



CITY OF DETROIT COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDING JUNE 30, 2018

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 672,795

City of Detroit, Michigan

**Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2018
Michael E. Duggan, Mayor**

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CITY OF DETROIT
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December 14, 2018

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

INTRODUCTION TO THE REPORT

The management and staff of the Office of the Chief Financial Officer (OCFO) are pleased to submit the City of Detroit, Michigan's (the "City") Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018 along with the Independent Auditor's Report. This report is prepared for the purpose of disclosing the City's financial condition to its residents, elected officials, and other interested parties.

Management 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 City of Detroit, Michigan's financial statements have been audited by Plante & Moran, PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall presentation of the financial statements. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Detroit, Michigan's financial statements for the fiscal year ended June 30, 2018 are fairly presented in conformity with GAAP. The independent auditor's report is presented in the financial section of this report.

PROFILE OF THE GOVERNMENT

City of Detroit

The City is located in southeastern Michigan in Wayne County and has a land area of approximately 138 square miles. According to the U.S. Census Bureau, the City is the center of the nation's 14th largest metropolitan statistical area. As of 2017, the City was the 23rd largest city, with an estimated census population of approximately 673,104. The City is internationally known for its

automobile manufacturing and trade. The southeastern border of the City lies on the Detroit River, an international waterway, which is linked by the St. Lawrence Seaway to seaports around the world. It is the busiest border crossing in North America, carrying a substantial share of international trade between the United States and Canada. A new international crossing, the “Gordie Howe International Bridge,” broke ground in October 2018 and is expected to contribute to the City’s economy. The Detroit Metro Airport is one of the nation’s major hubs. The City is the commercial capital of Michigan and a major economic and industrial center of the nation. There are eight diverse industrial parks, and three Fortune 500 companies have world headquarters within the City proper.

Historically, the City’s economy has been closely tied to the manufacturing sector, especially the automotive industry. The two major U.S. automobile companies, Ford Motor Company and General Motors, and FCA US LLC are principal employers and taxpayers in the Detroit metropolitan area. The region has in the past consistently maintained a greater percentage of persons employed in the manufacturing sector of the economy than the nation as a whole, with a concentration that was 1.49 times larger than the nation in 2017. The persistently high concentration relative to the nation reflects the area’s dependence on the automotive industry. The current unemployment rate of the Detroit region is 4.3%, which is slightly lower than the state (4.4%), but higher than the national rate of 4.0%. The City of Detroit, Michigan currently has an unemployment rate of 9.0%, which is twice that of the region and has typically been the trend for recent years. While the City’s economy is linked to automobile and automobile-related manufacturing, recent developments are allowing the City to be more diversified by increasing its activities in other manufacturing and logistics sectors, finance, technology, education, health care, trade, and tourism. The City is actively supporting small businesses and entrepreneurs and implementing a number of workforce development programs.

Below is a listing of the top 10 employers by company and by number of employees estimated to be employed full-time as of July 2017 within the City of Detroit (includes Detroit, Hamtramck, and Highland Park) and within southeast Michigan (includes Wayne, Oakland, Macomb, Washtenaw, and Livingston counties).

Table 1 – Top Ten Employers

<u>City of Detroit</u>		<u>Southeast Michigan</u>	
Rock Ventures	16,617	Ford Motor Co.	48,000
City of Detroit, Michigan	9,066	General Motors Co.	37,713
Detroit Medical Center	9,014	University of Michigan	32,749
Henry Ford Health System	8,923	FCA US LLC	32,514
Illitch Companies	7,686	Beaumont Health	28,038
U.S. Government	6,361	U.S. Government	18,920
General Motors Co.	6,341	Henry Ford Health System	17,608
FCA US LLC	5,891	Rock Ventures	16,617
Detroit Public Schools Community District	5,794	Trinity Health	14,676
Wayne State University	5,780	Ascension Michigan	11,893

The City is home to four major league sports teams, including the Detroit Tigers, Detroit Lions, Detroit Pistons, and Detroit Red Wings. The City’s new multi-purpose arena began hosting sports and entertainment events in 2017 and is located alongside several new commercial and residential developments. The arena is 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.

Detroit is home to premier cultural, educational, and medical institutions. Cultural institutions and venues include the Detroit Institute of Arts, the Detroit Historical Museum, the Charles H. Wright Museum of African American History, the Detroit Symphony Orchestra, the Detroit Opera House, and the Fisher Theatre. Local universities and colleges include Wayne State University (one of Michigan’s three public research universities), the University of Detroit-Mercy, Marygrove College, and the College for Creative Studies. Hospital systems include the Detroit Medical Center (owned by Vanguard Health Systems), Henry Ford Health System, and St. John Providence Health System.

The City holds a rich cultural and creative tradition. It has given rise to prominent musical artists and genres, including Motown in the 1960s and Techno in the 1980s. 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. During the past two decades, the City has seen substantial revitalization of its historic structures and public spaces, including Belle Isle and the international riverfront. In recognition of the City’s design legacy and commitment to creative industries, Detroit was the first American city named a “City of Design” by UNESCO in 2015.

The City has the support of several philanthropic foundations. Foundations based in or with offices in the City include the Kresge Foundation; the Ralph C. Wilson, Jr. Foundation; the Ford Foundation; the Community Foundation for Southeast Michigan; the Skillman Foundation; the John S. and James L. Knight Foundation; the Hudson-Webber Foundation; and the McGregor Fund. Other foundations making significant commitments to and in the City include the Kellogg Foundation, William Davidson Foundation, Fred A. and Barbara M. Erb Family Foundation, Max M. and Marjorie S. Fisher Foundation, and the C.S. Mott Foundation.

Government Structure

Pursuant to the provisions of the Constitution of the State of Michigan (the “State”), the City of Detroit, Michigan is a home rule city with significant independent powers. In accordance with the City Charter (the “Charter”), the governance of the City is organized in two branches: the Executive Branch, which is headed by the Mayor, and the Legislative Branch, which is composed of the City Council and its agencies. The Mayor and the members of the City Council are elected every four years unless a special election is required, as provided for in the Charter.

Executive Branch. The Mayor is the chief executive of the City and has control of and is accountable for the Executive Branch of City government. The Charter grants the Mayor broad managerial powers, including the authority to appoint all department directors and deputy directors. The Charter also delegates the responsibility for the implementation of most programs, services, and activities solely to the Executive Branch. Throughout the term of Mayor Duggan’s administration, the Mayor and City Council have demonstrated historic levels of cooperation and collaboration. Mayor Duggan is focusing on improving the quality of life of Detroit residents, while assuring the long-term economic sustainability of the City.

Legislative Branch. The City Council, composed of seven members elected by district and two members elected at large for four-year terms, is the City’s legislative body. Agencies that aid the City Council in the performance of its duties are described below.

The Auditor General is appointed for a term of 10 years by a majority of City Council members and may be removed for cause by a two-thirds majority. Any person who has held the position of Auditor General is not eligible for reappointment. By Charter, the principal duty of the Auditor General is to audit the financial transactions of all City agencies. However, since 1980, the City has retained independent accounting firms to perform that function. As required by State law, audits are performed annually; they are only required every two years by the Charter. The Auditor General may investigate the administration and operation of any City agency and prepares various reports, including an annual analysis for the City Council of the Mayor’s proposed budget.

The Ombudsman is appointed for a term of ten years by a two-thirds majority of City Council members for the purpose of investigating any official act of any agency (except elected officers) that aggrieves any person.

District Court. The 36th District Court is responsible for adjudicating certain legal matters that arise within the City, including state felony arraignments and preliminary examinations, state misdemeanor and City ordinance violations, civil litigation for claims of \$25,000 or less, and landlord/tenant disputes. The City is responsible for all funding of the 36th District Court in excess of fines collected by the Court, except for judicial salaries, which are funded by the State.

Other entities have been established by the City, in certain cases with the County of Wayne, Michigan (the “County”), or by the State, principally for the purpose of providing capital financing (normally through the sale of bonds or through special tax levies) for various improvements, services, or major construction projects.

Finance Department Restructuring and Improved Financial Management

In 2014, the Home Rule City Act, Act 279, Public Acts of Michigan, 1909, as amended (Act 279) was amended and required the establishment of a Chief Financial Officer (CFO) position in the City of Detroit, Michigan. The CFO is vested with authority over all financial and budget activities of the City. As a result, all finance, budget, procurement, property assessment, and grants management functions were restructured under a new centralized financial management organization called the Office of the Chief Financial Officer. The OCFO was created based on leading government practices and industry standards. All new positions (over 470 FTEs) were created, with new job requirements, new competitive salary schedules, new career paths, and a new performance evaluation system. All departmental financial functions are under the authority of the OCFO, which increases control over all City financial activities.

Long-term Financial Planning and Budgetary Control

The City’s budget process is informed by a comprehensive planning process that includes departmental, procurement, grant, staffing, technology, capital and long-term financial planning. It also includes 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 pursuant to State law, 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.

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 projections for the three subsequent fiscal years. After public hearings, the City Council adopts the budget and four-year financial plan, with or without amendment. The Mayor can veto amendments made by the City Council, and City Council can then override the veto with a two-thirds majority vote. The City’s four-year financial plan cannot exceed revenues certified by the independent Revenue Estimating Conference. 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 budget may be amended during the year, with the City Council’s approval. Budgetary appropriations are made at the department level. Through its four-year financial plan, the City ensures ongoing expenditures are supported by ongoing revenues.

The OCFO produces financial reports to improve reporting and increase transparency. Reports are produced monthly and quarterly and are provided to the Mayor, City Council, and the Financial Review Commission (the “FRC”) and posted publicly. The reports include:

- Year-to-date budget amendments for the General Fund
- Income tax collections data

- Grant information that indicates City leveraging of outside funds
- Detailed cash position and forecast data
- Supplier payments
- Investment portfolio summary
- Pension payments, including payments to the Retiree Protection Trust Fund
- Debt service

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. 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.

Financial Accomplishments

The financial management reforms described above have allowed the City to stabilize and strengthen its fiscal position and accomplish several key milestones, including:

- Three credit rating upgrades in less than three years.
- In April 2018, the City redeemed all outstanding principal and interest on its Financial Recovery Bonds, Series 2014C (the “C Notes”), which saved \$11.7 million in interest expense.
- Income tax revenue has increased 22% over four years (\$310.2 million in FY 2018 compared to \$253.8 million in FY 2014).
- Property Tax collection rate has increased to 82% in FY 2018 (compared to 69% in FY 2014).
- FY 2018 single audit of federal grant awards completed at the same time as CAFR (compared to five months after CAFR for FY 2014).
 - Third consecutive year of zero questioned costs of federal grant awards compared to \$7.3 million in FY 2012 and \$18.5 million in FY 2013.
 - Audit findings continue to remain lower than in past years.
- Transitioned the processing of City income tax returns and withholding to the State of Michigan.
 - Taxpayers can now e-file and pay taxes electronically.
 - Substantially increased the number of new filers.
 - City’s local operations now focused on compliance and audit.
- Accomplished a substantial turnaround on paying City suppliers more timely.
 - Compared to FY 2017, in FY 2018 there has been an 85% reduction in backlogged invoices on hold waiting to be processed.
 - As of September 2018, over 90% of suppliers are now paid via ACH instead of

checks (compared to 30% in January 2017).

- Eliminated hundreds of unnecessary bank accounts and selected new banking partners for Citywide banking services.
- Conducted the first Citywide property reassessment in over 60 years, making assessed values more fair and equitable.
 - State Tax Commission relinquished its control over the reassessment in August 2017.
 - The OCFO- Office of the Assessor implemented a technology- driven approach to assessments.
- Pursuant to Act 279, implemented a program to post all contracts online within 30 days of award.

To meet its commitment to fund its legacy pension contributions that resume in FY 2024, the City developed and is implementing a funding strategy involving the establishment of the Retiree Protection Trust Fund (the “RPTF”). In August 2017, the City adopted an ordinance to establish the RPTF as an irrevocable IRC Section 115 trust exclusively for the purposes of receiving, maintaining, and investing City funds for the benefit of the legacy pension plans. The ordinance also provides for the establishment of an investment advisory committee, which the CFO subsequently established by administrative order. The investment advisory committee is responsible for advising the CFO regarding the investment of RPTF assets.

Under its pension funding strategy, the City will contribute \$335 million to the RPTF through the fiscal year ending June 30, 2023 to build up trust assets that will be used, along with interest earnings, to partially offset the City’s required annual contributions in the years that follow. This process allows the City to gradually build up its capacity to meet the annual required pension contributions from its General Fund budget. Each year, the City will continue revising its funding plan as new information becomes available in conjunction with the annual budget and planning process. As of the fiscal year ended June 30, 2018, \$103.3 million was on deposit in the RPTF.

In February 2018, the OCFO established an Administrative Issuance System, which is the system for documenting, issuing, and implementing key policies, process flows, standard operating procedures, and detailed work instructions for all operations within the OCFO. Please visit <https://detroitmi.gov/departments/office-chief-financial-officer/administrative-issuance-system> for a current listing of all policies.

In June 2018, the City established the Forecasting and Economic Analysis division within the Office of Budget. The purpose of the new division is to provide information and tools to support planning and decision-making across City government, with a focus on revenue and economic analysis and fiscal sustainability.

Financial Review Commission

Public Act 181 of 2014 as amended (Act 181), established the Financial Review Commission as of the Effective Date (December 10, 2014) to monitor the City’s compliance with the Plan of Adjustment, as confirmed by the Bankruptcy Court on November 12, 2014, and to provide oversight of the City’s financial activities.

Act 181 provides for the oversight of the City for no less than 13 years. However, once the City meets certain criteria, the nature of the oversight is scaled back. On April 30, 2018, the FRC determined to grant the City a waiver of active oversight. The annual waiver extends through June 30, 2019. The FRC will continue to monitor the City and will review the waiver annually and, by July 1 of each year, will make a determination as to whether to renew the waiver for the subsequent year. As a condition of

renewing the waiver, the FRC requires the City to submit monthly, quarterly, and annual reports related to the City's financial condition, which include (but are not limited to) information related to the City's ability to make payments on the City's debt and pension obligations. The City is providing these reports and is in compliance with the waiver resolution. The City must also, by April 30 of each year, submit its adopted budget and four-year financial plan.

FACTORS AFFECTING ECONOMIC CONDITION

Improved 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. Services across all neighborhoods have drastically improved. Activities and accomplishments include:

- 75,000 constituent complaints resolved through new Improve Detroit app
- 50,000 prevented foreclosures of occupied homes under programs to assist families in need
- 65,000 new LED streetlights
- 8,000 summer jobs for Detroit youth
- 2,000 miles of neighborhood residential streets being swept three times a year after a seven-year absence
- 1,200 new units of affordable housing opened or in development
- 400 Project Green Light businesses with real-time camera connections to police headquarters helping to keep the City safe, up from 196 last year
- 275 parks being fully maintained, up from only 25 in 2013, 40 of which are being completely remade
- 120 new DDOT buses added to the fleet, nine new 24-hour routes, and six brand new bus lines
- 100 new small businesses (78% owned by entrepreneurs of color) opened, under construction or funded through Motor City Match
- 27 Recreation Centers open this past summer, including 16 new Summer Fun Centers in partnership with the Detroit Public Schools Community District
- 15 minute police priority 1 response time, down from nearly 30 minutes on average
- Eight minute emergency medical service response time, down from nearly 20 minutes on average

Blight Remediation

Blight remediation remains one of the City's highest reinvestment priorities and is progressing at a strong pace. The City is leveraging substantial federal grants, including \$258.8 million in Hardest Hit Funds, alongside City funds to demolish dangerous structures and return the parcels to productive uses. Activities and accomplishments include:

- 110,000 vacant lots now being cut three to four times a year after being left overgrown for years
- 15,000 dangerous vacant houses demolished
- 10,000 abandoned blighted houses boarded up
- 10,000 side lots sold to neighbors for \$100, up from 7,000 last year
- 3,000 vacant homes being rehabbed and reoccupied under land bank programs

Economic Development Strategies and Implementation

The City of Detroit, Michigan is tackling the geographic and strategic alignment of City assets to grow and diversify Detroit's economy. Defined by a three-year vision, the City and its economic development arm, the Detroit Economic Growth Corporation, are working to secure 10,000 jobs and \$3.4 billion of investment and open 140 new small businesses Citywide by 2020. To achieve this goal, the City's economic development strategic priorities are to: (1) attract and direct investment by showcasing

Detroit’s assets and building the case for investment, (2) lead land development efforts that unlock economic growth citywide, and (3) support small and large businesses to locate and grow in Detroit.

Detroit provides a wide variety of critical incentive tools to attract businesses and developers: (1) tax incentives; (2) property tax abatements; (3) state grant and loan programs; (4) financing tools; (5) workforce programs; and (6) federal incentives. Detroit also offers a suite of incentive programs designed to help businesses thrive. The City has a talented workforce, innovative educational institutions, successful private/public partnerships attracting international attention, and affordable, unique real estate.

Detroit’s strength as a business location is evident through its successes. Since 2012, Detroit has seen almost \$1 billion invested in automotive manufacturing at new and existing suppliers and \$96 million invested in over 14 full-service grocery stores. Downtown Detroit’s office vacancy rate has fallen 12 percent in the past five years to 17.5 percent. Additionally, according to the 2014-2015 Annual Michigan Venture Capital Fund Research report, Detroit is becoming a new focal point of venture capital activity, with 24 firms receiving \$186 million in investment. Over 52 percent of those are tech-related.

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.

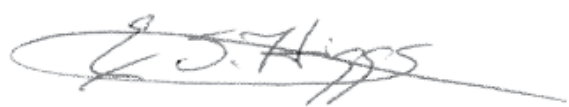
Sincerely,



John W. Hill
Chief Financial Officer



John Naglick, Jr.
Chief Deputy CFO/
Finance Director



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



Office of the Auditor General

Mark W. Lockridge, Auditor General

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AUDITOR GENERAL'S LETTER

December 14, 2018

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, 2018, 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,

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



MARY SHEFFIELD
President Pro Tem



JANEÉ AYERS



SCOTT BENSON



RAQUEL
CASTAÑEDA LÓPEZ



GABE LELAND



ROY McCALISTER JR.



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

Rock Around the Park - City replacing worn perimeter fencing at nearly 100 parks with decorative boulders

The City of Detroit is improving the curb appeal of nearly 100 of its city parks by removing old, often rusted or overgrown, fencing and replacing it with decorative boulders.

The move is designed to allow the physical beauty of the parks be more visible to the surrounding community and make the parks more inviting. Removing the fencing also will make the parks more welcoming and accessible to pedestrians, while the boulders will keep out vehicles.

The City's General Services Department, which includes Parks & Recreation Division, identified 99 parks where it plans to make the improvements in 2018. The project is expected cost about \$3 million.



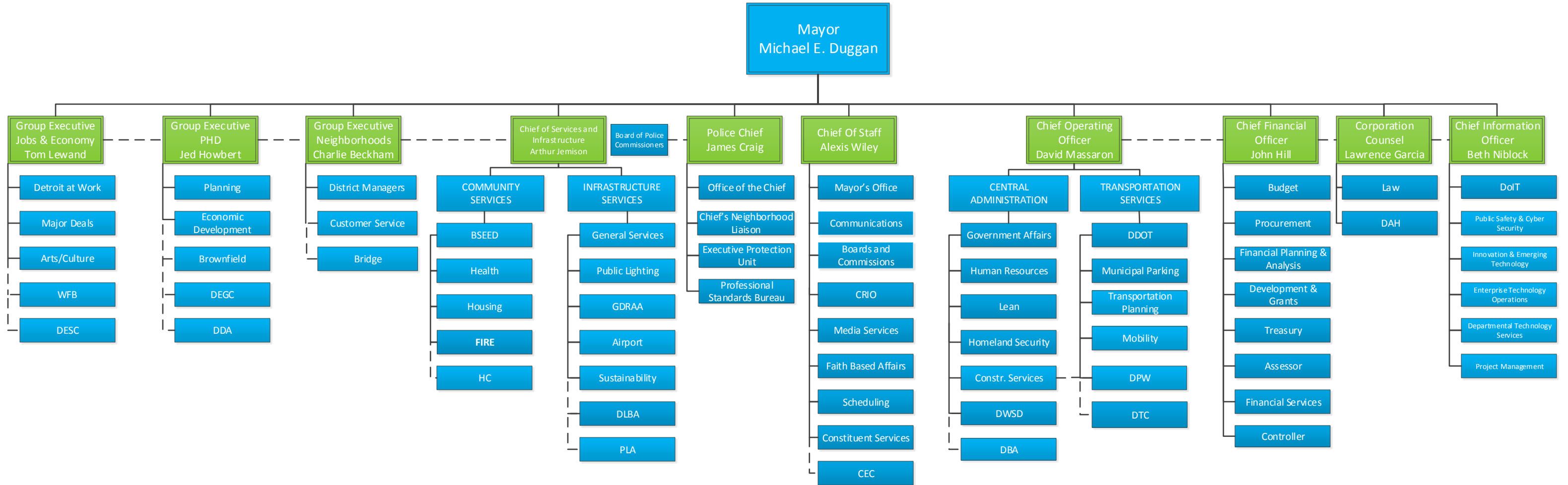
Board Up Brigades to Secure 11,000 Abandoned Houses Over Next 2 Years

The City of Detroit announced plans in August 2017 to board up 11,000 blighted abandoned houses that won't be demolished or rehabbed. The project is part of a larger initiative to demolish, rehab or board up the estimated 25,000 blighted abandoned houses that exist. By securing the homes, officials hope to preserve many of them for rehab as the city's recovery continues.

The \$4.8-million board-up program is providing a second chance for 13 returning citizens hired by the City to board up the homes. In addition to hiring 40 workers of its own, the City also will contract with community-based organizations to meet the anticipated production of up to 200 houses per week.



Mayor's Office Org Chart



Updated July 2018

* A dotted line indicates that there, the entity is a separate legal entity and/or, is or has an independent board.

*DWSD is subject to federal court orders and charter provisions that govern aspects of the management of the water and sewerage systems

Work to begin on 7.Liv development of old B. Siegel department store

Developers, City officials and community residents broke ground February 2018 for 7.Liv, an \$8.3-million redevelopment project for the old B. Siegel department store on Seven Mile Road at Livernois. The project, along the Avenue of Fashion, is slated to have ten residential units, 20,500 square feet of commercial storefront, and 29 underground parking spaces.

The development is led by Matt Hessler and supported through JPMorgan Chase, Capital Impact Partners, Michigan Economic Development Corporation, Invest Detroit, and the Detroit Economic Growth Corporation.



DWSD launches program to clean and inspect 30,000 catch basins to reduce street flooding in neighborhoods

Detroit Water and Sewerage Department announced a new program in August 2017 to significantly reduce street flooding in problem areas by inspecting and cleaning 30,000 catch basins over the next three years. The new effort represents the first time since 2010 that the City of Detroit has performed routine maintenance and inspections of its network of catch basins.

Catch basins carry storm water off city streets and nearby properties into the city's combined sewer system. To address the problem, the City has purchased eight new Vactor trucks for \$3.9 million. The large vehicles will clear out the blockages in storm drains below ground to prevent street flooding.



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, 2018 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, and Eight Mile/Woodward Corridor Improvement Authority, which collectively represent 71 percent, 74 percent, and 79 percent of the assets, net position, and revenue, respectively, of the discretely presented component units. We also did not audit the financial statements of the following blended component units: Public Lighting Authority, which is a major enterprise fund with assets, net position, and revenue of \$220.0 million, \$34.9 million, and \$23.8 million, respectively, as well as the Detroit Building Authority and Greater Detroit Resource Recovery Authority, which collectively represent 0.66 percent, 0.43 percent, and 1.53 percent of the assets, net position/fund balance, and revenue, respectively, of the aggregate remaining fund information. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for aggregate discretely presented component units and aggregate remaining fund information, is based solely on the report 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, as well as the Greater Detroit Resource Recovery Authority and Detroit Public Library, were not audited under *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.

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

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

Opinions

In our opinion, based on our audit and the report 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, 2018 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

Water and Sewage Disposal Fund Special Item (Bifurcation Gain)

As described in Note 12 to the financial statements, effective January 1, 2016, the City of Detroit, Michigan entered into lease agreements and related service agreements with the Great Lakes Water Authority (GLWA) under which GLWA will operate the regional water and sewage system for the term of 40 years. The final negotiations of the transaction during the year has resulted in the recognition of a special item (bifurcation gain) in the statement of revenue, expenses, and changes in net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental 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 identified in the table of contents, and introductory and statistical sections are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018 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

December 14, 2018

Kemeny Recreation Center to Undergo \$9.5-Million Renovation and Expansion

City officials joined with members of the southwest Detroit community to break ground and announce plans to construct an addition and renovate Kemeny Recreation Center July 2017. Mayor Mike Duggan was joined by Parks and Recreation officials, City Council, community organizations and Marathon Petroleum officials at a groundbreaking ceremony at the center 2260 S. Fort Street in southwest Detroit.

The \$9.5-million renovation and expansion project will include:

- Construction of a new gymnasium addition
- Renovation of existing space to create multi-purpose rooms; facilities for sports, fitness and other activities; and a new kitchen
- Construction of a new parking lot
- Completely new electrical, mechanical and roof systems

The center reopened in October 2018.



Management's Discussion and Analysis

(MD&A)

(Unaudited)

As management of the City of Detroit, Michigan (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, 2018. 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, 2018:

Government Wide

- At June 30, 2018, the City's total net position was \$898 million, an increase of \$85.4 million from the prior year.
- The City's unrestricted net position reflected a deficit of \$959 million as of June 30, 2018.
- The City had revenue of \$1.98 billion and expenses of \$1.89 billion for the year ended June 30, 2018.

Fund Level

- The City of Detroit, Michigan's General Fund assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$611.2 million, and cash and investments on hand totaling \$643.4 million was \$4.2 million lower than the \$647.6 million at June 30, 2017.
- The General Fund had a fund balance of \$611.2 million, an \$18.4 million increase from the \$592.8 million fund balance at June 30, 2017.
- The General Fund had unassigned cumulative fund surplus of \$131.5 million at June 30, 2018, a \$37.5 million decrease from the \$169.0 million surplus at June 30, 2017. The City's enterprise funds had a net position of \$1.24 billion at June 30, 2018, an increase of \$76.3 million from \$1.16 billion at June 30, 2017. The enterprise fund cumulative unrestricted net position was \$797 million at June 30, 2018.

Capital and Long-term Debt Activities

- The City's total bonded debt at June 30, 2018 was \$1.7 billion, a decrease of \$200 million from the June 30, 2017 balance.
- Total primary government long-term obligations were \$4.5 billion, at June 30, 2018, a decrease of \$100 million from the \$4.6 billion at June 30, 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the City's basic financial statements, which has been composed 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. This statement should help answer how has the City's financial position, as a whole, changed as a result of this year's activities. These statements include all nonfiduciary 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 12 legally separate organizations presented as discretely presented component units, including the Economic Development Corporation, Museum of African American History, Detroit Employment Solutions Corporation, and Housing Commission.

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 like 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 \$898 million at June 30, 2018, resulting in unrestricted net deficit of \$959 million at June 30, 2018.

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 \$1.57 billion at June 30, 2018, \$50 million less than the \$1.52 billion at June 30, 2017. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**Summary of Net Position
June 30, 2018 and 2017
(In Thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other noncurrent assets	\$ 1,345,349	\$ 1,317,348	\$ 1,473,355	\$ 1,444,763	\$ 2,818,704	\$ 2,762,111
Capital assets	1,430,621	1,442,137	1,390,887	1,410,744	2,821,508	2,852,881
Total assets	2,775,970	2,759,485	2,864,242	2,855,507	5,640,212	5,614,992
Deferred Outflows of Resources	145,377	255,008	22,639	35,266	168,016	290,274
Liabilities						
Current and other liabilities	279,483	251,375	136,125	203,301	415,608	454,676
Long-term obligations	2,967,404	3,109,848	1,505,960	1,521,932	4,473,364	4,631,780
Total liabilities	3,246,887	3,361,223	1,642,085	1,725,233	4,888,972	5,086,456
Deferred Inflows of Resources	16,368	4,833	4,851	1,904	21,219	6,737
Net Position						
Net investment in capital assets	1,131,353	1,111,259	434,204	407,668	1,565,557	1,518,927
Restricted	282,680	418,003	8,685	59,805	291,365	477,808
Unrestricted (deficit)	(1,755,941)	(1,880,825)	797,056	696,163	(958,885)	(1,184,662)
Total net position (deficit)	<u>\$ (341,908)</u>	<u>\$ (351,563)</u>	<u>\$ 1,239,945</u>	<u>\$ 1,163,636</u>	<u>\$ 898,037</u>	<u>\$ 812,073</u>

Restricted net position totaling \$291 million at June 30, 2018 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 (\$71.4 million), construction code (\$19.6 million), debt service (\$74.1 million), improvements and extensions (\$7.5 million), budget stabilization (\$1.2 million), endowments and trusts (\$1.6 million), capital projects and acquisitions (\$8.4 million), grants (\$15.8 million), police (\$9 million), rubbish collection and disposal (\$61.4 million), local business growth (\$0.5 million), and community and economic development (\$20.8 million).

The remaining balance is an unrestricted accumulated deficit of \$959 million at June 30, 2018. A deficit represents a shortage of assets available to meet all City's obligations if they were immediately due and payable.

Governmental Activities

At June 30, 2018, the City's governmental activities had a net deficit of \$341.9 million, a deficit decrease of \$9.7 million from the \$351.6 million net deficit at June 30, 2017.

Net investment in capital assets totaled \$1.13 billion. Restricted net position totaled \$283 million at June 30, 2018. The unrestricted net deficit totaled \$1.76 billion at June 30, 2018, a \$120 million decrease from the \$1.88 billion deficit at June 30, 2017.

Business-type Activities

The business-type activities had a net position of \$1.24 billion at June 30, 2018, an increase of \$80 million from the \$1.16 billion net position at June 30, 2017. The unrestricted net position totaled \$797 million at June 30, 2018, a \$101 million increase from net position of \$696 million at June 30, 2017.

The Water Fund had a \$527.6 million net surplus at June 30, 2018. The Sewage Disposal Fund had a net surplus of \$707.6 million at June 30, 2018. The Transportation, Public Lighting Authority, and Other Enterprise (Airport and Parking) funds had net positions totaling \$77.5 million deficit, \$34.9 million surplus, and \$47.4 million surplus, respectively, at June 30, 2018.

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, 2018 and 2017
(In Thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenue						
Program Revenue:						
Charges for Services	\$ 183,640	\$ 179,211	\$ 461,356	\$ 432,027	\$ 644,996	\$ 611,238
Operating Grants and Contributions	183,355	181,124	51,300	58,483	234,655	239,607
Capital Grants and Contributions	529	3,188	16,800	4,784	17,329	7,972
General Revenue:						
Property Taxes	159,149	248,296	-	-	159,149	248,296
Municipal Income Tax	299,346	301,069	-	-	299,346	301,069
Utility Users Tax	28,700	27,069	-	-	28,700	27,069
Wagering Tax	178,982	177,217	-	-	178,982	177,217
Other Local Taxes	3,396	10,363	-	-	3,396	10,363
State-shared Taxes	199,900	197,832	-	-	199,900	197,832
Interest and Penalties on Taxes	3,244	3,609	-	-	3,244	3,609
Investment Earnings	15,856	15,850	540	539	16,396	16,389
Miscellaneous	49,632	38,110	45,214	37,421	94,846	75,531
Total Revenue	1,305,729	1,382,938	575,210	533,254	1,880,939	1,916,192
Expenses						
Public Protection	459,155	643,747	-	-	459,155	643,747
Health	32,958	29,785	-	-	32,958	29,785
Recreation and Culture	37,417	29,922	-	-	37,417	29,922
Economic Development	45,346	42,563	-	-	45,346	42,563
Housing Supply and Conditions	25,016	9,811	-	-	25,016	9,811
Physical Environment	152,794	116,733	-	-	152,794	116,733
Transportation Facilitation	35,830	31,513	-	-	35,830	31,513
Development and Management	403,929	325,937	-	-	403,929	325,937
Interest on Long-term Debt	62,525	91,611	-	-	62,525	91,611
Sewage Disposal	-	-	300,112	314,993	300,112	314,993
Transportation	-	-	158,602	178,551	158,602	178,551
Water	-	-	130,123	122,932	130,123	122,932
Automobile Parking	-	-	29,510	10,258	29,510	10,258
Airport	-	-	2,421	2,505	2,421	2,505
Public Lighting Authority	-	-	21,097	16,328	21,097	16,328
Total Expenses	1,254,970	1,321,622	641,865	645,567	1,896,835	1,967,189
Excess (Deficiency) Before Asset Impairment	50,759	61,316	(66,655)	(112,313)	(15,896)	(50,997)
Special Item	-	-	101,860	(157,955)	101,860	(157,955)
Loss on Sale of Capital Assets	-	(185)	-	(1,622)	-	(1,807)
Transfers - Net	(41,104)	(78,137)	41,104	78,137	-	-
Increase (Decrease) in Net Position	9,655	(17,006)	76,309	(193,753)	85,964	(210,759)
Net Position - July 1	(351,563)	(334,557)	1,163,636	1,357,389	812,073	1,022,832
Net Position - June 30	\$ (341,908)	\$ (351,563)	\$ 1,239,945	\$ 1,163,636	\$ 898,037	\$ 812,073

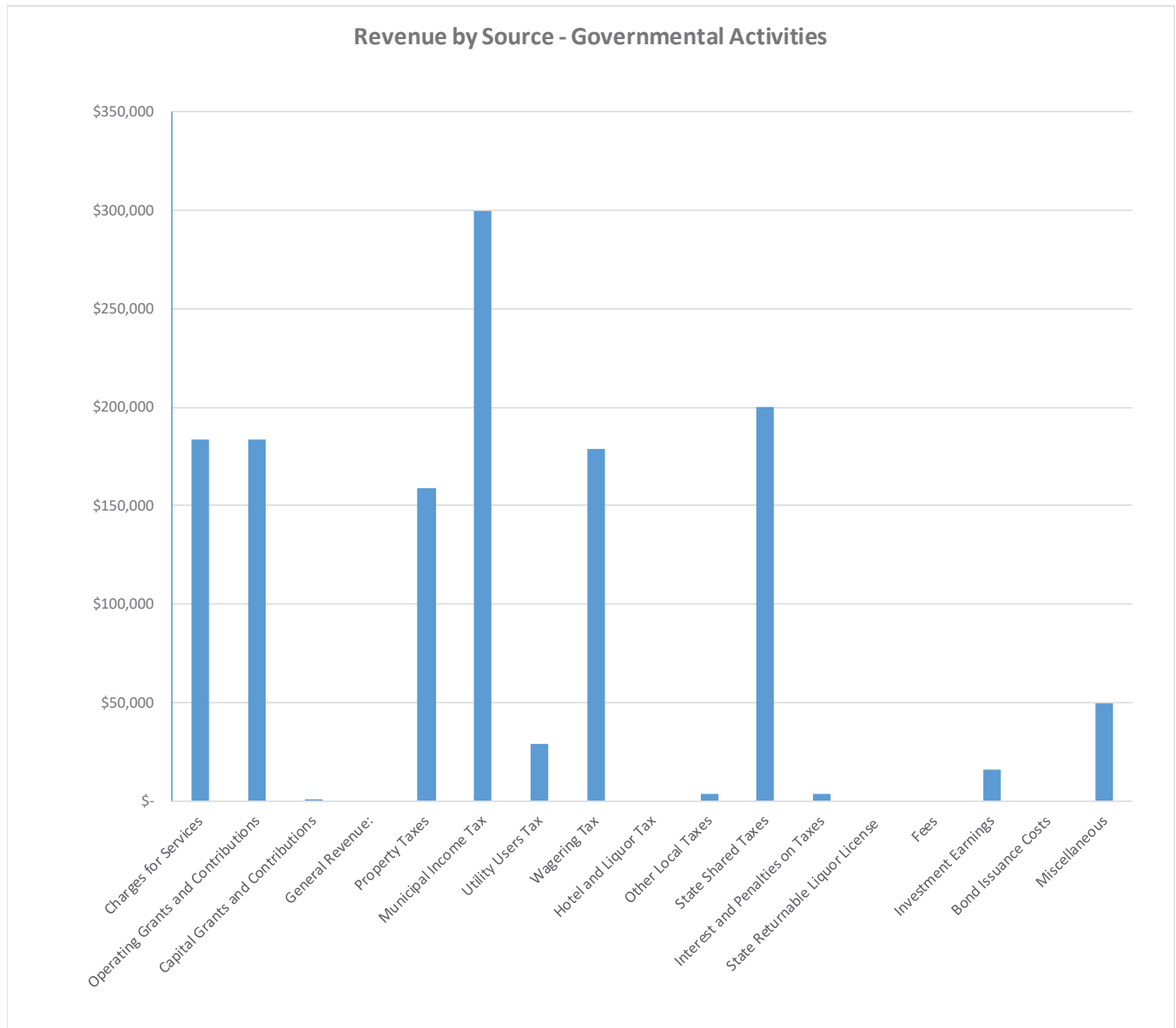
Total Primary Government

Total revenue for the year ended June 30, 2018 was \$1.98 billion (includes the \$102 million special item - gain), an increase of \$67 million from prior year.

Total expenses for the year ended June 30, 2018 were \$1.89 billion, a decrease of \$230 million from the prior fiscal year.

Governmental Activities

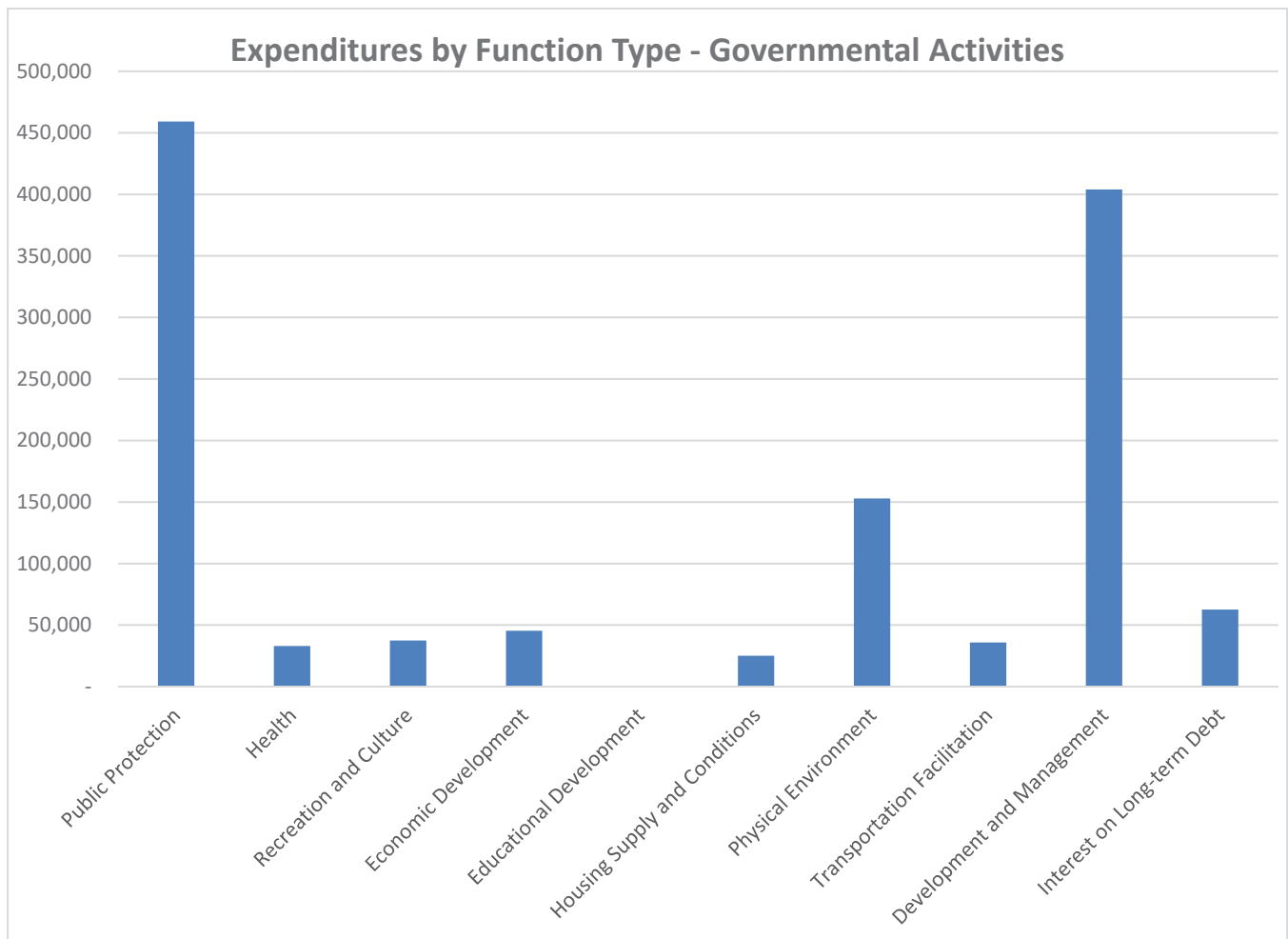
The following chart depicts revenue of the governmental activities for the year ended June 30, 2018:



The governmental activities revenue totaled \$1.3 billion for the year ended June 30, 2018. The amount that taxpayers paid for these activities through city taxes was \$669.6 million, or 51.3 percent of total revenue, a \$94.4 million decrease from the prior fiscal year amount, mainly resulting from a decrease in property tax collections. Property taxes were \$89.1 million less than the prior fiscal year, and municipal income taxes were \$1.7 million less than the prior fiscal year amount. Utility user taxes increased by \$1.6 million. Wagering (casino) tax revenue increased by \$1.8 million. Other funding for governmental activities was provided from the following sources:

- Charges for services paid by those who directly benefited totaled \$183.6 million, or 14.1 percent of total revenue. These services included permits, parking fines, licenses, and solid waste fees. Charges for services were \$4.4 million more than the \$179.2 million for the year ended June 30, 2017.
- Other governments and organizations subsidized programs, such as health-related activities and community development projects, with grants and contributions totaling \$183.9 million, or 14.1 percent of total revenue. This was \$400 thousand less than the \$184.3 million of subsidies during the year ended June 30, 2017.
- Other revenue, such as state aid (revenue sharing), interest, and miscellaneous income, funded the “public benefit” portion of various programs and totaled \$269 million, or 20.6 percent of total revenue. This was \$13.2 million more than the \$255.4 million for the year ended June 30, 2017. This increase was mainly due to an \$11.5 million increase in miscellaneous revenue.

The following chart depicts expenses of the governmental activities for the year ended June 30, 2018:



The governmental activities expenses totaled \$1.26 billion for the year ended June 30, 2018, a decrease of \$66.6 million from prior fiscal year.

The decrease is primarily related to a reduction of expenditures in public protection (\$185 million), offset by an increase of expenditures in development and management (\$78 million) and physical environment (\$36 million).

Public protection expenses decreased primarily due to an \$195.0 million reduction in pension expense (exclusive of pension recoveries), partially offset by a \$10.2 million increase in hospital employee benefits for the police employees.

Development and management expenses increased \$78.0 million primarily due to an increase in major repairs of \$36.9 million, in addition to an increase in capital project spending of \$33.1 million.

Physical environment increased approximately \$36.0 million primarily due to recognition of a \$10.5 million impairment loss attributed to the decommissioning of public lighting energy stations in 2018, and an additional \$5.0 million increase attributed to personnel and purchased services costs.

Business-type Activities

The total net position for business-type activities was \$1.24 billion at June 30, 2018, an increase of \$80 million in net position of \$1.16 billion from fiscal year 2017. Detailed below are the results for the major business-type funds:

Water Fund

The Water Fund had a net position of \$527.6 million at June 30, 2018, an increase of \$46 million from the prior year net position of \$481.6 million. This increase in net position is primarily due to the gain from bifurcation of \$35.5 million.

Sewage Disposal Fund

The Sewage Disposal Fund had a net position of \$707.6 million at June 30, 2018, an increase of \$79.8 million from the prior year net position of \$627.7 million. This increase in net position is primarily due to the gain from bifurcation of \$66.4 million.

On January 1, 2016, the City effectuated a lease agreement with the Great Lakes Water Authority for an initial term of 40 years for the regional water and sewer system systems. During fiscal 2018, the City and the Great Lakes Water Authority reached a final agreement with respect to the allocation of initial transfers of assets and assumption of liabilities, including retail system capital assets and related debt obligations; certain estimates from prior years were adjusted, resulting in the bifurcation gains.

Transportation Fund

The Transportation Fund (DDOT) reported a net deficit of \$77.5 million as of June 30, 2018, a deficit increase of \$8.9 million from the prior fiscal year's net deficit of \$68.6 million. During the fiscal year ended June 30, 2018, DDOT maintained its level of revenue from transit operations at approximately \$21.2 million, supplemented by \$8.0 million in insurance recoveries due to a fire at the Shoemaker Facilities. The combination led to the reported \$29.2 million in self-generated funding. Operating expenses for the fiscal year were reduced by \$19.7 million, due primarily to reduced maintenance charges, lower salaries and benefits, and noncash fixed assets amortization. This combination of improved revenue and lower expenses led to a net improvement of \$27.7 million in operating results compared to fiscal year 2017. As a result, change in net position improved by \$25.8 million from prior year's deficit increase of \$34.7 million to current year's deficit increase of \$8.9 million.

Public Lighting Authority (the “PLA”)

Because the PLA is in substance a part of the City’s operations, 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 \$34.9 million net position at June 30, 2018, a \$2.7 million increase from \$32.2 million net position at June 30, 2017. The General Fund contribution to the PLA was \$10.3 million for the year ended June 30, 2018, which was \$300 thousand more than the prior year \$10.0 million.

Airport and Automobile Parking Fund (Other Enterprise Funds)

Other enterprise funds include the Airport Fund and Automobile Parking Fund. The Airport Fund had a \$15 million net position at June 30, 2018, an \$800 thousand decrease from June 30, 2017. The General Fund contribution to the Airport Fund was \$900 thousand for the year ended June 30, 2018, which was \$2.1 million less than the prior year \$3.0 million.

The Automobile Parking Fund had a net position of \$32.4 million at June 30, 2018, a decrease of \$42.5 million from the prior year net position of \$74.9 million. There was no General Fund contribution to the Automobile Parking Fund for the year ended June 30, 2018, which was \$3.5 million less than prior year \$3.5 million.

