



COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the Fiscal Year Ended June 30, 2016

Michael E. Duggan, Mayor • John W. Hill, Chief Financial Officer



“We hope for better things.”

“It shall rise again from the ashes.””

FOUNDED 1701

INCORPORATED 1806

AREA (Square Miles) 137.9

POPULATION 677,116

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May 26, 2017

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

The management and staff of the Office of the Chief Financial Officer (OCFO) are pleased to submit the City of Detroit's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016 along with the Independent Auditors' Report. This report is prepared for the purpose of disclosing the City's financial condition to its residents, elected officials, and other interested parties.

INTRODUCTION TO THE REPORT

Responsibility

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

Adherence to Generally Accepted Accounting Principles (GAAP)

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

Independent Audit

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

PROFILE OF THE GOVERNMENT

Detroit is located in southeast Michigan and is the largest city in the state. The City covers approximately 140 square miles and accounts for the single largest population in Wayne County, for which it is also the county seat. The population is 677,116 in the City and 4.3 million in the greater metropolitan area, according to the 2015 United States Census Bureau estimates. Detroit was incorporated in 1806 and is a home rule city under state law.

The City is internationally known for automotive manufacturing and trade. Detroit is located on an international waterway, which is linked via the St. Lawrence Seaway to seaports around the world. In addition to manufacturing, other major industries include finance, technology, and health care. The City has given rise to prominent musical artists crossing many genres, notably including the Motown artists of the 1960s and 1970s, and continues its rich musical tradition to this day. Detroit's skyline includes a unique blend of art deco and modern skyscrapers, and the City is home to many historically significant mansions and examples of Neo-Renaissance and Neo-Classical architecture.



Financial Review Commission

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

- Supervise all financial and budget activities of the City;
- Coordinate all of the City’s activities relating to budgets, financial plans, financial management, financial reporting, financial analysis, and compliance with the budget and financial plan of the City;
- Certify that the City’s annual budget complies with the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a;
- Submit in writing to the Mayor and the City Council his or her opinion on the effect that policy or budgetary decisions will have on the City’s annual budget and its four-year financial plan; and
- Require local elected and appointed officials and employees of the City to promptly and fully provide financial information that he or she requests.

Executive Branch

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

Legislative Branch

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

Other Agencies

The City Clerk, who is also elected to a four-year term, and the Election Commission are not classified under either of the two branches mentioned above.

Services Provided

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

Budgetary Control

During the City’s period of oversight by the Commission, the Mayor submits to the City Council a proposed four-year financial plan that includes the annual budget for the next fiscal year, as well as projected revenues and expenditures for the three subsequent fiscal years, no later than February 25. After public hearings, the City Council adopts the budget and four-year financial plan (with or without amendment). The City is required to submit the four-year financial plan to the Commission at least 100 days prior to the commencement of the City’s



fiscal year, or March 23. The CFO must certify the annual budget complies with the uniform budgeting and accounting act, 1968 PA 2 MCL 141.421 to 141.440a. The Commission shall approve or disapprove the four-year financial plan within 30 days of receipt. The budget may be amended during the year, with the City Council's and Commission's approval. Budgetary appropriations are made at the department level.

LOCAL ECONOMY

The City of Detroit is the largest city in Michigan and the 21st largest city in the United States as of 2015. The City's current economic condition is improving. The future outlook for recovery and improvement is positive. Businesses are transferring employees from suburban cities to the City of Detroit. New residents are moving into the City.

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

Detroit has longstanding educational and cultural institutions, such as Wayne State University and the Detroit Institute of Arts, and is increasingly becoming a major entertainment destination. The City is currently home to major league sports teams, including the Detroit Tigers, Detroit Lions, and Detroit Red Wings. The Detroit Pistons have announced plans to relocate to the City in 2017. In 2015, construction began on the City's new multi-purpose arena, which will host sports and entertainment events beginning in 2017 alongside several new adjacent commercial and residential developments. The arena will be the new home to the Detroit Red Wings and the Detroit Pistons. The City is also home to a recently upgraded and expanded convention center, three casinos, and a growing number of attractive open spaces, hotels, restaurants, nightlife locations, and other amenities that provide residents and visitors with entertainment and recreational opportunities. Complementing the City's bus system and its downtown people mover, a new streetcar line opened in 2017 and provides additional transit along the City's central commercial corridor.

The Detroit economy is becoming increasingly diversified while supported by longstanding public and private institutions. According to the 2015 American Community Survey, private education and healthcare industries make up nearly 25% of the employment composition. The Detroit Medical Center and Henry Ford Health System were two of the top five largest employers in Detroit in 2016. The Detroit metro economy remains heavily influenced by the auto industry, which has seen substantial growth in recent years. The local economy has also benefited from several new construction and redevelopment projects, new business and industrial activity, and a growing technology sector.

The City's border with Ontario, Canada is the most frequently crossed in North America, allowing for significant international commercial cooperation. A second bridge, the "Gordie Howe International Bridge," between Canada and Detroit has been approved and is expected to contribute to improvements in the City's economy through increased commerce and jobs for residents. The crossing, as proposed, would connect Detroit and Windsor, Ontario by linking Interstates 75 and 94 in Michigan with the new Windsor–Essex Parkway connection to Highway 401 in Ontario. The bridge is tentatively scheduled to begin construction in 2018 with projected completion in 2020.

CITY SERVICES

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



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Bus Service Improvements

The Detroit Department of Transportation has added several new buses to its fleet and hired additional drivers and mechanics. This has allowed the City to meet its scheduled bus service for the first time in years. In January 2014, prior to these improvements, as few as 58% of scheduled buses were making it into daily service, resulting in unreliable service and delays. Now, the City provides more reliable bus service and experiences fewer bus breakdowns, while continuously improving. The City has also expanded its bus service, including additional trips, new routes, and 24-hour service on select routes. In addition, the City has created a transit police force, equipped all buses with cameras, and provided a real-time bus tracking website and mobile app to assist riders.

Blight Remediation

Blight remediation is one of the City's highest reinvestment priorities. The Detroit Land Bank Authority has taken control of a significant number of vacant City-owned properties and auctions them to people who will renovate and inhabit the properties. In addition, the Authority takes legal action to seize abandoned homes or reaches agreements with property owners who agree to address blight violations. The City is leveraging substantial Federal grants alongside City funds to demolish dangerous structures and return the parcels to productive uses. From January 2014 through the summer of 2016, the City demolished over 10,000 vacant residential structures and numerous abandoned commercial structures.

Public Lighting

In 2016, the Public Lighting Authority (PLA) finished installing 65,000 new LED streetlights across Detroit, completing a massive relighting program that began in February 2014. Prior to the formation of the PLA, Detroit's public lighting system had been in increasingly serious disrepair, with minimal infrastructure investment having been made for at least the last 20 years. Some 40% of the streetlights did not work. The PLA was authorized by the State and incorporated by the City to develop and implement the plan to improve the public lighting system. Its Board of Directors is appointed by the City, and its activities are financed by the City.

LONG-TERM FINANCIAL PLANNING

The City's current financial planning process is informed by the terms of the Plan of Adjustment and is driven by the priorities and vision set by the Mayor and the City Council. The City's Chief Financial Officer (CFO) and Budget Director are responsible for implementing the financial planning process. The process includes a biennial capital planning process, biannual consensus revenue estimating conferences that establish the revenue estimates for the budget, and an annually balanced four-year financial plan that includes the City's adopted budget plus an additional three forecasted years. The consensus revenue estimating conferences are required under PA 182, and the voting principals include the City's CFO, the State Treasurer (or designee), and a person affiliated with another public entity, including a state institution of higher education, with experience in economic forecasting and revenue projection selected by the CFO and State Treasurer. Through its four-year financial plan, the City ensures ongoing expenditures are supported by ongoing revenues. During 2015 and 2016, the City began developing additional financial planning tools, including a revenue model for economic development projects, a ten-year financial projection model, and a funding model for the City's long-term pension obligations. These processes and tools will continue to assist the City in its commitment to a fiscally sustainable future.

RELEVANT FINANCIAL POLICIES

Internal Control Structure

Management of the City is responsible to establish and maintain an internal control structure that ensures the assets of the government are protected from loss, theft, or misuse and that adequate accounting data are compiled to allow for preparation of financial statements in conformity with U.S. generally accepted accounting principles.



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The City adheres to the GASB (Governmental Accounting Standards Board) standards for financial reporting and internal accounting purposes. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

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

ACCOMPLISHMENTS / ACKNOWLEDGEMENTS

Accomplishments

Financial Results

Fiscal year 2016 marks the second year to close following the City's exit from bankruptcy in December 2014. The City has continued to build a positive General Fund unrestricted fund balance, increasing from \$70,922,574 at June 30, 2015 to \$143,047,758 at June 30, 2016. As these surplus balances are built, the City has utilized portions of them for one-time costs that enhance the long-term position of the City, such as capital improvements, blight remediation, and additional funding for legacy pension obligations. The unrestricted fund balance is in addition to \$62,280,192 in fund balance assigned for the City's budget reserve, which it is required to maintain annually under PA 182 to cover potential budget shortfalls, at a minimum balance of 5% of projected expenditures. The City has reserved more than the required minimum balance, which would be approximately \$53.6 million for fiscal year 2016.

New Financial Management System

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

Implementation of the OCFO

In September 2014, the former Emergency Manager issued EM Order No. 41, establishing a centralized financial management organizational structure known as the OCFO under the direction of the CFO. The CFO created a new organizational structure for the financial operations of the City through extensive benchmarking of municipal organizational structures and practices, as well as leading practice research and recommendations from private and public publications and institutions including the Government Finance Officers Association. The CFO conducted extensive job studies to determine the requirements of the new positions in the OCFO, created and issued a new salary and grading system for all new positions included in the OCFO, and is filling all new positions through a competitive selection processes. At the end of fiscal year 2016, the OCFO was approximately 70% staffed and continues to actively recruit and onboard staff.



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Grants Managements Improvements

In 2014, the City began restructuring grants management citywide, including the implementation of a new centralized Office of Grants Management within the OCFO, which oversees the grants lifecycle and compliance for all City agencies. The City hired new grant professionals and provided new training. The City implemented a new grants management system to track opportunities and awards and to manage the redesigned grants processes. Over the past three years, these reform efforts have reduced the City's questioned costs by millions of dollars, decreased its number of audit findings, and helped to close numerous federal corrective action plans. As a result, the City is a more a successful grantee and has secured hundreds of millions in public and private grants.

City Income Tax Processing

In 2016, the Office of the Treasury, within the OCFO, successfully transitioned its individual income tax return processing to the State of Michigan. Beginning with tax year 2015 returns, individual taxpayers were able to e-file their City tax returns for the first time along with their State tax returns. The State begins processing the City's withholding, business tax returns, and fiduciary returns in 2017. These new efficiencies have allowed the City to focus its local tax operations on compliance and audit functions and to improve tax collections.

Citywide Property Reappraisal

The Office of the Assessor, within the OCFO, is conducting the first citywide property reappraisal in over 60 years, making assessed values more fair and equitable for citizens and businesses. In 2016, the City completed all residential properties. The commercial and industrial reappraisal is currently underway. The City has taken a technology-driven approach to this project, which includes high-resolution aerial and street-level imagery. These new digitized records and process improvements will allow the City to ensure more timely and accurate assessments in the future.


Acknowledgements

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

Sincerely,


John W. Hill
Chief Financial Officer


John Naglick, Jr.
Chief Deputy CFO/Finance Director


Eric S. Higgs
Deputy CFO- Controller / Chief Accounting Officer



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Mark W. Lockridge
AUDITOR GENERAL

AUDITOR GENERAL'S LETTER

May 26, 2017

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

The basic financial statements included in the City's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016, were audited by Plante Moran LLP, under contract with the City of Detroit's, Office of the Auditor General. The audit of these financial statements and the resulting Auditors' opinion satisfies the requirements of the City Charter under Section 7.5-105.

Respectfully,

A handwritten signature in cursive script that reads "Mark W. Lockridge".

Mark W. Lockridge
Auditor General

PRINCIPAL OFFICIALS OF THE CITY OF DETROIT, MICHIGAN

Executive (Elected)



Mayor
MIKE DUGGAN

Legislative (Elected)

City Council



BRENDA JONES
President



GEORGE CUSHINGBERRY
President Pro Tem



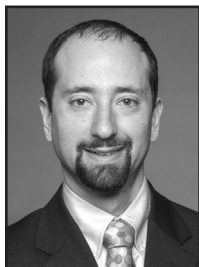
JANEÉ AYERS



SCOTT BENSON



RAQUEL
CASTANEDA-LOPEZ



GABE LELAND



MARY SHEFFIELD



ANDRE SPIVEY



JAMES TATE

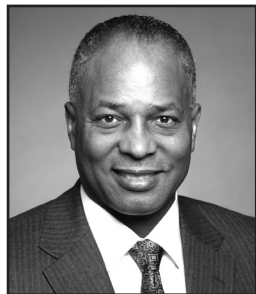
PRINCIPAL OFFICIALS OF THE CITY OF DETROIT, MICHIGAN

Legislative (Elected)



City Clerk
JANICE WINFREY

Other Executive Officials (Appointed)



JOHN W. HILL
Chief Financial Officer



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

40 Neighborhood Parks

Mayor Mike Duggan and Detroit Parks & Recreation Department officials announced plans in March 2016 to spend \$11.7 million on renovations at 40 neighborhood parks and playgrounds across the city. The plan was unveiled during a news conference at Simmons Playground on Detroit's northwest side with City Council Member Janeé Ayers, District One Manager Stephanie Young and representatives from Evergreen/Lahser/7-8 Mile Roads Community Council (EL78CC). Work began on ten parks in 2016, and improvements at the other 30 parks are slated for 2017.



Sakthi Automotive Group

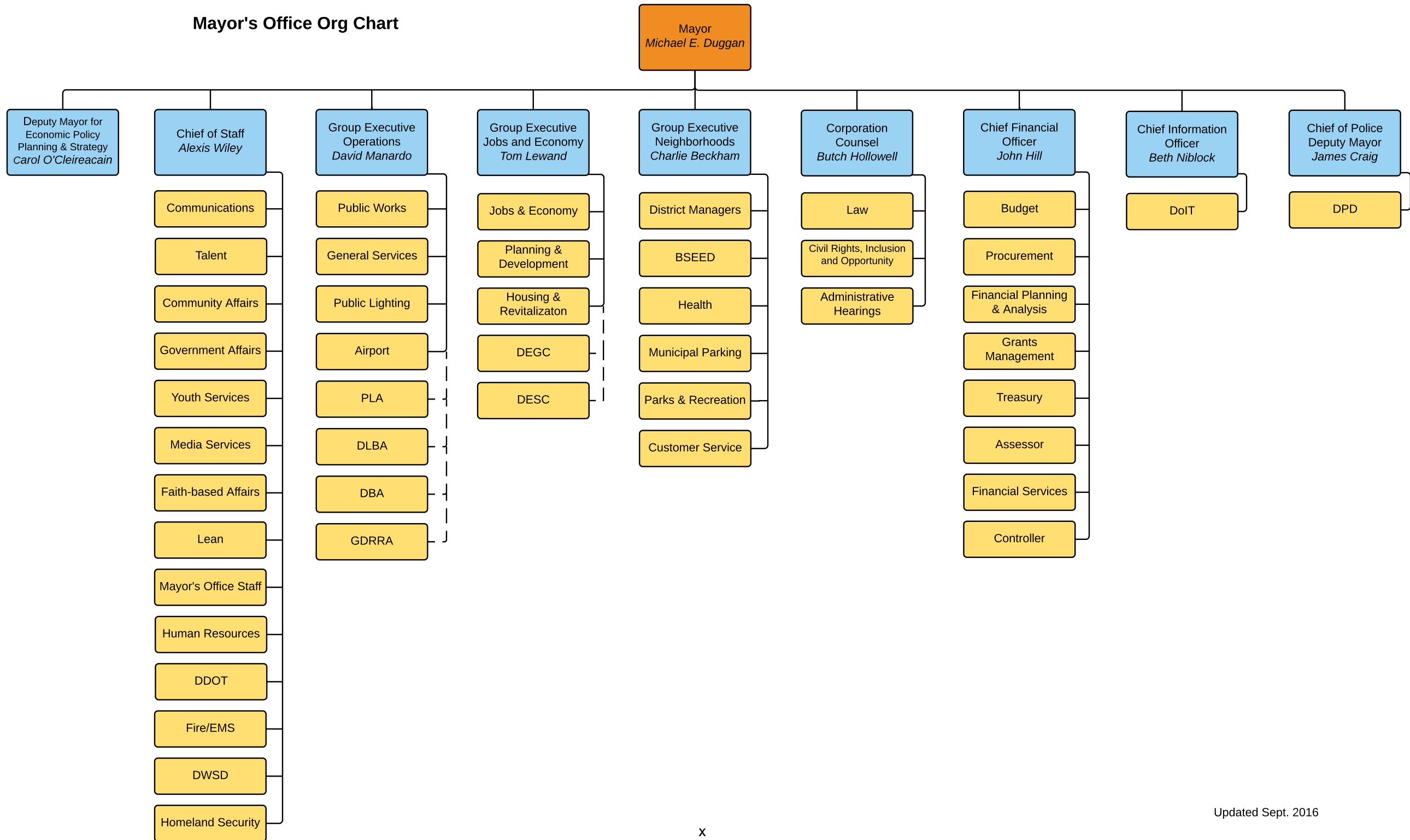


Sakthi Automotive Group broke ground in October 2015 on a new \$30 million, 181,000-square-foot facility to expand its operations in southwest Detroit. The announcement included Mayor Mike Duggan and Sakthi and General Motors officials.

The new Detroit casting and machining facility will create 350 new jobs, including jobs for returning citizens. The company's new facility will be incorporated into plans to redevelop Southwestern High School and the former American Mailers building. Based in India, Sakthi is an industry leader Tier 1 supplier of safety critical components like steering knuckles and control arms. In addition to the United States, Sakthi has manufacturing locations in Europe, China and India.



Mayor's Office Org Chart



Butzel Family Center Family Health Fair and Safe Summer Youth Jam

The Family Health Fair and Safe Summer Youth Jam, held in June at the Butzel Family Center, offered a little something for everyone. Adults learned more about improving their health during the health fair. Children and teens took part in fun activities – games, bouncy houses, arts and crafts. Their names were entered into a raffle for a new bike. The event also included musical performances, adult raffles and refreshments. The annual event was organized by the Detroit Parks and Recreation Department with support from a number of sponsors.



Fisher Foundation & Ajax Paving Make \$600,000 Donation to Blight Removal Efforts in Brightmoor Community



City of Detroit contractors began demolishing 19 homes in the Brightmoor area surrounding Samuel Gompers Elementary School. The project was funded with \$500,000 from the Max M. and Marjorie S. Fisher Foundation and \$100,000 from Ajax Paving – the first major private donations received for blight removal since 2014.

The project was announced in December 2015 by Mayor Mike Duggan, other City of Detroit officials, members of the Fisher family, Ajax Paving representatives, Brightmoor Alliance members and Detroit Public School officials.

Plans also call for crews to clear overgrown brush, scrub trees and illegally dumped debris from more than 100 vacant lots in the area. From May 2014 to December 2015, more than 200 vacant structures have been removed from the Brightmoor neighborhood, with many of the vacant lots being turned into urban gardens and for other community uses.



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Detroit, Michigan (the "City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following discretely presented component units: Detroit Brownfield Redevelopment Authority, Detroit Public Library, Detroit Transportation Corporation, Downtown Development Authority, Eastern Market Corporation, Economic Development Corporation, Local Development Finance Authority, Museum of African American History, Detroit Land Bank Authority, Eight Mile/Woodward Corridor Improvement Authority, and Detroit Employment Solutions Corporation, which collectively represent 64 percent, 41 percent, and 72 percent, respectively, of the assets, net position, and revenue of the discretely presented component units. We also did not audit the financial statements of the following blended component units: Public Lighting Authority, Detroit Building Authority, and Greater Detroit Resource Recovery Authority, which collectively represent 8 percent, 1 percent, and 7 percent, respectively, of the assets, net position/fund balance, and revenue of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for aggregate discretely presented component units and aggregate remaining fund information, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Retirement Systems and certain discretely presented and blended component units identified in Note 1 were not audited in accordance with *Government Auditing Standards*.

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

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

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

Opinions

In our opinion, based on our audit and the reports of 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 as of June 30, 2016, and the respective changes in its financial position and, where applicable, cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Prior Period Adjustments - As disclosed in Note 1 to the basic financial statements, the 2015 basic financial statements have been restated to correct beginning net position/fund balance in the governmental activities, business-type activities, nonmajor governmental funds (solid waste management fund), transportation fund (business-type activities), and the discretely presented component units. Our opinion is not modified with respect to this matter.

Fair Value of Pension Investments - As disclosed in Note 3, the plan investments of the General Retirement System and the Police and Fire Retirement System include investments valued at approximately \$376,000,000 (19 percent of its net position) and \$482,000,000 (16 percent of its net position), respectively, as of June 30, 2016, whose fair values have been estimated by plan management in the absence of readily determinable fair values. Management's estimates are based on information provided by the investment managers, general partners, real estate advisors, and other means. Our opinion has not been modified with respect to this matter.

Great Lakes Water Authority - We draw attention to Note 13, which explains that the Water Fund and Sewage Disposal Fund statement of revenue, expenses, and changes in net position includes the activity related to providing water to customers within the City of Detroit and its suburban customers through December 31, 2015; and beginning January 1, 2016, includes activity related to providing services to in-city customers only. Effective January 1, 2016, a regional authority, the Great Lakes Water Authority, began providing services to the suburban customers. The effects of this transaction are reported as a special item. The two parties are still negotiating the specific provisions related to the transition of assets and liabilities, and the amounts included in these financial statements may change in the year ending June 30, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other budgetary comparison schedules and combining statements are fairly stated in all material respects in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2017 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Plante & Moran, PLLC

May 26, 2017

DDA approves 5 Detroit-based firms to redevelop Paradise Valley Cultural & Entertainment District



The Downtown Development Authority of the City of Detroit (DDA) approved a comprehensive plan to redevelop nine properties in a historically significant pocket of downtown with a \$52.4-million investment in new construction and renovations. The announcement was made in June 2016 and included City of Detroit officials and the five companies slated to redevelop the district.

The Paradise Valley Cultural & Entertainment District project includes the simultaneous redevelopment of five existing buildings and four surface lots. The project will feature commercial and retail space, residential units, restaurants, entertainment venues and a boutique hotel; all scheduled to be built over the next three years.

The Downtown Development Authority used casino fund dollars to purchase the buildings and lots in 2006 to develop an entertainment district to celebrate African-American culture and the vibrant music scene of Paradise Valley.



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

As management of the City of Detroit (the "City"), we offer readers of the City's Comprehensive Annual Financial Report (CAFR) this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

Following are the City's financial highlights for fiscal year ended June 30, 2016:

Government-wide

- At June 30, 2016, the City's total net position was \$994.5 million, an increase of \$3.28 billion from the prior year.
- The City's unrestricted net position reflected a deficit of \$1.1 billion as of June 30, 2016
- The City had revenue of \$2.1 billion and expenses of \$1.9 billion (exclusive of pension recoveries) for the year ended June 30, 2016

Fund Level

- The City of Detroit General Fund assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$500.6 million, and cash and investments on hand totaling \$562.2 million were \$17.2 million lower than the \$579.4 million at June 30, 2015.
- The General Fund had fund balance of \$500.6 million, a \$62.9 million increase from the \$437.7 million fund balance at June 30, 2015. The General Fund had unassigned cumulative fund surplus of \$143.0 million at June 30, 2016, a \$72.1 million increase from the \$70.9 million surplus at June 30, 2015. The City's enterprise funds had a net position of \$1.35 billion at June 30, 2016, an increase of \$2.04 billion from the \$685.8 million deficit at June 30, 2015. The enterprise fund cumulative unrestricted net position was \$716.6 million.
- On January 1, 2016, the City of Detroit began leasing regional water and sewer infrastructure, as well as water and wastewater treatment facilities, to the Great Lakes Water Authority (GLWA). The agreement between DWSD and GLWA includes a \$50 million annual lease payment for 40 years to replace and rehabilitate DWSD's aging water and sewer system. DWSD continues to retain ownership of the regional assets.

Capital and Long-term Debt Activities

- The City's total bonded debt at June 30, 2016 was \$1.85 billion, a decrease of \$5.8 billion from the June 30, 2015 balance. This net decrease was primarily due to the net effect of eliminated, restructured, and new debt associated with the GLWA-DWSD debt transfer as a result of the Disposal-System Lease Agreement.
- Total primary government long-term obligations were \$4.0 billion at June 30, 2016, a decrease of \$7.1 billion from the \$11.1 billion at June 30, 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

Both statements report three activities:

- **Governmental Activities** - Most of the City's basic services such as public protection (police and fire) and public works are reported under this category. Taxes and intergovernmental revenue generally fund these services.
- **Business-type Activities** - The City charges fees to customers to help it cover all or most of the cost of services it provides, such as water and transportation.
- **Discretely Presented Component Units** - Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. There are 13 legally separate organizations including the Economic Development Corporation, Museum of African American History, Detroit Employment Solutions Corporation, and Housing Commission, which are reported as discretely presented component units.

Fund Financial Statements

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

- *Governmental Funds* - Most of the City's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for future spending. The governmental fund financial statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental funds include the General Fund and other governmental funds.
- *Business-type Funds* - When the City charges customers for services it provides, whether to outside customers or to other agencies within the City, these services are generally reported in business-type funds. Business-type (e.g., Enterprise) funds utilize accrual accounting, the same method used by private sector businesses. Enterprise funds report activities that provide supplies and services to the general public (e.g., Transportation Fund).
- *Fiduciary Funds* - The City acts as a trustee or fiduciary for its employee pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The City's fiduciary activities are reported in the statements of fiduciary net position and changes in fiduciary net position. These funds, which include pension, other employee benefits, and agency funds, are reported using accrual accounting. The government-wide statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and do not represent discretionary assets of the City to finance its operations.

Notes to the Basic Financial Statements

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

Additional Required Supplementary Information

The required supplementary information that follows the basic financial statements further explains and supports the information in the financial statements.

Other Supplementary Information

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Government-wide Net Position

Net position (assets and deferred outflows less liabilities and deferred inflows) serves as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$994.5 million at June 30, 2016, resulting in unrestricted net deficit of \$1.1 billion, during the year.

Summary of Net Position
June 30, 2016 and 2015
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other noncurrent assets	\$ 1,217,627	\$ 1,347,243	\$ 1,392,794	\$ 1,359,431	\$ 2,610,421	\$ 2,706,674
Capital assets	1,447,877	1,453,722	1,384,523	5,159,683	2,832,400	6,613,405
Total assets	2,665,504	2,800,965	2,777,317	6,519,114	5,442,821	9,320,079
Deferred outflows of resources	106,885	418,471	23,180	426,640	130,065	845,111
Current and other liabilities	299,765	316,358	143,207	280,095	442,972	596,453
Long-term obligations	2,716,768	3,931,341	1,274,812	7,197,204	3,991,580	11,128,545
Total liabilities	3,016,533	4,247,699	1,418,019	7,477,299	4,434,552	11,724,998
Deferred inflows of resources	118,703	370,351	25,089	144,698	143,792	515,049
Net position:						
Net investment in capital assets	1,070,813	1,098,963	619,028	(23,001)	1,689,841	1,075,962
Restricted	389,339	544,637	21,704	423,775	411,043	968,412
Unrestricted (deficit)	(1,822,999)	(3,042,213)	716,657	(1,077,018)	(1,106,342)	(4,119,231)
Total net position (deficit)	<u>\$ (362,847)</u>	<u>\$ (1,398,613)</u>	<u>\$ 1,357,389</u>	<u>\$ (676,244)</u>	<u>\$ 994,542</u>	<u>\$ (2,074,857)</u>

Total Primary Government

The City's net investment in capital assets (e.g., land, buildings, equipment, infrastructure, and others), net of any related debt outstanding that was needed to acquire or construct the assets was \$1.7 billion at June 30, 2016, \$614.4 million more than the \$1.1 billion at June 30, 2015. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Restricted net position totaling \$411.0 million at June 30, 2016 is resources subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The City presents restricted net position for Highway and Street Improvement (\$73.8 million), Construction Code (\$14.0 million), Debt Service (\$33.1 million), Improvements and Extensions (\$13.7 million), Budget Stabilization (\$7.9 million), Water Affordability (\$.6 million), Endowments and Trusts (\$1.7 million), Pension (\$191.8 million), Grants (\$25.3 million), Police (\$10.4 million) and Rubbish Collection and Disposal (\$39.3 million).

The remaining balance is an unrestricted accumulated deficit of \$1.1 billion at June 30, 2016. A deficit represents a shortage of assets available to meet all the City's obligations if they were immediately due and payable.

Governmental Activities

At June 30, 2016, the City's governmental activities had a net deficit of \$362.8 million, a deficit decrease of \$1.2 billion from the \$1.6 billion net deficit at June 30, 2015.

Restricted net position totaled \$389.3 million at June 30, 2016. The unrestricted net deficit totaled \$1.8 billion at June 30, 2016, a \$1.2 billion decrease from the \$3.0 billion deficit at June 30, 2015.

Business-type Activities

The business-type activities had a net position of \$1.4 billion at June 30, 2016, an increase of \$2.0 billion from the \$685.9 million restated net deficit at June 30, 2015. The unrestricted net position totaled \$716.6 million at June 30, 2016, a \$1.8 billion increase from net deficit of \$1.1 billion at June 30, 2015.

The Water Fund had a \$563.0 million net surplus at June 30, 2016. The Sewage Disposal Fund had a net surplus of \$721.8 million at June 30, 2016. The Transportation, Parking, and Other Enterprise (Airport and PLA) Funds had net positions totaling \$33.9 million deficit, \$66.9 million surplus, and \$39.5 million surplus respectively, at June 30, 2016.

City of Detroit, Michigan

Management's Discussion and Analysis (Continued)

Government-wide Changes in Net Position

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

Summary of Changes in Net Position						
June 30, 2016 and 2015						
(In Thousands)						
	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2016	2015	2016	2015	2016	2015
Revenue:						
Program Revenue:						
Charges for Services	172,996	334,927	719,377	911,970	892,373	1,246,897
Operating Grants and Contributions	176,656	155,869	49,068	56,702	225,724	212,570
Capital Grants and Contributions	18,466	7,149	8,952	34,890	27,418	42,039
General Revenue:						
Property Taxes	224,263	190,096	-	-	224,263	190,096
Municipal Income Tax	266,929	263,377	-	-	266,929	263,377
Utility Users Tax	24,036	37,939	-	-	24,036	37,939
Wagering Tax	180,229	170,177	-	-	180,229	170,177
Other Local Taxes	5,379	7,370	-	-	5,379	7,370
State-shared Taxes	194,705	194,758	-	-	194,705	194,758
Interest and Penalties on Taxes	4,435	-	-	-	4,435	-
State Returnable Liquor License Fees	-	607	-	-	-	607
Investment Earnings (Losses)	16,998	(59,434)	789	3,116	17,787	(56,318)
Bond Issuance Costs	-	-	-	13,049	-	13,049
Miscellaneous	23,900	15,905	19,379	6,054	43,279	21,959
Total Revenue	1,308,992	1,318,739	797,566	1,025,781	2,106,558	2,344,520
Expenses:						
Public Protection	(158,890)	527,636	-	-	(158,890)	527,636
Public Works	-	-	-	-	-	-
Health	27,951	31,640	-	-	27,951	31,640
Recreation and Culture	5,956	21,863	-	-	5,956	21,863
Economic Development	42,456	70,890	-	-	42,456	70,890
Educational Development	-	1	-	-	-	1
Housing Supply and Conditions	3,223	1,920	-	-	3,223	1,920
Physical Environment	2,385	41,582	-	-	2,385	41,582
Transportation Facilitation	36,490	38,659	-	-	36,490	38,659
Development and Management	(52,688)	490,077	-	-	(52,688)	490,077
Interest on Long-term Debt	78,301	95,777	-	-	78,301	95,777
Sewerage Disposal	-	-	254,617	425,198	254,617	425,198
Transportation	-	-	6,654	101,466	6,654	101,466
Water	-	-	134,246	366,063	134,246	366,063
Automobile Parking	-	-	2,220	7,915	2,220	7,915
Airport	-	-	2,493	18,072	2,493	18,072
Public Lighting Authority	-	-	16,758	-	16,758	-
Total Expenses	(14,816)	1,320,045	416,988	918,714	402,172	2,238,759
Excess (Deficiency) Before						
Extraordinary and Special Item	1,323,809	(1,307)	380,578	107,067	1,704,387	105,760
Extraordinary Item	-	1,048,258	-	211,822	-	1,260,080
Special Item	-	-	1,585,446	-	1,585,446	-
Gain (Loss) on Sale of Capital Assets	-	600,150	(4,871)	(55)	(4,871)	600,095
Transfers - Net	(82,074)	(72,650)	82,074	72,650	-	-
Increase in Net Position	1,241,735	1,574,452	2,043,227	391,484	3,284,962	1,965,935
Net Position, July 1	(1,398,613)	(46,389)	(676,244)	234,783	(2,074,857)	188,394
GASB 68 Adjustment	-	(2,926,675)	-	(1,302,511)	-	(4,229,186)
Restatement of Prior Year	(205,969)	-	(9,594)	-	(215,563)	-
Restated Net Position, July 1	(1,604,582)	(2,973,064)	(685,838)	(1,067,728)	(2,290,420)	(4,040,792)
Net Position, June 30	\$ (362,847)	\$ (1,398,613)	\$ 1,357,389	\$ (676,244)	\$ 994,542	\$ (2,074,857)

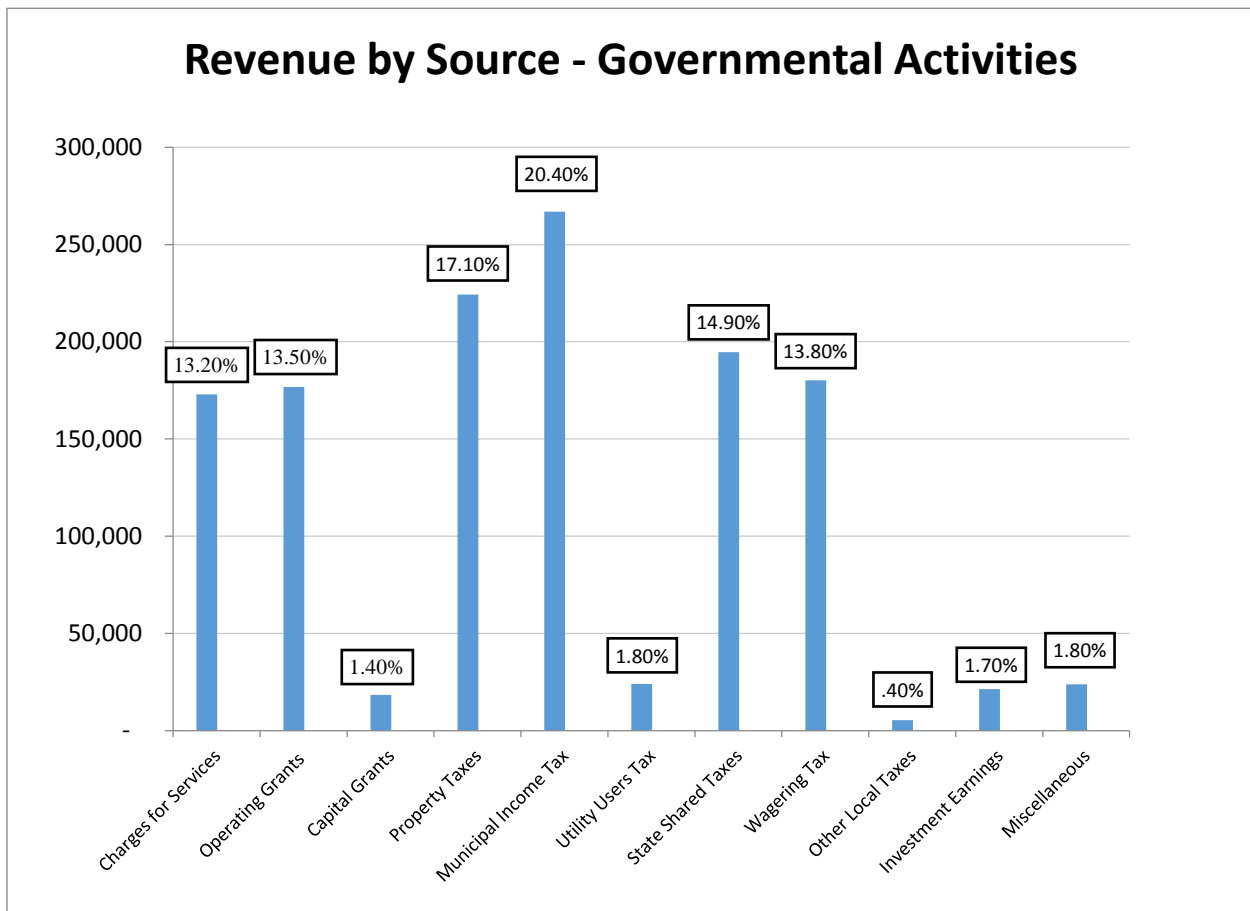
Total Primary Government

Total revenue for the year ended June 30, 2016 was \$2.1 billion, a decrease of \$238 million.

Total expenses for the year ended June 30, 2016 were \$1.9 billion, a decrease of \$340 million from the prior fiscal year, mainly due to the impact of regional water and sewage systems as a result of an agreement with the Great Lakes Water Authority. The Lease between the parties effectively transferred certain operations to the Authority that were formerly part of the Detroit Water and Sewerage Department, resulting in a decrease in water and sewer revenues and expenses. The above total expenditures exclude pension expense recoveries of \$1.5 billion related to the bankruptcy and resulting change in benefit terms.

Governmental Activities

The following chart depicts revenue of the governmental activities for the year ended June 30, 2016:



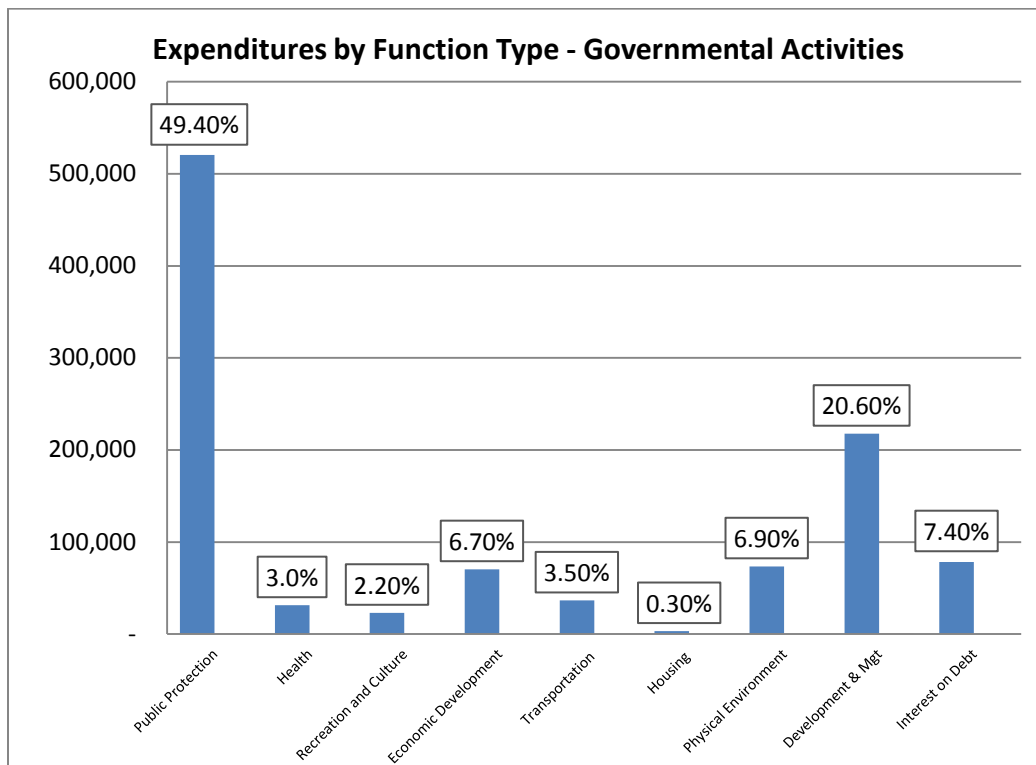
City of Detroit, Michigan

Management's Discussion and Analysis (Continued)

The governmental activities revenue totaled \$1.3 billion for the year ended June 30, 2016. The amount that taxpayers paid for these activities through City taxes was \$700.8 million or 53.5 percent of total revenue, a \$31.9 million increase from the prior fiscal year amount, mainly resulting from improvement in the local economy. Property taxes were \$34.1 million more than the prior fiscal year amount due to improved collections. Wagering (casino) tax revenue increased \$10.1 million. Utility user taxes decreased \$13.9 million. Other funding for governmental activities was provided from the following sources:

- Charges for services paid by those who directly benefited totaled \$173.0 million or 13.2 percent of total revenue. These services included permits, parking fines, licenses, and solid waste fees. Charges for services were \$161.9 million less than the \$334.9 million for the year ended June 30, 2015.
- Other governments and organizations subsidized programs such as health-related activities and community development projects with grants and contributions totaling \$195.1 million or 14.9 percent of total revenue. This was \$32.1 million more than the \$163.0 million of subsidies during the year ended June 30, 2015.
- Other revenue such as state aid (revenue sharing), interest, and miscellaneous income funded the "public benefit" portion of various programs and totaled \$240.0 million or 18.3 percent of total revenue. This was \$88.2 million more than the \$151.8 million for the year ended June 30, 2015. The increase was mainly due to a \$59.4 million loss in investment earnings (decrease in derivative market value) in 2015, \$52 thousand decrease in state revenue sharing, and \$8.0 million increase in miscellaneous revenue.

The following chart depicts expenses of the governmental activities for the year ended June 30, 2016. The expenditures below are exclusive of pension expense recoveries of \$1.5 billion related to the bankruptcy and resulting change in benefit terms:



The governmental activities expenses totaled \$1.1 billion for the year ended June 30, 2016, a decrease of \$265.7 million from the prior fiscal year.

Business-type Activities

The total net position for business-type activities was \$1.4 billion at June 30, 2016, an increase in net position of \$2.0 billion from fiscal year 2015. Detailed below are the results for the major business-type funds:

Water Fund

The Water Fund had a net position of \$563.0 million at June 30, 2016, an increase of \$916.1 million from the prior year net deficit of \$352.8 million. During the year, as a result of the lease of the regional water system, the Water Fund reported a gain of \$776.5 million which is the difference between the consideration receivable and the net position allocated to Great Lakes Water Authority.

Sewage Disposal Fund

The Sewage Disposal Fund had a net deficit of \$721.8 million at June 30, 2016, an increase of \$970.5 million from the prior year net deficit of \$248.7 million. During the year, as a result of the lease of the regional sewer system, the Sewer Fund reported a gain of \$808.9 million which is the difference between the consideration receivable and the net position allocated to Great Lakes Water Authority.

Transportation Fund

The Transportation Fund (DDOT) had a net deficit of \$33.9 million at June 30, 2016, a decrease of \$133.8 million from the prior year restated net deficit of \$167.7 million.

Airport, Automobile Parking Fund and Public Lighting Authority Funds (Other Enterprise Funds)

Other Enterprise Funds include the Airport Fund, the Automobile Parking Fund and Public Lighting Authority of Detroit (the "PLA").

The Airport Fund had a \$14.6 million net position at June 30, 2016, a \$3.1 million decrease from June 30, 2015 primarily due to rental fees and surcharge revenue from the Public Lighting Authority. The General Fund contribution to the Airport Fund was \$722,000 for the year ended June 30, 2016, which was \$145,000 less than the prior year.

The Automobile Parking Fund had a net position of \$66.9 million at June 30, 2016, an increase of \$20.4 million from the prior year net position of \$46.5 million.

Because the PLA is in substance a part of the City's operation, its financial statements are blended (Blended Component Unit) with the City's financial statements in the CAFR's Enterprise Funds section. The PLA had a \$24.9 million net position at June 30, 2016, a \$5.8 million increase from \$19.1 million at June 30, 2015. The PLA had revenue of \$22.5 million (including \$8.9 million transferred from the City's General Fund for utility users' tax revenue). The PLA had \$8.2 million of expenses for the year ended June 30, 2016, a \$2.6 million increase from the prior fiscal year.

FINANCIAL ANALYSIS OF THE CITY’S GOVERNMENTAL FUNDS

The City’s governmental funds reported a combined ending fund balance of \$733.8 million at June 30, 2016, a \$94.6 million increase from the \$639.1 million fund balance (as restated) at June 30, 2015.

General Fund

The General Fund is the chief operating fund of the City. The fund had a \$500.6 million surplus at June 30, 2016, a \$62.9 million increase from the \$437.7 million at June 30, 2015. The fund balance includes unassigned balance of \$143.0 million, a \$72.1 million increase from the \$70.9 million fund balance at June 30, 2015. The remaining General Fund balance includes:

- (1) Restricted for Quality of Life \$52.1 million (2) Restricted for Debt Service \$37.3 million (3) Committed Risk Management \$20.0 million (4) Assigned for Budget Reserve \$62.3 million (5) Assigned for Subsequent Appropriations \$48.2 million (6) Assigned for Blight \$67.9 million (7) Assigned for Pension \$30 million (8) Assigned for Risk Management Operations \$34.7 million.

General Fund Balance Sheet
June 30, 2016 and 2015
(in millions)

	2016	2015
Assets and Deferred Outflows of Resources	\$ 985.1	\$ 1,210.9
Liabilities and Deferred Inflows of Resources	484.5	773.3
Fund Balance:		
Nonspendable	5.2	-
Restricted	89.3	126.0
Committed	20.0	58.8
Assigned	243.1	181.9
Unassigned for - General Fund Surplus	143.0	70.9
Total Fund Balance	500.6	437.6
Total Liabilities and Fund Balance	\$ 985.1	\$ 1,210.9

The \$72.1 million increase in the unassigned General Fund surplus was primarily due to deferred principal debt service payments through the City’s bankruptcy exit plan of adjustment.

City of Detroit, Michigan

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

The City's fiscal year 2016 General Fund budget was \$1.6 billion. The City's fiscal year 2016 General Fund budget contained no additions or material changes to existing taxes pursuant to Section 12(1)(b) of Michigan Public Act 436 of 2012.

The actual revenue fell short of estimated revenue in the budget by \$342.8 million for the year ended June 30, 2016. The revenue shortfall is mainly attributable to decreases in actual intergovernmental (including grant) revenue of \$132.5 million, other state-sourced revenue of \$113.3 million, charges for services of \$43.0 million, and other revenue of \$138.4 less an increase in Property taxes of \$46.6 million.

Actual expenditures were less than budgeted expenditures by \$697.8 million for the year ended June 30, 2016. The actual expenditures were less than budget for the following categories: Public Protection (\$145.9 million), Health (\$159.7 million), Recreation (\$7.3 million), Housing (\$26.4 million), Physical Environment (\$42.5 million), and Development and Management (\$318.1 million).

Differences between the original budget and the final amended budget of \$111.4 million consisted of a total net increase in estimated revenue of \$380.4 million and a total net increase in appropriations of \$491.9 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Total Government

At June 30, 2016, the City had invested \$2.8 billion, net of accumulated depreciation, in a broad range of capital assets (see table below). This was a decrease of \$3.7 billion from the balance at June 30, 2015.

	(In Thousands)					
	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2016	2015	2016	2015	2016	2015
Land and Land Rights	\$ 369,372	\$ 369,372	\$ 29,185	\$ 76,807	\$ 398,557	\$ 446,179
Land Improvements	-	-	10,488	148,082	10,488	148,082
Buildings, Structures, and Improvements	606,530	596,837	563,827	1,951,124	1,170,357	2,547,961
Sewer and Water Lines	-	-	440,849	872,079	440,849	872,079
Equipment & Fixtures	73,260	57,796	169,707	1,508,122	242,967	1,565,918
Works of Art	29,788	29,788	-	-	29,788	29,788
Infrastructure	346,960	340,136	-	-	346,960	340,136
Construction in Progress	21,966	19,048	170,467	603,470	192,433	622,518
Total	\$ 1,447,877	\$ 1,412,978	\$ 1,384,523	\$ 5,159,684	\$ 2,832,399	\$ 6,572,662

Governmental Activities

Governmental activities capital assets at June 30, 2016 were \$1.44 billion, which was \$34.9 million more than the \$1.41 billion at June 30, 2015. The City acquired \$118.1 million in new assets including \$19.2 million of construction in progress. Depreciation expenses totaled \$83.2 million for the year ended June 30, 2016, which was \$4.2 million less than the prior fiscal year.

At June 30, 2016, the City's governmental activities had commitments for future capital asset construction contracts of \$29.1 million.

City of Detroit, Michigan

Management's Discussion and Analysis (Continued)

Major capital assets acquired and projects completed or in progress during the year ended June 30, 2016 included the following:

- \$37.2 million for road construction and resurfacing
- \$23.4 million for police and fire vehicles
- \$22.9 million for implementation of ERP, Oracle Cloud Financial System
- \$7.9 million for Police Department Radio Communication System
- \$4.9 million for technology and computer upgrade
- \$4.2 million for 36th District Court building improvements
- \$4.2 million for Police and Fire Departments capital improvements
- \$3.9 million for Police Department 911 Backup and Telephone Crime Reporting Unit

Business-type Activities

Business-type activities capital assets at June 30, 2016 were \$1.38 billion, a decrease of \$3.8 billion from the balance at June 30, 2015.

