 14,481,152
Accrued Salaries and Wages	665,871	1,428,225
Due to Other Funds	44,221,158	10,447,423
Due to Fiduciary Funds	12,396	378,227
Due to Component Units	—	2,141,994
Due to Other Governmental Agencies	—	144,700
Accrued Interest	70,541,446	438,138
Other Liabilities	11,084,151	7,040
Unearned Revenue	—	203,905
Bonds, Notes, and Capital Leases	97,097,153	408,777
Accrued Compensated Absences	2,315,018	2,297,756
Accrued Workers' Compensation and Claims and Judgments	1,488,980	558,400
Total Current Liabilities	276,396,093	32,935,737
Noncurrent Liabilities:		
Bonds and Notes Payable - Net	3,436,322,169	49,253,004
Net Pension Liability	297,341,040	292,786,017
Accrued Compensated Absences	2,305,776	629,084
Accrued Workers' Compensation and Claims and Judgments	20,092,160	1,348,205
Accrued Other Postemployment Benefits	282,529	332,860
Total Noncurrent Liabilities	3,756,343,674	344,349,170
Total Liabilities	4,032,739,767	377,284,907
Deferred Inflows of Resources	58,630,282	34,674,078
Net Position:		
Net Investment in Capital Assets	(121,231,206)	171,736,027
Restricted for Capital Acquisitions	126,068,143	—
Restricted for Donations	—	—
Restricted for Debt Service	144,671,040	—
Unrestricted (Deficit)	(398,241,694)	(329,812,879)
Total Net Position (Deficit)	\$ (248,733,717)	\$ (158,076,852)

Water Fund	Automobile Parking Fund	Other Enterprise Funds	Totals
\$ 47,326,474	\$ 2,796,885	\$ 6,212,749	\$ 119,787,180
1,299,140	14,820	8,627	3,416,683
13,882,725	532,723	2,900,584	71,984,613
23,568	2,289	410,294	826,774
—	—	—	2,141,994
—	—	2,234	146,934
60,726,769	8,977	4,539,256	136,254,586
9,523,405	387,641	113,950	21,116,187
—	16,808,658	—	17,012,563
65,307,292	—	3,344,458	166,157,680
3,223,057	102,209	18,642	7,956,682
1,527,020	83,000	91,000	3,748,400
<u>202,839,450</u>	<u>20,737,202</u>	<u>17,641,794</u>	<u>550,550,276</u>
2,450,035,646	700,204	193,027,142	6,129,338,165
224,309,908	12,056,341	2,300,828	828,794,134
3,210,188	82,663	—	6,227,711
11,317,440	616,314	71,000	33,445,119
302,920	8,090	2,236	928,635
<u>2,689,176,102</u>	<u>13,463,612</u>	<u>195,401,206</u>	<u>6,998,733,764</u>
<u>2,892,015,552</u>	<u>34,200,814</u>	<u>213,043,000</u>	<u>7,549,284,040</u>
<u>49,821,457</u>	<u>1,320,459</u>	<u>251,997</u>	<u>144,698,273</u>
(237,085,562)	67,785,957	95,794,046	(23,000,738)
40,570,750	—	—	166,638,893
1,095,375	—	—	1,095,375
111,369,571	—	—	256,040,611
<u>(268,709,814)</u>	<u>(21,290,479)</u>	<u>(58,963,160)</u>	<u>(1,077,018,026)</u>
\$ <u><u>(352,759,680)</u></u>	\$ <u><u>46,495,478</u></u>	\$ <u><u>36,830,886</u></u>	\$ <u><u>(676,243,885)</u></u>

City of Detroit, Michigan
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
ENTERPRISE FUNDS
For the Year Ended June 30, 2015

	Sewage Disposal Fund	Transportation Fund
Operating Revenues:		
Sales and Charges for Services	\$ 495,078,983	\$ 19,052,133
Rentals, Fees, and Surcharges	5,608,521	674,954
Miscellaneous	4,984,110	2,619,999
Total Operating Revenues	505,671,614	22,347,086
Operating Expenses:		
Salaries, Wages, and Benefits	32,799,763	36,045,644
Contractual Services	50,588,904	17,364,933
Operating Maintenance	51,205,968	2,578,453
Materials, Supplies, and Other Expenses	5,407,060	—
Depreciation	28,156,834	29,610,857
	119,848,088	14,551,670
Total Operating Expenses	288,006,617	100,151,557
Operating Income (Loss)	217,664,997	(77,804,471)
Non-Operating Revenues (Expenses):		
Investment Earnings (Losses)	1,231,254	116
Federal and State Grants	—	52,575,023
Federal and State Grants, restricted	—	36,136
Interest on Bonds, Notes Payable, and Loans	(129,855,608)	(1,314,601)
Loss on Disposal of Capital Assets	—	(53,510)
Gain on Defeasance of Debt	—	—
Bond Issuance Costs	(7,336,713)	—
Amortization of Bond Insurance Costs and Deferrals	14,851,973	—
Other Revenues (expenses)	(2,159,647)	—
Total Non-Operating Revenues (Expenses), Net	(123,268,741)	51,243,164
Net Income (Loss) Before Capital Contributions, Transfers, and Extraordinary Items	94,396,256	(26,561,307)
Capital Contributions	—	34,890,437
Transfers In	—	82,113,071
Transfers Out	(12,825,000)	—
Asset impairment	—	—
Extraordinary Item (Note I(t))	59,107,921	87,280,111
Increase in Net Position	140,679,177	177,722,312
Net Position (Deficit) - Beginning of Year, as Restated (Note I(s))	(389,412,894)	(335,799,164)
Net Position (Deficit) - End of Year	\$ (248,733,717)	\$ (158,076,852)

<u>Water Fund</u>	<u>Automobile Parking Fund</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>
\$ 358,152,149	\$ —	\$ 5,885	\$ 872,289,150
—	12,337,691	6,113,241	24,734,407
<u>6,125,905</u>	<u>—</u>	<u>1,216,737</u>	<u>14,946,751</u>
<u>364,278,054</u>	<u>12,337,691</u>	<u>7,335,863</u>	<u>911,970,308</u>
19,868,381	59,659	2,068,794	90,842,241
51,929,414	2,893,857	—	122,777,108
47,586,428	1,744,942	4,645,946	107,761,737
6,496,181	62,693	52,361	12,018,295
1,877,566	116,874	41,680	59,803,811
<u>124,371,282</u>	<u>3,028,020</u>	<u>146,012</u>	<u>261,945,072</u>
<u>252,129,252</u>	<u>7,906,045</u>	<u>6,954,793</u>	<u>655,148,264</u>
<u>112,148,802</u>	<u>4,431,646</u>	<u>381,070</u>	<u>256,822,044</u>
1,826,277	—	58,775	3,116,422
—	—	4,090,467	56,665,490
—	—	—	36,136
(101,843,213)	(8,977)	(8,997,509)	(242,019,908)
—	—	—	(53,510)
—	—	—	—
(6,554,681)	—	(2,119,241)	(16,010,635)
(1,803,094)	—	—	13,048,879
<u>8,213,171</u>	<u>—</u>	<u>—</u>	<u>6,053,524</u>
<u>(100,161,540)</u>	<u>(8,977)</u>	<u>(6,967,508)</u>	<u>(179,163,602)</u>
11,987,262	4,422,669	(6,586,438)	77,658,442
—	—	—	34,890,437
—	14,291,854	13,366,910	109,771,835
(9,675,000)	(14,622,289)	—	(37,122,289)
(5,536,257)	—	—	(5,536,257)
<u>66,686,336</u>	<u>(700,204)</u>	<u>(552,308)</u>	<u>211,821,856</u>
63,462,341	3,392,030	6,228,164	391,484,024
<u>(416,222,021)</u>	<u>43,103,448</u>	<u>30,602,722</u>	<u>(1,067,727,909)</u>
\$ <u><u>(352,759,680)</u></u>	\$ <u><u>46,495,478</u></u>	\$ <u><u>36,830,886</u></u>	\$ <u><u>(676,243,885)</u></u>

City of Detroit, Michigan
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Year Ended June 30, 2015

	Sewage Disposal Fund	Transportation Fund
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 538,828,848	\$ 21,608,159
Receipts from (to) Other Funds	28,913,493	6,086,603
Receipts for injuries and damages	—	—
Payments to Suppliers	(155,620,470)	(42,369,063)
Payments to Employees	(91,345,991)	(80,339,248)
	<u>320,775,880</u>	<u>(95,013,549)</u>
Net Cash Provided by (Used in) Operating Activities		
Cash Flows from Non-Capital Financing Activities:		
Proceeds from liquidation of Net Pension Assets	—	—
Proceeds from non-capital debt	—	—
Proceeds from Issuance of Debt	785,860,000	49,882,742
Tendered and Refunded Par, Revenue Bonds	(808,025,000)	—
Cost of Issuance, Revenue Bonds	(7,336,718)	—
Interest Paid - Pension Obligation Certificates	(625,892)	—
Grants and Contributions from Other Governments	—	52,600,646
Principal paid on Bonds	—	(220,961)
Due to other Governments	—	323,780
Interest paid on bonds	—	(296,088)
Payments related to bankruptcy	—	(50,823,652)
Transfers from (to) Other Funds	(12,825,000)	79,041,789
Miscellaneous Non-Capital Financing	(2,544,437)	—
	<u>(45,497,047)</u>	<u>130,508,256</u>
Net Cash Provided by Non-Capital Financing Activities		
Cash Flows from Capital and Related Financing Activities:		
Federal, state and local grants	—	(589,721)
Acquisition and Construction of Capital Assets	(142,442,466)	(36,957,183)
Proceeds from Bond and Note Issuances	220,967,782	—
Principal Paid on Bonds, Notes, and Capital Leases	(86,495,000)	—
Interest Paid on Bonds, Notes, and Leases - Net	(122,891,110)	484,580
	<u>(130,860,794)</u>	<u>(37,062,324)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities		
Cash Flows from Investing Activities:		
Proceeds from Sales and Maturities of Investments	67,328,396	—
Purchases of Investments	(27,997,500)	(116)
Earnings from Investment Securities	1,231,254	116
	<u>40,562,150</u>	<u>—</u>
Net Cash Provided by (Used in) Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	184,980,189	(1,567,617)
Cash and Cash Equivalents at Beginning of Year	<u>300,819,411</u>	<u>2,586,571</u>
Cash and Cash Equivalents at End of Year	<u>\$ 485,799,600</u>	<u>\$ 1,018,954</u>

<u>Water Fund</u>	<u>Automobile Parking Fund</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>
\$ 365,051,278	\$ 11,575,428	\$ 1,496,765	\$ 938,560,478
11,963,256	(1,094,679)	8,168,079	54,036,752
—	—	310	310
(95,732,692)	(5,424,643)	(7,674,237)	(306,821,105)
(75,241,784)	(2,472,866)	(3,011,264)	(252,411,153)
<u>206,040,058</u>	<u>2,583,240</u>	<u>(1,020,347)</u>	<u>433,365,282</u>
—	—	—	—
—	—	—	—
854,850,000	—	552,308	1,691,145,050
(909,194,290)	—	—	(1,717,219,290)
(6,554,682)	—	—	(13,891,400)
(709,194)	—	—	(1,335,086)
—	—	4,104,745	56,705,391
—	—	—	(220,961)
—	—	—	323,780
—	—	—	(296,088)
—	—	—	(50,823,652)
(9,675,000)	(330,435)	13,366,910	69,578,264
<u>8,081,500</u>	<u>—</u>	<u>—</u>	<u>5,537,063</u>
<u>(63,201,666)</u>	<u>(330,435)</u>	<u>18,023,963</u>	<u>39,503,071</u>
—	—	—	(589,721)
(82,887,723)	(311,607)	(69,276,984)	(331,875,963)
—	—	134,074,509	355,042,291
(53,140,000)	—	—	(139,635,000)
<u>(103,667,334)</u>	<u>—</u>	<u>(4,839,792)</u>	<u>(230,913,656)</u>
<u>(239,695,057)</u>	<u>(311,607)</u>	<u>59,957,733</u>	<u>(347,972,049)</u>
86,092,546	—	—	153,420,942
—	—	(79,692,685)	(107,690,301)
<u>1,826,277</u>	<u>—</u>	<u>65,856</u>	<u>3,123,503</u>
<u>87,918,823</u>	<u>—</u>	<u>(79,626,829)</u>	<u>48,854,144</u>
(8,937,842)	1,941,198	(2,665,480)	173,750,448
<u>247,810,578</u>	<u>10,812,378</u>	<u>17,441,205</u>	<u>579,470,143</u>
<u>\$ 238,872,736</u>	<u>\$ 12,753,576</u>	<u>\$ 14,775,725</u>	<u>\$ 753,220,591</u>

(Continued)

City of Detroit, Michigan
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Year Ended June 30, 2015

	<u>Sewage Disposal Fund</u>	<u>Transportation Fund</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating Income (Loss)	\$ 217,664,997	\$ (77,804,471)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	119,848,088	14,551,670
Bad Debt Expense	28,427,178	—
Nonrecurring capital asset adjustment	2,313,365	—
Changes in Assets and Liabilities:		
Accounts and Contracts Receivable	4,730,056	(435,843)
Inventory	2,624,520	1,162,366
Net Pension Liability	(15,533,508)	(27,230,602)
Prepaid Expenses	(919,035)	(2,478)
Due from Other Funds	(8,964,530)	8,957,528
Due from Fiduciary Funds	—	2,554,411
Unearned Revenue	—	(303,084)
Defaulted debt Due to Insurer	—	—
Accounts and Contracts Payable	(14,043,332)	3,212,172
Due to Other Funds	21,478,022	9,129,075
Due to Fiduciary Funds	(933,981)	357,487
Other Liabilities	—	7,040
Accrued Compensated Absences	—	(275,126)
Accrued Workers' Compensation and Claims and Judgments	(20,063,508)	(1,062,374)
Accrued Other Postemployment Benefits	(1,083,142)	(1,470,863)
Claims and judgements payable	11,111,642	—
Accrued Salaries and Wages	45,448	49,741
(Increase)Decrease in Deferred Outflows of Pension Resources	<u>(25,926,400)</u>	<u>(26,410,198)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 320,775,880</u>	<u>\$ (95,013,549)</u>
Noncash activities:		
Prior period adjustment	\$ (460,456,345)	\$ (446,675,043)
Extraordinary item - Asset impairment write-off	—	—
Extraordinary item (Note 1(t))	59,107,927	88,211,021
Acquisition of Capital Assets under Accounts Payable	—	—

<u>Water Fund</u>	<u>Automobile Parking Fund</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>
\$ 112,148,802	\$ 4,431,646	\$ 381,070	\$ 256,822,044
124,371,282	3,028,020	146,012	261,945,072
16,394,753	—	—	44,821,931
13,746,417	—	—	16,059,782
(15,621,530)	(94,572)	48,862	(11,373,027)
(4,171,470)	—	—	(384,584)
(11,718,260)	(920,260)	(950,600)	(56,353,230)
(2,020,044)	(59,659)	(695,486)	(3,696,702)
(12,900,000)	506,729	15,534	(12,384,739)
—	—	—	2,554,411
—	(667,691)	—	(970,775)
—	—	—	—
5,562,598	439,707	392,973	(4,435,882)
11,963,256	(1,601,408)	2,264,588	43,233,533
(1,037,851)	(691,256)	41,859	(2,263,742)
—	(991,303)	(2,548,313)	(3,532,576)
—	31,716	(436)	(243,846)
(9,599,582)	(69,686)	(112,800)	(30,907,950)
(1,738,062)	(46,945)	(6,783)	(4,345,795)
—	—	—	11,111,642
218,261	(82,426)	3,173	234,197
<u>(19,558,512)</u>	<u>(629,372)</u>	<u>—</u>	<u>(72,524,482)</u>
\$ <u>206,040,058</u>	\$ <u>2,583,240</u>	\$ <u>(1,020,347)</u>	\$ <u>433,365,282</u>
\$ (378,325,589)	\$ (14,302,038)	\$ —	\$ (1,299,759,015)
(5,539,752)	—	—	(5,539,752)
66,686,336	(700,204)	(552,308)	212,752,772
—	—	5,525,134	5,525,134

City of Detroit, Michigan
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015

	Pension and Other Employee Benefit Trust Funds	Agency Funds
	<u>Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and Cash Equivalents	\$ 105,222,208	\$ 19,753,706
Investments at Fair Value:		
Short-Term Investments	271,444,309	—
Bonds and Stocks	3,046,516,949	—
Mortgage-Backed Securities	114,102,917	—
Mortgage and Construction Loans	202,750,827	—
Commingled Equity Funds	17,503,650	—
Equity Interest in Real Estate	499,079,832	—
Real Estate Investment Trusts Held by Custodian	182,384,634	—
Pooled Investments	463,361,701	—
Private Placements	393,454,091	—
Total Investments	<u>5,190,598,910</u>	<u>—</u>
Accrued Interest Receivable	15,241,530	—
Accounts Receivable:		
Due from Primary Government	8,313,978	—
Due from Component Units	14,675,204	—
Due from Other Governmental Units	1,000,000	—
Due from other Pension Funds	688,078	—
Receivables from Investment Sales	103,268,228	—
AFS recoupment receivable	108,307,459	—
Other Receivables	26,325,133	—
Total Accounts Receivable	<u>262,578,080</u>	<u>—</u>
Restricted Assets	32,500,000	—
Cash and Investments Held as Collateral for Securities Lending	397,487,268	—
Capital Assets	2,617,257	—
Total Assets	<u>6,006,245,253</u>	<u>19,753,706</u>
LIABILITIES		
Accounts and Contracts Payable	912,511	455,815
Payables for Investment Purchases	123,272,532	—
Benefits and Claims Payable	1,165,850	—
Due to Primary Government	35,122,775	350,360
Due to Component Units	14,603,941	—
Due to Other Pension Funds	688,078	—
Amount Due to Broker for Securities Lending	400,349,828	—
Other Liabilities	20,968,526	18,947,531
Total Liabilities	<u>597,084,041</u>	<u>\$ 19,753,706</u>
Net Position Held in Trust for Pension and Other Employee Benefits	<u>\$ 5,409,161,212</u>	

City of Detroit, Michigan
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2015

	Pension and Other Employee Benefit Trust Funds
ADDITIONS:	
Employer Contributions	\$ 183,523,904
Plan Member Contributions	37,667,176
State and Foundations	218,100,000
AFS Recoupment	132,529,998
Other Income	13,502,128
Total Contributions	585,323,206
Investment Earnings:	
Interest and Dividend Income	126,123,606
Net Appreciation in Fair Value	111,309,690
Investment Expense	(25,100,764)
Securities Lending Income, Net	1,938,059
Net Gain on Collateralized Securities	1,363,720
Total Investment Earnings	215,634,311
Total Additions	800,957,517
DEDUCTIONS:	
Pension and Annuity Benefits	542,915,705
Premiums to Insurers and Damage Claims	92,352,445
Member Refunds and Withdrawals	68,801,898
Grant	7,000,000
General and Administrative Expenses	17,758,052
Total Deductions	728,828,100
Net Increase	72,129,417
Net Position Held in Trust for Pension and Other Employee Benefits, Beginning of Year	5,337,031,795
Net Position Held in Trust for Pension and Other Employee Benefits, End of Year	\$ 5,409,161,212

City of Detroit, Michigan
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2015

	Detroit Brownfield Redevelopment Authority	Detroit Public Library	Detroit Transportation Corporation	Detroit Housing Commission	Downtown Development Authority	Eastern Market Corporation
ASSETS:						
Cash and Cash Equivalents	\$ 4,990,709	\$ 17,161,425	\$ 2,153,761	\$ 28,797,808	\$ 2,578,284	\$ 1,947,794
Investments	1,492,016	13,647,335	145,540	—	282,407,221	—
Accounts and Contracts Receivable, Taxes, Interest, and Penalties Receivable - Net	2,139	47,961	87,842	14,590,873	4,018,972	1,387,510
Due from Primary Government	—	2,947,535	2,759,621	—	—	—
Due from Other Governmental Agencies	—	5,627,248	—	1,127,988	—	—
Inventory	—	—	3,345,214	—	—	21,169
Prepaid Expenses	9,724	287,556	453,597	391,363	675,277	27,981
Loans, Notes, and Pledges Receivable	—	—	—	131,809,222	31,252,424	—
Other Assets	45,575	14,477	—	4,245,486	23,991,777	120,291
Restricted Assets	—	—	2,758,202	19,556,165	—	—
Capital Assets:						
Non-Depreciable	—	1,505,012	5,824,396	104,821,572	107,840,150	—
Depreciable, Net	—	21,183,422	36,097,497	253,977,057	34,999,174	8,030,791
Capital Assets, Net	—	22,688,434	41,921,893	358,798,629	142,839,324	8,030,791
Total Assets	6,540,163	62,421,971	53,625,670	559,317,534	487,763,279	11,535,536
DEFERRED OUTFLOWS OF RESOURCES:	—	3,452,848	529,127	—	2,213,977	—
LIABILITIES:						
Accounts and Contracts Payable	10,609	359,906	2,052,642	5,803,446	1,189,226	807,530
Accrued Salaries and Wages	—	602,190	159,641	284,457	—	103,081
Accrued Interest Payable	—	95,477	—	8,720,229	8,798,218	—
Due to Other Governmental Agencies	—	5,621,205	—	429,669	18,000,000	—
Unearned Revenue	—	—	—	3,937,202	—	303,812
Other Liabilities	4,798,429	582,322	768,595	18,202,834	24,948,771	44,856
Long-term Obligations:						
Due within one year	—	1,549,639	—	13,042,473	3,030,885	393,988
Due in more than one year	230,000	12,490,734	6,430,645	174,002,171	316,670,584	529,265
Net Pension Liability	—	51,672,886	—	—	—	—
Total Liabilities	5,039,038	72,974,359	9,411,523	224,422,481	372,637,684	2,182,532
DEFERRED INFLOWS OF RESOURCES:	—	19,646,998	—	—	—	—
NET POSITION (DEFICIT):						
Net Investment in Capital Assets	—	22,688,434	41,921,893	171,753,985	142,839,324	7,976,466
Restricted for:						
Endowments and Trusts - Expendable	—	11,381,642	—	—	—	—
Endowments and Trusts - Non-Expendable	—	762,453	—	—	—	—
Housing projects	—	—	—	147,583,022	—	—
Capital Projects	482,384	—	3,468,822	—	—	—
Debt Service	—	—	—	—	—	1,776,735
Unrestricted (Deficit)	1,018,741	(61,579,067)	(647,441)	15,558,046	(25,499,752)	(400,197)
Total Net Position (Deficit)	\$ 1,501,125	\$ (26,746,538)	\$ 44,743,274	\$ 334,895,053	\$ 117,339,572	\$ 9,353,004

Economic Development Corporation	Greater Detroit Resource Recovery Authority	Local Development Finance Authority	Museum of African American History	Detroit Land Bank Authority	Eight Mile/ Woodward Corridor Imp. Authority	Detroit Employment Solutions Corporation	Totals
\$ 11,749,121	\$ 1,096,812	\$ 1,077,223	\$ 1,141,064	\$ 18,803,135	\$ 511,081	\$ 1,127,424	\$ 93,135,641
18,298,554	2,482,871	26,462,682	1,045,625	23,904,158	—	—	369,886,002
26,550	859,240	—	444,874	7,350,305	—	3,041,453	31,857,719
—	—	—	—	—	—	—	5,707,156
2,249,685	—	—	—	—	—	—	9,004,921
—	—	—	26,320	—	—	—	3,392,703
—	—	—	22,115	27,651	9,521	106,048	2,010,833
4,432,729	—	—	—	—	—	—	167,494,375
—	—	—	—	—	—	29,660	28,447,266
—	4,590,661	—	—	—	—	—	26,905,028
—	8,873,234	—	190,690	—	—	—	229,055,054
—	13,325,219	—	1,090,674	370,082	—	405,662	369,479,578
—	22,198,453	—	1,281,364	370,082	—	405,662	598,534,632
36,756,639	31,228,037	27,539,905	3,961,362	50,455,331	520,602	4,710,247	1,336,376,276
—	—	—	—	—	—	—	6,195,952
1,626,084	1,986,923	1,329,549	589,338	2,062,861	18,789	3,058,873	20,895,776
—	—	—	173,117	222,731	—	—	1,545,217
—	—	387,631	—	—	—	—	18,001,555
42,233	—	—	—	—	—	—	24,093,107
—	15,000	—	700,325	6,200,252	—	400,000	11,556,591
—	—	—	—	1,028,221	—	981,072	51,355,100
200,000	—	6,375,000	—	21,500,000	404,121	117,194	46,613,300
750,000	—	34,955,000	—	—	—	—	546,058,399
—	—	—	—	—	—	—	51,672,886
2,618,317	2,001,923	43,047,180	1,462,780	31,014,065	422,910	4,557,139	771,791,931
—	—	—	—	—	—	—	19,646,998
—	22,198,453	—	1,281,364	370,082	—	288,468	411,318,469
—	—	—	901,704	—	—	—	12,283,346
—	—	1,003,511	—	—	—	—	1,765,964
—	—	—	—	—	—	—	147,583,022
33,936,761	4,590,661	—	792,876	—	—	—	43,271,504
—	—	24,996,388	—	—	—	—	26,773,123
201,561	2,437,000	(41,507,174)	(477,362)	19,071,184	97,692	(135,360)	(91,862,129)
\$ 34,138,322	\$ 29,226,114	\$ (15,507,275)	\$ 2,498,582	\$ 19,441,266	\$ 97,692	\$ 153,108	\$ 551,133,299

City of Detroit, Michigan
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended June 30, 2015

	<u>Detroit Brownfield Redevelopment Authority</u>	<u>Detroit Public Library</u>	<u>Detroit Transportation Corporation</u>	<u>Detroit Housing Commission</u>	<u>Downtown Development Authority</u>	<u>Eastern Market Corporation</u>
Expenses	\$ (1,410,520)	\$ (16,935,730)	\$ (22,337,949)	\$ (100,557,115)	\$ (38,536,682)	\$ (4,710,183)
Program Revenues:						
Charges for Services	—	788,761	1,453,456	79,500,117	90,458,746	1,280,674
Operating Grants and Contributions	76,059	1,052,142	13,686,380	34,539,468	—	575,761
Total Program Revenues	<u>76,059</u>	<u>1,840,903</u>	<u>15,139,836</u>	<u>114,039,585</u>	<u>90,458,746</u>	<u>1,856,435</u>
Net Program (Expenses) Revenues	<u>(1,334,461)</u>	<u>(15,094,827)</u>	<u>(7,198,113)</u>	<u>13,482,470</u>	<u>51,922,064</u>	<u>(2,853,748)</u>
General Revenues:						
Property Taxes	1,100,159	27,430,630	—	—	22,722,632	—
Other Taxes	—	3,259,222	—	—	—	—
Penal Fines	—	595,463	—	—	—	—
Tipping Fees	—	—	—	—	—	—
Contributions	—	—	2,040,747	—	—	3,964,527
Investment Earnings (Losses)	7,862	484,626	(57,122)	2,260,647	—	122,395
Miscellaneous Revenues (Expenses)	—	144,029	2,055,683	—	2,105,580	—
Extraordinary Item (Note I(t))	—	14,382,230	—	—	—	—
Total General Revenues and Special Item	<u>1,108,021</u>	<u>46,296,200</u>	<u>4,039,308</u>	<u>2,260,647</u>	<u>24,828,212</u>	<u>4,086,922</u>
Change in Net Position	(226,440)	31,201,373	(3,158,805)	15,743,117	76,750,276	1,233,174
Net Position (Deficit)-Beginning of Year, as Restated (Note I(t))	<u>1,727,565</u>	<u>(57,947,911)</u>	<u>47,902,079</u>	<u>319,151,936</u>	<u>40,589,296</u>	<u>8,119,830</u>
Net Position (Deficit) - End of Year	<u>\$ 1,501,125</u>	<u>\$ (26,746,538)</u>	<u>\$ 44,743,274</u>	<u>\$ 334,895,053</u>	<u>\$ 117,339,572</u>	<u>\$ 9,353,004</u>

Economic Development Corporation	Greater Detroit Resource Recovery Authority	Local Development Finance Authority	Museum of African American History	Detroit Land Bank Authority	Eight Mile/ Woodward Corridor Imp. Authority	Detroit Employment Solutions Corporation	Totals
\$ (6,703,782)	\$ (11,723,980)	\$ (2,785,552)	\$ (6,374,951)	\$ (54,454,511)	\$ (424,279)	\$ (37,797,850)	\$ (304,753,084)
2,984,424	240,286	—	1,975,340	—	—	—	178,681,804
—	—	—	2,026,524	63,105,064	—	37,864,201	152,925,599
2,984,424	240,286	—	4,001,864	63,105,064	—	37,864,201	331,607,403
(3,719,358)	(11,483,694)	(2,785,552)	(2,373,087)	8,650,553	(424,279)	66,351	26,854,319
—	—	4,062,187	—	—	450,919	—	55,766,527
—	—	—	—	—	—	—	3,259,222
—	—	—	—	—	—	—	595,463
—	10,117,218	—	—	—	—	—	10,117,218
993,669	—	—	2,284,180	—	—	—	9,283,123
91,222	25,432	7,999	—	—	—	—	2,943,061
—	—	—	(922)	2,575,013	—	—	6,879,383
—	—	—	—	—	—	—	14,382,230
1,084,891	10,142,650	4,070,186	2,283,258	2,575,013	450,919	—	103,226,227
(2,634,467)	(1,341,044)	1,284,634	(89,829)	11,225,566	26,640	66,351	130,080,546
36,772,789	30,567,158	(16,791,909)	2,588,411	8,215,700	71,052	86,757	421,052,753
\$ 34,138,322	\$ 29,226,114	\$ (15,507,275)	\$ 2,498,582	\$ 19,441,266	\$ 97,692	\$ 153,108	\$ 551,133,299

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NOTES
TO BASIC
FINANCIAL
STATEMENTS

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NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Detroit (the “City”), incorporated in 1806, is a home rule city under State of Michigan (MI) law. The City is organized into two separate branches: (1) the executive branch, which is headed by the Mayor; and (2) the legislative branch, which is composed of the City Council and its agencies. The City provides the following services as authorized by its charter: public protection, public works, recreation and culture, health, economic development, public lighting, transportation, water and sewage, airport, and parking.

(a) Reporting Entity

The accompanying financial statements present the City (primary government) and its component units. Component units are legally separate organizations for which the elected officials of the City are financially accountable, or the relationship to the City is such that exclusion would cause the City’s financial statements to be misleading or incomplete. The component units discussed below are included in the City’s reporting entity because of the significance of their operational or financial relationships with the City. Blended component units, although legally separate entities, are, in substance, part of the City’s operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

Blended Component Units

*Detroit Building Authority (DBA)** - The DBA is governed by a Board in which the City appoints the voting majority of the DBA’s Board Members and is able to impose its will. Although legally separate, the DBA is included in the operations and activities of the City because it was entirely incorporated for the purpose of acquiring, furnishing, equipping, owning, improving, enlarging, operating, or maintaining buildings, automobile parking lots or structures, and recreational facilities for the use of any legitimate public purpose of the City. Financing is provided by the issuance of bonds secured by lease agreements with the City and from grants received by the City.

*Public Lighting Authority (PLA)** - The PLA under the provisions of Act 392, Public Acts of MI of 2012 and is governed by a Board in which the City appoints the voting majority of the PLA’s Board Members and is able to impose its will. The PLA is a legally separate entity and was formed to develop and implement a plan to improve the City’s public lighting system. The PLA will be funded through the issuance of bonds to be paid back with revenue from the City’s utility tax.

Detroit General Retirement System Service Corporation (DGRSSC) and Detroit Police and Fire Retirement System Service Corporation (DPFRSSC) - DGRSSC and DPFRSSC are Michigan (MI) nonprofit corporations incorporated by the City pursuant to State Law and are legally separate from the City. The DGRSSC and DPFRSSC were formed to assist the City in maintaining the actuarial integrity of the City’s two pension systems. Both Corporations are fiscally dependent upon and provide services entirely to the City. The governing body of each corporation is its Board of Directors, each of which consists of three officials of the City, the Finance Director, the Budget Director, and the Corporation Counsel, plus two members of the City Council, selected and appointed by the City Council.

In May 2006, the City entered into a separate service contract with each of the DGRSSC and the DPFRSSC, in which the City purported to contractually obligate itself to make periodic payments to the corporations. The DGRSSC and the DPFRSSC (“service corporations”), severally and not jointly, entered into a Trust Agreement with U.S. Bank National Association, as Trustee, which created the Detroit Retirement Systems Funding Trust 2006 (DRSFT), a grantor trust established and existing under MI law. The DGRSSC and DPFRSSC sold and assigned to the DRSFT their rights to receive certain of the payments to be received from the City under the service contracts. Last year, the City was involved in litigation regarding this transaction, which was settled in connection with the City’s plan of adjustment in the Bankruptcy Case on December 10, 2014. As a result of the settlement, all assets and debt of the service corporations were extinguished and effective December 1, 2015, the two service corporations were formally dissolved.

Discretely Presented Component Units

*Detroit Brownfield Redevelopment Authority (DBRA)** - The DBRA was created by a City Council resolution and approved by the Mayor in April 1998, under the provisions of Act 381, Michigan Public Act of 1996. The City appoints the majority of the DBRA's Board Members and is able to impose its will. DBRA was established to create Brownfield redevelopment zones and promote the revitalization, redevelopment, and reuse of certain property, including, but not limited to, tax-reverted, blighted, or functionally obsolete property.

*Detroit Public Library (DPL)** - The DPL is a statutory body created by the State, which is legally separate from the City. The DPL was created to provide reference materials, research information, and publications to residents of the City and Wayne County (the County). Funding is provided by an ad valorem tax of 4.63 mills in real and personal property taxes in the City. In addition, DPL receives grants and endowments from private organizations. The City Council is responsible for approving DPL's annual budget. Due to DPL's relationship with the City, it would be misleading to exclude its financial information from the City's financial statements.

*Detroit Transportation Corporation (DTC)** - The DTC was established in 1985 to oversee construction and operation of the Central Automated Transit System (People Mover) in downtown Detroit. The DTC is a legally separate entity. However, the City appoints the voting majority of the Board Members and may impose its will. The DTC is primarily funded by means of grants from the City.

*Detroit Housing Commission (DHC)** - The DHC is a Michigan public body corporation operating as a public housing authority under the Michigan Housing Facilities Act, MCL 125.653. The Commission was established in 1933 under the Public Facilities Act by the City of Detroit. The Commission had been designated as a "Sub Standard Management Agency" performer by the U.S. Department of Housing and Urban Development (HUD) under the public housing assessment system. On July 5, 2005, an Agreement was entered into with HUD, under which a HUD Recovery Administrator was designated to act as the Commission's Board of Commissioners to handle the day-to-day administration of the Commission. On March 13, 2015, HUD released DHC from the authority of a HUD Recovery Administrator. Under the Michigan Housing Facilities Act, the Detroit Housing Commission is governed by a five member Board of Commissioners ("Board"). At least one of the Board members must be a resident of public or subsidized housing. The Mayor of the City of Detroit appointed a five member board in accordance with Michigan Law. The Commission now operates as a standard performer governed by the five member board.

*Downtown Development Authority (DDA)** - The DDA was created to promote and develop economic growth in the City's downtown business district. The DDA is a legally separate entity. However, the City appoints the voting majority of the Board Members and may impose its will. Funding is provided by an ad valorem tax of 1.0 mill on real and personal property in the downtown development district, a levy on the increased assessed value of a tax increment district, and issuance of revenue and tax increment bonds.

*Eastern Market Corporation (EMC)** - The EMC was established to develop, maintain, and promote the Eastern Market district of the City. The EMC manages the market in the City known as Eastern Market. The EMC is a legally separate entity. However, the City appoints the voting majority of the Board Members and may impose its will. The EMC is primarily funded by means of private grants and contributions.

*Economic Development Corporation (EDC)** - The EDC was established to create and implement project plans for designated project areas within the City, and thus encourage the location and expansion of industrial and commercial enterprises within the City. The EDC is a legally separate entity. However, the City appoints the voting majority of the Board Members and may impose its will. The EDC is primarily funded by means of grants from the City.

*Greater Detroit Resource Recovery Authority (GDRRA)** - The GDRRA was established by the cities of Detroit and Highland Park for the acquisition, construction, and operation of a waste-to-energy facility. The GDRRA is a legally separate entity. However, the City appoints the voting majority of the Board Members and may impose its will. Operating revenues consist of tipping fees received from the City of Detroit to be used for the hauling and disposal of the municipal solid waste.

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*Local Development Finance Authority (LDFA)** - The LDFA was created to finance certain improvements for local public roads in the vicinity of the Chrysler Jefferson Avenue Assembly Plant. The LDFA is a legally separate entity. However, the City appoints the voting majority of the Board Members and may impose its will. Incremental portions of the City and the County property taxes fund the LDFA.

*Museum of African American History (MAAH)** - The MAAH was created to provide research, compilation, presentation, publication, and dissemination of knowledge relating to the history, growth, development, heritage, and culture of people of African descent and the human struggle for freedom. The MAAH is a legally separate entity. However, the City appoints the voting majority of the Board Members and may impose its will. The MAAH is primarily funded by means of private grants and grants from the City.

*Detroit Land Bank Authority (DLBA)** - The DLBA was created to stimulate neighborhood stabilization and economic growth through the acquisition, management, and disposition of tax-reverted and acquired properties by working collaboratively with community stakeholders, developers, and other governmental agencies in a transparent and fiscally responsible manner to promote conscientious stewardship of land. The DLBA is a legally separate entity. However, the City appoints the voting majority of the Board Members and may impose its will. The DLBA is primarily funded through federal and local grants.

*Eight Mile/Woodward Corridor Improvement Authority (EMWCIA)** - The EMWCIA was established to correct and prevent deterioration in the Eight Mile/Woodward area. The EMWCIA is a legally separate entity. However, the City appoints the voting majority of the Board Members and may impose its will. The EMWCIA is primarily funded by the first \$100,000 of Tax Increment Capture.

*Detroit Employment Solutions Corporation (DESC)** - The DESC was established to be the administrative and fiscal agency responsible for providing workforce programs and services to the citizens and businesses of Detroit. The DESC is a legally separate entity. However, the City appoints the voting majority of the Board Members and may impose its will. The DESC is primarily funded by grants.

* Audit conducted in accordance with *Government Auditing Standards* as promulgated by the Comptroller General of the United States.

Financial Statements of Component Units

Complete financial statements of the individual blended and discretely presented component units can be obtained directly from the following administrative offices:

Blended Component Units:

Detroit Building Authority
1301 Third Street, Suite 328
Detroit, MI 48226
(313) 224-0174

Detroit Police and Fire Retirement System
Service Corporation
500 Woodward Avenue, Suite 3000
Detroit, MI 48226
(313) 224-3380

Detroit General Retirement System
Service Corporation
500 Woodward Avenue, Suite 3000
Detroit, MI 48226
(313) 224-3362

Public Lighting Authority
65 Cadillac Square, Suite 3100
Detroit, MI 48226
(313) 324-8290

Discretely Presented Component Units:

Detroit Brownfield Redevelopment Authority
500 Griswold, Suite 2200
Detroit, MI 48226
(313) 963-2940

Greater Detroit Resource Recovery Authority
5700 Russell Street
Detroit, MI 48211
(313) 876-0449

Detroit Public Library
5201 Woodward Avenue
Detroit, MI 48226
(313) 833-1000

Local Development Finance Authority
500 Griswold, Suite 2200
Detroit, MI 48226
(313) 237-4616

Detroit Transportation Corporation
535 Griswold, Suite 400
Detroit, MI 48226
(313) 224-2160

Museum of African American History
315 East Warren Avenue
Detroit, MI 48202
(313) 494-5800

Detroit Housing Commission
1301 East Jefferson
Detroit, MI 48207
(313) 877-8000

Detroit Land Bank Authority
65 Cadillac Square, Suite 3200
Detroit, MI 48226
(313) 974-6869

Downtown Development Authority
500 Griswold, Suite 2200
Detroit, MI 48226
(313) 237-4616

Eight Mile/Woodward Corridor Improvement
Authority
500 Griswold, Suite 2200
Detroit, MI 48226
(313) 237-4616

Eastern Market Corporation
2934 Russell Street
Detroit, MI 48207
(313) 833-9300

Detroit Employment Solutions Corporation
440 East Congress Street
Detroit, MI 48226
(313) 876-0674

Economic Development Corporation
500 Griswold, Suite 2200
Detroit, MI 48226
(313) 237-4616

Related Organizations

The City has in place Memoranda of Understanding (i.e., contracts) for the operations of certain City-owned assets with the following private nonprofit corporations:

Detroit Historical Society
Detroit Zoological Society

The City's accountability for these organizations does not extend beyond these contracts.

The City has in place a Cooperative Endeavor Agreement with the U.S. Department of Housing and Urban Development (HUD) to handle the day-to-day administration and management of the Detroit Housing Commission (DHC). The DHC is now an autonomous enterprise, separate from the City.

The Mayor is responsible for appointing the members of the board of the Northwest Community Programs, Inc., and the Detroit Economic Growth Association, private nonprofit corporations, but the City's accountability for these organizations does not extend beyond making the appointments.

Joint Venture

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate and specific activity, subject to joint control in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The City participates in the following joint venture:

The Detroit-Wayne Joint Building Authority (DWJBA) was created as a corporate instrumentality in 1948 by an agreement between the City and Wayne County. The DWJBA receives its revenues through a lease agreement with the City and the County, which expires on March 1, 2028. The lease provides that the DWJBA shall maintain and operate the building at 2 Woodward Ave, Detroit, (known as the Coleman A. Young Municipal Center), the expenditures of which are to be reimbursed by the City and County on the basis of the building space allocations specified in the lease. All revenues or other monies received by the DWJBA must be disbursed for specific purposes in accordance with agreements with the incorporating units and holders of the bonds.

The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The DWJBA is not included in the financial statements of the City. Complete financial statements of the DWJBA may be obtained by writing to the DWJBA at the following address:

Detroit-Wayne Joint Building Authority
1316 Coleman A. Young Municipal Center (CAYMC)
Detroit, MI 48226

(b) Basis of Presentation

The basic financial statements include both government-wide and fund financial statements.

Government-wide Financial Statements. The government-wide statement of net position and statement of activities report the overall financial activity of the primary government (the “City”), excluding fiduciary activities, and its component units. Eliminations have been made to minimize the double counting of internal activities of the City. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City’s governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (a) charges paid by the recipients of goods or services offered by the programs; and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the City’s funds, including its fiduciary fund types. Separate financial statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as other governmental or other enterprise funds. Proprietary fund operating revenues, such as charges for services, primarily result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major funds:

Governmental Funds:

General Fund accounts for several of the City's primary services (Police, Fire, Public Works, Community, and Youth Services, etc.) and is the primary operating unit of the City.

Detroit General Retirement System Service Corporation Fund accounts for the debt service payments related to the issuance of the Pension Obligation Certificates.

Police and Fire Retirement System Service Corporation Fund accounts for the debt service payments related to the issuance of the Pension Obligation Certificates.

Proprietary Funds:

Sewage Disposal Fund accounts for the operations of the wastewater treatment plant, sewers, including sanitary and combined sewers, combined sewer outfalls, and interceptors. The facility provides service to Detroit and 76 other communities in southeastern MI.

Transportation Fund accounts for the City's mass transit system with a fleet of 462 coaches. The fund operates an administration building, which includes a heavy repair facility and plant maintenance building, as well as three other satellite terminals with light repair garages and storage bays.

Water Fund accounts for the operations of five water treatment plants, 19 booster stations, a transmission and distribution system, and reservoirs. The fund provides service to Detroit and 127 other communities in southeastern MI.

Automobile Parking Fund accounts for the activity of the City's Auto Parking and Arena System, excluding parking fine revenues.

Additionally, the City reports the following Fiduciary Fund types:

Fiduciary Funds:

Pension and Other Employee Benefit Trust Funds account for moneys held in trust by the City for pension benefits and other employee benefits. The City uses pension trust funds to account for the retirement plans for civilian employees, firefighters, and police officers. The Employee Benefit Trust funds account for various health and long-term disability benefits for employees and retirees.

Agency Funds account for transactions for assets held by the City as agent for certain activities or for various entities. Payroll deductions and special deposits are the primary transactions accounted for in these funds.

(c) Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include income taxes, sales taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which the taxes are levied. Revenue from self-assessed taxes, including income taxes and sales tax, is recognized in the fiscal year in which the underlying exchange transaction occurs. Revenue from grants, entitlements, and similar items is recognized in the fiscal year for which all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year, except for grants and trade receivables, which are 180 and 90 days, respectively. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments, compensated absences, and other long-term obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. Significant revenue sources that are susceptible to accrual include property taxes, income taxes, utility taxes, state-shared revenue, state gas and weight tax revenue, interest, and certain grants associated with the current fiscal period. All other revenue sources are considered to be measurable and available only when cash is received.

(d) Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, as well as certificates of deposits and money market funds with an original maturity date of three months or less.

(e) Investments

Investments of the City are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The only investments that do not have an established market are certificates of deposit, which are reported at par value plus accrued interest.

(f) Interfund Transactions

The City has the following types of interfund transactions:

Advances - amounts provided with a requirement for long-term repayment. Interfund advances are reported as advances to other funds in lender funds and advances from other funds in borrower funds.

Services Provided and Used - sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net position.

Reimbursements - repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers - flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after non-operating revenues and expenses.

(g) Due from/to Other Governmental Agencies

Due from/to other governmental agencies consists primarily of sales, grant reimbursement, and charges for services to/from the County, the State, and the Federal Government.

(h) Inventory

Inventory is stated at the lower of cost or market using the average cost method. Inventory of governmental and enterprise funds are recorded as expenditures when consumed rather than when purchased.

(i) Capital Assets

Capital assets, which include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased capital assets are reported at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated assets are recorded at estimated fair value as of the date received. The City's capitalization levels are \$5,000 on tangible personal property and for improvements other than buildings, and \$50,000 on infrastructure, including sewer and storm water lines. All acquisitions of land and land improvements are capitalized regardless of cost.

Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed. Capitalized interest for the year ended June 30, 2015 for the Sewage Disposal and Water Funds was \$10,869,705 and \$5,474,196, respectively. Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement, and the resulting gain or loss is included in the operating statement of the related fund. In governmental funds, the sale of general capital assets is included in the statement of revenues, expenditures, and changes in fund balances as proceeds from sale. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

	Years
Land improvements	5-67
Buildings and building improvements	5-50
Interceptors and regulators	100
Mains	67
Services and meters	20-87
Improvements other than buildings	5-50
Machinery, equipment, and fixtures	3-20
Vehicles other than buses	3-10
Buses	12
Other infrastructure	7-60

The City has a collection of artwork presented both in buildings and public outdoor spaces. The true value of the art is expected to either be maintained at cost or appreciate over time, and thus, the art is not depreciated. If individual pieces are lost or destroyed, the loss is recorded. Further information regarding City-owned art can be found in Note V.

(j) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. On the government-wide Statement of Net Position, a deferred outflow has been recorded related to refundings of debt for the difference between the reacquisition price and the net carrying amount of the old debt. This deferred outflow will be amortized over the shorter of the life of the refunded or refunding debt. In addition, on the government-wide and proprietary funds' financial statements, a deferred outflow has been recorded related to pension and results from contributions to the defined benefit pension plans subsequent to the plans' year-ends through the City's fiscal year-end.

In addition to liabilities, the statement of net position and/or balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three categories of items that qualify for reporting in this category. First, the deferred inflows of resources related to unavailable revenue are reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from many sources: grants, special assessments, and various other sources. These amounts will be recognized as an inflow of resources in the period that the amounts become available. Second, on the government-wide Statement of Net Position, a deferred inflow has been recorded related to the swap termination and refunding. The deferred amount results from amounts transferred plus tender and redemption premiums paid upon debt refunding. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Third, in the government-wide and proprietary funds' financial statements, a deferred inflow has been recorded related to pension. The deferred inflows of resources result from three transactions: the variance between the plans' actual investment earnings compared to the plans' assumed investment earnings, the variance between the plans' actual experience compared to the plans' assumed experience, and changes in assumptions.

(k) Bond Premiums and Discounts

In the government-wide and proprietary fund financial statements, bond premiums and discounts are recorded as liabilities and amortized using the effective interest method.

In the governmental fund financial statements, bond premiums and discounts and gains are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

(l) Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability has been calculated based on the employees' current salary level and includes salary-related costs (e.g., Social Security and Medicare tax). The liability current year accruals are based on estimates and payments are based on actuals. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

For employees other than those of the Transportation Fund, unused vacation pay and banked overtime accumulate up to a maximum level until termination of employment, while there is no vesting of sick pay until an employee reaches age 60 or completes 25 years of service. Furlough time is awarded to uniformed police and fire employees at the beginning of two semiannual periods. Any unused furlough time remaining at the end of each semiannual period is forfeited. For the Transportation Fund, unused vacation pay accumulates for each employee up to a maximum level. Once this level is attained, unused vacation must be used or the employee loses a portion of the vacation pay.

(m) Property Taxes

The City's property taxes are levied each July 1 of the fiscal year and are payable without penalty either on or before August 31 in full, or one-half on or before August 15, with the balance then being payable on or before the following January 15. Property taxes attach as a lien on the property as of July 1 of the year of levy. Property owners may appeal their assessments to the local Board of Review and ultimately to the MI Tax Tribunal.

The 2014 taxable valuation of the City totaled approximately \$7.8 billion (a portion of which is abated and a portion of which is captured by the LDFA, DDA, and DBRA), on which taxes consisted of 19.952 mills for operating purposes and 9.8237 mills for debt service. This resulted in approximately \$129 million for operations and approximately \$83 million for debt service. These amounts are recognized in the respective General Fund and Debt Service Fund financial statements as tax revenue.

The Wayne County Treasurer (Treasurer) is required by the General Property Tax Law, as amended, to collect delinquent real property taxes levied by the City. Under the Act, the Treasurer pays the City in full for delinquent real property taxes owed according to the delinquent tax roll transferred to the County Treasurer. Taxes eligible for payment include all delinquent taxes, except taxes on personal property, due and payable to the City. The Treasurer is then responsible for the collection of the outstanding delinquent taxes. The County retains all interest and penalties generated by the delinquent taxes to offset its tax collection costs. Real property taxes not collected within two years after the sale to the County are charged back to the City.

