



COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the Fiscal Year Ended June 30, 2006

CITY OF DETROIT

ROGER SHORT, CPA, FINANCE DIRECTOR/CHIEF FINANCIAL OFFICER • KWAME M. KILPATRICK, MAYOR



City of Detroit, Michigan
Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2006

Kwame M. Kilpatrick
Mayor



Prepared by the Finance Department
Roger Short, CPA

Finance Director/Chief Financial Officer



"We hope for better things."

"It shall rise again from the ashes."

FOUNDED 1701
INCORPORATED 1806
AREA (Square Miles) 137.9
POPULATION 951,270

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INTRODUCTORY

The Introductory Section contains:

Letter of Transmittal
GFOA Certificate of Achievement for Excellence in Financial Reporting
Auditor General's Letter
List of Principal Officials
City of Detroit Organizational Chart



February 25, 2008

The City of Detroit
The Honorable Mayor Kwame M. Kilpatrick and
The Honorable City Council

The management and staff of the Finance Department is pleased to submit the City of Detroit's (the "City") Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2006 along with the Independent Auditor's Report.

INTRODUCTION TO THE REPORT

Responsibility: The Finance Department prepares the City's CAFR and is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including the disclosures. To the best of our knowledge and belief, the information contained in the City's CAFR is accurate in all material respects and reported in a manner that fairly presents the financial position and results of operations of the City's primary government and component units for which it is financially accountable. All disclosures necessary to enable the reader to gain a reasonable understanding of the City's financial affairs have been included.

Adherence to Generally Accepted Accounting Principles: We have prepared the financial statements contained in the City's CAFR in accordance with generally accepted accounting principles (GAAP) applicable to state and local governments, as promulgated by the Government and by the City's Finance Department in accordance with the financial reporting principles and standards of the Governmental Accounting Standards Board (GASB). The City also voluntarily follows the recommendations of the Government Finance Officers Association of the United States and Canada (GFOA) for the contents of government financial reports, and participates in the GFOA's review program for the Certificate of Achievement for Excellence in Financial Reporting.

Report: The City's CAFR is divided into three major sections: introductory, financial and statistical:

- The introductory section includes this letter, the Auditor General's letter, the list of principal officials and the City's organization chart.
- The financial section includes: the independent auditor's report on the Basic Financial Statements; Management's Discussion and Analysis (MD&A), which provides an introduction, overview and analysis to the Basic Financial Statements; the Basic Financial Statements, which present the government-wide financial statements and the fund financial statements for government funds, proprietary funds, fiduciary funds, and component units, together with footnotes to the Basic Financial Statements; Required Supplementary Information other than MD&A, which presents budgetary comparison schedules and information about the infrastructure assets; and the supplemental financial data which includes the combining financial statements and schedules.
- The statistical section includes such items as trend information, information on debt levels, and other selected economic and statistical data.

Independent Auditors: The City's Charter requires the Auditor General of the City to audit the transactions of all City agencies at least once every two years. The Auditor General is appointed by the City Council for a 10-year term. Additionally, state laws require the City to have its financial statements audited by an independent, outside auditor once every five years. However, beginning with the fiscal year 1980, the Mayor and City Council agreed to have an annual financial statement audit by an independent auditor. The independent auditor's report on the financial statements is included in the financial section of this report. Also, the City must also comply with the requirements of the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

PROFILE OF THE GOVERNMENT

Background and Overviews: Detroit, Michigan's largest city is located in the County of Wayne in the southeastern section of the State's lower peninsula. The City covers approximately 140 square miles and accounts for nearly half of the population of 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. The organizational structure of the City is as follows:

Executive Branch: The Mayor heads the 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 City Council are also elected to a four-year term. 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.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

A number of significant initiatives, outlined below, are underway in the City that has had a positive effect on the City's economic health and its ability to provide services to residents and businesses.

New Housing Starts: For the first time in decades, Detroit led our region in new housing starts during this past fiscal year. The City expects to double that pace and break ground for more than 2,400 new units.

Downtown Occupancy: Our downtown office occupancy in class "A" buildings has been raised to more than 90 percent. And nearly 500,000 square feet of additional office space is under construction downtown with three-fourths of that pre-leased.

Entertainment Industry: The entertainment industry is growing. We saw 33 new restaurants open in the past year and our casinos are spending well over \$1 billion to create three permanent facilities that will include 1,200 new hotel rooms downtown. In late October, MGM Grand Detroit opened to rave reviews and revenues are up nearly 40% in the first month of operations. No real impact on the other two casinos' revenues at this time. Motor City Casino hotel opened in late November.

East Riverfront: Our east riverfront is bustling with activity. Construction continues on the riverwalk.

Housing Prices: Housing prices have risen 46 percent in Detroit in the four years ended as of June 30, 2006 compared with 27 percent nationally and 26 percent in the State of Michigan.

OUR VIEW OF THE FUTURE

Detroit is positioned to be a major force in this new millennium. If we make courageous decisions as the times demand of us, the result will be a Next Detroit every bit as great, if not greater than the Detroit that put the world on wheels.

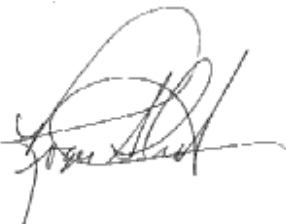
AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement for Excellence in Financial Reporting: The City is pleased that the Government Finance Officers Association (GFOA) recognized Detroit with the prestigious award for excellence in financial reporting for our 2004-2005 CAFR.

This is the third consecutive year that the City has achieved this award. In order to be awarded a Certificate of Achievement, a government must publish a well-organized and easily understandable CAFR in accordance with Generally Accepted Accounting Principles (GAAP). A certificate is valid for a period of one year.

Acknowledgments: I wish to express my appreciation to the entire staff of all accountants and fiscal staff within the City of Detroit, the City's Finance Department, and the fiscal staff at each of our component units whose professionalism, dedication and efficiency contributed to the preparation of this report. Also, thanks to the Mayor's Office, Members of City Council and the Auditor General for their interest and support in planning and conducting the City's financial affairs.

Sincerely,

A handwritten signature in black ink, appearing to read "Roger Short", with a stylized flourish extending from the end.

Roger Short, CPA
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Detroit
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



City of Detroit
OFFICE OF THE AUDITOR GENERAL
COLEMAN A. YOUNG MUNICIPAL CENTER
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DETROIT, MICHIGAN 48226
PHONE: (313) 224-3101
FAX: (313) 224-4091
WWW.CI.DETROIT.MI.US

LOREN E. MONROE, CPA
AUDITOR GENERAL

AUDITOR GENERAL'S LETTER

December 18, 2007

The Honorable Mayor Kwame M. Kilpatrick
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, 2006, were audited by KPMG LLP under contract with the City of Detroit, Auditor General. The audit of these financial statements and the resulting Auditors' opinion satisfies the requirements of the City Charter under Section 4-205.

Respectfully,

A handwritten signature in cursive script that reads "Loren E. Monroe".

Loren E. Monroe, CPA
Auditor General

**PRINCIPAL OFFICIALS
OF THE
CITY OF DETROIT, MICHIGAN**

**Executive
(Elected)**



**Mayor
KWAME M. KILPATRICK**

**Legislative
(Elected)**

City Council



KENNETH V. COCKREL JR.
President



MONICA CONYERS
President Pro Tem



SHEILA M. COCKREL



BARBARA-ROSE COLLINS



BRENDA JONES



KWAME KENYATTA



MARTHA REEVES



ALBERTA TINSLEY-TALABI



JOANN WATSON

**PRINCIPAL OFFICIALS
OF THE
CITY OF DETROIT, MICHIGAN**

**Legislative
(Elected)**



City Clerk
JANICE WINFREY

**Other Executive Officials
(Appointed)**



ANTHONY ADAMS, ESQ.
Deputy Mayor



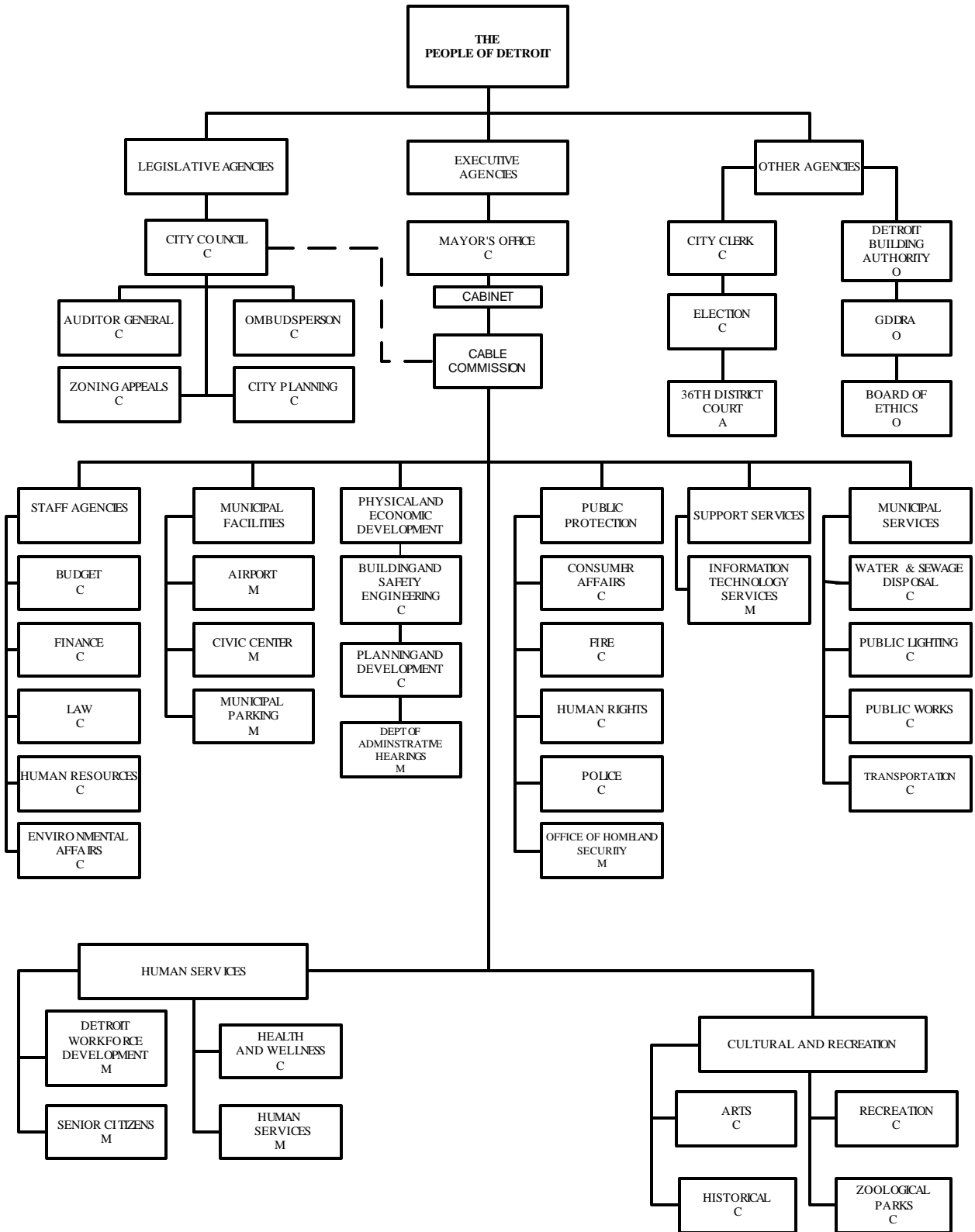
ROGER SHORT, CPA
Chief Financial Officer/
Finance Director



MIKE D. BRIDGES
Chief Accounting Officer

CITY OF DETROIT ORGANIZATION CHART

June 30, 2006



ESTABLISHED UNDER:
 A- STATE ACT
 C- CITY CHARTER
 M- MAYOR'S EXECUTIVE ORGANIZATION PLAN
 O- CITY ORDINANCE

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 1200
150 West Jefferson
Detroit, MI 48226-4429

Independent Auditors' Report

The Honorable Mayor Kwame Kilpatrick
and
The Honorable Members of the City Council
City of Detroit, Michigan:

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, 2006, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Detroit Brownfield Redevelopment Authority, Downtown Development Authority, Economic Development Authority, Museum of African American History, Detroit Transportation Corporation, and Greater Detroit Resource Recovery Authority, which represent 87.8% and 76.4%, respectively, of the assets and revenues of the discretely presented component units. We also did not audit the financial statements of the Retirement Systems, which represent 96.5% and 73.2%, respectively, of the assets and expenses/expenditures/deductions of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon were furnished to us, and our opinions, insofar as they related to the amounts included in the aggregate discretely presented component units and aggregate remaining fund information, are based on the reports of the other auditors.

Except as discussed in the following paragraph, 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

The financial statements of the Detroit Public Library (Library) have not been audited, and we were not engaged to audit the Library's financial statements as part of our audit of the City's basic financial statements. The Library's financial activities are included in the City's financial statements as a discretely presented component unit and represent 8.6%, 18.7%, and 15.2% of the assets, net assets, and revenues, respectively, of the City's aggregate discretely presented component units.



As described in Note I.E.13, the City excluded the reporting in its financial statements of the Detroit Housing Commission and the School District of the City of Detroit which were, previously reported as discretely presented component units.

In our opinion, based on our audit and the reports of other auditors, except for the effects of such adjustments, if any, as might have been determined to be necessary had the Library's financial statements been audited, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units for the City, as of June 30, 2006, and the changes in financial position thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

In addition, in our opinion, based on our audit and the reports of 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, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2008 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis on pages 6 through 22, the budgetary comparison information on pages 113 through 116 and the schedules of employer contributions and the schedules of funding progress on page 118 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Detroit's basic financial statements. The introductory section, combining nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements, and accordingly, we express no opinion on them.

KPMG LLP

Detroit, Michigan
February 25, 2008

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MANAGEMENT'S
DISCUSSION
AND ANALYSIS
(MD&A)
(UNAUDITED)

The following is a discussion and analysis of the financial performance of the City of Detroit (the City), providing an overview of the activities for the fiscal year ended June 30, 2006. Please read it in conjunction with the transmittal letter at the front of this report and with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The primary government's total net assets increased by \$75.5 million and exceeded its liabilities at June 30, 2006 by \$1.7 billion (net assets).
- At June 30, 2006, the City's governmental activities had net assets of \$23.8 million, an increase of \$17.3 (266.5 percent) million from June 30, 2005.
- The City's business-type activities had ending net assets of \$1.7 billion, an increase of \$58.2 million (3.6 percent) from the fiscal year ended June 30, 2005.
- At June 30, 2006, the General Fund had a total fund deficit of \$107.2 million, an increase of \$73.6 million from the prior year. Decreased revenue collections contributed to the results. In addition, the Unreserved Fund Balance had a \$173.7 cumulative deficit at June 30, 2006 compared with the \$155.4 million deficit at the end of fiscal year 2005.
- The City's total bonded debt decreased by \$52.4 million (0.9 percent) during the fiscal year ended June 30, 2006.
- In June 2006, the City issued Pension Obligation Certificates (Series 2006 POC) totaling \$948.5 million and used the proceeds to redeem \$904.0 million of the Series 2005 POCs. The remaining \$44.5 million of the POC were added to the government-wide balance sheet.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the City of Detroit, Michigan's basic financial statements, which comprise 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

The Statement of Net Assets and the Statement of Activities are two financial statements that report information about the City, as a whole, and about its activities that should help answer this question: 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 using the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets (pages 28 and 29) presents all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets measure whether the City's financial position is improving or not.

The Statement of Activities (pages 30 and 31) presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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 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 certain services it provides.
- **Discretely Presented Component Units** – Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. There are nine legally separate organizations that are reported as discretely presented component units of the City.

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 beginning on page 58 of the report.

Fund Financial Statements

The fund financial statements begin on page 32 and provide detailed information about 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. In addition to the major funds, page 122 begins the individual fund data for the non-major funds. The City's funds are divided into three categories – governmental, proprietary, and fiduciary – and 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 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., Automobile Parking 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 Assets and Changes in Fiduciary Net Assets (pages 48 and 49). These funds, which include pension (and other employee benefit) 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.

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, and non-major discretely presented component units. These funds are added together, by fund type, and presented in single columns in the basic financial statements, but are not reported individually, as with major funds, on the governmental fund financial statements.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City's combined net assets increased \$75.5 million (4.6 percent) over the course of this fiscal year's operations. The net assets of the governmental activities increased \$17.3 million (266.5 percent) and business-type activities had an increase of \$58.2 million (3.6 percent).

Summary of Net Assets
For Fiscal Year Ended June 30, 2006 and 2005
(In Thousands)

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2006	2005	2006	2005	2006	2005
Current and other non-current assets	\$ 1,819,873	\$ 1,792,486	\$ 1,594,638	\$ 1,797,712	\$ 3,414,511	\$ 3,590,199
Capital assets	1,510,025	1,403,043	5,346,012	5,105,722	6,856,037	6,508,764
Total assets	<u>3,329,898</u>	<u>3,195,529</u>	<u>6,940,650</u>	<u>6,903,434</u>	<u>10,270,548</u>	<u>10,098,963</u>
Current liabilities	698,091	671,375	324,749	329,035	1,022,840	1,000,410
Long-term liabilities	2,607,964	2,517,648	4,938,689	4,955,407	7,546,653	7,473,055
Total liabilities	<u>3,306,055</u>	<u>3,189,023</u>	<u>5,263,438</u>	<u>5,284,442</u>	<u>8,569,493</u>	<u>8,473,465</u>
Net assets:						
Invested in capital assets, net of related debt	603,086	562,312	914,032	1,050,443	1,517,118	1,612,755
Restricted	29,492	30,488	385,381	287,779	414,873	318,267
Unrestricted (deficit)	(608,735)	(586,294)	377,799	280,770	(230,936)	(305,524)
Total net assets	<u>\$ 23,843</u>	<u>\$ 6,506</u>	<u>\$ 1,677,212</u>	<u>\$ 1,618,992</u>	<u>\$ 1,701,055</u>	<u>\$ 1,625,498</u>

The largest component, \$1.5 billion of the City's net assets is 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.

City of Detroit, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006
(UNAUDITED)

Restricted net assets totaling \$414.9 million are the next largest component. These are resources subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The City had an unrestricted accumulated deficit of \$230.9 million as of June 30, 2006. A positive balance or surplus in the unrestricted net assets represents excess assets available to meet ongoing obligations. A negative balance or deficit means that it would be necessary to convert restricted assets to unrestricted assets if all ongoing obligations were immediately due and payable.

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

Changes in Net Assets
For Fiscal Year Ended June 30, 2006 and 2005
(In Thousands)

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2006	2005	2006	2005	2006	2005
Revenues						
Program revenues						
Charges for services	\$ 340,649	\$ 407,969	\$ 677,975	\$ 486,073	\$ 1,018,624	\$ 894,042
Operating grants	245,062	246,249	73,802	88,111	318,864	334,360
Capital grants	91,807	72,029	-	15,081	91,807	87,110
General revenues						
Property Taxes	243,622	239,508	-	-	243,622	239,508
Municipal Income Tax	284,111	282,502	-	-	284,111	282,502
Utility User Tax and						
Gas & Weight Tax	122,824	116,416	-	-	122,824	116,416
Wagering Tax	156,589	137,970	-	-	156,589	137,970
Hotel and Liquor Tax	16,288	16,311	-	-	16,288	16,311
Shared Taxes	280,818	282,914	-	-	280,818	282,914
Other Local Taxes	22,784	11,713	-	-	22,784	11,713
Investment Earnings	18,397	14,465	39,194	22,809	57,591	37,274
Miscellaneous	22,470	6,432	28,850	(13,970)	51,320	(7,538)
Total Revenues	1,845,421	1,834,478	819,821	598,104	2,665,242	2,432,582
Expenses						
Public Protection	681,052	876,157	-	-	681,052	876,157
Health	177,364	170,040	-	-	177,364	170,040
Education	64,671	73,771	-	-	64,671	73,771
Recreation and Culture	69,192	75,145	-	-	69,192	75,145
Economic Development	95,642	114,865	-	-	95,642	114,865
Transportation	79,343	46,272	-	-	79,343	46,272
Housing Supply and						
Conditions	14,738	17,981	-	-	14,738	17,981
Physical Environment	243,950	277,306	-	-	243,950	277,306
Development and						
Management	240,246	214,747	-	-	240,246	214,747
Interest on Long-term						
Debt	126,659	65,253	-	-	126,659	65,253
Sewage Disposal	-	-	311,304	192,421	311,304	192,421
Transportation	-	-	190,359	204,914	190,359	204,914
Water	-	-	282,149	195,086	282,149	195,086
Automobile Parking	-	-	19,474	26,296	19,474	26,296
Airport	-	-	3,044	3,141	3,044	3,141
Total Expenses	1,792,857	1,931,537	806,330	621,858	2,599,187	2,553,395
Excess (deficiency)						
Before Contributions and						
Transfers	52,564	(97,059)	13,491	(23,754)	66,055	(120,813)
Contributions	-	-	9,502	7,120	9,502	7,120
Transfers	(35,227)	(89,585)	35,227	89,585	-	-
Increase/(decrease) in						

City of Detroit, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2006
(UNAUDITED)

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2006	2005	2006	2005	2006	2005
Net Assets	17,337	(186,644)	58,220	72,951	75,557	(113,693)
Net Assets, July 1	6,506	193,150	1,618,992	1,546,041	1,625,498	1,739,191
Net Assets, June 30	\$ 23,843	\$ 6,506	\$ 1,677,212	\$ 1,618,992	\$ 1,701,055	\$ 1,625,498

Governmental Activities

Net assets of the City's governmental activities increased \$17.3 million (266.5 percent) to reflect a balance of \$23.8 million. All of those net assets are either restricted to the purpose they can be used for or they are invested in capital assets (i.e., buildings, roads, bridges, etc.). Consequently, unrestricted net assets showed a \$608.7 million deficit at the end of this fiscal year.

Over 61.7 percent of the City's revenue comes from taxes. Total taxes increased by \$39.7 million (3.7 percent). Wagering taxes increased by \$18.6 million (13.5 percent).

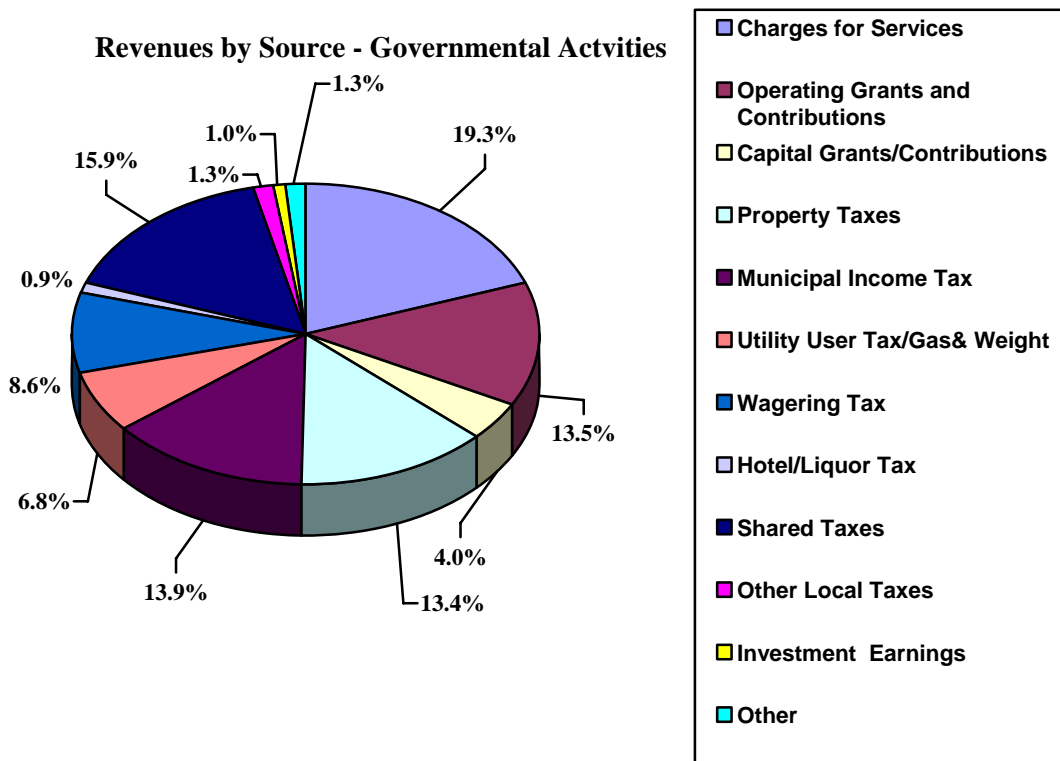
Federal and State grants vary from year to year depending primarily on the level of spending for programs, construction, and other projects.

Expenses for governmental activities in 2006 were \$1.8 billion. This reflects a decrease of \$138.7 million (7.2 percent) over 2005. Public protection (police and fire protection) was the largest component of current expenses, accounting for 38.0 percent of total expenses. Public protection expenses have decreased by \$195.1 million (22.3 percent) over 2005 as a result of salary reductions and renegotiation of employee health care benefits. Physical Environment expenses decreased by \$33.4 million (12.1 percent) below 2005 as a result of cost reductions and restructuring of related services.

The revenues from governmental activities were \$1.8 billion. The amount that taxpayers paid for these activities through City taxes was approximately \$846.2 million. Other funding for governmental activities was provided from the following sources:

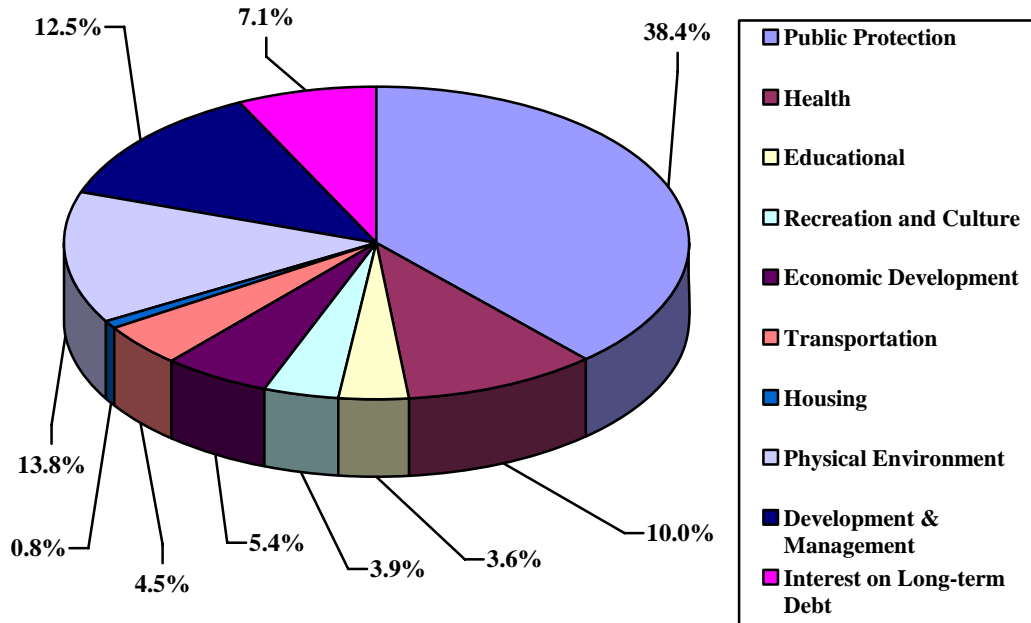
- User fees were paid by those who directly benefited from certain programs (\$340.6 million).
- Other governments and organizations subsidized certain programs with grants and contributions (\$319.1 million).
- Other revenues such as state aid, interest, and miscellaneous income funded the “public benefit” portion of various programs (\$321.7 million).

The following chart depicts revenues of the governmental activities for the fiscal year:



The following chart depicts expenses of the governmental activities for the fiscal year:

Expenses by Function Type - Governmental Activities



Business-type Activities

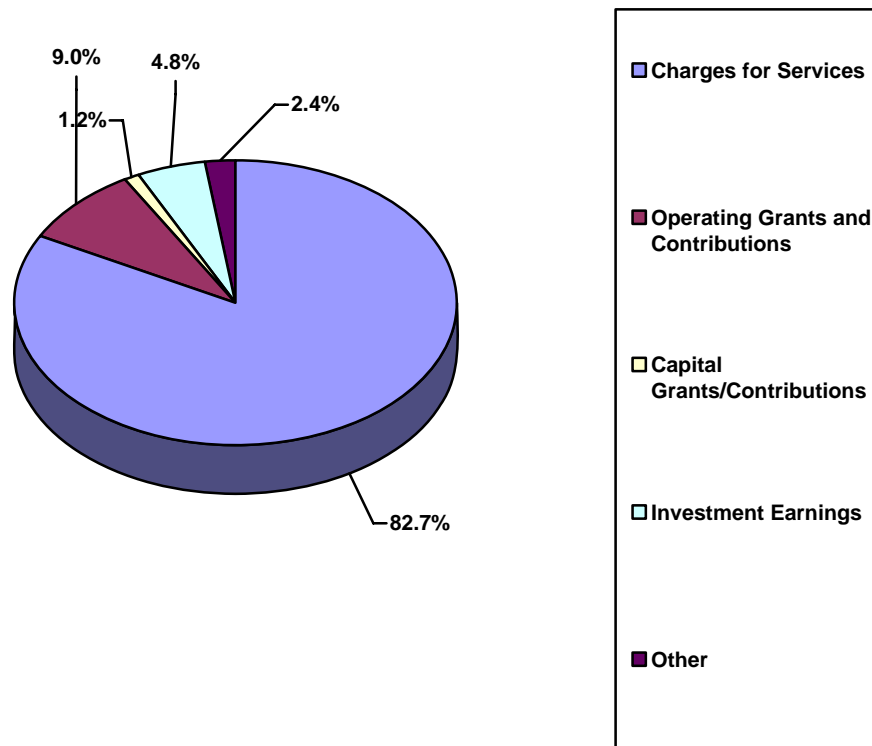
The business-type activities' net assets increased by \$58.2 million (3.6 percent) during the fiscal year. Factors contributing to these results included the following:

- The Water Fund had an increase in net assets of \$12.5 million because of the increase in water rates and better control of operating expenses.
- The Sewage Disposal Fund had an increase in net assets of \$62.6 million because of the increase in sewage rates and better control of operating expenses.
- The Transportation Fund had a decrease in net assets of \$6.5 million due to less capital assets acquired in the fiscal year and higher depreciation compared with the prior year. In addition, the application of GASB 42 resulted in the recognition of impaired assets that reduced the amount of net assets.

- The sale of two (2) garage facilities held by the Automobile Parking Fund netted a gain of \$25.9 million, and net income of \$29.1 million, before transfers out of \$37.5 million.
- The Airport Fund (Non-Major Fund) finished the fiscal year with a decrease in net assets of \$2.0 million.

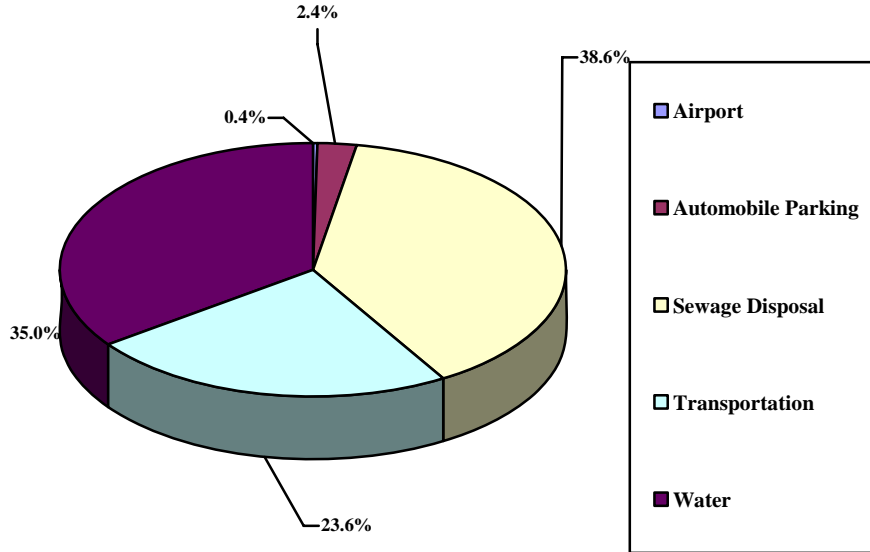
The following chart depicts revenues of the business-type activities for the fiscal year:

Revenues by Source - Business-type Activities



The following chart depicts expenses of the business-type activities for the fiscal year:

Expenses by Function Type - Business-type Activities



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$173.2 million. Of this amount, a deficit of \$96.4 million is unreserved fund balance. The remaining \$269.6 million is reserved for specific purposes, such as advances to component units, inventory, encumbrances, short-term loans and advances to other funds, risk management operations, motor vehicle operations, endowments and trusts, debt service and capital projects.

General Fund

The General Fund is the chief operating fund of the City. At the end of fiscal year 2006, the unreserved fund balance was a deficit of \$173.7 million with a combined (reserved and unreserved) total fund deficit of \$107.2 million. The fund balance decreased during the fiscal year by \$73.6 million (219.1 percent), primarily because expenditures and other financing uses exceeded revenues and other financing sources.

General Fund Budgetary Highlights:

The City's 2006 General Fund Budget is \$1.7 billion. The City's 2006 General Fund Budget contains no additions or material changes to existing taxes and fees and was approved by the City Council in June 2005.

As of June 30, 2006, the General Fund's accumulated fund balance deficit was approximately \$173.7 million, which is an \$18.3 million (11.8 percent) increase over 2005. Within the 2005-2006 adopted budget, the City Council appropriated \$62.8 million for the prior years' deficit.

During the year, the estimated revenues in the budget exceeded actual revenues and other resources by \$333.2 million. The majority of this amount is attributable to grant revenues and the sale of real property being less than the final budgets. However, expenditures were less than budgeted estimates. Budgeted expenditures were approximately \$1.6 billion but actual expenditures were \$1.4 billion, a favorable variance of \$0.2 billion.

Differences between the original budget and the final amended budget consisted of a total net increase in estimated revenues of \$269.3 million and a total net increase in appropriations of \$66.8 million. The difference was offset by a total net increase in Other Financing Sources and Uses of \$202.5 million.

A major reason for the increase in estimated revenues can be briefly summarized as follows:

- \$10.6 million increase in taxes, assessments, interest and penalties.
- \$215.1 million increase in grants (Federal, State and other).
- \$38.7 million increase in other revenue.

A major reason for the increase in appropriations included \$57.2 million of increases in Public Protection.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2006, the City had invested \$6.9 billion, net of accumulated depreciation, in a broad range of capital assets (see table below).

Capital Assets as of June 30, 2006 and 2005
(Net of Depreciation, In Thousands)

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>		<u>Primary Government</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land and Land Rights	\$ 417,464	\$ 383,014	\$ 38,079	\$ 36,702	\$ 455,543	\$ 419,716
Land Improvements	-	-	48,100	47,747	48,100	47,747
Building and Structures	617,135	506,428	2,147,720	1,539,650	2,764,855	2,046,078
Sewer and Water Lines	-	-	870,080	900,236	870,080	900,236
Machinery, Equipment						
Fixtures and Vehicles	145,701	91,775	1,785,394	937,817	1,931,095	1,029,592
Works of Art	29,788	29,788	-	-	29,788	29,788
Infrastructure	199,804	185,041	-	-	199,804	185,041
Construction-in-Progress	100,133	206,997	456,639	1,643,568	556,772	1,850,565
Total	\$ 1,510,025	\$ 1,403,043	\$ 5,346,012	\$ 5,105,720	\$ 6,856,037	\$ 6,508,763

Major capital projects during the current fiscal year included the following:

- The City expended \$11.6 million on waterfront redevelopment and casino development.
- The Department of Public Works expended \$21.6 million on capital activities for street construction and resurfacing.

- The Police Department expended \$7.7 million on capital activities for renovation of precincts, acquisition of electronic equipment and vehicles.
- The Detroit Institute of Arts expended \$31.9 million on capital activities for expansion and renovation.
- The Fire Department expended \$3.5 million on capital activities for a new fire station.
- The Health Department expended \$1.9 million on capital activities for Herman Kiefer Building renovation.
- The Transportation Department expended \$9.3 million on capital activities to acquire land and buses.
- The Recreation Department expended \$17.5 million on capital activities for recreation facilities.
- The Automobile Parking Fund expended \$7.3 million on the renovation of parking garages.
- The City expended \$6.1 million for the 800 MHz communication system.

Outstanding Bonded Debt as of June 30, 2006 and 2005
(In Thousands)

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2006	2005	2006	2005	2006	2005
General obligation bonds	\$ 961,597	\$ 977,817	\$ -	\$ -	\$ 961,597	\$ 977,817
Revenue bonds	114,183	125,013	4,683,420	4,708,886	4,796,603	4,833,899
Total	<u>\$ 1,075,780</u>	<u>\$ 1,102,830</u>	<u>\$ 4,683,420</u>	<u>\$ 4,708,886</u>	<u>\$ 5,758,200</u>	<u>\$ 5,811,716</u>

Long-Term Debt

At the end of the current fiscal year, the City had total bonded debt of \$5.8 billion outstanding. Of this amount, \$961.6 million are general obligation bonds backed by the full faith and credit of the City and \$4.7 billion are revenue bonds, commercial paper, loans, and other obligations of the City's business enterprises.

The City's total debt had decreased by \$52.4 million (0.9 percent) during fiscal year 2006. Governmental activities decreased by 2.5 percent, while business-type activities' debt decreased by 0.6 percent.

In June 2006, the City refinanced \$904 million of the POC issued in 2005 that were used to fund certain unfunded accrued actuarial liabilities. This resulted in a net increase of \$36.2 million and \$8.3 million in POC obligations for Governmental Activities and Business-type activities, respectively.

The GASB has recently released Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions Statement No. 45*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other post employment benefits" (other than pensions). This change will cause the financial statements of the City to recognize the cost and related liability of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. For the City, this will result in increased expenses and a related liability, which will likely be significant.

The City is currently evaluating the effect Statement No. 45 will have on its financial statements. The City commissioned an actuarial valuation as of December 31, 2004. The present value of all benefits expected to be paid to current plan members as of December 31, 2004 is \$8.0 billion (\$3.9 billion for current retirees and \$4.1 billion for active employees). The actuarial accrued liability, which is the portion of the \$8.0 billion attributable to the service accrued by plan members as of December 31, 2004, is \$6.0 billion. As of December 31, 2004, there were no plan assets available to offset the liabilities of the plan. Statement No. 45 is effective for the year ending June 30, 2008.

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 Michigan, 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. Not all the General Bonded debt is subject to the general debt limitation, which is \$815 million. The City's legal debt limitation at June 30, 2006 was \$1.4 billion of which \$628 million is available for use.

The City's ratings on uninsured general obligation bonds as of June 30, 2006 were:

Moody's Investors Service, Inc.	Baa2
Standard and Poor's Corporation	BBB
Fitch IBCA, Inc.	BBB

Additional information on the City's long-term debt can be found in Notes III, (B), 4. Long-Term Obligations; 5. Derivatives Not Reported at Fair Value; and 6. Other Information.

ECONOMIC CONDITION AND NEXT YEAR'S BUDGET

The City is currently experiencing a less favorable economic environment resulting from the continued decline in the manufacturing sector of the economy, partially offset by modest increases in leisure and hospitality, professional and business services, educational and health services, and construction. For 2005, Detroit's annual average unemployment rate was 14.0 percent. For 2006, Detroit's annual average unemployment rate had decreased to 13.7 percent.

Next Year's Budget

The 2006-2007 budget includes:

- A Solid Waste fee for solid waste pickup. Previously, homeowners paid 3 mills to offset refuse costs. Homeowners will pay \$300 annually. The fee will generate more than \$67.2 million, \$40 million more than the millage.
- A decrease in the General Fund's annual operating subsidy to the Transportation Fund. The budgeted subsidy has decreased from \$83.4 million to \$76.3 million, a reduction of \$7.1 million from 2005-2006.
- A General Services Department was established. A total of 628 positions were transferred from Agencies such as DPW, Recreation, Public Lighting, Health, Civic Center and Elections to create the department. This department includes the consolidation of fleet management, skilled trades (with the exception of the Apprentice Program), security, building and grounds maintenance that includes vacant lots and inventory management. This consolidation is anticipated to save \$4.5 million through coordinated purchasing and consolidated efforts.
- Anticipated savings of \$58 million City-wide through plan design and contribution changes, reduction in administrative fees and rates.

The 2006-2007 Budget has 657 fewer positions, including layoffs:

Description	FY 2006-2007	FY 2005-2006	Variance
General City	9,564	10,203	(639)
Enterprise Agencies	5,530	5,548	(18)
Total Budgeted Positions	15,094	15,751	(657)

CONTACTING THE CITY'S FINANCE DEPARTMENT

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 Finance Department's Website at www.ci.detroit.mi.us. You can also contact the office by phone at (313) 224-2937.

The City's component units issue their own audited financial statements. These statements may be obtained by directly contacting the component unit. To obtain their phone numbers, you may call the Finance Department at (313) 224-2937.



GREAT TIMES!





Detroit police officers have a personal commitment to the citizens of Detroit.

WORKING IN THE COMMUNITY

A volunteer coordinates activities in the arts and crafts tent at Metro Youth Day.



An instructor teaches preschoolers at the Vistas Nuevas Head Start center.





Volunteers arrange hurricane relief supplies.



Angels' Night volunteers prepare to patrol the streets.

DETROIT LOVE



Motor City Makeover volunteers help spruce up the city.



Motor City Makeover volunteers proudly show off their newly cleaned park.



DETROIT HOSTS SUPER BOWL XL



BASIC
FINANCIAL
STATEMENTS
(BFS)

City of Detroit, Michigan
STATEMENT OF NET ASSETS
June 30, 2006

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents.....	\$ 74,951,662	\$ 11,144,759	\$ 86,096,421	\$ 17,390,331
Investments.....	273,409,280	75,211,671	348,620,951	118,440,507
Escrow Deposits.....	-	-	-	21,486,849
Accounts and Contracts Receivable:				
Internal Balances.....	28,331,159	(28,331,159)	-	-
Due from Primary Government.....	-	-	-	9,932,707
Due from Component Units.....	3,427,098	-	3,427,098	-
Due from Other Governmental Agencies.....	164,386,216	11,695,326	176,081,542	1,789,658
Other Receivables - Net.....	36,530,844	213,081,161	249,612,005	56,491,718
Total Accounts and Contracts Receivable - Net.....	232,675,317	196,445,328	429,120,645	68,214,083
Inventories.....	11,909,293	25,219,715	37,129,008	7,331,532
Prepaid Expenses.....	127,636	11,453,259	11,580,895	2,069,584
Total Unrestricted Assets.....	593,073,188	319,474,732	912,547,920	234,932,886
Restricted Assets:				
Cash and Cash Equivalents.....	77,854,847	73,634,169	151,489,016	5,920,370
Investments.....	14,705,456	675,489,475	690,194,931	183,322,762
Total Restricted Assets.....	92,560,303	749,123,644	841,683,947	189,243,132
Total Current Assets.....	685,633,491	1,068,598,376	1,754,231,867	424,176,018
Non-Current Assets:				
Restricted Investments.....	-	159,126,212	159,126,212	-
Long-Term Receivable.....	-	30,820,615	30,820,615	-
Loans and Notes Receivable.....	-	-	-	27,181,711
Net Pension Asset.....	1,026,201,530	255,867,742	1,282,069,272	22,791,256
Bonds, Notes and POC Issuance Costs.....	83,307,215	79,574,862	162,882,077	5,380,855
Advance to Component Unit.....	24,554,826	-	24,554,826	-
Deferred Charges.....	-	-	-	708,149
Capital Assets:				
Non-Depreciable.....	547,385,678	494,718,846	1,042,104,524	32,735,161
Depreciable, Net.....	962,639,043	4,851,292,857	5,813,931,900	418,549,690
Total Capital Assets, Net.....	1,510,024,721	5,346,011,703	6,856,036,424	451,284,851
Other Assets.....	176,478	650,000	826,478	14,171,558
Total Non-Current Assets.....	2,644,264,770	5,872,051,134	8,516,315,904	521,518,380
Total Assets.....	\$ 3,329,898,261	\$ 6,940,649,510	\$ 10,270,547,771	\$ 945,694,398

See accompanying notes to basic financial statements.