Construction work in progress, major capital assets acquired, and projects completed during the year ended June 30, 2016 included the following:

- The Water Fund is engaged in a variety of projects that are a part of its five-year Capital Improvement Program (the "Program"). The total cost of this Program is anticipated to be approximately \$282 million through fiscal year 2021. The Program is being primarily financed from revenue of the Fund and proceeds from the issuance of revenue bonds. The total amount of construction contract commitments outstanding at June 30, 2016 was approximately \$13.0 million (see Note 12).
- The Sewage Fund is engaged in a variety of projects that are a part of its five-year Capital Improvement Program (the "Program"). The total cost of this Program is anticipated to be approximately \$282.2 million through fiscal year 2021. The Program is being financed primarily from revenue of the Fund and proceeds from the issuance of revenue bonds. The total amount of construction contract commitments outstanding at June 30, 2016 was approximately \$11.9 million (see Note 12).

See Note 7 to the basic financial statements for more information regarding governmental and business-type activities capital assets.

Long-term Debt

Outstanding Bonded Debt as of June 30, 2016 and 2015
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 1,531,061	\$ 1,609,844	\$ 319,921	\$ 131,544	\$ 1,850,981	\$ 1,741,388
Revenue bonds	-	-	-	5,946,978	-	5,946,978
Total	<u>\$ 1,531,061</u>	<u>\$ 1,609,844</u>	<u>\$ 319,921</u>	<u>\$ 6,078,523</u>	<u>\$ 1,850,981</u>	<u>\$ 7,688,367</u>

At June 30, 2016, the City had total bonded debt of \$1.85 billion outstanding, all of which is general obligation bonds backed by the full faith and credit of the City.

City of Detroit, Michigan

Management's Discussion and Analysis (Continued)

The City's total governmental activities general obligation bonded debt decreased by \$78.8 million during the year ended June 30, 2016 mainly due to a \$30 million early maturity redemption associated with the remarketing of the 2014-A and 2014-B bonds.

The City's credit ratings on uninsured general obligation bonds as of June 30, 2016 were:

Moody's Investors Service, Inc.	B2
Standard & Poor's Corporation	B

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

Additional information on the City's long-term debt can be found in Note 8 - Long-term Obligations, Note 9 - Pension Plans, Note 10 - Other Postemployment Benefits, Note 11 - Risk Management, and Note 13 - Bankruptcy.

CONTACTING THE CITY'S OFFICE OF THE CHIEF FINANCIAL OFFICER

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Additional copies of this report and other financial information can be obtained by visiting the Office of the Chief Financial Officer's website at <http://www.detroitmi.gov/How-Do-I-City-of-Detroit-CAFR-Find-How-Do-I-City-of-Detroit-MI>. You can also contact the office by phone at (313) 628-2535.

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

City Officials Launch Crime Fighting Initiative at Neighborhood Gas Stations



Mayor Duggan, Police Chief James Craig, several gas station owners and community members unveiled Project Green Light, a pilot program to increase safety and security at neighborhood businesses throughout the city.

Under the program, business owners agree to install high-definition video cameras and enhanced exterior lights at their establishments. The video feeds from the cameras are monitored at the Police Department's Real Time Center and provide police officers with clear images of suspects' faces, clothing, vehicles and license plate numbers, which can be quickly relayed to units in the area. The program was first piloted at eight gas stations. The program has since expanded to other businesses including grocery and party stores and restaurants.



Basic Financial Statements

June 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
Assets				
Cash and cash equivalents	\$ 595,203,879	\$ 92,028,120	\$ 687,231,999	\$ 92,894,088
Restricted cash and cash equivalents	203,357,906	21,704,388	225,062,294	23,188,045
Investments	6,029,329	64,460,502	70,489,831	169,148,086
Accounts and contracts receivable - Net	271,054,758	85,352,139	356,406,897	22,104,434
Internal balances	(5,671,366)	5,671,366	-	-
Due from primary government	-	-	-	1,022,502
Due from fiduciary funds	1,824,474	1,294,776	3,119,250	-
Inventory	-	8,786,933	8,786,933	3,411,604
Due from component units	4,229,481	-	4,229,481	-
Due from other governmental agencies	114,176,896	24,176,815	138,353,711	10,032,019
Prepaid expenses	151,103	672,127	823,230	2,407,142
Advance to component unit	5,000,000	-	5,000,000	-
Restricted - Advance to component unit	6,500,000	-	6,500,000	-
Loans, notes, and pledges receivable	-	-	-	16,527,845
Receivable from Great Lakes Water Authority	-	1,088,647,204	1,088,647,204	-
Other assets	359,836	-	359,836	64,807,803
Restricted assets	15,411,170	-	15,411,170	17,938,885
Capital assets:				
Nondepreciable	421,126,776	199,651,883	620,778,659	379,048,902
Depreciable - Net	1,026,750,146	1,184,870,689	2,211,620,835	338,317,390
Total capital assets - Net	1,447,876,922	1,384,522,572	2,832,399,494	717,366,292
Total assets	2,665,504,388	2,777,316,942	5,442,821,330	1,140,848,745
Deferred Outflows of Resources	106,884,984	23,180,251	130,065,235	33,391,906
Liabilities				
Accounts and contracts payable	24,737,119	45,755,346	70,492,465	24,753,167
Accrued liabilities	70,444,401	-	70,444,401	-
Accrued salaries and wages	17,584,947	2,336,548	19,921,495	682,120
Accrued interest payable	16,821,258	17,122,089	33,943,347	25,099,387
Due to other governmental agencies	97,266,405	7,658,111	104,924,516	6,115,145
Due to primary government	-	-	-	4,229,481
Due to fiduciary funds	7,595,419	4,489,795	12,085,214	-
Due to component units	-	1,022,502	1,022,502	-
Deposits and refunds	25,188,130	-	25,188,130	-
Unearned revenue	2,576,258	16,306,674	18,882,932	11,216,805
Settlement credit contingent liability	25,000,000	-	25,000,000	-
Net pension liability	908,587,859	235,189,640	1,143,777,499	25,238,171
Other liabilities	12,551,526	48,514,981	61,066,507	73,749,757
Long-term obligations:				
Due within one year	92,050,603	25,478,074	117,528,677	14,129,387
Advance from primary government	-	-	-	11,500,000
Due in more than one year	1,716,129,159	1,014,145,061	2,730,274,220	402,620,596
Total liabilities	3,016,533,084	1,418,018,821	4,434,551,905	599,334,016
Deferred Inflows of Resources	118,703,253	25,089,407	143,792,660	12,227,635
Net Position (Deficit)				
Net investment in capital assets	1,070,813,493	619,028,014	1,689,841,507	356,388,868
Restricted for:				
Highway and street improvement	73,817,986	-	73,817,986	-
Construction code	13,960,847	-	13,960,847	-
Endowments and trust (expendable)	726,034	-	726,034	12,598,630
Endowments and trust (nonexpendable)	1,005,096	-	1,005,096	751,404
Capital projects and acquisitions	-	-	-	208,053,578
Debt service	33,111,345	-	33,111,345	-
Improvements and extensions	-	13,681,420	13,681,420	-
Budget stabilization	-	7,918,600	7,918,600	-
Water affordability	-	104,368	104,368	-
Pension	191,776,168	-	191,776,168	-
Grants	24,788,426	-	24,788,426	-
Local business growth	478,084	-	478,084	-
Police	10,416,668	-	10,416,668	-
Rubbish collection and disposal	39,257,989	-	39,257,989	-
Program activities	-	-	-	3,042,041
Unrestricted (deficit)	(1,822,999,101)	716,656,563	(1,106,342,538)	(18,155,521)
Total net position (deficit)	<u>\$ (362,846,965)</u>	<u>\$ 1,357,388,965</u>	<u>\$ 994,542,000</u>	<u>\$ 562,679,000</u>

Functions/Programs	Expenses	Expenses - Pension Recovery (Notes 9 and 13)	Program Revenue		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:					
Governmental activities:					
Public protection	\$ 520,389,387	\$ (679,279,464)	\$ 82,771,964	\$ 10,521,924	\$ -
Health	31,310,399	(3,359,735)	608,827	19,964,982	-
Recreation and culture	23,080,932	(17,124,895)	783,031	3,796,298	-
Economic development	70,423,156	(27,967,433)	866,690	52,519,340	-
Housing supply and conditions	3,223,431	-	1,846,395	3,621,506	-
Physical environment	73,559,619	(71,174,599)	33,575,150	43,190,103	18,466,400
Transportation facilitation	36,489,715	-	3,635,209	16,500,832	-
Development and management	217,577,420	(270,265,709)	48,908,707	26,540,650	-
Interest on long-term debt	78,301,298	-	-	-	-
Total governmental activities	1,054,355,357	(1,069,171,835)	172,995,973	176,655,635	18,466,400
Business-type activities:					
Water	255,713,993	(121,468,094)	264,538,200	-	-
Sewer	415,792,155	(161,174,662)	405,492,789	-	-
Transportation	142,784,954	(136,130,912)	22,399,677	48,848,008	8,952,414
Automobile parking	9,266,765	(7,046,946)	13,284,541	-	-
Airport	3,889,176	(1,396,655)	477,462	220,008	-
Public lighting authority	16,758,370	-	13,184,635	-	-
Total business-type activities	844,205,413	(427,217,269)	719,377,304	49,068,016	8,952,414
Total primary government	1,898,560,770	(1,496,389,104)	892,373,277	225,723,651	27,418,814
Component units:					
Detroit Brownfield Redevelopment Authority	2,946,287	-	82,525	-	-
Detroit Public Library	28,378,033	(42,948,896)	511,329	1,243,472	-
Detroit Transportation Corporation	24,280,965	-	1,423,890	14,938,866	-
Detroit Housing Commission	97,669,211	-	79,618,772	11,451,616	-
Downtown Development Authority	36,316,451	-	4,030,007	-	-
Eastern Market Corporation	5,792,823	-	1,472,283	706,384	-
Economic Development Corporation	9,785,259	-	10,140,591	-	-
Local Development Finance Authority	2,437,088	-	-	-	-
Museum of African American History	6,994,032	-	3,178,171	1,986,500	-
Detroit Land Bank Authority	81,226,350	-	-	79,756,748	-
Eight Mile/Woodward Corridor Imp. Authority	578,951	-	-	-	-
Detroit Employment Solutions Corporation	34,762,319	-	-	34,760,823	-
Total component units	\$ 331,167,769	\$ (42,948,896)	\$ 100,457,568	\$ 144,844,409	\$ -

General revenue:

Taxes:

- Property taxes
- Municipal income tax
- Utility users' tax
- Wagering tax
- Other taxes and assessments
- State-shared taxes
- Interest and penalties on taxes
- Contributions
- Investment earnings
- Miscellaneous revenue
- Loss on sale of capital assets

Total general revenue

Special Item - Bifurcation (Note 13)

Transfers

Change in Net Position

Net Position (Deficit) - Beginning of year (as restated, Note 1)

Net Position (Deficit) - End of year

Statement of Activities

Year Ended June 30, 2016

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Totals	Component Units
\$ 252,183,965	\$ -	\$ 252,183,965	\$ -
(7,376,855)	-	(7,376,855)	-
(1,376,708)	-	(1,376,708)	-
10,930,307	-	10,930,307	-
2,244,470	-	2,244,470	-
92,846,633	-	92,846,633	-
(16,353,674)	-	(16,353,674)	-
128,137,646	-	128,137,646	-
(78,301,298)	-	(78,301,298)	-
<u>382,934,486</u>	<u>-</u>	<u>382,934,486</u>	<u>-</u>
-	130,292,301	130,292,301	-
-	150,875,296	150,875,296	-
-	73,546,057	73,546,057	-
-	11,064,722	11,064,722	-
-	(1,795,051)	(1,795,051)	-
-	(3,573,735)	(3,573,735)	-
<u>-</u>	<u>360,409,590</u>	<u>360,409,590</u>	<u>-</u>
382,934,486	360,409,590	743,344,076	-
-	-	-	(2,863,762)
-	-	-	16,325,664
-	-	-	(7,918,209)
-	-	-	(6,598,823)
-	-	-	(32,286,444)
-	-	-	(3,614,156)
-	-	-	355,332
-	-	-	(2,437,088)
-	-	-	(1,829,361)
-	-	-	(1,469,602)
-	-	-	(578,951)
-	-	-	(1,496)
-	-	-	(42,916,896)
224,263,288	-	224,263,288	68,035,469
266,928,629	-	266,928,629	-
24,036,395	-	24,036,395	-
180,228,993	-	180,228,993	-
5,378,658	-	5,378,658	2,852,481
194,705,498	-	194,705,498	-
4,435,170	-	4,435,170	479,020
-	-	-	8,794,225
16,997,733	789,108	17,786,841	3,038,915
23,899,793	19,379,346	43,279,139	2,653,938
-	(4,870,893)	(4,870,893)	-
<u>940,874,157</u>	<u>15,297,561</u>	<u>956,171,718</u>	<u>85,854,048</u>
-	1,585,445,912	1,585,445,912	-
<u>(82,074,100)</u>	<u>82,074,100</u>	<u>-</u>	<u>-</u>
1,241,734,543	2,043,227,163	3,284,961,706	42,937,152
<u>(1,604,581,508)</u>	<u>(685,838,198)</u>	<u>(2,290,419,706)</u>	<u>519,741,848</u>
\$ (362,846,965)	\$ 1,357,388,965	\$ 994,542,000	\$ 562,679,000

Balance Sheet
Governmental Funds

June 30, 2016

	General Fund	Other Governmental Funds	Totals
Assets			
Cash and cash equivalents	\$ 410,659,579	\$ 184,544,300	\$ 595,203,879
Investments	105,877	5,923,452	6,029,329
Accounts and contracts receivable:			
Estimated withheld income taxes receivable	27,541,664	-	27,541,664
Utility users' taxes receivable	2,686,903	-	2,686,903
Income tax assessments	109,937,843	-	109,937,843
Special assessments	24,669,919	541,890	25,211,809
DIA and foundation receivable	191,776,168	-	191,776,168
Property tax receivable	294,902,562	120,341,003	415,243,565
Loans receivable	-	100,841,010	100,841,010
Trade receivables	185,054,942	36,391,675	221,446,617
Total accounts and contracts receivable	836,570,001	258,115,578	1,094,685,579
Allowance for uncollectible accounts	(568,509,183)	(255,121,638)	(823,630,821)
Total accounts and contracts receivable - Net	268,060,818	2,993,940	271,054,758
Due from other funds	41,454,434	50,856,317	92,310,751
Due from fiduciary funds	1,824,474	-	1,824,474
Due from component units	4,229,481	-	4,229,481
Due from other governmental agencies	79,928,857	34,248,039	114,176,896
Advances to component units	5,000,000	-	5,000,000
Prepaid expenditures	151,103	-	151,103
Restricted cash	151,406,181	51,951,725	203,357,906
Restricted other assets	21,911,170	-	21,911,170
Other assets	359,836	-	359,836
Total assets	\$ 985,091,810	\$ 330,517,773	\$ 1,315,609,583
Liabilities			
Accounts and contracts payable	\$ 11,487,834	\$ 13,249,285	\$ 24,737,119
Accrued liabilities	39,508,328	29,679,173	69,187,501
Accrued salaries and wages	17,069,166	515,781	17,584,947
Due to other funds	77,312,340	20,669,777	97,982,117
Due to fiduciary funds	7,491,605	103,814	7,595,419
Due to other governmental agencies	59,858,310	23,286,496	83,144,806
Income tax refunds payable	16,556,659	-	16,556,659
Deposits from vendors and customers	6,362,864	2,268,607	8,631,471
Unearned revenue	2,499,970	76,288	2,576,258
Other liabilities	13,960,709	1,280,229	15,240,938
Total liabilities	252,107,785	91,129,450	343,237,235
Deferred Inflows of Resources	232,403,187	6,185,661	238,588,848
Fund Balances			
Nonspendable:			
Prepaid expenditures and advances	5,151,103	-	5,151,103
Permanent fund principal	-	1,005,096	1,005,096
Restricted for:			
Highway and street improvements	-	72,967,311	72,967,311
Police	-	10,416,668	10,416,668
Endowments and trusts	-	726,034	726,034
Local business growth	-	478,084	478,084
Rubbish collection and disposal	-	39,257,989	39,257,989
Construction code	-	13,960,847	13,960,847
Grants	-	20,156,039	20,156,039
QOL program	52,052,301	-	52,052,301
Debt service	37,256,731	22,435,949	59,692,680
Committed for risk management operations	20,000,000	-	20,000,000
Assigned for:			
Budget reserve	62,280,192	-	62,280,192
Subsequent appropriations	48,223,069	-	48,223,069
Capital acquisitions	-	51,801,570	51,801,570
Blight and capital	67,851,503	-	67,851,503
Pension	30,000,000	-	30,000,000
Risk management operations	34,718,181	-	34,718,181
Unassigned	143,047,758	(2,925)	143,044,833
Total fund balances	500,580,838	233,202,662	733,783,500
Total liabilities, deferred inflows of resources, and fund balances	\$ 985,091,810	\$ 330,517,773	\$ 1,315,609,583

City of Detroit, Michigan

Reconciliation of the Balance Sheet to the Statement of Net Position Governmental Funds

June 30, 2016

Fund Balances - Total Governmental Funds	\$ 733,783,500
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:	
Governmental capital assets	3,091,067,625
Less accumulated depreciation	(1,643,190,703)
Certain revenue of the government-wide financial statements is earned but not considered available in the governmental funds and is, therefore, reported as deferred inflows of resources	238,588,848
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds; interest on long-term debt is not accrued in the governmental funds and is recognized as an expenditure to the extent due; and all liabilities, both current and long term, are reported in the statement of net position:	
Net pension liability	(908,587,859)
Net deferred outflows related to net pension liability	106,884,984
Net deferred inflows related to net pension liability	(118,703,253)
Accrued interest payable on bonds and other long-term obligations	(16,821,258)
Accrued interest and penalties on escheatment payable	(14,121,599)
General obligation bonds	(1,531,060,530)
Notes payable	(72,588,000)
Settlement credit contingent liability	(25,000,000)
Unamortized premiums	(8,673,946)
Accrued compensated absences	(80,200,250)
Accrued workers' compensation	(67,535,000)
Death benefit obligation	(1,256,900)
Claims and judgments net of current portion	(45,377,999)
Accrued pollution remediation	(54,625)
Net Deficit of Governmental Activities	<u>\$ (362,846,965)</u>

City of Detroit, Michigan

Statement of Revenue, Expenditures, and Changes in Fund Balances Governmental Funds

Year Ended June 30, 2016

	General Fund	Other Governmental Funds	Totals
Revenue			
Taxes:			
Property taxes	\$ 147,372,374	\$ 58,080,117	\$ 205,452,491
Municipal income tax	263,178,629	-	263,178,629
Utility users' tax	24,036,395	-	24,036,395
Wagering tax	180,228,993	-	180,228,993
Gas and weight tax	-	58,109,927	58,109,927
Other taxes and assessments	5,378,658	-	5,378,658
Interest and penalties on taxes	4,269,148	166,022	4,435,170
Licenses, permits, and inspection charges	11,699,590	24,101,090	35,800,680
Intergovernmental:			
Federal	27,734,509	65,444,414	93,178,923
State:			
State-shared revenue	194,705,498	-	194,705,498
State and local sources	8,687,812	14,472,890	23,160,702
Sales and charges for services	69,957,150	50,661,636	120,618,786
Ordinance fines and forfeitures	22,403,525	2,239,639	24,643,164
Revenue from use of assets	1,218,314	-	1,218,314
Investment earnings	16,867,686	130,047	16,997,733
DIA and foundation revenue	54,079,327	-	54,079,327
Other revenue	33,300,162	14,476,016	47,776,178
Total revenue	1,065,117,770	287,881,798	1,352,999,568
Expenditures			
Current:			
Public protection	405,688,790	17,628,477	423,317,267
Health	22,952,287	1	22,952,288
Recreation and culture	16,506,695	57,197	16,563,892
Economic development	4,817,694	56,206,143	61,023,837
Housing supply and conditions	6,179,112	-	6,179,112
Physical environment	13,217,831	40,868,533	54,086,364
Transportation facilitation	-	15,904,193	15,904,193
Development and management	281,713,707	-	281,713,707
Debt service:			
Principal	17,798,124	42,979,000	60,777,124
Interest	51,416,237	26,133,958	77,550,195
Bond issuance costs (refund)	29,438	-	29,438
Capital outlay	69,830,477	56,374,689	126,205,166
Total expenditures	890,150,392	256,152,191	1,146,302,583
Excess of Revenue Over Expenditures	174,967,378	31,729,607	206,696,985
Other Financing Sources (Uses)			
Proceeds from bonds and notes issued	245,000,000	-	245,000,000
Transfers out	(82,074,100)	-	(82,074,100)
Principal paid to bond agents for refunded bonds	(275,000,000)	-	(275,000,000)
Total other financing uses	(112,074,100)	-	(112,074,100)
Net Change in Fund Balances	62,893,278	31,729,607	94,622,885
Fund Balances - Beginning of year (as restated, Note 1)	437,687,560	201,473,055	639,160,615
Fund Balances - End of year	\$ 500,580,838	\$ 233,202,662	\$ 733,783,500

City of Detroit, Michigan

Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Net Position

Year Ended June 30, 2016

Change in Fund Balances - Total Governmental Funds	\$ 94,622,885
Amounts reported for governmental activities in the statement of activities are different because:	
Some revenue reported in the statement of activities does not provide current financial resources and therefore is not reported as revenue in the governmental funds	(49,908,779)
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives:	
Expenditures for capital assets	118,141,286
Less current year depreciation	<u>(83,241,097)</u>
Total	34,900,189
Change in accrued interest escheatment payable not recorded on the modified accrual statements	8,327,216
Bond and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position	(245,000,000)
Repayment of bond principal and other debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	335,777,122
Certain pension-related expenses do not require the use of current resources, and therefore are not reported in the governmental funds	1,069,171,837
Some expenses recorded in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:	
Change in accrued interest payable	(1,328,228)
Amortization of bond premiums	606,565
Change in accrued compensated absences	(4,833,871)
Change in accrued workers' compensation claims	(1,478,000)
Change in accrued claims and judgments liability	1,039,343
Change in death benefit obligation	<u>(161,736)</u>
Total	<u>(6,155,927)</u>
Change in Net Position of Governmental Activities	<u>\$ 1,241,734,543</u>

Statement of Net Position
Enterprise Funds

June 30, 2016

	Water Fund	Sewage Disposal Fund	Transportation Fund	Other Enterprise Funds	Totals
Assets					
Current assets:					
Cash and cash equivalents	\$ 12,979,571	\$ 20,627,334	\$ 8,663,942	\$ 49,757,273	\$ 92,028,120
Investments	-	-	10,791	-	10,791
Accounts and contracts receivable - Other receivables -					
Trade	26,062,451	73,953,870	523,916	830,845	101,371,082
Allowance for uncollectible accounts	(3,971,062)	(11,471,508)	(15,889)	(560,484)	(16,018,943)
Total accounts and contracts receivable - Net	22,091,389	62,482,362	508,027	270,361	85,352,139
Due from other funds	21,744,812	4,445,319	17,336,969	2,509,238	46,036,338
Due from fiduciary funds	-	-	1,294,776	-	1,294,776
Due from other governmental agencies	7,934,861	8,618,573	7,623,381	-	24,176,815
Inventory	1,100,244	3,019,611	4,467,200	199,878	8,786,933
Prepaid expenses	295,123	-	169,205	207,799	672,127
Total current assets	66,146,000	99,193,199	40,074,291	52,944,549	258,358,039
Noncurrent assets:					
Restricted:					
Cash and cash equivalents	15,604,188	6,100,200	-	-	21,704,388
Investments	-	-	-	64,449,711	64,449,711
Receivables from Great Lakes Water Authority	482,596,354	606,050,850	-	-	1,088,647,204
Capital assets:					
Land and land rights	1,327,637	72,326	7,522,035	20,263,245	29,185,243
Land improvements	4,791,365	6,696,440	-	10,045,849	21,533,654
Buildings and structures	55,401,581	490,596,142	146,974,350	103,863,196	796,835,269
Interceptors and regulators	-	221,968	-	-	221,968
Mains	486,555,428	-	-	-	486,555,428
Services and meters	175,124,475	-	-	-	175,124,475
Vehicles and buses	-	-	126,977,307	1,628,874	128,606,181
Machinery, equipment, and fixtures	76,705,703	104,521,983	28,353,860	6,994,630	216,576,176
Structures	-	-	-	100,747,312	100,747,312
Construction in progress	17,619,205	7,863,676	354,629	144,629,130	170,466,640
Total capital assets	817,525,394	609,972,535	310,182,181	388,172,236	2,125,852,346
Less accumulated depreciation	(300,618,186)	(129,579,541)	(150,504,630)	(160,627,417)	(741,329,774)
Capital assets - Net	516,907,208	480,392,994	159,677,551	227,544,819	1,384,522,572
Total noncurrent assets	1,015,107,750	1,092,544,044	159,677,551	291,994,530	2,559,323,875
Total assets	1,081,253,750	1,191,737,243	199,751,842	344,939,079	2,817,681,914
Deferred Outflows of Resources	7,686,921	5,172,335	10,192,611	128,384	23,180,251

Statement of Net Position (Continued)
Enterprise Funds

June 30, 2016

	Water Fund	Sewage Disposal Fund	Transportation Fund	Other Enterprise Funds	Totals
Liabilities					
Current liabilities:					
Accounts and contracts payable	\$ 12,032,070	\$ 9,560,717	\$ 12,760,806	\$ 11,401,753	\$ 45,755,346
Accrued salaries and wages	880,278	10,758	1,102,611	342,901	2,336,548
Due to other funds	14,057,803	16,028,635	877,531	9,401,003	40,364,972
Due to fiduciary funds	1,452,731	1,784,357	500,953	751,754	4,489,795
Due to component units	-	-	1,022,502	-	1,022,502
Due to other governmental agencies	-	-	7,655,877	2,234	7,658,111
Accrued interest	10,139,581	6,541,465	435,520	5,523	17,122,089
Other liabilities	6,674,703	41,026,559	33,367	780,352	48,514,981
Unearned revenue	-	-	166,341	-	166,341
Bonds, notes, and capital leases	259,657	432,761	429,216	374,458	1,496,092
Contractual obligations payable	9,540,945	8,928,590	-	-	18,469,535
Accrued compensated absences	6,834	1,078,262	2,301,373	85,862	3,472,331
Accrued workers' compensation and claims and judgments	631,170	1,017,850	368,096	23,000	2,040,116
Total current liabilities	55,675,772	86,409,954	27,654,193	23,168,840	192,908,759
Noncurrent liabilities:					
Bonds and notes payable - Net	29,729,253	49,548,750	48,823,788	190,322,888	318,424,679
Contractual obligations payable	386,098,978	302,045,100	-	-	688,144,078
Unearned revenue	-	-	-	16,140,333	16,140,333
Net pension liability	43,722,536	29,637,827	155,215,062	6,614,215	235,189,640
Accrued compensated absences	718,842	946,755	733,955	61,878	2,461,430
Accrued workers' compensation and claims and judgments	475,190	25,947	1,298,632	2,272,000	4,071,769
Death benefit obligation	337,784	308,433	384,510	12,378	1,043,105
Total noncurrent liabilities	461,082,583	382,512,812	206,455,947	215,423,692	1,265,475,034
Total liabilities	516,758,355	468,922,766	234,110,140	238,592,532	1,458,383,793
Deferred Inflows of Resources	<u>9,123,657</u>	<u>6,187,507</u>	<u>9,703,923</u>	<u>74,320</u>	<u>25,089,407</u>
Net Position					
Net investment in capital assets	121,267,285	169,419,304	110,424,547	217,916,878	619,028,014
Restricted for improvements and extensions	13,172,920	508,500	-	-	13,681,420
Restricted for budget stabilization	2,326,900	5,591,700	-	-	7,918,600
Restricted for water affordability	104,368	-	-	-	104,368
Unrestricted (deficit)	426,187,186	546,279,801	(144,294,157)	(111,516,267)	716,656,563
Total net position (deficit)	<u>\$ 563,058,659</u>	<u>\$ 721,799,305</u>	<u>\$ (33,869,610)</u>	<u>\$ 106,400,611</u>	<u>\$ 1,357,388,965</u>

Statement of Revenue, Expenses, and Changes in
Fund Net Position
Enterprise Funds

Year Ended June 30, 2016

	Water Fund	Sew age Disposal Fund	Transportation Fund	Other Enterprise Funds	Totals
Operating Revenue					
Sales and charges for services	\$ 255,921,371	\$ 400,494,051	\$ 20,499,404	\$ 12,512,162	\$ 689,426,988
Rentals, fees, and surcharges	-	1,838,726	763,459	13,685,547	16,287,732
Miscellaneous	8,616,829	3,160,012	1,136,814	748,929	13,662,584
Total operating revenue	264,538,200	405,492,789	22,399,677	26,946,638	719,377,304
Operating Expenses					
Salaries, wages, and benefits	29,417,702	35,099,647	60,328,119	6,213,388	131,058,856
Contractual services	37,489,511	133,206,531	22,399,975	-	193,096,017
Operating	33,181,959	34,635,189	2,593,521	9,390,494	79,801,163
Maintenance	2,280,131	-	7,860,677	835,698	10,976,506
Materials, supplies, and other expenses	27,529	1,017,851	28,467,939	2,092,511	31,605,830
Pension (Note 13)	(121,468,094)	(161,174,662)	(136,130,912)	(8,443,601)	(427,217,269)
Depreciation	50,749,841	66,803,875	19,109,634	2,761,142	139,424,492
Total operating expenses	31,678,579	109,588,431	4,628,953	12,849,632	158,745,595
Operating Income	232,859,621	295,904,358	17,770,724	14,097,006	560,631,709
Nonoperating Revenue (Expenses)					
Investment earnings	172,942	185,564	143	430,459	789,108
Federal and state grants	-	-	48,848,008	220,008	49,068,016
Interest on bonds, notes payable, and loans	(67,522,379)	(78,391,855)	(2,025,088)	(8,621,079)	(156,560,401)
Loss on disposal of capital assets	-	-	(2,451,368)	(2,419,525)	(4,870,893)
Bond issuance costs	-	(2,651,133)	-	-	(2,651,133)
Asset Impairment	(35,044,941)	(63,986,074)	-	-	(99,031,015)
Other revenue	8,820,360	10,558,986	-	-	19,379,346
Total nonoperating (expenses) revenue - Net	(93,574,018)	(134,284,512)	44,371,695	(10,390,137)	(193,876,972)
Income - Before capital contributions, transfers, and special item	139,285,603	161,619,846	62,142,419	3,706,869	366,754,737
Capital Contributions	-	-	8,952,414	-	8,952,414
Transfers In	-	-	62,706,722	19,367,378	82,074,100
Special Item - Bifurcation (Note 13)	776,532,736	808,913,176	-	-	1,585,445,912
Change in Net Position	915,818,339	970,533,022	133,801,555	23,074,247	2,043,227,163
Net Position (Deficit) - Beginning of year (as restated - Note 1)	(352,759,680)	(248,733,717)	(167,671,165)	83,326,364	(685,838,198)
Net Position (Deficit) - End of year	<u>\$ 563,058,659</u>	<u>\$ 721,799,305</u>	<u>\$ (33,869,610)</u>	<u>\$ 106,400,611</u>	<u>\$ 1,357,388,965</u>

Statement of Cash Flows
Enterprise Funds

Year Ended June 30, 2016

	Water Fund	Sew age Disposal Fund	Transportation Fund	Other Enterprise Funds	Totals
Cash flows from operating activities:					
Receipts from customers	\$ 283,561,182	\$ 379,352,936	\$ 22,371,463	\$ 26,067,657	\$ 711,353,238
Receipts from (payments to) other funds	19,836,349	(30,853,485)	(11,860,611)	4,563,186	(18,314,561)
Payments for injuries and damages	-	-	(16,694,385)	(21,622)	(16,716,007)
Payments to suppliers	(62,446,498)	(80,574,182)	(53,991,691)	(10,814,476)	(207,826,847)
Payments to employees	<u>(55,976,849)</u>	<u>(74,867,501)</u>	<u>(71,448,133)</u>	<u>(4,316,550)</u>	<u>(206,609,033)</u>
Net cash provided by (used in) operating activities	184,974,184	193,057,768	(131,623,357)	15,478,195	261,886,790
Cash flows from noncapital financing activities:					
Grants and contributions from other governments	-	-	74,889,818	220,008	75,109,826
Cash transferred to GLWA at bifurcation	(349,833,408)	(525,228,426)	-	-	(875,061,834)
Receipts on GLWA contract receivable	11,359,000	18,747,000	-	-	30,106,000
Principal paid on bonds	(133,671)	(133,671)	(408,777)	-	(676,119)
Due to other governments	-	-	6,391,685	-	6,391,685
Interest paid on bonds	(875,623)	(1,247,477)	(2,027,706)	-	(4,150,806)
Transfers from other funds	-	-	60,941,186	19,367,375	80,308,561
Miscellaneous noncapital financing	<u>8,820,360</u>	<u>10,618,237</u>	<u>-</u>	<u>-</u>	<u>19,438,597</u>
Net cash provided by noncapital financing activities	(330,663,342)	(497,244,337)	139,786,206	19,587,383	(668,534,090)
Cash flows from capital and related financing activities:					
Federal, state, and local grants	-	-	8,952,414	-	8,952,414
Acquisition and construction of capital assets	(31,087,780)	(65,359,939)	(9,470,275)	(61,321,975)	(167,239,969)
Principal paid on bonds, notes, and capital leases	(80,460,000)	(108,656,830)	-	(6,000,000)	(195,116,830)
Interest paid on bonds, notes, and leases - Net	<u>(55,954,190)</u>	<u>(66,441,052)</u>	<u>-</u>	<u>(13,565,942)</u>	<u>(135,961,184)</u>
Net cash used in capital and related financing activities	(167,501,970)	(240,457,821)	(517,861)	(80,887,917)	(489,365,569)
Cash flows from investing activities:					
Proceeds from sales and maturities of investments	89,829,210	68,986,760	-	282,021,801	440,837,771
Purchases of investments	-	-	(143)	(214,429,644)	(214,429,787)
Earnings from investment securities	<u>172,941</u>	<u>185,564</u>	<u>143</u>	<u>458,154</u>	<u>816,802</u>
Net cash provided by investing activities	<u>90,002,151</u>	<u>69,172,324</u>	<u>-</u>	<u>68,050,311</u>	<u>227,224,786</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(223,188,977)	(475,472,066)	7,644,988	22,227,972	(668,788,083)
Cash and Cash Equivalents - Beginning of year	<u>251,772,736</u>	<u>502,199,600</u>	<u>1,018,954</u>	<u>27,529,301</u>	<u>782,520,591</u>
Cash and Cash Equivalents - End of year	<u>\$ 28,583,759</u>	<u>\$ 26,727,534</u>	<u>\$ 8,663,942</u>	<u>\$ 49,757,273</u>	<u>\$ 113,732,508</u>

Statement of Cash Flows (Continued)
Enterprise Funds

Year Ended June 30, 2016

	Water Fund	Sewage Disposal Fund	Transportation Fund	Other Enterprise Funds	Totals
Reconciliation of operating income to net cash from operating activities:					
Operating income	\$ 232,859,621	\$ 295,904,358	\$ 17,770,724	\$ 14,097,006	\$ 560,631,709
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation and amortization	50,749,841	66,803,875	19,109,634	2,761,146	139,424,496
Changes in assets and liabilities:					
Accounts and contracts receivable	7,009,125	(41,173,824)	9,350	930,227	(33,225,122)
Inventory	8,540,956	3,740,288	(667,370)	(199,878)	11,413,996
Net pension liability	(219,434,408)	(317,650,451)	(157,178,033)	(8,541,256)	(702,804,148)
Prepaid expenses	1,724,922	1,706,766	14,149	625,544	4,071,381
Due from other funds	19,661,271	(13,166,829)	(9,275,192)	(1,905,060)	(4,685,810)
Due from fiduciary funds	2,637,571	1,219,903	(1,294,776)	-	2,562,698
Unearned revenue	-	-	(37,564)	(708,036)	(745,600)
Accounts and contracts payable	(35,294,406)	(39,409,205)	(1,752,597)	93,742	(76,362,466)
Due to other funds	175,078	(17,686,656)	(9,569,892)	5,367,073	(21,714,397)
Due to fiduciary funds	2,592,209	41,935,664	122,726	339,171	44,989,770
Other liabilities	-	-	26,327	1,226,512	1,252,839
Accrued compensated absences	-	-	108,488	(55,864)	52,624
Accrued workers' compensation and claims and judgments	(18,529,342)	(20,400,671)	410,123	1,433,686	(37,086,204)
Death benefit obligation	34,864	25,904	51,650	2,052	114,470
Claims and judgments payable	(6,987,000)	(13,816,600)	-	-	(20,803,600)
Accrued salaries and wages	(418,862)	(655,113)	(325,614)	12,130	(1,387,459)
Decrease in deferred outflows of pension resources	139,652,744	245,680,359	10,854,510	-	396,187,613
Net cash provided by (used in) operating activities	<u>\$ 184,974,184</u>	<u>\$ 193,057,768</u>	<u>\$ (131,623,357)</u>	<u>\$ 15,478,195</u>	<u>\$ 261,886,790</u>

As discussed in Note 13, effective January 1, 2016 the Water Fund and Sewer Fund leased the operations related to the suburban customers to the Great Lakes Water Authority. This reduced assets and liabilities in the Water Fund of approximately \$292 million (liabilities accepted were greater than assets accepted), and in the Sewer Fund of approximately \$217 million (liabilities accepted were greater than assets accepted). In addition, there were asset impairments during the year of \$35 million and \$63.9 million in the Water and Sewer Fund, respectively.

Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2016

	Pension and Other Employee Benefit Trust Funds	Agency Funds	Total
Assets			
Cash and cash equivalents	\$ 250,761,505	\$ 6,251,361	\$ 257,012,866
Investments at fair value:			
Short-term investments	2,201,098,643	-	2,201,098,643
Money market funds	797,445,212	-	797,445,212
Bonds and stocks	997,724,178	-	997,724,178
Mortgage-backed securities	191,098,508	-	191,098,508
Mortgage and construction loans	416,219,888	-	416,219,888
Equity interest in real estate	1,628,162	-	1,628,162
Pooled investments	-	27,001,882	27,001,882
Total investments	4,605,214,591	27,001,882	4,632,216,473
Accrued interest receivable	11,208,312	-	11,208,312
Accounts receivable:			
Due from primary government	11,981,400	103,814	12,085,214
Due from other governmental units	1,000,000	-	1,000,000
Notes receivable from participants	20,511,318	-	20,511,318
Receivables from investment sales	78,375,969	-	78,375,969
AFS recoupment receivable	104,575,110	-	104,575,110
Other receivables	1,520,847	-	1,520,847
Total accounts receivable	217,964,644	103,814	218,068,458
Restricted assets	25,163,203	-	25,163,203
Cash and investments held as collateral for securities lending	304,216,909	-	304,216,909
Capital assets	665,811	-	665,811
Total assets	5,415,194,975	\$ 33,357,057	5,448,552,032
Liabilities			
Accounts and contracts payable	4,097,234	\$ 6,389,630	10,486,864
Payables for investment purchases	87,976,644	-	87,976,644
Benefits and claims payable	449,290	-	449,290
Due to primary government	3,111,195	8,055	3,119,250
Amount due to broker for securities lending	302,671,233	-	302,671,233
Other liabilities	20,276,646	26,959,372	47,236,018
Total liabilities	418,582,242	\$ 33,357,057	451,939,299
Net Position Held in Trust for Pension and Other Employee Benefits	\$ 4,996,612,733		\$ 4,996,612,733

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year Ended June 30, 2016

	Pension and Other Employee Benefit Trust Funds
Additions	
Employer contributions	\$ 141,956,211
Plan member contributions	34,702,358
State and foundations	70,674,572
AFS recoupment	4,585,453
Other income	8,078,315
Total contributions	<u>259,996,909</u>
Investment earnings:	
Interest and dividend income	129,552,704
Net appreciation in fair value	(96,226,395)
Investment expense	(22,654,943)
Securities lending income - Net	2,455,736
Net gain on collateralized securities	(68,068)
Total investment earnings	<u>13,059,034</u>
Total additions	273,055,943
Deductions	
Pension and annuity benefits	529,279,284
Premiums to insurers and damage claims	71,198,650
Member refunds and withdrawals	70,626,638
General and administrative expenses	14,499,853
Total deductions	<u>685,604,425</u>
Net Decrease in Net Position Held in Trust	(412,548,482)
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>5,409,161,215</u>
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u><u>\$ 4,996,612,733</u></u>

City of Detroit, Michigan

	Detroit Brownfield Redevelopment Authority	Detroit Public Library	Detroit Transportation Corporation	Detroit Housing Commission	Downtown Development Authority	Eastern Market Corporation
Assets						
Cash and cash equivalents	\$ 6,510,202	\$ 29,401,576	\$ 2,057,928	\$ 24,897,096	\$ 7,266,069	\$ 1,344,459
Restricted cash and cash equivalents	-	-	-	17,858,834	-	-
Investments	1,492,022	13,469,809	129,312	-	131,961,066	-
Accounts and contracts receivable, taxes, interest, and penalties receivable - Net	3,113	910,667	118,647	2,664,150	4,565,407	1,311,841
Due from primary government	-	-	1,022,502	-	-	-
Due from other governmental agencies	-	5,311,688	1,070,237	2,100,231	-	-
Inventory	-	-	3,326,936	-	-	36,902
Prepaid expenses	9,829	112,303	434,424	751,157	865,573	13,554
Loans, notes, and pledges receivable	-	-	-	247,316	10,495,334	-
Other assets	45,575	15,016	-	2,737,347	18,732,500	116,976
Restricted assets	-	-	4,480,764	13,458,121	-	-
Capital assets:						
Nondepreciable	7,260	1,827,212	5,824,396	98,593,582	272,593,762	-
Depreciable - Net	-	20,596,474	29,341,401	245,785,462	33,056,021	8,121,969
Capital assets - Net	7,260	22,423,686	35,165,797	344,379,044	305,649,783	8,121,969
Total assets	8,068,001	71,644,745	47,806,547	409,093,296	479,535,732	10,945,701
Deferred Outflows of Resources	-	3,046,943	1,879,938	2,187,466	26,277,559	-
Liabilities						
Accounts and contracts payable	15,181	270,295	1,639,965	3,319,259	2,242,078	494,032
Accrued salaries and wages	-	170,100	240,407	119,371	-	57,948
Accrued interest payable	-	93,657	-	15,896,119	8,781,539	-
Due to primary government	-	1,022,350	-	-	3,207,131	-
Due to other governmental agencies	-	5,909,221	-	123,719	-	-
Unearned revenue	-	-	-	4,961,794	-	282,087
Hedging derivatives	-	-	-	-	26,277,559	-
Other liabilities	6,307,124	1,494,499	1,074,719	5,996,274	32,413,002	22,501
Long-term obligations:						
Due within one year	-	1,418,582	-	1,084,632	2,796,893	199,280
Advance from primary government	-	-	-	-	-	-
Due in more than one year	230,000	11,906,442	706,451	46,621,596	314,049,975	31,132
Net pension liability	-	15,737,449	7,321,530	2,179,192	-	-
Total liabilities	6,552,305	38,022,595	10,983,072	80,301,956	389,768,177	1,086,980
Deferred Inflows of Resources	-	12,227,635	-	-	-	-
Net Position (Deficit)						
Net investment in capital assets	-	22,423,686	35,165,797	166,123,791	123,154,526	8,090,837
Restricted for:						
Endowments and trusts - Expendable	-	11,433,517	-	-	-	-
Endowments and trusts - Nonexpendable	-	751,404	-	-	-	-
Housing projects	-	-	-	145,750,700	-	-
Capital projects	489,540	-	4,730,764	-	-	-
Program activities	-	-	-	-	-	2,055,795
Unrestricted (deficit)	1,026,156	(10,167,149)	(1,193,148)	19,104,315	(7,109,412)	(287,911)
Total net position (deficit)	\$ 1,515,696	\$ 24,441,458	\$ 38,703,413	\$ 330,978,806	\$ 116,045,114	\$ 9,858,721

Combining Statement of Net Position Discretely Presented Component Units

June 30, 2016

Economic Development Corporation	Local Development Finance Authority	Museum of African American History	Detroit Land Bank Authority	Eight Mile/ Woodward Corridor Imp. Authority	Detroit Employment Solutions Corporation	Totals
\$ 9,623,812	\$ 1,219,885	\$ 598,732	\$ 9,218,221	\$ 121,684	\$ 634,424	\$ 92,894,088
-	-	-	5,329,211	-	-	23,188,045
20,799,058	-	1,296,819	-	-	-	169,148,086
24,570	-	18,662	9,406,273	-	3,081,104	22,104,434
-	-	-	-	-	-	1,022,502
1,549,863	-	-	-	-	-	10,032,019
-	-	47,766	-	-	-	3,411,604
-	-	68,999	141,686	9,617	-	2,407,142
5,490,195	-	295,000	-	-	-	16,527,845
-	20,340,450	-	22,790,279	-	29,660	64,807,803
-	-	-	-	-	-	17,938,885
-	-	202,690	-	-	-	379,048,902
-	-	868,074	359,467	-	188,522	338,317,390
-	-	1,070,764	359,467	-	188,522	717,366,292
37,487,498	21,560,335	3,396,742	47,245,137	131,301	3,933,710	1,140,848,745
-	-	-	-	-	-	33,391,906
733,552	13,800	401,797	12,653,673	6,759	2,962,776	24,753,167
-	-	94,294	-	-	-	682,120
-	328,072	-	-	-	-	25,099,387
-	-	-	-	-	-	4,229,481
82,205	-	-	-	-	-	6,115,145
-	-	-	5,256,180	-	716,744	11,216,805
-	-	-	-	-	-	26,277,559
-	-	-	61,501	-	102,578	47,472,198
-	6,630,000	-	2,000,000	-	-	14,129,387
-	-	-	11,500,000	-	-	11,500,000
750,000	28,325,000	-	-	-	-	402,620,596
-	-	-	-	-	-	25,238,171
1,565,757	35,296,872	496,091	31,471,354	6,759	3,782,098	599,334,016
-	-	-	-	-	-	12,227,635
-	-	1,070,764	359,467	-	-	356,388,868
-	-	1,165,113	-	-	-	12,598,630
-	-	-	-	-	-	751,404
-	-	-	-	-	-	145,750,700
35,738,613	21,343,961	-	-	-	-	62,302,878
-	-	860,872	-	-	125,374	3,042,041
183,128	(35,080,498)	(196,098)	15,414,316	124,542	26,238	(18,155,521)
\$ 35,921,741	\$ (13,736,537)	\$ 2,900,651	\$ 15,773,783	\$ 124,542	\$ 151,612	\$ 562,679,000

City of Detroit, Michigan

	Detroit Brow nfield Redevelopment Authority	Detroit Public Library	Detroit Transportation Corporation	Detroit Housing Commission	Dow ntown Development Authority
Expenses	\$ (2,946,287)	\$ 14,570,863	\$ (24,280,965)	\$ (97,669,211)	\$ (36,316,451)
Program Revenue					
Charges for services	82,525	511,329	1,423,890	79,618,772	4,030,007
Operating grants and contributions	-	1,243,472	14,938,866	11,451,616	-
Total program revenue	<u>82,525</u>	<u>1,754,801</u>	<u>16,362,756</u>	<u>91,070,388</u>	<u>4,030,007</u>
Net program (expenses) revenue	(2,863,762)	16,325,664	(7,918,209)	(6,598,823)	(32,286,444)
General Revenue					
Property taxes	2,869,029	31,568,351	-	-	28,786,476
Other taxes	-	2,852,481	-	-	-
Penal fines	-	479,020	-	-	-
Contributions	-	-	1,366,986	-	-
Investment earnings (losses)	9,304	17,696	(30,023)	2,682,576	-
Miscellaneous (expenses) revenue	-	(55,216)	541,385	-	2,205,510
Total general revenue	<u>2,878,333</u>	<u>34,862,332</u>	<u>1,878,348</u>	<u>2,682,576</u>	<u>30,991,986</u>
Change in Net Position	14,571	51,187,996	(6,039,861)	(3,916,247)	(1,294,458)
Net Position (Deficit) - Beginning of year (as restated Note 1)	<u>1,501,125</u>	<u>(26,746,538)</u>	<u>44,743,274</u>	<u>334,895,053</u>	<u>117,339,572</u>
Net Position (Deficit) - End of year	<u>\$ 1,515,696</u>	<u>\$ 24,441,458</u>	<u>\$ 38,703,413</u>	<u>\$ 330,978,806</u>	<u>\$ 116,045,114</u>

Combining Statement of Activities Discretely Presented Component Units

Year Ended June 30, 2016

Eastern Market Corporation	Economic Development Corporation	Local Development Finance Authority	Museum of African American History	Detroit Land Bank Authority	Eight Mile/ Woodward Corridor Imp. Authority	Detroit Employment Solutions Corporation	Totals
\$ (5,792,823)	\$ (9,785,259)	\$ (2,437,088)	\$ (6,994,032)	\$ (81,226,350)	\$ (578,951)	\$ (34,762,319)	\$ (288,218,873)
1,472,283	10,140,591	-	3,178,171	-	-	-	100,457,568
706,384	-	-	1,986,500	79,756,748	-	34,760,823	144,844,409
<u>2,178,667</u>	<u>10,140,591</u>	<u>-</u>	<u>5,164,671</u>	<u>79,756,748</u>	<u>-</u>	<u>34,760,823</u>	<u>245,301,977</u>
(3,614,156)	355,332	(2,437,088)	(1,829,361)	(1,469,602)	(578,951)	(1,496)	(42,916,896)
-	-	4,205,812	-	-	605,801	-	68,035,469
-	-	-	-	-	-	-	2,852,481
-	-	-	-	-	-	-	479,020
3,829,727	1,360,885	-	2,236,627	-	-	-	8,794,225
290,146	67,202	2,014	-	-	-	-	3,038,915
<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,197)</u>	<u>(32,544)</u>	<u>-</u>	<u>-</u>	<u>2,653,938</u>
<u>4,119,873</u>	<u>1,428,087</u>	<u>4,207,826</u>	<u>2,231,430</u>	<u>(32,544)</u>	<u>605,801</u>	<u>-</u>	<u>85,854,048</u>
505,717	1,783,419	1,770,738	402,069	(1,502,146)	26,850	(1,496)	42,937,152
<u>9,353,004</u>	<u>34,138,322</u>	<u>(15,507,275)</u>	<u>2,498,582</u>	<u>17,275,929</u>	<u>97,692</u>	<u>153,108</u>	<u>519,741,848</u>
<u>\$ 9,858,721</u>	<u>\$ 35,921,741</u>	<u>\$ (13,736,537)</u>	<u>\$ 2,900,651</u>	<u>\$ 15,773,783</u>	<u>\$ 124,542</u>	<u>\$ 151,612</u>	<u>\$ 562,679,000</u>

**NOTES
TO BASIC
FINANCIAL
STATEMENTS**

June 30, 2016

Note 1 - Summary of Significant Accounting Policies

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

(a) Reporting Entity

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

Blended Component Units

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

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

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

Discretely Presented Component Units

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

June 30, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

*Downtown Development Authority (DDA)** - The DDA was created to promote and develop economic growth in the City's downtown business district. The DDA is a legally separate entity. However, the City appoints the voting majority of the board members and may impose its will. Funding is provided by an ad valorem tax of 1.0 mill (reduced to .9887 by the Headlee amendment) on real and personal property in the downtown development district, a levy on the increased taxable value of a tax increment district, and issuance of revenue and tax increment bonds.

