CITY OF DETROIT, MICHIGAN

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2002

Kwame M. Kilpatrick
Mayor

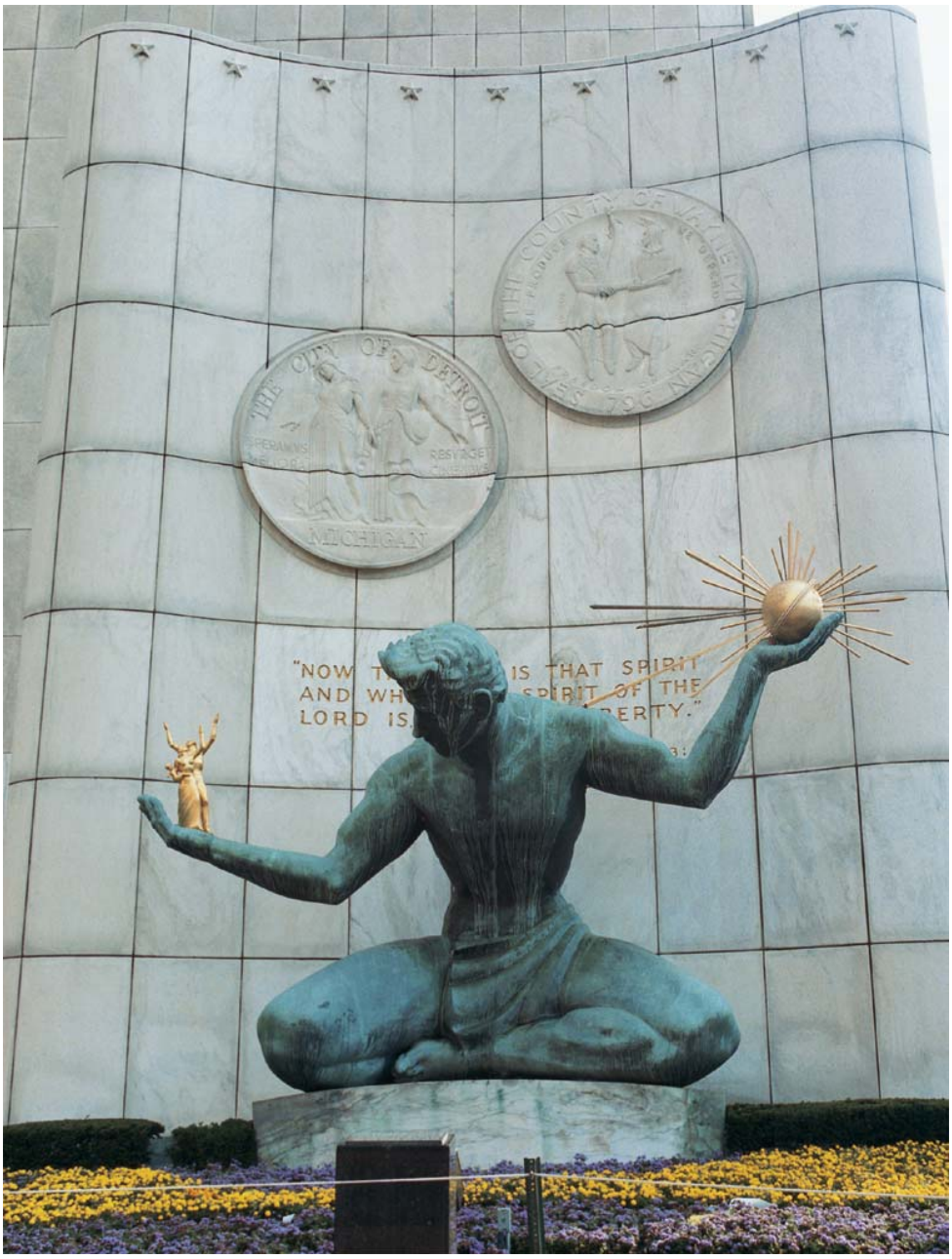
Sean K. Werdlow
Chief Financial Officer / Finance Director

The Detroit skyline shimmers at dusk just before the International Freedom Festival fireworks last June.

Photo courtesy of City of Detroit – Communications and Creative Services Department

City of Detroit, Michigan
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2002

Kwame M. Kilpatrick
Mayor



Prepared by the Finance Department

Sean K. Werdlow
Chief Financial Officer/Finance Director

"We hope for better things"

"It shall rise again from the ashes"

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

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City officials break ground on the Open Hand Community Development Center for Affordable Housing Project.

DETROIT'S URBAN AGENDA

The Kilpatrick Administration is creating a revitalized urban environment that will attract families and bring new business to our local and state economies. Detroit's Urban Agenda is intended to serve as a framework for improving the quality of life for all in urban communities. It focuses on homeland security, transportation, education, health care, social and family policies, land, construction and community improvement, and law enforcement. It features:

- Developing a 10-point action plan for homeland security to protect those who live, work and visit the city from future acts of terrorism. One of the first in the country, the Administration's homeland security plan has been lauded nationwide.

- Creating a strategy to provide local and regional transportation.

- Partnering with local institutions to address predatory lending practices.

Mayor Kilpatrick joins Cylenthia L. Miller, Director of the Employment and Training Department, at the City of Detroit's Youth Job and Training Fair.

- Providing ongoing funding for job training programs that offer basic skills training to help people find and keep good jobs.

- Ensuring affordable housing and livable communities by eliminating substandard housing, expanding homeownership opportunities, and encouraging renovations and restorations.

Photos courtesy of City of Detroit – Communications and Creative Services Department

Introductory

The Introductory Section contains:

Letter of Transmittal
Auditor General Letter
City of Detroit Organizational Chart
List of Principal Officials

CITY OF DETROIT
FINANCE DEPARTMENT

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December 30, 2002

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

We are pleased to present the City of Detroit's (the City) Comprehensive Annual Financial Report (CAFR) for fiscal year ended June 30, 2002, along with the Independent Auditors' Report. The CAFR is prepared by the City's Finance Department in accordance with the financial reporting principles and standards of the Governmental Accounting Standards Board (GASB).

Responsibility for the accuracy, completeness, and fairness of the financial statements, including all disclosures, rests with the City. Accordingly, we believe that the information, as presented, is accurate in all material respects. We also believe that the financial statement presentation fairly shows the financial position and the results of operations as measured by the financial activity of our various funds. Finally, the notes and disclosures included provide the reader with a more comprehensive understanding of the City's financial position.

To assist our citizens and other interested parties, this transmittal letter includes the following major sections:

I. Background and Overview
II. Detroit's Economic Condition and Outlook
III. Major Initiatives and Achievements
IV. The Reporting Entity and its Services
V. Structure of the CAFR
VI. Independent Audit
VII. Acknowledgements

I. BACKGROUND AND OVERVIEW

Detroit, Michigan's largest city, is located in the County of Wayne which is in the southeastern section the state's lower peninsula. The City covers approximately 140 square miles and accounts for nearly half of the population of Wayne County. Fiscal 2001-02 was a very challenging and exciting year. Mayor Kwame M. Kilpatrick became Detroit's 60th Mayor on January 1, 2002. Mayor Kilpatrick was immediately faced with a number of issues. One of these issues was a projected $75 million deficit for fiscal 2001-02. **We are pleased, however, to report that the City ended the year with a general fund undesignated fund balance of $1,555,594.**

The New Reporting Model – GASB 34

This is the first year that the City has prepared the CAFR using the new financial reporting requirements as prescribed by the *GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments (GASB 34).* Highlights of the new reporting requirements are as follows:

- Government-wide Reporting – In the past, the City presented a set of financial statements to report on our various individual funds using the modified accrual basis of accounting. GASB 34 requires that we present a statement of financial condition that encompasses both the governmental and business-type activities. This government-wide statement is similar to private sector financial statements. Further, GASB 34 requires governments to report on all economic resources (including infrastructure assets such as roadways, bridges, and public lighting facilities). This means that for the first time capital assets, long- term liabilities and depreciation expense is being recorded in the City's government-wide financial statements.

- Focus on "Major" Funds – Previously, state and local governments reported on groups of funds. GASB 34 requires that the City report separately on "major" funds and aggregate the remaining funds.

- Changes in Budgetary Reporting – Governments used to typically report actual expenditures as compared to the final budget (which was frequently revised during the year). GASB 34 requires the City to report the original budget and final revised budget.

- Required Narrative Analysis – In the past, governments would typically include explanations for changes in financial condition in a transmittal letter which often accompanied the financial reports. The form and content of the transmittal letter varied considerably among governments. GASB 34 establishes explicit requirements for discussing the financial statements. This required narrative of the financial statements is referred to as *Management, Discussion & Analysis (MD&A).* The information contained in the MD&A cannot be duplicated in this transmittal letter. As a result, the transmittal letter now focuses on other financial and economic information concerning the City of Detroit. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

II. DETROIT'S ECONOMIC CONDITION AND OUTLOOK

According to the U.S. Department of Commerce's 2000 National Data Book, the City of Detroit is the nation's tenth largest city, and the center of the nation's eight largest metropolitan statistical area (MSA). The City is internationally known for automobile manufacturing and trade. Detroit is also an international waterway, which is linked via the St. Lawrence Seaway to seaports around the world.

From 1990 to 2000, the population of the State of Michigan increased from 9.3 million to 9.9 million or 6.9%. The population of the Detroit MSA increased from 5.2 million to 5.4 million, or 5.2%. However, the City's population declined from 1 million in 1990 to approximately 951,000 in 2000, a decrease of approximately 76,700 or 7.5%.

The National Economy

The U.S. economy fell into a recession, ending a record ten-year expansion. It is forecasted, however, that the national economy will grow at a rate of 3% during 2003. Researchers at the University of Michigan forecast an upward trend in demand growth as the result of the following:

- Sustained low interest rates.
- The impending step-up in federal spending, especially for defense and homeland security.
- Low inventory stocks.
- Consistent high levels of real income and employment.

Michigan And The Local Economy

In Michigan, the unemployment rated dropped to 5.6 percent –significantly placing the state's rate below the nation's 5.7 percent, for the first time in two years. The state's lower unemployment rate indicates a more diverse work force, which is not as dependent on heavy manufacturing and therefore not subject to the national mood swings. In spite of the events of September 11, 2001, through sales incentives, the automotive industry contributed to the Michigan economy.

A very interesting situation has developed during this most recent economic downturn. According to the Associated Press, after decades of losing jobs and people, some cities have gotten a mild reprieve during the latest downturn, while suburbs have borne the brunt of the recession. Manufacturing job losses have been heaviest in the suburbs. In August 2002, 4,297 fewer city residents were working than the year before compared to the 21,608 fewer outside the city. This trend has repeated in other large municipalities such as Chicago and Philadelphia.

Cities economies are now more diverse. Also, much of the nation's manufacturing has shifted overseas, so the effects of mass layoffs are not felt as harshly in the United States. The facilities that remain in the United States are smaller and typically are spread across suburban communities rather than in large urban cities.

III. MAJOR INITIATIVES AND ACHIEVEMENTS

While the State of Michigan and several other local governmental entities have or are expected to end their fiscal years with substantial fund deficits, the City of Detroit is very excited to report a positive general fund undesignated fund balance. This is a major accomplishment, not only due to the $26.1 million deficit that was reported in the prior year, but also the fact that a $75 million deficit was originally projected for the current year. Upon taking office on January 1, 2002, Mayor Kilpatrick immediately instituted aggressive budget cost cutting and revenue enhancement strategies. This was accomplished without massive employee layoffs or other drastic measures to reduce the workforce.

The City fully acknowledges that there is much work to be done. We plan to address these issues in fiscal 2002-03 on several fronts including:

- Implementing a citywide operational re-engineering project to reduce costs and improve the quality of services.

- Reorganizing the finance function in every City department and to consolidate fiscal

activities, where necessary.

- Aggressively pursuing revenue collection efforts and where possible, centralize this function under the Finance and Law Departments.

In addition, other major fiscal, operational, and economic development initiatives and achievements during the year included:

Fiscal

- Issuance of Large Bond Transactions – Executed two bond transactions totaling more than $95 million for capital improvements.

- Credit Rating – Improved credit ratings from Moody's and Fitch's. The improved ratings will result in the City issuing bonds at lower costs to the taxpayers.

- Tax Amnesty Program – Implemented a successful tax amnesty program that generated an additional $20 million in revenues.

- Management Information Systems Strategic Plan – Developed a comprehensive technology plan to improve management information systems in the areas of reporting and control, cost and project reporting, inventory control, fixed asset management, and human resource management. The City began implementation of this strategic plan in fiscal 2002-03. It is expected to be completed in fiscal 2003-04.

- Federal and State Grants – Obtained $329 million in new appropriations and revenue protections from the Michigan Legislature.

- Settlement of Outstanding Cable Rate Dispute – Negotiated a multi-million dollar settlement with Comcast Communications to settle an outstanding cable rate dispute.

Operational

- Dangerous Building Demolition Program – Consolidated the building demolition program under the Building & Safety Engineering Department.

- Abandoned Vehicle Blitz – Tagged over 33,000 vehicles and towed more than 17,000 vehicles during the period of January 1, 2002 through July 31, 2002.

- Motor City Makeover – Launched the Motor City Makeover in March 2002, which resulted in more than 11,000 tons of debris collected, 1,300 abandoned vehicles removed from the streets, and more than 2,100 abandoned house torn down.

- Angel's Night – Engaged an estimated 40,000 "Angels Night" volunteers from October 29 to October 31, 2002, for a 30% reduction in fires from the previous year (54 fires in 2002 versus 77 fires in 2001).

- Mayor's Time – Implemented the Mayor's Time Initiative, an after school campaign, which aims to increase the enrollment of Detroit's school-age children in after school programs from 20% to 50%. More than 15,000 parents and children participated at the first Mayor's Time after school fair.

Economic Development

- Economic Development Consolidation – Created an economic development organization that includes various City departments and agencies, including the Human Rights Department, Planning and Development Department, Department of Environmental Affairs, the Neighborhood Commercial Revitalization, Housing Commission, Detroit Economic Growth Corporation and the Greater Downtown Partnership.

- New Building Construction – Oversaw the construction and ground breaking of commercial and residential construction representing more than $726 million in investment in the City.

- Brownfield Redevelopment Projects – Obtain approval of eight brownfield redevelopment projects.

- Permanent Sites for Casinos – Received agreement with Detroit's three casino operators for the development of permanent casinos. The deal is valued at nearly $2 billion over the next 30 years and includes a fund to collect $400 to $600 million for recreation centers and park improvements, a $40 million minority business development fund, and more than $100 million in payments to the City within two years.

Our View Of The Future

Financial position is one of the key indicators of an organization's strength. While the financial statements are an objective measure of the strength of the City, there are other factors, which taken together, provides the framework for our financial view of the City. Mayor Kwame M. Kilpatrick's vision for Detroit is: *"A City that is clean, safe, progressive, and prosperous for residents, business owners, and visitors. A Detroit that boasts vibrant neighborhoods and commercial areas. A Detroit that provides good jobs and that is the model for urban areas in the nation"* (from the City's 2002 Annual Report).

To this end, Mayor Kilpatrick must draw upon all key stakeholders within city government. The City Council, labor unions, and municipal employees must work with the City's administration to improve operations and provide efficient and effective customer service. Local private sector corporations, foundations, community and religious groups, and educational institutions must also play an active role.

The Mayor and citizens of Detroit fully understand that change is necessary for the City to survive and prosper. It is in this backdrop of collaboration and cooperation that a new vision can emerge to shape the City into a place where families can raise their children in a clean, safe, and prosperous environment.

IV. THE REPORTING ENTITY AND ITS SERVICES

The City of Detroit was incorporated in 1806, and is a home rule city under state law. The organizational structure of the City is as follows:

- **The Executive Branch** - The executive branch is headed by the Mayor. The Mayor is elected by the citizens of Detroit for 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 of implementation of most programs, services, activities, and day-to-day operations are delegated by the Charter to the executive branch.

- **The Legislative Branch** – The legislative branch is comprised of the City Council and its agencies. The nine members of City Council are also elected for a four-year term. Many material decisions, including budget appropriations, procurement of goods and services, and certain polices 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.

The City's Services

The City provides the following services: public protection, public works, cultural and recreational, civic center, health, physical and economic development, public lighting, transportation, water supply and sewage disposal, human services (including housing), airport and parking.

V. STRUCTURE OF THE CAFR

The City's CAFR is divided into the following three sections:

- **The Introductory Section** – This letter of transmittal encompasses a major portion of the Introductory Section. In this section, we include information about the City's organizational structure, the current and near-term economy outlook, and our major accomplishments and initiatives.

- **The Financial Section** – This section is prepared in accordance accounting principles generally accepted in the United States of America. This includes the MD&A, the basic financial statements and notes, and any additional supplementary information. The basic financial statements include the government-wide financial statements that present an overview of the City's entire financial operations in addition to the fund financial statements. The fund financial statements present the financial information of the City's major fund (the general fund), non-major governmental, fiduciary funds, and component units. Also included in this section is the Independent Auditors' Report on the financial statements and schedules.

- **The Statistical Section** – This section contains tables and schedules of historical financial data, debt statistics, and miscellaneous social and economic data that are often of interest to various readers.

VI. INDEPENDENT AUDIT

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 ten-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 fiscal year 1980, the Mayor and City Council agreed to have an annual financial statement audit by an independent auditor. The independent auditor's report on the financial statements is included in the financial section of this report. In addition, the City of Detroit must comply with the requirements of the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and non-profit organizations.*

VII. ACKNOWLEDGEMENTS

The preparation of this CAFR, particularly under the new GASB 34 reporting requirements, could not have been accomplished without the dedicated services 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. Our thanks also extend to the Mayor's Office, members of City Council and the Auditor General for their interest and support in planning and conducting the financial affairs of the City.

Respectfully submitted,

SEAN K. WERDLOW
Chief Financial Officer/Finance Director

JOSEPH L. HARRIS, CPA, CIA
AUDITOR GENERAL
CITY OF DETROIT

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MUNICIPAL CENTER
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AUDITOR GENERAL'S LETTER

December 30, 2002

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

The basic financial statements included in the City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2002, were audited by KPMG LLP, and Alan C. Young and Associates, P.C., under contract with the City of Detroit, Auditor General. The audit of these financial statements and the resulting Auditors' opinion satisfies the requirements of the City Charter under Section 4-205.

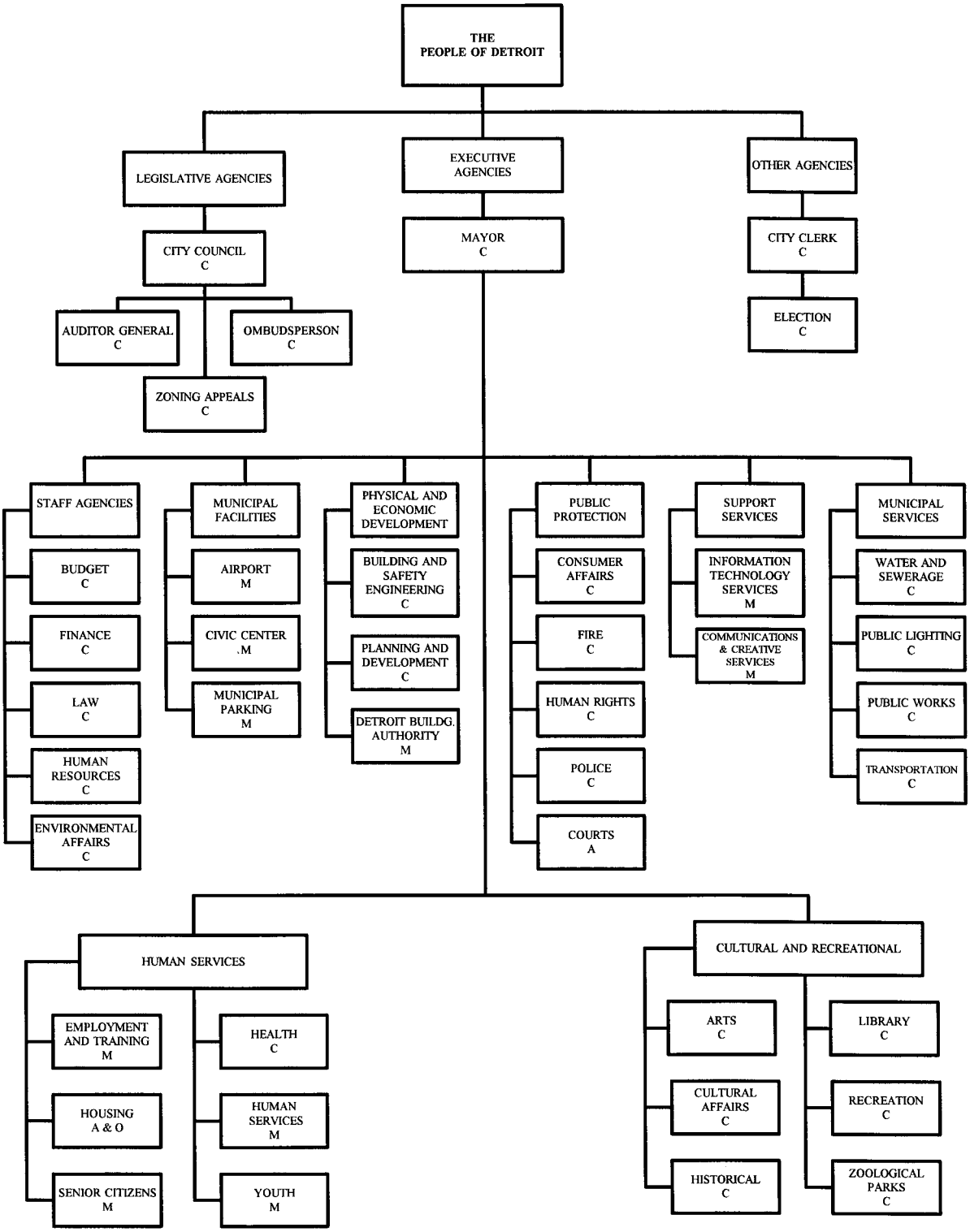
Based on the results of their audit, KPMG LLP has issued their report on the aforementioned financial statements, dated December 30, 2002.

Respectfully,

Joseph L. Harris
Auditor General

CITY OF DETROIT ORGANIZATION CHART

June 30, 2002



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

PRINCIPAL OFFICIALS
Of The
CITY OF DETROIT, MICHIGAN

Executive
(Elected)

Mayor
KWAME M. KILPATRICK

Legislative
(Elected)
City Council

MARYANN MAHAFFEY
President

KENNETH V. COCKREL, JR.
President Pro Tem

ALONZO W. BATES

SHEILA M. COCKREL

KAY EVERETT

PRINCIPAL OFFICIALS
Of The
CITY OF DETROIT, MICHIGAN

SHARON McPHAIL

BARBARA-ROSE COLLINS

ALBERTA TINSLEY-TALABI

City Clerk

JACKIE L. CURRIE

Other Executive Officials

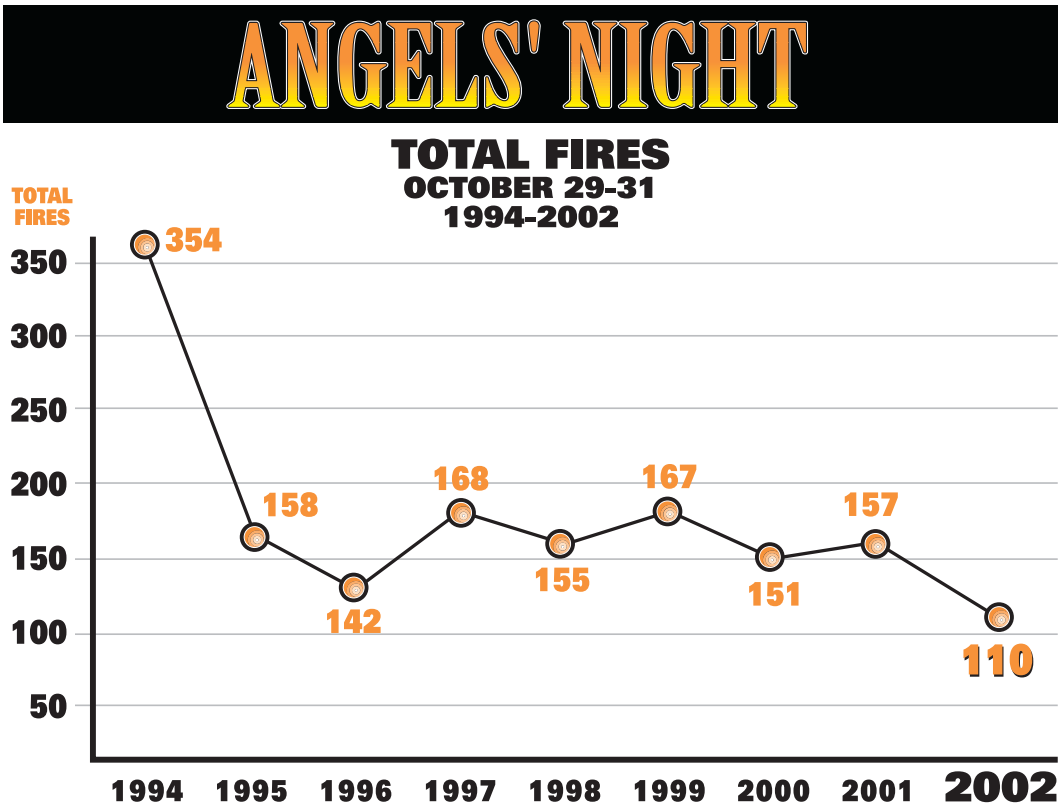
(Appointed)

SEAN K. WERDLOW
Chief Financial Officer/Finance Director

MATTHEW A. GRADY III
Deputy Finance Director

RICARDO A. KISNER, CPA, MBA
Chief Accounting Officer

Mayor Kwame M. Kilpatrick is joined by Police Chief Jerry A. Oliver, Fire Commissioner Tyrone C. Scott, Fire and Police Department personnel, community leaders, volunteers, and key staff members to announce the results of the safest Angels' Night in Detroit history.



The graph tells the story: Angels' Night 2002 was a huge success.

Photos courtesy of City of Detroit – Communications and Creative Services Department

Financial

The Financial Section contains:

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

Suite 1200
150 West Jefferson
Detroit, MI 48226-4429

Independent Auditors' Report

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

We have audited the accompanying basic 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, 2002, 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's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the School District of the City of Detroit, Downtown Development Authority, Economic Development Corporation, Museum of African American History, Detroit Transportation Corporation, and the Greater Detroit Resource Recovery Authority, which represent 97.7% and 96.7%, respectively, of the assets and expenses of the discretely presented component units. We also did not audit the financial statements of the Retirement Systems, which represent 91.3% and 36.1%, respectively, of the assets and expenses/expenditures/deductions of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for the aggregate discretely presented component units and the aggregate remaining fund information, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Detroit, Michigan as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof and budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP. KPMG LLP, a U.S. limited liability partnership, is
a member of KPMG International, a Swiss association.

In accordance with *Government Auditing Standards,* we have also issued a report dated December 30, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As described in note 1(c) to the basic financial statements, in fiscal year 2002 the City adopted Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments;* GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus;* GASB Statement No. 38, *Certain Financial Statement Note Disclosures;* and Interpretation No. 6 of the GASB, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.*

The Management's Discussion and Analysis on pages 3 through 17 and the pension information on page 86 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 combining and individual nonmajor funds financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

December 30, 2002

This section of the City of Detroit's (the City) Comprehensive Annual Financial Report (CAFR) presents our discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2002. We encourage readers to consider the information presented here in conjunction with the additional information that is furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at June 30, 2002 by $2 billion (net assets). Of this amount, $259.7 million (unrestricted net assets) may be used to meet the government's ongoing obligations to its citizens and creditors.

- The City's total net assets increased by $117.7 million during the fiscal year.

- As of June 30, 2002, the City's governmental funds reported combined ending fund balances of $489.3 million. The unreserved fund balance was $112.0 million.

- At the close of the fiscal year, the City is reporting an unreserved general fund balance of $42.4 million.

- Per the Statement of Net Assets the City's total long-term liability was $3.96 billion as of June 30, 2002, with $3.74 billion related to bonds, notes, and other debt payable.

- While there has been an overall slowdown in the economy, the City's fund balance has remained fairly stable. Management will continue to monitor revenue streams and control expenditures.

The remaining parts of our discussion and analysis include the following sections:

I. An overview of the financial statements
II. General discussion of the financial statements
III. Government-wide financial analysis
IV. Financial analysis of the City's funds
V. Capital assets and debt administration
VI. Economic factors and next year's budget

I. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements consists of the following three components:

(1) Government-wide financial statements
(2) Fund financial statements
(3) Notes to the financial statements.

The CAFR also contains other supplementary information in addition to the basic financial statements themselves. Figure A-1 shows how the various parts of the annual financial report are arranged and related to one another.

Figure A-1

Organization of the City of Detroit's Annual Financial Report

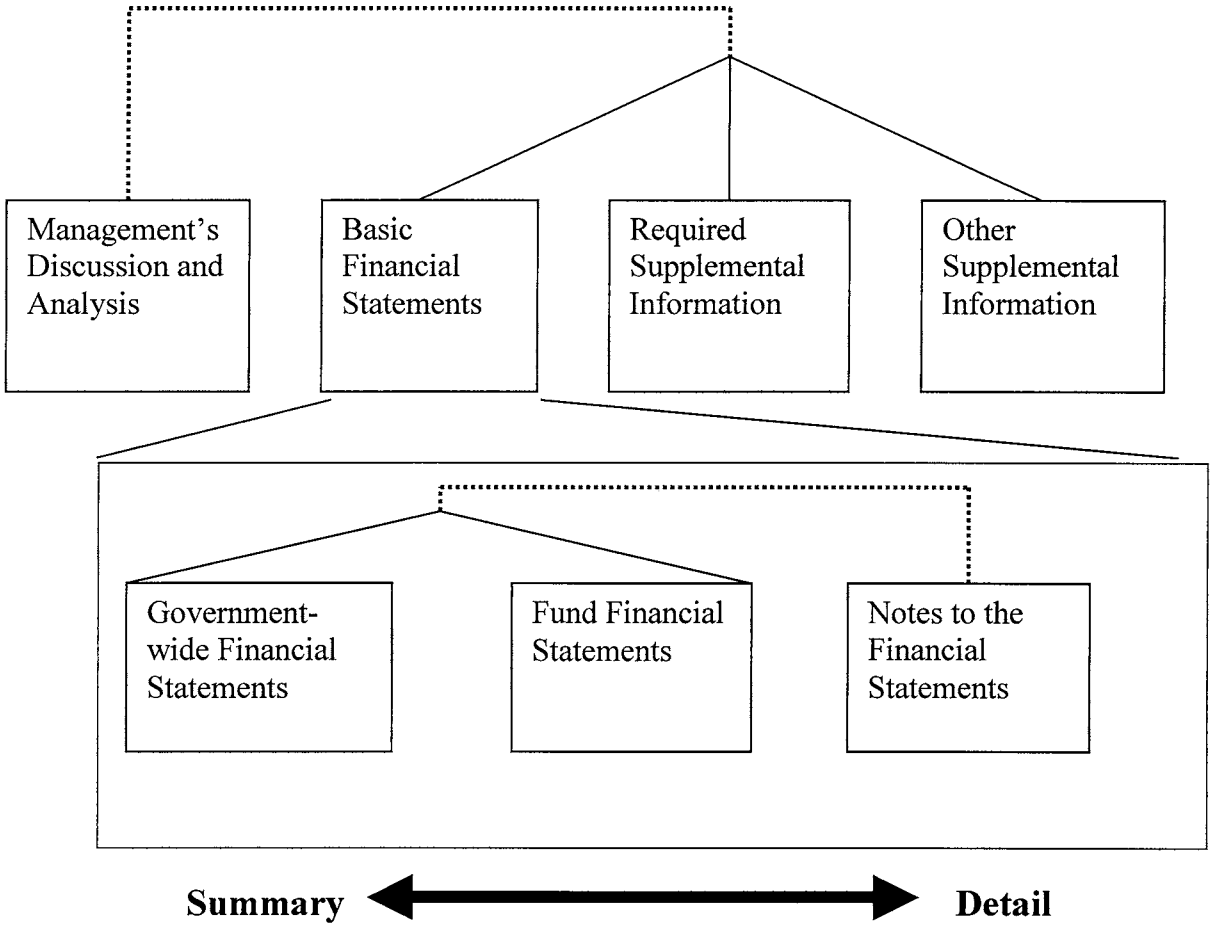


Figure A-2 summarizes the major features of the City's financial statements and the types of information they contain.