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current Liabilities:				
Accounts and Contracts Payable.....	\$ 185,637,304	\$ 65,200,898	\$ 250,838,202	\$ 30,874,229
Due to Other Governmental Agencies.....	91,353,160	4,606	91,357,766	-
Due to Primary Government.....	-	-	-	3,427,098
Due to Component Units.....	7,795,059	2,137,648	9,932,707	-
Deposits and Refunds.....	38,807,667	-	38,807,667	-
Accrued Interest Payable.....	16,679,967	81,050,981	97,730,948	7,837,785
Advances from Primary Government.....	-	-	-	1,828,745
Accrued Salaries and Wages.....	33,532,139	4,873,733	38,405,872	809,433
Deferred Revenue.....	2,097,484	488,298	2,585,782	1,458,771
Other Current Liabilities.....	21,126,836	11,012,577	32,139,413	11,231,499
Restricted Liabilities:				
Accounts Payable.....	1,438,805	55,808,288	57,247,093	-
Accrued Public Liability and Worker's Compensation.....	54,424,485	-	54,424,485	-
Other Liabilities.....	4,660,771	459,722	5,120,493	-
Total Restricted Liabilities.....	60,524,061	56,268,010	116,792,071	-
Bonds, Notes and Other Debt Payable - Current.....	232,482,185	88,422,808	320,904,993	75,343,938
Accrued Compensated Absences.....	8,054,876	9,907,767	17,962,643	143,769
Accrued Public Liability and Workers' Compensation....	-	5,381,163	5,381,163	8,356
Total Current Liabilities.....	698,090,738	324,748,489	1,022,839,227	132,963,623
Long-Term Liabilities:				
Bonds, Notes and Other Debt Payable.....	1,071,290,165	4,628,879,833	5,700,169,998	542,930,274
Unamortized Premium/(Discount) and Loss (Gain) on Defeasances.....	34,594,370	(43,491,105)	(8,896,735)	(1,422,427)
Bonds, Notes and Other Debt Payable - Net.....	1,105,884,535	4,585,388,728	5,691,273,263	541,507,847
Pension Obligation Certificates Payable.....	1,206,770,168	277,714,831	1,484,484,999	-
Deferred Amount on Refunding- Pension Obligation Certificates	(24,733,155)	(5,809,994)	(30,543,149)	(513,048)
Deferred Swap Termination Fees.....	38,969,807	25,804,050	64,773,857	-
Advance Payable to Primary Government.....	-	-	-	24,554,826
Accrued Compensated Absences.....	142,395,892	28,266,565	170,662,457	5,359,931
Accrued Public Liability and Workers' Compensation....	138,677,322	24,714,798	163,392,120	158,543
Other Long -Term Obligations.....	-	2,610,365	2,610,365	-
Total Long-Term Liabilities.....	2,607,964,569	4,938,689,343	7,546,653,912	571,068,099
Total Liabilities.....	3,306,055,307	5,263,437,832	8,569,493,139	704,031,722
NET ASSETS				
Invested in Capital Assets, Net of Related Debt.....	603,086,043	914,032,397	1,517,118,440	256,574,867
Restricted for:				
Endowments and Trust (Non-Expendable).....	1,291,569	-	1,291,569	15,995,721
Capital Projects.....	-	-	-	53,326,802
Debt Service.....	28,200,886	385,379,957	413,580,843	28,177,335
Unrestricted (Deficit).....	(608,735,544)	377,799,324	(230,936,220)	(112,412,049)
Total Net Assets.....	\$ 23,842,954	\$ 1,677,211,678	\$ 1,701,054,632	\$ 241,662,676

City of Detroit, Michigan
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Protection.....	\$ 681,052,276	\$ 51,757,423	\$ 6,487,445	\$ -
Health.....	177,363,962	14,224,550	145,442,124	-
Recreation and Culture.....	69,192,054	27,367,110	2,495,533	-
Economic Development.....	95,641,855	13,946,969	25,321,866	47,511,098
Education.....	64,670,870	-	64,427,129	-
Housing Supply and Conditions.....	14,737,981	1,636,711	-	-
Physical Environment.....	243,949,975	74,915,029	29,264	-
Transportation.....	79,343,398	1,355	-	26,513,172
Development and Management.....	240,246,357	156,799,556	858,427	17,782,670
Interest on Long-Term Debt.....	126,659,186	-	-	-
Total Government Activities	1,792,857,914	340,648,703	245,061,788	91,806,940
Business-type Activities:				
Sewage Disposal.....	311,303,765	354,455,204	-	-
Transportation.....	190,358,944	25,173,805	73,801,668	9,502,218
Water.....	282,149,274	276,230,766	-	-
Automobile Parking.....	19,474,446	21,125,510	-	-
Airport.....	3,044,030	989,722	-	-
Total Business-type Activities	806,330,459	677,975,007	73,801,668	9,502,218
Total Primary Government	\$ 2,599,188,373	\$ 1,018,623,710	\$ 318,863,456	\$ 101,309,158
Component Units:				
Detroit Brownfield Redevelopment Authority.....	\$ 442,315	\$ 150,000	\$ 129,747	\$ -
Detroit Public Library.....	42,490,135	483,519	1,668,297	-
Downtown Development Authority.....	43,000,694	19,018,000	-	-
Economic Development Corporation.....	12,587,840	28,617,281	-	-
Local Development Finance Authority.....	7,590,084	-	-	-
Museum of African American History.....	10,208,400	1,866,749	1,444,503	-
Tax Increment Finance Authority.....	11,301,476	-	-	-
Detroit Transportation Corporation.....	20,666,354	998,621	10,225,752	-
Greater Detroit Resource Recovery Authority.....	113,727,977	48,210,148	80,090,959	-
Total Component units	\$ 262,015,275	\$ 99,344,318	\$ 93,559,258	\$ -

General Revenues:

Taxes:

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Municipal income tax
- Utility Users tax
- Wagering tax
- Hotel and Liquor tax
- Other taxes
- Shared taxes
- Interest and Penalty on taxes

- Investment earnings
- Miscellaneous revenue (expense)
- Gain(Loss) on disposal of capital assets
- Transfers

Total general revenues, and transfers
Change in net assets

Net assets - beginning, as adjusted by restated Component Units (DPS and DHC) - See Note 1
Net assets - ending

See accompanying notes to basic financial statements.

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

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (622,807,408)	\$ -	\$ (622,807,408)	\$ -
(17,697,288)	-	(17,697,288)	-
(39,329,411)	-	(39,329,411)	-
(8,861,922)	-	(8,861,922)	-
(243,741)	-	(243,741)	-
(13,101,270)	-	(13,101,270)	-
(169,005,682)	-	(169,005,682)	-
(52,828,871)	-	(52,828,871)	-
(64,805,704)	-	(64,805,704)	-
(126,659,186)	-	(126,659,186)	-
<u>(1,115,340,483)</u>	<u>-</u>	<u>(1,115,340,483)</u>	<u>-</u>
-	43,151,439	43,151,439	-
-	(81,881,253)	(81,881,253)	-
-	(5,918,508)	(5,918,508)	-
-	1,651,064	1,651,064	-
-	(2,054,308)	(2,054,308)	-
-	(45,051,566)	(45,051,566)	-
<u>(1,115,340,483)</u>	<u>(45,051,566)</u>	<u>(1,160,392,049)</u>	<u>-</u>
-	-	-	(162,568)
-	-	-	(40,338,319)
-	-	-	(23,982,694)
-	-	-	16,029,441
-	-	-	(7,590,084)
-	-	-	(6,897,148)
-	-	-	(11,301,476)
-	-	-	(9,441,981)
-	-	-	14,573,130
-	-	-	<u>(69,111,699)</u>
185,318,391	-	185,318,391	93,397,030
58,303,541	-	58,303,541	-
284,111,220	-	284,111,220	-
122,824,621	-	122,824,621	-
156,588,917	-	156,588,917	-
16,287,676	-	16,287,676	-
13,602,597	-	13,602,597	2,424,459
280,818,221	-	280,818,221	2,552,025
9,181,155	-	9,181,155	696,002
18,396,691	39,193,811	57,590,502	5,417,135
22,780,845	2,879,273	25,660,118	12,706,278
(308,855)	25,970,429	25,661,574	-
(35,227,632)	35,227,632	-	-
<u>1,132,677,388</u>	<u>103,271,145</u>	<u>1,235,948,533</u>	<u>117,192,929</u>
17,336,905	58,219,579	75,556,484	48,081,230
6,506,049	1,618,992,099	1,625,498,148	193,581,446
<u>\$ 23,842,954</u>	<u>\$ 1,677,211,678</u>	<u>\$ 1,701,054,632</u>	<u>\$ 241,662,676</u>

City of Detroit, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006

	Primary Government				Total
	General Fund	General Retirement System Service Corporation	Police and Fire Retirement System Service Corporation	Other Governmental Funds	
ASSETS					
Cash and Cash Equivalents.....	\$ 49,818,071	\$ -	\$ -	\$ 25,133,591	\$ 74,951,662
Investments.....	63,606,331	-	-	209,802,949	273,409,280
Accounts and Contracts Receivable:					
Due from Other Funds.....	40,404,689	-	-	10,220,318	50,625,007
Due from Fiduciary Funds.....	3,807,548	-	-	-	3,807,548
Due from Component Units.....	3,427,098	-	-	-	3,427,098
Due from Other Governmental Agencies.....	133,269,916	-	-	31,116,300	164,386,216
Estimated Withheld Income Taxes Receivable.....	25,736,476	-	-	-	25,736,476
Utility Users' Taxes Receivable.....	3,950,640	-	-	-	3,950,640
Property Tax Receivable.....	66,956,457	-	-	23,257,015	90,213,472
Land Contracts Receivable.....	2,238,916	-	-	-	2,238,916
Income Tax Assessments.....	37,573,961	-	-	-	37,573,961
Special Assessments.....	41,475,862	-	-	342,173	41,818,035
Interest and Penalties.....	6,555,000	-	-	2,275,000	8,830,000
Trade Receivables.....	161,233,589	-	-	1,823,030	163,056,619
Total Accounts and Contracts Receivable.....	526,630,152	-	-	69,033,836	595,663,988
Allowance for Uncollectible Accounts.....	(313,956,262)	-	-	(26,738,561)	(340,694,823)
Total Accounts and Contracts Receivable - Net.....	212,673,890	-	-	42,295,275	254,969,165
Inventory-Forfeited Property.....	-	-	-	290,198	290,198
Inventories.....	11,079,339	-	-	539,756	11,619,095
Prepaid Expenditures.....	-	-	-	127,636	127,636
Working Capital Advances to Other Funds.....	11,820,680	-	-	-	11,820,680
Restricted Assets:					
Cash and Cash Equivalents.....	29,205,154	62,500	62,500	48,524,693	77,854,847
Investments.....	13,000,000	920,520	784,936	-	14,705,456
Total Restricted Assets.....	42,205,154	983,020	847,436	48,524,693	92,560,303
Advances to Component Units.....	-	24,554,826	-	-	24,554,826
Other Advances.....	5,000	-	-	-	5,000
Other Assets.....	9,014	87,690	74,774	-	171,478
Total Assets	<u>\$ 391,217,479</u>	<u>\$ 25,625,536</u>	<u>\$ 922,210</u>	<u>\$ 326,714,098</u>	<u>\$ 744,479,323</u>

See accompanying notes to basic financial statements.

City of Detroit, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006

	Primary Government					Total
	General		Police and Fire		Other Governmental Funds	
	General Fund	Retirement	System Service Corporation	Retirement		
		System Service Corporation		System Service Corporation		
LIABILITIES						
Accounts and Contracts Payable.....	\$ 18,706,582	\$ 62,500	\$ 62,500	\$ 27,017,973	\$ 45,849,555	
Due to Other Funds.....	8,530,598	-	-	24,588,256	33,118,854	
Due to Fiduciary Funds.....	97,829,853	-	-	-	97,829,853	
Loans and Other Advances from Other Funds.....	-	-	-	995,674	995,674	
Due to Other Governmental Agencies.....	88,693,414	-	-	2,659,746	91,353,160	
Due to Component Units.....	7,795,059	-	-	-	7,795,059	
Accrued Salaries and Wages.....	16,138,738	-	-	771,434	16,910,172	
Fringes Benefits Payable.....	11,693,796	-	-	-	11,693,796	
Payroll Deductions Payable.....	4,928,171	-	-	-	4,928,171	
Accrued Compensated Absences.....	2,044,120	-	-	-	2,044,120	
Income Tax Refunds Payable.....	20,067,652	-	-	-	20,067,652	
Deposits from Vendors and Customers.....	15,892,376	-	-	2,847,639	18,740,015	
Accrued Liabilities.....	34,332,684	-	-	7,625,213	41,957,897	
Revenue and Tax Anticipation Notes Payable	125,235,000	-	-	-	125,235,000	
Other Liabilities.....	18,750,649	-	-	2,376,187	21,126,836	
Liabilities Payable from Restricted Assets:						
Accounts and Contracts Payable.....	1,438,805	-	-	-	1,438,805	
Accrued Public Liability.....	5,650,269	-	-	-	5,650,269	
Accrued Workers' Compensation Payable.....	1,502,495	-	-	-	1,502,495	
Other Liabilities.....	3,193,806	934,784	532,181	-	4,660,771	
Total Liabilities Payable from Restricted Assets.....	11,785,375	934,784	532,181	-	13,252,340	
Deferred Revenue.....	15,969,500	-	-	2,407,864	18,377,364	
Total Liabilities.....	498,393,567	997,284	594,681	71,289,986	571,275,518	
FUND BALANCES						
Reserved Fund Balance:						
Reserved for Advances to Component Units.....	-	24,554,826	-	-	24,554,826	
Reserved for Inventory.....	11,079,339	-	-	829,954	11,909,293	
Reserved for Encumbrances.....	40,748,381	-	-	13,827,711	54,576,092	
Reserved for Advances to Other Funds.....	11,825,680	-	-	-	11,825,680	
Reserved for Risk Management Operations.....	889,877	-	-	-	889,877	
Reserved for Motor Vehicle Operations.....	1,959,342	-	-	-	1,959,342	
Reserved for Endowments and Trusts.....	-	-	-	1,291,569	1,291,569	
Reserved for Debt Service.....	-	73,426	327,529	27,799,931	28,200,886	
Reserved for Capital Projects	-	-	-	134,433,861	134,433,861	
Total Reserved Fund Balance.....	66,502,619	24,628,252	327,529	178,183,026	269,641,426	
General Fund Operations (Deficit).....	(173,678,707)	-	-	-	(173,678,707)	
Special Revenue Funds.....	-	-	-	77,241,086	77,241,086	
Total Unreserved Fund Balance (Deficit).....	(173,678,707)	-	-	77,241,086	(96,437,621)	
Total Fund Balances (Deficit).....	(107,176,088)	24,628,252	327,529	255,424,112	173,203,805	
Total Liabilities, and Fund Balances.....	\$ 391,217,479	\$ 25,625,536	\$ 922,210	\$ 326,714,098	\$ 744,479,323	

City of Detroit, Michigan
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2006

Fund balances - total governmental funds \$ 173,203,805

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

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

Governmental capital asset	\$ 2,823,742,334	
Less accumulated depreciation	<u>(1,313,717,613)</u>	1,510,024,721

Other assets used in governmental activities are not financial resources
and therefore are not reported in the governmental fund

Bond and Pension Obligation Certificate issuance costs	103,566,147	
Less accumulated amortization	<u>(20,258,932)</u>	83,307,215

Receivables applicable to governmental activities are not due and collectible in the current period and therefore are deferred in governmental funds		16,279,880
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Issuance of Pension Obligation Certificates created a Net Pension Asset:		1,026,201,530
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Long term liabilities, including bonds payable are not due and payable
in the current period and therefore are not reported in the governmental fund

Governmental long term debt payable	(1,178,537,350)	
Pension Obligation Certificates Payable	(1,182,037,012)	
Bond Premium	(34,594,370)	
Swap Termination Fees	(38,969,807)	
Accrued interest payable	(16,679,967)	
Compensated absences	(148,406,648)	
Public Liability and Workers Compensation	(185,949,043)	<u>(2,785,174,197)</u>

Net assets of governmental activities		<u><u>\$ 23,842,954</u></u>
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See accompanying notes to basic financial statements.

City of Detroit, Michigan
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

	Primary Government				Total
	General Fund	General Retirement System Service Corporation	Police and Fire Retirement System Service Corporation	Other Governmental Funds	
REVENUES:					
Taxes:					
Property Taxes.....	\$ 185,318,391	\$ -	\$ -	\$ 58,303,541	\$ 243,621,932
Municipal Income Tax.....	284,111,220	-	-	-	284,111,220
Utility Users' tax.....	60,019,626	-	-	-	60,019,626
Wagering Taxes.....	156,588,917	-	-	-	156,588,917
Gas and Weight Tax.....	-	-	-	62,804,995	62,804,995
Other Taxes and Assessments.....	11,312,655	-	-	2,270,766	13,583,421
State Hotel and Liquor Tax.....	-	-	-	16,287,676	16,287,676
State Shared Taxes.....	279,467,063	-	-	-	279,467,063
Shared Taxes-Liquor and Beer Licenses.....	1,351,158	-	-	-	1,351,158
Interest and Penalties on Taxes.....	9,181,155	-	-	-	9,181,155
Licenses, Permits and Inspection Charges.....	7,141,326	-	-	27,092,666	34,233,992
Intergovernmental:					
Federal.....	9,399,170	-	-	208,719,975	218,119,145
State.....	61,168,848	-	-	14,605,682	75,774,530
Other.....	7,072,108	-	-	18,120,276	25,192,384
Sales and Charges for Services.....	184,409,155	-	-	4,844,273	189,253,428
Ordinance Fines.....	19,098,767	-	-	2,426,490	21,525,257
Revenue from Use of Assets.....	20,608,855	-	-	2,171,990	22,780,845
Earnings on Investments.....	6,049,157	101,872	86,867	12,158,795	18,396,691
Other Revenue.....	98,574,416	385,154	-	7,562,313	106,521,883
Total Revenues.....	<u>1,400,871,987</u>	<u>487,026</u>	<u>86,867</u>	<u>437,369,438</u>	<u>1,838,815,318</u>
EXPENDITURES:					
Current:					
Public Protection.....	658,835,192	-	-	28,416,222	687,251,414
Health.....	96,237,548	-	-	81,485,673	177,723,221
Recreation and Culture.....	55,390,716	-	-	-	55,390,716
Economic Development.....	25,195,279	-	-	63,228,993	88,424,272
Educational Development.....	-	-	-	64,427,129	64,427,129
Housing Supply and Conditions.....	11,935,708	-	-	2,850,753	14,786,461
Physical Environment.....	220,208,683	-	-	-	220,208,683
Transportation Facilitation.....	-	-	-	79,343,398	79,343,398
Development and Management.....	233,172,837	62,500	62,500	-	233,297,837
Debt Service:					
Principal.....	16,645,788	-	-	71,504,576	88,150,364
Interest.....	5,611,618	36,078,667	31,126,357	48,140,062	120,956,704
Bond Issuance Costs.....	-	-	-	2,200,024	2,200,024
Costs of Issuance of POC's.....	-	29,117,886	24,829,099	-	53,946,985
Capital Outlay.....	86,847,848	-	-	88,321,818	175,169,666
Total Expenditures.....	<u>1,410,081,217</u>	<u>65,259,053</u>	<u>56,017,956</u>	<u>529,918,648</u>	<u>2,061,276,874</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures.....	<u>(9,209,230)</u>	<u>(64,772,027)</u>	<u>(55,931,089)</u>	<u>(92,549,210)</u>	<u>(222,461,556)</u>
OTHER FINANCING SOURCES (USES):					
Sources:					
Transfers In.....	50,245,611	12,578,651	11,063,568	55,911,650	129,799,480
Pension Obligation Certificates Issued.....	-	416,194,282	354,892,855	-	771,087,137
Swap Termination Fees.....	-	21,033,953	17,935,854	-	38,969,807
Proceeds of Section 108 Federal Note.....	-	-	-	1,800,000	1,800,000
Proceeds of Capital Leases.....	34,892,659	-	-	-	34,892,659
Proceeds from Debt Issuance.....	-	-	-	81,903,071	81,903,071
Premium from Debt Issuance.....	-	-	-	3,778,114	3,778,114
Uses:					
Transfers Out.....	139,415,704	-	-	25,611,408	165,027,112
Principal Paid to Bond Agent for Refunded Bonds.....	-	-	-	29,940,000	29,940,000
Principal Paid to Trustee for POC's.....	-	396,675,440	338,248,951	-	734,924,391
Interest Paid to Bond Agent for Refunded Bonds.....	-	-	-	1,741,161	1,741,161
Total Other Financing Sources (Uses).....	<u>(54,277,434)</u>	<u>53,131,446</u>	<u>45,643,326</u>	<u>86,100,266</u>	<u>130,597,604</u>
Net Change in Fund Balances.....	<u>(63,486,664)</u>	<u>(11,640,581)</u>	<u>(10,287,763)</u>	<u>(6,448,944)</u>	<u>(91,863,952)</u>
Fund Balance at Beginning of Year.....	<u>(33,594,434)</u>	<u>36,268,833</u>	<u>10,615,292</u>	<u>261,971,186</u>	<u>275,260,877</u>
Decrease in Inventories.....	<u>(10,094,990)</u>	<u>-</u>	<u>-</u>	<u>(98,130)</u>	<u>(10,193,120)</u>
Fund Balance (Deficit) at End of Year.....	<u>\$ (107,176,088)</u>	<u>\$ 24,628,252</u>	<u>\$ 327,529</u>	<u>\$ 255,424,112</u>	<u>\$ 173,203,805</u>

See accompanying notes to basic financial statements.

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, 2006

Change in fund balances - total governmental funds		\$ (91,863,952)
Amounts reported for governmental activities in the statement are different because:		
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		
Less current year depreciation	\$ 175,169,666 <u>(67,878,925)</u>	107,290,741
The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and disposals) is to decrease net assets.		(308,855)
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds		502,464
Inventory and Advances to Other Funds		(10,193,120)
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 assets:		850,977,825
Bond and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. The amount represents the proceeds received net of bond issuance cost and premiums that must be amortized over the life of the bond		(122,373,844)
Pension Obligation Certificates provides current financial resources to governmental funds, but issuing POC's increases long-term liabilities in the statement of net assets. The amount represents the proceeds received net of certificate issuance cost and premiums that must be amortized over the life of the certificates		(771,087,137)
Swap Termination Fees provides current financial resources to governmental funds but swap termination proceeds increase long-term liabilities in the statement of net assets.		(38,969,807)
Payments to The Pension Systems increased the Net Pension Asset:		14,478,714
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:		
Bond Issuance Costs	2,200,024	
POC Issuance Costs	53,946,985	
Increase in accrued interest expense on governmental debt	(453,908)	
Decrease in grant audit amount due to other governments	14,236,946	
Decrease in accrued compensated absences	7,305,529	
Decrease in accrued public liability and workers compensation	4,643,772	
Amortization of current year bond premium and defeasances	784,036	
POC Amortization Costs	(1,838,499)	
Amortization of current year bond cost	(1,941,009)	<u>78,883,876</u>
Change in net assets of governmental activities		<u>\$ 17,336,905</u>

See accompanying notes to basic financial statements.

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City of Detroit, Michigan
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2006

ASSETS	Sewage Disposal Fund	Transportation Fund
Current Assets:		
Cash and Cash Equivalents.....	\$ 5,418,283	\$ 864,607
Investments.....	47,205,044	5,512,300
Accounts and Contracts Receivable:		
Due from Other Funds.....	52,798,669	1,228,080
Due from Other Governmental Agencies.....	-	11,695,326
Other Receivables- Trade.....	232,523,802	1,072,982
Total Accounts and Contracts Receivable.....	285,322,471	13,996,388
Allowance for Uncollectible Accounts.....	(85,033,589)	(383,531)
Total Accounts and Contracts Receivable - Net.....	200,288,882	13,612,857
Inventories.....	10,456,963	5,555,837
Prepaid Expenses.....	5,423,804	-
Restricted Cash and Cash Equivalents.....	39,168,566	-
Restricted Investments.....	312,884,409	-
Restricted Due from Other Funds.....	5,541,786	-
Total Current Assets.....	626,387,737	25,545,601
Noncurrent Assets:		
Restricted:		
Investments.....	111,020,313	-
Capital Assets:		
Land.....	13,834,957	7,578,462
Land Improvements.....	-	-
Buildings and Structures.....	1,703,001,142	66,645,050
Water and Sewer Lines.....	474,689,271	-
Machinery, Equipment, and Fixtures.....	1,385,071,312	46,030,293
Vehicles and Buses.....	-	165,145,617
Construction in Progress.....	310,502,398	5,292,244
Total Capital Assets.....	3,887,099,080	290,691,666
Less: Accumulated Depreciation.....	(750,972,844)	(147,745,287)
Net Capital Assets.....	3,136,126,236	142,946,379
Total Restricted Noncurrent Assets.....	3,247,146,549	142,946,379
Other Long-Term Assets:		
Long-Term Receivable.....	30,820,615	-
Bond and Pension Obligation Certificate Issuance Costs.....	34,230,456	5,830,251
Net Pension Asset.....	8,371,380	98,906,088
Other Assets.....	-	650,000
Total Noncurrent Assets.....	3,320,569,000	248,332,718
Total Assets.....	\$ 3,946,956,737	\$ 273,878,319

See accompanying notes to basic financial statements.

Business-Type Activities

Water Fund	Automobile Parking Fund	Non-Major Fund	Total
\$ 3,997,111	\$ 106,814	\$ 757,944	\$ 11,144,759
22,345,923	148,404	-	75,211,671
56,884,330	1,496,082	618,673	113,025,834
-	-	-	11,695,326
<u>102,909,439</u>	<u>928,095</u>	<u>569,125</u>	<u>338,003,443</u>
159,793,769	2,424,177	1,187,798	462,724,603
(39,119,680)	-	(385,482)	(124,922,282)
<u>120,674,089</u>	<u>2,424,177</u>	<u>802,316</u>	<u>337,802,321</u>
8,967,419	-	239,496	25,219,715
5,930,718	62,813	35,924	11,453,259
34,465,603	-	-	73,634,169
362,605,066	-	-	675,489,475
6,021,460	-	-	11,563,246
<u>565,007,389</u>	<u>2,742,208</u>	<u>1,835,680</u>	<u>1,221,518,615</u>
10,717,537	37,388,362	-	159,126,212
6,529,308	4,967,313	5,169,374	38,079,414
106,085,312	214,908	8,020,718	114,320,938
825,649,528	192,161,203	5,853,773	2,793,310,696
763,588,390	-	-	1,238,277,661
864,457,966	2,667,605	1,770,770	2,299,997,946
-	-	1,576,778	166,722,395
<u>140,815,156</u>	<u>29,634</u>	<u>-</u>	<u>456,639,432</u>
2,707,125,660	200,040,663	22,391,413	7,107,348,482
(743,068,280)	(106,421,498)	(13,128,870)	(1,761,336,779)
<u>1,964,057,380</u>	<u>93,619,165</u>	<u>9,262,543</u>	<u>5,346,011,703</u>
<u>1,974,774,917</u>	<u>131,007,527</u>	<u>9,262,543</u>	<u>5,505,137,915</u>
-	-	-	30,820,615
39,514,155	-	-	79,574,862
148,590,274	-	-	255,867,742
-	-	-	650,000
<u>2,162,879,346</u>	<u>131,007,527</u>	<u>9,262,543</u>	<u>5,872,051,134</u>
<u>\$ 2,727,886,735</u>	<u>\$ 133,749,735</u>	<u>\$ 11,098,223</u>	<u>\$ 7,093,569,749</u>

City of Detroit, Michigan
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2006 (Continued)

LIABILITIES AND NET ASSETS	Sewage Disposal Fund	Transportation Fund
Liabilities:		
Current Liabilities:		
Accounts and Contracts Payable.....	20,358,379	11,627,270
Due to Other Funds.....	57,335,966	9,104,125
Due to Fiduciary Funds.....	411,500	8,317,405
Due to Component Units.....	-	2,137,648
Due to Other Governmental Agencies.....	-	-
Accrued Salaries and Wages.....	1,246,496	1,844,678
Accrued Compensated Absences.....	2,281,068	3,727,325
Accrued Public Liability and Worker's Compensation.....	811,538	1,166,275
Other Liabilities.....	958,353	-
Bonds and Notes Payable.....	53,205,000	2,577,808
Accrued Interest on Bonds and Notes Payable.....	41,115,497	597,985
Restricted Accounts and Contracts Payable.....	35,307,217	-
Restricted Due to Other Funds.....	10,262,102	-
Restricted Other Liabilities.....	-	-
Deferred Revenue.....	-	248,802
Total Current Liabilities.....	223,293,116	41,349,321
Noncurrent Liabilities:		
Bonds and Notes Payable.....	2,604,241,122	31,304,757
Unamortized Discount and Gain on Defeasances.....	7,271,333	-
Bonds and Notes Payable - Net.....	2,611,512,455	31,304,757
Deferred Swap Termination Fees.....	2,504,243	3,498,111
Accrued Compensated Absences.....	11,618,703	931,831
Accrued Public Liability and Worker's Compensation.....	4,321,980	4,665,102
Advance From Other Funds.....	-	-
Pension Obligation Certificates Payable.....	9,031,280	106,268,234
Deferred Amount on Refunding - Pension Obligation Certificates	(188,822)	(2,223,313)
Other Long Term Liabilities.....	2,610,365	-
Total Noncurrent Liabilities.....	2,641,410,204	144,444,722
Total Liabilities	2,864,703,320	185,794,043
Net Assets:		
Invested in Capital Assets, Net of Related Debt.....	532,734,469	109,063,813
Restricted for Debt Service.....	303,465,827	-
Unrestricted (Deficit).....	246,053,121	(20,979,537)
Total Net Assets.....	\$ 1,082,253,417	\$ 88,084,276

See accompanying notes to basic financial statements.

Business-Type Activities

Water Fund	Automobile Parking Fund	Non-Major Fund	Total
22,718,139	1,106,274	155,750	55,965,812
53,366,830	935,853	107,767	120,850,541
506,181	-	-	9,235,086
-	-	-	2,137,648
-	-	4,606	4,606
1,706,286	41,478	34,795	4,873,733
3,715,980	157,604	25,790	9,907,767
2,913,177	292,225	197,948	5,381,163
8,142,609	1,587,039	324,576	11,012,577
25,535,000	7,105,000	-	88,422,808
38,626,382	711,117	-	81,050,981
20,501,071	-	-	55,808,288
10,982,590	-	-	21,244,692
459,722	-	-	459,722
-	-	239,496	488,298
189,173,967	11,936,590	1,090,728	466,843,722
1,946,208,954	47,125,000	-	4,628,879,833
(45,806,262)	(4,956,176)	-	(43,491,105)
1,900,402,692	42,168,824	-	4,585,388,728
16,213,524	3,588,172	-	25,804,050
14,912,321	600,376	203,334	28,266,565
15,198,239	529,477	-	24,714,798
-	10,825,006	-	10,825,006
162,415,317	-	-	277,714,831
(3,397,859)	-	-	(5,809,994)
-	-	-	2,610,365
2,105,744,234	57,711,855	203,334	4,949,514,349
2,294,918,201	69,648,445	1,294,062	5,416,358,071
217,225,377	45,746,195	9,262,543	914,032,397
81,914,130	-	-	385,379,957
133,829,027	18,355,095	541,618	377,799,324
\$ 432,968,534	\$ 64,101,290	\$ 9,804,161	\$ 1,677,211,678

City of Detroit, Michigan
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2006

	Sewage Disposal Fund	Transportation Fund
Operating Revenues:		
Sales and Charges for Services.....	\$ 350,579,190	\$ 25,173,805
Rentals, Fees and Surcharges.....	-	-
Miscellaneous.....	3,876,014	-
Total Operating Revenues.....	354,455,204	25,173,805
Operating Expenses:		
Salaries, Wages and Benefits.....	57,204,522	104,326,227
Contractual Services.....	-	14,687,146
Operating	114,551,986	23,699,780
Repairs and Maintenance.....	15,775,123	-
Materials, Supplies and Other Expenses.....	10,072,366	22,878,299
Depreciation and Amortization.....	69,951,016	21,250,058
Total Operating Expenses.....	267,555,013	186,841,510
Total Operating Income (Loss).....	86,900,191	(161,667,705)
Non-Operating Revenues (Expenses):		
Earnings on Investments.....	18,920,649	100,976
Grants-Federal.....	-	2,638,120
Contributions.....	-	71,163,548
Amortization of Bond/POC Issuance Costs & Premium(Discount).....	-	(168,640)
Interest on Bonds and Notes Payable.....	(43,748,752)	(3,348,794)
Gain on Disposal of Assets.....	-	-
Other Revenue.....	655,601	-
Other Expenses.....	-	(223,999)
Total Non-Operating Revenues (Expenses).....	(24,172,502)	70,161,211
Net Income (Loss) Before Contributions and Transfers.....	62,727,689	(91,506,494)
Capital Contributions.....	-	9,502,218
Transfers In (Out).....	(163,835)	75,513,754
Increase (Decrease) in Net Assets.....	62,563,854	(6,490,522)
Net Assets - Beginning of Year.....	1,019,689,563	94,574,798
Net Assets - End of Year.....	\$ 1,082,253,417	\$ 88,084,276

See accompanying notes to basic financial statements.

Business-Type Activities

Water Fund	Automobile Parking Fund	Non-Major Fund	Total
\$ 274,317,916	\$ -	\$ 87,716	\$ 650,158,627
-	21,125,510	900,495	22,026,005
1,912,850	-	1,511	5,790,375
<u>276,230,766</u>	<u>21,125,510</u>	<u>989,722</u>	<u>677,975,007</u>
52,320,068	6,912,204	928,985	221,692,006
-	2,797,375	-	17,484,521
91,038,495	-	769,509	230,059,770
-	534,107	327,249	16,636,479
2,856,385	71,785	379,767	36,258,602
<u>54,628,100</u>	<u>5,272,768</u>	<u>638,520</u>	<u>151,740,462</u>
<u>200,843,048</u>	<u>15,588,239</u>	<u>3,044,030</u>	<u>673,871,840</u>
<u>75,387,718</u>	<u>5,537,271</u>	<u>(2,054,308)</u>	<u>4,103,167</u>
18,843,877	1,328,309	-	39,193,811
-	-	-	2,638,120
-	-	-	71,163,548
-	(354,592)	-	(523,232)
(81,306,226)	(3,531,615)	-	(131,935,387)
-	25,970,429	-	25,970,429
2,278,249	169,422	-	3,103,272
-	-	-	(223,999)
<u>(60,184,100)</u>	<u>23,581,953</u>	<u>-</u>	<u>9,386,562</u>
15,203,618	29,119,224	(2,054,308)	13,489,729
-	-	-	9,502,218
(2,657,585)	(37,464,702)	-	35,227,632
<u>12,546,033</u>	<u>(8,345,478)</u>	<u>(2,054,308)</u>	<u>58,219,579</u>
<u>420,422,501</u>	<u>72,446,768</u>	<u>11,858,469</u>	<u>1,618,992,099</u>
<u>\$ 432,968,534</u>	<u>\$ 64,101,290</u>	<u>\$ 9,804,161</u>	<u>\$ 1,677,211,678</u>

City of Detroit, Michigan
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2006

	Sewage Disposal Fund	Transportation Fund
Cash Flows from Operating Activities:		
Receipts from Customers.....	\$ 320,864,453	\$ 25,332,285
Advances from Other Funds.....	-	-
Repayments from Other Funds.....	-	-
Loans to Other Funds.....	49,488,016	-
Payments to Suppliers.....	(156,302,328)	(70,109,244)
Payments to Employees.....	(69,072,910)	(110,379,602)
Net Cash Provided by (Used in) Operating Activities.....	<u>144,977,231</u>	<u>(155,156,561)</u>
Cash Flows from Non-Capital Financing Activities:		
Proceeds from Pension Obligation Certificates.....	-	961,368
Issuance Costs - Pension Obligation Certificates.....	170,460	(2,457,451)
Grants and Contributions from Other Governments.....	-	73,801,668
Transfer to General Fund.....	-	-
Transfers from Other Funds.....	-	76,758,947
Net Cash Provided by (Used in) Non-Capital Financing Activities.....	<u>170,460</u>	<u>149,064,532</u>
Cash Flows from Capital and Related Financing Activities:		
Capital Contributions.....	655,600	4,880,743
Acquisition and Construction of Capital Assets.....	(204,612,868)	(8,629,475)
Proceeds from Bond and Note Issuances.....	31,459,549	-
Unamortized Discount and Bond Issuance Cost.....	3,756,736	-
Principal Paid on Bonds and Notes.....	(27,840,000)	-
Interest Paid on Bonds - Net.....	(95,464,337)	-
Sale of Capital Assets.....	-	-
Swap Termination Fees.....	-	-
Net Cash Provided by (Used in) Capital Financing Activities.....	<u>(292,045,320)</u>	<u>(3,748,732)</u>
Cash Flows from Investing Activities:		
Proceeds from Sales and Maturities of Investments.....	622,765,697	18,330,000
Purchase of Investments.....	(471,109,766)	(19,100,185)
Interest on Investment Securities.....	18,920,649	100,976
Net Cash Provided by (Used in) Investing Activities.....	<u>170,576,580</u>	<u>(669,209)</u>
Net Increase (Decrease) in Cash and Cash Equivalents.....	23,678,951	(10,509,970)
Cash and Cash Equivalents at Beginning of Year (Net of Overdraft).....	20,907,898	11,374,577
Cash and Cash Equivalents at End of Year.....	<u>\$ 44,586,849</u>	<u>\$ 864,607</u>

See accompanying notes to basic financial statements.

Business-Type Activities

Water Fund	Automobile Parking Fund	Non-Major Fund	Total
\$ 283,573,844	\$ 20,534,141	\$ 1,337,506	\$ 651,642,229
-	(222,964)	-	(222,964)
-	-	708,833	708,833
23,176,195	-	-	72,664,211
(86,907,411)	(8,583,968)	(1,218,599)	(323,121,550)
(57,564,022)	(988,249)	(959,231)	(238,964,014)
<u>162,278,606</u>	<u>10,738,960</u>	<u>(131,491)</u>	<u>162,706,745</u>
-	-	-	961,368
(2,286,429)	-	-	(4,573,420)
-	-	4,606	73,806,274
-	(27,889,696)	-	(27,889,696)
-	-	-	76,758,947
<u>(2,286,429)</u>	<u>(27,889,696)</u>	<u>4,606</u>	<u>119,063,473</u>
2,278,249	-	-	7,814,592
(107,519,457)	(2,485,402)	(7,629)	(323,254,831)
4,723,954	-	-	36,183,503
7,404,533	-	-	11,161,269
(24,595,000)	(10,150,000)	-	(62,585,000)
(102,671,509)	(3,610,225)	-	(201,746,071)
-	33,500,000	-	33,500,000
-	-	-	-
<u>(220,379,230)</u>	<u>17,254,373</u>	<u>(7,629)</u>	<u>(498,926,538)</u>
449,752,017	37,208,168	-	1,128,055,882
(395,668,526)	(38,865,075)	-	(924,743,552)
18,843,877	1,328,309	-	39,193,811
<u>72,927,368</u>	<u>(328,598)</u>	<u>-</u>	<u>242,506,141</u>
12,540,315	(224,961)	(134,514)	25,349,821
25,922,399	331,775	892,458	59,429,107
<u>\$ 38,462,714</u>	<u>\$ 106,814</u>	<u>\$ 757,944</u>	<u>\$ 84,778,928</u>

City of Detroit, Michigan
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Continued)
For the Year Ended June 30, 2005

	Sewage Disposal Fund	Transportation Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in)		
Operating Activities:		
Operating Income (Loss).....	\$ 86,900,191	\$ (161,667,705)
Adjustments to Operating Income (Loss):		
Depreciation and Amortization	69,951,016	18,481,332
Amortization of Bond and POC Discount and Issuance.....	-	(168,640)
Allowance for Uncollectible Accounts.....	20,551,250	(229,832)
Interest Expense.....	-	(3,348,794)
Changes in Assets and Liabilities:		
Other Receivables - Trade.....	(33,478,223)	158,480
Inventories.....	716,417	1,364,564
Decrease in Net Pension Asset.....	(521,099)	(900,582)
Prepaid Expenses.....	(5,041,957)	-
Prepaid Bond Interest.....	-	(145,166)
Accounts Receivable.....	(19,761,457)	-
Due from Other Funds.....	-	-
Prior Period Adjustment.....	-	-
Accounts and Contracts Payable.....	(21,538,613)	3,075,225
Escrow Payable.....	-	(11,037,009)
Due to Other Funds.....	49,488,016	(5,714,113)
Due to Component Units.....	-	372,888
Other Liabilities.....	-	870,017
Accrued Compensated Absences.....	422,638	859,992
Accrued Public Liability and Worker Compensation.....	-	-
Refundable Deposits.....	(2,328,292)	-
Prepaid Revenue.....	-	3,629,283
Accrued Salaries and Wages.....	(382,656)	(756,501)
Net Cash Provided by (Used in) Operating Activities.....	<u>\$ 144,977,231</u>	<u>\$ (155,156,561)</u>

See accompanying notes to basic financial statements.

Business-Type Activities

Water Fund	Automobile Parking Fund	Non-Major Fund	Total
\$ 75,387,718	\$ 5,537,271	\$ (2,054,308)	\$ 4,103,167
54,628,100	5,272,768	638,520	148,971,736
-	-	-	(168,640)
-	-	-	20,321,418
-	-	-	(3,348,794)
2,231,779	-	444,633	(30,643,331)
(2,637,254)	-	-	(556,273)
1,862,234	-	-	440,553
(5,362,507)	319,110	50,528	(10,034,826)
-	-	-	(145,166)
2,949,862	(585,930)	237,971	(17,159,554)
23,176,196	(593,347)	812,268	23,395,117
-	(5,439)	-	(5,439)
6,558,012	(2,010,923)	(239,496)	(14,155,795)
-	-	-	(11,037,009)
-	370,383	14,264	44,158,550
-	-	-	372,888
-	1,496,199	(103,435)	2,262,781
-	198,789	135,910	1,617,329
3,949,904	821,702	(140,413)	4,631,193
-	-	117,662	(2,210,630)
-	-	(7,495)	3,621,788
(465,438)	(81,623)	(38,100)	(1,724,318)
\$ 162,278,606	\$ 10,738,960	\$ (131,491)	\$ 162,706,745

(Concluded)

City of Detroit, Michigan
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2006

ASSETS	Pension and Other Employee Benefit Funds	Agency Funds	Total
Cash and Cash Equivalents.....	\$ 23,495,906	\$ 2,620,612	\$ 26,116,518
Investments at Fair Value:			
Short-Term Investments.....	142,749,047	-	142,749,047
Commercial Paper.....	10,076,779	-	10,076,779
U.S. Government Obligations.....	15,372	-	15,372
Bonds and Stocks.....	5,696,902,360	-	5,696,902,360
Mortgage-Backed Securities.....	253,409,833	-	253,409,833
Mortgage and Construction Loans.....	239,137,436	-	239,137,436
Equity Interest in Real Estate.....	196,517,114	-	196,517,114
Real Estate Investment Trusts Held by Custodian.....	60,374,430	-	60,374,430
Pooled Investments.....	508,333,470	11,112,960	519,446,430
Private Placements.....	385,884,040	-	385,884,040
Total Investments.....	7,493,399,881	11,112,960	7,504,512,841
Accrued Interest Receivable.....	37,850,927	-	37,850,927
Accounts Receivable:			
Due from Primary Government.....	107,064,939	-	107,064,939
Due from Component Units.....	1,117,158	-	1,117,158
Other Receivables.....	227,429,359	-	227,429,359
Total Accounts Receivable.....	335,611,456	-	335,611,456
Cash and Investments Held as Collateral for Securities Lending	1,576,364,185	-	1,576,364,185
Other Assets.....	835,498	-	835,498
Total Assets.....	9,467,557,853	13,733,572	9,481,291,425
LIABILITIES AND NET ASSETS			
Accounts and Contracts Payable.....	30,506,805	1,722,138	32,228,943
Due to Broker.....	276,688,705	-	276,688,705
Benefits and Claims Payable.....	8,262,135	-	8,262,135
Due to Primary Government.....	3,176,164	631,384	3,807,548
Amount Due to Broker for Securities Lending.....	1,576,364,185	-	1,576,364,185
Other Liabilities.....	47,605,641	11,380,050	58,985,691
Total Liabilities.....	1,942,603,635	13,733,572	1,956,337,207
Net Assets:			
Net Assets Held in Trust for Pension and Employee Benefits.....	\$ 7,524,954,218	\$ -	\$ 7,524,954,218

See accompanying notes to basic financial statements.