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

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

June 30, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

*Eight Mile/Woodward Corridor Improvement Authority (EMWCIA)** - The EMWCIA was established to correct and prevent deterioration in the Eight Mile/Woodward area. The EMWCIA is a legally separate entity. However, the City appoints the voting majority of the board members and may impose its will.

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

Joint Employment and Procurement Advisory Board (JEPAB) - On November 1, 2005, the City and the Economic Development Corporation (EDC) entered into a funding agreement establishing the EDC as the administrator of casino development fund monies and programs. The casino development funds were contributed from the three casinos in Detroit (MGM Grand Casino, Motor City Casino, and Greektown Casino) for business development purposes in the City in accordance with the revised casino development agreements.

This City/EDC funding agreement provided for the expenditure of business development funds (casino development funds) for a number of programs and purposes, one of which was JEPAB. JEPAB is a separate legal entity. However, the City appoints the voting majority of board members and may impose its will. No financial statements have been prepared. However, JEPAB is reporting that there is a cash balance of \$756,779 as of June 30, 2016.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Financial Statements of Component Units

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

Blended Component Units

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

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

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

Discretely Presented Component Units

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

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

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

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

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

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

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Related Organizations

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

- Detroit Historical Society
- Detroit Zoological Society

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

The mayor is responsible for appointing the majority of members of the board of the following nonprofit entities:

- Northwest Community Programs, Inc.
- Detroit Economic Growth Association

The City's accountability for these organizations does not extend beyond making the appointments.

Joint Venture

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)**(b) Basis of Presentation**

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

Government-wide Financial Statements

The government-wide statement of net position and statement of activities report the overall financial activity of the primary government (the "City"), excluding fiduciary activities, and its component units. Eliminations have been made to minimize the double counting of internal activities of the City. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenue, 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 revenue 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. The City has also reported in a separate column pension recovery by department which is primarily reflective of the impact of the bankruptcy on the City's pension plans. For further information, see Notes 9 and 13. Program revenue includes: (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. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

Fund Financial Statements

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

The City reports the following major funds:

Governmental Funds

General Fund - Accounts for several of the City's primary services (police, fire, public works, community, and youth services, etc.) and is the primary operating unit of the City.

Proprietary Funds

Water Fund - Accounts for the operations of the water treatment plants, booster stations, transmission, and distribution system, and reservoirs. The fund provides service to Detroit.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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

Additionally, the City reports the following fiduciary fund types:

Fiduciary Funds

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

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

(c) Measurement Focus and Basis of Accounting

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

June 30, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

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

(d) Cash and Cash Equivalents

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

(e) Investments

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

(f) Interfund Transactions

The City has the following types of interfund transactions:

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

(g) Due from/to Other Governmental Agencies

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

(h) Inventory

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

(i) Capital Assets

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

Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed. Capitalized interest for the year ended June 30, 2016 for the Sewage Disposal and Water Funds was \$207,310 and \$1,957,012, 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 revenue, 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:

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

The City has a collection of artwork presented both in buildings and public outdoor spaces. The true value of the art is expected to either be maintained at cost or appreciate over time, and thus, the art is not depreciated. If individual pieces are lost or destroyed, the loss is recorded. Further information regarding City-owned art can be found in Note 7.

Note 1 - Summary of Significant Accounting Policies (Continued)**(j) *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position and/or balance sheet may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In the government-wide and proprietary funds' financial statements, a deferred outflow has been recorded related to pension and results from contributions to the defined benefit pension plans subsequent to the plans' year ends through the City's fiscal year end as well as due to the variance between the plans' actual investment earnings compared to the plans' assumed investment earnings. The component units also have deferred outflows, which are also pension related, with the exception of the deferred outflows in the DDA for hedging derivatives.

In addition to liabilities, the statement of net position and/or balance sheet may report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two categories of items that qualify for reporting in this category. First, the deferred inflows of resources related to unavailable revenue are reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from many sources: grants, special assessments, and various other sources. These amounts will be recognized as an inflow of resources in the period that the amounts become available. Also in the government-wide and proprietary funds' financial statements, a deferred inflow has been recorded related to pension. These deferred inflows of resources result from three transactions: the variance between the plans' actual investment earnings compared to the plans' assumed investment earnings, the variance between the plans' actual experience compared to the plans' assumed experience, and changes in assumptions (see Note 5).

(k) *Bond Premiums and Discounts*

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

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

(l) *Compensated Absences*

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

June 30, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

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

(m) Property Taxes

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

The 2015 taxable valuation of the City totaled approximately \$7.4 billion (a portion of which is abated and a portion of which is captured by the LDFA, DDA, and DBRA), on which taxes consisted of 19.952 mills for operating purposes and 9.5147 mills for debt service. This resulted in approximately \$135 million for operations and approximately \$64 million for debt service. These amounts are recognized in the respective General Fund and Debt Service Fund financial statements as tax revenue.

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

For accounting purposes, the transfer of delinquent property taxes receivable is recognized as a sale, with a corresponding liability recorded for the estimated amount that will be charged back to the City. During the year ended June 30, 2016, approximately \$89 million of delinquent property taxes receivable were transferred (sold) to the County, and \$63 million were charged back to the City from prior year sales. As of June 30, 2016, the City has recorded an approximate liability of \$27.2 million (\$13.3 million in the General Fund and \$13.9 million in the nonmajor governmental Funds) for the estimated amount of property tax receivables sold to the County that will be charged back in future years.

June 30, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)**(n) Municipal Income Taxes**

The City levies an annual income tax. The rate for calendar year 2016 consists of an annualized tax of 2.40 percent on the income of resident individuals, 1.20 percent on income earned in the City by non-residents, and 2.00 percent for corporations. Municipal income taxes are accrued for income tax withholdings collected by employers but not yet remitted to the City. In the government-wide financial statements, income tax revenue is recorded in the period in which the underlying compensation is earned by the taxpayer. In the governmental fund financial statements, the City records municipal income tax revenue when it becomes 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 progress, in which payment has not been made, are recorded as a reduction of revenue. Income tax assessments receivable represent estimated additional taxes assessed as a result of tax return audits or failure to file a return.

(o) Fund Balances

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

Nonspendable - Amounts that are not in spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use of a specific purpose.

Committed - Amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments are made and can be rescinded only by a formal action of the government's highest level of decision-making authority.

Assigned - Intent to spend resources on specific purposes expressed by the governing body.

Unassigned - Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

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

Note 1 - Summary of Significant Accounting Policies (Continued)**(p) Net Position**

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

Net Investment in Capital Assets - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - This consists of net position that is restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available, generally it is the City's policy to use restricted resources first, and then unrestricted resources when they are needed.

Unrestricted - This consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Currently, the Public Lighting Authority Fund shows an unrestricted deficit of \$106 million. The net position components in the Public Lighting Authority Fund will be reevaluated by the component auditor in a subsequent year when the construction in progress is complete and placed into service.

(q) Unbilled Revenue

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

(r) Use of Estimates

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

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

Grand Bargain Receivable - As part of the City of Detroit's bankruptcy, the City entered into an agreement with the Detroit Institute of Arts (DIA) and the Foundation for Detroit's Future (Foundation Funders) called the Omnibus Transaction Agreement (OTA) whereas the City would transfer all rights, title, and interest to the DIA museum and the museum assets in exchange for total payments of \$816 million as follows:

- From the DIA of \$100 million
- From the Foundation Funders of \$366 million
- From the State of Michigan of \$350 million

June 30, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

GASB 62 states that notes exchanged for property, goods, or services should be valued and accounted for at the present value of the consideration exchanged between the contracting parties at the date of the transaction in a manner similar to that followed for a cash transaction. In prior years, the note was recorded at face value. In accordance with GASB codification section 130.107, the note receivable should be reflected in the financial statements at net present value, not at the face amount. As a result, the beginning of year net position of governmental activities decreased by \$196,844,505. The prior period adjustment would have impacted the change in net position in the June 30, 2015 statement of activities by decreasing the change in net position by \$196,844,505

Income Tax - The City adjusted the allowance on income tax receivable which had been 100 percent reserved in the prior year, which resulted in an increase in net position at the beginning of the year in the amount of \$13,018,546.

Property Tax - The City had a liability reflected as of June 30, 2015 related to property tax overpayments and related penalty and interest on potential escheatments to the State of Michigan. The City had not performed an analysis of this liability until fiscal year 2016. The City performed an analysis of the liability and adjusted it to the City's calculation of the estimated amount that will ultimately be payable as of June 30, 2015. In addition, the City adjusted the allowance for uncollectibility of personal property taxes which had been fully reserved as uncollectible as of June 30, 2015. The impact of these two adjustments was to increase governmental activities net position at June 30, 2015 by \$11,574,527. The prior period adjustment would have impacted the change in net position in the June 30, 2015 statement of activities by decreasing the change in net position by \$7,917,000.

Capital Assets - Beginning of the year net position of governmental activities has been restated to recognize the net impact of capital assets disposals and additions that should have been recognized in a prior year. A significant portion of the adjustments was identified as part of a comprehensive City-wide inventory that was performed during fiscal year 2016. As a result, beginning of year net position of governmental activities decreased by \$62,943,348.

Greater Detroit Resource Recovery Authority (GDRRA) - The GDRRA was originally formed to acquire, construct, and operate a waste-to-energy facility for the cities of Highland Park and Detroit. At this point, the City of Detroit is the only user of GDRRA services and as a result, in accordance with GASB 14, as amended GDRRA should be shown as a blended component unit versus a discretely presented component unit. This reclassification from discretely presented component unit to blended was reflected in the current year statements. The impact of reclassifying the component unit is to increase beginning of year fund balance of the solid waste management special revenue fund by \$7,027,661 and to increase the net position of governmental activities by \$29,226,114. Correspondingly, net position at the beginning of the year of discretely presented component units decreased by \$29,226,114. The prior period adjustment would have impacted the change in net position in the June 30, 2015 statement of activities by increasing the change in net position in Discretely Presented Component Units and reducing the change in net position in governmental activities by \$1,341,044. The prior period adjustment also impacts the June 30, 2015 statement of revenue, expenditures, and changes in fund balances by increasing the net change in fund balance in the Solid Waste Management Fund and Other Governmental Funds by \$174,457.

Note 1 - Summary of Significant Accounting Policies (Continued)

Detroit Land Bank Authority (DLBA) - During the year ended June 30, 2016, the DLBA's management identified a material impairment in the value of property held for resale that was not recognized in the financial statements as of June 30, 2015. As a result, beginning of year net position of the DLBA decreased by \$2,165,337 and the change in net position on the Statement of Activities at June 30, 2015 would have decreased by the same amount.

Transportation Fund - During the year ended June 30, 2016, the Detroit Department of Transportation (DDOT - an enterprise fund of the City) determined that a payable was due to the

Michigan Department of Transportation in the amount of \$9,594,313 at June 30, 2015. Annually, monies are received from MDOT to reimburse DDOT for certain eligible costs. The monies are sent to DDOT based upon anticipated "eligible" costs, which are noted in the approved budget. At the end of each year, DDOT must determine if the monies received are in excess of actual eligible costs incurred. When there are excess monies, DDOT must record a payable back to MDOT to return these monies. DDOT's net position as of July 1, 2015 has been restated to correct this misstatement. The effect of the correction on the statement of net position was to decrease unrestricted net position and increase the liabilities by \$9,594,313.

	Governmental Activities	Other Governmental Funds	Solid Waste Management Fund	Transportation Fund	Business-type Activities	Discretely Presented Component Units
Fund balance/Net position - June 30, 2015 - As previously reported	\$ (1,398,612,842)	\$ 194,445,394	\$ 22,139,606	\$ (158,076,852)	\$ (676,243,885)	\$ 551,133,299
To restate the DIA and Foundation Funders note receivable	(196,844,505)	-	-	-	-	-
To adjust income tax receivable and allowance	13,018,546	-	-	-	-	-
To adjust property tax allowances and liabilities	11,574,527	-	-	-	-	-
To restate capital assets	(62,943,348)	-	-	-	-	-
To report the Greater Detroit Resource Recovery Authority as a blended component unit	29,226,114	7,027,661	7,027,661	-	-	(29,226,114)
To report Detroit Land Bank Authority impairment	-	-	-	-	-	(2,165,337)
To record MDOT lookback adjustment	-	-	-	(9,594,313)	(9,594,313)	-
Fund balance/Net position - June 30, 2015 - As restated	<u>\$ (1,604,581,508)</u>	<u>\$ 201,473,055</u>	<u>\$ 29,167,267</u>	<u>\$ (167,671,165)</u>	<u>\$ (685,838,198)</u>	<u>\$ 519,741,848</u>

(t) Upcoming Accounting Pronouncements

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

June 30, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statements more extensive footnote disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the City will, after adoption of GASB Statement No. 75, recognize on the face of the financial statements its net OPEB liability. The City is currently evaluating the impact these standards will have on the financial statements when adopted. GASB Statement No. 74 is effective for the City's fiscal year ending June 30, 2017 whereas GASB Statement No. 75 is effective one year later. These new GASB statements will be implemented for the City's Employee Death Benefits plan. As a result of the bankruptcy proceedings, the City no longer has a liability for retiree healthcare expenditures.

In January 2016, the Governmental Accounting Standards Board issued GASB Statement No. 80, *Blending Requirements for Certain Component Units*. The requirements of this statement enhance the comparability of financial statements among governments by clarifying the financial statement presentation requirements for certain component units. GASB Statement No. 80 is required to be adopted for years beginning after June 15, 2016. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the City's 2016-2017 fiscal year.

In November 2016, the Governmental Accounting Standards Board issued GASB Statement No. 83, *Certain Asset Retirement Obligations*, which establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's fiscal year ending June 30, 2019.

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's 2020 fiscal year.

In March 2017, the Governmental Accounting Standards Board issued GASB Statement No. 85, *Omnibus 2017*, which addresses practice issues that have been identified during implementation and application of certain GASB statements. The statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits (OPEB)). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's fiscal year ending June 30, 2018.

Note 2 - Stewardship, Compliance, and Accountability

(a) Compliance with Finance-related Legal and Contractual Provisions

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

The City was not in compliance with the State of Michigan Public Act 2 of 1968, Uniform Budgeting and Accounting Act, Section 141.435 (2), which requires total budgeted expenditures not to exceed estimated revenue plus accumulated fund balance. The City’s final budget for several non major special revenue funds resulted in a projected deficit. The City was not in compliance with the State of Michigan Public Act 2 of 1968, Uniform Budgeting and Accounting Act, Section 141.438 (3), which requires the City to not incur expenditures against an appropriation account in excess of the amount appropriated by the City Council. As noted in Note 2(d), some of the City’s actual expenditures exceeded their appropriations for the year ended June 30, 2016.

The City was not in compliance with the 2 CFR 200 *Uniform Administrative Requirements, Cost Principals, Audit Requirements for Federal Awards*, Section 200.302. which requires the City to: “Identify, in its accounts, all federal awards received and expended and the federal programs under which they were received.” The City’s general ledger records were not always accurate at the individual grant level, as required.

(b) Deficit Fund Equity/Net Position

Fund	Classification	Unassigned/Unrestricted Deficit Amount
Human Services Fund	Special Revenue Fund	\$ (2,925)
Detroit Public Library	Component Unit	(10,167,149) (1)
Detroit Transportation Corporation	Component Unit	(1,193,148) (1)
Downtown Development Authority	Component Unit	(7,109,412) (1)
Eastern Market Corporation	Component Unit	(287,911) (1)
Local Development Finance Authority	Component Unit	(35,080,498) (1)
Museum of African American History	Component Unit	(196,098) (1)
Transportation Fund	Enterprise Fund	(144,294,157) (2)
Airport Fund	Enterprise Fund	(4,520,683) (2)
Automobile Parking Fund	Enterprise Fund	(755,210) (2)
Public Lighting Authority Fund	Enterprise Fund	(106,240,374) (2)

Note 2 - Stewardship, Compliance, and Accountability (Continued)

Management's plans to address significant deficits are as follows:

- (1) These component units have positive working capital. The unrestricted deficit is the result of long-term liabilities expected to be liquidated with future revenue.
- (2) As permitted by the Treasury deficit instructions, a proprietary fund deficit exists when current assets minus current liabilities (excluding the current portion of long-term obligations) is a negative amount. The Transportation Fund's, Automobile Parking Fund's, and Public Lighting Authority Fund's current assets exceed current liabilities. Therefore, no deficit plan is necessary. However, the Airport's current liabilities exceed current assets by \$1,022,527. This deficit is mitigated as the City reports an unassigned General Fund balance that could be used to cover this shortfall.

(c) Excess of Expenditures Over General Fund Appropriations

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

June 30, 2016

Note 2 - Stewardship, Compliance, and Accountability (Continued)

The legal level of budget control is maintained at the appropriation level, which is more detailed than the budget in the required supplementary information. Listed below are expenditures that exceeded their corresponding appropriation for the year ended June 30, 2016:

Agency Description	Appropriation Description	YTD Budget Final	YTD Actual	Variance
Building and Safety Engineer	Administration and Licenses	\$ -	\$ 236,187	\$ (236,187)
	Environmental Affairs Department	257,157	271,643	(14,486)
Public Works	Reimbursed	-	342,882	(342,882)
	Vehicle Management	-	371,683	(371,683)
Finance	OCFO Office of the Treasury	12,446,189	15,463,663	(3,017,474)
	OCFO Pension and Employee Benefits	-	23,847	(23,847)
	OCFO City Income Tax Operations	-	1,544,740	(1,544,740)
	OCFO Departmental Accounting Operations	-	320,114	(320,114)
Human Resources	HR Employee Services	1,858,193	2,526,651	(668,458)
Law Department	Consolidates Legislative Services	-	30,000	(30,000)
Non-Departmental	General Revenue - Non-Departmental	519,756	74,386,158	(73,866,402)
	Non Dept Distutable State Aid Board	29,504,896	42,349,426	(12,844,530)
	Office of Emergency Manager	-	178,714	(178,714)
	Elected Official's Compensation	1,207,660	1,227,072	(19,412)
	Note B Payment	25,280,000	36,856,266	(11,576,266)
	Note A2 Debt Service	430,175	616,164	(185,989)
	Reinvestment Project Billing	-	25,000	(25,000)
Police	Police Commission	3,867,590	4,979,313	(1,111,723)
	Police Executive	7,705,958	10,347,333	(2,641,375)
	Police Eastern Operations Bureau	-	368,707	(368,707)
	Police Western Operations Bureau	-	513,496	(513,496)
	Police Criminal Investigation Bureau	49,742,733	52,763,399	(3,020,666)
	Rape Counseling Unit	181,927	979,101	(797,174)
	Police Detroit Pal	239,364	328,984	(89,620)
	Police Administrative Services Bureau	-	6,662,942	(6,662,942)
	Police Budget Fiscal Operations Bureau	1,150,209	1,362,090	(211,881)
	Police 800 MHz System	-	32,171	(32,171)
Recreation	Management	608,453	638,946	(30,493)
	Business Operations and Support Services	9,087,531	10,634,419	(1,546,888)
	Belle Isle Operations	-	866	(866)
	Strategic Planning and Grants	17,461	51,352	(33,891)
General Services Department	Administration	571,536	956,328	(384,792)
	Be Prepared! The Conference for Proactive Policing	-	5,201	(5,201)
	Ground Maintenance	4,251,191	5,104,681	(853,490)
Zoning Appeals Board	Land Use Controls	448,615	463,998	(15,383)
City Council	Council Member Office 4	-	18,591	(18,591)
	Council Member Office 6	-	1,901	(1,901)
	District 4 Council Member	487,719	514,774	(27,055)
	District 6 Council Member	464,161	473,351	(9,190)
Public Lighting	PLD Administration	291,592	4,129,041	(3,837,449)
36th District Court	Security Reimbursement	500,000	509,450	(9,450)
Elections	Elections Conduct of Elections	3,919,690	4,575,171	(655,481)
Total all agencies		<u>\$ 155,039,756</u>	<u>\$ 283,185,816</u>	<u>\$ (128,146,060)</u>

June 30, 2016

Note 3 - Deposits and Investments**(a) Primary Government**

The City has deposits and investments which are maintained for its primary government, component unit, and fiduciary fund types.

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes the City to make deposits and invest in the accounts of federally insured banks and credit unions that have offices in Michigan. The law allows investments outside of the state of Michigan when fully insured. The City is allowed to invest in bonds, securities, and other direct obligations of the United States or any instrumentality of the United States; repurchase agreements; bankers' acceptances; commercial paper; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investments by local units of government in Michigan.

The General Retirement System, the Police and Fire Retirement System, and the Other Employee Benefit Funds are managed by the Retirement System of the City of Detroit (the "System" or "Pension System"). The System is authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles. The investment policy adopted by the board of trustees is in accordance with Public Act 196 of 1997 and has authorized the investments according to Michigan Public Act 314 of 1965, as amended. The System's deposits and investment policies are in accordance with this statutory authority.

Cash held by fiscal agents or by trustees is secured in accordance with the requirements of the agency or trust agreement.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of bank failure, the bank may not return the City's deposits. The City does not have a deposit policy for custodial credit risk. As of June 30, 2016, the bank balances of the City's primary government deposits (certificates of deposit and checking and savings accounts) were \$769,885,772, of which \$768,169,188 was exposed to custodial credit risk as it was uninsured and uncollateralized.

At June 30, 2016, the General Retirement System and the Police and Fire Retirement System had approximately \$8.7 million and \$6.5 million, respectively, in checking account balances that were uninsured and uncollateralized. The Systems believe that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Pension Funds evaluate each financial institution with which they deposit funds and assess the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 3 - Deposits and Investments (Continued)

Interest Rate Risk

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

At June 30, 2016, the City and Pension System had the following investments and maturities:

	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Primary Government					
Money Market Mutual Funds	\$ 156,393,941	\$ 156,393,941	\$ -	\$ -	\$ -
U.S. Government Funds	50,453,570	49,928,686	356,398	168,486	-
Treasury Bills	7,606,843	7,606,843	-	-	-
Municipal Bonds	29	29	-	-	-
Total	<u>\$ 214,454,383</u>	<u>\$ 213,929,499</u>	<u>\$ 356,398</u>	<u>\$ 168,486</u>	<u>\$ -</u>
Agency					
Municipal Bonds - Detroit Financial Recovery Bonds	\$ 11,793,464	\$ -	\$ -	\$ -	\$ 11,793,464
U.S. Government Funds	15,208,418	15,208,418	-	-	-
Total	<u>\$ 27,001,882</u>	<u>\$ 15,208,418</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,793,464</u>
Other Employee Benefits Fund					
Fixed Income Funds	\$ 2,051,637	\$ -	\$ 2,051,637	\$ -	\$ -
Temporary Investment Funds	1,626,639	1,626,639	-	-	-
Mutual Funds	127	127	-	-	-
Total	<u>\$ 3,678,403</u>	<u>\$ 1,626,766</u>	<u>\$ 2,051,637</u>	<u>\$ -</u>	<u>\$ -</u>
General Retirement System					
U.S. Government	\$ 60,865,000	\$ 54,030,000	\$ -	\$ -	\$ 6,835,000
Corporate	22,757,000	423,000	4,701,000	13,290,000	4,343,000
Private Placement	13,375,000	272,000	1,298,000	9,234,000	2,571,000
Term Loans	4,075,000	-	2,008,000	2,067,000	-
Total	<u>\$ 101,072,000</u>	<u>\$ 54,725,000</u>	<u>\$ 8,007,000</u>	<u>\$ 24,591,000</u>	<u>\$ 13,749,000</u>
Police and Fire Retirement System					
U.S. Government	\$ 110,576,000	\$ 6,063,000	\$ 40,041,000	\$ 12,676,000	\$ 51,796,000
Government Assets and Mortgage-backed Securities	22,785,000	-	11,242,000	1,805,000	9,738,000
Corporate	158,879,000	5,357,000	44,715,000	62,249,000	46,558,000
Private Placement	140,429,000	7,618,000	39,989,000	38,784,000	54,038,000
Convertible Bonds	26,796,000	1,608,000	12,495,000	6,736,000	5,957,000
State and Local Obligations	7,241,000	391,000	1,157,000	2,063,000	3,630,000
Convertible Preferred Stock	14,266,000	13,107,000	855,000	304,000	-
Total	<u>\$ 480,972,000</u>	<u>\$ 34,144,000</u>	<u>\$ 150,494,000</u>	<u>\$ 124,617,000</u>	<u>\$ 171,717,000</u>

Mutual Funds and U.S. government funds are categorized to the weighted average maturity of their underlying investments.

Note 3 - Deposits and Investments (Continued)

Credit Risk

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

The City's investments have the following ratings at June 30, 2016 as rated by S&P or Moody's:

	AAAm	AA+	Not Rated	Total
Primary Government				
Money Market Mutual Funds	\$ 155,460,162	\$ -	\$ 933,779	\$ 156,393,941
U.S Government Funds	49,928,686	524,884	-	50,453,570
U.S. Treasury Bills	-	7,606,843	-	7,606,843
Municipal Bonds	-	-	29	29
Total	<u>\$ 205,388,848</u>	<u>\$ 8,131,727</u>	<u>\$ 933,808</u>	<u>\$ 214,454,383</u>
	AAAm	Not Rated	Total	
Agency Funds				
U.S Government Funds	\$ 15,208,418	\$ -	\$ 15,208,418	
Municipal Bonds - Detroit Financial Recovery Bonds	-	11,793,464	11,793,464	
Total	<u>\$ 15,208,418</u>	<u>\$ 11,793,464</u>	<u>\$ 27,001,882</u>	
	AAAm	Not Rated	Total	
Other Employee Benefits Fund				
Temporary Investment Funds	\$ -	\$ 1,626,639	\$ 1,626,639	
Fixed Income	-	2,051,637	2,051,637	
Mutual Funds	127	-	127	
Total	<u>\$ 127</u>	<u>\$ 3,678,276</u>	<u>\$ 3,678,403</u>	

June 30, 2016

Note 3 - Deposits and Investments (Continued)

The General Retirement System and the Police and Fire Retirement System debt investments have the following ratings at June 30, 2016 as rated by S&P and Moody's, respectively (amounts presented in \$000):

	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	CAA and Below	Not Rated
General Retirement System												
Corporate fixed income	\$ 144	\$ 632	\$ 515	\$ 423	\$ 708	\$ 2,296	\$ 5,748	\$ 3,572	\$ 2,733	\$ 2,024	\$ 3,016	\$ 947
Government fixed income	-	-	-	-	-	-	-	-	-	-	-	60,863
Private placement	-	-	341	609	2,355	962	2,011	1,554	1,427	1,357	1,196	1,563
Term loans	-	-	-	-	564	-	799	765	290	341	470	845
Total	\$ 144	\$ 632	\$ 856	\$ 1,032	\$ 3,627	\$ 3,258	\$ 8,558	\$ 5,891	\$ 4,450	\$ 3,722	\$ 4,682	\$ 64,218

	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	CAA and Below	Not Rated
Police and Fire Retirement System																		
U.S. government	\$ 80,964	\$ 327	\$ 609	\$ 511	\$ -	\$ -	\$ 958	\$ 1,382	\$ 738	\$ 331	\$ 2,413	\$ 457	\$ 1,247	\$ 1,903	\$ 989	\$ 2,125	\$ 799	\$ 14,824
Government assets and mortgage backed	8,818	-	605	85	900	-	1,694	3,068	526	82	538	140	1,030	361	135	1,269	257	3,378
Corporate fixed income	35,911	2,202	1,457	1,193	2,977	3,335	10,426	16,647	10,870	9,184	4,533	1,742	10,292	12,605	5,739	10,580	7,795	11,391
Private placement	43,839	712	1,807	-	1,534	4,395	6,062	6,619	8,815	6,768	5,413	3,810	6,519	7,145	3,029	7,452	5,003	21,506
Convertible bonds	6,529	-	-	160	-	260	854	2,810	-	671	58	517	319	1,154	755	974	-	11,734
State and local obligations	3,296	636	-	541	358	-	-	-	566	-	-	446	-	385	889	122	-	-
Convertible preferred stock	-	-	-	-	-	-	-	-	3,736	2,481	-	-	304	-	-	-	-	7,745
Total	\$ 179,357	\$ 3,877	\$ 4,478	\$ 2,490	\$ 5,669	\$ 7,990	\$ 19,994	\$ 30,526	\$ 25,251	\$ 19,517	\$ 12,955	\$ 7,112	\$ 19,711	\$ 23,553	\$ 11,536	\$ 22,522	\$ 13,854	\$ 70,578

Fair Value

The City categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are quoted prices for similar assets or liabilities in active markets; Level 3 inputs are unobservable in the market and are the least reliable. Investments that are measured at fair value using the net asset value per share as a practical expedient are not classified on the fair value hierarchy below.

For the Retirement System investments, Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuations. The assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Note 3 - Deposits and Investments (Continued)

The City and the Retirement Systems had the following recurring fair value measurements as of June 30, 2016:

	Investments by Fair Value Level			Investments Measured at Net Asset Value (NAV)	Total Investments Measured at Fair Value
	Level 1	Level 2	Level 3		
Primary Government					
Money Market Mutual Funds	\$ 155,460,162	\$ -	\$ -	\$ -	\$ 155,460,162
U.S. Government Funds	50,453,570	-	-	-	50,453,570
U.S. Treasury Bills	-	7,606,843	-	-	7,606,843
Municipal Bonds	29	-	-	-	29
Total Primary Government	<u>\$ 205,913,761</u>	<u>\$ 7,606,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,520,604</u>
Agency Funds					
Municipal Bonds - Detroit Financial Recovery Bonds	\$ -	\$ 11,793,464	\$ -	\$ -	\$ 11,793,464
U.S. Government Funds	15,208,418	-	-	-	15,208,418
Total Agency Funds	<u>\$ 15,208,418</u>	<u>\$ 11,793,464</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,001,882</u>
Other Employee Benefits Funds					
Money Market Mutual Funds	\$ 127	\$ -	\$ -	\$ -	\$ 127
Equity Funds	-	-	-	4,207,468	4,207,468
Fixed Income Funds	2,051,637	-	-	-	2,051,637
Global Assets Allocation Funds	3,707,153	-	-	-	3,707,153
REIT	1,635,876	-	-	-	1,635,876
International Equity Fund	-	-	-	2,875,967	2,875,967
Private Equity Funds	-	-	1,494,556	-	1,494,556
Alternative Investment Funds	-	-	-	7,409,366	7,409,366
Total	<u>\$ 7,394,793</u>	<u>\$ -</u>	<u>\$ 1,494,556</u>	<u>\$ 14,492,801</u>	<u>\$ 23,382,150</u>

A total of \$933,779 of mutual funds and \$1,626,639 of temporary investment funds in the primary government and Other Employee Benefits Funds, respectively, that are recorded at amortized cost are not included in the fair value tables above.

In addition, the City has investments reported at amortized cost in accordance with GASB Statement No. 79. These investments are not subject to any limitations or restrictions on withdrawals.

Note 3 - Deposits and Investments (Continued)

	Balance at June 30, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
General Retirement System Investments by Fair Value Level				
Debt securities:				
U.S. government mortgage-backed securities	\$ 1,803	\$ -	\$ 1,803	\$ -
Privately negotiated debt	6,889,000	-	-	6,889,000
Corporate bonds	38,992,455	-	36,148,029	2,844,426
Total debt securities	45,883,258	-	36,149,832	9,733,426
Equity securities:				
Common stock	489,096,567	489,096,567	-	-
Preferred stock	602,800	-	602,800	-
Total equity securities	489,699,367	489,096,567	602,800	-
Private equity funds	106,498,271	-	-	106,498,271
Partnership investments	4,242,000	-	-	4,242,000
Real estate private equity funds	117,700,331	-	-	117,700,331
Real estate related investments	137,657,363	-	-	137,657,363
Collateral from securities lending	86,106,255	-	86,106,255	-
Total investments by fair value level	987,786,845	\$ 489,096,567	\$ 122,858,887	\$ 375,831,391
Investments Measured at Net Asset Value (NAV)				
International equity funds	294,530,570			
Fixed-income funds	177,347,370			
Global asset allocation funds	187,237,501			
Hedge funds	43,372,572			
Real estate funds	128,166,770			
Total investments measured at NAV	830,654,783			
Total investments measured at fair value	\$ 1,818,441,628			
Police and Fire Retirement System Investments by Fair Value Level				
Debt securities:				
Government securities (U.S. and other):	\$ 117,839,732	\$ 92,145,993	\$ 25,693,739	\$ -
U.S. government mortgage-backed securities	87,997,862	-	87,997,862	-
Privately negotiated debt	14,389,809	-	-	14,389,809
Corporate bonds	326,217,458	-	326,217,458	-
Total debt securities	546,444,861	92,145,993	439,909,059	14,389,809
Equity securities:				
Common stock	1,161,258,623	1,161,258,623	-	-
Preferred stock	13,708,606	10,811,624	2,896,982	-
Total equity securities	1,174,967,229	1,172,070,247	2,896,982	-
Private equity funds	82,701,378	-	-	82,701,378
Partnership investments	3,710,010	-	-	3,710,010
Real estate private equity funds	207,635,187	-	-	207,635,187
Real estate related investments	173,153,949	-	-	173,153,949
Collateral from securities lending	213,313,925	-	213,313,925	-
Total investments by fair value level	2,401,926,539	\$ 1,264,216,240	\$ 656,119,966	\$ 481,590,333
Investments Measured at Net Asset Value (NAV)				
International equity funds	155,249,992			
Fixed-income funds	143,745,275			
Global asset allocation funds	152,878,292			
Hedge funds	156,970,360			
Real estate funds	75,215,869			
Total investments measured at NAV	684,059,788			
Total investments measured at fair value	\$ 3,085,986,327			

Note 3 - Deposits and Investments (Continued)

A total of \$180,226 and \$4,616,503 of repurchase agreements that are recorded at amortized cost for the General Retirement and Police and Fire Retirement Systems, respectively, is not included in the fair value table above.

Debt and equity securities classified in Level I are valued using prices quoted in active markets for those securities.

The fair value of preferred stock and debt securities at June 30, 2016 was determined primarily based on Level 2 inputs. The City and the System estimated the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals for identical or similar assets.

The fair value of the remaining investments at June 30, 2016 was determined primarily based on Level 3 inputs. The City and the System estimate the fair value of these investments using the System’s own pricing estimate methodology, pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is presented in the following table.

Investments in Entities that Calculate Net Asset Value per Share

The City and the Systems hold shares or interest in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At the year end June 30, 2016, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Other Employee Benefits Fund				
Equity Funds	\$ 4,207,468	\$ -	Daily	1 day
International Equity Fund	2,875,967	-	Daily	None
Alternative Investment Fund	7,409,366	-	Weekly	5 days
Total investment measured at NAV	<u>\$ 14,492,801</u>	<u>\$ -</u>		
General Retirement System				
International Equity Funds	\$ 294,530,570	\$ -	Monthly	Up to 30 days
Fixed Income Funds	177,347,370	-	Daily	10 business days
Global Asset Allocation Funds	187,237,501	-	Monthly	15 business days
Hedge Funds	43,372,572	-	Quarterly	Up to 95 days
Real Estate Funds	128,166,770	-	Quarterly	90 days
Total investment measured at NAV	<u>\$ 830,654,783</u>	<u>\$ -</u>		
Police and Fire Retirement System				
International Equity Funds	\$ 155,249,992	\$ -	Monthly	Up to 30 days
Fixed Income Funds	143,745,275	-	Monthly	Up to 30 days
Global Asset Allocation Funds	152,878,292	-	Monthly	Up to 30 days
Hedge Funds	156,970,360	-	Annually	Up to 100 days
Real Estate Funds	75,215,869	9,270,600	Quarterly	Up to 90 days
Total investment measured at NAV	<u>\$ 684,059,788</u>	<u>\$ 9,270,600</u>		

June 30, 2016

Note 3 - Deposits and Investments (Continued)

Multiple funds are held in each category. For reporting purposes, the redemption frequency and redemption notice period provided are the most restrictive of any of the funds in the category.

Other Employee Benefit

The equity class is made up of multiple funds, each with a designated single investment objective to manage a broad market index portfolio and to track, within acceptable tracking parameters, the return and risk characteristics of either the S&P 400, 500, or 600 Indices. The international equity fund has a designated single investment objective to manage a broad market index portfolio and to track, within acceptable tracking parameters, the return and risk characteristics of either the MSCI EAFE Index.

The international equity fund has a designated single investment objective to manage a broad market index portfolio and to track, within acceptable tracking parameters, the return and risk characteristics of either the MSCI EAFE Index.

The alternative investment fund is designed to capture growth with less risk than equities by managing a broad opportunity set of assets classes including, but not limited to, global equities, global bonds, commodities, currencies, and cash.

Retirement Systems

The international equity funds class includes investment in funds that invest predominantly in equity securities of non-U.S. companies. The funds invest in developed and emerging market countries and utilize investments across the capitalization spectrum from large to small companies. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The fixed-income funds class includes investments in funds that invest predominantly in fixed-income instruments in the U.S. and developed and emerging market countries. The funds invest across a diverse group of security types including government, corporate, and mortgage-backed debt and across the credit quality spectrum of investment grade and high yield.

The global asset allocation funds class includes investment in funds that are designed to capture growth with less risk than equities by managing a broad opportunity set of asset classes including, but not limited to, global bonds, commodities, currencies, and cash. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The hedge funds class includes investments in funds that achieve capital appreciation through multimanager and/or multi-strategy investments. Within this group of funds, there is exposure to investment strategies including, but not limited to, credit, event-driven, equity, and relative value. The funds have the ability to invest across all markets and across all asset classes to implement their various strategies. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. Approximately 1 percent of the value of the investment in the hedge fund class above is in the process of being liquidated by the fund manager. Distributions from each fund will be received as the underlying investments of the fund are liquidated. It is estimated that the underlying investments of the fund will be liquidated over the next 12-18 months.

Note 3 - Deposits and Investments (Continued)

The real estate funds class includes investments in funds whose objective is to operate a core portfolio of real estate investments predominantly located in the U.S. The funds acquire ownership in underlying investment either through direct real estate ownership or ownership in real estate companies or the equity of real estate investment trust. The funds predominantly target purchases in office, industrial, retail, or multifamily real estate classes. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's policy specifies a number of limitations to minimize concentration of credit risk including prohibiting investing more than 5 percent of the portfolio in securities (excluding U.S. government securities) of any one issuer. At June 30, 2016, 8.7 percent of the City's portfolio (primary government and agency funds) was invested in BlackRock Temp Fund Institutional Shares (AAAm rated by S&P) and 5.1 percent was invested in First American Government Obligations Class Y (AAAm rated by S&P). Both of these investments were held by trustees in the City's name.

Foreign Currency Risk

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

The foreign currency risk for cash and investments of the Pension Funds at June 30, 2016 is as follows (in \$000):

	General Retirement System			Police and Fire Retirement System				
	Fixed Income	Cash	Forward Contracts	Equity	Forward Contracts Unrealized Gain (Loss)	Cash	Net Other Investment Receivable/ (Payable)	Fixed Income
Australian Dollar	\$ -	\$ 6	\$ -	\$ 6,052	\$ 3,614	\$ 193	\$ -	\$ -
Brazilian Real	-	-	-	553	-	-	-	-
British Pound Sterling	2,210	20	(2,237)	43,452	(10,462)	805	343	-
Canadian Dollar	-	2	-	6,300	8,044	144	(205)	-
Danish Krone	-	-	-	5,611	-	43	-	-
Euro Currency	1,318	74	(1,332)	54,381	(9,750)	3,533	(260)	183
Hong Kong Dollar	-	-	-	20,853	(1,762)	450	(707)	-
Indian Rupee	-	-	-	530	-	-	-	-
Israeli Shekel	-	-	-	-	638	6	-	-
Japanese Yen	-	1	-	58,128	(4,865)	182	258	-
Mexican Nuevo Peso	-	-	-	-	-	-	-	1,698
New Taiwan Dollar	-	-	-	1,034	-	-	-	-
New Zealand Dollar	-	-	-	-	-	-	-	-
Norwegian Krone	-	-	-	867	529	4	-	-
Philippines Peso	-	-	-	-	-	-	-	346
Polish Zloty	-	12	-	-	-	-	-	-
Singapore Dollar	-	-	-	275	1,095	9	-	-
South African Rand	-	-	-	305	-	-	-	-
South Korean Won	-	-	-	1,878	354	-	(354)	-
Swedish Krona	-	-	-	1,888	2,300	10	-	-
Swiss Franc	-	-	-	9,276	5,146	378	453	-
Turkish Lira	-	-	-	230	-	-	-	-
Total	\$ 3,528	\$ 115	\$ (3,569)	\$ 211,613	\$ (5,119)	\$ 5,757	\$ (472)	\$ 2,227

Note 3 - Deposits and Investments (Continued)

Securities Lending

As permitted by State statutes and under the provisions of a securities lending authorization agreement, the Pension Funds lend securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The Pension Funds' custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. The custodial banks do not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to not less than 102 percent of the market value of the loaned securities. At June 30, 2016, the collateral provided for the General Retirement System and the Police and Fire Retirement System was 101.1 percent and 101.4 percent of the market value of the loaned securities, respectively.

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

The Pension Funds and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested together with the cash collateral of other lenders in an investment pool. The average duration of this investment pool at June 30, 2016 was 33 days for the General Retirement System and the Police and Fire Retirement System. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral.

The collateral held and the fair market value of the underlying securities on loan for the General Retirement System at June 30, 2016 were \$85,847,938 and \$84,902,984, respectively. The collateral held and the fair value of the underlying securities on loan for the Police and Fire Retirement System at June 30, 2016 were \$217,094,849 and \$214,096,311, respectively.

Securities Lent	Underlying Securities	
	General Retirement System	Police and Fire Retirement System
U.S. government and agencies	\$ -	\$ 24,474,959
U.S. equities	5,177,478	44,546,166
U.S. corporates	78,138,773	140,281,162
Non-U.S. equities	1,586,733	4,794,024
Total	<u>\$ 84,902,984</u>	<u>\$ 214,096,311</u>

At June 30, 2016, the fair value of the collateral pool related to securities lending for the General Retirement System and the Police and Fire Retirement System was \$86,008,151 and \$217,930,428, respectively. The collateral was invested in agencies, asset-backed securities, notes (floating rate), money funds, repurchase agreements, and U.S. corporate securities (floating rate). Approximately 74 percent of the General Retirement System securities had a duration less than one year, 21 percent had a duration between one and three years, and 5 percent had a duration over 15 years. Approximately 73 percent of the Police and Fire Retirement System securities had a duration less than one year, 23 percent had a duration between one and three years, and 3 percent had a duration over 15 years.

June 30, 2016

Note 3 - Deposits and Investments (Continued)

The credit ratings of the securities lending collateral pool held at June 30, 2016 as rated by S&P are as follows:

<u>Ratings</u>	<u>General Retirement System</u>	<u>Police and Fire Retirement System</u>
AAA	\$ 24,514,361	\$ 73,853,850
AA	35,250,161	76,735,806
A	21,954,268	55,179,572
CCC	2,960,287	7,507,309
D	1,158,763	-
Not Rated	170,311	4,653,891
Total	<u>\$ 86,008,151</u>	<u>\$ 217,930,428</u>

(b) Component Units - Downtown Development Authority

Custodial Credit Risk of Bank Deposits

The DDA does not have a deposit policy for custodial credit risk. At June 30, 2016, the DDA had deposits of \$7,215,018 that were exposed to custodial credit risk as they were uninsured and uncollateralized.

Credit Risk

Credit risk is the risk that the DDA will not recover its investments due to the inability of the counterparty to fulfill its obligations. State statutes authorize the DDA to invest in obligations and certain repurchase agreements of the U.S. Treasury and related governmental agencies, commercial paper rated prime at the time of purchase and maturing not more than 270 days from the date of purchase, bankers' acceptances and certificates of deposit issued or created by any state or national bank insured with the applicable federal agency, investment pools authorized by the Surplus Funds Investment Act, and mutual funds composed entirely of the above investments. The DDA has no investment policy that would further limit its investment options.

The DDA's investments have the following ratings at June 30, 2016 as rated by S&P or Moody's:

	<u>AAA_{mf}</u>	<u>AAA_m</u>	<u>Not Rated</u>	<u>Total</u>
DDA				
Money Market Mutual Funds	\$ 123,629,802	\$ -	\$ -	\$ 123,629,802
Municipal Bonds	-	209,633	-	209,633
U.S. Treasury Fund	-	37,154	-	37,154
Comerica J Fund	-	-	5,084,477	5,084,477
Total	<u>\$ 123,629,802</u>	<u>\$ 246,787</u>	<u>\$ 5,084,477</u>	<u>\$ 128,961,066</u>

Note 3 - Deposits and Investments (Continued)

Fair Value

The DDA categorizes investments measured at the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are quoted prices for similar assets or liabilities in active markets; Level 3 inputs are unobservable in the market and are the least reliable. The DDA had the following recurring fair value measurements as of June 30, 2016:

	Level 1	Level 2	Level 3	Total
Investments by Fair Value				
Money Market Mutual Funds	\$ 128,981,066	\$ -	\$ -	\$ 128,981,066
Repurchase Agreements	-	3,000,000	-	3,000,000
Total	<u>\$ 128,981,066</u>	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ 131,981,066</u>
Liabilities				
Hedging Derivatives - Interest Rate Swap	<u>\$ -</u>	<u>\$ 26,277,559</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Swap

The DDA has entered into an interest rate swap with Comerica Bank as the counterparty. The swap is set up to manage the DDA's interest rate exposure on the Series 2014B bonds and to reduce the overall costs of its financings.

The terms of the swap are as follows:

Effective Date	January 2, 2018
Fixed rate paid	5.41 percent
Rate received	2.75 percent over the three-month London Inter-bank Offering Rate (LIBOR)
Termination date	July 1, 2045

Changes in the fair value of the swap for the years ended June 30, 2016, as well as the notional amount as June 30, 2016, are as follows:

	<u>2016</u>
Hedging derivatives	
Reported in deferred outflows of resources:	
Series 2014B interest rate swap:	
Fair value, beginning of year	\$ (2,256,391)
Decrease in fair value	<u>(24,021,168)</u>
Fair value, end of year	<u>\$ (26,277,559)</u>
Notional amount	<u>\$ 200,000,000</u>

Note 3 - Deposits and Investments (Continued)

The fair value of the interest rate swap was estimated using the income approach. This method calculates the value of the swap by discounting future expected net cash flows, using LIBOR to build the yield curve, and adjusting for credit risk and quoted bid/offer levels for similar securities in the market. Credit risk can be measured by the actual market value exposure or theoretical exposure. When the fair value of any swap has a positive market value, then the DDA is exposed to actual risk that the counterparty will not fulfill its obligations. As of June 30, 2016, the DDA had no net exposure to actual credit risk on its swap for its counterparty.

As of June 30, 2016, the credit quality ratings of Comerica Bank, the counterparty to the swap, are A- and A, respectively, from Standard & Poor's and A3 from Moody's.

The DDA believes it has significantly reduced interest rate risks by entering into the interest rate swap. The DDA is exposed to basis risk when the variable interest received on a swap is based on a different index than the variable interest rate to be paid on the associated variable rate debt obligation. As of June 30, 2016, the associated variable rate debt used the same index (based on LIBOR) as the swap. As a result, there was no significant exposure to basis risk as of June 30, 2016.

According to the terms of the swap agreement, the DDA did not pay or receive any cash when entering into the contract. The terms of the swap agreement do not specify any terms under which there will be an unscheduled end to the instrument. The interest rate swap is secured by semi-annual concession fees paid by Olympia to the DDA, which will commence July 2, 2018.

