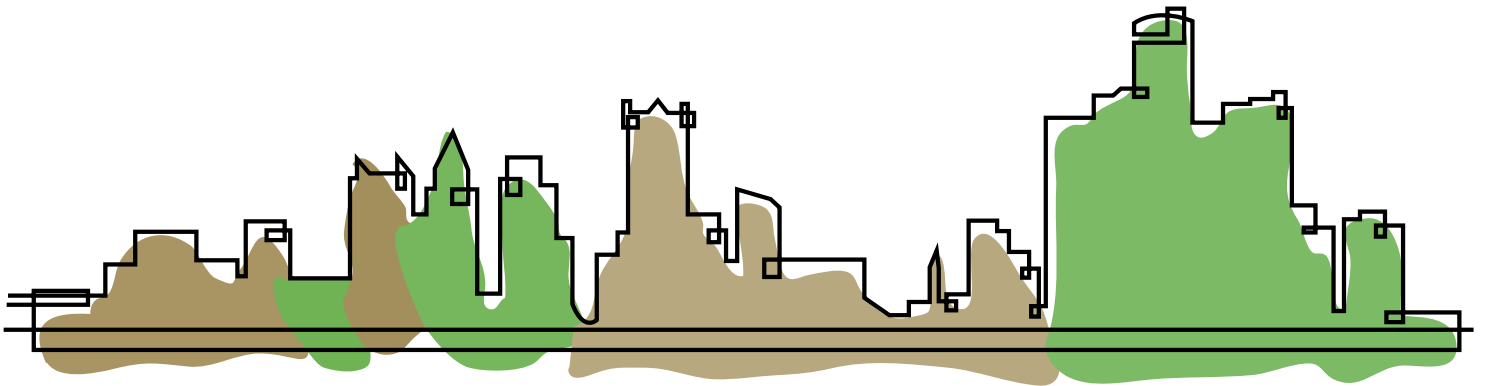


CITY OF DETROIT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2009



DAVE BING, MAYOR
NORMAN L. WHITE, 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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PHOTO CREDITS

All photographs courtesy of City of Detroit – Communications and Creative Services Department



May 28, 2010

The City of Detroit
The Honorable Mayor Dave Bing and
The Honorable City Council

The management and staff of the Finance Department are pleased to submit the City of Detroit's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009 along with the Independent Auditors' 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 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.

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 auditors' 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 on employer contributions and funding progress related to the City's pension and post retirement health plans; 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 auditors' 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.

ACKNOWLEDGEMENTS

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 cursive script that reads "Norman L. White". The signature is written in black ink and is positioned above the printed name.

Norman L. White
Chief Financial Officer

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City of Detroit
OFFICE OF THE AUDITOR GENERAL
COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVENUE, SUITE 208
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

May 28, 2010

The Honorable Mayor Dave Bing
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, 2009, were audited by KPMG LLP., under contract with the City of Detroit's, Office of the Auditor General. The audit of these financial statements and the resulting Auditors' opinion satisfies the requirements of the City Charter under Section 4-205.

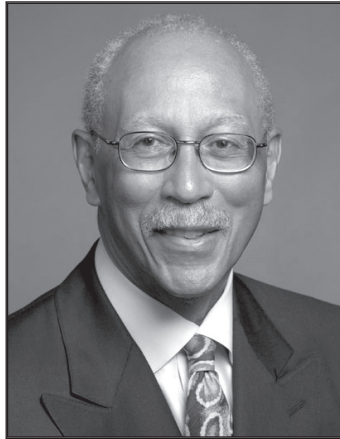
Respectfully,

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)**



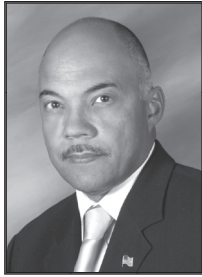
**Mayor
DAVE BING**

**Legislative
(Elected)**

City Council



**CHARLES PUGH
President**



**GARY BROWN
President Pro Tem**



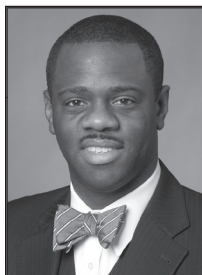
SAUNTEEL JENKINS



KENNETH V. COCKREL JR.



BRENDA JONES



ANDRE SPIVEY



JAMES TATE



KWAME KENYETTA



JOANN WATSON

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

Legislative
(Elected)



City Clerk
JANICE WINFREY

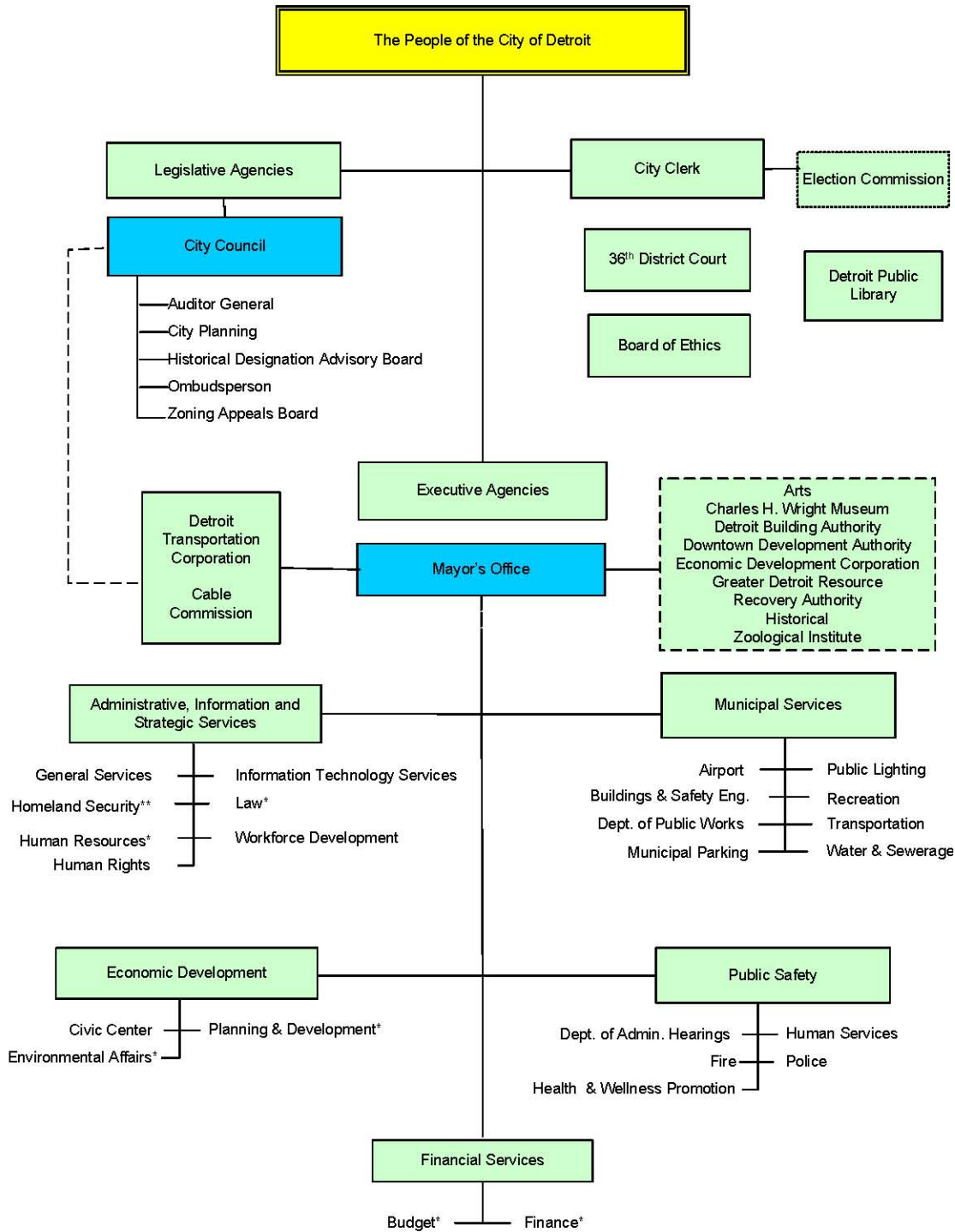
Executive Official
(Appointed)



NORMAN WHITE
Chief Financial Officer

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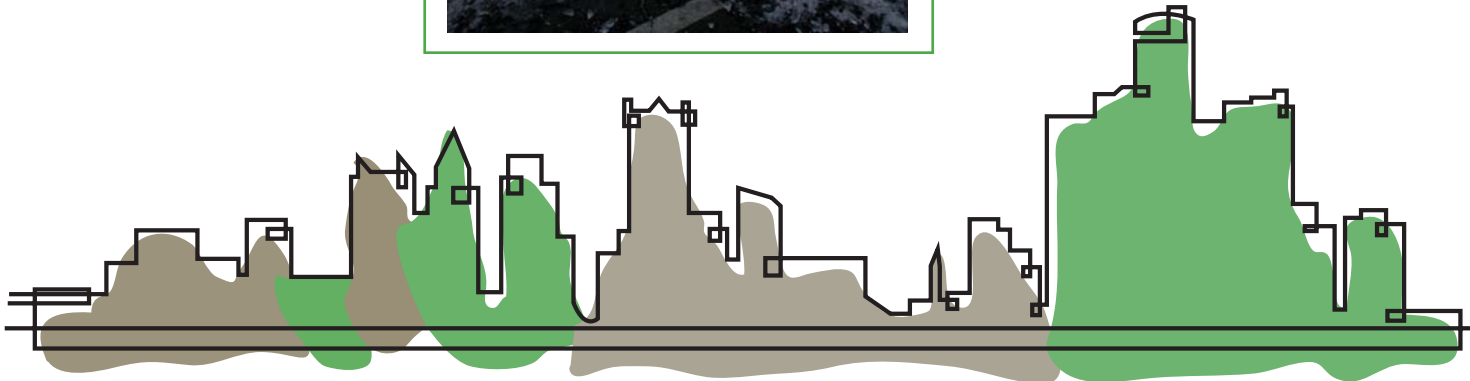
Organization of City of Detroit Agencies, proposed for FY 2008-09



* Charter-mandated staff department



Cold weather doesn't stop Detroit! Skaters enjoy the ice at The Rink at Campus Martius and the ice sculptures at the Winter Blast.



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



KPMG LLP
Suite 1200
150 West Jefferson
Detroit, MI 48226-4429

Independent Auditor's Report

The Honorable Mayor Dave Bing
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, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Detroit's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units listed in footnote 1(a) which represent 100% of the assets and expenses, of the aggregate discretely presented component units. We also did not audit the financial statements of the General Retirement System, the Policemen and Firemen Retirement System and the Detroit Building Authority, which represent 94% and 40% of the assets and expenses/expenditures/deductions, respectively, 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 relate 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.

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. The financial statements of the General Retirement System, Police and Firemen Retirement System and certain discretely presented component units identified in footnote 1(a) were not audited in accordance with *Government Auditing Standards*. 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 audit and the reports of other auditors provide a reasonable basis for our opinions.



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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Detroit, Michigan, as of June 30, 2009, 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.

As discussed in note II.A to the basic financial statements, the City has an accumulated unreserved undesignated deficit in the General Fund of \$332 million as of June 30, 2009 which has contributed to the City's dependence on short-term borrowing for cash flow purposes.

As discussed in Note I(r) to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, as of July 1, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2010 on our consideration of the City of Detroit'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 and required supplementary information, listed in the accompanying table of contents 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.

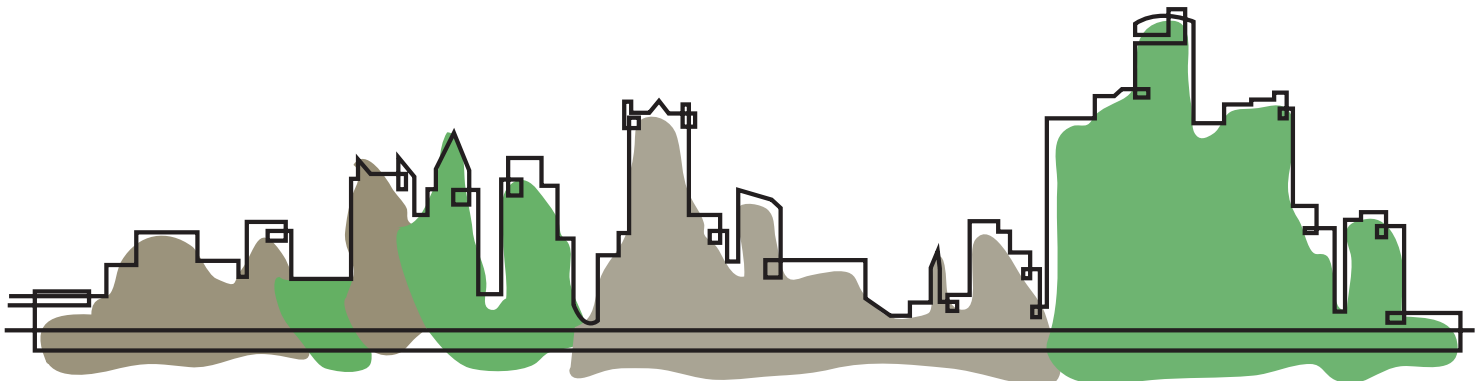
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Detroit's basic financial statements. The introductory section, other supplementary information section, and statistical section listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied by us and 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 or the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

Detroit, Michigan
May 28, 2010



Nearly 53,000 volunteers from Detroit and the region watched over Detroit's streets during October 29-31. The effort was a success with a decline in the number of suspicious fires from 2007.



MANAGEMENT'S

DISCUSSION

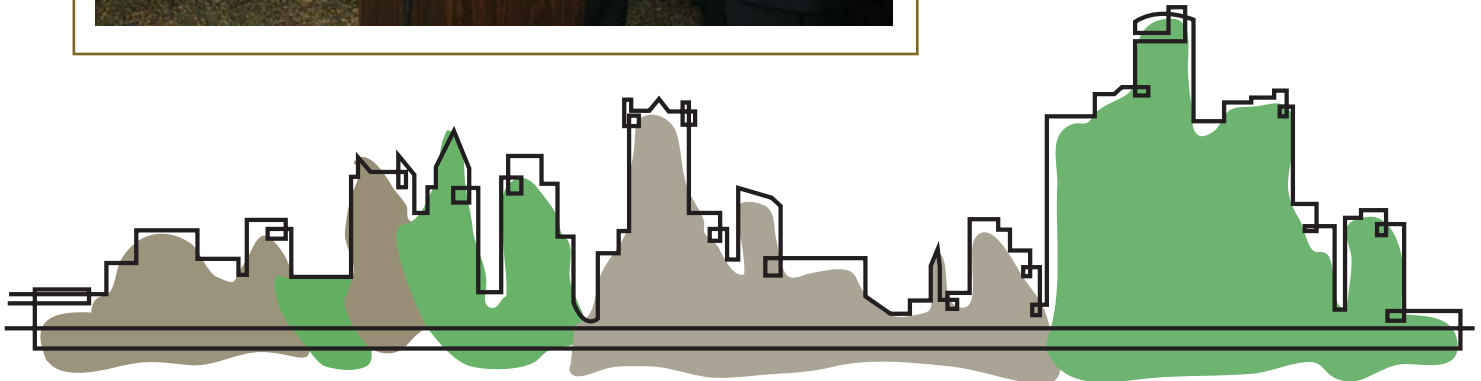
AND ANALYSIS

(MD&A)

(UNAUDITED)



The Detroit Police Department celebrates the re-opening of the 10th precinct on Detroit's west side.



City of Detroit, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009
(UNAUDITED)

The following Management's Discussion and Analysis is a required supplement to the City of Detroit's (the City) financial statements. It describes and analyzes the financial position of the City, providing an overview of the City's activities for the year ended June 30, 2009. We encourage readers to consider the information we present here in conjunction with the information presented in the City's financial statements and notes, which follow this section.

FINANCIAL HIGHLIGHTS

- The primary government's total net assets decreased by \$363.6 million and its assets exceeded liabilities at June 30, 2009 by \$900.1 million. The primary government's unrestricted deficit was \$920.2 million at June 30, 2009, an increase of \$418.9 million from the \$501.3 million deficit at June 30, 2008.
- The impact of the Government Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, resulted in an additional \$153.8 million in expenses and related liability for the year ended June 30, 2009. This adversely impacted the net assets and cumulative surplus/deficit of the government and business activities of the City.
- The GASB released Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. The new pronouncement provides guidance for local units of government in recognizing the pollution remediation obligations of the City, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. For the City, this resulted in \$3.6 million in increased expenses and a related liability for the year ended June 30, 2009. The three major pollution remediation obligations were: (1) Sewage Disposal Fund's \$1.3 million obligation for removal of contaminated soil at its Oakwood Facility and Pumping Station; (2) Department of Public Work's \$1.0 million obligation to remove contaminated soil from the Gardenvue Estates Housing project; and (3) Department of Transportation \$0.4 million obligation to remove contaminated soil from its Shoemaker terminal facility.
- At June 30, 2009, the City's governmental activities had a deficit net assets balance of \$182.4 million, a decrease of \$211.8 million from June 30, 2008. The governmental activities cumulative unrestricted deficit increased by \$269.4 million to \$956.9 million at June 30, 2009. The decline in net assets and increase in the cumulative deficit of the governmental activities was mainly due to the impact of GASB Statement No. 45, which increased expenses and liabilities by \$122.2 million and the \$71.0 million decline in City revenues, mainly income tax revenues that lacked a corresponding reduction in City expenditures. Also, the Capital Projects Funds had a \$26.5 million deficit and the Street Fund had a \$22.9 million deficit for the year ended June 30, 2009. Bond and note proceeds received in the prior year funded the Capital Projects Funds capital outlays and development expenses for the year ended June 30, 2009.
- The City's business-type activities had net assets of \$1.1 billion, a decrease of \$151.8 million from the fiscal year ended June 30, 2008. The business-type activities cumulative unrestricted net assets decreased by \$149.5 million to \$36.7 million at June 30, 2009. The Sewage Disposal Fund net asset decreased by \$73.9 million and the Water Fund net assets decreased by \$69.5 million for the year ended June 30, 2009.

City of Detroit, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009
(UNAUDITED)

- At June 30, 2009, the General Fund had a total fund deficit of \$266.7 million, an increase of \$125.0 million from the prior year. Contributing to the increase in the deficit were the: (1) \$35.7 million decline in income tax revenues due in part to the bankruptcies of General Motors and Chrysler, two of the cities largest employers; (2) \$25.9 million decline in sales and charges for services due in part to the inability to collect \$15.0 million in utility services due from the Detroit Public Schools; (3) \$7.4 million decline in Casino tax revenues, which was attributable to the recession and loss of disposable income for casino patrons; (4) failure by City management to cut expenditures sufficiently to meet the falling revenues due in part to the turnover in City leadership in which the City had three different Mayors during the fiscal year; and (5) lack of bond proceeds that in the prior year contributed \$74.9 million in other financing sources that lessened the deficit. The Unreserved Fund Balance had a \$331.9 million cumulative deficit at June 30, 2009 compared with the \$219.2 million deficit at the end of fiscal year 2008. The City has issued a deficit elimination plan for the General Fund, which includes staffing reductions and days off without pay for certain employees (i.e., furlough days), reduction in level of City provided services, reduced subsidies, and enhanced procedures for the collection of revenues. Also, as part of the deficit elimination plan, the City issued \$250.0 million in fiscal stabilization bonds in March 2010, which reduced the deficit.
- The City's total bonded debt decreased by \$176.6 million during the fiscal year ended June 30, 2009. This was primarily due to debt retirement by governmental and business activities that exceeded the new debt issued. The Sewage Disposal Fund issued a total of \$161.0 million in revenue bonds in September 2008. The Water Fund issued \$6.5 million of revenue bonds in September 2008. A total of \$20.0 million of previously issued Sewage Disposal Fund revenue bonds were refunded. In April 2009, all of the outstanding Water Fund Bonds, Series 2006-B were remarketed from variable rate to fixed rate bonds, at which time the City entered into mirror swaps to neutralize the cash flows of the floating-to-fixed rate payment. Also, in April 2009, the Sewage Disposal Fund issued \$28.0 million of revenue bonds. In June 2009, the Sewage Disposal Fund issued \$304.9 million in bonds (\$154.9 million revenue refunding bonds and \$150.0 million revenue bonds).
- Total long-term obligations were \$8.6 billion for the fiscal year ended June 30, 2009, an increase of \$8.9 million from the fiscal year ended June 30, 2008. The long-term obligations increased by the \$153.8 million increase in other post employment benefits liability, but the increase was offset by the retirement of debt mainly in the government activities. The Pension Obligation Certificates (POC) long-term obligation did not change from the \$1.5 billion at June 30, 2008, as principal payments are not due until fiscal year 2009-10.
- As a result of the City's General Fund deficit, the City is dependent on short-term borrowing for cash flow purposes. At June 30, 2009 the City had \$223.6 million in short-term debt comprising of \$127.4 million in Revenue Anticipation Notes (RANs) for anticipated State revenue sharing payments and \$96.2 million in Tax Anticipation Notes (TANs) for anticipated property tax collections. The General Fund cash and investments totaled \$75.7 million at June 30, 2009 compared to \$314.1 million at June 30, 2008. Contributing to the decline in cash was the Wayne County's purchase of the \$80.7 million delinquent property taxes for the year ended June 30, 2009 was not made until July and August of 2009. The County purchase of delinquent property taxes for fiscal year 2007-08 was made in June 2008 and included in the \$314.1 million total cash and investments for that year.
- The Greater Detroit Resource Recovery Authority (GDRRA) owes the City \$22.6 million for tipping fees received in excess of debt service requirements for the year ended June 30, 2009. GDRRA had set-aside funds in a bond reserve fund for the original GDRRA financing that was to be applied to the final debt service payment of \$57.2 million in December 2008. However, the GDRRA bond reserve was not fully used and the City, through revenue sharing payments sent directly to the trustee by the State, contributed an excess of \$22.6 million to make the final debt service payment. Tipping fees, which include the required debt service and City's cost for waste disposal, contributed to GDRRA were \$45.1 million for the year ended June 30, 2009 or \$37.8 million less than the \$82.9 million contributed for the year ended June 30, 2008. The decrease is attributable to the final payment of the GDRRA debt service in December 2008.

City of Detroit, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009
(UNAUDITED)

- The Police and Fire Retirement System granted the General Fund a \$25.0 million credit for the required pension contribution for the year ended June 30, 2009. This resulted in a \$25.0 million decrease in General Fund pension costs. General Fund Pension Costs were \$116.7 million for the year ended June 30, 2009 compared to \$122.0 million for the prior year.
- The State of Michigan withheld \$24.6 million of revenue sharing for the year ended June 30, 2009 until November 2009 because the City had not issued the 2008 CAFR timely. Since the revenue sharing was not received within 60 days of the fiscal year-end (period of availability), the City's General Fund revenue sharing for the year ended June 30, 2009 was \$24.6 million less. However, this decrease was offset by the receipt of \$23.0 million in October 2008 of the revenue sharing withheld and due for fiscal year 2007-08. The \$24.6 million revenue sharing was included on the City's government-wide statements, as they are recorded on the accrual basis (see Overview of the Financial Statements below).
- For the year ended June 30, 2009, the City recorded \$68.6 million in liabilities due to Wayne County for estimated charge-backs/recoveries of uncollectible delinquent taxes. Wayne County has been providing the City with payments for the purchase of current year delinquent taxes every year since 2004. The County in the current year will deduct (charge-back) the City for prior year taxes purchased that it determines to be uncollectible. For the year ended June 30, 2008, the liability totaled \$57.6 million. The \$11.0 million increase in the liability and decrease in property tax revenue for the year ended June 30, 2009 was due to a more conservative estimate based on the increase in home foreclosures and current trends of the County charge-backs.
- On December 18, 2008, the City announced a tentative settlement of a lawsuit related to the Oakland-Macomb Interceptor. The settlement terms provided that the City would reduce the interest rate charged to Macomb County, resulting in a credit to Macomb County of \$17 million, that Wayne, Oakland, and Macomb Counties would sign a new 30-year sewer service contract with the City, and that the City would transfer ownership of the Oakland-Macomb Interceptor, to either Macomb County or an authority created by Oakland and Macomb Counties, subject to a six-month due diligence. In October 2009, the City transferred ownership of the first segment of the Oakland-Macomb Interceptor to the newly created Oakland-Macomb Interceptor Drain Drainage District, a public corporation. Ownership transfer of the second segment of the interceptor to Macomb County is scheduled for July 14, 2010. Macomb County is expected to complete a bond sale to finance the July 14th purchase, which is currently estimated at \$95 million. Macomb County has agreed to sign a new 30-year sewer service contract in conjunction with the closing on July 14th. The City is also continuing its negotiations of new 30-year sewer service contracts with Wayne and Oakland Counties.
- The Sewage Disposal Fund recorded a special item (loss) of \$36.9 million during the year ended June 30, 2009 to recognize impairment losses on two construction projects. The Upper Rouge CSO Tunnel and Detroit River Outfall projects, which were being undertaken to comply with Federal Clean Water Act, were terminated for financial reasons. The decline in the economy significantly impacted the credit market and the Fund was forced to convert approximately \$700 million of variable rate debt to fixed rate bonds over the past two years, resulting in a significant increase in costs to the Fund. The impact on user rates due to increased debt service expenses combined with the construction costs of these projects was considered to be unacceptably high. The Fund concluded to stop work on the existing projects and complete an analysis of alternative options to satisfy the same requirements of the Federal Clean Water Act.
- The City's General Fund recognized \$17.7 million in revenue from the sale of the 3.27 acre Atwater West land parcel to the Sewage Disposal Fund in fiscal year 2009. The Sewage Disposal Fund purchased the land for future construction of a combined sewer overflow facility for storm water control.
- The Federal Government to date, thru the American Reinvestment and Recovery Act (ARRA), has allocated stimulus funds totaling \$249.6 million to the City to spur economic recovery. ARRA funding includes \$33.6 million for Weatherization of City homes, \$40.8 million for Neighborhood stabilization programs, \$11.1 million for Cops Hiring, \$23.5 million for road improvements, and \$37.6 million for new buses. The stimulus funding is expected to increase local employment and creation of new small businesses and result in higher income and property tax collections. As of June 30, 2009, the City had received \$1.7 million of stimulus funds mainly for the Weatherization program.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the City'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

Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. The financial statements include the Statement of Net Assets and the Statement of Activities. These statements are prepared using the economic resources measurement focus and accrual basis of accounting. They take into account all revenues and expenses connected with the fiscal year, regardless of when the City received or paid the cash. The Statement of Net 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.

The Statement of Net Assets (page 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 eroding.

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

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. 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., Transportation Fund).
- *Fiduciary funds* - The City acts as a trustee or fiduciary for its employee pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The City's fiduciary activities are reported in the Statements of Fiduciary Net 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.

Notes to Basic Financial Statements

The Notes to 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 56 of the report.

Additional Required Supplementary Information

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

City of Detroit, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009
(UNAUDITED)

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Government-wide Net Assets

Net assets (assets less liabilities) serve as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$900.1 million at June 30, 2009. The net assets decreased \$363.6 million (28.8 percent) from the balance for the fiscal year ended June 30, 2008.

Summary of Net Assets
June 30, 2009 and 2008
(In Thousands)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|----------------------------|------------------|-----------------------------|---------------------|-----------------------------|---------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Current and other non-current assets | \$ 1,795,603 | \$ 1,957,672 | \$ 1,626,432 | \$ 1,939,100 | \$ 3,422,035 | \$ 3,896,772 |
| Capital assets | 1,482,677 | 1,508,889 | 5,494,765 | 5,323,892 | 6,977,442 | 6,832,781 |
| Total assets | 3,278,280 | 3,466,561 | 7,121,197 | 7,262,992 | 10,399,477 | 10,729,553 |
| Current and other liabilities | 629,451 | 636,733 | 262,618 | 230,690 | 892,069 | 867,423 |
| Long-term obligations | 2,831,208 | 2,800,428 | 5,776,117 | 5,797,953 | 8,607,325 | 8,598,381 |
| Total liabilities | 3,460,659 | 3,437,161 | 6,038,735 | 6,028,643 | 9,499,394 | 9,465,804 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 631,821 | 558,341 | 698,477 | 743,866 | 1,330,298 | 1,302,207 |
| Restricted | 142,705 | 158,523 | 347,303 | 304,273 | 490,008 | 462,796 |
| Unrestricted (deficit) | (956,905) | (687,464) | 36,682 | 186,210 | (920,223) | (501,254) |
| Total net assets | \$ (182,379) | \$ 29,400 | \$ 1,082,462 | \$ 1,234,349 | \$ 900,083 | \$ 1,263,749 |

Total Primary Government

The largest portion of the City's net assets at June 30, 2009 is its \$1.3 billion 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. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Restricted net assets totaling \$490.0 million are resources subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The City presents restricted net assets in 2008-09 to include Highway and Street Improvement funds (\$26.9 million), Capital Acquisitions (\$128.2 million), Restricted for Debt Service (\$298.5 million), Endowments and Trusts (\$1.6 million), and Other Funds (\$34.8 million). The restricted net assets increased by \$27.2 million when compared to the prior year.

The remaining balance is an unrestricted accumulated deficit of \$920.2 million. A deficit represents a shortage of assets available to meet all the City's obligations if they were immediately due and payable. The unrestricted accumulated deficit increased by \$418.9 million from the \$501.3 million at June 30, 2008.

Governmental Activities

Net assets of the City's governmental activities decreased \$211.8 million to a deficit of \$182.4 million for the fiscal year ended June 30, 2009. Net assets invested in capital assets totaled \$631.8 million; an increase of \$73.5 million from the prior fiscal year. Restricted net assets totaled \$142.7 million. The remaining unrestricted net assets deficit totaled \$956.9 million at June 30, 2009, a \$269.4 million increase from the \$687.5 million deficit at June 30, 2008.

Business-type Activities

The net assets of the business-type activities had a decrease of \$151.8 million for the fiscal year ended June 30, 2009 from the prior fiscal year. The unrestricted net assets decreased \$149.5 million from the \$186.2 million surplus at June 30, 2008 to \$36.7 million at June 30, 2009.

City of Detroit, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009
(UNAUDITED)

Government-wide Changes in Net Assets

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:

| Summary of Changes in Net Assets June 30, 2009 and 2008 (In Thousands) | | | | | | |
|--|----------------------------|------------------|-----------------------------|---------------------|-----------------------------|---------------------|
| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 383,810 | \$ 387,893 | \$ 711,205 | \$ 688,490 | \$ 1,095,015 | \$ 1,076,383 |
| Operating Grants | 310,525 | 306,575 | 74,812 | 79,009 | 385,337 | 385,584 |
| Capital Grants | 35,258 | 26,365 | 33,897 | 39,540 | 69,155 | 65,905 |
| General Revenues: | | | | | | |
| Property Taxes | 231,429 | 225,602 | - | - | 231,429 | 225,602 |
| Municipal Income Tax | 240,824 | 276,485 | - | - | 240,824 | 276,485 |
| Utility Users Tax | 49,900 | 51,591 | - | - | 49,900 | 51,591 |
| Wagering Tax | 172,913 | 186,277 | - | - | 172,913 | 186,277 |
| Hotel and Liquor Tax | 17,368 | 16,220 | - | - | 17,368 | 16,220 |
| Other Local Taxes | 12,878 | 13,284 | - | - | 12,878 | 13,284 |
| State Shared Taxes | 268,247 | 272,569 | - | - | 268,247 | 272,569 |
| Investment Earnings | 7,056 | 19,190 | 25,458 | 58,176 | 32,514 | 77,366 |
| Miscellaneous | 14,766 | 24,164 | (8,436) | (3,990) | 6,330 | 20,174 |
| Total Revenues | <u>1,744,974</u> | <u>1,806,215</u> | <u>836,936</u> | <u>861,225</u> | <u>2,581,910</u> | <u>2,667,440</u> |
| Expenses: | | | | | | |
| Public Protection | 789,055 | 761,894 | - | - | 789,055 | 761,894 |
| Health | 158,907 | 158,827 | - | - | 158,907 | 158,827 |
| Recreation and Culture | 37,181 | 36,295 | - | - | 37,181 | 36,295 |
| Economic Development | 73,307 | 87,717 | - | - | 73,307 | 87,717 |
| Educational Development | 76,729 | 57,475 | - | - | 76,729 | 57,475 |
| Housing Supply and Conditions | 10,593 | 10,591 | - | - | 10,593 | 10,591 |
| Physical Environment | 185,865 | 226,460 | - | - | 185,865 | 226,460 |
| Transportation Facilitation | 73,805 | 70,564 | - | - | 73,805 | 70,564 |
| Development and Management | 350,974 | 304,815 | - | - | 350,974 | 304,815 |
| Interest on Long-term Debt | 126,345 | 107,754 | - | - | 126,345 | 107,754 |
| Sewage Disposal | - | - | 450,278 | 429,113 | 450,278 | 429,113 |
| Transportation | - | - | 206,706 | 212,653 | 206,706 | 212,653 |
| Water | - | - | 349,734 | 360,778 | 349,734 | 360,778 |
| Automobile Parking | - | - | 16,511 | 14,361 | 16,511 | 14,361 |
| Airport | - | - | 2,686 | 3,503 | 2,686 | 3,503 |
| Total Expenses | <u>1,882,761</u> | <u>1,822,392</u> | <u>1,025,915</u> | <u>1,020,408</u> | <u>2,908,676</u> | <u>2,842,800</u> |
| Deficiency Before Transfers and Special Item | | | | | | |
| | (137,787) | (16,177) | (188,979) | (159,183) | (326,766) | (175,360) |
| Transfers, Net | (73,992) | (101,439) | 73,992 | 101,439 | - | - |
| Special Item | - | - | (36,900) | (141,963) | (36,900) | (141,963) |
| Decrease in Net Assets | (211,779) | (117,616) | (151,887) | (199,707) | (363,666) | (317,323) |
| Net Assets, July 1 | <u>29,400</u> | <u>147,016</u> | <u>1,234,349</u> | <u>1,434,056</u> | <u>1,263,749</u> | <u>1,581,072</u> |
| Net Assets, June 30 | <u>\$ (182,379)</u> | <u>\$ 29,400</u> | <u>\$ 1,082,462</u> | <u>\$ 1,234,349</u> | <u>\$ 900,083</u> | <u>\$ 1,263,749</u> |

Total Primary Government

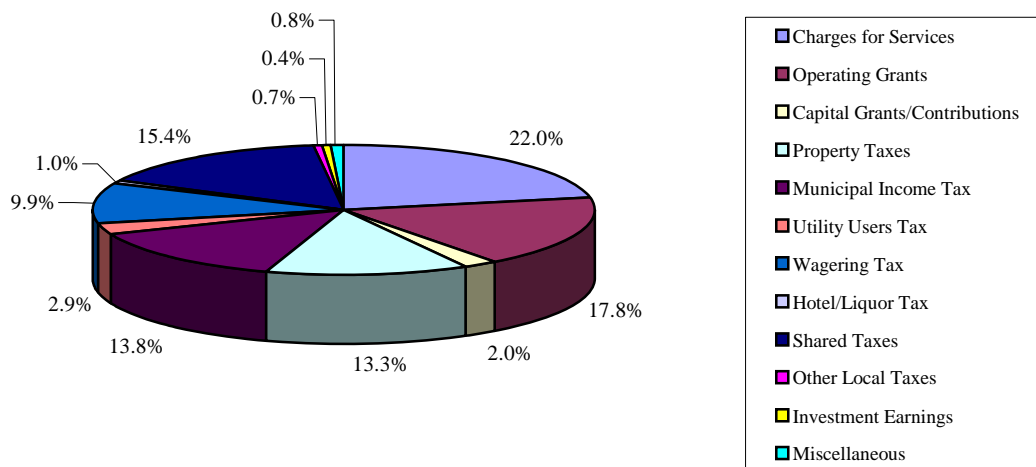
Total revenues for the fiscal year ended June 30, 2009 were \$2.6 billion; a decrease of \$85.5 million from the prior fiscal year. Charges for services increased \$18.6 million mainly due to a \$44.3 million increase in sewage charges for services. Total tax revenues decreased by \$44.2 million primarily due to the recession and resulting reduction in employment and income tax collections. Municipal income tax revenues were down \$35.7 million from the \$276.5 million for the year ended June 30, 2008. Property tax revenues increased by \$5.8 million for the year ended June 30, 2009 compared to the prior year due to less impact of the adjustment (\$11.0 million) for the estimated charge-back due to Wayne County for uncollectible delinquent property taxes. The \$49.4 million estimated charge-back adjustment for the year ended June 30, 2008 had a greater adverse impact on property tax revenues for 2008, as the adjustment was significantly larger (\$38.4 million) than for the year ended June 30, 2009. The estimated charge-back due Wayne County was \$68.6 million for the year ended June 30, 2009 or an increase of \$11.0 million from the \$57.6 million for the fiscal year ended June 30, 2008. Wagering tax revenues decreased by \$13.4 million likely due to the recession and lack of disposable income of casino patrons. Grant revenues increased \$3.0 million for the fiscal year ended June 30, 2009 due to timing differences of award years (October 1 – September 30) and the City's fiscal year (July 1 – June 30). Investment earnings decreased \$44.9 million for the year ended June 30, 2009 primarily due to lower interest rates and less cash available for investments for the year ended June 30, 2009.

Total expenses were \$2.9 billion; an increase of \$65.9 million from the prior fiscal year. The impact of GASB No. 45 contributed \$153.8 million in expenses, a \$7.3 million increase from the prior year (see detailed explanations in the Financial Highlights section of this discussion and analysis). Physical Environment costs were down \$40.6 million primarily due to the \$37.8 million reduction of Greater Detroit Resource Recovery Authority tipping fee expense because debt service had been fully paid in December 2008. Development and Management expenses increased \$46.2 million from the prior fiscal year primarily due to a \$12.3 million increase in depreciation, \$9.7 million increase in legal claims, and \$13.5 million increase in compensated absences. Interest on long-term debt was \$126.3 million or an increase of \$18.5 million over the \$107.8 million for the year ended June 30, 2008 primarily due to a \$7.3 million increase in POC interest and related swap expenses and \$3.7 million increase in accrued interest including \$1.5 million accrued interest for short-term borrowing.

Governmental Activities

The following chart depicts revenues of the governmental activities for the fiscal year ended June 30, 2009:

Revenues by Source - Governmental Activities



The governmental activities revenues totaled \$1.7 billion for the fiscal year ended June 30, 2009, a \$61.2 million decrease from the year ended June 30, 2008.

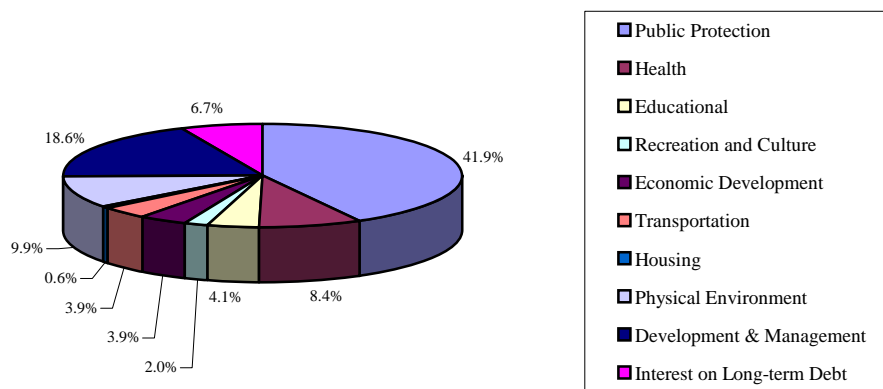
City of Detroit, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009
(UNAUDITED)

The amount that taxpayers paid for these activities through City taxes was \$725.3 million. Municipal income taxes were the largest component of taxes collected and totaled \$240.8 million, a \$35.7 million decrease from the prior year mainly due to the City's high unemployment resulting from the auto company bankruptcies and recession. Casino tax revenues decreased \$13.4 million from the prior year. Other funding for governmental activities was provided from the following sources:

- Charges for services paid by those who directly benefited totaled \$383.8 million. These services included permits, parking fines, licenses, and solid waste fees. Charges for services were \$4.1 million less than the \$387.9 million for the year ended June 30, 2008. The main difference was that the Detroit Public Schools did not pay \$15.0 million for the utility (electricity) charges to them from the City's Public Lighting Department. Also, Casino municipal service fees were down \$6.5 million because the accrual of these revenues due the City was first made for the year ended June 30, 2008, which caused the revenues to be higher in that year by the accrual amount. Other decreases resulted in an additional \$6.1 million decrease in charges for services for the year ended June 30, 2009. The decreases were partially offset by the \$22.6 million owed by GDRRA to the City for excess tipping fees payments, which was recorded as recovery revenue or charges for services on the government-wide statements for the year ended June 30, 2009.
- Other governments and organizations subsidized programs such as health-related activities and community development projects with grants and contributions totaling \$345.2 million. This was \$12.9 million greater than the \$332.9 million for the year ended June 30, 2008.
- Other revenues such as state aid (revenue sharing), interest, and miscellaneous income funded the "public benefit" portion of various programs and totaled \$290.1 million. This was \$25.8 million less than the \$315.9 million for the year ended June 30, 2008. The decrease was mainly due to the \$12.2 million decline in investment earnings, which resulted from the City's declining cash flow due to the deficit. Also, miscellaneous revenue was \$9.4 million less than the prior fiscal year because of a \$4.9 million increase in loss on disposal of assets and \$4.3 million decline in revenue from use of assets because of reductions of rental and concession revenue at Cobo Hall and other City rentals and concessions due to cuts in commission rates and to fewer rentals.

The following chart depicts expenses of the governmental activities for the fiscal year ended June 30, 2009:

Expenditures by Function Type - Governmental Activities



City of Detroit, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009
(UNAUDITED)

Public Protection (police and fire protection) was the largest component of current expenses, accounting for 41.9% of total expenses. Public protection expenses increased by \$27.2 million from the \$761.9 million for the year ended June 30, 2008. Salaries and wages expenses were up \$18.0 million mainly due to a 3.0% raise for uniform employees, an adjustment to the Police and Fire Net Pension Asset increased expenses \$13.4 million, and hospitalization and other expenses were up \$23.2 million. These increases were partially offset by a \$7.3 million decrease in pension expenses and a \$18.7 million overstatement of the prior year miscellaneous benefits due to a change in classification. The Police and Fire Retirement System granted the General Fund a \$25.0 million credit for the required pension contribution for the year ended June 30, 2009, which contributed to the decrease in pension expenses.

Development and Management was the next largest component at 18.6% of total expense. Development and Management expenses totaling \$351.0 million for the year ended June 30, 2009 were up \$46.2 million from the \$304.8 million for the fiscal year ended June 30, 2008. The increase was due in part to a \$13.5 million increase in compensated absences, \$12.3 million increase in depreciation expense, and \$9.7 million increase in legal claims expense. Compensated absences were up due mainly to an increase (37%) in the estimated average for the sick leave payments because of the actual increase in sick leave payouts, which pay employees upon retirement sixty percent of their unused sick leave. Depreciation expenses increased because of a misclassification of the 800 megahertz capital assets in prior years. For the year ended June 30, 2009, the 800 megahertz assets were entered into the City's capital asset subsidiary system, which properly classified the assets and depreciation for the year ended June 30, 2009. Also, salaries and wages increased \$2.3 million due to a pay raise and hospitalization increased \$9.9 million due to a classification error in 2007-08 that understated the expenses.

Physical Environment expenses were 9.9% of total expense and decreased by \$40.6 million from the prior fiscal year. The largest decrease was a \$37.5 million reduction in the Solid Waste Fund's tipping fees for the year ended June 30, 2009 because of the final payment of the GDRRA debt service in December 2008. Natural gas and electrical expenses were down \$4.0 million for the Public Lighting Department due to declining market fuel rates contributing to the decrease for the year ended June 30, 2009.

Health expenses were 8.4% of total expenses and did not change materially from the prior year. The Health and Human Services Departments perform the majority of the City's Health activities.

Education expenses were 4.1% of the total expense and increased by \$19.2 million for the year ended June 30, 2009 compared to the prior year mainly due to an increase in grant funding and spending by the Department of Workforce Development for job training. The high City resident unemployment and recession contributed to the increase in education spending for the year.

Economic Development expenses were 3.9% of total expenses and decreased by \$14.4 million for the year ended June 30, 2009. The decrease was due to a decrease in economic development activity in the City. Section 108 borrowing was less. Major projects such as the Book Cadillac Hotel were substantially completed in the prior fiscal year.

Interest on long-term debt increased \$18.5 million from the \$107.8 million for the year ended June 30, 2008. A major reason for the large increase in interest expenses was a \$7.3 million increase in POC interest and related swap expenses due to unfavorable interest rates and \$3.7 million increase in accrued interest including \$1.5 million accrued interest for short-term borrowing. Also, in the prior year, a \$5.2 million adjustment for POC Swap interest payments held by the service corporations reduced interest expenses in 2007-08. The \$5.2 million Swap interest payments were made to the service corporations by the Swap Counterparties when the swapped (fixed) interest rates for the POCs were lower than the original interest rate in 2006 and 2007.

Business-type Activities

The business-type activities' net assets decreased by \$151.8 million for the fiscal year ended June 30, 2009. The results for the major business-type funds are detailed below:

Water Fund

The Water Fund had a decrease in net assets of \$69.5 million. The \$112.9 million interest expense contributed to the decrease in net assets even though it decreased by \$10.7 million from the prior year. Also, Water sales revenues from Detroit and suburban customers decreased \$19.7 million to \$271.6 million for the year ended June 30, 2009 compared to \$291.3 million for the year ended June 30, 2008. The decrease in water sales is attributable to a reduction in water usage. Investment earnings decreased \$15.6 million from the 2007-08 total of \$29.3 million.

Sewage Disposal Fund

The Sewage Disposal Fund had a decrease in net assets of \$73.9 million due in part to the \$36.9 million special item (impairment loss) for the Detroit River Outflow construction project (see the Financial Highlights section of this discussion and analysis for more details). Also, the \$133.0 million of interest expense, an increase of \$12.5 million from the prior year, contributed to the decrease in net assets. Sewage Disposal Fund revenues from Detroit and suburban customers totaled \$385.4 million in the fiscal year ended June 30, 2009, up \$44.3 million from the \$341.1 million in the fiscal year ended June 30, 2008. Investment earnings were down \$16.1 million from the \$27.6 million for the prior year.

Transportation Fund

The Transportation Fund had a decrease in net assets of \$9.6 million at June 30, 2009. The application of GASB 45 increased benefit costs by \$13.4 million. The fund had a \$.7 million decrease in farebox revenue from riders. The City's contribution to the Transportation Fund for the year ended June 30, 2009 was \$73.1 million or \$24.7 million less than the \$97.8 million contribution made in 2008 due to the write-off of the net inter-fund receivable due from the Transportation Fund for the year ended June 30, 2008. Operating expenses decreased \$6.0 million mainly due to the reduction in diesel fuel price per gallon and contractual costs. Fuel costs for the year ended June 30, 2009 were \$11.8 million compared to \$20.5 million for the prior fiscal year. Federal and State capital contributions were up \$2.3 million for the year, as the Fund was constructing the Rosa Parks Transit Center and renovating the Shoemaker Garage.

Automobile Parking Fund

The Automobile Parking Fund recorded an increase in net assets of \$1.3 million mainly due to keeping expenses under revenues. Fund operating revenues totaled \$17.7 million for the fiscal year ended June 30, 2009 compared to \$18.6 million for the fiscal year ended June 30, 2008. The Fund increased operating expenses by \$2.0 million for the year ended June 30, 2009. Salaries, wages, and benefits increased by \$.9 million from the prior year. Contractual and operating expenses increased by \$1.2 million from the prior year.

Airport Fund

The Airport Fund had a \$.2 million decrease in net assets for the year ended June 30, 2009. The decrease was mainly due to the Airport Fund's inability to generate revenues sufficient to cover its expenses. The General Fund contribution to the Airport increased by \$.7 million but was not enough to offset the \$1.9 million reduction in federal subsidies and \$.2 million increase in salaries and wages from the prior year.

FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS

The City's governmental funds reported combined ending fund balance deficit of \$26.9 million at June 30, 2009. The fund balance includes an unreserved deficit of \$314.1 million, a \$111.5 million increase from the prior fiscal year. The remainder of the \$287.2 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. The fund had a \$266.7 million fund balance deficit at June 30, 2009, a \$125.0 million increase from the \$141.7 million fund balance deficit at June 30, 2008. The fund balance includes an unreserved deficit of \$331.9 million, a \$112.7 million increase from the \$219.2 million deficit at June 30, 2008. The General Fund reserved fund balance was \$65.2 million at June 30, 2009 compared to \$77.5 million at June 30, 2008. The major reasons for the increased deficit were: (1) failure to cut expenditures to match the major revenue decreases, including the \$34.2 million for municipal income taxes, \$18.0 million for property taxes, \$10.1 million utility users tax, \$21.8 million wagering taxes, and \$13.7 million State revenue sharing, (2) failure to timely collect \$24.6 million due for State revenue sharing due to the late 2007-08 CAFR, (3) failure to timely apply the \$22.6 million GDRRA bond reserve to the final debt service payment, (4) Detroit Public Schools' inability to pay the \$15.0 million due for electricity utilities provided by the City, and (5) \$11.0 million increase in estimated charge-backs due Wayne County for delinquent tax collections.

General Fund Budgetary Highlights:

The City's 2009 General Fund Budget is \$1.8 billion. The City's 2009 General Fund Budget contains no additions or material changes to existing taxes and fees. Within the 2008-2009 adopted budget, the City Council appropriated \$78.0 million to reduce the prior years' deficit. The City's 2009 Budget was approved by the City Council in June 2008.

The estimated revenues in the budget exceeded actual revenues and other resources by \$487.0 million for the fiscal year ended June 30, 2009. The revenue shortfall is mainly attributable to actual grant revenues, other revenue, and tax revenues being \$180.0 million, \$149.0 million, and \$86.0 million, respectively, less than the final budget (see explanation below for grants). Other revenues were less than Budget partially due to the elimination of intrafund transactions such as the Risk Management Fund premium of \$48.4 million, which reduced the actual amount of other revenue and contributed to the Budget variance. Actual taxes, assessments, and interest and penalties revenues were \$86.0 million less than budgeted revenues for the following reasons. The increase in estimated Wayne County charge-backs mentioned above was a major reason for the \$18.0 million property tax deficit. The recession and increased unemployment, particularly for auto workers, contributed to the \$34.2 million income tax deficit. State revenue sharing deficit was \$13.7 million mainly due to the State's fiscal issues causing cuts in allocation to the local governments. Sales and charges for revenues were \$49.6 million less than Budget primarily due to less interdepartmental billings which reduced personal service revenues by \$20.0 million and the Detroit Public Schools (DPS) inability to pay the \$15.0 million for electrical charges billed for the year ended June 30, 2009.

Actual expenditures were less than budgeted expenditures by \$642.4 million for the fiscal year ended June 30, 2009 due to grant expenditures being less than budgeted (see explanation below), appropriation of \$78.0 million of the prior year deficit, elimination of intrafund transactions, and unfilled positions. Public Protection expenses were \$112.5 million less than the budgeted appropriations mainly due to unfilled police positions. Development and Management expenditures were \$235.8 million under the budgeted appropriations mainly due to the \$78.0 million carry-forward of the prior year's deficit, elimination of intrafund billings such as the Risk Management Fund premium, and unfilled positions.

City of Detroit, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009
(UNAUDITED)

The City's budget for grant revenues and expenses are greater than the actual revenues and expenditures because: (1) City of Detroit budgets grant awards for the total amount of the award even if the grant award is for more than one year, whereas actual revenues only represent one year's activity, (2) the City's fiscal year (July 1-June 30) is different than most grant fiscal years (October 1-September 30) and more or less grant activity may occur depending on the timing, and (3) the City also brings forward previous year unspent grant awards into the current year's budget.

Differences between the original budget and the final amended budget consisted of a total net increase in estimated revenues of \$331.2 million and a total net increase in appropriations of \$240.8 million. The difference was offset by a total net decrease in Other Financing Sources and Uses of \$90.4 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Total Government

At the end of fiscal year 2009, the City had invested \$7.0 billion, net of accumulated depreciation, in a broad range of capital assets (see table below). This was a decrease of \$144.6 million from the prior fiscal year.

Capital Assets as of June 30, 2009 and 2008
(Net of Depreciation, In Thousands)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|----------------------------|---------------------|-----------------------------|---------------------|-----------------------------|---------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Land and Land Rights | \$ 400,983 | \$ 418,734 | \$ 68,051 | \$ 49,317 | \$ 469,034 | \$ 468,051 |
| Land Improvements | - | - | 55,457 | 55,027 | 55,457 | 55,027 |
| Building and Structures | 680,150 | 685,157 | 2,609,361 | 2,622,216 | 3,289,511 | 3,307,373 |
| Sewer and Water Lines | - | - | 1,026,764 | 934,028 | 1,026,764 | 934,028 |
| Machinery, Equipment, Fixtures, and Vehicles | 116,550 | 136,065 | 1,125,161 | 1,075,331 | 1,241,711 | 1,211,396 |
| Works of Art | 29,788 | 29,788 | - | - | 29,788 | 29,788 |
| Infrastructure | 197,924 | 196,472 | - | - | 197,924 | 196,472 |
| Construction in Progress | 57,282 | 42,674 | 609,971 | 587,973 | 667,253 | 630,647 |
| Total | <u>\$ 1,482,677</u> | <u>\$ 1,508,889</u> | <u>\$ 5,494,765</u> | <u>\$ 5,323,892</u> | <u>\$ 6,977,442</u> | <u>\$ 6,832,781</u> |

Governmental Activities

Governmental Activities capital assets at June 30, 2009 were \$26.2 million less than the \$1.5 billion at June 30, 2008. The City acquired \$77.1 million in new assets and \$7.9 million of construction in progress (CIP) was completed. Depreciation expenses totaled \$80.4 million for the year ended June 30, 2009. The General Fund sold land totaling \$17.7 million to the Sewage Disposal Fund for the year ended June 30, 2009.

Major capital assets acquired and projects completed or in progress during the year ended June 30, 2009 included the following:

- The Solid Waste Fund purchased Garbage Trucks for \$4.5 million.
- The Fire Department purchased Emergency Response Vehicles for \$3.9 million.
- The Recreation Department made \$3.4 million worth of improvements to City parks.
- The Street Fund expended \$18.2 million to resurface the City streets.
- The Street Fund expended \$2.4 million to acquire new vehicles for snow removal.
- The Historical Museum expended \$2 million for an expansion project that is currently a work in progress.
- The City expended \$5.7 million for the completion of the final phase of the new Payroll System, which is still a work in progress.
- The Police Department expended \$1.4 million for facility improvements.
- The City expended \$6.1 million for the Garden View Estates project, a joint venture between the City and U.S. Department of Housing and Development.

Business-type Activities

Business-type Activities capital assets at June 30, 2009 were \$5.5 billion, an increase of \$170.9 million from the balance at June 30, 2008.

Construction work in progress, major capital assets acquired, and projects completed during the year ended June 30, 2009 included the following:

- The Transportation Department expended \$26.7 million on construction work in progress for facility improvements and the Rosa Parks Transit Center.
- The Water Fund is engaged in a variety of projects that are a part of its five-year Capital Improvement Program. The total cost of this program is anticipated to be approximately \$1.9 billion through fiscal year 2014. 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, 2009 was approximately \$92.0 million. Projects that will be completed as part of the Water Program include the replacement of water distribution mains, installation of the automated meters reading system, and improvements to water plants, booster stations, and transmission mains. The City received loans from the State of Michigan Drinking Water Revolving Loan Fund totaling \$3.0 million during the year ended June 30, 2009. The proceeds of the loan were used to pay costs of acquiring and constructing certain repairs, extensions, and improvements to the Water Supply System.
- The Sewage Disposal Fund is engaged in a variety of projects that are a part of its five-year Capital Improvement Program. The total cost of this program is anticipated to be approximately \$1.0 billion through fiscal year 2014. 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, 2009 was approximately \$196.0 million. Projects that will be completed as part of the Sewage Program include the design and construction of combined sewage overflow facilities, rehabilitation of pumping stations, improvements at the wastewater facility, and relining of lateral sewers. The City received loans from the State of Michigan Revolving Loan Fund totaling \$48.3 million during the year ended June 30, 2009. The proceeds of the loans were used to pay costs of acquiring and constructing certain repairs, extensions, and improvements to the Sewerage Disposal System.

