



CITY OF DETROIT
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

for the Fiscal Year Ended June 30, 2017

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

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CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER

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January 26, 2018

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

The management and staff of the Office of the Chief Financial Officer (OCFO) are pleased to submit the City of Detroit's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017 along with the Independent Auditors' Report. This report is prepared for the purpose of disclosing the City's financial condition to its residents, elected officials, and other interested parties.

INTRODUCTION TO THE REPORT

Responsibility

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

Adherence to Generally Accepted Accounting Principles (GAAP)

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

Independent Audit

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

PROFILE OF THE GOVERNMENT

The City of Detroit is located in Southeast Michigan and is the heart of the metropolitan area home to approximately 4.3 million people. It is the largest and most populous city in the state at 139 square miles and a population of 672,795 within the city, according to the 2016 United States Census Bureau estimates. Detroit was founded in 1701 and incorporated in 1806. It is a home rule city under state law and is the county seat of Wayne County.

Detroit is internationally known as the "Motor City" and home to the American automobile industry. Major industries include manufacturing, finance, technology, education, and health care. Detroit is located on an international waterway, which is linked via 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," has been approved and is expected to contribute to the City's economy. The Detroit Metro Airport is one of the nation's major hubs.



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, public spaces, and 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.

Executive Branch

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

Legislative Branch

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

Other Agencies

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

Services Provided

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

Financial Governance

Michigan Public Act 182 of 2014, M.C.L. 117.4s-t ("PA 182") established new ongoing financial structures, including that the City adopt a four-year financial plan every year, hold independent revenue estimating conferences twice per year, and appoint a chief financial officer ("CFO"). The CFO has the following statutory duties and authority:

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

Michigan Public Act 181 of 2014, M.C.L. 141.1631, et seq. ("PA 181"), established the Detroit Financial Review Commission (the "Commission") to provide oversight of the City's financial activities beginning in December 2014, including review and approval of budgets, contracts, and certain other financial activities. Under PA 181, the Commission scales back its oversight when the City completes three years of balanced budgets and certifies other requirements are met. If the City continues to meet these requirements for ten consecutive years, the Commission dissolves.



Budgetary Control

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). During the City's period of oversight by the Commission, the City is required to submit the four-year financial plan to the Commission at least 100 days prior to the commencement of the City's fiscal year, or March 23. The CFO must certify the annual budget complies with the uniform budgeting and accounting act, 1968 PA 2 MCL 141.421 to 141.440a. The Commission shall approve or disapprove the four-year financial plan within 30 days of receipt. The budget may be amended during the year, with the City Council's and Commission's approval. Budgetary appropriations are made at the department level.

LOCAL ECONOMY

The City of Detroit is the largest city in Michigan and the 23rd largest city in the United States as of 2016. The City's current economic condition is improving. The future outlook for recovery and improvement is positive. Businesses are transferring employees from suburban cities to the City of Detroit. New residents are moving into the City. There are three top-tier universities within 90 minutes of the City. Michigan, due to the Detroit metropolitan area and the auto industry, has America's highest concentration of engineers.

Detroit is home to premier educational and cultural institutions, such as Wayne State University and the Detroit Institute of Arts, and is a major entertainment destination. 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. Complementing the City's bus system and its downtown people mover, a new streetcar line opened in 2017 and provides additional transit along the City's central commercial corridor.

The Detroit economy is becoming increasingly diversified while supported by longstanding public and private institutions. According to the 2016 American Community Survey, educational services, and health care and social assistance industries make up nearly 25% of the employment composition. The Detroit Medical Center and Henry Ford Health System were two of the top five largest employers in Detroit in 2017. The Detroit metro economy remains heavily influenced by the auto industry, which has seen substantial growth in recent years. The local economy has also benefited from several new construction and redevelopment projects, new business and industrial activity, and a growing technology sector.

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:

- 8 minute emergency medical service response time, down from nearly 20 minutes on average
- 15 minute police priority 1 response time, down from nearly 30 minutes on average
- 196 Project Green Light businesses with real-time camera connections to police headquarters helping to keep the city safe
- 65,000 new LED streetlights
- 50,000 prevented foreclosures of occupied homes under programs to assist families in need
- 100 new buses, 9 new 24-hour routes, and 6 brand new bus lines
- 2,000 miles of neighborhood residential streets being swept 3 times a year after a 7 year absence
- 275 parks being fully maintained, up from only 25 in 2013, 40 of which are being completely remade
- 27 Recreation Centers open this past summer, including 16 new Summer Fun Centers in partnership with the Detroit Public Schools Community District



- 15 illegal dumping locations being monitored
- 75,000 constituent complaints resolved through new Improve Detroit app

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:

- 12,000 demolitions completed in the last three years, 11,000 demolitions planned over the next two years
- 11,000 abandoned homes being boarded up
- 3,000 vacant homes being rehabbed and reoccupied under land bank programs
- 7,000 side lots sold to neighbors for \$100
- 110,000 vacant lots now being cut 3 to 4 times a year after being left overgrown for years

LONG-TERM FINANCIAL PLANNING

The City's current financial planning process is informed by the terms of the Plan of Adjustment and is driven by the priorities and vision set by the Mayor and the City Council. The City's Chief Financial Officer (CFO) and Budget Director are responsible for implementing the financial planning process. The process includes a biennial capital planning process, biannual consensus revenue estimating conferences that establish the revenue estimates for the budget, and an annually balanced four-year financial plan that includes the City's adopted budget plus an additional three forecasted years. The consensus revenue estimating conferences are required under PA 182, and the voting principals include the City's CFO, the State Treasurer (or designee), and a person affiliated with another public entity, including a state institution of higher education, with experience in economic forecasting and revenue projection selected by the CFO and State Treasurer. Through its four-year financial plan, the City ensures ongoing expenditures are supported by ongoing revenues. During 2017, the City developed additional financial planning tools, including a ten-year financial projection model and a funding model for the City's long-term pension obligations. These processes and tools will continue to assist the City in its commitment to a fiscally sustainable future.

RELEVANT FINANCIAL POLICIES

Internal Control Structure

Management of the City is responsible to establish and maintain an internal control structure that ensures the assets of the government are protected from loss, theft, or misuse and that adequate accounting data are compiled to allow for preparation of financial statements in conformity with U.S. generally accepted accounting principles. The City adheres to the GASB (Governmental Accounting Standards Board) standards for financial reporting and internal accounting purposes. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

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



ACCOMPLISHMENTS/ACKNOWLEDGEMENTS

Accomplishments

Financial Results

Fiscal year 2017 marks the third year to close following the City's exit from bankruptcy in December 2014. The City has continued to build a positive General Fund unassigned fund balance, increasing from \$143 million at June 30, 2016 to \$169 million at June 30, 2017. As these surplus balances are built, the City has utilized portions of them for one-time costs that enhance the long-term position of the City, such as capital improvements, blight remediation, and additional funding for legacy pension obligations. The unrestricted fund balance is in addition to \$62.3 million in fund balance assigned for the City's budget reserve, which it is required to maintain annually under PA 182 to cover potential budget shortfalls, at a minimum balance of 5% of projected expenditures. The City has assigned more than the required minimum balance, which would be approximately \$53.9 million for fiscal year 2017.

Series 2016C Refunding Bonds

In August 2016, the City refunded \$607.7 million of existing bonds secured by Distributable State Aid. This transaction generated a gross savings of \$73.25 million with a net present value of \$60.1 million (9.89%) and an All-In True Interest Cost of 2.98%. The resulting savings provide budget relief to the General Fund and allow for a direct savings to local taxpayers through a reduced debt millage.

Retiree Protection Fund

Under the City's bankruptcy plan of adjustment, the City's required pension contributions to its legacy plans are based on a fixed schedule through FY 2023. Beginning in FY 2024, the City's required pension contributions to its legacy plans will be based on a funding policy to be established by the Retirement Systems to amortize the remaining unfunded actuarial accrued liabilities of each legacy plan. Under these requirements, the City's General Fund required contributions increase from zero in FY 2023 to an actuarially determined annual amount beginning in FY 2024. To meet this challenge, the City developed and began executing a funding strategy during 2017.

Under the strategy, the City will contribute \$335 million to the newly established Retiree Protection Fund (RPF) through FY 2023 to build up trust assets that will be used to partially offset the City's required pension plan contributions that resume in FY 2024. This process allows the City to gradually build up its capacity to meet the annual required pension contributions from its General Fund budget. The RPF is an irrevocable IRC Section 115 trust established in August 2017 under new legislation adopted by the City. Each year, the City will continue revising its funding plan as new information becomes available in conjunction with the annual budget and planning process.

Implementation of the OCFO

Over the past three years, the City has implemented a centralized financial management organizational structure known as the OCFO under the direction of the CFO. The CFO created a new organizational structure for the all finance, budget, procurement, and grants management functions of the City through extensive benchmarking of municipal organizational structures and practices, as well as leading practice research and recommendations from private and public publications and institutions including the GFOA. The CFO conducted extensive job studies to determine the requirements of the new positions in the OCFO, created and issued a new salary and grading system for all new positions included in the OCFO, and is filling positions through a competitive selection processes. At the end of fiscal year 2017, the OCFO continues to actively recruit and onboard remaining staff vacancies. The OCFO has also begun revising its policies and procedures for all City finance, budget, procurement, and grants management functions.



CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER

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Grants Management Improvements

Over the past three years, the City's grants management reform efforts have reduced the City's questioned costs by millions of dollars, decreased its number of audit findings, and helped to close numerous federal corrective action plans. As a result, the City is a more successful grantee and has secured hundreds of millions in public and private grants to support neighborhood revitalization and service improvements. In fiscal year 2017, the City's Single Audit report covering over \$100 million in federal grant spending has zero questioned costs for the second year in a row, while all major federal programs received clean audit opinions. There was also a greater than 40% reduction in compliance audit findings, part of a continual trend since fiscal year 2012.

Citywide Property Reappraisal

The Office of the Assessor, within the OCFO, is conducting the first citywide property reappraisal in over 60 years, making assessed values more fair and equitable for citizens and businesses. The City has completed all residential properties. The industrial reappraisal is on schedule to be completed for the 2018 tax year, and the commercial reappraisal will be completed for the 2019 tax year. The City has taken a technology-driven approach to this project, which includes high-resolution aerial and street-level imagery. These new digitized records and process improvements will allow the City to ensure more timely and accurate assessments in the future. In recognition of the City's progress, the State Tax Commission no longer has oversight authority.

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,

Handwritten signature of John W. Hill.

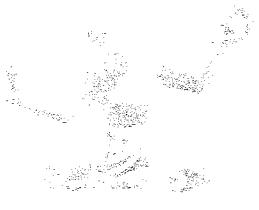
John W. Hill
Chief Financial Officer

Handwritten signature of John Naglick, Jr.

John Naglick, Jr.
Chief Deputy CFO / Finance Director

Handwritten signature of Eric S. Higgs.

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



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Mark W. Lockridge CPA
AUDITOR GENERAL

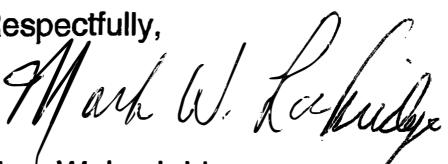
AUDITOR GENERAL'S LETTER

January 26, 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, 2017, were audited by Plante & Moran, PLLC, 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

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PRINCIPAL OFFICIALS OF THE CITY OF DETROIT, MICHIGAN

Executive (Elected)



Mayor
MIKE DUGGAN

Legislative (Elected)

City Council



BRENDA JONES
President



GEORGE CUSHINGBERRY
President Pro Tem



JANEÉ AYERS



SCOTT BENSON



RAQUEL
CASTAÑEDA-LÓPEZ



GABE LELAND



MARY SHEFFIELD



ANDRE SPIVEY



JAMES TATE

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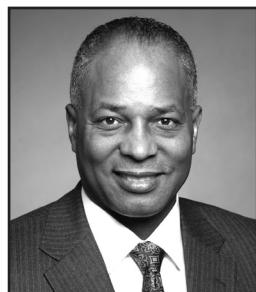
PRINCIPAL OFFICIALS OF THE CITY OF DETROIT, MICHIGAN

Legislative (Elected)



City Clerk
JANICE WINFREY

Other Executive Officials (Appointed)



JOHN W. HILL
Chief Financial Officer



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

Motor City Match Supports Entrepreneurs



Former Vice President Joe Biden joined Detroit Mayor Mike Duggan to award Motor City Match grants to 15 new & expanding Detroit businesses in January 2017.

Since the program was launched nearly two years ago, Motor City Match has distributed nearly \$3 million in grant funds to more than 60 local businesses and assisted more than 570 entrepreneurs. The sixth round of grants, totaling \$600,000, was the largest amount awarded in a single round since the program's inception.

Every three months, Motor City Match, administered by the Detroit Economic Growth Corporation, connects new and expanding businesses with Detroit real estate opportunities and provides them with the funding and technical support needed to help them succeed.

Motor City Match is funded with more than \$7 million in federal community block grant funds, City funds approved by Detroit City Council and support from local foundations.

New Flex-N-Gate facility on Detroit's east side to create up to 700 jobs



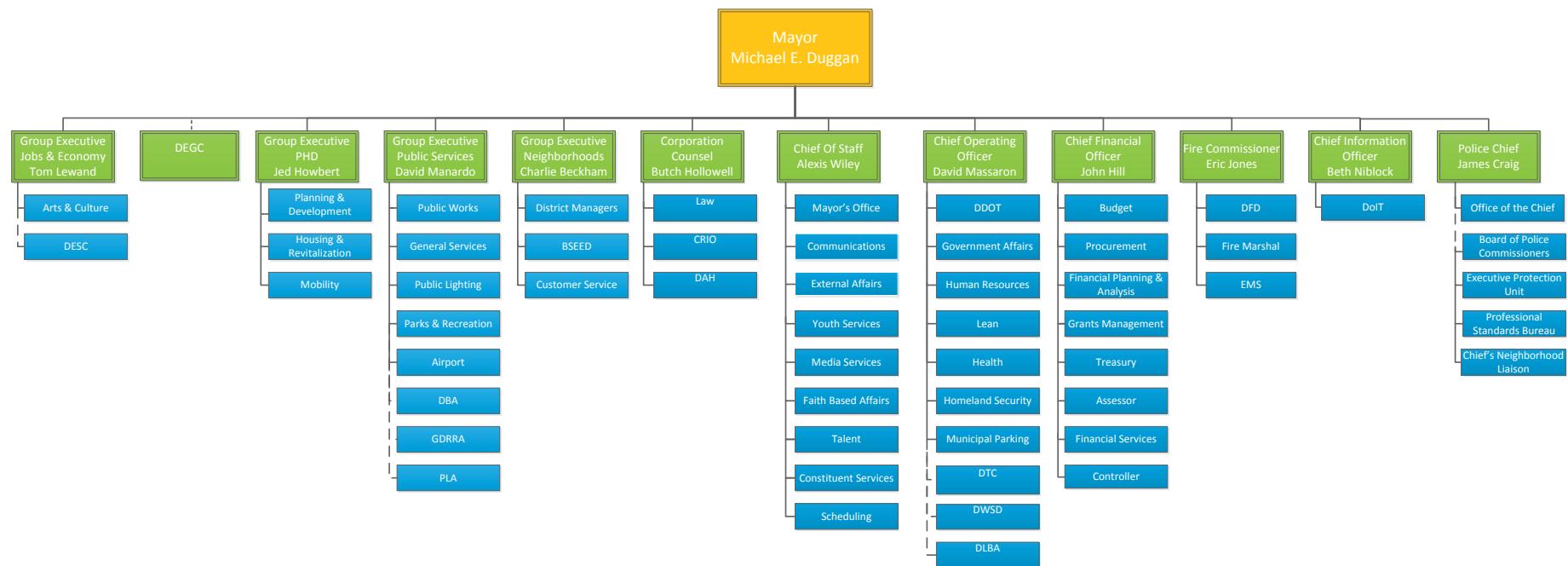
Mayor Mike Duggan, Flex-N-Gate owner Shad Khan, along with state and local officials and community leaders broke ground in April 2017 on the global auto supplier's new \$95-million manufacturing facility. The 350,000-square-foot facility joins the growing number of companies in the I-94 Industrial Park and will be the largest investment by an auto supplier in Detroit in more than 20 years.

Flex-N-Gate is a top global auto supplier of exterior trim components, aluminum and steel modular stamped body in white and chassis assemblies, lighting and other OEM automotive products. The company has committed to hiring 51% of its construction workforce from within the city and awarding at least 30% of construction work to Detroit-based companies.

Georgia Street, along the facility's south side, will be resurfaced as part of a separate \$2.6-million grant from the U.S. Department of Commerce and the Economic Development Administration. The new multi-layered investment is the culmination of a collaborative effort with the City of Detroit, Detroit Economic Growth Corporation and the Michigan Economic Development Corporation (MEDC).

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Mayor's Office Org Chart



Updated Sept. 2017

Detroit Seniors Compete in Annual Olympics Competition



More than 300 seniors, ages 50 and older, showed off their athletic prowess, and baking and creative skills during the annual Detroit Senior Olympics in June 2017.

Seniors competed in events, such as golf, bowling, swimming, track, horseshoes, table tennis, billiards, chess, swimming, bounce volleyball, 3 on 3 basketball, Frisbee toss, hustle dance, arts-n-crafts, and baking. The events took place at the Joseph Walker Williams Recreation Center, Adams/Butzel Complex and several other venues.

The Detroit Senior Olympics is organized by the Detroit Parks & Recreation Department and presented by the Detroit Area Agency on Aging.

Detroit residents celebrate completion of improvements at neighborhood parks



Over the last several months, groups of excited residents joined City officials to celebrate the completion of renovations at a number of neighborhood parks across the city. During the two-year program, the City renovated 40 neighborhood parks installing new play equipment, walking paths, basketball courts, fitness equipment, picnic shelters, picnic tables, soccer fields, half-pipe for skateboarders and landscaping. The improvements varied based on input from the community.

In June 2017, City officials and community residents gathered at Gordon Park on Detroit's west side for a ribbon cutting. The renovations at the park, which is just over an acre, included playground, fitness equipment, picnic shelter, stage, plaza, restored sculpture, fitness equipment and benches.

Funds for the program came from \$11.7 million in unspent bond funds dating back decades. The project was a joint effort of the Parks & Recreation and General Services departments.

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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, 2017 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 77 percent, 62 percent, and 78 percent, respectively, of the assets, net position, and revenue of the discretely presented component units. We also did not audit the financial statements of the following blended component units: Public Lighting Authority, which is a major enterprise fund with assets, net position, and revenue of \$229.5 million, \$32.1 million, and \$13.4 million, respectively, as well as the Detroit Building Authority and Greater Detroit Resource Recovery Authority, which collectively represent 1 percent, .50 percent, and 1.5 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 reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Retirement Systems as well as the Greater Detroit Resource Recovery Authority and Detroit Public Library were not audited under *Government Auditing Standards*.

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

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.

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, 2017 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Prior Period Adjustments

The City had a liability reflected as of June 30, 2016 related to property tax overpayments and amounts due to other taxing authorities. The City performed an analysis of these liabilities and adjusted it to the City's calculation of the estimated amount that will ultimately be payable. The impact of this adjustment is to increase governmental activities net position and General Fund fund balance at June 30, 2016 by approximately \$29 million. Our opinion is not modified with respect to this matter.

The Detroit Land Bank Authority restated its beginning net position to account for revenue and corresponding receivables that were related to the fiscal year ended June 30, 2016. As a result, the unrestricted net position increased by approximately \$1.5 million. Our opinion is not modified with respect to this matter.

The Eight Mile/Woodward Corridor Improvement Authority restated its beginning net position to account for refundable advances to a third party. As a result, the refundable advances liability increased by approximately \$15,000 and net position decreased by approximately \$15,000. Our opinion has not been modified with respect to this matter.

Fair Value of Pension Investments

As explained in Note 3, the plan investments of the General Retirement System and the Police and Fire Retirement System include investments valued at approximately \$276,000,000 (14 percent of its net position) and \$343,000,000 (11 percent of its net position), respectively, as of June 30, 2017, whose fair values have been estimated by management in the absence of readily determinable market values. Management's estimates are based on information provided by the investment managers, general partners, real estate advisors, and other means. Our opinion has not been modified with respect to this matter.

Water and Sewage Disposal Fund Special Item (Bifurcation Loss)

As described in Note 13 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 Department has continued to negotiate some of the final issues concerning the transaction, resulting in the recognition of a special item (bifurcation loss) in the Statement of Revenue, Expenses, and Changes in Net Position. Our opinion is not modified with respect to this matter.

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information, as 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 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

January 26, 2018

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City launches Detroit ID



City of Detroit officials along with representatives of various Detroit organizations announced **D-ID**, an identification card to help thousands of Detroiters gain access to important City services, interact with the Detroit Police Department, Detroit Health Department, Detroit Public Schools, DTE, financial institutions and cultural organizations.

The announcement was made in December 2016 at the Charles Wright Museum of African American History, with City Councilmember Raquel Castañeda-López being the first to receive the identification card.

In addition, more than 100 local businesses have agreed to provide discounts and perks to cardholders. Among the partners are AMC Theaters, Charles H. Wright Museum of African American History, Detroit Historical Museum, Buddy's Pizza and the YMCA and many more. A complete list is available on the City's website at www.DetroitMi.gov

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

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City of Detroit, Michigan

Management's Discussion and Analysis

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, 2017. 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, 2017:

Government Wide

- At June 30, 2017, the City's total net position was \$812.1 million, a decrease of \$182.5 million from the prior year. The prior year net position was restated through a prior period adjustment from \$994.5 million to \$1.02 billion.
- The City's unrestricted net position reflected a deficit of \$1.2 billion as of June 30, 2017.
- The City had revenues of \$1.9 billion and expenses of \$2.1 billion for the year ended June 30, 2017.

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 \$592.8 million, and cash and investments on hand totaling \$647.6 million were \$85.4 million higher than the \$562.2 million at June 30, 2016.
- The General Fund had fund balance of \$592.8 million, a \$53.8 million increase from the \$539.0 million restated fund balance at June 30, 2016. A portion of the increase resulted from a prior period adjustment for property taxes of \$28.3 million and a fund reclassification of \$10.1 million.
- The General Fund had unassigned cumulative fund surplus of \$169.0 million at June 30, 2017, a \$26.0 million increase from the \$143.0 million surplus at June 30, 2016. The City's enterprise funds had a net position of \$1.2 billion at June 30, 2017, a decrease of \$193.8 million from \$1.36 billion at June 30, 2016. The enterprise funds cumulative unrestricted net position was \$696.2 million.

Capital and Long-term Debt Activities

- The City's total bonded debt at June 30, 2017 was \$1.9 billion, a decrease of \$11.2 million from the June 30, 2016 balance.
- Total primary government long-term obligations were \$4.6 billion at June 30, 2017, an increase of \$0.6 billion from the \$4.0 billion at June 30, 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private sector business. The financial statements include the statement of net position and the statement of activities. These statements are prepared using the economic resources measurement focus and accrual basis of accounting. They take into account all revenues and expenses connected with the fiscal year, regardless of when the City received or paid the cash. The statement of net position and the statement of activities are two financial statements that report information about the City as a whole and about its activities. These statements should help answer how 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, revenues and expenses are reported in this statement 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 revenues generally fund these services.
- Business-type Activities - The City charges fees to customers to help it cover all or most of the cost of services it provides, such as water and transportation.
- Discretely Presented Component Units - Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. There are 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, that are reported as discretely presented component units.

Fund Financial Statements

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

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

Notes to the Basic Financial Statements

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

Additional Required Supplementary Information

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

Other Supplementary Information

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

City of Detroit, Michigan

Management's Discussion and Analysis (Continued)

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 \$812.1 million at June 30, 2017, resulting in unrestricted net deficit of \$1.2 billion at June 30, 2017.

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 \$1.5 billion at June 30, 2017, \$171.5 million less than the \$1.7 billion at June 30, 2016. The City uses capital assets to provide services to citizens, and consequently, these assets are not available for future spending.

Summary of Net Position June 30, 2017 and 2016 (In Thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other noncurrent assets						
Capital assets	\$ 1,317,348	\$ 1,217,627	\$ 1,444,763	\$ 1,392,794	\$ 2,762,111	\$ 2,610,421
	1,442,137	1,447,877	1,410,744	1,384,523	2,852,881	2,832,399
Total assets	2,759,485	2,665,504	2,855,507	2,777,317	5,614,992	5,442,821
Deferred outflows of resources	255,008	106,885	35,266	23,180	290,275	130,065
Current and other liabilities						
Long-term obligations	251,375	299,765	203,301	143,207	454,676	442,972
	3,109,848	2,716,768	1,521,932	1,274,812	4,631,780	3,991,580
Total liabilities	3,361,223	3,016,533	1,725,233	1,418,019	5,086,456	4,434,552
Deferred inflows of resources	4,833	118,703	1,904	25,089	6,737	143,793
Net position:						
Net investment in capital assets	1,111,259	1,070,813	407,668	619,028	1,518,927	1,689,841
Restricted	418,003	389,339	59,805	21,704	477,807	411,043
Unrestricted (deficit)	(1,880,825)	(1,822,999)	696,163	716,657	(1,184,662)	(1,106,342)
Total net position (deficit)	\$ (351,563)	\$ (362,847)	\$ 1,163,636	\$ 1,357,389	\$ 812,073	\$ 994,542

Restricted net position totaling \$477.8 million at June 30, 2017 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 (\$54.4 million), construction code (\$18.5 million), debt service (\$64.8 million), improvements and extensions (\$48.9 million), budget stabilization (\$10.9 million), endowments and trusts (\$1.7 million), pension (\$186.0 million), capital projects and acquisitions (\$13.7 million), grants (\$15.3 million), police (\$10.7 million), rubbish collection and disposal (\$52.2 million), and local business growth (\$0.5 million).

The remaining balance is an unrestricted accumulated deficit of \$1.2 billion at June 30, 2017. A deficit represents a shortage of assets available to meet all City's obligations if they were immediately due and payable.

City of Detroit, Michigan

Management's Discussion and Analysis (Continued)

Governmental Activities

At June 30, 2017, the City's governmental activities had a net deficit of \$351.6 million, a deficit decrease of \$11.2 million from the \$362.8 million net deficit at June 30, 2016.

Restricted net position totaled \$418.0 million at June 30, 2017. The unrestricted net deficit totaled \$1.9 billion at June 30, 2017, a \$57.8 million increase from the \$1.8 billion deficit at June 30, 2016.

Business-type Activities

The business-type activities had a net position of \$1.2 billion at June 30, 2017, a decrease of \$193.8 million from the \$1.4 billion net position at June 30, 2016. This decrease is primarily due to a reduction in the bifurcation gain recognized in fiscal year 2016 due to continued negotiations related to the lease agreement with Great Lakes Water Authority. The bifurcation loss in the current year resulted in a decrease in net position of approximately \$157 million. The unrestricted net position totaled \$696.2 million at June 30, 2017, a \$20.4 million decrease from net position of \$716.6 million at June 30, 2016.

The Water Fund had a \$481.6 million net surplus at June 30, 2017. The Sewage Disposal Fund had a net surplus of \$627.7 million at June 30, 2017. The Transportation, Public Lighting Authority, and other enterprise (Airport and Parking) funds had net positions totaling \$68.6 million deficit, \$32.2 million surplus, and \$90.8 million surplus, respectively, at June 30, 2017.

City of Detroit, Michigan

Management's Discussion and Analysis (Continued)

Government-wide Changes in Net Position

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

Summary of Changes in Net Position June 30, 2017 and 2016 (In Thousands)							
	Governmental Activities		Business-type Activities		Total Primary Government		
	2017	2016	2017	2016	2017	2016	
Revenues:							
Program Revenues:							
Charges for Services	\$ 179,211	\$ 172,996	\$ 432,027	\$ 719,377	\$ 611,238	\$ 892,373	
Operating Grants and Contributions	181,124	176,656	58,483	49,068	239,607	225,724	
Capital Grants and Contributions	3,188	18,466	4,784	8,952	7,972	27,418	
General Revenues:							
Property Taxes	248,296	224,263	-	-	248,296	224,263	
Municipal Income Tax	301,069	266,929	-	-	301,069	266,929	
Utility Users Tax	27,069	24,036	-	-	27,069	24,036	
Wagering Tax	177,217	180,229	-	-	177,217	180,229	
Hotel and Liquor Tax	-	-	-	-	-	-	
Other Local Taxes	10,363	5,379	-	-	10,363	5,379	
State Shared Taxes	197,832	194,705	-	-	197,832	194,705	
Interest and Penalties on Taxes	3,609	4,435	-	-	3,609	4,435	
State Returnable Liquor License Fees	-	-	-	-	-	-	
Investment Earnings	15,850	16,998	539	789	16,389	17,787	
Bond Issuance Costs	-	-	-	-	-	-	
Miscellaneous	38,110	23,900	37,421	19,379	75,531	43,279	
Total Revenues	<u>1,382,938</u>	<u>1,308,992</u>	<u>533,254</u>	<u>797,565</u>	<u>1,916,192</u>	<u>2,106,557</u>	
Expenses:							
Public Protection	643,747	(158,890)	-	-	643,747	(158,890)	
Public Works	-	-	-	-	-	-	
Health	29,785	27,951	-	-	29,785	27,951	
Recreation and Culture	29,922	5,956	-	-	29,922	5,956	
Economic Development	42,563	42,456	-	-	42,563	42,456	
Educational Development	-	-	-	-	-	-	
Housing Supply and Conditions	9,811	3,223	-	-	9,811	3,223	
Physical Environment	116,733	2,385	-	-	116,733	2,385	
Transportation Facilitation	31,513	36,490	-	-	31,513	36,490	
Development and Management	325,937	(52,688)	-	-	325,937	(52,688)	
Interest on Long-term Debt	91,611	78,301	-	-	91,611	78,301	
Capital Outlay	-	-	-	-	-	-	
Sewage Disposal	-	-	314,993	254,617	314,993	254,617	
Transportation	-	-	178,551	6,654	178,551	6,654	
Water	-	-	122,932	134,246	122,932	134,246	
Automobile Parking	-	-	10,258	2,220	10,258	2,220	
Airport	-	-	2,505	2,493	2,505	2,493	
Public Lighting Authority	-	-	16,328	16,758	16,328	16,758	
Total Expenses	<u>1,321,622</u>	<u>(14,816)</u>	<u>645,567</u>	<u>416,988</u>	<u>1,967,189</u>	<u>402,172</u>	
Excess (Deficiency) Before							
Asset Impairment	61,316	1,323,808	(112,313)	380,577	(50,997)	1,704,385	
Extraordinary Item - See Note I(t)	-	-	-	-	-	-	
Special Item - See Note 13	-	-	(157,955)	1,585,446	(157,955)	1,585,446	
Gain on Sale of Capital Assets	(185)	-	(1,622)	(4,870)	(1,807)	(4,870)	
Transfers - Net	(78,137)	(82,074)	78,137	82,074	-	-	
(Decrease) Increase in Net Position	(17,006)	1,241,734	(193,753)	2,043,227	(210,759)	3,284,961	
Net Position, July 1	(362,847)	(1,398,612)	1,357,389	(676,244)	994,542	(2,074,856)	
Restatement of Prior Year	<u>28,290</u>	<u>(205,969)</u>	-	<u>(9,594)</u>	<u>28,290</u>	<u>(215,563)</u>	
Restated Net Position, July 1	<u>(334,557)</u>	<u>(1,604,581)</u>	<u>1,357,389</u>	<u>(685,838)</u>	<u>1,022,832</u>	<u>(2,290,419)</u>	
Net Position, June 30	\$ (351,563)	\$ (362,847)	\$ 1,163,636	\$ 1,357,389	\$ 812,073	\$ 994,542	

City of Detroit, Michigan

Management's Discussion and Analysis (Continued)

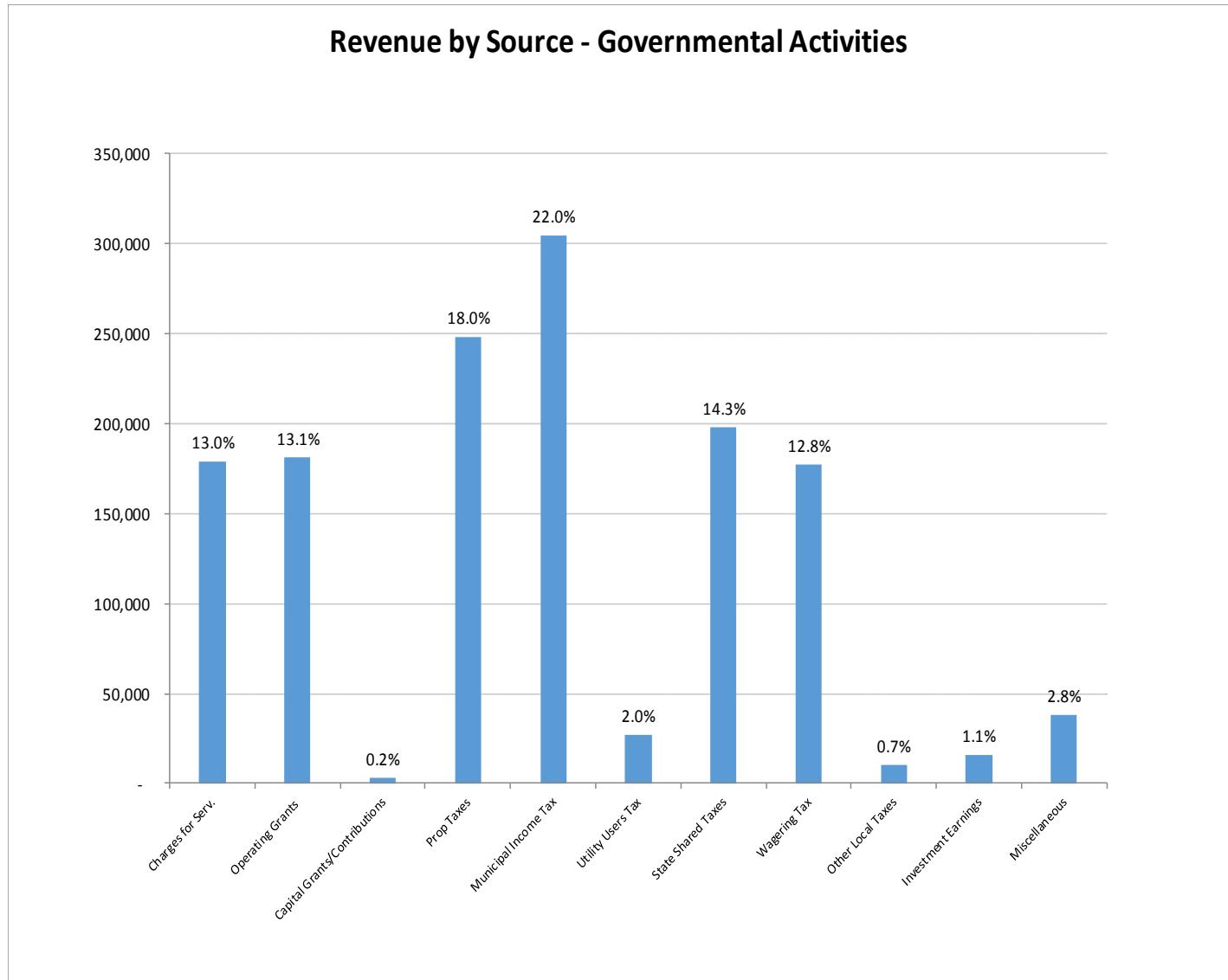
Total Primary Government

Total revenues for the year ended June 30, 2017 were \$1.9 billion, a decrease of \$190.4 million from the prior year.

Total expenses for the year ended June 30, 2017 were \$2.0 billion, an increase of \$67.2 (exclusive of pension recoveries) million from the prior fiscal year.

Governmental Activities

The following chart depicts revenues of the governmental activities for the year ended June 30, 2017.