City of Detroit, Michigan
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended June 30, 2006

	Pension and Other Employee Benefit Funds
ADDITIONS:	
Employer Contributions.....	\$ 388,686,169
Plan Member Contributions.....	51,663,157
Other Income.....	-
Total Contributions.....	440,349,326
Investment Gain	761,357,026
Total Additions.....	1,201,706,352
DEDUCTIONS:	
Pension and Annuity Benefits.....	419,023,300
Premiums to Insurers and Damage Claims.....	293,969,275
Benefits.....	2,284,633
Refunds.....	136,578,204
General and Administrative Expenses.....	11,223,334
Total Deductions.....	863,078,746
Net Increase.....	338,627,606
Net Assets Held in Trust for Pension and Employee Benefits, Beginning of Year.....	7,186,326,612
Net Assets Held in Trust for Pension and Employee Benefits, End of Year.....	\$ 7,524,954,218

See accompanying notes to basic financial statements.

City of Detroit, Michigan
STATEMENT OF NET ASSETS
COMPONENT UNITS
June 30, 2006

	Detroit Brownfield Redevelopment Authority	Detroit Public Library (Unaudited)	Downtown Development Authority	Economic Development Corporation	Local Development Finance Authority
ASSETS:					
Cash and Cash Equivalents.....	\$ 521,344	\$ 971,867	\$ 881,319	\$ 7,661,888	\$ 5,355,048
Escrow Deposits-Cash.....	-	-	145,794	21,341,055	-
Investments, including Accrued Interest.....	-	11,443,821	81,208,006	21,294,264	-
Accounts and Contracts Receivable:					
Due from Primary Government.....	-	8,035,165	-	-	-
Due from Other Governments.....	-	1,789,658	-	-	-
Other Receivables.....	75,000	10,448,308	36,459,633	1,191,713	-
Total Accounts and Contracts Receivable	75,000	20,273,131	36,459,633	1,191,713	-
Allowance for Doubtful Accounts.....	-	(8,650,000)	(36,661)	-	-
Total Accounts and Contracts Receivable - Net.....	75,000	11,623,131	36,422,972	1,191,713	-
Inventory.....	-	3,224,483	-	-	-
Prepaid Expenditures/Expenses.....	12,020	-	95,564	-	-
Taxes, Interest, and Penalties Receivable - Net.....	-	1,005,000	6,387,777	-	-
Loans and Notes Receivable.....	-	-	25,399,336	1,782,375	-
Unamortized Bond and Note Issue Costs- Net.....	-	1,345,292	3,307,981	-	-
Net Pension Asset.....	-	22,791,256	-	-	-
Restricted Cash.....	-	2,240,236	-	-	-
Restricted Investments.....	-	7,163,289	-	-	28,807,614
Capital Assets:					
Land.....	-	1,371,996	7,544,670	-	-
Artwork.....	-	1,230,175	-	-	-
Plant and Equipment.....	-	168,295,785	26,833,841	-	-
Construction Work in Progress.....	-	-	-	-	-
Less: Depreciation.....	-	(151,801,986)	(3,101,428)	-	-
Capital Assets, Net.....	-	19,095,970	31,277,083	-	-
Other.....	-	-	14,070,234	101,324	-
Deferred Charges.....	-	-	-	-	-
Total Assets.....	608,364	80,904,345	199,196,066	53,372,619	34,162,662
LIABILITIES:					
Current Liabilities:					
Accounts Payable and Contracts Payable.....	12,460	806,349	1,315,560	6,541,587	127,411
Interest Payable.....	-	-	5,931,374	173,624	769,595
Due to Primary Government.....	-	2,265,772	-	-	-
Loans and Advances from Primary Government.....	-	1,763,762	-	64,983	-
Accrued Salaries and Wages.....	-	319,753	-	-	-
Deferred Revenues.....	-	808,364	-	-	-
Other Current Liabilities.....	-	474,394	7,757,105	-	-
State Aid Anticipation and Other Notes Payable.....	-	-	-	-	-
Bonds, Notes, and Other Debt Payables-Current.....	-	-	11,865,000	1,363,927	3,285,000
Unamortized Premiums and Defeasances.....	-	-	(70,303)	-	-
Bonds, Notes and Other Debt Payable-Current-Net.....	-	-	11,794,697	1,363,927	3,285,000
Accrued Compensated Absences.....	-	143,769	-	-	-
Accrued Public Liability and Workers Compensation.....	-	8,356	-	-	-
Non-current Liabilities:					
Bonds, Notes, and Other Debt Payables-Noncurrent.....	-	-	146,298,500	900,000	79,555,000
Unamortized Premiums and Defeasances.....	-	-	(1,422,427)	-	-
Bonds, Notes and Other Debt Payable-Non-current-Net.....	-	-	144,876,073	900,000	79,555,000
Advance Payable to Primary Government for POC's.....	-	24,554,826	-	-	-
Deferred Amount on Refunding-Advance to Primary Government for POC's.....	-	(513,048)	-	-	-
Accrued Compensated Absences.....	-	4,996,620	-	-	-
Accrued Public Liability and Workers Compensation.....	-	158,543	-	-	-
Total Liabilities.....	12,460	35,787,460	171,674,809	9,044,121	83,737,006
NET ASSETS:					
Invested in Capital Assets, Net of Related Debt.....	-	19,095,970	31,277,083	-	-
Restricted for:					
Restricted (Non-Expendable).....	-	10,653,525	-	-	5,088,321
Capital Projects.....	472,953	-	-	44,125,389	-
Debt Service.....	-	-	-	-	28,177,335
Unrestricted (Deficit).....	122,951	15,367,390	(3,755,826)	203,109	(82,840,000)
Total Net Assets (Deficit)	\$ 595,904	\$ 45,116,885	\$ 27,521,257	\$ 44,328,498	\$ (49,574,344)

See accompanying notes to basic financial statements.

Museum of African American History	Tax Increment Finance Authority	Detroit Transportation Corporation	Greater Detroit Resource Recovery Authority	Total
\$ 667,594	\$ -	\$ 1,331,271	\$ -	\$ 17,390,331
-	-	-	-	21,486,849
489,449	-	4,004,967	-	118,440,507
-	-	1,897,542	-	9,932,707
-	-	-	-	1,789,658
3,433,096	-	811,470	5,436,924	57,856,144
3,433,096	-	2,709,012	5,436,924	69,578,509
(70,542)	-	-	-	(8,757,203)
3,362,554	-	2,709,012	5,436,924	60,821,306
139,434	-	3,967,615	-	7,331,532
-	-	619,164	1,342,836	2,069,584
-	-	-	-	7,392,777
-	-	-	-	27,181,711
-	-	-	727,582	5,380,855
-	-	-	-	22,791,256
-	-	-	3,680,134	5,920,370
-	-	9,524,882	137,826,977	183,322,762
-	-	5,122,237	8,873,234	22,912,137
-	-	1,986,000	-	3,216,175
10,340,446	-	185,997,357	513,200,272	904,667,701
-	-	6,606,849	-	6,606,849
(3,953,142)	-	(125,988,946)	(201,272,509)	(486,118,011)
6,387,304	-	73,723,497	320,800,997	451,284,851
-	-	-	-	14,171,558
-	-	-	708,149	708,149
11,046,335	-	95,880,408	470,523,599	945,694,398
1,416,906	-	1,561,656	19,092,300	30,874,229
-	-	-	963,192	7,837,785
-	-	-	1,161,326	3,427,098
-	-	-	-	1,828,745
159,619	-	330,061	-	809,433
-	-	650,407	-	1,458,771
-	-	3,000,000	-	11,231,499
-	-	-	-	-
695,314	-	-	58,205,000	75,414,241
-	-	-	-	(70,303)
695,314	-	-	58,205,000	75,343,938
-	-	-	-	143,769
-	-	-	-	8,356
-	-	-	316,176,774	542,930,274
-	-	-	-	(1,422,427)
-	-	-	316,176,774	541,507,847
-	-	-	-	24,554,826
-	-	-	-	(513,048)
-	-	363,311	-	5,359,931
-	-	-	-	158,543
2,271,839	-	5,905,435	395,598,592	704,031,722
6,025,204	-	73,723,497	126,453,113	256,574,867
253,875	-	-	-	15,995,721
2,203,577	-	6,524,883	-	53,326,802
-	-	-	-	28,177,335
291,840	-	9,726,593	(51,528,106)	(112,412,049)
\$ 8,774,496	\$ -	\$ 89,974,973	\$ 74,925,007	\$ 241,662,676

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City of Detroit, Michigan
STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Year Ended June 30, 2006

	Detroit Brownfield Redevelopment Authority	Detroit Public Library (Unaudited)	Downtown Development Authority	Economic Development Corporation
Expenses.....	\$ (442,315)	\$ (42,490,135)	\$ (43,000,694)	\$ (12,587,840)
Program Revenues:				
Charges for Services.....	150,000	483,519	19,018,000	28,617,281
Operating Grants and Contributions.....	129,747	1,668,297	-	-
Total Program Revenues.....	279,747	2,151,816	19,018,000	28,617,281
Net Program (Expenses) Revenue.....	(162,568)	(40,338,319)	(23,982,694)	16,029,441
General Revenues:				
Property Taxes - Levied for General Purposes.....	500,140	37,945,560	32,299,042	-
Investment Income.....	-	498,618	-	590,478
Interest and Penalties on Taxes.....	9,950	686,052	-	-
Shared Taxes.....	-	2,552,025	-	-
Other Taxes and Assessments.....	-	1,424,459	-	-
Other Non Operating.....	-	1,918,780	104,540	-
Total General Revenues.....	510,090	45,025,494	32,403,582	590,478
Change in Net Assets.....	347,522	4,687,175	8,420,888	16,619,919
Net Assets (Deficit) - Beginning of Year.....	248,382	40,429,710	19,100,369	27,708,579
Net Assets (Deficit) - End of Year.....	\$ 595,904	\$ 45,116,885	\$ 27,521,257	\$ 44,328,498

See accompanying notes to basic financial statements.

Local Development Finance Authority	Museum of African American History	Tax Increment Finance Authority	Detroit Transportation Corporation	Greater Detroit Resource Recovery Authority	Totals
\$ (7,590,084)	\$ (10,208,400)	\$ (11,301,476)	\$ (20,666,354)	\$ (113,727,977)	\$ (262,015,275)
-	1,866,749	-	998,621	48,210,148	99,344,318
-	1,444,503	-	10,225,752	80,090,959	93,559,258
-	3,311,252	-	11,224,373	128,301,107	192,903,576
(7,590,084)	(6,897,148)	(11,301,476)	(9,441,981)	14,573,130	(69,111,699)
11,350,812	-	11,301,476	-	-	93,397,030
1,469,376	(10,620)	-	(496,077)	3,365,360	5,417,135
-	-	-	-	-	696,002
-	-	-	-	-	2,552,025
1,000,000	-	-	-	-	2,424,459
1,072,744	6,489,189	-	3,121,025	-	12,706,278
14,892,932	6,478,569	11,301,476	2,624,948	3,365,360	117,192,929
7,302,848	(418,579)	-	(6,817,033)	17,938,490	48,081,230
(56,877,192)	9,193,075	-	96,792,006	56,986,517	193,581,446
\$ (49,574,344)	\$ 8,774,496	\$ -	\$ 89,974,973	\$ 74,925,007	\$ 241,662,676

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NOTES
TO BASIC
FINANCIAL
STATEMENTS

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 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. Other agencies (City Clerk and Election) are not classified under the two branches. 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

As required by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, the financial statements of the reporting entity include those of the City (the 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 12 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. Note that this number of component units is amended from the 14 component units in fiscal year 2005 that included the Detroit Housing Commission and School District of the City of Detroit (Detroit Public Schools), both formerly Discretely Presented Component Units presented in the City's 2005 financial statements. Housing and Urban Development (HUD) oversees Detroit Housing Commission's reporting responsibilities. Detroit Public Schools is now reporting to a voter elected "Detroit Board of Education."

1. Blended Component Units:

Detroit Building Authority (DBA): The City of Detroit Building Authority (DBA) is included in the operations and activities of the City because it was incorporated for the purpose of acquiring, furnishing, equipping, owning, improving, enlarging, operating, or maintaining a building or buildings (including but not limited to health and public safety facilities), automobile parking lots or structures (independently or adjunct to other buildings), recreational facilities, and the necessary site or sites, together with appurtenant properties and facilities necessary or convenient for the effective use thereof, all 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.

Detroit General Retirement System Service Corporation (DGRSSC) and Detroit Police and Fire Retirement System Service Corporation (DPFRSSC):

DGRSSC and DPFRSSC are Michigan nonprofit corporations incorporated by the City pursuant to State Law. The DGRSSC and DPFRSSC were formed to assist the City in maintaining the actuarial integrity of the City's two pension systems. 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 2005, the City entered into a separate service contract with each of the DGRSSC and the DPFRSSC, in which the City contractually obligated itself to make periodic payments to the corporations in return for their service of reducing the financial burden of the City's pension costs. The DGRSSC and the DPFRSSC, 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 2005 (DRSFT), a grantor trust established and existing under Michigan 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.

2. Discretely Presented Component Units:

Component units, which are not blended as part of the primary government, are discretely presented by reporting component unit financial data in a column separate from the financial data of the primary government. These units are reported in a separate column to emphasize that they are legally separate from the City. The component units presented in this manner are the following:

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, Public Acts of Michigan of 1996. 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. The DPL was created to provide reference materials, research information, and publications to residents of the City and the County. Funding is provided by an ad valorem tax of 3.63 mills in real and personal property taxes in the City. In addition, DPL receives grants and endowments from private organizations. City Council is responsible for approving DPL's annual budget.

Downtown Development Authority (DDA): The DDA was created to promote and develop economic growth in the City's downtown business district. 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.

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 primarily funded by means of grants from the City.

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. Incremental portions of the City and the County of Wayne (the County) property taxes fund 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 primarily funded by means of private grants and grants from the City.

Tax Increment Finance Authority (TIFA): The TIFA was created to acquire property and provide financing for residential and commercial development programs through issuance of long-term debt secured by tax increment financing.

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 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 financing was provided by the issuance of revenue bonds.

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

Detroit Building Authority
2800 Cadillac Tower
65 Cadillac Square
Detroit, MI 48226
(313) 224-7242

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

Detroit General Retirement System
Service Corporation
Coleman A. Young Municipal Center, Room 1200
2 Woodward Avenue
Detroit, Michigan 48226
(313) 224-3380

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

Detroit Police & Fire Retirement System
Service Corporation
Coleman A. Young Municipal Center, Room 1200
2 Woodward Avenue
Detroit, Michigan 48226
(313) 224-3380

Museum of African American History
315 East Warren Avenue
Detroit, MI 48201
(313) 494-5800

Detroit Brownfield Redevelopment Authority
500 Griswold, Suite 2200
Detroit, Michigan 48226
(313) 237-4616

Tax Increment Finance Authority
500 Griswold, Suite 2200
Detroit, Michigan 48226
(313) 237-4616

Detroit Public Library
5201 Woodward Avenue
Detroit, MI 43202
(313) 833-1000

Detroit Transportation Corporation
1420 Washington Blvd., 3rd Floor
Detroit, MI 48226
(313) 224-2160

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

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

3. Related Organizations:

The City has in place certain Memorandums of Understanding (i.e., Contracts) for the operations of certain City-owned assets with the following private non-profit corporations:

Detroit Historical Society
Detroit Institute of Arts
Detroit Zoological Society

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

The Mayor is responsible for appointing the members of the board of the Northwest Community Programs, Inc., a private non-profit corporation, but the City's accountability for this organization does not extend beyond making the appointments.

B. 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 agreement between the City and Wayne County. All revenues or other monies received by the DWJBA must be disbursed for specific purposes in accordance with agreements with the incorporating units and the holders of the bonds. In March 1988, the City and County agreed to a consent judgment whereby the County's equity in the ownership of a portion of the space in the Coleman A. Young Municipal Center was transferred to the City. As a result, the fixed asset costs are recorded within the City's government-wide financial statements.

The DWJBA is party to a lease agreement that extends to March 1, 2028 for rental of the Coleman A. Young Municipal Center to the City and the County. The lease provides that the DWJBA shall maintain and operate the building, 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. Also, the extended lease agreement identified the intention to renovate space occupied by the County and provided the commitment of the County to enter into a separate supplemental lease for the repayment for the debt used in the renovations. Therefore, the County has an ongoing financial responsibility.

Complete financial statements of the DWJBA may be obtained by writing the DWJBA at the following address:

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

C. BASIS OF PRESENTATION

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

1. Government-wide Financial Statements

The government-wide statement of net assets 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 nonexchange 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.

2. Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary fund types. Separate 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 non-major 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 non-exchange transactions or ancillary activities.

The City uses the following major funds:

Governmental Funds:

- a. **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.
- b. **Detroit General Retirement System Service Corporation Fund** accounts for the proceeds and service payments related to the issuance of the Pension Obligation Certificates in June of 2005 and refunding in 2006.
- c. **Police & Fire Retirement System Service Corporation Fund** accounts for the proceeds and service payments related to the issuance of the Pension Obligation Certificates in June of 2005 and refunding in 2006.

Proprietary Funds:

- a. **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 75 other communities in southeastern Michigan.
- b. **Transportation Fund** accounts for the City's mass transit system with a fleet of over 572 coaches. The fund operates three light repair garages and terminals.
- c. **Water Fund** accounts for the operations of five water treatment plants, 20 booster stations, a transmission and distribution system and reservoirs. The fund provides service to Detroit and 125 other communities in southeastern Michigan.
- d. **Automobile Parking Fund** accounts for the activity of the City's Auto Parking and Arena System, but does not include parking fine revenues.

Fiduciary Funds:

- a. **Pension and Other Employee Benefit 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 funds accounts for various health and long-term disability benefits for employees and retirees.
- b. **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.

D. 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 in 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, pension obligation certificates and acquisitions under capital leases are reported as other financing sources. Significant revenue sources, which are susceptible to accrual, include property taxes, income taxes, utility taxes, and interest. All other revenue sources are considered to be measurable and available only when cash is received.

Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Bulletins (APB) opinions and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. The City also has the option of following subsequent FASB guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent FASB guidance.

E. ASSETS, LIABILITIES, AND FUND EQUITY

1. **Cash and Investments:** Cash and cash equivalents include amounts in demand deposits, as well as short-term investments with a maturity date within three months of the date of acquisition by the City. The City is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies (of nonpension funds) in U.S. bonds and notes, domestic certificates of deposit, certain commercial paper, U.S. government repurchase agreements, bankers acceptances, mutual funds and investment pools that are composed of authorized investment vehicles. Investments are reported at fair value.

The Retirement Systems and the Employees' Benefit Fund are authorized by Michigan Public Act 314 of 1965 to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles. Such investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

2. **Interfund Transactions:**

The City has the following types of interfund transactions:

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

d. **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.

3. **Inventories:** Cost of inventories of the governmental-type funds is recorded as expenditures at the time of purchase. Inventories at year-end for the General, Construction Code and Major and Local Street funds are recorded in the balance sheet at cost while Drug Law Enforcement Fund (police seized inventory) is recorded at market value, based on a physical inventory. A reserve for inventories is in the fund balance of the related fund. The inventories reserve increase (decrease) from year to year is displayed on the CAFR separate from their respective fund balances below their beginning fund balance. Inventories of the Enterprise Funds are stated at the lower of cost or market and expensed when used.
4. **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. Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Donated assets are recorded at fair market 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 will be 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, net of interest earned on the invested proceeds over the same period. Capitalized interest, net of related debt, for the year ended June 30, 2006 for the Sewage Disposal and Water Funds was \$54,012,814 and \$18,812,748, 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 – 20
Buildings and building improvements	5 – 50
Improvements other than buildings	5 – 50
Equipment and machinery	5 – 20
Vehicles other than buses	3 – 10
Buses	12
Stormwater and wastewater lines and pump stations	10 – 65
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.

5. **Bond Premiums, Discounts, Issuance Costs and Deferred Amount on Refunding:** In the government-wide and proprietary fund financial statements, bond premiums and discounts, as well as issuance costs and losses (deferred amount) on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount, gains (losses) on defeasance and deferred amounts on refunding. Bond premiums, discounts and issuance gains and costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums or discounts and gains or losses on defeasance, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. **Encumbrances:** Encumbrances outstanding for governmental funds at year-end do not represent GAAP expenditures or liabilities, but represent budgetary accounting controls. All governmental fund budgets are maintained on the modified accrual basis of accounting, except budgetary-basis expenditures include purchase orders and contracts (encumbrances) issued for goods or services not received at year-end.
7. **Compensated Absences:** For funds other than 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 semi-annual periods. Any unused furlough time remaining at the end of each semi-annual 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.

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation and sick leave balances. A liability for these amounts is reported in governmental funds only if they have matured.

8. **Property Taxes:** The State Constitution limits the proportion of true cash value at which real property can be uniformly assessed to 50%. The Michigan Constitution also mandates a system of equalization for assessments. Although the assessors for each local unit of government are responsible for actually assessing at 50% of true cash value, the final State equalized assessment against which local property tax rates are applied is derived through several steps. County equalization is brought about by adjustments of the various local unit assessment ratios to the same level; then the State equalizes the various counties in relation to each other. State equalized values are important; aside from their use for local property tax levy purposes, because of their role in distribution of State school aid and in the calculation of debt limits. The only major items of personal property subject to property taxation in the City are commercial and industrial furniture, fixtures, and equipment. Though comprehensive authority is granted by the State to Michigan municipalities for governmental purposes, the Constitution and general laws of the State limit the municipal rate of taxation and restrict the amount of debt a municipality may incur. At the present time, the general ad valorem taxing power of the City is generally limited by State law and the City Charter to 20 mills. The City is levying at its current maximum rate limit. In addition, the City is authorized to levy additional taxes within specified amounts for specific purposes under specific legislation. At the present time, under such an authorization, the City is levying 3 additional mills for the purpose of garbage and rubbish collection. These millage limitations, however, do not apply to taxes levied by the City for payment of principal and interest on presently outstanding unlimited tax-supported bonds, nor do they apply to payment of principal and interest on tax-supported bonds issued in anticipation of presently outstanding contractual obligations of the City or presently outstanding assessments in the City.

The City's property tax is levied each July 1 of the fiscal year and is 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 Michigan Tax Tribunal.

In the government-wide financial statements, property tax revenue is recorded in the period in which the tax is levied. In the governmental fund financial statements, the City records property tax revenue when available. Available is defined as due and receivable within the current fiscal year and collected within the current fiscal year or collected within 60 days thereafter.

9. **Municipal Income Taxes:** The City levies an annual income tax. The rate for the calendar year 2006 consists of an annualized tax of 2.50% on the income of resident individuals, 1.25% on income earned in the City by non-residents and for corporations the annual rate for 2006 is 1.0%. These rates are being lowered over a 10-year period starting July 1, 1999. The resident rate will decrease by 1/10 of a percentage point, the non-resident rate by 1/20 of a percentage point, and the corporate rate by 2/10 of a percentage point over the same period. After the 10-year period, the calendar 2009 resident rate will be 2%, the non-resident rate will be 1%, and the corporate rate will be zero. However, due to current economic conditions there was a temporary rate freeze of the tax rates for the calendar year 2005. The rates were as follows: residents 2.5%, non-residents 1.25% and corporations 1%. The City has re-applied for, and received, approval for the rate freeze to remain in effect for calendar years 2006 and 2007. 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 assessment receivable represents estimated additional taxes assessed as a result of tax return audits or failure to file a return.

10. Fund Balances: In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purposes. Designations of fund balances represent tentative City plans that are subject to change.

11. Net Assets: The government-wide and proprietary fund financial statements utilize a net asset presentation. Net assets are categorized as follows:

- a. **Invested in Capital Assets Net of Related Debt** – consists of capital assets, net of accumulated depreciation. The outstanding balances of bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets would further reduce this component. If there were significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds would be offset by the outstanding debt.
- b. **Restricted Assets** – consist of constraints placed on net asset use through external constraints imposed by grantors, contributors, laws, 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.
- c. **Unrestricted Assets** – Consist of net assets that do not meet the definition of “Restricted” or “Invested in Capital Assets, net of related debt.”

12. Use of Estimates: The preparation of financial statements in conformity with 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 and expenses during the reporting period. Actual results could differ from those estimates.

13. Change in certain Discretely Presented Component Units included in Reporting Entity:

Detroit Housing Commission

In an agreement dated July 7, 2005, the United States Department of Housing and Urban Development (HUD) signed a cooperative endeavor agreement with the City. The agreement called for the City to transfer all of Detroit Housing Commission (DHC) assets, projects and programs to HUD and for HUD to manage the day-to-day operations and reporting requirements of the DHC. The assets, liabilities, net assets and activities of DHC were included in the City’s 2005 financial statements as a discrete component unit. Because of the aforementioned change in control, DHC’s financial statements are not included in the City’s financial statements for the year ended June 30, 2006.

City of Detroit Public Schools

In November, 2005, a general election referendum was passed which transferred control of the School District of the City of Detroit (School District) to the newly elected eleven (11) member school board, effective January 1, 2006. The assets, liabilities, net assets and activities of the School District were included in the City’s financial statements for the year ended June 30, 2005. Because of the aforementioned change in control, the School District’s financial statements are not included in the City’s financial statements for the year ended June 30, 2006.

To reflect the change in reporting entity caused by elimination of DHC and the School District from the discretely presented component units of the City, previously presented net assets of discrete component units have been restated as follows:

Net assets of discrete component units as previously presented at June 30, 2005	\$ 261,228,121
Less: DHC previously reported net assets at June 30, 2005	(98,824,278)
Plus: School District previously reported	

net deficit at June 30, 2005 31,177,603

Net assets of discrete component units as
restated at June 30, 2005 \$ 193,581,446

14. New Accounting Pronouncements: The City adopted GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* during the year ended June 30, 2006. This Statement establishes accounting and financial reporting standards for impairment of capital assets. No significant changes were made to the recorded value of capital assets based on the City's implementation of this pronouncement.

In July 2004, GASB issued *Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes accounting and financial reporting standards for employers that participate in a defined benefit "other postemployment benefit" (OPEB) plan. Specifically, the City will be required to measure and disclose an amount for annual OPEB cost on the accrual basis for health and insurance benefits that will be provided to retired City employees in future years. The City is also required to record a net OPEB obligation which is defined as the cumulative difference between annual OPEB cost and the employer's contributions to a plan, including the OPEB liability or asset at transition, if any. The City is currently evaluating the impact that this standard will have on the financial statements when adopted. The City will implement *Statement No. 45* beginning with the fiscal year ended June 30, 2008.

In June 2005, GASB issued *Statement No. 46, Net Assets Restricted by Enabling Legislation*. This Statement establishes and modifies requirements related to restrictions of net assets resulting from enabling legislation. It amends *GASB Statement 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, paragraph 34*. This statement enhances usefulness and comparability of net asset information reported by state and local governments by clarifying the meaning of *legally enforceable restrictions* imposed on net assets by enabling legislation or restrictions imposed by an external party (citizens, public interest groups or judiciary) that compel a government to use resources created by enabling legislation only for the purposes specified by the legislation. No changes were made in the recorded value of net assets based on the City's implementation of this pronouncement.

In June 2005, GASB issued *Statement No. 47, Accounting for Termination Benefits* by Employers. This Statement establishes accounting standards for termination benefits. In financial statements prepared on the accrual basis of accounting, employers should recognize a liability and expense for voluntary termination benefits (for example, early-retirement incentives) when the offer is accepted and the amount can be estimated. A liability and expense for involuntary termination benefits (for example, severance benefits) should be recognized when a plan of termination has been approved by those with the authority to commit the government to the plan, the plan has been communicated to the employees, and the amount can be estimated. As an exception to the general recognition and measurement requirements discussed above, the effects of a termination benefit on an employer's obligations for defined benefit pension or other postemployment benefits in the case of the City will be accounted for and reported under the requirements of *Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as applicable. The City is currently evaluating the impact that this standard will have on the financial statements when adopted. The City will implement *Statement No. 47* in conjunction with *Statement No. 45* during the fiscal year ended June 30, 2008.

NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. COMPLIANCE WITH FINANCE RELATED LEGAL AND CONTRACTUAL PROVISIONS

The City has not implemented the necessary procedures to ensure compliance with the arbitrage rebate rules of Section 148(f) of the Internal Revenue Code of 1986 applicable to the City's outstanding tax-exempt obligations. The City is engaged in discussions with the Internal Revenue Service with a view to establishing such procedures. The potential impact to the City is indeterminable at this time. The Treasurer of the State of Michigan requires that the financial statements of local governments must be submitted to the Treasurer no later than six months after year-end. The Treasurer has the authority when a CAFR is not submitted within the six-month period to withhold the local government's State Revenue Sharing distribution. Accordingly, the Treasurer withheld a portion of the City's December 2007 State Revenue Sharing funds. During FY 2006 the City received a total of \$279,467,063 in State Revenue Sharing. The City has no other material violations of finance related legal and contractual provisions.

B. EXCESS OF EXPENDITURES OVER GENERAL FUND APPROPRIATIONS

The legal level of budget control is maintained at the appropriation level, which is more detailed than the budget in the Required Supplemental Information. Listed below are expenditures that exceeded its corresponding appropriation for the year ended June 30, 2006:

Department Name	Appropriation No.	Appropriation Description	Final Budget	Actual Amount	Actual/Over Appropriation
Civic Center	00008	Administration	\$ 813,492	\$ 1,297,755	\$ (484,263)
	00011	Cobo Center	20,798,009	23,874,054	(3,076,045)
		Total Civic Center	\$ 21,611,501	\$ 25,171,809	\$ (3,560,308)
Department of Public Works	00028	Administration	\$ 2,946,830	\$ 3,425,027	\$ (478,197)
	00035	Refuse Collection	11,767,188	15,765,290	(3,998,102)
	00037	Street Cleaning	2,513,692	6,416,613	(3,902,921)
	00051	Vehicle Management	7,649,735	9,715,764	(2,066,029)
	00052	Stores and Supplies	5,488,641	5,995,083	(506,442)
		Department of Public Works	\$ 30,366,086	\$ 41,317,777	\$ (10,951,691)
Finance	10674	Office of Targeted Business Development	\$ -	\$ 221,067	\$ (221,067)
		Total Finance	\$ -	\$ 221,067	\$ (221,067)
Fire	00718	Fire Fighting Operations	\$ 120,187,081	\$ 141,899,213	\$ (21,712,132)
	00760	Communication and System Support	3,272,617	3,938,289	(665,672)
		Total Fire	\$ 123,459,698	\$ 145,837,502	\$ (22,377,804)
Health	00068	Administration	\$ 5,831,161	\$ 6,167,321	\$ (336,160)
	00081	Plant Operation and Maintenance-Herman Kiefer	3,249,795	4,417,140	(1,167,345)
		Total Health	\$ 9,080,956	\$ 10,584,461	\$ (1,503,505)
Human Resources	00107	Supportive Services	\$ 1,397,199	\$ 1,658,835	\$ (261,636)
Human Rights	00879	Contract Compliance	\$ 37,000	\$ 349,943	\$ (312,943)
Law	00527	Administration and Operations	\$ 17,537,466	\$ 22,805,745	\$ (5,268,279)
Mayor's Office	00097	Neighborhood City Halls	\$ 1,575,451	\$ 1,916,159	\$ (340,708)
Non Departmental	00664	City-County Building Rent and Rehabilitation	\$ 38,112	\$ 252,421	\$ (214,309)
	10634	City Vehicles-Lease Purchase	20,299,500	22,986,618	(2,687,118)
	11519	Fiscal Stabilization Expense	7,754,238	9,789,142	(2,034,904)
	11915	ITS - Unisys Project	2,631,424	5,499,144	(2,867,720)
		Total Non-Departmental	\$ 30,723,274	\$ 38,527,325	\$ (7,804,051)
Planning & Development	00015	Real Estate - City	\$ 3,356,388	\$ 3,588,123	\$ (231,735)
Police	00111	Police Commission	\$ 2,792,837	\$ 2,993,008	\$ (200,171)
	00112	Police Executive	9,312,608	10,647,814	(1,335,206)
	00113	Internal Control Bureau	15,959	241,840	(225,881)
	00115	Human Resources Bureau	1,375,756	5,681,676	(4,305,920)
	00116	Eastern Operations Bureau	103,281,303	114,726,810	(11,445,507)
	00117	Western Operations Bureau	88,580,041	108,847,728	(20,267,687)
	00118	Criminal Investigation Bureau	56,382,155	59,631,921	(3,249,766)
	00119	Fiscal Management Bureau	16,446,001	16,713,711	(267,710)
	10082	Assistant Chief	20,156,260	23,579,619	(3,423,359)
	10152	Casino Municipal Services-Police	6,324,467	9,154,287	(2,829,820)
	10153	Domestic Violence Unit	1,856,719	2,524,859	(668,140)
	11041	Technical Services Bureau	25,463,843	36,646,542	(11,182,699)
	11042	Risk Management Bureau	16,746,514	17,327,897	(581,383)
	11377	Civil Rights Integrity Bureau	4,924	469,188	(464,264)
		Total Police	\$ 348,739,387	\$ 409,186,900	\$ (60,447,513)
Public Lighting	00128	Street Lighting	\$ 9,981,969	\$ 10,254,210	\$ (272,241)
	00131	Heat and Power Production	44,890,494	54,047,807	(9,157,313)
		Total Public Lighting	\$ 54,872,463	\$ 64,302,017	\$ (9,429,554)

City of Detroit, Michigan
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

Department Name	Appropriation No.	Appropriation Description	Final Budget	Actual Amounts	Actual/Over Appropriation
Recreation	10544	North District Operations	\$ 222,689	\$ 670,280	\$ (447,591)
	10545	South District Operations	115,000	2,337,639	(2,222,639)
	10547	East District Operations	87,930	3,293,744	(3,205,814)
	11657	Business Operations & Support Services	8,579,164	10,115,678	(1,536,514)
	11662	Building Operations	2,299,012	4,940,211	(2,641,199)
	11665	Belle Isle Operations	2,562,191	2,934,043	(371,852)
		Total Recreation	\$ 13,865,986	\$ 24,291,595	\$ (10,425,609)
36th District Court	05715	State Transferred Functions	\$ 23,768,442	\$ 29,201,413	\$ (5,432,971)

C. DEFICIT FUND EQUITY

General Fund had a deficit fund balance of \$107,176,088. Local Development Finance Authority (a Component Unit) had a fund deficit of \$49,574,344. The General Fund has a deficit reduction plan, which includes, among other things, changes in how and what level of services are to be provided, perhaps additional subsidies and a review of revenue sources.

NOTE III. DETAILED NOTES ON ALL FUNDS

A. ASSETS

1. Deposits and Investments

a. Primary Government

The following is a complete listing of deposits and investments held by the City at June 30, 2006:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Deposits	\$ 168,292,544	\$ 55,083,327	\$ 223,375,871
Investments	272,628,701	939,522,959	1,212,151,660
Total	<u>\$ 440,921,245</u>	<u>\$ 994,606,286</u>	<u>\$ 1,435,527,531</u>

The Deposits and Investments of the City at June 30, 2006 are reflected in the financial statements as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Unrestricted			
Cash and Cash Equivalents	\$ 74,951,662	\$ 11,144,759	\$ 86,096,421
Investments	273,409,280	75,211,671	348,620,951
Restricted			
Cash and Cash Equivalents	77,854,847	73,634,169	151,489,016
Investments	14,705,456	834,615,687	849,321,143
Total	<u>\$ 440,921,245</u>	<u>\$ 994,606,286</u>	<u>\$ 1,435,527,531</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 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

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, 2006, the governmental and business-type activities had deposits of \$217,077,729 that were exposed to custodial credit risk as they were uninsured and uncollateralized.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. As of June 30, 2006, the City had no investments subject to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that, over time, the value of 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 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 original date of purchase.

As of June 30, 2006, the City had the following investments and maturities:

Governmental Activities	Investment Maturities in Years			
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years
U.S. Treasury	\$ 10,002,268	\$ -	\$ 4,978,700	\$ 5,023,568
U.S. Government Agency Securities	75,881,198	29,926,168	42,241,155	3,713,875
Repurchase Agreement	53,017,217	53,017,217	-	-
Money Market	119,022,562	119,022,562	-	-
Total Unrestricted	257,923,245	201,965,947	47,219,855	8,737,443
Money Market	14,705,456	14,705,456	-	-
Total Restricted	14,705,456	14,705,456	-	-
Total Investments	\$ 272,628,701	\$ 216,671,403	\$ 47,219,855	\$ 8,737,443

Business-type Activities	Investment Maturities in Years				
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Money Market	\$ 73,107,339	\$ 73,107,339	\$ -	\$ -	\$ -
Total Unrestricted	73,107,339	73,107,339	-	-	-
U.S. Government Agency Securities	377,021,359	64,957,992	312,063,367	-	-
Repurchase Agreement	19,985,604	5,008,847	14,976,757	-	-
Commercial Paper	87,265,637	87,265,637	-	-	-
Money Market	382,143,020	382,143,020	-	-	-
Total Restricted	866,415,620	539,375,496	327,040,124	-	-
Total Investments	\$ 939,522,959	\$ 612,482,835	\$ 327,040,124	\$ -	\$ -

Credit Risk

The City's investment policy complies with State law which 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 nationally recognized statistical rating organizations (NRSROs) Standard & Poor's (S&P) and Moody's Investor Service (Moody's).

As of June 30, 2006, the City's investments have the following ratings:

Governmental Activities

	<u>U.S. Treasury</u>	<u>U.S. Government Agency Securities</u>	<u>Repurchase Agreement</u>	<u>Money Market</u>
S&P: AAA Moody's: Aaa	\$ 10,002,268	\$ 75,881,198	\$ -	\$ 111,715,339
Not Rated	-	-	53,017,217	22,012,679
Total	<u>\$ 10,002,268</u>	<u>\$ 75,881,198</u>	<u>\$ 53,017,217</u>	<u>\$ 133,728,018</u>

Business-type Activities

	<u>U.S. Government Agency Securities</u>	<u>Repurchase Agreement</u>	<u>Commercial Paper</u>	<u>Money Market</u>
S&P: AAA and Moody's Aaa	\$ 377,021,359	\$ 19,985,604	\$ -	\$ 305,040,653
S&P: AA- and Moody's Aaa	-	-	-	4,345,638
S&P: A-1 and Moody's P-1	-	-	86,027,000	-
Not Rated	-	-	1,238,637	145,864,068
Total	<u>\$ 377,021,359</u>	<u>\$ 19,985,604</u>	<u>\$ 87,265,637</u>	<u>\$ 455,250,359</u>

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 include prohibiting investing more than 5% of the portfolio in securities (excluding U.S. government, mutual funds, external investment pools, and other pooled investments) of any one issuer. More than 5% of the primary government's investments are in Federal Home Loan Bank, Federal Home Loan Mortgage, and Federal National Mortgage Association. These investments are 18.06%, 5.80% and 11.73%, respectively, of the primary governments investments.

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. The Pension Funds are authorized by Michigan Public Act 314 of 1965, as amended, 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 is in accordance with Public Act 196 of 1997 and has authorized the investments according to Michigan Public Act 314. The System's deposits and investment policies are in accordance with statutory authority.

Pension Funds

State laws authorize the Pension Funds 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 Pension Funds are 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, equity securities and investment pools authorized by state law.

The following is a description of the investments by type and category held by the Pension Funds at June 30, 2006:

	General Retirement System	Police & Fire Retirement System	Total
Deposits	\$ 14,631,971	\$ 8,095,552	\$ 22,727,523
Investments	3,469,494,373	3,982,114,854	7,451,609,227
Total	\$ 3,484,126,344	\$ 3,990,210,406	\$ 7,474,336,750

Pension Funds

Investment	General Retirement System	Police & Fire Retirement System
Short-Term Investments	\$ 57,199,392	\$ 85,549,655
Stocks	1,480,486,746	2,261,405,932
Commingled Equity Funds	791,570,177	-
Bonds	360,671,578	796,295,727
Mortgage-Backed Securities	82,017,278	153,297,504
Real Estate Investment Trusts Held by Custodian	-	60,374,430
Pooled Investments	162,121,174	339,081,044
Equity Interest in Real Estate	89,256,803	107,260,311
Private Placements	339,900,994	45,983,046
Mortgage and Construction Loans	106,270,231	132,867,205
Total	\$ 3,469,494,373	\$ 3,982,114,854

Custodial Credit Risk of Bank Deposits

Custodial credit risk of bank deposits is the risk that in the event of bank failure, the bank may not return the Pension Funds' deposits. The Pension Funds do not have a deposit policy for custodial credit risk. At June 30, 2006, the General Retirement System and Police and Fire Retirement System had deposits of \$1,182,296 and \$8,031,837, respectively, that were exposed to custodial credit risk as they 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 assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk of investments is the risk that, in the event of failure of the counterparty, the Pension Funds will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Pension Funds do not have a policy for custodial credit risk. As of June 30, 2006, the Pension Funds had no investments subject to custodial credit risk of investments.

Interest Rate Risk

Interest rate risk is the risk that, over time, the value of investments will decrease as a result of a rise in interest rates. The pension funds' investment policy does not restrict investment maturities.

As of June 30, 2006, the Pension Funds had the following investments and maturities:

<u>Investment Type</u>	<u>Investment Maturities in Years</u>				
	<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>
U.S. Government	\$ 83,182,932	\$ 10,956,831	\$ 18,142,385	\$ 24,412,890	\$ 29,670,826
Mortgage Backed	78,218,328	2,469	11,561,068	6,330,101	60,324,690
Collateralized Mortgage Obligations	20,109,010	-	659,708	1,869,480	17,579,822
Corporate	196,687,355	10,468,105	75,722,413	94,146,484	16,350,353
Yankee Bonds	3,565,397	-	819,340	2,103,776	642,281
Non-U.S. Fixed Income	68,050,764	5,406,571	36,664,624	24,280,017	1,699,552
Repurchase Agreements	626,097	626,097	-	-	-
Agencies	4,049,694	4,049,694	-	-	-
Mortgages	59,991,582	24,401,997	21,589,585	-	14,000,000
Total	<u>\$ 514,481,159</u>	<u>\$ 55,911,764</u>	<u>\$ 165,159,123</u>	<u>\$ 153,142,748</u>	<u>\$ 140,267,524</u>

Police and Fire Retirement System

<u>Investment Type</u>	<u>Investment Maturities in Years</u>				
	<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>
U.S. Government	\$ 149,684,758	\$ 21,098,831	\$ 71,456,146	\$ 42,993,941	\$ 14,135,840
Mortgage Backed	123,536,072	-	167,071	5,620,096	117,748,905
Collateralized Mortgage Obligation	39,483,969	-	-	-	39,483,969
Corporate	593,862,341	36,336,776	238,078,003	226,938,973	92,508,589
Yankee Bonds	8,387,197	-	4,529,609	2,056,152	1,801,436
Non-U.S. Fixed Income	31,355,818	-	9,564,188	18,301,830	3,489,800
Convertible Bonds	18,533,250	-	1,491,149	315,990	16,726,111
Treasury Bills	133,060	133,060	-	-	-
Mortgages	12,222,336	-	3,000,000	-	9,222,336
Total	<u>\$ 977,198,801</u>	<u>\$ 57,568,667</u>	<u>\$ 328,286,166</u>	<u>\$ 296,226,982</u>	<u>\$ 295,116,986</u>

City of Detroit, Michigan
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The system has no investment policy that would further limit its investment choices.