Note 4 - Restricted Assets

The restricted assets of the primary government are restricted for the following purposes:

	Governmental Activities	Business-type Activities	Total
Unspent bond proceeds and related interest	\$ 82,052,031	\$ -	\$ 82,052,031
Other debt related reserves and escrow balances	48,811,453	21,704,388	70,515,841
Distributable State Aid proceeds received and held in escrow pursuant to various agreements	20,451,058	-	20,451,058
Amounts held in escrow from various restricted sources	24,663,163	-	24,663,163
Amounts required to be set aside by oversight agencies for grants	24,070,319	-	24,070,319
Restricted cash held at the State for income taxes	15,411,170	-	15,411,170
Other various assets restricted by source and irrevocable held in trust or escrow	4,482,467	-	4,482,467
Other	5,327,415	-	5,327,415
Total	\$ 225,269,076	\$ 21,704,388	\$ 246,973,464

These balances in restricted assets are composed of the following:

	Governmental Activities	Business-type Activities	Total
Restricted cash and cash equivalents	\$ 203,357,906	\$ 21,704,388	\$ 225,062,294
Restricted assets - Cash held at the State of Michigan	15,411,170	-	15,411,170
Restricted - Advances to component unit	6,500,000	-	6,500,000
Total	\$ 225,269,076	\$ 21,704,388	\$ 246,973,464

Note 5 - Deferred Inflows/Outflows

	Governmental Funds	Governmental Activities	Business-type Activities
Deferred Inflows			
Revenue received past the period of availability	\$ 238,588,848	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	117,286,240	15,025,916
Changes in pension assumptions	-	1,417,013	10,060,153
Other deferred inflows	-	-	3,338
Total	<u>\$ 238,588,848</u>	<u>\$ 118,703,253</u>	<u>\$ 25,089,407</u>
Deferred Outflows			
Employer pension contributions made after the measurement date	\$ -	\$ 106,881,646	\$ 22,189,619
Net difference between projected and actual earnings on pension plan investments	-	-	990,632
Other deferred outflows	-	3,338	-
Total	<u>\$ -</u>	<u>\$ 106,884,984</u>	<u>\$ 23,180,251</u>

Note 6 - Interfund Receivables, Payables, and Transfers

(a) Balances Due from/to Other Funds

During the course of operations, numerous transactions occur between the City funds for goods provided and services rendered and for the reimbursement of expenditures. Related interfund receivables and payables are classified as “due from other funds” and “due to other funds” on the balance sheet and statement of net position and will be settled within one year. Interfund receivables and payables at June 30, 2016 are as follows:

Due To	Due From							
	General Fund	Nonmajor Governmental Funds	Sewage Disposal Fund	Transportation Fund	Water Fund	Nonmajor Enterprise Funds	Fiduciary Funds	Total Assets
General Fund	\$ -	\$13,696,721	\$ 7,955,833	\$ 877,531	\$ 9,561,490	\$ 9,362,859	\$ 1,824,474	\$ 43,278,908
Nonmajor Governmental Funds	44,236,069	6,483,795	47,539	-	50,994	37,920	-	50,856,317
Sewage Disposal Fund	-	-	-	-	4,445,319	-	-	4,445,319
Transportation Fund	17,336,969	-	-	-	-	-	1,294,776	18,631,745
Water Fund	13,599,079	120,431	8,025,263	-	-	39	-	21,744,812
Nonmajor Proprietary Fund	2,140,223	368,830	-	-	-	185	-	2,509,238
Fiduciary Funds (1)	7,491,605	103,814	1,784,357	500,953	1,452,731	751,754	-	12,085,214
Total liabilities	<u>\$ 84,803,945</u>	<u>\$20,773,591</u>	<u>\$17,812,992</u>	<u>\$ 1,378,484</u>	<u>\$15,510,534</u>	<u>\$ 10,152,757</u>	<u>\$ 3,119,250</u>	<u>\$153,551,553</u>

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

Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

(b) Transfers

During the course of the fiscal year, transactions occur between the City's funds for operating subsidies. Related interfund receipts and disbursements are classified as "transfers in" and "transfers out" on the statements of revenue, expenditures/expenses, and changes in fund balances/net position. The transfers are routine and consistent with the activities of the funds. Transfers between funds during the year ended June 30, 2016 are as follows:

Transfers In	Transfers Out General Fund
Transportation Fund	\$ 62,706,722
Nonmajor Proprietary Funds	<u>19,367,378</u>
Total	<u>\$ 82,074,100</u>

The General Fund transferred \$82.1 million to other funds. The largest transfer from the General Fund was made to the Transportation Fund for \$62.7 million.

The Major Street Fund transferred \$8.4 million to the Local Street Fund.

June 30, 2016

Note 7 - Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015 (As Restated)	Additions	Reclassifications	Balance June 30, 2016
Governmental Activities				
Nondepreciable capital assets:				
Land	\$ 369,372,281	\$ -	\$ -	\$ 369,372,281
Works of art	29,788,133	-	-	29,788,133
Construction in progress	19,046,535	19,194,634	(16,274,807)	21,966,362
Total nondepreciable capital assets	418,206,949	19,194,634	(16,274,807)	421,126,776
Depreciable capital assets:				
Buildings and improvements	1,096,935,254	32,084,560	8,992,405	1,138,012,219
Machinery, equipment, and fixtures	265,708,861	27,687,796	4,918,642	298,315,299
Infrastructure	1,192,075,275	39,174,296	2,363,760	1,233,613,331
Total depreciable capital assets	2,554,719,390	98,946,652	16,274,807	2,669,940,849
Less accumulated depreciation for:				
Buildings and improvements	500,097,803	31,383,921	-	531,481,724
Machinery, equipment, and fixtures	207,912,860	17,142,710	-	225,055,570
Infrastructure	851,938,943	34,714,466	-	886,653,409
Total accumulated depreciation	1,559,949,606	83,241,097	-	1,643,190,703
Total governmental activities capital assets - Net	<u>\$ 1,412,976,733</u>	<u>\$ 34,900,189</u>	<u>\$ -</u>	<u>\$ 1,447,876,922</u>

Depreciation expense for governmental activities for the year ended June 30, 2016 was charged to functions as follows:

Public protection	\$ 12,695,286
Health	23,230
Recreation and culture	9,231,459
Economic development	9,132,655
Housing supply and conditions	887,726
Physical environment	11,085,093
Transportation facilitation	28,612,201
Development and management	11,573,447
Total	<u>\$ 83,241,097</u>

June 30, 2016

Note 7 - Capital Assets (Continued)

	Balance at June 30, 2015	Activity Through December 31, 2015	Bifurcation at January 1, 2016 (Note 13)	Activity Through June 30, 2016	Balance at June 30, 2016
Business-type Activities					
Water Fund:					
Nondepreciable capital assets:					
Land and land rights	\$ 8,872,365	\$ 33,559	\$ (7,578,287)	\$ -	\$ 1,327,637
Construction in progress	184,815,383	(24,150,201)	(149,233,312)	6,187,336	17,619,206
Total nondepreciable capital assets	193,687,748	(24,116,642)	(156,811,599)	6,187,336	18,946,843
Depreciable capital assets:					
Land improvements	115,911,645	3,350,789	(114,471,069)	-	4,791,365
Buildings and structures	684,377,278	29,028,545	(658,234,621)	230,379	55,401,581
Mains	1,034,926,486	35,899,678	(584,704,641)	433,905	486,555,428
Services	51,838,576	-	(2,857,167)	-	48,981,409
Meters	124,814,348	1,408,968	(80,250)	-	126,143,066
Machinery, equipment, and fixtures	1,180,385,651	(94,640,881)	(991,148,353)	(17,890,714)	76,705,703
Total depreciable capital assets	3,192,253,984	(24,952,901)	(2,351,496,101)	(17,226,430)	798,578,551
Total capital assets	3,385,941,732	(40,079,264)	(2,508,307,700)	(11,039,095)	817,525,394
Less accumulated depreciation:					
Land improvements	24,159,900	1,255,137	(24,099,052)	33,613	1,349,598
Buildings and structures	307,769,219	9,287,317	(276,346,435)	514,336	41,224,437
Mains	381,866,137	7,609,941	(266,417,371)	3,509,192	126,567,899
Services	28,734,161	303,709	307,146	278,111	29,623,127
Meters	59,811,834	2,530,161	-	2,473,332	64,815,327
Machinery, equipment, and fixtures	633,883,767	(23,952,672)	(555,678,567)	(17,214,730)	37,037,798
Total accumulated depreciation	1,436,225,018	(2,966,407)	(1,122,234,279)	(10,406,146)	300,618,186
Total Water Fund capital assets - Net	\$ 1,949,716,714	\$ (37,112,857)	\$ 1,386,073,421	\$ (632,949)	\$ 516,907,208

June 30, 2016

Note 7 - Capital Assets (Continued)

	Balance at June 30, 2015	Activity Through December 31, 2015	Bifurcation at January 1, 2016 (Note 13)	Activity Through June 30, 2016	Balance at June 30, 2016
Business-type Activities					
Sewage Disposal Fund:					
Nondepreciable capital assets:					
Land and land rights	\$ 37,926,842	\$ (4,049)	\$ (37,850,467)	\$ -	\$ 72,326
Construction in progress	<u>336,990,773</u>	<u>(141,300,227)</u>	<u>(190,891,991)</u>	<u>3,065,121</u>	<u>7,863,676</u>
Total nondepreciable capital assets	374,917,615	(141,304,276)	(228,742,458)	3,065,121	7,936,002
Depreciable capital assets:					
Land improvements	76,800,884	3,010,312	(73,043,822)	(70,934)	6,696,440
Buildings and structures	2,131,248,725	(118,609,293)	(1,523,051,997)	1,008,707	490,596,142
Interceptors and regulators	205,749,861	(1,985,751)	(203,542,142)	-	221,968
Machinery, equipment, and fixtures	<u>1,763,074,059</u>	<u>120,694,252</u>	<u>(1,763,095,205)</u>	<u>(16,151,123)</u>	<u>104,521,983</u>
Total depreciable capital assets	<u>4,176,873,529</u>	<u>3,109,520</u>	<u>(3,562,733,166)</u>	<u>(15,213,350)</u>	<u>602,036,533</u>
Total capital assets	4,551,791,144	(138,194,756)	(3,791,475,624)	(12,148,229)	609,972,535
Less accumulated depreciation:					
Land improvements	23,597,272	544,444	(22,687,826)	50,392	1,504,282
Buildings and structures	704,399,210	(55,364,271)	(570,336,960)	3,841,578	82,539,557
Interceptors and regulators	74,818,550	572,182	(75,346,061)	1,665	46,336
Machinery, equipment, and fixtures	<u>879,830,554</u>	<u>7,538,953</u>	<u>(828,076,039)</u>	<u>(13,804,102)</u>	<u>45,489,366</u>
Total accumulated depreciation	<u>1,682,645,586</u>	<u>(46,708,692)</u>	<u>(1,496,446,886)</u>	<u>(9,910,467)</u>	<u>129,579,541</u>
Total Sewage Disposal Fund capital assets - Net	<u>\$ 2,869,145,558</u>	<u>\$ 91,486,064</u>	<u>\$ (2,295,028,738)</u>	<u>\$ (2,237,762)</u>	<u>\$ 480,392,994</u>

June 30, 2016

Note 7 - Capital Assets (Continued)

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016
Business-type Activities				
Transportation Fund:				
Nondepreciable capital assets:				
Land and land rights	\$ 7,578,462	\$ -	\$ (56,427)	\$ 7,522,035
Construction in progress	415,929	70,217	(131,517)	354,629
Total nondepreciable capital assets	7,994,391	70,217	(187,944)	7,876,664
Depreciable capital assets:				
Buildings and structures	152,929,632	119,660	(6,074,942)	146,974,350
Vehicles and buses	149,181,789	8,838,274	(31,042,756)	126,977,307
Machinery, equipment, and fixtures	53,938,759	605,891	(26,190,790)	28,353,860
Total depreciable capital assets	356,050,180	9,563,825	(63,308,488)	302,305,517
Total capital assets	364,044,571	9,634,042	(63,496,432)	310,182,181
Less accumulated depreciation:				
Buildings and structures	64,967,699	4,776,015	(5,987,505)	63,756,209
Vehicles and buses	87,007,087	10,826,697	(29,937,809)	67,895,975
Machinery, equipment, and fixtures	40,333,758	3,506,922	(24,988,234)	18,852,446
Total accumulated depreciation	192,308,544	19,109,634	(60,913,548)	150,504,630
Total Transportation Fund capital assets - Net	<u>\$ 171,736,027</u>	<u>\$ (9,475,592)</u>	<u>\$ (2,582,884)</u>	<u>\$ 159,677,551</u>

June 30, 2016

Note 7 - Capital Assets (Continued)

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016
Business-type Activities				
Nonmajor Proprietary Funds:				
Automobile Parking Fund:				
Nondepreciable capital assets:				
Land and land rights	\$ 4,967,313	\$ 12,400	\$ (738,440)	\$ 4,241,273
Construction in progress	<u>1,788,971</u>	<u>2,692,580</u>	<u>-</u>	<u>4,481,551</u>
Total nondepreciable capital assets	6,756,284	2,704,980	(738,440)	8,722,824
Depreciable capital assets:				
Land improvements	214,908	-	-	214,908
Buildings and structures	200,066,403	-	(2,071,794)	197,994,609
Vehicles and buses	1,254,151	652,997	(724,431)	1,182,717
Machinery, equipment, and fixtures	<u>5,033,100</u>	<u>2,364,233</u>	<u>(2,562,588)</u>	<u>4,834,745</u>
Total depreciable capital assets	<u>206,568,562</u>	<u>3,017,230</u>	<u>(5,358,813)</u>	<u>204,226,979</u>
Total capital assets	213,324,846	5,722,210	(6,097,253)	212,949,803
Less accumulated depreciation:				
Land improvements	204,576	2,813	-	207,389
Buildings and structures	140,906,172	2,074,993	(2,071,782)	140,909,383
Vehicles and buses	1,231,655	15,112	(362,632)	884,135
Machinery, equipment, and fixtures	<u>3,196,476</u>	<u>318,746</u>	<u>(256,169)</u>	<u>3,259,053</u>
Total accumulated depreciation	<u>145,538,879</u>	<u>2,411,664</u>	<u>(2,690,583)</u>	<u>145,259,960</u>
Total Automobile Parking Fund capital assets - Net	<u>\$ 67,785,967</u>	<u>\$ 3,310,546</u>	<u>\$ (3,406,670)</u>	<u>\$ 67,689,843</u>

June 30, 2016

Note 7 - Capital Assets (Continued)

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016
Business-type Activities				
Airport Fund:				
Nondepreciable capital assets -				
Land and land rights	\$ 17,461,958	\$ -	\$ (1,439,986)	\$ 16,021,972
Depreciable capital assets:				
Land improvements	10,916,778	-	(1,085,837)	9,830,941
Buildings and structures	5,853,773	762,126	-	6,615,899
Vehicles and buses	1,326,693	-	(1,077,004)	249,689
Machinery, equipment, and fixtures	<u>1,852,927</u>	<u>-</u>	<u>(285,272)</u>	<u>1,567,655</u>
Total depreciable capital assets	<u>19,950,171</u>	<u>762,126</u>	<u>(2,448,113)</u>	<u>18,264,184</u>
Total capital assets	37,412,129	762,126	(3,888,099)	34,286,156
Less accumulated depreciation:				
Land improvements	7,800,718	183,929	-	7,984,647
Buildings and structures	5,309,430	16,979	-	5,326,409
Vehicles and buses	1,326,693	-	(1,077,004)	249,689
Machinery, equipment, and fixtures	<u>1,609,349</u>	<u>15,462</u>	<u>(6,473)</u>	<u>1,618,338</u>
Total accumulated depreciation	<u>16,046,190</u>	<u>216,370</u>	<u>(1,083,477)</u>	<u>15,179,083</u>
Total Airport Fund capital assets - Net	<u>\$ 21,365,939</u>	<u>\$ 545,756</u>	<u>\$ (2,804,622)</u>	<u>\$ 19,107,073</u>
Public Lighting Authority:				
Nondepreciable capital assets -				
Construction in progress	\$ 79,459,024	\$ 60,688,555	\$ -	\$ 140,147,579
Depreciable capital assets -				
Machinery, equipment, and fixtures	<u>549,483</u>	<u>239,215</u>	<u>-</u>	<u>788,698</u>
Total capital assets	80,008,507	60,927,770	-	140,936,277
Less accumulated depreciation -				
Machinery, equipment, and fixtures	<u>55,266</u>	<u>133,108</u>	<u>-</u>	<u>188,374</u>
Total Public Lighting Authority Fund capital assets - Net	<u>\$ 79,953,241</u>	<u>\$ 60,794,662</u>	<u>\$ -</u>	<u>\$ 140,747,903</u>
Total Nonmajor Proprietary Fund capital assets - Net	<u>\$169,105,147</u>	<u>\$ 64,650,964</u>	<u>\$ (6,211,292)</u>	<u>\$ 227,544,819</u>

June 30, 2016

Note 7 - Capital Assets (Continued)

Component Unit	Balance			Balance
	June 30, 2015	Additions	Retirements	June 30, 2016
Detroit Housing Commission:				
Nondepreciable capital assets:				
Land	\$ 71,626,584	\$ 144,945	\$ -	\$ 71,771,529
Construction in progress	<u>3,865,792</u>	<u>504,241</u>	<u>(144,945)</u>	<u>4,225,088</u>
Total nondepreciable capital assets	75,492,376	649,186	(144,945)	75,996,617
Depreciable capital assets:				
Structures and improvements	85,447,467	-	(669,002)	84,778,465
Equipment	<u>7,435,579</u>	<u>-</u>	<u>-</u>	<u>7,435,579</u>
Total depreciable capital assets	<u>92,883,046</u>	<u>-</u>	<u>(669,002)</u>	<u>92,214,044</u>
Total capital assets	168,375,422	649,186	(813,947)	168,210,661
Less accumulated depreciation:				
Structures and improvements	32,012,880	4,452,744	(417,201)	36,048,423
Equipment	<u>5,136,470</u>	<u>872,005</u>	<u>-</u>	<u>6,008,475</u>
Total accumulated depreciation	<u>37,149,350</u>	<u>5,324,749</u>	<u>(417,201)</u>	<u>42,056,898</u>
Total Detroit Housing Commission - Net	<u>\$ 131,226,072</u>	<u>\$ (4,675,563)</u>	<u>\$ (396,746)</u>	126,153,763
			DHC component unit net capital assets	<u>218,225,281</u>
			Total DHC net capital assets	<u>\$ 344,379,044</u>

June 30, 2016

Note 7 - Capital Assets (Continued)

Component Unit	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016
Downtown Development Authority:				
Nondepreciable capital assets:				
Land	\$ 46,900,670	\$ -	\$ -	\$ 46,900,670
Construction in progress	<u>60,939,480</u>	<u>164,753,612</u>	<u>-</u>	<u>225,693,092</u>
Total nondepreciable capital assets	107,840,150	164,753,612	-	272,593,762
Depreciable capital assets:				
Buildings	50,050,177	-	-	50,050,177
Equipment	68,446	-	-	68,446
Leasehold improvements	<u>2,984,623</u>	<u>74,975</u>	<u>-</u>	<u>3,059,598</u>
Total depreciable capital assets	<u>53,103,246</u>	<u>74,975</u>	<u>-</u>	<u>53,178,221</u>
Total capital assets	160,943,396	164,828,587	-	325,771,983
Less accumulated depreciation:				
Buildings	16,132,901	1,668,340	-	17,801,241
Equipment	68,446	-	-	68,446
Leasehold improvements	<u>1,902,725</u>	<u>349,788</u>	<u>-</u>	<u>2,252,513</u>
Total accumulated depreciation	<u>18,104,072</u>	<u>2,018,128</u>	<u>-</u>	<u>20,122,200</u>
Total Downtown Development Authority				
Commission - Net	<u>\$ 142,839,324</u>	<u>\$ 162,810,459</u>	<u>\$ -</u>	<u>\$ 305,649,783</u>

See Note 12 for discussion of commitments related to construction activities.

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

Capital asset impairment - The Water and Sewage Disposal Funds have reported impairments of \$35,044,941 and \$63,986,074, respectively, as a nonoperating expense. This impairment represents the determination that certain construction work in progress costs will not ultimately result in a future capital asset.

June 30, 2016

Note 8 - Long-term Obligations

(a) Changes in Long-term Obligations

Changes in long-term obligations for the year ended June 30, 2016 were as follows:

	Balance June 30, 2015	Increase	Decrease	Balance June 30, 2016	Amount Due Within One Year
Governmental Activities					
General obligation bonds*	\$ 1,609,844,120	\$ 246,813,835	\$ (325,597,425)	\$ 1,531,060,530	\$ 53,184,797
Notes payable	80,802,000	-	(8,214,000)	72,588,000	-
Loans payable	1,965,697	-	(1,965,697)	-	-
Total bonds, notes, and loans payable	1,692,611,817	246,813,835	(335,777,122)	1,603,648,530	53,184,797
Add unamortized premiums	9,280,510	-	(606,564)	8,673,946	606,563
Total bonds, notes, and Loans payable - Net	1,701,892,327	246,813,835	(336,383,686)	1,612,322,476	53,791,360
Other long-term liabilities:					
Accrued compensated absences	75,366,379	36,157,602	(31,323,731)	80,200,250	31,323,731
Accrued workers' compensation	66,057,000	26,680,389	(25,202,389)	67,535,000	5,503,000
Claims and judgments	49,316,569	14,704,329	(17,210,387)	46,810,511	1,432,512
Accrued pollution remediation	54,625	-	-	54,625	-
Death benefit obligation	1,095,164	230,893	(69,157)	1,256,900	-
Total other long-term liabilities	191,889,737	77,773,213	(73,805,664)	195,857,286	38,259,243
Total governmental activities	<u>\$ 1,893,782,064</u>	<u>\$ 324,587,048</u>	<u>\$ (410,189,350)</u>	<u>\$ 1,808,179,762</u>	<u>\$ 92,050,603</u>

* Prior to fiscal year ended June 30, 2016, the City reported the portion of the B(1) and B(2) debt that is allocated to the Detroit Regional Convention Facility Authority (Cobo Hall) on a net basis. During the fiscal year ended June 30, 2016, the City reflected the debt allocation on a gross basis, recording the amount of the debt and the amount to be received from Cobo Hall, which is \$1,813,835 of the amount reported as an increase here.

June 30, 2016

Note 8 - Long-term Obligations (Continued)

	Balance at June 30, 2015	Activity Through December 31, 2015	Bifurcation at January 1, 2016 (Note 13)	Activity Through June 30, 2016	Balance at June 30, 2016	Amount Due Within One Year
Business-type Activities						
Water Fund:						
Revenue obligations:						
Revenue bonds payable	\$ 2,375,375,000	\$ (79,075,000)	\$ (2,296,300,000)	\$ -	\$ -	\$ -
State revolving loans	18,768,761	(1,385,000)	(17,383,761)	-	-	-
Contractual obligation to GLWA	-	-	395,639,923	-	395,639,923	9,540,945
Subtotal - Revenue obligations	2,394,143,761	(80,460,000)	(1,918,043,838)	-	395,639,923	9,540,945
General obligations - Financial recovery bonds	30,236,203	-	-	(247,295)	29,988,908	259,657
Face value of obligations	2,424,379,964	(80,460,000)	(1,918,043,838)	(247,294)	425,628,832	9,800,602
Unamortized bond premiums	90,962,974	11,214,883	(102,177,857)	-	-	-
Other long-term liabilities:						
Compensated absences	6,433,245	(415,170)	(4,647,293)	(645,106)	725,676	6,834
Workers' compensation	5,857,460	(726,460)	(3,959,841)	(64,799)	1,106,360	631,170
Claims and judgments	6,987,000	(1,731,006)	(5,255,994)	-	-	-
Death benefit obligation	302,920	34,864	-	-	337,784	-
Total Water Fund long-term debt	\$ 2,534,923,563	\$ (72,082,889)	\$ (2,034,084,823)	\$ (957,199)	\$ 427,798,652	\$ 10,438,606

	Balance at June 30, 2015	Activity Through December 31, 2015	Bifurcation at January 1, 2016 (Note 13)	Activity Through June 30, 2016	Balance at June 30, 2016	Amount Due Within One Year
Business-type Activities						
Sewage Disposal Fund:						
Revenue obligations:						
Revenue bonds payable	\$ 2,878,635,000	\$ (76,840,000)	\$ (2,801,795,000)	\$ -	\$ -	\$ -
State revolving loans	494,320,660	(4,833,610)	(489,487,050)	-	-	-
Contractual obligation to GLWA	-	-	320,768,112	(9,794,422)	310,973,690	8,928,590
Subtotal - Revenue obligations	3,372,955,660	(81,673,610)	(2,970,513,938)	(9,794,422)	310,973,690	8,928,590
General obligations - Financial recovery bonds	50,393,667	-	-	(412,156)	49,981,511	432,761
Face value of obligations	3,423,349,327	(81,673,610)	(2,970,513,938)	(10,206,578)	360,955,201	9,361,351
Discount on capital appreciation bonds	(5,081,829)	-	5,081,829	-	-	-
Unamortized bond premiums	115,151,824	12,451,881	(127,603,705)	-	-	-
Other long-term liabilities - Compensated absences	4,620,794	151,781	(3,685,489)	937,931	2,025,017	1,078,262
Workers' compensation	7,764,540	(963,540)	(5,757,203)	-	1,043,797	1,017,850
Claims and judgments	13,816,600	4,367,000	(18,183,600)	-	-	-
Death benefit obligation	282,529	25,904	-	-	308,433	-
Total Sewer Fund long-term debt	\$ 3,559,903,785	\$ (69,942,484)	\$ (3,120,662,106)	\$ (9,268,647)	\$ 364,332,448	\$ 11,457,463

June 30, 2016

Note 8 - Long-term Obligations (Continued)

	Balance June 30, 2015	Increase	Decrease	Balance June 30, 2016	Amount Due Within One Year
Business-type Activities					
Transportation Fund:					
General obligation - Financial recovery bonds	\$ 49,661,781	\$ -	\$ (408,777)	\$ 49,253,004	\$ 429,216
Other long-term liabilities:					
Accrued compensated absences	2,926,840	2,409,860	(2,301,372)	3,035,328	2,301,373
Accrued long-term:					
Disability	1,906,506	128,219	(367,997)	1,666,728	368,096
Death benefit obligation	<u>332,860</u>	<u>62,027</u>	<u>(10,377)</u>	<u>384,510</u>	<u>-</u>
Total other long-term liabilities	<u>5,166,206</u>	<u>2,600,106</u>	<u>(2,679,746)</u>	<u>5,086,566</u>	<u>2,669,469</u>
Total Transportation Fund	<u>\$ 54,827,987</u>	<u>\$ 2,600,106</u>	<u>\$ (3,088,523)</u>	<u>\$ 54,339,570</u>	<u>\$ 3,098,685</u>

June 30, 2016

Note 8 - Long-term Obligations (Continued)

	Balance		Balance		Amount
	June 30, 2015	Increase	Decrease	June 30, 2016	Due Within One Year
Business-type Activities					
Nonmajor Proprietary Funds:					
Automobile Parking Fund:					
General obligation - Financial recovery bonds	\$ 700,204	\$ -	\$ -	\$ 700,204	\$ -
Other long-term liabilities:					
Accrued compensated absences	184,872	16,126	(69,560)	131,438	69,560
Accrued workers' compensation	631,000	-	(375,000)	256,000	23,000
Claims and judgments	68,314	-	(31,314)	37,000	-
Death benefit obligation	8,090	2,165	(399)	9,856	-
Total other long-term liabilities	892,276	18,291	(476,273)	434,294	92,560
Total Automobile Parking Fund	<u>\$ 1,592,480</u>	<u>\$ 18,291</u>	<u>\$ (476,273)</u>	<u>\$ 1,134,498</u>	<u>\$ 92,560</u>
Airport Fund:					
General obligation - Financial recovery bonds - Airport	\$ 552,308	\$ -	\$ -	\$ 552,308	\$ -
Accrued compensated absences	18,642	24,175	(26,605)	16,212	16,212
Accrued workers' compensation	82,000	-	(80,000)	2,000	-
Claims and judgments	80,000	1,920,000	-	2,000,000	-
Death benefit obligation	2,236	315	(29)	2,522	-
Total Airport Fund	<u>\$ 735,186</u>	<u>\$ 1,944,490</u>	<u>\$ (106,634)</u>	<u>\$ 2,573,042</u>	<u>\$ 16,212</u>
Public Lighting Authority:					
General obligation bonds (including \$10,484,834 premium)	\$ 195,819,292	\$ -	\$ (6,374,458)	\$ 189,444,834	\$ 374,458
Total Other Proprietary Funds	<u>\$ 198,146,958</u>	<u>\$ 1,962,781</u>	<u>\$ (6,957,365)</u>	<u>\$ 193,152,374</u>	<u>\$ 483,230</u>
Component Unit - Detroit Public Library:					
General obligation - Financial recovery bonds	\$ 10,775,574	\$ -	\$ (94,329)	\$ 10,681,245	\$ 99,045
Other long-term liabilities:					
Accrued compensated absences	2,755,609	1,207,707	(1,319,537)	2,643,779	1,319,537
Accrued workers' compensation	210,000	-	(67,000)	143,000	-
Other postemployment benefit	240,189	11,502	-	251,691	-
Total other long-term liabilities	3,205,798	1,219,209	(1,386,537)	3,038,470	1,319,537
Total Detroit Public Library Fund	<u>\$ 3,940,984</u>	<u>\$ 1,219,209</u>	<u>\$ (1,480,866)</u>	<u>\$ 13,719,715</u>	<u>\$ 1,418,582</u>

June 30, 2016

Note 8 - Long-term Obligations (Continued)**(b) General Obligation Bonds****Governmental Activities**

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

2014-B(1) and B(2)

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

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

Note 8 - Long-term Obligations (Continued)

2014-C Bonds

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

Use	Series C Bonds
POC settlement w ith Syncora	\$ 21,271,804
POC settlement w ith FGIC	<u>67,158,217</u>
Total	<u>\$ 88,430,021</u>

As part of the bifurcation of DWSD as noted in Note 13, the Great Lakes Water Authority agreed to pay a portion of the Financial Recovery Bonds (2014-B(1), 2014-B(2) and 2014-C) that were allocated to DWSD. DWSD’s allocation outstanding as of June 30, 2016 is approximately \$80 million and GLWA has agreed to pay approximately \$60 million.

2014 - A and B Bonds (reoffered as 2014 - F(1) and F(2))

The Financial Recovery Income Tax Revenue and Refunding Bonds, Series 2014-A and Series 2014-B, totaled \$134,725,000 and \$140,275,000, respectively. The bonds’ interest rate at issuance was variable but was converted to a fixed rate in September 2015 when it was reoffered to the public as Series F(1) for \$134,725,000 and Series F(2) for \$110,275,000. The Series 2014-F(1) Bonds are tax exempt and mature on October 1, 2029 and the Series-F(2) Bonds are taxable and mature on October 1, 2022. The City’s income tax revenue is pledged to and secures the payment of debt service on these bonds. The bond proceeds were used to: (1) redeem the Series 2014 Financial Recovery Bonds, “Quality of Life”, issued in April 2014; (2) fund a debt service reserve for the bonds; (3) provide additional funding for the City’s reinvestment and revitalization initiatives; (4) pay the final installment of the settlement of the Class 5 POC Swap Claims; and (5) pay the costs of issuance of the bonds. The use of proceeds for each original series is detailed as follows:

Use	Series A	Series B	Total
Redeem quality of life financing	\$ 61,353,638	\$ 58,751,362	\$ 120,105,000
Debt service reserve	13,472,500	14,027,500	27,500,000
Issuance and other costs	1,834,028	1,906,319	3,740,347
Restructuring initiatives (RRI)	58,064,834	27,619,890	85,684,724
Derivatives (sw ap settlement pay-off)	-	<u>37,969,929</u>	<u>37,969,929</u>
Total	<u>\$ 134,725,000</u>	<u>\$ 140,275,000</u>	<u>\$ 275,000,000</u>

Note 8 - Long-term Obligations (Continued)***2014-A1-K2 Bonds***

The UTGO (Unlimited Tax General Obligation) Restructured Local Project Bonds Fourth Lien totals \$287,560,790. The City's unlimited tax annual debt millage levy will provide the debt service requirements for these bonds. If the debt millage is insufficient, then the City's distributable state aid and General Fund will be required to make up any deficiency. The bonds were issued to restructure \$287,560,790 of the original UTGO bonds outstanding before the Effective Date. The UTGO debt has been restructured by the issuance and delivery to the Michigan Finance Authority (MFA) of 22 series of new City bonds, each corresponding to an equivalent principal amount of the 11 series of original, prepetition UTGO bonds, with the same interest rate, maturity, and redemption provisions as the original UTGO bonds. The bonds are comprised of subseries (2014-A1-K2). The 2014A1-K2 bonds total \$287,560,790 and on the Effective Date, \$279,618,950 of the bonds was delivered to the original UTGO bondholders and \$7,941,840 of the bonds was delivered to the UTGO bond insurers.

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

June 30, 2016

Note 8 - Long-term Obligations (Continued)

Schedule of General Obligation Bonds

The following is a schedule of general obligation bonds outstanding at June 30, 2016:

	Bond Date	Amount Issued	Range of Interest Rates	Maturity Date	Balance June 30, 2016
Governmental Activities					
General Obligation Bonds - Unlimited Tax:					
Series 1999-A	4/1/99	\$ 28,020,000	5.0%	4/1/16-19	\$ 1,299,520 a
Series 2001-A(1)	7/15/01	83,200,000	5.0 to 5.375	4/1/16-21	8,200,600 a
Series 2002	8/2/02	29,205,000	5.125	4/1/21-22	870,495 a
Series 2003-A	10/21/03	34,380,000	4.50 to 5.25	4/1/16-23	3,383,730 a
Series 2004-A(1)	9/9/04	39,270,000	4.25 to 5.25	4/1/19-24	5,144,370 a
Series 2004-B(1)	9/9/04	29,365,000	4.00 to 5.25	4/1/16-18	1,517,635 a
Series 2004-B(2)	9/9/04	12,270,000	5.24	4/1/16-18	33,405
Series 2005-B	12/13/05	37,920,000	4.30 to 5.00	4/1/17-25	4,967,520 a
Series 2005-C	12/13/05	10,795,000	4.30 to 5.25	4/1/17-20	1,414,145 a
Series 2008-A	6/9/08	15,120,000	4.00 to 5.00	4/1/16-18	850,845
Series 2008-A	6/9/08	43,510,000	5.00	4/1/19-28	5,699,810 a
Series 2008-B(1)	6/9/08	66,475,000	5.00	4/1/16-18	965,470
Series 2010-E (Recovery Zone Economic Development Bonds)					
	12/16/10	100,000,000	5.129 to 8.369	11/1/15-35	96,130,000 a
Series 2014G-1A	12/10/14	13,321,425	5.00	4/1/16-19	8,382,400
Series 2014G-1B	12/10/14	378,360	5.00	4/1/16-19	238,080
Series 2014G-2A	12/10/14	63,206,000	5.00 to 5.375	4/1/16-21	52,897,000
Series 2014G-2B	12/10/14	1,795,200	5.00 to 5.375	4/1/16-21	1,502,400
Series 2014G-3A	12/10/14	5,615,025	5.125	4/1/21-22	5,615,025
Series 2014G-3B	12/10/14	159,480	5.125	4/1/21-22	159,480
Series 2014G-4A	12/10/14	26,765,375	4.50 to 5.25	4/1/16-23	21,826,350
Series 2014G-4B	12/10/14	760,200	4.50 to 5.25	4/1/16-23	619,920
Series 2014G-5A	12/10/14	33,183,150	4.25 to 5.25	4/1/19-24	33,183,150
Series 2014G-5B	12/10/14	942,480	4.25 to 5.25	4/1/19-24	942,480
Series 2014G-6A	12/10/14	24,813,425	4.00 to 5.25	4/1/16-18	9,789,325
Series 2014G-6B	12/10/14	704,760	4.00 to 5.25	4/1/16-18	278,040
Series 2014G-7A	12/10/14	485,875	5.24	4/1/16-18	215,475
Series 2014G-7B	12/10/14	13,800	5.24	4/1/16-18	6,120
Series 2014G-8A	12/10/14	36,009,675	4.30 to 5.00	4/1/16-25	32,042,400
Series 2014G-8B	12/10/14	1,022,760	4.30 to 5.00	4/1/16-25	910,080
Series 2014G-9A	12/10/14	13,118,625	4.30 to 5.25	4/1/16-20	9,121,775
Series 2014G-9B	12/10/14	372,600	4.30 to 5.25	4/1/16-20	259,080
Series 2014G-10A	12/10/14	47,231,275	4.00 to 5.00	4/1/16-28	42,254,225
Series 2014G-10B	12/10/14	1,341,480	4.00 to 5.00	4/1/16-28	1,200,120
Series 2014G-11A	12/10/14	15,869,100	5.00	4/1/16-18	6,227,650
Series 2014G-11B	12/10/14	450,720	5.00	4/1/16-18	176,880
Total General Obligation Bonds - Unlimited Tax					<u>\$ 358,325,000</u>

June 30, 2016

Note 8 - Long-term Obligations (Continued)

	Bond Date	Amount Issued	Range of Interest Rates	Maturity Date	Balance June 30, 2016
Governmental Activities (Continued)					
General Obligation Bonds - Limited Tax:					
Series 2012C- Self-insurance Bonds	8/23/2012	\$ 129,520,000	3.00 to 5.00%	11/1/15-32	\$ 120,725,000
Series 2014-B(1) Financial Recovery	12/10/2014	494,095,548	4.00 to 6.00	4/1/25-44	494,095,548
Series 2014-B(2) Financial Recovery	12/10/2014	12,924,806	4.00 to 6.00	4/1/25-44	12,924,806
Series 2014-C Financial Recovery	12/10/2014	70,425,669	5.00	6/1/16-12/10/26	63,420,176
Series 2014F(1) Serial - Quality of Life	9/1/2015	37,660,000	3.40 to 4.00	10/1/20-29	37,660,000
Series 2014F(1) Term - Quality of Life	9/1/2015	97,065,000	4.50	10/1/20-10/1/24	97,065,000
Series 2014F(2) - Quality of Life	9/1/2015	110,275,000	4.60	10/1/2029	110,275,000
2010 Distributable State Aid	3/18/2010	249,790,000	4.25 to 5.25	10/1/2022	236,570,000
Total General Obligation Bonds - Limited Tax					<u>1,172,735,530</u>
Total General Obligation Bonds					<u>\$ 1,531,060,530</u>

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

	Bond Date	Amount Issued	Range of Interest Rates	Maturity Date	Balance June 30, 2016
Business-type Activities					
Water Fund					
General Obligation Bonds - Limited Tax:					
Series 2014-B(1)	12/10/2014	\$ 26,041,025	4.00 to 6.00%	4/1/25-44	\$ 26,041,025
Series 2014-B(2)	12/10/2014	499,054	4.00 to 6.00	4/1/25-44	499,054
Series 2014-C	12/10/2014	3,829,794	5.00	6/1/16-12/10/26	3,448,831
Total Water Fund General Obligation Bonds - Limited Tax					<u>\$ 29,988,910</u>
Sewage Disposal Fund					
General Obligation Bonds - Limited Tax:					
Series 2014-B(1)	12/10/2014	\$ 43,401,707	4.00 to 6.00%	4/1/25-44	\$ 43,401,707
Series 2014-B(2)	12/10/2014	831,756	4.00 to 6.00	4/1/25-44	831,756
Series 2014-C	12/10/2014	6,382,990	5.00	6/1/16-12/10/26	5,748,051
Total Sew age Disposal Fund General Obligation Bonds - Limited Tax					<u>\$ 49,981,514</u>
Transportation Fund					
General Obligation Bonds - Limited Tax:					
Series 2014-B(1)	12/10/2014	\$ 42,558,907	4.00 to 6.00%	4/1/25-44	\$ 42,558,907
Series 2014-B(2)	12/10/2014	993,130	4.00 to 6.00	4/1/25-44	993,130
Series 2014-C	12/10/2014	6,330,705	5.00	6/1/16-12/10/26	5,700,967
Total Transportation Fund General Obligation Bonds - Limited Tax					<u>\$ 49,253,004</u>

June 30, 2016

Note 8 - Long-term Obligations (Continued)

	Bond Date	Amount Issued	Range of Interest Rates	Maturity Date	Balance June 30, 2016	
Nonmajor Proprietary Funds						
Automobile Parking Fund						
General Obligation Bonds - Limited Tax:						
	Series 2014-B(1)	12/10/2014	\$ 684,540	4.00 to 6.00%	4/1/25-44	\$ 684,540
	Series 2014-B(2)	12/10/2014	15,664	4.00 to 6.00	4/1/25-44	15,664
Airport Fund						
General Obligation Bonds - Limited Tax:						
	Series 2014-B(1)	12/10/2014	539,953	4.00 to 6.00	4/1/25-44	539,953
	Series 2014-B(2)	12/10/2014	12,355	4.00 to 6.00	4/1/25-44	12,355
Public Lighting Authority Fund - General						
	Obligation Bonds	7/2/2014	195,819,292	3.00 to 5.00	4/1/25-44	<u>189,444,834</u>
Total Nonmajor Proprietary Funds General						
Obligation Bonds - Limited Tax					<u>\$ 190,697,346</u>	
Component Unit						
Detroit Public Library						
General Obligation Bonds - Limited Tax:						
	Series 2014-B(1)	12/10/2014	9,192,291	4.00 to 6.00	4/1/25-44	9,192,291
	Series 2014-B(2)	12/10/2014	173,408	4.00 to 6.00	4/1/25-44	173,408
	Series 2014-C	12/10/2014	1,460,864	5.00	6/1/16-12/10/26	<u>1,315,546</u>
Total Library General Obligation Bonds - Limited Tax					<u>\$ 10,681,245</u>	

Revenue Bonds

Water Fund and Sewage Disposal Fund

As a result of the lease agreement and resulting bifurcation discussed in Note 13, revenue bonds and SRF debt issuances that were previously issued by the City have been assumed as debt of the Great Lakes Water Authority. The liability of the Detroit retail class for its calculated share of this debt is reflected as part of the Contractual Obligation to the Great Lakes Water Authority.

As part of the lease transaction in which the City leased the regional water and sewer system of the Detroit Water and Sewerage Department (DWSD) to the Great Lakes Water Authority (GLWA), all DWSD revenue bonds outstanding as of December 31, 2015, including those purchased by the Michigan Finance Authority under its state revolving loan program, were assumed by GLWA with the consent of bond holders. Total bonds assumed by GLWA totaled \$2,313,683,761 and \$3,291,282,050 for water and sewage disposal funds respectively.

Per the Water and Sewer Services Agreement between DWSD and GLWA dated June 12, 2015 and the Master Bond Ordinances dated October 7, 2015, as amended, the Detroit retail class continues to pay its common-to-all share of debt service and its allocated share of debt service associated with improvements to the local water and sewer systems. Payments on the debt service incurred by the Great Lakes Water Authority on the outstanding revenue bonds assumed as of December 31, 2015 are to be allocated using an agreed-upon percentage of total debt service associated with bond-financed local improvements over the life of such bonds, though the bonds themselves continue to be secured by the net revenues of GLWA, which includes all revenues payable by the Detroit retail class. As of June 30, 2016, the parties were still working to resolve the allocation percentage. DWSD management estimates the percentage to approximate 9.4 percent and 17.1 percent for the Sewage Disposal Fund and Water Fund, respectively. The resulting estimated debt liability allocation of \$310,973,690 and \$395,639,923 for the Sewage Disposal Fund and Water Fund, respectively, has been recognized as a long-term obligation to the Great Lakes Water Authority.

June 30, 2016

Note 8 - Long-term Obligations (Continued)

Notes and Loans Payable

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

The following is a schedule of notes payable at June 30, 2016:

	Issue Date	Range of Interest Rates	Maturity Date	Balance June 30, 2016
Governmental Activities				
Nonmajor Funds				
(All notes are secured by future Block Grant revenue)				
Ferry Street Project	06/12/08	4.33 to 4.62%	08/01/16-18	\$ 775,000
Vernor Law ndale Project	09/14/06	5.09 to 5.74	08/01/16-25	1,180,000
New Amsterdam Project	08/01/02	0.28 to 2.45	08/01/16-22	5,927,000
Mexicantow n Welcome Center Project	09/14/06	5.09 to 5.70	08/01/16-24	2,088,000
Book Cadillac Project	09/14/06	5.09 to 5.77	08/01/16-26	6,239,000
Book Cadillac Project Note II	06/12/08	4.33 to 5.38	08/01/16-27	7,836,000
Garfield II Note 1	09/14/06	4.33 to 5.30	08/01/16-25	6,192,000
Garfield II Note 2	09/14/06	5.09 to 5.77	08/01/16-26	1,568,000
Garfield II Note 3	09/16/09	0.28 to 3.35	08/01/16-29	1,393,000
Garfield II Note 4	09/16/09	0.93 to 3.35	08/01/17-29	6,532,000
Fort Shelby Project	06/12/08	4.33 to 5.34	08/01/16-26	14,750,000
Woodw ard Garden Project 1	06/12/08	4.48 to 5.05	08/01/16-21	6,410,000
Woodw ard Garden Project 2	07/21/10	2.66 to 4.35	08/01/16-28	5,945,000
Woodw ard Garden Project 2	04/20/12	0.83 to 3.55	08/01/16-31	5,753,000
				<u>\$ 72,588,000</u>
Total notes payable				<u>\$ 72,588,000</u>

Note 8 - Long-term Obligations (Continued)

Debt Service Requirements

As of June 30, 2016, debt service requirements of the City's debt are as follows.

	General Obligation Debt		Revenue Bonds and Other Indebtedness	
	Principal	Interest	Principal	Interest
Governmental Activities				
2017	\$ 53,184,797	\$ 72,738,946	\$ -	\$ 3,248,350
2018	54,783,537	70,017,063	5,517,000	3,014,970
2019	68,559,214	66,901,994	6,501,000	2,776,539
2020	80,837,425	63,245,434	6,386,000	2,515,838
2021	84,383,796	59,199,378	6,648,000	2,242,242
2022-2026	363,772,177	240,606,710	29,396,000	7,141,705
2027-2031	353,140,940	151,870,171	16,223,000	1,131,888
2032-2036	269,572,650	86,666,455	1,917,000	8,999
2037-2041	126,747,650	45,629,150	-	-
2042-2044	76,078,344	9,125,829	-	-
Total	<u>\$1,531,060,530</u>	<u>\$ 866,001,130</u>	<u>\$ 72,588,000</u>	<u>\$ 22,080,531</u>
Business-type Activities				
Water Fund				
2017	\$ 259,657	\$ 1,234,045	\$ -	\$ -
2018	272,639	1,221,062	-	-
2019	286,271	1,207,430	-	-
2020	300,585	1,193,116	-	-
2021	315,614	1,178,087	-	-
2022-2026	4,485,174	5,584,259	-	-
2027-2031	6,817,918	4,250,477	-	-
2032-2036	6,635,020	3,423,670	-	-
2037-2041	6,635,020	2,388,607	-	-
2042-2044	3,981,012	477,721	-	-
Total	<u>\$ 29,988,910</u>	<u>\$ 22,158,474</u>	<u>\$ -</u>	<u>\$ -</u>

* Portion allocated to GLWA

Note 8 - Long-term Obligations (Continued)

	General Obligation Debt		Revenue Bonds and Other Indebtedness	
	Principal	Interest	Principal	Interest
Business-type Activities (Continued)				
Sewage Disposal Fund				
2017	\$ 432,761	\$ 2,056,741	\$ -	\$ -
2018	454,399	2,035,103	-	-
2019	477,119	2,012,383	-	-
2020	500,975	1,988,527	-	-
2021	526,024	1,963,478	-	-
2022-2026	7,475,290	9,307,100	-	-
2027-2031	11,363,196	7,084,129	-	-
2032-2036	11,058,366	5,706,116	-	-
2037-2041	11,058,366	3,981,012	-	-
2042-2044	6,635,018	796,202	-	-
Total	<u>\$ 49,981,514</u>	<u>\$ 36,930,791</u>	<u>\$ -</u>	<u>\$ -</u>
* Portion allocated to GLWA				
Transportation Fund				
2017	\$ 429,216	\$ 2,027,129	\$ -	\$ -
2018	450,677	2,005,669	-	-
2019	473,211	1,983,135	-	-
2020	496,871	1,959,474	-	-
2021	521,715	1,934,631	-	-
2022-2026	7,382,148	7,464,293	-	-
2027-2031	11,190,342	7,458,972	-	-
2032-2036	10,888,010	5,661,766	-	-
2037-2041	10,888,010	4,572,965	-	-
2042-2044	6,532,804	1,306,564	-	-
Total	<u>\$ 49,253,004</u>	<u>\$ 36,374,598</u>	<u>\$ -</u>	<u>\$ -</u>
Automobile Parking Fund				
2017	\$ -	\$ 28,008	\$ -	\$ -
2018	-	28,008	-	-
2019	-	28,008	-	-
2020	-	28,008	-	-
2021	-	28,008	-	-
2022-2026	70,020	138,640	-	-
2027-2031	175,051	112,033	-	-
2032-2036	175,051	90,326	-	-
2037-2041	175,051	63,018	-	-
2042-2044	105,031	12,604	-	-
Total	<u>\$ 700,204</u>	<u>\$ 556,661</u>	<u>\$ -</u>	<u>\$ -</u>

Note 8 - Long-term Obligations (Continued)

	General Obligation Debt		Revenue Bonds and Other Indebtedness	
	Principal	Interest	Principal	Interest
Business-type Activities (Continued)				
Airport Fund				
2017	\$ -	\$ 22,092	\$ -	\$ -
2018	-	22,092	-	-
2019	-	22,092	-	-
2020	-	22,092	-	-
2021	-	22,092	-	-
2022-2026	55,231	109,356	-	-
2027-2031	138,077	88,369	-	-
2032-2036	138,077	71,247	-	-
2037-2041	138,077	49,708	-	-
2042-2044	82,846	9,942	-	-
Total	<u>\$ 552,308</u>	<u>\$ 439,082</u>	<u>\$ -</u>	<u>\$ -</u>
Public Lighting Authority				
2017	\$ -	\$ 4,442,175	\$ -	\$ -
2018	3,120,000	8,821,950	-	-
2019	3,245,000	8,694,650	-	-
2020	3,375,000	8,545,375	-	-
2021	3,545,000	8,372,375	-	-
2022-2026	20,575,000	38,946,875	-	-
2027-2031	26,255,000	33,121,125	-	-
2032-2036	33,505,000	25,686,375	-	-
2037-2041	42,765,000	16,197,625	-	-
2042-2044	42,575,000	4,387,125	-	-
Total	<u>\$ 178,960,000</u>	<u>\$ 157,215,650</u>	<u>\$ -</u>	<u>\$ -</u>
Component Unit - Library				
2017	\$ 99,045	\$ 440,405	\$ -	\$ -
2018	103,998	435,453	-	-
2019	109,197	430,253	-	-
2020	114,657	424,793	-	-
2021	120,390	419,060	-	-
2022-2026	1,635,063	1,980,029	-	-
2027-2031	2,411,191	1,580,706	-	-
2032-2036	2,341,425	1,127,531	-	-
2037-2041	2,341,425	842,914	-	-
2042-2044	1,404,854	168,581	-	-
Total	<u>\$ 10,681,245</u>	<u>\$ 7,849,725</u>	<u>\$ -</u>	<u>\$ -</u>

Note 8 - Long-term Obligations (Continued)

In 2010, the City issued Recovery Zone Economic Development Bonds in the amount of \$100 million. These bonds are direct pay qualified bonds that provide a federal subsidy through a refundable tax credit allowed under Internal Revenue Code Section 6431. The subsidy is equal to 45 percent of the interest payable by the bond issuer to investors. During the year ended June 30, 2016, the City received approximately \$3.3 million in federal interest subsidy related to the interest on these bonds. The schedule of future interest payments is presented gross of any federal subsidy related to these bonds. Over the remaining life of the Recovery Zone Economic Development Bonds, the City anticipates that it will receive approximately \$64 million of federal interest subsidy.