For accounting purposes, the transfer of delinquent property taxes receivable is recognized as a sale, with a corresponding liability recorded for the estimated amount that will be charged back to the City. During the year ended June 30, 2015, approximately \$97 million of delinquent property taxes receivable were transferred (sold) to the County, and \$99 million were charged back to the City from prior year sales. As of June 30, 2015, the City has recorded an approximate liability of \$38.5 million (\$9.4 million in the General Fund, \$13.1 million in the Non-Major Governmental Funds, and \$16.0 million in the Water and Sewage Disposal Funds) for the estimated amount of property tax receivables sold to the County that will be charged back in future years.

(n) Municipal Income Taxes

The City levies an annual income tax. The rate for the calendar year 2015 consists of an annualized tax of 2.40 percent on the income of resident individuals, 1.20 percent on income earned in the City by non-residents, and 2.00 percent for corporations. Municipal income taxes are accrued for income tax withholdings collected by employers but not yet remitted to the City. In the government-wide financial statements, income tax revenue is recorded in the period in which the underlying compensation is earned by the taxpayer. In the governmental fund financial statements, the City records municipal income tax revenues when they become available. Available is defined as due and receivable within the current fiscal year or expected to be collected within 60 days thereafter. Estimated refunds for income tax returns received and in process, in which payment has not been made, are recorded as a reduction of revenues. Income tax assessments receivable represent estimated additional taxes assessed as a result of tax return audits or failure to file a return.

(o) Fund Balances

In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use of a specific purpose.
- **Committed:** Amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments are made and can be rescinded only by a formal action of the government's highest level of decision-making authority.
- **Assigned:** Intent to spend resources on specific purposes expressed by the governing body.
- **Unassigned:** Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

If there is an expenditure incurred for purposes for which both restricted and unrestricted fund balance is available, the City will consider restricted fund balance to have been spent before unrestricted fund balance. Further, if there is an expenditure incurred for purposes for which committed, assigned, or unassigned fund balance classifications could be used, then the City will consider committed fund balance to be spent before assigned fund balance, and consider assigned fund balance to be spent before unassigned fund balance.

(p) Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

- **Net Investment in Capital Assets** - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted** - This consists of net position that is restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available, generally it is the City's policy to use restricted resources first, and then unrestricted resources when they are needed.
- **Unrestricted** - This consists of net position that does not meet the definition of "Restricted" or "Net Investment in Capital Assets."

(q) Unbilled Revenue

The Water and Sewage Disposal Funds record unbilled revenues for services provided prior to year-end by accruing actual revenues billed in the subsequent month.

(r) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and expenditures during the reporting period. Actual results could differ from those estimates.

(s) Prior Period Adjustment and Restatement of Beginning Net Position

During the current year, the City adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68. As a result, the government-wide statements and the proprietary funds now include a net pension liability for our unfunded legacy pension costs. Some of the changes in this net pension liability will be recognized immediately as some of the pension expense measurement, and some will be deferred and recognized over future years. Refer to the pension note (Note VII) for further details. This change does not impact the General Fund or any other governmental fund.

The financial statements for the year ended June 30, 2014 have been restated in order to adopt GASB Statement Nos. 68 and 71. The effect of these new accounting standards was a net decrease in net position to record the net pension liability and deferred outflows at June 30, 2014.

The Detroit Housing Commission (DHC) was released from the Authority of a HUD Recovery Administrator on March 13, 2015. As a result, the DHC qualifies as a discretely presented component unit. The net position is included in the following table for comparative purposes.

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As a result of implementing this statement, the beginning net position of the governmental activities, business-type activities and component units have been restated as indicated:

	<u>Governmental Activities</u>	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Transportation Fund</u>
Net Position - June 30, 2014 - As previously reported	\$ (46,389,645)	\$ 71,043,450	\$ (37,896,433)	\$ 110,875,879
Adjustment for implementation of GASB Statement 68	(2,926,675,485)	(460,456,344)	(378,325,588)	(446,675,043)
Detroit Housing Commission under City control effective in fiscal year 2015	-	-	-	-
Net Position - June 30, 2014 - As restated	<u>\$ (2,973,065,130)</u>	<u>\$ (389,412,894)</u>	<u>\$ (416,222,021)</u>	<u>\$ (335,799,164)</u>

	<u>Parking Fund</u>	<u>Other Enterprise Funds</u>	<u>Component Units</u>
Net Position - June 30, 2014 - As previously reported	\$ 57,405,486	\$ 33,354,993	\$ 210,584,435
Adjustment for implementation of GASB Statement 68	(14,302,038)	(2,752,271)	(108,683,618)
Detroit Housing Commission under City control effective in fiscal year 2015	-	-	319,151,936
Net Position - June 30, 2014 - As restated	<u>\$ 43,103,448</u>	<u>\$ 30,602,722</u>	<u>\$ 421,052,753</u>

(t) Extraordinary Item

As a result of the City's bankruptcy during the year, an extraordinary item is recorded in various reporting units. A summary of the extraordinary item detail is as follows:

<u>Extraordinary Item Description</u>	<u>General Fund</u>	<u>General Retirement System Service Corporation</u>	<u>Police and Fire Retirement System Service Corporation</u>	<u>Other Governmental Funds</u>	<u>Governmental Activities</u>
LTGO - Principal Forgiven	\$ 25,000,000	\$ -	\$ -	\$ -	\$ 137,091,968
POC - Principal Forgiven	-	-	-	-	1,137,403,706
Derivatives Settled	-	-	-	-	328,916,800
Liabilities to Insurers Forgiven	32,757,590	22,282,624	29,079,826	58,764,441	142,884,490
Other Miscellaneous Settlements and Write-offs	147,070,775	(46,299,238)	(29,079,826)	(52,687,904)	15,470,261
Consideration Given	-	(3,886,090)	(5,320,771)	(7,381,147)	(713,509,008)
Total Gain/(Loss) from Bankruptcy Extraordinary Item	<u>\$ 204,828,365</u>	<u>\$ (27,902,704)</u>	<u>\$ (5,320,771)</u>	<u>\$ (1,304,610)</u>	<u>\$ 1,048,258,217</u>

<u>Extraordinary Item Description</u>	<u>Sewage Disposal Fund</u>	<u>Water Fund</u>	<u>Transportation Fund</u>	<u>Parking Fund</u>	<u>Other Business- type Funds</u>	<u>Business-type Activities</u>
LTGO - Principal Forgiven	\$ -	\$ -	\$ 5,458,032	\$ -	\$ -	\$ 5,458,032
POC - Principal Forgiven	85,843,430	75,748,404	100,159,459	-	-	261,751,293
Derivatives Settled	21,241,582	18,850,054	24,848,309	-	-	64,939,945
Liabilities to Insurers Forgiven	3,876,257	3,420,710	4,523,248	-	-	11,820,215
Other Miscellaneous Settlements and Write-offs	(1,236,894)	(962,960)	3,001,429	-	-	801,575
Consideration Given	(50,616,454)	(30,369,872)	(50,710,366)	(700,204)	(552,308)	(132,949,204)
Total Gain/(Loss) from Bankruptcy Extraordinary Item	<u>\$ 59,107,921</u>	<u>\$ 66,686,336</u>	<u>\$ 87,280,111</u>	<u>\$ (700,204)</u>	<u>\$ (552,308)</u>	<u>\$ 211,821,856</u>

<u>Extraordinary Item Description</u>	<u>Component Units</u>
LTGO - Principal Forgiven	\$ -
POC - Principal Forgiven	-
Derivatives Settled	-
Liabilities to Insurers Forgiven	-
Other Miscellaneous Settlements and Write-offs	25,208,793
Consideration Given	(10,826,563)
Total Gain/(Loss) from Bankruptcy Extraordinary Item	<u>\$ 14,382,230</u>

(u) Upcoming Accounting Pronouncements

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This Statement will also enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The City is currently evaluating the impact this standard will have on the financial statements when adopted, during the City's 2015-2016 fiscal year.

In August 2015, the GASB issued Statement No. 77, Tax Abatement Disclosures. This Statement will require governments to disclose in their financial statement information related to tax abatement agreements. The City is currently evaluating the impact this standard will have on the financial statements when adopted, during the 2016-2017 fiscal year.

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, addresses reporting by OPEB plans whereas GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statement more extensive footnote disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the City will, after adoption of GASB Statement No. 75, recognize on the face of the financial statements its net OPEB liability. The City is currently evaluating the impact these standards will have on the financial statements when adopted. GASB Statement No. 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB Statement No. 75 is effective one year later.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

(a) Liquidity Risk

Liquidity risk is the risk of not having sufficient liquid financial resources to meet obligations when they fall due. Over the past several decades, the City has experienced significant economic and social challenges that have negatively impacted employment, business conditions and quality of life. Three of the City's largest revenue streams — distributable state aid, property taxes, and municipal income taxes — are especially susceptible during times of major economic downturns and have declined in recent years due to high levels of unemployment. Population decline and home foreclosures have adversely impacted City property valuations and property and income tax collections. Further stressing the City's liquidity were legacy costs such as retiree health care and debt service. As the City's tax base and revenues declined, the legacy costs became an increasing percentage of the General Fund budget, which reduced funding available for essential services such as police and fire. See Footnote XIII for more detail on the bankruptcy.

(b) Compliance with Finance Related Legal and Contractual Provisions

The City was not in compliance with the State of Michigan's Uniform Unclaimed Property Act, Public Act 29 of 1995. The City failed to properly escheat balances to the state as required. As a result, the City is subject to interest and penalties on the amount that should have been escheated.

The City was not in compliance with the State of Michigan Public Act 2 of 1968, Uniform Budgeting and Accounting Act, Section 141.438 (3), which requires the City to not incur expenditures against an appropriation account in excess of the amount appropriated by the City Council. As noted in the footnote II (d), some of the City agency's actual expenditures exceeded their appropriations for the year ended June 30, 2015.

The City was not in compliance with the United States, Office of Management and Budget (OMB), Circular A-133, Section 300, which requires the City to: “Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received.” The City’s general ledger records were not always accurate at the individual grant level, as required.

The City was not in compliance with Michigan Public Act 206 of 1893, MCL 211, related to Real Estate Exemptions. The City does not have adequate controls in place to maintain and update the listing of tax exempt properties. The City was unable to provide documentation supporting the tax exempt status for 5 of 65 properties selected by the auditors for review. In April 2014, the City of Detroit and the Michigan State Tax Commission signed a Corrective Action Plan to cure the deficiencies which had been discovered in the administration and valuation of properties in the City of Detroit. As part of that Corrective Action Plan, the City was required to review and confirm the status of all 8,033 charitable and religious exemptions that were on the City’s assessment roll. As a result of that review, which is still ongoing as part of the City-wide reappraisal, we are removing the exemption status from 50 percent of the properties that were previously exempt. Due to the sheer volume of properties involved and the appeal rights of the current property owners, these properties will be uncapped and returned to the tax roll at the March 2017 Board of Review. The Assessor’s Office is also working with several City agencies to verify their ownership and use of properties which appear on the assessment roll as City owned and exempt, which is a requirement of the Audit of Minimum Assessment Requirements (AMAR).

(c) Deficit Fund Equity

The Detroit Workforce Development Fund (a Special Revenue Fund) had a deficit of unassigned fund balance of \$1,477. The Human Services Fund (a Special Revenue Fund) had a deficit of unassigned fund balance of \$2,924. The Donated Monies Fund (a Special Revenue Fund) had a deficit of unassigned fund balance of \$7,116 with deferred inflows of \$5,037. The Detroit Public Library (a Component Unit) had a deficit of unrestricted net position of \$61,579,067. The Detroit Transportation Corporation (a Component Unit) had a deficit of unrestricted net position of \$647,441. Local Development Finance Authority (a Component Unit) (LDFA) had a deficit of unrestricted net position of \$41,507,174. Eastern Market Corporation (a Component Unit) had a deficit of unrestricted net position of \$400,197. The Downtown Development Authority (a Component Unit) (DDA) had a deficit of unrestricted net position of \$25,499,752. The Museum of African American History (a Component Unit) had a deficit of unrestricted net position of \$477,362. Detroit Employment Solutions Corporation (a Component Unit) (DESC) had a deficit of unrestricted net position of \$135,360. DDA and LDFA’s plan for elimination of its deficit involves the continued collection of incremental tax revenues and payment of its debt service requirements in the upcoming years. Eastern Market Corporation’s plan for elimination of its deficit involves ongoing cost containment.

The Sewage Disposal Fund (an Enterprise Fund) had a deficit of unrestricted net position of \$398,241,694. The Transportation Fund (an Enterprise Fund) had a deficit of unrestricted net position of \$329,812,879. The Water Fund (an Enterprise Fund) had a deficit of unrestricted net position of \$268,709,814. The Parking Fund (an Enterprise Fund) had a deficit of unrestricted net position of \$21,290,479. The Airport Fund (an Other Enterprise Fund), had a deficit of unrestricted net position of \$3,643,477. The Public Lighting Authority Fund (an Other Enterprise Fund) (PLA), had a deficit of unrestricted net position of \$55,319,683. As of the date of this report, the City has not yet filed deficit elimination plans with the State of Michigan related to the Transportation, Parking, and Airport Funds.

(d) Excess of Expenditures over General Fund Appropriations

The City amended the budget in a legally permissible manner in compliance with State of Michigan Public Act 2 of 1968.

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The legal level of budget control is maintained at the appropriation level, which is more detailed than the budget in the Required Supplementary Information. Listed below are expenditures that exceeded their corresponding appropriation for the year ended June 30, 2015:

<u>Agency Description</u>	<u>Appropriation Description</u>	<u>YTD Budget Final</u>	<u>YTD Actual</u>	<u>Variance</u>
Building and Safety Engineer	Administration and Licenses	\$ (7,584)	\$ 49,318	\$ (56,902)
Public Works	Solid Waste Management	(84,428)	\$ -	\$ (84,428)
	Refuse Collection	86	\$ 1,264	\$ (1,178)
	Paved Street Maintenance	(500)	\$ -	\$ (500)
	Transportation Engineering Division	(2,352)	\$ -	\$ (2,352)
	Equipment Maintenance	(19,417)	\$ -	\$ (19,417)
	Automotive Purchases	(159,169)	\$ -	\$ (159,169)
Finance	Targeted Business Development	(1,119)	\$ -	\$ (1,119)
Fire	Fire Fighting Operations	69,708,955	\$ 70,625,081	\$ (916,126)
Health	Substance Abuse	(4,996)		\$ (4,996)
Human Resources	Administration	1,886,526	\$ 1,918,040	\$ (31,514)
	Hearings and Policy Development	21,443	\$ 35,967	\$ (14,524)
Law Department	State Legislative Services	188,291	\$ 210,000	\$ (21,709)
Non-Departmental	Centralized Utility Payments	90,877	\$ 91,946	\$ (1,069)
	Downtown Development Authority Bonds 1997	-	\$ 274,592	\$ (274,592)
	DRMS	(286,383)	\$ -	\$ (286,383)
	Adjustments and Undistributed Costs	-	\$ 457,938	\$ (457,938)
	General Revenue - Non-Departmental	963,301	\$ 884,907,533	\$ (883,944,232) *
	Program Management Office	(80)		\$ (80)
	Quality of Life Exit Financing	94,280,710	\$ 247,875,247	\$ (153,594,537) *
	800 MHZ Project Debt Service	-	\$ 2,261,765	\$ (2,261,765)
	Note A2 Debt Service	55,535,517	\$ 55,672,781	\$ (137,264)
Police	Police Executive	7,521,124	\$ 8,075,538	\$ (554,414)
	Professional Accountability Bureau	(328)		\$ (328)
	Support Services Bureau	36,479,483	\$ 39,180,394	\$ (2,700,911)
	Rape Counseling Unit	176,855	\$ 523,358	\$ (346,503)
	Secret Service UCV	-	\$ 128	\$ (128)
Recreation	Belle Isle	(385)	\$ -	\$ (385)
	Management	(588)	\$ -	\$ (588)
	Development and Support	(330)	\$ -	\$ (330)
	South District Operations	(2)	\$ -	\$ (2)
	Programming	-	\$ 49,265	\$ (49,265)
	Belle Isle Operations	528	\$ 36,764	\$ (36,236)
Zoological Institute	Main Zoo Operations	(7,845)	\$ -	\$ (7,845)
	Belle Isle Activities	(35)	\$ -	\$ (35)
General Services Department	Administration	897,738	\$ 1,145,409	\$ (247,671)
	36th District Madison Center	4,479,033	\$ 4,731,172	\$ (252,139)
Mayor's Office	Citizen Radio Patrol	(1,146)	\$ -	\$ (1,146)
	Community Access Center	(661)	\$ 161	\$ (822)
City Council	Council President Office	165	\$ 2,144	\$ (1,979)
	Council Member Office 1	(1,267)	\$ -	\$ (1,267)
	Council Member Office 5	1,333	\$ 3,994	\$ (2,661)
	Council Member Office 6	336	\$ 8,768	\$ (8,432)
	District 2 Council Member	494,068	\$ 499,709	\$ (5,641)
Public Lighting	Heat and Power Production	1,916,197	\$ 3,398,400	\$ (1,482,203)
	General Revenue	-	\$ 67,998	\$ (67,998)
Total All Agencies		<u>\$ 274,063,951</u>	<u>\$ 1,322,104,674</u>	<u>\$ (1,048,040,723)</u>

* These significant expenditure variances are the result of various bankruptcy related adjustments that were recorded at the end of the year as part of the closing of the financial records, not as a result of purchasing goods and services in excess of budgeted amounts.

NOTE III - DEPOSITS AND INVESTMENTS

(a) Governmental and Business-type Activities

A summary of deposits and investments of the governmental and business-type activities at June 30, 2015 is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Demand Deposits	\$ 651,821,027	\$ 753,220,591	\$ 1,405,041,618
U.S. Government Agency Securities	34,490,498	290,858,429	325,348,927
Bonds	16,997,268	30	16,997,298
Certificates of Deposit	<u>—</u>	<u>10,027</u>	<u>10,027</u>
Total	<u>\$ 703,308,793</u>	<u>\$ 1,044,089,077</u>	<u>\$ 1,747,397,870</u>

\$52,946,709 of money market funds held by the Public Lighting Authority are included in the U.S. Government Agency securities category.

Deposits and investments of the governmental and business-type activities at June 30, 2015 are reported in the financial statements as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 651,821,027	\$ 753,220,591	\$ 1,405,041,618
Investments	<u>51,487,766</u>	<u>290,868,486</u>	<u>342,356,252</u>
Total	<u>\$ 703,308,793</u>	<u>\$ 1,044,089,077</u>	<u>\$ 1,747,397,870</u>

State laws authorize the City to make deposits in the accounts of federally insured financial institutions. Cash held by fiscal agents or by trustees is secured in accordance with the requirements of the agency or trust agreement.

The City is authorized by Michigan Public Act 20 of 1943 (as amended) to invest in obligations of the U.S. government or its agencies, certificates of deposit, savings and depository accounts of insured institutions, commercial paper of certain investment quality, repurchase agreements, banker acceptances, mutual funds of certain investment quality, and investment pools authorized by state law.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of bank failure, the bank may not return the City's deposits. The City does not have a deposit policy for custodial credit risk. As of June 30, 2015, the governmental and business-type activities had deposits of \$499,500,088 and \$382,613,990, respectively, of bank deposits (certificates of deposit, checking, and savings accounts) that were exposed to custodial credit risk as they were uninsured and uncollateralized.

Interest Rate Risk

Interest rate risk is the risk that, over time, the value of debt investments will decrease as a result of a rise in interest rates. The City's investment policy does not specifically restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. The City policy minimizes interest rate risk by requiring that the City attempt to match its debt investments with anticipated cash flow requirements. Unless related to a specific cash flow, the City is generally not permitted to directly invest in debt securities maturing more than 10 years from the original date of purchase.

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The City (governmental and business-type activities) had the following debt investments and maturities at June 30, 2015:

	Total Fair Value	Investment Maturities in Years			
		Less Than 1 Year	1 – 5 Years	6 – 10 Years	Over 10 Years
Governmental Activities					
U.S. Government Agency Securities	\$ 34,490,498	\$ 23,506,228	\$ 10,984,270	\$ —	\$ —
Bonds	16,997,268	—	—	—	16,997,268
Total Governmental Activities	\$ 51,487,766	\$ 23,506,228	\$ 10,984,270	\$ —	\$ 16,997,268
Business-type Activities					
U.S. Government Agency Securities	\$ 237,911,099	\$ 79,095,129	\$ 158,815,970	\$ —	\$ —
Bonds	30	30	—	—	—
Certificates of Deposit	10,027	—	10,027	—	—
Total Business-type Activities	\$ 237,921,156	\$ 79,095,159	\$ 158,825,997	\$ —	\$ —

Credit Risk

Credit risk is the risk that the City will not recover its investments due to the inability of the counterparty to fulfill its obligations. The City's investment policy complies with State law, which limits its investments in commercial paper, mutual funds, and external investment pools to the top two rating classifications issued by two nationally recognized statistical rating organizations (NRSROs) Standard & Poor's (S&P) and Moody's Investor Service (Moody's).

The City's debt investments (governmental and business-type activities) have the following ratings at June 30, 2015 as rated by S&P or Moody's:

	AAA	AA+	Not Rated	Total
Governmental Activities				
U.S. Government Agency Securities	\$ 27,490,568	\$ —	\$ 6,999,930	\$ 34,490,498
Bonds	—	—	16,997,268	16,997,268
Total Governmental Activities	\$ 27,490,568	\$ —	\$ 23,997,198	\$ 51,487,766
Business-type Activities				
U.S. Government Agency Securities	\$ —	\$ 237,911,099	\$ —	\$ 237,911,099
Certificates of Deposit	—	—	10,027	10,027
Total Business-type Activities	\$ —	\$ 237,911,099	\$ 10,027	\$ 237,921,126

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's policy specifies a number of limitations to minimize concentration of credit risk including prohibiting investing more than 5 percent of the portfolio in securities (excluding U.S. government securities) of any one issuer. More than 5 percent of the City's debt investments are in the following: Municipal Bonds (5.9 percent), Federal Home Loan Mortgage Corporation (8.4 percent), Federal Farm Credit Bank (14.0 percent), Federal Home Loan Bank (16.9 percent), and Federal National Mortgage Association (54.8 percent).

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(b) Fiduciary Activities

The fiduciary activities consist of the Pension Funds (General Retirement System and Police and Fire Retirement System) and Other Employee Benefit and Agency Funds. A summary of cash and investments for fiduciary activities at June 30, 2015 is as follows:

	Pension and Other Employee Benefit Trust Funds				
	General Retirement System	Police & Fire Retirement System	Other Employee Benefits	Total	Agency Funds
Demand Deposits	\$ 60,456,464	\$ 23,072,578	\$ 21,693,166	\$ 105,222,208	\$ 19,753,706
Short-Term Investments	136,881,140	134,563,169	—	271,444,309	—
Stocks	933,910,863	1,282,540,094	—	2,216,450,957	—
Commingled Equity Funds	78,104,960	—	17,503,650	95,608,610	—
Bonds	149,519,378	602,441,654	—	751,961,032	—
Mortgage-Backed Securities	21,673,758	92,429,159	—	114,102,917	—
Equity Interest in Real Estate	237,948,384	261,131,448	—	499,079,832	—
Private Placements	321,407,028	525,946,894	9,461,870	856,815,792	—
Mortgage and Construction Loans	98,223,231	104,527,596	—	202,750,827	—
Real Estate Investment Trusts Held by Custodian	—	182,384,634	—	182,384,634	—
Total	\$ 2,038,125,206	\$ 3,209,037,226	\$ 48,658,686	\$ 5,295,821,118	\$ 19,753,706

Cash and investments for fiduciary activities at June 30, 2015 are reported in the financial statements as follows:

	Pension and Other Employee Benefit Trust Funds				
	General Retirement System	Police & Fire Retirement System	Other Employee Benefits	Total	Agency Funds
Cash and Cash Equivalents	\$ 60,456,464	\$ 23,072,578	\$ 21,693,166	\$ 105,222,208	\$ 19,753,706
Investments	1,977,668,742	3,185,964,648	26,965,520	5,190,598,910	—
Total	\$ 2,038,125,206	\$ 3,209,037,226	\$ 48,658,686	\$ 5,295,821,118	\$ 19,753,706

Pension Funds

The Pension Funds are authorized by Michigan Public Act 347 of 2012 to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles. The investment policy adopted by the board of trustees is in accordance with Public Act 196 of 1997 and has authorized the investments according to Michigan Public Act 347. The Pension Funds' deposits and investment policies are in accordance with this statutory authority.

Custodial Credit Risk of Bank Deposits

At June 30, 2015, the General Retirement System had approximately \$11.1 million in checking account balances that were uninsured and uncollateralized. At June 30, 2015, the Police and Fire Retirement System had approximately \$5.3 million in checking account balances that were uninsured and uncollateralized. The Pension Funds believe that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Pension Funds evaluate each financial institution with which they deposit funds and assess the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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Interest Rate Risk

The Pension Funds' investment policies do not restrict investment maturities. The Pension Funds had the following debt investments and maturities at June 30, 2015 (in \$000):

	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>Over 10 Years</u>
General Retirement System					
U.S. Government	\$ 28,157	\$ 651	\$ 2,952	\$ 5,827	\$ 18,727
Mortgage-Backed Securities	2,805	492	—	276	2,037
Treasuries	25,423	4,393	4,920	7,618	8,492
Corporate	65,608	7,142	16,913	32,190	9,363
Private Placement	34,377	4,635	4,134	15,701	9,907
State and Local Obligations	430	—	—	—	430
Commercial Mortgages	1,197	131	—	200	866
Mortgages	97,241	97,241	—	—	—
Construction Loans	982	278	704	—	—
Term Loans	3,631	—	522	2,298	811
Total	<u>\$ 259,851</u>	<u>\$ 114,963</u>	<u>\$ 30,145</u>	<u>\$ 64,110</u>	<u>\$ 50,633</u>
Police & Fire Retirement System					
U.S. Government	\$ 162,645	\$ 12,123	\$ 45,171	\$ 13,121	\$ 92,230
Government Assets and					
Mortgage-Backed Securities	52,265	1,614	10,374	4,865	35,412
Corporate **	196,616	2,848	50,505	111,924	31,339
Private Placement	144,079	5,117	35,405	88,789	14,768
Convertible Bonds	40,257	5,984	16,480	6,914	10,879
State and Local Obligations	10,526	—	2,008	5,048	3,470
Convertible Preferred Stock	1,118	—	531	—	587
Construction Loans	5,383	4,695	688	—	—
Mortgages	99,145	97,690	1,455	—	—
Total	<u>\$ 712,034</u>	<u>\$ 130,071</u>	<u>\$ 162,617</u>	<u>\$ 230,661</u>	<u>\$ 188,685</u>

** Not all pooled, mutual funds, corporate, and commingled bond funds are subject to interest rate risk.

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Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Pension Funds' investment policies do not further limit their investment choices. The General Retirement System and the Police and Fire Retirement System debt investments have the following ratings at June 30, 2015 as rated by S&P and Moody's, respectively (amounts presented in \$000):

	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BAA</u>	<u>BA</u>	<u>B</u>	<u>CAA & Below</u>	<u>Not Rated</u>
General Retirement System								
U.S. Government	\$ 5,966	\$ 1,735	\$ 2,603	\$ 1,079	\$ 638	\$ —	\$ —	\$ 13,337
Short-term Investments	—	—	—	—	—	—	—	13,191
Corporate	78	3,222	9,692	11,652	17,049	16,724	4,225	2,965
Commercial Mortgages	54	—	131	91	200	—	508	212
Commingled Bond Funds	—	—	—	—	—	—	—	17,139
Mortgage Backed Securities	1,142	252	708	106	—	—	—	598
Treasuries, Including Futures	25,422	—	—	—	—	—	—	—
Private Placement	4,039	2,063	3,991	2,350	6,765	7,450	936	6,871
State and Local Obligation	—	179	251	—	—	—	—	—
Term Loans	—	—	—	811	1,005	880	933	—
Total	<u>\$ 36,701</u>	<u>\$ 7,451</u>	<u>\$ 17,376</u>	<u>\$ 16,089</u>	<u>\$ 25,657</u>	<u>\$ 25,054</u>	<u>\$ 6,602</u>	<u>\$ 54,313</u>
Police & Fire Retirement System								
Corporate Fixed Income	\$ 1,863	\$ 3,622	\$ 27,014	\$ 49,985	\$ 45,082	\$ 51,783	\$ 9,704	\$ 9,279
Government Fixed Income	62,546	7,408	3,246	692	—	—	—	11,690
Private Placements	6,870	700	3,570	17,914	32,425	52,927	14,600	15,634
Convertible Bonds	—	—	6,758	11,977	2,037	827	—	18,657
Mortgage Backed Securities	34,436	2,919	263	—	—	—	—	14,648
Convertible Preferred Stock	—	—	587	—	—	—	—	13,188
Mortgages	—	—	—	—	—	—	—	103,294
Construction Loans	—	—	—	—	—	—	—	5,383
Total	<u>\$ 105,715</u>	<u>\$ 14,649</u>	<u>\$ 41,438</u>	<u>\$ 80,568</u>	<u>\$ 79,544</u>	<u>\$ 105,537</u>	<u>\$ 24,304</u>	<u>\$ 191,773</u>

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the City's investment policy do not permit investments in foreign currency. However, the General Retirement System and Police and Fire Retirement System (Pension Funds) do not restrict the amount of investments in foreign currency.

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The foreign currency risk for cash and investments of the Pension Funds at June 30, 2015 is as follows (in \$000):

	General Retirement System				Police and Fire Retirement System			
	Fixed Income	Equity	Cash	Forward Contracts	Equity	Forward Contracts Unrealized Gain (Loss)	Cash	Net Other Investment Receivable/ (Payable)
Australian Dollar	\$ 1,411	\$ 13,854	\$ 728	\$ 3,153	\$ 4,939	\$ 7,392	\$ 52	\$ (358)
Brazilian Real	1,662	2,158	12	143	539	—	3	—
British Pound Sterling	3,777	8,609	28	(3,837)	42,781	8,092	621	(198)
Canadian Dollar	—	6,812	162	8,282	10,157	3,214	54	—
Chilean Peso	—	—	—	1,380	—	—	—	—
Czech Koruna	—	839	—	—	—	—	—	—
Danish Krone	—	1,636	19	1,688	1,768	1,715	17	—
Euro Currency	3,802	98,378	1,863	(15,199)	82,233	(13,738)	2,350	(413)
Hong Kong Dollar	—	1,711	—	—	13,189	(1,212)	33	(203)
Hungarian Forint	637	1,636	19	1,688	—	—	—	—
Indian Rupee	—	—	15	776	1,158	—	—	—
Indonesian Rupiah	—	627	34	—	—	—	—	—
Israeli Shekel	—	—	6	619	—	601	3	—
Japanese Yen	—	7,730	16	—	65,600	(19,084)	465	—
Malaysian Ringgit	556	—	3	—	300	—	—	—
Mexican Nuevo Peso	4,267	—	—	4	—	—	—	—
New Taiwan Dollar	—	2,538	—	—	546	—	—	—
New Turkish Lira	—	1,882	—	—	307	—	—	—
New Zealand Dollar	630	5,041	—	(547)	—	—	—	—
Norwegian Krone	—	4,339	4	597	7,092	(480)	51	47
Polish Zloty	425	263	12	—	—	—	—	—
Philippines Peso	692	—	—	—	—	—	8	—
Russian New Ruble	—	—	—	—	658	—	46	—
South African Rand	508	1,556	—	—	1,054	—	9	—
Singapore Dollar	—	3,343	—	—	269	1,704	14	—
South Korean Won	844	2,676	—	—	3,455	—	11	—
Swedish Krona	—	2,401	—	627	2,877	3,620	17	—
Swiss Franc	—	2,343	24	—	26,782	(3,267)	276	142
Ukraine Hryvnia	—	1,187	—	—	—	—	—	—
Total	\$ 19,211	\$ 171,559	\$ 2,945	\$ (626)	\$ 265,704	\$ (11,443)	\$ 4,030	\$ (983)

Securities Lending

As permitted by State statutes and under the provisions of a securities lending authorization agreement, the Pension Funds lend securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The Pension Funds' custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. The custodial banks do not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to not less than 102 percent of the market value of the loaned securities. At June 30, 2015, the collateral provided for the General Retirement System and the Police and Fire Retirement System was 102.46 percent and 103.19 percent of the market value of the loaned securities, respectively.

The Pension Funds did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

The Pension Funds and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested together with the cash collateral of other lenders in an investment pool. The average duration of this investment pool at June 30, 2015 was thirty three days for the General Retirement System and the Police and Fire Retirement System. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral.

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The collateral held and the fair market value of the underlying securities on loan for the General Retirement System at June 30, 2015 was \$96,518,699 and \$94,203,416, respectively. The collateral held and the fair value of the underlying securities on loan for the Police and Fire Retirement System at June 30, 2015 was \$303,831,129 and \$294,436,012, respectively.

<u>Securities Lent</u>	<u>Underlying Securities</u>	
	<u>General Retirement System</u>	<u>Police and Fire Retirement System</u>
U.S. Government and Agencies	\$ 1,885,215	\$ 8,720,494
U.S. Equities	80,959,859	222,798,731
U.S. Corporates	8,755,156	49,889,175
Non-U.S. Equities	2,603,186	13,027,612
Total	<u>\$ 94,203,416</u>	<u>\$ 294,436,012</u>

At June 30, 2015, the fair value of the collateral pool related to securities lending for the General Retirement System and the Police and Fire Retirement System was \$96,957,131 and \$300,530,137, respectively. The collateral was invested in agencies, asset-backed securities, notes (floating rate), money funds, repurchase agreements, and U.S. corporate securities (floating rate). Approximately 48 percent of the General Retirement System securities had a duration less than one year and 47 percent had a duration between 1 and 3 years and 5 percent had a duration over 15 years. Approximately 60 percent of the Police and Fire Retirement System securities had a duration less than one year, 37 percent had a duration between 1 and 3 years and 3 percent had a duration over 15 years.

The credit ratings of the securities lending collateral pool held at June 30, 2015 as rated by S&P are as follows:

<u>Ratings</u>	<u>General Retirement System</u>	<u>Police and Fire Retirement System</u>
AAA	\$ 28,797,238	\$ 73,471,041
AA	31,963,969	109,077,995
A	28,373,099	88,002,656
CCC	3,563,407	9,126,745
D	1,418,475	—
Not Rated	2,840,943	20,851,700
Total	<u>\$ 96,957,131</u>	<u>\$ 300,530,137</u>

Other Employee Benefits and Agency Trust Funds

State laws authorize the City to make deposits in the accounts of federally insured financial institutions. Cash held by fiscal agents or by trustees is secured in accordance with the requirements of the agency or trust agreement. The City is authorized to invest in obligations of the U.S. government or its agencies, certificates of deposit, savings and depository accounts of insured institutions, commercial paper of certain investment quality, repurchase agreements, banker's acceptances, mutual funds of certain investment quality, and investment pools authorized by State law.

Custodial Credit Risk of Bank Deposits

The City does not have a deposit policy for custodial credit risk. At June 30, 2015, the Other Employee Benefit and Agency Trust Funds had deposits of \$41,017,729 that were exposed to custodial credit risk as they were uninsured and uncollateralized.

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Interest Rate Risk

The City's investment policy does not specifically restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. The City's policy minimizes interest rate risk by requiring that the Fund attempt to match its investments with anticipated cash flow requirements. Unless related to a specific cash flow, the City is generally not permitted to directly invest in securities maturing more than 10 years from the original date of purchase. The Other Employee Benefit Trust Fund did not have any investments with interest rate risk.

Credit Risk

The City's investment policy complies with State law that limits its investments in commercial paper, mutual funds, and external investment pools which purchase commercial paper to the top two rating classifications issued by two NRSROs. The Other Employee Benefit and Agency Trust Funds' did not have any investments with credit risk.

Concentration of Credit Risk

The City's policy specifies a number of limitations to minimize concentration of credit risk including prohibiting investing more than 5 percent of the portfolio in securities (excluding U.S. government, mutual funds, external investment pools, and other pooled investments) of any one issuer. There were no investments of more than 5 percent of the total debt investments of Other Employee Benefit and Agency Trust Funds.

NOTE IV - INTERFUND BALANCES AND ACTIVITY

(a) Balances Due from/to Other Funds

During the course of operations, numerous transactions occur between the City funds for goods provided and services rendered and for the reimbursement of expenditures. Related interfund receivables and payables are classified as "due from other funds" and "due to other funds" on the balance sheet and statement of net position and will be settled within one year. Interfund receivables and payables at June 30, 2015 are as follows:

Due To	Due From					
	General Fund	Non-Major Governmental Funds	Sewage Disposal Fund	Transportation Fund	Water Fund	Automobile Parking Fund
General Fund	\$ —	\$ 5,147,510	\$ 3,244,254	\$ 10,447,423	\$ 13,831,731	\$ 519,624
Non-Major Governmental Funds	111,055,233	3,920,085	47,539	—	50,994	13,099
Sewage Disposal Fund	—	—	—	—	—	—
Transportation Fund	6,296,241	—	—	—	—	—
Water Fund	356,317	120,400	40,929,365	—	—	—
Automobile Parking Fund	96,563	237,175	—	—	—	—
Non-Major Proprietary Fund	—	—	—	—	—	—
Fiduciary Funds (1)	7,487,204	—	12,396	378,227	23,568	2,289
Liabilities Total	\$ 125,291,558	\$ 9,425,170	\$ 44,233,554	\$ 10,825,650	\$ 13,906,293	\$ 535,012

Due To	Due From		
	Non-Major Proprietary Fund	Fiduciary Funds	Assets Total
General Fund	\$ 794,863	\$ 1712,882	\$ 35,698,287
Other Governmental Funds	2,095,755	342,305	117,525,010
Sewage Disposal Fund	—	17,619,903	17,619,903
Transportation Fund	—	—	6,296,241
Water Fund	—	15,537,571	56,943,653
Automobile Parking Fund	185	260,474	594,397
Non-Major Proprietary Fund	9,781	—	9,781
Fiduciary Funds (1)	410,294	—	8,313,978
Liabilities Total	\$ 3,310,878	\$ 35,473,135	\$ 243,001,250

(1) This interfund payable primarily represents employer contributions that are due to the Employee Benefit Trust Funds at year end.

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(b) Transfers

During the course of the fiscal year, transactions occur between the City's funds for operating subsidies. Related interfund receipts and disbursements are classified as "transfers in" and "transfers out" on the Statements of Revenues, Expenditures/Expenses, and Changes in Fund Balances/Net Position. The transfers are routine and consistent with the activities of the funds. Transfers between funds during the year ended June 30, 2015 are as follows:

Transfers In	Transfers Out					Total
	General Fund	Non-Major Governmental Funds	Water Fund	Sewer Fund	Automobile Parking Fund	
General Fund	\$ —	\$ 9,933,477	\$ 9,675,000	\$ 12,825,000	\$ 14,622,289	\$ 47,055,766
General Retirement System Service Corporation	3,886,100	—	—	—	—	3,886,100
Police and Fire System Service Corporation	5,320,771	—	—	—	—	5,320,771
Non-Major Governmental Funds	—	9,300,320	—	—	—	9,300,320
Transportation Fund	82,113,071	—	—	—	—	82,113,071
Automobile Parking Fund	14,291,854	—	—	—	—	14,291,854
Non-Major Proprietary Fund	13,366,910	—	—	—	—	13,366,910
Total	\$ 118,978,706	\$ 19,233,797	\$ 9,675,000	\$ 12,825,000	\$ 14,622,289	\$ 175,334,792

The General Fund transferred \$119.0 million to other funds. The largest transfer from the General Fund was made to the Transportation Fund for \$82.1 million. The General Fund also transferred a combined \$9.2 million to the City's Retirement System Service Corporations for interest payments on the Pension Obligation Certificates.

The Non-Major Governmental Funds transferred \$19.2 million to other funds; the Major Street Fund transferred \$9.5 million to the Local Street Fund and \$9.9 million to the General Fund.

NOTE V - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
Governmental Activities				
Non-Depreciable Capital Assets:				
Land	\$ 412,818,037	\$ —	\$ (10,800)	\$ 412,807,237
Works of Art	29,804,733	—	(16,600)	29,788,133
Construction in Progress	24,370,275	14,866,677	(20,190,417)	19,046,535
Total Non-Depreciable Capital Assets	466,993,045	14,866,677	(20,217,817)	461,641,905
Depreciable Capital Assets:				
Buildings and Improvements	1,204,438,918	26,035,234	(120,259,313)	1,110,214,839
Machinery, Equipment, and Fixtures	603,769,645	20,089,906	(27,072,123)	596,787,428
Infrastructure	1,147,378,201	49,918,755	—	1,197,296,956
Total Depreciable Capital Assets	2,955,586,764	96,043,895	(147,331,436)	2,904,299,223
Less Accumulated Depreciation for:				
Buildings and Improvements	537,365,414	33,479,204	(58,334,509)	512,510,109
Machinery, Equipment, and Fixtures	553,488,037	24,713,308	(28,811,915)	549,389,430
Infrastructure	821,055,228	29,264,735	—	850,319,963
Total Accumulated Depreciation	1,911,908,679	87,457,247	(87,146,424)	1,912,219,502
Total Governmental Activities Capital Assets, Net	\$ 1,510,671,130	\$ 23,453,325	\$ (80,402,829)	\$ 1,453,721,626

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Depreciation expense for governmental activities for the year ended June 30, 2015 was charged to functions as follows:

Public Protection	\$	17,967,072
Health		201,877
Recreation and Culture		14,665,089
Economic Development		6,893,100
Housing Supply and Conditions		527,364
Physical Environment		10,882,044
Transportation Facilitation		23,965,046
Development and Management		<u>12,355,655</u>
Total	\$	<u><u>87,457,247</u></u>

	<u>Balance</u>		<u>Balance</u>
	<u>June 30, 2014</u>	<u>Additions</u>	<u>June 30, 2015</u>
Business-type Activities			
<i>Sewage Disposal Fund:</i>			
Non-Depreciable Capital Assets:			
Land and Land Rights	\$ 37,926,842	\$ —	\$ 37,926,842
Construction in Progress	<u>251,923,506</u>	<u>158,230,548</u>	<u>(73,163,281)</u>
Total Non-Depreciable Capital Assets	<u>289,850,348</u>	<u>158,230,548</u>	<u>(73,163,281)</u>
Depreciable Capital Assets:			
Land Improvements	76,829,093	—	(28,209)
Buildings and Structures	2,115,462,929	15,785,796	—
Interceptors and Regulators	205,749,861	—	—
Machinery, Equipment, and Fixtures	<u>1,712,904,344</u>	<u>50,169,715</u>	<u>—</u>
Total Depreciable Capital Assets	<u>4,110,946,227</u>	<u>65,955,511</u>	<u>(28,209)</u>
Total Capital Assets	<u>4,400,796,575</u>	<u>224,186,059</u>	<u>(73,191,490)</u>
Less Accumulated Depreciation:			
Land Improvements	22,561,166	1,040,343	(4,237)
Buildings and Structures	659,345,873	45,053,337	—
Interceptors and Regulators	72,874,922	1,943,628	—
Machinery, Equipment, and Fixtures	<u>808,019,774</u>	<u>71,810,780</u>	<u>—</u>
Total Accumulated Depreciation	<u>1,562,801,735</u>	<u>119,848,088</u>	<u>(4,237)</u>
Total Sewage Disposal Fund Capital Assets, Net	<u>\$ 2,837,994,840</u>	<u>\$ 104,337,971</u>	<u>\$ (73,187,253)</u>

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	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
Business-type Activities				
<i>Transportation Fund:</i>				
Non-Depreciable Capital Assets:				
Land and Land Rights	\$ 7,578,462	\$ —	\$ —	\$ 7,578,462
Construction in Progress	1,808,177	287,709	(1,679,957)	415,929
Total Non-Depreciable Capital Assets	9,386,639	287,709	(1,679,957)	7,994,391
Depreciable Capital Assets:				
Buildings and Structures	150,933,511	1,996,121	—	152,929,632
Vehicle and Buses	139,023,990	31,532,009	(21,374,210)	149,181,789
Machinery, Equipment, and Fixtures	50,299,558	3,639,201	—	53,938,759
Total Depreciable Capital Assets	340,257,059	37,167,331	(21,374,210)	356,050,180
Total Capital Assets	349,643,698	37,455,040	(23,054,167)	364,044,571
Less Accumulated Depreciation:				
Buildings and Structures	61,839,880	3,127,819	—	64,967,699
Vehicle and Buses	99,777,731	8,550,056	(21,320,700)	87,007,087
Machinery, Equipment, and Fixtures	37,459,963	2,873,795	—	40,333,758
Total Accumulated Depreciation	199,077,574	14,551,670	(21,320,700)	192,308,544
Total Transportation Fund Capital Assets, Net	\$ 150,566,124	\$ 22,903,370	\$ (1,733,467)	\$ 171,736,027

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
Business-type Activities				
<i>Water Fund:</i>				
Non-Depreciable Capital Assets:				
Land and Land Rights	\$ 8,872,365	\$ —	\$ —	\$ 8,872,365
Construction in Progress	122,415,104	83,670,572	(21,270,293)	184,815,383
Total Non-Depreciable Capital Assets	131,287,469	83,670,572	(21,270,293)	193,687,748
Depreciable Capital Assets:				
Land Improvements	101,297,526	14,642,483	(28,364)	115,911,645
Buildings and Structures	811,978,038	4,702,020	(132,302,780)	684,377,278
Mains	1,033,350,225	1,576,261	—	1,034,926,486
Services	51,838,576	—	—	51,838,576
Meters	124,814,348	—	—	124,814,348
Machinery, Equipment, and Fixtures	1,072,459,393	111,245,293	(3,319,035)	1,180,385,651
Total Depreciable Capital Assets	3,195,738,106	132,166,057	(135,650,179)	3,192,253,984
Total Capital Assets	3,327,025,575	215,836,629	(156,920,472)	3,385,941,732
Less Accumulated Depreciation:				
Land Improvements	19,528,107	4,643,480	(11,687)	24,159,900
Buildings and Structures	319,277,028	14,774,982	(26,282,791)	307,769,219
Mains	366,083,520	15,802,617	—	381,886,137
Services	28,104,252	629,909	—	28,734,161
Meters	54,851,570	4,960,264	—	59,811,834
Machinery, Equipment, and Fixtures	527,537,108	108,039,729	(1,693,070)	633,883,767
Total Accumulated Depreciation	1,315,381,585	148,850,981	(27,987,548)	1,436,245,018
Total Water Fund Capital Assets, Net	\$ 2,011,643,990	\$ 66,985,648	\$ (128,932,924)	\$ 1,949,696,714

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	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>
Business-type Activities				
<i>Automobile Parking Fund:</i>				
Non-Depreciable Capital Assets:				
Land and Land Rights	\$ 4,967,313	\$ —	\$ —	\$ 4,967,313
Construction in Progress	<u>—</u>	<u>1,788,971</u>	<u>—</u>	<u>1,788,971</u>
Total Non-Depreciable Capital Assets	<u>4,967,313</u>	<u>1,788,971</u>	<u>—</u>	<u>6,756,284</u>
Depreciable Capital Assets:				
Land Improvements	214,908	—	—	214,908
Buildings and Structures	200,066,403	—	—	200,066,403
Vehicles and Buses	1,254,151	—	—	1,254,151
Machinery, Equipment, and Fixtures	<u>4,952,624</u>	<u>80,476</u>	<u>—</u>	<u>5,033,100</u>
Total Depreciable Capital Assets	<u>206,488,086</u>	<u>80,476</u>	<u>—</u>	<u>206,568,562</u>
Total Capital Assets	<u>211,455,399</u>	<u>1,869,447</u>	<u>—</u>	<u>213,324,846</u>
Less Accumulated Depreciation:				
Land Improvements	201,598	2,978	—	204,576
Buildings and Structures	138,211,729	2,694,443	—	140,906,172
Vehicles and Buses	1,217,566	14,099	—	1,231,665
Machinery, Equipment, and Fixtures	<u>2,879,976</u>	<u>316,500</u>	<u>—</u>	<u>3,196,476</u>
Total Accumulated Depreciation	<u>142,510,869</u>	<u>3,028,020</u>	<u>—</u>	<u>145,538,889</u>
Total Automobile Parking Fund Capital Assets, Net	<u>\$ 68,944,530</u>	<u>\$ (1,158,573)</u>	<u>\$ —</u>	<u>\$ 67,785,957</u>

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	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
Business-type Activities				
<i>Other Proprietary Funds:</i>				
<i>Airport Fund:</i>				
Non-Depreciable Capital Assets:				
Land and Land Rights	\$ 17,349,458	\$ 112,500	\$ —	\$ 17,461,958
Construction in Progress	112,500	—	(112,500)	—
Total Non-Depreciable Capital Assets	17,461,958	112,500	(112,500)	17,461,958
Depreciable Capital Assets:				
Land Improvements	8,020,718	2,896,060	—	10,916,778
Buildings and Structures	5,853,773	—	—	5,853,773
Vehicle and Buses	1,326,693	—	—	1,326,693
Machinery, Equipment, and Fixtures	1,825,327	27,600	—	1,852,927
Total Depreciable Capital Assets	17,026,511	2,923,660	—	19,950,171
Total Capital Assets	34,488,469	3,036,160	(112,500)	37,412,129
Less Accumulated Depreciation:				
Land Improvements	7,760,718	40,000	—	7,800,718
Buildings and Structures	5,274,616	34,814	—	5,309,430
Vehicle and Buses	1,326,693	—	—	1,326,693
Machinery, Equipment, and Fixtures	1,588,367	20,982	—	1,609,349
Total Accumulated Depreciation	15,950,394	95,796	—	16,046,190
Total Airport Fund Capital Assets, Net	\$ 18,538,075	\$ 2,940,364	\$ (112,500)	\$ 21,365,939
<i>Public Lighting Authority:</i>				
Non-Depreciable Capital Assets:				
Construction in Progress	\$ 19,190,049	\$ 60,268,975	\$ —	\$ 79,459,024
Depreciable Capital Assets:				
Machinery, Equipment, and Fixtures	42,081	507,402	—	549,483
Less Accumulated Depreciation:				
Machinery, Equipment, and Fixtures	5,050	50,216	—	55,266
Total Public Lighting Authority Fund Capital Assets, Net	19,227,080	60,726,161	—	79,953,241
Total Other Proprietary Fund Capital Assets, Net	\$ 37,765,155	\$ 63,666,525	\$ (112,500)	\$ 101,319,180

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Component Unit	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
<i>Detroit Housing Commission:</i>				
Non-Depreciable Capital Assets:				
Land	\$ 65,195,735	\$ 6,430,849	\$ —	\$ 71,626,584
Construction in Progress	7,683,449	2,813,327	(6,630,984)	3,865,792
Total Non-Depreciable Capital Assets	<u>72,879,184</u>	<u>9,244,176</u>	<u>(6,630,984)</u>	<u>75,492,376</u>
Depreciable Capital Assets:				
Structures and Improvements	85,703,243	1,449,680	(1,705,456)	85,447,467
Equipment	7,617,485	71,034	(252,940)	7,435,579
Total Depreciable Capital Assets	<u>93,320,728</u>	<u>1,520,714</u>	<u>(1,958,396)</u>	<u>92,883,046</u>
Total Capital Assets	<u>166,199,912</u>	<u>10,764,890</u>	<u>(8,589,380)</u>	<u>168,375,422</u>
Less Accumulated Depreciation:				
Structures and Improvements	28,265,243	4,582,385	(834,748)	32,012,880
Equipment	4,328,468	984,464	(176,462)	5,136,470
Total Accumulated Depreciation	<u>32,593,711</u>	<u>5,566,849</u>	<u>(1,011,210)</u>	<u>37,149,350</u>
Total Detroit Housing Commission, Net	<u>\$ 133,606,201</u>	<u>\$ 5,198,041</u>	<u>\$ (7,578,170)</u>	<u>\$ 131,226,072</u>

The table above is for Detroit Housing Commission capital assets, net and excludes the Housing Commission's discretely presented component units.