City of Detroit, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009
(UNAUDITED)

Long-term Debt

Outstanding Bonded Debt as of June 30, 2009 and 2008
(In Thousands)

| | Governmental | | Business-type | | Total | |
|--------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Activities | | Activities | | Primary Government | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| General obligation bonds | \$ 836,693 | \$ 942,228 | \$ 6,272 | \$ 6,272 | \$ 842,965 | \$ 948,500 |
| Revenue bonds | 87,755 | 100,365 | 5,297,251 | 5,355,708 | 5,385,006 | 5,456,073 |
| Total | <u>\$ 924,448</u> | <u>\$ 1,042,593</u> | <u>\$ 5,303,523</u> | <u>\$ 5,361,980</u> | <u>\$ 6,227,971</u> | <u>\$ 6,404,573</u> |

At the end of the current fiscal year, the City had total bonded debt of \$6.2 billion outstanding. Of this amount, \$843.0 million are general obligation bonds backed by the full faith and credit of the City and \$5.4 billion are revenue bonds of the City's business enterprises and Cobo Hall convention center.

The City's total bonded debt decreased by \$176.6 million during fiscal year 2009. Governmental activities bonded debt decreased by \$118.2 million, while business-type activities' debt decreased by \$58.5 million. In April 2009, the City paid the final \$38.3 million due on the Fiscal Stabilization Limited Tax Bonds. The Governmental Activities Fund did not issue any new general obligation or revenue bonds for the year ended June 30, 2009.

The Sewage Disposal Fund issued a total of \$161.0 million in revenue bonds in September 2008 to fund its capital improvement program. The Water Fund issued \$6.5 million of revenue bonds in September 2008. A total of \$20.0 million of previously issued Sewage Disposal Fund revenue bonds were refunded. In April 2009, all of the outstanding Water Fund Bonds, Series 2006-B were remarketed from variable rate to fixed rate bonds, at which time the City entered into mirror swaps to neutralize the cash flows of the floating-to-fixed rate payment. Also, in April 2009, the Sewage Disposal Fund issued \$28.0 million of revenue bonds. In June 2009, the Sewage Disposal Fund issued \$304.9 million in bonds (\$154.9 million revenue refunding bonds and \$150.0 million revenue bonds).

In addition to the bonded debt, the City's Governmental Activities had a total debt of \$1.9 billion at June 30, 2009 for: pension obligation certificates (\$1.2 billion), notes payable (\$81.6 million), loans payable (\$47.0 million), other pension employee benefits (\$236.3 million), and other debt (\$321.0 million) such as accrued pollution remediation, accrued compensated absences, workers' compensation, and claims and judgments. The pension obligation certificates did not change from June 30, 2008 because principal payments are not due until fiscal year 2009-2010. Notes payable increased \$3.9 million and loans payable decreased by \$9.3 million at June 30, 2009. The City obtained \$6.2 million in new notes payable offset by principal payments of \$2.3 million for the year. The notes are used to fund the City economic development projects such as the Book Cadillac Hotel. The loans are used to fund projects such as the City's upgrade of the HR/payroll system. The notes issued during the year ended June 30, 2009 were \$70.4 million less than the note payable issued for the year ended June 30, 2008 contributing to the reduction in economic development activity in the City for the year ended June 30, 2009.

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. The City's legal debt limitation at June 30, 2009 was \$1.4 billion of which \$567.9 million is available for use.

City of Detroit, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009
(UNAUDITED)

The City's ratings on uninsured general obligation bonds as of June 30, 2009 were as follows:

| | |
|--|------------|
| Moody's Investors Service, Inc. | Ba2 |
| Standard and Poor's Corporation | BB |
| Fitch IBCA, Inc. | BB |

On January 6, 2009, Standard & Poor's Rating Services (S&P) downgraded the City's \$530 million of outstanding unlimited tax general obligation bond rating from "BBB" to "BB" and its \$355 million of outstanding limited tax general obligation bond rating from "BBB-" to "BB." On that date, S&P also downgraded to BB, the rating on the \$536 million of outstanding Detroit Retirement Systems Funding Trust 2005 Taxable Certificates of Participation Series 2005 and the \$948 million of Detroit Retirement Systems Funding Trust 2006 Taxable Certificates of Participation Series 2006 (collectively, the Pension Obligation Certificates or POCs). On January 13, 2009, Moody's Investors Service (Moody's) downgraded the ratings on the City's unlimited-tax general obligation debt and on the POCs from "Baa3" to "Ba2" and its limited-tax general obligation debt rating from "Ba1" to "Ba3." At the same time, Moody's downgraded from "Aa3" to "Baa3" the Global Scale Rating assigned to the outstanding POCs. On January 22, 2009, Fitch Ratings downgraded the City's unlimited tax general obligation bonds to BB from BBB, the City's limited tax general obligation bonds to BB- from BBB, and the Detroit Retirement's Systems Funding Trust Series 2005 and 2006 Taxable Certificates of Participation to BB from BBB.

In August 2009, Moody's Investors Service downgraded Detroit's Unlimited Tax General Obligation Bonds rating from "Ba2" to "Ba3," Limited Tax General Obligation Bonds rating from "Ba3" to "B1," and Detroit Retirement Systems Funding Trust Series 2005-A, 2006-A and B, from "Ba2" to "Ba3."

The most significant impact of the downgrades in the City's credit ratings to a level below investment grade status comes in the form of greater limitations on the access to capital. Secondly, with the continuing deterioration in the economy and its direct effect on the debt/credit ratings of the City and certain bond insurers, the City now faces potential higher borrowing costs. However, the City is committed to taking steps to ensure adequate capital funding is maintained.

The City also uses Interest Rate Swap (SWAPS) agreements to hedge its cash flows related to interest on its debt obligations. The uncertainty risk of a Swap Termination arose with the continued credit rating declines of bond insurers and the recent credit rating downgrades of the City. As of June 30, 2009, the City had eight interest rate exchange agreements (the "Swap Agreements") that the SWAP counterparties could seek to terminate the contracts as a result of these rating changes. These eight Swap Agreements were executed by Service Corporations formed by the City in connection with the POCs. The City's legal obligation relating to the Swap Agreements results from the City's contractual obligation to make Service Payments to the Service Corporations.

The City received formal notice on January 8, 2009 from the Swap Counterparty to four of the eight Swap Agreements stating that an event had occurred, which, if not cured by the City within 30 days from the date of the notice, will constitute an Additional Termination Event, allowing such Swap Counterparty to designate an Early Termination Date with respect to the applicable Swap Agreement. The City also received formal notice on January 14, 2009 from the Swap Counterparty to the four remaining Swap Agreements, stating that the applicable Swap Insurers had been downgraded below the thresholds set forth in the Swap Agreements.

The City avoided termination of the swap agreements in June 2009 by entering into a collateral agreement with the Swap Counterparties. The collateral agreement requires the City to transfer daily casino tax revenues to a trustee to ensure payment of the quarterly POC interest payments. The collateral agreement will secure the City's obligation to make payments to the Service Corporations for payment to the Swap Counterparties under the Swap Agreements. The collateral agreement will also provide for an increase of approximately 1.5% in the payment that the City is obligated to pay to the Service Corporations in respect to quarterly payments that the Service Corporations are obligated to make under the Swap Agreements, beginning in fiscal year 2011. The collateral agreement also includes a provision for the Counterparties to terminate the Swap Agreements if certain coverage levels of the wagering taxes over the required quarterly payment are not met or if POCs ratings are withdrawn, suspended, or downgraded below "Ba3" (or equivalent).

City of Detroit, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2009
(UNAUDITED)

If the Swap Agreements were terminated, the amount of swap termination payments would be based upon a variety of factors such as the various Swap Counterparties' financial pricing models, underlying variable debt, index or reference rates, and the point of pricing. Any termination payments would be allocated based on the notional allocation percentage of the affected POCs, between the governmental and business-type activities as of the point of liability accrual. Should such termination events occur in connection with these Swap Agreements, and not be cured, there presently exists significant risk in connection with the City's ability to meet the cash demands under the terms of the amended Swap Agreements.

Additional information on the City's long-term debt can be found in Note VII. Long-term Obligations, and VIII. Derivatives Not Reported at Fair Value.

ECONOMIC CONDITION AND NEXT YEAR'S BUDGET

The City of Detroit is the largest City in Michigan and the 11th largest City in the United States. Though economic improvement can be seen on a national level, locally and throughout the State of Michigan the economic conditions remain recessionary. The City faces continued high unemployment (25.3 percent in March 2010), which hinders growth in personal income tax collections. Resident home foreclosures and delinquent property tax levels are another financial concern. The weak economy has had an adverse impact on the State's Budget resulting in cuts of revenue sharing to local governments. The City's revenue sharing for the year ending June 30, 2010, is projected to be \$234.7 million or over \$30 million less than the year ended June 30, 2009.

Unemployment levels in the City have been consistently higher than in the rest of the State. For June 2009, Detroit's jobless rate was 27.2 percent, an increase of 10.7 percent from June 2008. In March 2010, the City's jobless rate was 25.3 percent.

The net assets of the General Retirement System and Police and Fire Retirement System at June 30, 2009 declined by 30.1% and 23.2%, respectively, from the total at June 30, 2008, which ultimately will affect the funded status of the plans. The ultimate impact on the funded status will be determined based upon market conditions in effect when the annual valuation is performed. While it is unknown at this time, the future respective net pension obligations and/or assets and pension costs recorded by the City could be negatively impacted by the current market conditions.

Although the City's current economic condition is poor, the future outlook for recovery and improvement is positive. The Federal Government has allocated a substantial amount of stimulus funds to the City and a proposed Woodward Light Rail System is starting to become realized.

The Federal Government to date, through the American Reinvestment and Recovery Act (ARRA), has allocated stimulus funds totaling \$249.6 million to the City to spur economic recovery. ARRA funding includes \$33.6 million for Weatherization of City homes, \$40.8 million for Neighborhood stabilization programs, \$11.1 million for Cops Hiring, \$23.5 million for road improvements, and \$37.6 million for new buses. The stimulus funding is expected to increase local employment and creation of new small businesses and result in higher income and property tax collections.

The City and local private and public leaders are working together to build a light rail system in the City on Woodward Avenue from downtown to the Michigan State Fairgrounds near Eight Mile. The estimated cost to build 9.3 miles of the Light Rail system is \$394 million. Funding for the system will come from private and public sources. The system is expected to significantly improve the local economy with new construction and transit jobs. Also, studies have shown that new rail systems generate economic development in the surrounding area. Based on Michigan Department of Transportation studies, the Woodward Light Rail System would generate an estimated \$933 million in economic development after opening. In February 2010, the Federal Government announced that the Woodward Light Rail System would receive a \$25 million Transportation Investment Generating Economic Recovery (TIGER) grant.

Next Year's Budget

The 2009-2010 budget includes the following:

- Appropriations totaling \$280.0 million to reduce the accumulated deficit
- No General Obligation bond sales due to the recession and reduced bond ratings
- Net decrease of 787 positions through layoffs and elimination of vacant positions is estimated to reduce the General Fund salaries and wages by \$40 million (no layoffs of Police Officers and Fire Fighters)
- 17 positions added to the Department of Public Works to provide recycling for the City
- Major revenue decrease by \$66.2 million primarily decreases of \$30.0 million income tax, \$18.0 million wagering taxes, and \$13.0 million property taxes
- \$57.0 million reduction of supplemental tipping fees to GDRRA due to debt paid off in fiscal year 2008-09
- 20% reduction in Solid Waste fees to residential customers
- \$2.5 million subsidy to the C.H. Wright Museum of African American History for operating support
- A total of \$1.7 million operating support to be provided to the Detroit Zoo, Detroit Historical Museum, and Detroit Institute of Arts.
- Casino percentage payment of \$5.9 million for Recreation capital improvements and funding seasonal summer employees.
- Subsidy for the Transportation Fund reduced by \$5 million
- Subsidy of \$.8 million for Airport operations

The 2009-2010 Budget has 787 less positions than the Budget for the fiscal year ended June 30, 2009:

| <u>Description</u> | <u>Positions FY 2009-10</u> | <u>Positions FY 2008-09</u> | <u>Variance</u> |
|---------------------|---------------------------------|---------------------------------|---------------------|
| General City | 9,034 | 9,803 | (769) |
| Enterprise Agencies | <u>5,505</u> | <u>5,523</u> | <u>(18)</u> |
| Total Budgeted | <u><u>14,539</u></u> | <u><u>15,326</u></u> | <u><u>(787)</u></u> |

Deficit Elimination Plan

State law requires that a local unit of government ending its fiscal year in a deficit condition shall formulate and file a deficit elimination plan (DEP) with the Michigan Department of Treasury within 90 days after the beginning of the fiscal year to correct the deficit. The DEP was developed by the City administration and approved by the City Council on November 20, 2009 for filing with the Michigan Department of Treasury. The DEP was filed with the Michigan Department of Treasury on November 20, 2009. The DEP is a four-year projection of revenues and expenditures and involves the continued collection of incremental tax revenues, enhanced procedures for the collection of revenues, staff reductions/layoffs, days off without pay for certain employees, reduced subsidies, reduction in City services, and the issuance of fiscal stabilization bonds. The DEP projects a positive General Fund balance for the year ending June 30, 2012.

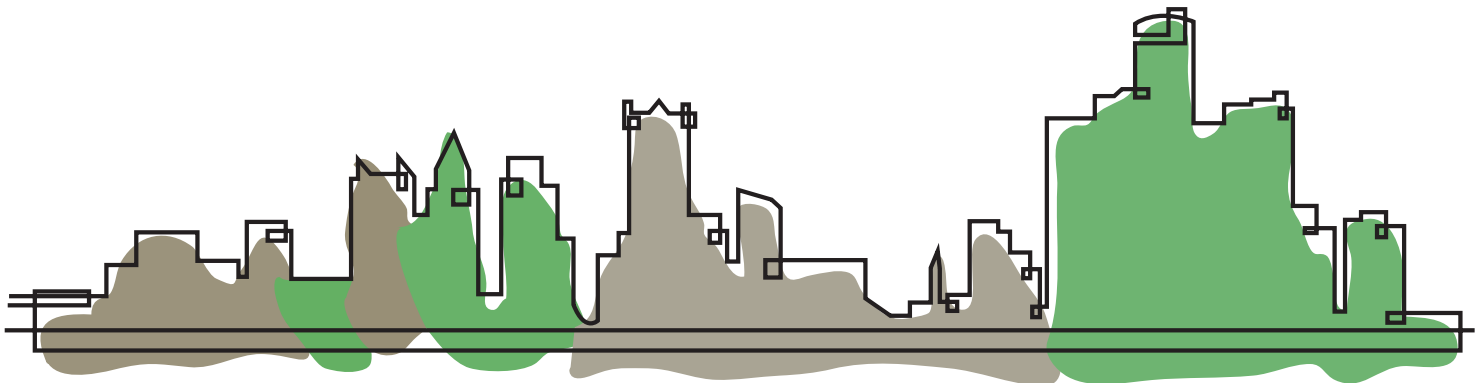
The issuance of the fiscal stabilization bonds is a necessary component of the DEP. The City issued \$250 million in fiscal stabilization bonds in March 2010. The City has reduced expenditures in fiscal year 2009-10 with staffing reductions and days off without pay for non-union City employees and some union employees and is currently negotiating with the remaining unions. The City transferred control via a long-term lease of the Cobo Hall Convention Facility (Cobo Center) to the Detroit Regional Convention Facility Authority (the "Authority") in September 2009 eliminating the City's funding of the Cobo Hall operations.

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. A list of contact numbers is provided on page 58 of this report.

The Detroit Shock proudly brought the WNBA Championship title home for the third time since the beginning of the play-offs in 1997.



BASIC
FINANCIAL
STATEMENTS

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City of Detroit, Michigan
STATEMENT OF NET ASSETS
June 30, 2009

| | Primary Government | | | Discretely Presented Component Units |
|---|----------------------------|-----------------------------|----------------|---|
| | Governmental Activities | Business-type Activities | Totals | |
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 116,489,467 | \$ 95,197,726 | \$ 211,687,193 | \$ 33,765,941 |
| Investments | 206,340,383 | 942,549,016 | 1,148,889,399 | 215,157,500 |
| Accounts and Contracts Receivable, Net | 23,199,632 | 161,748,541 | 184,948,173 | 13,141,906 |
| Internal Balances | (6,976,429) | 6,976,429 | — | — |
| Due from Primary Government | — | — | — | 32,619,144 |
| Due from Component Units | 27,267,023 | — | 27,267,023 | — |
| Due from Other Governmental Agencies | 243,830,173 | 25,797,868 | 269,628,041 | 7,972,588 |
| Inventory | 14,165,430 | 20,366,474 | 34,531,904 | 4,417,707 |
| Prepaid Expenses | 127,636 | 3,244,815 | 3,372,451 | 846,474 |
| Long-Term Receivable | — | 650,000 | 650,000 | — |
| Loans and Notes Receivable | — | — | — | 54,885,013 |
| Advance to Component Unit | 24,554,826 | — | 24,554,826 | — |
| Other Assets | 14,014 | — | 14,014 | 33,149,983 |
| Net Pension Asset | 1,074,351,991 | 274,666,705 | 1,349,018,696 | 24,348,369 |
| Deferred Charges | 72,238,424 | 95,234,846 | 167,473,270 | 2,822,045 |
| Capital Assets: | | | | |
| Non-Depreciable | 488,053,018 | 678,022,379 | 1,166,075,397 | 27,209,296 |
| Depreciable, Net | 994,624,476 | 4,816,742,379 | 5,811,366,855 | 400,739,504 |
| Total Capital Assets, Net | 1,482,677,494 | 5,494,764,758 | 6,977,442,252 | 427,948,800 |
| Total Assets | 3,278,280,064 | 7,121,197,178 | 10,399,477,242 | 851,075,470 |
| LIABILITIES | | | | |
| Accounts and Contracts Payable | 79,064,297 | 124,007,849 | 203,072,146 | 16,683,367 |
| Accrued Liabilities | 81,891,583 | — | 81,891,583 | — |
| Accrued Salaries and Wages | 30,818,677 | 6,705,558 | 37,524,235 | 1,146,873 |
| Accrued Interest Payable | 17,782,900 | 111,118,016 | 128,900,916 | 4,295,191 |
| Due to Other Governmental Agencies | 130,884,835 | 170,426 | 131,055,261 | 3,714,818 |
| Due to Primary Government | — | — | — | 27,267,023 |
| Due to Fiduciary Funds | — | — | — | 6,675,026 |
| Advance Payable to Primary Government | — | — | — | 24,554,826 |
| Due to Component Units | 28,636,343 | 3,982,801 | 32,619,144 | — |
| Deposits and Refunds | 27,972,165 | — | 27,972,165 | — |
| Deferred Revenue | 2,304,577 | 549,475 | 2,854,052 | 305,274 |
| Revenue and Tax Anticipation Notes Payable | 223,595,000 | — | 223,595,000 | — |
| Other Liabilities | 6,500,219 | 16,084,237 | 22,584,456 | 39,275,553 |
| Long-Term Obligations: | | | | |
| Due Within One Year | 192,822,217 | 149,754,671 | 342,576,888 | 21,403,635 |
| Due in More Than One Year | 2,638,385,788 | 5,626,362,334 | 8,264,748,122 | 393,524,717 |
| Total Liabilities | 3,460,658,601 | 6,038,735,367 | 9,499,393,968 | 538,846,303 |
| NET ASSETS | | | | |
| Invested in Capital Assets, Net of Related Debt | 631,821,536 | 698,477,050 | 1,330,298,586 | 424,788,127 |
| Restricted for: | | | | |
| Highway and Street Improvement | 26,904,929 | — | 26,904,929 | — |
| Endowments and Trust (Expendable) | — | — | — | 3,906,410 |
| Endowments and Trust (Non-Expendable) | 1,574,670 | — | 1,574,670 | 3,927,348 |
| Capital Projects and Acquisitions | 2,601,427 | 125,585,637 | 128,187,064 | 61,075,187 |
| Debt Service | 76,769,265 | 221,717,594 | 298,486,859 | 31,792,166 |
| Other | 34,854,636 | — | 34,854,636 | — |
| Unrestricted (Deficit) | (956,905,000) | 36,681,530 | (920,223,470) | (213,260,071) |
| Total Net Assets | \$ (182,378,537) | \$ 1,082,461,811 | \$ 900,083,274 | \$ 312,229,167 |

City of Detroit, Michigan
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

| Functions/Programs | Expenses | Program Revenues | | |
|---|-------------------------|-------------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| Public Protection | \$ 789,055,092 | \$ 92,986,299 | \$ 10,543,371 | \$ — |
| Health | 158,906,848 | 14,752,057 | 124,594,774 | — |
| Recreation and Culture | 37,180,607 | 17,736,396 | 2,417,413 | — |
| Economic Development | 73,307,206 | 72,714 | 35,388,448 | — |
| Educational Development | 76,728,812 | 760,494 | 74,151,624 | — |
| Housing Supply and Conditions | 10,592,858 | 3,572,588 | 3,857,137 | — |
| Physical Environment | 185,864,791 | 111,380,814 | 496,688 | — |
| Transportation Facilitation | 73,805,481 | 516,728 | 58,813,647 | 35,257,895 |
| Development and Management | 350,974,262 | 142,032,307 | 262,362 | — |
| Interest on Long-Term Debt | 126,344,699 | — | — | — |
| Total Government Activities | <u>1,882,760,656</u> | <u>383,810,397</u> | <u>310,525,464</u> | <u>35,257,895</u> |
| Business-type Activities: | | | | |
| Sewage Disposal | 450,278,148 | 390,126,398 | — | 2,322,233 |
| Transportation | 206,705,724 | 28,191,056 | 74,748,510 | 31,234,845 |
| Water | 349,734,605 | 274,095,463 | — | 340,076 |
| Automobile Parking | 16,511,077 | 17,667,031 | — | — |
| Airport | 2,685,756 | 1,125,015 | 62,961 | — |
| Total Business-type Activities | <u>1,025,915,310</u> | <u>711,204,963</u> | <u>74,811,471</u> | <u>33,897,154</u> |
| Total Primary Government | <u>\$ 2,908,675,966</u> | <u>\$ 1,095,015,360</u> | <u>\$ 385,336,935</u> | <u>\$ 69,155,049</u> |
| Component Units: | | | | |
| Detroit Brownfield Redevelopment Authority | \$ 1,841,211 | \$ 150,000 | \$ 198,636 | \$ — |
| Detroit Public Library | 48,343,837 | 613,355 | 1,875,273 | — |
| Detroit Transportation Corporation | 19,755,892 | 844,822 | 10,196,280 | — |
| Downtown Development Authority | 39,879,473 | 7,451,455 | — | — |
| Eastern Market Corporation | 1,743,973 | 800,103 | 2,074,934 | — |
| Economic Development Corporation | 21,859,539 | 15,482,980 | 280,000 | — |
| Greater Detroit Resource Recovery Authority | 113,967,223 | 44,988,380 | — | — |
| Local Development Finance Authority | 5,162,901 | — | — | — |
| Museum of African American History | 7,474,935 | 1,573,439 | 3,094,686 | — |
| Total Component Units | <u>\$ 260,028,984</u> | <u>\$ 71,904,534</u> | <u>\$ 17,719,809</u> | <u>\$ —</u> |
| General Revenues: | | | | |
| Taxes: | | | | |
| Property Taxes | | | | |
| Municipal Income Tax | | | | |
| Utility Users' Tax | | | | |
| Wagering Tax | | | | |
| State Hotel and Liquor Tax | | | | |
| Other Taxes and Assessments | | | | |
| State Shared Taxes | | | | |
| Interest and Penalties on Taxes | | | | |
| Tipping Fees | | | | |
| Contributions | | | | |
| Investment Earnings | | | | |
| Miscellaneous Revenues (Expenses) | | | | |
| Gain (Loss) on Disposal of Capital Assets | | | | |
| Special Item - See Note I (s) | | | | |
| Transfers | | | | |
| Total General Revenues and Transfers | | | | |
| Change in Net Assets | | | | |
| Net Assets - Beginning of Year | | | | |
| Net Assets - End of Year | | | | |

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

| Primary Government | | | |
|------------------------------------|-------------------------------------|------------------------|----------------------------|
| Governmental Activities | Business-type Activities | Totals | Component Units |
| \$ (685,525,422) | \$ — | \$ (685,525,422) | \$ — |
| (19,560,017) | — | (19,560,017) | — |
| (17,026,798) | — | (17,026,798) | — |
| (37,846,044) | — | (37,846,044) | — |
| (1,816,694) | — | (1,816,694) | — |
| (3,163,133) | — | (3,163,133) | — |
| (73,987,289) | — | (73,987,289) | — |
| 20,782,789 | — | 20,782,789 | — |
| (208,679,593) | — | (208,679,593) | — |
| (126,344,699) | — | (126,344,699) | — |
| <u>(1,153,166,900)</u> | <u>—</u> | <u>(1,153,166,900)</u> | <u>—</u> |
| — | (57,829,517) | (57,829,517) | — |
| — | (72,531,313) | (72,531,313) | — |
| — | (75,299,066) | (75,299,066) | — |
| — | 1,155,954 | 1,155,954 | — |
| — | (1,497,780) | (1,497,780) | — |
| <u>—</u> | <u>(206,001,722)</u> | <u>(206,001,722)</u> | <u>—</u> |
| <u>(1,153,166,900)</u> | <u>(206,001,722)</u> | <u>(1,359,168,622)</u> | <u>—</u> |
| — | — | — | (1,492,575) |
| — | — | — | (45,855,209) |
| — | — | — | (8,714,790) |
| — | — | — | (32,428,018) |
| — | — | — | 1,131,064 |
| — | — | — | (6,096,559) |
| — | — | — | (68,978,843) |
| — | — | — | (5,162,901) |
| — | — | — | (2,806,810) |
| <u>—</u> | <u>—</u> | <u>—</u> | <u>(170,404,641)</u> |
| \$ 231,428,726 | \$ — | \$ 231,428,726 | \$ 71,830,443 |
| 240,824,363 | — | 240,824,363 | — |
| 49,900,471 | — | 49,900,471 | — |
| 172,912,862 | — | 172,912,862 | — |
| 17,367,715 | — | 17,367,715 | — |
| 12,878,272 | — | 12,878,272 | 2,519,168 |
| 268,246,565 | — | 268,246,565 | 1,521,192 |
| 10,696,529 | — | 10,696,529 | 370,717 |
| — | — | — | 23,607,190 |
| — | — | — | 8,807,935 |
| 7,056,295 | 25,458,070 | 32,514,365 | 763,599 |
| 9,273,309 | (8,435,836) | 837,473 | 1,557,166 |
| (5,204,095) | — | (5,204,095) | — |
| — | (36,900,173) | (36,900,173) | — |
| (73,992,223) | 73,992,223 | — | — |
| <u>941,388,789</u> | <u>54,114,284</u> | <u>995,503,073</u> | <u>110,977,410</u> |
| <u>(211,778,111)</u> | <u>(151,887,438)</u> | <u>(363,665,549)</u> | <u>(59,427,231)</u> |
| <u>29,399,574</u> | <u>1,234,349,249</u> | <u>1,263,748,823</u> | <u>371,656,398</u> |
| <u>\$ (182,378,537)</u> | <u>\$ 1,082,461,811</u> | <u>\$ 900,083,274</u> | <u>\$ 312,229,167</u> |

City of Detroit, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

| | General Fund | General Retirement System Service Corporation | Police and Fire Retirement System Service Corporation | Other Governmental Funds | Totals |
|---|-----------------|--|--|--------------------------------|----------------|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 5,241,984 | \$ 10,000 | \$ 10,000 | \$ 111,227,483 | \$ 116,489,467 |
| Investments | 70,489,350 | 709,064 | 604,725 | 134,537,244 | 206,340,383 |
| Accounts and Contracts Receivable: | | | | | |
| Estimated Withheld Income Taxes Receivable | 20,616,264 | — | — | — | 20,616,264 |
| Utility Users' Taxes Receivable | 2,604,500 | — | — | — | 2,604,500 |
| Property Tax Receivable | 99,903,042 | — | — | 32,902,547 | 132,805,589 |
| Land Contracts Receivable | — | — | — | — | — |
| Income Tax Assessments | 39,625,199 | — | — | — | 39,625,199 |
| Special Assessments | 27,669,082 | — | — | 541,890 | 28,210,972 |
| Interest and Penalties | — | — | — | — | — |
| Loans Receivable | — | — | — | 18,000,000 | 18,000,000 |
| Trade Receivables | 168,927,973 | — | — | 1,910,151 | 170,838,124 |
| Total Accounts and Contracts Receivable | 359,346,060 | — | — | 53,354,588 | 412,700,648 |
| Allowance for Uncollectible Accounts | (342,224,223) | — | — | (53,195,798) | (395,420,021) |
| Total Accounts and Contracts Receivable - Net | 17,121,837 | — | — | 158,790 | 17,280,627 |
| Due from Other Funds | 65,206,359 | — | — | 67,467,883 | 132,674,242 |
| Due from Fiduciary Funds | 5,885,796 | — | — | 33,209 | 5,919,005 |
| Due from Component Units | 26,881,476 | — | — | 385,547 | 27,267,023 |
| Due from Other Governmental Agencies | 203,950,337 | — | — | 39,879,836 | 243,830,173 |
| Inventory | 13,434,694 | — | — | 730,736 | 14,165,430 |
| Prepaid Expenditures | — | — | — | 127,636 | 127,636 |
| Working Capital Advances to Other Funds | 10,275,006 | — | — | — | 10,275,006 |
| Advances to Component Units | — | 24,554,826 | — | — | 24,554,826 |
| Other Advances | 5,000 | — | — | — | 5,000 |
| Other Assets | 9,014 | — | — | — | 9,014 |
| Total Assets | \$ 418,500,853 | \$ 25,273,890 | \$ 614,725 | \$ 354,548,364 | \$ 798,937,832 |
| LIABILITIES | | | | | |
| Accounts and Contracts Payable | \$ 13,866,280 | \$ — | \$ — | \$ 18,404,368 | \$ 32,270,648 |
| Accrued Liabilities | 47,333,128 | — | — | 34,558,455 | 81,891,583 |
| Accrued Salaries and Wages | 29,530,016 | — | — | 1,288,661 | 30,818,677 |
| Due to Other Funds | 98,087,124 | 697,350 | 604,725 | 49,686,478 | 149,075,677 |
| Due to Fiduciary Funds | 46,793,649 | — | — | — | 46,793,649 |
| Loans and Other Advances from Other Funds | — | — | — | 850,000 | 850,000 |
| Due to Other Governmental Agencies | 103,930,813 | — | — | 26,954,022 | 130,884,835 |
| Due to Component Units | 28,624,629 | 11,714 | — | — | 28,636,343 |
| Income Tax Refunds Payable | 14,654,169 | — | — | — | 14,654,169 |
| Deposits from Vendors and Customers | 12,309,551 | — | — | 1,008,445 | 13,317,996 |
| Deferred Revenue: | | | | | |
| Unearned | 2,304,577 | — | — | — | 2,304,577 |
| Unavailable | 56,057,349 | — | — | 3,243,693 | 59,301,042 |
| Revenue and Tax Anticipation Notes Payable | 223,595,000 | — | — | — | 223,595,000 |
| Other Liabilities | 3,411,032 | — | — | 3,089,187 | 6,500,219 |
| Accrued Interest Payable | 2,220,275 | — | — | — | 2,220,275 |
| Accrued Compensated Absences | 157,617 | — | — | 186,288 | 343,905 |
| Claims and Judgments | 2,359,285 | — | — | — | 2,359,285 |
| Total Liabilities | \$ 685,234,494 | \$ 709,064 | \$ 604,725 | \$ 139,269,597 | \$ 825,817,880 |

City of Detroit, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

| | <u>General Fund</u> | <u>General Retirement System Service Corporation</u> | <u>Police and Fire Retirement System Service Corporation</u> | <u>Other Governmental Funds</u> | <u>Totals</u> |
|--|-------------------------|--|--|---|-----------------------|
| FUND BALANCES | | | | | |
| Reserved Fund Balances: | | | | | |
| Reserved for Inventory | \$ 13,434,694 | \$ — | \$ — | \$ 730,736 | \$ 14,165,430 |
| Reserved for Highway and Street Improvements | — | — | — | 26,174,193 | 26,174,193 |
| Reserved for Encumbrances | 7,097,735 | — | — | 17,069,116 | 24,166,851 |
| Reserved for Advances to Other Funds | 10,275,006 | — | — | — | 10,275,006 |
| Reserved for Advances to Component Units | — | 24,554,826 | — | — | 24,554,826 |
| Reserved for Risk Management Operations | 34,383,936 | — | — | — | 34,383,936 |
| Reserved for Endowments and Trusts | — | — | — | 1,574,670 | 1,574,670 |
| Reserved for Debt Service | — | 10,000 | 10,000 | 52,194,439 | 52,214,439 |
| Reserved for Capital Projects | — | — | — | 99,750,093 | 99,750,093 |
| Total Reserved Fund Balances | <u>65,191,371</u> | <u>24,564,826</u> | <u>10,000</u> | <u>197,493,247</u> | <u>287,259,444</u> |
| Unreserved Fund Balance: | | | | | |
| General Fund (Deficit) | (331,925,012) | — | — | — | (331,925,012) |
| Special Revenue Funds | — | — | — | 17,785,520 | 17,785,520 |
| Total Unreserved Fund Balance (Deficit) | <u>(331,925,012)</u> | <u>—</u> | <u>—</u> | <u>17,785,520</u> | <u>(314,139,492)</u> |
| Total Fund Balances (Deficit) | <u>(266,733,641)</u> | <u>24,564,826</u> | <u>10,000</u> | <u>215,278,767</u> | <u>(26,880,048)</u> |
| Total Liabilities and Fund Balances | <u>\$ 418,500,853</u> | <u>\$ 25,273,890</u> | <u>\$ 614,725</u> | <u>\$ 354,548,364</u> | <u>\$ 798,937,832</u> |

City of Detroit, Michigan
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2009

Fund Balances (Deficit) - Total Governmental funds \$ (26,880,048)

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 assets | \$ 3,010,992,135 | |
| Less accumulated depreciation | <u>(1,528,314,641)</u> | 1,482,677,494 |

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

| | | |
|--|--|------------|
| Receivables applicable to governmental activities are not due and collectible in the current period and therefore are deferred in governmental funds | | 59,301,042 |
|--|--|------------|

| | | |
|-------------------|--|---------------|
| Net Pension Asset | | 1,074,351,991 |
|-------------------|--|---------------|

| | | |
|--|---------------------|------------|
| Bond and Pension Obligation Certificate issuance costs | 107,760,884 | |
| Less accumulated amortization | <u>(35,522,460)</u> | 72,238,424 |

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

| | | |
|---|-------------------|------------------------|
| Accrued Interest Payable | (15,562,625) | |
| General Obligation Bonds | (836,693,278) | |
| Revenue Bonds | (87,755,000) | |
| Discount on Capital Appreciation Bonds | 5,047,981 | |
| Notes Payable | (81,626,000) | |
| Loans Payable | (47,015,857) | |
| Unamortized Premiums | (21,755,039) | |
| Unamortized Discounts | 2,569 | |
| Swap Termination Fees | (34,938,446) | |
| Accrued Compensated Absences | (145,463,740) | |
| Accrued Workers' Compensation | (65,029,000) | |
| Accrued Other Postemployment Benefits | (236,267,575) | |
| Claims and Judgments | (89,667,363) | |
| Accrued Pollution Remediation | (1,401,820) | |
| Pension Obligation Certificates Payable | (1,206,770,168) | |
| Deferred Amount on Refundings | <u>20,827,921</u> | <u>(2,844,067,440)</u> |

Net Assets of Governmental Activities \$ (182,378,537)

City of Detroit, Michigan
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

| | <u>General Fund</u> | <u>General Retirement System Service Corporation</u> | <u>Police and Fire Retirement System Service Corporation</u> | <u>Other Governmental Funds</u> | <u>Totals</u> |
|--|-------------------------|--|--|---|------------------------|
| REVENUES: | | | | | |
| Taxes: | | | | | |
| Property Taxes | \$ 163,683,140 | \$ — | \$ — | \$ 67,150,254 | \$ 230,833,394 |
| Municipal Income Tax | 240,824,363 | — | — | — | 240,824,363 |
| Utility Users' Tax | 49,900,667 | — | — | — | 49,900,667 |
| Wagering Taxes | 173,026,122 | — | — | — | 173,026,122 |
| Gas and Weight Tax | — | — | — | 58,813,648 | 58,813,648 |
| Other Taxes and Assessments | 10,907,867 | — | — | 1,970,405 | 12,878,272 |
| State Hotel and Liquor Tax | — | — | — | 17,367,715 | 17,367,715 |
| State Shared Taxes | 266,032,168 | — | — | — | 266,032,168 |
| Shared Taxes-Liquor and Beer Licenses | 591,342 | — | — | — | 591,342 |
| Interest and Penalties on Taxes | 10,696,529 | — | — | — | 10,696,529 |
| Licenses, Permits, and Inspection Charges | 6,688,369 | — | — | 25,192,222 | 31,880,591 |
| Intergovernmental: | | | | | |
| Federal | 45,832,335 | — | — | 187,694,553 | 233,526,888 |
| State | 7,739,117 | — | — | 32,310,024 | 40,049,141 |
| Other | 11,552,774 | — | — | 2,947,870 | 14,500,644 |
| Sales and Charges for Services | 167,433,937 | — | — | 69,610,251 | 237,044,188 |
| Ordinance Fines and Forfeitures | 19,946,618 | — | — | 3,800,955 | 23,747,573 |
| Revenue from Use of Assets | 25,185,260 | — | — | 1,828,164 | 27,013,424 |
| Investment Earnings | 2,875,776 | — | — | 4,180,519 | 7,056,295 |
| Other Revenue | 65,454,767 | 1,455,983 | — | 5,206,390 | 72,117,140 |
| Total Revenues | <u>1,268,371,151</u> | <u>1,455,983</u> | <u>—</u> | <u>478,072,970</u> | <u>1,747,900,104</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Public Protection | 619,265,428 | — | — | 35,184,601 | 654,450,029 |
| Health | 81,510,816 | — | — | 73,931,864 | 155,442,680 |
| Recreation and Culture | 21,041,925 | — | — | — | 21,041,925 |
| Economic Development | 16,330,001 | — | — | 48,887,991 | 65,217,992 |
| Educational Development | — | — | — | 75,409,235 | 75,409,235 |
| Housing Supply and Conditions | 9,022,633 | — | — | — | 9,022,633 |
| Physical Environment | 89,621,040 | — | — | 69,612,552 | 159,233,592 |
| Transportation Facilitation | — | — | — | 66,567,770 | 66,567,770 |
| Development and Management | 305,203,444 | — | — | — | 305,203,444 |
| Debt Service: | | | | | |
| Principal | — | — | — | 129,696,883 | 129,696,883 |
| Interest | 2,455,902 | 29,215,835 | 38,974,435 | 54,070,006 | 124,716,178 |
| Capital Outlay | 11,445,513 | — | — | 65,648,800 | 77,094,313 |
| Total Expenditures | <u>1,155,896,702</u> | <u>29,215,835</u> | <u>38,974,435</u> | <u>619,009,702</u> | <u>1,843,096,674</u> |
| Excess (Deficiency) of Revenues Over Expenditures | | | | | |
| | <u>112,474,449</u> | <u>(27,759,852)</u> | <u>(38,974,435)</u> | <u>(140,936,732)</u> | <u>(95,196,570)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Sources: | | | | | |
| Transfers In | 12,419,840 | 27,759,852 | 38,974,435 | 130,888,925 | 210,043,052 |
| Proceeds from Bonds and Note Issuances | — | — | — | 6,197,000 | 6,197,000 |
| Uses: | | | | | |
| Transfers Out | <u>(248,955,099)</u> | <u>—</u> | <u>—</u> | <u>(35,080,176)</u> | <u>(284,035,275)</u> |
| Total Other Financing Sources (Uses) | <u>(236,535,259)</u> | <u>27,759,852</u> | <u>38,974,435</u> | <u>102,005,749</u> | <u>(67,795,223)</u> |
| Net Change in Fund Balances | | | | | |
| | <u>(124,060,810)</u> | <u>—</u> | <u>—</u> | <u>(38,930,983)</u> | <u>(162,991,793)</u> |
| Fund Balances (Deficit) at Beginning of Year | (141,685,154) | 24,564,826 | 10,000 | 253,618,023 | 136,507,695 |
| Increase (Decrease) in Inventories | <u>(987,677)</u> | <u>—</u> | <u>—</u> | <u>591,727</u> | <u>(395,950)</u> |
| Fund Balances (Deficit) at End of Year | <u>\$ (266,733,641)</u> | <u>\$ 24,564,826</u> | <u>\$ 10,000</u> | <u>\$ 215,278,767</u> | <u>\$ (26,880,048)</u> |

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, 2009

| | | |
|--|----------------------|--------------------------------|
| Change in Fund Balances - Total Governmental Funds | | \$ (162,991,793) |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds | | 19,994,467 |
| Inventory | | (395,950) |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives: | | |
| Expenditures for capital assets | \$ 77,094,313 | |
| Less current year depreciation | <u>(80,386,113)</u> | (3,291,800) |
| The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and disposals) is to increase net assets | | (22,919,803) |
| Payments to the Pension Systems increased the net pension asset | | (4,607,108) |
| Bond and note proceeds and 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 | | (6,197,000) |
| 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 | | 129,696,883 |
| 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: | | |
| Accretion on capital appreciation bonds | (863,832) | |
| Amortization of issuance costs | (5,226,119) | |
| Change in accrued interest payable | (1,468,182) | |
| Amortization of bond discounts | (2,606) | |
| Amortization of bond premiums | 5,890,176 | |
| Amortization of swap termination fees | 1,343,786 | |
| Amortization of deferred amounts on refunding | (1,301,745) | |
| Change in accrued compensated absences | (24,590,865) | |
| Change in accrued workers' compensation claims | 4,824,000 | |
| Change in accrued public claims and judgments | (16,057,255) | |
| Change in pollution remediation expense | (1,401,820) | |
| Change in accrued employee benefits | <u>(122,211,545)</u> | <u>(161,066,007)</u> |
| Change in Net Assets of Governmental Activities | | \$ <u><u>(211,778,111)</u></u> |

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City of Detroit, Michigan
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
June 30, 2009

| | <u>Sewage Disposal Fund</u> | <u>Transportation Fund</u> |
|--|-------------------------------------|--------------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 6,913,527 | \$ 1,539,983 |
| Investments | 36,722,118 | 899,680 |
| Accounts and Contracts Receivable: | | |
| Other Receivables - Trade | 186,927,071 | 714,163 |
| Allowance for Uncollectible Accounts | <u>(81,078,369)</u> | <u>(49,743)</u> |
| Total Accounts and Contracts Receivable, Net | <u>105,848,702</u> | <u>664,420</u> |
| Due from Other Funds | 67,772,718 | 5,822,369 |
| Due from Fiduciary Funds | — | — |
| Due from Other Governmental Agencies | — | 25,797,868 |
| Inventory | 7,823,491 | 6,988,634 |
| Prepaid Expenses | 1,851,410 | 117,711 |
| Restricted: | | |
| Cash and Cash Equivalents | 35,118,436 | — |
| Investments | 109,529,976 | — |
| Due from Other Funds | <u>2,537,711</u> | <u>—</u> |
| Total Current Assets | <u>374,118,089</u> | <u>41,830,665</u> |
| Noncurrent Assets: | | |
| Restricted: | | |
| Cash and Cash Equivalents | 5,491,507 | — |
| Investments | 290,953,454 | — |
| Other Receivables | — | 650,000 |
| Net Pension Asset | 87,286,336 | 105,700,122 |
| Deferred Charges | 47,480,761 | 5,208,793 |
| Capital Assets: | | |
| Land and Land Rights | 31,556,557 | 7,578,462 |
| Land Improvements | 64,333,208 | — |
| Buildings and Structures | 2,272,454,484 | 68,996,217 |
| Interceptors and Regulators | 482,662,072 | — |
| Mains | — | — |
| Services and Meters | — | — |
| Vehicles and Buses | — | 157,480,922 |
| Machinery, Equipment, and Fixtures | 941,266,265 | 55,426,191 |
| Construction in Progress | <u>316,084,538</u> | <u>51,057,643</u> |
| Total Capital Assets | 4,108,357,124 | 340,539,435 |
| Less: Accumulated Depreciation | <u>(1,013,695,884)</u> | <u>(185,505,879)</u> |
| Net Capital Assets | <u>3,094,661,240</u> | <u>155,033,556</u> |
| Total Noncurrent Assets | <u>3,525,873,298</u> | <u>266,592,471</u> |
| Total Assets | <u>\$ 3,899,991,387</u> | <u>\$ 308,423,136</u> |

| <u>Water Fund</u> | <u>Automobile Parking Fund</u> | <u>Other Enterprise Fund</u> | <u>Totals</u> |
|-------------------------|--|--------------------------------------|-------------------------|
| \$ 80,194 | \$ 612,347 | \$ 1,472,192 | \$ 10,618,243 |
| 44,013,126 | 559,793 | — | 82,194,717 |
| <u>95,170,988</u> | <u>1,232,927</u> | <u>1,196,954</u> | <u>285,242,103</u> |
| <u>(41,327,531)</u> | <u>(109,851)</u> | <u>(1,091,724)</u> | <u>(123,657,218)</u> |
| <u>53,843,457</u> | <u>1,123,076</u> | <u>105,230</u> | <u>161,584,885</u> |
| 67,887,115 | 1,406,005 | 111,079 | 142,999,286 |
| — | 163,656 | — | 163,656 |
| — | — | — | 25,797,868 |
| 5,554,349 | — | — | 20,366,474 |
| 1,211,910 | 9,851 | 53,933 | 3,244,815 |
| 27,303,429 | — | 1,204,239 | 63,626,104 |
| 84,743,357 | 10,514,441 | — | 204,787,774 |
| 6,610,671 | — | — | 9,148,382 |
| <u>291,247,608</u> | <u>14,389,169</u> | <u>2,946,673</u> | <u>724,532,204</u> |
| 15,461,872 | — | — | 20,953,379 |
| 338,514,873 | 26,098,198 | — | 655,566,525 |
| — | — | — | 650,000 |
| 81,680,247 | — | — | 274,666,705 |
| 42,545,292 | — | — | 95,234,846 |
| 7,267,873 | 4,967,313 | 16,680,689 | 68,050,894 |
| 15,086,525 | 214,908 | 8,020,718 | 87,655,359 |
| 919,168,569 | 197,256,518 | 5,853,773 | 3,463,729,561 |
| — | — | — | 482,662,072 |
| 908,448,970 | — | — | 908,448,970 |
| 96,016,857 | — | — | 96,016,857 |
| — | 1,367,994 | 1,352,993 | 160,201,909 |
| 865,004,376 | 3,370,921 | 1,825,327 | 1,866,893,080 |
| 238,605,814 | 473,529 | 3,749,961 | 609,971,485 |
| <u>3,049,598,984</u> | <u>207,651,183</u> | <u>37,483,461</u> | <u>7,743,630,187</u> |
| <u>(917,873,210)</u> | <u>(116,624,772)</u> | <u>(15,165,684)</u> | <u>(2,248,865,429)</u> |
| <u>2,131,725,774</u> | <u>91,026,411</u> | <u>22,317,777</u> | <u>5,494,764,758</u> |
| <u>2,609,928,058</u> | <u>117,124,609</u> | <u>22,317,777</u> | <u>6,541,836,213</u> |
| <u>\$ 2,901,175,666</u> | <u>\$ 131,513,778</u> | <u>\$ 25,264,450</u> | <u>\$ 7,266,368,417</u> |

(Continued)

City of Detroit, Michigan
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
June 30, 2009

| | <u>Sewage Disposal Fund</u> | <u>Transportation Fund</u> |
|--|-------------------------------------|--------------------------------|
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities: | | |
| Accounts and Contracts Payable | \$ 9,036,917 | \$ 19,250,081 |
| Accrued Salaries and Wages | 1,579,810 | 2,612,852 |
| Due to Other Funds | 62,214,482 | 3,327,187 |
| Due to Fiduciary Funds | 16,970,730 | 17,040,775 |
| Due to Component Units | — | 3,982,801 |
| Due to Other Governmental Agencies | — | 170,426 |
| Accrued Interest | — | 786,679 |
| Other Liabilities | 9,316,193 | — |
| Deferred Revenue | — | 324,475 |
| Bonds, Notes, and Leases | 8,657,770 | 3,599,395 |
| Accrued Compensated Absences | 4,577,518 | 2,117,051 |
| Accrued Workers' Compensation and Claims and Judgments | 1,409,500 | 1,563,170 |
| Pollution Remediation Obligation | 890,000 | 458,545 |
| Pension Obligation Certificates, Net | 290,746 | 340,053 |
| Payable from Restricted Assets: | | |
| Bonds, Notes, and Leases | 52,866,250 | — |
| Accrued Interest | 52,830,943 | — |
| Accounts and Contracts Payable | 24,399,930 | — |
| Due to Other Funds | 10,229,600 | — |
| Other Liabilities | — | — |
| Total Current Liabilities | <u>255,270,389</u> | <u>55,573,490</u> |
| Noncurrent Liabilities: | | |
| Advance From Other Funds | — | — |
| Bonds and Notes Payable, Net | 2,920,111,415 | 6,271,722 |
| Capital Leases Payable | 657,430 | 20,339,988 |
| Pension Obligation Certificates Payable, Net | 91,871,829 | 107,191,999 |
| Accrued Compensated Absences | 8,277,527 | 3,454,136 |
| Accrued Workers' Compensation and Claims and Judgments | 3,144,494 | 5,040,245 |
| Accrued Pollution Remediation | 857,500 | — |
| Accrued Other Postemployment Benefits | 17,924,439 | 28,945,695 |
| Total Noncurrent Liabilities | <u>3,042,844,634</u> | <u>171,243,785</u> |
| Total Liabilities | <u>3,298,115,023</u> | <u>226,817,275</u> |
| Net Assets: | | |
| Invested in Capital Assets, Net of Related Debt | 397,705,998 | 124,822,451 |
| Restricted for Capital Acquisitions | 36,232,528 | — |
| Restricted for Debt Service | 142,214,512 | — |
| Unrestricted (Deficit) | <u>25,723,326</u> | <u>(43,216,590)</u> |
| Total Net Assets | <u>\$ 601,876,364</u> | <u>\$ 81,605,861</u> |

| <u>Water Fund</u> | <u>Automobile Parking Fund</u> | <u>Other Enterprise Fund</u> | <u>Totals</u> |
|-----------------------|--|--------------------------------------|-------------------------|
| \$ 13,975,714 | \$ 841,706 | \$ 20,926 | \$ 43,125,344 |
| 2,418,786 | 53,658 | 40,452 | 6,705,558 |
| 51,493,183 | 892,248 | 273,623 | 118,200,723 |
| 3,226,516 | 174,510 | 84,238 | 37,496,769 |
| — | — | — | 3,982,801 |
| — | — | — | 170,426 |
| — | — | — | 786,679 |
| 5,160,432 | 894,055 | 261,652 | 15,632,332 |
| — | — | 225,000 | 549,475 |
| 1,296,520 | 27,000,000 | — | 40,553,685 |
| 7,091,446 | 207,393 | 72,491 | 14,065,899 |
| 2,093,000 | 157,500 | 20,000 | 5,243,170 |
| 20,992 | — | — | 1,369,537 |
| 257,831 | — | — | 888,630 |
| 34,767,500 | — | — | 87,633,750 |
| 57,500,394 | — | — | 110,331,337 |
| 18,625,592 | 360,214 | — | 43,385,736 |
| 7,315,910 | — | — | 17,545,510 |
| 451,905 | — | — | 451,905 |
| <u>205,695,721</u> | <u>30,581,284</u> | <u>998,382</u> | <u>548,119,266</u> |
| — | 9,425,006 | — | 9,425,006 |
| 2,263,338,649 | 15,616,155 | — | 5,205,337,941 |
| 657,430 | — | — | 21,654,848 |
| 81,072,429 | — | — | 280,136,257 |
| 11,919,904 | 421,395 | 126,365 | 24,199,327 |
| 17,018,200 | 546,000 | 4,446,800 | 30,195,739 |
| — | — | — | 857,500 |
| 16,611,769 | 357,097 | 141,722 | 63,980,722 |
| <u>2,390,618,381</u> | <u>26,365,653</u> | <u>4,714,887</u> | <u>5,635,787,340</u> |
| <u>2,596,314,102</u> | <u>56,946,937</u> | <u>5,713,269</u> | <u>6,183,906,606</u> |
| 98,352,666 | 55,278,158 | 22,317,777 | 698,477,050 |
| 87,293,229 | 2,059,880 | — | 125,585,637 |
| 78,420,017 | 1,083,065 | — | 221,717,594 |
| 40,795,652 | 16,145,738 | (2,766,596) | 36,681,530 |
| <u>\$ 304,861,564</u> | <u>\$ 74,566,841</u> | <u>\$ 19,551,181</u> | <u>\$ 1,082,461,811</u> |

City of Detroit, Michigan
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
For the Year Ended June 30, 2009

| | <u>Sewage Disposal Fund</u> | <u>Transportation Fund</u> |
|---|-------------------------------------|--------------------------------|
| Operating Revenues: | | |
| Sales and Charges for Services | \$ 385,408,151 | \$ 27,284,274 |
| Rentals, Fees, and Surcharges | 642,654 | 646,375 |
| Miscellaneous | 4,075,593 | 260,407 |
| Total Operating Revenues | <u>390,126,398</u> | <u>28,191,056</u> |
| Operating Expenses: | | |
| Salaries, Wages, and Benefits | 49,311,439 | 136,958,228 |
| Contractual Services | — | 12,744,833 |
| Operating | 129,884,186 | 8,151,660 |
| Maintenance | 19,710,820 | — |
| Materials, Supplies, and Other Expenses | 21,833,062 | 31,684,998 |
| Depreciation and Amortization | 96,509,481 | 17,166,005 |
| Total Operating Expenses | <u>317,248,988</u> | <u>206,705,724</u> |
| Operating Income (Loss) | <u>72,877,410</u> | <u>(178,514,668)</u> |
| Non-Operating Revenues (Expenses): | | |
| Investment Earnings | 11,501,806 | 38,929 |
| Federal and State Grants | — | 74,748,510 |
| Interest on Bonds, Notes Payable, and Loans | (133,029,160) | — |
| Other Revenues (Expenses) | 9,331,912 | (10,201,569) |
| Total Non-Operating Revenues (Expenses), Net | <u>(112,195,442)</u> | <u>64,585,870</u> |
| Net Income (Loss) Before Contributions, Transfers and Special Item | (39,318,032) | (113,928,798) |
| Capital Contributions | 2,322,233 | 31,234,845 |
| Transfers In | — | 73,063,358 |
| Special Item - See Note I (s) | (36,900,173) | — |
| Increase (Decrease) in Net Assets | (73,895,972) | (9,630,595) |
| Net Assets - Beginning of Year | <u>675,772,336</u> | <u>91,236,456</u> |
| Net Assets - End of Year | <u>\$ 601,876,364</u> | <u>\$ 81,605,861</u> |

| <u>Water Fund</u> | <u>Automobile Parking Fund</u> | <u>Other Enterprise Fund</u> | <u>Totals</u> |
|-----------------------|--|--------------------------------------|-------------------------|
| \$ 271,642,734 | \$ — | \$ 36,108 | \$ 684,371,267 |
| — | 16,798,281 | 885,642 | 18,972,952 |
| <u>2,452,729</u> | <u>868,750</u> | <u>203,265</u> | <u>7,860,744</u> |
| <u>274,095,463</u> | <u>17,667,031</u> | <u>1,125,015</u> | <u>711,204,963</u> |
| 104,761,261 | 3,288,666 | 935,862 | 295,255,456 |
| — | 4,826,752 | — | 17,571,585 |
| 59,547,365 | 1,644,009 | 688,733 | 199,915,953 |
| — | 74,585 | 142,108 | 19,927,513 |
| 1,435,307 | 346,091 | 684,658 | 55,984,116 |
| <u>71,084,673</u> | <u>3,295,622</u> | <u>234,395</u> | <u>188,290,176</u> |
| <u>236,828,606</u> | <u>13,475,725</u> | <u>2,685,756</u> | <u>776,944,799</u> |
| <u>37,266,857</u> | <u>4,191,306</u> | <u>(1,560,741)</u> | <u>(65,739,836)</u> |
| 13,749,381 | 167,954 | — | 25,458,070 |
| — | — | 62,961 | 74,811,471 |
| (112,905,999) | (3,035,352) | — | (248,970,511) |
| <u>(7,920,379)</u> | <u>—</u> | <u>354,200</u> | <u>(8,435,836)</u> |
| <u>(107,076,997)</u> | <u>(2,867,398)</u> | <u>417,161</u> | <u>(157,136,806)</u> |
| (69,810,140) | 1,323,908 | (1,143,580) | (222,876,642) |
| 340,076 | — | — | 33,897,154 |
| — | — | 928,865 | 73,992,223 |
| <u>—</u> | <u>—</u> | <u>—</u> | <u>(36,900,173)</u> |
| (69,470,064) | 1,323,908 | (214,715) | (151,887,438) |
| <u>374,331,628</u> | <u>73,242,933</u> | <u>19,765,896</u> | <u>1,234,349,249</u> |
| <u>\$ 304,861,564</u> | <u>\$ 74,566,841</u> | <u>\$ 19,551,181</u> | <u>\$ 1,082,461,811</u> |