FINANCIAL ANALYSIS OF THE CITY’S GOVERNMENTAL FUNDS

The City’s governmental funds reported a combined ending fund balance of \$880.4 million at June 30, 2018, a \$52.9 million increase from the \$827.4 million fund balance at June 30, 2017.

General Fund

The General Fund is the chief operating fund of the City. The fund had a \$611.2 million surplus at June 30, 2018, a \$18.4 million increase from the \$592.8 million at June 30, 2017. The fund balance includes unassigned balance of \$131.5 million, a \$37.5 million decrease from the \$169.0 million unassigned fund balance at June 30, 2017. The remaining General Fund fund balance includes:

(1) Restricted for Quality of Life, \$38.3 million; (2) Restricted for Debt Service, \$27.5 million; (3) Restricted for Pension, \$103.3 million; (4) Assigned for Budget Reserve, \$62.3 million; (5) Assigned for Subsequent Appropriations, \$58.6 million; (6) Assigned for Blight, \$100 million; and (7) Committed and Assigned for Risk Management Operations, \$46.8 million.

General Fund Balance Sheet
June 30, 2018 and 2017
(In Millions)

	<u>2018</u>	<u>2017</u>
Assets and Deferred Outflows of Resources	\$ 1,034.0	\$ 1,093.0
Liabilities and Deferred Inflows of Resources	\$ 423.0	\$ 500.2
Fund Balance		
Nonspendable	23.0	11.1
Restricted	169.1	82.2
Committed	20.0	20.0
Assigned	267.6	310.5
Unassigned for General Fund	<u>131.5</u>	<u>169.0</u>
Total Fund Balance	<u>611.2</u>	<u>592.8</u>
Total Liabilities and Fund Balance	<u>\$ 1,034.2</u>	<u>\$ 1,093.0</u>

General Fund Budgetary Highlights

The City’s fiscal year 2018 General Fund budget was \$1.3 billion. The City’s fiscal year 2018 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 \$127.3 million for the year ended June 30, 2018. The revenue shortfall is mainly attributable to sales and charges for services revenue (\$32.9 million), revenue from use of assets (\$3.7 million), and other revenue (\$119 million).

Actual expenditures were less than budgeted expenditures by \$382.3 million for the year ended June 30, 2018. The actual expenditures were less than budget for the following categories: public protection (\$58.4 million), recreation (\$4.4 million), housing (\$4.7 million), physical environment (\$18.3 million), department of health (\$3.5 million), and development and management (\$272.9 million).

Differences between the original budget and the final amended budget of \$137.8 million consisted of a total net increase in estimated revenue and other financing sources of \$131.2 million and a total net increase in appropriations and other financing uses of \$269 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Total Government

At June 30, 2018, the City had invested \$2.822 billion, net of accumulated depreciation, in a broad range of capital assets (see table below). This was very comparable to the \$2.853 billion from the prior year.

**Summary of Capital Assets
June 30, 2018 and 2017
(In Thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land and Land Rights	\$ 369,387	\$ 369,372	\$ 28,097	\$ 29,185	\$ 397,484	\$ 398,557
Land Improvements	-	-	12,767	11,089	12,767	11,089
Buildings, Structures, and Improvements	560,069	594,037	692,580	558,431	1,252,649	1,152,468
Sewer and Water Lines	-	-	377,524	448,530	377,524	448,530
Equipment and Fixtures	88,445	67,192	229,188	155,987	317,633	223,179
Works of Art	29,788	29,788	-	-	29,788	29,788
Infrastructure	345,038	354,500	-	-	345,038	354,500
Construction in Progress	37,894	27,248	50,730	207,522	88,624	234,770
Total	\$ 1,430,621	\$ 1,442,137	\$ 1,390,886	\$ 1,410,744	\$ 2,821,507	\$ 2,852,881

Governmental Activities

Governmental activities capital assets at June 30, 2018 were \$1.43 billion, which was slightly less than the \$1.44 billion at June 30, 2017. The City acquired \$84.6 million in new depreciable assets, including \$20.8 million completed construction in progress. Depreciation expenses totaled \$88.2 million for the year ended June 30, 2018, which was \$6.3 million more than the prior fiscal year.

At June 30, 2018, the City’s governmental activities had commitments for future capital asset construction contracts of \$37.9 million.

Major capital assets acquired and projects completed or in progress during the year ended June 30, 2018 included the following:

- \$39.9 million for road construction and resurfacing
- \$12.8 million for renovation of parks and recreation centers
- \$16.9 million for police and fire departments capital improvements
- \$35 million for police, fire, and department of public works vehicles
- \$3.6 million for DPW facility improvements

Business-type Activities

Business-type activities capital assets at June 30, 2018 were \$1.39 billion, a decrease of \$19.9 million from the balance at June 30, 2017.

Construction work in progress, major capital assets acquired, and projects completed during the year ended June 30, 2018 included the following:

- The Water and Sewerage Department engaged in a variety of projects that are part of its five-year capital improvement program. The program is being financed primarily from revenue of the funds and proceeds from the issuance of revenue bonds by the Great Lakes Water Authority. The total amount of construction contract commitments outstanding at June 30, 2018 was approximately \$80 million and \$133 million for the Water Fund and Sewage Disposal Fund, respectively.

Long-term Debt

At June 30, 2018, the City had total bonded debt of \$1.76 billion outstanding, \$1.68 billion of which is general obligation bonds backed by the full faith and credit of the City, and \$83.6 million of which is revenue bonds or other indebtedness.

**Outstanding Bonded Debt
June 30, 2018 and 2017
(In Thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$ 1,379,885	\$ 1,474,361	\$ 297,909	\$ 376,800	\$ 1,677,794	\$ 1,851,161
Revenue Bonds and Other Indebtedness	83,567	50,739	-	-	83,567	50,739
Total	\$ 1,463,452	\$ 1,525,100	\$ 297,909	\$ 376,800	\$ 1,761,361	\$ 1,901,900

The City’s total primary government general obligation bonded debt decreased by \$173 million, and revenue and other indebtedness increased by \$32.8 million during the year ended June 30, 2018. Subsequent to year end, the City issued \$135 million of Unlimited Tax General Obligation bonds for the purpose of financing certain capital projects. In addition, approximately \$176 million of Distributable State Aid Fifth Lien Financial Recovery bonds were issued, the proceeds of which were used to purchase and cancel approximately \$198 million of financial recovery bonds.

The City’s credit ratings on uninsured general obligation bonds as of June 30, 2018 were:

Moody’s Investors Service, Inc.	Ba3
Standard & Poor’s Corporation	B+

The City’s credit ratings were below investment grade, primarily due to weakness in its economic base relative to peers. An impact of the City’s credit ratings below investment grade status comes in the form of higher borrowing costs.

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.

Little Caesars Arena Opens in Downtown Detroit

Members of the Ilitch family, Detroit Pistons officials and City of Detroit officials cut the ribbon for the official opening of the new Little Caesars Arena, the home of the Detroit Red Wings and Pistons, in September 2017. The arena's opening marks the return of the Detroit Pistons basketball team to Detroit and represents the first time in decades that Detroit's four professional teams will play downtown.

Little Caesars Arena (LCA), which cost just under \$863 million, is part of District Detroit, a project to connect downtown and other neighborhoods by creating new office, residential and retail spaces alongside sports and entertainment venues. District Detroit also will include Mike Ilitch School of Business at Wayne State University and Little Caesars world headquarters campus expansion.

The Downtown Development Authority (DDA) owns LCA, which will be exempt from property taxes, and leases it to Olympia Entertainment owned by the Ilitch family. Olympia will retain all revenues related to the arena's operations under its contract with the DDA.



Basic Financial Statements

June 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
Assets				
Cash and cash equivalents	\$ 722,995,835	\$ 212,179,592	\$ 935,175,427	\$ 104,306,252
Investments	7,229,569	15,416,689	22,646,258	122,150,639
Accounts and contracts receivable - Net	261,929,893	93,642,224	355,572,117	41,521,531
Internal balances	8,142,942	(8,142,942)	-	-
Due from primary government	-	-	-	4,183,129
Due from fiduciary funds	2,762,256	2,030,865	4,793,121	505,384
Inventory	-	9,227,996	9,227,996	3,318,569
Due from component units	3,223,518	-	3,223,518	-
Due from other governmental agencies	82,996,930	2,991,173	85,988,103	9,776,727
Prepaid expenses	1,996,011	1,268,808	3,264,819	2,383,640
Advance to component unit	8,112,504	-	8,112,504	-
Loans, notes, and pledges receivable	-	-	-	13,996,835
Receivable from Great Lakes Water Authority	-	1,092,228,800	1,092,228,800	-
Restricted cash and cash equivalents	232,528,485	52,475,215	285,003,700	29,354,676
Other assets	1,410,727	-	1,410,727	41,244,681
Other restricted assets	11,811,340	-	11,811,340	21,349,356
Net OPEB asset	209,247	36,544	245,791	-
Capital assets:				
Nondepreciable	437,068,514	78,828,503	515,897,017	166,275,994
Depreciable - Net	993,551,988	1,312,058,844	2,305,610,832	1,210,180,834
Total capital assets - Net	<u>1,430,620,502</u>	<u>1,390,887,347</u>	<u>2,821,507,849</u>	<u>1,376,456,828</u>
Total assets	2,775,969,759	2,864,242,311	5,640,212,070	1,770,548,247
Deferred Outflows of Resources				
Deferred bond defeasance costs	13,191,953	-	13,191,953	-
Deferred amount on pension	131,952,374	22,597,034	154,549,408	6,395,718
Deferred amount on OPEB	233,164	42,450	275,614	-
Total deferred outflows of resources	145,377,491	22,639,484	168,016,975	6,395,718
Liabilities				
Accounts and contracts payable	102,523,707	22,526,683	125,050,390	48,540,103
Accrued liabilities	114,788	-	114,788	-
Accrued salaries and wages	31,695,781	1,198,372	32,894,153	818,636
Accrued interest payable	14,245,647	5,116,387	19,362,034	30,873,428
Due to other governmental agencies	30,073,472	56,979,890	87,053,362	3,577,044
Due to primary government	-	-	-	3,223,518
Due to fiduciary funds	7,848,592	6,904,252	14,752,844	-
Due to component units	-	4,183,129	4,183,129	-
Deposits and refunds	26,062,508	4,169,244	30,231,752	-
Unearned revenue	3,033,526	39,881,727	42,915,253	11,523,451
Settlement credit contingent liability	25,000,000	-	25,000,000	-
Other liabilities	38,884,771	48,805,958	87,690,729	23,317,582
Long-term obligations:				
Net pension liability	1,275,119,649	285,793,054	1,560,912,703	25,503,256
Due within one year	107,134,395	34,892,956	142,027,351	13,604,515
Advance from primary government	-	-	-	8,112,504
Due in more than one year	<u>1,585,150,457</u>	<u>1,131,634,021</u>	<u>2,716,784,478</u>	<u>420,955,936</u>
Total liabilities	3,246,887,293	1,642,085,673	4,888,972,966	590,049,973

June 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
Deferred Inflows of Resources				
Deferred amount on pension	\$ 16,346,174	\$ 4,846,793	\$ 21,192,967	\$ 2,973,370
Deferred amount on OPEB	<u>21,553</u>	<u>3,922</u>	<u>25,475</u>	<u>-</u>
Total deferred inflows of resources	<u>16,367,727</u>	<u>4,850,715</u>	<u>21,218,442</u>	<u>2,973,370</u>
Net Position (Deficit)				
Net investment in capital assets	1,131,353,263	434,204,225	1,565,557,488	954,283,856
Restricted for:				
Highway and street improvement	71,447,148	-	71,447,148	-
Construction code	19,580,707	-	19,580,707	-
Endowments and trust (expendable)	640,541	-	640,541	12,300,236
Endowments and trust (nonexpendable)	1,005,096	-	1,005,096	195,000
Capital projects and acquisitions	8,426,872	-	8,426,872	166,516,970
Debt service	74,097,075	-	74,097,075	-
Improvements and extensions	-	7,500,000	7,500,000	-
Budget stabilization	-	1,184,871	1,184,871	-
Community and economic development	20,766,624	-	20,766,624	-
Grants	15,770,670	-	15,770,670	-
Local business growth	478,084	-	478,084	-
Police	9,026,833	-	9,026,833	-
Rubbish collection and disposal	61,439,971	-	61,439,971	-
Program activities	-	-	-	8,608,230
Unrestricted (deficit)	<u>(1,755,940,654)</u>	<u>797,056,311</u>	<u>(958,884,343)</u>	<u>42,016,330</u>
Total net position (deficit)	<u>\$ (341,907,770)</u>	<u>\$ 1,239,945,407</u>	<u>\$ 898,037,637</u>	<u>\$ 1,183,920,622</u>

City of Detroit, Michigan

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Public protection	\$ 459,155,038	\$ 82,142,006	\$ 17,385,989	\$ -
Health	32,958,070	2,543,252	27,289,507	-
Recreation and culture	37,416,517	2,097,986	1,186,731	-
Economic development	45,345,939	6,581,729	31,229,976	-
Housing supply and conditions	25,015,853	-	5,008,466	-
Physical environment	152,794,269	44,307,433	87,255,222	528,544
Transportation facilitation	35,829,655	3,728,872	3,056,853	-
Development and management	403,929,393	42,238,300	10,942,191	-
Interest on long-term debt	62,525,448	-	-	-
Total governmental activities	1,254,970,182	183,639,578	183,354,935	528,544
Business-type activities:				
Water	130,123,421	115,019,869	-	2,534,779
Sewer	300,112,413	291,130,813	-	-
Transportation	158,602,192	29,236,816	51,262,427	13,909,712
Automobile parking	29,509,883	12,013,301	-	-
Airport	2,420,424	619,190	38,383	-
Public lighting authority	21,097,017	13,335,724	-	355,000
Total business-type activities	641,865,350	461,355,713	51,300,810	16,799,491
Total primary government	\$ 1,896,835,532	\$ 644,995,291	\$ 234,655,745	\$ 17,328,035
Component units:				
Detroit Brownfield Redevelopment Authority	\$ 4,539,189	\$ 389,810	\$ -	\$ -
Detroit Public Library	29,209,323	319,006	1,057,183	-
Detroit Transportation Corporation	20,130,543	1,164,793	15,791,121	1,142,782
Detroit Housing Commission	101,907,077	18,618,230	70,434,636	-
Downtown Development Authority	56,163,485	-	-	354,941,357
Eastern Market Corporation	5,709,028	1,651,244	942,347	-
Economic Development Corporation	8,786,482	6,464,874	-	-
Local Development Finance Authority	1,708,614	-	-	-
Museum of African American History	7,210,934	2,483,243	2,507,611	-
Detroit Land Bank Authority	57,346,059	-	67,550,435	-
Eight Mile/Woodward Corridor Imp. Authority	638,551	-	-	-
Detroit Employment Solutions Corporation	53,131,426	-	56,281,338	-
Total component units	\$ 346,480,711	\$ 31,091,200	\$ 214,564,671	\$ 356,084,139
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				
Total general revenue				
Special Item - Bifurcation gain (Note 12)				
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, 2018

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Totals	Component Units
\$ (359,627,043)	\$ -	\$ (359,627,043)	\$ -
(3,125,311)	-	(3,125,311)	-
(34,131,800)	-	(34,131,800)	-
(7,534,234)	-	(7,534,234)	-
(20,007,387)	-	(20,007,387)	-
(20,703,070)	-	(20,703,070)	-
(29,043,930)	-	(29,043,930)	-
(350,748,902)	-	(350,748,902)	-
(62,525,448)	-	(62,525,448)	-
(887,447,125)	-	(887,447,125)	-
-	(12,568,773)	(12,568,773)	-
-	(8,981,600)	(8,981,600)	-
-	(64,193,237)	(64,193,237)	-
-	(17,496,582)	(17,496,582)	-
-	(1,762,851)	(1,762,851)	-
-	(7,406,293)	(7,406,293)	-
-	(112,409,336)	(112,409,336)	-
(887,447,125)	(112,409,336)	(999,856,461)	-
-	-	-	(4,149,379)
-	-	-	(27,833,134)
-	-	-	(2,031,847)
-	-	-	(12,854,211)
-	-	-	298,777,872
-	-	-	(3,115,437)
-	-	-	(2,321,608)
-	-	-	(1,708,614)
-	-	-	(2,220,080)
-	-	-	10,204,376
-	-	-	(638,551)
-	-	-	3,149,912
-	-	-	255,259,299
159,149,463	-	159,149,463	71,962,998
299,346,019	-	299,346,019	-
28,700,113	-	28,700,113	-
178,982,277	-	178,982,277	-
3,395,606	-	3,395,606	1,576,666
199,899,929	-	199,899,929	-
3,243,729	-	3,243,729	406,596
-	-	-	6,413,811
15,856,300	540,649	16,396,949	4,190,997
49,632,362	45,214,538	94,846,900	3,216,086
938,205,798	45,755,187	983,960,985	87,767,154
-	101,859,924	101,859,924	-
(41,103,784)	41,103,784	-	-
9,654,889	76,309,559	85,964,448	343,026,453
(351,562,659)	1,163,635,848	812,073,189	840,894,169
\$ (341,907,770)	\$ 1,239,945,407	\$ 898,037,637	\$ 1,183,920,622

June 30, 2018

	General Fund	Other Governmental Funds	Totals
Assets			
Cash and cash equivalents	\$ 472,397,928	\$ 250,597,907	\$ 722,995,835
Investments	-	7,229,569	7,229,569
Accounts and contracts receivable:			
Estimated withheld income taxes receivable	21,288,094	-	21,288,094
Utility users' taxes receivable	2,974,059	-	2,974,059
Income tax assessments	41,115,527	-	41,115,527
Special assessments	24,669,919	541,890	25,211,809
DIA and foundation receivable	179,376,108	-	179,376,108
Property tax receivable	19,199,238	7,796,557	26,995,795
Loans receivable	-	172,826,013	172,826,013
Trade receivables	203,456,735	38,091,552	241,548,287
Total accounts and contracts receivable	492,079,680	219,256,012	711,335,692
Allowance for uncollectible accounts	(236,381,371)	(213,024,428)	(449,405,799)
Total accounts and contracts receivable - Net	255,698,309	6,231,584	261,929,893
Due from other funds	52,656,741	60,338,393	112,995,134
Advances to other funds	13,048,500	-	13,048,500
Due from fiduciary funds	2,762,256	-	2,762,256
Due from component units	3,223,518	-	3,223,518
Due from other governmental agencies	39,696,200	43,300,730	82,996,930
Advances to component units	8,112,504	-	8,112,504
Prepaid expenditures	1,856,230	139,781	1,996,011
Restricted cash	170,994,297	58,395,677	229,389,974
Restricted investments	-	3,138,511	3,138,511
Other restricted assets	11,811,340	-	11,811,340
Other assets	1,410,727	-	1,410,727
Total assets	\$ 1,033,668,550	\$ 429,372,152	\$ 1,463,040,702
Liabilities			
Accounts and contracts payable	\$ 44,916,312	\$ 57,607,395	\$ 102,523,707
Accrued liabilities	98,570	16,218	114,788
Accrued salaries and wages	30,762,720	933,061	31,695,781
Due to other funds	67,614,518	50,286,174	117,900,692
Due to fiduciary funds	7,848,592	-	7,848,592
Due to other governmental agencies	9,506,457	16,687,005	26,193,462
Income tax refunds payable	16,335,767	-	16,335,767
Deposits from vendors and customers	6,907,380	2,819,361	9,726,741
Unearned revenue	-	3,033,526	3,033,526
Other liabilities	27,434,970	11,449,801	38,884,771
Total liabilities	211,425,286	142,832,541	354,257,827
Deferred Inflows of Resources - Unavailable revenue	211,059,303	17,371,352	228,430,655

Governmental Funds
Balance Sheet (Continued)

June 30, 2018

	General Fund	Other Governmental Funds	Totals
Fund Balances			
Nonspendable:			
Prepaid expenditures and advances	\$ 23,017,234	\$ -	\$ 23,017,234
Permanent fund principal - Nonexpendable	-	1,005,096	1,005,096
Restricted for:			
Highway and street improvements	-	71,291,773	71,291,773
Police	-	9,026,833	9,026,833
Endowments and trusts - Expendable	-	640,541	640,541
Local business growth	-	478,084	478,084
Retiree benefits	103,278,781	-	103,278,781
Community and economic development	-	18,366,624	18,366,624
Rubbish collection and disposal	-	61,439,971	61,439,971
Construction code	-	19,580,707	19,580,707
Grants	-	13,450,767	13,450,767
Capital acquisitions	-	8,426,872	8,426,872
QOL program	38,262,992	-	38,262,992
Debt service	27,500,000	44,538,947	72,038,947
Committed for:			
Risk management operations	20,000,000	-	20,000,000
Job training	-	419,679	419,679
Assigned for:			
Budget reserve	62,280,192	-	62,280,192
Subsequent appropriations	58,626,131	-	58,626,131
Capital acquisitions	-	30,926,004	30,926,004
Blight and capital	100,000,000	-	100,000,000
Risk management operations	46,760,226	-	46,760,226
Unassigned (deficit)	131,458,405	(10,423,639)	121,034,766
Total fund balances	<u>611,183,961</u>	<u>269,168,259</u>	<u>880,352,220</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,033,668,550</u>	<u>\$ 429,372,152</u>	<u>\$ 1,463,040,702</u>

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2018

Fund Balances - Total Governmental Funds	\$ 880,352,220
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	3,240,597,882
Less accumulated depreciation	(1,809,977,380)
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	
	228,430,655
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	(1,275,119,649)
Net OPEB asset	209,247
Net deferred outflows related to net pension liability	131,952,374
Net deferred inflows related to net pension liability	(16,346,174)
Net deferred outflows related to net OPEB liability	233,164
Net deferred inflows related to net OPEB liability	(21,553)
Net deferred outflows related to bond redemption	13,191,953
Accrued interest payable on bonds and other long-term obligations	(14,245,647)
Accrued interest and penalties on escheatment payable	(3,880,010)
General obligation bonds	(1,413,885,355)
Notes payable	(49,567,000)
Settlement credit contingent liability	(25,000,000)
Unamortized premiums	(18,990,456)
Accrued compensated absences	(85,223,561)
Accrued workers' compensation	(63,003,000)
Claims and judgments net of amounts due and payable	(61,560,855)
Accrued pollution remediation	(54,625)
Net Deficit of Governmental Activities	\$ (341,907,770)

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

Year Ended June 30, 2018

	General Fund	Other Governmental Funds	Totals
Revenue			
Taxes:			
Property taxes	\$ 119,137,004	\$ 59,637,151	\$ 178,774,155
Municipal income tax	310,205,258	-	310,205,258
Utility users' tax	28,700,113	-	28,700,113
Wagering tax	178,982,277	-	178,982,277
Gas and weight tax	-	79,606,333	79,606,333
Other taxes and assessments	3,395,606	-	3,395,606
Interest and penalties on taxes	3,144,262	99,467	3,243,729
Licenses, permits, and inspection charges	13,278,160	22,131,359	35,409,519
Intergovernmental:			
Federal	2,810,496	70,464,999	73,275,495
State:			
State-shared revenue	199,899,929	-	199,899,929
State and local sources	1,133,572	17,285,083	18,418,655
Sales and charges for services	72,972,064	71,622,084	144,594,148
Ordinance fines and forfeitures	21,197,252	3,362,227	24,559,479
Revenue from use of assets	1,103,072	124,641	1,227,713
Investment earnings	15,316,209	540,091	15,856,300
DIA and foundation revenue	6,669,952	-	6,669,952
Other revenue	28,053,843	14,992,381	43,046,224
Total revenue	1,005,999,069	339,865,816	1,345,864,885
Expenditures			
Current:			
Public protection	435,575,756	33,818,690	469,394,446
Health	6,140,112	26,793,345	32,933,457
Recreation and culture	18,172,541	2,359,260	20,531,801
Economic development	500,000	44,394,347	44,894,347
Housing supply and conditions	12,317,557	-	12,317,557
Physical environment	5,149,677	51,192,067	56,341,744
Transportation facilitation	-	48,674,970	48,674,970
Development and management	315,102,385	2,086,131	317,188,516
Debt service:			
Principal	62,335,378	33,312,000	95,647,378
Interest	45,875,155	19,827,649	65,702,804
Bond issuance costs	136,000	737,545	873,545
Capital outlay	49,284,512	93,212,443	142,496,955
Total expenditures	950,589,073	356,408,447	1,306,997,520
Excess of Revenue Over (Under) Expenditures	55,409,996	(16,542,631)	38,867,365
Other Financing Sources (Uses)			
Transfers in	26,268,117	-	26,268,117
Proceeds from sale of capital assets	3,158,285	18,021,630	21,179,915
Proceeds from bonds and notes issued	-	34,000,000	34,000,000
Transfers out	(66,444,965)	(926,936)	(67,371,901)
Total other financing (uses) sources	(37,018,563)	51,094,694	14,076,131
Net Change in Fund Balances	18,391,433	34,552,063	52,943,496
Fund Balances - Beginning of year	592,792,528	234,616,196	827,408,724
Fund Balances - End of year	\$ 611,183,961	\$ 269,168,259	\$ 880,352,220

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

Year Ended June 30, 2018

Change in Fund Balances - Total Governmental Funds	\$ 52,943,496
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	(40,010,732)
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	105,384,672
Less net book value of assets disposed	(28,652,902)
Less current year depreciation	<u>(88,248,471)</u>
Total	(11,516,701)
Change in accrued interest escheatment payable not recorded on the modified accrual statements	(1,432,559)
Bond and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position	(34,000,000)
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	95,647,378
Certain pension-related expenses do not require the use of current resources and, therefore, are not reported in the governmental funds	(20,467,001)
Certain death benefit obligation-related expenses do not require the use of current resources and, therefore, are not reported in the governmental funds	1,784,139
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	(1,617,814)
Amortization of bond premiums	6,009,712
Amortization of defeasement	(1,086,650)
Change in accrued compensated absences	(2,040,588)
Change in accrued workers' compensation claims	207,000
Change in accrued claims and judgments liability	<u>(34,764,791)</u>
Total	<u>(33,293,131)</u>
Change in Net Position of Governmental Activities	<u>\$ 9,654,889</u>

June 30, 2018

	Water Fund	Sewage Disposal Fund	Transportation Fund	Public Lighting Authority Fund	Other Enterprise Funds	Totals
Assets						
Current assets:						
Cash and cash equivalents	\$ 67,327,736	\$ 79,749,585	\$ 3,012,186	\$ 28,418,811	\$ 33,671,274	\$ 212,179,592
Investments	-	-	11,051	-	-	11,051
Accounts and contracts receivable - Other receivables - Trade	39,898,462	135,752,605	840,850	-	937,915	177,429,832
Allowance for uncollectible accounts	(21,014,086)	(62,315,426)	(89,362)	-	(368,734)	(83,787,608)
Total accounts and contracts receivable - Net	18,884,376	73,437,179	751,488	-	569,181	93,642,224
Due from other funds	1,608,350	1,039,789	24,823,787	-	476,062	27,947,988
Due from fiduciary funds	-	-	2,009,895	-	20,970	2,030,865
Receivables from Great Lakes Water Authority	21,596,509	21,779,001	-	-	-	43,375,510
Due from other governmental agencies	-	-	2,991,173	-	-	2,991,173
Inventory	3,380,693	848,085	4,999,218	-	-	9,227,996
Prepaid expenses	671,548	423,960	757	172,031	512	1,268,808
Total current assets	113,469,212	177,277,599	38,599,555	28,590,842	34,737,999	392,675,207
Noncurrent assets:						
Restricted - Cash and cash equivalents	45,800,589	6,674,626	-	-	-	52,475,215
Investments	-	-	-	15,405,638	-	15,405,638
Receivables from Great Lakes Water Authority	464,081,185	584,770,555	-	-	1,550	1,048,853,290
Net OPEB asset	5,805	8,615	22,124	-	-	36,544
Capital assets:						
Land and land rights	1,327,637	72,326	6,434,596	-	20,263,245	28,097,804
Land improvements	4,791,365	8,980,887	-	-	10,045,849	23,818,101
Buildings and structures	55,525,458	508,916,136	140,143,905	-	97,159,258	801,744,757
Interceptors and regulators	-	221,968	-	-	-	221,968
Mains	518,035,804	-	-	-	-	518,035,804
Services and meters	176,810,731	-	-	-	-	176,810,731
Vehicles and buses	-	-	120,503,434	123,513	1,902,269	122,529,216
Machinery, equipment, and fixtures	87,282,652	107,048,257	30,632,584	642,230	6,178,812	231,784,535
Structures	-	-	-	181,885,210	57,699,080	239,584,290
Construction in progress	18,657,203	20,124,349	3,503,367	-	8,445,780	50,730,699
Total capital assets	862,430,850	645,363,923	301,217,886	182,650,953	201,694,293	2,193,357,905
Less accumulated depreciation	(336,521,724)	(153,382,210)	(155,100,334)	(6,488,719)	(150,977,571)	(802,470,558)
Capital assets - Net	525,909,126	491,981,713	146,117,552	176,162,234	50,716,722	1,390,887,347
Total noncurrent assets	1,035,796,705	1,083,435,509	146,139,676	191,567,872	50,718,272	2,507,658,034
Total assets	1,149,265,917	1,260,713,108	184,739,231	220,158,714	85,456,271	2,900,333,241
Deferred Outflows of Resources						
Deferred amount on pension	8,802,741	6,373,569	6,176,929	-	1,243,795	22,597,034
Deferred amount on OPEB	6,471	9,598	24,653	-	1,728	42,450
Total deferred outflows of resources	8,809,212	6,383,167	6,201,582	-	1,245,523	22,639,484

June 30, 2018

	Water Fund	Sewage Disposal Fund	Transportation Fund	Public Lighting Authority Fund	Other Enterprise Funds	Totals
Liabilities						
Current liabilities:						
Accounts and contracts payable	\$ 5,887,061	\$ 7,853,448	\$ 6,560,353	\$ 407,983	\$ 1,817,838	\$ 22,526,683
Accrued salaries and wages	986,338	28,463	-	-	183,571	1,198,372
Due to other funds	9,543,619	1,811,536	82,652	2,524,971	9,079,652	23,042,430
Due to fiduciary funds	2,098,267	3,777,094	786,762	-	242,129	6,904,252
Due to component units	-	-	4,183,129	-	-	4,183,129
Due to Great Lakes Water Authority	-	53,639,106	-	-	-	53,639,106
Due to other governmental agencies	-	-	3,338,550	-	2,234	3,340,784
Accrued interest	1,941,491	3,169,373	-	-	5,523	5,116,387
Deposits	4,169,244	-	-	-	-	4,169,244
Other liabilities	17,502,354	28,576,524	2,442,959	-	284,121	48,805,958
Unearned revenue	11,250,000	13,750,000	185,324	-	-	25,185,324
Bonds and notes payable - Net	-	-	-	374,458	-	374,458
Contractual obligations payable	13,560,087	11,253,800	-	-	-	24,813,887
Accrued compensated absences	929,079	1,393,619	2,363,324	-	158,543	4,844,565
Accrued workers' compensation and claims and judgments	910,000	3,463,500	210,546	-	276,000	4,860,046
Advances from other funds	286,271	477,119	473,211	-	-	1,236,601
Total current liabilities	69,063,811	129,193,582	20,626,810	3,307,412	12,049,611	234,241,226
Noncurrent liabilities:						
Advances from other funds	2,630,264	4,383,772	4,347,863	-	450,000	11,811,899
Bonds and notes payable - Net	503,579,521	379,807,960	43,552,037	181,956,460	1,252,512	1,110,148,490
Unearned revenue	-	-	-	-	14,696,403	14,696,403
Net pension liability	46,948,714	32,618,179	198,383,878	-	7,842,283	285,793,054
Accrued compensated absences	746,446	1,119,669	949,853	-	13,704	2,829,672
Accrued workers' compensation and claims and judgments	5,978,199	10,143,101	480,559	-	2,054,000	18,655,859
Total noncurrent liabilities	559,883,144	428,072,681	247,714,190	181,956,460	26,308,902	1,443,935,377
Total liabilities	628,946,955	557,266,263	268,341,000	185,263,872	38,358,513	1,678,176,603
Deferred Inflows of Resources						
Deferred amount on pension	1,563,303	2,239,720	145,528	-	898,242	4,846,793
Deferred amount on OPEB	598	886	2,279	-	159	3,922
Total deferred outflows of resources	1,563,901	2,240,606	147,807	-	898,401	4,850,715
Net Position						
Net investment in capital assets	77,925,315	146,328,039	146,117,552	13,116,597	50,716,722	434,204,225
Restricted for improvements and extensions	2,000,000	5,500,000	-	-	-	7,500,000
Restricted for budget stabilization	1,184,871	-	-	-	-	1,184,871
Unrestricted (deficit)	446,454,087	555,761,367	(223,665,546)	21,778,245	(3,271,842)	797,056,311
Total net position (deficit)	\$ 527,564,273	\$ 707,589,406	\$ (77,547,994)	\$ 34,894,842	\$ 47,444,880	\$ 1,239,945,407

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

Year Ended June 30, 2018

	Water Fund	Sewage Disposal Fund	Transportation Fund	Public Lighting Authority Fund	Other Enterprise Funds	Totals
Operating Revenue						
Sales and charges for services	\$ 93,733,202	\$ 267,396,005	\$ 18,973,621	\$ 12,500,000	\$ 32,246	\$ 392,635,074
Rentals, fees, and surcharges	20,543,512	18,234,513	447,230	-	12,558,377	51,783,632
Miscellaneous	743,155	5,500,295	9,815,965	835,724	41,868	16,937,007
Total operating revenue	115,019,869	291,130,813	29,236,816	13,335,724	12,632,491	461,355,713
Operating Expenses						
Salaries, wages, and benefits	44,955,963	39,953,349	56,531,146	1,394,108	2,952,044	145,786,610
Contractual services	16,924,568	18,831,240	19,818,145	-	-	55,573,953
Operating	20,340,403	184,846,675	-	5,105,129	3,663,432	213,955,639
Maintenance	2,522,006	2,921,580	9,017,801	-	315,250	14,776,637
Materials, supplies, and other expenses	3,650,198	22,416,529	22,187,141	-	1,490,565	49,744,433
Pension	-	-	34,484,809	-	482,425	34,967,234
Asset impairment	-	-	2,107,426	-	-	2,107,426
Depreciation	17,811,923	13,353,850	12,673,884	6,212,352	1,861,398	51,913,407
Total operating expenses	106,205,061	282,323,223	156,820,352	12,711,589	10,765,114	568,825,339
Operating Income (Expenses)	8,814,808	8,807,590	(127,583,536)	624,135	1,867,377	(107,469,626)
Nonoperating Revenue (Expenses)						
Investment earnings	325,700	-	269	200,876	13,804	540,649
Federal and state grants	-	-	51,262,427	-	38,383	51,300,810
Interest on bonds, notes payable, and loans	(23,918,360)	(17,789,190)	(1,988,831)	(8,385,092)	(50,100)	(52,131,573)
Interest revenue on lease with the Great Lakes Water Authority	16,887,599	20,639,995	-	-	-	37,527,594
Gain (loss) on disposal of capital assets	-	-	206,991	4,664	(21,115,093)	(20,903,438)
Principal forgiveness on state revolving fund loans	2,534,779	-	-	-	-	2,534,779
Bond issuance cost	-	-	-	(5,000)	-	(5,000)
Other revenue	5,875,157	1,811,787	-	-	-	7,686,944
Total nonoperating revenue (expenses) - Net	1,704,875	4,662,592	49,480,856	(8,184,552)	(21,113,006)	26,550,765
Income (Loss) - Before capital contributions, transfers, and special item	10,519,683	13,470,182	(78,102,680)	(7,560,417)	(19,245,629)	(80,918,861)
Capital Contributions	-	-	13,909,712	-	355,000	14,264,712
Transfers In	-	-	55,241,425	10,302,828	900,712	66,444,965
Transfers Out	-	-	-	-	(25,341,181)	(25,341,181)
Special Item - Bifurcation gain (Note 12)	35,482,690	66,377,234	-	-	-	101,859,924
Change in Net Position	46,002,373	79,847,416	(8,951,543)	2,742,411	(43,331,098)	76,309,559
Net Position (Deficit) - Beginning of year	481,561,900	627,741,990	(68,596,451)	32,152,431	90,775,978	1,163,635,848
Net Position (Deficit) - End of year	\$ 527,564,273	\$ 707,589,406	\$ (77,547,994)	\$ 34,894,842	\$ 47,444,880	\$ 1,239,945,407

Year Ended June 30, 2018

	Water Fund	Sewage Disposal Fund	Transportation Fund	Public Lighting Authority Fund	Other Enterprise Funds	Totals
Cash Flows from Operating Activities						
Receipts from customers	\$ 118,827,769	\$ 282,925,517	\$ 29,019,347	\$ 12,510,032	\$ 12,945,181	\$ 456,227,846
Receipts from (payments to) other funds	29,109,388	(14,507,687)	(7,926,050)	835,724	1,173,008	8,684,383
Payments for injuries and damages	(1,541,757)	(163,739)	(39,509,842)	-	(742,663)	(41,958,001)
Payments to suppliers	(64,019,897)	(197,082,681)	(64,472,569)	(4,565,151)	(4,856,128)	(334,996,426)
Payments to employees	(42,117,501)	(35,420,519)	(16,301,941)	(1,382,417)	(3,350,978)	(98,573,356)
Other receipts	1,515,790	-	-	-	-	1,515,790
Payments from GLWA	7,824,471	10,798,002	-	-	-	18,622,473
Net cash provided by (used in) operating activities	49,598,263	46,548,893	(99,191,055)	7,398,188	5,168,420	9,522,709
Cash Flows from Noncapital Financing Activities						
Grants and contributions from other governments	-	-	53,696,479	-	38,383	53,734,862
Receipts on GLWA contract receivable	22,500,000	27,500,000	-	-	-	50,000,000
Principal and interest paid on bonds	(4,559,508)	(7,599,176)	(2,703,096)	-	-	(14,861,780)
Loans received from other funds	2,916,535	4,860,891	-	-	-	7,777,426
Transfers from other funds	-	-	55,241,425	10,302,828	(24,440,469)	41,103,784
Miscellaneous noncapital financing	963,936	2,167,972	-	-	-	3,131,908
Net cash provided by (used in) noncapital financing activities	21,820,963	26,929,687	106,234,808	10,302,828	(24,402,086)	140,886,200
Cash Flows from Capital and Related Financing Activities						
Federal, state, and local grants	-	-	18,194,761	-	-	18,194,761
Proceeds from sales of capital assets	(28,717,653)	(19,322,459)	214,833	27,500	14,999,610	(32,798,169)
Acquisition and construction of capital assets	-	-	(23,439,415)	(1,202,363)	(2,389,516)	(27,031,294)
Proceeds from bond and note issuances	9,529,927	-	-	-	-	9,529,927
Payments from GLWA	5,077,804	15,174,200	-	-	-	20,252,004
Principal and interest paid on bonds, notes, and capital leases	(34,583,213)	(26,767,600)	-	(19,571,725)	(50,100)	(80,972,638)
Net cash (used in) provided by capital and related financing activities	(48,693,135)	(30,915,859)	(5,029,821)	(20,746,588)	12,559,994	(92,825,409)
Cash Flows from Investing Activities						
Proceeds from sales and maturities of investments	-	-	-	20,710,886	-	20,710,886
Purchases of investments	-	-	(110)	(12,471,149)	-	(12,471,259)
Earnings from investment securities	333,384	17,642	269	200,876	13,804	565,975
Net cash provided by investing activities	333,384	17,642	159	8,440,613	13,804	8,805,602
Net Increase (Decrease) in Cash and Cash Equivalents	23,059,475	42,580,363	2,014,091	5,395,041	(6,659,868)	66,389,102
Cash and Cash Equivalents - Beginning of year	90,068,850	43,843,848	998,095	23,023,770	40,331,142	198,265,705
Cash and Cash Equivalents - End of year	<u>\$ 113,128,325</u>	<u>\$ 86,424,211</u>	<u>\$ 3,012,186</u>	<u>\$ 28,418,811</u>	<u>\$ 33,671,274</u>	<u>\$ 264,654,807</u>

Year Ended June 30, 2018

	Water Fund	Sewage Disposal Fund	Transportation Fund	Public Lighting Authority Fund	Other Enterprise Funds	Totals
Reconciliation of Operating Income						
(Loss) to Net Cash from Operating						
Activities						
Operating income (loss)	\$ 8,814,808	\$ 8,807,590	\$ (127,583,536)	\$ 624,135	\$ 1,867,377	\$ (107,469,626)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	17,811,923	13,353,850	12,673,884	6,212,352	1,861,398	51,913,407
Fixed asset impairment	-	-	2,107,426	-	-	2,107,426
Changes in assets and liabilities:						
Accounts and contracts receivable	(7,284,533)	(1,775,498)	(330,895)	-	312,690	(9,078,236)
Inventory	790,732	205,801	(1,990,873)	619,675	-	(374,665)
Net pension liability	(653,271)	210,113	-	-	481,712	38,554
Prepaid expenses	(392,015)	(254,232)	131,254	34,077	963	(479,953)
Due to and from other funds	29,109,388	(14,507,687)	1,615,852	10,032	1,173,008	17,400,593
Unearned revenue	-	-	113,426	-	(742,663)	(629,237)
Accounts and contracts payable	(18,527,285)	27,687,555	(2,983,290)	(102,083)	847,311	6,922,208
Deposits	1,515,790	-	-	-	(911,444)	604,346
Accrued liabilities and other	15,483,336	26,422,184	17,055,697	-	226,197	59,187,414
Accrued compensated absences	-	-	-	-	2,684	2,684
Accrued workers' compensation and claims and judgments	2,929,390	(13,600,783)	-	-	64,964	(10,606,429)
Death benefit obligation	-	-	-	-	(15,777)	(15,777)
Net cash provided by (used in) operating activities	<u>\$ 49,598,263</u>	<u>\$ 46,548,893</u>	<u>\$ (99,191,055)</u>	<u>\$ 7,398,188</u>	<u>\$ 5,168,420</u>	<u>\$ 9,522,709</u>
Noncash Activities - Fixed asset impairment	\$ -	\$ -	\$ (2,107,426)	\$ -	\$ -	\$ (2,107,426)

June 30, 2018

	Pension and Other Employee Benefit Trust Funds	Agency Funds	Total
Assets			
Cash and cash equivalents	\$ 287,652,552	\$ 11,102,726	\$ 298,755,278
Investments at fair value:			
Short-term investments	2,464,182,375	-	2,464,182,375
Money market funds	683,809,112	-	683,809,112
Bonds and stocks	795,426,816	-	795,426,816
Mortgage-backed securities	262,695,701	-	262,695,701
Mortgage and construction loans	481,947,826	-	481,947,826
Pooled investments	-	35,193,450	35,193,450
Total investments	4,688,061,830	35,193,450	4,723,255,280
Accrued interest receivable	7,181,957	-	7,181,957
Accounts receivable:			
Due from primary government	14,752,844	-	14,752,844
Due from other governmental units	1,000,000	281,181	1,281,181
Contributions receivable	7,202,210	-	7,202,210
Notes receivable from participants	10,425,820	-	10,425,820
Receivables from investment sales	91,088,831	-	91,088,831
AFS recoupment receivable	104,897,544	-	104,897,544
Other receivables	867,643	-	867,643
Total accounts receivable	230,234,892	281,181	230,516,073
Cash and investments held as collateral for securities lending	328,975,271	-	328,975,271
Prepaid assets	133,361	-	133,361
Capital assets	1,703,029	-	1,703,029
Total assets	5,543,942,892	\$ 46,577,357	5,590,520,249
Liabilities			
Accounts and contracts payable	19,552,341	\$ 95,079	19,647,420
Payables for investment purchases	111,827,399	-	111,827,399
Benefits and claims payable	702,985	-	702,985
Due to primary government	4,793,121	-	4,793,121
Due to component unit	505,384	-	505,384
Refundable deposits	-	7,244,887	7,244,887
Amount due to broker for securities lending	325,368,809	-	325,368,809
Undistributed tax receipts	-	3,242,202	3,242,202
Other liabilities	5,202,115	35,995,189	41,197,304
Total liabilities	467,952,154	\$ 46,577,357	514,529,511
Net Position Held in Trust for Pension and Other Employee Benefits	\$ 5,075,990,738		\$ 5,075,990,738