As of June 30, 2006, the Pension Funds' investments have the following ratings (other than that guaranteed by the U.S. government in \$000):

General Retirement System	Investment Type and Fair Value								
	AAA	AA	A	BBB	BB	B	CCC & Below	A-1	Not Rated
U.S. Government	\$ 60,929	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47	\$ 6,872
Mortgage Backed	8,886	57	-	-	142	-	-	-	69,134
Collateralized Mortgage Obligations	6,686	498	-	-	-	-	-	-	12,925
Corporate	6,826	2,700	10,232	28,404	33,583	85,659	17,786	107	11,390
Yankee Bonds	-	-	-	1,370	614	1,268	313	-	-
Non-U.S. Fixed Income	39,603	1,190	7,426	540	7,502	5,039	959	-	5,791
Agencies	4,050	-	-	-	-	-	-	-	-
Repurchase Agreements	-	-	-	-	-	-	-	626	-
Mortgages	-	-	-	-	-	-	-	-	59,992
Total	\$ 126,980	\$ 4,445	\$ 17,658	\$ 30,314	\$ 41,841	\$ 91,966	\$ 19,058	\$ 780	\$ 166,104

Police and Fire Retirement System

	Investment Type and Fair Value								
	AAA	AA	A	BBB	BB	B	CCC & Below	A-1	Not Rated
U.S. Government	\$ 130,767	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mortgage Backed	8,943	-	-	-	-	-	-	-	114,593
Collateralized Mortgage Obligations	9,989	-	-	-	-	-	-	-	-
Obligations	-	-	-	-	-	-	-	-	29,495
Corporate	11,168	31,016	128,161	129,670	73,782	169,702	29,184	-	37,171
Yankee Bonds	-	-	-	5,903	901	1,465	-	-	119
Non-U.S. Fixed Income	-	-	11,938	2,651	5,498	9,497	1,110	-	662
Convertible Bonds	693	-	1,787	4,116	4,197	2,989	541	-	1,131
Commercial Paper	-	-	-	-	-	-	-	696	-
Mortgages	-	-	-	-	-	-	-	-	12,222
Total	\$ 161,560	\$ 31,016	\$ 141,886	\$ 142,340	\$ 84,378	\$ 183,653	\$ 30,835	\$ 696	\$ 195,393

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce U.S. dollar value because 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 Firemen Retirement System (Pension Funds) do not restrict the amount of investments in foreign currency. Their foreign currency risk investments are as follows (in \$000):

Foreign Currency Risk	General Retirement System				Police and Firemen Retirement System			
	Fixed Income	Equity	Forward Contracts Unrealized Gain (Loss)	Cash	Equity	Forward Contracts Unrealized Gain (Loss)	Cash	
Australian Dollar	\$ 7,815	\$ 11,069	\$ (3,595)	\$ 1,005	\$ 10,730	\$ 5,108	\$ 202	
Brazilian Real	2,128	188	-	-	-	-	-	
British Pound Sterling	3,008	59,926	(11,987)	346	96,504	(19,680)	832	
Canadian Dollar	8,732	4,433	-	97	2,627	15,612	29	
Cyprus Pound	-	1,129	-	-	-	-	-	
Czech Koruna	-	2,809	(1,099)	177	-	-	-	
Danish Krone	-	2,069	-	40	1,493	-	20	
Euro Currency	8,357	136,529	(11,361)	8,822	171,848	968	2,284	
Hong Kong Dollar	-	7,575	(1,418)	486	6,091	(2,052)	52	
Hungarian Forint	-	3,071	-	(1,689)	-	-	-	
Indonesian Rupiah	1,546	220	-	33	-	-	-	
Japanese Yen	-	78,021	19,635	2,717	118,226	(20,890)	5,805	
Kroon	-	96	-	-	-	-	-	
Malaysian Ringgit	1,498	-	-	-	561	-	-	
Mexican Nuevo Peso	3,348	974	-	14	-	-	-	
New Taiwan Dollar	-	633	-	163	534	-	-	
New Zealand Dollar	1,199	234	(2,119)	-	3,614	-	1	
Norwegian Krone	-	8,255	-	778	9,148	-	59	
New Turkish Lira	-	2,068	(444)	7	-	-	-	
Philippines Peso	-	-	-	-	-	-	-	
Polish Zloty	5,177	9,519	(982)	(31)	-	-	-	
Renminbi Yuan	-	1,230	-	-	509	-	-	
Russian New Ruble	-	3,126	-	-	-	-	-	
Singapore Dollar	5,361	2,294	-	156	3,148	-	8	
South African Rand	271	-	-	-	-	-	-	
South Korean Won	-	2,686	-	(75)	2,141	-	(107)	
Swedish Krona	5,354	10,689	386	104	17,977	553	(449)	
Swiss Franc	-	30,079	-	490	35,912	-	646	
Thai Baht	770	349	1,123	-	-	-	-	
Totals	\$ 54,564	\$ 379,271	\$ (11,861)	\$ 13,640	\$ 481,063	\$ (20,381)	\$ 9,382	

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 100 percent of the market value of the loaned securities.

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 General Retirement System had lent no securities to broker-dealers or banks.

The Police and Fire Retirement System 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 as of June 30, 2006 was 26 and 30 days for the General and the Police and Fire Retirement Systems, respectively. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2006, the Pension Funds had no credit risk exposure to borrowers. The collateral held and the fair market value of the underlying securities on loan for the General Retirement System as of June 30, 2006 was \$548,294,329 and \$535,930,060, respectively. The collateral held and the fair market value of the underlying securities on loan for the Police and Fire Retirement System as of June 30, 2006 was \$1,028,069,856 and \$1,006,273,998, respectively.

Other Employee Benefit and Agency 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.

Deposits and investments in the Other Employee Benefit Funds and Agency Funds (Other Funds) at June 30, 2006 are reflected in the financial statements as follows:

	Other Employee Benefit Funds	Agency Funds	Total
Unrestricted			
Cash and Cash Equivalents	\$ 768,382	\$ 2,620,612	\$ 3,388,994
Investments	41,790,654	11,112,960	52,903,614
Total	\$ 42,559,036	\$ 13,733,572	\$ 56,292,608

Custodial Credit Risk of Bank Deposits

Custodial credit risk of bank deposits is the risk that in the event of bank failure, the bank may not return the Other Employee Benefit and Agency deposits. The City does not have a deposit policy for custodial credit risk. At June 30, 2006, the Other Funds had deposits of \$3,893,605 that were exposed to custodial credit risk as they were uninsured and uncollateralized.

Custodial Credit Risk of Investments

Custodial credit risk of bank investments is the risk that, in the event of failure of the counterparty, the Other Employee Benefit and Agency Funds will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. As of June 30, 2006, the Other Employee Benefit and Agency Funds had no investments subject to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that, over time, the value of 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'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 original date of purchase.

As of June 30, 2006, the Other Funds had the following investments and maturities:

Other Employee Benefit/Agency Funds	Investment Maturities in Years		
	Fair Value	Less Than 1 Year	1-5 Years
Money Market	\$ 27,689,285	\$ 27,689,285	\$ -
Mutual Funds	19,859,581	19,859,581	-
U.S. Government Agency Securities	15,372	15,372	-
Equity	5,339,376	4,707,670	631,706
Total Unrestricted	52,903,614	52,271,908	631,706
Total Investments	\$ 52,903,614	\$ 52,271,908	\$ 631,706

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 nationally recognized statistical rating organizations (NRSROs).

As of June 30, 2006, the Other Fiduciary Funds' investments have the credit quality ratings of debt securities (other than that guaranteed by the U.S. government) by S&P or Moody's as follows:

Other Fiduciary Funds	U.S.		
	Treasury	Money Market	Mutual Funds
S&P AAAm	\$ 15,372	\$ 9,675,475	\$ -
S&P AAA	-	18,013,810	-
S&P AA+	-	-	-
S&P AA	-	-	-
S&P AA-	-	-	-
S&P A+	-	-	-
S&P A	-	-	-
S&P A-	-	-	-
S&P BBB+	-	-	-
S&P BBB	-	-	-
S&P BBB-	-	-	-
S&P BB+	-	-	-
S&P BB	-	-	-
S&P BB-	-	-	-
S&P B+	-	-	-
S&P B	-	-	-
S&P B-	-	-	-
Moody's AA2	-	-	-
Moody's A1	-	-	-
Moody's A3	-	-	-
Moody's BAA2	-	-	-
Moody's BAA3	-	-	-
Moody's BA1	-	-	-
Moody's BA2	-	-	-
Moody's BA3	-	-	-
Moody's B1	-	-	-
Moody's B2	-	-	-
Moody's B3	-	-	-
Not Rated	-	-	19,859,581
Total Investments	\$ 15,372	\$ 27,689,285	\$ 19,859,581

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 include prohibiting investing more than 5% 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% of the total of Other Fiduciary Funds.

c. Component Units

Greater Detroit Resource Recovery Authority (GDRRA)

Investments

In accordance with GASB Statement No. 31 investments with maturities less than one year are stated at amortized cost, and investments with maturities greater than one year are stated at fair market value (quoted market price or management's best available estimate thereof). For purposes of reporting cash flows, cash equivalents are investments with an original maturity of less than one month. Investments with an original maturity of less than one year and greater than one month when purchased are classified as investments, current, while those investments with a maturity greater than one year when purchased are classified as investments, noncurrent, in the accompanying balance sheets.

The following is a complete listing of the GDRRA's deposits and investments held by the City at June 30, 2006:

<u>GDRRA</u>	
Deposits	\$ 3,680,134
Investments	137,783,206
Total	<u>\$ 141,463,340</u>

The Deposits and Investments of the (GDRRA) at June 30, 2006 are reflected in the financial statements as follows:

<u>GDRRA</u>	
Unrestricted Investments	\$ -
Restricted	
Cash	3,680,134
Investments-current	75,664,903
Investments-noncurrent	62,118,303
Total Cash and Investments	<u>\$ 141,463,340</u>

As of June 30, 2006, GDRRA had accrued interest of \$43,771.

State law authorizes the City to make deposits in the account 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 investments quality, repurchase agreements, banker's acceptances, mutual funds of certain investment quality, and investment pools as authorized by State law.

Custodial Credit Risk of Bank Deposits

Custodial credit risk of bank deposits is the risk that in the event of bank failure, the bank may not return the GDRRA's deposits. As of June 30, 2006, the GDRRA had no bank deposits subject to the custodial credit risk of bank deposits.

Custodial Credit Risk of Investments

Custodial credit risk of investments is the risk that in the event of failure of the counterparty, the GDRRA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2006, the GDRRA had no investments subject to the custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that, over time, the value of 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's policy minimizes interest rate risk by requiring that the GDRRA attempt to match its investments with anticipated cash flow requirements. Unless related to a specific cash flow, the City generally does not directly invest in securities maturing more than 10 years from the original date of purchase.

GDRRA	Investment Maturities in Years				
	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Restricted Investments					
Treasury Obligation Funds	\$ 3,894,024	\$ 3,894,024	\$ -	\$ -	\$ -
U.S. Treasury	21,723,535	21,723,535	-	-	-
U.S. Government Agency Securities	64,414,140	2,295,838	62,118,302	-	-
Repurchase Agreements	47,751,507	47,751,507	-	-	-
Total Restricted Investments	<u>\$ 137,783,206</u>	<u>\$ 75,664,904</u>	<u>\$ 62,118,302</u>	<u>\$ -</u>	<u>\$ -</u>

Credit Risk

The City of Detroit's investment policy complies with State law. The City limits its investments in commercial paper, mutual funds, and external investment pools that purchase commercial paper to the top two rating classifications issued by two nationally recognized statistical ratings organizations (NRSROs).

As of June 30, 2006, the Authority had the following investments, maturities, and credit quality ratings of debt securities:

GDRRA				
Investments	Value	Rating	Rating Organization	
Treasury Obligation Funds	\$ 550,401	AAAm	Standard & Poor's	
Treasury Obligation Funds	3,343,623	AAAm	Standard & Poor's	
US Treasury	21,723,535	Not rated	N/A	
US Government Agency Securities	64,414,140	Not rated	N/A	
Repurchase Agreements	47,751,507	AAAm	Moody's	
Total	<u>\$ 137,783,206</u>			

The investments shown as U.S. Treasury and U.S. Government Agency Securities are backed by the full faith and credit of the United States Government.

City of Detroit, Michigan
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

2. Other Receivables: Other receivables in the statement of net assets for governmental activities are shown in the aggregate. The following details the Other Receivables balances at June 30, 2006:

	<u>General</u>	<u>Other Governmental</u>	<u>Total</u>
Due from Fidiciary Funds	\$ 3,807,548	\$ -	\$ 3,807,548
Estimated Withheld Income Tax Receivable	25,736,476	-	25,736,476
Utility Users Tax	3,950,640	-	3,950,640
Property Taxes	66,956,457	23,257,015	90,213,472
Land Contracts Receivable	2,238,916	-	2,238,916
Income Taxes	37,573,961	-	37,573,961
Special Assessments	41,475,862	342,173	41,818,035
Interest and Penalties	6,555,000	2,275,000	8,830,000
Trade Receivables	161,233,589	1,823,030	163,056,619
Allowance for Doubtful Accounts	<u>(313,956,262)</u>	<u>(26,738,561)</u>	<u>(340,694,823)</u>
Total	<u>\$ 35,572,187</u>	<u>\$ 958,657</u>	<u>\$ 36,530,844</u>

3. Due from/to Other Governmental Agencies: Due from/to other governmental agencies consists primarily of sales and charges for services to/from the County, the State, and the Federal Government.

4. Interfund Receivables and Payables: 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 assets and will be settled within one year.

Interfund receivables and payables at June 30, 2006 are as follows:

	<u>Due From</u>								<u>Total</u>
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Sewage Disposal Fund</u>	<u>Transportation Fund</u>	<u>Water Fund</u>	<u>Automobile Parking Fund</u>	<u>Non-Major Proprietary Fund</u>	<u>Fiduciary Funds</u>	
<u>Due To</u>									
General Fund	\$ -	\$ 18,546,823	\$ 5,855,116	\$ 8,924,747	\$ 6,072,545	\$ 908,520	\$ 96,938	\$ 3,807,548	\$ 44,212,237
Non-Major Governmental Funds	4,102,238	5,900,540	-	179,378	-	27,333	10,829	-	10,220,318
Sewage Disposal Fund	63,580	-	-	-	58,276,875	-	-	-	58,340,455
Transportation Fund	1,087,187	140,893	-	-	-	-	-	-	1,228,080
Water Fund	1,162,838	-	61,742,952	-	-	-	-	-	62,905,790
Automobile Parking Fund	1,496,082	-	-	-	-	-	-	-	1,496,082
Non-Major Proprietary Fund	618,673	-	-	-	-	-	-	-	618,673
Fiduciary Funds (1)	97,829,853	-	411,500	8,317,405	506,181	-	-	-	107,064,939
Total	<u>\$ 106,360,451</u>	<u>\$ 24,588,256</u>	<u>\$ 68,009,568</u>	<u>\$ 17,421,530</u>	<u>\$ 64,855,601</u>	<u>\$ 935,853</u>	<u>\$ 107,767</u>	<u>\$ 3,807,548</u>	<u>\$ 286,086,574</u>

(1) This Interfund payable primarily represents employer's contributions that are due to the retirement systems at year-end.

5. Advances: Advances represent interfund receivables and payables that will not be paid within one year. Advances between funds at June 30, 2006, are as follows:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	\$ 11,820,680	Detroit Workforce Development Fund (Non-Major Governmental Fund)	\$ 145,674 (2)
		Capital Projects Fund (Non-Major Governmental Fund)	850,000 (2)
		Automobile Parking Fund (Proprietary Fund)	10,825,006 (2)
Total	<u>\$ 11,820,680</u>	Total	<u>\$ 11,820,680</u>

(2) These Advances primarily represents amounts used for operating expenditures.

6. 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 Statement of Revenues, Expenditures/Expenses, and Changes in Fund Balance/Net assets. The transfers are routine and consistent with the activities of the funds. Transfers between funds at June 30, 2006, are as follows:

	<u>Transfers In</u>					<u>Total</u>
	<u>General</u>	<u>General</u>	<u>Police & Fire</u>	<u>Non-Major</u>	<u>Transportation</u>	
	<u>Fund</u>	<u>Retirement</u> <u>System Service</u> <u>Corporation</u>	<u>Retirement</u> <u>System Service</u> <u>Corporation</u>	<u>Governmental</u> <u>Funds</u>	<u>Fund</u>	
<u>Transfers Out</u>						
General Fund	\$ -	\$ 8,018,381	\$ 11,063,568	\$ 43,081,151	\$ 77,252,604	\$ 139,415,704
Sewage Disposal Fund	-	163,835	-	-	-	163,835
Water Fund	-	2,657,585	-	-	-	2,657,585
Transportation Fund	-	1,738,850	-	-	-	1,738,850
Automobile Parking Fund	37,464,702	-	-	-	-	37,464,702
Non-Major Governmental Funds	12,780,909	-	-	12,830,499	-	25,611,408
Total	<u>\$ 50,245,611</u>	<u>\$ 12,578,651</u>	<u>\$ 11,063,568</u>	<u>\$ 55,911,650</u>	<u>\$ 77,252,604</u>	<u>\$ 207,052,084</u>

The General Fund transferred \$139.4 million to other funds. The largest transfers from the General Fund was made to the Transportation Fund for \$77.3 million to maintain bus operations and \$39.6 million to the Debt Service for principal and interest payments. The General Fund also transferred a combined \$19.1 million to City's two Retirement System Service Corporations, and \$3.4 million to the Human Services Fund for their operations.

The Non-Major Governmental Funds transferred \$25.6 million to other funds. Included in this amount is the Major and Local Street Fund, which transferred \$9.8 million to the General Fund for street construction costs. The Construction Code Fund transferred \$1.8 million and Capital Projects Fund transferred \$1.2 million to the General Fund for amounts these funds owe the General Fund respectively. The Block Grants Fund transferred \$2.8 million to the Debt Service Fund. The Automobile Parking Fund transferred \$37.5 million primarily from the sale of City parking structures.

7. Capital Asset Activity for the Year Ended June 30, 2006:

	Primary Government			Ending Balance
	Beginning Balance	Additions	Retirements	
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 383,013,627	\$ 36,378,378	\$ (1,927,544)	\$ 417,464,461
Works of Arts	29,788,133	-	-	29,788,133
Construction in Progress	206,997,346	82,737,427	(189,601,689)	100,133,084
Total Non-Depreciable Assets	<u>619,799,106</u>	<u>119,115,805</u>	<u>(191,529,233)</u>	<u>547,385,678</u>
Depreciable Assets:				
Buildings and Improvements	801,375,576	133,740,757	-	935,116,333
Machinery and Equipment	407,730,158	82,826,345	(7,733,349)	482,823,154
Infrastructure	827,401,177	31,015,992	-	858,417,169
Total Depreciable Assets	<u>2,036,506,911</u>	<u>247,583,094</u>	<u>(7,733,349)</u>	<u>2,276,356,656</u>
Less Accumulated Depreciation:				
Buildings and Improvements	294,947,466	23,033,805	-	317,981,271
Machinery and Equipment	315,955,797	28,591,271	(7,424,494)	337,122,574
Infrastructure	642,359,919	16,253,849	-	658,613,768
Total Accumulated Depreciation	<u>1,253,263,182</u>	<u>67,878,925</u>	<u>(7,424,494)</u>	<u>1,313,717,613</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 1,403,042,835</u>	<u>\$ 298,819,974</u>	<u>\$ (191,838,088)</u>	<u>\$ 1,510,024,721</u>

Depreciation Expense was charged to the Governmental Activities as follows:

Public Protection	\$ 15,289,584
Health	403,267
Education	243,741
Recreation and Culture	14,567,108
Economic Development	7,420,707
Housing Supply and Condition	216,944
Physical Environment	25,170,297
Development and Management	4,567,277
Total	<u>\$ 67,878,925</u>

City of Detroit, Michigan
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Business-type Activities:

	Primary Government			
Major Funds:	Beginning Balance	Additions	Retirements	Ending Balance
Sewage Disposal Fund:				
Non-Depreciable Assets:				
Land and Land Rights	\$ 13,876,751	\$ -	\$ (41,794)	\$ 13,834,957
Construction in Progress	1,219,986,063	284,368,969	(1,193,852,634)	310,502,398
Total Non-Depreciable Assets	1,233,862,814	284,368,969	(1,193,894,428)	324,337,355
Depreciable Assets:				
Buildings and Structures	1,143,914,922	964,622,796	(405,536,576)	1,703,001,142
Sewer Lines	542,769,689	106,574,102	(174,654,520)	474,689,271
Machinery, Equipment and Fixtures	708,031,859	910,940,702	(233,901,249)	1,385,071,312
Total Depreciable Assets	2,394,716,470	1,982,137,600	(814,092,345)	3,562,761,725
Total Capital Assets	3,628,579,284	2,266,506,569	(2,007,986,773)	3,887,099,080
Less Accumulated Depreciation:				
Buildings and Structures	251,829,952	43,843,995	-	295,673,947
Sewer Lines	101,913,304	1,665,445	-	103,578,749
Machinery, Equipment and Fixtures	327,384,459	24,441,576	(105,887)	351,720,148
Total Accumulated Depreciation	681,127,715	69,951,016	(105,887)	750,972,844
Net Capital Assets	\$ 2,947,451,569	\$ 2,196,555,553	\$ (2,007,880,886)	\$ 3,136,126,236
Transportation Fund:				
Non-Depreciable Assets:				
Land and Land Rights	\$ 4,114,574	\$ 3,463,888	\$ -	\$ 7,578,462
Construction in Progress	5,050,781	2,247,137	(2,005,674)	5,292,244
Total Non-Depreciable Assets	9,165,355	5,711,025	(2,005,674)	12,870,706
Depreciable Assets:				
Buildings and Structures	69,910,255	53,052	(3,318,257)	66,645,050
Machinery, Equipment and Fixtures	50,730,624	873,407	(5,573,738)	46,030,293
Vehicle and Buses	166,837,062	6,167,965	(7,859,410)	165,145,617
Total Depreciable Assets	287,477,941	7,094,424	(16,751,405)	277,820,960
Total Capital Assets	296,643,296	12,805,449	(18,757,079)	290,691,666
Less Accumulated Depreciation:				
Buildings and Structures	47,141,913	1,414,523	(2,809,808)	45,746,628
Machinery, Equipment and Fixtures	32,253,039	3,385,964	(5,349,515)	30,289,488
Vehicle and Buses	64,450,108	13,680,847	(6,421,784)	71,709,171
Total Accumulated Depreciation	143,845,060	18,481,334	(14,581,107)	147,745,287
Net Capital Assets	\$ 152,798,236	\$ (5,675,885)	\$ (4,175,972)	\$ 142,946,379

City of Detroit, Michigan
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Water Fund:				
Non-Depreciable Assets:				
Land and Land Rights	\$ 6,527,438	\$ 1,870	\$ -	\$ 6,529,308
Construction in Progress	418,027,160	132,675,453	(409,887,457)	140,815,156
Total Non-Depreciable Assets	<u>424,554,598</u>	<u>132,677,323</u>	<u>(409,887,457)</u>	<u>147,344,464</u>
Depreciable Assets:				
Land Improvements	103,323,777	2,823,010	(61,475)	106,085,312
Buildings and Structures	707,846,651	477,053,519	(359,250,642)	825,649,528
Water Lines	714,856,603	151,730,672	(102,998,885)	763,588,390
Machinery, Equipment and Fixtures	630,635,010	446,020,895	(212,197,939)	864,457,966
Total Depreciable Assets	<u>2,156,662,041</u>	<u>1,077,628,096</u>	<u>(674,508,941)</u>	<u>2,559,781,196</u>
Total Capital Assets	<u>2,581,216,639</u>	<u>1,210,305,419</u>	<u>(1,084,396,398)</u>	<u>2,707,125,660</u>
Less Accumulated Depreciation:				
Land Improvements	57,509,470	2,008,551	-	59,518,021
Buildings and Structures	179,988,320	15,839,571	-	195,827,891
Water Lines	255,476,747	9,512,957	(370,396)	264,619,308
Machinery, Equipment and Fixtures	195,888,827	27,267,021	(52,788)	223,103,060
Total Accumulated Depreciation	<u>688,863,364</u>	<u>54,628,100</u>	<u>(423,184)</u>	<u>743,068,280</u>
Net Capital Assets	<u>\$ 1,892,353,275</u>	<u>\$ 1,155,677,319</u>	<u>\$ (1,083,973,214)</u>	<u>\$ 1,964,057,380</u>
Automobile Parking Fund:				
Non-Depreciable Assets:				
Land and Land Rights	\$ 7,014,113	\$ -	\$ (2,046,800)	\$ 4,967,313
Construction in Progress	504,183	-	(474,549)	29,634
Total Non-Depreciable Assets	<u>7,518,296</u>	<u>-</u>	<u>(2,521,349)</u>	<u>4,996,947</u>
Depreciable Assets:				
Land Improvements	214,908	-	-	214,908
Buildings and Structures	207,288,512	3,259,408	(18,386,717)	192,161,203
Machinery, Equipment and Fixtures	2,391,206	276,399	-	2,667,605
Total Depreciable Assets	<u>209,894,626</u>	<u>3,535,807</u>	<u>(18,386,717)</u>	<u>195,043,716</u>
Total Capital Assets	<u>217,412,922</u>	<u>3,535,807</u>	<u>(20,908,066)</u>	<u>200,040,663</u>
Less Accumulated Depreciation:				
Land Improvements	177,113	-	(659)	176,454
Buildings and Structures	112,082,105	5,113,752	(13,039,073)	104,156,784
Machinery, Equipment and Fixtures	1,928,585	159,675	-	2,088,260
Total Accumulated Depreciation	<u>114,187,803</u>	<u>5,273,427</u>	<u>(13,039,732)</u>	<u>106,421,498</u>
Net Capital Assets	<u>\$ 103,225,119</u>	<u>\$ (1,737,620)</u>	<u>\$ (7,868,334)</u>	<u>\$ 93,619,165</u>

City of Detroit, Michigan
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Non-Major Fund:				
Non-Depreciable Assets:				
Land and Land Rights	\$ 5,169,374	\$ -	\$ -	\$ 5,169,374
Total Non-Depreciable Assets	<u>5,169,374</u>	<u>-</u>	<u>-</u>	<u>5,169,374</u>
Depreciable Assets:				
Land Improvements	8,020,718	-	-	8,020,718
Buildings and Structures	5,853,773	-	-	5,853,773
Machinery, Equipment and Fixtures	1,770,642	7,628	(7,500)	1,770,770
Vehicle and Buses	1,576,778	-	-	1,576,778
Total Depreciable Assets	<u>17,221,911</u>	<u>7,628</u>	<u>(7,500)</u>	<u>17,222,039</u>
Total Capital Assets	<u>22,391,285</u>	<u>7,628</u>	<u>(7,500)</u>	<u>22,391,413</u>
Less Accumulated Depreciation:				
Land Improvements	6,125,509	401,036	-	6,526,545
Buildings and Structures	4,121,603	63,299	-	4,184,902
Machinery, Equipment and Fixtures	1,518,465	75,404	(7,500)	1,586,369
Vehicle and Buses	732,273	98,781	-	831,054
Total Accumulated Depreciation	<u>12,497,850</u>	<u>638,520</u>	<u>(7,500)</u>	<u>13,128,870</u>
Net Capital Assets	<u>\$ 9,893,435</u>	<u>\$ (630,892)</u>	<u>\$ -</u>	<u>\$ 9,262,543</u>

Component Units:

	<u>Component Units</u>			
Non-Depreciable Assets:				
Land and Land Rights	\$ 22,912,137	\$ -	\$ -	\$ 22,912,137
Works of Art	3,216,175	-	-	3,216,175
Construction in Progress	6,238,539	368,310	-	6,606,849
Total Non-Depreciable Assets	<u>32,366,851</u>	<u>368,310</u>	<u>-</u>	<u>32,735,161</u>
Depreciable assets:				
Land and Leasehold Improvements	188,444	-	-	188,444
Buildings and Structures	91,871,024	-	-	91,871,024
Facility and Steamline	513,623,297	-	-	513,623,297
Machinery, Equipment and Fixtures	313,588,220	1,601,102	(16,587,410)	298,601,912
Vehicles and Buses	383,024	-	-	383,024
Total Depreciable Assets	<u>919,654,009</u>	<u>1,601,102</u>	<u>(16,587,410)</u>	<u>904,667,701</u>
	<u>952,020,860</u>	<u>1,969,412</u>	<u>(16,587,410)</u>	<u>937,402,862</u>
Less Accumulated Depreciation	<u>478,218,731</u>	<u>-</u>	<u>7,899,280</u>	<u>486,118,011</u>
Net Capital Assets	<u>\$ 473,802,129</u>	<u>\$ 1,969,412</u>	<u>\$ (24,486,690)</u>	<u>\$ 451,284,851</u>

Capital Asset Adjustments and Impairments

The Transportation Fund recorded an adjustment to capital assets for the year ended June 30, 2006, in accordance with GASB Statement No. 42 and the results of the physical inventory. GASB Statement No. 42 defines asset impairment as a significant and unexpected decline in the service utility of a capital asset. The fund records impaired assets at the lower of book value or fair market value. If the fair market value is unknown the asset is written down to zero. Buses that were damaged beyond repair were listed as impaired. The downtown trolley renovations work in process was listed as impaired because the fund stopped the trolley service due to the downtown construction and development. The trolley cars have a resale value but it is not determinable at this time. The trolley service may be restored in the future. The Cadillac Square facility was demolished for the Campus Martius project resulting in the remaining book value being written off.

As a result an expense of \$2,768,725 was recorded and is reflected in the Fund's statements in the City's financial statements at June 30 2006.

8. **Deferred Revenue:** Deferred revenue represents revenue received, but for which the revenue recognition criteria have not been met. Accordingly, these revenues are deferred until such time as the revenue recognition criteria is met.
9. **Due from/to Component Units:** Due from/to component units consist of sales, charges for services, and property tax revenue to various component units.

B. LIABILITIES

1. Commitments and Contingencies

- a. **Lawsuits and Claims:** The City is a defendant in numerous lawsuits and is also subject to other claims. It has been the City's experience that lawsuits and claims are often settled for amounts less than the stated demand. While it is not possible to determine the final outcome of these lawsuits and claims exactly, the City and its Legal Department have estimated that the liability for all such litigation and claims approximates \$217.8 million for Primary Government.
- b. **Grant Audits:** Several of the City's funds participate in a number of federally assisted grant programs, principally, the Community Development Block Grant, Weatherization - Department of Energy, Weatherization - Low Income Home Energy Assistance Program, and Substance Abuse 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, 2006, 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, 2006. Since the City believes such adjustments, if any, will not be material, no provision for possible adjustments has been made.
- c. **Detroit Housing Commission (DHC) Grant Audits:** Effective July 1, 2005, the City turned over the operation of the DHC to officials from the Housing and Urban Development as agreed upon in the Cooperative Endeavor Agreement. The reporting of the financial operation including the remaining liabilities of DHC is also part of the agreement with HUD.
- d. **Rate Matters:** The Water Fund is a party to certain challenges and disputes related to its waste water 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 resolution is not currently known.
- e. **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, 2006, future Block Grant Funds of \$28,315,000 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.
- f. **Greater Detroit Resource Recovery Authority (Authority):** In 1991, the Authority sold its waste-to-energy facility to private investors in a sale-leaseback transaction for \$634.9 million. The purchase price was paid with \$127 million in cash, mortgage notes of \$342.7 million, and future assumption of revenue bonds payable in the amount of \$165.2 million. The purchasers agreed to lease the facility to an outside contractor for an initial lease term of 18 years. The outside contractor

will continue to operate the facility under a supplemental operating agreement with the Authority, which results in the Authority assuming most of the lease obligations. Upon expiration of the initial lease term (in Oct 2009), the Authority has options to renew the lease or to repurchase the facility. The City, under the supplemental service contract, has agreed to pay supplemental tipping fees to the Authority sufficient to, among other things, meet these obligations. The lease payments approximate the amortization of the mortgage notes. The cash proceeds from the sale of the facility will be reported as a finance obligation until the Authority's repurchase option is exercised or expires, at which time the gain on the sale will be recognized. Additionally, in 1991 the Authority distributed \$54 million of the cash proceeds to the City, which was reflected as a reduction of the Authority's equity.

Future minimum lease payments for each of the next three years for the initial lease term are as follows: 2007 – \$52,521,466; 2008 – \$34,719,333; and 2009 – \$34,719,333 (expiration year).

g. 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, Detroit Transportation Corporation, and Transportation Fund have received varying levels of subsidy from the General Fund to fund operating requirements.

h. Construction Commitments: The City has commitments for future construction contracts. Construction in progress and remaining commitments at June 30, 2006, are as follows:

	Spent as of June 30, 2006	Remaining
Public Protection	\$ 82,794,558	\$ 96,520,328
Municipal Facilities	52,200,945	30,680,011
Cultural and Recreational	148,981,514	31,306,877
Human Services	3,874,171	2,629,969
Municipal Services	2,037,887	2,157,257
	\$ 289,889,075	\$ 163,294,442

i. Risk Management: The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. During fiscal 1995, the City issued \$100 million of Self-insurance Bonds, and a portion of proceeds were used to reimburse the General Fund for all of its fiscal 1995 legal judgments and workers' compensation claim payments (\$41 million). The bonds required that remaining funds be used for self-insurance activities. The City is self-insured for losses such as workers' compensation, legal, and disability benefits. The City currently reports the risk management activities 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. All of the original bond proceeds have been spent. 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 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.

At June 30, 2006, the amount of the workers' compensation, legal claims and judgments, and disability benefits was estimated at \$193.1 million for Governmental Activities. The City has recognized a liability that approximated \$7.1 million in the General Fund as of June 30, 2006 for public liability and workers' compensation claims that were due as of year-end. All other claims liabilities are considered to be current (\$47.3 million) or long-term (\$138.7 million) liabilities and are recognized in the government-wide financial statements. This liability is the City's best estimate based on available information.

City of Detroit, Michigan
NOTES TO BASIC FINANCIAL STATEMENTS
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Changes in the reported liability for the years ended June 30, 2006 and 2005, respectively were as follows:

	(In Millions)	
	June 30, 2006	June 30, 2005
Balance at Beginning of Year	\$ 197.6	\$ 187.3
Current Year Claims and Changes in Estimates	44.4	32.3
Claims Payments	(48.9)	(22.0)
Balance at End of Year	\$ 193.1	\$ 197.6

Claims, expenditures, and liabilities are reported in accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* (as amended by GASB Statement No. 17), when it is probable that an asset has been impaired or a liability has been incurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

As a result of the Risk Management Operations and the related increase in expense activity, at June 30, 2006, the General Fund has \$889,877 remaining in reserve for the purpose of funding the City's future claims liabilities.

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

Fiscal Year Ending:	
2007	\$ 12,121,342
2008	9,029,714
2009	8,557,499
2010	6,458,856
2011	7,215,672
2012 and after	9,987,555
Total Minimum Payments	\$ 53,370,638

Rental expense for all operating leases approximated \$16.6 million for the year ended June 30, 2006.

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.

- 3. Short-Term Revenue and Tax Anticipation Notes:** Short obligations or notes due within one year at June 30, 2006, consist of Tax Anticipation Notes, Series 2006 (TANS) of \$79,595,000 and Revenue Anticipation Notes, Series 2006 (RANS) of \$45,640,000. Both notes mature on March 1, 2007, bear interest at 4.50% per year and are not subject to redemption prior to maturity. These notes are used to pay necessary operating expenditures of the City in the current fiscal year and cost of issuance of the notes. City levied operating taxes for the TANS and State Revenue Sharing payments for the RANS secure the notes.

	Balance June 30, 2005	Increase	Decrease	Balance June 30, 2006
	Revenue Anticipation Notes			\$ 54,445,000
Tax Anticipation Notes	-	79,595,000	-	79,595,000
Total	\$ 54,445,000	\$ 125,235,000	\$ 54,445,000	\$ 125,235,000

4. Long-Term Obligations

a. Governmental Activities

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 Michigan, 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% of the assessed value of all the real and personal property in the City, or (b) 15% 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% is, or has been, used solely for the construction or renovation of hospital facilities.

In December 2005, the City issued \$51,760,000 of Unlimited Tax General Obligation Bonds (Unlimited Tax), Series 2005-B to finance various capital projects; the bonds will fully mature in April 2025, with an average yield of 4.24%.

In December 2005, General Obligation Refunding Bonds (Unlimited Tax), Series 2005-C were issued in the amount of \$30,805,000 to advance refund \$29,940,000 of previously issued Unlimited Tax General Obligation Bonds. The advance refunding resulted in a difference between the reacquisition price and net carrying amount of the old debt of \$865,000. This difference, reported in the financial statements as a deduction from bonds payable, is being charged through the year 2020 using the straight-line method.

	Unlimited Tax Series 2005-C <u>\$ 30,805,000</u>
Cash flow requirements to service old debt	\$ 46,930,000
Less cash flow requirements for new debt	<u>44,600,342</u>
Net savings from refunding	<u><u>\$ 2,329,658</u></u>

In prior years, the City defeased certain bonds 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, 2006 approximated \$224.0 million.

Bonds Payable

The following is the schedule of the Governmental Activities Bonds Payable at June 30, 2006:

	Bond Date	Amount Issued	Outstanding at June 30, 2006		
			Range of Interest Rates %	Maturity Date	Amount
Governmental Activities:					
General Obligation Bonds - Unlimited Tax					
Series 1996-A.....	11-1-96	\$ 22,195,000	5.20	4/1/2008	\$ 1,830,000
Series 1996-B.....	11-1-96	1,350,000	-	-	-
Series 1996-B.....	11-1-96	21,975,000	5.10 to 5.50	4/1/07-15	21,975,000 c
Series 1997-A.....	12-15-97	16,710,000	5.00 to 5.50	4/1/08	1,580,000
Series 1997-B.....	12-15-97	27,540,000	5.00 to 5.375	4/1/09-18	27,540,000 c
Series 1997-B.....	12-15-97	17,525,000	5.50	4/1/07-08	1,480,000
Series 1999-A.....	4-1-99	18,280,000	5.00 to 5.38	4/1/09-14	18,280,000 c
Series 1999-A.....	4-1-99	16,080,000	5.00 to 5.25	4/1/08-09	4,110,000
Series 1999-B.....	11-15-99	28,020,000	5.00 to 5.25	4/1/10-19	28,020,000 c
Series 1999-B.....	11-15-99	16,785,000	5.0 to 5.125	4/1/08-10	5,885,000
Series 2000-AMT.....	2-15-00	28,215,000	5.25	4/1/11	2,165,000 c
Series 2000-AMT.....	2-15-00	10,605,000	5.75	4/1/09-10	2,590,000
Series 2001-A (1).....	7-15-01	16,800,000	3.80 to 5.50	4/1/07-11	8,395,000
Series 2001-A (1).....	7-15-01	83,200,000	5.0 to 5.375	4/1/12-21	83,200,000 c
Series 2001-A(2).....	7-15-01	5,000,000	Variable(3)	4/1/22	5,000,000 c
Series 2001-B.....	7-15-01	23,560,000	5.50	4/1/09-11	17,660,000
Series 2001-B.....	7-15-01	23,235,000	5.375	4/1/12-14	23,235,000 c
Series 2002.....	8-2-02	15,795,000	4.00	4/1/10-11	3,835,000
Series 2002.....	8-2-02	29,205,000	4.00 to 5.13	4/1/12-22	8,675,000 c
Series 2003-A.....	10-21-03	9,640,000	3.70 to 5.00	4/1/10-13	9,640,000
Series 2003-A.....	10-21-03	34,380,000	4.00 to 5.25	4/1/14-23	34,380,000 c
Series 2003-B.....	10-21-03	10,770,000	-	-	-
Series 2004-A(1).....	9-9-04	39,270,000	4.25 to 5.25	4/1/19-24	39,270,000 c
Series 2004-A(2).....	9-9-04	2,055,000	4.57	4/1/12	2,055,000
Series 2004-B(1).....	9-9-04	23,720,000	3.75 to 5.00	4/1/12-14	23,720,000
Series 2004-B(1).....	9-9-04	29,365,000	4.0 to 5.25	4/1/15-18	29,365,000 c
Series 2004-B(2).....	9-9-04	17,270,000	3.92 to 5.24	4/1/09-18	17,270,000
Series 2005-A.....	1-5-05	81,050,000	5.00	4/1/07-11	61,145,000
Series 2005-B.....	12-1-05	13,840,000	4.00 to 5.00	4/1/10-16	13,840,000
Series 2005-B.....	12-1-05	37,920,000	4.30 to 5.00	4/1/17-25	37,920,000 c
Series 2005-C.....	12-1-05	20,010,000	3.50 to 5.00	4/1/07-16	19,625,000
Series 2005-C.....	12-1-05	10,795,000	4.30 to 5.25	4/1/17-20	10,795,000 c
Distributable State Aid Bonds:					
Series 1993.....	12-1-93	136,675,000	5.20 to 5.25	5/1/07-09	36,755,000
Total General Obligation Bonds - Unlimited Tax.....					<u>\$ 601,235,000</u>

1- Interest rates equal to the Dutch Auction Rate.

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

City of Detroit, Michigan
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

	Bond Date	Amount Issued	Outstanding June 30, 2006		
			Range of Interest Rates %	Maturity Date	Amount
<u>Governmental Activities:</u>					
General Obligation Bonds - Limited Tax:					
Self-Insurance Bonds:					
Series 2003.....	10-2-03	\$ 98,895,000	2.99 to 4.97	5/1/06-13	\$ 84,310,000
Series 2004.....	9-9-04	62,285,000	3.92 to 4.85	4/1/09-14	62,285,000
General Obligation:					
Series 1997.....	5-1-97	5,555,000	5.20 to 6.25	7/15/05-06	2,875,000
Series 2002A.....	6-27-02	52,725,000	5.00	4/1/06-07	13,835,000
Series 2004A.....	3-12-04	41,760,000	5.00	4/1/06-09	33,880,000
Series 2004Fiscal Stabilization ...	6-24-04	61,070,000	3.00 to 5.00	4/1/06-09	56,240,000
Series 2005-A(1).....	6-24-05	21,325,000	4.27 to 4.53	4/1/06-15	21,325,000
Series 2005-A(1).....	6-24-05	52,175,000	4.61 to 5.15	4/1/16-25	52,175,000 c
Series 2005-A(2).....	6-24-05	4,055,000	3.50 to 4.50	4/1/10-15	4,055,000
Series 2005-A(2).....	6-24-05	9,475,000	4.00 to 5.00	4/1/16-25	9,475,000 c
Series 2005-B.....	6-24-05	4,845,000	3.25 to 5.00	4/1/06-15	4,645,000
Series 2005-B.....	6-24-05	6,940,000	5.00	4/1/16-21	6,940,000 c
Total General Obligation Bonds-Limited Tax.....					<u>352,040,000</u>
Detroit Building Authority General Obligation Bonds:					
District Court Madison Center					
Project, Series 1996-A.....	9-1-96	2,770,000	6.15	2/1/2006	-
Project, Series 1996-A.....	9-1-96	7,230,000	6.15	2/1/07-11	7,230,000 c
Project, Series 1996-B.....	9-1-96	6,910,000	7.97	2/1/11	92,163
Project, Series 1996-B.....	9-1-96	1,000,000	Variable (3)	7/1/05-06	1,000,000 c
Total Detroit Building Authority General Obligation Bonds.....					<u>8,322,163</u>
Total General Obligation Bonds.....					<u>961,597,163</u>
<u>Revenue Bonds:</u>					
Convention Facility Limited Tax Revenue Bonds- Cobo Hall Expansion:					
Series 1993.....	9-1-93	167,050,000	5.25	9/30/05-07	23,355,000
Series 2003.....	9-1-03	90,883,138	3.00 to 5.00	9/30/08-15	90,828,138
Total Conventional Facility Limited Tax Revenue Bonds-Cobo Hall Expansion.....					<u>114,183,138</u>
Total Governmental Activities - Bonds Payable.....					<u>\$ 1,075,780,301</u>

3 – Interest rate are reset monthly at the stated current market interest rate.

c – Indicates bonds are callable under terms specified in the indenture; all other bonds are noncallable

Notes Payable

The following is the schedule of Notes Payable at June 30, 2006:

<u>Governmental Activities Notes Payable</u>	<u>Issue Date</u>	<u>Range of Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding June 30, 2006</u>
Urban Renewal Fund:				
Caraco Pharmaceutical Project (Secured by Future Block Grant Revenue).....	8/1/2002	3.45 to 4.16	% 8/1/06-08	\$ 3,276,000
Ferry Street Project (Secured by Future Block Grant Revenue).....	4/28/1999	5.58 to 6.72	% 8/1/04-19	2,725,000
Garfield Project (Secured by Future Block Grant Revenue).....	6/5/1996	7.05 to 7.66	% 8/1/06-15	1,735,000
Riverbend Project (Secured by Future Block Grant Revenue).....	6/5/1996	7.05 to 7.67	% 8/1/06-15	585,000
Riverbend Project (Secured by Future Block Grant Revenue).....	10/28/1997	6.46 to 7.08	% 8/1/03-16	405,000
Stuberstone Project (Secured by Future Block Grant Revenue).....	10/28/1997	6.11 to 7.10	% 8/1/03-16	300,000
Venor Lawndale Project (Secured by Future Block Grant Revenue)....	8/27/2005	LIBOR Rate Plus	% 8/1/13-25	1,800,000
New Amsterdam Project (Secured by Future Block Grant Revenue)....	8/1/2002	4.16 to 6.12	% 8/1/08-22	9,700,000
Mexicantown Welcome Center Project (Secured by Future Block Grant Revenue).....	1/13/2005	LIBOR Rate Plus	8/1/12-24	7,789,000
Total Notes Payable.....				<u>\$ 28,315,000</u>

Loans Payable

The following is the schedule of Loans Payable at June 30, 2006:

<u>Governmental Activities Loans Payable</u>	<u>Issue Date</u>	<u>Range of Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding June 30, 2006</u>
Downtown Development Authority.....	1991-1997	-	% -	\$ 33,600,000
Loans Payable GE Capital Schedule - 009.....	10/30/2003	3.50	% 7/1/05-2/1/09	1,399,940
Loans Payable GE Capital Schedule - 010.....	10/30/2003	3.80	% 7/1/05-11-1-08	101,782
Loans Payable GE Capital Schedule - 011.....	11/15/2003	3.65	% 7/1/05-4/15/08	4,762,289
Loans Payable GE Capital Schedule - 012.....	4/2/2004	3.61	% 8/1/05-4/1/09	289,266
Loans Payable GE Capital Schedule - 013.....	4/9/2004	4.07	% 7/1/05-6/1/14	882,855
Loans Payable GE Capital Schedule - 014.....	5/14/2004	4.07	% 7/1/05-6/1/09	335,878
Loans Payable GE Capital Schedule - 015.....	5/14/2004	4.07	% 7/1/05-11/1/07	72,654
Loans Payable GE Capital Schedule - 021.....	3/1/2005	4.08	% 7/1/05-3/1/08	86,604
Loans Payable GE Capital Schedule - 027.....	7/1/2006	4.17	% 7/1/07-3/1/11	32,910,781
Total Loans Payable.....				<u>\$ 74,442,049</u>

The City entered into the above listed \$33.6 million loan payable with the Downtown Development Authority, a component unit. The loan was used to cover cost related to the Cobo Hall Expansion Project and operations of the Downtown People Mover System. The loan is unsecured and bears no interest and will be repaid by the City as general operating funds become available. As such, the loan payable has not been included in either of the governmental activities annual principal or interest requirements.

