



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2010

CITY OF DETROIT, MICHIGAN



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

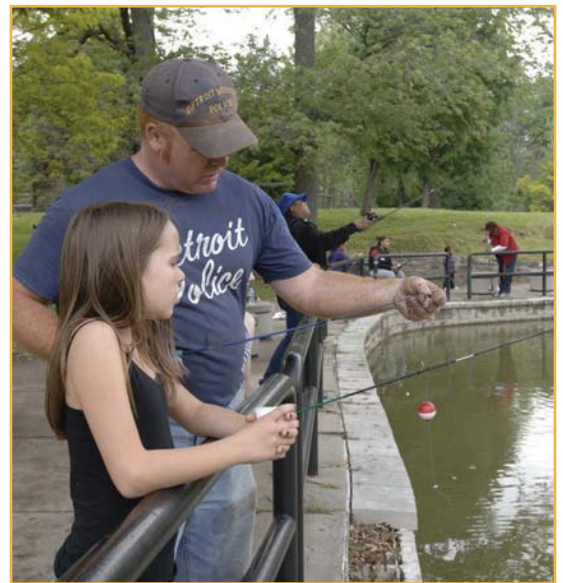
DEQUINDRE CUT



Mayor Bing and the community celebrate the ribbon cutting for the Dequindre Cut GreenWay, a paved one-and-a-half mile pedestrian and biking path that connects the riverfront district to the Eastern Market area.



FISHING DERBY



Children and their parents enjoy the 14th Annual Detroit Area Kids Fishing Derby hosted by the Detroit Recreation Dept. on May 22 at Lake Frances in Palmer Park.



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PHOTO CREDITS

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



December 17, 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, 2010 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 postretirement 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

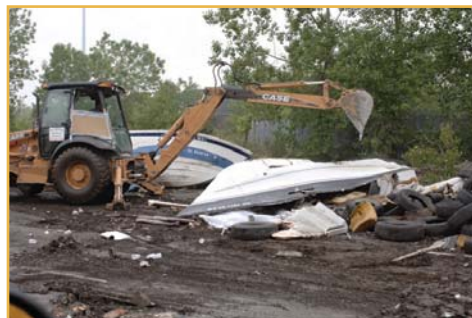
I wish to express my appreciation to the entire staff of all accountants and fiscal staff within the City of Detroit, the City's Finance Department, and the fiscal staff at each of our component units whose professionalism, dedication and efficiency contributed to the preparation of this report. Also, 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

MOTOR CITY MAKEOVER



Contractors play a crucial role in clearing large bulk items from illegal dump sites during the Motor City Makeover campaign. Here they clean up illegally dumped tires and bulk debris on vacant property during the 2010 cleanup effort.





City of Detroit
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LOREN E. MONROE, CPA
AUDITOR GENERAL

AUDITOR GENERAL'S LETTER

December 17, 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, 2010, 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.

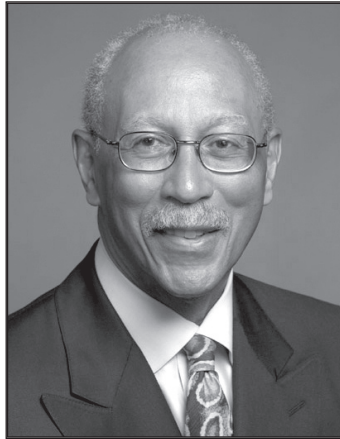
Respectfully,

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

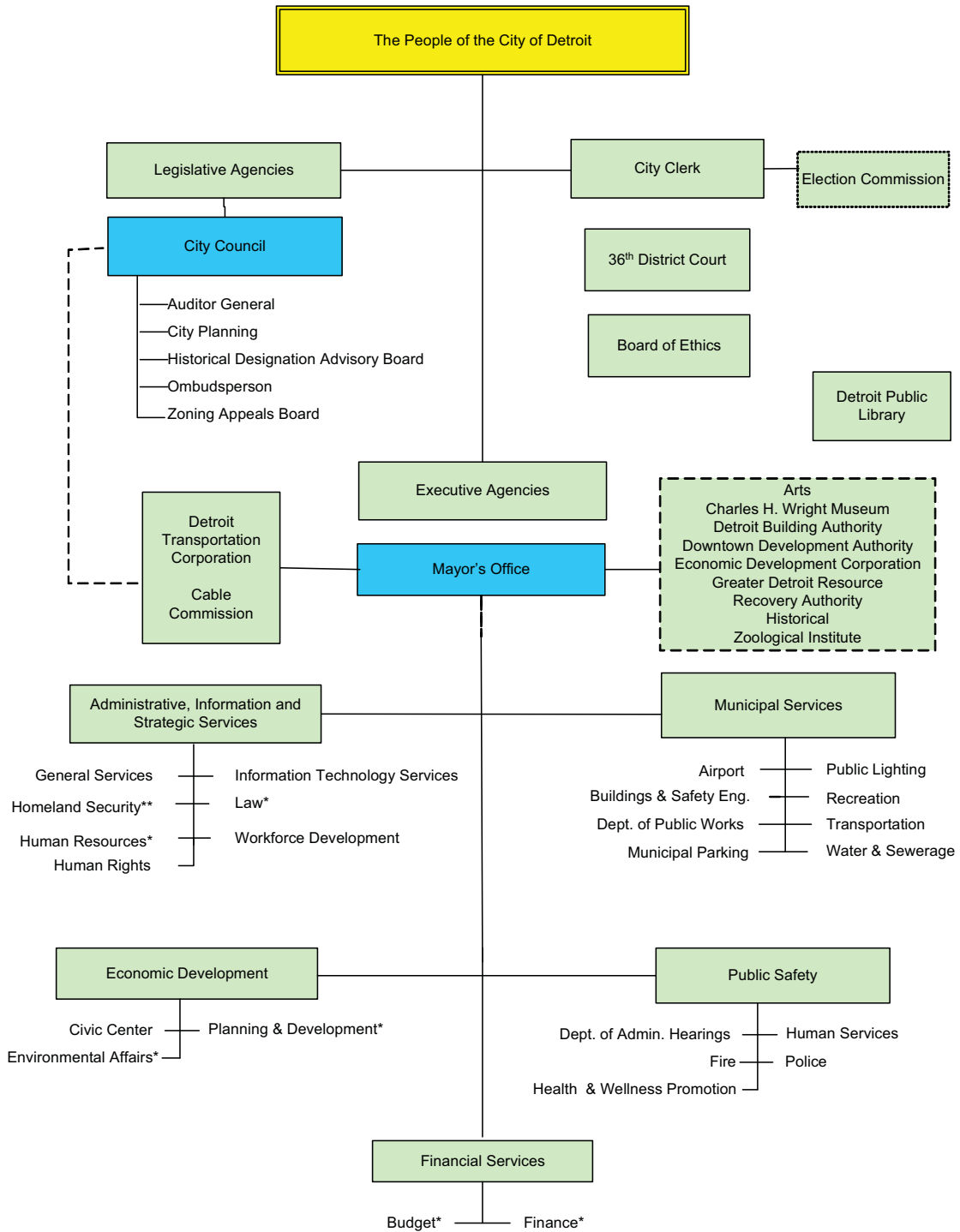
AUTO INDUSTRY



Detroit's auto industry is experiencing an exciting resurgence. Mayor Bing participates in the rollout of the iconic Jeep Grand Cherokee at the Jefferson North Plant on May 21, 2010.



Organization of City of Detroit Agencies, proposed for FY 2009-10



* Charter-mandated staff department
 ** Does not have departmental status

MOTOR CITY MAKEOVER



College students from Texas help refurbish an old building as they join the thousands of Motor City Makeover volunteers cleaning and beautifying Detroit.



FINANCIAL

The Financial Section Contains:

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

AVID FISHERMEN



Fish are carefully restocked at a lake in Detroit on May 20, 2010. Many Detroiters are avid fishermen, a love often passed down through the generations.



INDEPENDENT AUDITORS' REPORT



KPMG LLP
Suite 1200
150 West Jefferson
Detroit, MI 48226

Independent Auditors' 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, 2010, 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 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 note I(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 Police and Fire Retirement System (together, the Retirement Systems) and the Detroit Building Authority, which represent 93% and 42% 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.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Retirement Systems and certain discretely presented component units identified in note I(a) were not audited in accordance with *Government Auditing Standards*. An audit 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.

The auditors of the Retirement Systems were unable to obtain sufficient audit evidence supporting the fair value of approximately \$216,000,000 of the Retirement Systems' alternative investments held at June 30, 2010 related mostly to private placement, real estate, and pooled investments.

In our opinion, based on our audit and the reports of other auditors, except for the effects of such adjustments, if any, as might have been determined to be necessary had the other auditors been able to obtain sufficient audit evidence supporting the fair value of certain of the Retirement Systems' alternative



investments at June 30, 2010, the financial statements referred to above present fairly, in all material respects, the 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, 2010, 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 \$155.7 million as of June 30, 2010 which has contributed to the City's dependence on borrowing for cash flow purposes.

As discussed in note I(r), the City adopted the provisions of Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as of July 1, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's 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, except for the effects of such adjustments, if any, as might have been determined to be necessary had the other auditors been able to obtain sufficient audit evidence supporting the fair value of certain of the Retirement Systems' alternative investments at June 30, 2010, 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
December 17, 2010

NBA CARES



Mayor Bing encourages students and residents to participate in Motor City Makeover, Detroit's annual cleanup and beautification campaign. He is joined by former Pistons greats Bob Lanier and Rick Mahorn, and former University of Michigan standout and NBA center Tim McCormick, who joined in the MCM effort as part of the NBA Cares program.



MANAGEMENT'S

DISCUSSION

AND ANALYSIS

(MD&A)

(UNAUDITED)

2010 CENSUS



Mayor Bing discussed the importance of the 2010 census and plans for economic development in the city at a town hall meeting hosted by the Arab American Chaldean Council at the council's Youth Recreation and Leadership Center on March 18, 2010.



The following Management's Discussion and Analysis is a required supplement to the City of Detroit's (the City) basic 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, 2010. 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 \$635.0 million and its assets exceeded liabilities at June 30, 2010 by \$265.1 million. The primary government's unrestricted deficit was \$1.6 billion at June 30, 2010, an increase of \$692.4 million from the \$920.2 million deficit at June 30, 2009. The implementation of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB Statement No. 53) (see the following paragraph for details), accounted for \$408.5 million of the decrease in net assets and increase in deficit.
- During the year, the City implemented GASB Statement No. 53. A derivative is defined as an agreement that has a value based on the expected future price movements of the underlying asset to which it is linked. For example, the City has entered into interest rate swap agreements to manage the variable interest rates risk for its pension obligation certificates. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments. Specifically, it requires that derivative instruments be recorded on the Statement of Net Assets 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. At June 30, 2010, the City has recorded liabilities of \$227.0 million and \$474.8 million for the fair value of derivatives (investment and hedging) in the governmental activities statements and business-type activities statements, respectively. In addition, at June 30, 2010, the City recorded assets for the deferred outflows of \$59.6 million and \$88.8 million in the governmental activities and the business-type activities financial statements, respectively. Also, the business-type activities statements include an asset of \$41.9 million for the fair value of derivatives (investment and hedging). The net impact of the implementation of GASB Statement No. 53 (see page 17) is a reduction of the primary government net assets totaling \$408.5 million (\$167.4 million governmental activities and \$241.1 million business-type activities). The City reduced net assets at June 30, 2009 by \$368.1 million (\$175.3 million governmental activities and \$192.8 million business-type activities) to restate the beginning net assets for the retroactive implementation of GASB Statement No. 53. Also, there was an additional reduction of net assets totaling \$40.4 million (increase of \$7.9 million governmental activities and decrease of \$48.3 million business-type activities) for the change in fair value of the derivatives for the year ended June 30, 2010. See Note I (r) on page 73 and Note VIII on pages 110 - 114 for more details.

- A total of 60% or \$280.5 million of the derivatives noted above that reduced the primary government's net assets are interest rate swaps associated with the City's pension obligation certificates (POCs). The POCs totaling \$1.5 billion were issued in the year ended June 30, 2005 to provide full funding for the City's two pension plans' obligations. The City has a \$1.5 billion long term obligation at June 30, 2010 for the POCs. The City's two pension plans' obligations for retiree pensions total \$7.9 billion at June 30, 2009 (the most recent valuation date) of which \$552.7 million is unfunded. In addition, the City had a \$5.0 billion unfunded obligation for other post-employment benefits at June 30, 2009 (the most recent valuation date). The City's primary government's pension, retiree benefits, and other pension related costs totaled over \$450.0 million for the year ended June 30, 2010. The City's pension obligations, retiree benefits, and debt service and derivatives associated with the POCs, present a substantial financial challenge for the City.
- Declining tax revenues, State revenue sharing, charges for service revenues, and an increase in post-employment benefits also contributed to the decrease in net assets. While total expenses were \$171.1 million less than in 2009, the decrease was not sufficient as total revenues were \$316.9 million less than expenses for the year ended June 30, 2010. The post-employment benefits other than pensions resulted in an additional \$164.4 million in expenses and related liability for the year ended June 30, 2010. This adversely impacted the net assets and cumulative surplus/deficit of the governmental and business-type activities of the City.
- 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. The financial impact of the transfer is recorded as a \$50.0 million special item and increase in governmental activities net assets in the financial statements. The transfer of \$86.5 million of long-term obligations and \$36.5 million of other assets such as liquor and hotel tax escrow funds increased net assets by \$50.0 million. See Note I (s) Special Item on page 73 for more details.

- At June 30, 2010, the City's governmental activities had a net assets deficit (liabilities exceeded assets) of \$467.9 million, an increase of \$285.5 million from the deficit at June 30, 2009. The governmental activities cumulative unrestricted deficit increased by \$322.1 million to \$1.3 billion at June 30, 2010. As discussed above, the implementation of GASB Statement No. 53, accounted for \$167.4 million of the governmental activities increases in the net assets deficit and cumulative unrestricted deficit. In addition, the weak economy in 2009-10 and resulting high unemployment and depressed property values greatly contributed to the reduction of revenues and increase in the deficit. The \$99.5 million decline in governmental agencies revenues were mainly charges for services (\$67.3 million decrease), income tax (\$24.3 million decrease) and State revenue sharing (\$29.2 million decrease). Also, adversely impacting the governmental activities deficit was the impact of post-employment benefits other than pensions which increased expenses and liabilities by \$124.3 million. Furthermore, the Capital Projects Funds had a \$9.2 million deficit and the Construction Code Fund needed a \$9.0 million contribution from the General Fund to avoid a deficit for the year ended June 30, 2010. 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, 2010.

- The City's business-type activities had net assets of \$733.0 million at June 30, 2010, a decrease of \$349.5 million from the \$1.1 billion for the year ended June 30, 2009. The business-type activities cumulative unrestricted net assets of \$36.7 million at June 30, 2009 decreased by \$370.4 million to a deficit of \$333.7 million at June 30, 2010. As discussed above, the implementation of GASB Statement No. 53, accounted for \$241.1 million of the business-type activities decrease in the net assets and increase in the cumulative unrestricted deficit. The Sewage Disposal Fund net assets decreased by \$77.8 million and the Water Fund net assets decreased by \$84.5 million for the year ended June 30, 2010 mainly due to the high interest expenses from the large amount of debt carried and the other post-employment benefits.

- At June 30, 2010, the General Fund had a total fund deficit of \$91.1 million, a decrease of \$175.6 million from the prior year. The main reason for the decrease was the issuance of \$249.8 million of fiscal stabilization bonds in March 2010. Without the fiscal stabilization bonds the City deficit would have grown by \$74.2 million. Adversely impacting the City's deficit reduction efforts were the: (1) \$24.3 million decline in income tax revenues due in part to the bankruptcies of General Motors and Chrysler, two of the City's largest employers; (2) \$18.0 million expense and liability to the State of Michigan for overcapture of school property taxes during the tax years 2001-2008 for the Central Industrial Park Project TIFA (Tax Increment Financing Authority – See Note XII on pages 122 - 125 for more details); (3) \$13.6 million increase in chargebacks due Wayne County for uncollectible delinquent property taxes, which reduced property tax revenues; and (4) \$13.3 million decline in sales and charges for services mainly due to the \$11.5 million reduction of personal services revenues, primarily central staff services.

- City deficit reduction efforts resulted in the following positive financial results for the General Fund when compared to the year ended June 30, 2009: (1) \$36.0 million decrease in salaries and wages costs from layoffs and furlough days; (2) \$24.2 million decrease in contractual costs mainly due to the completion of the payroll system and treasury cash management projects; (3) \$10.3 million increase in casino revenues mainly due to receipt of \$9.6 million from the Greektown Casino in settlement of taxes due; (4) \$10.6 million decrease in pension costs mainly due to the reduction in payroll costs through layoffs; (5) \$8.3 million reduction of natural gas power production expenses for the Mistersky power plant; and (6) \$8.8 million reduction of net costs for the Civic Center because of the Cobo Hall transfer to the new Authority.
- The Unreserved General Fund Balance had a \$155.7 million cumulative deficit at June 30, 2010 compared with the \$331.9 million deficit at the end of fiscal year 2009. As noted previously, the main reason for the deficit reduction was the issuance of the \$249.8 million fiscal stabilization bonds. The City has issued a deficit elimination plan for the General Fund, which includes staffing reductions and furlough days for union employees and continuation of furlough days for non-union employees, increased efficiencies in various departments, reduced subsidies, and enhanced procedures for the collection of revenues.
- The City's total bonded debt increased by \$19.5 million during the fiscal year ended June 30, 2010. This was primarily due to the issue of the \$249.8 million in fiscal stabilization bonds. The City governmental activities transferred \$87.8 million of Cobo Hall revenue bonds to the new Authority. Also, the governmental activities retired \$76.2 million of general obligation bonds for the year ended June 30, 2010. The Sewage Disposal Fund retired \$34.8 million of revenue bonds in 2010. The Water Fund retired \$33.6 million of revenue bonds in 2010.
- Total long-term obligations were \$8.7 billion for the fiscal year ended June 30, 2010 an increase of \$46.0 million from the \$8.6 billion for the fiscal year ended June 30, 2009. The long-term obligations increased by the \$164.4 million increase in other post employment benefits liability, but the increase was offset by the retirement of debt mainly in the governmental activities. The POCs long-term obligation decreased \$4.8 million from the \$1.5 billion at June 30, 2009, as the first principal payments were made in the year ended June 30, 2010.
- The issuance of the fiscal stabilization bonds enabled the City to reduce its short-term borrowing by \$188.1 million. At June 30, 2010 the City's short-term debt was \$35.5 million compared to \$223.6 million at June 30, 2009. The General Fund cash and investments totaled \$48.7 million at June 30, 2010 compared to \$75.7 million at June 30, 2009. Contributing to the decline in cash was Wayne County's purchase of the \$54.4 million delinquent property taxes for the year ended June 30, 2010 was not made until October of 2010. The County purchase of delinquent property taxes is normally made in June.

- The Federal Government to date, thru the American Reinvestment and Recovery Act (ARRA), has allocated stimulus funds totaling \$207.6 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 police hiring, \$10.3 million for youth employment, \$15.2 million for the homeless and rapid re-housing program, and \$37.6 million for new buses. The stimulus funding is expected to increase local employment and create new small businesses, resulting in higher income and property tax collections. As of June 30, 2010, the City had received \$45.7 million of stimulus funds mainly for transportation (\$14.8 million) and workforce development (\$19.8 million) programs.
- The Greater Detroit Resource Recovery Authority (GDRRA) owed the City \$21.5 million for funds held in escrow by Detroit Edison at June 30, 2010. The purpose of the escrow was to provide a source of funds to protect Edison ratepayers from a rate increase in the event the GDRRA facility stopped producing electricity. The release of the funds is contingent upon the continued operation of the facility and production of electricity and the approval by the Michigan Public Service Commission (MPSC). As of December 2010, the facility has been sold, and the City is currently working with Detroit Edison and the new owners for release of the escrowed funds.
- For the year ended June 30, 2010, the City recorded \$91.2 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. In the current year, the County will charge-back to the City prior year taxes purchased that it determines to be uncollectible. For the year ended June 30, 2009, the liability totaled \$68.6 million. The \$22.6 million increase in the liability and decrease in property tax revenues, solid waste fees, and water revenues for the year ended June 30, 2010 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 Sewage Disposal Fund (Fund) would reduce the interest rate charged to Macomb County, resulting in a credit to Macomb County of \$17.0 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 review. 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 occurred in September 2010. Macomb County completed a bond sale of approximately \$96.0 million to finance the purchase. Macomb County has signed a new thirty year sewer service contract in conjunction with the closing in September 2010. The Fund is also continuing its negotiations of new thirty year sewer service contracts with Wayne and Oakland Counties.
- Tipping fees, the cost to the City for disposal of solid waste/trash, were down \$38.6 million from the \$45.1 million cost for the year ended June 30, 2009. The main reason for the decrease was that the debt service for GDRRA was paid off in 2009. Solid waste fee revenues from City residents were down \$27.4 million from the \$69.6 million for the year ended June 30, 2010 due to fee reductions and the adverse economy.
- 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, 2010. This resulted in a \$25.0 million decrease in General Fund pension costs. General Fund pension costs were \$106.0 million for the year ended June 30, 2010 compared to \$116.6 million for the prior year.

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 37) 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 38 and 39) 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 nine 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 40 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 56 and 57). 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 the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 64 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.

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 beginning net assets at July 1, 2009 were restated for the retroactive implementation of GASB Statement No. 53. As a result, net assets for the primary government at July 1, 2009 were reduced by \$368.2 million from \$900.1 million to \$531.9 million. The City's assets exceeded liabilities by \$265.1 million at June 30, 2010. The net assets decreased \$635.0 million (70.5 percent) from the \$900.1 million for the fiscal year ended June 30, 2009.

Summary of Net Assets
June 30, 2010 and 2009
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Current and other non-current assets	\$ 1,812,283	\$ 1,795,603	\$ 1,532,536	\$ 1,626,432	\$ 3,344,819	\$ 3,422,035
Capital assets	1,443,774	1,482,677	5,583,118	5,494,765	7,026,892	6,977,442
Total assets	<u>3,256,057</u>	<u>3,278,280</u>	<u>7,115,654</u>	<u>7,121,197</u>	<u>10,371,711</u>	<u>10,399,477</u>
Current and other liabilities	708,362	629,451	744,882	262,618	1,453,244	892,069
Long-term obligations	3,015,564	2,831,208	5,637,788	5,776,117	8,653,352	8,607,325
Total liabilities	<u>3,723,926</u>	<u>3,460,659</u>	<u>6,382,670</u>	<u>6,038,735</u>	<u>10,106,596</u>	<u>9,499,394</u>
Net assets:						
Invested in capital assets, net of related debt	717,589	631,821	781,976	698,477	1,499,565	1,330,298
Restricted	93,497	142,705	284,696	347,303	378,193	490,008
Unrestricted (deficit)	(1,278,955)	(956,905)	(333,688)	36,682	(1,612,643)	(920,223)
Total net assets	<u>\$ (467,869)</u>	<u>\$ (182,379)</u>	<u>\$ 732,984</u>	<u>\$ 1,082,462</u>	<u>\$ 265,115</u>	<u>\$ 900,083</u>

Total Primary Government

The largest portion of the City's net assets at June 30, 2010 is its \$1.5 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 \$378.2 million are resources subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The City presents restricted net assets at June 30, 2010 to include Highway and Street Improvement funds (\$25.5 million), Capital Acquisitions (\$64.5 million), Restricted for Debt Service (\$258.7 million), Endowments and Trusts (\$1.6 million), and Other Funds (\$27.8 million). The restricted net assets decreased by \$111.8 million from the prior year.

The remaining balance is an unrestricted accumulated deficit of \$1.6 billion. 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 \$692.4 million from the \$920.2 million at June 30, 2009. The increased deficit is primarily attributable to the recognition of the fair value of derivatives per GASB Statement No. 53, (\$408.5 million), as discussed above, and other post-employment benefits.

Governmental Activities

The governmental activities beginning net assets deficit of \$182.4 million at July 1, 2009 was increased by \$175.3 million to a deficit of \$357.7 million for the retroactive implementation of GASB Statement No. 53. The net assets deficit of the City's governmental activities increased \$110.2 million to a deficit of \$467.9 million for the fiscal year ended June 30, 2010. Net assets invested in capital assets totaled \$717.6 million, an increase of \$85.8 million from the prior fiscal year. Restricted net assets totaled \$93.5 million. The remaining unrestricted net assets deficit totaled \$1.3 billion at June 30, 2010, a \$322.1 million increase from the \$956.9 million deficit at June 30, 2009.

Business-type Activities

The business-type activities beginning net assets of \$1.1 billion at July 1, 2009 was decreased by \$192.8 million to \$889.6 million for the retroactive implementation of GASB Statement No. 53. The net assets of the business-type activities had a decrease of \$156.6 million to \$733.0 million for the fiscal year ended June 30, 2010. The unrestricted net assets of \$36.7 million at June 30, 2009 decreased \$370.4 million to a deficit \$333.7 million at June 30, 2010.

City of Detroit, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010
(UNAUDITED)

Government-wide Changes in Net Assets

The following condensed financial information was derived from 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, 2010 and 2009 (In Thousands)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for Services	\$ 316,489	\$ 383,810	\$ 693,578	\$ 711,205	\$ 1,010,067	\$ 1,095,015
Operating Grants and Contributions	356,347	310,525	75,344	74,812	431,691	385,337
Capital Grants and Contributions	28,305	35,258	47,947	33,897	76,252	69,155
General Revenues:						
Property Taxes	218,008	231,429	-	-	218,008	231,429
Municipal Income Tax	216,522	240,824	-	-	216,522	240,824
Utility Users Tax	44,190	49,900	-	-	44,190	49,900
Wagering Tax	183,466	172,913	-	-	183,466	172,913
Hotel and Liquor Tax	2,969	17,368	-	-	2,969	17,368
Other Local Taxes	15,405	12,878	-	-	15,405	12,878
State Shared Taxes	239,047	268,247	-	-	239,047	268,247
Investment Earnings	8,833	7,056	(42,429)	25,458	(33,596)	32,514
Miscellaneous	15,926	14,766	789	(8,436)	16,715	6,330
Total Revenues	<u>1,645,507</u>	<u>1,744,974</u>	<u>775,229</u>	<u>836,936</u>	<u>2,420,736</u>	<u>2,581,910</u>
Expenses:						
Public Protection	779,613	789,055	-	-	779,613	789,055
Health	170,844	158,907	-	-	170,844	158,907
Recreation and Culture	17,963	37,181	-	-	17,963	37,181
Economic Development	61,907	73,307	-	-	61,907	73,307
Educational Development	90,451	76,729	-	-	90,451	76,729
Housing Supply and Conditions	8,382	10,593	-	-	8,382	10,593
Physical Environment	119,714	185,865	-	-	119,714	185,865
Transportation Facilitation	84,040	73,805	-	-	84,040	73,805
Development and Management	268,716	350,974	-	-	268,716	350,974
Interest on Long-term Debt	129,459	126,345	-	-	129,459	126,345
Sewage Disposal	-	-	431,575	450,278	431,575	450,278
Transportation	-	-	207,620	206,706	207,620	206,706
Water	-	-	346,638	349,734	346,638	349,734
Automobile Parking	-	-	18,190	16,511	18,190	16,511
Airport	-	-	2,438	2,686	2,438	2,686
Total Expenses	<u>1,731,089</u>	<u>1,882,761</u>	<u>1,006,461</u>	<u>1,025,915</u>	<u>2,737,550</u>	<u>2,908,676</u>
Excess (Deficiency) Before						
Transfers and Special Item	(85,582)	(137,787)	(231,232)	(188,979)	(316,814)	(326,766)
Transfers, Net	(74,579)	(73,992)	74,579	73,992	-	-
Special Item	49,980	-	-	(36,900)	49,980	(36,900)
Decrease in Net Assets	<u>(110,181)</u>	<u>(211,779)</u>	<u>(156,653)</u>	<u>(151,887)</u>	<u>(266,834)</u>	<u>(363,666)</u>
Net Assets, July 1	(182,379)	29,400	1,082,462	1,234,349	900,083	1,263,749
GASB Statement 53 Adjustment	<u>(175,309)</u>	<u>-</u>	<u>(192,825)</u>	<u>-</u>	<u>(368,134)</u>	<u>-</u>
Restated Net Assets, July 1	<u>(357,688)</u>	<u>29,400</u>	<u>889,637</u>	<u>1,234,349</u>	<u>531,949</u>	<u>1,263,749</u>
Net Assets, June 30	<u>\$ (467,869)</u>	<u>\$ (182,379)</u>	<u>\$ 732,984</u>	<u>\$ 1,082,462</u>	<u>\$ 265,115</u>	<u>\$ 900,083</u>

Total Primary Government

Total revenues for the fiscal year ended June 30, 2010 were \$2.4 billion; a decrease of \$161.2 million from the prior fiscal year. Charges for services decreased \$84.9 million mainly due to a \$29.0 million decrease in sewage charges for services and \$27.4 million reduction in solid waste (trash disposal) fee revenues. Total tax revenues decreased by \$44.7 million primarily due to the recession and resulting reduction in employment and income tax collections. Also, the transfer of Cobo Hall to the new authority included the transfer of hotel and liquor taxes which was the reason for the \$14.4 million decrease in hotel and liquor tax revenues. Municipal income tax revenues were down \$24.3 million from the \$240.8 million for the year ended June 30, 2009. Property tax revenues decreased by \$13.4 million for the year ended June 30, 2010 compared to the prior year mainly due to the \$13.6 million increase in the General Fund's estimated charge-back due to Wayne County for uncollectible delinquent property taxes. Wagering tax revenues increased by \$10.6 million due to the \$9.6 million settlement from Greektown Casino for taxes due. Grant revenues increased \$53.5 million primarily due to the \$45.7 million in American Reinvestment and Recovery Act (ARRA) funding for the fiscal year ended June 30, 2010. Investment earnings without the impact of GASB Statement No. 53 (decrease of \$40.4 million for the year ended June 30, 2010) decreased \$25.7 million for the year ended June 30, 2010 due to the lower market interest rates and less cash available for investments for the year ended June 30, 2010.

Total expenses were \$2.7 billion, a decrease of \$171.1 million from the prior fiscal year. The decrease in expenses is partly attributable to deficit reduction initiatives including layoffs and furlough days (\$63.3 million decrease in salaries and wages and \$4.1 million decrease in pension costs). In addition, contributing to the decrease in expenses were: (1) the \$38.6 million decrease in tipping fees mainly due to the Greater Detroit Resource Recovery Authority (GDRRA) debt paid off in 2008-09; (2) \$24.2 million decrease in contractual costs due to the completion of the Payroll and Treasury Cash Management projects; (3) \$47.5 million reduction in compensated absence costs; and (4) \$8.8 million reduction in net costs due to the transfer of Cobo Hall to the new Authority. Also, the net \$13.2 million adjustment to capital asset outlays for prior year adjustments resulted in a decrease in expenses for the year ended June 30, 2010. The postemployment benefits other than pensions added \$164.4 million in expenses, a \$10.6 million increase from the prior year. Also, the recognition of the overcapture of school taxes for the Tax Increment Finance Authority (TIFA) added \$18.0 million in expenses.

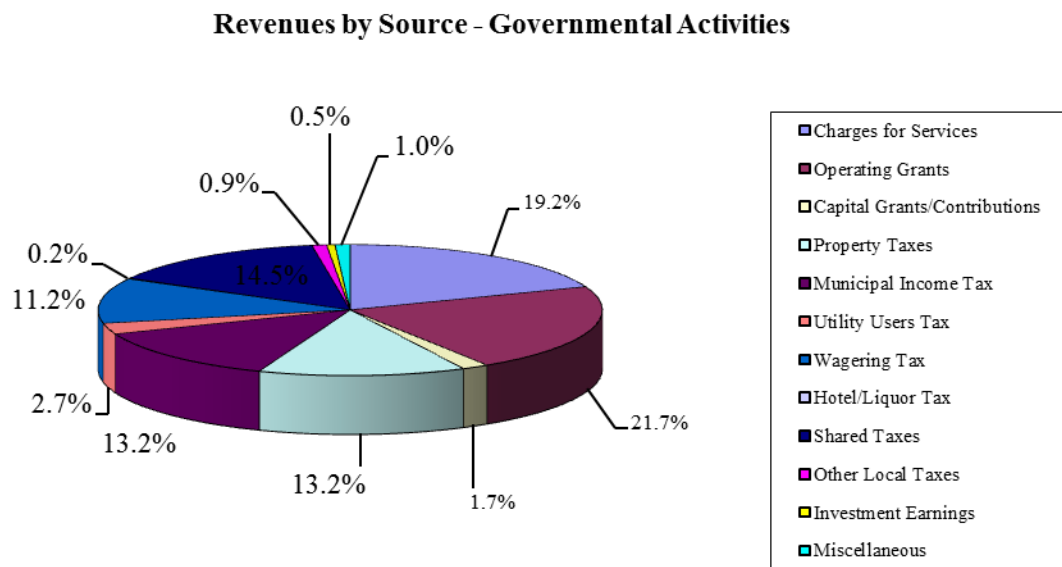
Physical environment costs were down \$66.2 million primarily due to the \$38.6 million reduction of GDRRA tipping fee expense because debt service had been fully paid in December 2008. In addition, as discussed previously, the \$8.3 million reduction in costs for power production contributed to the reduction in physical environment costs. Also, contributing to the decrease in physical environment costs were: (1) \$6.6 million reduction of legal expenses; (2) \$5.7 million decrease in compensated absences costs; and (3) \$2.0 million reduction in workers compensation costs.

Development and management expenses decreased \$82.3 million from the prior fiscal year primarily due to: (1) \$24.2 million decrease in contractual costs mainly due to the completion of the Payroll and Treasury Cash Management projects; (2) net \$13.2 million adjustment to capital asset outlays for prior year adjustments resulted in a decrease in expenses for the year ended June 30, 2010; (3) \$16.3 million reduction in compensated absence costs; (4) \$9.5 million reduction in salaries and wages due to layoffs and furloughs; (5) \$7.6 million reduction in pension costs due in part to payroll cost reductions; (6) \$5.1 million decrease in legal claims; and (7) \$5.3 million decrease in election costs because of the additional mayoral elections in the previous year. Development and management depreciation expense increased \$4.4 million from the year ended June 30, 2009 because of increased capital assets additions.

A special item of \$50.0 million, which increased net assets, was recorded for the Cobo Hall transfer to the new Authority. The transfer of the Cobo Hall long-term obligations and other liabilities, mainly debt, exceeded the assets, such as escrowed cash for hotel and liquor tax revenues, by \$50.0 million.

Governmental Activities

The following chart depicts revenues of the governmental activities for the fiscal year ended June 30, 2010:



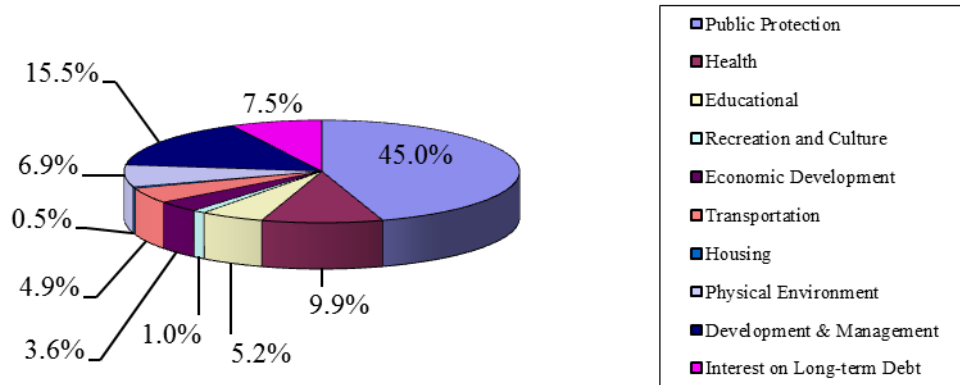
City of Detroit, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010
(UNAUDITED)

The governmental activities revenues totaled \$1.6 billion for the fiscal year ended June 30, 2010, a \$99.5 million decrease from the year ended June 30, 2009. The amount that taxpayers paid for these activities through City taxes was \$680.6 million. Property taxes were the largest category of taxes collected and totaled \$218.0 million, a \$13.4 million decrease from the prior year mainly resulting from the increase in the estimate for Wayne County charge-backs for uncollectable property taxes. Municipal income taxes were the second largest category of taxes collected and totaled \$216.5 million, a \$24.3 million decrease from the prior year mainly due to the City's high unemployment resulting from the auto company bankruptcies and recession. Wagering (casino) tax revenues increased \$10.6 million from the prior year mainly due to the \$9.6 million settlement of taxes owed by the Greektown Casino. Other funding for governmental activities was provided from the following sources:

- Charges for services paid by those who directly benefited totaled \$316.5 million. These services included permits, parking fines, licenses, and solid waste fees. Charges for services were \$67.3 million less than the \$383.8 million for the year ended June 30, 2009. The primary difference was that the solid waste fees were \$27.4 million less than the prior year mainly due to reduced fees to residents and an increase in Wayne County charge-backs for uncollectible delinquent solid waste fees. In addition, the \$21.5 million due from GDRRA for the Detroit Edison escrow payment was included in charges for services revenues in the prior year statements and had no impact on the year ended June 30, 2010 revenues.
- Other governments and organizations subsidized programs such as health-related activities and community development projects with grants and contributions totaling \$384.7 million. This was \$38.9 million greater than the \$345.8 million for the year ended June 30, 2009. A major reason for the increase was the \$45.7 million in ARRA stimulus funding mentioned above.
- Other revenues such as state aid (revenue sharing), interest, contributions and miscellaneous income funded the "public benefit" portion of various programs and totaled \$263.8 million. This was \$26.3 million less than the \$290.1 million for the year ended June 30, 2009 mainly due to the \$29.2 million decline in state aid due to cuts by the State legislature.

The following chart depicts expenses of the governmental activities for the fiscal year ended June 30, 2010:

Expenditures by Function Type - Governmental Activities



Public protection (police and fire protection) was the largest component of current expenses, accounting for 45.0% of total expenses. Public protection expenses decreased by \$9.5 million from the \$789.1 million for the year ended June 30, 2009. Salaries and wages expenses were down \$17.4 million mainly due to attrition. Depreciation expenses for public protection were up \$16.5 million over the prior year due to increased capital asset additions. Public protection compensated absences expenses were \$14.8 million less than the prior year. Public protection legal expenses declined \$3.9 million. The public protection other post-employment pension benefits increased \$1.9 million from the prior year. 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, 2010.

Development and management was the next largest component at 15.5% of total expenses. Development and management expenses totaled \$268.7 million for the year ended June 30, 2010 and declined by \$82.3 million from the \$351.0 million for the fiscal year ended June 30, 2009. As mentioned above, development and management expenses decreased from the prior fiscal year primarily due to: decrease in contractual costs (\$24.2 million), adjustment to capital asset outlays for prior year adjustments (\$13.2 million), reduction in compensated absence costs (\$16.3 million), reduction in salaries and wages (\$9.5 million), reduction in pension costs (\$7.6 million), decrease in legal claims (\$5.1 million), and decrease in election costs (\$5.3 million). Development and management depreciation expense increased \$4.4 million from the year ended June 30, 2009 because of increased capital assets additions.

Physical environment expenses were 6.9% of total expenses and decreased by \$66.2 million from the prior fiscal year. As mentioned previously physical environment costs were down primarily due to the \$38.6 million reduction of Greater Detroit Resource Recovery Authority tipping fee expense, the \$8.3 million reduction in costs for power production, \$6.6 million reduction of legal expenses, \$5.7 million decrease in compensated absences costs, and \$2.0 million reduction in workers compensation costs.

Health expenses were 9.9% of total expenses and increased \$11.9 million from the prior year. The increase was primarily due to an increase in grant activity (\$15.1 million) mainly in the Human Services Fund (\$10.2 million increase). The Human Services Fund expended \$7.4 million in stimulus funds for the year ended June 30, 2010. The increase in grant activity was offset by a \$3.4 million decrease in compensated absence expenses.

Education expenses were 5.2% of total expenses and increased by \$13.7 million for the year ended June 30, 2010 compared to the prior year mainly due to \$19.8 million in stimulus funding for workforce training. The high City resident unemployment and recession contributed to the increase in education spending for the year.

Transportation expenses were 4.9% of total expenses and increased by \$10.2 million to \$84.0 million for the year ended June 30, 2010. Street Funds and telecommunication transportation related expenses increased \$4.9 million from the prior year. Legal claims and expenses for the Street Funds increased \$4.7 million. Workers' compensation expenses increased \$1.7 million. Compensated absences expenses were \$1.9 million less than the prior year.

Economic development expenses were 3.6% of total expenses and decreased by \$11.4 million for the year ended June 30, 2010. The decrease was mainly due to the transfer of Cobo Hall to the new Authority as the General Fund Economic Development (Civic Center) costs decreased \$12.6 million from the prior year. Urban renewal expenses were \$7.3 million less than the prior year as economic development activity was down in the City due to the poor economy in 2009-10. Community Development Block Grant Fund economic development expenses were \$2.8 million higher for the year ended June 30, 2010 primarily due to \$1.7 million in stimulus funding from the U.S. Department of Housing and Urban Development. The Targeted Business Development Fund expenses increased \$5.4 million for the year ended June 30, 2010. Legal claims and expenses for economic development were \$3.0 million less for the year ended June 30, 2010 than the prior year.

Recreation and culture expenses were 1.0% of total expenses. Recreation and culture expenses were decreased \$19.2 million for the year ended June 30, 2010 compared to the prior year. The primary reason for the decrease was a \$15.1 million decrease in depreciation expenses. Recreation activity expenses were \$2.8 million less than the prior year due to layoffs, furloughs, and other cuts. Also, compensated absences expense was decreased \$2.0 million.

Interest expense on long-term debt was 7.5% of total expenses. Interest expense on long-term debt increased \$3.2 million from the \$126.3 million for the year ended June 30, 2009.