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2018

	Pension and Other Employee Benefit Trust Funds
Additions	
Employer contributions	\$ 157,376,284
Plan member contributions	39,256,873
State and foundations	18,675,000
AFS recoupment	6,622,392
Other income	<u>3,627,592</u>
Total contributions	225,558,141
Investment earnings:	
Interest and dividend income	106,336,880
Net appreciation in fair value	328,639,185
Investment expense	(24,486,398)
Securities lending income - Net	2,286,150
Net gain on collateralized securities	<u>529,234</u>
Total investment earnings	<u>413,305,051</u>
Total additions	638,863,192
Deductions	
Pension and annuity benefits	529,180,495
Member refunds and withdrawals	109,365,316
General and administrative expenses	15,672,250
ASF recoupment writeoff	<u>906,524</u>
Total deductions	<u>655,124,585</u>
Net Decrease in Net Position Held in Trust	(16,261,393)
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>5,092,252,131</u>
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u>\$ 5,075,990,738</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	\$ 8,882,706	\$ 29,588,557	\$ 1,259,439	\$ 30,250,540	\$ 1,286,563	\$ 1,578,315
Restricted cash and cash equivalents	-	-	1,198,191	20,648,078	-	-
Investments	1,492,307	11,376,839	14,995	-	70,591,198	-
Accounts and contracts receivable, taxes, interest, and penalties receivable - Net	11,072	1,705,333	214,405	3,552,421	8,876,451	779,946
Due from primary government	-	-	4,183,129	-	-	-
Due from fiduciary funds	-	505,384	-	-	-	-
Due from other governmental agencies	-	6,700,187	550,470	546,491	-	-
Inventory	-	-	3,267,805	-	-	-
Prepaid expenses	10,380	133,007	396,974	663,974	943,467	80,073
Loans, notes, and pledges receivable	-	-	-	1,169,436	7,572,930	-
Other assets	85,475	-	-	1,407,122	16,277,000	104,140
Restricted assets	-	-	4,163,072	17,186,284	-	-
Capital assets:						
Nondepreciable	-	1,643,496	5,494,726	103,542,850	55,344,670	-
Depreciable - Net	-	20,177,566	23,710,088	222,790,556	933,496,836	8,181,831
Capital assets - Net	-	21,821,062	29,204,814	326,333,406	988,841,506	8,181,831
Total assets	10,481,940	71,830,369	44,453,294	401,757,752	1,094,389,115	10,724,305
Deferred Outflows of Resources - Pension	-	3,542,781	1,782,106	1,070,831	-	-
Liabilities						
Accounts and contracts payable	35,796	171,677	1,665,033	9,231,017	4,234,776	98,421
Accrued salaries and wages	-	240,421	288,068	128,745	-	49,029
Accrued interest payable	-	93,657	-	20,545,791	10,028,800	-
Due to primary government	-	3,223,518	-	-	-	-
Due to other governmental agencies	-	3,139,409	-	300,687	-	-
Unearned revenue	-	-	-	4,287,121	17,415	325,858
Line of credit	-	-	-	-	-	300,000
Other liabilities	8,401,904	2,091,217	1,001,967	6,957,910	4,398,115	16,347
Long-term obligations:						
Due within one year	-	1,845,864	-	179,459	1,568,555	976,451
Advance from primary government	-	1,112,504	-	-	-	-
Due in more than one year	230,000	15,935,264	629,901	51,921,453	337,008,504	-
Net pension liability	-	17,401,673	7,796,878	304,705	-	-
Total liabilities	8,667,700	45,255,204	11,381,847	93,856,888	357,256,165	1,766,106
Deferred Inflows of Resources	-	702,470	1,146,540	1,124,360	-	-
Net Position (Deficit)						
Net investment in capital assets	-	21,821,062	29,204,814	191,436,885	702,841,506	6,905,380
Restricted for:						
Endowments and trusts - Expendable	-	10,939,912	-	-	-	-
Endowments and trusts - Nonexpendable	-	195,000	-	-	-	-
Housing projects	-	-	-	100,734,862	-	-
Capital projects	515,416	-	5,361,263	-	28,715,126	-
Program activities	-	-	-	-	-	2,457,515
Unrestricted (deficit)	1,298,824	(3,540,498)	(859,064)	15,675,588	5,576,318	(404,696)
Total net position (deficit)	\$ 1,814,240	\$ 29,415,476	\$ 33,707,013	\$ 307,847,335	\$ 737,132,950	\$ 8,958,199

**Discretely Presented Component Units
Combining Statement of Net Position**

June 30, 2018

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
\$ 8,934,536	\$ 1,180,828	\$ 542,509	\$ 13,030,872	\$ 136,197	\$ 7,635,190	\$ 104,306,252
-	-	-	7,508,407	-	-	29,354,676
26,399,620	10,760,201	1,515,479	-	-	-	122,150,639
17,133	-	104,994	19,456,157	-	6,803,619	41,521,531
-	-	-	-	-	-	4,183,129
-	-	-	-	-	-	505,384
1,979,579	-	-	-	-	-	9,776,727
-	-	50,764	-	-	-	3,318,569
-	-	81,307	66,096	8,362	-	2,383,640
5,214,469	-	40,000	-	-	-	13,996,835
-	-	-	23,341,284	-	29,660	41,244,681
-	-	-	-	-	-	21,349,356
-	-	250,252	-	-	-	166,275,994
-	-	1,143,733	616,332	-	63,892	1,210,180,834
-	-	1,393,985	616,332	-	63,892	1,376,456,828
42,545,337	11,941,029	3,729,038	64,019,148	144,559	14,532,361	1,770,548,247
-	-	-	-	-	-	6,395,718
5,455,986	16,470	712,590	19,170,400	6,350	7,741,587	48,540,103
-	-	112,373	-	-	-	818,636
2,934	202,246	-	-	-	-	30,873,428
-	-	-	-	-	-	3,223,518
136,948	-	-	-	-	-	3,577,044
-	-	28,100	5,411,918	-	1,453,039	11,523,451
-	-	-	-	-	-	300,000
-	-	-	-	28,512	121,610	23,017,582
44,186	6,990,000	-	2,000,000	-	-	13,604,515
-	-	-	7,000,000	-	-	8,112,504
705,814	14,525,000	-	-	-	-	420,955,936
-	-	-	-	-	-	25,503,256
6,345,868	21,733,716	853,063	33,582,318	34,862	9,316,236	590,049,973
-	-	-	-	-	-	2,973,370
-	-	1,393,985	616,332	-	63,892	954,283,856
-	-	1,360,324	-	-	-	12,300,236
-	-	-	-	-	-	195,000
-	-	-	7,508,407	-	-	108,243,269
11,918,184	11,763,712	-	-	-	-	58,273,701
-	-	902,008	-	-	5,248,707	8,608,230
24,281,285	(21,556,399)	(780,342)	22,312,091	109,697	(96,474)	42,016,330
\$ 36,199,469	\$ (9,792,687)	\$ 2,875,975	\$ 30,436,830	\$ 109,697	\$ 5,216,125	\$ 1,183,920,622

City of Detroit, Michigan

	Detroit Brownfield Redevelopment Authority	Detroit Public Library	Detroit Transportation Corporation	Detroit Housing Commission	Downtown Development Authority	Eastern Market Corporation
Expenses	\$ (4,539,189)	\$ (29,209,323)	\$ (20,130,543)	\$ (101,907,077)	\$ (56,163,485)	\$ (5,709,028)
Program Revenue						
Charges for services	389,810	319,006	1,164,793	18,618,230	-	1,651,244
Operating grants and contributions	-	1,057,183	15,791,121	70,434,636	-	942,347
Capital grants and contributions	-	-	1,142,782	-	354,941,357	-
Total program revenue	<u>389,810</u>	<u>1,376,189</u>	<u>18,098,696</u>	<u>89,052,866</u>	<u>354,941,357</u>	<u>2,593,591</u>
Net program (expenses) revenue	(4,149,379)	(27,833,134)	(2,031,847)	(12,854,211)	298,777,872	(3,115,437)
General Revenue						
Property taxes	4,204,345	27,516,636	-	-	35,645,966	-
Other taxes	-	1,576,666	-	-	-	-
Penal fines	-	406,596	-	-	-	-
Contributions	-	-	-	-	-	1,966,641
Investment earnings	41,730	887,141	212,058	2,589,808	-	275,283
Miscellaneous revenue	-	600,309	529,969	-	2,058,309	15,600
Total general revenue	<u>4,246,075</u>	<u>30,987,348</u>	<u>742,027</u>	<u>2,589,808</u>	<u>37,704,275</u>	<u>2,257,524</u>
Change in Net Position	96,696	3,154,214	(1,289,820)	(10,264,403)	336,482,147	(857,913)
Net Position (Deficit) - Beginning of year (as restated, Note 1)	<u>1,717,544</u>	<u>26,261,262</u>	<u>34,996,833</u>	<u>318,111,738</u>	<u>400,650,803</u>	<u>9,816,112</u>
Net Position (Deficit) - End of year	<u>\$ 1,814,240</u>	<u>\$ 29,415,476</u>	<u>\$ 33,707,013</u>	<u>\$ 307,847,335</u>	<u>\$ 737,132,950</u>	<u>\$ 8,958,199</u>

Discretely Presented Component Units
Combining Statement of Activities

Year Ended June 30, 2018

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
\$ (8,786,482)	\$ (1,708,614)	\$ (7,210,934)	\$ (57,346,059)	\$ (638,551)	\$ (53,131,426)	\$ (346,480,711)
6,464,874	-	2,483,243	-	-	-	31,091,200
-	-	2,507,611	67,550,435	-	56,281,338	214,564,671
-	-	-	-	-	-	356,084,139
<u>6,464,874</u>	<u>-</u>	<u>4,990,854</u>	<u>67,550,435</u>	<u>-</u>	<u>56,281,338</u>	<u>601,740,010</u>
(2,321,608)	(1,708,614)	(2,220,080)	10,204,376	(638,551)	3,149,912	255,259,299
-	3,957,500	-	-	638,551	-	71,962,998
-	-	-	-	-	-	1,576,666
-	-	-	-	-	-	406,596
2,228,543	-	2,218,627	-	-	-	6,413,811
4,493	137,837	42,647	-	-	-	4,190,997
-	-	-	-	-	11,899	3,216,086
<u>2,233,036</u>	<u>4,095,337</u>	<u>2,261,274</u>	<u>-</u>	<u>638,551</u>	<u>11,899</u>	<u>87,767,154</u>
(88,572)	2,386,723	41,194	10,204,376	-	3,161,811	343,026,453
<u>36,288,041</u>	<u>(12,179,410)</u>	<u>2,834,781</u>	<u>20,232,454</u>	<u>109,697</u>	<u>2,054,314</u>	<u>840,894,169</u>
<u>\$ 36,199,469</u>	<u>\$ (9,792,687)</u>	<u>\$ 2,875,975</u>	<u>\$ 30,436,830</u>	<u>\$ 109,697</u>	<u>\$ 5,216,125</u>	<u>\$ 1,183,920,622</u>

Notes to Basic Financial Statements

June 30, 2018

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, Michigan 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, Michigan 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, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)*Detroit Public Library (DPL)*

The DPL is a statutory body created by the State that 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, Michigan (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, Michigan. 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, Michigan 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 0.9887 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, 2018

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 has reported that there is a cash balance of \$757,843 as of June 30, 2018.

*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 48202
(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 48201
(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

June 30, 2018

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 Corporation

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, Michigan. 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

June 30, 2018

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, 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. 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 retail customers.
- *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 retail customers.
- *Transportation Fund* - Accounts for the City's mass transit system with a fleet of 447 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.

June 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

- *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.

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 in which the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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, for which the time period 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.

June 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)**(d) Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits, as well as certificates of deposit 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 or estimated value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments. The fair value of real estate investments is based on periodic appraisals, as well as the judgment of independent real estate advisors and management. 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.

Investments for which market quotations are readily available are generally priced by the custodian using nationally recognized pricing services and practices. For investments that do not have readily observable market prices, including but not limited to private equity, public and private real estate, alternatives, and direct loans, management's estimate of their fair value is based on information provided by investment managers, general partners, real estate advisors, and other means. These sources are held to a standard of reasonable care in verifying that the valuations presented reasonably reflect the underlying fair value of the investments. A variety of factors is considered in the valuation process, including the nature of the investment, local market conditions, trading values on public exchanges for comparable investments, and current and projected operating performance.

(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.

(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.

Note 1 - Summary of Significant Accounting Policies (Continued)

(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, 2018 for the Water Fund was \$803,195. There was no capitalized interest recognized in the Sewage Disposal Fund in fiscal year 2018. 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:

	Years
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 6.

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 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 reports the following deferred outflows of resources and deferred inflows of resources:

	Outflows	Inflows
Unavailable revenue (those not collected within the period of availability) - Reported only at the modified accrual level		✓
Deferred pension costs (outflow) and cost reductions (inflow)	✓	✓
Deferred OPEB costs (outflow) and cost reductions (inflow)	✓	✓
Deferred bond issuance costs	✓	

(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, 2018

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 2017 taxable valuation of the City totaled approximately \$6.4 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 8.2437 mills for debt service. This resulted in approximately \$94.2 million for operations and approximately \$42.2 million for debt service. These amounts are recognized in the respective General Fund and Debt Service Fund financial statements as tax revenue.

The Wayne County Treasurer (the "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 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, 2018, approximately \$69.4 million of delinquent property taxes receivable was transferred (sold) to the County, and \$31.0 million was charged back to the City from prior year sales. As of June 30, 2018, the City has recorded an approximate liability of \$9.3 million (\$4.8 million in the General Fund and \$4.5 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.

(n) Municipal Income Taxes

The City levies an annual income tax. The rate for calendar year 2018 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 nonresidents, 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.

June 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

(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 for 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. Furthermore, 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.

(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 borrowings 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."

(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.

June 30, 2018

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

Detroit Public Library - The Library restated its beginning net position to record a settlement reached in a prior year with union retirees. As a result, the unrestricted net position decreased by \$5,551,000.

(t) Upcoming Accounting Pronouncements

In November 2016, the Governmental Accounting Standards Board (GASB) issued 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 GASB issued 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 financial statements for the year ending June 30, 2020.

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. 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 financial statements for the year ending June 30, 2021.

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement establishes criteria to improve the information that is disclosed in the notes to the government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. 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 financial statements for the year ending June 30, 2019.

June 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement are effective for the City's financial statements for the June 31, 2021 fiscal year.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests*. This statement establishes criteria to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations. This statement also provides guidance for reporting of a component unit if a government acquires a 100 percent equity interest in that component unit. The City is evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2020.

(u) Adoption of New Accounting Pronouncement

During the current year, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which replaces GASB Statement No. 45. As a result, the government-wide statements and proprietary funds now include an asset for the City's estimated other postemployment benefit (OPEB) costs. Some of the changes in this net OPEB liability will be recognized immediately as part of the OPEB expense measurement, and part will be deferred and recognized over future years. Refer to the other postemployment benefit plan disclosure (see Note 9) for further details. This change does not impact the modified accrual funds and beginning of year net position.

Additionally, the net OPEB obligation previously recorded in the government-wide statements and proprietary funds in accordance with GASB Statement No. 45 has been eliminated, and the overall result was an increase in net position as of the beginning of the current fiscal year.

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 nonmajor 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. The City amended the fiscal year 2018 budget subsequent to year end.

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

The City was not in compliance with 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and 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
General Grants Fund	Special Revenue Fund	\$ (10,423,639) (2)
Detroit Public Library	Component Unit	(3,540,498) (1)
Detroit Transportation Corporation	Component Unit	(859,064) (1)
Eastern Market Corporation	Component Unit	(404,696) (1)
Local Development Finance Authority	Component Unit	(21,556,399) (1)
Detroit Employment Solutions Corporation	Component Unit	(96,474) (1)
Museum of African American History	Component Unit	(780,342) (1)
Transportation Fund	Enterprise Fund	(223,665,546) (1)
Airport Fund	Enterprise Fund	(3,796,973) (1)

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

- (1) As permitted by the Treasury deficit instructions, a proprietary fund and component unit deficit exists when current assets minus current liabilities (excluding the current portion of long-term obligations) is a negative amount. For the Transportation Fund, Airport Fund, Detroit Public Library, Detroit Transportation Corporation, Eastern Market Corporation, Local Development Finance Authority, Detroit Employment Solutions Corporation, and Museum of African American History, current assets exceed current liabilities. Therefore, no deficit plan is necessary.
- (2) As permitted by the Treasury deficit instructions, a governmental fund deficit exists when the unassigned fund deficit exceeds the deferred inflows of resources. The General Grant Fund’s deferred inflows of resources exceed the unassigned fund deficit. Therefore, no deficit plan is necessary.

Note 3 - Deposits and Investments

(a) Primary Government

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

Michigan Complied 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.

June 30, 2018

Note 3 - Deposits and Investments (Continued)

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 "Systems" or "Pension System"). The Systems are authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles. The investment policy adopted by the board 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 Systems' 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, 2018, the bank balances of the City's primary government deposits (certificates of deposit and checking and savings accounts) were \$538,312,976, of which \$537,163,331 was exposed to custodial credit risk, as it was uninsured and uncollateralized.

The City also accounts for monies held in trust for other employee benefits. At June 30, 2018, the Other Employee Benefits Fund had \$4,977,541 of bank deposits, of which \$4,629,091 was uninsured and uncollateralized.

At June 30, 2018, the General Retirement System and the Police and Fire Retirement System had approximately \$4.8 million and \$2.6 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.

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 System's investment policies do not restrict investment maturities.

June 30, 2018

Note 3 - Deposits and Investments (Continued)

At June 30, 2018, 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	\$ 88,876,702	\$ 88,287,775	\$ 431,117	\$ 157,810	\$ -
U.S. government funds	83,137,180	83,137,180	-	-	-
Total	<u>\$ 172,013,882</u>	<u>\$ 171,424,955</u>	<u>\$ 431,117</u>	<u>\$ 157,810</u>	<u>\$ -</u>
Agency					
Municipal bonds - Detroit Financial Recovery Bonds	\$ 23,562,331	\$ -	\$ -	\$ -	\$ 23,562,331
U.S. government funds	11,631,118	11,631,118	-	-	-
Total	<u>\$ 35,193,449</u>	<u>\$ 11,631,118</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,562,331</u>
Other Employee Benefits Fund					
Fixed-income funds	\$ 2,087,030	\$ -	\$ 2,087,030	\$ -	\$ -
Temporary investment funds	277,865	277,865	-	-	-
Mutual funds	130	130	-	-	-
Total	<u>\$ 2,365,025</u>	<u>\$ 277,995</u>	<u>\$ 2,087,030</u>	<u>\$ -</u>	<u>\$ -</u>
General Retirement System					
Domestic fixed income*	59,887,000	\$ 59,887,000	\$ -	\$ -	\$ -
Mutual funds	182,000	-	-	-	182,000
Total	<u>\$ 60,069,000</u>	<u>\$ 59,887,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,000</u>
Police and Fire Retirement System					
U.S. government	\$ 10,177,000	\$ 10,177,000	\$ -	\$ -	\$ -
Convertible bonds	51,757,000	5,488,000	25,583,000	6,176,000	14,510,000
Domestic fixed income*	416,137,000	14,963,000	108,511,000	115,512,000	177,151,000
International fixed income*	47,000,000	3,082,000	19,652,000	17,456,000	6,810,000
Total	<u>\$ 525,071,000</u>	<u>\$ 33,710,000</u>	<u>\$ 153,746,000</u>	<u>\$ 139,144,000</u>	<u>\$ 198,471,000</u>

*Not all fixed-income securities are subject to interest rate risk.

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

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).

June 30, 2018

Note 3 - Deposits and Investments (Continued)

The City's investments have the following ratings at June 30, 2018, as rated by S&P or Moody's:

	AAAm	AA+	Not Rated	Total
Primary Government				
Money market mutual funds	\$ 77,478,007	\$ 588,927	\$ 10,809,768	\$ 88,876,702
U.S. government funds	83,137,180	-	-	83,137,180
Total	<u>\$ 160,615,187</u>	<u>\$ 588,927</u>	<u>\$ 10,809,768</u>	<u>\$ 172,013,882</u>
	AAAm	Not Rated	Total	
Agency Funds				
Municipal bonds - Detroit Financial Recovery Bonds	\$ -	\$ 23,562,331	\$ 23,562,331	
U.S. government funds	11,631,118	-	11,631,118	
Total	<u>\$ 11,631,118</u>	<u>\$ 23,562,331</u>	<u>\$ 35,193,449</u>	
	AAAm	Not Rated	Total	
Other Employee Benefits Fund				
Fixed income	\$ -	\$ 2,087,030	\$ 2,087,030	
Temporary investment funds	-	277,865	277,865	
Mutual funds	130	-	130	
Total	<u>\$ 130</u>	<u>\$ 2,364,895</u>	<u>\$ 2,365,025</u>	

The General Retirement System and the Police and Fire Retirement System debt investments have the following ratings at June 30, 2018, as rated by Moody's and S&P, respectively (amounts presented in \$000):

	Aaa	A3	Baa3	Ba1	Ba2	B1	CAA and Below	Not Rated
General Retirement System								
Domestic fixed income	\$ 196	\$ 152	\$ 6	\$ 3	\$ 37	\$ 4	\$ 28	\$ 60,865
Mutual funds	-	-	182	-	-	-	-	-
Total	<u>\$ 196</u>	<u>\$ 152</u>	<u>\$ 188</u>	<u>\$ 3</u>	<u>\$ 37</u>	<u>\$ 4</u>	<u>\$ 28</u>	<u>\$ 60,865</u>
	AAA	AA	A	BBB	BB	B	Lower than B	Not Rated
Police and Fire Retirement System								
Convertible bonds	\$ -	\$ -	\$ 8,380	\$ 20,192	\$ 4,634	\$ 697	\$ -	\$ 17,852
Domestic fixed income	19,603	185,627	26,333	78,534	38,376	33,717	5,891	34,467
International fixed income	-	2,417	12,287	14,462	6,344	7,399	-	3,747
Total	<u>\$ 19,603</u>	<u>\$ 188,044</u>	<u>\$ 47,000</u>	<u>\$ 113,188</u>	<u>\$ 49,354</u>	<u>\$ 41,813</u>	<u>\$ 5,891</u>	<u>\$ 56,066</u>

June 30, 2018

Note 3 - Deposits and Investments (Continued)

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 net asset value per share as a practical expedient are not classified in the fair value hierarchy below.

For the Pension System’s 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.

The City and the Pension System had the following recurring fair value measurements as of June 30, 2018:

	Investments by Fair Value Level		Investments Measured at Net Asset Value (NAV)	Total Investments Measured at Fair Value
	Level 1	Level 2		
Primary Government				
Money market mutual funds	\$ 15,994,565	\$ -	\$ -	\$ 15,994,565
Agency Funds				
Municipal bonds - Detroit Financial Recovery Bonds	\$ -	\$ 23,562,331	\$ -	\$ 23,562,331
U.S. government funds	-	2,746,991	-	2,746,991
Total Agency Funds	\$ -	\$ 26,309,322	\$ -	\$ 26,309,322
Other Employee Benefits Funds				
Equity funds	\$ -	\$ -	\$ 4,365,173	\$ 4,365,173
Fixed-income funds	2,087,030	-	-	2,087,030
Global assets allocation funds	4,280,517	-	-	4,280,517
REIT	1,510,086	-	-	1,510,086
International equity fund	-	-	3,530,210	3,530,210
Private equity funds	-	-	1,080,314	1,080,314
Alternative investment funds	-	-	7,167,150	7,167,150
Total	\$ 7,877,633	\$ -	\$ 16,142,847	\$ 24,020,480

A total of \$171,424,957 and \$8,884,127 of mutual funds, \$223,526,237 of local government investment pools, and \$277,994 of temporary investment funds in the primary government, agency funds, and Other Employee Benefits Funds, respectively, that are recorded at amortized cost are not included in the fair value tables above. There were no Level 3 investments.

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.

June 30, 2018

Note 3 - Deposits and Investments (Continued)

	Balance at June 30, 2018	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:				
Privately negotiated debt	\$ 550,862	\$ -	\$ -	\$ 550,862
Corporate bonds	1,039,621	-	1,039,621	-
Asset-backed securities	9,880,788	-	9,880,788	-
Corporate floating rate notes	43,220,074	-	43,220,074	-
Total debt securities	54,691,345	-	54,140,483	550,862
Equity securities:				
Common stock	666,817,625	666,817,625	-	-
Preferred stock	178,925	-	178,925	-
Total equity securities	666,996,550	666,817,625	178,925	-
Private equity funds	4,000,000	-	-	4,000,000
Partnership investments	3,292,000	-	-	3,292,000
Real estate private equity funds	8,000,000	-	-	8,000,000
Real estate-related investments	65,228,210	-	-	65,228,210
Total investments by fair value level	802,208,105	\$ 666,817,625	\$ 54,319,408	\$ 81,071,072
Investments Measured at Net Asset Value (NAV)				
International equity funds	330,373,817			
Fixed-income funds	190,536,527			
Global asset allocation funds	67,114,712			
Hedge funds	90,140,163			
Private equity funds	94,802,254			
Real estate funds	223,201,990			
Total investments measured at NAV	996,169,463			
Total investments measured at fair value	\$ 1,798,377,568			

June 30, 2018

Note 3 - Deposits and Investments (Continued)

	Balance at June 30, 2018	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)
Police and Fire Retirement System Investments by Fair Value Level				
Debt securities:				
Government securities (U.S. and other)	\$ 90,904,899	\$ 76,628,652	\$ 14,276,247	\$ -
U.S. government mortgage- backed securities	98,256,075	-	98,256,075	-
Privately negotiated debt	6,402,140	-	-	6,402,140
Corporate bonds	310,045,863	-	310,045,863	-
Asset-backed securities	25,190,312	-	25,190,312	-
U.S. corporate floating rate notes	177,642,628	-	177,642,628	-
Total debt securities	708,441,917	76,628,652	625,411,125	6,402,140
Equity securities:				
Common stock	1,184,984,633	1,184,984,633	-	-
Preferred stock	11,968,426	8,546,144	3,422,282	-
Total equity securities	1,196,953,059	1,193,530,777	3,422,282	-
Private equity funds	4,000,000	-	-	4,000,000
Partnership investments	2,760,000	-	-	2,760,000
Real estate private equity funds	11,770,000	-	-	11,770,000
Real estate-related investments	36,075,341	-	-	36,075,341
Total investments by fair value level	1,960,000,317	\$ 1,270,159,429	\$ 628,833,407	\$ 61,007,481
Investments Measured at Net Asset Value (NAV)				
International equity funds	256,934,359			
Fixed-income funds	110,140,074			
Global equity funds	156,694,358			
Hedge funds	177,523,808			
Private equity funds	152,805,876			
Real estate funds	307,496,939			
Total investments measured at NAV	1,161,595,414			
Total investments measured at fair value	\$ 3,121,595,731			

June 30, 2018

Note 3 - Deposits and Investments (Continued)

A total of \$31,133,156 of repurchase agreements that are recorded at amortized cost for the General Retirement System are not included in the fair value table above. A total of \$41,908,314 of repurchase agreements that are recorded at amortized cost for the Police and Fire Retirement System are not included in the fair value table above.

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of preferred stock and debt securities at June 30, 2018 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, 2018 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 System 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 June 30, 2018, 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	\$ 4,365,173	\$ -	Daily	1 day
International equity fund	3,530,210	-	Daily	None
Private equity funds	1,080,314	-	N/A	N/A
Alternative investment fund	7,167,150	-	Weekly	5 days
Total investments measured at NAV	<u>\$ 16,142,847</u>	<u>\$ -</u>		
General Retirement System				
International equity funds	\$ 330,373,817	\$ -	Monthly	Up to 30 days
Fixed-income funds	190,536,527	-	Daily	10 business days
Global asset allocation funds	67,114,712	-	Monthly	15 business days
Hedge funds	90,140,163	-	Quarterly	100 days
Private equity funds	94,802,254	66,603,551	N/A	N/A
Real estate funds	223,201,990	1,227,512	Quarterly	90 days
Total investments measured at NAV	<u>\$ 996,169,463</u>	<u>\$ 67,831,063</u>		
Police and Fire Retirement System				
International equity funds	\$ 256,934,359	\$ -	Monthly	Up to 30 days
Fixed-income funds	110,140,074	-	Monthly	Up to 30 days
Global equity funds	156,694,358	-	Monthly	Up to 30 days
Hedge funds	177,523,808	-	Annually	Up to 100 days
Private equity funds	152,805,876	232,494,306	N/A	N/A
Real estate funds	307,496,939	74,199,087	Quarterly	Up to 90 days
Total investments measured at NAV	<u>\$ 1,161,595,414</u>	<u>\$ 306,693,393</u>		

June 30, 2018

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*NAV Investment Disclosures*

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 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 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 asset classes, including, but not limited to, global equities, global bonds, commodities, currencies, and cash.

The private equity funds class is an alternative investment class and consists of investments in companies that are not listed on a public exchange. The Other Employee Benefit Fund maintains a diversified portfolio of private equity investments by both style (buyout, turnaround, venture capital, etc.) and vintage year exposure. With its private equity allocation, the Other Employee Benefit Fund seeks to take advantage of the illiquidity premium associated with these private equity investments. The fair values of the investments in this class have been estimated using net asset value per share of the investments (or its equivalent).

Retirement Systems*NAV Investment Disclosures*

The international equity funds class includes investments 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 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 fair values of the investments in this class have been estimated using net asset value per share of the investments.

The global asset allocation funds class includes investments 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 net asset value per share of the investments.

June 30, 2018

Note 3 - Deposits and Investments (Continued)

The global equity funds includes investments in funds that are designed to achieve a return volatility considerably less than the global equity market while providing market-like or above market returns over a full market cycle. The fair values of the investments in this class have been estimated using net asset value per share of the investments.

The hedge funds class includes investments in funds that achieve capital appreciation through multimanager and/or multistrategy 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 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 and 18-24 months for the General Retirement System and Police and Fire Retirement System, respectively.

The private equity funds class is an alternative investment class and consists of investments in companies that are not listed on a public exchange. The General Retirement System and Police and Fire Retirement System maintain a diversified portfolio of private equity investments by both style (buyout, turnaround, venture capital, etc.) and vintage year exposure. With its private equity allocation, the General Retirement System and Police and Fire Retirement System seek to take advantage of the illiquidity premium associated with these private equity investments. The fair values of the investments in this class have been estimated using net asset value per share of the investments (or its equivalents).

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 investments either through direct real estate ownership or ownership in real estate companies or the equity of real estate investment trusts. 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 net asset value per share of the investments (or its equivalents).

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, 2018, there were no such investments 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 (the "Pension Funds") do not restrict the amount of investments in foreign currency.

June 30, 2018

Note 3 - Deposits and Investments (Continued)

The foreign currency risk for cash and investments of the Pension Funds at June 30, 2018 is as follows (in \$000):

	General Retirement System					Police and Fire Retirement System				
	Equity	Fixed Income	Cash	Forward Contracts	Net Other Investment Receivable (Payable)	Equity	Fixed Income	Cash	Forward Contracts Unrealized Gain (Loss)	Net Other Investment (Payable) Receivable
Australian Dollar	\$ -	\$ -	\$ 6	\$ -	\$ -	\$ 14,396	\$ -	\$ 15	\$ 381	\$ (272)
Brazilian Real	-	-	-	-	-	462	-	2	-	-
British Pound Sterling	15,489	2,411	11	(2,414)	-	34,634	-	17	3,701	77
Canadian Dollar	2,226	-	2	-	-	12,346	-	32	6,745	-
Czech Koruna	1,192	-	-	-	-	-	-	-	-	-
Danish Krone	-	-	-	-	-	196	-	57	1,809	-
Euro Currency	33,805	1,425	275	(1,585)	118	84,551	179	729	(7,579)	(26)
Hong Kong Dollar	3,825	-	-	-	-	27,767	-	31	(4,970)	(86)
Indian Rupee	-	-	-	-	-	845	-	-	-	-
Indonesian Rupiah	1,320	-	-	-	-	-	-	-	-	-
Israeli Shekel	-	-	-	-	-	-	-	5	654	-
Japanese Yen	9,474	-	10	500	(500)	72,083	-	247	(10,297)	(595)
Mexican Peso	2,483	-	87	(87)	-	234	2,558	-	-	-
New Taiwan Dollar	9,027	-	-	-	-	1,315	-	-	-	-
Norwegian Krone	5,582	-	3	-	-	970	-	6	818	(206)
Polish Zloty	-	-	12	-	-	-	-	-	-	-
Singapore Dollar	2,169	-	-	-	-	290	-	8	1,280	-
South African Rand	-	-	-	-	-	-	-	1	-	-
South Korean Won	4,615	-	-	-	-	3,865	-	7	961	-
Swedish Krona	2,097	-	-	-	-	5,123	-	604	2,956	-
Swiss Franc	3,168	-	68	-	-	14,241	-	1,034	1,625	199
Thai Baht	-	-	-	-	-	273	-	-	-	-
Turkish Lira	1,815	-	-	-	-	613	-	-	-	-
Uruguayan Peso	-	-	-	-	-	-	98	-	-	-
Total	\$ 98,287	\$ 3,836	\$ 474	\$ (3,586)	\$ (382)	\$ 274,204	\$ 2,835	\$ 2,795	\$ (1,916)	\$ (909)

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, 2018, the collateral provided for the General Retirement System and the Police and Fire Retirement System was 102.16 percent and 102.65 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 their 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.

June 30, 2018

Note 3 - Deposits and Investments (Continued)

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, 2018 was 18.60 and 25.00 days for the General Retirement System and the Police and Fire Retirement System, respectively. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral.

The collateral held and the fair market value of the underlying securities on loan for the General Retirement System at June 30, 2018 were \$83,233,430 and \$81,477,265, respectively. The collateral held and the fair value of the underlying securities on loan for the Police and Fire Retirement System at June 30, 2018 were \$242,135,379 and \$235,892,052, respectively.

Securities Lent	Underlying Securities	
	General Retirement System	Police and Fire Retirement System
U.S. governments	\$ -	\$ 31,426,385
U.S. corporate fixed income	26,942	29,457,017
U.S. equities	81,043,463	166,869,149
Non-U.S. equities	406,860	8,139,501
Total	<u>\$ 81,477,265</u>	<u>\$ 235,892,052</u>

At June 30, 2018, the fair value of the collateral pool related to securities lending for the General Retirement System and the Police and Fire Retirement System was \$84,234,018 and \$244,741,253, respectively. The collateral was invested in asset-backed securities, time deposits, notes (floating rate), and repurchase agreements. Approximately 81 percent of the General Retirement System securities had a duration less than one year, 14 percent had a duration between one and three years, and 5 percent had a duration over 15 years. Approximately 80 percent of the Police and Fire Retirement System securities had a duration less than one year, 17 percent had a duration between one and three years, and 3 percent had a duration over 15 years.

The credit ratings of the securities lending collateral pool held at June 30, 2018 as rated by S&P are as follows:

Ratings	General Retirement System	Police and Fire Retirement System
AAA	\$ 6,080,077	\$ 20,373,904
AA	14,662,289	68,780,125
A	26,557,417	105,462,058
CC	2,722,809	5,793,319
CCC	-	1,090,169
D	1,110,812	-
Not Rated	33,100,614	43,241,678
Total	<u>\$ 84,234,018</u>	<u>\$ 244,741,253</u>

June 30, 2018

Note 3 - Deposits and Investments (Continued)

(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, 2018, the DDA had deposits of \$1,329,415 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, 2018, as rated by S&P or Moody's:

	AAAmf	AAAm	Not Rated	Total
Money market mutual funds	\$ 38,760,673	\$ -	\$ -	\$ 38,760,673
Municipal bonds	-	20,377,767	-	20,377,767
U.S. Treasury fund	-	37,481	-	37,481
Comerica J Fund	-	-	8,415,277	8,415,277
Total	\$ 38,760,673	\$ 20,415,248	\$ 8,415,277	\$ 67,591,198

Fair Value

The DDA categorizes investments in 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, 2018:

	Level 1	Level 2	Level 3	Total
Investments by Fair Value				
Money market mutual funds	\$ 67,591,198	\$ -	\$ -	\$ 67,591,198
Repurchase agreements	-	3,000,000	-	3,000,000
Total	\$ 67,591,198	\$ 3,000,000	\$ -	\$ 70,591,198

Note 3 - Deposits and Investments (Continued)

Interest Rate Swap

The DDA had previously entered into an interest rate swap with Comerica Bank as the counterparty. The swap was 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 were as follows:

Effective date	January 2, 2018
Fixed rate paid	5.41 percent
Rate received	2.75 percent over the three-month London Interbank Offered Rate (LIBOR)
Termination date	July 1, 2045
Bond maturity date	July 1, 2045

On November 9, 2017, the DDA entered into a swap novational transaction with Garden Trust Company, LLC, as trustee of the Michael Ilitch Trust Agreement (Garden Trust), for the purpose of removing the DDA from the swap transaction. Furthermore, the entire outstanding amount of Series 2014B bonds drawn down, \$188,500,000 as of November 9, 2017, was retired through a prepayment of the base concession fees payable by Garden Trust to the DDA under the Concession Management Agreement relating to Little Caesars Arena (the “Arena”). The corresponding loan agreement with the MSF and related agreements regarding the Series 2014B bonds were also terminated.

Changes in the fair value of the swap for the year ended June 30, 2018, as well as the notional amount at June 30, 2018, are as follows:

Hedging derivatives	
Reported in deferred outflows of resources -	
Series 2014B interest rate swap:	
Fair value, beginning of year	\$ (13,779,572)
Increase in fair value	<u>13,779,572</u>
Fair value - End of year	<u>\$ -</u>
Notional amount	<u>\$ -</u>

(c) Component Units - Economic Development Corporation

Custodial Credit Risk of Bank Deposits

The EDC does not have a deposit policy for custodial credit risk. As of June 30, 2018, the EDC had checking and escrow bank balances of \$9,706,814, of which \$8,956,814 was uninsured and uncollateralized.

Investments

The EDC uses fair value measurements in the preparation of its financial statements, which utilize various inputs, including those that can be readily observable, corroborated, or are generally unobservable. The EDC utilizes market-based data and valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Additionally, the EDC applies assumptions that market participants would use in pricing an asset or liability, including assumptions about risk.

June 30, 2018

Note 3 - Deposits and Investments (Continued)

The measurement of fair value includes a hierarchy based on the quality inputs used to measure fair value. Financial assets and liabilities are categorized into this three-level fair value hierarchy based on the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs. Level 1 financial assets and liabilities are based on unadjusted quoted market prices for identical assets and liabilities in active markets that the EDC has the ability to access; Level 2 financial assets and liabilities are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability; and Level 3 financial assets and liabilities whole values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. The EDC's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2018 is summarized as follows:

	Level 1	Level 2	Level 3	Total
Investments by Fair Value -				
Money market funds	\$ 26,399,620	\$ -	\$ -	\$ 26,399,620

The EDC does not have a formal investment policy that limits investments maturities as a means of managing exposure to fair value losses arising from increasing interest rates. Individual investments that represent 5 percent or more of the EDC's total investments have the following ratings at June 30, 2018, as rated by S&P Global:

	AAAmf	AAAm	Total
U.S. Gov Money Market Fund	\$ 22,599,620	\$ -	\$ 22,599,620
Prime Money Market Fund	-	3,800,000	3,800,000
Total	<u>\$ 22,599,620</u>	<u>\$ 3,800,000</u>	<u>\$ 26,399,620</u>

Note 4 - Restricted Assets

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

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Unspent bond proceeds and related interest	\$ 38,023,968	\$ 43,790,344	\$ 81,814,312	\$ -
Other debt-related reserves and escrow balances	92,088,423	-	92,088,423	-
Amounts legally restricted to cover future General Fund expenditures, as required by the State of Michigan	62,387,951	-	62,387,951	-
Amounts held in escrow from various restricted sources	29,371,122	-	29,371,122	-
Amounts required to be set aside by oversight agencies for grants	620,039	-	620,039	9,358,273
Restricted cash held at the State for income taxes	11,811,340	-	11,811,340	-
Other various assets restricted by source and irrevocable held in trust or escrow	9,709,566	7,500,000	17,209,566	4,204,442
Housing projects	-	-	-	25,892,882
Funded reserves	-	-	-	10,589,398
Other	327,416	1,184,871	1,512,287	659,037
Total	<u>\$ 244,339,825</u>	<u>\$ 52,475,215</u>	<u>\$ 296,815,040</u>	<u>\$ 50,704,032</u>

Note 4 - Restricted Assets (Continued)

These balances in restricted assets are composed of the following:

	Primary Government			Component Units
	Governmental	Business-type	Total	
	Activities	Activities		
Restricted cash and cash equivalents	\$ 232,528,485	\$ 52,475,215	\$ 285,003,700	\$ 29,354,676
Restricted assets - Cash held at the State of Michigan	11,811,340	-	11,811,340	-
Restricted assets - Accrued interest receivable	-	-	-	17,186,284
Restricted assets - Investments	-	-	-	4,163,072
Total	\$ 244,339,825	\$ 52,475,215	\$ 296,815,040	\$ 50,704,032

Note 5 - Interfund Receivables, Payables, and Transfers

(a) Balances Due from/to Other Funds

During the course of operations, numerous transactions occur between the City’s 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, 2018 are as follows:

Fund Recording Due From	Fund Recording Due To									
	General Fund	Nonmajor Governmental Funds	Sewage Disposal Fund	Transportation Fund	Water Fund	Public Lighting Authority	Nonmajor Enterprise Funds	Fiduciary Funds	Component Unit	Total Assets
General Fund	\$ -	\$ 31,524,422	\$ -	\$ -	\$ 9,543,619	\$ 2,524,971	\$ 9,063,729	\$ 2,762,256	\$ 3,223,518	\$ 58,642,515
Nonmajor governmental funds	41,750,942	18,294,765	279,587	-	-	-	13,099	-	-	60,338,393
Sewage Disposal Fund	1,039,789	-	-	-	-	-	-	-	-	1,039,789
Transportation Fund	24,823,787	-	-	-	-	-	-	2,009,895	-	26,833,682
Water Fund	-	75,437	1,530,464	-	-	-	2,449	-	-	1,608,350
Nonmajor enterprise funds	-	391,550	1,485	82,652	-	-	375	20,970	-	497,032
Fiduciary funds (1)	7,848,592	-	3,777,094	786,762	2,098,267	-	242,129	-	-	14,752,844
Component Unit	-	-	-	4,183,129	-	-	-	505,384	-	4,688,513
Total liabilities	\$ 75,463,110	\$ 50,286,174	\$ 5,588,630	\$ 5,052,543	\$ 11,641,886	\$ 2,524,971	\$ 9,321,781	\$ 5,298,505	\$ 3,223,518	\$ 168,401,118

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

(b) Advances between Funds

The City has made the following long-term advances between funds and discretely presented component units:

Fund Borrowed From	Fund Loaned To					
	Sewage Disposal Fund	Transportation Fund	Water Fund	Nonmajor Enterprise Funds	Component Unit	Total Assets
General Fund	\$ 4,860,891	\$ 4,821,074	\$ 2,916,535	\$ 450,000	\$ 8,112,504	\$ 21,161,004

June 30, 2018

Note 5 - Interfund Receivables, Payables, and Transfers

(c) Transfers

During the course of the fiscal year, transactions occur between the City’s funds for operating subsidiaries. Related interfund receipts and disbursements are classified as “transfers in” and “transfers out” on the 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, 2018 are as follows:

Transfers In	Transfers Out			Total
	General Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	
General Fund	\$ -	\$ 926,936	\$ 25,341,181	\$ 26,268,117
Public Lighting Authority	10,302,828	-	-	10,302,828
Transportation Fund	55,241,425	-	-	55,241,425
Nonmajor Enterprise Funds	900,712	-	-	900,712
Total	\$ 66,444,965	\$ 926,936	\$ 25,341,181	\$ 92,713,082

The General Fund transferred \$66.5 million to other funds. The largest transfer from the General Fund was made to the Transportation Fund totaling \$55.2 million.

The Parking Fund transferred \$25.3 million to General Fund for debt service.