Debt Limit

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

June 30, 2016

Note 8 - Long-term Obligations (Continued)

Housing Commission-Component Unit

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

	Lender	Interest Rate	Maturity Date	Balance - Beginning of Year	Additions (Payments)	Balance - End of Year	Principal Due Within One Year
Woodbridge Estates Apartments I, LLC	SA Affordable Housing, LLC	7.06%	2035	\$ 1,459,091	\$ (23,114)	\$ 1,435,977	\$ 24,300
	Detroit Housing Commission	AFR	2048	1,279,824	-	1,279,824	
	Detroit Housing Commission	0.00%	2048	840,500	-	840,500	
Woodbridge Estates Apartments II, LLC	SA Affordable Housing, LLC	7.06%	2035	2,095,326	(33,193)	2,062,133	35,000
	Detroit Housing Commission	AFR	2048	1,888,460	-	1,888,460	
	Detroit Housing Commission	0.00%	2048	797,954	-	797,954	
Woodbridge Estates Apartments III, LDHA LLC	SA Affordable Housing, LLC	6.04%	2047	1,511,355	(19,151)	1,492,204	34,800
	Detroit Housing Commission	4.61%	2042	1,559,212	-	1,559,212	
	City of Detroit	0.00%	2036	471,000	(7,500)	463,500	
Woodbridge Estates Apartments IV LDHA LLC	SA Affordable Housing, LLC	6.04%	2047	1,995,031	(25,280)	1,969,751	42,450
	Detroit Housing Commission	4.61%	2051	1,763,593	-	1,763,593	
	City of Detroit	0.00%	2036	471,000	(6,250)	464,750	
Woodbridge Estates Apartments V LDHA LLC	SA Affordable Housing, LLC	6.04%	2047	3,199,767	(40,546)	3,159,221	57,000
	Detroit Housing Commission	4.61%	2051	2,056,904	-	2,056,904	
	City of Detroit	0.00%	2036	471,000	(7,500)	463,500	
Woodbridge Estates Apartments VI LDHA LLC	RBS Citizens	3.95%	2016	3,930,383	(3,930,383)	-	
	Detroit Housing Commission	3.75%	2063	2,229,596	292,957	2,522,553	
	Detroit Housing Commission	0.00%	2015	840,573	(840,573)	-	
Woodbridge ILF Associates LDHA LP	Detroit Housing Commission	5.20%	2049	3,713,014	-	3,713,014	
The Villages at Parkside II LLC	Detroit Housing Commission	0.45%	2038	22,930,193	-	22,930,193	
	Detroit Housing Commission	7.00%	2038	2,584,579	-	2,584,579	
The Villages at Parkside IV LLC	Detroit Housing Commission	0.45%	2038	20,990,363	-	20,990,363	
Alexandrine Square Apartments LDHA LP	Detroit Housing Commission	AFR	2047	265,780	-	265,780	
Gardenview Homes I LDHA LLC	MSHDA	6.00%	2046	1,678,845	(19,540)	1,659,305	20,746
	MSHDA - HOME Note	3.00%	2058	284,536	(2,945)	281,591	
	Detroit Housing Commission	0.00%	2053	9,831,418	(11,171)	9,820,247	
Gardenview Homes II, III, IV, V, VI, VII, VIII, and IX LDHA LLC	MSHDA - Section 1602 TCAP funds	0.00%	(a)	13,122,960	-	13,122,960	
	MSHDA	6.75%	2015	12,834,687	(12,834,687)	-	
	MSHDA	3.00%	2062	12,850,000	7,411,000	20,261,000	
	Detroit Housing Commission	0.00%	054-2064	19,074,504	438,149	19,512,653	
	Detroit Housing Commission	0.75%	2060	3,887,485	-	3,887,485	
JPMorgan Chase Bank	LIBOR + 2.25%	2016	-	870,336	870,336	870,336	
Emerald Springs IA and IB LDHA LP	Detroit Housing Commission	0.50%	2056	9,936,440	-	9,936,440	
Emerald Springs II LDHA LP	Detroit Housing Commission	0.50%	2058	7,436,466	-	7,436,466	
Cornerstone I LDHA LLC	Detroit Housing Commission	3.79%	2060	4,366,809	-	4,366,809	
Cornerstone II LDHA LLC	Detroit Housing Commission	0.00%	2060	9,086,048	-	9,086,048	
Cornerstone III LDHA LLC	Detroit Housing Commission	4.25%	2061	3,309,948	-	3,309,948	
Totals				\$ 187,044,644	\$ (8,789,391)	\$ 178,255,253	\$ 1,084,632
					Amount due to DHC Primary Government	(130,549,025)	
(a) - TCAP funds will be forgivable at the end of the 15-year Section 42 compliance period if no default or recapture event has occurred. Net long-term debt reported						\$ 47,706,228	

Note 8 - Long-term Obligations (Continued)

Downtown Development Authority - Component Unit

Long-term liability activity for the year ended June 30, 2016 is as follows:

	Balance			Balance	Principal Due
	June 30, 2015	Increase	Decrease	June 30, 2016	Within One Year
Contract Payable	\$ 2,800,000	\$ -	\$ -	\$ 2,800,000	\$ -
Notes Payable	2,469,078	-	(79,606)	2,389,472	2,078,707
Bonds Payable	255,465,000	1,160,000	-	256,625,000	-
Bonds Contract Payable	59,693,471	-	(4,016,737)	55,676,734	782,234
Bond Discount	(726,080)	81,742	-	(644,338)	(64,048)
Total	<u>\$ 319,701,469</u>	<u>\$ 1,241,742</u>	<u>\$ (4,096,343)</u>	<u>\$ 316,846,868</u>	<u>\$ 2,796,893</u>

Bonds Payable

In 2014, the MSF issued \$250,000,000 in Series 2014A Bonds and \$200,000,000 in Series 2014B Bonds, with the proceeds to be used toward the construction of the downtown events center. The Series 2014A bonds will be serviced primarily through Catalyst Development Project tax revenue captured by the DDA. Beginning in 2019, there will also be a variable contribution toward the debt service from the DDA's general tax revenue that is captured. The Series 2014B bonds will be serviced by a variable concession management payment from Olympia to the DDA and have a variable interest rate. Series 2014A bonds were disbursed entirely at the outset of the project. Series 2014B bond proceeds are drawn down as required.

As the bonds were issued, the DDA entered into a loan agreement with the MSF. The proceeds from the bonds are loaned to the DDA by the MSF, and the DDA is obligated to pay the aforementioned revenue to the MSF to service the bonds. A bond issued by the DDA to the MSF secures this obligation. As of June 30, 2016, the outstanding balances of Series 2014A and Series 2014B bonds were \$250,000,000 and \$6,625,000 respectively.

Payments on these bonds will be made primarily from the stadium fund.

Bonds Contract Payable

In 1989, the DDA issued \$15,225,000 in Series 1989A tax-exempt bonds and \$71,000,000 in Series 1989B taxable bonds. In 1996, the DDA issued \$75,014,000 in Series 1996A taxable bonds, \$13,330,000 in Series 1996B tax exempt bonds, \$64,883,198 in Series 1996C tax exempt bonds, and \$14,185,000 in Series 1996D tax exempt bonds. In 1998, the DDA issued \$68,900,000 in Series 1998A tax exempt bonds, and \$32,195,000 in Series 1998C junior lien bonds. The principal and interest on the bonds are primarily payable from, and secured by, certain incremental property tax revenue to be received by the DDA from Development Area No. 1 within the downtown business district. Payments on the bonds contract payable are made from the other debt service fund under the general bond resolution.

A portion of the 1996 bond proceeds, \$87,996,800, was put into an escrow account to repay the 1989 bonds. A portion of the 1998 bond proceeds, \$65,124,175, was also put into an escrow account to repay the Series 1996C (partial refund) and the Series 1996D bonds. The escrow agent was responsible for monitoring and making the required debt service payments on those bonds, which were removed as liabilities from the DDA's financial statements. The 1989 bonds, the Series 1996C (partial refund) bonds, and the Series 1996D bonds have been fully repaid.

Note 8 - Long-term Obligations (Continued)

City Bonds Authorized and Unissued

The following is the schedule of the City's bonds authorized and unissued at June 30, 2016:

	Authority	Date	Authorized Amount	Unissued Amount
General Obligation Bonds				
(Tax supported):				
Sewer construction	Electorate	8/2/1960	\$ 50,000,000	\$ 24,000,000
Public safety	Electorate	11/2/2004	120,000,000	23,393,000
Municipal facilities	Electorate	11/7/2000	18,000,000	120,000
Neighborhood/Economic development	Electorate	11/2/2004	19,000,000	17,295,000
Public lighting	Electorate	11/2/2004	22,000,000	7,735,000
Recreation, zoo, and cultural	Electorate	11/7/2000	56,000,000	628,000
Recreation, zoo, and cultural history	Electorate	11/2/2004	22,000,000	570,000
Historical	Electorate	11/6/2011	20,000,000	17,200,000
Museum of African American history	Electorate	4/29/2003	6,000,000	500,000
Transportation	Electorate	11/2/2004	32,000,000	17,310,000
Public lighting	Electorate	2/24/2009	22,000,000	22,000,000
Neighborhood/Economic	Electorate	2/24/2009	25,000,000	25,000,000
Museums, libraries, recreation, and other	Electorate	2/24/2009	97,000,000	89,770,000
Transportation	Electorate	2/24/2009	12,000,000	12,000,000
Public safety	Electorate	2/24/2009	72,000,000	<u>59,379,000</u>
Total bonds authorized - Unissued				<u>\$ 316,900,000</u>

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

Note 8 - Long-term Obligations (Continued)

Debt Ratings

As of June 30, 2016, the City's debt has the following ratings:

	Date of Rating	Rating Agency	Rating	Action
Distributable State Aid bonds - Senior Lien, Series 2010	7/24/2015	Moody's	Aa2	Moody's Investors Service upgraded by one notch the rating on the bonds
Distributable State Aid bonds - Second Lien, Series 2010E	7/24/2015	Moody's	Aa3	Moody's Investors Service upgraded by one notch the rating on the bonds
Distributable State Aid bonds - Third Lien, Series 2012C	7/24/2015	Moody's	A1	Moody's Investors Service upgraded by one notch the rating on the bonds
Distributable State Aid bonds - Fourth Lien, Series 2014G	7/24/2015	Moody's	A2	Moody's Investors Service upgraded by one notch the rating on the bonds
City of Detroit Issuer Rating	7/30/2015	Moody's	B2	Moody's Investors Service has upgraded Detroit's issuer rating to B2 from B3

Note 9 - Pension Plans

Plan Administration

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

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

Note 9 - Pension Plans (Continued)

The City filed for bankruptcy in June 2013 and subsequently exited bankruptcy on December 10, 2014. This resulted in the adoption of the Eighth Amended Plan for Adjustment of Debts of the City of Detroit (the "POA").

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

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

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

Note 9 - Pension Plans (Continued)

(b) Plan Membership

Membership of the plans at June 30, 2015 (measurement date) consisted of the following:

<u>COMPONENT II</u>	<u>GRS</u>	<u>PFRS</u>
Inactive plan members or beneficiaries currently receiving benefits	11,884	8,279
Inactive plan members entitled to but not yet receiving benefits (includes DROP members)	2,732	325
Active plan members	4,688	3,017
<u>COMPONENT I</u>	<u>GRS</u>	<u>PFRS</u>
Inactive plan members or beneficiaries currently receiving benefits	149	67
Inactive plan members entitled to but not yet receiving benefits	212	63
Active plan members	4,981	2,602

(c) Benefits Provided

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

The Income Stabilization Fund is outlined in Section G-3 of the POA. The annual supplemental pension income stabilization benefit is equal to the lesser of either (i) the amount needed to restore an eligible retiree's reduced annual pension benefit to 100 percent of the amount of the annual pension benefit that the eligible retiree was receiving from the System in 2013; or (ii) the amount needed to bring the total annual 2013 household income of the eligible retiree up to 130 percent of the Federal Poverty Level for 2013. The Income Stabilization Fund did not have an impact on total pension liability for the systems or the City as of the measurement date of June 30, 2015 because the assets held by the Income Stabilization Fund are not considered as being available to fund the normal retirement benefit provisions under the pension plan but instead are restricted to paying Income Stabilization Benefits and Income Stabilization Benefits Plus. No liability currently exists for these benefits.

Post-bankruptcy GRS Component II plan members upon retirement will receive an annuity which shall be the actuarial equivalent of the member's accumulated contributions in the 1973 Defined Contribution Annuity Savings Fund at the time of retirement. In addition, each member will receive a basic service and a membership service pension. The Basic Service Pension will consist of \$12.00 per annum multiplied by the number of years and fractions of years of credited service, not to exceed 10 years. The Membership Service Pension will be calculated as follows:

- (1) For members who retire on or before June 30, 1992, a membership service pension of 1.5 percent of Average Final Compensation for the first 10 years of service and 1.63 percent for service in excess of 10 years.

June 30, 2016

Note 9 - Pension Plans (Continued)

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

PFRS Component II plan members upon retirement will receive a straight life retirement allowance. The benefits consist of an annuity that is the actuarial equivalent of the member's accumulated contributions credit in the Annuity Savings Fund at the time of retirement. In addition, a pension is added to the member's annuity providing a straight life retirement allowance equal to: 2.0 percent of his or her Average Final Compensation, multiplied by the number of years, and fraction of a year, of his or her creditable service, not to exceed 25 years; provided that the retirement allowance of a police employee shall in no case exceed 15/22 of the maximum earnable compensation of a patrolman and the retirement allowance of a fire fighter shall not exceed 15/22 of the maximum earnable compensation of a fire fighter (and if either or both of the said ranks shall be hereafter abolished, the equivalent thereof). The foregoing pension limitation shall not apply to any police employee or fire employee who, on July 1, 1941, shall be entitled to a certificate for 20 years or more of prior service and who remains under the provisions of Chapter XV or Chapter XXI of Title IV of the 1918 Detroit City Charter.

In the event the eligible retiree's estimated adjusted annual household income in any calendar year after the first year that the eligible retiree receives a benefit from the Income Stabilization Fund is less than 105 percent of the Federal Poverty Level in that year, the eligible retiree will receive an additional Income Stabilization Benefit Plus benefit commencing as of the next following July 1.

June 30, 2016

Note 9 - Pension Plans (Continued)

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

(d) Contributions

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

Employer Contributions***Component II***

GRS: During fiscal year 2016, employer contributions were determined by the provisions of the POA detailed under Exhibit II.B.3.r.ii.A. Included within contributions in Component II are amounts sourced from the sale of City-owned artwork with proceeds from the Foundation for Detroit's Future (the "Foundation") in the amount of \$32,886,827 along with \$4,005,830 from Unlimited Tax General Obligation bonds (UTGO) and \$67,900,000 of contributions from the City and related entities. Employer contributions were also made into the Income Stabilization Fund for \$1,689,857 from the UTGO proceeds.

PFRS: During fiscal year 2016, employer contributions were determined by the provisions of the POA detailed under Exhibit II.B.3.q.ii.A. Included in Component II are amounts sourced from the sale of City-owned artwork with proceeds from the Foundation for Detroit's Future (the "Foundation") in the amount of \$37,787,744. Employer contributions were also made into the Income Stabilization Fund for \$564,281 from the Unlimited Tax General Obligation bonds (UTGO) proceeds. Going forward, until 2024, the only contributions to be made to Component II will be those received from the Foundation as specified in the POA and those allocated to the Income Stabilization Fund from the proceeds of the UTGO bonds.

Component I

GRS: Per Section 9.3 of the Combined Plan, commencing July 1, 2014 and ending June 30, 2023, the City is required to contribute 5 percent of compensation. During the fiscal year ended June 30, 2016, the City and related entities contributed \$9,048,831.

PFRS: During fiscal year 2016, employer contributions are not actuarially determined but are determined by the provisions of the Combined Plan. Contributions from the City into Component I range from 11.2 percent to 12.25 percent base compensation for eligible employees. These contributions rates are fixed by the POA through June 30, 2023 and may be increased if required according to the fiscal responsibility provision in the plan. During fiscal year 2016, employer contributions to Component I were \$15,831,763.

Note 9 - Pension Plans (Continued)***Employee Contributions***

Contribution requirements of plan members are established and may be amended by the Board of Trustees in accordance with the City Charter, union contracts, and plan provisions. For the year ended June 30, 2016, there were minimal employee contributions into Component II, only related to military service credit, as the plan was frozen as of June 30, 2014. Effectively, employee contributions were allowed only until August 1, 2014. Contributions into Component I began with the members' first payroll date occurring in August 2014. With respect to GRS Component I, nonuniformed employees who are members of GRS are now required to make mandatory contributions of 4 percent of pay toward their defined benefit. Additionally, employees can make voluntary contributions of 3, 5, or 7 percent of annual pay. During fiscal year 2016, the plan received mandatory and voluntary employee contributions of \$12,559,259. With respect to PFRS Component I, members hired on June 30, 2014 or before contribute 6 percent of base compensation and all employees hired on or after July 1, 2014 will contribute 8 percent compensation.

(e) Deferred Retirement Option Program (DROP)

In lieu of terminating employment and accepting a retirement allowance under the plan, any member of the Police and Fire Retirement System who is eligible for the DROP program may defer the receipt of his or her retirement allowance, continue services, and be paid compensation. At the time of the DROP election, the member no longer accrues a benefit. The program credits the employee for benefit payments that would have been paid had they retired normally by depositing 75 percent of the monthly payment with a third-party administrator in the member's name. The remaining 25 percent of the monthly payments is retained in the trust for general purposes. The DROP allocations continue if the member continues to be actively employed, as a police officer or a firefighter, with the City. The member is eligible to withdraw the amounts deposited with the third-party administrator upon retirement and from that point on the retiree receives 100 percent of retirement benefits. There are no amounts held by the System at June 30, 2016 as all amounts due to the members pursuant to the DROP election are held by a third-party administrator.

June 30, 2016

Note 9 - Pension Plans (Continued)

Component I Changes in Net Pension Liability	GRS		
	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2014	\$ -	\$ -	\$ -
Service cost	19,318,576	-	19,318,576
Interest	695,469	-	695,469
Changes in assumptions	(1,202,109)	-	(1,202,109)
Contributions - Employer	-	8,811,368	(8,811,368)
Contributions - Employee	-	6,970,544	(6,970,544)
Voluntary contributions	5,775,885	5,775,885	-
Net investment income	-	20,690	(20,690)
Administrative expenses	-	(1,481,590)	1,481,590
Net changes	<u>24,587,821</u>	<u>20,096,897</u>	<u>4,490,924</u>
Balance at June 30, 2015	<u>\$ 24,587,821</u>	<u>\$ 20,096,897</u>	<u>\$ 4,490,924</u> *

Changes in Net Pension Liability	PFRS		
	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2014	\$ -	\$ -	\$ -
Service cost	24,850,184	-	24,850,184
Interest	894,089	-	894,089
Changes in assumptions	(1,008,119)	-	(1,008,119)
Contributions - Employer	-	14,606,971	(14,606,971)
Contributions - Employee	-	7,404,705	(7,404,705)
Net investment income	-	21,019	(21,019)
Benefits payments including refunds	-	(19,554)	19,554
Administrative expenses	-	(685,677)	685,677
Net changes	<u>24,736,154</u>	<u>21,327,464</u>	<u>3,408,690</u>
Balance at June 30, 2015	<u>\$ 24,736,154</u>	<u>\$ 21,327,464</u>	<u>\$ 3,408,690</u>

*In accordance with the lease agreement, portions of the General System net pension liability are allocated to Great Lakes Water Authority.

Note 9 - Pension Plans (Continued)

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

For the year ended June 30, 2016, pension expense was \$13,967,187 for the General Retirement System Component I, (\$954,385,735) (an expense reduction) for the General Retirement System Component II, \$18,314,714 for the Police and Fire Retirement System Component I, and (\$509,833,112) (an expense reduction) for the Police and Fire Retirement System Component II. At June 30, 2016, reported deferred outflows of resources and deferred inflows of resources related to pensions are from the following sources:

	GRS - Component I		GRS - Component II	
	Deferred Outflow s of Resources	Deferred Inflow s of Resources	Deferred Outflow s of Resources	Deferred Inflow s of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 395,295	\$ -	\$ -	\$ (40,939,701)
Assumption changes	-	(1,060,191)	-	(30,618,338)
Employer contributions to the plan subsequent to the measurement date	9,048,831	-	104,792,657	-
Total	\$ 9,444,126	\$ (1,060,191)	\$ 104,792,657	\$ (71,558,039)

	PFRS - Component I		PFRS - Component II	
	Deferred Outflow s of Resources	Deferred Inflow s of Resources	Deferred Outflow s of Resources	Deferred Inflow s of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 596,810	\$ -	\$ -	\$ (118,808,796)
Assumption changes	-	(895,864)	-	-
Employer contributions to the plan subsequent to the measurement date	15,831,763	-	37,787,744	-
Total	\$ 16,428,573	\$ (895,864)	\$ 37,787,744	\$ (118,808,796)

Note 9 - Pension Plans (Continued)

A total of \$9,048,831 for the General Retirement System Component I, \$104,792,657 for the General Retirement System Component II, \$15,831,763 for the Police and Fire Retirement System Component I, and \$37,787,744 for the Police and Fire Retirement System Component II are reported as deferred outflows of resources resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Included in those amounts are amounts sourced from the sale of City-owned artwork with proceeds from the Foundation for Detroit’s Future as outlined in the POA (also referred to as the “Grand Bargain”). The deferred outflows of resources and deferred inflows of resources related to the change in actuarial assumptions and the net differences between projected and actual earnings on pension plan investments will be amortized and recognized as an addition to or (a reduction of) pension expense as follows:

Years Ending	GRS - Component I	GRS - Component II	PFRS - Component I	PFRS - Component II
2017	\$ (43,095)	\$ (45,510,168)	\$ 36,947	\$ (46,656,207)
2018	(43,095)	(19,450,443)	36,947	(46,656,207)
2019	(43,095)	(17,171,136)	36,947	(46,656,207)
2020	(43,095)	10,573,708	36,947	21,159,825
2021	(141,918)	-	(112,255)	-
Thereafter	<u>(350,598)</u>	<u>-</u>	<u>(334,587)</u>	<u>-</u>
	<u>\$ (664,896)</u>	<u>\$ (71,558,039)</u>	<u>\$ (299,054)</u>	<u>\$ (118,808,796)</u>

(h) Actuarial Assumptions

The significant actuarial assumptions used to measure the June 30, 2015 total pension liability were as follows:

Component II	GRS	PFRS
Inflation	N/A	N/A
Salary increases	N/A	N/A
Investment rate of return	7.61 %	7.47 %

Component I	GRS	PFRS
Inflation	N/A	N/A
Salary increases	2.0-3.0 %	2.0-3.0 %
Long-term investment rate of return	7.61 %	7.47 %

The actuarial assumptions were based on an experience study from 2008-2013 issued in February 2015; the mortality table assumption was based on the RP-2014 Blue Collar Annuitant Table for males and females. The tables are projected to be fully generational, based on the two-dimensional sex distinct mortality scale MP-2014.

Note 9 - Pension Plans (Continued)

(i) Discount Rates

The discount rate used to measure the total pension liability as of June 30, 2015 was 7.61 percent for both General Retirement System Plans and 7.47 percent for both Police and Fire Retirement System Plans; however, the single discount rate used at the beginning of the year was 7.2 percent for both plans (only the Component II plans existed at the prior measurement date). For the Component II plans, the projection of cash flows used to determine the discount rates assumed that employee contributions will cease as of June 30, 2014 and that City contributions, including contributions sourced from the proceeds of the sale of artwork from the State of Michigan and the Foundation for Detroit's Future, will be made at rates equal to those set by the final Plan of Adjustment through June 30, 2023 and a 30-year closed level dollar amortization thereafter. For the Component I plans, the projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return as of June 30, 2015 for each major asset class including the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

	Target Allocation		Long-term Expected Real Rate of Return	
	GRS	PFRS	GRS	PFRS
U.S. equity	- %	16.5 %	- %	5.4 %
Non-U.S. equity	-	16.5	-	5.6
Global multi-sector fixed	6.0	-	2.7	-
Global equity	43.0	-	6.2	-
Global low volatility	-	5.0	-	5.6
Long duration fixed	2.0	-	2.0	-
Absolute return fixed	4.0	-	2.3	-
Private equity	8.0	10.0	7.4	8.3
U.S. core fixed income	-	13.5	-	2.3
U.S. TIPA	-	1.0	-	2.3
U.S. high yield	-	6.5	-	4.6
Convertibles	-	2.0	-	4.9
Opportunistic debt	-	5.0	-	5.1
Cash	1.0	1.0	1.2	0.4
Private real estate	-	10.0	-	5.0
Real estate	10.0	-	4.4	-
Global asset allocation/risk parity/real assets	21.0	-	5.2	-
Global REITs	-	3.0	-	4.5
MPLs	-	5.0	-	8.7
Hedge funds	5.0	5.0	4.7	4.7

Note 9 - Pension Plans (Continued)

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

The following presents the net pension liability, calculated using the discount rate of 7.61 percent for both General Retirement System Plans and 7.47 percent for both Police and Fire Retirement System Plans, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

Component II	(6.61% for GRS and 6.47% for PFRS)	(7.61% for GRS and 7.47% for PFRS)	(8.61% for GRS and 8.47% for PFRS)
Net pension liability of the Plan:			
	1% Decrease	Current Discount Rate	1% Increase
GRS	\$ 1,087,645,854	\$ 827,098,942	\$ 605,720,872
PFRS	870,962,204	494,745,830	178,917,674
 Component I	 (6.61% for GRS and 6.47% for PFRS)	 (7.61% for GRS and 7.47% for PFRS)	 (8.61% for GRS and 8.47% for PFRS)
Net pension liability of the Plan:			
	1% Decrease	Current Discount Rate	1% Increase
GRS	\$ 7,551,424	\$ 4,490,924	\$ 1,940,584
PFRS	7,449,863	3,408,690	150,597

Note 9 - Pension Plans (Continued)

(k) Pension Allocations

The calculation of key pension elements was performed by the actuary based on underlying census data for governmental activities, transportation, DWSD, library, airport and parking. DWSD was further allocated between water and sewer based on budgeted payroll expense. One hundred percent of PFRS amounts is reported in governmental activities. Pension amounts for each reporting unit are as follows:

	Governmental Activities			
	Police and Fire System	General System	Water Fund	Sewage Disposal Fund
Proportionate share of the net pension liability (1)	100.00%	49.36%	5.26%	3.56%
Net pension liability	\$ 498,154,521	\$ 410,433,338	\$ 43,722,536	\$ 29,637,827
Pension expense	(491,518,397)	(473,337,379)	(121,468,094)	(161,174,662)
Deferred outflow s of resources representing contributions subsequent to the measurement date	53,619,507	53,262,139	7,636,200	5,105,100
Deferred outflow s of resources representing the net difference between projected and actual earnings on pension plan investments	596,810	925,744	50,721	67,235
Deferred inflow s of resources representing the net difference between projected and actual earnings on pension plan investments	118,808,796	-	4,971,923	3,323,926
Deferred inflow s of resources representing assumption changes related to economic and demographic factors	895,864	521,149	4,151,734	2,863,581
Other deferred outflow s (inflow s) of resources	-	3,338	-	-
Amortization of deferred amounts:				
2017	(46,619,260)	(1,791,664)	(5,845,589)	(3,911,335)
2018	(46,619,260)	(1,791,664)	(1,827,763)	(1,225,261)
2019	(46,619,260)	(1,791,664)	(1,827,763)	(1,225,260)
2020	21,196,772	6,045,143	491,102	324,993
2021	(112,255)	(69,318)	(17,746)	(23,524)
Thereafter	(334,587)	(192,900)	(45,177)	(59,886)
Total	<u>\$ (119,107,850)</u>	<u>\$ 407,933</u>	<u>\$ (9,072,936)</u>	<u>\$ (6,120,273)</u>
Sensitivity analysis:				
Net pension liability at 6.61 (GRS) and 6.47 (PFRS) percent discount rate	\$ 878,412,067	\$ 540,455,162	\$ 41,497,671	\$ 55,074,746
Net pension liability at 8.61 (GRS) and 8.47 (PFRS) percent discount rate	179,068,271	299,830,590	23,021,839	30,554,049

June 30, 2016

Note 9 - Pension Plans (Continued)

	Transportation Fund	Other Enterprise Funds	Total Business- type Activities	Library - Component Unit
Proportionate share of the net pension liability (1)	18.66%	0.80%	28.28%	1.89%
Net pension liability	\$ 155,215,063	\$ 6,614,215	\$ 235,189,641	\$ 15,737,448
Pension expense	(136,130,912)	(8,405,548)	(427,179,216)	(39,901,953)
Deferred outflow s of resources representing contributions subsequent to the measurement date	10,192,611	55,708	22,989,619	3,046,943
Deferred outflow s of resources representing the net difference between projected and actual earnings on pension plan investments	-	17,868	135,824	-
Deferred inflow s of resources representing the net difference between projected and actual earnings on pension plan investments	6,675,259	-	14,971,108	6,998,562
Deferred inflow s of resources representing assumption changes related to economic and demographic factors	3,028,664	16,174	10,060,153	5,229,072
Other deferred outflow s (inflow s) of resources	-	(3,338)	(3,338)	-
Amortization of deferred amounts:				
2017	(5,576,853)	7,224	(15,326,553)	(5,368,260)
2018	(2,694,709)	7,224	(5,740,509)	(4,762,733)
2019	(2,694,709)	7,224	(5,740,508)	(2,483,426)
2020	1,318,070	(24,373)	2,109,792	416,080
2021	(22,700)	280	(63,690)	(8,909)
Thereafter	(33,022)	779	(137,306)	(20,386)
Total	\$ (9,703,923)	\$ (1,642)	\$ (24,898,774)	\$ (12,227,634)
Sensitivity analysis:				
Net pension liability at 6.61 (GRS) and 6.47 (PFRS) percent discount rate	\$ 114,104,566	\$ 1,263,078	\$ 211,940,061	\$ 20,722,939
Net pension liability at 8.61 (GRS) and 8.47 (PFRS) percent discount rate	77,085,873	700,723	131,362,484	11,496,552

(1) In accordance with the lease agreement, portions of the General System net pension liability are allocated to Great Lakes Water Authority.

Note 10 - Other Postemployment Benefits

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

The City continues to provide supplemental death benefits to its employees providing services after December 10, 2014.

Note 10 - Other Postemployment Benefits (Continued)

Plan Description

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

Funding Policy

The City is under no legal obligation to pre-fund the plan benefits. Plan members have no contribution requirements. Employer and employee contributions of \$91,222 and \$75,517, respectively, were made during the year ended June 30, 2016.

Annual OPEB Costs and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial accrued liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2016, the amount actually contributed to the Employee Supplemental Death Benefit Plan, and changes in the City's net OPEB obligation for the benefit plan:

	Business-type Activities						
	Total						Total
	Governmental	Water	Sew age	Transportation	Automobile	Nonmajor	Total
Activities	Fund	Disposal	Fund	Parking	Proprietary	Primary	
		Fund	Fund	Fund	Fund	Fund	Government
Supplemental Death Benefit Plan							
Annual Required Contributions (ARC)	\$ 156,625	\$ 33,451	\$ 24,586	\$ 50,097	\$ 1,728	\$ 276	\$ 266,763
Interest on net OPEB obligation	41,616	11,511	10,736	12,649	307	85	76,904
Adjustment to ARC	32,652	(1,565)	(6,691)	(719)	130	(46)	23,761
Annual OPEB cost (expense)	230,893	43,397	28,631	62,027	2,165	315	367,428
Contributions made	(69,157)	(8,533)	(2,727)	(10,377)	(399)	(29)	(91,222)
Changes in net OPEB obligation	161,736	34,864	25,904	51,650	1,766	286	276,206
Net OPEB obligation - Beginning of year	1,095,164	302,920	282,529	332,860	8,090	2,236	2,023,799
Net OPEB obligation - End of year	\$ 1,256,900	\$ 337,784	\$ 308,433	\$ 384,510	\$ 9,856	\$ 2,522	\$ 2,300,005

Note 10 - Other Postemployment Benefits (Continued)

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

	Year Ended	Annual OPEB Cost	Actual Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
Supplemental and Death	June 30, 2016	\$ 367,428	\$ 91,222	24.8 %	\$ 2,300,005
Benefit Plan	June 30, 2015	257,093	92,867	36.1 %	2,023,799
	June 30, 2014	147,519	99,776	67.6	1,766,705

Funded Status and Funding Progress

As of June 30, 2015, the most recent actuarial valuation date for the Supplemental Plan, the actuarial accrued liability for benefits related to all City employees was \$6,517,394 and the actuarial value of assets was \$3,840,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,677,394. The covered payroll (annual payroll of all active City employees covered by the plan) was \$423,011,570 and the ratio of the UAAL to the covered payroll was 0.6 percent.

The preceding figures do not include the closed plan. The closed plan includes assets of approximately \$30.4 million, which equals the actuarial accrued liability of the plan as of June 30, 2016.

Actuarial Methods and Assumptions

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

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

In the June 30, 2015 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 3.80 percent discount rate, which is the long-term municipal bond rate from Federal Reserve Release H.15 as of June 30, 2015. This also approximates a blend of the Board's assumed investment rate of return of 7.0 percent of plan assets and the expected rate of return of the City's own assets. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The UAAL is being amortized over 30 years as a level dollar amount, on an open basis.

June 30, 2016

Note 10 - Other Postemployment Benefits (Continued)

In the June 30, 2015 actuarial valuation for the Supplemental Death Benefit Plan, the mortality tables used by the City's plan to evaluate death benefits to be paid for General, EMS, and Department of Transportation (D.O.T.) retirees was 120 percent of the RP 2000 combined male and 120 percent of the RP 2000 combined female table set back two years. For police and fire retirees, the City's plan used 105 percent of the RP 2000 combined male and 110 percent of the RP 2000 combined female table set back two years. The City's plan used an annual rate of retirement of 50 percent, initially, reduced to an ultimate rate of 20 percent after age 70 for General City. The City's plan used an annual rate of retirement of 25 percent, initially, and increased to an ultimate rate of 100 percent after age 70 for police and 100 percent for fire for all ages.

Note 11 - Risk Management

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

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

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

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

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

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

June 30, 2016

Note 11 - Risk Management (Continued)

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

Changes in the reported liabilities for workers' compensation, legal, disability benefits, and vehicular liabilities for the years ended June 30, 2016 and 2015 are as follows:

	Governmental Activities		Business-type Activities	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Balance at beginning of year	\$ 115,373,569	\$ 117,809,564	\$ 37,193,519	\$ 23,090,560
Current year claims and changes in estimates	41,384,718	28,139,947	6,017,626	24,595,982
Liability assumed by Great Lakes Water Authority			(34,113,725)	
Claims payments	<u>(42,412,776)</u>	<u>(30,575,942)</u>	<u>(2,985,535)</u>	<u>(10,493,023)</u>
Balance at end of year	<u>\$ 114,345,511</u>	<u>\$ 115,373,569</u>	<u>\$ 6,111,885</u>	<u>\$ 37,193,519</u>

Changes in the accrued liabilities for health and dental claims for the years ended June 30, 2016 and 2015 are as follows:

	Governmental Activities		Business-type Activities	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Balance at beginning of year	\$ 3,294,661	\$ 21,205,109	\$ (2,102,455)	\$ (3,155,618)
Current year claims and changes in estimates	53,565,837	31,441,580	21,879,004	10,244,726
Claims payments	<u>(51,334,712)</u>	<u>(49,352,028)</u>	<u>(20,967,699)</u>	<u>(9,191,563)</u>
Balance at end of year	<u>\$ 5,525,786</u>	<u>\$ 3,294,661</u>	<u>\$ (1,191,150)</u>	<u>\$ (2,102,455)</u>

The General Fund reported committed fund balance of \$20 million and assigned fund balance of approximately \$35 million at June 30, 2016 for the purpose of funding future claim liabilities.

June 30, 2016

Note 12 - Commitments and Contingencies***Lawsuits and Claims***

The City is a defendant in numerous lawsuits and is also subject to other claims, including claims for workers' compensation payments. The City uses in-house and, where necessary, outside counsel to adjudicate lawsuits. Each case is initially rated by the City supervising or senior attorney handling or overseeing the case with respect to its viability for success against the City. Only cases rated "probable" for recovery from the City are reported for financial statement purposes. The dollar value reserved for any eventual payout on any said case is based upon the facts of the case, industry standards relative to the type of injury or damage involved, and the experience of the supervising or senior attorney. The legal reserve as of June 30, 2016 is a product of this analysis. The City used a third-party actuary to perform a workers' compensation reserve analysis (estimated loss reserve) as June 30, 2016. The actuary used a general approach that relied upon actual loss development patterns for the City of Detroit to the extent they are available, and is augmented with industry benchmark loss development patterns based on insurance industry sources and patterns to project ultimate losses. While it is not possible to project the final outcome of these lawsuits and claims, the City and its legal department have estimated that the liability for all such litigation and claims totaled approximately \$120 million for the primary government as of June 30, 2016 (see Note 11). In addition, these lawsuits and claims may be compromised and/or discharged pursuant to a plan of adjustment confirmed in the Bankruptcy Case.

Grant Audits

Several of the City's funds participate in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs prior to and/or including the year ended June 30, 2016 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, 2016. Since the City believes such adjustments, if any, will not be material, no provision for possible adjustments has been made.

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, 2016, future Block Grant funds of \$72,588,000 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.

Other Contingencies

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

Note 12 - Commitments and Contingencies (Continued)

Construction Commitments

The City has commitments for future construction contracts. Construction to date and remaining commitments at June 30, 2016 were as follows:

	Spent as of June 30, 2016	Remaining
Recreation and culture	\$ 10,080	\$ 7,489,920
Public protection	2,741,363	8,871,720
Municipal facilities	4,343,113	5,144,887
Municipal services	<u>4,898,947</u>	<u>7,660,745</u>
Total	<u>\$ 11,993,503</u>	<u>\$ 29,167,272</u>

The Sewage Disposal Fund is engaged in a variety of projects that are a part of its five-year Capital Improvement Program (Sewage Program). The total cost of this Sewage Program is anticipated to be approximately \$282.1 million through fiscal year 2021. The Sewage Program is being financed primarily from revenue of the Fund and proceeds from the issuance of revenue bonds. The total amount of construction contract commitments outstanding at June 30, 2016 was approximately \$46.5 million.

The Water Fund is engaged in a variety of projects that are a part of its five-year Capital Improvement Program (Water Program). The total cost of this Water Program is anticipated to be approximately \$282 million through fiscal year 2021. The Water Program is being primarily financed from revenue of the Fund and proceeds from the issuance of revenue bonds. The total amount of construction contract commitments outstanding at June 30, 2016 was approximately \$10.4 million.

Operating Leases

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

<u>Fiscal Year Ending</u>	<u>Amount</u>
2017	\$ 10,519,597
2018	10,430,247
2019	8,184,387
2020	8,148,701
2021	8,147,842
2022-2026	41,463,674
2027-2028	<u>13,359,407</u>
Total minimum payments	<u>\$ 100,253,853</u>

Rental expense for all operating leases approximated \$13.9 million for the year ended June 30, 2016.

June 30, 2016

Note 12 - Commitments and Contingencies (Continued)***Joe Louis Arena and Joe Louis Arena Parking Facility - Lease Agreement***

The Detroit City Council approved a lease between the City, Olympia Entertainment, and the Detroit Red Wings for the rental of the Joe Louis Arena and the Joe Louis Arena Parking Facility, effective as of July 2, 2010 and ending on June 30, 2015. Pursuant to the terms of the agreement, this lease has been extended through June 30, 2018 for \$1 million per year.

Note 13 - Bankruptcy

On July 18, 2013, the City filed a petition in the United States Bankruptcy Court for the Eastern District of Michigan (the "Bankruptcy Court"), initiating its bankruptcy case, *In re City of Detroit, Michigan*, Case No. 13-53846 (Bankr. E.D. Mich.) (the "Bankruptcy Case"). On December 5, 2013, the Bankruptcy Court entered its (1) *Opinion Regarding Eligibility* (Docket No. 1945), finding the City eligible for bankruptcy relief; and (2) *Order for Relief Under Chapter 9 of the Bankruptcy Code* (Docket No. 1946), permitting the City to be a debtor under Chapter 9 of the Bankruptcy Code.

On October 22, 2014, the City filed its *Eighth Amended Plan for the Adjustment of Debts of the City of Detroit (October 22, 2014)* (the "Plan", Docket No. 8045). On November 12, 2014, the Bankruptcy Court entered an order confirming the Plan with minor modifications (the "Confirmation Order," Docket No. 8272). The Plan became effective on December 10, 2014 (the "Effective Date"). On that date, among other things, the City (1) issued \$1.3 billion of debt, of which \$1.1 billion was delivered to various classes of creditors in satisfaction of their claims; (2) paid \$110.1 million in cash to various parties and escrow accounts; (3) assigned debt service payments on remaining original UTGO bonds primarily to the income stabilization funds for the General Retirement System (GRS) and Police and Fire Retirement System (PFRS); (4) issued settlement credits (Settlement Credits) totaling \$25.0 million to insurers of the POCs; and (5) irrevocably transferred the assets of the Detroit Institute of Arts (DIA) to the DIA as trustee. The discharge of claims under the Plan provided the City \$6.8 billion in aggregate debt relief.

In connection with the Plan, the City entered into various agreements, including the following: (1) the General Retirement System (GRS) and Police and Fire Retirement System pension settlements; (2) matters relating to the Great Lakes Water Authority (GLWA); (3) the Syncora Settlement, including the Syncora Development Agreement and the other Syncora Settlement Documents; and (4) the FGIC/POC Settlement, including the FGIC Development Agreement and the other FGIC/POC Settlement Documents.

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

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

Note 13 - Bankruptcy (Continued)

Pension Settlements

On the Effective Date, the City assumed the obligations related to the already-accrued benefits under the GRS pension plan and the PFRS pension plan as those benefits were modified by the Plan. The old GRS and old PFRS plans (which were frozen on July 1, 2014) are closed to new participants, and vested active employees have not accrued additional pension benefits under the terms and conditions of those plans since that date. As of the Effective Date, the City retained the responsibility to fund all amounts necessary to provide the adjusted (reduced) pension benefits to its employees and retirees who accrued benefits in either of the old, frozen GRS or PFRS pension plans, although the City’s contributions are fixed through June 30, 2023, and are payable from the sources shown in the table below. Thereafter, the City will be required to contribute all amounts necessary to fund the frozen plans. During November 2015, the actuary for each of the plans revised the calculation of the Unfunded Actuarial Accrued Liabilities (UAAL) for the frozen plans using updated mortality tables and other assumptions. The effect of the revised calculations was to increase the UAAL for the frozen plans by approximately \$491 million. Beginning in 2024, the Plan assumed that the UAAL would be funded over 30 years and projected an annual General Fund contribution of \$111 million beginning in fiscal year 2024. Based on the revised calculations, as of November 2015, the General Fund contribution was projected to be \$194 million per year. In fiscal year 2016, the City began to set aside funds (\$30 million in 2016 and \$60 million in 2017) in a restricted fund for application to a portion of its annual General Fund contribution obligation to the plans beginning in fiscal year 2024 to allow the City to better manage its liability at that time.

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

Source of Pension Contributions	Required or Paid	Contributions Through	
	FY 2016	June 30, 2023	Beneficiary
Detroit Water and Sewerage Department	\$ 45,400,000	\$ 428,500,000	GRS
DIA	32,886,828	45,000,000	GRS
General Fund	20,000,000	92,100,000	GRS
Library	2,500,000	22,500,000	GRS
Stub UTGO Bond Millage Assignment to Income Stabilization Fund	4,005,830	31,700,000	GRS
Total GRS Contributions Through June 30, 2023	\$ 104,792,658	\$ 619,800,000	
Foundation for Detroit's Future	\$ 18,300,000	\$ 164,700,000	PFRS
DIA	19,487,744	45,000,000	PFRS
Total	\$ 37,787,744	\$ 209,700,000	

The net pension liability for both retirement systems decreased \$1,326,824,448 (\$786,592,176 for GRS and \$540,232,272 for PFRS) because of the pension settlements.

Great Lakes Water Authority

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

June 30, 2016

Note 13 - Bankruptcy (Continued)

On June 12, 2015 the GLWA Board approved and the Mayor and GLWA executed two separate leases (the "Leases") of the regional facilities comprising Regional Systems (the "Leased Facilities"), and a Water and Sewer Services Agreement for the provision by GLWA of water supply and sewage disposal services to City retail customers (the "Water and Sewer Services Agreement"). Under the Leases, which became effective on January 1, 2016, the City leased the Leased Facilities and assigned and transferred its interest in all revenue derived from the sale of sewage disposal and water supply services to the wholesale customers and the retail customers of the Systems to GLWA for an initial term of 40 years. The City conveyed to GLWA, for the term of the Leases, a leasehold interest in all of the City's right, title, and interest in and to the Leased Facilities in order to enable GLWA to operate the Leased Facilities. The City, through its Water and Sewerage Department, under the oversight of the Board of Water Commissioners, continues to own, operate, and be responsible for the operation and maintenance of all water supply and sewage disposal facilities that provide water supply and sewage disposal services directly to the retail customers (the "Local Facilities").

On December 17, 2015, the GLWA Board and the Mayor determined that the conditions precedent contained in the Leases of the Regional Sewer System and the Regional Water System to the effectiveness of the Leases had been satisfied and the effective date for the Leases and the transactions contemplated thereby occurred on January 1, 2016, at which time GLWA began to operate the Regional Systems and all revenue of the Systems was assigned to GLWA.

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

On January 1, 2016, the Leases and all of the transactions described above became effective. At any time GLWA issues bonds with a maturity date after the initial term of the Leases, the term of the Leases automatically extends to coincide with the date on which the last of the GLWA Bonds are required to be paid or at such time as they are defeased.

Rate Setting

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

June 30, 2016

Note 13 - Bankruptcy (Continued)***Lease Payments***

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

Effective January 1, 2016, the City has leased the regional sewer system and regional water system to GLWA. The City, through the DWSD, continues to provide all services to customers located within the City of Detroit boundaries. The Leases assign all DWSD bonds to GLWA, and all capital assets used to provide services to the suburban customers. The annual debt service related to the portion of the DWSD bonds that were used to construct in-city capital assets has been and will continue to be allocated to DWSD directly as part of the rate structure. As part of this agreement, all collection of sewage disposal and water billings is deposited into accounts created by the GLWA Master Bond Ordinances, in order to provide continued protection to those bondholders.

As compensation, GLWA will make lease payments of \$50 million per year, currently allocated at \$27.5 million and \$22.5 million for Sewage and Water, respectively, which will be deposited into the Improvement and Extension Fund, or used to fund DWSD's portion of debt service. The lease term is 40 years, and will be automatically extended to match the maturity of any GLWA bonds outstanding.

The DWSD has reported the consideration receivable at its net present value, using a discount rate of 3.677 percent. It has reported the allocation of all assets and liabilities based on management's best estimates available as of the date of this financial statement, May 26, 2017. DWSD has been negotiating with GLWA to come to specific agreement on some of the individual assets and liability allocations, including the allocation of debt related to the portion of the DWSD bonds that were used to construct in-city capital assets. We expect an agreement to be reached subsequent to the issuance of these financial statements. If there is a change in allocation of the assets and liabilities from the estimates used in these financial statements, it will be reflected in the financial statements for the year ending June 30, 2017.

As a result of this acquisition, the statement of revenue, expenses, and changes in fund net position reports revenue and expenses related to all regional water and sewage disposal activity for the first six months of the fiscal year, and only activity related to City retail customers for the second six months of the year.

June 30, 2016

Note 13 - Bankruptcy (Continued)

As a result of the Leases mentioned above, which were effective January 1, 2016, the Water and Sewer Funds of the City were impacted by the resulting bifurcation of the balance sheet as of January 1, 2016. The difference between the consideration receivable and the net position allocated to GLWA at January 1, 2016 (considering assets, liabilities, deferred outflows, and deferred inflows, less the contractual obligation to GLWA for the portion of the debt used to construct in-city capital assets) has been reported as a Special Item. The detail of this calculation is shown below.

	Water	Sew age
Present value of consideration received	\$ 484,313,371	\$ 591,938,565
Cash, cash equivalents, and Investments at 12/31/15	(349,833,408)	(462,883,499)
Receivables assumed by Great Lakes Water Authority	(67,167,538)	(248,776,115)
Assets leased to Great Lakes Water Authority	(1,386,073,421)	(2,295,028,738)
Bonds assumed by Great Lakes Water Authority	2,020,221,695	3,093,035,814
Other liabilities assumed by Great Lakes Water Authority	66,233,037	121,715,649
Day one cash	<u>8,839,000</u>	<u>8,911,500</u>
Total	<u>\$ 776,532,736</u>	<u>\$ 808,913,176</u>

Of the total operating revenue and expenses for the Water and Sewage Disposal Fund, the operations that were transferred to GLWA under the Leases had, for the first six months of the fiscal year, the following activity: For the Water fund, total operating revenue of approximately \$160 million and total operating expenses of approximately \$90 million and for the Sewage Disposal Fund, total operating revenue of approximately \$130 million and total operating expenses of approximately \$100 million.