City of Detroit, Michigan
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Year Ended June 30, 2009

| | <u>Sewage Disposal Fund</u> | <u>Transportation Fund</u> |
|---|-------------------------------------|--------------------------------|
| Cash Flows from Operating Activities: | | |
| Receipts from Customers | \$ 372,796,614 | \$ 28,279,833 |
| Advances from Other Funds | — | — |
| Payments from (to) Other Funds | 9,643,347 | — |
| Loans to Other Funds | — | — |
| Payments to Suppliers | (106,492,480) | (56,440,381) |
| Payments to Employees | (77,190,383) | (102,446,129) |
| | <u>198,757,098</u> | <u>(130,606,677)</u> |
| Net Cash Provided by (Used in) Operating Activities | | |
| Cash Flows from Non-Capital Financing Activities: | | |
| Interest Expenses - Pension Obligation Certificates | (5,019,115) | (8,517,809) |
| Grants and Contributions from Other Governments | — | 73,092,892 |
| Due to Other Governmental Agencies | — | 656,684 |
| Transfers from Other Funds | — | 69,030,905 |
| Miscellaneous Non-Operating Revenue | 150,605 | — |
| | <u>(4,868,510)</u> | <u>134,262,672</u> |
| Net Cash Provided by (Used in) Non-Capital Financing Activities | | |
| Cash Flows from Capital and Related Financing Activities: | | |
| Capital Contributions | 2,322,233 | 31,234,845 |
| Insurance Proceeds | 10,000,000 | — |
| Proceeds from Sale of Capital Assets | — | — |
| Acquisition and Construction of Capital Assets | (205,170,790) | (28,100,468) |
| Proceeds from Bond and Note Issuances | 354,157,232 | — |
| Principal Paid on Bonds, Notes, and Leases | (79,626,994) | (3,453,429) |
| Payment to Agent for Remarketing Bonds | (304,870,000) | — |
| Interest Paid on Bonds, Notes, and Leases, Net | (136,239,621) | (1,460,808) |
| | <u>(359,427,940)</u> | <u>(1,779,860)</u> |
| Net Cash Provided by (Used in) Capital and Related Financing Activities | | |
| Cash Flows from Investing Activities: | | |
| Proceeds from Sales and Maturities of Investments | 851,279,806 | 56,383,000 |
| Purchase of Investments | (701,038,770) | (56,888,928) |
| Interest from Investment Securities | 355,916 | 38,929 |
| | <u>150,596,952</u> | <u>(466,999)</u> |
| Net Cash Provided by (Used in) Investing Activities | | |
| Net Increase (Decrease) in Cash and Cash Equivalents | | |
| | (14,942,400) | 1,409,136 |
| Cash and Cash Equivalents at Beginning of Year | <u>62,465,870</u> | <u>130,847</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 47,523,470</u> | <u>\$ 1,539,983</u> |

| <u>Water Fund</u> | <u>Automobile Parking Fund</u> | <u>Other Enterprise Fund</u> | <u>Totals</u> |
|-----------------------|--|--------------------------------------|----------------------|
| \$ 272,032,894 | \$ 17,743,347 | \$ 1,027,944 | \$ 691,880,632 |
| — | (500,000) | — | (500,000) |
| — | (382,856) | 406,556 | 9,667,047 |
| (7,736,285) | 373,174 | — | (7,363,111) |
| (92,030,008) | (7,065,951) | (1,535,656) | (263,564,476) |
| <u>(57,576,898)</u> | <u>(3,099,586)</u> | <u>(848,600)</u> | <u>(241,161,596)</u> |
| <u>114,689,703</u> | <u>7,068,128</u> | <u>(949,756)</u> | <u>188,958,496</u> |
| (4,919,726) | — | — | (18,456,650) |
| — | — | 62,961 | 73,155,853 |
| — | — | — | 656,684 |
| — | — | 1,283,065 | 70,313,970 |
| <u>60,979</u> | <u>—</u> | <u>—</u> | <u>211,584</u> |
| <u>(4,858,747)</u> | <u>—</u> | <u>1,346,026</u> | <u>125,881,441</u> |
| — | — | 1,823,319 | 35,380,397 |
| — | — | — | 10,000,000 |
| 187,420 | — | — | 187,420 |
| (146,225,915) | (1,626,411) | (1,256,765) | (382,380,349) |
| 123,514,289 | — | — | 477,671,521 |
| (33,705,963) | (1,460,000) | — | (118,246,386) |
| (120,000,000) | — | — | (424,870,000) |
| <u>(112,883,789)</u> | <u>(3,233,447)</u> | <u>—</u> | <u>(253,817,665)</u> |
| <u>(289,113,958)</u> | <u>(6,319,858)</u> | <u>566,554</u> | <u>(656,075,062)</u> |
| 924,129,725 | 23,427,125 | — | 1,855,219,656 |
| (787,772,569) | (23,924,393) | — | (1,569,624,660) |
| <u>1,495,158</u> | <u>167,954</u> | <u>—</u> | <u>2,057,957</u> |
| <u>137,852,314</u> | <u>(329,314)</u> | <u>—</u> | <u>287,652,953</u> |
| (41,430,688) | 418,956 | 962,824 | (53,582,172) |
| <u>84,276,183</u> | <u>193,391</u> | <u>1,713,607</u> | <u>148,779,898</u> |
| <u>\$ 42,845,495</u> | <u>\$ 612,347</u> | <u>\$ 2,676,431</u> | <u>\$ 95,197,726</u> |

(Continued)

City of Detroit, Michigan
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Year Ended June 30, 2009

| | <u>Sewage Disposal Fund</u> | <u>Transportation Fund</u> |
|---|-------------------------------------|--------------------------------|
| Reconciliation of Operating Income (Loss) to Net Cash Provided by | | |
| (Used in) Operating Activities: | | |
| Operating Income (Loss) | \$ 72,877,410 | \$ (178,514,668) |
| Adjustments to Operating Income (Loss): | | |
| Depreciation and Amortization | 96,509,481 | 17,166,005 |
| Write off and Impairment of Capital Assets | 10,126,412 | — |
| Loss on Disposal of Capital Assets | 15,237,639 | — |
| Changes in Assets and Liabilities: | | |
| Accounts Receivable | (17,329,784) | 110,945 |
| Inventories | 149,017 | 121,442 |
| Net Pension Asset | (2,820,479) | (2,329,848) |
| Prepaid Expenses | 18,817 | (117,711) |
| Due from Other Funds | 74,208,660 | (840,351) |
| Due from Fiduciary Funds | — | 2,061,403 |
| Deferred Revenues | — | (22,168) |
| Accounts and Contracts Payable | (6,794,278) | 2,025,486 |
| Due to Other Funds | (64,565,313) | 3,286,220 |
| Due to Fiduciary Funds | 8,937,686 | 14,760,923 |
| Other Liabilities | 4,012,020 | 458,545 |
| Accrued Compensated Absences | 1,962,910 | 81,734 |
| Accrued Public Liability and Workers' Compensation | (2,915,006) | 167,184 |
| Accrued Other Postemployment Benefits | 9,056,245 | 13,377,675 |
| Accrued Salaries and Wages | 85,661 | (2,399,493) |
| Advances from Other Funds | — | — |
| | <u> </u> | <u> </u> |
| Net Cash Provided by (Used in) Operating Activities | <u>\$ 198,757,098</u> | <u>\$ (130,606,677)</u> |

| <u>Water Fund</u> | <u>Automobile Parking Fund</u> | <u>Other Enterprise Fund</u> | <u>Totals</u> |
|-----------------------|--|--------------------------------------|-----------------|
| \$ 37,266,857 | \$ 4,191,306 | \$ (1,560,741) | \$ (65,739,836) |
| 71,084,673 | 3,295,622 | 234,395 | 188,290,176 |
| 2,858,318 | — | — | 12,984,730 |
| 4,029,145 | — | — | 19,266,784 |
| (2,062,569) | 76,316 | 2,929 | (19,202,163) |
| 1,796,305 | — | — | 2,066,764 |
| (4,037,937) | — | — | (9,188,264) |
| 286,316 | 118,546 | 6,861 | 312,829 |
| 67,273,864 | (382,856) | 221,032 | 140,480,349 |
| — | — | — | 2,061,403 |
| — | — | (100,000) | (122,168) |
| (2,669,110) | (124,765) | (9,339) | (7,572,006) |
| (75,010,149) | 373,174 | 185,524 | (135,730,544) |
| 1,599,156 | — | — | 25,297,765 |
| 426,577 | (168,295) | (17,679) | 4,711,168 |
| 3,102,306 | 148,920 | 45,819 | 5,341,689 |
| 444,500 | (28,900) | (12,000) | (2,344,222) |
| 8,997,599 | 65,940 | 50,177 | 31,547,636 |
| (696,148) | 3,120 | 3,266 | (3,003,594) |
| — | (500,000) | — | (500,000) |
| \$ 114,689,703 | \$ 7,068,128 | \$ (949,756) | \$ 188,958,496 |

City of Detroit, Michigan
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2009

| | Pension and Other Employee Benefit Trust Funds | Agency Funds |
|--|---|---------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 10,331,352 | \$ 2,449,444 |
| Investments at Fair Value: | | |
| Short-Term Investments | 110,867,758 | 20,826,149 |
| Bonds and Stocks | 3,484,443,279 | — |
| Mortgage-Backed Securities | 76,456,693 | — |
| Mortgage and Construction Loans | 310,570,360 | — |
| Equity Interest in Real Estate | 823,839,062 | — |
| Real Estate Investment Trusts Held by Custodian | 22,079,163 | — |
| Pooled Investments | 270,475,743 | — |
| Private Placements | 396,374,365 | — |
| Total Investments | 5,495,106,423 | 20,826,149 |
| Accrued Interest Receivable | 23,618,784 | — |
| Accounts Receivable: | | |
| Due from Primary Government | 84,290,418 | — |
| Due from Component Units | 6,675,026 | — |
| From Investment Sales | 81,490,376 | — |
| Other Receivables | 1,341,228 | — |
| Total Accounts Receivable | 173,797,048 | — |
| Cash and Investments Held as Collateral for Securities Lending | 743,652,173 | — |
| Other Assets | 2,673,806 | — |
| Total Assets | 6,449,179,586 | \$ 23,275,593 |
| LIABILITIES | | |
| Accounts and Contracts Payable | 16,289 | \$ 2,144,677 |
| Payables for Investment Purchases | 69,696,773 | — |
| Benefits and Claims Payable | 6,653,651 | — |
| Due to Primary Government | 5,677,504 | 405,158 |
| Amount Due to Broker for Securities Lending | 824,194,141 | — |
| Other Liabilities | 72,840,209 | 20,725,758 |
| Total Liabilities | 979,078,567 | \$ 23,275,593 |
| Net Assets Held in Trust for Pension and Other Employee Benefits | \$ 5,470,101,019 | |

City of Detroit, Michigan
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended June 30, 2009

| | Pension and Other Employee Benefit Trust Funds |
|---|---|
| | |
| ADDITIONS: | |
| Employer Contributions | \$ 331,314,010 |
| Plan Member Contributions | 69,942,511 |
| Other Income | 4,181,412 |
| | 405,437,933 |
| Investment Earnings: | |
| Interest and Dividend Income | 175,459,678 |
| Net Depreciation in Fair Value | (1,594,443,738) |
| Investment Expense | (25,561,868) |
| Securities Lending Income | 7,542,876 |
| Net Loss on Collateralized Securities | (80,541,968) |
| Other Income | 4,928,035 |
| | (1,512,616,985) |
| Total Additions | (1,107,179,052) |
| DEDUCTIONS: | |
| Pension and Annuity Benefits | 444,880,420 |
| Premiums to Insurers and Damage Claims | 299,979,746 |
| Refunds | 99,374,396 |
| General and Administrative Expenses | 9,821,470 |
| | 854,056,032 |
| Net Decrease | (1,961,235,084) |
| Net Assets Held in Trust for Pension and Other Employee Benefits, Beginning of Year | 7,431,336,103 |
| Net Assets Held in Trust for Pension and Other Employee Benefits, End of Year | \$ 5,470,101,019 |

City of Detroit, Michigan
COMBINING STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2009

| | <u>Detroit Brownfield Redevelopment Authority</u> | <u>Detroit Public Library</u> | <u>Detroit Transportation Corporation</u> | <u>Downtown Development Authority</u> |
|---|---|---------------------------------------|---|---|
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ 5,000 | \$ 5,159,210 | \$ 1,220,192 | \$ 3,001,903 |
| Investments | 2,105,235 | 27,882,009 | 11,252,905 | 71,525,075 |
| Accounts and Contracts Receivable, | | | | |
| Taxes, Interest, and Penalties Receivable - Net | — | 299,042 | — | 7,602,034 |
| Due from Primary Government | 1,023,603 | 21,082,914 | 2,726,886 | 5,057,596 |
| Due from Other Governmental Agencies | — | 7,728,525 | 244,063 | — |
| Inventory | — | — | 4,243,714 | — |
| Prepaid Expenses | 7,818 | 106,748 | 459,136 | 259,250 |
| Loans and Notes Receivable | — | — | — | 53,538,382 |
| Other Assets | — | 1,202,677 | 162,904 | 30,801,681 |
| Net Pension Asset | — | 24,348,369 | — | — |
| Bond and Note Issue Costs | — | — | — | 2,822,045 |
| Capital Assets: | | | | |
| Non-Depreciable | — | 1,371,996 | 9,364,568 | 7,544,670 |
| Depreciable, Net | — | 20,619,049 | 58,345,519 | 44,767,112 |
| Capital Assets, Net | — | 21,991,045 | 67,710,087 | 52,311,782 |
| Total Assets | 3,141,656 | 109,800,539 | 88,019,887 | 226,919,748 |
| LIABILITIES: | | | | |
| Accounts and Contracts Payable | 355,451 | 1,316,810 | 2,904,029 | 925,146 |
| Accrued Salaries and Wages | — | 420,450 | 557,619 | — |
| Accrued Interest Payable | — | — | — | 3,346,226 |
| Due to Primary Government | — | 3,360,979 | 500,488 | 851,397 |
| Due to Fiduciary Funds | — | 6,675,026 | — | — |
| Due to Other Governmental Agencies | — | 3,714,818 | — | — |
| Deferred Revenues | — | — | 7,615 | — |
| Other Liabilities | 1,691,360 | 1,090,163 | 1,175,808 | 28,948,672 |
| Long-term Obligations: | | | | |
| Advance Payable to Primary Government for POCs | — | 24,554,826 | — | — |
| Due Within One Year | — | 2,287,558 | — | 14,610,472 |
| Due in More Than One Year | — | 10,885,240 | 258,597 | 116,543,663 |
| Total Liabilities | 2,046,811 | 54,305,870 | 5,404,156 | 165,225,576 |
| NET ASSETS: | | | | |
| Invested in Capital Assets, Net of Related Debt | — | 21,858,558 | 67,710,087 | 52,311,782 |
| Restricted for: | | | | |
| Endowments and Trusts (Expendable) | — | 3,906,410 | — | — |
| Endowments and Trusts (Non-Expendable) | — | 569,177 | — | — |
| Capital Projects | 469,652 | — | 10,628,627 | 7,812,126 |
| Debt Service | — | — | — | — |
| Unrestricted (Deficit) | 625,193 | 29,160,524 | 4,277,017 | 1,570,264 |
| Total Net Assets (Deficit) | \$ 1,094,845 | \$ 55,494,669 | \$ 82,615,731 | \$ 61,694,172 |

| Eastern Market Corporation | Economic Development Corporation | Greater Detroit Resource Recovery Authority | Local Development Finance Authority | Museum of African American History | Totals |
|---|---|--|--|---|-----------------------|
| \$ 901,771 | \$ 19,918,876 | \$ 54,281 | \$ 2,865,368 | \$ 639,340 | \$ 33,765,941 |
| 710,297 | 21,794,766 | 39,709,782 | 38,606,317 | 1,571,114 | 215,157,500 |
| 11,500 | — | 4,998,116 | — | 231,214 | 13,141,906 |
| — | 2,728,145 | — | — | — | 32,619,144 |
| — | — | — | — | — | 7,972,588 |
| 4,133 | — | — | — | 169,860 | 4,417,707 |
| 11,194 | — | — | 1,078 | 1,250 | 846,474 |
| — | 1,346,631 | — | — | — | 54,885,013 |
| 38,981 | 863,597 | 143 | — | 80,000 | 33,149,983 |
| — | — | — | — | — | 24,348,369 |
| — | — | — | — | — | 2,822,045 |
| — | — | 8,873,234 | — | 54,828 | 27,209,296 |
| <u>3,028,187</u> | <u>—</u> | <u>271,999,878</u> | <u>—</u> | <u>1,979,759</u> | <u>400,739,504</u> |
| <u>3,028,187</u> | <u>—</u> | <u>280,873,112</u> | <u>—</u> | <u>2,034,587</u> | <u>427,948,800</u> |
| <u>4,706,063</u> | <u>46,652,015</u> | <u>325,635,434</u> | <u>41,472,763</u> | <u>4,727,365</u> | <u>851,075,470</u> |
| 545,446 | 4,212,340 | 6,059,943 | 45,953 | 318,249 | 16,683,367 |
| 77,137 | — | — | — | 91,667 | 1,146,873 |
| — | 74,182 | 194,862 | 679,921 | — | 4,295,191 |
| — | — | 22,554,159 | — | — | 27,267,023 |
| — | — | — | — | — | 6,675,026 |
| — | — | — | — | — | 3,714,818 |
| 222,659 | 75,000 | — | — | — | 305,274 |
| — | — | — | 6,369,550 | — | 39,275,553 |
| — | — | — | — | — | 24,554,826 |
| 145,765 | 974,840 | — | 3,385,000 | — | 21,403,635 |
| <u>106,518</u> | <u>—</u> | <u>196,220,699</u> | <u>69,510,000</u> | <u>—</u> | <u>393,524,717</u> |
| <u>1,097,525</u> | <u>5,336,362</u> | <u>225,029,663</u> | <u>79,990,424</u> | <u>409,916</u> | <u>538,846,303</u> |
| — | — | 280,873,113 | — | 2,034,587 | 424,788,127 |
| — | — | — | — | — | 3,906,410 |
| — | — | — | 2,585,173 | 772,998 | 3,927,348 |
| — | 41,217,956 | — | — | 946,826 | 61,075,187 |
| — | — | — | 31,792,166 | — | 31,792,166 |
| <u>3,608,538</u> | <u>97,697</u> | <u>(180,267,342)</u> | <u>(72,895,000)</u> | <u>563,038</u> | <u>(213,260,071)</u> |
| <u>\$ 3,608,538</u> | <u>\$ 41,315,653</u> | <u>\$ 100,605,771</u> | <u>\$ (38,517,661)</u> | <u>\$ 4,317,449</u> | <u>\$ 312,229,167</u> |

City of Detroit, Michigan
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended June 30, 2009

| | Detroit Brownfield Redevelopment Authority | Detroit Public Library | Detroit Transportation Corporation | Downtown Development Authority |
|--|---|---------------------------------------|---|---|
| Expenses | \$ (1,841,211) | \$ (48,343,837) | \$ (19,755,892) | \$ (39,879,473) |
| Program Revenues: | | | | |
| Charges for Services | 150,000 | 613,355 | 844,822 | 7,451,455 |
| Operating Grants and Contributions | 198,636 | 1,875,273 | 10,196,280 | — |
| Total Program Revenues | 348,636 | 2,488,628 | 11,041,102 | 7,451,455 |
| Net Program (Expenses) Revenue | (1,492,575) | (45,855,209) | (8,714,790) | (32,428,018) |
| General Revenues: | | | | |
| Property Taxes | 1,864,636 | 35,339,411 | — | 26,857,988 |
| Other Taxes | — | 2,519,168 | — | — |
| Shared Taxes | — | 1,521,192 | — | — |
| Interest and Penalties on Taxes | — | 370,717 | — | — |
| Tipping Fees | — | — | — | — |
| Contributions | — | — | 6,285,226 | — |
| Investment Earnings | 28,619 | (849,868) | 678 | — |
| Miscellaneous Revenue | — | 77,181 | 375,218 | 942,562 |
| Total General Revenues | 1,893,255 | 38,977,801 | 6,661,122 | 27,800,550 |
| Change in Net Assets | 400,680 | (6,877,408) | (2,053,668) | (4,627,468) |
| Net Assets (Deficit) - Beginning of Year | 694,165 | 62,372,077 | 84,669,399 | 66,321,640 |
| Net Assets (Deficit) - End of Year | \$ 1,094,845 | \$ 55,494,669 | \$ 82,615,731 | \$ 61,694,172 |

| Eastern Market Corporation | Economic Development Corporation | Greater Detroit Resource Recovery Authority | Local Development Finance Authority | Museum of African American History | Totals |
|---|---|--|--|---|------------------|
| \$ (1,743,973) | \$ (21,859,539) | \$ (113,967,223) | \$ (5,162,901) | \$ (7,474,935) | \$ (260,028,984) |
| 800,103 | 15,482,980 | 44,988,380 | — | 1,573,439 | 71,904,534 |
| 2,074,934 | 280,000 | — | — | 3,094,686 | 17,719,809 |
| 2,875,037 | 15,762,980 | 44,988,380 | — | 4,668,125 | 89,624,343 |
| 1,131,064 | (6,096,559) | (68,978,843) | (5,162,901) | (2,806,810) | (170,404,641) |
| — | — | — | 7,768,408 | — | 71,830,443 |
| — | — | — | — | — | 2,519,168 |
| — | — | — | — | — | 1,521,192 |
| — | — | — | — | — | 370,717 |
| — | — | 23,607,190 | — | — | 23,607,190 |
| — | 985,787 | — | — | 1,536,922 | 8,807,935 |
| 75,674 | 7,138 | 1,210,620 | 340,604 | (49,866) | 763,599 |
| — | — | — | 162,205 | — | 1,557,166 |
| 75,674 | 992,925 | 24,817,810 | 8,271,217 | 1,487,056 | 110,977,410 |
| 1,206,738 | (5,103,634) | (44,161,033) | 3,108,316 | (1,319,754) | (59,427,231) |
| 2,401,800 | 46,419,287 | 144,766,804 | (41,625,977) | 5,637,203 | 371,656,398 |
| \$ 3,608,538 | \$ 41,315,653 | \$ 100,605,771 | \$ (38,517,661) | \$ 4,317,449 | \$ 312,229,167 |

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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 MI law. The City is organized into two separate branches: (1) the executive branch, which is headed by the Mayor and (2) the legislative branch, which is composed of the City Council and its agencies. The City provides the following services as authorized by its charter: public protection, public works, recreation and culture, health, economic development, public lighting, transportation, water and sewage, airport, and parking.

(a) Reporting Entity

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

Blended Component Units

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

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

In May 2006, the City entered into a separate service contract with each of the DGRSSC and the DPFRSSC, in which the City 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 2006 (DRSFT), a grantor trust established and existing under MI law. The DGRSSC and DPFRSSC sold and assigned to the DRSFT their rights to receive certain of the payments to be received from the City under the service contracts.

Discretely Presented Component Units

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

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

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

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

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

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

*Greater Detroit Resource Recovery Authority (GDRRA)** – The GDRRA was established by the cities of Detroit and Highland Park for the acquisition, construction, and operation of a waste-to-energy facility. The GDRRA is a legally separate entity. However, the City appoints the voting majority of the Board Members and may impose its will. Financing for GDRRA operations and capital requirements was provided by the issuance of revenue bonds.

Local Development Finance Authority (LDFA) – The LDFA was created to finance certain improvements for local public roads in the vicinity of the Chrysler Jefferson Avenue Assembly Plant. The LDFA is a legally separate entity. However, the City appoints the voting majority of the Board Members and may impose its will. Incremental portions of the City and the County 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 a legally separate entity. However, the City appoints the voting majority of the Board Members and may impose its will. The MAAH is primarily funded by means of private grants and grants from the City.

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. The TIFA is a legally separate entity. However, the City appoints the voting majority of the Board Members and may impose its will. Although still in legal existence, TIFA has no activity in the current year and as such is not presented within this City’s financial statements.

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

Financial Statements of Component Units

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

Blended Component Units:

Detroit Building Authority
2800 Cadillac Tower
65 Cadillac Square
Detroit, MI 48226
(313) 224-7238

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

Detroit General Retirement System
Service Corporation
Coleman A. Young Municipal Center, Room 1200
2 Woodward Avenue
Detroit, MI 48226

Discretely Presented Component Units:

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

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

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

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

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

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

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

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

Eastern Market Corporation
2934 Russell Street
Detroit, MI 48226
(313) 833-9300

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

Related Organizations

The City has in place 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.

Joint Venture

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

The Detroit-Wayne Joint Building Authority (DWJBA) was created as a corporate instrumentality in 1948 by an agreement between the City and Wayne County. The DWJBA receives its revenues through a lease agreement with the City and Wayne County, which expires on March 1, 2028. The lease provides that the Authority 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. All revenues or other monies received by the DWJBA must be disbursed for specific purposes in accordance with agreements with the incorporating units and holders of the bonds.

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

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

(b) Basis of Presentation

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

Government-wide Financial Statements. The government-wide statement of net 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 non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

The City reports the following major funds:

Governmental Funds:

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

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

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

Proprietary Funds:

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

Transportation Fund accounts for the City's mass transit system with a fleet of over 445 coaches. The fund operates an administration building, which includes a heavy repair facility and plant maintenance building, as well as three other satellite terminals with light repair garages and storage bays.

Water Fund accounts for the operations of five water treatment plants, 20 booster stations, a transmission and distribution system and reservoirs. The fund provides service to Detroit and 125 other communities in southeastern MI.

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

Additionally, the City reports the following Fiduciary Fund types:

Fiduciary Funds:

Pension and Other Employee Benefit 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 account for various health and long-term disability benefits for employees and retirees.

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

(c) Measurement Focus and Basis of Accounting

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

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

Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (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 Governmental Accounting Standards Board (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.

(d) Cash and Cash Equivalents

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.

(e) Investments

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

(f) Interfund Transactions

The City has the following types of interfund transactions:

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

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

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

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

(g) Due from/to Other Governmental Agencies

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

(h) Inventories

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

(i) Capital Assets

Capital assets, which include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased capital assets are reported at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated assets are recorded at estimated fair value as of the date received. The City's capitalization levels are \$5,000 on tangible personal property and for improvements other than buildings, and \$50,000 on infrastructure, including sewer and storm water lines. All acquisitions of land and land improvements 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. Capitalized interest for the year ended June 30, 2009 for the Sewage Disposal and Water Funds was \$18,480,518 and \$15,140,602, respectively. Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement, and the resulting gain or loss is included in the operating statement of the related fund. In governmental funds, the sale of general capital assets is included in the statement of revenues, expenditures, and changes in fund balances as proceeds from sale. Other costs incurred for repairs and maintenance are expensed as incurred.

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

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

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

(j) 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.

(k) Bond Premiums, Discounts, Issuance Costs, and Deferred Amount on Refunding

In the government-wide and proprietary fund financial statements, bond premiums and discounts are deferred and amortized using the effective interest method. Issuance costs (deferred charges) and gains and losses (deferred amounts) on refundings are deferred and amortized over the life of the bonds using the straight-line method.

In the governmental fund financial statements, bond premiums and discounts and gains, as well as bond issuance costs are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received are reported as debt service expenditures.

(l) Compensated Absences

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

For employees other than those of the Transportation Fund, unused vacation pay and banked overtime accumulate up to a maximum level until termination of employment, while there is no vesting of sick pay until an employee reaches age 60 or completes 25 years of service. Furlough time is awarded to uniformed police and fire employees at the beginning of two 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.

(m) Property Taxes

The City's property tax are 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 MI Tax Tribunal.

The 2008 taxable valuation of the City totaled approximately \$9.7 billion (a portion of which is abated and a portion of which is captured by the LDFA, TIFA, DDA and Brownfield), on which taxes consisted of 19.952 mills for operating purposes and 7.4779 mills for debt service. This resulted in approximately \$164.2 million for operations and approximately \$67.3 million for debt service. These amounts are recognized in the respective General Fund and Debt Service Fund financial statements as tax revenue.

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

For accounting purposes, the transfer of delinquent property taxes receivable is recognized as a sale, with a corresponding liability recorded for the estimated amount that will be charged back to the City. During the year ended June 30, 2009, approximately \$125 million of delinquent property taxes receivable were transferred (sold) to the County, and \$44 million was charged back to the City from prior year sales. As of June 30, 2009, the City has recorded an approximate liability of \$69 million (\$33 million in the General Fund, \$24 million in the Non-Major Governmental Funds, and \$12 million the Water and Sewer Funds) for the estimated amount of property tax receivables sold to the County that will be charged back in future years.

(n) Municipal Income Taxes

The City levies an annual income tax. The rate for the calendar year 2009 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 1.0% for corporations. Municipal income taxes are accrued for income tax withholdings collected by employers but not yet remitted to the City. In the government-wide financial statements, income tax revenue is recorded in the period in which the underlying compensation is earned by the taxpayer. In the governmental fund financial statements, the City records municipal income tax revenues when they become available. Available is defined as due and receivable within the current fiscal year or expected to be collected within 60 days thereafter. Estimated refunds for income tax returns received and in process, in which payment has not been made, are recorded as a reduction of revenues. Income tax assessment receivable represents estimated additional taxes assessed as a result of tax return audits or failure to file a return.

(o) Fund Balances

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

(p) Net Assets

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

- a. **Invested in Capital Assets, Net of Related Debt** – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. **Restricted** – This consists of net asset that are restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available, generally it is the City’s policy to use restricted resources first, and then unrestricted resources when they are needed.
- c. **Unrestricted** – This consists of net assets that do not meet the definition of “Restricted” or “Invested in Capital Assets, Net of Related Debt.”

(q) Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

(r) New Accounting Pronouncements

In November 2006, GASB issued *Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations (Statement No. 49)*. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The City implemented *Statement No. 49* at July 1, 2008. As a result, the City recorded an estimated pollution remediation obligation of \$3,628,857 as a current year expense in the Statement of Activities, as follows:

| | Total Governmental Activities | Business-type Activities | | | Total Primary Government |
|-------------------------------|-------------------------------------|----------------------------|------------------------|---------------|--------------------------------|
| | | Sewage Disposal Fund | Transportation Fund | Water Fund | |
| Adoption of GASB No. 49 | | | | | |
| Pollution Remediation Expense | \$ 1,401,820 | \$ 1,747,500 | \$ 458,545 | \$ 20,992 | \$ 3,628,857 |

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

The provisions of GASB 49 require the measurement of pollution remediation liabilities at July 1, 2008. As of July 1, 2008 primary government had no material pollution remediation liabilities and therefore beginning net assets have not been restated. The adoption of GASB 49 is now reflected in the City's long-term obligations, which can be seen in footnote VII (a).

In June 2007, GASB issued *Statement No. 51, Accounting and Financial Reporting for Intangible Assets*. This Statement establishes accounting and financial reporting requirements for intangible assets. All intangible assets not specifically excluded by the scope of this Statement should be classified as capital assets. This Statement requires that an intangible asset be recognized in the statement of net assets only if it is considered identifiable. Additionally, this Statement establishes a specified-conditions approach to recognizing intangible assets that are internally generated, including computer software. Effectively, outlays associated with the development of such assets should not begin to be capitalized until certain criteria are met. Outlays incurred prior to meeting these criteria should be expensed as incurred. This Statement also provides guidance on recognizing internally generated computer software as an intangible asset. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The City will implement *Statement No. 51* beginning with the fiscal year ending June 30, 2010.

In June 2008, GASB issued *Statement No. 53, Accounting and Financial Reporting for Derivative Instruments*. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments. Specifically, it requires that derivative instruments be reported at fair value. The changes in fair value of derivative instruments that are used for investment purposes or that are reported as investment derivative instruments because of ineffectiveness are reported within the investment revenue classification. Alternatively, the aggregate changes in fair value of derivative instruments that are classified as hedging derivative instruments are reported in the statement of net assets as deferred inflows and outflows. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The City will implement *Statement No. 53* beginning with the fiscal year ending June 30, 2010.

In March 2009, the GASB issued *Statement No. 54, Fund Balance Reporting and Governmental Fund-Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved will be replaced with five new classifications: nonspendable, restricted, committed, assigned, and unassigned. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The City will implement *Statement No. 54* beginning with the fiscal year ending June 30, 2011.

(s) Special Item

A special item (loss) of \$36,900,173 was recorded by the Sewage Disposal Fund during the year ended June 30, 2009 to recognize impairment losses on two construction projects. The Upper Rouge Combined Sewer Overflow Tunnel and Detroit River Outfall projects, which were being undertaken to comply with Federal Clean Water Act, were terminated for financial reasons. The decline in the economic climate significantly impacted the credit market and the City was forced to convert approximately \$700 million of variable rate debt to fixed rate bonds over the past two years, resulting in a significant increase in costs to the City. The impact on user rates due to increased debt service expenses combined with the construction costs of these projects were considered to be unacceptably high. The City concluded to stop work on the existing projects and complete an analysis of alternative options to satisfy the same requirements of the Federal Clean Water Act.

(t) Inter-fund Capital Asset Transaction

Land purchased during the year by the Sewage Disposal Fund was acquired from the General Fund of the City for \$17,715,708. The land is a 3.27 acre parcel which was purchased for the future construction of a combined sewer overflow facility. The price represents a pro-rata share of the City's acquisition cost.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

(a) Liquidity Risk

Liquidity risk is the risk that the City does not have sufficient liquid financial resources to meet its obligations when they come due, or would have to incur excessive costs to do so. During times of economic stress such as a recession, the City faces significant risk to its ability to generate cash from revenues sufficient to pay operating expenditures. Two of the City's largest revenue streams, distributable state aid and municipal income taxes, are especially susceptible to major downturns in the economy and have declined in recent years due to increasing levels of unemployment. Unemployment increased rapidly from 16% in June 2008 to 27% in June 2009 (compared to 15% state and 10% national rates). Also, the large number of resident home foreclosures has adversely impacted City property valuations and property tax collections. Although unemployment dropped to 25% in March 2010 and the economy is starting to improve, the Regional economic distress will likely present continued revenue pressures for the City in both the near and long-term.

The City's declining revenues over the past several years have led to an accumulated unreserved undesignated fund deficit in the General Fund of \$332 million as of June 30, 2009. As a result, the City was dependent on short-term borrowing for cash flow purposes. The amount of combined borrowings increased from \$54 million in 2005 to \$224 million at June 30, 2009. The City borrowed an additional \$36 million in December 2009.

Standard & Poor's Rating Services, Fitch Ratings, and Moody's Investors Services each downgraded the City's debt during 2009 to below investment grade (see Note 13). The budgetary challenges, economic uncertainties, accumulated deficit in the General Fund, and ratings downgrades could affect the City's ability to access credit markets and will likely increase the costs of borrowing.

In March 2010, the City issued \$250 million of long-term Distributable State Aid General Obligation (Limited Tax) bonds to reduce its dependence on short-term borrowing and provide additional liquidity. As of May 2010 the City had a short-term borrowing debt of \$36 million payable in October 2010. The bond proceeds have improved the City's liquidity for the short-term. Continued liquidity improvement is dependent upon the successful application of the City's deficit elimination plan and improvement in the local economy.

(b) 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 audited 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 audited financials are not submitted within the six-month period to withhold the local government's State Revenue Sharing distribution. Accordingly, the Treasurer has withheld \$24.6 million revenue sharing associated with the fiscal year ended June 30, 2009. As a result, this amount has been reflected as deferred revenue in the City's General Fund balance sheet.

The Secretary of State has the authority to suspend the City's certificate of motor vehicle self-insurance when required financial statements, with application are not submitted 30 days prior to the desired effective date of the certificate. Failure to adhere to the requirement may result in the cancellation of the certificate of motor vehicle self-insurance. Notwithstanding such noncompliance, the Secretary of State has continued to extend the City's certificate of motor vehicle self-insurance through June 9, 2010.

The City is required by State of Michigan law to fund its minimally required pension contributions for the fiscal year ended June 30, 2009, prior to said date. Notwithstanding this requirement, the City failed to remit its complete contribution prior to June 30, 2009. Contributions to the General Retirement System and Police and Fire Retirement System of \$17.4 million and \$31.4 million, respectively, were remitted in 2009-10 in accordance with payment schedules agreed to between the City and the pension boards.

As of June 30, 2009, the City failed to remit approximately \$32.3 million of property tax distributions held by the General Fund that were due to Other Funds, Component Units, and Other Governmental Agencies. All such required distributions at June 30, 2009 were remitted in July and August 2009.

During the fiscal year ended June 30, 2009, the City identified certain expenditures made by the Sewage Disposal and Water Funds that potentially should not have been funded by bond proceeds. The City is currently unable to determine whether there were any legal violations or implications as to the tax-exempt nature of the bonds as a result of this potential noncompliance. The City does not believe the outcome of this matter will have a material impact on the accompanying financial statements.

Bond ordinances require amounts be held on deposit in a Bond and Interest Redemption Fund such that the aggregate balance is sufficient to provide for payment, when due, of the current principal and interest. During the fiscal year ended June 30, 2009, the balance in the Water Fund's Bond and Interest Redemption Fund was not in compliance with these ordinances. However, the Fund transferred the required amounts on July 1, 2009 and made the principal and interest payments on a timely basis.

(c) Deficit Fund Equity

General Fund had a deficit fund balance of \$266,733,641. Local Development Finance Authority (a Component Unit) (LDFA) had a fund deficit of \$38,517,661. The General Fund has issued a deficit reduction plan, which includes staffing reductions and days off without pay for certain employees (i.e., furlough days), reduction in level of City provided services, reduced subsidies, and enhanced procedures for the collection of revenues. LDFA's plan for elimination of its deficit involves the continued collection of incremental tax revenues and payment of its debt service requirements in the upcoming years.

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(d) 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 Supplementary Information. Listed below are expenditures that exceeded its corresponding appropriation for the year ended June 30, 2009:

| <u>Agency Description</u> | <u>Appropriation Description</u> | <u>YTD Budget Final</u> | <u>YTD Actual</u> | <u>Variance</u> |
|---------------------------|---|-----------------------------|-----------------------|------------------------|
| Public Works | Snow and Ice Removal | \$ 346,673 | \$ 955,785 | \$ (609,112) |
| | Street Cleaning | 54,556 | 97,262 | (42,706) |
| | Vehicle Management | 11,457 | 23,557 | (12,100) |
| Fire | Ordinance Enforcement | 6,868,723 | 7,012,180 | (143,457) |
| | Fire Fighting Operations | 136,417,580 | 142,324,759 | (5,907,179) |
| | Communication and System Support | 4,256,491 | 4,411,477 | (154,986) |
| Health | Primary Family Care | 238,031 | 505,898 | (267,867) |
| | Drug Education | 234,569 | 250,000 | (15,431) |
| | Plant Operation and Maintenance-Herman Kiefer | 1,356,076 | 1,937,962 | (581,886) |
| Human Resources | Supportive Services | 2,162 | 723,717 | (721,555) |
| Human Rights | Contract Compliance | 4,849 | 53,127 | (48,278) |
| Mayor's Office | Citizen Radio Patrol | 282,365 | 293,508 | (11,143) |
| | Senior Advocacy | 484,819 | 494,932 | (10,113) |
| Non-departmental | Claims Fund (Insurance Premium) | 58,438,124 | 61,586,544 | (3,148,420) |
| | General Revenue - Non Departmental | 11,074,792 | 15,523,516 | (4,448,724) |
| | City Vehicles-Lease Purchase | 16,038,750 | 20,569,658 | (4,530,908) |
| | Community Development | 327,942 | 629,284 | (301,342) |
| Police | Human Resources Bureau | 6,301,747 | 6,514,943 | (213,196) |
| | Management Services Bureau | 16,844,899 | 28,748,931 | (11,904,032) |
| | Grant Contributions - Cash | 775,349 | 866,715 | (91,366) |
| | Rape Counseling Unit | 322,170 | 434,869 | (112,699) |
| | Police Athletic League | 637,071 | 686,174 | (49,103) |
| | Operations Portfolio | 236,449,129 | 258,113,130 | (21,664,001) |
| | Investigations Portfolio | 10,641 | 360,965 | (350,324) |
| Recreation | Development and Support | 11,426 | 411,696 | (400,270) |
| Auditor General | Risk Management Council | 122,310 | 224,792 | (102,482) |
| | Auditing - CAFR | 2,847,193 | 3,255,979 | (408,786) |
| 36th District Court | District Court | 8,200,132 | 10,078,249 | (1,878,117) |
| Elections | Conduct of Elections | 12,255,658 | 14,032,596 | (1,776,938) |
| Total All Agencies | | <u>\$ 521,215,684</u> | <u>\$ 581,122,205</u> | <u>\$ (59,906,521)</u> |

NOTE III - DEPOSITS AND INVESTMENTS

(a) Governmental and Business-Type Activities

A summary of deposits and investments of the governmental and business-type activities at June 30, 2009 are as follows:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|-----------------------------------|------------------------------------|-------------------------------------|-------------------------|
| Demand Deposits | \$ 121,210,322 | \$ 95,197,726 | \$ 216,408,048 |
| U.S. Treasury | 2,999,670 | — | 2,999,670 |
| U.S. Government Agency Securities | 14,204,263 | 348,442,358 | 362,646,621 |
| Repurchase Agreement | 1,004,171 | — | 1,004,171 |
| Money Market | 183,411,424 | 506,406,866 | 689,818,290 |
| Commercial Paper | — | 87,699,792 | 87,699,792 |
| Total | <u>\$ 322,829,850</u> | <u>\$ 1,037,746,742</u> | <u>\$ 1,360,576,592</u> |

Deposits and Investments of the governmental and business-type activities at June 30, 2009 are reported in the financial statements as follows:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|---------------------------|------------------------------------|-------------------------------------|-------------------------|
| Cash and Cash Equivalents | \$ 116,489,467 | \$ 95,197,726 | \$ 211,687,193 |
| Investments | 206,340,383 | 942,549,016 | 1,148,889,399 |
| Total | <u>\$ 322,829,850</u> | <u>\$ 1,037,746,742</u> | <u>\$ 1,360,576,592</u> |

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

The City is authorized by MI Public Act 20 of 1943 (as amended) to invest in obligations of the U.S. government or its agencies, certificates of deposit, savings and depository accounts of insured institutions, commercial paper of certain investment quality, repurchase agreements, banker'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, 2009, the governmental and business-type activities had deposits of \$67,937,013 and \$32,216,128, respectively, which were exposed to custodial credit risk as they were uninsured and uncollateralized.

Interest Rate Risk

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

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The City (governmental and business-type activities) had the following debt investments and maturities at June 30, 2009:

| | Total Fair Value | Investment Maturities in Years | | |
|-----------------------------------|-----------------------|--------------------------------|-----------------------|--------------|
| | | Less Than 1 Year | 1 – 5 Years | 6 – 10 Years |
| Governmental Activities | | | | |
| U.S. Treasury | \$ 2,999,670 | \$ 2,999,670 | \$ — | \$ — |
| U.S. Government Agency Securities | 14,204,263 | 10,188,143 | 4,016,120 | — |
| Repurchase Agreement | 1,004,171 | 1,004,171 | — | — |
| Money Market | 183,411,424 | 183,411,424 | — | — |
| Total Governmental Activities | <u>\$ 201,619,528</u> | <u>\$ 197,603,408</u> | <u>\$ 4,016,120</u> | <u>\$ —</u> |
| Business-Type Activities | | | | |
| U.S. Government Agency Securities | \$ 348,442,358 | \$ 72,297,187 | \$ 276,145,171 | \$ — |
| Money Market | 506,406,866 | 506,406,866 | — | — |
| Commercial Paper | 87,699,792 | 87,699,792 | — | — |
| Total Business-Type Activities | <u>\$ 942,549,016</u> | <u>\$ 666,403,845</u> | <u>\$ 276,145,171</u> | <u>\$ —</u> |

Credit Risk

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

The City's debt investments (governmental and business-type activities) have the following ratings at June 30, 2009 as rated by S&P or Moody's:

| | Aaa | Aa2 | Not Rated | Total |
|-----------------------------------|-----------------------|----------------------|----------------------|-----------------------|
| Governmental Activities | | | | |
| U.S. Treasury | \$ 2,999,670 | \$ — | \$ — | \$ 2,999,670 |
| U.S. Government Agency Securities | 14,204,263 | — | — | 14,204,263 |
| Repurchase Agreement | 1,004,171 | — | — | 1,004,171 |
| Money Market | 168,410,573 | — | 15,000,851 | 183,411,424 |
| Total Governmental Activities | <u>\$ 186,618,677</u> | <u>\$ —</u> | <u>\$ 15,000,851</u> | <u>\$ 201,619,528</u> |
| Business-Type Activities | | | | |
| U.S. Government Agency Securities | \$ 343,429,943 | \$ — | \$ 5,012,415 | \$ 348,442,358 |
| Money Market | 496,035,083 | — | 10,371,783 | 506,406,866 |
| Commercial Paper | — | 54,014,000 | 33,685,792 | 87,699,792 |
| Total Business-Type Activities | <u>\$ 839,465,026</u> | <u>\$ 54,014,000</u> | <u>\$ 49,069,990</u> | <u>\$ 942,549,016</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 including prohibiting investing more than 5% of the portfolio in securities (excluding U.S. government securities) of any one issuer. More than 5% of the City's debt investments are in the following: Federal Farm Credit Bank (6.48%), Federal Home Loan Bank (7.74%), Federal Home Loan Mortgage Corporation (11.90%), and Federal National Mortgage Association (7.56%).

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(b) Fiduciary Activities

The fiduciary activities consist of the Pension Funds (General Retirement System and Police and Fire Retirement System) and Other Employee Benefit and Agency Funds. A summary of cash and investments for fiduciary activities at June 30, 2009 is as follows:

| | Pension and Other Employee Benefits Trust Funds | | | | |
|---|--|--|--------------------------------|-------------------------|----------------------|
| | General Retirement System | Police & Fire Retirement System | Other Employee Benefits | Total | Agency Funds |
| Demand Deposits | \$ 7,577,603 | \$ — | \$ 2,753,749 | \$ 10,331,352 | \$ 2,449,444 |
| Money Market Funds | — | — | 7,368,600 | 7,368,600 | 20,826,149 |
| Mutual Funds | — | — | 20,231,998 | 20,231,998 | — |
| Short-Term Investments | 74,281,010 | 9,030,732 | — | 83,311,742 | — |
| Stocks | 788,542,781 | 1,335,973,209 | 3,886,027 | 2,128,402,017 | — |
| Commingled Equity Funds | 516,423,588 | — | — | 516,423,588 | — |
| Bonds | 216,274,278 | 623,343,397 | — | 839,617,675 | — |
| Mortgage-Backed Securities | 10,871,606 | 65,573,488 | 11,599 | 76,456,693 | — |
| Pooled Investments | 16,846,000 | 253,585,160 | — | 270,431,160 | — |
| Equity Interest in Real Estate | 367,488,256 | 456,350,806 | — | 823,839,062 | — |
| Private Placements | 293,222,698 | 102,431,667 | 720,000 | 396,374,365 | — |
| Mortgage and Construction Loans | 137,126,720 | 173,443,640 | — | 310,570,360 | — |
| Real Estate Investment Trusts Held by Custodian | — | 22,079,163 | — | 22,079,163 | — |
| Total | <u>\$ 2,428,654,540</u> | <u>\$ 3,041,811,262</u> | <u>\$ 34,971,973</u> | <u>\$ 5,505,437,775</u> | <u>\$ 23,275,593</u> |

Cash and Investments for fiduciary activities at June 30, 2009 are reported in the financial statements as follows:

| | Pension and Other Employee Benefits Trust Funds | | | | |
|---------------------------|--|--|--------------------------------|-------------------------|----------------------|
| | General Retirement System | Police & Fire Retirement System | Other Employee Benefits | Total | Agency Funds |
| Cash and Cash Equivalents | \$ 7,577,603 | \$ — | \$ 2,753,749 | \$ 10,331,352 | \$ 2,449,444 |
| Investments | <u>2,421,076,937</u> | <u>3,041,811,262</u> | <u>32,218,224</u> | <u>5,495,106,423</u> | <u>20,826,149</u> |
| Total | <u>\$ 2,428,654,540</u> | <u>\$ 3,041,811,262</u> | <u>\$ 34,971,973</u> | <u>\$ 5,505,437,775</u> | <u>\$ 23,275,593</u> |

Pension Funds

The Pension Funds are authorized by MI 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 MI Public Act 314. The Pension Funds deposits and investment policies are in accordance with this statutory authority.

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Custodial Credit Risk of Bank Deposits

At June 30, 2009, the General Retirement System had deposits of \$7,577,603 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. At June 30, 2009, the Police and Fire Retirement System had no deposits that were uninsured and uncollateralized. The Pension Funds believe that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Pension Funds evaluate each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk

The Pension Funds' investment policies do not restrict investment maturities. The Pension Funds had the following debt investments and maturities at June 30, 2009 (in \$000):

| | <u>Fair Value</u> | <u>Less Than 1 Year</u> | <u>1-5 Years</u> | <u>6-10 Years</u> | <u>Over 10 Years</u> |
|--|-------------------|-----------------------------|-------------------|-------------------|--------------------------|
| General Retirement System | | | | | |
| U.S. Government | \$ 76,186 | \$ 29,402 | \$ 25,207 | \$ 9,904 | \$ 11,673 |
| Mortgage Backed | 10,929 | — | — | 659 | 10,270 |
| Treasuries ** | 26,136 | 15,639 | — | — | — |
| Corporate | 129,035 | 14,300 | 63,684 | 28,182 | 22,869 |
| Other Fixed Income | 10,725 | 160 | 7,300 | 1,499 | 1,766 |
| Convertible Bonds | 2,055 | — | 244 | 1,080 | 731 |
| Pooled and Mutual Funds ** | 79,565 | 10 | — | — | — |
| Government Agencies | 1,000 | 1,000 | — | — | — |
| State and local obligations | 135 | — | — | — | 135 |
| Mortgages | 100,699 | 4,004 | 63,380 | 33,315 | — |
| Construction Loans | 32,244 | 28,193 | 4,051 | — | — |
| Total | <u>\$ 468,709</u> | <u>\$ 92,708</u> | <u>\$ 163,866</u> | <u>\$ 74,639</u> | <u>\$ 47,444</u> |
| Police & Fire Retirement System | | | | | |
| U.S. Government | \$ 94,343 | \$ 4,129 | \$ 80,970 | \$ — | \$ 9,244 |
| Government Assets and Mortgage Backed | 65,865 | — | — | — | 65,865 |
| Treasuries | 4,233 | 4,233 | — | — | — |
| Corporate Fixed Income | 481,420 | 18,189 | 263,520 | 113,090 | 86,621 |
| Other Fixed Income | 65,385 | 1,781 | 36,315 | 19,069 | 8,220 |
| Convertible Bonds | 17,948 | — | 9,263 | 1,644 | 7,041 |
| Government Agencies | 9,158 | 1,229 | 2,921 | 3,796 | 1,212 |
| Certificates of Deposits | 3 | 3 | — | — | — |
| State and local obligations | 381 | — | — | — | 381 |
| Construction Loans | 68,101 | 64,607 | 3,494 | — | — |
| Mortgages | 105,342 | 13,908 | 82,989 | 8,445 | — |
| Convertible preferred stock | 722 | — | 305 | — | 417 |
| Total | <u>\$ 912,901</u> | <u>\$ 108,079</u> | <u>\$ 479,777</u> | <u>\$ 146,044</u> | <u>\$ 179,001</u> |

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

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Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Pension Funds' investment policies do not further limit their investment choices. The Pension Funds' debt investments have the following ratings at June 30, 2009 as rated by S & P (in \$000):

| | <u>AAA</u> | <u>AA</u> | <u>A</u> | <u>BBB</u> | <u>BB</u> | <u>B</u> | <u>CCC & Below</u> | <u>Not Rated</u> |
|--|-------------------|------------------|-------------------|-------------------|------------------|------------------|----------------------------|----------------------|
| General Retirement System | | | | | | | | |
| U.S. Government | \$ 62,885 | \$ 923 | \$ 5,239 | \$ 1,610 | \$ 296 | \$ — | \$ — | \$ 5,233 |
| Mortgage Backed | 2,562 | — | — | 598 | — | 142 | — | 7,627 |
| Treasuries | 11,285 | — | — | — | — | — | — | 14,852 |
| Corporate | 20,497 | 11,484 | 35,593 | 23,864 | 10,601 | 7,967 | 5,871 | 13,160 |
| Other Fixed Income | 35 | 1,480 | 4,430 | 3,062 | 199 | 506 | 938 | 76 |
| Convertible Bonds | — | — | — | — | 471 | 608 | — | 975 |
| Comingled Bond Funds | — | — | — | — | — | — | — | 873 |
| Government Agencies | — | — | — | — | — | — | — | 1,000 |
| State and Local Obligations | — | — | — | — | — | — | — | 135 |
| Pooled and Mutual Funds | 3 | — | — | — | — | — | — | 79,562 |
| Mortgages | — | — | — | — | — | — | — | 100,699 |
| Construction Loans | — | — | — | — | — | — | — | 32,244 |
| Total | \$ 97,267 | \$ 13,887 | \$ 45,262 | \$ 29,134 | \$ 11,567 | \$ 9,223 | \$ 6,809 | \$ 256,436 |
| Police & Fire Retirement System | | | | | | | | |
| Pooled and Mutual Funds | \$ 3,868 | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 75,885 |
| Government Fixed Income | 91,692 | — | — | 157 | — | 387 | — | — |
| Government Assets and Mortgage Backed | 4,609 | — | — | — | — | — | — | — |
| Treasuries | 4,233 | — | — | — | — | — | — | — |
| Corporate Fixed Income | 36,009 | 61,395 | 106,136 | 103,984 | 53,783 | 74,498 | 21,564 | 41,250 |
| Other Fixed Income | 1,637 | 6,115 | 9,675 | 12,071 | 10,887 | 14,425 | 5,839 | 4,736 |
| Convertible Investments | — | 607 | 2,565 | 8,044 | 3,012 | 1,865 | — | 4,357 |
| Government Agencies | 9,157 | — | — | — | — | — | — | — |
| Certificates of Deposits | — | — | — | — | — | — | — | 3 |
| State and local obligations | — | — | — | — | — | — | — | 381 |
| Construction Loans | — | — | — | — | — | — | — | 68,101 |
| Mortgages | — | — | — | — | — | — | — | 105,342 |
| Total | \$ 151,205 | \$ 68,117 | \$ 118,376 | \$ 124,256 | \$ 67,682 | \$ 91,175 | \$ 27,403 | \$ 300,055 |

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 Fire Retirement System (Pension Funds) do not restrict the amount of investments in foreign currency.