Note 6 - Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

Governmental Activities

	Balance June 30, 2017	Additions	Decreases	Balance June 30, 2018
Nondepreciable capital assets:				
Land	\$ 369,372,281	\$ 14,301	\$ -	\$ 369,386,582
Works of art	29,788,133	-	-	29,788,133
Construction in progress	27,248,500	20,770,870	(10,125,571)	37,893,799
Total nondepreciable capital assets	426,408,914	20,785,171	(10,125,571)	437,068,514
Depreciable capital assets:				
Buildings and improvements	1,165,492,824	6,591,911	(36,762,561)	1,135,322,174
Machinery, equipment, and fixtures	309,948,978	40,614,263	(19,214)	350,544,027
Infrastructure	1,300,013,035	37,393,327	(19,743,195)	1,317,663,167
Total depreciable capital assets	2,775,454,837	84,599,501	(56,524,970)	2,803,529,368
Less accumulated depreciation for:				
Buildings and improvements	571,456,006	29,920,215	(26,123,682)	575,252,539
Machinery, equipment, and fixtures	242,757,245	19,358,600	(16,522)	262,099,323
Infrastructure	945,513,297	38,969,656	(11,857,435)	972,625,518
Total accumulated depreciation	1,759,726,548	88,248,471	(37,997,639)	1,809,977,380
Total governmental activities capital assets - Net	\$ 1,442,137,203	\$ 17,136,201	\$ (28,652,902)	\$ 1,430,620,502

June 30, 2018

Note 6 - Capital Assets (Continued)

Depreciation expense for governmental activities for the year ended June 30, 2018 was charged to functions as follows:

Public protection	\$ 14,369,324
Health	25,326
Recreation and culture	12,098,708
Economic development	6,714,660
Housing supply and conditions	477,589
Physical environment	9,209,630
Transportation facilitation	33,914,868
Development and management	11,438,366
Total	<u>\$ 88,248,471</u>

Business-type Activities

	Balance at June 30, 2017	Reclassifications and Adjustments	Additions	Disposals	Balance at June 30, 2018
Water Fund					
Nondepreciable capital assets:					
Land and land rights	\$ 1,327,637	\$ -	\$ -	\$ -	\$ 1,327,637
Construction in progress	9,433,741	(19,492,301)	28,717,653	(1,890)	18,657,203
Total nondepreciable capital assets	10,761,378	(19,492,301)	28,717,653	(1,890)	19,984,840
Depreciable capital assets:					
Land improvements	4,791,365	-	-	-	4,791,365
Buildings and structures	55,426,096	99,362	-	-	55,525,458
Mains	505,785,367	12,250,437	-	-	518,035,804
Services	48,981,409	-	-	-	48,981,409
Meters	126,143,066	1,686,256	-	-	127,829,322
Machinery, equipment, and fixtures	83,198,366	5,456,246	-	(1,371,960)	87,282,652
Total depreciable capital assets	824,325,669	19,492,301	-	(1,371,960)	842,446,010
Total capital assets	835,087,047	-	28,717,653	(1,373,850)	862,430,850
Less accumulated depreciation:					
Land improvements	1,084,337	-	83,533	-	1,167,870
Buildings and structures	41,943,281	-	795,514	-	42,738,795
Mains	133,167,217	-	7,513,884	-	140,681,101
Services	30,095,408	-	598,924	-	30,694,332
Meters	69,289,272	-	5,241,671	-	74,530,943
Machinery, equipment, and fixtures	44,488,763	-	3,578,397	(1,358,477)	46,708,683
Total accumulated depreciation	320,068,278	-	17,811,923	(1,358,477)	336,521,724
Total Water Fund capital assets - Net	<u>\$ 515,018,769</u>	<u>\$ -</u>	<u>\$ 10,905,730</u>	<u>\$ (15,373)</u>	<u>\$ 525,909,126</u>

June 30, 2018

Note 6 - Capital Assets (Continued)

Business-type Activities (Continued)

	Balance at June 30, 2017	Reclassifications and Adjustments	Additions	Disposals	Balance at June 30, 2018
<i>Sewage Disposal Fund</i>					
Nondepreciable capital assets:					
Land and land rights	\$ 72,326	\$ -	\$ -	\$ -	\$ 72,326
Construction in progress	10,169,656	(9,367,766)	22,090,568	(2,768,109)	20,124,349
Total nondepreciable capital assets	10,241,982	(9,367,766)	22,090,568	(2,768,109)	20,196,675
Depreciable capital assets:					
Land improvements	6,891,883	2,089,004	-	-	8,980,887
Buildings and structures	501,790,368	7,125,768	-	-	508,916,136
Interceptors and regulators	221,968	-	-	-	221,968
Machinery, equipment, and fixtures	108,546,958	152,994	-	(1,651,695)	107,048,257
Total depreciable capital assets	617,451,177	9,367,766	-	(1,651,695)	625,167,248
Total capital assets	627,693,159	-	22,090,568	(4,419,804)	645,363,923
Less accumulated depreciation:					
Land improvements	1,277,653	-	116,151	-	1,393,804
Buildings and structures	88,394,394	-	7,674,792	-	96,069,186
Interceptors and regulators	49,666	-	3,330	-	52,996
Machinery, equipment, and fixtures	51,945,930	-	5,559,577	(1,639,283)	55,866,224
Total accumulated depreciation	141,667,643	-	13,353,850	(1,639,283)	153,382,210
Total Sewage Disposal Fund capital assets - Net	\$ 486,025,516	\$ -	\$ 8,736,718	\$ (2,780,521)	\$ 491,981,713

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018
<i>Transportation Fund</i>				
Nondepreciable capital assets:				
Land and land rights	\$ 7,522,035	\$ -	\$ (1,087,439)	\$ 6,434,596
Construction in progress	233,637	3,269,730	-	3,503,367
Total nondepreciable capital assets	7,755,672	3,269,730	(1,087,439)	9,937,963
Depreciable capital assets:				
Buildings and structures	141,280,089	855,996	(1,992,180)	140,143,905
Vehicles and buses	124,192,861	14,600,664	(18,290,091)	120,503,434
Machinery, equipment, and fixtures	30,204,610	427,974	-	30,632,584
Total depreciable capital assets	295,677,560	15,884,634	(20,282,271)	291,279,923
Total capital assets	303,433,232	19,154,364	(21,369,710)	301,217,886
Less accumulated depreciation:				
Buildings and structures	65,977,152	2,882,263	(964,354)	67,895,061
Vehicles and buses	74,090,831	7,409,829	(18,290,091)	63,210,569
Machinery, equipment, and fixtures	21,612,912	2,381,792	-	23,994,704
Total accumulated depreciation	161,680,895	12,673,884	(19,254,445)	155,100,334
Total Transportation Fund capital assets - Net	\$ 141,752,337	\$ 6,480,480	\$ (2,115,265)	\$ 146,117,552

June 30, 2018

Note 6 - Capital Assets (Continued)

Business-type Activities (Continued)

	Balance June 30, 2017	Transfers In/ Additions	Transfers Out/ Retirements	Balance June 30, 2018
<i>Public Lighting Authority Fund</i>				
Nondepreciable capital assets - Construction in progress	\$ 181,514,137	\$ 371,073	\$ (181,885,210)	\$ -
Depreciable capital assets:				
Machinery, equipment, and fixtures	793,170	27,500	(54,927)	765,743
Structures	-	181,885,210	-	181,885,210
Total depreciable capital assets	793,170	181,912,710	(54,927)	182,650,953
Total capital assets	182,307,307	182,283,783	(181,940,137)	182,650,953
Less accumulated depreciation:				
Machinery, equipment, and fixtures	308,458	149,512	(32,091)	425,879
Structures	-	6,062,840	-	6,062,840
Total accumulated depreciation	308,458	6,212,352	(32,091)	6,488,719
Total Public Lighting Authority Fund capital assets - Net	<u>\$ 181,998,849</u>	<u>\$ 176,071,431</u>	<u>\$ (181,908,046)</u>	<u>\$ 176,162,234</u>
	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018
<i>Nonmajor Proprietary Funds - Automobile Parking Fund</i>				
Nondepreciable capital assets:				
Land and land rights	\$ 4,241,273	\$ -	\$ -	\$ 4,241,273
Construction in progress	6,171,125	2,274,655	-	8,445,780
Total nondepreciable capital assets	10,412,398	2,274,655	-	12,687,053
Depreciable capital assets:				
Land improvements	214,908	-	-	214,908
Buildings and structures	197,994,609	-	(49,752,170)	148,242,439
Vehicles and buses	1,182,717	436,558	-	1,619,275
Machinery, equipment, and fixtures	4,834,745	-	(223,588)	4,611,157
Total depreciable capital assets	204,226,979	436,558	(49,975,758)	154,687,779
Total capital assets	214,639,377	2,711,213	(49,975,758)	167,374,832
Less accumulated depreciation:				
Land improvements	210,202	2,139	-	212,341
Buildings and structures	142,983,908	1,354,113	(13,784,661)	130,553,360
Vehicles and buses	971,508	146,444	-	1,117,952
Machinery, equipment, and fixtures	3,486,600	209,654	(76,392)	3,619,862
Total accumulated depreciation	147,652,218	1,712,350	(13,861,053)	135,503,515
Total Automobile Parking Fund capital assets - Net	<u>\$ 66,987,159</u>	<u>\$ 998,863</u>	<u>\$ (36,114,705)</u>	<u>\$ 31,871,317</u>

June 30, 2018

Note 6 - Capital Assets (Continued)

Business-type Activities (Continued)

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018
<i>Nonmajor Proprietary Funds - Airport Fund</i>				
Nondepreciable capital assets - Land and land rights	\$ 16,021,972	\$ -	\$ -	\$ 16,021,972
Depreciable capital assets:				
Land improvements	9,830,941	-	-	9,830,941
Buildings and structures	6,615,899	-	-	6,615,899
Vehicles and buses	249,689	33,305	-	282,994
Machinery, equipment, and fixtures	1,567,655	-	-	1,567,655
Total depreciable capital assets	<u>18,264,184</u>	<u>33,305</u>	<u>-</u>	<u>18,297,489</u>
Total capital assets	34,286,156	33,305	-	34,319,461
Less accumulated depreciation:				
Land improvements	8,068,297	83,648	-	8,151,945
Buildings and structures	5,378,019	51,609	-	5,429,628
Vehicles and buses	249,689	3,122	-	252,811
Machinery, equipment, and fixtures	1,629,005	10,667	-	1,639,672
Total accumulated depreciation	<u>15,325,010</u>	<u>149,046</u>	<u>-</u>	<u>15,474,056</u>
Total Airport Fund capital assets - Net	<u>\$ 18,961,146</u>	<u>\$ (115,741)</u>	<u>\$ -</u>	<u>\$ 18,845,405</u>
Total nonmajor proprietary funds capital assets - Net	<u>\$ 85,948,305</u>	<u>\$ 883,122</u>	<u>\$ (36,114,705)</u>	<u>\$ 50,716,722</u>

Component Units

	Balance June 30, 2017	Additions	Retirements and Adjustments	Balance June 30, 2018
<i>Detroit Housing Commission</i>				
Nondepreciable capital assets:				
Land	\$ 73,789,283	\$ -	\$ (579,500)	\$ 73,209,783
Construction in progress	2,200,190	331,417	-	2,531,607
Total nondepreciable capital assets	75,989,473	331,417	(579,500)	75,741,390
Depreciable capital assets:				
Structures and improvements	84,778,465	85,706	(5,764,000)	79,100,171
Equipment	7,380,050	-	-	7,380,050
Total depreciable capital assets	<u>92,158,515</u>	<u>85,706</u>	<u>(5,764,000)</u>	<u>86,480,221</u>
Total capital assets	168,147,988	417,123	(6,343,500)	162,221,611
Less accumulated depreciation:				
Structures and improvements	40,424,091	4,148,360	(3,485,392)	41,087,059
Equipment	6,667,541	582,323	-	7,249,864
Total accumulated depreciation	<u>47,091,632</u>	<u>4,730,683</u>	<u>(3,485,392)</u>	<u>48,336,923</u>
Total Detroit Housing Commission - Net	<u>\$ 121,056,356</u>	<u>\$ (4,313,560)</u>	<u>\$ (2,858,108)</u>	113,884,688
DHC component unit net capital assets				<u>212,448,718</u>
Total DHC net capital assets				<u>\$ 326,333,406</u>

June 30, 2018

Note 6 - Capital Assets (Continued)

Component Units (Continued)

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018
Downtown Development Authority				
Nondepreciable capital assets:				
Land	\$ 46,900,670	\$ 8,444,000	\$ -	\$ 55,344,670
Construction in progress	752,210,344	182,713,062	(934,923,406)	-
Total nondepreciable capital assets	799,111,014	191,157,062	(934,923,406)	55,344,670
Depreciable capital assets:				
Buildings	50,050,177	926,479,406	-	976,529,583
Equipment	68,446	-	-	68,446
Leasehold improvements	2,995,353	15,400	(415,838)	2,594,915
Total depreciable capital assets	53,113,976	926,494,806	(415,838)	979,192,944
Total capital assets	852,224,990	1,117,651,868	(935,339,244)	1,034,537,614
Less accumulated depreciation:				
Buildings	19,469,580	23,727,372	-	43,196,952
Equipment	68,446	-	-	68,446
Leasehold improvements	2,493,704	352,844	(415,838)	2,430,710
Total accumulated depreciation	22,031,730	24,080,216	(415,838)	45,696,108
Total Downtown Development Authority				
Commission - Net	<u>\$ 830,193,260</u>	<u>\$ 1,093,571,652</u>	<u>\$ (934,923,406)</u>	<u>\$ 988,841,506</u>

See Note 11 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 - During the year, the City of Detroit, Michigan entered into a land swap agreement with a third party. The net book value of the land and building provided exceeded the fair market value of the land and/or proceeds received. The land and property provided in the land swap was vacated by all fund employees in 2018 and, as a result, management determined that an impairment event had occurred. The Transportation Fund recognized impairment expense of \$2,107,426 and presented the impairment as an operating expense on the statement of revenue, expenses, and changes in net position.

Note 7 - Long-term Obligations

Changes in Long-term Obligations

Changes in long-term obligations for the year ended June 30, 2018 were as follows:

Governmental Activities

	Balance June 30, 2017	Increase	Decrease	Redemptions	Balance June 30, 2018	Amount Due within One Year
General obligation bonds	\$ 1,474,360,733	\$ -	\$ (40,843,537)	\$ (53,631,841)	\$ 1,379,885,355	\$ 48,430,000
Revenue bonds payable	-	34,000,000	-	-	34,000,000	-
Notes payable	50,739,000	-	(1,172,000)	-	49,567,000	3,839,000
Total bonds and notes payable	1,525,099,733	34,000,000	(42,015,537)	(53,631,841)	1,463,452,355	52,269,000
Add unamortized premiums	25,000,168	-	(6,009,712)	-	18,990,456	6,009,712
Total bonds and notes payable - Net	1,550,099,901	34,000,000	(48,025,249)	(53,631,841)	1,482,442,811	58,278,712
Other long-term liabilities:						
Accrued compensated absences	83,182,973	41,064,971	(39,024,383)	-	85,223,561	39,024,383
Accrued workers' compensation	63,210,000	5,320,999	(5,527,999)	-	63,003,000	9,390,000
Claims and judgments	36,994,729	29,142,902	(4,576,776)	-	61,560,855	441,300
Accrued pollution remediation	54,625	-	-	-	54,625	-
Total other long-term liabilities	183,442,327	75,528,872	(49,129,158)	-	209,842,041	48,855,683
Total governmental activities	\$ 1,733,542,228	\$ 109,528,872	\$ (97,154,407)	\$ (53,631,841)	\$ 1,692,284,852	\$ 107,134,395

Business-type Activities

	Balance at June 30, 2017	Increase	Decrease	Redemptions	Balance at June 30, 2018	Amount Due within One Year
Water Fund						
Revenue obligations:						
Revenue bonds payable	\$ 50,740,000	\$ -	\$ -	\$ -	\$ 50,740,000	\$ -
State revolving loans	1,268,474	9,529,928	(2,534,779)	-	8,263,623	231,400
Contractual obligation to GLWA	464,029,779	-	(38,696,279)	-	425,333,500	13,192,900
Total revenue obligations	516,038,253	9,529,928	(41,231,058)	-	484,337,123	13,424,300
General obligation - Financial recovery bonds	29,729,253	-	(272,639)	(2,916,535)	26,540,079	-
Total obligations	545,767,506	9,529,928	(41,503,697)	(2,916,535)	510,877,202	13,424,300
Add unamortized premiums	6,392,648	-	(130,242)	-	6,262,406	135,787
Total obligations - Net	552,160,154	9,529,928	(41,633,939)	(2,916,535)	517,139,608	13,560,087
Other long-term liabilities:						
Compensated absences	1,455,747	1,089,154	(869,376)	-	1,675,525	929,079
Workers' compensation	2,422,110	5,430,647	(1,541,757)	-	6,311,000	910,000
Claims and judgments	1,242,500	-	(665,301)	-	577,199	-
Total Water Fund	\$ 557,280,511	\$ 16,049,729	\$ (44,710,373)	\$ (2,916,535)	\$ 525,703,332	\$ 15,399,166

June 30, 2018

Note 7 - Long-term Obligations (Continued)

Business-type Activities (Continued)

	Balance at June 30, 2017	Increase	Decrease	Redemptions	Balance at June 30, 2018	Amount Due within One Year
<i>Sewage Disposal Fund</i>						
Contractual revenue obligation to GLWA	\$ 367,042,828	\$ -	\$ (20,214,528)	\$ -	\$ 346,828,300	\$ 11,253,800
General obligation - Financial recovery bonds	49,548,750	-	(454,399)	(4,860,890)	44,233,461	-
Total obligations	416,591,578	-	(20,668,927)	(4,860,890)	391,061,761	11,253,800
Other long-term liabilities:						
Compensated absences	2,183,621	1,633,732	(1,304,065)	-	2,513,288	1,393,619
Workers' compensation	718,784	1,171,955	(163,739)	-	1,727,000	276,000
Claims and judgments	15,070,999	-	(3,191,399)	-	11,879,600	3,187,500
Total Sewage Disposal Fund	<u>\$ 434,564,982</u>	<u>\$ 2,805,687</u>	<u>\$ (25,328,130)</u>	<u>\$ (4,860,890)</u>	<u>\$ 407,181,649</u>	<u>\$ 16,110,919</u>
<i>Transportation Fund</i>						
General obligation - Financial recovery bonds	\$ 48,823,788	\$ -	\$ (450,676)	\$ (4,821,075)	\$ 43,552,037	\$ -
Other long-term liabilities:						
Accrued compensated absences	3,224,102	2,452,399	(2,363,324)	-	3,313,177	2,363,324
Workers' compensation	1,510,655	-	(819,550)	-	691,105	210,546
Total other long-term liabilities	4,734,757	2,452,399	(3,182,874)	-	4,004,282	2,573,870
Total Transportation Fund	<u>\$ 53,558,545</u>	<u>\$ 2,452,399</u>	<u>\$ (3,633,550)</u>	<u>\$ (4,821,075)</u>	<u>\$ 47,556,319</u>	<u>\$ 2,573,870</u>
<i>Public Lighting Authority</i>						
General obligation bonds (including \$10,110,376 premium)	\$ 189,070,376	\$ -	\$ (6,739,458)	\$ -	\$ 182,330,918	\$ 374,458
<i>Nonmajor Proprietary Funds</i>						
<u>Automobile Parking Fund</u>						
General obligation - Financial recovery bonds	\$ 700,204	\$ -	\$ -	\$ -	\$ 700,204	\$ -
Other long-term liabilities:						
Accrued compensated absences	139,181	130,742	(134,424)	-	135,499	134,423
Accrued workers' compensation	261,000	66,157	(157)	-	327,000	276,000
Claims and judgments	4,036	-	(1,036)	-	3,000	-
Total other long-term liabilities	404,217	196,899	(135,617)	-	465,499	410,423
Total Automobile Parking Fund	<u>\$ 1,104,421</u>	<u>\$ 196,899</u>	<u>\$ (135,617)</u>	<u>\$ -</u>	<u>\$ 1,165,703</u>	<u>\$ 410,423</u>
<u>Airport Fund</u>						
General obligation - Financial recovery Airport	\$ 552,308	\$ -	\$ -	\$ -	\$ 552,308	\$ -
Accrued compensated absences	30,382	30,486	(24,120)	-	36,748	24,120
Claims and judgments	2,000,000	-	-	-	2,000,000	-
Total Airport Fund	<u>\$ 2,582,690</u>	<u>\$ 30,486</u>	<u>\$ (24,120)</u>	<u>\$ -</u>	<u>\$ 2,589,056</u>	<u>\$ 24,120</u>
Total nonmajor proprietary funds	<u>\$ 3,687,111</u>	<u>\$ 227,385</u>	<u>\$ (159,737)</u>	<u>\$ -</u>	<u>\$ 3,754,759</u>	<u>\$ 434,543</u>

June 30, 2018

Note 7 - Long-term Obligations (Continued)

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, in some cases, unlimited taxing power of the City or are unsecured and will be paid by other revenue sources of the City. The debt for governmental activities will be retired by future property tax levies, Michigan Transportation Fund Distributions, and other resources accumulated in the General Fund and the Debt Service Fund (other governmental). The debt for business-type activities will be retired by revenue from those operations.

Refunded Bonds

In a previous year, the following series of outstanding bonds were advance refunded by the 2016-C Distributable State Aid Bonds discussed below: 1999-A; 2001-A(1); 2002; 2003-A; 2004-A(1), B(1), and B(2); 2005-B and C; 2008-A and B(1); 2010; 2012-C; and 2014A1 to K2 (1A-11B). The 1999-A; 2001-A(1); 2002; 2003-A; 2004-A(1), B(1) and B(2); 2005-B and C; and 2008-A and B(1) series bonds were paid in full during the year by the escrow agent. As of June 30, 2018, approximately \$500,419,000 of principal on the 2010; 2012-C; and 2014A1 to K2 (1A-11B) series bonds was outstanding to be paid through the refunded bond proceeds, which were set aside in an escrow account.

2016-C Distributable State Aid 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:

<u>Issuer</u>	<u>Amount</u>
2016 C1 - First Lien LTGO	\$240,965,000
2016 C2 - Third Lien LTGO	123,175,000
2016 C3 - Fourth Lien UTGO	222,185,000
2016 C4 - Fourth Lien UTGO	19,855,000

The bonds were issued for the purpose of refunding all of the City’s Distributable State Aid Fourth Lien Restructured Bonds (Unlimited Tax General Obligation), Series 2014 A/G; various outstanding Unlimited Tax General Obligation Bonds, the debt service payments which had been assigned under the Plan of Adjustment to the General Employees Retirement System and the Police and Fire Retirement System (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 made in April 2018.

June 30, 2018

Note 7 - Long-term Obligations (Continued)

Financial Recovery Bonds

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) Class 14 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>

2014-C Bonds

The Financial Recovery Bonds, Series 2014-C totaled \$88,430,021 and carried an interest rate of 5.0 percent per annum. The bonds were scheduled to mature on December 10, 2026. 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 with Syncora	\$ 21,271,804
POC settlement with FGIC	67,158,217
Total	<u>\$ 88,430,021</u>

During the year ended June 30, 2018, the City's General Fund redeemed the 2014-C bonds. The City entered into a Memorandum of Understanding with DWSD (the Water and Sewer Funds), DDOT (the Transportation Fund), and the Detroit Public Library stating that DWSD, DDOT, and the Detroit Public Library agree to repay the General Fund for their respective portion of the redemption by continuing to make payments to the City in accordance with the original amortization schedules of the 2014-C Bonds. See Note 6 for the balances owed by DWSD, DDOT, and the Detroit Public Library to the General Fund.

As part of the bifurcation of DWSD, as noted in Note 12, 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, 2018 is approximately \$79 million, and GLWA has agreed to pay approximately \$57 million.

June 30, 2018

Note 7 - Long-term Obligations (Continued)

2014 - A and B Bonds (Reoffered as 2014 - F(1) and F(2) - Quality of Life Bonds)

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 they were 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 (swap settlement pay off)	-	37,969,929	37,969,929
Total	<u>\$ 134,725,000</u>	<u>\$ 140,275,000</u>	<u>\$ 275,000,000</u>

Schedule of General Obligation Bonds

The following is a schedule of general obligation bonds outstanding at June 30, 2018:

Governmental Activities

	Bond Date	Amount Issued	Range of Interest Rates	Maturity Date	Balance June 30, 2018
General Obligation Bonds - Unlimited Tax:					
Series 2010-E (Recovery Zone Economic Development Bonds)	12/16/10	\$ 100,000,000	5.129 to 8.369%	11/1/17-35	\$ 91,785,000 a
Series 2016-C3 - Distributable State Aid Fourth Lien	8/11/16	222,185,000	1.941 to 5.00	11/1/19-35	160,805,000
Series 2016-C4 - Distributable State Aid Fourth Lien	8/11/16	19,855,000	1.39 to 3.61	11/1/17-32	<u>14,825,000</u>
Total General Obligation Bonds - Unlimited Tax					<u>\$ 267,415,000</u>

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

June 30, 2018

Note 7 - Long-term Obligations (Continued)

Governmental Activities (Continued)

	Bond Date	Amount Issued	Range of Interest Rates	Maturity Date	Balance June 30, 2018
General Obligation Bonds - Limited Tax:					
Series 2014-B(1) Financial Recovery	12/10/2014	\$ 494,095,548	4.00 to 6.00%	4/1/25-44	\$ 494,141,623
Series 2014-B(2) Financial Recovery	12/10/2014	12,924,806	4.00 to 6.00	4/1/25-44	12,878,732
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
Series 2016-C1 - Distributable State Aid First Lien	8/11/2016	240,965,000	1.941 to 5.00	11/1/19-35	240,965,000
Series 2016-C2 - Distributable State Aid Third Lien	8/11/2016	123,175,000	1.39 to 3.61	11/1/17-32	119,485,000
Total General Obligation Bonds - Limited Tax					<u>1,112,470,355</u>
Total General Obligation Bonds					<u>\$1,379,885,355</u>

Business-type Activities

	Bond Date	Amount Issued	Range of Interest Rates	Maturity Date	Balance June 30, 2018
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
Total Water Fund General Obligation Bonds - Limited Tax					<u>\$ 26,540,079</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	831,754
Total Sew age Disposal Fund General Obligation Bonds - Limited Tax					<u>\$ 44,233,461</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	993,129
Total Transportation Fund General Obligation Bonds - Limited Tax					<u>\$ 43,552,036</u>
Public Lighting Authority Fund					
General Obligation Bonds	7/2/2014	\$ 195,819,292	3.00 to 5.00%	4/1/25-44	<u>\$ 182,330,918</u>

June 30, 2018

Note 7 - Long-term Obligations (Continued)

Business-type Activities (Continued)

	Bond Date	Amount Issued	Range of Interest Rates	Maturity Date	Balance June 30, 2018
<i>Nonmajor Proprietary Funds</i>					
<u>Automobile Parking Fund</u>					
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
<u>Airport Fund</u>					
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
Total Nonmajor Proprietary Funds General Obligation Bonds - Limited Tax					<u>\$ 1,252,512</u>

Component Unit

	Bond Date	Amount Issued	Range of Interest Rates	Maturity Date	Balance June 30, 2018
<i>Detroit Public Library</i>					
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
Total Library General Obligation Bonds - Limited Tax					<u>\$ 9,365,699</u>

Revenue Bonds

Governmental Activities

On November 16, 2017, the City issued the City of Detroit Transportation Fund Bonds, Series 2017, in the amount of \$124,500,000. The Michigan Finance Authority (MFA) purchased the City's bonds using the proceeds of its MFA Revenue Bonds (City of Detroit Transportation Project), Series 2017A. The bonds were a private placement (i.e., direct purchase).

The City is using the bond proceeds to finance certain road improvement projects. The bonds mature on April 1, 2032 and are subject to optional redemption prior to maturity at par on any date on or after April 1, 2024.

As security for repayment of the bonds, the City pledged and assigned its Michigan Transportation Fund distributions that are received on a monthly basis from the State of Michigan. The City entered into a Transportation Fund Pledge and Intercept Agreement (the "Agreement") with US Bank (the "Trustee"), MFA, and the State Treasurer. Under this Agreement, MTF distributions due to the City are sent directly to the Trustee, from which the Trustee sets aside principal and interest amounts, according to a set aside schedule, in advance of the payment dates. The remaining portion of the MTF distributions that exceed the monthly set aside requirement are transferred to the City. The Agreement remains in effect as long as the bonds are outstanding.

Note 7 - Long-term Obligations (Continued)

As outlined in Schedule 1 to the Trust Indenture, the bonds are to be drawn down over time, with the final amount paid out on or before October 1, 2020. As of June 30, 2018, draws totaling \$34,000,000 were submitted and received by the City.

Water Fund and Sewage Disposal Fund

As a result of the lease agreement and resulting bifurcation discussed in Note 12, revenue bonds and SRF debt issuances that were previously issued by the City prior to January 1, 2016 have been assigned to and the assumed by 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.

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 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 revenue of GLWA, which includes all revenue payable by the Detroit retail class. During 2018, the parties reached an agreement on the debt allocation, resulting in reductions of \$26,749,580 and \$8,952,228 to the debt allocated to the Water Fund and Sewage Disposal Fund, respectively. The reductions to the debt allocation for the Water Fund and Sewage Disposal Fund are included in the special item discussed in Note 12.

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, 2018:

Governmental Activities

	Issue Date	Range of Interest Rates	Maturity Date	Balance June 30, 2018
<i>Nonmajor Funds</i>				
<i>(All notes are secured by future Block Grant revenue)</i>				
Mexicantown Welcome Center Project	09/14/06	5.09 to 5.70%	08/01/16-24	\$ 1,568,000
Book Cadillac Project Note II	06/12/08	4.33 to 5.38	08/01/16-27	4,471,000
Garfield II Note 1	09/14/06	4.33 to 5.30	08/01/16-25	5,072,000
Garfield II Note 2	09/14/06	5.09 to 5.77	08/01/16-26	1,758,000
Garfield II Note 3	09/16/09	0.28 to 3.35	08/01/16-29	1,143,000
Garfield II Note 4	09/16/09	0.93 to 3.35	08/01/17-29	6,537,000
Fort Shelby Project	06/12/08	4.33 to 5.34	08/01/16-26	13,750,000
Woodward Garden Project 1	06/12/08	4.48 to 5.05	08/01/16-21	3,900,000
Woodward Garden Project 2	07/21/10	2.66 to 4.35	08/01/16-28	6,111,000
Woodward Garden Project 3	04/20/12	0.83 to 3.55	08/01/16-31	5,257,000
Total notes payable				<u>\$ 49,567,000</u>

June 30, 2018

Note 7 - Long-term Obligations (Continued)

Debt Service Requirements

As of June 30, 2018, debt service requirements of the City's debt are as follows:

Years Ending June 30	Governmental Activities			Business-type Activities*			Component Units		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 52,269,000	\$ 61,444,932	\$ 113,713,932	\$ -	\$ 8,938,055	\$ 8,938,055	\$ -	\$ 374,635	\$ 374,635
2020	73,801,000	58,584,041	132,385,041	3,375,000	13,168,555	16,543,555	-	374,635	374,635
2021	90,729,000	55,032,182	145,761,182	3,545,000	12,995,555	16,540,555	-	374,635	374,635
2022	85,921,000	51,141,873	137,062,873	3,725,000	12,813,805	16,538,805	-	374,635	374,635
2023	85,606,000	47,612,383	133,218,383	3,910,000	12,622,930	16,532,930	-	374,635	374,635
2024-2028	384,303,750	191,026,937	575,330,687	45,795,889	58,514,454	104,310,343	1,873,174	1,760,783	3,633,957
2029-2033	332,270,687	111,849,987	444,120,674	57,839,861	46,543,761	104,383,622	2,341,467	1,311,222	3,652,689
2034-2038	206,444,687	69,194,808	275,639,495	65,834,861	36,498,113	102,332,974	2,341,467	1,161,368	3,502,835
2039-2043	126,754,687	30,421,121	157,175,808	76,044,861	18,639,272	94,684,133	2,341,467	561,952	2,903,419
2044	25,352,544	1,521,056	26,873,600	28,102,617	1,481,264	29,583,881	468,124	28,098	496,222
Total	\$ 1,463,452,355	\$ 677,829,320	\$ 2,141,281,675	\$ 288,173,089	\$ 222,215,764	\$ 510,388,853	\$ 9,365,699	\$ 6,696,598	\$ 16,062,297

*2014 B bonds reflected in the Water and Sewage Disposal Funds will be partially paid by the GLWA (71.42 percent allocated to GLWA) and are, therefore, offset by a receivable in the Water and Sewage Disposal Funds.

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, 2018, the City received approximately \$3.2 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 \$38.3 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, with limited exceptions, 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 that exceeds 10 percent is, or has been, used solely for the construction or renovation of hospital facilities.

June 30, 2018

Note 7 - 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	(Payments) Additions	Balance - End of Year
Woodbridge Estates Apartments I, LLC	SA Affordable Housing, LLC	7.06%	2035	\$ 1,219,926	\$ (15,935)	\$ 1,203,991
	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	1,764,121	(23,566)	1,740,555
	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	1,406,964	(18,729)	1,388,235
	Detroit Housing Commission	4.61%	2042	1,559,212	-	1,559,212
	City of Detroit, Michigan	0.00%	2036	452,835	(16,040)	436,795
Woodbridge Estates Apartments IV LDHA LLC	SA Affordable Housing, LLC	6.04%	2047	1,871,881	(25,128)	1,846,753
	Detroit Housing Commission	4.61%	2051	1,763,593	-	1,763,593
	City of Detroit, Michigan	0.00%	2036	454,700	(17,914)	436,786
Woodbridge Estates Apartments V LDHA LLC	SA Affordable Housing, LLC	6.04%	2047	3,029,539	(41,057)	2,988,482
	Detroit Housing Commission	4.61%	2051	2,056,904	-	2,056,904
	City of Detroit, Michigan	0.00%	2036	452,313	(15,420)	436,893
Woodbridge Estates Apartments VI LDHA LLC	Detroit Housing Commission	3.75%	2063	2,441,190	1,731	2,442,921
Woodbridge Estates Apartments IX LDHA LLC	Detroit Housing Commission	0.00%	2067	-	874,790	874,790
	Citizens	5.00%	2067	-	448,778	448,778
Woodbridge ILF Associates LDHA LP	Detroit Housing Commission	5.20%	2049	3,679,405	988	3,680,393
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	1,611,310	(21,053)	1,590,257
	MSHDA - HOME Note	3.00%	2058	278,556	(3,127)	275,429
	Detroit Housing Commission	0.00%	2053	9,808,356	(12,313)	9,796,043
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	3.00%	2062	20,261,000	-	20,261,000
	Detroit Housing Commission	0.00%	2054-2064	19,717,823	(507,525)	19,210,298
	Detroit Housing Commission	0.75%	2060	3,887,485	-	3,887,485
Gardenview Homes X LDHA, LLC	Detroit Housing Commission	2.50%	2067	-	5,154,703	5,154,703
	MSHDA	4.95%	2020	-	5,923,998	5,923,998
Emerald Springs IA and IB LDHA LP	Detroit Housing Commission	0.50%	2056	9,905,186	780	9,905,966
Emerald Springs II LDHA LP	Detroit Housing Commission	0.50%	2058	7,175,448	21,752	7,197,200
Cornerstone I LDHA LLC	Detroit Housing Commission	3.79%	2060	3,689,760	1,023	3,690,783
Cornerstone II LDHA LLC	Detroit Housing Commission	0.00%	2060	9,071,432	325	9,071,757
Cornerstone III LDHA LLC	Detroit Housing Commission	4.25%	2061	3,025,414	1,406	3,026,820
Totals				\$ 175,284,966	\$ 11,712,467	186,997,433
					Amount due to DHC primary government	(134,896,521)
(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		\$ 52,100,912

June 30, 2018

Note 7 - Long-term Obligations (Continued)

Detroit Public Library - Component Unit

Long-term liability activity for the year ended June 30, 2018 is as follows:

	Balance				Amount	
	June 30, 2017	Increase	Decrease	Redemptions	Balance June 30, 2018	Due within One Year
General obligation - Financial recovery bonds	\$ 10,582,200	\$ -	\$ (103,997)	\$ (1,112,504)	\$ 9,365,699	\$ 350,000
Other long-term liabilities:						
Retiree Settlement	5,551,000	-	(351,500)	-	5,199,500	-
Accrued compensated absences	2,817,998	1,640,601	(1,348,668)	-	3,109,931	1,348,668
Accrued workers' compensation	140,000	-	(34,000)	-	106,000	38,000
Total other long-term liabilities	8,508,998	1,640,601	(1,382,668)	-	8,415,431	1,386,668
Total Detroit Public Library Fund	\$ 19,091,198	\$ 1,640,601	\$ (1,486,665)	\$ (1,112,504)	\$ 17,781,130	\$ 1,736,668

Downtown Development Authority (DDA) - Component Unit

Long-term liability activity for the year ended June 30, 2018 is as follows:

	Balance				Principal Due	
	June 30, 2017	Increase	Decrease	Balance June 30, 2018	w within One Year	
Contract payable	\$ 2,800,000	\$ -	\$ -	\$ 2,800,000	\$ -	
Notes payable	2,258,259	-	(82,852)	2,175,407	303,513	
Bonds payable	489,214,501	37,180,000	(192,303,826)	334,090,675	1,326,368	
Bond discount	(565,326)	-	76,303	(489,023)	(61,326)	
Total	\$ 493,707,434	\$ 37,180,000	\$ (192,310,375)	\$ 338,577,059	\$ 1,568,555	

DDA Bonds Payable

On August 10, 2017, the DDA issued \$36,000,000 in Series 2017 bonds, with the proceeds to be used toward construction changes and enhancements to the Arena. These changes were necessary in order to make the Arena compliant with National Basketball Association requirements and to incentivize the Detroit Pistons to relocate to the City of Detroit. Similar to the Series 2014A bonds, these bonds will be repaid through Catalyst Development Project tax increment revenue captured by the DDA. Payments on these bonds will be made primarily from the stadium fund.

In 2014, the Michigan Strategic Fund (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 discussed in Note 3, the DDA entered into a swap novation transaction with Garden Trust on November 9, 2017 for the purpose of removing the DDA from the swap transaction. As part of this transaction, the entire outstanding amount of Series 2014B drawn down, \$188,500,000, was retired through a prepayment of the base concession fees payable by Garden Trust to the DDA under the Concession Management Agreement relating to the Arena.

June 30, 2018

Note 7 - Long-term Obligations (Continued)

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, 2018, the outstanding balance of the Series 2014A and Series 2014B bonds was \$250,000,000.

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, \$32,195,000 in Series 1998B taxable bonds, and \$21,425,000 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.

Local Development Finance Authority - Component Unit

On September 15, 1998, the LDFA issued \$52,205,000 in 1998 Series A subordinated bonds, of which \$46,869,964 is being used to pay the City for certain costs of public facilities. Principal and interest payments commenced on May 1, 1999 and are payable through May 2021. Interest payments are due semiannually each May and November.

On September 5, 1997, the LDFA issued \$45,865,000 in 1997 Series A tax increment refunding bonds, with an average interest rate of 5.3 percent per annum, to refund \$42,000,000 of outstanding bonds issued in 1991. The proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on all of the refunded bonds. As a result, the refunded bonds are considered defeased, and the liability for those bonds has been removed from the financial statements. The amount of defeased debt outstanding as of June 30, 2018 is \$5,230,000.

On September 5, 1997, the LDFA also issued \$11,500,000 in 1997 Series B and Series C tax increment bonds, the proceeds of which are being used to pay the City for certain costs of public facilities. Principal payments commenced on July 14, 2000 and are payable through July 2021. Interest payments are due semiannually each May and November and commenced on November 1, 1997.

The interest rates on the outstanding fixed-rate bonds range from 4.1 to 6.85 percent per annum. The property taxes of the LDFA are pledged for repayments of the bonds.

June 30, 2018

Note 7 - Long-term Obligations (Continued)

Long-term liability activity for the year ended June 30, 2018 is as follows:

Balance - Beginning of year	\$ 28,325,000
Less repayments	<u>(6,810,000)</u>
Balance - End of year	<u><u>\$ 21,515,000</u></u>

City Bonds Authorized and Unissued

The following is the schedule of the City's bonds authorized and unissued at June 30, 2018:

	Authority	Date	Authorized Amount	Unissued Amount
General Obligation Bonds (Tax supported):				
Public safety	Electorate	11/2/2004	\$ 120,000,000	\$ 32,714,819
Neighborhood/Economic development	Electorate	11/2/2004	19,000,000	1,072,161
Transportation	Electorate	11/2/2004	32,000,000	24,501,849
Public lighting	Electorate	2/24/2009	22,000,000	22,000,000
Neighborhood/Economic	Electorate	2/24/2009	25,000,000	25,000,000
Museums, libraries, recreation, and other	Electorate	2/24/2009	97,000,000	97,000,000
Transportation	Electorate	2/24/2009	12,000,000	12,000,000
Public safety	Electorate	2/24/2009	72,000,000	<u>72,000,000</u>
Total general obligation bonds authorized - Unissued				<u><u>\$ 286,288,829</u></u>

Subsequent to year end, the City utilized approximately \$135 million of the 2004 and 2009 authorizations for the Series 2018 bonds (see Note 14).

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 7 - Long-term Obligations (Continued)

Debt Ratings

The City’s debt has the following ratings:

	Date of Rating	Rating Agency	Rating	Action
Series 2016 C1 Distributable State Aid bonds - First Lien LTGO	12/15/2017	Moody's	Aa2	No change
Series 2016 C2 Distributable State Aid bonds - Third Lien LTGO	12/15/2017	Moody's	Aa2	Moody's Investors Service withdrew the previous rating of A1 and assigned a rating of Aa2 to all DSA city issuances
Series 2016 C3 Distributable State Aid bonds - Fourth Lien UTGO	12/15/2017	Moody's	Aa2	Moody's Investors Service withdrew the previous rating of A2 and assigned a rating of Aa2 to all DSA city issuances
Series 2016 C4 Distributable State Aid bonds - Fourth Lien UTGO	12/15/2017	Moody's	Aa2	Moody's Investors Service withdrew the previous rating of A2 and assigned a rating of Aa2 to all DSA city issuances
Series 2010E Distributable State Aid bonds - Second Lien	12/15/2017	Moody's	Aa2	Moody's Investors Service withdrew the previous rating of Aa3 and assigned a rating of Aa2 to all DSA city issuances
City of Detroit Issuer Rating	5/23/2018	Moody's	Ba3	Moody's Investors Service has upgraded Detroit's issuer rating to Ba3 from B1

Note 8 - Pension Plans

(a) Plan Administration

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, as modified by the Plan of Adjustment; amendments are subject to the same process.

June 30, 2018

Note 8 - Pension Plans (Continued)

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 the purpose 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.

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, for 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 GRS' funding level over time.

Note 8 - Pension Plans (Continued)

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 PFRS’ funding level over time.

(b) Plan Membership

Membership of the plans at June 30, 2017 (measurement date) consisted of the following:

Component II	GRS	PFRS
Inactive plan members or beneficiaries currently receiving benefits	11,926	8,204
Inactive plan members entitled to but not yet receiving benefits	3,588	369
Active plan members (includes DROP members)	3,236	2,836
Component I	GRS	PFRS
Inactive plan members or beneficiaries currently receiving benefits	125	44
Inactive plan members entitled to but not yet receiving benefits	1,073	293
Active plan members (includes DROP members)	4,235	2,537

(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 the 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 as of the measurement date of June 30, 2017 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.

June 30, 2018

Note 8 - Pension Plans (Continued)

Postbankruptcy GRS Component II plan members upon retirement will receive an annuity that 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
- (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 firefighter shall not exceed 15/22 of the maximum earnable compensation of a firefighter (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, 2018

Note 8 - 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 2018, employer contributions were determined by the provisions of the POA detailed under Exhibit II.B.3.r.ii.A. Included within contributions recognized by the pension plan for fiscal year 2018 in Component II are contributions from the Foundation for Detroit's Future (the "Foundation") in the amount of \$375,000 and \$67,900,000 of contributions from the City, City-related entities, and the Great Lakes Water Authority.

PFRS - During fiscal year 2018, employer contributions were determined by the provisions of the POA detailed under Exhibit II.B.3.q.ii.A. Included in employer contributions in Component II are amounts sourced from the sale of City-owned artwork with proceeds from the Foundation for Detroit's Future in the amount of \$18,300,000. 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.

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, 2018, the City and related entities contributed \$14,673,644.

PFRS - During fiscal year 2018, 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 of 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 2018, employer contributions to Component I were \$19,244,806.

June 30, 2018

Note 8 - 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, 2018, there were no employee contributions into Component II, 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 2018, the GRS Component I plan received mandatory and voluntary employee contributions of \$14,140,618. 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 contribute 8 percent of compensation. During fiscal year 2018, the PFRS Component I plan received employee contributions of \$9,170,876.

(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 PFRS at June 30, 2018 as all amounts due to the members pursuant to the DROP election are held by a third-party administrator.

(f) *Net Pension Liability (Asset)*

As permitted by GASB No. 68, the City has chosen to use June 30, 2017 as its measurement date for the net pension liability (asset) for its fiscal year 2018 financial statements. The net pension liability (asset) was calculated using the total pension liability and the Systems' fiduciary net position as of June 30, 2017. The June 30, 2017 total pension liability was determined by an actuarial valuation performed as of June 30, 2016, which used updated procedures to roll forward the estimated liability to June 30, 2017. In determining the fiduciary net position, the balances of the Income Stabilization Fund have not been included. The Income Stabilization Fund balances are approximately \$11.9 million and \$4.3 million for Component II for the GRS and PFRS, respectively.

Effective January 1, 2016, GLWA was launched. Accordingly, the prior DWSD division in Component II was split into two - one representing the ongoing DWSD department, now referenced as DWSD-Retail (DWSD-R), and another to represent the Great Lakes Water Authority (GLWA). In accordance with the pension reporting agreement, the net position and liabilities of DWSD were allocated to DWSD-R and GLWA in accordance with written directions received from DWSD-R and GLWA. Per written directions, GLWA is to be allocated 70.3 percent of the net position and liabilities of DWSD. Because GLWA has no employees or retirees in the Combined Plan, GLWA is considered a nonemployer contributing entity in accordance with GASB Statement No. 67.

June 30, 2018

Note 8 - Pension Plans (Continued)

The net pension liability (asset), total deferred outflows of resources, and total deferred inflows of resources included in the following tables include the portion allocable to GLWA. GLWA's portion of the total Component II net pension liability of \$944,129,251 at June 30, 2017 was \$178,961,908, with the remainder allocable to the City of Detroit, Michigan and related entities. GLWA's portion of the total Component II deferred outflow and deferred inflow was \$32,295,776 and \$0, respectively. As this arrangement meets the definition of a special funding situation per GASB Statement No. 68, GLWA's pension expense is recognized by the City of Detroit, Michigan and related entities.

Changes in the net pension liability (asset) during the measurement year were as follows:

Component II - GRS

Changes in Net Pension Liability	Increase (Decrease)		
	Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2016	\$ 2,926,421,953	\$ 1,933,541,307	\$ 992,880,646
Changes for the year:			
Interest	201,919,235	-	201,919,235
Changes in assumptions	76,925,957	-	76,925,957
Differences between expected and actual experience	(27,508,380)	-	(27,508,380)
Contributions - Employer	-	90,889,402	(90,889,402)
Net investment income	-	206,896,567	(206,896,567)
Benefit payments, including refunds	(266,900,539)	(266,900,539)	-
Administrative expenses	-	(6,021,837)	6,021,837
Other (includes ASF recoupment)	-	8,324,075	(8,324,075)
Net changes	(15,563,727)	33,187,668	(48,751,395)
Balance at June 30, 2017	<u>\$ 2,910,858,226</u>	<u>\$ 1,966,728,975</u>	<u>\$ 944,129,251</u>

Component II - PFRS

Changes in Net Pension Liability	Increase (Decrease)		
	Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2016	\$ 3,809,685,846	\$ 2,950,470,450	\$ 859,215,396
Changes for the year:			
Interest	261,449,503	-	261,449,503
Changes in assumptions	(4,082,068)	-	(4,082,068)
Differences between expected and actual experience	(10,648,606)	-	(10,648,606)
Contributions - Employer	-	18,300,000	(18,300,000)
Contributions - Employee	-	14,055	(14,055)
Net investment income	-	282,398,412	(282,398,412)
Benefit payments, including refunds	(306,098,871)	(306,098,871)	-
Administrative expenses	-	(4,433,657)	4,433,657
Transfers out	-	(20,000,000)	20,000,000
Other income	-	1,491,589	(1,491,589)
Net changes	(59,380,042)	(28,328,472)	(31,051,570)
Balance at June 30, 2017	<u>\$ 3,750,305,804</u>	<u>\$ 2,922,141,978</u>	<u>\$ 828,163,826</u>

June 30, 2018

Note 8 - Pension Plans (Continued)

Component I - GRS

Changes in Net Pension Liability	Increase (Decrease)		
	Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2016	\$ 49,160,644	\$ 36,253,554	\$ 12,907,090
Changes for the year:			
Service cost	18,417,037	-	18,417,037
Interest	4,084,391	-	4,084,391
Changes in assumptions	2,780,462	-	2,780,462
Contributions - Employer	-	9,484,992	(9,484,992)
Contributions - Employee	-	7,752,058	(7,752,058)
Voluntary contributions	5,043,346	5,043,346	-
Difference between expected and actual experience	(4,667,487)	-	(4,667,487)
Net investment income	-	9,100,741	(9,100,741)
Benefit payments, including refunds	(2,134,809)	(2,134,809)	-
Administrative expenses	-	(2,639,392)	2,639,392
Other	-	61,834	(61,834)
Net changes	23,522,940	26,668,770	(3,145,830)
Balance at June 30, 2017	<u>\$ 72,683,584</u>	<u>\$ 62,922,324</u>	<u>\$ 9,761,260</u>

Component I - PFRS

Changes in Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balance at June 30, 2016	\$ 49,809,170	\$ 42,283,763	\$ 7,525,407
Changes for the year:			
Service cost	25,414,182	-	25,414,182
Interest	4,474,574	-	4,474,574
Changes in assumptions	(221,533)	-	(221,533)
Contributions - Employer	-	16,448,246	(16,448,246)
Contributions - Employee	-	8,554,893	(8,554,893)
Voluntary contributions	34,134	34,134	-
Difference between expected and actual experience	(10,708,737)	-	(10,708,737)
Net investment income	-	8,897,790	(8,897,790)
Benefits payments including refunds	(223,826)	(223,826)	-
Administrative expenses	-	(2,648,040)	2,648,040
Other	-	20,009,060	(20,009,060)
Net changes	18,768,794	51,072,257	(32,303,463)
Balance at June 30, 2017	<u>\$ 68,577,964</u>	<u>\$ 93,356,020</u>	<u>\$ (24,778,056)</u>

June 30, 2018

Note 8 - 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, 2018, pension expense was \$12,904,415 for the General Retirement System Component I, \$114,910,583 for the General Retirement System Component II, and \$47,428,047 for the Police and Fire Retirement System Component II, and pension recovery was \$2,502,659 for the Police and Fire Retirement System Component I. At June 30, 2018, 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 Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions to the plan subsequent to the measurement date	\$ 14,673,644	\$ -	\$ 68,275,000	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(3,143,777)	35,252,090	-
Assumption changes	3,923,570	(776,354)	-	-
Differences between expected and actual experience	292,736	(4,951,310)	-	-
Total	\$ 18,889,950	\$ (8,871,441)	\$ 103,527,090	\$ -

	PFRS - Component I		PFRS - Component II	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	-	(1,926,404)	30,856,654	-
Assumption changes	1,850,018	(865,825)	-	-
Differences between expected and actual experience	-	(12,512,214)	-	-
Total	\$ 1,850,018	\$ (15,304,443)	\$ 30,856,654	\$ -

Note 8 - Pension Plans (Continued)

A total of \$14,673,644 for the General Retirement System Component I, \$68,275,000 for the General Retirement System Component II, \$19,244,806 for the Police and Fire Retirement System Component I, and \$18,300,000 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, 2019. 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 June 30	GRS Component I	GRS Component II	PFRS Component I	PFRS Component II
2019	\$ (1,166,297)	\$ 1,670,777	\$ (1,944,476)	\$ (22,368,645)
2020	(1,166,297)	29,415,621	(1,944,476)	45,447,389
2021	(1,265,122)	18,841,913	(2,093,678)	24,287,562
2022	(1,307,469)	(14,676,221)	(2,516,546)	(16,509,652)
2023	58,200	-	(1,643,193)	-
Thereafter	191,850	-	(3,312,056)	-
Total	\$ (4,655,135)	\$ 35,252,090	\$ (13,454,425)	\$ 30,856,654

(h) Actuarial Assumptions

The significant actuarial assumptions used to measure the June 30, 2017 total pension liability were as follows:

Component II	GRS	PFRS
Salary increases	N/A	N/A
Investment rate of return	6.91 %	7.17 %

Component I	GRS	PFRS
Salary increases	2.0-3.0 %	2.0-3.0 %
Long-term investment rate of return	6.91 %	7.17 %

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. Other than mortality and the investment rate of return, the actuarial assumptions used in the valuation to calculate the total pension liability at June 30, 2017 were based on the results of an actuarial experience study for the period from 2002-2007 modified as necessary to account for the difference in eligibility of this new plan.