See Note X (f) for discussion of commitments related to construction activities.

Capital Assets were evaluated during the year to determine if any asset impairments exist, defined as a significant, unexpected decline in the service utility of a capital asset. Below are the impaired assets identified during the fiscal year:

- The West Chicago Reservoir was demolished due to damages previously incurred. The carrying amount of this asset was \$4,649,271. The loss on impairment included in the operating expense is \$774,878, and a special item of \$3,874,393. This asset was included in the land improvements, building and structures and equipment categories.
- The Roseville Station was decommissioned due to significant decrease in demand. The carrying amount of this asset was \$1,661,863, reported as a special item. The remaining cost of \$2,940 remains in the capital assets land category. This asset was included in the land improvements, building and structures and equipment categories.

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NOTE VI. LONG-TERM OBLIGATIONS

(a) Changes in Long-Term Obligations

Changes in long-term obligations for the year ended June 30, 2015 were as follows:

	<u>Balance June 30, 2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2015</u>	<u>Amount Due Within One Year</u>
Governmental Activities					
General Obligation Bonds	\$ 1,042,311,968	\$ 1,138,192,978	\$ (570,660,826)	\$ 1,609,844,120	\$ 50,597,426
Notes Payable	85,184,000	20,195,000	(24,577,000)	80,802,000	3,653,000
Loans Payable	36,693,164	—	(34,727,467)	1,965,697	1,270,872
Total Bonds, Notes, and Loans Payable	1,164,189,132	1,158,387,978	(629,965,293)	1,692,611,817	55,521,298
Add: Unamortized Premiums	18,651,009	—	(9,370,499)	9,280,510	—
Total Bonds, Notes, and Loans Payable, Net	1,182,840,141	1,158,387,978	(639,335,792)	1,701,892,327	55,521,298
Pension Obligation Certificates Payable	1,137,403,704	—	(1,137,403,704)	—	—
Total Pension Obligation Certificates Payable, Net	1,137,403,704	—	(1,137,403,704)	—	—
Other Long-Term Liabilities:					
Accrued Compensated Absences	63,596,320	48,134,670	(36,364,611)	75,366,379	36,364,611
Accrued Workers' Compensation	69,176,000	5,909,830	(9,028,830)	66,057,000	8,506,000
Claims and Judgments	48,633,564	22,230,117	(21,547,112)	49,316,569	2,899,227
Accrued Pollution Remediation	51,265	3,360	—	54,625	—
Accrued Other Postemployment Benefits	14,032,941	—	(12,937,777)	1,095,164	—
Total Other Long-Term Liabilities	195,490,090	76,277,977	(79,878,330)	191,889,737	47,769,838
Total Governmental Activities	\$ 2,515,733,935	\$ 1,234,665,955	\$ (1,856,617,826)	\$ 1,893,782,064	\$ 103,291,136

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	<u>Balance</u> <u>June 30, 2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
Business-type Activities					
<i>Sewage Disposal Fund:</i>					
Revenue Bonds Payable	\$ 2,728,310,000	\$ 935,860,000	\$ (818,425,000)	\$ 2,845,745,000	\$ 50,530,000
Capital Appreciation Bonds	72,550,000	—	(39,660,000)	32,890,000	8,725,000
Discount on Capital Appreciation Bonds	(15,292,228)	—	10,210,399	(5,081,829)	—
State Revolving Loans	<u>459,787,878</u>	<u>70,967,782</u>	<u>(36,435,000)</u>	<u>494,320,660</u>	<u>37,430,000</u>
Total Revenue Bonds Payable	3,245,355,650	1,006,827,782	(884,309,601)	3,367,873,831	96,685,000
Add: Unamortized Premiums	<u>100,456,176</u>	<u>66,443,213</u>	<u>(51,747,565)</u>	<u>115,151,824</u>	<u>—</u>
Total Revenue Bonds Payable, Net	<u>3,345,811,826</u>	<u>1,073,270,995</u>	<u>(936,057,166)</u>	<u>3,483,025,655</u>	<u>96,685,000</u>
Financial Recovery Bonds	—	50,616,453	(222,786)	50,393,667	412,153
Pension Obligation Certificates Payable	85,843,430	—	(85,843,430)	—	—
Other Long-Term Liabilities:					
Accrued Compensated Absences	4,743,943	2,191,869	(2,315,018)	4,620,794	2,315,018
Accrued Workers' Compensation	3,692,000	5,177,080	(1,104,540)	7,764,540	1,033,980
Claims and Judgments	2,704,958	12,434,000	(1,322,358)	13,816,600	455,000
Other Accrued Liabilities	31,220,793	119,120	(20,255,762)	11,084,151	11,084,151
Accrued Other Postemployment Benefits	<u>1,365,671</u>	<u>28,413</u>	<u>(1,111,555)</u>	<u>282,529</u>	<u>—</u>
Total Other Long-Term Liabilities	<u>43,727,365</u>	<u>19,950,482</u>	<u>(26,109,233)</u>	<u>37,568,614</u>	<u>14,888,149</u>
Total Sewage Disposal Fund	<u>\$ 3,475,382,621</u>	<u>\$ 1,143,837,930</u>	<u>\$ (1,048,232,615)</u>	<u>\$ 3,570,987,936</u>	<u>\$ 111,985,302</u>

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	<u>Balance June 30, 2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2015</u>	<u>Amount Due Within One Year</u>
Business-type Activities					
<i>Transportation Fund:</i>					
Pension Obligation					
Certificates Payable	\$ 100,159,459	\$ —	\$ (100,159,459)	\$ —	\$ —
Financial recovery bonds, 2014 Series B	—	43,552,037	—	43,552,037	—
Financial recovery bonds, 2014 Series C	—	6,330,705	(220,961)	6,109,744	408,777
General Obligation Bonds	<u>5,458,032</u>	<u>—</u>	<u>(5,458,032)</u>	<u>—</u>	<u>—</u>
Total Pension Obligation Certificates and bonds Payable, Net	<u>105,617,491</u>	<u>49,882,742</u>	<u>(105,838,452)</u>	<u>49,661,781</u>	<u>408,777</u>
Other Long-Term Liabilities:					
Accrued Compensated Absences	3,201,966	2,738,300	(3,013,426)	2,926,840	2,297,756
Accrued Long-term Disability	2,968,979	790,902	(1,853,276)	1,906,605	558,400
Accrued Other Postemployment Benefits	<u>1,803,723</u>	<u>38,091</u>	<u>(1,508,954)</u>	<u>332,860</u>	<u>—</u>
Total Other Long-Term Liabilities	<u>7,974,668</u>	<u>3,567,293</u>	<u>(6,375,656)</u>	<u>5,166,305</u>	<u>2,856,156</u>
Total Transportation Fund	<u>\$ 113,592,159</u>	<u>\$ 53,450,035</u>	<u>\$ (112,214,108)</u>	<u>\$ 54,828,086</u>	<u>\$ 3,264,933</u>

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	<u>Balance June 30, 2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2015</u>	<u>Amount Due Within One Year</u>
Business-type Activities					
<i>Water Fund:</i>					
Revenue Bonds Payable	\$ 2,484,925,000	\$ 854,850,000	\$ (964,400,000)	\$ 2,375,375,000	\$ 63,675,000
State Revolving Loans	20,123,761	—	(1,355,000)	18,768,761	1,385,000
Total Revenue Bonds Payable	2,505,048,761	854,850,000	(965,755,000)	2,394,143,761	65,060,000
Add: Unamortized Premiums	51,707,499	68,374,999	(29,119,524)	90,962,974	—
Less: Unamortized Discounts	(3,423,320)	—	3,423,320	—	—
Total Revenue Bonds Payable, Net	<u>2,553,332,940</u>	<u>923,224,999</u>	<u>(991,451,204)</u>	<u>2,485,106,735</u>	<u>65,060,000</u>
Financial Recovery Bonds	—	30,369,874	(133,671)	30,236,203	247,292
Pension Obligation Certificates Payable	75,748,404	—	(75,748,404)	—	—
Other Long-Term Liabilities:					
Accrued Compensated Absences	5,956,864	3,699,438	(3,223,057)	6,433,245	3,223,057
Accrued Workers' Compensation	10,696,000	—	(4,838,540)	5,857,460	780,020
Other Accrued Liabilities	16,342,295	—	(6,818,890)	9,523,405	9,523,405
Claims and Judgments	1,984,823	6,146,000	(1,143,823)	6,987,000	747,000
Accrued Other Postemployment Benefits	2,040,982	44,133	(1,782,195)	302,920	—
Total Other Long-Term Liabilities	<u>37,020,964</u>	<u>9,889,571</u>	<u>(17,806,505)</u>	<u>29,104,030</u>	<u>14,273,482</u>
Total Water Fund	<u>\$ 2,666,102,308</u>	<u>\$ 963,484,444</u>	<u>\$ (1,085,139,784)</u>	<u>\$ 2,544,446,968</u>	<u>\$ 79,580,774</u>

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	<u>Balance</u> <u>June 30, 2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
Business-type Activities					
<i>Automobile Parking Fund:</i>					
Financial Recovery Bonds, 2014 Series B	\$ —	\$ 700,204	\$ —	\$ 700,204	\$ —
Total General Obligation Bonds Payable, Net	<u>—</u>	<u>700,204</u>	<u>—</u>	<u>700,204</u>	<u>—</u>
Other Long-Term Liabilities:					
Accrued Compensated Absences	153,156	108,294	(76,578)	184,872	102,209
Accrued Workers' Compensation	667,000	48,000	(84,000)	631,000	83,000
Claims and Judgments	102,000	—	(33,686)	68,314	—
Accrued Other Postemployment Benefits	55,035	1,192	(48,137)	8,090	—
Total Other Long-Term Liabilities	<u>977,191</u>	<u>157,486</u>	<u>(242,401)</u>	<u>892,276</u>	<u>185,209</u>
Total Automobile Parking Fund	<u>\$ 977,191</u>	<u>\$ 857,690</u>	<u>\$ (242,401)</u>	<u>\$ 1,592,480</u>	<u>\$ 185,209</u>
<i>Other Proprietary Funds:</i>					
Financial Recovery Bonds, 2014 Series B (Airport)	\$ —	\$ 552,308	\$ —	\$ 552,308	\$ —
General Obligation Bonds (Public Lighting Authority)	<u>60,000,000</u>	<u>196,193,750</u>	<u>(60,374,458)</u>	<u>195,819,292</u>	<u>3,344,458</u>
Total General Obligation Bonds Payable, Net	<u>60,000,000</u>	<u>196,746,058</u>	<u>(60,374,458)</u>	<u>196,371,600</u>	<u>3,344,458</u>
Accrued Compensated Absences	\$ 19,078	\$ 22,657	\$ (23,093)	\$ 18,642	\$ 18,642
Accrued Workers' Compensation	88,000	—	(6,000)	82,000	11,000
Claims and Judgments	186,800	—	(106,800)	80,000	80,000
Accrued Other Postemployment Benefits	9,019	184	(6,967)	2,236	—
Total Other Proprietary Fund	<u>\$ 60,302,897</u>	<u>\$ 196,768,899</u>	<u>\$ (60,517,318)</u>	<u>\$ 196,554,478</u>	<u>\$ 3,454,100</u>

(b) General Obligation Bonds

Governmental Activities

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and equipment. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are backed by the full faith and unlimited taxing power of the City or in some cases are unsecured and will be paid by other specific revenue sources of the City. The debt for governmental activities will be retired by future property tax levies and other resources accumulated in the General Fund and the Debt Service (other governmental). The debt for business-type activities (i.e., Transportation Fund) will be retired by revenues from those operations or, if the revenues are not sufficient, by future tax.

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On December 10, 2014, the City issued approximately \$1.3 billion of debt. Certain bonds (2014-A1-K2, 2014-A, and 2014-B (Exit Financing) bonds) were initially sold to the Michigan Finance Authority (MFA). The MFA then issued bonds secured by the City's bonds. This debt and uses of the proceeds are summarized and described below.

Debt Issued	Amount
2014-B(1) Bonds	\$ 616,560,047
2014-B(2) Bonds	15,404,098
2014-C Bonds	88,430,021
2014-A Bonds (Exit Financing)	134,725,000
2014-B Bonds (Exit Financing)	140,275,000
2014-A1-K2 Bonds	287,560,790
Total New Debt Issued	\$ 1,282,954,956

2014-B(1) and B(2) Bonds

The Financial Recovery Bonds, Series 2014-B(1) and Series 2014-B(2) total \$616,560,047 and \$15,404,098, respectively. They are federally taxable. The bonds' interest rate is 4.0 percent per annum from December 10, 2014 to and including March 31, 2034 and 6.0 percent per annum thereafter until the maturity date of April 1, 2044. The bonds were delivered to classes of creditors in satisfaction of: (1) Class 12 OPEB Claims (the bonds were distributed to the new Voluntary Employee Beneficiary Associations (VEBA) for the general retirees and police and fire retirees; (2) Class 9 Pension Obligation Certificate (POC) claims; and (3) other unsecured bankruptcy claims. The distribution of the 2014-B(1) and B(2) Bonds is detailed as follows:

Use	Series B(1)	Series B(2)	Total
GRS VEBA	\$ 233,414,249	\$ 5,365,910	\$ 238,780,159
PFRS VEBA	248,245,662	5,655,337	253,900,999
LTGO Class 9 Settlement	13,138,835	4,163,026	17,301,861
Class 14 Other Unsecured Claims	20,376,922	219,825	20,596,747
FGIC Settlement DDA Recovery	3,691,591	-	3,691,591
POC Settlement with Syncora	23,500,000	-	23,500,000
POC Settlement with FGIC	74,192,788	-	74,192,788
Total	\$ 616,560,047	\$ 15,404,098	\$ 631,964,145

2014-C Bonds

The Financial Recovery Bonds, Series 2014-C total \$88,430,021. The bonds bear interest at 5.0 percent per annum. The bonds mature on December 10, 2026. The bonds are unsecured but City revenues from its parking garages will provide the required debt service. If the parking garage revenues are insufficient then the City's General Fund will provide the necessary debt service funds. The 2014-C Bonds were issued as part of the Syncora Settlement and FGIC/POC Settlement in the Plan, and on the Effective Date, the bonds were distributed as follows:

Use	Series C Bonds
POC Settlement with Syncora	\$ 21,271,804
POC Settlement with FGIC	67,158,217
Total	\$ 88,430,021

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2014-A and B Bonds

The Financial Recovery Income Tax Revenue and Refunding Bonds, Series 2014-A and Series 2014-B total \$134,725,000 and \$140,275,000, respectively. The bonds' interest rate at issuance was variable but was converted to a fixed rate in September 2015 when it was reoffered to the public. The Series 2014-A Bonds are tax exempt and mature on October 1, 2029 and the Series-B Bonds are taxable and mature on October 1, 2022. The City's income tax revenues are pledged to and secure the payment of debt service on these bonds. The bond proceeds were used to: (1) redeem the Series 2014 Financial Recovery Bonds, "Quality of Life", issued in April 2014; (2) fund a debt service reserve for the bonds; (3) provide additional funding for the City's reinvestment and revitalization initiatives; (4) pay the final installment of the settlement of the Class 5 POC Swap Claims; and (5) pay the costs of issuance of the bonds. The use of proceeds for each series is detailed as follows:

Use	Series A	Series B	Total
Redeem Quality of Life Financing	\$ 61,353,638	\$ 58,751,363	\$ 120,105,001
Debt Service Reserve	13,472,500	14,027,500	27,500,000
Issuance and Other Costs	1,834,028	1,906,319	3,740,347
Restructuring Initiatives (RRI)	58,064,834	27,619,890	85,684,724
Derivatives (Swap Settlement pay-off)	-	37,969,929	37,969,929
Total	\$ <u>134,725,000</u>	\$ <u>140,275,001</u>	\$ <u>275,000,001</u>

2014-A1-K2 Bonds

The UTGO (Unlimited Tax General Obligation) Restructured Local Project Bonds Fourth Lien total \$287,560,790. The City's unlimited tax annual debt millage levy will provide the debt service requirements for these bonds. If the debt millage is insufficient, then the City's distributable state aid and General Fund will be required to make up any deficiency. The bonds were issued to restructure \$287,560,790 of the original UTGO bonds outstanding before the Effective Date. The UTGO debt has been restructured by the issuance and delivery to the Michigan Finance Authority (MFA) of 22 series of new City bonds, each corresponding to an equivalent principal amount of the eleven series of original, prepetition UTGO bonds, with the same interest rate, maturity and redemption provisions as the original UTGO bonds. The bonds are comprised of subseries (2014-A1-K2). The 2014A1-K2 bonds total \$287,560,790 and on the Effective Date, \$279,618,950 of the bonds were delivered to the original UTGO bondholders and \$7,941,840 of the bonds were delivered to the UTGO bond insurers, see Note XII (a).

The \$287,560,790 principal amount of the original UTGO bonds, which has been restructured as described above, has been cancelled and discharged. The principal amount of the original UTGO bonds of \$43,349,210 ("Stub UTGO Bonds") remains outstanding. The Plan assigned the City's collections of the debt service millage for the Stub UTGO Bonds primarily to the income stabilization funds, as part of the City's original General Retirement (GRS) and Police and Fire Retirement (PFRS) systems, for additional distributions to those retirees who meet certain income eligibility criteria established, pursuant to the Plan. The insurers remain responsible for the payment of debt service to the original bondholders on the remaining \$43.3 million UTGO bonds, as part of the Class 8 UTGO Settlement and in accordance with the Plan.

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Schedule of General Obligation Bonds

The following is a schedule of general obligation bonds outstanding at June 30, 2015:

	Bond Date	Amount Issued	Range of Interest Rates	Maturity Date	Balance June 30, 2015	
Governmental Activities						
General Obligation Bonds -						
Unlimited Tax:						
Series 1999-A	4/1/99	\$ 28,020,000	5.0%	4/1/16-19	\$ 1,691,865	a
Series 2001-A(1)	7/15/01	83,200,000	5.0 to 5.375	4/1/16-21	9,020,660	a
Series 2002	8/2/02	29,205,000	5.125	4/1/21-22	870,495	a
Series 2003-A	10/21/03	34,380,000	4.50 to 5.25	4/1/16-23	3,776,075	a
Series 2004-A(1)	9/9/04	39,270,000	4.25 to 5.25	4/1/19-24	5,144,370	a
Series 2004-B(1)	9/9/04	29,365,000	4.00 to 5.25	4/1/16-18	2,710,390	a
Series 2004-B(2)	9/9/04	17,270,000	5.24	4/1/16-18	55,020	
Series 2005-B	12/13/05	13,840,000	5.00	4/1/2016	315,055	
Series 2005-B	12/13/05	37,920,000	4.30 to 5.00	4/1/17-25	4,967,520	a
Series 2005-C	12/13/05	20,010,000	5.00	4/1/2016	317,675	
Series 2005-C	12/13/05	10,795,000	4.30 to 5.25	4/1/17-20	1,414,145	a
Series 2008-A	6/9/08	15,120,000	4.00 to 5.00	4/1/16-18	1,245,810	
Series 2008-A	6/9/08	43,510,000	5.00	4/1/19-28	5,699,810	a
Series 2008-B(1)	6/9/08	66,475,000	5.00	4/1/16-18	1,416,110	
Series 2010-E	12/16/10	100,000,000	5.129 to 8.369	11/1/15-35	98,115,000	a
Series 2014G-1A	12/10/14	13,321,425	5.00	4/1/16-19	10,913,175	
Series 2014G-1B	12/10/14	378,360	5.00	4/1/16-19	309,960	
Series 2014G-2A	12/10/14	63,206,000	5.00 to 5.375	4/1/16-21	58,186,700	
Series 2014G-2B	12/10/14	1,795,200	5.00 to 5.375	4/1/16-21	1,652,640	
Series 2014G-3A	12/10/14	5,615,025	5.125	4/1/21-22	5,615,025	
Series 2014G-3B	12/10/14	159,480	5.125	4/1/21-22	159,480	
Series 2014G-4A	12/10/14	26,765,375	4.50 to 5.25	4/1/16-23	24,357,125	
Series 2014G-4B	12/10/14	760,200	4.50 to 5.25	4/1/16-23	691,800	
Series 2014G-5A	12/10/14	33,183,150	4.25 to 5.25	4/1/19-24	33,183,150	
Series 2014G-5B	12/10/14	942,480	4.25 to 5.25	4/1/19-24	942,480	
Series 2014G-6A	12/10/14	24,813,425	4.00 to 5.25	4/1/16-18	17,483,050	
Series 2014G-6B	12/10/14	704,760	4.00 to 5.25	4/1/16-18	496,560	
Series 2014G-7A	12/10/14	485,875	5.24	4/1/16-18	354,900	
Series 2014G-7B	12/10/14	13,800	5.24	4/1/16-18	10,080	
Series 2014G-8A	12/10/14	36,009,675	4.30 to 5.00	4/1/16-25	34,074,625	
Series 2014G-8B	12/10/14	1,022,760	4.30 to 5.00	4/1/16-25	967,800	
Series 2014G-9A	12/10/14	13,118,625	4.30 to 5.25	4/1/16-20	11,170,900	
Series 2014G-9B	12/10/14	372,600	4.30 to 5.25	4/1/16-20	317,280	
Series 2014G-10A	12/10/14	47,231,275	4.00 to 5.00	4/1/16-28	44,801,900	
Series 2014G-10B	12/10/14	1,341,480	4.00 to 5.00	4/1/16-28	1,272,480	
Series 2014G-11A	12/10/14	15,869,100	5.00	4/1/16-18	9,134,450	
Series 2014G-11B	12/10/14	450,720	5.00	4/1/16-18	259,440	
Total General Obligation Bonds - Unlimited Tax					<u>\$ 393,115,000</u>	

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	<u>Bond Date</u>	<u>Amount Issued</u>	<u>Range of Interest Rates</u>	<u>Maturity Date</u>	<u>Balance June 30, 2015</u>
Governmental Activities (continued)					
General Obligation Bonds - Limited Tax:					
Self-Insurance Bonds:					
Series 2012C	8/23/2012	129,520,000	4.00 to 5.00%	11/1/15-32	\$ 125,210,000
General Obligation:					
Series 2014-B(1)	12/10/2014	489,802,421	4.00 to 6.00	4/1/25-44	489,802,421
Series 2014-B(2)	12/10/2014	15,404,098	4.00 to 6.00	4/1/25-44	15,404,098
Series 2014-C	12/10/2014	70,425,669	5.00	6/1/16-12/10/26	67,967,601
			SIFMA Swap		
Series 2014A - QOL Financial Recovery	12/10/2014	134,725,000	Index + 4.25	10/1/20-29	134,725,000
Series 2014B - QOL Financial Recovery	12/10/2014	140,275,000	LIBOR + 4.75	10/1/17-22	140,275,000
Distributable State Aid 2010	3/18/2010	249,790,000	4.25 to 5.25	11/1/15-35	<u>243,345,000</u>
Total General Obligation Bonds - Limited Tax					<u>1,216,729,120</u>
Total General Obligation Bonds					<u>\$ 1,609,844,120</u>

a - Indicates bonds are callable under terms specified in the indenture; all other bonds are noncallable.

b - \$1,813,835 of Series 2014 - B(1) and B(2) bonds payable was allocated to the Detroit Regional Convention Facility Authority (Cobc Hall) and is excluded from the City's CAFR.

	<u>Bond Date</u>	<u>Amount Issued</u>	<u>Range of Interest Rates</u>	<u>Maturity Date</u>	<u>Balance June 30, 2015</u>
Business-type Activities					
Sewage Disposal Fund:					
General Obligation Bonds - Limited Tax:					
Series 2014-B(1)	12/10/2014	44,233,463	4.00 to 6.00	4/1/25-44	\$ 44,233,463
Series 2014-C	12/10/2014	6,382,990	5.00	6/1/16-12/10/26	<u>6,160,204</u>
Total Sewage Disposal Fund General Obligation Bonds - Limited Tax					<u>\$ 50,393,667</u>
Transportation Fund:					
General Obligation Bonds - Limited Tax:					
Series 2014-B(1)	12/10/2014	43,552,037	4.00 to 6.00	4/1/25-44	\$ 43,552,037
Series 2014-C	12/10/2014	6,330,705	5.00	6/1/16-12/10/26	<u>6,109,744</u>
Total Transportation Fund General Obligation Bonds - Limited Tax					<u>\$ 49,661,781</u>
Water Fund:					
General Obligation Bonds - Limited Tax:					
Series 2014-B(1)	12/10/2014	26,540,080	4.00 to 6.00	4/1/25-44	\$ 26,540,080
Series 2014-C	12/10/2014	3,829,794	5.00	6/1/16-12/10/26	<u>3,696,123</u>
Total Water Fund General Obligation Bonds - Limited Tax					<u>\$ 30,236,203</u>

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	<u>Bond Date</u>	<u>Amount Issued</u>	<u>Range of Interest Rates</u>	<u>Maturity Date</u>	<u>Balance June 30, 2015</u>
Automobile Parking Fund:					
General Obligation Bonds - Limited Tax:					
Series 2014-B(1)	12/10/2014	700,204	4.00 to 6.00	4/1/25-44	\$ <u>700,204</u>
Other Proprietary Fund:					
Airport Fund:					
General Obligation Bonds - Limited Tax:					
Series 2014-B(1)	12/10/2014	552,308	4.00 to 6.00	4/1/25-44	\$ <u>552,308</u>
Component Unit					
Detroit Public Library:					
General Obligation Bonds - Limited Tax:					
Series 2014-B(1)	12/10/2014	9,365,699	4.00 to 6.00	4/1/25-44	\$ 9,365,699
Series 2014-C	12/10/2014	1,460,864	5.00	6/1/16-12/10/26	<u>1,409,875</u>
Total Library					
General Obligation Bonds - Limited Tax					\$ <u>10,775,574</u>

(c) Revenue Bonds

Sewage Disposal Fund

Issuance of State Revolving Loans

The City received loans from the State of Michigan Revolving Loan Fund totaling \$70,967,782 during the year ended June 30, 2015. The proceeds of the loans were used to pay costs of acquiring, constructing extensions, and making certain repairs and improvements to the System. At June 30, 2015, \$47,751,063 in bonds was authorized and unissued.

Issuance of Revenue Bonds

In September 2014, The Fund issued \$935,860,000 in Revenue Bonds. The issue included \$835,905,000 of senior lien and \$99,955,000 of second lien bonds with interest rates of 2% to 5%. The proceeds were used to refund bonds with a par value of \$808,025,000 and to fund future construction projects of \$150,000,000. The proceeds along with cash from the prior reserve fund and accrued interest equity contributions net of \$26,806,483 in underwriting fees, insurance and other issuance costs were distributed as follows: \$749,235,690 to refund bonds tendered in September 2014 including accrued interest, a deposit of \$150,000,000 to the Project Fund and the remaining net proceeds of \$94,025,608 were put in an escrow account to purchase U.S. government securities to refund the remaining bonds in October 2014. The Fund completed the advance refunding/tender to reduce its total debt service payments over the next 30 years by \$107 million and to obtain an economic gain of \$49,684,236 or 7.058% on the senior lien bonds and \$6,905,294 or 6.633% on the second lien bonds, for a total economic gain of \$56,589,530.

Defeased Debt

In previous years, the Fund defeased certain revenue bonds by placing the proceeds of new revenue bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Fund's financial statements. At June 30, 2015, \$808,025,000 of bonds outstanding are considered defeased.

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Pledges of Future Revenue

The Sewage Disposal Fund has pledged specific revenue streams to secure the repayment of the revenue bonds and State of Michigan revolving fund loans. The bonds and loans are paid solely from the net revenues of the Sewage Disposal System. A summary of the pledged revenue and the applicable debt as of June 30, 2015 is as follows:

Bonds	Types of Revenue Pledged	General Purpose for Debt	Term of Pledged Commitment	Remaining Principal and Interest	Principal and Interest for the Year Ended June 30, 2014	Net Pledged Revenue Recognized for the Year Ended June 30, 2014	Proportion of Pledged Revenue Collected
Revenue Bonds and State of Michigan Revolving Fund Loans	All Sewage Disposal Fund operating revenue	Funding of various waste water treatment and collection capital improvements, refund certain sewage disposal revenue bonds, pay termination amounts for interest rate swap agreements, and funding reserve requirements.	Through 2045	\$ 5,570,649,513	\$ 232,409,122	\$ 312,324,196	134.4%

The fund has approximately \$374 million in restricted cash and investments related to various bond indentures as of June 30, 2015.

Water Fund

Issuance of Revenue Bonds

In September 2014, The Fund issued \$854,850,000 in Revenue Bonds. The issue included \$765,340,000 of senior lien, \$80,240,000 of second lien and \$9,270,000 of taxable senior lien bonds with interest rates of 2% to 5%. The proceeds were used to refund bonds with a par value of \$912,615,000. The proceeds along with cash from the prior reserve fund and accrued interest equity contributions net of \$19,953,089 in underwriting fees, insurance and other issuance costs were distributed as follows: \$781,223,186 to refund bonds tendered in September 2014 including accrued interest and the remaining net proceeds of \$162,278,425 were put in an escrow account to purchase U.S. government securities for refunding the remaining bonds in October 2014. The Fund completed the advance refunding/tender to reduce its total debt service payments over the next 27 years by \$139 million and to obtain an economic gain of \$49,480,522 or 5.943% on the senior lien bonds and \$7,475,047 or 9.339% on the second lien bonds, for a total economic gain of \$56,955,569.

Defeased Debt

In previous years, the Fund defeased certain revenue bonds by placing the proceeds of new revenue bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Fund's financial statements. At the June 30, 2015, \$912,615,000 of bonds outstanding are considered defeased.

The Water Fund has pledged specific revenue streams to secure the repayment of the revenue bonds and State of Michigan revolving fund loans. The bonds and loans are paid solely from the net revenues of the Water Supply System. A summary of the pledged revenue and the applicable debt as of June 30, 2015 is as follows:

Bonds	Types of Revenue Pledged	General Purpose for Debt	Term of Pledged Commitment	Remaining Principal and Interest	Principal and Interest for the Year Ended June 30, 2014	Net Pledged Revenue Recognized for the Year Ended June 30, 2014	Proportion of Pledged Revenue Collected
Revenue Bonds and State of Michigan Revolving Fund Loans	All Water Fund operating revenue	Funding of various waste water treatment and collection capital improvements, refund certain water revenue bonds, pay termination amounts for interest rate swap agreements, and funding reserve requirements	Through 2042	\$ 4,136,817,054	\$ 178,900,537	\$ 230,074,518	128.6%

The fund has approximately \$311 million in restricted cash and investments related to various bond indentures as of June 30, 2015.

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Schedule of Revenue Bonds

The following is a schedule of revenue bonds (including state revolving loans) outstanding at June 30, 2015:

	Bond Date	Amount Issued	Range of Interest Rates	Maturity Date	Balance June 30, 2015
Business-type Activities					
Sewage Disposal Fund:					
Sewage Disposal System Revenue Bonds:					
Series 1998-A	12/14/2006	\$ 18,540,000	5.50 %	7/1/15-17	\$ 4,595,000
Series 1998-A	12/14/2006	49,075,000	5.25	7/1/18-23	18,485,000 b
Series 1998-B	12/14/2006	18,750,000	5.50	7/1/15-17	6,800,000
Series 1998-B	12/14/2006	48,770,000	5.25	7/1/18-23	18,260,000 b
Series 1999-A (* *)	12/1/1999	33,510,118	0.00	7/1/15-21	27,808,171
Series 2001-B	9/15/2001	110,550,000	5.50	7/1/23-29	78,895,000
Series 2001-C (1)	6/17/2009	6,360,000	5.25	7/1/15-19	2,130,000
Series 2001-C (1)	6/17/2009	148,510,000	6.50 to 7.00	7/1/20-27	40,705,000 b
Series 2001-C (2)	5/8/2008	3,275,000	4.00	7/1/15-18	1,170,000
Series 2001-C (2)	5/8/2008	119,630,000	4.00 to 5.25	7/1/19-29	107,045,000 b
Series 2001-D	10/23/2001	92,450,000	Variable (a)	7/1/32	6,450,000 b
Series 2001-E	5/7/2008	136,150,000	5.75	7/1/24-31	134,745,000 b
Series 2003-A	5/15/2003	213,395,000	3.50 to 5.50	7/1/15-18	9,145,000 b
Series 2003-A	5/15/2003	385,985,000	3.65 to 5.00	7/1/15-32	265,000 b
Series 2003-B	6/17/2009	150,000,000	7.50	7/1/32-33	25,650,000 b
Series 2004-A	2/12/2004	101,435,000	5.25	7/1/19-24	35,010,000
Series 2005-A	3/17/2005	3,765,000	3.70	7/1/15	360,000
Series 2005-A	3/17/2005	269,590,000	3.75 to 5.125	7/1/16-35	232,500,000 b
Series 2005-B	3/17/2005	40,215,000	5.00 to 5.50	7/1/15-22	23,480,000
Series 2005-C	4/5/2005	22,065,000	5.00	7/1/15	1,150,000
Series 2005-C	4/5/2005	41,095,000	5.00	7/1/16-25	8,280,000 b
Series 2006-A	5/7/2008	123,655,000	5.50	7/1/34-36	123,185,000
Series 2006-B	8/10/2006	11,850,000	5.00	7/1/15-16	2,365,000
Series 2006-B	8/10/2006	238,150,000	4.25 to 5.00	7/1/17-36	229,665,000 b
Series 2006-C	8/10/2006	8,495,000	5.25	7/1/16	1,475,000
Series 2006-C	8/10/2006	18,065,000	5.00	7/1/17-18	9,740,000 b
Series 2006-D	12/14/2006	370,000,000	Variable (a)	7/1/26-32	239,475,000 b
Series 2012-A	6/26/2012	95,445,000	5.00	7/1/15-22	73,695,000
Series 2012-A	6/26/2012	564,335,000	5.00 to 5.50	7/1/23-39	475,165,000
Series 2014-A (C-1)	9/4/2014	20,000	5.00	7/1/19-22	20,000
Series 2014-A (C-1)	9/4/2014	123,200,000	5.00	7/1/23-44	123,200,000 b
Series 2014-B (C-2)	9/4/2014	27,470,000	5.00	7/1/19-44	27,470,000
Series 2014-C (C-3)	9/4/2014	142,600,000	5.00	7/1/21-24	142,600,000
Series 2014-C (C-3)	9/4/2014	303,570,000	5.00	7/1/25-33	303,570,000 b
Series 2014-D (C-5)	9/4/2014	95,165,000	5.00	7/1/17-20	95,165,000
Series 2014-E (C-6)	9/4/2014	54,980,000	2.00 to 5.00	7/1/15-16	54,980,000
Series 2014-E (C-6)	9/4/2014	88,900,000	5.00	7/1/32-33	88,900,000
Series 2014-F (C-7)	9/4/2014	32,650,000	5.00	7/1/19-24	32,650,000
Series 2014-F (C-7)	9/4/2014	44,065,000	5.00	7/1/25-36	44,065,000 b
Series 2014-G (C-8)	9/4/2014	23,240,000	2.00 to 5.00	7/1/15-18	23,240,000 b
Total Sewage Disposal System Revenue Bonds					<u>\$ 2,873,553,171</u>

* * - Capital Appreciation Bonds

a - Interest rates are set periodically at the stated current market interest rate.

b - Indicates bonds are callable under terms specified in the indenture; all other bonds are noncallable.

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	<u>Bond Date</u>	<u>Amount Issued</u>	<u>Range of Interest Rates</u>	<u>Maturity Date</u>	<u>Balance June 30, 2015</u>
Business-type Activities (continued)					
<i>Sewage Disposal Fund (continued):</i>					
State Revolving Loans:					
Series 1997-B-SRF	9/30/97	\$ 5,430,174	2.25%	10/1/15-18	\$ 1,275,000
Series 1999-SRF-1	6-24-99	21,475,000	2.50	4/1/16-20	6,400,000
Series 1999-SRF-2	9/30/99	46,000,000	2.50	10/1/15-22	21,190,000
Series 1999-SRF-3	9/30/99	31,030,000	2.50	10/1/15-20	10,985,000
Series 1999-SRF-4	9/30/99	40,655,000	2.50	10/1/15-20	14,390,000
Series 2000-SRF-1	3/30/00	44,197,995	2.50	10/1/15-22	17,947,995
Series 2000-SRF-2	9/28/00	64,401,066	2.50	10/1/15-22	29,536,066
Series 2001-SRF-1	6/28/01	82,200,000	2.50	10/1/15-24	46,210,000
Series 2001-SRF-2	12/20/01	59,850,000	2.50	10/1/15-24	33,650,000
Series 2002-SRF-1	6/27/02	18,985,000	2.50	4/1/16-23	8,735,000
Series 2002-SRF-2	6/27/02	1,545,369	2.50	4/1/16-23	715,369
Series 2002-SRF-3	12/19/02	31,549,466	2.50	10/1/15-24	16,364,466
Series 2003-SRF-1	6/26/03	48,520,000	2.50	10/1/15-25	29,645,000
Series 2003-SRF-2	9/25/03	25,055,370	2.50	4/1/16-25	13,990,370
Series 2004-SRF-1	6/24/04	2,910,000	2.125	10/1/15-24	1,605,000
Series 2004-SRF-2	6/24/04	18,353,459	2.125	4/1/16-25	10,108,459
Series 2004-SRF-3	6/24/04	12,722,575	2.125	4/1/16-25	6,997,575
Series 2007-SRF-1	9/20/07	167,540,598	1.625	10/1/15-29	130,605,598
Series 2009-SRF-1	4/17/09	13,970,062	2.50	4/1/16-30	10,760,062
Series 2010-SRF-1	1/22/10	4,214,763	2.50	4/1/16-31	3,480,763
Series 2012-SRF-1	8/30/12	14,950,000	2.50	10/1/15-34	12,719,209
Series 2015-SRF-1	3/20/15	79,500,000	2.50	4/1/17-36	58,795,104
Series 2015-SRF-2	3/20/15	33,030,000	2.50	10/1/16-35	8,214,624
Total State Revolving Loans Payable					<u>\$ 494,320,660</u>

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	Bond Date	Amount Issued	Range of Interest Rates	Maturity Date	Balance June 30, 2015
Business-type Activities (continued)					
Water Fund:					
Water Supply System Revenue Bonds:					
Series 1993	10/15/93	\$ 38,225,000	6.50%	7/1/15	\$ 10,715,000
Series 1997-A	8/1/97	215,300,000	6.00	7/1/15	1,400,000
Series 2001-C	5/14/08	4,055,000	3.50 to 4.25	7/1/15-18	1,370,000
Series 2001-C	5/14/08	186,350,000	4.50 to 5.75	7/1/19-29	178,735,000 b
Series 2003-A	1/30/03	234,805,000	4.50 to 5.00	7/1/28-34	25,000,000 b
Series 2003-B	1/30/03	41,770,000	5.00	7/1/34	40,500,000 b
Series 2003-D	9/1/06	3,180,000	4.00 to 4.20	7/1/15-16	430,000
Series 2003-D	9/1/06	139,575,000	4.25 to 5.00	7/1/17-33	116,645,000 b
Series 2004-A	8/16/06	17,600,000	5.25	7/1/15-16	8,595,000
Series 2004-A	8/16/06	55,165,000	4.50 to 5.25	7/1/17-25	30,335,000 b
Series 2004-B	8/16/06	52,840,000	4.00 to 5.00	7/1/2016	5,105,000
Series 2004-B	8/16/06	100,990,000	4.25 to 5.00	7/1/17-23	15,725,000 b
Series 2005-A	3/23/05	20,965,000	3.75 to 5.00	7/1/2015	85,000
Series 2005-A	3/23/05	84,035,000	3.90 to 5.00	7/1/16-35	57,880,000 b
Series 2005-B	5/14/08	19,070,000	4.00 to 5.50	7/1/15-18	5,715,000
Series 2005-B	5/14/08	175,830,000	4.75 to 5.50	7/1/19-35	148,085,000 b
Series 2005-C	3/23/05	90,200,000	5.00	7/1/16-22	18,885,000 b
Series 2006-A	8/16/06	42,795,000	5.00	7/1/15-16	3,300,000
Series 2006-A	8/16/06	237,205,000	5.00	7/1/17-34	119,445,000 b
Series 2006-B	4/1/09	900,000	3.90 to 5.00	7/1/15-19	340,000
Series 2006-B	4/1/09	119,100,000	5.50 to 7.00	7/1/20-36	85,350,000 b
Series 2006-C	8/16/06	12,585,000	4.00 to 5.00	7/1/15-16	5,235,000
Series 2006-C	8/16/06	208,060,000	5.00	7/1/17-33	198,700,000 b
Series 2006-D	8/16/06	4,430,000	4.00 to 4.20	7/1/15-16	25,000
Series 2006-D	8/16/06	142,160,000	4.25 to 5.00	7/1/17-32	59,815,000 b
Series 2011-A	12/22/11	37,880,000	5.00	7/1/15-21	12,955,000
Series 2011-A	12/22/11	341,710,000	5.00 to 5.75	7/1/22-41	289,605,000 b
Series 2011-B	12/22/11	7,455,000	3.607 to 5.00	7/1/15-21	3,110,000
Series 2011-B	12/22/11	9,740,000	6.00	7/1/22-33	2,295,000 b
Series 2011-C	12/22/11	3,925,000	5.00	7/1/21	1,020,000
Series 2011-C	12/22/11	99,965,000	4.50 to 5.25	7/1/23-41	74,125,000 b
Series 2014-A (D-1)	9/4/14	162,350,000	5.00	7/1/15-23	162,350,000
Series 2014-A (D-1)	9/4/14	44,190,000	5.00	7/1/35-37	44,190,000 b
Series 2014-B (D-2)	9/4/14	5,975,000	5.00	7/1/15-23	5,975,000
Series 2014-B (D-2)	9/4/14	182,480,000	5.00	7/1/24-28	182,480,000 b
Series 2014-C (D-3)	9/4/14	62,700,000	5.00	7/1/18-20	62,700,000
Series 2014-D (D-4)	9/4/14	98,285,000	2.00 to 5.00	7/1/15-17	98,285,000
Series 2014-D (D-4)	9/4/14	209,360,000	5.00	7/1/29-34	209,360,000 b
Series 2014-E (D-5)	9/4/14	9,270,000	2.85	7/1/19	9,270,000 c
Series 2014-F (D-6)	9/4/14	19,605,000	5.00	7/1/19-23	19,605,000
Series 2014-F (D-6)	9/4/14	45,820,000	5.00	7/1/24-36	45,820,000 b
Series 2014-G (D-7)	9/4/14	14,815,000	2.00 to 5.00	7/1/15-18	<u>14,815,000</u> b
Total Water Supply System Revenue Bonds					\$ <u>2,375,375,000</u>
State Revolving Loans:					
Series 2005 SRF-1	9/22/05	\$ 13,805,164	2.125%	10/1/15-26	\$ 8,695,164
Series 2005 SRF-2	9/22/05	8,891,730	2.125	10/1/15-26	5,456,730
Series 2006 SRF-1	9/21/06	5,180,926	2.125	10/1/15-26	3,240,926
Series 2008 SRF-1	9/29/08	2,590,941	2.500	10/1/15-28	<u>1,375,941</u>
Total State Revolving Loans Payable					\$ <u>18,768,761</u>

a - Interest rates are set periodically at the stated current market interest rate.
b - Indicates bonds are callable under terms specified in the indenture; all other bonds are noncallable.
c - Indicates bonds are taxable.

For the 2014 issues principal and interest payments on these bonds are due July 1, the Department makes payment on those obligations before June 30 pursuant to terms with Michigan Finance Authority. These payments are classified as restricted current asset of cash on deposit with trustee.

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(d) Notes and Loans Payable

The City issues installment notes and loans to provide funds for various public improvement projects.

The following is a schedule of notes payable at June 30, 2015:

	<u>Issue Date</u>	<u>Range of Interest Rates</u>	<u>Maturity Date</u>	<u>Balance June 30, 2015</u>
Governmental Activities				
<i>Non-Major Funds:</i>				
(All notes are secured by future Block Grant revenues)				
Ferry Street Project	06/12/08	4.33 to 4.62%	08/01/15-18	\$ 1,365,000
Garfield Project	06/12/08	4.33	8/1/2015	300,000
Stubberstone Project	06/12/08	4.33 to 4.48	08/01/15-16	60,000
Vernor Lawndale Project	09/14/06	5.09 to 5.74	08/01/15-25	1,290,000
New Amsterdam Project	08/01/02	0.28 to 2.45	08/01/15-22	6,352,000
Mexicantown Welcome Center Project	09/14/06	5.09 to 5.70	08/01/15-24	2,940,000
Book Cadillac Project	09/14/06	5.09 to 5.77	08/01/15-26	7,067,000
Book Cadillac Project Note II	06/12/08	4.33 to 5.38	08/01/15-27	9,268,000
Garfield II Note 1	09/14/06	4.33 to 5.30	08/01/15-25	6,322,000
Garfield II Note 2	09/14/06	5.09 to 5.77	08/01/15-26	1,998,000
Garfield II Note 3	09/16/09	0.28 to 3.35	08/01/15-29	1,393,000
Garfield II Note 4	09/16/09	0.93 to 3.35	08/01/17-29	6,697,000
Fort Shelby Project	06/12/08	4.33 to 5.34	08/01/15-26	16,750,000
Woodward Garden Project 1	06/12/08	4.48 to 5.05	08/01/16-21	7,050,000
Woodward Garden Project 2	07/21/10	2.66 to 4.35	08/01/16-28	6,197,000
Woodward Garden Project 2	04/20/12	0.83 to 3.55	08/01/16-31	5,753,000
Total Notes Payable				\$ <u>80,802,000</u>

The following is a schedule of loans payable at June 30, 2015:

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance June 30, 2015</u>
Governmental Activities				
Loan Payable IBM Schedule - 001	11/20/12	12.03%	12/1/16	\$ <u>1,965,697</u>

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(e) Debt Service Requirements

As of June 30, 2015, debt service requirements of the City's debt (fixed-rate and variable-rate) are as follows. These amounts assume that current interest rates on variable-rate bonds will remain the same for their term. As these rates vary, interest payments on variable-rate bonds will vary.

	General Obligation Debt		Revenue Bonds and Other Indebtedness	
	Principal	Interest	Principal	Interest
Governmental Activities:				
2016	\$ 50,597,426	\$ 76,928,020	\$ 4,923,872	\$ 3,448,019
2017	53,184,797	74,557,117	6,333,825	3,272,934
2018	75,888,537	71,374,510	5,517,000	3,014,970
2019	77,454,213	67,620,250	6,501,000	2,776,539
2020	80,837,425	63,812,837	6,386,000	2,515,839
2021-2025	370,844,964	261,514,848	29,801,000	8,523,154
2026-2030	374,957,202	170,328,149	22,315,000	1,966,233
2031-2035	270,941,635	95,492,570	990,000	35,450
2036-2040	154,096,635	53,923,360	—	—
2041-2044	101,041,286	15,156,193	—	—
Total	\$ 1,609,844,120	\$ 950,707,854	\$ 82,767,697	\$ 25,553,138
Business-type Activities:				
<i>Sewage Disposal Fund</i>				
2016	\$ 412,153	\$ 2,055,784	\$ 96,685,000	\$ 145,663,323
2017	432,761	2,056,742	94,445,000	142,679,583
2018	454,399	2,035,103	97,930,000	139,178,468
2019	477,119	2,012,383	101,480,000	135,559,418
2020	500,975	1,988,528	105,220,000	131,737,632
2021-2025	5,118,289	9,540,902	575,879,924	594,196,697
2026-2030	12,034,549	7,575,272	685,225,660	462,000,770
2031-2035	11,058,365	5,750,350	779,475,076	308,830,956
2036-2040	11,058,365	4,644,515	686,135,000	118,324,256
2041-2042	8,846,692	1,327,004	150,480,000	19,522,750
Total	\$ 50,393,667	\$ 38,986,583	\$ 3,372,955,660	\$ 2,197,693,853
<i>Transportation Fund</i>				
2016	\$ 408,777	\$ 2,026,337	\$ —	\$ —
2017	429,216	2,027,129	—	—
2018	450,677	2,005,669	—	—
2019	473,211	1,983,135	—	—
2020	496,871	1,959,474	—	—
2021-2025	5,060,407	9,398,924	—	—
2026-2030	11,856,197	7,458,972	—	—
2031-2035	10,888,010	5,661,766	—	—
2036-2040	10,888,010	4,572,965	—	—
2041-2044	8,710,405	1,306,564	—	—
Total	\$ 49,661,781	\$ 38,400,935	\$ —	\$ —

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	<u>General Obligation Debt</u>		<u>Revenue Bonds and Other Indebtedness</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
Business-type Activities (Continued)					
<i>Water Fund</i>					
2016	\$ 247,292	\$ 1,233,471	\$ 65,060,000	\$ 119,963,576	
2017	259,657	1,234,045	60,065,000	117,329,519	
2018	272,639	1,221,062	62,985,000	114,307,532	
2019	286,271	1,207,430	66,035,000	111,126,207	
2020	300,585	1,193,116	68,255,000	107,851,381	
2021-2025	3,070,972	5,724,539	396,725,000	482,405,652	
2026-2030	7,220,731	4,545,163	496,023,761	368,842,157	
2031-2035	6,635,020	3,450,210	617,020,000	231,176,856	
2036-2040	6,635,020	2,786,708	427,465,000	82,598,050	
2041-2044	5,308,016	796,202	134,510,000	7,072,363	
Total	<u>\$ 30,236,203</u>	<u>\$ 23,391,946</u>	<u>\$ 2,394,143,761</u>	<u>\$ 1,742,673,293</u>	
<i>Automobile Parking Fund</i>					
2016	\$ —	\$ 27,667	\$ —	\$ —	
2017	—	28,008	—	—	
2018	—	28,008	—	—	
2019	—	28,008	—	—	
2020	—	28,008	—	—	
2021-2025	35,010	140,040	—	—	
2026-2030	175,050	119,035	—	—	
2031-2035	175,050	91,026	—	—	
2036-2040	175,050	73,522	—	—	
2041-2044	140,044	21,007	-	-	
Total	<u>\$ 700,204</u>	<u>\$ 584,329</u>	<u>\$ -</u>	<u>\$ -</u>	
<i>Airport Fund</i>					
		<u>General Obligation Debt</u>	<u>Revenue Bonds and Other Indebtedness</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ —	\$ 21,823	\$ —	\$ —	\$ —
2017	—	22,092	—	—	—
2018	—	22,092	—	—	—
2019	—	22,092	—	—	—
2020	—	22,092	—	—	—
2021-2025	27,615	110,460	—	—	—
2026-2030	138,075	93,892	—	—	—
2031-2035	138,075	71,800	—	—	—
2036-2040	138,075	57,992	—	—	—
2041-2044	110,468	16,570	-	-	-
Total	<u>\$ 552,308</u>	<u>\$ 460,905</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The future principal payments for Sewage Disposal Fund revenue bonds exceed the bonds payable balance by \$5,081,829 at June 30, 2015 because the future principal payments on capital appreciation bonds are greater than the carrying value of those bonds. The balance of the capital appreciation bonds will increase each year, until maturity, through accretion.