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The foreign currency risk for cash and investments of the Pension Funds at June 30, 2009 is as follows (in \$000):

| | General Retirement System | | | | Police and Fire Retirement System | | | |
|------------------------|---------------------------|-------------------|------------------|-----------------|-----------------------------------|-------------------|--|-----------------|
| | Fixed Income | Equity | Cash Equivalents | Cash | Forward Contracts | Equity | Forward Contracts Unrealized Gain (Loss) | Cash |
| Argentina Peso | \$ — | \$ 200 | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Australian Dollar | 3,867 | 11,726 | — | 190 | 33,173 | 14,174 | 306 | 546 |
| Brazilian Real | 1,610 | 754 | — | (58) | — | — | — | — |
| British Pound Sterling | 2,618 | 40,655 | — | (78) | (1,070) | 71,506 | (7,098) | 218 |
| Bulgarian Lev | — | 389 | — | 104 | — | — | — | — |
| Canadian Dollar | 1,051 | 6,656 | — | 105 | (5,425) | 10,744 | 4,547 | 26 |
| Czech Koruna | — | 1,226 | — | 73 | (1,167) | — | — | — |
| Danish Krone | — | 1,689 | — | 3 | — | 3,632 | — | 36 |
| Euro Currency | 3,210 | 48,400 | 414 | 3,280 | 6,763 | 95,528 | 4,429 | 2,058 |
| Hong Kong Dollar | — | 6,838 | — | (174) | — | 5,281 | — | 60 |
| Hryvnia | — | 538 | — | 4 | — | — | — | — |
| Hungarian Forint | — | 1,037 | — | — | (832) | — | — | — |
| Indonesian Rupiah | 1,109 | — | — | 37 | — | — | — | — |
| Japanese Yen | — | 37,552 | — | 942 | (5,984) | 56,423 | (284) | (102) |
| Malaysian Ringgit | 1,925 | — | — | 1 | — | — | — | — |
| Mexican Nuevo Peso | 1,498 | 78 | — | — | — | 127 | — | — |
| New Romanian Leu | — | 12 | — | 21 | — | — | — | — |
| New Taiwan Dollar | — | 2 | — | 185 | — | — | — | — |
| New Zealand Dollar | 1,352 | 156 | — | 1 | (12,757) | 235 | — | — |
| Norwegian Krone | — | 2,066 | — | 203 | 5,149 | 3,162 | (181) | 48 |
| New Turkish Lira | — | — | — | — | 411 | 407 | — | 2 |
| Philippines Peso | — | — | — | 1 | — | — | — | — |
| Polish Zloty | 1,562 | 1 | — | — | — | — | — | — |
| Renminbi Yuan | — | 87 | — | — | — | — | — | — |
| Russian New Ruble | — | 155 | — | 21 | — | — | — | — |
| Singapore Dollar | — | 1,217 | — | 182 | — | 2,996 | — | 250 |
| South African Rand | 1,090 | 194 | — | — | — | — | — | — |
| South Korean Won | — | 2,140 | — | — | 1,126 | 280 | — | — |
| Swedish Krona | 852 | 1,965 | — | 58 | 8,995 | 3,069 | 1,242 | 10 |
| Swiss Franc | — | 14,567 | — | 675 | (17,213) | 20,990 | (3,308) | 650 |
| Thai Baht | — | — | — | 101 | — | — | — | — |
| Total | \$ 21,744 | \$ 180,300 | \$ 414 | \$ 5,877 | \$ 11,169 | \$ 288,554 | \$ (347) | \$ 3,802 |

Securities Lending

As permitted by State statutes and under the provisions of a securities lending authorization agreement, the Pension Funds lend securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The Pension Funds custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. The custodial banks do not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to not less than 102 percent of the fair 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 Pension Funds and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested together with the cash collateral of other lenders in an investment pool. The average duration of this investment pool at June 30, 2009 was 28 and 38 days for the General Retirement System and the Police and Fire Retirement System, 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, 2009, the Pension Funds had no credit risk exposure to borrowers.

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The collateral held and the fair value of the underlying securities on loan for the General Retirement System at June 30, 2009 was \$262,933,520 and \$252,865,293, respectively. The collateral held and the fair value of the underlying securities on loan for the Police and Fire Retirement System at June 30, 2009 was \$561,261,292 and \$540,821,206, respectively.

| <u>Securities Lent</u> | <u>Underlying Securities</u> | |
|------------------------------|----------------------------------|--|
| | <u>General Retirement System</u> | <u>Police and Fire Retirement System</u> |
| U.S. government and agencies | \$ 10,876,017 | \$ 30,252,955 |
| U.S. corporate fixed income | 10,264,954 | 53,847,818 |
| U.S. equities | 220,778,692 | 440,551,633 |
| Non-U.S. governments | 2,385,964 | — |
| Non-U.S. equities | 8,559,666 | 16,168,800 |
| Total | <u>\$ 252,865,293</u> | <u>\$ 540,821,206</u> |

At June 30, 2009, the fair market value of the collateral pool related to securities lending for the General Retirement System and the Police and Fire Retirement System was \$227,609,699 and \$516,042,474, respectively. The collateral was invested in asset-backed securities, bank notes, certificate of deposits (floating rate), money markets, and U. S. corporate securities (floating rate).

Other Employee Benefits 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.

Custodial Credit Risk of Bank Deposits

The City does not have a deposit policy for custodial credit risk. At June 30, 2009, the Other Employee Benefit and Agency Funds had deposits of \$1,631,062 that were exposed to custodial credit risk as they were uninsured and uncollateralized.

Interest Rate Risk

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

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The Other Employee Benefit and Agency Funds had the following debt investments and maturities at June 30, 2009:

| | Total Fair Value | Investment Maturities in Years | | |
|-----------------------------------|-----------------------------|---------------------------------------|--------------------|---------------------|
| | | Less Than 1 Year | 1 – 5 Years | 6 – 10 Years |
| U.S. Government Agency Securities | \$ 11,599 | \$ 11,599 | \$ — | \$ — |
| Money Market | 28,194,749 | 28,194,749 | — | — |
| Mutual Funds | 20,231,998 | 20,231,998 | — | — |
| Total | \$ 48,438,346 | \$ 48,438,346 | \$ — | \$ — |

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).

The Other Employee Benefit and Agency Funds' debt investments have the following credit quality ratings at June 30, 2009 as rated by S&P or Moody's:

| | AAA | Not Rated |
|-----------------------------------|----------------------|---------------------|
| Money Market | \$ 27,338,521 | \$ 44,583 |
| U.S. Government Agency Securities | 11,599 | — |
| Mutual Funds | — | 9,456,183 |
| Total | \$ 27,350,120 | \$ 9,500,766 |

Concentration of Credit Risk

The City's policy specifies a number of limitations to minimize concentration of credit risk including prohibiting investing more than 5% 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 debt investments of Other Employee Benefit and Agency Funds.

NOTE IV - INTERFUND BALANCES AND ACTIVITY

(a) Balances Due from/to Other Funds

During the course of operations, numerous transactions occur between the City funds for goods provided and services rendered and for the reimbursement of expenditures. Related interfund receivables and payables are classified as “due from other funds” and “due to other funds” on the balance sheet and statement of net assets and will be settled within one year.

Interfund receivables and payables at June 30, 2009 are as follows:

| Due to: | Due From: | | | | | |
|--------------------------|-----------------------|-------------------|-------------------|--------------------------|----------------------|----------------------|
| | General Fund | GRSSC Fund | PFRSSC Fund | Other Governmental Funds | Sewage Disposal Fund | Transportation Fund |
| General Fund | \$ — | \$ 564,699 | \$ 604,725 | \$ 45,881,563 | \$ 5,395,474 | \$ 3,322,843 |
| Other Governmental Funds | 63,061,711 | — | — | 2,814,837 | 1,376,951 | 4,344 |
| Sewage Disposal Fund | 19,941,206 | 41,353 | — | — | — | — |
| Transportation Fund | 4,826,607 | 50,762 | — | 945,000 | — | — |
| Water Fund | 8,785,593 | 40,536 | — | — | 65,671,657 | — |
| Automobile Parking Fund | 1,360,928 | — | — | 45,078 | — | — |
| Other Enterprise Funds | 111,079 | — | — | — | — | — |
| Fiduciary Funds (1) | 46,793,649 | — | — | — | 16,970,730 | 17,040,775 |
| Liabilities Total | \$ 144,880,773 | \$ 697,350 | \$ 604,725 | \$ 49,686,478 | \$ 89,414,812 | \$ 20,367,962 |

| Due to: | Due From: | | | | |
|--------------------------|----------------------|-------------------------|-----------------------|---------------------|-----------------------|
| | Water Fund | Automobile Parking Fund | Other Enterprise Fund | Fiduciary Funds | Assets Total |
| General Fund | \$ 8,287,936 | \$ 875,495 | \$ 273,623 | \$ 5,885,797 | \$ 71,092,155 |
| Other Governmental Funds | 193,287 | 16,753 | — | 33,209 | 67,501,092 |
| Sewage Disposal Fund | 50,327,870 | — | — | — | 70,310,429 |
| Transportation Fund | — | — | — | — | 5,822,369 |
| Water Fund | — | — | — | — | 74,497,786 |
| Automobile Parking Fund | — | — | — | 163,656 | 1,569,662 |
| Other Enterprise Funds | — | — | — | — | 111,079 |
| Fiduciary Funds (1) | 3,226,516 | 174,510 | 84,238 | — | 84,290,418 |
| Liabilities Total | \$ 62,035,609 | \$ 1,066,758 | \$ 357,861 | \$ 6,082,662 | \$ 375,194,990 |

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

(b) Advances

Advances represent interfund receivables and payables that will not be paid within one year. Advances between funds at June 30, 2009 are as follows:

| Receivable Fund | Payable Fund | Amount |
|-----------------|-------------------------|----------------------|
| General Fund | Capital Projects Fund | \$ 850,000 (1) |
| General Fund | Automobile Parking Fund | 9,425,006 (1) |
| | Total | \$ 10,275,006 |

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

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(c) 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 Balances/Net assets. The transfers are routine and consistent with the activities of the fund. Transfers between funds during the year ended June 30, 2009 are as follows:

| Transfers In | Transfers Out | | |
|---|-----------------------|------------------------------------|-----------------------|
| | General Fund | Non-Major Governmental Fund | Total |
| General Fund | \$ — | \$ 12,419,840 | \$ 12,419,840 |
| General Retirement System Service Corporation | 27,759,852 | — | 27,759,852 |
| Police & Fire System Service Corporation | 38,974,435 | — | 38,974,435 |
| Non-Major Governmental Fund | 108,228,589 | 22,660,336 | 130,888,925 |
| Transportation Fund | 73,063,358 | — | 73,063,358 |
| Non-Major Proprietary Fund | 928,865 | — | 928,865 |
| Total | <u>\$ 248,955,099</u> | <u>\$ 35,080,176</u> | <u>\$ 284,035,275</u> |

The General Fund transferred \$249.0 million to other funds. The largest transfers from the General Fund were made to the Transportation Fund for \$73.0 million to maintain bus operations and \$103.7 million to the Debt Service Fund (Non-Major Governmental Fund) for principal and interest payments. The General Fund also transferred a combined \$66.7 million to the City's Retirement System Service Corporations for interest payments on the Pension Obligation Certificates.

The Non-Major Governmental Funds transferred \$35.0 million to other Funds. Included in this amount is the Local Street Fund transfer of \$12.4 million to the General Fund for street construction costs. The Major Street Fund transferred \$12.0 million to the Local Street Fund.

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NOTE V - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

| | <u>Balance</u> <u>June 30, 2008</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u> <u>June 30, 2009</u> |
|--|--|---------------------|------------------------|--|
| Governmental Activities | | | | |
| Non-Depreciable Capital Assets: | | | | |
| Land | \$ 418,734,364 | \$ 551,754 | \$ (18,303,599) | \$ 400,982,519 |
| Works of Art | 29,788,133 | — | — | 29,788,133 |
| Construction In Progress | <u>42,674,471</u> | <u>22,488,433</u> | <u>(7,880,538)</u> | <u>57,282,366</u> |
| Total Non-Depreciable Capital Assets | <u>491,196,968</u> | <u>23,040,187</u> | <u>(26,184,137)</u> | <u>488,053,018</u> |
| Depreciable Capital Assets: | | | | |
| Buildings and Improvements | 1,058,549,198 | 27,662,486 | (7,281,170) | 1,078,930,514 |
| Machinery, Equipment, and Fixtures | 530,668,319 | 15,661,628 | (10,499,228) | 535,830,719 |
| Infrastructure | <u>889,567,334</u> | <u>18,610,550</u> | <u>—</u> | <u>908,177,884</u> |
| Total Depreciable Capital Assets | <u>2,478,784,851</u> | <u>61,934,664</u> | <u>(17,780,398)</u> | <u>2,522,939,117</u> |
| Less Accumulated depreciation for: | | | | |
| Buildings and Improvements | 373,398,256 | 28,574,818 | (3,193,262) | 398,779,812 |
| Machinery, Equipment, and Fixtures | 394,598,633 | 34,653,123 | (9,970,932) | 419,280,824 |
| Infrastructure | <u>693,095,833</u> | <u>17,158,172</u> | <u>—</u> | <u>710,254,005</u> |
| Total Accumulated Depreciation | <u>1,461,092,722</u> | <u>80,386,113</u> | <u>(13,164,194)</u> | <u>1,528,314,641</u> |
| Total Governmental Activities Capital Assets, Net | <u>\$ 1,508,889,097</u> | <u>\$ 4,588,738</u> | <u>\$ (30,800,341)</u> | <u>\$ 1,482,677,494</u> |

Depreciation expense for governmental activities for the year ended June 30, 2009 was charged to functions as follows:

| | |
|------------------------------|----------------------|
| Public Protection | \$ 8,693,917 |
| Health | 542,732 |
| Recreation and Culture | 15,182,216 |
| Economic Development | 8,552,540 |
| Educational Development | 4,027 |
| Housing Supply and Condition | 223,879 |
| Physical Environment | 18,120,440 |
| Transportation Facilitation | 7,911,960 |
| Development and Management | <u>21,154,402</u> |
| Total | <u>\$ 80,386,113</u> |

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| | <u>Balance June 30, 2008</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance June 30, 2009</u> |
|--|----------------------------------|-----------------------|-------------------------|----------------------------------|
| Business-type Activities | | | | |
| <i>Sewage Disposal Fund:</i> | | | | |
| Non-Depreciable Assets: | | | | |
| Land and Land Rights | \$ 13,835,431 | \$ 17,721,126 | \$ — | \$ 31,556,557 |
| Construction in Progress | 296,954,660 | 161,047,817 | (141,917,939) | 316,084,538 |
| Total Non-Depreciable Capital Assets | <u>310,790,091</u> | <u>178,768,943</u> | <u>(141,917,939)</u> | <u>347,641,095</u> |
| Depreciable Assets: | | | | |
| Land Improvements | 62,682,075 | 1,651,133 | — | 64,333,208 |
| Buildings and Structures | 2,205,630,025 | 83,547,858 | (16,723,399) | 2,272,454,484 |
| Interceptors and regulators | 482,437,015 | 225,057 | — | 482,662,072 |
| Machinery, Equipment, and Fixtures | 890,750,601 | 62,141,009 | (11,625,345) | 941,266,265 |
| Total Depreciable Capital Assets | <u>3,641,499,716</u> | <u>147,565,057</u> | <u>(28,348,744)</u> | <u>3,760,716,029</u> |
| Total Capital Assets | <u>3,952,289,807</u> | <u>326,334,000</u> | <u>(170,266,683)</u> | <u>4,108,357,124</u> |
| Less Accumulated Depreciation: | | | | |
| Land Improvements | 16,860,656 | 896,840 | — | 17,757,496 |
| Buildings and Structures | 399,818,556 | 53,754,255 | (1,312,043) | 452,260,768 |
| Interceptors and regulators | 99,558,879 | 5,434,445 | — | 104,993,324 |
| Machinery, Equipment, and Fixtures | 413,240,724 | 36,423,941 | (10,980,369) | 438,684,296 |
| Total Accumulated Depreciation | <u>929,478,815</u> | <u>96,509,481</u> | <u>(12,292,412)</u> | <u>1,013,695,884</u> |
| Total Sewage Disposal Fund Capital Assets, Net | <u>\$ 3,022,810,992</u> | <u>\$ 229,824,519</u> | <u>\$ (157,974,271)</u> | <u>\$ 3,094,661,240</u> |
| <i>Transportation Fund:</i> | | | | |
| Non-Depreciable Capital Assets: | | | | |
| Land and Land Rights | \$ 7,578,462 | \$ — | \$ — | \$ 7,578,462 |
| Construction in Progress | 33,402,445 | 26,677,558 | (9,022,360) | 51,057,643 |
| Total Non-Depreciable Capital Assets | <u>40,980,907</u> | <u>26,677,558</u> | <u>(9,022,360)</u> | <u>58,636,105</u> |
| Depreciable Capital Assets: | | | | |
| Buildings and Structures | 66,715,005 | 2,281,212 | — | 68,996,217 |
| Vehicle and Buses | 157,191,748 | 289,174 | — | 157,480,922 |
| Machinery, Equipment, and Fixtures | 47,944,816 | 7,555,832 | (74,457) | 55,426,191 |
| Total Depreciable Capital Assets | <u>271,851,569</u> | <u>10,126,218</u> | <u>(74,457)</u> | <u>281,903,330</u> |
| Total Capital Assets | <u>312,832,476</u> | <u>36,803,776</u> | <u>(9,096,817)</u> | <u>340,539,435</u> |
| Less Accumulated Depreciation: | | | | |
| Buildings and Structures | 48,603,756 | 1,446,634 | — | 50,050,390 |
| Vehicle and Buses | 90,489,767 | 3,722,581 | (74,457) | 94,137,891 |
| Machinery, Equipment, and Fixtures | 29,320,808 | 11,996,790 | — | 41,317,598 |
| Total Accumulated Depreciation | <u>168,414,331</u> | <u>17,166,005</u> | <u>(74,457)</u> | <u>185,505,879</u> |
| Total Transportation Fund Capital Assets, Net | <u>\$ 144,418,145</u> | <u>\$ 19,637,771</u> | <u>\$ (9,022,360)</u> | <u>\$ 155,033,556</u> |

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| | Balance June 30, 2008 | Additions | Retirements | Balance June 30, 2009 |
|---|----------------------------------|-----------------------|-------------------------|----------------------------------|
| Business-Type Activities | | | | |
| <i>Water Fund:</i> | | | | |
| Non-Depreciable Capital Assets: | | | | |
| Land and Land Rights | \$ 7,265,164 | \$ 2,709 | \$ — | \$ 7,267,873 |
| Construction in Progress | 255,431,184 | 97,551,004 | (114,376,374) | 238,605,814 |
| Total Non-Depreciable Capital Assets | <u>262,696,348</u> | <u>97,553,713</u> | <u>(114,376,374)</u> | <u>245,873,687</u> |
| Depreciable Capital Assets: | | | | |
| Land Improvements | 15,086,454 | 71 | — | 15,086,525 |
| Buildings and Structures | 926,550,410 | 22,641,069 | (30,022,910) | 919,168,569 |
| Mains | 800,068,944 | 108,863,889 | (483,863) | 908,448,970 |
| Services | 48,378,507 | 807,163 | (486,783) | 48,698,887 |
| Meters | 46,676,709 | 641,261 | — | 47,317,970 |
| Machinery, Equipment, and Fixtures | 818,369,131 | 52,957,221 | (6,321,976) | 865,004,376 |
| Total Depreciable Capital Assets | <u>2,655,130,155</u> | <u>185,910,674</u> | <u>(37,315,532)</u> | <u>2,803,725,297</u> |
| Total Capital Assets | <u>2,917,826,503</u> | <u>283,464,387</u> | <u>(151,691,906)</u> | <u>3,049,598,984</u> |
| Less Accumulated Depreciation: | | | | |
| Land Improvements | 6,576,732 | 156,447 | — | 6,733,179 |
| Buildings and Structures | 235,853,306 | 19,771,635 | (22,177,297) | 233,447,644 |
| Mains | 285,652,261 | 11,222,037 | (390,659) | 296,483,639 |
| Services | 24,907,553 | 605,282 | — | 25,512,835 |
| Meters | 32,087,100 | 1,287,296 | — | 33,374,396 |
| Machinery, Equipment, and Fixtures | 286,829,194 | 38,041,976 | (2,549,653) | 322,321,517 |
| Total Accumulated Depreciation | <u>871,906,146</u> | <u>71,084,673</u> | <u>(25,117,609)</u> | <u>917,873,210</u> |
| Total Water Fund Capital Assets, Net | <u>\$ 2,045,920,357</u> | <u>\$ 212,379,714</u> | <u>\$ (126,574,297)</u> | <u>\$ 2,131,725,774</u> |

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| | <u>Balance</u> <u>June 30, 2008</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u> <u>June 30, 2009</u> |
|---|--|-------------------|-----------------------|--|
| Business-Type Activities | | | | |
| <i>Automobile Parking Fund:</i> | | | | |
| Non-Depreciable Capital Assets: | | | | |
| Land and Land Rights | \$ 4,967,313 | \$ — | \$ — | \$ 4,967,313 |
| Construction in Progress | 2,184,351 | 827,525 | (2,538,347) | 473,529 |
| Total Non-Depreciable Capital Assets | <u>7,151,664</u> | <u>827,525</u> | <u>(2,538,347)</u> | <u>5,440,842</u> |
| Depreciable Capital Assets: | | | | |
| Land Improvements | 214,908 | — | — | 214,908 |
| Buildings and Structures | 194,778,754 | 2,477,764 | — | 197,256,518 |
| Vehicles & Buses | 1,007,768 | 360,226 | — | 1,367,994 |
| Machinery, Equipment, and Fixtures | 3,310,338 | 60,583 | — | 3,370,921 |
| Total Depreciable Capital Assets | <u>199,311,768</u> | <u>2,898,573</u> | <u>—</u> | <u>202,210,341</u> |
| Total Capital Assets | <u>206,463,432</u> | <u>3,726,098</u> | <u>(2,538,347)</u> | <u>207,651,183</u> |
| Less Accumulated Depreciation: | | | | |
| Land Improvements | 182,740 | 3,143 | — | 185,883 |
| Buildings and Structures | 110,662,557 | 2,951,816 | — | 113,614,373 |
| Vehicles & Buses | 905,789 | 62,682 | — | 968,471 |
| Machinery, Equipment, and Fixtures | 1,578,064 | 277,981 | — | 1,856,045 |
| Total Accumulated Depreciation | <u>113,329,150</u> | <u>3,295,622</u> | <u>—</u> | <u>116,624,772</u> |
| Total Automobile Parking Fund Capital Assets, Net | <u>\$ 93,134,282</u> | <u>\$ 430,476</u> | <u>\$ (2,538,347)</u> | <u>\$ 91,026,411</u> |

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| | Balance June 30, 2008 | Additions | Retirements | Balance June 30, 2009 |
|--|----------------------------------|---------------------|--------------------|----------------------------------|
| Business-Type Activities | | | | |
| <i>Other Enterprise Fund:</i> | | | | |
| Non-Depreciable Capital Assets: | | | | |
| Land and Land Rights | \$ 15,541,442 | \$ 1,139,247 | \$ — | \$ 16,680,689 |
| Construction in Progress | — | 3,749,961 | — | 3,749,961 |
| Total Non-Depreciable Capital Assets | <u>15,541,442</u> | <u>4,889,208</u> | <u>—</u> | <u>20,430,650</u> |
| Depreciable Capital Assets: | | | | |
| Land Improvements | 8,020,718 | — | — | 8,020,718 |
| Buildings and Structures | 5,853,773 | — | — | 5,853,773 |
| Vehicle and Buses | 1,373,694 | — | (20,701) | 1,352,993 |
| Machinery, Equipment, and Fixtures | 1,770,770 | 54,557 | — | 1,825,327 |
| Total Depreciable Capital Assets | <u>17,018,955</u> | <u>54,557</u> | <u>(20,701)</u> | <u>17,052,811</u> |
| Total Capital Assets | <u>32,560,397</u> | <u>4,943,765</u> | <u>(20,701)</u> | <u>37,483,461</u> |
| Less Accumulated Depreciation: | | | | |
| Land Improvements | 7,482,037 | 40,000 | — | 7,522,037 |
| Buildings and Structures | 4,932,105 | 63,299 | — | 4,995,404 |
| Vehicle and Buses | 937,797 | 63,463 | (20,701) | 980,559 |
| Machinery, Equipment, and Fixtures | 1,600,051 | 67,633 | — | 1,667,684 |
| Total Accumulated Depreciation | <u>14,951,990</u> | <u>234,395</u> | <u>(20,701)</u> | <u>15,165,684</u> |
| Total Non-Major Proprietary Fund Capital Assets, Net | <u>\$ 17,608,407</u> | <u>\$ 4,709,370</u> | <u>\$ —</u> | <u>\$ 22,317,777</u> |

NOTE VI. SHORT-TERM REVENUE AND TAX ANTICIPATION NOTES

As of June 30, 2009, short-term notes consisted of Revenue Anticipation Notes (RANS), Series 2009(A) of \$46,450,000 with stated interest rate of 2.05% per year and Series 2009(B) of \$49,770,000 with stated interest rate of 2.56% per year. RANS mature on October 1, 2010 and on April 1, 2010, respectively. The City also had Tax Anticipation Notes (TANS), Series 2009 of \$127,375,000 with stated interest rate of 5.0% per year and matures on March 1, 2010. These notes were used to pay necessary operating expenditures of the City during the fiscal year and cost of issuance of the notes. The City levied operating taxes for the TANS and State Revenue Sharing payments for the RANS to secure the notes.

Changes in short-term debt for the year ended June 30, 2009 were as follows:

| | Balance June 30, 2008 | Increase | Decrease | Balance June 30, 2009 |
|----------------------------|----------------------------------|-----------------------|-------------------------|----------------------------------|
| Revenue Anticipation Notes | \$ 39,915,000 | \$ 127,375,000 | \$ (39,915,000) | \$ 127,375,000 |
| Tax Anticipation Notes | <u>89,685,000</u> | <u>96,220,000</u> | <u>(89,685,000)</u> | <u>96,220,000</u> |
| Total | <u>\$ 129,600,000</u> | <u>\$ 223,595,000</u> | <u>\$ (129,600,000)</u> | <u>\$ 223,595,000</u> |

NOTE VII. LONG-TERM OBLIGATIONS

(a) Changes in Long-Term Obligations

Changes in long-term obligations for the year ended June 30, 2009 were as follows:

| | <u>Balance</u> <u>June 30, 2008</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance</u> <u>June 30, 2009</u> | <u>Amount</u> <u>Due Within</u> <u>One Year</u> |
|---|--|-----------------------|-------------------------|--|---|
| Governmental Activities | | | | | |
| General Obligation Bonds | \$ 942,228,278 | \$ — | \$ (105,535,000) | \$ 836,693,278 | \$ 76,180,000 |
| Revenue Bonds – Non Capital Appreciation | 74,340,000 | — | (12,610,000) | 61,730,000 | 10,775,000 |
| Revenue Bonds – Capital Appreciation | 26,025,000 | — | — | 26,025,000 | 2,435,000 |
| Discount on capital appreciation bonds | (5,911,813) | — | 863,832 | (5,047,981) | — |
| Notes Payable | 77,681,000 | 6,197,000 | (2,252,000) | 81,626,000 | 540,000 |
| Loans Payable | 56,315,740 | — | (9,299,883) | 47,015,857 | 9,072,251 |
| Total Bonds, Notes, and Loans Payable | 1,170,678,205 | 6,197,000 | (128,833,051) | 1,048,042,154 | 99,002,251 |
| Add: Unamortized Premiums | 27,645,215 | — | (5,890,176) | 21,755,039 | — |
| Less: Unamortized Discounts | (5,175) | — | 2,606 | (2,569) | — |
| Total Bonds, Notes, and Loans Payable, Net | 1,198,318,245 | 6,197,000 | (134,720,621) | 1,069,794,624 | 99,002,251 |
| Pension Obligation Certificates Payable | 1,206,770,168 | — | — | 1,206,770,168 | 3,861,370 |
| Deferred Amounts on Refunding | 14,152,567 | — | (42,042) | 14,110,525 | — |
| Total Pension Obligation Certificates Payable, Net | 1,220,922,735 | — | (42,042) | 1,220,880,693 | 3,861,370 |
| Other Long-term Liabilities: | | | | | |
| Accrued Compensated Absences | 121,035,176 | 24,772,469 | — | 145,807,645 | 57,182,149 |
| Accrued Workers' Compensation | 69,853,000 | 7,457,327 | (12,281,327) | 65,029,000 | 12,617,000 |
| Claims and Judgments | 76,242,972 | 44,449,560 | (28,665,884) | 92,026,648 | 19,201,168 |
| Accrued Pollution Remediation | — | 1,401,820 | — | 1,401,820 | 958,279 |
| Accrued Other Postemployment Benefits | 114,056,030 | 255,527,443 | (133,315,898) | 236,267,575 | — |
| Total Other Long-term Liabilities | 381,187,178 | 333,608,619 | (174,263,109) | 540,532,688 | 89,958,596 |
| Total Governmental Activities | \$ 2,800,428,158 | \$ 339,805,619 | \$ (309,025,772) | \$ 2,831,208,005 | \$ 192,822,217 |

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| | <u>Balance</u> <u>June 30, 2008</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance</u> <u>June 30, 2009</u> | <u>Amount</u> <u>Due Within</u> <u>One Year</u> |
|--|--|-----------------------|-------------------------|--|---|
| Business-Type Activities | | | | | |
| <i>Sewage Disposal Fund:</i> | | | | | |
| Revenue Bonds | \$ 2,454,745,000 | \$ 305,305,000 | \$ (358,055,000) | \$ 2,401,995,000 | \$ 34,790,000 |
| Capital Appreciation Bonds | 90,545,000 | — | — | 90,545,000 | — |
| Discount on Capital | | | | | |
| Appreciation Bonds | (35,253,563) | 3,343,932 | — | (31,909,631) | — |
| State Revolving Loans | 487,815,541 | 48,312,271 | (26,061,031) | 510,066,781 | 25,840,000 |
| Total Revenue Bonds | <u>2,997,851,978</u> | <u>356,961,203</u> | <u>(384,116,031)</u> | <u>2,970,697,150</u> | <u>60,630,000</u> |
| Add Unamortized Premiums | 101,187,240 | 38,825,044 | (6,198,857) | 133,813,427 | — |
| Less: | | | | | |
| Unamortized Discounts | (689) | — | 689 | — | — |
| Deferred Amounts on Refunding | (92,262,786) | (53,651,493) | 22,145,117 | (123,769,162) | — |
| Total Revenue Bonds, Net | <u>3,006,775,743</u> | <u>342,134,754</u> | <u>(368,169,082)</u> | <u>2,980,741,415</u> | <u>60,630,000</u> |
| Pension Obligation Certificates | 91,078,426 | — | — | 91,078,426 | 290,746 |
| Deferred Amounts on Refunding | 1,087,380 | — | (3,231) | 1,084,149 | — |
| Total Pension Obligation Certificates Payable, Net | <u>92,165,806</u> | <u>—</u> | <u>(3,231)</u> | <u>92,162,575</u> | <u>290,746</u> |
| Other Long-term Liabilities: | | | | | |
| Capital Lease | 2,367,413 | — | (815,963) | 1,551,450 | 894,020 |
| Accrued Compensated Absences | 10,892,135 | 2,401,317 | (438,407) | 12,855,045 | 4,577,518 |
| Accrued Workers' Compensation | 3,982,000 | 578,091 | (893,091) | 3,667,000 | 784,000 |
| Claims and Judgments | 3,487,000 | 479,994 | (3,080,000) | 886,994 | 625,500 |
| Accrued Pollution Remediation | — | 1,747,500 | — | 1,747,500 | 890,000 |
| Accrued Other Postemployment Benefits | 8,868,194 | 17,011,470 | (7,955,225) | 17,924,439 | — |
| Total Other Long-term Liabilities | <u>29,596,742</u> | <u>22,218,372</u> | <u>(13,182,686)</u> | <u>38,632,428</u> | <u>7,771,038</u> |
| Total Sewage Disposal Fund | <u>\$ 3,128,538,291</u> | <u>\$ 364,353,126</u> | <u>\$ (381,354,999)</u> | <u>\$ 3,111,536,418</u> | <u>\$ 68,691,784</u> |

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| | <u>Balance</u> <u>June 30, 2008</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance</u> <u>June 30, 2009</u> | <u>Amount</u> <u>Due Within</u> <u>One Year</u> |
|--|--|----------------------|------------------------|--|---|
| Business-Type Activities | | | | | |
| <i>Transportation Fund:</i> | | | | | |
| Pension Obligation | | | | | |
| Certificates Payable | \$ 106,268,234 | \$ — | \$ — | \$ 106,268,234 | \$ 340,053 |
| Deferred Amounts on Refunding | <u>1,267,418</u> | <u>—</u> | <u>(3,600)</u> | <u>1,263,818</u> | <u>—</u> |
| Total Pension Obligation Certificates Payable, Net | <u>107,535,652</u> | <u>—</u> | <u>(3,600)</u> | <u>107,532,052</u> | <u>340,053</u> |
| Other Long-term Liabilities: | | | | | |
| General Obligation Bonds | 6,271,722 | — | — | 6,271,722 | — |
| Capital Lease Payable | 27,392,812 | — | (3,453,429) | 23,939,383 | 3,599,395 |
| Accrued Compensated Absences | 5,489,453 | 368,813 | (287,079) | 5,571,187 | 2,117,051 |
| Accrued Pollution Remediation | — | 458,545 | — | 458,545 | 458,545 |
| Accrued Workers' Compensation | 6,436,231 | 464,337 | (297,153) | 6,603,415 | 1,563,170 |
| Accrued Other Postemployment Benefits | <u>15,568,020</u> | <u>25,609,960</u> | <u>(12,232,285)</u> | <u>28,945,695</u> | <u>—</u> |
| Total Other Long-term Liabilities | <u>61,158,238</u> | <u>26,901,655</u> | <u>(16,269,946)</u> | <u>71,789,947</u> | <u>7,738,161</u> |
| Total Transportation Fund | <u>\$ 168,693,890</u> | <u>\$ 26,901,655</u> | <u>\$ (16,273,546)</u> | <u>\$ 179,321,999</u> | <u>\$ 8,078,214</u> |

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| | <u>Balance</u> <u>June 30, 2008</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance</u> <u>June 30, 2009</u> | <u>Amount</u> <u>Due Within</u> <u>One Year</u> |
|--|--|-----------------------|-------------------------|--|---|
| Business-Type Activities | | | | | |
| <i>Water Fund:</i> | | | | | |
| Revenue Bonds | \$ 2,295,735,000 | \$ 120,000,000 | (151,565,000) | \$ 2,264,170,000 | \$ 33,560,000 |
| State Revolving Loans | <u>19,946,336</u> | <u>3,047,440</u> | <u>(1,325,000)</u> | <u>21,668,776</u> | <u>1,610,000</u> |
| Total Revenue Bonds | 2,315,681,336 | 123,047,440 | (152,890,000) | 2,285,838,776 | 35,170,000 |
| Add: Unamortized Premiums | 64,470,399 | 1,658,809 | (2,839,816) | 63,289,392 | — |
| Less: | | | | | |
| Unamortized Discounts | (4,457,921) | — | 225,506 | (4,232,415) | — |
| Deferred Amounts on Refunding | <u>(47,567,792)</u> | <u>(1,581,633)</u> | <u>2,762,321</u> | <u>(46,387,104)</u> | <u>—</u> |
| Total Revenue Bonds, Net | <u>2,328,126,022</u> | <u>123,124,616</u> | <u>(152,741,989)</u> | <u>2,298,508,649</u> | <u>35,170,000</u> |
| Pension Obligation Certificates Payable | 80,368,171 | — | — | 80,368,171 | 257,831 |
| Deferred Amounts on Refunding | <u>964,954</u> | <u>—</u> | <u>(2,865)</u> | <u>962,089</u> | <u>—</u> |
| Total Pension Obligation Certificates, Net | <u>81,333,125</u> | <u>—</u> | <u>(2,865)</u> | <u>81,330,260</u> | <u>257,831</u> |
| Other Long-term Liabilities: | | | | | |
| Capital Lease | 2,367,413 | — | (815,963) | 1,551,450 | 894,020 |
| Accrued Compensated Absences | 15,909,044 | 3,378,376 | (276,070) | 19,011,350 | 7,091,446 |
| Accrued Workers' Compensation | 11,128,000 | 2,476,973 | (2,909,973) | 10,695,000 | 2,087,000 |
| Claims and Judgments | 7,538,700 | 1,971,700 | (1,094,200) | 8,416,200 | 6,000 |
| Accrued Pollution Remediation | — | 20,992 | — | 20,992 | 20,992 |
| Accrued Other Postemployment Benefits | <u>7,614,170</u> | <u>16,640,854</u> | <u>(7,643,255)</u> | <u>16,611,769</u> | <u>—</u> |
| Total Other Long-term Liabilities | <u>44,557,327</u> | <u>24,488,895</u> | <u>(12,739,461)</u> | <u>56,306,761</u> | <u>10,099,458</u> |
| Total Water Fund | <u>\$ 2,454,016,474</u> | <u>\$ 147,613,511</u> | <u>\$ (165,484,315)</u> | <u>\$ 2,436,145,670</u> | <u>\$ 45,527,289</u> |

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| | Balance June 30, 2008 | Increase | Decrease | Balance June 30, 2009 | Amount Due Within One Year |
|---------------------------------------|----------------------------------|---------------------|-----------------------|----------------------------------|---|
| Business-Type Activities | | | | | |
| Automobile Parking Fund: | | | | | |
| Revenue Bonds | \$ 42,175,000 | \$ — | \$ (1,460,000) | \$ 40,715,000 | \$ 27,000,000 |
| Less: | | | | | |
| Unamortized Discounts | (1,272,204) | — | 74,484 | (1,197,720) | — |
| Deferred Amounts on Refunding | 3,261,974 | — | (163,099) | 3,098,875 | — |
| Total Revenue Bonds Payable, Net | <u>44,164,770</u> | <u>—</u> | <u>(1,548,615)</u> | <u>42,616,155</u> | <u>27,000,000</u> |
| Other Long-term Liabilities: | | | | | |
| Accrued Compensated Absences | 479,869 | 148,919 | — | 628,788 | 207,393 |
| Accrued Workers' Compensation | 707,000 | 41,694 | (70,694) | 678,000 | 132,000 |
| Claims and Judgments | 25,400 | 500 | (400) | 25,500 | 25,500 |
| Accrued Other Postemployment Benefits | 291,157 | 707,507 | (641,567) | 357,097 | — |
| Total Other Long-term Liabilities | <u>1,503,426</u> | <u>898,620</u> | <u>(712,661)</u> | <u>1,689,385</u> | <u>364,893</u> |
| Total Automobile Parking Fund | <u>\$ 45,668,196</u> | <u>\$ 898,620</u> | <u>\$ (2,261,276)</u> | <u>\$ 44,305,540</u> | <u>\$ 27,364,893</u> |
| Other Enterprise Fund: | | | | | |
| Accrued Compensated Absences | \$ 153,037 | \$ 45,819 | \$ — | \$ 198,856 | \$ 72,491 |
| Accrued Workers' Compensation | 117,000 | 7,618 | (19,618) | 105,000 | 20,000 |
| Claims and Judgments | 674,800 | 4,350,000 | (663,000) | 4,361,800 | — |
| Accrued Other Postemployment Benefits | 91,545 | 196,295 | (146,118) | 141,722 | — |
| Total Other Enterprise Fund | <u>\$ 1,036,382</u> | <u>\$ 4,599,732</u> | <u>\$ (828,736)</u> | <u>\$ 4,807,378</u> | <u>\$ 92,491</u> |

(b) General Obligation Bonds

Governmental Activities

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

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Variable Rate Demand Bonds

Included in long-term debt are \$1 million of governmental-activities variable rate demand bonds. These bonds mature February 1, 2011. These bonds have variable interest rates that are adjusted periodically (i.e., Daily, Weekly, or Monthly), and are 1.25% in excess of the “Cost of Funds” quoted by the Registered Holder prior to commencement of each Interest Period.

| | <u>Date</u> | <u>Remarketing Agent/Auction Rate Trader</u> | <u>Liquidity Facility</u> | | <u>Balance June 30, 2009</u> | |
|--|-------------|--|---------------------------|----------------------------|----------------------------------|--------------|
| | | | <u>Provider</u> | <u>Expiration Date</u> | | |
| Detroit Building Authority General Obligation Bonds: Series 1996-B | 9/1/96 | N/A | Comerica Bank | 10/16/2009 | N/A | \$ 1,000,000 |

Schedule of General Obligation Bonds

The following is a schedule of general obligation bonds outstanding at June 30, 2009:

| | <u>Bond Date</u> | <u>Amount Issued</u> | <u>Range of Interest Rates</u> | <u>Maturity Date</u> | <u>Balance June 30, 2009</u> |
|---|----------------------|--------------------------|--|--------------------------|----------------------------------|
| Governmental Activities | | | | | |
| General Obligation Bonds – | | | | | |
| Unlimited Tax: | | | | | |
| Series 1999-A | 4-1-99 | \$ 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 | 5.125 | 4/1/10 | 2,060,000 |
| Series 1999-B | 11-15-99 | 28,215,000 | 5.25 | 4/1/11 | 2,165,000 |
| Series 2000-AMT | 2-15-00 | 10,605,000 | 5.75 | 4/1/10 | 1,335,000 |
| Series 2001-A (1) | 7-15-01 | 16,800,000 | 4.20 to 5.50 | 4/1/10-11 | 5,600,000 |
| 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-B | 7-15-01 | 23,560,000 | 5.50 | 4/1/10-11 | 16,000,000 |
| 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 |
| 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 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 | 4.16 to 5.24 | 4/1/10-18 | 15,270,000 |
| Series 2005-A | 1-5-05 | 81,050,000 | 5.00 | 4/1/10-11 | 11,585,000 |
| 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 | 4.00 to 5.00 | 4/1/10-16 | 19,090,000 b |
| Series 2005-C | 12-1-05 | 10,795,000 | 4.30 to 5.25 | 4/1/17-20 | 10,795,000 c |
| Series 2008-A | 6-9-08 | 15,120,000 | 5.00 | 4/1/14-18 | 15,120,000 |
| Series 2008-A | 6-9-08 | 43,510,000 | 4.00 to 5.00 | 4/1/19-28 | 43,510,000 c |
| Series 2008-B(1) | 6-9-08 | 66,475,000 | 5.00 | 4/1/10-18 | 63,270,000 |
| Total General Obligation Bonds – Unlimited Tax | | | | | \$ <u>542,955,000</u> |

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| | <u>Bond Date</u> | <u>Amount Issued</u> | <u>Range of Interest Rates</u> | <u>Maturity Date</u> | <u>Balance June 30, 2009</u> |
|--|----------------------|--------------------------|--|--------------------------|----------------------------------|
| Governmental Activities (continued) | | | | | |
| General Obligation Bonds - Limited Tax: | | | | | |
| Self-Insurance Bonds: | | | | | |
| Series 2003 | 10-2-03 | \$ 98,895,000 | 4.32 to 4.97 | 5/1/10-13 | \$ 62,255,000 |
| Series 2004 | 9-9-04 | 62,285,000 | 4.16 to 4.85 | 4/1/10-14 | 59,535,000 |
| General Obligation: | | | | | |
| Series 1997 | 5-1-97 | 5,555,000 | 6.25 | 7/15/10-11 | 1,600,000 |
| Series 2005-A(1) | 6-24-05 | 21,325,000 | 4.27 to 4.53 | 4/1/10-15 | 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 | 3.50 to 5.00 | 4/1/10-15 | 3,705,000 |
| Series 2005-B | 6-24-05 | 6,940,000 | 5.00 | 4/1/16-21 | 6,940,000 c |
| Series 2008-A(1) | 6-9-08 | 43,443,278 | 5.00 | 4/1/13-16 | 43,443,278 |
| Series 2008-A(2) | 6-9-08 | 25,000,000 | 8.00 | 4/1/14 | <u>25,000,000</u> |
| Total General Obligation Bonds – Limited Tax | | | | | <u>289,508,278</u> |
| Detroit Building Authority General Obligation Bonds: | | | | | |
| District Court Madison Center | | | | | |
| Project, Series 1996-A | 9-1-96 | 7,230,000 | 6.15 | 2/1/10-11 | 3,230,000 c |
| Project, Series 1996-B | 9-1-96 | 1,000,000 | Variable | 2/1/11 | 1,000,000 c |
| Total General Obligation Bonds | | | | | <u>\$ 836,693,278</u> |
| Business-type Activities | | | | | |
| Transportation Fund | | | | | |
| General Obligation Bonds - Limited Tax: | | | | | |
| Series 2008-A(1) | 6-9-08 | 6,271,722 | 5.00 | 4/1/13-16 | <u>\$ 6,271,722</u> |

b - Indicates interest rates are reset periodically at the stated market interest rates.

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

(c) Revenue Bonds

Governmental Activities

The City has pledged substantially all hotel occupancy tax and liquor tax revenue to repay the governmental revenues bonds. Proceeds from the bonds provided financing for the acquisition, construction, equipping and installation of additional improvements to Cobo Hall, including improvements to the Detroit People Mover station in Cobo Hall and miscellaneous improvements to Hart Plaza. The bonds are payable solely from the hotel occupancy and liquor tax revenue. The remaining principal and interest to be paid on the bonds is \$95.5 million. During the current year, revenues from the taxes were \$17.4 million compared to the annual debt requirements of \$15.9 million.

Sewage Disposal Fund

The Fund has pledged substantially all revenue of the sewer fund, net of operating expenses, to repay the above sewer revenue bonds and state revolving loans. Proceeds from the bonds provided financing for the construction and maintenance of the sewage disposal system. The bonds are payable solely from the net revenues of the sewer system. The remaining principal and interest to be paid on the bonds is \$5,308,553,368. During the current year, net revenues of the system were \$192,884,487 compared to the amount pledged for annual debt requirements of \$192,610,442. In addition, the Fund has approximately \$106 million in bond and interest reserves on hand at June 30, 2009.

The City received loans from the State of Michigan Revolving Loan Fund totaling \$48,312,271 during the year ended June 30, 2009. The proceeds of the loans were used to pay costs of acquiring, constructing extensions, and making certain repairs and improvements to the Sewage Disposal System.

On June 17, 2009, the City elected to change the interest rate mode for \$304,870,000 of variable rate demand bonds from variable rate mode to a fixed rate mode for the following issues: (i) \$154,870,000 of Sewage Disposal System Revenue Refunding Senior Lien Bonds Series 2001-C1 and (ii) \$150,000,000 of Sewage Disposal System Revenue Senior Lien Revenue Bonds Series 2003-B.

The 2001-C1 Bonds were issued in the weekly mode and the 2003-B bonds were issued in the daily mode and both Series bore interest at the weekly rate. Pursuant to the original offering documents and bond indentures, the bonds could be outstanding in any one of six interest rate modes, including the daily mode, the weekly mode, the commercial paper mode, the auction rate mode, the term rate mode, and the fixed rate mode. After issuance of the bonds, the City could elect to change the mode of any of the bonds from the weekly mode to any other of the six modes. Upon election of a rate change, the bonds are subject to mandatory tender for purchase by the City Agent. Additionally, if the mode of any of the bonds is changed to the fixed rate mode, such bonds will remain in the fixed rate mode until maturity and may not be changed subsequently to any other mode.

For financial reporting purposes, the subsequent remarketing/conversion of the Series 2001-C1 and 2003-B revenue bonds was accounted for as a current refunding (extinguishment of the variable rate demand bonds and issuance of the fixed rate bonds). The fund completed the current refunding due to the increase in interest rates resulting from the downgrading of the bond insurer. The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$53,651,493. This difference, reported in the financial statements as a deferred amount on refunding, is being amortized as an adjustment to interest expense through the year 2033 using the straight-line method.

Water Fund

The Fund has pledged substantially all revenue of the water fund, net of operating expenses, to repay the above water revenue bonds and state revolving loans. Proceeds from the bonds provided financing for the construction and maintenance of the water supply system. The bonds are payable solely from the net revenues of the water system. The remaining principal and interest to be paid on the bonds is \$4,436,138,768. During the current year, net revenues of the system were \$122,684,030 compared to the amount pledged for annual debt requirements of \$155,960,339. In addition, the Fund has approximately \$92 million in bond and interest reserves on hand at June 30, 2009.

The city received loans from the state of Michigan Drinking Water Revolving Loan Fund totaling \$3,047,440 during the year ended June 30, 2009. The proceeds of the loans were used to pay costs of acquiring, contracting extensions, and making certain repairs and improvements to the Water Supply System.

On April 1, 2009, the city elected to change the interest rate mode for \$120,000,000 of variable rate demand bonds from a variable rate demand bonds from a weekly mode to a fixed rate mode for \$120,000,000 of Water Supply System Revenue Second Lien Bond Series 2006-B.

The bonds were initially issued by the City in the weekly mode and currently bear interest at a weekly rate. Pursuant to the original offering documents and bond indentures, the bonds could be outstanding in any one of six interest rate modes, including the daily mode, the weekly mode, the commercial paper rate mode, the auction rate mode, the term rate modes, and the fixed rate mode. After issuance of the bonds, the City could elect to change the mode of any of the bonds from the weekly mode to any other of the six modes. Upon election of a rate change, the bonds are subject to mandatory tender for purchase by the City and subsequent remarketing by the transfer agent. Additionally, if the mode of any of the bonds is changed to the fixed rate mode, such bonds will remain in the fixed rate mode until maturity and may not be changed subsequently to any other mode.

For financial reporting purposes, the subsequent remarketing/conversion of the Series 2006-B revenue bond was accounted for as a current refunding (extinguishment of the variable rate demand bonds and issuance of the fixed rate bonds). The fund completed the current refunding due to increase in interest rates resulting from the downgrading of the bond insurer. The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,581,633. This is a difference, reported in the financial statements as a deferred amount on refunding, is being amortized as an adjustment to interest expense through the year 2036 using the straight-line method.

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.

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Variable Rate Demand Bonds

Included in long-term debt is \$24.6 million of business-type variable rate demand bonds. These bonds mature July 2029. The bonds are Auction Rate Securities (“ARS”), callable at par on any interest payment date, with interest payable every fifth Wednesday. Fees associated with these bonds are broker/dealer and auction agent fees totaling 26.5 basis points. This amount is considered current; however, the debt service requirements listed in footnote VII (g) are presented as in its original amortization schedule.