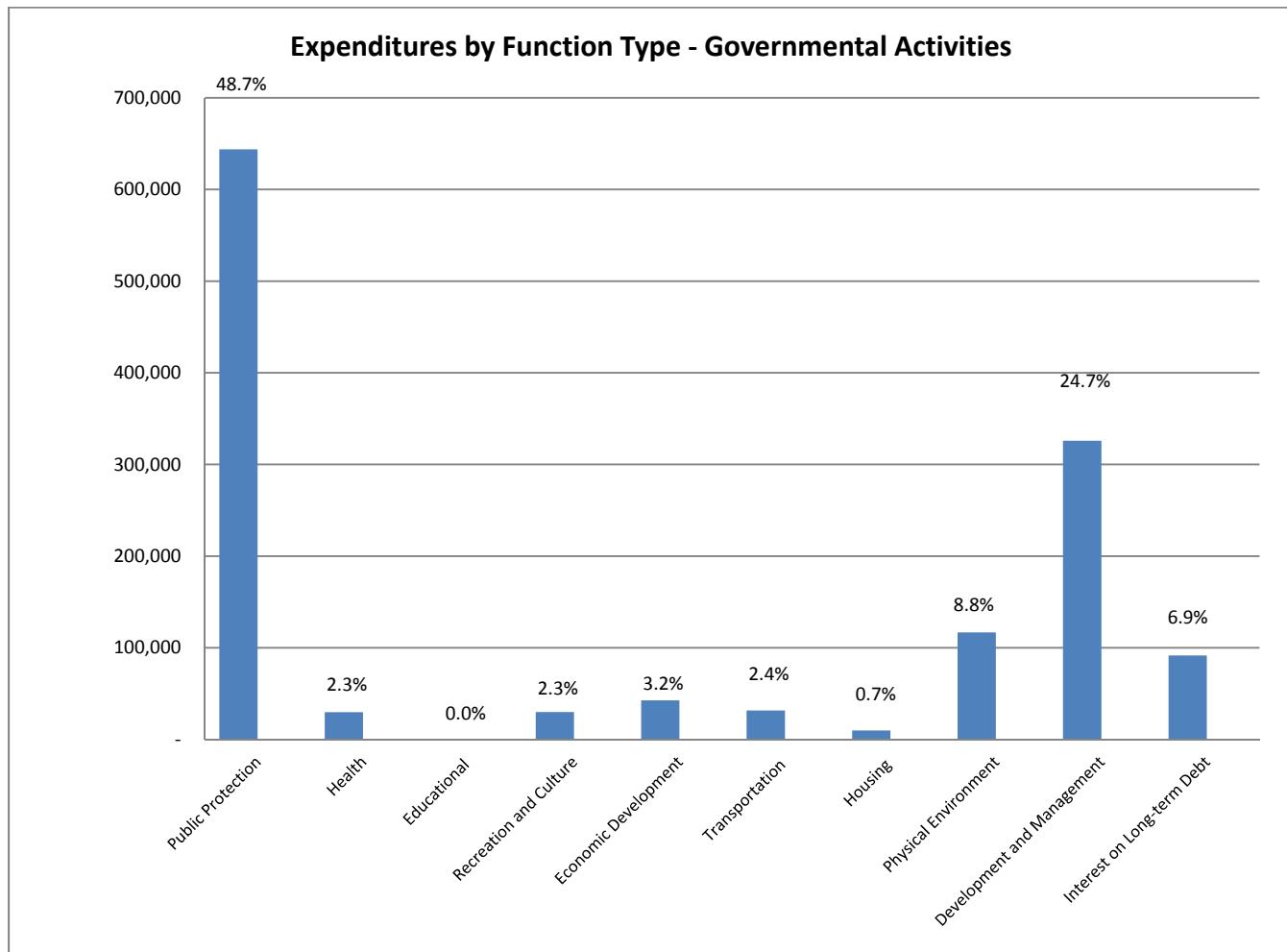
City of Detroit, Michigan

Management's Discussion and Analysis (Continued)

The governmental activities revenues totaled \$1.4 billion for the year ended June 30, 2017. The amount that taxpayers paid for these activities through city taxes was \$764.0 million or 55.5 percent of total revenues, a \$63.2 million increase from the prior fiscal year amount mainly resulting from improvement in the local economy. Property taxes were \$24.0 million more than in the prior fiscal year, and municipal income taxes were \$34.1 million more than the prior fiscal year amount due to improved collections. Utility user taxes increased by \$3.0 million. Wagering (casino) tax revenues decreased \$3.0 million. Other funding for governmental activities was provided from the following sources:

- Charges for services paid by those who directly benefited totaled \$179.2 million or 13.0 percent of total revenues. These services included permits, parking fines, licenses, and solid waste fees. Charges for services were \$6.2 million more than the \$173.0 million for the year ended June 30, 2016.
- Other governments and organizations subsidized programs such as health-related activities and community development projects with grants and contributions totaling \$184.3 million or 13.3 percent of total revenue. This was \$10.8 million less than the \$195.1 million of subsidies during the year ended June 30, 2016.
- Other revenues such as state aid (revenue sharing), interest, and miscellaneous income funded the “public benefit” portion of various programs and totaled \$255.4 million or 18.2 percent of total revenue. This was \$15.4 million more than the \$240.0 million for the year ended June 30, 2016, with the increase mainly due to a \$14.2 million increase in miscellaneous revenue.

The following chart depicts expenses of the governmental activities for the year ended June 30, 2017.



City of Detroit, Michigan

Management's Discussion and Analysis (Continued)

Governmental activities expenditures totaled \$1.3 billion for the year ended June 30, 2017, an increase of \$267.3 million from the prior fiscal year (excluding the \$1.0 pension recovery). This increase is primarily related to additional expenditures in the following functional areas: public protection (\$123) million, development and management (\$108) million, and physical environment (\$43) million.

Public protection expenses increased \$123.4 million from \$520.4 million (exclusive of pension recoveries) in 2016 to \$643.7 million in 2017. The increase in public protection's expenses is a result of an increase in pension expense (exclusive of pension recoveries) of approximately \$180 million and an increase in salaries and wages of approximately \$20.6 million due to increases in public safety personnel.

Physical environment increased \$43.2 million from \$73.6 million (exclusive of pension recoveries) in 2016 to \$116.8 million in 2017. The increase in physical environment's expenses is largely attributed to an increase in repairs and maintenance of \$25.1 million and an increase in salaries and wages of approximately \$5.2 million.

Development and management expenses increased \$108.4 million from \$217.6 million (exclusive of pension recoveries) in 2016 to \$325.9 million in 2017. The increase in development and management's expenses is primarily related to increased demolition services of \$17.7 million, and increased claims expense of approximately \$18.8 million.

Business-type Activities

The total net position for business-type activities was \$1.2 billion at June 30, 2017, a decrease of \$193.8 million in net position of \$1.4 billion from fiscal year 2016. Detailed below are the results for the major business-type funds:

Water Fund

The Water Fund had a net position of \$481.6 million at June 30, 2017, a decrease of \$81.5 million from the prior year net position of \$563.0 million. Water revenue decreased by approximately \$150 million due to the bifurcation of the Water Fund's operations in fiscal year 2016 (described more fully in Note 13). Water expenses decreased \$132.8 million from \$255.7 million (exclusive of pension recoveries) in 2016 to \$122.9 million in 2017 primarily related to a nonrecurring asset impairment in fiscal year 2016 in the amount of \$35 million and a reduction of interest expense of approximately \$40 million. In addition, the Water Fund recognized a bifurcation loss of approximately \$86 million in the current year (additional information is included in Note 13).

Sewage Disposal Fund

The Sewage Disposal Fund had a net position of \$627.7 million at June 30, 2017, a decrease of \$94.1 million from the prior year net position of \$721.8 million. Sewer revenue decreased approximately \$130 million due to the bifurcation of the Sewer Disposal Fund's operations in fiscal year 2016 (described more fully in Note 13). Expenses decreased \$100.8 million from \$415.8 million (exclusive of pension recoveries) in 2016 to \$315.0 million in 2017. The decrease is largely attributed to the fund recognizing asset impairment expense of approximately \$64 million in 2016 and interest expense in the current year was approximately \$56 million less in the current year. In addition, the Sewage Disposal Fund recognized a bifurcation loss of approximately \$72 million in the current year (additional information is included in Note 13).

Transportation Fund

The Transportation Fund (DDOT) had a net deficit of \$68.6 million at June 30, 2017, an increase of \$34.7 million from the prior year net deficit of \$33.9 million. Transportation expenses increased \$35.8 million from \$142.8 million (exclusive of pension recoveries) in 2016 to \$178.6 million in 2017. The increase in the Transportation Fund's expenses is largely attributed to the following: increase in salaries and wages of approximately \$3.8 million, increase in repairs and maintenance of approximately \$10.1 million, and impairment of fixed assets of approximately \$5.8 million.

City of Detroit, Michigan

Management's Discussion and Analysis (Continued)

Public Lighting Authority

Because the PLA is in substance a part of the City's operation, its financial statements are blended (blended component unit) with the City's financial statements in the CAFR's enterprise funds section. The PLA had a \$32.2 million net position at June 30, 2017, a \$7.3 million increase from \$24.9 million net position at June 30, 2016. The General Fund contribution to the PLA was \$10.0 million for the year ended June 30, 2017, which was \$1.2 million more than the prior year \$8.9 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 \$15.9 million net position at June 30, 2017, a \$1.3 million increase from June 30, 2016. The General Fund contribution to the Airport Fund was \$3.0 million for the year ended June 30, 2017, which was \$2.3 million more than the prior year \$722.0 thousand.

The Automobile Parking Fund had a net position of \$74.9 million at June 30, 2017, an increase of \$8.0 million from the prior year net position of \$66.9 million. The General Fund contribution to the Automobile Parking Fund was \$3.5 million for the year ended June 30, 2017, which was \$6.3 million less than prior year \$9.8 million.

FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS

The City's governmental funds reported a combined ending fund balance of \$827.4 million at June 30, 2017, a \$65.3 million increase from the \$762.1 million fund balance at June 30, 2016. This increase includes a prior period adjustment of \$28.3 million.

General Fund

The General Fund is the chief operating fund of the City. The fund had a \$592.8 million surplus at June 30, 2017, a \$92.2 million increase from the \$500.6 million at June 30, 2016. The fund balance includes unassigned balance of \$169.0 million, a \$25.9 million increase from the \$143.0 million fund balance at June 30, 2016. The remaining General Fund fund balance includes:

- (1) Restricted for quality of life \$54.7 million, (2) restricted for debt service \$27.5 million, (3) assigned for budget reserve \$62.3 million, (4) assigned for subsequent appropriations \$60.3 million, (5) assigned for blight \$50.0 million, (6) assigned for pension \$90.1 million, and (7) committed and assigned for risk management operations \$67.9 million.

General Fund Balance Sheet

June 30, 2017 and 2016

(in millions)

	2017	2016
Assets and Deferred Outflows of Resources	\$ 1,093	\$ 985
Liabilities and Deferred Inflows of Resources	500.2	484.5
 Fund Balance		
Nonspendable	11.1	5.2
Restricted	82.2	89.3
Committed	20.0	20.0
Assigned	310.5	243.1
Unassigned for	169.0	143.0
 Total Fund Balance (Deficit)	 592.8	 500.6
 Total Liabilities and Fund Balance (Deficit)	 <u>\$ 1,093</u>	 <u>\$ 985</u>

The \$25.9 million increase in the unassigned General Fund surplus was primarily due to a prior period adjustment related to property tax refunds.

City of Detroit, Michigan

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

The City's fiscal year 2017 General Fund budget was \$1.3 billion. The City's fiscal year 2017 General Fund budget contained no additions or material changes to existing taxes pursuant to Section 12(l)(b) of Michigan Public Act 436 of 2012.

The actual revenues fell short of estimated revenues in the budget by \$185.2 million for the year ended June 30, 2017.

The revenue shortfall is mainly attributable to decreases in sales and charges of \$32.9 million and other revenues of \$197.1 million offset by increases in property tax and municipal income tax of \$30.4 million and investment earnings of \$15 million.

Actual expenditures were less than budgeted expenditures by \$454.8 million for the year ended June 30, 2017. The expenditure shortages were mainly attributable to the following categories: public protection (\$70 million), health (\$177.7 million), physical environment (\$14.5 million), and development and management (\$132.2 million).

Differences between the original budget and the final amended budget of \$196.3 million consisted of a total net increase in estimated revenues and other financing sources of \$521.5 million and a total net increase in appropriations and other financing uses of \$717.7 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Total Government

At June 30, 2017, the City had invested \$2.85 billion, net of accumulated depreciation, in a broad range of capital assets (see table below). This was an increase of \$20 million from the balance at June 30, 2016.

	(In Thousands)					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land and Land Rights	\$ 369,372	\$ 369,372	\$ 29,185	\$ 29,185	\$ 398,557	\$ 398,558
Land Improvements	-	-	11,089	10,488	11,089	10,488
Buildings, Structures, and Improvements	594,037	606,530	558,431	563,827	1,152,468	1,170,357
Sewer and Water Lines	-	-	448,530	440,849	448,530	440,849
Equipment and Fixtures	67,192	73,260	155,987	169,707	223,179	242,967
Works of Art	29,788	29,788	-	-	29,788	29,788
Infrastructure	354,500	346,960	-	-	354,500	346,960
Construction in Progress	27,248	21,966	207,522	170,467	234,770	192,433
Total	\$ 1,442,137	\$ 1,447,877	\$ 1,410,744	\$ 1,384,523	\$ 2,852,881	\$ 2,832,399

Governmental Activities

Governmental activities capital assets at June 30, 2017 were \$1.44 billion, which was the same as the \$1.44 billion at June 30, 2016. The City acquired \$71.1 million in new depreciable assets including \$21.5 million completed construction in progress. Depreciation expenses totaled \$81.9 million for the year ended June 30, 2017, which was \$1.3 million less than the prior fiscal year.

At June 30, 2017, the City governmental activities had commitments for future capital asset construction contracts of \$27.2 million.

City of Detroit, Michigan

Management's Discussion and Analysis (Continued)

Major capital assets acquired and projects completed or in progress during the year ended June 30, 2017 included the following:

- \$49.6 million for road construction and resurfacing
- \$13.2 million for renovation of parks and recreation centers
- \$11.1 million for Police and Fire Departments capital improvements
- \$9.1 million for Police, Fire, and Department of Public Works vehicles
- \$2.5 million for DPW facility improvements

Business-type Activities

Business-type activities capital assets at June 30, 2017 were \$1.4 billion, an increase of \$26 million from the balance at June 30, 2016.

Construction work in progress, major capital assets acquired, and projects completed during the year ended June 30, 2017 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, 2017 was approximately \$53 million and \$179 million for the Water Fund and Sewage Disposal Fund, respectively.
- The Department of Transportation has active projects and commitments totaling \$9.6 million as of June 30, 2017.

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

Long-term Debt

At June 30, 2017, the City had total bonded debt of \$1.9 billion outstanding, \$1.85 billion of which is general obligation bonds backed by the full faith and credit of the City, and \$50.7 million in revenue bonds or other indebtedness.

Outstanding Bonded Debt as of June 30, 2017 and 2016
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 1,474,361	\$ 1,531,061	\$ 376,800	\$ 309,436	\$ 1,851,161	\$ 1,840,497
Revenue bonds and other indebtedness	50,739	72,588	-	-	50,739	72,588
Total	\$ 1,525,100	\$ 1,603,649	\$ 376,800	\$ 309,436	\$ 1,901,900	\$ 1,913,085

The City's total primary government general obligation bonded debt and revenue and other indebtedness increased by \$10.7 million and \$21.8 million, respectively, during the year ended June 30, 2017.

City of Detroit, Michigan

Management's Discussion and Analysis (Continued)

The City's credit ratings on uninsured general obligation bonds as of June 30, 2017 were:

Moody's Investors Service, Inc.	B2
--	-----------

Standard & Poor's Corporation	B
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The City's credit ratings were below investment grade due to its bankruptcy and related factors. A significant impact of the City's credit ratings below investment grade status comes in the form of greater limitations on the access to capital and higher borrowing costs. In October 2017, subsequent to end of the fiscal year, the City's credit rating was upgraded by Moody's to B1, Outlook Positive, and to B+ by Standard & Poor's Corporation in December 2017.

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

CONTACTING THE CITY'S OFFICE OF THE CHIEF FINANCIAL OFFICER

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

Legend Stevie Wonder receives high honor



Music legend **Stevie Wonder** received a high honor when Milwaukee Avenue near Woodward Avenue was renamed Stevie Wonder Avenue in December 2016. The street naming ceremony included Wonder, City of Detroit officials, U.S. representatives and throngs of fans. He also received the Key to the City from Mayor Mike Duggan.

Wonder, who spent much of his early years growing up in Detroit, recorded his earliest songs at Hitsville USA on W. Grand Blvd., about a mile away from Wonder Avenue.

Basic Financial Statements

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City of Detroit, Michigan

Statement of Net Position

June 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
Assets				
Cash and cash equivalents	\$ 718,336,551	\$ 87,607,423	\$ 805,943,974	\$ 92,931,494
Restricted cash and cash equivalents	175,860,968	110,658,282	286,519,250	26,881,577
Investments	10,360,636	23,656,316	34,016,952	117,758,182
Accounts and contracts receivable - Net	321,671,130	91,028,160	412,699,290	180,325,197
Internal balances	(23,097,271)	23,097,271	-	-
Due from primary government	-	-	-	6,852,928
Due from fiduciary funds	2,381,066	1,723,348	4,104,414	-
Inventory	-	8,853,331	8,853,331	3,439,538
Due from other governmental agencies	86,374,496	35,007,783	121,382,279	7,235,694
Prepaid expenses	1,124,683	788,855	1,913,538	2,683,985
Advance to component unit	10,000,000	-	10,000,000	-
Loans, notes, and pledges receivable	-	-	-	14,194,413
Receivable from Great Lakes Water Authority	-	1,062,342,235	1,062,342,235	-
Other assets	5,107,950	-	5,107,950	43,594,037
Other restricted assets	9,227,868	-	9,227,868	19,233,431
Capital assets:				
Nondepreciable	426,408,914	236,707,539	663,116,453	894,756,898
Depreciable - Net	1,015,728,289	1,174,036,237	2,189,764,526	325,053,657
Total capital assets - Net	<u>1,442,137,203</u>	<u>1,410,743,776</u>	<u>2,852,880,979</u>	<u>1,219,810,555</u>
Total assets	2,759,485,280	2,855,506,780	5,614,992,060	1,734,941,031
Deferred Outflows of Resources				
Liabilities				
Accounts and contracts payable	77,451,578	17,935,486	95,387,064	31,736,215
Accrued liabilities	2,233,235	-	2,233,235	-
Accrued salaries and wages	22,859,913	886,719	23,746,632	797,350
Accrued interest payable	16,309,738	10,217,806	26,527,544	27,899,996
Due to other governmental agencies	44,845,322	119,997,934	164,843,256	8,532,861
Due to primary government	-	-	-	-
Due to fiduciary funds	3,745,203	8,323,558	12,068,761	-
Due to component units	2,673,088	4,179,840	6,852,928	-
Deposits and refunds	24,358,117	-	24,358,117	-
Unearned revenue	3,196,357	15,511,990	18,708,347	12,227,905
Settlement credit contingent liability	25,000,000	-	25,000,000	-
Net pension liability	1,374,942,869	282,658,320	1,657,601,189	30,332,849
Other liabilities	28,702,034	26,247,963	54,949,997	196,047,311
Long-term obligations:				
Due within one year	103,701,116	35,363,519	139,064,635	13,362,675
Advance from primary government	-	-	-	10,000,000
Due in more than one year	<u>1,631,204,393</u>	<u>1,203,910,045</u>	<u>2,835,114,438</u>	<u>572,089,583</u>
Total liabilities	3,361,222,963	1,725,233,180	5,086,456,143	903,026,745
Deferred Inflows of Resources				
Net Position (Deficit)				
Net investment in capital assets	1,111,259,232	407,668,088	1,518,927,320	607,174,258
Restricted for:				
Highway and street improvement	54,448,243	-	54,448,243	-
Construction code	18,509,391	-	18,509,391	-
Endowments and trust (expendable)	687,258	-	687,258	13,291,398
Endowments and trust (nonexpendable)	1,005,096	-	1,005,096	788,213
Capital projects and acquisitions	13,714,763	-	13,714,763	189,565,671
Debt service	64,824,460	-	64,824,460	-
Improvements and extensions	-	48,871,608	48,871,608	-
Budget stabilization	-	10,933,000	10,933,000	-
Pension	186,046,059	-	186,046,059	-
Grants	15,328,037	-	15,328,037	-
Local business growth	478,084	-	478,084	-
Police	10,735,208	-	10,735,208	-
Rubbish collection and disposal	52,226,266	-	52,226,266	-
Program activities	-	-	-	5,184,747
Unrestricted (deficit)	<u>(1,880,824,756)</u>	<u>696,163,152</u>	<u>(1,184,661,604)</u>	<u>34,099,038</u>
Total net position (deficit)	<u>\$ (351,562,659)</u>	<u>\$ 1,163,635,848</u>	<u>\$ 812,073,189</u>	<u>\$ 850,103,325</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	\$ 643,746,962	\$ 87,794,040	\$ 22,238,229	\$ -
Health	29,784,840	2,981,002	21,901,727	-
Recreation and culture	29,922,328	859,989	1,487,202	-
Economic development	42,562,725	669,987	41,532,543	-
Housing supply and conditions	9,810,694	2,386,191	4,247,081	-
Physical environment	116,733,180	33,804,805	79,425,797	3,187,539
Transportation facilitation	31,513,472	4,204,012	5,111,127	-
Development and management	325,937,109	46,510,771	5,180,541	-
Interest on long-term debt	91,611,017	-	-	-
Total governmental activities	1,321,622,327	179,210,797	181,124,247	3,187,539
Business-type activities:				
Water	122,932,303	108,174,791	-	2,305,264
Sewer	314,993,258	273,687,927	-	-
Transportation	178,551,373	21,285,572	58,468,990	2,478,394
Automobile parking	10,257,721	14,795,766	-	-
Airport	2,504,453	701,032	14,071	-
Public lighting authority	16,328,382	13,381,653	-	-
Total business-type activities	645,567,490	432,026,741	58,483,061	4,783,658
Total primary government	1,967,189,817	611,237,538	239,607,308	7,971,197
Component units:				
Detroit Brownfield Redevelopment Authority	4,620,080	180,265	245,000	-
Detroit Public Library	26,055,387	328,459	1,651,728	-
Detroit Transportation Corporation	25,442,939	1,394,946	17,040,784	-
Detroit Housing Commission	100,048,547	84,578,638	3,481,833	-
Downtown Development Authority	33,245,196	284,569,046	-	-
Eastern Market Corporation	5,651,461	1,416,836	1,538,971	-
Economic Development Corporation	7,705,600	6,275,507	-	-
Local Development Finance Authority	2,107,760	-	-	-
Museum of African American History	6,777,932	2,159,932	2,466,762	-
Detroit Land Bank Authority	64,104,463	-	67,028,869	-
Eight Mile/Woodward Corridor Imp. Authority	635,070	-	-	-
Detroit Employment Solutions Corporation	40,614,432	-	42,502,773	-
Total component units	\$ 317,008,867	\$ 380,903,629	\$ 135,956,720	\$ -
General revenue:				
Taxes:				
Property taxes				
Municipal income tax				
Utility users' tax				
Wagering tax				
Other taxes and assessments				
State-shared taxes				
Interest and penalties on taxes				
Contributions				
Investment earnings				
Miscellaneous revenue				
Loss on sale of capital assets				
Total general revenue				

Special Item - Bifurcation loss (Note 13)

Transfers

Change in Net Position

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

Net Position (Deficit) - End of year

Statement of Activities

Year Ended June 30, 2017

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Totals	Component Units
\$ (533,714,693)	\$ -	\$ (533,714,693)	\$ -
(4,902,111)	-	(4,902,111)	-
(27,575,137)	-	(27,575,137)	-
(360,195)	-	(360,195)	-
(3,177,422)	-	(3,177,422)	-
(315,039)	-	(315,039)	-
(22,198,333)	-	(22,198,333)	-
(274,245,797)	-	(274,245,797)	-
(91,611,017)	-	(91,611,017)	-
<hr/>		<hr/>	
(958,099,744)	-	(958,099,744)	-
 - (12,452,248)	(12,452,248)	 - (12,452,248)	 -
- (41,305,331)	(41,305,331)	 - (41,305,331)	 -
- (96,318,417)	(96,318,417)	 - (96,318,417)	 -
- 4,538,045	4,538,045	 - 4,538,045	 -
- (1,789,350)	(1,789,350)	 - (1,789,350)	 -
- (2,946,729)	(2,946,729)	 - (2,946,729)	 -
<hr/>		<hr/>	
- (150,274,030)	(150,274,030)	 - (150,274,030)	 -
 (958,099,744)	(150,274,030)	 (1,108,373,774)	 -
 - - -	 - - -	 - - -	 - 199,851,482
 248,296,337	-	248,296,337	70,624,592
301,069,434	-	301,069,434	-
27,068,555	-	27,068,555	-
177,217,497	-	177,217,497	-
10,362,346	-	10,362,346	2,989,869
197,831,755	-	197,831,755	-
3,609,115	-	3,609,115	356,140
- - -	- - -	- - -	9,000,620
15,849,922	539,854	16,389,776	896,508
38,110,403	37,421,198	75,531,601	2,185,694
(185,285)	(1,622,362)	(1,807,647)	-
<hr/>		<hr/>	
1,019,230,079	36,338,690	1,055,568,769	86,053,423
- (157,954,520)	(157,954,520)	 - (157,954,520)	 -
<hr/>		<hr/>	
(78,136,743)	78,136,743	 - 78,136,743	 -
<hr/>		<hr/>	
(17,006,408)	(193,753,117)	(210,759,525)	285,904,905
<hr/>		<hr/>	
(334,556,251)	1,357,388,965	1,022,832,714	564,198,420
<hr/>		<hr/>	
\$ (351,562,659)	\$ 1,163,635,848	\$ 812,073,189	\$ 850,103,325

City of Detroit, Michigan

Balance Sheet

Governmental Funds

June 30, 2017

	General Fund	Other Governmental Funds	Totals
Assets			
Cash and cash equivalents	\$ 517,113,529	\$ 201,223,022	\$ 718,336,551
Investments	-	10,360,636	10,360,636
Accounts and contracts receivable:			
Estimated withheld income taxes receivable	23,468,899	54,555	23,523,454
Utility users' taxes receivable	3,906,981	-	3,906,981
Income tax assessments	74,268,869	-	74,268,869
Special assessments	24,669,919	541,890	25,211,809
DIA and foundation receivable	186,046,059	-	186,046,059
Property tax receivable	80,277,933	10,036,778	90,314,711
Loans receivable	-	100,841,010	100,841,010
Trade receivables	197,922,006	36,699,041	234,621,047
Total accounts and contracts receivable	590,560,666	148,173,274	738,733,940
Allowance for uncollectible accounts	(276,958,316)	(140,104,494)	(417,062,810)
Total accounts and contracts receivable - Net	313,602,350	8,068,780	321,671,130
Due from other funds	59,386,882	53,598,816	112,985,698
Due from fiduciary funds	2,381,066	-	2,381,066
Due from component units	-	-	-
Due from other governmental agencies	44,548,590	41,825,906	86,374,496
Advances to component units	10,000,000	-	10,000,000
Prepaid expenditures	1,072,987	51,696	1,124,683
Restricted cash	130,527,277	45,333,691	175,860,968
Other restricted assets	9,227,868	-	9,227,868
Other assets	5,107,950	-	5,107,950
Total assets	\$ 1,092,968,499	\$ 360,462,547	\$ 1,453,431,046
Liabilities			
Accounts and contracts payable	\$ 38,745,405	\$ 38,706,173	\$ 77,451,578
Accrued liabilities	434,195	1,799,040	2,233,235
Accrued salaries and wages	21,713,994	1,145,919	22,859,913
Due to other funds	96,303,233	39,779,736	136,082,969
Due to fiduciary funds	3,745,203	-	3,745,203
Due to other governmental agencies	18,436,914	23,960,957	42,397,871
Due to component units	2,673,088	-	2,673,088
Income tax refunds payable	15,440,330	-	15,440,330
Deposits from vendors and customers	6,766,607	2,151,180	8,917,787
Unearned revenue	-	3,196,357	3,196,357
Other liabilities	31,432,918	7,467,781	38,900,699
Accrued interest payable	3,681,905	-	3,681,905
Total liabilities	239,373,792	118,207,143	357,580,935
Deferred Inflows of Resources			
Fund Balances			
Nonspendable:			
Prepaid expenditures and advances	11,072,987	51,696	11,124,683
Permanent fund principal - Nonexpendable	-	1,005,096	1,005,096
Restricted for:			
Highway and street improvements	-	54,444,951	54,444,951
Police	-	10,735,208	10,735,208
Endowments and trusts - Expendable	-	687,258	687,258
Local business growth	-	478,084	478,084
Rubbish collection and disposal	-	52,174,570	52,174,570
Construction code	-	18,509,391	18,509,391
Grants	-	14,772,891	14,772,891
Capital acquisitions	-	13,714,763	13,714,763
QOL program	54,675,178	54,675,178	
Debt service	27,500,000	31,905,618	59,405,618
Committed for risk management operations	20,000,000	-	20,000,000
Assigned for:			
Budget reserve	62,280,192	-	62,280,192
Subsequent appropriations	60,253,830	-	60,253,830
Capital acquisitions	-	37,810,881	37,810,881
Blight and capital	50,000,000	-	50,000,000
Pension	90,148,163	-	90,148,163
Risk management operations	47,895,504	-	47,895,504
Unassigned (deficit)	168,966,674	(1,674,211)	167,292,463
Total fund balances	592,792,528	234,616,196	827,408,724
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,092,968,499	\$ 360,462,547	\$ 1,453,431,046

City of Detroit, Michigan

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2017

Fund Balances - Total Governmental Funds \$ 827,408,724

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 3,201,863,751
Less accumulated depreciation (1,759,726,548)

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 268,441,387

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	(1,374,942,869)
Net deferred outflows related to net pension liability	240,729,854
Net deferred inflows related to net pension liability	(4,833,433)
Net deferred outflows related to bond redemption	14,278,603
Accrued interest payable on bonds and other long-term obligations	(12,627,833)
Accrued interest and penalties on escheatment payable	(2,447,451)
General obligation bonds	(1,474,360,733)
Notes payable	(50,739,000)
Settlement credit contingent liability	(25,000,000)
Unamortized premiums	(25,000,168)
Accrued compensated absences	(83,182,973)
Accrued workers' compensation	(63,210,000)
Death benefit obligation	(1,363,281)
Claims and judgments net of amounts due and payable	(26,796,064)
Accrued pollution remediation	(54,625)

Net Deficit of Governmental Activities \$ (351,562,659)

City of Detroit, Michigan

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

Year Ended June 30, 2017

	General Fund	Other Governmental Funds	Totals
Revenue			
Taxes:			
Property taxes	\$ 129,532,472	\$ 62,633,915	\$ 192,166,387
Municipal income tax	284,467,414	-	284,467,414
Utility users' tax	27,068,555	-	27,068,555
Wagering tax	177,217,497	-	177,217,497
Gas and weight tax	-	66,767,719	66,767,719
Other taxes and assessments	10,362,346	-	10,362,346
Interest and penalties on taxes	3,482,208	126,907	3,609,115
Licenses, permits, and inspection charges	11,350,678	26,434,675	37,785,353
Intergovernmental:			
Federal	162,389	97,440,426	97,602,815
State:			
State-shared revenue	197,831,755	-	197,831,755
State and local sources	799,306	13,361,512	14,160,818
Sales and charges for services	78,092,332	55,170,662	133,262,994
Ordinance fines and forfeitures	23,448,184	2,321,571	25,769,755
Revenue from use of assets	1,176,838	-	1,176,838
Investment earnings	15,248,604	601,318	15,849,922
DIA and foundation revenue	5,730,109	-	5,730,109
Other revenue	22,967,535	20,677,867	43,645,402
Total revenue	988,938,222	345,536,572	1,334,474,794
Expenditures			
Current:			
Public protection	412,024,531	37,552,510	449,577,041
Health	5,023,683	24,743,138	29,766,821
Recreation and culture	17,791,620	491,810	18,283,430
Economic development	-	39,439,847	39,439,847
Housing supply and conditions	7,714,818	-	7,714,818
Physical environment	9,613,796	51,477,545	61,091,341
Transportation facilitation	-	47,701,015	47,701,015
Development and management	318,517,678	923,130	319,440,808
Debt service:			
Principal	16,614,797	60,464,000	77,078,797
Interest	68,126,894	28,982,405	97,109,299
Bond issuance costs (refund)	2,526,983	1,636,431	4,163,414
Capital outlay	22,355,467	48,719,424	71,074,891
Total expenditures	880,310,267	342,131,255	1,222,441,522
Excess of Revenue Over Expenditures			
	108,627,955	3,405,317	112,033,272
Other Financing Sources (Uses)			
Transfers in	-	8,015	8,015
Proceeds from sale of capital assets	2,345,315	-	2,345,315
Proceeds from bonds and notes issued	364,140,000	242,040,000	606,180,000
Premium on debt issuance	2,327,744	28,234,922	30,562,666
Transfers out	(78,144,758)	-	(78,144,758)
Principal paid to bond agents for refunded bonds	(345,455,000)	(262,195,000)	(607,650,000)
Total other financing (uses) sources	(54,786,699)	8,087,937	(46,698,762)
Net Change in Fund Balances			
Fund Balances - Beginning of year (as restated, Note 1)	53,841,256	11,493,254	65,334,510
Fund Balances - End of year	\$ 592,792,528	\$ 234,616,196	\$ 827,408,724

City of Detroit, Michigan

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

Year Ended June 30, 2017

Change in Fund Balances - Total Governmental Funds	\$ 65,334,510
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	29,852,537
Governmental funds report capital outlays as expenditures; how ever, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives:	
Expenditures for capital assets	76,392,252
Less net book value of assets disposed	(185,285)
Less current year depreciation	<u>(81,946,686)</u>
Total	(5,739,719)
Change in accrued interest escheatment payable not recorded on the modified accrual statements	11,674,148
Bond and note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position	(621,502,451)
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	684,728,797
Certain pension-related expenses do not require the use of current resources, and therefore are not reported in the governmental funds	(218,640,318)
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	4,193,425
Amortization of bond premiums	14,236,444
Amortization of defeasement	(961,612)
Change in accrued compensated absences	(2,982,723)
Change in accrued workers' compensation claims	4,325,000
Change in accrued claims and judgments liability	18,581,935
Change in death benefit obligation	<u>(106,381)</u>
Total	<u>37,286,088</u>
Change in Net Position of Governmental Activities	\$ (17,006,408)

City of Detroit, Michigan

Statement of Net Position Enterprise Funds

June 30, 2017

	Water Fund	Sew age Disposal Fund	Transportation Fund	Public Lighting Authority Fund	Other Enterprise Funds	Totals
Assets						
Current assets:						
Cash and cash equivalents	\$ 2,043,278	\$ 21,211,138	\$ 998,095	\$ 23,023,770	\$ 40,331,142	\$ 87,607,423
Investments	-	-	10,941	-	-	10,941
Accounts and contracts receivable - Other receivables - Trade	30,329,927	110,378,970	420,593	-	1,297,538	142,427,028
Allowance for uncollectible accounts	(12,174,486)	(38,829,685)	-	-	(394,697)	(51,398,868)
Total accounts and contracts receivable - Net	18,155,441	71,549,285	420,593	-	902,841	91,028,160
Due from other funds	36,135,334	6,701,012	26,722,897	-	223,617	69,782,860
Due from fiduciary funds	-	-	1,723,348	-	-	1,723,348
Due from other governmental agencies	14,352,159	15,003,717	5,651,907	-	-	35,007,783
Inventory	4,171,425	1,053,886	3,008,345	619,675	-	8,853,331
Prepaid expenses	279,533	169,728	132,011	206,108	1,475	788,855
Total current assets	75,137,170	115,688,766	38,668,137	23,849,553	41,459,075	294,802,701
Noncurrent assets:						
Restricted - Cash and cash equivalents	88,025,572	22,632,710	-	-	-	110,658,282
Investments	-	-	-	23,645,375	-	23,645,375
Receivables from Great Lakes Water Authority	470,073,829	592,268,406	-	-	-	1,062,342,235
Capital assets:						
Land and land rights	1,327,637	72,326	7,522,035	-	20,263,245	29,185,243
Land improvements	4,791,365	6,891,883	-	-	10,045,849	21,729,097
Buildings and structures	55,426,096	501,790,368	141,280,089	-	103,863,197	802,359,750
Interceptors and regulators	-	221,968	-	-	-	221,968
Mains	505,785,367	-	-	-	-	505,785,367
Services and meters	175,124,475	-	-	-	-	175,124,475
Vehicles and buses	-	-	124,192,861	150,940	1,432,406	125,776,207
Machinery, equipment, and fixtures	83,198,366	108,546,958	30,204,610	642,230	6,402,400	228,994,564
Structures	-	-	-	-	100,747,311	100,747,311
Construction in progress	9,433,741	10,169,656	233,637	181,514,137	6,171,125	207,522,296
Total capital assets	835,087,047	627,693,159	303,433,232	182,307,307	248,925,533	2,197,446,278
Less accumulated depreciation	(320,068,278)	(141,667,643)	(161,680,895)	(308,458)	(162,977,228)	(786,702,502)
Capital assets - Net	515,018,769	486,025,516	141,752,337	181,998,849	85,948,305	1,410,743,776
Total noncurrent assets	1,073,118,170	1,100,926,632	141,752,337	205,644,224	85,948,305	2,607,389,668
Total assets	1,148,255,340	1,216,615,398	180,420,474	229,493,777	127,407,380	2,902,192,369
Deferred Outflows of Resources	11,546,948	8,339,579	14,036,153	-	1,343,436	35,266,116

City of Detroit, Michigan

Statement of Net Position (Continued) Enterprise Funds

June 30, 2017

	Water Fund	Sew age Disposal Fund	Transportation Fund	Public Lighting Authority Fund	Other Enterprise Funds	Totals
Liabilities						
Current liabilities:						
Accounts and contracts payable	\$ 4,124,474	\$ 1,532,827	\$ 9,543,643	\$ 1,313,856	\$ 1,420,686	\$ 17,935,486
Accrued salaries and wages	770,797	-	-	-	115,922	886,719
Due to other funds	14,365,072	22,068,727	82,652	2,514,939	7,654,199	46,685,589
Due to fiduciary funds	2,694,410	3,688,813	786,762	-	1,153,573	8,323,558
Due to component units	-	-	4,179,840	-	-	4,179,840
Due to other governmental agencies	32,908,024	83,522,445	3,565,231	-	2,234	119,997,934
Accrued interest	1,901,626	3,169,374	699,108	4,442,175	5,523	10,217,806
Other liabilities	12,297,656	12,069,349	1,757,963	-	122,995	26,247,963
Unearned revenue	-	-	71,898	-	-	71,898
Bonds and notes payable - Net	402,881	454,399	450,677	3,494,458	-	4,802,415
Contractual obligations payable	11,065,908	10,581,938	-	-	-	21,647,846
Accrued compensated absences	869,376	1,304,065	2,685,160	-	105,411	4,964,012
Accrued workers' compensation and claims and judgments	299,198	3,283,244	330,804	-	36,000	3,949,246
Total current liabilities	81,699,422	141,675,181	24,153,738	11,765,428	10,616,543	269,910,312
Noncurrent liabilities:						
Bonds and notes payable - Net	87,727,493	49,094,351	48,373,111	185,575,918	1,252,512	372,023,385
Contractual obligations payable	452,963,872	356,460,890	-	-	-	809,424,762
Unearned revenue	-	-	-	-	15,440,092	15,440,092
Net pension liability	50,867,232	35,306,922	188,213,175	-	8,270,991	282,658,320
Accrued compensated absences	586,371	879,556	538,942	-	64,152	2,069,021
Accrued workers' compensation and claims and judgments	3,365,412	12,506,539	1,179,851	-	2,229,036	19,280,838
Death benefit obligation	353,571	327,300	417,119	-	14,049	1,112,039
Total noncurrent liabilities	595,863,951	454,575,558	238,722,198	185,575,918	27,270,832	1,502,008,457
Total liabilities	677,563,373	596,250,739	262,875,936	197,341,346	37,887,375	1,771,918,769
Deferred Inflows of Resources						
	677,015	962,248	177,142	-	87,463	1,903,868
Net Position						
Net investment in capital assets	40,523,725	120,923,226	141,752,337	18,520,495	85,948,305	407,668,088
Restricted for improvements and extensions	36,425,536	12,446,072	-	-	-	48,871,608
Restricted for budget stabilization	2,686,900	8,246,100	-	-	-	10,933,000
Unrestricted (deficit)	401,925,739	486,126,592	(210,348,788)	13,631,936	4,827,673	696,163,152
Total net position (deficit)	\$ 481,561,900	\$ 627,741,990	\$ (68,596,451)	\$ 32,152,431	\$ 90,775,978	\$ 1,163,635,848