Note 8 - Pension Plans (Continued)

(i) Discount Rates

The discount rate used to measure the total pension liability as of June 30, 2017 was 6.91 percent for both General Retirement System plans and 7.17 percent for both Police and Fire Retirement System plans; however, the single discount rate used at the beginning of the year was 7.23 percent for both General Retirement System plans and 7.15 percent for both Police and Fire Retirement System plans. 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. Contributions to the Combined Plan are projected to be at the minimum amounts required by the Plan of Adjustment through 2023, followed by actuarially determined contributions beginning in 2024. While no funding policy has been adopted by the City of Detroit, Michigan, the projection of cash flows assumes full funding of contributions such that the plan's net position will be sufficient to make all benefit payments. The Combined Plan believes that the funding practice adopted by the City will be consistent with the underlying objective used in the projection to develop the single discount rate.

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, 2017 for each major asset class, including the pension plan's target asset allocation, as disclosed in the investment note, are summarized in the following table:

	Target Allocation		Long-term Expected Real Rate of Return	
	GRS	PFRS	GRS	PFRS
U.S. equity	- %	16.5 %	- %	5.1 %
Non-U.S. equity	-	16.5	-	5.3
Global equity	43.0	-	5.3	-
Global low volatility	-	5.0	-	5.3
Global fixed income	16.0	-	3.1	-
Private equity	8.0	10.0	7.2	7.8
U.S. core fixed income	-	13.5	-	2.4
U.S. Treasury inflation-protected securities	-	1.0	-	2.2
U.S. high yield	-	6.5	-	4.4
Convertibles	-	2.0	-	4.7
Opportunistic debt	-	5.0	-	5.2
Cash	1.0	1.0	0.3	0.4
Private real estate	-	10.0	-	4.8
Real estate	10.0	-	3.5	-
Global asset allocation/risk parity/real assets	17.0	-	4.1	-
Global REITs	-	3.0	-	4.4
MLPs	-	5.0	-	7.3
Hedge funds	5.0	5.0	4.2	4.7

Note 8 - 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 6.91 percent for both General Retirement System plans and 7.17 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

	(5.91% for GRS and 6.17% for PFRS)	(6.91% for GRS and 7.17% for PFRS)	(7.91% for GRS and 8.17% for PFRS)
Net pension liability of the Plan:			
	1% Decrease	Current Discount Rate	1% Increase
GRS	\$ 1,212,136,211	\$ 944,129,251	\$ 715,813,224
PFRS	1,218,247,574	828,163,826	500,943,755

Component I

	(5.91% for GRS and 6.17% for PFRS)	(6.91% for GRS and 7.17% for PFRS)	(7.91% for GRS and 8.17% for PFRS)
Net pension liability (asset) of the Plan:			
	1% Decrease	Current Discount Rate	1% Increase
GRS	\$ 19,692,325	\$ 9,761,260	\$ 1,646,403
PFRS	(12,231,061)	(24,778,056)	(34,754,380)

Note 8 - 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, GLWA DWSD (Water and Sewage Disposal), library, airport, and parking. GLWA 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		Total Governmental Activities	Water Fund	Sew age Disposal Fund
	Police and Fire System	General System			
Proportionate share of the net pension liability	100.00%	49.46%	0.00%	4.92%	3.42%
Net pension liability	\$ 803,385,770	\$ 471,733,879	\$ 1,275,119,649	\$ 46,948,712	\$ 32,618,180
Pension expense	44,925,388	68,507,356	113,432,744	7,897,050	6,439,960
Deferred outflow s of resources representing contributions subsequent to the measurement date	37,544,806	33,535,012	71,079,818	8,185,074	5,885,219
Deferred outflow s of resources representing the net difference between projected and actual earnings on pension plan investments	28,930,250	25,961,224	54,891,474	274,075	-
Deferred inflow s of resources representing the net difference between projected and actual earnings on pension plan investments	-	-	-	-	(17,784)
Deferred outflow s of resources representing assumption changes related to economic and demographic factors	1,850,018	2,186,132	4,036,150	343,592	488,349
Deferred inflow s of resources representing assumption changes related to economic and demographic factors	(865,825)	(387,827)	(1,253,652)	(94,525)	(134,349)
Deferred outflow s of resources representing difference between expected and actual experience	-	282,359	282,359	-	-
Deferred inflow s of resources representing difference between expected and actual experience	(12,512,214)	(1,013,301)	(13,525,515)	(1,468,778)	(2,087,585)
Deferred outflow s of resources representing changes in proportion and differences between employer contributions and share of contributions	-	95,566	95,566	-	-
Deferred inflow s of resources representing changes in proportion and differences between employer contributions and share of contributions	-	-	-	-	-
Amortization of deferred amounts:					
2019	(24,313,121)	8,717,545	(15,595,576)	(1,332,616)	(1,166,872)
2020	43,502,913	16,395,547	59,898,460	986,249	383,381
2021	22,193,884	10,405,625	32,599,509	477,902	34,363
2022	(19,026,198)	(8,924,659)	(27,950,857)	(960,555)	(836,493)
2023	(1,643,193)	158,208	(1,484,985)	(74,715)	(106,192)
Thereafter	(3,312,056)	276,321	(3,035,735)	(41,902)	(59,556)
Total	\$ 17,402,229	\$ 27,028,587	\$ 44,430,816	\$ (945,636)	\$ (1,751,369)
Sensitivity analysis:					
Net pension liability at 5.91 (GRS) and 6.17 (PFRS) percent discount rate	\$ 1,206,016,513	\$ 609,262,394		\$ 60,605,964	\$ 42,128,536
Net pension liability at 7.91 (GRS) and 8.17 (PFRS) percent discount rate	466,189,375	354,855,532		35,299,014	24,537,119

Note 8 - Pension Plans (Continued)

	Transportation Fund	Other Enterprise Funds	Total Business-type Activities	Total Reporting Entity	Detroit Public Library - Component Unit	GLWA (1)	Total General Retirement System
Proportionate share of the net pension liability	20.80%	0.82%	0.00%	0.00%	1.82%	18.76%	
Net pension liability	\$ 198,383,878	\$ 7,842,283	\$ 285,793,054	\$ 1,560,912,703	\$ 17,401,671	\$ 178,961,908	\$ 953,890,511
Pension expense	19,886,628	1,210,779	35,434,417	148,867,161	(1,227,209)	25,100,439	127,815,003
Deferred outflows of resources representing contributions subsequent to the measurement date	1,888,317	591	15,959,201	87,039,019	3,295,731	30,158,700	82,948,644
Deferred outflows of resources representing the net difference between projected and actual earnings on pension plan investments	3,692,466	409,102	4,375,644	59,267,118	-	2,137,076	32,473,944
Deferred inflows of resources representing the net difference between projected and actual earnings on pension plan investments	-	-	(17,784)	(17,784)	(347,851)	-	(365,636)
Deferred outflows of resources representing assumption changes related to economic and demographic factors	594,083	64,364	1,490,388	5,526,538	247,050	-	3,923,570
Deferred inflows of resources representing assumption changes related to economic and demographic factors	(101,121)	(11,418)	(341,413)	(1,595,065)	(47,113)	-	(776,353)
Deferred outflows of resources representing difference between expected and actual experience	2,064	8,313	10,377	292,736	-	-	292,736
Deferred inflows of resources representing difference between expected and actual experience	(44,407)	(29,834)	(3,630,603)	(17,156,118)	(307,405)	-	(4,951,309)
Deferred outflows of resources representing changes in proportion and differences between employer contributions and share of contributions	-	708	708	96,274	-	-	96,274
Deferred inflows of resources representing changes in proportion and differences between employer contributions and share of contributions	-	(96,274)	(96,274)	(96,274)	-	-	(96,274)
Amortization of deferred amounts:							
2019	(315,960)	142,300	(2,673,148)	(18,268,724)	(1,724,703)		
2020	3,696,819	269,525	5,335,974	65,234,434	1,174,803		
2021	2,356,050	169,624	3,037,939	35,637,448	749,814		
2022	(1,719,313)	(153,715)	(3,670,075)	(31,620,932)	(614,838)		
2023	93,010	4,658	(83,239)	(1,568,224)	(16,768)		
Thereafter	32,480	8,135	(60,843)	(3,096,577)	(23,628)		
Total	\$ 4,143,086	\$ 440,527	\$ 1,886,608	\$ 46,317,424	\$ (455,320)		
Sensitivity analysis:							
Net pension liability at 5.91 (GRS) and 6.17 (PFRS) percent discount rate	\$ 256,220,335	\$ 10,100,994	\$ 369,055,829		\$ 22,419,279		
Net pension liability at 7.91 (GRS) and 8.17 (PFRS) percent discount rate	149,231,602	5,883,169	214,950,904		13,057,765		

(1) In accordance with the lease agreement, portions of the General Retirement System - Component II net pension liability are allocated to Great Lakes Water Authority and deemed to be a special funding situation.

June 30, 2018

Note 9 - Other Postemployment Benefit Plan

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 death benefits to its employees providing services after December 10, 2014.

(a) Plan Description and Administration

The Death Benefit Plan is a prefunded single-employer defined benefit plan administered by the Employee Benefit Board of Trustees and is accounted for in the Employee Death Benefits Fund. The Death Benefit 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 Death Benefit Plan.

(b) Benefits Provided

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.

(c) Employees Covered by Benefit Terms

At June 30, 2018, the Death Benefit Plan’s membership consisted of the following:

Membership	Amount
Retirees and beneficiaries	1,665
Active plan members	7,640
Total	9,305

(d) Contributions

The City is under no legal obligation to prefund the plan benefits. Plan members have no contribution requirements. During the year ended June 30, 2018, there were employer contributions of \$107,627 and employee contributions of \$96,337.

June 30, 2018

Note 9 - Other Postemployment Benefit Plan (Continued)

(e) Net OPEB Asset

The City has chosen to use the June 30, 2018 measurement date as its measurement date for the net OPEB asset. The June 30, 2018 fiscal year end reported net OPEB asset was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2018 measurement date. The June 30, 2018 total OPEB liability was determined by an actuarial valuation performed as of June 30, 2017, which used update procedures to roll forward the estimated liability to June 30, 2018.

Changes in the net OPEB asset during the measurement year were as follows:

Changes in Net OPEB Liability (Asset)	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Asset
Balance at June 30, 2017	\$ 3,223,969	\$ 3,893,653	\$ (669,684)
Changes for the year:			
Service cost	114,919	-	114,919
Interest	223,231	-	223,231
Experience differences	325,148	-	325,148
Contributions - Employer	-	107,627	(107,627)
Contributions - Employee	-	96,337	(96,337)
Net investment income	-	296,957	(296,957)
Benefit payments, including refunds	(184,826)	(184,826)	-
Administrative expenses	-	(32,001)	32,001
Other	-	(221,948)	221,948
Net changes	478,472	62,146	416,326
Balance at June 30, 2018	\$ 3,702,441	\$ 3,955,799	\$ (253,358)

The plan's fiduciary net position represents 106.84 percent of the total OPEB liability.

(f) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$267,732. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 282,317	\$ -
Net difference between projected and actual earnings on OPEB plan investments	-	(26,096)
Total	\$ 282,317	\$ (26,096)

Note 9 - Other Postemployment Benefit Plan (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	Amount
2019	\$ 36,307
2020	36,307
2021	36,307
2022	36,307
2023	42,831
Thereafter	68,162
Total	<u>\$ 256,221</u>

(g) Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, which used updated procedures to roll forward the estimated liability to June 30, 2018. The valuation used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	Death Benefit Plan
Actuarial cost method	Level dollar entry age normal
Amortization method	Level dollar, open*
Remaining amortization period	30 years, per board policy*
Asset valuation method	Three-year smoothed market; no corridor
Inflation	N/A
Investment rate of return	7.00 percent, net of OPEB plan expenses, including price inflation at 2.50 percent
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Expenses	Investment and administrative expenses are assumed to be paid by investment returns

*As of June 30, 2017, the plan's assets exceeded the plan's accrued liability, resulting in no unfunded liability to amortize.

Based on an experience study from 2008-2013 issued in February 2015, the mortality table assumption for General, EMS, and D.O.T. was based on 100 percent of the RP-2014 Blue Collar Annuitant Table for males and females, and the mortality table assumption for Police and Fire was based on 100 percent of the RP-2014 Blue Collar Annuitant Table with no set-forward for males or females. The tables were extended below age 50 with a cubic spline to the published Juvenile rates. The table contains no margin for future improvements in life expectancies for conservatism.

(h) Discount Rate

The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the OPEB plan's 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

June 30, 2018

Note 9 - Other Postemployment Benefit Plan (Continued)

(i) Investment Policy

The board has not adopted a formal investment policy; however, the pension board approved a formal investment allocation in August 2014. The following is the plan’s target asset allocation as of June 30, 2018:

Asset Class	Allocation
Cash	0.00%
Domestic equities	17.00%
International equities	11.00%
Bonds	8.00%
Private equity	5.00%
REITs	9.00%
Global asset allocation	25.00%
Risk parity	25.00%

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 7.0 percent, as well as what the City’s net OPEB 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Total OPEB liability	\$ 4,374,130	\$ 3,702,441	\$ 3,180,947
Net position restricted for OPEB	3,955,799	3,955,799	3,955,799
Net OPEB liability (asset)	<u>\$ 418,331</u>	<u>\$ (253,358)</u>	<u>\$ (774,852)</u>

(k) OPEB Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is not available in the separately issued financial report. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the plan’s fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Closed Death Benefit Plan

Plan Description

The Closed Death Benefit Plan is a prefunded single-employer defined benefit plan administered by the employee benefit board of trustees and is accounted for in the Employee Death Benefits Fund. The Closed Death Benefit 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 Closed Death Benefit Plan. Management of the Closed Death Benefit Plan is vested with the employee benefit board of trustees.

June 30, 2018

Note 9 - Other Postemployment Benefit Plan (Continued)*Benefits Provided*

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. The Closed Death Benefit Plan covers those retirees who retired on or before December 31, 2014.

Contributions

The City of Detroit, Michigan allocated \$30,423,997 to the Closed Death Benefit Plan as of December 31, 2014 to fully fund the plan. There are no required additional contributions.

Total OPEB Liability

The Closed Death Benefit Plan will provide future benefits only to the extent that plan assets are available to pay them. After the contribution in 2014, no further employer contributions will be made to the Plan. As such, the total OPEB liability as of June 30, 2018 is equal to the plan net position of \$21,402,497.

The majority of net position of the Closed Death Benefit Plan is in investments. Valuation of these investments is at current market value.

Other Retiree Healthcare Plans*Description*

The City provides retiree healthcare benefits to eligible retirees, spouses, and dependents through four plans: the General Retiree Health Care Trust, the Police and Fire Retiree Health Care Trust, the Post-2014 Non-Safety Employee Retiree Health Care Trust, and the Coalition of Public Safety Employees' Health Care Trust. All four trusts are established as governmental voluntary employee beneficiary associations (VEBAs) pursuant to Section 501(c)(9) of the Internal Revenue Code of 1986, as amended, and all four are governed by a separate board of trustees responsible for administering benefits.

Plan Provisions

Benefits provisions and contribution requirements for the General Retiree Health Care Trust and the Police and Fire Retiree Health Care Trust were established under the Plan of Adjustment. These trusts provide retiree health care to retirees who retired prior to December 31, 2014. The trusts were distributed proceeds from the City's financial recovery bonds. These bonds represent the entire funding responsibility of the City. City contributions of \$43,750 to each trust will continue to be made annually until 2034 under a grant agreement with the Foundation for Detroit's Future. Required member contributions are based on the benefit plans selected. Retiree contributions during the most recent plan year ended December 31, 2017 were \$5,086,639 and \$4,807,713 for general retiree and police and fire retiree healthcare trust, respectively.

Benefits provisions and contribution requirements for the Post-2014 Non-Safety Employee Retiree Health Care Trust and the Coalition of Public Safety Employees' Health Care Trust (C.O.P.S. Trust), two defined contribution plans, were established under collective bargaining agreements with the City and its unions. The Post-2014 Non-Safety Employee Retiree Health Care Trust Fund established health reimbursement arrangements (HRA) accounts for City of Detroit, Michigan nonsafety employee retirees who retired on or after January 1, 2015 on a service retirement. The C.O.P.S. trust is a nonprofit statewide Health and Welfare Fund established by the Michigan Association of Police Organizations in 1994 with the City of Detroit, Michigan as a member organization.

June 30, 2018

Note 9 - Other Postemployment Benefit Plan (Continued)

The City is required to contribute 2 percent of base pay of eligible employees to the Post-2014 Non-Safety Employee Retiree Health Care Trust. The City is required to contribute 1 percent of base pay of eligible employees to the Coalition of Public Safety Employees' Health Care Trust. Members are required to contribute 0 percent of base pay. For the fiscal year ended June 30, 2018, the City contributed a combined \$4,978,217. There were no member contributions for the fiscal year ended June 30, 2018.

Note 10 - 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 is 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 nonenterprise 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 (the "Library"), a discretely presented component unit, reimburses the City for all costs incurred related to workers' compensation. The Library records the liability in its financial statements.

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

June 30, 2018

Note 10 - Risk Management (Continued)

Changes in the reported liabilities for workers' compensation, legal, disability benefits, and vehicular liabilities for the years ended June 30, 2018 and 2017 are as follows:

	Governmental Activities		Business-type Activities	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Balance at beginning of year	\$ 100,204,729	\$ 114,345,511	\$ 23,230,084	\$ 5,495,149
Current year claims and changes				
in estimates	34,463,901	37,098,165	6,668,759	19,378,792
Claims payments	(10,104,775)	(51,238,947)	(6,219,043)	(1,643,857)
Balance at end of year	<u>\$ 124,563,855</u>	<u>\$ 100,204,729</u>	<u>\$ 23,679,800</u>	<u>\$ 23,230,084</u>

Changes in the accrued liabilities for health and dental claims for the years ended June 30, 2018 and 2017 are as follows:

	Governmental Activities		Business-type Activities	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Balance at beginning of year	\$ 4,084,845	\$ 5,525,786	\$ (1,597,570)	\$ (1,191,150)
Current year claims and changes				
in estimates	56,470,244	55,420,416	12,485,360	15,631,399
Claims payments	(56,852,925)	(56,861,357)	(10,069,255)	(16,037,819)
Balance at end of year	<u>\$ 3,702,164</u>	<u>\$ 4,084,845</u>	<u>\$ 818,535</u>	<u>\$ (1,597,570)</u>

The General Fund reported committed fund balance of \$20 million and assigned fund balance of approximately \$47 million at June 30, 2018 for the purpose of funding future claim liabilities.

Note 11 - 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, 2018 is a product of this analysis. The City used a third-party actuary to perform a workers' compensation reserve analysis (estimated loss reserve) at June 30, 2018. The actuary used a general approach that relied upon actual loss development patterns for the City of Detroit, Michigan to the extent they are available, and the estimated loss reserve 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 \$124 million for the primary government as of June 30, 2018 (see Note 10).

Note 11 - Commitments and Contingencies (Continued)

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, 2018 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, 2018. 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, 2018, future Block Grant funds of \$49,567,000 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, Detroit Land Bank Authority, and Transportation Fund have received varying levels of subsidy from the General Fund to fund operating requirements.

In accordance with GASB Statement No. 49, the City has recorded a liability for known pollution remediation obligations. The City may have additional obligations related to the decommissioning of certain public lighting assets, but an assessment to determine if an obligation exists or the amount of the potential obligation has not been performed.

Construction and Other Contractual Commitments

The City has active construction projects and other commitments at year end. Construction to date and remaining commitments at June 30, 2018 were as follows:

	Spent as of June 30, 2018	Remaining
Recreation and culture	\$ 6,823,695	\$ 796,512
Public protection	25,364,132	24,890,643
Municipal facilities	546,122	4,453,878
Municipal services	3,567,208	2,762,495
Development and management	199,855	3,141,659
Transportation facilities	469,180	2,074,157
Total	<u>\$ 36,970,192</u>	<u>\$ 38,119,344</u>

June 30, 2018

Note 11 - Commitments and Contingencies (Continued)

The Sewage Disposal Fund is engaged in a variety of projects that are a part of its five-year Capital Improvement Program (the "Sewage Program"). The total cost of the Sewage Program is anticipated to be approximately \$240 million through fiscal year 2022. 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, 2018 was approximately \$133 million.

The Water Fund is engaged in a variety of projects that are a part of its five-year Capital Improvement Program (the "Water Program"). The total cost of the Water Program is anticipated to be approximately \$290 million through fiscal year 2022. 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, 2018 was approximately \$80 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>
2019	\$ 10,827,365
2020	2,749,854
2021	1,218,971
2022	<u>871,668</u>
Total minimum payments	<u>\$ 15,667,858</u>

Rental expense for all operating leases approximated \$20.7 million for the year ended June 30, 2018.

In addition to the operating leases disclosed in the schedule of minimum annual rental payments, the City is a party to lease with the Detroit-Wayne Joint Building Authority. Pursuant to the lease, the City's annual rent obligations are based on the percentage of space allocated between the City of Detroit, Michigan and County of Wayne, Michigan. Due to fluctuations in space allocation and operating costs year-over-year, future annual rental payments cannot be readily determined. Instead, the City approves its annual rent obligation as part of the fiscal year operating budget. Rental expense for this lease approximated \$7.0 million for the year ended June 30, 2018.

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, but provided for an earlier termination based on 60 days' notice. On December 1, 2017, Olympia notified the City that it was terminating the lease, effective 60 days from the date of the notice. The termination of the lease was caused by the opening of Little Caesars Arena and the relocation of all of the Detroit Red Wings operations to the new arena.

Note 12 - 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.

June 30, 2018

Note 12 - Bankruptcy (Continued)

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 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 GRS and PFRS 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 via the following link:

<http://www.kccllc.net/detroit/document/1353846141022000000000007>

Bankruptcy Appeals

A number of parties filed appeals of the Confirmation Order. All of these appeals have been dismissed or otherwise resolved in favor of the City. 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 on February 9, 2017, was denied by the Supreme Court on April 17, 2017. The other petition, filed on April 14, 2017, was denied by the Supreme Court on June 19, 2017.

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 latest actuarial valuation as of June 30, 2016, the anticipated General Fund contributions starting in FY 2024 are projected to be \$150 million.

Note 12 - Bankruptcy (Continued)

Effective August 11, 2017, the City established the City of Detroit Retiree Protection Fund (the “RPF”) to set aside additional funds, in trust, for future deposit, beginning in FY 2024, to the frozen GRS and PFRS pension plans to increase the City’s capacity to meet required annual pension contributions that resume in FY 2024. The City made an initial deposit of \$105 million (\$90 million from amounts reserved in FY 2016 and FY 2017 plus \$15 million appropriated in FY 2018) to the RPF in September 2017. The FY 2019-2022 Four-Year Financial Plan includes an additional \$170 million for deposit to the RPF from FY 2019 to FY 2022, and the City’s funding strategy contemplates another \$60 million in FY 2023. Once all monies in the RPF have been disbursed, the RPF will be terminated.

The table below details the actual FY 2018 contributions and anticipated pension contributions to the GRS and PFRS from December 10, 2014 through June 30, 2023 in accordance with the Plan adjustment.

Source of Pension Contributions	Required or Paid FY 2018	Anticipated Contributions per POA Through June 30, 2023	Beneficiary
General Retirement System:			
GLWADWSD	\$ 45,400,000	\$ 428,500,000	GRS
DIA	375,000	45,000,000	GRS
General Fund	20,000,000	92,100,000	GRS
Library	2,500,000	22,500,000	GRS
Stub UTGO Bond	-	31,700,000	GRS
State of Michigan	-	98,800,000	GRS
Total GRS Contributions	<u>\$ 68,275,000</u>	<u>\$ 718,600,000</u>	
Police and Fire Retirement System:			
Foundation for Detroit's Future	\$ 18,300,000	\$ 164,700,000	PFRS
DIA	-	45,000,000	PFRS
State of Michigan	-	96,000,000	PFRS
Total PFRS Contributions	<u>\$ 18,300,000</u>	<u>\$ 305,700,000</u>	

The net pension liability for both retirement systems decreased by \$1,287,722,963 (\$731,824,895 for GRS and \$555,898,068 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 the counties of Wayne, Oakland, and Macomb, Michigan (the “Counties”) and the governor of the State, establishing a framework for the creation of a regional water and sewer authority.

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.

Note 12 - Bankruptcy (Continued)

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”). GLWA operates the Regional Systems, and all revenue of the systems is paid to GLWA by virtue of the assignment described above.

On December 15, 2015, effective as of the date the Leases became effective (January 1, 2016), the federal court, in *United States of America vs. City of Detroit, et al.*, Case No. 77-71100, entered an order (the “December 15, 2015 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. Furthermore, the court approved the transactions and arrangements contemplated by the Leases.

The Leases assign all DWSD bonds and all capital assets used to provide services to the suburban customers to GLWA. 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. The initial lease term is 40 years. 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.

Special Item - Bifurcation

On January 1, 2016, the City of Detroit, Michigan effectuated a lease agreement with the Great Lakes Water Authority for the regional water system for the term of 40 years, to be extended automatically to coincide with the final maturity of any bonds issued to finance improvements to the regional or local water systems. The service agreement and a corresponding lease of the regional water and sewer system collectively provide for an annual lease payment of \$50 million (of which \$22,500,000 is currently allocated to the Water Fund and \$27,500,000 is currently allocated to the Sewage Disposal Fund) in exchange for a leasehold interest in the water and sewer system’s water treatment plants, wastewater treatment plant, certain public sewers, wastewater interceptors, transmission lines, and certain other assets, including cash and investments held by the Sewage Disposal Fund as of December 31, 2015, assignment of all revenue of the regional and local water systems, and the assumption of all DWSD bonded debt and certain liabilities.

The Department has continued to negotiate some of the final issues concerning the bifurcation, and a final agreement was executed during 2018. Certain estimates from prior years were adjusted as a result of the final agreement, including pre-effective date liabilities and related cash balances, and the portion of the debt assumed by GLWA that was utilized for local system improvements, whose debt will continue to be funded by DWSD. As a result of the negotiations, DWSD has recognized gains (losses) from the bifurcation in the current year and prior two years as follows:

	Water Fund	Sewage Disposal Fund	Total
June 30, 2016	\$ 776,532,736	\$ 808,913,176	\$ 1,585,445,912
June 30, 2017	(85,895,242)	(72,059,278)	(157,954,520)
June 30, 2018	35,482,690	66,377,234	101,859,924
Cumulative total gain on bifurcation	<u>\$ 726,120,184</u>	<u>\$ 803,231,132</u>	<u>\$ 1,529,351,316</u>

June 30, 2018

Note 12 - Bankruptcy (Continued)*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) GLWA 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, and as provided in the December 15, 2015 Order, 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.

Lease Payments

Part of the consideration for the Leases is an allocation of \$50 million per year (the "Lease Payment") (initially \$27.5 million for the Sewer Lease and \$22.5 million 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 follow the 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 are not treated as a GLWA operation and maintenance expense and may be applied by the City, 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 the GLWA and are secured by the net revenue (as defined in the Master Bond Ordinances) of the systems. The DWSD has reported the consideration receivable at its net present value, using a discount rate of 3.7 percent. It has reported the allocation of all assets and liabilities based on management's best estimates available as of the opinion date of these financial statements.

As a result of the Leases, DWSD reports activity only related to city retail customers.

The Syncora Settlement

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

The City and Grand Circus Holdings, LLC, an affiliate of Pike Pointe Holdings, have negotiated and executed long-term master lease for the Grand Circus Park Garage upon terms consistent with the Option Agreement. Representatives of Syncora have presented to the Planning and Development Department (PDD) and the Detroit Economic Development Corporation (EDC) an initial master plan and marketing booklet for contiguous parcels at Atwater and Rivard streets. See Note 14 for subsequent events related to Grand Circus Park.

The FGIC/COP Settlement

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

June 30, 2018

Note 12 - Bankruptcy (Continued)

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 EDC with an initial development proposal. PDD and the Downtown Development Authority (DDA) led a planning engagement with FGIC and adjacent property owners to look at options for a more integrated development plan for the Near West Riverfront. The FGIC Development Agreement, allowed FGIC a two-year extension under existing condition. FDIC sued for a two-year extension and the parties settled on a one and a half-year extension.

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 Commission for the City before it takes effect. The Commission approved the City's Financial Plan for fiscal years 2018-2021 on April 17, 2017.

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.

On April 30, 2018, the City of Detroit, Michigan exited active state financial oversight, achieving full self-governance for the first time in four decades. The State Financial Review Commission (the "Commission"), which was created in late 2014 to oversee Detroit's finances as it emerged from bankruptcy, voted unanimously to end active oversight after the City delivered its third consecutive audited balanced budget. During its three years of active oversight, the Commission had final decision making power on all city budgets, collective bargaining agreements, and contracts larger than \$750,000.

Note 12 - Bankruptcy (Continued)

The FRC will continue to exist for a 10-year term, although it will play no active role in the City of Detroit, Michigan’s operations. The City will be required to submit monthly financial reports and will also submit its adopted budget and 4-Year Financial Plan each year. So long as the City continues to balance its budgets and meet other basic fiscal requirements, the FRC will stay inactive for the rest of its existence.

Note 13 - Tax Abatements

The City of Detroit, Michigan enters into various agreements with taxpayers to promote economic development or social welfare within the City. Below is a summary of those programs and the estimated amount of taxes abated during the most recent year:

Program Description	Legislation	Performance by Taxpayer	General Taxes Abated	Detroit Debt Service Taxes Abated	Total Taxes Abated
Brownfield Redevelopment Act (BRA) provides a local governmental unit ways to enhance local economic development capacities and market difficult sites based on private investment incentives. Taxpayers are reimbursed eligible costs related to environmental cleanup. Reimbursement amount is limited to the properties collected on related property in any given year.	Act 381 of 1996	Cleanup of environmental issues at old industrial sites.	\$ 1,118,136	\$ -	\$ 1,118,136
Industrial Facilities Tax (IFT) provides a tax incentive to manufacturers for renovation and expansion of aging facilities, building of new facilities, and the establishment of high-tech facilities. Exemptions allow businesses to be taxed at 50 percent of the usual property tax rates (for rehabilitation properties, the taxable value is instead frozen at the previous level and full tax rates are applied).	Act 198 of 1974	(Re)development of facility and creation of jobs.	349,873	256,944	606,817
Commercial Rehabilitation Act (CRA) provides a tax incentive for the rehabilitation of vacant/aging commercial property for the primary purpose and use as a commercial business or multifamily residential facility. Exemptions are approved for a term of 1-10 years by the LGU. Property taxes are based on the taxable value frozen in the year prior to rehabilitation for the duration.	Act 210 of 2005	Rehabilitation of qualified facility.	1,092,226	451,732	1,543,958
Commercial Redevelopment Act (CFT) encourages the replacement, restoration, and new construction of real commercial property. Exemptions are approved for a term of 1-12 years by the LGU. Restoration property taxes are based on the taxable value frozen in the year prior to rehabilitation for the duration.	Act 255 of 1978	Redevelopment of commercial property.	4,866	2,010	6,876
Renaissance Zone Act (RZ) provides tax incentives to individuals and businesses to encourage economic stability and development within designated urban areas. Properties are exempt from city income and utility users tax, most city and county property taxes (except debt), and state income tax or single business tax.	Act 376 of 1996	To qualify, taxpayer must not be delinquent in any state or local taxes abated by Ren Zone law, and file annual MI and City Income Tax returns.	6,806,646	33,562	6,840,208
Obsolete Property Rehabilitation Act (OPRA) provides tax incentives to encourage redevelopment of obsolete/blighted buildings. Property taxes are based on the taxable value frozen in the year prior to redevelopment for the duration. (State treasurer can exempt one-half of the school millage for up to six years on 25 projects per year.)	Act 146 of 2000	Redevelopment of obsolete and blighted buildings.	883,712	367,882	1,251,594
Neighborhood Enterprise Zone (NEZ) provides for development and rehabilitation of residential housing located within eligible distressed communities. Exemptions are generally approved for a term of 6-15 years by the LGU. Calculation of NEZ special tax depends on the type of facility and date of issuance of the certificate.	Act 147 of 1992	Financial investment in property.	3,642,083	929,850	4,571,933

Note 13 - Tax Abatements (Continued)

Program Description	Legislation	Performance by Taxpayer	General Taxes Abated	Detroit Debt Service Taxes Abated	Total Taxes Abated
Land Bank Fast Track Act (LB) enables land banks to acquire, manage, maintain, and repurpose vacant, abandoned, and foreclosed properties. Land banks in Michigan are allowed to receive 50 percent of the specific tax generated on all properties sold by the land bank for five years after the transfer of the property.	Act 258 - 263 of 2003	Improvement of property to receive a portion of specific taxes paid.	\$ 221,543	\$ 91,742	\$ 313,285
Eligible Manufacturing Personal Property (EMPP) if used at least 50 percent of the time in industrial processing or direct integrated support of industrial processing is exempt based on the 2016-2023 phase out table.	Act 328 of 1998	Meet the 50 percent threshold and submit a one-time exemption affidavit with the Assessor by February 10 in the year the property is first exempt based on the phase out table.	7,770,131	3,353,138	11,123,269
Senior Citizen/Disabled Family Housing exemption applies to HUD Section 202, 235 and 811 approved nonprofit or limited dividend housing facilities with at least eight units. Program allows municipalities to be reimbursed by the MI Dept of Treasury for property taxes lost due to the exemption of eligible senior citizen/disabled family housing facilities (except school operating, hold harmless, SET, admin fees, special assessments, penalty/interest fees, other fee related charges, or utility charges).	Act 78 of 2016 (formerly Act 66 of 2012)	Provide and manage senior citizen and disabled family housing. Responsible for payment of assessments, fees and charges not paid by MI Dept of Treasury.	79,824	73,655	153,479
The Michigan State Housing Development Authority (MSHDA) enhances economic and community vitality through housing and historic preservation activities. MSHDA provides direct lending to low-income housing projects with PILOT-based tax abatements. Housing projects pay an annual service charge (equal to a percentage of Annual Shelter Rents or Contract Rents actually collected by the housing project during the operating year) in lieu of property taxes.	Act 346 of 1966	Provide and manage low income housing facilities.	7,935,864	3,278,913	11,214,777
Totals			<u>\$ 29,904,904</u>	<u>\$ 8,839,428</u>	<u>\$ 38,744,332</u>

The programs do not include provisions to recapture taxes for nonperformance. However, the Industrial Facilities Tax abatement program may be eliminated if taxes are not paid timely.

There are no significant abatements made by other governments that reduce the City's tax revenue.

Note 14 - Subsequent Events

(a) Debt Issuance

On December 10, 2018, the City issued its \$135,000,000 Unlimited Tax General Obligation Bonds, Series 2018 (the "2018 UTGO Bonds") for the purpose of financing the cost of certain capital projects of the City and paying costs of issuance associated with the 2018 UTGO Bonds. The 2018 UTGO Bonds are secured by a pledge of the full faith and credit of the City. The 2018 UTGO Bonds are tax exempt and mature on April 1, 2038.

On December 13, 2018, the City issued its \$175,985,000 Distributable State Aid Fifth Lien Financial Recovery Refunding Bonds (Limited Tax General Obligation) Series 2018 Bonds (the "2018 DSA Bonds") to the Michigan Finance Authority for the purpose of purchasing a portion of its Financial Recovery Bonds, Series 2014B(1) and its Financial Recovery Bonds, Series 2014B(2) (together, the "Financial Recovery Bonds, Series 2014B") and paying the costs of issuance associated with the 2018 DSA Bonds. The 2018 DSA Bonds are secured by a pledge of the City's Distributable State Aid on a statutory fifth lien priority basis and a pledge of the limited tax full faith and credit of the City.

June 30, 2018

Note 14 - Subsequent Events (Continued)

On December 13, 2018, the City purchased and canceled, at a discount from par, \$197,652,356 of its Financial Recovery Bonds, Series 2014B (specifically \$192,227,454 of Financial Recovery Bonds, Series 2014B(1) at a purchase price of \$87 per \$100 in principal amount and \$5,424,902 of Financial Recovery Bonds, Series 2014B(2) at a purchase price of \$85 per \$100 in principal amount), which had been tendered pursuant to the City's December 5, 2018 acceptance of offers.

On December 13, 2018, the City deposited into escrow funds to redeem \$3,075,000 of its Financial Recovery Income Tax Revenue and Refunding Bonds, Series 2014-B. The redemption is scheduled to occur on January 22, 2019.

The above debt issuances were completed by the City in order to reduce the gross debt service for the fiscal years 2025-2030 by approximately \$155 million. Debt service beginning in fiscal year 2025 would have increased by approximately \$31 million per year through fiscal year 2030. In addition to the reduced debt service, the City will also save approximately \$10 million as a result of these issuances.

(b) Progress on Resolution of Unsecured Bankruptcy Claims

After confirmation of the Financial Plan, the City began working on resolving the approximately 3,845 filed proofs of claim in the Bankruptcy Case. 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.

The City has resolved approximately 3,300 of the approximately 3,845 proofs of claim. The City believes that all claimants holding potentially unresolved proofs of claim have been served with stay modification notices. These stay modification notices require the claimant to promptly liquidate the claim in an appropriate forum. These notices have prompted the reopening of many lawsuits that were administratively closed during the bankruptcy; however, some remaining claimants and/or their attorneys have not taken the appropriate steps yet to pursue these claims.

The City has been and is currently negotiating with several significant claimants with complex prepetition claims, including the State of Michigan, in an effort to resolve claims without the necessity of litigation. The majority of the nonlitigation unsecured claims have been resolved, however, including many of the largest. For example, certain unions filed claims against the City asserting a face value of nearly \$9 billion in unsecured prepetition 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.

On May 11, 2018, the City filed its sixth motion for an extension of the claims objection bar date, and the Court entered an order extending the bar date through and including December 7, 2018. Subsequent to year end, the Court extended the bar date through and including June 7, 2019.

(c) Grand Circus Parking Garage Lease

In July 2018, the City of Detroit, Michigan entered into a 30-year long-term lease (lease agreement) of the Grand Circus Parking Garage (the "Circus Garage"). Such lease agreement is directly attributable to an Option Agreement dated December 10, 2014, between the City and Pike Pointe Holdings, LLC (Pike Pointe).

Pike Pointe (or any designated Affiliate or Grand Circus Holdings, LLC (the "Lessee")) is owned in its entirety by Syncora Capital Assurance Inc. and Syncora Guarantee Inc. (collectively, Syncora). Syncora, a creditor and party to the City's Bankruptcy Plan of Adjustment, must have maintained its direct or indirect beneficial owner interest in its affiliates through the execution of the option agreement. Syncora and its affiliates were granted the opportunity to develop and operate the Circus Garage, as result of the \$82.6 million Syncora bankruptcy settlement.

June 30, 2018

Note 14 - Subsequent Events (Continued)

During the term of the lease agreement and upon its termination, the City will maintain ownership of the Circus Garage. The Lessee is obligated to operate and maintain the Circus Garage during the lease term at its sole cost and expense and has the right to collect all parking revenue derived from the Circus Garage. In addition to responsibility for operating the Circus Garage, the Lessee shall be responsible, at its sole cost and expense, for all necessary capital expenditures to the Circus Garage.

Rent to the City will be calculated as 25 percent of "Free Cash Flow." Free cash flow is defined as revenue collected from the Circus Garage minus operating expenses, minus initial capital expenditures up to \$13.5 million during the first five years of the lease term, and minus a return of 140 percent on its initial capital expenditures. Accordingly, the Lessee shall be entitled to all free cash flows until a maximum of up to approximately \$18.9 million of free cash flows are received. Subsequent to that point, the City will begin to receive 25 percent of future free cash flows.

(d) Downtown Development Authority

On December 13, 2018, the DDA issued \$287,425,000 Tax Increment Revenue Refunding Bonds Series 2018A Bonds and \$24,105,000 Subordinate General Tax Increment Revenue Refunding Bonds Series 2018B Bonds for the purpose of refunding its Series 2014A Bonds, Series 2017 Bonds, and Series 1998 Bonds and paying the costs of issuance associated with the Series 2018 Bonds.

Required Supplementary Information

COMPARISON - GENERAL FUND BUDGET TO ACTUAL

June 30, 2018

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

Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenue				
Taxes, assessments, interest, and penalties:				
Property taxes	\$ 124,000,000	\$ 124,000,000	\$ 119,137,004	\$ (4,862,996)
Municipal income tax	283,250,000	283,250,000	310,205,258	26,955,258
Utility users' tax	35,000,000	35,000,000	28,700,113	(6,299,887)
Wagering taxes	177,780,000	177,780,000	178,982,277	1,202,277
Other taxes and assessments	6,469,000	6,469,000	3,395,606	(3,073,394)
Interest and penalties on taxes	4,414,000	4,414,000	3,144,262	(1,269,738)
Total taxes, assessments, interest, and penalties	630,913,000	630,913,000	643,564,520	12,651,520
Licenses, permits, and inspection charges:				
Business licenses	2,446,000	2,446,000	1,828,226	(617,774)
Permits	1,535,000	1,535,000	5,088,884	3,553,884
Inspection charges	6,132,432	7,661,432	6,361,050	(1,300,382)
Other licenses	30,000	30,000	-	(30,000)
Total licenses, permits, and inspection charges	10,143,432	11,672,432	13,278,160	1,605,728
Intergovernmental:				
Federal	150,000	150,000	2,810,496	2,660,496
State:				
State-shared revenue	196,140,452	196,140,452	199,899,929	3,759,477
State returnable liquor license fees	604,206	604,206	-	(604,206)
Other state-sourced revenue	70,000	616,000	1,133,572	517,572
Total intergovernmental	196,964,658	197,510,658	203,843,997	6,333,339
Sales and charges for services:				
Maintenance and construction	-	-	1,842,239	1,842,239
Electrical	-	-	10,102	10,102
Recreation fees	684,500	684,500	67,820	(616,680)
Collection fees	4,544,000	4,544,000	4,148,800	(395,200)
Other fees	45,229,382	45,229,382	44,477,176	(752,206)
Personal services	31,835,191	31,835,191	19,340,990	(12,494,201)
Other departmental sales	23,513,655	23,542,355	3,084,937	(20,457,418)
Total sales and charges for services	105,806,728	105,835,428	72,972,064	(32,863,364)
Ordinance fines and forfeitures	20,500,000	20,500,000	21,197,252	697,252
Revenue from use of assets:				
Investment earnings	1,900,000	13,905,048	15,316,209	1,411,161
Real estate rentals	1,353,000	1,378,000	1,084,172	(293,828)
Concessions	15,000	15,000	18,900	3,900
Sale of real property	4,818,309	4,818,309	-	(4,818,309)
Total revenue from use of assets	8,086,309	20,116,357	16,419,281	(3,697,076)
DIA and foundation revenue	-	-	6,669,952	6,669,952
Other revenue	74,653,278	146,797,787	28,053,843	(118,743,944)
Total revenue	1,047,067,405	1,133,345,662	1,005,999,069	(127,346,593)

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

Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Expenditures				
Public protection:				
Construction code	\$ 1,369,179	\$ 1,369,179	\$ 956,494	\$ 412,685
Fire	131,639,964	141,431,423	110,368,922	31,062,501
Human rights	1,400,079	1,400,079	990,700	409,379
Ombudsperson	891,403	891,403	819,061	72,342
Parking enforcement	6,547,916	6,547,916	4,709,331	1,838,585
Police	302,006,053	307,169,460	286,837,003	20,332,457
Office of the Inspector General	1,237,608	1,237,608	1,062,950	174,658
36th District Court	35,109,776	33,922,776	29,831,295	4,091,481
Total public protection	480,201,978	493,969,844	435,575,756	58,394,088
Department of Health	7,930,509	9,615,965	6,140,112	3,475,853
Recreation and culture	23,565,836	22,537,816	18,172,541	4,365,275
Economic development	-	-	500,000	(500,000)
Housing supply and conditions - Planning and development	15,919,773	17,088,639	12,317,557	4,771,082
Physical environment:				
Public lighting	21,461,262	21,461,262	3,216,518	18,244,744
Public works	1,955,278	1,955,278	1,933,159	22,119
Total physical environment	23,416,540	23,416,540	5,149,677	18,266,863
Development and management:				
Auditor general	3,416,577	3,416,577	3,337,310	79,267
City clerk	2,188,001	2,188,001	2,100,773	87,228
City Council	10,556,076	9,913,027	9,307,164	605,863
Elections	8,899,537	9,114,522	8,009,906	1,104,616
Finance	56,954,460	60,691,630	34,114,983	26,576,647
General services	70,156,475	72,820,509	62,450,277	10,370,232
Law	15,678,247	15,679,159	15,520,791	158,368
Mayor's office	9,347,256	9,347,256	7,884,863	1,462,393
Human resources	14,021,517	14,719,809	9,935,625	4,784,184
Information technology services	31,568,420	29,515,451	21,971,884	7,543,567
Board of zoning appeals	603,406	603,406	523,992	79,414
Administrative hearings	966,622	1,146,222	815,575	330,647
Nondepartmental	189,015,360	358,882,014	139,129,242	219,752,772
Total development and management	413,371,954	588,037,583	315,102,385	272,935,198
Capital outlay	29,085,024	37,838,089	49,284,512	(11,446,423)

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

Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Expenditures (Continued)				
Debt service:				
Principal	\$ 19,090,618	\$ 86,433,072	\$ 62,335,378	\$ 24,097,694
Interest on bonded debt	51,299,673	53,357,038	45,875,155	7,481,883
Bond issuance costs	30,500	630,291	136,000	494,291
Total debt service	70,420,791	140,420,401	108,346,533	32,073,868
Total expenditures	1,063,912,405	1,332,924,877	950,589,073	382,335,804
Excess of revenue (under) over expenditures	(16,845,000)	(199,579,215)	55,409,996	254,989,211
Other Financing Sources (Uses)				
Sources:				
Transfers in	27,345,000	66,568,184	26,268,117	(40,300,067)
Proceeds from sale of capital assets	-	-	3,158,285	3,158,285
Proceeds from bond and note issuance	-	5,684,724	-	(5,684,724)
Total other financing sources	27,345,000	72,252,908	29,426,402	(42,826,506)
Uses - Transfers out	(10,500,000)	(10,500,000)	(66,444,965)	(55,944,965)
Total other financing sources (uses)	16,845,000	61,752,908	(37,018,563)	(98,771,471)
Net Change in Fund Balance	-	(137,826,307)	18,391,433	156,217,740
Fund Balance - Beginning of year	592,792,528	592,792,528	592,792,528	-
Fund Balance - End of year	\$ 592,792,528	\$ 454,966,221	\$ 611,183,961	\$ 156,217,740

Note: The final budget column includes carryforward of appropriations from prior years.