Automobile Parking Systems Bonds subject to these agreements at June 30, 2009 are as follows:

| | <u>Date</u> | <u>Remarketing Agent/Auction Rate Trader</u> | <u>Liquidity Facility</u> | | | <u>Balance June 30, 2009</u> |
|---|-------------|--|---------------------------|----------------------------|----------------|----------------------------------|
| | | | <u>Provider</u> | <u>Expiration Date</u> | <u>Insurer</u> | |
| Detroit Building Authority Revenue Bonds: | | | | | | |
| Parking System-Series1999-A | 10-22-99 | Citi/Bankers Trust | N/A | N/A | \$ MBIA | \$ 26,400,000 |

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Schedule of Revenue Bonds

The following is a schedule of revenue bonds (including state revolving loans) outstanding at June 30, 2009:

| | <u>Bond Date</u> | <u>Amount Issued</u> | <u>Range of Interest Rates</u> | <u>Maturity Date</u> | <u>Balance June 30, 2009</u> |
|---|----------------------|--------------------------|--|--------------------------|----------------------------------|
| Governmental Activities | | | | | |
| Convention Facility Limited Tax Revenue Bonds - | | | | | |
| Cobo Hall Expansion: | | | | | |
| Series 2003 | 9-1-03 | \$ 74,395,000 | 3.00 to 5.00 | 9/30/09-15 | \$ 61,730,000 |
| Series 2003 (**) | 9-1-03 | 16,488,138 | 3.17 to 4.51 | 9/30/09-15 | 20,977,019 |
| Total Convention Facility Limited Tax Revenue Bonds | | | | | <u>\$ 82,707,019</u> |
| Business-type Activities | | | | | |
| Sewage Disposal Fund: | | | | | |
| Sewage Disposal System Revenue Bonds: | | | | | |
| Series 1995-B | 11-1-95 | 63,725,000 | 6.00 | 7/1/09-10 | 14,375,000 |
| Series 1998-A | 12-14-06 | 18,540,000 | 3.50 to 5.50 | 7/1/09-17 | 16,795,000 |
| Series 1998-A | 12-14-06 | 49,075,000 | 5.25 | 7/1/18-23 | 49,075,000 c |
| Series 1998-B | 12-14-06 | 18,750,000 | 3.50 to 5.50 | 7/1/09-17 | 17,090,000 |
| Series 1998-B | 12-14-06 | 48,770,000 | 5.25 | 7/1/18-23 | 48,770,000 c |
| Series 1999-A | 12-1-99 | 5,254,000 | 4.90 to 5.00 | 7/1/09 | 40,000 |
| Series 1999-A | 12-1-99 | 264,231,060 | 5.125 | 7/1/10 | 570,000 c |
| Series 1999-A (**) | 12-1-99 | 33,510,118 | N/A | 7/1/12-21 | 58,635,369 |
| Series 2001-B | 9-15-01 | 110,550,000 | 5.50 | 7/1/23-29 | 110,550,000 |
| Series 2001-C (2) | 5-8-08 | 3,275,000 | 3.50 to 4.00 | 7/1/09-18 | 3,080,000 |
| Series 2001-C (3) | 5-8-08 | 119,630,000 | 4.50 to 5.25 | 7/1/09-29 | 119,630,000 c |
| Series 2001-D | 9-23-01 | 92,450,000 | Variable (a) | 7/1/32 | 72,450,000 c |
| Series 2001-E | 5-8-08 | 136,150,000 | 5.75 | 7/1/24-31 | 136,150,000 |
| Series 2003-A | 5-22-03 | 158,000,000 | 5.00 | 7/1/09-13 | 92,100,000 |
| Series 2003-A | 5-22-03 | 441,380,000 | 5.00 | 7/1/14-32 | 221,155,000 c |
| Series 2004-A | 1-09-04 | 101,435,000 | 5.00 to 5.25 | 7/1/09-24 | 92,435,000 |
| Series 2005-A | 3-17-05 | 3,765,000 | 2.75 to 3.70 | 7/1/09-15 | 3,745,000 |
| Series 2005-A | 3-17-05 | 269,590,000 | 3.75 to 5.125 | 7/1/16-35 | 236,770,000 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 | 5.00 | 7/1/09-25 | 19,505,000 |
| Series 2005-C | 3-17-05 | 41,095,000 | 5.00 | 7/1/16-26 | 41,095,000 c |
| Series 2006-A | 5-8-08 | 123,655,000 | 5.50 | 7/1/34-36 | 123,655,000 |
| Series 2006-B | 8-10-06 | 11,850,000 | 4.00 to 5.00 | 7/1/09-16 | 11,850,000 |
| Series 2006-B | 8-10-06 | 238,150,000 | 4.25 to 5.00 | 7/1/17-36 | 238,150,000 c |
| Series 2006-C | 8-10-06 | 8,495,000 | 5.25 | 7/1/16 | 8,495,000 |
| Series 2006-C | 8-10-06 | 18,065,000 | 5.00 | 7/1/17-18 | 18,065,000 c |
| Series 2006-D | 12-14-06 | 370,000,000 | Variable (a) | 7/1/08-32 | 361,315,000 c |
| Bonds remarketed in 2009: | | | | | |
| Series 2001-C(1) | 6-5-09 | 6,360,000 | 5.25 | 7/1/09-19 | 6,360,000 |
| Series 2001-C(1) | 6-5-09 | 148,510,000 | 6.50 to 7.00 | 7/1/24-27 | 148,510,000 c |
| Series 2001-B | 6-5-09 | 150,000,000 | 7.50 | 7/1/33 | 150,000,000 c |
| Total Sewage Disposal System Revenue Bonds | | | | | <u>\$ 2,460,630,369</u> |

** - Capital Appreciation Bonds

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

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

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| | <u>Bond Date</u> | <u>Amount Issued</u> | <u>Range of Interest Rates</u> | <u>Maturity Date</u> | <u>Balance June 30, 2009</u> | |
|---|----------------------|--------------------------|--|--------------------------|----------------------------------|---|
| Business-type Activities (continued) | | | | | | |
| <i>Sewage Disposal Fund (continued):</i> | | | | | | |
| State Revolving Loans: | | | | | | |
| Series 1992-A-SRF | 6-25-92 | \$ 4,360,000 | 2.00 | 4/1/10-13 | \$ 1,015,000 | c |
| Series 1992-B-SRF | 9-10-92 | 1,915,000 | 2.00 | 10/1/09-13 | 550,000 | c |
| Series 1993-B-SRF | 9-30-93 | 6,603,996 | 2.00 | 10/1/09-14 | 2,235,000 | c |
| Series 1997-B-SRF | 9-30-97 | 5,430,174 | 2.25 | 10/1/09-18 | 2,985,000 | c |
| Series 1999-SRF-1 | 6-24-99 | 21,475,000 | 2.50 | 4/1/10-20 | 13,110,000 | c |
| Series 1999-SRF-2 | 9-30-99 | 46,000,000 | 2.50 | 10/1/09-22 | 34,525,000 | c |
| Series 1999-SRF-3 | 9-30-99 | 31,030,000 | 2.50 | 10/1/09-20 | 20,440,000 | c |
| Series 1999-SRF-4 | 9-30-99 | 40,655,000 | 2.35 | 10/1/09-20 | 26,775,000 | c |
| Series 2000-SRF-1 | 3-30-00 | 53,475,000 | 2.50 | 10/1/09-22 | 40,135,000 | c |
| Series 2000-SRF-2 | 9-28-00 | 62,344,748 | 2.50 | 10/1/09-22 | 46,129,748 | c |
| Series 2001-SRF-1 | 6-28-01 | 82,200,000 | 2.50 | 10/1/09-22 | 68,870,000 | c |
| Series 2001-SRF-2 | 12-20-01 | 59,850,000 | 2.50 | 10/1/09-22 | 50,150,000 | c |
| Series 2002-SRF-1 | 6-27-01 | 18,985,000 | 2.35 | 4/1/10-23 | 14,240,000 | c |
| Series 2002-SRF-2 | 6-27-01 | 1,545,369 | 2.50 | 4/1/10-23 | 1,135,369 | c |
| Series 2002-SRF-3 | 12-29-02 | 31,549,466 | 2.50 | 10/1/09-24 | 24,459,466 | c |
| Series 2003-SRF-1 | 6-26-03 | 48,520,000 | 2.50 | 10/1/09-25 | 42,695,000 | c |
| Series 2003-SRF-2 | 9-25-03 | 25,055,370 | 2.50 | 4/1/10-25 | 20,860,370 | c |
| Series 2004-SRF-1 | 6-24-04 | 2,910,000 | 2.125 | 10/1/09-24 | 2,420,000 | c |
| Series 2004-SRF-2 | 6-24-04 | 18,353,459 | 2.125 | 7/1/09-25 | 15,228,459 | c |
| Series 2004-SRF-3 | 6-24-04 | 12,722,575 | 2.125 | 7/1/09-25 | 10,552,575 | c |
| Series 2007-SRF-1 | 9-20-07 | 71,555,794 | 1.625 | 10/1/10-29 | 71,555,794 | c |
| Total State Revolving Loans Payable | | | | | \$ <u>510,066,781</u> | |

** - Capital Appreciation Bonds

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

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

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| | Bond Date | Amount Issued | Range of Interest Rates | Maturity Date | Balance June 30, 2009 |
|--|----------------------|--------------------------|--|--------------------------|----------------------------------|
| Business-type Activities (continued): | | | | | |
| <i>Water Fund</i> | | | | | |
| 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 | 5.20-5.55 | 7/1/09-12 | 13,590,000 |
| Series 1995-B | 10-15-95 | 60,485,000 | 5.20-5.55 | 7/1/09-12 | 36,415,000 |
| Series 1997-A | 8-1-97 | 29,080,000 | 5.75 to 6.00 | 7/1/11-15 | 29,160,000 |
| Series 1997-A | 8-1-97 | 186,220,000 | 4.80 to 5.25 | 7/1/09-27 | 74,575,000 c |
| Series 1999-A | 11-1-99 | 18,000,000 | 5.00 to 5.25 | 7/1/09-09 | 4,000,000 |
| Series 2001-A | 5-1-01 | 1,320,000 | 4.50 | 7/1/11 | 1,320,000 |
| Series 2001-A | 5-1-01 | 301,165,000 | 5.00 | 7/1/29-30 | 73,790,000 c |
| Series 2001-C | 5-14-08 | 4,055,000 | 3.00 to 4.25 | 7/1/09-18 | 4,055,000 |
| Series 2001-C | 5-14-08 | 186,350,000 | 4.50 to 5.75 | 7/1/19-29 | 186,350,000 c |
| Series 2003-A | 1-30-03 | 234,805,000 | 4.50 to 5.00 | 7/1/19-34 | 181,835,000 c |
| Series 2003-B | 1-30-03 | 14,250,000 | Variable (a) | 7/1/09-14 | 14,250,000 |
| Series 2003-B | 1-30-03 | 172,945,000 | 5.00 | 7/1/34 | 41,770,000 c |
| Series 2003-C | 1-30-03 | 16,695,000 | 2.50 to 5.00 | 7/1/09-11 | 355,000 |
| Series 2003-C | 1-30-03 | 4,335,000 | Variable (a) | 7/1/13-14 | 4,335,000 |
| Series 2003-C | 1-30-03 | 25,325,000 | 4.25 to 5.25 | 7/1/15-22 | 25,325,000 c |
| Series 2003-D | 9-1-06 | 3,180,000 | 4.00 to 4.20 | 7/1/09-16 | 2,465,000 |
| Series 2003-D | 9-1-06 | 139,575,000 | 4.25 to 5.00 | 7/1/17-33 | 139,575,000 c |
| Series 2004-A | 9-1-06 | 17,600,000 | 3.75 to 5.25 | 7/1/12-16 | 17,580,000 |
| Series 2004-A | 9-1-06 | 55,165,000 | 4.50 to 5.25 | 7/1/17-25 | 55,165,000 c |
| Series 2004-B | 9-1-06 | 52,840,000 | 4.00 to 5.00 | 7/1/09-16 | 46,510,000 |
| Series 2004-B | 9-1-06 | 100,990,000 | 4.25 to 5.00 | 7/1/17-23 | 100,990,000 c |
| Series 2005-A | 3-23-05 | 20,965,000 | 3.00 to 5.00 | 7/1/09-15 | 17,200,000 |
| Series 2005-A | 3-23-05 | 84,035,000 | 3.90 to 5.00 | 7/1/16-35 | 84,035,000 c |
| Series 2005-B | 5-14-08 | 19,070,000 | 4.00 to 5.50 | 7/1/10-18 | 19,070,000 |
| Series 2005-B | 5-14-08 | 175,830,000 | 4.75 to 5.50 | 7/1/19-35 | 175,830,000 c |
| Series 2005-C | 3-23-05 | 36,405,000 | 3.00 to 5.00 | 7/1/09-15 | 34,915,000 |
| Series 2005-C | 3-23-05 | 90,200,000 | 5.00 | 7/1/16-22 | 90,200,000 c |
| Series 2006-A | 8-16-06 | 42,795,000 | 5.00 | 7/1/11-16 | 42,795,000 |
| Series 2006-A | 8-16-06 | 237,205,000 | 5.00 | 7/1/17-34 | 237,205,000 c |
| Series 2006-C | 8-16-06 | 12,585,000 | 4.00 to 5.00 | 7/1/09-19 | 11,040,000 |
| Series 2006-C | 8-16-06 | 208,060,000 | 5.00 | 7/1/19-33 | 208,060,000 c |
| Series 2006-D | 8-16-06 | 4,430,000 | 4.00 to 5.00 | 7/1/09-16 | 3,525,000 |
| Series 2006-D | 8-16-06 | 142,160,000 | 4.25 to 5.00 | 7/1/17-32 | 142,160,000 c |
| Bonds remarketed in 2009: | | | | | |
| Series 2006-B | 4-1-09 | 900,000 | 2.60 to 5.00 | 7/1/11-19 | 900,000 |
| Series 2006-B | 4-1-09 | 119,100,000 | 5.50 to 7.00 | 7/1/23-36 | 119,100,000 c |
| Total Water Supply System Revenue Bonds | | | | | <u>\$ 2,264,170,000</u> |
| State Revolving Loans: | | | | | |
| Series 2005 SRF-1 | 9-22-05 | \$ 10,914,772 | 2.125 | 10/1/09-26 | \$ 9,664,772 |
| Series 2005 SRF-2 | 9-22-05 | 7,923,139 | 2.125 | 10/1/09-26 | 7,043,139 |
| Series 2006 SRF-1 | 9-21-06 | 4,440,074 | 2.125 | 10/1/09-26 | 3,945,074 |
| Series 2006 SRF-1 | 9-29-08 | 7,515,791 | 2.500 | 10/1/09-28 | 1,015,791 |
| Total State Revolving Loans Payable | | | | | <u>\$ 21,668,776</u> |

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

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

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| | Bond Date | Amount Issued | Range of Interest Rates | Maturity Date | Balance June 30, 2009 |
|--|----------------------|--------------------------|--|--------------------------|----------------------------------|
| Business-type Activities (continued): | | | | | |
| Automobile Parking Fund | | | | | |
| Detroit Building Authority Bonds - Revenue Refunding Bonds: | | | | | |
| Parking System-Series 1998A | 7-1-98 | \$ 77,445,000 | 4.70 to 5.125 | 7/1/09-19 | \$ 14,315,000 ^c |
| Parking System-Series 1999A | 10-22-99 | 29,900,000 | Variable (a) | 7/27/09-29 | <u>26,400,000 ^c</u> |
| Total Automobile Parking Fund Revenue Bonds | | | | | <u>\$ 40,715,000</u> |

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

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

(d) Pension Obligation Certificates (POCs)

The Detroit Retirement Systems Funding Trust issued POCs 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 and Fire Retirement System (PFRS). The GRS includes employees and retirees of certain governmental funds, proprietary funds (Sewage Disposal Fund, Transportation Fund, and Water Fund) and the Detroit Public Library, a discretely presented component unit.

A 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 following is a schedule of the Pension Obligation Certificates at June 30, 2009:

| | Bond Date | Amount Issued | Range of Interest Rates | Maturity Date | Balance June 30, 2009 |
|--|----------------------|--------------------------|--|--------------------------|----------------------------------|
| Pension Obligation Certificates | | | | | |
| Series 2005 - A | 6-2-05 | \$ 640,000,000 | 4.00 to 4.95 | 6/15/07 - 25 | \$ 535,945,000 |
| Series 2006 - A, B | 6-12-05 | 948,540,000 | Variable (a) | 6/15/19 - 35 | <u>948,540,000</u> |
| Total Pension Obligation Certificates | | | | | <u>\$ 1,484,485,000</u> |

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

The POCs were allocated to the governmental activities and the Transportation, Sewage Disposal, and Water Funds based on those funds portion of the overall UAAL liquidated by the use of the POCs net proceeds. Since the Detroit Public Library is a discretely presented component unit, its prorated portion of the POCs liability assumed was included in the balance of the POCs obligation recorded in the governmental activities.

(e) Notes and Loans Payable

The City issues installment notes and loans to provide funds for various public improvement projects. During the year ended June 30, 2009, the City issued \$6,197,000 of notes payable to finance renovations of the Woodward Garden project.

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The following is a schedule of notes payable at June 30, 2009:

| | <u>Issue Date</u> | <u>Interest Rates</u> | | <u>Maturity Date</u> | <u>Balance June 30, 2009</u> |
|--|-----------------------|---------------------------|--|--------------------------|----------------------------------|
| Governmental Activities | | | | | |
| <i>Urban Renewal Fund:</i> | | | | | |
| (All Notes are secured by future Block Grant revenue.) | | | | | |
| Ferry Street Project | 06/12/08 | 2.62 to 4.62 % | | 08/01/09 – 18 | \$ 2,425,000 |
| Garfield Project | 06/12/08 | 2.62 to 4.33 % | | 08/01/09 – 15 | 1,420,000 |
| Stuberstone Project | 06/12/08 | 2.62 to 4.48 % | | 08/01/09 – 16 | 240,000 |
| Vernor Lawndale Project | 09/14/06 | 5.05 to 5.74 % | | 08/01/13 – 25 | 1,800,000 |
| New Amsterdam Project | 08/01/02 | 4.43 to 6.12 % | | 08/01/09 – 22 | 9,425,000 |
| Mexicantown Welcome Center Project | 09/14/06 | 5.03 to 5.70 % | | 08/01/12 – 24 | 7,789,000 |
| Book Cadillac Project | 09/14/06 | 5.07 to 5.77 % | | 08/01/16 – 26 | 7,300,000 |
| Book Cadillac Project Note I | 06/12/08 | 4.00 to 5.38 % | | 08/01/13 – 27 | 10,700,000 |
| Garfield II Note 1 | 09/14/06 | 3.44 to 5.30 % | | 08/01/11 – 25 | 6,522,000 |
| Garfield II Note 2 | 09/14/06 | 5.07 to 5.77 % | | 08/01/16 – 26 | 2,058,000 |
| Fort Shelby Project | 06/12/08 | 3.82 to 5.34 % | | 08/01/12 – 26 | 18,700,000 |
| Woodward Garden Project 1 | 06/12/08 | 4.48 to 5.05 % | | 08/01/16 – 21 | 7,050,000 |
| Woodward Garden Project 2 | 12/09/08 | Libor + 0.2 % | | 08/01/16 – 28 | 6,197,000 |
| Total Notes Payable | | | | | \$ <u><u>81,626,000</u></u> |

The following is a schedule of loans payable at June 30, 2009:

| | <u>Issue Date</u> | <u>Range of Interest Rates</u> | | <u>Maturity Date</u> | <u>Balance June 30, 2009</u> |
|--|-----------------------|--|--|--------------------------|----------------------------------|
| Governmental Activities | | | | | |
| Downtown Development Authority | 1991 – 1997 | — | | — | \$ 33,600,000 |
| Loan Payable GE Capital Schedule – 013 | 4/9/04 | 4.07 | | 7/1/08 – 6/1/14 | 584,878 |
| Loan Payable GE Capital Schedule – 027 | 7/25/05 | 4.77 | | 10/1/09 – 4/1/10 | 7,698,195 |
| Loan Payable GE Capital Schedule – 029 | 4/30/08 | 4.24 | | 5/1/10 | 78,727 |
| Loan Payable GE Capital Schedule – 030 | 4/30/08 | 4.57 | | 8/1/09 – 8/1/12 | 1,344,307 |
| Loan Payable Minority Alliance Schedule - 001 | 5/30/08 | 3.93 | | 8/30/09 – 5/30/13 | 3,709,750 |
| Total Loan Payable | | | | | \$ <u><u>47,015,857</u></u> |

The City entered into a \$33.6 million loan payable with the Downtown Development Authority, listed in the preceding table, 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 the governmental activities annual principal or interest requirements.

(g) Capital Leases

Transportation Fund

During the year ended June 30, 2005, the Transportation 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. Net book value of the buses leased was approximately \$22.1 million as of June 30, 2009.

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The present value of future minimum capital lease payments, interest, and the minimum annual lease payment at June 30, 2009 is as follows:

| | Present Value of Minimum Lease Payments | | |
|----------------------|--|---------------------|----------------------|
| | Principal | Interest | Total |
| Year ending June 30: | | | |
| 2010 | \$ 3,599,395 | \$ 964,184 | \$ 4,563,579 |
| 2011 | 3,751,531 | 812,047 | 4,563,578 |
| 2012 | 3,910,099 | 653,500 | 4,563,599 |
| 2013 | 4,075,369 | 488,209 | 4,563,578 |
| 2014 | 4,247,626 | 315,953 | 4,563,579 |
| 2015 | 4,355,363 | 137,146 | 4,492,509 |
| Total | <u>\$ 23,939,383</u> | <u>\$ 3,371,039</u> | <u>\$ 27,310,422</u> |

(g) Debt Service Requirements

The annual debt service requirements to maturity for general obligation debt and revenue bonds and other debt indebtedness (including notes and loans) are as follows:

| | General Obligation Debt | | Revenue Bonds and Other Indebtedness | | |
|----------------------------------|--------------------------------|-----------------------|---|-------------------------|-----------------------|
| | Principal | Interest | Principal | Interest | Swap Interest |
| Governmental Activities: | | | | | |
| 2010 | \$ 76,180,000 | \$ 42,073,911 | \$ 22,822,251 | \$ 7,123,708 | \$ — |
| 2011 | 77,070,000 | 38,506,009 | 15,243,986 | 6,233,326 | — |
| 2012 | 76,105,000 | 34,933,516 | 16,049,872 | 5,523,398 | — |
| 2013 | 82,711,310 | 31,256,905 | 21,507,083 | 4,611,349 | — |
| 2014 | 81,625,000 | 27,168,071 | 13,702,665 | 3,738,183 | — |
| 2015 – 2019 | 241,581,968 | 84,810,357 | 45,856,000 | 14,600,326 | — |
| 2020 – 2024 | 168,860,000 | 31,238,461 | 27,968,000 | 7,701,628 | — |
| 2025 – 2029 | 32,560,000 | 3,196,895 | 53,247,000 | 1,404,628 | — |
| Total | <u>\$ 836,693,278</u> | <u>\$ 293,184,125</u> | <u>\$ 216,396,857</u> | <u>\$ 50,936,546</u> | <u>\$ —</u> |
| Business-Type Activities: | | | | | |
| <i>Sewage Disposal Fund</i> | | | | | |
| 2010 | \$ — | \$ — | \$ 60,630,000 | \$ 97,111,032 | \$ 34,869,410 |
| 2011 | — | — | 70,380,000 | 94,603,794 | 34,906,196 |
| 2012 | — | — | 72,665,000 | 91,938,924 | 34,772,596 |
| 2013 | — | — | 76,340,000 | 89,433,092 | 33,853,442 |
| 2014 | — | — | 78,870,000 | 86,964,984 | 33,723,186 |
| 2015 – 2019 | — | — | 434,580,000 | 393,743,232 | 168,798,895 |
| 2020 – 2024 | — | — | 455,030,911 | 315,598,949 | 165,453,889 |
| 2025 – 2029 | — | — | 556,765,870 | 245,554,569 | 128,101,373 |
| 2030 – 2034 | — | — | 691,145,000 | 156,050,158 | 58,094,615 |
| 2035 – 2039 | — | — | 506,200,000 | 39,896,788 | 2,477,463 |
| Total | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 3,002,606,781</u> | <u>\$ 1,610,895,522</u> | <u>\$ 695,051,065</u> |
| <i>Transportation Fund</i> | | | | | |
| 2010 | \$ — | \$ 313,586 | \$ — | \$ — | \$ — |
| 2011 | — | 313,586 | — | — | — |
| 2012 | — | 313,586 | — | — | — |
| 2013 | 813,690 | 313,586 | — | — | — |
| 2014 | — | 272,902 | — | — | — |
| 2015 – 2019 | 5,458,032 | 412,774 | — | — | — |
| Total | <u>\$ 6,271,722</u> | <u>\$ 1,940,020</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> |

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| | General Obligation Debt | | Revenue Bonds and other Indebtedness | | |
|---|-------------------------|----------|--------------------------------------|------------------|---------------|
| | Principal | Interest | Principal | Interest | Swap Interest |
| Business-Type Activities, Continued: | | | | | |
| <i>Water Fund</i> | | | | | |
| 2010 | \$ — | \$ — | \$ 35,170,000 | \$ 117,134,966 | \$ 3,655,373 |
| 2011 | — | — | 36,760,000 | 116,255,297 | 3,695,072 |
| 2012 | — | — | 45,090,000 | 114,366,315 | 3,665,192 |
| 2013 | — | — | 47,270,791 | 112,212,843 | 4,306,196 |
| 2014 | — | — | 49,340,000 | 109,975,712 | 4,290,150 |
| 2015 – 2019 | — | — | 286,610,000 | 509,266,454 | 20,996,480 |
| 2020 – 2024 | — | — | 363,812,985 | 426,609,874 | 20,667,196 |
| 2025 – 2029 | — | — | 461,415,000 | 321,067,058 | 15,186,521 |
| 2030 – 2034 | — | — | 585,655,000 | 190,424,223 | 8,305,615 |
| 2035 – 2039 | — | — | 374,715,000 | 42,526,981 | 5,692,474 |
| Total | \$ — | \$ — | \$ 2,285,838,776 | \$ 2,059,839,723 | \$ 90,460,269 |
| <i>Automobile Parking Fund</i> | | | | | |
| 2010 | \$ — | \$ — | \$ 1,610,000 | \$ 877,961 | \$ 1,960,457 |
| 2011 | — | — | 1,660,000 | 820,151 | 2,110,171 |
| 2012 | — | — | 1,710,000 | 758,231 | 1,871,345 |
| 2013 | — | — | 1,865,000 | 692,081 | 2,006,912 |
| 2014 | — | — | 1,920,000 | 621,081 | 1,774,807 |
| 2015 – 2019 | — | — | 4,700,000 | 2,242,190 | 8,300,000 |
| 2020 – 2024 | — | — | 15,350,000 | 448,438 | 6,303,258 |
| 2025 – 2029 | — | — | 9,500,000 | — | 3,210,934 |
| 2030 – 2034 | — | — | 2,400,000 | — | 173,060 |
| Total | \$ — | \$ — | \$ 40,715,000 | \$ 6,460,133 | \$ 27,710,944 |

The future principal payments for governmental activities and Sewage Disposal Fund revenue bonds exceed the bonds payable balance by \$5,047,981 and \$31,909,632, respectively, at June 30, 2009 because the future principal payments on capital appreciation bonds are greater than the carrying value of those bonds. The balance of the capital appreciation bonds will increase each year, until maturity, through accretion.

The annual debt service requirements to maturity for pension obligation certificates at June 30, 2009 are as follows:

| | Pension Obligation Certificates | | |
|---------------------------------|---------------------------------|----------------|----------------|
| | Principal | Interest | Swap Interest |
| Governmental Activities: | | | |
| 2010 | \$ 3,861,370 | \$ 28,174,589 | \$ 40,596,391 |
| 2011 | 8,905,539 | 28,008,009 | 41,216,198 |
| 2012 | 13,718,025 | 27,615,809 | 41,245,101 |
| 2013 | 18,782,517 | 27,004,946 | 41,245,101 |
| 2014 | 24,099,013 | 26,159,169 | 41,245,101 |
| 2015 – 2019 | 164,310,642 | 110,992,500 | 206,225,505 |
| 2020 – 2024 | 216,929,328 | 73,806,920 | 195,895,154 |
| 2025 – 2029 | 282,766,094 | 38,346,071 | 165,037,837 |
| 2030 – 2034 | 382,116,298 | 36,158,930 | 66,415,504 |
| 2035 | 91,281,342 | 5,466,677 | — |
| Total | \$ 1,206,770,168 | \$ 401,733,620 | \$ 839,121,892 |

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| | | | | Pension Obligation Certificates | | |
|----------------------------------|-----------|--------------------|-----------|--|-----------------|----------------------|
| | | | | Principal | Interest | Swap Interest |
| Business-Type Activities: | | | | | | |
| <i>Sewage Disposal Fund</i> | | | | | | |
| 2010 | \$ | 291,413 | \$ | 2,126,299 | \$ | 3,063,756 |
| 2011 | | 672,089 | | 2,113,728 | | 3,110,532 |
| 2012 | | 1,035,281 | | 2,084,129 | | 3,112,713 |
| 2013 | | 1,417,492 | | 2,038,028 | | 3,112,713 |
| 2014 | | 1,818,721 | | 1,974,198 | | 3,112,713 |
| 2015 – 2019 | | 12,400,308 | | 8,376,457 | | 15,563,565 |
| 2020 – 2024 | | 16,371,370 | | 5,570,111 | | 14,783,949 |
| 2025 – 2029 | | 21,339,984 | | 2,893,926 | | 12,455,188 |
| 2030 – 2034 | | 28,837,812 | | 2,728,865 | | 5,012,293 |
| 2035 | | 6,893,956 | | 412,565 | | — |
| Total | \$ | 91,078,426 | \$ | 30,318,306 | \$ | 63,327,422 |
| <i>Transportation Fund</i> | | | | | | |
| 2010 | \$ | 340,053 | \$ | 2,481,202 | \$ | 3,575,131 |
| 2011 | | 784,268 | | 2,466,532 | | 3,629,715 |
| 2012 | | 1,208,081 | | 2,431,993 | | 3,632,260 |
| 2013 | | 1,654,087 | | 2,378,197 | | 3,632,260 |
| 2014 | | 2,122,286 | | 2,303,714 | | 3,632,260 |
| 2015 – 2019 | | 14,470,057 | | 9,774,582 | | 18,161,300 |
| 2020 – 2024 | | 19,103,935 | | 6,499,824 | | 17,251,554 |
| 2025 – 2029 | | 24,901,866 | | 3,376,956 | | 14,534,098 |
| 2030 – 2034 | | 33,651,167 | | 3,184,345 | | 5,848,898 |
| 2035 | | 8,032,434 | | 481,425 | | — |
| Total | \$ | 106,268,234 | \$ | 35,378,770 | \$ | 73,897,476 |
| <i>Water Fund</i> | | | | | | |
| 2010 | \$ | 257,165 | \$ | 1,876,411 | \$ | 2,703,696 |
| 2011 | | 593,104 | | 1,865,317 | | 2,744,975 |
| 2012 | | 913,613 | | 1,839,197 | | 2,746,900 |
| 2013 | | 1,250,905 | | 1,798,514 | | 2,746,900 |
| 2014 | | 1,604,980 | | 1,742,185 | | 2,746,900 |
| 2015 – 2019 | | 10,942,994 | | 7,392,036 | | 13,734,500 |
| 2020 – 2024 | | 14,447,368 | | 4,915,497 | | 13,046,504 |
| 2025 – 2029 | | 18,832,057 | | 2,553,827 | | 10,991,424 |
| 2030 – 2034 | | 25,448,723 | | 2,408,165 | | 4,423,232 |
| 2035 | | 6,077,262 | | 364,077 | | — |
| Total | \$ | 80,368,171 | \$ | 26,755,226 | \$ | 55,885,031 |

(h) Debt Limit

The MI Constitution established the authority, subject to constitutional and statutory prohibition, for municipalities to incur debt for public purposes. The City is subject to the Home Rule Act, Act 279 Public Acts of MI, 1909, as amended, which limits the net indebtedness incurred for all public purposes to as much as, but not to exceed, the greater of the following: (a) 10% 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.

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(i) Refundings

The City defeased certain bonds in the current and prior years by placing the proceeds of new debt in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the City's financial statements. The amount of defeased debt outstanding at June 30, 2009 was as follows:

| | General Obligation Bonds | Revenue Bonds | Total |
|-------------------------|---|--------------------------|----------------|
| Governmental Activities | \$ 51,580,000 | \$ — | \$ 51,580,000 |
| Sewage Disposal Fund | — | 591,110 | 591,110 |
| Water Fund | — | 732,620,000 | 732,620,000 |
| Total | \$ 51,580,000 | \$ 733,211,110 | \$ 784,791,110 |

(j) Bonds Authorized and Unissued

The following is the schedule of Bonds Authorized and Unissued at June 30, 2009:

| | Authority | Date | Authorized Amount | Unissued 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 | 89,125,000 |
| Municipal Facilities | Electorate | 11/7/2000 | 18,000,000 | 120,000 |
| Neighborhood/Economic Development | Electorate | 11/2/2004 | 19,000,000 | 17,295,000 |
| Public Lighting | Electorate | 11/2/2004 | 22,000,000 | 14,235,000 |
| Recreation, Zoo, Cultural | Electorate | 11/7/2000 | 56,000,000 | 2,775,000 |
| Recreation, Zoo, Cultural | Electorate | 11/2/2004 | 22,000,000 | 4,840,000 |
| Historical | Electorate | 11/6/2001 | 20,000,000 | 17,200,000 |
| Museum of African American History | Electorate | 4/29/2003 | 6,000,000 | 500,000 |
| Transportation | Electorate | 11/2/2004 | 32,000,000 | 18,810,000 |
| Public Lighting | Electorate | 2/24/2009 | 22,000,000 | 22,000,000 |
| Neighborhood/Economic | Electorate | 2/24/2009 | 25,000,000 | 25,000,000 |
| Museums, Libraries, Recreation and Other | Electorate | 2/24/2009 | 97,000,000 | 97,000,000 |
| Transportation | Electorate | 2/24/2009 | 12,000,000 | 12,000,000 |
| Public Safety | Electorate | 2/24/2009 | 72,000,000 | 72,000,000 |
| Total Bonds Authorized – Unissued | | | | \$ 416,900,000 |

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.

NOTE VIII. DERIVATIVES NOT REPORTED AT FAIR VALUE

(a) Interest Rate Swaps

The City is party to derivative 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, 2009.

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 twenty separate pay-fixed, receive-variable interest rate swaps. During the year ended June 30, 2009, the City also entered into six “pay-variable, receive-fixed” interest rate swaps, to avoid termination on existing related swaps.

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.

Terms, Fair Values, and Credit Risk: Certain key terms, fair values, and counterparty credit ratings relating to the outstanding swaps as of June 30, 2009 are presented on the following page. The notional amounts of the swaps, except those with effective dates of March 1, 2010 and July 1, 2011 match the principal amounts of the outstanding financings. The swaps with effective dates of March 1, 2010 and July 1, 2011 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.

| Associated Financing Issue | Notional Amounts (1) | Effective Date | Fixed Rate Paid | Variable Rate Received | Fair Value | Swap Termination Date | Final Maturity of Bonds | Counterparty Credit Rating |
|---|----------------------|----------------|-----------------|------------------------|-----------------|-----------------------|-------------------------|----------------------------|
| Building Authority Series 1999-A \$ | 26,400,000 | 10/22/1999 | 7.480% | 65%LIBOR + .28% | \$ (12,209,928) | 7/1/2029 | 7/1/2029 | A3/A/A+ |
| Sewage Revenue Bonds: | | | | | | | | |
| 2001 C-2 | 123,340,000 | 10/23/2001 | 4.468% | SIFMA (2) | (23,100,295) | 7/1/2029 | N/A | Aa2/AA-/AA |
| 2001 C-2 Offsetting Swap (4) | 123,340,000 | 5/8/2008 | SIFMA(2) | 3.578% | 734,157 | 7/1/2029 | N/A | Aa2/AA-/AA |
| 2001 D-2 | 72,450,000 | 7/1/2012 | 4.831% | SIFMA (2) | (6,880,445) | 7/1/2032 | 7/1/2032 | Aa1/A+/AA- |
| 2006-A | 125,000,000 | 8/10/2006 | 4.551% | SIFMA (2) | (19,662,070) | 7/1/2036 | N/A | Aa1/A+/AA- |
| 2006-A Offsetting Swap (4) | 125,000,000 | 5/7/2008 | SIFMA(2) | 3.698% | (1,909,613) | 7/1/2036 | N/A | Aa1/A+/AA- |
| 2006-D | 361,315,000 | 12/14/2006 | 4.105% | 67%ofLIBOR+ .60% | (39,427,379) | 7/1/2032 | 7/1/2032 | A2/A+/A+ |
| Hedge Swap (3) | 56,250,000 | 3/1/2010 | 4.927% | SIFMA (2) | (10,574,130) | 7/1/2039 | N/A | A1/A+/A+ |
| Hedge Swap (3) | 168,750,000 | 3/1/2010 | 4.927% | SIFMA (2) | (30,360,728) | 7/1/2039 | N/A | A2/A/A |
| Water Revenue Bonds: | | | | | | | | |
| 2001-C | 113,070,000 | 6/7/2001 | 4.900% | SIFMA (2) | (24,506,149) | 7/1/2026 | N/A | A2/A/A |
| 2001-C Offsetting Swap (4) | 113,070,000 | 5/14/2008 | SIFMA(2) | 3.498% | 2,073,894 | 7/1/2026 | N/A | A2/A/A |
| 2003-B | 1,980,000 | 1/30/2003 | 3.020% | CPI + 1.01% | (29,898) | 7/1/2009 | 7/1/2009 | A2/A/A |
| 2003-B | 2,290,000 | 1/30/2003 | 3.310% | CPI+ 1.12% | (61,581) | 7/1/2010 | 7/1/2010 | A2/A/A |
| 2003-B | 2,500,000 | 1/30/2003 | 3.550% | CPI + 1.25% | (86,835) | 7/1/2011 | 7/1/2011 | A2/A/A |
| 2003-B | 2,175,000 | 1/30/2003 | 3.740% | CPI + 1.33% | (84,815) | 7/1/2012 | 7/1/2012 | A2/A/A |
| 2003-B | 2,800,000 | 1/30/2003 | 3.870% | CPI + 1.34% | (116,795) | 7/1/2013 | 7/1/2013 | A2/A/A |
| 2003-B | 2,505,000 | 1/30/2003 | 4.000% | CPI + 1.36% | (109,253) | 7/1/2014 | 7/1/2014 | A2/A/A |
| 2003-C | 2,005,000 | 1/30/2003 | 3.870% | CPI + 1.34% | (83,631) | 7/1/2013 | 7/1/2013 | A2/A/A |
| 2003-C | 2,330,000 | 1/30/2003 | 4.000% | CPI + 1.36% | (101,620) | 7/1/2014 | 7/1/2014 | A2/A/A |
| 2005-B | 195,000,000 | 4/1/2005 | 4.710% | SIFMA (2) | (31,470,734) | 7/1/2035 | N/A | A2/A/A |
| 2005-B Offsetting Swap (4) | 195,000,000 | 5/6/2008 | SIFMA(2) | 3.652% | 2,221,915 | 7/1/2035 | N/A | A2/A/A |
| 2006-B | 120,000,000 | 3/1/2007 | 5.000% | SIFMA (2) | (26,562,051) | 7/1/2036 | 7/1/2036 | A2/A/A |
| 2006-B Offsetting Swap (4) | 120,000,000 | 4/1/2009 | SIFMA(2) | 3.262% | (7,922,144) | 7/1/2036 | 7/1/2036 | A2/A/A |
| Hedge Swap (3) | 150,000,000 | 3/1/2010 | 4.932% | SIFMA (2) | (27,102,584) | 7/1/2039 | N/A | A1/A+/A+ |
| Hedge Swap (3) | 50,000,000 | 3/1/2010 | 4.932% | SIFMA (2) | (9,765,378) | 7/1/2039 | N/A | A1/A+/A+ |
| Hedge Swap (3) | 76,510,000 | 7/1/2011 | 4.869% | SIFMA (2) | (7,435,597) | 7/1/2029 | N/A | A1/A+/A+ |
| Offsetting Swap (4) | 76,510,000 | 7/1/2011 | SIFMA(2) | 3.998% | (67,752) | 7/1/2029 | N/A | A1/A+/A+ |
| Pension Obligation Certificates: | | | | | | | | |
| GRS | 96,621,000 | 6/12/2006 | 6.256% | 3 MTH LIBOR + .34% | (27,975,211) | 6/15/2034 | 6/16/2034 | A1/A+/A+ |
| GRS | 45,252,000 | 6/12/2006 | 6.223% | 3 MTH LIBOR + .30% | (12,206,577) | 6/15/2029 | 6/15/2029 | A1/A+/A+ |
| GRS | 96,621,000 | 6/12/2006 | 6.256% | 3 MTH LIBOR + .34% | (27,513,510) | 6/15/2034 | 6/15/2034 | Aa2/A+/A+ |
| GRS | 45,252,000 | 6/12/2006 | 6.223% | 3 MTH LIBOR + .30% | (11,630,245) | 6/15/2029 | 6/15/2029 | Aa2/A+/A+ |
| PFRS | 153,801,500 | 6/12/2006 | 6.252% | 3 MTH LIBOR + .34% | (41,538,161) | 6/15/2034 | 6/15/2034 | A1/A+/A+ |
| PFRS | 104,325,500 | 6/12/2006 | 6.223% | 3 MTH LIBOR + .30% | (23,757,062) | 6/15/2029 | 6/15/2029 | A1/A+/A+ |
| PFRS | 153,801,500 | 6/12/2006 | 6.252% | 3 MTH LIBOR + .34% | (43,835,831) | 6/15/2034 | 6/15/2034 | Aa2/A+/A+ |
| PFRS | 104,325,500 | 6/12/2006 | 6.223% | 3 MTH LIBOR + .30% | (25,097,190) | 6/15/2029 | 6/15/2029 | Aa2/A+/A+ |

1. Notional amount balance as of June 30, 2009
2. The Securities Industry and Financial Markets Association Index Rate
3. Swaps are issued in anticipation of a future planned variable rate bond issue.
4. Denotes bonds with pay-variable, receive-fixed terms. All others are pay-fixed, receive-variable terms.

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, 2009. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Credit Risk: When the fair value of any swap has a positive value, then the City is exposed to the risk that the counterparty will not fulfill its obligations. As of June 30, 2009, the City was exposed to \$5,029,966 of credit risk (without regard to collateral or other security arrangements). The table above shows the credit quality ratings of the counterparties to each swap. The City uses seven different counterparties, as one way of diversifying its credit risks. In addition, 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 exposed to basis risk when the variable interest received on a swap is based on a different index than the variable interest rate to be paid on the associated variable rate debt obligation. At June 30, 2009, the associated debt used the same index for all Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA) and Consumer Price Index (CPI) referenced swaps, as well as the Pension obligation certificates (based on LIBOR) in the table above. As a result, there is no significant exposure to basis risk as of June 30, 2009.

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 fair value of the swap at that time. If any of the swaps were terminated, the associated variable-rate financings would no longer carry synthetic interest rates.

For the swaps associated with the Water 2001-C, 2001-C Offsetting (mirror), and 2005-B Offsetting (mirror) issuances the City pays a lower fixed rate in exchange for granting the counterparty a special termination option. Under this option, the counterparty can terminate the swap without payment if the SIFMA averages 7 percent or higher for a consecutive 180-day period. The termination provision for the swap associated with Water 2001-C is effective after January 1, 2010, while the others are currently effective. The termination of any of the above-mentioned swaps requires simultaneous termination of the related mirror or original swap.

For the swaps associated with the Sewage 2001 C-2 and Sewage 2001 C-2 Offsetting (mirror) issuances, the City pays a lower fixed rate in exchange for granting the counterparty a special termination option. Under this option, the counterparty can terminate the swap without payment if SIFMA averages 7 percent or higher for a consecutive 180-day period. The termination provision for the both swaps is effective after January 1, 2010.

In light of recent debt rating declines of the City, in concert with falling ratings of the City's Swap Agreement Insurers, a risk of a Swap Agreement Termination exists related to the Swap Agreements issued in conjunction with the issuance of the General, Police and Fire Retirement Systems Trusts' Pension Obligation Certificates (POCs). As of June 30, 2009, the City had eight such interest rate exchange agreements (the "Swap Agreements") in effect.

With the Swap Agreements, the City maintains a potential payable to the Swap Agreement's Counterparty should certain termination events occur. Potential termination events in the original Swap Agreements included cases where the POCs ratings were withdrawn, suspended or downgraded below "Baa3" (or equivalent) or if the Swap Insurers' ratings fell below an "A3" (or equivalent) rating.

On January 8, 2009, the City received formal notice from the Swap Counterparty to four of the eight Swap Agreements stating that an event had occurred, which, if not cured by the City, would constitute an Additional Termination Event. On January 14, 2009, the City also received formal notice from the Swap Counterparty to the four remaining Swap Agreements, stating that the applicable Swap Insurers had been downgraded below the thresholds set forth in the Swap Agreements. Under the Swap Agreements, such Swap Insurer downgrades, coupled with the downgrades of the POCs, if not cured by the City, constitute an Additional Termination Event. In June 2009, the City and the Counterparties agreed to an amendment to the Swap Agreements, and thereby eliminating the Additional Termination Event and the potential for an immediate demand for payment to the Swap Counterparties.

As part of the amended Swap Agreements, the Counterparties waived their right to termination payments. Additionally, the City now directs its Wagering Tax revenues to a Trust as collateral for the quarterly payment to the Counterparties, increased the Swap rate by 10 basis points effective July 1, 2010, and agreed to other new termination events. The termination events under the amended Swap Agreement includes a provision for the Counterparties to terminate the amended Swap Agreement if certain coverage levels of the Wagering Taxes over the required quarterly payment are not met or if POCs ratings are withdrawn, suspended or downgraded below “Ba3” (or equivalent). Should such Termination Events occur in connection with these Swap Agreements, and not be cured, the City’s obligations to the Counterparties could increase significantly and there is some risk that the City may not be able to meet the cash demands under the terms of the amended Swap Agreements.

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 Fund is exposed to rollover risk on GRS and PFRS swaps should they be terminated prior to the maturity of the associated financings (POCs).

(b) Swaptions

Objectives of the Swaptions: In addition to the interest rate swaps described above, the City entered into five (5) swaptions in conjunction with the termination of previous interest rate swaps. Specifically, the City entered into one interest rate swap in February 2003 and two interest rate swaps in April 2004 related to the issuance of variable rate water bonds and the City entered into two interest rate swaps in November 1998 and one in May 2003 related to the issuance of variable rate sewage bonds. Those interest rate swap agreements included provisions that allowed for the counterparty to put the City into a swaptions arrangement upon termination. Upon the restructuring of the water variable rate bonds in August 2006 to fixed-rate bonds, the interest rate swaps were terminated and the counterparty executed the swaptions. Likewise, when the two sewer variable rate bonds were restructured in December 2006 to fixed-rate bonds, the interest rate swaps were terminated, and the counterparty executed the swaptions provision. The swaptions give the counterparty the option to make the City enter into a pay-variable, receive-fixed interest rate swap. If the option is exercised, the City may consider the potential to issue variable rate refunding bonds and terminate the swaption, but is not committed to doing so.

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Terms, Fair Value, and Credit Risk: For the two interest rate swaps entered into in November 1998, the counterparty may exercise its option to enter into the underlying interest rate swap agreements on any date in which the SIFMA Index has averaged 7.00% or higher for a consecutive 90-day period. For any of the other interest rate swap agreements the counterparty has the option to exercise the sewer agreements on any date in which the SIFMA index has averaged 7.00% or higher for a consecutive 180-day period. Certain other key terms, fair values, and counterparty credit ratings related to the outstanding swaptions as of June 30, 2009 are presented below. If the options are exercised by the counterparty, the underlying swap agreements contain scheduled reductions to the outstanding notional amounts that match scheduled or anticipated amortization of associated financings.

| Associated Financing Uses | Notional Amounts (1) | Option Effective Date | Variable Rate Paid | Fixed Rate Received | Fair Value | Swap Termination Date | Counterparty Credit Rating |
|------------------------------|-------------------------|-----------------------------|-----------------------|------------------------|----------------|-----------------------------|-------------------------------|
| Sewage 1998-A | \$ 67,500,000 | 7/1/2008 | SIFMA (2) | 4.512% | \$ (2,587,539) | 7/1/2023 | Aa1/AA-/AA- |
| Sewage 1998-B | 67,500,000 | 7/1/2008 | SIFMA (2) | 4.512% | (2,566,306) | 7/1/2023 | Aa1/AA-/AA- |
| Sewage 2003-B | 150,000,000 | 5/22/2003 | SIFMA - 0.10% | 3.842% | (13,240,874) | 7/1/2033 | Aa2/A+/A+ |
| Water 2003-D | 149,185,000 | 7/2/2011 | SIFMA (2) | 4.060% | (13,038,455) | 7/1/2033 | Aa1/AA-/AA- |
| Water 2004-A | 77,010,000 | 7/1/2005 | SIFMA (2) | 3.940% | (3,247,555) | 7/1/2025 | Aa1/AA-/AA- |
| Water 2004-B | 155,175,000 | 7/1/2005 | SIFMA (2) | 3.845% | (4,957,731) | 7/1/2023 | Aa1/AA-/AA- |

1. Notional amount balances as of June 30, 2009

2. The Securities Industries and Financial Markets Municipal Swap Index

Fair Value: The fair value was estimated using an option pricing model that considers the likelihood of exercise, interest rate volatility and other risks and market factors.

Market-Access Risk: If the options to enter into interest rate swap agreements are exercised by the counterparty and variable rate refunding bonds are not issued by the City, the City would make net swap payments as required by the terms of the contract – that is, making a variable payment of the SIFMA index rate (unadjusted) to the counterparty for the term of the respective swap and receiving a fixed payment.

NOTE IX. PENSION PLANS

(a) Plan Description

The City of Detroit Retirement System consists of the General Retirement System (GRS) and the Police and Fire 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, Detroit, MI 48226.

Membership of the plans at June 30, 2009 consisted of the following:

| | Defined Benefit | | Defined Annuity Contribution | |
|--|-----------------|-------|---------------------------------|-------|
| | GRS | PFRS | GRS | PFRS |
| Retirees and beneficiaries receiving benefits | 11,385 | 8,464 | 1,374 | 962 |
| Terminated plan members entitled to but not yet receiving benefits | 2,114 | 54 | 873 | 116 |
| Active plan members | 9,128 | 4,089 | 7,941 | 3,870 |

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.

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 General Retirement System 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 Police and Fire Retirement System 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 Police and Fire 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.

(b) Summary of Significant Accounting Policies

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. Approximately 33 percent of the General Retirement System's assets and 32 percent of the Police and Fire Retirement System's assets are not publicly traded and, therefore, do not always have a readily determined fair value.

(c) Funding Policy

The City's policy is to fund normal costs and amortization of prior service costs, based on an actuarially determined rate. The contribution rates for the fiscal year ended June 30, 2009 was 9.96% of active annual payroll for the General Retirement System and 26.71% of active annual payroll for the Police and Fire Retirement System. Contributions from City funds and the Detroit Public Library fund, including accounts receivable for the year ended June 30, 2009, amounted to \$41,395,719 and \$36,151,057 for the General Retirement System and the Police and Fire 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 \$97,500 representing the annual Social Security wage base \$97,500 of annual FY 2009 compensation and 5% or 7% of any excess over \$94,200 and \$97,500 respectively. Contributions are voluntary for all union and non-union employees. Contributions received from General Retirement System employees during the year ended June 30, 2009 amounted to \$21,135,924.
- **Police and Fire Retirement System** — Mandatory contributions are 5% of base compensation until eligibility for retirement is reached. Contributions received from Police and Fire Retirement System employees during the year ended June 30, 2009 amounted to \$10,902,956

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.

(d) Annual Pension Cost and Net Pension Obligation

The annual pension costs and net pension assets for the City (primary government) as of June 30, 2009 are as follows:

| | GRS | | | | | Total Primary Government |
|--------------------------------------|------------------------------------|----------------------------|----------------------------|------------------------|---------------|--------------------------------|
| | PFRS Governmental Activities | Business-type Activities | | | | |
| | | Governmental Activities | Sewage Disposal Fund | Transportation Fund | | |
| Annual required contributions (ARC) | \$ 60,893,974 | \$ 20,938,623 | \$ 4,258,026 | \$ 7,302,416 | \$ 4,176,125 | \$ 97,569,164 |
| Interest on net pension asset | (49,620,296) | (34,981,315) | (6,672,803) | (8,166,252) | (6,133,742) | (105,574,408) |
| Adjustment to ARC | 34,928,767 | 24,859,597 | 4,742,051 | 5,803,376 | 4,358,966 | 74,692,757 |
| Annual pension cost | 46,202,445 | 10,816,905 | 2,327,274 | 4,939,540 | 2,401,349 | 66,687,513 |
| Contributions made (employer) | 31,395,780 | 21,016,462 | 5,147,753 | 7,269,388 | 6,439,286 | 71,268,669 |
| Changes in net pension asset | (14,806,665) | 10,199,557 | 2,820,479 | 2,329,848 | 4,037,937 | 4,581,156 |
| Net pension asset, beginning of year | 636,157,642 | 442,801,457 | 84,465,857 | 103,370,274 | 77,642,310 | 1,344,437,540 |
| Net pension asset, end of year | \$ 621,350,977 | \$ 453,001,014 | \$ 87,286,336 | \$ 105,700,122 | \$ 81,680,247 | \$ 1,349,018,696 |

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Significant actuarial assumptions used to determine the annual required contribution for the year ended June 30, 2009 are as follows:

| | <u>GRS</u> | <u>PFRS</u> |
|-------------------------------|------------------------|------------------------|
| Valuation Date | June 30, 2007 | June 30, 2007 |
| Actuarial Cost Method | Entry Age | Entry Age |
| Amortization Method | Level Percent | Level Percent |
| Remaining Amortization Period | 30 years | 28 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% |

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.

(e) Three-Year Trend Information

Three-year trend information for the City (primary government) is as follows:

| | <u>Year Ended</u> | <u>Annual Pension Cost (APC)</u> | <u>Actual Contributions</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Asset</u> |
|------|-------------------|----------------------------------|-----------------------------|--------------------------------------|--------------------------|
| GRS | June 30, 2009 | \$ 20,485,068 | \$ 39,872,889 | 194.6% | \$ 727,667,719 |
| | June 30, 2008 | 24,652,787 | 41,625,011 | 168.8 | 708,279,898 |
| | June 30, 2007 | 27,299,648 | 39,625,011 | 145.1 | 691,307,674 |
| PFRS | June 30, 2009 | 46,202,445 | 31,395,780 | 68.0% | 621,350,977 |
| | June 30, 2008 | 41,602,494 | 58,934,636 | 141.7 | 636,157,642 |
| | June 30, 2007 | 41,711,829 | 57,423,366 | 137.7 | 618,825,500 |

(f) Funding Status and Funding Progress

The funded status of each plan as of June 30, 2008, the most recent actuarial valuation date, is as follows:

| | <u>GRS</u> | <u>PFRS</u> |
|-------------------------------|------------------|------------------|
| Actuarial value of assets | \$ 3,641,197,523 | \$ 4,316,263,291 |
| Actuarial accrued liability | 3,609,558,628 | 4,071,053,752 |
| Unfunded (overfunded) AAL | (31,638,895) | (245,209,539) |
| Funded ratio | 100.9% | 106.0% |
| Covered payroll | \$ 368,470,990 | 232,812,606 |
| Ratio of UAAL/covered payroll | (8.6)% | —% |

The schedules of funding progress, presented as required supplemental information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan net assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE X. OTHER POST-EMPLOYMENT BENEFITS

(a) Plan Description

The Employee Health and Life Insurance Benefit Plan (Benefit Plan) is a single – employer defined benefit plan administered by the City and Retirement Systems. The Benefit Plan provides hospitalization, dental care, eye care, and life insurance to all officers and employees of the City who were employed on the day preceding the effective date of the Benefit Plan and who continue in the employ of the City on and after the effective date of the Benefit Plan. Retirees are allowed to enroll in any of the group plans offered by the City to active employees. The City provides health care coverage for substantially all retirees in accordance with terms set forth in union contracts or provisions found in Section 13, Article 8 of the Code of Ordinances.

The health care benefit eligibility conditions for General City employees hired before 1995 are 30 years of creditable service or 25 years of creditable service for an Emergency Medical Services (EMS) member or age 60 and 10 years of creditable service or age 65 and 8 years of creditable service. The health care benefit eligibility conditions for General City employees hired after 1995 are age 55 and 30 years of creditable services, or age 60 and 10 years of creditable service or age 65 and 8 years of creditable service. The City provides full health care coverage to General City employees who retired prior to January 1, 1984, except for the Master Medical benefit that was added on to the coverage after that date. The City pays up to 90% of health care coverage if retired after January 1, 1984; however, for employees who retired between January 1, 1984 and June 30, 1994, the retiree share has been reduced by 50% by appropriations from City Council. The City also pays health coverage for the spouse, under the same formulas noted above, as long as the spouse continues to receive a pension. The City does not pay health coverage for a new non-City retiree spouse. Dental and vision coverage is provided for the retiree and the spouse.

The health care benefit eligibility conditions for Police and Fire is any age with 25 years of creditable service, or any age with 20 years of service for Detroit Police Officers Association (DPOA) members and Allied Detroit Fire Fighters Association (DFFA) members only, effective March 8, 2008. The City pays up to 90% of health care coverage for the retiree. The City also pays up to 90% of health care coverage for the spouse as long as the spouse continues to receive a pension. The City does not pay for health care coverage for a new non-City retiree spouse. Spouses (widows or widowers) of Straight Life Option retirees who retired prior to July 1, 1987 continue to receive hospitalization coverage. Dental and vision coverage is provided for the retiree and the spouse.

The City does provide health care coverage to General City and Police and Fire employees that opt for early retirement. For General City employees hired before 1995 the health care benefit eligibility conditions are 25 years of creditable service and employees hired after 1995 is age 55 and 25 years of creditable service. The coverage begins when the retiree would have been eligible for normal retirement. The City pays up to 90% of health care coverage for the retiree and the spouse. For Police and Fire employees the health care coverage begins when the retiree reaches the date they would have attained 25 years of creditable service or when the retiree would have attained 20 years of creditable service for DPOA member and Allied DFFA members, effective March 8, 2007. The City pays up to 90% of health care coverage for the retiree and the spouse. Dental and vision coverage is provided for the retiree and the spouse.

The City also provides health care coverage to General City and Police and Fire employees who meet certain health care benefit eligibility conditions at reduced rates for those that retire under the Deferred Retirement Benefits (Vested), the Death-in-Service Retirement Benefits Duty and Non-Duty Related and the Disability Retirement Benefits Duty and Non-Duty Related. Complementary health care coverage is provided by the City for those retirees that are Medicare-Eligible. For those retirees who opt out of the retiree health care coverage may obtain coverage at a later date.

In addition to health care coverage, the City allows its retirees to continue life insurance coverage under the Group Insurance Protection Plan offered to active employees in accordance with Section 13, Article 9 of the Code of Ordinances. The basic life insurance coverage for General City and Police and Fire employees is based on the employee's basic annual earnings to the next higher thousand dollars. The life insurance benefit amounts range from \$3,750 to \$12,500.

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The Employee Supplemental Death Benefit Plan (Supplemental Plan) is pre-funded single-employer defined benefit plan administered by the Employee Benefit Board of Trustees. The money is held in the City of Detroit Employee Benefit Trust and the City uses the trust fund to account for the Supplemental Plan. In accordance with Section 13, Article 8 of the Code of Ordinances, effective July 1, 1999 and prior to the member's retirement from the City, a death benefit of \$10,000 will be paid. After retirement of the member from the City, the amount of death benefits paid is based upon the retiree's years of City service ranging from \$1,860 (for ten (10) or less years of service) to \$3,720 (for thirty (30) years of service). For years of service beyond (30) years, ninety-three dollars (\$93.00) will be added per year for each additional year of service.

There were 19,602 retirees eligible for benefits, as of July 1, 2007, the date of the most recent actuarial valuation. These plans do not issue separate financial statements.

(b) Funding Policy

Health and Life Insurance Benefit Plan – The cost of benefits for the Benefit Plan, which are financed on a pay-as-you-go basis for the year ended June 30, 2009, are as follows:

| <u>Benefit</u> | <u>City Cost</u> | <u>Retiree Cost</u> | <u>Total Cost</u> |
|-----------------|-----------------------|----------------------|-----------------------|
| Hospitalization | \$ 152,786,079 | \$ 21,505,051 | \$ 174,291,130 |
| Dental | 7,486,836 | 1,539,899 | 9,026,735 |
| Eye Care | 1,309,412 | — | 1,309,412 |
| Life Insurance | 188,897 | 39,090 | 227,987 |
| Total | <u>\$ 161,771,224</u> | <u>\$ 23,084,040</u> | <u>\$ 184,855,264</u> |

Supplemental Death Benefit Plan – The cost of benefits for the Supplemental Plan, which are a pre-funded plan and the funds are held in the City of Detroit Employee Benefit Trust, for the year ended June 30, 2009 are as follows:

| <u>Benefit</u> | <u>City Cost</u> | <u>Retiree Cost</u> | <u>Total Cost</u> |
|----------------------------|------------------|---------------------|-------------------|
| Supplemental Death Benefit | \$ 163,125 | \$ 18,288 | \$ 181,413 |

The City of Detroit Employee Benefit Trust paid death benefits in the amount of \$1,066,698 for General City retirees and \$570,555 for Police and Fire retirees for the year ended June 30, 2009.