Business-type Activities

The business-type activities beginning net assets of \$1.1 billion at July 1, 2009 were decreased by \$192.8 million to \$889.6 million for the retroactive implementation of GASB Statement No. 53. The net assets of the business-type activities had a decrease of \$156.6 million to \$733.0 million for the fiscal year ended June 30, 2010. Detailed below are the results for the major business-type activities:

Water Fund

The Water Fund beginning net assets at July 1, 2009 of \$304.9 million were reduced by \$84.2 million to \$220.7 million for the retroactive implementation of GASB Statement No. 53. The Water Fund had a decrease in net assets of \$84.4 million for the year ended June 30, 2010. The change in fair value of derivatives (GASB Statement No. 53) for the year ended June 30, 2010 reduced net assets by \$24.8 million. The \$107.0 million interest expense contributed to the decrease in net assets as revenues were insufficient to cover these non-operating expenses. Water sales revenues from Detroit and suburban customers increased \$4.6 million to \$276.2 million for the year ended June 30, 2010 compared to \$271.6 million for the year ended June 30, 2009.

Sewage Disposal Fund

The Sewage Disposal Fund beginning net assets at July 1, 2009 of \$601.9 million were reduced by \$85.0 million to \$516.9 million for the retroactive implementation of GASB Statement No. 53. The Sewage Disposal Fund had a decrease in net assets of \$77.8 million for the year ended June 30, 2010. The change in the fair value of derivatives for the year ended June 30, 2010 reduced net assets by \$24.8 million. Also, the \$29.0 million decrease in sewage sales and charges for services revenues contributed to the decrease in net assets. In addition, the \$123.4 million of interest expense contributed to the decrease in net assets as revenues were insufficient to cover these non-operating expenses. Sewage Disposal Fund revenues from Detroit and suburban customers totaled \$356.4 million in the fiscal year ended June 30, 2010, a decrease of \$29.0 million from the \$385.4 million in the fiscal year ended June 30, 2009.

Transportation Fund

The Transportation Fund beginning net assets at July 1, 2009 of \$81.6 million were reduced by \$15.8 million to \$65.8 million for the retroactive implementation of GASB Statement No. 53. The Transportation Fund had an increase in net assets of \$9.3 million at June 30, 2010 mainly due to cost reductions. The change in the fair value of derivatives for the year ended June 30, 2010 increased net assets by \$.7 million. Salaries, wages, and benefits decreased \$8.3 million due to furloughs and layoffs for the year ended June 30, 2010. The Fund had a \$2.3 million decrease in farebox revenue from riders. The General Fund's contribution to the Transportation Fund for the year ended June 30, 2010 was \$73.8 million or \$.7 million more than the \$73.1 million contribution made in 2009. Fuel costs for the year ended June 30, 2010 were \$10.7 million compared to \$12.4 million for the prior fiscal year. Federal and State capital contributions increased \$10.0 million for the year, as the Fund received \$14.8 million in ARRA (stimulus) funds to purchase new buses.

Automobile Parking Fund

The Automobile Parking Fund beginning net assets at July 1, 2009 of \$74.6 million were reduced by \$7.9 million to \$66.7 million for the retroactive implementation of GASB Statement No. 53. The Automobile Parking Fund recorded a decrease in net assets of \$3.2 million for the year ended June 30, 2010. Fund operating revenues totaled \$15.0 million for the fiscal year ended June 30, 2010 compared to \$17.7 million for the fiscal year ended June 30, 2009. The Fund increased operating expenses by \$2.6 million for the year ended June 30, 2010. Materials, supplies, and other expenses increased by \$2.0 million from the prior year. Contractual costs were also up \$1.0 million.

Airport Fund

The Airport Fund (Other Enterprise Fund) had a \$.7 million decrease in net assets for the year ended June 30, 2010. Airport revenues were \$1.0 million for the year ended June 30, 2010 compared to \$1.1 million for the prior year. Non-operating revenues were down \$.4 million from the prior year. The General Fund contribution to the Airport decreased by \$.1 million.

FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS

The City's governmental funds reported combined ending fund balances of \$85.0 million at June 30, 2010. The fund balances include an unreserved deficit of \$143.4 million, a \$170.7 million decrease from the prior fiscal year. The remainder of the \$228.4 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 \$91.1 million deficit at June 30, 2010, a \$175.6 million decrease from the \$266.7 million deficit at June 30, 2009. The fund balance includes an unreserved deficit of \$155.7 million, a \$176.2 million decrease from the \$331.9 million deficit at June 30, 2009. The General Fund reserved fund balance was \$64.6 million at June 30, 2010 compared to \$65.2 million at June 30, 2009. The decrease in the deficit for the year ended June 30, 2010 was mainly due to the \$249.8 million revenue provided from the issuance of fiscal stabilization bonds in March 2010. Without the fiscal stabilization bonds, the City's deficit would have grown by \$74.2 million. Adversely impacting the City's deficit reduction efforts were the: (1) \$24.3 million decline in income tax revenues due in part to the bankruptcies of General Motors and Chrysler, two of the City's largest employers; (2) \$18.0 million expense and liability to the State of Michigan for overcapture of school property taxes during the tax years 2001-2008 for the Central Industrial Park Project TIFA; (3) \$13.6 million increase in chargebacks due Wayne County for uncollectible delinquent property taxes, which reduced property tax revenues; and (4) \$11.2 million decline in sales and charges for services mainly due to the \$11.5 million reduction of personal services revenues, primarily \$6.4 million of central staff service revenues that were recorded as deferred revenue.

General Fund Budgetary Highlights:

The City's 2010 General Fund Budget is \$1.8 billion. The City's 2010 General Fund Budget contains no additions or material changes to existing taxes. Solid waste fees were reduced by 20%. Within the 2009-2010 adopted budget, the City Council appropriated \$280.0 million to reduce the prior years' deficit. The City's 2010 Budget was approved by the City Council in June 2009.

The estimated revenues in the budget exceeded actual revenues and other resources by \$507.7 million for the fiscal year ended June 30, 2010. The revenue shortfall is mainly attributable to actual grant revenues, other revenues, tax revenues, and sales and charges for services being \$179.6 million, \$186.4 million, \$61.2 million, and \$45.4 million, respectively, less than the final budget (see explanation below for grants revenues). Other revenues were less than budget partially due to the elimination of intra-fund transactions such as the Risk Management Fund premium of \$48.4 million, which reduced the actual amount of other revenues and contributed to the budget variance. Actual taxes, assessments, and interest and penalties revenues were \$61.2 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 \$25.6 million property taxes deficit. The recession and increased unemployment, particularly for auto workers, contributed to the \$28.5 million income tax deficit. State revenue sharing deficit was \$12.9 million mainly due to the State's fiscal issues causing cuts in allocation to the local governments. Sales and charges for services revenues were \$45.4 million less than budget primarily due to less interdepartmental billings which reduced personal service revenues by \$20.1 million.

City of Detroit, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010
(UNAUDITED)

Actual expenditures were less than budgeted expenditures by \$765.3 million for the fiscal year ended June 30, 2010 due to grant expenditures being less than budgeted (see explanation below), appropriation of \$280.0 million of the prior year deficit, elimination of intra-fund transactions, and unfilled positions. Public protection expenses were \$125.5 million less than the budgeted appropriations mainly due to unfilled police positions. Development and management expenditures were \$396.8 million under the budgeted appropriations mainly due to the \$280.0 million carry-forward of the prior years' deficit, elimination of intra-fund billings such as the Risk Management Fund premium, and unfilled positions.

The City's budget for grant revenues and expenditures are greater than the actual revenues and expenditures because: (1) the City 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 carries 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 \$43.7 million and a total net increase in appropriations of \$170.0 million. The difference was offset by a total net decrease in other financing sources and uses of \$126.3 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Total Government

At the end of the fiscal year 2010, the City had invested \$7.0 billion, net of accumulated depreciation, in a broad range of capital assets (see table below). This was an increase of \$49.5 million from the prior fiscal year.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Land and Land Rights	\$ 412,818	\$ 400,983	\$ 65,714	\$ 50,335	\$ 478,532	\$ 451,318
Land Improvements	-	-	270,524	55,457	270,524	55,457
Building, Improvements and Structures	651,814	680,150	2,344,903	2,609,361	2,996,717	3,289,511
Sewer and Water Lines	-	-	1,154,565	1,026,764	1,154,565	1,026,764
Machinery, Equipment, Fixtures, and Vehicles	136,379	116,550	1,242,626	1,125,161	1,379,005	1,241,711
Works of Art	29,815	29,788	-	-	29,815	29,788
Infrastructure	196,671	197,924	-	-	196,671	197,924
Construction in Progress	16,277	57,282	504,786	627,687	521,063	684,969
Total	<u>\$ 1,443,774</u>	<u>\$ 1,482,677</u>	<u>\$ 5,583,118</u>	<u>\$ 5,494,765</u>	<u>\$ 7,026,892</u>	<u>\$ 6,977,442</u>

Governmental Activities

Governmental Activities capital assets at June 30, 2010 were \$38.9 million less than the \$1.5 billion at June 30, 2009. The City acquired \$49.2 million in new assets and \$46.9 million of construction in progress was completed. Depreciation expenses totaled \$88.1 million for the year ended June 30, 2010 an increase of \$7.7 million from the prior year. A net \$13.2 million adjustment was made for the year ended June 30, 2010 to increase capital assets and depreciation for additional capital asset additions. Many of the assets not picked up were vehicles including emergency medical services, police, and garbage trucks.

At June 30, 2010, the City's governmental activities had commitments for future capital asset construction contracts of \$78.2 million.

Major capital assets acquired and projects completed or in progress during the year ended June 30, 2010 included the following:

- The City expended \$19.4 million for the Human Resource Management and Payroll system.
- The Solid Waste Fund purchased garbage trucks for \$1.3 million.
- The Police Department purchased vehicles for \$1.2 million.
- The Recreation Department made \$1.9 million worth of improvements to City parks.

Business-type Activities

Business-type Activities capital assets at June 30, 2010 were \$5.6 billion, an increase of \$88.4 million from the balance at June 30, 2009. At June 30, 2010, the City had commitments for future capital asset construction projects of \$1.1 million and \$2.0 million for sewage and water business-type activities, respectively.

Construction work in progress, major capital assets acquired, and projects completed during the year ended June 30, 2010 included the following:

- The Transportation Fund expended \$14.9 million on construction work in progress for facility improvements.
- The Transportation Fund acquired 50 new buses with the ARRA stimulus funds.

City of Detroit, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010
(UNAUDITED)

- 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 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, 2010 was approximately \$2.0 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 \$2.0 million during the year ended June 30, 2010. 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, 2010 was approximately \$1.1 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 \$45.5 million during the year ended June 30, 2010. The proceeds of the loans were used to pay costs of acquiring and constructing certain repairs, extensions, and improvements to the sewerage disposal system.

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

Long-Term Debt

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 1,010,303	\$ 836,693	\$ 6,272	\$ 6,272	\$ 1,016,575	\$ 842,965
Revenue bonds	-	87,755	4,699,101	4,765,515	4,699,101	4,853,270
Total	\$ 1,010,303	\$ 924,448	\$ 4,705,373	\$ 4,771,787	\$ 5,715,676	\$ 5,696,235

At the end of the current fiscal year, the City had total bonded debt of \$5.7 billion outstanding. Of this amount, \$1.0 billion are general obligation bonds backed by the full faith and credit of the City and \$4.7 billion are revenue bonds of the City's business enterprises.

City of Detroit, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010
(UNAUDITED)

The City's total bonded debt increased by \$19.4 million during fiscal year 2010 mainly due to the issuance of \$249.8 million in fiscal stabilization bonds. Governmental activities bonded debt increased by \$85.8 million, while business-type activities' debt decreased by \$66.4 million. The governmental activities revenue bonds decreased by \$87.8 million, as the Cobo Hall debt was transferred to the new Authority. Also, the governmental activities retired \$76.2 million of general obligation bonds.

The Sewage Disposal Fund retired \$34.8 million of revenue bonds in 2010. The Water Fund retired \$33.6 million of revenue bonds in 2010.

In addition to the bonded debt, the City's governmental activities had a total debt of \$2.0 billion at June 30, 2010 for: pension obligation certificates (\$1.2 billion); notes payable (\$89.5 million); loans payable (\$37.9 million); other post-employment benefits (\$360.6 million); and other obligations (\$314.4 million) such as accrued pollution remediation, accrued compensated absences, workers' compensation, and claims and judgments. The pension obligation certificates decreased \$3.9 million as the first principal payments were made in the year ended June 30, 2010. Notes payable increased \$7.9 million and loans payable decreased by \$9.1 million at June 30, 2010. The City obtained \$8.4 million in new notes payable offset by principal payments of \$.5 million for the year. The notes were used to fund City economic development projects such as the Book Cadillac Hotel. The loans were used to fund projects such as the City's upgrade of the Human Resources/payroll system.

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, 2010 was \$1.2 billion, of which \$299.1 million is available for use.

The City's ratings on uninsured general obligation bonds as of June 30, 2010 were:

Moody's Investors Service, Inc.	Ba3
Standard and Poor's Corporation	BB
Fitch IBCA, Inc.	BB

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

Additional information on the City's long-term debt can be found in Notes VII. Long-Term Obligations; VIII. Derivatives; IX Pension Plans, and X Post-Employment Benefits.

ECONOMIC CONDITION, NEXT YEAR'S BUDGET, AND DEFICIT ELIMINATION PLAN

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 (22.5 percent in October 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 ended June 30, 2010, was \$239.0 million or \$29.2 million less than the year ended June 30, 2009.

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 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 nine miles of the light rail system is \$394.0 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 \$933.0 million in economic development after opening.

The Federal Government to date, thru the American Reinvestment and Recovery Act, has allocated stimulus funds totaling \$207.6 million to the City to spur economic recovery. The stimulus funding is expected to increase local employment and creation of new small businesses and result in higher income and property tax collections.

Next Year's Budget

The 2010-2011 budget includes:

- Appropriations totaling \$117.4 million to reduce the accumulated deficit.
- Reduction of \$62.0 million in salaries and wages and a net decrease of 1,403 positions from the 2009-2010 Budget.
- Increase in property tax rate for debt service due to decline in property valuation and increase in delinquency rate.
- \$14.0 million for debt payment of fiscal stabilization bonds offset by declines in debt payments for short-term borrowing and risk management bonds.
- Department of Transportation subsidy reduced by \$24.6 million to \$55.3 million.
- \$2.0 million subsidy for the Charles H. Wright Museum of African American History, \$.8 million subsidy for the Detroit Zoo, \$.5 million subsidy to the Detroit Institute of Arts, and \$.5 million subsidy to the Historical Museum.
- Taking the Mistersky power plant out of service to reduce costs.
- Transfer of workers' compensation responsibility from the Police and Fire departments to the Finance Department Risk Management division is expected to reduce costs by \$.9 million through consolidating contracts and standardizing processes.
- Comprehensive review of risk management claims and processes expected to reduce claims by 5% and save \$3.8 million.
- Audit of hospital claims and charges to include participant eligibility expected to save 5% in hospitalization costs.
- Coordination with State on income tax returns to identify non-filers expected to generate additional revenue.
- Allowing e-filing of personal property taxes expected to improve collections.
- Collection efforts through City employees and contractors to collect delinquent receivables throughout the City.

City of Detroit, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010
(UNAUDITED)

The 2010-2011 budget has 1,403 less positions than the budget for the fiscal year ended June 30, 2010:

<u>Description</u>	<u>Positions FY 2010-11</u>	<u>Positions FY 2009-10</u>	<u>Variance</u>
General City	8,166	9,034	(868)
Enterprise Agencies	4,970	5,505	(535)
Total Budgeted	<u>13,136</u>	<u>14,539</u>	<u>(1,403)</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 in November 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, department consolidation, increased efficiencies, 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 \$249.8 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 recently negotiated a 10% cost reduction for its union workforce. The City transferred control via a long-term lease of the Cobo Hall Convention Facility (Cobo Center) to the Detroit Regional Convention Facility 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 66 of this report.

CRAIN'S NEWSMAKER OF THE YEAR



Mayor Bing and Robert Bobb, Detroit Public Schools' Emergency Financial Manager, are honored as co-winners of Crain's Newsmaker of the Year award at a luncheon at the Renaissance Center on Feb. 10, 2010.



THANKSGIVING



Mayor Bing thanks the members of a Korean business group for providing families with a joyous Thanksgiving through their generous distribution of turkeys to those in need.



BASIC
FINANCIAL
STATEMENTS

ANGELS' NIGHT



From patrolling neighborhoods, to adopting homes on their street, to providing logistical support, tens of thousands of enthusiastic volunteers from throughout the city worked together to keep Detroit safe during the 2009 Angels' Night.



City of Detroit, Michigan
STATEMENT OF NET ASSETS
June 30, 2010

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
ASSETS				
Cash and Cash Equivalents	\$ 80,983,803	\$ 55,266,045	\$ 136,249,848	\$ 54,147,121
Investments	177,360,792	763,591,002	940,951,794	178,594,420
Accounts and Contracts Receivable - Net	33,460,427	192,513,364	225,973,791	14,953,421
Internal Balances	21,702,866	(21,702,866)	—	—
Due from Primary Government	—	—	—	19,454,989
Due from Fiduciary Funds	—	—	—	—
Due from Component Units	24,870,985	—	24,870,985	—
Due from Other Governmental Agencies	242,012,534	14,391,964	256,404,498	7,976,094
Inventory	11,771,942	20,457,201	32,229,143	4,189,404
Prepaid Expenses	127,636	4,994,679	5,122,315	1,163,016
Long-Term Receivable	—	650,000	650,000	—
Loans and Notes Receivable	—	—	—	44,696,911
Advance to Component Unit	24,476,356	—	24,476,356	—
Other Assets	369,133	—	369,133	33,782,436
Net Pension Asset	1,066,135,807	281,631,539	1,347,767,346	24,778,200
Fair Value of Derivatives	—	41,931,774	41,931,774	—
Deferred Charges	69,399,046	90,026,569	159,425,615	3,799,914
Capital Assets:				
Non-Depreciable	458,910,565	570,499,425	1,029,409,990	28,864,956
Depreciable, Net	984,863,253	5,012,618,484	5,997,481,737	146,877,182
Total Capital Assets - Net	<u>1,443,773,818</u>	<u>5,583,117,909</u>	<u>7,026,891,727</u>	<u>175,742,138</u>
Deferred Outflows of Resources	<u>59,611,570</u>	<u>88,784,627</u>	<u>148,396,197</u>	<u>—</u>
Total Assets and Deferred Outflows	<u>3,256,056,715</u>	<u>7,115,653,807</u>	<u>10,371,710,522</u>	<u>563,278,064</u>
LIABILITIES				
Accounts and Contracts Payable	76,189,507	108,981,284	185,170,791	9,995,368
Accrued Liabilities	93,842,788	—	93,842,788	—
Accrued Salaries and Wages	31,585,625	7,120,669	38,706,294	927,053
Accrued Interest Payable	20,132,620	121,874,120	142,006,740	3,231,766
Due to Other Governmental Agencies	169,808,857	2,233	169,811,090	25,155,062
Due to Primary Government	—	—	—	24,870,985
Due to Fiduciary Funds	—	—	—	1,147,526
Advance Payable to Primary Government	—	—	—	24,476,356
Due to Component Units	19,300,554	154,435	19,454,989	—
Deposits and Refunds	22,193,560	—	22,193,560	—
Deferred Revenue	—	548,964	548,964	301,394
Revenue and Tax Anticipation Notes Payable	35,500,000	—	35,500,000	—
Derivative Instruments - Swap Liability	226,999,508	474,824,489	701,823,997	—
Other Liabilities	12,808,590	31,376,118	44,184,708	26,370,679
Long-Term Obligations:				
Due within one year	162,968,074	163,878,647	326,846,721	23,077,010
Due in more than one year	<u>2,852,596,225</u>	<u>5,473,909,034</u>	<u>8,326,505,259</u>	<u>182,003,054</u>
Total Liabilities	<u>3,723,925,908</u>	<u>6,382,669,993</u>	<u>10,106,595,901</u>	<u>321,556,253</u>
NET ASSETS (DEFICIT)				
Invested in Capital Assets, Net of Related Debt	717,589,037	781,976,263	1,499,565,300	171,836,981
Restricted for:				
Highway and Street Improvement	25,533,156	—	25,533,156	—
Endowments and Trust (Expendable)	—	—	—	4,106,105
Endowments and Trust (Non-Expendable)	1,588,224	—	1,588,224	2,389,578
Capital Projects and Acquisitions	7,940,152	56,600,228	64,540,380	63,132,944
Debt Service	30,631,501	228,096,176	258,727,677	33,828,188
Other	27,803,525	—	27,803,525	—
Unrestricted (Deficit)	<u>(1,278,954,788)</u>	<u>(333,688,853)</u>	<u>(1,612,643,641)</u>	<u>(33,571,985)</u>
Total Net Assets (Deficit)	<u>\$ (467,869,193)</u>	<u>\$ 732,983,814</u>	<u>\$ 265,114,621</u>	<u>\$ 241,721,811</u>

City of Detroit, Michigan
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Protection	\$ 779,613,390	\$ 78,076,978	\$ 15,946,735	\$ —
Health	170,843,954	12,495,600	147,841,553	—
Recreation and Culture	17,963,496	17,510,499	713,813	—
Economic Development	61,906,827	121,725	38,796,419	—
Educational Development	90,450,821	1,528,487	88,121,189	—
Housing Supply and Conditions	8,381,813	3,780,682	517,792	—
Physical Environment	119,713,562	92,793,872	6,503,378	—
Transportation Facilitation	84,039,822	927,229	57,775,086	28,304,777
Development and Management	268,716,249	109,253,875	131,345	—
Interest on Long-Term Debt	129,458,620	—	—	—
Total Government Activities	<u>1,731,088,554</u>	<u>316,488,947</u>	<u>356,347,310</u>	<u>28,304,777</u>
Business-type Activities:				
Sewage Disposal	431,575,246	365,537,390	—	6,610,573
Transportation	207,620,142	26,565,119	75,343,618	41,224,885
Water	346,637,749	285,470,426	—	111,777
Automobile Parking	18,190,081	15,037,679	—	—
Airport	2,437,571	967,234	—	—
Total Business-type Activities	<u>1,006,460,789</u>	<u>693,577,848</u>	<u>75,343,618</u>	<u>47,947,235</u>
Total Primary Government	<u>\$ 2,737,549,343</u>	<u>\$ 1,010,066,795</u>	<u>\$ 431,690,928</u>	<u>\$ 76,252,012</u>
Component Units:				
Detroit Brownfield Redevelopment Authority	\$ 1,376,969	\$ 150,000	\$ 273,925	\$ —
Detroit Public Library	45,966,985	855,542	2,307,676	—
Detroit Transportation Corporation	20,468,986	900,881	9,862,305	—
Downtown Development Authority	29,691,876	4,394,089	—	—
Eastern Market Corporation	1,973,826	906,590	1,348,562	—
Economic Development Corporation	9,067,400	5,486,565	30,000	—
Greater Detroit Resource Recovery Authority	72,842,370	161,372	—	—
Local Development Finance Authority	5,965,255	—	—	—
Museum of African American History	6,517,172	1,326,837	2,686,683	—
Total Component Units	<u>\$ 193,870,839</u>	<u>\$ 14,181,876</u>	<u>\$ 16,509,151</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 (Deficit) - Beginning of Year, as restated - see Note I (r)				
Net Assets (Deficit) - End of Year				

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

Primary Government			
Governmental Activities	Business-type Activities	Totals	Component Units
\$ (685,589,677)	\$ —	\$ (685,589,677)	\$ —
(10,506,801)	—	(10,506,801)	—
260,816	—	260,816	—
(22,988,683)	—	(22,988,683)	—
(801,145)	—	(801,145)	—
(4,083,339)	—	(4,083,339)	—
(20,416,312)	—	(20,416,312)	—
2,967,270	—	2,967,270	—
(159,331,029)	—	(159,331,029)	—
(129,458,620)	—	(129,458,620)	—
<u>(1,029,947,520)</u>	<u>—</u>	<u>(1,029,947,520)</u>	<u>—</u>
—	(59,427,283)	(59,427,283)	—
—	(64,486,520)	(64,486,520)	—
—	(61,055,546)	(61,055,546)	—
—	(3,152,402)	(3,152,402)	—
—	(1,470,337)	(1,470,337)	—
—	(189,592,088)	(189,592,088)	—
<u>(1,029,947,520)</u>	<u>(189,592,088)</u>	<u>(1,219,539,608)</u>	<u>—</u>
—	—	—	(953,044)
—	—	—	(42,803,767)
—	—	—	(9,705,800)
—	—	—	(25,297,787)
—	—	—	281,326
—	—	—	(3,550,835)
—	—	—	(72,680,998)
—	—	—	(5,965,255)
—	—	—	(2,503,652)
—	—	—	<u>(163,179,812)</u>
218,008,102	—	218,008,102	72,283,001
216,522,405	—	216,522,405	—
44,190,132	—	44,190,132	—
183,466,226	—	183,466,226	—
2,969,380	—	2,969,380	—
15,404,967	—	15,404,967	1,326,060
239,047,211	—	239,047,211	1,361,162
9,332,781	—	9,332,781	—
—	—	—	6,545,779
—	—	—	6,638,935
8,832,971	(42,428,588)	(33,595,617)	3,107,236
6,618,964	788,385	7,407,349	1,410,283
(27,775)	—	(27,775)	—
49,980,314	—	49,980,314	—
<u>(74,579,168)</u>	<u>74,579,168</u>	<u>—</u>	<u>—</u>
<u>919,766,510</u>	<u>32,938,965</u>	<u>952,705,475</u>	<u>92,672,456</u>
(110,181,010)	(156,653,123)	(266,834,133)	(70,507,356)
(357,688,183)	889,636,937	531,948,754	312,229,167
<u>\$ (467,869,193)</u>	<u>\$ 732,983,814</u>	<u>\$ 265,114,621</u>	<u>\$ 241,721,811</u>

City of Detroit, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	<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>
ASSETS					
Cash and Cash Equivalents	\$ 1,915,522	\$ 10,000	\$ 10,000	\$ 79,048,281	\$ 80,983,803
Investments	46,743,282	664,772	566,857	129,385,881	177,360,792
Accounts and Contracts Receivable:					
Estimated Withheld Income Taxes Receivable	21,119,191	—	—	—	21,119,191
Utility Users' Taxes Receivable	2,746,167	—	—	—	2,746,167
Property Taxes Receivable	120,349,597	—	—	40,233,772	160,583,369
Income Tax Assessments	39,944,895	—	—	—	39,944,895
Special Assessments	28,142,991	—	—	541,890	28,684,881
Loans Receivable	—	—	—	18,000,000	18,000,000
Trade Receivables	187,153,412	—	—	3,151,461	190,304,873
Total Accounts and Contracts Receivable	399,456,253	—	—	61,927,123	461,383,376
Allowance for Uncollectible Accounts	(374,260,440)	—	—	(60,759,424)	(435,019,864)
Total Accounts and Contracts Receivable - Net	25,195,813	—	—	1,167,699	26,363,512
Due from Other Funds	88,263,652	—	—	48,174,729	136,438,381
Due from Fiduciary Funds	7,096,915	—	—	—	7,096,915
Due from Component Units	24,867,204	—	—	3,781	24,870,985
Due from Other Governmental Agencies	180,476,810	—	—	61,535,724	242,012,534
Inventory	10,724,111	—	—	1,047,831	11,771,942
Prepaid Expenditures	—	—	—	127,636	127,636
Working Capital Advances to Other Funds	10,275,006	—	—	—	10,275,006
Advances to Component Units	—	24,476,356	—	—	24,476,356
Other Advances	5,000	—	—	—	5,000
Other Assets	364,133	—	—	—	364,133
Total Assets	\$ 395,927,448	\$ 25,151,128	\$ 576,857	\$ 320,491,562	\$ 742,146,995
LIABILITIES					
Accounts and Contracts Payable	\$ 21,081,984	\$ —	\$ —	\$ 16,905,160	\$ 37,987,144
Accrued Liabilities	56,661,585	—	—	37,181,203	93,842,788
Accrued Salaries and Wages	29,670,628	—	—	1,914,997	31,585,625
Due to Other Funds	53,700,763	653,790	566,857	69,239,111	124,160,521
Due to Fiduciary Funds	38,202,363	—	—	—	38,202,363
Loans and Other Advances from Other Funds	—	—	—	850,000	850,000
Due to Other Governmental Agencies	136,473,869	—	—	33,334,988	169,808,857
Due to Component Units	19,289,572	10,982	—	—	19,300,554
Income Tax Refunds Payable	9,961,373	—	—	—	9,961,373
Deposits from Vendors and Customers	11,419,572	—	—	812,615	12,232,187
Deferred Revenue -					
Unavailable	62,962,268	—	—	4,283,082	67,245,350
Revenue and Tax Anticipation Notes Payable	35,500,000	—	—	—	35,500,000
Other Liabilities	8,556,052	—	—	4,252,538	12,808,590
Accrued Interest Payable	1,867,397	—	—	—	1,867,397
Accrued Compensated Absences	246,710	—	—	131,663	378,373
Claims and Judgments	1,428,000	—	—	—	1,428,000
Total Liabilities	\$ 487,022,136	\$ 664,772	\$ 566,857	\$ 168,905,357	\$ 657,159,122

City of Detroit, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	<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	\$ 10,724,111	\$ —	\$ —	\$ 1,047,831	\$ 11,771,942
Reserved for Highway and Street Improvements	—	—	—	24,485,325	24,485,325
Reserved for Encumbrances	4,400,896	—	—	15,489,725	19,890,621
Reserved for Advances to Other Funds	10,275,006	—	—	—	10,275,006
Reserved for Advances to Component Units	—	24,476,356	—	—	24,476,356
Reserved for Risk Management Operations	39,197,458	—	—	—	39,197,458
Reserved for Endowments and Trusts	—	—	—	1,588,224	1,588,224
Reserved for Debt Service	—	10,000	10,000	6,135,145	6,155,145
Reserved for Capital Acquisitions	—	—	—	90,526,155	90,526,155
Total Reserved Fund Balances	<u>64,597,471</u>	<u>24,486,356</u>	<u>10,000</u>	<u>139,272,405</u>	<u>228,366,232</u>
Unreserved Fund Balances (Deficit):					
General Fund (Deficit)	(155,692,159)	—	—	—	(155,692,159)
Special Revenue Funds	—	—	—	12,313,800	12,313,800
Total Unreserved Fund Balances (Deficit)	<u>(155,692,159)</u>	<u>—</u>	<u>—</u>	<u>12,313,800</u>	<u>(143,378,359)</u>
Total Fund Balances (Deficit)	<u>(91,094,688)</u>	<u>24,486,356</u>	<u>10,000</u>	<u>151,586,205</u>	<u>84,987,873</u>
Total Liabilities and Fund Balances	<u>\$ 395,927,448</u>	<u>\$ 25,151,128</u>	<u>\$ 576,857</u>	<u>\$ 320,491,562</u>	<u>\$ 742,146,995</u>

City of Detroit, Michigan
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2010

Fund Balances - Total Governmental Funds	\$	84,987,873
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:</p>		
Governmental Capital Assets	\$ 3,055,716,762	
Less accumulated depreciation	<u>(1,611,942,944)</u>	1,443,773,818
<p>Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:</p>		
Receivables applicable to governmental activities are not due and collectible in the current period and therefore are deferred in the governmental funds		67,245,350
Net Pension Asset		1,066,135,807
Bond and Pension Obligation Certificate issuance costs	107,055,788	
Less accumulated amortization	<u>(37,656,742)</u>	69,399,046
Deferred Outflows of Resources	59,611,570	
Derivative Instruments - Swap Liability	<u>(226,999,508)</u>	(167,387,938)
<p>Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds; interest on long-term debt is not accrued in the governmental funds and is recognized as an expenditure to the extent due; and all liabilities, both current and long-term, are reported in the statement of net assets:</p>		
Accrued Interest Payable	(18,265,223)	
General Obligation Bonds	(1,010,303,278)	
Notes Payable	(89,506,000)	
Loans Payable	(37,943,608)	
Unamortized Premiums	(17,733,720)	
Unamortized Discounts	822	
Swap Termination Fees	(33,594,659)	
Accrued Compensated Absences	(122,587,641)	
Accrued Workers' Compensation	(66,159,000)	
Accrued Other Postemployment Benefits	(360,573,131)	
Claims and Judgments	(91,531,546)	
Accrued Pollution Remediation	(443,541)	
Pension Obligation Certificates Payable	(1,202,908,800)	
Deferred Amount on Refundings	<u>19,526,176</u>	<u>(3,032,023,149)</u>
Net Assets (Deficit) of Governmental Activities	\$	<u><u>(467,869,193)</u></u>

City of Detroit, Michigan
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	<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	\$ 143,015,072	\$ —	\$ —	\$ 58,830,272	\$ 201,845,344
Municipal Income Tax	216,522,405	—	—	—	216,522,405
Utility Users' Tax	44,190,132	—	—	—	44,190,132
Wagering Taxes	183,338,299	—	—	—	183,338,299
Gas and Weight Tax	—	—	—	57,775,086	57,775,086
Other Taxes and Assessments	11,309,943	—	—	4,095,024	15,404,967
State Hotel and Liquor Tax	—	—	—	2,969,380	2,969,380
State Shared Taxes	263,060,088	—	—	—	263,060,088
Shared Taxes - Liquor and Beer Licenses	578,629	—	—	—	578,629
Interest and Penalties on Taxes	9,332,781	—	—	—	9,332,781
Licenses, Permits, and Inspection Charges	8,684,484	—	—	18,406,341	27,090,825
Intergovernmental:					
Federal	51,282,711	—	—	214,138,787	265,421,498
State	22,073,580	—	—	25,779,159	47,852,739
Other	4,262,664	—	—	2,525,618	6,788,282
Sales and Charges for Services	154,085,415	—	—	42,247,971	196,333,386
Ordinance Fines and Forfeitures	15,579,347	—	—	3,292,879	18,872,226
Revenue from Use of Assets	4,541,853	—	—	2,077,111	6,618,964
Investment Earnings	352,523	—	—	558,740	911,263
Other Revenue	55,767,167	1,423,108	—	7,571,588	64,761,863
Total Revenues	<u>1,187,977,093</u>	<u>1,423,108</u>	<u>—</u>	<u>440,267,956</u>	<u>1,629,668,157</u>
EXPENDITURES:					
Current:					
Public Protection	603,736,750	—	—	38,147,526	641,884,276
Health	86,354,909	—	—	84,134,182	170,489,091
Recreation and Culture	18,155,021	—	—	—	18,155,021
Economic Development	3,705,893	—	—	53,816,796	57,522,689
Educational Development	—	—	—	90,527,365	90,527,365
Housing Supply and Conditions	8,240,422	—	—	—	8,240,422
Physical Environment	71,396,645	—	—	32,646,028	104,042,673
Transportation Facilitation	—	—	—	71,517,424	71,517,424
Development and Management	237,069,025	—	—	—	237,069,025
Debt Service:					
Principal	—	1,675,182	2,186,188	85,792,249	89,653,619
Interest	7,473,344	29,602,902	38,987,549	48,216,254	124,280,049
Bond Issuance Costs	2,487,193	—	—	—	2,487,193
Capital Outlay	30,318,876	—	—	18,912,138	49,231,014
Total Expenditures	<u>1,068,938,078</u>	<u>31,278,084</u>	<u>41,173,737</u>	<u>523,709,962</u>	<u>1,665,099,861</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>119,039,015</u>	<u>(29,854,976)</u>	<u>(41,173,737)</u>	<u>(83,442,006)</u>	<u>(35,431,704)</u>
OTHER FINANCING SOURCES (USES):					
Sources:					
Transfers In	17,590,707	29,776,506	41,173,737	82,868,819	171,409,769
Proceeds from Bonds and Notes Issuances	249,790,000	—	—	8,420,000	258,210,000
Premium on General Obligation Bond Issuance	1,873,225	—	—	—	1,873,225
Uses:					
Transfers Out	(209,943,411)	—	—	(36,045,526)	(245,988,937)
Special Item - Transfer of Cobo Hall	—	—	—	(35,810,944)	(35,810,944)
Total Other Financing Sources (Uses)	<u>59,310,521</u>	<u>29,776,506</u>	<u>41,173,737</u>	<u>19,432,349</u>	<u>149,693,113</u>
Net Change in Fund Balances	178,349,536	(78,470)	—	(64,009,657)	114,261,409
Fund Balances (Deficit) at Beginning of Year	(266,733,641)	24,564,826	10,000	215,278,767	(26,880,048)
Increase (Decrease) in Inventory	(2,710,583)	—	—	317,095	(2,393,488)
Fund Balances (Deficit) at End of Year	<u>\$ (91,094,688)</u>	<u>\$ 24,486,356</u>	<u>\$ 10,000</u>	<u>\$ 151,586,205</u>	<u>\$ 84,987,873</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, 2010

Change in Fund Balances - Total Governmental Funds	\$	114,261,409
Amounts reported for governmental activities in the statement of activities are different because:		
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the governmental funds		7,944,308
Change in inventory		(2,393,488)
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	\$ 49,231,014	
Less current year depreciation	<u>(88,106,915)</u>	(38,875,901)
The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and disposals) is to decrease net assets		(27,775)
Payments to the pension systems increased the net pension asset		(8,216,184)
Special Item - Cobo Hall transfer of long-term obligations to new Authority		85,791,258
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 costs (deferred charges) and premiums that must be amortized over the life of the bonds		(257,596,032)
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		89,653,617
Amortization of deferred outflows of derivatives		7,921,708
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	(175,576)	
Amortization of issuance costs	(4,614,658)	
Change in accrued interest payable	(2,702,598)	
Amortization of bond discounts	(1,747)	
Amortization of bond premiums	2,273,968	
Amortization of swap termination fees	1,343,787	
Amortization of deferred amounts on refunding	(1,301,745)	
Change in accrued compensated absences	22,876,099	
Change in accrued workers' compensation claims	(1,130,000)	
Change in accrued claims and judgments	(1,864,183)	
Change in accrued pollution remediation	958,279	
Change in accrued other postemployment benefits	<u>(124,305,556)</u>	<u>(108,643,930)</u>
Change in Net Assets of Governmental Activities	\$	<u><u>(110,181,010)</u></u>

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City of Detroit, Michigan
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
June 30, 2010

ASSETS	<u>Sewage Disposal Fund</u>	<u>Transportation Fund</u>
Current Assets:		
Cash and Cash Equivalents	\$ 4,088,652	\$ 2,834,560
Investments	32,055,864	9,103,601
Accounts and Contracts Receivable:		
Other Receivables - Trade	<u>177,524,312</u>	<u>770,847</u>
Allowance for Uncollectible Accounts	<u>(54,927,143)</u>	<u>(37,423)</u>
Total Accounts and Contracts Receivable - Net	<u>122,597,169</u>	<u>733,424</u>
Due from Other Funds	102,440,110	4,863,903
Due from Other Governmental Agencies	—	14,391,964
Inventory	6,561,739	6,643,620
Prepaid Expenses	3,538,840	123,855
Restricted:		
Cash and Cash Equivalents	8,136,025	—
Investments	125,839,450	—
Other accounts receivable	—	—
Due from Other Funds	<u>12,105,832</u>	<u>—</u>
Total Current Assets	<u>417,363,681</u>	<u>38,694,927</u>
Noncurrent Assets:		
Restricted:		
Cash and Cash Equivalents	6,334,576	—
Investments	210,268,220	—
Other Receivables	—	650,000
Net Pension Asset	88,455,199	107,650,482
Fair Value of Derivatives	14,947,297	—
Deferred Charges	44,772,379	4,986,084
Capital Assets:		
Land and Land Rights	29,826,607	7,578,462
Land Improvements	208,556,897	—
Buildings and Structures	2,147,442,402	92,736,191
Interceptors and Regulators	482,662,072	—
Mains	—	—
Services and Meters	—	—
Vehicles and Buses	—	164,213,854
Machinery, Equipment, and Fixtures	1,074,342,905	56,292,060
Construction in Progress	<u>298,936,906</u>	<u>44,126,393</u>
Total Capital Assets	4,241,767,789	364,946,960
Less: Accumulated Depreciation	<u>(1,111,401,190)</u>	<u>(187,376,296)</u>
Net Capital Assets	<u>3,130,366,599</u>	<u>177,570,664</u>
Deferred Outflows of Resources	<u>73,286,652</u>	<u>5,358,857</u>
Total Noncurrent Assets and Deferred Outflows	<u>3,568,430,922</u>	<u>296,216,087</u>
Total Assets and Deferred Outflows	<u>\$ 3,985,794,603</u>	<u>\$ 334,911,014</u>