City of Detroit, Michigan

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

Year Ended June 30, 2017

	Water Fund	Sew age Disposal Fund	Transportation Fund	Public Lighting Authority Fund	Other Enterprise Funds	Totals
Operating Revenue						
Sales and charges for services	\$ 93,480,965	\$ 263,213,728	\$ 18,563,607	\$ 12,500,000	\$ 32,012	\$ 387,790,312
Rentals, fees, and surcharges	8,955,873	9,960,098	527,185	-	15,464,375	34,907,531
Miscellaneous	5,737,953	514,101	2,194,780	881,653	411	9,328,898
Total operating revenue	108,174,791	273,687,927	21,285,572	13,381,653	15,496,798	432,026,741
Operating Expenses						
Salaries, wages, and benefits	18,063,778	27,759,759	57,817,022	1,946,331	2,507,311	108,094,201
Contractual services	12,152,650	10,611,857	22,124,166	-	-	44,888,673
Operating	22,016,555	193,086,410	-	5,717,134	4,692,157	225,512,256
Maintenance	3,132,815	997,103	17,830,804	-	2,155,566	24,116,288
Materials, supplies, and other expenses	23,931,057	52,688,727	22,066,685	-	290,601	98,977,070
Pension	-	-	36,301,486	-	521,252	36,822,738
Asset Impairment	-	-	5,774,426	-	-	5,774,426
Depreciation	16,367,235	8,720,350	14,625,153	150,025	2,538,185	42,400,948
Total operating expenses	95,664,090	293,864,206	176,539,742	7,813,490	12,705,072	586,586,600
Operating Income (Expenses)						
	12,510,701	(20,176,279)	(155,254,170)	5,568,163	2,791,726	(154,559,859)
Nonoperating Revenue (Expenses)						
Investment earnings	348,696	-	151	191,007	-	539,854
Federal and state grants	-	-	58,468,990	-	14,071	58,483,061
Interest on bonds, notes payable, and loans	(27,268,213)	(21,129,052)	(2,011,631)	(8,509,892)	(57,102)	(58,975,890)
Loss on disposal of capital assets	-	(1,611,869)	-	(10,493)	-	(1,622,362)
Principal forgiveness on state revolving fund loans	2,305,264	-	-	-	-	2,305,264
Bond issuance cost	-	-	-	(5,000)	-	(5,000)
Other revenue	16,502,035	20,919,163	-	-	-	37,421,198
Total nonoperating (expenses) revenue - Net	(8,112,218)	(1,821,758)	56,457,510	(8,334,378)	(43,031)	38,146,125
Income - Before capital contributions, transfers, and special item	4,398,483	(21,998,037)	(98,796,660)	(2,766,215)	2,748,695	(116,413,734)
Capital Contributions						
Transfers In	-	-	2,478,394	-	-	2,478,394
Special Item - Bifurcation loss (Note 13)	(85,895,242)	(72,059,278)	-	-	-	(157,954,520)
Change in Net Position	(81,496,759)	(94,057,315)	(34,726,841)	7,272,843	9,254,955	(193,753,117)
Net Position (Deficit) - Beginning of year	563,058,659	721,799,305	(33,869,610)	24,879,588	81,521,023	1,357,388,965
Net Position (Deficit) - End of year	\$ 481,561,900	\$ 627,741,990	\$ (68,596,451)	\$ 32,152,431	\$ 90,775,978	\$ 1,163,635,848

City of Detroit, Michigan

Statement of Cash Flows Enterprise Funds

Year Ended June 30, 2017

	Water Fund	Sew age Disposal Fund	Transportation Fund	Public Lighting Authority Fund	Other Enterprise Funds	Totals
Cash flows from operating activities:						
Receipts from customers	\$ 100,598,357	\$ 228,138,629	\$ 21,278,563	\$ 15,014,939	\$ 14,150,232	\$ 379,180,720
(Payments to) receipts from other funds	(12,841,574)	7,473,211	(21,241,257)	881,653	538,818	(25,189,149)
Payments for injuries and damages	(509,076)	(261,843)	(9,511,545)	-	(6,768)	(10,289,232)
Payments to suppliers	(14,362,834)	(165,210,718)	(50,854,503)	(6,830,656)	(6,953,541)	(244,212,252)
Payments to employees	(20,785,758)	(30,541,846)	(63,105,116)	(1,989,161)	(2,683,619)	(119,105,500)
Net cash provided by (used in) operating activities	52,099,115	39,597,433	(123,433,858)	7,076,775	5,045,122	(19,615,413)
Cash flows from noncapital financing activities:						
Grants and contributions from other governments	-	-	56,349,818	-	14,071	56,363,889
Receipts on GLWA contract receivable	22,500,000	27,500,000	-	-	-	50,000,000
Principal and interest paid on bonds	(1,493,702)	(2,489,502)	(2,177,260)	-	-	(6,160,464)
Transfers from other funds	-	-	61,591,425	10,039,058	6,506,260	78,136,743
Miscellaneous noncapital financing	1,020,118	2,294,569	-	-	-	3,314,687
Net cash provided by noncapital financing activities	22,026,416	27,305,067	115,763,983	10,039,058	6,520,331	181,654,855
Cash flows from capital and related financing activities:						
Federal, state, and local grants	-	-	2,478,394	-	-	2,478,394
Proceeds from sales of capital assets	-	-	-	21,800	-	21,800
Acquisition and construction of capital assets	(15,075,673)	(15,964,742)	(2,474,366)	(49,906,939)	(1,689,574)	(85,111,294)
Proceeds from bond and note issuances	50,740,000	-	-	-	-	50,740,000
Proceeds from leased properties	-	-	-	-	-	-
Principal and interest paid on bonds, notes, and capital leases	(48,556,606)	(33,851,100)	-	(4,447,175)	(57,102)	(86,911,983)
Net cash (used in) provided by capital and related financing activities	(12,892,279)	(49,815,842)	4,028	(54,332,314)	(1,746,676)	(118,783,083)
Cash flows from investing activities:						
Proceeds from sales and maturities of investments	-	-	-	52,996,193	-	52,996,193
Purchases of investments	-	-	(763)	(12,191,857)	-	(12,192,620)
Earnings from investment securities	356,206	29,656	763	191,007	-	577,632
Net cash provided by investing activities	356,206	29,656	-	40,995,343	-	41,381,205
Net Increase (Decrease) in Cash and Cash Equivalents	61,589,458	17,116,314	(7,665,847)	3,778,862	9,818,777	84,637,564
Cash and Cash Equivalents - Beginning of year	28,479,392	26,727,534	8,663,942	19,244,908	30,512,365	113,628,141
Cash and Cash Equivalents - End of year	\$ 90,068,850	\$ 43,843,848	\$ 998,095	\$ 23,023,770	\$ 40,331,142	\$ 198,265,705

City of Detroit, Michigan

Statement of Cash Flows (Continued) Enterprise Funds

Year Ended June 30, 2017

	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)	\$ 12,510,701	\$ (20,176,279)	\$ (155,254,170)	\$ 5,568,163	\$ 2,791,726	\$ (154,559,859)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	16,367,235	8,720,350	14,625,153	150,025	2,538,185	42,400,948
Fixed asset impairment	-	-	5,774,426	-	-	5,774,426
Changes in assets and liabilities:						
Accounts and contracts receivable	733,829	(18,073,578)	(7,009)	-	(632,480)	(17,979,238)
Inventory	(3,071,182)	1,965,725	1,458,855	(419,797)	-	(66,399)
Net pension liability	6,806,912	5,360,662	-	-	454,867	12,622,441
Prepaid expenses	15,590	(169,728)	37,194	(9,155)	9,371	(116,728)
Due to and from other funds	(12,841,574)	7,473,211	(10,542,951)	2,514,939	538,818	(12,857,557)
Unearned revenue	-	-	-	-	(708,036)	(708,036)
Accounts and contracts payable	13,638,275	5,311,848	159,558	(727,400)	(440,698)	17,941,583
Due to fiduciary funds	-	-	-	-	401,818	401,818
Accrued liabilities and other	29,011,099	41,824,140	20,315,086	-	162,083	91,312,408
Accrued compensated absences	-	-	-	-	(42,239)	(42,239)
Accrued workers' compensation and claims and	1,234,900	15,753,586	-	-	(29,964)	16,958,522
Death benefit obligation	-	-	-	-	1,671	1,671
Deferred outflows of pension resources	(12,306,670)	(8,392,504)	-	-	-	(20,699,174)
Net cash provided by (used in) operating activities	\$ 52,099,115	\$ 39,597,433	\$ (123,433,858)	\$ 7,076,775	\$ 5,045,122	\$ (19,615,413)
Noncash activities - Fixed asset impairment	\$ -	\$ -	\$ (5,774,426)	\$ -	\$ -	\$ (5,774,426)

As discussed in Note 13, effective January 1, 2016, the Water Fund and Sewer Fund leased the operations related to the suburban customers to the Great Lakes Water Authority. During fiscal year 2017, the Water and Sewer funds reported approximately \$86 million in the Water Fund and approximately \$72 million in the Sewer Fund due to changes in estimates related to the Memorandum of Understanding described in Note 13.

City of Detroit, Michigan

Statement of Fiduciary Net Position Fiduciary Funds

June 30, 2017

	Pension and Other Employee Benefit Trust Funds	Agency Funds	Total
Assets			
Cash and cash equivalents	\$ 213,516,229	\$ 13,670,745	\$ 227,186,974
Investments at fair value:			
Short-term investments	2,545,188,492	-	2,545,188,492
Money market funds	763,772,499	-	763,772,499
Bonds and stocks	814,051,834	-	814,051,834
Mortgage-backed securities	179,756,796	-	179,756,796
Mortgage and construction loans	452,026,579	-	452,026,579
Pooled investments	-	21,988,555	21,988,555
Total investments	4,754,796,200	21,988,555	4,776,784,755
Accrued interest receivable	8,893,998	-	8,893,998
Accounts receivable:			
Due from primary government	12,068,761	-	12,068,761
Due from other governmental units	1,000,000	305,043	1,305,043
Contributions receivable	13,331,158	-	13,331,158
Notes receivable from participants	13,454,253	-	13,454,253
Receivables from investment sales	67,103,679	-	67,103,679
AFS recoupment receivable	105,619,901	-	105,619,901
Other receivables	2,602,410	157,042	2,759,452
Total accounts receivable	215,180,162	462,085	215,642,247
Cash and investments held as collateral for securities lending	304,864,389	-	304,864,389
Prepaid assets	130,452	-	130,452
Capital assets	535,711	-	535,711
Total assets	5,497,917,141	\$ 36,121,385	5,534,038,526
Liabilities			
Accounts and contracts payable	16,401,169	\$ 718,051	17,119,220
Payables for investment purchases	75,623,397	-	75,623,397
Benefits and claims payable	585,694	-	585,694
Due to primary government	4,104,414	-	4,104,414
Refundable deposits	-	6,164,194	6,164,194
Amount due to broker for securities lending	301,787,160	-	301,787,160
Undistributed tax receipts	-	6,028,969	6,028,969
Other liabilities	7,163,176	23,210,171	30,373,347
Total liabilities	405,665,010	\$ 36,121,385	441,786,395
Net Position Held in Trust for Pension and Other Employee Benefits	\$ 5,092,252,131		\$ 5,092,252,131

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City of Detroit, Michigan

Statement of Changes in Fiduciary Net Position Fiduciary Funds

Year Ended June 30, 2017

	Pension and Other Employee Benefit Trust Funds
Additions	
Employer contributions	\$ 174,022,247
Plan member contributions	34,494,070
State and foundations	18,675,000
AFS recoupment	7,374,918
Other income	3,371,027
Transfer in	<u>20,000,000</u>
Total contributions	257,937,262
Investment earnings:	
Interest and dividend income	131,510,372
Net appreciation in fair value	400,539,530
Investment expense	(25,726,929)
Securities lending income - Net	2,148,627
Net gain on collateralized securities	<u>1,491,603</u>
Total investment earnings	509,963,203
Total additions	767,900,465
Deductions	
Pension and annuity benefits	530,762,829
Member refunds and withdrawals	104,972,127
General and administrative expenses	16,526,111
Transfer out	<u>20,000,000</u>
Total deductions	672,261,067
Net Increase in Net Position Held in Trust	95,639,398
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	4,996,612,733
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	\$ 5,092,252,131

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	\$ 7,516,627	\$ 33,042,448	\$ 1,192,796	\$ 24,726,418	\$ 2,087,690	\$ 1,548,137
Restricted cash and cash equivalents	-	-	1,198,191	20,149,681	-	-
Investments	1,492,013	14,075,151	90,207	-	58,768,491	-
Accounts and contracts receivable, taxes, interest, and penalties receivable - Net	4,131	2,827,970	277,934	3,002,304	151,403,258	1,286,713
Due from primary government	-	2,673,088	4,179,840	-	-	-
Due from other governmental agencies	-	3,732,428	1,172,028	730,104	-	-
Inventory	-	-	3,366,727	-	-	26,142
Prepaid expenses	9,847	407,868	454,922	541,052	930,658	26,184
Loans, notes, and pledges receivable	-	-	-	1,433,802	7,877,588	-
Other assets	45,575	15,643	-	1,430,933	17,447,000	113,805
Restricted assets	-	-	3,952,396	15,281,035	-	-
Capital assets:						
Nondepreciable	16,920	1,693,496	5,463,208	87,961,620	799,111,014	-
Depreciable - Net	-	20,314,214	24,685,775	240,328,552	31,082,246	7,502,511
Capital assets - Net	16,920	22,007,710	30,148,983	328,290,172	830,193,260	7,502,511
Total assets	9,085,113	78,782,306	46,034,024	395,585,501	1,068,707,945	10,503,492
Deferred Outflows of Resources						
Liabilities						
Accounts and contracts payable	75,751	98,544	2,567,175	2,512,435	5,137,574	356,429
Accrued salaries and wages	-	211,427	277,297	156,687	-	38,825
Accrued interest payable	-	93,657	-	18,153,516	9,383,801	-
Due to other governmental agencies	-	8,052,228	-	367,823	-	-
Unearned revenue	-	-	-	4,267,253	-	242,044
Hedging derivatives	-	-	-	-	13,779,572	-
Other liabilities	7,061,818	1,979,841	941,526	5,811,558	159,828,333	18,751
Long-term obligations:						
Due within one year	-	1,554,089	-	194,600	2,771,434	23,923
Advance from primary government	-	-	-	-	-	-
Due in more than one year	230,000	12,237,800	690,499	45,731,505	490,936,000	7,408
Net pension liability	-	20,851,802	8,898,055	582,992	-	-
Total liabilities	7,367,569	45,079,388	13,374,552	77,778,369	681,836,714	687,380
Deferred Inflows of Resources						
Net Position (Deficit)						
Net investment in capital assets	16,920	22,007,710	30,148,983	153,005,206	392,873,260	7,471,180
Restricted for:						
Endowments and trusts - Expendable	-	12,031,334	-	-	-	-
Endowments and trusts - Nonexpendable	-	788,213	-	-	-	-
Housing projects	-	-	-	147,263,741	-	-
Capital projects	515,213	-	5,150,587	-	3,173,213	-
Program activities	-	-	-	-	-	2,619,358
Unrestricted (deficit)	1,185,411	643,161	(302,737)	17,842,791	4,604,330	(274,426)
Total net position (deficit)	\$ 1,717,544	\$ 35,470,418	\$ 34,996,833	\$ 318,111,738	\$ 400,650,803	\$ 9,816,112

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

June 30, 2017

Economic Development Corporation	Local Development Finance Authority	Museum of African American History	Detroit Land Bank Authority	Eight Mile/Woodward Corridor Imp. Authority	Detroit Employment Solutions Corporation	Totals
\$ 9,264,002	\$ 1,189,158	\$ 528,189	\$ 6,361,212	\$ 132,581	\$ 5,342,236	\$ 92,931,494
-	-	-	5,533,705	-	-	26,881,577
26,676,446	15,242,295	1,413,579	-	-	-	117,758,182
7,088	-	154,555	18,252,688	-	3,108,556	180,325,197
-	-	-	-	-	-	6,852,928
1,601,134	-	-	-	-	-	7,235,694
-	-	46,669	-	-	-	3,439,538
-	-	87,512	4,082	9,575	212,285	2,683,985
4,793,023	-	90,000	-	-	-	14,194,413
-	-	-	24,511,421	-	29,660	43,594,037
-	-	-	-	-	-	19,233,431
-	-	510,640	-	-	-	894,756,898
-	-	832,922	204,418	-	103,019	325,053,657
-	-	1,343,562	204,418	-	103,019	1,219,810,555
42,341,693	16,431,453	3,664,066	54,867,526	142,156	8,795,756	1,734,941,031
-	-	-	-	-	-	27,751,319
5,187,873	19,810	631,029	10,973,199	6,400	4,169,996	31,736,215
-	-	113,114	-	-	-	797,350
2,969	266,053	-	-	-	-	27,899,996
112,810	-	-	-	-	-	8,532,861
-	-	85,142	5,161,873	-	2,471,593	12,227,905
-	-	-	-	-	-	13,779,572
-	-	-	6,500,000	26,059	99,853	182,267,739
8,629	6,810,000	-	2,000,000	-	-	13,362,675
-	-	-	10,000,000	-	-	10,000,000
741,371	21,515,000	-	-	-	-	572,089,583
-	-	-	-	-	-	30,332,849
6,053,652	28,610,863	829,285	34,635,072	32,459	6,741,442	903,026,745
-	-	-	-	-	-	9,562,280
-	-	1,343,562	204,418	-	103,019	607,174,258
-	-	1,260,064	-	-	-	13,291,398
-	-	-	-	-	-	788,213
-	-	-	5,533,705	-	-	152,797,446
11,683,406	16,245,806	-	-	-	-	36,768,225
-	-	663,539	-	-	1,901,850	5,184,747
24,604,635	(28,425,216)	(432,384)	14,494,331	109,697	49,445	34,099,038
\$ 36,288,041	\$ (12,179,410)	\$ 2,834,781	\$ 20,232,454	\$ 109,697	\$ 2,054,314	\$ 850,103,325

City of Detroit, Michigan

	Detroit Brow nfield Redevelopment Authority	Detroit Public Library	Detroit Transportation Corporation	Detroit Housing Commission	Dow ntow n Development Authority	Eastern Market Corporation
Expenses	\$ (4,620,080)	\$ (26,055,387)	\$ (25,442,939)	\$ (100,048,547)	\$ (33,245,196)	\$ (5,651,461)
Program Revenue						
Charges for services	180,265	328,459	1,394,946	84,578,638	284,569,046	1,416,836
Operating grants and contributions	<u>245,000</u>	<u>1,651,728</u>	<u>17,040,784</u>	<u>3,481,833</u>	<u>-</u>	<u>1,538,971</u>
Total program revenue	<u>425,265</u>	<u>1,980,187</u>	<u>18,435,730</u>	<u>88,060,471</u>	<u>284,569,046</u>	<u>2,955,807</u>
Net program (expenses) revenue	(4,194,815)	(24,075,200)	(7,007,209)	(11,988,076)	251,323,850	(2,695,654)
General Revenue (Expense)						
Property taxes	4,376,926	31,117,720	-	-	31,491,713	-
Other taxes	-	2,354,799	-	-	-	-
Penal fines	-	356,140	-	-	-	-
Contributions	-	-	2,106,714	-	-	3,084,271
Investment earnings (losses)	19,737	1,139,296	224,217	(878,992)	-	361,349
Miscellaneous revenue (expenses)	<u>-</u>	<u>136,205</u>	<u>969,698</u>	<u>-</u>	<u>1,790,126</u>	<u>(792,575)</u>
Total general revenue (expense)	<u>4,396,663</u>	<u>35,104,160</u>	<u>3,300,629</u>	<u>(878,992)</u>	<u>33,281,839</u>	<u>2,653,045</u>
Change in Net Position	201,848	11,028,960	(3,706,580)	(12,867,068)	284,605,689	(42,609)
Net Position (Deficit) - Beginning of year	<u>1,515,696</u>	<u>24,441,458</u>	<u>38,703,413</u>	<u>330,978,806</u>	<u>116,045,114</u>	<u>9,858,721</u>
Net Position (Deficit) - End of year	<u>\$ 1,717,544</u>	<u>\$ 35,470,418</u>	<u>\$ 34,996,833</u>	<u>\$ 318,111,738</u>	<u>\$ 400,650,803</u>	<u>\$ 9,816,112</u>

**Combining Statement of Activities
Discretely Presented Component Units**

Year Ended June 30, 2017

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
\$ (7,705,600)	\$ (2,107,760)	\$ (6,777,932)	\$ (64,104,463)	\$ (635,070)	\$ (40,614,432)	\$ (317,008,867)
6,275,507	-	2,159,932	-	-	-	380,903,629
-	-	2,466,762	67,028,869	-	42,502,773	135,956,720
6,275,507	-	4,626,694	67,028,869	-	42,502,773	516,860,349
(1,430,093)	(2,107,760)	(2,151,238)	2,924,406	(635,070)	1,888,341	199,851,482
-	3,638,233	-	-	-	-	70,624,592
-	-	-	-	635,070	-	2,989,869
-	-	-	-	-	-	356,140
1,792,146	-	2,017,489	-	-	-	9,000,620
4,247	26,654	-	-	-	-	896,508
-	-	67,879	-	-	14,361	2,185,694
1,796,393	3,664,887	2,085,368	-	635,070	14,361	86,053,423
366,300	1,557,127	(65,870)	2,924,406	-	1,902,702	285,904,905
35,921,741	(13,736,537)	2,900,651	17,308,048	109,697	151,612	564,198,420
\$ 36,288,041	\$ (12,179,410)	\$ 2,834,781	\$ 20,232,454	\$ 109,697	\$ 2,054,314	\$ 850,103,325

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**NOTES
TO BASIC
FINANCIAL
STATEMENTS**

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June 30, 2017

Note 1 - Summary of Significant Accounting Policies

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

(a) Reporting Entity

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

Blended Component Units

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

Greater Detroit Resource Recovery Authority (GDRRA) - The GDRRA was established by the cities of Detroit and Highland Park for the acquisition, construction, and operation of a waste-to-energy facility. The GDRRA is a legally separate entity. However, the City appoints the voting majority of the board members and may impose its will. Operating revenue consists of tipping fees received from the City of Detroit, 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, 2017**Note 1 - Summary of Significant Accounting Policies (Continued)**

Detroit Public Library (DPL) - The DPL is a statutory body created by the State, which is legally separate from the City. The DPL was created to provide reference materials, research information, and publications to residents of the City and Wayne County, 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 .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, 2017**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 \$757,552 as of June 30, 2017.

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

June 30, 2017**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, 2017**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, 2017**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 462 coaches. The fund operates an administration building, which includes a heavy repair facility and plant maintenance building, as well as three other satellite terminals with light repair garages and storage bays.

June 30, 2017**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, which is 90 days. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments, compensated absences, and other long-term obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources. Significant revenue sources that are susceptible to accrual include property taxes, income taxes, utility taxes, state-shared revenue, state gas and weight tax revenue, interest, and certain grants associated with the current fiscal period. All other revenue sources are considered to be measurable and available only when cash is received.

June 30, 2017**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 deposits and money market funds with an original maturity date of three months or less.

(e) Investments

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

(f) Interfund Transactions

The City has the following types of interfund transactions:

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

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

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

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

(g) Due from/to Other Governmental Agencies

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

(h) Inventory

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

June 30, 2017**Note 1 - Summary of Significant Accounting Policies (Continued)****(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, 2017 for the Water Fund was \$939,151. There was no capitalized interest recognized in the Sewage Disposal Fund in the fiscal year 2017. 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 7.

June 30, 2017**Note 1 - Summary of Significant Accounting Policies (Continued)****(j) Deferred Outflows/Inflows of Resources**

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

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

(k) Bond Premiums and Discounts

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

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

(l) Compensated Absences

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

June 30, 2017**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 2016 taxable valuation of the City totaled approximately \$6.7 billion (a portion of which is abated and a portion of which is captured by the LDFA, DDA, and DBRA), on which taxes consisted of 19.952 mills for operating purposes and 9.4661 mills for debt service. This resulted in approximately \$129.5 million for operations and approximately \$62.6 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, 2017, approximately \$79.4 million of delinquent property taxes receivable was transferred (sold) to the County, and \$33.8 million was charged back to the City from prior year sales. As of June 30, 2017, the City has recorded an approximate liability of \$21.0 million (\$10.4 million in the General Fund and \$10.6 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 2017 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, 2017**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 of a specific purpose.

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

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

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

If there is an expenditure incurred for purposes for which both restricted and unrestricted fund balance is available, the City will consider restricted fund balance to have been spent before unrestricted fund balance. 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, 2017**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

Property Tax - The City had a liability reflected as of June 30, 2016 related to property tax overpayments and amounts due to other taxing authorities. The City performed an analysis of these liabilities and adjusted it to the City's calculation of the estimated amount that will ultimately be payable. The impact of this adjustment is to increase governmental activities net position and General Fund fund balance at June 30, 2016 by \$28,290,714.

Detroit Lank Bank Authority - The Authority restated its beginning net position to record receivables for reimbursement from MSHDA related to costs incurred prior to June 30, 2016. As a result, the unrestricted net position increased by \$1,534,265.

Eight Mile/Woodward Corridor Improvement Authority - The Authority restated its beginning net position to account for refundable advances to a third party. As a result, refundable advances increased by \$14,845 and the net position decreased by \$14,845.

(t) Fund Reclassification

General Grants Fund - In prior years, the General Grants Fund was blended in the General Fund for financial statement presentation purposes. In the current year, the City concluded that the General Grants Fund should be presented separately, as a special revenue fund, due to its nature. The impact of this change was an adjustment to beginning fund balance for the General Fund, resulting in an increase of \$10,079,720.

(u) Upcoming Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the City to recognize on the face of the financial statements its net OPEB liability related to its participation in the City's Employee Death Benefits Plan. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). 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, 2018. The new GASB statement will be implemented for the City's Employee Death Benefits plan. As a result of the bankruptcy proceedings, the City no longer has a liability for retiree healthcare expenditures.

In November 2016, the Governmental Accounting Standards Board 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.

June 30, 2017**Note 1 - Summary of Significant Accounting Policies (Continued)**

In January 2017, the Governmental Accounting Standards Board 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 2020 fiscal year.

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

In June 2017, the Governmental Accounting Standards Board 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 previously were 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.

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 2017 budget subsequent to year end.

The City was not in compliance with the 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.

June 30, 2017**Note 2 - Stewardship, Compliance, and Accountability (Continued)****(b) Deficit Fund Equity/Net Position**

Fund	Classification	Unassigned/ Unrestricted Deficit Amount
General Grants Fund	Special Revenue Fund	\$ (1,674,211) (3)
Detroit Transportation Corporation	Component Unit	(302,737) (1)
Eastern Market Corporation	Component Unit	(274,426) (1)
Local Development Finance Authority	Component Unit	(28,425,216) (1)
Museum of African American History	Component Unit	(432,384) (1)
Transportation Fund	Enterprise Fund	(210,348,788) (2)
Airport Fund	Enterprise Fund	(3,080,110) (2)

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

- (1) These component units have positive working capital. The unrestricted deficit is the result of long-term liabilities expected to be liquidated with future revenue.
- (2) As permitted by the Treasury deficit instructions, a proprietary fund deficit exists when current assets minus current liabilities (excluding the current portion of long-term obligations) is a negative amount. The Transportation and Airport funds' current assets exceed current liabilities. Therefore, no deficit plan is necessary.
- (3) 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 which 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, 2017**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 "System" or "Pension System"). The System is authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles. The investment policy adopted by the board of trustees is in accordance with Public Act 196 of 1997 and has authorized the investments according to Michigan Public Act 314 of 1965, as amended. The System's deposits and investment policies are in accordance with this statutory authority.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of bank failure, the bank may not return the City's deposits. The City does not have a deposit policy for custodial credit risk. As of June 30, 2017, the bank balances of the City's primary government deposits (certificates of deposit and checking and savings accounts) were \$745,877,821, of which \$744,489,120 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, 2017, the Other Employee Benefits Fund had \$5,213,945 of bank deposits, of which \$4,766,797 was uninsured and uncollateralized.

At June 30, 2017, the General Retirement System and the Police and Fire Retirement System had approximately \$7.5 million and \$5.0 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.

City of Detroit, Michigan

Notes to Financial Statements

June 30, 2017

Note 3 - Deposits and Investments (Continued)

At June 30, 2017, the City and Pension System had the following investments and maturities:

	Fair Value	Less Than			Over 10 Years
		1 Year	1-5 Years	6-10 Years	
Primary Government					
Money Market Mutual Funds	\$ 100,463,584	\$ 99,861,324	\$ 440,420	\$ 161,840	\$ -
U.S. Government Funds	<u>148,682,071</u>	<u>148,682,071</u>	-	-	-
Total	<u><u>\$ 249,145,655</u></u>	<u><u>\$ 248,543,395</u></u>	<u><u>\$ 440,420</u></u>	<u><u>\$ 161,840</u></u>	<u><u>\$ -</u></u>
Agency					
Municipal Bonds - Detroit Financial Recovery Bon	\$ 10,806,695	\$ -	\$ -	\$ -	\$ 10,806,695
U.S. Government Funds	<u>11,181,860</u>	<u>11,181,860</u>	-	-	-
Total	<u><u>\$ 21,988,555</u></u>	<u><u>\$ 11,181,860</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,806,695</u></u>
Other Employee Benefits Fund					
Fixed Income Funds	\$ 2,171,000	\$ -	\$ 2,171,000	\$ -	\$ -
Temporary Investment Funds	<u>1,836,646</u>	<u>1,836,646</u>	-	-	-
Mutual Funds	<u>128</u>	<u>128</u>	-	-	-
Total	<u><u>\$ 4,007,774</u></u>	<u><u>\$ 1,836,774</u></u>	<u><u>\$ 2,171,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
General Retirement System					
U.S. Government	\$ 60,482,000	\$ 59,900,000	\$ -	\$ -	\$ 582,000
Corporate	<u>20,662,000</u>	<u>339,000</u>	<u>3,696,000</u>	<u>11,587,000</u>	<u>5,040,000</u>
Private Placement	<u>16,159,000</u>	<u>895,000</u>	<u>1,406,000</u>	<u>11,797,000</u>	<u>2,061,000</u>
Term Loans	<u>4,481,000</u>	<u>-</u>	<u>1,848,000</u>	<u>2,633,000</u>	<u>-</u>
Total	<u><u>\$ 101,784,000</u></u>	<u><u>\$ 61,134,000</u></u>	<u><u>\$ 6,950,000</u></u>	<u><u>\$ 26,017,000</u></u>	<u><u>\$ 7,683,000</u></u>
Police and Fire Retirement System					
U.S. Government	\$ 175,140,000	\$ 8,833,000	\$ 29,519,000	\$ 25,811,000	\$ 110,977,000
Government Assets and Mortgage-backed Securities	<u>42,312,000</u>	<u>389,000</u>	<u>12,343,000</u>	<u>6,204,000</u>	<u>23,376,000</u>
Corporate	<u>164,768,000</u>	<u>3,502,000</u>	<u>63,056,000</u>	<u>66,184,000</u>	<u>32,026,000</u>
Private Placement	<u>106,045,000</u>	<u>4,624,000</u>	<u>34,220,000</u>	<u>52,583,000</u>	<u>14,618,000</u>
Convertible Bonds	<u>47,757,000</u>	<u>12,042,000</u>	<u>20,084,000</u>	<u>5,151,000</u>	<u>10,480,000</u>
State and Local Obligations	<u>5,203,000</u>	<u>73,000</u>	<u>1,424,000</u>	<u>1,760,000</u>	<u>1,946,000</u>
Convertible Preferred Stock	<u>3,413,000</u>	<u>3,413,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u><u>\$ 544,638,000</u></u>	<u><u>\$ 32,876,000</u></u>	<u><u>\$ 160,646,000</u></u>	<u><u>\$ 157,693,000</u></u>	<u><u>\$ 193,423,000</u></u>

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).

City of Detroit, Michigan

Notes to Financial Statements

June 30, 2017

Note 3 - Deposits and Investments (Continued)

The City's investments have the following ratings at June 30, 2017 as rated by S&P or Moody's:

	AAAm	AA+	Not Rated	Total
Primary Government				
Money Market Mutual Funds	\$ 98,922,167	\$ 602,260	\$ 939,157	\$ 100,463,584
U.S. Government Funds	<u>148,682,071</u>	-	-	148,682,071
Total	<u>\$ 247,604,238</u>	<u>\$ 602,260</u>	<u>\$ 939,157</u>	<u>\$ 249,145,655</u>
 Agency Funds				
U.S. Government Funds	\$ 11,181,860	\$ -	\$ 11,181,860	
Municipal Bonds - Detroit Financial Recovery Bonds	<u>-</u>	<u>10,806,695</u>	<u>10,806,695</u>	
Total	<u>\$ 11,181,860</u>	<u>\$ 10,806,695</u>	<u>\$ 21,988,555</u>	
 Other Employee Benefits Fund				
Temporary Investment Funds	\$ -	\$ 1,836,646	\$ 1,836,646	
Fixed Income	<u>-</u>	<u>2,171,000</u>	<u>2,171,000</u>	
Mutual Funds	<u>128</u>	<u>-</u>	<u>-</u>	<u>128</u>
Total	<u>\$ 128</u>	<u>\$ 4,007,646</u>	<u>\$ 4,007,774</u>	

The General Retirement System and the Police and Fire Retirement System debt investments have the following ratings at June 30, 2017 as rated by S&P and Moody's, respectively (amounts presented in \$000):

	CAA and Below Not Rated																	
	Aaaa	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Below	Not Rated					
General Retirement System																		
Corporate fixed income	\$ -	\$ 156	\$ 687	\$ 74	\$ 904	\$ 1,855	\$ 2,437	\$ 4,762	\$ 3,132	\$ 2,112	\$ 2,045	\$ 1,695	\$ 803					
Private placement	-	-	-	108	818	1,721	1,496	2,160	910	2,061	2,948	1,906	2,031					
Term loans	501	-	-	-	-	252	-	336	992	188	567	774	871					
Total	<u>\$ 501</u>	<u>\$ 156</u>	<u>\$ 687</u>	<u>\$ 182</u>	<u>\$ 1,722</u>	<u>\$ 3,828</u>	<u>\$ 3,933</u>	<u>\$ 7,258</u>	<u>\$ 5,034</u>	<u>\$ 4,361</u>	<u>\$ 5,560</u>	<u>\$ 4,375</u>	<u>\$ 3,705</u>					
 Police and Fire Retirement System																		
	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Below	Not Rated
Government assets and mortgage backed	\$ 27,919	\$ 45	\$ 237	\$ 207	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,904	
Corporate fixed income	1,715	453	1,906	280	7,127	4,293	17,944	26,620	24,659	23,878	6,776	3,786	9,642	10,632	7,313	8,936	4,646	4,162
Private placement	7,120	55	171	2,053	2,985	2,633	2,858	9,774	3,891	6,652	3,239	3,348	8,018	10,013	8,550	10,775	10,369	13,542
Convertible bonds	-	-	-	-	2,253	-	3,595	5,648	3,927	-	602	2,007	-	461	-	-	29,283	
State and local obligations	394	477	659	1,144	892	1,149	-	-	-	-	-	-	-	-	-	488		
Convertible preferred stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,413		
Total	<u>\$ 37,148</u>	<u>\$ 1,030</u>	<u>\$ 2,973</u>	<u>\$ 3,684</u>	<u>\$ 11,004</u>	<u>\$ 10,328</u>	<u>\$ 20,802</u>	<u>\$ 39,989</u>	<u>\$ 34,198</u>	<u>\$ 34,457</u>	<u>\$ 10,015</u>	<u>\$ 7,736</u>	<u>\$ 19,667</u>	<u>\$ 20,645</u>	<u>\$ 16,324</u>	<u>\$ 19,711</u>	<u>\$ 15,015</u>	<u>\$ 64,792</u>

June 30, 2017

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 the net asset value per share as a practical expedient are not classified on 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, 2017:

	Investments by Fair Value Level			Investments Measured at Net Asset Value (NAV)	Total Investments Measured at Fair Value
	Level 1	Level 2	Level 3		
Primary Government					
Money Market Mutual Funds	\$ 24,247,635	\$ -	\$ -	\$ -	\$ 24,247,635
Total Primary Government	<u>\$ 24,247,635</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,247,635</u>
Agency Funds					
Municipal Bonds - Detroit Financial Recovery Bonds	\$ -	\$ 10,806,695	\$ -	\$ -	\$ 10,806,695
U.S. Government Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Agency Funds	<u>\$ -</u>	<u>\$ 10,806,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,806,695</u>
Other Employee Benefits Funds					
Money Market Mutual Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Equity Funds	-	-	-	4,666,543	4,666,543
Fixed Income Funds	2,171,000	-	-	-	2,171,000
Global Assets Allocation Funds	4,131,230	-	-	-	4,131,230
REIT	1,528,833	-	-	-	1,528,833
International Equity Fund	-	-	-	3,302,441	3,302,441
Private Equity Funds	-	-	1,325,707	-	1,325,707
Alternative Investment Funds	-	-	-	6,574,687	6,574,687
Total	<u>\$ 7,831,063</u>	<u>\$ -</u>	<u>\$ 1,325,707</u>	<u>\$ 14,543,671</u>	<u>\$ 23,700,441</u>

A total of \$224,898,021 and \$11,181,860 of mutual funds and \$1,836,646 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.