(c) Annual OPEB Costs and Net OPEB Obligation

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

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The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the Benefit Plan, and changes in the City's net OPEB obligation for the Health and Life Insurance Benefit Plan:

| | Total Governmental Activities | Business-type Activities | | | | Total Primary Government | |
|---|-------------------------------|--------------------------|---------------------|---------------|-------------------------|--------------------------|----------------------------|
| | | Sewage Disposal Fund | Transportation Fund | Water Fund | Automobile Parking Fund | | Non-Major Proprietary Fund |
| Health and Life Insurance Benefit Plan | | | | | | | |
| Annual required contributions (ARC) | \$ 250,853,320 | \$ 16,645,369 | \$ 24,970,180 | \$ 16,325,120 | \$ 695,381 | \$ 192,506 | \$ 309,681,876 |
| Interest on Net OPEB Obligation | 4,563,406 | 354,622 | 622,560 | 304,476 | 11,646 | 3,657 | 5,860,367 |
| Adjustment to ARC | — | — | — | — | — | — | — |
| Annual OPEB Cost (Expense) | 255,416,726 | 16,999,991 | 25,592,740 | 16,629,596 | 707,027 | 196,163 | 315,542,243 |
| Contributions Made | (133,197,579) | (7,941,293) | (12,215,440) | (7,629,870) | (640,983) | (146,059) | (161,771,224) |
| Changes in Net OPEB Obligation | 122,219,147 | 9,058,698 | 13,377,300 | 8,999,726 | 66,044 | 50,104 | 153,771,019 |
| Net OPEB Obligation, beginning of year | 114,085,134 | 8,865,561 | 15,563,992 | 7,611,909 | 291,148 | 91,442 | 146,509,186 |
| Net OPEB Obligation, end of year | \$ 236,304,281 | \$ 17,924,259 | \$ 28,941,292 | \$ 16,611,635 | \$ 357,192 | \$ 141,546 | \$ 300,280,205 |

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the Employee Supplemental Death Benefit Plan, and changes in the City's net OPEB (asset) obligation for the Benefit Plan:

| | Total Governmental Activities | Business-type Activities | | | | Total Primary Government | |
|--|-------------------------------|--------------------------|---------------------|------------|-------------------------|--------------------------|----------------------------|
| | | Sewage Disposal Fund | Transportation Fund | Water Fund | Automobile Parking Fund | | Non-Major Proprietary Fund |
| Supplemental Death Benefit Plan | | | | | | | |
| Annual required contributions (ARC) | \$ 110,717 | \$ 11,479 | \$ 17,220 | \$ 11,258 | \$ 480 | \$ 132 | \$ 151,286 |
| Interest on Net OPEB Obligation | — | — | — | — | — | — | — |
| Adjustment to ARC | — | — | — | — | — | — | — |
| Annual OPEB Cost (Expense) | 110,717 | 11,479 | 17,220 | 11,258 | 480 | 132 | 151,286 |
| Contributions Made | (118,319) | (13,932) | (16,845) | (13,385) | (584) | (59) | (163,124) |
| Changes in Net OPEB Obligation | (7,602) | (2,453) | 375 | (2,127) | (104) | 73 | (11,838) |
| Net OPEB Obligation, beginning of year | (29,104) | 2,633 | 4,028 | 2,261 | 9 | 103 | (20,070) |
| Net OPEB Obligation, end of year | \$ (36,706) | \$ 180 | \$ 4,403 | \$ 134 | \$ (95) | \$ 176 | \$ (31,908) |

The City annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation (asset) for the years ended June 30, 2009 and 2008 were as follows:

| | Year Ended | Annual OPEB Cost | Actual Contributions | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation (Asset) |
|---------------------------------|---------------|------------------|----------------------|--|-----------------------------|
| Health and Life Insurance Plan | June 30, 2009 | \$ 315,542,243 | \$ 161,771,224 | 51.3% | \$ 300,280,205 |
| | June 30, 2008 | 297,771,035 | 151,261,849 | 50.8 | 146,509,186 |
| Supplemental Death Benefit Plan | June 30, 2009 | \$ 151,286 | \$ 163,124 | 107.8% | \$ (31,908) |
| | June 30, 2008 | 145,704 | 165,774 | 113.8 | (20,070) |

(d) Funding Status and Funding Progress

Health and Life Insurance Benefit Plan – As of June 30, 2007, the most recent actuarial valuation date for the Benefit Plan, the actuarial accrued liability for benefits related to all City employees was \$4,823,562,208, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,823,562,208. The covered payroll (annual payroll of all active City employees covered by the plan) was \$608,689,066 and the ratio of the UAAL to the covered payroll was 792%.

Supplemental Death Benefit Plan – As of June 30, 2007, the most recent actuarial valuation date for the Supplemental Plan, the actuarial accrued liability for benefits related to all City employees was \$29,050,860, and the actuarial value of assets was \$27,457,460, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,593,400. The covered payroll (annual payroll of all active City employees covered by the plan) was \$608,689,066 and the ratio of the UAAL to the covered payroll was less than 0.3%.

Actuarial valuations of the ongoing plans involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is presented following these notes to the financial statements as required supplementary information only for the fiscal years ended June 30, 2009 and 2008. The prior year actuarial reports were not prepared using the parameters as specified by GASB Statement No. 45 and therefore prior year trend information was not included in schedule of funding progress for years prior to June 30, 2008.

Actuarial Methods and Assumptions

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

The actuarial methods and significant assumptions used to determine the annual required contributions for the year ended June 30, 2008 were as follows:

| | Health and Life Insurance Benefit Plan | Supplemental Death Benefit Plan |
|--|--|--|
| Valuation date | June 30, 2007 | June 30, 2007 |
| Actuarial cost method | Entry age | Entry age |
| Amortization method | Level percent | Level percent |
| Remaining amortization period for unfunded accrued liabilities | 30 years | 30 years |
| Asset valuation method | N/A | 5-year smoothed market |
| Actuarial assumptions: | | |
| Investment rate of return | 4.0% | 7.0% |
| Projected salary increases* | 4.0% | N/A |
| Healthcare cost trend rate | 9.0% for 2008, grading grading down to 4.0% in 2016 and beyond | N/A |

* Includes inflation rate of 4%

In the June 30, 2007 actuarial valuation for the Supplemental Death Benefit Plan, the City’s plan used the 1983 Group Annuity Mortality Table in evaluating death benefits to be paid. The City’s plan used an annual rate of retirement for Males and Females of 25 and 30 percent, initially, reduced to an ultimate rate of 25 for Males and 20 percent for Females after age 67 for General City. The City plan used an annual rate of retirement of 25 percent, initially, reduced to an ultimate rate of 30 percent after age 76 for Police and Fire.

NOTE XI. RISK MANAGEMENT

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

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

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

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

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

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

The liability for self-insured health and dental benefits is reported with accrued liabilities for each of the applicable funds.

Changes in the reported liabilities for workers' compensation, legal, disability benefits, and vehicular liabilities for the years ended June 30, 2009 and 2008, respectively, are as follows:

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | |
|---|--------------------------------|-----------------------|---------------------------------|----------------------|
| | <u>June 30, 2009</u> | <u>June 30, 2008</u> | <u>June 30, 2009</u> | <u>June 30, 2008</u> |
| Balance at beginning of year | \$ 146,095,972 | \$ 159,115,057 | \$ 34,096,131 | \$ 37,324,894 |
| Current year claims and changes in estimates | 51,906,887 | 52,781,561 | 10,370,907 | 7,409,359 |
| Claims payments | <u>(40,947,211)</u> | <u>(65,800,646)</u> | <u>(9,028,129)</u> | <u>(10,638,122)</u> |
| Balance at end of year | <u>\$ 157,055,648</u> | <u>\$ 146,095,972</u> | <u>\$ 35,438,909</u> | <u>\$ 34,096,131</u> |

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Changes in the accrued liabilities for health and dental claims for the years ended June 30, 2009 and 2008, respectively, are as follows:

| | Governmental Activities | | Business-type Activities | |
|---|--------------------------------|----------------------|---------------------------------|----------------------|
| | June 30, 2009 | June 30, 2008 | June 30, 2009 | June 30, 2008 |
| Balance at beginning of year | \$ 2,469,471 | \$ 6,809,710 | \$ 2,979,498 | \$ 967,653 |
| Current year claims and changes in estimates | 111,580,158 | 114,083,600 | 39,406,879 | 29,562,729 |
| Claims payments | <u>(118,862,751)</u> | <u>(118,423,839)</u> | <u>(22,483,551)</u> | <u>(27,550,884)</u> |
| Balance at end of year | <u>\$ (4,813,122)</u> | <u>\$ 2,469,471</u> | <u>\$ 19,902,826</u> | <u>\$ 2,979,498</u> |

The General Fund reported reserved fund balance of \$34.4 million for the purpose of funding future claim liabilities.

NOTE XII. COMMITMENTS AND CONTINGENCIES

(a) Lawsuits and Claims

The City is a defendant in numerous lawsuits and is also subject to other claims, including claims for workers' compensation payments. 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 \$192.5 million for the Primary Government.

(b) Grant Audits

Several of the City's funds participate in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs prior to and/or including the year ended June 30, 2009, 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, 2009. Since the City believes such adjustments, if any, will not be material, no provision for possible adjustments has been made.

(c) Tax Increment Financing (TIF)

The TIFA, DDA, and LDFA are financed through captures of property taxes levied by other units of government including the City of Detroit, the Detroit Public Library, the Detroit Public Schools, Wayne County and the State of MI (the State Education Tax). Following the passage of proposal A which amended the State of MI's Constitution in 1994, capture of school taxes are now limited. In general terms, tax increment financing entities like TIFA, DDA and LDFA can only capture school taxes following Proposal A if a "pre-existing" or "eligible" obligation is present. The State of MI has completed an audit of the tax captures of these entities from the tax year 2001 through tax year 2005. The State claims that TIFA, DDA and LDFA have over captured school property taxes during that time period. The entities are in the process of reviewing the State's claim and reviewing the audits conducted by the State to determine the amount of liability that may exist. The tax increment financing entities are evaluating amounts, which may qualify as pre existing obligations, which were treated that way by the State in their audit reports. If the State audit reports are accurate, the amounts for tax years 2001 through 2005 are approximately \$22.5 million (TIFA), \$5.9 million (DDA), and \$5.7 million (LDFA). At June 30, 2009, no provision for loss has been recorded in the City's General Fund related to this matter as the outcome of this matter is uncertain.

(d) Rate Matters

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

(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, 2009, future Block Grant Funds of \$81,626,000 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) 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.

(g) Construction Commitments

The City has commitments for future construction contracts. Construction to date and remaining commitments at June 30, 2009 are as follows:

| | Governmental Funds | |
|---------------------------|--------------------------------------|------------------|
| | Spent as of June 30, 2009 | Remaining |
| Public Protection | \$ 83,555,482 | \$ 113,475,946 |
| Municipal Facilities | 85,839,866 | 97,108,963 |
| Cultural and Recreational | 180,266,518 | 52,733,208 |
| Human Services | 3,874,171 | 4,289,557 |
| Municipal Services | 5,449,292 | 8,037,226 |
| Total | \$ 358,985,329 | \$ 275,644,900 |

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 billion through fiscal year 2014. 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, 2009 was approximately \$196 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 \$1.85 billion through fiscal year 2014. 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, 2009 was approximately \$92 million.

(h) Operating Leases

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

| Fiscal Year Ending: | | \$ | |
|------------------------|----|----|--------------------------|
| 2010 | | \$ | 10,479,865 |
| 2011 | | | 8,986,016 |
| 2012 | | | 8,182,678 |
| 2013 | | | 7,321,862 |
| 2014 | | | 6,866,802 |
| 2015 – 2019 | | | 19,431,138 |
| 2020 – 2024 | | | <u>4,553,221</u> |
| Total Minimum Payments | \$ | | <u><u>65,821,582</u></u> |

Rental expense for all operating leases approximated \$15.2 million for the year ended June 30, 2009.

(i) Revenue Bond Indentures

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

NOTE XIII. SUBSEQUENT EVENTS

(a) Subsequent Economic Events

Subsequent to the fiscal year ended June 30, 2009, there has been some improvement in the local economy, but the economic conditions remain recessionary. The City’s unemployment rate of 25.3% for March 2010 (27.2% in June 2009) continues to be higher than the rest of the State and Nation, which if not lowered will result in little improvement in collection of personal income taxes. The large number of resident home foreclosures, delinquent property tax levels, and declining home taxable values will contribute to decreasing property tax revenues. The State cut distributable state aid (i.e., revenue sharing) to the City for the City’s fiscal year 2009-2010 by \$33.6 million.

Conditions in the municipal debt markets have improved since the general liquidity shortages experienced late in 2008. Notwithstanding this general improvement, imbalances in supply and demand and illiquidity problems remain in certain segments of the market in 2009. These issues are particularly applicable to lower rated debt issues.

The Federal Government to date, thru the American Reinvestment and Recovery Act (ARRA), has allocated stimulus funds totaling \$249.6 million to the City to spur economic recovery. ARRA funding includes \$33.6 million for Weatherization of City homes, \$40.8 million for Neighborhood stabilization programs, \$11.1 million for Cops Hiring, \$23.5 million for road improvements, and \$37.6 million for new buses. The stimulus funding is expected to increase local employment and creation of new small businesses and result in higher income and property tax collections.

The City and local private and public leaders are working together to build a light rail system in the City on Woodward Avenue from downtown to the Michigan State Fairgrounds near Eight Mile. The estimated cost to build 9.3 miles of the Light Rail system is \$394 million. Funding for the system will come from private and public sources. The system is expected to improve the local economy with new construction and transit jobs. Also, studies have shown that new rail systems generate economic development in the surrounding area. Based on Michigan Department of Transportation studies, the Woodward Light Rail System would generate an estimated \$933 million in economic development after opening. In February 2010 the Federal Government announced that the Woodward Light Rail System would receive a \$25 million Transportation Investment Generating Economic Recovery (TIGER) grant.

As a result of the current economic conditions and other factors, including the reported accumulated deficit in the accompanying General Fund financial statements, the City's financial challenges are expected to remain in the near term. However, management of the City is cautiously optimistic that the ARRA funded projects and proposed Woodward Light Rail System will spur economic recovery and development in the City and contribute to the improvement of the City's financial condition.

Debt Ratings

In August 2009, Moody's downgraded Detroit's Unlimited Tax General Obligation Bonds rating from "Ba2" to "Ba3", Limited Tax General Obligation Bonds rating from "Ba3" to "B1" and Detroit Retirement Systems Funding Trust Series 2005-A, 2006-A, B from "Ba2" to "Ba3." Concurrently, Moody's downgraded the Global Scale Rating assigned to the outstanding POCs from "Baa3" to "Ba1."

The City's General Obligation, Water Supply System Revenue, and Sewage Disposal System Revenue Bonds are also insured with bond insurance coverage purchased to obtain a lower cost of borrowing through rated bond insurers. The ratings of several of the City's bonds that are insured by the downgraded bond insurers have been affected.

(b) Transfer Control of Assets

Effective September 15, 2009, the City transferred control via a long-term lease of the Cobo Hall Convention Facility (Cobo Center) to the Detroit Regional Convention Facility Authority (the "Authority"). The Authority assumed the City's obligations on the Convention Facility Limited Tax Revenue Bonds, Series 2003. The Authority also assumed all funds and accounts, as defined by the Bond Resolution, with the exception of the accounts noted in the following paragraph. The debt service on these bonds will continue to be paid by the Convention Facility Debt Service Account, held in a Trust Fund re-designated in the name of the Authority, which includes the State Liquor and Hotel Tax revenues deposited into the account. In accordance with the lease agreement, the City is to transfer control of Cobo Arena and three parking garages associated with the Cobo Center to the Authority upon payment by the Authority of \$20.0 million to a Trust, which will use the funds to defease the Parking and Arena bonds. As of May 28, 2010, the transfer of the parking garages and Cobo Arena have not taken place. Notwithstanding this series of transactions, the City will retain ownership of the capital assets.

In the Lease and Service Agreements between the City and Authority, both parties have acknowledged that a disagreement exists as to the proper disposition and control of the (1) Project Fund, (2) Project Fund (2003), and (3) Renewal and Replacement Fund created under the Bond Resolution. These funds held \$542,153, \$4,098,259, and \$9,714,911 respectively, as of September 11, 2009. Until such time as the disagreement with respect to the disputed funds is resolved, the City and Authority agree that the Trustee shall not withdraw, apply, invest or otherwise direct or dispose of any funds held in the disputed funds at the direction of either the City or the Authority, provided that the City is authorized to use and the Trustee is authorized to disburse at the direction of the City up to \$600,000 from the Renewal and Replacement Fund for repairs to the Cobo Center and expenses related to the transfer of the Cobo Center to the Authority. The City and Authority are required to set up an arbitration process to resolve this dispute. The City and Authority will provide the Trustee with further directions with respect to the disputed funds after their disagreements are resolved. The City and Authority further acknowledged that the Trustee may withdraw, apply, or invest or otherwise direct or dispose of funds held in the disputed funds if, in the judgment of the Trustee, such withdrawal, application, investment, direction or disposition is compelled by the Trustee's obligations under the Bond Resolution. As of May 28, 2010, the disagreement has not been formally resolved.

(c) New Debt Issues

In December 2009, the City issued \$35,500,000 Tax Anticipation Notes, Series 2009C to mature October 1, 2010, secured by the City's property tax receipts. Proceeds were used to provide funds for operating expenditures

In January 2010, the Sewage Disposal System issued \$8,165,000 SRF Junior Lien Revenue Bonds. The bond terms include principal forgiveness of \$3,266,000 through the American Recovery and Reinvestment Act of 2009, leaving an effective indebtedness of \$4,899,000. The bonds begin to mature April 1, 2012 and will fully mature in the year 2031.

In March 2010, the City issued \$249,790,000 Distributable State Aid General Obligation (Limited Tax) Bonds, Series 2010 to mature annually November 1, 2014 through 2035. The bonds have a first priority, statutory lien on distributable state aid received by the city and were issued to fund a portion of the City's accumulated and projected operating deficit.

(d) Legal Settlements

On December 18, 2008, the City announced a tentative settlement of a lawsuit related to the Oakland-Macomb Interceptor. The settlement terms provided that the Sewage Disposal Fund ("the Fund") would reduce the interest rate charged to Macomb County, resulting in a credit to Macomb County of \$17 million, that Wayne, Oakland, and Macomb Counties would sign a new thirty-year sewer service contract with the Fund, and that the Fund would transfer ownership of the Oakland-Macomb Interceptor, to either Macomb County or an authority created by Oakland and Macomb Counties, subject to a six-month due diligence. In October 2009, the Fund transferred ownership of the first segment of the Oakland-Macomb Interceptor to the newly created Oakland-Macomb Interceptor Drain Drainage District, a public corporation. Ownership transfer of the second segment of the interceptor to Macomb County is scheduled for July 14, 2010. Macomb County is expected to complete a bond sale to finance the July 14th purchase, which is currently estimated at \$95 million. Macomb County has agreed to sign a new thirty-year sewer service contract in conjunction with the closing on July 14th. The Fund is also continuing its negotiations of new thirty-year sewer service contracts with Wayne and Oakland Counties.

In August 2009, the City's General Retirement System and Police and Fire Retirement System separately filed legal claims against the City as a result of a failure to remit certain pension contributions during fiscal 2009. On August 20, 2009, the City and the Police and Fire Retirement System reached an agreement that the delayed pension contribution for fiscal 2009, which totaled \$31.4 million, would be paid in monthly installments with the final payment occurring on or before July 1, 2010. On September 2, 2009, the City and the General Retirement System reached an agreement that they delayed pension contribution for fiscal 2009, which totaled \$13.0 million, would be paid in monthly installments with the final payment occurring on or before July 15, 2010. These obligations of the City are accruing interest at the rate 7.9% annually.

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REQUIRED SUPPLEMENTARY INFORMATION

COMPARISON – GENERAL FUND BUDGET TO ACTUAL

(UNAUDITED)

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
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget- Positive (Negative) |
|---|----------------------|----------------------|----------------------|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes, Assessments, Interest, and Penalties: | | | | |
| Property Taxes | \$ 181,635,637 | \$ 181,635,637 | \$ 163,683,140 | \$ (17,952,497) |
| Municipal Income Tax | 275,000,000 | 275,000,000 | 240,824,363 | (34,175,637) |
| Utility Users' Tax | 60,000,000 | 60,000,000 | 49,900,667 | (10,099,333) |
| Wagering Taxes | 194,780,000 | 194,780,000 | 173,026,122 | (21,753,878) |
| Other Taxes and Assessments | 13,052,175 | 13,052,175 | 10,907,867 | (2,144,308) |
| Interest and Penalties on Taxes | 10,581,640 | 10,581,640 | 10,696,529 | 114,889 |
| Total Taxes, Assessments, Interest, and Penalties | <u>735,049,452</u> | <u>735,049,452</u> | <u>649,038,688</u> | <u>(86,010,764)</u> |
| Licenses, Permits, and Inspection Charges: | | | | |
| Business Licenses | 1,580,000 | 1,580,000 | 950,196 | (629,804) |
| Permits | 962,000 | 962,000 | 595,850 | (366,150) |
| Inspection Charges | 7,894,569 | 7,894,569 | 5,029,044 | (2,865,525) |
| Other Licenses | 85,064 | 85,064 | 113,279 | 28,215 |
| Total Licenses, Permits, and Inspection Charges | <u>10,521,633</u> | <u>10,521,633</u> | <u>6,688,369</u> | <u>(3,833,264)</u> |
| Shared Taxes: | | | | |
| Liquor and Beer Licenses | 550,000 | 550,000 | 591,342 | 41,342 |
| State Shared Tax | 279,459,723 | 279,459,723 | 265,808,214 | (13,651,509) |
| Other Shared Tax | 827,129 | 827,129 | 223,954 | (603,175) |
| Total Shared Taxes | <u>280,836,852</u> | <u>280,836,852</u> | <u>266,623,510</u> | <u>(14,213,342)</u> |
| Intergovernmental: | | | | |
| Federal | 13,376,836 | 99,453,916 | 45,832,335 | (53,621,581) |
| State | 47,344,329 | 97,360,752 | 7,739,117 | (89,621,635) |
| Other Grants | 6,547,372 | 48,317,762 | 11,552,774 | (36,764,988) |
| Total Grants | <u>67,268,537</u> | <u>245,132,430</u> | <u>65,124,226</u> | <u>(180,008,204)</u> |
| Sales and Charges for Services: | | | | |
| Maintenance and Construction | 529,558 | 529,558 | — | (529,558) |
| Other Labor and Materials | 262,434 | 262,434 | — | (262,434) |
| Electrical | 47,961,200 | 47,961,200 | 35,525,778 | (12,435,422) |
| Steam | 891,668 | 891,668 | 1,098,705 | 207,037 |
| Sanitation Charges | — | — | — | — |
| Recreation Fees | 10,000 | 10,000 | 25,587 | 15,587 |
| Collection Fees | 8,698,922 | 8,728,922 | 11,408,903 | 2,679,981 |
| Other Fees | 49,012,813 | 49,843,989 | 47,579,954 | (2,264,035) |
| Personal Services | 64,386,079 | 64,064,624 | 44,052,059 | (20,012,565) |
| Other Departmental Sales | 29,839,155 | 44,692,139 | 27,742,951 | (16,949,188) |
| Total Sales and Charges for Services | <u>201,591,829</u> | <u>216,984,534</u> | <u>167,433,937</u> | <u>(49,550,597)</u> |
| Ordinance Fines and Forfeitures | 24,492,730 | 24,492,730 | 19,946,618 | (4,546,112) |
| Revenue from Use of Assets: | | | | |
| Investment Earnings | 7,200,000 | 11,128,805 | 2,875,776 | (8,253,029) |
| Real Estate Rentals | 5,175,976 | 5,175,976 | 5,698,942 | 522,966 |
| Concessions | 2,377,000 | 2,377,000 | 1,284,630 | (1,092,370) |
| Sale of Real Property | 9,220,200 | 9,220,200 | 18,201,688 | 8,981,488 |
| Total Revenue from Use of Assets | <u>23,973,176</u> | <u>27,901,981</u> | <u>28,061,036</u> | <u>159,055</u> |
| Other Revenue | 80,390,922 | 214,415,993 | 65,454,767 | (148,961,226) |
| Total Revenues | <u>1,424,125,131</u> | <u>1,755,335,605</u> | <u>1,268,371,151</u> | <u>(486,964,454)</u> |

(Continued)

City of Detroit, Michigan
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget- Positive (Negative) |
|---|--------------------|--------------------|--------------------|--|
| | Original | Final | | |
| EXPENDITURES: | | | | |
| Public Protection: | | | | |
| Consumer Affairs | \$ — | \$ — | \$ — | \$ — |
| Construction Code | — | — | 3,380,396 | (3,380,396) |
| Fire | 187,195,995 | 188,700,680 | 164,187,246 | 24,513,434 |
| Human Rights | 1,378,633 | 1,386,368 | 1,329,824 | 56,544 |
| Ombudsperson | 1,524,904 | 1,535,744 | 1,429,464 | 106,280 |
| Parking Enforcement | 9,221,746 | 9,620,962 | 6,611,033 | 3,009,929 |
| Police | 435,009,788 | 476,963,657 | 395,181,063 | 81,782,594 |
| Detroit Office of Homeland Security | 604,861 | 9,835,150 | 1,613,042 | 8,222,108 |
| 36th District Court | 44,191,898 | 43,681,977 | 45,533,360 | (1,851,383) |
| Total Public Protection | <u>679,127,825</u> | <u>731,724,538</u> | <u>619,265,428</u> | <u>112,459,110</u> |
| Department of Health | <u>89,884,476</u> | <u>167,563,983</u> | <u>81,510,816</u> | <u>86,053,167</u> |
| Recreation and Culture: | | | | |
| Culture, Arts, and Tourism | — | 979,914 | 9,800 | 970,114 |
| Historical | — | 25,749 | — | 25,749 |
| Recreation | 29,146,539 | 34,921,784 | 21,022,911 | 13,898,873 |
| Senior Citizens | — | 790,551 | 9,214 | 781,337 |
| Zoological Institute | — | — | — | — |
| Total Recreation and Culture | <u>29,146,539</u> | <u>36,717,998</u> | <u>21,041,925</u> | <u>15,676,073</u> |
| Economic Development — Civic Center | <u>16,949,980</u> | <u>17,137,132</u> | <u>16,330,001</u> | <u>807,131</u> |
| Housing Supply and Conditions - Planning and Development | <u>7,248,651</u> | <u>16,744,490</u> | <u>9,022,633</u> | <u>7,721,857</u> |
| Physical Environment: | | | | |
| Environmental Affairs | 4,702,313 | 6,789,538 | 4,726,923 | 2,062,615 |
| Public Lighting | 64,827,195 | 69,263,006 | 68,506,320 | 756,686 |
| Public Works | 11,935,713 | 14,836,316 | 16,387,797 | (1,551,481) |
| Total Physical Environment | <u>81,465,221</u> | <u>90,888,860</u> | <u>89,621,040</u> | <u>1,267,820</u> |
| Development and Management: | | | | |
| Auditor General | 3,836,118 | 5,733,070 | 5,596,818 | 136,252 |
| Budget | 2,850,987 | 2,909,427 | 2,630,469 | 278,958 |
| City Clerk | 3,857,582 | 4,053,530 | 3,134,305 | 919,225 |
| City Council | 15,459,403 | 15,608,871 | 12,968,864 | 2,640,007 |
| Communications and Creative Services | — | — | — | — |
| Elections | 9,667,725 | 12,386,851 | 14,053,204 | (1,666,353) |
| Finance | 41,111,960 | 49,384,836 | 37,786,037 | 11,598,799 |
| General Services | 70,825,926 | 72,121,206 | 64,541,517 | 7,579,689 |
| Law | 22,723,896 | 23,117,028 | 20,643,205 | 2,473,823 |
| Mayor's Office | 12,953,330 | 14,255,605 | 10,026,871 | 4,228,734 |
| Human Resources | 25,235,395 | 25,787,894 | 18,013,189 | 7,774,705 |
| Information Technology Services | 24,853,470 | 28,121,589 | 25,858,093 | 2,263,496 |
| Board of Zoning Appeals | 881,130 | 956,855 | 778,082 | 178,773 |
| Detroit Workforce Development Department | 2,000 | 979,753 | 337,641 | 642,112 |
| Administrative Hearings | 2,207,840 | 2,461,291 | 2,186,116 | 275,175 |
| Non Departmental | 417,197,064 | 283,165,493 | 86,649,033 | 196,516,460 |
| Total Development and Management | <u>653,663,826</u> | <u>541,043,299</u> | <u>305,203,444</u> | <u>235,839,855</u> |
| Capital Outlay | <u>—</u> | <u>88,123,736</u> | <u>11,445,513</u> | <u>76,678,223</u> |

(Continued)

City of Detroit, Michigan
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance With</u> <u>Final Budget-</u> <u>Positive</u> <u>(Negative)</u> |
|--|-------------------------|------------------|---------------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Debt Service: | | | | |
| Principal | \$ — | \$ 95,016,248 | \$ — | \$ 95,016,248 |
| Interest on Bonded Debt | — | 13,361,098 | 2,455,902 | 10,905,196 |
| Total Debt Service | — | 108,377,346 | 2,455,902 | 105,921,444 |
| Total Expenditures | 1,557,486,518 | 1,798,321,382 | 1,155,896,702 | 642,424,680 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (133,361,387) | (42,985,777) | 112,474,449 | 155,460,226 |
| OTHER FINANCING SOURCES USES: | | | | |
| Sources: | | | | |
| Transfers In | 160,005,334 | 161,255,334 | 12,419,840 | (148,835,494) |
| Total Other Financing Sources | 160,005,334 | 161,255,334 | 12,419,840 | (148,835,494) |
| Uses: | | | | |
| Transfers Out | (26,643,947) | (118,269,557) | (248,955,099) | (130,685,542) |
| Total Other Financing Uses | (26,643,947) | (118,269,557) | (248,955,099) | (130,685,542) |
| Total Other Financing Sources (Uses) | 133,361,387 | 42,985,777 | (236,535,259) | (279,521,036) |
| Net Change in Fund Balances | — | — | (124,060,810) | (124,060,810) |
| Fund Balance at Beginning of Year | (141,685,154) | (141,685,154) | (141,685,154) | — |
| Increase (Decrease) in Inventories | — | — | (987,677) | (987,677) |
| Fund Balances at End of Year | \$ (141,685,154) | \$ (141,685,154) | \$ (266,733,641) | \$ (125,048,487) |

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REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF EMPLOYER CONTRIBUTIONS AND FUNDING PROGRESS

(UNAUDITED)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS (IN MILLIONS)

General Retirement System

| Actuarial Valuation Date June 30 | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Funded Ratio | Unfunded AAL (UAAL) | Covered Payroll | UAAL as a Percentage of Payroll |
|---|--|--|-------------------------|------------------------------------|----------------------------|--|
| 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 |
| 2006 | 3,373.7 | 3,434.3 | 98.2 | 60.6 | 361.1 | 16.8 |
| 2007 | 3,586.6 | 3,629.2 | 98.8 | 42.7 | 361.7 | 11.8 |
| 2008 | 3,641.2 | 3,609.6 | 100.9 | (31.6) | 368.4 | (8.6) |

Police and Fire Retirement System

| Actuarial Valuation Date June 30 | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Funded Ratio | Unfunded AAL (UAAL) | Covered Payroll | UAAL as a Percentage of Payroll |
|---|--|--|-------------------------|------------------------------------|----------------------------|--|
| 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 | 99.4 | 22.6 | 250.5 | 9.0 |
| 2006 | 3,987.5 | 3,809.0 | 104.7 | (178.5) | 228.9 | - |
| 2007 | 4,307.2 | 3,896.8 | 110.5 | (410.4) | 230.2 | - |
| 2008 | 4,316.2 | 4,071.0 | 106.0 | (245.2) | 232.8 | - |

Health and Life Insurance Benefit Plan

| Actuarial Valuation Date June 30 | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Funded Ratio | Unfunded AAL (UAAL) | Covered Payroll | UAAL as a Percentage of Payroll |
|---|--|--|-------------------------|------------------------------------|----------------------------|--|
| 2007 | \$ - | \$ 4,823.6 | 0.0 % | \$ 4,823.6 | \$ 622.6 | 774.7 % |

Supplemental Death Benefit Plan

| Actuarial Valuation Date June 30 | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Funded Ratio | Unfunded AAL (UAAL) | Covered Payroll | UAAL as a Percentage of Payroll |
|---|--|--|-------------------------|------------------------------------|----------------------------|--|
| 2007 | \$ 27.4 | \$ 29.4 | 93.1 % | \$ 2.0 | \$ 622.6 | 0.3 % |

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS (IN MILLIONS)

| General Retirement System | | | Police and Fire Retirement System | | |
|----------------------------------|-------------------------------------|-------------------------------|--|-------------------------------------|-------------------------------|
| Year Ended June 30 | Annual Required Contribution | Percentage Contributed | Year Ended June 30 | Annual Required Contribution | Percentage Contributed |
| 2003 | \$ 72.9 | 100 % | 2003 | \$ 66.8 | 100 % |
| 2004 | 95.9 | 100 | 2004 | 69.5 | 100 |
| 2005 | 41.7 | 754 | 2005 | 51.6 | 702 |
| 2006 | 42.8 | 135 | 2006 | 57.8 | 100 |
| 2007 | 41.4 | 100 | 2007 | 57.4 | 100 |
| 2008 | 43.2 | 100 | 2008 | 58.9 | 70 |

| Health and Life Insurance Benefit Plan | | | Supplemental Death Benefit Plan | | |
|---|-------------------------------------|-------------------------------|--|-------------------------------------|-------------------------------|
| Year Ended June 30 | Annual Required Contribution | Percentage Contributed | Year Ended June 30 | Annual Required Contribution | Percentage Contributed |
| 2008 | \$ 297.8 | 51 % | 2008 | \$ 0.146 | 114 % |

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**OTHER SUPPLEMENTARY INFORMATION
SECTION**

COMBINING NON-MAJOR GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

SPECIAL REVENUE FUNDS

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

| | |
|---|---|
| Community Development Block Grant 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 |
| Detroit Workforce Development Department | To account for employment and training program grants received from government sources |
| Drug Law Enforcement Fund | To account for forfeited narcotics proceeds that are used for the enhancement of narcotics enforcement |
| 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 |
| Human Services Fund | To account for Federal and State Grant revenues that are to be used to finance certain social service programs |
| Solid Waste Management Fund | To account for local revenues collected for curbside rubbish pick-up and discard |
| Street Fund | To account for Michigan State Gas and Weight Tax revenues and other related grants used for the construction and maintenance of major and local streets |
| 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 |
| Telecommunications Fund | To account for State grant revenues received as a result of Public Act 48 of 2002 (Metropolitan Extension Telecommunications Rights-of-Way Oversight Act), which was designed to promote expanded telecommunication services in Michigan |

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

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
OTHER GOVERNMENTAL FUNDS
June 30, 2009

| | Special Revenue Funds | Debt Service Fund | Capital Projects Funds | Permanent Funds and Bequest Funds | Total |
|---|-----------------------------|-------------------------|------------------------------|--|-----------------------|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 41,259,856 | \$ 48,404,882 | \$ 21,243,484 | \$ 319,261 | \$ 111,227,483 |
| Investments | 42,253,898 | 2,558,228 | 88,469,709 | 1,255,409 | 134,537,244 |
| Accounts and Contracts Receivable: | | | | | |
| Property Tax Receivable | — | 32,902,547 | — | — | 32,902,547 |
| Special Assessments | — | — | 541,890 | — | 541,890 |
| Loans Receivable | 18,000,000 | — | — | — | 18,000,000 |
| Trade Receivables | 1,359,541 | — | 550,610 | — | 1,910,151 |
| Total Accounts and Contracts Receivable | 19,359,541 | 32,902,547 | 1,092,500 | — | 53,354,588 |
| Allowance for Uncollectible Accounts | (19,200,751) | (32,902,547) | (1,092,500) | — | (53,195,798) |
| Total Accounts and Contracts Receivable - Net | 158,790 | — | — | — | 158,790 |
| Due from Other Funds | 48,893,798 | 11,974,030 | 6,600,055 | — | 67,467,883 |
| Due from Fiduciary Funds | 33,209 | — | — | — | 33,209 |
| Due from Component Units | 385,547 | — | — | — | 385,547 |
| Due from Other Governmental Agencies | 39,864,986 | — | 14,850 | — | 39,879,836 |
| Inventory | 730,736 | — | — | — | 730,736 |
| Prepaid Expenditures | 127,636 | — | — | — | 127,636 |
| Total Assets | <u>\$ 173,708,456</u> | <u>\$ 62,937,140</u> | <u>\$ 116,328,098</u> | <u>\$ 1,574,670</u> | <u>\$ 354,548,364</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts and Contracts Payable | \$ 10,653,632 | \$ — | \$ 7,750,736 | \$ — | \$ 18,404,368 |
| Accrued Liabilities | 30,175,090 | — | 4,383,365 | — | 34,558,455 |
| Accrued Salaries and Wages Payable | 1,267,082 | — | 21,579 | — | 1,288,661 |
| Due to Other Funds | 46,552,270 | 104,361 | 3,029,847 | — | 49,686,478 |
| Advances from Other Funds | — | — | 850,000 | — | 850,000 |
| Due to Other Governmental Agencies | 16,315,682 | 10,638,340 | — | — | 26,954,022 |
| Deposits from Vendors and Customers | 929,390 | — | 79,055 | — | 1,008,445 |
| Deferred Revenue - Unavailable | 3,243,693 | — | — | — | 3,243,693 |
| Other Liabilities | 2,625,764 | — | 463,423 | — | 3,089,187 |
| Accrued Compensated Absences | 186,288 | — | — | — | 186,288 |
| Total Liabilities | <u>111,948,891</u> | <u>10,742,701</u> | <u>16,578,005</u> | <u>—</u> | <u>139,269,597</u> |
| Fund Balances: | | | | | |
| Reserved for Inventory | 730,736 | — | — | — | 730,736 |
| Reserved for Highway and Street Improvements | 26,174,193 | — | — | — | 26,174,193 |
| Reserved for Encumbrances | 17,069,116 | — | — | — | 17,069,116 |
| Reserved for Endowments and Trusts | — | — | — | 1,574,670 | 1,574,670 |
| Reserved for Debt Service | — | 52,194,439 | — | — | 52,194,439 |
| Reserved for Capital Projects | — | — | 99,750,093 | — | 99,750,093 |
| Undesignated | 17,785,520 | — | — | — | 17,785,520 |
| Total Fund Balances | <u>61,759,565</u> | <u>52,194,439</u> | <u>99,750,093</u> | <u>1,574,670</u> | <u>215,278,767</u> |
| Total Liabilities and Fund Balances | <u>\$ 173,708,456</u> | <u>\$ 62,937,140</u> | <u>\$ 116,328,098</u> | <u>\$ 1,574,670</u> | <u>\$ 354,548,364</u> |

City of Detroit, Michigan
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

| | Special Revenue Funds | Debt Service Fund | Capital Projects Funds | Permanent Funds and Bequest Funds | Totals |
|--|-----------------------------|-------------------------|------------------------------|--|-----------------------|
| REVENUES: | | | | | |
| Taxes: | | | | | |
| Property Taxes | \$ — | \$ 67,150,254 | \$ — | \$ — | \$ 67,150,254 |
| Gas and Weight Tax | 58,813,648 | — | — | — | 58,813,648 |
| Other Taxes and Assessments | — | 1,970,405 | — | — | 1,970,405 |
| State Hotel and Liquor Tax | — | 17,367,715 | — | — | 17,367,715 |
| Licenses, Permits, and Inspection Charges | 25,192,222 | — | — | — | 25,192,222 |
| Intergovernmental: | | | | | |
| Federal | 182,624,560 | — | 5,069,993 | — | 187,694,553 |
| State | 32,310,024 | — | — | — | 32,310,024 |
| Other | 2,947,870 | — | — | — | 2,947,870 |
| Sales and Charges for Services | 69,610,251 | — | — | — | 69,610,251 |
| Ordinance Fines and Forfeitures | 3,800,955 | — | — | — | 3,800,955 |
| Revenue from Use of Assets | — | 1,828,164 | — | — | 1,828,164 |
| Investment Earnings | 1,088,416 | 943,580 | 2,068,055 | 80,468 | 4,180,519 |
| Other Revenue | 4,058,584 | — | 1,147,806 | — | 5,206,390 |
| Total Revenues | <u>380,446,530</u> | <u>89,260,118</u> | <u>8,285,854</u> | <u>80,468</u> | <u>478,072,970</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Public Protection | 35,184,601 | — | — | — | 35,184,601 |
| Health | 73,931,864 | — | — | — | 73,931,864 |
| Economic Development | 30,600,181 | 2,764,318 | 15,523,492 | — | 48,887,991 |
| Educational Development | 75,409,235 | — | — | — | 75,409,235 |
| Physical Environment | 69,612,552 | — | — | — | 69,612,552 |
| Transportation Facilitation | 66,567,770 | — | — | — | 66,567,770 |
| Debt Service: | | | | | |
| Principal | — | 127,444,883 | 2,252,000 | — | 129,696,883 |
| Interest | — | 52,273,212 | 1,796,794 | — | 54,070,006 |
| Capital Outlay | 40,220,883 | — | 25,427,917 | — | 65,648,800 |
| Total Expenditures | <u>391,527,086</u> | <u>182,482,413</u> | <u>45,000,203</u> | <u>—</u> | <u>619,009,702</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(11,080,556)</u> | <u>(93,222,295)</u> | <u>(36,714,349)</u> | <u>80,468</u> | <u>(140,936,732)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Sources: | | | | | |
| Transfers In | 21,971,979 | 103,729,762 | 5,187,184 | — | 130,888,925 |
| Proceeds from Bond and Note Issuances | — | — | 6,197,000 | — | 6,197,000 |
| Uses: | | | | | |
| Transfers Out | <u>(32,747,001)</u> | <u>(1,138,460)</u> | <u>(1,194,715)</u> | <u>—</u> | <u>(35,080,176)</u> |
| Total Other Financing Sources (Uses), Net | <u>(10,775,022)</u> | <u>102,591,302</u> | <u>10,189,469</u> | <u>—</u> | <u>102,005,749</u> |
| Net Change in Fund Balances | <u>(21,855,578)</u> | <u>9,369,007</u> | <u>(26,524,880)</u> | <u>80,468</u> | <u>(38,930,983)</u> |
| Fund Balances at Beginning of Year | 83,023,416 | 42,825,432 | 126,274,973 | 1,494,202 | 253,618,023 |
| Decrease in Inventories | 591,727 | — | — | — | 591,727 |
| Fund Balances at End of Year | <u>\$ 61,759,565</u> | <u>\$ 52,194,439</u> | <u>\$ 99,750,093</u> | <u>\$ 1,574,670</u> | <u>\$ 215,278,767</u> |

City of Detroit, Michigan
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2009

| | Community Development Block Grant Fund | Construction Code Fund | Detroit Building Authority Fund | Detroit Workforce Development Fund | Drug Law Enforcement Fund |
|---|---|---------------------------------------|--|---|--|
| ASSETS | | | | | |
| Cash | \$ 3,456,201 | \$ 847,224 | \$ 2,548,075 | \$ 5,482,275 | \$ 6,285,202 |
| Investments | — | — | — | — | 11,553,898 |
| Accounts and Contracts Receivable: | | | | | |
| Loans Receivable | 18,000,000 | — | — | — | — |
| Trade Receivables | 10,693 | 124,822 | — | — | — |
| Total Accounts and Contracts Receivable | 18,010,693 | 124,822 | — | — | — |
| Less: Allowance for Uncollectible Accounts | (18,010,693) | (124,822) | — | — | — |
| Total Accounts and Contracts Receivable - Net | — | — | — | — | — |
| Due from Other Funds | 1,778,209 | 1,982,564 | 1,133,230 | 3,852,352 | 1,227 |
| Due from Fiduciary Funds | 33,209 | — | — | — | — |
| Due from Component Units | 383,884 | 1,663 | — | — | — |
| Due from Other Governmental Agencies | 2,887,133 | 142,078 | — | 21,354,567 | — |
| Inventory | — | — | — | — | — |
| Prepaid Expenditures | — | — | — | 127,636 | — |
| Total Assets | <u>\$ 8,538,636</u> | <u>\$ 2,973,529</u> | <u>\$ 3,681,305</u> | <u>\$ 30,816,830</u> | <u>\$ 17,840,327</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts and Contracts Payable | \$ 713,280 | \$ 87,302 | \$ 27,744 | \$ 1,811,181 | \$ 93,480 |
| Accrued Liabilities | 2,210,807 | 33,868 | — | 16,495,528 | 149,920 |
| Accrued Salaries and Wages Payable | 214,152 | 313,528 | — | 199,334 | 20,643 |
| Due to Other Funds | 2,903,174 | 1,840,950 | 538,718 | 10,253,944 | 590,115 |
| Due to Other Governmental Agencies | — | — | — | 244,612 | — |
| Deposits from Vendors and Customers | 857,413 | 71,452 | — | 525 | — |
| Deferred Revenue - Unavailable | 1,526,619 | — | 341,963 | 1,375,111 | — |
| Other Liabilities | 113,191 | 295,332 | — | 436,595 | — |
| Accrued Compensated Absences | — | — | 186,288 | — | — |
| Total Liabilities | <u>8,538,636</u> | <u>2,642,432</u> | <u>1,094,713</u> | <u>30,816,830</u> | <u>854,158</u> |
| Fund Balances: | | | | | |
| Reserved for Inventory | — | — | — | — | — |
| Reserved for Highway and Street Improvements | — | — | — | — | — |
| Reserved for Encumbrances | — | 82,947 | — | — | 16,986,169 |
| Undesignated | — | 248,150 | 2,586,592 | — | — |
| Total Fund Balances | <u>—</u> | <u>331,097</u> | <u>2,586,592</u> | <u>—</u> | <u>16,986,169</u> |
| Total Liabilities and Fund Balances | <u>\$ 8,538,636</u> | <u>\$ 2,973,529</u> | <u>\$ 3,681,305</u> | <u>\$ 30,816,830</u> | <u>\$ 17,840,327</u> |

| Empowerment Zone Fund | Human Services Fund | Solid Waste Management Fund | Street Fund | Supportive Housing Programs and Homeless Initiatives Fund | Targeted Business Development Fund | Telecommunications Fund | Totals |
|--------------------------------------|------------------------------------|--|------------------------|--|---|------------------------------------|-----------------------|
| \$ 671,697 | \$ 6,378,677 | \$ 2,790 | \$ 223,314 | \$ 64,811 | \$ 11,129,458 | \$ 4,170,132 | \$ 41,259,856 |
| — | — | - | 30,700,000 | — | — | — | 42,253,898 |
| — | — | - | — | — | — | — | 18,000,000 |
| — | — | 99,780 | 1,124,246 | — | — | — | 1,359,541 |
| — | — | 99,780 | 1,124,246 | — | — | — | 19,359,541 |
| — | — | - | (1,065,236) | — | — | — | (19,200,751) |
| — | — | 99,780 | 59,010 | — | — | — | 158,790 |
| 32,508 | 2,004,564 | 36,194,234 | 1,914,910 | — | — | — | 48,893,798 |
| — | — | — | — | — | — | — | 33,209 |
| — | — | - | — | — | — | — | 385,547 |
| — | 4,710,254 | 560 | 10,770,394 | — | — | — | 39,864,986 |
| — | — | - | 730,736 | — | — | — | 730,736 |
| — | — | - | — | — | — | — | 127,636 |
| <u>\$ 704,205</u> | <u>\$ 13,093,495</u> | <u>\$ 36,297,364</u> | <u>\$ 44,398,364</u> | <u>\$ 64,811</u> | <u>\$ 11,129,458</u> | <u>\$ 4,170,132</u> | <u>\$ 173,708,456</u> |
| \$ — | \$ 2,579,056 | \$ 928,973 | \$ 4,386,880 | \$ — | \$ — | \$ 25,736 | \$ 10,653,632 |
| 21,892 | 4,994,273 | 307,074 | 5,926,969 | — | — | 34,759 | 30,175,090 |
| — | 111,495 | 15,809 | 392,121 | — | — | — | 1,267,082 |
| 682,313 | 3,628,025 | 19,930,080 | 5,831,823 | 64,811 | — | 288,317 | 46,552,270 |
| — | — | 15,115,428 | 955,642 | — | — | — | 16,315,682 |
| — | — | - | — | — | — | — | 929,390 |
| — | — | - | — | — | — | — | 3,243,693 |
| — | 1,780,646 | - | — | — | — | — | 2,625,764 |
| — | — | - | — | — | — | — | 186,288 |
| <u>704,205</u> | <u>13,093,495</u> | <u>36,297,364</u> | <u>17,493,435</u> | <u>64,811</u> | <u>—</u> | <u>348,812</u> | <u>111,948,891</u> |
| — | — | — | 730,736 | — | — | — | 730,736 |
| — | — | — | 26,174,193 | — | — | — | 26,174,193 |
| — | — | — | — | — | — | — | 17,069,116 |
| — | — | — | — | — | 11,129,458 | 3,821,320 | 17,785,520 |
| — | — | — | 26,904,929 | — | 11,129,458 | 3,821,320 | 61,759,565 |
| <u>\$ 704,205</u> | <u>\$ 13,093,495</u> | <u>\$ 36,297,364</u> | <u>\$ 44,398,364</u> | <u>\$ 64,811</u> | <u>\$ 11,129,458</u> | <u>\$ 4,170,132</u> | <u>\$ 173,708,456</u> |

City of Detroit, Michigan
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2009

| | Community Development Block Grant Fund | Construction Code Fund | Detroit Building Authority Fund | Detroit Workforce Development Fund | Drug Law Enforcement Fund |
|---|---|---------------------------------------|--|---|--|
| REVENUES: | | | | | |
| Taxes: | | | | | |
| Gas and Weight Tax | \$ — | \$ — | \$ — | \$ — | \$ — |
| Licenses, Permits, and Inspection Charges | — | 25,192,222 | — | — | — |
| Intergovernmental: | | | | | |
| Federal | 35,388,448 | — | — | 74,785,706 | — |
| State | — | — | — | — | — |
| Other | — | — | — | — | — |
| Sales and Charges for Services | — | — | — | — | — |
| Ordinance Fines and Forfeitures | — | 270,835 | — | — | 3,530,120 |
| Investment Earnings | 19,176 | — | — | — | 251,787 |
| Other Revenue | 1,015,076 | 127,287 | 138,873 | 758,899 | 673,260 |
| Total Revenues | 36,422,700 | 25,590,344 | 138,873 | 75,544,605 | 4,455,167 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Public Protection | — | 31,407,735 | — | — | 3,776,866 |
| Health | — | — | — | — | — |
| Economic Development | 29,267,368 | — | 1,332,813 | — | — |
| Educational Development | — | — | — | 75,409,235 | — |
| Physical Environment | — | — | — | — | — |
| Transportation Facilitation | — | — | — | — | — |
| Capital Outlay | 28,112 | 28,058 | — | 135,370 | 604,226 |
| Total Expenditures | 29,295,480 | 31,435,793 | 1,332,813 | 75,544,605 | 4,381,092 |
| Excess (Deficiency) of Revenues Over Expenditures | 7,127,220 | (5,845,449) | (1,193,940) | — | 74,075 |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | 1,194,715 | 5,820,849 | 1,032,137 | — | — |
| Transfers Out | (8,321,935) | (5,226) | — | — | — |
| Total Other Financing Sources (Uses), Net | (7,127,220) | 5,815,623 | 1,032,137 | — | — |
| Net Change in Fund Balances | — | (29,826) | (161,803) | — | 74,075 |
| Fund Balances at Beginning of Year | — | 360,923 | 2,748,395 | — | 16,912,094 |
| Increase (Decrease) in Inventory | — | — | — | — | — |
| Fund Balances at End of Year | \$ — | \$ 331,097 | \$ 2,586,592 | \$ — | \$ 16,986,169 |

| <u>Empowerment Zone Fund</u> | <u>Human Services Fund</u> | <u>Solid Waste Management Fund</u> | <u>Street Fund</u> | <u>Supportive Housing Programs and Homeless Initiatives Fund</u> | <u>Targeted Business Development Fund</u> | <u>Telecommunications Fund</u> | <u>Totals</u> |
|--------------------------------------|------------------------------------|--|------------------------|--|---|------------------------------------|----------------------|
| \$ — | \$ — | \$ — | \$ 58,813,648 | \$ — | \$ — | \$ — | \$ 58,813,648 |
| — | — | — | — | — | — | — | 25,192,222 |
| — | — | — | — | — | — | — | — |
| — | 72,450,406 | — | — | — | — | — | 182,624,560 |
| — | — | — | 29,405,514 | — | — | 2,904,510 | 32,310,024 |
| — | — | — | 2,947,870 | — | — | — | 2,947,870 |
| — | — | 69,610,251 | — | — | — | — | 69,610,251 |
| — | — | — | — | — | — | — | 3,800,955 |
| — | 10,121 | — | 807,332 | — | — | — | 1,088,416 |
| — | — | 828,462 | 516,727 | — | — | — | 4,058,584 |
| — | <u>72,460,527</u> | <u>70,438,713</u> | <u>92,491,091</u> | — | — | <u>2,904,510</u> | <u>380,446,530</u> |
| — | — | — | — | — | — | — | 35,184,601 |
| — | 73,931,864 | — | — | — | — | — | 73,931,864 |
| — | — | — | — | — | — | — | 30,600,181 |
| — | — | — | — | — | — | — | 75,409,235 |
| — | — | 69,612,552 | — | — | — | — | 69,612,552 |
| — | — | — | 66,074,343 | — | — | 493,427 | 66,567,770 |
| — | — | 1,279,102 | 36,847,057 | — | — | 1,298,958 | 40,220,883 |
| — | <u>73,931,864</u> | <u>70,891,654</u> | <u>102,921,400</u> | — | — | <u>1,792,385</u> | <u>391,527,086</u> |
| — | <u>(1,471,337)</u> | <u>(452,941)</u> | <u>(10,430,309)</u> | — | — | <u>1,112,125</u> | <u>(11,080,556)</u> |
| — | 1,471,337 | 452,941 | 12,000,000 | — | — | — | 21,971,979 |
| — | — | — | (24,419,840) | — | — | — | (32,747,001) |
| — | <u>1,471,337</u> | <u>452,941</u> | <u>(12,419,840)</u> | — | — | — | <u>(10,775,022)</u> |
| — | — | — | (22,850,149) | — | — | 1,112,125 | (21,855,578) |
| — | — | — | 49,163,351 | — | 11,129,458 | 2,709,195 | 83,023,416 |
| — | — | — | 591,727 | — | — | — | 591,727 |
| \$ <u>—</u> | \$ <u>—</u> | \$ <u>—</u> | \$ <u>26,904,929</u> | \$ <u>—</u> | \$ <u>11,129,458</u> | \$ <u>3,821,320</u> | \$ <u>61,759,565</u> |