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(f) Debt Limit

The Michigan Constitution established the authority, subject to constitutional and statutory prohibition, for municipalities to incur debt for public purposes. The City is subject to the Home Rule Act, Act 279 Public Acts of MI, 1909, as amended, which limits the net indebtedness incurred for all public purposes to as much as, but not to exceed, the greater of the following: (a) 10 percent of the assessed value of all the real and personal property in the City or (b) 15 percent of the assessed value of all the real and personal property in the City if that portion of the total amount of indebtedness incurred which exceeds 10 percent is, or has been, used solely for the construction or renovation of hospital facilities.

(g) Refundings

The City defeased certain bonds in the prior and current years by placing the proceeds of new debt in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the City's financial statements. The amount of defeased debt outstanding at June 30, 2015 was as follows:

		Revenue Bonds
Sewage Disposal Fund	\$	808,025,000
Water Fund		912,615,000
Total	\$	1,720,640,000

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(h) Housing Commission-Component unit

A summary of the Housing Commission's discretely component units' debt outstanding and maturity dates are as follows:

	Lender	Interest Rate	Maturity Date	Balance - Beginning of Year	Additions (Payments)	Balance - End of Year	Principal Due Within One Year
Woodbridge Estates Apartments I, LLC	SA Affordable Housing, LLC	7.06%	2035	\$ 1,480,634	\$ (21,543)	\$ 1,459,091	\$ 22,700
	Detroit Housing Commission	AFR	2048	1,279,824	-	1,279,824	
Woodbridge Estates Apartments II, LLC	Detroit Housing Commission	0.00%	2048	840,500	-	840,500	
	SA Affordable Housing, LLC	7.06%	2035	2,126,262	(30,936)	2,095,326	32,600
	Detroit Housing Commission	AFR	2048	1,888,460	-	1,888,460	
	Detroit Housing Commission	0.00%	2048	797,954	-	797,954	
Woodbridge Estates Apartments III, LDHA LLC	SA Affordable Housing, LLC	6.04%	2047	1,529,848	(18,493)	1,511,355	34,200
	Detroit Housing Commission	4.61%	2042	1,559,212	-	1,559,212	
	Detroit Housing Commission	4.52%	2036	478,500	(7,500)	471,000	
Woodbridge Estates Apartments IV LDHA LLC	SA Affordable Housing, LLC	6.04%	2047	2,019,443	(24,412)	1,995,031	40,300
	Detroit Housing Commission	4.61%	2051	1,763,593	-	1,763,593	
	Detroit Housing Commission	4.52%	2036	478,500	(7,500)	471,000	
Woodbridge Estates Apartments V LDHA LLC	SA Affordable Housing, LLC	6.04%	2047	3,238,920	(39,153)	3,199,767	55,500
	Detroit Housing Commission	4.61%	2051	2,056,904	-	2,056,904	
	Detroit Housing Commission	4.52%	2036	478,500	(7,500)	471,000	
Woodbridge Estates Apartments VI LDHA LLC	RBS Citizens	3.95%	2016	2,876,115	1,054,268	3,930,383	
	Detroit Housing Commission	3.75%	2063	2,337,482	(107,886)	2,229,596	
	Detroit Housing Commission	0.00%	2015	843,573	(3,000)	840,573	
Woodbridge ILF Associates LDHA LP	Detroit Housing Commission	5.20%	2049	3,713,014	-	3,713,014	
The Villages at Parkside II LLC	Detroit Housing Commission	0.45%	2038	22,930,193	-	22,930,193	
	Detroit Housing Commission	7.00%	2038	2,584,579	-	2,584,579	
The Villages at Parkside IV LLC	Detroit Housing Commission	0.45%	2038	20,990,363	-	20,990,363	
Alexandrine Square Apartments LDHA LP	Detroit Housing Commission	AFR	2047	265,780	-	265,780	
Gardenview Homes I LDHA LLC	MSHDA	6.00%	2046	1,697,251	(18,406)	1,678,845	22,486
	MSHDA - HOME Note	3.00%	2058	287,387	(2,851)	284,536	
Gardenview Homes II, III, IV, V, VI, VII, VIII, and I.	Detroit Housing Commission	0.00%	2053	9,833,758	(2,340)	9,831,418	
		0.00%	(a)	13,122,960	-	13,122,960	
	MSHDA	0.00%	2015	7,411,210	(7,411,210)	-	
	MSHDA	6.75%	2015	10,508,027	2,326,660	12,834,687	12,834,687
	MSHDA	3.00%	2062	12,850,000	-	12,850,000	
	Detroit Housing Commission	0.00%	2054-2064	15,021,462	4,053,042	19,074,504	
Emerald Springs IA and IB LDHA LP	Detroit Housing Commission	0.75%	2060	3,887,485	-	3,887,485	
	Detroit Housing Commission	0.50%	2056	9,936,440	-	9,936,440	
Emerald Springs II LDHA LP	Detroit Housing Commission	0.50%	2058	6,713,726	722,740	7,436,466	
	MSHDA	2.66%	2015	5,002,721	(5,002,721)	-	
Cornerstone I LDHA LLC	Detroit Housing Commission	3.79%	2060	4,366,809	-	4,366,809	
Cornerstone II LDHA LLC	Detroit Housing Commission	0.00%	2060	9,086,048	-	9,086,048	
Cornerstone III LDHA LLC	Detroit Housing Commission	4.25%	2061	3,309,948	-	3,309,948	
	PNC Bank	3.25%	2015	5,555,510	(5,555,510)	-	
Totals				\$ 197,148,895	\$ (10,104,251)	\$ 187,044,644	\$ 13,042,473

(a) - TCAP funds will be forgivable at the end of the 15-year Section 42 compliance period if no default or recapture event has occurred.

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(i) Bonds Authorized and Unissued

The following is the schedule of bonds authorized and unissued at June 30, 2015:

	<u>Authority</u>	<u>Date</u>	<u>Authorized Amount</u>	<u>Unissued Amount</u>
General Obligation Bonds				
(Tax Supported):				
Sewer Construction	Electorate	8/2/1960	\$ 50,000,000	\$ 24,000,000
Public Safety	Electorate	11/2/2004	120,000,000	23,393,000
Municipal Facilities	Electorate	11/7/2000	18,000,000	120,000
Neighborhood/Economic				
Development	Electorate	11/2/2004	19,000,000	17,295,000
Public Lighting	Electorate	11/2/2004	22,000,000	7,735,000
Recreation, Zoo, Cultural	Electorate	11/7/2000	56,000,000	628,000
Recreation, Zoo, Cultural	Electorate	11/2/2004	22,000,000	570,000
History				
Historical	Electorate	11/6/2011	20,000,000	17,200,000
Museum of African American				
History	Electorate	4/29/2003	6,000,000	500,000
Transportation	Electorate	11/2/2004	32,000,000	17,310,000
Public Lighting	Electorate	2/24/2009	22,000,000	22,000,000
Neighborhood/Economic	Electorate	2/24/2009	25,000,000	25,000,000
Museums, Libraries, Recreation,				
and Other	Electorate	2/24/2009	97,000,000	89,770,000
Transportation	Electorate	2/24/2009	12,000,000	12,000,000
Public Safety	Electorate	2/24/2009	72,000,000	59,379,000
				<u>59,379,000</u>
Total Bonds				
Authorized -				
Unissued				
			\$	<u><u>316,900,000</u></u>

The electorate approved an amendment to the State Constitution (the Headlee Amendment) on November 7, 1978, that requires voter approval for the issuance of general obligation bonds effective December 22, 1978. The authority to issue bonds approved by the electors continues until revoked by the electors.

Additionally, the City has State Revolving Loans in the Sewage Disposal Fund, which have been authorized but not issued. These amounted to \$47,751,063 at June 30, 2015.

(j) Debt Ratings

On October 20, 2014, Moody's Investment Service (Moody's) downgraded the City's POCs from "Ca" to "C". On December 5, 2014, Moody's upgraded the rating on the City's third lien Distributable State Aid bonds, Series 2012C, from "A3" to "A2". The outlook on all three liens was revised to stable from negative. The Aa3 rating applies to the Distributable State Aid General Obligation (Limited Tax) Bonds, Series 2010; the A1 rating applies to the Local Government Loan Program Revenue Bonds (City of Detroit Unlimited Tax General Obligation - Second Lien), Series 2010E; and the A2 rating applies to the Local Government Loan Program Revenue Loan Bonds (City of Detroit Limited Tax General Obligation - Third Lien), Series 2012C. All three series of bonds are backed by a general obligation pledge of Detroit and also by a direct intercept of Distributable State Aid (DSA) from the State of Michigan. On December 16, 2014, Standard & Poor's withdrew its ratings on the City's UGTO and LGTO bonds and the POCs. On December 22, 2014, Standard & Poor's assigned an A- rating to the \$287.6 million of Unlimited Tax General Obligation Bonds (2014 A1 to 2014 K2) issued by the Michigan Finance Authority on December 10, 2014 for the City of Detroit secured by the City's unlimited tax general obligation pledge and a fourth-lien pledge of Distributable State Aid (DSA) revenues. At the same time, Standard and Poor's affirmed its ratings on Detroit's DSA bond series 2010 ('AA'; closed first lien), series 2010E and 2012B ('AA'; second lien) bonds, and series 2012C ('A+'; third lien), bonds. On March 11, 2015, Moody's gave the City a B3 stable issuer rating.

On August 20, 2014, Standard & Poor's increased the rating on the Water and Sewage Disposal Funds senior and second lien debt from CCC/CCC to BBB+/BBB+. Moody's increased the ratings on the same debt from B1/B2 to Ba2/Ba3. Fitch also increased the ratings on the senior and second lien debt from BB+/BB to BBB-/BB+.

See Note XII for any rating actions that occurred after June 30, 2015.

NOTE VII. PENSION PLANS

(a) Plan Administration

City of Detroit Retirement System consists of the General Retirement System (GRS) and the Police and Fire Retirement System (PFRS) (collectively, the "Systems"). Each system is a single employer plan composed of a Defined Benefit Plan component and a Defined Contribution Annuity Plan component. The plans provide retirement, disability, and survivor benefits to plan members and beneficiaries. Each plan is administered by its own board of trustees. Plan members include active employees, retirees, and beneficiaries from various departments within the City. Benefit terms have been established by contractual agreements between the City and the employees' collective bargaining units; amendments are subject to the same process.

The Systems issue publicly available financial reports that include financial statements and the required supplementary information. The reports can be obtained from City of Detroit Retirement Systems, One Detroit Center, 500 Woodward Ave., Suite 3000, Detroit, MI 48226 or obtained from Systems' website (www.rscd.org). Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report. For purposes of determining the City's net pension liability, the pension plan's fiduciary net position has been determined on the same basis used by the pension plan. The Systems use the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value or estimated fair value. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The City filed for bankruptcy in June 2013 and subsequently exited bankruptcy on December 10, 2014. This resulted in the adoption of the Eighth Amended Plan for Adjustment of Debts of the City of Detroit (the "POA"). In June 2014, separate and apart from the bankruptcy proceedings and resulting POA, the Emergency Manager directed the City and its professional pension advisors to undertake efforts to prepare documentation and Emergency Manager Orders necessary to freeze the existing Plans for GRS and PFRS as of June 30, 2014, and establish a new Hybrid Plan for GRS and PFRS effective July 1, 2014. The Emergency Manager effectuated this action pursuant to authority under PA 436, separate and apart from those pension changes requiring Bankruptcy Court approval. The Plan in existence for each system as of June 30, 2014 is known as the "legacy plan" or "Component II". As of July 1, 2014, all eligible employees began participating in the new hybrid pension plan, or Component I. Eligible City employees will receive the benefits they have earned under the legacy Component II plan for services performed through June 30, 2014 plus an additional benefit under the new hybrid plan formula, for services after June 30, 2014.

For GRS, with respect to Component II benefit adjustments resulting from the POA, the Pension Settlement (for which benefit levels were and are contingent on other factors, including receipt of outside contributions), provided: for a loss of cost of living adjustments, or "escalators" (COLAs) paid after July 1, 2014; for a 4.5 percent reduction to the remaining accrued pension benefit after the COLA loss; and, for GRS members who participated in the Annuity Savings Fund plan between 2003 and 2013, subject to certain caps, recoupment of certain amounts of interest deemed by the City to be in "excess" of that which should have been credited to individual ASF accounts, referred to as "ASF Recoupment." ASF Recoupment, like other provisions of the Pension Settlement, was not optional. Most members will pay their ASF Recoupment by a monthly deduction from their future pension benefits for a set term of months, including interest calculated at 6.75 percent. All members were offered a lump-sum cash option, which was limited in the aggregate to \$30 million in member recoupment. The POA also included the possibility of restoration of certain pension benefit reductions, based on a program for the most financially vulnerable pensioners and beneficiaries through the State of Michigan Treasury Department as well as a new feature of Component II allowing restoration of benefits depending on the System's funding level over time.

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For PFRS, with respect to benefit adjustments resulting from the POA, the Pension Settlement (for which benefit levels were and are contingent on other factors, including receipt of outside contributions), did not reduce PFRS Legacy Plan pension benefits, but provided for a 55 percent reduction in cost-of-living adjustments, or ‘escalators’ (COLAs) paid after June 30, 2014. The Plan of Adjustment also includes the possibility of restoration of certain pension benefit reductions based on a program for the most financially vulnerable pensioners and beneficiaries through the State of Michigan Treasury Department as well as a new feature of the Legacy Plan allowing restoration of benefits depending on the System’s funding level over time.

In fiscal year 2015, the City implemented GASB 68 using a measurement date of June 30, 2014. Component I of both Systems did not exist as of June 30, 2014, therefore the disclosures below pertain solely to Component II for each system. The changes in the benefit terms as a result of the bankruptcy proceedings and POA were effective subsequent to the measurement date and were not included in the calculation of the total pension liabilities of the Systems.

(b) Plan Membership

Membership of the component II plans at June 30, 2014 (measurement date) consisted of the following:

	GRS	PFRS
Inactive plan members or beneficiaries currently receiving benefits	12,118	8,395
Inactive plan members entitled to but not yet receiving benefits (includes DROP members)	2,214	272
Active plan members	5,658	3,233

As of June 30, 2014, the Component II plans have been frozen. As of that date, no new participants were allowed to enter the plan and no new benefit accruals were allowed for existing participants.

(c) Benefits Provided

Component II – Component II is the legacy plan, the original defined benefit plan for each system, which includes a defined benefit component and a defined contribution component. Component II generally applies to benefits accrued by Members prior to July 1, 2014. The plan provides retirement, disability, and survivor benefits to plan members and beneficiaries. Except as specifically provided in Combined Plan, benefits provided under Component II are frozen effective June 30, 2014. Component II also includes the Income Stabilization Fund. The fund, a part of Component II and established as a provision of the POA, was established for the sole purpose of paying the Income Stabilization Benefits and Income Stabilization Benefits Plus to eligible pensioners.

The Income Stabilization Fund is outlined in Section G-3 of the POA. The annual supplemental pension income stabilization benefit is equal to the lesser of either (i) the amount needed to restore an eligible retiree’s reduced annual pension benefit to 100% of the amount of the annual pension benefit that the eligible retiree was receiving from the System in 2013; or (ii) the amount needed to bring the total annual 2013 household income of the eligible retiree up to 130% of the Federal Poverty Level for 2013. The Income Stabilization Fund did not have an impact on total pension liability for the systems as of the measurement date of June 30, 2014 because it was created as part of the POA which went into effect in fiscal year 2015.

Post-bankruptcy GRS Component II plan Members upon retirement will receive an annuity which shall be the actuarial equivalent of the Member’s accumulated contributions in the 1973 Defined Contribution Annuity Savings Fund at the time of retirement. In addition each member will receive a basic service and a membership service pension. The Basic Service Pension will consist of \$12.00 per annum multiplied by the number of years and fractions of years of credited service, not to exceed ten years. The Membership Service Pension will be calculated as follows:

- (1) For Members who retire on or before June 30, 1992, a membership service pension of one point five percent (1.5%) of Average Final Compensation for the first ten (10) years of service and one point six three percent (1.63%) for service in excess of ten (10) years.

- (2) For Members who retire on or after July 1, 1992 but prior to July 1, 1998, a membership service pension of one point five percent (1.5%) of Average Final Compensation for each year of service for the first ten (10) years, plus one point seven percent (1.7%) of Average Final Compensation for each year of service in excess of ten (10) years up to twenty (20) years of service, plus one point nine percent (1.9%) of Average Final Compensation for each year of service in excess of twenty years. In no event shall benefits paid by the Retirement System exceed ninety percent (90%) of Average Final Compensation.
- (3) For Members who retire on or after July 1, 1998, a membership service pension for service rendered prior to July 1, 2012 of one point six percent (1.6%) of Average Final Compensation for each year of service for the first ten (10) years, plus one point eight percent (1.8%) of Average Final Compensation for each year of service in excess of ten (10) years, up to twenty (20) years of service, plus two percent (2%) of Average Final Compensation for each year of service in excess of twenty (20) years up to twenty-five (25) years, plus two point two percent (2.2%) of Average Final Compensation for each year of service in excess of twenty-five (25) years; plus, for service rendered after July 1 2012 and prior to July 1, 2014, one and one-half percent (1.5%) of Average Final Compensation for each year of service; plus twelve dollars (\$12) for each year of City service not to exceed one hundred twenty dollars (\$120). Notwithstanding the foregoing, for members of the Michigan Council 25 of the American Federation of State, County and Municipal Employees, AFL-CIO Local 2920 and the Detroit Senior Water Systems Chemists Association bargaining units, the effective date of the one and one-half percent multiplier was April 1, 2013 for all years of service rendered after that date. In no case shall benefits paid by the Retirement System exceed ninety percent (90%) of Average Final Compensation.

PFRS Component II plan members upon retirement will receive a straight life retirement allowance. The benefits consist of an annuity that is the actuarial equivalent of the Member's accumulated contributions credit in the Annuity Savings Fund at the time of retirement. In addition, a pension is added to the Member's Annuity providing a straight life Retirement Allowance equal to: two percent (2.0%) of his or her Average Final Compensation, multiplied by the number of years, and fraction of a year, of his or her creditable service, not to exceed twenty-five years; provided, that the Retirement Allowance of a Police Employee shall in no case exceed fifteen twenty-seconds of the maximum earnable compensation of a Patrolman and the Retirement Allowance of a Fire Fighter shall not exceed fifteen twenty-seconds of the maximum earnable compensation of a Fire Fighter (and if either or both of the said ranks shall be hereafter abolished, the equivalent thereof). The foregoing Pension limitation shall not apply to any Police Employee or Fire Employee who on July 1, 1941, shall be entitled to a certificate for twenty years or more of prior service and who remains under the provisions of Chapter XV or Chapter XXI of Title IV of the 1918 Detroit City Charter.

In the event the eligible retiree's Estimated Adjusted Annual Household Income in any calendar year after the first year that the eligible retiree receives a benefit from the Income Stabilization Fund is less than 105% of the Federal Poverty Level in that year, the eligible retiree will receive an additional Income Stabilization Benefit Plus benefit commencing as of the next following July 1.

Component I – Component I is considered a "Hybrid" plan because it includes a defined benefit component and a defined contribution component. Component I of the Plan Document applies to benefits accrued by Members of the GRS and PFRS on and after July 1, 2014. The Component I plans provide retirement, disability, and survivor benefits to plan members and beneficiaries.

(d) Contributions

Article 9, Section 24 of the State of Michigan Constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, in the past, the Systems had retained an independent actuary to determine the annual contribution. Until 2024, annual contributions are based on specific provisions of the Plan of Adjustment. After 2024, contributions will be actuarially determined based on a 30-year level principal closed amortization.

Employer Contributions:

GRS: During fiscal year 2015, employer contributions were determined by the provisions of the POA detailed under Exhibit II.B.3.r.ii.A. Included within contributions in Component II are amounts sourced from the sale of City owned artwork with proceeds from the Foundation for Detroit's Future (the "Foundation") in the amount of \$5,000,000 and from the State of Michigan in the amount of \$98,800,000 along with \$4,400,000 from Unlimited Tax General Obligation bonds (UTGO) and \$81,082,094 of contributions from the City and related entities. Employer contributions were also made into the Income Stabilization fund for \$1,864,326 from the UTGO proceeds. During fiscal year 2015, employer contributions to Component I were \$8,811,369.

PFRS: During fiscal year 2015, employer contributions were determined by the provisions of the POA detailed under Exhibit II.B.3.q.ii.A. Included in Component II are amounts sourced from the sale of City owned artwork with proceeds from the Foundation for Detroit's Future (the "Foundation") in the amount of \$18,300,000 and from the State of Michigan in the amount of \$96,000,000. Employer contributions were also made into the Income Stabilization fund for \$622,540 from the Unlimited Tax General Obligation bonds ("UTGO") proceeds. Going forward, until 2024, the only contributions to be made to Component II will be those received from the Foundation as specified in the POA and those allocated to the Income Stabilization Fund from the proceeds of the UTGO bonds. During fiscal year 2015, employer contributions to Component I were \$14,606,971.

Employee Contributions:

Contribution requirements of plan members are established and may be amended by the board of trustees in accordance with the City Charter, union contracts, and plan provisions. For the year ended June 30, 2015, there were minimal employee contributions into Component II, as the plan was frozen as of June 30, 2014. Effectively, employee contributions were allowed only until August 1, 2014. Contributions into Component I began with the members' first payroll date occurring in August 2014. With respect to GRS Component I, non-uniformed employees who are members of GRS are now required to make mandatory contributions of 4% of pay toward their defined benefit pensions and the City contributes and additional 5% of pay. With respect to PFRS Component I, members hired on June 30, 2014 or before contribute 6% of base compensation and all employees hired on or after July 1, 2014 will contribute 8% compensation.

(e) Deferred Retirement Option Program ("DROP")

In lieu of terminating employment and accepting a retirement allowance under the Plan, any member of the Police and Fire Retirement System who is eligible for the DROP program may defer the receipt of his or her retirement allowance, continue services and be paid compensation. At the time of the DROP election, the member no longer accrues a benefit. The program credits the employee for benefit payments that would have been paid had they retired normally by depositing 75 percent of the monthly payment with a third-party administrator in the member's name. The remaining 25 percent of the monthly payments are retained in the trust for general purposes. The DROP allocations continue if the member continues to be actively employed, as a police officer or a firefighter, with the City. The member is eligible to withdraw the amounts deposited with the third-party administrator upon retirement and from that point on the retiree receives 100 percent of retirement benefits. There are no amounts held by the System at June 30, 2015 as all amounts due to the members pursuant to the DROP election are held by a third-party administrator.

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(f) Net Pension Liability of the City

As permitted by GASB 68, the City has chosen to use June 30, 2014 as its measurement date for the net pension liability. The net pension liability was calculated using the total pension liability and the systems' fiduciary net position as of June 30, 2014. The June 30, 2014 total pension liability was determined by an actuarial valuation performed as of June 30, 2013, which used update procedures to roll forward the estimated liability to June 30, 2014. Changes in the net pension liability during the measurement year were as follows:

Changes in Net pension Liability	GRS		
	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2013	\$ 4,308,537,551	\$ 2,099,021,954	\$ 2,209,515,597
Service cost	32,736,019	-	32,736,019
Interest	242,611,073	-	242,611,073
Change in benefit terms	(113,311,571)	-	(113,311,571)
Changes in assumptions	(271,190,194)	-	(271,190,194)
Contributions - Employer	-	25,126,131	(25,126,131)
Contributions - Employee	-	10,241,761	(10,241,761)
Net investment income	-	289,789,607	(289,789,607)
Benefit payments, including refunds	(397,733,807)	(397,733,807)	-
Administrative expenses	-	(11,237,767)	11,237,767
Net changes	(506,888,480)	(83,814,075)	(423,074,405)
Balance at June 30, 2014	\$ 3,801,649,071	\$ 2,015,207,879	\$ 1,786,441,192

Changes in Net pension Liability	PFRS		
	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2013	\$ 3,953,503,484	\$ 3,034,573,064	\$ 918,930,420
Service cost	34,967,708	-	34,967,708
Interest	304,737,369	-	304,737,369
Change in benefit terms	(102,236,878)	-	(102,236,878)
Changes in assumptions	540,356,835	-	540,356,835
Contributions - Employer	-	-	-
Contributions - Employee	-	7,783,141	(7,783,141)
Net investment income	-	568,760,793	(568,760,793)
Benefit payments, including refunds	(323,540,473)	(323,540,473)	-
Administrative expenses	-	(11,373,226)	11,373,226
Net changes	454,284,561	241,630,235	212,654,326
Balance at June 30, 2014	\$ 4,407,788,045	\$ 3,276,203,299	\$ 1,131,584,746

Changes between the measurement date and the reporting date occurred as a result of the City's bankruptcy plan being approved on December 10, 2014. For GRS the bankruptcy terms included a 4.5% pension reduction. In addition, future cost of living adjustments were reduced to zero. The impact on the Total Pension Liability (TPL) as of June 30, 2014 at the discount rate of 7.2% is an estimated decrease of \$786,592,176 when using assumptions consistent with the June 30, 2014 TPL. For PFRS the bankruptcy terms included a reduction in future cost of living adjustments to 1.0125% for members of the system. The impact on the Total Pension Liability as of June 30, 2014 at the discount rate of 7.2% is an estimated decrease of \$540,232,272 when using assumptions consistent with the June 30, 2014 TPL.

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(g) Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized pension expense of \$176,692,661 (an expense reduction of \$142,064,657 for the General Retirement System and an expense of \$318,757,318 for the Police and Fire Retirement System). At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	GRS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 110,979,375	\$ -	\$ 271,264,137
Assumption changes	-	144,904,242	165,161,143	-
Employer contributions to the plan subsequent to the measurement date	191,146,420	-	114,922,540	-
Total	<u>\$ 191,146,420</u>	<u>\$ 255,883,617</u>	<u>\$ 280,083,683</u>	<u>\$ 271,264,137</u>

\$191,146,420 (GRS) and \$114,922,540 (PFRS) are reported as deferred outflows of resources resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Included in those amounts are amounts sourced from the sale of City owned artwork with proceeds from the State of Michigan and the Foundation for Detroit's Future as outlined in the POA (also referred to as "the Grand Bargain"). See Note XI for details. The deferred outflows of resources and deferred inflows of resources related to the change in actuarial assumptions and the net differences between projected and actual earnings on pension plan investments will be amortized and recognized as an addition to or (a reduction of) pension expense as follows:

Years ending June 30	General Employees Retirement System	Police and Fire Retirement System
2016	\$ (142,030,746)	\$ 97,345,109
2017	(56,083,875)	(67,816,034)
2018	(30,024,151)	(67,816,034)
2019	(27,744,845)	(67,816,035)
	<u>\$ (255,883,617)</u>	<u>\$ (106,102,994)</u>

(h) Actuarial Assumptions

The significant actuarial assumptions used to measure the June 30, 2014 total pension liability were as follows:

	GRS	PFRS
Inflation	4.0 %	4.0 %
Salary increases	4.0-8.9 %	5.0-9.2 %
Long-term investment rate of return and discount rate	7.2 %	7.2 %

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2013. As a result of this experience study, the mortality assumption was updated for the June 30, 2014 measurement for both plans to the RP-2014 Blue Collar Mortality Tables, Employees and Health Annuitants for males and females with fully generational mortality projections using the 2-dimensional Mortality Improvement Scale MP-2014. For the GRS, the table was set forward one year for males and females. In addition, the assumed discount rate was changed for both plans; for the June 30, 2013 measurement, the GRS used 5.88 percent and the PFRS used 8.0 percent. For certain active members, depending upon bargaining group, benefits are increased annually by 2.25 percent of the original pension amounts at retirement.

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(i) Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2014 was 7.2 percent for both Systems; however, the single discount rate used at the beginning of the year was 5.88 percent for the GRS and 8.0 percent for the PFRS. The projection of cash flows used to determine the discount rate assumed that employee contributions will cease as of June 30, 2014 and that City contributions, including contributions sourced from the proceeds of the sale of artwork from the State of Michigan and the Foundation for Detroit's Future, will be made at rates equal to those set by the final Plan of Adjustment through June 30, 2023 and a 30-year closed level dollar amortization thereafter. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2014 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

	Target Allocation		Long-term Expected Real Rate of Return	
	GRS	PFRS	GRS	PFRS
Global asset allocation/risk parity	12.00 %	- %	4.62 %	- %
Domestic equity	23.00	19.00	5.01	4.49
International equity	22.00	19.00	6.13	4.68
Domestic fixed income	16.00	18.00	1.88	1.61
International fixed income	3.00	-	3.87	-
Energy/MLPs	-	5.00	-	7.02
Real Estate	8.00	12.00	3.90	3.64
Cash	-	1.00	-	-0.24
High yield	-	8.00	-	3.41
Private mortgages	-	3.00	-	3.41
Private equity	6.00	10.00	6.83	6.98
Hedge Funds	5.00	5.00	4.15	4.10
Commodities	5.00	-	3.17	-
	100.00	100.00		

(j) Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.2 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.2 percent) or 1 percentage point higher (8.2 percent) than the current rate.

	(6.2% for GRS and PFRS)		(7.2% for GRS and PFRS)		(8.2% for GRS and PFRS)	
	1% Decrease	Current Discount Rate	Current Discount Rate	1% Increase	1% Increase	1% Increase
Net pension liability of the Plan:						
GRS	\$ 2,170,235,520	\$ 1,786,441,192	\$ 1,786,441,192	\$ 1,466,150,791	\$ 1,466,150,791	\$ 1,466,150,791
PFRS	1,644,647,869	1,131,584,746	1,131,584,746	707,632,759	707,632,759	707,632,759

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(k) Pension Allocations

The calculation of key pension elements was performed by the actuary based on underlying census data for Governmental Activities, Transportation, DWSD, Library, Airport and Parking. DWSD was further allocated between Water and Sewer based on budgeted payroll expense. 100% of PFRS amounts are reported in Governmental Activities. Pension amounts for each reporting unit are as follows:

	<u>Governmental Activities</u>	<u>Sewage Disposal Fund</u>	<u>Transportation Fund</u>	<u>Water Fund</u>	<u>Automobile Parking Fund</u>
Proportionate share of the net pension liability (GRS)	50.71%	16.64%	16.39%	12.56%	0.67%
Net pension liability	\$ 905,974,172	\$ 297,341,040	\$ 292,786,017	\$ 224,309,908	\$ 12,056,341
Pension expense	(78,405,469)	(15,533,508)	(26,148,268)	(11,718,260)	(925,238)
Deferred outflows of resources representing contributions subsequent to the measurement date	119,209,537	24,446,667	25,303,681	18,442,222	629,372
Deferred inflows of resources representing the net difference between projected and actual earnings on pension plan investments	30,733,860	29,702,318	16,051,114	22,407,012	408,994
Deferred inflows of resources representing assumption changes related to economic and demographic factors	68,492,044	27,733,266	18,622,964	20,921,586	911,465
<i>Amortization of deferred amounts:</i>					
2016	(76,175,509)	(22,292,774)	(19,753,599)	(16,817,357)	(1,013,714)
2017	(7,683,465)	(20,291,650)	(6,894,923)	(15,307,736)	(102,249)
2018	(7,683,465)	(7,425,579)	(4,012,779)	(5,601,753)	(102,249)
2019	(7,683,464)	(7,425,581)	(4,012,779)	(5,601,752)	(102,249)
2020	-	-	-	-	-
Total	<u>\$ (99,225,903)</u>	<u>\$ (57,435,584)</u>	<u>\$ (34,674,080)</u>	<u>\$ (43,328,598)</u>	<u>\$ (1,320,461)</u>
<i>Sensitivity analysis:</i>					
Net pension liability at 6.2 percent discount rate	1,100,526,432	361,127,191	355,701,602	272,581,581	14,540,578
Net pension liability at 8.2 percent discount rate	743,485,066	243,967,492	240,302,115	184,148,539	9,823,210

	<u>Other Enterprise Funds</u>	<u>Total Business- type Activities</u>	<u>Total Primary Government</u>	<u>Detroit Public Library - Component Unit</u>
Proportionate share of the net pension liability (GRS)	0.13%	46.39%	97.10%	2.89%
Net pension liability	\$ 2,300,828	\$ 828,794,134	\$ 1,734,768,306	\$ 51,672,886
Pension expense	(199,446)	(54,524,720)	(132,930,189)	(9,134,469)
Deferred outflows of resources representing contributions subsequent to the measurement date	198,846	69,020,788	186,365,998	2,916,096
Deferred inflows of resources representing the net difference between projected and actual earnings on pension plan investments	78,052	68,647,490	99,381,350	11,598,025
Deferred inflows of resources representing assumption changes related to economic and demographic factors	173,944	68,363,225	136,855,269	8,048,974
<i>Amortization of deferred amounts:</i>				
2016	(193,457)	(60,070,901)	(136,246,410)	(5,784,340)
2017	(19,513)	(42,616,071)	(50,299,536)	(5,784,340)
2018	(19,513)	(17,161,873)	(24,845,338)	(5,178,813)
2019	(19,513)	(17,161,874)	(24,845,338)	(2,899,506)
2020	-	-	-	-
Total	<u>\$ (251,996)</u>	<u>\$ (137,010,719)</u>	<u>\$ (236,236,622)</u>	<u>\$ (19,646,999)</u>
<i>Sensitivity analysis:</i>				
Net pension liability at 6.2 percent discount rate	2,821,306	1,006,772,258	2,107,298,690	62,719,807
Net pension liability at 8.2 percent discount rate	1,905,996	680,147,352	1,423,632,418	42,371,758

NOTE VIII. OTHER POSTEMPLOYMENT BENEFITS

In prior years the City offered retiree health care, life insurance, and supplemental death benefits. Under the City’s plan of adjustment approved in the Bankruptcy Case, the City restructured retiree health benefits through the creation of two voluntary employee beneficiary associations (or VEBAs). The Employee Health and Life Insurance Benefit Plan was significantly reduced on March 1, 2014 and terminated on December 31, 2014. The supplemental death benefits plan was also closed as of December 10, 2014; benefits to be paid to individuals retiring prior to that date are limited to the assets allocated to the closed plan. There are no further contribution requirements for the City or for plan members.

The City continues to provide supplemental death benefits to its employees providing services after December 10, 2014. The remainder of this footnote relates solely to those benefits.

(a) Plan Description

The Supplemental Death Benefit Plan (Supplemental Plan) is a pre-funded single-employer defined benefit plan administered by the Employee Benefit Board of Trustees and is accounted for in the Employee Death Benefits Fund. The Plan does not issue a separate stand-alone financial statement. The money is held in the City of Detroit Employee Benefit Trust and the City uses the trust fund to account for the Supplemental Plan. In accordance with Section 13, Article 8 of the Code of Ordinances, effective July 1, 1999 and prior to the member’s retirement from the City, a death benefit of \$10,000 will be paid. After retirement of the member from the City, the amount of death benefits paid is based upon the retiree’s years of City service ranging from \$1,860 (for 8 to 10 years of service) to \$3,720 (for 30 years of service). For years of service beyond 30 years, \$93.00 will be added per year for each additional year of service.

(b) Funding Policy

The City is under no legal obligation to pre-fund the plan benefits. Plan members have no contribution requirements. While the City has made contributions in prior years, no contributions were made during the year ended June 30, 2015.

(c) Annual OPEB Costs and Net OPEB Obligation

The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial accrued liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the City’s annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the Employee Supplemental Death Benefit Plan, and changes in the City’s net OPEB obligation for the Benefit Plan:

	Business-type Activities						Total Primary Government
	Total Governmental Activities	Sewage Disposal Fund	Transportation Fund	Water Fund	Automobile Parking Fund	Non-Major Proprietary Fund	
Supplemental Death Benefit Plan							
Annual Required Contributions (ARC)	\$ 135,991	\$ 25,982	\$ 35,271	\$ 41,657	\$ 1,125	\$ 163	\$ 240,189
Interest on Net OPEB Obligation	40,759	10,902	12,646	11,102	297	88	75,794
Adjustment to ARC	(31,669)	(8,471)	(9,826)	(8,626)	(230)	(68)	(58,890)
Annual OPEB Cost (Expense)	145,081	28,413	38,091	44,133	1,192	183	257,093
Contributions Made	-	-	-	-	-	-	-
Changes in Net OPEB Obligation	145,081	28,413	38,091	44,133	1,192	183	257,093
Net OPEB Obligation, beginning of year	950,083	254,116	294,769	258,787	6,898	2,053	1,766,706
Net OPEB Obligation, end of year	<u>\$ 1,095,164</u>	<u>\$ 282,529</u>	<u>\$ 332,860</u>	<u>\$ 302,920</u>	<u>\$ 8,090</u>	<u>\$ 2,236</u>	<u>\$ 2,023,799</u>

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The City annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for the three most recent fiscal years ended June 30 were as follows:

	<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
Supplemental and Death Benefit Plan	June 30, 2015	\$ 257,093	\$ -	0.0 %	\$ 2,023,799
	June 30, 2014	147,519	99,776	67.6	1,766,705
	June 30, 2013	615,816	114,292	18.6	1,718,963

(d) Funded Status and Funding Progress

As of June 30, 2014, the most recent actuarial valuation date for the Supplemental Plan, the actuarial accrued liability for benefits related to all City employees was \$5,798,841 and the actuarial value of assets was \$3,383,478, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,415,363. The covered payroll (annual payroll of all active City employees covered by the Plan) was \$396,950,077 and the ratio of the UAAL to the covered payroll was 0.6 percent.

Actuarial Methods and Assumptions

Actuarial valuations of the ongoing plans involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress are presented following these notes to the financial statements as required supplemental information and present multi-year trend information about whether the actuarial values of plan net assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2014, actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 4.29 percent discount rate, which is a solvency rate based on the June 30, 2014 interest rate on 20 year municipal bonds with a AA credit rating. This also approximates a blend of the Board's assumed investment rate of return of 7.0 percent of Plan assets and the expected rate of return of the City's own assets. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The UAAL is being amortized over 30 years as a level dollar amount, on an open basis.

In the June 30, 2014 actuarial valuation for the Supplemental Death Benefit Plan, the mortality tables used by the City's plan to evaluate death benefits to be paid for General, EMS, and Department of Transportation (D.O.T.) retirees was 120 percent of the RP 2000 Combined Male and 120 percent of the RP 2000 Combined Female table setback two years. For police and fire retirees, the City's plan used 105 percent of the RP 2000 Combined Male and 110 percent of the RP 2000 Combined Female table setback two years. The City's plan used an annual rate of retirement of 50 percent, initially, reduced to an ultimate rate of 20 percent after age 70 for General City. The City's plan used an annual rate of retirement of 25 percent, initially, increased to an ultimate rate of 100 percent after age 70 for police and 100 percent for fire for all ages.

NOTE IX. RISK MANAGEMENT

The City is exposed to various types of risk of loss including torts; theft of, damage to, or destruction of assets; errors or omissions; job-related illnesses or injuries to employees; natural disasters; and environmental occurrences. Also included are risk of loss associated with providing health, dental, and life insurance benefits to employees.

The City provides health and dental insurance benefits to employees through self-insured health plans that are administered by third-party administrators. The City does not purchase excess or stop-loss insurance for its self-insured health plans. The City currently is also self-insured for losses such as workers' compensation, legal, disability benefits, and vehicular liabilities and does not purchase stop-loss insurance except for workers' compensation with a \$7,000,000 specific retention.

The City purchases public official liability insurance, property insurance for certain properties, and general liability insurance for accidents occurring at certain properties. The City assumes a \$250,000 self-insured retention for any one loss or occurrence under its self-insured public official liability program. The City purchases excess liability insurance for its general liability for certain properties that provides per occurrence and aggregate protection. The City is fully self-insured for environmental-related liabilities and purchases no excess environmental liability insurance.

There were no significant changes in the insurance coverage from coverage provided in the prior year for any of the above-described risks.

A liability for claims is reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The claim liabilities also include estimated costs for claim administration fees and outside legal and medical assistance costs.

The City currently reports the risk management activities (excluding health and dental) of non-Enterprise Funds and the Transportation Fund (an Enterprise Fund) in its General Fund. Each fund pays insurance premiums to the General Fund based on past claims activities. Because the Transportation Fund is included in the General Fund's risk management activities, it does not record a liability in its financial statements. Risk management activities for the other Enterprise Funds are recorded and reported separately in those funds. The Detroit Public Library (Library), a discretely presented component unit, reimburses the City for all costs incurred related to workers' compensation. The Library records the liability in its financial statements.

The liability for self-insured health and dental benefits is reported with accrued liabilities for each of the applicable funds. The liability for workers' compensation current year claims are based on estimates and payments are based on actuals.

Changes in the reported liabilities for workers' compensation, legal, disability benefits, and vehicular liabilities for the years ended June 30, 2015 and 2014, respectively, are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Balance at beginning of year	\$ 117,809,564	\$ 116,348,463	\$ 23,090,560	\$ 18,413,676
Current year claims and changes				
in estimates	28,139,947	9,125,358	24,595,982	8,971,996
Claims payments	<u>(30,575,942)</u>	<u>(7,664,257)</u>	<u>(10,493,023)</u>	<u>(4,295,112)</u>
Balance at end of year	<u>\$ 115,373,569</u>	<u>\$ 117,809,564</u>	<u>\$ 37,193,519</u>	<u>\$ 23,090,560</u>

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Changes in the accrued liabilities for health and dental claims for the years ended June 30, 2015 and 2014, respectively, are as follows:

	Governmental Activities		Business-type Activities	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Balance at beginning of year	\$ 21,205,109	\$ 31,098,837	\$ (3,155,618)	\$ 1,317,216
Current year claims and changes in estimates	31,441,580	100,958,945	10,244,726	28,265,624
Claims payments	<u>(49,352,028)</u>	<u>(110,852,673)</u>	<u>(9,191,563)</u>	<u>(32,738,458)</u>
Balance at end of year	<u>\$ 3,294,661</u>	<u>\$ 21,205,109</u>	<u>\$ (2,102,455)</u>	<u>\$ (3,155,618)</u>

The General Fund reported committed fund balance of \$58.8 million at June 30, 2015 for the purpose of funding future claim liabilities.

NOTE X. COMMITMENTS AND CONTINGENCIES

(a) Lawsuits and Claims

The City is a defendant in numerous lawsuits and is also subject to other claims, including claims for workers' compensation payments. The City uses in-house and, where necessary, outside counsel to adjudicate lawsuits. Each case is initially rated by the City supervising or senior attorney handling or overseeing the case with respect to its viability for success against the City. Only cases rated 'probable' for recovery from the City are reported for financial statement purposes. The dollar value reserved for any eventual payout on any said case is based upon the facts of the case, industry standards relative to the type of injury or damage involved, and the experience of the Supervising or Senior attorney. The legal reserve as of June 30, 2015 is a product of this analysis. The City used a third party actuary to perform a workers' compensation reserve analysis (estimated loss reserve) as June 30, 2015. The actuary used a general approach that relied upon actual loss development patterns for the City of Detroit to the extent they are available, and is augmented with industry benchmark loss development patterns based on insurance industry sources and patterns to project ultimate losses. While it is not possible to project the final outcome of these lawsuits and claims, the City and its legal department have estimated that the liability for all such litigation and claims totaled approximately \$153 million for the primary government as of June 30, 2015. In addition, these lawsuits and claims may be compromised and/or discharged pursuant to a plan of adjustment confirmed in the Bankruptcy Case.

(b) Grant Audits

Several of the City's funds participate in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs prior to and/or including the year ended June 30, 2015 have not been conducted and/or completed. Accordingly, the funds' compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined as of June 30, 2015. Since the City believes such adjustments, if any, will not be material, no provision for possible adjustments has been made.

(c) Rate Matters

The Water Fund is a party to certain challenges and disputes related to its wastewater treatment rates by various groups and governmental entities. The challenges address the reasonableness of the overall revenue requirement to be attained, certain cost allocation methods, and ultimate amounts billed. Settlement discussions are ongoing and the ultimate solution is not currently known.

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(d) Block Grant Funds

Several revitalization projects in the City have used a combination of financing from governmental and private sources. One of the sources of governmental financing has been Section 108 loan notes from the Federal Government. As of June 30, 2015, future Block Grant Funds of \$80,802,000 were pledged as collateral for the amounts owed to the Federal Government under Section 108 of the Housing and Community Development Act of 1974, as amended.

(e) Other Contingencies

The General Fund has a contingent liability for the obligations of all other City funds should such funds be unable to generate sufficient funds to liquidate their liabilities. In particular, the Airport Fund (other enterprise fund), Detroit Transportation Corporation, and Transportation Fund have received varying levels of subsidy from the General Fund to fund operating requirements.

(f) Construction Commitments

The City has commitments for future construction contracts. Construction to date and remaining commitments at June 30, 2015 were as follows:

	Spent as of June 30, 2015	Remaining
Public Protection	\$ 7,093,767	\$ 10,216,555
Municipal Facilities	3,406,444	7,558,403
Municipal Services	3,943,374	1,866,318
Total	\$ 14,443,585	\$ 19,641,276

The Sewage Disposal Fund is engaged in a variety of projects that are a part of its five-year Capital Improvement Program (Sewage Program). The total cost of this Sewage Program is anticipated to be approximately \$463 million through fiscal year 2020. The Sewage Program is being financed primarily from revenues of the Fund and proceeds from the issuance of revenue bonds. The total amount of construction contract commitments outstanding at June 30, 2015 was approximately \$75.2 million.

The Water Fund is engaged in a variety of projects that are a part of its five-year Capital Improvement Program (Water Program). The total cost of this Water Program is anticipated to be approximately \$651 million through fiscal year 2020. The Water Program is being primarily financed from revenues of the Fund and proceeds from the issuance of revenue bonds. The total amount of construction contract commitments outstanding at June 30, 2015 was approximately \$84.9 million.

(g) Operating Leases

The City has entered into various operating leases for equipment. The commitments under such lease agreements provide for minimum annual rental payments as follows:

Fiscal Year Ending:	
2016	\$ 10,415,289
2017	8,962,507
2018	8,713,501
2019	7,693,285
2020	7,746,737
2021-2025	39,579,583
2026-2028	20,817,273
Total Minimum Payments	\$ 103,928,175

Rental expense for all operating leases approximated \$11.5 million for the year ended June 30, 2015.

(h) Revenue Bond Indentures

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverage.

(i) Pollution Remediation

The City is subject to various governmental laws and regulations. GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* established accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The standard excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure, and post closure care. At June 30, 2015, the City has recorded an estimated pollution remediation obligation of \$54,625 as follows:

	Total Governmental Activities
Accrued Pollution Remediation	\$ <u>54,625</u>

The City's pollution remediation obligation is the result of projects that have been budgeted and approved by City Council. These projects include removal of underground storage tanks, cleanup of contaminated soil, and removal of other environmental pollution (e.g., asbestos) identified at the individual sites. The estimated liability is calculated using the expected cash flow technique. The pollution remediation obligation is an estimate and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws and regulations. The estimated pollution obligation is reflected in the City's long-term obligations, which can be seen in Note VI (a).

(j) Joe Louis Arena and Joe Louis Arena Parking Facility – Lease Agreement

The Detroit City Council approved a lease between the City, Olympia Entertainment and the Detroit Red Wings for the rental of the Joe Louis Arena and the Joe Louis Arena Parking Facility, effective as of July 2, 2010 and ending on June 30, 2015. Pursuant to the terms of the agreement, this lease has been extended through June 30, 2017 for \$1 million per year.

NOTE XI. BANKRUPTCY

The City of Detroit was insolvent on June 30, 2013 as the General Fund liabilities exceeded its assets by \$73.0 million and cash and investments on hand totaling \$102.2 million were insufficient to meet obligations due. The City's accumulated unrestricted General Fund deficit was \$132.6 million on June 30, 2013. Public Act 436 provided, under certain circumstances the mechanism for a municipality under emergency management to obtain authorization from the State to initiate bankruptcy proceedings under the municipal debt adjustment provisions of Chapter 9, Title XI, of the United States Code (the "Bankruptcy Code"). On July 18, 2013, due to the City's insolvency and inability to meet its obligations, including its inability to provide services at acceptable levels, the City filed a voluntary petition under Chapter 9 of the Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Michigan (the "Bankruptcy Court"), which case is captioned *In re City of Detroit, Michigan, Case No. 13-53846 (Bankr. E.D. Mich.)* (the "Bankruptcy Case").