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, 2017

Note 3 - Deposits and Investments (Continued)

	Balance at June 30, 2017	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	\$ 3,192,648	\$ -	\$ -	\$ 3,192,648		
Corporate bonds	36,678,469	-	36,678,469	-		
Asset-backed securities	13,751,215	-	13,751,215	-		
Corporate floating rate notes	40,240,215	-	40,240,215	-		
Total debt securities	93,862,547	-	90,669,899	\$ 3,192,648		
Equity securities:						
Common stock	630,387,487	630,387,487	-	-		
Preferred stock	900,762	-	900,762	-		
Total equity securities	631,288,249	630,387,487	900,762	-		
Private equity funds						
Partnership investments	88,023,639	-	-	\$ 88,023,639		
Real estate private equity funds	3,600,000	-	-	3,600,000		
Real estate-related investments	113,942,842	-	-	113,942,842		
Total investments by fair value level	67,152,236	-	-	67,152,236		
	997,869,513	\$ 630,387,487	\$ 91,570,661	\$ 275,911,365		
Investments Measured at Net Asset Value (NAV)						
International equity funds	346,959,397					
Fixed-income funds	189,975,822					
Global asset allocation funds	130,114,158					
Hedge funds	76,801,071					
Real estate funds	129,129,184					
Total investments measured at NAV	872,979,632					
Total investments measured at fair value	\$ 1,870,849,145					
Police and Fire Retirement System Investments by Fair Value Level						
Debt securities:						
Government securities (U.S. and other)	\$ 97,214,997	\$ 83,007,769	\$ 14,207,228	\$ -		
U.S. government mortgage-backed securities	90,263,668	-	90,263,668	-		
Privately negotiated debt	6,149,567	-	-	6,149,567		
Corporate bonds	333,639,782	-	333,639,782	-		
Asset-backed securities	38,947,800	-	38,947,800	-		
U.S. corporate floating rate notes	149,198,508	-	149,198,508	-		
Total debt securities	715,414,322	83,007,769	626,256,986	6,149,567		
Equity securities:						
Common stock	1,296,487,584	1,296,487,584	-	-		
Preferred stock	12,618,287	10,919,088	1,699,199	-		
Total equity securities	1,309,105,871	1,307,406,672	1,699,199	-		
Private equity funds						
Partnership investments	81,489,081	-	-	\$ 81,489,081		
Real estate private equity funds	3,068,000	-	-	3,068,000		
Real estate related investments	175,242,845	-	-	175,242,845		
Total investments by fair value level	77,389,560	-	-	77,389,560		
	2,361,709,679	\$ 1,390,414,441	\$ 627,956,185	\$ 343,339,053		
Investments Measured at Net Asset Value (NAV)						
International equity funds	169,339,942					
Fixed-income funds	127,512,925					
Global asset allocation funds	172,945,973					
Hedge funds	167,939,973					
Real estate funds	101,015,197					
Total investments measured at NAV	738,754,010					
Total investments measured at fair value	\$ 3,100,463,689					

June 30, 2017

Note 3 - Deposits and Investments (Continued)

A total of \$20,422,055 of repurchase agreements and \$2,830,001 of time deposits that are recorded at amortized cost for the General Retirement System are not included in the fair value table above. A total of \$31,264,595 of repurchase agreements and \$8,210,001 of time deposits 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 I are valued using prices quoted in active markets for those securities.

The fair value of preferred stock and debt securities at June 30, 2017 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, 2017 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, 2017, 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	\$ 4,666,534	\$ -	Daily	1 day
International Equity Fund	3,302,441	-	Daily	None
Alternative Investment Fund	6,574,687	-	Weekly	5 days
Total investments measured at NAV	<u>\$ 14,543,662</u>	<u>\$ -</u>		
General Retirement System				
International Equity Funds	\$ 346,959,397	\$ -	Monthly	Up to 30 days
Fixed Income Funds	189,975,822	-	Daily	10 business days
Global Asset Allocation Funds	130,114,158	-	Monthly	15 business days
Hedge Funds	76,801,071	3,000,000	Quarterly	Up to 95 days
Real Estate Funds	129,129,184	-	Quarterly	90 days
Total investments measured at NAV	<u>\$ 872,979,632</u>	<u>\$ 3,000,000</u>		
Police and Fire Retirement System				
International Equity Funds	\$ 169,339,942	\$ -	Monthly	Up to 30 days
Fixed Income Funds	127,512,925	-	Monthly	Up to 30 days
Global Asset Allocation Funds	172,945,973	-	Monthly	Up to 30 days
Hedge Funds	167,939,973	-	Annually	Up to 100 days
Real Estate Funds	101,015,197	9,270,600	Quarterly	Up to 90 days
Total investments measured at NAV	<u>\$ 738,754,010</u>	<u>\$ 9,270,600</u>		

June 30, 2017**Note 3 - Deposits and Investments (Continued)**

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

Other Employee Benefit

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

Retirement Systems

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 the net asset value per share of the investments.

The fixed-income funds class includes investments in funds that invest predominantly in fixed-income instruments in the U.S. and developed and emerging market countries. The funds invest across a diverse group of security types including government, corporate, and mortgage-backed debt and across the credit quality spectrum of investment grade and high yield. The fair values of the investments in this class have been estimated using the 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 the net asset value per share of the investments.

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

June 30, 2017

Note 3 - Deposits and Investments (Continued)

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's policy specifies a number of limitations to minimize concentration of credit risk, including prohibiting investing more than 5 percent of the portfolio in securities (excluding U.S. government securities) of any one issuer. At June 30, 2017, 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.

The foreign currency risk for cash and investments of the Pension Funds at June 30, 2017 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	Forward Contracts	Unrealized Gain (Loss)	Cash	Net Other Investment Receivable (Payable)	Fixed Income	
Australian Dollar	\$ -	\$ -	\$ 6	\$ -	\$ 19,635	\$ 417	\$ 15	\$ (307)	\$ -	\$ -	\$ -	
Brazilian Real	-	-	-	-	462	-	2	-	-	-	-	
British Pound Sterling	15,489	2,411	11	(2,414)	-	40,301	3,743	59	28	-	-	
Canadian Dollar	2,226	-	2	-	-	14,114	6,759	97	(21)	-	-	
Czech Koruna	1,192	-	-	-	-	-	-	-	-	-	-	
Danish Krone	-	-	-	-	196	1,809	57	-	-	-	-	
Euro Currency	33,805	1,425	275	(1,585)	118	94,191	(7,515)	926	(175)	179	-	
Hong Kong Dollar	3,825	-	-	-	-	36,527	(5,093)	36	46	-	-	
Indian Rupee	-	-	-	-	845	-	-	-	-	-	-	
Indonesian Rupiah	1,320	-	-	-	-	-	-	-	-	-	-	
Israeli Shekel	-	-	-	-	-	654	5	-	-	-	-	
Japanese Yen	9,474	-	10	500	(500)	82,944	(10,301)	280	(608)	-	-	
Mexican Nuevo Peso	2,483	-	87	(87)	-	234	-	-	-	2,558	-	
New Taiwan Dollar	9,027	-	-	-	-	1,315	-	-	-	-	-	
Norwegian Krone	5,582	-	3	-	-	1,183	818	8	(206)	-	-	
Polish Zloty	-	-	12	-	-	-	-	-	-	-	-	
Singapore Dollar	2,169	-	-	-	-	2,083	1,286	9	(7)	-	-	
South African Rand	-	-	-	-	-	-	-	1	-	-	-	
South Korean Won	4,615	-	-	-	-	3,865	(961)	7	-	-	-	
Swedish Krona	2,097	-	-	-	-	5,970	2,937	601	20	-	-	
Swiss Franc	3,168	-	68	-	-	14,563	1,636	1,043	188	-	-	
Turkish Lira	1,815	-	-	-	-	613	-	-	-	-	-	
Thai Baht	-	-	-	-	-	273	-	-	-	-	-	
Uruguayan Peso	-	-	-	-	-	-	-	-	-	98	-	
Total	\$ 98,287	\$ 3,836	\$ 474	\$ (3,586)	\$ (382)	\$ 319,314	\$ (3,811)	\$ 3,146	\$ (1,042)	\$ 2,835	-	

June 30, 2017**Note 3 - Deposits and Investments (Continued)*****Securities Lending***

As permitted by state statutes and under the provisions of a securities lending authorization agreement, the Pension Funds lend securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The Pension Funds' custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. The custodial banks do not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to not less than 102 percent of the market value of the loaned securities. At June 30, 2017, the collateral provided for the General Retirement System and the Police and Fire Retirement System was 102.33 percent and 104.36 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.

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, 2017 was 23.40 and 27.00 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, 2017 were \$76,374,341 and \$74,634,224, respectively. The collateral held and the fair value of the underlying securities on loan for the Police and Fire Retirement System at June 30, 2017 were \$225,412,819 and \$215,987,304, respectively.

Securities Lent	Underlying Securities	
	General Retirement System	Police and Fire Retirement System
U.S. government and agencies	\$ -	\$ 30,321,581
U.S. equities	67,605,788	145,380,953
U.S. corporates	5,436,852	34,962,598
Non-U.S. equities	1,357,523	4,881,729
Non-U.S. fixed income	234,061	440,443
Total	\$ 74,634,224	\$ 215,987,304

At June 30, 2017, the fair value of the collateral pool related to securities lending for the General Retirement System and the Police and Fire Retirement System was \$77,243,485 and \$227,620,904, respectively. The collateral was invested in agencies, asset-backed securities, notes (floating rate), money funds, repurchase agreements, and U.S. corporate securities (floating rate). Approximately 85 percent of the General Retirement System securities had a duration less than one year, 9 percent had a duration between one and three years, and 6 percent had a duration over 15 years. Approximately 77 percent of the Police and Fire Retirement System securities had a duration less than one year, 20 percent had a duration between one and three years, and 3 percent had a duration over 15 years.

June 30, 2017

Note 3 - Deposits and Investments (Continued)

The credit ratings of the securities lending collateral pool held at June 30, 2017 as rated by S&P are as follows:

Ratings	General Retirement System	Police and Fire Retirement System
AAA	\$ 9,602,767	\$ 31,392,401
AA	17,623,480	79,632,203
A	22,616,735	69,566,305
A-1	2,830,000	8,210,000
CCC	2,918,188	7,551,465
D	1,250,821	-
Not Rated	20,401,494	31,268,530
Total	<u>\$ 77,243,485</u>	<u>\$ 227,620,904</u>

(b) Component Units - Downtown Development Authority

Custodial Credit Risk of Bank Deposits

The DDA does not have a deposit policy for custodial credit risk. At June 30, 2017, the DDA had deposits of \$1,451,384 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, 2017 as rated by S&P or Moody's:

	AAAmf	AAAm	Not Rated	Total
DDA				
Money Market Mutual Funds	\$ 33,633,582	\$ -	\$ -	\$ 33,633,582
Municipal Bonds	-	14,554,462	-	14,554,462
U.S. Treasury Fund	-	37,185	-	37,185
Comerica J Fund	-	-	7,543,262	7,543,262
Total	<u>\$ 33,633,582</u>	<u>\$ 14,591,647</u>	<u>\$ 7,543,262</u>	<u>\$ 55,768,491</u>

June 30, 2017

Note 3 - Deposits and Investments (Continued)

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, 2017:

	Level 1	Level 2	Level 3	Total
Investments by Fair Value				
Money Market Mutual Funds	\$ 55,768,491	\$ -	\$ -	\$ 55,768,491
Repurchase Agreements	-	3,000,000	-	3,000,000
Total	<u>\$ 55,768,491</u>	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ 58,768,491</u>
Liabilities				
Hedging Derivatives - Interest Rate Swap	\$ -	\$ 13,779,572	\$ -	\$ 13,779,572

Interest Rate Swap

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

The terms of the swap are as follows:

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

Changes in the fair value of the swap for the year ended June 30, 2016, as well as the notional amount at June 30, 2017, are as follows:

Hedging derivatives	
Reported in deferred outflows of resources -	
Series 2014B interest rate swap:	
Fair value, beginning of year	\$ (26,277,559)
Increase in fair value	<u>12,497,987</u>
Fair value, end of year	<u>\$ (13,779,572)</u>
Notional amount	<u>\$ 200,000,000</u>

June 30, 2017**Note 3 - Deposits and Investments (Continued)**

The fair value of the interest rate swap was estimated using the income approach. This method calculates the value of the swap by discounting future expected net cash flows, using LIBOR to build the yield curve, and adjusting for credit risk and quoted bid/offer levels for similar securities in the market. Credit risk can be measured by the actual market value exposure or theoretical exposure. When the fair value of any swap has a positive market value, then the DDA is exposed to actual risk that the counterparty will not fulfill its obligations. As of June 30, 2017, the DDA had no net exposure to actual credit risk on its swap for its counterparty.

As of June 30, 2017, the credit quality ratings of Comerica Bank, the counterparty to the swap, are A- and A, respectively, from Standard & Poor's and A3 from Moody's.

The DDA believes it has significantly reduced interest rate risks by entering into the interest rate swap. The DDA is exposed to basis risk when the variable interest received on a swap is based on a different index than the variable interest rate to be paid on the associated variable rate debt obligation. As of June 30, 2017, the associated variable rate debt used the same index (based on LIBOR) as the swap. As a result, there was no significant exposure to basis risk as of June 30, 2017.

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

(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, 2017, the EDC had checking and escrow bank balances of \$9,435,919, of which \$8,685,919 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.

City of Detroit, Michigan

Notes to Financial Statements

June 30, 2017

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 whose 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, 2017 is summarized as follows:

	Level 1	Level 2	Level 3	Total
Investments by Fair Value				
Money Market Funds	\$ 26,676,446	\$ -	\$ -	\$ 26,676,446

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, 2017 as rated by S&P Global:

	AAAm
EDC	
U.S. Gov Money Market Fund	\$ 22,882,037
Prime Money Market Fund	3,794,409
Total	\$ 26,676,446

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	\$ 54,675,177	\$ 49,876,396	\$ 104,551,573	\$ -
Other debt-related reserves and escrow balances	79,214,031	-	79,214,031	-
Amounts held in escrow from various restricted sources	32,950,073	-	32,950,073	-
Amounts required to be set aside by oversight agencies for grants	460,118	-	460,118	8,651,649
Restricted cash held at the State for income taxes	9,227,868	-	9,227,868	-
Other various assets restricted by source and irrevocable held in trust or escrow	5,332,075	10,933,000	16,265,075	4,240,447
Improvement and extension fund	-	48,871,608	48,871,608	-
Housing projects	-	-	-	22,012,931
Funded reserves	-	-	-	10,536,955
Other	3,229,494	977,278	4,206,772	673,026
Total	\$ 185,088,836	\$ 110,658,282	\$ 295,747,118	\$ 46,115,008

City of Detroit, Michigan

Notes to Financial Statements

June 30, 2017

Note 4 - Restricted Assets (Continued)

These balances in restricted assets are composed of the following:

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Restricted cash and cash equivalents	\$ 175,860,968	\$ 110,658,282	\$ 286,519,250	\$ 26,881,577
Restricted assets - Cash held at the State of Michigan	9,227,868	-	9,227,868	-
Restricted assets - Accrued interest receivable	-	-	-	15,281,035
Restricted assets - Investments	-	-	-	3,952,396
Total	\$ 185,088,836	\$ 110,658,282	\$ 295,747,118	\$ 46,115,008

Note 5 - Deferred Inflows/Outflows

	Governmental Funds	Governmental Activities	Business-type Activities
Deferred Inflows			
Revenue received past the period of availability	\$ 268,441,387	\$ -	\$ -
Net difference between projected and actual experience	-	-	1,422,439
Changes in pension assumptions	-	4,833,433	406,797
Other deferred inflows	-	-	74,632
Total	\$ 268,441,387	\$ 4,833,433	\$ 1,903,868
Deferred Outflows			
Employer pension contributions made after the measurement date	\$ -	\$ 64,068,146	\$ 15,224,899
Net difference between projected and actual earnings on pension plan investments	-	173,143,654	19,284,044
Deferred bond defeasance costs	-	14,278,603	-
Changes in pension assumptions	-	3,518,054	757,173
Total	\$ -	\$ 255,008,457	\$ 35,266,116

City of Detroit, Michigan

Notes to Financial Statements

June 30, 2017

Note 6 - Interfund Receivables, Payables, and Transfers

(a) Balances Due from/to Other Funds

During the course of operations, numerous transactions occur between the City'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, 2017 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	Total Assets
General Fund	\$ -	\$ 29,231,863	\$ 9,139,485	\$ -	\$ 10,866,478	\$ 2,514,939	\$ 7,634,117	\$ 2,381,066	\$ 61,767,948
Nonmajor Governmental Funds	42,986,490	10,316,480	279,587	-	-	-	16,259	-	53,598,816
Sewage Disposal Fund	3,202,418	-	-	-	3,498,594	-	-	-	6,701,012
Transportation Fund	26,707,521	15,376	-	-	-	-	-	1,723,348	28,446,245
Water Fund	23,406,804	75,437	12,649,655	-	-	-	3,438	-	36,135,334
Nonmajor Enterprise Funds	-	140,580	-	82,652	-	-	385	-	223,617
Fiduciary funds (1)	3,745,203	-	3,688,813	786,762	2,694,410	-	1,153,573	-	12,068,761
Component Unit	2,673,088	-	-	4,179,840	-	-	-	-	6,852,928
Total liabilities	\$ 102,721,524	\$ 39,779,736	\$ 25,757,540	\$ 5,049,254	\$ 17,059,482	\$ 2,514,939	\$ 8,807,772	\$ 4,104,414	\$ 205,794,661

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

(b) Transfers

During the course of the fiscal year, transactions occur between the City's funds for operating subsidies. Related interfund receipts and disbursements are classified as "transfers in" and "transfers out" on the statements of revenue, expenditures/expenses, and changes in fund balances/net position. The transfers are routine and consistent with the activities of the funds. Transfers between funds during the year ended June 30, 2017 are as follows:

Transfers In	Transfers Out		
	General Fund		Total
Transportation Fund	\$ 61,591,425	\$ 61,591,425	
Public Lighting Authority	10,039,058	10,039,058	
Nonmajor Enterprise Funds	6,506,260	6,506,260	
Nonmajor Governmental Funds	8,015	8,015	
Total	\$ 78,144,758	\$ 78,144,758	

The General Fund transferred \$78.1 million to other funds. The largest transfer from the General Fund was made to the Transportation Fund for \$61.6 million. The transfer was of unrestricted funds for operating purposes.

As allowed by Act 51, the Major Street Fund transferred \$8.4 million to the Local Street Fund.

June 30, 2017

Note 7 - Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Additions	Decreases	Balance June 30, 2017
Governmental Activities				
Nondepreciable capital assets:				
Land	\$ 369,372,281	\$ -	\$ -	\$ 369,372,281
Works of art	29,788,133	-	-	29,788,133
Construction in progress	<u>21,966,362</u>	<u>21,508,614</u>	<u>(16,226,476)</u>	<u>27,248,500</u>
Total nondepreciable capital assets	421,126,776	21,508,614	(16,226,476)	426,408,914
Depreciable capital assets:				
Buildings and improvements	1,148,759,234	16,898,616	(165,026)	1,165,492,824
Machinery, equipment, and fixtures	299,169,208	10,802,270	(22,500)	309,948,978
Infrastructure	<u>1,256,603,807</u>	<u>43,409,228</u>	<u>-</u>	<u>1,300,013,035</u>
Total depreciable capital assets	2,704,532,249	71,110,114	(187,526)	2,775,454,837
Less accumulated depreciation for:				
Buildings and improvements	542,228,739	29,229,508	(2,241)	571,456,006
Machinery, equipment, and fixtures	225,909,479	16,847,766	-	242,757,245
Infrastructure	<u>909,643,885</u>	<u>35,869,412</u>	<u>-</u>	<u>945,513,297</u>
Total accumulated depreciation	<u>1,677,782,103</u>	<u>81,946,686</u>	<u>(2,241)</u>	<u>1,759,726,548</u>
Total governmental activities capital assets - Net	<u>\$ 1,447,876,922</u>	<u>\$ 10,672,042</u>	<u>\$ (16,411,761)</u>	<u>\$ 1,442,137,203</u>

Depreciation expense for governmental activities for the year ended June 30, 2017 was charged to functions as follows:

Public protection	\$ 12,385,440
Health	15,088
Recreation and culture	11,681,695
Economic development	6,714,660
Housing supply and conditions	520,436
Physical environment	9,639,719
Transportation facilitation	29,872,066
Development and management	<u>11,117,582</u>
 Total	 <u>\$ 81,946,686</u>

City of Detroit, Michigan

Notes to Financial Statements

June 30, 2017

Note 7 - Capital Assets (Continued)

	Balance at June 30, 2016	Reclassifications and Adjustments	Additions	Disposals	Balance at June 30, 2017
Business-type Activities					
<i>Water Fund</i>					
Nondepreciable capital assets:					
Land and land rights	\$ 1,327,637	\$ -	\$ -	\$ -	\$ 1,327,637
Construction in progress	17,619,206	(22,748,277)	15,289,523	(726,711)	9,433,741
Total nondepreciable capital assets	18,946,843	(22,748,277)	15,289,523	(726,711)	10,761,378
Depreciable capital assets:					
Land improvements	4,791,365	-	-	-	4,791,365
Buildings and structures	55,401,580	24,516	-	-	55,426,096
Mains	486,555,428	18,473,295	756,644	-	505,785,367
Services	48,981,409	-	-	-	48,981,409
Meters	126,143,066	-	-	-	126,143,066
Machinery, equipment, and fixtures	76,705,703	6,492,663	-	-	83,198,366
Total depreciable capital assets	798,578,551	24,990,474	756,644	-	824,325,669
Total capital assets	817,525,394	2,242,197	16,046,167	(726,711)	835,087,047
Less accumulated depreciation:					
Land improvements	1,349,598	(337,132)	71,871	-	1,084,337
Buildings and structures	41,224,437	129,438	589,406	-	41,943,281
Mains	126,567,899	(627,385)	7,226,703	-	133,167,217
Services	29,623,127	(78,489)	550,770	-	30,095,408
Meters	64,815,327	(459,568)	4,933,513	-	69,289,272
Machinery, equipment, and fixtures	37,037,798	4,455,993	2,994,972	-	44,488,763
Total accumulated depreciation	300,618,186	3,082,857	16,367,235	-	320,068,278
Total Water Fund capital assets - Net	<u>\$ 516,907,208</u>	<u>\$ (840,660)</u>	<u>\$ (321,068)</u>	<u>\$ (726,711)</u>	<u>\$ 515,018,769</u>

City of Detroit, Michigan

Notes to Financial Statements

June 30, 2017

Note 7 - Capital Assets (Continued)

	Balance at June 30, 2016	Reclassifications and Adjustments	Additions	Disposals	Balance at June 30, 2017
Business-type Activities					
<i>Sewage Disposal Fund</i>					
Nondepreciable capital assets:					
Land and land rights	\$ 72,326	\$ -	\$ -	\$ -	\$ 72,326
Construction in progress	7,863,676	(12,046,892)	15,966,095	(1,613,223)	10,169,656
Total nondepreciable capital assets	7,936,002	(12,046,892)	15,966,095	(1,613,223)	10,241,982
Depreciable capital assets:					
Land improvements	6,696,440	195,443	-	-	6,891,883
Buildings and structures	490,596,142	11,194,226	-	-	501,790,368
Interceptors and regulators	221,968	-	-	-	221,968
Machinery, equipment, and fixtures	104,521,983	4,024,975	-	-	108,546,958
Total depreciable capital assets	602,036,533	15,414,644	-	-	617,451,177
Total capital assets	609,972,535	3,367,752	15,966,095	(1,613,223)	627,693,159
Less accumulated depreciation:					
Land improvements	1,504,282	(328,139)	101,510	-	1,277,653
Buildings and structures	82,539,557	1,547,487	4,307,350	-	88,394,394
Interceptors and regulators	46,336	-	3,330	-	49,666
Machinery, equipment, and fixtures	45,489,366	2,148,404	4,308,160	-	51,945,930
Total accumulated depreciation	129,579,541	3,367,752	8,720,350	-	141,667,643
Total Sewage Disposal Fund capital assets - Net	\$ 480,392,994	\$ -	\$ 7,245,745	\$ (1,613,223)	\$ 486,025,516
	Balance June 30, 2016		Additions	Retirements	Balance June 30, 2017
Business-type Activities					
<i>Transportation Fund</i>					
Nondepreciable capital assets:					
Land and land rights	\$ 7,522,035	\$ -	\$ -	\$ -	\$ 7,522,035
Construction in progress	354,629	467	(121,459)	-	233,637
Total nondepreciable capital assets	7,876,664	467	(121,459)	-	7,755,672
Depreciable capital assets:					
Buildings and structures	146,974,350	744,610	(6,438,871)	141,280,089	
Vehicles and buses	126,977,307	-	(2,784,446)	124,192,861	
Machinery, equipment, and fixtures	28,353,860	1,850,750	-	30,204,610	
Total depreciable capital assets	302,305,517	2,595,360	(9,223,317)	295,677,560	
Total capital assets	310,182,181	2,595,827	(9,344,776)	303,433,232	
Less accumulated depreciation:					
Buildings and structures	63,756,209	2,889,671	(668,728)	65,977,152	
Vehicles and buses	67,895,975	8,975,016	(2,780,160)	74,090,831	
Machinery, equipment, and fixtures	18,852,446	2,760,466	-	21,612,912	
Total accumulated depreciation	150,504,630	14,625,153	(3,448,888)	161,680,895	
Total Transportation Fund capital assets - Net	\$ 159,677,551	\$ (12,029,326)	\$ (5,895,888)	\$ 141,752,337	

City of Detroit, Michigan

Notes to Financial Statements

June 30, 2017

Note 7 - Capital Assets (Continued)

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017
Business-type Activities				
<i>Public Lighting Authority Fund</i>				
Nondepreciable capital assets - Construction in progress	\$ 140,147,579	\$ 41,366,558	\$ -	\$ 181,514,137
Depreciable capital assets - Machinery, equipment, and fixtures	788,698	92,206	(87,734)	793,170
Total capital assets	140,936,277	41,458,764	(87,734)	182,307,307
Less accumulated depreciation - Machinery, equipment, and fixtures	188,374	150,025	(29,941)	308,458
Total Public Lighting Authority Fund capital assets - Net	<u>\$ 140,747,903</u>	<u>\$ 41,308,739</u>	<u>\$ (57,793)</u>	<u>\$ 181,998,849</u>
	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017
Business-type Activities				
<i>Nonmajor Proprietary Funds - Automobile Parking Fund</i>				
Nondepreciable capital assets:				
Land and land rights	\$ 4,241,273	\$ -	\$ -	\$ 4,241,273
Construction in progress	4,481,551	1,689,574	-	6,171,125
Total nondepreciable capital assets	8,722,824	1,689,574	-	10,412,398
Depreciable capital assets:				
Land improvements	214,908	-	-	214,908
Buildings and structures	197,994,609	-	-	197,994,609
Vehicles and buses	1,182,717	-	-	1,182,717
Machinery, equipment, and fixtures	4,834,745	-	-	4,834,745
Total depreciable capital assets	204,226,979	-	-	204,226,979
Total capital assets	212,949,803	1,689,574	-	214,639,377
Less accumulated depreciation:				
Land improvements	207,389	2,813	-	210,202
Buildings and structures	140,909,383	2,074,525	-	142,983,908
Vehicles and buses	884,135	87,373	-	971,508
Machinery, equipment, and fixtures	3,259,053	227,547	-	3,486,600
Total accumulated depreciation	145,259,960	2,392,258	-	147,652,218
Total Automobile Parking Fund capital assets - Net	<u>\$ 67,689,843</u>	<u>\$ (702,684)</u>	<u>\$ -</u>	<u>\$ 66,987,159</u>

City of Detroit, Michigan

Notes to Financial Statements

June 30, 2017

Note 7 - Capital Assets (Continued)

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017
Business-type Activities				
<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	-	-	249,689
Machinery, equipment, and fixtures	1,567,655	-	-	1,567,655
Total depreciable capital assets	<u>18,264,184</u>	<u>-</u>	<u>-</u>	<u>18,264,184</u>
Total capital assets	34,286,156	-	-	34,286,156
Less accumulated depreciation:				
Land improvements	7,984,647	83,650	-	8,068,297
Buildings and structures	5,326,409	51,610	-	5,378,019
Vehicles and buses	249,689	-	-	249,689
Machinery, equipment, and fixtures	1,618,338	10,667	-	1,629,005
Total accumulated depreciation	<u>15,179,083</u>	<u>145,927</u>	<u>-</u>	<u>15,325,010</u>
Total Airport Fund capital assets - Net	<u>\$ 19,107,073</u>	<u>\$ (145,927)</u>	<u>\$ -</u>	<u>\$ 18,961,146</u>
Total nonmajor proprietary funds capital assets - Net	<u>\$ 86,796,916</u>	<u>\$ (848,611)</u>	<u>\$ -</u>	<u>\$ 85,948,305</u>
	Balance June 30, 2016	Transfers In/ Additions	Transfers Out/ Retirements	Balance June 30, 2017
Component Unit				
<i>Detroit Housing Commission</i>				
Nondepreciable capital assets:				
Land	\$ 71,771,529	\$ 2,017,754	\$ -	\$ 73,789,283
Construction in progress	<u>4,225,088</u>	<u>2,200</u>	<u>(2,027,098)</u>	<u>2,200,190</u>
Total nondepreciable capital assets	<u>75,996,617</u>	<u>2,019,954</u>	<u>(2,027,098)</u>	<u>75,989,473</u>
Depreciable capital assets:				
Structures and improvements	84,778,465	-	-	84,778,465
Equipment	<u>7,435,579</u>	<u>2,473</u>	<u>(58,002)</u>	<u>7,380,050</u>
Total depreciable capital assets	<u>92,214,044</u>	<u>2,473</u>	<u>(58,002)</u>	<u>92,158,515</u>
Total capital assets	168,210,661	2,022,427	(2,085,100)	168,147,988
Less accumulated depreciation:				
Structures and improvements	36,048,423	4,375,668	-	40,424,091
Equipment	<u>6,008,475</u>	<u>717,068</u>	<u>(58,002)</u>	<u>6,667,541</u>
Total accumulated depreciation	<u>42,056,898</u>	<u>5,092,736</u>	<u>(58,002)</u>	<u>47,091,632</u>
Total Detroit Housing Commission - Net	<u>\$ 126,153,763</u>	<u>\$ (3,070,309)</u>	<u>\$ (2,027,098)</u>	<u>\$ 121,056,356</u>
DHC component unit net capital assets				207,233,816
Total DHC net capital assets				<u>\$ 328,290,172</u>

City of Detroit, Michigan

Notes to Financial Statements

June 30, 2017

Note 7 - Capital Assets (Continued)

Component Unit	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017
Downtown Development Authority				
Nondepreciable capital assets:				
Land	\$ 46,900,670	\$ -	\$ -	\$ 46,900,670
Construction in progress	225,693,092	526,517,252	-	752,210,344
Total nondepreciable capital assets	272,593,762	526,517,252	-	799,111,014
Depreciable capital assets:				
Buildings	50,050,177	-	-	50,050,177
Equipment	68,446	-	-	68,446
Leasehold improvements	3,059,598	63,185	(127,430)	2,995,353
Total depreciable capital assets	53,178,221	63,185	(127,430)	53,113,976
Total capital assets	325,771,983	526,580,437	(127,430)	852,224,990
Less accumulated depreciation:				
Buildings	17,801,241	1,668,339	-	19,469,580
Equipment	68,446	-	-	68,446
Leasehold improvements	2,252,513	368,621	(127,430)	2,493,704
Total accumulated depreciation	20,122,200	2,036,960	(127,430)	22,031,730
Total Downtown Development Authority Commission - Net	\$ 305,649,783	\$ 524,543,477	\$ -	\$ 830,193,260

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

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

Capital Asset Impairment - During the year, a large fire caused significant damage to a bus terminal as well as several buses. The Transportation Fund recognized impairment expense of \$5,774,426 and presented the impairment as an operating expense on the statement of revenue, expenses, and changes in fund net position.

City of Detroit, Michigan

Notes to Financial Statements

June 30, 2017

Note 8 - Long-term Obligations

(a) Changes in Long-term Obligations

Changes in long-term obligations for the year ended June 30, 2017 were as follows:

	Balance June 30, 2016	Increase	Decrease	Refunded and Remarketed	Balance June 30, 2017	Amount Due Within One Year
Governmental Activities						
General obligation bonds	\$ 1,531,060,530	\$ 606,180,000	\$ (55,229,797)	\$ (607,650,000)	\$ 1,474,360,733	\$ 40,843,337
Notes payable	72,588,000	-	(21,849,000)	-	50,739,000	160,000
Total bonds and notes payable	1,603,648,530	606,180,000	(77,078,797)	(607,650,000)	1,525,099,733	41,003,337
Add unamortized premiums	8,673,946	30,562,666	(5,726,482)	(8,509,962)	25,000,168	6,009,712
Total bonds and notes payable - Net	1,612,322,476	621,502,451	(81,843,667)	(616,159,962)	1,550,099,901	47,013,049
Other long-term liabilities:						
Accrued compensated absences	80,200,250	41,644,125	(38,661,402)	-	83,182,973	38,661,402
Accrued workers' compensation	67,535,000	10,411,187	(14,736,187)	-	63,210,000	7,828,000
Claims and judgments	46,810,511	26,686,978	(36,502,760)	-	36,994,729	10,198,665
Accrued pollution remediation	54,625	-	-	-	54,625	-
OPEB - Death benefit obligation	1,256,900	148,278	(41,897)	-	1,363,281	-
Total other long-term liabilities	195,857,286	78,890,568	(89,942,246)	-	184,805,608	56,688,067
Total governmental activities	\$ 1,808,179,762	\$ 700,393,019	\$ (171,785,913)	\$ (616,159,962)	\$ 1,734,905,509	\$ 103,701,116

City of Detroit, Michigan

Notes to Financial Statements

June 30, 2017

Note 8 - Long-term Obligations (Continued)

	Balance at June 30, 2016	Increase	Decrease	Balance at June 30, 2017	Amount Due Within One Year
Business-type Activities					
Water Fund					
Revenue obligations:					
Revenue bonds payable	\$ -	\$ 50,740,000	\$ -	\$ 50,740,000	\$ -
State revolving loans	- -	1,268,474	- -	1,268,474	- -
Contractual obligation to GLWA	<u>395,639,924</u>	<u>79,360,076</u>	<u>(10,970,221)</u>	<u>464,029,779</u>	<u>11,065,908</u>
Subtotal - Revenue obligations	395,639,924			516,038,253	11,065,908
General obligation - Financial recovery bonds	<u>29,988,908</u>	<u>-</u>	<u>(259,655)</u>	<u>29,729,253</u>	<u>272,639</u>
Total obligations	425,628,832			545,767,506	11,338,547
Add unamortized premiums	<u>-</u>	<u>6,478,034</u>	<u>(85,386)</u>	<u>6,392,648</u>	<u>130,242</u>
Total obligations - Net	425,628,832	6,478,034	(85,386)	552,160,154	11,468,789
Other long-term liabilities:					
Compensated absences	1,350,012	105,735		1,455,747	869,376
Workers' compensation	482,024	2,756,535	(816,449)	2,422,110	299,198
Claims and judgments	7,600	1,533,635	(298,735)	1,242,500	-
OPEB - Death benefit obligation	<u>337,784</u>	<u>15,787</u>	<u>-</u>	<u>353,571</u>	<u>-</u>
Total Water Fund long-term obligations	<u>\$ 427,806,252</u>	<u>\$ 10,889,726</u>	<u>\$ (1,200,570)</u>	<u>\$ 557,634,082</u>	<u>\$ 12,637,363</u>
	Balance at June 30, 2016	Increase	Decrease	Balance at June 30, 2017	Amount Due Within One Year
Business-type Activities					
Sewage Disposal Fund					
Contractual revenue obligation to GLWA	\$ 310,973,690	\$ 64,026,310	\$ (7,957,172)	\$ 367,042,828	\$ 10,581,938
General obligation - Financial recovery bonds	<u>49,981,511</u>	<u>-</u>	<u>(432,761)</u>	<u>49,548,750</u>	<u>454,399</u>
Total obligations	360,955,201	64,026,310	(8,389,933)	416,591,578	11,036,337
Other long-term liabilities:					
Compensated absences	2,025,017	158,604	- -	2,183,621	1,304,065
Workers' compensation	36,197	682,587	- -	718,784	95,744
Claims and judgments	1,007,600	14,244,989	(181,590)	15,070,999	3,187,500
OPEB - Death benefit obligation	<u>308,433</u>	<u>18,867</u>	<u>-</u>	<u>327,300</u>	<u>-</u>
Total Sewage Disposal Fund long-term obligations	<u>\$ 364,332,448</u>	<u>\$ 79,131,357</u>	<u>\$ (8,571,523)</u>	<u>\$ 434,892,282</u>	<u>\$ 15,623,646</u>

City of Detroit, Michigan

Notes to Financial Statements

June 30, 2017

Note 8 - Long-term Obligations (Continued)

	Balance June 30, 2016	Increase	Decrease	Balance June 30, 2017	Amount Due Within One Year
Business-type Activities					
Transportation Fund					
General obligation - Financial recovery bonds	\$ 49,253,004	\$ -	\$ (429,216)	\$ 48,823,788	\$ 450,677
Other long-term liabilities:					
Accrued compensated absences	3,035,328	2,873,934	(2,685,160)	3,224,102	2,685,160
Accrued long-term:					
Disability	1,666,728	152,010	(308,083)	1,510,655	330,804
OPEB - Death benefit obligation	384,510	45,426	(12,817)	417,119	-
Total other long-term liabilities	5,086,566	3,071,370	(3,006,060)	5,151,876	3,015,964
Total Transportation Fund	<u>\$ 54,339,570</u>	<u>\$ 3,071,370</u>	<u>\$ (3,435,276)</u>	<u>\$ 53,975,664</u>	<u>\$ 3,466,641</u>
Public Lighting Authority					
General obligation bonds (including \$10,110,376 premium)	<u>\$ 189,444,834</u>	<u>\$ -</u>	<u>\$ (374,458)</u>	<u>\$ 189,070,376</u>	<u>\$ 3,494,458</u>
 Business-type Activities					
Nonmajor Proprietary Funds:					
Automobile Parking Fund					
General obligation - Financial recovery bonds	\$ 700,204	\$ -	\$ -	\$ 700,204	\$ -
Other long-term liabilities:					
Accrued compensated absences	131,438	230,751	(223,008)	139,181	83,826
Accrued workers' compensation	256,000	5,000	-	261,000	36,000
Claims and judgments	37,000	4,036	(37,000)	4,036	-
OPEB - Death benefit obligation	9,856	1,792	(329)	11,319	-
Total other long-term liabilities	434,294	241,579	(260,337)	415,536	119,826
Total Automobile Parking Fund	<u>\$ 1,134,498</u>	<u>\$ 241,579</u>	<u>\$ (260,337)</u>	<u>\$ 1,115,740</u>	<u>\$ 119,826</u>
Airport Fund					
General obligation - Financial recovery bonds -					
Airport	\$ 552,308	\$ -	\$ -	\$ 552,308	\$ -
Accrued compensated absences	16,212	35,755	(21,585)	30,382	21,585
Accrued workers' compensation	2,000	-	(2,000)	-	-
Claims and judgments	2,000,000	-	-	2,000,000	-
OPEB - Death benefit obligation	2,522	292	(84)	2,730	-
Total Airport Fund	<u>\$ 2,573,042</u>	<u>\$ 36,047</u>	<u>\$ (23,669)</u>	<u>\$ 2,585,420</u>	<u>\$ 21,585</u>
Total Nonmajor Proprietary Funds	<u>\$ 3,707,540</u>	<u>\$ 277,626</u>	<u>\$ (284,006)</u>	<u>\$ 3,701,160</u>	<u>\$ 141,411</u>

June 30, 2017**Note 8 - Long-term Obligations (Continued)****(b) General Obligation Bonds****Governmental Activities**

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

Bond Refunding

On August 11, 2016, the City issued \$606.18 million in general obligation Michigan Finance Authority, Local Government Loan Program Revenue bonds Series 2016C with an average interest rate of 3.58 percent. The proceeds of these bonds were used to advance refund \$607.65 million of the following series of outstanding bonds: 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 refunded bonds had an average interest rate of 5.02 percent. The net proceeds of \$632.59 million (which includes premium of \$30.6 million and excludes \$4.2 million in underwriting fees, insurance, and other issuance costs) plus an additional \$8.7 million of cash on hand were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed. The advance refunding reduced total debt service payments over the next years by approximately \$73.25 million, which represents an economic gain of approximately \$60.12 million.