Figure A-2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements*	
		Government Funds	Fiduciary Funds
Scope	Entire City (except fiduciary funds).	The activities of the City that are not proprietary or fiduciary.	Instances in which the City administers resources on behalf of someone else.
Required financial statements	• Statement of net assets • Statement of activities.	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances.	• Statement of fiduciary net assets • Statement of changes in fiduciary net assets.
Accounting Basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.	Accrual accounting and economic resources focus.
Type of asset/liability information	All assets and liabilities, including financial and capital, short-term, and long-term.	Generally, assets expected to be used up and liabilities that comes due during the year or soon thereafter. No capital assets or long-term liabilities are included.	All assets and liabilities, both short-term and long-term. Fiduciary Funds do not currently contain capital assets.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues are recorded when cash is received during or soon after the end of the year. Expenditures are recorded when goods or services have been received and the related liabilities that are due and payable.	All additions and deductions during the fiscal year, regardless of when cash is received or paid.

*The fund financial statements also include propriety or "enterprise activity." The proprietary financial statements are prepared on the same basis as the government-wide statements.

II. GENERAL DISCUSSION OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

The 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 government-wide financial statements are as follows:

- **Statement of net assets** - presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets as of the end of the fiscal year 2001-02. Over time, increases or decreases in net assets may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating.

- **Statement of activities** - presents information showing how the City's net assets changed during the fiscal 2001-02 year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

The Primary Government
Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and inter governmental revenues (governmental activities) from other functions that are intended to recover a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include public protection, community health, education, recreation and culture, economic development, transportation, housing and conditions, physical environment and development and management functions. The business-type activities of the City include airport, automobile parking, water and sewage disposal operations, housing, and transportation.

The Component Units
The government-wide financial statements include not only the City itself (known as the primary government), but also legally separate organizations and agencies for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Included within the governmental activities of the financial statements are the operations of the Downtown Development Authority, Economic Development Corporation, Local Development Finance Authority, Museum of African American History, Tax Incremental Finance Authority, School District of the City of Detroit, and

the Greater Detroit Resource Recovery Authority. These legally separate entities are "discretely presented component units". In addition, one component unit, the Detroit Public Library, which is a legally separate entity, has some financial interdependency with the City. For reporting purposes this entity is shown as a discretely presented component unit.

One other entity, the Detroit Building Authority is a "blended" component unit since its financial data is required to be "blended" with the City to present fairly the financial results of the primary government.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City of Detroit reports financial information using **governmental, proprietary**, and **fiduciary** funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements-i.e. most of the City's basic services are reported in governmental funds. These statements, however, focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available for spending.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds organized according to their type (special revenue, debt service, capital projects, and permanent fund). The general fund is considered a major fund, and is, therefore, presented separately in the governmental fund financial statements. Financial data from other governmental funds are combined into a single, aggregated presentation. Fund data for each of the non-major governmental funds is provided in the "combining financial statements."

The City adopts an annual appropriated budget. For the general fund, a comparison statement has been provided to show compliance to the annual budget.

Proprietary funds
Proprietary funds are generally used to account for services for which the City charges customers. The City of Detroit has six proprietary or "enterprise" funds. The City's enterprise funds are Sewerage, Transportation, Water, Automobile Parking, Airport, and Housing. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail.

Fiduciary funds
Fiduciary funds are used to account for resources held for the benefit of parties outside of City government. The City employees' pension plan and the employee benefit trust funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

The notes to the financial statements provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this CAFR presents certain required supplementary information concerning the City's progress in funding and its obligation to provide pension benefits to its employees.

Combining Statements

The combining statements referred to earlier in connection with non-major governmental funds, and fiduciary funds are presented immediately following the required supplementary information on the fiduciary funds.

III. GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the first year that the City has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for State and Local Governments*. Because this reporting model changes significantly both the recording and presentation of financial data, the City has not restated prior fiscal years for the purpose of providing comparative information for the MD&A. In future years when prior year information is available, a comparative analysis of government-wide data will be included in the CAFR.

The government-wide financial analysis includes the **statement of net assets** and **the statement of activities.** The 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.

Statement of Net Assets

Presented below is the condensed net assets (the detailed financial statement is provided in the body of the CAFR):

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current and Other Assets	$ 770,128	$ 1,103,502	$ 1,873,630
Capital Assets	1,109,442	3,752,558	4,862,000
Total Assets	1,879,570	4,856,060	6,735,630
Liabilities			
Long-term Liabilities Outstanding	956,584	3,003,652	3,960,236
Other Liabilities	488,266	303,674	791,940
Total Liabilities	1,444,850	3,307,326	4,752,176
Net Assets			
Invested in Capital Assets, net of Related Debt	366,474	1,185,981	1,552,455
Restricted	69,705	101,577	171,282
Unrestricted	(1,459)	261,176	259,717
Total Net Assets	$ 434,720	$ 1,548,734	$ 1,983,454

Analysis of Net Assets

As noted earlier, net assets may serve as a useful indicator of a government's financial position. The City's assets exceeded liabilities by approximately $2 billion at the close of fiscal 2002.

The largest portion of the City's net assets (78.3%) reflects its investment of $1.6 billion in capital assets (e.g. land, buildings, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources.

An additional portion of the City's net assets, $148.8 million (7.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets; $259.7 million may be used to meet government's ongoing obligations to its citizens and creditors.

At the end of fiscal 2002, the City is able to report unrestricted net assets totaling $261.2 million for its business-type activities. The City's business- type net assets increased by $47.0 million over the prior year. This is attributable to tighter control of expenses in the Transportation, Water, and Sewage funds, offset by slightly higher revenue.

The governmental activities had unrestricted net assets totaling $21.1 million. Governmental net assets increased by $70.2 million over the prior year.

Statement of Activities

Presented below is the condensed activities for the year ended June 30, 2002 (the detailed financial statement is presented in the body of the CAFR):

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Revenues			
Program Revenues:			
Charges for Services	$ 307,876	$ 534,102	$ 841,978
Operating Grants and Contributions	398,262	111,303	509,565
Capital Grants and Contributions	26,810	56,035	82,845
General Revenues:			
Property Taxes	235,868		235,868
Municipal Income Tax	323,516		323,516
Utility User Tax	52,106		52,106
Wagering Tax	109,462		109,462
Shared Taxes	333,763		333,763
Other Local Taxes	28,302		28,302
Investment Earnings	18,147	28,789	46,936
Other (Miscellaneous)	21,179	3,510	24,689
Total Revenues	1,855,291	733,739	2,589,030

Expenses			
Public Protection	583,268		583,268
Health	178,170		178,170
Education	86,031		86,031
Recreation and Culture	82,648		82,648
Economic Development	87,327		87,327
Transportation	21,087		21,087
Housing Supply and Conditions	16,780		16,780
Physical Environment	301,890		301,890
Development and Management	299,361		299,361
Interest on Long-term Debt	42,442		42,442
Airport		5,543	5,543
Automobile Parking		17,833	17,833
Housing		67,818	67,818
Sewage Disposal		261,213	261,213
Transportation		187,416	187,416
Water		232,529	232,529
Total Expenses	1,699,004	772,352	2,471,356
Increase (Decrease) in Net Assets before transfers	156,287	(38,613)	117,674
Transfers	(85,569)	85,569	-
Change in Net Assets	70,718	46,956	117,674
Net Assets, Beginning of Year	364,002	1,501,778	1,865,780
Net Assets, End of Year	$ 434,720	$ 1,548,734	$ 1,983,454

Analysis of Statement of Activities

The City's net assets overall increased by $117.7 million during the current fiscal year. The increases in net assets are summarized in the government and business-type activity discussions below.

Governmental Activities

Governmental activities increased the City's net assets by $70.7 million, thereby accounting for 60.1% of the total growth in the net assets of the City. Key factors of this increase are as follows:

- Property tax revenues increased by approximately $34.8 million or 11.0% during the year. This increase is generally attributable to growth in the assessed value of property and the tax amnesty program.

- Municipal income tax revenue decreased by approximately $17.5 million or 5.1%. This decrease is generally attributable to the downturn in the economy and a reduction in overtime and profit sharing in the automotive industry.

- Other local taxes, including utility users and wagering taxes, increased by approximately $21.5 million or 15.0 % during the year. This increase is

attributable to increased oil prices and all the City's casinos operating for a full year. Last year one casino began operations mid-year.

- Shared taxes from state and federal sources remained fairly stable at approximately $333.8 million.

The condensed financial information on the previous page illustrates the City's governmental expenses and revenues by function, and its revenues by source.

Revenues - General revenues such as property and business taxes are not shown by program, but are effectively used to support program activities city-wide. For governmental activities overall, without regard to program, operating grants and contributions are the largest single source of funds (21.5 %), followed by shared taxes (18.0%), municipal income taxes (17.4 %), charges for services (16.6 %), and property taxes (12.7 %).

Expenses - As shown, public protection (34.3%) is the largest function in expense, followed by physical environment (17.8 %), development and management (17.6%), and health (10.5 %).

Business-type Activities

Business-type activities increased the City's net assets by $47 million, accounting for 39.9% of the total growth in the City's net assets. The largest of Detroit's business-type activities - water and sewerage disposal had expenses in excess of $ 493.7 million in fiscal year 2002. Transportation was the next largest with expenses of approximately $187.4 million.

Sewage, Transportation, Airport, Automobile Parking, and Housing fund revenues (including capital contributions and transfers) all exceeded expenses for fiscal 2002. These funds had higher revenues due to greater public usage. Expenses exceeded revenues for the Water Fund. This is due to higher interest expenses of $15.8 million over last year. For all of the business-type activities, charges for services provided the largest share of revenues (72.9%) followed by operating grants and contributions (15.2%), and capital grants and contributions (7.6%), and general revenues (4.3%).

IV. FINANCIAL ANALYSIS OF THE CITY'S FUNDS

In addition to presenting government-wide financial information, the City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fiscal activity for the City's governmental, proprietary, and fiduciary funds are discussed in the paragraphs below.

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The types of governmental funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Fund.

As of the end of fiscal 2002, the City's governmental funds reported combined ending fund balances of $489.3 million, an increase of $24.2 million in comparison with the prior year. Approximately $112.0 million of this total amount constitutes unreserved fund balance, which is available for spending at the City's discretion. The remaining fund balance is already committed as follows:

- To liquidate existing contracts and purchase orders - $67.9 million
- To fund capital projects in future fiscal periods - $155.2 million
- To reserve for risk management operations - $51.7 million
- To reserve for debt service - $47.0 million
- To reserve for inventory - $44.3 million
- To fund a variety of other restricted purposes - $11.1 million.

Revenues for governmental functions overall totaled approximately $1,947.5 million in the fiscal year ended June 30, 2002 which represents an increase of $108.0 million from the prior year. Expenditures for governmental functions totaled $1,951.8 million, which represents an increase of $212.4 million from the prior fiscal year. In the current fiscal year, expenses for governmental functions exceeded revenues by approximately $4.3 million.

The General Fund

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the undesignated fund balance of the general fund was $ 1.6 million, while the total fund balance was $206.2 million. Undesignated fund balance represents 0.01 % of total general fund expenditures of $1.44 billion while total fund balance represents 14.3% of that same amount.

The fund balance in the City's general fund decreased by $30.5 million during the fiscal year mainly due to transfers to various other funds. Overall, the general fund's performance resulted in revenues in excess of expenditures in the fiscal year ended

June 30, 2002 of $28.9 million, a decrease of 37.3% over the comparable figure from the prior year of $46.1 million.

General Fund Budgetary Highlights

BUDGET AND ACTUAL
General Revenues and Expenditures (in thousands)
For the Year Ended June 30, 2002

	Budgeted Amounts		Actual	Variance Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes:				
Property	$ 197,621	$ 174,070	$ 169,676	$ (4,394)
Income	384,800	384,800	323,515	(61,285)
Utility	54,600	54,600	52,106	(2,494)
Wagering	95,800	95,800	109,462	13,662
Other Taxes	22,835	22,835	24,143	1,308
Total Taxes	755,656	732,105	678,902	(53,203)
Licenses and Permits	11,392	11,392	9,192	(2,200)
Shared State Taxes	333,272	333,272	334,293	1,021
Grants and Contributions	88,008	206,459	74,275	(132,184)
Sales and Charges for Services	192,198	196,924	197,989	1,065
Other Revenues	193,856	167,091	175,810	(8,719)
Total Revenues	$ 1,574,382	$ 1,647,243	$ 1,470,461	$ (176,782)
Expenditures:				
Public Protection	$ 574,596	$ 635,839	$ 573,570	$ 62,269
Health	95,608	158,325	97,917	60,408
Recreation and Culture	80,553	102,653	79,787	22,866
Economic Development	22,502	24,221	23,391	830
Housing Supply and Conditions	14,921	22,442	13,566	8,876
Physical Environment	269,764	335,072	292,579	42,493
Development and Management	450,277	455,271	354,175	101,096
Capital Outlay	5,661	5,661	5,661	-
Debt Service	898	898	898	-
Total Expenditures	$ 1,514,780	$ 1,740,382	$ 1,441,544	$ 298,838

The City's final budget differs from the original budget in that it contains balance forward appropriations for various programs and projects, and supplemental appropriations approved during the fiscal year. This caused an increase of 134% in grant revenues from the original budget ($88 million to $206 million), the City uses grants to budget for expanding various programs and activities in public protection, health, recreation and culture, housing, and the physical environment.

During the year, budgetary estimates exceeded actual revenues and other resources by $176.8 million. The majority of this amount is attributable to actual municipal income tax and grant revenues being significantly less than the final budgets. However, expenditures were less than budgeted estimates. Final budgeted expenditures were approximately $1.7 billion but actual expenditures were $1.4 billion, a difference of $0.3 billion.

The Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the fiscal year, positive unrestricted net assets were reported for airport fund - $0.08 million, water fund – 64.9 million, and sewage fund - $207.0 million. Deficits in net assets were reported for the transportation fund – $.62 million, the automobile parking fund – $.62 million, and the housing fund – $9.6 million.

The total net assets for the proprietary funds were $1.5 billion. Of this amount, $1.2 billion represents investment in capital assets and $261.2 million was unrestricted.

The Fiduciary Funds

The City maintains fiduciary funds for the assets of the Detroit's Employees' Retirement System, and manages the investment of monies held in trust to benefit public services or employees. As of the end of fiscal year 2002, the net assets of the Retirement System totaled $5.4 billion, representing a decrease of $0.8 billion in total net assets from the prior year. The change is primarily related to decreases in the market value of the Retirement System's investments.

V. CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business type activities as of June 30, 2002 were $4.9 billion (net of accumulated depreciation). Capital assets include land, buildings and improvements, machinery and equipment, park facilities, roads, streets,

and bridges. The total increase in the City's capital assets for the current fiscal year was 11.4% (a 6.3 % increase for governmental activities and a 13 % increase for business-type activities).

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Governmental fund financial statements record capital asset purchases as expenditures.

Additional information about the City's capital assets can be found in Note III A 7 to the basic financial statements.

Debt Administration

At the end of the current fiscal year, the City had total long-term obligations outstanding of $4.4 billion. Of this amount, $748.6 million are general obligation bonds backed by the full faith and credit of the City and $3.1 billion are revenue bonds, commercial paper, loans, and other obligations of the City's business enterprises. The remainder includes other types of long term obligations.

In July 2001, the City issued $100 million and $5 million of Unlimited Tax General Obligation Bonds to finance various capital projects of the City. The bonds mature on July 11, 2021, with an average yield of 5%.

In August 2001, the City issued $46.8 million of general obligation refunding bonds to refund $47.3 million of bonds issued from 1993 to 1997. In October 2001, the sewerage fund also issued $287.1 million of variable rate refunding bonds. The issue was used to advance refund $258.2 million of outstanding bonds.

The ratio of net general obligation bonded debt to taxable valuation and the amount of bonded debt per capita are useful indicators of the City's debt position to management, citizens, and investors. A comparison of these indicators follows:

	FY 2002	FY 2001
Net General Bonded debt	$962,133,680	$938,080,333
Net General Bonded debt per capita	$1,011.42	$986.13
Ratio of net General Bonded debt to net assessed value (50% of present market value)	12.06%	12.28%
Ratio of debt to present market value	6.03%	6.14%

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 Home Rule Act, ACT 279 Public Acts of Michigan, 1909, as amended, which limits the net indebtedness incurred for all public purposes to as much as, but not

to exceed, the greater of the following: (a) 10% of the assessed value of all the real and personal property in the City; or (b) 15% of the assessed value of all the real and personal property in the City if that portion of the total amount of indebtedness incurred which exceeds 10% is, or has been, used solely for the construction or renovation of hospital facilities. Not all the General Bonded debt is subject to the general debt limitation. The City's legal debt limitation at June 30, 2002 was $1,324 million of which $751 million is available for use.

The City's ratings on uninsured general obligation bonds as of June 30, 2002 were:

Moody's Investors Service, Inc.	**Baa1**
Standard and Poor's Corporation	**A-**
Fitch IBCA, Inc.	**A**

Additional information on the City's long-term debt can be found in Notes III B 4 and 5 to the basic financial statements.

In fiscal 2003, the City issued $45 million of unlimited tax general obligation bonds. The bonds were issued for the purposes of financing certain capital projects of the City. The bonds mature through April 1, 2022 with an average yield of 5%.

City of Detroit,
STATEMENT OF
June 30,

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 81,123,681	$ 6,826,633	$ 87,950,314	$ 8,445,075
Investments	280,470,303	23,800,183	304,270,486	284,725,425
Insurance Recovery Receivable	-	-	-	5,200,000
Accounts and Contracts Receivable:				
Internal Balances	39,039,929	(39,039,929)	-	-
Due from Primary Government	-	-	-	9,208,625
Due from Component Units	3,474,208	-	3,474,208	-
Due from Other Governmental Agencies	191,708,991	26,097,734	217,806,725	264,008,750
Other Receivables - Trade, Net	73,388,063	177,777,043	251,165,106	99,046,819
Total Accounts and Contracts Receivable - Net	307,611,191	164,834,848	472,446,039	372,264,194
Inventories	44,346,875	37,793,217	82,140,092	11,672,525
Prepaid Expenses	127,636	984,665	1,112,301	5,833,929
Short-Term Loans and Advances to Component Units	92,302	-	92,302	-
Restricted Cash and Cash Equivalents	-	1,557,225	1,557,225	-
Total Current Assets	713,771,988	235,796,771	949,568,759	688,141,148
Non-Current Assets:				
Restricted Assets:				
Cash and Cash Equivalents	214,456	8,804,454	9,018,910	3,671,960
Investments	45,000,000	810,965,628	855,965,628	602,083,111
Restricted Loans and Notes Recievable	-	-	-	92,605,591
Other Restricted Assets	-	766,202	766,202	-
Total Non-Current Restricted Assets	45,214,456	820,536,284	865,750,740	698,360,662
Deferred Charges	-	-	-	2,634,128
Capital Assets:				
Non-Depreciable	632,724,849	1,394,845,019	2,027,569,868	524,328,607
Depreciable, Net	476,716,756	2,357,712,796	2,834,429,552	758,594,395
Total Capital Assets, Net	1,109,441,605	3,752,557,815	4,861,999,420	1,282,923,002
Other Assets	11,142,264	47,168,808	58,311,072	12,481,937
Total Non-Current Assets	1,165,798,325	4,620,262,907	5,786,061,232	1,996,399,729
Total Assets	1,879,570,313	4,856,059,678	6,735,629,991	2,684,540,877

The accompanying notes are an integral part of the financial statements.

Michigan
NET ASSETS
2002

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
LIABILITIES				
Current Liabilities:				
Bank Overdraft	5,611,777	341,471	5,953,248	-
Accounts and Contracts Payable	121,080,394	43,415,188	164,495,582	194,471,999
Due to Other Governmental Agencies	9,342,526	361,263	9,703,789	-
Due to Primary Government	-	-	-	3,474,208
Due to Component Units	3,715,525	5,493,100	9,208,625	-
Deposits and Refunds	25,634,720	103,553	25,738,273	-
Accrued Interest Payable	10,832,892	57,968,987	68,801,879	18,558,476
Loans and Advances from Primary Government	-	-	-	92,302
Accrued Salaries and Wages	34,307,927	5,112,364	39,420,291	14,386,116
Deferred Revenue	4,355,563	232,234	4,587,797	15,987,549
Other Current Liabilities	38,067,926	11,163,671	49,231,597	4,217,743
Restricted Liabilities:				
Accounts Payable	1,919,005	94,573,993	96,492,998	-
Accrued Public Liability and Worker'sCompensation	37,563,003	-	37,563,003	-
Other Liabilities	479,774		479,774	-
Total Restricted Liabilities	39,961,782	94,573,993	134,535,775	-
Bonds, Notes and Other Debt Payable - Current	83,755,163	58,505,000	142,260,163	265,816,305
Unamortized Premium and Defeasances	-	-	-	3,191,479
Bonds, Notes and Other Debt Payable - Current-Net	83,755,163	58,505,000	142,260,163	269,007,784
Accrued Compensated Absences	111,600,000	16,779,040	128,379,040	2,776,627
Accrued Public Liability and Workers' Compensation	-	9,624,356	9,624,356	1,571,617
Total Current Liabilities	488,266,195	303,674,220	791,940,415	524,544,421
Long-Term Liabilities:				
Bonds, Notes and Other Debt Payable	769,126,220	3,054,770,089	3,823,896,309	1,630,009,181
Unamortized Premium/(Discount) and Loss (Gain) on Defeasances	4,325,918	(88,884,607)	(84,558,689)	19,071,575
Bonds, Notes and Other Debt Payable -Net	773,452,138	2,965,885,482	3,739,337,620	1,649,080,756
Accrued Compensated Absences	16,822,311	13,984,102	30,806,413	143,814,187
Accrued Public Liability and Workers' Compensation	166,309,181	23,782,135	190,091,316	51,048,881
Total Long-Term Liabilities	956,583,630	3,003,651,719	3,960,235,349	1,843,943,824
Total Liabilities	1,444,849,825	3,307,325,939	4,752,175,764	2,368,488,245
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	366,474,042	1,185,981,116	1,552,455,158	281,266,306
Restricted for:				
Endowments and Trust (Non-Expendable)	1,163,546	-	1,163,546	11,884,215
Risk Management Operations	22,523,955	-	22,523,955	-
Capital Projects	43,285,670	-	43,285,670	32,883,709
Debt Service	2,731,898	101,576,911	104,308,809	62,936,044
Unrestricted (Deficit)	(1,458,623)	261,175,712	259,717,089	(72,917,642)
Total Net Assets	$ 434,720,488	$ 1,548,733,739	$ 1,983,454,227	$ 316,052,632

City of Detroit,
STATEMENT
FOR THE YEAR

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Primary Government:			
Governmental Activities:			
Public Protection	$ 583,268,178	$ 72,722,670	$ 14,982,575
Health	178,170,414	11,524,837	129,970,103
Recreation and Culture	82,648,072	13,301,976	4,295,496
Economic Development	87,326,910	28,095,737	95,249,937
Educational Development	86,031,311	-	85,515,642
Housing Supply and Conditions	16,780,370	20,224,369	-
Physical Environment	301,889,519	88,338,713	99,143
Transportation	21,087,215	-	68,092,765
Development and Management	299,360,664	73,668,036	56,717
Interest on Long-Term Debt	42,441,532	-	-
Total Governmental Activities	1,699,004,185	307,876,338	398,262,378
Business-type Activities:			
Sewage Disposal	261,213,329	267,993,505	-
Transportation	187,415,767	24,084,896	66,289,238
Water	232,528,496	209,227,939	-
Automobile Parking	17,833,061	20,682,973	-
Airport	5,543,048	2,235,228	-
Housing	67,818,451	9,877,521	45,013,333
Total Business-type Activities	772,352,152	534,102,062	111,302,571
Total Primary Government	$ 2,471,356,337	$ 841,978,400	$ 509,564,949
Component Units:			
Detroit Public Library	$ 43,302,576	$ 251,510	$ 6,497,092
Downtown Development Authority	23,440,356	10,066,341	3,045,970
Economic Development Authority	31,687,854	29,442,404	-
Local Development Finance Authority	5,396,287	-	-
Museum of African American History	6,543,499	435,630	3,421,244
School District of the City of Detroit	1,606,443,257	6,194,154	537,694,038
Tax Increment Finance Authority	14,365,970	-	-
Detroit Transportation Corporation	18,109,576	766,995	11,186,304
Greater Detroit Resource Recovery Authority	118,600,998	41,445,276	74,310,000
Total Component Units	$ 1,867,890,373	$ 88,602,310	$ 636,154,648

General Revenues:

- Property Taxes, levied for General Purposes
- Property Taxes, levied for Debt Service Purposes
- Municipal Income Tax
- Utility Users Tax
- Wagering Tax
- Other Taxes
- Shared Taxes
- Interest and Penalities on Taxes
- Investment Earnings
- Miscellaneous
- Transfers
  - Total General Revenues
  - Change in Net Assets

Net Assets-Beginning of the Year, as Restated

Net Assets-End of Year

The accompanying notes are an integral part of the financial statements.

Michigan
OF ACTIVITIES
ENDED JUNE 30, 2002

	Net (Expense) Revenue and Changes in Net Assets			
	Primary Government			
Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	Component Units
$ -	$ (495,562,933)	$ -	$ (495,562,933)	$ -
-	(36,675,474)	-	(36,675,474)	-
-	(65,050,600)	-	(65,050,600)	-
26,809,665	62,828,429	-	62,828,429	-
-	(515,669)	-	(515,669)	-
-	3,443,999	-	3,443,999	-
-	(213,451,663)	-	(213,451,663)	-
-	47,005,550	-	47,005,550	-
-	(225,635,911)	-	(225,635,911)	-
-	(42,441,532)	-	(42,441,532)	-
26,809,665	(966,055,804)	-	(966,055,804)	-
751,804	-	7,531,980	7,531,980	-
31,366,355	-	(65,675,278)	(65,675,278)	-
6,000,000	-	(17,300,557)	(17,300,557)	-
-	-	2,849,912	2,849,912	-
-	-	(3,307,820)	(3,307,820)	-
17,917,245	-	4,989,648	4,989,648	-
56,035,404	-	(70,912,115)	(70,912,115)	-
$ 82,845,069	(966,055,804)	(70,912,115)	(1,036,967,919)	-
$ -	-	-	-	(36,553,974)
-	-	-	-	(10,328,045)
-	-	-	-	(2,245,450)
-	-	-	-	(5,396,287)
-	-	-	-	(2,686,625)
-	-	-	-	(1,062,555,065)
-	-	-	-	(14,365,970)
-	-	-	-	(6,156,277)
-	-	-	-	(2,845,722)
$ -	-	-	-	(1,143,133,415)
.....	169,675,894	-	169,675,894	162,893,551
.....	66,191,648	-	66,191,648	70,961,394
.....	323,515,510	-	323,515,510	-
.....	52,105,772	-	52,105,772	-
.....	109,461,713	-	109,461,713	-
.....	17,518,357	-	17,518,357	1,614,088
.....	333,763,510	-	333,763,510	965,640,963
.....	10,783,829	-	10,783,829	1,076,585
.....	18,146,740	28,789,163	46,935,903	30,059,100
.....	21,179,610	3,509,544	24,689,154	13,651,255
.....	(85,569,251)	85,569,251	-	-
.....	1,036,773,332	117,867,958	1,154,641,290	1,245,896,936
.....	70,717,528	46,955,843	117,673,371	102,763,521
.....	364,002,960	1,501,777,896	1,865,780,856	213,289,111
.....	$ 434,720,488	$ 1,548,733,739	$ 1,983,454,227	$ 316,052,632

City of Detroit, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2002

	Primary Government		
	General Fund	Other Governmental Funds	Total
ASSETS			
Cash and Cash Equivalents	$ 8,695,972	$ 29,925,242	$ 38,621,214
Investments	45,197,275	230,716,366	275,913,641
Accounts and Contracts Receivable:			
Due from Other Funds	96,339,241	16,635,975	112,975,216
Due from Fiduciary Funds	1,677,019	-	1,677,019
Due from Component Units	3,474,068	140	3,474,208
Due from Other Governmental Agencies	134,126,255	57,582,736	191,708,991
Estimated Withheld Income Taxes Receivable	31,235,820	-	31,235,820
Utility Users' Taxes Receivable	5,000,000	-	5,000,000
Other Receivables-Trade	19,658,947	3,023,495	22,682,442
Total Accounts and Contracts Receivable	291,511,350	77,242,346	368,753,696
Allowance for Uncollectible Accounts	(5,774,283)	(2,840,632)	(8,614,915)
Total Accounts and Contracts Receivable - Net	285,737,067	74,401,714	360,138,781
Short-Term Loans and Advances to Other Funds	147,000	-	147,000
Advances to Component Units	-	92,302	92,302
Land Contracts Receivable	12,892,323	-	12,892,323
Inventory-Forfeited Property	-	905,076	905,076
Inventories	42,822,968	618,831	43,441,799
Prepaid Expenses	-	127,636	127,636
Property Tax Receivable , Net	16,120,903	6,074,694	22,195,597
Income Tax Assessments, Net	39,166,822	-	39,166,822
Special Assessments, Net	154,499	-	154,499
Interest and Penalties	5,600,000	2,100,000	7,700,000
Working Capital Advances to Other Funds	2,100,000	-	2,100,000
Restricted Assets:			
Cash and Cash Equivalents	214,456	42,502,467	42,716,923
Investments	45,000,000	4,556,662	49,556,662
Due from Other Funds	17,271,281	-	17,271,281
Total Restricted Assets	62,485,737	47,059,129	109,544,866
Utility Users Taxes-Estimated Receivables	6,125,866	-	6,125,866
Other Advances	5,000	-	5,000
Other Assets	115,235	-	115,235
Total Assets	$ 527,366,667	$ 392,020,990	$ 919,387,657

The accompanying notes are an integral part of the financial statements.

City of Detroit, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2002

	Primary Government		
	General Fund	Other Governmental Funds	Total
LIABILITIES			
Bank Overdraft	$ -	$ 5,611,777	$ 5,611,777
Accounts and Contracts Payable	18,829,905	45,267,892	64,097,797
Due to Other Funds	70,808,183	21,648,385	92,456,568
Due to Fiduciary Funds	9,937,999	-	9,937,999
Loans and Other Advances from Other Funds	-	997,000	997,000
Due to Other Governmental Agencies	3,680,896	5,661,630	9,342,526
Due to Component Units	3,715,525	-	3,715,525
Accrued Salaries and Wages	16,941,288	1,122,265	18,063,553
Fringes Benefits Payable	2,306,032	16,834	2,322,866
Payroll Deductions Payable	13,921,508	-	13,921,508
Accrued Compensated Absences	663,770	-	663,770
Income Tax Refunds Payable	10,840,457	-	10,840,457
Deposits from Vendors and Customers	9,810,771	4,983,492	14,794,263
Accrued Liabilities	36,191,414	10,853,184	47,044,598
Other Liabilities	35,480,311	2,587,615	38,067,926
Liabilities Payable from Restricted Assets:			
Accounts and Contracts Payable	1,919,005	-	1,919,005
Accrued Public Liability	5,705,890	-	5,705,890
Accrued Worker's Compensation Payable	2,635,430	607	2,636,037
Other Liabilities	479,774	-	479,774
Total Liabilities Payable from Restricted Assets	10,740,099	607	10,740,706
Deferred Revenue	77,278,147	10,210,596	87,488,743
Total Liabilities	321,146,305	108,961,277	430,107,582
FUND BALANCES			
Reserved Fund Balance:			
Reserved for Inventory	42,822,968	1,523,907	44,346,875
Reserved for Encumbrances	59,269,444	8,672,864	67,942,308
Reserved for Short-Term Loans and Advances to Other Funds	2,247,000	-	2,247,000
Reserved for Risk Management Operations	51,745,638	-	51,745,638
Reserved for Budget Stabilization Fund	7,690,256	-	7,690,256
Reserved for Endowments and Trusts	5,000	1,158,546	1,163,546
Reserved for Debt Service	-	46,953,417	46,953,417
Reserved for Capital Projects	-	155,199,431	155,199,431
Total Reserved Fund Balance	163,780,306	213,508,165	377,288,471
Unreserved Fund Balance:			
Designated:			
Designated for Blue Cross Blue Shield Insured Program	23,382,703	-	23,382,703
Designated for Accrued Compensated Absences	17,501,759	-	17,501,759
Total Designated Fund Balance	40,884,462	-	40,884,462
Undesignated, Reported In:			
General Fund Operations	1,555,594	-	1,555,594
Special Revenue Funds	-	69,551,548	69,551,548
Total Unreserved Fund Balances	42,440,056	69,551,548	111,991,604
Total Fund Balances	206,220,362	283,059,713	489,280,075
Total Liabilities, and Fund Balances	$ 527,366,667	$ 392,020,990	$ 919,387,657

City of Detroit, Michigan
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2002

Fund balances - total governmental funds			**$ 489,280,075**
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund:			
Governmental capital asset	**$**	**2,200,037,490**	
Less: accumulated depreciation		**(1,090,595,885)**	**1,109,441,605**
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund:			
Bond Costs		**20,554,008**	
Less: accumulated amortization		**(9,531,979)**	**11,022,029**
Long-term receivables applicable to governmental activities are not due and collectible in the current period and therefore are not deferred in governmental funds.			**16,305,770**
Long term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental fund:			
Governmental bonds, notes, and other debt payable		**(852,881,383)**	
Premium		**(6,302,612)**	
Loss on advance refunding		**1,976,694**	
Accrued interest payable		**(10,832,892)**	
Compensated Absences		**(127,758,541)**	
Public Liability and Workers Compensation		**(195,530,257)**	**(1,191,328,991)**
Net assets of governmental activities			**$ 434,720,488**

The accompanying notes are an integral part of the financial statements.