On December 3, 2013, the Bankruptcy Court issued a bench decision determining that the City was insolvent and eligible to be a Chapter 9 debtor (the "Bench Decision"). On December 5, 2013, the Bankruptcy Court entered: (1) its Opinion Regarding Eligibility memorializing and further elucidating the Bench Decision; and (2) an Order for Relief under Chapter 9 of the Bankruptcy Code that permitted the City to be a debtor under Chapter 9 of the Bankruptcy Code.

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In confirming the eligibility of the City to file a petition for bankruptcy under Chapter 9 the Bankruptcy Court determined that the City was in a state of service insolvency as well as financial insolvency. The Plan and the settlements thereunder enabled the City to accelerate its efforts to provide basic services to its constituents, replacing non-functioning streetlights, significantly improving EMS, police and fire response times by adding staff and replacing equipment, restoring bus service, accelerating blight removal, stabilizing neighborhoods and replacing antiquated and dysfunctional technology equipment and systems in the City. The bankruptcy also created the opportunity to regionalize management of the regional water and sewer systems owned by the City while making available a revenue source to improve water and sewer infrastructure serving retail customers of the City.

On December 10, 2014, and in accordance with the Plan, the City: (1) issued \$1.3 billion of debt of which \$1.1 billion was delivered to various classes of creditors in satisfaction of their claims; (2) paid \$110.1 million of cash including \$73.1 million to various classes of creditors in satisfaction of their claims, \$36.5 million to establish a Professional Fee Reserve account to pay the bankruptcy and restructuring professionals, and \$0.5 million to satisfy debt issuance costs; (3) assigned debt service payments on the remaining \$43.3 million of the original UTGO bonds primarily to the income stabilization funds for the General Retirement System (GRS) and Police and Fire Retirement System (PFRS); (4) issued settlement credits totaling \$25.0 million to the insurers of the POCs; and (5) irrevocably transferred the assets of the Detroit Institute of Arts (DIA) having a net book value of \$86.6 million to the DIA, as trustee, to be held in perpetual charitable trust, subject to dispositions in accordance with applicable national ethical standards for museums, and within City limits, for the primary benefit of residents of the City and residents of the State.

The Plan of Adjustment may be obtained on the City's Website via the following link:

<http://www.detroitmi.gov/Portals/0/docs/EM/Bankruptcy%20Information/Detroit%20-%20Eighth%20Amended%20Plan%20of%20Adjustment%208045.pdf?ver=2014-11-04-111305-127>

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The table below describes the Plan creditor claims settlements and other requirements and the sources and amounts for the settlements made on or around December 10, 2014.

Description of Plan Creditor Claims and Other Requirements	Source	Settlement Amount
Limited Tax General Obligation (LTGO) Bond Debt	Cash	\$ 54,999,940
Professional Fee Reserve	Cash	36,461,114
POC Swap Settlement	Casino Holdback Funds	12,662,479
Syncora POC Swap Settlement	Cash	5,000,000
Debt Issuance Costs	Cash	521,147
36th District Court Settlement	Cash	482,857
	Total Cash	<u>110,127,537</u>
Unlimited Tax General Obligation (UTGO) Bond Debt to Holders	2014 A1 - K1 UTGO Bonds	279,618,950
Police Fire Retiree Health Care Trust (VEBA)	2014 B(1) & B(2) Bonds	253,900,999
General Retiree Health Care Trust (VEBA)	2014 B(1) & B(2) Bonds	238,780,159
Refund Series 2014 Financial Recovery Bonds Issued In April 2014	2014 A/B Income Tax Bonds	120,105,000
POC Settlement FGIC/Syncora	2014 B(1)	97,692,788
POC Settlement FGIC/Syncora	2014 C Bonds	88,430,021
Funds for Revitalization and Reinvestment Initiatives (RRI)	2014 A/B Income Tax Bonds	85,684,724
POC Swap Settlement	2014 A/B Income Tax Bonds	37,969,929
Debt Service Reserve on 2014 A/B Bonds	2014 A/B Income Tax Bonds	27,500,000
Class 14 Unsecured Claims	2014 B(1) & B(2) Bonds	20,596,747
LTGO Class 9 Settlement (POC Claims)	2014 B(1) & B(2) Bonds	17,301,861
Unlimited Tax General Obligation (UTGO) Bond Debt to Insurers	2014 A2 - K2 UTGO Bonds	7,941,840
Downtown Development Authority Class 13 Claim Assigned to FGIC	2014 B(1) & B(2) Bonds	3,691,591
Debt Issuance and Other Costs	2014 A/B Income Tax Bonds	3,740,347
	Total Bonds	<u>1,282,954,956</u>
Income Stabilization Fund for Two Pension Funds	Original UTGO Bonds	43,349,210
Settlement Credits	Non-Cash	25,000,000
	Total Other Sources	<u>68,349,210</u>
Transfer of Detroit Institute of Arts (DIA) Assets to DIA Trustee	DIA Assets (Book Value)	<u>86,568,800</u>
	Grand Total	<u>\$ 1,548,000,503</u>

The bankruptcy exit and settlement and discharge of claims under the Plan provided the City a total of \$6.8 billion in aggregate debt relief. Detailed in the table below is a summary of: (1) the eliminated and restructured obligations; (2) cash and assets used and new or other obligations incurred; and (3) the net benefit of the Plan.

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Description	Assets & Obligations		Primary Government			Net Benefit
	Eliminated	Applied or Assigned	Cash & Assets Used & New Obligations			
			Cash & Assets	New Debt Obligations	Other	
ASSETS						
Net Pension Asset	(1) \$ (1,206,321,236)	\$ -	\$ -	\$ -	\$ -	\$ (1,206,321,236)
Capital Assets (Net Book Value)	-	-	(10) 86,568,800	-	-	(86,568,800)
Deferred Charges	(2) (34,452,367)	-	-	-	-	(34,452,367)
Total Assets	(1,240,773,603)	-	86,568,800	-	-	(1,327,342,403)
DEFERRED OUTFLOWS OF RESOURCES	(3) (17,682,877)	-	-	-	-	(17,682,877)
LIABILITIES						
Accounts Payable	-	-	(11) 36,461,114	-	-	(36,461,114)
Accrued Interest Payable	53,306,470	-	-	-	-	53,306,470
Derivative Instruments - Swap Liability	302,463,879	-	17,662,479	37,969,929	-	246,831,471
Defaulted Debt Due to Insurers	(4) 143,085,398	-	-	-	-	143,085,398
Other Defaulted Debt	(5) 25,000,000	-	-	-	-	25,000,000
Contingent Liabilities	-	-	-	-	25,000,000	(25,000,000)
Long-Term Obligations	(6) 2,961,435,753	43,349,210	56,003,944	1,244,985,027	43,349,210	1,660,446,782
Total Liabilities	3,485,291,500	43,349,210	110,127,537	1,282,954,956	68,349,210	2,067,209,007
DEFERRED INFLOWS OF RESOURCES	(7) 34,844,753	-	-	-	-	34,844,753
Total Net Position	2,261,679,773	43,349,210	196,696,337	1,282,954,956	68,349,210	757,028,480
Other Obligations Not In Financial Statements						
Long-Term Obligations - OPEB	(8) 4,723,511,843	-	-	-	-	4,723,511,843
Long-Term Obligations - Net Pension Liability	(9) 1,326,824,448	-	-	-	-	1,326,824,448
Total Other Obligations	6,050,336,291	-	-	-	-	6,050,336,291
Grand Total Net Position	\$ 8,312,016,064	\$ 43,349,210	\$ 196,696,337	\$ 1,282,954,956	\$ 68,349,210	\$ 6,807,364,771

- (1) Net Pension Asset eliminated with bankruptcy and GASB 67 and upcoming GASB 68 requirements
- (2) Prepaid insurance costs related to eliminated obligations
- (3) Deferred charges related to eliminated obligations
- (4) Principal and interest paid by insurers for defaulted debt including POC and LTGO debt
- (5) Uninsured LTGO (2008 A(2)) bonds principal defaulted on
- (6) Includes \$1.4 billion POC; \$994.8 million OPEB eliminated for year ended June 30, 2014; \$287.5 million restructured UTGO; and \$117.6 million LTGO obligations
- (7) Deferred Swap Termination Fees
- (8) Last OPEB valuation (June 11, 2011) \$5,718,286,228 less \$994,774,385 included in Long-Term Obligations
- (9) Net Pension Liability Reduction (\$2,918,025,938 pre-bankruptcy and \$1,591,201,490 post-bankruptcy)
- (10) DIA Assets transferred to DIA Trustee
- (11) Funding for Professional Fee Reserve

The City entered into various settlement agreements and other resolutions as set forth in the Plan, including the following: (1) UTGO Settlement Agreement (Sections II.B.3.o and IV.C of the Plan and Exhibit I.A.360 to the Plan); (2) LTGO Settlement Agreement (Sections II.B.3.n and IV.H of the Plan and Exhibit I.A.237 to the Plan); (3) OPEB Benefits Settlement (Sections II.B.3.s, IV.G and IV.P of the Plan and Exhibits I.A.108 and I.A.112 to the Plan) and the Retiree Health Care Settlement Agreement (Exhibit I.A.298 to the Plan); (4) DIA Settlement (Section IV.E of the Plan and Exhibits I.A.126 and I.A.127 to the Plan); (5) State Contribution Agreement (Section IV.D of the Plan and Exhibit I.A.332 to the Plan); (6) General Retirement System (GRS) and Police and Fire Retirement System settlements (Sections II.B.3.q, II.B.3.r and IV.F of the Plan and Exhibits I.A.250.a-b, I.A.254.a-b, I.A.280, I.A.281, I.A.292, II.B.3.q.ii.A, II.B.3.q.ii.C, II.B.3.r.ii.A and II.B.3.r.ii.C to the Plan); (7) matters relating to the DWSD Authority (Great Lakes Water Authority – Section IV.A.3 of the Plan); (8) Syncora Settlement, including the Syncora Development Agreement and the other Syncora Settlement Documents (Sections II.B.3.p and IV.I of the Plan and Exhibits I.A.66, I.A.133, I.A.248, I.A.249, I.A.340 and I.A.344 to the Plan); (9) FGIC/POC Settlement, including the FGIC Development Agreement and the other FGIC/POC Settlement Documents (Sections II.B.3.p and IV.J of the Plan and Exhibits I.A.66, I.A.132, I.A.197, I.A.198, I.A.248 and I.A.249 to the Plan); (10) POC Swap Settlement Agreement (Section II.B.3.l of the Plan and Exhibit I.A.88 of the Plan); and (11) all other compromises and settlements included in, incorporated into or related to the Plan of Adjustment.

Certain of the primary activities in the Bankruptcy Case are summarized below:

UTGO Settlement

On April 9, 2014, the City and three bond insurers agreed to a settlement in principle regarding the unlimited tax general obligation bonds (UTGO) that they insured, which UTGO bonds had a total principal value of \$330.9 million at June 30, 2014. The settlement, executed on July 18, 2014, resolved certain litigation pending in the Bankruptcy Court regarding the UTGO bonds. Pursuant to the settlement, holders of UTGO bonds receive a pro-rata share of Restructured UTGO Bonds in the principal amount of \$279.6 million (2014 A1-K1 Bonds issued December 10, 2014). The insurers of the prior UTGO bonds received \$7.9 million of the Restructured UTGO Bonds. The Restructured UTGO Bonds are secured by the City's pledge of UTGO bond ad valorem tax levy and and a fourth lien on distributable state aid (DSA) that the City is entitled to receive. The Plan reinstated the remaining Stub UTGO Bonds in the principal amount of \$43.3 million, which were not discharged or exchanged for the Restructured Bonds. Pursuant to the settlement and the Plan, the proceeds of ad valorem taxes pledged and collected to pay the remaining principal (\$43.3 million) and the related interest of the reinstated Stub UTGO bonds were assigned primarily to support the income stabilization funds for the City's two pension plans for additional distributions to those retirees who meet certain income eligibility criteria. The insurers remain responsible for the debt service to the bondholders on the remaining \$43.3 million Stub UTGO bonds.

LTGO Settlement

The City, the LTGO (Limited Tax General Obligation) bond insurer and Black Rock Financial Management reached a settlement related to the treatment of allowed LTGO Bond Claims, which is described in Exhibit I.A.237 and elsewhere in the Plan. On December 10, 2014, in accordance with the Plan, the City eliminated \$161.0 million of Limited Tax General Obligation Bonds and paid to the holders of allowed LTGO Bond Claims \$55.0 million in cash from the General Fund. Holders of allowed LTGO Bond Claims also received \$17.3 million of the 2014 B(1) and B(2) Bonds issued by the City on that day.

Retiree Health Benefits

The Plan allowed the City to eliminate its unfunded retiree health obligations through the creation of two voluntary employee beneficiary associations (VEBAs), which are now exclusively responsible for retiree health programs and payments for City employees who retired prior to January 1, 2015. Debt service payments by the City on \$492.7 million 2014 B(1) and B(2) bonds issued on December 10, 2014, plus an additional amount of approximately \$5.0 million (paid over time) from private foundations, are being used to fund the VEBAs. The Plan provides for the establishment of two VEBAs in accordance with section 501(c)(9) of the Internal Revenue Code of 1986, as amended, are providing health care, life or other permissible welfare benefits to beneficiaries and certain of their dependents.

Detroit Institute of Arts (DIA) Settlement ("Grand Bargain")

Pursuant to the DIA Settlement: (1) certain charitable foundations and supporters of the non-profit corporation ("DIA") that operates the Detroit Institute of Arts (collectively with DIA, the "DIA Funding Parties") committed to fund a portion of the City's restructured legacy pension obligations; and (2) the City entered into certain transactions that will assure the DIA assets will remain in the City in perpetuity, subject to dispositions in accordance with applicable national ethical standards for museums, and to otherwise make the DIA assets available for the benefit of the residents on the City and State of Michigan (see below). The DIA Settlement is being funded over a 20-year period as follows: (1) an irrevocable commitment of \$366 million by the charitable foundations payable in equal annual installments over the 20-year period; and (2) in addition to its continuing commitments outside of the DIA Settlement, an irrevocable commitment from DIA to raise at least \$100 million from its donors, the payment of which \$100 million has been guaranteed by the DIA, payable in equal annual installments over the 20-year period. The DIA payments are subject to a present value discount if paid in advance of the 20-year schedule of payments. Upon the closing of the DIA Settlement transaction on December 10, 2014, the City irrevocably transferred the DIA assets, having a net book value of \$86.6 million, to the DIA, as trustee, to be held in perpetual charitable trust, subject to dispositions in accordance with applicable national ethical standards for museums, and within the City limits, for the primary benefit of the residents of the City and citizens of the State.

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In addition, related to the DIA Settlement, the State of Michigan, per the State Contribution Agreement (Exhibit I.A.332 of the Plan), made a contribution equal to the net present value of \$350.0 million payable over 20 years using a discount rate of 6.75% to GRS (\$98.8 million) and PFRS (96.0 million) in support of the Plan. The State Contribution Agreement requires that the Plan provide for release of the State and certain other entities related to the State by each holder of a pension claim from all liabilities arising from or related to the City and the Bankruptcy Case.

Pension Settlements

On the Effective Date (December 10, 2014) of the Plan, the City assumed the obligations related to the already accrued benefits under the GRS pension plan and the PFRS pension plan as those benefits were modified in the Plan. The old GRS and old PFRS plans (which were frozen on July 1, 2014) are closed to new participants, and vested active employees have not accrued additional pension benefits under the terms and conditions of those plans since that date. As of the Effective Date, the City retained the responsibility to fund all amounts necessary to provide the adjusted (reduced) pension benefits to its employees and retirees who accrued benefits in either of the old, frozen GRS or PFRS pension plans, although the City's contributions are fixed through June 30, 2023 and are payable from the sources shown in the table below. Thereafter, the City will be required to contribute all amounts necessary to fund the modified accrued pensions. Although, pursuant to the Plan, the City will provide necessary funding to support the reduced pension benefit levels, the level of funding necessary to support those reduced pension benefits will depend upon, among other things, future actuarial assumptions, changes in retiree mortality and investment returns.

The table below details the actual and anticipated pension contributions to the GRS and PFRS from December 10, 2014 through June 30, 2023.

Source of Pension Contributions	Required or Paid FY 2015	Contributions Through June 30, 2023	Beneficiary
Detroit Water and Sewerage Department	\$ 65,400,000	\$ 428,500,000	GRS
State Contribution	98,800,000	98,800,000	GRS
DIA	5,000,000	45,000,000	GRS
General Fund	12,100,000	92,100,000	GRS
Library	2,500,000	22,500,000	GRS
Stub UTGO Bond Millage Assignment to Income Stabilization Fund	4,400,000	31,700,000	GRS
Total GRS Contributions Through June 30, 2023	\$ 188,200,000	\$ 718,600,000	
Foundation For Detroit's Future	\$ 18,300,000	\$ 164,700,000	PFRS
State Contribution	96,000,000	96,000,000	PFRS
Total PFRS Contributions Through June 30, 2023	\$ 114,300,000	\$ 260,700,000	

The latest actuarial reports "GASB Statement No. 67 Plan Reporting and Accounting Schedules" for the GRS and PFRS estimated that the pre-bankruptcy exit net pension liability at June 30, 2014 was \$1,786,441,192 and \$1,131,584,746 respectively (See Note VII Pension Plans). Also, as part of their analysis, the actuary projected that the net pension liability at June 30, 2014 for the GRS and PFRS as a result of the benefit changes in the Plan were \$999,849,016 and \$591,352,474, respectively. The net pension liability for both retirement systems decreased \$1,326,824,448 (\$786,592,176 GRS and \$540,232,272 PFRS) because of the pension settlements.

Great Lakes Water Authority

On September 8, 2014, the Emergency Manager and the Mayor for the City executed a Memorandum of Understanding regarding the Formation of the Great Lakes Water Authority (the "MOU") with the county executives of Wayne, Oakland and Macomb Counties (the "Counties") and the Governor of the State, establishing a framework for the creation of a regional water and sewer authority.

On June 12, 2015 the Authority Board approved and the Mayor and the Authority executed two separate leases (the “Leases”) of the regional facilities comprising Regional Systems (the “Leased Facilities”), and a Water and Sewer Services Agreement for the provision by the Authority of water supply and sewage disposal services to City retail customers (the “Water and Sewer Services Agreement”). The Leases contemplate that the City would lease the Leased Facilities and assign and transfer its interest in all revenues derived from the sale of sewage disposal and water supply services to the wholesale customers and the retail customers of the Systems to the Authority for an initial term of 40 years. The Leases require the City, on the date they become effective, to convey to the Authority, for the term of the Leases, all of the City’s right, title and interest in and to the Leased Facilities in order to enable the Authority to operate the Leased Facilities. The City will continue to own, operate and be responsible for the operation and maintenance of all water supply and sewage disposal facilities that provide water supply and sewage disposal services directly to the retail customers (the “Local Facilities”).

Upon the issuance of bonds by the Authority with a maturity date after the initial term of the leases the term of the Leases shall automatically be extended to coincide with the date on which all of the Authority Bonds have been paid or defeased.

On the effective date of the Leases, the Authority would assume all of the City’s obligations under the DWSD Bonds, including all of the obligations to make payments of principal of and interest on the DWSD Bonds and employees and vendor contracts associated with the Regional Systems. In acquiring the Leased Facilities pursuant to the Lease, the Authority would also acquire for the term of the Leases, and the City would absolutely and irrevocably sell, assign, transfer and convey to the Authority, (i) all of the City’s right, title and interest in and to the revenues of the Systems including the rates and charges collected from the retail customers served by the Local Facilities, and (ii) all of the City’s right, title and interest in and to the revenues derived from operation of the Systems on and after the Effective Date and through the end of the term. The City retains control of and will continue to operate the Local Systems and retains ownership of the Systems.

Rate Setting

Pursuant to the Leases, (i) the Authority shall have the exclusive right to establish rates for water and sewer service for customers of the Systems including retail customers, (ii) may delegate its rights to establish rates for services to customers of the Systems to one or more agents, as it deems necessary or convenient, and (iii) directly or through an agent, the Authority shall have the exclusive right to charge and bill to and collect from such customers amounts from services constituting the revenues of the Systems, including the retail rates and charges. Under the Water and Sewer Services Agreement, the Authority delegated to the City its rights to set and collect rates with respect to retail customers of the City.

Lease Payments

Part of the consideration for the Lease will be an allocation of \$50 Million per year (the “Lease Payment”) (initially \$27,500,000 for the Sewer Lease and \$22,500,000 for the Water Lease) to be funded from a portion of the common-to-all revenue requirements for the Regional Systems. The Lease Payments will be applied as provided below. The Lease Payments will flow through the existing flow of funds under the related Authority master bond ordinance. The parties to the Leases anticipated that, due to efficiencies, restructuring opportunities, local and regional capital improvements now underway or planned for the future and other cost savings, funding of the Lease Payment will not increase the revenue requirements for the Regional Systems by more than 4% per year. Nothing in the Leases changes the obligation of the Authority to comply with the rate covenant under the Master Bond Ordinances. The Lease Payments will not be treated as an operation and maintenance expense and may be applied solely, at the City’s direction and discretion, to the cost of improvements to the local system infrastructure located within the City (payable after debt service and pension liability payments in the flow of funds), the payment of debt service on Authority Bonds associated with such improvements or the City’s share of debt service on Authority Bonds associated with common-to-all improvements. Any bonds issued by the Authority to finance Regional System improvements or DWSD local infrastructure would be issued by the Authority and would be secured by the Net Revenues (as defined in the Master Bond Ordinances).

The Syncora Settlement

Syncora owned and was an insurer of certain of the City’s POC debt (Insurer of \$351.9 million pre-petition balance). In addition, Syncora insured certain interest rate swap agreements and UTGO debt (\$34.4 million pre-petition balance). Also, Syncora, through its wholly-owned subsidiaries, owns the company that currently leases and operates the City of Detroit’s side of the Tunnel.

The City and Syncora reached a Settlement Agreement effecting a global resolution of all matters and litigation between the parties related to the Bankruptcy Case, as set forth in the Syncora Settlement Documents. Pursuant to the Syncora Settlement, and in accordance with the Plan: (1) the City, pursuant to Section II.D.1 of the Plan, assumed the Tunnel Lease and extended and amended Syncora’s lease an additional 20 years to December 2040; (2) the parties entered into the Syncora Development Agreement and the Syncora Option Agreement; (3) the parties dismissed the Syncora litigation as set forth in the Syncora Settlement Agreement; (4) Syncora supported confirmation of the Plan; and (5) the City paid \$5 million (on December 10, 2014) to Syncora in full satisfaction of all of Claims filed or asserted against the City by Syncora relating to the POC Swap Agreements and any agreements related thereto, including the POC Syncora Swap Insurance Policies and the POC Swap Collateral Agreement.

On December 10, 2014, in accordance with the Plan, the City paid cash, issued bonds, and gave options and credits in settlement of all Syncora’s claims against the City as detailed in the table below.

Source	Amount	Description
2014 A1 - K2 Bonds	\$ 26,765,375	Restructure UTGO 2003 A Bonds totaling \$31,675,000
2014 A2 - K2 Bonds	47,479	UTGO Bonds Delivered to Syncora
2014 B(1) Bonds	23,500,000	POC Settlement (2005A \$52,750,000 & 2006B \$299,155,000)
2014 C Bonds	21,271,804	POC Settlement
General Fund Cash	5,000,000	Settle all remaining Syncora claims against the City
Settlement Credits	6,013,750	Development Agreements
Total Syncora Settlement	<u>\$ 82,598,408</u>	

FGIC/COP Settlement

The Financial Guaranty Insurance Company (“FGIC”) was an insurer of certain of the City’s POC debt (\$1.1 billion pre-petition balance). The City and FGIC reached a settlement agreement effecting a global resolution of all matters and litigation between the parties related to the Bankruptcy Case, as set forth in the FGIC/POC settlement documents. Pursuant to the FGIC/POC settlement, and in accordance with the Plan: (1) the City and the Developer, for the benefit of FGIC and the FGIC POC Holders, entered into the FGIC Development Agreement (Exhibit I.A.198 of the Plan); (2) FGIC, on behalf of the FGIC POC Holders, became a settling POC claimant with respect to all POCs and POC claims associated with POCs originally insured by FGIC; (3) the parties dismissed the FGIC/POC Litigation as set forth in the FGIC/POC settlement documents; (4) except for excluded actions, FGIC waived any claims it may have had against any other party related to the dismissed FGIC/POC Litigation as set forth in the FGIC/POC settlement documents; and (5) in full satisfaction and discharge of FGIC’s claims against the City related to FGIC’s swap insurance policies: (a) FGIC received an Allowed Class 14 Claim in the amount of \$6.15 million, entitling FGIC to receive the Distributions provided pursuant to Section II.B.3.u.i; and (b) the DDA assigned to FGIC all of its right, title, and interest to the 2014 B (1) Bonds distributed to the DDA pursuant to Section II.B.3.t.ii.

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On December 10, 2014, in accordance with the Plan, the City paid cash, issued bonds, and gave options and credits in settlement of all FGIC's claims against the City as detailed in the table below.

Source	Amount	Description
2014 B(1) Bonds	\$ 74,192,788	POC Settlement (2005A \$450,615,000; 2006A \$148,540,000 & 2006B \$500,845,000)
2014 C Bonds	67,158,217	POC Settlement
2014 B(1) Bonds	3,691,591	DDA settlement amount
2014 B(1) and B(2) Bonds (1)	TBD	Pro-rata share of \$20.6 M Class 14 Claims Amount Unknown at time of this report
Settlement Credits	<u>18,986,250</u>	Development Agreements
Total FGIC Settlement	<u>\$ 164,028,846</u>	

(1) Class 14 Claims (general unsecured creditors) remain unsatisfied pending determination of the allowed claim for each member of the class. A total of \$20,596,747 of 2014B(1) and 2014 B(2) Bonds are being held by a disbursing agent for distribution to claimants as such time as the allowed claims have been determined, and are the sole source of payment of Class 14 Claims.

Swap Settlement

The City reached a settlement agreement with the counterparties to the City's interest rate swap agreements (the "Swap Counterparties") that allowed the City to terminate its obligations related to the swap agreements in exchange for approximately \$85.0 million, less certain payments, in full satisfaction of the claims between the parties (the "Plan Support Agreement"). The POC Swap agreements are detailed in Exhibit I.A.88 of the Plan. On June 30, 2014, the fair value of the interest rate swaps obligation to the City was \$302.5 million (\$244.1 million to the Governmental Activities). On December 12, 2014, the City used \$37,969,929 of bond proceeds (Series 2014 B Bonds) and \$12,662,479 of Casino holdback funds to pay the remaining balance owed the Swap counterparties in accordance with the Plan of adjustment.

Financial Review Commission

Michigan Public Act 181 of 2014, M.C.L. §§ 141.1631, *et seq.*, established the Detroit Financial Review Commission (the "Commission") as of the Effective Date, to monitor the City's compliance with the Plan of Adjustment and Public Act 181 and provide oversight of the City's financial activities. On December 10, 2014, the Commission became operational. The Commission has broad authority (as of the Effective Date) to obtain and review the City's financial records on an ongoing basis, approve budgets and contracts and conduct financial audits of the City. Michigan Public Act 182 of 2014, M.C.L. 117.4s-t, further imposes requirements including that the City adopt a multi-year financial plan and appoint a chief financial officer (CFO).

Beginning with Fiscal Year 2016, Public Act 182 requires the City to adopt a financial plan covering the current fiscal year, and the next 3 succeeding fiscal years (the "Financial Plan"). The Financial Plan must be consistent with the 2-year budget adopted by the Emergency Manager pursuant to Act 436. The Financial Plan shall be the basis for the City's required budget under Act 2. The Financial Plan shall be proposed by the Mayor and approved by the City Council. The Financial Plan must be approved by the Financial Review Commission for the City (the "Commission") before it takes effect. The Commission approved the Financial Plan for Fiscal Years 2016-19 on April 20, 2015.

Liabilities Subject to Compromise

Unsecured obligations owed or incurred by the City as of, or relating to the period prior to, July 18, 2013 were subject to compromise in the Bankruptcy Case. As of June 30, 2014, the City had made significant progress in achieving settlements with the major creditors. On December 10, 2014, the City exited bankruptcy with settlements with substantially all its major creditor groups. As a result, the City was able to reduce a substantial portion of its obligations owed to creditors. The table below details the City's Primary Government obligations at June 30, 2014, and the bankruptcy compromise/settlement impact on those obligations. In addition, the table shows the additional debt incurred pursuant to the Plan to satisfy claims in accordance with the Plan of Adjustment and to provide funding for restructuring initiatives.

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	Total Primary Government	Bankruptcy Compromise	Debt Issued Effective Date	Proforma Balance
Long-Term Obligations Subject to Compromise				
Net Pension Liability GRS (Note IX (i))	\$ 1,786,441,192	\$ (786,592,176)	\$ -	\$ 999,849,016
Net Pension Liability PFRS (Note IX (i))	1,131,584,746	(540,232,272)	-	591,352,474
OPEB Employee Health and Life Insurance Benefit Plan	5,718,286,228	(5,718,286,228)	-	-
General Obligation Bonds Unlimited Tax (Note VII (b))	330,910,000	(287,560,790)	-	43,349,210
General Obligation Bonds Limited Tax (Note VII (b))	117,550,000	(117,550,000)	-	-
General Obligation Financial Recovery Bonds (Note VII (b))	120,000,000	(120,000,000)	-	-
Revenue Bonds (Note VII [c])	-	-	-	-
POC (Note VII (d))	1,399,155,000	(1,399,155,000)	-	-
Premium On UTGO and LTGO Bonds	8,795,578	(8,795,578)	-	-
2014 A 1-K2 Bonds (Restructured UTGO)	-	-	287,560,790	287,560,790
2014 A Income Tax Bonds	-	-	134,725,000	134,725,000
2014 B Income Tax Bonds	-	-	140,275,000	140,275,000
2014 B(1) Bonds	-	-	616,560,047	616,560,047
2014 B(2) Bonds	-	-	15,404,098	15,404,098
2014 C Bonds	-	-	88,430,021	88,430,021
Notes & Loans Payable (Note VII (a) and (e))	33,600,000	(33,600,000)	-	-
Claims and Judgments (Note VII (a))	53,612,145 (1)	TBD	-	53,612,145
Total Long-Term Obligations Subject to Compromise	<u>\$ 10,699,934,889</u>	<u>\$ (9,011,772,044)</u>	<u>\$ 1,282,954,956</u>	<u>\$ 2,971,117,801</u>
Current Obligations Subject to Compromise				
Accounts Payable	\$ 16,329,862 (1)	\$ TBD	\$ -	\$ 16,329,862
Accrued Interest Payable	53,306,471	(53,306,471)	-	-
Pension Contributions Due Retirement Systems	200,858,070	(200,858,070)	-	-
Swap Liability	302,463,879	(302,463,879)	-	-
LTGO P&I due Insurer	22,953,172	(22,953,172)	-	-
UTGO P&I Due Insurer	56,949,551	(56,949,551)	-	-
POC P&I Due Insurer	63,182,675	(63,182,675)	-	-
Other Unpaid Defaulted Debt (2008 A(2) Uninsured LTGO Bonds)	25,000,000	(25,000,000)	-	-
Deferred Inflows of Resources	34,844,753	(34,844,753)	-	-
Total Current Obligations Subject to Compromise	<u>\$ 775,888,433</u>	<u>\$ (759,558,571)</u>	<u>\$ -</u>	<u>\$ 16,329,862</u>

(1) Certain Accounts Payable obligations owed or incurred by the City as of, or relating to the period prior to July 18, 2013 were subject to compromise in the Bankruptcy Case. In accordance with the Plan of Adjustment, Accounts Payable obligations fall under Class 14 Other Unsecured Claims and will receive a pro rata share of \$20.6 million of 2014B Notes. The \$20.6 million in B Notes is a fixed amount, regardless of the total amount of allowed Class 14 claims.

See Section I.A.262 of the Plan of Adjustment for the definition of Class 14 Other Unsecured Claims. See Section II.B.3.u.i and Section II.B.3.p.iA of the Plan of Adjustment for details on the treatment of Class 14 claims. See Exhibit I.A.246 for terms and details of the B Notes issued.

Since the effective date of the bankruptcy, the City of Detroit has continued to resolve the approximately 4,000 bankruptcy claims filed. The City is making progress but many claims, including some very large claims, are still unresolved.

The largest settlements were with the City's current employees and retirees. The City reduced its OPEB (Other post-employment benefits) obligations by \$5.7 billion and net pension liabilities by \$1.3 billion. In addition, the City's unpaid pension contributions required for FY 12 through FY 14, totaling \$200.9 million, were discharged in the bankruptcy.

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Long-Term Debt Compromised in Bankruptcy

The following schedule details the City's Primary Government long-term obligations at June 30, 2014, the impact of the settlements approved by the Plan, and the new debt issued on December 10, 2014, the Effective Date.

	Balance June 30, 2014	Discharged or Refunded	Effective Date Financing	Balance December 10, 2014
Limited Tax General Obligation Bonds				
Self Insurance 2012C	\$ 129,520,000	\$ -	\$ -	\$ 129,520,000
Subtotal	129,520,000	-	-	129,520,000
Series 2005-A(1)	3,950,000	(3,950,000)	-	-
Series 2005-A(1)	52,175,000	(52,175,000)	-	-
Series 2005-A(2)	745,000	(745,000)	-	-
Series 2005-A(2)	9,475,000	(9,475,000)	-	-
Series 2005-B	1,000,000	(1,000,000)	-	-
Series 2005-B	6,940,000	(6,940,000)	-	-
Series 2008-A(1)	43,265,000	(43,265,000)	-	-
Subtotal	117,550,000	(117,550,000)	-	-
Distributable State Aid 2010	249,790,000	-	-	249,790,000
2014 A Income Tax Bonds	-	-	134,725,000	134,725,000
2014 B Income Tax Bonds	-	-	140,275,000	140,275,000
2014 B(1) Bonds	-	-	616,560,047	616,560,047
2014 B(2) Bonds	-	-	15,404,098	15,404,098
2014 C Bonds	-	-	88,430,021	88,430,021
Series 2014 - QOL Financial Recovery Bonds	120,000,000	(120,000,000)	-	-
Total Limited Tax General Obligation Bonds	616,860,000	(237,550,000)	995,394,166	1,374,704,166
Unlimited Tax General Obligation Bonds				
Series 1999-A	15,765,000	(13,699,785)	-	2,065,215
Series 2001-A (1)	74,800,000	(65,001,200)	-	9,798,800
Series 2002	6,645,000	(5,774,505)	-	870,495
Series 2003-A	31,675,000	(27,525,575)	-	4,149,425
Series 2004-A(1)	39,270,000	(34,125,630)	-	5,144,370
Series 2004-B(1)	29,365,000	(25,518,185)	-	3,846,815
Series 2004-B(2)	575,000	(499,675)	-	75,325
Series 2005-B	4,695,000	(4,079,955)	-	615,045
Series 2005-B	37,920,000	(32,952,480)	-	4,967,520
Series 2005-C	4,730,000	(4,110,370)	-	619,630
Series 2005-C	10,795,000	(9,380,855)	-	1,414,145
Series 2008-A	12,385,000	(10,762,565)	-	1,622,435
Series 2008-A	43,510,000	(37,810,190)	-	5,699,810
Series 2008-B(1)	18,780,000	(16,319,820)	-	2,460,180
Series 2014 A1 - K2	-	-	13,321,425	13,321,425
Series 2014 A1 - K2	-	-	63,206,000	63,206,000
Series 2014 A1 - K2	-	-	5,615,025	5,615,025
Series 2014 A1 - K2	-	-	26,765,375	26,765,375
Series 2014 A1 - K2	-	-	33,183,150	33,183,150
Series 2014 A1 - K2	-	-	24,813,425	24,813,425
Series 2014 A1 - K2	-	-	485,875	485,875
Series 2014 A1 - K2	-	-	36,009,675	36,009,675
Series 2014 A1 - K2	-	-	13,118,625	13,118,625
Series 2014 A1 - K2	-	-	47,231,275	47,231,275
Series 2014 A1 - K2	-	-	15,869,100	15,869,100
Series 2014 A1 - K2	-	-	378,360	378,360
Series 2014 A1 - K2	-	-	1,795,200	1,795,200
Series 2014 A1 - K2	-	-	159,480	159,480
Series 2014 A1 - K2	-	-	760,200	760,200
Series 2014 A1 - K2	-	-	942,480	942,480
Series 2014 A1 - K2	-	-	704,760	704,760
Series 2014 A1 - K2	-	-	13,800	13,800
Series 2014 A1 - K2	-	-	1,022,760	1,022,760
Series 2014 A1 - K2	-	-	372,600	372,600
Series 2014 A1 - K2	-	-	1,341,480	1,341,480
Series 2014 A1 - K2	-	-	450,720	450,720
Subtotal	330,910,000	(287,560,790)	287,560,790	330,910,000
Series 2010-E	100,000,000	-	-	100,000,000
Total General Obligation Unlimited Tax Bonds	\$ 430,910,000	\$ (287,560,790)	\$ 287,560,790	\$ 430,910,000

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	<u>Balance June 30, 2014</u>	<u>Discharged or Refunded</u>	<u>Effective Date Financing</u>	<u>Balance December 10, 2014</u>
Revenue Bonds				
Sewer Revenue Bonds	\$ 2,785,567,772	\$ -	\$ -	\$ 2,785,567,772
Water Revenue Bonds	2,484,925,000	-	-	2,484,925,000
Total Revenue Bonds	<u>5,270,492,772</u>	<u>-</u>	<u>-</u>	<u>5,270,492,772</u>
State Revolving Loans				
Sewer Revolving Loans	459,787,878	-	-	459,787,878
Water Revolving Loans	20,123,761	-	-	20,123,761
Total State Revolving Loans	<u>479,911,639</u>	<u>-</u>	<u>-</u>	<u>479,911,639</u>
PLAD Bonds	60,000,000	-	-	60,000,000
Governmental Notes Payable				
Federal Note — Ferry Project	1,635,000	-	-	1,635,000
Federal Note — Garfield Project	525,000	-	-	525,000
Federal Note — Stuberstone Project	90,000	-	-	90,000
Federal Note — New Amsterdam Project	7,750,000	-	-	7,750,000
Federal Note — Mexicantown Welcome Center	3,210,000	-	-	3,210,000
Federal Note — Vernor Lawndale Project	1,340,000	-	-	1,340,000
Federal Note — Book Cadillac	7,300,000	-	-	7,300,000
Federal Note — Garfield II Note 1	6,372,000	-	-	6,372,000
Federal Note — Garfield II Note 2	2,058,000	-	-	2,058,000
Federal Note — Fort Shelby	17,750,000	-	-	17,750,000
Federal Note — Book Cadillac II	9,984,000	-	-	9,984,000
Federal Note — Woodward Garden	7,050,000	-	-	7,050,000
Federal Note — Woodward Garden Note 2	6,197,000	-	-	6,197,000
Federal Note — Garfield II Note 3	6,697,000	-	-	6,697,000
Federal Note — Garfield II Note 4 (interim)	1,473,000	-	-	1,473,000
Federal Note — Woodward Garden Note 3	5,753,000	-	-	5,753,000
Total Governmental Notes Payable	<u>85,184,000</u>	<u>-</u>	<u>-</u>	<u>85,184,000</u>
Loan Payable to Downtown Development Authority	33,600,000	(33,600,000)	-	-
Loans Payable-IBM - Schedule-001	3,093,164	-	-	3,093,164
Total Governmental Loans Payable	<u>36,693,164</u>	<u>(33,600,000)</u>	<u>-</u>	<u>3,093,164</u>
Pension Obligation Certificates				
Series 2005A	450,615,000	(450,615,000)	-	-
Series 2006A and 2006B	948,540,000	(948,540,000)	-	-
Total Pension Obligation Certificates	<u>1,399,155,000</u>	<u>(1,399,155,000)</u>	<u>-</u>	<u>-</u>
Unamortized Premiums & Discounts	167,391,362	(8,795,578)	-	158,595,784
Total Other Financing Costs	<u>167,391,362</u>	<u>(8,795,578)</u>	<u>-</u>	<u>158,595,784</u>
OPEB Obligation	19,307,371	-	-	19,307,371
Pollution Remediation	51,265	-	-	51,265
Accrued Compensated Absences	77,671,327	-	-	77,671,327
Claims & Judgments	53,612,145	-	-	53,612,145
Other	47,563,087	-	-	47,563,087
Workers Compensation	87,287,979	-	-	87,287,979
Total Other Long-Term Debt	<u>285,493,174</u>	<u>-</u>	<u>-</u>	<u>285,493,174</u>
Grand Total Long-Term Debt	<u>8,832,091,111</u>	<u>(1,966,661,368)</u>	<u>1,282,954,956</u>	<u>8,148,384,699</u>
Defaulted Debt	168,085,398	(168,085,398)	-	-
Total Primary Government	<u>\$ 9,000,176,509</u>	<u>\$ (2,134,746,766)</u>	<u>\$ 1,282,954,956</u>	<u>\$ 8,148,384,699</u>

The Primary Government long-term obligations, as of June 30, 2014, discharged or refunded in bankruptcy totaled \$2.0 billion. This includes: (1) \$1.4 billion of POC debt; and (2) \$237.6 million of LTGO debt including the cost of refunding the \$120.0 million 2014 Financial Recovery Bonds (Quality of Life) issued in April 2014; and (3) \$33.6 million discharge for a loan payable to DDA; and (4) \$8.8 million for refund of unamortized premiums and discounts.

NOTE XII. SUBSEQUENT EVENTS

(a) Bankruptcy Appeals

A number of creditors and other parties in interest in the City’s bankruptcy case filed appeals of the Confirmation Order. Since then, all of these appeals have been dismissed or otherwise resolved, except the following, which are pending in the 6th Circuit Court of Appeals as appeals from dismissal by the U.S. District Court:

<u>Appellants</u>
<p><i>William Ochadleus, et al v. City of Detroit, MI, et al,</i> <i>U.S. Court of Appeals Docket No. 15-2194</i></p>
<p><i>John Quinn v. City of Detroit, et al</i> <i>U.S. Court of Appeals Docket No. 15-2337</i></p>
<p><i>Dennis Taubitz, et al v. City of Detroit, et al</i> <i>U.S. Court of Appeals Docket No. 15-2353</i></p>
<p><i>William Davis v. City of Detroit, MI, et al.</i> <i>U.S. Court of Appeals Docket No. 15-2379</i></p>
<p><i>Lucinda Darrah v. City of Detroit, et al</i> <i>U.S. Court of Appeals Docket No. 15-2371</i></p>

(b) 2014A and B Income Tax Bonds

Barclays acquired the bonds issued by the Michigan Finance Authority (the “MFA Bonds”) the proceeds of which were used to purchase the City’s Financial Recovery Income Tax Revenue and Revenue Refunding Bonds, Series 2014A and Series 2014B on December 20, 2014, on terms which required the City to cooperate with Barclays to facilitate a public reoffering of the MFA Bonds once the City could obtain ratings on the MFA Bonds. To strengthen the security for the bonds, in the spring of 2015, the City sought and the legislature enacted amendments to the Home Rule City Act, Public Act 279 of 1909, to subject the City income tax revenues pledged to the payment of the bonds to a statutory lien and trust from the time that the tax becomes due. In August, 2015, Standard and Poor’s assigned the bonds an “A” rating. On September 1, 2015, Barclays sold the MFA Bonds, with the exception of \$30 million of the Series 2014B Bonds which were redeemed on the same date after the City concluded it would not need all of the remaining proceeds thereof. As part of the public reoffering the interest rates on the bonds were converted from variable to fixed rates, and portions of the Series 2014A Bonds were converted to serial bonds.

(c) Great Lakes Water Authority and Board of Water Commissioners

On December 17, 2015, the Board of the Great Lakes Water Authority and the Mayor determined that the conditions precedent contained in the Leases of the Regional Sewer System and the Regional Water System to the effectiveness of the Leases had been satisfied and the effective date for the Leases and the transactions contemplated thereby occurred on January 1, 2016, at which time the Authority began to operate the Regional System and all revenues of the Systems were assigned to the Authority. The City, through its Water and Sewerage Department, under the oversight of the Board of Water Commissioners, continues to operate the local water and sewer infrastructure.

On December 15, 2015, effective as of the date the Leases became effective, January 1, 2016, the federal court, in *United States of America v City of Detroit, et al., Case No. 77-71100*, entered an order modifying the court's prior orders in the case, restoring the powers of the Board of Water Commissioners under the City Charter, Section 7-1201 through 7-1204 and the power of the Board of Water Commissioners to receive certain services from other City departments as long as such arrangements do not impair the City's ability to comply with its NPDES permit No. MI0022802; the Clean Water Act; or its obligations under the Leases, the Water and Sewer Services Agreement or other agreements with the Authority. Further, the court approved the transactions and arrangements contemplated by the Leases.

(d) Syncora

On December 8, 2015, Pike Pointe Holdings, LLC, an affiliate of Syncora, notified the City that it was exercising its option under an Option Agreement dated December 10, 2014 as part of the settlement of Syncora's claims against the City in the bankruptcy, to enter into a concession with respect to the City's Grand Circus Parking Garage. The notice triggered a 90 day period to negotiate a concession agreement in accordance with the terms of the Option Agreement. This time period was extended to April 8, 2016 by agreement of the parties. As of the date of this report no concession agreement has been reached between the two parties though negotiations continue in good faith.

(e) Debt Ratings

On November 9, 2015, Standard & Poor's Ratings Services increased the senior lien debt rating from BBB+ to A-. On August 27, 2015, Moody's increased the senior and second lien debt ratings from Ba2/Ba3 to Baa3/Ba1 and on September 3, 2015, Fitch increased the ratings from BBB-/BB+ to BBB/BBB-.

(f) New Debt issues

On December 2, 2015, the Board accepted revenue bond tender offers of \$142,065,000. Subsequently on December 15, 2015, the Department issued refunding revenue Series 2015D bonds in the amount of \$126,665,000 as a conduit financing through the Michigan Finance Authority. The anticipated net present value savings from this transaction was \$13 million.

On December 2, 2015, the Board accepted revenue bond tender offers of \$215,245,000. Subsequently on December 15, 2015, the Department issued refunding revenue Series 2015C bonds in the amount of \$197,660,000 as a conduit financing through the Michigan Finance Authority. The anticipated net present value savings from the refunding transaction was \$13.2 million.

REQUIRED SUPPLEMENTARY INFORMATION

COMPARISON - GENERAL FUND BUDGET TO ACTUAL

(UNAUDITED)

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NOTES TO BUDGET TO ACTUAL COMPARISON

Budgeting Policy: The City's annual budget constitutes a financial plan for the next fiscal year, which is required to set forth estimated revenues from all sources and all appropriations. Proposed capital appropriations are included in separate sections of the budget. Any surplus or deficit during the preceding year is entered into the budget for the next fiscal year as either revenue (surplus) or appropriation (deficit), in accordance with the City Charter. The total of proposed expenditures cannot exceed the total of estimated revenues, so that the budget as submitted is a balanced budget. Budgets are prepared for all agencies of the City. All budgets are adopted at the function level within a department, the legal level of budgetary control.

Budgetary Compliance: On or before April 12 of each year, the Mayor submits to the City Council a proposed annual budget for the next fiscal year. A public hearing in the manner provided by law or ordinance is held on the proposed budget before adoption. After the public hearing, the City Council adopts the budget with or without amendment. Consideration of the budget is completed by the City Council no later than May 24. If the Mayor disapproves of amendments made by the City Council, the Mayor, within seven days, submits to the City Council in writing the reasons for the disapproval. The City Council proceeds to reconsider any budget item so disapproved. If, after reconsideration, a two-thirds majority of the City Council serving agrees to sustain any of the City Council's amendments to the budget, those amendments so sustained are of full force and effect. The City Council's reconsideration of the budget must be concluded within three business days after receipt of the Mayor's disapproval.

The budget has been prepared in accordance with U.S. generally accepted accounting principles, except that transfers to/from other funds have been included in revenue and expenditures. The adoption of the budget provides for: (1) appropriations of specific amounts from funds indicated; (2) a specific levy of property tax; and (3) provision for the issuance of bonds specified in the capital program. The budget as adopted becomes the basis for establishing revenues and expenditures for the fiscal year. The appropriations for the functions of each City department are fixed. Expenditures may not exceed the original appropriations without City Council approval. If during the fiscal year the Mayor advises the City Council that there are available appropriations and revenues in excess of those estimated in the budget, the City Council may make supplemental appropriations for the year up to the amount of the excess. In the case of estimated revenue shortfalls, the Mayor may request that the City Council decrease certain appropriations. In any case, the Mayor is under no obligation to spend an entire appropriation. Also, at any time during the fiscal year, the City Council, upon written request by the Mayor, may transfer all or part of any unencumbered appropriation balance among programs, services, or activities within an agency or from one agency to another.