2016-C Distributable State Aid Bonds

As noted above, 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>Issue</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 its 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 to occur on April 1, 2018.

June 30, 2017

Note 8 - 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 total \$88,430,021. The bonds bear interest at 5.0 percent per annum. The bonds mature on December 10, 2026. The bonds are unsecured, but city revenue from its parking garages will provide the required debt service. If the parking garage revenue is insufficient, then the City's General Fund will provide the necessary debt service funds. The 2014-C Bonds were issued as part of the Syncora Settlement and FGIC/POC settlement in the plan, and on the effective date, the bonds were distributed as follows:

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

As part of the bifurcation of DWSD as noted in Note 13, the Great Lakes Water Authority agreed to pay a portion of the Financial Recovery Bonds (2014-B(1), 2014-B(2), and 2014-C) that were allocated to DWSD. DWSD's allocation outstanding as of June 30, 2017 is approximately \$79 million and GLWA has agreed to pay approximately \$57 million.

City of Detroit, Michigan

Notes to Financial Statements

June 30, 2017

Note 8 - 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	\$ 134,725,000	\$ 140,275,000	\$ 275,000,000

Schedule of General Obligation Bonds

The following is a schedule of general obligation bonds outstanding at June 30, 2017:

	Bond Date	Amount Issued	Range of Interest Rates	Maturity Date	Balance June 30, 2017
Governmental Activities					
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	\$ 94,025,000 a
Series 2016-C3 - Distributable State Aid Fourth Lien	8/11/16	222,185,000	1.941 to 5.00	11/1/19-35	188,145,000
Series 2016-C4 - Distributable State Aid Fourth Lien	8/11/16	19,855,000	1.39 to 3.61	11/1/17-32	17,385,000
Total General Obligation Bonds - Unlimited Tax					299,555,000

City of Detroit, Michigan

Notes to Financial Statements

June 30, 2017

Note 8 - Long-term Obligations (Continued)

	Bond Date	Amount Issued	Range of Interest Rates	Maturity Date	Balance June 30, 2017
Governmental Activities (Continued)					
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 2014-C Financial Recovery	12/10/2014	70,425,669	5.00	6/1/18-12/10/26	58,645,378
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	123,175,000
Total General Obligation Bonds - Limited Tax					<u>1,174,805,733</u>
Total General Obligation Bonds					<u>\$1,474,360,733</u>

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

	Bond Date	Amount Issued	Range of Interest Rates	Maturity Date	Balance June 30, 2017
Business-type Activities					
Water Fund					
General Obligation Bonds - Limited Tax:					
Series 2014-B(1)	12/10/2014	\$ 26,041,025	4.00 to 6.00%	4/1/25-44	\$ 26,041,025
Series 2014-B(2)	12/10/2014	499,054	4.00 to 6.00	4/1/25-44	499,054
Series 2014-C	12/10/2014	3,829,794	5.00	6/1/18-12/10/26	<u>3,189,174</u>
Total Water Fund General Obligation Bonds - Limited Tax					<u>\$ 29,729,253</u>
Sewage Disposal Fund					
General Obligation Bonds - Limited Tax:					
Series 2014-B(1)	12/10/2014	\$ 43,401,707	4.00 to 6.00%	4/1/25-44	\$ 43,401,707
Series 2014-B(2)	12/10/2014	831,756	4.00 to 6.00	4/1/25-44	831,756
Series 2014-C	12/10/2014	6,382,990	5.00	6/1/18-12/10/26	<u>5,315,287</u>
Total Sew age Disposal Fund General Obligation Bonds - Limited Tax					<u>\$ 49,548,750</u>
Transportation Fund					
General Obligation Bonds - Limited Tax:					
Series 2014-B(1)	12/10/2014	\$ 42,558,907	4.00 to 6.00%	4/1/25-44	\$ 42,558,907
Series 2014-B(2)	12/10/2014	993,130	4.00 to 6.00	4/1/25-44	993,130
Series 2014-C	12/10/2014	6,330,705	5.00	6/1/18-12/10/26	<u>5,271,751</u>
Total Transportation Fund General Obligation Bonds - Limited Tax					<u>\$ 48,823,788</u>
Public Lighting Authority Fund - General					
Obligation Bonds	7/2/2014	\$ 195,819,292	3.00 to 5.00	4/1/25-44	\$ 189,070,376

June 30, 2017

Note 8 - Long-term Obligations (Continued)

	Bond Date	Amount Issued	Range of Interest Rates	Maturity Date	Balance June 30, 2017
Nonmajor Proprietary Funds					
Automobile Parking Fund					
General Obligation Bonds - Limited Tax:					
Series 2014-B(1)	12/10/2014	\$ 684,540	4.00 to 6.00%	4/1/25-44	\$ 684,540
Series 2014-B(2)	12/10/2014	15,664	4.00 to 6.00	4/1/25-44	15,664
Airport Fund					
General Obligation Bonds - Limited Tax:					
Series 2014-B(1)	12/10/2014	\$ 539,953	4.00 to 6.00	4/1/25-44	539,953
Series 2014-B(2)	12/10/2014	12,355	4.00 to 6.00	4/1/25-44	12,355
Total Nonmajor Proprietary Funds General Obligation Bonds - Limited Tax					<u>\$ 1,252,512</u>
Component Unit					
Detroit Public Library					
General Obligation Bonds - Limited Tax:					
Series 2014-B(1)	12/10/2014	\$ 9,192,291	4.00 to 6.00	4/1/25-44	\$ 9,192,291
Series 2014-B(2)	12/10/2014	173,408	4.00 to 6.00	4/1/25-44	173,408
Series 2014-C	12/10/2014	1,460,864	5.00	6/1/18-12/10/26	1,216,501
Total Library General Obligation Bonds - Limited Tax					<u>\$ 10,582,200</u>

Revenue Bonds

Water Fund and Sewage Disposal Fund

As a result of the lease agreement and resulting bifurcation discussed in Note 13, revenue bonds and SRF debt issuances that were previously issued by the City prior to January 1, 2016 have been assigned to and 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. Total bonds assumed by GLWA totaled \$2,313,683,761 and \$3,291,282,050 for water and sewage disposal funds respectively.

Per the Water and Sewer Services Agreement between DWSD and GLWA dated June 12, 2015 and the Master Bond Ordinances dated October 7, 2015, as amended, the Detroit retail class continues to pay its common-to-all share of debt service and its allocated share of debt service associated with improvements to the local water and sewer systems. Payments on the debt service incurred by the Great Lakes Water Authority on the outstanding revenue bonds assumed as of December 31, 2015 are allocated using an agreed-upon percentage of total debt service associated with bond-financed local improvements over the life of such bonds, though the bonds themselves continue to be secured by the net revenues of GLWA, which includes all revenues payable by the Detroit retail class. As of June 30, 2017, the parties were still working to resolve the allocation percentage. DWSD management estimates the percentage to approximately 11.4 percent and 20.5 percent for the Sewage Disposal Fund and Water Fund, respectively. The balance of the resulting estimated debt liability allocation as of June 30, 2017 of \$464,029,779 and \$367,042,828 for the Water Fund and Sewage Disposal Fund, respectively, has been recognized as a long-term obligation to the Great Lakes Water Authority.

City of Detroit, Michigan

Notes to Financial Statements

June 30, 2017

Note 8 - Long-term Obligations (Continued)

Notes and Loans Payable

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

The following is a schedule of notes payable at June 30, 2017:

	Issue Date	Range of Interest Rates	Maturity Date	Balance June 30, 2017
Governmental Activities				
Nonmajor Funds				
(All notes are secured by future Block Grant revenue)				
Ferry Street Project	06/12/08	4.33 to 4.62%	08/01/16-18	\$ 405,000
Mexicantown Welcome Center Project	09/14/06	5.09 to 5.70	08/01/16-24	1,735,000
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	1,758,000
Garfield II Note 2	09/14/06	5.09 to 5.77	08/01/16-26	5,512,000
Garfield II Note 3	09/16/09	0.28 to 3.35	08/01/16-29	6,697,000
Garfield II Note 4	09/16/09	0.93 to 3.35	08/01/17-29	1,143,000
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>\$ 50,739,000</u>

Debt Service Requirements

As of June 30, 2017, debt service requirements of the City's debt are as follows:

	General Obligation Debt		Revenue Bonds and Other Indebtedness	
	Principal	Interest	Principal	Interest
Governmental Activities				
2018	\$ 40,843,537	\$ 52,106,544	\$ 160,000	\$ 198,349
2019	40,269,214	61,127,218	4,135,000	1,953,165
2020	64,447,425	58,713,082	4,701,000	2,087,670
2021	81,178,796	55,356,211	4,864,000	1,869,385
2022	76,908,986	51,707,167	4,321,000	1,656,550
2023-2027	390,935,234	210,079,198	22,970,000	4,914,458
2028-2032	361,739,687	129,108,710	9,588,000	582,458
2033-2037	240,579,687	75,609,014	-	-
2038-2042	126,754,687	38,026,403	-	-
2043-2044	50,703,480	4,563,167	-	-
Total	<u>\$ 1,474,360,733</u>	<u>\$ 736,396,714</u>	<u>\$ 50,739,000</u>	<u>\$ 13,262,035</u>
Business-type Activities				
Water Fund *				
2018	\$ 272,639	\$ 1,221,080	\$ -	\$ -
2019	286,271	1,207,448	-	-
2020	300,585	1,193,135	-	-
2021	315,614	1,178,105	-	-
2022	331,395	1,162,325	-	-
2023-2027	5,663,682	5,381,550	-	-
2028-2032	6,635,020	3,981,081	-	-
2033-2037	6,635,020	3,370,648	-	-
2038-2042	6,635,020	1,990,540	-	-
2043-2044	2,654,007	238,865	-	-
Total	<u>\$ 29,729,253</u>	<u>\$ 20,924,777</u>	<u>\$ -</u>	<u>\$ -</u>

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

City of Detroit, Michigan

Notes to Financial Statements

June 30, 2017

Note 8 - Long-term Obligations (Continued)

	General Obligation Debt		Revenue Bonds and Other Indebtedness	
	Principal	Interest	Principal	Interest
Business-type Activities (Continued)				
Sewage Disposal Fund *				
2018	\$ 454,399	\$ 2,035,134	\$ -	\$ -
2019	477,119	2,012,414	-	-
2020	500,975	1,988,558	-	-
2021	526,024	1,963,509	-	-
2022	552,325	1,937,208	-	-
2023-2027	9,439,580	8,969,249	-	-
2028-2032	11,058,557	6,635,134	-	-
2033-2037	11,058,557	5,617,747	-	-
2038-2042	11,058,557	3,317,566	-	-
2043-2044	4,422,657	398,107	-	-
Total	<u>\$ 49,548,750</u>	<u>\$ 34,874,626</u>	<u>\$ -</u>	<u>\$ -</u>
Transportation Fund				
2018	\$ 450,677	\$ 2,005,678	\$ -	\$ -
2019	473,211	1,983,144	-	-
2020	496,871	1,959,483	-	-
2021	521,715	1,934,640	-	-
2022	547,801	1,908,554	-	-
2023-2027	9,314,314	8,833,770	-	-
2028-2032	10,888,064	6,532,838	-	-
2033-2037	10,888,064	5,531,136	-	-
2038-2042	10,888,064	3,266,419	-	-
2043-2044	4,355,007	391,970	-	-
Total	<u>\$ 48,823,788</u>	<u>\$ 34,347,632</u>	<u>\$ -</u>	<u>\$ -</u>
Automobile Parking Fund				
2018	\$ -	\$ 28,008	\$ -	\$ -
2019	-	28,008	-	-
2020	-	28,008	-	-
2021	-	28,008	-	-
2022	-	28,008	-	-
2023-2027	105,031	135,840	-	-
2028-2032	175,052	105,031	-	-
2033-2037	175,052	88,926	-	-
2038-2042	175,052	52,516	-	-
2043-2044	70,017	6,304	-	-
Total	<u>\$ 700,204</u>	<u>\$ 528,657</u>	<u>\$ -</u>	<u>\$ -</u>

City of Detroit, Michigan

Notes to Financial Statements

June 30, 2017

Note 8 - Long-term Obligations (Continued)

	General Obligation Debt			Revenue Bonds and Other Indebtedness		
	Principal	Interest		Principal	Interest	
Business-type Activities (Continued)						
Airport Fund						
2018	\$ -	\$ 22,092		\$ -	\$ -	
2019	-	22,092		-	-	
2020	-	22,092		-	-	
2021	-	22,092		-	-	
2022	-	22,092		-	-	
2023-2027	82,847	107,148		-	-	
2028-2032	138,078	82,847		-	-	
2033-2037	138,078	70,144		-	-	
2038-2042	138,078	41,423		-	-	
2043-2044	55,227	4,973		-	-	
Total	<u>\$ 552,308</u>	<u>\$ 416,995</u>		<u>\$ -</u>	<u>\$ -</u>	
Public Lighting Authority						
2018	\$ 3,120,000	\$ 8,821,950		\$ -	\$ -	
2019	3,245,000	8,694,650		-	-	
2020	3,375,000	8,545,375		-	-	
2021	3,545,000	8,372,375		-	-	
2022	3,725,000	8,190,625		-	-	
2023-2027	21,600,000	37,892,500		-	-	
2028-2032	27,570,000	31,775,500		-	-	
2033-2037	35,180,000	23,969,250		-	-	
2038-2042	44,905,000	14,005,875		-	-	
2043-2044	32,695,000	2,505,375		-	-	
Total	<u>\$ 178,960,000</u>	<u>\$ 152,773,475</u>		<u>\$ -</u>	<u>\$ -</u>	
Component Unit - Library						
2018	\$ 103,998	\$ 435,460		\$ -	\$ -	
2019	109,197	430,260		-	-	
2020	114,657	424,800		-	-	
2021	120,390	419,067		-	-	
2022	126,410	413,048		-	-	
2023-2027	2,046,730	1,905,736		-	-	
2028-2032	2,341,467	1,404,880		-	-	
2033-2037	2,341,467	1,189,465		-	-	
2038-2042	2,341,467	702,440		-	-	
2043-2044	936,417	84,293		-	-	
Total	<u>\$ 10,582,200</u>	<u>\$ 7,409,449</u>		<u>\$ -</u>	<u>\$ -</u>	

June 30, 2017**Note 8 - Long-term Obligations (Continued)**

In 2010, the City issued Recovery Zone Economic Development Bonds in the amount of \$100 million. These bonds are direct pay qualified bonds that provide a federal subsidy through a refundable tax credit allowed under Internal Revenue Code Section 6431. The subsidy is equal to 45 percent of the interest payable by the bond issuer to investors. During the year ended June 30, 2017, 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 \$64 million of federal interest subsidy.

Debt Limit

The Michigan Constitution established the authority, subject to constitutional and statutory prohibition, for municipalities to incur debt for public purposes. The City is subject to the Home Rule Act, Act 279 Public Acts of MI, 1909, as amended, which, 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 which exceeds 10 percent is, or has been, used solely for the construction or renovation of hospital facilities.

City of Detroit, Michigan

Notes to Financial Statements

June 30, 2017

Note 8 - Long-term Obligations (Continued)

Housing Commission - Component Unit

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

	Lender	Interest Rate	Maturity Date	Balance - Beginning of Year	Additions (Payments)	Balance - End of Year	Principal Due Within One Year
Woodbridge Estates Apartments I, LLC	SA Affordable Housing, LLC	7.06%	2035	\$ 1,435,977	\$ (216,051)	\$ 1,219,926	\$ 15,400
	Detroit Housing Commission	AFR	2048	1,279,824	-	1,279,824	
	Detroit Housing Commission	0.00%	2048	840,500	-	840,500	
Woodbridge Estates Apartments II, LLC	SA Affordable Housing, LLC	7.06%	2035	2,062,133	(298,012)	1,764,121	22,900
	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	1,492,204	(85,240)	1,406,964	34,750
	Detroit Housing Commission	4.61%	2042	1,559,212	-	1,559,212	
	City of Detroit	0.00%	2036	463,500	(10,665)	452,835	
Woodbridge Estates Apartments IV LDHA LLC	SA Affordable Housing, LLC	6.04%	2047	1,969,751	(97,870)	1,871,881	43,025
	Detroit Housing Commission	4.61%	2051	1,763,593	-	1,763,593	
	City of Detroit	0.00%	2036	464,750	(10,050)	454,700	
Woodbridge Estates Apartments V LDHA LLC	SA Affordable Housing, LLC	6.04%	2047	3,159,221	(129,682)	3,029,539	56,500
	Detroit Housing Commission	4.61%	2051	2,056,904	-	2,056,904	
	City of Detroit	0.00%	2036	463,500	(11,187)	452,313	
Woodbridge Estates Apartments VI LDHA LLC	Detroit Housing Commission	3.75%	2063	2,522,553	(81,363)	2,441,190	
Woodbridge ILF Associates LDHA LP	Detroit Housing Commission	5.20%	2049	3,713,014	(33,609)	3,679,405	
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	1,659,305	(47,995)	1,611,310	22,025
	MSHDA - HOME Note	3.00%	2058	281,591	(3,035)	278,556	
	Detroit Housing Commission	0.00%	2053	9,820,247	(11,891)	9,808,356	
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	19,512,653	205,170	19,717,823	
	Detroit Housing Commission	0.75%	2060	3,887,485	-	3,887,485	
	JPMorgan Chase Bank	LIBOR + 2.25%	2016	870,336	(870,336)	-	
Emerald Springs IA and IB LDHA LP	Detroit Housing Commission	0.50%	2056	9,936,440	(31,254)	9,905,186	
Emerald Springs II LDHA LP	Detroit Housing Commission	0.50%	2058	7,436,466	(261,018)	7,175,448	
Cornerstone I LDHA LLC	Detroit Housing Commission	3.79%	2060	4,366,809	(677,049)	3,689,760	
Cornerstone II LDHA LLC	Detroit Housing Commission	0.00%	2060	9,086,048	(14,616)	9,071,432	
Cornerstone III LDHA LLC	Detroit Housing Commission	4.25%	2061	3,309,948	(284,534)	3,025,414	-
Totals				\$ 178,255,253	\$ (2,970,287)	175,284,966	\$ 194,600
(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 \$ 45,926,105							
Amount due to DHC Primary Government \$ (129,358,861)							

(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 \$ 45,926,105

City of Detroit, Michigan

Notes to Financial Statements

June 30, 2017

Note 8 - Long-term Obligations (Continued)

Detroit Public Library - Component Unit

Long-term liability activity for the year ended June 30, 2017 is as follows:

	Balance			Balance		Due Within One Year
	June 30, 2016	Increase	Decrease	June 30, 2017		
General obligation - Financial recovery bonds	\$ 10,681,245	\$ -	\$ (99,045)	\$ 10,582,200	\$ 103,998	
Other long-term liabilities:						
Accrued compensated absences	2,643,779	1,596,309	(1,422,090)	2,817,998	1,422,091	
Accrued workers' compensation	143,000	-	(3,000)	140,000	28,000	
OPEB - Death benefit obligation	251,691	-	-	251,691	-	
Total other long-term liabilities	3,038,470	1,596,309	(1,425,090)	3,209,689	1,450,091	
Total Detroit Public Library Fund	<u>\$ 13,719,715</u>	<u>\$ 1,596,309</u>	<u>\$ (1,524,135)</u>	<u>\$ 13,791,889</u>	<u>\$ 1,554,089</u>	

Downtown Development Authority - Component Unit

Long-term liability activity for the year ended June 30, 2017 is as follows:

	Balance			Balance		Principal Due Within One Year
	June 30, 2016	Increase	Decrease	June 30, 2017		
Contract Payable	\$ 2,800,000	\$ -	\$ -	\$ 2,800,000	\$ -	-
Notes Payable	2,389,472	-	(131,213)	2,258,259	2,030,296	
Bonds Payable	256,625,000	180,695,000	-	437,320,000	-	
Bonds Contract Payable	55,676,734	-	(3,782,233)	51,894,501	803,826	
Bond Discount	(644,338)	-	79,012	(565,326)	(62,688)	
Total	<u>\$ 316,846,868</u>	<u>\$ 180,695,000</u>	<u>\$ (3,834,434)</u>	<u>\$ 493,707,434</u>	<u>\$ 2,771,434</u>	

Bonds Payable

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

As the bonds were issued, the DDA entered into a loan agreement with the MSF. The proceeds from the bonds are loaned to the DDA by the MSF, and the DDA is obligated to pay the aforementioned revenue to the MSF to service the bonds. A bond issued by the DDA to the MSF secures this obligation. As of June 30, 2017, the outstanding balances of Series 2014A and Series 2014B bonds were \$437,320,000.

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

June 30, 2017**Note 8 - Long-term Obligations (Continued)*****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, 2017 is \$7,185,000.

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 percent to 6.85 percent per annum. The property taxes of the LDFA are pledged for repayments of the bonds.

Long-term liability activity for the year ended June 30, 2017 is as follows:

Balance - Beginning of year	\$ 34,955,000
Less repayments	<u>(6,630,000)</u>
Balance - End of year	<u>\$ 28,325,000</u>

City of Detroit, Michigan

Notes to Financial Statements

June 30, 2017

Note 8 - Long-term Obligations (Continued)

City Bonds Authorized and Unissued

The following is the schedule of the City's bonds authorized and unissued at June 30, 2017:

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

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

June 30, 2017**Note 8 - 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	10/13/2017	Moody's	B1	Moody's Investors Service has upgraded Detroit's issuer rating to B1 from B2

Note 9 - Pension Plans***Plan Administration***

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

June 30, 2017**Note 9 - 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, 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.

June 30, 2017**Note 9 - 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, 2016 (measurement date) consisted of the following:

COMPONENT II	GRS	PFRS
Inactive plan members or beneficiaries currently receiving benefits	11,926	7,573
Inactive plan members entitled to but not yet receiving benefits (includes DROP members)	3,588	373
Active plan 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	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, 2016 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, 2017**Note 9 - Pension Plans (Continued)**

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

- (1) For members who retire on or before June 30, 1992, a membership service pension of 1.5 percent of average final compensation for the first 10 years of service and 1.63 percent for service in excess of 10 years
- (2) For members who retire on or after July 1, 1992 but prior to July 1, 1998, a membership service pension of 1.5 percent of average final compensation for each year of service for the first 10 years, plus 1.7 percent of average final compensation for each year of service in excess of 10 years up to 20 years of service, plus 1.9 percent of average final compensation for each year of service in excess of 20 years. In no event shall benefits paid by the Retirement System exceed 90 percent of average final compensation.
- (3) For members who retire on or after July 1, 1998, a membership service pension for service rendered prior to July 1, 2012 of 1.6 percent of average final compensation for each year of service for the first 10 years, plus 1.8 percent of average final compensation for each year of service in excess of 10 years, up to 20 years of service, plus 2 percent of average final compensation for each year of service in excess of 20 years up to 25 years, plus 2.2 percent of average final compensation for each year of service in excess of 25 years; plus, for service rendered after July 1, 2012 and prior to July 1, 2014, 1.5 percent of average final compensation for each year of service; plus \$12 for each year of city service not to exceed \$120. Notwithstanding the foregoing, for members of the Michigan Council 25 of the American Federation of State, County and Municipal Employees, AFL-CIO Local 2920 and the Detroit Senior Water Systems Chemists Association bargaining units, the effective date of the 1.5 percent multiplier was April 1, 2013 for all years of service rendered after that date. In no case shall benefits paid by the Retirement System exceed 90 percent of average final compensation.

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

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

June 30, 2017**Note 9 - Pension Plans (Continued)**

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

(d) Contributions

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

Employer Contributions***Component II***

GRS: During fiscal year 2017, 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 2017 in Component II are contributions from the Foundation for Detroit's Future (the "Foundation") in the amount of \$375,000, \$22,588,402 from Unlimited Tax General Obligation bonds (UTGO) representing both amounts received in FY 2017 as well as amounts receivable at June 30, 2017, and approximately \$68,275,000 of contributions from the City, City-related entities, and the Great Lakes Water Authority. Employer contributions were also made into the Income Stabilization Fund for \$9,539,874 from the UTGO Stub Bond refunding proceeds. The UTGO proceeds include a small component related to current year interest.

PFRS: During fiscal year 2017, 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 (the "Foundation") in the amount of \$18,300,000. Employer contributions were also made into the Income Stabilization Fund for \$3,185,526 from the Unlimited Tax General Obligation bonds (UTGO) refunding proceeds. Going forward, until 2024, the only contributions to be made to Component II will be those received from the Foundation as specified in the POA.

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, 2017, the City and related entities contributed \$9,484,992.

PFRS: During fiscal year 2017, 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 2017, employer contributions to Component I were \$16,448,246.

June 30, 2017**Note 9 - Pension Plans (Continued)*****Employee Contributions***

Contribution requirements of plan members are established and may be amended by the Board of Trustees in accordance with the City Charter, union contracts, and plan provisions. For the year ended June 30, 2017, 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 2017, the GRS Component I plan received mandatory and voluntary employee contributions of \$12,795,405. 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 2017, the PFRS Component I plan received employee contributions of \$8,589,027.

(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, 2017 as all amounts due to the members pursuant to the DROP election are held by a third-party administrator.

(f) Net Pension Liability

As permitted by GASB No. 68, the City has chosen to use June 30, 2016 as its measurement date for the net pension liability for its fiscal year 2017 financial statements. The net pension liability was calculated using the total pension liability and the Systems' fiduciary net position as of June 30, 2016. The June 30, 2016 total pension liability was determined by an actuarial valuation performed as of June 30, 2015 which used updated procedures to roll forward the estimated liability to June 30, 2016.

Effective January 1, 2016, GLWA was launched. Accordingly, the prior DWSD division 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, 2017

Note 9 - Pension Plans (Continued)

The net pension liability, 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 \$992,880,645 at June 30, 2016 was \$194,075,547, 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 \$12,192,454 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 during the measurement year were as follows:

Component II	GRS		
	Increase (Decrease)		
Changes in Net Pension Liability	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2015	\$ 2,958,377,153	\$ 2,131,278,211	\$ 827,098,942
Interest	214,011,164	-	214,011,164
Changes in assumptions	90,034,927	-	90,034,927
Differences between expected and actual experience	(43,719,112)	-	(43,719,112)
Contributions - Employer	-	104,792,657	(104,792,657)
Net investment income	-	(12,450,547)	12,450,547
Benefit payments, including refunds	(292,282,179)	(292,282,179)	-
Administrative expenses	-	(3,742,618)	3,742,618
Other (includes ASF recoupment)	-	5,945,783	(5,945,783)
Net changes	(31,955,200)	(197,736,904)	165,781,704
Balance at June 30, 2016	\$ 2,926,421,953	\$ 1,933,541,307	\$ 992,880,646

Changes in Net Pension Liability	PFRS		
	Increase (Decrease)		
Total Pension Liability	Plan Net Position	Net Pension Liability	
Balance at June 30, 2015	\$ 3,689,500,272	\$ 3,194,754,441	\$ 494,745,831
Interest	264,233,821	-	264,233,821
Changes in assumptions	114,463,362	-	114,463,362
Differences between expected and actual experience	45,955,554	-	45,955,554
Contributions - Employer	-	37,787,744	(37,787,744)
Contributions - Employee	-	24,801	(24,801)
Net investment income	-	24,618,573	(24,618,573)
Benefit payments, including refunds	(304,467,163)	(304,467,163)	-
Administrative expenses	-	(3,103,689)	3,103,689
Other income	-	855,743	(855,743)
Net changes	120,185,574	(244,283,991)	364,469,565
Balance at June 30, 2016	\$ 3,809,685,846	\$ 2,950,470,450	\$ 859,215,396

City of Detroit, Michigan

Notes to Financial Statements

June 30, 2017

Note 9 - Pension Plans (Continued)

Component I

Changes in Net Pension Liability	GRS Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2015	\$ 24,587,821	\$ 20,096,897	\$ 4,490,924
Service cost	18,302,706	-	18,302,706
Interest	2,495,896	-	2,495,896
Changes in assumptions	2,111,451	-	2,111,451
Contributions - Employer	-	9,048,831	(9,048,831)
Contributions - Employee	-	7,345,515	(7,345,515)
Voluntary contributions	5,213,744	5,213,744	-
Difference between expected and actual experience	(1,263,760)	-	(1,263,760)
Net investment income		(76,608)	76,608
Benefit payments, including refunds	(2,287,214)	(2,287,214)	-
Administrative expenses	-	(3,094,197)	3,094,197
Other	-	6,586	(6,586)
Net changes	24,572,823	16,156,657	8,416,166
Balance at June 30, 2016	\$ 49,160,644	\$ 36,253,554	\$ 12,907,090

PFRS

Changes in Net Pension Liability	PFRS Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2015	\$ 24,736,154	\$ 21,327,464	\$ 3,408,690
Service cost	24,084,267	-	24,084,267
Interest	2,743,066	-	2,743,066
Changes in assumptions	2,424,058	-	2,424,058
Contributions - Employer	-	15,831,763	(15,831,763)
Contributions - Employee	-	7,973,730	(7,973,730)
Difference between expected and actual experience	(4,077,124)	-	(4,077,124)
Net investment income	-	252,426	(252,426)
Benefits payments including refunds	(101,251)	(101,251)	-
Administrative expenses	-	(3,000,369)	3,000,369
Net changes	25,073,016	20,956,299	4,116,717
Balance at June 30, 2016	\$ 49,809,170	\$ 42,283,763	\$ 7,525,407

June 30, 2017

Note 9 - Pension Plans (Continued)

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

For the year ended June 30, 2017, pension expense was \$14,889,986 for the General Retirement System Component I, \$90,991,657 for the General Retirement System Component II, \$19,751,293 for the Police and Fire Retirement System Component I, and \$192,412,245 for the Police and Fire Retirement System Component II. At June 30, 2017, reported deferred outflows of resources and deferred inflows of resources related to pensions are from the following sources:

	GRS - Component I		GRS - Component II	
	Deferred Outflow s of Resources	Deferred Inflow s of Resources	Deferred Outflow s of Resources	Deferred Inflow s of Resources
Employer contributions to the plan subsequent to the measurement date	\$ 9,484,992	\$ -	\$ 68,275,000	\$ -
Net difference between projected and actual earnings on pension plan investments	2,075,400	-	110,303,969	-
Assumption changes	925,734	-	918,272	(3,197,580)
Differences between expected and actual experience	336,089	(1,427,102)	-	-
Total	\$ 12,822,215	\$ (1,427,102)	\$ 179,497,241	\$ (3,197,580)
	PFRS - Component I		PFRS - Component II	
	Deferred Outflow s of Resources	Deferred Inflow s of Resources	Deferred Outflow s of Resources	Deferred Inflow s of Resources
Employer contributions to the plan subsequent to the measurement date	\$ 16,448,246	\$ -	\$ 18,300,000	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(3,594,371)	-	-
Assumption changes	2,137,037	(783,609)	-	-
Differences between expected and actual experience	2,139,077	-	91,036,269	-
Total	\$ 20,724,360	\$ (4,377,980)	\$ 109,336,269	\$ -

June 30, 2017

Note 9 - Pension Plans (Continued)

A total of \$9,484,992 for the General Retirement System Component I, \$100,778,276 for the General Retirement System Component II, \$16,448,246 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, 2018. 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:

June 30	GRS - Component I	GRS - Component II	PFRS - Component I	PFRS - Component II
2018	\$ 496,337	\$ 13,115,706	\$ 264,084	\$ (5,858,993)
2019	496,337	15,395,012	264,084	(5,858,993)
2020	496,337	43,139,858	264,084	61,957,040
2021	397,511	32,566,147	114,881	40,797,215
2022	(47,219)	-	(307,986)	-
Thereafter	70,817	-	(701,014)	-
Total	<u>\$ 1,910,120</u>	<u>\$ 104,216,723</u>	<u>\$ (101,867)</u>	<u>\$ 91,036,269</u>

(h) Actuarial Assumptions

The significant actuarial assumptions used to measure the June 30, 2016 total pension liability were as follows:

Component II	GRS		PFRS	
	N/A	N/A	%	%
Salary increases				
Investment rate of return	7.23	%	7.15	%
Component I		GRS	PFRS	
Salary increases		2.0-3.0 %	2.0-3.0 %	
Long-term investment rate of return		7.23 %	7.15 %	

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, 2016 were based on the results of an actuarial experience study for the period 2002-2007 modified as necessary to account for the difference in eligibility of this new plan.