City of Detroit, Michigan
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2002

	Primary Government		
	General Fund	Other Governmental Funds	Total
REVENUES:			
Taxes:			
Property Taxes	$ 169,675,894	$ 66,191,648	$ 235,867,542
Municipal Income Tax	323,515,510	-	323,515,510
Utility users' tax	52,105,772	-	52,105,772
Wagering Taxes	109,461,713	-	109,461,713
Gas and Weight Tax	-	60,765,471	60,765,471
Other Taxes and Assessments	13,359,502	3,628,868	16,988,370
State Hotel and Liquor Tax	-	16,278,163	16,278,163
State Shared Taxes	333,763,510	-	333,763,510
Shared Taxes-Liquor and Beer Licenses	529,987	-	529,987
Interest and Penalties on Taxes	10,783,829	-	10,783,829
Licenses, Permits and Inspection Charges	9,192,474	15,664,538	24,857,012
Intergovernmental:			
Federal	17,177,864	250,379,477	267,557,341
State	41,144,492	10,123,280	51,267,772
Other	15,952,960	13,250,336	29,203,296
Sales and Charges for Services	197,989,386	5,332,213	203,321,599
Ordinance Fines	24,505,375	3,868,214	28,373,589
Revenue from Use of Assets	20,055,435	1,715,840	21,771,275
Earnings on Investments	10,161,113	7,985,627	18,146,740
Other Revenue	121,086,004	21,891,083	142,977,087
Total Revenues	1,470,460,820	477,074,758	1,947,535,578
EXPENDITURES:			
Current:			
Public Protection	573,570,004	27,443,572	601,013,576
Health	97,916,816	79,908,790	177,825,606
Recreation and Culture	79,786,788	-	79,786,788
Economic Development	23,391,015	57,566,381	80,957,396
Educational Development	-	85,515,642	85,515,642
Housing Supply and Conditions	13,565,535	3,181,816	16,747,351
Physical Environment	292,579,453	-	292,579,453
Transportation	-	21,087,215	21,087,215
Development and Management	354,174,726	-	354,174,726
Debt Service:			
Principal	-	79,568,844	79,568,844
Interest	159,106	42,283,561	42,442,667
Bond Issuance Costs	739,100	1,832,120	2,571,220
Capital Outlay	5,661,334	111,913,761	117,575,095
Total Expenditures	1,441,543,877	510,301,702	1,951,845,579
Excess (Deficiency) of Revenues Over (Under) Expenditures	28,916,943	(33,226,944)	(4,310,001)
OTHER FINANCING SOURCES (USES):			
Sources:			
Proceeds of Refunding Bonds	50,326,480	-	50,326,480
Proceeds of Capital Related Debt Issuance	-	105,323,533	105,323,533
Premium on Capital Related Debt	-	1,628,598	1,628,598
Transfers In	67,040,720	103,543,776	170,584,496
Uses:			
Transfers Out	134,497,414	121,656,333	256,153,747
Payment to Refunded Bond Escrow's Agent	49,428,274	-	49,428,274
Total Other Financing Sources (Uses)	(66,558,488)	88,839,574	22,281,086
Net Change in Fund Balances	(37,641,545)	55,612,630	17,971,085
Fund Balance at Beginning of Year, as Restated (see Note I-C)	237,765,667	227,329,213	465,094,880
Increase in Inventories	6,096,240	117,870	6,214,110
Fund Balance at End of Year	$ 206,220,362	$ 283,059,713	$ 489,280,075

The accompanying notes are an integral part of the financial statements.

City of Detroit, Michigan
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2002

Change in fund balances - total governmental funds			$ 17,971,085
Amounts reported for governmental activities in the statement of net assets are different because:			
Governmental funds report capital outlays as expenditure. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives:			
Expenditures for capital assets	$	117,575,105	
Less: current year depreciation		(52,116,377)	65,458,728
Some expenses reported in governmental funds are collected on a long-term basis and therefore are not reported as expenses in the statement of activities:			
Inventories			6,214,110
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.			126,883,844
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. The amount represents the proceeds received net of bond issuance cost that must be amortized over the life of the bond.			(154,707,392)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:			
Increase in accrued interest expense		1,176,881	
Decrease in accrued compensated absences		7,903,075	
Increase in accrued public liability and workers compensation		(1,120,332)	
Loss on Advance Refunding		2,113,274	
Amortization of current year bond premium and loss on defeasance		397,487	
Amortization of current year bond cost		(1,573,232)	8,897,153
Change in net assets of governmental activities			$ 70,717,528

The accompanying notes are an integral part of the financial statements.

City of Detroit
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2002

	Budgeted Amounts		Actual	Variance Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Taxes:				
Property Taxes	$ 197,621,082	$ 174,070,576	$ 169,675,894	$ (4,394,682)
Municipal Income Tax	384,800,000	384,800,000	323,515,510	(61,284,490)
Utility Users' Tax	54,600,000	54,600,000	52,105,772	(2,494,228)
Wagering Taxes	95,800,000	95,800,000	109,461,713	13,661,713
Other Taxes and Assessments	13,834,490	13,834,490	13,359,502	(474,988)
Interest and Penalties on Taxes	9,000,000	9,000,000	10,783,829	1,783,829
Total Taxes, Assessments, Interest and Penalties	755,655,572	732,105,066	678,902,220	(53,202,846)
Licenses, Permits and Inspection Charges:				
Business Licenses	1,620,100	1,620,100	1,265,305	(354,795)
Permits	1,061,460	1,061,460	1,122,382	60,922
Inspection Charges	8,607,256	8,607,256	6,719,808	(1,887,448)
Other Licenses	103,200	103,200	84,979	(18,221)
Total Licenses, Permits and Inspection Charges	11,392,016	11,392,016	9,192,474	(2,199,542)
Shared Taxes:				
Liquor and Beer License	565,000	565,000	529,987	(35,013)
State Shared Tax	332,707,306	332,707,306	333,763,510	1,056,204
Total Shared Taxes	333,272,306	333,272,306	334,293,497	1,021,191
Intergovernmental:				
Federal	19,442,176	32,344,536	17,177,864	(15,166,672)
State	58,428,936	119,947,841	41,144,492	(78,803,349)
Other	10,137,209	54,166,428	15,952,960	(38,213,468)
Total Grants	88,008,321	206,458,805	74,275,316	(132,183,489)
Sales and Charges for Services:				
Maintenance and Construction	1,119,823	1,002,959	2,464,978	1,462,019
Other Labor and Materials	121,000	121,000	222,470	101,470
Electrical	44,338,000	44,338,000	46,084,595	1,746,595
Steam	810,000	810,000	(695,700)	(1,505,700)
Sanitation Charges	648,000	764,864	754,179	(10,685)
Recreation Fees	5,935,562	5,265,668	5,557,282	291,614
Collection Fees	4,850,000	4,880,000	4,887,385	7,385
Other Fees	29,547,170	29,105,544	39,641,488	10,535,944
Personal Services	54,816,664	54,922,909	53,883,961	(1,038,948)
Sales of Non-Capital Assets	9,186,218	9,186,218	9,186,218	-
Other Departmental Sales	40,825,404	46,527,059	36,002,530	(10,524,529)
Total Sales and Charges for Services	192,197,841	196,924,221	197,989,386	1,065,165
Ordinance Fines	18,382,556	18,382,556	24,505,375	6,122,819
Revenue from Use of Assets:				
Earnings on Investments	9,597,000	8,226,232	10,161,113	1,934,881
Real Estate Rentals	7,745,066	7,918,566	7,877,090	(41,476)
Concessions	5,378,100	6,283,100	4,036,011	(2,247,089)
Sale of Real Property	5,000,000	5,000,000	8,142,334	3,142,334
Total Revenue from Use of Assets	27,720,166	27,427,898	30,216,548	2,788,650
Other Revenue	147,753,301	121,280,161	121,086,004	(194,157)
Total Revenues	1,574,382,079	1,647,243,029	1,470,460,820	(176,782,209)

(Continued)

City of Detroit
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2002

	Budgeted Amounts		Actual	Variance Positive
	Original	Final	Amounts	(Negative)
EXPENDITURES:				
Public Protection:				
Consumer Affairs	1,968,762	2,209,255	1,751,280	457,975
Fire	152,333,646	158,572,292	151,216,523	7,355,769
Human Rights	2,141,980	2,380,645	1,880,463	500,182
Ombudsman	1,418,986	1,462,486	1,326,409	136,077
Parking Enforcement	9,202,370	10,785,927	7,879,065	2,906,862
Police	360,774,621	412,222,559	362,506,887	49,715,672
36th District Court	46,755,797	48,206,177	47,009,377	1,196,800
Total Public Protection	574,596,162	635,839,341	573,570,004	62,269,337
Health	95,607,613	158,324,488	97,916,816	60,407,672
Recreation and Culture:				
Arts	750,500	1,540,500	1,547,701	(7,201)
Cultural Affairs	1,066,821	1,364,473	987,331	377,142
Historical	3,370,546	4,587,016	3,374,619	1,212,397
Recreation	55,275,865	66,072,231	53,968,479	12,103,752
Senior Citizens	1,289,204	2,239,218	1,118,049	1,121,169
Youth	4,150,665	10,731,703	3,842,748	6,888,955
Zoological Park	14,649,400	16,117,788	14,947,861	1,169,927
Total Recreation and Culture	80,553,001	102,652,929	79,786,788	22,866,141
Economic Development — Civic Center	22,501,869	24,221,350	23,391,015	830,335
Housing Supply and Conditions:				
Planning and Development	14,920,948	22,441,906	13,565,535	8,876,371
Total Housing Supply and Conditions	14,920,948	22,441,906	13,565,535	8,876,371
Physical Environment:				
Environmental Affairs	1,883,014	3,249,877	1,210,960	2,038,917
Public Lighting	61,827,346	65,373,827	64,422,854	950,973
Public Works	206,053,306	266,448,119	226,945,639	39,502,480
Total Physical Environment	269,763,666	335,071,823	292,579,453	42,492,370
Development and Management:				
Auditor General	3,037,831	3,987,611	3,463,591	524,020
Budget	3,030,615	3,252,734	3,021,640	231,094
City Clerk	3,619,919	4,474,729	3,317,403	1,157,326
City Council	12,849,727	17,987,551	13,044,396	4,943,155
Communications & Creative Services	2,457,317	2,643,449	2,020,594	622,855
Election	10,560,838	11,424,363	9,096,622	2,327,741
Finance	49,850,203	55,286,144	41,952,496	13,333,648
Law	31,460,007	40,594,074	31,656,246	8,937,828
Mayor's Office	10,508,017	11,813,340	9,343,242	2,470,098
Human Resources	32,183,276	33,206,959	28,298,053	4,908,906
Information Technology Services	47,378,153	55,764,370	41,186,740	14,577,630
Zoning Appeals Board	957,395	1,028,124	735,500	292,624
Non Departmental	242,383,983	213,807,540	167,038,203	46,769,337
Total Development and Management	450,277,281	455,270,988	354,174,726	101,096,262
Capital Outlay	5,661,334	5,661,334	5,661,334	-
Debt Service:				
Interest	159,106	159,106	159,106	-
Bond Issuance Costs	739,100	739,100	739,100	-
Total Debt Service	898,206	898,206	898,206	-
Total Expenditures	1,514,780,080	1,740,382,365	1,441,543,877	298,838,488
Excess (Deficiency) of Revenues Over (Under) Expenditures	59,601,999	(93,139,336)	28,916,943	(122,056,279)

(Continued)

City of Detroit
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2002

	Budgeted Amounts		Actual	Variance Positive
	Original	Final	Amounts	(Negative)
OTHER FINANCING SOURCES (USES):				
Sources:				
Proceeds of Refunding Bonds	50,326,480	50,326,480	50,326,480	-
Transfers In	101,967,634	101,967,634	67,040,720	(34,926,914)
Transfers Out	162,467,839	160,236,100	134,497,414	25,738,686
Payment to Refunded Bond Escrow Agent	49,428,274	49,428,274	49,428,274	-
Total Other Financing Sources and Uses	(59,601,999)	(57,370,260)	(66,558,488)	(9,188,228)
Net Change in Fund Balance	-	(150,509,596)	(37,641,545)	112,868,051
Fund Balance at Beginning of Year, as Restated (see Note I-C)	150,509,596	150,509,596	237,765,667	87,256,071
Increase in Inventories	-	-	6,096,240	6,096,240
Fund Balance at End of Year	$ 150,509,596	$ -	$ 206,220,362	$ 206,220,362

The accompanying notes are an integral part of the financial statements.

City of
STATEMENT
PROPRIETARY
June 30,

ASSETS	Sewage Disposal Fund	Transportation Fund
Current Assets:		
Cash and Cash Equivalents	$ -	$ 279,069
Investments	17,110,157	680,475
Accounts and Contracts Receivable:		
Due from Other Funds	45,405,566	7,774,968
Due from Fiduciary Funds	169,859	-
Due from Other Governmental Agencies	-	16,278,099
Other Receivables- Trade	173,482,764	1,615,802
Total Accounts and Contracts Receivable	219,058,189	25,668,869
Allowance for Uncollectible Accounts	(50,129,175)	(472,901)
Total Accounts and Contracts Receivable - Net	168,929,014	25,195,968
Inventories	14,571,851	12,713,153
Prepaid Expenses	315,953	-
Restricted Cash and Cash Equivalants	-	-
Total Current Assets	200,926,975	38,868,665
Noncurrent Assets:		
Restricted:		
Cash and Cash Equivalants	8,804,454	-
Investments	553,231,372	-
Due from Other Funds	9,897,630	-
Other Receivables- Trade	751,807	-
Capital Assets:		
Land	12,171,606	4,114,574
Land Improvements	-	-
Buildings and Structures	697,685,428	61,640,951
Water and Sewer Lines	492,215,378	-
Equipment, Machinery, and Fixtures	553,541,522	38,684,359
Vehicles and Buses	-	135,714,136
Construction Work in Progress	711,763,648	9,099,498
Total Capital Assets	2,467,377,582	249,253,518
Less: Accumulated Depreciation	(547,161,543)	(129,622,985)
Net Capital Assets	1,920,216,039	119,630,533
Other Assets:		
Bond Issuance Costs	21,528,378	-
Other	-	650,000
Total Noncurrent Assets	2,514,429,680	120,280,533
Total Assets	2,715,356,655	159,149,198

(Continued)

Detroit, Michigan
OF NET ASSETS
FUNDS
2002

Enterprise Funds			
Water Fund	Automobile Parking Fund	Non-Major Funds	Total
$ 3,906,347	$ 844,187	$ 1,797,030	$ 6,826,633
5,508,765	500,786	-	23,800,183
33,315,530	292,462	570,426	87,358,952
-	79,321	19,500	268,680
-	-	9,819,635	26,097,734
81,467,381	1,906,045	721,051	259,193,043
114,782,911	2,277,828	11,130,612	372,918,409
(30,121,379)	(301,479)	(659,746)	(81,684,680)
84,661,532	1,976,349	10,470,866	291,233,729
9,671,129	-	837,084	37,793,217
96,230	253,578	318,904	984,665
-	-	1,557,225	1,557,225
103,844,003	3,574,900	14,981,109	362,195,652
-	-	-	8,804,454
219,094,455	38,639,801	-	810,965,628
1,797,014	-	-	11,694,644
14,395	-	-	766,202
5,146,947	7,014,114	20,171,050	48,618,291
87,312,719	205,738	9,998,410	97,516,867
407,884,323	152,445,066	116,908,456	1,436,564,224
648,999,324	-	-	1,141,214,702
370,274,409	1,901,860	3,288,819	967,690,969
-	-	2,844,810	138,558,946
549,851,782	48,569,096	26,942,704	1,346,226,728
2,069,469,504	210,135,874	180,154,249	5,176,390,727
(579,392,483)	(96,940,595)	(70,715,306)	(1,423,832,912)
1,490,077,021	113,195,279	109,438,943	3,752,557,815
17,844,918	-	-	39,373,296
-	155,008	6,990,504	7,795,512
1,728,827,803	151,990,088	116,429,447	4,631,957,551
1,832,671,806	155,564,988	131,410,556	$ 4,994,153,203

City of
STATEMENT
PROPRIETARY
June 30,

LIABILITIES AND NET ASSETS	Sewage Disposal Fund	Transportation Fund
Liabilities:		
Current Liabilities:		
Bank Overdraft	122,341	-
Accounts and Contracts Payable	9,149,200	13,847,246
Due to Other Funds	36,674,738	8,829,835
Due to Fiduciary Funds	82,304	2,188,527
Due to Component Units	-	5,493,100
Refundable Deposits	-	-
Due to Other Governmental Agencies	-	-
Accrued Salaries and Wages	1,113,689	1,996,439
Accrued Compensated Absences	5,003,805	3,834,468
Accrued Public Liability and Workers Compensation	1,859,812	-
Other Liabilities	1,321,546	552,873
Bonds and Notes Payable	33,600,000	-
Accrued Interest on Bonds and Notes Payable	26,288,849	-
Restricted Accounts and Contracts Payable	67,789,674	-
Restricted Due to Other Funds	5,216,003	-
Restricted Other Liabilities	-	-
Deferred Revenue	-	232,234
Total Current Liabilities	188,221,961	36,974,722
Noncurrent Liabilities:		
Bonds and Notes Payable	1,687,585,089	-
Unamortized Discount and Gain on Defeasances	(43,343,131)	-
Bonds and Notes Payable - Net	1,644,241,958	-
Accrued Compensated Absences	4,655,686	958,617
Accrued Public Liability and Workers' Compensation	5,110,509	2,211,493
Advance From Other Funds	-	-
Total Noncurrent Liabilities	1,654,008,153	3,170,110
Total Liabilities	1,842,230,114	40,144,832
Net Assets:		
Invested in Capital Assets, Net of Related Debt	595,297,060	119,630,534
Restricted for Debt Service	70,799,269	-
Unrestricted (Deficit)	207,030,212	(626,168)
Total Net Assets	$ 873,126,541	$ 119,004,366

The accompanying notes are an integral part of the financial statements.

Detroit, Michigan
OF NET ASSETS
FUNDS
2002

Enterprise Funds

Water Fund	Automobile Parking Fund	Non-Major Funds	Total
219,130	-	-	341,471
9,510,970	1,479,574	1,752,434	35,739,424
59,245,676	2,341,344	9,435,710	116,527,303
1,778,951	-	3,625,982	7,675,764
-	-	-	5,493,100
-	-	86,886	86,886
-	-	361,263	361,263
1,478,960	49,173	474,103	5,112,364
6,874,187	180,504	886,076	16,779,040
4,635,018	-	3,129,526	9,624,356
9,215,199	-	74,053	11,163,671
19,400,000	5,505,000		58,505,000
30,063,335	1,616,803	-	57,968,987
20,055,431	-	6,102,820	93,947,925
15,100,219	-	-	20,316,222
626,068	-	-	626,068
-	-	16,667	248,901
178,203,144	11,172,398	25,945,520	440,517,745
1,294,170,000	73,015,000	-	3,054,770,089
(42,802,309)	(2,739,167)	-	(88,884,607)
1,251,367,691	70,275,833	-	2,965,885,482
6,369,759	175,343	1,824,697	13,984,102
12,736,396	-	3,723,737	23,782,135
-	1,250,000	-	1,250,000
1,270,473,846	71,701,176	5,548,434	3,004,901,719
1,448,676,990	82,873,574	31,493,954	3,445,419,464
288,299,499	73,315,080	109,438,943	1,185,981,116
30,777,642	-	-	101,576,911
64,917,675	(623,666)	(9,522,341)	261,175,712
$ 383,994,816	$ 72,691,414	$ 99,916,602	$ 1,548,733,739

City of
STATEMENT OF REVENUES,
PROPRIETARY
For the Year Ended

	Sewage Disposal Fund	Transportation Fund
Operating Revenues:		
Sales and Charges for Services	$ 262,766,343	$ 24,084,896
Rentals, Fees and Surcharges	1,453,320	-
Miscellaneous	3,773,842	-
Total Operating Revenues	267,993,505	24,084,896
Operating Expenses:		
Salaries, Wages and Benefits	47,369,937	110,170,946
Contractual Services	-	22,781,968
Operating	113,881,552	-
Repairs and Maintenance	17,933,381	-
Materials, Supplies and Other Expenses	-	40,962,433
Depreciation and Amortization	40,933,131	13,500,420
Total Operating Expenses	220,118,001	187,415,767
Total Operating Income (Loss)	47,875,504	(163,330,871)
Non-Operating Revenues (Expenses):		
Earnings on Investments	17,298,504	80,666
Federal Subsidies	-	-
Contributions	-	66,289,238
Other Revenues	796,276	2,113,464
Interest on Bonds and Notes Payable	(41,095,328)	-
Gain on Disposal of Assets	-	-
Other Expenses	-	-
Total Non-Operating Revenues (Expenses)	(23,000,548)	68,483,368
Net Income (Loss) Before Contributions and Transfers	24,874,956	(94,847,503)
Capital Contributions	751,804	31,366,355
Transfers In	-	79,361,672
Increase (Decrease) in Net Assets	25,626,760	15,880,524
Net Assets - Beginning of Year, as Restated (see Note I-C)	847,499,781	103,123,842
Net Assets - End of Year	$ 873,126,541	$ 119,004,366

The accompanying notes are an integral part of the financial statements.

Detroit, Michigan
EXPENSES AND CHANGES IN FUND NET ASSETS
FUNDS
June 30, 2002

Enterprise Funds			
Water Fund	Automobile Parking Fund	Non-Major Funds	Total
$ 205,083,397	$ -	$ 1,076,622	$ 493,011,258
-	20,583,563	5,842,080	27,878,963
4,144,542	99,410	5,194,047	13,211,841
209,227,939	20,682,973	12,112,749	534,102,062
30,366,205	1,736,786	19,232,024	208,875,898
-	4,432,746	-	27,214,714
123,090,738	2,315,454	4,904,894	244,192,638
-	1,043,117	9,717,014	28,693,512
1,789,993	126,504	36,297,570	79,176,500
26,484,192	5,523,296	3,209,997	89,651,036
181,731,128	15,177,903	73,361,499	677,804,298
27,496,811	5,505,070	(61,248,750)	(143,702,236)
9,898,398	1,087,465	424,130	28,789,163
-	-	45,013,333	45,013,333
-	-	-	66,289,238
-	-	-	2,909,740
(50,649,108)	(2,655,158)	-	(94,399,594)
-	-	599,804	599,804
(148,260)	-	-	(148,260)
(40,898,970)	(1,567,693)	46,037,267	49,053,424
(13,402,159)	3,937,377	(15,211,483)	(94,648,812)
6,000,000	-	17,917,245	56,035,404
-	-	6,207,579	85,569,251
(7,402,159)	3,937,377	8,913,341	46,955,843
391,396,975	68,754,037	91,003,261	1,501,777,896
$ 383,994,816	$ 72,691,414	$ 99,916,602	$ 1,548,733,739

City of
STATEMENT
PROPRIETARY
For the Year Ended

	Sewage Disposal Fund	Transportation Fund
Cash Flows from Operations:		
Receipts from Customers	$ 266,351,437	$ 24,969,238
Repayments from Other Funds	-	-
Repayments to Other Funds	(24,482,191)	-
Deposits Refunded to Customers	-	-
Payments to Suppliers	(121,187,667)	(75,064,677)
Payments to Employees	(47,277,004)	(110,445,932)
Gain on Disposition of Assets	-	-
Net Cash Provided by (Used in) Operating Activities	73,404,575	(160,541,371)
Cash Flows from Non-Capital Financing Activities:		
Contributions from Other Governments	-	71,210,184
Transfers from Other Funds	-	92,730,817
Net Cash Provided by Non-Capital Financing Activities	-	163,941,001
Cash Flows from Capital and Related Financing Activities:		
Capital Contributions	751,804	25,949,494
Acquisition and Construction of Capital Assets	(253,918,680)	(31,600,327)
Proceeds from Bond and Note Issuances	780,498,367	-
Unamortized Discount and Bond Issuance Cost	2,854,207	-
Principal Paid on Bonds and Notes	(24,880,174)	-
Interest Paid on Bonds - Net	(59,013,182)	-
Principal Paid on Refunded Debt	(258,150,000)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	188,142,342	(5,650,833)
Cash Flows from Investing Activities:		
Proceeds (Losses) from Sales and Maturities of Investments, Net	(273,826,260)	86,900,000
Purchases of Investments	-	(87,403,666)
Interest on Investment Securities	17,298,504	80,666
Net Cash Provided by (Used in) Investing Activities	(256,527,756)	(423,000)
Net Increase (Decrease) in Cash and Cash Equivalents	5,019,161	(2,674,203)
Cash and Cash Equivalents at Beginning of Year	3,662,952	2,953,272
Cash and Cash Equivalents at End of Year	$ 8,682,113	$ 279,069

(Continued)

The accompanying notes are an integral part of the financial statements.

Detroit, Michigan
OF CASH FLOWS
FUNDS
June 30, 2002

Enterprise Funds			
Water Fund	Automobile Parking Fund	Non-Major Funds	Total
$ 215,644,820	$ 21,076,364	$ 7,711,793	$ 535,753,652
16,342,030	988,167	-	17,330,197
-	(58,585)	(4,180,597)	(28,721,373)
-	-	(24,527)	(24,527)
(136,771,623)	(7,383,641)	(44,141,997)	(384,549,605)
(30,918,644)	(4,194,233)	(19,329,829)	(212,165,642)
-	-	(599,804)	(599,804)
64,296,583	10,428,072	(60,564,961)	(72,977,102)
-	-	45,013,333	116,223,517
-	-	6,207,579	98,938,396
-	-	51,220,912	215,161,913
6,000,000	-	17,917,245	50,618,543
(170,204,641)	(20,528,493)	(15,430,776)	(491,682,917)
-	-	-	780,498,367
3,801,719	310,930	-	6,966,856
(18,140,000)	(5,410,000)	-	(48,430,174)
(44,475,584)	(2,786,971)	-	(106,275,737)
-	-	-	(258,150,000)
(223,018,506)	(28,414,534)	2,486,469	(66,455,062)
144,836,288	17,229,058	-	(24,860,914)
-	-	-	(87,403,666)
9,898,398	1,087,465	327,230	28,692,263
154,734,686	18,316,523	327,230	(83,572,317)
(3,987,237)	330,061	(6,530,350)	(7,842,568)
7,674,454	514,126	9,884,605	24,689,409
$ 3,687,217	$ 844,187	$ 3,354,255	$ 16,846,841

City of
STATEMENT OF
PROPRIETARY
For the Year Ended

	Sewage Disposal Fund	Transportation Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating Income (Loss)	$ 47,875,504	$ (163,330,871)
Adjustments to Operating Income (Loss):		
Depreciation and Amortization	40,933,131	13,500,420
Loss (Gain) on Disposal of Assets	-	-
Allowance for Uncollectible Accounts	4,251,124	18,488
Late Charges and Other, Net	796,276	-
Changes in Assets and Liabilities:		
(Increase) Decrease in Other Receivables - Trade	(2,438,344)	884,342
Decrease in Due from Other Governmental Agencies	-	-
(Increase) Decrease in Inventories	(1,517,857)	2,245,647
(Increase) Decrease in Prepaid Expenses	593,267	8,067
(Increase) Decrease in Due from Other Funds	(18,206,022)	-
Decrease in Other Assets	-	-
Increase (Decrease) Accounts and Contracts Payable	22,863,445	(1,123,337)
Increase (Decrease) in Due to Other Funds	(6,276,169)	-
Decrease in Due to Governmental Agencies	-	(12,581,250)
Increase (Decrease) in Other Liabilities	(3,219,522)	292,423
Decrease in Accrued Compensated Absences	-	(567,409)
Increase (Decrease) in Accrued Public Liability and Worker Compensation	(12,250,258)	123,825
Decrease in Refundable Deposits	-	-
Decrease in Prepaid Revenue	-	-
Decrease in Deferred Revenue	-	(11,716)
Net Cash Provided by (Used in) Operating Activities	$ 73,404,575	$ (160,541,371)

The accompanying notes are an integral part of the financial statements.

Detroit, Michigan
CASH FLOWS
FUNDS
June 30, 2002

Enterprise Funds			
Water Fund	Automobile Parking Fund	Non-Major Funds	Total
$ 27,496,811	$ 5,505,070	$ (61,248,750)	$ (143,702,236)
26,484,192	5,163,144	3,209,997	89,290,884
-	-	(599,804)	(599,804)
(1,049,355)	-	389,919	3,610,176
(148,260)	-	-	648,016
6,565,141	393,391	(49,671)	5,354,859
-	-	164,067	164,067
(1,357,034)	-	(274,739)	(903,983)
135,283	(135,540)	(149,096)	451,981
1,970,175	(58,585)	(4,808,061)	(21,102,493)
	55,000	-	55,000
(13,764,164)	(1,464,482)	2,726,065	9,237,527
14,371,855	988,167	(1,816,431)	7,267,422
-	-	(617,939)	(13,199,189)
76,574	49,173	(835)	(2,802,187)
-	(67,266)	(314,485)	(949,160)
3,515,365	-	2,869,329	(5,741,739)
-	-	(24,527)	(24,527)
-	-	(20,000)	(20,000)
-	-	-	(11,716)
$ 64,296,583	$ 10,428,072	$ (60,564,961)	$ (72,977,102)

City of Detroit, Michigan
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2002

	Pension and Other Employee Benefit Funds	Agency Funds	Total
ASSETS			
Cash and Cash Equivalents	$ 19,320,408	$ 2,559,060	$ 21,879,468
Investments at Fair Value:			
Short-Term Investments	223,024,613	-	223,024,613
Commercial Paper	9,974,272	-	9,974,272
U. S. Government Obligations	621,453	-	621,453
Bonds and Stocks	3,759,050,316	-	3,759,050,316
Mortgage-Backed Securities	245,161,594	-	245,161,594
Mortgage and Construction Loans	214,152,332	-	214,152,332
Equity Interest in Real Estate	152,330,404	-	152,330,404
Real Estate Investment Trusts Held by Custodian	24,658,081	-	24,658,081
Pooled Investments	529,723,400	5,794,291	535,517,691
Private Placements	253,627,872	-	253,627,872
Total Investments	5,412,324,337	5,794,291	5,418,118,628
Accrued Interest Receivable	245,394	-	245,394
Accounts Receivable:			
Due from Primary Government	17,577,549	185,281	17,762,830
Due from Component Units	523,497	-	523,497
Other Receivables	293,855,974	-	293,855,974
Total Accounts Receivable	311,957,020	185,281	312,142,301
Other Assets	401,433,313	-	401,433,313
Total Assets	6,145,280,472	8,538,632	6,153,819,104
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts and Contracts Payable	7,722,577	1,558,210	9,280,787
Due to Broker	677,878,533		677,878,533
Benefits and Claims Payable	18,802,181	-	18,802,181
Due to Primary Government	1,945,699	149,067	2,094,766
Other Liabilities	33,445,954	6,831,355	40,277,309
Total Liabilities	739,794,944	8,538,632	748,333,576
Net Assets:			
Net Assets Held in Trust for Pension and Employee Benefits	$ 5,405,485,528	$ -	$ 5,405,485,528

(An unaudited Schedule of Employer Contributions is Funding Progress is presented on page 86)

The accompanying notes are an integral part of the financial statements.

City of Detroit, Michigan
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended June 30, 2002

	Pension and Other Employee Benefit Funds
ADDITIONS:	
Employer Contributions	$ 292,149,964
Plan Member Contributions	55,407,941
Other Income	1,198
Total Contributions	347,559,103
Investment Loss	(445,360,891)
Total Additions	(97,801,788)
DEDUCTIONS:	
Pension and Annuity Benefits	331,784,505
Premiums to Insurers and Damage Claims	235,213,315
Benefits	1,794,360
Refunds	124,245,456
General and Administrative Expenses	6,935,480
Total Deductions	699,973,116
Net Decrease	(797,774,904)
Net Assets, Beginning of Year	6,203,260,432
Net Assets, End of Year	$ 5,405,485,528

The accompanying notes are an integral part of the financial statements.