Bonds Authorized and Unissued

The following is the schedule of Bonds Authorized and Unissued at June 30, 2006:

	Authorized (Note A)			Unissued
	Authority	Date	Amount	Amount
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	97,025,000
Municipal Facilities.....	Electorate	11/7/2000	18,000,000	5,120,000
Neighborhood/Economic Development.....	Electorate	11/7/2000	30,000,000	3,105,000
Neighborhood/Economic Development.....	Electorate	11/2/2004	19,000,000	19,000,000
Public Lighting	Electorate	11/7/2000	30,000,000	5,135,000
Public Lighting	Electorate	11/2/2004	22,000,000	22,000,000
Recreation, Zoo, Cultural.....	Electorate	11/7/2000	56,000,000	14,310,000
Recreation, Zoo, Cultural.....	Electorate	11/2/2004	22,000,000	20,585,000
Institute of Arts.....	Electorate	11/7/2000	25,000,000	150,000
Historical.....	Electorate	11/6/2001	20,000,000	16,700,000
Museum of African American History.....	Electorate	4/29/2003	6,000,000	500,000
Transportation.....	Electorate	11/2/2004	32,000,000	22,000,000
Total Bonds Authorized - Unissued.....				<u>\$ 249,630,000</u>

Note A – The electorate approved an amendment to the State Constitution (the Headlee Amendment) 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.

Debt Service Requirements

Summary of Governmental Activities Annual Principal and Interest Requirements for Bonds, Notes, and Other Debt Payable:

Year Ending	Principal		Interest	
	General Obligation		General Obligation	
	Bonds	Revenue Bonds	Bonds	Revenue Bonds
2007	\$ 87,113,147	\$ 11,380,000	\$ 50,392,677	\$ 4,537,553
2008	91,960,750	11,975,000	46,575,303	3,924,484
2009	117,758,862	12,610,000	42,257,110	3,308,140
2010	87,870,259	12,792,471	36,433,033	3,176,144
2011	81,238,666	13,011,483	32,532,237	2,529,687
2012-2016	306,532,528	52,414,184	110,622,345	16,361,428
2017-2021	166,500,000	-	53,846,428	-
2022-2026	91,780,000	-	9,766,071	-
Total	<u>\$ 1,030,754,212</u>	<u>\$ 114,183,138</u>	<u>\$ 382,425,204</u>	<u>\$ 33,837,436</u>

City of Detroit, Michigan
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

Annual Rollforwards

Long-term Obligations of Governmental Activities for the Year Ended June 30, 2006:

	Balance			Balance	Amount
	June 30, 2005	Increase	Decrease	June 30, 2006	Due Within
					One Year
Governmental Activities:					
Long-Term Bonds, Notes, Loans and POC's:					
Convention Facility-Cobo Center					
Expansion Revenue Bonds	\$ 125,013,138	\$ -	\$ 10,830,000	\$ 114,183,138	\$ 11,380,000
Detroit Building Authority Bonds -					
Madison Center Project	9,921,953	-	1,599,790	8,322,163	1,367,163
Distributable State Aid Bonds	36,755,000	-	-	36,755,000	11,635,000
Self-Insurance Limited Tax Bonds	161,180,000	-	14,585,000	146,595,000	14,935,000
General Obligation Tax Bonds	543,095,000	82,565,000	61,180,000	564,480,000	34,330,000
General Obligation Limited Tax Bonds	228,240,000	-	22,795,000	205,445,000	20,500,000
Total General Fund Bonds	<u>1,104,205,091</u>	<u>82,565,000</u>	<u>110,989,790</u>	<u>1,075,780,301</u>	<u>94,147,163</u>
Federal Note — Caraco Pharmaceutical Project	4,266,000	-	990,000	3,276,000	1,038,000
Federal Note — Ferry Project	2,815,000	-	90,000	2,725,000	95,000
Federal Note — Garfield Project	1,840,000	-	105,000	1,735,000	105,000
Federal Note — Stuberstone Project	315,000	-	15,000	300,000	80,000
Federal Note — Riverbend Project	1,070,000	-	80,000	990,000	15,000
Federal Note — New Amsterdam Project	9,700,000	-	-	9,700,000	-
Federal Note — Mexicantown Welcome Center	7,789,000	-	-	7,789,000	-
Federal Note — Vernor Lawndale Project	-	1,800,000	-	1,800,000	-
Loan Payable to DOWNTOWN					
Development Authority	33,600,000	-	-	33,600,000	-
Loans Payable-GE Capital - Schedule-009	1,892,182	-	492,242	1,399,940	509,750
Loans Payable-GE Capital - Schedule-010	141,246	-	39,464	101,782	40,989
Loans Payable-GE Capital - Schedule-011	7,459,520	-	2,697,231	4,762,289	1,849,095
Loans Payable-GE Capital - Schedule-012	384,501	-	95,235	289,266	98,734
Loans Payable-GE Capital - Schedule-013	1,178,881	-	296,026	882,855	95,320
Loans Payable-GE Capital - Schedule-014	438,896	-	103,018	335,878	107,365
Loans Payable-GE Capital - Schedule-015	121,556	-	48,902	72,654	50,863
Loans Payable-GE Capital - Schedule-021	153,181	-	66,577	86,604	55,961
Loans Payable-GE Capital - Schedule-027	-	34,892,660	1,981,879	32,910,781	8,958,945
Total Governmental Notes and Loans	<u>73,164,963</u>	<u>36,692,660</u>	<u>7,100,574</u>	<u>102,757,049</u>	<u>13,100,022</u>
Pension Obligation Certificates	1,170,607,422	771,087,136	734,924,390	1,206,770,168	-
Total Long-Term Bonds, Notes, Loans, and Pension Obligation Certificates	<u>2,347,977,476</u>	<u>890,344,796</u>	<u>853,014,754</u>	<u>2,385,307,518</u>	<u>107,247,185</u>
Other Long-Term Obligations:					
Accrued Compensated Absences	156,998,294	-	6,547,526	150,450,768	8,054,876
Claims and Judgments	132,942,181	31,652,938	38,036,909	126,558,210	43,764,375
Workers' Compensation	64,699,231	12,794,346	10,949,980	66,543,597	10,660,110
Total Other Long-Term Obligations	<u>354,639,706</u>	<u>44,447,284</u>	<u>55,534,415</u>	<u>343,552,575</u>	<u>62,479,361</u>
Total Long-Term Obligations	<u>\$ 2,702,617,182</u>	<u>\$ 934,792,080</u>	<u>\$ 908,549,169</u>	<u>\$ 2,728,860,093</u>	<u>\$ 169,726,546</u>

b. Business-type Activities

Sewage Disposal Fund

The outstanding indebtedness of the Sewage Disposal Fund for revenue bonds was \$2,657,446,122, and \$9,031,280 for Pension Obligation Certificates (POC) payable at June 30, 2006. The interest rates on the outstanding revenue bonds range from 4.2% to 6.5%. Net revenues of the Sewerage Disposal Fund are pledged to repayment of bonds.

In prior years, the Sewer Fund defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payment on the old bonds. Accordingly, the trust account's assets and liabilities for the defeased bonds are not included in its financial statements. Similarly, the interest expensed in relation to the defeased bonds and the related interest income earned on the escrow fund investments have not been recognized in the statements of Revenues, Expenses, and Changes in Fund Net Assets. Since there was no bond issuance activity as of June 30, 2006, approximately \$400,800,000 of bonds outstanding are still considered defeased.

Year ending June 30:	<u>Principal</u>	<u>Bond Interest</u>	<u>Swap Interest</u>	<u>Total Requirements</u>
2007	\$ 53,205,000	\$ 98,382,197	\$ 32,993,250	\$ 184,580,447
2008	53,704,128	100,782,453	33,554,365	188,040,946
2009	56,925,000	107,542,236	32,780,631	197,247,867
2010	59,795,000	105,879,518	33,307,497	198,982,015
2011	62,270,000	102,905,996	32,646,118	197,822,114
2012 – 2016	330,454,096	515,844,103	178,428,909	1,024,727,108
2017 – 2021	375,230,225	490,294,825	198,035,091	1,063,560,141
2022 – 2026	417,647,673	417,634,980	205,211,098	1,040,493,751
2027 – 2031	627,835,000	222,394,897	97,112,842	947,342,739
2032 – 2036	620,380,000	68,643,718	19,553,665	708,577,383
	<u>\$ 2,657,446,122</u>	<u>\$ 2,230,304,923</u>	<u>\$ 863,623,466</u>	<u>\$ 5,751,374,511</u>

Bonds outstanding at June 30, 2006, include \$2,168,269,847 of bonds callable at various dates after June 30, 2006. These bonds are callable at varying premiums, depending on the issue and length of time to maturity.

In June 2006, the City refunded the Series 2005 POC that were used to fund certain unfunded accrued actuarial liabilities. The Series 2006 POC Refunding resulted in the Sewage Disposal Fund with a re-allocated obligation of \$9,031,280 out of the total obligation of \$948,500,000.

Transportation Fund

In June 2006, the City refunded the Series 2005 POC that were used to fund certain unfunded accrued actuarial liabilities. The Series 2006 refunding resulted in a re-allocated obligation of \$106,268,234 for the Transportation Fund out of the total obligation of \$948,540,000.

Capital Leases

During the year ended June 30, 2005, the Fund entered into a capital lease agreement with GE Capital Public Finance, Inc. to lease 121 buses. The cost of the 121 buses under capital lease was \$37,294,362. The annual interest rate of the lease is 4.12% for 38 buses and 4.22% for 83 buses. The capital lease has been recorded at the present value of the future minimum lease payments as of the date of their inception. The present value of future minimum capital lease payments, interest, and the minimum annual lease payment for the 121 buses received as of June 30, 2006 is as follows:

City of Detroit, Michigan
NOTES TO BASIC FINANCIAL STATEMENTS
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	Year	Minimum Lease Payment Includes (Principal and Interest)
Fiscal year ending June 30:	2007	\$ 4,561,942
	2008	4,563,578
	2009	4,563,578
	2010	4,563,578
	2011	4,563,579
	2012-2015	18,183,246
Total minimum lease payments		40,999,501
Less: Amount representing interest		(7,116,936)
Present value of minimum capital lease payments		\$ 33,882,565

Interest revenue generated from the investment of the capital lease escrow funds for 2005 and 2006 for a combined total of \$349,119 was applied to FY 2006 to reduce the principal due on the capital lease.

Water Fund

The outstanding indebtedness of the Fund for revenue bonds was approximately \$1,971,743,954, and \$162,415,317 for POC payable at June 30, 2006. The interest rates on the outstanding fixed-rate revenue bonds range from 4.30% to 6.38%. Net revenues of the Fund are pledged to repayment of bonds.

In prior years, the Water Fund defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payment on the old bonds. Accordingly, the trust account's assets and liabilities for the defeased bonds are not included in its financial statements. Similarly, the interest expensed in relation to the defeased bonds and the related interest income earned on the escrow fund investments have not been recognized in the statements of revenues, expenses, and changes in fund net assets. As of June 30, 2006, approximately \$666,845,000 of bonds outstanding are considered defeased.

Future debt service requirements as of June 30, 2006, are as follows:

	Bond Principal	Bond Interest	Swap Interest	Total Requirements
Year ending June 30:				
2007	\$ 25,535,000	\$ 93,995,842	\$ 25,260,767	\$ 144,791,609
2008	27,025,000	93,168,039	25,540,372	145,733,411
2009	36,145,000	91,782,661	25,499,099	153,426,760
2010	35,755,000	90,148,553	25,453,115	151,356,668
2011	37,625,000	88,720,191	25,364,700	151,709,891
2012 – 2016	222,743,954	413,440,268	123,130,238	759,314,460
2017 – 2021	275,225,000	358,333,894	118,104,233	751,663,127
2022 – 2026	325,090,000	288,434,928	100,020,618	713,545,546
2027 – 2031	456,620,000	193,380,804	66,156,762	716,157,566
2032 – 2036	529,980,000	69,464,886	35,724,841	635,169,727
Total	\$ 1,971,743,954	\$ 1,780,870,066	\$ 570,254,745	\$ 4,322,868,765

Bonds outstanding at June 30, 2006 include \$1,718,013,954 of bonds callable at various dates after June 30, 2006. These bonds are callable at varying premiums, depending on the issue and length of time to maturity.

In June 2006, the City refunded the FY 2005 POC issued in June 2005 that were used to fund certain unfunded accrued actuarial liabilities. The FY 2006 POC refunding resulted in the Water Fund re-allocation of an obligation of \$162,415,317.

City of Detroit, Michigan
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

Bonds Payable

The following is the schedule of the Business-type Activities Bonds Payable at June 30, 2006:

	Bond Date	Amount Issued	Range of Interest Rates	Outstanding June 30, 2006	
				Maturity Date	Amount
Business-type Activities:					
<u>Sewage Disposal Fund</u>					
Sewage Disposal System Revenue Bonds:					
Series 1992-A-SRF (5044-01).....	6-25-92	\$ 4,360,000	2.00%	4/1/07-13	\$ 1,725,000 c
Series 1992-B-SRF (5070-01).....	9-10-92	1,915,000	2.00	10/1/05-13	860,000 c
Series 1993-B-SRF (5091 & 5092).....	9-30-93	6,603,996	2.00	10/1/05-14	3,260,000 c
Series 1995-A.....	11-1-95	132,430,000	-	-	-
Series 1995-B.....	11-1-95	61,570,000	5.0	7/1/2006	2,155,000 c
Series 1995-B.....	11-1-95	63,725,000	4.90 to 6.25	7/1/07-10	16,635,000
Series 1997-A.....	6-15-97	73,654,128	5.00 to 6.00	7/1/06-07	36,754,128 c
Series 1997-A.....	6-15-97	188,840,000	5.00	7/1/23-27	66,415,000 c
Series 1997-B-SRF (5125-01).....	9-30-97	5,430,174	2.25	10/1/06-18	3,760,000 c
Series 1998-A.....	12-10-98	69,000,000	Variable (3)	7/1/06-23	68,000,000 c
Series 1998-B.....	12-10-98	68,955,000	Variable (3)	7/1/06-23	67,800,000 c
Series 1999-SRF-1 (5126-01).....	6-24-99	21,475,000	2.50	4/1/07-20	16,110,000 c
Series 1999-SRF-2 (5143-01).....	9-30-99	46,000,000	2.50	10/1/06-20	40,480,000 c
Series 1999-SRF-3 (5144-01).....	9-30-99	31,030,000	2.50	10/1/06-20	24,660,000 c
Series 1999-SRF-4 (5175-01).....	9-30-99	40,655,000	2.51	10/1/06-20	32,310,000 c
Series 1999-A.....	12-1-99	40,735,179	4.75 to 5.25	7/1/06-21	34,590,179
Series 1999-A.....	12-1-99	262,260,000	5.125	7/1/2007	570,000 c
Series 2000-SRF-1 (5143-02).....	9-28-00	53,475,000	2.50	10/1/06-22	45,237,829 c
Series 2000-SRF-2 (5175-02).....	9-28-00	65,000,000	2.50	10/1/06-22	54,006,846 c
Series 2001-SRF-1 (5175-03).....	6-28-01	82,200,000	2.50	10/1/06-24	78,990,000 c
Series 2001-SRF-2 (5175-04).....	6-28-01	57,195,868	2.50	10/1/06-24	57,515,000 c
Series 2001-A.....	9-15-01	76,375,000	5.00 to 5.13	7/1/11-31	76,375,000 c
Series 2001-B.....	9-15-01	110,550,000	5.50	7/1/23-29	110,550,000
Series 2001-C(1).....	9-23-01	159,970,000	Variable (3)	7/1/06-27	156,120,000 c
Series 2001-C(2).....	9-23-01	127,165,000	Variable (3)	7/1/06-24	124,255,000 c
Series 2001-D.....	9-23-01	92,450,000	Variable (3)	7/1/32	92,450,000 c
Series 2001-E.....	9-23-01	139,080,000	Variable (3)	7/1/24-31	139,080,000 c
Series 2002 SRF-1 (5204-01).....	10-27-01	18,985,000	2.50	4/1/07-23	16,700,000 c
Series 2002-SRF-2(5204-02).....	10-27-01	1,970,000	2.50	4/1/07-23	1,310,369 c
Series 2002-SRF-3(5175-05).....	12-19-02	43,740,000	2.50	10/1/06-33	19,254,804 c
Series 2003-A.....	5-22-03	158,000,000	5.00	7/1/06-13	123,860,000 c
Series 2003-A.....	5-22-03	441,380,000	5.00	7/1/14-32	424,695,000 c
Series 2003-B.....	5-22-03	150,000,000	Variable (3)	7/1/32-33	150,000,000 c
Series 2003-SRF-1(5204-04).....	6-28-03	48,520,000	2.50	10/1/06-25	41,378,951 c
Series 2003-SRF-2(5204-03).....	9-25-03	25,800,000	2.50	4/1/07-25	21,645,455 c
Series 2004-A.....	1-9-04	101,435,000	3.00 to 5.25	7/1/06-24	100,865,000
Series 2004 SRF-1(5204-05).....	6-24-04	2,910,000	2.125	10/1/06-24	2,649,453 c
Series 2004 SRF-2(5204-06).....	6-24-04	18,690,000	2.125	7/1/06-25	16,081,411 c
Series 2004 SRF-3(5228-01).....	6-24-04	12,920,000	2.125	7/1/06-25	11,611,697 c
Series 2005-A.....	3-17-05	3,765,000	2.75 to 3.70	7/1/08-15	3,765,000
Series 2005-A.....	3-17-05	269,590,000	3.75 to 5.125	7/1/16-35	269,590,000 c
Series 2005-B.....	3-17-05	40,215,000	3.40 to 5.50	7/1/12-22	40,215,000
Series 2005-C.....	3-17-05	22,065,000	2.40 to 5.00	7/1/06-25	22,065,000
Series 2005-C.....	3-17-05	41,095,000	5.00	7/1/16-26	41,095,000 c
Total Sewage Disposal System Revenue Bonds.....					<u>\$ 2,657,446,122</u>

3 - Interest rates are reset monthly at the stated current market interest rate.

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

City of Detroit, Michigan
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

	Bond Date	Amount Issued	Outstanding June 30, 2006		
			Range of Interest Rates	Maturity Date	Amount
Business-type Activities:					
<u>Water Fund</u>					
Water Supply System Revenue Bonds:					
Series 1993.....	10-15-93	\$ 38,225,000	6.50%	7/1/14-15	\$ 24,725,000
Series 1995-A.....	10-15-95	102,100,000	5.00-5.55	7/1/06-12	22,115,000
Series 1995-B.....	10-15-95	60,485,000	5.00-5.55	7/1/06-12	54,450,000
Series 1997-A.....	8-1-97	29,080,000	5.25	7/1/2006	46,795,000
Series 1997-A.....	8-1-97	186,220,000	4.80 to 5.25	7/1/07-27	74,575,000 c
Series 1997-B.....	8-1-97	30,555,000	5.25	7/1/2006	7,720,000
Series 1999-A.....	11-1-99	18,000,000	4.75 to 5.25	7/1/06-09	8,000,000
Series 1999-A.....	11-1-99	238,340,000	5.125	7/1/10	2,000,000 c
Series 2001-A.....	5-1-01	1,320,000	4.50	7/1/2011	1,320,000
Series 2001-A.....	5-1-01	301,165,000	4.50 to 5.75	7/1/12-33	166,355,000 c
Series 2001-B.....	5-1-01	108,985,000	4.50 to 5.50	7/1/12-33	108,985,000 c
Series 2001-C.....	6-7-01	192,290,000	Variable (3)	7/1/06-29	191,500,000 c
Series 2003-A.....	1-28-03	234,805,000	4.75 to 5.25	7/1/14-34	234,805,000 c
Series 2003-B.....	1-28-03	23,580,000	2.50 to 5.25	7/1/06-14	20,860,000
Series 2003-B.....	1-28-03	172,945,000	4.25 to 5.25	7/1/15-33	149,365,000 c
Series 2003-C.....	1-28-03	21,030,000	2.00 to 5.00	7/1/06-14	11,665,000
Series 2003-C.....	1-28-03	25,325,000	4.25 to 5.25	7/1/15-22	25,325,000 c
Series 2003-D.....	1-28-03	151,370,000	Variable (3)	7/1/06-33	150,545,000 c
Series 2004-A.....	5-04-04	77,010,000	Variable (3)	7/1/11-24	77,010,000 c
Series 2004-B.....	5-04-04	163,590,000	Variable (3)	7/1/06-23	163,590,000 c
Series 2005-A.....	3-11-05	20,965,000	3.00 to 5.00	7/1/08-15	20,965,000
Series 2005-A.....	3-11-05	84,035,000	3.85 to 5.00	7/1/16-35	84,035,000 c
Series 2005-B.....	3-11-05	195,000,000	Variable (3)	7/1/10-35	195,000,000 c
Series 2005-C.....	3-11-05	26,670,000	3.00-5.00	7/1/06-15	35,115,000
Series 2005-C.....	3-11-05	126,605,000	5.00	7/1/16-22	90,200,000 c
Series 2005 SRF-1 (7161-01)	9-22-05	15,265,000	2.125	10/1/07-26	2,618,248 c
Series 2005 SRF-2 (7162-01)	9-22-05	10,710,000	2.125	10/1/07-26	2,105,706 c
Total Water Supply System Revenue Bonds					\$ 1,971,743,954

Note A - Stated Principal amount of State Revolving Fund Bonds issued as part of the State of Michigan's Revolving Fund Loan Program. As the System draws additional amount from time to time hereafter, the outstanding principal amounts of such Bonds will correspondingly increase.

3-Interest rates are reset monthly at the stated current market interest rate.

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

Automobile Parking Fund

	Bond Date	Amount Issued	Outstanding June 30, 2006		
			Range of Interest Rates	Maturity Date	Amount
Detroit Building Authority Bonds - Revenue Refunding Bonds:					
Parking System-Series 1997A.....	2-15-97	\$ 3,050,000	4.80	7/1/05-06	\$ 385,000
Parking System-Series 1997B.....	2-15-97	37,695,000	6.79	7/1/05-06	5,165,000
Parking System-Series 1998A.....	7-1-98	9,825,000	4.50 to 5.25	7/1/05-07	2,165,000
Parking System-Series 1998A(A).....	7-1-98	17,445,000	4.70 to 5.125	7/1/08-19	18,615,000 c
Parking System-Series 1999A.....	10-22-99	29,900,000	Variable (3)	7/27/05-29	27,900,000 c
Total Detroit Building Authority Revenue Refunding Bonds.....					\$ 54,230,000
Total Business-type Bonds.....					\$ 4,683,420,076

Note A -Stated Principal amount of State Revolving Fund Bonds issued as part of the State of Michigan's Revolving Fund Loan Program. As the System draws additional amount from time to time hereafter, the outstanding principal amounts of such Bonds will correspondingly increase.

3 - Interest rates are reset monthly at the stated current market interest rate.

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

Automobile Parking Fund

The outstanding indebtedness of the Parking Fund was \$54,230,000 at June 30, 2006. The interest rates on the outstanding fixed-rate revenue refunding bonds range from 4.50% to 7.75%.

Future debt service requirements as of June 30, 2006, are as follows:

	<u>Bond Principal</u>	<u>Bond Interest</u>	<u>Swap Interest</u>	<u>Total Requirements</u>
Year ending June 30:				
2007	\$ 7,105,000	1,422,233	\$ 2,077,643	\$ 10,604,876
2008	1,610,000	997,661	2,246,728	4,854,389
2009	1,670,000	939,386	1,997,587	4,606,973
2010	1,830,000	877,961	1,960,457	4,668,418
2011	1,890,000	820,151	2,110,171	4,820,322
2012 - 2016	11,170,000	3,084,350	9,214,000	23,468,350
2017 - 2021	12,855,000	979,131	7,533,270	21,367,401
2022 - 2026	7,600,000	-	5,157,618	12,757,618
2024 - 2030	8,500,000	-	1,735,428	10,235,428
	<u>\$ 54,230,000</u>	<u>\$ 9,120,873</u>	<u>\$ 34,032,902</u>	<u>\$ 97,383,775</u>

Included in long-term debt are \$1.483 billion of variable rate demand bonds. These bonds mature serially through July 2035. Of that amount, \$705 million of the bonds are Sewage Disposal System Revenue Bonds, and \$778 million are Water Supply Fund Bonds. Generally these bonds have a variable interest rates that are adjusted weekly, with interest paid at the beginning of each month. The bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days' notice and delivery to the City's several remarketing agents. The City pays the remarketing agent fees in the range of 0.04% - 0.125% interest on the outstanding bond balance. If the remarketing agent is unable to resell any bonds that are "put" to the agent, the City has a standby bond purchase agreement with a liquidity facility entity. The City has several such agreements, with the fees ranging from 0.150% to 0.230% interest on the outstanding bonds. The City, in the event a liquidity facility is utilized, has reimbursement agreements with different financial entities. Generally the payback period is five to seven years, at an interest rate initially set at slightly above prime or the federal funds rate.

Sewage Disposal and Water Supply System Bonds subject to these agreements are as follows:

	Date	Mode	Payable	Remarketing Agent	Liquidity Facility	Insurer	Outstanding Amount
Sewage Disposal System Revenue Bonds:							
Series 1998-A.....	12-10-98	Weekly	1st day of month	UBS	JPMorgan	MBIA	\$ 68,000,000
Series 1998-B.....	12-10-98	Weekly	1st day of month	Merrill Lynch	JPMorgan	MBIA	67,800,000
Series 2001-C(1).....	9-23-01	Weekly	1st day of month	UBS	Dexia	FSA	156,120,000
Series 2001-C(2).....	9-23-01	Weekly	1st day of month	UBS	FGIC Securities	FGIC	124,255,000
Series 2001-E.....	9-23-01	Flexible	Annually	UBS	FGIC Securities	FGIC	139,080,000
Series 2003-B.....	5-22-03	Weekly	1st day of month	UBS	Dexia	FSA	150,000,000
Total Sewage Disposal System Revenue Bonds.....							<u>\$ 705,255,000</u>
Water Supply System Revenue Bonds:							
Series 2001-C.....	6-7-01	Weekly	1st day of month	Goldman Sachs	FGIC Securities	FGIC	\$ 191,500,000
Series 2003-D.....	1-28-03	Weekly	1st day of month	JPMorgan	JPMorgan	MBIA	150,545,000
Series 2004-A.....	5-04-04	Weekly	1st day of month	Raymond James	Dexia	MBIA	77,010,000
Series 2004-B.....	5-04-04	Weekly	1st day of month	Raymond James	Dexia	MBIA	163,590,000
Series 2005-B.....	3-11-05	Weekly	1st day of month	Lehman	Dexia	FGIC	195,000,000
Total Water Supply System Revenue Bonds.....							<u>\$ 777,645,000</u>

Annual Rollforwards

Long-Term Obligations of Business-type Activities for the Year Ended June 30, 2006:

	Balance June 30, 2005	Increase	Decrease	Balance June 30, 2006	Amount Due Within One Year
<u>Business-type Activities</u>					
<u>Major Funds:</u>					
Long-Term Debt and Obligations:					
Sewage Disposal Fund:					
Bonds Payable	\$ 2,653,826,572	\$ 53,654,550	\$ 50,035,000	\$ 2,657,446,122	\$ 53,205,000
Pension Obligation Certificates Payable	8,760,811	5,767,123	5,496,654	9,031,280	-
Accrued Compensated Absences	13,917,806	3,256,908	3,274,943	13,899,771	2,281,068
Accrued Public Liability and Workers' Compensation	4,727,969	964,548	558,999	5,133,518	811,538
Transportation Fund:					
Capital Lease for Buses	32,110,926	1,771,639	-	33,882,565	2,577,808
Pension Obligation Certificates Payable	103,083,553	67,905,979	64,721,298	106,268,234	-
Accrued Compensated Absences	3,799,164	859,992	-	4,659,156	3,727,325
Accrued Public Liability and Workers' Compensation	4,961,360	870,017	-	5,831,377	1,166,275
Water Fund:					
Bonds Payable	1,991,615,000	4,723,954	24,595,000	1,971,743,954	25,535,000
Pension Obligation Certificates Payable	157,548,214	103,779,761	98,912,658	162,415,317	-
Accrued Compensated Absences	18,413,672	5,103,411	4,888,782	18,628,301	3,715,980
Accrued Public Liability and Workers' Compensation	18,711,346	4,356,803	4,956,733	18,111,416	2,913,177
Automobile Parking Fund:					
Bonds Payable	60,845,000	3,535,000	10,150,000	54,230,000	7,105,000
Accrued Compensated Absences	559,191	198,789	-	757,980	157,604
Accrued Public Liability and Workers' Compensation	-	821,702	-	821,702	292,225
<u>Non-Major Fund:</u>					
Accrued Compensated Absences	369,537	-	140,413	229,124	25,790
Accrued Public Liability and Workers' Compensation	80,286	117,662	-	197,948	197,948
Total Long-Term Debt and Obligations	<u>\$ 5,073,330,407</u>	<u>\$ 257,687,838</u>	<u>\$ 267,730,480</u>	<u>\$ 5,063,287,765</u>	<u>\$ 103,711,738</u>
Total Bonds and Leases Payable	<u>\$ 4,738,397,498</u>	<u>\$ 63,685,143</u>	<u>\$ 84,780,000</u>	<u>\$ 4,717,302,641</u>	<u>\$ 88,422,808</u>
Total POC Payable	<u>\$ 269,392,578</u>	<u>\$ 177,452,863</u>	<u>\$ 169,130,610</u>	<u>\$ 277,714,831</u>	<u>\$ -</u>
Total Accrued Compensated Absences	<u>\$ 37,059,370</u>	<u>\$ 9,419,100</u>	<u>\$ 8,304,138</u>	<u>\$ 38,174,332</u>	<u>\$ 9,907,767</u>
Total Public Liability and Workers' Compensation	<u>\$ 28,480,961</u>	<u>\$ 7,130,732</u>	<u>\$ 5,515,732</u>	<u>\$ 30,095,961</u>	<u>\$ 5,381,163</u>

c. Component Units

Future debt service requirements as of June 30, 2006, are as follows:

Component Units		
Year Ending	Principal	Interest
2007	\$ 75,414,241	\$ 25,858,672
2008	79,725,000	21,413,383
2009	88,785,000	19,034,947
2010	195,316,774	15,550,050
2011	23,520,000	10,073,719
2012-2016	53,596,463	65,528,505
2017-2021	63,418,097	49,544,341
2022-2026	22,443,638	49,232,875
2027-2031	16,054,999	2,248,818
Total	\$ 618,274,212	\$ 258,485,310

Annual Rollforwards

Long-term Obligations of Component Units for the Year Ended June 30, 2006:

	Balance			Amount	
	June 30, 2005	Increase	Decrease	Balance	Due Within
				June 30, 2006	One Year
Component Units:					
Bonds, Notes and Leases Payable	\$ 686,562,585	\$ -	\$ 68,288,373	\$ 618,274,212	\$ 75,414,241
Total Accrued Compensated Absences	6,228,956	-	725,256	5,503,700	143,769
Accrued Public Liability and Workers' Compensation	274,899	-	108,000	166,899	8,356
Total Component Units					
Long-Term Obligations	\$ 693,066,440	\$ -	\$ 69,121,629	\$ 623,944,811	\$ 75,566,366

d. Pension Obligation Certificates (POC)

In June 2005, the Detroit Retirement Systems Funding Trust issued \$1,440,000,000 (\$640 million of fixed rate, Series A, and \$800 million of floating rate, Series B) of taxable POC. The Trust was created by the General Retirement System Service Corporation (GRSSC) and the Police and Fire Retirement System Service Corporation (PFRSSC), both blended component units of the City. The City entered into service contracts with the GRSSC and PFRSSC to facilitate the transaction.

The POC were issued for the purpose of funding certain unfunded accrued actuarial liabilities (UAAL) of the two retirement systems of the City, which include the General Retirement System (GRS) and the Police & Fire Retirement System (PFRS), and a portion of the then current year normal contribution. The GRS includes employees and retirees of certain governmental funds, proprietary funds (Transportation Fund, Sewage Disposal Fund and Water Fund) and the Detroit Public Library, a discretely presented component unit.

Of the total proceeds of \$1,440,000,000, approximately \$46.4 million related to issuance costs that were capitalized as an asset on the government-wide and proprietary fund financial statements and are being amortized over 20 years, the life of the 2005 POC. An appropriate amount of the liability was recorded on the books of the Transportation, Sewage Disposal and Water Funds, based on those funds portion of the overall UAAL liquidated by the use of the 2005 POC net proceeds. Since the Detroit Public Library is a discretely presented component unit, its prorated portion of the POC liability assumed was included in the balance of the POC obligation recorded at the general government level. A calculated amount of approximately \$23.8 million, which represents the Library share of the UAAL reduction in 2005 was recorded as an advance to component units on GRSSC books and long term advance payable to primary government for the POC on the books of the Library. In connection with the 2005 transactions, the Service Corporations entered into interest rate exchange agreements (swap agreements) to hedge the variable rate interest exposure associated with the issuance of the 2005 Series-B Certificates.

The original Series A and Series B certificates were not specifically related to either of the Service Corporations. Rather, the amount of proceeds from the 2005 issuance were recorded on each Service Corporation's books based on the UAAL funding required for the corresponding Pension System.

Michigan law entitles each Retirement System to have its UAAL funded over a specified period (Amortization Period), which may be duly changed up to a 30-year maximum. Each 2005 Service Contract required the City to make 2005 POC service payments over a period that was limited to the PFRS or GRS Amortization Period (13 years for PFRS and 20 years for the GRS). The funding Ordinance anticipated the possible future extension of the PFRS and GRS Amortization Periods and authorized the Service Corporations, in that event to assist the City in gaining the financial benefits of making its 2005 POC Service payments over a similarly lengthened period.

On February 8, 2006, the governing board of the GRS extended the Amortization Period for GRS UAAL from 20 to 30 years. On March 30, 2006, the governing board of the PFRS UAAL extended the amortization period for PFRS UAAL from 13 to 30 years. The Taxable Certificates of Participation Series 2006 were issued to enable the City to replace certain scheduled payment obligations that it incurred to provide funding for the 2005 Subject UAAL with new scheduled payment obligations payable over the extended 30-year periods under the 2006 Service Contracts. This will enable the City to achieve financial benefits from the lengthened payment periods compared to the payment period included within the 2005 Series A and B payment schedules.

Accordingly, the Detroit Retirement Systems Funding Trust 2006 issued \$948,540,000 (\$148,540,000 of fixed rate Series A, and \$800 million of floating rate Series B) of taxable Series 2006 POC. The City also terminated the Swap agreements entered into in the 2005 transaction and received \$48,932,455.

The City did not pay off the \$104,055,000 of optionally redeemed Series A 2005 POC's until July 13, 2006. At June 30, 2006 the portion of the 2006 POC's proceeds to pay the \$104,055,000 POC's were in irrevocable trust investment accounts.

Retirement Trust 2006 account statements reflect that, on July 13, 2006 approximately \$104,404,000 of funds were disbursed to pay the POC's service obligation and accrued interest from June 15, 2006 (the last interest payment date) to July 13, 2006.

In economic substance, the City paid off \$904,055,000 of 2005 Series Certificates with the net proceeds from the \$948,540,000 received from the issuance of the 2006 POC. The net effect of this on the City's balance sheet is to add on additional \$44,485,000 of POC obligations to the government-wide balance sheet.

In June 2006, the City refinanced the POC's issued in June 2005 that were used to fund certain unfunded accrued actuarial liabilities. The Governmental Activities was allocated a refinanced obligation of \$771,088,864 out of the total obligation of \$948,540,000.

City of Detroit, Michigan
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June 30, 2006

The present value of the net economic loss from refunding of the COP's Series 2005 by the COP's Series 2006 is \$89,265,111.

	Certificates of Participation Series 2006 \$948,540,000
Cash flow requirements to service Series 2005 COP's	\$ 2,267,195,204
Less cash flow requirements for new COP's	2,356,736,036
Net loss from refunding actually realized in Years 2026 to 2035	\$ (89,540,832)
Economic Loss (annually)	\$ (89,265,111)

The redemption dates and a summary of the aggregate principal and interest amounts for the Series 2006 Pension Obligation Certificates are as follows:

Primary Government						
Principal						
Maturity (June 15)	Governmental Activities	Business-type Activities			Totals	
		Sewage Disposal Fund	Transportation Fund	Water Fund		
2007	\$ -	\$ -	\$ -	\$ -	\$ -	
2008	-	-	-	-	-	
2009	-	-	-	-	-	
2010	3,861,370	28,880	340,053	519,698	4,750,001	
2011	8,905,539	66,606	784,268	1,198,587	10,955,000	
2012-2016	113,686,862	850,288	10,011,862	15,300,989	139,850,001	
2017-2021	187,414,642	1,401,713	16,504,716	25,223,929	230,545,000	
2022-2026	240,058,527	1,795,449	21,140,814	32,309,208	295,303,998	
2027-2031	318,531,321	2,382,363	28,051,539	42,870,777	391,836,000	
2032-2035	334,311,907	2,505,981	29,434,982	44,992,129	411,244,999	
Total	\$ 1,206,770,168	\$ 9,031,280	\$ 106,268,234	\$ 162,415,317	\$ 1,484,484,999	

Primary Government						
Interest						
Maturity (June 15)	Governmental Activities	Business-type Activities			Totals	
		Sewage Disposal Fund	Transportation Fund	Water Fund		
2007	\$ 60,963,610	\$ 455,960	\$ 5,368,775	\$ 8,205,025	\$ 74,993,370	
2008	65,022,628	486,318	5,726,234	8,751,324	79,986,504	
2009	68,769,355	514,341	6,056,190	9,255,591	84,595,477	
2010	68,769,355	514,341	6,056,190	9,255,591	84,595,477	
2011	68,602,775	513,095	6,041,520	9,233,171	84,390,561	
2012-2016	332,625,000	2,487,772	29,292,703	44,767,630	409,173,105	
2017-2021	297,131,472	2,222,308	26,166,956	39,990,595	365,511,331	
2022-2026	243,484,882	1,821,074	21,442,557	32,770,358	299,518,871	
2027-2031	165,038,717	1,234,359	14,534,175	22,212,378	203,019,629	
2032-2035	52,643,635	393,733	4,636,075	7,085,248	64,758,691	
Total	\$ 1,423,051,429	\$ 10,643,301	\$ 125,321,375	\$ 191,526,911	\$ 1,750,543,016	

Deferred Amount on Refunding

The following shows the calculation of the total deferred amount on refunding and the effect on the Pension Obligation Payable by each fund. The total Deferred Amount on Refunding is comprised of the amount transferred from Series 2005 issuance costs of \$27,651,925 plus tender and redemption premiums paid of \$3,404,274, or a total of \$31,056,197. It will be amortized over the remaining life of the old POC's Series 2005 (19 years), which is shorter than the life of the new POC's Series 2006 (29 years).

	Governmental Activities	Transportation Fund	Water Fund	Sewage Disposal Fund	Library
POC Payable -2005 Series	\$ 435,683,032	\$ 38,362,255	\$ 58,635,556	\$ 3,264,157	\$ -
POC Payable -2006 Series	771,087,136	67,905,979	103,779,761	5,767,123	-
Advance Payable Primary Government	-	-	-	-	24,554,826
Deferred Amount On Refunding	(24,733,155)	(2,223,313)	(3,397,859)	(188,822)	(513,048)
Net POC Payable	<u>\$ 1,182,037,013</u>	<u>\$ 104,044,921</u>	<u>\$ 159,017,458</u>	<u>\$ 8,842,458</u>	<u>\$ -</u>
Net Advance Payable to Primary Government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,041,778</u>

5. Derivatives Not Reported at Fair Value

The City is party to derivative financial instruments consisting of interest rate swaps that are intended to effectively convert variable-rate financings to fixed-rate financings. These are not reported at fair value on the Statement of Net Assets at June 30, 2006.

Objective of the swaps. In order to better manage its interest rate exposure and to reduce the overall costs of its financings, the City has entered into 34 separate fixed-payor interest rate swaps.

Terms, fair values, and credit risk. Certain key terms, fair market values, and counterparty credit ratings relating to the outstanding swaps as of June 30, 2006, are presented below. The notional amounts of the swaps, except those with effective dates of 9/1/06 and 3/1/07 match the principal amounts of the outstanding financings. The swaps with effective dates of 9/1/06 and 3/1/07, were entered into to hedge future interest rate risk and will be associated with financings expected to be issued prior to the effective dates. Except as discussed under rollover risk, the City's swap agreements contain scheduled reductions to outstanding notional amounts that match scheduled or anticipated amortization of associated financings.

City of Detroit, Michigan
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Market access risk. The City is exposed to market access risk on its hedge swaps or forward starting swaps in the event that it will not be able to enter credit markets or in the event that the credit will become more costly.