<u>Water Fund</u>	<u>Automobile Parking Fund</u>	<u>Other Enterprise Fund</u>	<u>Totals</u>
\$ 11,585,084	\$ 539,072	\$ 1,316,437	\$ 20,363,805
21,192,353	300,411	—	62,652,229
<u>90,560,082</u>	<u>3,326,683</u>	<u>1,116,171</u>	<u>273,298,095</u>
<u>(25,061,864)</u>	<u>(109,851)</u>	<u>(987,697)</u>	<u>(81,123,978)</u>
<u>65,498,218</u>	<u>3,216,832</u>	<u>128,474</u>	<u>192,174,117</u>
118,670,060	1,503,241	—	227,477,314
—	—	—	14,391,964
7,251,842	—	—	20,457,201
1,273,189	7,255	51,540	4,994,679
5,554,329	—	684,452	14,374,806
106,879,144	10,256,310	—	242,974,904
339,247	—	—	339,247
<u>9,393,793</u>	<u>—</u>	<u>—</u>	<u>21,499,625</u>
<u>347,637,259</u>	<u>15,823,121</u>	<u>2,180,903</u>	<u>821,699,891</u>
14,192,858	—	—	20,527,434
221,486,588	26,209,061	—	457,963,869
—	—	—	650,000
85,525,858	—	—	281,631,539
26,984,477	—	—	41,931,774
40,268,106	—	—	90,026,569
6,062,803	4,967,313	17,278,566	65,713,751
103,037,813	214,908	8,020,718	319,830,336
797,401,686	199,598,673	5,853,773	3,243,032,725
—	—	—	482,662,072
986,996,016	—	—	986,996,016
165,186,458	—	—	165,186,458
—	1,367,994	1,352,993	166,934,841
945,462,983	3,370,921	1,825,327	2,081,294,196
<u>160,010,296</u>	<u>355,318</u>	<u>1,356,761</u>	<u>504,785,674</u>
<u>3,164,158,055</u>	<u>209,875,127</u>	<u>35,688,138</u>	<u>8,016,436,069</u>
<u>(999,296,329)</u>	<u>(119,862,464)</u>	<u>(15,381,881)</u>	<u>(2,433,318,160)</u>
<u>2,164,861,726</u>	<u>90,012,663</u>	<u>20,306,257</u>	<u>5,583,117,909</u>
<u>4,500,379</u>	<u>5,638,739</u>	<u>—</u>	<u>88,784,627</u>
<u>2,557,819,992</u>	<u>121,860,463</u>	<u>20,306,257</u>	<u>6,564,633,721</u>
\$ <u>2,905,457,251</u>	\$ <u>137,683,584</u>	\$ <u>22,487,160</u>	\$ <u>7,386,333,612</u>

(Continued)

City of Detroit, Michigan
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
June 30, 2010

	<u>Sewage Disposal Fund</u>	<u>Transportation Fund</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts and Contracts Payable	\$ 15,534,103	\$ 25,289,154
Accrued Salaries and Wages	1,608,515	2,896,474
Due to Other Funds	114,520,088	11,338,014
Due to Fiduciary Funds	1,772,294	9,429,374
Due to Component Units	—	154,435
Due to Other Governmental Agencies	—	—
Accrued Interest	—	616,031
Other Liabilities	16,208,631	—
Deferred Revenue	—	323,964
Bonds, Notes, and Capital Leases	11,453,649	3,751,531
Accrued Compensated Absences	4,293,031	3,314,786
Accrued Workers' Compensation and Claims and Judgments	1,606,074	1,340,299
Accrued Pollution Remediation	956,878	325,309
Pension Obligation Certificates - Net	672,089	784,268
Payable from Restricted Assets:		
Bonds, Notes, and Leases	59,555,000	—
Accrued Interest	62,455,024	—
Accounts and Contracts Payable	14,368,691	—
Due to Other Funds	17,407,274	—
Other Liabilities	—	—
	<u>322,411,341</u>	<u>59,563,639</u>
Noncurrent Liabilities:		
Advances From Other Funds	—	—
Bonds and Notes Payable - Net	2,870,184,745	6,271,722
Derivative Instruments - Swap Liability	225,936,903	20,482,220
Capital Leases Payable	22,423	16,588,457
Pension Obligation Certificates Payable (POC's) - Net	91,195,843	106,404,128
Accrued Compensated Absences	3,266,334	1,707,617
Accrued Workers' Compensation and Claims and Judgments	3,012,392	4,151,722
Accrued Pollution Remediation	151,157	—
Accrued Other Postemployment Benefits	30,452,039	44,668,317
	<u>3,224,221,836</u>	<u>200,274,183</u>
Total Noncurrent Liabilities		
	<u>3,546,633,177</u>	<u>259,837,822</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	423,561,717	150,958,954
Restricted for Capital Acquisitions	30,070,066	—
Restricted for Debt Service	127,990,977	—
Unrestricted (Deficit)	(142,461,334)	(75,885,762)
	<u>439,161,426</u>	<u>75,073,192</u>
Total Net Assets	<u>\$ 439,161,426</u>	<u>\$ 75,073,192</u>

Water Fund	Automobile Parking Fund	Other Enterprise Fund	Totals
\$ 15,051,600	\$ 3,610,352	\$ 124,042	\$ 59,609,251
2,519,342	56,683	39,655	7,120,669
93,795,792	2,465,773	308,551	222,428,218
5,056,959	481,315	92,215	16,832,157
—	—	—	154,435
—	—	2,233	2,233
—	—	—	616,031
12,081,083	2,162,991	471,508	30,924,213
—	—	225,000	548,964
1,074,899	26,860,000	—	43,140,079
7,078,769	70,344	60,867	14,817,797
2,091,000	130,000	1,518,000	6,685,373
—	—	—	1,282,187
593,104	—	—	2,049,461
36,348,750	—	—	95,903,750
58,466,586	336,479	—	121,258,089
18,171,185	—	—	32,539,876
21,419,307	—	—	38,826,581
451,905	—	—	451,905
<u>274,200,281</u>	<u>36,173,937</u>	<u>2,842,071</u>	<u>695,191,269</u>
—	9,425,006	—	9,425,006
2,153,379,619	14,071,132	—	5,043,907,218
215,506,801	12,898,565	—	474,824,489
22,423	—	—	16,633,303
80,477,124	—	—	278,077,095
4,059,727	147,864	44,047	9,225,589
13,411,000	584,000	553,600	21,712,714
80,000	—	—	231,157
27,944,436	881,257	175,909	104,121,958
<u>2,494,881,130</u>	<u>38,007,824</u>	<u>773,556</u>	<u>5,958,158,529</u>
<u>2,769,081,411</u>	<u>74,181,761</u>	<u>3,615,627</u>	<u>6,653,349,798</u>
131,394,921	55,754,412	20,306,259	781,976,263
25,818,115	712,047	—	56,600,228
97,828,028	2,277,171	—	228,096,176
(118,665,224)	4,758,193	(1,434,726)	(333,688,853)
<u>\$ 136,375,840</u>	<u>\$ 63,501,823</u>	<u>\$ 18,871,533</u>	<u>\$ 732,983,814</u>

City of Detroit, Michigan
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
For the Year Ended June 30, 2010

	Sewage Disposal Fund	Transportation Fund
	<u> </u>	<u> </u>
Operating Revenues:		
Sales and Charges for Services	\$ 356,393,034	\$ 25,004,975
Rentals, Fees, and Surcharges	3,730,043	589,695
Miscellaneous	5,414,313	970,449
	<u> </u>	<u> </u>
Total Operating Revenues	<u>365,537,390</u>	<u>26,565,119</u>
Operating Expenses:		
Salaries, Wages, and Benefits	37,135,915	128,629,389
Contractual Services	—	13,501,526
Operating	141,793,172	15,424,715
Maintenance	20,009,122	—
Materials, Supplies, and Other Expenses	11,515,782	27,555,768
Depreciation and Amortization	97,713,277	15,615,472
	<u> </u>	<u> </u>
Total Operating Expenses	<u>308,167,268</u>	<u>200,726,870</u>
Operating Income (Loss)	<u>57,370,122</u>	<u>(174,161,751)</u>
Non-Operating Revenues (Expenses):		
Investment Earnings	(18,453,655)	4,404
Federal and State Grants	—	75,343,618
Interest on Bonds, Notes Payable, and Loans	(123,407,978)	(6,893,272)
Other Revenues (Expenses)	124,285	—
	<u> </u>	<u> </u>
Total Non-Operating Revenues (Expenses), Net	<u>(141,737,348)</u>	<u>68,454,750</u>
Net Income (Loss) Before Contributions and Transfers	(84,367,226)	(105,707,001)
Capital Contributions	6,610,573	41,224,885
Transfers In	—	73,788,813
	<u> </u>	<u> </u>
Increase (Decrease) in Net Assets	(77,756,653)	9,306,697
Net Assets - Beginning of Year, as restated - see Note I (r)	<u>516,918,079</u>	<u>65,766,495</u>
Net Assets - End of Year	<u>\$ 439,161,426</u>	<u>\$ 75,073,192</u>

<u>Water Fund</u>	<u>Automobile Parking Fund</u>	<u>Other Enterprise Fund</u>	<u>Totals</u>
\$ 276,242,603	\$ —	\$ 71,160	\$ 657,711,772
—	14,438,180	878,703	19,636,621
9,227,823	599,499	17,371	16,229,455
<u>285,470,426</u>	<u>15,037,679</u>	<u>967,234</u>	<u>693,577,848</u>
67,004,087	2,957,281	789,297	236,515,969
—	5,769,583	—	19,271,109
89,328,041	1,530,917	516,209	248,593,054
—	173,394	232,342	20,414,858
1,600,836	2,372,890	683,526	43,728,802
81,660,122	3,237,692	216,197	198,442,760
<u>239,593,086</u>	<u>16,041,757</u>	<u>2,437,571</u>	<u>766,966,552</u>
<u>45,877,340</u>	<u>(1,004,078)</u>	<u>(1,470,337)</u>	<u>(73,388,704)</u>
(23,979,799)	128	334	(42,428,588)
—	—	—	75,343,618
(107,044,663)	(2,148,324)	—	(239,494,237)
664,100	—	—	788,385
<u>(130,360,362)</u>	<u>(2,148,196)</u>	<u>334</u>	<u>(205,790,822)</u>
(84,483,022)	(3,152,274)	(1,470,003)	(279,179,526)
111,777	—	—	47,947,235
—	—	790,355	74,579,168
<u>(84,371,245)</u>	<u>(3,152,274)</u>	<u>(679,648)</u>	<u>(156,653,123)</u>
<u>220,747,085</u>	<u>66,654,097</u>	<u>19,551,181</u>	<u>889,636,937</u>
<u>\$ 136,375,840</u>	<u>\$ 63,501,823</u>	<u>\$ 18,871,533</u>	<u>\$ 732,983,814</u>

City of Detroit, Michigan
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Year Ended June 30, 2010

	<u>Sewage Disposal Fund</u>	<u>Transportation Fund</u>
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 348,788,923	\$ 26,495,604
Payments from (to) Other Funds	17,638,214	—
Loans to Other Funds	—	—
Payments to Suppliers	(91,862,234)	(61,478,687)
Payments to Employees	<u>(103,161,080)</u>	<u>(114,312,411)</u>
Net Cash Provided by (Used in) Operating Activities	<u>171,403,823</u>	<u>(149,295,494)</u>
Cash Flows from Non-Capital Financing Activities:		
Interest Paid - Pension Obligation Certificates	(5,279,065)	(6,047,233)
Principal Paid - Pension Obligation Certificates	—	(340,053)
Grants and Contributions from Other Governments	—	91,855,209
Due to Other Governmental Agencies	—	(3,998,792)
Transfers from Other Funds	—	77,821,266
Miscellaneous Non-Operating Revenue	<u>127,309</u>	<u>—</u>
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>(5,151,756)</u>	<u>159,290,397</u>
Cash Flows from Capital and Related Financing Activities:		
Capital Contributions	6,610,573	36,119,198
Proceeds from Sale of Capital Assets	—	—
Acquisition and Construction of Capital Assets	(137,395,878)	(31,507,028)
Proceeds from Bond and Note Issuances	45,512,406	—
Principal Paid on Bonds, Notes, and Capital Leases	(61,786,791)	(3,599,395)
Interest Paid on Bonds, Notes, and Leases - Net	<u>(118,109,458)</u>	<u>(1,513,584)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(265,169,148)</u>	<u>(500,809)</u>
Cash Flows from Investing Activities:		
Proceeds from Sales and Maturities of Investments	729,800,628	46,799,890
Purchases of Investments	(642,910,672)	(55,003,811)
Interest from Investment Securities	<u>(16,937,092)</u>	<u>4,404</u>
Net Cash Provided by (Used in) Investing Activities	<u>69,952,864</u>	<u>(8,199,517)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(28,964,217)	1,294,577
Cash and Cash Equivalents at Beginning of Year	<u>47,523,470</u>	<u>1,539,983</u>
Cash and Cash Equivalents at End of Year	<u>\$ 18,559,253</u>	<u>\$ 2,834,560</u>

<u>Water Fund</u>	<u>Automobile Parking Fund</u>	<u>Other Enterprise Fund</u>	<u>Totals</u>
\$ 273,476,418	\$ 13,845,163	\$ 943,990	\$ 663,550,098
—	(834,820)	153,984	16,957,378
(8,480,336)	4,810,041	—	(3,670,295)
(79,771,425)	(8,470,084)	(1,116,710)	(242,699,140)
<u>(64,305,673)</u>	<u>(2,830,176)</u>	<u>(849,618)</u>	<u>(285,458,958)</u>
120,918,984	6,520,124	(868,354)	148,679,083
(4,658,657)	—	—	(15,984,955)
—	—	—	(340,053)
—	—	—	91,855,209
—	—	—	(3,998,792)
—	—	790,355	78,611,621
<u>496,903</u>	<u>—</u>	<u>—</u>	<u>624,212</u>
(4,161,754)	—	790,355	150,767,242
—	—	—	42,729,771
189,844	—	—	189,844
(99,984,025)	(2,539,399)	(597,877)	(272,024,207)
2,028,744	—	—	47,541,150
(36,035,378)	(1,610,000)	—	(103,031,564)
<u>(110,288,855)</u>	<u>(2,850,778)</u>	<u>—</u>	<u>(232,762,675)</u>
(244,089,670)	(7,000,177)	(597,877)	(517,357,681)
1,040,490,480	23,525,625	—	1,840,616,623
(906,689,260)	(23,118,975)	—	(1,627,722,718)
<u>(17,982,004)</u>	<u>128</u>	<u>334</u>	<u>(34,914,230)</u>
115,819,216	406,778	334	177,979,675
(11,513,224)	(73,275)	(675,542)	(39,931,681)
<u>42,845,495</u>	<u>612,347</u>	<u>2,676,431</u>	<u>95,197,726</u>
<u>\$ 31,332,271</u>	<u>\$ 539,072</u>	<u>\$ 2,000,889</u>	<u>\$ 55,266,045</u>

(Continued)

City of Detroit, Michigan
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Year Ended June 30, 2010

	Sewage Disposal Fund	Transportation Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating Income (Loss)	\$ 57,370,122	\$ (174,161,751)
Adjustments to Operating Income (Loss):		
Depreciation and Amortization	97,713,277	15,615,472
Write off of Construction in Progress	6,552,868	—
Loss on Disposal of Capital Assets	5,595,530	—
Changes in Assets and Liabilities:		
Accounts and Contracts Receivable	(15,665,009)	(69,004)
Grants Receivable	(1,083,458)	—
Inventory	1,261,752	345,014
Net Pension Asset	(1,168,863)	(1,950,360)
Prepaid Expenses	(1,687,430)	(6,144)
Due from Other Funds	(34,667,392)	(3,073,987)
Due from Fiduciary Funds	—	—
Deferred Revenue	—	(511)
Accounts and Contracts Payable	6,497,186	(739,715)
Due to Other Funds	52,305,606	8,010,827
Due to Fiduciary Funds	(15,198,436)	(7,611,401)
Other Liabilities	6,252,973	—
Accrued Compensated Absences	(5,295,680)	(548,784)
Accrued Workers' Compensation and Claims and Judgments	64,472	(1,111,394)
Accrued Other Postemployment Benefits	12,527,600	15,722,622
Accrued Salaries and Wages	28,705	283,622
	<u>171,403,823</u>	<u>(149,295,494)</u>
Net Cash Provided by (Used in) Operating Activities	\$ 171,403,823	\$ (149,295,494)

<u>Water Fund</u>	<u>Automobile Parking Fund</u>	<u>Other Enterprise Fund</u>	<u>Totals</u>
\$ 45,877,340	\$ (1,004,078)	\$ (1,470,337)	\$ (73,388,704)
81,660,122	3,237,692	216,197	198,442,760
3,502,420	—	—	10,055,288
6,100,976	—	—	11,696,506
(11,994,008)	(1,192,516)	(23,244)	(28,943,781)
—	—	—	(1,083,458)
(1,697,493)	—	—	(90,727)
(3,845,611)	—	—	(6,964,834)
(61,279)	2,596	2,395	(1,749,862)
(50,782,945)	(834,820)	111,079	(89,248,065)
—	—	—	—
—	—	—	(511)
1,075,886	105,168	103,116	7,041,641
42,302,609	4,810,041	42,905	107,471,988
1,830,443	—	—	(20,979,394)
6,999,355	1,268,936	209,856	14,731,120
(7,872,854)	(410,580)	(93,942)	(14,221,840)
(3,609,200)	10,500	231	(4,645,391)
11,332,667	524,160	34,187	40,141,236
100,556	3,025	(797)	415,111
<u>\$ 120,918,984</u>	<u>\$ 6,520,124</u>	<u>\$ (868,354)</u>	<u>\$ 148,679,083</u>

City of Detroit, Michigan
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2010

	Pension and Other Employee Benefit Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 19,430,456	\$ 1,088,277
Investments at Fair Value:		
Short-Term Investments	210,777,520	—
Money Market Funds	—	22,360,606
Bonds and Stocks	3,458,616,937	—
Mortgage-Backed Securities	78,243,170	—
Mortgage and Construction Loans	246,964,975	—
Equity Interest in Real Estate	643,756,540	—
Real Estate Investment Trusts Held by Custodian	23,997,115	—
Pooled Investments	278,641,010	—
Private Placements	376,761,052	—
Total Investments	5,317,758,319	22,360,606
Accrued Interest Receivable	21,299,125	—
Accounts Receivable:		
Due from Primary Government	55,034,520	—
Due from Component Units	1,147,526	—
From Investment Sales	43,806,294	—
Other Receivables	27,827,411	—
Total Accounts Receivable	127,815,751	—
Cash and Investments Held as Collateral for Securities Lending	509,574,864	—
Capital Assets	2,714,474	—
Total Assets	5,998,592,989	\$ 23,448,883
LIABILITIES		
Accounts and Contracts Payable	385,054	579,360
Payables for Investment Purchases	46,036,086	—
Benefits and Claims Payable	8,242,798	—
Due to Primary Government	6,721,840	375,075
Amount Due to Broker for Securities Lending	567,510,904	—
Other Liabilities	71,891,794	22,494,448
Total Liabilities	700,788,476	\$ 23,448,883
Net Assets Held in Trust for Pension and Other Employee Benefits	\$ 5,297,804,513	

City of Detroit, Michigan
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended June 30, 2010

	Pension and Other Employee Benefit Trust Funds
ADDITIONS:	
Employer Contributions	\$ 327,655,770
Plan Member Contributions	67,158,811
Other Income	6,920,181
	401,734,762
Total Contributions	
Investment Earnings:	
Interest and Dividend Income	166,815,511
Net Appreciation in Fair Value	167,379,740
Investment Expense	(30,829,720)
Securities Lending Income	2,521,965
Net Gain on Collateralized Securities	22,605,928
Other Income	5,994,628
Total Investment Earnings	334,488,052
Total Additions	736,222,814
DEDUCTIONS:	
Pension and Annuity Benefits	465,782,759
Premiums to Insurers and Damage Claims	303,331,936
Refunds	128,958,273
General and Administrative Expenses	10,446,352
Total Deductions	908,519,320
Net Decrease	(172,296,506)
Net Assets Held in Trust for Pension and Other Employee Benefits, Beginning of Year	5,470,101,019
Net Assets Held in Trust for Pension and Other Employee Benefits, End of Year	\$ 5,297,804,513

City of Detroit, Michigan
COMBINING STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2010

	<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	\$ 4,271,347	\$ 824,680	\$ 678,501
Investments	3,443,984	29,688,936	12,272,292	78,365,613
Accounts and Contracts Receivable, Taxes, Interest, and Penalties Receivable - Net	628,565	193,320	79,932	7,255,484
Due from Primary Government	150,000	13,632,023	93,866	1,117,940
Due from Other Governmental Agencies	—	7,698,449	227,645	—
Inventory	—	—	4,048,305	—
Prepaid Expenses	7,486	119,051	679,985	272,156
Loans and Notes Receivable	—	—	—	43,488,839
Other Assets	—	11,825	—	33,690,377
Net Pension Asset	—	24,778,200	—	—
Bond and Note Issue Costs	—	1,139,848	—	2,660,066
Capital Assets:	—	—	—	—
Non-Depreciable	—	3,698,172	8,585,387	7,544,670
Depreciable, Net	—	22,038,912	56,821,594	43,204,737
Capital Assets, Net	—	25,737,084	65,406,981	50,749,407
Total Assets	<u>4,235,035</u>	<u>107,270,083</u>	<u>83,633,686</u>	<u>218,278,383</u>
LIABILITIES:				
Accounts and Contracts Payable	560,086	1,310,946	2,747,443	1,068,074
Accrued Salaries and Wages	—	487,186	275,496	—
Accrued Interest Payable	—	—	—	2,508,200
Due to Primary Government	—	1,790,905	936,847	439,588
Due to Fiduciary Funds	—	1,147,526	—	—
Due to Other Governmental Agencies	—	7,005,062	—	18,150,000
Deferred Revenues	—	—	—	—
Other Liabilities	2,565,468	1,892,357	1,099,114	14,444,190
Long-term Obligations:	—	—	—	—
Advance Payable to Primary Government for POCs	—	24,476,356	—	—
Due within one year	—	1,935,851	—	15,573,660
Due in more than one year	—	14,598,951	323,282	102,919,936
Total Liabilities	<u>3,125,554</u>	<u>54,645,140</u>	<u>5,382,182</u>	<u>155,103,648</u>
NET ASSETS (DEFICIT):				
Invested in Capital Assets, Net of Related Debt	—	25,737,084	65,406,981	50,749,407
Restricted for:	—	—	—	—
Endowments and Trusts (Expendable)	—	4,106,105	—	—
Endowments and Trusts (Non-Expendable)	—	569,177	—	—
Capital Projects	469,977	—	11,673,717	10,863,805
Debt Service	—	—	—	—
Unrestricted (Deficit)	<u>639,504</u>	<u>22,212,577</u>	<u>1,170,806</u>	<u>1,561,523</u>
Total Net Assets (Deficit)	<u>\$ 1,109,481</u>	<u>\$ 52,624,943</u>	<u>\$ 78,251,504</u>	<u>\$ 63,174,735</u>

<u>Eastern Market Corporation</u>	<u>Economic Development Corporation</u>	<u>Greater Detroit Resource Recovery Authority</u>	<u>Local Development Finance Authority</u>	<u>Museum of African American History</u>	<u>Totals</u>
\$ 253,200	\$ 18,283,877	\$ 28,044,786	\$ 1,117,933	\$ 667,797	\$ 54,147,121
726,183	20,015,718	1,058,321	31,335,415	1,687,958	178,594,420
8,183	—	931,139	5,741,953	114,845	14,953,421
—	797,049	—	3,664,111	—	19,454,989
50,000	—	—	—	—	7,976,094
11,186	—	—	—	129,913	4,189,404
10,245	—	—	1,138	72,955	1,163,016
—	1,205,314	—	2,758	—	44,696,911
35,234	—	—	—	45,000	33,782,436
—	—	—	—	—	24,778,200
—	—	—	—	—	3,799,914
30,149	—	8,873,234	—	133,344	28,864,956
<u>3,875,007</u>	<u>—</u>	<u>19,823,888</u>	<u>—</u>	<u>1,113,044</u>	<u>146,877,182</u>
<u>3,905,156</u>	<u>—</u>	<u>28,697,122</u>	<u>—</u>	<u>1,246,388</u>	<u>175,742,138</u>
<u>4,999,387</u>	<u>40,301,958</u>	<u>58,731,368</u>	<u>41,863,308</u>	<u>3,964,856</u>	<u>563,278,064</u>
101,192	1,451,390	2,316,898	25,123	414,216	9,995,368
73,228	—	—	—	91,143	927,053
—	74,183	—	649,383	—	3,231,766
—	—	21,703,645	—	—	24,870,985
—	—	—	—	—	1,147,526
—	—	—	—	—	25,155,062
226,394	75,000	—	—	—	301,394
—	—	—	6,369,550	—	26,370,679
—	—	—	—	—	24,476,356
49,703	112,796	—	5,405,000	—	23,077,010
<u>55,885</u>	<u>—</u>	<u>—</u>	<u>64,105,000</u>	<u>—</u>	<u>182,003,054</u>
<u>506,402</u>	<u>1,713,369</u>	<u>24,020,543</u>	<u>76,554,056</u>	<u>505,359</u>	<u>321,556,253</u>
—	—	28,697,121	—	1,246,388	171,836,981
—	—	—	—	—	4,106,105
—	—	—	989,926	830,475	2,389,578
448,411	38,518,243	—	—	1,158,791	63,132,944
—	—	—	33,828,188	—	33,828,188
<u>4,044,574</u>	<u>70,346</u>	<u>6,013,704</u>	<u>(69,508,862)</u>	<u>223,843</u>	<u>(33,571,985)</u>
<u>\$ 4,492,985</u>	<u>\$ 38,588,589</u>	<u>\$ 34,710,825</u>	<u>\$ (34,690,748)</u>	<u>\$ 3,459,497</u>	<u>\$ 241,721,811</u>

City of Detroit, Michigan
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
For the Year Ended June 30, 2010

	Detroit Brownfield Redevelopment Authority	Detroit Public Library	Detroit Transportation Corporation	Downtown Development Authority
Expenses	\$ (1,376,969)	\$ (45,966,985)	\$ (20,468,986)	\$ (29,691,876)
Program Revenues:				
Charges for Services	150,000	855,542	900,881	4,394,089
Operating Grants and Contributions	273,925	2,307,676	9,862,305	—
Total Program Revenues	423,925	3,163,218	10,763,186	4,394,089
Net Program (Expenses) Revenues	(953,044)	(42,803,767)	(9,705,800)	(25,297,787)
General Revenues:				
Property Taxes	967,249	35,917,471	—	25,992,217
Other Taxes	—	1,326,060	—	—
Shared Taxes	—	1,361,162	—	—
Tipping Fees	—	—	—	—
Contributions	—	—	3,728,453	—
Investment Earnings	431	1,181,485	1,146,485	—
Miscellaneous Revenue	—	147,863	466,635	786,133
Total General Revenues	967,680	39,934,041	5,341,573	26,778,350
Change in Net Assets	14,636	(2,869,726)	(4,364,227)	1,480,563
Net Assets (Deficit) - Beginning of Year	1,094,845	55,494,669	82,615,731	61,694,172
Net Assets (Deficit) - End of Year	\$ 1,109,481	\$ 52,624,943	\$ 78,251,504	\$ 63,174,735

<u>Eastern Market Corporation</u>	<u>Economic Development Corporation</u>	<u>Greater Detroit Resource Recovery Authority</u>	<u>Local Development Finance Authority</u>	<u>Museum of African American History</u>	<u>Totals</u>
\$ (1,973,826)	\$ (9,067,400)	\$ (72,842,370)	\$ (5,965,255)	\$ (6,517,172)	\$ (193,870,839)
906,590	5,486,565	161,372	—	1,326,837	14,181,876
1,348,562	30,000	—	—	2,686,683	16,509,151
2,255,152	5,516,565	161,372	—	4,013,520	30,691,027
281,326	(3,550,835)	(72,680,998)	(5,965,255)	(2,503,652)	(163,179,812)
—	—	—	9,406,064	—	72,283,001
—	—	—	—	—	1,326,060
—	—	—	—	—	1,361,162
—	—	6,545,779	—	—	6,545,779
500,000	822,618	—	—	1,587,864	6,638,935
103,121	1,153	240,273	376,452	57,836	3,107,236
—	—	—	9,652	—	1,410,283
603,121	823,771	6,786,052	9,792,168	1,645,700	92,672,456
884,447	(2,727,064)	(65,894,946)	3,826,913	(857,952)	(70,507,356)
3,608,538	41,315,653	100,605,771	(38,517,661)	4,317,449	312,229,167
\$ 4,492,985	\$ 38,588,589	\$ 34,710,825	\$ (34,690,748)	\$ 3,459,497	\$ 241,721,811

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**NOTES
TO BASIC
FINANCIAL
STATEMENTS**

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

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

Blended Component Units

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

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 Wayne County. Funding is provided by an ad valorem tax of 4.63 mills in real and personal property taxes in the City. In addition, DPL receives grants and endowments from private organizations. The City Council is responsible for approving DPL’s annual budget. Due to DPL’s relationship with the City, it would be misleading to exclude its financial information from the City’s financial statements.

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

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 is 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 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 the 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
(313) 224-3362

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 nonprofit 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 nonprofit 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 the 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 DWJBA shall maintain and operate the building, the expenditures of which are to be reimbursed by the City and County on the basis of the building space allocations specified in the lease. 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 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, 19 booster stations, a transmission and distribution system, and reservoirs. The fund provides service to Detroit and 126 other communities in southeastern MI.

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

Additionally, the City reports the following Fiduciary Fund types:

Fiduciary Funds:

Pension and Other Employee Benefit Trust Funds account for moneys held in trust by the City for pension benefits and other employee benefits. The City uses pension trust funds to account for the retirement plans for civilian employees, firefighters, and police officers. The Employee Benefit 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 Note IX (b) 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) Inventory

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

(i) Capital Assets

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

Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed. Capitalized interest for the year ended June 30, 2010 for the Sewage Disposal and Water Funds was \$20,595,866 and \$13,480,143, 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 taxes 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 2009 taxable valuation of the City totaled approximately \$10.6 billion (a portion of which is abated and a portion of which is captured by the LDFA, TIFA, DDA, and DBRA), on which taxes consisted of 19.952 mills for operating purposes and 7.4773 mills for debt service. This resulted in approximately \$161.7 million for operations and approximately \$64.2 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, 2010, approximately \$132 million of delinquent property taxes receivable were transferred (sold) to the County, and \$68 million was charged back to the City from prior year sales. As of June 30, 2010, the City has recorded an approximate liability of \$91 million (\$45 million in the General Fund, \$31 million in the Non-Major Governmental Funds, and \$15 million the Water and Sewage Disposal Funds) for the estimated amount of property tax receivables sold to the County that will be charged back in future years.

(n) Municipal Income Taxes

The City levies an annual income tax. The rate for the calendar year 2010 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 1.00% for corporations. Municipal income taxes are accrued for income tax withholdings collected by employers but not yet remitted to the City. In the government-wide financial statements, income tax revenue is recorded in the period in which the underlying compensation is earned by the taxpayer. In the governmental fund financial statements, the City records municipal income tax revenues when they become available. Available is defined as due and receivable within the current fiscal year or expected to be collected within 60 days thereafter. Estimated refunds for income tax returns received and in process, in which payment has not been made, are recorded as a reduction of revenues. Income tax assessments receivable 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. Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and expenditures during the reporting period. Actual results could differ from those estimates.

(r) New Accounting Pronouncements

In June 2008, GASB issued GASB 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 changes in fair value of derivative instruments that are classified as hedging derivative instruments are reported in the statement of fund net assets as deferrals. The City retroactively implemented GASB Statement No. 53 in the current year. As a result, net assets of the City as of July 1, 2009 and current year net assets changed as follows:

	Total Governmental Activities	Business-type Activities			Automobile Parking Fund	Total Primary Government
		Sewage Disposal Fund	Transportation Fund	Water Fund		
Adoption of GASB Statement No. 53						
Derivative Investments:						
Decrease to July 1, 2009 Net Assets	\$ (175,309,646)	\$ (84,958,285)	\$ (15,839,366)	\$ (84,114,479)	\$ (7,912,744)	\$ (368,134,520)
Increase (Decrease) to 2010 Net Assets	7,912,708	(24,833,656)	715,733	(24,836,062)	652,918	(40,388,359)

See Note VIII for more information.

In March 2009, the GASB issued GASB 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 GASB Statement No. 54 beginning with the fiscal year ending June 30, 2011.

(s) Special Item

The City transferred control of, via a long-term lease, the Cobo Hall Convention Facility (Cobo Center) to the Detroit Regional Convention Facility Authority (Authority) on September 15, 2009, eliminating the City's funding of the Cobo Hall operations. The financial impact of the transfer is recorded as a \$50.0 million special item and increase in net assets in the government-wide financial statements. The transfer of \$86.5 million of long-term obligations and \$36.5 million of other assets such as liquor and hotel tax escrow funds increased net assets by \$50.0 million.

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 transferred control of three parking garages associated with the Cobo Center to the Authority in exchange for a \$20.0 million cash payment on December 2, 2010. The \$20.0 million payment will be used to defease a portion of the Detroit Building Authority Parking and Arena Bonds. Notwithstanding this series of transactions, the City will retain ownership of the capital assets including the Cobo Center.

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 (commonly referred to as the Disputed Funds). These funds held \$542,153, \$4,098,259, and \$9,714,911, respectively, as of June 30, 2010. 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 the date of the Independent Auditors' Report, the disagreement has not been resolved.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

(a) Liquidity Risk

Liquidity risk is the risk of not having sufficient liquid financial resources to meet obligations when they fall due, or having to incur excessive costs to do so. During times of economic stress such as a recession, the City faces significant risk in 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 during times of major economic downturns and both have declined in recent years due to increasing levels of unemployment. City unemployment increased from 16.0% in June 2008 to 24.0% in June 2010 (compared to 13.2% state and 9.5% national rates). Also, the large number of resident home foreclosures has adversely impacted City property valuations and property tax collections. Although there are signs of the economy improving, regional economic distress will likely present continued revenue pressures for the City in the near-term.

The City's declining revenues over the past several years led to an accumulated unreserved undesignated fund deficit in the General Fund of \$331.9 million at 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 \$54.0 million in 2005 to \$223.6 million at June 30, 2009. The City borrowed an additional \$35.5 million in December 2009. The City's liquidity improved in March 2010 and the accumulated deficit decreased when the City borrowed \$249.8 million fiscal stabilization bonds. With debt service on the fiscal stabilization bonds extending to June 30, 2036, the City has reduced its need for short-term borrowing. As of June 30, 2010, the City's short-term borrowing liability was \$35.5 million. Although the fiscal stabilization bonds reduced the accumulated deficit and the City implemented layoffs, furlough days, and other cost-cutting measures, the City still had a \$155.7 million accumulated unreserved undesignated fund deficit at June 30, 2010.

Standard & Poor's Rating Services, Fitch Ratings, and Moody's Investors Services each downgraded the City's debt during 2009 to below investment grade. 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 its costs of borrowing.

Continued liquidity improvement is dependent upon the successful application of the City's deficit elimination plan and improvement in the local economy. The City is cautiously optimistic that the Federal Government's \$207.6 million allocation of stimulus funding to the City and the proposed Woodward Light Rail System will spur economic recovery and development.

(b) Compliance with Finance Related Legal and Contractual Provisions

The City has not fully 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 settled selected bond issues with the Internal Revenue Service (IRS) in August 2010 and is currently engaged in discussions with the IRS to settle the remaining bond issues. The potential impact to the City is undeterminable at this time.

The City is required by State of Michigan law to fund its minimally required pension contributions for the fiscal year ended June 30, 2010, prior to said date. Notwithstanding this requirement, the City failed to remit its complete contribution prior to June 30, 2010. Contributions to the General Retirement System and Police and Fire Retirement System of \$4.2 million and \$34.0 million, respectively, were remitted in fiscal year 2011 in accordance with payment schedules agreed to between the City and the pension boards.

As of June 30, 2010, the City failed to remit approximately \$12.6 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, 2010 were remitted in July and August 2010.

Bond ordinances require amounts to 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, 2010, the balance in the Sewage Disposal Fund's Bond and Interest Redemption Fund was not in compliance with these ordinances. However, the Fund transferred the required amounts on July 2, 2010 and made the principal and interest payments on a timely basis.

(c) Deficit Fund Equity

The General Fund and Street Fund – Local Account had a deficit fund balance of \$91,094,688 and \$3,591,124, respectively, at June 30, 2010. Local Development Finance Authority (a Component Unit) (LDFA) had a fund deficit of \$34,690,748. The General Fund and Street Fund have implemented 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, 2010:

<u>Agency Description</u>	<u>Appropriation Description</u>	<u>YTD Budget Final</u>	<u>YTD Actual</u>	<u>Variance</u>
Finance	Targeted Business Developments	\$ 402,917	\$ 532,316	\$ (129,399)
Fire	Executive Management and Support	6,332,671	6,580,416	(247,745)
	Ordinance Enforcement	6,814,096	6,986,446	(172,350)
Health	Administration	4,272,687	4,565,598	(292,911)
	Primary Family Care	140,505	301,865	(161,360)
	Drug Education	197,069	212,500	(15,431)
	Plant Operation and Maintenance - Herman Kiefer	760,689	906,629	(145,940)
Human Resources	Personnel Selection	1,205,584	1,210,345	(4,761)
	Supportive Services	2,162	61,188	(59,026)
	Apprentice Training Program	91,094	2,476,778	(2,385,684)
Law	Administration and Operations	18,229,351	18,232,379	(3,028)
Non-departmental	Claims Fund (Insurance Premium)	72,732,240	84,986,107	(12,253,867)
	Adjustments and Undistributed Costs	810,682	18,505,221	(17,694,539)
	General Revenue - Non Departmental	11,074,792	11,539,167	(464,375)
	City Vehicles - Lease Purchase	2,485,750	4,128,233	(1,642,483)
	800MHZ Project Debt Service	9,463,520	9,649,934	(186,414)
Planning and Development	Community Development	76,050	175,739	(99,689)
	Real Estate	2,082,793	2,508,466	(425,673)
Police	Operations	199,635,922	215,469,227	(15,833,305)
General Services Department (GSD)	Fleet Management	19,302,804	19,799,573	(496,769)
Auditor General	Risk Management Council	181,068	186,022	(4,954)
	Auditing - CAFR	3,782,497	5,693,044	(1,910,547)
36th District Court	State Transferred Functions	28,398,455	31,640,964	(3,242,509)
Total All Agencies		<u>\$ 388,475,398</u>	<u>\$ 446,348,157</u>	<u>\$ (57,872,759)</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, 2010 are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Demand Deposits	\$ 80,983,803	\$ 55,266,045	\$ 136,249,848
U.S. Government Agency Securities	60,216,670	345,654,223	405,870,893
Repurchase Agreement	1,000,000	—	1,000,000
Money Market Funds	116,144,122	384,681,779	500,825,901
Commercial Paper	—	33,255,000	33,255,000
Total	<u>\$ 258,344,595</u>	<u>\$ 818,857,047</u>	<u>\$ 1,077,201,642</u>

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Deposits and investments of the governmental and business-type activities at June 30, 2010 are reported in the financial statements as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 80,983,803	\$ 55,266,045	\$ 136,249,848
Investments	177,360,792	763,591,002	940,951,794
Total	<u>\$ 258,344,595</u>	<u>\$ 818,857,047</u>	<u>\$ 1,077,201,642</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, 2010, the governmental and business-type activities had deposits of \$77,574,885 and \$54,761,645, 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.

The City (governmental and business-type activities) had the following debt investments and maturities at June 30, 2010:

	<u>Total Fair Value</u>	<u>Investment Maturities in Years</u>	
		<u>Less Than 1 Year</u>	<u>1 – 5 Years</u>
Governmental Activities			
U.S. Government Agency Securities	\$ 60,216,670	\$ 20,031,200	\$ 40,185,470
Repurchase Agreement	1,000,000	1,000,000	—
Money Market Funds	116,144,122	116,144,122	—
Total Governmental Activities	<u>\$ 177,360,792</u>	<u>\$ 137,175,322</u>	<u>\$ 40,185,470</u>
Business-Type Activities			
U.S. Government Agency Securities	\$ 345,654,223	\$ 20,072,600	\$ 325,581,623
Money Market Funds	384,681,779	384,681,779	—
Commercial Paper	33,255,000	33,255,000	—
Total Business-Type Activities	<u>\$ 763,591,002</u>	<u>\$ 438,009,379</u>	<u>\$ 325,581,623</u>

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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, 2010 as rated by S&P or Moody's:

	<u>Aaa</u>	<u>A-2</u>	<u>A-1</u>	<u>Not Rated</u>	<u>Total</u>
Governmental Activities					
U.S. Government Agency Securities	\$ 60,216,670	\$ —	\$ —	\$ —	\$ 60,216,670
Repurchase Agreement	1,000,000	—	—	—	1,000,000
Money Market Funds	<u>94,424,446</u>	<u>—</u>	<u>—</u>	<u>21,719,676</u>	<u>116,144,122</u>
Total Governmental Activities	<u>\$ 155,641,116</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 21,719,676</u>	<u>\$ 177,360,792</u>
Business-Type Activities					
U.S. Government Agency Securities	\$ 345,654,223	\$ —	\$ —	\$ —	\$ 345,654,223
Money Market Funds	349,967,109	960,593	—	33,754,077	384,681,779
Commercial Paper	<u>9,813,000</u>	<u>—</u>	<u>23,442,000</u>	<u>—</u>	<u>33,255,000</u>
Total Business-Type Activities	<u>\$ 705,434,332</u>	<u>\$ 960,593</u>	<u>\$ 23,442,000</u>	<u>\$ 33,754,077</u>	<u>\$ 763,591,002</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 Home Loan Bank (12.59%), Federal Home Loan Mortgage Corporation (12.54%), and Federal National Mortgage Association (19.89%).

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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, 2010 is as follows:

	Pension and Other Employee Benefit Trust Funds				
	General Retirement System	Police and Fire Retirement System	Other Employee Benefits	Total	Agency Funds
Demand Deposits	\$ 10,726,257	\$ 6,152,965	\$ 2,551,234	\$ 19,430,456	\$ 1,088,277
Money Market Funds	—	—	—	—	22,360,606
Mutual Funds	—	—	50,104,176	50,104,176	—
Short-Term Investments	75,203,694	80,552,840	4,916,810	160,673,344	—
Stocks	793,534,187	1,413,450,447	4,128,741	2,211,113,375	—
Commingled Equity Funds	496,160,442	—	—	496,160,442	—
Bonds	166,081,579	585,261,541	—	751,343,120	—
Mortgage-Backed Securities	14,502,806	63,728,665	11,699	78,243,170	—
Pooled Investments	30,936,000	247,660,427	44,583	278,641,010	—
Equity Interest in Real Estate	281,578,838	362,177,702	—	643,756,540	—
Private Placements	296,850,440	79,176,172	734,440	376,761,052	—
Mortgage and Construction Loans	100,500,312	146,464,663	—	246,964,975	—
Real Estate Investment Trusts Held by Custodian	—	23,997,115	—	23,997,115	—
Total	\$ 2,266,074,555	\$ 3,008,622,537	\$ 62,491,683	\$ 5,337,188,775	\$ 23,448,883

Cash and investments for fiduciary activities at June 30, 2010 are reported in the financial statements as follows:

	Pension and Other Employee Benefit Trust Funds				
	General Retirement System	Police & Fire Retirement System	Other Employee Benefits	Total	Agency Funds
Cash and Cash Equivalents	\$ 10,726,257	\$ 6,152,965	\$ 2,551,234	\$ 19,430,456	\$ 1,088,277
Investments	2,255,348,298	3,002,469,572	59,940,449	5,317,758,319	22,360,606
Total	\$ 2,266,074,555	\$ 3,008,622,537	\$ 62,491,683	\$ 5,337,188,775	\$ 23,448,883

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 other than real estate asset balances under Section 19 and investments in Michigan-based small businesses under Section 20(a). The Pension Funds' deposits are in excess of statutory limits by approximately 1 percent and 2 percent, respectively.