City of Detroit, Michigan
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL CAPITAL PROJECTS FUNDS
June 30, 2009

| | Capital Projects | Urban Renewal | Totals |
|---|-----------------------------|--------------------------|----------------|
| ASSETS | | | |
| Cash | \$ 16,033,587 | \$ 5,209,897 | \$ 21,243,484 |
| Investments | 83,578,628 | 4,891,081 | 88,469,709 |
| Accounts and Contracts Receivable: | | | |
| Special Assessments | 541,890 | — | 541,890 |
| Trade Receivables | 550,610 | — | 550,610 |
| Total Accounts and Contracts Receivable | 1,092,500 | — | 1,092,500 |
| Allowance for Uncollectible Accounts | (1,092,500) | — | (1,092,500) |
| Total Accounts and Contracts Receivable - Net | — | — | — |
| Due from Other Funds | 6,595,918 | 4,137 | 6,600,055 |
| Due from Other Governmental Agencies | 14,850 | — | 14,850 |
| Total Assets | \$ 106,222,983 | \$ 10,105,115 | \$ 116,328,098 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts and Contracts Payable | \$ 7,744,547 | \$ 6,189 | \$ 7,750,736 |
| Accrued Liabilities | 4,361,978 | 21,387 | 4,383,365 |
| Accrued Salaries and Wages Payable | 5,392 | 16,187 | 21,579 |
| Due to Other Funds | 1,954,758 | 1,075,089 | 3,029,847 |
| Advance from General Fund | 850,000 | — | 850,000 |
| Deposits from Vendors and Customers | — | 79,055 | 79,055 |
| Other Liabilities | 91,742 | 371,681 | 463,423 |
| Total Liabilities | 15,008,417 | 1,569,588 | 16,578,005 |
| Fund Balances: | | | |
| Reserved for Capital Acquisitions | 91,214,566 | — | 91,214,566 |
| Reserved for Urban Renewal | | 8,535,527 | 8,535,527 |
| Total Fund Balances | 91,214,566 | 8,535,527 | 99,750,093 |
| Total Liabilities and Fund Balances | \$ 106,222,983 | \$ 10,105,115 | \$ 116,328,098 |

City of Detroit, Michigan
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL CAPITAL PROJECTS FUNDS
For the Year Ended June 30, 2009

| | <u>Capital Projects</u> | <u>Urban Renewal</u> | <u>Totals</u> |
|---|-----------------------------|--------------------------|----------------------|
| Revenues: | | | |
| Intergovernmental - Federal | \$ — | \$ 5,069,993 | \$ 5,069,993 |
| Investment Earnings | 2,063,924 | 4,131 | 2,068,055 |
| Other Revenues | <u>53,596</u> | <u>1,094,210</u> | <u>1,147,806</u> |
| Total Revenues | <u>2,117,520</u> | <u>6,168,334</u> | <u>8,285,854</u> |
| Expenditures: | | | |
| Economic Development | 3,700 | 15,519,792 | 15,523,492 |
| Capital Outlay | 25,427,917 | — | 25,427,917 |
| Debt Service: | | | |
| Principal | — | 2,252,000 | 2,252,000 |
| Interest | <u>—</u> | <u>1,796,794</u> | <u>1,796,794</u> |
| Total Expenditures | <u>25,431,617</u> | <u>19,568,586</u> | <u>45,000,203</u> |
| (Deficiency) of Revenues Over Expenditures | <u>(23,314,097)</u> | <u>(13,400,252)</u> | <u>(36,714,349)</u> |
| Other Financing Sources (Uses): | | | |
| Sources: | | | |
| Transfers In | 1,138,460 | 4,048,724 | 5,187,184 |
| Proceeds from Bond and Note Issuances | — | 6,197,000 | 6,197,000 |
| Uses: | | | |
| Transfers Out | <u>—</u> | <u>(1,194,715)</u> | <u>(1,194,715)</u> |
| Total Other Financing Sources, Net | <u>1,138,460</u> | <u>9,051,009</u> | <u>10,189,469</u> |
| Net Change in Fund Balances | (22,175,637) | (4,349,243) | (26,524,880) |
| Fund Balances at Beginning of Year | <u>113,390,203</u> | <u>12,884,770</u> | <u>126,274,973</u> |
| Fund Balances at End of Year | <u>\$ 91,214,566</u> | <u>\$ 8,535,527</u> | <u>\$ 99,750,093</u> |

City of Detroit, Michigan
COMBINING BALANCE SHEET ACCOUNTS
OTHER GOVERNMENTAL FUNDS - STREET FUND
June 30, 2009

| | <u>Major Streets</u> | <u>Local Streets</u> | <u>Totals</u> |
|--|----------------------|----------------------|----------------------|
| | <u>Account</u> | <u>Account</u> | |
| ASSETS | | | |
| Cash | \$ 120,123 | \$ 103,191 | \$ 223,314 |
| Investments | 24,000,000 | 6,700,000 | 30,700,000 |
| Accounts and Contracts Receivable - Trade | 1,124,246 | — | 1,124,246 |
| Less: Allowance for Uncollectible Accounts | <u>(1,065,236)</u> | <u>—</u> | <u>(1,065,236)</u> |
| Total Accounts and Contracts Receivable - Net | 59,010 | — | 59,010 |
| Due from Other Funds | 1,267,176 | 647,734 | 1,914,910 |
| Due from Other Governmental Agencies | 8,665,996 | 2,104,398 | 10,770,394 |
| Other Inventory | <u>730,736</u> | <u>—</u> | <u>730,736</u> |
| Total Assets | <u>\$ 34,843,041</u> | <u>\$ 9,555,323</u> | <u>\$ 44,398,364</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts and Contracts Payable | \$ 2,531,574 | \$ 1,855,306 | \$ 4,386,880 |
| Due to Other Funds | 3,489,160 | 2,342,663 | 5,831,823 |
| Due to Other Governmental Agencies | 955,642 | — | 955,642 |
| Accrued Salaries and Wages Payable | 392,121 | — | 392,121 |
| Accrued Liabilities | <u>4,559,704</u> | <u>1,367,265</u> | <u>5,926,969</u> |
| Total Liabilities | <u>11,928,201</u> | <u>5,565,234</u> | <u>17,493,435</u> |
| Fund Balances: | | | |
| Reserved for Inventory | 730,736 | — | 730,736 |
| Reserved for Act 51 Major and Local Street Funding | <u>22,184,104</u> | <u>3,990,089</u> | <u>26,174,193</u> |
| Total Fund Balances | <u>22,914,840</u> | <u>3,990,089</u> | <u>26,904,929</u> |
| Total Liabilities and Fund Balances | <u>\$ 34,843,041</u> | <u>\$ 9,555,323</u> | <u>\$ 44,398,364</u> |

City of Detroit, Michigan
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE ACCOUNTS
OTHER GOVERNMENTAL FUNDS - STREET FUND
For the Year Ended June 30, 2009

| | Major Streets Account | Local Streets Account | Totals |
|--|----------------------------------|----------------------------------|---------------|
| Revenues: | | | |
| Gas and Weight Tax | \$ 45,782,248 | \$ 13,031,400 | \$ 58,813,648 |
| Intergovernmental: | | | |
| State | 29,405,514 | — | 29,405,514 |
| Other | 2,947,870 | — | 2,947,870 |
| Investment Earnings | 615,766 | 191,566 | 807,332 |
| Other Revenues | 68,994 | 447,733 | 516,727 |
| Total Revenues | 78,820,392 | 13,670,699 | 92,491,091 |
| Expenditures: | | | |
| Transportation Facilitation | 55,483,726 | 10,590,617 | 66,074,343 |
| Capital Outlay | 19,555,941 | 17,291,116 | 36,847,057 |
| Total Expenditures | 75,039,667 | 27,881,733 | 102,921,400 |
| Excess (Deficiency) of Revenues Over Expenditures | 3,780,725 | (14,211,034) | (10,430,309) |
| Other Financing Sources (Uses): | | | |
| Transfers In | — | 12,000,000 | 12,000,000 |
| Transfers Out | (20,986,514) | (3,433,326) | (24,419,840) |
| Total Other Financing Sources (Uses), Net | (20,986,514) | 8,566,674 | (12,419,840) |
| Net Change in Fund Balances | (17,205,789) | (5,644,360) | (22,850,149) |
| Fund Balances at Beginning of Year | 39,528,902 | 9,634,449 | 49,163,351 |
| Increase (Decrease) in Inventory | 591,727 | — | 591,727 |
| Fund Balances at End of Year | \$ 22,914,840 | \$ 3,990,089 | \$ 26,904,929 |

City of Detroit, Michigan
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL PERMANENT FUNDS
June 30, 2009

| | | Permanent Funds | | |
|--|--|-----------------|-------------------|--------------|
| | | Bequest Funds | | |
| | | Other Trust | Cemetery Trust | Totals |
| ASSETS | | | | |
| Cash | | \$ — | \$ 319,261 | \$ 319,261 |
| Investments | | 49,124 | 1,206,285 | 1,255,409 |
| Total Assets | | \$ 49,124 | \$ 1,525,546 | \$ 1,574,670 |
| LIABILITIES AND FUND BALANCES | | | | |
| Fund Balances - Reserved for Endowments and Trusts | | \$ 49,124 | \$ 1,525,546 | \$ 1,574,670 |
| Total Liabilities and Fund Balances | | \$ 49,124 | \$ 1,525,546 | \$ 1,574,670 |

City of Detroit, Michigan
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL PERMANENT FUNDS
BEQUEST FUNDS
For the Year Ended June 30, 2009

| | <u>Permanent Funds</u> | | |
|--------------------------------------|------------------------|---------------------------|---------------------|
| | <u>Bequest Funds</u> | | |
| | <u>Other Trust</u> | <u>Cemetery Trust</u> | <u>Totals</u> |
| Revenues - Investment Earnings | \$ 518 | \$ 79,950 | \$ 80,468 |
| Expenditures - Economic Development | — | — | — |
| Excess of Revenues Over Expenditures | 518 | 79,950 | 80,468 |
| Fund Balances at Beginning of Year | 48,606 | 1,445,596 | 1,494,202 |
| Fund Balances at End of Year | <u>\$ 49,124</u> | <u>\$ 1,525,546</u> | <u>\$ 1,574,670</u> |

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
For the Year Ended June 30, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget- Positive (Negative)</u> |
|--|-------------------------|----------------------|---------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental - Federal | \$ 38,356,645 | \$ 101,001,585 | \$ 35,388,448 | \$ (65,613,137) |
| Investment Earnings | — | (439,635) | 19,176 | 458,811 |
| Other Revenues | <u>6,098,464</u> | <u>37,801,749</u> | <u>1,015,076</u> | <u>(36,786,673)</u> |
| Total Revenues | 44,455,109 | 138,363,699 | 36,422,700 | (101,940,999) |
| Expenditures: | | | | |
| Economic Development | 39,067,645 | 124,809,580 | 29,267,368 | 95,542,212 |
| Debt Service | 5,382,464 | 2,722,762 | — | 2,722,762 |
| Capital Outlay | <u>5,000</u> | <u>1,114,783</u> | <u>28,112</u> | <u>1,086,671</u> |
| Total Expenditures | 44,455,109 | 128,647,125 | 29,295,480 | 99,351,645 |
| Excess (Deficiency) of Revenues Over Expenditures | <u>—</u> | <u>9,716,574</u> | <u>7,127,220</u> | <u>(2,589,354)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers in | — | 3,977,369 | 1,194,715 | (2,782,654) |
| Transfers out | <u>—</u> | <u>(770,504)</u> | <u>(8,321,935)</u> | <u>(7,551,431)</u> |
| Total Other Financing Sources (Uses), Net | <u>—</u> | <u>3,206,865</u> | <u>(7,127,220)</u> | <u>(10,334,085)</u> |
| Net Change in Fund Balance | — | 12,923,439 | — | (12,923,439) |
| Fund Balance at Beginning of Year | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Fund Balance at End of Year | <u>\$ —</u> | <u>\$ 12,923,439</u> | <u>\$ —</u> | <u>\$ (12,923,439)</u> |

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
CONSTRUCTION CODE FUND
For the Year Ended June 30, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget- Positive (Negative)</u> |
|--|-------------------------|---------------------|---------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Licenses, Permits, and Inspection Charges | \$ 28,870,000 | \$ 28,870,000 | \$ 25,192,222 | \$ (3,677,778) |
| Sales and Charges for Services | — | — | — | — |
| Ordinance Fines and Forfeitures | 1,453,392 | 1,453,392 | 270,835 | (1,182,557) |
| Other Revenues | <u>274,746</u> | <u>274,746</u> | <u>127,287</u> | <u>(147,459)</u> |
| Total Revenues | <u>30,598,138</u> | <u>30,598,138</u> | <u>25,590,344</u> | <u>(5,007,794)</u> |
| Expenditures: | | | | |
| Public Protection | \$ 30,593,638 | \$ 29,651,474 | \$ 31,407,735 | \$ (1,756,261) |
| Capital Outlay | <u>4,500</u> | <u>7,629</u> | <u>28,058</u> | <u>(20,429)</u> |
| Total Expenditures | <u>30,598,138</u> | <u>29,659,103</u> | <u>31,435,793</u> | <u>(1,776,690)</u> |
| Excess (Deficiency) of Revenues Over Expenditures | — | 939,035 | (5,845,449) | (6,784,484) |
| Other Financing Sources (Uses): | | | | |
| Transfers In | — | — | 5,820,849 | 5,820,849 |
| Transfers Out | <u>—</u> | <u>—</u> | <u>(5,226)</u> | <u>(5,226)</u> |
| Total Other Financing Sources (Uses), Net | <u>—</u> | <u>—</u> | <u>5,815,623</u> | <u>5,815,623</u> |
| Net Change in Fund Balances | — | 939,035 | (29,826) | (968,861) |
| Fund Balance at Beginning of Year | 360,923 | 360,923 | 360,923 | — |
| Increase (Decrease) in Inventories | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Fund Balance at End of Year | <u>\$ 360,923</u> | <u>\$ 1,299,958</u> | <u>\$ 331,097</u> | <u>\$ (968,861)</u> |

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
DETROIT BUILDING AUTHORITY FUND
For the Year Ended June 30, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget- Positive (Negative)</u> |
|--|-------------------------|--------------|---------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues - Other | \$ — | \$ — | \$ 138,873 | \$ 138,873 |
| Expenditures - Economic Development | — | — | 1,332,813 | (1,332,813) |
| Excess (Deficiency) of Revenues Over Expenditures | — | — | (1,193,940) | (1,193,940) |
| Other Financing Sources (Uses): | | | | |
| Transfers In | — | — | 1,032,137 | 1,032,137 |
| Total Other Financing Sources (Uses), Net | — | — | 1,032,137 | 1,032,137 |
| Net Change in Fund Balances | — | — | (161,803) | (161,803) |
| Fund Balance at Beginning of Year | 2,748,395 | 2,748,395 | 2,748,395 | — |
| Fund Balance at End of Year | \$ 2,748,395 | \$ 2,748,395 | \$ 2,586,592 | \$ (161,803) |

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
DETROIT WORKFORCE DEVELOPMENT FUND
For the Year Ended June 30, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget- Positive (Negative)</u> |
|--|-------------------------|----------------------|---------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental: | | | | |
| Federal | \$ 55,925,320 | \$ 197,397,648 | \$ 74,785,706 | \$ (122,611,942) |
| State | — | 4,596,896 | — | (4,596,896) |
| Other Revenues | <u>2,500,000</u> | <u>22,285,729</u> | <u>758,899</u> | <u>(21,526,830)</u> |
| Total Revenues | <u>58,425,320</u> | <u>224,280,273</u> | <u>75,544,605</u> | <u>(148,735,668)</u> |
| Expenditures: | | | | |
| Educational Development | 58,347,321 | 207,569,290 | 75,409,235 | 132,160,055 |
| Debt Service | 68,002 | 104,108 | — | 104,108 |
| Capital Outlay | <u>9,997</u> | <u>(47,460)</u> | <u>135,370</u> | <u>(182,830)</u> |
| Total Expenditures | <u>58,425,320</u> | <u>207,625,938</u> | <u>75,544,605</u> | <u>132,081,333</u> |
| Excess (Deficiency) of Revenues Over Expenditures | — | 16,654,335 | — | (16,654,335) |
| Fund Balance at Beginning of Year | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Fund Balance at End of Year | <u>\$ —</u> | <u>\$ 16,654,335</u> | <u>\$ —</u> | <u>\$ (16,654,335)</u> |

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
OTHER ENFORCEMENT FUND
For the Year Ended June 30, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget- Positive (Negative)</u> |
|--|-------------------------|---------------------|---------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Ordinance Fines and Forfeitures | \$ 6,156,088 | \$ 9,841,959 | \$ 3,530,120 | \$ (6,311,839) |
| Investment Earnings | — | — | 251,787 | 251,787 |
| Other Revenues | — | (30,459) | 673,260 | 703,719 |
| Total Revenues | <u>6,156,088</u> | <u>9,811,500</u> | <u>4,455,167</u> | <u>(5,356,333)</u> |
| Expenditures: | | | | |
| Public Protection | 6,156,088 | 20,242,776 | 3,776,866 | 16,465,910 |
| Capital Outlay | — | 2,558,444 | 604,226 | 1,954,218 |
| Total Expenditures | <u>6,156,088</u> | <u>22,801,220</u> | <u>4,381,092</u> | <u>18,420,128</u> |
| Excess (Deficiency) of Revenues Over Expenditures | — | (12,989,720) | 74,075 | 13,063,795 |
| Fund Balance at Beginning of Year | 16,912,094 | 16,912,094 | 16,912,094 | — |
| Increase (Decrease) in Inventory | — | — | — | — |
| Fund Balance at End of Year | <u>\$ 16,912,094</u> | <u>\$ 3,922,374</u> | <u>\$ 16,986,169</u> | <u>\$ 13,063,795</u> |

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
EMPOWERMENT ZONE FUND
For the Year Ended June 30, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget- Positive (Negative)</u> |
|--|-------------------------|---------------------|---------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues - Intergovernmental - Federal | \$ — | \$ 19,112,767 | \$ — | \$ (19,112,767) |
| Expenditures - Economic Development | — | 15,817,316 | — | 15,817,316 |
| Excess (Deficiency) of Revenues Over Expenditures | — | 3,295,451 | — | (3,295,451) |
| Fund Balance at Beginning of Year | — | — | — | — |
| Fund Balance at End of Year | <u>\$ —</u> | <u>\$ 3,295,451</u> | <u>\$ —</u> | <u>\$ (3,295,451)</u> |

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
HUMAN SERVICES FUND
For the Year Ended June 30, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget- Positive (Negative)</u> |
|--|-------------------------|----------------------|---------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental: | | | | |
| Federal | \$ 63,301,312 | \$ 253,057,492 | \$ 72,450,406 | \$ (180,607,086) |
| State | — | — | — | — |
| Investment Earnings | — | (197,962) | 10,121 | 208,083 |
| Total Revenues | <u>63,301,312</u> | <u>252,859,530</u> | <u>72,460,527</u> | <u>(180,399,003)</u> |
| Expenditures: | | | | |
| Health | 63,301,312 | 237,504,083 | 73,931,864 | 163,572,219 |
| Capital Outlay | — | 266,074 | — | 266,074 |
| Total Expenditures | <u>63,301,312</u> | <u>237,770,157</u> | <u>73,931,864</u> | <u>163,838,293</u> |
| Excess (Deficiency) of Revenues Over Expenditures | — | 15,089,373 | (1,471,337) | (16,560,710) |
| Other Financing Sources - Transfers In | — | — | 1,471,337 | 1,471,337 |
| Net Change in Fund Balances | — | 15,089,373 | — | (15,089,373) |
| Fund Balance at Beginning of Year | — | — | — | — |
| Fund Balance at End of Year | <u>\$ —</u> | <u>\$ 15,089,373</u> | <u>\$ —</u> | <u>\$ (15,089,373)</u> |

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
SOLID WASTE MANAGEMENT FUND
For the Year Ended June 30, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget- Positive (Negative)</u> |
|---|-------------------------|--------------------|---------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Licenses, Permits, and Inspection Charges | \$ — | \$ — | \$ — | \$ — |
| Sales and Charges for Services | 80,857,793 | 80,857,793 | 69,610,251 | (11,247,542) |
| Ordinance Fines and Forfeitures | — | — | — | — |
| Other Revenues | <u>140,194</u> | <u>140,194</u> | <u>828,462</u> | <u>688,268</u> |
| Total Revenues | 80,997,987 | 80,997,987 | 70,438,713 | (10,559,274) |
| Expenditures: | | | | |
| Physical Environment | 80,581,860 | 78,897,214 | 69,612,552 | 9,284,662 |
| Capital Outlay | <u>416,127</u> | <u>2,125,425</u> | <u>1,279,102</u> | <u>846,323</u> |
| Total Expenditures | 80,997,987 | 81,022,639 | 70,891,654 | 10,130,985 |
| Excess (Deficiency) of Revenues Over | | | | |
| Expenditures | — | (24,652) | (452,941) | (428,289) |
| Other Financing Sources (Uses): | | | | |
| Transfers In | — | — | 452,941 | 452,941 |
| Transfers Out | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Total Other Financing Sources (Uses), Net | <u>—</u> | <u>—</u> | <u>452,941</u> | <u>452,941</u> |
| Net Change in Fund Balances | — | (24,652) | — | 24,652 |
| Fund Balance at Beginning of Year | — | — | — | — |
| Increase (Decrease) in Inventories | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Fund Balance at End of Year | <u>\$ —</u> | <u>\$ (24,652)</u> | <u>\$ —</u> | <u>\$ 24,652</u> |

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
STREET FUND
For the Year Ended June 30, 2009

| Major Street Fund | Budgeted Amounts | | Actual Amounts | Variance With Final Budget-Positive (Negative) |
|---|-------------------------|-----------------|-----------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Gas and Weight Tax | \$ 62,100,000 | \$ 74,853,114 | \$ 45,782,248 | \$ (29,070,866) |
| Intergovernmental: | | | | |
| State | — | 105,359,685 | 29,405,514 | (75,954,171) |
| Other | 2,000,000 | 20,273,860 | 2,947,870 | (17,325,990) |
| Investment Earnings | 2,183,000 | 2,729,645 | 615,766 | (2,113,879) |
| Other Revenues | 5,660 | 5,824,721 | 68,994 | (5,755,727) |
| Total Revenues | 66,288,660 | 209,041,025 | 78,820,392 | (130,220,633) |
| Expenditures: | | | | |
| Transportation Facilitation | 52,604,971 | 136,548,793 | 55,483,726 | 81,065,067 |
| Capital Outlay | 13,683,689 | 95,675,740 | 19,555,941 | 76,119,799 |
| Total Expenditures | 66,288,660 | 232,224,533 | 75,039,667 | (157,184,866) |
| Excess (Deficiency) of Revenues Over Expenditures | — | (23,183,508) | 3,780,725 | 26,964,233 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | — | 55,007,005 | — | (55,007,005) |
| Transfers Out | — | (66,965,916) | (20,986,514) | 45,979,402 |
| Total Other Financing Sources (Uses), Net | — | (11,958,911) | (20,986,514) | (9,027,603) |
| Net Change in Fund Balances | — | (35,142,419) | (17,205,789) | 17,936,630 |
| Fund Balance at Beginning of Year | 39,528,902 | 39,528,902 | 39,528,902 | — |
| Increase (Decrease) in Inventory | — | — | 591,727 | 591,727 |
| Fund Balance at End of Year | \$ 39,528,902 | \$ 4,386,483 | \$ 22,914,840 | \$ 18,528,357 |
| Local Street Fund | | | | |
| | | | | Variance With Final Budget-Positive (Negative) |
| Revenues: | | | | |
| Gas and Weight Tax | \$ — | \$ 875,845 | \$ 13,031,400 | \$ 12,155,555 |
| Intergovernmental: | | | | |
| State | — | — | — | — |
| Other | — | — | — | — |
| Investment Earnings | — | 159,640 | 191,566 | 31,926 |
| Other Revenues | — | (2,578,896) | 447,733 | 3,026,629 |
| Total Revenues | — | (1,543,411) | 13,670,699 | 15,214,110 |
| Expenditures: | | | | |
| Transportation Facilitation | — | 4,627,363 | 10,590,617 | (5,963,254) |
| Capital Outlay | — | 36,938,515 | 17,291,116 | 19,647,399 |
| Total Expenditures | — | 41,565,878 | 27,881,733 | (13,684,145) |
| Excess (Deficiency) of Revenues Over Expenditures | — | (43,109,289) | (14,211,034) | 28,898,255 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | — | 15,055,992 | 12,000,000 | (3,055,992) |
| Transfers Out | — | — | (3,433,326) | (3,433,326) |
| Total Other Financing Sources (Uses), Net | — | 15,055,992 | 8,566,674 | (6,489,318) |
| Net Change in Fund Balances | — | (28,053,297) | (5,644,360) | 22,408,937 |
| Fund Balance at Beginning of Year | 9,634,449 | 9,634,449 | 9,634,449 | — |
| Increase (Decrease) in Inventory | — | — | — | — |
| Fund Balance at End of Year | \$ 9,634,449 | \$ (18,418,848) | \$ 3,990,089 | \$ 22,408,937 |

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
SUPPORTIVE HOUSING PROGRAMS AND HOMELESS INITIATIVES FUND
For the Year Ended June 30, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget- Positive (Negative)</u> |
|--|-------------------------|---------------------|---------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues - Intergovernmental - Federal | \$ — | \$ 3,030,365 | \$ — | \$ (3,030,365) |
| Expenditures - Housing and Conditions | — | 1,140,287 | — | 1,140,287 |
| Excess (Deficiency) of Revenues Over Expenditures | — | 1,890,078 | — | (1,890,078) |
| Fund Balance at Beginning of Year | — | — | — | — |
| Fund Balance at End of Year | <u>\$ —</u> | <u>\$ 1,890,078</u> | <u>\$ —</u> | <u>\$ (1,890,078)</u> |

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
TARGETED BUSINESS DEVELOPMENT FUND
For the Year Ended June 30, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget- Positive (Negative)</u> |
|--|-------------------------|---------------------|---------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | \$ — | \$ — | \$ — | \$ — |
| Expenditures - Economic Development | <u>—</u> | <u>7,370,542</u> | <u>—</u> | <u>7,370,542</u> |
| Excess (Deficiency) of Revenues Over Expenditures | — | (7,370,542) | — | 7,370,542 |
| Fund Balance at Beginning of Year | <u>11,129,458</u> | <u>11,129,458</u> | <u>11,129,458</u> | <u>—</u> |
| Fund Balance at End of Year | <u>\$ 11,129,458</u> | <u>\$ 3,758,916</u> | <u>\$ 11,129,458</u> | <u>\$ 7,370,542</u> |

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
TELECOMMUNICATIONS FUND
For the Year Ended June 30, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget- Positive (Negative)</u> |
|--|-------------------------|--------------|---------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues - Intergovernmental - State | \$ 2,800,000 | \$ 1,595,193 | \$ 2,904,510 | \$ 1,309,317 |
| Expenditures: | | | | |
| Transportation Facilitation | — | (1,144,794) | 493,427 | (1,638,221) |
| Capital Outlay | 2,800,000 | 4,026,823 | 1,298,958 | 2,727,865 |
| Excess (Deficiency) of Revenues Over Expenditures | — | (1,286,836) | 1,112,125 | 2,398,961 |
| Net Change in Fund Balances | — | (1,286,836) | 1,112,125 | 2,398,961 |
| Fund Balance at Beginning of Year | 2,709,195 | 2,709,195 | 2,709,195 | — |
| Fund Balance at End of Year | \$ 2,709,195 | \$ 1,422,359 | \$ 3,821,320 | \$ 2,398,961 |

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
DEBT SERVICE FUND
For the Year Ended June 30, 2009

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance With</u> <u>Final Budget-</u> <u>Positive</u> <u>(Negative)</u> |
|--|-------------------------|----------------------|---------------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Property Taxes | \$ 68,126,856 | \$ 68,126,856 | \$ 67,150,254 | \$ (976,602) |
| Other Taxes and Assessments | 6,023,862 | 6,023,862 | 1,970,405 | (4,053,457) |
| State Hotel and Liquor Tax | — | 16,216,140 | 17,367,715 | 1,151,575 |
| Revenue from Use of Assets | — | — | 1,828,164 | 1,828,164 |
| Investment Earnings | — | 177,159 | 943,580 | 766,421 |
| Other Revenue | <u>2,856,568</u> | <u>2,856,568</u> | <u>—</u> | <u>(2,856,568)</u> |
| Total Revenues | <u>77,007,286</u> | <u>93,400,585</u> | <u>89,260,118</u> | <u>(4,140,467)</u> |
| Expenditures: | | | | |
| Economic Development | 5,246,714 | 5,246,714 | 2,764,318 | 2,482,396 |
| Debt Service: | | | | |
| Principal | 42,515,000 | 67,917,471 | 127,444,883 | (59,527,412) |
| Interest | <u>29,245,572</u> | <u>36,016,561</u> | <u>52,273,212</u> | <u>(16,256,651)</u> |
| Total Expenditures | <u>77,007,286</u> | <u>109,180,746</u> | <u>182,482,413</u> | <u>(73,301,667)</u> |
| Excess (Deficiency) of Revenues Over Expenditures | — | (15,780,161) | (93,222,295) | (77,442,134) |
| Other Financing Sources(Uses) | | | | |
| Transfers In | — | — | 103,729,762 | 103,729,762 |
| Transfers Out | <u>—</u> | <u>(1,138,460)</u> | <u>(1,138,460)</u> | <u>—</u> |
| Total Other Financing Sources (Uses), Net | <u>—</u> | <u>(1,138,460)</u> | <u>102,591,302</u> | <u>103,729,762</u> |
| Net Change in Fund Balances | — | (16,918,621) | 9,369,007 | 26,287,628 |
| Fund Balance at Beginning of Year | <u>42,825,432</u> | <u>42,825,432</u> | <u>42,825,432</u> | <u>—</u> |
| Fund Balance at End of Year | <u>\$ 42,825,432</u> | <u>\$ 25,906,811</u> | <u>\$ 52,194,439</u> | <u>\$ 26,287,628</u> |

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
CAPITAL PROJECT FUNDS
For the Year Ended June 30, 2009

| Capital Projects | Budgeted Amounts | | Actual Amounts | Variance With Final Budget-Positive (Negative) |
|---|-------------------------|---------------|-----------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental - Federal | \$ — | \$ 1,087,579 | \$ — | \$ (1,087,579) |
| Investment Earnings | 2,200,000 | 3,034,017 | 2,063,924 | (970,093) |
| Other Revenues | — | 6,046,486 | 53,596 | (5,992,890) |
| Total Revenues | 2,200,000 | 10,168,082 | 2,117,520 | (8,050,562) |
| Expenditures | | | | |
| Economic Development | — | — | 3,700 | 3,700 |
| Capital Outlay | 57,705,000 | 127,693,901 | 25,427,917 | (102,265,984) |
| Debt Issuance Costs | — | 4,177,235 | — | (4,177,235) |
| Total Expenditures | 57,705,000 | 131,871,136 | 25,431,617 | (106,439,519) |
| Excess (Deficiency) of Revenues Over Expenditures | (55,505,000) | (121,703,054) | (23,314,097) | 98,388,957 |
| Other Financing Sources: | | | | |
| Transfers In | 2,350,000 | 8,999,465 | 1,138,460 | (7,861,005) |
| Bond Proceeds | 53,155,000 | 14,497,570 | — | (14,497,570) |
| Total Other Financing Sources | 55,505,000 | 23,497,035 | 1,138,460 | (22,358,575) |
| Net Change in Fund Balances | — | (98,206,019) | (22,175,637) | 76,030,382 |
| Fund Balances at Beginning of Year | 113,390,203 | 113,390,203 | 113,390,203 | — |
| Fund Balances at End of Year | \$ 113,390,203 | \$ 15,184,184 | \$ 91,214,566 | \$ 76,030,382 |

| Urban Renewal | Budgeted Amounts | | Actual Amounts | Variance With Final Budget-Positive (Negative) |
|---|-------------------------|---------------|-----------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental - Federal | \$ 9,845,932 | \$ 25,401,590 | \$ 5,069,993 | \$ (20,331,597) |
| Investment Earnings | — | (441,684) | 4,131 | 445,815 |
| Other Revenues | 437,551 | 757,303 | 1,094,210 | 336,907 |
| Total Revenues | 10,283,483 | 25,717,209 | 6,168,334 | (19,548,875) |
| Expenditures: | | | | |
| Economic Development | 10,283,483 | 23,438,354 | 15,519,792 | 7,918,562 |
| Debt Service: | | | | |
| Principal | — | — | 2,252,000 | (2,252,000) |
| Interest | — | — | 1,796,794 | (1,796,794) |
| Total Expenditures | 10,283,483 | 23,438,354 | 19,568,586 | 3,869,768 |
| Excess (Deficiency) of Revenues Over Expenditures | — | 2,278,855 | (13,400,252) | (15,679,107) |
| Other Financing Sources(Uses): | | | | |
| Sources: | | | | |
| Transfers In | — | — | 4,048,724 | 4,048,724 |
| Proceeds of Section 108 Federal Note | — | 4,611,763 | 6,197,000 | 1,585,237 |
| Uses: | | | | |
| Transfers Out | — | (7,242,705) | (1,194,715) | 6,047,990 |
| Debt Issuance Costs | — | — | — | — |
| Total Other Financing Sources (Uses), Net | — | (2,630,942) | 9,051,009 | 11,681,951 |
| Net Change in Fund Balances | — | (352,087) | (4,349,243) | (3,997,156) |
| Fund Balances at Beginning of Year | 12,884,770 | 12,884,770 | 12,884,770 | — |
| Fund Balances at End of Year | \$ 12,884,770 | \$ 12,532,683 | \$ 8,535,527 | \$ (3,997,156) |

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COMBINING STATEMENT OF FIDUCIARY FUNDS

City of Detroit, Michigan
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS – PENSION AND OTHER EMPLOYMENT BENEFITS TRUSTS
June 30, 2009

| | <u>Pension Trust Funds</u> | | <u>Other</u> |
|--|----------------------------------|--|--|
| | <u>General Retirement System</u> | <u>Policemen & Firemen Retirement System</u> | <u>Other Post Employment Benefits Fund</u> |
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 7,577,603 | \$ — | \$ 2,498,953 |
| Investments: | | | |
| Short-Term Investments | 74,281,010 | 9,030,732 | 8,882,465 |
| Bonds and Stocks | 1,521,240,647 | 1,959,316,606 | — |
| Mortgage-Backed Securities | 10,871,606 | 65,573,488 | — |
| Mortgage and Construction Loans | 137,126,720 | 173,443,640 | — |
| Equity Interest in Real Estate | 367,488,256 | 456,350,806 | — |
| Real Estate Investment Trusts Held by Custodian | — | 22,079,163 | — |
| Pooled Investments | 16,846,000 | 253,585,160 | — |
| Private Placements | 293,222,698 | 102,431,667 | — |
| Total Investments | <u>2,421,076,937</u> | <u>3,041,811,262</u> | <u>8,882,465</u> |
| Accrued Investment Income | 7,905,427 | 15,713,357 | — |
| Due from Primary Government | 17,353,881 | 32,778,395 | 31,434,257 |
| Due from Component Units | 2,021,757 | — | 4,630,847 |
| Receivables from Investment Sales | 27,955,916 | 53,534,460 | — |
| Other Receivables | 674,866 | 666,362 | — |
| Cash and Investments Held as Collateral for Securities Lending | 227,609,699 | 516,042,474 | — |
| Capital Assets | <u>1,343,458</u> | <u>1,330,348</u> | <u>—</u> |
| Total Assets | <u>2,713,519,544</u> | <u>3,661,876,658</u> | <u>47,446,522</u> |
| LIABILITIES | | | |
| Accounts and Contracts Payable | — | — | 4,449 |
| Payables for Investment Purchases | 30,226,142 | 39,470,631 | — |
| Benefits and Claims Payable | 2,503,729 | 4,149,922 | — |
| Due to Primary Government | 2,215,132 | 1,688,152 | 163,656 |
| Amount Due to Broker for Securities Lending | 262,933,520 | 561,260,621 | — |
| Other Liabilities | <u>28,504,486</u> | <u>3,146,714</u> | <u>41,189,009</u> |
| Total Liabilities | <u>326,383,009</u> | <u>609,716,040</u> | <u>41,357,114</u> |
| NET ASSETS | | | |
| Net Assets Held in Trust for Pension and Employee Benefits | 2,387,136,535 | 3,052,160,618 | 6,089,408 |
| Death Benefit and Disability Income Protection Reserves | <u>—</u> | <u>—</u> | <u>—</u> |
| Total Net Assets | <u>\$ 2,387,136,535</u> | <u>\$ 3,052,160,618</u> | <u>\$ 6,089,408</u> |

| Employee Benefits Trust Funds | | |
|---|---|--|
| Employee Death Benefits Fund | Employee Disability Income Protection Fund | Total Pension and Other Employee Benefits Trust |
| \$ 254,796 | \$ — | \$ 10,331,352 |
| 18,673,551 | — | 110,867,758 |
| 3,886,026 | — | 3,484,443,279 |
| 11,599 | — | 76,456,693 |
| — | — | 310,570,360 |
| — | — | 823,839,062 |
| — | — | 22,079,163 |
| 44,583 | — | 270,475,743 |
| 720,000 | — | 396,374,365 |
| <u>23,335,759</u> | <u>—</u> | <u>5,495,106,423</u> |
| — | — | 23,618,784 |
| 118,283 | 2,605,602 | 84,290,418 |
| 5,620 | 16,802 | 6,675,026 |
| — | — | 81,490,376 |
| — | — | 1,341,228 |
| — | — | 743,652,173 |
| — | — | 2,673,806 |
| <u>23,714,458</u> | <u>2,622,404</u> | <u>6,449,179,586</u> |
| — | 11,840 | 16,289 |
| — | — | 69,696,773 |
| — | — | 6,653,651 |
| — | 1,610,564 | 5,677,504 |
| — | — | 824,194,141 |
| — | — | 72,840,209 |
| <u>—</u> | <u>1,622,404</u> | <u>979,078,567</u> |
| — | — | 5,445,386,561 |
| <u>23,714,458</u> | <u>1,000,000</u> | <u>24,714,458</u> |
| <u>\$ 23,714,458</u> | <u>\$ 1,000,000</u> | <u>\$ 5,470,101,019</u> |

City of Detroit, Michigan
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS – PENSION AND OTHER EMPLOYMENT BENEFITS TRUSTS
For the Year Ended June 30, 2009

| | Pension Trust Funds | | Other Employee Benefits Trust Funds | | | Total Pension and Other Employee Benefits Trusts |
|--|---------------------------------|--|---|------------------------------------|--|--|
| | General Retirement System | Policemen & Firemen Retirement System | Other Post Employment Benefits Fund | Employee Death Benefits Fund | Employee Disability Income Protection Plan | |
| ADDITIONS: | | | | | | |
| Employer Contributions | \$ 41,395,719 | \$ 36,151,057 | \$ 252,197,703 | 145,706 | \$ 1,423,825 | \$ 331,314,010 |
| Plan Member Contributions | 21,135,924 | 10,902,956 | 37,726,088 | 177,543 | — | 69,942,511 |
| Other Income | — | — | 4,181,412 | — | — | 4,181,412 |
| Total Contributions | <u>62,531,643</u> | <u>47,054,013</u> | <u>294,105,203</u> | <u>323,249</u> | <u>1,423,825</u> | <u>405,437,933</u> |
| Investment Earnings: | | | | | | |
| Interest and Dividend Income | 48,668,750 | 125,980,845 | 372,981 | 437,102 | — | 175,459,678 |
| Net Depreciation in Fair Value | (803,184,935) | (785,524,437) | (499,977) | (5,234,389) | — | (1,594,443,738) |
| Investment Expense | (11,419,048) | (14,142,820) | — | — | — | (25,561,868) |
| Securities Lending Income | 2,015,970 | 5,526,906 | — | — | — | 7,542,876 |
| Net Loss on Collateralized Securities | (35,323,821) | (45,218,147) | — | — | — | (80,541,968) |
| Other Income | 4,550,169 | 377,866 | — | — | — | 4,928,035 |
| Total Investment Earnings | <u>(794,692,915)</u> | <u>(712,999,787)</u> | <u>(126,996)</u> | <u>(4,797,287)</u> | <u>—</u> | <u>(1,512,616,985)</u> |
| Total Additions | <u>(732,161,272)</u> | <u>(665,945,774)</u> | <u>293,978,207</u> | <u>(4,474,038)</u> | <u>1,423,825</u> | <u>(1,107,179,052)</u> |
| DEDUCTIONS: | | | | | | |
| Pension and Annuity Benefits | 205,136,206 | 239,744,214 | — | — | — | 444,880,420 |
| Premiums to Insurers and Damage Claims | — | — | 296,604,791 | 1,951,130 | 1,423,825 | 299,979,746 |
| Refunds | 86,979,096 | 12,395,300 | — | — | — | 99,374,396 |
| General and Administrative Expenses | 5,354,617 | 4,402,828 | 28 | 63,997 | — | 9,821,470 |
| Total Deductions | <u>297,469,919</u> | <u>256,542,342</u> | <u>296,604,819</u> | <u>2,015,127</u> | <u>1,423,825</u> | <u>854,056,032</u> |
| Net Decrease | <u>(1,029,631,191)</u> | <u>(922,488,116)</u> | <u>(2,626,612)</u> | <u>(6,489,165)</u> | <u>—</u> | <u>(1,961,235,084)</u> |
| Net Assets, Beginning of Year | <u>3,416,767,726</u> | <u>3,974,648,734</u> | <u>8,716,020</u> | <u>30,203,623</u> | <u>1,000,000</u> | <u>7,431,336,103</u> |
| Net Assets, End of Year | <u>\$ 2,387,136,535</u> | <u>\$ 3,052,160,618</u> | <u>\$ 6,089,408</u> | <u>\$ 23,714,458</u> | <u>\$ 1,000,000</u> | <u>\$ 5,470,101,019</u> |

City of Detroit, Michigan
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2009

| | <u>Condemnation Awards Fund</u> | <u>Fire Insurance Escrow Fund</u> | <u>Other Agency Funds</u> | <u>Total</u> |
|-------------------------------|---|---|-----------------------------------|----------------------|
| ASSETS | | | | |
| Cash | \$ 1,630,995 | \$ 366,030 | \$ 452,419 | \$ 2,449,444 |
| Investments | — | 20,826,149 | — | 20,826,149 |
| Total Assets | <u>\$ 1,630,995</u> | <u>\$ 21,192,179</u> | <u>\$ 452,419</u> | <u>\$ 23,275,593</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ — | \$ 61,263 | \$ — | \$ 61,263 |
| Awards Payable | 1,630,995 | — | — | 1,630,995 |
| Advances from Outside Sources | — | 20,725,758 | — | 20,725,758 |
| Escrow Payable | — | — | 452,419 | 452,419 |
| Due to Other Funds | — | 405,158 | — | 405,158 |
| Total Liabilities | <u>\$ 1,630,995</u> | <u>\$ 21,192,179</u> | <u>\$ 452,419</u> | <u>\$ 23,275,593</u> |

City of Detroit, Michigan
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2009

| | Balance June 30, 2007 | Additions | Deductions | Balance June 30, 2008 |
|-----------------------------------|----------------------------------|------------------|-------------------|----------------------------------|
| Condemnation Awards Fund | | | | |
| ASSETS | | | | |
| Cash | \$ 1,630,995 | \$ — | \$ — | \$ 1,630,995 |
| Total Assets | \$ 1,630,995 | \$ — | \$ — | \$ 1,630,995 |
| LIABILITIES | | | | |
| Awards Payable | \$ 1,630,995 | \$ — | \$ — | \$ 1,630,995 |
| Total Liabilities | \$ 1,630,995 | \$ — | \$ — | \$ 1,630,995 |
| Fire Insurance Escrow Fund | | | | |
| ASSETS | | | | |
| Cash | \$ 258,223 | \$ 107,807 | \$ — | \$ 366,030 |
| Investments | 19,872,621 | 953,528 | — | 20,826,149 |
| Total Assets | \$ 20,130,844 | \$ 1,061,335 | \$ — | \$ 21,192,179 |
| LIABILITIES | | | | |
| Accounts and Contracts Payable | \$ 60,061 | \$ 1,202 | \$ — | \$ 61,263 |
| Due to Other Funds | 1,431,189 | — | 1,026,031 | 405,158 |
| Advances from Outside Sources | 18,639,594 | 2,086,164 | — | 20,725,758 |
| Total Liabilities | \$ 20,130,844 | \$ 2,087,366 | \$ 1,026,031 | \$ 21,192,179 |
| Other Agency Funds | | | | |
| ASSETS | | | | |
| Cash | \$ 451,048 | \$ 1,371 | \$ — | \$ 452,419 |
| Total Assets | \$ 451,048 | \$ 1,371 | \$ — | \$ 452,419 |
| LIABILITIES | | | | |
| Escrow Payable | \$ 451,048 | \$ 1,371 | \$ — | \$ 452,419 |
| Total Liabilities | \$ 451,048 | \$ 1,371 | \$ — | \$ 452,419 |
| Total Agency Funds | | | | |
| ASSETS | | | | |
| Cash | \$ 2,340,266 | \$ 109,178 | \$ — | \$ 2,449,444 |
| Investments | 19,872,621 | 953,528 | — | 20,826,149 |
| Total Assets | \$ 22,212,887 | \$ 1,062,706 | \$ — | \$ 23,275,593 |
| LIABILITIES | | | | |
| Accounts and Contracts Payable | \$ 1,691,056 | \$ 1,202 | \$ — | \$ 1,692,258 |
| Due to Other Funds | 1,431,189 | — | 1,026,031 | 405,158 |
| Other Liabilities | 19,090,642 | 2,087,535 | — | 21,178,177 |
| Total Liabilities | \$ 22,212,887 | \$ 2,088,737 | \$ 1,026,031 | \$ 23,275,593 |

See accompanying independent auditor's report.

STATISTICAL SECTION.

(UNAUDITED)

The Statistical Section Contains:

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

Schedule 1
City of Detroit, Michigan
Net Assets by Component, Last Eight Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

| | Fiscal Year | | |
|---|-----------------------|-------------------------|-------------------------|
| | 2009 | 2008 | 2007 |
| Governmental Activities | | | |
| Invested in capital assets, net of related debt | \$ 631,821,536 | \$ 558,340,662 | \$ 592,161,746 |
| Restricted | 142,704,927 | 158,523,041 | 157,360,360 |
| Unrestricted (Deficit) | <u>(956,905,000)</u> | <u>(687,464,129)</u> | <u>(602,506,410)</u> |
| Total governmental activities net assets | (182,378,537) | 29,399,574 | 147,015,696 |
| Business-type Activities | | | |
| Invested in capital assets, net of related debt | 698,477,050 | 743,865,611 | 1,150,524,897 |
| Restricted | 347,303,231 | 304,273,113 | 266,995,240 |
| Unrestricted | <u>36,681,530</u> | <u>185,998,204</u> | <u>175,648,800</u> |
| Total business-type activities net assets | 1,082,461,811 | 1,234,136,928 | 1,593,168,937 |
| Primary Government | | | |
| Invested in capital assets, net of related debt | 1,330,298,586 | 1,302,206,273 | 1,742,686,643 |
| Restricted | 490,008,158 | 462,796,154 | 424,355,600 |
| Unrestricted (Deficit) | <u>(920,223,470)</u> | <u>(501,465,925)</u> | <u>(426,857,610)</u> |
| Total primary government net assets | <u>\$ 900,083,274</u> | <u>\$ 1,263,536,502</u> | <u>\$ 1,740,184,633</u> |

Source: City of Detroit, Comprehensive Annual Financial Reports for Fiscal Years ending June 30, 2002 through 2009

| Fiscal Year | | | | |
|--------------------------------|--------------------------------|-------------------------------|-------------------------------|--------------------------------|
| 2006 | 2005 | 2004 | 2003 | 2002 |
| \$ 603,086,043 | \$ 562,311,648 | \$ 423,118,665 | \$ 419,593,713 | \$ 366,474,042 |
| 29,492,455 | 30,488,595 | 85,249,948 | 113,243,428 | 69,705,069 |
| <u>(608,735,544)</u> | <u>(586,294,194)</u> | <u>(315,218,872)</u> | <u>(102,285,491)</u> | <u>(1,458,623)</u> |
| 23,842,954 | 6,506,049 | 193,149,741 | 430,551,650 | 434,720,488 |
| 914,032,397 | 1,050,443,297 | 1,063,418,365 | 1,152,383,916 | 1,185,981,116 |
| 385,379,957 | 287,778,927 | 199,037,340 | 120,671,314 | 101,576,911 |
| <u>377,799,324</u> | <u>280,769,875</u> | <u>283,585,593</u> | <u>317,705,644</u> | <u>261,175,712</u> |
| <u>1,677,211,678</u> | <u>1,618,992,099</u> | <u>1,546,041,298</u> | <u>1,590,760,874</u> | <u>1,548,733,739</u> |
| 1,517,118,440 | 1,612,754,945 | 1,486,537,030 | 1,571,977,629 | 1,552,455,158 |
| 414,872,412 | 318,267,522 | 284,287,288 | 233,914,742 | 171,281,980 |
| <u>(230,936,220)</u> | <u>(305,524,319)</u> | <u>(31,633,279)</u> | <u>215,420,153</u> | <u>259,717,089</u> |
| <u><u>\$ 1,701,054,632</u></u> | <u><u>\$ 1,625,498,148</u></u> | <u><u>\$1,739,191,039</u></u> | <u><u>\$2,021,312,524</u></u> | <u><u>\$ 1,983,454,227</u></u> |

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

| | Fiscal Year | | |
|---|----------------------|----------------------|----------------------|
| | 2009 | 2008 | 2007 |
| Expenses | | | |
| Governmental Activities: | | | |
| Public Protection | \$ 789,055,092 | \$ 761,894,177 | \$ 633,174,260 |
| Health | 158,906,848 | 158,826,732 | 153,368,566 |
| Recreation and Culture | 37,180,607 | 36,295,041 | 36,050,284 |
| Economic Development | 73,307,206 | 87,717,239 | 93,705,705 |
| Educational Development | 76,728,812 | 57,474,770 | 57,658,134 |
| Housing Supply and Conditions | 10,592,858 | 10,591,479 | 7,904,903 |
| Physical Environment | 185,864,791 | 226,460,478 | 213,287,711 |
| Transportation Facilitation | 73,805,481 | 70,563,909 | 71,947,094 |
| Development and Management | 350,974,262 | 304,815,026 | 297,443,586 |
| Interest on Long-Term Debt | 126,344,699 | 107,754,007 | 140,861,674 |
| Total Government Activities Expenses | <u>1,882,760,656</u> | <u>1,822,392,858</u> | <u>1,705,401,917</u> |
| Business-type Activities: | | | |
| Sewage Disposal | 450,278,148 | 429,112,536 | 427,788,717 |
| Transportation | 206,705,724 | 212,652,767 | 200,555,312 |
| Water | 349,734,605 | 360,778,077 | 335,000,188 |
| Automobile Parking | 16,511,077 | 14,361,352 | 16,306,759 |
| Airport | 2,685,756 | 3,502,904 | 2,960,042 |
| Housing | - | - | - |
| Total Business-type Activities Expenses | <u>1,025,915,310</u> | <u>1,020,407,636</u> | <u>982,611,018</u> |
| Total Primary Government Expenses | <u>2,908,675,966</u> | <u>2,842,800,494</u> | <u>2,688,012,935</u> |
| Program Revenues | | | |
| Governmental Activities: | | | |
| Charges for Services: | | | |
| Public Protection | 92,986,299 | 90,415,439 | 99,021,130 |
| Health | 14,752,057 | 15,108,413 | 14,987,496 |
| Recreation and Culture | 17,736,396 | 24,489,607 | 17,233,370 |
| Economic Development | 72,714 | 694,676 | 9,010,210 |
| Educational Development | 760,494 | - | 2,781,677 |
| Housing Supply and Conditions | 3,572,588 | 5,989,939 | 127,757 |
| Physical Environment | 111,380,814 | 127,140,951 | 133,048,222 |
| Transportation Facilitation | 516,728 | 902,039 | 79,156 |
| Development and Management | 142,032,307 | 123,151,397 | 154,386,499 |
| Operating Grants and Contributions | 310,525,464 | 306,575,011 | 271,970,335 |
| Capital Grants and Contributions | 35,257,895 | 26,365,200 | 65,941,108 |
| Total Governmental Activities Program Revenues | <u>729,593,756</u> | <u>720,832,672</u> | <u>768,586,960</u> |
| Business-type Activities: | | | |
| Charges for services: | | | |
| Sewage Disposal | 390,126,398 | 346,908,831 | 346,906,614 |
| Transportation | 28,191,056 | 28,918,328 | 26,047,091 |
| Water | 274,095,463 | 292,983,220 | 268,286,093 |
| Automobile Parking | 17,667,031 | 18,556,018 | 18,114,461 |
| Airport | 1,125,015 | 1,123,934 | 1,087,844 |
| Housing | - | - | - |
| Operating grants and contributions | 74,811,471 | 79,008,781 | 81,959,301 |
| Capital grants and contributions | 33,897,154 | 39,540,356 | 14,097,605 |
| Total Business-type Activities Program Revenues | <u>819,913,588</u> | <u>807,039,468</u> | <u>756,499,009</u> |
| Total Primary Government Program Revenues | <u>1,549,507,344</u> | <u>1,527,872,140</u> | <u>1,525,085,969</u> |

See accompanying independent auditors' report.