Required Supplementary Information

SCHEDULES OF EMPLOYER CONTRIBUTIONS AND SCHEDULE OF CHANGES IN NET PENSION/OPEB LIABILITY

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

Years Ended June 30

	GRS Component II				PFRS Component II			
	Measurement Year				Measurement Year			
	2017	2016	2015	2014	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ -	\$ -	\$ -	\$ 32,736,019	\$ -	\$ -	\$ -	\$ 34,967,708
Interest	201,919,235	214,011,164	263,007,329	242,611,073	261,449,503	264,233,822	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	(27,508,380)	(43,719,112)	24,644,531	-	(10,648,606)	45,955,554	(59,621,651)	-
Changes in assumptions	76,925,957	90,034,927	(101,559,893)	(271,190,194)	(4,082,068)	114,463,361	(95,014,469)	540,356,835
Benefit payments, including refunds	(266,900,539)	(292,282,179)	(297,538,990)	(397,733,807)	(306,098,871)	(304,467,163)	(313,816,916)	(323,540,473)
Net Change in Total Pension Liability	(15,563,727)	(31,955,200)	(843,271,918)	(506,888,480)	(59,380,042)	120,185,574	(718,287,773)	454,284,561
Total Pension Liability - Beginning of year	2,926,421,953	2,958,377,153	3,801,649,071	4,308,537,551	3,809,685,846	3,689,500,272	4,407,788,045	3,953,503,484
Total Pension Liability - End of year	\$ 2,910,858,226	\$ 2,926,421,953	\$ 2,958,377,153	\$ 3,801,649,071	\$ 3,750,305,804	\$ 3,809,685,846	\$ 3,689,500,272	\$ 4,407,788,045
Plan Fiduciary Net Position								
Contributions - Employer	\$ 90,889,402	\$ 104,792,657	\$ 189,282,095	\$ 25,126,131	\$ 18,300,000	\$ 37,787,744	\$ 114,300,000	\$ -
Contributions - Employee	-	-	609,074	10,241,761	14,055	24,801	42,576	7,783,141
Net investment income (loss)	206,896,567	(12,450,547)	93,054,978	289,789,607	282,398,412	24,618,573	122,736,820	568,760,793
Administrative expenses	(6,021,837)	(3,742,618)	(7,556,822)	(11,237,767)	(4,433,657)	(3,103,689)	(7,630,692)	(11,373,226)
Benefit payments, including refunds	(266,900,539)	(292,282,179)	(297,538,990)	(397,733,807)	(306,098,871)	(304,467,163)	(313,816,916)	(323,540,473)
Transfers out	-	-	-	-	(20,000,000)	-	-	-
Other (includes ASF recoupment)	8,324,075	5,945,783	138,219,997	-	1,491,589	855,743	2,919,354	-
Net Change in Plan Fiduciary Net Position	33,187,668	(197,736,904)	116,070,332	(83,814,075)	(28,328,472)	(244,283,991)	(81,448,858)	241,630,235
Plan Fiduciary Net Position - Beginning of year	1,933,541,307	2,131,278,211	2,015,207,879	2,099,021,954	2,950,470,450	3,194,754,441	3,276,203,299	3,034,573,064
Plan Fiduciary Net Position - End of year	\$ 1,966,728,975	\$ 1,933,541,307	\$ 2,131,278,211	\$ 2,015,207,879	\$ 2,922,141,978	\$ 2,950,470,450	\$ 3,194,754,441	\$ 3,276,203,299
Net Pension Liability - Ending	\$ 944,129,251	\$ 992,880,646	\$ 827,098,942	\$ 1,786,441,192	\$ 828,163,826	\$ 859,215,396	\$ 494,745,831	\$ 1,131,584,746
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	67.57%	66.07%	72.04%	53.01%	77.92%	77.45%	86.59%	74.33%
Covered Payroll*	\$ 199,307,987	\$ 185,147,364	\$ 188,210,536	\$ 238,669,871	\$ 137,250,599	\$ 130,510,339	\$ 131,220,124	\$ 157,622,578
Plan's Net Pension Liability as a Percentage of Payroll	473.70%	536.27%	439.45%	748.50%	603.40%	658.35%	377.04%	717.91%

*Covered payroll excludes overtime and longevity pay, which was included as compensation for the purpose of determining employer contributions.

**Schedule will be built prospectively from GASB No. 68 adoption until 10 full years are presented.

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)*

Years Ended June 30

	GRS Component I			PFRS Component I		
	Measurement Year			Measurement Year		
	2017	2016	2015	2017	2016	2015
Total Pension Liability						
Service cost	\$ 18,417,037	\$ 18,302,706	\$ 19,318,576	\$ 25,414,182	\$ 24,068,808	\$ 24,835,814
Interest	4,084,391	2,495,896	695,469	4,474,574	2,743,066	894,089
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(4,667,487)	(1,263,760)	-	(10,708,737)	(4,077,124)	-
Changes in assumptions	2,780,462	2,111,451	(1,202,109)	(221,533)	2,424,058	(1,008,119)
Voluntary contributions	5,043,346	5,213,744	5,775,885	34,134	15,459	14,370
Benefit payments, including refunds	(2,134,809)	(2,287,214)	-	(223,826)	(101,251)	-
Net Change in Total Pension Liability	23,522,940	24,572,823	24,587,821	18,768,794	25,073,016	24,736,154
Total Pension Liability - Beginning of year	49,160,644	24,587,821	-	49,809,170	24,736,154	-
Total Pension Liability - End of year	\$ 72,683,584	\$ 49,160,644	\$ 24,587,821	\$ 68,577,964	\$ 49,809,170	\$ 24,736,154
Plan Fiduciary Net Position						
Contributions - Employer	\$ 9,484,992	\$ 9,048,831	\$ 8,811,368	\$ 16,448,246	\$ 15,831,763	\$ 14,606,971
Contributions - Employee	7,752,058	7,345,515	6,970,544	8,554,893	7,958,271	7,390,335
Net investment income (loss)	9,100,741	(76,608)	20,690	8,897,790	252,125	21,019
Benefit payments, including refunds	(2,134,809)	(2,287,214)	-	(223,826)	(101,251)	(19,554)
Administrative expenses	(2,639,392)	(3,094,197)	(1,481,590)	(2,648,040)	(3,000,369)	(685,677)
Voluntary contributions	5,043,346	5,213,744	5,775,885	34,134	15,459	14,370
Other (includes ASF recoupment)	61,834	6,586	-	20,009,060	301	-
Net Change in Plan Fiduciary Net Position	26,668,770	16,156,657	20,096,897	51,072,257	20,956,299	21,327,464
Plan Fiduciary Net Position - Beginning of year	36,253,554	20,096,897	-	42,283,763	21,327,464	-
Plan Fiduciary Net Position - End of year	\$ 62,922,324	\$ 36,253,554	\$ 20,096,897	\$ 93,356,020	\$ 42,283,763	\$ 21,327,464
Net Pension Liability (Asset) - Ending	\$ 9,761,260	\$ 12,907,090	\$ 4,490,924	\$ (24,778,056)	\$ 7,525,407	\$ 3,408,690
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.57%	73.75%	81.74%	136.13%	84.89%	86.22%
Covered Payroll	\$ 199,307,987	\$ 185,147,364	\$ 180,069,852	\$ 137,250,599	\$ 130,510,339	\$ 121,627,871
Plan's Net Pension Liability as a Percentage of Covered Payroll	4.90%	6.97%	2.49%	(18.05)%	5.77%	2.80%

*Schedule will be built prospectively from GASB No. 68 adoption until 10 full years are presented.

	Last Ten Fiscal Years Years Ended June 30									
GRS Component II	2018*	2017*	2016*	2015*	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ 72,643,307	\$ 62,297,432	\$ 64,065,214	\$ 55,138,044	\$ 37,338,960	\$ 41,395,719
Contributions in relation to actuarially determined contributions	-	-	-	-	25,126,131	26,515,782	64,065,214	55,138,044	37,338,960	41,395,719
Contributions Deficiency	\$ -	\$ -	\$ -	\$ -	\$ 47,517,176	\$ 35,781,650	\$ -	\$ -	\$ -	\$ -
Covered Payroll	N/A	N/A	N/A	N/A	\$ 238,669,871	\$ 213,291,083	\$ 257,992,240	\$ 303,379,482	\$ 334,343,506	\$ 357,072,833
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	10.5%	12.4%	24.8%	18.2%	11.1%	11.6%
PFRS Component II	2018*	2017*	2016*	2015*	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ 50,642,443	\$ 42,005,173	\$ 49,760,229	\$ 81,642,112	\$ 57,808,485	\$ 61,151,057
Contributions in relation to actuarially determined contributions	-	-	-	-	-	-	20,733,429	81,642,112	32,808,485	36,151,057
Contributions Deficiency	\$ -	\$ -	\$ -	\$ -	\$ 50,642,443	\$ 42,005,173	\$ 29,026,800	\$ -	\$ 25,000,000	\$ 25,000,000
Covered Payroll	N/A	N/A	N/A	N/A	\$ 157,622,578	\$ 186,694,166	\$ 205,800,278	\$ 220,461,691	\$ 228,829,999	\$ 231,795,528
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	0.0%	0.0%	10.1%	37.0%	14.3%	15.5%

*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 and, therefore, not subject to disclosure in accordance with GASB Statement No. 67 within this schedule.

Last Ten Fiscal Years
Years Ended June 30

GRS Component I	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>
Contractually determined contribution	\$ 14,673,644	\$ 9,484,992	\$ 9,048,831	\$ 8,811,369
Contributions in relation to actuarially determined contributions	<u>14,673,644</u>	<u>9,484,992</u>	<u>9,048,831</u>	<u>8,811,369</u>
Contributions Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A
PFRS Component I	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>
Contractually determined contribution	\$ 19,244,806	\$ 16,448,246	\$ 15,831,763	\$ 14,606,971
Contributions in relation to actuarially determined contributions	<u>19,244,806</u>	<u>16,448,246</u>	<u>15,831,763</u>	<u>14,606,971</u>
Contributions Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A

*There were no contributions to Component I prior to 2015, as it was effective starting July 1, 2014.

GRS Component II	Last Ten Fiscal Years Years Ended June 30				
	2018	2017	2016	2015	2014
Valuation date	See Note 1	See Note 1	See Note 1	See Note 1	June 30, 2012
Methods and assumptions used to determine contribution rates:					
Actuarial cost method					Entry Age
Amortization method					Level Percent
Remaining amortization period					30 years, Open
Asset valuation method					7-year Smoothed Market
Inflation					4.0%
Salary increases					4.0% - 8.9%
Investment rate of return					7.9%
Retirement age					Experience-based table of rates are specific to the type of eligibility condition
Mortality					110% of the RP-2000 Combined Table, set back zero years for males and two years for females
Other information					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 Years Ended June 30				
2013	2012	2011	2010	2009
June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007
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
7-year Smoothed Market	7-year Smoothed Market	5-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% - 8.9%	4.0% - 8.9%	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
110% of the RP-2000 Combined Table, set back zero years for males and two years for females	110% of the RP-2000 Combined Table, set back zero years for males and two years for females	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)

PFRS Component II	Last Ten Fiscal Years Years Ended June 30				
	2018	2017	2016	2015	2014
Valuation date	See Note 1	See Note 1	See Note 1	See Note 1	June 30, 2012
Methods and assumptions used to determine contribution rates:					
Actuarial cost method					Entry Age
Amortization method					Level Dollar, Closed
Remaining amortization period					29 years, Closed
Asset valuation method					7-year Smoothed Market
Inflation					0% for two years, 4.0% thereafter
Salary increases					5.0% - 9.2%
Investment rate of return					8.00%
Retirement age					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 two years for females
Other information					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 Years Ended June 30				
2013	2012	2011	2010	2009
June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007
Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Level Dollar, Closed	Level Percent	Level Percent	Level Percent	Level Percent
30 years, Closed	30 years, Closed	26 years, Closed	27 years, Closed	28 years, Closed
7-year Smoothed Market	7-year Smoothed Market	3-year Smoothed Market	3-year Smoothed Market	3-year Smoothed Market
0% for three years, 4.0% thereafter	4.0%	4.0%	4.0%	4.8%
5.0% - 9.2%	5.0% - 9.2%	5.0% - 9.2%	5.0% - 9.2%	5.8% - 10.8%
8.00%	8.00%	7.5%	7.5%	7.8%
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 two years for females	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 two years for females	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 two years for females	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 two years for females	Experience-based table of rates are specific to the type of eligibility condition 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

Below is the note to the pension required supplementary 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.

In fiscal year 2015, for GRS, benefits were reduced by 4.5 percent, and the cost of living adjustments were eliminated. For PFRS, the cost of living adjustments decreased to 1.0125 percent.

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, 2017 total pension liability was 7.17 percent for PFRS and 6.91 percent for GRS. The discount rate used to calculate the total pension liability as of June 30, 2016 was 7.15 percent for PFRS and 7.23 percent for GRS.

The discount rate used to calculate the June 30, 2016 total pension liability was 7.15 percent for PFRS and 7.23 percent for GRS. The discount rate used to calculate the total pension liability as of June 30, 2015 was 7.47 percent for PFRS and 7.61 percent for GRS.

For GRS, the amounts reported as changes of assumptions in 2014 resulted from adjustment of the discount rate from 5.88 to 7.2 percent, updating the mortality tables from RP-2000 Combined Table to RP-2014 Blue Collar Annuitant Table, and adjustments for longevity and unused sick leave were eliminated.

For PFRS, the amounts reported as changes in assumptions in 2014 resulted from adjustment of the discount rate from 8 to 7.2 percent and updating the mortality tables from RP-2000 Combined Table to RP-2014 Blue Collar Annuitant Table.

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

	Last Two Fiscal Years Years Ended June 30	
	2018	2017
Open Death Benefit Plan:		
Total OPEB Liability		
Service cost	\$ 114,919	\$ 103,457
Interest	223,231	215,053
Differences between expected and actual experience	325,148	-
Benefit payments, including refunds	(184,826)	(230,000)
Net Change in Total OPEB Liability	478,472	88,510
Total OPEB Liability - Beginning of year	3,223,969	3,135,459
Total OPEB Liability - End of year	\$ 3,702,441	\$ 3,223,969
Plan Fiduciary Net Position		
Contributions - Employer	\$ 107,627	\$ 88,709
Contributions - Employee	96,337	80,151
Net investment income	296,957	315,310
Benefit payments, including refunds	(184,826)	(230,000)
Administrative expenses	(32,001)	(61,755)
Other	(221,948)	-
Net Change in Plan Fiduciary Net Position	62,146	192,415
Plan Fiduciary Net Position - Beginning of year	3,893,653	3,701,238
Plan Fiduciary Net Position - End of year	\$ 3,955,799	\$ 3,893,653
Net OPEB Asset - Ending	\$ (253,358)	\$ (669,684)
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	106.84%	120.77%
Covered Employee Payroll	N/A	N/A
Plan's Net Pension OPEB as a Percentage of Covered Payroll	N/A	N/A

GASB Statement No. 74 was implemented for the fiscal year ended June 30, 2017 and does not require retrospective implementation. Data will be added as information is available until 10 years of such information is reported.

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

	Last Two Fiscal Years	
	Years Ended June 30	
	2018	2017
Closed Death Benefit Plan:		
Total OPEB Liability		
Net Change in Total OPEB Liability	\$ 38,822	\$ (15,035)
Total OPEB Liability - Beginning of year	<u>21,363,675</u>	<u>21,378,710</u>
Total OPEB Liability - End of year	<u>\$ 21,402,497</u>	<u>\$ 21,363,675</u>
Plan Fiduciary Net Position		
Retiree contribution	\$ 9,528	\$ -
Net investment income	1,416,686	1,996,352
Benefit payments - Net of employee contributions	(1,355,391)	(1,949,612)
Other	<u>(32,001)</u>	<u>(61,775)</u>
Net Change in Plan Fiduciary Net Position	38,822	(15,035)
Plan Fiduciary Net Position - Beginning of year	<u>21,363,675</u>	<u>21,378,710</u>
Plan Fiduciary Net Position - End of year	<u>\$ 21,402,497</u>	<u>\$ 21,363,675</u>
Net OPEB Liability - Ending	<u>\$ -</u>	<u>\$ -</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	100.00%	100.00%

	Last Two Fiscal Years Years Ended June 30	
	2018	2017
Open Death Benefit Plan:		
Actuarially determined contribution	\$ 93,797	\$ 104,659
Contributions in relation to actuarially determined contributions	107,627	88,709
Contributions (Excess) Deficiency	\$ (13,830)	\$ 15,950
Covered Employee Payroll	N/A	N/A
Contributions as a Percentage of Covered Employee Payroll	N/A	N/A

Schedule will be built prospectively from GASB Statement No. 74 adoption until 10 full years are presented.

Required Supplementary Information
Schedule of OPEB Actuarial Assumptions

Last Two Fiscal Years
Years Ended June 30

Open Death Benefit Plan:	2018	2017
Valuation date	6/30/2016	6/30/2016
Methods and assumptions used to determine contribution rates:		
Actuarial cost method	Entry Age Individual	Entry Age Individual
Amortization method	Level Dollar, Open	Level Dollar, Open
Remaining amortization period	30 years, Board policy	30 years, Board policy
Asset valuation method	3-year Smoothed Market, no corridor	3-year Smoothed Market, no corridor
Inflation	N/A	N/A
Investment rate of return	7.00%, including price inflation at 2.5 percent	7.00%, including price inflation at 2.5 percent
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
Mortality	<u>General, EMS, and DDOT:</u> 100% of the RP-2014 Blue Collar Annuitant Table set forward one year for males and females <u>Police and Fire:</u> 100% of the RP-2014 Blue Collar Annuitant table with no set forward	<u>General, EMS, and DDOT:</u> 100% of the RP-2014 Blue Collar Annuitant Table set forward one year for males and females <u>Police and Fire:</u> 100% of the RP-2014 Blue Collar Annuitant table with no set forward
Other information	There were no benefit changes during the year. The latest experience study was conducted as of June 30, 2013 and focused on rates of mortality. Rates of retirement were adjusted in connection with the changes made for the pension plans, reflecting the different eligibility conditions of the Hybrid plans and an estimate of which plan (Hybrid/Legacy) would control behavior for those members with benefits in both plans.	There were no benefit changes during the year. The latest experience study was conducted as of June 30, 2013 and focused on rates of mortality. Rates of retirement were adjusted in connection with the changes made for the pension plans, reflecting the different eligibility conditions of the Hybrid plans and an estimate of which plan (Hybrid/Legacy) would control behavior for those members with benefits in both plans.

Schedule will be built prospectively from GASB Statement No. 74 adoption until 10 full years are presented.

Other Supplementary Information

COMBINING NONMAJOR OTHER 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
Noncompliance Fees Fund	To account for all activity related to noncompliance fee collection and disbursement
Drug Law Enforcement Fund	To account for forfeited narcotics proceeds that are used for the enhancement of narcotics enforcement
General Grants Fund	To account for various activities financed by federal, state, and local grants
Bridging Neighborhoods Fund	To account for resources dedicated to the relocation of homeowners near the Gordie Howe International Bridge and the improvement of houses that may be affected by elevated truck traffic upon completion of the bridge
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 pickup and discard
Street Funds	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

June 30, 2018

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

Nonmajor Other Governmental Funds
Combining Balance Sheet

June 30, 2018

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Permanent Funds	Total
Assets					
Cash and cash equivalents	\$ 209,085,303	\$ -	\$ 40,447,310	\$ 1,065,294	\$ 250,597,907
Investments	6,381,590	-	-	847,979	7,229,569
Accounts and contracts receivable:					
Property taxes receivable	-	7,796,557	-	-	7,796,557
Special assessments	-	-	541,890	-	541,890
Loans receivable	172,826,013	-	-	-	172,826,013
Trade receivable	38,091,552	-	-	-	38,091,552
Total accounts and contracts receivable	210,917,565	7,796,557	541,890	-	219,256,012
Allowance for uncollectible accounts	(206,744,109)	(5,738,429)	(541,890)	-	(213,024,428)
Total accounts and contracts receivable - Net	4,173,456	2,058,128	-	-	6,231,584
Due from other funds	52,373,930	7,964,463	-	-	60,338,393
Due from other governmental agencies	34,394,485	-	8,906,245	-	43,300,730
Restricted cash and cash equivalents	7,027,209	40,367,857	11,000,611	-	58,395,677
Prepaid expenditures	139,781	-	-	-	139,781
Restricted assets - Investments	3,138,511	-	-	-	3,138,511
Total assets	\$ 316,714,265	\$ 50,390,448	\$ 60,354,166	\$ 1,913,273	\$ 429,372,152
Liabilities					
Accounts and contracts payable	\$ 41,991,865	\$ -	\$ 15,615,530	\$ -	\$ 57,607,395
Accrued liabilities	16,218	-	-	-	16,218
Accrued salaries and wages	933,061	-	-	-	933,061
Due to other funds	49,753,214	-	532,960	-	50,286,174
Due to other governmental agencies	11,859,394	1,275,819	3,551,792	-	16,687,005
Deposits from vendors and customers	2,819,361	-	-	-	2,819,361
Unearned revenue	3,033,526	-	-	-	3,033,526
Other liabilities	7,363,603	2,517,554	1,301,008	267,636	11,449,801
Total liabilities	117,770,242	3,793,373	21,001,290	267,636	142,832,541
Deferred Inflows of Resources - Unavailable revenue	15,313,224	2,058,128	-	-	17,371,352
Fund Balances					
Permanent fund principal - Nonexpendable	-	-	-	1,005,096	1,005,096
Restricted for:					
Highway and street improvements	71,291,773	-	-	-	71,291,773
Police	9,026,833	-	-	-	9,026,833
Endowments and trusts - Expendable	-	-	-	640,541	640,541
Capital acquisitions	-	-	8,426,872	-	8,426,872
Local business growth	478,084	-	-	-	478,084
Community and economic development	18,366,624	-	-	-	18,366,624
Rubbish collection and disposal	61,439,971	-	-	-	61,439,971
Construction code	19,580,707	-	-	-	19,580,707
Grants	13,450,767	-	-	-	13,450,767
Debt service	-	44,538,947	-	-	44,538,947
Committed - Job training	419,679	-	-	-	419,679
Assigned for - Capital acquisitions	-	-	30,926,004	-	30,926,004
Unassigned (deficit)	(10,423,639)	-	-	-	(10,423,639)
Total fund balances	183,630,799	44,538,947	39,352,876	1,645,637	269,168,259
Total liabilities, deferred inflows of resources, and fund balances	\$ 316,714,265	\$ 50,390,448	\$ 60,354,166	\$ 1,913,273	\$ 429,372,152

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

Year Ended June 30, 2018

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Permanent Funds	Total
Revenue					
Property taxes	\$ -	\$ 59,637,151	\$ -	\$ -	\$ 59,637,151
Gas and weight tax	79,606,333	-	-	-	79,606,333
Interest and penalties on taxes	-	99,467	-	-	99,467
Licenses, permits, and inspection charges	22,131,359	-	-	-	22,131,359
Intergovernmental:					
Federal	70,464,999	-	-	-	70,464,999
Other	17,285,083	-	-	-	17,285,083
Sales and charges for services	69,854,186	-	1,767,898	-	71,622,084
Ordinance fines and forfeitures	3,362,227	-	-	-	3,362,227
Revenue from use of assets	124,641	-	-	-	124,641
Investment earnings	194,261	292,165	53,665	-	540,091
Other revenue	5,550,612	3,184,193	6,252,106	5,470	14,992,381
Total revenue	268,573,701	63,212,976	8,073,669	5,470	339,865,816
Expenditures					
Current:					
Public protection	33,818,690	-	-	-	33,818,690
Health	26,793,345	-	-	-	26,793,345
Recreation and culture	2,307,073	-	-	52,187	2,359,260
Economic development	42,415,631	-	1,978,716	-	44,394,347
Physical environment	51,192,067	-	-	-	51,192,067
Transportation facilitation	48,674,970	-	-	-	48,674,970
Development and management	2,086,131	-	-	-	2,086,131
Debt service:					
Principal	1,172,000	32,140,000	-	-	33,312,000
Interest	2,314,938	17,512,711	-	-	19,827,649
Bond issuance costs	737,545	-	-	-	737,545
Capital outlay	74,944,722	-	18,267,721	-	93,212,443
Total expenditures	286,457,112	49,652,711	20,246,437	52,187	356,408,447
Net Change in Fund Balances	(17,883,411)	13,560,265	(12,172,768)	(46,717)	(16,542,631)
Other Financing Sources (Uses)					
Proceeds from bonds and notes issued	34,000,000	-	-	-	34,000,000
Proceeds from sale of capital assets	18,021,630	-	-	-	18,021,630
Transfers out	-	(926,936)	-	-	(926,936)
Total other financing sources (uses)	52,021,630	(926,936)	-	-	51,094,694
Net Change in Fund Balances	34,138,219	12,633,329	(12,172,768)	(46,717)	34,552,063
Fund Balances - Beginning of year	149,492,580	31,905,618	51,525,644	1,692,354	234,616,196
Fund Balances - End of year	\$ 183,630,799	\$ 44,538,947	\$ 39,352,876	\$ 1,645,637	\$ 269,168,259

City of Detroit, Michigan

	Community Development Block Grant Fund	Construction Code Fund	Urban Development Fund	Detroit Workforce Development Fund	Noncompliance Fees Fund	Drug Law Enforcement Fund	General Grants Fund
Assets							
Cash and cash equivalents	\$ 18,381,298	\$ 17,425,276	\$ 2,662,617	\$ 1,064	\$ 3,361,757	\$ 12,702,609	\$ 20,474,888
Investments	1,993,252	-	-	-	-	-	107,575
Accounts and contracts receivable:							
Loans receivable	68,472,837	-	104,353,176	-	-	-	-
Trade receivables	-	18,470	145,220	-	-	-	267,976
Total accounts and contracts receivable	68,472,837	18,470	104,498,396	-	-	-	267,976
Less allowance for uncollectible accounts	(68,472,837)	-	(104,353,176)	-	-	-	-
Total accounts and contracts receivable - Net	-	18,470	145,220	-	-	-	267,976
Due from other funds	-	3,273,704	89,910	-	-	21,341	236,077
Due from other governmental agencies	7,328,765	-	369,422	156,722	-	-	12,480,937
Restricted cash and cash equivalents	-	-	620,039	-	-	-	-
Prepaid expenditures	-	132,232	-	-	-	-	-
Restricted assets - Investments	-	-	-	-	-	-	-
Total assets	<u>\$ 27,703,315</u>	<u>\$ 20,849,682</u>	<u>\$ 3,887,208</u>	<u>\$ 157,786</u>	<u>\$ 3,361,757</u>	<u>\$ 12,723,950</u>	<u>\$ 33,567,453</u>
Liabilities							
Accounts and contracts payable	\$ 6,464,438	\$ 58,905	\$ 339,867	\$ -	\$ -	\$ 495,398	\$ 7,974,702
Accrued liabilities	-	16,218	-	-	-	-	-
Accrued salaries and wages	139,758	220,441	2,782	-	-	27,383	29,002
Due to other funds	11,948,303	314,591	-	10,975	2,942,078	998,635	13,518,259
Due to other governmental agencies	185,685	-	151,810	122,369	-	-	8,202,826
Deposits from vendors and customers	740,868	175	55,555	-	-	2,022,763	-
Unearned revenue	-	-	1,434,890	-	-	14,843	1,568,793
Other liabilities	114,809	658,645	270,897	10,135	-	138,095	1,917,016
Total liabilities	19,593,861	1,268,975	2,255,801	143,479	2,942,078	3,697,117	33,210,598
Deferred Inflows of Resources - Unavailable revenue	1,977,355	-	-	-	-	-	10,780,494
Fund Balances (Deficits)							
Restricted for:							
Highway and street improvements	-	-	-	-	-	-	-
Police	-	-	-	-	-	9,026,833	-
Local business growth	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-
Rubbish collection and disposal	-	-	-	-	-	-	-
Construction code	-	19,580,707	-	-	-	-	-
Grants	6,132,099	-	1,631,407	14,307	-	-	-
Committed - Job training	-	-	-	-	419,679	-	-
Unassigned	-	-	-	-	-	-	(10,423,639)
Total fund balances (deficits)	6,132,099	19,580,707	1,631,407	14,307	419,679	9,026,833	(10,423,639)
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 27,703,315</u>	<u>\$ 20,849,682</u>	<u>\$ 3,887,208</u>	<u>\$ 157,786</u>	<u>\$ 3,361,757</u>	<u>\$ 12,723,950</u>	<u>\$ 33,567,453</u>

Nonmajor Other Governmental Funds
Combining Balance Sheet
Special Revenue Funds

June 30, 2018

Bridging Neighborhoods Fund	Human Services Fund	Solid Waste Management Fund	Street Funds	Targeted Business Development Fund	Telecommunications Fund	Renew able Energy Fund	Donated Monies Fund	Totals
\$ 18,447,317	\$ 63	\$ 27,557,216	\$ 88,014,469	\$ -	\$ -	\$ -	\$ 56,729	\$ 209,085,303
-	-	4,280,763	-	-	-	-	-	6,381,590
-	-	-	-	-	-	-	-	172,826,013
3,083,334	-	33,479,065	1,097,487	-	-	-	-	38,091,552
3,083,334	-	33,479,065	1,097,487	-	-	-	-	210,917,565
-	-	(33,450,762)	(467,334)	-	-	-	-	(206,744,109)
3,083,334	-	28,303	630,153	-	-	-	-	4,173,456
-	-	35,150,459	12,920,864	478,084	-	203,491	-	52,373,930
-	-	-	14,058,639	-	-	-	-	34,394,485
-	-	-	-	-	6,407,170	-	-	7,027,209
7,549	-	-	-	-	-	-	-	139,781
-	-	3,138,511	-	-	-	-	-	3,138,511
\$ 21,538,200	\$ 63	\$ 70,155,252	\$ 115,624,125	\$ 478,084	\$ 6,407,170	\$ 203,491	\$ 56,729	\$ 316,714,265
\$ 6,131	\$ -	\$ 3,250,028	\$ 22,620,416	\$ -	\$ 781,980	\$ -	\$ -	\$ 41,991,865
-	-	-	-	-	-	-	-	16,218
24,698	-	160,494	328,503	-	-	-	-	933,061
739,137	-	161,112	19,118,046	-	-	-	2,078	49,753,214
-	63	3,196,641	-	-	-	-	-	11,859,394
-	-	-	-	-	-	-	-	2,819,361
-	-	15,000	-	-	-	-	-	3,033,526
1,610	-	1,932,006	2,110,012	-	210,324	-	54	7,363,603
771,576	63	8,715,281	44,176,977	-	992,304	-	2,132	117,770,242
2,400,000	-	-	155,375	-	-	-	-	15,313,224
-	-	-	71,291,773	-	-	-	-	71,291,773
-	-	-	-	-	-	-	-	9,026,833
-	-	-	-	478,084	-	-	-	478,084
18,366,624	-	-	-	-	-	-	-	18,366,624
-	-	61,439,971	-	-	-	-	-	61,439,971
-	-	-	-	-	-	-	-	19,580,707
-	-	-	-	-	5,414,866	203,491	54,597	13,450,767
-	-	-	-	-	-	-	-	419,679
-	-	-	-	-	-	-	-	(10,423,639)
18,366,624	-	61,439,971	71,291,773	478,084	5,414,866	203,491	54,597	183,630,799
\$ 21,538,200	\$ 63	\$ 70,155,252	\$ 115,624,125	\$ 478,084	\$ 6,407,170	\$ 203,491	\$ 56,729	\$ 316,714,265

City of Detroit, Michigan

	Community Development Block Grant Fund	Construction Code Fund	Urban Development Fund	Detroit Workforce Development Fund	Noncompliance Fees Fund	Drug Law Enforcement Fund	General Grants Fund
Revenue							
Gas and weight tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and inspection charges	-	21,896,756	-	-	-	-	234,603
Intergovernmental:							
Federal	33,987,469	-	2,677,594	-	-	-	32,178,320
Other	-	-	-	-	-	-	6,535,063
Sales and charges for services	-	-	-	-	4,813,831	-	-
Ordinance fines and forfeitures	-	325,424	-	-	-	2,664,337	-
Revenue from use of assets	124,641	-	-	-	-	-	-
Investment earnings	10,920	-	-	-	5,848	-	1,254
Other revenue	3,200	317,024	-	-	-	1,860	3,740,176
Total revenue	34,126,230	22,539,204	2,677,594	-	4,819,679	2,666,197	42,689,416
Expenditures							
Current:							
Public protection	-	21,386,596	-	-	-	3,230,390	9,101,033
Health	-	-	-	-	-	-	26,793,345
Recreation and culture	-	-	-	-	-	-	949,830
Economic development	32,442,915	-	2,686,318	-	4,400,000	-	2,881,783
Educational development	-	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-	16,487
Transportation facilitation	-	-	-	-	-	-	-
Development and management	-	-	-	-	-	-	2,073,654
Debt service:							
Principal	1,172,000	-	-	-	-	-	-
Interest	2,304,730	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Capital outlay	-	81,292	-	-	-	1,144,182	9,622,712
Total expenditures	35,919,645	21,467,888	2,686,318	-	4,400,000	4,374,572	51,438,844
Excess of Revenue (Under) Over Expenditures	(1,793,415)	1,071,316	(8,724)	-	419,679	(1,708,375)	(8,749,428)
Other Financing Sources							
Proceeds from bonds and notes issued	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-
Net Change in Fund Balances	(1,793,415)	1,071,316	(8,724)	-	419,679	(1,708,375)	(8,749,428)
Fund Balances (Deficits) - Beginning of year	7,925,514	18,509,391	1,640,131	14,307	-	10,735,208	(1,674,211)
Fund Balances (Deficits) - End of year	\$ 6,132,099	\$ 19,580,707	\$ 1,631,407	\$ 14,307	\$ 419,679	\$ 9,026,833	\$ (10,423,639)

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

Year Ended June 30, 2018

Bridging Neighborhoods Fund	Human Services Fund	Solid Waste Management Fund	Street Funds	Targeted Business Development Fund	Telecommunications Fund	Renewable Energy Fund	Donated Monies Fund	Totals
\$ -	\$ -	\$ -	\$ 79,606,333	\$ -	\$ -	\$ -	\$ -	\$ 79,606,333
-	-	-	-	-	-	-	-	22,131,359
-	-	-	1,621,616	-	-	-	-	70,464,999
600,000	-	-	7,138,912	-	3,011,108	-	-	17,285,083
1,220,000	-	63,820,355	-	-	-	-	-	69,854,186
-	-	372,466	-	-	-	-	-	3,362,227
-	-	-	-	-	-	-	-	124,641
-	-	60,132	111,643	-	4,430	-	34	194,261
-	-	<u>365,366</u>	<u>1,122,986</u>	-	-	-	-	<u>5,550,612</u>
1,820,000	-	64,618,319	89,601,490	-	3,015,538	-	34	268,573,701
100,671	-	-	-	-	-	-	-	33,818,690
-	-	-	-	-	-	-	-	26,793,345
1,357,243	-	-	-	-	-	-	-	2,307,073
4,615	-	-	-	-	-	-	-	42,415,631
-	-	-	-	-	-	-	-	-
-	-	51,167,296	-	-	-	8,284	-	51,192,067
-	-	-	48,674,970	-	-	-	-	48,674,970
12,477	-	-	-	-	-	-	-	2,086,131
-	-	-	-	-	-	-	-	1,172,000
-	-	-	10,208	-	-	-	-	2,314,938
-	-	-	737,545	-	-	-	-	737,545
-	-	<u>4,237,318</u>	<u>57,331,945</u>	-	<u>2,527,273</u>	-	-	<u>74,944,722</u>
<u>1,475,006</u>	-	<u>55,404,614</u>	<u>106,754,668</u>	-	<u>2,527,273</u>	<u>8,284</u>	-	<u>286,457,112</u>
344,994	-	9,213,705	(17,153,178)	-	488,265	(8,284)	34	(17,883,411)
-	-	-	34,000,000	-	-	-	-	34,000,000
<u>18,021,630</u>	-	-	-	-	-	-	-	<u>18,021,630</u>
<u>18,021,630</u>	-	-	<u>34,000,000</u>	-	-	-	-	<u>52,021,630</u>
18,366,624	-	9,213,705	16,846,822	-	488,265	(8,284)	34	34,138,219
-	-	52,226,266	54,444,951	478,084	4,926,601	211,775	54,563	149,492,580
\$ 18,366,624	\$ -	\$ 61,439,971	\$ 71,291,773	\$ 478,084	\$ 5,414,866	\$ 203,491	\$ 54,597	\$ 183,630,799

Nonmajor Other Governmental Funds
Combining Balance Sheet
Street Funds

June 30, 2018

	Major Street	Local Street	Totals
Assets			
Cash and cash equivalents	\$ 88,014,469	\$ -	\$ 88,014,469
Accounts and contracts receivable - Trade	1,097,487	-	1,097,487
Less allowance for uncollectible accounts	(467,334)	-	(467,334)
Total accounts and contracts receivable - Net	630,153	-	630,153
Due from other funds	4,568,239	8,352,625	12,920,864
Due from other governmental agencies	11,138,397	2,920,242	14,058,639
Total assets	\$ 104,351,258	\$ 11,272,867	\$ 115,624,125
Liabilities			
Accounts and contracts payable	\$ 18,220,933	\$ 4,399,483	\$ 22,620,416
Due to other funds	13,645,558	5,472,488	19,118,046
Accrued salaries and wages	328,503	-	328,503
Other liabilities	1,259,115	850,897	2,110,012
Total liabilities	33,454,109	10,722,868	44,176,977
Deferred Inflows of Resources - Unavailable revenue	155,375	-	155,375
Fund Balances - Restricted for street improvements	70,741,774	549,999	71,291,773
Total liabilities, deferred inflows of resources, and fund balances	\$ 104,351,258	\$ 11,272,867	\$ 115,624,125

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

Year Ended June 30, 2018

	Major Street	Local Street	Totals
Revenue			
Gas and weight tax	\$ 62,111,744	\$ 17,494,589	\$ 79,606,333
Intergovernmental:			
Federal	1,621,616	-	1,621,616
Other	7,138,912	-	7,138,912
Investment earnings	111,643	-	111,643
Other revenue	1,122,986	-	1,122,986
Total revenue	72,106,901	17,494,589	89,601,490
Expenditures			
Transportation facilitation	33,768,740	14,906,230	48,674,970
Debt service:			
Interest	10,208	-	10,208
Bond issuance costs	737,545	-	737,545
Capital outlay	34,318,986	23,012,959	57,331,945
Total expenditures	68,835,479	37,919,189	106,754,668
Excess of Revenue Over (Under) Expenditures	3,271,422	(20,424,600)	(17,153,178)
Other Financing Sources (Uses)			
Transfers in	-	18,129,730	18,129,730
Transfers out	(18,129,730)	-	(18,129,730)
Proceeds from bonds and notes issued	34,000,000	-	34,000,000
Total other financing sources	15,870,270	18,129,730	34,000,000
Net Change in Fund Balances	19,141,692	(2,294,870)	16,846,822
Fund Balances - Beginning of year	51,600,082	2,844,869	54,444,951
Fund Balances - End of year	\$ 70,741,774	\$ 549,999	\$ 71,291,773

Nonmajor Other Governmental Funds
Combining Balance Sheet
Permanent Funds

June 30, 2018

	Other Trust	Cemetery Trust	Totals
Assets - Cash and investments	<u>\$ 316,987</u>	<u>\$ 1,596,286</u>	<u>\$ 1,913,273</u>
Liabilities - Accrued liabilities	\$ 267,636	\$ -	\$ 267,636
Fund Balances			
Nonexpendable - Permanent fund principal	40,349	964,747	1,005,096
Restricted for endowments and trusts	<u>9,002</u>	<u>631,539</u>	<u>640,541</u>
Total fund balances	<u>49,351</u>	<u>1,596,286</u>	<u>1,645,637</u>
Total liabilities and fund balances	<u>\$ 316,987</u>	<u>\$ 1,596,286</u>	<u>\$ 1,913,273</u>

City of Detroit, Michigan

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

Year Ended June 30, 2018

	Other Trust	Cemetery Trust	Totals
Revenue - Other	\$ -	\$ 5,470	\$ 5,470
Expenditures - Recreation and culture	-	52,187	52,187
Net Changes in Fund Balances	-	(46,717)	(46,717)
Fund Balances - Beginning of year	49,351	1,643,003	1,692,354
Fund Balances - End of year	<u>\$ 49,351</u>	<u>\$ 1,596,286</u>	<u>\$ 1,645,637</u>

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

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenue				
Intergovernmental - Federal	\$ 35,308,785	\$ 59,366,822	\$ 33,987,469	\$ (25,379,353)
Investment earnings	-	(129,440)	10,920	140,360
Other taxes and assessments	-	(42,872)	-	42,872
Revenue from use of assets	-	3,042,585	124,641	(2,917,944)
Other revenue	-	35,026,225	3,200	(35,023,025)
	<u>35,308,785</u>	<u>97,263,320</u>	<u>34,126,230</u>	<u>(63,137,090)</u>
Total revenue	35,308,785	97,263,320	34,126,230	(63,137,090)
Expenditures				
Department of Health	-	351,575	-	351,575
Recreation and culture	-	600,523	-	600,523
Current - Economic development	35,179,659	100,063,001	32,442,915	67,620,086
Physical environment	-	1,223,269	-	1,223,269
Development and management	-	1,651,639	-	1,651,639
Debt service	115,393	(2,189,105)	3,476,730	(5,665,835)
Capital outlay	13,733	1,160,074	-	1,160,074
	<u>35,308,785</u>	<u>102,860,976</u>	<u>35,919,645</u>	<u>66,941,331</u>
Total expenditures	35,308,785	102,860,976	35,919,645	66,941,331
Excess of Expenditures Over Revenue	-	(5,597,656)	(1,793,415)	3,804,241
Other Financing Sources (Uses)				
Proceeds from bond and note issuance	-	10,808,903	-	(10,808,903)
Transfers in	-	1,680,421	-	(1,680,421)
Transfers out	-	(141,576)	-	141,576
	<u>-</u>	<u>12,347,748</u>	<u>-</u>	<u>(12,347,748)</u>
Total other financing sources	-	12,347,748	-	(12,347,748)
Net Change in Fund Balance	-	6,750,092	(1,793,415)	(8,543,507)
Fund Balance - Beginning of year	<u>7,925,514</u>	<u>7,925,514</u>	<u>7,925,514</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 7,925,514</u>	<u>\$ 14,675,606</u>	<u>\$ 6,132,099</u>	<u>\$ (8,543,507)</u>

Note: The final budget column includes carryforward of appropriations from prior years.