City of Detroit,
STATEMENT OF
COMPONENT
June 30,

	Detroit Public Library	Downtown Development Authority	Economic Development Authority	Local Development Finance Authority	Museum of African American History
ASSETS:					
Cash and Cash Equivalents	$ 125,086	$ 602,363	$ 2,507,235	$ -	$ 771,040
Escrow Deposits	-	109,884	54,227,330	-	-
Investments, including Accrued Interest	4,488,587	135,277,291	13,161,745	-	33,851
Insurance Recovery Receivable	5,200,000	-	-	-	-
Accounts and Contracts Receivable					
Due from Primary Government	3,715,525	-	-	-	-
Due from Other Governments	1,416,516	-	-	-	-
Other Recievables	-	3,297,920	1,018,070	-	282,660
Total Accounts and Contracts Receivable	5,132,041	3,297,920	1,018,070	-	282,660
Allowance for Doubtful Accounts	-	(44,815)	-	-	-
Total Accounts and Contracts Receivable - Net	5,132,041	3,253,105	1,018,070	-	282,660
Inventory	3,224,487	-	-	-	105,720
Prepaid Expenses	-	44,224	-	-	14,432
Taxes, Interest, and Penalties Receivable	2,569,025	-	-	-	-
Loans and Notes Receivable	-	70,822,981	21,782,610	-	-
Unamortized Bond and Note Issue Costs- Net	-	3,955,897	-	-	-
Restricted Cash	2,449,216	-	-	-	-
Restricted Investments	9,434,999	-	-	24,637,312	-
Capital Assets:					
Land	1,371,996	7,544,670	-	-	-
Artwork	1,230,175	-	-	-	-
Plant and Equipment	150,234,130	145,352	-	-	2,473,753
Construction Work in Progress	-	17,923,299	-	-	-
Less: Accumulated Depreciation	(148,188,209)	(96,989)	-	-	(1,601,591)
Capital Assets, Net	4,648,092	25,516,332	-	-	872,162
Other	-	4,778,695	940,716	-	-
Deferred Charges	-	-	-	-	-
Total Assets	37,271,533	244,360,772	93,637,706	24,637,312	2,079,865
LIABILITIES:					
Current Liabilities:					
Accounts Payable and Contracts Payable	3,653,343	685,244	55,713,269	-	1,153,034
Interest Payable	-	7,206,090	738,877	433,120	-
Due to Primary Government	1,487,698	75,000	-	-	-
Advances Due to Primary Government	-	-	92,302	-	-
Accrued Salaries and Wages	782,342	-	-	-	76,815
Deferred Revenues	-	-	2,650,954	-	-
Other Current Liabilities	720,603	108,940	-	-	-
Bonds, Notes, and Other Debt Payables-Current	-	9,090,000	9,237,610	2,680,000	1,247,151
Unamortized Premuims and Defeasances	-	(70,303)	-	-	-
Bonds, Notes and Other Debt Payable-Curent-Net	-	9,019,697	9,237,610	2,680,000	1,247,151
Accrued Compensated Absences	-	-	-	-	-
Accrued Public Liability and Workers Compensation	80,750	-	-	-	-
Noncurrent Liabilities:					
Bonds, Notes, and Other Debt Payables-Noncurrent	-	189,771,198	4,548,945	90,805,000	-
Unamortized Premuims and Defeasances	-	(1,633,337)	-	-	-
Bonds, Notes and Other Debt Payable-NonCurent-Net	-	188,137,861	4,548,945	90,805,000	-
Accrued Compensated Absences	3,348,144	-	-	-	-
Accrued Public Liability and Workers Compensation	489,730	-	-	-	-
Total Liabilities	10,562,610	205,232,832	72,981,957	93,918,120	2,477,000
NET ASSETS:					
Invested in Capital Assets, Net of Related Debt	4,648,092	25,516,332	-	-	872,162
Restricted for:					
Endowments and Trust (Non-Expendable)	11,884,215	-	-	-	-
Capital Projects	-	12,470,813	20,412,896	-	-
Debt Service	-	-	-		-
Unrestricted (Deficit)	10,176,616	1,140,795	242,853	(69,280,808)	(1,269,297)
Total Net Assets (Deficit)	$ 26,708,923	$ 39,127,940	$ 20,655,749	$ (69,280,808)	$ (397,135)

The accompanying notes are an integral part of the financial statements.

Michigan
NET ASSETS
UNITS
2002

School District of the City of Detroit	Tax Increment Finance Authority	Detroit Transportation Corporation	Greater Detroit Resource Recovery Authority	Totals
$ 2,848,867	$ -	$ 1,590,484	$ -	$ 8,445,075
-	-	-	-	54,337,214
75,381,486	-	2,045,251	-	230,388,211
-	-	-	-	5,200,000
-	-	5,493,100	-	9,208,625
262,592,234	-	-	-	264,008,750
12,461,161	-	515,554	6,848,011	24,423,376
275,053,395	-	6,008,654	6,848,011	297,640,751
-	-	-	-	(44,815)
275,053,395	-	6,008,654	6,848,011	297,595,936
5,927,667	-	2,414,651	-	11,672,525
-	-	476,533	5,298,740	5,833,929
72,099,233	-	-	-	74,668,258
-	-	-	-	92,605,591
-	-	-	2,806,629	6,762,526
-	-	-	1,222,744	3,671,960
366,241,422	-	7,690,585	194,078,793	602,083,111
14,074,041	-	5,122,237	8,873,234	36,986,178
-	-	1,986,000	-	3,216,175
672,375,934	-	196,033,548	513,548,023	1,534,810,740
466,202,955		-	-	484,126,254
(369,869,719)	-	(113,389,399)	(143,070,438)	(776,216,345)
782,783,211	-	89,752,386	379,350,819	1,282,923,002
-	-	-	-	5,719,411
-	-	-	2,634,128	2,634,128
1,580,335,281	-	109,978,544	592,239,864	2,684,540,877
111,453,320	-	5,252,245	16,561,544	194,471,999
8,508,762	-	-	1,671,627	18,558,476
-	-	447,156	1,464,354	3,474,208
-	-	-	-	92,302
13,526,959	-	-	-	14,386,116
9,985,991	-	3,350,604	-	15,987,549
3,388,200	-	-	-	4,217,743
202,336,544	-	-	41,225,000	265,816,305
3,261,782	-	-	-	3,191,479
205,598,326	-	-	41,225,000	269,007,784
2,776,627	-	-	-	2,776,627
1,490,867	-	-	-	1,571,617
844,206,834	-	-	500,677,204	1,630,009,181
29,356,039	-	-	(8,651,127)	19,071,575
873,562,873	-	-	492,026,077	1,649,080,756
140,466,043	-	-	-	143,814,187
50,559,151	-	-	-	51,048,881
1,421,317,119	-	9,050,005	552,948,602	2,368,488,245
152,075,316	-	89,752,386	8,402,018	281,266,306
-	-	-	-	11,884,215
-	-	-	-	32,883,709
32,046,800	-	-	30,889,244	62,936,044
(25,103,954)	-	11,176,153	-	(72,917,642)
$ 159,018,162	$ -	$ 100,928,539	$ 39,291,262	$ 316,052,632

City of Detroit,
STATEMENT OF
COMPONENT
For the Year Ended

	Detroit Public Library	Downtown Development Authority	Economic Development Authority	Local Development Finance Authority	Museum of African American History
Expenses	$ (43,302,576)	$ (23,440,356)	$ (31,687,854)	$ (5,396,287)	$ (6,543,499)
Program Revenues:					
Charges for Services	251,510	10,066,341	29,442,404	-	435,630
Operating Grants and Contributions	6,497,092	3,045,970	-	-	3,421,244
Total Program Revenues	6,748,602	13,112,311	29,442,404	-	3,856,874
Net Program Expenses	(36,553,974)	(10,328,045)	(2,245,450)	(5,396,287)	(2,686,625)
General Revenues:					
Property Taxes - Levied for General Purposes	28,727,245	36,070,628	-	13,808,968	-
Property Taxes - Levied for Debt Service	-	-	-	-	-
Investment Income	375,563	-	7,215	420,382	4,460
Interest and Penalities on Taxes	1,076,585	-	-	-	-
Shared Taxes	4,309,559	-	-	-	-
Other Taxes and Assessments	1,614,088	-	-	-	-
Miscellaneous	5,492,398	241,279	300,000	7,000	2,583,876
General Revenues	41,595,438	36,311,907	307,215	14,236,350	2,588,336
Change in Net Assets	5,041,464	25,983,862	(1,938,235)	8,840,063	(98,289)
Net Assets - Beginning of Year, as Restated	21,667,459	13,144,078	22,593,984	(78,120,871)	(298,846)
Net Assets - End of Year	$ 26,708,923	$ 39,127,940	$ 20,655,749	$ (69,280,808)	$ (397,135)

The accompanying notes are an integral part of the financial statements.

Michigan
ACTIVITIES
UNITS
June 30, 2002

School District of the City of Detroit	Tax Increment Finance Authority	Detroit Transportation Corporation	Greater Detroit Resource Recovery Authority	Totals
$ (1,606,443,257)	$ (14,365,970)	$ (18,109,576)	$ (118,600,998)	$ (1,867,890,373)
6,194,154	-	766,995	41,445,276	88,602,310
537,694,038	-	11,186,304	74,310,000	636,154,648
543,888,192	-	11,953,299	115,755,276	724,756,958
(1,062,555,065)	(14,365,970)	(6,156,277)	(2,845,722)	(1,143,133,415)
70,361,823	13,924,887	-	-	162,893,551
70,961,394	-	-	-	70,961,394
14,236,252	-	465,966	14,549,262	30,059,100
-	-	-	-	1,076,585
961,331,404	-	-	-	965,640,963
-	-	-	-	1,614,088
3,951,144	441,083	634,475	-	13,651,255
1,120,842,017	14,365,970	1,100,441	14,549,262	1,245,896,936
58,286,952	-	(5,055,836)	11,703,540	102,763,521
100,731,210	-	105,984,375	27,587,722	213,289,111
$ 159,018,162	$ -	$ 100,928,539	$ 39,291,262	$ 316,052,632

Chief Financial Officer Sean Werdlow (center), flanked by Mayor Kilpatrick and City Treasurer Clarence Williams, announce the Tax Amnesty Program, which was so successful that it generated an additional $20 million for the General Fund, Library and Debt Service.

Photo courtesy of City of Detroit – Communications and Creative Services Department

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Detroit (the City), incorporated in 1806, is a home rule city under State law. The City is organized into two separate branches: (1) the executive branch, which is headed by the Mayor, and (2) the legislative branch, which is composed of the City Council and its agencies. Other agencies (City Clerk and Election) are not classified under the two branches. The City provides the following services as authorized by its charter: public protection, public works, recreation and culture, health, economic development, public lighting, transportation, water and sewage, housing, airport, and parking.

A. REPORTING ENTITY

As required by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity,* the financial statements of the reporting entity include those of the City (the primary government) and its component units. Component units are legally separate organizations for which the elected officials of the City are financially accountable, or the relationship to the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The 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.

1. Blended Component Unit:

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

2. Discretely Presented Component Units:

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

Downtown Development Authority (DDA): The DDA was created to promote and develop economic growth in the City's downtown business district. Funding is provided by an ad valorem tax of 1.0 mill on real and personal property in the downtown development district, a levy on the increased assessed value of a tax increment district, and issuance of revenue and tax increment bonds.

Economic Development Corporation (EDC): The EDC was established to create and implement project plans for designated project areas within the City, and thus encourage the location and expansion of industrial and commercial enterprises within the City. The EDC is primarily funded by means of grants from the City.

Local Development Finance Authority (LDFA): The LDFA was created to finance certain improvements for local public roads in the vicinity of the Chrysler Jefferson Avenue Assembly Plant. Incremental portions of the City and the County of Wayne (the County) property taxes fund LDFA.

Museum of African American History (MAAH): The MAAH was created to provide research, compilation, presentation, publication, and dissemination of knowledge relating to the history, growth, development, heritage, and culture of people of African descent and the human struggle for freedom. The MAAH is primarily funded by means of private grants and grants from the City.

School District of the City of Detroit (the District): The District is a statutory body created by the State of Michigan and functions under the provisions of the Michigan School Code. Funding is provided by an ad valorem tax of 7.0 mills (homestead properties) and 25.0 mills (non-homestead) on real and personal property in the City and a "foundation allowance" provided by the State of Michigan.

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

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

Detroit Transportation Corporation (DTC): The DTC was established in 1985 to oversee construction and operation of the Central Automated Transit System (People Mover) in downtown Detroit. The DTC is primarily funded by means of grants from the City.

Greater Detroit Resource Recovery Authority (GDRRA): The GDRRA was established by the cities of Detroit and Highland Park for the acquisition, construction, and operation of a waste-to-energy facility. The financing was provided by the issuance of revenue bonds.

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

Downtown Development Authority
211 West Fort Street, Suite 900
Detroit, MI 48226
(313) 963-2940

Economic Development Corporation
211 West Fort Street, Suite 900
Detroit, MI 48226
(313) 963-2940

Local Development Finance Authority
211 West Fort Street, Suite 900
Detroit, MI 48226
(313) 963-2940

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

School District of the City of Detroit
5057 Woodward Avenue
Detroit, MI 48202
(313) 494-1000

Tax Increment Finance Authority
211 Fort Street Avenue, Suite 900
Detroit, MI 48226
(313) 963-2940

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

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

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

B. JOINT VENTURE

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

The Detroit-Wayne Joint Building Authority (DWJBA) was created as a corporate instrumentality in 1948 by agreement between the City and the County. All revenues or other monies received by the DWJBA must be disbursed for specific purposes in accordance with agreements with the incorporating units and the holders of the bonds. In March 1988, the City and County agreed to a consent judgment whereby the County's equity in the ownership of a portion of the space in the Coleman A. Young Municipal Center was transferred to the City. As a result, the fixed asset costs are recorded within the City's government-wide financial statements.

The DWJBA is party to a lease agreement that extends to March 1, 2028 for rental of the Coleman A. Young Municipal Center to the City and the County. The lease provides that the DWJBA shall maintain and operate the building, the expenditures of which are to be reimbursed by the City and County on the basis of the building space allocations specified in the lease.

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

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

C. ADOPTION OF NEW ACCOUNTING PRONOUCEMENTS

Effective July 1, 2001, the Fund adopted the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Disclosures*. Statement No. 34 (as amended by Statement No. 37) represents a very significant change in the financial reporting model used by state and local governments.

Statement No. 34 requires government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund or account group, but distinguish between the City's governmental activities, business-type activities, and activities of its discretely presented component units on the statement of net assets and statement of activities. Significantly, the City's statement of net assets includes both non-current assets and non-current liabilities of the City, which were previously recorded in the General Fixed Assets Account Group and the General Long-term Obligations Account Group. In addition to the capital assets previously recorded in the General Fixed Assets Account Group, the City retroactively capitalized infrastructure assets that were acquired beginning with fiscal year ended June 30, 1981. In addition, the government-wide statement of activities reflects depreciation expenses on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus for governmental funds. Accordingly, the accounting and financial reporting for the City's General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds is similar to that previously presented in the City's financial statements, although the format of financial statements has been modified by Statement No. 34.

Statement No. 34 also requires as required supplementary information Management's Discussion and Analysis, which includes an analytical overview of the City's financial activities. In addition, a budgetary comparison statement is presented that compares the adopted and modified General Fund budget with actual results. As a result of implementation, the City restated the other governmental funds' beginning-of-the-year fund balance to reflect the

inclusion of the permanent funds for $937,861 and the exclusion of the Detroit Public Library for $16,305,354. The Detroit Public Library is reported as a discretely presented component unit in accordance with GASB Statement No. 14.

Statement No. 38 requires certain disclosures to be made in the notes to the financial statements concurrent with the implementation of Statement No. 34. While this Statement did not affect amounts reported in the financial statements of the City, certain note disclosures have been added and/or amended, including descriptions of activities of major funds, violations of legal or contractual provisions, future debt service and lease obligations in five-year increments, short-term obligations, interest rates, and interfund balances and transactions.

As a result of implementing GASB Statement No. 34, the following proprietary funds have restated their beginning-of-the-year net asset balance as follows:

Fund	Increase (Decrease) in Net Assets
Airport	$ (35,118,919)
Water	1,885,380
Sewage	31,595,888
Automobile Parking	(7,107,281)
Housing	(207,915,705)
Transportation	30,091,515
	$ (186,569,122)

Effective July 1, 2001, the City adopted the provisions of GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.* This Interpretation clarifies that long-term indebtedness, including debt issues, compensated absences, and claims and judgments, should be recorded as a fund liability in governmental funds when they mature (i.e., are due) and unmatured liabilities should only be reported as general long-term liabilities in the government-wide statement of net assets.

Prior to implementation of GASB Interpretation No. 6, the City recorded a liability in General Fund for accrued compensated absences that were paid 60 days subsequent to year-end. As a result of adopting this Interpretation, the accrued liabilities were reduced and the fund balance in the General Fund was increased by $19,675,328 as of July 1, 2001. A reconciliation of the fund balance of the General Fund as of July 1, 2001 is as follows:

Fund balance at June 30, 2001, as previously reported	$ 218,090,339
Plus: Reduction of accrued compensated absences	19,675,328
Fund balance at July 1, 2001, as restated	$ 237,765,667

(Continued)

D. BASIS OF PRESENTATION

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

1. Government-wide Financial Statements

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

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

2. Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary fund types. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, 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. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The following major funds are used by the City:

Governmental Funds:

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

b. **Other Funds** is a summarization of the non-major governmental funds. Each fund description and their individual fund statements are available in the Combining Section.

Proprietary Funds:

a. **Automobile Parking Fund** accounts for the activity of the City's Auto Parking and Arena System, but does not include parking fine revenues.

b. **Sewage Disposal Fund** accounts for the operations of the wastewater treatment plant; sewers, including sanitary and combined sewers; combined sewer outfalls; and interceptors. The facility provides service to Detroit and 75 other communities in southeastern Michigan.

c. **Water Fund** accounts for the operations of 5 water treatment plants, 20 booster stations, and reservoirs. The fund provides service to Detroit and 125 other communities in southeastern Michigan.

d. **Transportation Fund** accounts for the City's mass transit system with a fleet of over 600 coaches. The fund operates three light repair garages and terminals.

e. **Other Funds** is a summarization of the non-major propriety funds. However, below is a description of each fund:

1. **Airport Fund** accounts for the operations of the City airport.

2. **Housing Fund** accounts for the operation of the Housing department that administers federally subsidized public housing program.

Fiduciary Fund Types

The City additionally reports the following pension and other employee benefit funds:

a. **General Retirement Systems** – accounts for contributions received, invested, and expended for the General Retirement System and the Policemen and Firemen Retirement System.

b. **Employee Benefit Fund** – accounts for the health, dental, life insurance, and eye care of City employees and retirees.

c. **Employee Disability Income Protection Plan** – accounts for long-term disability benefits of employees who become disabled and are not yet eligible for service requirements. The plan provides monthly income, hospitalization insurance, and life insurance.

Agency Funds

These funds account for assets that the City holds for others in an agency capacity

E. BASIS OF ACCOUNTING

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

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, and compensated absences 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 which are susceptible to accrual include property taxes, income taxes, utility taxes, and interest. All other revenue sources are considered to be measurable and available only when cash is received.

Private-sector standards of accounting and financial reporting 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. The City also has the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

F. BUDGETARY DATA

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.

On or before April 12 each year, the Mayor submits to the City Council a proposed annual budget for the next fiscal year. A public hearing in the manner provided by law or ordinance is held on the proposed budget before adoption. After the public hearing, the City Council adopts the budget with or without amendment. Consideration of the budget is completed by the City Council no later than May 15. If the Mayor disapproves of amendments made by the City Council, the Mayor, within seven days, submits to the City Council in writing the reasons for the disapproval. The City Council proceeds to reconsider any budget item so disapproved. If, after reconsideration, a two-thirds majority of the City Council serving agrees to sustain any of the City Council's amendments to the budget, those amendments so sustained are of full force and effect. The City Council's reconsideration of the budget must be concluded within three business days after receipt of the Mayor's disapproval.

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

G. ASSETS, LIABILITIES, AND FUND EQUITY

1. **Cash and Investments:** Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value based on quoted market prices.

2. **Interfund Transactions:**

   The City has the following types of interfund transactions:

   a. **Loans** – amounts provided with a requirement for repayment. Interfund loans are reported as due from other funds in lender funds and due to other funds in borrower funds.

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

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

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

3. **Inventories:** Cost of inventories of the governmental-type funds is recorded as expenditures at the time of purchase. Inventories at year-end for the General, Construction Code, Drug Law Enforcement Fund, and Major and Local Street funds are recorded in the balance sheet at cost or market, whichever is lower, based on a physical inventory, with a reserve for inventories in fund balance by the related fund. Inventories of the Enterprise Funds are stated at the lower of cost or market and expensed when used.

4. **Capital Assets:** Capital assets, which include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. The City's capitalization levels are $5,000 on tangible personal property and for improvements other than buildings, and $50,000 on infrastructure, including sewer and stormwater lines. All acquisitions of land and land improvements will be capitalized regardless of cost. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Capitalized interest, net of related debt, for the year ended June 30, 2002 for the Sewage Disposal, Water, and Automobile Parking Funds was $21,510,384, $21,390,599, and $6,190,931, respectively. Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement, and the resulting gain or loss is included in the operating statement of the related fund. In governmental funds, the sale of general capital assets is included in the statement of revenues, expenditures, and changes in fund balances as proceeds from sale. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

	Years
Land improvements	5 – 20
Buildings and building improvements	5 – 50
Improvements other than buildings	5 – 50
Machinery and equipment	5 – 20
Vehicles other than buses	3 – 10
Buses	9
Stormwater and wastewater lines and pump stations	10 – 65
Other infrastructure	7 – 60

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

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

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

6. **Encumbrances:** Encumbrances outstanding for governmental funds at year-end do not represent GAAP expenditures or liabilities, but represent budgetary accounting controls. All governmental fund budgets are maintained on the modified accrual basis of accounting, except that budgetary-basis expenditures include purchase orders and contracts (encumbrances) issued for goods or services not received at year-end.

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

   The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation and sick leave balances. The calculation for accrued compensated absences is based on an estimate of payments made in the following year. In the government fund statements, governmental funds report accrued compensated absences in accordance with GASB Interpretation No. 6, which is when matured or due.

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

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

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

9. **Municipal Income Taxes:** The City levies an annual income tax. The rate for the calendar year 2002 consists of an annualized tax of 2.65% on the income of resident individuals, 1.325% on income earned in the City by non-residents and for corporations, the annual rate for 2002 was 1.4%. The rates are being lowered over a 10-year period starting July 1, 1999. The resident rate will decrease by 1/10 of a percentage point, the non-resident rate by 1/20 of a percentage point, and the corporate rate by 2/10 of a percentage point over the same period. After the 10-year period, the calendar 2009 resident rate will be 2%, the non-resident rate will be 1%, and the corporate rate will be zero. Municipal income taxes are accrued for income tax withholdings collected by employers but not yet remitted to the City. In the government-wide financial statements, income tax revenue is recorded in the period in which the underlying compensation is earned by the taxpayer. In the governmental fund financial statements, the City records municipal income tax revenues when they become available. Available is defined as due and receivable within the current fiscal year or expected to be collected within 60 days thereafter. Estimated refunds for income tax returns received and in process, in which payment has not been made, are recorded as a reduction of revenues. Income tax assessment receivable represents estimated additional taxes assessed as a result of tax return audits or failure to file a return.

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

11. **Net Assets:** The government-wide and business-type financial statements utilize a net asset presentation. Net assets are categorized as investment in capital assets (net of related debt), restricted and unrestricted.

    a. **Investment in Capital Assets (Net of Related Debt)** – consists of capital assets, net of accumulated depreciation. The outstanding balances of bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets would further reduce this component. If there were significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds would be offset by the outstanding debt.

    b. **Restricted Net Assets** – consist of constraints placed on net asset use through external constraints imposed by grantors, contributors, or laws.

    c. **Unrestricted Net Assets** – represent unrestricted liquid assets. While City management may have categorized and segmented portions for various purposes, the City Council has the unrestricted authority to revise or alter these managerial decisions.

12. **Use of Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. COMPLIANCE WITH FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

The City has no material violations of finance-related legal and contractual provisions.

B. EXCESS OF EXPENDITURES OVER APPROPRIATION IN INDIVIDUAL FUNDS

For the year ended June 30, 2002, expenditures exceeded appropriations in the General Fund for the Arts agency by $7,201.

C. DEFICITS

Automobile Parking, Housing, and the Transportation Funds had deficits at June 30, 2002. Each fund has a deficit reduction plan, which includes, among other things, subsidies from the General Fund and improved operations.

NOTE III. DETAILED NOTES ON ALL FUNDS

A. ASSETS

1. **Deposits and Investments:** Cash deposits are in financial institutions insured as members of the FDIC or NCUA. Cash held by fiscal agents or by trustees is secured in accordance with the covenants of the agency or trust agreement. Cash deposits related to federally funded programs are accounted for in accordance with applicable federal regulations. At June 30, 2002, the City's carrying amount of deposits was $158,036,878 for governmental and business-type activities, and the bank balance was $167,881,703. Of the bank balance, $5,522,496 was covered by federal depository insurance. The remaining balances are not insured. At June 30, 2002, the component units' carrying amount of deposits was $326,042,685 and the bank balance was $341,430,510. Of the bank balance, $2,863,461 was covered by federal depository insurance. The remaining balances are not insured.

	Cash and Investments – Governmental	Cash and Investments – Proprietary	Total Primary Government	Cash and Investments – Component Units
Deposits	$ 101,728,485	$ 56,308,393	$ 158,036,878	$ 326,042,685
Investments	299,468,177	795,304,260	1,094,772,437	572,882,886
Total	$ 401,196,662	$ 851,612,653	$ 1,252,809,315	$ 898,925,571

The City is authorized to invest in U.S. Government obligations, certificates of deposit, savings and depository accounts of insured institutions, commercial paper of certain investment qualify, bankers' acceptances, repurchase agreements, and mutual funds of certain investment qualify. In accordance with GASB Statement No. 3, the City's investments have been categorized to indicate the level of credit risk assumed by the City as follows: (1) insured or registered for which the securities are held by the City (or component unit as applicable) or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the City's (or component unit's) name, or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the City's name. Pooled investments are not subject to categorization because they are not securities. The relationship between the City and the investment agent is a direct contractual relationship, and the investments are not supported by a transferable instrument that evidences ownership or creditor ship.

The following are the City's investment balances at fair market value at June 30, 2002:

	Governmental Activities	Business-type Activities	Category
Commercial paper	$ 59,336,709	$ —	1
U.S. Government securities	37,964,238	58,968,810	1
Bonds, notes, and stocks	—	12,000,000	1
Pooled	202,167,230	260,098,949	N/A
Mortgage-backed securities	—	463,055,239	1
Short-term investments	—	1,181,262	1
Total	$ 299,468,177	$ 795,304,260	

	Component Units	Category
Commercial paper	$ 26,742,354	2
U.S. Government securities	141,014,807	1
U.S. Government securities	29,886,067	2
Bonds, notes, and stocks	7,915,432	1
Pooled	367,041,478	N/A
Short-term investments	282,748	1
Total	$ 572,882,886	

2. **Other Receivables:** Other receivables in the statement of net assets for governmental funds are shown in the aggregate. The following details the other receivable balance at June 30, 2002:

	General	Other Governmental	Total
Property taxes	$ 12,502,190	$ 4,434,526	$ 16,936,716
Income taxes	31,235,820	—	31,235,820
Interest and penalties	1,180,410	436,590	1,617,000
Utility users tax	7,853,981	—	7,853,981
Due from fudiciary funds	1,677,019	—	1,677,019
Trade receivables	19,658,947	3,023,495	22,682,442
Allowance for doubtful accounts	(5,774,283)	(2,840,632)	(8,614,915)
Total other receivables, net	$ 68,334,084	$ 5,053,979	$ 73,388,063

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

4. **Interfund Receivables and Payables:** During the course of operations, numerous transactions occur between the City funds for goods provided and services rendered and for the reimbursement of expenditures. Related interfund receivables and payables are classified as "due from other funds" (due from fiduciary funds) and "due to other funds" (due to fiduciary funds) on the balance sheet and statement of net assets and are expected to be collected within one year. Interfund receivables and payables at June 30, 2002 are as follows:

	Due From								
	General Fund	Non-major Governmental Funds	Sewage Disposal Fund	Transportation Fund	Water Fund	Automobile Parking Fund	Non-major Proprietary Funds	Fiduciary Funds	Total
Due to:									
General Fund	$ 44,794,626	$ 20,129,457	$ 9,475,526	$ 8,285,595	$ 19,161,231	$ 2,333,945	$ 9,430,142	$ 1,677,019	$ 115,287,541
Non-major Governmental Funds	14,589,840	1,488,928	—	544,240	—	7,399	5,568		16,635,975
Sewage Disposal Fund	118,532	—	—	—	55,184,664	—	—	169,859	55,473,055
Transportation Fund	7,774,968	—	—	—	—	—	—	—	7,774,968
Water Fund	2,697,329	—	32,415,215	—	—	—	—	—	35,112,544
Automobile Parking Fund	262,462	30,000	—	—	—	—	—	79,321	371,783
Non-major Proprietary Funds	570,426	—	—	—	—	—	—	19,500	589,926
Fiduciary Funds	9,937,999	—	82,304	2,188,527	1,778,951	—	3,625,982	149,067	17,762,830
Total	$ 80,746,182	$ 21,648,385	$ 41,973,045	$ 11,018,362	$ 76,124,846	$ 2,341,344	$ 13,061,692	$ 2,094,766	$ 249,008,622

5. **Advances:** Advances represent interfund receivables and payables that will not be paid within one year. Advances between funds at June 30, 2002 are as follows:

Receivable Fund	Payable Fund	Amount
General	Capital Projects Fund	$ 850,000
	Municipal Parking Fund	1,250,000
	Federal Employment and Training Funds	147,000
		$ 2,247,000

6. **Transfers:** During the course of operations transactions occur between the City funds for operating subsidies. Related interfund receipts and disbursements are classified as "transfers in" and "transfers out" on the statement of revenues, expenditures/expenses, and changes in fund balance/net assets. The transfers are routine and consistent with the activities of the funds, except for a transfer of $2,077,000 from the General Fund to the Housing Fund. Such transfer was not routine—rather, a one-time transfer for police protection at various low-income housing facilities. Transfers between funds at June 30, 2002 are as follows:

	Tranfers In				
	General Fund	Non-major Governmental Funds	Transportation Fund	Non-major Proprietary Funds	Total Transfers In
Transfers Out					
General Fund	$ —	$ 49,404,403	$ 79,361,672	$ 5,731,339	$ 134,497,414
Non-major governmental funds	67,040,720	54,139,373	—	476,240	121,656,333
Total transfers out	$ 67,040,720	$ 103,543,776	$ 79,361,672	$ 6,207,579	$ 256,153,747

(Continued)

7. Capital Asset Activity for the Year Ended June 30, 2002:

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Non-depreciable assets:				
Land	$ 288,455,892	$ 26,204,791	$ —	$ 314,660,683
Works of art	29,845,410	—	—	29,845,410
Construction in progress	205,088,758	83,129,998	—	288,218,756
Total non-depreciable assets	523,390,060	109,334,789	—	632,724,849
Depreciable assets:				
Buildings and improvement	516,223,378	—	—	516,223,378
Machinery, equipment, and vehicles	337,716,112	4,396,947	—	342,113,059
Infrastructure	705,132,835	3,843,369	—	708,976,204
Total depreciable assets	1,559,072,325	8,240,316	—	1,567,312,641
Less accumulated depreciation for:				
Buildings and improvement	223,437,177	9,644,608	—	233,081,785
Machinery, equipment, and vehicles	231,039,084	29,258,900	—	260,297,984
Infrastructure	584,003,247	13,212,869	—	597,216,116
Total accumulated depreciation	1,038,479,508	52,116,377	—	1,090,595,885
Governmental activities capital assets, net	$ 1,043,982,877	$ 65,458,728	$ —	$ 1,109,441,605

Depreciation expense was charged to governmental functions as follows:

Public protection	$ 6,411,394
Health	344,808
Education	515,669
Recreation and culture	2,861,284
Economic development	6,369,514
Housing supply and condition	33,019
Physical environment	20,270,951
Development and management	15,309,738
	$ 52,116,377

(Continued)

Business-type activities:

Major Funds:	Beginning Balance	Additions	Retirements	Ending Balance
Sewage Disposal Fund:				
Non-depreciable assets:				
Land and land rights	$ 12,171,606	$ —	$ —	$ 12,171,606
Construction in progress	586,316,752	606,241,440	(480,794,544)	711,763,648
Total non-depreciable assets	598,488,358	606,241,440	(480,794,544)	723,935,254
Depreciable assets:				
Buildings and structures	668,198,629	29,486,799	—	697,685,428
Sewer lines	423,950,251	68,265,127	—	492,215,378
Machinery, equipment, and fixtures	501,666,870	53,105,833	(1,231,181)	553,541,522
Total depreciable assets	1,593,815,750	150,857,759	(1,231,181)	1,743,442,328
Total capital assets	2,192,304,108	757,099,199	(482,025,725)	2,467,377,582
Less accumulated depreciation:				
Building and structures	174,223,091	14,707,832	—	188,930,923
Sewer lines	80,034,294	5,619,379	—	85,653,673
Machinery, equipment, and fixtures	252,326,616	20,605,920	(355,589)	272,576,947
	506,584,001	40,933,131	(355,589)	547,161,543
Net capital assets	$ 1,685,720,107	$ 716,166,068	$ (481,670,136)	$ 1,920,216,039
Transportation Fund:				
Non-depreciable assets:				
Land and land rights	$ 4,114,574	$ —	$ —	$ 4,114,574
Construction in progress	2,645,222	6,454,276	—	9,099,498
Total non-depreciable assets	6,759,796	6,454,276	—	13,214,072
Depreciable assets:				
Buildings and structures	56,644,953	4,995,998	—	61,640,951
Machinery, equipment and fixtures	35,560,682	3,240,833	(117,156)	38,684,359
Vehicles and buses	125,165,986	16,909,220	(6,361,070)	135,714,136
Total depreciable assets	217,371,621	25,146,051	(6,478,226)	236,039,446
Total capital assets	224,131,417	31,600,327	(6,478,226)	249,253,518
Less accumulated depreciation:				
Building and structures	40,805,287	1,769,990	—	42,575,277
Machinery, equipment, and fixtures	26,465,511	2,775,555	(117,156)	29,123,910
Vehicles and buses	55,329,993	8,954,875	(6,361,070)	57,923,798
	122,600,791	13,500,420	(6,478,226)	129,622,985
Net capital assets	$ 101,530,626	$ 18,099,907	$ —	$ 119,630,533

(Continued)

	Beginning Balance	Additions	Retirements	Ending Balance
Water Fund:				
Non-depreciable assets:				
Land and land rights	$ 5,146,947	$ —	$ —	$ 5,146,947
Construction in progress	537,243,121	339,902,784	(327,294,123)	549,851,782
Total non-depreciable assets	542,390,068	339,902,784	(327,294,123)	554,998,729
Depreciable assets:				
Land improvements	84,802,267	2,647,181	(136,729)	87,312,719
Buildings and structures	370,194,506	37,689,817	—	407,884,323
Water lines	582,022,522	67,179,460	(202,658)	648,999,324
Machinery, equipment, and fixtures	299,553,774	71,501,875	(781,240)	370,274,409
Total depreciable assets	1,336,573,069	179,018,333	(1,120,627)	1,514,470,775
Total capital assets	1,878,963,137	518,921,117	(328,414,750)	2,069,469,504
Less accumulated depreciation:				
Land improvements	50,822,977	1,727,180	(126,709)	52,423,448
Building and structures	154,026,128	5,849,413	—	159,875,541
Water lines	220,041,304	7,451,897	(189,692)	227,303,509
Machinery, equipment, and fixtures	129,106,759	11,455,702	(772,476)	139,789,985
	553,997,168	26,484,192	(1,088,877)	579,392,483
Net capital assets	$ 1,324,965,969	$ 492,436,925	$ (327,325,873)	$ 1,490,077,021
Automobile Parking Fund:				
Non-depreciable assets:				
Land and land rights	$ 7,014,114	$ —	$ —	$ 7,014,114
Construction in progress	28,449,101	20,119,995	—	48,569,096
Total non-depreciable assets	35,463,215	20,119,995	—	55,583,210
Depreciable assets:				
Land improvements	205,738	—	—	205,738
Buildings and structures	152,216,887	228,179	—	152,445,066
Machinery, equipment, and fixtures	1,721,541	180,319	—	1,901,860
Total depreciable assets	154,144,166	408,498	—	154,552,664
Total capital assets	189,607,381	20,528,493	—	210,135,874
Less accumulated depreciation:				
Land improvements	134,820	10,287	—	145,107
Building and structures	90,665,386	4,922,818	—	95,588,204
Machinery, equipment, and fixtures	977,245	230,039	—	1,207,284
	91,777,451	5,163,144	—	96,940,595
Net capital assets	$ 97,829,930	$ 15,365,349	$ —	$ 113,195,279

(Continued)

	Beginning Balance	Additions	Retirements	Ending Balance
Non-major Funds:				
Non-depreciable assets:				
Land and land rights	$ 20,171,050	$ —	$ —	$ 20,171,050
Construction in progress	36,298,900	—	(9,356,196)	26,942,704
Total non-depreciable assets	56,469,950	—	(9,356,196)	47,113,754
Depreciable assets:				
Land improvements	9,898,410	—	—	9,898,410
Buildings and structures	92,326,551	25,181,709	(599,804)	116,908,456
Machinery, equipment, and fixtures	2,483,901	804,918	—	3,288,819
Vehicles and buses	2,844,810	—	—	2,844,810
Total depreciable assets	107,553,672	25,986,627	(599,804)	132,940,495
Total capital assets	164,023,622	25,986,627	(9,956,000)	180,054,249
Less accumulated depreciation:				
Land improvements	6,500,019	447,710	—	6,947,729
Building and structures	57,801,007	2,428,055	(599,804)	59,629,258
Machinery, equipment, and fixtures	1,461,236	177,257	—	1,638,493
Vehicles and buses	2,342,851	156,975	—	2,499,826
	68,105,113	3,209,997	(599,804)	70,715,306
Net capital assets	$ 95,918,509	$ 22,776,630	$ (9,356,196)	$ 109,338,943

(Continued)

Component Units

School District of the City of Detroit:	Beginning Balance	Reclassifications	Additions	Retirements	Ending Balance
Non-depreciable assets:					
Land and land rights	$ 14,074,041	—	—	—	$ 14,074,041
Construction in progress	226,767,797	(94,667,823)	334,102,981	—	466,202,955
Total non-depreciable assets	240,841,838	(94,667,823)	334,102,981	—	480,276,996
Depreciable:					
Buildings and structures	503,690,643	76,373,497	697,027	(1,384,971)	579,376,196
Land improvements	9,307,384	—	997,805	(21,011)	10,284,178
Buses and other vehicles	32,159,160	18,294,326	621,257	(6,793,384)	44,281,359
Machinery, equipment, and fixtures	35,306,676	—	3,153,125	(25,600)	38,434,201
Total depreciable assets	580,463,863	94,667,823	5,469,214	(8,224,966)	672,375,934
Total capital assets	821,305,701	—	339,572,195	(8,224,966)	1,152,652,930
Less accumulated depreciation:					
Building and structures	311,888,018	—	8,870,705	(1,206,141)	319,552,582
Land improvements	8,392,902	—	149,909	(21,011)	8,521,800
Buses and other vehicles	27,140,994	—	2,777,289	(6,793,384)	23,124,899
Machinery, equipment, and fixtures	15,878,044	—	2,798,794	(6,400)	18,670,438
	363,299,958	—	14,596,697	(8,026,936)	369,869,719
Net capital assets	$ 458,005,743	—	$ 324,975,498	$ (198,030)	$ 782,783,211

Other component units:

Non-depreciable assets:					
Land and land rights	$ 22,912,137	$ —	$ —	$ —	$ 22,912,137
Works of Art	3,216,175	—	—	—	3,216,175
Construction in progress	1,223,348	—	16,699,951	—	17,923,299
Total non-depreciable assets	27,351,660	—	16,699,951	—	44,051,611
Depreciable:					
Land and leasehold improvements	188,444	—	—	—	188,444
Buildings and structures	209,905,560	—	150,235	—	210,055,795
Facility and steamline	513,008,682	—	—	—	513,008,682
Works of art	18,745,260	—	—	—	18,745,260
Machinery, equipment and fixtures	119,078,273	—	1,050,352	—	120,128,625
Vehicles and buses	308,000	—	—	—	308,000
Total depreciable assets	861,234,219	—	1,200,587	—	862,434,806
Total capital assets	888,585,879	—	17,900,538	—	906,486,417
Less accumulated depreciation	383,949,936	—	22,396,690	—	406,346,626
Net capital assets	$ 504,635,943	$ —	$ (4,496,152)	$ —	$ 500,139,791

(Continued)

8. **Deferred Revenue:** Deferred revenue represents revenue received, but for which the revenue recognition criteria have not been met. Accordingly, these revenues are deferred until such time as the revenue recognition criteria are met.

9. **Due from/to Component Units:** Due from/to component units consists of sales, charges for services, and property tax revenue to the District, the Library, EDC, and DTC.

B. LIABILITIES

1. Pension Plans:

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

These plans are administered in accordance with the City of Detroit 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 of Michigan Public Act 314 of 1965, as amended.

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

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

The City's policy is to fund normal costs and amortization of prior service costs. The City is required to contribute at an actuarially determined rate. The current rate is 13.37% of active annual payroll for the General Retirement System and 27.25% of active annual payroll for the Policemen and Firemen Retirement System. Contributions from City funds and the Library, including accounts receivable for the year ended June 30, 2002, amounted to $67,791,488 and $8,449,645 for the General Retirement System and the Policemen and Firemen Retirement System, respectively.

Employee contributions for annuity savings are as follows:

- General Retirement System — Employees may elect to contribute 3%, 5%, or 7% of the first $84,900 of annual compensation and 5% or 7 % of any excess over $84,900. Contributions are voluntary for all union and non-union employees.

- Policemen and Firemen Retirement System — Mandatory contributions are 5% of base compensation until eligibility for retirement is reached.

Contributions received from employees during the year ended June 30, 2002 amounted to $25,482,285 and $10,301,296 for the General Retirement System and the Policemen and Firemen Retirement System, respectively.

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

General Retirement System 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.

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 twenty-five (25) years of service with full benefits and a yearly cost-of-living adjustment of 2.25%.

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.

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

Monthly pension benefits, which are subject to certain minimum and maximum amounts, are determined according to fixed rates per year of credited service. Pension benefits for all members of the General Retirement System are increased annually by 2.25% of the original pension. For those members of the Policemen and Firemen 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.

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

General Retirement System				Policemen and Firemen Retirement System			
Year Ended June 30	Annual Pension Costs	Percentage Contributed	Net Pension Obligation	Year Ended June 30	Annual Pension Costs	Percentage Contributed	Net Pension Obligation
2000	$ 66.7	100	—	2000	$ 20.0	100	—
2001	68.1	100	—	2001	14.4	100	—
2002	67.8	100	—	2002	8.4	100	—

(Continued)

Classes of Employees: The GRS covers all eligible employees other than police officers and firefighters, who are covered by the PFRS.

The plans' membership consisted of the following at June 30, 2001, the date of the latest actuarial valuation:

	Defined Benefit		Defined Annuity Contributions	
	GRS	PFRS	GRS	PFRS
Retirees and beneficiaries receiving benefits	11,403	8,564	1,665	1,594
Terminated plan members entitled to but not yet receiving benefits	1,547	37	393	8
Active plan members	12,410	5,488	11,791	5,219

Cash and Investments: Cash balances for the two systems are held in financial institutions insured as members of FDIC in the Systems' name. As of June 30, 2002, the carrying amounts of $8,450,617 for the General Retirement System and $10,602,991 for the Policemen and Firemen Retirement System were equal to bank balances. Of the bank balance, $400,000 ($200,000 for each system) is covered by federal depository insurance. The remaining balance is uninsured.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 3, the Systems' investments are categorized to give an indication of the level of custodial risk assumed by the Systems at June 30, 2002.

Category 2: Includes investments, which are uninsured, unregistered, and held by an agent in the City's name.

N/A: Those investments identified by N/A are not categorized because they represent pooled funds.

The Retirement Systems have adopted an official investment policy that is in accordance with state statute. Authorized investments include U.S. Government obligations, certificates of deposit, savings and depository accounts of insured institutions, commercial paper of certain investment quality, bankers' acceptances, repurchase agreements, mutual funds of certain investment quality, secured lease obligations, real and personal property, small business and venture capital firms, preferred stock, common stock, and other investments not excluded by state statute, limited as to portfolio share.

The Systems invest in mortgage-backed securities. These securities are reported at fair value in the balance sheet and are based on the cash flows from interest and principal payments by the underlying mortgages. As a result, they are sensitive to prepayments by mortgages, which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flow from interest payments is reduced and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investments would be higher than anticipated. The Systems invest in mortgage-backed securities to diversify the portfolio and to increase the return while minimizing the extent of risk.

Below is a description of the investments by type and category at June 30, 2002.

Investment		Category
General Retirement System:		
Short-term investments	$ 138,177,010	2
Bonds and stocks	1,621,642,136	2
Mortgage-backed securities	80,586,347	2
Mortgage and construction loans	142,053,294	N/A
Equity interest in real estate	71,099,600	N/A
Pooled investments	154,057,982	N/A
Private placements	219,875,997	2
Total	$ 2,427,492,366	
Policemen and Firemen Retirement System:		
Short-term investments	$ 84,847,603	2
Bonds and stocks	2,124,118,065	2
Mortgage-backed securities	157,299,147	2
Mortgage and construction loans	72,099,038	N/A
Equity interest in real estate	81,230,804	N/A
Real estate investment trusts	24,658,081	2
Pooled investments	375,665,418	N/A
Private placements	33,751,875	2
Total	$ 2,953,670,031	

Securities Lending: Under the provisions of Securities Lending Authorization Agreements, the Retirement Systems lend securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The Systems' custodial banks manage the securities lending program and receive cash, securities, and 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 but not less than 100% of the market value of the loaned securities.

The Systems did not impose any restrictions during the fiscal year on the amount of the loans that the custodial banks made on its behalf, and the custodial banks indemnified the Systems by agreeing to purchase replacement securities or return cash collateral in the event a borrower failed to return the loaned security or pay distributions thereon. There were no such failures by any borrowers during the fiscal year. Moreover, there were no losses during the fiscal year resulting from default of the borrowers or the custodial banks. The Systems and the borrowers maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan is invested in two separate collective investment pools. The average duration of each investment pool as of June 30, 2002 was 64 days. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2002, the Systems had no credit risk exposure to borrowers. The collateral held and the market value of securities on loan for the Systems as of June 30, 2002 were $399,789,093 and $389,894,836, respectively. During the fiscal year ended June 30, 2002, the General Retirement System has, via a Securities Lending Authorization Agreement, authorized State Street Bank and Trust Company to lend its securities to broker-dealers and banks pursuant to a form of loan agreement. Cash collateral received with respect to such loans was invested, at the discretion of the Board of Trustees of the Retirement System, in Quality Funds for Short-term Investments (the Fund), a pooled external vehicle. The fair value of investments held by the Fund is based upon valuations provided by a recognized pricing service. Because the Fund does not meet the requirements of Rule 2a-7 of the Investment Company Act of 1940, State Street has valued the Fund's investment at fair value for reporting purposes. The Fund is not registered with the Securities and Exchange Commission. State Street, and consequently the investment vehicles it sponsors (including the Fund), are subject to the oversight of the Federal Reserve Board and the Massachusetts Commissioner of Banks. The fair value of the Retirement System's position in the Fund is not the same as the value of the Fund shares. There was no involuntary participation in an

external investment pool by the System for the fiscal year. Further, State Street assigned no income from one fund to another fund during the fiscal year.

For accounting purposes, the statements of net assets and changes in net assets in the fiduciary funds reflect the increase in assets, liabilities, interest income, and expense associated with securities lent.

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

	GRS	PFRS
Investment loss, net:		
Dividend income	$ 14,800,502	$ 25,822,849
Interest income	65,584,384	103,405,854
Net depreciation	(224,944,224)	(406,157,986)
Investment expense	(11,011,467)	(12,287,848)
Total	$ (155,570,805)	$ (289,217,131)

Other Post-employment Benefits: In addition to the pension benefits described above, the City provides post-retirement benefits to its retirees, which include hospitalization, dental care, eye care, and life insurance. The number of City retirees at June 30, 2002 is 20,058. Costs are accounted for in accordance with GASB Statement No. 12, *Disclosures of Information on Post-retirement Benefits Other Than Pension Benefits by State and Local Governmental Employers*. The benefits are provided in accordance with the City Charter and union contracts. The costs of benefits, which are financed on a pay-as-you-go basis, for the year ended June 30, 2002, are as follows:

Benefit	City Cost	Retiree Cost	Total Cost
Hospitalization	$ 111,169,155	$ 10,374,243	$ 121,543,398
Dental	5,776,581	—	5,776,581
Eye care	1,980,627	—	1,980,627
Life insurance	147,067	25,882	172,949
Total	$ 119,073,430	$ 10,400,125	$ 129,473,555

Significant actuarial assumptions used in preparing the accompanying Systems' financial statements for the year ended June 30, 2002 follow:

	General Retirement System	Policemen and Firemen Retirement System
Valuation date	June 30, 2001	June 30, 2001
Actuarial cost method	Entry Age	Entry Age
Amortization method	Level Percent Closed	Level Percent Closed
Remaining amortization period	20 years	16 years
Asset valuation method	3-year Smoothed Market	3-year Smoothed Market
Actuarial assumptions:		
Investment rate of return	7.9%	7.8%
Projected salary increases	4.0 % – 10.0%	5.5% – 9.0%
Includes inflation at	4.0%	4.8%
Cost-of-living adjustments	2.25%	2.25%

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

2. Commitments and Contingencies

a. **Lawsuits and Claims:** The City is a defendant in numerous lawsuits and is also subject to other claims. It has been the City's experience that lawsuits and claims are settled for amounts less than the stated demand. While it is not possible to estimate the final outcome of these lawsuits and claims with any reasonable degree of precision, the City and its Legal Department have estimated that the liability for all such litigation and claims approximates $134 million.

b. **Grant Audits:** Several of the City's funds participate in a number of federally assisted grant programs, principal of which are the Community Development Block Grant, Low Income Housing Subsidies, Head Start, Job Training Partnership Act, DDS Work First/Edge, and Substance Abuse Programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs prior to and/or including the year ended June 30, 2002 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, 2002. Since the City believes such adjustments, if any, will not be material, no provision for possible adjustments has been made.

c. **Rate Matters:** The Sewage Disposal 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 resolution is not currently known.

d. **Utility Users' Tax:** The City Utility Users' Tax Act imposes a 5% tax on utility use within the City, which was historically billed by the public utility companies. When natural gas was deregulated, certain corporate taxpayers started buying natural gas directly from wellheads and producers and stopped paying the corresponding utility users tax. In December 1987, the City adopted a Rule declaring these "direct natural gas purchases" were subject to tax. In 1988, a taxpayer group unsuccessfully challenged the Rule before the Revenue Commissioner. This decision was upheld in February 1990 by the Wayne County Circuit Court and in October 1992 by the Michigan Court of Appeals. The sole issue of whether application of the Rule prior to January 1, 1988 would be "unduly harsh" was remanded to the State Revenue Commissioner. In 1994, the City began issuing proposed assessments for January 1, 1988 through December 31, 1993. With respect to these assessments, taxpayers fell into three categories: (1) taxpayers who had paid and remitted taxes monthly;

(2) other taxpayers who protested, were afforded a protest hearing, received a final assessment, and filed appeals to the Revenue Commissioner (In July and September 1996, the Revenue Commissioner ruled in the City's favor, and these rulings have been upheld by the Wayne County Circuit Court, which entered judgment in the City's favor); and (3) other taxpayers who failed to timely protest. The City filed collection actions in Wayne County Circuit Court, and the court again ruled in the City's favor. A dozen or so taxpayers then appealed to the Michigan Court of Appeals, which, in December 1998, upheld the judgments in a final, published decision. The remand proceeding has finally resulted in the Revenue Commissioner's decisions of April 1, 1999 in the City's favor, amounting to millions in outstanding taxes, interest, and penalties. This decision was unsuccessfully appealed to the Wayne County Circuit Court, and twice, leave to appeal was denied by the Michigan Court of Appeals.

On December 17, 1999, the Wayne County Circuit Court granted the City's motion for summary affirmance and entered judgments in favor of the City against each taxpayer/appellant. An attempt to appeal to the Michigan Court of Appeals was dismissed, on the City's motion, in March 2000, and the judgments became final. In December 2000, the taxpayer group filed an application for leave to appeal to the Michigan Supreme Court and are appealing both the remand issue and the October 1992 Court of Appeals decision upholding the Rule. It is unknown whether the Michigan Supreme Court will grant the application for leave to appeal.

There remains pending certain appeals before the State Commissioner of Revenue for tax years 1994-1996; however, in April 2001, the hearing officer issued proposals for decision in the City's favor. Some of the taxpayers filed objections, and the City is currently awaiting final decisions from the Revenue Commissioner.

As of June 30, 2002, the City has recorded $2.9 million in estimated receivables pertaining to the utility users tax in the government-wide statements.

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, 2002, future Block Grant Funds of $21,395,000 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. In addition, the City was previously authorized to use Block Grant Funds totaling $66,962,000 for the Central Industrial Park Project. At June 30, 2002, $2,807,435 is outstanding against this advance.

f. **Greater Detroit Resource Recovery Authority (Authority):** In 1991, the Authority sold its waste-to-energy facility to private investors in a sale-leaseback transaction for $634.9 million. The purchase price was paid with $127 million in cash, mortgage notes of $342.7 million, and assumption of revenue bonds payable in the amount of $165.2 million. The purchasers agreed to lease the facility to an outside contractor for an initial lease term of 18 years. The outside contractor will continue to operate the facility under a supplemental operating agreement with the Authority, which results in the Authority assuming most of the lease obligations. Upon expiration of the initial lease term, the Authority has options to renew the lease or to repurchase the facility. The City, under the supplemental service contract, has agreed to pay supplemental tipping fees to the Authority sufficient to, among other things, meet these obligations. The lease payments approximate the amortization of the mortgage notes. The cash proceeds from the sale of the facility will be reported as a finance obligation until the Authority's repurchase option is exercised or expires, at which time the gain on the sale will be recognized. Additionally, in 1991 the Authority distributed $54 million of the cash proceeds to the City, which was reflected as a reduction of the Authority's equity.

Future minimum lease payments for each of the next five years and remaining years for the initial lease term are as follows: 2003 – $49,806,655; 2004 – $49,693,969; 2005 – $59,297,765; 2006 – $51,419,062; 2007 – $52,521,466; 2008 and thereafter – $ 64,438,666.

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

h. **Construction Commitment:** The City has commitments for future construction contracts. Construction in progress and remaining commitments at June 30, 2002 are as follows:

	Spent to June 30, 2002	Remaining
Pubic protection	$ 34,079,887	$ 6,724,747
Municipal facilities	59,080,678	8,564,380
Cultural and recreational	184,117,402	15,738,675
Human services	1,449,552	—
Municipal services	9,491,237	1,584,300
	$ 288,218,756	$ 32,612,102

i. **Risk Management:** The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. During fiscal 1995, the City issued $100 million of Self-insurance Bonds, and a portion of proceeds were used to reimburse the General Fund for all of its fiscal 1995 legal judgments and workers' compensation claim payments ($41.0 million). The bonds require that remaining funds be used for self-insurance activities. Self-insured among other covered losses are liabilities for workers' compensation, legal, and disability benefits. The City currently reports the risk management activities of non-Enterprise Funds and DDOT in its General Fund. Each fund pays insurance premiums to the General Fund based on past claims activities. Amounts remaining related to self-insurance have been restricted. Because DDOT is included in the General Fund's risk management activities, it does not record a liability in its financial statements.

Risk management activities for the other Enterprise Funds are recorded and reported separately in those funds. The Library, a discretely presented component unit, reimburses the City for all costs incurred related to workers compensation. The Library records the liability in its financial statements.

At June 30, 2002, the amount of the workers' compensation, legal claims and judgments, and disability benefits was estimated at $203.9 million. The City has recognized a liability that approximated $8 million in the General Fund as of June 30, 2002 for public liability and workers compensation claims that were due as of year- end. All other claims liabilities are considered to be general long-term liabilities and are recognized in the government-wide financial statements. This liability is the City's best estimate based on available information. Changes in the reported liability for the years ended June 30, 2002 and 2001 were as follows:

	(In Millions) June 30, 2002	June 30, 2001
Balance at beginning of year	$ 196.2	$ 193.9
Current year claims and changes in estimates	59.9	59.6
Claims payments	(52.2)	(57.3)
Balance at end of year	$ 203.9	$ 196.2

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

As a result of the issuance of the Self-insurance Bonds and the operations of the Self-insurance Reserve Fund, at June 30, 2002 the General Fund has reserved $51.7 million for the purpose of funding the City's future claims liabilities.

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

Fiscal year ending:		
2003	$	12,757,873
2004		11,886,016
2005		9,753,691
2006		8,143,003
2007		6,898,836
2008		5,967,599
Total minimum payments	$	55,407,018

Rental expense for all operating leases approximated $26.8 million for the year ended June 30, 2002.

4. **Long-term Obligations:** Long-term obligations are reported by the City as general long-term obligations if the obligation is to be repaid from Governmental Fund resources, or as long-term obligations – Enterprise Funds if the obligation is to be repaid from funds other than Governmental Fund resources. Interest rates range from 4.2% to 7.97% for governmental activities, 2% to 6.85% for business-type activities and 2.90% to 9.375% for component units.

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

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.

(Continued)

5. New Debt Issuances and Refunding Bonds

Governmental Activities:

In July 2001, the City issued $100 million and $5 million of Unlimited Tax General Obligation Bonds to finance various capital projects of the City. The bonds mature on July 11, 2021, with an average yield of 5%.

In August 2001, the City issued $46,795,000 of General Obligation Refunding Bonds to partially refund $47,300,000 of outstanding bonds issued in 1993, 1995, 1996, 1997, and 1999. The average yield was 4.85% and matures on July 11, 2014. The net proceeds were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be partially defeased, and a portion of the liability for those bonds is not included in the accompanying financial statements. The City refunded the bonds to restructure debt service, increase average life, and level tax rates. The advance refunding resulted in an economic gain as well as a loss from the refunding. The economic gain realized in this refunding approximated $9,000 and the additional cost resulting from the refunding was as follows:

Cash flow requirements to service (old) debt	$	56,409,243
Less: Cash flow requirements for new debt		(71,469,727)
Net additional cost from refunding	$	(15,060,484)

In prior years, the City defeased certain bonds by placing the proceeds of new debt in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the City's financial statements. The amount of defeased debt outstanding at June 30, 2002 approximated $93 million.

Business-type Activities:

In September 2001, the Sewage Disposal Fund issued $76,375,000 in Revenue Bonds, Series 2001-A; $110,550,000 in Revenue Bonds, Series 2001-B; $92,450,000 in Revenue Bonds (ARC's), Series 2001-D; and $139,080,000 in Revenue Bonds, Series 2001-E. The net proceeds will be used to fund the cost of certain repairs, extensions, and improvements to the City's Sewage Disposal System as part of the long-term capital improvement plan.

In October 2001, the Sewage Disposal Fund issued $287.1 million in Revenue Refunding Bonds with a variable interest rate. The issue was used to advance refund $258.2 million of outstanding bonds in Series 1999-A. The net proceeds were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be partially defeased and the liability for those bonds is not included in the accompanying financial statements. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the previously issued debt of $29.4 million. The Sewage Disposal Fund completed the advance refunding to reduce its total debt service payment over the next 18 years and to obtain an economic gain of $17.4 million.

In prior years, the Sewage Disposal Fund defeased certain bonds by placing the proceeds of new debt in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the accompanying financial statements. The amount of defeased debt outstanding at June 30, 2002 approximated $457 million.

In prior years, the Water Fund defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements. Similarly, the interest expenses related to the defeased bonds and the related interest income earned on the escrow fund investments have not been recognized in the statement of revenues, expenses, and changes in fund net assets. The amount of defeased debt outstanding at June 30, 2002 approximated $370 million.

(Continued)

Component Units:

On September 5, 2001, EDC issued revenue refunding bonds in an aggregate principle amount of $113,510,000, with stated interest rates varying from 2.59% to 4.45% to advance refund GDDRA's Revenue Bonds Series 1991A and 1992, with stated interest rates varying from 6.85% to 7.75% annually over the term of the bonds. This refinancing reduced GDDRA's total debt service payments through the year 2009 by $10.2 million, due primarily to reduced interest costs. The difference between the present values of the old and new debt service payments approximates $8.4 million, using a discount rate of 4.2%.

On October 30, 2001, the District issued School Building and Site Improvement Bonds Series 2001A of $434,290,000, with a stated interest rates varying from 3% to 6%, which matures on October 30, 2031. The net proceeds will be used to fund the cost of certain repairs, extensions, and improvements to the District's as part of the long-term capital improvement plan.

During March 2002, the District borrowed $170 million in a State Aid Anticipation note. The note bears interest at 1.3% and is due August 2002. At June 30, 2002, the District has accrued interest of $742,806 on this note. In addition, the District had approximately $550,000 of other current notes payable at June 30, 2002.

In prior years, the District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts assets and liabilities for the defeased bonds are not included in the financial statements. The amount of defeased debt outstanding at June 30, 2002 approximated $109.7 million.

(Continued)

a. The following is a schedule of the Bonds Payable at June 30, 2002:

	Bond date	Amount issued	Retired year ended June 30, 2002 Interest rate	Retired year ended June 30, 2002 Amount	Outstanding June 30, 2002 Range of interest rates	Outstanding June 30, 2002 Maturity date	Outstanding June 30, 2002 Amount
Governmental Activities:							
General Fund							
General Obligation Bonds – Unlimited Tax:							
Series 1993	12-1-93	$ 7,030,000	6.35%	$ 1,080,000	—%	—	$ —
Series 1993	12-1-93	19,740,000	6.35	3,660,000	—	—	—
Series 1995-A	8-1-95	14,840,000	Various	8,540,000	—	—	—
Series 1995-B	8-1-95	102,220,000	6.50	13,025,000	6.25 to 7.00	4/1/03-05	51,260,000
Series 1995-B	8-1-95	81,230,000	—	—	6.25 to 6.38	4/1/06-11	81,230,000
Series 1996-A	11-1-96	12,105,000	Various	7,365,000	—	—	—
Series 1996-A	11-1-96	22,195,000	—	1,725,000	5.20 to 6.00	4/1/08-16	20,470,000
Series 1996-B	11-1-96	1,350,000	4.60	150,000	4.7 to 5.00	4/1/03-06	670,000
Series 1996-B	11-1-96	21,975,000	—	—	5.10 to 5.50	4/1/07-15	21,975,000
Series 1997-A	12-15-97	14,645,000	—	10,410,000	—	—	—
Series 1997-A	12-15-97	29,605,000	—	485,000	5.0 to 5.50	4/1/08-18	29,120,000
Series 1997-B	12-15-97	21,375,000	4.20	2,235,000	4.30 to 5.50	4/1/03-08	13,990,000
Series 1997-B	12-15-97	18,280,000	—	—	5.00 to 5.38	4/1/09-14	18,280,000
Series 1999-A	4-1-99	16,080,000	Various	8,825,000	4.10 to 5.00	4/1/03-09	5,745,000
Series 1999-A	4-1-99	28,020,000	—	—	5.00 to 5.25	4/1/10-19	28,020,000
Series 1999-B	11-15-99	14,725,000	Various	9,545,000	5.00	4/1/08-09	3,825,000
Series 1999-B	11-15-99	30,275,000	—	—	5.125 to 5.25	4/1/10-19	30,275,000
Series 2000-AMT	2-15-00	9,270,000	4.75	890,000	5.00 to 5.75	4/1/03-09	7,585,000
Series 2000-AMT	2-15-00	1,335,000	—	—	5.75	4/1/2010	1,335,000
Series 2001-A(1)	7-15-01	11,200,000	—	—	3.625 to 5.50	4/1/03-09	11,200,000
Series 2001-A(1)	7-15-01	88,800,000	—	—	4.20 to 5.50	4/01/10-21	88,800,000
Series 2001-A(2)	8-8-01	5,000,000	—	—	Variable	4/1/2022	5,000,000 1
Series 2001-B	7-14-01	23,560,000	—	—	3.25 to 3.50	4/1/03-11	23,560,000
Series 2001-B	7-15-01	23,235,000	—	—	3.75 to 3.30	4/1/12-22	23,235,000
Distributable State Aid Bonds:							
Series 1993	12-1-93	105,015,000	5.80	8,970,000	5.20 to 5.90	5/1/03-09	46,245,000
Series 1993	12-1-93	31,660,000	—	—	4.90 to 5.10	5/1/04-06	31,660,000
Total General Bonds – Unlimited Tax							543,480,000
General Obligation Bonds – Limited Tax:							
General obligation:							
Series 1997	5-1-97	3,300,000	4.80	485,000	4.90 to 5.20	7/15/02-06	2,815,000
Series 1997	5-1-97	13,665,000	—	—	5.25 to 6.25	7/15/07-06	13,665,000
Self-insurance bonds:							
Series 1995-A	6-1-95	60,000,000	5.70	12,540,000	5.75	5/1/03	2,440,000
Series 1995-B	6-1-95	40,000,000	—	—	4.40 to 7.00	5/1/03-05	40,000,000
Total General Bonds – Limited tax							58,920,000
Total General Bonds							602,400,000
Detroit Building Authority Bonds:							
District Court Madison Center:							
Project	9-1-96	2,770,000	—	—	6.15	2/1/04-06	2,770,000
	9-1-96	7,230,000	—	—	6.15	2/1/07-11	7,230,000
	9-1-96	1,000,000	—	—	Variable	2/1/2011	1,000,000 2
	9-1-96	6,910,000	7.97	1,237,910	7.97	9/1/02-06	2,858,834
Total Detroit Building Authority Bonds							13,858,834
Total General Obligation Bonds							616,258,834
Revenue bonds:							
Convention Facility Limited Tax Revenue Bonds – Cobo Hall Expansion:							
Series 1993	9-1-93	98,275,000	4.75	8,855,000	4.80 to 5.75	9/1/02-07	63,515,000
Series 1993	9-1-93	68,775,000	—	—	5.25	9/1/08-12	68,775,000
Total Convention Facility Limited Tax Revenue Bonds – Cobo Hall Expansion							132,290,000
Total General Fund Bonds							$ 748,548,834

1 - interest rate equal to the Dutch Auction Rate.
2 - interest rate equal to 1 1/4% in excess of the cost of funds. The cost of funds shall be the rate quoted by the registered holder of the bonds.