Associated Financing Issue	Notional Amounts (1)	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date	Final Maturity of Bonds	Counterparty Credit Rating
Building Authority Series 1999-A	\$ 27,900,000	10/22/1999	7.480%	LIBOR BBA	\$ (9,227,590)	7/1/2029	7/1/2029	Aa1/AA-/AA+
Sewage 1998-A	68,000,000	12/10/1998	4.512%	BMA (2)	(3,258,018)	7/1/2023	7/1/2023	Aa2/AA-/NR
Sewage 1998-B	67,800,000	12/10/1998	4.512%	BMA	(3,260,270)	7/1/2023	7/1/2023	Aa2/AA-/NR
Water 2001-C (3)	47,723,000	6/7/2001	4.070%	BMA	-	1/1/2006	7/1/2029	Aaa/AA+/NR
Water 2001-C (3)	29,972,000	6/7/2001	4.695%	BMA	(1,214,171)	7/1/2011	7/1/2029	Aaa/AA+/NR
Water 2001-C (3)	47,628,000	1/1/2006	5.415%	BMA	(3,490,184)	7/1/2011	7/1/2029	Aaa/AA+/NR
Water 2001-C	114,150,000	6/7/2001	4.900%	BMA	(10,802,162)	7/1/2026	7/1/2026	Aa3/AA+/AA-
Sewage 2001 C-1	156,500,000	10/23/2001	4.428%	BMA	(7,116,931)	7/1/2027	7/1/2027	Aa2/AA+/AAA
Sewage 2001 C-2	124,500,000	10/23/2001	4.468%	BMA	(6,565,848)	7/1/2029	7/1/2029	Aa2/AA+/AAA
Water 2003-B	1,980,000	1/30/2003	3.020%	CPI + 1.01%	57,777	7/1/2009	7/1/2009	Aa3/A+/AA-
Water 2003-B	2,290,000	1/30/2003	3.310%	CPI+ 1.12%	67,167	7/1/2010	7/1/2010	Aa3/A+/AA-
Water 2003-B	2,500,000	1/30/2003	3.550%	CPI + 1.25%	74,359	7/1/2011	7/1/2011	Aa3/A+/AA-
Water 2003-B	2,175,000	1/30/2003	3.740%	CPI+ 1.33%	59,662	7/1/2012	7/1/2012	Aa3/A+/AA-
Water 2003-B	2,800,000	1/30/2003	3.870%	CPI + 1.34%	66,848	7/1/2013	7/1/2013	Aa3/A+/AA-
Water 2003-B	2,505,000	1/30/2003	4.000%	CPI + 1.36%	47,560	7/1/2014	7/1/2014	Aa3/A+/AA-
Water 2003-C	2,005,000	1/30/2003	3.870%	CPI + 1.34%	47,885	7/1/2013	7/1/2013	Aa3/A+/AA-
Water 2003-C	2,330,000	1/30/2003	4.000%	CPI + 1.36%	44,237	7/1/2014	7/1/2014	Aa3/A+/AA-
Water 2003-D	150,545,000	2/6/2003	4.060%	BMA	(3,674,234)	7/1/2033	7/1/2033	Aa2/AA-/NR
Sewage 2003-B (3)	150,000,000	5/22/2003	4.137%	BMA	1,924,401	7/1/2013	7/1/2033	Aa2/AA+/AAA
Water 2004-A	77,010,000	5/13/2004	3.940%	BMA	(903,397)	7/1/2025	7/1/2025	Aa2/AA-/NR
Water 2004-B	163,590,000	5/13/2004	3.845%	BMA	(856,979)	7/1/2023	7/1/2023	Aa2/AA-/NR
Water 2005-B	195,000,000	4/1/2005	4.710%	BMA	(6,703,870)	7/2/2035	7/2/2035	Aa3/A+/AA-
Water Forward Starting Swap	120,000,000	3/1/2007	5.000%	BMA	(7,616,810)	7/3/2036	7/3/2036	Aa3/A+/AA-
Sewage Hedge Swap (3)	125,000,000	9/1/2006	4.955%	BMA	(7,867,611)	7/1/2036	N/A	Aa2/AA+/AAA
Sewage Hedge Swap (3)	56,250,000	3/1/2010	4.927%	BMA	(1,320,373)	7/2/2039	N/A	Aa3/A+/AA-
Sewage Hedge Swap (3)	168,750,000	3/1/2010	4.927%	BMA	(4,141,786)	7/3/2039	N/A	Aa3/A+/AA-
Pension Obligation Certificates-GRS	99,621,000	6/7/2006	4.991%	3 MTH LIBOR + .34%	(183,936)	6/15/2034	6/15/2034	Aa3/A+/AA-
Pension Obligation Certificates-PFRS	153,801,500	6/7/2006	4.991%	3 MTH LIBOR + .34%	(198,071)	6/15/2034	6/15/2034	Aa3/A+/AA-
Pension Obligation Certificates-PFRS	104,325,500	6/7/2006	4.991%	3 MTH LIBOR + .30%	(121,365)	6/15/2029	6/15/2029	Aa3/A+/AA-
Pension Obligation Certificates-GRS	42,252,000	6/7/2006	4.991%	3 MTH LIBOR + .30%	(84,084)	6/15/2029	6/15/2029	Aa3/A+/AA-
Pension Obligation Certificates-PFRS	153,801,500	6/7/2006	4.991%	3 MTH LIBOR + .34%	(262,509)	6/15/2034	6/15/2034	Aaa/AAA/AAA
Pension Obligation Certificates-PFRS	104,325,500	6/7/2006	4.991%	3 MTH LIBOR + .30%	(181,680)	6/15/2029	6/15/2029	Aa2/AA+/AAA
Pension Obligation Certificates-PFRS	99,621,000	6/7/2006	4.991%	4 MTH LIBOR + .34%	(203,032)	6/16/2029	6/16/2029	Aa2/AA+/AAA
Pension Obligation Certificates-PFRS	45,252,000	6/7/2006	4.991%	5 MTH LIBOR + .30%	(93,205)	6/17/2029	6/17/2029	Aa2/AA+/AAA

1. Notional amount balance as of June 30, 2006
2. The Bond Market Association Municipal Swap Index TM.
3. Denotes that the swap termination date does not match the final maturity of the financings.

Fair Value: Because interest rates have generally declined since the time the swaps were negotiated, many of the City's swaps have a negative fair value as of June 30, 2006. The negative fair values may be countered by lower total interest payments required under the variable-rate financing, creating lower synthetic interest rates.

Credit Risk: As of June 30, 2006, the City was not significantly exposed to net credit risk as the majority of the swaps had net negative fair values. However, should interest rates change and fair values of the swaps become positive, the City would be exposed to credit risk in the amount of the derivatives' positive fair value.

The swap agreements contain varying collateral agreements with the counterparties. The swaps require full collateralization of the fair value of the swap should the counterparty's credit rating fall below certain rating levels by Fitch Ratings, Standard & Poor's, and/or Moody's Investors Service. Collateral on all swaps is to be in the form of U.S. government securities held by a third-party custodian.

Basis Risk: The City is not exposed to significant basis risk on its swaps because most of the variable payments received are based on the BMA index. The CPI indexed swaps are associated with CPI indexed financings and thus create no basis risk. The LIBOR based swap has basis risk on \$28.3 million of swaps.

Termination Risk: The City or counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract. In such cases, the City may owe or be due a termination payment depending on the value of the swap at that time. In addition, the City is exposed to termination risk, but not termination payments, on certain of the City's swaps related to Water Series 2001C, Water Series 2003D, Water Series 2004-A, Water Series 2004-B, Sewer Series 1998A, Sewer Series 1998B, Sewer Series 2001-C-1, Sewer Series 2001C-2 and Sewer Series 2003B. These swaps provide the counterparty with the option to terminate the swap agreement beginning on 1/1/2010, 7/2/2011, 7/1/2008, 7/1/2008, 1/1/2010, 1/1/2010, and 7/1/2013, respectively, upon the passing of certain BMA thresholds. If any of these swaps are terminated, the associated variable-rate financings would no longer carry synthetic interest rates, and there would be no termination payment.

Rollover Risk: The City is exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated financings. When these swaps terminate, or in the case of the termination option, if the counterparty exercises its option, the City will not realize the synthetic rate offered by the swaps on the underlying issues. The City has this risk for three (3) Water Series 2001-C financing issues.

6. Other Information

Automobile Parking Fund

The City has covenanted in bond authorizing documents to charge for the use of and services provided by the City of Detroit Building Authority Parking Arena System (the System) for each fiscal year of the City such that the gross revenues collected and remitted to the trustee (1) will be at least sufficient to at all times pay when due the principal, interest, and sinking fund installments on the revenue bonds without recourse to the Debt Reserve Account, to pay or provide for all operating expenses, to maintain the System in good repair without recourse to the Operating and Contingency Reserve Fund, and to replenish the Debt Reserve Account (so as to satisfy the corresponding reserve requirement) and the Operating and Maintenance Reimbursement Fund, and (2) will, after replenishment of any deficit in the Debt Reserve Account, Operating and Contingency Reserve Fund, and the Operating and Maintenance Reimbursement Fund, be equal to or greater than 175% of the amount payable in such fiscal year as the principal of sinking fund installments for the interest on all revenue bonds, net of amounts capitalized for interest payable during the construction period.

The City has covenanted further that if the fees and charges collected in any fiscal year are not sufficient to produce such revenues, the City will employ a consulting expert to submit recommendations as to revision of the schedule of fees then in effect and the City will thereafter charge and collect fees in accordance with such recommendation. The schedule of charges for the System may not be revised for a period of two years unless (1) such revision is for purpose of complying with the aforesaid rate covenant or, simultaneous with such revision, there is filed with the trustee a certificate of the consulting expert stating the opinion that if such revision had been in effect during the whole of the fiscal year immediately prior thereto, the revenues collected during such fiscal year would not have been diminished, and (2) at the time of any reduction in charges, the amounts in the Debt Reserve Account and Operating and Contingency Reserve Fund equal or exceed the reserve requirements.

The revenue bond documents specify that additional bonds may be issued by the Fund for the purpose of financing additions, replacements, and improvements to the City of Detroit Building Authority Parking Arena System, provided that the trustee shall have received all legally required authorized opinions and certificates and that the estimated gross revenues (as defined in the bond authorizing documents) for the five years following completion of the facilities will be at least (1) 175% of annual debt service on all parity outstanding bonds, or (2) the sum of annual debt service on all parity outstanding bonds (including the Additional Bonds) plus the amount necessary to make all required payments to the various funds maintained by the trustee, whichever is greater. Other than as described above, the Parking Fund may not issue any obligations secured by gross revenues from the System unless any resulting lien on the System's gross revenues is expressly subordinate to liens for the bondholders' or bank's benefit as described above.

Sewage Disposal and Water Funds Construction Programs

The Sewage Disposal 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 \$1.81 billion through fiscal year 2011. 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, 2006 was approximately \$356 million.

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 \$1.68 billion through fiscal year 2010. 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, 2006 was approximately \$156 million.

Pension Plans:

The City of Detroit Retirement System consists of the General Retirement System (GRS) and the Policemen and Firemen Retirement System (PFRS). Each system is a single-employer plan composed of a Defined Benefit Plan and a Defined Contribution Annuity Plan. The plans provide retirement, disability, and death benefits to plan members and beneficiaries. The Systems issued publicly available financial reports that include financial statements and the required supplementary information. The reports can be obtained from City of Detroit Retirement Systems, 2 Woodward Avenue, Coleman A. Young Municipal Center, Room 908, and Detroit, Michigan 48226.

These plans are administered in accordance with the City Charter and union contracts, which assign the authority to establish and amend contributions and benefit provisions to each plan's Board of Trustees. The Systems' investment policies are governed in accordance with the State Public Act 314 of 1965, as amended.

The plans' financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable, in accordance with the terms of each plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar investments. Investments that do not have an established market are reported at estimated fair value.

The City's policy is to fund normal costs and amortization of prior service costs. The City is required to contribute at an actuarially determined rate. The current rate is up to 31.71% of active annual payroll for the General Retirement System (depending on the bargaining unit) with up to 13.64% being funded by the use of pension obligation certificate proceeds received during the prior year. The rate is 40.69% of active annual payroll for the Policemen and Firemen Retirement System with 12.81% being funded from the use of the pension obligation certificate proceeds received during the prior year. Contributions from City funds and the Detroit Public Library fund, including accounts receivable for the year ended June 30, 2006, amounted to \$84,071,346 and \$78,157,729 for the General Retirement System and the Policemen and Firemen Retirement System, respectively.

Employee contributions elections for annuity savings are as follows:

- **General Retirement System** — Employees may elect to contribute 3%, 5%, or 7% of the first \$90,000 representing the annual Social Security wage base (July 1 to December 30, 2005) and \$94,200 (January 1 to June 30, 2006) of annual FY 2006 compensation and 5% or 7% of any excess over \$90,000 and \$94,200 respectively. Contributions are voluntary for all union and non-union employees.
- **Policemen and Firemen Retirement System** — Mandatory contributions are 5% of base compensation until eligibility for retirement is reached.

Contributions received from employees during the year ended June 30, 2006 amounted to \$20,462,296 and \$10,007,531 respectively.

The contribution requirements of plan members and the City are established and may be amended by the Board of Trustees in accordance with the City Charter, union contracts, and plan provisions.

Members may retire with full benefits after attaining 30 years of service; age 55 with 30 years of service if hired after January 1, 1996; age 60 with 10 years of service; or age 65 with 8 years of service. Employees may retire after 25 years of service and collect an actuarially reduced retirement benefit. Monthly pension benefits, which are subject to certain minimum and maximum amounts, are determined according to fixed rates per year of credited service.

Members of the General Retirement System who separated prior to July 1, 1981, met the age and service requirements, and who did not withdraw their accumulated annuity contributions are generally eligible for a pension at the time they would have been eligible had they continued in City employment. Members who separate after July 1, 1981 are not required to leave their accumulated annuity contributions in the System. Pension benefits for all members of the GRS are increased annually by 2.25% of the original pension.

Police officers and firefighters hired prior to January 1, 1969 may retire after 25 years of service with full benefits and an escalator clause for future increases. Police officers and firefighters hired after January 1, 1969 may retire after 25 years of service with full benefits and a yearly cost-of-living adjustment of 2.25%. For those members of the PFRS who were hired after January 1, 1969, pension benefits are increased annually by 2.25% of the original pension. Police officers and firefighters hired before January 1, 1969 may elect at retirement increases based upon pay increases of active members or annual increases of 2.25% of the original pension.

Members of the Policemen and Firemen Retirement System who separated prior to July 1, 1982, met the age and service requirements, and who did not withdraw their accumulated annuity contributions are generally eligible for a pension at the time they would have been eligible had they continued in City employment. Members who separate after July 1, 1982 and meet the age and service requirements are able to withdraw their accumulated contributions and remain eligible for a benefit.

Employee contributions to both systems for annuity savings may be withdrawn upon separation from the City. At retirement, members have the option to withdraw all or part of their accumulated annuity contributions plus interest in either a lump sum or to receive monthly annuity payments. Employees in both systems may withdraw their annuity balance if they have accumulated 25 years of service. The following details the schedule of employer contributions (in millions):

<u>General Retirement System</u>				<u>Policemen and Firemen Retirement System</u>			
<u>Year Ended June 30</u>	<u>Annual Pension Costs</u>	<u>Percentage Contributed</u>	<u>Net Pension Asset</u>	<u>Year Ended June 30</u>	<u>Annual Pension Costs</u>	<u>Percentage Contributed</u>	<u>Net Pension Asset</u>
2004	\$ 95.9	76%	\$ —	2004	\$ 69.5	100%	\$ —
2005	106.4	754	695.6	2005	98.8	754	595.1
2006	74.5	120	678.9	2006	87.7	120	603.1

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The annual pension costs and net pension assets as of June 30, 2006 are as follows:

	GRS					Total Primary Government
	PFRS	Business-type Activities				
	Governmental Activities	Other Governmental Activities	Transportation Fund	Sewage Disposal Fund	Water Fund	
Annual required contributions (ARC)	\$ 64,986,630	\$ 24,803,070	\$ 6,393,660	\$ 3,975,424	\$ 10,457,713	\$ 110,616,497
Interest on net pension asset	(46,419,737)	(32,911,241)	(7,742,435)	(620,172)	(11,885,748)	(99,579,333)
Adjustment to ARC	31,251,304	23,388,492	5,502,189	440,728	8,446,650	69,029,363
Annual pension cost	49,818,197	15,280,321	4,153,414	3,795,980	7,018,615	80,066,527
Contributions made (employer)	57,807,332	21,769,900	5,053,996	4,317,079	5,156,381	94,104,688
Changes in net pension asset	7,989,135	6,489,579	900,582	521,099	(1,862,234)	14,038,161
Net pension asset, beginning of year	595,124,828	416,597,988	98,005,506	7,850,281	150,452,508	1,268,031,111
Net pension asset, end of year	\$ 603,113,963	\$ 423,087,567	\$ 98,906,088	\$ 8,371,380	\$ 148,590,274	\$ 1,282,069,272

The annual pension costs and net pension assets of the Component Units of the City as of June 30, 2006 are as follows:

	Detroit Public Library (GRS)
Annual required contributions	\$ 1,732,248
Interest on net pension asset	(1,789,630)
Adjustment to annual required contribution	1,271,807
Annual pension cost	1,214,425
Contributions made (employer)	1,352,143
Changes in net pension asset	137,718
Net pension asset, beginning of year	22,653,538
Net pension asset, end of year	\$ 22,791,256

	Defined Benefit		Defined Annuity Contributions	
	GRS	PFRS	GRS	PFRS
Retirees and beneficiaries receiving benefits	11,474	8,575	1,496	1,236
Terminated plan members entitled to but not yet receiving benefits	2,844	24	1,202	27
Active plan members	9,496	4,342	8,403	4,050

City of Detroit, Michigan
NOTES TO BASIC FINANCIAL STATEMENTS
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Significant actuarial assumptions used in preparing the accompanying Systems' financial statements for the year ended June 30, 2006 are as follows:

	<u>General Retirement System</u>	<u>Policemen and Firemen Retirement System</u>
Valuation Date (latest date available)	June 30, 2006	June 30, 2006
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	Level Percent	Level Percent
Remaining Amortization Period*	30 years	30 years closed
Asset Valuation Method	3-year Smoothed Market	3-year Smoothed Market
Actuarial Assumptions:		
Investment Rate of Return	7.9%	7.8%
Projected Salary Increases	4.0% - 9.5%	5.8% - 10.8%
Includes Inflation at	4.0%	4.8%
Cost-of-Living Adjustments	2.25%	2.25%

*Amortization period was changed in FY 2006, see Footnote B.4.d

Factors that significantly affect the identification of trends in the amounts reported include, for example, changes in benefit provisions, the size or composition of the population covered by the plans, or the actuarial methods and assumptions used.

Investment loss presented in the statements of net assets in Fiduciary Funds for the Retirement Systems consist of interest income, dividend income, net appreciation/depreciation, and investment expenses. GRS and PFRS were unable to break down each component by reserve fund as required in GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*; however, the Systems were able to present components in total:

	<u>GRS</u>	<u>PFRS</u>
Investment Gain, Net:		
Interest and Dividend Income	\$ 125,575,445	\$ 149,038,677
Net Appreciation	261,754,054	243,539,800
Investment Expense	(14,548,181)	(14,475,755)
Other Income	4,403,433	3,567,007
Total	<u>\$ 377,184,751</u>	<u>\$ 381,669,729</u>

Other Post-Employment Benefits: In addition to the pension benefits described above, the City provides other post-retirement benefits to its retirees, which include hospitalization, dental care, eye care, and life insurance. The number of City retirees at June 30, 2006 is 22,451. Costs are accounted for in accordance with GASB Statement No. 12, *Disclosures of Information on Post-retirement Benefits Other Than Pension Benefits by State and Local Governmental Employers*. The benefits are provided in accordance with the City Charter and union contracts. The costs of benefits, which are financed on a pay-as-you-go basis, for the year ended June 30, 2006, are as follows:

Benefit	<u>City Cost</u>	<u>Retiree Cost</u>	<u>Total Cost</u>
Hospitalization	\$ 139,306,757	\$ 14,933,508	\$ 154,240,265
Dental	6,160,524	-	6,160,524
Eye Care	1,969,690	-	1,969,690
Life Insurance	143,579	26,740	170,319
Total	<u>\$ 147,580,550</u>	<u>\$ 14,960,248</u>	<u>\$ 162,540,798</u>

Component Units

The GDRRA is authorized to charge user fees for services provided to residents in the event either the tipping fees or supplemental tipping fees paid by the City and other revenues generated are not sufficient in each operating year to produce revenues equal to at least 100% of the maximum annual debt service requirement, lease obligations, and operating costs. Supplemental tipping fees are provided from certain taxes collected by the State of Michigan, which are payable to the City

(Distributable Aid). The City's obligation to pay tipping fees and supplemental tipping fees is a full faith and credit limited tax general and unconditional obligation whether or not the facility is operating. For the year ended June 30, 2006, tipping fees and supplemental tipping fees paid by the City to the GDRRA are as follows:

Tipping Fees	\$ 63,098,833
Supplemental Tipping Fees	<u>16,992,126</u>
Total	<u><u>\$ 80,090,959</u></u>

NOTE IV. SUBSEQUENT EVENTS

On August 4, 2006 the Sewage Disposal System issued \$401,565,000 of Series 2006 bonds to finance a portion of the costs of the Sewage Disposal System repairs, extensions, capital improvements, refund certain prior outstanding bonds, purchase a debt service reserve surety to satisfy the reserve requirements attributable to the 2006 Bonds, fund capitalized interest and pay cost of issuance of the 2006 Bonds. These were comprised of \$125,000,000 of new issued bonds Revenue Second Lien Bonds (Variable Rate Demand) Series 2006(A), \$250,000,000 System Revenue Second Lien Bonds, Series 2006 (B) and, \$26,560,000 Revenue Refunding Senior Lien Bonds, Series 2006(C). The Series (A) bonds fully mature July 1, 2036. The Series (B) bonds have various maturity dates that begin to mature July 1, 2009 and will fully mature in the year 2036. The Series 2006 (C) begin to mature July 1, 2016 and will fully mature in the year 2018.

On August 14, 2006 the Water Supply System issued \$1,136,585,000 of Series 2006 bonds to finance a portion of the costs of the Water Supply System capital improvement program, refund certain prior outstanding bonds, fund reserve requirements and pay cost of issuance of the 2006 Bonds. These were comprised of: (1.) \$767,235,000 of new issued bonds (\$280,000,000 Revenue Senior Lien Bonds- Series 2006(A), \$120,000,000 System Revenue Second Lien Bonds (Variable Rate Demand), Series 2006 (B), \$220,645,000 Revenue Refunding Second Lien Bonds, Series 2006 (C), and, \$146,590,000 Revenue Refunding Senior Lien Bonds, Series 2006 (D)). The Series (A) bonds begin to mature July 1, 2007 and will fully mature in the year 2018. The Series (B) bonds mature July 1, 2036. The Series 2006 (C) and (D) both begin to mature July 1, 2007 and will fully mature in the years 2012 and 2013 respectively. (2.) \$142,755,000 of refunded fixed rate Revenue Senior Lien Bonds Series 2003(D). These were remarketed/converted on September 1, 2006 and begin maturing January 1, 2007. (3.) \$226,595,000 of Refunded Revenue Senior Lien Bonds, Series 2004(A) and (B). (\$72,765,000 Refunding Second Lien Bonds fixed rate Series 2004(A) and \$153,830,000 Refunding Senior Lien Bonds fixed rate Series 2004(B)). Both of the Series 2004 Bonds have a remarketing date of August 16, 2006.

In December 2006, the City issued \$370,000,000 Sewage Disposal System Revenue Refunding Bonds. \$351.6 million of previously issued debt was refunded, resulting in present value savings of \$28,057,410 or 7.98% of the refunded par amount. The bonds mature beginning July 1, 2007 and fully mature in the year 2032.

On July 28, 2007, the City issued \$ 45,910,000 of Revenue Anticipation Notes, Series 2007 and \$83,460,000 of Tax Anticipation Notes, Series 2007. The Revenue Anticipation Notes (RANS), Series 2007 were issued in anticipation of certain shared revenue payments the City expects to receive from the State of Michigan. The notes were issued to provide funds to pay necessary operating expenditures of the City for the current fiscal year ending June 30, 2007, and costs of the issuance of the notes. The RANS are secured by City Charter, statutory and constitutional tax levies on all applicable property. The Tax Anticipation Notes (TANS), Series 2007 were issued in anticipation of the collection of taxes to be collected in the next succeeding fiscal year ending June 30, 2008 and has irrevocably pledged in the Note Resolution to levy taxes. The TANS are secured by an irrevocable, direct pay letter of credit. The RANS and TANS mature March 1, 2008.

In September 2007, the Sewage Disposal System issued \$167,565,000 SRF Junior Lien Revenue Bonds. The bonds begin to mature October 1, 2010 and will fully mature in the year 2029.

The City's General Obligation, Water Supply System Revenue Refunding and Sewage Disposal System Revenue Bonds that are issued by the City are also insured with bond insurance coverage purchased through rated bond insurers. The bond insurance helps the City to obtain a lower cost of borrowing. As of February 20, 2008 the major rating agencies downgraded one of the City's bond insurers. The rating of the City's bonds that are insured by the downgraded bond insurer has not been affected.

**REQUIRED
SUPPLEMENTARY
INFORMATION
OTHER THAN
MANAGEMENT'S
DISCUSSION &
ANALYSIS
(MD&A)

GENERAL FUND

STATEMENT OF REVENUES
AND EXPENDITURES

-BUDGET TO ACTUAL**

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.

Budgetary Compliance:

On or before April 12 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 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
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES — BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance Actual Positive(Negative) Budget
	Original	Final		
REVENUES:				
Taxes, Assessments, Interest and Penalties:				
Property Taxes.....	\$ 188,169,564	\$ 188,169,564	\$ 185,318,391	\$ (2,851,173)
Municipal Income Tax.....	275,094,486	275,094,486	284,111,220	9,016,734
Utility Users' Tax.....	49,700,000	56,000,000	60,019,626	4,019,626
Wagering Taxes.....	153,000,000	156,300,000	156,588,917	288,917
Other Taxes and Assessments.....	10,958,232	11,958,232	11,312,655	(645,577)
Interest and Penalties on Taxes.....	11,250,000	11,250,000	9,181,155	(2,068,845)
Total Taxes, Assessments, Interest and Penalties.....	688,172,282	698,772,282	706,531,964	7,759,682
Licenses, Permits and Inspection Charges:				
Business Licenses.....	1,880,000	1,880,000	2,333,291	453,291
Permits.....	2,105,414	2,105,414	1,396,010	(709,404)
Inspection Charges.....	11,295,402	11,295,402	3,318,257	(7,977,145)
Other Licenses.....	81,157	81,157	93,768	12,611
Total Licenses, Permits and Inspection Charges.....	15,361,973	15,361,973	7,141,326	(8,220,647)
Shared Taxes:				
Liquor and Beer Licenses.....	545,000	545,000	593,011	48,011
State Shared Tax.....	283,518,855	283,518,855	279,467,063	(4,051,792)
Other Shared Tax.....	796,928	796,928	758,147	(38,781)
Total Shared Taxes.....	284,860,783	284,860,783	280,818,221	(4,042,562)
Intergovernmental:				
Federal.....	12,981,913	127,043,668	9,399,170	(117,644,498)
State.....	49,439,848	125,012,462	61,168,848	(63,843,614)
Other Grants.....	1,419,927	26,930,231	7,072,108	(19,858,123)
Total Grants.....	63,841,688	278,986,361	77,640,126	(201,346,235)
Sales and Charges for Services:				
Maintenance and Construction.....	910,359	910,359	(3,261,048)	(4,171,407)
Other Labor and Materials.....	5,500	5,500	449,746	444,246
Electrical.....	45,105,000	45,105,000	43,493,992	(1,611,008)
Steam.....	770,000	770,000	487,660	(282,340)
Sanitation Charges.....	81,408	81,408	876,339	794,931
Recreation Fees.....	6,946,616	6,946,616	4,526,024	(2,420,592)
Collection Fees.....	8,486,000	8,516,000	6,861,997	(1,654,003)
Other Fees.....	44,649,382	45,128,088	48,821,439	3,693,351
Personal Services.....	59,729,888	59,408,432	60,165,554	757,122
Other Departmental Sales.....	29,305,870	31,389,357	21,987,452	(9,401,905)
Total Sales and Charges for Services.....	195,990,023	198,260,760	184,409,155	(13,851,605)
Ordinance Fines.....	28,055,135	28,055,135	19,098,767	(8,956,368)
Revenue from Use of Assets:				
Earnings on Investments.....	1,280,000	3,630,164	6,049,157	2,418,993
Real Estate Rentals.....	8,473,249	8,707,111	6,226,459	(2,480,652)
Concessions.....	5,364,644	5,364,644	3,375,553	(1,989,091)
Sale of Real Property.....	40,000,000	40,000,000	11,006,843	(28,993,157)
Total Revenue from Use of Assets.....	55,117,893	57,701,919	26,658,012	(31,043,907)
Other Revenue.....	115,499,486	154,283,080	98,574,416	(55,708,664)
Total Revenues.....	1,446,899,263	1,716,282,293	1,400,871,987	(315,410,306)

City of Detroit, Michigan
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE — BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance Actual Positive(Negative) Budget
	Original	Final		
EXPENDITURES:				
Public Protection:				
Consumer Affairs.....	1,054,989	1,056,099	1,016,651	39,448
Fire.....	162,870,431	171,796,828	187,109,221	(15,312,393)
Human Rights.....	812,897	885,348	957,630	(72,282)
Ombudsperson.....	818,870	817,146	1,003,201	(186,055)
Parking Enforcement.....	9,456,557	8,873,176	8,172,461	700,715
Police.....	342,560,100	385,559,654	414,969,673	(29,410,019)
Detroit Office of Homeland Security.....	-	7,072,530	836,470	6,236,060
36th District Court.....	42,958,202	41,687,732	44,769,885	(3,082,153)
Total Public Protection.....	560,532,046	617,748,513	658,835,192	(41,086,679)
Department of Health.....	89,846,258	75,233,774	96,237,548	(21,003,774)
Recreation and Culture:				
Culture, Arts and Tourism.....	-	1,066,075	485,587	580,488
Historical.....	2,036,181	2,495,699	2,105,816	389,883
Recreation.....	33,083,296	45,183,424	41,256,805	3,926,619
Senior Citizens.....	1,384,049	2,303,060	1,130,795	1,172,265
Zoological Institute.....	11,250,584	11,894,014	10,411,713	1,482,301
Total Recreation and Culture.....	47,754,110	62,942,272	55,390,716	7,551,556
Economic Development — Civic Center.....	21,943,715	18,489,879	25,195,279	(6,705,400)
Housing Supply and Conditions:				
Planning and Development.....	7,762,803	18,848,159	11,935,708	6,912,451
Total Housing Supply and Conditions.....	7,762,803	18,848,159	11,935,708	6,912,451
Physical Environment:				
Environmental Affairs.....	1,951,726	4,076,156	3,151,556	924,600
Public Lighting.....	67,487,350	70,186,659	77,395,143	(7,208,484)
Public Works.....	125,372,593	133,808,245	139,661,984	(5,853,739)
Total Physical Environment.....	194,811,669	208,071,060	220,208,683	(12,137,623)
Development and Management:				
Auditor General.....	2,357,775	2,466,785	2,046,848	419,937
Budget.....	2,684,088	2,788,172	2,582,347	205,825
City Clerk.....	3,676,246	3,994,375	3,848,735	145,640
City Council.....	12,677,672	13,449,703	11,858,000	1,591,703
Communications and Creative Services.....	-	(6,643)	39,586	(46,229)
Elections.....	10,166,131	10,513,026	9,958,546	554,480
Finance.....	34,568,613	36,795,348	30,029,179	6,766,169
Law.....	18,226,547	19,804,812	23,603,009	(3,798,197)
Mayor's Office.....	6,372,540	7,434,564	7,045,531	389,033
Human Resources.....	22,510,186	22,812,046	19,909,116	2,902,930
Information Technology Services.....	23,944,504	29,484,254	22,479,024	7,005,230
Board of Zoning Appeals.....	706,709	772,157	726,372	45,785
Detroit Workforce Development Department.....	2,000	606,154	-	606,154
Administrative Hearings.....	2,535,851	3,577,443	1,560,916	2,016,527
Non Departmental.....	421,754,716	314,710,650	97,485,628	217,225,022
Total Development and Management.....	562,183,578	469,202,846	233,172,837	236,030,009
Capital Outlay.....	-	81,083,058	86,847,848	(5,764,790)

(Continued)

City of Detroit, Michigan
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE — BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance Actual Positive(Negative) Budget
	Original	Final		
Debt Service:				
Principal	-	62,220,305	16,645,788	45,574,517
Interest on Bonded Debt.....	-	17,248,390	5,611,618	11,636,772
Bond Issuance Costs.....	-	64,000	-	64,000
Total Debt Service.....	-	79,532,695	22,257,406	57,275,289
Total Expenditures.....	1,484,834,179	1,631,152,256	1,410,081,217	221,071,039
Excess (Deficiency) of Revenues Over (Under)				
Expenditures.....	(37,934,916)	85,130,037	(9,209,230)	(94,339,267)
OTHER FINANCING SOURCES USES:				
Sources:				
Transfers from Other Funds:				
Transfers In.....	16,055,980	53,116,223	50,245,611	(2,870,612)
Proceeds of Capital Leases.....	25,000,000	-	34,892,659	34,892,659
Total Other Financing Sources.....	41,055,980	53,116,223	85,138,270	32,022,047
Uses:				
Transfers to Other Funds:				
Transfers Out.....	3,121,064	124,963,544	139,415,704	(14,452,160)
Interest on Other Indebtnedness.....	-	13,282,716	-	13,282,716
Total Other Financing Uses.....	3,121,064	138,246,260	139,415,704	(1,169,444)
Total Other Financing Sources (Uses).....	37,934,916	(85,130,037)	(54,277,434)	30,852,603
Net Change in Fund Balances.....	-	-	(63,486,664)	(63,486,664)
Fund Balance at Beginning of Year.....	-	-	(33,594,434)	(33,594,434)
Increase (Decrease) in Inventories	-	-	(10,094,990)	(10,094,990)
Fund Balances at End of Year.....	\$ -	\$ -	\$ (107,176,088)	\$ (107,176,088)

(Continued)

See accompanying notes to required supplementary information

**REQUIRED
SUPPLEMENTAL
INFORMATION
OTHER THAN MD&A
-PENSION SCHEDULES
(UNAUDITED)**

**REQUIRED SUPPLEMENTAL INFORMATION
HISTORIC PENSION DATA - UNAUDITED**

Schedule of Employer Contributions (In millions):

<u>General Retirement System</u>				<u>Policemen and Firemen Retirement System</u>			
<u>Year Ended June 30</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>	<u>Net Pension Asset</u>	<u>Year Ended June 30</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>	<u>Net Pension Asset</u>
2001	\$68.1	100%	N/A	2001	\$14.4	100%	N/A
2002	67.8	100	N/A	2002	8.4	100	N/A
2003	72.9	100	N/A	2003	66.8	100	N/A
2004	95.9	100	N/A	2004	69.5	100	N/A
2005	106.4	754	\$695.6	2005	98.8	702	\$595.1
2006	75.5	120	679.0	2006	94.8	100	603.1

Schedule of Funding Progress (In millions):

General Retirement System:

<u>Actuarial Valuation Date June 30</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Unfunded AAL (UAAL)</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Payroll</u>
2001 (a) (b)	\$2,912.1	\$3,179.6	91.6%	\$267.5	\$439.6	60.8%
2002	2,761.2	3,276.6	84.3	515.4	440.7	117.0
2003	2,537.7	3,270.6	77.6	733.0	448.6	163.4
2004	2,470.2	3,383.9	73.0	913.7	444.6	205.5
2005	3,222.4	3,347.4	96.3	125.0	390.6	32.0

Policemen and Firemen Retirement System:

<u>Actuarial Valuation Date June 30</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Unfunded AAL (UAAL)</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Payroll</u>
2001 (a) (b)	\$3,900.0	\$3,463.2	112.6%	\$(436.8)	\$253.3	-
2002 (a)	3,635.1	3,523.4	103.2	(111.7)	248.7	-
2003	3,205.5	3,721.6	86.1	516.1	248.7	207.5%
2004	3,074.5	3,857.5	79.7	783.0	258.7	302.7
2005	3,757.9	3,780.4	99.0	22.6	250.5	9.0

a) After changes in actuarial assumptions.

b) Plan amended.

See accompanying independent auditors' report.

COMBINING

NON-MAJOR

GOVERNMENTAL

FUNDS

FINANCIAL STATEMENTS

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 Funds	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.
Detroit Building Authority Fund	To account for financing activities associated with acquiring, improving, operating and maintaining buildings and other structures for public purposes.
Drug Law Enforcement Fund	To account for forfeited narcotics proceeds that are used for the enhancement of narcotics enforcement.
Empowerment Zone Fund	To account for activities financed by Federal Government Grants under provision of Section 2007 of Title XX of the Social Security Act as amended.
Detroit Workforce Development Department	To account for employment and training program grants received from government sources.
Human Services Fund	To account for Federal and State Grant revenues that are used to finance certain social service programs.
Major and Local Street Funds	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.
Supportive Housing Programs and Homeless Initiatives Funds	To account for financing activities of Supportive Housing Programs for the Homeless received from the Federal Government.
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.

CAPITAL PROJECTS FUNDS

CAPITAL PROJECTS FUNDS ARE 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)

Capital Projects Fund	To account for all funds used for the construction, acquisition and renovation of Capital facilities by the General Fund.
Urban Renewal Fund	To account for funding received from the City of Detroit and the Federal Government earmarked for the acquisition and site preparation of property for future development.

DEBT SERVICE FUND

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

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

City of Detroit, Michigan
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2006

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Permanent Funds and Bequest Funds	Total
ASSETS					
Current Assets:					
Cash.....	\$ 19,734,371	\$ 9,607	\$ 5,333,047	\$ 56,566	\$ 25,133,591
Investments.....	86,561,697	1,942,508	120,157,605	1,141,139	209,802,949
Accounts and Contracts Receivable:					
Due from Other Funds.....	6,028,185	-	4,192,133	-	10,220,318
Due from Other Governmental Agencies.....	30,371,197	-	745,103	-	31,116,300
General Taxes Receivable on Real and Personal Property (Net).....	-	23,257,015	-	-	23,257,015
Other Receivables.....	887,914	-	935,116	-	1,823,030
Total Accounts and Contracts Receivable.....	37,287,296	23,257,015	5,872,352	-	66,416,663
Allowance for Uncollectible Accounts.....	(259,123)	(25,532,018)	(947,420)	-	(26,738,561)
Total Accounts and Contracts Receivable - Net.....	37,028,173	(2,275,003)	4,924,932	-	39,678,102
Taxes, Interest and Penalties--Net.....	-	2,275,000	-	-	2,275,000
Current Special Assessments Receivable.....	-	-	342,173	-	342,173
Prepaid Expenditures.....	127,636	-	-	-	127,636
Inventory--Forfeited Property.....	290,198	-	-	-	290,198
Other Inventory.....	539,756	-	-	-	539,756
Total Current Assets.....	144,281,831	1,952,112	130,757,757	1,197,705	278,189,405
Restricted Assets:					
Cash.....	1,031,968	30,979,989	16,408,950	103,786	48,524,693
Total Assets.....	\$ 145,313,799	\$ 32,932,101	\$ 147,166,707	\$ 1,301,491	\$ 326,714,098
Liabilities And Fund Balances:					
Accounts and Contracts Payable.....	\$ 17,343,972	\$ -	\$ 9,674,001	\$ -	\$ 27,017,973
Due to Other Funds.....	19,760,389	2,987,170	1,840,697	-	24,588,256
Advances from Other Funds.....	145,674	-	850,000	-	995,674
Due to Other Governmental Agencies.....	2,659,746	-	-	-	2,659,746
Deposits from Vendors and Customers.....	2,847,639	-	-	-	2,847,639
Accrued Salaries and Wages Payable.....	771,434	-	-	-	771,434
Accrued Liabilities.....	7,625,213	-	-	-	7,625,213
Other Liabilities.....	2,260,981	-	105,284	9,922	2,376,187
Deferred Revenue.....	-	2,145,000	262,864	-	2,407,864
Total Liabilities.....	53,415,048	5,132,170	12,732,846	9,922	71,289,986
Fund Balances:					
Reserved for Inventory.....	829,954	-	-	-	829,954
Reserved for Encumbrances.....	13,827,711	-	-	-	13,827,711
Reserved for Endowments and Trusts.....	-	-	-	1,291,569	1,291,569
Reserved for Debt Service.....	-	27,799,931	-	-	27,799,931
Reserved for Capital Projects.....	-	-	134,433,861	-	134,433,861
Undesignated.....	77,241,086	-	-	-	77,241,086
Total Fund Balances.....	91,898,751	27,799,931	134,433,861	1,291,569	255,424,112
Total Liabilities and Fund Balances.....	\$ 145,313,799	\$ 32,932,101	\$ 147,166,707	\$ 1,301,491	\$ 326,714,098

See accompanying independent auditors' report

City of Detroit, Michigan
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Permanent Funds Bequest Funds	Total
REVENUES:					
Taxes:					
Property Taxes.....	\$ -	\$ 58,303,541	\$ -	\$ -	\$ 58,303,541
Other Taxes and Assessments.....	-	2,270,766	-	-	2,270,766
State Hotel and Liquor Tax.....	-	16,287,676	-	-	16,287,676
Licenses, Permits and Inspection Charges.....	27,092,666	-	-	-	27,092,666
Intergovernmental:					
Federal.....	187,330,833	-	21,389,142	-	208,719,975
State.....	14,605,682	-	-	-	14,605,682
Other.....	18,120,276	-	-	-	18,120,276
Gas and Weight Tax.....	62,804,995	-	-	-	62,804,995
Sales and Charges for Services.....	4,844,273	-	-	-	4,844,273
Ordinance Fines.....	2,426,490	-	-	-	2,426,490
Revenue from Use of Assets.....	-	2,171,990	-	-	2,171,990
Earnings on Investments.....	2,040,953	1,800,873	8,278,323	38,646	12,158,795
Other Revenue.....	6,685,552	1,929	874,832	-	7,562,313
Total Revenues.....	325,951,720	80,836,775	30,542,297	38,646	437,369,438
EXPENDITURES:					
Current:					
Public Protection.....	28,416,222	-	-	-	28,416,222
Health.....	81,484,973	-	-	700	81,485,673
Recreation and Culture.....	-	-	-	-	-
Economic Development.....	58,304,192	4,924,801	-	-	63,228,993
Educational Development.....	64,427,129	-	-	-	64,427,129
Housing and Conditions.....	2,850,753	-	-	-	2,850,753
Transportation.....	79,343,398	-	-	-	79,343,398
Debt Service:					
Principal.....	-	71,504,576	-	-	71,504,576
Interest.....	-	48,140,062	-	-	48,140,062
Bond Issuance Costs.....	-	-	2,200,024	-	2,200,024
Capital Outlay.....	-	-	88,321,818	-	88,321,818
Total Expenditures.....	314,826,667	124,569,439	90,521,842	700	529,918,648
Excess (Deficiency) of Revenues Over (Under) Expenditures....	11,125,053	(43,732,664)	(59,979,545)	37,946	(92,549,210)
OTHER FINANCING SOURCES (USES):					
Sources:					
Transfers In:					
General Fund.....	3,440,459	39,640,692	-	-	43,081,151
Special Revenue Funds.....	10,000,000	2,830,499	-	-	12,830,499
Total Transfers In.....	13,440,459	42,471,191	-	-	55,911,650
Proceeds of Section 108 Federal Note.....	-	-	1,800,000	-	1,800,000
Proceeds from Capital Related Debt Issuance.....	-	-	81,903,071	-	81,903,071
Premium on General Obligation Bonds Issued.....	-	-	3,778,114	-	3,778,114
Total Other Financing Sources.....	13,440,459	42,471,191	87,481,185	-	143,392,835
Uses:					
Transfers Out:					
General Fund.....	11,581,408	-	1,199,500	-	12,780,908
Debt Service Fund.....	2,830,500	-	-	-	2,830,500
Special Revenue Funds.....	10,000,000	-	-	-	10,000,000
Total Transfers Out.....	24,411,908	-	1,199,500	-	25,611,408
Principal Paid to Bond Agent for Refunded Bonds.....	-	-	29,940,000	-	29,940,000
Interest Paid to Bond Agent for Refunded Bonds.....	-	-	1,741,161	-	1,741,161
Total Other Financing Uses.....	24,411,908	-	32,880,661	-	57,292,569
Total Other Financing Sources (Uses).....	(10,971,449)	42,471,191	54,600,524	-	86,100,266
Net Change in Fund Balances.....	153,604	(1,261,473)	(5,379,021)	37,946	(6,448,944)
Fund Balances at Beginning of Year.....	91,843,277	29,061,404	139,812,882	1,253,623	261,971,186
Decrease in Inventories.....	(98,130)	-	-	-	(98,130)
Fund Balances at End of Year.....	\$ 91,898,751	\$ 27,799,931	\$ 134,433,861	\$ 1,291,569	\$ 255,424,112

See accompanying independent auditors' report

City of Detroit, Michigan
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS
 June 30, 2006