City of Detroit, Michigan
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
(unaudited)
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Final Budget-</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes, Assessments, Interest, and Penalties:				
Property Taxes	\$ 102,577,090	102,577,090	\$ 126,394,573	\$ 23,817,483
Municipal Income Tax	264,751,257	264,751,257	263,376,804	(1,374,453)
Utility Users' Tax	17,000,000	17,000,000	37,939,463	20,939,463
Wagering Taxes	168,201,000	168,201,000	172,523,054	4,322,054
Other Taxes and Assessments	9,838,113	9,838,113	4,783,208	(5,054,905)
Interest and Penalties on Taxes	924,928	924,928	1,106,744	181,816
Total Taxes, Assessments, Interest, and Penalties	<u>563,292,388</u>	<u>563,292,388</u>	<u>606,123,846</u>	<u>42,831,458</u>
Licenses, Permits, and Inspection Charges:				
Business Licenses	2,486,000	2,486,000	2,376,998	(109,002)
Permits	586,500	586,500	1,230,201	643,701
Inspection Charges	5,894,921	5,894,921	7,378,551	1,483,630
Other Licenses	52,967	52,917	95,054	42,137
Total Licenses, Permits, and Inspection Charges	<u>9,020,388</u>	<u>9,020,338</u>	<u>11,080,804</u>	<u>2,060,466</u>
Intergovernmental:				
Federal	56,097,141	174,893,835	43,347,186	(131,546,649)
State:				
State Shared Revenue	195,304,000	195,304,000	194,757,659	(546,341)
State Returnable Liquor License Fees	604,206	604,206	606,690	2,484
Other State Sourced Revenue	17,053,719	112,859,504	14,128,494	(98,731,010)
Other	1,542,362	40,244,063	157	(40,243,906)
Total Intergovernmental	<u>270,601,428</u>	<u>523,905,608</u>	<u>252,840,186</u>	<u>(271,065,422)</u>
Sales and Charges for Services:				
Maintenance and Construction	43,000	43,000	—	(43,000)
Electrical			1,509,769	1,509,769
Steam			—	—
Recreation Fees	13,500	13,500	135,140	121,640
Collection Fees	4,309,863	4,339,863	3,974,693	(365,170)
Other Fees	43,869,974	40,081,072	41,624,534	1,543,462
Personal Services	28,172,089	28,355,400	24,400,033	(3,955,367)
Other Departmental Sales	34,280,304	42,289,337	15,138,987	(27,150,350)
Total Sales and Charges for Services	<u>110,688,730</u>	<u>115,122,172</u>	<u>86,783,156</u>	<u>(28,339,016)</u>
Ordinance Fines and Forfeitures	22,484,869	22,484,869	20,608,519	(1,876,350)
Revenue from Use of Assets:				
Investment Earnings	—	(192,555)	(3,144,590)	(2,952,035)
Real Estate Rentals	1,750,671	1,750,671	1,128,758	(621,913)
Concessions	239,140	239,140	185,333	(53,807)
Sale of Real Property	5,000,000	5,737,838	12,963,754	7,225,916
Total Revenue from Use of Assets	<u>6,989,811</u>	<u>7,535,094</u>	<u>11,133,255</u>	<u>3,598,161</u>
Other Revenue	347,625,402	444,848,155	71,222,054	(373,626,101)
Total Revenues	<u>1,330,703,016</u>	<u>1,686,208,624</u>	<u>1,059,791,820</u>	<u>(626,416,804)</u>

(Continued)

City of Detroit, Michigan
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
(unaudited)
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Final Budget-</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES:				
Public Protection:				
Consumer Affairs	\$ —	450	\$ —	\$ 450
Construction Code	872,501	1,676,624	241,911	1,434,713
Fire	107,209,958	147,076,729	107,970,491	39,106,238
Human Rights	524,818	533,007	434,171	98,836
Ombudsperson	728,924	733,132	691,014	42,118
Parking Enforcement	6,466,955	6,783,089	5,158,486	1,624,603
Police	286,125,420	303,693,932	248,997,675	54,696,257
Office of the Inspector General	940,891	1,109,116	909,968	199,148
Detroit Office of Homeland Security	—	10,512,753	21,959	10,490,794
36th District Court	30,627,050	28,764,046	24,664,183	4,099,863
Total Public Protection	433,496,517	500,882,878	389,089,858	111,793,020
Department of Health	27,746,737	155,812,689	32,630,225	123,182,464
Recreation and Culture:				
Culture, Arts, and Tourism	—	982,536	—	982,536
Historical	—	23,413	—	23,413
Recreation	15,639,628	19,162,305	12,439,661	6,722,644
Zoological Institute	—	(6,241)	—	(6,241)
Total Recreation and Culture	15,639,628	20,162,013	12,439,661	7,722,352
Economic Development — Civic Center	—	130,527	—	130,527
Housing Supply and Conditions -				
Planning and Development	11,759,773	25,313,120	5,570,783	19,742,337
Total Housing Supply and Conditions	11,759,773	25,313,120	5,570,783	19,742,337
Physical Environment:				
Environmental Affairs	—	1,058,181	—	1,058,181
Public Lighting	35,955,929	38,711,093	7,384,724	31,326,369
Public Works	1,458,037	30,482,190	7,106,269	23,375,921
Total Physical Environment	37,413,966	70,251,464	14,490,993	55,760,471
Development and Management:				
Auditor General	3,264,132	3,270,896	2,991,663	279,233
Budget	1,732,379	1,799,723	1,331,964	467,759
City Clerk	1,845,227	1,845,687	1,497,842	347,845
City Council	7,031,346	7,515,668	6,951,533	564,135
Communications and Creative Services	—	568	—	568
Elections	7,890,494	8,339,727	7,211,203	1,128,524
Finance	31,700,645	30,810,270	21,450,308	9,359,962
General Services	41,235,635	43,015,503	42,941,223	74,280
Law	12,190,942	12,425,572	11,676,026	749,546
Mayor's Office	7,873,731	10,797,720	8,136,911	2,660,809
Human Resources	8,337,862	8,807,717	7,090,477	1,717,240
Information Technology Services	13,745,807	17,667,906	15,927,111	1,740,795
Board of Zoning Appeals	446,317	512,906	415,889	97,017
Detroit Workforce Development Department	—	640,820	—	640,820
Administrative Hearings	1,133,779	1,226,340	1,010,288	216,052
Non Departmental	534,228,542	592,430,944	419,589,371	172,841,573
Total Development and Management	672,656,838	741,107,967	548,221,809	192,886,158
Capital Outlay	4,368,639	51,691,836	28,803,462	22,888,374

(Continued)

City of Detroit, Michigan
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
(unaudited)
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Final Budget-</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Debt Service:				
Principal	\$ 70,373,222	70,373,222	\$ 134,340,535	\$ (63,967,313)
Interest on Bonded Debt	108,203,126	112,489,709	35,445,185	77,044,524
Bond Issuance Costs	4,030,500	4,051,725	4,194,731	(143,006)
Total Debt Service	<u>182,606,848</u>	<u>186,914,656</u>	<u>173,980,451</u>	<u>12,934,205</u>
Total Expenditures	<u>1,385,688,946</u>	<u>1,752,267,150</u>	<u>1,205,227,242</u>	<u>547,039,908</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(54,985,930)</u>	<u>(66,058,526)</u>	<u>(145,435,422)</u>	<u>(79,376,896)</u>
OTHER FINANCING SOURCES (USES):				
Sources:				
Transfers In	10,987,834	10,987,834	47,055,766	36,067,932
Other financing source-bankruptcy	—	—	218,100,000	218,100,000
Extraordinary Item	—	—	204,828,365	204,828,365
Proceeds from Bond and Note Issuance	247,500,000	127,500,000	1,138,192,978	1,010,692,978
Total Other Financing Sources	<u>258,487,834</u>	<u>138,487,834</u>	<u>1,608,177,109</u>	<u>1,469,689,275</u>
Uses:				
Transfers Out	(203,501,904)	(205,478,219)	(118,978,706)	86,499,513
Other financing use-bankruptcy	—	—	(959,481,790)	(959,481,790)
Total Other Financing Uses	<u>(203,501,904)</u>	<u>(205,478,219)</u>	<u>(1,078,460,496)</u>	<u>(872,982,277)</u>
Total Other Financing Sources (Uses)	<u>54,985,930</u>	<u>(66,990,385)</u>	<u>529,716,613</u>	<u>596,706,998</u>
Net Change in Fund Balance	—	(133,048,911)	384,281,191	517,330,102
Fund Deficit at Beginning of Year	<u>53,406,369</u>	<u>53,406,369</u>	<u>53,406,369</u>	<u>—</u>
Fund Deficit at End of Year	<u>\$ 53,406,369</u>	<u>\$ (79,642,542)</u>	<u>\$ 437,687,560</u>	<u>\$ 517,330,102</u>

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF EMPLOYER CONTRIBUTIONS AND FUNDING PROGRESS

(UNAUDITED)

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City of Detroit, Michigan
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2015

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN THE PLAN NET PENSION LIABILITY
AND RELATED RATIOS
(SCHEDULE IS BUILT PROSPECTIVELY UPON IMPLEMENTATION OF GASB 68)

	GRS Component II	PFRS Component II
	2014 (Measurement Year)	2014 (Measurement Year)
Total Pension Liability		
Service cost	\$ 32,736,019	\$ 34,967,708
Interest	242,611,073	304,737,369
Changes in benefit terms	(113,311,571)	(102,236,878)
Differences between expected and actual experience	-	-
Changes in assumptions	(271,190,194)	540,356,835
Benefit payments, including refunds	(397,733,807)	(323,540,473)
Net Change in Total Pension Liability	(506,888,480)	454,284,561
Total Pension Liability - Beginning of the year	\$ 4,308,537,551	\$ 3,953,503,484
Total Pension Liability - End of the year	\$ 3,801,649,071	\$ 4,407,788,045
Plan Fiduciary Net Position		
Contributions - Employer	\$ 25,126,131	\$ -
Contributions - Employee	10,241,761	7,783,141
Net investment income	289,789,607	568,760,793
Administrative expenses	(11,237,767)	(11,373,226)
Benefit payments, including refunds	(397,733,807)	(323,540,473)
Net Change in Plan Fiduciary Net Position	(83,814,075)	241,630,235
Plan Fiduciary Net Position - Beginning of year	\$ 2,099,021,954	\$ 3,034,573,064
Plan Fiduciary Net Position - End of year	\$ 2,015,207,879	\$ 3,276,203,299
Net Pension Liability - Ending	\$ 1,786,441,192	\$ 1,131,584,746
Plan Fiduciary Net Position as a Percent of Total Pension Liability	53.01%	74.33%
Covered Employee Payroll	238,669,871	157,622,578
Plan's Net Pension Liability as a Percent of Covered Employee Payroll	748.50%	717.91%

City of Detroit, Michigan
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2015

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
LAST TEN FISCAL YEARS

GRS Component II	<u>2015 *</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially determined contribution	\$191,146,421	\$ 68,025,576	\$ 60,306,753	\$ 48,695,669	\$ 55,947,462	\$ 33,455,468	\$ 36,675,190	\$ 40,454,952	\$ 41,444,808	\$ 45,629,867
Contributions in relation to actuarially determined contributions	<u>191,146,421</u>	<u>27,523,180</u>	<u>37,794,407</u>	<u>34,461,252</u>	<u>52,426,089</u>	<u>35,849,970</u>	<u>39,872,889</u>	<u>41,625,011</u>	<u>41,444,808</u>	<u>36,297,356</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ 40,502,396</u>	<u>\$ 22,512,346</u>	<u>\$ 14,234,417</u>	<u>\$ 3,521,373</u>	<u>\$ (2,394,502)</u>	<u>\$ (3,197,699)</u>	<u>\$ (1,170,059)</u>	<u>\$ -</u>	<u>\$ 9,332,511</u>
Covered employee payroll	N/A	\$ 238,669,871	\$ 213,291,083	\$ 257,992,240	\$ 303,379,482	\$ 334,343,506	\$ 357,072,833	\$ 368,470,990	\$ 361,701,481	\$ 361,151,456
Contributions as a percentage of covered employee payroll	N/A	11.5%	17.7%	13.4%	17.3%	10.7%	11.2%	11.3%	11.5%	10.1%
PFRS Component II	<u>2015 *</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially determined contribution	\$114,922,540	\$ 51,418,126	\$ 43,869,075	\$ 48,283,232	\$ 77,435,354	\$ 59,178,250	\$ 60,893,974	\$ 56,661,222	\$ 57,423,366	\$ 64,986,630
Contributions in relation to actuarially determined contributions	<u>114,922,540</u>	<u>-</u>	<u>(29,026,800)</u>	<u>49,760,229</u>	<u>81,642,112</u>	<u>32,808,484</u>	<u>31,395,780</u>	<u>58,934,636</u>	<u>57,423,366</u>	<u>57,807,332</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ 51,418,126</u>	<u>\$ 72,895,875</u>	<u>\$ (1,476,997)</u>	<u>\$ (4,206,758)</u>	<u>\$ 26,369,766</u>	<u>\$ 29,498,194</u>	<u>\$ (2,273,414)</u>	<u>\$ -</u>	<u>\$ 7,179,298</u>
Covered employee payroll	N/A	\$ 157,622,578	\$ 186,694,166	\$ 205,800,278	\$ 220,461,691	\$ 228,829,999	\$ 231,795,528	\$ 232,812,606	\$ 230,173,964	\$ 228,140,160
Contributions as a percentage of covered employee payroll	N/A	0.0%	-15.5%	24.2%	37.0%	14.3%	13.5%	25.3%	24.9%	25.3%

* Starting with fiscal year 2015, the contributions towards Component II for each System were determined by the provisions of the POA; the contributions were not actuarially determined.

City of Detroit, Michigan
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2015

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS
LAST TEN FISCAL YEARS

GRS Component I	<u>2015 *</u>
Actuarially determined contribution	\$ 8,811,369
Contributions in relation to actuarially determined contributions	<u>8,811,369</u>
Contributions deficiency (excess)	<u>\$ -</u>
Covered employee payroll	N/A
Contributions as a percentage of covered employee payroll	N/A
 PFRS Component I	 <u>2015 *</u>
Actuarially determined contribution	\$ 14,606,971
Contributions in relation to actuarially determined contributions	<u>14,606,971</u>
Contributions deficiency (excess)	<u>\$ -</u>
Covered employee payroll	N/A
Contributions as a percentage of covered employee payroll	N/A

* Starting with fiscal year 2015, the contributions towards Component II for each System were determined by the provisions of the POA; the contributions were not actuarially determined. There were no contributions to Component I prior to 2015.

City of Detroit, Michigan
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2015

Notes to Schedule of Contributions (Component II of GRS and PFRS)

Actuarial valuation information relative to the determination of contributions:

GRS Component II

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Valuation Date (Note 1)	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009
Methods and assumptions used to determine contribution rates:					
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	Level Percent	Level Percent	Level Percent	Level Percent	Level Percent
Remaining Amortization Period	30 years, Open	30 years, Open	30 years, Open	30 years, Open	30 years, Open
Asset Valuation Method	7-year Smoothed Market	7-year Smoothed Market	7-year Smoothed Market	7-year Smoothed Market	5-year Smoothed Market
Inflation	4.0%	4.0%	4.0%	4.0%	4.0%
Salary Increases	4.0% - 8.9%	4.0% - 8.9%	4.0% - 8.9%	4.0% - 8.9%	4.0% - 8.9%
Investment Rate of Return	7.9%	7.9%	7.9%	7.9%	7.9%
Retirement Age	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition
Mortality	110% of the RP-2000 Combined Table, set back 0 years for males and 2 years for females	110% of the RP-2000 Combined Table, set back 0 years for males and 2 years for females	110% of the RP-2000 Combined Table, set back 0 years for males and 2 years for females	110% of the RP-2000 Combined Table, set back 0 years for males and 2 years for females	90% (150% for disabled members) of the 1983 Group Annuity Mortality Table
Other Information	Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement

Note 1: Actuarially determined contribution rates were calculated as of June 30, two years prior to the end of fiscal year in which the contributions were reported. From 2015 until 2024 annual contributions are based on specific provisions of the Plan of Adjustment.

City of Detroit, Michigan
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2015

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ACTUARIAL ASSUMPTIONS
LAST TEN FISCAL YEARS

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004
Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Level Percent	Level Percent	Level Percent	Level Percent	Level Percent
30 years, Open	30 years, Open	30 years, Open	30 years, Open	30 years, Open
3-year Smoothed Market	3-year Smoothed Market	3-year Smoothed Market	3-year Smoothed Market	3-year Smoothed Market
4.0%	4.0%	4.0%	4.0%	4.0%
4.0% - 8.9%	4.0% - 9.5%	4.0% - 9.5%	4.0% - 9.5%	4.0% - 9.5%
7.9%	7.9%	7.9%	7.9%	7.9%
Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition
90% (150% for disabled members) of the 1983 Group Annuity Mortality Table	90% (150% for disabled members) of the 1983 Group Annuity Mortality Table	90% (150% for disabled members) of the 1983 Group Annuity Mortality Table	90% (150% for disabled members) of the 1983 Group Annuity Mortality Table	90% (150% for disabled members) of the 1983 Group Annuity Mortality Table
Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement

(Continued)

City of Detroit, Michigan
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2015

PFRS Component II

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Valuation Date	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009
Methods and assumptions used to determine contribution rates:					
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	Level Dollar, Closed	Level Dollar, Closed	Level Dollar, Closed	Level Percent	Level Percent
Remaining Amortization Period	28 years, Closed	29 years, Closed	30 years, Closed	30 years, Closed	26 years, Closed
Asset Valuation Method	7-year Smoothed Market	7-year Smoothed Market	7-year Smoothed Market	7-year Smoothed Market	3-year Smoothed Market
Inflation	0% for two years, 4.0% thereafter	0% for two years, 4.0% thereafter	0% for three years, 4.0% thereafter	4.0%	4.0%
Salary Increases	5.0% - 9.2%	5.0% - 9.2%	5.0% - 9.2%	5.0% - 9.2%	5.0% - 9.2%
Investment Rate of Return	8.00%	8.00%	8.00%	8.00%	7.5%
Retirement Age	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition
Mortality	95% of the RP-2000 Combined Table for males and 100% of the RP-2000 Combined Table set back 2 years for females	95% of the RP-2000 Combined Table for males and 100% of the RP-2000 Combined Table set back 2 years for females	95% of the RP-2000 Combined Table for males and 100% of the RP-2000 Combined Table set back 2 years for females	95% of the RP-2000 Combined Table for males and 100% of the RP-2000 Combined Table set back 2 years for females	95% of the RP-2000 Combined Table for males and 100% of the RP-2000 Combined Table set back 2 years for females
Other Information	Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement

Note 1: Actuarially determined contribution rates were calculated as of June 30, two years prior to the end of fiscal year in which the contributions were reported. From 2015 until 2024 annual contributions are based on specific provisions of the Plan of Adjustment.

City of Detroit, Michigan
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2015

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ACTUARIAL ASSUMPTIONS
LAST TEN FISCAL YEARS
(Continued)

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004
Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Level Percent	Level Percent	Level Percent	Level Percent	Level Percent
27 years, Closed	28 years, Closed	29 years, Closed	30 years, Closed	30 years, Closed
3-year Smoothed Market	3-year Smoothed Market	3-year Smoothed Market	3-year Smoothed Market	3-year Smoothed Market
4.0%	4.8%	4.8%	4.8%	4.8%
5.0% - 9.2%	5.8% - 10.8%	5.8% - 10.8%	5.8% - 10.8%	5.8% - 10.8%
7.5%	7.8%	7.8%	7.8%	7.8%
Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition
95% of the RP-2000 Combined Table for males and 100% of the RP-2000 Combined Table set back 2 years for females	90% of the 1983 Group Annuity Mortality Table	90% of the 1983 Group Annuity Mortality Table	90% of the 1983 Group Annuity Mortality Table	90% of the 1983 Group Annuity Mortality Table
Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement

(Continued)

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
YEAR ENDED JUNE 30, 2015**

Below are the notes to the pension required supplemental information schedules:

Benefit Changes

As of June 30, 2014, the pension plans were frozen. No new employees are allowed to participate in the plans. All benefits for actives are frozen as of June 30, 2014 based on service and average final compensation accrued as of that date.

Changes in Assumptions

The discount rate used to calculate the June 30, 2014 total pension liability was 7.2 percent for both plans. The discount rate used to calculate the total pension liability as of June 30, 2013 was 7.9 percent for GRS and 8 percent for PFRS.

For June 30, 2014, the mortality assumption for GRS was changed to RP-2014 Blue Collar Mortality Tables, Employees and Health Annuitants, set forward one year for males and one year for females with fully generational mortality projections using the 2-dimensional Mortality Improvement Scale MP-2014. For June 30, 2013, mortality rates were based on 110% of the RP-2000 Combined Table for males and 110% of the RP-2000 Combined Table set back two years for females. Additionally for GRS, as of June 30, 2014, adjustments for longevity, and unused sick leave were eliminated.

The mortality table used to measure retired life mortality for PFRS is the RP-2014 Blue Collar Annuitant Table for males and females. Pre-retirement mortality is the RP-2014 Blue Collar Employee Tables for males and females. Both of these tables were first used as of June 30, 2014. For June 30, 2013, 95 percent of the RP-2000 Combined Table for males and 100 percent of the RP-2000 Combined Table set back 2 years for females was used.

(Continued)

City of Detroit, Michigan
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2015

Supplemental Death Benefit Plan

Schedule of Funding Progress (in millions):

Actuarial Valuation Date June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
2010	\$ 24.1	\$ 35.2	68.5 %	\$ 11.1	\$ 567.3	2.0 %
2011	25.7	34.6	74.3	8.9	444.4	2.0
2013	31.3	32.4	96.6	1.2	397.0	0.3
2014	3.4	5.8	58.6	2.4	397.0	0.6

Schedule of Employer Contributions (in millions):

Supplemental Death Benefit Plan		
Year Ended June 30	Annual Required Contribution	Percentage Contributed
2012	\$ 0.596	33 %
2013	0.596	19
2014	0.119	84
2015	0.240	-

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**OTHER SUPPLEMENTARY
INFORMATION SECTION**

COMBINING NON-MAJOR GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

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SPECIAL REVENUE FUNDS

SPECIAL REVENUE FUNDS ARE ESTABLISHED TO ACCOUNT FOR THE PROCEEDS OF SPECIFIC REVENUE SOURCES (OTHER THAN CERTAIN MAJOR CAPITAL FACILITIES) THAT ARE RESTRICTED BY LAW AND ADMINISTRATIVE ACTION TO EXPENDITURES FOR SPECIFIED PURPOSES

Community Development Block Grant Fund	To account for activities financed by Federal Government Grants under Title I of the Housing and Community Development Act of 1974
Construction Code Fund	In accordance with State of Michigan Public Act No. 245 of 1999, to account for financing activities related to the acts and services performed by the Building and Safety Fund including, without limitation, issuance of building permits, examination of plans and specifications, inspection of construction undertaken pursuant to a building permit, the issuance of certificates of use and occupancy, and hearing appeals in accordance with this act
Urban Development Fund	To account for funding received from the Federal Government earmarked for the acquisition and site preparation of property for future development
Detroit Workforce Development Fund	To account for employment and training program grants received from government sources
Drug Law Enforcement Fund	To account for forfeited narcotics proceeds that are used for the enhancement of narcotics enforcement
Human Services Fund	To account for Federal and State Grant revenues that are to be used to finance certain social service programs
Solid Waste Management Fund	To account for local revenues collected for curbside rubbish pick-up and discard
Street Fund	To account for Michigan State Gas and Weight Tax revenues and other related grants used for the construction and maintenance of major and local streets
Targeted Business Development Fund	To account for revenues received via the casino development agreements earmarked to foster the presence of minority businesses in the City
Telecommunications Fund	To account for State grant revenues received as a result of Public Act 48 of 2002 (Metropolitan Extension Telecommunications Rights-of-Way Oversight Act), which was designed to promote expanded telecommunication services in Michigan
Renewable Energy Fund	To account for Public Act 295 of 2008, Clean, Renewable, and Efficient Energy Act activities of the Public Lighting Department
Donated Monies Fund	To account for donated funding received for Recreation Bequest Fund

DEBT SERVICE FUND

THE DEBT SERVICE FUND IS ESTABLISHED TO ACCOUNT FOR THE ACCUMULATION OF RESOURCES FOR THE PAYMENT OF DEBT AND PRINCIPAL AND INTEREST OF CERTAIN PROPRIETARY FUNDS' GENERAL OBLIGATIONS

CAPITAL PROJECTS FUND

THE CAPITAL PROJECTS FUND IS ESTABLISHED TO ACCOUNT FOR FINANCIAL RESOURCES TO BE USED FOR THE ACQUISITION OR CONSTRUCTION OF MAJOR CAPITAL FACILITIES (OTHER THAN THOSE FINANCED BY SPECIAL REVENUE FUNDS AND PROPRIETARY FUNDS)

PERMANENT FUNDS

PERMANENT FUNDS ACCOUNT FOR PRINCIPAL TRUST AMOUNTS RECEIVED AND RELATED INTEREST INCOME. THE INTEREST PORTION OF THE TRUST IS USED TO MAINTAIN THE COMMUNITY CEMETERY

PERPETUAL CARE - BEQUEST FUNDS

TO ACCOUNT FOR INCOME AND DISBURSEMENTS OF BEQUESTS ACCEPTED BY THE CITY

City of Detroit, Michigan
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2015

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Permanent Funds and Bequest Funds</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets:					
Cash and Cash Equivalents	\$ 51,891,503	\$ 9,372,471	\$ 26,526,253	\$ 1,675,148	\$ 89,465,375
Investments	12	—	34,490,486	—	34,490,498
Accounts and Contracts Receivable:					
Property Taxes Receivable	—	116,420,058	—	—	116,420,058
Special Assessments	—	—	541,890	—	541,890
Loans Receivable	18,000,000	—	—	—	18,000,000
Trade Receivable	35,803,496	—	45,693	—	35,849,189
Total Accounts and Contracts Receivable	53,803,496	116,420,058	587,583	—	170,811,137
Allowance for Uncollectible Accounts	(53,450,208)	(116,420,058)	(587,583)	—	(170,457,849)
Total Accounts and Contracts Receivable - Net	353,288	—	—	—	353,288
Due from Other Funds	104,849,779	12,302,085	30,841	—	117,182,705
Due from Fiduciary Funds	342,305	—	—	—	342,305
Due from Other Governmental Agencies	14,774,101	—	6,037,706	—	20,811,807
Other Assets	887,670	—	—	—	887,670
Total Assets	173,098,658	21,674,556	67,085,286	1,675,148	263,533,648
Deferred Outflows of Resources:	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 173,098,658	\$ 21,674,556	\$ 67,085,286	\$ 1,675,148	\$ 263,533,648
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts and Contracts Payable	\$ 10,459,057	\$ —	\$ 8,214,237	\$ 4,094	\$ 18,677,388
Accrued Liabilities	16,485,519	5	1,657,557	—	18,143,081
Accrued Salaries and Wages	821,207	—	—	—	821,207
Due to Other Funds	9,384,385	—	33,626	7,159	9,425,170
Due to Other Governmental Agencies	13,599,968	3,162,898	—	—	16,762,866
Deposits from Vendors and Customers	796,423	—	—	—	796,423
Unearned Revenues	25,706	—	—	—	25,706
Other Liabilities	1,273,650	—	2,018,834	—	3,292,484
Total Liabilities	52,845,915	3,162,903	11,924,254	11,253	67,944,325
Deferred Inflows of Resources:	663,626	—	480,303	—	1,143,929
Fund Balances:					
Nonspendable:					
Permanent Fund Principal	—	—	—	937,861	937,861
Restricted for:					
Highway and Street Improvements	66,979,875	—	—	—	66,979,875
Police	10,431,841	—	—	—	10,431,841
Endowments and Trusts	—	—	—	726,034	726,034
Capital Acquisitions	—	—	54,680,729	—	54,680,729
Local Business Growth	478,084	—	—	—	478,084
Rubbish Collection and Disposal	22,139,606	—	—	—	22,139,606
Construction Code	5,711,933	—	—	—	5,711,933
Grants	13,859,295	—	—	—	13,859,295
Debt Service	—	18,511,653	—	—	18,511,653
Unassigned	(11,517)	—	—	—	(11,517)
Total Fund Balances	119,589,117	18,511,653	54,680,729	1,663,895	194,445,394
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 173,098,658	\$ 21,674,556	\$ 67,085,286	\$ 1,675,148	\$ 263,533,648

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City of Detroit, Michigan
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Permanent Funds and Bequest Funds</u>	<u>Totals</u>
REVENUES:					
Taxes:					
Property Taxes	\$ —	\$ 63,701,505	\$ —	\$ —	\$ 63,701,505
Gas and Weight Tax	55,138,474	—	—	—	55,138,474
Interest and Penalties on Taxes	—	512,403	—	—	512,403
Other Taxes and Assessments	—	2,587,131	—	—	2,587,131
Licenses, Permits, and Inspection Charges	19,905,430	—	—	—	19,905,430
Intergovernmental:					
Federal	66,233,652	—	—	—	66,233,652
State	3,845,817	—	—	—	3,845,817
Other	3,331,668	—	—	—	3,331,668
Sales and Charges for Services	43,214,083	—	1,069,146	—	44,283,229
Ordinance Fines and Forfeitures	4,117,795	—	—	—	4,117,795
Investment Earnings	218,782	1,431	—	38,841	259,054
Other Revenue	50,448,613	3,313,637	135,570	—	53,897,820
Total Revenues	<u>246,454,314</u>	<u>70,116,107</u>	<u>1,204,716</u>	<u>38,841</u>	<u>317,813,978</u>
EXPENDITURES:					
Current:					
Public Protection	19,111,145	—	—	—	19,111,145
Health	2,924	—	—	—	2,924
Recreation and Culture	180,925	—	—	78,052	258,977
Economic Development	55,491,329	5,704,812	2,824,404	—	64,020,545
Educational Development	1,477	—	—	—	1,477
Physical Environment	40,430,820	—	—	—	40,430,820
Transportation Facilitation	28,936,547	—	—	—	28,936,547
Development and Management	424,792	—	—	—	424,792
Debt Service:					
Principal	24,477,000	37,795,000	—	—	62,272,000
Interest	3,805,228	19,316,758	—	—	23,121,986
Capital Outlay	55,193,144	—	6,722,549	—	61,915,693
Total Expenditures	<u>228,055,331</u>	<u>62,816,570</u>	<u>9,546,953</u>	<u>78,052</u>	<u>300,496,906</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>18,398,983</u>	<u>7,299,537</u>	<u>(8,342,237)</u>	<u>(39,211)</u>	<u>17,317,072</u>
OTHER FINANCING SOURCES (USES):					
Sources:					
Transfers In	9,300,320	—	—	—	9,300,320
Proceeds from Bonds and Notes Issued	20,195,000	—	—	—	20,195,000
Uses:					
Transfers Out	(19,233,797)	—	—	—	(19,233,797)
Extraordinary Item	11,359	(1,392,648)	76,679	—	(1,304,610)
Total Other Financing Sources (Uses)	<u>10,272,882</u>	<u>(1,392,648)</u>	<u>76,679</u>	<u>—</u>	<u>8,956,913</u>
Net Change in Fund Balances	28,671,865	5,906,889	(8,265,558)	(39,211)	26,273,985
Fund Balances at Beginning of Year	<u>90,917,252</u>	<u>12,604,764</u>	<u>62,946,287</u>	<u>1,703,106</u>	<u>168,171,409</u>
Fund Balances at End of Year	<u>\$ 119,589,117</u>	<u>\$ 18,511,653</u>	<u>\$ 54,680,729</u>	<u>\$ 1,663,895</u>	<u>\$ 194,445,394</u>

City of Detroit, Michigan
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2015

	Community Development Block Grant Fund	Construction Code Fund	Urban Development Fund	Detroit Workforce Development Fund	Drug Law Enforcement Fund
ASSETS					
Cash and Cash Equivalents	\$ 15,998,421	\$ —	\$ 3,156,789	\$ 532,706	\$ 11,033,319
Investments	12	—	—	—	—
Accounts and Contracts Receivable:					
Loans Receivable	18,000,000	—	—	—	—
Trade Receivables	—	125,836	—	—	—
Total Accounts and Contracts Receivable	18,000,000	125,836	—	—	—
Less: Allowance for Uncollectible Accounts	(18,000,000)	(125,836)	—	—	—
Total Accounts and Contracts Receivable - Net	—	—	—	—	—
Due from Other Funds	1,183,305	9,720,631	3,129	—	14,111
Due from Fiduciary Funds	—	342,305	—	—	—
Due from Other Governmental Agencies	2,974,364	—	—	120,175	—
Other Assets	887,670	—	—	—	—
Total Assets	\$ 21,043,772	\$ 10,062,936	\$ 3,159,918	\$ 652,881	\$ 11,047,430
Deferred Outflows of Resources	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 21,043,772	\$ 10,062,936	\$ 3,159,918	\$ 652,881	\$ 11,047,430
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)					
Liabilities:					
Accounts and Contracts Payable	\$ 1,992,969	\$ 378,357	\$ 1,000	\$ 16,477	\$ 57,244
Accrued Liabilities	4,357,906	129,402	1,979	—	306,490
Accrued Salaries and Wages	25,337	402,413	1,752	—	20,248
Due to Other Funds	5,081,794	2,552,440	196,054	293,822	231,607
Due to Other Governmental Agencies	657,769	—	122,325	—	—
Deposits from Vendors and Customers	740,868	—	55,555	—	—
Unearned Revenue	—	—	—	—	—
Other Liabilities	—	888,391	41,200	344,059	—
Total Liabilities	12,856,643	4,351,003	419,865	654,358	615,589
Deferred Inflows of Resources	658,589	—	—	—	—
Fund Balances:					
Restricted for:					
Highway and Street Improvements	—	—	—	—	—
Police	—	—	—	—	10,431,841
Local Business Growth	—	—	—	—	—
Rubbish Collection and Disposal	—	—	—	—	—
Construction Code	—	5,711,933	—	—	—
Grants	7,528,540	—	2,740,053	—	—
Unassigned	—	—	—	(1,477)	—
Total Fund Balances (Deficits)	7,528,540	5,711,933	2,740,053	(1,477)	10,431,841
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 21,043,772	\$ 10,062,936	\$ 3,159,918	\$ 652,881	\$ 11,047,430

Human Services Fund	Solid Waste Management Fund	Street Fund	Targeted Business Development Fund	Telecommunications Fund	Renewable Energy Fund	Donated Monies Fund	Totals
\$ 2,719,911	\$ 3,545,849	\$ 14,471,202	\$ —	\$ 399,317	\$ 8,283	\$ 25,706	\$ 51,891,503
—	—	—	—	—	—	—	12
—	—	—	—	—	—	—	18,000,000
—	33,639,796	1,591,306	—	—	446,558	—	35,803,496
—	33,639,796	1,591,306	—	—	446,558	—	53,803,496
—	(33,593,714)	(1,284,100)	—	—	(446,558)	—	(53,450,208)
—	46,082	307,206	—	—	—	—	353,288
203,618	32,043,895	55,188,078	5,015,203	1,272,689	205,120	—	104,849,779
—	—	—	—	—	—	—	342,305
—	835,606	8,698,139	—	2,145,817	—	—	14,774,101
—	—	—	—	—	—	—	887,670
<u>\$ 2,923,529</u>	<u>\$ 36,471,432</u>	<u>\$ 78,664,625</u>	<u>\$ 5,015,203</u>	<u>\$ 3,817,823</u>	<u>\$ 213,403</u>	<u>\$ 25,706</u>	<u>\$ 173,098,658</u>
—	—	—	—	—	—	—	—
<u>\$ 2,923,529</u>	<u>\$ 36,471,432</u>	<u>\$ 78,664,625</u>	<u>\$ 5,015,203</u>	<u>\$ 3,817,823</u>	<u>\$ 213,403</u>	<u>\$ 25,706</u>	<u>\$ 173,098,658</u>
\$ —	\$ 2,934,813	\$ 5,036,992	\$ —	\$ 41,205	\$ —	\$ —	\$ 10,459,057
—	1,345,902	5,806,721	4,537,119	—	—	—	16,485,519
—	110,439	261,018	—	—	—	—	821,207
47,251	—	580,019	—	399,319	—	2,079	9,384,385
2,879,202	9,940,672	—	—	—	—	—	13,599,968
—	—	—	—	—	—	—	796,423
—	—	—	—	—	—	25,706	25,706
—	—	—	—	—	—	—	1,273,650
<u>2,926,453</u>	<u>14,331,826</u>	<u>11,684,750</u>	<u>4,537,119</u>	<u>440,524</u>	<u>—</u>	<u>27,785</u>	<u>52,845,915</u>
—	—	—	—	—	—	5,037	663,626
—	—	66,979,875	—	—	—	—	66,979,875
—	—	—	—	—	—	—	10,431,841
—	—	—	478,084	—	—	—	478,084
—	22,139,606	—	—	—	—	—	22,139,606
—	—	—	—	—	—	—	5,711,933
—	—	—	—	3,377,299	213,403	—	13,859,295
(2,924)	—	—	—	—	—	(7,116)	(11,517)
<u>(2,924)</u>	<u>22,139,606</u>	<u>66,979,875</u>	<u>478,084</u>	<u>3,377,299</u>	<u>213,403</u>	<u>(7,116)</u>	<u>119,589,117</u>
<u>\$ 2,923,529</u>	<u>\$ 36,471,432</u>	<u>\$ 78,664,625</u>	<u>\$ 5,015,203</u>	<u>\$ 3,817,823</u>	<u>\$ 213,403</u>	<u>\$ 25,706</u>	<u>\$ 173,098,658</u>

City of Detroit, Michigan
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2015

	Community Development Block Grant Fund	Construction Code Fund	Urban Development Fund	Detroit Workforce Development Fund	Drug Law Enforcement Fund
REVENUES:					
Taxes:					
Gas and Weight Tax	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses, Permits, and Inspection Charges	—	19,905,430	—	—	—
Intergovernmental:					
Federal	54,816,337	—	11,417,315	—	—
State	—	—	—	—	—
Other	—	—	—	—	—
Sales and Charges for Services					
Ordinance Fines and Forfeitures	—	127,130	—	—	3,835,550
Investment Earnings	—	—	357	—	—
Other Revenue	1,338,530	—	332,225	—	—
Total Revenues	56,154,867	20,032,560	11,749,897	—	3,835,550
EXPENDITURES:					
Current:					
Public Protection	—	16,570,217	—	—	2,540,928
Health	—	—	—	—	—
Recreation and Culture	152,113	—	—	—	—
Economic Development	43,967,029	—	11,524,300	—	—
Educational Development	—	—	—	1,477	—
Physical Environment	—	—	—	—	—
Transportation Facilitation	—	—	—	—	—
Development and Management	424,792	—	—	—	—
Debt Service:					
Principal	24,477,000	—	—	—	—
Interest	3,805,228	—	—	—	—
Capital Outlay	—	—	—	—	558,820
Total Expenditures	72,826,162	16,570,217	11,524,300	1,477	3,099,748
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,671,295)	3,462,343	225,597	(1,477)	735,802
Other Financing Sources (Uses):					
Transfers In	—	(149,307)	—	—	—
Transfers Out	149,307	—	—	—	—
Extraordinary Item	—	3,610	—	—	6,023
Section 108 Federal Note Issued	20,195,000	—	—	—	—
Total Other Financing Sources (Uses)	20,344,307	(145,697)	—	—	6,023
Net Change in Fund Balances	3,673,012	3,316,646	225,597	(1,477)	741,825
Fund Balances at Beginning of Year	3,855,528	2,395,287	2,514,456	—	9,690,016
Fund Balances (Deficits) at End of Year	\$ 7,528,540	\$ 5,711,933	\$ 2,740,053	\$ (1,477)	\$ 10,431,841

<u>Human Services Fund</u>	<u>Solid Waste Management Fund</u>	<u>Street Fund</u>	<u>Targeted Business Development Fund</u>	<u>Telecommunications Fund</u>	<u>Renewable Energy Fund</u>	<u>Donated Monies Fund</u>	<u>Totals</u>
\$ —	\$ —	\$ 55,138,474	\$ —	\$ —	\$ —	\$ —	\$ 55,138,474
—	—	—	—	—	—	—	19,905,430
—	—	—	—	—	—	—	66,233,652
—	—	1,700,000	—	2,145,817	—	—	3,845,817
—	—	3,302,856	—	—	—	28,812	3,331,668
—	43,214,083	—	—	—	—	—	43,214,083
—	155,115	—	—	—	—	—	4,117,795
—	—	218,425	—	—	—	—	218,782
—	901,477	47,816,882	—	20,653	38,846	—	50,448,613
—	44,270,675	108,176,637	—	2,166,470	38,846	28,812	246,454,314
—	—	—	—	—	—	—	19,111,145
2,924	—	—	—	—	—	—	2,924
—	—	—	—	—	—	28,812	180,925
—	—	—	—	—	—	—	55,491,329
—	—	—	—	—	—	—	1,477
—	40,380,804	—	—	—	50,016	—	40,430,820
—	—	28,936,461	—	86	—	—	28,936,547
—	—	—	—	—	—	—	424,792
—	—	—	—	—	—	—	24,477,000
—	—	—	—	—	—	—	3,805,228
—	861,913	51,267,974	—	2,504,437	—	—	55,193,144
2,924	41,242,717	80,204,435	—	2,504,523	50,016	28,812	228,055,331
(2,924)	3,027,958	27,972,202	—	(338,053)	(11,170)	—	18,398,983
—	—	9,449,627	—	—	—	—	9,300,320
—	—	(19,383,104)	—	—	—	—	(19,233,797)
—	1,726	—	—	—	—	—	11,359
—	—	—	—	—	—	—	20,195,000
—	1,726	(9,933,477)	—	—	—	—	10,272,882
(2,924)	3,029,684	18,038,725	—	(338,053)	(11,170)	—	28,671,865
—	19,109,922	48,941,150	478,084	3,715,352	224,573	(7,116)	90,917,252
\$ (2,924)	\$ 22,139,606	\$ 66,979,875	\$ 478,084	\$ 3,377,299	\$ 213,403	\$ (7,116)	\$ 119,589,117

City of Detroit, Michigan
COMBINING BALANCE SHEET ACCOUNTS
OTHER GOVERNMENTAL FUNDS - STREET FUND
June 30, 2015

	<u>Major Account</u>	<u>Local Account</u>	<u>Totals</u>
ASSETS			
Cash and Cash Equivalents	\$ 8,468,526	\$ 6,002,676	\$ 14,471,202
Accounts and Contracts Receivable - Trade	<u>1,591,306</u>	<u>—</u>	<u>1,591,306</u>
Total Accounts and Contracts Receivable	1,591,306	—	1,591,306
Less: Allowance for Uncollectible Accounts	<u>(1,284,100)</u>	<u>—</u>	<u>(1,284,100)</u>
Total Accounts and Contracts Receivable - Net	307,206	—	307,206
Due from Other Funds	43,104,184	12,083,894	55,188,078
Due from Other Governmental Agencies	<u>6,759,622</u>	<u>1,938,517</u>	<u>8,698,139</u>
Total Assets	<u>\$ 58,639,538</u>	<u>\$ 20,025,087</u>	<u>\$ 78,664,625</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
Liabilities:			
Accounts and Contracts Payable	\$ 2,447,547	\$ 2,589,445	\$ 5,036,992
Due to Other Funds	232,661	347,358	580,019
Accrued Salaries and Wages	261,018	—	261,018
Accrued Liabilities	<u>3,714,348</u>	<u>2,092,373</u>	<u>5,806,721</u>
Total Liabilities	<u>6,655,574</u>	<u>5,029,176</u>	<u>11,684,750</u>
Deferred Inflows of Resources:	<u>—</u>	<u>—</u>	<u>—</u>
Fund Balances:			
Restricted for Highway and Street Improvements	<u>51,983,964</u>	<u>14,995,911</u>	<u>66,979,875</u>
Total Fund Balances	<u>51,983,964</u>	<u>14,995,911</u>	<u>66,979,875</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 58,639,538</u>	<u>\$ 20,025,087</u>	<u>\$ 78,664,625</u>

City of Detroit, Michigan
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE ACCOUNTS
OTHER GOVERNMENTAL FUNDS - STREET FUND
For the Year Ended June 30, 2015

	<u>Major Account</u>	<u>Local Account</u>	<u>Totals</u>
Revenues:			
Gas and Weight Tax	\$ 43,044,438	\$ 12,094,036	\$ 55,138,474
Intergovernmental:			
State	1,700,000	-	1,700,000
Other	3,302,856	—	3,302,856
Investment Earnings	164,556	53,869	218,425
Other Revenue	<u>46,459,189</u>	<u>1,357,693</u>	<u>47,816,882</u>
Total Revenues	<u>94,671,039</u>	<u>13,505,598</u>	<u>108,176,637</u>
Expenditures:			
Transportation Facilitation	21,855,089	7,081,372	28,936,461
Capital Outlay	<u>39,304,375</u>	<u>11,963,599</u>	<u>51,267,974</u>
Total Expenditures	<u>61,159,464</u>	<u>19,044,971</u>	<u>80,204,435</u>
Excess of Revenues Over (Under) Expenditures	<u>33,511,575</u>	<u>(5,539,373)</u>	<u>27,972,202</u>
Other Financing Sources (Uses):			
Transfers In	—	9,449,627	9,449,627
Transfers Out	<u>(19,383,104)</u>	<u>—</u>	<u>(19,383,104)</u>
Total Other Financing Sources (Uses)	<u>(19,383,104)</u>	<u>9,449,627</u>	<u>(9,933,477)</u>
Net Change in Fund Balances	14,128,471	3,910,254	18,038,725
Fund Balances at Beginning of Year	<u>37,855,493</u>	<u>11,085,657</u>	<u>48,941,150</u>
Fund Balances at End of Year	<u>\$ 51,983,964</u>	<u>\$ 14,995,911</u>	<u>\$ 66,979,875</u>

City of Detroit, Michigan
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL PERMANENT FUNDS
June 30, 2015

	Permanent Funds		
	Bequest Funds		
	Other Trust	Cemetery Trust	Totals
ASSETS			
Cash and Cash Equivalents	\$ 49,351	\$ 1,625,797	\$ 1,675,148
Total Assets	\$ 49,351	\$ 1,625,797	\$ 1,675,148
LIABILITIES AND FUND BALANCES			
Liabilities: Accounts and Contracts Payable	\$ —	\$ 4,094	\$ 4,094
Due to Other Funds	—	7,159	7,159
Total Liabilities	—	11,253	11,253
Fund Balance			
Nonspendable - Permanent Fund Principal	40,349	897,512	937,861
Restricted for Endowments and Trusts	9,002	717,032	726,034
Total Liabilities and Fund Balances	\$ 49,351	\$ 1,625,797	\$ 1,675,148

City of Detroit, Michigan
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL PERMANENT FUNDS
BEQUEST FUNDS
For the Year Ended June 30, 2015

	<u>Permanent Funds</u>		<u>Totals</u>
	<u>Bequest Funds</u>		
	<u>Other</u> <u>Trust</u>	<u>Cemetery</u> <u>Trust</u>	
Revenues - Investment Earnings	\$ —	\$ 38,841	\$ 38,841
Expenditures - Recreation and Culture	—	78,052	78,052
Excess of Revenues Over Expenditures	—	(39,211)	(39,211)
Fund Balances at Beginning of Year	49,351	1,653,755	1,703,106
Fund Balances at End of Year	<u>\$ 49,351</u>	<u>\$ 1,614,544</u>	<u>\$ 1,663,895</u>

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental - Federal	\$ 2,311,576	\$ 17,609,314	\$ 54,816,337	\$ 37,207,023
Investment Earnings	—	(181,816)	—	181,816
Other Revenue	—	(10,949,363)	1,338,530	12,287,893
Total Revenues	2,311,576	6,478,135	56,154,867	49,676,732
Expenditures:				
Current:				
Recreation and Culture	—	—	152,113	(152,113)
Economic Development	2,311,576	21,931,197	43,967,029	(22,035,832)
Development and Management	—	—	424,792	(424,792)
Debt Service	—	—	28,282,228	(28,282,228)
Capital Outlay	—	506,572	—	506,572
Total Expenditures	2,311,576	22,437,769	72,826,162	(50,388,393)
Deficiency of Revenues Over Expenditures	—	(15,959,634)	(16,671,295)	(711,661)
Other Financing Sources (Uses):				
Transfers In	—	141,576	—	(141,576)
Transfers Out	—	—	149,307	149,307
Section 108 Federal Note Issued	—	—	20,195,000	20,195,000
Total Other Financing Sources (Uses)	—	141,576	20,344,307	20,202,731
Net Change in Fund Balance	—	(15,818,058)	3,673,012	19,491,070
Fund Balance at Beginning of Year	3,855,528	3,855,528	3,855,528	—
Fund Balance (Deficit) at End of Year	\$ 3,855,528	\$ (11,962,530)	\$ 7,528,540	\$ 19,491,070

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
CONSTRUCTION CODE FUND
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses, Permits, and Inspection Charges	\$ 17,973,955	\$ 19,673,134	\$ 19,905,430	\$ 232,296
Intergovernmental:				
Federal	—	500,000	—	(500,000)
Sales and Charges for Services	872,279	1,034,812	—	(1,034,812)
Ordinance Fines and Forfeitures	250,000	2,487,958	127,130	(2,360,828)
Total Revenues	<u>19,096,234</u>	<u>23,695,904</u>	<u>20,032,560</u>	<u>(3,663,344)</u>
Expenditures:				
Public Protection	18,867,234	21,068,105	16,570,217	4,497,888
Debt Service	100,000	113,200	—	113,200
Capital Outlay	129,000	259,466	—	259,466
Total Expenditures	<u>19,096,234</u>	<u>21,440,771</u>	<u>16,570,217</u>	<u>(4,870,554)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	2,255,133	3,462,343	1,207,210
Other Financing Sources:				
Transfers In	—	—	(149,307)	(149,307)
Transfers Out	—	(5,469,972)	—	5,469,972
Extraordinary Item	—	—	3,610	3,610
Total Other Financing Sources	<u>—</u>	<u>(5,469,972)</u>	<u>(145,697)</u>	<u>5,324,275</u>
Net Change in Fund Balance	—	(3,214,839)	3,316,646	6,531,485
Fund Balance at Beginning of Year	<u>2,395,287</u>	<u>2,395,287</u>	<u>2,395,287</u>	<u>—</u>
Fund Balance (Deficit) at End of Year	<u>\$ 2,395,287</u>	<u>\$ (819,552)</u>	<u>\$ 5,711,933</u>	<u>\$ 6,531,485</u>

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
URBAN DEVELOPMENT FUND
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental - Federal	\$ 4,132,931	\$ 16,676,010	\$ 11,417,315	\$ (5,258,695)
Investment Earnings	—	(292,295)	357	292,652
Other Revenue	<u>2,500,000</u>	<u>7,583,289</u>	<u>332,225</u>	<u>(7,251,064)</u>
Total Revenues	6,632,931	23,967,004	11,749,897	(12,217,107)
Expenditures:				
Economic Development	6,632,931	17,394,632	11,524,300	5,870,332
Capital Outlay	—	300,321	—	300,321
Total Expenditures	<u>6,632,931</u>	<u>17,694,953</u>	<u>11,524,300</u>	<u>6,170,653</u>
Excess of Revenues Over				
Expenditures	—	6,272,051	225,597	(6,046,454)
Other Financing Uses - Transfers Out	—	(6,189,563)	—	6,189,563
Total Other Financing Uses	<u>—</u>	<u>(6,189,563)</u>	<u>—</u>	<u>6,189,563</u>
Net Change in Fund Balance	—	82,488	225,597	143,109
Fund Balance at Beginning of Year	<u>2,514,456</u>	<u>2,514,456</u>	<u>2,514,456</u>	—
Fund Balance at End of Year	<u>\$ 2,514,456</u>	<u>\$ 2,596,944</u>	<u>\$ 2,740,053</u>	<u>\$ 143,109</u>