(Continued)

	Bond date	Amount issued	Retired year ended June 30, 2002 Interest rate	Retired year ended June 30, 2002 Amount	Outstanding June 30, 2002 Range of interest rates	Outstanding June 30, 2002 Maturity date	Outstanding June 30, 2002 Amount	
Business-type Activities:								
Sewage Disposal Fund								
Sewage Disposal System Revenue Bonds (note B):								
Series 1992-A-SRF	6-25-1992	$ 4,360,000	2.00%	$ 210,000	2.00%	4/1/03-13	$ 2,610,000	
Series 1992-B-SRF (5070-01)	9-10-1992	1,330,000	2.00	90,000	2.00	10/1/01-13	1,240,000	
Series 1993-A	2-15-1993	45,850,000	4.70	9,930,000	4.85 to 5.05	7/1/02-03	22,810,000	
Series 1993-A	3-9-1993	68,235,000	—	—	5.05 to 5.55	7/1/04-08	32,400,000	
Series 1993-A	3-9-1993	197,375,000	—	—	5.70	7/1/09-23	67,375,000	
Series 1995-B-SRF (5091 & 5092)	9-30-1993	5,637,778	2.00	305,000	2.00	10/1/01-14	4,535,000	
Series 1995-A	11-1-1995	17,515,000	4.40	2,375,000	4.50 to 6.00	7/1/02-05	10,680,000	
Series 1995-A	11-1-1995	114,915,000	—	—	5.00 to 5.25	7/1/06-25	114,915,000	
Series 1995-B	11-1-1995	47,090,000	4.50	2,485,000	4.50 to 5.00	7/1/02-05	7,645,000	
Series 1995-B	11-1-1995	78,205,000	—	—	5.00 to 6.25	7/1/06-21	78,205,000	
Series 1997-A	6-15-1997	71,130,000	4.20	3,945,000	4.30 to 6.00	7/1/02-07	59,785,000	
Series 1997-A	6-15-1997	191,364,128	—	—	5.00 to 5.50	7/1/08-28	191,364,128	
Series 1997-B-SRF (5125-01)	9-30-1997	5,430,174	2.25	230,174	2.00	10/1/01-18	4,710,000	
Series 1998-A	12-10-1998	69,000,000	—	—	Variable	7/1/02-23	68,700,000	3
Series 1998-B	12-10-1998	68,955,000	—	—	Variable	7/1/02-23	68,600,000	3
Series 1999-SRF-1 (5126-01)	6-24-1999	21,475,000	2.50	860,000	2.50	10/1/01-20	19,775,000	
Series 1999-SRF-2 (5143-01)	9-30-1999	46,000,000	—	—	2.50	10/1/01-20	46,000,000	
Series 1999-SRF-3 (5144-01)	9-30-1999	28,605,816	2.50	1,210,000	2.50	10/1/01-20	27,395,777	
Series 1999-SRF-4 (5175-01)	9-30-1999	40,665,000	2.50	1,585,000	2.50	10/1/01-20	39,070,000	
Series 1999-A	12-1-1999	7,225,000	4.25	1,665,000	4.25 to 5.00	7/1/02-09	5,560,000	
Series 1999-A	12-1-1999	295,770,178	Various	258,150,000	5.125 to 6.00	7/1/02-29	37,620,178	
Series 2000-SRF-1	9-28-2000	73,357,819	—	—	2.50	10/1/01-22	73,357,819	
Series 2000-SRF-2	9-28-2000	31,242,187	—	—	2.50	10/1/01-22	31,242,187	
Series 2001 A	6-28-2001	76,375,000	—	—	5.00	07/02/2031	76,375,000	
Series 2001 B	9-15-2001	11,550,000	—	—	5.50	07/02/2029	110,550,000	
Series 2001 C	9-15-2001	287,135,000	—	—	Variable	07/02/2027	287,135,000	3
Series 2001 D	9-15-2001	92,450,000	—	—	Variable	07/02/2032	92,450,000	4
Series 2001 E	9-15-2001	139,080,000	—	—	Variable	07/02/2031	139,080,000	3
Total Sewage Disposal System Revenue Bonds							1,721,185,089	
Water Fund								
Water Supply System Revenue Bonds (notes C and D):								
Series 1992	5-1-1992	48,775,000	5.70	6,055,000	5.90 to 6.00	7/1/02-02	—	
Series 1992	5-1-1992	114,685,000	—	—	6.10 to 6.25	7/1/02-12	21,465,000	
Series 1992	6-1-1992	106,000,000	—	—	0.00	7/1/13-22	30,800,000	
Series 1993	10-15-1993	38,225,000	4.30	2,770,000	4.35 to 6.50	7/1/02-15	29,980,000	
Series 1993	10-15-1993	125,580,000	—	—	4.70 to 5.00	7/1/04-23	128,035,000	
Series 1993	10-28-1993	30,000,000	—	—	0.00	7/1/10-13	30,000,000	
Series 1995	10-15-1995	102,100,000	4.45	2,460,000	4.50 to 5.55	7/1/13-12	88,725,000	
Series 1995	10-15-1995	70,830,000	—	—	5.50	7/1/13-25	70,830,000	
Series 1997A	9-1-1997	29,080,000	5.00	3,535,000	4.50 to 5.25	7/1/02-06	20,185,000	
Series 1997A	9-1-1997	186,220,000	—	—	4.80 to 6.00	7/1/07-27	186,220,000	
Series 1997B	9-1-1997	30,555,000	4.30	1,320,000	4.20 to 5.25	7/1/02-06	28,870,000	
Series 1999A	11-1-1999	18,000,000	4.20	2,000,000	4.20 to 5.25	7/1/02-09	16,000,000	
Series 1999A	11-1-1999	238,340,000	—	—	5.125 to 5.875	7/1/10-29	58,700,000	
Series 2001A	5-1-2001	302,485,000	—	—	4.50 to 5.75	7/1/11-33	302,485,000	
Series 2001B	5-1-2001	108,985,000	—	—	4.50 to 5.50	7/1/12-33	108,985,000	
Series 2001C	6-7-2001	192,290,000	—	—	Variable	7/1/04-29	192,290,000	3
Total Water Supply System Revenue Bonds							1,313,570,000	
Automobile Parking Fund								
Detroit Building Authority Bonds – Revenue Refunding Bonds:								
Parking & Arena System - Series 1997A	2-15-1997	3,050,000	4.20	310,000	4.30 to 4.80	7/1/02-06	1,775,000	
Parking & Arena System - Series 1997B	2-15-1997	37,695,000	6.28	3,750,000	6.43 to 6.79	7/1/02-06	22,780,000	
Parking & Arena System - Series 1998A	7-1-1998	8,385,000	4.50	850,000	4.50 to 5.25	7/1/02-07	5,950,000	
Parking & Arena System - Series 1998A	7-1-1998	18,615,000	—	—	4.70 to 5.25	7/1/08-19	18,615,000	
Parking & Arena System - Series 1999A	10-22-1999	29,900,000	7.75	500,000	Variable	7/18/01-7/1/29	29,400,000	4
Total Detroit Building Authority – Parking & Arena System Revenue Bonds							78,520,000	
Total Business-type Bonds							$ 3,113,275,089	

3 - interest rate determined weekly at the minimum rate of interest that would result in the sale of the bonds at a price equal to 100% of the principle amount thereof

4 - interest rate equal to Applicable Auction Rate Securities (ARS) rate. ARS is defined as lessor of a) the higher of the after-tax equivalent rate (interest rate per annum equal to product of the "AA" financial commercial paper rate and one minus the statutory corporate tax rate) or Kenny Index Rate (index based on 30 day yield evaluation at par of securities the interest on which is excluded from gross income for federal income tax purposes). or b) maximum interest rate (either 12% or the maximum permitted by the State of Michigan).

(Continued)

b. The following is the schedule of Notes Payable at June 30, 2002:

	Issue Date	Range of Interest Rates	Maturity Date	Amount Outstanding June 30, 2002
Governmental Activities Notes Payable				
Urban Renewal Fund:				
Caraco Pharmaceutical Project (Secured by Future Block Grant Revenue)	3/2/1994	6.10 to 6.44%	8/1/02-02	$ 6,105,000
Central Industrial Park - General Motors Project Notes (Secured by Future Block Grant Revenue)	10/28/1997	6.11 to 6.23	8/1/01-02	7,205,000
Ferry Street Project (Secured by Future Block Grant Revenue)	4/28/1999	5.58 to 6.72	8/1/04-18	2,900,000
Garfield Project (Secured by Future Block Grant Revenue)	6/5/1996	6.67 to 7.66	8/1/01-15	2,155,000
Michigan Repacking Project (Secured by Future Block Grant Revenue)	10/28/1997	6.11 to 7.09	8/1/01-04	1,375,000
Riverbend Project (Secured by Future Block Grant Revenue)	6/5/1996	6.59 to 7.66	8/1/01-15	865,000
Riverbend Project (Secured by Future Block Grant Revenue)	10/28/1997	6.21 to 7.08	8/1/01-16	430,000
Stuberstone Project (Secured by Future Block Grant Revenue)	10/28/1997	6.21 to 7.10	8/1/01-16	360,000
Total Governmental Activities Notes Payable				$ 21,395,000

c. The following is the schedule of Bonds Authorized and Unissued at June 30, 2002:

	Authorized (Note A)			
	Authority	Date	Amount	Unissued Amount
General Obligation Bonds (Tax Supported):				
Sewer Construction	Electorate	08/02/1960	$ 50,000,000	$ 24,000,000
Fire – Buildings and Sites	Electorate	11/04/1997	7,500,000	2,343,554
Public Safety	Electorate	11/07/2000	12,000,000	10,839,505
Municipal Facilities	Electorate	11/07/2000	18,000,000	14,800,000
Public Health Facilities	Electorate	11/04/2000	1,000,000	709,808
Public Lighting	Electorate	11/04/2000	40,000,000	2,745,000
Public Lighting	Electorate	11/07/2000	30,000,000	30,000,000
Institute of Arts	Electorate	11/07/2000	25,000,000	20,000,000
Recreation and Zoo	Electorate	11/07/2000	56,000,000	53,117,039
Community and Economic Development	Electorate	11/04/1997	35,000,000	30,000,000
Community and Economic Development	Electorate	11/07/2000	30,000,000	2,855,095
Transportation	Electorate	11/04/1997	3,000,000	2,000,000
Historical Museum	Electorate	11/06/2001	20,000,000	20,000,000
Total Bonds Authorized – Unissued				$ 213,410,001

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

(Continued)

d. Summary of Annual Principal and Interest Requirements for Bonds, Notes, and Other Debt Payable

	Principal					
		Business-type Activities				
Year Ending	Governmental Activities	Automobile Parking Fund	Water Fund	Sewage Disposal Fund	Total	Component Units
2003	$ 83,755,163	$ 5,505,000	$ 19,400,000	$ 33,600,000	$ 58,505,000	$ 290,371,260
2004	73,535,244	5,915,000	19,740,000	34,495,000	60,150,000	114,202,491
2005	66,939,055	6,255,000	21,450,000	34,080,000	61,785,000	113,425,744
2006	55,000,372	6,615,000	21,985,000	38,750,000	67,350,000	117,557,007
2007	56,695,944	7,105,000	23,045,000	40,460,000	70,610,000	263,604,962
2008 to 2012	265,294,605	8,950,000	135,545,000	228,449,128	372,944,128	245,653,010
2013 to 2017	130,957,000	11,845,000	178,465,000	234,876,626	425,186,626	168,104,620
2018 to 2022	87,104,000	11,530,000	232,655,000	235,284,335	479,469,335	147,880,989
2023 to 2027	—	8,200,000	236,125,000	329,065,000	573,390,000	63,001,338
2028 to 2032	—	6,600,000	287,650,000	512,125,000	806,375,000	372,024,065
2033 to 2034	—	—	137,510,000	—	137,510,000	—
Total	$ 819,281,383	$ 78,520,000	$ 1,313,570,000	$ 1,721,185,089	$ 3,113,275,089	$ 1,895,825,486

	Interest					
		Business-type Activities				
Year Ending	Governmental Activities	Automobile Parking Fund	Water Fund	Sewage Disposal Fund	Total	Component Units
2003	$ 55,774,467	$ 5,165,605	$ 68,404,598	$ 75,313,586	$ 148,883,789	$ 111,599,320
2004	51,897,068	4,595,219	67,407,146	76,127,953	148,130,318	106,899,989
2005	49,850,643	4,445,348	66,408,755	74,768,778	145,622,881	111,796,205
2006	32,202,954	3,843,628	65,275,134	73,944,352	143,063,114	99,124,084
2007	29,234,495	3,613,573	64,600,320	70,983,635	139,197,528	101,645,831
2008 to 2012	98,919,307	14,034,283	304,001,881	329,953,846	647,990,010	275,798,126
2013 to 2017	164,558	10,928,085	262,434,212	300,207,237	573,569,534	213,007,971
2018 to 2022	16,123,362	6,968,953	212,633,464	257,352,317	476,954,734	175,086,530
2023 to 2027	—	3,928,854	144,619,620	161,472,422	310,020,896	146,998,899
2028 to 2032	—	548,336	76,817,886	72,919,619	150,285,841	46,446,681
2033 to 2034	—	—	7,380,588	—	7,380,588	—
Total	$ 334,166,854	$ 58,071,884	$ 1,339,983,604	$ 1,493,043,745	$ 2,891,099,233	$ 1,388,403,636

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

e. Long-term Liabilities Activity for the year ended June 30, 2002 was as follows:

	Balance June 30, 2001	Increase	Decrease	Balance June 30, 2002	Amount Due Within One Year
Governmental Activities:					
Long-term debt:					
Convention Facility – Cobo Center Expansion Revenue Bonds	$ 141,145,000	$ —	$ 8,855,000	$ 132,290,000	$ 9,290,000
Detroit Building Authority Bonds – Madison Center Project	15,096,744	—	1,237,910	13,858,834	1,078,530
Distribution State Aid Bonds	86,875,000	—	8,970,000	77,905,000	9,490,000
Self-insurance Limited Tax Bonds	54,980,000	—	12,540,000	42,440,000	13,570,000
General Obligation – General Bonds	381,715,000	151,795,000	67,935,000	465,575,000	18,915,000
General Obligation Limited Tax Bonds	16,965,000	—	485,000	16,480,000	510,000
Total general fund bonds	696,776,744	151,795,000	100,022,910	748,548,834	52,853,530
Federal note – Caraco Pharmaceutical Project	6,685,000	—	580,000	6,105,000	6,105,000
Federal note – Central Industrial Park	13,965,000	—	6,760,000	7,205,000	7,205,000
Federal note – Ferry Project	2,900,000	—	—	2,900,000	—
Federal note – Garfield Project	2,260,000	—	105,000	2,155,000	105,000
Federal note – Jefferson/Conner Revitalization Project	2,800,000	—	2,800,000	—	—
Federal note – Michigan Repacking Project	1,410,000	—	35,000	1,375,000	40,000
Federal note – Riverbond Project	1,360,000	—	65,000	1,295,000	65,000
Federal note – Stuberstone Project	375,000	—	15,000	360,000	15,000
Loan payable to Downtown Development Authority	33,600,000	—	—	33,600,000	—
Loan payable – GE Capital – Airport	188,797	—	34,525	154,272	36,070
Loan payable – GE Capital – Cobo Hall Energy System	12,613,576	—	1,403,961	11,209,615	1,480,510
Loan payable – GE Capital – Election System	2,288,341	—	463,565	1,824,776	488,127
Loan payable – GE Capital – Fire	2,184,582	—	413,829	1,770,753	425,044
Loan payable – GE Capital ITS – Unisys	13,994,105	—	3,230,914	10,763,191	3,403,121
Loan payable – GE Capital ITS – Facility	420,000	—	210,000	210,000	210,000
Loan payable – GE Capital – Income Tax	613,225	—	115,388	497,837	118,908
Loan payable – IBM Credit Corporation	33,535,857	—	10,628,752	22,907,105	11,204,853
Total general fund notes and loans	131,193,483	—	26,860,934	104,332,549	30,901,633
Total long-term bonds, notes, and loans	827,970,227	151,795,000	126,883,844	852,881,383	83,755,163
Other long-term obligations:					
Accrued compensated absences	135,987,427	—	7,565,116	128,422,311	111,600,000
Claims and judgments	152,738,513	—	19,030,849	133,707,664	27,248,503
Workers' compensation	43,463,759	26,700,761	—	70,164,520	10,314,500
Total other long-term obligations	332,189,699	26,700,761	26,595,965	332,294,495	149,163,003
Total general long-term obligations	$ 1,160,159,926	$ 178,495,761	$ 153,479,809	$ 1,185,175,878	$ 232,918,166

Note: The City has recognized a liability in the general fund of $663,770 for compensated absences, $5,705,890 for claims and judgments, and $2,635,430 for workers compensation as of June 30, 2002 for amounts that were due as of year end. The remaining compensated absences, claims and judgments, and workers compensation claims liability and all other long-term obligations are considered to be general long-term liabilities and are recognized only in the government-wide financial statements.

(Continued)

	Balance June 30, 2001	Increase	Decrease	Balance June 30, 2002	Amount Due Within One Year
Business-type Activities					
Major Funds:					
Long-term Debt and Obligations:					
Automobile Parking Fund:					
Bonds payable	$ 83,930,000	$ —	$ (5,410,000)	$ 78,520,000	$ 5,505,000
Accrued compensated absences	423,113	415,853	(483,119)	355,847	180,504
Sewage Disposal Fund:					
Bonds payable	1,200,361,572	803,863,691	(283,040,174)	1,721,185,089	33,600,000
Accrued compensated absences	9,889,478	537,946	(767,933)	9,659,491	5,003,805
Accrued public liability and workers' compensation	6,819,314	1,731,958	(1,580,951)	6,970,321	1,859,812
Water Fund:					
Bonds payable	1,331,710,000	—	(18,140,000)	1,313,570,000	19,400,000
Accrued compensated absences	13,969,965	1,127,657	(1,853,676)	13,243,946	6,874,187
Accrued public liability and workers' compensation	17,274,408	3,981,944	(3,884,938)	17,371,414	4,635,018
Transportation Fund:					
Accrued compensated absences	5,360,494	5,194,106	(5,761,515)	4,793,085	3,834,468
Accrued public liability and workers' compensation	2,640,541	2,070,212	(2,499,260)	2,211,493	—
Non-major Funds:					
Accrued compensated absences	3,025,248	2,874,123	(3,188,598)	2,710,773	886,076
Accrued public liability and workers' compensation	3,983,934	5,146,752	(2,277,423)	6,853,263	3,129,526
Total bonds payable	2,616,001,572	803,863,691	(306,590,174)	3,113,275,089	58,505,000
Total accrued compensated absences	32,668,298	10,149,685	(12,054,841)	30,763,142	16,779,040
Total public liability and workers' compensation	30,718,197	12,930,866	(10,242,572)	33,406,491	9,624,356
Total long-term debt and obligations	$ 2,679,388,067	$ 826,944,242	$ (328,887,587)	$ 3,177,444,722	$ 84,908,396
Component Units					
School District of the City of Detroit:					
Bonds, notes and leases payable	$ 639,323,475	$ 434,290,000	$ (27,070,097)	$ 1,046,543,378	$ 202,336,544
Accrued compensated absences	158,238,000	—	(14,995,330)	143,242,670	2,776,627
Accrued public liability and workers' compensation	58,700,620	—	(6,650,602)	52,050,018	1,490,867
	856,262,095	434,290,000	(48,716,029)	1,241,836,066	206,604,038
Other Component Units:					
Bonds, notes and leases payable	893,347,167	113,510,000	(157,575,059)	849,282,108	63,479,761
Accrued compensated absences	3,108,471	239,673	—	3,348,144	—
Accrued public liability and workers' compensation	80,750	489,730	—	570,480	80,750
	$ 896,536,388	$ 114,239,403	$ (157,575,059)	$ 853,200,732	$ 63,560,511

f. **Conduit Debt Obligations**: The City issued Industrial Revenue Bonds (Allied Chemical Corporation 1979 Series) to provide financial assistance to private sector entities. The Bonds are not a general obligation or indebtedness of the City. The City has fiduciary responsibility to assure that any revenues from the project are used for the payment of principal and interest on the Bonds. As of June 30, 2002, $1,000,000 of the Bonds was outstanding and is callable under terms specified in the Indenture.

(Continued)

6. Other Information

The following are applicable rate requirements and restrictions that apply to future Enterprise Funds bond issuances.

Automobile Parking Fund

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

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

The revenue bond documents specify that additional bonds may be issued by the Fund for the purpose of financing additions, replacements, and improvements to the City of Detroit Building Authority Parking Arena System, provided that the trustee shall have received all legally required authorized opinions and certificates and that the estimated gross revenues (as defined in the bond authorizing documents) for the five years following completion of the facilities will be at least (1) 175% of annual debt service on all parity outstanding bonds, or (2) the sum of annual debt service on all parity outstanding bonds (including the Additional Bonds) plus the amount necessary to make all required payments to the various funds maintained by the trustee, whichever is greater. Other than as described above, the 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.

Housing Fund

The Housing Fund has operating lease agreements with certain limited liability corporations (LLC's) under which the Housing Commission leased land and buildings to the LLC's for the purpose of redeveloping certain housing projects. Such redevelopment will be financed primarily by modernization grants received by the Commission from HUD.

At the end of each lease term, the leasehold improvements will revert back to the Housing Commission without charge. As of June 30, 2002, the amount expended under the lease agreements is reflected in the financial statements of the Commission as construction work in progress.

(Continued)

Component Units

The GDRRA is authorized to charge user fees for services provided to residents in the event either the tipping fees or supplemental tipping fees paid by the City and other revenues generated are not sufficient in each operating year to produce revenues equal to at least 100% of the maximum annual debt service requirement, lease obligations, and operating costs. Supplemental tipping fees are provided from certain taxes collected by the State of Michigan which are payable to the City (Distributable Aid). The City's obligation to pay tipping fees and supplemental tipping fees is a full faith and credit limited tax general and unconditional obligation whether or not the facility is operating.

For the year ended June 30, 2002, tipping fees and supplemental tipping fees paid by the City to the GDRRA are as follows:

Tipping fees	$	54,542,469
Supplemental tipping fees		19,767,531
Total	$	74,310,000

Sewage Disposal and Water Funds Construction Programs

The Sewage Disposal Fund is engaged in a variety of projects that are part of a five-year Capital Improvement Program (the Program). The total cost of this Program is anticipated to be approximately $2.9 billion through fiscal year 2006. The Program is being primarily financed from revenues of the Fund and proceeds from the issuance of revenue bonds.

The Sewage Disposal Fund total construction contract commitments outstanding at June 30, 2002 were approximately $1.14 billion.

The Water Fund is engaged in a variety of projects that are part of a five-year Capital Improvement Program (the Program). The total cost of this Program is anticipated to be approximately $1.4 billion through fiscal year 2006. The Program is being primarily financed from revenues of the Fund and proceeds from the issuance of revenue bonds.

The Water Fund total construction contract commitments outstanding at June 30, 2002 were approximately $359 million.

NOTE IV. SUBSEQUENT EVENTS

The City issued $45 million of Unlimited Tax General Obligation Bonds, Series 2002. The bonds were issued for the purpose of financing certain capital projects of the City. The bonds mature on April 1, 2022, with an average yield of 5%.

The District settled a lawsuit for $2,800,000. A provision has been made for this liability in the District's Statement of Net Assets. In addition, the District issued Series IV of the 1994 School Building Site Improvement Bonds. The proceeds of the issue of the Series IV amount to $388,995,000.

Detroit Resource Management System

What is DRMS?

The Detroit Resource Management System (DRMS) is a computer-based record keeping tool that is used throughout the City of Detroit to maintain financial and employee training records. DRMS became the official book of record for the City in April of 1999 and remains in place today. It utilizes the most current software offered by Oracle Corporation, a world leader in business software products.

Every agency within the City uses DRMS to maintain their budgets, purchase equipment and office supplies and administer employee training records. To enable the system to work, the City installed 1,900 personal computers. It laid over 165 miles of wiring and installed 137 new communication lines. And just as important, over 1,600 City employees have been trained in basic computer literacy and in how to use the four core financial DRMS modules and/or the Oracle Training Administration module. The DRMS four Core financial modules are Purchasing, Accounts Payable, Accounts Receivable and General Ledger.

What are Some of the Benefits of DRMS?

DRMS has brought significant improvements to the way the City transacts business. During a recent three month period, through DRMS, the City issued about 505 vendor checks each business day, totaling on average $6.2 million. Before DRMS, checks could only be issued twice a week.

In addition, DRMS has accomplished the following:

- Several manual processes have been replaced with faster and more accurate computer tools.
- City management has more timely access to essential business information.
- Expedited accounting processes have resulted in improved customer service.

The Future

Additional improvements will be made to DRMS. The City is in the process of updating the current software with an Internet-based design called Oracle Release 11i. This update will also reflect over 100 suggestions offered by City employees to make the system more effective and efficient. A new feature will record and account for the Fixed Assets owned by the City. Another feature will assist in keeping track of much of the City's inventory. The latter will help some agencies control costs and provide accurate information as to location and amounts of supplies and equipment on hand. In the near future, the City is planning to add an employee timekeeping module that will greatly assist in maintaining accurate payroll information. Each of these additions to DRMS will enhance the City's ability to serve our citizens and business owners in the coming months and years.

Courtesy of Joan Moss, General Manager – DRMS

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

REQUIRED SUPPLEMENTAL INFORMATION – UNAUDITED

Schedule of Employer Contribution (In millions):

General Retirement System

Year Ended June 30	Annual Required Contributions	Percentage Contributed
1995	$ 36.5	100%
1996	42.5	100
1997	54.7	100
1998	52.7	100
1999	55.6	100
2000	66.7	100
2001	68.1	100
2002	67.8	100

Policemen and Firemen Retirement System

Year Ended June 30	Annual Required Contributions	Percentage Contributed
1995	$ 57.3	100%
1996	55.0	100
1997	54.5	100
1998	48.1	100
1999	15.7	100
2000	20.0	100
2001	14.4	100
2002	8.4	100

Schedule of Funding Progress (In millions):

General Retirement System:

Actuarial Valuation Date June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Payroll
1995	$ 2,043.4	$ 2,275.2	89.8%	$ 231.8	$ 327.6	70.8%
1996	2,193.2	2,382.8	92.0	189.6	360.1	52.7
1997	2,333.4	2,537.8	92.0	204.4	382.8	53.4
1998	2,582.0	2,814.9	91.7	232.9	387.0	60.2
1999 (a) (b)	2,756.6	2,900.4	95.0	143.8	383.4	37.5
2000 (a) (b)	2,902.4	3,077.0	94.3	174.6	417.2	41.9
2001 (a) (b)	2,912.1	3,176.6	91.6	267.5	439.6	60.8

Policemen and Firemen Retirement System:

Actuarial Valuation Date June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Payroll
1995	$ 2,443.0	$ 2,574.2	94.9%	$ 131.2	$ 209.7	62.6%
1996 (a)	2,628.6	2,633.4	99.8	4.8	212.7	2.3
1997	2,944.2	2,806.6	104.9	(137.6)	217.6	—
1998	3,325.9	2,976.8	111.7	(349.1)	217.5	—
1999 (a) (b)	3,668.4	3,218.7	114.0	(449.7)	216.0	—
2000 (a) (b)	3,964.2	3,342.1	118.6	(622.1)	237.7	—
2001 (a) (b)	3,900.0	3,463.2	112.6	(436.7)	253.3	—

(b) After changes in actuarial assumptions.
(c) Plan amended.

COMBINING FINANCIAL INFORMATION – NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Community Development Block Grant Funds	To account for activities financed by Federal Government Grants under Title I of the Housing and Community Development Act of 1974.
Construction Code Fund	In accordance with State of Michigan Public Act No. 245 of 1999, to account for financing activities related to the acts and services performed by the Building and Safety Fund including, without limitation, issuance of building permits, examination of plans and specifications, inspection of construction undertaken pursuant to a building permit, the issuance of certificates of use and occupancy, and hearing appeals in accordance with this act.
Detroit Building Authority Fund	To account for financing activities associated with acquiring, improving, operating and maintaining buildings and other structures for public purposes.
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.
Federal Employment and Training Funds	To account for employment and training program grants received from government sources.
Human Services Fund	To account for Federal and State Grant revenues that are used to finance certain social service programs.
Library Fund	To account for property tax revenues and certain grants used to maintain and operate the Detroit Public Library.
Major and Local Street Funds	To account for Michigan State Gas and Weight Tax revenues and other related grants used for the construction and maintenance of major and local streets.
Supportive Housing Programs and Homeless Initiatives Funds	To account for financing activities of Supportive Housing Programs for the Homeless received from the Federal Government.

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 FUNDS

DEBT SERVICE FUNDS ARE ESTABLISHED TO ACCOUNT FOR THE ACCUMULATION OF RESOURCES FOR THE PAYMENT OF DEBT REPORTED IN THE GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP AND PRINCIPAL AND INTEREST OF CERTAIN PROPRIETARY FUNDS' GENERAL OBLIGATIONS

PERMANENT FUNDS

ACCOUNT FOR PRICIPAL TRUST AMOUNTS RECEIVED AND RELATED INTEREST INCOME. THE INTEREST PORTION OF THE TRUST IS USE TO MAINTAIN THE COMMUNITY CEMETERY.