June 30, 2017

Note 9 - Pension Plans (Continued)**(i) Discount Rates**

The discount rate used to measure the total pension liability as of June 30, 2016 was 7.23 percent for both General Retirement System plans and 7.15 percent for both Police and Fire Retirement System plans; however, the single discount rate used at the beginning of the year was 7.61 percent for both General Retirement System plans and 7.47 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, 2016 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 %	- %	5.3 %
Non-U.S. equity	-	16.5	-	5.5
Global multi-sector fixed	12.0	-	3.0	-
Global equity	43.0	-	6.2	-
Global low volatility	-	5.0	-	5.5
Private equity	8.0	10.0	7.4	8.1
U.S. core fixed income	-	13.5	-	2.2
U.S. TIPAs	-	1.0	-	2.3
U.S. high yield	-	6.5	-	4.7
Convertibles	-	2.0	-	4.8
Opportunistic debt	-	5.0	-	5.0
Cash	1.0	1.0	1.0	0.4
Private real estate	-	10.0	-	5.0
Real estate	10.0	-	3.9	-
Global asset allocation/risk parity/real assets	21.0	-	5.0	-
Global REITs	-	3.0	-	4.4
MPLs	-	5.0	-	8.3
Hedge funds	5.0	5.0	4.4	4.7

June 30, 2017**Note 9 - Pension Plans (Continued)****(i) Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability, calculated using the discount rate of 7.23 percent for both General Retirement System plans and 7.15 percent for both Police and Fire Retirement System plans, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

Component II	(6.23% for GRS and 6.15% for PFRS)	(7.23% for GRS and 7.15% for PFRS)	(8.23% for GRS and 8.15% for PFRS)
Net pension liability of the Plan:			
GRS	\$ 1,258,445,711	\$ 992,880,645	\$ 767,051,800
PFRS	1,262,658,184	859,215,396	521,560,546
Component I			
	(6.23% for GRS and 6.15% for PFRS)	(7.23% for GRS and 7.15% for PFRS)	(8.23% for GRS and 8.15% for PFRS)
Net pension liability of the Plan:			
GRS	\$ 19,316,085	\$ 12,907,090	\$ 7,664,756
PFRS	12,231,061	7,525,407	553,046

June 30, 2017

Note 9 - Pension Plans (Continued)

(k) Pension Allocations

The calculation of key pension elements was performed by the actuary based on underlying census data for governmental activities, transportation, 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		
	Police and Fire System	General System	Governmental Activities		Sewage Disposal Fund
			Water Fund		
Proportionate share of the net pension liability	100.00%	50.53%		5.06%	3.50%
Net pension liability	\$ 866,740,803	\$ 508,202,066	\$ 1,374,942,869	\$ 50,867,232	\$ 35,306,922
Pension expense	222,287,690	69,796,909	292,084,599	7,478,708	6,581,415
Deferred outflows of resources representing contributions subsequent to the measurement date	34,748,246	29,319,900	64,068,146	8,054,246	5,699,273
Deferred outflows of resources representing the net difference between projected and actual earnings on pension plan investments	93,175,346	79,968,308	173,143,654	3,305,877	2,374,770
Deferred outflows of resources representing assumption changes related to economic and demographic factors	2,137,037	980,335	3,117,372	186,825	265,536
Deferred inflows of resources representing assumption net changes related to economic and demographic factors	783,609	455,453	1,239,062	111,570	158,575
Deferred outflows of resources representing difference between expected and actual experience	-	326,880	326,880	-	-
Deferred inflows of resources representing difference between expected and actual experience	3,594,373	-	3,594,373	565,445	803,673
Deferred outflows of resources representing changes in proportion and differences between employer contributions and share of contributions	-	73,802	73,802	-	-
Deferred inflows of resources representing changes in proportion and differences between employer contributions and share of contributions	-	-	-	-	-
Amortization of deferred amounts:					
2018	(5,594,909)	17,759,106	12,164,197	(280,591)	(200,372)
2019	(5,594,909)	17,759,106	12,164,197	(280,591)	(200,372)
2020	62,221,124	25,440,230	87,661,354	2,038,274	1,349,881
2021	40,912,096	19,447,831	60,359,927	1,529,927	1,000,863
2022	(307,986)	109,491	(198,495)	(74,715)	(106,192)
Thereafter	(701,014)	378,108	(322,906)	(116,617)	(165,750)
Total	\$ 90,934,402	\$ 80,893,872	\$ 171,828,274	\$ 2,815,687	\$ 1,678,058
Sensitivity analysis:					
Net pension liability at 6.23 (GRS) and 6.15 (PFRS) percent discount rate	\$ 1,278,960,328	\$ 645,274,941		\$ 64,868,317	\$ 45,312,799
Net pension liability at 8.23 (GRS) and 8.15 (PFRS) percent discount rate	522,113,592	391,719,648		38,988,906	26,837,716

City of Detroit, Michigan

Notes to Financial Statements

June 30, 2017

Note 9 - 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	18.71%	0.82%			2.07%	19.29%	
Net pension liability	\$ 188,213,175	\$ 8,270,991	\$ 282,658,320	\$ 1,657,601,189	\$ 20,851,802	\$ 194,075,547	\$ 1,005,787,735
Pension expense	21,098,585	1,203,467	36,362,175	328,446,774	(2,774,244)	6,307,901	109,692,741
Deferred outflows of resources representing contributions subsequent to the measurement date	1,470,797	583	15,224,899	79,293,045	3,056,494	30,158,700	77,759,993
Deferred outflows of resources representing the net difference between projected and actual earnings on pension plan investments	12,298,199	1,305,198	19,284,044	192,427,698	934,564	12,192,453	112,379,369
Deferred outflows of resources representing assumption changes related to economic and demographic factors	267,157	27,616	747,134	3,864,506	116,535	-	1,844,004
Deferred inflows of resources representing assumption changes related to economic and demographic factors	123,821	12,831	406,797	1,645,859	2,335,330	-	3,197,580
Deferred outflows of resources representing difference between expected and actual experience	-	9,209	9,209	336,089	-	-	336,089
Deferred inflows of resources representing difference between expected and actual experience	53,321	-	1,422,439	5,016,812	4,663	-	1,427,102
Deferred outflows of resources representing changes in proportion and differences between employer contributions and share of contributions	-	830	830	74,632	-	-	74,632
Deferred inflows of resources representing changes in proportion and differences between employer contributions and share of contributions	-	74,632	74,632	74,632	-	-	74,632
Amortization of deferred amounts:							
2018	1,416,401	217,885	1,153,323	13,317,520	(3,381,107)		
2019	1,416,401	291,688	1,227,126	13,391,323	(1,101,800)		
2020	5,429,179	415,791	9,233,125	96,894,479	1,797,706		
2021	4,088,410	318,368	6,937,568	67,297,495	1,372,717		
2022	13,048	3,085	(164,774)	(363,269)	8,064		
Thereafter	24,775	8,573	(249,019)	(571,925)	15,526		
Total	<u>\$ 12,388,214</u>	<u>\$ 1,255,390</u>	<u>\$ 18,137,349</u>	<u>\$ 189,965,623</u>	<u>\$ (1,288,894)</u>		
Sensitivity analysis:							
Net pension liability at 6.15 (GRS) and 6.23 (PFRS) percent discount rate	\$ 239,179,900	\$ 10,515,469	\$ 359,876,485		\$ 26,625,575		
Net pension liability at 8.15 (GRS) and 8.23 (PFRS) percent discount rate	144,916,484	6,364,618	217,107,724		15,955,756		

- (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, 2017**Note 10 - Other Postemployment Benefits**

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

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

Net OPEB Liability - GASB Statement No. 74

During the current year, the City adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. Adopting this statement required disclosure regarding the City's other postemployment benefit plan, as follows:

(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) Plan Membership

At June 30, 2017, the Death Benefit Plan's membership consisted of the following:

Membership	Amount
Retirees and beneficiaries	1,239
Active plan members	<u>6,718</u>
Total	<u><u>7,957</u></u>

(c) 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.

(d) Contributions

The City is under no legal obligation to prefund the plan benefits. Plan members have no contribution requirements. There were no employer contributions to the plan during the year ended June 30, 2017.

June 30, 2017**Note 10 - Other Postemployment Benefits (Continued)****(e) 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, 2017:

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%

(f) Rate of Return

For the year ended June 30, 2017, the annual money-weighted rate of return on plan investments, net of investment expense, was approximately 8.5 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Beginning next year, the City will adopt GASB Statement No. 75, which will require the measurement of OPEB expense as it is earned, rather than as it is funded.

The net OPEB liability of the City has been measured as of June 30, 2017 and is composed of the following:

Total OPEB liability	\$ 3,223,969
Plan fiduciary net position	<u>3,893,653</u>
Net OPEB liability	<u>\$ (669,684)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	120.77%

(g) Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016 which used updated procedures to roll forward the estimated liability to June 30, 2017. The valuation used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

(h) Discount Rate

The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate.

June 30, 2017

Note 10 - Other Postemployment Benefits (Continued)

(i) Projected Cash Flows

Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

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

The following presents the net OPEB liability, calculated using the discount rate of 7.00 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (6.00 percent) or 1 percent higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability (Asset)	<u>\$ (60,522)</u>	<u>\$ (669,684)</u>	<u>\$ (1,170,248)</u>

Net OPEB Liability - GASB Statement No. 45

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

Funding Progress

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2017, the amount actually contributed to the Employee Death Benefit Plan, and changes in the City's net OPEB liability for the benefit plan:

	Business-type Activities						Total Primary Government
	Total Governmental Activities	Water Fund	Sewage Disposal Fund	Transportation Fund	Automobile Parking Fund	Nonmajor Proprietary Fund	
Supplemental Death Benefit Plan							
Annual Required Contributions (ARC)	\$ 60,295	\$ 3,402	\$ 6,703	\$ 18,509	\$ 1,102	\$ 115	\$ 90,126
Interest on net OPEB obligation	87,983	23,645	21,590	26,916	690	177	161,001
Adjustment to ARC	(41,897)	(11,259)	(10,281)	(12,816)	(329)	(84)	(76,666)
Changes in net OPEB obligation -							
Annual OPEB cost (expense)	106,381	15,788	18,012	32,609	1,463	208	174,461
Net OPEB obligation - Beginning of year	1,256,900	337,784	308,433	384,510	9,856	2,522	2,300,005
Net OPEB obligation - End of year	<u>\$ 1,363,281</u>	<u>\$ 353,572</u>	<u>\$ 326,445</u>	<u>\$ 417,119</u>	<u>\$ 11,319</u>	<u>\$ 2,730</u>	<u>\$ 2,474,466</u>

June 30, 2017**Note 10 - Other Postemployment Benefits (Continued)**

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

Year Ended	Annual		Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
	OPEB Cost	Actual Contributions		
Supplemental and Death Benefit Plan	June 30, 2017	\$ 174,461	\$ -	0.0 % \$ 2,474,466
	June 30, 2016	367,428	91,222	24.8 % 2,300,005
	June 30, 2015	257,093	92,867	36.1 % 2,023,799

Funded Status and Funding Progress

As of June 30, 2016, the most recent actuarial valuation date for the Death Benefit Plan, the actuarial accrued liability for benefits related to all city employees was \$3,292,916 and the actuarial value of assets was \$4,002,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$(709,477). The covered payroll (annual payroll of all active city employees covered by the plan) was \$449,330,941 and the ratio of the UAAL to the covered payroll was (0.2) percent.

The preceding figures do not include the closed plan. The closed plan includes assets of approximately \$21.4 million, which equals the actuarial accrued liability of the plan as of June 30, 2017.

Plan Description - See Note 10a and 10c

Funding Policy - See Note 10d

Assumptions - See Note 10f-j

Actuarial Methods and Assumptions

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

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

June 30, 2017**Note 10 - Other Postemployment Benefits (Continued)**

In the June 30, 2016 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 7.00 percent discount rate. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The UAAL is being amortized over 30 years as a level dollar amount on an open basis.

In the June 30, 2016 actuarial valuation for the Death Benefit Plan, the mortality tables used by the City's plan to evaluate death benefits to be paid for General, EMS, and Department of Transportation (D.O.T.) retirees was 100 percent of the RP 2014 Blue Collar Annuitant table set forward one year. For police and fire retirees, the City's plan used 100 percent of the RP 2014 Blue Collar Annuitant table with no set-forward.

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, 2016 were \$5,299,617 and \$4,729,372 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 Non-Safety Employee Retirees that 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.

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, 2017, the City contributed a combined \$9,797,931. There were no member contributions for the fiscal year ended June 30, 2017.

June 30, 2017**Note 11 - Risk Management**

The City is exposed to various types of risk of loss including torts; theft of, damage to, or destruction of assets; errors or omissions; job-related illnesses or injuries to employees; natural disasters; and environmental occurrences. Also included 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, 2017

Note 11 - Risk Management (Continued)

Changes in the reported liabilities for workers' compensation, legal, disability benefits, and vehicular liabilities for the years ended June 30, 2017 and 2016 are as follows:

	Governmental Activities		Business-type Activities	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Balance at beginning of year	\$ 114,345,511	\$ 115,373,569	\$ 5,495,149	\$ 37,193,519
Current year claims and changes in estimates	37,098,165	41,384,718	19,378,792	6,017,626
Liability assumed by the Great Lakes Water Authority	-	-	-	(34,730,461)
Claims payments	(51,238,947)	(42,412,776)	(1,643,857)	(2,985,535)
Balance at end of year	<u>\$ 100,204,729</u>	<u>\$ 114,345,511</u>	<u>\$ 23,230,084</u>	<u>\$ 5,495,149</u>

Changes in the accrued liabilities for health and dental claims for the years ended June 30, 2017 and 2016 are as follows:

	Governmental Activities		Business-type Activities	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Balance at beginning of year	\$ 5,525,786	\$ 3,294,661	\$ (1,191,150)	\$ (2,102,455)
Current year claims and changes in estimates	55,420,416	53,565,837	15,631,399	21,879,004
Claims payments	(56,861,357)	(51,334,712)	(16,037,819)	(20,967,699)
Balance at end of year	<u>\$ 4,084,845</u>	<u>\$ 5,525,786</u>	<u>\$ (1,597,570)</u>	<u>\$ (1,191,150)</u>

The General Fund reported committed fund balance of \$20 million and assigned fund balance of approximately \$48 million at June 30, 2017 for the purpose of funding future claim liabilities.

June 30, 2017**Note 12 - Commitments and Contingencies****Lawsuits and Claims**

The City is a defendant in numerous lawsuits and is also subject to other claims, including claims for workers' compensation payments. The City uses in-house and, where necessary, outside counsel to adjudicate lawsuits. Each case is initially rated by the City supervising or senior attorney handling or overseeing the case with respect to its viability for success against the City. Only cases rated "probable" for recovery from the City are reported for financial statement purposes. The dollar value reserved for any eventual payout on any said case is based upon the facts of the case, industry standards relative to the type of injury or damage involved, and the experience of the supervising or senior attorney. The legal reserve as of June 30, 2017 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, 2017. 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 \$123 million for the primary government as of June 30, 2017 (see Note 11).

Binns vs. Detroit and *Detroit Alliance Against Rain Tax vs. Detroit* are class action lawsuits challenging the City's drainage charge as a violation of the Michigan Constitution Headlee Amendment. The cases have been consolidated and original jurisdiction lies in the Michigan Court of Appeals (the "Court"). The City anticipates a ruling in the fourth quarter of FY 2018. The class plaintiffs seek a ruling that the City's drainage charge is an illegal tax and all customer classes are entitled to a refund under the Headlee Act of all drainage charges paid during the previous year, which amounted to approximately \$130 million (the 10,000+ class members in *Michigan Warehousing vs. Detroit* released their claims and are precluded from relief). If the Court rules in the plaintiffs' favor, the City would not be able to impose drainage charges in the future unless voters approve a millage. The City of Detroit, Michigan currently assesses the maximum millage allowed by law; thus, an additional tax could not be imposed. The nonprevailing party will likely appeal.

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, 2017 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, 2017. 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, 2017, future Block Grant funds of \$50,739,000 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.

June 30, 2017**Note 12 - Commitments and Contingencies (Continued)*****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.

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, 2017 were as follows:

	Spent as of June 30, 2017	Remaining
Recreation and culture	\$ 11,431	\$ 7,488,569
Public protection	10,501,664	19,422,551
Municipal facilities	6,202,032	4,567,246
Municipal services	1,959,085	15,459,007
Total	\$ 18,674,212	\$ 46,937,373

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, 2017 was approximately \$179 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, 2017 was approximately \$53 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:

Fiscal Year Ending	Amount
2018	\$ 10,107,033
2019	8,300,321
2020	7,790,306
2021	7,419,813
2022	7,031,065
2023-2027	35,155,325
2028	7,031,065
Total minimum payments	\$ 82,834,928

Rental expense for all operating leases approximated \$15.5 million for the year ended June 30, 2017.

June 30, 2017

Note 12 - Commitments and Contingencies (Continued)

Joe Louis Arena and Joe Louis Arena Parking Facility - Lease Agreement

The Detroit City Council approved a lease between the City, Olympia Entertainment, and the Detroit Red Wings for the rental of the Joe Louis Arena and the Joe Louis Arena Parking Facility, effective as of July 2, 2010 and ending on June 30, 2015. Pursuant to the terms of the agreement, this lease has been extended through June 30, 2018 for \$1 million per year, but provided for an earlier termination based on 60 days' notice. Subsequent to year end, 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 13 - Bankruptcy

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

On October 22, 2014, the City filed its *Eighth Amended Plan for the Adjustment of Debts of the City of Detroit (October 22, 2014)* (the “Plan”, Docket No. 8045). On November 12, 2014, the Bankruptcy Court entered an order confirming the Plan with minor modifications (the “Confirmation Order,” Docket No. 8272). The Plan became effective on December 10, 2014 (the “Effective Date”). On that date, among other things, the City (1) issued \$1.3 billion of debt, of which \$1.1 billion was delivered to various classes of creditors in satisfaction of their claims; (2) paid \$110.1 million in cash to various parties and escrow accounts; (3) assigned debt service payments on remaining original UTGO bonds primarily to the income stabilization funds for the General Retirement System (GRS) and Police and Fire Retirement System (PFRS); (4) issued settlement credits 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/13538461410220000000000000007](http://www.kccllc.net/detroit/document/1353846141022000000000000007)

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.

June 30, 2017

Note 13 - Bankruptcy (Continued)

Pension Settlements

On the Effective Date, the City assumed the obligations related to the already-accrued benefits under the GRS pension plan and the PFRS pension plan as those benefits were modified by the Plan. The old GRS and old PFRS plans (which were frozen on July 1, 2014) are closed to new participants, and vested active employees have not accrued additional pension benefits under the terms and conditions of those plans since that date. As of the Effective Date, the City retained the responsibility to fund all amounts necessary to provide the adjusted (reduced) pension benefits to its employees and retirees who accrued benefits in either of the old frozen GRS or PFRS pension plans, although the City's contributions are fixed through June 30, 2023 and are payable from the sources shown in the table below. Thereafter, the City will be required to contribute all amounts necessary to fund the frozen plans. During November 2015, the actuary for each of the plans revised the calculation of the Unfunded Actuarial Accrued Liabilities (UAAL) for the frozen plans using updated mortality tables and other assumptions. The effect of the revised calculations was to increase the UAAL for the frozen plans by approximately \$491 million. Beginning in 2024, the Plan assumed that the UAAL would be funded over 30 years and projected an annual General Fund contribution of \$111 million beginning in fiscal year 2024. Based on the revised calculations, as of November 2016, the General Fund contribution was projected to be \$183 million per year. During fiscal year 2017, investment returns were favorable and, therefore, reduced the anticipated General Fund contributions to \$150 million. In fiscal year 2016, the City began to set aside funds (\$30 million in FY 2016 and \$60 million in FY 2017) in a restricted fund to partially fund its annual required General Fund contribution to the plans beginning in fiscal year 2024. This will allow the City to better manage its liability at that time.

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 2018-2021 Four Year Financial Plan includes an additional \$115 million for deposit to the RPF from FY 2019 through FY 2021, and the City's funding strategy contemplates another \$115 million from FY 2022 through FY 2023. Once all monies in the RPF have been disbursed, the RPF will be terminated.

The table below details the actual FY 2017 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 2017	Anticipated Contributions per POA Through		
		June 30, 2023	Beneficiary	
General Retirement System:				
GLWA/DWSD	\$ 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	18,363,409	31,700,000	GRS	
State of Michigan	-	98,800,000	GRS	
Total GRS Contributions	\$ 86,638,409	\$ 718,600,000		
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	\$ 18,300,000	\$ 305,700,000		

June 30, 2017**Note 13 - Bankruptcy (Continued)**

The net pension liability for both retirement systems decreased by \$1,288,433,075 (\$732,535,007 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 Wayne, Oakland, and Macomb Counties (the "Counties) and the governor of the State, establishing a framework for the creation of a regional water and sewer authority.

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

June 30, 2017**Note 13 - Bankruptcy (Continued)*****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 revenues 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, including the portion of the debt assumed by the GLWA that was utilized for local system improvements, whose debt will continue to be funded by the Department. As a result of these negotiations during the year, the Department has reduced the recognition of the gain previously recognized in fiscal year 2016 from the bifurcation by \$85,895,242 in the Water Fund and \$72,059,278 in the Sewage Disposal Fund.

Rate Setting

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

June 30, 2017**Note 13 - Bankruptcy (Continued)**

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. DWSD has been negotiating with GLWA to come to specific agreement on some of the individual assets and liability allocations, including the allocation of debt related to the portion of the DWSD bonds that were used to construct in-city capital assets. The City expects a final and formal agreement to be reached subsequent to the issuance of these financial statements. If there is any further change in allocation of the assets and liabilities from the estimates used in these financial statements, it will be reflected in the financial statements for the year ending June 30, 2018.

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 a 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.

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).

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.

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.

June 30, 2017**Note 13 - Bankruptcy (Continued)*****Financial Review Commission***

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

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

The City anticipates that in the third quarter of FY 2018, it will have satisfied these requirements. Once the City satisfies the foregoing criteria, the Commission must waive many of the requirements described above, but may rescind the waiver if it determines that there is a substantial likelihood that certain criteria will occur, including the City failing to pay debt when due, the City incurring a budget deficit in any year in excess of 5 percent of expenditures in that year, or the City failing to comply with the revised municipal finance act or to obtain the prior approval of the Commission to issue debt. If the Commission waives the requirements for 10 consecutive years, the Commission is dissolved.

June 30, 2017

Note 14 - 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 property taxes collected on related property in any given year.	Act 381 of 1996	Cleanup of environmental issues at old industrial sites.	\$ 1,295,479	\$ -	\$ 1,295,479
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.	341,525	287,337	628,862
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 multi-family residential facility. Exemptions are approved for a term of 1-10 years by the local governmental unit. 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.	281,846	134,060	415,906
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 local governmental unit. 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.	1,402	665	2,067
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.	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.	8,446,677	-	8,446,677
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.	735,971	352,978	1,088,949
Neighborhood Enterprise Zone (NEZ) provides for development and rehabilitation of residential housing located within eligible distressed communities. Property tax exemptions are generally approved for a term of 6-15 years by the local governmental unit. 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.	3,601,924	994,536	4,596,460

June 30, 2017

Note 14 - 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% of the specific property 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.	\$ 218,064	\$ 103,461	\$ 321,525
Eligible Manufacturing Personal Property (EMPP) if used at least 50% 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 as amended	Meet the 50% 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.	6,660,518	3,160,041	9,820,559
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.	-	71,128	71,128
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.	6,293,028	2,985,687	9,278,715
Totals			\$ 27,876,434	\$ 8,089,893	\$ 35,966,327

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 15 - Subsequent Events

(a) Downtown Development Authority

On August 10, 2017, the DDA has issued \$36,000,000 in Series 2017 bonds, with the proceeds to be used toward construction changes and enhancements to the Little Caesar's Arena.

On November 9, 2017, the DDA entered into a swap novation transaction for the purpose of removing the DDA from the swap transaction. Furthermore, the entire outstanding amount of Series 2014B bonds drawn down in the amount of \$188,500,000 as of November 9, 2017 was retired through a prepayment of the base concession fees payable. The corresponding loan agreement regarding the Series 2014B bonds was also terminated.

June 30, 2017**Note 15 - Subsequent Events (Continued)****(b) Detroit Land Bank Authority**

Subsequent to year end, the City notified the Detroit Lank Bank Authority that it will no longer require a repayment of the \$6.5 million advancement. As a result, the Detroit Land Bank Authority will record grant revenue on the financial statements during the fiscal year ending June 30, 2018. The City has fully allowed for the receivable as of June 30, 2017.

(c) 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 3,000 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 November 8, 2017, 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 June 7, 2018.

(d) Issuance of Michigan Transportation Fund Bonds

On November 14, 2017, the City delivered its \$124,500,000 Michigan Transportation Fund Bonds, Series 2017 (the "2017 Bonds"), for the purpose of paying the cost of certain city road improvement projects. The City pledged payments to be received from the Michigan Transportation Fund for the payment of the 2017 Bonds, which mature on April 1, 2032, subject to mandatory amortization annually beginning April 1, 2021, and bear interest at rates ranging from 2.38 to 3.49 percent per annum, subject to adjustment upon the occurrence of certain events, including upon reduction of federal corporate income tax rates. The 2017 Bonds were issued as draw-down bonds and were sold to the Michigan Finance Authority, which sold its own bonds to JPMorgan Chase Bank to provide funds for the purchase of the 2017 Bonds.

REQUIRED SUPPLEMENTARY INFORMATION

COMPARISON - GENERAL FUND BUDGET TO ACTUAL

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City of Detroit, Michigan

Note to Budget to Actual Comparison

June 30, 2017

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.

City of Detroit, Michigan

Required Supplementary Information

Schedule of Revenue, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund

Year Ended June 30, 2017

	Budgeted Amounts				Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual Amounts			
	Original	Final	Actual	Amounts		
Revenue						
Taxes, assessments, interest, and penalties:						
Property taxes	\$ 117,000,000	\$ 117,000,000	\$ 129,532,472	\$ 12,532,472		
Municipal income tax	266,600,000	266,600,000	284,467,414	17,867,414		
Utility users' tax	37,000,000	37,000,000	27,068,555	(9,931,445)		
Wagering taxes	175,200,000	175,200,000	177,217,497	2,017,497		
Other taxes and assessments	8,538,113	8,538,113	10,362,346	1,824,233		
Interest and penalties on taxes	1,224,928	1,224,928	3,482,208	2,257,280		
Total taxes, assessments, interest, and penalties	605,563,041	605,563,041	632,130,492	26,567,451		
Licenses, permits, and inspection charges:						
Business licenses	2,566,000	2,566,000	1,382,316	(1,183,684)		
Permits	586,500	586,500	2,572,859	1,986,359		
Inspection charges	7,987,452	7,987,452	7,395,503	(591,949)		
Other licenses	63,240	63,240	-	(63,240)		
Total licenses, permits, and inspection charges	11,203,192	11,203,192	11,350,678	147,486		
Intergovernmental:						
Federal	40,000	40,000	162,389	122,389		
State:						
State-shared revenue	195,900,000	195,900,000	197,831,755	1,931,755		
State returnable liquor license fees	606,700	606,700	-	(606,700)		
Other state-sourced revenue	72,000	72,000	799,306	727,306		
Other	-	-	-	-		
Total intergovernmental	196,618,700	196,618,700	198,793,450	2,174,750		
Sales and charges for services:						
Maintenance and construction	-	-	2,668,970	2,668,970		
Electrical	-	-	(74,706)	(74,706)		
Sanitation Charges	-	-	24,143	24,143		
Recreation fees	913,500	913,500	41,586	(871,914)		
Collection fees	4,543,476	4,543,476	4,262,800	(280,676)		
Other fees	47,297,092	47,797,092	47,243,298	(553,794)		
Personal services	32,390,675	32,390,675	20,910,814	(11,479,861)		
Other departmental sales	25,347,355	25,347,355	3,015,427	(22,331,928)		
Total sales and charges for services	110,492,098	110,992,098	78,092,332	(32,899,766)		
Ordinance fines and forfeitures	20,338,000	20,338,000	23,448,184	3,110,184		
Revenue from use of assets:						
Investment earnings	-	-	15,248,604	15,248,604		
Real estate rentals	1,174,665	1,174,665	1,145,744	(28,921)		
Concessions	139,688	139,688	31,094	(108,594)		
Sale of real property	8,100,000	8,100,000	-	(8,100,000)		
Total revenue from use of assets	9,414,353	9,414,353	16,425,442	7,011,089		
DIA and foundation revenue	-	-	5,730,109	5,730,109		
Other revenue	99,058,212	220,098,640	22,967,535	(197,131,105)		
Total revenue	1,052,687,596	1,174,228,024	988,938,222	(185,289,802)		

City of Detroit, Michigan

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

Year Ended June 30, 2017

	Budgeted Amounts				Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual Amounts			
Expenditures						
Public protection:						
Construction code	\$ 1,059,289	\$ 1,060,064	\$ 811,275	\$ 248,789		
Fire	124,078,394	127,525,795	103,569,899	23,955,896		
Human rights	1,299,630	1,802,576	745,674	1,056,902		
Ombudsman	808,708	867,217	757,707	109,510		
Parking enforcement	5,991,295	6,081,659	4,624,892	1,456,767		
Police	301,565,671	308,719,912	270,939,087	37,780,825		
Office of the Inspector General	1,108,812	1,129,963	975,888	154,075		
Detroit Office of Homeland Security	-	1,294	40	1,254		
36th District Court	33,248,238	34,852,375	29,600,069	5,252,306		
Total public protection	469,160,037	482,040,855	412,024,531	70,016,324		
Department of Health	33,118,512	182,640,129	5,023,683	177,616,446		
Recreation and culture:						
Culture, arts, and tourism	-	-	-	-		
Historical	-	8,015	-	8,015		
Recreation	20,017,629	20,090,745	17,791,620	2,299,125		
Zoological institute	-	22,370	-	22,370		
Total recreation and culture	20,017,629	20,121,130	17,791,620	2,329,510		
Economic development	-	22,533	-	22,533		
Housing supply and conditions - Planning and development	12,901,514	15,387,524	7,714,818	7,672,706		
Physical environment:						
Environmental affairs	-	887	-	887		
Public lighting	21,325,091	22,249,144	8,249,252	13,999,892		
Public works	1,897,143	1,907,482	1,364,544	542,938		
Total physical environment	23,222,234	24,157,513	9,613,796	14,543,717		
Development and management:						
Auditor general	3,210,003	3,219,556	2,880,526	339,030		
Budget	-	8,283	6,124	2,159		
City clerk	1,977,176	2,127,378	1,393,879	733,499		
City Council	9,098,098	9,548,668	8,417,175	1,131,493		
Communications and creative services	-	-	-	-		
Elections	9,493,791	10,128,616	7,547,963	2,580,653		
Finance	54,963,068	64,581,771	39,172,904	25,408,867		
General services	60,875,042	62,326,409	44,593,949	17,732,460		
Law	15,513,282	16,630,051	13,905,111	2,724,940		
Mayor's office	9,297,232	9,427,783	7,389,226	2,038,557		
Human resources	10,613,201	11,131,724	7,943,972	3,187,752		
Information technology services	31,344,585	32,394,115	21,491,679	10,902,436		
Board of zoning appeals	572,179	580,838	483,489	97,349		
Detroit workforce development department	-	-	-	-		
Administrative hearings	1,025,445	1,144,913	760,422	384,491		
Nondepartmental	209,679,285	227,522,035	162,531,259	64,990,776		
Total development and management	417,662,387	450,772,140	318,517,678	132,254,462		
Capital outlay	3,434,551	62,657,935	22,355,467	40,302,468		

City of Detroit, Michigan

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

Year Ended June 30, 2017

	Budgeted Amounts				Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual Amounts			
	Original	Final	Actual	Amounts		
Expenditures (Continued)						
Debt service:						
Principal	\$ 17,835,476	\$ 17,835,476	\$ 16,614,797	\$ 1,220,679		
Interest on bonded debt	57,538,565	76,942,719	68,126,894	8,815,825		
Bond issuance costs (refunds)	30,500	2,551,383	2,526,983	24,400		
Total debt service	<u>75,404,541</u>	<u>97,329,578</u>	<u>87,268,674</u>	<u>10,060,904</u>		
Total expenditures	<u>1,054,921,405</u>	<u>1,335,129,337</u>	<u>880,310,267</u>	<u>454,819,070</u>		
Excess of revenue (under) over expenditures	<u>(2,233,809)</u>	<u>(160,901,313)</u>	<u>108,627,955</u>	<u>269,529,268</u>		
Other Financing Sources (Uses)						
Sources:						
Transfers in	24,992,977	58,453,055	-	(58,453,055)		
Proceeds from sale of capital assets	-	-	2,345,315	2,345,315		
Proceeds from bond and note issuance	-	364,140,000	364,140,000	-		
Premium on General Obligation Bond Issuance	-	2,327,744	2,327,744	-		
Total other financing sources	<u>24,992,977</u>	<u>424,920,799</u>	<u>368,813,059</u>	<u>(56,107,740)</u>		
Uses:						
Transfers out	(10,000,000)	(109,219,049)	(78,144,758)	31,074,291		
Principal paid to bond agents for refunded bonds	(7,160,000)	(345,455,000)	(345,455,000)	-		
Total other financing uses	<u>(17,160,000)</u>	<u>(454,674,049)</u>	<u>(423,599,758)</u>	<u>31,074,291</u>		
Total other financing sources (uses)	<u>7,832,977</u>	<u>(29,753,250)</u>	<u>(54,786,699)</u>	<u>(25,033,449)</u>		
Net Change in Fund Balance	5,599,168	(190,654,563)	53,841,256	244,495,819		
Fund Balance - Beginning of year	538,951,272	538,951,272	538,951,272	-		
Fund Balance - End of year	<u>\$ 544,550,440</u>	<u>\$ 348,296,709</u>	<u>\$ 592,792,528</u>	<u>\$ 244,495,819</u>		

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF EMPLOYER CONTRIBUTIONS AND FUNDING PROGRESS

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City of Detroit, Michigan

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

Year Ended June 30, 2017

	GRS Component II 2016 (Measurement Year)	GRS Component II 2015 (Measurement Year)	GRS Component II 2014	PFRS Component II 2016 (Measurement Year)	PFRS Component II 2015 (Measurement Year)	PFRS Component II 2014
Total Pension Liability						
Service cost	\$ -	\$ -	\$ 32,736,019	\$ -	\$ -	\$ 34,967,708
Interest	214,011,164	263,007,329	242,611,073	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	(43,719,112)	24,644,531	-	45,955,554	(59,621,651)	-
Changes in assumptions	90,034,927	(101,559,893)	(271,190,194)	114,463,362	(95,014,469)	540,356,835
Benefit payments, including refunds	(292,282,179)	(297,538,990)	(397,733,807)	(304,467,163)	(313,816,916)	(323,540,473)
Net Change in Total Pension Liability	(31,955,200)	(843,271,918)	(506,888,480)	120,185,575	(718,287,773)	454,284,561
Total Pension Liability - Beginning of year	<u>2,958,377,153</u>	<u>3,801,649,071</u>	<u>4,308,537,551</u>	<u>3,689,500,272</u>	<u>4,407,788,045</u>	<u>3,953,503,484</u>
Total Pension Liability - End of year	<u>\$ 2,926,421,953</u>	<u>\$ 2,958,377,153</u>	<u>\$ 3,801,649,071</u>	<u>\$ 3,809,685,847</u>	<u>\$ 3,689,500,272</u>	<u>\$ 4,407,788,045</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 104,792,657	\$ 189,282,095	\$ 25,126,131	\$ 37,787,744	\$ 114,300,000	\$ -
Contributions - Employee	-	609,074	10,241,761	24,801	42,576	7,783,141
Net investment (loss) income	(12,450,547)	93,054,978	289,789,607	24,618,573	122,736,820	568,760,793
Administrative expenses	(3,742,618)	(7,556,822)	(11,237,767)	(3,103,689)	(7,630,692)	(11,373,226)
Benefit payments, including refunds	(292,282,179)	(297,538,990)	(397,733,807)	(304,467,163)	(313,816,916)	(323,540,473)
Other (includes ASF recoupment)	5,945,783	138,219,997	-	855,743	2,919,354	-
Net Change in Plan Fiduciary Net Position	(197,736,904)	116,070,332	(83,814,075)	(244,283,991)	(81,448,858)	241,630,235
Plan Fiduciary Net Position - Beginning of year	<u>2,131,278,211</u>	<u>2,015,207,879</u>	<u>2,099,021,954</u>	<u>3,194,754,441</u>	<u>3,276,203,299</u>	<u>3,034,573,064</u>
Plan Fiduciary Net Position - End of year	<u>\$ 1,933,541,307</u>	<u>\$ 2,131,278,211</u>	<u>\$ 2,015,207,879</u>	<u>\$ 2,950,470,450</u>	<u>\$ 3,194,754,441</u>	<u>\$ 3,276,203,299</u>
Net Pension Liability - Ending	<u>\$ 992,880,646</u>	<u>\$ 827,098,942</u>	<u>\$ 1,786,441,192</u>	<u>\$ 859,215,397</u>	<u>\$ 494,745,831</u>	<u>\$ 1,131,584,746</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	66.07%	72.04%	53.01%	77.45%	86.59%	74.33%
Covered Employee Payroll *	\$ 185,147,364	\$ 188,210,536	\$ 238,669,871	\$ 130,510,339	\$ 131,220,124	\$ 157,622,578
Plan's Net Pension Liability as a Percentage of Covered Employee Payroll	536.27%	439.45%	748.50%	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.

City of Detroit, Michigan

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

Year Ended June 30, 2017

	GRS Component I 2016 (Measurement Year)	GRS Component I 2015 (Measurement Year)	PFRS Component I 2016 (Measurement Year)	PFRS Component I 2015 (Measurement Year)
Total Pension Liability				
Service cost	\$ 18,302,706	\$ 19,318,576	\$ 24,068,808	\$ 24,835,814
Interest	2,495,896	695,469	2,743,066	894,089
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(1,263,760)	-	(4,077,124)	-
Changes in assumptions	2,111,451	(1,202,109)	2,424,058	(1,008,119)
Voluntary contributions	5,213,744	5,775,885	15,459	14,370
Benefit payments, including refunds	(2,287,214)	-	(101,251)	-
Net Change in Total Pension Liability	24,572,823	24,587,821	25,073,016	24,736,154
Total Pension Liability - Beginning of year	24,587,821	-	24,736,154	-
Total Pension Liability - End of year	\$ 49,160,644	\$ 24,587,821	\$ 49,809,170	\$ 24,736,154
Plan Fiduciary Net Position				
Contributions - Employer	\$ 9,048,831	\$ 8,811,368	\$ 15,831,763	\$ 14,606,971
Contributions - Employee	7,345,515	6,970,544	7,958,271	7,390,335
Net investment (loss) income	(76,608)	20,690	252,125	21,019
Benefit payments, including refunds	(1,031,060)	-	(63,882)	(19,554)
Benefit payments and refunds based on voluntary contributions	(1,256,154)	-	-	-
Administrative expenses	(3,094,197)	(1,481,590)	(3,000,369)	(685,677)
Refunds	-	-	(37,369)	-
Voluntary contributions	5,213,744	5,775,885	15,459	14,370
Other (includes ASF recoupment)	6,586	-	301	-
Net Change in Plan Fiduciary Net Position	16,156,657	20,096,897	20,956,299	21,327,464
Plan Fiduciary Net Position - Beginning of year	20,096,897	-	21,327,464	-
Plan Fiduciary Net Position - End of year	\$ 36,253,554	\$ 20,096,897	\$ 42,283,763	\$ 21,327,464
Net Pension Liability - Ending	\$ 12,907,090	\$ 4,490,924	\$ 7,525,407	\$ 3,408,690
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	73.75%	81.74%	84.89%	86.22%
Covered Employee Payroll	\$ 185,147,364	\$ 180,069,852	\$ 130,510,339	\$ 121,627,871
Plan's Net Pension Liability as a Percentage of Covered Employee Payroll	7.00%	2.50%	5.80%	2.80%

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

City of Detroit, Michigan

Required Supplementary Information Schedule of Pension Contributions Last Ten Fiscal Years

Year Ended June 30, 2017

GRS Component II	2017 *	2016 *	2015 *	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 100,778,276	\$ 106,482,514	\$ 191,146,421	\$ 72,643,307	\$ 62,297,432	\$ 64,065,214	\$ 55,138,044	\$ 37,338,960	\$ 41,395,719	\$ 43,168,448
Contributions in relation to actuarially determined contributions	<u>100,778,276</u>	<u>106,482,514</u>	<u>191,146,421</u>	<u>25,126,131</u>	<u>26,515,782</u>	<u>64,065,214</u>	<u>55,138,044</u>	<u>37,338,960</u>	<u>41,395,719</u>	<u>43,168,448</u>
Contributions Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,517,176</u>	<u>\$ 35,781,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	N/A	N/A	N/A	\$ 238,669,871	\$ 213,291,083	\$ 257,992,240	\$ 303,379,482	\$ 334,343,506	\$ 357,072,833	\$ 368,470,990
Contributions as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	10.5%	12.4%	24.8%	18.2%	11.1%	11.6%	11.7%
PFRS Component II	2017 *	2016 *	2015 *	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 21,485,526	\$ 38,352,025	\$ 114,922,540	\$ 50,642,443	\$ 42,005,173	\$ 49,760,229	\$ 81,642,112	\$ 57,808,485	\$ 61,151,057	\$ 58,934,636
Contributions in relation to actuarially determined contributions	<u>21,485,526</u>	<u>38,352,025</u>	<u>114,922,540</u>	<u>-</u>	<u>-</u>	<u>20,733,429</u>	<u>81,642,112</u>	<u>32,808,485</u>	<u>36,151,057</u>	<u>41,113,934</u>
Contributions Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,642,443</u>	<u>\$ 42,005,173</u>	<u>\$ 29,026,800</u>	<u>\$ -</u>	<u>\$ 25,000,000</u>	<u>\$ 25,000,000</u>	<u>\$ 17,820,702</u>
Covered Employee Payroll	N/A	N/A	N/A	\$ 157,622,578	\$ 186,694,166	\$ 205,800,278	\$ 220,461,691	\$ 228,829,999	\$ 231,795,528	\$ 232,812,606
Contributions as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	0.0%	0.0%	10.1%	37.0%	14.3%	15.5%	17.7%

* 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.