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Custodial Credit Risk of Bank Deposits

At June 30, 2010, the General Retirement System had deposits of \$10,556,830 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. At June 30, 2010, 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, 2010 (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	\$ 48,104	\$ 3,557	\$ 17,851	\$ 11,951	\$ 14,745
Mortgage-Backed Securities	14,078	—	17	5,418	8,643
Treasuries **	16,736	6,239	—	—	—
Corporate	105,801	627	49,806	31,804	23,564
Other Fixed Income	7,529	655	3,932	1,100	1,842
Convertible Stocks	942	—	—	942	—
Convertible Bonds	1,548	—	492	192	864
Pooled and Mutual Funds **	73,069	—	—	—	—
State and Local Obligations	1,157	—	—	—	1,157
Commingled Bond Funds **	3,834	—	—	—	—
Mortgages	93,021	48,488	2,546	41,987	—
Construction Loans	7,478	5,489	1,989	—	—
Total	<u>\$ 373,297</u>	<u>\$ 65,055</u>	<u>\$ 76,633</u>	<u>\$ 93,394</u>	<u>\$ 50,815</u>
Police & Fire Retirement System					
U.S. Government	\$ 58,820	\$ 7,585	\$ 33,595	\$ 5,950	\$ 11,690
Government Assets and Mortgage-Backed Securities	63,993	—	—	336	63,657
Treasuries	1,116	1,000	—	—	116
Corporate Fixed Income	448,796	6,546	200,553	153,750	87,947
Other Fixed Income	56,957	5,478	34,146	11,060	6,273
Convertible Bonds	23,918	1,230	13,904	2,403	6,381
Pooled and mutual funds **	141,105	—	—	—	—
Certificates of Deposits	2	2	—	—	—
State and Local Obligations	589	—	—	—	589
Convertible preferred stock **	3,594	—	2,702	—	694
Construction Loans	41,453	—	41,453	—	—
Mortgages	105,012	—	94,657	10,355	—
Total	<u>\$ 945,355</u>	<u>\$ 21,841</u>	<u>\$ 421,010</u>	<u>\$ 183,854</u>	<u>\$ 177,347</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, 2010 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	\$ 34,223	\$ —	\$ 6,253	\$ —	\$ 319	\$ —	\$ —	\$ 6,909
Mortgage-Backed Securities	1,118	428	333	—	303	—	651	2,436
Treasuries	1,893	1,949	—	—	—	—	—	10,498
Corporate	4,521	—	10,114	14,657	10,603	26,740	11,408	25,808
Other Fixed Income	—	652	3,045	2,319	296	266	276	676
Convertible Bonds	—	—	—	—	—	574	110	864
Convertible Stocks	—	—	—	—	—	942	—	—
Pooled and Mutual Funds	—	—	—	—	—	—	—	71,176
Certificates of Deposit	—	—	—	—	—	—	—	—
State and Local Obligations	—	—	628	—	—	—	—	530
Commingled Bond Funds	3,834	—	—	—	—	—	—	—
Mortgages	—	—	—	—	—	—	—	93,021
Construction Loans	—	—	—	—	—	—	—	7,478
Total	<u>\$ 45,589</u>	<u>\$ 3,029</u>	<u>\$ 20,373</u>	<u>\$ 16,976</u>	<u>\$ 11,521</u>	<u>\$ 28,522</u>	<u>\$ 12,445</u>	<u>\$ 219,396</u>
Police & Fire Retirement System								
Pooled and Mutual Funds	\$ 971	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 140,134
Government Fixed Income	—	536	—	1,175	—	—	—	—
Government Assets and Mortgage-Backed Securities	37,611	20,748	76,843	105,237	50,325	103,176	25,731	48,375
Corporate Fixed Income	—	3,464	7,996	9,236	5,134	15,869	8,853	15,904
Convertible Bonds	511	660	4,939	4,281	—	3,065	655	7,092
Convertible preferred stock	—	—	—	1,138	2,715	694	—	1,762
Mortgages	—	—	—	—	—	—	—	105,012
Construction Loans	—	—	—	—	—	—	—	61,773
Certificates of Deposits	—	—	—	—	—	—	—	2
Government Agencies	56,251	—	—	—	—	—	—	—
Treasuries	—	—	—	—	—	—	—	116
Total	<u>\$ 95,344</u>	<u>\$ 25,408</u>	<u>\$ 89,778</u>	<u>\$ 121,067</u>	<u>\$ 58,174</u>	<u>\$ 122,804</u>	<u>\$ 35,239</u>	<u>\$ 380,170</u>

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, 2010 is as follows (in \$000):

	General Retirement System					Police and Fire Retirement System				
	Fixed Income	Equity	Cash Equivalent	Cash	Forward Contracts	Equity	Forward Contracts Unrealized Gain (Loss)	Cash	Cash Equivalent	
Australian Dollar	\$ 4,015	\$ 6,938	\$ —	\$ 375	\$ (26,716)	\$ 9,189	\$ 2,563	\$ 241	\$ —	
Brazilian Real	2,420	1,386	—	—	—	534	—	—	—	
British Pound Sterling	2,888	41,299	(23)	102	5,650	78,076	(7,810)	404	—	
Bulgarian Lev	—	167	—	—	—	—	—	—	—	
Canadian Dollar	559	8,038	—	362	4,412	16,128	4,465	89	—	
Czech Koruna	—	863	—	—	(819)	—	—	—	—	
Danish Krone	—	1,665	—	27	—	4,878	—	10	—	
Euro Currency	6,495	48,852	22	6,485	(31,552)	82,875	(5,367)	5,018	118	
Ghana Cedi	221	—	—	9	—	—	—	—	—	
Hong Kong Dollar	—	4,335	—	110	—	7,721	—	115	—	
Hryvnia	—	395	—	4	—	—	—	—	—	
Hungarian Forint	—	484	—	—	(393)	—	—	—	—	
Indian Rupee	—	—	—	—	—	1,181	—	(5)	—	
Indonesian Rupiah	2,248	127	—	—	—	1,092	—	29	—	
Israeli Shekel	—	—	—	14	(3,144)	218	670	13	—	
Japanese Yen	—	39,392	—	727	(23,640)	50,268	(12,173)	175	—	
Malaysian Ringgit	2,215	—	—	—	—	184	—	1	—	
Mexican Nuevo Peso	1,671	267	—	—	(175)	318	—	—	—	
New Taiwan Dollar	—	2,297	—	552	—	387	—	3	—	
New Zealand Dollar	1,514	—	—	1	(5,856)	97	—	2	—	
Norwegian Krone	1,783	2,661	—	32	9,310	2,970	(848)	53	—	
New Turkish Lira	—	—	—	—	1,568	—	—	—	—	
Polish Zloty	2,583	1,387	—	8	(507)	—	—	—	—	
Renminbi Yuan	—	177	—	—	924	777	—	—	—	
Russian New Ruble	—	361	—	1	—	—	—	—	—	
Singapore Dollar	—	1,701	—	230	1,318	4,189	—	177	—	
South African Rand	566	1,544	—	—	(2,793)	453	—	5	—	
South Korean Won	1,999	2,265	—	—	—	344	—	—	—	
Swedish Krona	1,952	1,540	—	30	12,916	3,217	2,346	45	—	
Swiss Franc	—	9,228	—	39	(22,309)	22,133	4,498	83	—	
Thai Baht	—	—	—	—	—	437	—	8	—	
Turkish Lira	—	—	—	—	—	1,001	—	15	—	
Total	\$ 33,129	\$ 177,369	\$ (1)	\$ 9,108	\$ (81,806)	\$ 288,667	\$ (11,656)	\$ 6,481	\$ 118	

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 104 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.

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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, 2010 was 11 and 10 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, 2010, the Pension Funds had no credit risk exposure to borrowers.

The collateral held and the fair value of the underlying securities on loan for the General Retirement System at June 30, 2010 was \$145,563,602 and \$140,192,773, respectively. The collateral held and the fair value of the underlying securities on loan for the Police and Fire Retirement System at June 30, 2010 was \$421,947,558 and \$405,993,536, 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	\$ 25,932,761	\$ 44,517,736
U.S. Corporate Fixed Income	17,089,350	67,217,577
U.S. Equities	92,720,918	285,936,289
Non-U.S. Governments	557,348	—
Non-U.S. Equities	3,892,396	8,321,934
Total	<u>\$ 140,192,773</u>	<u>\$ 405,993,536</u>

At June 30, 2010, the fair value of the collateral pool related to securities lending for the General Retirement System and the Police and Fire Retirement System was \$117,926,115 and \$391,648,750, 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).

The credit ratings of the securities lending collateral pool held at June 30, 2010 as rated by S&P is as follows:

<u>Ratings</u>	<u>General Retirement System</u>	<u>Police and Fire Retirement System</u>
AAA	\$ —	\$ 3,829,070
AA	6,208,500	25,427,248
A	11,653,492	22,524,686
A-1	6,000,162	12,000,324
BBB	—	1,939,142
B	3,851,602	5,559,937
CCC	4,838,140	11,009,859
NR	85,374,218	309,358,484
Total	<u>\$ 117,926,114</u>	<u>\$ 391,648,750</u>

Other Employee Benefits and Agency Trust Funds

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

Custodial Credit Risk of Bank Deposits

The City does not have a deposit policy for custodial credit risk. At June 30, 2010, the Other Employee Benefit and Agency Trust Funds had deposits of \$3,191,450 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.

The Other Employee Benefit and Agency Trust Funds had the following debt investments and maturities at June 30, 2010:

	Total Fair Value	Investment Maturities in Years			
		Less Than 1 Year	1 – 5 Years	6 – 10 Years	> 10 Years
U.S. Government Agency Securities	\$ 11,698	\$ —	\$ —	\$ —	\$ 11,698
Money Market Funds	31,517,455	31,517,455	—	—	—
Pooled Investments	44,583	44,583	—	—	—
Mutual Funds	10,461,808	10,461,808	—	—	—
Total	\$ 42,035,544	\$ 42,023,846	\$ —	\$ —	\$ 11,698

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 Trust Funds' debt investments have the following credit quality ratings at June 30, 2010 as rated by S&P or Moody's:

	AAA	AAAm	Not Rated	Total
Money Market Funds	\$ —	\$ 31,517,455	\$ —	\$ 31,517,455
U.S. Government Agency Securities	11,698	—	—	11,698
Pooled Investments	—	—	44,583	44,583
Mutual Funds	—	—	10,461,808	10,461,808
Total	\$ 11,698	\$ 31,517,455	\$ 10,506,391	\$ 42,035,544

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 Trust Funds.

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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, 2010 are as follows:

<u>Due to:</u>	<u>Due From:</u>					
	<u>General Fund</u>	<u>GRSSC Fund</u>	<u>PFRSSC Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Sewage Disposal Fund</u>	<u>Transportation Fund</u>
General Fund	\$ —	\$ 529,424	\$ 566,857	\$ 60,162,601	\$ 5,667,208	\$ 11,309,518
Other Governmental Funds	37,691,474	—	—	7,751,971	2,459,920	23,246
Sewage Disposal Fund	6,822,679	40,784	—	—	—	—
Transportation Fund	4,816,312	47,591	—	—	—	—
Water Fund	3,297,565	35,991	—	930,063	123,800,234	—
Automobile Parking Fund	1,072,733	—	—	394,476	—	5,250
Fiduciary Funds (1)	38,202,363	—	—	—	1,772,294	9,429,374
Liabilities Total	\$ <u>91,903,126</u>	\$ <u>653,790</u>	\$ <u>566,857</u>	\$ <u>69,239,111</u>	\$ <u>133,699,656</u>	\$ <u>20,767,388</u>

	<u>Due From:</u>				
	<u>Water Fund</u>	<u>Automobile Parking Fund</u>	<u>Non-Major Proprietary Fund</u>	<u>Fiduciary Funds</u>	<u>Assets Total</u>
General Fund	\$ 7,312,138	\$ 2,412,163	\$ 303,743	\$ 7,096,915	\$ 95,360,567
Other Governmental Funds	189,759	53,610	4,749	—	48,174,729
Sewage Disposal Fund	107,682,479	—	—	—	114,545,942
Transportation Fund	—	—	—	—	4,863,903
Water Fund	—	—	—	—	128,063,853
Automobile Parking Fund	30,723	—	59	—	1,503,241
Fiduciary Funds (1)	5,056,959	481,315	92,215	—	55,034,520
Liabilities Total	\$ <u>120,272,058</u>	\$ <u>2,947,088</u>	\$ <u>400,766</u>	\$ <u>7,096,915</u>	\$ <u>447,546,755</u>

(1) This Interfund payable primarily represents employer 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, 2010 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds - Capital Projects Fund	\$ 850,000 (1)
General Fund	Automobile Parking Fund	9,425,006 (1)
	Total	\$ <u>10,275,006</u>

(1) These Advances primarily represent 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 subsidiaries. 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, 2010 are as follows:

Transfers In	Transfers Out		
	General Fund	Non-Major Governmental Funds	Total
General Fund	\$ —	\$ 17,590,707	\$ 17,590,707
General Retirement System Service Corporation	29,776,506	—	29,776,506
Police and Fire System Service Corporation	41,173,737	—	41,173,737
Non-Major Governmental Funds	64,414,000	18,454,819	82,868,819
Transportation Fund	73,788,813	—	73,788,813
Non-Major Proprietary Fund	790,355	—	790,355
Total	<u>\$ 209,943,411</u>	<u>\$ 36,045,526</u>	<u>\$ 245,988,937</u>

The General Fund transferred \$209.9 million to other funds. The largest transfers from the General Fund were made to the Transportation Fund for \$73.8 million to maintain bus operations and \$53.6 million to the Debt Service Fund (Non-Major Governmental Fund) for principal and interest payments. The General Fund also transferred a combined \$71.0 million to the City's Retirement System Service Corporations for interest payments on the Pension Obligation Certificates.

The Non-Major Governmental Funds transferred \$36.0 million to other funds. Included in this amount is the Local Street Fund transfer of \$9.8 million to the General Fund for street construction costs. The Major Street Fund transferred \$8.5 million to the Local Street Fund.

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NOTE V - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2010</u>
Governmental Activities				
Non-Depreciable Capital Assets:				
Land	\$ 400,982,519	\$ 11,835,520	\$ —	\$ 412,818,039
Works of Art	29,788,133	27,045	—	29,815,178
Construction In Progress	57,282,366	5,850,802	(46,855,820)	16,277,348
Total Non-Depreciable Capital Assets	<u>488,053,018</u>	<u>17,713,367</u>	<u>(46,855,820)</u>	<u>458,910,565</u>
Depreciable Capital Assets:				
Buildings and Improvements	1,078,930,514	1,454,228	—	1,080,384,742
Machinery, Equipment, and Fixtures	535,830,719	61,535,242	(4,506,387)	592,859,574
Infrastructure	908,177,884	15,383,997	—	923,561,881
Total Depreciable Capital Assets	<u>2,522,939,117</u>	<u>78,373,467</u>	<u>(4,506,387)</u>	<u>2,596,806,197</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	398,779,812	29,791,073	—	428,570,885
Machinery, Equipment, and Fixtures	419,280,824	41,678,559	(4,478,612)	456,480,771
Infrastructure	710,254,005	16,637,283	—	726,891,288
Total Accumulated Depreciation	<u>1,528,314,641</u>	<u>88,106,915</u>	<u>(4,478,612)</u>	<u>1,611,942,944</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 1,482,677,494</u>	<u>\$ 7,979,919</u>	<u>\$ (46,883,595)</u>	<u>\$ 1,443,773,818</u>

Depreciation expense for governmental activities for the year ended June 30, 2010 was charged to functions as follows:

Public Protection	\$ 25,213,266
Health	714,341
Recreation and Culture	(42,529)
Economic Development	8,049,733
Educational Development	79,500
Housing Supply and Conditions	272,975
Physical Environment	19,775,054
Transportation Facilitation	8,425,309
Development and Management	25,619,266
Total	<u>\$ 88,106,915</u>

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	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2010</u>
Business-type Activities				
<i>Sewage Disposal Fund:</i>				
Non-Depreciable Assets:				
Land and Land Rights	\$ 31,556,557	\$ —	\$ (1,729,950)	\$ 29,826,607
Construction in Progress	316,084,538	97,740,922	(114,888,554)	298,936,906
Total Non-Depreciable Capital Assets	<u>347,641,095</u>	<u>97,740,922</u>	<u>(116,618,504)</u>	<u>328,763,513</u>
Depreciable Assets:				
Land Improvements	203,420,436	5,139,132	(2,671)	208,556,897
Buildings and Structures	2,080,487,381	69,740,752	(2,785,731)	2,147,442,402
Interceptors and Regulators	482,662,072	—	—	482,662,072
Machinery, Equipment, and Fixtures	994,146,140	81,284,938	(1,088,173)	1,074,342,905
Total Depreciable Capital Assets	<u>3,760,716,029</u>	<u>156,164,822</u>	<u>(3,876,575)</u>	<u>3,913,004,276</u>
Total Capital Assets	<u>4,108,357,124</u>	<u>253,905,744</u>	<u>(120,495,079)</u>	<u>4,241,767,789</u>
Less Accumulated Depreciation:				
Land Improvements	17,757,496	9,675,020	—	27,432,516
Buildings and Structures	452,260,768	34,544,475	—	486,805,243
Interceptors and Regulators	104,993,324	5,006,956	—	110,000,280
Machinery, Equipment, and Fixtures	438,684,296	48,486,826	(7,971)	487,163,151
Total Accumulated Depreciation	<u>1,013,695,884</u>	<u>97,713,277</u>	<u>(7,971)</u>	<u>1,111,401,190</u>
Total Sewage Disposal Fund Capital Assets, Net	<u>\$ 3,094,661,240</u>	<u>\$ 156,192,467</u>	<u>\$ (120,487,108)</u>	<u>\$ 3,130,366,599</u>
<i>Transportation Fund:</i>				
Non-Depreciable Capital Assets:				
Land and Land Rights	\$ 7,578,462	\$ —	\$ —	\$ 7,578,462
Construction in Progress	51,057,643	14,918,129	(21,849,379)	44,126,393
Total Non-Depreciable Capital Assets	<u>58,636,105</u>	<u>14,918,129</u>	<u>(21,849,379)</u>	<u>51,704,855</u>
Depreciable Capital Assets:				
Buildings and Structures	68,996,217	23,761,229	(21,255)	92,736,191
Vehicle and Buses	157,480,922	20,456,732	(13,723,800)	164,213,854
Machinery, Equipment, and Fixtures	55,426,191	865,869	—	56,292,060
Total Depreciable Capital Assets	<u>281,903,330</u>	<u>45,083,830</u>	<u>(13,745,055)</u>	<u>313,242,105</u>
Total Capital Assets	<u>340,539,435</u>	<u>60,001,959</u>	<u>(35,594,434)</u>	<u>364,946,960</u>
Less Accumulated Depreciation:				
Buildings and Structures	50,050,390	1,715,056	(21,255)	51,744,191
Vehicle and Buses	102,486,557	10,034,544	(13,723,800)	98,797,301
Machinery, Equipment, and Fixtures	32,968,932	3,865,872	—	36,834,804
Total Accumulated Depreciation	<u>185,505,879</u>	<u>15,615,472</u>	<u>(13,745,055)</u>	<u>187,376,296</u>
Total Transportation Fund Capital Assets, Net	<u>\$ 155,033,556</u>	<u>\$ 44,386,487</u>	<u>\$ (21,849,379)</u>	<u>\$ 177,570,664</u>

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	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>
Business-Type Activities				
<i>Water Fund:</i>				
Non-Depreciable Capital Assets:				
Land and Land Rights	\$ 5,581,670	\$ 481,133	\$ —	\$ 6,062,803
Construction in Progress	238,605,814	58,664,931	(137,260,449)	160,010,296
Total Non-Depreciable Capital Assets	<u>244,187,484</u>	<u>59,146,064</u>	<u>(137,260,449)</u>	<u>166,073,099</u>
Depreciable Capital Assets:				
Land Improvements	100,484,564	2,565,322	(12,073)	103,037,813
Buildings and Structures	789,456,005	9,706,978	(1,761,297)	797,401,686
Mains	908,134,988	79,124,297	(263,269)	986,996,016
Services	48,698,887	320,380	(222,603)	48,796,664
Meters	47,317,970	69,693,547	(621,723)	116,389,794
Machinery, Equipment, and Fixtures	911,319,086	37,643,254	(3,499,357)	945,462,983
Total Depreciable Capital Assets	<u>2,805,411,500</u>	<u>199,053,778</u>	<u>(6,380,322)</u>	<u>2,998,084,956</u>
Total Capital Assets	<u>3,049,598,984</u>	<u>258,199,842</u>	<u>(143,640,771)</u>	<u>3,164,158,055</u>
Less Accumulated Depreciation:				
Land Improvements	6,733,179	7,389,558	—	14,122,737
Buildings and Structures	233,447,644	4,714,823	(143,261)	238,019,206
Mains	296,483,639	13,006,731	—	309,490,370
Services	25,512,835	601,274	—	26,114,109
Meters	33,374,396	1,300,489	—	34,674,885
Machinery, Equipment, and Fixtures	322,321,517	54,647,247	(93,742)	376,875,022
Total Accumulated Depreciation	<u>917,873,210</u>	<u>81,660,122</u>	<u>(237,003)</u>	<u>999,296,329</u>
Total Water Fund Capital Assets, Net	<u>\$ 2,131,725,774</u>	<u>\$ 176,539,720</u>	<u>\$ (143,403,768)</u>	<u>\$ 2,164,861,726</u>

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	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2010</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	473,529	1,902,140	(2,020,351)	355,318
	<u>5,440,842</u>	<u>1,902,140</u>	<u>(2,020,351)</u>	<u>5,322,631</u>
Total Non-Depreciable Capital Assets	<u>5,440,842</u>	<u>1,902,140</u>	<u>(2,020,351)</u>	<u>5,322,631</u>
Depreciable Capital Assets:				
Land Improvements	214,908	—	—	214,908
Buildings and Structures	197,256,518	2,342,155	—	199,598,673
Vehicles and Buses	1,367,994	—	—	1,367,994
Machinery, Equipment, and Fixtures	3,370,921	—	—	3,370,921
	<u>202,210,341</u>	<u>2,342,155</u>	<u>—</u>	<u>204,552,496</u>
Total Depreciable Capital Assets	<u>202,210,341</u>	<u>2,342,155</u>	<u>—</u>	<u>204,552,496</u>
Total Capital Assets	<u>207,651,183</u>	<u>4,244,295</u>	<u>(2,020,351)</u>	<u>209,875,127</u>
Less Accumulated Depreciation:				
Land Improvements	185,883	3,143	—	189,026
Buildings and Structures	113,614,373	2,887,727	—	116,502,100
Vehicles and Buses	968,471	55,506	—	1,023,977
Machinery, Equipment, and Fixtures	1,856,045	291,316	—	2,147,361
	<u>116,624,772</u>	<u>3,237,692</u>	<u>—</u>	<u>119,862,464</u>
Total Accumulated Depreciation	<u>116,624,772</u>	<u>3,237,692</u>	<u>—</u>	<u>119,862,464</u>
Total Automobile Parking Fund Capital Assets, Net	<u>\$ 91,026,411</u>	<u>\$ 1,006,603</u>	<u>\$ (2,020,351)</u>	<u>\$ 90,012,663</u>

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	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>
Business-Type Activities				
<i>Other Proprietary Fund:</i>				
Non-Depreciable Capital Assets:				
Land and Land Rights	\$ 16,680,689	\$ 597,877	\$ —	\$ 17,278,566
Construction in Progress	3,749,961	—	(2,393,200)	1,356,761
Total Non-Depreciable Capital Assets	<u>20,430,650</u>	<u>597,877</u>	<u>(2,393,200)</u>	<u>18,635,327</u>
Depreciable Capital Assets:				
Land Improvements	8,020,718	—	—	8,020,718
Buildings and Structures	5,853,773	—	—	5,853,773
Vehicle and Buses	1,352,993	—	—	1,352,993
Machinery, Equipment, and Fixtures	1,825,327	—	—	1,825,327
Total Depreciable Capital Assets	<u>17,052,811</u>	<u>—</u>	<u>—</u>	<u>17,052,811</u>
Total Capital Assets	<u>37,483,461</u>	<u>597,877</u>	<u>(2,393,200)</u>	<u>35,688,138</u>
Less Accumulated Depreciation:				
Land Improvements	7,522,037	40,000	—	7,562,037
Buildings and Structures	4,995,404	63,299	—	5,058,703
Vehicle and Buses	980,559	53,448	—	1,034,007
Machinery, Equipment, and Fixtures	1,667,684	59,450	—	1,727,134
Total Accumulated Depreciation	<u>15,165,684</u>	<u>216,197</u>	<u>—</u>	<u>15,381,881</u>
Total Other Proprietary Fund Capital Assets, Net	<u>\$ 22,317,777</u>	<u>\$ 381,680</u>	<u>\$ (2,393,200)</u>	<u>\$ 20,306,257</u>

NOTE VI. SHORT-TERM REVENUE AND TAX ANTICIPATION NOTES

As of June 30, 2010, short-term notes payable consisted of Tax Anticipation Notes (TANS), Series 2009C of \$35,500,000 with stated interest rate of 10.0% per year which mature on October 1, 2010. These notes were used to pay necessary operating expenditures of the City during the fiscal year and costs of issuance of the notes. The City levied operating taxes for repayment of the TANS.

Changes in short-term debt for the year ended June 30, 2010 were as follows:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2010</u>
Revenue Anticipation Notes	\$ 127,375,000	\$ —	\$ (127,375,000)	\$ —
Tax Anticipation Notes	96,220,000	35,500,000	(96,220,000)	35,500,000
Total	<u>\$ 223,595,000</u>	<u>\$ 35,500,000</u>	<u>\$ (223,595,000)</u>	<u>\$ 35,500,000</u>

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NOTE VII. LONG-TERM OBLIGATIONS

(a) Changes in Long-Term Obligations

Changes in long-term obligations for the year ended June 30, 2010 were as follows:

	Balance June 30, 2009	Increase	Decrease	Balance June 30, 2010	Amount Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 836,693,278	\$ 249,790,000	\$ (76,180,000)	\$ 1,010,303,278	\$ 77,070,000
Revenue Bonds – Non Capital					
Appreciation	61,730,000	—	(61,730,000)	—	—
Revenue Bonds – Capital					
Appreciation	26,025,000	—	(26,025,000)	—	—
Discount on Capital					
Appreciation Bonds	(5,047,981)	—	5,047,981	—	—
Notes Payable	81,626,000	8,420,000	(540,000)	89,506,000	580,000
Loans Payable	47,015,857	—	(9,072,249)	37,943,608	1,348,986
	<u>1,048,042,154</u>	<u>258,210,000</u>	<u>(168,499,268)</u>	<u>1,137,752,886</u>	<u>78,998,986</u>
Total Bonds, Notes, and Loans Payable					
Add: Unamortized Premiums	21,755,039	1,873,225	(5,894,544)	17,733,720	—
Less: Unamortized Discounts	(2,569)	—	1,747	(822)	—
	<u>1,069,794,624</u>	<u>260,083,225</u>	<u>(174,392,065)</u>	<u>1,155,485,784</u>	<u>78,998,986</u>
Total Bonds, Notes, and Loans Payable, Net					
Pension Obligation					
Certificates Payable	1,206,770,168	—	(3,861,368)	1,202,908,800	8,905,539
Deferred Amounts on Refunding	14,110,525	—	(42,042)	14,068,483	—
	<u>1,220,880,693</u>	<u>—</u>	<u>(3,903,410)</u>	<u>1,216,977,283</u>	<u>8,905,539</u>
Total Pension Obligation Certificates Payable, Net					
Other Long-term Liabilities:					
Accrued Compensated Absences	145,807,645	57,317,684	(80,159,315)	122,966,014	54,260,357
Accrued Workers’ Compensation	65,029,000	11,249,367	(10,119,367)	66,159,000	12,188,000
Claims and Judgments	92,026,648	26,370,244	(25,437,346)	92,959,546	8,225,192
Accrued Pollution Remediation	1,401,820	—	(958,279)	443,541	390,000
Accrued Other					
Postemployment Benefits	236,267,575	246,997,396	(122,691,840)	360,573,131	—
	<u>540,532,688</u>	<u>341,934,691</u>	<u>(239,366,147)</u>	<u>643,101,232</u>	<u>75,063,549</u>
Total Other Long-term Liabilities					
Total Governmental Activities	<u>\$ 2,831,208,005</u>	<u>\$ 602,017,916</u>	<u>\$ (417,661,622)</u>	<u>\$ 3,015,564,299</u>	<u>\$ 162,968,074</u>

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	Balance June 30, 2009, as Restated	Increase	Decrease	Balance June 30, 2010	Amount Due Within One Year
Business-Type Activities					
<i>Sewage Disposal Fund:</i>					
Revenue Bonds Payable	\$ 2,401,995,000	\$ —	\$ (34,790,000)	\$ 2,367,205,000	\$ 36,755,000
Capital Appreciation Bonds	90,545,000	—	—	90,545,000	—
Discount on Capital Appreciation Bonds	(31,909,631)		3,546,168	(28,363,463)	—
State Revolving Loans	<u>510,066,781</u>	<u>45,512,406</u>	<u>(25,840,000)</u>	<u>529,739,187</u>	<u>33,590,000</u>
Total Revenue Bonds Payable	2,970,697,150	45,512,406	(57,083,832)	2,959,125,724	70,345,000
Add Unamortized Premiums	133,813,427	—	(8,929,077)	124,884,350	—
Less:					
Deferred Amounts on Refunding	<u>(152,914,292)</u>	<u>—</u>	<u>9,433,963</u>	<u>(143,480,329)</u>	<u>—</u>
Total Revenue Bonds Payable, Net	<u>2,951,596,285</u>	<u>45,512,406</u>	<u>(56,578,946)</u>	<u>2,940,529,745</u>	<u>70,345,000</u>
Pension Obligation					
Certificates Payable	91,078,426	—	(291,413)	90,787,013	672,089
Deferred Amounts on Refunding	<u>1,084,149</u>	<u>—</u>	<u>(3,230)</u>	<u>1,080,919</u>	<u>—</u>
Total Pension Obligation Certificates Payable, Net	<u>92,162,575</u>	<u>—</u>	<u>(294,643)</u>	<u>91,867,932</u>	<u>672,089</u>
Other Long-term Liabilities:					
Capital Leases Payable	1,551,450	—	(865,378)	686,072	663,649
Accrued Compensated Absences	12,855,045	3,047,607	(8,343,287)	7,559,365	4,293,031
Accrued Workers' Compensation	3,667,000	489,046	(446,046)	3,710,000	741,000
Claims and Judgments	886,994	637,472	(616,000)	908,466	865,074
Accrued Pollution Remediation	1,747,500	352,250	(991,715)	1,108,035	956,878
Accrued Other Postemployment Benefits	<u>17,924,439</u>	<u>20,874,708</u>	<u>(8,347,108)</u>	<u>30,452,039</u>	<u>—</u>
Total Other Long-term Liabilities	<u>38,632,428</u>	<u>25,401,083</u>	<u>(19,609,534)</u>	<u>44,423,977</u>	<u>7,519,632</u>
Total Sewage Disposal Fund	<u>\$ 3,082,391,288</u>	<u>\$ 70,913,489</u>	<u>\$ (76,483,123)</u>	<u>\$ 3,076,821,654</u>	<u>\$ 78,536,721</u>

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	<u>Balance</u> <u>June 30, 2009</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
Business-Type Activities					
<i>Transportation Fund:</i>					
General Obligation Bonds	\$ 6,271,722	\$ —	\$ —	\$ 6,271,722	\$ —
Pension Obligation					
Certificates Payable	106,268,234	—	(340,053)	105,928,181	784,268
Deferred Amounts on Refunding	<u>1,263,818</u>	<u>—</u>	<u>(3,603)</u>	<u>1,260,215</u>	<u>—</u>
Total Pension Obligation Certificates Payable, Net	<u>107,532,052</u>	<u>—</u>	<u>(343,656)</u>	<u>107,188,396</u>	<u>784,268</u>
Other Long-term Liabilities:					
Capital Leases Payable	23,939,383	—	(3,599,395)	20,339,988	3,751,531
Accrued Compensated Absences	5,571,187	1,867,886	(2,416,670)	5,022,403	3,314,786
Accrued Pollution Remediation	458,545	325,309	(458,545)	325,309	325,309
Accrued Workers' Compensation	6,603,415	467,194	(1,578,588)	5,492,021	1,340,299
Accrued Other Postemployment Benefits	<u>28,945,695</u>	<u>26,163,250</u>	<u>(10,440,628)</u>	<u>44,668,317</u>	<u>—</u>
Total Other Long-term Liabilities	<u>65,518,225</u>	<u>28,823,639</u>	<u>(18,493,826)</u>	<u>75,848,038</u>	<u>8,731,925</u>
Total Transportation Fund	<u>\$ 179,321,999</u>	<u>\$ 28,823,639</u>	<u>\$ (18,837,482)</u>	<u>\$ 189,308,156</u>	<u>\$ 9,516,193</u>

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	Balance June 30, 2009, as Restated	Increase	Decrease	Balance June 30, 2010	Amount Due Within One Year
Business-Type Activities					
<i>Water Fund:</i>					
Revenue Bonds Payable	\$ 2,264,170,000	\$ —	(33,560,000)	\$ 2,230,610,000	\$ 35,115,000
State Revolving Loans	21,668,776	2,028,744	(1,610,000)	22,087,520	1,645,000
Total Revenue Bonds Payable	2,285,838,776	2,028,744	(35,170,000)	2,252,697,520	36,760,000
Add: Unamortized Premiums	63,289,392	—	(3,179,071)	60,110,321	—
Less:					
Unamortized Discounts	(4,232,415)	—	219,330	(4,013,085)	—
Deferred Amounts on Refunding	(124,751,833)	—	6,096,696	(118,655,137)	—
Total Revenue Bonds Payable, Net	2,220,143,920	2,028,744	(32,033,045)	2,190,139,619	36,760,000
Pension Obligation Certificates Payable	80,368,171	—	(257,165)	80,111,006	593,104
Deferred Amounts on Refunding	962,089	—	(2,867)	959,222	—
Total Pension Obligation Certificates Payable, Net	81,330,260	—	(260,032)	81,070,228	593,104
Other Long-term Liabilities:					
Capital Leases Payable	1,551,450	—	(865,378)	686,072	663,649
Accrued Compensated Absences	19,011,350	5,986,504	(13,859,358)	11,138,496	7,078,769
Accrued Workers' Compensation	10,695,000	5,793,447	(5,535,447)	10,953,000	2,011,000
Claims and Judgments	8,416,200	145,000	(4,012,200)	4,549,000	80,000
Accrued Pollution Remediation	20,992	80,000	(20,992)	80,000	—
Accrued Other Postemployment Benefits	16,611,769	19,349,255	(8,016,588)	27,944,436	—
Total Other Long-term Liabilities	56,306,761	31,354,206	(32,309,963)	55,351,004	9,833,418
Total Water Fund	\$ 2,357,780,941	\$ 33,382,950	\$ (64,603,040)	\$ 2,326,560,851	\$ 47,186,522

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	<u>Balance</u> <u>June 30, 2009</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
Business-Type Activities					
<i>Automobile Parking Fund:</i>					
Revenue Bonds Payable	\$ 40,715,000	\$ —	\$ (1,610,000)	\$ 39,105,000	\$ 26,860,000
Less:					
Unamortized Discounts	(1,197,720)	—	74,484	(1,123,236)	—
Deferred Amounts on Refunding	3,098,875	—	(149,507)	2,949,368	—
Total Revenue Bonds Payable, Net	<u>42,616,155</u>	<u>—</u>	<u>(1,685,023)</u>	<u>40,931,132</u>	<u>26,860,000</u>
<i>Other Long-term Liabilities:</i>					
Accrued Compensated Absences	628,788	182,327	(592,907)	218,208	70,344
Accrued Workers' Compensation	678,000	97,572	(76,572)	699,000	130,000
Claims and Judgments	25,500	15,000	(25,500)	15,000	—
Accrued Other Postemployment Benefits	357,097	722,000	(197,840)	881,257	—
Total Other Long-term Liabilities	<u>1,689,385</u>	<u>1,016,899</u>	<u>(892,819)</u>	<u>1,813,465</u>	<u>200,344</u>
Total Automobile Parking Fund	<u>\$ 44,305,540</u>	<u>\$ 1,016,899</u>	<u>\$ (2,577,842)</u>	<u>\$ 42,744,597</u>	<u>\$ 27,060,344</u>
<i>Other Proprietary Fund:</i>					
Accrued Compensated Absences	\$ 198,856	\$ 42,580	\$ (136,522)	\$ 104,914	\$ 60,867
Accrued Workers' Compensation	105,000	16,492	(18,492)	103,000	18,000
Claims and Judgments	4,361,800	106,800	(2,500,000)	1,968,600	1,500,000
Accrued Other Postemployment Benefits	141,722	180,815	(146,628)	175,909	—
Total Other Proprietary Fund	<u>\$ 4,807,378</u>	<u>\$ 346,687</u>	<u>\$ (2,801,642)</u>	<u>\$ 2,352,423</u>	<u>\$ 1,578,867</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.

	Bond Date	Remarketing Agent/Auction Rate Trader	Liquidity Facility			Balance June 30, 2010
			Provider	Expiration Date	Insurer	
Detroit Building Authority General Obligation Bonds: Series 1996-B	9/1/96	N/A	Comerica Bank	2/1/2011	N/A	\$ 1,000,000

Schedule of General Obligation Bonds

The following is a schedule of general obligation bonds outstanding at June 30, 2010:

	Bond Date	Amount Issued	Range of Interest Rates	Maturity Date	Balance June 30, 2010
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	\$ 25,805,000 b
Series 1999-B	11-15-99	28,215,000	5.25	4/1/11	2,165,000
Series 2001-A(1)	7-15-01	16,800,000	4.20 to 5.50	4/1/10-11	2,800,000
Series 2001-A(1)	7-15-01	83,200,000	5.0 to 5.375	4/1/12-21	83,200,000 b
Series 2001-B	7-15-01	23,560,000	5.50	4/1/10-11	8,000,000
Series 2001-B	7-15-01	23,235,000	5.375	4/1/12-14	23,235,000 b
Series 2002	8-2-02	15,795,000	4.00	4/1/10-11	1,955,000
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	7,385,000
Series 2003-A	10-21-03	34,380,000	4.00 to 5.25	4/1/14-23	34,380,000 b
Series 2004-A(1)	9-9-04	39,270,000	4.25 to 5.25	4/1/19-24	39,270,000 b
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 b
Series 2004-B(2)	9-9-04	17,270,000	4.16 to 5.24	4/1/10-18	10,750,000
Series 2005-A	1-5-05	81,050,000	5.00	4/1/10-11	2,715,000
Series 2005-B	12-1-05	13,840,000	4.00 to 5.00	4/1/10-16	12,840,000
Series 2005-B	12-1-05	37,920,000	4.30 to 5.00	4/1/17-25	37,920,000 b
Series 2005-C	12-1-05	20,010,000	4.00 to 5.00	4/1/10-16	16,900,000 a
Series 2005-C	12-1-05	10,795,000	4.30 to 5.25	4/1/17-20	10,795,000 b
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 b
Series 2008-B(1)	6-9-08	66,475,000	5.00	4/1/10-18	55,230,000
Total General Obligation Bonds – Unlimited Tax					\$ 497,790,000

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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, 2010</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	\$ 48,300,000
Series 2004	9-9-04	62,285,000	4.16 to 4.85	4/1/10-14	48,625,000
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	18,135,000
Series 2005-A(1)	6-24-05	52,175,000	4.61 to 5.15	4/1/16-25	52,175,000 b
Series 2005-A(2)	6-24-05	4,055,000	3.50 to 4.50	4/1/10-15	3,440,000
Series 2005-A(2)	6-24-05	9,475,000	4.00 to 5.00	4/1/16-25	9,475,000 b
Series 2005-B	6-24-05	4,845,000	3.50 to 5.00	4/1/10-15	2,935,000
Series 2005-B	6-24-05	6,940,000	5.00	4/1/16-21	6,940,000 b
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	4/1/2014	25,000,000
Distributable State Aid 2010	3-18-10	249,790,000	4.25 to 5.25	11/1/14-35	<u>249,790,000</u>
Total General Obligation Bonds – Limited Tax					<u>509,858,278</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	1,655,000 b
Project, Series 1996-B	9-1-96	1,000,000	Variable (a)	2/1/11	<u>1,000,000 b</u>
Total General Obligation Bonds					<u>\$ 1,010,303,278</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>

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

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

(c) Revenue Bonds

Sewage Disposal Fund

The Fund has pledged substantially all revenues of the sewage disposal 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 at June 30, 2010 to be paid on the bonds is \$5,336,888,248. During the current year, net revenues of the system were \$170,821,203 compared to the amount pledged for annual debt requirements of \$207,169,892. In addition, the Fund has approximately \$122 million in bond and interest reserves on hand at June 30, 2010.