In addition, of the total nonoperating expenses for the Water and Sewage Disposal Fund, approximately \$50 million and \$65 million, respectively, represent the activity for the disposed operations.

The Syncora Settlement

Syncora owned and was an insurer of certain of the City's POC debt (insurer of \$351.9 million pre-petition balance). Syncora also insured certain interest rate swap agreements and UTGO debt (\$34.4 million pre-petition balance).

The City and Syncora reached an agreement effecting a global settlement of all matters and litigation between the parties related to the Bankruptcy Case, as set forth in the Syncora settlement documents. Among other actions taken in connection with the agreement, the parties entered into the Syncora Development Agreement and the Syncora Option Agreement.

On December 8, 2015, Pike Pointe Holdings, LLC, a Syncora affiliate, notified the City that it was exercising its option under the Syncora Option Agreement to enter into a concession with respect to the City's Grand Circus Parking Garage. The notice triggered a 90-day period to negotiate a concession agreement, which period was formally extended to April 8, 2016, by agreement. As of the date of this report, no agreement has been reached between the two parties though the City and Syncora have agreed in good faith to continue discussions through June 1, 2017.

June 30, 2016

Note 13 - Bankruptcy (Continued)

Syncora Development Agreement representatives of Syncora have presented to the Planning and Development Department (PDD) and the Detroit Economic Development Corporation (DEGC) an initial master plan and marketing booklet for the contiguous parcels at Atwater & Rivard.

The FGIC/COP Settlement

Financial Guaranty Insurance Company (FGIC) was an insurer of certain of the City's POC debt (\$1.1 billion pre-petition balance).

The City and FGIC reached an agreement effecting a global settlement of all matters and litigation between the parties related to the Bankruptcy Case, as set forth in the FGIC/POC settlement documents. Among other actions taken in connection with the settlement agreement, the City and the Developer, for the benefit of FGIC and the FGIC POC Holders, entered into the FGIC Development Agreement. Representatives of FGIC presented PDD and DEGC with an initial development proposal. Based on some of the conditions presented in the plan, PDD and DEGC are working with FGIC and adjacent property owners to look at options for a more integrated development plan.

Settlement Credits

On the Effective Date, pursuant to the Syncora Settlement and the FGIC/COP Settlement, the City transferred Settlement Credits to a trustee on behalf of Syncora and FGIC in the aggregate amount of \$25 million, which may be applied to 50 percent of the purchase price of certain eligible City assets, subject to the terms and conditions of those Settlement Credits. Syncora was credited with \$6.0 million and FGIC was credited with \$19.0 million of Settlement Credits. As of the date of this report, Syncora has redeemed \$0 and FGIC has redeemed \$0 of Settlement Credits.

Financial Review Commission

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

Beginning with fiscal year 2016, Public Act 182 requires the City to adopt a financial plan covering the current fiscal year, and the next three succeeding fiscal years (the "Financial Plan"). The Financial Plan must be consistent with the two-year budget adopted by the Emergency Manager pursuant to Act 436. The Financial Plan is the basis for the City's required budget under Act 2. The Financial Plan is proposed by the Mayor and approved by the City Council. The Financial Plan must be approved by the Financial Review Commission for the City (the "Commission") before it takes effect. The Commission approved the City's Financial Plan for fiscal years 2017-2020 on April 18, 2016.

June 30, 2016

Note 13 - Bankruptcy (Continued)

Act 181 provides for the oversight of the City for no less than 13 years. However, if the City meets certain criteria, the nature of the oversight is scaled back. Those criteria include: the City's adoption and adherence to a balanced budget for three consecutive years; certification by the State Treasurer and the City's CFO that all debt obligations sold in the public market by or for the benefit of the City in the immediately preceding and current fiscal years satisfied the City's capital needs for those periods; the City's current four-year financial plan projects a balanced budget in each year of the plan; the Commission concurs that the City has sufficient ability to borrow in the capital markets; the City has not violated and is not in current violation of the Plan; and the State Treasurer confirms that the City is in compliance with the Uniform Budgeting and Accounting Act.

The City anticipates that by December 31, 2017, it will have satisfied these requirements. Once the City satisfies the foregoing criteria, the Commission must waive many of the requirements described above, but may rescind the waiver if it determines that there is a substantial likelihood that certain criteria will occur, including failure by the City to pay debt when due, the City incurs a budget deficit in any year in excess of 5 percent of expenditures in that year, or the City fails to comply with the revised municipal finance act or to obtain the prior approval of the Commission to issue debt. If the Commission waives the requirements for 10 consecutive years, the Commission is dissolved.

Note 14 - Subsequent Events**(a) Bankruptcy Appeals**

A number of parties filed appeals of the Confirmation Order. Almost all of these appeals have been dismissed or otherwise resolved. Two sets of appellants filed petitions with the United States Supreme Court, seeking writs of certiorari (i.e., asking the Supreme Court to hear their appeal). One petition, filed February 9, 2017, was denied by the Supreme Court on April 17, 2017. The other petition, filed April 14, 2017, remains pending and involves the following cases and appellants:

1. Sixth Circuit Cases:
 - a. *John Quinn v. City of Detroit, et al.*, U.S. Court of Appeals Docket No. 15-2337
 - b. *Dennis Taubitz, et al. v. City of Detroit, et al.*, U.S. Court of Appeals Docket No. 15-2353
 - c. *William Davis v. City of Detroit, MI, et al.*, U.S. Court of Appeals Docket No. 15-2379
2. Supreme Court Petition Docket No. 16-1236, *John P. Quinn, Dennis Taubitz, Irma Industrious, and William Davis, v. City of Detroit, Michigan, et al.*

(b) Progress on Resolution of Unsecured Bankruptcy Claims

After confirmation of the Plan, the City began working to resolve the approximately 3,900 filed proofs of claim. Of these, approximately 1,400 were claims related to litigation. The approximately 2,500 other proofs of claim include trade claims, labor-related claims, tax claims, pension-related claims, and others.

Note 14 - Subsequent Events (Continued)

The City has resolved approximately 2,600 of the roughly 3,900 claims originally filed. The City has resolved 900 of the litigation claims and is litigating over 400 more. Also, more than half of the non-litigation unsecured claims have been resolved, including some of the largest. For example, certain unions filed claims against the City asserting a face value of nearly \$9 billion in unsecured pre-petition obligations. These claims have been voluntarily resolved and allowed in face amounts totaling \$110 million and, on that basis, will share pro rata in \$20.6 million in B Notes along with other creditors holding allowed Class 14 claims. The \$20.6 million in B Notes is a fixed amount, regardless of the total amount of allowed Class 14 claims.

(c) Refunding of Prior Bonds

On August 11, 2016, the City issued the following series of City of Detroit Distributable State Aid Bonds in the aggregate principal amount of \$606,180,000 (collectively, the “2016 DSA Bonds”) for the purpose of refunding all of its Distributable State Aid Fourth Lien Restructured Bonds (Unlimited Tax General Obligation), Series 2014A/G, various outstanding Unlimited Tax General Obligation Bonds, the debts service payments on which had been assigned under the Plan to the GRS and the PFRS (the “Stub Bonds”), and portions of its 2010 First Lien General Obligation Limited Bonds, Distributable State Aid Third Lien Bonds (Limited Tax General Obligation), Series 2012(A/B). The refunding of the Stub Bonds resulted in the prepayment or defeasance of the City’s remaining obligations to the GRS and PFRS from the assigned debt service in respect of the Stub Bonds, with final payment from the refunding escrow to occur on April 1, 2018.

Concurrent with the refunding, Moody’s assigned ratings as of July 21, 2016 as follows:

Issue - Distributable State Aid	Amount	Rating Agency	Rating
2016 C1 - First Lien LTGO	\$ 240,965,000	Moody's	Aa2
2016 C2 - Third Lien LTGO	123,175,000	Moody's	A1
2016 C3 - Fourth Lien UTGO	222,185,000	Moody's	A2
2016 C4 - Fourth Lien UTGO	19,855,000	Moody's	A2

REQUIRED SUPPLEMENTARY INFORMATION

COMPARISON - GENERAL FUND BUDGET TO ACTUAL

(UNAUDITED)

Notes to Budget to Actual Comparison

Budgeting Policy

The City's annual budget constitutes a financial plan for the next fiscal year, which is required to set forth estimated revenue 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 revenue, so that the budget as submitted is a balanced budget. Budgets are prepared for all agencies of the City. All budgets are adopted at the function level within a department, the legal level of budgetary control.

Budgetary Compliance

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

The budget has been prepared in accordance with U.S. generally accepted accounting principles, except that transfers to/from other funds have been included in revenue and expenditures. The adoption of the budget provides for: (1) appropriations of specific amounts from funds indicated; (2) a specific levy of property tax; and (3) provision for the issuance of bonds specified in the capital program. The budget as adopted becomes the basis for establishing revenue 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 revenue 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.

Required Supplementary Information
 Schedule of Revenue, Expenditures, and Changes in
 Fund Balance
 Budget and Actual - General Fund (Unaudited)

Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenue				
Taxes, assessments, interest, and penalties:				
Property taxes	\$ 100,814,421	\$ 100,814,421	\$ 147,372,374	\$ 46,557,953
Municipal income tax	268,407,741	268,407,741	263,178,629	(5,229,112)
Utility users' tax	15,870,463	15,870,463	24,036,395	8,165,932
Wagering taxes	169,042,005	169,042,005	180,228,993	11,186,988
Other taxes and assessments	9,978,113	9,978,113	5,378,658	(4,599,455)
Interest and penalties on taxes	<u>924,928</u>	<u>924,928</u>	<u>4,269,148</u>	<u>3,344,220</u>
Total taxes, assessments, interest, and penalties	565,037,671	565,037,671	624,464,197	59,426,526
Licenses, permits, and inspection charges:				
Business licenses	2,526,000	2,526,000	2,206,488	(319,512)
Permits	586,500	586,500	3,902,495	3,315,995
Inspection charges	6,030,240	7,330,240	5,590,607	(1,739,633)
Other licenses	<u>61,634</u>	<u>61,584</u>	<u>-</u>	<u>(61,584)</u>
Total licenses, permits, and inspection charges	9,204,374	10,504,324	11,699,590	1,195,266
Intergovernmental:				
Federal	12,819,096	160,205,168	27,734,509	(132,470,659)
State:				
State-shared revenue	197,363,000	197,363,000	194,705,498	(2,657,502)
State returnable liquor license fees	604,206	604,206	-	(604,206)
Other state-sourced revenue	16,874,355	122,028,413	8,687,812	(113,340,601)
Other	<u>594,326</u>	<u>37,992,874</u>	<u>-</u>	<u>(37,992,874)</u>
Total intergovernmental	228,254,983	518,193,661	231,127,819	(287,065,842)
Sales and charges for services:				
Maintenance and construction	43,000	43,000	2,060,730	2,017,730
Electrical			(43,916)	(43,916)
Recreation fees	13,500	13,500	176,139	162,639
Collection fees	4,309,863	4,339,863	4,295,690	(44,173)
Other fees	45,846,301	42,239,180	38,261,492	(3,977,688)
Personal services	28,669,180	32,899,054	23,458,547	(9,440,507)
Other departmental sales	<u>25,257,538</u>	<u>33,443,089</u>	<u>1,748,468</u>	<u>(31,694,621)</u>
Total sales and charges for services	104,139,382	112,977,686	69,957,150	(43,020,536)
Ordinance fines and forfeitures	23,754,949	23,754,949	22,403,525	(1,351,424)
Revenue from use of assets:				
Investment earnings	-	(208,133)	16,867,686	17,075,819
Real estate rentals	963,171	963,171	1,121,395	158,224
Concessions	214,688	214,688	96,919	(117,769)
Sale of real property	<u>5,149,977</u>	<u>4,810,338</u>	<u>-</u>	<u>(4,810,338)</u>
Total revenue from use of assets	6,327,836	5,780,064	18,086,000	12,305,936
DIA and foundation revenue	-	-	54,079,327	54,079,327
Other revenue	<u>87,277,555</u>	<u>168,242,751</u>	<u>29,877,357</u>	<u>(138,365,394)</u>
Total revenue	1,023,996,750	1,404,491,106	1,061,694,965	(342,796,141)

Required Supplementary Information
 Schedule of Revenue, Expenditures, and Changes in
 Fund Balance (Continued)
 Budget and Actual - General Fund (Unaudited)

Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures				
Public protection:				
Construction code	\$ 862,634	\$ 2,017,815	\$ 1,516,977	\$ 500,838
Fire	142,106,927	167,319,086	108,401,009	58,918,077
Human rights	1,104,701	1,100,701	525,471	575,230
Ombudsperson	785,769	765,889	712,366	53,523
Parking enforcement	5,789,460	5,713,046	4,635,727	1,077,319
Police	312,737,693	329,866,379	258,650,198	71,216,181
Office of the Inspector General	944,845	1,073,059	827,178	245,881
Detroit Office of Homeland Security	-	10,490,686	9,014	10,481,672
36th District Court	<u>33,221,996</u>	<u>33,263,828</u>	<u>30,410,850</u>	<u>2,852,978</u>
Total public protection	497,554,025	551,610,489	405,688,790	145,921,699
Department of Health	33,118,512	182,640,129	22,952,287	159,687,842
Recreation and culture:				
Culture, arts, and tourism	-	982,536	-	982,536
Historical	-	7,394	-	7,394
Recreation	<u>19,250,597</u>	<u>22,821,134</u>	<u>16,506,695</u>	<u>6,314,439</u>
Total recreation and culture	19,250,597	23,811,064	16,506,695	7,304,369
Economic development - Civic center	-	-	4,817,694	(4,817,694)
Housing supply and conditions - Planning and development	<u>9,505,859</u>	<u>32,619,487</u>	<u>6,179,112</u>	<u>26,440,375</u>
Total housing supply and conditions	9,505,859	32,619,487	6,179,112	26,440,375
Physical environment:				
Airport	5,374,226	5,374,226	-	5,374,226
Environmental affairs	-	1,057,514	-	1,057,514
Public lighting	38,785,574	26,093,164	10,281,949	15,811,215
Public works	<u>1,512,266</u>	<u>23,173,844</u>	<u>2,935,882</u>	<u>20,237,962</u>
Total physical environment	45,672,066	55,698,748	13,217,831	42,480,917
Development and management:				
Auditor General	3,775,482	3,775,482	3,333,406	442,076
Budget	1,743,785	2,218,741	1,751,350	467,391
City Clerk	2,145,180	2,145,180	1,373,209	771,971
City Council	7,275,437	8,202,431	7,167,586	1,034,845
Communications and creative services	-	-	(850)	850
Elections	4,257,191	4,647,129	4,581,678	65,451
Finance	57,370,535	66,054,003	33,857,085	32,196,918
General services	66,523,648	64,778,848	36,429,529	28,349,319
Law	13,877,090	13,944,534	12,096,189	1,848,345
Mayor's office	10,346,336	12,970,887	8,080,148	4,890,739
Human resources	14,280,929	12,146,000	7,839,122	4,306,878
Information technology services	13,232,271	13,167,505	13,440,966	(273,461)
Board of zoning appeals	470,615	470,615	463,999	6,616
Detroit workforce development department	-	640,820	-	640,820
Administrative hearings	1,154,892	1,099,538	998,440	101,098
Planning	-	-	1,105,210	(1,105,210)
Nondepartmental	<u>207,526,365</u>	<u>394,253,897</u>	<u>149,196,640</u>	<u>245,057,257</u>
Total development and management	403,979,756	600,515,610	281,713,707	318,801,903
Capital outlay	3,434,551	62,657,935	69,830,477	(7,172,542)

Required Supplementary Information
 Schedule of Revenue, Expenditures, and Changes in
 Fund Balance (Continued)
 Budget and Actual - General Fund (Unaudited)

Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive
	Original	Final		(Negative)
Expenditures (Continued)				
Debt service:				
Principal	\$ 12,700,000	\$ 6,555,132	\$ 17,798,124	\$ (11,242,992)
Interest on bonded debt	70,784,724	71,776,283	51,416,237	20,360,046
Bond issuance costs (refunds)	30,500	30,500	29,438	1,062
Total debt service	<u>83,515,224</u>	<u>78,361,915</u>	<u>69,243,799</u>	<u>9,118,116</u>
Total expenditures	<u>1,096,030,590</u>	<u>1,587,915,377</u>	<u>890,150,392</u>	<u>697,764,985</u>
Excess of revenue (under) over expenditures	<u>(72,033,840)</u>	<u>(183,424,271)</u>	<u>171,544,573</u>	<u>354,968,844</u>
Other Financing Sources (Uses)				
Sources:				
Transfers in	78,704,698	160,252,242	-	(160,252,242)
Proceeds from sale of capital assets	-	-	3,422,805	3,422,805
Proceeds from bond and note issuance	-	-	<u>245,000,000</u>	<u>245,000,000</u>
Total other financing sources	<u>78,704,698</u>	<u>160,252,242</u>	<u>248,422,805</u>	<u>88,170,563</u>
Uses:				
Transfers out	(6,670,858)	(8,647,173)	(82,074,100)	(73,426,927)
Principal paid to bond agents for refunded bonds	-	-	<u>(275,000,000)</u>	<u>(275,000,000)</u>
Total other financing uses	<u>(6,670,858)</u>	<u>(8,647,173)</u>	<u>(357,074,100)</u>	<u>(348,426,927)</u>
Total other financing sources (uses)	<u>72,033,840</u>	<u>151,605,069</u>	<u>(108,651,295)</u>	<u>(260,256,364)</u>
Net Change in Fund Balance	-	(31,819,202)	62,893,278	94,712,480
Fund Balance - Beginning of year	<u>437,687,560</u>	<u>437,687,560</u>	<u>437,687,560</u>	-
Fund Balance - End of year	<u>\$ 437,687,560</u>	<u>\$ 405,868,358</u>	<u>\$ 500,580,838</u>	<u>\$ 94,712,480</u>

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF EMPLOYER CONTRIBUTIONS AND FUNDING PROGRESS

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios

Year Ended June 30, 2016

	GRS Component II 2015		PFRS Component II 2015	
	(Measurement Year)	GRS Component II 2014	(Measurement Year)	PFRS Component II 2014
Total Pension Liability				
Service cost	\$ -	\$ 32,736,019	\$ -	\$ 34,967,708
Interest	263,007,329	242,611,073	306,063,331	304,737,369
Changes in benefit terms	(731,824,895)	(113,311,571)	(555,898,068)	(102,236,878)
Differences between expected and actual experience	24,644,531	-	(59,621,651)	-
Changes in assumptions	(101,559,893)	(271,190,194)	(95,014,469)	540,356,835
Benefit payments, including refunds	(297,538,990)	(397,733,807)	(313,816,916)	(323,540,473)
Net Change in Total Pension Liability	(843,271,918)	(506,888,480)	(718,287,773)	454,284,561
Total Pension Liability - Beginning of year	<u>3,801,649,071</u>	<u>4,308,537,551</u>	<u>4,407,788,045</u>	<u>3,953,503,484</u>
Total Pension Liability - End of year	<u>\$ 2,958,377,153</u>	<u>\$ 3,801,649,071</u>	<u>\$ 3,689,500,272</u>	<u>\$ 4,407,788,045</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 189,282,095	\$ 25,126,131	\$ 114,300,000	\$ -
Contributions - Employee	609,074	10,241,761	42,576	7,783,141
Net investment income	93,054,978	289,789,607	122,736,820	568,760,793
Administrative expenses	(7,556,822)	(11,237,767)	(7,630,692)	(11,373,226)
Benefit payments, including refunds	(297,538,990)	(397,733,807)	(313,816,916)	(323,540,473)
Other (includes ASF recoupment)	138,219,997	-	2,919,354	-
Net Change in Plan Fiduciary Net Position	116,070,332	(83,814,075)	(81,448,858)	241,630,235
Plan Fiduciary Net Position - Beginning of year	<u>2,015,207,879</u>	<u>2,099,021,954</u>	<u>3,276,203,299</u>	<u>3,034,573,064</u>
Plan Fiduciary Net Position - End of year	<u>\$ 2,131,278,211</u>	<u>\$ 2,015,207,879</u>	<u>\$ 3,194,754,441</u>	<u>\$ 3,276,203,299</u>
Net Pension Liability - Ending	<u>\$ 827,098,942</u>	<u>\$ 1,786,441,192</u>	<u>\$ 494,745,831</u>	<u>\$ 1,131,584,746</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	72.04%	53.01%	86.59%	74.33%
Covered Employee Payroll	\$ 188,210,536	\$ 238,669,871	\$ 131,220,124	\$ 157,622,578
Plan's Net Pension Liability as a Percentage of Covered Employee Payroll	439.45%	748.50%	377.04%	717.91%

Schedule of Changes in Net Pension Liability and Related Ratios (Continued)

Year Ended June 30, 2016

	GRS Component I 2015 (Measurement Year)	PFRS Component I 2015 (Measurement Year)
Total Pension Liability		
Service cost	\$ 19,318,576	\$ 24,850,184
Interest	695,469	894,089
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes in assumptions	(1,202,109)	(1,008,119)
Voluntary contributions	5,775,885	-
Benefit payments, including refunds	-	-
Net Change in Total Pension Liability	24,587,821	24,736,154
Total Pension Liability - Beginning of year	-	-
Total Pension Liability - End of year	\$ 24,587,821	\$ 24,736,154
Plan Fiduciary Net Position		
Contributions - Employer	\$ 8,811,368	\$ 14,606,971
Contributions - Employee	6,970,544	7,404,705
Net investment income	20,690	21,019
Benefit payments, including refunds	-	(19,554)
Administrative expenses	(1,481,590)	(685,677)
Voluntary contributions	5,775,885	-
Net Change in Plan Fiduciary Net Position	20,096,897	21,327,464
Plan Fiduciary Net Position - Beginning of year	-	-
Plan Fiduciary Net Position - End of year	\$ 20,096,897	\$ 21,327,464
Net Pension Liability - Ending	\$ 4,490,924	\$ 3,408,690
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.74%	86.22%
Covered Employee Payroll	\$ 180,069,852	\$ 121,627,871
Plan's Net Pension Liability as a Percentage of Covered Employee Payroll	2.49%	2.80%

Required Supplementary Information
 Schedule of Pension Contributions
 Last Ten Fiscal Years

Year Ended June 30, 2016

	2016 *	2015 *	2014	2013	2012	2011	2010	2009	2008	2007
GRS Component II										
Actuarially determined contribution	\$ 106,482,514	\$ 191,146,421	\$ 68,025,576	\$ 60,306,753	\$ 48,695,669	\$ 55,947,462	\$ 33,455,468	\$ 36,675,190	\$ 40,454,952	\$ 41,444,808
Contributions in relation to actuarially determined contributions	106,482,514	191,146,421	27,523,180	37,794,407	34,461,252	52,426,089	35,849,970	39,872,889	41,625,011	41,444,808
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,502,396</u>	<u>\$ 22,512,346</u>	<u>\$ 14,234,417</u>	<u>\$ 3,521,373</u>	<u>\$ (2,394,502)</u>	<u>\$ (3,197,699)</u>	<u>\$ (1,170,059)</u>	<u>\$ -</u>
Covered employee payroll	N/A	N/A	\$ 238,669,871	\$ 213,291,083	\$ 257,992,240	\$ 303,379,482	\$ 334,343,506	\$ 357,072,833	\$ 368,470,990	\$ 361,701,481
Contributions as a percentage of covered employee payroll	N/A	N/A	11.5%	17.7%	13.4%	17.3%	10.7%	11.2%	11.3%	11.5%
PFRS Component II										
Actuarially determined contribution	\$ 38,352,025	\$ 114,922,540	\$ 51,418,126	\$ 43,869,075	\$ 48,283,232	\$ 77,435,354	\$ 59,178,250	\$ 60,893,974	\$ 56,661,222	\$ 57,423,366
Contributions in relation to actuarially determined contributions	38,352,025	114,922,540	-	(29,026,800)	49,760,229	81,642,112	32,808,484	31,395,780	58,934,636	57,423,366
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,418,126</u>	<u>\$ 72,895,875</u>	<u>\$ (1,476,997)</u>	<u>\$ (4,206,758)</u>	<u>\$ 26,369,766</u>	<u>\$ 29,498,194</u>	<u>\$ (2,273,414)</u>	<u>\$ -</u>
Covered employee payroll	N/A	N/A	\$ 157,622,578	\$ 186,694,166	\$ 205,800,278	\$ 220,461,691	\$ 228,829,999	\$ 231,795,528	\$ 232,812,606	\$ 230,173,964
Contributions as a percentage of covered employee payroll	N/A	N/A	0.0%	-15.5%	24.2%	37.0%	14.3%	13.5%	25.3%	24.9%

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

Required Supplementary Information
 Schedule of Pension Contributions (Continued)
 Last Ten Fiscal Years

Year Ended June 30, 2016

GRS Component I	<u>2016 *</u>	<u>2015 *</u>
Contractually determined contribution	\$ 9,048,831	\$ 8,811,369
Contributions in relation to actuarially determined contributions	<u>9,048,831</u>	<u>8,811,369</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A
 PFRS Component I	 <u>2016 *</u>	 <u>2015 *</u>
Contractually determined contribution	\$ 15,831,763	\$ 14,606,971
Contributions in relation to actuarially determined contributions	<u>15,831,763</u>	<u>14,606,971</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A

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

Required Supplementary Information
 Schedule of Actuarial Assumptions
 Last Ten Fiscal Years

Year Ended June 30, 2016

GRS Component II

	2016	2015	2014	2013	2012
Valuation date	See Note 1	See Note 1	June 30, 2012	June 30, 2011	June 30, 2010
Methods and assumptions used to determine contribution rates:					
Actuarial cost method			Entry Age	Entry Age	Entry Age
Amortization method			Level Percent	Level Percent	Level Percent
Remaining amortization period			30 years, Open	30 years, Open	30 years, Open
Asset valuation method			7-year Smoothed Market	7-year Smoothed Market	7-year Smoothed Market
Inflation			4.0%	4.0%	4.0%
Salary increases			4.0% - 8.9%	4.0% - 8.9%	4.0% - 8.9%
Investment rate of return			7.9%	7.9%	7.9%
Retirement age			Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition
Mortality			110% of the RP-2000 Combined Table, set back 0 years for males and 2 years for females	110% of the RP-2000 Combined Table, set back 0 years for males and 2 years for females	110% of the RP-2000 Combined Table, set back 0 years for males and 2 years for females
Other information			Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement

Note 1: Actuarially determined contribution rates were calculated as of June 30, two years prior to the end of fiscal year in which the contributions were reported.

Required Supplementary Information
 Schedule of Actuarial Assumptions (Continued)
 Last Ten Fiscal Years

Year Ended June 30, 2016

2011	2010	2009	2008	2007
June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005
Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Level Percent	Level Percent	Level Percent	Level Percent	Level Percent
30 years, Open	30 years, Open	30 years, Open	30 years, Open	30 years, Open
5-year Smoothed Market	3-year Smoothed Market	3-year Smoothed Market	3-year Smoothed Market	3-year Smoothed Market
4.0%	4.0%	4.0%	4.0%	4.0%
4.0% - 8.9%	4.0% - 8.9%	4.0% - 9.5%	4.0% - 9.5%	4.0% - 9.5%
7.9%	7.9%	7.9%	7.9%	7.9%
Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition
90% (150% for disabled members) of the 1983 Group Annuity Mortality Table	90% (150% for disabled members) of the 1983 Group Annuity Mortality Table	90% (150% for disabled members) of the 1983 Group Annuity Mortality Table	90% (150% for disabled members) of the 1983 Group Annuity Mortality Table	90% (150% for disabled members) of the 1983 Group Annuity Mortality Table
Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement

Required Supplementary Information
Schedule of Actuarial Assumptions (Continued)
Last Ten Fiscal Years

Year Ended June 30, 2016

PFRS Component II

	2016	2015	2014	2013	2012
Valuation date	See Note 1	See Note 1	June 30, 2012	June 30, 2011	June 30, 2010
Methods and assumptions used to determine contribution rates:					
Actuarial cost method			Entry Age	Entry Age	Entry Age
Amortization method			Level Dollar, Closed	Level Dollar, Closed	Level Percent
Remaining amortization period			29 years, Closed	30 years, Closed	30 years, Closed
Asset valuation method			7-year Smoothed Market	7-year Smoothed Market	7-year Smoothed Market
Inflation			0% for two years, 4.0% thereafter	0% for three years, 4.0% thereafter	4.0%
Salary increases			5.0% - 9.2%	5.0% - 9.2%	5.0% - 9.2%
Investment rate of return			8.00%	8.00%	8.00%
Retirement age			Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition
Mortality			95% of the RP-2000 Combined Table for males and 100% of the RP-2000 Combined Table set back 2 years for females	95% of the RP-2000 Combined Table for males and 100% of the RP-2000 Combined Table set back 2 years for females	95% of the RP-2000 Combined Table for males and 100% of the RP-2000 Combined Table set back 2 years for females
Other information			Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement

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

Required Supplementary Information
Schedule of Actuarial Assumptions (Continued)
Last Ten Fiscal Years

Year Ended June 30, 2016

2011	2010	2009	2008	2007
June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006	June 30, 2005
Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Level Percent	Level Percent	Level Percent	Level Percent	Level Percent
26 years, Closed	27 years, Closed	28 years, Closed	29 years, Closed	30 years, Closed
3-year Smoothed Market	3-year Smoothed Market	3-year Smoothed Market	3-year Smoothed Market	3-year Smoothed Market
4.0%	4.0%	4.8%	4.8%	4.8%
5.0% - 9.2%	5.0% - 9.2%	5.8% - 10.8%	5.8% - 10.8%	5.8% - 10.8%
7.5%	7.5%	7.8%	7.8%	7.8%
Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition
95% of the RP-2000 Combined Table for males and 100% of the RP-2000 Combined Table set back 2 years for females	95% of the RP-2000 Combined Table for males and 100% of the RP-2000 Combined Table set back 2 years for females	90% of the 1983 Group Annuity Mortality Table	90% of the 1983 Group Annuity Mortality Table	90% of the 1983 Group Annuity Mortality Table
Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement	Cost of living adjustments are 2.25% of original pension amounts at retirement

Year Ended June 30, 2016

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

Benefit Changes

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

Component I - As of July 1, 2014, all current and future employees participate in the new hybrid pension plans. Component I of the plan document applies to benefits accrued by members on or after July 1, 2014.

Changes in Assumptions

The discount rate used to calculate the June 30, 2015 total pension liability was 7.47 percent for PFRS and 7.61 percent for GRS. The discount rate used to calculate the total pension liability as of June 30, 2014 was 7.2 percent for both plans.

Required Supplementary Information
Supplemental Death Benefit Plan
Last Ten Fiscal Years

Year Ended June 30, 2016

Schedule of Funding Progress (in millions):

Actuarial Valuation Date June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
2010	\$ 24	\$ 35	68.5 %	\$ 11	\$ 567	2.0 %
2011	25.7	34.6	74.3	8.9	444.4	2.0
2013	31.3	32.4	96.6	1.2	397.0	0.3
2014	3.4	5.8	58.6	2.4	397.0	0.6
2015	3.8	6.5	58.5	2.7	423.0	0.6

The supplemental death benefits plan was also closed as of December 10, 2014; benefits to be paid to individuals retiring prior to that date are limited to the assets allocated to the closed plan. There are no further contribution requirements for the City for plan members that were retired as of December 10, 2014. The closed plan includes assets of approximately \$30.4 million, which equals the actuarial accrued liability of the plan as of June 30, 2016.

Schedule of Employer Contributions (in millions):

Supplemental Death Benefit Plan		
Year Ended June 30	Annual Required Contribution	Percentage Contributed
2012	0.596	33 %
2013	0.596	19
2014	0.119	84
2015	0.240	-
2016	0.267	34

**OTHER SUPPLEMENTARY
INFORMATION SECTION**

COMBINING NONMAJOR GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

SPECIAL REVENUE FUNDS

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

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

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

Donated Monies Fund To account for donated funding received for Recreation Bequest Fund

DEBT SERVICE FUND

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

CAPITAL PROJECTS FUND

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

PERMANENT FUNDS

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

PERPETUAL CARE - BEQUEST FUNDS

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

Combining Balance Sheet
Nonmajor Other Governmental Funds

June 30, 2016

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Permanent Funds	Total
Assets					
Cash and cash equivalents	\$ 130,097,001	\$ -	\$ 53,630,117	\$ 817,182	\$ 184,544,300
Investments	4,989,673	-	-	933,779	5,923,452
Accounts and contracts receivable:					
Property taxes receivable	-	120,341,003	-	-	120,341,003
Special assessments	-	-	541,890	-	541,890
Loans receivable	100,841,010	-	-	-	100,841,010
Trade receivable	36,391,675	-	-	-	36,391,675
Total accounts and contracts receivable	137,232,685	120,341,003	541,890	-	258,115,578
Allowance for uncollectible accounts	(135,173,244)	(119,406,504)	(541,890)	-	(255,121,638)
Total accounts and contracts receivable - Net	2,059,441	934,499	-	-	2,993,940
Due from other funds	44,754,757	6,070,717	30,843	-	50,856,317
Due from other governmental agencies	28,589,297	-	5,658,742	-	34,248,039
Restricted cash and cash equivalents	24,251,169	24,229,985	3,470,571	-	51,951,725
Total assets	<u>\$ 234,741,338</u>	<u>\$ 31,235,201</u>	<u>\$ 62,790,273</u>	<u>\$ 1,750,961</u>	<u>\$ 330,517,773</u>
Liabilities					
Accounts and contracts payable	\$ 7,327,441	\$ -	\$ 5,902,013	\$ 19,831	\$ 13,249,285
Accrued liabilities	29,377,889	-	301,284	-	29,679,173
Accrued salaries and wages	515,781	-	-	-	515,781
Due to other funds	19,456,684	911,511	301,582	-	20,669,777
Due to fiduciary funds	103,814	-	-	-	103,814
Due to other governmental agencies	12,740,711	6,953,242	3,592,543	-	23,286,496
Deposits from vendors and customers	2,268,607	-	-	-	2,268,607
Unearned revenue	76,288	-	-	-	76,288
Other liabilities	843,473	-	436,756	-	1,280,229
Total liabilities	72,710,688	7,864,753	10,534,178	19,831	91,129,450
Deferred Inflows of Resources	4,796,637	934,499	454,525	-	6,185,661
Fund Balances					
Nonspendable - Permanent fund principal	-	-	-	1,005,096	1,005,096
Restricted for:					
Highway and street improvements	72,967,311	-	-	-	72,967,311
Police	10,416,668	-	-	-	10,416,668
Endowments and trusts	-	-	-	726,034	726,034
Local business growth	478,084	-	-	-	478,084
Rubbish collection and disposal	39,257,989	-	-	-	39,257,989
Construction code	13,960,847	-	-	-	13,960,847
Grants	20,156,039	-	-	-	20,156,039
Debt service	-	22,435,949	-	-	22,435,949
Assigned for - Capital acquisitions	-	-	51,801,570	-	51,801,570
Unassigned	(2,925)	-	-	-	(2,925)
Total fund balances	157,234,013	22,435,949	51,801,570	1,731,130	233,202,662
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 234,741,338</u>	<u>\$ 31,235,201</u>	<u>\$ 62,790,273</u>	<u>\$ 1,750,961</u>	<u>\$ 330,517,773</u>

Combining Statement of Revenue, Expenditures, and
Changes in Fund Balances
Nonmajor Other Governmental Funds

Year Ended June 30, 2016

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Permanent Funds	Totals
Revenue					
Taxes:					
Property taxes	\$ -	\$ 58,080,117	\$ -	\$ -	\$ 58,080,117
Gas and weight tax	58,109,927	-	-	-	58,109,927
Interest and penalties on taxes	-	166,022	-	-	166,022
Licenses, permits, and inspection charges	24,101,090	-	-	-	24,101,090
Intergovernmental:					
Federal	65,444,414	-	-	-	65,444,414
Other	14,472,890	-	-	-	14,472,890
Sales and charges for services	50,461,725	-	199,911	-	50,661,636
Ordinance fines and forfeitures	2,239,639	-	-	-	2,239,639
Investment earnings	13,678	1,830	77,045	37,494	130,047
Other revenue	8,753,978	3,288,637	2,346,463	86,938	14,476,016
	<u>223,597,341</u>	<u>61,536,606</u>	<u>2,623,419</u>	<u>124,432</u>	<u>287,881,798</u>
Expenditures					
Current:					
Public protection	17,628,477	-	-	-	17,628,477
Health	1	-	-	-	1
Recreation and culture	-	-	-	57,197	57,197
Economic development	52,780,710	-	3,425,433	-	56,206,143
Physical environment	40,868,533	-	-	-	40,868,533
Transportation facilitation	15,904,193	-	-	-	15,904,193
Debt service:					
Principal	8,189,000	34,790,000	-	-	42,979,000
Interest	3,311,648	22,822,310	-	-	26,133,958
Capital outlay	54,297,544	-	2,077,145	-	56,374,689
	<u>192,980,106</u>	<u>57,612,310</u>	<u>5,502,578</u>	<u>57,197</u>	<u>256,152,191</u>
Net Change in Fund Balances	30,617,235	3,924,296	(2,879,159)	67,235	31,729,607
Fund Balances - Beginning of year (as restated)	<u>126,616,778</u>	<u>18,511,653</u>	<u>54,680,729</u>	<u>1,663,895</u>	<u>201,473,055</u>
Fund Balances - End of year	<u>\$ 157,234,013</u>	<u>\$ 22,435,949</u>	<u>\$ 51,801,570</u>	<u>\$ 1,731,130</u>	<u>\$ 233,202,662</u>

City of Detroit, Michigan

	Community Development Block Grant Fund	Construction Code Fund	Urban Development Fund	Detroit Workforce Development Fund	Drug Law Enforcement Fund
Assets					
Cash and cash equivalents	\$ -	\$ 7,369,935	\$ 2,726,326	\$ 239,368	\$ 12,358,868
Investments	1,969,728	-	-	-	-
Accounts and contracts receivable:					
Loans receivable	100,841,010	-	-	-	-
Trade receivables	-	15,529	-	-	-
Total accounts and contracts receivable	100,841,010	15,529	-	-	-
Less allowance for uncollectible accounts	(100,841,010)	-	-	-	-
Total accounts and contracts receivable - Net	-	15,529	-	-	-
Due from other funds	283,204	9,717,622	83,626	-	186,390
Due from other governmental agencies	7,262,071	-	4,930,317	121,408	-
Restricted cash and cash equivalents	23,775,735	-	294,583	-	-
Total assets	33,290,738	17,103,086	8,034,852	360,776	12,545,258
Deferred Outflows of Resources					
Total assets and deferred outflows of resources	<u>\$ 33,290,738</u>	<u>\$ 17,103,086</u>	<u>\$ 8,034,852</u>	<u>\$ 360,776</u>	<u>\$ 12,545,258</u>
Liabilities					
Accounts and contracts payable	\$ 1,166,698	\$ 363,492	\$ -	\$ 10,135	\$ 59,425
Accrued liabilities	4,574,460	541,618	4,909,032	-	116,094
Accrued salaries and wages	32,157	129,645	1,606	-	21,816
Due to other funds	9,369,208	1,603,289	31,738	10,975	397,783
Due to fiduciary fund	-	103,814	-	-	-
Due to other governmental agencies	657,770	-	122,325	122,369	-
Deposits from vendors and customers	740,868	-	55,555	-	1,472,184
Unearned revenue	-	-	-	-	61,288
Other liabilities	210,617	400,381	29,485	202,990	-
Total liabilities	16,751,778	3,142,239	5,149,741	346,469	2,128,590
Deferred Inflows of Resources	3,150,380	-	795,582	-	-
Fund Balances (Deficits)					
Restricted for:					
Highway and street improvements	-	-	-	-	-
Police	-	-	-	-	10,416,668
Local business growth	-	-	-	-	-
Rubbish collection and disposal	-	-	-	-	-
Construction code	-	13,960,847	-	-	-
Grants	13,388,580	-	2,089,529	14,307	-
Unassigned	-	-	-	-	-
Total fund balances (deficits)	13,388,580	13,960,847	2,089,529	14,307	10,416,668
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 33,290,738</u>	<u>\$ 17,103,086</u>	<u>\$ 8,034,852</u>	<u>\$ 360,776</u>	<u>\$ 12,545,258</u>

Combining Balance Sheet
Nonmajor Other Governmental Funds
Special Revenue Funds

June 30, 2016

Human Services Fund	Solid Waste Management Fund	Street Funds	Targeted Business Development Fund	Telecommunications Fund	Renew able Energy Fund	Donated Monies Fund	Totals
\$ 2,719,911	\$ 23,483,358	\$ 81,084,729	\$ -	\$ -	\$ 8,284	\$ 106,222	\$ 130,097,001
-	3,019,945	-	-	-	-	-	4,989,673
-	-	-	-	-	-	-	100,841,010
-	35,277,446	1,098,700	-	-	-	-	36,391,675
-	35,277,446	1,098,700	-	-	-	-	137,232,685
-	(33,453,722)	(878,512)	-	-	-	-	(135,173,244)
-	1,823,724	220,188	-	-	-	-	2,059,441
203,618	28,312,451	4,013,582	478,084	1,272,689	203,491	-	44,754,757
-	-	13,381,337	-	2,894,164	-	-	28,589,297
-	-	-	-	180,851	-	-	24,251,169
2,923,529	56,639,478	98,699,836	478,084	4,347,704	211,775	106,222	234,741,338
-	-	-	-	-	-	-	-
\$ 2,923,529	\$ 56,639,478	\$ 98,699,836	\$ 478,084	\$ 4,347,704	\$ 211,775	\$ 106,222	\$ 234,741,338
\$ -	\$ 2,919,432	\$ 2,808,259	\$ -	\$ -	\$ -	\$ -	\$ 7,327,441
-	4,030,677	15,206,008	-	-	-	-	29,377,889
-	91,445	239,112	-	-	-	-	515,781
46,772	1,366,370	6,628,471	-	-	-	2,078	19,456,684
-	-	-	-	-	-	-	103,814
2,879,682	8,958,565	-	-	-	-	-	12,740,711
-	-	-	-	-	-	-	2,268,607
-	15,000	-	-	-	-	-	76,288
-	-	-	-	-	-	-	843,473
2,926,454	17,381,489	24,881,850	-	-	-	2,078	72,710,688
-	-	850,675	-	-	-	-	4,796,637
-	-	72,967,311	-	-	-	-	72,967,311
-	-	-	-	-	-	-	10,416,668
-	-	-	478,084	-	-	-	478,084
-	39,257,989	-	-	-	-	-	39,257,989
-	-	-	-	-	-	-	13,960,847
-	-	-	-	4,347,704	211,775	104,144	20,156,039
(2,925)	-	-	-	-	-	-	(2,925)
(2,925)	39,257,989	72,967,311	478,084	4,347,704	211,775	104,144	157,234,013
\$ 2,923,529	\$ 56,639,478	\$ 98,699,836	\$ 478,084	\$ 4,347,704	\$ 211,775	\$ 106,222	\$ 234,741,338

City of Detroit, Michigan

	Community Development Block Grant Fund	Construction Code Fund	Urban Development Fund	Detroit Workforce Development Fund	Drug Law Enforcement Fund	Human Services Fund
Revenue						
Taxes:						
Gas and weight tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and inspection charges	-	24,101,090	-	-	-	-
Intergovernmental:						
Federal	45,032,514	134,757	17,416,529	-	-	-
Other	-	-	-	-	-	-
Sales and charges for services	-	-	-	-	-	-
Ordinance fines and forfeitures	-	191,727	-	-	1,734,656	-
Investment earnings	-	-	-	-	-	-
Other revenue	6,747,979	-	304,376	26,007	303,714	-
Total revenue	51,780,493	24,427,574	17,720,905	26,007	2,038,370	-
Expenditures						
Current:						
Public protection	-	16,178,660	-	-	1,449,817	-
Health	-	-	-	-	-	1
Economic development	34,406,155	-	18,371,429	3,126	-	-
Physical environment	-	-	-	-	-	-
Transportation facilitation	-	-	-	-	-	-
Debt service:						
Principal	8,189,000	-	-	-	-	-
Interest	3,311,648	-	-	-	-	-
Capital outlay	13,650	-	-	7,097	603,726	-
Total expenditures	45,920,453	16,178,660	18,371,429	10,223	2,053,543	1
Net Change in Fund Balances	5,860,040	8,248,914	(650,524)	15,784	(15,173)	(1)
Fund Balances (Deficits) - Beginning of year, as restated	7,528,540	5,711,933	2,740,053	(1,477)	10,431,841	(2,924)
Fund Balances (Deficits) - End of year	\$ 13,388,580	\$ 13,960,847	\$ 2,089,529	\$ 14,307	\$ 10,416,668	\$ (2,925)

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Other Governmental Funds
Special Revenue Funds

Year Ended June 30, 2016

Solid Waste Management Fund	Street Funds	Targeted Business Development Fund	Telecommunications Fund	Renew able Energy Fund	Donated Monies Fund	Totals
\$ -	\$ 58,109,927	\$ -	\$ -	\$ -	\$ -	\$ 58,109,927
-	-	-	-	-	-	24,101,090
-	2,860,614	-	-	-	-	65,444,414
-	11,435,408	-	2,926,222	-	111,260	14,472,890
50,461,725	-	-	-	-	-	50,461,725
313,256	-	-	-	-	-	2,239,639
13,678	-	-	-	-	-	13,678
171,118	1,161,291	-	41,121	(1,628)	-	8,753,978
50,959,777	73,567,240	-	2,967,343	(1,628)	111,260	223,597,341
-	-	-	-	-	-	17,628,477
-	-	-	-	-	-	1
-	-	-	-	-	-	52,780,710
40,868,533	-	-	-	-	-	40,868,533
-	15,904,193	-	-	-	-	15,904,193
-	-	-	-	-	-	8,189,000
-	-	-	-	-	-	3,311,648
522	51,675,611	-	1,996,938	-	-	54,297,544
40,869,055	67,579,804	-	1,996,938	-	-	192,980,106
10,090,722	5,987,436	-	970,405	(1,628)	111,260	30,617,235
29,167,267	66,979,875	478,084	3,377,299	213,403	(7,116)	126,616,778
\$ 39,257,989	\$ 72,967,311	\$ 478,084	\$ 4,347,704	\$ 211,775	\$ 104,144	\$ 157,234,013

Combining Balance Sheet
Nonmajor Other Governmental Funds
Street Funds

June 30, 2016

	Major Account	Local Account	Totals
Assets			
Cash and cash equivalents	\$ 58,172,326	\$ 22,912,403	\$ 81,084,729
Accounts and contracts receivable - Trade	1,098,700	-	1,098,700
Less allowance for uncollectible accounts	(878,512)	-	(878,512)
Total accounts and contracts receivable - Net	220,188	-	220,188
Due from other funds	4,013,582	-	4,013,582
Due from other governmental agencies	11,285,115	2,096,222	13,381,337
Total assets	\$ 73,691,211	\$ 25,008,625	\$ 98,699,836
Liabilities			
Accounts and contracts payable	\$ 2,389,167	\$ 419,092	\$ 2,808,259
Due to other funds	3,029,893	3,598,578	6,628,471
Accrued liabilities	9,793,111	5,412,897	15,206,008
Accrued salaries and wages	239,112	-	239,112
Total liabilities	15,451,283	9,430,567	24,881,850
Deferred Inflows of Resources	850,675	-	850,675
Fund Balances - Restricted for highway and street improvements	57,389,253	15,578,058	72,967,311
Total liabilities, deferred inflows of resources, and fund balances	\$ 73,691,211	\$ 25,008,625	\$ 98,699,836

City of Detroit, Michigan

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Other Governmental Funds Street Funds

Year Ended June 30, 2016

	Major Account	Local Account	Totals
Revenue			
Gas and weight tax	\$ 45,363,445	\$ 12,746,482	\$ 58,109,927
Intergovernmental:			
Federal	2,860,614	-	2,860,614
Other	11,435,408	-	11,435,408
Other revenue	<u>1,161,291</u>	<u>-</u>	<u>1,161,291</u>
Total revenue	60,820,758	12,746,482	73,567,240
Expenditures			
Transportation facilitation	5,399,898	10,504,295	15,904,193
Capital outlay	<u>41,637,142</u>	<u>10,038,469</u>	<u>51,675,611</u>
Total expenditures	<u>47,037,040</u>	<u>20,542,764</u>	<u>67,579,804</u>
Excess of Revenue Over (Under) Expenditures	13,783,718	(7,796,282)	5,987,436
Other Financing Sources (Uses)			
Transfers in	-	8,378,429	8,378,429
Transfers out	<u>(8,378,429)</u>	<u>-</u>	<u>(8,378,429)</u>
Total other financing (uses) sources	<u>(8,378,429)</u>	<u>8,378,429</u>	<u>-</u>
Net Change in Fund Balances	5,405,289	582,147	5,987,436
Fund Balances - Beginning of year	<u>51,983,964</u>	<u>14,995,911</u>	<u>66,979,875</u>
Fund Balances - End of year	<u>\$ 57,389,253</u>	<u>\$ 15,578,058</u>	<u>\$ 72,967,311</u>

Combining Balance Sheet
Nonmajor Other Governmental Funds
Permanent Funds

June 30, 2016

	Other Trust	Cemetery Trust	Totals
Assets			
Cash and investments	<u>\$ 49,351</u>	<u>\$ 1,701,610</u>	<u>\$ 1,750,961</u>
Liabilities and Fund Balances			
Liabilities - Accounts and contracts payable	\$ -	\$ 19,831	\$ 19,831
Fund Balances			
Nonspendable - Permanent fund principal	40,349	964,747	1,005,096
Restricted for endow ments and trusts	<u>9,002</u>	<u>717,032</u>	<u>726,034</u>
Total fund balances	<u>49,351</u>	<u>1,681,779</u>	<u>1,731,130</u>
Total liabilities and fund balances	<u>\$ 49,351</u>	<u>\$ 1,701,610</u>	<u>\$ 1,750,961</u>