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
DETROIT WORKFORCE DEVELOPMENT FUND
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
Federal	\$ —	\$ (95,625)	\$ —	\$ 95,625
Total Revenues	<u>—</u>	<u>(95,625)</u>	<u>—</u>	<u>95,625</u>
Expenditures:				
Educational Development	—	1,695,132	1,477	1,693,655
Capital Outlay	<u>—</u>	<u>(272)</u>	<u>—</u>	<u>(272)</u>
Total Expenditures	<u>—</u>	<u>1,694,860</u>	<u>1,477</u>	<u>1,693,383</u>
Deficiency of Revenues under Expenditures	<u>—</u>	<u>(1,790,485)</u>	<u>(1,477)</u>	<u>1,789,008</u>
Net Change in Fund Balance	—	(1,790,485)	(1,477)	1,789,008
Fund Balance at Beginning of Year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund Balance at End of Year	<u>\$ —</u>	<u>\$ (1,790,485)</u>	<u>\$ (1,477)</u>	<u>\$ 1,789,008</u>

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
DRUG LAW ENFORCEMENT FUND
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Ordinance Fines and Forfeitures	\$ —	\$ —	\$ 3,835,550	\$ 3,835,550
Investment Earnings	—	(1,082)	—	1,082
Other Revenue	1,049,098	10,275,727	—	(10,275,727)
Total Revenues	<u>1,049,098</u>	<u>10,274,645</u>	<u>3,835,550</u>	<u>(6,439,095)</u>
Expenditures:				
Public Protection	1,049,098	8,744,661	2,540,928	6,203,733
Capital Outlay	—	1,328,043	558,820	769,223
Total Expenditures	<u>1,049,098</u>	<u>10,072,704</u>	<u>3,099,748</u>	<u>6,972,956</u>
Excess of Revenues Over Expenditures	—	201,941	735,802	533,861
Extraordinary Item	—	—	6,023	6,023
Fund Balance at Beginning of Year	<u>9,690,016</u>	<u>9,690,016</u>	<u>9,690,016</u>	<u>—</u>
Fund Balance at End of Year	<u>\$ 9,690,016</u>	<u>\$ 9,891,957</u>	<u>\$ 10,431,841</u>	<u>\$ 539,884</u>

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
HUMAN SERVICES FUND
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Final Budget-</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
Intergovernmental - Federal	\$ —	\$ 11,282,109	\$ —	\$ (11,282,109)
Total Revenues	—	11,282,109	—	(11,282,109)
Expenditures:				
Health	—	6,468,624	2,924	6,465,700
Capital Outlay	—	38,544	—	38,544
Total Expenditures	—	6,507,168	2,924	6,504,244
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	4,774,941	(2,924)	(4,777,865)
Other Financing Sources - Transfers In	—	270	—	(270)
Net Change in Fund Balance	—	4,775,211	(2,924)	(4,778,135)
Fund Balance at Beginning of Year	—	—	—	—
Fund Balance at End of Year	\$ —	\$ 4,775,211	\$ (2,924)	\$ (4,778,135)

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
SOLID WASTE MANAGEMENT FUND
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Sales and Charges for Services	\$ 40,659,000	\$ 35,002,766	\$ 43,214,083	\$ 8,211,317
Ordinance Fines and Forfeitures	95,000	104,446	155,115	50,669
Investment Losses	—	(3,123)	—	3,123
Other Revenue	—	(964,346)	901,477	1,865,823
Total Revenues	<u>40,754,000</u>	<u>34,139,743</u>	<u>44,270,675</u>	<u>10,130,932</u>
Expenditures:				
Physical Environment	40,954,000	67,654,074	40,380,804	27,273,270
Capital Outlay	—	943,525	861,913	81,612
Total Expenditures	<u>40,954,000</u>	<u>68,597,599</u>	<u>41,242,717</u>	<u>27,354,882</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(200,000)	(34,457,856)	3,027,958	37,485,814
Other Financing Sources - Transfers In	200,000	462,684	—	(462,684)
Extraordinary Item	—	—	1,726	1,726
Net Change in Fund Balance	<u>—</u>	<u>(33,995,172)</u>	<u>3,029,684</u>	<u>37,024,856</u>
Fund Balance at Beginning of Year	<u>19,109,922</u>	<u>19,109,922</u>	<u>19,109,922</u>	<u>—</u>
Fund Balance (Deficit) at End of Year	<u>\$ 19,109,922</u>	<u>\$ (14,885,250)</u>	<u>\$ 22,139,606</u>	<u>\$ 37,024,856</u>

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
MAJOR STREET FUND
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Gas and Weight Tax	\$ 53,950,168	\$ 75,130,671	\$ 43,044,438	\$ (32,086,233)
Intergovernmental:				
State	—	21,321,327	1,700,000	(19,621,327)
Other	—	2,255,256	3,302,856	1,047,600
Investment Earnings	55,000	88,057	164,556	76,499
Other Revenue	<u>8,473,528</u>	<u>176,556,270</u>	<u>46,459,189</u>	<u>(130,097,081)</u>
Total Revenues	<u>62,478,696</u>	<u>275,351,581</u>	<u>94,671,039</u>	<u>(180,680,542)</u>
Expenditures:				
Transportation Facilitation	49,721,263	151,234,051	21,855,089	129,378,962
Capital Outlay	<u>12,757,433</u>	<u>147,321,118</u>	<u>39,304,375</u>	<u>108,016,743</u>
Total Expenditures	<u>62,478,696</u>	<u>298,555,169</u>	<u>61,159,464</u>	<u>(237,395,705)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>—</u>	<u>(23,203,588)</u>	<u>33,511,575</u>	<u>56,715,163</u>
Other Financing Sources (Uses):				
Transfers In	—	65,822,745	—	(65,822,745)
Transfers Out	<u>—</u>	<u>(23,346,563)</u>	<u>(19,383,104)</u>	<u>3,963,459</u>
Total Other Financing Sources (Uses)	<u>—</u>	<u>42,476,182</u>	<u>(19,383,104)</u>	<u>(61,859,286)</u>
Net Change in Fund Balance	—	19,272,594	14,128,471	(5,144,123)
Fund Balance at Beginning of Year	<u>37,855,493</u>	<u>37,855,493</u>	<u>37,855,493</u>	<u>—</u>
Fund Balance at End of Year	<u>\$ 37,855,493</u>	<u>\$ 57,128,087</u>	<u>\$ 51,983,964</u>	<u>\$ (5,144,123)</u>

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
LOCAL STREET FUND
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Gas and Weight Tax	\$ —	\$ 13,002,098	\$ 12,094,036	\$ (908,062)
Investment Earnings	—	22,246	53,869	31,623
Other Revenues	—	1,913,308	1,357,693	(555,615)
Total Revenues	—	14,937,652	13,505,598	(1,432,054)
Expenditures:				
Transportation Facilitation	—	18,344,197	7,081,372	11,262,825
Capital Outlay	—	57,080,621	11,963,599	45,117,022
Total Expenditures	—	75,424,818	19,044,971	56,379,847
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	(60,487,166)	(5,539,373)	54,947,793
Other Financing Sources (Uses):				
Transfers In	—	10,542,376	9,449,627	(1,092,749)
Total Other Financing Sources (Uses)	—	10,542,376	9,449,627	(1,092,749)
Net Change in Fund Balance	—	(49,944,790)	3,910,254	53,855,044
Fund Balance at Beginning of Year	11,085,657	11,085,657	11,085,657	—
Fund Balance (Deficit) at End of Year	\$ 11,085,657	\$ (38,859,133)	\$ 14,995,911	\$ 53,855,044

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
TARGETED BUSINESS DEVELOPMENT FUND
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Final Budget-</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$ —	\$ 9,074,238	\$ —	\$ (9,074,238)
Expenditures - Economic Development	—	—	—	—
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	9,074,238	—	(9,074,238)
Fund Balance at Beginning of Year	478,084	478,084	478,084	—
Fund Balance at End of Year	\$ 478,084	\$ 9,552,322	\$ 478,084	\$ (9,074,238)

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
TELECOMMUNICATIONS FUND
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental - State	\$ 2,530,000	\$ 182,483	\$ 2,145,817	\$ 1,963,334
Investment Earnings	—	(52,537)	—	52,537
Other Revenue	—	—	20,653	20,653
Total Revenues	<u>2,530,000</u>	<u>129,946</u>	<u>2,166,470</u>	<u>2,036,524</u>
Expenditures:				
Transportation Facilitation	—	(324,513)	86	(324,599)
Capital Outlay	<u>2,530,000</u>	<u>4,488,216</u>	<u>2,504,437</u>	<u>1,983,779</u>
Total Expenditures	<u>2,530,000</u>	<u>4,163,703</u>	<u>2,504,523</u>	<u>1,659,180</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	(4,033,757)	(338,053)	3,695,704
Fund Balance at Beginning of Year	<u>3,715,352</u>	<u>3,715,352</u>	<u>3,715,352</u>	<u>—</u>
Fund Balance (Deficit) at End of Year	<u>\$ 3,715,352</u>	<u>\$ (318,405)</u>	<u>\$ 3,377,299</u>	<u>\$ 3,695,704</u>

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
RENEWABLE ENERGY FUND
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Final Budget-</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues - Other	\$ —	\$ 1,399,150	\$ 38,846	\$ (1,360,304)
Expenditures	—	1,967,429	50,016	1,917,413
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	(568,279)	(11,170)	557,109
Fund Balance at Beginning of Year	224,573	224,573	224,573	—
Fund Balance at End of Year	\$ 224,573	\$ (343,706)	\$ 213,403	\$ 557,109

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
DONATED MONIES FUND
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Final Budget-</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$ —	\$ —	\$ 28,812	\$ 28,812
Expenditures	<u>—</u>	<u>—</u>	<u>28,812</u>	<u>(28,812)</u>
Excess of Revenues Over Expenditures	—	—	—	—
Fund Balance at Beginning of Year	<u>(7,116)</u>	<u>(7,116)</u>	<u>(7,116)</u>	<u>—</u>
Fund Balance at End of Year	<u>\$ (7,116)</u>	<u>\$ (7,116)</u>	<u>\$ (7,116)</u>	<u>\$ —</u>

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
DEBT SERVICE FUND
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 50,933,208	\$ 50,933,208	\$ 63,701,505	\$ 12,768,297
Other Taxes and Assessments	12,427,638	12,427,638	3,099,534	(9,328,104)
Investment Earnings	—	—	1,431	1,431
Other Revenue	3,351,142	3,351,142	3,313,637	(37,505)
Total Revenues	<u>66,711,988</u>	<u>66,711,988</u>	<u>70,116,107</u>	<u>3,404,119</u>
Expenditures:				
Economic Development	4,163,808	4,163,808	5,704,812	(1,541,004)
Debt Service:				
Principal	33,653,419	25,370,257	37,795,000	(12,424,743)
Interest	22,040,724	16,615,812	19,316,758	(2,700,946)
Total Expenditures	<u>59,857,951</u>	<u>46,149,877</u>	<u>62,816,570</u>	<u>(16,666,693)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,854,037	20,562,111	7,299,537	(13,262,574)
Other Financing Sources:				
Special Item - Pension Obligation Certificates	—	—	(1,392,648)	(1,392,648)
Transfers Out	(6,854,037)	(20,562,111)	—	20,562,111
Total Other Financing Sources	<u>(6,854,037)</u>	<u>(20,562,111)</u>	<u>(1,392,648)</u>	<u>19,169,463</u>
Net Change in Fund Balance	—	—	5,906,889	5,906,889
Fund Balance at Beginning of Year	<u>12,604,764</u>	<u>12,604,764</u>	<u>12,604,764</u>	<u>—</u>
Fund Balance at End of Year	<u>\$ 12,604,764</u>	<u>\$ 12,604,764</u>	<u>\$ 18,511,653</u>	<u>\$ 5,906,889</u>

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUND
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Final Budget-</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental - Federal	\$ —	\$ 1,524,845	\$ —	\$ (1,524,845)
Investment Earnings	—	(2,138,815)	—	2,138,815
Sales and Charges for Services	—	—	1,069,146	1,069,146
Other Revenue	—	5,506,258	135,570	(5,370,688)
Total Revenues	—	4,892,288	1,204,716	(3,687,572)
Expenditures:				
Economic Development	—	—	2,824,404	(2,824,404)
Capital Outlay	—	78,641,616	6,722,549	71,919,067
Bond Issuance Costs	—	(15,284)	—	(15,284)
Total Expenditures	—	78,626,332	9,546,953	69,079,379
Deficiency of Revenues Under Expenditures	—	(73,734,044)	(8,342,237)	(72,766,951)
Other Financing Sources (Uses):				
Sources:				
Transfers In	—	(16,377,212)	—	16,377,212
Bond and Notes Issued	—	29,497,571	—	(29,497,571)
Uses:				
Transfers Out	—	26,570,616	—	(26,570,616)
Interest Paid to Bond Agent for Refunded Bonds	—	(4,331,334)	—	4,331,334
Total Other Financing Sources (Uses)	—	35,359,641	76,679	(35,282,962)
Net Change in Fund Balance	—	(38,374,403)	(8,265,558)	30,108,845
Fund Balance at Beginning of Year	62,946,287	62,946,287	62,946,287	—
Fund Balance at End of Year	\$ 62,946,287	\$ 24,571,884	\$ 54,680,729	\$ 30,108,845

**COMBINING STATEMENT OF OTHER ENTERPRISE
FUNDS**

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City of Detroit, Michigan
COMBINING STATEMENT OF NET POSITION
OTHER ENTERPRISE FUNDS
For the Year Ended June 30, 2015

	<u>Airport Fund</u>	<u>Public Lighting Authority Fund</u>	<u>Totals</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 2,773,272	\$ 12,002,453	\$ 14,775,725
Accounts and Contracts Receivable:			
Other Receivables - Trade	<u>1,266,300</u>	<u>598,849</u>	<u>1,865,149</u>
Allowance for Uncollectible Accounts	<u>(803,231)</u>	<u>—</u>	<u>(803,231)</u>
Total Accounts and Contracts Receivable - Net	<u>463,069</u>	<u>598,849</u>	<u>1,061,918</u>
Due from Other Funds	9,781	—	9,781
Prepaid Expenses	<u>5,357</u>	<u>713,208</u>	<u>718,565</u>
Total Current Assets	<u>3,251,479</u>	<u>13,314,510</u>	<u>16,565,989</u>
Noncurrent Assets:			
Restricted:			
Investments	—	132,041,868	132,041,868
Capital Assets:			
Land and Land Rights	17,461,958	—	17,461,958
Land Improvements	10,916,778	—	10,916,778
Buildings and Structures	5,853,773	—	5,853,773
Vehicles and Buses	1,326,693	—	1,326,693
Machinery, Equipment, and Fixtures	1,852,927	549,483	2,402,410
Construction in Progress	<u>—</u>	<u>79,459,024</u>	<u>79,459,024</u>
Total Capital Assets	<u>37,412,129</u>	<u>80,008,507</u>	<u>117,420,636</u>
Less: Accumulated Depreciation	<u>(16,046,190)</u>	<u>(55,266)</u>	<u>(16,101,456)</u>
Capital Assets - Net	<u>21,365,939</u>	<u>79,953,241</u>	<u>101,319,180</u>
Total Noncurrent Assets	<u>21,365,939</u>	<u>211,995,109</u>	<u>233,361,048</u>
Total Assets	<u>24,617,418</u>	<u>225,309,619</u>	<u>249,927,037</u>
Deferred Outflows of Resources	198,846	—	198,846
Total Assets and Deferred Outflows of Resources	<u>24,816,264</u>	<u>225,309,619</u>	<u>250,125,883</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 24,816,264</u>	<u>\$ 225,309,619</u>	<u>\$ 250,125,883</u>

(Continued)

City of Detroit, Michigan
COMBINING STATEMENT OF NET POSITION
OTHER ENTERPRISE FUNDS
For the Year Ended June 30, 2015

	<u>Airport Fund</u>	<u>Public Lighting Authority Fund</u>	<u>Totals</u>
LIABILITIES AND NET POSITION (DEFICIT)			
Current Liabilities:			
Accounts and Contracts Payable	\$ 363,021	\$ 5,849,728	\$ 6,212,749
Accrued Salaries and Wages	8,627	—	8,627
Due to Other Funds	2,900,584	—	2,900,584
Due to Fiduciary Funds	410,294	—	410,294
Due to Other Governmental Agencies	2,234	—	2,234
Accrued Interest	7,081	4,532,175	4,539,256
Other Liabilities	113,950	—	113,950
Bonds, Notes, and Capital Leases	—	3,344,458	3,344,458
Accrued Compensated Absences	18,642	—	18,642
Accrued Workers' Compensation and Claims and Judgments	91,000	—	91,000
Total Current Liabilities	<u>3,915,433</u>	<u>13,726,361</u>	<u>17,641,794</u>
Noncurrent Liabilities:			
Bonds and Notes Payable - Net	552,308	192,474,834	193,027,142
Accrued Workers' Compensation and Claims and Judgments	71,000	—	71,000
Accrued Other Postemployment Benefits	2,236	—	2,236
Net Pension Liability	2,300,828	—	2,300,828
Total Noncurrent Liabilities	<u>2,926,372</u>	<u>192,474,834</u>	<u>195,401,206</u>
Total Liabilities	<u>6,841,805</u>	<u>206,201,195</u>	<u>213,043,000</u>
Deferred Inflows of Resources	<u>251,997</u>	<u>—</u>	<u>251,997</u>
Net Position:			
Net Investment in Capital Assets	21,365,939	74,428,107	95,794,046
Unrestricted (Deficit)	<u>(3,643,477)</u>	<u>(55,319,683)</u>	<u>(58,963,160)</u>
Total Net Position (Deficit)	<u>17,722,462</u>	<u>19,108,424</u>	<u>36,830,886</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 24,816,264</u>	<u>\$ 225,309,619</u>	<u>\$ 250,125,883</u>

City of Detroit, Michigan
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
OTHER ENTERPRISE FUNDS
For the Year Ended June 30, 2015

	Airport Fund	Public Lighting Authority Fund	Totals
Operating Revenues:			
Sales and Charges for Services	\$ 5,885	\$ —	\$ 5,885
Rentals, Fees, and Surcharges	586,064	5,527,177	6,113,241
Miscellaneous	36,272	1,180,465	1,216,737
Total Operating Revenues	<u>628,221</u>	<u>6,707,642</u>	<u>7,335,863</u>
Operating Expenses:			
Salaries, Wages, and Benefits	99,085	1,969,709	2,068,794
Operating	1,076,050	3,569,896	4,645,946
Maintenance	52,361	—	52,361
Materials, Supplies, and Other Expenses	41,680	—	41,680
Depreciation	95,796	50,216	146,012
Total Operating Expenses	<u>1,364,972</u>	<u>5,589,821</u>	<u>6,954,793</u>
Operating Income (Loss)	<u>(736,751)</u>	<u>1,117,821</u>	<u>381,070</u>
Non-Operating Revenues (Expenses):			
Investment Earnings (Losses)	(7,081)	65,856	58,775
Federal and State Grants	4,090,467	—	4,090,467
Interest on Bonds, Notes Payable, and Loans	—	(8,997,509)	(8,997,509)
Extraordinary item	(552,308)	—	(552,308)
Bond Issuance Costs	—	(2,119,241)	(2,119,241)
Total Non-Operating Revenues (Expenses), Net	<u>3,531,078</u>	<u>(11,050,894)</u>	<u>(7,519,816)</u>
Net Income (Loss) Before Contributions and Transfers	<u>2,794,327</u>	<u>(9,933,073)</u>	<u>(7,138,746)</u>
Transfers In	866,910	12,500,000	13,366,910
Increase (Decrease) in Net Position	3,661,237	2,566,927	6,228,164
Net Position (Deficit) - Beginning of Year, as Restated (Note I(t))	14,061,225	16,541,497	30,602,722
Net Position (Deficit) - End of Year	<u>\$ 17,722,462</u>	<u>\$ 19,108,424</u>	<u>\$ 36,830,886</u>

City of Detroit, Michigan
COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
For the Year Ended June 30, 2015

	<u>Airport Fund</u>	<u>Public Lighting Authority Fund</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 316,300	\$ 1,180,465	\$ 1,496,765
Receipts from Other Funds	2,482,254	5,685,825	8,168,079
Deposits Refunded to Customers	310	—	310
Payments to Suppliers	(3,410,661)	(4,263,576)	(7,674,237)
Payments to Employees	<u>(1,124,672)</u>	<u>(1,886,592)</u>	<u>(3,011,264)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(1,736,469)</u>	<u>716,122</u>	<u>(1,020,347)</u>
Cash Flows from Non-Capital Financing Activities:			
Federal and State Grants	4,104,745	—	4,104,745
Proceeds from Issuance of Debt	552,308	—	552,308
Transfers from Other Funds	<u>866,910</u>	<u>12,500,000</u>	<u>13,366,910</u>
Net Cash Provided by Non-Capital Financing Activities	<u>5,523,963</u>	<u>12,500,000</u>	<u>18,023,963</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(2,923,660)	(66,353,324)	(69,276,984)
Proceeds from Bond and Note Issuances	—	134,074,509	134,074,509
Interest Paid on Bonds, Notes, and Leases - Net	<u>—</u>	<u>(4,839,792)</u>	<u>(4,839,792)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(2,923,660)</u>	<u>62,881,393</u>	<u>59,957,733</u>
Cash Flows from Investing Activities:			
Purchases of Investments	—	(79,692,685)	(79,692,685)
Earnings (Losses) from Investment Securities	<u>—</u>	<u>65,856</u>	<u>65,856</u>
Net Cash Used in Investing Activities	<u>—</u>	<u>(79,626,829)</u>	<u>(79,626,829)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	863,834	(3,529,314)	(2,665,480)
Cash and Cash Equivalents at Beginning of Year	<u>1,909,438</u>	<u>15,531,767</u>	<u>17,441,205</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,773,272</u>	<u>\$ 12,002,453</u>	<u>\$ 14,775,725</u>

(Continued)

City of Detroit, Michigan
COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
For the Year Ended June 30, 2015

	<u>Airport Fund</u>	<u>Public Lighting Authority Fund</u>	<u>Totals</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating Income (Loss)	\$ (736,751)	\$ 1,117,821	\$ 381,070
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
Depreciation and Amortization	95,796	50,216	146,012
Changes in Assets and Liabilities:			
Accounts and Contracts Receivable	(109,789)	158,651	48,862
Prepaid Expenses	17,722	(713,208)	(695,486)
Due from Other Funds	15,534	—	15,534
Accounts and Contracts Payable	290,331	102,642	392,973
Due to Other Funds	2,264,588	—	2,264,588
Due to Fiduciary Funds	41,859	—	41,859
Other Liabilities	(2,548,313)	—	(2,548,313)
Net Pension Liability	(950,600)	—	(950,600)
Accrued Compensated Absences	(436)	—	(436)
Accrued Workers' Compensation and Claims and Judgments	(112,800)	—	(112,800)
Accrued Other Postemployment Benefits	(6,783)	—	(6,783)
Accrued Salaries and Wages	3,173	—	3,173
Net Cash Provided by (Used in) Operating Activities	<u>\$ (1,736,469)</u>	<u>\$ 716,122</u>	<u>\$ (1,020,347)</u>
Noncash activities:			
Acquisition of Capital Assets under Accounts Payable	—	5,525,134	5,525,134
Extraordinary item (Note 1(t))	(552,308)	—	(552,308)

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COMBINING STATEMENT OF FIDUCIARY FUNDS

City of Detroit, Michigan
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - PENSION AND OTHER EMPLOYMENT BENEFITS TRUSTS
June 30, 2015

	Pension					
	General Retirement System			Policemen & Firemen Retirement System		
	Hybrid Plan Component I	Legacy		Component I	Component II	Total
		Pension Plan Component II	Total			
ASSETS						
Cash and Cash Equivalents	\$ 50,797,728	\$ 9,658,736	60,456,464	\$ 14,609,372	\$ 8,463,206	23,072,578
Investments at Fair Value:						
Short-Term Investments	13,191,495	123,689,645	136,881,140	7,428,186	127,134,983	134,563,169
Commercial Paper	—	—	—	—	—	—
Bonds and Stocks	—	1,161,535,201	1,161,535,201	—	1,884,981,748	1,884,981,748
Mortgage-Backed Securities	—	21,673,758	21,673,758	—	92,429,159	92,429,159
Mortgage and Construction Loans	—	98,223,231	98,223,231	—	104,527,596	104,527,596
Commingled equity funds	—	—	—	—	—	—
Equity Interest in Real Estate	—	237,948,384	237,948,384	—	261,131,448	261,131,448
Real Estate Investment Trusts Held by Custodian	—	—	—	—	182,384,634	182,384,634
Government Investment Pools	—	6,953,000	6,953,000	—	456,408,701	456,408,701
Private Placements	—	314,454,028	314,454,028	—	69,538,193	69,538,193
Total Investments	<u>13,191,495</u>	<u>1,964,477,247</u>	<u>1,977,668,742</u>	<u>7,428,186</u>	<u>3,178,536,462</u>	<u>3,185,964,648</u>
Accrued Interest Receivable	—	2,695,631	2,695,631	—	12,545,899	12,545,899
Accounts Receivable:						
Due from Primary Government	—	—	—	—	—	—
Due from Component Units	—	14,514,334	14,514,334	—	—	—
Due from Other Governmental Units	—	—	—	—	—	—
Due from other Pension Funds	—	—	—	—	688,078	688,078
Receivables from Investment Sales	—	18,153,918	18,153,918	—	85,114,310	85,114,310
Other Receivables	3,598	10,753,209	10,756,807	—	15,488,066	15,488,066
ASF recoupment receivable	—	108,307,459	108,307,459	—	—	—
Prepaid Expenditures	—	—	—	—	—	—
Restricted Assets	—	32,500,000	32,500,000	—	—	—
Cash and Investments Held as Collateral for Securities Lending	—	96,957,131	96,957,131	—	300,530,137	300,530,137
Capital Assets	—	1,330,740	1,330,740	—	1,286,517	1,286,517
Total Assets	<u>63,992,821</u>	<u>2,259,348,405</u>	<u>2,323,341,226</u>	<u>22,037,558</u>	<u>3,602,652,675</u>	<u>3,624,690,233</u>
LIABILITIES						
Accounts and Contracts Payable	—	—	—	—	—	—
Payables for Investment Purchases	—	24,516,982	24,516,982	—	98,755,550	98,755,550
Benefits and Claims Payable	—	977,559	977,559	19,554	168,737	188,291
Due to Primary Government	29,300,000	1,037,335	30,337,335	—	852,413	852,413
Due to Component Units	14,514,334	—	14,514,334	—	—	—
Due to other Pension Funds	—	—	—	688,078	—	688,078
Amount Due to Broker for Securities Lending	—	96,518,699	96,518,699	—	303,831,129	303,831,129
Other Liabilities	81,589	3,422,924	3,504,513	2,462	3,689,209	3,691,671
Total Liabilities	<u>43,895,923</u>	<u>126,473,499</u>	<u>170,369,422</u>	<u>710,094</u>	<u>407,297,038</u>	<u>408,007,132</u>
NET POSITION						
Net Position Held in Trust for Pension and Other Employee Benefits	20,096,898	2,132,874,906	2,152,971,804	21,327,464	3,195,355,637	3,216,683,101
Death Benefit and Disability Income Protection	—	—	—	—	—	—
Total Net Position	<u>\$ 20,096,898</u>	<u>\$ 2,132,874,906</u>	<u>\$ 2,152,971,804</u>	<u>\$ 21,327,464</u>	<u>\$ 3,195,355,637</u>	<u>\$ 3,216,683,101</u>

Other Employee Benefits					
Other Post- Employment Benefits Fund	Employee Death Benefits Fund	Employee Disability Income Protection Fund	Total Pension and Other Employee Benefit Trusts	Agency Funds	Totals
\$ 14,811,483	\$ 6,881,683	\$ —	\$ 105,222,208	\$ 19,753,706	\$ 124,975,914
—	—	—	271,444,309	—	271,444,309
—	—	—	—	—	—
—	—	—	3,046,516,949	—	3,046,516,949
—	—	—	114,102,917	—	114,102,917
—	—	—	202,750,827	—	202,750,827
—	17,503,650	—	17,503,650	—	17,503,650
—	—	—	499,079,832	—	499,079,832
—	—	—	182,384,634	—	182,384,634
—	—	—	463,361,701	—	463,361,701
—	9,461,870	—	393,454,091	—	393,454,091
—	26,965,520	—	5,190,598,910	—	5,190,598,910
—	—	—	15,241,530	—	15,241,530
7,120,736	205,530	987,712	8,313,978	—	8,313,978
152,492	8,350	28	14,675,204	—	14,675,204
1,000,000	—	—	1,000,000	—	1,000,000
—	—	—	688,078	—	688,078
—	—	—	103,268,228	—	103,268,228
—	—	80,260	26,325,133	—	26,325,133
—	—	—	108,307,459	—	108,307,459
—	—	—	—	—	—
—	—	—	32,500,000	—	32,500,000
—	—	—	397,487,268	—	397,487,268
—	—	—	2,617,257	—	2,617,257
23,084,711	34,061,083	1,068,000	6,006,245,253	19,753,706	6,025,998,959
844,511	—	68,000	912,511	455,815	1,368,326
—	—	—	123,272,532	—	123,272,532
—	—	—	1,165,850	—	1,165,850
3,933,027	—	—	35,122,775	350,360	35,473,135
89,607	—	—	14,603,941	—	14,603,941
—	—	—	688,078	—	688,078
—	—	—	400,349,828	—	400,349,828
13,772,342	—	—	20,968,526	18,947,531	39,916,057
18,639,487	—	68,000	597,084,041	19,753,706	616,837,747
4,445,224	—	—	5,374,100,129	—	5,374,100,129
—	34,061,083	1,000,000	35,061,083	—	35,061,083
\$ 4,445,224	\$ 34,061,083	\$ 1,000,000	\$ 5,409,161,212	\$ —	\$ 5,409,161,212

City of Detroit, Michigan
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - PENSION AND OTHER EMPLOYMENT BENEFITS TRUSTS
For the Year Ended June 30, 2015

	Pension					
	General Retirement System			Policemen & Firemen Retirement System		
	Legacy			Component I	Component II	Total
	Hybrid Plan Component I	Pension Plan Component II	Total			
ADDITIONS:						
Employer Contributions	\$ 8,811,369	\$ 87,346,421	\$ 96,157,790	\$ 14,606,971	\$ 622,540	\$ 15,229,511
Plan Member Contributions	12,757,032	609,073	13,366,105	7,404,705	593,292	7,997,997
State and Foundations	—	103,800,000	103,800,000	—	114,300,000	114,300,000
AFS Recoupment	—	132,529,998	132,529,998	—	—	—
Other Income	—	5,690,000	5,690,000	—	2,368,638	2,368,638
Total Contributions	21,568,401	329,975,492	351,543,893	22,011,676	117,884,470	139,896,146
Investment Earnings:						
Interest and Dividend Income	20,690	24,823,984	24,844,674	21,019	101,499,674	101,520,693
Net Appreciation (Depreciation) in Fair Value	—	78,458,675	78,458,675	—	32,851,015	32,851,015
Investment Expense	—	(11,017,368)	(11,017,368)	—	(14,083,396)	(14,083,396)
Securities Lending Income, Net	—	288,204	288,204	—	1,649,855	1,649,855
Net Gain on Collateralized Securities	—	538,795	538,795	—	824,925	824,925
Other Income	—	—	—	—	—	—
Total Investment Earnings	20,690	93,092,290	93,112,980	21,019	122,742,073	122,763,092
Total Additions	21,589,091	423,067,782	444,656,873	22,032,695	240,626,543	262,659,238
DEDUCTIONS:						
Pension and Annuity Benefits	10,603	253,522,892	253,533,495	19,554	289,362,656	289,382,210
Premiums to Insurers and Damage Claims	—	—	—	—	—	—
Grant	—	—	—	—	—	—
Member Refunds and Withdrawals	—	44,321,041	44,321,041	—	24,480,857	24,480,857
General and Administrative Expenses	1,481,590	7,556,822	9,038,412	685,677	7,630,692	8,316,369
Total Deductions	1,492,193	305,400,755	306,892,948	705,231	321,474,205	322,179,436
Net Increase (Decrease)	20,096,898	117,667,027	137,763,925	21,327,464	(80,847,662)	(59,520,198)
Net Position, Beginning of Year	—	2,015,207,879	2,015,207,879	—	3,276,203,299	3,276,203,299
Net Position, End of Year	\$ 20,096,898	\$ 2,132,874,906	\$ 2,152,971,804	\$ 21,327,464	\$ 3,195,355,637	\$ 3,216,683,101

Other Employee Benefits			
Other Post- Employment Benefits Fund	Employee Death Benefits Fund	Employee Disability Income Protection Plan	Total Pension and Other Employee Benefit Trusts
\$ 71,348,231	\$ 92,867	\$ 695,505	\$ 183,523,904
16,206,085	96,989	—	37,667,176
—	—	—	218,100,000
—	—	—	132,529,998
5,443,490	—	—	13,502,128
<u>92,997,806</u>	<u>189,856</u>	<u>695,505</u>	<u>585,323,206</u>
(48,464)	(193,297)	—	126,123,606
—	—	—	111,309,690
—	—	—	(25,100,764)
—	—	—	1,938,059
—	—	—	1,363,720
—	—	—	—
<u>(48,464)</u>	<u>(193,297)</u>	<u>—</u>	<u>215,634,311</u>
<u>92,949,342</u>	<u>(3,441)</u>	<u>695,505</u>	<u>800,957,517</u>
—	—	—	542,915,705
90,266,427	1,390,513	695,505	92,352,445
7,000,000	—	—	7,000,000
—	—	—	68,801,898
<u>361,289</u>	<u>41,982</u>	<u>—</u>	<u>17,758,052</u>
<u>97,627,716</u>	<u>1,432,495</u>	<u>695,505</u>	<u>728,828,100</u>
(4,678,374)	(1,435,936)	—	72,129,417
<u>9,123,598</u>	<u>35,497,019</u>	<u>1,000,000</u>	<u>5,337,031,795</u>
<u>\$ 4,445,224</u>	<u>\$ 34,061,083</u>	<u>\$ 1,000,000</u>	<u>\$ 5,409,161,212</u>

City of Detroit, Michigan
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2015

	<u>Fire Insurance Escrow Fund</u>	<u>Other Agency Funds</u>	<u>Totals</u>
ASSETS			
Cash and Cash Equivalents	\$ 19,522,165	\$ 231,541	\$ 19,753,706
Total Assets	<u>\$ 19,522,165</u>	<u>\$ 231,541</u>	<u>\$ 19,753,706</u>
LIABILITIES			
Accounts and Contracts Payable	\$ 224,274	\$ 231,541	\$ 455,815
Other Liabilities	18,947,531	—	18,947,531
Due to Primary Government	<u>350,360</u>	<u>—</u>	<u>350,360</u>
Total Liabilities	<u>\$ 19,522,165</u>	<u>\$ 231,541</u>	<u>\$ 19,753,706</u>

City of Detroit, Michigan
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
Fire Insurance Escrow Fund				
ASSETS				
Cash and Cash Equivalents	\$ 1,352,928	\$ —	\$ —	\$ 1,352,928
Investments at Fair Value	20,120,394	—	1,951,157	18,169,237
Total Assets	\$ 21,473,322	\$ —	\$ 1,951,157	\$ 19,522,165
LIABILITIES				
Accounts and Contracts Payable	\$ 218,687	\$ 5,587	\$ —	\$ 224,274
Due to Primary Government	541,932	—	191,572	350,360
Other Liabilities	20,712,703	—	1,765,172	18,947,531
Total Liabilities	\$ 21,473,322	\$ 5,587	\$ 1,956,744	\$ 19,522,165
ASSETS				
Cash and Cash Equivalents	\$ 170,381	\$ 61,160	\$ —	\$ 231,541
Total Assets	\$ 170,381	\$ 61,160	\$ —	\$ 231,541
LIABILITIES				
Accounts and Contracts Payable	\$ 170,381	\$ 61,160	\$ —	\$ 231,541
Total Liabilities	\$ 170,381	\$ 61,160	\$ —	\$ 231,541
Total Agency Funds				
ASSETS				
Cash and Cash Equivalents	\$ 1,523,309	\$ 61,160	\$ —	\$ 1,584,469
Investments at Fair Value	20,120,394	—	1,951,157	18,169,237
Total Assets	\$ 21,643,703	\$ 61,160	\$ 1,951,157	\$ 19,753,706
LIABILITIES				
Accounts and Contracts Payable	\$ 389,068	\$ 66,747	\$ —	\$ 455,815
Due to Primary Government	541,932	—	191,572	350,360
Other Liabilities	20,712,703	—	1,765,172	18,947,531
Total Liabilities	\$ 21,643,703	\$ 66,747	\$ 1,956,744	\$ 19,753,706

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STATISTICAL SECTION

(UNAUDITED)

The Statistical Section Contains:

Financial Trends Information
Revenue Capacity Information
Debt Capacity Information
Demographic and Employment Information
Operating Information

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Description of Statistical Section

This part of the Comprehensive Annual Financial Report presents information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall health.

Contents

The statistical section is organized into the following main categories:

Financial Trends:

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity:

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity:

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information:

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information:

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Schedule 1
City of Detroit, Michigan
Financial Trends - Net Position by Component, Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year		
	2015	2014	2013
Governmental Activities			
Net Investment in Capital Assets	\$ 1,098,963,308	\$ 886,141,054	\$ 832,127,493
Restricted	544,636,902	102,047,103	75,055,537
Unrestricted (deficit)	<u>(3,042,213,052)</u>	<u>(3,961,253,287)</u>	<u>(1,714,975,464)</u>
Total governmental activities net position	(1,398,612,842)	(2,973,065,130)	(807,792,434)
Business-type Activities			
Net Investment in Capital Assets	(23,000,738)	54,337,164	525,963,518
Restricted	423,774,879	473,057,369	244,039,925
Unrestricted (deficit)	<u>(1,077,018,026)</u>	<u>(1,595,122,442)</u>	<u>(640,389,229)</u>
Total business-type activities net position	(676,243,885)	(1,067,727,909)	129,614,214
Primary Government			
Net Investment in Capital Assets	1,075,962,570	940,478,218	1,358,091,011
Restricted	968,411,781	575,104,472	319,095,462
Unrestricted (deficit)	<u>(4,119,231,078)</u>	<u>(5,556,375,729)</u>	<u>(2,355,364,693)</u>
Total primary government net position	<u>\$ (2,074,856,727)</u>	<u>\$ (4,040,793,039)</u>	<u>\$ (678,178,220)</u>

Fiscal Year						
2012	2011	2010	2009	2008	2007	2006
\$ 803,653,672	\$ 711,987,330	\$ 717,589,037	\$ 631,821,536	\$ 558,340,662	\$ 592,161,746	\$ 603,086,043
73,786,466	110,223,372	93,496,558	142,704,927	158,523,041	157,360,360	29,492,455
<u>(1,557,840,700)</u>	<u>(1,360,282,090)</u>	<u>(1,278,954,788)</u>	<u>(956,905,000)</u>	<u>(687,464,129)</u>	<u>(602,506,410)</u>	<u>(608,735,544)</u>
(680,400,562)	(538,071,388)	(467,869,193)	(182,378,537)	29,399,574	147,015,696	23,842,954
1,047,594,007	435,962,058	781,976,263	698,477,050	743,865,611	1,150,524,897	914,032,397
461,972,732	303,235,683	284,696,404	347,303,231	304,273,113	266,995,240	385,379,957
<u>(1,201,140,082)</u>	<u>(230,134,710)</u>	<u>(333,688,853)</u>	<u>36,681,530</u>	<u>185,998,204</u>	<u>175,648,800</u>	<u>377,799,324</u>
308,426,657	509,063,031	732,983,814	1,082,461,811	1,234,136,928	1,593,168,937	1,677,211,678
1,851,247,679	1,147,949,388	1,499,565,300	1,330,298,586	1,302,206,273	1,742,686,643	1,517,118,440
535,759,198	413,459,055	378,192,962	490,008,158	462,796,154	424,355,600	414,872,412
<u>(2,758,980,782)</u>	<u>(1,590,416,800)</u>	<u>(1,612,643,641)</u>	<u>(920,223,470)</u>	<u>(501,465,925)</u>	<u>(426,857,610)</u>	<u>(230,936,220)</u>
<u>\$ (371,973,905)</u>	<u>\$ (29,008,357)</u>	<u>\$ 265,114,621</u>	<u>\$ 900,083,274</u>	<u>\$ 1,263,536,502</u>	<u>\$ 1,740,184,633</u>	<u>\$ 1,701,054,632</u>

Schedule 2
City of Detroit, Michigan
Financial Trends - Changes in Net Position, Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year			
	2015	2014	2013	2012
Expenses				
Governmental Activities:				
Public Protection	\$ 527,636,236	\$ 539,831,117	\$ 694,708,112	\$ 800,229,437
Health	31,640,136	49,563,178	38,070,128	142,584,167
Recreation and Culture	21,863,335	30,467,345	26,856,182	30,113,031
Economic Development	70,889,645	59,701,870	81,455,649	73,599,973
Educational Development	1,477	-	37,040,734	51,974,801
Housing Supply and Conditions	1,920,096	8,465,345	5,086,777	4,431,697
Physical Environment	41,582,157	110,555,039	121,192,467	130,991,572
Transportation Facilitation	38,658,855	55,831,652	20,745,859	33,697,252
Development and Management	490,076,634	328,243,425	205,937,823	195,167,837
Interest on Long-Term Debt	95,776,801	135,130,618	133,545,027	129,097,503
Total Government Activities Expenses	1,320,045,372	1,317,789,589	1,364,638,758	1,591,887,270
Business-type Activities:				
Sewage Disposal	425,198,938	482,723,501	523,909,799	456,113,053
Transportation	101,466,158	163,841,194	166,024,287	212,856,759
Water	360,527,146	392,920,925	398,086,572	370,558,112
Automobile Parking	7,915,022	14,714,363	20,089,165	11,643,400
Airport	1,364,972	2,722,946	1,910,151	2,119,837
Public Lighting Authority	16,706,571	1,890,472	-	-
Total Business-type Activities Expenses	913,178,807	1,058,813,401	1,110,019,974	1,053,291,161
Total Primary Government Expenses	2,233,224,179	2,376,602,990	2,474,658,732	2,645,178,431
Program Revenues				
Governmental Activities:				
Charges for Services:				
Public Protection	63,885,128	75,017,759	76,800,124	75,900,731
Health	21,433	2,389,178	224,847	9,652,314
Recreation and Culture	16,898,076	17,106,690	17,697,563	18,170,830
Economic Development	3,215,123	3,344,270	7,192,630	850,741
Educational Development	-	-	-	-
Housing Supply and Conditions	1,512,350	3,509,934	3,196,447	2,734,182
Physical Environment	51,082,632	93,846,458	102,363,179	97,094,653
Transportation Facilitation	47,861,667	22,728,698	-	1,647,825
Development and Management	150,450,170	128,991,615	81,496,108	103,694,387
Operating Grants and Contributions	155,868,586	176,787,827	211,471,358	326,570,380
Capital Grants and Contributions	7,148,673	30,592,996	19,740,930	24,516,521
Total Governmental Activities Program Revenues	497,943,838	554,315,425	520,183,186	660,832,564
Business-type Activities:				
Charges for Services:				
Sewage Disposal	505,671,614	475,770,844	440,863,260	437,654,891
Transportation	22,347,086	19,374,841	26,643,760	22,558,000
Water	364,278,054	349,369,362	355,527,761	336,129,945
Automobile Parking	12,337,691	10,341,324	11,992,637	10,617,480
Airport	628,221	2,326,814	726,855	993,050
Public Lighting Authority	6,707,642	758,500	-	-
Operating Grants and Contributions	56,701,626	61,597,871	70,142,182	77,296,998
Capital Grants and Contributions	34,890,437	9,943,047	11,854,628	30,344,607
Total Business-type Activities Program Revenues	1,003,562,371	929,482,603	917,751,083	915,594,971
Total Primary Government Program Revenues	\$ 1,501,506,209	\$ 1,483,798,028	\$ 1,437,934,269	\$ 1,576,427,535

Fiscal Year						
	2011	2010	2009	2008	2007	2006
\$	816,928,579	\$ 779,613,390	\$ 789,055,092	\$ 761,894,177	\$ 633,174,260	\$ 681,052,276
	170,235,039	170,843,954	158,906,848	158,826,732	153,368,566	177,363,962
	31,397,867	17,963,496	37,180,607	36,295,041	36,050,284	69,192,054
	87,938,305	61,906,827	73,307,206	87,717,239	93,705,705	95,641,855
	58,840,456	90,450,821	76,728,812	57,474,770	57,658,134	64,670,870
	6,328,619	8,381,813	10,592,858	10,591,479	7,904,903	14,737,981
	125,325,346	119,713,562	185,864,791	226,460,478	213,287,711	243,949,975
	33,720,569	84,039,822	73,805,481	70,563,909	71,947,094	79,343,398
	201,031,612	268,716,249	350,974,262	304,815,026	297,443,586	240,246,357
	132,827,437	129,458,620	126,344,699	107,754,007	140,861,674	126,659,186
	1,664,573,829	1,731,088,554	1,882,760,656	1,822,392,858	1,705,401,917	1,792,857,914
	517,645,238	431,575,246	450,278,148	429,112,536	427,788,717	311,303,765
	215,880,853	207,620,142	206,705,724	212,652,767	200,555,312	190,358,944
	345,180,580	346,637,749	349,734,605	360,778,077	335,000,188	282,149,274
	11,305,474	18,190,081	16,511,077	14,361,352	16,306,759	19,474,446
	2,392,911	2,437,571	2,685,756	3,502,904	2,960,042	3,044,030
	-	-	-	-	-	-
	1,092,405,056	1,006,460,789	1,025,915,310	1,020,407,636	982,611,018	806,330,459
	2,756,978,885	2,737,549,343	2,908,675,966	2,842,800,494	2,688,012,935	2,599,188,373
	89,521,773	78,076,978	92,986,299	90,415,439	99,021,130	51,757,423
	5,090,487	12,495,600	14,752,057	15,108,413	14,987,496	14,224,550
	17,796,165	17,510,499	17,736,396	24,489,607	17,233,370	27,367,110
	1,358,479	121,725	72,714	694,676	9,010,210	13,946,969
	499,058	1,528,487	760,494	-	2,781,677	-
	3,566,331	3,780,682	3,572,588	5,989,939	127,757	1,636,711
	80,905,220	92,793,872	111,380,814	127,140,951	133,048,222	74,915,029
	46,986	927,229	516,728	902,039	79,156	1,355
	101,982,537	109,253,875	142,032,307	123,151,397	154,386,499	156,799,556
	370,730,317	356,347,310	310,525,464	306,575,011	271,970,335	245,061,788
	44,338,905	28,304,777	35,257,895	26,365,200	65,941,108	91,806,940
	715,836,258	701,141,034	729,593,756	720,832,672	768,586,960	677,517,431
	410,719,075	365,537,390	390,126,398	346,908,831	346,906,614	354,455,204
	27,418,297	26,565,119	28,191,056	28,918,328	26,047,091	25,173,805
	316,002,201	285,470,426	274,095,463	292,983,220	268,286,093	276,230,766
	8,136,744	15,037,679	17,667,031	18,556,018	18,114,461	21,125,510
	799,122	967,234	1,125,015	1,123,934	1,087,844	989,722
	77,553,273	75,343,618	74,811,471	79,008,781	81,959,301	73,801,668
	29,793,987	47,947,235	33,897,154	39,540,356	14,097,605	9,502,218
	870,422,699	816,868,701	819,913,588	807,039,468	756,499,009	761,278,893
\$	1,586,258,957	\$ 1,518,009,735	\$ 1,549,507,344	\$ 1,527,872,140	\$ 1,525,085,969	\$ 1,438,796,324

Schedule 2 (Continued)
City of Detroit, Michigan
Financial Trends - Changes in Net Position, Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year			
	2015	2014	2013	2012
Net (Expense) Revenue				
Governmental Activities	\$ (822,101,534)	\$ (763,474,164)	\$ (844,455,572)	\$ (931,054,706)
Business-type Activities	90,383,564	(129,330,798)	(192,268,891)	(137,696,190)
Total Primary Government Net Expense	(731,717,970)	(892,804,962)	(1,036,724,463)	(1,068,750,896)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes	190,096,078	194,680,186	199,191,923	216,931,618
Municipal Income Tax	263,376,804	253,769,874	248,017,356	233,035,540
Utility Users' Tax	37,939,463	42,386,549	35,299,844	39,828,340
Wagering Tax	170,176,735	167,569,541	174,357,416	181,574,627
State Hotel and Liquor Tax	-	-	-	-
Other Taxes and Assessments	7,370,339	8,603,632	14,384,429	16,528,509
State Shared Taxes	194,757,659	189,756,901	182,454,314	173,292,222
State Returnable Liquor License Fees	606,690	607,547	604,206	-
Interest and Penalties on Taxes	1,619,147	1,269,784	924,928	4,264,747
Investment Earnings	(59,433,962)	(4,170,808)	(88,533,105)	8,366,960
Miscellaneous Revenue	14,285,952	7,549,098	11,854,410	2,578,822
Gain (loss) on sale of Capital Assets	600,150,246	(359,223)	(8,829,927)	-
Bankruptcy contributions and other	1,048,258,217	766,046,174	-	-
Extraordinary Item - See Note I (t)	-	-	-	-
Transfers	(72,649,546)	(79,432,723)	(52,662,094)	(87,675,853)
Total Governmental Activities	2,396,553,822	1,548,276,532	717,063,700	788,725,532
Business-type Activities:				
Investment Earnings (Loss)	3,116,422	5,609,449	(46,468,811)	(152,915,970)
Bond issuance costs	-	(22,173,885)	-	-
Asset impairment	(5,536,257)	-	-	-
Miscellaneous Revenues	6,053,524	(13,956,786)	7,265,917	2,299,933
Gain (loss) on sale of Capital Assets	(53,510)	(1,259,818)	(2,752)	-
Extraordinary Item	211,821,856	228,728,211	-	-
Amortization of bond issuance costs and deferral	13,048,879	-	-	-
Transfers	72,649,546	79,432,723	52,662,094	87,675,853
Total Business-type Activities	301,100,460	276,379,894	13,456,448	(62,940,184)
Total Primary Government	2,697,654,282	1,824,656,426	730,520,148	725,785,348
Impact of GASB Stmt. No. 68 - Governmental Activities	-	(2,926,675,485)	-	-
Impact of GASB Stmt No. 68 - Business-type Activities	-	(1,302,511,284)	-	-
Change in Net Position				
Governmental Activities	1,574,452,288	(2,141,873,117)	(127,391,872)	(142,329,174)
Business-type Activities	391,484,024	(1,155,462,188)	(178,812,443)	(200,636,374)
Total Primary Government	\$ 1,965,936,312	\$ (3,297,335,305)	\$ (306,204,315)	\$ (342,965,548)

Source: City of Detroit, Comprehensive Annual Financial Reports for Fiscal Years Ended June 30, 2006 through 2015

Fiscal Year						
2011	2010	2009	2008	2007	2006	
\$ (948,737,571)	\$ (1,029,947,520)	\$ (1,153,166,900)	\$ (1,101,560,186)	\$ (936,814,957)	\$ (1,115,340,483)	
(221,982,357)	(189,592,088)	(206,001,722)	(213,368,168)	(226,112,009)	(45,051,566)	
(1,170,719,928)	(1,219,539,608)	(1,359,168,622)	(1,314,928,354)	(1,162,926,966)	(1,160,392,049)	
235,857,331	218,008,102	231,428,726	225,602,203	241,428,477	243,621,932	
228,303,884	216,522,405	240,824,363	276,485,035	278,309,191	284,111,220	
44,640,365	44,190,132	49,900,471	51,590,794	53,768,977	122,824,621	
177,046,311	183,466,226	172,912,862	186,277,275	179,763,570	156,588,917	
-	2,969,380	17,367,715	16,220,140	17,579,292	16,287,676	
17,373,679	15,404,967	12,878,272	13,283,748	16,201,899	13,602,597	
239,342,109	239,047,211	268,246,565	272,569,363	272,635,060	280,818,221	
-	-	-	-	-	-	
7,554,054	9,332,781	10,696,529	10,857,112	10,342,478	9,181,155	
8,606,985	8,832,971	7,056,295	19,189,619	24,075,811	18,396,691	
3,595,798	6,618,964	9,273,309	13,586,014	37,634,868	22,780,845	
(528,568)	(27,775)	(5,204,095)	(278,706)	(31,728)	(308,855)	
(9,865,937)	49,980,314	-	-	-	-	
-	-	-	-	-	-	
(73,390,635)	(74,579,168)	(73,992,223)	(101,438,533)	(71,720,196)	(35,227,632)	
878,535,376	919,766,510	941,388,789	983,944,064	1,059,987,699	1,132,677,388	
9,837,046	(42,428,588)	25,458,070	58,176,113	-	39,193,811	
-	-	-	-	-	-	
-	-	-	-	-	-	
6,310,694	788,385	(8,435,836)	(3,990,512)	69,331,846	2,879,273	
(91,476,801)	-	-	-	1,017,226	25,970,429	
-	-	(36,900,173)	(141,962,894)	-	-	
73,390,635	74,579,168	73,992,223	101,438,533	71,720,196	35,227,632	
(1,938,426)	32,938,965	54,114,284	13,661,240	142,069,268	103,271,145	
876,596,950	952,705,475	995,503,073	997,605,304	1,202,056,967	1,235,948,533	
-	-	-	-	-	-	
-	-	-	-	-	-	
(70,202,195)	(110,181,010)	(211,778,111)	(117,616,122)	123,172,742	17,336,905	
(223,920,783)	(156,653,123)	(151,887,438)	(199,706,928)	(84,042,741)	58,219,579	
\$ (294,122,978)	\$ (266,834,133)	\$ (363,665,549)	\$ (317,323,050)	\$ 39,130,001	\$ 75,556,484	

Schedule 3
City of Detroit, Michigan
Financial Trends - Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year				
	2015	2014	2013	2012	2011
General Fund:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved (Deficit)	-	-	-	-	-
Nonspendable	-	-	4,050,006	20,940,729	20,692,552
Restricted	125,961,474	42,979,826	979,826	979,826	979,826
Committed	58,788,660	156,334,125	54,550,314	35,234,345	26,833,858
Assigned	182,014,852	-	-	-	-
Unassigned (Deficit)	70,922,574	(145,907,582)	(132,560,895)	(326,641,557)	(196,577,910)
Total General Fund	<u>\$ 437,687,560</u>	<u>\$ 53,406,369</u>	<u>\$ (72,980,749)</u>	<u>\$ (269,486,657)</u>	<u>\$ (148,071,674)</u>
Retirement Service Funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved (Deficit)	-	-	-	-	-
Nonspendable	-	24,016,604	24,016,604	24,016,604	24,295,379
Total Retirement System Service Funds	<u>\$ -</u>	<u>\$ 24,016,604</u>	<u>\$ 24,016,604</u>	<u>\$ 24,016,604</u>	<u>\$ 24,295,379</u>
All Other Governmental Funds:					
Special Revenue Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved (Deficit)	-	-	-	-	-
Nonspendable	-	-	-	1,457,015	1,597,869
Restricted	119,600,634	90,917,252	69,437,600	65,845,376	70,907,819
Unassigned	(11,517)	-	-	-	-
Capital Projects Funds					
Reserved	-	-	-	-	-
Restricted	54,680,729	62,946,287	79,371,566	129,888,278	148,878,121
Debt Service Fund					
Reserved	-	-	-	-	-
Restricted	18,511,653	-	-	-	-
Assigned	-	12,604,764	7,899,702	6,314,687	4,561,750
Permanent Funds					
Reserved	-	-	-	-	-
Nonspendable	937,861	937,861	937,861	937,861	937,861
Restricted	726,034	765,245	819,870	778,733	748,159
Total All Other Governmental Funds	<u>\$ 194,445,394</u>	<u>\$ 168,171,409</u>	<u>\$ 158,466,599</u>	<u>\$ 205,221,950</u>	<u>\$ 227,631,579</u>

Source: City of Detroit, Comprehensive Annual Financial Reports for Fiscal Years Ended June 30, 2006 through 2015

Note: The fund balance classifications changed in fiscal year 2011 when the City implemented GASB Statement No. 54.