The City received loans from the State of Michigan Revolving Loan Fund totaling \$45,512,406 during the year ended June 30, 2010. 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. At June 30, 2010, \$80,843,770 in loans was authorized and unissued.

Water Fund

The Fund has pledged substantially all revenues of the water fund, net of operating expenses, to repay the 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 at June 30, 2010 to be paid on the bonds is \$4,197,169,397. During the current year, net revenues of the system were \$147,011,832 compared to the amount pledged for annual debt requirements of \$153,457,893. In addition, the Fund has approximately \$95 million in bond and interest reserves on hand at June 30, 2010.

The City received loans from the State of Michigan Drinking Water Revolving Loan Fund totaling \$2,028,744 during the year ended June 30, 2010. 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. At June 30, 2010, \$12,187,480 in loans was authorized and unissued.

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 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 Automobile 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 \$25.8 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, 2010 are as follows:

	<u>Date</u>	<u>Remarketing Agent/Auction Rate Trader</u>	<u>Liquidity Facility</u>		<u>Balance June 30, 2010</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 \$ 25,800,000

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Schedule of Revenue Bonds

The following is a schedule of revenue bonds (including capital appreciation bonds and state revolving loans) outstanding at June 30, 2010:

	<u>Bond Date</u>	<u>Amount Issued</u>	<u>Range of Interest Rates</u>	<u>Maturity Date</u>	<u>Balance June 30, 2010</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	\$ 7,070,000
Series 1998-A	12-14-06	18,540,000	3.50 to 5.50	7/1/09-17	16,560,000
Series 1998-A	12-14-06	49,075,000	5.25	7/1/18-23	49,075,000 b
Series 1998-B	12-14-06	18,750,000	3.50 to 5.50	7/1/09-17	16,845,000
Series 1998-B	12-14-06	48,770,000	5.25	7/1/18-23	48,770,000 b
Series 1999-A	12-1-99	264,231,060	5.125	7/1/10	570,000 b
Series 1999-A (* *)	12-1-99	33,510,118	N/A	7/1/12-21	62,181,537
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	2,835,000
Series 2001-C (3)	5-8-08	119,630,000	4.50 to 5.25	7/1/09-29	119,630,000 b
Series 2001-D	9-23-01	92,450,000	Variable (a)	7/1/32	72,450,000 b
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	73,695,000
Series 2003-A	5-22-03	441,380,000	5.00	7/1/14-32	221,155,000 b
Series 2004-A	1-09-04	101,435,000	5.00 to 5.25	7/1/09-24	86,710,000
Series 2005-A	3-17-05	3,765,000	2.75 to 3.70	7/1/09-15	3,495,000
Series 2005-A	3-17-05	269,590,000	3.75 to 5.125	7/1/16-35	236,770,000 b
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 b
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	10,540,000
Series 2006-B	8-10-06	238,150,000	4.25 to 5.00	7/1/17-36	238,150,000 b
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 b
Series 2006-D	12-14-06	370,000,000	Variable (a)	7/1/08-32	360,740,000 b
Bonds remarketed in 2009:					
Series 2001-C(1)	6-5-09	6,360,000	5.25	7/1/09-19	5,905,000
Series 2001-C(1)	6-5-09	148,510,000	6.50 to 7.00	7/1/24-27	148,510,000 b
Series 2003-B	6-5-09	150,000,000	7.50	7/1/33	150,000,000 b
Total Sewage Disposal System Revenue Bonds					<u>\$ 2,429,386,537</u>

* * - Capital Appreciation Bonds

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

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

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	<u>Bond Date</u>	<u>Amount Issued</u>	<u>Range of Interest Rates</u>	<u>Maturity Date</u>	<u>Balance June 30, 2010</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	\$ 770,000	b
Series 1992-B-SRF	9-10-92	1,915,000	2.00	10/1/10-13	445,000	b
Series 1993-B-SRF	9-30-93	6,603,996	2.00	10/1/10-14	1,880,000	b
Series 1997-B-SRF	9-30-97	5,430,174	2.25	10/1/10-18	2,715,000	b
Series 1999-SRF-1	6-24-99	21,475,000	2.50	4/1/11-20	12,060,000	b
Series 1999-SRF-2	9-30-99	46,000,000	2.50	10/1/10-22	32,440,000	b
Series 1999-SRF-3	9-30-99	31,030,000	2.50	10/1/10-20	18,960,000	b
Series 1999-SRF-4	9-30-99	40,655,000	2.50	10/1/10-20	24,835,000	b
Series 2000-SRF-1	3-30-00	53,475,000	2.50	10/1/10-22	37,710,000	b
Series 2000-SRF-2	9-28-00	64,401,066	2.50	10/1/10-22	45,241,066	b
Series 2001-SRF-1	6-28-01	82,200,000	2.50	10/1/10-24	65,325,000	b
Series 2001-SRF-2	12-20-01	59,850,000	2.50	10/1/10-24	47,570,000	b
Series 2002-SRF-1	6-27-02	18,985,000	2.50	4/1/11-23	13,380,000	b
Series 2002-SRF-2	6-27-02	1,545,369	2.50	4/1/11-23	1,070,369	b
Series 2002-SRF-3	12-29-02	31,549,466	2.50	10/1/10-24	23,189,466	b
Series 2003-SRF-1	6-26-03	48,520,000	2.50	10/1/10-25	40,655,000	b
Series 2003-SRF-2	9-25-03	25,055,370	2.50	4/1/11-25	19,785,370	b
Series 2004-SRF-1	6-24-04	2,910,000	2.125	10/1/10-24	2,290,000	b
Series 2004-SRF-2	6-24-04	18,353,459	2.125	4/1/11-25	14,413,459	b
Series 2004-SRF-3	6-24-04	12,722,575	2.125	4/1/11-25	9,992,575	b
Series 2007-SRF-1	9-20-07	115,011,882	1.625	10/1/11-29	115,011,882	b
Total State Revolving Loans Payable					\$ 529,739,187	

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

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	<u>Bond Date</u>	<u>Amount Issued</u>	<u>Range of Interest Rates</u>	<u>Maturity Date</u>	<u>Balance June 30, 2010</u>
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	10,455,000
Series 1995-B	10-15-95	60,485,000	5.20-5.55	7/1/09-12	26,905,000
Series 1997-A	8-1-97	29,080,000	5.75 to 6.00	7/1/11-15	20,215,000
Series 1997-A	8-1-97	186,220,000	4.80 to 5.25	7/1/09-27	74,575,000 b
Series 1999-A	11-1-99	256,340,000	5.00 to 5.25	7/1/09	2,000,000
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 b
Series 2001-C	5-14-08	4,055,000	3.00 to 4.25	7/1/09-18	3,575,000
Series 2001-C	5-14-08	186,350,000	4.50 to 5.75	7/1/19-29	186,350,000 b
Series 2003-A	1-30-03	234,805,000	4.50 to 5.00	7/1/19-34	181,835,000 b
Series 2003-B	1-30-03	131,175,000	Variable (a)	7/1/09-14	12,270,000
Series 2003-B	1-30-03	41,770,000	5.00	7/1/34	41,770,000 b
Series 2003-C	1-30-03	16,695,000	2.50 to 5.00	7/1/09-11	180,000
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 b
Series 2003-D	9-1-06	3,180,000	4.00 to 4.20	7/1/09-16	2,195,000
Series 2003-D	9-1-06	139,575,000	4.25 to 5.00	7/1/17-33	139,575,000 b
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 b
Series 2004-B	9-1-06	52,840,000	4.00 to 5.00	7/1/09-16	43,615,000
Series 2004-B	9-1-06	100,990,000	4.25 to 5.00	7/1/17-23	100,990,000 b
Series 2005-A	3-23-05	20,965,000	3.00 to 5.00	7/1/09-15	13,245,000
Series 2005-A	3-23-05	84,035,000	3.90 to 5.00	7/1/16-35	84,035,000 b
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 b
Series 2005-C	3-23-05	36,405,000	3.00 to 5.00	7/1/09-15	34,845,000
Series 2005-C	3-23-05	90,200,000	5.00	7/1/16-22	90,200,000 b
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 b
Series 2006-C	8-16-06	12,585,000	4.00 to 5.00	7/1/09-19	10,915,000
Series 2006-C	8-16-06	208,060,000	5.00	7/1/19-33	208,060,000 b
Series 2006-D	8-16-06	4,430,000	4.00 to 5.00	7/1/09-16	3,505,000
Series 2006-D	8-16-06	142,160,000	4.25 to 5.00	7/1/17-32	142,160,000 b
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 b
Total Water Supply System Revenue Bonds					<u>\$ 2,230,610,000</u>
State Revolving Loans:					
Series 2005 SRF-1	9-22-05	\$ 10,914,772	2.125%	10/1/10-26	\$ 9,019,772
Series 2005 SRF-2	9-22-05	8,014,219	2.125	10/1/10-26	6,679,219
Series 2006 SRF-1	9-21-06	4,802,588	2.125	10/1/10-26	4,052,588
Series 2008 SRF-1	9-29-08	2,590,941	2.500	10/1/10-28	2,335,941
Total State Revolving Loans Payable					<u>\$ 22,087,520</u>

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

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

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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, 2010</u>
Business-type Activities (continued):					
Automobile Parking Fund					
Detroit Building Authority Bonds - Revenue Refunding Bonds:					
Parking System-Series 1998A	7-1-98	\$ 17,445,000	4.70 to 5.125%	7/1/10-19	\$ 13,305,000 b
Parking System-Series 1999A	10-22-99	29,900,000	Variable (a)	7/27/010-29	<u>25,800,000 b</u>
Total Automobile Parking Fund Revenue Bonds					<u>\$ 39,105,000</u>

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

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

(d) Pension Obligation Certificates (POCs)

The Detroit Retirement Systems Funding Trust issued POCs 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 outstanding at June 30, 2010:

	<u>Bond Date</u>	<u>Amount Issued</u>	<u>Range of Interest Rates</u>	<u>Maturity Date</u>	<u>Balance June 30, 2010</u>
Pension Obligation Certificates					
Series 2005 - A	6-2-05	\$ 640,000,000	4.00 to 4.95%	6/15/07 - 25	\$ 531,195,000
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>\$ 1,479,735,000</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, 2010, the City issued \$8,420,000 of notes payable to finance renovations of the Garfield Redevelopment Project.

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The following is a schedule of notes payable at June 30, 2010:

	<u>Issue Date</u>	<u>Range of Interest Rates</u>	<u>Maturity Date</u>	<u>Balance June 30, 2010</u>
Governmental Activities				
<i>Urban Renewal Fund:</i>				
(All Notes are secured by future Block Grant revenues.)				
Ferry Street Project	06/12/08	2.62 to 4.62 %	08/01/10 – 18	\$ 2,315,000
Garfield Project	06/12/08	2.62 to 4.62	08/01/10 – 15	1,315,000
Stuberstone Project	06/12/08	2.62 to 4.62	08/01/10 – 16	210,000
Vernor Lawndale Project	09/14/06	5.05 to 5.74	08/01/13 – 25	1,800,000
New Amsterdam Project	08/01/02	4.67 to 6.12	08/01/10 – 22	9,130,000
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	08/01/14 – 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
Garfield II Note 3	09/16/09	Libor + 0.2	08/01/12 – 29	1,723,000
Garfield II Note 4	09/16/09	Libor + 0.2	08/01/17 – 29	6,697,000
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>\$ 89,506,000</u>

The following is a schedule of loans payable at June 30, 2010:

	<u>Issue Date</u>	<u>Range of Interest Rates</u>	<u>Maturity Date</u>	<u>Balance June 30, 2010</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	477,206
Loan Payable GE Capital Schedule – 030	4/30/08	4.57	8/1/09 – 8/1/12	1,030,413
Loan Payable Minority Alliance Schedule - 001	5/30/08	3.93	8/30/09 – 5/30/13	2,835,989
Total Loans Payable				<u>\$ 37,943,608</u>

The City entered into a \$33.6 million loan payable with the Downtown Development Authority, listed in the preceding table, a discretely presented component unit. The loan was used to cover costs 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.

(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 the 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 \$20.9 million as of June 30, 2010.

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The present value of future minimum capital lease payments, interest, and the minimum annual lease payments at June 30, 2010 is as follows:

	Present Value of Minimum Lease Payments		
	Principal	Interest	Total
Year ending June 30:			
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>\$ 20,339,988</u>	<u>\$ 2,406,855</u>	<u>\$ 22,746,843</u>

(g) Debt Service Requirements

As of June 30, 2010 debt service requirements of the City's debt (fixed-rate and variable-rate) and net receipts/payments on associated hedging derivative instruments are as follows. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary. Refer to note VIII for information on derivative instruments.

	General Obligation Debt		Revenue Bonds and Other Indebtedness		
	Principal	Interest	Principal	Interest	Hedging Derivatives, Net
Governmental Activities:					
2011	\$ 77,070,000	\$ 52,573,102	\$ 1,928,986	\$ 4,043,404	\$ —
2012	76,105,000	47,499,653	2,169,874	3,960,521	—
2013	82,711,310	43,823,042	7,067,083	3,754,302	—
2014	81,625,000	39,734,209	3,252,665	3,508,796	—
2015	66,479,422	34,772,049	3,384,000	3,364,574	—
2016 – 2020	261,662,546	129,363,425	27,107,000	13,573,032	—
2021 – 2025	191,255,000	69,146,608	28,713,000	6,401,324	—
2026 – 2030	76,355,000	34,786,000	20,227,000	769,638	—
2031 – 2035	78,675,000	15,560,781	—	—	—
2036 – 2040	18,365,000	482,081	33,600,000	—	—
Total	<u>\$ 1,010,303,278</u>	<u>\$ 467,740,950</u>	<u>\$ 127,449,608</u>	<u>\$ 39,375,591</u>	<u>\$ —</u>
Business-Type Activities:					
<i>Sewage Disposal Fund</i>					
2011	\$ —	\$ —	\$ 70,345,000	\$ 120,665,253	\$ 16,159,639
2012	—	—	72,630,000	118,305,575	15,905,128
2013	—	—	76,305,000	115,764,829	15,024,767
2014	—	—	78,830,000	113,258,415	14,936,891
2015	—	—	117,465,000	110,851,952	15,226,749
2016 – 2020	—	—	431,560,000	509,424,846	75,240,109
2021 – 2025	—	—	491,214,187	424,802,817	73,175,416
2026 – 2030	—	—	583,805,000	330,214,707	50,926,629
2031 – 2035	—	—	719,825,000	209,674,246	1,584,018
2036 – 2040	—	—	345,510,000	22,462,122	(4,205,047)
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,987,489,187</u>	<u>\$ 2,075,424,762</u>	<u>\$ 273,974,299</u>

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	General Obligation Debt		Revenue Bonds and Other Indebtedness		
	Principal	Interest	Principal	Interest	Hedging Derivatives, Net
Business-Type Activities, Continued:					
<i>Transportation Fund</i>					
2011	\$ —	\$ 313,586	\$ —	\$ —	\$ —
2012	—	313,586	—	—	—
2013	813,690	313,586	—	—	—
2014	—	272,902	—	—	—
2015	2,660,578	272,962	—	—	—
2016	2,797,454	139,873	—	—	—
Total	\$ 6,271,722	\$ 1,626,495	\$ —	\$ —	\$ —
<i>Water Fund</i>					
2011	\$ —	\$ —	\$ 36,760,000	\$ 116,570,965	\$ 126,928
2012	—	—	45,090,000	114,644,082	121,512
2013	—	—	47,310,000	112,458,317	106,313
2014	—	—	49,620,000	110,185,602	91,767
2015	—	—	51,990,000	107,648,827	48,478
2016 – 2020	—	—	302,050,941	494,500,176	—
2021 – 2025	—	—	381,241,579	407,407,962	—
2026 – 2030	—	—	484,700,000	296,976,076	—
2031 – 2035	—	—	614,590,000	160,722,916	—
2036 – 2040	—	—	239,345,000	22,861,956	—
Total	\$ —	\$ —	\$ 2,252,697,520	\$ 1,943,976,879	\$ 494,998
<i>Automobile Parking Fund</i>					
2011	\$ —	\$ —	\$ 1,660,000	\$ 962,021	\$ 1,971,950
2012	—	—	1,710,000	884,383	1,748,436
2013	—	—	1,865,000	827,000	1,875,463
2014	—	—	1,920,000	740,725	1,658,239
2015	—	—	800,000	576,011	1,773,226
2016 – 2020	—	—	13,850,000	2,775,212	7,396,272
2021 – 2025	—	—	7,000,000	382,063	5,301,603
2026 – 2030	—	—	10,300,000	168,242	2,336,387
Total	\$ —	\$ —	\$ 39,105,000	\$ 7,315,657	\$ 24,061,576

The future principal payments for Sewage Disposal Fund revenue bonds exceed the bonds payable balance by \$28,363,462 at June 30, 2010 because the future principal payments on capital appreciation bonds are greater than the carrying value of those bonds. The balance of the capital appreciation bonds will increase each year, until maturity, through accretion.

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The annual debt service requirements to maturity for pension obligation certificates at June 30, 2010 are as follows:

	Pension Obligation Certificates		
	Principal	Interest	Hedging Derivatives, Net
Governmental Activities:			
2011	\$ 8,905,539	\$ 33,635,739	\$ 35,588,468
2012	13,718,025	33,243,539	35,617,372
2013	18,782,517	32,632,675	35,617,372
2014	24,099,013	31,786,899	35,617,372
2015	27,049,913	30,687,261	35,617,372
2016 – 2020	176,336,980	131,749,441	177,434,923
2021 – 2025	228,227,291	91,817,359	166,539,154
2026 – 2030	299,823,594	56,798,912	129,296,841
2031 – 2035	405,965,928	40,492,539	37,911,394
Total	\$ 1,202,908,800	\$ 482,844,364	\$ 689,240,268
Business-Type Activities:			
<i>Sewage Disposal Fund</i>			
2011	\$ 672,089	\$ 2,538,445	\$ 2,685,815
2012	1,035,281	2,508,846	2,687,996
2013	1,417,492	2,462,745	2,687,996
2014	1,818,721	2,398,915	2,687,996
2015	2,041,421	2,315,927	2,687,996
2016 – 2020	13,307,920	9,942,956	13,390,772
2021 – 2025	17,224,012	6,929,334	12,568,490
2026 – 2030	22,627,292	4,286,539	9,757,863
2031 – 2035	30,642,785	3,055,920	2,861,122
Total	\$ 90,787,013	\$ 36,439,627	\$ 52,016,046
<i>Transportation Fund</i>			
2011	\$ 784,268	\$ 2,962,140	\$ 3,134,107
2012	1,208,081	2,927,600	3,136,653
2013	1,654,087	2,873,805	3,136,653
2014	2,122,286	2,799,321	3,136,653
2015	2,382,157	2,702,481	3,136,653
2016 – 2020	15,529,160	11,602,546	15,625,843
2021 – 2025	20,098,893	8,085,918	14,666,312
2026 – 2030	26,404,039	5,002,010	11,386,559
2031 – 2035	35,745,210	3,565,987	3,338,672
Total	\$ 105,928,181	\$ 42,521,808	\$ 60,698,105

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	Pension Obligation Certificates		
	Principal	Interest	Hedging Derivatives, Net
Business-Type Activities, Continued:			
<i>Water Fund</i>			
2011	\$ 593,104	\$ 2,240,121	\$ 2,370,171
2012	913,613	2,214,000	2,372,096
2013	1,250,905	2,173,317	2,372,096
2014	1,604,980	2,116,989	2,372,096
2015	1,801,509	2,043,754	2,372,096
2016 – 2020	11,743,941	8,774,436	11,817,055
2021 – 2025	15,199,805	6,114,981	11,091,411
2026 – 2030	19,968,077	3,782,775	8,611,094
2031 – 2035	27,035,072	2,696,781	2,524,880
Total	\$ 80,111,006	\$ 32,157,154	\$ 45,902,995

(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.

(i) Refundings

The City defeased certain bonds in the 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, 2010 was as follows:

	General Obligation Bonds	Revenue Bonds	Total
Governmental Activities	\$ 20,530,000	\$ —	\$ 20,530,000
Sewage Disposal Fund	—	329,420,000	329,420,000
Water Fund	—	496,925,000	496,925,000
Total	\$ 20,530,000	\$ 826,345,000	\$ 846,875,000

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(j) Bonds Authorized and Unissued

The following is the schedule of Bonds Authorized and Unissued at June 30, 2010:

	<u>Authority</u>	<u>Date</u>	<u>Authorized Amount</u>	<u>Unissued Amount</u>
General Obligation Bonds (Tax Supported):				
Sewer Construction	Electorate	8/2/1960	\$ 50,000,000	\$ 24,000,000
Public Safety	Electorate	11/2/2004	120,000,000	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 Museums, Libraries, Recreation and Other	Electorate	2/24/2009	25,000,000	25,000,000
Transportation	Electorate	2/24/2009	97,000,000	97,000,000
Public Safety	Electorate	2/24/2009	12,000,000	12,000,000
			72,000,000	<u>72,000,000</u>
Total Bonds				
Authorized –				
Unissued				<u>\$ 416,900,000</u>

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.

Additionally, the City has State Revolving Loans in the Sewage Disposal and Water Funds which have been authorized but not issued. These amounted to \$80,843,770 and \$12,187,480 for the Sewage Disposal Fund and Water Fund, respectively, at June 30, 2010.

NOTE VIII. DERIVATIVES

In fiscal year 2010, the City implemented GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement was implemented retroactively. Therefore, beginning net assets have been restated as follows:

	<u>Total Governmental Activities</u>	<u>Business-type Activities</u>			<u>Automobile Parking Fund</u>
		<u>Sewage Disposal Fund</u>	<u>Transportation Fund</u>	<u>Water Fund</u>	
Net assets (deficit) at June 30, 2009, as previously reported	\$ (182,378,537)	\$ 601,876,364	\$ 81,605,861	\$ 304,861,564	\$ 74,566,841
Adjustment to reflect implementation of GASB Statement No. 53	<u>(175,309,646)</u>	<u>(84,958,285)</u>	<u>(15,839,366)</u>	<u>(84,114,479)</u>	<u>(7,912,744)</u>
Net assets (deficit) beginning of year as restated	<u>\$ (357,688,183)</u>	<u>\$ 516,918,079</u>	<u>\$ 65,766,495</u>	<u>\$ 220,747,085</u>	<u>\$ 66,654,097</u>

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The table below summarizes derivative instrument activity during the reporting period and balances at the end of the period (debit/(credit)):

	Changes in Fair Value		Fair Value at June 30, 2010		Notional Amount
	Classification	Amount	Classification	Amount	
Governmental Activities					
Cash flow hedges:					
Pay-fixed interest rate swaps	Deferred outflow	\$ (57,305,252)	Long-term liabilities	\$ (226,999,507)	\$ 650,348,059
Business-type Activities					
Cash flow hedges:					
Pay-fixed interest rate swaps	Deferred outflow	(40,172,320)	Long-term liabilities	(135,569,474)	625,246,941
Investment derivatives:					
Pay-fixed interest rate swaps	Interest and investment earnings	(90,074,794)	Long-term liabilities	(337,950,920)	1,838,690,000
Investment derivatives:					
Pay-floating interest rate swaps	Interest and investment earnings	43,777,700	Long-term assets	40,627,681	752,615,000

The fair values of the interest rate swaps were 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 swaps.

(a) Objectives

In order to better manage its interest rate exposure and to reduce the overall costs of its financings, the City has entered into eighteen separate pay-fixed, receive-variable interest rate swaps.

In addition to the interest rate swaps, the City entered into six (6) 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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(b) Terms

Certain key terms and fair values relating to the outstanding hedging derivative instruments are presented below.

Associated Financing Issue	Notional Amounts (1)	Effective Date	Fixed Rate Paid	Rate Received	Fair Value	Swap Termination Date	Final Maturity of Bonds
Hedging Derivatives							
Cash Flow Hedges, Pay-fixed interest rate swaps:							
Building Authority Series 1999-A	\$ 25,800,000	4/23/2004	7.48%	65% LIBOR + .28%	\$ (12,898,565)	7/1/2029	7/1/2029
Sewage 2001 D-2	72,450,000	1/1/2012	4.83	SIFMA (2)	(13,085,379)	7/1/2032	7/1/2032
Sewage 2006-D	360,740,000	12/14/2006	4.11	67% LIBOR + .60%	(55,620,716)	7/1/2032	7/1/2032
Water 2 003-B	2,290,000	1/30/2003	3.31	CPI+ 1.12%	(5,774)	7/1/2010	7/1/2010
Water 2 003-B	2,500,000	1/30/2003	3.55	CPI +1 2.5%	(42,669)	7/1/2011	7/1/2011
Water 2 003-B	2,175,000	1/30/2003	3.74	CPI + 1.33%	(55,724)	7/1/2012	7/1/2012
Water 2 003-B	2,800,000	1/30/2003	3.87	CPI + 1.34%	(88,354)	7/1/2013	7/1/2013
Water 2 003-B	2,505,000	1/30/2003	4.00	CPI + 1.36%	(92,833)	7/1/2014	7/1/2014
Water 2 003-C	2,005,000	1/30/2003	3.87	CPI + 1.34%	(63,268)	7/1/2013	7/1/2013
Water 2 003-C	2,330,000	1/30/2003	4.00	CPI + 1.36%	(86,348)	7/1/2014	7/1/2014
Pension Obligation on Certificates:							
GRS	96,621,000	6/12/2006	6.26	3 MTH LIBOR + .34%	(35,663,455)	6/15/2034	6/15/2034
GRS	45,252,000	6/12/2006	6.22	3 MTH LIBOR + .30%	(15,080,347)	6/15/2029	6/15/2029
GRS	96,621,000	6/12/2006	6.26	3 MTH LIBOR + .34%	(35,671,852)	6/15/2034	6/15/2034
GRS	45,252,000	6/12/2006	6.22	3 MTH LIBOR + .30%	(15,081,967)	6/15/2029	6/15/2029
PFRS	153,801,500	6/12/2006	6.25	3 MTH LIBOR + .34%	(56,845,432)	6/15/2034	6/15/2034
PFRS	104,325,500	6/12/2006	6.22	3 MTH LIBOR + .30%	(32,660,688)	6/15/2029	6/15/2029
PFRS	153,801,500	6/12/2006	6.25	3 MTH LIBOR + .34%	(56,858,248)	6/15/2034	6/15/2034
PFRS	104,325,500	6/12/2006	6.22	3 MTH LIBOR + .30%	(32,667,362)	6/15/2029	6/15/2029
Total	<u>\$ 1,275,595,000</u>				<u>\$ (362,568,981)</u>		
Investment Derivatives							
Pay-fixed interest rate swaps:							
Sewage 2001 C-2	\$ 123,040,000	10/23/2001	4.47	SIFMA (2)	\$ (27,075,894)	7/1/2029	7/1/2029
Sewage 2006-A	125,000,000	8/10/2006	4.55	SIFMA (2)	(25,573,465)	7/1/2036	7/1/2036
Sewage hedge swap	56,250,000	7/1/2012	4.93	SIFMA (2)	(15,720,553)	7/1/2039	N/A
Sewage hedge swap	168,750,000	7/1/2012	5.06	SIFMA (2)	(52,582,498)	7/1/2039	N/A
Sewage 1998-A	67,100,000	7/1/2008	SIFMA (2) + 0.0%	4.51%	(1,728,956)	7/1/2023	N/A
Sewage 1998-B	67,000,000	7/1/2008	SIFMA (2) + 0.0%	4.51	(1,695,030)	7/1/2023	N/A
Sewage 2003-B	150,000,000	5/22/2003	SIFMA (2) - 0.10%	3.84	(15,346,070)	7/1/2033	N/A
Water 2 001-C	112,765,000	6/7/2001	4.90	SIFMA (2) + 0.0%	(28,124,832)	7/1/2026	7/1/2026
Water 2 005-B	195,000,000	4/1/2005	4.71	SIFMA (2)	(42,521,125)	7/1/2035	7/1/2035
Water 2 006-B	120,000,000	3/1/2007	5.00	SIFMA (2)	(34,440,619)	7/1/2036	7/1/2036
Water hedge swap	150,000,000	7/2/2012	5.07	SIFMA (2)	(46,873,172)	7/1/2039	N/A
Water hedge swap	50,000,000	7/1/2012	4.93	SIFMA (2)	(14,014,902)	7/1/2039	N/A
Water hedge swap	76,510,000	7/1/2011	4.87	SIFMA (2)	(14,096,809)	7/1/2029	N/A
Water 2 003-D	148,695,000	7/2/2011	SIFMA (2)	4.06	(12,768,576)	7/1/2033	N/A
Water 2 004-A	77,010,000	7/1/2005	SIFMA (2)	3.94	(2,278,007)	7/1/2025	N/A
Water 2 004-B	151,270,000	7/1/2005	SIFMA (2)	3.85	(3,110,412)	7/1/2023	N/A
Total	<u>\$ 1,838,390,000</u>				<u>\$ (337,950,920)</u>		
Pay-floating interest rate swaps:							
Sewage 2001 C-2 offsetting swap	\$ 123,040,000	5/8/2008	SIFMA (2) + 0.0%	3.58%	\$ 7,738,755	7/1/2029	7/1/2029
Sewage 2006-A offsetting swap	125,000,000	5/7/2008	SIFMA (2) + 0.0%	3.69	7,208,542	7/1/2036	7/1/2036
Water 2 001-C offsetting swap	112,765,000	5/14/2008	SIFMA (2)	3.50	7,913,195	7/1/2026	7/1/2026
Water 2 005-B offsetting swap	195,000,000	5/6/2008	SIFMA (2)	3.65	12,663,558	7/1/2035	7/1/2035
Water 2 006-B offsetting swap	120,000,000	4/1/2009	SIFMA (2)	3.26	(1,304,093)	7/1/2036	7/1/2036
Water hedge swap offsetting swap	76,510,000	7/1/2011	SIFMA (2)	4.00	6,407,724	7/1/2029	N/A
Total	<u>\$ 752,315,000</u>				<u>\$ 40,627,681</u>		

(1) Notional amount balance as of June 30, 2010
(2) The Securities Industry and Financial Markets Association Municipal Swap Index

(c) Credit Risk

Credit risk can be measured by actual market value exposure or theoretical exposure. When the fair value of any swap has a positive market value, then the City is exposed to the actual risk that the counterparty will not fulfill its obligations. As of June 30, 2010, the City had no net exposure to actual credit risk on its hedging derivatives or its investment derivatives (without regard to collateral or other security arrangements) for any of its counterparties. The table below shows the credit quality ratings of the counterparties to each swap. The City uses six different counterparties, as one way of diversifying its credit risk. 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 cash or U.S. government securities held by a third-party custodian. The City has not calculated theoretical credit exposure.

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<u>Counterparty</u>	<u>S&P</u>	<u>Moody's</u>
Citigroup Financial Products, Inc. Guaranteed by Citigroup Global Markets Holdings, Inc.	A	A3
JP Morgan Chase Bank, NA	AA-	Aa1
Loop Financial Products Credit Support provided by Deutsche Bank AG	A+	Aa3
Morgan Stanley Capital Services, Inc.	A+	A2
SBS Financial Products Company, LLC Credit Support provided by Merrill Lynch Capital Services, Inc. and guaranteed by Merrill Lynch & Co.	A	A2
UBS, AG	A+	Aa3

(d) Interest Rate Risk

All hedging derivatives are pay-fixed, receive-variable cash flow hedges, hedging a portion of the City's variable rate debt. The City believes it has significantly reduced interest rate risk attributable to the principal amount being hedged by entering into the interest rate swaps.

There are twenty-two investment derivatives in the portfolio. Six of the investment derivatives that are pay-fixed, receiving-floating swaps have offsetting receive-fixed, pay-floating swaps that serve to offset the interest rate risk of the change in the floating rate index. Ten of the investment derivatives are pay-fixed, receive-floating swaps that are subject to changing cash flows as the variable index changes.

(e) 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, 2010, 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 POCs (based on LIBOR) in the table on the previous page. As a result, there is no significant exposure to basis risk as of June 30, 2010.

(f) 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. The termination payment due to a counterparty may not be equal to the fair value. 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 SIFMA averages 7 percent or higher for a consecutive 180-day period. All special termination provisions 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 both swaps was 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 and Police and Fire Retirement Systems Trusts' Pension Obligation Certificates (POCs). As of June 30, 2010, 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, 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.

(g) Rollover Risk

The City is exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated financings. When these swaps terminate, or in the case of the termination option, if the counterparty exercises its option, the City will not realize the synthetic rate offered by the swaps on the underlying issues. The City is exposed to rollover risk on the GRS and PFRS swaps should they be terminated prior to the maturity of the associated financings (POCs).

(h) Foreign Currency Risk

All derivatives are denominated in U.S. dollars and therefore, the City is not exposed to foreign currency risk.

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, 2010 consisted of the following:

	Defined Benefit		Defined Annuity Contribution	
	GRS	PFRS	GRS	PFRS
Retirees and beneficiaries receiving benefits	11,480	8,560	1,414	888
Terminated plan members entitled to but not yet receiving benefits	2,132	83	349	26
Active plan members	8,330	4,045	7,222	3,820

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 31 percent of the General Retirement System's assets and 28 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, 2010 was 9.56% of active annual payroll for the General Retirement System and 26.27% 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, 2010, amounted to \$37,338,960 and \$32,808,485 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 (a) 0 percent, (b) 3 percent of annual compensation up to the Social Security wage base and 5 percent of any excess over that, (c) 5 percent, or (d) 7 percent toward annuity savings. Contributions are voluntary for all union and non-union employees. Contributions received from General Retirement System employees during the year ended June 30, 2010 amounted to \$19,043,434.
- **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, 2010 amounted to \$10,764,969.

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.

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(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, 2010 are as follows:

	GRS					Total Primary Government
	PFRS Governmental Activities	Governmental Activities	Business-type Activities			
			Sewage Disposal Fund	Transportation Fund	Water Fund	
Annual required contributions (ARC)	\$ 59,178,250	\$ 17,221,781	\$ 4,871,036	\$ 6,847,549	\$ 4,515,102	\$ 92,633,718
Interest on net pension asset	(46,601,323)	(35,787,080)	(6,895,620)	(8,350,310)	(6,452,740)	(104,087,073)
Adjustment to ARC	36,797,248	27,743,985	5,345,840	6,473,590	5,002,496	81,363,159
Annual pension cost	49,374,175	9,178,686	3,321,256	4,970,829	3,064,858	69,909,804
Contributions made (employer)	32,808,484	17,528,193	4,490,119	6,921,189	6,910,469	68,658,454
Changes in net pension asset	(16,565,691)	8,349,507	1,168,863	1,950,360	3,845,611	(1,251,350)
Net pension asset, beginning of year	621,350,977	453,001,014	87,286,336	105,700,122	81,680,247	1,349,018,696
Net pension asset, end of year	\$ 604,785,286	\$ 461,350,521	\$ 88,455,199	\$ 107,650,482	\$ 85,525,858	\$ 1,347,767,346

Significant actuarial assumptions used to determine the annual required contribution for the year ended June 30, 2010 are as follows:

	GRS	PFRS
Valuation Date	June 30, 2008	June 30, 2008
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	Level Percent	Level Percent
Remaining Amortization Period	30 years, open	27 years, closed
Asset Valuation Method	3-year Smoothed Market	3-year Smoothed Market
Actuarial Assumptions:		
Investment Rate of Return	7.9%	7.5%
Projected Salary Increases	4.0% – 9.5%	5.0% – 9.2%
Includes Inflation at	4.0%	4.0%
Cost-of-Living Adjustments	2.3%	2.3%

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:

	Year Ended	Annual Pension Cost (APC)	Actual Contributions	Percentage of APC Contributed	Net Pension Asset
GRS	June 30, 2010	\$ 20,535,629	\$ 35,849,970	174.6%	\$ 742,982,060
	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
PFRS	June 30, 2010	49,374,175	32,808,484	66.4%	604,785,286
	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

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(f) Funding Status and Funding Progress

The funded status of each plan as of June 30, 2009, the most recent actuarial valuation date, is as follows:

	<u>GRS</u>	<u>PFRS</u>
Actuarial value of assets	\$ 3,412,411,183	\$ 3,945,205,453
Actuarial accrued liability (AAL)	3,689,065,726	4,221,291,045
Unfunded (overfunded) AAL	276,654,543	276,085,592
Funded ratio	92.5%	93.5%
Covered payroll	\$ 357,072,833	231,795,825
Ratio of UAAL/covered payroll	77.5%	119.1%

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 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, vision 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 on or after 1995 are age 55 and 30 years of creditable service, 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 care 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 care 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, effective March 8, 2007 and Allied Detroit Fire Fighters Association (DFFA) members, effective March 8, 2008. The City pays up to 90% of health care coverage for the retiree and the spouse. The City 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.

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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. The City 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. Dental and vision coverage is provided 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 members and Allied DFFA members, effective March 8, 2007. The City pays up to 90% of health care coverage for the retiree and the spouse. The City 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 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. 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.

The Supplemental Death Benefit Plan (Supplemental Plan) is a 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 benefit 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 thirty (30) years, ninety-three dollars (\$93) will be added per year for each additional year of service.

There were 19,441 retirees eligible for benefits, as of June 30, 2009, 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 is financed on a pay-as-you-go basis for the year ended June 30, 2010, is as follows:

Benefit	City Cost	Retiree Cost	Total Cost
Hospitalization	\$ 140,379,068	\$ 23,695,312	\$ 164,074,380
Dental	7,760,823	1,310,893	9,071,716
Vision	1,339,841	—	1,339,841
Life Insurance	218,358	39,628	257,986
Total	<u>\$ 149,698,090</u>	<u>\$ 25,045,833</u>	<u>\$ 174,743,923</u>

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A retiree is generally required to pay on a monthly basis, either 10 percent or 20 percent of the health insurance premium.

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, 2010 are as follows:

<u>Benefit</u>	<u>City Cost</u>	<u>Retiree Cost</u>	<u>Total Cost</u>
Supplemental Death Benefit	\$ 142,542	\$ 14,073	\$ 156,615

The City of Detroit Employee Benefit Trust paid death benefits in the amount of \$1,064,596 for General City retirees and \$607,104 for Police and Fire retirees for the year ended June 30, 2010.

(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 No. 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 accrued liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2010, 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:

	<u>Total Governmental Activities</u>	<u>Business-type Activities</u>					<u>Total Primary Government</u>
		<u>Sewage Disposal Fund</u>	<u>Transportation Fund</u>	<u>Water Fund</u>	<u>Automobile Parking Fund</u>	<u>Non-Major Proprietary Fund</u>	
Health and Life Insurance Benefit Plan							
Annual required contributions (ARC)	\$ 245,178,428	\$ 20,707,273	\$ 25,910,253	\$ 19,194,074	\$ 717,958	\$ 179,453	\$ 311,887,439
Interest on Net OPEB Obligation	9,452,171	716,970	1,157,652	664,465	14,288	5,662	12,011,208
Adjustment to ARC	(7,876,810)	(597,475)	(964,710)	(553,721)	(11,906)	(4,718)	(10,009,340)
Annual OPEB Cost (Expense)	246,753,789	20,826,768	26,103,195	19,304,818	720,340	180,397	313,889,307
Contributions Made	(122,589,008)	(8,334,710)	(10,425,811)	(8,004,677)	(197,306)	(146,578)	(149,698,090)
Changes in Net OPEB Obligation	124,164,781	12,492,058	15,677,384	11,300,141	523,034	33,819	164,191,217
Net OPEB Obligation, beginning of year	236,304,281	17,924,259	28,941,292	16,611,635	357,192	141,546	300,280,205
Net OPEB Obligation, end of year	\$ 360,469,062	\$ 30,416,317	\$ 44,618,676	\$ 27,911,776	\$ 880,226	\$ 175,365	\$ 464,471,422

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2010, 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:

	<u>Total Governmental Activities</u>	<u>Business-type Activities</u>					<u>Total Primary Government</u>
		<u>Sewage Disposal Fund</u>	<u>Transportation Fund</u>	<u>Water Fund</u>	<u>Automobile Parking Fund</u>	<u>Non-Major Proprietary Fund</u>	
Supplemental Death Benefit Plan							
Annual required contributions (ARC)	\$ 244,218	\$ 47,937	\$ 59,982	\$ 44,434	\$ 1,662	\$ 415	\$ 398,648
Interest on Net OPEB Obligation	(1,835)	9	220	7	(5)	9	(1,595)
Adjustment to ARC	1,224	(6)	(147)	(4)	3	(6)	1,064
Annual OPEB Cost (Expense)	243,607	47,940	60,055	44,437	1,660	418	398,117
Contributions Made	(102,832)	(12,398)	(14,817)	(11,911)	(534)	(50)	(142,542)
Changes in Net OPEB Obligation	140,775	35,542	45,238	32,526	1,126	368	255,575
Net OPEB Obligation (Asset), beginning of year	(36,706)	180	4,403	134	(95)	176	(31,908)
Net OPEB Obligation, end of year	\$ 104,069	\$ 35,722	\$ 49,641	\$ 32,660	\$ 1,031	\$ 544	\$ 223,667

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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, 2010 and 2009 were as follows:

	<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
Health and Life	June 30, 2010	\$ 313,889,307	\$ 149,698,090	47.7%	\$ 464,471,422
Insurance Benefit 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	June 30, 2010	\$ 398,117	\$ 142,542	35.8%	\$ 223,667
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) Funded Status and Funding Progress

Health and Life Insurance Benefit Plan – As of June 30, 2009, the most recent actuarial valuation date for the Benefit Plan, the actuarial accrued liability for benefits related to all City employees was \$4,971,236,281, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,971,236,281. The covered payroll (annual payroll of all active City employees covered by the plan) was \$591,242,616 and the ratio of the UAAL to the covered payroll was 841%.

Supplemental Death Benefit Plan – As of June 30, 2009, the most recent actuarial valuation date for the Supplemental Plan, the actuarial accrued liability for benefits related to all City employees was \$29,747,480 and the actuarial value of assets was \$24,184,701, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,562,779. The covered payroll (annual payroll of all active City employees covered by the plan) was \$591,242,616 and the ratio of the UAAL to the covered payroll was 0.9%.