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

(continued)

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

| | Fiscal Year | | |
|---|-------------------------|-------------------------|------------------------|
| | 2009 | 2008 | 2007 |
| Net (Expense) Revenue | | | |
| Governmental Activities | \$ (1,153,166,900) | \$ (1,101,560,186) | \$ (936,814,957) |
| Business-type Activities | (206,001,722) | (213,368,168) | (226,112,009) |
| Total Primary Government Net Expense | <u>(1,359,168,622)</u> | <u>(1,314,928,354)</u> | <u>(1,162,926,966)</u> |
| General Revenues and Other Changes in Net Assets | | | |
| Governmental Activities: | | | |
| Taxes | | | |
| Property taxes | 231,428,726 | 225,602,203 | 241,428,477 |
| Municipal income tax | 240,824,363 | 276,485,035 | 278,309,191 |
| Utility Users' tax | 49,900,471 | 51,590,794 | 53,768,977 |
| Wagering tax | 172,912,862 | 186,277,275 | 179,763,570 |
| Hotel and Liquor tax | 17,367,715 | 16,220,140 | 17,579,292 |
| Other taxes and assessments | 12,878,272 | 13,283,748 | 16,201,899 |
| State shared taxes | 268,246,565 | 272,569,363 | 272,635,060 |
| Interest and Penalty on taxes | 10,696,529 | 10,857,112 | 10,342,478 |
| Investment earnings | 7,056,295 | 19,189,619 | 24,075,811 |
| Miscellaneous revenue | 9,273,309 | 13,586,014 | 37,634,868 |
| Gain (Loss) on disposal of capital assets | (5,204,095) | (278,706) | (31,728) |
| Special Item-Casino Dev Revenue | - | - | - |
| Transfers | <u>(73,992,223)</u> | <u>(101,438,533)</u> | <u>(71,720,196)</u> |
| Total Governmental Activities | 941,388,789 | 983,944,064 | 1,059,987,699 |
| Business-type Activities: | | | |
| Investment earnings | 25,458,070 | 58,176,113 | - |
| Miscellaneous revenue (expense) | (8,435,836) | (3,990,512) | 69,331,846 |
| Gain (Loss) on disposal of capital assets | - | - | 1,017,226 |
| Special Item | (36,900,173) | (141,962,894) | |
| Transfers | <u>73,992,223</u> | <u>101,438,533</u> | <u>71,720,196</u> |
| Total Business-type Activities | 54,114,284 | 13,661,240 | 142,069,268 |
| Total Primary Government | <u>995,503,073</u> | <u>997,605,304</u> | <u>1,202,056,967</u> |
| Changes in Net Assets | | | |
| Governmental Activities | (211,778,111) | (117,616,122) | 123,172,742 |
| Business-type Activities | (151,887,438) | (199,706,928) | (84,042,741) |
| Total Primary Government | <u>\$ (363,665,549)</u> | <u>\$ (317,323,050)</u> | <u>\$ 39,130,001</u> |

Source: City of Detroit, Comprehensive Annual Financial Reports for Fiscal Years ending June 30, 2002 through 2009

| Fiscal Year | | | | |
|------------------------|-------------------------|-------------------------|------------------------|------------------------|
| 2006 | 2005 | 2004 | 2003 | 2002 |
| \$ (1,115,340,483) | \$ (1,141,814,471) | \$ (1,206,846,156) | \$ (1,138,375,765) | \$ (966,055,804) |
| (45,051,566) | (32,593,170) | (29,993,369) | (59,700,497) | (70,912,115) |
| <u>(1,160,392,049)</u> | <u>(1,174,407,641)</u> | <u>(1,236,839,525)</u> | <u>(1,198,076,262)</u> | <u>(1,036,967,919)</u> |
| 243,621,932 | 239,507,939 | 253,880,972 | 221,338,662 | 235,867,542 |
| 284,111,220 | 282,501,875 | 290,614,837 | 310,935,044 | 323,515,510 |
| 122,824,621 | 52,939,839 | 47,422,918 | 55,526,093 | 52,105,772 |
| 156,588,917 | 137,970,347 | 116,145,598 | 111,341,292 | 109,461,713 |
| 16,287,676 | 16,310,767 | 16,217,263 | 16,217,213 | - |
| 13,602,597 | - | 4,337,425 | 17,553,911 | 17,518,357 |
| 280,818,221 | 282,914,217 | 286,479,535 | 319,055,457 | 333,763,510 |
| 9,181,155 | 11,712,960 | 13,780,520 | 9,311,836 | 10,783,829 |
| 18,396,691 | 14,464,802 | 4,500,270 | 5,690,589 | 18,146,740 |
| 22,780,845 | 9,984,374 | 13,624,695 | 7,758,701 | 21,179,610 |
| (308,855) | (3,551,036) | (451,750) | 6,753,937 | - |
| - | - | - | 132,000,000 | - |
| <u>(35,227,632)</u> | <u>(89,585,306)</u> | <u>(77,108,036)</u> | <u>(79,275,808)</u> | <u>(85,569,251)</u> |
| 1,132,677,388 | 955,170,778 | 969,444,247 | 1,134,206,927 | 1,036,773,332 |
| 39,193,811 | 22,808,775 | 12,516,207 | 18,645,400 | 28,789,163 |
| 2,879,273 | (6,850,110) | 3,812,743 | 4,488,833 | 3,509,544 |
| 25,970,429 | - | - | (682,409) | - |
| 35,227,632 | 89,585,306 | 77,108,036 | 79,275,808 | 85,569,251 |
| <u>103,271,145</u> | <u>105,543,971</u> | <u>93,436,986</u> | <u>101,727,632</u> | <u>117,867,958</u> |
| <u>1,235,948,533</u> | <u>1,060,714,749</u> | <u>1,062,881,233</u> | <u>1,235,934,559</u> | <u>1,154,641,290</u> |
| 17,336,905 | (186,643,693) | (237,401,909) | (4,168,838) | 70,717,528 |
| 58,219,579 | 72,950,801 | 63,443,617 | 42,027,135 | 46,955,843 |
| <u>\$ 75,556,484</u> | <u>\$ (113,692,892)</u> | <u>\$ (173,958,292)</u> | <u>\$ 37,858,297</u> | <u>\$ 117,673,371</u> |

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

| | Fiscal Year | | | | |
|--------------------------------------|-------------------------|-------------------------|------------------------|-------------------------|------------------------|
| | 2009 | 2008 | 2007 | 2006 | 2005 |
| General Fund: | | | | | |
| Reserved | \$ 65,191,371 | \$ 77,472,983 | \$ 64,169,704 | \$ 66,502,619 | \$ 121,809,601 |
| Unreserved (Deficit) | (331,925,012) | (219,158,137) | (155,575,800) | (173,678,707) | (155,404,035) |
| Total General Fund | <u>\$ (266,733,641)</u> | <u>\$ (141,685,154)</u> | <u>\$ (91,406,096)</u> | <u>\$ (107,176,088)</u> | <u>\$ (33,594,434)</u> |
| All Other Governmental Funds: | | | | | |
| Reserved: | | | | | |
| Retirement Service Funds | \$ 24,574,826 | \$ 24,851,160 | \$ 24,927,727 | \$ 24,955,781 | \$ 46,884,125 |
| Special Revenue Funds | 43,974,045 | 66,158,392 | 72,014,875 | 14,657,665 | 14,946,632 |
| Capital Projects Fund | 99,750,093 | 126,274,973 | 88,507,405 | 134,433,861 | 139,812,882 |
| Debt Service Funds | 52,194,439 | 42,825,432 | 39,781,836 | 27,799,931 | 29,061,404 |
| Permanent Funds | 1,574,670 | 1,494,202 | 1,445,462 | 1,291,569 | 1,253,623 |
| Total Reserved | <u>222,068,073</u> | <u>261,604,159</u> | <u>226,677,305</u> | <u>203,138,807</u> | <u>231,958,666</u> |
| Unreserved (Deficit): | | | | | |
| Retirement Service Funds | - | (276,334) | - | - | - |
| Special Revenue Funds | 17,785,520 | 16,865,024 | 22,230,294 | 77,241,086 | 76,896,645 |
| Capital Projects Fund | - | - | - | - | - |
| Debt Service Funds | - | - | - | - | - |
| Total Unreserved | <u>17,785,520</u> | <u>16,588,690</u> | <u>22,230,294</u> | <u>77,241,086</u> | <u>76,896,645</u> |
| Total All Other Governmental Funds | <u>\$ 239,853,593</u> | <u>\$ 278,192,849</u> | <u>\$ 248,907,599</u> | <u>\$ 280,379,893</u> | <u>\$ 308,855,311</u> |

Source: City of Detroit, Comprehensive Annual Financial Reports for Fiscal Years ending June 30, 2000 through 2009

See accompanying independent auditors' report.

| Fiscal Year | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2004 | 2003 | 2002 | 2001 | 2000 |
| \$ 164,248,792 | \$ 209,367,618 | \$ 163,780,306 | \$ 174,840,303 | \$ 151,158,816 |
| (95,032,523) | (69,063,211) | 42,440,056 | 43,250,036 | 65,927,526 |
| <u>\$ 69,216,269</u> | <u>\$ 140,304,407</u> | <u>\$ 206,220,362</u> | <u>\$ 218,090,339</u> | <u>\$ 217,086,342</u> |
| | | | | |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| 13,418,399 | 11,409,788 | 10,196,771 | 89,900,511 | 61,853,773 |
| 159,136,549 | 181,966,978 | 155,199,431 | 38,509,612 | 16,285,528 |
| 70,466,781 | 42,773,395 | 46,953,417 | 1,354,725 | 711,564 |
| 1,232,820 | 1,210,005 | 1,158,546 | - | - |
| <u>244,254,549</u> | <u>237,360,166</u> | <u>213,508,165</u> | <u>129,764,848</u> | <u>78,850,865</u> |
| | | | | |
| - | - | - | - | - |
| 74,394,377 | 78,730,702 | 69,551,548 | 2,090,991 | 8,646,105 |
| - | - | - | 110,790,874 | 239,680,261 |
| - | - | - | 49,993 | 1,326,889 |
| <u>74,394,377</u> | <u>78,730,702</u> | <u>69,551,548</u> | <u>112,931,858</u> | <u>249,653,255</u> |
| <u>\$ 318,648,926</u> | <u>\$ 316,090,868</u> | <u>\$ 283,059,713</u> | <u>\$ 242,696,706</u> | <u>\$ 328,504,120</u> |

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

| | Fiscal Year | | | | |
|--|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2009 | 2008 | 2007 | 2006 | 2005 |
| Revenues | | | | | |
| Taxes: | | | | | |
| Property Taxes | \$ 230,833,394 | \$ 225,890,313 | \$ 257,003,325 | \$ 243,621,932 | \$ 238,771,142 |
| Municipal Income Tax | 240,824,363 | 276,485,035 | 278,309,191 | 284,111,220 | 282,501,875 |
| Utility Users' Tax | 49,900,667 | 51,590,599 | 53,768,977 | 60,019,626 | 52,939,839 |
| Wagering Taxes | 173,026,122 | 180,365,237 | 179,763,570 | 156,588,917 | 137,970,347 |
| Gas and Weight Tax | 58,813,648 | 61,070,748 | 62,080,522 | 62,804,995 | 63,476,425 |
| Other Taxes and Assessments | 12,878,272 | 13,283,748 | 16,201,899 | 13,583,421 | 13,565,118 |
| State Hotel and Liquor Tax | 17,367,715 | 16,220,140 | 17,579,292 | 16,287,676 | 16,310,767 |
| State Shared Taxes | 266,032,168 | 249,027,299 | 272,084,669 | 279,467,063 | 282,914,217 |
| Shared Taxes-Liquor and Beer Licenses | 591,342 | 573,613 | 550,391 | 1,351,158 | 602,582 |
| Interest and Penalties on Taxes | 10,696,529 | 10,857,112 | 10,342,478 | 9,181,155 | 11,491,470 |
| Licenses, Permits and Inspection Charges | 31,880,591 | 34,565,327 | 31,986,424 | 34,233,992 | 35,006,518 |
| Intergovernmental: | | | | | |
| Federal | 233,526,888 | 222,675,031 | 219,592,658 | 218,119,145 | 276,372,474 |
| State | 40,049,141 | 41,062,686 | 41,878,552 | 75,774,530 | 36,867,375 |
| State Equity Grant | - | - | - | - | 1,076,931 |
| Other | 14,500,644 | 4,026,591 | 14,359,711 | 25,192,384 | 16,346,773 |
| Sales and Charges for Services | 237,044,188 | 258,599,558 | 243,533,764 | 189,253,428 | 183,294,833 |
| Ordinance Fines and Forfeitures | 23,747,573 | 20,850,629 | 25,680,231 | 21,525,257 | 27,481,642 |
| Revenue from Use of Assets | 27,013,424 | 13,560,617 | 37,634,876 | 22,780,845 | 16,782,057 |
| Investment Earnings | 7,056,295 | 19,189,619 | 24,075,811 | 18,396,691 | 14,464,802 |
| Other Revenue | 72,117,140 | 73,606,042 | 123,867,578 | 106,521,883 | 131,657,892 |
| Total Revenues | 1,747,900,104 | 1,773,499,944 | 1,910,293,919 | 1,838,815,318 | 1,839,895,079 |
| Expenditures | | | | | |
| Current: | | | | | |
| Public Protection | 654,450,029 | 660,230,564 | 654,137,306 | 687,251,414 | 1,423,581,547 |
| Health | 155,442,680 | 157,414,372 | 154,283,807 | 177,723,221 | 197,473,468 |
| Recreation and Culture | 21,041,925 | 21,265,879 | 24,648,968 | 55,390,716 | 99,296,179 |
| Economic Development | 65,217,992 | 99,342,897 | 86,454,732 | 88,424,272 | 99,655,593 |
| Educational Development | 75,409,235 | 57,388,638 | 58,021,384 | 64,427,129 | 77,259,012 |
| Housing Supply and Conditions | 9,022,633 | 9,607,906 | 8,412,644 | 14,786,461 | 27,863,296 |
| Physical Environment | 159,233,592 | 202,986,951 | 197,682,760 | 220,208,683 | 301,784,627 |
| Transportation Facilitation | 66,567,770 | 58,595,880 | 72,482,752 | 79,343,398 | 46,272,594 |
| Development and Management | 305,203,444 | 298,231,422 | 310,231,013 | 233,297,837 | 495,348,897 |
| Debt Service: | | | | | |
| Principal | 129,696,883 | 140,216,435 | 95,599,337 | 88,150,364 | 73,544,336 |
| Interest | 124,716,178 | 110,841,259 | 138,408,774 | 120,956,704 | 51,462,415 |
| Bond Issuance Costs | - | 3,182,053 | - | 56,147,009 | 44,262,505 |
| Capital Outlay | 77,094,313 | 88,458,549 | 69,848,815 | 175,169,666 | 282,545,708 |
| Total Expenditures | 1,843,096,674 | 1,907,762,805 | 1,870,212,292 | 2,061,276,874 | 3,220,350,177 |
| Excess (Deficiency) of Revenues Over Expenditures | (95,196,570) | (134,262,861) | 40,081,627 | (222,461,556) | (1,380,455,098) |
| Other Financing Sources(Uses) | | | | | |
| Sources: | | | | | |
| Transfers In | 210,043,052 | \$ 208,766,473 | \$ 176,069,587 | \$ 129,799,480 | \$ 141,075,789 |
| Pension Obligation Certificates Issued | - | - | - | 771,087,137 | 1,170,607,421 |
| Swap Termination Fee | - | - | - | 38,969,807 | - |
| Proceeds of Section 108 Federal Note | - | - | 14,958,000 | 1,800,000 | 7,789,000 |
| Proceeds of Capital Leases | - | - | - | 34,892,659 | 315,351 |
| Proceeds from Debt Issuance | 6,197,000 | 281,783,578 | - | 81,903,071 | 353,830,000 |
| Premium from Debt Issuance | - | 4,974,370 | - | 3,778,114 | 13,014,675 |
| Total Other Financing Sources | 216,240,052 | 495,524,421 | 191,027,587 | 1,062,230,268 | 1,686,632,236 |
| Uses: | | | | | |
| Transfers Out | (284,035,275) | (310,205,006) | (247,789,783) | (165,027,112) | (230,661,095) |
| Bond Issuance Costs | - | - | - | - | - |
| Principal Paid to Bond Agent for Refunded Bonds | - | (72,410,000) | - | (764,864,391) | (161,800,000) |
| Interest Paid to Bond Agent for Refunded Bonds | - | (1,314,181) | - | (1,741,161) | (10,865,420) |
| Total Other Financing Uses | (284,035,275) | (383,929,187) | (247,789,783) | 931,632,664 | 403,326,515 |
| Total Other Financing Sources (Uses) | (67,795,223) | 111,595,234 | (56,762,196) | 130,597,604 | 1,283,305,721 |
| Special Item-Casino Development Revenue | - | - | - | - | - |
| Net Change in Fund Balances | (162,991,793) | (22,667,627) | (16,680,569) | (91,863,952) | (97,149,377) |
| Fund Balance at Beginning of Year | 136,507,695 | 157,501,503 | 173,203,805 | 275,260,877 | 387,865,195 |
| Prior Year Adjustment/Accounting Change | - | - | - | - | - |
| Increase (Decrease) in Inventories | (395,950) | 1,673,819 | 978,267 | (10,193,120) | (15,454,941) |
| Fund Balance at End of Year | \$ (26,880,048) | \$ 136,507,695 | \$ 157,501,503 | \$ 173,203,805 | \$ 275,260,877 |

Source: City of Detroit, Comprehensive Annual Financial Reports for Fiscal Years ending June 30, 2000 through 2009

See accompanying independent auditors' report.

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--|
| 2004 | 2003 | 2002 | 2001 | 2000 | |
| \$ 249,372,955 | \$ 224,290,723 | \$ 235,867,542 | \$ 152,810,738 | \$ - | |
| 290,614,837 | 310,935,044 | 323,515,510 | 341,003,997 | - | |
| 50,473,815 | 55,329,177 | 52,105,772 | 54,270,230 | - | |
| 116,145,598 | 111,341,292 | 109,461,713 | 85,793,174 | - | |
| 65,806,351 | 61,048,895 | 60,765,471 | 12,499,740 | - | |
| 14,911,156 | 17,015,374 | 16,988,370 | 8,030,323 | - | |
| 16,217,263 | 16,217,213 | 16,278,163 | - | - | |
| 286,479,535 | 319,055,457 | 333,763,510 | 642,765,516 | 720,737,381 | |
| 528,355 | 538,537 | 529,987 | 547,690 | - | |
| 13,969,136 | 9,311,836 | 10,783,829 | 25,922,264 | 681,474,492 | |
| 29,463,914 | 24,881,416 | 24,857,012 | 28,824,236 | 29,828,990 | |
| 253,620,853 | 246,941,389 | 267,557,341 | 54,199,190 | - | |
| 64,707,175 | 59,912,152 | 51,267,772 | - | - | |
| 982,701 | 2,066,684 | - | 3,551,318 | - | |
| 36,215,990 | 31,345,358 | 29,203,296 | 19,542,437 | - | |
| 190,928,138 | 174,532,811 | 203,321,599 | 185,731,909 | 176,947,615 | |
| 28,237,898 | 24,146,924 | 28,373,589 | 22,151,403 | 23,573,391 | |
| 28,696,431 | 31,883,204 | 21,771,275 | 45,012,837 | 32,090,957 | |
| 4,500,270 | 5,690,589 | 18,146,740 | - | - | |
| 124,787,604 | 102,385,529 | 142,977,087 | 89,229,509 | 57,512,847 | |
| <u>1,866,659,975</u> | <u>1,828,869,604</u> | <u>1,947,535,578</u> | <u>1,771,886,511</u> | <u>1,722,165,673</u> | |
| 738,330,832 | 609,579,375 | 601,013,576 | 598,723,406 | 531,139,943 | |
| 172,301,527 | 194,570,040 | 177,825,606 | 170,702,663 | 164,662,410 | |
| 73,769,563 | 78,478,378 | 79,786,788 | 67,393,419 | 68,698,607 | |
| 96,272,459 | 96,998,290 | 80,957,396 | 137,219,929 | 132,876,688 | |
| 95,579,152 | 85,853,927 | 85,515,642 | 49,543,144 | 28,894,210 | |
| 21,150,047 | 18,534,603 | 16,747,351 | 96,392,546 | 85,720,446 | |
| 232,268,536 | 252,006,036 | 292,579,453 | 275,368,548 | 282,839,381 | |
| 49,857,971 | 44,217,657 | 21,087,215 | 15,786,893 | 9,807,924 | |
| 387,713,093 | 399,417,971 | 354,174,726 | 250,911,948 | 328,474,911 | |
| 81,450,470 | 86,770,163 | 79,568,844 | - | - | |
| 53,075,658 | 43,761,038 | 42,442,667 | - | - | |
| 5,591,428 | 1,652,845 | 2,571,220 | - | - | |
| 162,593,794 | 69,605,285 | 117,575,095 | - | - | |
| <u>2,169,954,530</u> | <u>1,981,445,608</u> | <u>1,951,845,579</u> | <u>1,662,042,496</u> | <u>1,633,114,520</u> | |
| <u>(303,294,555)</u> | <u>(152,576,004)</u> | <u>(4,310,001)</u> | <u>109,844,015</u> | <u>89,051,153</u> | |
| \$ 162,683,542 | \$ 126,941,018 | \$ 170,584,496 | \$ 113,782,958 | \$ 114,728,450 | |
| - | - | - | - | - | |
| - | - | - | - | - | |
| - | - | 50,326,480 | - | - | |
| 24,541,150 | 113,530,000 | 105,323,533 | - | - | |
| 347,398,138 | 5,161,762 | - | - | 34,698,568 | |
| 18,570,675 | - | 1,628,598 | - | - | |
| <u>553,193,505</u> | <u>245,632,780</u> | <u>327,863,107</u> | <u>113,782,958</u> | <u>149,427,018</u> | |
| (239,791,578) | (206,216,826) | (256,153,747) | (239,882,675) | (224,493,716) | |
| - | - | - | - | - | |
| (120,725,000) | - | (49,428,274) | - | - | |
| (2,847,682) | - | - | - | (11,024,254) | |
| <u>363,364,260</u> | <u>206,216,826</u> | <u>305,582,021</u> | <u>239,882,675</u> | <u>235,517,970</u> | |
| <u>189,829,245</u> | <u>39,415,954</u> | <u>22,281,086</u> | <u>(126,099,717)</u> | <u>(86,090,952)</u> | |
| 38,250,000 | 93,750,000 | - | - | - | |
| (75,215,310) | (19,410,050) | 17,971,085 | (16,255,702) | 2,960,201 | |
| 456,395,275 | 489,280,075 | 465,094,880 | 287,586,219 | 292,315,892 | |
| - | - | - | 40,952,333 | - | |
| 6,685,230 | (13,474,750) | 6,214,110 | (2,201,010) | (7,689,874) | |
| <u>\$ 387,865,195</u> | <u>\$ 456,395,275</u> | <u>\$ 489,280,075</u> | <u>\$ 310,081,840</u> | <u>\$ 287,586,219</u> | |

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

| Fiscal Year Ended June 30 | Residential Property | Commercial Property | Industrial Property |
|--|---------------------------------|--------------------------------|--------------------------------|
| 2009 | \$ 5,291,055 | \$ 2,145,967 | \$ 651,786 |
| 2008 | 5,660,265 | 2,166,189 | 645,372 |
| 2007 | 5,615,395 | 1,899,540 | 737,484 |
| 2006 | 5,240,724 | 1,649,966 | 753,566 |
| 2005 | 4,943,144 | 1,574,914 | 730,307 |
| 2004 | 4,677,471 | 1,565,818 | 658,676 |
| 2003 | 4,329,989 | 1,546,470 | 594,529 |
| 2002 | N/A | N/A | N/A |
| 2001 | N/A | N/A | N/A |
| 2000 | N/A | N/A | N/A |

Source: City of Detroit, Finance Department - Assessor's Office (Only total taxable values are available for fiscal years 2000 to 2002)

| Total Taxable Assessed Value | Total Direct Tax Rate (Per Thousand of Taxable Value) | Estimated Actual Value |
|---|--|---------------------------------------|
| \$ 8,088,808 | 27.43 | \$ 26,259,984 |
| 8,471,826 | 28.02 | 23,581,113 |
| 8,252,419 | 31.34 | 26,238,370 |
| 7,644,256 | 30.02 | 26,513,090 |
| 7,248,365 | 30.44 | 25,368,850 |
| 6,901,965 | 30.88 | 24,083,510 |
| 6,470,988 | 30.88 | 24,096,654 |
| 7,639,805 | 31.90 | 21,951,604 |
| 7,204,381 | 31.68 | 19,648,598 |
| 6,856,682 | 31.10 | 17,256,888 |

Schedule 6
City of Detroit, Michigan
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 |
|------------------------|------------------------------------|-------------------------|-------------------------|
| 2009 | 19.9520 | 7.4779 | 27.4299 |
| 2008 | 19.9520 | 8.0683 | 28.0203 |
| 2007 | 22.9448 | 8.3951 | 31.3399 |
| 2006 | 22.9448 | 7.0753 | 30.0201 |
| 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 |

City of Detroit's Budget Department
 (Red Books for 2000 through 2009)

Overlapping Rates

| Detroit Public Schools | | Library | County | State Education Tax |
|-------------------------------|----------------------|----------------|---------------|--------------------------------|
| Homestead | Non-Homestead | | | |
| 13.0000 | 30.8308 | 4.6307 | 14.0778 | 6.0000 |
| 13.0000 | 31.0000 | 4.6307 | 13.9778 | 6.0000 |
| 13.0000 | 31.0000 | 4.6307 | 13.9980 | 6.0000 |
| 13.0700 | 30.6236 | 4.6307 | 13.9778 | 6.0000 |
| 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 |

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

| Taxpayer | 2009 | | |
|--|--|-------------|---|
| | Taxable Assessed Value (Note 1) | Rank | Percentage of Total City Taxable Assessed Value (Note 2) |
| Chrysler LLC | \$ 538,217,278 | 1 | 5.53 % |
| Detroit Edison | 323,205,898 | 2 | 3.32 |
| MGM Grand Detroit LLC | 246,711,996 | 3 | 2.54 |
| Riverfront Holdings Inc. | 147,484,776 | 4 | 1.52 |
| General Motors Corporation | 146,965,605 | 5 | 1.51 |
| American Axle & Manufacturing Inc. | 145,223,266 | 6 | 1.49 |
| Marathon Ashland Pet. LLC/Marathon Oil | 134,375,945 | 7 | 1.38 |
| Detroit Entertainment LLC | 99,629,152 | 8 | 1.02 |
| Michigan Consolidated Gas Co. | 91,893,765 | 9 | 0.94 |
| Greektown Casino LLC | 90,531,206 | 10 | 0.93 |

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

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

Note 3 Source: City of Detroit, June 30, 2000 Comprehensive Annual Financial Report (Exhibit AA-14)

2000 (Note 3)

| Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
|---------------------------------------|-------------|--|
| \$ 853,498,978 | 1 | 12.45 % |
| 338,658,152 | 2 | 4.94 |
| 62,986,850 | 5 | 0.92 |
| 270,018,851 | 3 | 3.94 |
| N/A | N/A | N/A |
| 32,440,806 | 8 | 0.47 |
| N/A | N/A | N/A |
| 55,592,701 | 6 | 0.81 |
| 179,079,409 | 4 | 2.61 |
| 30,283,412 | 9 | 0.44 |

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

| Fiscal Year Ended June 30 | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | |
|--|---|---|-------------------------------|
| | | Amount | Percentage of Levy |
| 2009 | \$ 269,556 | \$ 234,049 | 86.83 % |
| 2008 | 271,516 | 251,530 | 92.64 |
| 2007 | 268,630 | 255,353 | 95.06 |
| 2006 | 263,532 | 244,189 | 92.66 |
| 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 |

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

Total Collections to Date

| Collections in Subsequent Years | Amount | Percentage of Levy |
|--|---------------|-------------------------------|
| \$ - | \$ 234,049 | 86.83 % |
| 1,349 | 252,879 | 93.14 |
| - | 255,353 | 95.06 |
| 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 |

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

| Governmental Activities (Note 1) | | | | |
|---|---------------------------------|---|----------------------|---|
| Fiscal Year | General Obligation Bonds | Detroit Building Authority Bonds | Revenue Bonds | (Note 1) Pension Obligation Certificates |
| 2009 | \$ 832,463 | \$ 4,230 | \$ 82,707 | \$ 1,484,485 |
| 2008 | 936,578 | 5,650 | 94,453 | 1,484,485 |
| 2007 | 883,510 | 6,955 | 105,600 | 1,484,485 |
| 2006 | 953,275 | 8,322 | 114,183 | 1,484,485 |
| 2005 | 967,895 | 9,922 | 125,013 | 1,440,000 |
| 2004 | 827,370 | 11,414 | 135,368 | - |
| 2003 | 654,625 | 12,780 | 123,000 | - |
| 2002 | 602,400 | 13,859 | 132,290 | - |
| 2001 | 540,535 | 15,097 | 141,145 | - |
| 2000 | 584,805 | 16,240 | 149,615 | - |

Note 1 Source: City of Detroit - Comprehensive Annual
 Financial Report for fiscal year ended June 30, 2000 through 2009

Note 2 Source: Per Capita calculations exclude Governmental
 and Business-type Activities Revenue Bonds

Business-type Activities (Note 1)

| Sewage Disposal System Revenue Bonds | Water Supply System Revenue Bonds | Automobile Parking Revenue Bonds | Total Primary Government | Per Capita (Note 2) |
|---|--|---|---------------------------------|----------------------------|
| \$ 2,970,697 | \$ 2,285,839 | \$ 42,616 | 7,703,037 | 8,097.63 |
| 2,997,852 | 2,315,681 | 44,377 | 7,879,076 | 8,282.69 |
| 3,031,201 | 2,345,789 | 43,590 | 7,901,130 | 8,305.88 |
| 2,657,446 | 1,971,744 | 54,230 | 7,243,685 | 7,614.75 |
| 2,653,827 | 1,991,615 | 60,845 | 7,249,117 | 7,620.46 |
| 2,375,153 | 1,713,435 | 67,100 | 5,129,840 | 5,392.62 |
| 2,311,621 | 1,718,985 | 73,015 | 4,894,026 | 5,144.72 |
| 1,721,185 | 1,313,570 | 78,520 | 3,861,824 | 4,059.65 |
| 1,200,362 | 1,331,710 | 83,930 | 3,312,779 | 3,482.48 |
| 1,120,136 | 923,365 | 88,570 | 2,882,731 | 3,030.40 |

Schedule 10
City of Detroit, Michigan
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 |
| 2009 | \$ 832,463 | \$ 4,230 | \$ 836,693 |
| 2008 | 936,578 | 5,650 | 942,228 |
| 2007 | 883,510 | 6,955 | 890,465 |
| 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 |

Note 1 Source: City of Detroit - Comprehensive Annual Financial Report for fiscal year ended June 30, 2000 through 2009

Note 2 Source: City of Detroit's Budget Department (Red Books for 2000 through 2009)

General Bonded Debt (Note 1)

| | Taxable Value (Note 2) | Percentage of Actual Taxable Value of Property (Note 2) | Per Capita (Note 2) |
|----|-----------------------------------|--|--------------------------------|
| \$ | 10,031,268 | 8.34 | 879.55 |
| | 9,896,705 | 9.52 | 990.49 |
| | 8,996,155 | 9.90 | 936.08 |
| | 8,749,830 | 10.99 | 1010.86 |
| | 8,335,790 | 11.73 | 1027.91 |
| | 7,844,209 | 10.69 | 881.75 |
| | 7,976,048 | 8.37 | 701.59 |
| | 7,639,805 | 8.07 | 647.83 |
| | 7,204,381 | 7.71 | 584.09 |
| | 6,856,682 | 8.77 | 631.83 |

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Schedule 11
City of Detroit, Michigan
Direct and Overlapping Governmental Activities Debt
As of June 30, 2009
(Dollars in Thousands)
(Unaudited)

| Governmental Unit | Debt Outstanding | Estimated Percent Applicable to City of Detroit | Estimated Share of Overlapping Debt |
|--|-----------------------------|--|--|
| Debt repaid with property taxes | | | |
| Detroit Public Schools | \$ 1,369,032 | 100.00 % | \$ 1,369,032 |
| Wayne County | 168,628 | 19.00 | 32,039 |
| Wayne County Community College | 30,595 | 29.80 | 9,117 |
| Subtotal, overlapping debt | | | 1,410,189 |
| City of Detroit direct debt | 1,048,042 | 100.00 | 1,048,042 |
| Total Direct and Overlapping Debt | | | \$ 2,458,231 |

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

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

| | Fiscal Year | | | | |
|---|--------------------|-------------------|-------------------|-------------------|-------------------|
| | 2009 | 2008 | 2007 | 2006 | 2005 |
| Debt limit | \$ 1,388,266 | \$ 1,505,243 | \$ 1,527,708 | \$ 1,443,061 | \$ 1,390,749 |
| Total net debt applicable to limit | <u>820,400</u> | <u>820,400</u> | <u>758,805</u> | <u>815,002</u> | <u>728,229</u> |
| Legal debt margin | <u>\$ 567,866</u> | <u>\$ 684,843</u> | <u>\$ 768,903</u> | <u>\$ 628,059</u> | <u>\$ 662,520</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 59.10% | 54.50% | 49.67% | 56.48% | 52.36% |

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

Fiscal Year

| <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> | <u>2000</u> |
|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 1,320,970 | \$ 1,315,574 | \$ 1,323,853 | \$ 1,209,734 | \$ 1,094,584 |
| <u>738,889</u> | <u>579,119</u> | <u>572,817</u> | <u>499,641</u> | <u>533,190</u> |
| <u>\$ 582,081</u> | <u>\$ 736,455</u> | <u>\$ 751,036</u> | <u>\$ 710,093</u> | <u>\$ 561,394</u> |
| 55.94% | 44.02% | 43.27% | 41.30% | 48.71% |

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

| Sewage Disposal Revenue Bonds | | | | | | | | |
|--------------------------------------|---------------------------|----|---------------------------|----|--------------------------|----|-----------------|----------------------|
| Fiscal Year | Total (a) | | Less: | | Net | | Debt (b) | Debt Coverage |
| | Available Revenues | | Operating Expenses | | Available Revenue | | Service | |
| 2000 | \$ 245,912 | \$ | 160,849 | \$ | 85,063 | \$ | 66,804 | 1.27 |
| 2001 | 270,172 | | 172,283 | | 97,889 | | 78,809 | 1.24 |
| 2002 | 286,677 | | 179,185 | | 107,492 | | 82,238 | 1.31 |
| 2003 | 294,013 | | 159,235 | | 134,778 | | 102,473 | 1.32 |
| 2004 | 320,515 | | 177,747 | | 142,768 | | 115,970 | 1.23 |
| 2005 | 297,214 | | 163,400 | | 133,814 | | 136,635 | 0.98 |
| 2006 | 352,074 | | 197,604 | | 154,470 | | 151,246 | 1.02 |
| 2007 | 403,542 | | 199,955 | | 203,587 | | 156,616 | 1.30 |
| 2008 | 373,953 | | 212,885 | | 161,068 | | 175,249 | 0.92 |
| 2009 | 413,282 | | 220,740 | | 192,542 | | 192,610 | 1.00 |

| Water Revenue Bonds | | | | | | | | |
|----------------------------|---------------------------|----|---------------------------|----|--------------------------|----|-----------------|----------------------|
| Fiscal Year | Total (a) | | Less: | | Net | | Debt (b) | Debt Coverage |
| | Available Revenues | | Operating Expenses | | Available Revenue | | Service | |
| 2000 | \$ 206,361 | \$ | 146,559 | \$ | 59,802 | \$ | 59,703 | 1.00 |
| 2001 | 204,471 | | 146,794 | | 57,677 | | 67,887 | 0.85 |
| 2002 | 219,126 | | 155,247 | | 63,879 | | 72,586 | 0.88 |
| 2003 | 251,236 | | 161,364 | | 89,872 | | 82,913 | 1.08 |
| 2004 | 259,641 | | 152,562 | | 107,079 | | 95,331 | 1.12 |
| 2005 | 267,789 | | 156,954 | | 110,835 | | 105,575 | 1.05 |
| 2006 | 295,075 | | 146,215 | | 148,860 | | 107,305 | 1.39 |
| 2007 | 302,351 | | 146,327 | | 156,024 | | 115,450 | 1.35 |
| 2008 | 322,296 | | 143,517 | | 178,779 | | 135,157 | 1.32 |
| 2009 | 288,185 | | 165,744 | | 122,441 | | 155,960 | 0.79 |

| Automobile Parking Revenue Bonds | | | | | | | | |
|---|---------------------------|----|---------------------------|----|--------------------------|----|-----------------|----------------------|
| Fiscal Year | Total (a) | | Less: | | Net | | Debt (b) | Debt Coverage |
| | Available Revenues | | Operating Expenses | | Available Revenue | | Service | |
| 2000 | \$ 19,407 | \$ | 9,407 | \$ | 10,000 | \$ | 7,897 | 1.27 |
| 2001 | 18,220 | | 9,621 | | 8,599 | | 10,728 | 0.80 |
| 2002 | 20,683 | | 9,655 | | 11,028 | | 10,514 | 1.05 |
| 2003 | 19,254 | | 11,156 | | 8,098 | | 10,670 | 0.76 |
| 2004 | 19,478 | | 12,295 | | 7,183 | | 10,510 | 0.68 |
| 2005 | 13,628 | | 16,006 | | (2,378) | | 8,622 | (0.28) |
| 2006 | 21,126 | | 10,315 | | 10,811 | | 10,604 | 1.02 |
| 2007 | 18,114 | | 9,470 | | 8,644 | | 10,605 | 0.82 |
| 2008 | 18,556 | | 7,998 | | 10,558 | | 6,374 | 1.66 |
| 2009 | 17,835 | | 10,180 | | 7,655 | | 4,448 | 1.72 |

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

- (a) Includes investment earnings on System Funds
- (b) Reflects accrued deposits to the Bond and Interest Redemption Funds for principal and interest payments due on January 1 and July 1. Excludes interest paid from capitalized interest funds. Includes principal and interest on SRF Loans

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

| Year | Population (Note 1) | Per Capita Personal Income | Median Age | School Enrollment (Note 2) | Unemployment Rate (Note 3) |
|-------------|--------------------------------|---|-----------------------|---|---------------------------------------|
| 2009 | 951,270 | \$ 15,042 | 32.5 | 95,494 | 24.0 % |
| 2008 | 951,270 | 15,042 | 32.5 | 94,054 | 22.0 |
| 2007 | 951,270 | 15,042 | 32.5 | 105,000 | 14.8 |
| 2006 | 951,270 | 15,042 | 32.5 | 130,718 | 13.5 |
| 2005 | 951,270 | 15,042 | 32.5 | 130,718 | 14.2 |
| 2004 | 951,270 | * | * | 141,147 | 14.1 |
| 2003 | 951,270 | * | * | 150,415 | 14.0 |
| 2002 | 951,270 | * | * | 157,003 | 12.0 |
| 2001 | 951,270 | * | * | 159,694 | 9.2 |
| 2000 | 951,270 | 14,717 | 30.9 | 162,693 | 6.3 |

Note 1 Source: U.S. Bureau of Census for 2000

Note 2 Source: Detroit Public Schools

Note 3 Source: City of Detroit 2008-2009 Executive Budget

Summary Page E5 - 2007 Rate from U.S. Department of Labor

Schedule 15
City of Detroit, Michigan
Principal Employers
Current Year and Nine Years Ago
(Unaudited)

| Employer | 2009 (Note 1) | | |
|--------------------------|----------------------|-------------|---|
| | Employees | Rank | Percentage of Total City Employment (Note 3) |
| Detroit Public Schools | 13,750 | 1 | 2.3 % |
| City of Detroit | 13,187 | 2 | 2.2 |
| Detroit Medical Center | 10,499 | 3 | 1.8 |
| Henry Ford Health System | 8,502 | 4 | 1.4 |
| U.S. government | 6,335 | 5 | 1.1 |
| Wayne State University | 5,019 | 6 | 0.8 |
| State of Michigan | 4,910 | 7 | 0.8 |
| General Motors Co. | 4,652 | 8 | 0.8 |
| Chrysler Group L.L.C. | 4,517 | 9 | 0.8 |
| U.S. Postal Service | 4,106 | 10 | 0.7 |

Note 1 Source: Crain's Book of Lists, December 28, 2009 (City of Detroit Based)

Note 2 Source: Crain's Book of Lists, December 25, 2000 (City of Detroit Based)

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

2000 (Note 2)

| Employees | Rank |
|------------------|-------------|
| 21,059 | 1 |
| 17,831 | 2 |
| 12,653 | 4 |
| 7,581 | 7 |
| 11,851 | 5 |
| 5,642 | 10 |
| 7,572 | 8 |
| 7,931 | 6 |
| N/A | N/A |
| N/A | N/A |

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

| FUNCTION/PROGRAM | FTE Employees as of June 30 | | | | | FTE Employees as of June 30 | | | | |
|--|-----------------------------|---------------|---------------|---------------|---------------|-----------------------------|---------------|---------------|---------------|---------------|
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
| General Governmental Agencies | | | | | | | | | | |
| Executive Agencies | | | | | | | | | | |
| Arts | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Budget | 23 | 22 | 23 | 23 | 28 | 28 | 31 | 29 | 33 | 29 |
| Building and Safety | 276 | 296 | 296 | 299 | 294 | 302 | 302 | 285 | 319 | 313 |
| Civic Center | 33 | 35 | 35 | 59 | 70 | 89 | 85 | 84 | 88 | 92 |
| Consumer Affairs | - | - | - | 14 | 13 | 17 | 18 | 20 | 21 | 22 |
| Cultural Affairs | - | - | - | - | 10 | 14 | 5 | 5 | 5 | 5 |
| Public Works | 737 | 750 | 748 | 873 | 1,226 | 1,314 | 1,420 | 1,290 | 1,524 | 1,373 |
| Workforce Development | 99 | 91 | 98 | 90 | 79 | 81 | 83 | 82 | 88 | 87 |
| Environmental | 51 | 53 | 51 | 21 | 23 | 29 | 27 | 10 | 12 | 8 |
| Finance | 310 | 327 | 310 | 298 | 402 | 506 | 525 | 498 | 486 | 494 |
| Fire-Civilian | 18 | 6 | - | 442 | 442 | 440 | 426 | 413 | 406 | 419 |
| Fire-Uniform | 1,388 | 1,438 | 1,479 | 1,069 | 1,281 | 1,286 | 1,368 | 1,374 | 1,386 | 1,302 |
| General Services | 528 | 676 | 670 | - | - | - | - | - | - | - |
| Health & Wellness Promotion | 317 | 348 | 335 | 434 | 505 | 568 | 579 | 552 | 562 | 552 |
| Historical | - | - | - | 6 | 24 | 39 | 41 | 33 | 39 | 30 |
| Human Resources | 168 | 175 | 179 | 174 | 232 | 266 | 285 | 361 | 327 | 418 |
| Human Rights | 12 | 13 | 7 | 7 | 19 | 25 | 21 | 25 | 22 | 23 |
| Human Services | 91 | 117 | 122 | 128 | 145 | 142 | 149 | 138 | 144 | 129 |
| Information Technology Services | 92 | 99 | 105 | 94 | 112 | 124 | 139 | 133 | 159 | 125 |
| Law | 122 | 127 | 134 | 140 | 180 | 195 | 191 | 206 | 190 | 168 |
| Mayor's Office | 74 | 108 | 107 | 59 | 97 | 100 | 96 | 86 | 87 | 87 |
| Planning and Development | 173 | 172 | 181 | 197 | 239 | 255 | 253 | 265 | 264 | 259 |
| Police-Civilian | 309 | 387 | 373 | 427 | 445 | 514 | 542 | 567 | 552 | 563 |
| Police-Uniform | 3,379 | 3,034 | 3,126 | 3,162 | 3,658 | 3,867 | 3,981 | 4,243 | 4,330 | 4,143 |
| Communication and Creative Services | - | - | - | - | 21 | 17 | 17 | 18 | 19 | 18 |
| Public Lighting | 206 | 225 | 217 | 228 | 254 | 281 | 299 | 279 | 312 | 310 |
| Recreation | 385 | 471 | 464 | 399 | 465 | 638 | 728 | 513 | 665 | 521 |
| Senior Citizens | 3 | - | - | 5 | 8 | 9 | 11 | 9 | 8 | 9 |
| Youth | - | - | 1 | - | - | - | - | 4 | 5 | 5 |
| Zoological Institute | - | 1 | - | 86 | 194 | 213 | 223 | 151 | 244 | 129 |
| Administrative Hearings | 6 | 6 | 5 | 5 | 4 | - | - | - | - | - |
| Homeland Security | 5 | 5 | 5 | 4 | 6 | - | - | - | - | - |
| Housing | 3 | 3 | 3 | 3 | 3 | 179 | 246 | 314 | 333 | 377 |
| Legislative Agencies | | | | | | | | | | |
| Auditor General | 18 | 21 | 18 | 18 | 16 | 26 | 19 | 10 | 18 | 19 |
| Board of Zoning Appeals | 12 | 13 | 15 | 11 | 13 | 15 | 15 | 7 | 13 | 7 |
| City Council | 97 | 90 | 91 | 92 | 104 | 108 | 106 | 98 | 96 | 93 |
| Ombudsman | 11 | 10 | 7 | 6 | 9 | 11 | 13 | 10 | 10 | 11 |
| City Clerk | 23 | 25 | 25 | 27 | 30 | 31 | 27 | 28 | 27 | 28 |
| Elections | 102 | 68 | 60 | 65 | 74 | 75 | 83 | 70 | 68 | 68 |
| Judiciary Agency | | | | | | | | | | |
| 36th District Court | 33 | 32 | 31 | 31 | 31 | 31 | 31 | 31 | 30 | 515 |
| Other Agencies | | | | | | | | | | |
| Non-Departmental | 33 | 44 | 37 | 41 | 44 | 29 | 26 | 28 | 24 | - |
| Library | 466 | 460 | 457 | 457 | 463 | 457 | 477 | 362 | 518 | 364 |
| Total General Governmental Agencies | 9,603 | 9,748 | 9,815 | 9,495 | 11,264 | 12,322 | 12,889 | 12,632 | 13,435 | 13,116 |
| Enterprise Agencies | | | | | | | | | | |
| Airport | 10 | 11 | 11 | 13 | 22 | 26 | 39 | 33 | 46 | 35 |
| Department of Transportation | 1,514 | 1,512 | 1,562 | 1,530 | 1,588 | 1,748 | 1,779 | 1,750 | 1,731 | 1,711 |
| Municipal Parking | 104 | 109 | 114 | 108 | 108 | 118 | 123 | 119 | 116 | 128 |
| Water and Sewage Disposal | 2,189 | 2,260 | 2,224 | 2,311 | 2,592 | 2,735 | 2,942 | 2,946 | 3,018 | 2,795 |
| Total Enterprise Agencies | 3,817 | 3,892 | 3,911 | 3,962 | 4,310 | 4,627 | 4,883 | 4,848 | 4,911 | 4,669 |
| Grand Total | 13,420 | 13,640 | 13,726 | 13,457 | 15,574 | 16,949 | 17,772 | 17,480 | 18,346 | 17,785 |

Source: City of Detroit, Michigan, Human Resources Department

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

| | Fiscal Year | | | |
|---|----------------|----------------|------------------|---------------|
| | 2009 | 2008 | 2007 | 2006 |
| Public Protection: | | | | |
| Police | | | | |
| Number of Stations (Including 12 Mini-Stations) | 19 | 8 | 12 | 24 |
| Number of Employees (Uniform) | 2,971 | 3,005 | 3,126 | 3,162 |
| Number of Traffic Violations Issued | 188,780 | 13,033 | N/A | 625,711 |
| Number of Traffic Ordinance Violations Issued | 46,007 | 200,585 | 181,616 | 38,352 |
| Number of Arrests (Traffic + Others) | 30,743 | 58,115 | 34,747 | - |
| Fire | | | | |
| Number of Fire Stations | 49 | 46 | 48 | 48 |
| Number of Employees | 1,480 | 1,535 | 1,479 | 1,511 |
| Number of Fire Fighting Vehicles | 93 | 90 | 212 | 256 |
| Number of Fire Hydrants | 28,000 | 28,000 | 38,000 | 38,000 |
| Responses to Fire Alarms (Including False Alarms) | 19,530 | 23,174 | 33,399 | 33,992 |
| Responses to Special Calls and Emergency Medical Service Calls | 143,694 | 142,573 | 142,370 | 132,432 |
| Estimated Fire Loss of Property | \$ 549,374,611 | \$ 397,605,618 | \$ 1,190,738,018 | \$ 96,771,056 |
| Public Works | | | | |
| Number of Employees | 730 | 753 | 748 | 873 |
| Miles of Streets (Paved + Unpaved) | 2,570 | 2,570 | 2,570 | 2,784 |
| Miles of Alleys (Paved + Unpaved) | 1,264 | 1,264 | 1,264 | 1,284 |
| Miles of Sidewalks | 4,243 | 4,243 | 4,243 | 4,265 |
| Public Lighting | | | | |
| Number of Street Lights | 88,000 | 87,500 | 87,500 | 88,000 |
| Number of Revenue Customers | 190 | 235 | 185 | 201 |
| Size of Generating Station in Kilowatts | 184,000 | 177,000 | 177,000 | 184,000 |
| Kilowatt Hours Generated (Net) | 134,189,000 | 136,207,800 | 94,000,300 | 256,395,400 |
| Kilowatt Hours Delivered to System | 449,929,000 | 608,442,800 | 631,299,700 | 634,026,280 |
| Steam Heating Plants - Steam Produced in Pounds | 79,773,679 | 104,544,579 | 85,000,000 | 62,306,014 |
| Recreation and Cultures | | | | |
| Number of Parks, Ornamental Areas, Playfields and Playgrounds Owned (5,108 Acres) | 354 | 354 | 387 | 391 |
| Number of Summer Camps (199 Acres) | - | - | - | 1 |
| Number of Recreation Centers, Playgrounds and School Facilities Operated | 13 | 13 | 14 | 30 |
| Number of Skating Rinks | 2 | 1 | 2 | 1 |
| Number of Swimming Pools | 2 | 2 | 8 | 17 |
| Number of Municipal Beaches | 1 | 1 | 1 | 1 |
| Total Playing Permits Issued at 6 Municipal Golf Courses | 127,915 | 132,405 | 202,403 | 269,870 |
| Library | | | | |
| Number of Libraries (Including Two Bookmobiles) | 27 | 27 | 27 | 27 |
| Estimated Number of Books | 8,314,427 | 7,903,837 | 7,903,837 | 3,497,342 |
| Circulation | 2,308,336 | 1,199,736 | 1,199,736 | 889,315 |
| Water System | | | | |
| Number of Customer Accounts | 268,500 | 275,900 | 264,173 | 264,259 |
| Average Pumpage - Millions of Gallons per Day | 557.1 | 601.7 | 575.2 | 599.6 |
| Greatest Pumpage for a Single Day During Fiscal Year - Gallons | 963,500,000 | 1,097,900,000 | 1,031,300,000 | 1,049,800,000 |
| Greatest Pumpage for a Single Hour During Fiscal Year - Gallons | 42,583,000 | 51,992,000 | 49,125,000 | 50,333,000 |
| Filtration Plant Rated Capacity - Millions of Gallons per Day | 1,780 | 1,780 | 1,780 | 1,780 |
| Number of Miles of Water Mains | 3,840 | 3,840 | 3,840 | 3,840 |
| Average Cost (Includes Domestic, Industrial and Commercial) per 1,000 Cubic Feet | \$ 13.06 | \$ 12.92 | \$ 12.02 | \$ 11.87 |
| Sewage System | | | | |
| Number of Sewage Disposal Plants | 1 | 1 | 1 | 1 |
| Number of Pumping Stations | 12 | 12 | 12 | 12 |
| Miles of (Trunk Line + Lateral) Sewers | 788 | 2,913 | 2,913 | 2,913 |
| Miles of Lateral Sewers | 2,125 | 2,125 | - | - |
| Transportation | | | | |
| Number of Employees | 1,524 | 1,562 | 1,562 | 1,530 |
| Number of Revenue Vehicles | 445 | 541 | 541 | 550 |
| Seating Capacity | 17,355 | 21,916 | 21,916 | 22,278 |
| Number of Route Miles | 1,291 | 1,291 | 1,291 | 1,291 |
| Number of Passengers (Estimated) | 38,612,890 | 35,204,863 | 35,204,863 | 37,083,344 |
| Regular Fare | \$ 1.50 | \$ 1.50 | \$ 1.50 | \$ 1.50 |
| Tickets | N/A | N/A | 5 for \$7.50 | 5 for \$7.50 |
| Transfers | \$ 0.25 | \$ 0.25 | \$ 0.25 | \$ 0.25 |
| Weekly GO Pass | \$ 14.40 | \$ 14.40 | N/A | N/A |
| Health | | | | |
| Number of Employees | 339 | 338 | 335 | 434 |
| Birth Rate per Thousand | 12.9 | 13.3 | 14.6 | 14.3 |
| Death Rate per Thousand | 10.40 | 8.97 | 10.50 | 9.50 |
| Infant Mortality Rate per Thousand Live Births | 14.9 | 14.9 | 15.0 | 15.5 |

Source: City of Detroit, Michigan, Various Departments

| Fiscal Year | | | | | | |
|------------------|------------------|---------------|----------------|----------------|----------------|--|
| 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | |
| 28 | 30 | 35 | 52 | 52 | 52 | |
| 3,658 | 3,818 | 3,965 | 4,243 | 4,156 | 4,143 | |
| 736,131 | 714,517 | 761,436 | 770,198 | 623,399 | 658,064 | |
| 45,121 | 47,782 | 124,087 | 51,861 | 179,484 | 176,866 | |
| 79,852 | 64,539 | 86,873 | 102,382 | 99,764 | 102,143 | |
| 49 | 49 | 47 | 49 | 49 | 57 | |
| 1,723 | 1,726 | 1,798 | 1,787 | 1,748 | 1,721 | |
| 238 | 238 | 225 | 200 | - | - | |
| 38,000 | 38,000 | 33,000 | 36,208 | 38,000 | 30,430 | |
| 34,160 | 34,160 | 35,690 | 24,138 | 22,547 | 23,538 | |
| 151,285 | 151,285 | 124,122 | 128,006 | 126,898 | 126,722 | |
| \$ 1,921,197,050 | \$ 1,921,197,050 | \$ 81,320,274 | \$ 127,250,563 | \$ 134,838,326 | \$ 177,193,955 | |
| 1,124 | 1,189 | 1,203 | 1,290 | 1,351 | 1,373 | |
| 2,784 | 2,784 | 2,785 | 2,788 | 2,788 | 2,788 | |
| 1,284 | 1,264 | 1,268 | 1,277 | 1,290 | 1,290 | |
| 4,265 | 4,243 | 4,247 | 4,250 | 4,252 | 4,252 | |
| 87,500 | 87,000 | 87,000 | 8,700 | 87,000 | 87,000 | |
| 179 | 1,302 | 1,302 | 1,058 | 1,578 | 1,578 | |
| 184,000 | 184,000 | 185,000 | 180,000 | 184,000 | 184,000 | |
| 308,391,000 | 253,271,700 | 220,476,700 | 384,473,900 | 390,922,000 | 360,000,000 | |
| 567,529,080 | 541,722,900 | 542,839,900 | 620,619,500 | 620,704,800 | 660,000,000 | |
| 71,852,887 | 75,226,300 | 67,976,300 | 70,000,000 | 70,000,000 | 70,000,000 | |
| 391 | 391 | 391 | 391 | 391 | 391 | |
| 1 | 1 | 1 | 1 | 1 | 1 | |
| 30 | 30 | 110 | 128 | 123 | 131 | |
| 1 | 1 | 3 | 4 | 4 | 4 | |
| 17 | 18 | 18 | 21 | 27 | 22 | |
| 1 | 1 | 1 | 1 | 1 | 1 | |
| 269,870 | 269,870 | 269,870 | 209,667 | 216,459 | 223,357 | |
| 27 | 26 | 23 | 24 | 25 | 26 | |
| 3,497,342 | 3,343,509 | 3,262,776 | 3,164,986 | 3,024,718 | 6,635,529 | |
| 981,689 | 996,316 | 1,151,952 | 972,534 | 1,041,468 | 1,228,169 | |
| 281,104 | 262,415 | 260,639 | 270,751 | 270,685 | 268,478 | |
| 640.0 | 606.0 | 654.0 | 661.0 | 615.0 | 653.0 | |
| 1,060,500,000 | 1,082,200,000 | 1,194,500,000 | 1,219,600,000 | 1,043,700,000 | 1,094,000,000 | |
| 52,208,000 | 48,667,000 | 53,750,000 | 57,600,000 | 49,000,000 | 50,208,333 | |
| 1,670 | 1,680 | 1,700 | 1,600 | 1,600 | 1,700 | |
| 3,840 | 3,846 | 13,251 | 13,137 | 13,137 | 12,978 | |
| \$ 11.49 | \$ 11.00 | \$ 10.00 | \$ 9.00 | \$ 8.00 | \$ 7.00 | |
| 1 | 1 | 1 | 1 | 1 | 1 | |
| 12 | 12 | 14 | 14 | 14 | 14 | |
| 3,383 | 2,913 | 2,899 | 2,864 | 2,200 | 2,200 | |
| - | - | - | - | - | - | |
| 1,605 | 1,757 | 1,803 | 1,750 | 1,538 | 1,711 | |
| 561 | 572 | 540 | 548 | 585 | 516 | |
| 22,065 | 23,887 | 23,452 | 23,680 | 25,387 | 22,531 | |
| 1,198 | 1,324 | 1,309 | 1,316 | 1,324 | 1,311 | |
| 36,000,000 | 38,000,000 | 39,756,458 | 41,000,000 | 44,000,000 | 44,000,000 | |
| \$ 1.50 | \$ 2.00 | \$ 2.00 | \$ 1.00 | \$ 1.00 | \$ 1.00 | |
| 5 for \$6.50 | 5 for \$6.50 | 5 for \$6.50 | 5 for \$5.75 | 5 for \$5.75 | 5 for \$5.75 | |
| \$ 0.25 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| N/A | N/A | N/A | N/A | N/A | N/A | |
| 508 | 578 | 582 | 552 | 545 | 552 | |
| 14.8 | 15.0 | 16.0 | 17.0 | 17.0 | 16.0 | |
| 9.50 | 10.00 | 10.00 | 11.00 | 11.00 | 11.00 | |
| 16.3 | 17.0 | 14.0 | 15.0 | 15.0 | 15.0 | |

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Our Special Thanks To:

City of Detroit, Michigan

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Finance Department

**The Financial Reporting Section
and Staff**

**The General Accounting Section
and Staff**

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