City of Detroit, Michigan

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

Year Ended June 30, 2017

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

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

City of Detroit, Michigan

Required Supplementary Information Schedule of Actuarial Assumptions Last Ten Fiscal Years

Year Ended June 30, 2017

GRS Component II	2017	2016	2015	2014	2013
Valuation date	See Note 1	See Note 1	See Note 1	June 30, 2012	June 30, 2011
Methods and assumptions used to determine contribution rates:					
Actuarial cost method				Entry Age	Entry Age
Amortization method				Level Percent	Level Percent
Remaining amortization period				30 years, Open	30 years, Open
Asset valuation method				7-year Smoothed Market	7-year Smoothed Market
Inflation				4.0%	4.0%
Salary increases				4.0% - 8.9%	4.0% - 8.9%
Investment rate of return				7.9%	7.9%
Retirement age				Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition
Mortality				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
Other information				Cost-of-living adjustments are 2.25% of original pension amounts at retirement	Cost-of-living adjustments are 2.25% of original pension amounts at retirement

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.

City of Detroit, Michigan

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

Year Ended June 30, 2017

2012	2011	2010	2009	2008
June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
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	5-year Smoothed Market	3-year Smoothed Market	3-year Smoothed Market	3-year Smoothed Market
4.0%	4.0%	4.0%	4.0%	4.0%
4.0% - 8.9%	4.0% - 8.9%	4.0% - 8.9%	4.0% - 9.5%	4.0% - 9.5%
7.9%	7.9%	7.9%	7.9%	7.9%
Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition
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	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

City of Detroit, Michigan

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

PFRS Component II	Year Ended June 30, 2017				
	2017	2016	2015	2014	2013
Valuation date	See Note 1	See Note 1	See Note 1	June 30, 2012	June 30, 2011
Methods and assumptions used to determine contribution rates:					
Actuarial cost method				Entry Age	Entry Age
Amortization method				Level Dollar, Closed	Level Dollar, Closed
Remaining amortization period				29 years, Closed	30 years, Closed
Asset valuation method				7-year Smoothed Market	7-year Smoothed Market
Inflation				0% for two years, 4.0% thereafter	0% for three years, 4.0% thereafter
Salary increases				5.0% - 9.2%	5.0% - 9.2%
Investment rate of return				8.00%	8.00%
Retirement age				Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition
Mortality				95% of the RP-2000 Combined Table for males and 100% of the RP-2000 Combined Table set back two years for females	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	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.

City of Detroit, Michigan

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

Year Ended June 30, 2017

2012	2011	2010	2009	2008
June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Level Percent	Level Percent	Level Percent	Level Percent	Level Percent
30 years, Closed	26 years, Closed	27 years, Closed	28 years, Closed	29 years, Closed
7-year Smoothed Market	3-year Smoothed Market	3-year Smoothed Market	3-year Smoothed Market	3-year Smoothed Market
4.0%	4.0%	4.0%	4.8%	4.8%
5.0% - 9.2%	5.0% - 9.2%	5.0% - 9.2%	5.8% - 10.8%	5.8% - 10.8%
8.00%	7.5%	7.5%	7.8%	7.8%
Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition	Experience-based table of rates are specific to the type of eligibility condition
95% of the RP-2000 Combined Table for males and 100% of the RP-2000 Combined Table set back two years for females	95% of the RP-2000 Combined Table for males and 100% of the RP-2000 Combined Table set back two years for females	95% of the RP-2000 Combined Table for males and 100% of the RP-2000 Combined Table set back two years for females	90% of the 1983 Group Annuity Mortality Table	90% of the 1983 Group Annuity Mortality Table
Cost-of-living adjustments are 2.25% of original pension amounts at retirement	Cost-of-living adjustments are 2.25% of original pension amounts at retirement	Cost-of-living adjustments are 2.25% of original pension amounts at retirement	Cost-of-living adjustments are 2.25% of original pension amounts at retirement	Cost-of-living adjustments are 2.25% of original pension amounts at retirement

Year Ended June 30, 2017

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, 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.

City of Detroit, Michigan

Required Supplementary Information OPEB System Schedule

June 30, 2017

Schedule of Funding Progress (in millions):

Actuarial Valuation Date June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)		Covered Payroll	UAAL as a Percentage of Covered Payroll
2010	\$ 24	\$ 35	68.5 %	\$ 11	\$ 567	2.0 %	
2011	25.7	34.6	74.3	8.9	444.4	2.0	
2013	31.3	32.4	96.6	1.2	397.0	0.3	
2014	3.4	5.8	58.6	2.4	397.0	0.6	
2015	3.8	6.5	58.5	2.7	423.0	0.6	
2016 *	4.0	3.3	121.2	(0.70)	449.3	(0.2)	

The supplemental Death Benefits Plan was also closed as of December 10, 2014; benefits to be paid to individuals retiring prior to that date are limited to the assets allocated to the closed plan. There are no further contribution requirements for the City for plan members that were retired as of December 10, 2014. The closed plan includes assets of approximately \$21.4 million, which equals the actuarial accrued liability of the plan as of June 30, 2017.

*Assumed rate of return increased from 3.8 percent to 7.0 percent.

City of Detroit, Michigan

Required Supplementary Information Schedule of OPEB Actuarial Assumptions

June 30, 2017

	<u>2017</u>
Valuation date	6/30/2016
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Individual
Amortization method	Level Dollar, Open
Remaining amortization period	30 years, Board policy
Asset valuation method	3-year Smoothed Market, no corridor
Inflation	N/A
Investment rate of return	7.00%, including inflation at 2.5 percent
Retirement age	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
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.

City of Detroit, Michigan

Required Supplementary Information
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Ten Fiscal Years

Year Ended June 30, 2017

	2017
Total OPEB Liability	
Service cost	\$ 103,457
Interest	215,053
Benefit payments, including refunds	(230,000)
Net Change in Total OPEB Liability	88,510
Total OPEB Liability - Beginning of year	3,135,459
Total OPEB Liability - End of year	\$ 3,223,969
Plan Fiduciary Net Position	
Contributions - Employer	\$ 88,709
Contributions - Employee	80,151
Net investment income	315,310
Administrative expenses	(61,755)
Benefit payments, including refunds	(230,000)
Net Change in Plan Fiduciary Net Position	192,415
Plan Fiduciary Net Position - Beginning of year	3,701,238
Plan Fiduciary Net Position - End of year	\$ 3,893,653
Net Pension Liability - Ending	\$ (669,684)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	120.77%
Covered Employee Payroll	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.

OTHER SUPPLEMENTARY INFORMATION SECTION

COMBINING NONMAJOR OTHER GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

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June 30, 2017

SPECIAL REVENUE FUNDS

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

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

June 30, 2017

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

City of Detroit, Michigan

Combining Balance Sheet Nonmajor Other Governmental Funds

June 30, 2017

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Permanent Funds	Total
Assets					
Cash and cash equivalents	\$ 160,365,622	\$ 76,988	\$ 40,023,054	\$ 757,358	\$ 201,223,022
Investments	9,421,479	-	-	939,157	10,360,636
Accounts and contracts receivable:					
Property taxes receivable	-	10,036,778	-	-	10,036,778
Special assessments	-	-	541,890	-	541,890
Loans receivable	100,841,010	-	-	-	100,841,010
Trade receivable	36,753,596	-	-	-	36,753,596
Total accounts and contracts receivable	137,594,606	10,036,778	541,890	-	148,173,274
Allowance for uncollectible accounts	<u>(134,944,668)</u>	<u>(4,617,936)</u>	<u>(541,890)</u>	<u>-</u>	<u>(140,104,494)</u>
Total accounts and contracts receivable - Net	2,649,938	5,418,842	-	-	8,068,780
Due from other funds	41,693,652	11,905,164	-	-	53,598,816
Due from other governmental agencies	34,630,940	-	7,194,966	-	41,825,906
Restricted cash and cash equivalents	2,726,774	26,136,990	16,469,927	-	45,333,691
Prepaid expenditures	51,696	-	-	-	51,696
Total assets	\$ 251,540,101	\$ 43,537,984	\$ 63,687,947	\$ 1,696,515	\$ 360,462,547
Liabilities					
Accounts and contracts payable	\$ 30,919,981	\$ -	\$ 7,786,192	\$ -	\$ 38,706,173
Accrued liabilities	1,799,040	-	-	-	1,799,040
Accrued salaries and wages	1,145,919	-	-	-	1,145,919
Due to other funds	39,521,342	-	258,394	-	39,779,736
Due to other governmental agencies	16,765,203	3,695,970	3,499,784	-	23,960,957
Deposits from vendors and customers	2,151,180	-	-	-	2,151,180
Unearned revenue	3,196,357	-	-	-	3,196,357
Other liabilities	4,328,133	2,517,554	617,933	4,161	7,467,781
Total liabilities	99,827,155	6,213,524	12,162,303	4,161	118,207,143
Deferred Inflows of Resources	2,220,366	5,418,842	-	-	7,639,208
Fund Balances					
Nonspendable:					
Prepaid expenditures	51,696	-	-	-	51,696
Permanent fund principal - Nonexpendable	-	-	-	1,005,096	1,005,096
Restricted for:					
Highway and street improvements	54,444,951	-	-	-	54,444,951
Police	10,735,208	-	-	-	10,735,208
Endowments and trusts - Expendable	-	-	-	687,258	687,258
Capital acquisitions	-	-	13,714,763	-	13,714,763
Local business growth	478,084	-	-	-	478,084
Rubbish collection and disposal	52,174,570	-	-	-	52,174,570
Construction code	18,509,391	-	-	-	18,509,391
Grants	14,772,891	-	-	-	14,772,891
Debt service	-	31,905,618	-	-	31,905,618
Assigned for - Capital acquisitions	-	-	37,810,881	-	37,810,881
Unassigned (deficit)	<u>(1,674,211)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,674,211)</u>
Total fund balances	149,492,580	31,905,618	51,525,644	1,692,354	234,616,196
Total liabilities, deferred inflows of resources, and fund balances	\$ 251,540,101	\$ 43,537,984	\$ 63,687,947	\$ 1,696,515	\$ 360,462,547

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City of Detroit, Michigan

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

Year Ended June 30, 2017

	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Permanent Funds	Totals
Revenue					
Taxes:					
Property taxes	\$ -	\$ 62,633,915	\$ -	\$ -	\$ 62,633,915
Gas and weight tax	66,767,719	-	-	-	66,767,719
Interest and penalties on taxes	-	126,907	-	-	126,907
Licenses, permits, and inspection charges	26,434,675	-	-	-	26,434,675
Intergovernmental:					
Federal	97,440,426	-	-	-	97,440,426
Other	13,361,512	-	-	-	13,361,512
Sales and charges for services	54,500,675	-	669,987	-	55,170,662
Ordinance fines and forfeitures	2,321,571	-	-	-	2,321,571
Investment earnings	9,251	592,067	-	-	601,318
Other revenue	13,386,265	3,237,446	4,033,333	20,823	20,677,867
Total revenue	274,222,094	66,590,335	4,703,320	20,823	345,536,572
Expenditures					
Current:					
Public protection	37,552,510	-	-	-	37,552,510
Health	24,743,138	-	-	-	24,743,138
Recreation and culture	432,211	-	-	59,599	491,810
Economic development	34,573,370	-	4,866,477	-	39,439,847
Physical environment	51,477,545	-	-	-	51,477,545
Transportation facilitation	47,701,015	-	-	-	47,701,015
Development and management	923,130	-	-	-	923,130
Debt service:					
Principal	21,849,000	38,615,000	-	-	60,464,000
Interest	4,033,248	24,949,157	-	-	28,982,405
Bond issuance costs	-	1,636,431	-	-	1,636,431
Capital outlay	48,606,655	-	112,769	-	48,719,424
Total expenditures	271,891,822	65,200,588	4,979,246	59,599	342,131,255
Net Change in Fund Balances	2,330,272	1,389,747	(275,926)	(38,776)	3,405,317
Other Financing Sources (Uses)					
Transfers in	8,015	-	-	-	8,015
Proceeds from bonds and notes issued	-	242,040,000	-	-	242,040,000
Debt premium on notes issued	-	28,234,922	-	-	28,234,922
Principal paid to bond agents for refunded bonds	-	(262,195,000)	-	-	(262,195,000)
Total other financing sources	8,015	8,079,922	-	-	8,087,937
Net Change in Fund Balances	2,338,287	9,469,669	(275,926)	(38,776)	11,493,254
Fund Balances - Beginning of year (as restated)	147,154,293	22,435,949	51,801,570	1,731,130	223,122,942
Fund Balances - End of year	\$ 149,492,580	\$ 31,905,618	\$ 51,525,644	\$ 1,692,354	\$ 234,616,196

City of Detroit, Michigan

	Community Development Block Grant Fund	Construction Code Fund	Urban Development Fund	Detroit Workforce Development Fund	Drug Law Enforcement Fund	General Grants Fund
Assets						
Cash and cash equivalents	\$ 15,406,095	\$ 16,318,454	\$ 1,270,438	\$ 264,973	\$ 13,379,444	\$ 24,217,076
Investments	2,121,735	-	-	-	-	106,322
Accounts and contracts receivable:						
Loans receivable	100,841,010	-	-	-	-	-
Trade receivables	-	15,529	-	-	54,555	756,145
Total accounts and contracts receivable	100,841,010	15,529	-	-	54,555	756,145
Less allowance for uncollectible accounts	(100,841,010)	-	-	-	-	-
Total accounts and contracts receivable - Net	-	15,529	-	-	54,555	756,145
Due from other funds	51,714	4,009,091	200,238	-	16,022	10,783
Due from other governmental agencies	7,817,442	-	947,563	121,408	-	9,485,464
Restricted cash and cash equivalents	-	-	460,117	-	-	-
Prepaid expenditures	-	-	-	-	-	-
Total assets	\$ 25,396,986	\$ 20,343,074	\$ 2,878,356	\$ 386,381	\$ 13,450,021	\$ 34,575,790
Liabilities						
Accounts and contracts payable	\$ 3,069,222	\$ 688,473	\$ 963,759	\$ -	\$ 556,439	\$ 2,720,489
Accrued liabilities	(103,333)	243,360	-	-	-	712,738
Accrued salaries and wages	123,916	203,709	-	-	30,875	354,681
Due to other funds	11,184,968	96,506	-	36,580	638,707	18,600,610
Due to other governmental agencies	1,991,942	-	122,325	122,369	-	8,756,449
Deposits from vendors and customers	740,868	175	55,555	-	1,354,582	-
Unearned revenue	-	-	-	-	14,843	3,166,514
Other liabilities	34,099	601,460	96,586	213,125	119,367	151,236
Total liabilities	17,041,682	1,833,683	1,238,225	372,074	2,714,813	34,462,717
Deferred Inflows of Resources	429,790	-	-	-	-	1,787,284
Fund Balances (Deficits)						
Nonspendable	-	-	-	-	-	-
Restricted for:						
Highway and street improvements	-	-	-	-	-	-
Police	-	-	-	-	10,735,208	-
Local business growth	-	-	-	-	-	-
Rubbish collection and disposal	-	-	-	-	-	-
Construction code	-	18,509,391	-	-	-	-
Grants	7,925,514	-	1,640,131	14,307	-	-
Unassigned	-	-	-	-	-	(1,674,211)
Total fund balances (deficits)	7,925,514	18,509,391	1,640,131	14,307	10,735,208	(1,674,211)
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 25,396,986	\$ 20,343,074	\$ 2,878,356	\$ 386,381	\$ 13,450,021	\$ 34,575,790

**Combining Balance Sheet
Nonmajor Other Governmental Funds
Special Revenue Funds**

June 30, 2017

Human Services Fund	Solid Waste Management Fund	Street Funds	Targeted Business Development Fund	Telecommunications Fund	Renewable Energy Fund	Donated Monies Fund	Totals
\$ 63	\$ 25,576,214	\$ 63,867,940	\$ -	\$ -	\$ 8,284	\$ 56,641	\$ 160,365,622
-	- 7,193,422	-	-	-	-	-	- 9,421,479
-	-	-	-	-	-	-	-
-	- 34,437,210	- 1,490,157	-	-	-	-	- 100,841,010
-	-	-	-	-	-	-	- 36,753,596
-	- 34,437,210	- 1,490,157	-	-	-	-	- 137,594,606
-	- (33,451,772)	- (651,886)	-	-	-	-	- (134,944,668)
-	- 985,438	- 838,271	-	-	-	-	- 2,649,938
-	- 31,347,659	- 5,376,570	- 478,084	-	- 203,491	-	- 41,693,652
-	-	- 13,599,119	-	- 2,659,944	-	-	- 34,630,940
-	-	-	-	- 2,266,657	-	-	- 2,726,774
-	- 51,696	-	-	-	-	-	- 51,696
\$ 63	\$ 65,154,429	\$ 83,681,900	\$ 478,084	\$ 4,926,601	\$ 211,775	\$ 56,641	\$ 251,540,101
\$ -	\$ 4,296,933	\$ 18,624,666	\$ -	\$ -	\$ -	\$ -	\$ 30,919,981
-	-	- 946,275	-	-	-	-	- 1,799,040
-	- 116,170	- 316,568	-	-	-	-	- 1,145,919
-	-	- 8,961,893	-	-	-	- 2,078	- 39,521,342
63	5,772,055	-	-	-	-	-	- 16,765,203
-	-	-	-	-	-	-	- 2,151,180
-	- 15,000	-	-	-	-	-	- 3,196,357
-	- 2,728,005	- 384,255	-	-	-	-	- 4,328,133
63	12,928,163	29,233,657	-	-	-	- 2,078	99,827,155
-	-	3,292	-	-	-	-	- 2,220,366
-	- 51,696	-	-	-	-	-	- 51,696
-	-	54,444,951	-	-	-	-	- 54,444,951
-	-	-	-	-	-	-	- 10,735,208
-	-	-	- 478,084	-	-	-	- 478,084
-	- 52,174,570	-	-	-	-	-	- 52,174,570
-	-	-	-	-	-	-	- 18,509,391
-	-	-	-	- 4,926,601	- 211,775	- 54,563	- 14,772,891
-	-	-	-	-	-	-	- (1,674,211)
-	- 52,226,266	- 54,444,951	- 478,084	- 4,926,601	- 211,775	- 54,563	- 149,492,580
\$ 63	\$ 65,154,429	\$ 83,681,900	\$ 478,084	\$ 4,926,601	\$ 211,775	\$ 56,641	\$ 251,540,101

City of Detroit, Michigan

	Community Development Block Grant Fund	Construction Code Fund	Urban Development Fund	Detroit Workforce Development Fund	Drug Law Enforcement Fund	General Grants Fund
Revenue						
Taxes:						
Gas and weight tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and inspection charges	-	23,640,283	-	-	-	2,794,392
Intergovernmental:						
Federal	48,226,423	-	5,140,690	-	-	42,706,711
Other	-	-	-	-	-	9,859,152
Sales and charges for services	-	-	-	-	-	-
Ordinance fines and forfeitures	-	265,286	-	-	1,804,937	-
Investment earnings	-	-	-	-	-	446
Other revenue	-	108,582	-	-	1,131,015	2,350,987
Total revenue	48,226,423	24,014,151	5,140,690	-	2,935,952	57,711,688
Expenditures						
Current:						
Public protection	-	19,465,607	-	-	1,846,489	16,240,414
Health	-	-	-	-	-	24,738,048
Recreation and culture	-	-	-	-	-	382,630
Economic development	26,725,597	-	5,590,088	-	-	2,257,685
Physical environment	-	-	-	-	-	50,151
Transportation facilitation	-	-	-	-	-	-
Development and management	-	-	-	-	-	923,130
Debt service:						
Principal	21,849,000	-	-	-	-	-
Interest	4,033,248	-	-	-	-	-
Capital outlay	1,081,644	-	-	-	770,923	4,714,121
Total expenditures	53,689,489	19,465,607	5,590,088	-	2,617,412	49,306,179
Excess of Revenue (Under) Over Expenditures	(5,463,066)	4,548,544	(449,398)	-	318,540	8,405,509
Other Financing Sources - Transfers in	-	-	-	-	-	-
Net Change in Fund Balances	(5,463,066)	4,548,544	(449,398)	-	318,540	8,405,509
Fund Balances (Deficits) - Beginning of year (Note 1)	13,388,580	13,960,847	2,089,529	14,307	10,416,668	(10,079,720)
Fund Balances (Deficits) - End of year	\$ 7,925,514	\$ 18,509,391	\$ 1,640,131	\$ 14,307	\$ 10,735,208	\$ (1,674,211)

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances

Nonmajor Other Governmental Funds

Special Revenue Funds

Year Ended June 30, 2017

Human Services Fund	Solid Waste Management Fund	Street Funds	Targeted Business Development Fund	Telecommunications Fund	Renewable Energy Fund	Donated Monies Fund	Totals
\$ -	\$ -	\$ 66,767,719	\$ -	\$ -	\$ -	\$ -	\$ 66,767,719
							26,434,675
-	-	1,366,602	-	-	-	-	97,440,426
-	-	842,416	-	2,659,944	-	-	13,361,512
-	54,397,875	102,800	-	-	-	-	54,500,675
-	251,348	-	-	-	-	-	2,321,571
-	8,805	-	-	-	-	-	9,251
-	9,771,331	24,350	-	-	-	-	13,386,265
-	64,429,359	69,103,887	-	2,659,944	-	-	274,222,094
-	-	-	-	-	-	-	37,552,510
5,090	-	-	-	-	-	-	24,743,138
-	-	-	-	-	-	49,581	432,211
-	-	-	-	-	-	-	34,573,370
-	51,427,394	-	-	-	-	-	51,477,545
-	-	47,701,015	-	-	-	-	47,701,015
-	-	-	-	-	-	-	923,130
-	-	-	-	-	-	-	21,849,000
-	-	-	-	-	-	-	4,033,248
-	33,688	39,925,232	-	2,081,047	-	-	48,606,655
5,090	51,461,082	87,626,247	-	2,081,047	-	49,581	271,891,822
(5,090)	12,968,277	(18,522,360)	-	578,897	-	(49,581)	2,330,272
8,015	-	-	-	-	-	-	8,015
2,925	12,968,277	(18,522,360)	-	578,897	-	(49,581)	2,338,287
(2,925)	39,257,989	72,967,311	478,084	4,347,704	211,775	104,144	147,154,293
\$ -	\$ 52,226,266	\$ 54,444,951	\$ 478,084	\$ 4,926,601	\$ 211,775	\$ 54,563	\$ 149,492,580

City of Detroit, Michigan

Combining Balance Sheet
Nonmajor Other Governmental Funds
Street Funds

June 30, 2017

	Major Account	Local Account	Totals
Assets			
Cash and cash equivalents	\$ 53,939,759	\$ 9,928,181	\$ 63,867,940
Accounts and contracts receivable - Trade	1,490,157	-	1,490,157
Less allowance for uncollectible accounts	(651,886)	-	(651,886)
Total accounts and contracts receivable - Net	838,271	-	838,271
Due from other funds	5,144,522	232,048	5,376,570
Due from other governmental agencies	10,783,177	2,815,942	13,599,119
Total assets	\$ 70,705,729	\$ 12,976,171	\$ 83,681,900
Liabilities			
Accounts and contracts payable	\$ 13,798,105	\$ 4,826,561	\$ 18,624,666
Due to other funds	4,041,407	4,920,486	8,961,893
Accrued liabilities	946,275	-	946,275
Accrued salaries and wages	316,568	-	316,568
Other liabilities	-	384,255	384,255
Total liabilities	19,102,355	10,131,302	29,233,657
Deferred Inflows of Resources	3,292	-	3,292
Fund Balances - Restricted for highway and street improvements	51,600,082	2,844,869	54,444,951
Total liabilities, deferred inflows of resources, and fund balances	\$ 70,705,729	\$ 12,976,171	\$ 83,681,900

City of Detroit, Michigan

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances

Nonmajor Other Governmental Funds

Street Funds

Year Ended June 30, 2017

	Major Account	Local Account	Totals
Revenue			
Gas and weight tax	\$ 52,113,675	\$ 14,654,044	\$ 66,767,719
Intergovernmental:			
Federal	1,366,602	-	1,366,602
Other	842,416	-	842,416
Sales and charges for services	102,800	-	102,800
Other revenue	<u>24,350</u>	<u>-</u>	<u>24,350</u>
Total revenue	54,449,843	14,654,044	69,103,887
Expenditures			
Transportation facilitation	25,940,639	21,760,376	47,701,015
Capital outlay	<u>25,919,946</u>	<u>14,005,286</u>	<u>39,925,232</u>
Total expenditures	51,860,585	35,765,662	87,626,247
Excess of Revenue Over (Under) Expenditures	2,589,258	(21,111,618)	(18,522,360)
Other Financing Sources (Uses)			
Transfers in	-	8,378,429	8,378,429
Transfers out	<u>(8,378,429)</u>	<u>-</u>	<u>(8,378,429)</u>
Total other financing (uses) sources	<u>(8,378,429)</u>	<u>8,378,429</u>	<u>-</u>
Net Change in Fund Balances	(5,789,171)	(12,733,189)	(18,522,360)
Fund Balances - Beginning of year	<u>57,389,253</u>	<u>15,578,058</u>	<u>72,967,311</u>
Fund Balances - End of year	<u>\$ 51,600,082</u>	<u>\$ 2,844,869</u>	<u>\$ 54,444,951</u>

City of Detroit, Michigan

Combining Balance Sheet
Nonmajor Other Governmental Funds
Permanent Funds

June 30, 2017

	Other Trust	Cemetery Trust	Totals
Assets			
Cash and investments	<u>\$ 49,351</u>	<u>\$ 1,647,164</u>	<u>\$ 1,696,515</u>
Liabilities and Fund Balances			
Liabilities - Accrued liabilities	\$ -	\$ 4,161	\$ 4,161
Fund Balances			
Nonexpendable - Permanent fund principal	40,349	964,747	1,005,096
Restricted for endowments and trusts	9,002	678,256	687,258
Total fund balances	<u>49,351</u>	<u>1,643,003</u>	<u>1,692,354</u>
Total liabilities and fund balances	<u>\$ 49,351</u>	<u>\$ 1,647,164</u>	<u>\$ 1,696,515</u>

City of Detroit, Michigan

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances

Nonmajor Other Governmental Funds

Permanent Funds

Year Ended June 30, 2017

	Other Trust	Cemetery Trust	Totals
Revenue - Other	\$ -	\$ 20,823	\$ 20,823
Expenditures - Recreation and culture	-	59,599	59,599
Net Changes in Fund Balances	-	(38,776)	(38,776)
Fund Balances - Beginning of year	49,351	1,681,779	1,731,130
Fund Balances - End of year	\$ 49,351	\$ 1,643,003	\$ 1,692,354

City of Detroit, Michigan

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

Year Ended June 30, 2017

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenue				
Intergovernmental - Federal	\$ 32,529,443	\$ 26,856,217	\$ 48,226,423	\$ 21,370,206
Other revenue	-	491,298	-	(491,298)
Total revenue	32,529,443	27,347,515	48,226,423	20,878,908
Expenditures				
Current - Economic development	26,079,490	104,931,345	26,725,597	78,205,748
Debt service	6,431,953	23,247,572	25,882,248	(2,634,676)
Capital outlay	18,000	1,040,220	1,081,644	(41,424)
Total expenditures	32,529,443	129,219,137	53,689,489	75,529,648
Excess of Expenditures Over Revenue	-	(101,871,622)	(5,463,066)	96,408,556
Other Financing Sources - Transfers in	-	141,576	-	(141,576)
Net Change in Fund Balance	-	(101,730,046)	(5,463,066)	96,266,980
Fund Balance - Beginning of year	13,388,580	13,388,580	13,388,580	-
Fund Balance (Deficit) - End of year	\$ 13,388,580	\$ (88,341,466)	\$ 7,925,514	\$ 96,266,980

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

City of Detroit, Michigan

Budgetary Comparison Schedules Nonmajor Other Governmental Funds Construction Code Fund

Year Ended June 30, 2017

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenue				
Licenses, permits, and inspection charges	\$ 20,486,739	\$ 20,486,739	\$ 23,640,283	\$ 3,153,544
Ordinance fines and forfeitures	250,000	250,000	265,286	15,286
Other Revenue	-	-	108,582	108,582
Total revenue	20,736,739	20,736,739	24,014,151	3,277,412
Expenditures				
Public protection	20,312,120	17,915,298	19,465,607	(1,550,309)
Debt service	200,000	200,000	-	200,000
Capital outlay	25,000	25,000	-	25,000
Total expenditures	20,537,120	18,140,298	19,465,607	1,325,309
Excess of Revenue Over Expenditures	199,619	2,596,441	4,548,544	1,952,103
Other Financing Uses - Transfers out	(199,619)	(199,619)	-	199,619
Net Change in Fund Balance	-	2,396,822	4,548,544	2,151,722
Fund Balance - Beginning of year	13,960,847	13,960,847	13,960,847	-
Fund Balance - End of year	\$ 13,960,847	\$ 16,357,669	\$ 18,509,391	\$ 2,151,722

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

City of Detroit, Michigan

Budgetary Comparison Schedules Nonmajor Other Governmental Funds Urban Development Fund

Year Ended June 30, 2017

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenue				
Intergovernmental - Federal	\$ 3,662,334	\$ 7,016,380	\$ 5,140,690	\$ (1,875,690)
Other revenue	500,000	1,520,928	-	(1,520,928)
Total revenue	4,162,334	8,537,308	5,140,690	(3,396,618)
Expenditures				
Economic development	4,162,334	3,188,351	5,590,088	(2,401,737)
Capital outlay	-	106,907	-	106,907
Total expenditures	4,162,334	3,295,258	5,590,088	(2,294,830)
Excess of Revenue Over (Under) Expenditures				
	-	5,242,050	(449,398)	(5,691,448)
Other Financing Uses - Transfers out				
	-	(5,242,050)	-	5,242,050
Net Change in Fund Balance				
	-	-	(449,398)	(449,398)
Fund Balance - Beginning of year	2,089,529	2,089,529	2,089,529	-
Fund Balance - End of year	\$ 2,089,529	\$ 2,089,529	\$ 1,640,131	\$ (449,398)

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

City of Detroit, Michigan

Budgetary Comparison Schedules Nonmajor Other Governmental Funds Detroit Workforce Development Fund

Year Ended June 30, 2017

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)	
	Original	Final	Actual Amounts		
Revenue - Other revenue	\$ -	\$ -	\$ -	\$ -	-
Expenditures					
Economic development	- -	87,888	- -	87,888	
Educational development	- -	53,615	- -	53,615	
Capital outlay	- -	17,944	- -	17,944	
Total expenditures	- -	159,447	- -	159,447	
Net Change in Fund Balance					
	- -	(159,447)	- -	159,447	
Fund Balance - Beginning of year	14,307	14,307	14,307	14,307	-
Fund Balance (Deficit) - End of year	\$ 14,307	\$ (145,140)	\$ 14,307	\$ 159,447	

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

City of Detroit, Michigan

Budgetary Comparison Schedules Nonmajor Other Governmental Funds Drug Law Enforcement Fund

Year Ended June 30, 2017

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenue				
Ordinance fines and forfeitures	\$ -	\$ -	\$ 1,804,937	\$ 1,804,937
Other revenue	<u>1,619,275</u>	<u>1,619,275</u>	<u>1,131,015</u>	<u>(488,260)</u>
Total revenue	1,619,275	1,619,275	2,935,952	1,316,677
Expenditures				
Public protection	1,619,275	6,137,134	1,846,489	4,290,645
Capital outlay	<u>-</u>	<u>700,490</u>	<u>770,923</u>	<u>(70,433)</u>
Total expenditures	<u>1,619,275</u>	<u>6,837,624</u>	<u>2,617,412</u>	<u>4,220,212</u>
Net Change in Fund Balance				
	-	(5,218,349)	318,540	5,536,889
Fund Balance - Beginning of year	<u>10,416,668</u>	<u>10,416,668</u>	<u>10,416,668</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 10,416,668</u>	<u>\$ 5,198,319</u>	<u>\$ 10,735,208</u>	<u>\$ 5,536,889</u>

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

City of Detroit, Michigan

Budgetary Comparison Schedules Nonmajor Other Governmental Funds General Grants Fund

Year Ended June 30, 2017

	Budgeted Amounts				Variance With Final Budget - Positive (Negative)
	Original	Final	Actual Amounts		
Revenue					
Licenses, permits, and inspection charges	\$ 1,300,000	\$ 1,283,900	\$ 2,794,392	\$ 1,510,492	
Intergovernmental:					
Federal	13,100,438	175,027,862	42,706,711	(132,321,151)	
Other	13,777,897	146,765,969	9,859,152	(136,906,817)	
Investment earnings	-	251,454	446	(251,008)	
Other revenue	1,265,141	6,095,398	2,350,987	(3,744,411)	
Total revenue	29,443,476	329,424,583	57,711,688	(271,712,895)	
Expenditures					
Public protection	4,470,720	64,715,919	16,240,414	48,475,505	
Health	23,669,384	173,135,231	24,738,048	148,397,183	
Recreation and culture	473,372	4,152,623	382,630	3,769,993	
Economic development	-	20,414,416	2,257,685	18,156,731	
Physical environment	50,000	22,820,546	50,151	22,770,395	
Development and management	614,000	2,811,732	923,130	1,888,602	
Capital outlay	1,276,000	31,011,068	4,714,121	26,296,947	
Total expenditures	30,553,476	319,061,535	49,306,179	269,755,356	
Net Change in Fund Balance	(1,110,000)	10,363,048	8,405,509	(1,957,539)	
Fund Deficit - Beginning of year	(10,079,720)	(10,079,720)	(10,079,720)	-	
Fund Balance (Deficit) - End of year	\$ (11,189,720)	\$ 283,328	\$ (1,674,211)	\$ (1,957,539)	

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

City of Detroit, Michigan

Budgetary Comparison Schedules Nonmajor Other Governmental Funds Human Services Fund

Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenue - Other revenue	\$ -	\$ -	\$ -	\$ -
Expenditures - Health		- 168,019	5,090	162,929
Other Financing Sources - Transfers in		- -	8,015	8,015
Net Change in Fund Balance		- (168,019)	2,925	170,944
Fund Deficit - Beginning of year	(2,925)	(2,925)	(2,925)	-
Fund Deficit - End of year	<u>\$ (2,925)</u>	<u>\$ (170,944)</u>	<u>\$ -</u>	<u>\$ 170,944</u>

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

City of Detroit, Michigan

Budgetary Comparison Schedules Nonmajor Other Governmental Funds Solid Waste Management Fund

Year Ended June 30, 2017

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenue				
Sales and charges for services	\$ 43,893,874	\$ 43,893,874	\$ 54,397,875	\$ 10,504,001
Ordinance fines and forfeitures	-	-	251,348	251,348
Investment earnings	-	-	8,805	8,805
Other revenue	-	-	9,771,331	9,771,331
Total revenue	43,893,874	43,893,874	64,429,359	20,535,485
Expenditures				
Physical environment	42,993,874	74,245,287	51,427,394	22,817,893
Capital outlay	1,100,000	174,671	33,688	140,983
Total expenditures	44,093,874	74,419,958	51,461,082	22,958,876
Excess of Revenue (Under) Over Expenditures	(200,000)	(30,526,084)	12,968,277	43,494,361
Other Financing (Uses) Sources				
Transfer out	-	(31,667)	-	31,667
Transfer in	200,000	200,000	-	(200,000)
Total other financing sources	200,000	168,333	-	(168,333)
Net Change in Fund Balance	-	(30,357,751)	12,968,277	43,326,028
Fund Balance - Beginning of year	39,257,989	39,257,989	39,257,989	-
Fund Balance - End of year	\$ 39,257,989	\$ 8,900,238	\$ 52,226,266	\$ 43,326,028

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

City of Detroit, Michigan

Budgetary Comparison Schedules Nonmajor Other Governmental Funds Local Street Fund

Year Ended June 30, 2017

	Budgeted Amounts				Variance With Final Budget - Positive (Negative)	
	Original	Final	Actual Amounts			
Revenue						
Gas and weight tax	\$ 64,817,000	\$ 50,079,673	\$ 52,113,675	\$ 2,034,002		
Intergovernmental:						
Federal	613,855	1,291,713	1,366,602	74,889		
Other	-	2,036,327	842,416	(1,193,911)		
Sales and charges for services	-	-	102,800	102,800		
Other revenue	2,056,000	<u>14,920,337</u>	24,350	(14,895,987)		
Total revenue	67,486,855	68,328,050	54,449,843	(13,878,207)		
Expenditures						
Transportation facilitation	47,333,566	100,348,457	25,940,639	74,407,818		
Capital outlay	<u>20,153,289</u>	<u>147,958,878</u>	<u>25,919,946</u>	<u>122,038,932</u>		
Total expenditures	67,486,855	<u>248,307,335</u>	<u>51,860,585</u>	<u>(196,446,750)</u>		
Excess of Revenue (Under) Over Expenditures						
	-	(179,979,285)	2,589,258	182,568,543		
Other Financing Sources (Uses)						
Transfers in	-	3,250,295	-	(3,250,295)		
Transfers out	-	<u>(32,205,338)</u>	<u>(8,378,429)</u>	<u>23,826,909</u>		
Total other financing uses	-	<u>(28,955,043)</u>	<u>(8,378,429)</u>	<u>20,576,614</u>		
Net Change in Fund Balance						
	-	(208,934,328)	(5,789,171)	203,145,157		
Fund Balance - Beginning of year	<u>57,389,253</u>	<u>57,389,253</u>	<u>57,389,253</u>	<u>-</u>		
Fund Balance (Deficit) - End of year	\$ 57,389,253	\$ (151,545,075)	\$ 51,600,082	\$ 203,145,157		