ASSETS	Community Development Block Grant Funds	Construction Code Fund	Detroit Building Authority Fund	Drug Law Enforcement Fund	Empowerment Zone Fund
Current Assets:					
Cash.....	\$ 2,238,449	\$ 2,556,563	\$ 2,574,156	\$ 421,677	\$ 680,252
Investments.....	-	-	-	16,561,697	-
Accounts and Contracts Receivable:					
Due from Other Funds.....	1,827,264	195,185	3,156,870	-	-
Due from Other Governmental Agencies...	6,510,621	60,699	-	-	4,684,226
Other Receivables.....	41,782	799,082	-	-	-
Total Accounts and Contracts Receivable.....	8,379,667	1,054,966	3,156,870	-	4,684,226
Allowance for Uncollectible Accounts.....	(31,089)	(182,310)	-	-	-
Total Accounts and Contracts Receivable-Net.....	8,348,578	872,656	3,156,870	-	4,684,226
Prepaid Expenditures.....	-	-	-	-	-
Inventory--Forfeited Property.....	-	-	-	290,198	-
Other Inventory.....	-	35,490	-	-	-
Total Current Assets.....	10,587,027	3,464,709	5,731,026	17,273,572	5,364,478
Restricted Assets:					
Cash.....	1,031,968	-	-	-	-
Total Assets.....	<u>\$ 11,618,995</u>	<u>\$ 3,464,709</u>	<u>\$ 5,731,026</u>	<u>\$ 17,273,572</u>	<u>\$ 5,364,478</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and Contracts Payable.....	\$ 1,437,539	\$ 22,217	\$ 17,004	\$ 119,210	\$ -
Due to Other Funds.....	6,839,697	2,602,210	588,804	32,610	910,041
Advances from Other Funds.....	-	-	-	-	-
Due to Other Governmental Agencies.....	-	-	-	-	-
Deposits from Vendors and Customers.....	-	5,116	-	2,842,523	-
Accrued Salaries and Wages Payable.....	177,596	229,263	-	22,530	23,538
Accrued Liabilities.....	1,100,336	158,967	249,881	221,736	4,430,899
Other Liabilities.....	2,063,827	197,154	-	-	-
Total Liabilities.....	11,618,995	3,214,927	855,689	3,238,609	5,364,478
Fund Balances:					
Reserved for Inventory.....	-	35,490	-	290,198	-
Reserved for Encumbrances.....	-	82,946	-	13,744,765	-
Undesignated.....	-	131,346	4,875,337	-	-
Total Fund Balances.....	-	249,782	4,875,337	14,034,963	-
Total Liabilities and Fund Balances..	<u>\$ 11,618,995</u>	<u>\$ 3,464,709</u>	<u>\$ 5,731,026</u>	<u>\$ 17,273,572</u>	<u>\$ 5,364,478</u>

See accompanying independent auditors' report

Detroit Workforce Development Fund	Human Services Fund	Street Funds	Supportive Housing Programs and Homeless Initiatives Funds	Targeted Business Development Fund	Total
\$ 3,039,219	\$ 3,418,107	\$ 4,243,753	\$ 62,195	\$ 500,000	\$ 19,734,371
-	-	45,000,000	-	25,000,000	86,561,697
806,085	-	42,781	-	-	6,028,185
4,950,264	1,996,245	11,972,739	196,403	-	30,371,197
-	-	47,050	-	-	887,914
5,756,349	1,996,245	12,062,570	196,403	-	37,287,296
-	-	(45,724)	-	-	(259,123)
5,756,349	1,996,245	12,016,846	196,403	-	37,028,173
127,636	-	-	-	-	127,636
-	-	-	-	-	290,198
-	-	504,266	-	-	539,756
8,923,204	5,414,352	61,764,865	258,598	25,500,000	144,281,831
-	-	-	-	-	1,031,968
<u>\$ 8,923,204</u>	<u>\$ 5,414,352</u>	<u>\$ 61,764,865</u>	<u>\$ 258,598</u>	<u>\$ 25,500,000</u>	<u>\$ 145,313,799</u>
\$ 6,532,397	\$ 2,514,593	\$ 6,701,012	\$ -	\$ -	\$ 17,343,972
1,777,609	1,796,812	5,212,606	-	-	19,760,389
145,674	-	-	-	-	145,674
244,612	340,124	2,075,010	-	-	2,659,746
-	-	-	-	-	2,847,639
222,912	95,595	-	-	-	771,434
-	667,228	537,568	258,598	-	7,625,213
-	-	-	-	-	2,260,981
8,923,204	5,414,352	14,526,196	258,598	-	53,415,048
-	-	504,266	-	-	829,954
-	-	-	-	-	13,827,711
-	-	46,734,403	-	25,500,000	77,241,086
-	-	47,238,669	-	25,500,000	91,898,751
<u>\$ 8,923,204</u>	<u>\$ 5,414,352</u>	<u>\$ 61,764,865</u>	<u>\$ 258,598</u>	<u>\$ 25,500,000</u>	<u>\$ 145,313,799</u>

City of Detroit, Michigan
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2006

	Community Development Block Grant Fund	Construction Code Fund	Detroit Building Authority Fund	Drug Law Enforcement Fund
REVENUES:				
Licenses, Permits and Inspection Charges.....	\$ -	\$ 27,092,666	\$ -	\$ -
Intergovernmental:				
Federal.....	47,511,098	-	-	-
State.....	-	-	-	-
Other.....	-	-	-	-
Gas and Weight Tax.....	-	-	-	-
Sales and Charges for Services.....	4,813,738	30,535	-	-
Ordinance Fines and Forfeitures.....	-	773,138	-	1,653,352
Earnings on Investments.....	-	-	-	444,759
Other Revenue.....	-	-	5,124,814	151,351
Total Revenues.....	52,324,836	27,896,339	5,124,814	2,249,462
EXPENDITURES:				
Current:				
Public Protection.....	-	26,101,945	-	2,314,277
Health.....	-	-	-	-
Economic Development.....	49,494,336	-	1,099,731	-
Educational Development.....	-	-	-	-
Housing and Conditions.....	-	-	-	-
Transportation Facilitation.....	-	-	-	-
Total Expenditures.....	49,494,336	26,101,945	1,099,731	2,314,277
Excess (Deficiency) of Revenues Over (Under) Expenditures.....	2,830,500	1,794,394	4,025,083	(64,815)
Other Financing Sources:				
Transfers In:				
General Fund.....	-	-	-	-
Major Street Fund.....	-	-	-	-
Total Transfers In.....	-	-	-	-
Total Other Financing Sources.....	-	-	-	-
Other Financing Uses:				
Transfers Out:				
General Fund.....	-	1,790,000	-	-
General Debt Service Funds.....	2,830,500	-	-	-
Local Street Fund.....	-	-	-	-
Total Transfers Out.....	2,830,500	1,790,000	-	-
Total Other Financing Uses.....	2,830,500	1,790,000	-	-
Total Other Financing Sources (Uses).....	(2,830,500)	(1,790,000)	-	-
Net Change in Fund Balances.....	-	4,394	4,025,083	(64,815)
Fund Balances at Beginning of Year	-	257,907	850,254	14,060,455
Increase (Decrease) in Inventory.....	-	(12,519)	-	39,323
Fund Balances at End of Year.....	\$ -	\$ 249,782	\$ 4,875,337	\$ 14,034,963

See accompanying independent auditors' report

Empowerment Zone Fund	Detroit Workforce Development Fund	Human Services Fund	Street Funds	Supportive Housing Programs and Homeless Initiatives Funds	Targeted Business Development Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,092,666
710,125	64,427,129	71,831,728	-	2,850,753	-	187,330,833
-	-	6,212,786	8,392,896	-	-	14,605,682
-	-	-	18,120,276	-	-	18,120,276
-	-	-	62,804,995	-	-	62,804,995
-	-	-	-	-	-	4,844,273
-	-	-	-	-	-	2,426,490
-	-	-	1,596,194	-	-	2,040,953
-	-	-	1,409,387	-	-	6,685,552
<u>710,125</u>	<u>64,427,129</u>	<u>78,044,514</u>	<u>92,323,748</u>	<u>2,850,753</u>	<u>-</u>	<u>325,951,720</u>
-	-	-	-	-	-	28,416,222
-	-	81,484,973	-	-	-	81,484,973
710,125	-	-	-	-	7,000,000	58,304,192
-	64,427,129	-	-	-	-	64,427,129
-	-	-	-	2,850,753	-	2,850,753
-	-	-	79,343,398	-	-	79,343,398
<u>710,125</u>	<u>64,427,129</u>	<u>81,484,973</u>	<u>79,343,398</u>	<u>2,850,753</u>	<u>7,000,000</u>	<u>314,826,667</u>
-	-	(3,440,459)	12,980,350	-	(7,000,000)	11,125,053
-	-	3,440,459	-	-	-	3,440,459
-	-	-	10,000,000	-	-	10,000,000
-	-	3,440,459	10,000,000	-	-	13,440,459
-	-	3,440,459	10,000,000	-	-	13,440,459
-	-	-	9,791,408	-	-	11,581,408
-	-	-	-	-	-	2,830,500
-	-	-	10,000,000	-	-	10,000,000
-	-	-	19,791,408	-	-	24,411,908
-	-	-	19,791,408	-	-	24,411,908
-	-	3,440,459	(9,791,408)	-	-	(10,971,449)
-	-	-	3,188,942	-	(7,000,000)	153,604
-	-	-	44,174,661	-	32,500,000	91,843,277
-	-	-	(124,934)	-	-	(98,130)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,238,669</u>	<u>\$ -</u>	<u>\$ 25,500,000</u>	<u>\$ 91,898,751</u>

City of Detroit, Michigan
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL CAPITAL PROJECTS FUNDS
June 30, 2006

ASSETS	Capital Projects	Urban Renewal	Total
Current Assets:			
Cash.....	\$ 3,111,444	\$ 2,221,603	\$ 5,333,047
Investments.....	108,221,883	11,935,722	120,157,605
Accounts and Contracts Receivable:			
Due from Other Funds.....	4,185,946	6,187	4,192,133
Due from Other Governmental Agencies.....	745,103	-	745,103
Other Receivables - Trade.....	935,116	-	935,116
Total Accounts and Contracts			
Receivable	5,866,165	6,187	5,872,352
Allowance for Uncollectible Accounts.....	(947,420)	-	(947,420)
Total Accounts and Contracts Receivable - Net.....	4,918,745	6,187	4,924,932
Current Special Assessments Receivable.....	342,173	-	342,173
Restricted Cash and Cash Equivalents.....	16,376,057	32,893	16,408,950
Total Assets.....	\$ 132,970,302	\$ 14,196,405	\$ 147,166,707

LIABILITIES AND FUND BALANCES

Liabilities:			
Accounts and Contracts Payable.....	\$ 8,912,849	\$ 761,152	\$ 9,674,001
Due to Other Funds.....	834,510	1,006,187	1,840,697
Advance from General Fund.....	850,000	-	850,000
Other Liabilities.....	15,547	89,737	105,284
Deferred Revenue.....	251,149	11,715	262,864
Total Liabilities.....	10,864,055	1,868,791	12,732,846
Fund Balances:			
Undesignated Fund Balances.....	122,106,247	12,327,614	134,433,861
Total Fund Balances.....	122,106,247	12,327,614	134,433,861
Total Liabilities and Fund Balances.....	\$ 132,970,302	\$ 14,196,405	\$ 147,166,707

See accompanying independent auditors' report

City of Detroit, Michigan
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL CAPITAL PROJECTS FUNDS
For the Year Ended June 30, 2006

	<u>Capital Projects</u>	<u>Urban Renewal</u>	<u>Total</u>
Revenues:			
Grants.....	\$ 2,197,598	\$ 19,191,544	\$ 21,389,142
Earnings on Investments.....	6,166,661	2,111,662	8,278,323
Other Revenues.....	874,832	-	874,832
Total Revenues.....	9,239,091	21,303,206	30,542,297
Expenditures:			
Capital Outlay.....	62,022,146	26,299,672	88,321,818
Total Expenditures.....	62,022,146	26,299,672	88,321,818
Excess (Deficiency) of Revenues			
Over (Under) Expenditures.....	(52,783,055)	(4,996,466)	(57,779,521)
Other Financing Sources:			
Transfers In:			
Proceeds of Section 108 Federal Note.....	-	1,800,000	1,800,000
Proceeds from Bonds.....	81,903,071	-	81,903,071
Premium on Bonds Issued.....	3,778,114	-	3,778,114
Total Other Financing Sources.....	85,681,185	1,800,000	87,481,185
Other Financing Uses:			
Transfers Out:			
General Fund.....	1,199,500	-	1,199,500
Principal Paid to Bond Agent for Refunded Bonds.....	29,940,000	-	29,940,000
Interest Paid to Bond Agent for Refunded Bonds.....	1,741,161	-	1,741,161
Bond Issuance Cost.....	2,200,024	-	2,200,024
Total Other Financing Uses.....	35,080,685	-	35,080,685
Total Other Financing Sources (Uses).....	50,600,500	1,800,000	52,400,500
Net Change in Fund Balances.....	(2,182,555)	(3,196,466)	(5,379,021)
Fund Balances at Beginning of Year.....	124,288,802	15,524,080	139,812,882
Fund Balances at End of Year.....	\$ 122,106,247	\$ 12,327,614	\$ 134,433,861

See accompanying independent auditors' report

City of Detroit, Michigan
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL PERMANENT FUNDS
June 30, 2006

	Permanent Funds		
	Bequest Funds		
	Other Trust	Cemetery Trust	Total
ASSETS			
Cash.....	\$ -	\$ 56,566	\$ 56,566
Restricted Cash.....	-	103,786	103,786
Earnings on Investments.....	44,653	1,096,486	1,141,139
Total Assets.....	\$ 44,653	\$ 1,256,838	\$ 1,301,491
LIABILITIES AND FUND BALANCES			
Liabilities:			
Total Liabilities.....	\$ -	\$ 9,922	\$ 9,922
Fund Balances:			
Reserved for Restricted Assets.....	44,653	1,246,916	1,291,569
Total Fund Balances.....	44,653	1,246,916	1,291,569
Total Liabilities and Fund Balances.....	\$ 44,653	\$ 1,256,838	\$ 1,301,491

See accompanying independent auditors' report

City of Detroit, Michigan
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL PERMANENT FUNDS
For the Year Ended June 30, 2006

	<u>Permanent Funds</u>		<u>Total</u>
	<u>Bequest Funds</u>		
	<u>Other</u> <u>Trust</u>	<u>Cemetery</u> <u>Trust</u>	
Revenues:			
Earnings on Investments.....	\$ 1,695	\$ 36,951	\$ 38,646
Total Revenues.....	1,695	36,951	38,646
Expenditures:			
Total Expenditures.....	-	700	700
Total Revenues Over Expenditures.....	1,695	36,251	37,946
Fund Balances, Beginning.....	42,958	1,210,665	1,253,623
Fund Balances, Ending.....	\$ 44,653	\$ 1,246,916	\$ 1,291,569

See accompanying independent auditors' report

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance Actual
	Original	Final		Positive(Negative) Budget
Revenues:				
Intergovernmental:				
Federal.....	\$ 44,998,991	\$ 47,062,602	\$ 47,511,098	\$ 448,496
Other Revenues.....	4,095,186	4,400,655	4,813,738	413,083
Total Revenues.....	49,094,177	51,463,257	52,324,836	861,579
Expenditures:				
Economic Development.....	49,094,177	51,463,257	49,494,336	1,968,921
Total Expenditures.....	49,094,177	51,463,257	49,494,336	1,968,921
Excess (Deficiency) of Revenues				
Over (Under) Expenditures.....	-	-	2,830,500	2,830,500
Other Financing Sources:				
Transfers in:				
General Fund.....	-	719,511	-	(719,511)
From Other Funds.....	-	2,110,989	-	(2,110,989)
Total Other Financing Sources.....	-	2,830,500	-	(2,830,500)
Other Financing Uses:				
Transfers out:				
Transfers to other funds.....	-	2,830,500	2,830,500	-
Total Other Financing Uses.....	-	2,830,500	2,830,500	-
Total Other Financing Sources (Uses).....	-	-	(2,830,500)	(2,830,500)
Net Change in Fund Balances.....	-	-	-	-
Fund Balances at Beginning of Year.....	-	-	-	-
Fund Balances at End of Year.....	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditors' report

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
CONSTRUCTION CODE FUND
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance Actual Positive(Negative) Budget
	Original	Final		
Revenues:				
Licenses, Permits and Inspection Charges.....	\$ 25,778,912	\$ 26,417,312	\$ 27,092,666	\$ 675,354
Sales and Charges for Services.....	20,000	(32,920)	30,535	63,455
Ordinance Fines and Forfeitures.....	2,238,610	3,178,817	773,138	(2,405,679)
Total Revenues.....	28,037,522	29,563,209	27,896,339	(1,666,870)
Expenditures:				
Public Protection.....	28,037,522	30,011,094	26,101,945	3,909,149
Total Expenditures.....	28,037,522	30,011,094	26,101,945	3,909,149
Excess (Deficiency) of Revenues				
Over (Under) Expenditures.....	-	(447,885)	1,794,394	2,242,279
Other Financing Uses:				
Transfers out:				
Transfers to General Fund.....	-	-	1,790,000	(1,790,000)
Total Other Financing Uses.....	-	-	1,790,000	(1,790,000)
Total Other Financing Sources (Uses).....	-	-	(1,790,000)	(1,790,000)
Net Change in Fund Balances.....	-	(447,885)	4,394	452,279
Fund Balances at Beginning of Year.....	-	447,885	257,907	(189,978)
Increase(Decrease) in Inventories.....	-	-	(12,519)	(12,519)
Fund Balances at End of Year.....	\$ -	\$ -	\$ 249,782	\$ 249,782

See accompanying independent auditors' report

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
DETROIT BUILDING AUTHORITY
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance Actual Positive(Negative) Budget
	Original	Final		
Revenues:				
Other Revenues.....	\$ 1,248,404	\$ 1,248,404	\$ 5,124,814	\$ 3,876,410
Total Revenues.....	1,248,404	1,248,404	5,124,814	3,876,410
Expenditures:				
Economic Development.....	1,248,404	1,248,404	1,099,731	148,673
Total Expenditures.....	1,248,404	1,248,404	1,099,731	148,673
Excess (Deficiency) of Revenues				
Over (Under) Expenditures.....	-	-	4,025,083	4,025,083
Net Change in Fund Balances.....	-	-	4,025,083	4,025,083
Fund Balances at Beginning of Year.....	-	-	850,254	850,254
Fund Balances at End of Year.....	\$ -	\$ -	\$ 4,875,337	\$ 4,875,337

See accompanying independent auditors' report

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
DRUG LAW ENFORCEMENT FUND
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance Actual Positive(Negative) Budget
	Original	Final		
Revenues:				
Ordinance Fines and Forfeitures.....	\$ 4,080,857	\$ 5,580,857	\$ 1,653,352	\$ (3,927,505)
Earnings on Investments.....	-	-	444,759	444,759
Hotel Occupancy Tax and the Liquor Tax.....	-	-	151,351	151,351
Total Revenues.....	4,080,857	5,580,857	2,249,462	(3,331,395)
Expenditures:				
Public Protection.....	4,080,857	5,641,312	2,314,277	3,327,035
Total Expenditures.....	4,080,857	5,641,312	2,314,277	3,327,035
Excess (Deficiency) of Revenues				
Over (Under) Expenditures.....	-	(60,455)	(64,815)	(4,360)
Net Change in Fund Balances.....	-	(60,455)	(64,815)	(4,360)
Fund Balances at Beginning of Year.....	-	60,455	14,060,455	14,000,000
Increase(Decrease) in Inventory.....	-	-	39,323	39,323
Fund Balances at End of Year.....	\$ -	\$ -	\$ 14,034,963	\$ 14,034,963

See accompanying independent auditors' report

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
EMPOWERMENT ZONE FUND
For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Actual Positive(Negative) Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
Federal.....	\$ -	\$ 710,125	\$ 710,125	\$ -
Total Revenues.....	-	710,125	710,125	-
Expenditures:				
Economic Development.....	-	710,125	710,125	-
Total Expenditures.....	-	710,125	710,125	-
Excess (Deficiency) of Revenues				
Over (Under) Expenditures.....	-	-	-	-
Net Change in Fund Balances.....	-	-	-	-
Fund Balances at Beginning of Year.....	-	-	-	-
Fund Balances at End of Year.....	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditors' report

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
DETROIT WORKFORCE DEVELOPMENT DEPARTMENT
For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Actual Positive(Negative) Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
Federal.....	\$ 59,119,997	\$ 63,456,675	\$ 64,427,129	\$ 970,454
Total Revenues.....	59,119,997	63,456,675	64,427,129	970,454
Expenditures:				
Educational Development.....	59,119,997	63,456,675	64,427,129	(970,454)
Total Expenditures.....	59,119,997	63,456,675	64,427,129	(970,454)
Excess (Deficiency) of Revenues				
Over (Under) Expenditures.....	-	-	-	-
Net Change in Fund Balances.....	-	-	-	-
Fund Balances at Beginning of Year.....	-	-	-	-
Fund Balances at End of Year.....	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditors' report

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
HUMAN SERVICES FUNDS
For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Actual Positive(Negative) Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
Federal.....	\$ 73,564,101	\$ 71,130,569	\$ 71,831,728	\$ 701,159
State.....	7,158,924	5,875,413	6,212,786	337,373
Total Revenues.....	80,723,025	77,005,982	78,044,514	1,038,532
Expenditures:				
Health.....	80,723,025	83,772,824	81,484,973	2,287,851
Total Expenditures.....	80,723,025	83,772,824	81,484,973	2,287,851
Excess (Deficiency) of Revenues				
Over (Under) Expenditures.....	-	(6,766,842)	(3,440,459)	3,326,383
Other Financing Sources:				
Transfers in:				
General Fund.....	-	6,766,842	3,440,459	(3,326,383)
Total Other Financing Sources.....	-	6,766,842	3,440,459	(3,326,383)
Total Other Financing Sources (Uses).....	-	6,766,842	3,440,459	(3,326,383)
Net Change in Fund Balances.....	-	-	-	-
Fund Balances at Beginning of Year.....	-	-	-	-
Fund Balances at End of Year.....	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditors' report

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
STREET FUNDS
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance Actual Positive(Negative) Budget
	Original	Final		
Revenues:				
Intergovernmental:				
State.....	\$ 2,800,000	\$ 8,915,228	\$ 8,392,896	\$ (522,332)
Other Grants.....	-	18,458,488	18,120,276	(338,212)
Gas and Weight Tax.....	44,457,635	62,337,758	62,804,995	467,237
Earnings on Investments.....	-	620,000	1,596,194	976,194
Other Revenues.....	990,700	2,046,600	1,409,387	(637,213)
Total Revenues.....	48,248,335	92,378,074	92,323,748	(54,326)
Expenditures:				
Transportation Facilitation.....	48,248,335	93,090,084	79,343,397	13,746,687
Total Expenditures.....	48,248,335	93,090,084	79,343,397	13,746,687
Excess (Deficiency) of Revenues Over (Under) Expenditures.....	-	(712,010)	12,980,351	13,692,361
Other Financing Sources:				
Transfers in:				
From Other Funds.....	-	-	10,000,000	10,000,000
Total Other Financing Sources.....	-	-	10,000,000	10,000,000
Transfers out:				
Transfers to other funds.....	-	-	10,000,000	(10,000,000)
Transfers to General fund.....	-	18,223,564	9,791,409	8,432,155
Other Financing Uses:				
Total Other Financing Uses.....	-	18,223,564	19,791,409	(1,567,845)
Total Other Financing Sources (Uses).....	-	(18,223,564)	(9,791,409)	8,432,155
Net Change in Fund Balances.....	-	(18,935,574)	3,188,942	22,124,516
Fund Balances at Beginning of Year.....	-	18,935,574	44,174,661	25,239,087
Increase(Decrease) in Inventory.....	-	-	(124,934)	(124,934)
Fund Balances at End of Year.....	\$ -	\$ -	\$ 47,238,669	\$ 47,238,669

See accompanying independent auditors' report

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
SUPPORTIVE HOUSING PROGRAMS AND HOMELESS INITIATIVE FUNDS
For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Actual Positive(Negative) Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
Federal.....	\$ 4,715,436	\$ 4,736,503	\$ 2,850,753	\$ (1,885,750)
Total Revenues.....	4,715,436	4,736,503	2,850,753	(1,885,750)
Expenditures:				
Housing and Conditions.....	4,715,436	4,736,503	2,850,753	1,885,750
Total Expenditures.....	4,715,436	4,736,503	2,850,753	1,885,750
Excess (Deficiency) of Revenues				
Over (Under) Expenditures.....	-	-	-	-
Net Change in Fund Balances.....	-	-	-	-
Fund Balances at Beginning of Year.....	-	-	-	-
Fund Balances at End of Year.....	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditors' report

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
TARGETED BUSINESS DEVELOPMENT FUND
For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Actual Positive(Negative) Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Total Revenues.....	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Economic Development.....	-	-	7,000,000	(7,000,000)
Capital Outlay.....	-	-	-	-
Total Expenditures.....	-	-	7,000,000	(7,000,000)
Excess (Deficiency) of Revenues				
Over (Under) Expenditures.....	-	-	(7,000,000)	(7,000,000)
Net Change in Fund Balances.....	-	-	(7,000,000)	(7,000,000)
Fund Balances at Beginning of Year.....	-	-	32,500,000	32,500,000
Fund Balances at End of Year.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,500,000</u>	<u>\$ 25,500,000</u>

See accompanying independent auditors' report

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
DEBT SERVICE FUND
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance Actual Positive(Negative) Budget
	Original	Final		
Revenues:				
Property Taxes.....	\$ 59,662,290	\$ 59,662,290	\$ 58,303,541	\$ (1,358,749)
Other Taxes and Assessments.....	3,272,371	3,272,371	2,270,766	(1,001,605)
State Hotel and Liquor Tax.....	-	16,288,006	16,287,676	(330)
Revenue From Use of Assets.....	-	2,171,990	2,171,990	-
Earnings on Investments.....	-	600,294	1,800,873	1,200,579
Other Revenues.....	-	-	1,929	1,929
Total Revenues.....	62,934,661	81,994,951	80,836,775	(1,158,176)
Expenditures:				
Economic Development.....	5,317,586	7,238,363	4,924,801	2,313,562
Total Expenditures.....	5,317,586	7,238,363	4,924,801	2,313,562
Excess (Deficiency) of Revenues				
Over (Under) Expenditures.....	57,617,075	74,756,588	75,911,974	1,155,386
Other Financing Sources:				
Transfers in:				
General Fund.....	-	74,534,901	39,640,692	(34,894,209)
Special Revenue Funds.....	-	-	2,830,499	2,830,499
Total Other Financing Sources.....	-	74,534,901	42,471,191	(32,063,710)
Other Financing Uses/Debt Service:				
Principal.....	26,890,000	112,696,417	71,504,576	41,191,841
Interest.....	30,727,075	51,429,718	48,140,062	3,289,656
Total Other Financing Uses.....	57,617,075	164,126,135	119,644,638	44,481,497
Total Other Financing Sources (Uses).....	(57,617,075)	(89,591,234)	(77,173,447)	12,417,787
Net Change in Fund Balances.....	-	(14,834,646)	(1,261,473)	13,573,173
Fund Balances at Beginning of Year.....	-	14,834,646	29,061,404	14,226,758
Fund Balances at End of Year.....	\$ -	\$ -	\$ 27,799,931	\$ 27,799,931

See accompanying independent auditors' report

City of Detroit, Michigan
NON-MAJOR GOVERNMENTAL FUNDS
NON-MAJOR CAPITAL PROJECTS FUNDS
For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Actual Positive(Negative) Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Grants.....	\$ 18,447,152	\$ 34,467,834	\$ 21,389,142	\$ (13,078,692)
Earnings on Investments.....	17,218,859	18,572,925	8,278,323	(10,294,602)
Other Revenues.....	1,506,494	2,325,262	874,832	(1,450,430)
Total Revenues.....	37,172,505	55,366,021	30,542,297	(24,823,724)
Expenditures:				
Capital Outlay.....	218,932,142	253,675,101	88,321,818	165,353,283
Total Expenditures.....	218,932,142	253,675,101	88,321,818	165,353,283
Excess (Deficiency) of Revenues				
Over (Under) Expenditures.....	(181,759,637)	(198,309,080)	(57,779,521)	140,529,559
Other Financing Sources:				
Transfers in:				
General Debt Service Fund.....	7,848,560	7,848,560	-	(7,848,560)
Proceeds of Section 108 Federal Note.....	-	-	1,800,000	1,800,000
Proceeds from Bonds.....	53,802,571	53,802,571	81,903,071	28,100,500
Premium on Bonds Issued.....	-	-	3,778,114	3,778,114
Total Other Financing Sources.....	61,651,131	61,651,131	87,481,185	25,830,054
Other Financing Uses:				
Transfers out:				
Transfers to other funds.....	-	-	1,199,500	(1,199,500)
Principal Paid to Bond Agent for Refunded Bonds.....	15,300,715	15,300,715	29,940,000	(14,639,285)
Interest Paid to Bond Agent for Refunded Bonds.....	-	-	3,941,185	(3,941,185)
Total Other Financing Uses.....	15,300,715	15,300,715	35,080,685	(19,779,970)
Total Other Financing Sources (Uses).....	46,350,416	46,350,416	52,400,500	6,050,084
Net Change in Fund Balances.....	(135,409,221)	(151,958,664)	(5,379,021)	146,579,643
Fund Balances at Beginning of Year.....	135,409,221	151,958,664	139,812,882	(12,145,782)
Fund Balances at End of Year.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,433,861</u>	<u>\$ 134,433,861</u>

See accompanying independent auditors' report

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
PERMANENT FUNDS BEQUEST FUND
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance Actual Positive(Negative) Budget
	Original	Final		
Revenues:				
Earnings on Investments.....	\$ -	\$ -	\$ 38,646	\$ 38,646
Other Revenues.....	-	-	-	-
Total Revenues.....	-	-	38,646	38,646
Expenditures:				
Economic Development.....	-	-	700	(700)
Capital Outlay.....	-	-	-	-
Total Expenditures.....	-	-	700	(700)
Excess (Deficiency) of Revenues				
Over (Under) Expenditures.....	-	-	37,946	37,946
Net Change in Fund Balances.....	-	-	37,946	37,946
Fund Balances at Beginning of Year.....	-	-	1,253,623	1,253,623
Fund Balances at End of Year.....	\$ -	\$ -	\$ 1,291,569	\$ 1,291,569

See accompanying independent auditors' report

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City of Detroit, Michigan
COMBINING STATEMENT OF NET ASSETS
FIDUCIARY FUND
June 30, 2006

ASSETS	General Retirement System	Policemen & Firemen Retirement System	Employee Benefit Fund
Cash and Equivalents.....	\$ 14,631,971	\$ 8,095,553	\$ 1,687,643
Short-Term Investments.....	57,199,392	85,549,655	-
Commercial Paper.....	-	-	10,076,779
U. S. Government Obligations.....	-	-	15,372
Bonds and Stocks.....	2,632,728,501	3,057,701,659	6,472,200
Mortgage-Backed Securities.....	82,017,278	153,297,504	18,095,051
Mortgage and Construction Loans.....	106,270,231	132,867,205	-
Equity Interest in Real Estate.....	89,256,803	107,260,311	-
Real Estate Investment Trusts Held by Custodian.....	-	60,374,430	-
Pooled Investments.....	162,121,174	339,081,044	7,131,252
Private Placements.....	339,900,994	45,983,046	-
Total Investments.....	<u>3,469,494,373</u>	<u>3,982,114,854</u>	<u>41,790,654</u>
Accrued Investment Income	17,112,437	20,724,378	14,112
Due from Primary Government.....	27,622,101	57,807,332	19,719,809
Due from Component Units.....	-	-	1,108,553
Other Receivables.....	67,497,254	158,450,331	1,481,774
Total Accounts Receivable.....	<u>95,119,355</u>	<u>216,257,663</u>	<u>22,310,136</u>
Cash and investments held as collateral for securities lending	548,294,329	1,028,069,856	-
Capital Assets	417,749	417,749	-
Total Assets.....	<u>\$ 4,145,070,214</u>	<u>\$ 5,255,680,053</u>	<u>\$ 65,802,545</u>
LIABILITIES AND NET ASSETS			
Accounts and Contracts Payable.....	\$ -	\$ -	\$ 30,506,805
Due to Broker.....	94,932,100	181,756,605	-
Benefits and Claims Payable.....	3,964,094	4,291,693	-
Due to Primary Government.....	1,372,501	-	1,803,663
Pension over Contribution.....	-	-	-
Amount Due to Broker for Securities Lending.....	548,294,329	1,028,069,856	-
Other Liabilities.....	41,427,970	6,177,671	-
Total Liabilities.....	<u>689,990,994</u>	<u>1,220,295,825</u>	<u>32,310,468</u>
Net Assets Held in Trust for Pension and Employee Benefits.....	3,455,079,220	4,035,384,228	6,517,539
Death Benefit and Disability Income Protection Reserves.....	-	-	26,974,538
Total Net Assets.....	<u>\$ 3,455,079,220</u>	<u>\$ 4,035,384,228</u>	<u>\$ 33,492,077</u>

See accompanying independent auditors' report

Employee Disability Income Protection Fund	Total Pension and Other Employee Benefit Funds	Agency Funds	Total
\$ (919,261)	\$ 23,495,906	\$ 2,620,612	\$ 26,116,518
-	142,749,047	-	142,749,047
-	10,076,779	-	10,076,779
-	15,372	-	15,372
-	5,696,902,360	-	5,696,902,360
-	253,409,833	-	253,409,833
-	239,137,436	-	239,137,436
-	196,517,114	-	196,517,114
-	60,374,430	-	60,374,430
-	508,333,470	11,112,960	519,446,430
-	385,884,040	-	385,884,040
-	7,493,399,881	11,112,960	7,504,512,841
-	37,850,927	-	37,850,927
1,915,697	107,064,939	-	107,064,939
8,605	1,117,158	-	1,117,158
-	227,429,359	-	227,429,359
1,924,302	335,611,456	-	335,611,456
-	1,576,364,185	-	1,576,364,185
-	835,498	-	835,498
\$ 1,005,041	\$ 9,467,557,853	\$ 13,733,572	\$ 9,481,291,425
\$ -	\$ 30,506,805	\$ 1,722,138	\$ 32,228,943
-	276,688,705	-	276,688,705
6,348	8,262,135	-	8,262,135
-	3,176,164	631,384	3,807,548
-	-	-	-
-	1,576,364,185	-	1,576,364,185
-	47,605,641	11,380,050	58,985,691
6,348	1,942,603,635	13,733,572	1,956,337,207
998,693	7,497,979,680	-	7,497,979,680
-	26,974,538	-	26,974,538
\$ 998,693	\$ 7,524,954,218	\$ -	\$ 7,524,954,218

City of Detroit, Michigan
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
For the Year Ended June 30, 2006

	Retirement Systems		Employee Benefits		Total
	General Retirement System	Policemen and Firemen Retirement System	Employee Benefit Fund	Employee Disability Income Protection Plan	
ADDITIONS:					
Employer Contributions.....	\$ 58,162,088	\$ 57,807,332	\$ 270,964,200	\$ 1,752,549	\$ 388,686,169
Plan Member Contributions.....	20,462,296	10,007,531	21,193,330	-	51,663,157
Other Income.....	-	-	-	-	-
Total Contributions.....	78,624,384	67,814,863	292,157,530	1,752,549	440,349,326
Investment Income.....	377,184,751	381,669,729	2,502,546	-	761,357,026
Total Additions.....	455,809,135	449,484,592	294,660,076	1,752,549	1,201,706,352
DEDUCTIONS:					
Pension and Annuity Benefits.....	201,611,854	217,411,446	-	-	419,023,300
Premiums to Insurers and Damage Claims.....	-	-	292,215,419	1,753,856	293,969,275
Benefits.....	-	-	2,284,633	-	2,284,633
Refunds.....	114,333,813	22,244,391	-	-	136,578,204
General and Administrative Expenses.....	3,670,575	3,399,285	4,153,474	-	11,223,334
Total Deductions.....	319,616,242	243,055,122	298,653,526	1,753,856	863,078,746
Net Increase.....	136,192,893	206,429,470	(3,993,450)	(1,307)	338,627,606
Net Assets, Beginning of Year.....	3,318,886,327	3,828,954,758	37,485,527	1,000,000	7,186,326,612
Net Assets, End of Year.....	\$ 3,455,079,220	\$ 4,035,384,228	\$ 33,492,077	\$ 998,693	\$ 7,524,954,218

See accompanying independent auditors' report

City of Detroit, Michigan
COMBINING STATEMENT OF NET ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2006

	Condemnation Awards Fund	Fire Insurance Escrow Fund	Other Agency Funds	Total
ASSETS				
Cash.....	\$ 1,630,995	\$ 262,637	\$ 726,980	\$ 2,620,612
Investments.....	-	11,112,960	-	11,112,960
Due from Other Funds.....	-	-	-	-
Total Assets.....	\$ 1,630,995	\$ 11,375,597	\$ 726,980	\$ 13,733,572
LIABILITIES				
Accounts Payable.....	\$ -	\$ 91,143	\$ -	\$ 91,143
Awards Payable.....	1,630,995	-	-	1,630,995
Advances from Outside Sources.....	-	10,653,070	-	10,653,070
Escrow Payable.....	-	-	726,980	726,980
Due to Other Funds.....	-	631,384	-	631,384
Total Liabilities.....	\$ 1,630,995	\$ 11,375,597	\$ 726,980	\$ 13,733,572

See accompanying independent auditors' report

City of Detroit, Michigan
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2006

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
Condemnation Awards Fund				
Assets				
Cash.....	\$ 1,425,578	\$ 205,417	\$ -	\$ 1,630,995
Total Assets.....	<u>\$ 1,425,578</u>	<u>\$ 205,417</u>	<u>\$ -</u>	<u>\$ 1,630,995</u>
Liabilities				
Accounts and Contracts Payable.....	\$ 1,425,578	\$ 205,417	\$ -	\$ 1,630,995
Total Liabilities.....	<u>\$ 1,425,578</u>	<u>\$ 205,417</u>	<u>\$ -</u>	<u>\$ 1,630,995</u>
Fire Insurance Escrow Fund				
Assets				
Cash.....	\$ 351,826	\$ -	\$ 89,189	\$ 262,637
Investments.....	8,639,787	2,473,173	-	11,112,960
Due from Other Funds.....	185,281	-	185,281	-
Total Assets.....	<u>\$ 9,176,894</u>	<u>\$ 2,473,173</u>	<u>\$ 274,470</u>	<u>\$ 11,375,597</u>
Liabilities				
Accounts and Contracts Payable.....	\$ 62,743	\$ 28,400	\$ -	\$ 91,143
Due to Other Funds.....	238,405	392,979	-	631,384
Other Liabilities.....	8,875,746	1,777,324	-	10,653,070
Total Liabilities.....	<u>\$ 9,176,894</u>	<u>\$ 2,198,703</u>	<u>\$ -</u>	<u>\$ 11,375,597</u>
Other Agency Funds				
Assets				
Cash.....	\$ 733,222	\$ -	\$ 6,242	\$ 726,980
Total Assets.....	<u>\$ 733,222</u>	<u>\$ -</u>	<u>\$ 6,242</u>	<u>\$ 726,980</u>
Liabilities				
Other Liabilities.....	\$ 733,222	\$ -	\$ 6,242	\$ 726,980
Total Liabilities.....	<u>\$ 733,222</u>	<u>\$ -</u>	<u>\$ 6,242</u>	<u>\$ 726,980</u>
Total Agency Funds				
Assets				
Cash.....	\$ 2,510,626	\$ 205,417	\$ 95,431	\$ 2,620,612
Investments.....	8,639,787	2,473,173	-	11,112,960
Due from Other Funds.....	185,281	-	185,281	-
Total Assets.....	<u>\$ 11,335,694</u>	<u>\$ 2,678,590</u>	<u>\$ 280,712</u>	<u>\$ 13,733,572</u>
Liabilities				
Accounts and Contracts Payable.....	\$ 1,488,321	\$ 233,817	\$ -	\$ 1,722,138
Due to Other Funds.....	238,405	392,979	-	631,384
Other Liabilities.....	9,608,968	1,777,324	6,242	11,380,050
Total Liabilities.....	<u>\$ 11,335,694</u>	<u>\$ 2,404,120</u>	<u>\$ 6,242</u>	<u>\$ 13,733,572</u>

See accompanying independent auditors' report

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STATISTICAL SECTION (UNAUDITED)

The Statistical Section contains:

Schedule/Description:

Financial Trends Information

1. Net Assets-Last Five Fiscal Years
2. Changes in Net Assets-Last Five Fiscal Years
3. Fund Balances, Governmental Funds-Last Ten Fiscal Years
4. Changes in Fund Balances, Governmental Funds-Last Ten Fiscal Years

Revenue Capacity Information

5. Assessed and Actual Value of Taxable Property-Last Ten Fiscal Years
6. Direct and Overlapping Property Tax Rates-Last Ten Fiscal Years
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Debt Capacity Information

9. Ratios of Outstanding Debt by Type-Last Ten Fiscal Years
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12. Legal Debt Margin Information-Last Ten Fiscal Years
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14. Demographic and Economic Statistics-Last Ten Calendar Years
15. Principal Employers-Current Year and Ten Years Ago

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16. Full-time Equivalent of City Employees by Function/Program-Last Ten Fiscal Years
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Schedule 1
City of Detroit, Michigan
Comprehensive Annual Financial Report
Net Assets, Last Five Fiscal Years
(In Thousands)
(Accrual Basis of Accounting)

	Fiscal Year	
	2006	2005
Governmental Activities		
Invested in capital assets, net of related debt	\$ 603,086	\$ 562,312
Restricted	29,492	30,488
Unrestricted(Deficit)	(608,736)	(586,294)
Total governmental activities net assets	<u>23,842</u>	<u>6,506</u>
Business-type activities		
Invested in capital assets, net of related debt	914,032	1,050,443
Restricted	385,380	287,779
Unrestricted	377,799	280,770
Total business-type activities net assets	<u>1,677,211</u>	<u>1,618,992</u>
Primary Government		
Invested in capital assets, net of related debt	1,517,118	1,612,755
Restricted	414,872	318,267
Unrestricted(Deficit)	(230,937)	(305,524)
Total primary government net assets	<u>\$ 1,701,053</u>	<u>\$ 1,625,498</u>

Source: City of Detroit, Comprehensive Annual Financial Reports for Fiscal Years ending June 30, 2002 through 2006

See accompanying independent auditors' report

Fiscal Year		
2004	2003	2002
\$ 423,119	\$ 419,594	\$ 366,474
85,250	113,243	69,705
(315,219)	(102,285)	(1,459)
193,150	430,552	434,720
1,063,418	1,035,281	1,185,981
199,037	120,671	101,577
283,586	326,646	261,176
1,546,041	1,482,598	1,548,734
1,486,537	1,454,875	1,552,455
284,287	233,914	171,282
(31,633)	224,361	259,717
\$ 1,739,191	\$ 1,913,150	\$ 1,983,454

Schedule 2
City of Detroit, Michigan
Changes in Net Assets, Last Five Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year				
	2006	2005	2004	2003	2002
Expenses					
Governmental Activities:					
Public Protection	\$ 681,052,276	\$ 876,156,606	\$ 755,816,119	\$ 593,346,429	\$ 583,268,178
Health	177,363,962	170,039,930	172,601,779	194,876,044	178,170,414
Recreation and Culture	69,192,054	75,145,276	82,148,669	81,400,879	82,648,072
Economic Development	95,641,855	114,865,586	102,680,484	102,939,042	87,326,910
Education	64,670,870	73,770,757	95,655,097	85,957,839	86,031,311
Housing Supply and Conditions	14,737,981	17,980,767	21,190,178	18,566,688	16,780,370
Physical Environment	243,949,975	277,305,834	267,232,775	273,247,867	301,889,519
Transportation	79,343,398	46,272,594	49,857,971	44,217,658	21,087,215
Development and Management	240,246,357	214,746,647	350,969,773	371,360,739	299,360,664
Interest on Long-Term Debt	126,659,186	65,252,896	58,080,402	44,661,255	42,441,532
Total Government Activities Expenses	1,792,857,914	1,931,536,893	1,956,233,247	1,810,574,440	1,699,004,185
Business-type Activities:					
Sewage Disposal	311,303,765	192,421,480	186,979,859	261,671,404	261,213,329
Transportation	190,358,944	204,913,780	206,319,905	196,162,781	187,415,767
Water	282,149,274	195,085,657	198,120,130	249,329,295	232,528,496
Automobile Parking	19,474,446	26,295,677	21,990,714	21,534,236	17,833,061
Airport	3,044,030	3,140,746	4,030,607	3,845,438	5,543,048
Housing	-	-	-	75,784,985	67,818,451
Total Business-type Activities Expenses	806,330,459	621,857,340	617,441,215	808,328,139	772,352,152
Total Primary Government Expenses	2,599,188,373	2,553,394,233	2,573,674,462	2,618,902,579	2,471,356,337
Program Revenues					
Governmental Activities:					
Charges for Services:					
Public Protection	51,757,423	90,825,019	88,817,490	68,146,542	72,722,670
Health	14,224,550	13,026,677	11,875,150	17,535,790	11,524,837
Recreation and Culture	27,367,110	11,474,294	10,363,646	8,859,373	13,301,976
Economic Development	13,946,969	5,427,118	20,512,694	20,089,274	28,095,737
Education	-	-	-	-	-
Housing Supply and Conditions	1,636,711	6,700,117	16,617,400	33,624,540	20,224,369
Physical Environment	74,915,029	81,944,899	85,667,448	102,937,079	88,338,713
Transportation	1,355	-	-	-	-
Development and Management	156,799,556	198,570,684	84,682,688	19,590,685	73,668,036
Interest on Long-Term Debt	-	-	-	-	-
Operation Grants and Contributions	245,061,788	246,248,865	315,321,964	365,857,900	398,262,378
Capital Grants and Contributions	91,806,940	135,504,749	115,528,611	35,557,492	26,809,665
Total Governmental Activities Program Revenues	677,517,431	789,722,422	749,387,091	672,198,675	732,948,381
Business-type Activities:					
Charges for services:					
Sewage Disposal	354,455,204	254,350,136	195,947,900	288,111,143	267,993,505
Transportation	25,173,805	22,959,490	24,712,839	25,182,188	24,084,896
Water	276,230,766	193,954,987	223,092,260	244,781,888	209,227,939
Automobile Parking	21,125,510	13,627,650	19,618,019	19,253,924	20,682,973
Airport	989,722	1,180,584	972,659	1,193,786	2,235,228
Housing	-	-	-	12,490,749	9,877,521
Operating grants and contributions	73,801,668	88,110,603	89,345,418	115,981,521	111,302,571
Capital grants and contributions	9,502,218	15,080,720	33,758,751	41,632,443	56,035,404
Total Business-type Activities Program Revenues	761,278,893	589,264,170	587,447,846	748,627,642	701,440,037
Total Primary Government Program Revenues	1,438,796,324	1,378,986,592	1,336,834,937	1,420,826,317	1,434,388,418