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 supplemental information only for the three most recent fiscal years ended June 30 and presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. 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, 2007.

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.

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The actuarial methods and significant assumptions used to determine the annual required contributions for the year ended June 30, 2010 were as follows:

	Health and Life Insurance Benefit Plan	Supplemental Death Benefit Plan
Valuation date	June 30, 2009	June 30, 2009
Actuarial cost method	Individual entry-age	Individual entry-age
Amortization method	Level percent	Level percent
Remaining amortization period for unfunded actuarial accrued liabilities	30 years, open basis	30 years, open years
Asset valuation method	N/A	4-year smoothed market
Actuarial assumptions:		
Investment rate of return	4.0%	5.0%
Projected salary increases*	4.0%	N/A
Healthcare cost trend rate	9.0% for 2010, grading grading down to 4.0% in 2019 and beyond	N/A

* Includes inflation rate of 4%

In the June 30, 2003 actuarial valuation for the Supplemental Death Benefit Plan, the mortality tables used by the City's plan to evaluate death benefits to be paid for General, EMS and D.O.T retirees was 120% of the RP 2000 Combined Male and 120% of the RP 2000 Combined Female table setback 2 years. For Police and Fire retirees, the City's plan used 105% of the RP 2000 Combined Male and 110% of the RP 2000 Combined Female table setback 2 years. The City's plan used an annual rate of retirement of 50 percent, initially, reduced to an ultimate rate of 20 percent after age 70 for General City. The City's plan used an annual rate of retirement of 25 percent, initially, increased to an ultimate rate of 100 percent after age 70 for Police and 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.

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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 Detroit Public Library (Library), a discretely presented component unit, reimburses the City for all costs incurred related to workers' compensation. The Library records the liability in its financial statements.

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

Changes in the reported liabilities for workers' compensation, legal, disability benefits, and vehicular liabilities for the years ended June 30, 2010 and 2009, respectively, are as follows:

	Governmental Activities		Business-type Activities	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Balance at beginning of year	\$ 157,055,648	\$ 146,095,972	\$ 35,438,909	\$ 34,096,131
Current year claims and changes				
in estimates	37,619,611	51,906,887	7,768,023	10,370,907
Claims payments	<u>(35,556,713)</u>	<u>(40,947,211)</u>	<u>(14,808,845)</u>	<u>(9,028,129)</u>
Balance at end of year	<u>\$ 159,118,546</u>	<u>\$ 157,055,648</u>	<u>\$ 28,398,087</u>	<u>\$ 35,438,909</u>

Changes in the accrued liabilities for health and dental claims for the years ended June 30, 2010 and 2009, respectively, are as follows:

	Governmental Activities		Business-type Activities	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Balance at beginning of year	\$ (4,813,122)	\$ 2,469,471	\$ 19,902,826	\$ 2,979,498
Current year claims and changes				
in estimates	124,651,203	111,580,158	35,077,733	39,406,879
Claims payments	<u>(121,855,592)</u>	<u>(118,862,751)</u>	<u>(46,729,047)</u>	<u>(22,483,551)</u>
Balance at end of year	<u>\$ (2,017,511)</u>	<u>\$ (4,813,122)</u>	<u>\$ 8,251,512</u>	<u>\$ 19,902,826</u>

The General Fund reported reserved fund balance of \$39.2 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 \$187.5 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, 2010, 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, 2010. 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 in part 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 Michigan (State Education Tax). Following the passage of Proposal A which amended the State of Michigan Constitution in 1994, the capture of school taxes is limited. Tax increment financing entities like TIFA, DDA, and LDFA can only capture school taxes if a "pre-existing" or eligible obligation is present. The State of Michigan 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 (\$22.5 million), DDA (\$5.9 million), and LDFA (\$5.7 million) have over captured school property taxes during that time period.

The City engaged a consulting firm in January 2010 to verify the allowability and accuracy of eligible obligations included in the TIFA (TIFA 2 – Central Industrial Park Project) capture reports for the tax years 2001-2008. The consultant determined that the City overcaptured \$18.0 million of school property taxes for the tax years 2001-2008. The City of Hamtramck and the City of Detroit share income taxes and property taxes collected from the Central Industrial Park Project (General Motors Facility). A dispute has arisen between Hamtramck and Detroit over the amount and payment of shared taxes owed and both cities have initiated lawsuits against the other. As a result of the overcapture of the school property taxes, Detroit's consultant has determined that Hamtramck was overpaid \$7.1 million for its share of captured taxes for those years. The City has recorded a liability due to the State of Michigan at June 30, 2010 for the \$18.0 million overcaptured property taxes. Also, the City has recorded an accounts receivable due from the City of Hamtramck and deferred the revenue at June 30, 2010 for the \$7.1 million overpaid.

The City has no liability for the DDA and LDFA overcaptured school taxes. The DDA refunded the \$5.9 million overcaptured taxes per the State audit in January 2009. The DDA financial statements for the year ended June 30, 2010 includes a property tax advances liability of \$14.4 million for the estimated overcapture of school property taxes since the State audit. The LDFA financial statements for the year ended June 30, 2010 include a property tax refund payable liability of \$6.4 million for the overcapture of school property taxes per the State audit as well as an estimate of the overcaptured taxes since the State audit.

(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, 2010, future Block Grant Funds of \$89,506,000 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.

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(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 (other enterprise 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, 2010 are as follows:

	Spent as of June 30, 2010	Remaining
Public Protection	\$ 7,973,352	\$ 20,276,059
Municipal Facilities	53,230,294	31,203,619
Cultural and Recreational	8,395,602	5,100,071
Human Services	761,430	7,621,387
Municipal Services	1,624,155	5,275,845
Development and Management	132,992	8,729,408
Total	\$ 72,117,825	\$ 78,206,389

The Sewage Disposal Fund is engaged in a variety of projects that are a part of its five-year Capital Improvement Program (Sewage Program). The total cost of this Sewage Program is anticipated to be approximately \$1 billion through fiscal year 2014. The Sewage Program is being financed primarily from revenues of the Fund and proceeds from the issuance of revenue bonds. The total amount of construction contract commitments outstanding at June 30, 2010 was approximately \$1.1 million.

The Water Fund is engaged in a variety of projects that are a part of its five-year Capital Improvement Program (Water Program). The total cost of this Water Program is anticipated to be approximately \$1.85 billion through fiscal year 2014. The Water Program is being primarily financed from revenues of the Fund and proceeds from the issuance of revenue bonds. The total amount of construction contract commitments outstanding at June 30, 2010 was approximately \$2.0 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:	
2011	\$ 15,632,462
2012	14,096,046
2013	13,005,807
2014	12,331,498
2015	12,322,835
2016 – 2020	19,937,444
2021 – 2025	27,852,791
2026 – 2029	15,088,584
Total Minimum Payments	\$ 130,267,467

Rental expense for all operating leases approximated \$14.0 million for the year ended June 30, 2010.

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(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.

(j) Pollution Remediation

The City is subject to various governmental laws and regulations. GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* established accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The standard excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and post closure care. At June 30, 2010, the City has recorded an estimated pollution remediation obligation of \$1,956,885 as follows:

	<u>Total Governmental Activities</u>	<u>Business-type Activities</u>			<u>Total Primary Government</u>
		<u>Sewage Disposal Fund</u>	<u>Transportation Fund</u>	<u>Water Fund</u>	
Accrued Pollution Remediation	\$ 443,541	\$ 1,108,035	\$ 325,309	\$ 80,000	\$ 1,956,885

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

NOTE XIII. SUBSEQUENT EVENTS

(a) Subsequent Economic Events

Subsequent to the fiscal year ended June 30, 2010, there has been some improvement in the local economy, but the economic conditions remain recessionary. The City's unemployment rate of 22.5% for October 2010 (24.0% in June 2010) 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.

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 2010. These issues are particularly applicable to lower rated debt issues.

The Federal Government to date, through the American Reinvestment and Recovery Act (ARRA), has allocated stimulus funds totaling \$207.6 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 police hiring, \$10.3 million for youth employment, \$15.2 million for the homeless and rapid re-housing program, and \$37.6 million for new buses. The stimulus funding is expected to increase local employment and create new small businesses, resulting in higher income and property tax collections.

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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 \$394.0 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 \$933.0 million in economic development when it is in full operation.

On August 3, 2010, the City purchased the former MGM Temporary Casino Complex for \$6,607,307 with the intent that the Detroit Police headquarters, Fire headquarters, Informational Technology Services Department, and Michigan State Forensic Investigative Laboratory (Crime Lab) would occupy these facilities. The City plans to invest \$55.5 million to renovate the complex. Occupancy is planned for the spring of 2013.

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 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 September 2010, Standard & Poor's upgraded the City's Distributable State Aid bonds rating from "AA-" to "AA". Concurrently, Moody's Investors Service gave the bonds a rating of "Aa3".

(b) 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 (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 occurred in September 2010. Macomb County completed a bond sale of approximately \$96 million to finance the purchase. Macomb County has signed a new thirty-year sewer service contract in conjunction with the closing in September. The Fund is also continuing its negotiations of new thirty-year sewer service contracts with Wayne and Oakland Counties.

(c) New Debt Issues

On December 16, 2010, The City issued \$100.0 million in unlimited tax general obligation bonds, Series 2010E, for the renovation of the former Casino complex (see XIII (a) above) and various other capital projects for the Detroit Institute of Arts (DIA), Detroit Transit Corporation (People Mover), Historical Museum, Public Lighting Department, Recreation and Detroit Zoo. Projects planned include DIA building renovations and parking improvements, DTC vehicle overhauls, renovation of Fire Department facilities, Health Department facility improvements, and Recreation facilities improvements. The bonds begin to mature November 1, 2014 and will fully mature in the year 2035.

(d) Insurance Recovery

During the year ended June 30, 2008 the Sewage Disposal Fund experienced an asset impairment loss related to the Detroit River Outflow construction project. During the year ended June 30, 2009, the Fund received an insurance recovery of \$10 million related to this loss. The cost of the original project was partially funded with state revolving loan funds (SRF). The State of Michigan provided the Fund with the option to apply the insurance recovery to another project. During October 2010, the Fund received notice from the State that the construction schedule for the new project does not provide for timely application of the recovered funds and the State has required that the insurance proceeds instead be applied toward the balance of the SRF debt. The amount of repayment is still under negotiation. No payment has been made at this time.

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

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

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CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Taxes, Assessments, Interest, and Penalties:				
Property Taxes	\$ 168,610,321	\$ 168,610,321	\$ 143,015,072	\$ (25,595,249)
Municipal Income Tax	245,000,000	245,000,000	216,522,405	(28,477,595)
Utility Users' Tax	55,000,000	55,000,000	44,190,132	(10,809,868)
Wagering Taxes	176,600,000	176,600,000	183,338,299	6,738,299
Other Taxes and Assessments	13,235,570	13,235,570	11,309,943	(1,925,627)
Interest and Penalties on Taxes	10,470,000	10,470,000	9,332,781	(1,137,219)
Total Taxes, Assessments, Interest, and Penalties	<u>668,915,891</u>	<u>668,915,891</u>	<u>607,708,632</u>	<u>(61,207,259)</u>
Licenses, Permits, and Inspection Charges:				
Business Licenses	1,580,000	1,580,000	806,206	(773,794)
Permits	912,000	912,000	663,109	(248,891)
Inspection Charges	7,695,808	7,695,808	7,127,755	(568,053)
Other Licenses	100,000	100,000	87,414	(12,586)
Total Licenses, Permits, and Inspection Charges	<u>10,287,808</u>	<u>10,287,808</u>	<u>8,684,484</u>	<u>(1,603,324)</u>
Shared Taxes:				
Liquor and Beer Licenses	550,000	550,000	578,629	28,629
State Shared Tax	275,305,854	275,305,854	262,386,459	(12,919,395)
Other Shared Tax	828,232	828,232	673,629	(154,603)
Total Shared Taxes	<u>276,684,086</u>	<u>276,684,086</u>	<u>263,638,717</u>	<u>(13,045,369)</u>
Intergovernmental:				
Federal	16,803,103	101,514,713	51,282,711	(50,232,002)
State	47,052,366	104,475,632	22,073,580	(82,402,052)
Other Grants	4,773,896	51,211,805	4,262,664	(46,949,141)
Total Grants	<u>68,629,365</u>	<u>257,202,150</u>	<u>77,618,955</u>	<u>(179,583,195)</u>
Sales and Charges for Services:				
Maintenance and Construction	142,295	142,295	—	(142,295)
Other Labor and Materials	216,905	216,905	—	(216,905)
Electrical	47,370,015	47,370,015	41,790,333	(5,579,682)
Steam	868,399	868,399	619,817	(248,582)
Recreation Fees	10,000	10,000	27,569	17,569
Collection Fees	7,800,001	7,937,797	7,359,870	(577,927)
Other Fees	50,625,291	52,589,474	44,484,705	(8,104,769)
Personal Services	52,889,722	52,668,266	32,599,891	(20,068,375)
Other Departmental Sales	32,488,017	37,644,022	27,203,230	(10,440,792)
Total Sales and Charges for Services	<u>192,410,645</u>	<u>199,447,173</u>	<u>154,085,415</u>	<u>(45,361,758)</u>
Ordinance Fines and Forfeitures	21,207,689	21,207,689	15,579,347	(5,628,342)
Revenue from Use of Assets:				
Investment Earnings	3,000,000	2,711,734	352,523	(2,359,211)
Real Estate Rentals	5,155,222	5,155,222	1,683,897	(3,471,325)
Concessions	2,608,920	2,608,920	738,340	(1,870,580)
Sale of Real Property	9,217,201	9,217,201	2,119,616	(7,097,585)
Total Revenue from Use of Assets	<u>19,981,343</u>	<u>19,693,077</u>	<u>4,894,376</u>	<u>(14,798,701)</u>
Other Revenue	393,821,310	242,215,561	55,767,167	(186,448,394)
Total Revenues	<u>1,651,938,137</u>	<u>1,695,653,435</u>	<u>1,187,977,093</u>	<u>(507,676,342)</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, 2010

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
EXPENDITURES:				
Public Protection:				
Consumer Affairs	\$ —	\$ —	\$ 166,815	\$ (166,815)
Construction Code	—	—	(907,534)	907,534
Fire	185,902,973	187,407,729	168,523,126	18,884,603
Human Rights	1,123,354	1,129,218	943,020	186,198
Ombudsperson	1,376,905	1,385,627	1,336,839	48,788
Parking Enforcement	8,434,989	8,866,754	7,974,583	892,171
Police	432,189,142	476,378,842	379,831,898	96,546,944
Detroit Office of Homeland Security	1,469,761	9,643,659	830,902	8,812,757
36th District Court	44,901,921	44,421,641	45,037,101	(615,460)
Total Public Protection	<u>675,399,045</u>	<u>729,233,470</u>	<u>603,736,750</u>	<u>125,496,720</u>
Department of Health	<u>86,213,540</u>	<u>172,063,273</u>	<u>86,354,909</u>	<u>85,708,364</u>
Recreation and Culture:				
Culture, Arts, and Tourism	—	970,111	1,785	968,326
Historical	—	25,750	—	25,750
Recreation	24,863,352	31,393,505	18,153,307	13,240,198
Senior Citizens	—	790,545	(71)	790,616
Zoological Institute	—	—	—	—
Total Recreation and Culture	<u>24,863,352</u>	<u>33,179,911</u>	<u>18,155,021</u>	<u>15,024,890</u>
Economic Development — Civic Center	<u>15,423,724</u>	<u>14,861,622</u>	<u>3,705,893</u>	<u>11,155,729</u>
Housing Supply and Conditions - Planning and Development	<u>6,299,401</u>	<u>18,030,604</u>	<u>8,240,422</u>	<u>9,790,182</u>
Physical Environment:				
Environmental Affairs	1,314,105	2,948,076	1,557,363	1,390,713
Public Lighting	59,252,022	63,450,853	55,996,953	7,453,900
Public Works	8,937,900	11,782,935	13,842,329	(2,059,394)
Total Physical Environment	<u>69,504,027</u>	<u>78,181,864</u>	<u>71,396,645</u>	<u>6,785,219</u>
Development and Management:				
Auditor General	3,635,167	6,066,283	7,590,433	(1,524,150)
Budget	2,650,666	2,816,950	2,400,990	415,960
City Clerk	3,338,421	3,522,694	2,939,691	583,003
City Council	14,253,931	14,104,827	12,427,941	1,676,886
Communications and Creative Services	—	—	(3,812)	3,812
Elections	8,842,955	8,900,271	8,707,404	192,867
Finance	42,062,777	46,414,673	36,318,759	10,095,914
General Services	61,489,370	65,402,087	59,545,121	5,856,966
Law	19,764,987	19,712,717	19,244,390	468,327
Mayor's Office	9,513,035	11,394,843	8,685,613	2,709,230
Human Resources	16,251,229	16,335,790	16,927,297	(591,507)
Information Technology Services	26,278,909	30,069,034	26,674,032	3,395,002
Board of Zoning Appeals	800,484	873,774	795,951	77,823
Detroit Workforce Development Department	1,700	642,520	900	641,620
Administrative Hearings	1	2,603,223	1,562,500	1,040,723
Non Departmental	577,583,555	404,989,760	33,251,815	371,737,945
Total Development and Management	<u>786,467,187</u>	<u>633,849,446</u>	<u>237,069,025</u>	<u>396,780,421</u>
Capital Outlay	<u>—</u>	<u>37,521,847</u>	<u>30,318,876</u>	<u>7,202,971</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, 2010

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Debt Service:				
Principal	\$ —	\$ 42,084,248	\$ —	\$ 42,084,248
Interest on Bonded Debt	—	75,185,395	7,473,344	67,712,051
Bond Issuance Costs	—	—	2,487,193	(2,487,193)
Total Debt Service	—	117,269,643	9,960,537	107,309,106
Total Expenditures	1,664,170,276	1,834,191,680	1,068,938,078	765,253,602
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,232,139)	(138,538,245)	119,039,015	257,577,260
OTHER FINANCING SOURCES (USES):				
Sources:				
Transfers In	25,082,233	276,110,561	17,590,707	(258,519,854)
Proceeds from Capital Related Debt Issuance	—	—	249,790,000	249,790,000
Premium on General Obligation Bond Issuance	—	—	1,873,225	1,873,225
Total Other Financing Sources	25,082,233	276,110,561	269,253,932	(6,856,629)
Uses - Transfers Out	(12,850,094)	(137,572,316)	(209,943,411)	(72,371,095)
Total Other Financing Sources (Uses)	12,232,139	138,538,245	59,310,521	(79,227,724)
Net Change in Fund Balance	—	—	178,349,536	178,349,536
Fund Balance at Beginning of Year	(266,733,641)	(266,733,641)	(266,733,641)	—
Increase (Decrease) in Inventory	—	—	(2,710,583)	(2,710,583)
Fund Balance at End of Year	\$ (266,733,641)	\$ (266,733,641)	\$ (91,094,688)	\$ 175,638,953

ADA-COMPLIANCE

ADA-compliant curb ramps are constructed on street corners in Detroit. Crews also work on laying a new asphalt surface on Indiana Street.



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 Covered Payroll
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)
2009	3,412.4	3,689.1	92.5	276.7	357.1	77.5

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 Covered Payroll
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	-
2009	3,945.2	4,221.3	93.5	276.1	231.8	119.1

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 Covered Payroll
2007	\$ -	\$ 4,823.6	0.0 %	\$ 4,823.6	\$ 622.6	774.7 %
2009	-	4,971.2	0.0	4,971.2	591.2	840.9

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 Covered Payroll
2007	\$ 27.4	\$ 29.4	93.1 %	\$ 2.0	\$ 622.6	0.3 %
2009	24.2	29.7	81.5	5.6	591.2	0.9

City of Detroit, Michigan
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2010

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	Net Pension Asset	Year Ended June 30	Annual Required Contribution	Percentage Contributed	Net Pension Asset
2005	\$ 41.7	754 %	\$ 695.6	2005	\$ 51.6	702 %	\$ 595.1
2006	42.8	135	679.0	2006	57.8	100	603.1
2007	41.4	100	691.3	2007	57.4	100	618.8
2008	43.2	100	708.3	2008	58.9	70	636.2
2009	41.4	100	727.7	2009	61.2	59	621.4
2010	37.3	100	740.1	2010	57.8	57	613.6

Health and Life Insurance Benefit Plan

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 297.8	51 %
2009	309.7	52
2010	311.9	48

Supplemental Death Benefit Plan

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 0.146	114 %
2009	0.151	108
2010	0.399	36

WORKFORCE DEVELOPMENT RESOURCE FORUM AND CAREER WORKSHOP

More than 20 on-site resource vendors participated in the City of Detroit Workforce Development Department Resource Forum and Career Workshop at the Northwest Activities Center. The forum also featured a series of career-enhancing workshops that addressed challenges facing today's job seeker.



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 Fund	To account for activities financed by Federal Government Grants under Title I of the Housing and Community Development Act of 1974
Construction Code Fund	In accordance with State of Michigan Public Act No. 245 of 1999, to account for financing activities related to the acts and services performed by the Building and Safety Fund including, without limitation, issuance of building permits, examination of plans and specifications, inspection of construction undertaken pursuant to a building permit, the issuance of certificates of use and occupancy, and hearing appeals in accordance with this act
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 Fund	To account for employment and training program grants received from government sources
Drug Law Enforcement Fund	To account for forfeited narcotics proceeds that are used for the enhancement of narcotics enforcement
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 Fund	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

Renewable Energy Fund

To account for Public Act 295 of 2008, Clean, Renewable, and Efficient Energy Act activities of the Public Lighting Department.

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 FUNDS

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

City of Detroit, Michigan
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2010

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Permanent Funds and Bequest Funds</u>	<u>Total</u>
ASSETS					
Cash and Cash Equivalents	\$ 52,612,711	\$ 426,941	\$ 25,677,430	\$ 331,199	\$ 79,048,281
Investments	48,715,184	8,569,533	70,844,139	1,257,025	129,385,881
Accounts and Contracts Receivable:					
Property Taxes Receivable	—	40,233,772	—	—	40,233,772
Special Assessments	—	—	541,890	—	541,890
Loans Receivable	18,000,000	—	—	—	18,000,000
Trade Receivables	2,532,178	—	619,283	—	3,151,461
Total Accounts and Contracts Receivable	20,532,178	40,233,772	1,161,173	—	61,927,123
Allowance for Uncollectible Accounts	(19,442,946)	(40,233,772)	(1,082,706)	—	(60,759,424)
Total Accounts and Contracts Receivable - Net	1,089,232	—	78,467	—	1,167,699
Due from Other Funds	44,257,409	1,170,467	2,746,853	—	48,174,729
Due from Component Units	3,781	—	—	—	3,781
Due from Other Governmental Agencies	50,702,864	10,818,514	14,346	—	61,535,724
Inventory	1,047,831	—	—	—	1,047,831
Prepaid Expenditures	127,636	—	—	—	127,636
Total Assets	<u>\$ 198,556,648</u>	<u>\$ 20,985,455</u>	<u>\$ 99,361,235</u>	<u>\$ 1,588,224</u>	<u>\$ 320,491,562</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and Contracts Payable	\$ 14,933,741	\$ —	\$ 1,971,419	\$ —	\$ 16,905,160
Accrued Liabilities	35,709,952	—	1,471,251	—	37,181,203
Accrued Salaries and Wages	1,892,118	—	22,879	—	1,914,997
Due to Other Funds	65,524,399	—	3,714,712	—	69,239,111
Loans and Advances from Other Funds	—	—	850,000	—	850,000
Due to Other Governmental Agencies	20,203,442	13,109,695	21,851	—	33,334,988
Deposits from Vendors and Customers	758,560	—	54,055	—	812,615
Deferred Revenue - Unavailable	1,973,026	1,740,615	569,441	—	4,283,082
Other Liabilities	4,093,066	—	159,472	—	4,252,538
Accrued Compensated Absences	131,663	—	—	—	131,663
Total Liabilities	<u>145,219,967</u>	<u>14,850,310</u>	<u>8,835,080</u>	<u>—</u>	<u>168,905,357</u>
Fund Balances:					
Reserved for Inventory	1,047,831	—	—	—	1,047,831
Reserved for Highway and Street Improvements	24,485,325	—	—	—	24,485,325
Reserved for Encumbrances	15,489,725	—	—	—	15,489,725
Reserved for Endowments and Trusts	—	—	—	1,588,224	1,588,224
Reserved for Debt Service	—	6,135,145	—	—	6,135,145
Reserved for Capital Acquisitions	—	—	90,526,155	—	90,526,155
Unreserved	12,313,800	—	—	—	12,313,800
Total Fund Balances	<u>53,336,681</u>	<u>6,135,145</u>	<u>90,526,155</u>	<u>1,588,224</u>	<u>151,586,205</u>
Total Liabilities and Fund Balances	<u>\$ 198,556,648</u>	<u>\$ 20,985,455</u>	<u>\$ 99,361,235</u>	<u>\$ 1,588,224</u>	<u>\$ 320,491,562</u>

City of Detroit, Michigan
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Permanent Funds and Bequest Funds	Totals
REVENUES:					
Taxes:					
Property Taxes	\$ —	\$ 58,830,272	\$ —	\$ —	\$ 58,830,272
Gas and Weight Tax	57,775,086	—	—	—	57,775,086
Other Taxes and Assessments	—	4,095,024	—	—	4,095,024
State Hotel and Liquor Tax	—	2,969,380	—	—	2,969,380
Licenses, Permits, and Inspection Charges	18,406,341	—	—	—	18,406,341
Intergovernmental:					
Federal	211,505,476	—	2,633,311	—	214,138,787
State	25,779,159	—	—	—	25,779,159
Other	2,525,618	—	—	—	2,525,618
Sales and Charges for Services	42,247,971	—	—	—	42,247,971
Ordinance Fines and Forfeitures	3,292,879	—	—	—	3,292,879
Revenue from Use of Assets	—	2,077,111	—	—	2,077,111
Investment Earnings	428,385	102,254	14,547	13,554	558,740
Other Revenue	6,952,550	—	619,038	—	7,571,588
Total Revenues	<u>368,913,465</u>	<u>68,074,041</u>	<u>3,266,896</u>	<u>13,554</u>	<u>440,267,956</u>
EXPENDITURES:					
Current:					
Public Protection	38,147,526	—	—	—	38,147,526
Health	84,134,182	—	—	—	84,134,182
Economic Development	38,926,860	2,400,000	12,489,936	—	53,816,796
Educational Development	90,527,365	—	—	—	90,527,365
Physical Environment	32,646,028	—	—	—	32,646,028
Transportation Facilitation	71,517,424	—	—	—	71,517,424
Debt Service:					
Principal	—	85,252,249	540,000	—	85,792,249
Interest	—	44,225,790	3,990,464	—	48,216,254
Capital Outlay	10,491,240	—	8,420,898	—	18,912,138
Total Expenditures	<u>366,390,625</u>	<u>131,878,039</u>	<u>25,441,298</u>	<u>—</u>	<u>523,709,962</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,522,840</u>	<u>(63,803,998)</u>	<u>(22,174,402)</u>	<u>13,554</u>	<u>(83,442,006)</u>
OTHER FINANCING SOURCES (USES):					
Sources:					
Transfers In	24,782,707	53,555,648	4,530,464	—	82,868,819
Proceeds from Bonds and Notes Issuances	—	—	8,420,000	—	8,420,000
Uses:					
Transfers Out	(36,045,526)	—	—	—	(36,045,526)
Special Item - Transfer of Cobo Hall	—	(35,810,944)	—	—	(35,810,944)
Total Other Financing Sources (Uses)	<u>(11,262,819)</u>	<u>17,744,704</u>	<u>12,950,464</u>	<u>—</u>	<u>19,432,349</u>
Net Change in Fund Balances	(8,739,979)	(46,059,294)	(9,223,938)	13,554	(64,009,657)
Fund Balances at Beginning of Year	61,759,565	52,194,439	99,750,093	1,574,670	215,278,767
Increase in Inventory	317,095	—	—	—	317,095
Fund Balances at End of Year	<u>\$ 53,336,681</u>	<u>\$ 6,135,145</u>	<u>\$ 90,526,155</u>	<u>\$ 1,588,224</u>	<u>\$ 151,586,205</u>

City of Detroit, Michigan
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2010

	Community Development Block Grant Fund	Construction Code Fund	Detroit Building Authority Fund	Detroit Workforce Development Fund
ASSETS				
Cash and Cash Equivalents	\$ 2,868,084	\$ —	\$ 2,566,299	\$ 13,930,344
Investments	—	—	—	—
Accounts and Contracts Receivable:				
Loans Receivable	18,000,000	—	—	—
Trade Receivables	10,693	119,571	—	195,056
Total Accounts and Contracts Receivable	18,010,693	119,571	—	195,056
Less: Allowance for Uncollectible Accounts	(18,010,693)	(119,571)	—	(195,056)
Total Accounts and Contracts Receivable - Net	—	—	—	—
Due from Other Funds	2,534,882	11,002,104	865,037	1,682,361
Due from Component Units	—	3,781	—	—
Due from Other Governmental Agencies	5,609,700	142,078	—	20,482,081
Inventory	—	—	—	—
Prepaid Expenditures	—	—	—	127,636
Total Assets	\$ 11,012,666	\$ 11,147,963	\$ 3,431,336	\$ 36,222,422
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and Contracts Payable	\$ 1,152,571	\$ 171,337	\$ 41,667	\$ 7,239,591
Accrued Liabilities	3,235,076	73,776	—	18,620,637
Accrued Salaries and Wages	338,557	363,160	—	231,245
Due to Other Funds	5,446,965	10,233,836	533,405	9,371,598
Due to Other Governmental Agencies	—	—	—	321,807
Deposits from Vendors and Customers	743,856	11,001	—	950
Deferred Revenue - Unavailable	—	—	580,343	—
Other Liabilities	95,641	294,853	—	436,594
Accrued Compensated Absences	—	—	131,663	—
Total Liabilities	11,012,666	11,147,963	1,287,078	36,222,422
Fund Balances:				
Reserved for Inventory	—	—	—	—
Reserved for Highway and Street Improvements	—	—	—	—
Reserved for Encumbrances	—	—	—	—
Unreserved	—	—	2,144,258	—
Total Fund Balances	—	—	2,144,258	—
Total Liabilities and Fund Balances	\$ 11,012,666	\$ 11,147,963	\$ 3,431,336	\$ 36,222,422

City of Detroit, Michigan
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2010

<u>Drug Law Enforcement Fund</u>	<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>
\$ 1,129,410	\$ 699,693	\$ 6,468,366	\$ 745,938	\$ 8,955,278	\$ 64,811
15,191,311	—	—	—	33,523,873	—
—	—	—	—	—	—
—	—	—	183,269	1,569,175	—
—	—	—	183,269	1,569,175	—
—	—	—	—	(1,117,626)	—
—	—	—	183,269	451,549	—
50,388	32,508	1,906,480	18,542,601	7,620,395	—
—	—	—	—	—	—
—	—	4,408,344	10,364,108	9,696,553	—
—	—	—	—	1,047,831	—
—	—	—	—	—	—
<u>\$ 16,371,109</u>	<u>\$ 732,201</u>	<u>\$ 12,783,190</u>	<u>\$ 29,835,916</u>	<u>61,295,479</u>	<u>\$ 64,811</u>
\$ 526,735	\$ 27,996	\$ 2,637,605	\$ 283,740	2,811,029	\$ —
75,000	21,892	2,738,565	383,875	5,112,758	—
22,779	—	130,606	424,914	380,857	—
254,117	682,313	4,010,436	8,967,937	25,958,811	64,811
—	—	—	18,382,767	1,498,868	—
2,753	—	—	—	—	—
—	—	—	1,392,683	—	—
—	—	3,265,978	—	—	—
—	—	—	—	—	—
<u>881,384</u>	<u>732,201</u>	<u>12,783,190</u>	<u>29,835,916</u>	<u>35,762,323</u>	<u>64,811</u>
—	—	—	—	1,047,831	—
—	—	—	—	24,485,325	—
15,489,725	—	—	—	—	—
—	—	—	—	—	—
<u>15,489,725</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>25,533,156</u>	<u>—</u>
<u>\$ 16,371,109</u>	<u>\$ 732,201</u>	<u>\$ 12,783,190</u>	<u>\$ 29,835,916</u>	<u>61,295,479</u>	<u>\$ 64,811</u>

(Continued)

City of Detroit, Michigan
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (Continued)
For the Year Ended June 30, 2010

	Targeted Business Development Fund	Telecommunications Fund	Renewable Energy Fund	Totals
ASSETS				
Cash and Cash Equivalents	\$ 11,129,458	\$ 4,055,030	\$ —	\$ 52,612,711
Investments	—	—	—	48,715,184
Accounts and Contracts Receivable:				
Loans Receivable	—	—	—	18,000,000
Trade Receivables	—	—	454,414	2,532,178
Total Accounts and Contracts Receivable	—	—	454,414	20,532,178
Less: Allowance for Uncollectible Accounts	—	—	—	(19,442,946)
Total Accounts and Contracts Receivable - Net	—	—	454,414	1,089,232
Due from Other Funds	—	20,653	—	44,257,409
Due from Component Units	—	—	—	3,781
Due from Other Governmental Agencies	—	—	—	50,702,864
Inventory	—	—	—	1,047,831
Prepaid Expenditures	—	—	—	127,636
Total Assets	<u>\$ 11,129,458</u>	<u>\$ 4,075,683</u>	<u>\$ 454,414</u>	<u>\$ 198,556,648</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and Contracts Payable	\$ —	\$ 41,470	\$ —	\$ 14,933,741
Accrued Liabilities	5,448,373	—	—	35,709,952
Accrued Salaries and Wages	—	—	—	1,892,118
Due to Other Funds	—	170	—	65,524,399
Due to Other Governmental Agencies	—	—	—	20,203,442
Deposits from Vendors and Customers	—	—	—	758,560
Deferred Revenue - Unavailable	—	—	—	1,973,026
Other Liabilities	—	—	—	4,093,066
Accrued Compensated Absences	—	—	—	131,663
Total Liabilities	<u>5,448,373</u>	<u>41,640</u>	<u>—</u>	<u>145,219,967</u>
Fund Balances:				
Reserved for Inventory	—	—	—	1,047,831
Reserved for Highway and Street Improvements	—	—	—	24,485,325
Reserved for Encumbrances	—	—	—	15,489,725
Unreserved	5,681,085	4,034,043	454,414	12,313,800
Total Fund Balances	<u>5,681,085</u>	<u>4,034,043</u>	<u>454,414</u>	<u>53,336,681</u>
Total Liabilities and Fund Balances	<u>\$ 11,129,458</u>	<u>\$ 4,075,683</u>	<u>\$ 454,414</u>	<u>\$ 198,556,648</u>

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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, 2010

	<u>Community Development Block Grant Fund</u>	<u>Construction Code Fund</u>	<u>Detroit Building Authority Fund</u>	<u>Detroit Workforce Development Fund</u>
REVENUES:				
Taxes:				
Gas and Weight Tax	\$ —	\$ —	\$ —	\$ —
Licenses, Permits, and Inspection Charges	—	18,406,341	—	—
Intergovernmental:				
Federal	38,796,419	—	—	89,496,300
State	—	—	—	—
Other	—	—	—	—
Sales and Charges for Services	—	—	—	—
Ordinance Fines and Forfeitures	—	652,774	—	—
Investment Earnings	19,503	—	—	—
Other Revenue	3,235,682	13,658	2,663	1,528,487
	<u>42,051,604</u>	<u>19,072,773</u>	<u>2,663</u>	<u>91,024,787</u>
Total Revenues				
EXPENDITURES:				
Current:				
Public Protection	—	33,838,774	—	—
Health	—	—	—	—
Economic Development	32,069,785	—	1,408,702	—
Educational Development	—	—	—	90,527,365
Physical Environment	—	—	—	—
Transportation Facilitation	—	—	—	—
Capital Outlay	—	—	—	497,422
	<u>32,069,785</u>	<u>33,838,774</u>	<u>1,408,702</u>	<u>91,024,787</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,981,819</u>	<u>(14,766,001)</u>	<u>(1,406,039)</u>	<u>—</u>
Other Financing Sources (Uses):				
Transfers In	—	14,434,904	963,705	—
Transfers Out	<u>(9,981,819)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Other Financing Sources (Uses)	<u>(9,981,819)</u>	<u>14,434,904</u>	<u>963,705</u>	<u>—</u>
Net Change in Fund Balances	—	(331,097)	(442,334)	—
Fund Balances at Beginning of Year	—	331,097	2,586,592	—
Increase (Decrease) in Inventory	—	—	—	—
Fund Balances at End of Year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,144,258</u>	<u>\$ —</u>

<u>Drug Law Enforcement Fund</u>	<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>
\$ —	\$ —	\$ —	\$ —	\$ 57,775,086	\$ —
—	—	—	—	—	—
—	—	83,212,757	—	—	—
—	—	—	—	22,804,918	—
—	—	—	—	2,525,618	—
—	—	—	42,247,971	—	—
2,504,498	—	—	135,607	—	—
124,682	—	10,327	—	273,873	—
236,726	—	—	549,496	910,771	—
<u>2,865,906</u>	<u>—</u>	<u>83,223,084</u>	<u>42,933,074</u>	<u>84,290,266</u>	<u>—</u>
4,308,752	—	—	—	—	—
—	—	84,134,182	—	—	—
—	—	—	—	—	—
—	—	—	32,646,028	—	—
—	—	—	—	69,917,527	—
53,598	—	—	2,449,412	6,308,534	—
<u>4,362,350</u>	<u>—</u>	<u>84,134,182</u>	<u>35,095,440</u>	<u>76,226,061</u>	<u>—</u>
<u>(1,496,444)</u>	<u>—</u>	<u>(911,098)</u>	<u>7,837,634</u>	<u>8,064,205</u>	<u>—</u>
—	—	911,098	—	8,473,000	—
—	—	—	(7,837,634)	(18,226,073)	—
—	—	911,098	(7,837,634)	(9,753,073)	—
(1,496,444)	—	—	—	(1,688,868)	—
16,986,169	—	—	—	26,904,929	—
—	—	—	—	317,095	—
<u>\$ 15,489,725</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 25,533,156</u>	<u>\$ —</u>

(Continued)

City of Detroit, Michigan
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (Continued)
For the Year Ended June 30, 2010

	<u>Targeted Business Development Fund</u>	<u>Telecommunications Fund</u>	<u>Renewable Energy Fund</u>	<u>Totals</u>
REVENUES:				
Taxes:				
Gas and Weight Tax	\$ —	\$ —	\$ —	\$ 57,775,086
Licenses, Permits, and Inspection Charges	—	—	—	18,406,341
Intergovernmental:				
Federal	—	—	—	211,505,476
State	—	2,974,241	—	25,779,159
Other	—	—	—	2,525,618
Sales and Charges for Services	—	—	—	42,247,971
Ordinance Fines and Forfeitures	—	—	—	3,292,879
Investment Earnings	—	—	—	428,385
Other Revenue	—	20,653	454,414	6,952,550
	<u>—</u>	<u>20,653</u>	<u>454,414</u>	<u>6,952,550</u>
Total Revenues	<u>—</u>	<u>2,994,894</u>	<u>454,414</u>	<u>368,913,465</u>
EXPENDITURES:				
Current:				
Public Protection	—	—	—	38,147,526
Health	—	—	—	84,134,182
Economic Development	5,448,373	—	—	38,926,860
Educational Development	—	—	—	90,527,365
Physical Environment	—	—	—	32,646,028
Transportation Facilitation	—	1,599,897	—	71,517,424
Capital Outlay	—	1,182,274	—	10,491,240
	<u>5,448,373</u>	<u>2,782,171</u>	<u>—</u>	<u>366,390,625</u>
Total Expenditures	<u>5,448,373</u>	<u>2,782,171</u>	<u>—</u>	<u>366,390,625</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,448,373)</u>	<u>212,723</u>	<u>454,414</u>	<u>2,522,840</u>
Other Financing Sources (Uses):				
Transfers In	—	—	—	24,782,707
Transfers Out	—	—	—	(36,045,526)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>(11,262,819)</u>
Total Other Financing Sources (Uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>(11,262,819)</u>
Net Change in Fund Balances	(5,448,373)	212,723	454,414	(8,739,979)
Fund Balances at Beginning of Year	11,129,458	3,821,320	—	61,759,565
Increase (Decrease) in Inventory	—	—	—	317,095
Fund Balances at End of Year	<u>\$ 5,681,085</u>	<u>\$ 4,034,043</u>	<u>\$ 454,414</u>	<u>\$ 53,336,681</u>

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City of Detroit, Michigan
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL CAPITAL PROJECTS FUNDS
June 30, 2010

	Capital Projects	Urban Renewal	Totals
ASSETS			
Cash and Cash Equivalents	\$ 13,653,443	\$ 12,023,987	\$ 25,677,430
Investments	68,956,465	1,887,674	70,844,139
Accounts and Contracts Receivable:			
Special Assessments	541,890	—	541,890
Trade Receivables	540,816	78,467	619,283
Total Accounts and Contracts Receivable	1,082,706	78,467	1,161,173
Allowance for Uncollectible Accounts	(1,082,706)	—	(1,082,706)
Total Accounts and Contracts Receivable - Net	—	78,467	78,467
Due from Other Funds	2,742,673	4,180	2,746,853
Due from Other Governmental Agencies	14,346	—	14,346
Total Assets	\$ 85,366,927	\$ 13,994,308	\$ 99,361,235
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts and Contracts Payable	\$ 1,968,402	\$ 3,017	\$ 1,971,419
Accrued Liabilities	1,429,852	41,399	1,471,251
Accrued Salaries and Wages	—	22,879	22,879
Due to Other Funds	2,533,818	1,180,894	3,714,712
Due to Other Governmental Agencies	21,851	—	21,851
Advance from General Fund	850,000	—	850,000
Deposits from Vendors and Customers	—	54,055	54,055
Deferred Revenue - Unavailable	—	569,441	569,441
Other Liabilities	91,742	67,730	159,472
Total Liabilities	6,895,665	1,939,415	8,835,080
Fund Balances:			
Reserved for Capital Acquisitions	78,471,262	12,054,893	90,526,155
Total Fund Balances	78,471,262	12,054,893	90,526,155
Total Liabilities and Fund Balances	\$ 85,366,927	\$ 13,994,308	\$ 99,361,235