Nonmajor Other Governmental Funds
 Budgetary Comparison Schedules
 Construction Code Fund

Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenue				
Licenses, permits, and inspection charges	\$ 23,758,986	\$ 23,758,986	\$ 21,896,756	\$ (1,862,230)
Sales and charges for services	825,000	825,000	-	(825,000)
Ordinance fines and forfeitures	250,000	250,000	325,424	75,424
Other revenue	166,014	166,014	317,024	151,010
Total revenue	25,000,000	25,000,000	22,539,204	(2,460,796)
Expenditures				
Public protection	23,962,614	26,081,752	21,386,596	4,695,156
Debt service	192,609	192,609	-	192,609
Capital outlay	657,342	1,163,608	81,292	1,082,316
Total expenditures	24,812,565	27,437,969	21,467,888	(5,970,081)
Excess of Revenue Over (Under) Expenditures	187,435	(2,437,969)	1,071,316	3,509,285
Other Financing Uses - Transfers out	(187,435)	(187,435)	-	187,435
Net Change in Fund Balance	-	(2,625,404)	1,071,316	3,696,720
Fund Balance - Beginning of year	18,509,391	18,509,391	18,509,391	-
Fund Balance - End of year	<u>\$ 18,509,391</u>	<u>\$ 15,883,987</u>	<u>\$ 19,580,707</u>	<u>\$ 3,696,720</u>

Note: The final budget column includes carryforward of appropriations from prior years.

Nonmajor Other Governmental Funds
 Budgetary Comparison Schedules
 Urban Development Fund

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenue				
Intergovernmental - Federal	\$ 3,611,835	\$ (4,413,336)	\$ 2,677,594	\$ 7,090,930
Other revenue	401,315	7,108,490	-	(7,108,490)
Total revenue	4,013,150	2,695,154	2,677,594	(17,560)
Expenditures				
Economic development	4,013,150	213,695	2,686,318	(2,472,623)
Capital outlay	-	80,180	-	80,180
Total expenditures	4,013,150	293,875	2,686,318	(2,392,443)
Excess of Revenue Over (Under) Expenditures	-	2,401,279	(8,724)	(2,410,003)
Other Financing Uses - Transfers out	-	(3,931,538)	-	3,931,538
Net Change in Fund Balance	-	(1,530,259)	(8,724)	1,521,535
Fund Balance - Beginning of year	1,640,131	1,640,131	1,640,131	-
Fund Balance - End of year	<u>\$ 1,640,131</u>	<u>\$ 109,872</u>	<u>\$ 1,631,407</u>	<u>\$ 1,521,535</u>

Note: The final budget column includes carryforward of appropriations from prior years.

Nonmajor Other Governmental Funds
Budgetary Comparison Schedules
Detroit Workforce Development Fund

Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenue - Sales and charges for services	\$ -	\$ -	\$ -	\$ -
Expenditures - Economic development	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	14,307	14,307	14,307	-
Fund Balance - End of year	\$ 14,307	\$ 14,307	\$ 14,307	\$ -

Note: The final budget column includes carryforward of appropriations from prior years.

Nonmajor Other Governmental Funds
 Budgetary Comparison Schedules
 Noncompliance Fees Fund

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenue				
Sales and charges for services	\$ 450,000	\$ 4,892,078	\$ 4,813,831	\$ (78,247)
Investment earnings	-	-	5,848	5,848
Total revenue	450,000	4,892,078	4,819,679	(72,399)
Expenditures				
Public protection	450,000	4,892,078	-	4,892,078
Economic development	-	-	4,400,000	(4,400,000)
Total expenditures	450,000	4,892,078	4,400,000	492,078
Net Change in Fund Balance	-	-	419,679	419,679
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 419,679</u>	<u>\$ 419,679</u>

Note: The final budget column includes carryforward of appropriations from prior years.

Nonmajor Other Governmental Funds
 Budgetary Comparison Schedules
 Drug Law Enforcement Fund

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenue				
Ordinance fines and forfeitures	\$ -	\$ -	\$ 2,664,337	\$ 2,664,337
Other revenue	1,986,571	1,986,571	1,860	(1,984,711)
Total revenue	1,986,571	1,986,571	2,666,197	679,626
Expenditures				
Public protection	1,986,571	3,949,954	3,230,390	719,564
Capital outlay	-	7,185,707	1,144,182	6,041,525
Total expenditures	1,986,571	11,135,661	4,374,572	6,761,089
Net Change in Fund Balance	-	(9,149,090)	(1,708,375)	7,440,715
Fund Balance - Beginning of year	10,735,208	10,735,208	10,735,208	-
Fund Balance - End of year	<u>\$ 10,735,208</u>	<u>\$ 1,586,118</u>	<u>\$ 9,026,833</u>	<u>\$ 7,440,715</u>

Note: The final budget column includes carryforward of appropriations from prior years.

Nonmajor Other Governmental Funds
 Budgetary Comparison Schedules
 General Grants Fund

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenue				
Licenses, permits, and inspection charges	\$ -	\$ -	\$ 234,603	\$ 234,603
Intergovernmental:				
Federal	-	-	32,178,320	32,178,320
Other	-	-	6,535,063	6,535,063
Investment earnings	-	-	1,254	1,254
Other revenue	-	-	3,740,176	3,740,176
Total revenue	-	-	42,689,416	42,689,416
Expenditures				
Public protection	-	-	9,101,033	(9,101,033)
Health	-	-	26,793,345	(26,793,345)
Recreation and culture	-	-	949,830	(949,830)
Economic development	-	-	2,881,783	(2,881,783)
Physical environment	-	-	16,487	(16,487)
Development and management	-	-	2,073,654	(2,073,654)
Capital outlay	-	-	9,622,712	(9,622,712)
Total expenditures	-	-	51,438,844	(51,438,844)
Net Change in Fund Balance	-	-	(8,749,428)	(8,749,428)
Fund Deficit - Beginning of year	(1,674,211)	(1,674,211)	(1,674,211)	-
Fund Deficit - End of year	<u>\$ (1,674,211)</u>	<u>\$ (1,674,211)</u>	<u>\$ (10,423,639)</u>	<u>\$ (8,749,428)</u>

Note: The final budget column includes carryforward of appropriations from prior years.

Nonmajor Other Governmental Funds
 Budgetary Comparison Schedules
 Bridging Neighborhoods Fund

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenue				
Intergovernmental - Other	\$ -	\$ -	\$ 600,000	\$ 600,000
Sales and charges for services	-	-	1,220,000	1,220,000
	-	-	1,820,000	1,820,000
Expenditures				
Public protection	-	-	100,671	(100,671)
Recreation and culture	-	-	1,357,243	(1,357,243)
Economic development	-	-	4,615	(4,615)
Development and management	-	-	12,477	(12,477)
Total expenditures	-	-	1,475,006	(1,475,006)
Other Financing Sources - Transfers in	-	-	18,021,630	(18,021,630)
Net Change in Fund Balance	-	-	18,366,624	18,366,624
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,366,624</u>	<u>\$ 18,366,624</u>

Nonmajor Other Governmental Funds
Budgetary Comparison Schedules
Human Services Fund

Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenue - Other revenue	\$ -	\$ -	\$ -	\$ -
Expenditures - Health	-	-	-	-
Other Financing Sources - Transfers in	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	\$ -	\$ -	\$ -	\$ -

Note: The final budget column includes carryforward of appropriations from prior years.

Nonmajor Other Governmental Funds
 Budgetary Comparison Schedules
 Solid Waste Management Fund

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenue				
Property taxes	\$ -	\$ 23,344,144	\$ -	\$ (23,344,144)
Sales and charges for services	43,695,000	47,864,367	63,820,355	15,955,988
Ordinance fines and forfeitures	140,000	140,000	372,466	232,466
Investment earnings	-	-	60,132	60,132
Other revenue	-	-	365,366	365,366
Total revenue	43,835,000	71,348,511	64,618,319	(6,730,192)
Expenditures				
Physical environment	42,553,075	44,863,478	51,167,296	(6,303,818)
Capital outlay	1,481,925	1,280,188	4,237,318	(2,957,130)
Total expenditures	44,035,000	46,143,666	55,404,614	(9,260,948)
Excess of Revenue (Under) Over Expenditures	(200,000)	25,204,845	9,213,705	(15,991,140)
Other Financing Sources - Transfers in	200,000	200,000	-	(200,000)
Net Change in Fund Balance	-	25,404,845	9,213,705	(16,191,140)
Fund Balance - Beginning of year	52,226,266	52,226,266	52,226,266	-
Fund Balance - End of year	<u>\$ 52,226,266</u>	<u>\$ 77,631,111</u>	<u>\$ 61,439,971</u>	<u>\$ (16,191,140)</u>

Note: The final budget column includes carryforward of appropriations from prior years.

Nonmajor Other Governmental Funds
 Budgetary Comparison Schedules
 Major Street Fund

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenue				
Gas and weight tax	\$ 74,353,000	\$ 61,993,607	\$ 62,111,744	\$ 118,137
Licenses, permits, and inspection charges	-	(100,000)	-	100,000
Intergovernmental:				
Federal	797,000	1,673,412	1,621,616	(51,796)
Other	-	6,709,697	7,138,912	429,215
Investment earnings	59,000	(111,456)	111,643	223,099
Sales and charges for services	1,000	(1,800)	-	1,800
Other revenue	2,000,000	14,739,243	1,122,986	(13,616,257)
Total revenue	77,210,000	84,902,703	72,106,901	(12,795,802)
Expenditures				
Transportation facilitation	54,038,826	114,210,373	33,768,740	80,441,633
Debt service:				
Interest	-	-	10,208	(10,208)
Bond issuance costs	-	800,000	737,545	62,455
Capital outlay	23,171,174	204,218,842	34,318,986	169,899,856
Total expenditures	77,210,000	319,229,215	68,835,479	(250,393,736)
Excess of Revenue (Under) Over Expenditures	-	(234,326,512)	3,271,422	237,597,934
Other Financing Sources (Uses)				
Transfers in	-	5,213,521	-	(5,213,521)
Transfers out	-	(33,660,114)	(18,129,730)	15,530,384
Proceeds from bonds and notes issued	-	124,500,000	34,000,000	(90,500,000)
Total other financing sources	-	96,053,407	15,870,270	(80,183,137)
Net Change in Fund Balance	-	(138,273,105)	19,141,692	157,414,797
Fund Balance - Beginning of year	51,600,082	51,600,082	51,600,082	-
Fund Balance (Deficit) - End of year	\$ 51,600,082	\$ (86,673,023)	\$ 70,741,774	\$ 157,414,797

Note: The final budget column includes carryforward of appropriations from prior years.

Nonmajor Other Governmental Funds
 Budgetary Comparison Schedules
 Local Street Fund

Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenue				
Gas and weight tax	\$ -	\$ 16,259,397	\$ 17,494,589	\$ 1,235,192
Investment earnings	-	11,400	-	(11,400)
Other revenue	-	9,706,995	-	(9,706,995)
Total revenue	-	25,977,792	17,494,589	(8,483,203)
Expenditures				
Transportation facilitation	-	12,147,714	14,906,230	(2,758,516)
Capital outlay	-	27,032,854	23,012,959	4,019,895
Total expenditures	-	39,180,568	37,919,189	1,261,379
Excess of Expenditures Over Revenue	-	(13,202,776)	(20,424,600)	(7,221,824)
Other Financing Sources				
Transfers in	-	-	18,129,730	18,129,730
Transfers out	-	1,000,000	-	(1,000,000)
Total other financing sources	-	1,000,000	18,129,730	17,129,730
Net Change in Fund Balance	-	(12,202,776)	(2,294,870)	9,907,906
Fund Balance - Beginning of year	2,844,869	2,844,869	2,844,869	-
Fund Balance (Deficit) - End of year	\$ 2,844,869	\$ (9,357,907)	\$ 549,999	\$ 9,907,906

Note: The final budget column includes carryforward of appropriations from prior years.

Nonmajor Other Governmental Funds
 Budgetary Comparison Schedules
 Targeted Business Development Fund

Year Ended June 30, 2018

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

Note: The final budget column includes carryforward of appropriations from prior years.

Nonmajor Other Governmental Funds
 Budgetary Comparison Schedules
 Telecommunications Fund

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenue				
Intergovernmental - Other	\$ 2,894,000	\$ 2,894,000	\$ 3,011,108	\$ 117,108
Investment earnings	-	-	4,430	4,430
Total revenue	2,894,000	2,894,000	3,015,538	121,538
Expenditures - Capital outlay	2,894,000	2,894,000	2,527,273	366,727
Net Change in Fund Balance	-	-	488,265	488,265
Fund Balance - Beginning of year	4,926,601	4,926,601	4,926,601	-
Fund Balance - End of year	<u>\$ 4,926,601</u>	<u>\$ 4,926,601</u>	<u>\$ 5,414,866</u>	<u>\$ 488,265</u>

Note: The final budget column includes carryforward of appropriations from prior years.

Nonmajor Other Governmental Funds
Budgetary Comparison Schedules
Renewable Energy Fund

Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenue - Other	\$ -	\$ -	\$ -	\$ -
Expenditures	-	-	8,284	(8,284)
Net Change in Fund Balance	-	-	(8,284)	(8,284)
Fund Balance - Beginning of year	<u>211,775</u>	<u>211,775</u>	<u>211,775</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 211,775</u></u>	<u><u>\$ 211,775</u></u>	<u><u>\$ 203,491</u></u>	<u><u>\$ (8,284)</u></u>

Note: The final budget column includes carryforward of appropriations from prior years.

Nonmajor Other Governmental Funds
Budgetary Comparison Schedules
Donated Monies Fund

Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenue	\$ -	\$ -	\$ 34	\$ 34
Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	34	34
Fund Balance - Beginning of year	54,563	54,563	54,563	-
Fund Balance - End of year	<u><u>\$ 54,563</u></u>	<u><u>\$ 54,563</u></u>	<u><u>\$ 54,597</u></u>	<u><u>\$ 34</u></u>

Note: The final budget column includes carryforward of appropriations from prior years.

Nonmajor Other Governmental Funds
 Budgetary Comparison Schedules
 Debt Service Fund

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenue				
Property taxes	\$ 50,000,000	\$ 43,891,378	\$ 59,637,151	\$ 15,745,773
Other taxes and assessments	9,735,116	9,735,116	99,467	(9,635,649)
Investment earnings	-	-	292,165	292,165
Other revenue	-	-	3,184,193	3,184,193
Total revenue	59,735,116	53,626,494	63,212,976	9,586,482
Expenditures				
Debt service:				
Principal	36,113,782	36,113,782	32,140,000	3,973,782
Interest	17,512,712	17,512,712	17,512,711	1
Total expenditures	53,626,494	53,626,494	49,652,711	3,973,783
Excess of Revenue Over Expenditures	6,108,622	-	13,560,265	13,560,265
Other Financing Uses - Transfers out	(6,108,622)	-	(926,936)	(926,936)
Net Change in Fund Balance	-	-	12,633,329	12,633,329
Fund Balance - Beginning of year	31,905,618	31,905,618	31,905,618	-
Fund Balance - End of year	<u>\$ 31,905,618</u>	<u>\$ 31,905,618</u>	<u>\$ 44,538,947</u>	<u>\$ 12,633,329</u>

Note: The final budget column includes carryforward of appropriations from prior years.

Nonmajor Other Governmental Funds
 Budgetary Comparison Schedules
 Capital Projects Fund

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenue				
Investment earnings	\$ -	\$ (3,020,034)	\$ 53,665	\$ 3,073,699
Sales and charges for services	-	-	1,767,898	1,767,898
Other revenue	-	12,839,177	6,252,106	(6,587,071)
Total revenue	-	9,819,143	8,073,669	(1,745,474)
Expenditures				
Public protection	-	1,395,949	1,978,716	(582,767)
Recreation and culture	-	5,966,048	-	5,966,048
Physical environment	-	15,635	-	15,635
Development and management	-	1,454,276	-	1,454,276
Capital outlay	-	1,001,472	18,267,721	(17,266,249)
Total expenditures	-	9,833,380	20,246,437	(10,413,057)
Net Change in Fund Balance	-	(14,237)	(12,172,768)	(12,158,531)
Fund Balance - Beginning of year	51,525,644	51,525,644	51,525,644	-
Fund Balance - End of year	<u>\$ 51,525,644</u>	<u>\$ 51,511,407</u>	<u>\$ 39,352,876</u>	<u>\$ (12,158,531)</u>

Note: The final budget column includes carryforward of appropriations from prior years.

**Combining Statements 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

To account for the operations of Detroit City Airport

Automobile Parking Fund

To account for parking operations related to parking meters and city-owned garages

Nonmajor Enterprise Funds
Combining Statement of Net Position

June 30, 2018

	Airport Fund	Automobile Parking Fund	Totals
Assets			
Current assets:			
Cash and cash equivalents	\$ 2,740,103	\$ 30,931,171	\$ 33,671,274
Accounts and contracts receivable - Other receivables - Trade	354,336	583,579	937,915
Allowance for uncollectible accounts	(335,594)	(33,140)	(368,734)
	<u>18,742</u>	<u>550,439</u>	<u>569,181</u>
Total accounts and contracts receivable - Net			
Due from other funds	375	475,687	476,062
Due from fiduciary funds	20,970	-	20,970
Prepaid expenses	119	393	512
	<u>2,780,309</u>	<u>31,957,690</u>	<u>34,737,999</u>
Total current assets			
Noncurrent assets:			
Net OPEB asset	151	1,399	1,550
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	90,543,359	97,159,258
Vehicles and buses	282,994	1,619,275	1,902,269
Machinery, equipment, and fixtures	1,567,655	4,611,157	6,178,812
Structures	-	57,699,080	57,699,080
Construction in progress	-	8,445,780	8,445,780
	<u>34,319,461</u>	<u>167,374,832</u>	<u>201,694,293</u>
Total capital assets			
Less accumulated depreciation	(15,474,056)	(135,503,515)	(150,977,571)
	<u>18,845,405</u>	<u>31,871,317</u>	<u>50,716,722</u>
Capital assets - Net			
Total noncurrent assets	<u>18,845,556</u>	<u>31,872,716</u>	<u>50,718,272</u>
Total assets	21,625,865	63,830,406	85,456,271
Deferred Outflows of Resources			
Deferred amount on pension	162,387	1,081,408	1,243,795
Deferred amount on OPEB	169	1,559	1,728
	<u>162,556</u>	<u>1,082,967</u>	<u>1,245,523</u>
Total deferred outflows of resources			
Total assets and deferred outflows of resources	<u>\$ 21,788,421</u>	<u>\$ 64,913,373</u>	<u>\$ 86,701,794</u>

Nonmajor Enterprise Funds
Combining Statement of Net Position (Continued)

June 30, 2018

	Airport Fund	Automobile Parking Fund	Totals
Liabilities			
Current liabilities:			
Accounts and contracts payable	\$ 434,436	\$ 1,383,402	\$ 1,817,838
Accrued salaries and wages	30,719	152,852	183,571
Due to other funds	2,023,787	7,055,865	9,079,652
Due to fiduciary funds	-	242,129	242,129
Due to other governmental agencies	2,234	-	2,234
Accrued interest	5,523	-	5,523
Other liabilities	29,647	254,474	284,121
Accrued compensated absences	24,120	134,423	158,543
Accrued workers' compensation and claims and judgments	-	276,000	276,000
	2,550,466	9,499,145	12,049,611
Total current liabilities			
Noncurrent liabilities:			
Bonds and notes payable - Net	552,308	700,204	1,252,512
Accrued compensated absences	12,628	1,076	13,704
Accrued workers' compensation and claims and judgments	2,000,000	54,000	2,054,000
Advances from other funds	450,000	-	450,000
Unearned revenue	11,854	14,684,549	14,696,403
Net pension liability	1,054,453	6,787,830	7,842,283
	4,081,243	22,227,659	26,308,902
Total noncurrent liabilities			
	6,631,709	31,726,804	38,358,513
Total liabilities			
Deferred Inflows of Resources			
Deferred amount on pension	108,264	789,978	898,242
Deferred amount on OPEB	16	143	159
	108,280	790,121	898,401
Total deferred inflows of resources			
Net Position			
Net investment in capital assets	18,845,405	31,871,317	50,716,722
Unrestricted (deficit) net position	(3,796,973)	525,131	(3,271,842)
	15,048,432	32,396,448	47,444,880
Total net position			
Total liabilities, deferred inflows of resources, and net position			
	\$ 21,788,421	\$ 64,913,373	\$ 86,701,794

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

Year Ended June 30, 2018

	Airport Fund	Automobile Parking Fund	Totals
Operating Revenue			
Sales and charges for services	\$ 32,246	\$ -	\$ 32,246
Rentals, fees, and surcharges	545,076	12,013,301	12,558,377
Miscellaneous	41,868	-	41,868
Total operating revenue	619,190	12,013,301	12,632,491
Operating Expenses			
Salaries, wages, and benefits	410,805	2,541,239	2,952,044
Operating	1,633,856	2,029,576	3,663,432
Maintenance	50,785	264,465	315,250
Materials, supplies, and other expenses	43,816	1,446,749	1,490,565
Pension	82,014	400,411	482,425
Depreciation	149,048	1,712,350	1,861,398
Total operating expenses	2,370,324	8,394,790	10,765,114
Operating (loss) income	(1,751,134)	3,618,511	1,867,377
Nonoperating Revenue (Expenses)			
Investment earnings	1,527	12,277	13,804
Federal and state grants	38,383	-	38,383
Loss on sale of assets	-	(21,115,093)	(21,115,093)
Interest on bonds, notes payable, and loans	(22,092)	(28,008)	(50,100)
Total nonoperating revenue (expenses) - Net	17,818	(21,130,824)	(21,113,006)
Loss - Before capital contributions and transfers	(1,733,316)	(17,512,313)	(19,245,629)
Capital Contributions	-	355,000	355,000
Transfers In	900,712	-	900,712
Transfers Out	-	(25,341,181)	(25,341,181)
Decrease in Net Position	(832,604)	(42,498,494)	(43,331,098)
Net Position - Beginning of year	15,881,036	74,894,942	90,775,978
Net Position - End of year	<u>\$ 15,048,432</u>	<u>\$ 32,396,448</u>	<u>\$ 47,444,880</u>

Nonmajor Enterprise Funds
Combining Statement of Cash Flows

Year Ended June 30, 2018

	Airport Fund	Automobile Parking Fund	Totals
Cash Flows from Operating Activities			
Receipts from customers	\$ 597,602	\$ 12,347,579	\$ 12,945,181
Receipts from other funds	828,021	344,987	1,173,008
Deposits refunded to customers	(34,626)	(708,037)	(742,663)
Payments to suppliers	(1,318,512)	(3,537,616)	(4,856,128)
Payments to employees	(844,648)	(2,506,330)	(3,350,978)
Net cash (used in) provided by operating activities	(772,163)	5,940,583	5,168,420
Cash Flows from Noncapital Financing Activities			
Federal and state grants	38,383	-	38,383
Transfers from (to) other funds	900,712	(25,341,181)	(24,440,469)
Net cash provided by (used in) noncapital financing activities	939,095	(25,341,181)	(24,402,086)
Cash Flows from Capital and Related Financing Activities			
Proceeds from sales of capital assets	-	14,999,610	14,999,610
Acquisition and construction of capital assets	(33,305)	(2,356,211)	(2,389,516)
Interest paid on bonds, notes, and leases - Net	(22,092)	(28,008)	(50,100)
Net cash (used in) provided by capital and related financing activities	(55,397)	12,615,391	12,559,994
Cash Flows from Investing Activities - Earning from investment securities	1,527	12,277	13,804
Net Increase (Decrease) in Cash and Cash Equivalents	113,062	(6,772,930)	(6,659,868)
Cash and Cash Equivalents - Beginning of year	2,627,041	37,704,101	40,331,142
Cash and Cash Equivalents - End of year	<u>\$ 2,740,103</u>	<u>\$ 30,931,171</u>	<u>\$ 33,671,274</u>

Nonmajor Enterprise Funds
Combining Statement of Cash Flows (Continued)

Year Ended June 30, 2018

	Airport Fund	Automobile Parking Fund	Totals
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities			
Operating (loss) income	\$ (1,751,134)	\$ 3,618,511	\$ 1,867,377
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:			
Depreciation and amortization	149,048	1,712,350	1,861,398
Changes in assets and liabilities:			
Accounts and contracts receivable	(21,588)	334,278	312,690
Prepaid expenses	976	(13)	963
Due from other funds	10	(252,455)	(252,445)
Unearned revenue	(34,626)	(708,037)	(742,663)
Accounts and contracts payable	455,802	391,509	847,311
Due to other funds	828,011	597,442	1,425,453
Due to fiduciary funds	(452,777)	(458,667)	(911,444)
Other liabilities	(46,833)	205,381	158,548
Net pension liability	81,301	400,411	481,712
Accrued compensated absences	6,366	(3,682)	2,684
Accrued workers' compensation and claims and judgments	-	64,964	64,964
Death benefit obligation	(2,899)	(12,878)	(15,777)
Accrued salaries and wages	16,180	51,469	67,649
Net cash (used in) provided by operating activities	<u>\$ (772,163)</u>	<u>\$ 5,940,583</u>	<u>\$ 5,168,420</u>

Combining Statements of Fiduciary Funds

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
Assets						
Cash and cash equivalents	\$ 26,996,675	\$ 181,703,122	\$ 208,699,797	\$ 16,361,957	\$ 57,294,183	\$ 73,656,140
Investments at fair value:						
Global equities	36,928,690	940,020,779	976,949,469	54,424,352	1,428,528,037	1,482,952,389
Global fixed income	2,323,833	59,153,242	61,477,075	22,763,000	597,482,007	620,245,007
Real assets	11,976,970	304,874,136	316,851,106	17,563,729	461,011,981	478,575,710
Private equity	3,562,736	90,689,539	94,252,275	5,852,399	153,613,478	159,465,877
Diversifying strategies	11,179,228	284,567,553	295,746,781	6,515,125	171,008,684	177,523,809
Short-term investments	-	-	-	-	-	-
Total investments	65,971,457	1,679,305,249	1,745,276,706	107,118,605	2,811,644,187	2,918,762,792
Accrued interest receivable	29,126	741,415	770,541	235,299	6,176,117	6,411,416
Due from primary government	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-
Contributions receivable	2,981,384	-	2,981,384	4,220,826	-	4,220,826
Notes receivable from participants	-	4,065,350	4,065,350	-	6,360,470	6,360,470
Receivables from investment sales	78,004	1,985,597	2,063,601	3,267,227	85,758,003	89,025,230
Other receivables	4,503	163,272	167,775	-	35,630	35,630
ASF recoupment receivable	-	104,897,544	104,897,544	-	-	-
Prepaid expenditures and other assets	-	-	-	4,895	128,466	133,361
Cash and investments held as collateral for						
securities lending	3,184,046	81,049,972	84,234,018	8,982,003	235,759,250	244,741,253
Capital assets	300,441	550,317	850,758	300,441	551,830	852,271
Total assets	99,545,636	2,054,461,838	2,154,007,474	140,491,253	3,203,708,136	3,344,199,389
Liabilities						
Accounts and contracts payable	169,205	4,641,415	4,810,620	-	-	-
Payables for investment purchases	592,572	15,083,942	15,676,514	3,528,737	92,622,148	96,150,885
Benefits and claims payable	-	-	-	3,108	699,877	702,985
Due to primary government	-	1,381,128	1,381,128	-	1,381,128	1,381,128
Due to component unit	-	-	-	-	-	-
Refundable deposits	-	-	-	-	-	-
Undistributed tax receipts	-	-	-	-	-	-
Amount due to broker for securities lending	3,146,224	80,087,206	83,233,430	8,886,368	233,249,011	242,135,379
Other liabilities	5,309	6,800	12,109	101,654	4,813,704	4,915,358
Total liabilities	3,913,310	101,200,491	105,113,801	12,519,867	332,765,868	345,285,735
Net Position						
Net position held in trust for pension and other employee benefits	95,632,326	1,953,261,347	2,048,893,673	127,971,386	2,870,942,268	2,998,913,654
Net position restricted for disability income protection	-	-	-	-	-	-
Total net position	<u>\$ 95,632,326</u>	<u>\$1,953,261,347</u>	<u>\$2,048,893,673</u>	<u>\$ 127,971,386</u>	<u>\$2,870,942,268</u>	<u>\$2,998,913,654</u>

Fiduciary Fund
Combining Statement of Net Position

June 30, 2018

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
\$ 4,006,023	\$ 1,290,592	\$ -	\$ 287,652,552	\$ 11,102,726	\$ 298,755,278
-	4,280,517	-	2,464,182,375	-	2,464,182,375
-	2,087,030	-	683,809,112	-	683,809,112
-	-	-	795,426,816	-	795,426,816
1,853	8,975,696	-	262,695,701	-	262,695,701
-	8,677,236	-	481,947,826	-	481,947,826
-	-	-	-	35,193,450	35,193,450
1,853	24,020,479	-	4,688,061,830	35,193,450	4,723,255,280
-	-	-	7,181,957	-	7,181,957
13,273,746	47,225	1,431,873	14,752,844	-	14,752,844
1,000,000	-	-	1,000,000	281,181	1,281,181
-	-	-	7,202,210	-	7,202,210
-	-	-	10,425,820	-	10,425,820
-	-	-	91,088,831	-	91,088,831
664,238	-	-	867,643	-	867,643
-	-	-	104,897,544	-	104,897,544
-	-	-	133,361	-	133,361
-	-	-	328,975,271	-	328,975,271
-	-	-	1,703,029	-	1,703,029
18,945,860	25,358,296	1,431,873	5,543,942,892	<u>\$ 46,577,357</u>	5,590,520,249
13,479,732	-	1,261,989	19,552,341	\$ 95,079	19,647,420
-	-	-	111,827,399	-	111,827,399
-	-	-	702,985	-	702,985
2,030,865	-	-	4,793,121	-	4,793,121
505,384	-	-	505,384	-	505,384
-	-	-	-	7,244,887	7,244,887
-	-	-	-	3,242,202	3,242,202
-	-	-	325,368,809	-	325,368,809
260,585	-	14,063	5,202,115	35,995,189	41,197,304
16,276,566	-	1,276,052	467,952,154	<u>\$ 46,577,357</u>	514,529,511
-	25,358,296	-	5,073,165,623	-	5,073,165,623
2,669,294	-	155,821	2,825,115	-	2,825,115
<u>\$ 2,669,294</u>	<u>\$ 25,358,296</u>	<u>\$ 155,821</u>	<u>\$ 5,075,990,738</u>	<u>\$ 46,577,357</u>	<u>\$ 5,075,990,738</u>

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	\$ 14,673,644	\$ 67,988,494	\$ 82,662,138	\$ 19,244,806	\$ 29,550	\$ 19,274,356
Plan member contributions	14,140,618	-	14,140,618	9,170,876	42,114	9,212,990
State and foundations	-	375,000	375,000	-	18,300,000	18,300,000
AFS recoupment	-	6,622,392	6,622,392	-	-	-
Other income	12,436	1,238,392	1,250,828	55,354	1,470,590	1,525,944
Total contributions	28,826,698	76,224,278	105,050,976	28,471,036	19,842,254	48,313,290
Investment earnings (loss):						
Interest and dividend income	1,068,680	29,334,024	30,402,704	2,589,017	71,830,772	74,419,789
Net increase in fair value	7,693,500	135,747,609	143,441,109	6,524,441	178,673,635	185,198,076
Investment expense	(333,313)	(8,854,118)	(9,187,431)	(560,401)	(14,738,566)	(15,298,967)
Securities lending income - Net	11,753	331,719	343,472	67,605	1,875,073	1,942,678
Net gain on collateralized securities	4,969	126,474	131,443	13,843	383,948	397,791
Total investment earnings	8,445,589	156,685,708	165,131,297	8,634,505	238,024,862	246,659,367
Total additions	37,272,287	232,909,986	270,182,273	37,105,541	257,867,116	294,972,657
Deductions						
Pension and annuity benefits	399,127	239,929,697	240,328,824	345,297	288,506,374	288,851,671
Member refunds and withdrawals	1,991,465	14,140,693	16,132,158	216,264	19,947,151	20,163,415
General and administrative expenses	2,171,693	3,313,415	5,485,108	1,928,614	4,933,926	6,862,540
ASF recoupment w riteoff	-	906,524	906,524	-	-	-
Total deductions	4,562,285	258,290,329	262,852,614	2,490,175	313,387,451	315,877,626
Net Increase (Decrease) in Net Position	32,710,002	(25,380,343)	7,329,659	34,615,366	(55,520,335)	(20,904,969)
Net Position - Beginning of year	62,922,324	1,978,641,690	2,041,564,014	93,356,020	2,926,462,603	3,019,818,623
Net Position - End of year	\$ 95,632,326	\$1,953,261,347	\$2,048,893,673	\$ 127,971,386	\$2,870,942,268	\$2,998,913,654

Fiduciary Funds
Combining Statement of Changes in Net Position

Year Ended June 30, 2018

Other Employee Benefits			
Other Employment Benefits Fund	Employee Death Benefits Fund	Employee Disability Income Protection Plan	Total Pension and Other Employee Benefit Trusts
\$ 55,439,790	\$ -	\$ -	\$ 157,376,284
15,689,773	213,492	-	39,256,873
-	-	-	18,675,000
-	-	-	6,622,392
850,820	-	-	3,627,592
71,980,383	213,492	-	225,558,141
22,691	1,491,696	-	106,336,880
-	-	-	328,639,185
-	-	-	(24,486,398)
-	-	-	2,286,150
-	-	-	529,234
22,691	1,491,696	-	413,305,051
72,003,074	1,705,188	-	638,863,192
-	-	-	529,180,495
70,685,347	1,540,217	844,179	109,365,316
3,260,601	64,001	-	15,672,250
-	-	-	906,524
73,945,948	1,604,218	844,179	655,124,585
(1,942,874)	100,970	(844,179)	(16,261,393)
4,612,168	25,257,326	1,000,000	5,092,252,131
\$ 2,669,294	\$ 25,358,296	\$ 155,821	\$ 5,075,990,738

Combining Statements of Agency Funds

June 30, 2018

	Fire Insurance Escrow Fund	36th District Court Fund	B Bond Claims Funds	Property Tax Receiving Fund	Totals
Assets					
Cash and cash equivalents	\$ 756,310	\$ 7,244,887	\$ -	\$ 3,101,529	\$ 11,102,726
Investments at fair value	8,884,127	-	26,309,323	-	35,193,450
Due from other governments	138,577	-	-	142,604	281,181
Total assets	<u>\$ 9,779,014</u>	<u>\$ 7,244,887</u>	<u>\$ 26,309,323</u>	<u>\$ 3,244,133</u>	<u>\$ 46,577,357</u>
Liabilities					
Accounts and contracts payable	\$ 93,148	\$ -	\$ -	\$ 1,931	\$ 95,079
Refundable deposits	-	7,244,887	-	-	7,244,887
Other liabilities	9,685,866	-	26,309,323	-	35,995,189
Undistributed tax receipts	-	-	-	3,242,202	3,242,202
Total liabilities	<u>\$ 9,779,014</u>	<u>\$ 7,244,887</u>	<u>\$ 26,309,323</u>	<u>\$ 3,244,133</u>	<u>\$ 46,577,357</u>

Agency Funds
Combining Statement of Changes in Assets and Liabilities

Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
	Fire Insurance Escrow Fund			
Assets				
Cash and cash equivalents	\$ 303,279	\$ 2,315,777	\$ 1,862,746	\$ 756,310
Investments at fair value	9,277,987	106,140	500,000	8,884,127
Other receivables	156,861	-	18,284	138,577
Due from other governments	200,107	-	200,107	-
Total assets	<u>\$ 9,938,234</u>	<u>\$ 2,421,917</u>	<u>\$ 2,581,137</u>	<u>\$ 9,779,014</u>
Liabilities				
Accounts and contracts payable	\$ 57,688	\$ 197,380	\$ 161,920	\$ 93,148
Other liabilities	9,880,546	888,067	1,082,747	9,685,866
Total liabilities	<u>\$ 9,938,234</u>	<u>\$ 1,085,447</u>	<u>\$ 1,244,667</u>	<u>\$ 9,779,014</u>
	36th District Court			
Assets - Cash and cash equivalents	<u>\$ 6,087,206</u>	<u>\$ 8,424,868</u>	<u>\$ 7,267,187</u>	<u>\$ 7,244,887</u>
Liabilities - Refundable deposits	<u>\$ 6,087,206</u>	<u>\$ 7,324,956</u>	<u>\$ 6,167,275</u>	<u>\$ 7,244,887</u>
	B Bond Claims			
Assets - Investments at fair value	<u>\$ 12,710,568</u>	<u>\$ 13,598,755</u>	<u>\$ -</u>	<u>\$ 26,309,323</u>
Liabilities - Other liabilities	<u>\$ 12,710,568</u>	<u>\$ 13,598,755</u>	<u>\$ -</u>	<u>\$ 26,309,323</u>
	Property Tax Receiving Fund			
Assets				
Cash and cash equivalents	\$ 7,007,085	\$ -	\$ 3,905,556	\$ 3,101,529
Other receivables	181	-	181	-
Due from other governments	104,936	37,668	-	142,604
Total assets	<u>\$ 7,112,202</u>	<u>\$ 37,668</u>	<u>\$ 3,905,737</u>	<u>\$ 3,244,133</u>
Liabilities				
Accounts and contracts payable	\$ 660,363	\$ -	\$ 658,432	\$ 1,931
Undistributed tax receipts	6,028,969	-	2,786,767	3,242,202
Refundable deposits	76,988	-	76,988	-
Other liabilities	345,882	-	345,882	-
Total liabilities	<u>\$ 7,112,202</u>	<u>\$ -</u>	<u>\$ 3,868,069</u>	<u>\$ 3,244,133</u>
	Other Agency Funds			
Assets - Cash and cash equivalents	<u>\$ 273,175</u>	<u>\$ -</u>	<u>\$ 273,175</u>	<u>\$ -</u>
Liabilities - Other liabilities	<u>\$ 273,175</u>	<u>\$ -</u>	<u>\$ 273,175</u>	<u>\$ -</u>

Combining Statement of Changes in Assets and Liabilities (Continued)

Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
	Total Agency Funds			
Assets				
Cash and cash equivalents	\$ 13,670,745	\$ 10,740,645	\$ 13,308,664	\$ 11,102,726
Investments at fair value	21,988,555	13,704,895	500,000	35,193,450
Other receivables	157,042	-	18,465	138,577
Due from other governments	305,043	37,668	200,107	142,604
Total assets	<u>\$ 36,121,385</u>	<u>\$ 24,483,208</u>	<u>\$ 14,027,236</u>	<u>\$ 46,577,357</u>
Liabilities				
Accounts and contracts payable	\$ 718,051	\$ 197,380	\$ 820,352	\$ 95,079
Refundable deposits	6,164,194	7,324,956	6,244,263	7,244,887
Undistributed tax receipts	6,028,969	-	2,786,767	3,242,202
Other liabilities	23,210,171	14,486,822	1,701,804	35,995,189
Total liabilities	<u>\$ 36,121,385</u>	<u>\$ 22,009,158</u>	<u>\$ 11,553,186</u>	<u>\$ 46,577,357</u>

Statistical Section (Unaudited)

The Statistical Section Contains:

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

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			
	2018	2017	2016	2015
Governmental Activities				
Net investment in capital assets	\$ 1,131,353,263	\$ 1,111,259,232	\$ 1,070,813,493	\$ 1,098,963,308
Restricted	282,679,621	418,002,865	389,338,643	544,636,902
Unrestricted (deficit)	<u>(1,755,940,654)</u>	<u>(1,880,824,756)</u>	<u>(1,822,999,101)</u>	<u>(3,042,213,052)</u>
Total governmental activities net position	(341,907,770)	(351,562,659)	(362,846,965)	(1,398,612,842)
Business-type Activities				
Net investment in capital assets	434,204,225	407,668,088	619,028,014	(23,000,738)
Restricted	8,684,871	59,804,608	22,212,888	423,774,879
Unrestricted (deficit)	<u>797,056,311</u>	<u>696,163,152</u>	<u>716,148,063</u>	<u>(1,077,018,026)</u>
Total business-type activities net position	<u>1,239,945,407</u>	<u>1,163,635,848</u>	<u>1,357,388,965</u>	<u>(676,243,885)</u>
Primary Government				
Net investment in capital assets	1,565,557,488	1,518,927,320	1,689,841,507	1,075,962,570
Restricted	291,364,492	477,807,473	411,551,531	968,411,781
Unrestricted (deficit)	<u>(958,884,343)</u>	<u>(1,184,661,604)</u>	<u>(1,106,851,038)</u>	<u>(4,119,231,078)</u>
Total primary government net position	<u>\$ 898,037,637</u>	<u>\$ 812,073,189</u>	<u>\$ 994,542,000</u>	<u>\$ (2,074,856,727)</u>

Schedule 1 - Financial Trends - Net Position by Component

**Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)
Years Ended June 30**

Fiscal Year					
2014	2013	2012	2011	2010	2009
\$ 886,141,054	\$ 832,127,493	\$ 803,653,672	\$ 711,987,330	\$ 717,589,037	\$ 631,821,536
102,047,103	75,055,537	73,786,466	110,223,372	93,496,558	142,704,927
<u>(3,961,253,287)</u>	<u>(1,714,975,464)</u>	<u>(1,557,840,700)</u>	<u>(1,360,282,090)</u>	<u>(1,278,954,788)</u>	<u>(956,905,000)</u>
(2,973,065,130)	(807,792,434)	(680,400,562)	(538,071,388)	(467,869,193)	(182,378,537)
54,337,164	525,963,518	1,047,594,007	435,962,058	781,976,263	698,477,050
473,057,369	244,039,925	461,972,732	303,235,683	284,696,404	347,303,231
<u>(1,595,122,442)</u>	<u>(640,389,229)</u>	<u>(1,201,140,082)</u>	<u>(230,134,710)</u>	<u>(333,688,853)</u>	<u>36,681,530</u>
<u>(1,067,727,909)</u>	<u>129,614,214</u>	<u>308,426,657</u>	<u>509,063,031</u>	<u>732,983,814</u>	<u>1,082,461,811</u>
940,478,218	1,358,091,011	1,851,247,679	1,147,949,388	1,499,565,300	1,330,298,586
575,104,472	319,095,462	535,759,198	413,459,055	378,192,962	490,008,158
<u>(5,556,375,729)</u>	<u>(2,355,364,693)</u>	<u>(2,758,980,782)</u>	<u>(1,590,416,800)</u>	<u>(1,612,643,641)</u>	<u>(920,223,470)</u>
<u>\$ (4,040,793,039)</u>	<u>\$ (678,178,220)</u>	<u>\$ (371,973,905)</u>	<u>\$ (29,008,357)</u>	<u>\$ 265,114,621</u>	<u>\$ 900,083,274</u>

City of Detroit, Michigan

	Fiscal Year			
	2018	2017	2016	2015
Expenses				
Governmental activities:				
Public protection	\$ 459,155,038	\$ 643,746,962	\$ (158,890,077)	\$ 527,636,236
Health	32,958,070	29,784,840	27,950,664	31,640,136
Recreation and culture	37,416,517	29,922,328	5,956,037	21,863,335
Economic development	45,345,939	42,562,725	42,455,723	70,889,645
Educational development	-	-	-	1,477
Housing supply and conditions	25,015,853	9,810,694	3,223,431	1,920,096
Physical environment	152,794,269	116,733,180	2,385,020	41,582,157
Transportation facilitation	35,829,655	31,513,472	36,489,715	38,658,855
Development and management	403,929,393	325,937,109	(52,688,289)	490,076,634
Interest on long-term debt	62,525,448	91,611,017	78,301,298	95,776,801
Total government activities expenses	1,254,970,182	1,321,622,327	(14,816,478)	1,320,045,372
Business-type activities:				
Sew age disposal	300,112,413	314,993,258	254,617,493	425,198,938
Transportation	158,602,192	178,551,373	6,654,042	101,466,158
Water	130,123,421	122,932,303	134,245,899	360,527,146
Automobile parking	29,509,883	10,257,721	2,219,819	7,915,022
Airport	2,420,424	2,504,453	2,492,521	1,364,972
Public lighting authority	21,097,017	16,328,382	16,758,370	16,706,571
Total business-type activities expenses	641,865,350	645,567,490	416,988,144	913,178,807
Total primary government expenses	1,896,835,532	1,967,189,817	402,171,666	2,233,224,179
Program Revenue				
Governmental activities:				
Charges for services:				
Public protection	82,142,006	87,794,040	82,771,964	63,885,128
Health	2,543,252	2,981,002	608,827	21,433
Recreation and culture	2,097,986	859,989	783,031	16,898,076
Economic development	6,581,729	669,987	866,690	3,215,123
Educational development	-	-	-	-
Housing supply and conditions	-	2,386,191	1,846,395	1,512,350
Physical environment	44,307,433	33,804,805	33,575,150	51,082,632
Transportation facilitation	3,728,872	4,204,012	3,635,209	47,861,667
Development and management	42,238,300	46,510,771	48,908,707	150,450,170
Operating grants and contributions	183,354,935	181,124,247	176,655,635	155,868,586
Capital grants and contributions	528,544	3,187,539	18,466,400	7,148,673
Total governmental activities program revenue	367,523,057	363,522,583	368,118,008	497,943,838
Business-type activities:				
Charges for services:				
Sew age disposal	291,130,813	273,687,927	405,492,789	505,671,614
Transportation	29,236,816	21,285,572	22,399,677	22,347,086
Water	115,019,869	108,174,791	264,538,200	364,278,054
Automobile parking	12,013,301	14,795,766	13,284,541	12,337,691
Airport	619,190	701,032	477,462	628,221
Public lighting authority	13,335,724	13,381,653	13,184,635	6,707,642
Operating grants and contributions	51,300,810	58,483,061	49,068,016	56,701,626
Capital grants and contributions	16,799,491	4,783,658	8,952,414	34,890,437
Total business-type activities program revenue	529,456,014	495,293,460	777,397,734	1,003,562,371
Total primary government program revenue	\$ 896,979,071	\$ 858,816,043	\$ 1,145,515,742	\$ 1,501,506,209