PERPETUAL CARE – BEQUEST FUND

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

City of Detroit, Michigan
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2002

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Permanent Funds Bequest Fund	Total
ASSETS					
Current Assets					
Cash	$ 14,576,544	$ 11,661	$ 15,333,755	$ 3,282	$ 29,925,242
Investments	73,194,859	253,444	156,214,424	1,053,639	230,716,366
Accounts and Contracts Receivable:					
Due from Other Funds	9,879,860	4,921,437	1,834,678	-	16,635,975
Due from Other Governmental Agencies	52,081,279	-	5,501,457	-	57,582,736
Due from Component Units Funds	140	-	-	-	140
Other Receivables	2,152,589	-	870,906	-	3,023,495
Total Accounts and Contracts Receivable	64,113,868	4,921,437	8,207,041	-	77,242,346
Allowance for Uncollectible Accounts	(2,027,075)	-	(813,557)	-	(2,840,632)
Total Accounts and Contracts Receivable - Net	62,086,793	4,921,437	7,393,484	-	74,401,714
General Taxes Receivable on Real and Personal Property (Net)	-	6,074,694	-	-	6,074,694
Advances to Component Units	92,302	-	-	-	92,302
Taxes, Interest and Penalties--Net	-	2,100,000	-	-	2,100,000
Prepaid Expenses	127,636	-	-	-	127,636
Inventory--Forfeited Property	905,076	-	-	-	905,076
Other Inventory	618,831	-	-	-	618,831
Total Current Assets	151,602,041	13,361,236	178,941,663	1,056,921	344,961,861
Restricted Assets:					
Cash	716,529	41,684,313	-	101,625	42,502,467
Investments	-	-	4,556,662	-	4,556,662
Total Assets	$ 152,318,570	$ 55,045,549	$ 183,498,325	$ 1,158,546	$ 392,020,990
LIABILITIES, AND FUND BALANCES					
Liabilities:					
Bank Overdraft	$ 5,611,777	$ -	$ -	$ -	$ 5,611,777
Accounts and Contracts Payable	28,294,523	-	16,973,369	-	45,267,892
Due to Other Funds	14,932,476	407,068	6,308,841	-	21,648,385
Advances from Other Funds	147,000	-	850,000	-	997,000
Due to Other Governmental Agencies	5,661,630	-	-	-	5,661,630
Deposits from Vendors and Customers	4,983,491	-	-	-	4,983,491
Accrued Salaries and Wages Payable	1,122,265	-	-	-	1,122,265
Accrued Worker's Compensation Payable Absences	607	-	-	-	607
Accrued Employee Benefits Payable	16,834	-	-	-	16,834
Accrued Liabilities	10,574,514	278,670	-	-	10,853,184
Other Liabilities	817,661	-	1,769,955	-	2,587,616
Deferred Revenue	407,473	7,406,394	2,396,729	-	10,210,596
Total Liabilities	72,570,251	8,092,132	28,298,894	-	108,961,277
Fund Balances:					
Reserve for Inventory	1,523,907	-	-	-	1,523,907
Reserve for Encumbrances	8,672,864	-	-	-	8,672,864
Reserved for Endowments and Trusts	-	-	-	1,158,546	1,158,546
Reserved for Debt Service	-	46,953,417	-	-	46,953,417
Reserved for Capital Projects	-	-	155,199,431	-	155,199,431
Undesignated	69,551,548	-	-	-	69,551,548
Total Fund Balances	79,748,319	46,953,417	155,199,431	1,158,546	283,059,713
Total Liabilities and Fund Balances	$ 152,318,570	$ 55,045,549	$ 183,498,325	$ 1,158,546	$ 392,020,990

City of Detroit, Michigan
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2002

	Special Revenue Funds	Debt Service Funds	Capital Projects Fund	Permanent Funds: Bequest Fund	Total
REVENUES:					
Taxes:					
Property Taxes	$ -	$ 66,191,648	$ -	$ -	$ 66,191,648
Other Taxes and Assessments	-	3,628,868	-	-	3,628,868
State Hotel and Liquor Tax	-	16,278,163	-	-	16,278,163
Licenses, Permits and Inspection Charges	15,664,538	-	-	-	15,664,538
Intergovernmental:					
Federal	223,569,812	-	26,809,665	-	250,379,477
State	10,123,280	-	-	-	10,123,280
Other	13,250,336	-	-	-	13,250,336
Gas and Weight Tax	60,765,471	-	-	-	60,765,471
Sales and Charges for Services	5,332,213	-	-	-	5,332,213
Ordinance Fines	3,868,214	-	-	-	3,868,214
Revenue from Use of Assets	-	1,715,840	-	-	1,715,840
Earnings on Investments	1,489,636	2,728,346	3,546,960	220,685	7,985,627
Other Revenue	2,073,304	-	19,817,779	-	21,891,083
Total Revenues	336,136,804	90,542,865	50,174,404	220,685	477,074,758
EXPENDITURES:					
Current:					
Public Protection	27,443,572	-	-	-	27,443,572
Health	79,908,790	-	-	-	79,908,790
Economic Development	52,230,250	5,336,131	-	-	57,566,381
Educational Development	85,515,642	-	-	-	85,515,642
Housing and Conditions	3,181,816	-	-	-	3,181,816
Transportation	21,087,215	-	-	-	21,087,215
Debt Service:					
Principal	-	79,568,844	-	-	79,568,844
Interest	-	41,960,028	323,533	-	42,283,561
Bond Issuance Costs	-	-	1,832,120	-	1,832,120
Capital Outlay	-	-	111,913,761	-	111,913,761
Total Expenditures	269,367,285	126,865,003	114,069,414	-	510,301,702
Excess (Deficiency) of Revenues Over (Under) Expenditures	66,769,519	(36,322,138)	(63,895,010)	220,685	(33,226,944)
OTHER FINANCING SOURCES (USES):					
Transfers In:					
General Fund	7,449,187	40,213,278	1,741,938	-	49,404,403
Capital Projects Fund	-	37,576,847	-	-	37,576,847
Special Revenue Funds	12,481,814	4,080,712	-	-	16,562,526
General Obligation Bonds Issued	-	-	105,323,533	-	105,323,533
Premium on General Obligation Bonds Issued		-	1,628,598		1,628,598
Transfers Out:					
General Fund	66,193,693	-	847,027	-	67,040,720
Debt Service Fund	4,080,712	-	37,576,847	-	41,657,559
Special Revenue Funds	12,481,814	-	-	-	12,481,814
Proprietary Funds	-	-	476,240	-	476,240
Total Other Financing Sources (Uses)	(62,825,218)	81,870,837	69,793,955	-	88,839,574
Net Change in Fund Balances	3,944,301	45,548,699	5,898,945	220,685	55,612,630
Fund Balances at Beginning of Year	75,686,148	1,404,718	149,300,486	937,861	227,329,213
Increase/(Decrease) in Inventories	117,870	-	-	-	117,870
Fund Balances at End of Year	$ 79,748,319	$ 46,953,417	$ 155,199,431	$ 1,158,546	$ 283,059,713

City of Detroit,
COMBINING
NON-MAJOR GOVERNMENTAL
June 30,

ASSETS	Community Development Block Grant Funds	Construction Code Fund	Detroit Building Authority Fund
Current Assets:			
Cash	$ 142,322	$ 16,987	$ -
Investments	-	-	-
Accounts and Contracts Receivable:			
Due from Other Funds	1,514,634	1,407,627	6,234,358
Due from Other Governmental Agencies	13,454,364	2,050	70,087
Due from Component Units Funds	-	140	-
Other Receivables	62,413	66,100	-
Total Accounts and Contracts Receivable	15,031,411	1,475,917	6,304,445
Allowance for Uncollectible Accounts	(37,608)	(66,100)	-
Total Accounts and Contracts Receivable - Net	14,993,803	1,409,817	6,304,445
Advances to Component Units	92,302	-	-
Prepaid Expenses	-	-	-
Inventory--Forfeited Property	-	-	-
Other Inventory	-	47,634	-
Total Current Assets	15,228,427	1,474,438	6,304,445
Restricted Assets:			
Cash	711,942	4,587	-
Total Assets	$ 15,940,369	$ 1,479,025	$ 6,304,445
LIABILITIES, AND FUND BALANCES			
Liabilities:			
Bank Overdraft	$ -	$ -	$ 5,225,356
Accounts and Contracts Payable	2,967,552	1,820	409,197
Due to Other Funds	7,623,328	1,034,511	1,379,043
Advances from Other Funds	-	-	-
Due to Other Governmental Agencies	1,511,259	-	-
Deposits from Vendors and Customers	-	4,587	-
Accrued Worker's Compensation Payable	-	607	-
Accrued Salaries and Wages Payable	375,791	37,020	-
Accrued Employee Benefits Payable	-	16,834	-
Accrued Liabilities	2,644,778	181,316	-
Other Liabilities	817,661	-	-
Deferred Revenue	-	16,987	-
Total Liabilities	15,940,369	1,293,682	7,013,596
Fund Balances (Deficits):			
Reserve for Inventory	-	47,634	-
Reserve for Encumbrances	-	137,709	-
Undesignated	-	-	(709,151)
Total Fund Balances (Deficits)	-	185,343	(709,151)
Total Liabilities and Fund Balances	$ 15,940,369	$ 1,479,025	$ 6,304,445

Michigan
BALANCE SHEET
FUNDS - SPECIAL REVENUE FUNDS
2002

Drug Law Enforcement Fund	Empowerment Zone Fund	Federal Employment and Training Funds	Human Services Fund	Major and Local Street Funds	Supportive Housing Programs and Homeless Initiatives Funds	Total
$ 230,534	$ 1,169,378	$ 8,411,687	$ 2,750,742	$ 1,689,252	$ 165,642	$ 14,576,544
13,194,859	-	-	-	60,000,000	-	73,194,859
-	-	628,378	9,723	85,140	-	9,879,860
-	7,785,383	16,584,747	842,474	12,776,370	565,804	52,081,279
-	-	-	-	-	-	140
1,434,972	-	-	5,016	584,088	-	2,152,589
1,434,972	7,785,383	17,213,125	857,213	13,445,598	565,804	64,113,868
-	-	-	-	(1,923,367)	-	(2,027,075)
1,434,972	7,785,383	17,213,125	857,213	11,522,231	565,804	62,086,793
-	-	-	-	-	-	92,302
-	-	127,636	-	-	-	127,636
905,076	-	-	-	-	-	905,076
-	-	-	-	571,197	-	618,831
15,765,441	8,954,761	25,752,448	3,607,955	73,782,680	731,446	151,602,041
-	-	-	-	-	-	716,529
$ 15,765,441	$ 8,954,761	$ 25,752,448	$ 3,607,955	$ 73,782,680	$ 731,446	$ 152,318,570
$ -	$ -	$ -	$ -	$ 386,421	$ -	$ 5,611,777
56,041	695,612	20,747,109	1,723,394	1,580,938	112,860	28,294,523
886,089	1,875,934	453,932	813,072	866,567	-	14,932,476
-	-	147,000	-	-	-	147,000
136,690	-	4,013,681	-	-	-	5,661,630
4,978,904	-	-	-	-	-	4,983,491
-	-	-	-	-	-	607
13,797	108,934	390,726	165,786	-	30,211	1,122,265
-	-	-	-	-	-	16,834
253,689	6,274,281	-	515,217	116,858	588,375	10,574,514
-	-	-	-	-	-	817,661
-	-	-	390,486	-	-	407,473
6,325,210	8,954,761	25,752,448	3,607,955	2,950,784	731,446	72,570,251
905,076	-	-	-	571,197	-	1,523,907
8,535,155	-	-	-	-	-	8,672,864
-	-	-	-	70,260,699	-	69,551,548
9,440,231	-	-	-	70,831,896	-	79,748,319
$ 15,765,441	$ 8,954,761	$ 25,752,448	$ 3,607,955	$ 73,782,680	$ 731,446	$ 152,318,570

City of Detroit,
COMBINING STATEMENT
CHANGES IN
NON-MAJOR GOVERNMENTAL

For the Year

	Community Development Block Grant Fund	Construction Code Fund	Detroit Building Authority	Drug Law Enforcement Fund
REVENUES:				
Licenses, Permits and Inspection Charges	$ -	$ 15,664,538	$ -	$ -
Intergovernmental:				
Federal	58,554,210	-	-	-
State	-	-	-	-
Other	-	-	-	-
Gas and Weight Tax	-	-	-	-
Sales and Charges for Services	1,111,632	4,220,581	-	-
Ordinance Fines and Forfeitures	-	-	-	3,868,214
Earnings on Investments	-	-	-	354,905
Other Revenue	-	16,849	9,385	-
Total Revenues	59,665,842	19,901,968	9,385	4,223,119
EXPENDITURES:				
Current:				
Public Protection	-	24,209,411	-	3,234,161
Health	-	-	-	-
Economic Development	33,578,908	-	1,415,594	-
Educational Development	-	-	-	-
Housing and Conditions	-	-	-	-
Transportation	-	-	-	-
Total Expenditures	33,578,908	24,209,411	1,415,594	3,234,161
Excess (Deficiency) of Revenues Over (Under) Expenditures	26,086,934	(4,307,443)	(1,406,209)	988,958
OTHER FINANCING SOURCES (USES):				
Transfer in:				
General Fund	-	3,026,280	470,000	-
Community Development Block Grant Fund	-	645,592	-	-
Local Street Fund	-	-	-	-
Total Transfers In	-	3,671,872	470,000	-
Transfer out:				
Construction Code Fund	645,592	-	-	-
General Fund	21,360,630	-	-	-
General Debt Service Funds	4,080,712	-	-	-
Local Street Fund	-	-	-	-
Total Transfers Out	26,086,934	-	-	-
Total Other Financing Sources (Uses)	(26,086,934)	3,671,872	470,000	-
Net Change in Fund Balances	-	(635,571)	(936,209)	988,958
Fund Balances at Beginning of Year	-	823,558	227,058	8,339,323
Increase (Decrease) in Inventory	-	(2,644)	-	111,950
Fund Balances (Deficit) at End of Year	$ -	$ 185,343	$ (709,151)	$ 9,440,231

Michigan
OF REVENUES, EXPENDITURES AND
FUND BALANCES
FUNDS - SPECIAL REVENUE FUNDS

Ended June 30, 2002

Empowerment Zone Fund	Federal Employment and Training Funds	Human Services Fund	Major and Local Street Funds	Supportive Housing Programs and Homeless Initiatives Funds	Totals
$ -	$ -	$ -	$ -	$ -	$ 15,664,538
17,235,748	85,515,642	59,082,396	-	3,181,816	223,569,812
-	-	2,795,986	7,327,294	-	10,123,280
-	-	13,250,336	-	-	13,250,336
-	-	-	60,765,471	-	60,765,471
-	-	-	-	-	5,332,213
-	-	-	-	-	3,868,214
-	-	-	1,134,731	-	1,489,636
-	-	827,165	1,219,905	-	2,073,304
17,235,748	85,515,642	75,955,883	70,447,401	3,181,816	336,136,804
-	-	-	-	-	27,443,572
-		79,908,790	-	-	79,908,790
17,235,748	-	-	-	-	52,230,250
-	85,515,642	-	-	-	85,515,642
-	-	-	-	3,181,816	3,181,816
-	-	-	21,087,215	-	21,087,215
17,235,748	85,515,642	79,908,790	21,087,215	3,181,816	269,367,285
-	-	(3,952,907)	49,360,186	-	66,769,519
-	-	3,952,907	-	-	7,449,187
-	-	-	-	-	645,592
-	-	-	11,836,222	-	11,836,222
-	-	3,952,907	11,836,222	-	19,931,001
-	-	-	-	-	645,592
-	-	-	44,833,063	-	66,193,693
-	-	-	-	-	4,080,712
-	-	-	11,836,222	-	11,836,222
-	-	-	56,669,285	-	82,756,219
-	-	3,952,907	(44,833,063)	-	(62,825,218)
-	-	-	4,527,123	-	3,944,301
-	-	-	66,296,209	-	75,686,148
-	-	-	8,564	-	117,870
$ -	$ -	$ -	$ 70,831,896	$ -	$ 79,748,319

City of Detroit, Michigan
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2002

	Capital Projects	Urban Renewal	Total
ASSETS			
Cash	$ 15,073,566	$ 260,189	$ 15,333,755
Investments	149,683,465	6,530,959	156,214,424
Accounts and Contracts Receivable:			
Due from Other Funds	1,483,861	350,817	1,834,678
Due from Other Governmental Agencies	5,501,457	-	5,501,457
Other Receivables - Trade	632,606	238,300	870,906
Total Accounts and Contracts Receivable -	7,617,924	589,117	8,207,041
Allowance for Uncollectible Accounts	(575,257)	(238,300)	(813,557)
Total Accounts and Contracts Receivable - Net	7,042,667	350,817	7,393,484
Restricted Investments	4,556,662	-	4,556,662
Total Assets	$ 176,356,360	$ 7,141,965	$ 183,498,325
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts and Contracts Payable	$ 16,426,597	$ 546,772	$ 16,973,369
Due to Other Funds	5,177,625	1,131,216	6,308,841
Advance from General Fund	850,000	-	850,000
Other Liabilities	17,392	1,752,563	1,769,955
Deferred Revenue	2,385,014	11,715	2,396,729
Total Liabilities	24,856,628	3,442,266	28,298,894
Fund Balances:			
Undesignated Fund Balance	151,499,732	3,699,699	155,199,431
Total Fund Balances	151,499,732	3,699,699	155,199,431
Total Liabilities and Fund Balances	$ 176,356,360	$ 7,141,965	$ 183,498,325

City of Detroit, Michigan
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
For the Year Ended June 30, 2002

	Capital Projects	Urban Renewal	Total
Revenues:			
Grants	$ 13,149,888	$ 13,659,777	$ 26,809,665
Earnings on Investments	3,546,960	-	3,546,960
Other Revenues	19,817,779	-	19,817,779
Total Revenues	36,514,627	13,659,777	50,174,404
Expenditures:			
Debt Service-Interest Expense	323,533	-	323,533
Bond Issuance Costs	1,832,120	-	1,832,120
Capital Outlay	96,574,246	15,339,515	111,913,761
Total Expenditures	98,729,899	15,339,515	114,069,414
(Deficiency) of Revenues (Under) Expenditures	(62,215,272)	(1,679,738)	(63,895,010)
Other Financing Sources (Uses):			
Other Financing Sources:			
Transfers In:			
General Fund	1,741,938	-	1,741,938
Proceeds from Bonds	105,323,533	-	105,323,533
Premium on Bonds Issued	1,628,598	-	1,628,598
Total Other Financing Sources	108,694,069	-	108,694,069
Other Financing Uses:			
Transfers Out:			
Airport Fund	476,240	-	476,240
General Fund	847,027	-	847,027
General Debt Service Fund	37,576,847	-	37,576,847
Total Other Financing Uses	38,900,114	-	38,900,114
Total Other Financing Sources (Uses)	69,793,955	-	69,793,955
Net Change in Fund Balances	7,578,683	(1,679,738)	5,898,945
Fund Balances at Beginning of Year	143,921,049	5,379,437	149,300,486
Fund Balances at End of Year	$ 151,499,732	$ 3,699,699	$ 155,199,431

City of Detroit, Michigan
COMBINING BALANCE SHEETS
NON-MAJOR PERMANENT FUNDS
BEQUEST FUND
June 30, 2002

	Permanent Funds		
	Bequest Fund		
	Other Trust	Cemetery Trust	Total
ASSETS			
Cash	$ -	$ 3,282	$ 3,282
Restricted Cash	-	101,625	101,625
Investments	41,229	1,012,410	1,053,639
Total Assets	$ 41,229	$ 1,117,317	$ 1,158,546
LIABILITIES, AND FUND BALANCES			
Liabilities:			
Total Liabilities	$ -	$ -	$ -
Fund Balances:			
Reserved for Restricted Assets	41,229	1,117,317	1,158,546
Total Fund Balances	41,229	1,117,317	1,158,546
Total Liabilities and Fund Balances	$ 41,229	$ 1,117,317	$ 1,158,546

City of Detroit, Michigan
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR PERMANENT FUNDS
BEQUEST FUND
For the Year Ended June 30, 2002

	Permanent Funds		
	Bequest Fund		
	Other Trust	Cemetery Trust	Total
Revenues:			
Investment Income	$ 880	$ 219,805	$ 220,685
Total Revenues	880	219,805	220,685
Expenditures:			
Total Expenditures	-	-	-
Total Revenues Over Expenditures	880	219,805	220,685
Fund Balance, Beginning	40,349	897,512	937,861
Fund Balance, Ending	$ 41,229	$ 1,117,317	$ 1,158,546

The Detroit Department of Transportation, with 58 new coaches added in the last year, is taking steps to ensure improved service.

Volunteers help clean up a neighborhood during the spring Motor City Makeover.

Photos courtesy of City of Detroit – Communications and Creative Services Department

COMBINING FINANCIAL INFORMATION – NON-MAJOR PROPRIETARY FUNDS

City of Detroit,
COMBINING STATEMENT
NON-MAJOR
JUNE 30,

	Enterprise Funds		
	Airport Fund	Housing Fund	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 725,364	$ 1,071,666	$ 1,797,030
Accounts and Contracts Receivable:			
Due from Other Funds	536,586	33,840	570,426
Due from Fiduciary Funds	19,500	-	19,500
Due from Other Governmental Agencies	3,800	9,815,835	9,819,635
Other Receivables - Trade	637,686	83,365	721,051
Total Accounts and Contracts Receivable	1,197,572	9,933,040	11,130,612
Allowance for Uncollectible Accounts	(579,092)	(80,654)	(659,746)
Total Accounts and Contracts Receivable - Net	618,480	9,852,386	10,470,866
Inventories	-	837,084	837,084
Prepaid Expenses	70,151	248,753	318,904
Restricted Cash and Cash Equivalents	-	1,557,225	1,557,225
Total Current Assets	1,413,995	13,567,114	14,981,109
Noncurrent Assets:			
Capital Assets:			
Land	5,169,374	15,001,676	20,171,050
Land Improvements	8,020,719	1,977,691	9,998,410
Structures and Improvements	5,272,287	111,636,169	116,908,456
Equipment	2,018,797	1,270,022	3,288,819
Vehicles and Buses	698,090	2,146,720	2,844,810
Construction Work in Progress	-	26,942,704	26,942,704
Total Capital Assets	21,179,267	158,974,982	180,154,249
Less: Accumulated Depreciation	(10,936,895)	(59,778,411)	(70,715,306)
Net Capital Assets	10,242,372	99,196,571	109,438,943
Other Assets	-	6,990,504	6,990,504
Total Noncurrent Assets	10,242,372	106,187,075	116,429,447
Total Assets	11,656,367	119,754,189	131,410,556

(Continued)

Michigan
OF NET ASSETS
PROPRIETARY FUNDS
2002

LIABILITIES AND NET ASSETS	Enterprise Funds		
	Airport Fund	Housing Fund	Total
Liabilities:			
Current Liabilities:			
Accounts and Contracts Payable	329,786	1,422,648	1,752,434
Due to Other Funds	383,884	9,051,826	9,435,710
Due to Fiduciary Funds	13,239	3,612,743	3,625,982
Refundable Deposits	86,886	-	86,886
Due to Other Governmental Agencies	-	361,263	361,263
Accrued Salaries and Wages	41,601	432,502	474,103
Accrued Compensated Absences	19,406	866,670	886,076
Accrued Public Liability and Workers Compensation	14,526	3,115,000	3,129,526
Other Liabilities	74,053	-	74,053
Restricted Accounts and Contracts Payable	-	6,102,820	6,102,820
Deferred Revenue	16,667		16,667
Total Current Liabilities	980,048	24,965,472	25,945,520
Noncurrent Liabilities:			
Accured Compensated Absences	234,200	1,590,497	1,824,697
Accrued Public Liability and Workers' Compensation	122,678	3,601,059	3,723,737
Total Noncurrent Liabilities	356,878	5,191,556	5,548,434
Total Liabilities	1,336,926	30,157,028	31,493,954
Net Assets:			
Invested in Capital Assets, Net of Related Debt	10,242,372	99,196,571	109,438,943
Unrestricted (Deficit)	77,069	(9,599,410)	(9,522,341)
Total Net Assets	$ 10,319,441	$ 89,597,161	$ 99,916,602

City of Detroit, Michigan
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NON-MAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2002

	Enterprise Funds		
	Airport Fund	Housing Fund	Total
Operating Revenues:			
Sales and Charges for Services	$ 1,076,622	$ -	$ 1,076,622
Rentals, Fees and Surcharges	213,180	5,628,900	5,842,080
Miscellaneous	945,426	4,248,621	5,194,047
Total Operating Revenues	2,235,228	9,877,521	12,112,749
Operating Expenses:			
Salaries, Wages and Benefits	2,202,615	17,029,409	19,232,024
Operating	1,305,978	3,598,916	4,904,894
Repairs and Maintenance	273,580	9,443,434	9,717,014
Materials, Supplies and Other Expenses	1,056,803	35,240,767	36,297,570
Depreciation and Amortization	704,072	2,505,925	3,209,997
Total Operating Expenses	5,543,048	67,818,451	73,361,499
Operating Loss	(3,307,820)	(57,940,930)	(61,248,750)
Non-Operating Revenues:			
Earnings on Investments	-	424,130	424,130
Federal Subsidies	-	45,013,333	45,013,333
Gain on Disposal of Assets	-	599,804	599,804
Total Non-Operating Revenues	-	46,037,267	46,037,267
Net Loss Before Contributions and Transfers:	(3,307,820)	(11,903,663)	(15,211,483)
Capital Contributions	-	17,917,245	17,917,245
Transfers In	4,130,579	2,077,000	6,207,579
Increase in Net Assets	822,759	8,090,582	8,913,341
Net Assets - Beginning of Year, as Restated	9,496,682	81,506,579	91,003,261
Net Assets - End of Year	$ 10,319,441	$ 89,597,161	$ 99,916,602

City of Detroit, Michigan
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2002

	Enterprise Funds		
	Airport Fund	Housing Fund	Total
Cash Flows From Operations:			
Receipts from Customers	$ 2,188,268	$ 5,523,525	$ 7,711,793
Repayments to Other Funds	(1,611,142)	(2,569,455)	(4,180,597)
Deposits Refunded to Customers	(24,527)	-	(24,527)
Payments to Suppliers	(2,053,266)	(42,088,731)	(44,141,997)
Payments to Employees	(1,978,825)	(17,351,004)	(19,329,829)
Gain on Disposition of Assets	-	(599,804)	(599,804)
Net Cash Used in Operating Activities	(3,479,492)	(57,085,469)	(60,564,961)
Cash Flows from Non-Capital Financing Activities:			
Federal Subsidies	-	45,013,333	45,013,333
Transfers from Other Funds	4,130,579	2,077,000	6,207,579
Net Cash Provided by Non-Capital Financing Activities	4,130,579	47,090,333	51,220,912
Cash Flows from Capital and Related Financing Activities:			
Capital Contributions	-	17,917,245	17,917,245
Acquisition and Construction of Capital Assets	-	(15,430,776)	(15,430,776)
Net Cash Provided by Capital and Related Financing Activities	-	2,486,469	2,486,469
Cash Flows from Investing Activities:			
Interest on Investment Securities	-	327,230	327,230
Net Cash Provided by Investing Activities	-	327,230	327,230
Net Increase (Decrease) in Cash	651,087	(7,181,437)	(6,530,350)
Cash and Cash Equivalents at Beginning of Year	74,277	9,810,328	9,884,605
Cash and Cash Equivalents at End of Year	$ 725,364	$ 2,628,891	$ 3,354,255

(Continued)

City of Detroit, Michigan
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2002

	Enterprise Funds		
	Airport Fund	Housing Fund	Total
Reconciliation of Operating Loss to Net Cash used in Operating Activities:			
Operating Loss	$ (3,307,820)	$ (57,940,930)	$ (61,248,750)
Adjustments to Operating Loss			
Depreciation	704,072	2,505,925	3,209,997
Gain on Disposal of Assets	-	(599,804)	(599,804)
Allowance for Uncollectible Accounts	389,919	-	389,919
Increase in Other Receivables -Trade	(46,960)	(2,711)	(49,671)
Increase in Due from Other Governmental Agencies	164,067	-	164,067
Decrease in Inventories	-	(274,739)	(274,739)
Increase in Prepaid Expenses	(24,843)	(124,253)	(149,096)
Increase in Due From Other Funds	(383,860)	(4,424,201)	(4,808,061)
Increase Accounts and Contracts Payable	201,136	2,524,929	2,726,065
Decrease in Due to Other Funds	(1,227,282)	(589,149)	(1,816,431)
Decrease in Due to Governmental Agencies	-	(617,939)	(617,939)
Increase (Decrease) in Other Liabilities	45,000	(45,835)	(835)
Decrease in Accrued Compensated Absences	(35,006)	(279,479)	(314,485)
Increase in Public Liability and Accrued Workers Compensation	86,612	2,782,717	2,869,329
Decrease in Refundable Deposits	(24,527)	-	(24,527)
Decrease in Prepaid Revenue	(20,000)	-	(20,000)
Net Cash Used in Operating Activities	$ (3,479,492)	$ (57,085,469)	$ (60,564,961)

Statistical

The Statistical Section contains:

General Governmental Revenues by Source — Last Ten Fiscal Years
General Governmental Expenditures by Function —
Last Ten Fiscal Years
Property Tax Levies and Collections — Last Ten Fiscal Years
Adjusted Tax Levies and Tax Collections by Levies —
Last Ten Fiscal Years
Assessed and Estimated Actual Value of Taxable Property —
Last Ten Fiscal Years
Property Tax Rates and Levies — All Overlapping Governments —
Last Ten Fiscal Years
Special Assessment Additions and Deductions —
Last Ten Fiscal Years
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per
Capita — Last Ten Fiscal Years
Legal Debt Margin
Computation of Direct and Overlapping Debt —
General Obligation Bonds
Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Governmental Expenditures —
Last Ten Fiscal Years
Revenue Bond Coverage — Last Ten Fiscal Years
Real Property Value, Construction Permits and Bank Deposits —
Last Ten Fiscal Years
Principal Taxpayers
Miscellaneous Statistics

Mayor Kilpatrick greets seniors at the Senior Citizens Department's Centenarian Luncheon.

Photo courtesy of City of Detroit – Communications and Creative Services Department

Table 1

City of Detroit,
GENERAL GOVERNMENTAL
Last Ten
(Amounts Expressed
Un

Revenue Classification (2)	2002	2001	2000	1999
Taxes, Assessments, Interest and Penalties	$ 748,723	$ 716,014	$ 720,077	$ 636,191
Licenses, Permits, and Inspection Charges	24,857	28,824	29,829	24,426
Shared Taxes and Grants	759,365	747,085	747,033	687,086
Sales and Charges for Services	203,322	185,732	176,948	150,482
Ordinance Fines	28,374	22,151	23,573	20,032
Revenues from Use of Assets	39,918	60,541	45,220	39,487
Other Revenues	142,977	79,140	60,261	74,701
Total Revenues	$ 1,947,536	$ 1,839,487	$ 1,802,941	$ 1,632,405

(1) Includes general, special revenue, debt service, capital projects, and permanent funds.

(2) Library revenues have been removed for all years. Proir to 2002 the Detroit Public Library was previously included in the Special Revenue Funds of the City . It is now being reported as a Component Unit.

Table 2

City of Detroit,
GENERAL GOVERNMENTAL
Last Ten
(Amounts Expressed
Un

Expenditure Classification (2)	2002	2001	2000	1999
Public Protection	$ 601,014	$ 598,723	$ 531,140	$ 502,980
Health	177,826	170,703	164,662	140,777
Recreation and Culture	79,787	67,393	68,699	65,077
Economic Development	80,957	40,949	45,687	31,344
Educational Development	85,516	96,271	87,190	52,563
Housing Supply and Conditions	16,747	96,393	85,720	74,866
Physical Environment	292,579	275,369	282,840	242,809
Transportation	21,087	15,787	9,808	38,892
Management	354,175	250,912	328,475	322,395
Debt Service	124,583	126,981	126,169	116,679
Capital Outlay	117,575	145,426	65,852	91,740
Total Expenditures	$ 1,951,846	$ 1,739,481	$ 1,730,390	$ 1,588,382

(1) Includes general, special revenue, debt service, capital projects, and permanent funds.

(2) Library expenses have been removed for all years. Prior to 2002 the Detroit Public Library was previously included in the Special Revenue Funds of the City . It is now being reported as a Component Unit.

Table 1

Michigan
REVENUES BY SOURCE (1)
Fiscal Years
in Thousands)
audited

1998	1997	1996	1995	1994	1993
$ 622,937	$ 592,515	$ 580,149	$ 548,944	$ 525,459	$ 510,725
23,727	20,722	17,960	18,508	15,383	15,408
640,242	617,385	615,803	566,482	539,132	525,860
148,217	141,088	131,684	131,854	139,247	140,310
19,885	17,314	18,356	17,286	15,906	19,883
48,476	43,186	42,647	24,260	23,426	18,433
90,673	97,715	73,345	32,732	19,893	23,033
$ 1,594,157	$ 1,529,925	$ 1,479,944	$ 1,340,066	$ 1,278,446	$ 1,253,652

Table 2

Michigan
EXPENDITURES BY FUNCTION (1)
Fiscal Years
in Thousands)
audited

1998	1997	1996	1995	1994	1993
$ 516,516	$ 510,304	$ 498,620	$ 484,225	$ 480,246	$ 477,659
146,389	146,563	131,142	128,098	131,843	122,874
70,908	68,494	67,437	60,374	61,581	58,390
23,960	20,188	17,734	17,569	16,736	15,888
43,505	53,179	40,927	39,979	29,013	39,270
74,809	63,262	77,210	48,335	54,682	60,057
274,824	259,858	225,414	197,796	226,994	202,898
21,735	12,398	10,540	8,168	5,942	4,362
246,876	193,005	204,305	137,194	159,844	139,073
116,249	123,472	92,047	133,418	90,914	93,781
75,326	83,452	63,332	45,860	42,366	29,557
$ 1,535,771	$ 1,450,723	$ 1,365,376	$ 1,255,156	$ 1,257,795	$ 1,214,252

Table 3

City of Detroit,
Property Tax Levies
Last Ten
(Amounts Expressed
Un

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections
1993 (1)	$ 189,828	$ 167,974	88.49 %	$ 13,014
1994 (1)	192,019	169,066	88.05	7,093
1995 (1)	197,314	173,646	88.00	11,674
1996 (1)	201,028	180,615	89.85	11,949
1997 (1)	208,546	189,097	90.67	15,028
1998 (1)	218,533	193,536	88.56	15,968
1999 (1)	224,248	199,594	89.01	14,342
2000 (1)	231,310	210,805	91.14	17,606
2001 (1)	254,397	218,915	86.05	15,854
2002 (3)	243,710	212,435	87.17	23,433

(1) includes General, Library and Debt Service Funds
(2) includes additions, deductions, cancellations and adjustments
(3) Fiscal Year 2002 does not include Library amounts.