City of Detroit, Michigan

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Other Governmental Funds Permanent Funds

Year Ended June 30, 2016

	Other Trust	Cemetery Trust	Totals
Revenue			
Investment earnings	\$ -	\$ 37,494	\$ 37,494
Other revenue	-	86,938	86,938
Total revenue	-	124,432	124,432
Expenditures - Recreation and culture	-	57,197	57,197
Net Changes in Fund Balances	-	67,235	67,235
Fund Balances - Beginning of year	49,351	1,614,544	1,663,895
Fund Balances - End of year	<u>\$ 49,351</u>	<u>\$ 1,681,779</u>	<u>\$ 1,731,130</u>

Budgetary Comparison Schedules
Nonmajor Other Governmental Funds
Community Development Block Grant Fund

Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenue				
Intergovernmental - Federal	\$ 33,648,068	\$ 107,043,583	\$ 45,032,514	\$ (62,011,069)
Other revenue	-	28,836,809	6,747,979	(22,088,830)
Total revenue	33,648,068	135,880,392	51,780,493	(84,099,899)
Expenditures				
Current - Economic development	26,232,323	134,686,437	34,406,155	100,280,282
Debt service	7,382,045	12,600,329	11,500,648	1,099,681
Capital outlay	33,700	1,568,067	13,650	1,554,417
Total expenditures	33,648,068	148,854,833	45,920,453	102,934,380
Excess of Revenue (Under) Over Expenditures	-	(12,974,441)	5,860,040	18,834,481
Other Financing Sources - Transfers in	-	1,040,155	-	(1,040,155)
Net Change in Fund Balance	-	(11,934,286)	5,860,040	17,794,326
Fund Balance - Beginning of year	7,528,540	7,528,540	7,528,540	-
Fund Balance (Deficit) - End of year	<u>\$ 7,528,540</u>	<u>\$ (4,405,746)</u>	<u>\$ 13,388,580</u>	<u>\$ 17,794,326</u>

Budgetary Comparison Schedules
 Nonmajor Other Governmental Funds
 Construction Code Fund

Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenue				
Licenses, permits, and inspection charges	\$ 18,323,070	\$ 18,551,073	\$ 24,101,090	\$ 5,550,017
Intergovernmental - Federal	-	31,761,651	134,757	(31,626,894)
Sales and charges for services	910,853	1,674,451	-	(1,674,451)
Ordinance fines and forfeitures	312,500	2,673,329	191,727	(2,481,602)
Total revenue	19,546,423	54,660,504	24,427,574	(30,232,930)
Expenditures				
Public protection	19,271,423	53,043,277	16,178,660	36,864,617
Economic development	-	-	-	-
Debt service	200,000	313,200	-	313,200
Capital outlay	75,000	334,466	-	334,466
Total expenditures	19,546,423	53,690,943	16,178,660	(37,512,283)
Excess of Revenue Over Expenditures	-	969,561	8,248,914	7,279,353
Other Financing Uses - Transfers out	-	(5,469,972)	-	5,469,972
Net Change in Fund Balance	-	(4,500,411)	8,248,914	12,749,325
Fund Balance - Beginning of year	5,711,933	5,711,933	5,711,933	-
Fund Balance - End of year	<u>\$ 5,711,933</u>	<u>\$ 1,211,522</u>	<u>\$ 13,960,847</u>	<u>\$ 12,749,325</u>

Budgetary Comparison Schedules
 Nonmajor Other Governmental Funds
 Urban Development Fund

Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenue				
Intergovernmental - Federal	\$ 4,069,260	\$ 9,574,770	\$ 17,416,529	\$ 7,841,759
Other revenue	<u>2,000,000</u>	<u>9,251,064</u>	<u>304,376</u>	<u>(8,946,688)</u>
Total revenue	6,069,260	18,825,834	17,720,905	(1,104,929)
Expenditures				
Economic development	6,069,260	11,993,243	18,371,429	(6,378,186)
Capital outlay	<u>-</u>	<u>300,321</u>	<u>-</u>	<u>300,321</u>
Total expenditures	<u>6,069,260</u>	<u>12,293,564</u>	<u>18,371,429</u>	<u>(6,077,865)</u>
Excess of Revenue Over (Under) Expenditures	-	6,532,270	(650,524)	(7,182,794)
Other Financing Uses - Transfers out	<u>-</u>	<u>(6,189,563)</u>	<u>-</u>	<u>6,189,563</u>
Net Change in Fund Balance	-	342,707	(650,524)	(993,231)
Fund Balance - Beginning of year	<u>2,740,053</u>	<u>2,740,053</u>	<u>2,740,053</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 2,740,053</u></u>	<u><u>\$ 3,082,760</u></u>	<u><u>\$ 2,089,529</u></u>	<u><u>\$ (993,231)</u></u>

Budgetary Comparison Schedules
 Nonmajor Other Governmental Funds
 Detroit Workforce Development Fund

Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenue - Other revenue	\$ -	\$ -	\$ 26,007	\$ 26,007
Expenditures				
Economic development	-	-	3,126	(3,126)
Educational development	-	-	-	-
Capital outlay	-	8,658	7,097	1,561
Total expenditures	-	8,658	10,223	(1,565)
Net Change in Fund Balance	-	(8,658)	15,784	24,442
Fund Balance (Deficit) - Beginning of year	(1,477)	(1,477)	(1,477)	-
Fund Balance (Deficit) - End of year	<u>\$ (1,477)</u>	<u>\$ (10,135)</u>	<u>\$ 14,307</u>	<u>\$ 24,442</u>

Budgetary Comparison Schedules
 Nonmajor Other Governmental Funds
 Drug Law Enforcement Fund

Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenue				
Ordinance fines and forfeitures	\$ -	\$ -	\$ 1,734,656	\$ 1,734,656
Other revenue	1,079,129	8,233,360	303,714	(7,929,646)
Total revenue	1,079,129	8,233,360	2,038,370	(6,194,990)
Expenditures				
Public protection	1,079,129	7,350,045	1,449,817	5,900,228
Capital outlay	-	769,223	603,726	165,497
Total expenditures	1,079,129	8,119,268	2,053,543	6,065,725
Net Change in Fund Balance	-	114,092	(15,173)	(129,265)
Fund Balance - Beginning of year	10,431,841	10,431,841	10,431,841	-
Fund Balance - End of year	\$ 10,431,841	\$ 10,545,933	\$ 10,416,668	\$ (129,265)

Budgetary Comparison Schedules
 Nonmajor Other Governmental Funds
 Human Service Fund

Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenue - Other revenue	\$ -	\$ 2,924	\$ -	\$ (2,924)
Expenditures				
Health	-	-	1	(1)
Capital outlay	-	-	-	-
Total expenditures	-	-	1	(1)
Net Change in Fund Balance	-	2,924	(1)	(2,925)
Fund Balance (Deficit) - Beginning of year	(2,924)	(2,924)	(2,924)	-
Fund Balance (Deficit) - End of year	<u><u>\$ (2,924)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (2,925)</u></u>	<u><u>\$ (2,925)</u></u>

Budgetary Comparison Schedules
 Nonmajor Other Governmental Funds
 Solid Waste Management Fund

Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenue				
Sales and charges for services	\$ 40,309,000	\$ 32,144,843	\$ 50,461,725	\$ 18,316,882
Ordinance fines and forfeitures	95,000	44,332	313,256	268,924
Investment losses	-	-	13,678	13,678
Other revenue	-	-	171,118	171,118
Total revenue	40,404,000	32,189,175	50,959,777	18,770,602
Expenditures				
Physical environment	40,604,000	69,386,492	40,868,533	28,517,959
Capital outlay	-	783,111	522	782,589
Total expenditures	40,604,000	70,169,603	40,869,055	29,300,548
Excess of Revenue (Under) Over Expenditures	(200,000)	(37,980,428)	10,090,722	48,071,150
Other Financing Sources (Uses)				
Transfer out		(526,096)	-	526,096
Transfer in	200,000	31,667	-	(31,667)
Total other financing sources (uses)	200,000	(494,429)	-	494,429
Net Change in Fund Balance	-	(38,474,857)	10,090,722	48,565,579
Fund Balance - Beginning of year (as restated)	29,167,267	29,167,267	29,167,267	-
Fund Balance (Deficit) - End of year	\$ 29,167,267	\$ (9,307,590)	\$ 39,257,989	\$ 48,565,579

Budgetary Comparison Schedules
 Nonmajor Other Governmental Funds
 Major Street Fund

Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenue				
Gas and weight tax	\$ 53,910,000	\$ 75,729,807	\$ 45,363,445	\$ (30,366,362)
Intergovernmental:				
Federal	613,875	5,939,333	2,860,614	(3,078,719)
Other	-	-	11,435,408	11,435,408
Investment earnings	55,000	214,056	-	(214,056)
Other revenue	<u>2,001,000</u>	<u>107,423,751</u>	<u>1,161,291</u>	<u>(106,262,460)</u>
Total revenue	56,579,875	189,306,947	60,820,758	(128,486,189)
Expenditures				
Transportation facilitation	48,542,903	89,533,795	5,399,898	84,133,897
Capital outlay	<u>8,036,972</u>	<u>142,727,215</u>	<u>41,637,142</u>	<u>101,090,073</u>
Total expenditures	<u>56,579,875</u>	<u>232,261,010</u>	<u>47,037,040</u>	<u>(185,223,970)</u>
Excess of Revenue (Under) Over Expenditures	-	(42,954,063)	13,783,718	56,737,781
Other Financing Sources (Uses)				
Transfers in	-	20,823,643	-	(20,823,643)
Transfers out	<u>-</u>	<u>(28,561,588)</u>	<u>(8,378,429)</u>	<u>20,183,159</u>
Total other financing uses	<u>-</u>	<u>(7,737,945)</u>	<u>(8,378,429)</u>	<u>(640,484)</u>
Net Change in Fund Balance	-	(50,692,008)	5,405,289	56,097,297
Fund Balance - Beginning of year	<u>51,983,964</u>	<u>51,983,964</u>	<u>51,983,964</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 51,983,964</u>	<u>\$ 1,291,956</u>	<u>\$ 57,389,253</u>	<u>\$ 56,097,297</u>

Budgetary Comparison Schedules
 Nonmajor Other Governmental Funds
 Local Street Fund

Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenue				
Gas and weight tax	\$ -	\$ 13,170,790	\$ 12,746,482	\$ (424,308)
Investment earnings	-	59,369	-	(59,369)
Other revenue	-	2,913,308	-	(2,913,308)
Total revenue	-	16,143,467	12,746,482	(3,396,985)
Expenditures				
Transportation facilitation	-	19,289,087	10,504,295	8,784,792
Capital outlay	-	59,984,552	10,038,469	49,946,083
Total expenditures	-	79,273,639	20,542,764	58,730,875
Excess of Expenditures Over				
Revenue	-	(63,130,172)	(7,796,282)	55,333,890
Other Financing Sources - Transfers in	-	9,471,178	8,378,429	(1,092,749)
Net Change in Fund Balance	-	(53,658,994)	582,147	54,241,141
Fund Balance - Beginning of year	14,995,911	14,995,911	14,995,911	-
Fund Balance (Deficit) - End of year	\$ 14,995,911	\$ (38,663,083)	\$ 15,578,058	\$ 54,241,141

Budgetary Comparison Schedules
 Nonmajor Other Governmental Funds
 Targeted Business Development Fund

Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenue	\$ -	\$ -	\$ -	\$ -
Expenditures - Economic development	-	13,611,357	-	13,611,357
Net Changes in Fund Balance	-	(13,611,357)	-	13,611,357
Fund Balance - Beginning of year	478,084	478,084	478,084	-
Fund Balance (Deficit) - End of year	<u>\$ 478,084</u>	<u>\$ (13,133,273)</u>	<u>\$ 478,084</u>	<u>\$ 13,611,357</u>

Budgetary Comparison Schedules
 Nonmajor Other Governmental Funds
 Telecommunications Fund

Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenue				
Intergovernmental - State	\$ 2,530,000	\$ 2,712,483	\$ -	\$ (2,712,483)
Intergovernmental - Other			2,926,222	2,926,222
Other revenue	-	271,975	41,121	(230,854)
Total revenue	2,530,000	2,984,458	2,967,343	(17,115)
Expenditures - Capital outlay	2,530,000	4,913,096	1,996,938	2,916,158
Net Change in Fund Balance	-	(1,928,638)	970,405	2,899,043
Fund Balance - Beginning of year	3,377,299	3,377,299	3,377,299	-
Fund Balance - End of year	<u>\$ 3,377,299</u>	<u>\$ 1,448,661</u>	<u>\$ 4,347,704</u>	<u>\$ 2,899,043</u>

Budgetary Comparison Schedules
 Nonmajor Other Governmental Funds
 Renewable Energy Fund

Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenue - Other	\$ -	\$ 1,399,510	\$ (1,628)	\$ (1,401,138)
Expenditures	-	1,917,773	-	1,917,773
Net Change in Fund Balance	-	(518,263)	(1,628)	516,635
Fund Balance - Beginning of year	213,403	213,403	213,403	-
Fund Balance (Deficit) - End of year	<u>\$ 213,403</u>	<u>\$ (304,860)</u>	<u>\$ 211,775</u>	<u>\$ 516,635</u>

Budgetary Comparison Schedules
 Nonmajor Other Governmental Funds
 Donated Monies Fund

Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenue	\$ -	\$ -	\$ 111,260	\$ 111,260
Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	111,260	111,260
Fund Balance (Deficit) - Beginning of year	(7,116)	(7,116)	(7,116)	-
Fund Balance (Deficit) - End of year	<u>\$ (7,116)</u>	<u>\$ (7,116)</u>	<u>\$ 104,144</u>	<u>\$ 111,260</u>

Budgetary Comparison Schedules
 Nonmajor Other Governmental Funds
 Debt Service Fund

Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenue				
Property taxes	\$ 46,914,921	\$ 46,914,921	\$ 58,080,117	\$ 11,165,196
Other taxes and assessments	11,774,795	11,774,795	166,022	(11,608,773)
Investment earnings	-	-	1,830	1,830
Other revenue	<u>3,086,402</u>	<u>3,086,402</u>	<u>3,288,637</u>	<u>202,235</u>
Total revenue	61,776,118	61,776,118	61,536,606	(239,512)
Expenditures				
Economic development	4,163,808	4,163,808	-	4,163,808
Debt service:				
Principal	31,049,145	31,049,145	34,790,000	(3,740,855)
Interest	<u>20,368,301</u>	<u>20,368,301</u>	<u>22,822,310</u>	<u>(2,454,009)</u>
Total expenditures	<u>55,581,254</u>	<u>55,581,254</u>	<u>57,612,310</u>	<u>(2,031,056)</u>
Excess of Revenue Over Expenditures	6,194,864	6,194,864	3,924,296	(2,270,568)
Other Financing Uses - Transfers out	<u>(6,194,864)</u>	<u>(6,194,864)</u>	-	<u>6,194,864</u>
Net Change in Fund Balance	-	-	3,924,296	3,924,296
Fund Balance - Beginning of year	<u>18,511,653</u>	<u>18,511,653</u>	<u>18,511,653</u>	-
Fund Balance - End of year	<u>\$ 18,511,653</u>	<u>\$ 18,511,653</u>	<u>\$ 22,435,949</u>	<u>\$ 3,924,296</u>

Budgetary Comparison Schedules
 Nonmajor Governmental Funds
 Capital Project Fund

Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenue				
Intergovernmental - Federal	\$ -	\$ 1,524,845	\$ -	\$ (1,524,845)
Investment earnings	-	(2,060,887)	77,045	2,137,932
Sales and Charges for Services	-	-	199,911	199,911
Other revenue	-	5,506,347	2,346,463	(3,159,884)
Total revenue	-	4,970,305	2,623,419	(2,346,886)
Expenditures				
Economic Development	-	-	3,425,433	(3,425,433)
Capital outlay	-	72,916,034	2,077,145	70,838,889
Debt service	-	4,331,334	-	4,331,334
Bond issuance costs	-	(15,284)	-	(15,284)
Total expenditures	-	77,232,084	5,502,578	67,398,172
Excess of Expenditures Over Revenue	-	(72,261,779)	(2,879,159)	(69,745,058)
Other Financing Sources (Uses)				
Sources:				
Transfers in	-	26,570,616	-	(26,570,616)
Bond and notes issued	-	29,497,571	-	(29,497,571)
Uses - Transfers out	-	(16,377,212)	-	16,377,212
Total other financing sources	-	39,690,975	-	(39,690,975)
Net Change in Fund Balance	-	(32,570,804)	(2,879,159)	29,691,645
Fund Balance - Beginning of year	54,680,729	54,680,729	54,680,729	-
Fund Balance - End of year	<u>\$ 54,680,729</u>	<u>\$ 22,109,925</u>	<u>\$ 51,801,570</u>	<u>\$ 29,691,645</u>

**COMBINING STATEMENT OF NONMAJOR ENTERPRISE
FUNDS**

NONMAJOR ENTERPRISE FUNDS

ENTERPRISE FUNDS ARE ESTABLISHED TO ACCOUNT FOR OPERATIONS FOR SERVICES TO THE GENERAL PUBLIC, FINANCED PRIMARILY BY USER CHARGES INTENDED TO RECOVER THE COST OF SERVICES PROVIDED.

Airport Fund	The City's Airport Fund was created to account for the operations of City Airport.
Automobile Parking Fund	To account for parking operations related to parking meters and city-owned garages.
Public Lighting Authority Fund	The City's Public Lighting Authority Fund (PLA) is a blended component unit of the City and was created pursuant to Michigan Public Act 392 of 2012. The Authority was formed to develop and implement a plan to improve the City's public lighting system.

Combining Statement of Net Position
Nonmajor Enterprise Funds

June 30, 2016

	Airport Fund	Automobile Parking Fund	Public Lighting Authority Fund	Totals
Assets and Deferred Outflows of Resources				
Current assets:				
Cash and cash equivalents	\$ 2,717,836	\$ 27,794,529	\$ 19,244,908	\$ 49,757,273
Accounts and contracts receivable - Other receivables - Trade	392,427	438,418	-	830,845
Allowance for uncollectible accounts	<u>(364,310)</u>	<u>(196,174)</u>	<u>-</u>	<u>(560,484)</u>
Total accounts and contracts receivable - Net	28,117	242,244	-	270,361
Due from other funds	2,438	2,506,800	-	2,509,238
Inventory	-	-	199,878	199,878
Prepaid expenses	<u>4,204</u>	<u>6,642</u>	<u>196,953</u>	<u>207,799</u>
Total current assets	2,752,595	30,550,215	19,641,739	52,944,549
Noncurrent assets:				
Investments	-	-	64,449,711	64,449,711
Capital assets:				
Land and land rights	16,021,972	4,241,273	-	20,263,245
Land improvements	9,830,941	214,908	-	10,045,849
Buildings and structures	6,615,899	97,247,297	-	103,863,196
Vehicles and buses	249,689	1,182,717	196,468	1,628,874
Machinery, equipment, and fixtures	1,567,655	4,834,745	592,230	6,994,630
Structures	-	100,747,312	-	100,747,312
Construction in progress	<u>-</u>	<u>4,481,551</u>	<u>140,147,579</u>	<u>144,629,130</u>
Total capital assets	34,286,156	212,949,803	140,936,277	388,172,236
Less accumulated depreciation	<u>(15,179,083)</u>	<u>(145,259,960)</u>	<u>(188,374)</u>	<u>(160,627,417)</u>
Capital assets - Net	<u>19,107,073</u>	<u>67,689,843</u>	<u>140,747,903</u>	<u>227,544,819</u>
Total noncurrent assets	<u>19,107,073</u>	<u>67,689,843</u>	<u>205,197,614</u>	<u>291,994,530</u>
Total assets	21,859,668	98,240,058	224,839,353	344,939,079
Deferred outflows of resources	<u>112,686</u>	<u>15,698</u>	<u>-</u>	<u>128,384</u>
Total assets and deferred outflows of resources	<u>\$ 21,972,354</u>	<u>\$ 98,255,756</u>	<u>\$ 224,839,353</u>	<u>\$ 345,067,463</u>

Combining Statement of Net Position (Continued)
Nonmajor Enterprise Funds

June 30, 2016

	Airport Fund	Automobile Parking Fund	Public Lighting Authority Fund	Totals
Liabilities, Deferred Inflows of Resources, and Net Position (Deficit)				
Current liabilities:				
Accounts and contracts payable	\$ 25,199	\$ 861,623	\$ 10,514,931	\$ 11,401,753
Accrued salaries and wages	7,628	335,273	-	342,901
Due to other funds	3,185,979	6,215,024	-	9,401,003
Due to fiduciary funds	428,502	323,252	-	751,754
Due to other governmental agencies	2,234	-	-	2,234
Accrued interest	5,523	-	-	5,523
Other liabilities	103,845	676,507	-	780,352
Bonds, notes, and capital leases	-	-	374,458	374,458
Accrued compensated absences and workers' compensation claims	16,212	69,650	-	85,862
Accrued workers' compensation and claims and judgments	-	23,000	-	23,000
Total current liabilities	<u>3,775,122</u>	<u>8,504,329</u>	<u>10,889,389</u>	<u>23,168,840</u>
Noncurrent liabilities:				
Bonds and notes payable - Net	552,308	700,204	189,070,376	190,322,888
Accrued compensated absences	-	61,878	-	61,878
Accrued workers' compensation and claims and judgments	2,002,000	270,000	-	2,272,000
Unearned revenue	39,711	16,100,622	-	16,140,333
Death benefit obligation	2,522	9,856	-	12,378
Net pension liability	959,209	5,655,006	-	6,614,215
Total noncurrent liabilities	<u>3,555,750</u>	<u>22,797,566</u>	<u>189,070,376</u>	<u>215,423,692</u>
Total liabilities	<u>7,330,872</u>	<u>31,301,895</u>	<u>199,959,765</u>	<u>238,592,532</u>
Deferred inflows of resources	<u>55,092</u>	<u>19,228</u>	<u>-</u>	<u>74,320</u>
Net position:				
Net investment in capital assets	19,107,073	67,689,843	131,119,962	217,916,878
Unrestricted (deficit)	<u>(4,520,683)</u>	<u>(755,210)</u>	<u>(106,240,374)</u>	<u>(111,516,267)</u>
Total net position (deficit)	<u>14,586,390</u>	<u>66,934,633</u>	<u>24,879,588</u>	<u>106,400,611</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 21,972,354</u>	<u>\$ 98,255,756</u>	<u>\$ 224,839,353</u>	<u>\$ 345,067,463</u>

City of Detroit, Michigan

Combining Statement of Revenue, Expenses, and Changes in Fund Net Position Nonmajor Enterprise Funds

Year Ended June 30, 2016

	Airport Fund	Automobile Parking Fund	Public Lighting Authority Fund	Totals
Operating Revenue				
Sales and charges for services	\$ 12,162	\$ -	\$ 12,500,000	\$ 12,512,162
Rentals, fees, and surcharges	438,128	13,247,419	-	13,685,547
Miscellaneous	27,172	37,122	684,635	748,929
Total operating revenue	477,462	13,284,541	13,184,635	26,946,638
Operating Expenses				
Salaries, wages, and benefits	657,356	2,253,760	3,302,272	6,213,388
Operating	966,673	3,701,623	4,722,198	9,390,494
Maintenance	38,586	797,112	-	835,698
Materials, supplies, and other expenses	2,010,191	82,320	-	2,092,511
Pension	(1,396,655)	(7,046,946)	-	(8,443,601)
Depreciation	216,370	2,411,664	133,108	2,761,142
Total operating expenses	2,492,521	2,199,533	8,157,578	12,849,632
Operating (loss) income	(2,015,059)	11,085,008	5,027,057	14,097,006
Nonoperating Revenue (Expenses)				
Investment earnings (losses)	-	(27,695)	458,154	430,459
Federal and state grants	220,008	-	-	220,008
(Loss) gain on sale of assets	(2,042,496)	(377,029)	-	(2,419,525)
Interest on bonds, notes payable, and loans	(20,287)	-	(8,600,792)	(8,621,079)
Total nonoperating expenses - Net	(1,842,775)	(404,724)	(8,142,638)	(10,390,137)
Net (loss) income before transfers	(3,857,834)	10,680,284	(3,115,581)	3,706,869
Transfers in	721,762	9,758,871	8,886,745	19,367,378
Transfers out	-	-	-	-
(Decrease) increase in net position	(3,136,072)	20,439,155	5,771,164	23,074,247
Net Position - Beginning of year	<u>17,722,462</u>	<u>46,495,478</u>	<u>19,108,424</u>	<u>83,326,364</u>
Net Position - End of year	<u>\$ 14,586,390</u>	<u>\$ 66,934,633</u>	<u>\$ 24,879,588</u>	<u>\$ 106,400,611</u>

Combining Statement of Cash Flows
Nonmajor Enterprise Funds

Year Ended June 30, 2016

	Airport Fund	Automobile Parking Fund	Public Lighting Authority Fund	Totals
Cash Flows from Operating Activities				
Receipts from customers	\$ 912,414	\$ 12,472,932	\$ 12,682,311	\$ 26,067,657
Receipts from other funds	282,924	3,179,089	1,101,173	4,563,186
Deposits refunded to customers	(21,622)	-	-	(21,622)
Payments to suppliers	(3,291,076)	(3,701,847)	(3,821,553)	(10,814,476)
Payments to employees	1,141,999	(2,134,405)	(3,324,144)	(4,316,550)
Net cash (used in) provided by operating activities	(975,361)	9,815,769	6,637,787	15,478,195
Cash Flows from Noncapital Financing Activities				
Federal and state grants	220,008	-	-	220,008
Transfers from other funds	721,762	9,758,868	8,886,745	19,367,375
Net cash provided by noncapital financing activities	941,770	9,758,868	8,886,745	19,587,383
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	-	(4,497,012)	(56,824,963)	(61,321,975)
Payments on bond and note issuances	-	-	(6,000,000)	(6,000,000)
Interest paid on bonds, notes, and leases - Net	(21,845)	(36,672)	(13,507,425)	(13,565,942)
Net cash used in capital and related financing activities	(21,845)	(4,533,684)	(76,332,388)	(80,887,917)
Cash Flows from Investing Activities				
Purchases of investments	-	-	(214,429,644)	(214,429,644)
Proceeds received from disposition of investments	-	-	282,021,801	282,021,801
Earnings from investment securities	-	-	458,154	458,154
Net cash provided by investing activities	-	-	68,050,311	68,050,311
Net (decrease) increase in cash and cash equivalents	(55,436)	15,040,953	7,242,455	22,227,972
Cash and Cash Equivalents - Beginning of year	<u>2,773,272</u>	<u>12,753,576</u>	<u>12,002,453</u>	<u>27,529,301</u>
Cash and Cash Equivalents - End of year	<u>\$ 2,717,836</u>	<u>\$ 27,794,529</u>	<u>\$ 19,244,908</u>	<u>\$ 49,757,273</u>

Combining Statement of Cash Flows (Continued)
Nonmajor Enterprise Funds

Year Ended June 30, 2016

	Airport Fund	Automobile Parking Fund	Public Lighting Authority Fund	Totals
Reconciliation of Operating (Loss) Income to Net Cash from				
Operating Activities				
Operating (loss) income	\$ (2,015,059)	\$ 11,085,008	\$ 5,027,057	\$ 14,097,006
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:				
Depreciation and amortization	216,370	2,411,668	133,108	2,761,146
Changes in assets and liabilities:				
Accounts and contracts receivable	434,951	(103,573)	598,849	930,227
Inventory	-	-	(199,878)	(199,878)
Prepaid expenses	1,153	108,136	516,255	625,544
Due from other funds	7,343	(1,912,403)	-	(1,905,060)
Unearned revenue	-	(708,036)	-	(708,036)
Accounts and contracts payable	(337,822)	(130,832)	562,396	93,742
Due to other funds	275,581	5,091,492	-	5,367,073
Due to fiduciary funds	18,208	320,963	-	339,171
Other liabilities	39,421	1,187,091	-	1,226,512
Net pension liability	(1,452,364)	(7,088,892)	-	(8,541,256)
Accrued compensated absences	(2,430)	(53,434)	-	(55,864)
Accrued workers' compensation and claims and judgments	1,840,000	(406,314)	-	1,433,686
Death benefit obligation	286	1,766	-	2,052
Accrued salaries and wages	(999)	13,129	-	12,130
Net cash (used in) provided by operating activities	<u>\$ (975,361)</u>	<u>\$ 9,815,769</u>	<u>\$ 6,637,787</u>	<u>\$ 15,478,195</u>

COMBINING STATEMENT OF FIDUCIARY FUNDS

City of Detroit, Michigan

	Pension					
	General Retirement System			Police and Fire Retirement System		
	Hybrid Plan	Legacy Plan	Total	Hybrid Plan	Legacy Plan	Total
	Component I	Component II		Component I	Component II	
Assets						
Cash and cash equivalents	\$ 12,813,262	\$ 117,579,321	\$ 130,392,583	\$ 14,887,546	\$ 97,195,563	\$ 112,083,109
Investments at fair value:						
Global equities	12,263,170	843,597,171	855,860,341	12,769,332	1,325,385,535	1,338,154,867
Global fixed income	1,432,912	98,577,668	100,010,580	6,635,620	688,747,375	695,382,995
Real assets	6,042,403	390,579,155	396,621,558	5,685,346	590,074,245	595,759,591
Private equity	1,479,190	101,770,053	103,249,243	823,074	85,531,635	86,354,709
Diversifying strategies	3,607,571	248,182,711	251,790,282	1,497,874	155,522,366	157,020,240
Short-term investments	-	-	-	-	-	-
Total investments	24,825,246	1,682,706,758	1,707,532,004	27,411,246	2,845,261,156	2,872,672,402
Accrued interest receivable	16,784	1,328,554	1,345,338	72,954	9,790,020	9,862,974
Accounts receivable						
Due from primary government	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-
Notes receivable from participants	-	8,179,203	8,179,203	-	12,332,115	12,332,115
Receivables from investment sales	148,558	10,219,977	10,368,535	648,954	67,358,480	68,007,434
Other receivables	-	683,705	683,705	15,459	437,534	452,993
ASF recoupment receivable	-	104,575,110	104,575,110	-	-	-
Restricted assets	359,834	24,803,369	25,163,203	-	-	-
Cash and investments held as collateral for securities lending	1,236,284	85,050,197	86,286,481	2,079,579	215,850,849	217,930,428
Capital assets	-	202,672	202,672	-	463,139	463,139
Total assets	39,399,968	2,035,328,866	2,074,728,834	45,115,738	3,248,688,856	3,293,804,594
Liabilities						
Accounts and contracts payable	1,184,116	2,819,104	4,003,220	-	-	-
Payables for investment purchases	159,363	10,963,346	11,122,709	283,603	76,570,332	76,853,935
Benefits and claims payable	-	-	-	19,554	429,736	449,290
Due to primary government	454,105	454,105	908,210	454,104	454,104	908,208
Amount due to broker for securities lending	1,225,299	84,294,535	85,519,834	2,072,145	215,079,254	217,151,399
Other liabilities	123,530	649,915	773,445	2,569	4,575,527	4,578,096
Total liabilities	3,146,413	99,181,005	102,327,418	2,831,975	297,108,953	299,940,928
Net Position						
Net position held in trust for pension and other employee benefits	36,253,555	1,936,147,861	1,972,401,416	42,283,763	2,951,579,903	2,993,863,666
Death benefit and disability income protection	-	-	-	-	-	-
Total net position	\$ 36,253,555	\$ 1,936,147,861	\$ 1,972,401,416	\$ 42,283,763	\$ 2,951,579,903	\$ 2,993,863,666

Combining Statement of Net Position
Fiduciary Funds

June 30, 2016

Other Employee Benefits					
Other Employment Benefits Fund	Employee Death Benefits Fund	Employee Disability Income Protection Fund	Total Pension and Other Employee Benefit Trusts	Agency Funds	Totals
\$ 6,515,891	\$ 1,228,107	\$ 541,815	\$ 250,761,505	\$ 6,251,361	\$ 257,012,866
-	7,083,435	-	2,201,098,643	-	2,201,098,643
-	2,051,637	-	797,445,212	-	797,445,212
-	5,343,029	-	997,724,178	-	997,724,178
1,467,438	27,118	-	191,098,508	-	191,098,508
-	7,409,366	-	416,219,888	-	416,219,888
-	1,628,162	-	1,628,162	27,001,882	28,630,044
1,467,438	23,542,747	-	4,605,214,591	27,001,882	4,632,216,473
-	-	-	11,208,312	-	11,208,312
11,103,304	296,754	581,342	11,981,400	103,814	12,085,214
1,000,000	-	-	1,000,000	-	1,000,000
-	-	-	20,511,318	-	20,511,318
-	-	-	78,375,969	-	78,375,969
371,809	12,340	-	1,520,847	-	1,520,847
-	-	-	104,575,110	-	104,575,110
-	-	-	25,163,203	-	25,163,203
-	-	-	304,216,909	-	304,216,909
-	-	-	665,811	-	665,811
20,458,442	25,079,948	1,123,157	5,415,194,975	33,357,057	5,448,552,032
94,014	-	-	4,097,234	6,389,630	10,486,864
-	-	-	87,976,644	-	87,976,644
-	-	-	449,290	-	449,290
1,294,777	-	-	3,111,195	8,055	3,119,250
-	-	-	302,671,233	-	302,671,233
14,801,948	-	123,157	20,276,646	26,959,372	47,236,018
16,190,739	-	123,157	418,582,242	33,357,057	451,939,299
4,267,703	-	-	4,970,532,785	-	4,970,532,785
-	25,079,948	1,000,000	26,079,948	-	26,079,948
\$ 4,267,703	\$ 25,079,948	\$ 1,000,000	\$ 4,996,612,733	\$ -	\$ 4,996,612,733

City of Detroit, Michigan

	Pension					
	General Retirement System			Police and Fire Retirement System		
	Hybrid Plan Component I	Legacy Plan Component II	Total	Hybrid Plan Component I	Legacy Plan Component II	Total
Additions						
Employer contributions	\$ 9,048,831	\$ 73,595,686	\$ 82,644,517	\$ 15,831,763	\$ 564,281	\$ 16,396,044
Plan member contributions	12,559,259	-	12,559,259	7,973,730	24,801	7,998,531
State and foundations	-	32,886,828	32,886,828	-	37,787,744	37,787,744
AFS recoupment		4,585,453	4,585,453	-	-	-
Other income	6,586	1,360,330	1,366,916	301	855,743	856,044
Total contributions	21,614,676	112,428,297	134,042,973	23,805,794	39,232,569	63,038,363
Investment (loss) earnings:						
Interest and dividend income	440,665	29,156,917	29,597,582	881,674	98,390,050	99,271,724
Net depreciation in fair value	(396,860)	(33,163,905)	(33,560,765)	(517,249)	(62,148,381)	(62,665,630)
Investment expense	(132,773)	(9,229,284)	(9,362,057)	(127,229)	(13,165,657)	(13,292,886)
Securities lending income - Net	7,650	487,524	495,174	18,708	1,941,854	1,960,562
Net gain (loss) on collateralized securities	4,710	323,209	327,919	(3,779)	(392,208)	(395,987)
Total investment (loss) earnings	(76,608)	(12,425,539)	(12,502,147)	252,125	24,625,658	24,877,783
Total additions	21,538,068	100,002,758	121,540,826	24,057,919	63,858,227	87,916,146
Deductions						
Pension and annuity benefits	40,162	243,175,457	243,215,619	63,882	285,999,783	286,063,665
Premiums to insurers and claims	-	-	-	-	-	-
Member refunds and withdrawals	2,247,052	49,811,728	52,058,780	37,369	18,530,489	18,567,858
General and administrative expenses	3,094,197	3,742,618	6,836,815	3,000,369	3,103,689	6,104,058
Total deductions	5,381,411	296,729,803	302,111,214	3,101,620	307,633,961	310,735,581
Net increase (decrease)	16,156,657	(196,727,045)	(180,570,388)	20,956,299	(243,775,734)	(222,819,435)
Net Position - Beginning of year	20,096,898	2,132,874,906	2,152,971,804	21,327,464	3,195,355,637	3,216,683,101
Net Position - End of year	\$ 36,253,555	\$ 1,936,147,861	\$ 1,972,401,416	\$ 42,283,763	\$ 2,951,579,903	\$ 2,993,863,666

Combining Statement of Changes in Net Position
Fiduciary Funds

Year Ended June 30, 2016

Other Employee Benefits			
Other Employment Benefits Fund	Employee Death Benefits Fund	Employee Disability Income Protection Plan	Total Pension and Other Employee Benefit Trusts
\$ 42,079,131	\$ 91,222	\$ 745,297	\$ 141,956,211
14,069,051	75,517	-	34,702,358
-	-	-	70,674,572
-	-	-	4,585,453
5,855,355	-	-	8,078,315
62,003,537	166,739	745,297	259,996,909
3,856	679,542	-	129,552,704
-	-	-	(96,226,395)
-	-	-	(22,654,943)
-	-	-	2,455,736
-	-	-	(68,068)
3,856	679,542	-	13,059,034
62,007,393	846,281	745,297	273,055,943
-	-	-	529,279,284
60,629,268	9,824,085	745,297	71,198,650
-	-	-	70,626,638
1,555,646	3,334	-	14,499,853
62,184,914	9,827,419	745,297	685,604,425
(177,521)	(8,981,138)	-	(412,548,482)
4,445,224	34,061,086	1,000,000	5,409,161,215
\$ 4,267,703	\$ 25,079,948	\$ 1,000,000	\$ 4,996,612,733

COMBINING STATEMENT OF AGENCY FUNDS

Combining Statement of Assets and Liabilities
Agency Funds

June 30, 2016

	Fire Insurance Escrow Fund	36th District Court Fund	B Bond Claims Funds	Other Agency Funds	Totals
Assets					
Cash and cash equivalents	\$ (305,421)	\$ 6,262,545	\$ -	\$ 294,237	\$ 6,251,361
Investments at fair value	14,130,483	-	12,871,399	-	27,001,882
Due from primary government	103,814	-	-	-	103,814
Total assets	<u>\$ 13,928,876</u>	<u>\$ 6,262,545</u>	<u>\$ 12,871,399</u>	<u>\$ 294,237</u>	<u>\$ 33,357,057</u>
Liabilities					
Accounts and contracts payable	\$ 127,085	\$ -	\$ -	\$ -	\$ 127,085
Refundable deposits	-	6,262,545	-	-	6,262,545
Other liabilities	13,793,736	-	12,871,399	294,237	26,959,372
Due to primary government	8,055	-	-	-	8,055
Total liabilities	<u>\$ 13,928,876</u>	<u>\$ 6,262,545</u>	<u>\$ 12,871,399</u>	<u>\$ 294,237</u>	<u>\$ 33,357,057</u>

Combining Statement of Changes in Assets and Liabilities
Agency Funds

June 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Fire Insurance Escrow Fund				
Assets				
Cash and cash equivalents	\$ 1,352,928	\$ -	\$ 1,658,349	\$ (305,421)
Investments at fair value	20,120,394	-	5,989,911	14,130,483
Due from other funds	-	103,814	-	103,814
Total assets	<u>\$ 21,473,322</u>	<u>\$ 103,814</u>	<u>\$ 7,648,260</u>	<u>\$ 13,928,876</u>
Liabilities				
Accounts and contracts payable	\$ 218,687	\$ -	\$ 91,602	\$ 127,085
Due to primary government	541,932	-	533,877	8,055
Other liabilities	20,712,703	-	6,918,967	13,793,736
Total liabilities	<u>\$ 21,473,322</u>	<u>\$ -</u>	<u>\$ 7,544,446</u>	<u>\$ 13,928,876</u>
36th District Court				
Assets				
Cash and cash equivalents	<u>\$ 7,684,337</u>	<u>\$ 51,550</u>	<u>\$ 1,473,342</u>	<u>\$ 6,262,545</u>
Liabilities				
Refundable deposits	<u>\$ 7,684,337</u>	<u>\$ 51,550</u>	<u>\$ 1,473,342</u>	<u>\$ 6,262,545</u>
B Bond Claims				
Assets				
Investments at fair value	<u>\$ -</u>	<u>\$ 17,133,222</u>	<u>\$ 4,261,823</u>	<u>\$ 12,871,399</u>
Liabilities				
Other liabilities	<u>\$ -</u>	<u>\$ 17,133,222</u>	<u>\$ 4,261,823</u>	<u>\$ 12,871,399</u>
Other Agency Funds				
Assets				
Cash and cash equivalents	<u>\$ 170,381</u>	<u>\$ 294,237</u>	<u>\$ 170,381</u>	<u>\$ 294,237</u>
Liabilities				
Accounts and contracts payable	\$ 170,381	\$ -	\$ 170,381	\$ -
Other liabilities	-	294,237	-	294,237
Total liabilities	<u>\$ -</u>	<u>\$ 294,237</u>	<u>\$ -</u>	<u>\$ 294,237</u>
Total Agency Funds				
Assets				
Cash and cash equivalents	\$ 9,207,646	\$ 345,787	\$ 3,302,072	\$ 6,251,361
Investments at fair value	20,120,394	17,133,222	10,251,734	27,001,882
Due from other funds	-	103,814	-	103,814
Total assets	<u>\$ 29,328,040</u>	<u>\$ 17,582,823</u>	<u>\$ 13,553,806</u>	<u>\$ 33,357,057</u>
Liabilities				
Accounts and contracts payable	\$ 389,068	\$ -	\$ 261,983	\$ 127,085
Refundable deposits	7,684,337	51,550	1,473,342	6,262,545
Due to primary government	541,932	-	533,877	8,055
Other liabilities	20,712,703	17,427,459	11,180,790	26,959,372
Total liabilities	<u>\$ 29,328,040</u>	<u>\$ 17,479,009</u>	<u>\$ 13,449,992</u>	<u>\$ 33,357,057</u>

STATISTICAL SECTION

(UNAUDITED)

The Statistical Section Contains:

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

Description of Statistical Section

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

Contents

The statistical section is organized into the following main categories:

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

City of Detroit, Michigan

	Fiscal Year			
	2016	2015	2014	2013
Governmental Activities				
Net investment in capital assets	\$ 1,070,813,493	\$ 1,098,963,308	\$ 886,141,054	\$ 832,127,493
Restricted	389,338,643	544,636,902	102,047,103	75,055,537
Unrestricted (deficit)	<u>(1,822,999,101)</u>	<u>(3,042,213,052)</u>	<u>(3,961,253,287)</u>	<u>(1,714,975,464)</u>
Total governmental activities net position	(362,846,965)	(1,398,612,842)	(2,973,065,130)	(807,792,434)
Business-type Activities				
Net investment in capital assets	619,028,014	(23,000,738)	54,337,164	525,963,518
Restricted	22,212,888	423,774,879	473,057,369	244,039,925
Unrestricted (deficit)	<u>716,148,063</u>	<u>(1,077,018,026)</u>	<u>(1,595,122,442)</u>	<u>(640,389,229)</u>
Total business-type activities net position	1,357,388,965	(676,243,885)	(1,067,727,909)	129,614,214
Primary Government				
Net investment in capital assets	1,689,841,507	1,075,962,570	940,478,218	1,358,091,011
Restricted	411,551,531	968,411,781	575,104,472	319,095,462
Unrestricted (deficit)	<u>(1,106,851,038)</u>	<u>(4,119,231,078)</u>	<u>(5,556,375,729)</u>	<u>(2,355,364,693)</u>
Total primary government net position	<u>\$ 994,542,000</u>	<u>\$ (2,074,856,727)</u>	<u>\$ (4,040,793,039)</u>	<u>\$ (678,178,220)</u>

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

June 30, 2016

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

City of Detroit, Michigan

	Fiscal Year			
	2016	2015	2014	2013
Expenses				
Governmental activities:				
Public protection	\$ (158,890,077)	\$ 527,636,236	\$ 539,831,117	\$ 694,708,112
Health	27,950,664	31,640,136	49,563,178	38,070,128
Recreation and culture	5,956,037	21,863,335	30,467,345	26,856,182
Economic development	42,455,723	70,889,645	59,701,870	81,455,649
Educational development	-	1,477	-	37,040,734
Housing supply and conditions	3,223,431	1,920,096	8,465,345	5,086,777
Physical environment	2,385,020	41,582,157	110,555,039	121,192,467
Transportation facilitation	36,489,715	38,658,855	55,831,652	20,745,859
Development and management	(52,688,289)	490,076,634	328,243,425	205,937,823
Interest on long-term debt	78,301,298	95,776,801	135,130,618	133,545,027
Total government activities expenses	(14,816,478)	1,320,045,372	1,317,789,589	1,364,638,758
Business-type activities:				
Sew age disposal	254,617,493	425,198,938	482,723,501	523,909,799
Transportation	6,654,042	101,466,158	163,841,194	166,024,287
Water	134,245,899	360,527,146	392,920,925	398,086,572
Automobile parking	2,219,819	7,915,022	14,714,363	20,089,165
Airport	2,492,521	1,364,972	2,722,946	1,910,151
Public lighting authority	16,758,370	16,706,571	1,890,472	-
Total business-type activities expenses	416,988,144	913,178,807	1,058,813,401	1,110,019,974
Total primary government expenses	402,171,666	2,233,224,179	2,376,602,990	2,474,658,732
Program Revenue				
Governmental activities:				
Charges for services:				
Public protection	82,771,964	63,885,128	75,017,759	76,800,124
Health	608,827	21,433	2,389,178	224,847
Recreation and culture	783,031	16,898,076	17,106,690	17,697,563
Economic development	866,690	3,215,123	3,344,270	7,192,630
Educational development	-	-	-	-
Housing supply and conditions	1,846,395	1,512,350	3,509,934	3,196,447
Physical environment	33,575,150	51,082,632	93,846,458	102,363,179
Transportation facilitation	3,635,209	47,861,667	22,728,698	-
Development and management	48,908,707	150,450,170	128,991,615	81,496,108
Operating grants and contributions	176,655,635	155,868,586	176,787,827	211,471,358
Capital grants and contributions	18,466,400	7,148,673	30,592,996	19,740,930
Total Governmental Activities Program Revenues	368,118,008	497,943,838	554,315,425	520,183,186
Business-type activities:				
Charges for services:				
Sew age disposal	405,492,789	505,671,614	475,770,844	440,863,260
Transportation	22,399,677	22,347,086	19,374,841	26,643,760
Water	264,538,200	364,278,054	349,369,362	355,527,761
Automobile parking	13,284,541	12,337,691	10,341,324	11,992,637
Airport	477,462	628,221	2,326,814	726,855
Public lighting authority	13,184,635	6,707,642	758,500	-
Operating grants and contributions	49,068,016	56,701,626	61,597,871	70,142,182
Capital grants and contributions	8,952,414	34,890,437	9,943,047	11,854,628
Total business-type activities program revenue	777,397,734	1,003,562,371	929,482,603	917,751,083
Total primary government program revenue	\$ 1,145,515,742	\$ 1,501,506,209	\$ 1,483,798,028	\$ 1,437,934,269

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

		Fiscal Year									
		2012	2011	2010	2009	2008	2007				
\$	800,229,437	\$	816,928,579	\$	779,613,390	\$	789,055,092	\$	761,894,177	\$	633,174,260
	142,584,167		170,235,039		170,843,954		158,906,848		158,826,732		153,368,566
	30,113,031		31,397,867		17,963,496		37,180,607		36,295,041		36,050,284
	73,599,973		87,938,305		61,906,827		73,307,206		87,717,239		93,705,705
	51,974,801		58,840,456		90,450,821		76,728,812		57,474,770		57,658,134
	4,431,697		6,328,619		8,381,813		10,592,858		10,591,479		7,904,903
	130,991,572		125,325,346		119,713,562		185,864,791		226,460,478		213,287,711
	33,697,252		33,720,569		84,039,822		73,805,481		70,563,909		71,947,094
	195,167,837		201,031,612		268,716,249		350,974,262		304,815,026		297,443,586
	129,097,503		132,827,437		129,458,620		126,344,699		107,754,007		140,861,674
	<u>1,591,887,270</u>		<u>1,664,573,829</u>		<u>1,731,088,554</u>		<u>1,882,760,656</u>		<u>1,822,392,858</u>		<u>1,705,401,917</u>
	456,113,053		517,645,238		431,575,246		450,278,148		429,112,536		427,788,717
	212,856,759		215,880,853		207,620,142		206,705,724		212,652,767		200,555,312
	370,558,112		345,180,580		346,637,749		349,734,605		360,778,077		335,000,188
	11,643,400		11,305,474		18,190,081		16,511,077		14,361,352		16,306,759
	2,119,837		2,392,911		2,437,571		2,685,756		3,502,904		2,960,042
	<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>
	<u>1,053,291,161</u>		<u>1,092,405,056</u>		<u>1,006,460,789</u>		<u>1,025,915,310</u>		<u>1,020,407,636</u>		<u>982,611,018</u>
	2,645,178,431		2,756,978,885		2,737,549,343		2,908,675,966		2,842,800,494		2,688,012,935
	75,900,731		89,521,773		78,076,978		92,986,299		90,415,439		99,021,130
	9,652,314		5,090,487		12,495,600		14,752,057		15,108,413		14,987,496
	18,170,830		17,796,165		17,510,499		17,736,396		24,489,607		17,233,370
	850,741		1,358,479		121,725		72,714		694,676		9,010,210
	-		499,058		1,528,487		760,494		-		2,781,677
	2,734,182		3,566,331		3,780,682		3,572,588		5,989,939		127,757
	97,094,653		80,905,220		92,793,872		111,380,814		127,140,951		133,048,222
	1,647,825		46,986		927,229		516,728		902,039		79,156
	103,694,387		101,982,537		109,253,875		142,032,307		123,151,397		154,386,499
	326,570,380		370,730,317		356,347,310		310,525,464		306,575,011		271,970,335
	24,516,521		44,338,905		28,304,777		35,257,895		26,365,200		65,941,108
	<u>660,832,564</u>		<u>715,836,258</u>		<u>701,141,034</u>		<u>729,593,756</u>		<u>720,832,672</u>		<u>768,586,960</u>
	437,654,891		410,719,075		365,537,390		390,126,398		346,908,831		346,906,614
	22,558,000		27,418,297		26,565,119		28,191,056		28,918,328		26,047,091
	336,129,945		316,002,201		285,470,426		274,095,463		292,983,220		268,286,093
	10,617,480		8,136,744		15,037,679		17,667,031		18,556,018		18,114,461
	993,050		799,122		967,234		1,125,015		1,123,934		1,087,844
	-		-		-		-		-		-
	77,296,998		77,553,273		75,343,618		74,811,471		79,008,781		81,959,301
	30,344,607		29,793,987		47,947,235		33,897,154		39,540,356		14,097,605
	<u>915,594,971</u>		<u>870,422,699</u>		<u>816,868,701</u>		<u>819,913,588</u>		<u>807,039,468</u>		<u>756,499,009</u>
\$	<u>1,576,427,535</u>	\$	<u>1,586,258,957</u>	\$	<u>1,518,009,735</u>	\$	<u>1,549,507,344</u>	\$	<u>1,527,872,140</u>	\$	<u>1,525,085,969</u>