Schedule 2 - Financial Trends - Changes in Net Position

**Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)
Years Ended June 30**

		Fiscal Year									
		2014	2013	2012	2011	2010	2009				
\$	539,831,117	\$	694,708,112	\$	800,229,437	\$	816,928,579	\$	779,613,390	\$	789,055,092
	49,563,178		38,070,128		142,584,167		170,235,039		170,843,954		158,906,848
	30,467,345		26,856,182		30,113,031		31,397,867		17,963,496		37,180,607
	59,701,870		81,455,649		73,599,973		87,938,305		61,906,827		73,307,206
	-		37,040,734		51,974,801		58,840,456		90,450,821		76,728,812
	8,465,345		5,086,777		4,431,697		6,328,619		8,381,813		10,592,858
	110,555,039		121,192,467		130,991,572		125,325,346		119,713,562		185,864,791
	55,831,652		20,745,859		33,697,252		33,720,569		84,039,822		73,805,481
	328,243,425		205,937,823		195,167,837		201,031,612		268,716,249		350,974,262
	135,130,618		133,545,027		129,097,503		132,827,437		129,458,620		126,344,699
	<u>1,317,789,589</u>		<u>1,364,638,758</u>		<u>1,591,887,270</u>		<u>1,664,573,829</u>		<u>1,731,088,554</u>		<u>1,882,760,656</u>
	482,723,501		523,909,799		456,113,053		517,645,238		431,575,246		450,278,148
	163,841,194		166,024,287		212,856,759		215,880,853		207,620,142		206,705,724
	392,920,925		398,086,572		370,558,112		345,180,580		346,637,749		349,734,605
	14,714,363		20,089,165		11,643,400		11,305,474		18,190,081		16,511,077
	2,722,946		1,910,151		2,119,837		2,392,911		2,437,571		2,685,756
	1,890,472		-		-		-		-		-
	<u>1,058,813,401</u>		<u>1,110,019,974</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>2,376,602,990</u>		<u>2,474,658,732</u>		<u>2,645,178,431</u>		<u>2,756,978,885</u>		<u>2,737,549,343</u>		<u>2,908,675,966</u>
	75,017,759		76,800,124		75,900,731		89,521,773		78,076,978		92,986,299
	2,389,178		224,847		9,652,314		5,090,487		12,495,600		14,752,057
	17,106,690		17,697,563		18,170,830		17,796,165		17,510,499		17,736,396
	3,344,270		7,192,630		850,741		1,358,479		121,725		72,714
	-		-		-		499,058		1,528,487		760,494
	3,509,934		3,196,447		2,734,182		3,566,331		3,780,682		3,572,588
	93,846,458		102,363,179		97,094,653		80,905,220		92,793,872		111,380,814
	22,728,698		-		1,647,825		46,986		927,229		516,728
	128,991,615		81,496,108		103,694,387		101,982,537		109,253,875		142,032,307
	176,787,827		211,471,358		326,570,380		370,730,317		356,347,310		310,525,464
	30,592,996		19,740,930		24,516,521		44,338,905		28,304,777		35,257,895
	<u>554,315,425</u>		<u>520,183,186</u>		<u>660,832,564</u>		<u>715,836,258</u>		<u>701,141,034</u>		<u>729,593,756</u>
	475,770,844		440,863,260		437,654,891		410,719,075		365,537,390		390,126,398
	19,374,841		26,643,760		22,558,000		27,418,297		26,565,119		28,191,056
	349,369,362		355,527,761		336,129,945		316,002,201		285,470,426		274,095,463
	10,341,324		11,992,637		10,617,480		8,136,744		15,037,679		17,667,031
	2,326,814		726,855		993,050		799,122		967,234		1,125,015
	758,500		-		-		-		-		-
	61,597,871		70,142,182		77,296,998		77,553,273		75,343,618		74,811,471
	9,943,047		11,854,628		30,344,607		29,793,987		47,947,235		33,897,154
	<u>929,482,603</u>		<u>917,751,083</u>		<u>915,594,971</u>		<u>870,422,699</u>		<u>816,868,701</u>		<u>819,913,588</u>
\$	<u>1,483,798,028</u>	\$	<u>1,437,934,269</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>

City of Detroit, Michigan

	Fiscal Year			
	2018	2017	2016	2015
Net (Expense) Revenue				
Governmental activities	\$ (887,447,125)	\$ (958,099,744)	\$ 382,934,486	\$ (822,101,534)
Business-type activities	(112,409,336)	(150,274,030)	360,409,590	90,383,564
Total primary government net (expense) revenue	(999,856,461)	(1,108,373,774)	743,344,076	(731,717,970)
General Revenue and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	159,149,463	248,296,337	224,263,288	190,096,078
Municipal income tax	299,346,019	301,069,434	266,928,629	263,376,804
Utility users' tax	28,700,113	27,068,555	24,036,395	37,939,463
Wagering tax	178,982,277	177,217,497	180,228,993	170,176,735
State hotel and liquor tax	-	-	-	-
Other taxes and assessments	3,395,606	10,362,346	5,378,658	7,370,339
State-shared taxes	199,899,929	197,831,755	194,705,498	194,757,659
State returnable liquor license fees	-	-	-	606,690
Interest and penalties on taxes	3,243,729	3,609,115	4,435,170	1,619,147
Investment earnings	15,856,300	15,849,922	16,997,733	(59,433,962)
Miscellaneous revenue	49,632,362	38,110,403	23,899,793	14,285,952
(Loss) gain on sale of capital assets	-	(185,285)	-	600,150,246
Bankruptcy contributions and other	-	-	-	1,048,258,217
Transfers	(41,103,784)	(78,136,743)	(82,074,100)	(72,649,546)
Total governmental activities	897,102,014	941,093,336	858,800,057	2,396,553,822
Business-type activities:				
Investment earnings (loss)	540,649	539,854	789,108	3,116,422
Bond issuance costs	-	-	-	-
Asset impairment	-	-	-	(5,536,257)
Miscellaneous revenue	45,214,538	37,421,198	19,379,346	6,053,524
Loss on sale of capital assets	-	(1,622,362)	(4,870,893)	(53,510)
Special item	101,859,924	(157,954,520)	1,585,445,912	-
Extraordinary item	-	-	-	211,821,856
Amortization of bond issuance costs and deferral	-	-	-	13,048,879
Transfers	41,103,784	78,136,743	82,074,100	72,649,546
Total business-type activities	188,718,895	(43,479,087)	1,682,817,573	301,100,460
Total primary government	1,085,820,909	897,614,249	2,541,617,630	2,697,654,282
Impact of GASB stmt. No. 68 - Governmental activities	-	-	-	-
Impact of GASB stmt. No. 68 - Business-type activities	-	-	-	-
Change in Net Position				
Governmental activities	9,654,889	(17,006,408)	1,241,734,543	1,574,452,288
Business-type activities	76,309,559	(193,753,117)	2,043,227,163	391,484,024
Total primary government	\$ 85,964,448	\$ (210,759,525)	\$ 3,284,961,706	\$ 1,965,936,312

Schedule 2 - Financial Trends - Changes in Net Position (Continued)

**Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)
Years Ended June 30**

Fiscal Year					
2014	2013	2012	2011	2010	2009
\$ (763,474,164)	\$ (844,455,572)	\$ (931,054,706)	\$ (948,737,571)	\$ (1,029,947,520)	\$ (1,153,166,900)
<u>(129,330,798)</u>	<u>(192,268,891)</u>	<u>(137,696,190)</u>	<u>(221,982,357)</u>	<u>(189,592,088)</u>	<u>(206,001,722)</u>
(892,804,962)	(1,036,724,463)	(1,068,750,896)	(1,170,719,928)	(1,219,539,608)	(1,359,168,622)
194,680,186	199,191,923	216,931,618	235,857,331	218,008,102	231,428,726
253,769,874	248,017,356	233,035,540	228,303,884	216,522,405	240,824,363
42,386,549	35,299,844	39,828,340	44,640,365	44,190,132	49,900,471
167,569,541	174,357,416	181,574,627	177,046,311	183,466,226	172,912,862
-	-	-	-	2,969,380	17,367,715
8,603,632	14,384,429	16,528,509	17,373,679	15,404,967	12,878,272
189,756,901	182,454,314	173,292,222	239,342,109	239,047,211	268,246,565
607,547	604,206	-	-	-	-
1,269,784	924,928	4,264,747	7,554,054	9,332,781	10,696,529
(4,170,808)	(88,533,105)	8,366,960	8,606,985	8,832,971	7,056,295
7,549,098	11,854,410	2,578,822	3,595,798	6,618,964	9,273,309
(359,223)	(8,829,927)	-	(528,568)	(27,775)	(5,204,095)
766,046,174	-	-	(9,865,937)	49,980,314	-
<u>(79,432,723)</u>	<u>(52,662,094)</u>	<u>(87,675,853)</u>	<u>(73,390,635)</u>	<u>(74,579,168)</u>	<u>(73,992,223)</u>
1,548,276,532	717,063,700	788,725,532	878,535,376	919,766,510	941,388,789
5,609,449	(46,468,811)	(152,915,970)	9,837,046	(42,428,588)	25,458,070
(22,173,885)	-	-	-	-	-
-	-	-	-	-	-
(13,956,786)	7,265,917	2,299,933	6,310,694	788,385	(8,435,836)
(1,259,818)	(2,752)	-	(91,476,801)	-	-
-	-	-	-	-	-
228,728,211	-	-	-	-	(36,900,173)
-	-	-	-	-	-
<u>79,432,723</u>	<u>52,662,094</u>	<u>87,675,853</u>	<u>73,390,635</u>	<u>74,579,168</u>	<u>73,992,223</u>
<u>276,379,894</u>	<u>13,456,448</u>	<u>(62,940,184)</u>	<u>(1,938,426)</u>	<u>32,938,965</u>	<u>54,114,284</u>
1,824,656,426	730,520,148	725,785,348	876,596,950	952,705,475	995,503,073
(2,926,675,485)	-	-	-	-	-
<u>(1,302,511,284)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(2,141,873,117)	(127,391,872)	(142,329,174)	(70,202,195)	(110,181,010)	(211,778,111)
<u>(1,155,462,188)</u>	<u>(178,812,443)</u>	<u>(200,636,374)</u>	<u>(223,920,783)</u>	<u>(156,653,123)</u>	<u>(151,887,438)</u>
<u>\$ (3,297,335,305)</u>	<u>\$ (306,204,315)</u>	<u>\$ (342,965,548)</u>	<u>\$ (294,122,978)</u>	<u>\$ (266,834,133)</u>	<u>\$ (363,665,549)</u>

City of Detroit, Michigan

	Fiscal Year			
	2018	2017	2016	2015
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved (deficit)	-	-	-	-
Nonspendable	23,017,234	11,072,987	5,151,103	-
Restricted	169,041,773	82,175,178	89,309,032	125,961,474
Committed	20,000,000	20,000,000	20,000,000	58,788,660
Assigned	267,666,549	310,577,489	243,072,945	182,014,852
Unassigned (deficit)	131,458,405	168,966,874	143,047,758	70,922,574
Total General Fund	\$ 611,183,961	\$ 592,792,528	\$ 500,580,838	\$ 437,687,560
Retirement System Service Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-
Total retirement system service funds	\$ -	\$ -	\$ -	\$ -
All Other Governmental Funds				
Special revenue funds:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	-	51,696	-	-
Restricted	193,634,759	151,115,095	157,236,938	119,600,634
Committed	419,679	-	-	-
Unassigned	(10,423,639)	(1,674,211)	(2,925)	(11,517)
Capital projects funds:				
Reserved	-	-	-	-
Restricted	8,426,872	13,714,763	-	54,680,729
Assigned	30,926,004	37,810,881	51,801,570	-
Debt service fund:				
Reserved	-	-	-	-
Restricted	44,538,947	31,905,618	22,435,949	18,511,653
Assigned	-	-	-	-
Permanent funds:				
Reserved	-	-	-	-
Nonspendable	1,005,096	1,005,096	1,005,096	937,861
Restricted	640,541	687,258	726,034	726,034
Total all other governmental funds	\$ 269,168,259	\$ 234,616,196	\$ 233,202,662	\$ 194,445,394

Source: City of Detroit, Michigan Comprehensive Annual Financial Reports for fiscal years ended June 30, 2009 through 2018

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
(Modified Accrual Basis of Accounting)
(Unaudited)
Years Ended June 30**

Fiscal Year					
2014	2013	2012	2011	2010	2009
\$ -	\$ -	\$ -	\$ -	\$ 64,597,471	\$ 65,191,371
-	-	-	-	(155,692,159)	(331,925,012)
-	4,050,006	20,940,729	20,692,552	-	-
42,979,826	979,826	979,826	979,826	-	-
156,334,125	54,550,314	35,234,345	26,833,858	-	-
-	-	-	-	-	-
(145,907,582)	(132,560,895)	(326,641,557)	(196,577,910)	-	-
\$ 53,406,369	\$ (72,980,749)	\$ (269,486,657)	\$ (148,071,674)	\$ (91,094,688)	\$ (266,733,641)
\$ -	\$ -	\$ -	\$ -	\$ 24,496,356	\$ 24,574,826
24,016,604	24,016,604	24,016,604	24,295,379	-	-
\$ 24,016,604	\$ 24,016,604	\$ 24,016,604	\$ 24,295,379	\$ 24,496,356	\$ 24,574,826
\$ -	\$ -	\$ -	\$ -	\$ 41,022,881	\$ 43,974,045
-	-	-	-	12,313,800	17,785,520
-	-	1,457,015	1,597,869	-	-
90,917,252	69,437,600	65,845,376	70,907,819	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	90,526,155	99,750,093
62,946,287	79,371,566	129,888,278	148,878,121	-	-
-	-	-	-	-	-
-	-	-	-	6,135,145	52,194,439
-	-	-	-	-	-
12,604,764	7,899,702	6,314,687	4,561,750	-	-
-	-	-	-	1,588,224	1,574,670
937,861	937,861	937,861	937,861	-	-
765,245	819,870	778,733	748,159	-	-
\$ 168,171,409	\$ 158,466,599	\$ 205,221,950	\$ 227,631,579	\$ 151,586,205	\$ 215,278,767

City of Detroit, Michigan

	Fiscal Year			
	2018	2017	2016	2015
Revenue				
Taxes:				
Property taxes	\$ 178,774,155	\$ 192,166,387	\$ 205,452,491	\$ 190,096,078
Municipal income tax	310,205,258	284,467,414	263,178,629	263,376,804
Utility users' tax	28,700,113	27,068,555	24,036,395	37,939,463
Wagering taxes	178,982,277	177,217,497	180,228,993	172,523,054
Gas and weight tax	79,606,333	66,767,719	58,109,927	55,138,474
Other taxes and assessments	3,395,606	10,362,346	5,378,658	7,370,339
State hotel and liquor tax	-	-	-	-
Interest and penalties on taxes	3,243,729	3,609,115	4,435,170	1,619,147
Licenses, permits, and inspection charges	35,409,519	37,785,353	35,800,680	30,986,234
Intergovernmental:				
Federal	73,275,495	97,602,815	93,178,923	109,580,838
State:				
State-shared revenue	199,899,929	197,831,755	194,705,498	194,757,659
State returnable liquor license fees	-	-	-	606,690
Other state-sourced revenue	18,418,655	14,160,818	23,160,702	17,974,311
Other	-	-	-	3,331,825
Sales and charges for services	144,594,148	133,262,994	120,618,786	131,066,385
Ordinance fines and forfeitures	24,559,479	25,769,755	24,643,164	24,726,314
Revenue from use of assets	1,227,713	1,176,838	1,218,314	14,277,845
Investment earnings	15,856,300	15,849,922	16,997,733	(2,885,536)
DIA and foundation revenue	6,669,952	5,730,109	54,079,327	-
Other revenue	43,046,224	43,645,402	47,776,178	125,119,874
Total revenue	1,345,864,885	1,334,474,794	1,352,999,568	1,377,605,798
Expenditures				
Current:				
Public protection	469,394,446	449,577,041	423,317,267	408,201,003
Health	32,933,457	29,766,821	22,952,288	32,633,149
Recreation and culture	20,531,801	18,283,430	16,563,892	12,698,638
Economic development	44,894,347	39,439,847	61,023,837	64,020,545
Educational development	-	-	-	1,477
Housing supply and conditions	12,317,557	7,714,818	6,179,112	5,570,783
Physical environment	56,341,744	61,091,341	54,086,364	54,921,813
Transportation facilitation	48,674,970	47,701,015	15,904,193	28,936,547
Development and management	317,188,516	319,440,808	281,713,707	548,646,601
Debt service:				
Principal	95,647,378	77,078,797	60,777,124	196,612,535
Interest	65,702,804	97,109,299	77,550,195	58,567,171
Bond issuance costs	873,545	4,163,414	29,438	4,194,731
Capital outlay	142,496,955	71,074,891	126,205,166	90,719,155
Total expenditures	1,306,997,520	1,222,441,522	1,146,302,583	1,505,724,148
Excess of revenue over (under) expenditures	38,867,365	112,033,272	206,696,985	(128,118,350)

Schedule 4 - Financial Trends - Changes in Fund Balances of Governmental Funds

**Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)
Years Ended June 30**

		Fiscal Year									
		2014	2013	2012	2011	2010	2009				
\$	194,627,905	\$	199,191,923	\$	216,931,618	\$	252,020,089	\$	201,845,344	\$	230,833,394
	253,769,874		248,017,356		233,035,540		228,303,884		216,522,405		240,824,363
	42,386,549		35,299,844		39,828,340		44,640,365		44,190,132		49,900,667
	167,924,023		174,599,992		181,443,475		176,899,280		183,338,299		173,026,122
	53,904,485		52,081,247		53,142,793		58,623,860		57,775,086		58,813,648
	8,603,632		14,384,429		16,528,509		17,373,670		15,404,967		12,878,272
	-		-		-		-		2,969,380		17,367,715
	1,269,784		924,928		4,264,747		7,554,054		9,332,781		10,696,529
	28,706,629		32,615,445		27,100,204		27,095,599		27,669,454		32,471,933
	96,907,383		152,579,860		253,933,239		301,484,858		265,421,498		233,526,888
	189,756,901		182,454,314		172,704,390		239,320,847		263,060,088		266,032,168
	607,547		604,206		-		-		-		-
	49,226,334		25,994,536		37,269,243		46,887,654		47,852,739		40,049,141
	6,001,385		6,029,547		6,663,482		8,347,440		6,788,282		14,500,644
	207,987,028		176,029,645		197,066,068		201,253,031		196,333,386		237,044,188
	17,851,138		21,154,594		16,972,056		21,152,772		18,872,226		23,747,573
	7,568,498		12,017,348		2,069,012		3,595,798		6,618,964		27,013,424
	300,397		(399,654)		445,251		685,276		911,263		7,056,295
	-		-		-		-		-		-
	95,010,394		35,958,150		64,241,114		77,135,224		64,761,863		72,117,140
	1,422,409,886		1,369,537,710		1,523,639,081		1,712,373,701		1,629,668,157		1,747,900,104
	449,622,284		476,940,028		675,359,091		735,650,626		641,884,276		654,450,029
	48,782,203		37,448,812		142,365,025		169,338,220		170,489,091		155,442,680
	16,032,592		13,345,639		16,976,912		18,210,536		18,155,021		21,041,925
	51,178,770		76,109,395		67,115,000		79,792,267		57,522,689		65,217,992
	-		37,126,254		52,430,587		58,526,359		90,527,365		75,409,235
	6,966,303		4,188,991		4,215,134		5,871,310		8,240,422		9,022,633
	97,441,142		106,802,886		113,603,551		113,296,648		104,042,673		159,233,592
	36,505,709		1,749,362		14,990,983		26,836,954		71,517,424		66,567,770
	297,686,391		191,052,907		176,507,779		180,366,148		237,069,025		305,203,444
	109,976,923		103,880,615		97,498,429		87,904,525		89,653,619		129,696,883
	126,945,753		133,319,492		126,728,009		131,087,371		124,280,049		124,716,178
	3,379,410		1,612,046		485,599		1,416,768		2,487,193		-
	81,329,304		127,079,320		97,650,840		102,395,459		49,231,014		77,094,313
	1,325,846,784		1,310,655,747		1,585,926,939		1,710,693,191		1,665,099,861		1,843,096,674
	96,563,102		58,881,963		(62,287,858)		1,680,510		(35,431,704)		(95,196,570)

City of Detroit, Michigan

	Fiscal Year			
	2018	2017	2016	2015
Other Financing Sources (Uses)				
Sources:				
Transfers in	\$ 26,268,117	\$ 8,015	\$ -	\$ 65,562,957
Proceeds from sale of capital assets	21,179,915	2,345,315	-	-
Other financing source - Bankruptcy	-	-	-	218,100,000
Proceeds from debt issuances	34,000,000	606,180,000	245,000,000	1,158,387,978
Premium from debt issuances	-	30,562,666	-	-
Total other financing sources	81,448,032	639,095,996	245,000,000	1,442,050,935
Uses:				
Transfers out	(67,371,901)	(78,144,758)	(82,074,100)	(138,212,503)
Other financing use - Bankruptcy	-	-	-	(959,481,790)
Extraordinary gain - Bankruptcy	-	-	-	170,300,280
Principal paid to bond agent for refunded bonds	-	(607,650,000)	(275,000,000)	-
Total other financing uses	(67,371,901)	(685,794,758)	(357,074,100)	(927,394,013)
Total other financing sources (uses)	14,076,131	(46,698,762)	(112,074,100)	514,656,922
Special item	-	-	-	-
Net change in fund balances	52,943,496	65,334,510	94,622,885	386,538,572
Fund Balance (Deficit) - Beginning of year, as restated	827,408,724	762,074,214	639,160,615	245,594,382
Increase (Decrease) in Inventories	-	-	-	-
Fund Balance (Deficit) - End of year	\$ 880,352,220	\$ 827,408,724	\$ 733,783,500	\$ 632,132,954
Debt service as a percentage of noncapital expenditures	13.93%	15.49%	13.56%	18.33%

Source: City of Detroit, Michigan Comprehensive Annual Financial Reports for fiscal years ended June 30, 2009 through 2018

Schedule 4 - Financial Trends - Changes in Fund Balances of Governmental Funds
(Continued)

**Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)
Years Ended June 30**

		Fiscal Year									
		2014	2013	2012	2011	2010	2009				
\$	109,770,188	\$	174,825,814	\$	179,921,845	\$	173,340,882	\$	171,409,769	\$	210,043,052
	-		-		-		-		-		-
	-		-		-		-		-		-
	120,000,000		134,438,642		5,753,000		100,000,000		258,210,000		6,197,000
	-		9,092,046		-		-		1,873,225		-
	<u>229,770,188</u>		<u>318,356,502</u>		<u>185,674,845</u>		<u>273,340,882</u>		<u>431,492,994</u>		<u>216,240,052</u>
	(189,202,911)		(227,487,908)		(267,597,697)		(246,731,517)		(245,988,937)		(284,035,275)
	-		-		-		-		-		-
	-		-		-		-		-		-
	<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>(35,810,944)</u>		<u>-</u>
	<u>(189,202,911)</u>		<u>(227,487,908)</u>		<u>(267,597,697)</u>		<u>(246,731,517)</u>		<u>(281,799,881)</u>		<u>(284,035,275)</u>
	40,567,277		90,868,594		(81,922,852)		26,609,365		149,693,113		(67,795,223)
	-		-		(9,865,937)		-		-		-
	<u>137,130,379</u>		<u>149,750,557</u>		<u>(144,210,710)</u>		<u>18,423,938</u>		<u>114,261,409</u>		<u>(162,991,793)</u>
	108,464,003		(40,248,103)		103,855,284		84,987,873		(26,880,048)		136,507,695
	-		107,323		107,323		443,473		(2,393,488)		(395,950)
	<u>-</u>		<u>107,323</u>		<u>107,323</u>		<u>443,473</u>		<u>(2,393,488)</u>		<u>(395,950)</u>
\$	<u>245,594,382</u>	\$	<u>109,609,777</u>	\$	<u>(40,248,103)</u>	\$	<u>103,855,284</u>	\$	<u>84,987,873</u>	\$	<u>(26,880,048)</u>
	19.31%		20.18%		15.10%		13.70%		13.39%		14.41%

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, 2018**

Fiscal Years Ended June 30	Assessed Value					Total Direct Tax Rate (Per Thousand of Taxable Value)
	Residential Property	Commercial Property	Industrial Property	Personal Property	Total	
2018	\$ 2,574,909	\$ 2,791,734	\$ 480,702	\$ 1,484,119	\$ 7,331,464	29.42 %
2017	2,450,477	2,661,906	276,389	1,482,438	6,871,210	29.42
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

Fiscal Years Ended June 30	Taxable Value					Total Direct Tax Rate (Per Thousand of Taxable Value)
	Residential Property	Commercial Property	Industrial Property	Personal Property	Total	
2018	\$ 2,165,420	\$ 2,165,420	\$ 337,247	\$ 1,484,322	\$ 6,152,409	83.20 %
2017	2,070,780	2,250,302	234,250	1,482,720	6,038,052	87.15
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

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, 2018**

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)			
2018	19.9520	8.2437	28.1957	13.0000	31.0000	4.6307	17.0411	6.0000
2017	19.9520	9.4661	29.4181	13.0000	31.0000	4.6307	15.0417	6.0000
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

Note 1 Source: City of Detroit, Michigan's Budget Department
(Red Books for 2009 through 2018)

Note 2 Source: State of Michigan website

Note 3 Source: City of Detroit, Michigan, 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, 2018**

Taxpayer	2018			2009 (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
DTE Energy Company	\$ 546,753	1	8.94 %	\$ 307,347	2	3.16 %
Vanguard Health Systems - Hospitals	292,845	2	4.85	NA	NA	NA
Marathon Petroleum Company	249,549	3	3.86	130,787	7	1.34
MGM Grand Detroit LLC	207,340	4	2.84	296,308	3	3.05
Riverfront Holdings Inc	113,000	5	1.36	142,957	4	1.47
FCA US LLC (Chrysler)	67,135	6	0.79	538,217	1	5.53
International Transmission Co	64,095	7	0.73	30,660	7	0.32
Detroit Entertainment LLC	62,361	8	0.66	92,162	8	0.95
Greektown Casino LLC	56,776	9	0.62	78,999	9	0.81
1000 Webward, LLC	51,704	10	0.53	NA	NA	NA

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

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

Note 3 Source: City of Detroit, Michigan, June 30, 2009 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, 2018**

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
2018	\$ 165,753	\$ 135,978	82.04 %	*	\$ 135,978	82.04 %
2017	182,715	146,344	80.09	*	146,344	80.09
2016	197,334	153,818	77.95	*	153,818	77.95
2015	206,384	151,700	73.50	*	153,897	74.57
2014	222,550	153,897	69.15	*	163,443	73.44
2013	239,186	163,443	68.33	*	210,359	87.95
2012	251,399	210,359	83.68	*	205,741	81.84
2011	257,448	205,741	79.92	*	224,235	87.10
2010	261,380	224,235	85.79	*	234,049	89.54
2009	269,556	234,049	86.83	*	252,879	93.81

*Information not available at date of publication of CAFR.

Source: City of Detroit, Michigan, 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 Authority			Sew age Disposal Funds		
	Obligation Bonds	Revenue Bonds	Notes Payable	Loans Payable	Pension Obligation Certificates	General Obligation Bonds	Revenue Bonds	Pension Obligation Certificates	
2018	\$ 1,379,885	\$ -	\$ 34,000	\$ 49,567	\$ -	\$ -	\$ 44,233	\$ -	\$ -
2017	1,474,361	-	-	50,739	-	-	49,549	-	-
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

Note 1 Source: City of Detroit, Michigan - Comprehensive Annual Financial Report for fiscal years ended June 30, 2009 through 2018

Schedule 9 - Revenue Capacity - Ratios of Outstanding Debt by Type

**Last Ten Fiscal Years
(Dollars in Thousands, Except Per Capita)
(Unaudited)
June 30, 2018**

Business-type Activities (Note 1)

Transportation Funds		Water Funds		Automobile Parking Funds		Airport Fund	Public Lighting Authority	Total Primary Government	Per Capita	
General Obligations Bonds	Pension Obligation Certificates	General Obligation Bonds	Revenue Bonds	Pension Obligation Certificates	General Obligation Bonds	Revenue Bonds	General Obligations Bonds	General Obligations Bonds		
\$ 43,552	\$ -	\$ 26,540	\$ 59,004	\$ -	\$ 700	\$ -	\$ 552	\$ 189,070	\$ 1,827,103	2,714
48,824	-	29,729	52,008	-	700	-	552	189,070	1,895,532	2,816
49,253	-	29,989	-	-	700	-	552	189,445	1,923,570	2,848
49,661	-	30,236	2,375,375	-	700	-	552	195,819	7,876,408	11,613
5,458	100,159	-	2,553,333	75,748	-	-	-	60,000	8,546,597	12,542
5,458	105,185	-	2,488,622	79,555	-	9,125	-	-	8,313,851	12,034
6,272	105,189	-	2,518,913	79,558	-	10,261	-	-	8,349,433	11,938
6,272	106,401	-	2,159,832	80,474	-	11,341	-	-	7,732,350	10,973
6,272	107,188	-	2,190,140	81,070	-	40,931	-	-	7,833,117	10,974
6,272	107,532	-	2,298,509	81,330	-	42,616	-	-	7,904,069	10,810

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, 2018

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	
2018	\$ 1,379,885	\$ -	\$ -	\$ (44,539)	\$ 1,335,346	\$ 6,353,575	21.02 %	\$ 1,983.86	
2017	1,474,361	-	-	(31,906)	1,442,455	6,692,056	21.55	2,142.99	
2016	1,531,061	-	-	(22,436)	1,508,625	7,357,490	20.50	2,233.41	
2015	1,609,844	-	-	(18,512)	1,591,332	7,772,856	26.15	2,229.45	
2014	1,047,770	-	1,137,404	(14,781)	2,170,393	8,301,190	25.54	3,040.71	
2013	1,009,395	-	1,180,285	(31,916)	2,157,764	8,447,370	24.14	3,023.02	
2012	963,400	-	1,180,285	(30,331)	2,113,354	8,755,414	24.20	2,960.80	
2011	1,039,505	-	1,194,003	(28,857)	2,204,651	9,111,881	22.51	3,088.71	
2010	1,013,920	2,655	1,202,909	(30,632)	2,188,852	9,725,919	19.67	2,300.98	
2009	838,735	4,230	1,206,770	(76,769)	1,972,966	10,031,268	21.10	2,074.03	

Note 1 Source: City of Detroit, Michigan - Comprehensive Annual Financial Report for fiscal years ended June 30, 2009 through 2018

Note 2 Source: City of Detroit, Michigan's Budget Department (Red Books for 2009 through 2018)

City of Detroit, Michigan

Schedule 11 - Debt Capacity - Direct and Overlapping Governmental Activities Debt

**June 30, 2018
(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percent Applicable to City of Detroit, Michigan	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Detroit Public Schools	\$ 1,800,360,672	100.00 %	\$ 1,800,360,672
Wayne County, Michigan	279,763,774	13.94	<u>38,999,070</u>
Subtotal, overlapping debt			1,839,359,742
City of Detroit, Michigan direct debt	1,504,829,146	100.00	<u>1,504,829,146</u>
Total direct and overlapping debt			<u>\$ 3,344,188,888</u>

Source: City of Detroit, Michigan Finance Department, Debt Management Division

**Last Ten Fiscal Years
(Dollars in Thousands)
(Unaudited)
Years Ended June 30**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt limit	\$ 1,715,886	\$ 1,726,304	\$ 1,716,899	\$ 1,464,359	\$ 1,587,704	\$ 1,558,064	\$ 1,033,010	\$ 1,218,147	\$ 1,218,793	\$ 1,388,266
Total net debt applicable to limit	<u>627,865</u>	<u>663,695</u>	<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>
Legal debt margin	<u>\$ 1,088,021</u>	<u>\$ 1,062,609</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	36.59%	38.45%	34.49%	56.86%	65.17%	66.69%	92.65%	84.82%	75.46%	59.10%

Schedule 13 - Debt Capacity - Pledged Revenue Coverage

Last Ten Fiscal Years
(Dollars in Thousands)
(Unaudited)
June 30, 2018

Sewerage Disposal Revenue Bonds					
Fiscal Year	Total Available Revenue	Less Operating Expenses	Net Available Revenue	Debt Service (b)	Debt Coverage (c)
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 Service (b)	Debt Coverage (c)
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 Available Revenue (a)	Less Operating Expenses	Net Available Revenue	Debt Service (b)	Debt Coverage
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.

Schedule 14 - Demographic and Economic Information
Demographic and Economic Statistics

**Last Ten Calendar Years
(Unaudited)
June 30, 2018**

Year	Population (Note 1)	Unemployment Rate (Note 2)	Per Capita Personal Income (Note 3)	Total Personal Income (in Millions)
2018	*	9.0 %	*	*
2017	673,104	9.3	\$ 17,667	\$ 11,892
2016	675,480	10.7	17,145	11,581
2015	678,250	11.8	16,153	10,956
2014	681,449	16.1	15,350	10,460
2013	690,845	18.9	15,516	10,719
2012	699,385	19.2	14,924	10,437
2011	704,640	21.1	15,245	10,742
2010	713,777	24.8	15,898	11,347
2009	731,155	25.1	16,270	11,896

*Information not available at date of publication of CAFR

Note 1 Source: U.S. Census Bureau: 2011-2017 estimates from Vintage 2017 Population Estimates, 2010 Census, and 2009 estimate from 2000-2010 Intercensal Estimates

Note 2 Source: Bureau of Labor Statistics, Local Area Unemployment Statistics (preliminary 2018 YTD average as of Oct 2018 and prior year annual averages)

Note 3 Source: U.S. Census Bureau, American Community Survey 1-year Estimates (in 2017 inflation-adjusted dollars)

City of Detroit, Michigan

Schedule 15 - Demographic and Economic Information - Principal Employers

Current Year and Nine Years Ago (Unaudited)

Employer	2018 (Note 1)			2009 (Note 2)		
	Employees	Rank	Percentage of Total City Employment (Note 3)	Employees	Rank	Percentage of Total City Employment (Note 3)
Rock Ventures	16,617	1	7.3 %	N/A	N/A	N/A %
City of Detroit, Michigan	9,066	2	4.0	13,187	2	4.7
Detroit Medical Center	9,014	3	4.0	10,499	3	3.7
Henry Ford Health System	8,923	4	3.9	8,502	4	3.0
Ilitch Companies	7,686	5	3.4	N/A	N/A	N/A
U.S. Government	6,361	6	2.8	6,335	5	2.2
General Motors Co.	6,341	7	2.8	4,652	8	1.6
FCA US LLC	5,981	8	2.6	4,517	9	1.6
Detroit Public Schools Community District	5,794	9	2.6	13,750	1	4.9
Wayne State University	5,780	10	2.6	5,019	6	1.8
State of Michigan	-			4,910	7	1.7
U.S. Postal Service	-			4,106	10	1.4
Total City Employment (4)	226,206			283,418		

Note 1 Source: Crain's 2018 Book of Lists, Detroit's Largest Employers (includes Detroit, Hamtramck, and Highland Park)

Note 2 Source: Crain's 2009 Book of Lists, Detroit's Largest Employers (includes Detroit, Hamtramck, and Highland Park)

Note 3: FCA US LLC formerly known as Chrysler Group LLC

Note 4 Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics (preliminary 2018 YTD average as of Oct 2018 and 2009 annual average)

Schedule 16 - Operating Information
Full-time Equivalent Government Employees by Function/Program

Last Ten Fiscal Years
(Unaudited)
Years Ended June 30

Function/Program	FTE Employees as of June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Governmental Agencies										
Executive agencies:										
Arts	-	-	-	-	-	-	-	-	-	-
Budget	-	10	17	7	10	15	15	16	20	23
Building and safety	227	188	160	181	178	183	204	235	258	276
Civic center	2	-	-	-	-	-	-	-	-	33
Consumer affairs	-	-	-	-	-	-	-	-	-	-
Cultural affairs	-	-	-	-	-	-	-	-	-	-
Public works	372	382	318	374	407	503	542	639	649	737
Workforce development	-	-	-	-	-	-	46	73	113	99
Environmental	-	-	-	-	-	-	-	3	10	51
Finance	441	424	390	183	176	224	235	266	285	310
Fire	1,153	1,121	1,123	1,251	1,154	1,093	1,257	1,330	1,355	1,406
General services	488	491	256	436	436	384	343	447	481	528
Health and wellness promotion	82	32	19	6	7	31	185	243	262	317
Historical	-	-	-	-	-	-	-	-	-	-
Human resources	98	97	88	74	83	82	107	176	171	168
Human rights	11	8	8	3	1	7	6	8	-	12
Human services	-	-	-	-	-	-	52	85	95	91
Information technology services	121	96	37	33	30	30	43	46	65	92
Inspector general	10	11	11	7	7	7	-	-	-	-
Law	110	108	105	91	82	88	94	105	113	122
Mayor's office	75	75	75	56	47	22	39	52	63	74
Planning and development	125	105	102	92	93	110	122	154	160	173
Police	2,965	2,811	2,647	2,686	2,769	2,561	3,016	3,195	3,288	3,688
Communication and creative services	-	-	-	-	-	-	-	-	-	-
Public lighting	4	4	5	6	32	98	103	123	160	206
Recreation	182	73	153	203	185	203	300	510	508	385
Senior citizens	-	-	-	-	-	-	-	-	-	3
Youth	-	-	-	-	-	-	-	-	-	-
Zoological institute	-	-	-	-	-	-	-	-	-	-
Administrative hearings	8	9	6	3	4	8	4	6	9	6
Homeland security	-	-	-	-	-	3	2	2	1	5
Housing	-	-	-	-	-	-	-	3	3	3
Legislative agencies:										
Auditor general	8	12	9	10	10	10	12	15	17	18
Board of zoning appeals	12	4	6	11	11	13	12	12	12	12
City council*	82	55	45	-	-	118	52	61	74	97
Ombudsman	7	6	5	6	6	6	7	7	11	11
City clerk	15	15	12	13	14	15	18	20	22	23
Elections	58	46	89	60	72	81	83	51	55	102
Judiciary agency - 36th District Court	30	30	28	32	32	31	31	35	33	33
Other agencies:										
Nondepartmental	95	90	95	40	40	24	14	20	21	33
Library	300	285	268	307	301	344	334	371	450	466
Total general governmental agencies	7,081	6,588	6,077	6,171	6,187	6,294	7,278	8,309	8,764	9,603
Enterprise Agencies										
Airport	4	4	3	4	3	2	7	8	9	10
Department of transportation	1,024	884	809	965	951	809	1,131	1,292	1,351	1,514
Municipal parking	85	81	70	85	83	86	97	92	97	104
Water and sew age disposal	554	461	423	1,363	1,560	1,721	2,012	2,123	2,081	2,189
Total enterprise agencies	1,667	1,430	1,305	2,417	2,597	2,618	3,247	3,515	3,538	3,817
Grand total	8,748	8,018	7,382	8,588	8,784	8,912	10,525	11,824	12,302	13,420

Source: City of Detroit, Michigan, Human Resources Department
*City council employees were all on personal service contracts during 2015 and, therefore, not considered FTEs.

City of Detroit, Michigan

	Fiscal Year			
	2018	2017	2016	2015
Public Protection				
Police				
Number of stations (including six mini-stations)	27	25	24	21
Number of employees (uniform)	2,469	2,441	2,301	2,260
911 calls received/answered	1,146,411/1,004,893	1,260,185/1,050,701	1,128,895/1,000,952	1,586,352/1,222,065
Number of narcotics raids	811	980	1,556	855
Number of community policing programs	123	534	522	510
Fire				
Number of fire stations	37	37	37	38
Number of employees	1,178	1,274	1,192	1,192
Number of fire fighting vehicles	133	133	122	80
Number of fire hydrants	29,927	30,104	30,968	29,000
Responses to fire alarms (including false alarms)	9,732	18,938	21,514	22,289
Responses to special calls and emergency medical service calls	20,272	17,721	133,062	135,091
Estimated fire loss of property	\$ 72,214,278	\$ 64,762,910	\$ *	\$ 250,000,000
Public Works				
Number of employees	*	376	354	345
Miles of streets (paved + unpaved)	*	2,554	2,554	2,557
Miles of alleys (paved + unpaved)	*	1,300	1,300	1,264
Miles of sidewalks	*	4,265	4,265	4,243
Public Lighting				
Number of street lights	-	-	4,000	10,000
Number of revenue customers	6	5	5	-
Size of generating station in kilowatts	184,000	184,000	184,000	184,000
Kilowatt hours generated - Net	-	-	-	-
Kilowatt hours delivered to system	-	-	-	-
Steam heating plants - Steam produced in pounds	-	-	-	-
Recreation and Culture				
Number of parks, ornamental areas, playfields, and playgrounds owned (5,108 acres)	315	308	308	302
Number of summer camps (199 acres)	9	-	-	-
Number of recreation centers, playgrounds, and school facilities operated	22	-	25	17
Number of skating rinks	2	2	2	2
Number of swimming pools	6	8	8	9
Number of municipal beaches	-	-	-	-
Total playing permits issued at five municipal golf courses	71,000	*	-	108,000

Schedule 17 - Operating information
Miscellaneous Operating Indicators by Function/Program

**Last Ten Fiscal Years
(Unaudited)
Years Ended June 30**

Fiscal Year						
2014	2013	2012	2011	2010	2009	
21	37	39	23	30	19	
2,346	2,389	2,637	2,771	2,928	2,971	
1,822,524/1,334,694	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	
1,249	2,440	3,462	3,147	N/A	N/A	
464	874	375	350	300	N/A	
37	37	46	46	45	49	
1,172	1,292	1,455	1,455	1,535	1,480	
78	78	78	76	93	93	
28,000	28,000	28,000	28,000	28,000	28,000	
22,702	21,449	34,613	26,813	19,224	19,530	
114,133	109,237	126,099	136,705	144,101	143,694	
\$ 256,817,197	\$ 245,851,910	\$ 149,261,205	\$ 285,142,382	\$ 467,135,907	\$ 549,374,611	
563	554	625	655	729	730	
2,557	2,571	2,571	2,572	2,571	2,570	
1,264	1,264	1,264	1,264	1,264	1,264	
4,243	4,243	4,243	4,243	4,243	4,243	
87,000	88,000	88,000	88,000	88,000	88,000	
256	256	256	116	116	190	
184,000	30,000	30,000	140,000	184,000	184,000	
-	164,000	191,320	29,352,500	121,769,000	134,189,000	
488,639,040	487,465,000	604,471,560	549,972,720	576,292,000	449,929,000	
-	95,670,000	87,505	57,840,415	54,729,562	79,773,679	
354	354	354	354	354	354	
-	-	-	-	-	-	
17	17	17	17	13	13	
2	2	2	2	2	2	
9	9	10	10	10	2	
-	1	1	1	1	1	
98,678	109,474	121,612	92,857	104,652	127,915	

City of Detroit, Michigan

	Fiscal Year			
	2018	2017	2016	2015
Water System				
Number of customer accounts	330,000	220,000	220,000	220,000
Average pumpage - Millions of gallons per day	N/A	N/A	*	476
Greatest pumpage for a single day during fiscal year - Gallons	N/A	N/A	*	731,800,000
Greatest pumpage for a single hour during fiscal year - Gallons	N/A	N/A	*	33,875,000
Filtration plant rated capacity - Millions of gallons per day	N/A	1,780	1,780	1,780
Number of miles of water mains	2700	3,840	3840	3,840
Average cost (includes domestic, industrial, and commercial) per 1,000 cubic feet	N/A	\$ *	\$ *	\$ 20.60
Sewage System				
Number of sewage disposal plants	-	-	1	1
Number of pumping stations	4	4	11	11
Miles of (trunk line and lateral) sewers	3,013	2,913	2,913	2,913
Miles of lateral sewers	2,258	2,125	2,125	2,125
Transportation				
Number of employees	*	900	900	904
Number of revenue vehicles	*	320	320	320
Seating capacity	*	12,480	12,480	12,300
Number of route miles	*	1,014	1,014	944
Number of passengers (estimated)	*	24,397,156	27,149,357	24,113,775
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	203	177	166	100
Birth rate per thousand	69	15	15	15
Death rate per thousand	10	10	11	9
Educational Development				
School enrollment	*	45,237	46,319	47,161
Operating expenditures	*	624,287,156	711,033,343	702,573,048
Cost per pupil	*	13,800	15,351	14,897
Operating revenue	*	*	*	*
Revenue per pupil	*	*	*	*
Total teaching staff	*	2,699	2,869	3,056

Source: City of Detroit, Michigan, various departments
 *Information not available at date of publication of CAFR

Schedule 17 - Operating information
Miscellaneous Operating Indicators by Function/Program (Continued)

**Last Ten Fiscal Years
(Unaudited)
Years Ended June 30**

		Fiscal Year					
		2014	2013	2012	2011	2010	2009
		257,000	258,000	262,000	267,500	268,500	268,500
		537	550	556	543	515	557
		742,000,000	957,200,000	983,100,000	968,000,000	793,800,000	963,500,000
		32,875,000	42,917,000	44,833,000	43,625,000	37,750,000	42,583,000
		1,780	1,780	1,780	1,780	1,780	1,780
		3,840	3,840	3,840	3,840	3,840	3,840
		\$ 19.43	\$ 18.76	\$ 17.02	\$ 15.48	\$ 13.73	\$ 13.06
		1	1	1	1	1	1
		11	11	11	11	12	12
		2,913	2,913	2,913	2,913	2,913	2,913
		2,125	2,125	2,125	2,125	2,125	2,125
		955	989	1,139	1,341	1,524	1,524
		403	444	465	445	445	445
		15,915	17,534	18,363	17,570	17,570	17,355
		1,014	1,014	1,056	1,091	933	1,291
		25,116,299	30,898,942	32,750,907	35,615,420	36,555,845	38,612,890
		\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50
		N/A	N/A	N/A	N/A	N/A	N/A
		\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25
		\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40
		216	*	*	271	308	339
		15	*	*	22	15	13
		8	*	*	*	11	10
		48,511	51,318	66,745	75,152	84,877	95,494
		707,461,081	712,922,213	915,495,622	1,067,536,984	1,169,738,265	1,220,054,459
		14,584	13,892	13,716	14,205	13,782	12,776
		*	*	*	*	1,210,725,507	1,297,710,119
		*	*	*	*	14,264	13,589
		3,398	3,398	4,396	4,982	5,222	5,797

Detroit Launches TheNeighborhoods.Org

Detroit is telling its own story.

In August 2017, the City launched the Web site, TheNeighborhoods.org., and cable Channel 21 dedicated to telling the story about Detroiters and 200-plus neighborhoods.

A team led by Aaron Foley, the City's first Chief Storyteller, travels back and forth across the city looking for individuals and organizations that represent the diversity and flavor of Detroit.

The team focuses on Detroiters who have persevered and stayed, creates videos that capture the spirit of each Council district, and promotes events and activities that occur across the city to paint a more complete picture of the real Detroit.

The new sites was unveiled at an event at the RollerCade, a black-owned roller skating rink in southwest Detroit. The launch location represents of the approach of the new site: to show the Detroit – and the Detroiters - that have persevered throughout the years.



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