Table 4

City of Detroit,
Adjusted Tax Levies and
Last Ten
(Amounts Expressed
Un

Fiscal Year	Total Tax Levy	Net Additions Deductions to (from) Tax Levy	Less Cancelations and Adjustments
1993 (1)	$ 189,828	$ 2	$ (7,501)
1994 (1)	192,019	2	(6,824)
1995 (1)	197,314	-	(8,119)
1996 (1)	201,028	-	(4,807)
1997 (1)	208,546	-	(3,901)
1998 (1)	218,533	-	(4,982)
1999 (1)	224,248	-	(3,764)
2000 (1)	231,310	-	6,299
2001 (1)	254,397	-	350
2002 (2)	243,710	-	(3,365)

(1) includes General, Library and Debt Service Funds
(2) Fiscal Year 2002 does not include Library amounts.

Michigan
and Collections
Fiscal Years
in Thousands)
audited

Table 3

Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Current and Prior Years' Adjustments (2)	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
$ 180,988	95.34 %	$ (8,129.00)	$ 53,062.00	27.95 %
176,159	91.74	12,177	81,102	42.24
185,320	93.92	(10,401)	82,695	41.91
192,564	95.79	(13,380)	77,780	38.69
204,125	97.88	(3,559)	78,642	37.71
209,504	95.87	(6,108)	79,267	36.27
213,896	95.38	(8,761)	80,858	36.06
228,411	98.75	(6,939)	76,896	33.24
234,769	92.28	(1,349)	95,285	37.46
235,868	96.78	(15,928)	79,136	32.47

Michigan
Tax Collections by Levies
Fiscal Years
in Thousands)
audited

Table 4

Net Taxes Receivable	Collections to June 30, 2002	
	Amount	Ratio to Adjusted Tax Levy
$ 182,329	$ 180,014	98.73 %
185,197	182,715	98.66
189,195	186,076	98.35
196,221	192,569	98.14
204,645	200,023	97.74
213,551	207,267	97.06
220,484	210,869	95.64
237,609	220,264	92.70
254,747	218,915	85.93
240,345	212,435	88.39

Table 5

City of Detroit, Michigan
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(Amounts Expressed in Thousands)
Unaudited

	Real Property (Notes A and B)			Personal Property (Notes A, B and C)			Total (Notes A, B and C)		
Fiscal Year	State Equalized Value (Notes D and E)	Taxable Value	Estimated Actual Value	State Equalized Value (Notes D and E)	Taxable Value	Estimated Actual Value	State Equalized Value (Notes D and E)	Taxable Value	Estimated Actual Value
1994.....	$ 4,554,669	$ 4,554,669	$ 9,109,338	$ 1,260,743	$ 1,260,743	$ 2,521,486	$ 5,815,412	$ 5,815,412	$ 11,630,824
1995.....	4,565,440	4,565,440	9,130,880	1,330,336	1,330,336	2,660,672	5,895,776	5,895,776	11,791,552
1996.....	4,631,122	4,606,258	9,262,244	1,281,065	1,281,065	2,562,130	5,912,187	5,887,323	11,824,374
1997.....	4,943,227	4,703,635	9,886,454	1,443,983	1,443,983	2,887,966	6,387,210	6,147,618	12,774,420
1998.....	5,351,875	4,847,236	10,703,750	1,603,341	1,603,341	3,206,682	6,955,216	6,450,577	13,910,432
1999.....	5,940,201	5,005,031	11,880,402	1,626,585	1,626,585	3,253,170	7,566,786	6,631,616	15,133,572
2000.....	6,990,962	5,219,200	13,981,924	1,637,482	1,637,482	3,274,964	8,628,444	6,856,682	17,256,888
2001.....	8,106,178	5,486,262	16,212,356	1,718,119	1,718,119	3,436,238	9,824,297	7,204,381	19,648,594
2002.....	9,319,364	5,983,367	18,638,728	1,656,438	1,656,438	3,312,876	10,975,802	7,639,805	21,951,604
2003.....	10,298,344	6,226,065	20,596,688	1,749,983	1,749,983	3,499,966	12,048,327	7,976,048	24,096,654

Note A — Excludes qualified real and personal properties exempted from ad valorem property taxes but subject to a specific Industrial Facilities tax under the State Plant Rehabilitation and Industrial Development Districts Act of 1974.

Note B — Beginning with fiscal year 1995/1996 taxable values cannot exceed the statewide rate of inflation of the prior year on a per parcel basis, except where increases are due to physical changes in the parcel (P.A.415 of 1994). This represents the taxable amount of the state equalized value.

Note C — Excludes inventories which are exempted from the assessed values by the State Single Business Tax Act of 1974.

Note D — State Equalized Value (50% of true cash value).

Note E — Assessment Date -December 31 preceding year of levy.

Table 6

City of Detroit, Michigan
PROPERTY TAX RATES AND LEVIES — ALL OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years
(Amounts Expressed in Thousands)
Unaudited

Fiscal Year	Tax Rates — Mills					
	City (Note A)	Library	School	County (Note B)	State	Total
1994.....	30.3790	2.6400	46.2400	11.2700	-	90.5290
1995.....	30.8270	2.6400	22.6600	11.2000	6.0000	73.3270
1996.....	31.5060	2.6400	25.0400	11.2000	6.0000	76.3860
1997.....	31.2830	2.6400	25.5000	11.3800	6.0000	76.8030
1998.....	31.2380	2.6400	25.5900	11.3700	6.0000	76.8380
1999.....	31.1750	2.6400	24.4500	11.3200	6.0000	75.5850
2000.....	31.0950	2.6400	23.9000	11.1390	6.0000	74.7740
2001.....	31.6783	3.6331	25.0000	11.0565	6.0000	77.3679
2002.....	31.9000	3.6331	28.5000	12.5395	6.0000	82.5726
2003.....	30.8780	3.6331	31.1900	13.9895	6.0000	85.6906

Fiscal Year	Tax Levies					
	City (Note A)	Library	School	County (Note B)	State	Total
1994.....	$ 176,666	$ 15,353	$ 272,626	$ 65,540	$ -	$ 530,185
1995.....	181,749	15,565	95,344	66,033	35,375	394,066
1996.....	185,486	15,542	108,177	65,938	35,324	410,467
1997.....	192,316	16,230	116,328	69,960	36,885	431,719
1998.....	201,503	17,030	123,999	73,343	38,703	454,578
1999.....	206,741	17,507	119,113	75,070	39,790	458,221
2000.....	213,208	18,102	119,281	76,375	41,140	468,106
2001.....	228,223	26,174	132,788	79,655	43,226	510,066
2002.....	243,710	27,756	166,268	95,799	45,839	579,372
2003.....	246,284	28,977	193,401	111,581	47,856	628,099

Note A — Includes millage to pay cash rentals to the City of Detroit Building Authority to cover principal and interest on authority bonds issued to finance construction of a new Detroit General Hospital and to pay Wayne County for debt service on County Drainage District Bonds issued for Detroit N0. 1 thru 1994.

Note B — The County tax rates and tax levies shown are against properties situated within the City of Detroit. The total assessed valuation used in determining the County tax rate recognizes adjustments in assessed valuation made after the City tax rate is determined.

Table 7

City of Detroit, Michigan
SPECIAL ASSESSMENT ADDITIONS AND DEDUCTIONS
Last Ten Fiscal Years
Unaudited

Fiscal Year	Beginning Balance	Additions	Deductions: Collections	Deductions: Cancellations and Adjustments	Ending Balance
1993	$ 3,092,843	$ 252,645	$ 193,491	$ 456,656	$ 2,695,341
1994	2,695,341	-	84,659	82,556	2,528,126
1995	2,528,126	-	83,920	378,555	2,065,651
1996	2,065,651	-	149,976	58,180	1,857,495
1997	1,857,495	-	213,336	105,500	1,538,659
1998	1,538,659	231,733	84,970	22,655	1,662,767
1999	1,662,767	4,897,716	250,378	473,697	5,836,408
2000	5,836,408	39,622	19,811	152,117	5,704,102
2001	5,704,102	-	80,553	362,034	5,261,515
2002	5,261,515	19,427	118,793	184,202	4,977,947

Table 8

City of Detroit, Michigan
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
Last Ten Fiscal Years
(Dollars Expressed in Thousands)
Unaudited

Fiscal Year	Net Debt	Taxable Assessed Value (Note A)	Ratio of Net Debt to Taxable Assessed Value	Population (Note B)	Net Debt Per Capita
1993.....	$ 1,128,028	$ 5,704,126	19.78 %	1,014,204	$ 1,112.23
1994.....	1,119,885	5,815,412	19.26	1,005,931	1,113.28
1995 (C).....	1,171,664	5,895,776	19.87	1,001,655	1,169.73
1996 (C).....	1,120,872	5,887,324	19.04	1,000,272	1,120.57
1997 (C).....	1,101,020	6,147,618	17.91	1,000,272	1,100.72
1998 (C).....	1,068,048	6,450,576	16.56	1,000,272	1,067.76
1999 (C).....	1,042,641	6,631,616	15.72	1,000,272	1,042.36
2000 (C).....	1,021,005	6,856,682	14.89	951,270	1,073.31
2001 (C).....	938,080	7,639,805	12.28	951,270	986.13
2002 (C).....	962,133	7,976,048	12.06	951,270	1,011.42

Note A - Assessed Values are the State equalized valuations.

Note B - Population estimates for 1993 through 1999 are from U.S. Department of Commerce, Bureau of Census, Current Population Reports. The Population shown for 2000, 2001, and 2002 is the United States decenni census figure for 2000.

Note C - Beginning with Fiscal Year 1995-96, taxable values cannot exceed the statewide rate of inflation of the prior year on a parcel basis, except where increases are due to physical changes in the parcel (P.A. 415 of 1994).

Table 9

City of Detroit, Michigan
LEGAL DEBT MARGIN
June 30, 2002
Unaudited

		Net Debt	Legal Limitation: Percent of Assessed Value	Legal Limitation: Amount	Legal Debt Margin
Assessed Value Fiscal Year 2002-03 (State Equalized)	$12,048,327,410				
Add: Allowance under Act 198, Mich. 1974	452,342,878				
Allowance under Act 228, Mich. 1975	718,498,590				
Allowance under Act 147, Mich. 1992	19,357,025				
Total Assessed Value Fiscal Year 2002-03	$ 13,238,525,903		10.00%	$ 1,323,852,590	
Net Direct Debt Subject to General Debt Limitation:					
General Obligation Bonds (Note A)		$ 543,480,000			
General Bonds - Limited Tax		16,480,000			
Limited Obligation Economic Development Bonds - District Court, Madison Center Project		12,856,651			
Total Net Direct Debt Subject to General Debt Limitation		$ 572,816,651		$ 1,323,852,590	$ 751,035,940
Net Direct Debt Not Subject to General Debt Limitation (Note B):					
Direct Debt:					
General Obligations:					
General Detroit Resource Recovery Bonds		$ 245,322,029			
Limited Obligation Economic Development Bonds- Resource Recovery Project		101,555,000			
Self-Insurance Bonds - Limited Tax		42,440,000			
Revenue Bonds:					
Convention Facility - Cobo Center Expansion		92,132,972			
Detroit Building Authority - Parking and Arena System		72,965,062			
Local Development Finance Authority Tax Increment Bonds- Jefferson/Conner Revitalization Project		86,436,858			
Sewage Disposal System		1,608,490,736			
Tax Increment Finance Authority Bonds - DDA		175,772,205			
Water Supply System		1,223,933,051			
Downtown Development Authority - Trapper's Alley Project		2,800,000			
Federal Note - Caraco Pharmaceutical Project		6,105,000			
Federal Note - Central Industrial Park Project		7,205,000			
Federal Note - Ferry Street (Note A)		2,900,000			
Federal Note - Garfield Project		2,155,000			
Federal Note - Michigan Repacking Project		1,375,000			
Federal Note - Riverbend Project		1,295,000			
Federal Note - Stuberstone Project		360,000			
Total Not Subject to General Debt Limitation		$ 3,673,242,913			

Note A — General Obligation Bonds are subject to the general debt limitation, as established under State Law. After the effective date (December 22,1978) of an amendment to the State Constitution, the City may not issue general obligation bonds payable from taxes levied for debt service without a vote of the electorate.

Note B — Pursuant to State Law, certain exclusions to the debt limitations are permitted for the following purposes: special assessment bonds and motor vehicle highway fund bonds, even though they are a general obligation of the City; revenue bonds payable from revenues only, whether secured by a mortgage or not; bonds, contract obligations or assessments incurred to comply with an order of the Water Resources Commission of the State of Michigan or a court of competent jurisdiction; obligations incurred for water supply, sewage, drainage, refuse disposal or resource recovery projects necessary to protect the public health by abating pollution; bonds issued to acquire housing for which certain rent subsidies will be received by the City or an agency therof; and bonds issued to refund money advanced or paid for certain special assessments.

Table 10

City of Detroit, Michigan
COMPUTATION OF DIRECT AND OVERLAPPING DEBT - GENERAL OBLIGATION BONDS
June 30, 2002
Unaudited

	Gross Debt	Less Redemption Funds	Net Debt	% Applicable To Detroit	Detroit Share
Direct Debt:					
General Obligation:					
General Bonds - Unlimited Tax	$ 543,480,000	$ -	$ 543,480,000		
General Bonds - Limited Tax	58,920,000	-	58,920,000		
Detroit Building Authority Bonds - Madison Center Project	13,858,834	1,002,183	12,856,651		
Greater Detroit Resource Recovery Authority Bonds	280,740,000	35,417,971	245,322,029		
Limited Obligation Economic Development Bonds - Resource Recovery Project	101,555,000	-	101,555,000		
Total General Obligation	998,553,834	36,420,154	962,133,680	100.00%	$ 962,133,680
Revenue Bonds:					
Convention Facility - Cobo Center Expansion	132,290,000	40,157,028	92,132,972		
Detroit Building Authority - Parking and Arena System	78,520,000	5,554,938	72,965,062		
Local Development Finance Authority Tax Increment Bonds - Jefferson/Conner Revitalization Project	93,485,000	7,048,142	86,436,858		
Sewage Disposal System (Note C)	1,721,185,088	112,694,352	1,608,490,736		
Tax Increment Finance Authority Bonds - DDA	196,061,198	20,288,993	175,772,205		
Water Supply System (Note C)	1,313,570,000	89,636,949	1,223,933,051		
Total Revenue Bonds	3,535,111,286	275,380,402	3,259,730,884	100.00%	3,259,730,884
Total Direct Debt	4,533,665,119	311,800,555	4,221,864,564		
Overlapping Debt:					
School District of the City of Detroit General Obligation Bonds and Notes	459,382,580	-	459,382,580	100.00%	459,382,580
Wayne County Bonds (Note A)	134,085,357	-	134,085,357	19.37%	25,972,334
Wayne County Community College Bonds (Note A)	14,830,000	-	14,830,000	30.75%	4,560,225
Total Overlapping Debt	608,297,937	-	608,297,937		489,915,139
Debt Not Pledging the Faith and Credit of the City:					
Federal Note - Caraco Pharmaceutical Project (Note A)	6,105,000	-	6,105,000		
Federal Note - Central Industrial Park (Note A)	7,205,000	-	7,205,000		
Federal Note - Ferry Street (Note A)	2,900,000	-	2,900,000		
Federal Note - Garfield Project (Note A)	2,155,000	-	2,155,000		
Federal Note - Michigan Repacking Project (Note A)	1,375,000	-	1,375,000		
Federal Note - Riverbend Project (Note A)	1,295,000	-	1,295,000		
Federal Note - Stuberstone Project (Note A)	360,000	-	360,000		
Installment Purchase Contract -					
GE Capital - Cobo Hall Energy System	11,209,615	-	11,209,615		
GE Capital - Election System	1,824,775	-	1,824,775		
GE Capital - Fire	1,770,753	-	1,770,753		
GE Capital - UNISYS Equipment	10,763,191	-	10,763,191		
GE Capital - ITS Training Facility	210,000	-	210,000		
GE Capital - Income Tax	497,837	-	497,837		
IBM Credit Corporation - DRMS	22,907,105	-	22,907,105		
Total Debt Not Pledging the Faith and Credit of the City	70,578,276	-	70,578,276		
Total Debt (Note B)	$ 5,212,541,332	$ 311,800,555	$ 4,900,740,777		$ 4,711,779,704

Note A — Note is secured by future Block Grant Revenues.
Note B — Industrial Development Revenue Bonds as described in the General Fund notes are excluded from the exhibit.
Note C — Amount shown is Cash funded redemption funds; additionally secured by surety bonds.

Table 11

City of Detroit, Michigan
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
Last Ten Fiscal Years
(Dollars Expressed in Thousands)
Unaudited

Year Ending June 30,	Principal	Interest	Other Expenditures	Total Debt Service	Total General Governmental Expenditures	Ratio of Total Debt Service to Total General Governmental Expenditures
1993.....	$ 40,000	$ 53,781	-	$ 93,781	$ 1,214,252	7.72 %
1994.....	52,530	38,384	-	90,914	1,257,795	7.23
1995.....	72,244	61,174	-	133,418	1,255,156	10.63
1996.....	44,219	47,828	-	92,047	1,365,376	6.74
1997.....	71,736	51,736	-	123,472	1,450,723	8.51
1998.....	56,375	59,774	100	116,249	1,535,771	7.57
1999.....	58,842	57,737	100	116,679	1,588,382	7.35
2000.....	71,061	55,008	100	126,169	1,730,390	7.29
2001.....	79,319	47,584	78	126,981	1,739,481	7.30
2002.....	79,569	42,443	2,571	124,583	1,951,846	6.38

Table 12

City of Detroit, Michigan
REVENUE BOND COVERAGE
Last Ten Fiscal Years
Unaudited

Type	Fiscal Year	Gross Revenue	Direct Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
Automobile Parking.....	1993	$ 16,301,306	$ 8,987,778	$ 7,313,528	$ 2,330,000	$ 4,687,796	$ 7,017,796	1.04
	1994	15,731,259	8,011,639	7,719,620	2,515,000	4,501,991	7,016,991	1.10
	1995	14,438,628	7,456,007	6,982,621	2,710,000	4,297,523	7,007,523	1.00
	1996	15,227,762	7,972,813	7,254,949	2,875,000	3,056,467	5,931,467	1.22
	1997	15,996,228	7,825,610	8,170,618	1,925,000	2,924,314	4,849,314	1.68
	1998	17,001,259	8,036,833	8,964,426	2,725,000	2,517,277	5,242,277	1.71
	1999	17,879,662	8,512,116	9,367,546	3,420,000	3,638,052	7,058,052	1.33
	2000	19,407,117	9,406,799	10,000,318	4,840,000	4,411,302	9,251,302	1.08
	2001	18,220,185	9,621,295	8,598,890	5,140,000	5,588,135	10,728,135	0.80
	2002	20,682,973	9,654,607	11,028,366	5,245,000	5,269,153	10,514,153	1.05
Sewerage.....	1993	$ 170,815,653	$ 127,872,541	$ 42,943,112	$ 6,245,000	$ 22,664,534	$ 28,909,534	1.49
	1994	173,785,379	124,926,721	48,858,658	8,225,000	27,113,401	35,338,401	1.38
	1995	178,075,492	122,242,099	55,833,393	8,535,000	27,518,120	36,053,120	1.55
	1996	191,437,594	129,940,772	61,496,822	9,495,000	26,160,558	35,655,558	1.72
	1997	203,577,524	148,367,972	55,209,552	19,145,000	30,955,529	50,100,529	1.10
	1998	213,156,570	152,103,431	61,053,139	19,960,000	30,888,895	50,848,895	1.20
	1999	216,030,409	156,676,750	59,353,659	19,975,000	28,348,056	48,323,056	1.23
	2000	222,923,491	160,848,641	62,074,850	20,035,000	48,018,523	68,053,523	0.91
	2001	252,378,530	172,283,255	80,095,275	21,221,008	47,640,877	68,861,885	1.16
	2002	267,993,505	179,184,870	88,808,635	24,880,174	59,013,182	83,893,356	1.06
Water.....	1993	$ 138,077,443	$ 108,977,611	$ 29,099,832	$ 4,130,000	$ 23,188,337	$ 27,318,337	1.07
	1994	141,689,029	112,356,661	29,332,368	6,695,000	20,629,127	27,324,127	1.07
	1995	150,774,924	112,179,917	38,595,007	7,725,000	22,573,402	30,298,402	1.27
	1996	156,540,046	113,227,862	43,312,184	7,675,000	21,973,576	29,648,576	1.46
	1997	162,897,412	123,272,350	39,625,062	10,115,000	27,269,396	37,384,396	1.06
	1998	177,159,391	134,202,605	42,956,786	11,135,000	26,904,834	38,039,834	1.13
	1999	185,962,699	125,855,197	60,107,502	11,135,000	27,607,083	38,742,083	1.55
	2000	193,345,324	146,559,155	46,786,169	15,775,000	50,669,173	66,444,173	0.70
	2001	194,445,009	146,794,104	47,650,905	17,775,000	44,669,855	62,444,855	0.76
	2002	209,227,939	155,246,936	53,981,003	18,140,000	59,848,300	77,988,300	0.69

(1) Operating Expenses-Excluding Depreciation and Amortization

Table 13

City of Detroit, Michigan

REAL PROPERTY VALUE, CONSTRUCTION PERMITS AND BANK DEPOSITS

Last Ten Fiscal Years

(Dollars Expressed in Millions)

Unaudited

Fiscal Year	Real Property Value (Note 1)			New Construction (Note 2)				Alterations/Additions (Note 2)				Commercial Bank Deposits (Note 3)
				Residential		Non-Residential		Residential		Non-Residential		
	Residential	Commercial	Exempt	No. of Bldg.	Value	No. of Bldg.	Value	No. of Bldg.	Value	No. of Bldg.	Value	
1993.....	$ 2,971	$ 1,452	N/A	43	$ 11.90	311	$ 152	1,911	$ 21.90	585	$ 90.30	$ 11.34
1994.....	3,094	1,461	N/A	51	22.10	313	52.60	1,649	16.30	590	108.40	10.80
1995.....	3,047	1,518	N/A	84	29.42	364	169.64	1,672	17.66	814	163.88	10.35
1996.....	3,119	1,488	N/A	53	17.40	313	237.91	2,119	37.66	685	255.53	10.51
1997.....	3,145	1,559	N/A	69	7.99	370	223.10	3,416	91.49	890	253.46	10.30
1998.....	3,237	1,610	N/A	90	33.32	343	256.17	4,093	77.02	815	431.88	10.38
1999.....	3,328	1,677	N/A	129	47.00	370	287.64	4,726	53.46	823	381.65	11.80
2000.....	3,440	1,780	N/A	140	29.78	331	475.38	5,593	91.17	864	592.39	12.70
2001.....	3,530	1,956	N/A	116	34.31	292	336.62	5,126	122.93	884	575.30	N/A
2002.....	3,925	2,058	N/A	84	10.63	340	385.82	5,087	75.88	1,053	622.18	N/A

Note 1 Source: City of Detroit 2001-2002 Budget

Note 2 Source: City of Detroit Department of Buildings and Safety Engineering

Note 3 Source: The Sheshunoff Data Report for all years prior to 2001. N/A - Data not available.

Table 14

City of Detroit, Michigan
PRINCIPAL TAXPAYERS
For the Year Ended June 30, 2002
Unaudited

Taxpayer	Type of Business	Real Estate Taxable Valuation	Real Estate % of Total	Personal Property Taxable Valuation	Personal Property % of Total	Total Taxable Valuation	Total % of Total
Daimler-Chrysler Corporatio	Automotive	$ 128,903,155	2.15 %	$ 884,443,060	53.39 %	$ 1,013,346,215	13.26 %
Detroit Edison	Utility	63,360,931	1.06	298,707,610	18.03	362,068,541	4.74
Riverfront Holdings - GM	Real Estate	192,168,692	3.21	153,084,890	9.24	345,253,582	4.52
DTE Energy	Utility	15,866,993	0.27	164,496,620	9.93	180,363,613	2.36
American Axle	Auto Supplier	9,167,521	0.15	54,235,930	3.27	63,403,451	0.83
Detroit SMSA	Telecommunications	38,487,642	0.64	16,127,260	0.97	54,614,902	0.71
One Detroit Center	Real Estate	43,955,196	0.73	104,670	0.01	44,059,866	0.58
MGM Grand Detroit LLC	Gaming	30,008,150	0.50	9,328,130	0.56	39,336,280	0.51
Riverfront Associates	Real Estate	38,487,642	0.64	-	0.00	38,487,642	0.50
Greektown Casino	Gaming	27,236,646	0.46	9,665,380	0.58	36,902,026	0.48
Total		$ 587,642,568	9.82 %	$ 1,590,193,550	96.00 %	$ 2,177,836,118	28.51 %
Total City Taxable Value Fiscal Year 2001-02		$ 5,983,367,293		$ 1,656,437,990		$ 7,639,805,283	

Table 15

City of Detroit, Michigan
MISCELLANEOUS STATISTICS
June 30, 2002
Unaudited

Year Founded	1701
Year of Incorporation	1806
Year of Adoption of Present City Charter	1996
Form of Government: Nonpartisan - Mayor and Nine-Member Council	
Area in Square Miles	137.9
Miles of Shore Line on Detroit River (Excluding Belle Isle)	10.66
Population (United States Census):	
1930	1,568,662
1940	1,623,452
1950	1,849,568
1960	1,670,144
1970	1,511,482
1980	1,203,339
1990	1,027,974
2000	951,270
Building Permits:	
Number of Building Permits Issued	9,530
Estimated Cost of Construction	$ 1,094,606,230
Election of November 2001:	
Number of Registered Voters	630,127
Number of Ballots Cast	208,179
Percentage of Registered Voters Voting	33.04 %
Fire Department:	
Number of Fire Stations	49
Number of Employees	1,883
Number of Fire Fighting Vehicles	200
Number of Fire Hydrants	36,208
Responses to Fire Alarms (Including 12,612 False Alarms)	24,138
Responses to Special Calls and Emergency Medical Service Calls	128,006
Estimated Fire Loss of Property (FYE 6/30/2002)	$ 127,250,563
Health Department:	
Number of Employees	551
Birth Rate per Thousand (2000)	16.7
Death Rate per Thousand (2000)	10.5
Infant Mortality Rate per Thousand Live Births (2000)	14.7
Libraries:	
Number of Libraries (Including Two Bookmobiles)	24
Estimated Number of Books	3,164,986
Circulation	972,534
Number of City Owned Vehicles (Excluding 548 Transportation Department Revenue Vehicles)	
Fire Department Vehicles (Includes 52 EMS Vehicles)	252
Police Department Vehicles	1,688
Transportation Department non- revenue vehicles	183
All Other Departments (Passenger Vehicles, Commercial Vehicles and Trucks)	2,337
Police Department:	
Number of Stations (Including 39 Mini-Stations)	52
Number of Employees (Uniform)	4,158
Number of Traffic Violations Issued (including 553,566 Parking Tickets)	770,198
Number of Traffic Ordinance Violations Issued	51,861
Number of Arrests (Traffic 27,419) + (Other 74,963)	102,382
Public Works Department:	
Number of Employees	1,370
Miles of Streets (Paved 2,773) + (Unpaved 15)	2,788
Miles of Alleys (Paved 584) + (Unpaved 693)	1,277
Miles of Sidewalks	4,250

(Continued)

Table 15

City of Detroit, Michigan
MISCELLANEOUS STATISTICS
June 30, 2002
Unaudited

Public Lighting:		
Electric Plant:		
Number Street Lights		87,000
Number of Revenue Customers		1,058
Size of Generating Station in Kilowatts		180,000
Kilowatt Hours Generated (Net)		384,473,900
Kilowatt Hours Delivered to System		620,619,500
Steam Heating Plants - Steam Produced in Pounds		70,000,000
Recreation Department:		
Number of Parks, Ornamental Areas, Playfields and Playgrounds Owned (5,863 Acres)		391
Number of Summer Camps (199 Acres)		1
Number of Recreation Centers, Playgrounds and School Facilities Operated		128
Number of Skating Rinks		4
Number of Swimming Pools Operated (Including 2 School Pools)		21
Number of Municipal Beaches		1
Total Playing Permits Issued at 6 Municipal Golf Courses		209,667
Sewage Disposal System:		
Number of Sewage Disposal Plants		1
Number of Pumping Stations		14
Miles of (Trunk Line 739) + (Lateral 2,125) Sewers		2,864
Transportation Department:		
Number of Employees		1,838
Number of Revenue Vehicles		548
Seating Capacity		23,680
Number of Route Miles		1,316
Total Number of Passengers (Estimated)		41,000,000
Regular Fare	$	1.25
Tickets		5 for $5.75
Transfers	$	0.25
Water System:		
Number of Customer Accounts		270,751
Average Pumpage - Millions of Gallons per Day		661.0
Greatest Pumpage for a Single Day During Fiscal Year (6-29-02) - August 8, 2001 Gallons		1,219,600,000
Greatest Pumpage for a Single Hour During Fiscal Year (6-29-02) - August 8, 2001 6 pm Gallons		57,600,000
Filtration Plant Rated Capacity - Millions of Gallons per Day		1,600.0
Number of Miles of Water Mains		13,137
Average Cost (Includes Domestic, Industrial and Commercial) per 1,000 Cubic Feet	$	8.62
Employees on Payroll on June 30, 2002:		
Classified (Tax Supported 7,756) + (Revenue Supported 5,124)		12,880
Elective (Tax Supported 42) + (Revenue Supported 0)		42
Appointive (Tax Supported 299) + (Revenue Supported 19)		318
Uniform Police (Tax Supported 4,158) + (Revenue Supported 0)		4,158
Library (Tax Supported 482) + (Revenue Supported 0)		482
Total Employees (Tax Supported 12,737) + (Revenue Supported 5,143)		17,880
Total Pensioners as of June 30, 2002		20,058

The miscellaneous statistics are for the most part compiled by the respective City Departments.

Honorable Brenda M. Scott
Member, Detroit City Council
1954 - 2002

Scott spent her entire professional career serving the citizens of Detroit.

She was inspired to enter into public service by her mother, the late Nancy M. Scott.

She was first elected to the Detroit City Council in 1993 by pledging to always put citizens first. She was serving her third term and was the City Council Designee on the City of Detroit General Retirement System Board of Trustees. The board has over three billion dollars in assets. She was the first African-American woman to serve as a trustee.

Since being a member of the City Council, Scott had chaired several taskforces and led numerous initiatives. She chaired the City Council Taskforce on Firearm Violence, which created an ordinance to remove illegal firearms off our streets by cracking down on neighborhood gun dealers. Also, she lead the City Council effort to make sure all Detroiters were counted in Census 2000.

In addition, Scott sponsored several community service activities throughout the year which include a Black History Month Program, Family Fun Day Picnic and Health Fair and a Thanksgiving Food Drive.

Besides serving on the City Council, Scott was a member of Wayne State University (WSU) Board of Governors from 1991-1995. She was elected by the voters statewide to this position in 1990. After serving on the board, Scott started the Brenda M. Scott Scholarship Fund to assist WSU minority students who are in need of financial assistance. The scholarship fund has given thousands to help students complete their education.

Scott's public service career spanned over twenty-five years. She began her career as an Administrative Assistant to former City Council Member, the late Herbert McFadden, Jr. She later served as both an Administrative and Executive Assistant to former Council Member Mel Ravitz.

Scott held a Bachelor of Arts Degree with a dual major in Political Science and Speech Communication from Wayne State University. Also, she held a Master of Arts Degree in Urban Politics from the University of Detroit. She was a founding member of Organization of Black Alumni at Wayne State.

In addition to being a committed public official, Scott still found time to be an active member of several boards and organizations. She was Vice Chair, Detroit Entrepreneurial Institute and a member of both Alpha Kappa Alpha and Gamma Phi Delta sororities.

Scott held a number of honors and was recognized locally and nationally for her numerous contributions.

Her pride and joy in her life were her family, father, Rudy Scott, brother Ricky Scott Sr., sister-in-law Helena Scott, and her nephew and niece Ricky Scott, II and Samantha Scott.

A lifetime resident of Detroit, Scott was a member of Madonna Catholic Church in the city.

Courtesy of Beverly Goode – City Council

Our Special Thanks To:

City of Detroit, Michigan

www.ci.detroit.mi.us

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