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, 2010

	<u>Capital Projects</u>	<u>Urban Renewal</u>	<u>Totals</u>
Revenues:			
Intergovernmental - Federal	\$ —	\$ 2,633,311	\$ 2,633,311
Investment Earnings	—	14,547	14,547
Other Revenue	—	619,038	619,038
Total Revenues	<u>—</u>	<u>3,266,896</u>	<u>3,266,896</u>
Expenditures:			
Current:			
Economic Development	4,322,406	8,167,530	12,489,936
Physical Environment	—	—	—
Debt Service:			
Principal	—	540,000	540,000
Interest	—	3,990,464	3,990,464
Bond Issuance Costs	—	—	—
Capital Outlay	<u>8,420,898</u>	<u>—</u>	<u>8,420,898</u>
Total Expenditures	<u>12,743,304</u>	<u>12,697,994</u>	<u>25,441,298</u>
(Deficiency) of Revenues Under Expenditures	<u>(12,743,304)</u>	<u>(9,431,098)</u>	<u>(22,174,402)</u>
Other Financing Sources (Uses):			
Sources:			
Transfers In	—	4,530,464	4,530,464
Proceeds from Bonds and Notes Issuances	—	8,420,000	8,420,000
Total Other Financing Sources	<u>—</u>	<u>12,950,464</u>	<u>12,950,464</u>
Net Change in Fund Balances	(12,743,304)	3,519,366	(9,223,938)
Fund Balances at Beginning of Year	<u>91,214,566</u>	<u>8,535,527</u>	<u>99,750,093</u>
Fund Balances at End of Year	<u>\$ 78,471,262</u>	<u>\$ 12,054,893</u>	<u>\$ 90,526,155</u>

City of Detroit, Michigan
COMBINING BALANCE SHEET ACCOUNTS
OTHER GOVERNMENTAL FUNDS - STREET FUND
June 30, 2010

	Major Account	Local Account	Totals
ASSETS			
Cash and Cash Equivalents	\$ 8,955,278	\$ —	\$ 8,955,278
Investments	17,195,866	16,328,007	33,523,873
Accounts and Contracts Receivable - Trade	1,569,175	—	1,569,175
Less: Allowance for Uncollectible Accounts	(1,117,626)	—	(1,117,626)
Total Accounts and Contracts Receivable - Net	451,549	—	451,549
Due from Other Funds	7,088,047	532,348	7,620,395
Due from Other Governmental Agencies	7,599,149	2,097,404	9,696,553
Inventory	1,047,831	—	1,047,831
Total Assets	\$ 42,337,720	\$ 18,957,759	\$ 61,295,479
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts and Contracts Payable	\$ 2,639,214	\$ 171,815	\$ 2,811,029
Due to Other Funds	4,523,402	21,435,409	25,958,811
Due to Other Governmental Agencies	1,498,868	—	1,498,868
Accrued Salaries and Wages	380,857	—	380,857
Accrued Liabilities	4,171,099	941,659	5,112,758
Total Liabilities	13,213,440	22,548,883	35,762,323
Fund Balances (Deficit):			
Reserved for Inventory	1,047,831	—	1,047,831
Reserved for Highway and Street Improvements	28,076,449	(3,591,124)	24,485,325
Total Fund Balances (Deficit)	29,124,280	(3,591,124)	25,533,156
Total Liabilities and Fund Balances	\$ 42,337,720	\$ 18,957,759	\$ 61,295,479

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, 2010

	Major Account	Local Account	Totals
Revenues:			
Gas and Weight Tax	\$ 44,969,228	\$ 12,805,858	\$ 57,775,086
Intergovernmental:			
State	16,829,078	5,975,840	22,804,918
Other	2,525,618	—	2,525,618
Investment Earnings	195,866	78,007	273,873
Other Revenue	2,923,691	(2,012,920)	910,771
Total Revenues	67,443,481	16,846,785	84,290,266
Expenditures:			
Transportation Facilitation	40,640,175	29,277,352	69,917,527
Capital Outlay	3,709,357	2,599,177	6,308,534
Total Expenditures	44,349,532	31,876,529	76,226,061
Excess (Deficiency) of Revenues Over (Under) Expenditures	23,093,949	(15,029,744)	8,064,205
Other Financing Sources (Uses):			
Transfers In	—	8,473,000	8,473,000
Transfers Out	(17,201,604)	(1,024,469)	(18,226,073)
Total Other Financing Sources (Uses)	(17,201,604)	7,448,531	(9,753,073)
Net Change in Fund Balances	5,892,345	(7,581,213)	(1,688,868)
Fund Balances at Beginning of Year	22,914,840	3,990,089	26,904,929
Increase in Inventory	317,095	—	317,095
Fund Balances (Deficit) at End of Year	\$ 29,124,280	\$ (3,591,124)	\$ 25,533,156

City of Detroit, Michigan
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL PERMANENT FUNDS
June 30, 2010

	Permanent Funds		
	Bequest Funds		
	Other	Cemetery	Totals
	Trust	Trust	
ASSETS			
Cash and Cash Equivalents	\$ —	\$ 331,199	\$ 331,199
Investments	49,187	1,207,838	1,257,025
	\$ 49,187	\$ 1,539,037	\$ 1,588,224
LIABILITIES AND FUND BALANCES			
Fund Balances - Reserved for Endowments and Trusts	\$ 49,187	\$ 1,539,037	\$ 1,588,224
	\$ 49,187	\$ 1,539,037	\$ 1,588,224

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, 2010

	<u>Permanent Funds</u>		<u>Totals</u>
	<u>Bequest Funds</u>		
	<u>Other Trust</u>	<u>Cemetery Trust</u>	
Revenues - Investment Earnings	\$ 63	\$ 13,491	\$ 13,554
Expenditures - Economic Development	—	—	—
Excess of Revenues Over Expenditures	63	13,491	13,554
Fund Balances at Beginning of Year	49,124	1,525,546	1,574,670
Fund Balances at End of Year	\$ 49,187	\$ 1,539,037	\$ 1,588,224

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
For the Year Ended June 30, 2010

	<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	\$ 38,663,888	\$ 175,501,003	\$ 38,796,419	\$ (136,704,584)
Investment Earnings	—	(458,812)	19,503	478,315
Other Revenue	<u>5,929,972</u>	<u>42,676,391</u>	<u>3,235,682</u>	<u>(39,440,709)</u>
Total Revenues	44,593,860	217,718,582	42,051,604	(175,666,978)
Expenditures:				
Current:				
Public Protection	—	—	—	—
Economic Development	44,568,300	203,772,152	32,069,785	171,702,367
Capital Outlay	<u>25,560</u>	<u>5,110,035</u>	<u>—</u>	<u>5,110,035</u>
Total Expenditures	44,593,860	208,882,187	32,069,785	176,812,402
Excess (Deficiency) of Revenues Over Expenditures	<u>—</u>	<u>8,836,395</u>	<u>9,981,819</u>	<u>1,145,424</u>
Other Financing Sources (Uses):				
Transfers in	—	898,579	—	(898,579)
Transfers out	<u>—</u>	<u>—</u>	<u>(9,981,819)</u>	<u>(9,981,819)</u>
Total Other Financing Sources (Uses)	<u>—</u>	<u>898,579</u>	<u>(9,981,819)</u>	<u>(10,880,398)</u>
Net Change in Fund Balance	—	9,734,974	—	(9,734,974)
Fund Balance at Beginning of Year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund Balance at End of Year	<u>\$ —</u>	<u>\$ 9,734,974</u>	<u>\$ —</u>	<u>\$ (9,734,974)</u>

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
CONSTRUCTION CODE FUND
For the Year Ended June 30, 2010

	<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	\$ 28,180,000	\$ 28,180,000	\$ 18,406,341	\$ (9,773,659)
Sales and Charges for Services	275,000	275,000	—	(275,000)
Ordinance Fines and Forfeitures	957,366	957,366	652,774	(304,592)
Other Revenue	—	—	13,658	13,658
Total Revenues	<u>29,412,366</u>	<u>29,412,366</u>	<u>19,072,773</u>	<u>(10,339,593)</u>
Expenditures:				
Public Protection	\$ 29,407,366	\$ 28,458,252	\$ 33,838,774	\$ 5,380,522
Capital Outlay	<u>5,000</u>	<u>5,868</u>	<u>—</u>	<u>(5,868)</u>
Total Expenditures	<u>29,412,366</u>	<u>28,464,120</u>	<u>33,838,774</u>	<u>5,374,654</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	948,246	(14,766,001)	(15,714,247)
Other Financing Sources (Uses):				
Transfers In	—	—	14,434,904	14,434,904
Transfers Out	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Other Financing Sources (Uses)	<u>—</u>	<u>—</u>	<u>14,434,904</u>	<u>14,434,904</u>
Net Change in Fund Balance	—	948,246	(331,097)	(1,279,343)
Fund Balance at Beginning of Year	<u>331,097</u>	<u>331,097</u>	<u>331,097</u>	<u>—</u>
Fund Balance at End of Year	<u>\$ 331,097</u>	<u>\$ 1,279,343</u>	<u>\$ —</u>	<u>\$ (1,279,343)</u>

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
DETROIT BUILDING AUTHORITY FUND
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues - Other	\$ —	\$ —	\$ 2,663	\$ 2,663
Expenditures - Economic Development	<u>—</u>	<u>—</u>	<u>1,408,702</u>	<u>(1,408,702)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	—	(1,406,039)	(1,406,039)
Other Financing Sources (Uses):				
Transfers In	<u>—</u>	<u>—</u>	<u>963,705</u>	<u>963,705</u>
Total Other Financing Sources (Uses)	<u>—</u>	<u>—</u>	<u>963,705</u>	<u>963,705</u>
Net Change in Fund Balance	—	—	(442,334)	(442,334)
Fund Balance at Beginning of Year	<u>2,586,592</u>	<u>2,586,592</u>	<u>2,586,592</u>	<u>—</u>
Fund Balance at End of Year	<u>\$ 2,586,592</u>	<u>\$ 2,586,592</u>	<u>\$ 2,144,258</u>	<u>\$ (442,334)</u>

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
DETROIT WORKFORCE DEVELOPMENT FUND
For the Year Ended June 30, 2010

	<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	\$ 59,134,907	\$ 236,736,040	\$ 89,496,300	\$ (147,239,740)
State	—	4,596,895	—	(4,596,895)
Other Revenue	<u>1,000,000</u>	<u>22,347,829</u>	<u>1,528,487</u>	<u>(20,819,342)</u>
Total Revenues	<u>60,134,907</u>	<u>263,680,764</u>	<u>91,024,787</u>	<u>(172,655,977)</u>
Expenditures:				
Educational Development	60,056,907	251,174,143	90,527,365	160,646,778
Debt Service	68,000	159,580	—	159,580
Capital Outlay	<u>10,000</u>	<u>408,390</u>	<u>497,422</u>	<u>(89,032)</u>
Total Expenditures	<u>60,134,907</u>	<u>251,742,113</u>	<u>91,024,787</u>	<u>160,717,326</u>
Excess of Revenues Over Expenditures	—	11,938,651	—	(11,938,651)
Other Financing Sources - Transfers In	<u>—</u>	<u>179,000</u>	<u>—</u>	<u>(179,000)</u>
Net Change in Fund Balance	—	12,117,651	—	(12,117,651)
Fund Balance at Beginning of Year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund Balance at End of Year	<u>\$ —</u>	<u>\$ 12,117,651</u>	<u>\$ —</u>	<u>\$ (12,117,651)</u>

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
OTHER ENFORCEMENT FUND
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Ordinance Fines and Forfeitures	\$ —	\$ —	\$ 2,504,498	\$ 2,504,498
Investment Earnings	—	—	124,682	124,682
Other Revenue	<u>6,332,808</u>	<u>10,002,193</u>	<u>236,726</u>	<u>(9,765,467)</u>
Total Revenues	<u>6,332,808</u>	<u>10,002,193</u>	<u>2,865,906</u>	<u>(7,136,287)</u>
Expenditures:				
Public Protection	6,332,808	20,052,986	4,308,752	15,744,234
Capital Outlay	<u>—</u>	<u>2,077,236</u>	<u>53,598</u>	<u>2,023,638</u>
Total Expenditures	<u>6,332,808</u>	<u>22,130,222</u>	<u>4,362,350</u>	<u>17,767,872</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	(12,128,029)	(1,496,444)	10,631,585
Fund Balance at Beginning of Year	<u>16,986,169</u>	<u>16,986,169</u>	<u>16,986,169</u>	<u>—</u>
Fund Balance at End of Year	<u>\$ 16,986,169</u>	<u>\$ 4,858,140</u>	<u>\$ 15,489,725</u>	<u>\$ 10,631,585</u>

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
EMPOWERMENT ZONE FUND
For the Year Ended June 30, 2010

	<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	\$ —	\$ —	\$ —	\$ —
Expenditures:				
Economic Development	—	1,115,978	—	1,115,978
Capital Outlay	—	7,591	—	7,591
Total Expenditures	—	1,123,569	—	1,123,569
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	(1,123,569)	—	1,123,569
Fund Balance at Beginning of Year	—	—	—	—
Fund Balance at End of Year	\$ —	\$ (1,123,569)	\$ —	\$ 1,123,569

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
HUMAN SERVICES FUND
For the Year Ended June 30, 2010

	<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	\$ 68,288,115	\$ 259,923,575	\$ 83,212,757	\$ (176,710,818)
Investment Earnings	—	(208,095)	10,327	218,422
Total Revenues	<u>68,288,115</u>	<u>259,715,480</u>	<u>83,223,084</u>	<u>(176,492,396)</u>
Expenditures:				
Health	68,266,115	241,970,666	84,134,182	157,836,484
Capital Outlay	22,000	497,026	—	497,026
Total Expenditures	<u>68,288,115</u>	<u>242,467,692</u>	<u>84,134,182</u>	<u>158,333,510</u>
Excess of Revenues Over Expenditures	—	17,247,788	(911,098)	(18,158,886)
Other Financing Sources - Transfers In	—	270	911,098	910,828
Net Change in Fund Balance	—	17,248,058	—	(17,248,058)
Fund Balance at Beginning of Year	—	—	—	—
Fund Balance at End of Year	<u>—</u>	<u>\$ 17,248,058</u>	<u>—</u>	<u>\$ (17,248,058)</u>

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
SOLID WASTE MANAGEMENT FUND
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Sales and Charges for Services	\$ 61,801,750	\$ 61,801,750	\$ 42,247,971	\$ (19,553,779)
Ordinance Fines and Forfeitures	800,000	800,000	135,607	(664,393)
Other Revenue	130,282	130,282	549,496	419,214
Total Revenues	62,732,032	62,732,032	42,933,074	(19,798,958)
Expenditures:				
Physical Environment	56,324,554	56,916,296	32,646,028	24,270,268
Capital Outlay	6,407,478	6,027,934	2,449,412	3,578,522
Total Expenditures	62,732,032	62,944,230	35,095,440	27,848,790
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	(212,198)	7,837,634	8,049,832
Other Financing Sources (Uses):				
Transfers Out	—	—	(7,837,634)	(7,837,634)
Total Other Financing Sources (Uses)	—	—	(7,837,634)	(7,837,634)
Net Change in Fund Balance	—	(212,198)	—	212,198
Fund Balance at Beginning of Year	—	—	—	—
Fund Balance (Deficit) at End of Year	\$ —	\$ (212,198)	\$ —	\$ 212,198

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
STREET FUND
For the Year Ended June 30, 2010

Major Street Fund	Budgeted Amounts		Actual Amounts	Variance With Final Budget-Positive (Negative)
	Original	Final		
Revenues:				
Gas and Weight Tax	\$ 61,180,000	\$ 79,449,397	\$ 44,969,228	\$ (34,480,169)
Intergovernmental:				
State	—	—	16,829,078	16,829,078
Other	—	(3,000,864)	2,525,618	5,526,482
Investment Earnings	2,150,000	4,263,880	195,866	(4,068,014)
Other Revenue	6,279,000	135,086,061	2,923,691	(132,162,370)
Total Revenues	69,609,000	215,798,474	67,443,481	(148,354,993)
Expenditures:				
Transportation Facilitation	52,611,864	143,951,109	40,640,175	103,310,934
Capital Outlay	16,997,136	92,519,152	3,709,357	88,809,795
Total Expenditures	69,609,000	236,470,261	44,349,532	(192,120,729)
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	(20,671,787)	23,093,949	43,765,736
Other Financing Sources (Uses):				
Transfers In		57,279,259	—	(57,279,259)
Transfers Out		(57,335,631)	(17,201,604)	40,134,027
Total Other Financing Sources (Uses)		(56,372)	(17,201,604)	(17,145,232)
Net Change in Fund Balance	—	(20,728,159)	5,892,345	26,620,504
Fund Balance at Beginning of Year	22,914,840	22,914,840	22,914,840	—
Increase in Inventory	—	—	317,095	317,095
Fund Balance at End of Year	\$ 22,914,840	\$ 2,186,681	\$ 29,124,280	\$ 26,937,599

Local Street Fund	Budgeted Amounts		Actual Amounts	Variance With Final Budget-Positive (Negative)
	Original	Final		
Revenues:				
Gas and Weight Tax	\$ —	\$ (1,354,086)	\$ 12,805,858	\$ 14,159,944
Intergovernmental:				
State	—	—	5,975,840	5,975,840
Other	—	—	—	—
Investment Earnings	—	(31,926)	78,007	109,933
Other Revenues	—	29,363	(2,012,920)	(2,042,283)
Total Revenues	—	(1,356,649)	16,846,785	18,203,434
Expenditures:				
Transportation Facilitation	—	493,215	29,277,352	(28,784,137)
Capital Outlay	—	19,788,080	2,599,177	17,188,903
Total Expenditures	—	20,281,295	31,876,529	11,595,234
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	(21,637,944)	(15,029,744)	6,608,200
Other Financing Sources (Uses):				
Transfers In	—	—	8,473,000	8,473,000
Transfers Out	—	—	(1,024,469)	(1,024,469)
Total Other Financing Sources (Uses)	—	—	7,448,531	7,448,531
Net Change in Fund Balance	—	(21,637,944)	(7,581,213)	14,056,731
Fund Balance at Beginning of Year	3,990,089	3,990,089	3,990,089	—
Fund Balance at End of Year	\$ 3,990,089	\$ (17,647,855)	\$ (3,591,124)	\$ 14,056,731

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
SUPPORTIVE HOUSING PROGRAMS AND HOMELESS INITIATIVES FUND
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive
	Original	Final		(Negative)
Revenues - Intergovernmental - Federal	\$ —	\$ —	\$ —	\$ —
Expenditures - Housing and Conditions	<u>—</u>	<u>1,021,329</u>	<u>—</u>	<u>1,021,329</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	(1,021,329)	—	1,021,329
Fund Balance at Beginning of Year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund Balance at End of Year	<u>\$ —</u>	<u>\$ (1,021,329)</u>	<u>\$ —</u>	<u>\$ 1,021,329</u>

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
TARGETED BUSINESS DEVELOPMENT FUND
For the Year Ended June 30, 2010

	<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>11,129,458</u>	<u>5,448,373</u>	<u>5,681,085</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	(11,129,458)	(5,448,373)	5,681,085
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>\$ —</u>	<u>\$ 5,681,085</u>	<u>\$ 5,681,085</u>

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
TELECOMMUNICATIONS FUND
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental - State	\$ 2,800,000	\$ (1,413,829)	\$ 2,974,241	\$ 4,388,070
Other Revenue	—	—	20,653	20,653
Total Revenues	2,800,000	(1,413,829)	2,994,894	4,408,723
Expenditures:				
Transportation Facilitation	—	(1,638,221)	1,599,897	(3,238,118)
Capital Outlay	2,800,000	5,671,620	1,182,274	4,489,346
Total Expenditures	2,800,000	4,033,399	2,782,171	1,251,228
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	(5,447,228)	212,723	5,659,951
Net Change in Fund Balance	—	(5,447,228)	212,723	5,659,951
Fund Balance at Beginning of Year	3,821,320	3,821,320	3,821,320	—
Fund Balance at End of Year	\$ 3,821,320	\$ (1,625,908)	\$ 4,034,043	\$ 5,659,951

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
RENEWABLE ENERGY FUND
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues - Other	\$ —	\$ —	\$ 454,414	\$ 454,414
Expenditures	—	—	—	—
Excess of Revenues Over Expenditures	—	—	454,414	454,414
Fund Balance at Beginning of Year	—	—	—	—
Fund Balance at End of Year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 454,414</u>	<u>\$ 454,414</u>

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
DEBT SERVICE FUND
For the Year Ended June 30, 2010

	<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	\$ 65,275,065	\$ 65,275,065	\$ 58,830,272	\$ (6,444,793)
Other Taxes and Assessments	6,685,955	6,685,955	4,095,024	(2,590,931)
State Hotel and Liquor Tax	—	—	2,969,380	2,969,380
Revenue from Use of Assets	—	—	2,077,111	2,077,111
Investment Earnings	—	—	102,254	102,254
Other Revenue	4,872,046	4,872,046	—	(4,872,046)
Total Revenues	<u>76,833,066</u>	<u>76,833,066</u>	<u>68,074,041</u>	<u>(8,759,025)</u>
Expenditures:				
Economic Development	4,360,200	4,360,200	2,400,000	1,960,200
Debt Service:				
Principal	45,165,000	45,165,000	85,252,249	(40,087,249)
Interest	27,307,866	27,307,866	44,225,790	(16,917,924)
Total Expenditures	<u>76,833,066</u>	<u>76,833,066</u>	<u>131,878,039</u>	<u>(55,044,973)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	—	(63,803,998)	(63,803,998)
Other Financing Sources (Uses)				
Transfers In	—	—	53,555,648	53,555,648
Special Item - Transfer of Cobo Hall	—	—	(35,810,944)	(35,810,944)
Total Other Financing Sources (Uses)	<u>—</u>	<u>—</u>	<u>17,744,704</u>	<u>17,744,704</u>
Net Change in Fund Balance	—	—	(46,059,294)	(46,059,294)
Fund Balance at Beginning of Year	<u>52,194,439</u>	<u>52,194,439</u>	<u>52,194,439</u>	<u>—</u>
Fund Balance at End of Year	<u>\$ 52,194,439</u>	<u>\$ 52,194,439</u>	<u>\$ 6,135,145</u>	<u>\$ (46,059,294)</u>

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
OTHER GOVERNMENTAL FUNDS
CAPITAL PROJECT FUNDS
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Capital Projects				
Revenues:				
Intergovernmental - Federal	\$ —	\$ 1,087,580	\$ —	\$ (1,087,580)
Investment Earnings	—	174,692	—	(174,692)
Other Revenue	595,000	14,480,857	—	(14,480,857)
Total Revenues	595,000	15,743,129	—	(15,743,129)
Expenditures:				
Economic Development	—	—	4,322,406	(4,322,406)
Capital Outlay	595,000	102,120,015	8,420,898	93,699,117
Debt Issuance Costs	—	(15,284)	—	(15,284)
Total Expenditures	595,000	102,104,731	12,743,304	89,361,427
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	(86,361,602)	(12,743,304)	(105,104,556)
Other Financing Sources (Uses):				
Sources:				
Bond Proceeds	—	29,497,571	—	(29,497,571)
Uses:				
Interest Paid to Bond Agent for Refunded Bonds	—	(4,199,506)	—	4,199,506
Total Other Financing Sources (Uses)	—	25,298,065	—	(25,298,065)
Net Change in Fund Balance	—	(61,063,537)	(12,743,304)	48,320,233
Fund Balance at Beginning of Year	91,214,566	91,214,566	91,214,566	—
Fund Balance at End of Year	\$ 91,214,566	\$ 30,151,029	\$ 78,471,262	\$ 48,320,233
Urban Renewal				
Revenues:				
Intergovernmental - Federal	\$ 9,845,932	\$ 30,177,538	\$ 2,633,311	\$ (27,544,227)
Investment Earnings	—	(439,020)	14,547	453,567
Other Revenue	1,000,000	1,245,821	619,038	(626,783)
Total Revenues	10,845,932	30,984,339	3,266,896	(27,717,443)
Expenditures:				
Economic Development	10,845,932	27,768,453	8,167,530	19,600,923
Debt Service:				
Principal	—	—	540,000	(540,000)
Interest	—	—	3,990,464	(3,990,464)
Total Expenditures	10,845,932	27,768,453	12,697,994	15,070,459
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	3,215,886	(9,431,098)	(12,646,984)
Other Financing Sources (Uses):				
Sources:				
Transfers In	—	—	4,530,464	4,530,464
Proceeds of Section 108 Federal Note	—	(2,388,833)	8,420,000	10,808,833
Uses:				
Transfers Out	—	(6,047,987)	—	6,047,987
Total Other Financing Sources (Uses)	—	(8,436,820)	12,950,464	21,387,284
Net Change in Fund Balance	—	(5,220,934)	3,519,366	8,740,300
Fund Balance at Beginning of Year	8,535,527	8,535,527	8,535,527	—
Fund Balance at End of Year	\$ 8,535,527	\$ 3,314,593	\$ 12,054,893	\$ 8,740,300

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, 2010

	<u>Pension</u>		
	<u>General Retirement System</u>	<u>Policemen & Firemen Retirement System</u>	<u>Other Post Employment Benefits Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 10,726,257	\$ 6,152,965	\$ 2,076,494
Investments:			
Short-Term Investments	75,203,694	80,552,840	34,438,113
Bonds and Stocks	1,455,776,208	1,998,711,988	—
Mortgage-Backed Securities	14,502,806	63,728,665	—
Mortgage and Construction Loans	100,500,312	146,464,663	—
Equity Interest in Real Estate	281,578,838	362,177,702	—
Real Estate Investment Trusts Held by Custodian	—	23,997,115	—
Pooled Investments	30,936,000	247,660,427	—
Private Placements	296,850,440	79,176,172	—
Total Investments	<u>2,255,348,298</u>	<u>3,002,469,572</u>	<u>34,438,113</u>
Accrued Interest Receivable	6,679,560	14,619,565	—
Due from Primary Government	6,345,096	34,004,015	13,312,700
Due from Component Units	152,498	—	979,419
Receivables from Investment Sales	23,213,005	20,593,289	—
Other Receivables	23,719,858	3,711,235	396,318
Cash and Investments Held as Collateral for Securities Lending	117,926,114	391,648,750	—
Capital Assets	1,237,754	1,476,720	—
Total Assets	<u>2,445,348,440</u>	<u>3,474,676,111</u>	<u>51,203,044</u>
LIABILITIES			
Accounts and Contracts Payable	—	—	—
Payables for Investment Purchases	21,368,470	24,667,616	—
Benefits and Claims Payable	2,605,147	5,637,651	—
Due to Primary Government	2,043,734	1,516,756	3,161,350
Amount Due to Broker for Securities Lending	145,563,602	421,947,302	—
Other Liabilities	27,254,798	2,957,551	41,679,445
Total Liabilities	<u>198,835,751</u>	<u>456,726,876</u>	<u>44,840,795</u>
NET ASSETS			
Net Assets Held in Trust for Pension and Employee Benefits	2,246,512,689	3,017,949,235	6,362,249
Death Benefit and Disability Income Protection Reserves	—	—	—
Total Net Assets	<u>\$ 2,246,512,689</u>	<u>\$ 3,017,949,235</u>	<u>\$ 6,362,249</u>

Other Employee Benefits

Employee Death Benefits Fund	Employee Disability Income Protection Fund	Total Pension and Other Employee Benefit Trusts
\$ 474,740	\$ —	\$ 19,430,456
20,582,873	—	210,777,520
4,128,741	—	3,458,616,937
11,699	—	78,243,170
—	—	246,964,975
—	—	643,756,540
—	—	23,997,115
44,583	—	278,641,010
734,440	—	376,761,052
<u>25,502,336</u>	<u>—</u>	<u>5,317,758,319</u>
—	—	21,299,125
(2,055)	1,374,764	55,034,520
5,319	10,290	1,147,526
—	—	43,806,294
—	—	27,827,411
—	—	509,574,864
—	—	2,714,474
<u>25,980,340</u>	<u>1,385,054</u>	<u>5,998,592,989</u>
—	385,054	385,054
—	—	46,036,086
—	—	8,242,798
—	—	6,721,840
—	—	567,510,904
—	—	71,891,794
<u>—</u>	<u>385,054</u>	<u>700,788,476</u>
—	—	5,270,824,173
<u>25,980,340</u>	<u>1,000,000</u>	<u>26,980,340</u>
<u>\$ 25,980,340</u>	<u>\$ 1,000,000</u>	<u>\$ 5,297,804,513</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, 2010

	Pension		Other Employee Benefits			Total Pension and Other Employee Benefit 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	\$ 37,338,960	\$ 32,808,485	\$ 255,727,145	127,191	\$ 1,653,989	\$ 327,655,770
Plan Member Contributions	19,043,434	10,764,969	37,183,676	166,732	—	67,158,811
Other Income	—	—	6,920,122	59	—	6,920,181
Total Contributions	56,382,394	43,573,454	299,830,943	293,982	1,653,989	401,734,762
Investment Earnings:						
Interest and Dividend Income	34,927,154	131,472,991	65,473	349,893	—	166,815,511
Net Appreciation in Fair Value	92,063,655	71,570,563	198,838	3,546,684	—	167,379,740
Investment Expense	(15,592,697)	(15,237,023)	—	—	—	(30,829,720)
Securities Lending Income	656,893	1,865,072	—	—	—	2,521,965
Net Gain on Collateralized Securities	7,686,333	14,919,595	—	—	—	22,605,928
Other Income	5,187,773	806,855	—	—	—	5,994,628
Total Investment Earnings	124,929,111	205,398,053	264,311	3,896,577	—	334,488,052
Total Additions	181,311,505	248,971,507	300,095,254	4,190,559	1,653,989	736,222,814
DEDUCTIONS:						
Pension and Annuity Benefits	214,110,830	251,671,929	—	—	—	465,782,759
Premiums to Insurers and Damage Claims	—	—	299,821,987	1,855,960	1,653,989	303,331,936
Refunds	101,705,630	27,252,643	—	—	—	128,958,273
General and Administrative Expenses	6,118,891	4,258,318	426	68,717	—	10,446,352
Total Deductions	321,935,351	283,182,890	299,822,413	1,924,677	1,653,989	908,519,320
Net Increase (decrease)	(140,623,846)	(34,211,383)	272,841	2,265,882	—	(172,296,506)
Net Assets, Beginning of Year	2,387,136,535	3,052,160,618	6,089,408	23,714,458	1,000,000	5,470,101,019
Net Assets, End of Year	\$ 2,246,512,689	\$ 3,017,949,235	\$ 6,362,249	\$ 25,980,340	\$ 1,000,000	\$ 5,297,804,513

City of Detroit, Michigan
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2010

	<u>Condemnation Awards Fund</u>	<u>Fire Insurance Escrow Fund</u>	<u>Other Agency Funds</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ —	\$ 709,784	\$ 378,493	\$ 1,088,277
Investments at Fair Value	—	22,360,606	—	22,360,606
Total Assets	<u>\$ —</u>	<u>\$ 23,070,390</u>	<u>\$ 378,493</u>	<u>\$ 23,448,883</u>
LIABILITIES				
Accounts and Contracts Payable	\$ —	\$ 200,867	\$ 378,493	\$ 579,360
Other Liabilities	—	22,494,448	—	22,494,448
Due to Primary Government	—	375,075	—	375,075
Total Liabilities	<u>\$ —</u>	<u>\$ 23,070,390</u>	<u>\$ 378,493</u>	<u>\$ 23,448,883</u>

City of Detroit, Michigan
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2010

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
Condemnation Awards Fund				
ASSETS				
Cash and Cash Equivalents	\$ 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 and Cash Equivalents	\$ 366,030	\$ 343,754	\$ —	\$ 709,784
Investments at Fair Value	20,826,149	1,534,457	—	22,360,606
Total Assets	\$ 21,192,179	\$ 1,878,211	\$ —	\$ 23,070,390
LIABILITIES				
Accounts and Contracts Payable	\$ 61,263	\$ 139,604	\$ —	\$ 200,867
Due to Other Funds	405,158	—	30,083	375,075
Other Liabilities	20,725,758	1,768,690	—	22,494,448
Total Liabilities	\$ 21,192,179	\$ 1,908,294	\$ 30,083	\$ 23,070,390
Other Agency Funds				
ASSETS				
Cash and Cash Equivalents	\$ 452,419	\$ —	\$ 73,926	\$ 378,493
Total Assets	\$ 452,419	\$ —	\$ 73,926	\$ 378,493
LIABILITIES				
Accounts and Contracts Payable	\$ 452,419	\$ —	\$ 73,926	\$ 378,493
Total Liabilities	\$ 452,419	\$ —	\$ 73,926	\$ 378,493
Total Agency Funds				
ASSETS				
Cash and Cash Equivalents	\$ 2,449,444	\$ 343,754	\$ 1,704,921	\$ 1,088,277
Investments at Fair Value	20,826,149	1,534,457	—	22,360,606
Total Assets	\$ 23,275,593	\$ 1,878,211	\$ 1,704,921	\$ 23,448,883
LIABILITIES				
Accounts and Contracts Payable	\$ 2,144,677	\$ 139,604	\$ 1,704,921	\$ 579,360
Due to Other Funds	405,158	—	30,083	375,075
Other Liabilities	20,725,758	1,768,690	—	22,494,448
Total Liabilities	\$ 23,275,593	\$ 1,908,294	\$ 1,735,004	\$ 23,448,883

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 Nine Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year		
	2010	2009	2008
Governmental Activities			
Invested in capital assets, net of related debt	\$ 717,589,037	\$ 631,821,536	\$ 558,340,662
Restricted	93,496,558	142,704,927	158,523,041
Unrestricted (deficit)	(1,278,954,788)	(956,905,000)	(687,464,129)
Total governmental activities net assets	<u>(467,869,193)</u>	<u>(182,378,537)</u>	<u>29,399,574</u>
Business-type Activities			
Invested in capital assets, net of related debt	781,976,263	698,477,050	743,865,611
Restricted	284,696,404	347,303,231	304,273,113
Unrestricted (deficit)	(333,688,853)	36,681,530	185,998,204
Total business-type activities net assets	<u>732,983,814</u>	<u>1,082,461,811</u>	<u>1,234,136,928</u>
Primary Government			
Invested in capital assets, net of related debt	1,499,565,300	1,330,298,586	1,302,206,273
Restricted	378,192,962	490,008,158	462,796,154
Unrestricted (deficit)	(1,612,643,641)	(920,223,470)	(501,465,925)
Total primary government net assets	<u>\$ 265,114,621</u>	<u>\$ 900,083,274</u>	<u>\$ 1,263,536,502</u>

Source: City of Detroit, Comprehensive Annual Financial Reports for Fiscal Years ending June 30, 2002 through 2010

Note: The City began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2002.

Fiscal Year					
2007	2006	2005	2004	2003	2002
\$ 592,161,746	\$ 603,086,043	\$ 562,311,648	\$ 423,118,665	\$ 419,593,713	\$ 366,474,042
157,360,360	29,492,455	30,488,595	85,249,948	113,243,428	69,705,069
(602,506,410)	(608,735,544)	(586,294,194)	(315,218,872)	(102,285,491)	(1,458,623)
<u>147,015,696</u>	<u>23,842,954</u>	<u>6,506,049</u>	<u>193,149,741</u>	<u>430,551,650</u>	<u>434,720,488</u>
1,150,524,897	914,032,397	1,050,443,297	1,063,418,365	1,152,383,916	1,185,981,116
266,995,240	385,379,957	287,778,927	199,037,340	120,671,314	101,576,911
175,648,800	377,799,324	280,769,875	283,585,593	317,705,644	261,175,712
<u>1,593,168,937</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>
1,742,686,643	1,517,118,440	1,612,754,945	1,486,537,030	1,571,977,629	1,552,455,158
424,355,600	414,872,412	318,267,522	284,287,288	233,914,742	171,281,980
(426,857,610)	(230,936,220)	(305,524,319)	(31,633,279)	215,420,153	259,717,089
<u>\$ 1,740,184,633</u>	<u>\$ 1,701,054,632</u>	<u>\$ 1,625,498,148</u>	<u>\$ 1,739,191,039</u>	<u>\$ 2,021,312,524</u>	<u>\$ 1,983,454,227</u>

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

	Fiscal Year		
	2010	2009	2008
Expenses			
Governmental Activities:			
Public Protection	\$ 779,613,390	\$ 789,055,092	\$ 761,894,177
Health	170,843,954	158,906,848	158,826,732
Recreation and Culture	17,963,496	37,180,607	36,295,041
Economic Development	61,906,827	73,307,206	87,717,239
Educational Development	90,450,821	76,728,812	57,474,770
Housing Supply and Conditions	8,381,813	10,592,858	10,591,479
Physical Environment	119,713,562	185,864,791	226,460,478
Transportation Facilitation	84,039,822	73,805,481	70,563,909
Development and Management	268,716,249	350,974,262	304,815,026
Interest on Long-Term Debt	129,458,620	126,344,699	107,754,007
Total Government Activities Expenses	<u>1,731,088,554</u>	<u>1,882,760,656</u>	<u>1,822,392,858</u>
Business-type Activities:			
Sewage Disposal	431,575,246	450,278,148	429,112,536
Transportation	207,620,142	206,705,724	212,652,767
Water	346,637,749	349,734,605	360,778,077
Automobile Parking	18,190,081	16,511,077	14,361,352
Airport	2,437,571	2,685,756	3,502,904
Housing	-	-	-
Total Business-type Activities Expenses	<u>1,006,460,789</u>	<u>1,025,915,310</u>	<u>1,020,407,636</u>
Total Primary Government Expenses	<u>2,737,549,343</u>	<u>2,908,675,966</u>	<u>2,842,800,494</u>
Program Revenues			
Governmental Activities:			
Charges for Services:			
Public Protection	78,076,978	92,986,299	90,415,439
Health	12,495,600	14,752,057	15,108,413
Recreation and Culture	17,510,499	17,736,396	24,489,607
Economic Development	121,725	72,714	694,676
Educational Development	1,528,487	760,494	-
Housing Supply and Conditions	3,780,682	3,572,588	5,989,939
Physical Environment	92,793,872	111,380,814	127,140,951
Transportation Facilitation	927,229	516,728	902,039
Development and Management	109,253,875	142,032,307	123,151,397
Operating Grants and Contributions	356,347,310	310,525,464	306,575,011
Capital Grants and Contributions	28,304,777	35,257,895	26,365,200
Total Governmental Activities Program Revenues	<u>701,141,034</u>	<u>729,593,756</u>	<u>720,832,672</u>
Business-type Activities:			
Charges for services:			
Sewage Disposal	365,537,390	390,126,398	346,908,831
Transportation	26,565,119	28,191,056	28,918,328
Water	285,470,426	274,095,463	292,983,220
Automobile Parking	15,037,679	17,667,031	18,556,018
Airport	967,234	1,125,015	1,123,934
Housing	-	-	-
Operating grants and contributions	75,343,618	74,811,471	79,008,781
Capital grants and contributions	47,947,235	33,897,154	39,540,356
Total Business-type Activities Program Revenues	<u>816,868,701</u>	<u>819,913,588</u>	<u>807,039,468</u>
Total Primary Government Program Revenues	<u>1,518,009,735</u>	<u>1,549,507,344</u>	<u>1,527,872,140</u>

See accompanying independent auditors' report.