This statement requires fund balances to now be classified as nonspendable, restricted, assigned, committed, and unassigned.

Fiscal Year				
2010	2009	2008	2007	2006
\$ 64,597,471 (155,692,159)	\$ 65,191,371 (331,925,012)	\$ 77,472,983 (219,158,137)	\$ 64,169,704 (155,575,800)	\$ 66,502,619 (173,678,707)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ (91,094,688)</u>	<u>\$ (266,733,641)</u>	<u>\$ (141,685,154)</u>	<u>\$ (91,406,096)</u>	<u>\$ (107,176,088)</u>

\$ 24,496,356	\$ 24,574,826	\$ 24,851,160 (276,334)	\$ 24,927,727	\$ 24,955,781
-	-	-	-	-
-	-	-	-	-
<u>\$ 24,496,356</u>	<u>\$ 24,574,826</u>	<u>\$ 24,574,826</u>	<u>\$ 24,927,727</u>	<u>\$ 24,955,781</u>

\$ 41,022,881 12,313,800	\$ 43,974,045 17,785,520	\$ 66,158,392 16,865,024	\$ 72,014,875 22,230,294	\$ 14,657,665 77,241,086
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
90,526,155	99,750,093	126,274,973	88,507,405	134,433,861
-	-	-	-	-
6,135,145	52,194,439	42,825,432	39,781,836	27,799,931
-	-	-	-	-
-	-	-	-	-
1,588,224	1,574,670	1,494,202	1,445,462	1,291,569
-	-	-	-	-
-	-	-	-	-
<u>\$ 151,586,205</u>	<u>\$ 215,278,767</u>	<u>\$ 253,618,023</u>	<u>\$ 223,979,872</u>	<u>\$ 255,424,112</u>

Schedule 4
City of Detroit, Michigan
Financial Trends - Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year				
	2015	2014	2013	2012	2011
Revenues					
Taxes:					
Property Taxes	\$ 190,096,078	\$ 194,627,905	\$ 199,191,923	\$ 216,931,618	\$ 252,020,089
Municipal Income Tax	263,376,804	253,769,874	248,017,356	233,035,540	228,303,884
Utility Users' Tax	37,939,463	42,386,549	35,299,844	39,828,340	44,640,365
Wagering Taxes	172,523,054	167,924,023	174,599,992	181,443,475	176,899,280
Gas and Weight Tax	55,138,474	53,904,485	52,081,247	53,142,793	58,623,860
Other Taxes and Assessments	7,370,339	8,603,632	14,384,429	16,528,509	17,373,670
State Hotel and Liquor Tax	-	-	-	-	-
Interest and Penalties on Taxes	1,619,147	1,269,784	924,928	4,264,747	7,554,054
Licenses, Permits, and Inspection Charges	30,986,234	28,706,629	32,615,445	27,100,204	27,095,599
Intergovernmental:					
Federal	109,580,838	96,907,383	152,579,860	253,933,239	301,484,858
State					
State Shared Revenue	194,757,659	189,756,901	182,454,314	172,704,390	239,320,847
State Returnable Liquor License Fees	606,690	607,547	604,206	-	-
Other State Sourced Revenue	17,974,311	49,226,334	25,994,536	37,269,243	46,887,654
Other	3,331,825	6,001,385	6,029,547	6,663,482	8,347,440
Sales and Charges for Services	13,106,638	207,987,028	176,029,645	197,066,068	201,253,031
Ordinance Fines and Forfeitures	24,726,314	17,851,138	21,154,594	16,972,056	21,152,772
Revenue from Use of Assets	14,277,845	7,568,498	12,017,348	2,069,012	3,595,798
Investment Earnings	(2,885,536)	300,397	(399,654)	445,251	685,276
Other Revenue	125,119,874	95,010,394	35,958,150	64,241,114	77,135,224
Total Revenues	1,377,605,798	1,422,409,886	1,369,537,710	1,523,639,081	1,712,373,701
Expenditures					
Current:					
Public Protection	408,201,003	449,622,284	476,940,028	675,359,091	735,650,626
Health	32,633,149	48,782,203	37,448,812	142,365,025	169,338,220
Recreation and Culture	12,698,638	16,032,592	13,345,639	16,976,912	18,210,536
Economic Development	64,020,545	51,178,770	76,109,395	67,115,000	79,792,267
Educational Development	1,477	-	37,126,254	52,430,587	58,526,359
Housing Supply and Conditions	5,570,783	6,966,303	4,188,991	4,215,134	5,871,310
Physical Environment	54,921,813	97,441,142	106,802,886	113,603,551	113,296,648
Transportation Facilitation	28,936,547	36,505,709	1,749,362	14,990,983	26,836,954
Development and Management	548,646,601	297,686,391	191,052,907	176,507,779	180,366,148
Debt Service:					
Principal	196,612,535	109,976,923	103,880,615	97,498,429	87,904,525
Interest	58,567,171	126,945,753	133,319,492	126,728,009	131,087,371
Bond Issuance Costs	4,194,731	3,379,410	1,612,046	485,599	1,416,768
Capital Outlay	90,719,155	81,329,304	127,079,320	97,650,840	102,395,459
Total Expenditures	1,505,724,148	1,325,846,784	1,310,655,747	1,585,926,939	1,710,693,191
Excess (Deficiency) of Revenues Over (Under) Expenditures	(128,118,350)	96,563,102	58,881,963	(62,287,858)	1,680,510
Other Financing Sources (Uses)					
Sources:					
Transfers In	65,562,957	109,770,188	174,825,814	179,921,845	173,340,882
Pension Obligation Certificates Issued	-	-	-	-	-
Swap Termination Fee	-	-	-	-	-
Proceeds of Section 108 Federal Note	-	-	-	-	-
Proceeds of Capital Leases	-	-	-	-	-
Other financing source-bankruptcy	218,100,000	-	-	-	-
Proceeds from Debt Issuances	1,158,387,978	120,000,000	134,438,642	5,753,000	100,000,000
Premium from Debt Issuances	-	-	9,092,046	-	-
Total Other Financing Sources	1,442,050,935	229,770,188	318,356,502	185,674,845	273,340,882
Uses:					
Transfers Out	(138,212,503)	(189,202,911)	(227,487,908)	(267,597,697)	(246,731,517)
Other financing use-bankruptcy	(959,481,790)	-	-	-	-
Extraordinary Gain (Loss) - Bankruptcy	170,300,280	-	-	-	-
Principal Paid to Bond Agent for Refunded Bonds	-	-	-	-	-
Interest Paid to Bond Agent for Refunded Bonds	-	-	-	-	-
Total Other Financing Uses	(927,394,013)	(189,202,911)	(227,487,908)	(267,597,697)	(246,731,517)
Total Other Financing Sources (Uses)	514,656,922	40,567,277	90,868,594	(81,922,852)	26,609,365
Special Item	-	-	-	-	(9,865,937)
Net Change in Fund Balances	386,538,572	137,130,379	149,750,557	(144,210,710)	18,423,938
Fund Balance (Deficit) at Beginning of Year, as Restated	245,594,382	108,464,003	(40,248,103)	103,855,284	84,987,873
Increase (Decrease) in Inventories	-	-	-	107,323	443,473
Fund Balance (Deficit) at End of Year	\$ 632,132,954	\$ 245,594,382	\$ 109,502,454	\$ (40,248,103)	\$ 103,855,284
Debt service as a percentage of noncapital expenditures	18.33%	19.31%	19.31%	20.18%	15.10%

Source: City of Detroit, Comprehensive Annual Financial Reports for Fiscal Years Ended June 30, 2006 through 2015

Fiscal Year				
2010	2009	2008	2007	2006
\$ 201,845,344	\$ 230,833,394	\$ 225,890,313	\$ 257,003,325	\$ 243,621,932
216,522,405	240,824,363	276,485,035	278,309,191	284,111,220
44,190,132	49,900,667	51,590,599	53,768,977	60,019,626
183,338,299	173,026,122	180,365,237	179,763,570	156,588,917
57,775,086	58,813,648	61,070,748	62,080,522	62,804,995
15,404,967	12,878,272	13,283,748	16,201,899	13,583,421
2,969,380	17,367,715	16,220,140	17,579,292	16,287,676
9,332,781	10,696,529	10,857,112	10,342,478	9,181,155
27,669,454	32,471,933	35,138,940	32,536,815	35,585,150
265,421,498	233,526,888	222,675,031	219,592,658	218,119,145
263,060,088	266,032,168	249,027,299	272,084,669	279,467,063
-	-	-	-	-
47,852,739	40,049,141	41,062,686	41,878,552	75,774,530
6,788,282	14,500,644	4,026,591	14,359,711	25,192,384
196,333,386	237,044,188	258,599,558	243,533,764	189,253,428
18,872,226	23,747,573	20,850,629	25,680,231	21,525,257
6,618,964	27,013,424	13,560,617	37,634,876	22,780,845
9,112,63	7,056,295	19,189,619	24,075,811	18,396,691
64,761,863	72,117,140	73,606,042	123,867,578	106,521,883
1,629,668,157	1,747,900,104	1,773,499,944	1,910,293,919	1,838,815,318
641,884,276	654,450,029	660,230,564	654,137,306	687,251,414
170,489,091	155,442,680	157,414,372	154,283,807	177,723,221
18,155,021	21,041,925	21,265,879	24,648,968	55,390,716
57,522,689	65,217,992	99,342,897	86,454,732	88,424,272
90,527,365	75,409,235	57,388,638	58,021,384	64,427,129
8,240,422	9,022,633	9,607,906	8,412,644	14,786,461
104,042,673	159,233,592	202,986,951	197,682,760	220,208,683
71,517,424	66,567,770	58,595,880	72,482,752	79,343,398
237,069,025	305,203,444	298,231,422	310,231,013	233,297,837
89,653,619	129,696,883	140,216,435	95,599,337	88,150,364
124,280,049	124,716,178	110,841,259	138,408,774	120,956,704
2,487,193	-	3,182,053	-	56,147,009
49,231,014	77,094,313	88,458,549	69,848,815	175,169,666
1,665,099,861	1,843,096,674	1,907,762,805	1,870,212,292	2,061,276,874
(35,431,704)	(95,196,570)	(134,262,861)	40,081,627	(222,461,556)
171,409,769	210,043,052	208,766,473	176,069,587	129,799,480
-	-	-	-	77,108,137
-	-	-	-	38,969,807
-	-	-	14,958,000	1,800,000
-	-	-	-	34,892,659
-	-	-	-	-
258,210,000	6,197,000	281,783,578	-	81,903,071
1,873,225	-	4,974,370	-	3,778,114
431,492,994	216,240,052	495,524,421	191,027,587	1,062,230,268
(245,988,937)	(284,035,275)	(310,205,006)	(247,789,783)	(165,027,112)
-	-	-	-	-
(35,810,944)	-	(72,410,000)	-	(764,864,391)
-	-	(1314,181)	-	(174,116,161)
(281,799,881)	(284,035,275)	(383,929,187)	(247,789,783)	93,163,266
149,693,113	(67,795,223)	111,595,234	(56,762,196)	130,597,604
-	-	-	-	-
114,261,409	(162,991,793)	(22,667,627)	(16,680,569)	(9,186,952)
(26,880,048)	136,507,695	157,501,503	173,203,805	275,260,877
(2,393,488)	(395,950)	1,673,819	978,267	(10,193,120)
\$ 84,987,873	\$ (26,880,048)	\$ 136,507,695	\$ 157,501,503	\$ 173,203,805
13.70%	13.39%	14.41%	13.97%	13.00%

Schedule 5
City of Detroit, Michigan
Revenue Capacity - Assessed and Actual Value of Taxable Property
Last Ten Fiscal Years
(Dollars in Thousands)
(Unaudited)

Fiscal Year Ended June 30	Assessed Value		
	Residential Property	Commercial Property	Industrial Property
2015	\$ 3,335,506	\$ 2,204,882	\$ 531,183
2014	4,292,795	2,270,629	555,507
2013	4,850,303	2,417,371	576,900
2012	5,475,901	2,617,911	660,159
2011	5,885,070	2,670,279	707,866
2010	6,331,071	2,561,853	711,088
2009	7,427,227	2,714,762	718,520
2008	8,815,609	2,766,213	750,693
2007	9,063,123	2,542,439	861,157
2006	8,622,589	2,299,266	877,750

Fiscal Year Ended June 30	Taxable Value		
	Residential Property	Commercial Property	Industrial Property
2015	\$ 3,138,725	\$ 1,958,496	\$ 475,546
2014	3,948,186	1,995,109	495,211
2013	4,265,567	2,082,686	506,261
2012	4,591,719	2,181,621	612,936
2011	4,955,961	2,232,730	659,172
2010	4,896,647	2,055,557	643,296
2009	5,291,055	2,145,967	651,786
2008	5,660,265	2,166,189	645,372
2007	5,615,395	1,899,540	737,484
2006	5,240,724	1,649,966	753,566

Assessed Value

Personal Property	Total	Total Direct Tax Rate (Per Thousand of Taxable Value)
\$ 1,740,560	\$ 7,812,131	29.78 %
1,862,607	8,981,538	28.95
1,592,878	9,437,452	29.57
1,369,132	10,123,104	29.51
1,563,433	10,826,648	28.87
1,516,382	11,120,394	28.87
1,637,134	12,497,643	27.43
1,612,957	13,945,472	28.02
1,646,722	14,113,441	31.34
1,655,570	13,455,175	30.02

Taxable Value

Personal Property	Total	Taxable Assessed Value as a Percentage of Actual Taxable Value
\$ 1,740,651	\$ 7,313,418	93.62 %
1,862,684	8,301,190	92.43
1,592,856	8,447,370	94.05
1,369,138	8,755,414	92.77
1,563,439	9,411,302	92.97
1,516,382	9,111,882	84.16
1,637,112	9,725,920	87.46
1,609,442	10,081,268	80.67
1,646,722	9,899,141	70.98
1,654,018	9,298,274	65.88

Schedule 6
City of Detroit, Michigan
Revenue Capacity - Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate Per \$1,000 of Assessed Value)
(Unaudited)

City Direct Rates			
Fiscal Year	Basic General City Rate (Note 1)	Debt Service (Note 1)	Total Direct
2015	19.9520	9.8237	29.7757
2014	19.9520	8.9952	28.9472
2013	19.9520	9.6136	29.5656
2012	19.9520	9.5558	29.5078
2011	19.9520	8.9157	28.8677
2010	19.9520	8.9157	28.8677
2009	19.9520	7.4779	27.4299
2008	19.9520	8.0683	28.0203
2007	22.9448	8.3951	31.3399
2006	22.9448	7.0753	30.0201

Note 1 Source: City of Detroit's Budget Department
 (Red Books for 2006 through 2015)

Note 2 Source: State of Michigan website

Note 3 Source: City of Detroit, Finance Department - Treasury Division - Millage Report

Overlapping Rates

Detroit Public Schools		Library (Note 1)	County (Note 3)	State Education Tax (Note 1)
Homestead (Note 2)	Non-Homestead (Note 2)			
13.3415	31.3415	4.6307	15.0417	6.0000
13.1423	31.1422	4.6307	15.0417	6.0000
13.0969	30.9277	4.6307	13.7768	6.0000
13.2996	31.1304	4.6307	14.0778	6.0000
13.1015	30.9323	4.6307	14.0778	6.0000
13.0000	30.8308	4.6307	14.0778	6.0000
13.0000	30.8308	4.6307	14.0778	6.0000
13.0000	31.0000	4.6307	13.9778	6.0000
13.0000	31.0000	4.6307	13.9980	6.0000
13.0700	30.6236	4.6307	13.9778	6.0000

Schedule 7
City of Detroit, Michigan
Revenue Capacity - Principal Property Tax Payers
Current Year and Nine Years Ago
(Taxable Assessed Value - Expressed in Thousands)
(Unaudited)

Taxpayer	2015		
	Taxable Assessed Value (Note 1)	Rank	Percentage of Total City Taxable Assessed Value (Note 2)
Detroit Electric/Gas Company	\$ 475,823	1	6.51 %
Marathon Petroleum	446,745	2	6.11
Vanguard Health Systems - Hospitals	289,131	3	3.95
MGM Grand Detroit LLC	208,273	4	2.85
Riverfront Holdings Inc.	109,237	5	1.49
FCA US LLC	96,896	6	1.32
Detroit Entertainment LLC	61,783	7	0.84
1000 Webward LLC	59,282	8	0.81
Greektown Casino LLC	50,498	9	0.69
General Motors LLC	47,695	10	0.65

Note 1 Source: City of Detroit - Assessor's Office

Note 2 Source: City of Detroit, Finance Department - Assessor's Office

Note 3 Source: City of Detroit, June 30, 2006 Comprehensive Annual Financial Report (Exhibit AA-14)

2006 (Note 3)

Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
\$ 332,956	2	7.51 %
147,481	4	1.56
N/A	N/A	N/A
61,013	8	0.65
135,344	5	1.43
709,126	1	7.51
N/A	N/A	N/A
N/A	N/A	N/A
42,983	10	0.46
188,179	3	N/A

Schedule 8
City of Detroit, Michigan
Revenue Capacity - Property Tax Levies and Collections
Last Ten Fiscal Years
(Amounts Expressed in Thousands)
(Unaudited)

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2015	\$ 206,384	\$ 151,700	73.50 %
2014	222,550	153,897	69.15
2013	239,186	163,443	68.33
2012	251,399	210,359	83.68
2011	257,448	205,741	79.92
2010	261,380	224,235	85.79
2009	269,556	234,049	86.83
2008	271,516	251,530	92.64
2007	268,630	255,353	95.06
2006	263,532	244,189	92.66

Source: City of Detroit, Finance Department - Treasury Division

Note: The methodology for compiling the information in this schedule was changed for 2013 and was not applied retroactively.

Total Collections to Date

Collections in Subsequent Years	Amount	Percentage of Levy
*	\$ 151,700	73.50 %
*	153,897	69.15
*	163,443	68.33
*	210,359	83.68
*	205,741	79.92
*	224,235	85.79
*	234,049	86.83
1,349	252,879	93.14
*	255,353	95.06
2,493	246,682	93.61

Schedule 9
City of Detroit, Michigan
Debt Capacity - Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Dollars in Thousands, Except Per Capita)
(Unaudited)

Governmental Activities (Note 1)

Fiscal Year	General Obligation Bonds	Detroit Building Authority Bonds	Revenue Bonds	Notes Payable	Loans Payable	Pension Obligation Certificates
2015	\$ 1,609,844	\$ -	\$ -	\$ 80,802	\$ -	\$ -
2014	1,060,963	-	-	85,184	36,693	1,137,404
2013	1,024,819	-	-	88,310	37,820	1,194,228
2012	971,213	-	-	89,391	34,207	1,194,270
2011	1,049,088	-	-	88,926	36,595	1,208,030
2010	1,028,036	2,655	-	89,506	37,944	1,216,977
2009	858,446	4,230	82,707	81,626	47,016	1,220,881
2008	969,868	5,650	94,453	77,681	56,316	1,220,923
2007	919,620	6,955	105,600	41,940	62,688	1,220,965
2006	953,275	8,322	114,183	28,315	74,442	1,206,770

Note 1 Source: City of Detroit - Comprehensive Annual
Financial Report for Fiscal Years Ended June 30, 2006 through 2015

Business-type Activities (Note 1)

Sewage Disposal Fund		Transportation Fund		Water Fund		Automobile Parking Fund			
Revenue Bonds	Pension Obligation Certificates	General Obligation Bonds	Pension Obligation Certificates	Revenue Bonds	Pension Obligation Certificates	Revenue Bonds	Total Primary Government	Per Capita	
\$ 3,483,025	\$ -	\$ 49,661	\$ -	\$ 2,375,375	\$ -	\$ 700	\$ 7,599,407	\$ 10,647	
3,345,812	85,843	5,458	100,159	2,553,333	75,748	-	8,486,598	11,890	
3,190,578	90,151	5,458	105,185	2,488,622	79,555	9,125	8,313,850	11,648	
3,250,005	90,154	6,272	105,189	2,518,913	79,558	10,261	8,349,432	11,698	
2,894,198	91,193	6,272	106,401	2,159,832	80,474	11,341	7,732,348	10,833	
2,940,530	91,868	6,272	107,188	2,190,140	81,070	40,931	7,833,116	8,234	
2,980,741	92,163	6,272	107,532	2,298,509	81,330	42,616	7,904,069	8,309	
3,006,776	92,166	6,272	107,536	2,328,126	81,333	44,165	8,091,264	8,506	
3,018,976	9,140	-	107,539	2,344,255	159,196	45,668	8,042,542	8,455	
2,657,446	9,031	-	106,268	1,971,744	162,415	54,230	7,346,442	7,723	

Schedule 10
City of Detroit, Michigan
Debt Capacity - Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Dollars in Thousands, Except Per Capita)
(Unaudited)

General Bonded Debt (Note 1)

Fiscal Year	General Bonds	Detroit Building Authority Bonds	Pension Obligation Certificates	Restricted for Debt Service	Total (Net of Restricted for Debt Service)
2015	\$ 1,609,844	\$ -	\$ -	\$ (18,512)	\$ 1,591,332
2014	1,047,770	-	1,137,404	(14,781)	2,170,392
2013	1,009,395	-	1,180,285	(31,916)	2,157,764
2012	963,400	-	1,180,285	(30,331)	2,113,354
2011	1,039,505	-	1,194,003	(28,857)	2,204,651
2010	1,013,920	2,655	1,202,909	(30,632)	2,188,852
2009	838,735	4,230	1,206,770	(76,769)	1,972,966
2008	942,850	5,650	1,206,770	(67,400)	2,087,870
2007	883,510	6,955	1,206,770	(64,710)	2,032,525
2006	953,275	8,322	1,206,770	(28,201)	2,140,166

Note 1 Source: City of Detroit - Comprehensive Annual Financial Report for Fiscal Years Ended June 30, 2005 through 2014

Note 2 Source: City of Detroit's Budget Department (Red Books for 2005 through 2014)

General Bonded Debt (Note 1)

Taxable	Percentage of	Per
Value (Note 2)	Actual Taxable	Capita
Value (Note 2)	Value of	
	Property (Note 2)	
\$ 7,772,856	20.47 %	\$ 2,229.45
8,301,190	26.15	3,040.71
8,447,370	25.54	3,023.02
8,755,414	24.14	2,960.80
9,111,881	24.20	3,088.71
9,725,919	22.51	2,300.98
10,031,268	19.67	2,074.03
9,896,705	21.10	2,194.82
8,996,155	22.59	2,136.64
8,749,830	24.46	2,249.80

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Schedule 11
City of Detroit, Michigan
Debt Capacity - Direct and Overlapping Governmental Activities Debt
As of June 30, 2015
(Dollars in Thousands)
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percent Applicable to City of Detroit</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Detroit Public Schools	\$ 1,647,946,743	100.00 %	\$ 1,647,946,743
Wayne County	615,956,111	16.54	<u>101,879,141</u>
Subtotal, overlapping debt			1,749,825,884
City of Detroit direct debt	1,701,892,327	100.00	<u>1,701,892,327</u>
Total Direct and Overlapping Debt			<u><u>\$ 3,451,718,211</u></u>

Source: City of Detroit Finance Department, Debt Management Division

Schedule 12
City of Detroit, Michigan
Debt Capacity - Legal Debt Margin Information
Last Ten Fiscal Years
(Dollars in Thousands)
(Unaudited)

	Fiscal Year				
	2015	2014	2013	2012	2011
Debt limit	\$ 1,464,359	\$ 1,587,704	\$ 1,558,064	\$ 1,033,010	\$ 1,218,147
Total net debt applicable to limit	<u>832,580</u>	<u>1,034,669</u>	<u>1,039,011</u>	<u>957,128</u>	<u>1,033,233</u>
Legal debt margin	<u>\$ 631,779</u>	<u>\$ 553,035</u>	<u>\$ 519,053</u>	<u>\$ 75,882</u>	<u>\$ 184,914</u>
Total net debt applicable to the limit as a percentage of debt limit	56.86%	65.17%	66.69%	92.65%	84.82%

Fiscal Year

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 1,218,793	\$ 1,388,266	\$ 1,505,243	\$ 1,527,708	\$ 1,443,061
<u>919,650</u>	<u>820,400</u>	<u>820,400</u>	<u>758,805</u>	<u>815,002</u>
<u>\$ 299,143</u>	<u>\$ 567,866</u>	<u>\$ 684,843</u>	<u>\$ 768,903</u>	<u>\$ 628,059</u>
75.46%	59.10%	54.50%	49.67%	56.48%

Schedule 13
City of Detroit, Michigan
Debt Capacity - Pledged Revenue Coverage
Last Ten Fiscal Years
(Dollars in Thousands)
(Unaudited)

Fiscal Year	Sewage Disposal Revenue Bonds				
	Total Available Revenues	Less: Operating Expenses	Net Available Revenue	Debt (b) Service	Debt (c) Coverage
2006	\$ 352,074	\$ 197,604	\$ 154,470	\$ 151,246	102.13%
2007	403,992	199,955	204,037	156,616	130.28
2008	404,502	202,346	202,156	175,249	115.35
2009	410,960	195,530	215,430	195,545	110.17
2010	371,419	197,926	173,493	200,985	86.32
2011	413,968	230,811	183,157	209,064	87.61
2012	444,471	217,024	227,447	203,092	111.99
2013	440,663	209,785	230,878	225,223	102.51
2014	479,929	206,052	273,877	229,611	119.28
2015	505,672	168,160	337,512	232,409	134.39

Fiscal Year	Water Revenue Bonds				
	Total Available Revenues	Less: Operating Expenses	Net Available Revenue	Debt (b) Service	Debt (c) Coverage
2006	\$ 295,075	\$ 146,215	\$ 148,860	\$ 107,305	138.73%
2007	302,351	146,327	156,024	115,450	135.14
2008	323,976	132,724	191,252	135,157	141.50
2009	287,906	149,859	138,047	156,775	88.05
2010	292,463	138,459	154,004	157,591	97.72
2011	320,066	146,880	173,186	164,436	105.32
2012	343,923	165,081	178,842	153,524	116.49
2013	361,091	151,204	209,887	172,459	121.70
2014	357,291	145,268	212,023	182,465	116.20
2015	364,278	127,758	236,520	178,901	132.21

Fiscal Year	Automobile Parking Revenue Bonds				
	Total (a) Available Revenues	Less: Operating Expenses	Net Available Revenue	Debt (b) Service	Debt Coverage
2006	\$ 21,126	\$ 10,315	\$ 10,811	\$ 10,604	101.95%
2007	18,114	9,470	8,644	10,605	81.51
2008	18,556	7,998	10,558	6,374	165.64
2009	17,835	10,180	7,655	4,448	172.00
2010	15,038	12,804	2,234	4,594	48.63
2011	8,137	6,938	1,199	1,671	72.00
2012	10,617	7,911	2,706	1,665	162.56
2013	11,993	6,365	5,628	1,664	338.26
2014	10,341	11,111	(770)	-	-
2015	12,338	4,878	7,460	-	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

- (a) Includes investment earnings on System Funds.
- (b) Reflects accrued deposits to the Bond and Interest Redemption Funds for principal and interest payments due on January 1 and July 1. Excludes interest paid from capitalized interest funds. Includes principal and interest on State Revolving Fund Loans.
- (c) This calculation is for statistical analysis only. The calculation of debt service coverage in accordance with the bond ordinance is beyond the scope of this presentation.

Schedule 14
City of Detroit, Michigan
Demographic and Economic Information - Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Year	Population (Note 1)	Unemployment Rate (Note 2)	Per Capita Personal Income (Note 3)	Total Personal Income (in Millions)
2015	713,777	13.1 %	\$ 14,870	*
2014	713,777	16.4	14,721	*
2013	713,777	18.6	13,956	*
2012	713,777	18.3	15,062	*
2011	713,777	24.4	*	*
2010	951,270	22.7	*	*
2009	951,270	24.8	15,310	\$ 14,564
2008	951,270	16.0	15,310	14,564
2007	951,270	14.1	15,310	14,564
2006	951,270	13.6	15,310	14,564

* Information Not Available at Date of Publication of CAFR

Note 1 Source: U.S. Bureau of Census for 2000; 2011 amount released from the 2010 Census

Note 2 Source: Bureau of Labor Statistics, Detroit, MI

Note 3 Source: U.S. Census Bureau, American Community Survey

Schedule 15
City of Detroit, Michigan
Demographic and Economic Information - Principal Employers
Current Year and Ten Years Ago
(Unaudited)

Employer	2015 (Note 1)		
	Employees	Rank	Percentage of Total City Employment (Note 3)
Rock Ventures	11,524	1	5.4 %
Detroit Medical Center	10,528	2	5.0
City of Detroit	9,137	3	4.3
Henry Ford Health System	8,879	4	4.2
U.S. Government	6,358	5	3.0
Detroit Public Schools	6,258	6	3.0
Wayne State University	6,010	7	2.8
Chrysler Group L.L.C.	5,870	8	2.8
Blue Cross/Blue Shield of Michigan	5,426	9	2.6
General Motors Co.	5,051	10	2.4

Note 1 Source: Crain's Book of Lists, 2015 Edition (City of Detroit Based)

Note 2 Source: City of Detroit 2006-2007 Executive Budget Summary (Page E-4)

Note 3 Source (Total City employment): Bureau of Labor Statistics

2005 (Note 2)

Employees	Rank	Percentage of Total City Employment (Note 3)
N/A	N/A	N/A %
10,617	3	3.3
17,151	2	5.3
7,404	5	2.3
5,458	8	1.7
18,639	1	5.8
5,078	10	1.6
9,900	4	3.1
2,694	17	0.8
6,311	7	2.0

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Schedule 16
City of Detroit, Michigan
Operating Information - Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years
(Unaudited)

	FTE Employees as of June 30									
FUNCTION/PROGRAM	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Governmental Agencies										
Executive Agencies										
Arts	-	-	-	-	-	-	-	-	-	1
Budget	7	10	15	15	16	20	23	22	23	23
Building and Safety	181	178	183	204	235	258	276	296	296	299
Civic Center	-	-	-	-	-	-	33	35	35	59
Consumer Affairs	-	-	-	-	-	-	-	-	-	14
Cultural Affairs	-	-	-	-	-	-	-	-	-	-
Public Works	374	407	503	542	639	649	737	750	748	873
Workforce Development	-	-	-	46	73	113	99	91	98	90
Environmental	-	-	-	-	3	10	51	53	51	21
Finance	183	176	224	235	266	285	310	327	310	298
Fire	1,251	1,154	1,093	1,257	1,330	1,355	1,406	1,444	1,479	1,511
General Services	436	436	384	343	447	481	528	676	670	-
Health & Wellness Promotion	6	7	31	185	243	262	317	348	335	434
Historical	-	-	-	-	-	-	-	-	-	6
Human Resources	74	83	82	107	176	171	168	175	179	174
Human Rights	3	1	7	6	8	-	12	13	7	7
Human Services	-	-	-	52	85	95	91	117	122	128
Information Technology Services	33	30	30	43	46	65	92	99	105	94
Inspector General	7	7	7	-	-	-	-	-	-	-
Law	91	82	88	94	105	113	122	127	134	140
Mayor's Office	56	47	22	39	52	63	74	108	107	59
Planning and Development	92	93	110	122	154	160	173	172	181	197
Police	2,686	2,769	2,561	3,016	3,195	3,288	3,688	3,421	3,499	3,589
Communication and Creative Services	-	-	-	-	-	-	-	-	-	-
Public Lighting	6	32	98	103	123	160	206	225	217	228
Recreation	203	185	203	300	510	508	385	471	464	399
Senior Citizens	-	-	-	-	-	-	3	-	-	5
Youth	-	-	-	-	-	-	-	-	1	-
Zoological Institute	-	-	-	-	-	-	-	1	-	86
Administrative Hearings	3	4	8	4	6	9	6	6	5	5
Homeland Security	-	-	3	2	2	1	5	5	5	4
Housing	-	-	-	-	3	3	3	3	3	3
Legislative Agencies										
Auditor General	10	10	10	12	15	17	18	21	18	18
Board of Zoning Appeals	11	11	13	12	12	12	12	13	15	11
City Council*	-	-	118	52	61	74	97	90	91	92
Ombudsman	6	6	6	7	7	11	11	10	7	6
City Clerk	13	14	15	18	20	22	23	25	25	27
Elections	60	72	81	83	51	55	102	68	60	65
Judiciary Agency										
36th District Court	32	32	31	31	35	33	33	32	31	31
Other Agencies										
Non-Departmental	40	40	24	14	20	21	33	44	37	41
Library	307	301	344	334	371	450	466	460	457	457
Total General Governmental Agencies	6,171	6,187	6,294	7,278	8,309	8,764	9,603	9,748	9,815	9,495
Enterprise Agencies										
Airport	4	3	2	7	8	9	10	11	11	13
Department of Transportation	965	951	809	1,131	1,292	1,351	1,514	1,512	1,562	1,530
Municipal Parking	85	83	86	97	92	97	104	109	114	108
Water and Sewage Disposal	1,363	1,560	1,721	2,012	2,123	2,081	2,189	2,260	2,224	2,311
Total Enterprise Agencies	2,417	2,597	2,618	3,247	3,515	3,538	3,817	3,892	3,911	3,962
Grand Total	8,588	8,784	8,912	10,525	11,824	12,302	13,420	13,640	13,726	13,457

Source: City of Detroit, Michigan, Human Resources Department

*City Council Employees were all on Personal Service Contracts during 2015 and therefore not considered FTE's

Schedule 17
City of Detroit, Michigan
Operating Information - Miscellaneous Operating Indicators by Function/Program
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year		
	2015	2014	2013
Public Protection:			
Police			
Number of Stations (Including 6 Mini-Stations)	21	21	37
Number of Employees (Uniform)	2,260	2,346	2,389
911 Calls Received / Answered	1,586,352 / 1,222,065	1,822,524 / 1,334,694	1,274,796 / 1,252,547
Number of Narcotics Raids	855	1,249	2,440
Number of Community Policing Programs	510	464	874
Fire			
Number of Fire Stations	38	37	37
Number of Employees	1,192	1,172	1,292
Number of Fire Fighting Vehicles	80	78	78
Number of Fire Hydrants	29,000	28,000	28,000
Responses to Fire Alarms (Including False Alarms)	22,289	22,702	21,449
Responses to Special Calls and Emergency Medical Service Calls	135,091	114,133	109,237
Estimated Fire Loss of Property	\$ 250,000,000	\$ 256,817,197	\$ 245,851,910
Public Works			
Number of Employees	345	563	554
Miles of Streets (Paved + Unpaved)	2,557	2,557	2,571
Miles of Alleys (Paved + Unpaved)	1,264	1,264	1,264
Miles of Sidewalks	4,243	4,243	4,243
Public Lighting			
Number of Street Lights	10,000	87,000	88,000
Number of Revenue Customers	-	256	256
Size of Generating Station in Kilo watts	184,000	184,000	30,000
Kilo watt Hours Generated (Net)	-	-	164,000
Kilo watt Hours Delivered to System	-	488,639,040	487,465,000
Steam Heating Plants - Steam Produced in Pounds	-	-	95,670,000
Recreation and Culture			
Number of Parks, Ornamental Areas, Playfields, and Playgrounds Owned (5,108 Acres)	302	354	354
Number of Summer Camps (199 Acres)	-	-	-
Number of Recreation Centers, Playgrounds, and School Facilities Operated	17	17	17
Number of Skating Rinks	2	2	2
Number of Swimming Pools	9	9	9
Number of Municipal Beaches	-	-	1
Total Playing Permits Issued at Five Municipal Golf Courses	108,000	98,678	109,474
Library			
Number of Libraries (Including Two Bookmobiles)	23	23	23
Estimated Number of Books	4,408,683	7,190,711	7,192,232
Circulation	1,199,494	1,468,234	1,790,839

Fiscal Year							
2012	2011	2010	2009	2008	2007	2006	
39	23	30	19	8	12	24	
2,637	2,771	2,928	2,971	3,005	3,126	3,162	
1,384,274 / 1,323,069	1,503,255 / 1,367,627	590,368 / 1,465,475	N/A	N/A	N/A	N/A	
3,462	3,147	N/A	N/A	N/A	N/A	N/A	
375	350	300	N/A	N/A	N/A	N/A	
46	46	45	49	46	48	48	
1,455	1,455	1,535	1,480	1,535	1,479	1,511	
78	76	93	93	90	212	256	
28,000	28,000	28,000	28,000	28,000	38,000	38,000	
34,613	26,813	19,224	19,530	23,174	33,399	33,992	
126,099	136,705	144,101	143,694	142,573	142,370	132,432	
\$ 149,261,205	\$ 285,142,382	\$ 467,135,907	\$ 549,374,611	\$ 397,605,618	\$ 1,190,738,018	\$ 96,771,056	
625	655	729	730	753	748	873	
2,571	2,572	2,571	2,570	2,570	2,570	2,784	
1,264	1,264	1,264	1,264	1,264	1,264	1,284	
4,243	4,243	4,243	4,243	4,243	4,243	4,265	
88,000	88,000	88,000	88,000	87,500	87,500	88,000	
256	116	116	190	235	185	201	
30,000	140,000	184,000	184,000	177,000	177,000	184,000	
191,320	29,352,500	121,769,000	134,189,000	136,207,800	94,000,300	256,395,400	
604,471,560	549,972,720	576,292,000	449,929,000	608,442,800	631,299,700	634,026,280	
87,505	57,840,415	54,729,562	79,773,679	104,544,579	85,000,000	62,306,014	
354	354	354	354	354	387	391	
-	-	-	-	-	-	1	
17	17	13	13	13	14	30	
2	2	2	2	1	2	1	
10	10	10	2	2	8	17	
1	1	1	1	1	1	1	
121,612	92,857	104,652	127,915	132,405	202,403	269,870	
24	27	27	27	27	27	27	
7,113,304	7,030,335	8,304,694	8,314,427	7,903,837	7,903,837	3,497,342	
2,260,177	2,588,135	2,446,842	2,308,336	1,199,736	1,199,736	889,315	

Schedule 17 (Continued)
City of Detroit, Michigan
Miscellaneous Operating Indicators by Function/Program
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year		
	2015	2014	2013
Water System			
Number of Customer Accounts	220,000	257,000	258,000
Average Pumpage - Millions of Gallons per Day	476.2	537.3	549.9
Greatest Pumpage for a Single Day During Fiscal Year - Gallons	73,180,000	742,000,000	957,200,000
Greatest Pumpage for a Single Hour During Fiscal Year - Gallons	33,875,000	32,875,000	42,917,000
Filtration Plant Rated Capacity - Millions of Gallons per Day	1,780	1,780	1,780
Number of Miles of Water Mains	3,840	3,840	3,840
Average Cost (Includes Domestic, Industrial, and Commercial) per 1,000 Cubic Feet	\$ 20.60	\$ 19.43	\$ 18.76
Sewage System			
Number of Sewage Disposal Plants	1	1	1
Number of Pumping Stations	11	11	11
Miles of (Trunk Line + Lateral) Sewers	2,913	2,913	2,913
Miles of Lateral Sewers	2,125	2,125	2,125
Transportation			
Number of Employees	904	955	989
Number of Revenue Vehicles	320	403	444
Seating Capacity	12,300	15,915	17,534
Number of Route Miles	944	1,014	1,014
Number of Passengers (Estimated)	24,113,775	25,116,299	30,898,942
Regular Fare	\$ 1.50	\$ 1.50	\$ 1.50
Tickets	N/A	N/A	N/A
Transfers	\$ 0.25	\$ 0.25	\$ 0.25
Weekly GO Pass	\$ 14.40	\$ 14.40	\$ 14.40
Health			
Number of Employees	100	216 *	
Birth Rate per Thousand	15	14.5 *	
Death Rate per Thousand	9	8.20 *	
Infant Mortality Rate per Thousand Live Births	\$ 13.30	*	
Educational Development			
School Enrollment	47,161	48,511	51,318
Operating Expenditures	\$ 702,573,048	\$ 707,461,081	\$ 712,922,213
Cost Per Pupil	\$ 14,897	\$ 14,584	\$ 13,892
Operating Revenues	*	*	
Revenue Per Pupil	*	*	
Total Teaching Staff	3,056	3,398	3,398

Source: City of Detroit, Michigan, Various Departments

* Information Not Available at Date of Publication of CAFR

		Fiscal Year						
		2012	2011	2010	2009	2008	2007	2006
		262,000	267,500	268,500	268,500	275,900	264,173	264,259
		556.3	543.4	515.3	557.1	601.7	575.2	599.6
		983,100,000	968,000,000	793,800,000	963,500,000	1,097,900,000	1,031,300,000	1,049,800,000
		44,833,000	43,625,000	37,750,000	42,583,000	51,992,000	49,125,000	50,333,000
		1,780	1,780	1,780	1,780	1,780	1,780	1,780
		3,840	3,840	3,840	3,840	3,840	3,840	3,840
\$		17.02	\$ 15.48	\$ 13.73	\$ 13.06	\$ 12.92	\$ 12.02	\$ 11.87
		1	1	1	1	1	1	1
		11	11	12	12	12	12	12
		2,913	2,913	2,913	2,913	2,913	2,913	2,913
		2,125	2,125	2,125	2,125	2,125	-	-
		1,139	1,341	1,524	1,524	1,562	1,562	1,530
		465	445	445	445	541	541	550
		18,363	17,570	17,570	17,355	21,916	21,916	22,278
		1,056	1,091	933	1,291	1,291	1,291	1,291
		32,750,907	35,615,420	36,555,845	38,612,890	35,204,863	35,204,863	37,083,344
\$		1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50
		N/A	N/A	N/A	N/A	N/A	5 for \$7.50	5 for \$7.50
\$		0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25
\$		14.40	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40	N/A	N/A
			271	308	339	338	335	434
			21.6	15.1	12.9	13.3	14.6	14.3
	*			10.60	10.40	8.97	10.50	9.50
			7.1	14.9	14.9	14.9	15.0	15.5
		66,745	75,152	84,877	95,494	106,485	118,394	130,718
\$		915,495,622	\$ 1,067,536,984	\$ 1,169,738,265	\$ 1,220,054,459	\$ 1,330,196,819	\$ 1,424,921,672	\$ 1,447,382,665
\$		13,716	\$ 14,205	\$ 13,782	\$ 12,776	\$ 12,492	\$ 12,035	\$ 11,073
	* \$		\$	1,210,725,507	\$ 1,297,710,119	\$ 1,345,462,713	\$ 1,547,683,775	\$ 1,545,022,504
	* \$		\$	14,264	\$ 13,589	\$ 12,635	\$ 13,072	\$ 11,820
		4,396	4,982	5,222	5,797	6,269	7,064	7,628

City and State Leaders Declare Bankruptcy Over

The City of Detroit officially exited bankruptcy on Wednesday, Dec. 10, 2014. Bankruptcy allowed the City to shed \$7 billion in debt, restructure another \$3 billion and reserve \$1.7 billion to improve City services. Mayor Mike Duggan, Emergency Manager Kevyn Orr and Michigan Governor Rick Snyder held a news conference to announce the end of bankruptcy.

Since the exit from bankruptcy, the City has earned an investment grade credit rating of A/stable from Standard and Poor's and completed a successful sale of \$245 million in financial recovery bonds issued through the Michigan Finance Authority.





Mayor Creates Program to Provide Summer Jobs for Youth

Mayor Mike Duggan kicked off his new summer youth employment program by asking area businesses to provide 5000 jobs for young people. Grow Detroit's Young Talent (GDYT), a citywide summer jobs program, employed young adults between the ages of 14 and 24 for six weeks in July and August. The kickoff announcement was held at The Detroit Regional Chamber on January 27, 2015.

The program was very successful in its first year and employed nearly 5,600 young Detroiters last summer. Mayor Duggan unveiled the program at the Mackinac Policy Conference in 2014.



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OUR SPECIAL THANKS TO:

City of Detroit, Michigan

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Office of the Chief Financial Officer

The General Accounting Section and Staff

including all Office of the Chief Financial Officer staff

for its commitment and dedicated service in the preparation of this report

City of Detroit Agencies

for their full cooperation in providing us
all the necessary information needed to compile this report

**Randy K. Lane, P.C.
Plante & Moran, PLLC**

**KPMG LLP
and Staff**

**Alan C. Young & Associates, P.C.
and Staff**

Communications & Creative Services Division

Rose Love, Publicist

Elena Farmer, Principal Graphic Designer

Kwabena Shabu, Supervising Photographer

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