City of Detroit, Michigan

	Fiscal Year			
	2016	2015	2014	2013
Net Revenue (Expense)				
Governmental activities	\$ 382,934,486	\$ (822,101,534)	\$ (763,474,164)	\$ (844,455,572)
Business-type activities	<u>360,409,590</u>	<u>90,383,564</u>	<u>(129,330,798)</u>	<u>(192,268,891)</u>
Total primary government net revenue (expense)	743,344,076	(731,717,970)	(892,804,962)	(1,036,724,463)
General Revenue and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	224,263,288	190,096,078	194,680,186	199,191,923
Municipal income tax	266,928,629	263,376,804	253,769,874	248,017,356
Utility users' tax	24,036,395	37,939,463	42,386,549	35,299,844
Wagering tax	180,228,993	170,176,735	167,569,541	174,357,416
State hotel and liquor tax	-	-	-	-
Other taxes and assessments	5,378,658	7,370,339	8,603,632	14,384,429
State-shared taxes	194,705,498	194,757,659	189,756,901	182,454,314
State returnable liquor license fees	-	606,690	607,547	604,206
Interest and penalties on taxes	4,435,170	1,619,147	1,269,784	924,928
Investment earnings	16,997,733	(59,433,962)	(4,170,808)	(88,533,105)
Miscellaneous revenue	23,899,793	14,285,952	7,549,098	11,854,410
Gain (loss) on sale of capital assets	-	600,150,246	(359,223)	(8,829,927)
Bankruptcy contributions and other	-	1,048,258,217	766,046,174	-
Transfers	<u>(82,074,100)</u>	<u>(72,649,546)</u>	<u>(79,432,723)</u>	<u>(52,662,094)</u>
Total governmental activities	858,800,057	2,396,553,822	1,548,276,532	717,063,700
Business-type activities:				
Investment earnings (loss)	789,108	3,116,422	5,609,449	(46,468,811)
Bond issuance costs	-	-	(22,173,885)	-
Asset impairment	-	(5,536,257)	-	-
Miscellaneous revenue	19,379,346	6,053,524	(13,956,786)	7,265,917
Gain (loss) on sale of capital assets	(4,870,893)	(53,510)	(1,259,818)	(2,752)
Special item	1,585,445,912			
Extraordinary item	-	211,821,856	228,728,211	-
Amortization of bond issuance costs and deferral	-	13,048,879		
Transfers	<u>82,074,100</u>	<u>72,649,546</u>	<u>79,432,723</u>	<u>52,662,094</u>
Total business-type activities	<u>1,682,817,573</u>	<u>301,100,460</u>	<u>276,379,894</u>	<u>13,456,448</u>
Total primary government	<u>2,541,617,630</u>	<u>2,697,654,282</u>	<u>1,824,656,426</u>	<u>730,520,148</u>
Impact of GASB stmt. No. 68 - Governmental activities	-	-	(2,926,675,485)	-
Impact of GASB stmt No. 68 - Business-type activities	-	-	(1,302,511,284)	-
Change in Net Position				
Governmental activities	1,241,734,543	1,574,452,288	(2,141,873,117)	(127,391,872)
Business-type activities	<u>2,043,227,163</u>	<u>391,484,024</u>	<u>(1,155,462,188)</u>	<u>(178,812,443)</u>
Total primary government	<u>\$ 3,284,961,706</u>	<u>\$ 1,965,936,312</u>	<u>\$ (3,297,335,305)</u>	<u>\$ (306,204,315)</u>

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

June 30, 2016

		Fiscal Year									
		2012	2011	2010	2009	2008	2007				
\$	(931,054,706)	\$	(948,737,571)	\$	(1,029,947,520)	\$	(1,153,166,900)	\$	(1,101,560,186)	\$	(936,814,957)
	(137,696,190)		(221,982,357)		(189,592,088)		(206,001,722)		(213,368,168)		(226,112,009)
	(1,068,750,896)		(1,170,719,928)		(1,219,539,608)		(1,359,168,622)		(1,314,928,354)		(1,162,926,966)
	216,931,618		235,857,331		218,008,102		231,428,726		225,602,203		241,428,477
	233,035,540		228,303,884		216,522,405		240,824,363		276,485,035		278,309,191
	39,828,340		44,640,365		44,190,132		49,900,471		51,590,794		53,768,977
	181,574,627		177,046,311		183,466,226		172,912,862		186,277,275		179,763,570
	-		-		2,969,380		17,367,715		16,220,140		17,579,292
	16,528,509		17,373,679		15,404,967		12,878,272		13,283,748		16,201,899
	173,292,222		239,342,109		239,047,211		268,246,565		272,569,363		272,635,060
	-		-		-		-		-		-
	4,264,747		7,554,054		9,332,781		10,696,529		10,857,112		10,342,478
	8,366,960		8,606,985		8,832,971		7,056,295		19,189,619		24,075,811
	2,578,822		3,595,798		6,618,964		9,273,309		13,586,014		37,634,868
	-		(528,568)		(27,775)		(5,204,095)		(278,706)		(31,728)
	-		(9,865,937)		49,980,314		-		-		-
	(87,675,853)		(73,390,635)		(74,579,168)		(73,992,223)		(101,438,533)		(71,720,196)
	788,725,532		878,535,376		919,766,510		941,388,789		983,944,064		1,059,987,699
	(152,915,970)		9,837,046		(42,428,588)		25,458,070		58,176,113		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	2,299,933		6,310,694		788,385		(8,435,836)		(3,990,512)		69,331,846
	-		(91,476,801)		-		-		-		1,017,226
	-		-		-		(36,900,173)		(141,962,894)		-
	87,675,853		73,390,635		74,579,168		73,992,223		101,438,533		71,720,196
	(62,940,184)		(1,938,426)		32,938,965		54,114,284		13,661,240		142,069,268
	725,785,348		876,596,950		952,705,475		995,503,073		997,605,304		1,202,056,967
	-		-		-		-		-		-
	-		-		-		-		-		-
	(142,329,174)		(70,202,195)		(110,181,010)		(211,778,111)		(117,616,122)		123,172,742
	(200,636,374)		(223,920,783)		(156,653,123)		(151,887,438)		(199,706,928)		(84,042,741)
\$	(342,965,548)	\$	(294,122,978)	\$	(266,834,133)	\$	(363,665,549)	\$	(317,323,050)	\$	39,130,001

City of Detroit, Michigan

	Fiscal Year				
	2016	2015	2014	2013	2012
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved (deficit)	-	-	-	-	-
Nonspendable	5,151,103	-	-	4,050,006	20,940,729
Restricted	89,309,032	125,961,474	42,979,826	979,826	979,826
Committed	20,000,000	58,788,660	156,334,125	54,550,314	35,234,345
Assigned	243,072,945	182,014,852	-	-	-
Unassigned (deficit)	143,047,758	70,922,574	(145,907,582)	(132,560,895)	(326,641,557)
Total General Fund	\$ 500,580,838	\$ 437,687,560	\$ 53,406,369	\$ (72,980,749)	\$ (269,486,657)
Retirement Service Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved (deficit)	-	-	-	-	-
Nonspendable	-	-	24,016,604	24,016,604	24,016,604
Total Retirement System Service Funds	\$ -	\$ -	\$ 24,016,604	\$ 24,016,604	\$ 24,016,604
All Other Governmental Funds					
Special revenue funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	-	-	-	-	1,457,015
Restricted	157,236,938	119,600,634	90,917,252	69,437,600	65,845,376
Assigned	-	-	-	-	-
Unassigned	(2,925)	(11,517)	-	-	-
Capital projects funds:					
Reserved	-	-	-	-	-
Restricted	-	54,680,729	62,946,287	79,371,566	129,888,278
Assigned	51,801,570	-	-	-	-
Debt service fund:					
Reserved	-	-	-	-	-
Restricted	22,435,949	18,511,653	-	-	-
Assigned	-	-	12,604,764	7,899,702	6,314,687
Permanent funds:					
Reserved	-	-	-	-	-
Nonspendable	1,005,096	937,861	937,861	937,861	937,861
Restricted	726,034	726,034	765,245	819,870	778,733
Total All Other Governmental Funds	\$ 233,202,662	\$ 194,445,394	\$ 168,171,409	\$ 158,466,599	\$ 205,221,950

Source: City of Detroit, Comprehensive Annual Financial Reports for Fiscal Years Ended June 30, 2007 through 2016

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

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

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

June 30, 2016

		Fiscal Year				
2011	2010	2009	2008	2007		
\$ -	\$ 64,597,471	\$ 65,191,371	\$ 77,472,983	\$ 64,169,704		
-	(155,692,159)	(331,925,012)	(219,158,137)	(155,575,800)		
20,692,552	-	-	-	-		
979,826	-	-	-	-		
26,833,858	-	-	-	-		
-	-	-	-	-		
(196,577,910)	-	-	-	-		
\$ (148,071,674)	\$ (91,094,688)	\$ (266,733,641)	\$ (141,685,154)	\$ (91,406,096)		
\$ -	\$ 24,496,356	\$ 24,574,826	\$ 24,851,160	\$ 24,927,727		
-	-	-	(276,334)	-		
24,295,379	-	-	-	-		
\$ 24,295,379	\$ 24,496,356	\$ 24,574,826	\$ 24,574,826	\$ 24,927,727		
\$ -	\$ 41,022,881	\$ 43,974,045	\$ 66,158,392	\$ 72,014,875		
-	12,313,800	17,785,520	16,865,024	22,230,294		
1,597,869	-	-	-	-		
70,907,819	-	-	-	-		
-	-	-	-	-		
-	-	-	-	-		
-	90,526,155	99,750,093	126,274,973	88,507,405		
148,878,121	-	-	-	-		
-	-	-	-	-		
-	6,135,145	52,194,439	42,825,432	39,781,836		
-	-	-	-	-		
4,561,750	-	-	-	-		
-	1,588,224	1,574,670	1,494,202	1,445,462		
937,861	-	-	-	-		
748,159	-	-	-	-		
\$ 227,631,579	\$ 151,586,205	\$ 215,278,767	\$ 253,618,023	\$ 223,979,872		

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City of Detroit, Michigan

	Fiscal Year				
	2016	2015	2014	2013	2012
Revenue					
Taxes:					
Property taxes	\$ 205,452,491	\$ 190,096,078	\$ 194,627,905	\$ 199,191,923	\$ 216,931,618
Municipal income tax	263,178,629	263,376,804	253,769,874	248,017,356	233,035,540
Utility users' tax	24,036,395	37,939,463	42,386,549	35,299,844	39,828,340
Wagering taxes	180,228,993	172,523,054	167,924,023	174,599,992	181,443,475
Gas and weight tax	58,109,927	55,138,474	53,904,485	52,081,247	53,142,793
Other taxes and assessments	5,378,658	7,370,339	8,603,632	14,384,429	16,528,509
State hotel and liquor tax	-	-	-	-	-
Interest and penalties on taxes	4,435,170	1,619,147	1,269,784	924,928	4,264,747
Licenses, permits, and inspection charges	35,800,680	30,986,234	28,706,629	32,615,445	27,100,204
Intergovernmental:					
Federal	93,178,923	109,580,838	96,907,383	152,579,860	253,933,239
State:					
State shared revenue	194,705,498	194,757,659	189,756,901	182,454,314	172,704,390
State returnable liquor license fees	-	606,690	607,547	604,206	-
Other state sourced revenue	23,160,702	17,974,311	49,226,334	25,994,536	37,269,243
Other	-	3,331,825	6,001,385	6,029,547	6,663,482
Sales and charges for services	120,618,786	131,066,385	207,987,028	176,029,645	197,066,068
Ordinance fines and forfeitures	24,643,164	24,726,314	17,851,138	21,154,594	16,972,056
Revenue from use of assets	1,218,314	14,277,845	7,568,498	12,017,348	2,069,012
Investment earnings	16,997,733	(2,885,536)	300,397	(399,654)	445,251
DIA and foundation revenue	54,079,327	-	-	-	-
Other revenue	47,776,178	125,119,874	95,010,394	35,958,150	64,241,114
Total revenue	1,352,999,568	1,377,605,798	1,422,409,886	1,369,537,710	1,523,639,081
Expenditures					
Current:					
Public protection	423,317,267	408,201,003	449,622,284	476,940,028	675,359,091
Health	22,952,288	32,633,149	48,782,203	37,448,812	142,365,025
Recreation and culture	16,563,892	12,698,638	16,032,592	13,345,639	16,976,912
Economic development	61,023,837	64,020,545	51,178,770	76,109,395	67,115,000
Educational development	-	1,477	-	37,126,254	52,430,587
Housing supply and conditions	6,179,112	5,570,783	6,966,303	4,188,991	4,215,134
Physical environment	54,086,364	54,921,813	97,441,142	106,802,886	113,603,551
Transportation facilitation	15,904,193	28,936,547	36,505,709	1,749,362	14,990,983
Development and management	281,713,707	548,646,601	297,686,391	191,052,907	176,507,779
Debt service:					
Principal	60,777,124	196,612,535	109,976,923	103,880,615	97,498,429
Interest	77,550,195	58,567,171	126,945,753	133,319,492	126,728,009
Bond issuance costs	29,438	4,194,731	3,379,410	1,612,046	485,599
Capital outlay	126,205,166	90,719,155	81,329,304	127,079,320	97,650,840
Total expenditures	1,146,302,583	1,505,724,148	1,325,846,784	1,310,655,747	1,585,926,939
Excess (deficiency) of revenue over (under) expenditures	206,696,985	(128,118,350)	96,563,102	58,881,963	(62,287,858)
Other Financing Sources (Uses)					
Sources:					
Transfers in	-	65,562,957	109,770,188	174,825,814	179,921,845
Proceeds of Section 108 federal note	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Other financing source-bankruptcy	-	218,100,000	-	-	-
Proceeds from debt issuances	245,000,000	1,158,387,978	120,000,000	134,438,642	5,753,000
Premium from debt issuances	-	-	-	9,092,046	-
Total other financing sources	245,000,000	1,442,050,935	229,770,188	318,356,502	185,674,845
Uses:					
Transfers out	(82,074,100)	(138,212,503)	(189,202,911)	(227,487,908)	(267,597,697)
Other financing use-bankruptcy	-	(959,481,790)	-	-	-
Extraordinary gain (loss) - Bankruptcy	-	170,300,280	-	-	-
Principal paid to bond agent for refunded bonds	(275,000,000)	-	-	-	-
Interest paid to bond agent for refunded bonds	-	-	-	-	-
Total other financing uses	(357,074,100)	(927,394,013)	(189,202,911)	(227,487,908)	(267,597,697)
Total other financing sources (uses)	(112,074,100)	514,656,922	40,567,277	90,868,594	(81,922,852)
Special item	-	-	-	-	-
Net change in fund balances	94,622,885	386,538,572	137,130,379	149,750,557	(144,210,710)
Fund Balance (Deficit) - Beginning of year, as restated	639,160,615	245,594,382	108,464,003	(40,248,103)	103,855,284
Increase (decrease) in inventories	-	-	-	-	107,323
Fund Balance (Deficit) - End of year	\$ 733,783,500	\$ 632,132,954	\$ 245,594,382	\$ 109,502,454	\$ (40,248,103)
Debt service as a percentage of noncapital expenditures	13.56%	18.33%	19.31%	19.31%	20.18%

Source: City of Detroit, Comprehensive Annual Financial Reports for Fiscal Years Ended June 30, 2007 through 2016

Schedule 4 - Financial Trends - Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Unaudited)

June 30, 2016

Fiscal Year				
2011	2010	2009	2008	2007
\$ 252,020,089	\$ 201,845,344	\$ 230,833,394	\$ 225,890,313	\$ 257,003,325
228,303,884	216,522,405	240,824,363	276,485,035	278,309,191
44,640,365	44,190,132	49,900,667	51,590,599	53,768,977
176,899,280	183,338,299	173,026,122	180,365,237	179,763,570
58,623,860	57,775,086	58,813,648	61,070,748	62,080,522
17,373,670	15,404,967	12,878,272	13,283,748	16,201,899
-	2,969,380	17,367,715	16,220,140	17,579,292
7,554,054	9,332,781	10,696,529	10,857,112	10,342,478
27,095,599	27,669,454	32,471,933	35,138,940	32,536,815
301,484,858	265,421,498	233,526,888	222,675,031	219,592,658
239,320,847	263,060,088	266,032,168	249,027,299	272,084,669
-	-	-	-	-
46,887,654	47,852,739	40,049,141	41,062,686	41,878,552
8,347,440	6,788,282	14,500,644	4,026,591	14,359,711
201,253,031	196,333,386	237,044,188	258,599,558	243,533,764
21,152,772	18,872,226	23,747,573	20,850,629	25,680,231
3,595,798	6,618,964	27,013,424	13,560,617	37,634,876
685,276	911,263	7,056,295	19,189,619	24,075,811
-	-	-	-	-
77,135,224	64,761,863	72,117,140	73,606,042	123,867,578
1,712,373,701	1,629,668,157	1,747,900,104	1,773,499,944	1,910,293,919
735,650,626	641,884,276	654,450,029	660,230,564	654,137,306
169,338,220	170,489,091	155,442,680	157,414,372	154,283,807
18,210,536	18,155,021	21,041,925	21,265,879	24,648,968
79,792,267	57,522,689	65,217,992	99,342,897	86,454,732
58,526,359	90,527,365	75,409,235	57,388,638	58,021,384
5,871,310	8,240,422	9,022,633	9,607,906	8,412,644
113,296,648	104,042,673	159,233,592	202,986,951	197,682,760
26,836,954	71,517,424	66,567,770	58,595,880	72,482,752
180,366,148	237,069,025	305,203,444	298,231,422	310,231,013
87,904,525	89,653,619	129,696,883	140,216,435	95,599,337
131,087,371	124,280,049	124,716,178	110,841,259	138,408,774
1,416,768	2,487,193	-	3,182,053	-
102,395,459	49,231,014	77,094,313	88,458,549	69,848,815
1,710,693,191	1,665,099,861	1,843,096,674	1,907,762,805	1,870,212,292
1,680,510	(35,431,704)	(95,196,570)	(134,262,861)	40,081,627
173,340,882	171,409,769	210,043,052	208,766,473	176,069,587
-	-	-	-	14,958,000
-	-	-	-	-
-	-	-	-	-
100,000,000	258,210,000	6,197,000	281,783,578	-
-	1,873,225	-	4,974,370	-
273,340,882	431,492,994	216,240,052	495,524,421	191,027,587
(246,731,517)	(245,988,937)	(284,035,275)	(310,205,006)	(247,789,783)
-	-	-	-	-
-	-	-	-	-
-	(35,810,944)	-	(72,410,000)	-
-	-	-	(1,314,181)	-
(246,731,517)	(281,799,881)	(284,035,275)	(383,929,187)	(247,789,783)
26,609,365	149,693,113	(67,795,223)	111,595,234	(56,762,196)
(9,865,937)	-	-	-	-
18,423,938	114,261,409	(162,991,793)	(22,667,627)	(16,680,569)
84,987,873	(26,880,048)	136,507,695	157,501,503	173,203,805
443,473	(2,393,488)	(395,950)	1,673,819	978,267
\$ 103,855,284	\$ 84,987,873	\$ (26,880,048)	\$ 136,507,695	\$ 157,501,503
15.10%	13.70%	13.39%	14.41%	13.97%

City of Detroit, Michigan

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

June 30, 2016

Fiscal Year Ended June 30	Assessed Value			Assessed Value		Total Direct Tax Rate (Per Thousand of Taxable Value)
	Residential Property	Commercial Property	Industrial Property	Personal Property	Total	
2016	\$ 2,566,136	\$ 2,386,676	\$ 480,503	\$ 1,518,530	\$ 6,951,845	29.42 %
2015	3,335,506	2,204,882	531,183	1,740,560	7,812,131	29.78
2014	4,292,795	2,270,629	555,507	1,862,607	8,981,538	28.95
2013	4,850,303	2,417,371	576,900	1,592,878	9,437,452	29.57
2012	5,475,901	2,617,911	660,159	1,369,132	10,123,104	29.51
2011	5,885,070	2,670,279	707,866	1,563,433	10,826,648	28.87
2010	6,331,071	2,561,853	711,088	1,516,382	11,120,394	28.87
2009	7,427,227	2,714,762	718,520	1,637,134	12,497,643	27.43
2008	8,815,609	2,766,213	750,693	1,612,957	13,945,472	28.02
2007	9,063,123	2,542,439	861,157	1,646,722	14,113,441	31.34

Fiscal Year Ended June 30	Taxable Value			Taxable Value		Total Direct Tax Rate (Per Thousand of Taxable Value)
	Residential Property	Commercial Property	Industrial Property	Personal Property	Total	
2016	\$ 2,499,942	\$ 2,016,004	\$ 429,494	\$ 1,518,792	\$ 6,464,231	92.27 %
2015	3,138,725	1,958,496	475,546	1,740,651	7,313,418	93.62
2014	3,948,186	1,995,109	495,211	1,862,684	8,301,190	92.43
2013	4,265,567	2,082,686	506,261	1,592,856	8,447,370	94.05
2012	4,591,719	2,181,621	612,936	1,369,138	8,755,414	92.77
2011	4,955,961	2,232,730	659,172	1,563,439	9,411,302	92.97
2010	4,896,647	2,055,557	643,296	1,516,382	9,111,882	84.16
2009	5,291,055	2,145,967	651,786	1,637,112	9,725,920	87.46
2008	5,660,265	2,166,189	645,372	1,609,442	10,081,268	80.67
2007	5,615,395	1,899,540	737,484	1,646,722	9,899,141	70.98

City of Detroit, Michigan

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

June 30, 2016

Fiscal Year	City Direct Rates			Overlapping Rates				
	Basic General City Rate (Note 1)	Debt Service (Note 1)	Total Direct	Detroit Public Schools		Library (Note 1)	County (Note 3)	State Education Tax (Note 1)
				Homestead (Note 2)	Nonhomestead (Note 2)			
2016	19.9520	9.5147	29.4667	13.0155	31.0550	4.6307	16.0178	6.0000
2015	19.9520	9.8237	29.7757	13.3415	31.3415	4.6307	15.0417	6.0000
2014	19.9520	8.9952	28.9472	13.1423	31.1422	4.6307	15.0417	6.0000
2013	19.9520	9.6136	29.5656	13.0969	30.9277	4.6307	13.7768	6.0000
2012	19.9520	9.5558	29.5078	13.2996	31.1304	4.6307	14.0778	6.0000
2011	19.9520	8.9157	28.8677	13.1015	30.9323	4.6307	14.0778	6.0000
2010	19.9520	8.9157	28.8677	13.0000	30.8308	4.6307	14.0778	6.0000
2009	19.9520	7.4779	27.4299	13.0000	30.8308	4.6307	14.0778	6.0000
2008	19.9520	8.0683	28.0203	13.0000	31.0000	4.6307	13.9778	6.0000
2007	22.9448	8.3951	31.3399	13.0000	31.0000	4.6307	13.9980	6.0000

Note 1 Source: City of Detroit's Budget Department

(Red Books for 2006 through 2015)

Note 2 Source: State of Michigan website

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

City of Detroit, Michigan

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

June 30, 2016

Taxpayer	2016			2007 (Note 3)		
	Taxable Assessed Value (Note 1)	Rank	Percentage of Total City Taxable Assessed Value (Note 2)	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Detroit Electric/Gas Company	\$ 522,986	1	8.15 %	\$ 330,632	2	3.50 %
Marathon Petroleum	317,526	2	4.95	141,231	6	1.50
Vanguard Health Systems - Hospitals	277,272	3	4.32	N/A	N/A	N/A
MGM Grand Detroit LLC	207,732	4	3.24	164,717	4	1.75
Riverfront Holdings Inc.	109,595	5	1.71	135,343	5	1.46
FCA US LLC	79,609	6	1.24	720,318	1	7.63
Detroit Entertainment LLC	61,670	7	0.96	66,664	9	0.71
1000 Webward LLC	59,282	8	0.92	N/A	N/A	N/A
International Transmission Co	53,091	9	0.83	N/A	N/A	N/A
Greektown Casino LLC	51,814	10	0.81	N/A	N/A	N/A

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

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

Note 3 Source: City of Detroit, June 30, 2007 Comprehensive Annual Financial Report (Exhibit AA-14)

City of Detroit, Michigan

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

June 30, 2016

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Total Collections to Date		
		Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2016	\$ 197,334	\$ 153,818	77.95 %	*	\$ 153,818	77.95 %
2015	206,384	151,700	73.50 %	*	151,700	73.50
2014	222,550	153,897	69.15	*	153,897	69.15
2013	239,186	163,443	68.33	*	163,443	68.33
2012	251,399	210,359	83.68	*	210,359	83.68
2011	257,448	205,741	79.92	*	205,741	79.92
2010	261,380	224,235	85.79	*	224,235	85.79
2009	269,556	234,049	86.83	*	234,049	86.83
2008	271,516	251,530	92.64	\$ 1,349	252,879	93.14
2007	268,630	255,353	95.06	*	255,353	95.06

Source: City of Detroit, Finance Department - Treasury Division

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

City of Detroit, Michigan

Fiscal Year	Governmental Activities (Note 1)						Business-type Activities (Note 1)		
	General	Detroit Building					Sew age		
	Obligation	Authority	Revenue	Notes	Loans	Pension	General	Revenue	Pension
	Bonds	Bonds	Bonds	Payable	Payable	Certificates	Bonds	Bonds	Certificates
2016	\$ 1,531,061	\$ -	\$ -	\$ 72,588	\$ -	\$ -	\$ 49,982	\$ -	\$ -
2015	1,609,844	-	-	80,802	-	-	50,394	3,483,025	-
2014	1,060,963	-	-	85,184	36,693	1,137,404	-	3,345,812	85,843
2013	1,024,819	-	-	88,310	37,820	1,194,228	-	3,190,578	90,151
2012	971,213	-	-	89,391	34,207	1,194,270	-	3,250,005	90,154
2011	1,049,088	-	-	88,926	36,595	1,208,030	-	2,894,198	91,193
2010	1,028,036	2,655	-	89,506	37,944	1,216,977	-	2,940,530	91,868
2009	858,446	4,230	82,707	81,626	47,016	1,220,881	-	2,980,741	92,163
2008	969,868	5,650	94,453	77,681	56,316	1,220,923	-	3,006,776	92,166
2007	919,620	6,955	105,600	41,940	62,688	1,220,965	-	3,018,976	9,140

Note 1 Source: City of Detroit - Comprehensive Annual
Financial Report for Fiscal Years Ended June 30, 2007 through 2016

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

June 30, 2016

Business-type Activities (Note 1)										
Transportation Fund		Water Fund			Automobile Parking Fund		Airport Fund	Public Lighting Authority		
General Obligation Bonds	Pension Obligation Certificates	General Obligation Bonds	Revenue Bonds	Pension Obligation Certificates	General Obligation Bonds	Revenue Bonds	General Obligation Bonds	General Obligation Bonds	Total Primary Government	Per Capita
\$ 49,253	\$ -	\$ 29,989	\$ -	\$ -	\$ 700	\$ -	\$ 552	\$ 189,445	\$ 1,923,570	\$ 2,695
49,661	-	30,236	2,375,375	-	700	-	552	195,819	7,876,408	11,035
5,458	100,159	-	2,553,333	75,748	-	-	-	60,000	8,546,597	11,974
5,458	105,185	-	2,488,622	79,555	-	9,125	-	-	8,313,850	11,648
6,272	105,189	-	2,518,913	79,558	-	10,261	-	-	8,349,432	11,698
6,272	106,401	-	2,159,832	80,474	-	11,341	-	-	7,732,348	10,833
6,272	107,188	-	2,190,140	81,070	-	40,931	-	-	7,833,116	8,234
6,272	107,532	-	2,298,509	81,330	-	42,616	-	-	7,904,069	8,309
6,272	107,536	-	2,328,126	81,333	-	44,165	-	-	8,091,264	8,506
-	107,539	-	2,344,255	159,196	-	45,668	-	-	8,042,542	8,455

City of Detroit, Michigan

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

June 30, 2016

Fiscal Year	General Bonded Debt (Note 1)					General Bonded Debt (Note 1)			
	General Bonds	Detroit Building Authority Bonds	Pension Obligation Certificates	Restricted for Debt Service	Total (Net of Restricted for Debt Service)	Taxable Value (Note 1)	Actual Taxable Value of Property (Note 2)	Per Capita	
2016	\$ 1,531,061	\$ -	\$ -	\$ (22,436)	\$ 1,508,625	\$ 7,357,490	20.50 %	\$ 2,113.58	
2015	1,609,844	-	-	(18,512)	1,591,332	7,772,856	20.47	2,229.45	
2014	1,047,770	-	1,137,404	(14,781)	2,170,392	8,301,190	26.15	3,040.71	
2013	1,009,395	-	1,180,285	(31,916)	2,157,764	8,447,370	25.54	3,023.02	
2012	963,400	-	1,180,285	(30,331)	2,113,354	8,755,414	24.14	2,960.80	
2011	1,039,505	-	1,194,003	(28,857)	2,204,651	9,111,881	24.20	3,088.71	
2010	1,013,920	2,655	1,202,909	(30,632)	2,188,852	9,725,919	22.51	2,300.98	
2009	838,735	4,230	1,206,770	(76,769)	1,972,966	10,031,268	19.67	2,074.03	
2008	942,850	5,650	1,206,770	(67,400)	2,087,870	9,896,705	21.10	2,194.82	
2007	883,510	6,955	1,206,770	(64,710)	2,032,525	8,996,155	22.59	2,136.64	

Note 1 Source: City of Detroit - Comprehensive Annual Financial Report for Fiscal Years Ended June 30, 2007 through 2016

Note 2 Source: City of Detroit's Budget Department (Red Books for 2007 through 2016)

City of Detroit, Michigan

Schedule 11 - Debt Capacity - Direct and Overlapping Governmental Activities Debt (Dollars in Thousands) (Unaudited)

June 30, 2016

Governmental Unit	Debt Outstanding	Estimated Percent Applicable to City of Detroit	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Detroit Public Schools	\$ 1,649,202,368	100.00 %	\$ 1,649,202,368
Wayne County	291,860,814	15.03	<u>43,866,680</u>
Subtotal, overlapping debt			1,693,069,048
City of Detroit direct debt	1,758,040,662	100.00	<u>1,758,040,662</u>
Total direct and overlapping debt			<u>\$ 3,451,109,710</u>

Source: City of Detroit Finance Department, Debt Management Division

City of Detroit, Michigan

Schedule 12 - Debt Capacity - Legal Debt Margin Information Last Ten Fiscal Years (Dollars in Thousands) (Unaudited)

June 30, 2016

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt limit	\$ 1,716,899	\$ 1,464,359	\$ 1,587,704	\$ 1,558,064	\$ 1,033,010	\$ 1,218,147	\$ 1,218,793	\$ 1,388,266	\$ 1,505,243	\$ 1,527,708
Total net debt applicable to limit	<u>592,169</u>	<u>832,580</u>	<u>1,034,669</u>	<u>1,039,011</u>	<u>957,128</u>	<u>1,033,233</u>	<u>919,650</u>	<u>820,400</u>	<u>820,400</u>	<u>758,805</u>
Legal debt margin	<u>\$ 1,124,730</u>	<u>\$ 631,779</u>	<u>\$ 553,035</u>	<u>\$ 519,053</u>	<u>\$ 75,882</u>	<u>\$ 184,914</u>	<u>\$ 299,143</u>	<u>\$ 567,866</u>	<u>\$ 684,843</u>	<u>\$ 768,903</u>
Total net debt applicable to the limit as a percentage of debt limit	34.49%	56.86%	65.17%	66.69%	92.65%	84.82%	75.46%	59.10%	54.50%	49.67%

Schedule 13 - Debt Capacity - Pledged Revenue Coverage
Last Ten Fiscal Years (Dollars in Thousands)
(Unaudited)

June 30, 2016

Sewerage Disposal Revenue Bonds					
Fiscal Year	Total Available Revenue	Less Operating Expenses	Net Available Revenue	Debt (b) Service	Debt (c) Coverage
2007	\$ 403,992	\$ 199,955	\$ 204,037	\$ 156,616	130.28
2008	404,502	202,346	202,156	175,249	115.35
2009	410,960	195,530	215,430	195,545	110.17
2010	371,419	197,926	173,493	200,985	86.32
2011	413,968	230,811	183,157	209,064	87.61
2012	444,471	217,024	227,447	203,092	111.99
2013	440,663	209,785	230,878	225,223	102.51
2014	479,929	206,052	273,877	229,611	119.28
2015	505,672	168,160	337,512	232,409	134.39
2016	No longer applicable - No revenue bonds after January 1, 2016				

Water Revenue Bonds					
Fiscal Year	Total Available Revenue	Less Operating Expenses	Net Available Revenue	Debt (b) Service	Debt (c) Coverage
2007	\$ 302,351	\$ 146,327	\$ 156,024	\$ 115,450	135.14
2008	323,976	132,724	191,252	135,157	141.50
2009	287,906	149,859	138,047	156,775	88.05
2010	292,463	138,459	154,004	157,591	97.72
2011	320,066	146,880	173,186	164,436	105.32
2012	343,923	165,081	178,842	153,524	116.49
2013	361,091	151,204	209,887	172,459	121.70
2014	357,291	145,268	212,023	182,465	116.20
2015	364,278	127,758	236,520	178,901	132.21
2016	No longer applicable - No revenue bonds after January 1, 2016				

Automobile Parking Revenue Bonds					
Fiscal Year	Total (a) Available Revenue	Less Operating Expenses	Net Available Revenue	Debt (b) Service	Debt Coverage
2007	\$ 18,114	\$ 9,470	\$ 8,644	\$ 10,605	81.51
2008	18,556	7,998	10,558	6,374	165.64
2009	17,835	10,180	7,655	4,448	172.00
2010	15,038	12,804	2,234	4,594	48.63
2011	8,137	6,938	1,199	1,671	72.00
2012	10,617	7,911	2,706	1,665	162.56
2013	11,993	6,365	5,628	1,664	338.26
2014	No longer applicable - No revenue bonds after June 30, 2013				

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

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

City of Detroit, Michigan

Schedule 14 - Demographic and Economic Information Demographic and Economic Statistics Last Ten Calendar Years (Unaudited)

June 30, 2016

Year	Population (Note 1)	Unemployment Rate (Note 2)	Per Capita Personal Income (Note 3)	Total Personal Income (in Millions)
2016	713,777	11.6 %	\$ 15,038	*
2015	713,777	13.1	14,870	*
2014	713,777	16.4	14,721	*
2013	713,777	18.6	13,956	*
2012	713,777	18.3	15,062	*
2011	713,777	24.4	*	*
2010	951,270	22.7	*	*
2009	951,270	24.8	15,310	14,564
2008	951,270	16.0	15,310	14,564
2007	951,270	14.1	15,310	14,564

* Information Not Available at Date of Publication of CAFR

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

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

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

City of Detroit, Michigan

Schedule 15 - Demographic and Economic Information - Principal Employers Current Year and Ten Years Ago (Unaudited)

June 30, 2016

Employer	2016 (Note 1)			2007 (Note 2)		
	Employees	Rank	Percentage of Total City Employment (Note 3)	Employees	Rank	Percentage of Total City Employment (Note 3)
Rock Ventures	14,237	1	6.5 %	N/A	N/A	N/A %
Detroit Medical Center	9,184	2	4.2	11,118	3	3.5
City of Detroit	8,918	3	4.1	N/A	*	*
Henry Ford Health System	8,790	4	4.0	14,299	2	4.4
Ilitch Companies	7,616	5	3.5	N/A	*	*
General Motors Co.	7,371	6	3.4	46,399	1	14.4
U.S. Government	6,427	7	2.9	N/A	*	*
Detroit Public Schools Community District	6,300	8	2.9	N/A	*	*
FCA US LLC	5,919	9	2.7	N/A	*	*
Wayne State University	5,806	10	2.7	N/A	*	*

* - information for 2007 is not available

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

June 30, 2016

Function/Program	FTE Employees as of June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Governmental Agencies										
Executive agencies:										
Arts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Budget	17	7	10	15	15	16	20	23	22	23
Building and safety	160	181	178	183	204	235	258	276	296	296
Civic center	-	-	-	-	-	-	-	33	35	35
Consumer affairs	-	-	-	-	-	-	-	-	-	-
Cultural affairs	-	-	-	-	-	-	-	-	-	-
Public works	318	374	407	503	542	639	649	737	750	748
Workforce development	-	-	-	-	46	73	113	99	91	98
Environmental	-	-	-	-	-	3	10	51	53	51
Finance	390	183	176	224	235	266	285	310	327	310
Fire	1,123	1,251	1,154	1,093	1,257	1,330	1,355	1,406	1,444	1,479
General services	256	436	436	384	343	447	481	528	676	670
Health and wellness promotion	19	6	7	31	185	243	262	317	348	335
Historical	-	-	-	-	-	-	-	-	-	-
Human resources	88	74	83	82	107	176	171	168	175	179
Human rights	8	3	1	7	6	8	-	12	13	7
Human services	-	-	-	-	52	85	95	91	117	122
Information technology services	37	33	30	30	43	46	65	92	99	105
Inspector general	11	7	7	7	-	-	-	-	-	-
Law	105	91	82	88	94	105	113	122	127	134
Mayor's office	75	56	47	22	39	52	63	74	108	107
Planning and development	102	92	93	110	122	154	160	173	172	181
Police	2,647	2,686	2,769	2,561	3,016	3,195	3,288	3,688	3,421	3,499
Communication and creative services	-	-	-	-	-	-	-	-	-	-
Public lighting	5	6	32	98	103	123	160	206	225	217
Recreation	153	203	185	203	300	510	508	385	471	464
Senior citizens	-	-	-	-	-	-	-	3	-	-
Youth	-	-	-	-	-	-	-	-	-	1
Zoological institute	-	-	-	-	-	-	-	-	1	-
Administrative hearings	6	3	4	8	4	6	9	6	6	5
Homeland security	-	-	-	3	2	2	1	5	5	5
Housing	-	-	-	-	-	3	3	3	3	3
Legislative agencies:										
Auditor general	9	10	10	10	12	15	17	18	21	18
Board of zoning appeals	6	11	11	13	12	12	12	12	13	15
City council*	45	-	-	118	52	61	74	97	90	91
Ombudsman	5	6	6	6	7	7	11	11	10	7
City clerk	12	13	14	15	18	20	22	23	25	25
Elections	89	60	72	81	83	51	55	102	68	60
Judiciary agency - 36th District Court	28	32	32	31	31	35	33	33	32	31
Other agencies:										
Nondepartmental	95	40	40	24	14	20	21	33	44	37
Library	268	307	301	344	334	371	450	466	460	457
Total general governmental agencies	6,077	6,171	6,187	6,294	7,278	8,309	8,764	9,603	9,748	9,815
Enterprise Agencies										
Airport	3	4	3	2	7	8	9	10	11	11
Department of transportation	809	965	951	809	1,131	1,292	1,351	1,514	1,512	1,562
Municipal parking	70	85	83	86	97	92	97	104	109	114
Water and sewerage disposal	423	1,363	1,560	1,721	2,012	2,123	2,081	2,189	2,260	2,224
Total enterprise agencies	1,305	2,417	2,597	2,618	3,247	3,515	3,538	3,817	3,892	3,911
Grand total	\$ 7,382	\$ 8,588	\$ 8,784	\$ 8,912	\$ 10,525	\$ 11,824	\$ 12,302	\$ 13,420	\$ 13,640	\$ 13,726

Source: City of Detroit, Michigan, Human Resources Department
 *City Council Employees were all on Personal Service Contracts during 2015 and therefore not considered FTEs

	Fiscal Year		
	2016	2015	2014
Public Protection			
Police			
Number of stations (including six mini-stations)	24	21	21
Number of employees (uniform)	2,301	2,260	2,346
911 calls received/answered	1,128,895/1,000,952	1,586,352/1,222,065	1,822,524 / 1,334,694
Number of narcotics raids	1,556	855	1,249
Number of community policing programs	522	510	464
Fire			
Number of fire stations	37	38	37
Number of employees	1,192	1,192	1,172
Number of fire fighting vehicles	122	80	78
Number of fire hydrants	30,968	29,000	28,000
Responses to fire alarms (including false alarms)	21,514	22,289	22,702
Responses to special calls and emergency medical service calls	133,062	135,091	114,133
Estimated fire loss of property	*	\$ 250,000,000	\$ 256,817,197
Public Works			
Number of employees	354	345	563
Miles of streets (paved + unpaved)	2,554	2,557	2,557
Miles of alleys (paved + unpaved)	1,300	1,264	1,264
Miles of sidewalks	4,265	4,243	4,243
Public Lighting			
Number of street lights	4,000	10,000	87,000
Number of revenue customers	5	-	256
Size of generating station in kilowatts	184,000	184,000	184,000
Kilowatt hours generated - Net	-	-	-
Kilowatt hours delivered to system	-	-	488,639,040
Steam heating plants - Steam produced in pounds	-	-	-
Recreation and Culture			
Number of parks, ornamental areas, playfields, and playgrounds owned (5,108 acres)	308	302	354
Number of summer camps (199 acres)	-	-	-
Number of recreation centers, playgrounds, and school facilities operated	25	17	17
Number of skating rinks	2	2	2
Number of swimming pools	8	9	9
Number of municipal beaches	-	-	-
Total playing permits issued at five municipal golf courses	-	108,000	98,678

Schedule 17 - Operating information
 Operating Indicators by Function/Program
 Last Ten Fiscal Years
 (Unaudited)

June 30, 2016

		Fiscal Year						
		2013	2012	2011	2010	2009	2008	2007
	37		39	23	30	19	8	12
	2,389		2,637	2,771	2,928	2,971	3,005	3,126
	1,274,796 / 1,252,547	1,384,274 / 1,323,069	1,503,255 / 1,367,627	1,590,368 / 1,465,475		N/A	N/A	N/A
	2,440	3,462	3,147	N/A	N/A	N/A	N/A	N/A
	874	375	350	300	N/A	N/A	N/A	N/A
	37	46	46	45	49	46	48	
	1,292	1,455	1,455	1,535	1,480	1,535	1,479	
	78	78	76	93	93	90	212	
	28,000	28,000	28,000	28,000	28,000	28,000	38,000	
	21,449	34,613	26,813	19,224	19,530	23,174	33,399	
	109,237	126,099	136,705	144,101	143,694	142,573	142,370	
\$	245,851,910	\$ 149,261,205	\$ 285,142,382	\$ 467,135,907	\$ 549,374,611	\$ 397,605,618	\$ 1,190,738,018	
	554	625	655	729	730	753	748	
	2,571	2,571	2,572	2,571	2,570	2,570	2,570	
	1,264	1,264	1,264	1,264	1,264	1,264	1,264	
	4,243	4,243	4,243	4,243	4,243	4,243	4,243	
	88,000	88,000	88,000	88,000	88,000	87,500	87,500	
	256	256	116	116	190	235	185	
	30,000	30,000	140,000	184,000	184,000	177,000	177,000	
	164,000	191,320	29,352,500	121,769,000	134,189,000	136,207,800	94,000,300	
	487,465,000	604,471,560	549,972,720	576,292,000	449,929,000	608,442,800	631,299,700	
	95,670,000	87,505	57,840,415	54,729,562	79,773,679	104,544,579	85,000,000	
	354	354	354	354	354	354	387	
	-	-	-	-	-	-	-	
	17	17	17	13	13	13	14	
	2	2	2	2	2	1	2	
	9	10	10	10	2	2	8	
	1	1	1	1	1	1	1	
	109,474	121,612	92,857	104,652	127,915	132,405	202,403	

City of Detroit, Michigan

	Fiscal Year		
	2016	2015	2014
Water System			
Number of customer accounts	220,000	220,000	257,000
Average pumpage - Millions of gallons per day	*	476	537
Greatest pumpage for a single day during fiscal year - Gallons	*	731,800,000	742,000,000
Greatest pumpage for a single hour during fiscal year - Gallons	*	33,875,000	32,875,000
Filtration plant rated capacity - Millions of gallons per day	1,780	1,780	1,780
Number of miles of water mains	3840	3840	3840
Average cost (includes domestic, industrial, and commercial) per 1,000 cubic feet	* \$	20.60	\$ 19.43
Sewage System			
Number of sewage disposal plants	1	1	1
Number of pumping stations	11	11	11
Miles of (trunk line and lateral) sewers	2,913	2,913	2,913
Miles of lateral sewers	2,125	2,125	2,125
Transportation			
Number of employees	900	904	955
Number of revenue vehicles	320	320	403
Seating capacity	12,480	12,300	15,915
Number of route miles	1,014	944	1,014
Number of passengers (estimated)	27,149,357	24,113,775	25,116,299
Regular fare	\$ 1.50	\$ 1.50	\$ 1.50
Tickets	N/A	N/A	N/A
Transfers	\$ 0.25	\$ 0.25	\$ 0.25
Weekly GO pass	\$ 14.40	\$ 14.40	\$ 14.40
Health			
Number of employees	166	100 *	216
Birth rate per thousand	15	15 *	15
Death rate per thousand	11	9 *	8
Educational Development			
School enrollment	46,319	47,161	48,511
Operating expenditures	\$ 711,033,343	\$ 702,573,048	\$ 707,461,081
Cost per pupil	\$ 15,351	\$ 14,897	\$ 14,584
Operating revenue	*	*	
Revenue per pupil	*	*	
Total teaching staff	2,869	3,056	3,398

Source: City of Detroit, Michigan, Various Departments

* Information Not Available at Date of Publication of CAFR

Schedule 17 - Operating information
 Operating Indicators by Function/Program
 Last Ten Fiscal Years (Continued)
 (Unaudited)

June 30, 2016

Fiscal Year						
2013	2012	2011	2010	2009	2008	20107
258,000	262,000	267,500	268,500	268,500	275,900	264,173
550	556	543	515	557	602	575.2
957,200,000	983,100,000	968,000,000	793,800,000	963,500,000	1,097,900,000	1,031,300,000
42,917,000	44,833,000	43,625,000	37,750,000	42,583,000	51,992,000	49,125,000
1,780	1,780	1,780	1,780	1,780	1,780	1,780
3840	3840	3840	3840	3840	3840	3840
\$ 18.76	\$ 17.02	\$ 15.48	\$ 13.73	\$ 13.06	\$ 12.92	\$ 12.02
1	1	1	1	1	1	1
11	11	11	12	12	12	12
2,913	2,913	2,913	2,913	2,913	2,913	2913
2,125	2,125	2,125	2,125	2,125	2,125	-
989	1,139	1,341	1,524	1,524	1,562	1,562
444	465	445	445	445	541	541
17,534	18,363	17,570	17,570	17,355	21,916	21,916
1,014	1,056	1,091	933	1,291	1,291	1,291
30,898,942	32,750,907	35,615,420	36,555,845	38,612,890	35,204,863	35,204,863
\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50
N/A	N/A	N/A	N/A	N/A	N/A	5 for \$7.50
\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25
\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40	N/A
		271	308	339	338	335
		22	15	13	13	15
*			11	10	9	11
51,318	66,745	75,152	84,877	95,494	106,485	118,394
\$ 712,922,213	\$ 915,495,622	\$ 1,067,536,984	\$ 1,169,738,265	\$ 1,220,054,459	\$ 1,330,196,819	\$ 1,424,921,672
\$ 13,892	\$ 13,716	\$ 14,205	\$ 13,782	\$ 12,776	\$ 12,492	\$ 12,035
*			\$ 1,210,725,507	\$ 1,297,710,119	\$ 1,345,462,713	\$ 1,547,683,775
*			\$ 14,264	\$ 13,589	\$ 12,635	\$ 13,072
3,398	4,396	4,982	5,222	5,797	6,269	7,064

City of Detroit Hosts Supplier Outreach Event

The City of Detroit Office of Contracting and Procurement sponsored a Supplier Outreach event in November 2015 for business owners wanting to do business with the City. The free event, held at the Northwest Activities Center, featured breakout sessions on becoming a vendor with the City, developing resource partners, vendor preferences and accessing capital.

Other participants included: the Detroit Human Rights Department; Buildings, Safety Engineering and Environmental Department; Detroit Water and Sewerage Department; Detroit Economic Growth Corporation, U.S. Small Business Administration, Michigan Minority Supplier Development Council and WWJ Radio.



New Academy Helps Students Leave High School as Certified Firefighters and EMTs



Detroit high school students can become certified firefighters and emergency medical technicians by the time they graduate through a collaboration between the Detroit Fire Department (DFD) and Detroit Public Schools (DPS). The program was announced by City of Detroit and Detroit Public School officials in September 2015 at Cody High School.

A group of 30 juniors and seniors at Cody were expected to take part in the inaugural class. Students must be at least 17 years of age and have a recent physical examination providing medical clearance for participation. During the first year, only firefighter training was provided. Firefighter training includes medical first responder (MFR) training, which will help prepare cadets for the full EMT training in the program's second year.

Classes took place at Cody, while practical training occurred at the DFD Regional Training Facility near City Airport. The specialized training program is available to DPS students across the city.



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OUR SPECIAL THANKS TO:

City of Detroit, Michigan
www.detroitmi.gov

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