Fiscal Year						
2007	2006	2005	2004	2003	2002	
\$ 633,174,260	\$ 681,052,276	\$ 876,156,606	\$ 755,816,119	\$ 593,346,429	\$ 583,268,178	
153,368,566	177,363,962	170,039,930	172,601,779	194,876,044	178,170,414	
36,050,284	69,192,054	75,145,276	82,148,669	81,400,879	82,648,072	
93,705,705	95,641,855	114,865,586	102,680,484	102,939,042	87,326,910	
57,658,134	64,670,870	73,770,757	95,655,097	85,957,839	86,031,311	
7,904,903	14,737,981	17,980,767	21,190,178	18,566,688	16,780,370	
213,287,711	243,949,975	277,305,834	267,232,775	273,247,867	301,889,519	
71,947,094	79,343,398	46,272,594	49,857,971	44,217,658	21,087,215	
297,443,586	240,246,357	214,746,647	350,969,773	371,360,739	299,360,664	
140,861,674	126,659,186	65,252,896	58,080,402	44,661,255	42,441,532	
<u>1,705,401,917</u>	<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>	
427,788,717	311,303,765	192,421,480	186,979,859	261,671,404	261,213,329	
200,555,312	190,358,944	204,913,780	206,319,905	196,162,781	187,415,767	
335,000,188	282,149,274	195,085,657	198,120,130	249,329,295	232,528,496	
16,306,759	19,474,446	26,295,677	21,990,714	21,534,236	17,833,061	
2,960,042	3,044,030	3,140,746	4,030,607	3,845,438	5,543,048	
-	-	-	-	75,784,985	67,818,451	
<u>982,611,018</u>	<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>2,688,012,935</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>	
99,021,130	51,757,423	90,825,019	88,817,490	68,146,542	72,722,670	
14,987,496	14,224,550	13,026,677	11,875,150	17,535,790	11,524,837	
17,233,370	27,367,110	11,474,294	10,363,646	8,859,373	13,301,976	
9,010,210	13,946,969	5,427,118	20,512,694	20,089,274	28,095,737	
2,781,677	-	-	-	-	-	
127,757	1,636,711	6,700,117	16,617,400	33,624,540	20,224,369	
133,048,222	74,915,029	81,944,899	85,667,448	102,937,079	88,338,713	
79,156	1,355	-	-	-	-	
154,386,499	156,799,556	198,570,684	84,682,688	19,590,685	73,668,036	
271,970,335	245,061,788	246,248,865	315,321,964	365,857,900	398,262,378	
65,941,108	91,806,940	135,504,749	115,528,611	35,557,492	26,809,665	
<u>768,586,960</u>	<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>	
346,906,614	354,455,204	254,350,136	195,947,900	288,111,143	267,993,505	
26,047,091	25,173,805	22,959,490	24,712,839	25,182,188	24,084,896	
268,286,093	276,230,766	193,954,987	223,092,260	244,781,888	209,227,939	
18,114,461	21,125,510	13,627,650	19,618,019	19,253,924	20,682,973	
1,087,844	989,722	1,180,584	972,659	1,193,786	2,235,228	
-	-	-	-	12,490,749	9,877,521	
81,959,301	73,801,668	88,110,603	89,345,418	115,981,521	111,302,571	
14,097,605	9,502,218	15,080,720	33,758,751	41,632,443	56,035,404	
<u>756,499,009</u>	<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>1,525,085,969</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 Nine Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year		
	2010	2009	2008
Net (Expense) Revenue			
Governmental Activities	\$ (1,029,947,520)	\$ (1,153,166,900)	\$ (1,101,560,186)
Business-type Activities	(189,592,088)	(206,001,722)	(213,368,168)
Total Primary Government Net Expense	(1,219,539,608)	(1,359,168,622)	(1,314,928,354)
General Revenues and Other Changes in Net Assets			
Governmental Activities:			
Taxes			
Property taxes	218,008,102	231,428,726	225,602,203
Municipal income tax	216,522,405	240,824,363	276,485,035
Utility users' tax	44,190,132	49,900,471	51,590,794
Wagering tax	183,466,226	172,912,862	186,277,275
Hotel and liquor tax	2,969,380	17,367,715	16,220,140
Other taxes and assessments	15,404,967	12,878,272	13,283,748
State shared taxes	239,047,211	268,246,565	272,569,363
Interest and penalties on taxes	9,332,781	10,696,529	10,857,112
Investment earnings	8,832,971	7,056,295	19,189,619
Miscellaneous revenue	6,618,964	9,273,309	13,586,014
Gain (loss) on disposal of capital assets	(27,775)	(5,204,095)	(278,706)
Special item	49,980,314	-	-
Transfers	(74,579,168)	(73,992,223)	(101,438,533)
Total Governmental Activities	919,766,510	941,388,789	983,944,064
Business-type Activities:			
Investment earnings	(42,428,588)	25,458,070	58,176,113
Miscellaneous revenue (expense)	788,385	(8,435,836)	(3,990,512)
Gain (loss) on disposal of capital assets	-	-	-
Special item	-	(36,900,173)	(141,962,894)
Transfers	74,579,168	73,992,223	101,438,533
Total Business-type Activities	32,938,965	54,114,284	13,661,240
Total Primary Government	952,705,475	995,503,073	997,605,304
Change in Net Assets			
Governmental Activities	(110,181,010)	(211,778,111)	(117,616,122)
Business-type Activities	(156,653,123)	(151,887,438)	(199,706,928)
Total Primary Government	\$ (266,834,133)	\$ (363,665,549)	\$ (317,323,050)

Source: City of Detroit, Comprehensive Annual Financial Reports for Fiscal Years ending June 30, 2002 through 2010

Note: The City began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2002.

Fiscal Year					
2007	2006	2005	2004	2003	2002
\$ (936,814,957)	\$ (1,115,340,483)	\$ (1,141,814,471)	\$ (1,206,846,156)	\$ (1,138,375,765)	\$ (966,055,804)
(226,112,009)	(45,051,566)	(32,593,170)	(29,993,369)	(59,700,497)	(70,912,115)
(1,162,926,966)	(1,160,392,049)	(1,174,407,641)	(1,236,839,525)	(1,198,076,262)	(1,036,967,919)
241,428,477	243,621,932	239,507,939	253,880,972	221,338,662	235,867,542
278,309,191	284,111,220	282,501,875	290,614,837	310,935,044	323,515,510
53,768,977	122,824,621	52,939,839	47,422,918	55,526,093	52,105,772
179,763,570	156,588,917	137,970,347	116,145,598	111,341,292	109,461,713
17,579,292	16,287,676	16,310,767	16,217,263	16,217,213	-
16,201,899	13,602,597	-	4,337,425	17,553,911	17,518,357
272,635,060	280,818,221	282,914,217	286,479,535	319,055,457	333,763,510
10,342,478	9,181,155	11,712,960	13,780,520	9,311,836	10,783,829
24,075,811	18,396,691	14,464,802	4,500,270	5,690,589	18,146,740
37,634,868	22,780,845	9,984,374	13,624,695	7,758,701	21,179,610
(31,728)	(308,855)	(3,551,036)	(451,750)	6,753,937	-
-	-	-	-	132,000,000	-
(71,720,196)	(35,227,632)	(89,585,306)	(77,108,036)	(79,275,808)	(85,569,251)
1,059,987,699	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
69,331,846	2,879,273	(6,850,110)	3,812,743	4,488,833	3,509,544
1,017,226	25,970,429	-	-	(682,409)	-
-	-	-	-	-	-
71,720,196	35,227,632	89,585,306	77,108,036	79,275,808	85,569,251
142,069,268	103,271,145	105,543,971	93,436,986	101,727,632	117,867,958
1,202,056,967	1,235,948,533	1,060,714,749	1,062,881,233	1,235,934,559	1,154,641,290
123,172,742	17,336,905	(186,643,693)	(237,401,909)	(4,168,838)	70,717,528
(84,042,741)	58,219,579	72,950,801	63,443,617	42,027,135	46,955,843
\$ 39,130,001	\$ 75,556,484	\$ (113,692,892)	\$ (173,958,292)	\$ 37,858,297	\$ 117,673,371

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

	Fiscal Year				
	2010	2009	2008	2007	2006
General Fund:					
Reserved	\$ 64,597,471	\$ 65,191,371	\$ 77,472,983	\$ 64,169,704	\$ 66,502,619
Unreserved (Deficit)	(155,692,159)	(331,925,012)	(219,158,137)	(155,575,800)	(173,678,707)
Total General Fund	<u>\$ (91,094,688)</u>	<u>\$ (266,733,641)</u>	<u>\$ (141,685,154)</u>	<u>\$ (91,406,096)</u>	<u>\$ (107,176,088)</u>
All Other Governmental Funds:					
Reserved:					
Retirement Service Funds	\$ 24,496,356	\$ 24,574,826	\$ 24,851,160	\$ 24,927,727	\$ 24,955,781
Special Revenue Funds	41,022,881	43,974,045	66,158,392	72,014,875	14,657,665
Capital Projects Funds	90,526,155	99,750,093	126,274,973	88,507,405	134,433,861
Debt Service Fund	6,135,145	52,194,439	42,825,432	39,781,836	27,799,931
Permanent Funds	1,588,224	1,574,670	1,494,202	1,445,462	1,291,569
Total Reserved	<u>163,768,761</u>	<u>222,068,073</u>	<u>261,604,159</u>	<u>226,677,305</u>	<u>203,138,807</u>
Unreserved (Deficit):					
Retirement Service Funds	-	-	(276,334)	-	-
Special Revenue Funds	12,313,800	17,785,520	16,865,024	22,230,294	77,241,086
Capital Projects Fund	-	-	-	-	-
Debt Service Funds	-	-	-	-	-
Total Unreserved	<u>12,313,800</u>	<u>17,785,520</u>	<u>16,588,690</u>	<u>22,230,294</u>	<u>77,241,086</u>
Total All Other Governmental Funds	<u>\$ 176,082,561</u>	<u>\$ 239,853,593</u>	<u>\$ 278,192,849</u>	<u>\$ 248,907,599</u>	<u>\$ 280,379,893</u>

Source: City of Detroit, Comprehensive Annual Financial Reports for Fiscal Years ending June 30, 2001 through 2010

See accompanying independent auditors' report.

Fiscal Year				
2005	2004	2003	2002	2001
\$ 121,809,601	\$ 164,248,792	\$ 209,367,618	\$ 163,780,306	\$ 174,840,303
(155,404,035)	(95,032,523)	(69,063,211)	42,440,056	43,250,036
<u>\$ (33,594,434)</u>	<u>\$ 69,216,269</u>	<u>\$ 140,304,407</u>	<u>\$ 206,220,362</u>	<u>\$ 218,090,339</u>
\$ 46,884,125	\$ -	\$ -	\$ -	\$ -
14,946,632	13,418,399	11,409,788	10,196,771	89,900,511
139,812,882	159,136,549	181,966,978	155,199,431	38,509,612
29,061,404	70,466,781	42,773,395	46,953,417	1,354,725
1,253,623	1,232,820	1,210,005	1,158,546	-
<u>231,958,666</u>	<u>244,254,549</u>	<u>237,360,166</u>	<u>213,508,165</u>	<u>129,764,848</u>
-	-	-	-	-
76,896,645	74,394,377	78,730,702	69,551,548	2,090,991
-	-	-	-	110,790,874
-	-	-	-	49,993
<u>76,896,645</u>	<u>74,394,377</u>	<u>78,730,702</u>	<u>69,551,548</u>	<u>112,931,858</u>
<u>\$ 308,855,311</u>	<u>\$ 318,648,926</u>	<u>\$ 316,090,868</u>	<u>\$ 283,059,713</u>	<u>\$ 242,696,706</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				
	2010	2009	2008	2007	2006
Revenues					
Taxes:					
Property Taxes	\$ 201,845,344	\$ 230,833,394	\$ 225,890,313	\$ 257,003,325	\$ 243,621,932
Municipal Income Tax	216,522,405	240,824,363	276,485,035	278,309,191	284,111,220
Utility Users' Tax	44,190,132	49,900,667	51,590,599	53,768,977	60,019,626
Wagering Taxes	183,338,299	173,026,122	180,365,237	179,763,570	156,588,917
Gas and Weight Tax	57,775,086	58,813,648	61,070,748	62,080,522	62,804,995
Other Taxes and Assessments	15,404,967	12,878,272	13,283,748	16,201,899	13,583,421
State Hotel and Liquor Tax	2,969,380	17,367,715	16,220,140	17,579,292	16,287,676
State Shared Taxes	263,060,088	266,032,168	249,027,299	272,084,669	279,467,063
Shared Taxes-Liquor and Beer Licenses	578,629	591,342	573,613	550,391	1,351,158
Interest and Penalties on Taxes	9,332,781	10,696,529	10,857,112	10,342,478	9,181,155
Licenses, Permits, and Inspection Charges	27,090,825	31,880,591	34,565,327	31,986,424	34,233,992
Intergovernmental:					
Federal	265,421,498	233,526,888	222,675,031	219,592,658	218,119,145
State	47,852,739	40,049,141	41,062,686	41,878,552	75,774,530
State Equity Grant	-	-	-	-	-
Other	6,788,282	14,500,644	4,026,591	14,359,711	25,192,384
Sales and Charges for Services	196,333,386	237,044,188	258,599,558	243,533,764	189,253,428
Ordinance Fines and Forfeitures	18,872,226	23,747,573	20,850,629	25,680,231	21,525,257
Revenue from Use of Assets	6,618,964	27,013,424	13,560,617	37,634,876	22,780,845
Investment Earnings	911,263	7,056,295	19,189,619	24,075,811	18,396,691
Other Revenue	64,761,863	72,117,140	73,606,042	123,867,578	106,521,883
Total Revenues	1,629,668,157	1,747,900,104	1,773,499,944	1,910,293,919	1,838,815,318
Expenditures					
Current:					
Public Protection	641,884,276	654,450,029	660,230,564	654,137,306	687,251,414
Health	170,489,091	155,442,680	157,414,372	154,283,807	177,723,221
Recreation and Culture	18,155,021	21,041,925	21,265,879	24,648,968	55,390,716
Economic Development	57,522,689	65,217,992	99,342,897	86,454,732	88,424,272
Educational Development	90,527,365	75,409,235	57,388,638	58,021,384	64,427,129
Housing Supply and Conditions	8,240,422	9,022,633	9,607,906	8,412,644	14,786,461
Physical Environment	104,042,673	159,233,592	202,986,951	197,682,760	220,208,683
Transportation Facilitation	71,517,424	66,567,770	58,595,880	72,482,752	79,343,398
Development and Management	237,069,025	305,203,444	298,231,422	310,231,013	233,297,837
Debt Service:					
Principal	89,653,619	129,696,883	140,216,435	95,599,337	88,150,364
Interest	124,280,049	124,716,178	110,841,259	138,408,774	120,956,704
Bond Issuance Costs	2,487,193	-	3,182,053	-	56,147,009
Capital Outlay	49,231,014	77,094,313	88,458,549	69,848,815	175,169,666
Total Expenditures	1,665,099,861	1,843,096,674	1,907,762,805	1,870,212,292	2,061,276,874
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,431,704)	(95,196,570)	(134,262,861)	40,081,627	(222,461,556)
Other Financing Sources(Uses)					
Sources:					
Transfers In	171,409,769	\$ 210,043,052	\$ 208,766,473	\$ 176,069,587	\$ 129,799,480
Pension Obligation Certificates Issued	-	-	-	-	771,087,137
Swap Termination Fee	-	-	-	-	38,969,807
Proceeds of Section 108 Federal Note	-	-	-	14,958,000	1,800,000
Proceeds of Capital Leases	-	-	-	-	34,892,659
Proceeds from Debt Issuances	258,210,000	6,197,000	281,783,578	-	81,903,071
Premium from Debt Issuances	1,873,225	-	4,974,370	-	3,778,114
Total Other Financing Sources	431,492,994	216,240,052	495,524,421	191,027,587	1,062,230,268
Uses:					
Transfers Out	(245,988,937)	(284,035,275)	(310,205,006)	(247,789,783)	(165,027,112)
Bond Issuance Costs	-	-	-	-	-
Principal Paid to Bond Agent for Refunded Bonds	(35,810,944)	-	(72,410,000)	-	(764,864,391)
Interest Paid to Bond Agent for Refunded Bonds	-	-	(1,314,181)	-	(1,741,161)
Total Other Financing Uses	(281,799,881)	(284,035,275)	(383,929,187)	(247,789,783)	931,632,664
Total Other Financing Sources (Uses)	149,693,113	(67,795,223)	111,595,234	(56,762,196)	130,597,604
Special Item-Casino Development Revenue	-	-	-	-	-
Net Change in Fund Balances	114,261,409	(162,991,793)	(22,667,627)	(16,680,569)	(91,863,952)
Fund Balance (Deficit) at Beginning of Year	(26,880,048)	136,507,695	157,501,503	173,203,805	275,260,877
Prior Year Adjustment/Accounting Change	-	-	-	-	-
Increase (Decrease) in Inventories	(2,393,488)	(395,950)	1,673,819	978,267	(10,193,120)
Fund Balance (Deficit) at End of Year	\$ 84,987,873	\$ (26,880,048)	\$ 136,507,695	\$ 157,501,503	\$ 173,203,805

Source: City of Detroit, Comprehensive Annual Financial Reports for Fiscal Years ending June 30, 2001 through 2010

See accompanying independent auditors' report.

						Fiscal Year				
2005		2004		2003		2002		2001		
\$	238,771,142	\$	249,372,955	\$	224,290,723	\$	235,867,542	\$	152,810,738	
	282,501,875		290,614,837		310,935,044		323,515,510		341,003,997	
	52,939,839		50,473,815		55,329,177		52,105,772		54,270,230	
	137,970,347		116,145,598		111,341,292		109,461,713		85,793,174	
	63,476,425		65,806,351		61,048,895		60,765,471		12,499,740	
	13,565,118		14,911,156		17,015,374		16,988,370		8,030,323	
	16,310,767		16,217,263		16,217,213		16,278,163		-	
	282,914,217		286,479,535		319,055,457		333,763,510		642,765,516	
	602,582		528,355		538,537		529,987		547,690	
	11,491,470		13,969,136		9,311,836		10,783,829		25,922,264	
	35,006,518		29,463,914		24,881,416		24,857,012		28,824,236	
	276,372,474		253,620,853		246,941,389		267,557,341		54,199,190	
	36,867,375		64,707,175		59,912,152		51,267,772		-	
	1,076,931		982,701		2,066,684		-		3,551,318	
	16,346,773		36,215,990		31,345,358		29,203,296		19,542,437	
	183,294,833		190,928,138		174,532,811		203,321,599		185,731,909	
	27,481,642		28,237,898		24,146,924		28,373,589		22,151,403	
	16,782,057		28,696,431		31,883,204		21,771,275		45,012,837	
	14,464,802		4,500,270		5,690,589		18,146,740		-	
	131,657,892		124,787,604		102,385,529		142,977,087		89,229,509	
	<u>1,839,895,079</u>		<u>1,866,659,975</u>		<u>1,828,869,604</u>		<u>1,947,535,578</u>		<u>1,771,886,511</u>	
	1,423,581,547		738,330,832		609,579,375		601,013,576		598,723,406	
	197,473,468		172,301,527		194,570,040		177,825,606		170,702,663	
	99,296,179		73,769,563		78,478,378		79,786,788		67,393,419	
	99,655,593		96,272,459		96,998,290		80,957,396		137,219,929	
	77,259,012		95,579,152		85,853,927		85,515,642		49,543,144	
	27,863,296		21,150,047		18,534,603		16,747,351		96,392,546	
	301,784,627		232,268,536		252,006,036		292,579,453		275,368,548	
	46,272,594		49,857,971		44,217,657		21,087,215		15,786,893	
	495,348,897		387,713,093		399,417,971		354,174,726		250,911,948	
	73,544,336		81,450,470		86,770,163		79,568,844		-	
	51,462,415		53,075,658		43,761,038		42,442,667		-	
	44,262,505		5,591,428		1,652,845		2,571,220		-	
	282,545,708		162,593,794		69,605,285		117,575,095		-	
	<u>3,220,350,177</u>		<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>(1,380,455,098)</u>		<u>(303,294,555)</u>		<u>(152,576,004)</u>		<u>(4,310,001)</u>		<u>109,844,015</u>	
\$	141,075,789	\$	162,683,542	\$	126,941,018	\$	170,584,496	\$	113,782,958	
	1,170,607,421		-		-		-		-	
	-		-		-		-		-	
	7,789,000		-		-		50,326,480		-	
	315,351		24,541,150		113,530,000		105,323,533		-	
	353,830,000		347,398,138		5,161,762		-		-	
	13,014,675		18,570,675		-		1,628,598		-	
	<u>1,686,632,236</u>		<u>553,193,505</u>		<u>245,632,780</u>		<u>327,863,107</u>		<u>113,782,958</u>	
	(230,661,095)		(239,791,578)		(206,216,826)		(256,153,747)		(239,882,675)	
	-		-		-		-		-	
	(161,800,000)		(120,725,000)		-		(49,428,274)		-	
	(10,865,420)		(2,847,682)		-		-		-	
	<u>403,326,515</u>		<u>363,364,260</u>		<u>206,216,826</u>		<u>305,582,021</u>		<u>239,882,675</u>	
	<u>1,283,305,721</u>		<u>189,829,245</u>		<u>39,415,954</u>		<u>22,281,086</u>		<u>(126,099,717)</u>	
	-		38,250,000		93,750,000		-		-	
	(97,149,377)		(75,215,310)		(19,410,050)		17,971,085		(16,255,702)	
	387,865,195		456,395,275		489,280,075		465,094,880		287,586,219	
	-		-		-		-		40,952,333	
	(15,454,941)		6,685,230		(13,474,750)		6,214,110		(2,201,010)	
\$	<u>275,260,877</u>	\$	<u>387,865,195</u>	\$	<u>456,395,275</u>	\$	<u>489,280,075</u>	\$	<u>310,081,840</u>	

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

Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property
2010	\$ 4,896,647	\$ 2,055,557	\$ 643,296
2009	5,291,055	2,145,967	651,786
2008	5,660,265	2,166,189	645,372
2007	5,615,395	1,899,540	737,484
2006	5,240,724	1,649,966	753,566
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	4,197,588	1,427,414	601,064
2001	3,925,333	1,456,853	601,181

Source: City of Detroit, Finance Department - Assessor's Office - Assessment and Tax
Roll Certificate and Warrant for City of Detroit

Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate (Per Thousand of Taxable Value)
\$ 1,516,382	\$ 9,111,882	28.87
1,637,112	9,725,920	27.43
1,609,442	10,081,268	28.02
1,646,722	9,899,141	31.34
1,654,018	9,298,274	30.02
1,623,886	8,872,251	30.44
1,544,257	8,446,222	30.88
1,373,222	7,844,210	30.88
1,749,983	7,639,805	31.90
1,656,438	7,204,381	31.68

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
2010	19.9520	8.9157	28.8677
2009	19.9520	7.4779	27.4299
2008	19.9520	8.0683	28.0203
2007	22.9448	8.3951	31.3399
2006	22.9448	7.0753	30.0201
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

City of Detroit's Budget Department
 (Red Books for 2001 through 2010)

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	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

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

Taxpayer	2010		
	Taxable Assessed Value (Note 1)	Rank	Percentage of Total City Taxable Assessed Value (Note 2)
Chrysler LLC	\$ 613,047,418	1	6.73 %
Detroit Edison	318,059,586	2	3.49
MGM Grand Detroit LLC	237,995,142	3	2.61
Riverfront Holdings Inc.	143,123,806	4	1.57
Marathon Ashland Pet. LLC/Marathon Oil	124,961,854	5	1.37
General Motors LLC	136,326,259	6	1.50
Michigan Consolidated Gas Co.	86,562,965	7	0.95
Greektown Casino LLC	85,691,703	8	0.94
Detroit Entertainment LLC	77,299,279	9	0.85
American Axle & Manufacturing Inc.	60,300,702	10	0.66

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, 2001 Comprehensive Annual Financial Report (Exhibit AA-14)

2001 (Note 3)

Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
\$ 810,834,340	1	11.26 %
348,893,487	2	4.84
60,190,110	6	0.84
249,612,409	3	3.47
N/A	N/A	N/A
N/A	N/A	N/A
179,268,434	4	2.49
37,514,014	8	0.52
63,038,044	5	0.87
29,138,078	9	0.40

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
2010	\$ 261,380	\$ 224,235	85.79 %
2009	269,556	234,049	86.83
2008	271,516	251,530	92.64
2007	268,630	255,353	95.06
2006	263,532	244,189	92.66
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

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

Total Collections to Date

Collections in Subsequent Years	Amount	Percentage of Levy
\$ -	\$ 224,235	85.79 %
-	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

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
2010	\$ 1,007,648	\$ 2,655	\$ -	\$ 1,479,735
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	-

Note 1 Source: City of Detroit - Comprehensive Annual
Financial Report for fiscal year ended June 30, 2001 through 2010
Note 2 Source: Per capita calculations exclude Governmental
and Business-type Activities Revenue Bonds

Business-type Activities (Note 1)

Sewage Disposal Revenue Bonds	Water Revenue Bonds	Automobile Parking Revenue Bonds	Total Primary Government	Per Capita (Note 2)
\$ 2,959,126	\$ 2,252,698	\$ 40,931	\$ 7,742,793	8,139.43
2,970,697	2,285,839	42,616	7,730,037	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

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	
2010	\$ 1,007,648	\$ 2,655	\$	1,010,303
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

Note 1 Source: City of Detroit - Comprehensive Annual Financial Report for fiscal year ended June 30, 2001 through 2010

Note 2 Source: City of Detroit's Budget Department (Red Books for 2001 through 2010)

General Bonded Debt (Note 1)

	Taxable Value (Note 2)	Percentage of Actual Taxable Value of Property (Note 2)	Per Capita (Note 2)
\$	9,725,919	10.39 %	\$ 1,062.06
	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	1,010.86
	8,335,790	11.73	1,027.91
	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

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Schedule 11
City of Detroit, Michigan
Direct and Overlapping Governmental Activities Debt
As of June 30, 2010
(Dollars in Thousands)
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percent Applicable to City of Detroit</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Detroit Public Schools	\$ 1,690,366	100.00 %	\$ 1,690,366
Wayne County	190,293	19.07	36,289
Wayne County Community College	20,130	29.90	6,019
Subtotal, overlapping debt			<u>1,732,674</u>
City of Detroit direct debt	1,010,303	100.00	1,010,303
Total Direct and Overlapping Debt			<u><u>\$ 2,742,977</u></u>

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				
	2010	2009	2008	2007	2006
Debt limit	\$ 1,218,793	\$ 1,388,266	\$ 1,505,243	\$ 1,527,708	\$ 1,443,061
Total net debt applicable to limit	<u>919,650</u>	<u>820,400</u>	<u>820,400</u>	<u>758,805</u>	<u>815,002</u>
Legal debt margin	<u>\$ 299,143</u>	<u>\$ 567,866</u>	<u>\$ 684,843</u>	<u>\$ 768,903</u>	<u>\$ 628,059</u>
Total net debt applicable to the limit as a percentage of debt limit	75.46%	59.10%	54.50%	49.67%	56.48%

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

Fiscal Year				
2005	2004	2003	2002	2001
\$ 1,390,749	\$ 1,320,970	\$ 1,315,574	\$ 1,323,853	\$ 1,209,734
<u>728,229</u>	<u>738,889</u>	<u>579,119</u>	<u>572,817</u>	<u>499,641</u>
<u>\$ 662,520</u>	<u>\$ 582,081</u>	<u>\$ 736,455</u>	<u>\$ 751,036</u>	<u>\$ 710,093</u>
52.36%	55.94%	44.02%	43.27%	41.30%

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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) Available Revenues	Less: Operating Expenses	Net Available Revenue	Debt (b) Service	Debt Coverage	
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	
2010	365,537	194,716	170,821	207,170	0.82	

Water Revenue Bonds						
Fiscal Year	Total (a) Available Revenues	Less: Operating Expenses	Net Available Revenue	Debt (b) Service	Debt Coverage	
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	
2010	285,470	138,458	147,012	153,458	0.96	

Automobile Parking Revenue Bonds						
Fiscal Year	Total (a) Available Revenues	Less: Operating Expenses	Net Available Revenue	Debt (b) Service	Debt Coverage	
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	
2010	15,038	12,804	2,234	4,594	0.49	

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

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

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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)
2010	951,270	\$ 15,042	32.5	95,494	18.6 %
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

* Information not available for years 2001 - 2004

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

Note 2 Source: Detroit Public Schools

Note 3 Source: Bureau of Labor Statistics

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

Employer	2010 (Note 1)		
	Employees	Rank	Percentage of Total City Employment (Note 3)
Detroit Public Schools	13,750	1	1.6 %
City of Detroit	13,187	2	1.5
Detroit Medical Center	10,499	3	1.2
Henry Ford Health System	8,502	4	1.0
U.S. government	6,335	5	0.7
Wayne State University	5,019	6	0.6
State of Michigan	4,910	7	0.6
General Motors Co.	4,652	8	0.5
Chrysler Group L.L.C.	4,517	9	0.5
U.S. Postal Service	4,106	10	0.5

Note 1 Source: Crain's Book of Lists, 2010 Edition (City of Detroit Based)

Note 2 Source: City of Detroit 2002-2003 Executive Budget Summary(Page D-3)

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

2001 (Note 2)

Employees	Rank
20,218	1
17,605	2
13,819	4
3,796	13
4,612	12
5,690	9
7,397	6
7,574	5
14,282	3
7,239	7

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

FTE Employees as of June 30										
FUNCTION/PROGRAM	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Governmental Agencies										
Executive Agencies										
Arts	-	-	-	-	1	1	1	1	1	1
Budget	20	23	22	23	23	28	28	31	29	33
Building and Safety	258	276	296	296	299	294	302	302	285	319
Civic Center	-	33	35	35	59	70	89	85	84	88
Consumer Affairs	-	-	-	-	14	13	17	18	20	21
Cultural Affairs	-	-	-	-	-	10	14	5	5	5
Public Works	649	737	750	748	873	1,226	1,314	1,420	1,290	1,524
Workforce Development	113	99	91	98	90	79	81	83	82	88
Environmental	10	51	53	51	21	23	29	27	10	12
Finance	285	310	327	310	298	402	506	525	498	486
Fire-Civilian	7	18	6	-	442	442	440	426	413	406
Fire-Uniform	1,348	1,388	1,438	1,479	1,069	1,281	1,286	1,368	1,374	1,386
General Services	481	528	676	670	-	-	-	-	-	-
Health & Wellness Promotion	262	317	348	335	434	505	568	579	552	562
Historical	-	-	-	-	6	24	39	41	33	39
Human Resources	171	168	175	179	174	232	266	285	361	327
Human Rights	-	12	13	7	7	19	25	21	25	22
Human Services	95	91	117	122	128	145	142	149	138	144
Information Technology Services	65	92	99	105	94	112	124	139	133	159
Law	113	122	127	134	140	180	195	191	206	190
Mayor's Office	63	74	108	107	59	97	100	96	86	87
Planning and Development	160	173	172	181	197	239	255	253	265	264
Police-Civilian	317	309	387	373	427	445	514	542	567	552
Police-Uniform	2,971	3,379	3,034	3,126	3,162	3,658	3,867	3,981	4,243	4,330
Communication and Creative Services	-	-	-	-	-	21	17	17	18	19
Public Lighting	160	206	225	217	228	254	281	299	279	312
Recreation	508	385	471	464	399	465	638	728	513	665
Senior Citizens	-	3	-	-	5	8	9	11	9	8
Youth	-	-	-	1	-	-	-	-	4	5
Zoological Institute	-	-	1	-	86	194	213	223	151	244
Administrative Hearings	9	6	6	5	5	4	-	-	-	-
Homeland Security	1	5	5	5	4	6	-	-	-	-
Housing	3	3	3	3	3	3	179	246	314	333
Legislative Agencies										
Auditor General	17	18	21	18	18	16	26	19	10	18
Board of Zoning Appeals	12	12	13	15	11	13	15	15	7	13
City Council	74	97	90	91	92	104	108	106	98	96
Ombudsman	11	11	10	7	6	9	11	13	10	10
City Clerk	22	23	25	25	27	30	31	27	28	27
Elections	55	102	68	60	65	74	75	83	70	68
Judiciary Agency										
36th District Court	33	33	32	31	31	31	31	31	31	30
Other Agencies										
Non-Departmental	21	33	44	37	41	44	29	26	28	24
Library	450	466	460	457	457	463	457	477	362	518
Total General Governmental Agencies	8,764	9,603	9,748	9,815	9,495	11,264	12,322	12,889	12,632	13,435
Enterprise Agencies										
Airport	9	10	11	11	13	22	26	39	33	46
Department of Transportation	1,351	1,514	1,512	1,562	1,530	1,588	1,748	1,779	1,750	1,731
Municipal Parking	97	104	109	114	108	108	118	123	119	116
Water and Sewage Disposal	2,081	2,189	2,260	2,224	2,311	2,592	2,735	2,942	2,946	3,018
Total Enterprise Agencies	3,538	3,817	3,892	3,911	3,962	4,310	4,627	4,883	4,848	4,911
Grand Total	12,302	13,420	13,640	13,726	13,457	15,574	16,949	17,772	17,480	18,346

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			
	2010	2009	2008	2007
Public Protection:				
Police				
Number of Stations (Including 19 Mini-Stations)	30	19	8	12
Number of Employees (Uniform)	2,928	2,971	3,005	3,126
Number of Traffic Violations Issued	206,222	188,780	13,033	N/A
Number of Traffic Ordinance Violations Issued	46,359	46,007	200,585	181,616
Number of Arrests (Traffic + Others)	30,878	30,743	58,115	34,747
Fire				
Number of Fire Stations	45	49	46	48
Number of Employees	1,535	1,480	1,535	1,479
Number of Fire Fighting Vehicles	93	93	90	212
Number of Fire Hydrants	28,000	28,000	28,000	38,000
Responses to Fire Alarms (Including False Alarms)	19,224	19,530	23,174	33,399
Responses to Special Calls and Emergency Medical Service Calls	144,101	143,694	142,573	142,370
Estimated Fire Loss of Property	\$ 467,135,907	\$ 549,374,611	\$ 397,605,618	\$ 1,190,738,018
Public Works				
Number of Employees	729	730	753	748
Miles of Streets (Paved + Unpaved)	2,571	2,570	2,570	2,570
Miles of Alleys (Paved + Unpaved)	1,264	1,264	1,264	1,264
Miles of Side walks	4,243	4,243	4,243	4,243
Public Lighting				
Number of Street Lights	88,000	88,000	87,500	87,500
Number of Revenue Customers	116	190	235	185
Size of Generating Station in Kilowatts	184,000	184,000	177,000	177,000
Kilowatt Hours Generated (Net)	121,769,000	134,189,000	136,207,800	94,000,300
Kilowatt Hours Delivered to System	576,292,000	449,929,000	608,442,800	631,299,700
Steam Heating Plants - Steam Produced in Pounds	54,729,562	79,773,679	104,544,579	85,000,000
Recreation and Culture				
Number of Parks, Ornamental Areas, Playfields and Playgrounds Owned (5108 Acres)	354	354	354	387
Number of Summer Camps (199 Acres)	-	-	-	-
Number of Recreation Centers, Playgrounds and School Facilities Operated	13	13	13	14
Number of Skating Rinks	2	2	1	2
Number of Swimming Pools	10	2	2	8
Number of Municipal Beaches	1	1	1	1
Total Playing Permits Issued at 6 Municipal Golf Courses	104,652	127,915	132,405	202,403
Library				
Number of Libraries (Including Two Bookmobiles)	27	27	27	27
Estimated Number of Books	8,304,694	8,314,427	7,903,837	7,903,837
Circulation	2,446,842	2,308,336	1,199,736	1,199,736
Water System				
Number of Customer Accounts	268,500	268,500	275,900	264,173
Average Pumpage - Millions of Gallons per Day	515.3	557.1	601.7	575.2
Greatest Pumpage for a Single Day During Fiscal Year - Gallons	793,800,000	963,500,000	1,097,900,000	1,031,300,000
Greatest Pumpage for a Single Hour During Fiscal Year - Gallons	37,750,000	42,583,000	51,992,000	49,125,000
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	\$ 13.73	\$ 13.06	\$ 12.92	\$ 12.02
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	2,913	2,913	2,913	2,913
Miles of Lateral Sewers	2,125	2,125	2,125	-
Transportation				
Number of Employees	1,524	1,524	1,562	1,562
Number of Revenue Vehicles	445	445	541	541
Seating Capacity	17,570	17,355	21,916	21,916
Number of Route Miles	933	1,291	1,291	1,291
Number of Passengers (Estimated)	36,555,845	38,612,890	35,204,863	35,204,863
Regular Fare	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50
Tickets	N/A	N/A	N/A	5 for \$7.50
Transfers	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25
Weekly GO Pass	\$ 14.40	\$ 14.40	\$ 14.40	N/A
Health				
Number of Employees	308	339	338	335
Birth Rate per Thousand	15.1	12.9	13.3	14.6
Death Rate per Thousand	10.60	10.40	8.97	10.50
Infant Mortality Rate per Thousand Live Births	14.9	14.9	14.9	15.0

Source: City of Detroit, Michigan, Various Departments

Fiscal Year						
2006	2005	2004	2003	2002	2001	
24	28	30	35	52	52	
3,162	3,658	3,818	3,965	4,243	4,156	
625,711	736,131	714,517	761,436	770,198	623,399	
38,352	45,121	47,782	124,087	51,861	179,484	
-	79,852	64,539	86,873	102,382	99,764	
48	49	49	47	49	49	
1,511	1,723	1,726	1,798	1,787	1,748	
256	238	238	225	200	-	
38,000	38,000	38,000	33,000	36,208	38,000	
33,992	34,160	34,160	35,690	24,138	22,547	
132,432	151,285	151,285	124,122	128,006	126,898	
\$ 96,771,056	\$ 1,921,197,050	\$ 1,921,197,050	\$ 81,320,274	\$ 127,250,563	\$ 134,838,326	
873	1,124	1,189	1,203	1,290	1,351	
2,784	2,784	2,784	2,785	2,788	2,788	
1,284	1,284	1,264	1,268	1,277	1,290	
4,265	4,265	4,243	4,247	4,250	4,252	
88,000	87,500	87,000	87,000	87,000	87,000	
201	179	1,302	1,302	1,058	1,578	
184,000	184,000	184,000	185,000	180,000	184,000	
256,395,400	308,391,000	253,271,700	220,476,700	384,473,900	390,922,000	
634,026,280	567,529,080	541,722,900	542,839,900	620,619,500	620,704,800	
62,306,014	71,852,887	75,226,300	67,976,300	70,000,000	70,000,000	
391	391	391	391	391	391	
1	1	1	1	1	1	
30	30	30	110	128	123	
1	1	1	3	4	4	
17	17	18	18	21	27	
1	1	1	1	1	1	
269,870	269,870	269,870	269,870	209,667	216,459	
27	27	26	23	24	25	
3,497,342	3,497,342	3,343,509	3,262,776	3,164,986	3,024,718	
889,315	981,689	996,316	1,151,952	972,534	1,041,468	
264,259	281,104	262,415	260,639	270,751	270,685	
599.6	640.0	606.0	654.0	661.0	615.0	
1,049,800,000	1,060,500,000	1,082,200,000	1,194,500,000	1,219,600,000	1,043,700,000	
50,333,000	52,208,000	48,667,000	53,750,000	57,600,000	49,000,000	
1,780	1,670	1,680	1,700	1,600	1,600	
3,840	3,840	3,846	13,251	13,137	13,137	
\$ 11.87	\$ 11.49	\$ 11.00	\$ 10.00	\$ 9.00	\$ 8.00	
1	1	1	1	1	1	
12	12	12	14	14	14	
2913	3,383	2,913	2,899	2,864	2,200	
-	-	-	-	-	-	
1,530	1,605	1,757	1,803	1,750	1,538	
550	561	572	540	548	585	
22,278	22,065	23,887	23,452	23,680	25,387	
1,291	1,198	1,324	1,309	1,316	1,324	
37,083,344	36,000,000	38,000,000	39,756,458	41,000,000	44,000,000	
\$ 1.50	\$ 1.50	\$ 2.00	\$ 2.00	\$ 1.00	\$ 1.00	
\$ 5 for \$7.50	\$ 5 for \$6.50	\$ 5 for \$6.50	\$ 5 for \$6.50	\$ 5 for \$5.75	\$ 5 for \$5.75	
\$ 0.25	\$ 0.25	\$ -	\$ -	\$ -	\$ -	
N/A	N/A	N/A	N/A	N/A	N/A	
434	508	578	582	552	545	
14.3	14.8	15.0	16.0	17.0	17.0	
9.50	9.50	10.00	10.00	11.00	11.00	
15.5	16.3	17.0	14.0	15.0	15.0	

FILM PROJECTS



A crash course is filmed on Belle Isle. The City of Detroit Office of Special Events and Film assists film production and special events producers with the management and execution of their production. Films shot in Detroit not only raise Detroit's profile, but have developed into a burgeoning new industry that hires local residents for everything from acting parts, to technicians, to caterers, as well as providing increased business for restaurants and hotels.



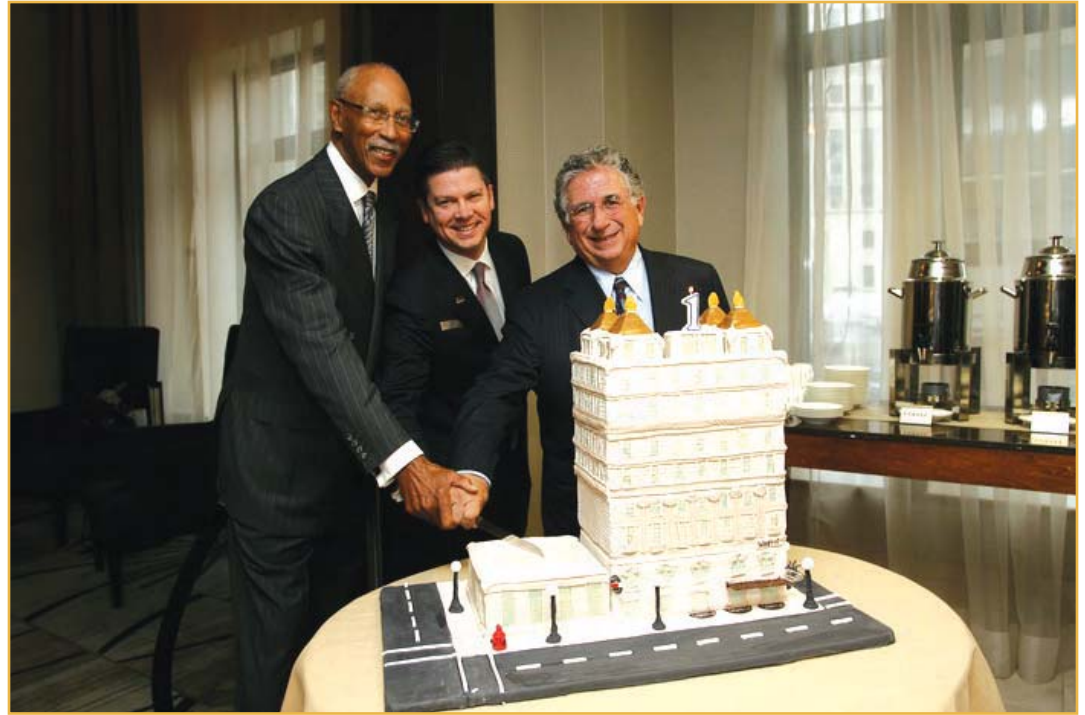
METRO YOUTH DAY



More than 33,000 youth filled the athletic field on Belle Isle at the 27th annual Metro Youth Day. The festive event included messages of promise and hope for the young people, as well as many fun activities and entertainment. In addition, many graduating seniors were thrilled to be awarded college scholarships.



BOOK CADILLAC HOTEL



Mayor Bing and hotel executives celebrate the 1st Anniversary of the grand re-opening of the luxurious Book Cadillac Hotel on Washington Boulevard in downtown Detroit.



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www.detroitmi.gov

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