See accompanying independent auditors' report

Schedule 2
City of Detroit, Michigan
Changes in Net Assets, Last Five Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year				
	2006	2005	2004	2003	2002
Net (Expense) Revenue					
Governmental Activities	(1,115,340,483)	(1,141,814,471)	(1,206,846,156)	(1,138,375,765)	(966,055,804)
Business-type Activities	(45,051,566)	(32,593,170)	(29,993,369)	(59,700,497)	(70,912,115)
Total Primary Government Net Expense	(1,160,392,049)	(1,174,407,641)	(1,236,839,525)	(1,198,076,262)	(1,036,967,919)
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Interest and Penalty on taxes	9,181,155	11,712,960	13,780,520	9,311,836	10,783,829
Investment earnings	18,396,691	14,464,802	4,500,270	5,690,589	18,146,740
Miscellaneous revenue	22,780,845	9,984,374	13,624,695	7,758,701	21,179,610
Gain (Loss) on disposal of capital assets	(308,855)	(3,551,036)	(451,750)	6,753,937	-
Special Item-Casino Dev Revenue	-	-	-	132,000,000	-
Transfers	(35,227,632)	(89,585,306)	(77,108,036)	(79,275,808)	(85,569,251)
Total Governmental Activities	1,132,677,388	955,170,778	969,444,247	1,134,206,927	1,036,773,332
Business-type Activities					
Investment earnings	39,193,811	22,808,775	12,516,207	18,645,400	28,789,163
Miscellaneous revenue(expense)	2,879,273	(6,850,110)	3,812,743	4,488,833	3,509,544
Gain(loss)on disposal of capital assets	25,970,429	-	-	(682,409)	-
Transfers	35,227,632	89,585,306	77,108,036	79,275,808	85,569,251
Total Business-type Activities	103,271,145	105,543,971	93,436,986	101,727,632	117,867,958
Total Primary Government	1,235,948,533	1,060,714,749	1,062,881,233	1,235,934,559	1,154,641,290
Changes in Net Assets					
Governmental Activities	17,336,905	(186,643,693)	(237,401,909)	(4,168,838)	70,717,528
Business-type Activities	58,219,579	72,950,801	63,443,617	42,027,135	46,955,843
Total Primary Government	\$ 75,556,484	\$ (113,692,892)	\$ (173,958,292)	\$ 37,858,297	\$ 117,673,371

Source: City of Detroit, Comprehensive Annual Financial Reports for Fiscal Years ending June 30, 2002 through 2006

Schedule 3
City of Detroit, Michigan
Comprehensive Annual Financial Report
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2006	2005	2004	2003	2002
General Fund:					
Reserved	\$ 66,502,619	\$ 121,809,601	\$ 164,248,792	\$ 209,367,618	\$ 163,780,306
Unreserved (deficit)	(173,678,707)	(155,404,035)	(95,032,523)	(69,063,211)	42,440,056
Total General Fund	<u>\$ (107,176,088)</u>	<u>\$ (33,594,434)</u>	<u>\$ 69,216,269</u>	<u>\$ 140,304,407</u>	<u>\$ 206,220,362</u>
All Other Governmental Funds:					
Reserved:					
Special Revenue Funds	15,949,234	16,200,255	14,651,219	12,619,793	10,196,771
Capital Projects Fund	134,433,861	139,812,882	159,136,549	181,966,978	155,199,431
Debt Service Funds	27,799,931	29,061,404	70,466,781	42,773,395	46,953,417
Total Reserved	<u>\$ 178,183,026</u>	<u>\$ 185,074,541</u>	<u>\$ 244,254,549</u>	<u>\$ 237,360,166</u>	<u>\$ 212,349,619</u>
Unreserved:					
Special Revenue Funds	77,241,086	76,896,645	74,394,377	78,730,702	69,551,548
Capital Projects Fund	-	-	-	-	-
Debt Service Funds	-	-	-	-	-
Total Unreserved	<u>77,241,086</u>	<u>76,896,645</u>	<u>74,394,377</u>	<u>78,730,702</u>	<u>69,551,548</u>
Total All Other Governmental Funds	<u>\$ 255,424,112</u>	<u>\$ 261,971,186</u>	<u>\$ 318,648,926</u>	<u>\$ 316,090,868</u>	<u>\$ 281,901,167</u>

Source: City of Detroit, Comprehensive Annual Financial Reports for Fiscal Years ending June 30, 2002 through 2006

See accompanying independent auditors' report

Fiscal Year											
	2001		2000		1999		1998		1997		1996
\$	174,840,303	\$	151,158,816	\$	163,117,742	\$	144,711,344	\$	95,312,365	\$	102,566,454
	43,250,036		65,927,526		71,130,077		102,184,663		105,299,801		103,625,053
\$	218,090,339	\$	217,086,342	\$	234,247,819	\$	246,896,007	\$	200,612,166	\$	206,191,507
	89,900,511		61,853,773		52,960,043		63,573,767		78,390,989		88,357,322
	38,509,612		16,285,528		16,285,528		17,630,045		16,771,060		16,285,528
	1,354,725		711,564		1,901,814		-		-		-
\$	129,764,848	\$	78,850,865	\$	71,147,385	\$	81,203,812	\$	95,162,049	\$	104,642,850
	2,090,991		8,646,105		5,108,031		4,628,256		2,686,959		5,325,138
	110,790,874		239,680,261		148,761,677		118,595,677		108,216,898		114,438,010
	49,993		1,326,889		2,702,823		6,825,753		6,578,979		11,087,121
	112,931,858		249,653,255		156,572,531		130,049,686		117,482,836		130,850,269
\$	242,696,706	\$	328,504,120	\$	227,719,916	\$	211,253,498	\$	212,644,885	\$	235,493,119

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

	Fiscal Year				
	2006	2005	2004	2003	2002
Revenues					
Taxes:					
Property Taxes.....	\$ 243,621,932	\$ 238,771,142	\$ 249,372,955	\$ 224,290,723	\$ 235,867,542
Municipal Income Tax.....	284,111,220	282,501,875	290,614,837	310,935,044	323,515,510
Utility Users' Tax.....	60,019,626	52,939,839	50,473,815	55,329,177	52,105,772
Wagering Taxes.....	156,588,917	137,970,347	116,145,598	111,341,292	109,461,713
Gas and Weight Tax.....	62,804,995	63,476,425	65,806,351	61,048,895	60,765,471
Other Taxes and Assessments.....	13,583,421	13,565,118	14,911,156	17,015,374	16,988,370
State Hotel and Liquor Tax.....	16,287,676	16,310,767	16,217,263	16,217,213	16,278,163
State Shared Taxes.....	279,467,063	282,914,217	286,479,535	319,055,457	333,763,510
Shared Taxes-Liquor and Beer Licenses.....	1,351,158	602,582	528,355	538,537	529,987
Interest and Penalties on Taxes.....	9,181,155	11,491,470	13,969,136	9,311,836	10,783,829
Licenses, Permits and Inspection Charges.....	34,233,992	35,006,518	29,463,914	24,881,416	24,857,012
Intergovernmental:					
Federal.....	218,119,145	276,372,474	253,620,853	246,941,389	267,557,341
State.....	75,774,530	36,867,375	64,707,175	59,912,152	51,267,772
Health.....	-	-	-	-	-
State Equity Grant.....	-	1,076,931	982,701	2,066,684	-
Other.....	25,192,384	16,346,773	36,215,990	31,345,358	29,203,296
Sales and Charges for Services.....	189,253,428	183,294,833	190,928,138	174,532,811	203,321,599
Ordinance Fines.....	21,525,257	27,481,642	28,237,898	24,146,924	28,373,589
Revenue from Use of Assets.....	22,780,845	16,782,057	28,696,431	31,883,204	21,771,275
Earnings on Investments.....	18,396,691	14,464,802	4,500,270	5,690,589	18,146,740
Other Revenue.....	106,521,883	131,657,892	124,787,604	102,385,529	142,977,087
Total Revenues.....	1,838,815,318	1,839,895,079	1,866,659,975	1,828,869,604	1,947,535,578
Expenditures					
Current:					
Public Protection.....	687,251,414	1,423,581,547	738,330,832	609,579,375	601,013,576
Health.....	177,723,221	197,473,468	172,301,527	194,570,040	177,825,606
Recreation and Culture.....	55,390,716	99,296,179	73,769,563	78,478,378	79,786,788
Economic Development-Civic Center.....	88,424,272	99,655,593	96,272,459	96,998,290	80,957,396
Educational Development.....	64,427,129	77,259,012	95,579,152	85,853,927	85,515,642
Housing Supply and Conditions.....	14,786,461	27,863,296	21,150,047	18,534,603	16,747,351
Physical Environment.....	220,208,683	301,784,627	232,268,536	252,006,036	292,579,453
Transportation Facilitation.....	79,343,398	46,272,594	49,857,971	44,217,657	21,087,215
Development and Management.....	233,297,837	495,348,897	387,713,093	399,417,971	354,174,726
Debt Service:					
Principal.....	88,150,364	73,544,336	81,450,470	86,770,163	79,568,844
Interest.....	120,956,704	51,462,415	53,075,658	43,761,038	42,442,667
Bond Issuance Costs.....	2,200,024	7,492,519	5,591,428	1,652,845	2,571,220
Bond Issuance Costs-POC.....	53,946,985	36,769,986	-	-	-
Capital Outlay.....	175,169,666	282,545,708	162,593,794	69,605,285	117,575,095
Total Expenditures.....	2,061,276,874	3,220,350,177	2,169,954,530	1,981,445,608	1,951,845,579
Excess (Deficiency) of Revenues Over Expenditures.....	(222,461,556)	(1,380,455,098)	(303,294,555)	(152,576,004)	(4,310,001)
Other Financing Sources(Uses)					
Sources:					
Transfers In.....	129,799,480	141,075,789	162,683,542	126,941,018	170,584,496
Pension Obligation Certificates Issued.....	771,087,137	1,170,607,421	-	-	-
Swap Termination Fee.....	38,969,807	-	-	-	-
Proceeds of Section 108 Federal Note.....	1,800,000	7,789,000	-	-	50,326,480
Proceeds of Capital Leases.....	34,892,659	315,351	24,541,150	113,530,000	105,323,533
Proceeds from Debt Issuance.....	81,903,071	353,830,000	347,398,138	5,161,762	-
Premium from Debt Issuance.....	3,778,114	13,014,675	18,570,675	-	1,628,598
Total Other Financing Sources.....	1,062,230,268	1,686,632,236	553,193,505	245,632,780	327,863,107
Uses:					
Transfers Out.....	165,027,112	230,661,095	239,791,578	206,216,826	256,153,747
Principal Paid to Bond Agent for Refunded Bonds..	764,864,391	161,800,000	120,725,000	-	49,428,274
Interest Paid to Bond Agent for Refunded Bonds....	1,741,161	10,865,420	2,847,682	-	-
Total Other Financing Uses.....	931,632,664	403,326,515	363,364,260	206,216,826	305,582,021
Total Other Financing Sources (Uses).....	130,597,604	1,283,305,721	189,829,245	39,415,954	22,281,086
Special Item-Casino Development Revenue	-	-	38,250,000	93,750,000	-
Net Change in Fund Balances.....	(91,863,952)	(97,149,377)	(75,215,310)	(19,410,050)	17,971,085
Fund Balance at Beginning of Year.....	275,260,877	387,865,195	456,395,275	489,280,075	465,094,880
Prior Year Adjustment/Accounting Change	-	-	-	-	-
Increase (Decrease) in Inventories.....	(10,193,120)	(15,454,941)	6,685,230	(13,474,750)	6,214,110
Fund Balance at End of Year.....	\$ 173,203,805	\$ 275,260,877	\$ 387,865,195	\$ 456,395,275	\$ 489,280,075

Source: City of Detroit, Comprehensive Annual Financial Reports for Fiscal Years ending June 30, 2002 through 2006

See accompanying independent auditors' report

Fiscal Year						
2001	2000	1999	1998	1997	1996	
\$ 152,810,738	\$ -	\$ 145,459,046	\$ 144,067,977	\$ 140,446,673	\$ -	-
341,003,997	-	370,417,475	361,603,692	332,899,906	-	-
54,270,230	-	50,924,267	50,144,609	54,641,394	-	-
85,793,174	-	-	-	-	-	-
12,499,740	-	-	-	-	-	-
8,030,323	-	9,195,526	6,973,339	6,960,812	-	-
-	-	-	-	528,998	-	-
642,765,516	720,737,381	256,272,168	552,415,552	525,714,856	601,639,172	-
547,690	-	332,532,167	514,570	-	-	-
25,922,264	681,474,492	25,528,020	24,555,923	23,574,184	554,851,510	-
28,824,236	29,828,990	24,426,007	23,726,467	20,722,144	17,959,870	-
54,199,190	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	55,284,508	53,162,951	61,597,589	-	-
3,551,318	-	3,546,856	3,869,575	9,760,531	-	-
19,542,437	-	12,363,788	10,071,438	1,546,909	-	-
185,731,909	176,947,615	150,481,902	148,216,907	141,088,917	131,684,362	-
22,151,403	23,573,391	20,032,430	19,885,228	17,313,987	18,355,844	-
45,012,837	32,090,957	30,004,368	4,787,248	3,684,549	27,880,913	-
-	-	-	20,398,784	15,876,808	-	-
89,229,509	57,512,847	75,669,129	106,185,757	111,277,005	73,226,864	-
1,771,886,511	1,722,165,673	1,562,137,657	1,530,580,017	1,467,635,262	1,425,598,535	-
598,723,406	531,139,943	502,979,585	516,515,695	510,304,544	498,619,723	-
170,702,663	164,662,410	140,777,448	146,389,152	146,563,422	131,141,794	-
67,393,419	68,698,607	65,077,273	70,908,502	68,493,714	67,437,428	-
137,219,929	132,876,688	83,907,140	67,465,511	73,366,551	58,661,483	-
49,543,144	28,894,210	29,084,169	25,778,840	28,027,004	24,893,174	-
96,392,546	85,720,446	74,866,247	74,808,911	63,262,506	77,209,932	-
275,368,548	282,839,381	242,808,604	274,823,524	259,858,062	225,414,174	-
15,786,893	9,807,924	38,892,162	21,735,337	12,398,370	10,539,714	-
250,911,948	328,474,911	322,394,661	246,876,487	193,004,802	204,304,800	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,662,042,496	1,633,114,520	1,500,787,289	1,445,301,959	1,355,278,975	1,298,222,222	-
109,844,015	89,051,153	61,350,368	85,278,058	112,356,287	127,376,313	-
113,782,958	114,728,450	158,791,282	107,178,870	110,271,130	291,701,326	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	34,698,568	253,477	93,701,620	-	-	-
-	-	-	-	-	-	-
113,782,958	149,427,018	159,044,759	200,880,490	110,271,130	291,701,326	-
239,882,675	224,493,716	255,286,600	221,354,837	221,110,801	161,695,514	-
-	11,024,254	-	36,845,058	23,012,698	241,252,475	-
239,882,675	235,517,970	255,286,600	258,199,895	244,123,499	402,947,989	-
(126,099,717)	(86,090,952)	(96,241,841)	(57,319,405)	(133,852,369)	(111,246,663)	-
-	-	-	-	-	-	-
(16,255,702)	2,960,201	(34,891,473)	27,958,653	(21,496,082)	16,129,650	-
287,586,219	292,315,892	315,098,030	281,690,114	299,873,967	283,508,718	-
40,952,333	-	-	(2,394,689)	-	-	-
(2,201,010)	(7,689,874)	12,109,335	7,843,952	3,312,229	235,599	-
\$ 310,081,840	\$ 287,586,219	\$ 292,315,892	\$ 315,098,030	\$ 281,690,114	\$ 299,873,967	-

Schedule 5
City of Detroit, Michigan
Comprehensive Annual Financial Report
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years
(in thousands of dollars)
(Unaudited)

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property
2006	\$ 5,466,363	\$ 2,224,241	\$ 1,747,156
2005	5,199,563	2,250,988	1,636,990
2004	4,807,657	2,211,681	1,689,508
2003	4,636,278	2,264,798	1,899,213
2002	N/A	N/A	N/A
2001	N/A	N/A	N/A
2000	N/A	N/A	N/A
1999	N/A	N/A	N/A
1998	N/A	N/A	N/A
1997	N/A	N/A	N/A

Source: City of Detroit, Finance Department -Assessor's Office (Only total taxable values are available for fiscal years 1997 to 2002)

Total Taxable Assessed Value	Total Direct Tax Rate (Per thousand of taxable value)
\$ 9,437,760	30.02
9,087,541	30.44
8,708,846	30.88
8,800,289	30.88
7,639,805	31.90
7,204,381	31.68
6,856,682	31.10
6,631,616	31.18
6,450,577	31.24
6,147,618	31.28

Schedule 6
City of Detroit, Michigan
Comprehensive Annual Financial Report
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	Debt Service	Total Direct
2006	22.9448	7.0753	30.0201
2005	22.9563	7.4796	30.4359
2004	22.9563	7.9245	30.8808
2003	22.9563	7.9217	30.8780
2002	22.9563	8.9437	31.9000
2001	22.9563	8.7220	31.6783
2000	23.0000	8.0950	31.0950
1999	23.0000	8.1750	31.1750
1998	23.0000	8.2380	31.2380
1997	23.0000	8.2830	31.2830

Source: City of Detroit, June 30, 2005 Comprehensive Annual
Financial Report (Table 6) & City of Detroit's Budget
Department (Red Books for 1997 through 2006)

Overlapping Rates

Detroit Public Schools		Library	County	State Education Tax
Homestead	Non-Homestead			
13.0700	30.6236	4.6307	13.9778	6.0000
13.0000	31.0000	3.6331	13.9861	6.0000
13.8000	31.8000	3.6331	13.9886	5.0000
13.1900	31.1900	3.6331	13.9895	6.0000
10.5000	28.5000	3.6331	12.5395	6.0000
7.0000	25.0000	3.6331	11.0565	6.0000
5.9000	23.9000	2.6400	11.1390	6.0000
6.4500	24.4500	2.6400	11.3200	6.0000
7.5900	25.5900	2.6400	11.3700	6.0000
7.5000	25.5000	2.6400	11.3800	6.0000

Schedule 7
City of Detroit, Michigan
Comprehensive Annual Financial Report
Principal Property Tax Payers,
Current Year and Nine Years Ago
(Taxable Assessed Value-Expressed in thousands)
(Unaudited)

Taxpayer	2006		
	Taxable Assessed Value (Note 1)	Rank	Percentage of Total City Taxable Assessed Value (Note 2)
Dailmer-Chrysler Corporation	\$ 709,126	1	7.51%
Detroit Edison	332,956	2	3.53
General Motors Corporation	188,179	3	1.99
Marathon Oil/Ashland Petroleum LLC	147,481	4	1.56
Riverfront Holding Inc.	135,344	5	1.43
American Axle & Manufacturing	105,233	6	1.12
Michigan Consolidated Gas	84,347	7	0.89
MGM Grand Detroit LLC	61,013	8	0.65
One Detroit Center LP	46,654	9	0.49
Greektown Casino LLC	42,983	10	0.46
Ren. Cen. Venture	N/A	N/A	N/A
Ford Motor Company	N/A	N/A	N/A
American Natural Resource	N/A	N/A	N/A
Trizec Properties	N/A	N/A	N/A

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

Note 2 Source: City of Detroit, Finance Department-Assessor's Office(Percent of total assessed property value of \$9,437,760,000

Note 3 Source: City of Detroit, June 30, 1997 Comprehensive Annual Financial Report(Exhibit AA-14)

1997 (Note 3)

	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
\$	370,598	1	5.80%
	299,764	2	4.69
	208,635	3	3.27
	N/A	N/A	N/A
	N/A	N/A	N/A
	93,659	5	1.47
	168,468	4	2.64
	N/A	N/A	N/A
	54,883	6	0.86
	N/A	N/A	N/A
	49,645	7	0.78
	41,072	8	0.64
	34,304	9	0.54
	31,416	10	0.49

Schedule 8
City of Detroit, Michigan
Comprehensive Annual Financial Report
Property Tax Levies and Collections,
Last Ten Fiscal Years (Amounts Expressed in Thousands)
(Unaudited)

Fiscal Year ended June 30,	Taxas Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2006	\$ 263,532	\$ 244,189	92.66%
2005	254,533	238,059	93.53
2004	242,235	231,696	95.65
2003	246,284	207,628	84.30
2002	243,710	212,435	87.17
2001	254,397	218,915	86.05
2000	231,310	210,805	91.14
1999	224,248	199,594	89.01
1998	218,533	193,536	88.56
1997	208,546	189,097	90.67

Source: City of Detroit, Finance Dept. - Treasury Division

Total Collections to Date

Collections in Subsequent Years	Amount	Percentage of Levy
\$ 2,493	\$ 246,682	93.61 %
8,942	247,001	97.04
17,677	249,373	102.95
16,663	224,291	91.07
23,433	235,868	96.78
15,854	234,769	92.28
17,606	228,411	98.75
14,302	213,896	95.38
15,832	209,368	95.81
15,028	204,125	97.88

Schedule 9
City of Detroit, Michigan
Comprehensive Annual Financial Report
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years
(dollars in thousands, except per capita)
(Unaudited)

Governmental Activities (Note 1)

Fiscal Year	General Bonds	Detroit Building Authority Bonds
2006	\$ 953,275	\$ 8,322
2005	967,895	9,922
2004	827,370	11,414
2003	654,625	12,780
2002	602,400	13,859
2001	540,535	15,097
2000	584,805	16,240
1999	573,970	17,297
1998	570,180	17,910
1997	562,950	17,910

Note 1 Source: City of Detroit - Comprehensive Annual Financial Report for fiscal year ended June 30, 1997 through 2006

Note 2 Source: City of Detroit - Comprehensive Annual Financial Report for fiscal year ended June 30, 2005 (population pg. 143, Table 8), Per Capita Calculations exclude Business Type Debt

Business-Type Activities (Note 1)

Sewage Disposal System Revenue Bonds	Water Supply System Revenue Bonds	Automobile Parking Revenue Refunding Bonds	Total Primary Government	Per Capita (Note2)
\$ 2,657,446	\$ 1,971,744	\$ 54,230	\$ 5,645,017	\$ 1,010.86
2,653,827	1,991,615	60,845	5,684,104	1,027.91
2,375,153	1,713,435	67,100	4,994,472	881.75
2,311,621	1,718,985	73,015	4,771,026	701.59
1,721,185	1,313,570	78,520	3,729,534	647.83
1,200,362	1,331,710	83,930	3,171,634	584.09
1,120,136	923,365	88,570	2,733,116	631.83
791,061	679,166	63,055	2,124,549	591.11
800,452	690,301	39,475	2,118,318	587.93
572,354	492,306	40,745	1,686,265	580.70

Schedule 10
City of Detroit, Michigan
Comprehensive Annual Financial Report
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	Total
2006	\$ 953,275	\$ 8,322	\$ 961,597
2005	967,895	9,922	977,817
2004	827,370	11,414	838,784
2003	654,625	12,780	667,405
2002	602,400	13,859	616,259
2001	540,535	15,097	555,632
2000	584,805	16,240	601,045
1999	573,970	17,297	591,267
1998	570,180	17,910	588,090
1997	562,950	17,910	580,860

Note 1 Source: City of Detroit - Comprehensive Annual Financial Report for fiscal year ended June 30, 1997 through 2006

Note 2 Source: City of Detroit - Comprehensive Annual Financial Report for fiscal year ended June 30, 2005 (total taxable property values Pg. 140, Table 5)

Note 3 Source: City of Detroit - Comprehensive Annual Financial Report for fiscal year ended June 30, 2005 (population pg. 143, Table 8)

Percentage of Actual Taxable Value of Property (Note 2)	Per Capita (Note 3)
10.19 % \$	1,010.86
10.76	1,027.91
9.63	881.75
7.58	701.59
8.07	647.83
7.71	584.09
8.77	631.83
8.92	591.11
9.12	587.93
9.45	580.70

Schedule 11
City of Detroit, Michigan
Comprehensive Annual Financial Report
Direct and Overlapping Governmental Activities Debt
As of June 30, 2006 (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	\$ 1,409,710	100.00 %	\$ 140,971,000
Wayne County	103,012	18.00	1,854,216
Wayne County Community College	59,165	29.00	1,715,785
Subtotal, overlapping debt			<u>144,541,001</u>
City of Detroit direct debt	1,178,537	100.00	117,853,700
Total Direct and Overlapping Debt			<u><u>\$ 262,394,701</u></u>

Source: City of Detroit Finance Dept., Debt Management Division

Schedule 12
City of Detroit, Michigan
Comprehensive Annual Financial Report
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)
(Unaudited)

	Fiscal Year				
	2006	2005	2004	2003	2002
Debt limit	\$ 1,443,061	\$ 1,390,749	\$ 1,320,970	\$ 1,315,574	\$ 1,323,853
Total net debt applicable to limit	815,002	728,229	738,889	579,119	572,817
Legal debt margin	<u>\$ 628,059</u>	<u>\$ 662,520</u>	<u>\$ 582,081</u>	<u>\$ 736,455</u>	<u>\$ 751,036</u>
Total net debt applicable to the limit as a percentage of debt limit	56.48%	52.36%	55.94%	44.02%	43.27%

Source: City of Detroit Finance Dept., Debt Management Division

Fiscal Year

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$ 1,209,734	\$ 1,094,584	\$ 970,810	\$ 853,698	\$ 780,266
<u>499,641</u>	<u>533,190</u>	<u>514,094</u>	<u>497,145</u>	<u>477,883</u>
<u>\$ 710,093</u>	<u>\$ 561,394</u>	<u>\$ 456,716</u>	<u>\$ 356,553</u>	<u>\$ 302,383</u>
41.30%	48.71%	52.96%	58.23%	61.25%

Schedule 13
City of Detroit, Michigan
Comprehensive Annual Financial Report
Pledged Revenue Coverage
Last Ten Fiscal Years
(dollars in thousands)
(Unaudited)

Sewage Disposal Revenue Bonds						
Fiscal Year	Utility/ Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage
1997	\$203,578	\$ 148,368	\$ 55,210	\$ 19,960	\$ 24,118	1.25
1998	213,157	152,103	61,054	19,947	46,994	0.91
1999	216,031	156,677	59,354	17,831	43,988	0.96
2000	222,924	160,849	62,075	21,221	65,151	0.72
2001	252,379	172,283	80,096	24,880	60,787	0.93
2002	267,994	179,185	88,809	33,600	67,384	0.88
2003	288,111	167,747	120,364	38,745	78,868	1.02
2004	319,810	182,984	136,826	44,825	85,321	1.05
2005	313,588	163,401	150,187	50,035	82,860	1.13
2006	354,455	197,604	156,851	53,205	84,864	1.14

Water Revenue Bonds						
Fiscal Year	Utility/ Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage
1997	\$162,897	\$ 123,272	\$ 39,625	\$ 11,135	\$ 24,455	1.11
1998	177,159	134,203	42,956	11,135	46,836	0.74
1999	185,963	125,855	60,108	12,141	45,314	1.05
2000	193,345	146,559	46,786	17,775	59,376	0.61
2001	194,445	146,794	47,651	18,140	52,688	0.67
2002	209,228	155,247	53,981	19,400	80,712	0.54
2003	244,782	161,365	83,417	20,145	89,359	0.76
2004	255,417	152,562	102,855	22,440	84,456	0.96
2005	260,613	156,953	103,660	24,595	101,782	0.82
2006	276,231	149,131	127,100	25,535	117,016	0.89

Municipal Parking Revenue Bonds						
Fiscal Year	Utility/ Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage
1997	\$ 15,996	\$ 7,826	\$ 8,170	\$ 1,975	\$ 3,915	1.39
1998	17,001	8,037	8,964	3,420	3,765	1.25
1999	17,880	8,512	9,368	4,385	5,457	0.95
2000	19,407	9,407	10,000	5,140	6,179	0.88
2001	18,220	9,621	8,599	5,410	7,066	0.69
2002	20,683	9,655	11,028	5,505	4,272	1.13
2003	19,254	11,156	8,098	6,215	5,308	0.70
2004	19,478	12,295	7,183	6,255	6,018	0.59
2005	13,628	16,006	(2,378)	6,615	5,090	(0.20)
2006	21,126	10,315	10,811	7,105	4,243	0.95

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

Schedule 14
City of Detroit, Michigan
Comprehensive Annual Financial Report
Demographic and Economic Statistics,
Last Ten Calendar Years
(Unaudited)

Year	Population (Note 1)	Per Capita Personal Income	Median Age
2006	951,270	15,042	32.5
2005	951,270	15,042	32.5
2004	951,270	*	*
2003	951,270	*	*
2002	951,270	*	*
2001	951,270	*	*
2000	951,270	14,717	30.9
1999	1,000,272	*	*
1998	1,000,272	*	*
1997	1,000,272	*	*
1996	1,000,272	*	*

Note 1 Source: City of Detroit - Comprehensive Annual Financial Report for fiscal year ended June 30, 2005 (population pg. 143, Table 8)

Note 2 Source: Detroit Public Schools

Note 3 Source: City of Detroit 2006-2007 Executive Budget Summary Page D5

*Information not available

School Enrollment (Note 2)	Unemployment Rate (Note 3)
130,718	14.1%
130,718	14.1%
141,147	14.6
150,415	14.2
157,003	11.5
159,694	9.2
162,693	6.3
168,213	6.9
173,848	7.0
173,871	7.9
173,080	8.7

Schedule 15
City of Detroit, Michigan
Comprehensive Annual Financial Report
Principal Employers,
Current Year and Ten Years Ago
(Unaudited)

Employer	2006 (Note 1)		
	Employees	Rank	Percentage of Total City Employment (Note 3)
General Motors Corporation	46,399	1	14.4%
Henry Ford Health System	14,299	2	4.4
Detroit Medical Center	11,118	3	3.5
AT & T	8,934	4	2.8
DTE Energy Co.	7,337	5	2.3
Blue Cross and Blue Shield of Michigan	6,715	6	2.1
EDS Corp.	6,650	7	2.1
Comerica Inc.	6,194	8	1.9
DailmerChrysler AG	N/A	N/A	N/A
St. John Health System	N/A	N/A	N/A
American Axle & Manufacturing Holdings Inc.	N/A	N/A	N/A

Note 1 Source: Crain's Book of Lists, 2007 Edition (City of Detroit Based)

Note 2 Source: City of Detroit 1997-98 Executive Budget Summary(Page 199)

Note 3 Source (Total City employment): Michigan Department of Labor & Economic Growth (Labor Market Information)

1996 (Note 2)

<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
11,250	3	3.1%
7,620	4	2.1
12,752	2	3.6
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
13,000	1	3.6
3,322	6	0.9
4,980	5	1.4

Schedule 16
City of Detroit, Michigan
Comprehensive Annual Financial Report
Full-time equivalent City Government Employees by Function/Program,
Last Ten Fiscal Years
(Unaudited)

	<u>FTE Employees as of June 30</u>			
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
FUNCTION/PROGRAM				
General Governmental Agencies				
Executive Agencies				
Arts	1	1	1	1
Budget	23	28	28	31
Civic Center	59	70	89	85
Consumer Affairs	14	13	17	18
Cultural Affairs	-	10	14	5
Public Works	873	1,226	1,314	1,420
Workforce Development	90	79	81	83
Environmental	21	23	29	27
Finance	298	402	506	525
Fire-Civilian	442	442	440	426
Fire-Uniform	1,069	1,281	1,286	1,368
Health & Wellness Promotion	434	505	568	579
Historical	6	24	39	41
Human Resources	174	232	266	285
Human Rights	7	19	25	21
Human Services	128	145	142	149
Information Technology Services	94	112	124	139
Law	140	180	195	191
Mayor's Office	59	97	100	96
Planning and Development	197	239	255	253
Police-Civilian	427	445	514	542
Police-Uniform	3,162	3,658	3,867	3,981
Communication and Creative Services	-	21	17	17
Public Lighting	228	254	281	299
Recreation	399	465	638	728
Senior Citizens	5	8	9	11
Youth	-	-	-	-
Zoological Institute	86	194	213	223
Administrative Hearings	5	4	-	-
Homeland Security	4	6	-	-
Housing	3	3	179	246
Legislative Agencies				
Auditor General	18	16	26	19
Board of Zoning Appeals	11	13	15	15
City Council	92	104	108	106
Ombudsman	6	9	11	13
City Clerk	27	30	31	27
Elections	65	74	75	83
Judiciary Agency				
36th District Court	31	31	31	31
Other Agencies				
Non-Departmental	41	44	29	26
Library	457	463	457	477
Total General Governmental Agencies	<u>9,196</u>	<u>10,970</u>	<u>12,020</u>	<u>12,587</u>
Enterprise Agencies				
Airport	13	22	26	39
Building and Safety	299	294	302	302
Department of Transportation	1,530	1,588	1,748	1,779
Municipal Parking	108	108	118	123
Water and Sewage Disposal	2,311	2,592	2,735	2,942
Total Enterprise Agencies	<u>4,261</u>	<u>4,604</u>	<u>4,929</u>	<u>5,185</u>
Grand Total	<u><u>13,457</u></u>	<u><u>15,574</u></u>	<u><u>16,949</u></u>	<u><u>17,772</u></u>

FTE Employees as of June 30

2002	2001	2000	1999	1998	1997
1	1	1	5	18	134
29	33	29	32	30	27
84	88	92	88	82	85
20	21	22	21	19	19
5	5	5	5	5	-
1,290	1,524	1,373	903	1,142	1,199
82	88	87	88	82	4
10	12	8	6	-	-
498	486	494	494	475	500
413	406	419	431	367	381
1,374	1,386	1,302	1,311	1,328	1,338
552	562	552	568	596	370
33	39	30	28	25	29
361	327	418	374	281	250
25	22	23	22	20	19
138	144	129	143	138	-
133	159	125	115	105	104
206	190	168	161	160	155
86	87	87	82	88	84
265	264	259	249	254	53
567	552	563	559	541	548
4,243	4,330	4,143	4,003	4,042	4,028
18	19	18	16	12	13
279	312	310	331	350	350
513	665	521	525	601	595
9	8	9	10	8	8
4	5	5	-	-	-
151	244	129	138	126	125
-	-	-	-	-	-
-	-	-	-	-	-
314	333	377	447	474	463
10	18	19	22	23	23
7	13	7	7	8	8
98	96	93	95	96	76
10	10	11	11	11	10
28	27	28	30	28	26
70	68	68	71	66	70
31	30	515	29	508	60
28	24	-	-	-	-
362	518	364	392	369	381
12,347	13,116	12,803	11,812	12,478	11,535
33	46	35	33	30	34
285	319	313	314	315	278
1,750	1,731	1,711	1,815	1,683	1,847
119	116	128	125	124	120
2,946	3,018	2,795	2,944	2,898	2,847
5,133	5,230	4,982	5,231	5,050	5,126
17,480	18,346	17,785	17,043	17,528	16,661

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

	Fiscal Year			
	2006	2005	2004	2003
Public Protection:				
Police.....				
Number of Stations (Including 16 Mini-Stations).....	24	28	30	35
Number of Employees (Uniform).....	3,162	3,658	3,818	3,965
Number of Traffic Violations Issued (507,573 Parking Tickets).....	625,711	736,131	714,517	761,436
Number of Traffic Ordinance Violations Issued.....	38,352	45,121	47,782	124,087
Number of Arrests (Traffic + Others).....	-	79,852	64,539	86,873
Fire.....				
Number of Fire Stations.....	48	49	49	47
Number of Employees.....	1,511	1,723	1,726	1,798
Number of Fire Fighting Vehicles.....	256	238	238	225
Number of Fire Hydrants.....	38,000	38,000	38,000	33,000
Responses to Fire Alarms (Including False Alarms).....	33,992	34,160	34,160	35,690
Responses to Special Calls and Emergency Medical Service Calls.....	132,432	151,285	151,285	124,122
Estimated Fire Loss of Property	\$ 96,771,056	\$ 1,921,197,050	\$ 1,921,197,050	\$ 81,320,274
Public Works.....				
Number of Employees.....	873	1,124	1,189	1,203
Miles of Streets (Paved + Unpaved).....	2784	2,784	2,784	2,785
Miles of Alleys (Paved + Unpaved).....	1284	1,284	1,264	1,268
Miles of Sidewalks.....	4265	4,265	4,243	4,247
Public Ligthing.....				
Number of Street Lights.....	88,000	87,500	87,000	87,000
Number of Revenue Customers.....	201	179	1,302	1,302
Size of Generating Station in Kilowatts.....	184,000	184,000	184,000	185,000
Kilowatt Hours Generated (Net).....	256,395,400	308,391,000	253,271,700	220,476,700
Kilowatt Hours Delivered to System.....	634,026,280	567,529,080	541,722,900	542,839,900
Steam Heating Plants - Steam Produced in Pounds.....	62,306,014	71,852,887	75,226,300	67,976,300
Recreation and Cultures.....				
Number of Parks, Ornamental Areas, Playfields and Playgrounds Owned (5,108 Acres)..	391	391	391	391
Number of Summer Camps (199 Acres).....	1	1	1	1
Number of Recreation Centers, Playgrounds and School Facilities Operated.....	30	30	30	110
Number of Skating Rinks.....	1	1	1	3
Number of Swimming Pools.....	17	17	18	18
Number of Municipal Beaches.....	1	1	1	1
Total Playing Permits Issued at 6 Municipal Golf Courses.....	269,870	269,870	269,870	269,870
Library.....				
Number of Libraries(Including Two Bookmobiles)	27	27	26	23
Estimated Number of Books.....	3,497,342	3,497,342	3,343,509	3,262,776
Circulation	889,315	981,689	996,316	1,151,952
Water System.....				
Number of Customer Accounts.....	264,259	281,104	262,415	260,639
Average Pumpage - Millions of Gallons per Day.....	599.6	640.0	606	654
Greatest Pumpage for a Single Day During Fiscal Year - Gallons	1,049,800,000	1,060,500,000	1,082,200,000	1,194,500,000
Greatest Pumpage for a Single Hour During Fiscal Year -Gallons.....	50,333,000	52,208,000	48,667,000	53,750,000
Filtration Plant Rated Capacity - Millions of Gallons per Day.....	1,780	1,670	1,680	1,700
Number of Miles of Water Mains.....	3,840	3,840	3,846	13,251
Average Cost (Includes Domestic, Industrial and Commercial) per 1,000 Cubic Feet.....	\$ 11.87	\$ 11.49	\$ 11.00	\$ 10.00
Sewage System.....				
Number of Sewage Disposal Plants.....	1	1	1	1
Number of Pumping Stations.....	12	12	12	14
Miles of (Trunk Line + Lateral) Sewers.....	2913	3,383	2,913	2,899
Miles of Lateral Sewers.....	-	-	-	-
Transportation.....				
Number of Employees.....	1,530	1,605	1,757	1,803
Number of Revenue Vehicles.....	550	561	572	540
Seating Capacity.....	22,278	22,065	23,887	23,452
Number of Route Miles.....	1,291	1,198	1,324	1,309
Total Number of Passengers (Estimated).....	37,083,344	36,000,000	38,000,000	39,756,458
Regular Fare.....	\$ 1.50	\$ 1.50	\$ 2	\$ 2
Tickets.....	5 for \$7.50	5 for \$6.50	5 for \$6.50	5 for \$6.50
Transfers.....	\$ 0.25	\$ 0.25	\$ -	\$ -
Health.....				
Number of Employees.....	434	508	578	582
Birth Rate per Thousand	14.3	14.8	15	16
Death Rate per Thousand	9.5	9.5	10	10
Infant Mortality Rate per Thousand Live Births	15.5	16.3	17	14

Source: City of Detroit, Various Departments

Fiscal Year					
2002	2001	2000	1999	1998	1997
52	52	52	51	51	60
4,243	4,156	4,143	4,003	4,042	4,028
770,198	623,399	658,064	681,166	693,431	681,958
51,861	179,484	176,866	185,708	26,250	28,915
102,382	99,764	102,143	112,501	107,781	100,709
49	49	57	46	49	47
1,787	1,748	1,721	1,742	1,695	1,719
200	-	-	-	-	-
36,208	38,000	30,430	30,426	30,426	30,200
24,138	22,547	23,538	26,328	25,079	36,072
128,006	126,898	126,722	69,636	128,305	136,176
\$ 127,250,563	\$ 134,838,326	\$ 177,193,955	\$ 294,140,381	\$ 265,320,467	\$ 266,185,234
1,290	1,351	1,373	903	1,142	1,199
2,788	2,788	2,788	2,789	2,792	2,796
1,277	1,290	1,290	1,292	1,294	1,298
4,250	4,252	4,252	4,253	4,258	4,264
8,700	87,000	87,000	86,932	86,932	86,960
1,058	1,578	1,578	1,578	1,415	1,470
180,000	184,000	184,000	184,000	184,000	184,000
384,473,900	390,922,000	360,000,000	318,555,500	326,180,800	288,491,200
620,619,500	620,704,800	660,000,000	629,908,300	663,025,200	660,268,000
70,000,000	70,000,000	70,000,000	71,161,149	71,161,149	82,027,700
391	391	391	391	391	391
1	1	1	1	1	1
128	123	131	127	99	136
4	4	4	4	4	4
21	27	22	22	30	31
1	1	1	1	1	1
209,667	216,459	223,357	266,905	226,167	251,119
24	25	26	26	26	27
3,164,986	3,024,718	6,635,529	6,603,359	6,570,702	2,781,191
972,534	1,041,468	1,228,169	1,390,473	1,513,185	1,654,320
270,751	270,685	268,478	264,950	271,561	271,561
661	615	653	673	636,940,000	654,764,000
1,219,600,000	1,043,700,000	1,094,000,000	1,114,900,000	1,095,800,000	1,054,200,000
57,600,000	49,000,000	50,208,333	53,000,000	53,000,000	51,750,000
1,600	1,600	1,700	1,700	1,700	1,700
13,137	13,137	12,978	12,659	12,524	12,524
\$ 9.00	\$ 8.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 6.00
1	1	1	1	1	1
14	14	14	14	14	14
2,864	2,200	2,200	2,200	740	740
-	-	-	-	2,126	2,126
1,750	1,538	1,711	1,815	1,683	1,847
548	585	516	586	586	601
23,680	25,387	22,531	26,073	26,165	25,535
1,316	1,324	1,311	1,369	1,416	1,618
41,000,000	44,000,000	44,000,000	42,500,000	42,000,000	41,132,920
\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
5 for \$5.75	5 for \$5.75	5 for \$5.75	5 for \$5.75	5 for \$5.75	5 for \$5.75
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
552	545	552	568	596	370
17	17	16	14	17	17
11	11	11	14	10	11
15	15	15	15	15	15

*“In quietness and confidence
shall be your strength.”*

- ISALAH 30:15 KJV
THE HOLY BIBLE



ROSA LOUISE PARKS

1913-2005

MOTHER OF THE MODERN DAY CIVIL RIGHTS MOVEMENT

In Memoriam

Honorable Detroit City Council President

MARYANN MAHAFFEY

1925 - 2006



Our Special Thanks To:
City of Detroit, Michigan

www.ci.detroit.mi.us

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Grants Management Sections
and Staff**

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Nancy Capers, Manager I

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Andre Redmond, Principal Accountant

Very Special Thanks to Nur Barre, Principal Accountant

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