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

City of Detroit, Michigan

Budgetary Comparison Schedules Nonmajor Other Governmental Funds Major Street Fund

Year Ended June 30, 2017

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenue				
Gas and weight tax	\$ -	\$ 13,835,433	\$ 14,654,044	\$ 818,611
Other revenue	-	105,767	-	(105,767)
Total revenue	-	13,941,200	14,654,044	712,844
Expenditures				
Transportation facilitation	-	5,015,074	21,760,376	(16,745,302)
Capital outlay	-	67,241,799	14,005,286	53,236,513
Total expenditures	-	72,256,873	35,765,662	36,491,211
Excess of Expenditures Over Revenue	-	(58,315,673)	(21,111,618)	37,204,055
Other Financing Sources - Transfers in	-	5,134,789	8,378,429	3,243,640
Net Change in Fund Balance	-	(53,180,884)	(12,733,189)	40,447,695
Fund Balance - Beginning of year	15,578,058	15,578,058	15,578,058	-
Fund Balance (Deficit) - End of year	\$ 15,578,058	\$ (37,602,826)	\$ 2,844,869	\$ 40,447,695

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

City of Detroit, Michigan

Budgetary Comparison Schedules
 Nonmajor Other Governmental Funds
 Target Business Development Fund

Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance With Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
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	\$ 478,084	\$ 478,084	\$ 478,084	\$ -

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

City of Detroit, Michigan

Budgetary Comparison Schedules Nonmajor Other Governmental Funds Telecommunications Fund

Year Ended June 30, 2017

	Budgeted Amounts				Variance With Final Budget - Positive (Negative)	
	Original	Final	Actual Amounts			
Revenue						
Intergovernmental - Other	\$ 2,178,000	\$ 2,178,000	\$ 2,659,944	\$ 481,944		
Other revenue	-	324,513	-	(324,513)		
Total revenue	2,178,000	2,502,513	2,659,944	157,431		
Expenditures - Capital outlay	2,178,000	5,094,157	2,081,047	3,013,110		
Net Change in Fund Balance	-	(2,591,644)	578,897	3,170,541		
Fund Balance - Beginning of year	4,347,704	4,347,704	4,347,704	-		
Fund Balance - End of year	\$ 4,347,704	\$ 1,756,060	\$ 4,926,601	\$ 3,170,541		

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

City of Detroit, Michigan

Budgetary Comparison Schedules Nonmajor Other Governmental Funds Renewable Energy Fund

Year Ended June 30, 2017

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

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

City of Detroit, Michigan

Budgetary Comparison Schedules Nonmajor Other Governmental Funds Donated Monies Fund

Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance With Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
	\$	\$	\$	
Revenue	\$ -	\$ -	\$ -	\$ -
Expenditures	-	-	49,581	(49,581)
Net Change in Fund Balance	-	-	(49,581)	(49,581)
Fund Balance - Beginning of year	104,144	104,144	104,144	-
Fund Balance - End of year	\$ 104,144	\$ 104,144	\$ 54,563	\$ (49,581)

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

City of Detroit, Michigan

Budgetary Comparison Schedules Nonmajor Other Governmental Funds Debt Service Fund

Year Ended June 30, 2017

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenue				
Property taxes	\$ 56,224,479	\$ 56,224,479	\$ 62,633,915	\$ 6,409,436
Other taxes and assessments	11,774,795	11,774,795	126,907	(11,647,888)
Investment earnings	-	-	592,067	592,067
Other revenue	-	-	3,237,446	3,237,446
Total revenue	67,999,274	67,999,274	66,590,335	(1,408,939)
Expenditures				
Economic development	4,163,808	4,163,808	-	4,163,808
Debt service:				
Principal	36,570,000	36,570,000	38,615,000	(2,045,000)
Interest	21,009,995	21,009,995	24,949,157	(3,939,162)
Bond issuance cost	-	-	1,636,431	(1,636,431)
Total expenditures	61,743,803	61,743,803	65,200,588	(3,456,785)
Excess of Revenue Over Expenditures	6,255,471	6,255,471	1,389,747	(4,865,724)
Other Financing Sources (Uses)				
Proceeds from bonds and notes issued	-	-	242,040,000	242,040,000
Premium on debt issuance	-	-	28,234,922	28,234,922
Principal paid to bond agents for refunded bonds	-	-	(262,195,000)	(262,195,000)
Transfers out	(6,255,471)	(6,255,471)	-	6,255,471
Total other financing (uses) sources	(6,255,471)	(6,255,471)	8,079,922	14,335,393
Net Change in Fund Balance	-	-	9,469,669	9,469,669
Fund Balance - Beginning of year	<u>22,435,949</u>	<u>22,435,949</u>	<u>22,435,949</u>	<u>-</u>
Fund Balance - End of year	\$ 22,435,949	\$ 22,435,949	\$ 31,905,618	\$ 9,469,669

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

City of Detroit, Michigan

Budgetary Comparison Schedules Nonmajor Governmental Funds Capital Project Fund

Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			Variance With Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenue				
Investment earnings	\$ 1,000,000	\$ 1,000,000	\$ -	\$ (1,000,000)
Sales and charges for services	-	-	669,987	669,987
Other revenue	-	372,846	4,033,333	3,660,487
Total revenue	1,000,000	1,372,846	4,703,320	3,330,474
Expenditures				
Economic development	-	-	4,866,477	(4,866,477)
Capital outlay	51,308,661	80,734,520	112,769	80,621,751
Total expenditures	51,308,661	80,734,520	4,979,246	75,755,274
Excess of Expenditures Over Revenue	(50,308,661)	(79,361,674)	(275,926)	(72,424,800)
Other Financing Sources - Transfers in	-	33,460,081	-	(33,460,081)
Net Change in Fund Balance	(50,308,661)	(45,901,593)	(275,926)	45,625,667
Fund Balance - Beginning of year	51,801,570	51,801,570	51,801,570	-
Fund Balance - End of year	\$ 1,492,909	\$ 5,899,977	\$ 51,525,644	\$ 45,625,667

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

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COMBINING STATEMENTS OF NONMAJOR ENTERPRISE FUNDS

June 30, 2017

NONMAJOR ENTERPRISE FUNDS

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

Airport Fund

The City's Airport Fund was created to account for the operations of City Airport.

Automobile Parking Fund

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

City of Detroit, Michigan

Combining Statement of Net Position Nonmajor Enterprise Funds

June 30, 2017

	Airport Fund	Automobile Parking Fund	Totals
Assets and Deferred Outflows of Resources			
Current assets:			
Cash and cash equivalents	\$ 2,627,041	\$ 37,704,101	\$ 40,331,142
Accounts and contracts receivable - Other receivables - Trade	379,627	917,911	1,297,538
Allowance for uncollectible accounts	<u>(361,503)</u>	<u>(33,194)</u>	<u>(394,697)</u>
Total accounts and contracts receivable - Net	18,124	884,717	902,841
Due from other funds	385	223,232	223,617
Prepaid expenses	<u>1,095</u>	<u>380</u>	<u>1,475</u>
Total current assets	2,646,645	38,812,430	41,459,075
Noncurrent assets - Capital assets:			
Land and land rights	16,021,972	4,241,273	20,263,245
Land improvements	9,830,941	214,908	10,045,849
Buildings and structures	6,615,899	97,247,298	103,863,197
Vehicles and buses	249,689	1,182,717	1,432,406
Machinery, equipment, and fixtures	1,567,655	4,834,745	6,402,400
Structures	-	100,747,311	100,747,311
Construction in progress	<u>-</u>	<u>6,171,125</u>	<u>6,171,125</u>
Total capital assets	34,286,156	214,639,377	248,925,533
Less accumulated depreciation	<u>(15,325,010)</u>	<u>(147,652,218)</u>	<u>(162,977,228)</u>
Total noncurrent assets - Capital assets - Net	<u>18,961,146</u>	<u>66,987,159</u>	<u>85,948,305</u>
Total assets	21,607,791	105,799,589	127,407,380
Deferred outflows of resources	<u>176,144</u>	<u>1,167,292</u>	<u>1,343,436</u>
Total assets and deferred outflows of resources	\$ 21,783,935	\$ 106,966,881	\$ 128,750,816

City of Detroit, Michigan

Combining Statement of Net Position (Continued)

Nonmajor Enterprise Funds

June 30, 2017

	Airport Fund	Automobile Parking Fund	Totals
Liabilities, Deferred Inflows of Resources, and Net Position			
Current liabilities:			
Accounts and contracts payable	\$ 428,650	\$ 992,036	\$ 1,420,686
Accrued salaries and wages	14,539	101,383	115,922
Due to other funds	1,195,776	6,458,423	7,654,199
Due to fiduciary funds	452,777	700,796	1,153,573
Due to other governmental agencies	2,234	-	2,234
Accrued interest	5,523	-	5,523
Other liabilities	75,301	47,694	122,995
Accrued compensated absences and workers' compensation claims	21,585	83,826	105,411
Accrued workers' compensation and claims and judgments	-	36,000	36,000
Total current liabilities	2,196,385	8,420,158	10,616,543
Noncurrent liabilities:			
Bonds and notes payable - Net	552,308	700,204	1,252,512
Accrued compensated absences	8,797	55,355	64,152
Accrued workers' compensation and claims and judgments	2,000,000	229,036	2,229,036
Unearned revenue	47,506	15,392,586	15,440,092
Death benefit obligation	2,730	11,319	14,049
Net pension liability	1,087,161	7,183,830	8,270,991
Total noncurrent liabilities	3,698,502	23,572,330	27,270,832
Total liabilities	5,894,887	31,992,488	37,887,375
Deferred inflows of resources	8,012	79,451	87,463
Net position:			
Net investment in capital assets	18,961,146	66,987,159	85,948,305
Unrestricted (deficit) net position	(3,080,110)	7,907,783	4,827,673
Total net position	15,881,036	74,894,942	90,775,978
Total liabilities, deferred inflows of resources, and net position	\$ 21,783,935	\$ 106,966,881	\$ 128,750,816

City of Detroit, Michigan

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

Year Ended June 30, 2017

	Airport Fund	Automobile Parking Fund	Totals
Operating Revenue			
Sales and charges for services	\$ 32,012	\$ -	\$ 32,012
Rentals, fees, and surcharges	668,609	14,795,766	15,464,375
Miscellaneous	411	-	411
Total operating revenue	<u>701,032</u>	<u>14,795,766</u>	<u>15,496,798</u>
Operating Expenses			
Salaries, wages, and benefits	362,721	2,144,590	2,507,311
Operating	1,605,080	3,087,077	4,692,157
Maintenance	82,524	2,073,042	2,155,566
Materials, supplies, and other expenses	232,972	57,629	290,601
Pension	18,127	503,125	521,252
Depreciation	145,927	2,392,258	2,538,185
Total operating expenses	<u>2,447,351</u>	<u>10,257,721</u>	<u>12,705,072</u>
Operating (loss) income	(1,746,319)	4,538,045	2,791,726
Nonoperating Revenue (Expenses)			
Federal and state grants	14,071	-	14,071
Interest on bonds, notes payable, and loans	(22,092)	(35,010)	(57,102)
Total nonoperating expenses - Net	<u>(8,021)</u>	<u>(35,010)</u>	<u>(43,031)</u>
Net (loss) income before transfers	(1,754,340)	4,503,035	2,748,695
Transfers In			
Increase in Net Position	1,294,646	7,960,309	9,254,955
Net Position - Beginning of year	14,586,390	66,934,633	81,521,023
Net Position - End of year	<u>\$ 15,881,036</u>	<u>\$ 74,894,942</u>	<u>\$ 90,775,978</u>

City of Detroit, Michigan

Combining Statement of Cash Flows Nonmajor Enterprise Funds

Year Ended June 30, 2017

	Airport Fund	Automobile Parking Fund	Totals
Cash Flows from Operating Activities			
Receipts from customers	\$ 704,975	\$ 13,445,257	\$ 14,150,232
Receipts (payments) to/from other funds	(1,988,149)	2,526,967	538,818
Deposits refunded to customers	(6,768)	-	(6,768)
Payments to suppliers	(1,480,708)	(5,472,833)	(6,953,541)
Payments to employees	<u>(361,110)</u>	<u>(2,322,509)</u>	<u>(2,683,619)</u>
Net cash (used in) provided by operating activities	(3,131,760)	8,176,882	5,045,122
Cash Flows from Noncapital Financing Activities			
Federal and state grants	14,071	-	14,071
Transfers from other funds	<u>3,048,986</u>	<u>3,457,274</u>	<u>6,506,260</u>
Net cash provided by noncapital financing activities	3,063,057	3,457,274	6,520,331
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	-	(1,689,574)	(1,689,574)
Interest paid on bonds, notes, and leases - Net	<u>(22,092)</u>	<u>(35,010)</u>	<u>(57,102)</u>
Net cash used in capital and related financing activities	<u>(22,092)</u>	<u>(1,724,584)</u>	<u>(1,746,676)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(90,795)	9,909,572	9,818,777
Cash and Cash Equivalents - Beginning of year	2,717,836	27,794,529	30,512,365
Cash and Cash Equivalents - End of year	\$ 2,627,041	\$ 37,704,101	\$ 40,331,142

City of Detroit, Michigan

Combining Statement of Cash Flows (Continued) Nonmajor Enterprise Funds

Year Ended June 30, 2017

	Airport Fund	Automobile Parking Fund	Totals
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities			
Operating (loss) income			
	\$ (1,746,319)	\$ 4,538,045	\$ 2,791,726
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:			
Depreciation and amortization	145,927	2,392,258	2,538,185
Changes in assets and liabilities:			
Accounts and contracts receivable	9,993	(642,473)	(632,480)
Prepaid expenses	3,109	6,262	9,371
Due from other funds	5,784	31,685,999	31,691,783
Unearned revenue	-	(708,036)	(708,036)
Accounts and contracts payable	361,486	(802,184)	(440,698)
Due to other funds	(1,993,933)	(29,159,032)	(31,152,965)
Due to fiduciary funds	24,274	377,544	401,818
Other liabilities	32,639	161,466	194,105
Net pension liability	17,414	437,453	454,867
Accrued compensated absences	5,373	(47,612)	(42,239)
Accrued workers' compensation and claims and judgments	(2,000)	(27,964)	(29,964)
Death benefit obligation	208	1,463	1,671
Accrued salaries and wages	4,285	(36,307)	(32,022)
Net cash (used in) provided by operating activities	\$ (3,131,760)	\$ 8,176,882	\$ 5,045,122

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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	\$ 5,703,254	\$ 106,194,926	\$ 111,898,180	\$ 5,391,242	\$ 91,155,730	\$ 96,546,972		
Investments at fair value:								
Global equities	31,203,254	998,607,114	1,029,810,368	43,675,035	1,467,571,859	1,511,246,894		
Global fixed income	3,040,784	97,315,126	100,355,910	19,109,999	642,135,590	661,245,589		
Real assets	9,893,216	316,738,440	326,631,656	14,148,246	473,271,932	487,420,178		
Private equity	2,549,069	81,578,634	84,127,703	2,439,557	81,974,190	84,413,747		
Diversifying strategies	8,360,978	267,571,101	275,932,079	4,854,939	163,136,034	167,990,973		
Short-term investments	-	-	-	-	-	-		
Total investments	55,047,301	1,761,810,415	1,816,857,716	84,227,776	2,828,089,605	2,912,317,381		
Accrued interest receivable	52,054	1,665,909	1,717,963	207,388	6,968,647	7,176,035		
Due from primary government	-	-	-	-	-	-		
Due from other governmental units	-	-	-	-	-	-		
Contributions receivable	2,525,993	6,043,576	8,569,569	4,162,780	598,809	4,761,589		
Notes receivable from participants	-	4,846,803	4,846,803	-	8,607,450	8,607,450		
Receivables from investment sales	216,258	6,920,959	7,137,217	1,733,031	58,233,431	59,966,462		
Other receivables	-	137,854	137,854	34,134	2,209,817	2,243,951		
ASF recoupment receivable	-	105,619,901	105,619,901	-	-	-		
Prepaid expenditures and other assets	-	-	-	3,327	127,125	130,452		
Cash and investments held as collateral for securities lending	2,340,478	74,903,007	77,243,485	6,578,244	221,042,660	227,620,904		
Capital assets	-	267,889	267,889	-	267,822	267,822		
Total assets	65,885,338	2,068,411,239	2,134,296,577	102,337,922	3,217,301,096	3,319,639,018		
Liabilities								
Accounts and contracts payable	203,716	4,844,383	5,048,099	-	-	-		
Payables for investment purchases	264,260	7,817,063	8,081,323	1,951,965	65,590,109	67,542,074		
Benefits and claims payable	-	-	-	19,633	566,061	585,694		
Due to primary government	-	1,190,533	1,190,533	-	1,190,533	1,190,533		
Refundable deposits	-	-	-	-	-	-		
Undistributed tax receipts	-	-	-	-	-	-		
Amount due to broker for securities lending	2,314,143	74,060,198	76,374,341	6,965,256	218,447,563	225,412,819		
Other liabilities	180,895	1,857,372	2,038,267	45,048	5,044,227	5,089,275		
Total liabilities	2,963,014	89,769,549	92,732,563	8,981,902	290,838,493	299,820,395		
Net Position								
Net position held in trust for pension and other employee benefits	62,922,324	1,978,641,690	2,041,564,014	93,356,020	2,926,462,603	3,019,818,623		
Death benefit and disability income protection	-	-	-	-	-	-		
Total net position	\$ 62,922,324	\$ 1,978,641,690	\$ 2,041,564,014	\$ 93,356,020	\$ 2,926,462,603	\$ 3,019,818,623		

**Combining Statement of Net Position
Fiduciary Fund**

June 30, 2017

Other Employee Benefits						
Other Employment Benefits Fund	Employee Death Benefits Fund	Employee Disability	Total Pension			
			Income Protection Fund	and Other Employee Benefit Trusts	Agency Funds	Totals
\$ 4,003,655	\$ 1,067,422	\$ -	\$ 213,516,229	\$ 13,670,745	\$ 227,186,974	
-	4,131,230	-	2,545,188,492	-	2,545,188,492	
-	2,171,000	-	763,772,499	-	763,772,499	
-	-	-	814,051,834	-	814,051,834	
1,478,424	9,736,922	-	179,756,796	-	179,756,796	
-	8,103,527	-	452,026,579	-	452,026,579	
				21,988,555		21,988,555
1,478,424	24,142,679	-	4,754,796,200	21,988,555	4,776,784,755	
-	-	-	8,893,998	-	8,893,998	
10,692,533	47,225	1,329,003	12,068,761	-	12,068,761	
1,000,000	-	-	1,000,000	305,043	1,305,043	
-	-	-	13,331,158	-	13,331,158	
-	-	-	13,454,253	-	13,454,253	
-	-	-	67,103,679	-	67,103,679	
220,605	-	-	2,602,410	157,042	2,759,452	
-	-	-	105,619,901	-	105,619,901	
-	-	-	130,452	-	130,452	
-	-	-	304,864,389	-	304,864,389	
			535,711	-	535,711	
17,395,217	25,257,326	1,329,003	5,497,917,141	36,121,385	5,534,038,526	
11,024,067	-	329,003	16,401,169	718,051	17,119,220	
-	-	-	75,623,397	-	75,623,397	
-	-	-	585,694	-	585,694	
1,723,348	-	-	4,104,414	-	4,104,414	
-	-	-	-	6,164,194	6,164,194	
-	-	-	-	6,028,969	6,028,969	
-	-	-	301,787,160	-	301,787,160	
35,634	-	-	7,163,176	23,210,171	30,373,347	
12,783,049	-	329,003	405,665,010	36,121,385	441,786,395	
4,612,168	25,257,326	1,000,000	5,061,382,637	-	5,061,382,637	
			30,869,494	-	30,869,494	
\$ 4,612,168	\$ 25,257,326	\$ 1,000,000	\$ 5,092,252,131	\$ -	\$ 5,092,252,131	

City of Detroit, Michigan

Pension							
	General Retirement System				Police and Fire Retirement System		
	Hybrid Plan Component I	Legacy Plan Component II	Total	Hybrid Plan Component I	Legacy Plan Component II	Total	
Additions							
Employer contributions	\$ 9,484,992	\$ 100,403,276	\$ 109,888,268	\$ 16,448,246	\$ 3,185,526	\$ 19,633,772	
Plan member contributions	12,795,405	-	12,795,405	8,589,027	14,055	8,603,082	
State and foundations	-	375,000	375,000	-	18,300,000	18,300,000	
AFS recoupment	-	7,374,918	7,374,918	-	-	-	
Other income	61,834	959,760	1,021,594	9,058	1,491,609	1,500,667	
Transfer in	-	-	-	20,000,000	-	20,000,000	
Total contributions	22,342,231	109,112,954	131,455,185	45,046,331	22,991,190	68,037,521	
Investment earnings (loss):							
Interest and dividend income	1,001,757	34,057,105	35,058,862	1,532,755	92,771,198	94,303,953	
Net increase in fair value	8,374,219	182,397,618	190,771,837	7,747,447	202,020,246	209,767,693	
Investment expense	(281,690)	(9,662,810)	(9,944,500)	(456,113)	(15,326,316)	(15,782,429)	
Securities lending income - Net	13,551	468,693	482,244	29,539	1,636,844	1,666,383	
Net gain on collateralized securities	1,895	60,652	62,547	44,158	1,384,898	1,429,056	
Total investment earnings	9,109,732	207,321,258	216,430,990	8,897,786	282,486,870	291,384,656	
Total additions	31,451,963	316,434,212	347,886,175	53,944,117	305,478,060	359,422,177	
Deductions							
Pension and annuity benefits	288,290	243,607,013	243,895,303	137,325	286,730,201	286,867,526	
Member refunds and withdrawals	1,846,519	24,311,533	26,158,052	86,501	19,431,503	19,518,004	
General and administrative expenses	2,648,385	6,021,837	8,670,222	2,648,034	4,433,656	7,081,690	
Transfer out	-	-	-	-	20,000,000	20,000,000	
Total deductions	4,783,194	273,940,383	278,723,577	2,871,860	330,595,360	333,467,220	
Net Increase (Decrease)	26,668,769	42,493,829	69,162,598	51,072,257	(25,117,300)	25,954,957	
Net Position - Beginning of year	36,253,555	1,936,147,861	1,972,401,416	42,283,763	2,951,579,903	2,993,863,666	
Net Position - End of year	\$ 62,922,324	\$1,978,641,690	\$2,041,564,014	\$ 93,356,020	\$2,926,462,603	\$3,019,818,623	

**Combining Statement of Changes in Net Position
Fiduciary Fund**

Year Ended June 30, 2017

Other Employee Benefits				
Other Employment Benefits Fund	Employee Death Benefits Fund	Employee Disability Income Protection Plan	Total Pension and Other Employee Benefit Trusts	
\$ 43,570,835	\$ -	\$ 929,372	\$ 174,022,247	
13,015,432	80,151	-	34,494,070	
-	-	-	18,675,000	
-	-	-	7,374,918	
848,766	-	-	3,371,027	
-	-	-	20,000,000	
<hr/>	<hr/>	<hr/>	<hr/>	
57,435,033	80,151	929,372	257,937,262	
<hr/>	<hr/>	<hr/>	<hr/>	
10,988	2,136,569	-	131,510,372	
-	-	-	400,539,530	
-	-	-	(25,726,929)	
-	-	-	2,148,627	
-	-	-	1,491,603	
<hr/>	<hr/>	<hr/>	<hr/>	
10,988	2,136,569	-	509,963,203	
<hr/>	<hr/>	<hr/>	<hr/>	
57,446,021	2,216,720	929,372	767,900,465	
<hr/>	<hr/>	<hr/>	<hr/>	
-	-	-	530,762,829	
56,327,748	2,038,951	929,372	104,972,127	
773,808	391	-	16,526,111	
<hr/>	<hr/>	<hr/>	<hr/>	
57,101,556	2,039,342	929,372	672,261,067	
<hr/>	<hr/>	<hr/>	<hr/>	
344,465	177,378	-	95,639,398	
<hr/>	<hr/>	<hr/>	<hr/>	
4,267,703	25,079,948	1,000,000	4,996,612,733	
<hr/>	<hr/>	<hr/>	<hr/>	
\$ 4,612,168	\$ 25,257,326	\$ 1,000,000	\$ 5,092,252,131	

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COMBINING STATEMENTS OF AGENCY FUNDS

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City of Detroit, Michigan

Combining Statement of Assets and Liabilities Agency Funds

June 30, 2017

	Fire Insurance Escrow Fund	36th District Court Fund	B Bond Claims Funds	Property Tax Receiving Fund	Other Agency Funds	Totals
Assets						
Cash and cash equivalents	\$ 303,279	\$ 6,087,206	\$ -	\$ 7,007,085	\$ 273,175	\$ 13,670,745
Investments at fair value	9,277,987	-	12,710,568	-	-	21,988,555
Other receivables	156,861	-	-	181	-	157,042
Due from other governments	200,107	-	-	104,936	-	305,043
Total assets	\$ 9,938,234	\$ 6,087,206	\$ 12,710,568	\$ 7,112,202	\$ 273,175	\$ 36,121,385
Liabilities						
Accounts and contracts payable	\$ 57,688	\$ -	\$ -	\$ 660,363	\$ -	\$ 718,051
Refundable deposits	-	6,087,206	-	76,988	-	6,164,194
Other liabilities	9,880,546	-	12,710,568	345,882	273,175	23,210,171
Undistributed tax receipts	-	-	-	6,028,969	-	6,028,969
Total liabilities	\$ 9,938,234	\$ 6,087,206	\$ 12,710,568	\$ 7,112,202	\$ 273,175	\$ 36,121,385

City of Detroit, Michigan

Combining Statement of Changes in Assets and Liabilities Agency Funds

Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Fire Insurance Escrow Fund				
Assets				
Cash and cash equivalents	\$ (305,421)	\$ 608,700	\$ -	\$ 303,279
Investments at fair value	14,130,483	-	4,852,496	9,277,987
Other receivables	-	156,861	-	156,861
Due from other governments	103,814	96,293	-	200,107
Total assets	\$ 13,928,876	\$ 861,854	\$ 4,852,496	\$ 9,938,234
Liabilities				
Accounts and contracts payable	\$ 127,085	\$ -	\$ 69,397	\$ 57,688
Due to primary government	8,055	53,217	61,272	-
Other liabilities	13,793,736	61,272	3,974,462	9,880,546
Total liabilities	\$ 13,928,876	\$ 114,489	\$ 4,105,131	\$ 9,938,234
36th District Court				
Assets				
Cash and cash equivalents	\$ 6,262,545	\$ 2,305,643	\$ 2,480,982	\$ 6,087,206
Liabilities				
Refundable deposits	\$ 6,262,545	\$ 2,305,643	\$ 2,480,982	\$ 6,087,206
B Bond Claims				
Assets				
Investments at fair value	\$ 12,871,399	\$ 825,937	\$ 986,768	\$ 12,710,568
Liabilities				
Other liabilities	\$ 12,871,399	\$ 825,937	\$ 986,768	\$ 12,710,568
Property Tax Receiving Fund				
Assets				
Cash and cash equivalents	\$ 12,877,031	\$ -	\$ 5,869,946	\$ 7,007,085
Other receivables	-	181	-	181
Due from other governments	-	104,936	-	104,936
Total assets	\$ 12,877,031	\$ 105,117	\$ 5,869,946	\$ 7,112,202
Liabilities				
Accounts and contracts payable	\$ 91,552	\$ 568,811	\$ -	\$ 660,363
Due to primary government	8,052,625	-	8,052,625	-
Due to other governmental units	1,819,688	-	1,819,688	-
Undistributed tax receipts	-	6,028,969	-	6,028,969
Refundable deposits	-	76,988	-	76,988
Other liabilities	2,913,166	-	2,567,284	345,882
Total liabilities	\$ 12,877,031	\$ 6,674,768	\$ 12,439,597	\$ 7,112,202
Other Agency Funds				
Assets				
Cash and cash equivalents	\$ 294,237	\$ 273,175	\$ 294,237	\$ 273,175
Liabilities				
Other liabilities	\$ 294,237	\$ 273,175	\$ 294,237	\$ 273,175

City of Detroit, Michigan

Combining Statement of Changes in Assets and Liabilities (Continued) Agency Funds

Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Total Agency Funds				
Assets				
Cash and cash equivalents	\$ 19,128,392	\$ 3,187,518	\$ 8,645,165	\$ 13,670,745
Investments at fair value	27,001,882	825,937	5,839,264	21,988,555
Other receivables	-	157,042	-	157,042
Due from other governments	103,814	201,229	-	305,043
Total assets	\$ 46,234,088	\$ 4,371,726	\$ 14,484,429	\$ 36,121,385
Liabilities				
Accounts and contracts payable	\$ 218,637	\$ 568,811	\$ 69,397	\$ 718,051
Refundable deposits	6,262,545	2,382,631	2,480,982	6,164,194
Due to primary government	8,060,680	53,217	8,113,897	-
Due to other governmental units	1,819,688	-	1,819,688	-
Undistributed tax receipts	-	6,028,969	-	6,028,969
Other liabilities	29,872,538	1,160,384	7,822,751	23,210,171
Total liabilities	\$ 46,234,088	\$ 10,194,012	\$ 20,306,715	\$ 36,121,385

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STATISTICAL SECTION (UNAUDITED)

The Statistical Section Contains:

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

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June 30, 2017

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			
	2017	2016	2015	2014
Governmental Activities				
Net investment in capital assets	\$ 1,111,259,232	\$ 1,070,813,493	\$ 1,098,963,308	\$ 886,141,054
Restricted	418,002,865	389,338,643	544,636,902	102,047,103
Unrestricted (deficit)	<u>(1,880,824,756)</u>	<u>(1,822,999,101)</u>	<u>(3,042,213,052)</u>	<u>(3,961,253,287)</u>
Total governmental activities net position	(351,562,659)	(362,846,965)	(1,398,612,842)	(2,973,065,130)
Business-type Activities				
Net investment in capital assets	407,668,088	619,028,014	(23,000,738)	54,337,164
Restricted	59,804,608	22,212,888	423,774,879	473,057,369
Unrestricted (deficit)	<u>696,163,152</u>	<u>716,148,063</u>	<u>(1,077,018,026)</u>	<u>(1,595,122,442)</u>
Total business-type activities net position	<u>1,163,635,848</u>	<u>1,357,388,965</u>	<u>(676,243,885)</u>	<u>(1,067,727,909)</u>
Primary Government				
Net investment in capital assets	1,518,927,320	1,689,841,507	1,075,962,570	940,478,218
Restricted	477,807,473	411,551,531	968,411,781	575,104,472
Unrestricted (deficit)	<u>(1,184,661,604)</u>	<u>(1,106,851,038)</u>	<u>(4,119,231,078)</u>	<u>(5,556,375,729)</u>
Total primary government net position	<u>\$ 812,073,189</u>	<u>\$ 994,542,000</u>	<u>\$ (2,074,856,727)</u>	<u>\$ (4,040,793,039)</u>

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

June 30, 2017

Fiscal Year						
2013	2012	2011	2010	2009	2008	
\$ 832,127,493	\$ 803,653,672	\$ 711,987,330	\$ 717,589,037	\$ 631,821,536	\$ 558,340,662	
75,055,537	73,786,466	110,223,372	93,496,558	142,704,927	158,523,041	
(1,714,975,464)	(1,557,840,700)	(1,360,282,090)	(1,278,954,788)	(956,905,000)	(687,464,129)	
(807,792,434)	(680,400,562)	(538,071,388)	(467,869,193)	(182,378,537)	29,399,574	
525,963,518	1,047,594,007	435,962,058	781,976,263	698,477,050	743,865,611	
244,039,925	461,972,732	303,235,683	284,696,404	347,303,231	304,273,113	
(640,389,229)	(1,201,140,082)	(230,134,710)	(333,688,853)	36,681,530	185,998,204	
308,426,657	308,426,657	308,426,657	308,426,657	308,426,657	308,426,657	
1,358,091,011	1,851,247,679	1,147,949,388	1,499,565,300	1,330,298,586	1,302,206,273	
319,095,462	535,759,198	413,459,055	378,192,962	490,008,158	462,796,154	
(2,355,364,693)	(2,758,980,782)	(1,590,416,800)	(1,612,643,641)	(920,223,470)	(501,465,925)	
\$ (499,365,777)	\$ (371,973,905)	\$ (229,644,731)	\$ (159,442,536)	\$ 126,048,120	\$ 337,826,231	

City of Detroit, Michigan

	Fiscal Year			
	2017	2016	2015	2014
Expenses				
Governmental activities:				
Public protection	\$ 643,746,962	\$ (158,890,077)	\$ 527,636,236	\$ 539,831,117
Health	29,784,840	27,950,664	31,640,136	49,563,178
Recreation and culture	29,922,328	5,956,037	21,863,335	30,467,345
Economic development	42,562,725	42,455,723	70,889,645	59,701,870
Educational development	-	-	1,477	-
Housing supply and conditions	9,810,694	3,223,431	1,920,096	8,465,345
Physical environment	116,733,180	2,385,020	41,582,157	110,555,039
Transportation facilitation	31,513,472	36,489,715	38,658,855	55,831,652
Development and management	325,937,109	(52,688,289)	490,076,634	328,243,425
Interest on long-term debt	91,611,017	78,301,298	95,776,801	135,130,618
Total government activities expenses	1,321,622,327	(14,816,478)	1,320,045,372	1,317,789,589
Business-type activities:				
Sew age disposal	314,993,258	254,617,493	425,198,938	482,723,501
Transportation	178,551,373	6,654,042	101,466,158	163,841,194
Water	122,932,303	134,245,899	360,527,146	392,920,925
Automobile parking	10,257,721	2,219,819	7,915,022	14,714,363
Airport	2,504,453	2,492,521	1,364,972	2,722,946
Public lighting authority	16,328,382	16,758,370	16,706,571	1,890,472
Total business-type activities expenses	645,567,490	416,988,144	913,178,807	1,058,813,401
Total primary government expenses	1,967,189,817	402,171,666	2,233,224,179	2,376,602,990
Program Revenue				
Governmental activities:				
Charges for services:				
Public protection	87,794,040	82,771,964	63,885,128	75,017,759
Health	2,981,002	608,827	21,433	2,389,178
Recreation and culture	859,989	783,031	16,898,076	17,106,690
Economic development	669,987	866,690	3,215,123	3,344,270
Educational development	-	-	-	-
Housing supply and conditions	2,386,191	1,846,395	1,512,350	3,509,934
Physical environment	33,804,805	33,575,150	51,082,632	93,846,458
Transportation facilitation	4,204,012	3,635,209	47,861,667	22,728,698
Development and management	46,510,771	48,908,707	150,450,170	128,991,615
Operating grants and contributions	181,124,247	176,655,635	155,868,586	176,787,827
Capital grants and contributions	3,187,539	18,466,400	7,148,673	30,592,996
Total governmental activities program revenue	363,522,583	368,118,008	497,943,838	554,315,425
Business-type activities:				
Charges for services:				
Sew age disposal	273,687,927	405,492,789	505,671,614	475,770,844
Transportation	21,285,572	22,399,677	22,347,086	19,374,841
Water	108,174,791	264,538,200	364,278,054	349,369,362
Automobile parking	14,795,766	13,284,541	12,337,691	10,341,324
Airport	701,032	477,462	628,221	2,326,814
Public lighting authority	13,381,653	13,184,635	6,707,642	758,500
Operating grants and contributions	58,483,061	49,068,016	56,701,626	61,597,871
Capital grants and contributions	4,783,658	8,952,414	34,890,437	9,943,047
Total business-type activities program revenue	495,293,460	777,397,734	1,003,562,371	929,482,603
Total primary government program revenue	\$ 858,816,043	\$ 1,145,515,742	\$ 1,501,506,209	\$ 1,483,798,028

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

Year Ended June 30, 2017

Fiscal Year						
	2013	2012	2011	2010	2009	2008
\$	694,708,112	\$ 800,229,437	\$ 816,928,579	\$ 779,613,390	\$ 789,055,092	\$ 761,894,177
38,070,128	142,584,167	170,235,039	170,843,954	158,906,848	158,826,732	
26,856,182	30,113,031	31,397,867	17,963,496	37,180,607	36,295,041	
81,455,649	73,599,973	87,938,305	61,906,827	73,307,206	87,717,239	
37,040,734	51,974,801	58,840,456	90,450,821	76,728,812	57,474,770	
5,086,777	4,431,697	6,328,619	8,381,813	10,592,858	10,591,479	
121,192,467	130,991,572	125,325,346	119,713,562	185,864,791	226,460,478	
20,745,859	33,697,252	33,720,569	84,039,822	73,805,481	70,563,909	
205,937,823	195,167,837	201,031,612	268,716,249	350,974,262	304,815,026	
133,545,027	129,097,503	132,827,437	129,458,620	126,344,699	107,754,007	
1,364,638,758	1,591,887,270	1,664,573,829	1,731,088,554	1,882,760,656	1,822,392,858	
523,909,799	456,113,053	517,645,238	431,575,246	450,278,148	429,112,536	
166,024,287	212,856,759	215,880,853	207,620,142	206,705,724	212,652,767	
398,086,572	370,558,112	345,180,580	346,637,749	349,734,605	360,778,077	
20,089,165	11,643,400	11,305,474	18,190,081	16,511,077	14,361,352	
1,910,151	2,119,837	2,392,911	2,437,571	2,685,756	3,502,904	
-	-	-	-	-	-	
1,110,019,974	1,053,291,161	1,092,405,056	1,006,460,789	1,025,915,310	1,020,407,636	
2,474,658,732	2,645,178,431	2,756,978,885	2,737,549,343	2,908,675,966	2,842,800,494	
76,800,124	75,900,731	89,521,773	78,076,978	92,986,299	90,415,439	
224,847	9,652,314	5,090,487	12,495,600	14,752,057	15,108,413	
17,697,563	18,170,830	17,796,165	17,510,499	17,736,396	24,489,607	
7,192,630	850,741	1,358,479	121,725	72,714	694,676	
-	-	499,058	1,528,487	760,494	-	
3,196,447	2,734,182	3,566,331	3,780,682	3,572,588	5,989,939	
102,363,179	97,094,653	80,905,220	92,793,872	111,380,814	127,140,951	
-	1,647,825	46,986	927,229	516,728	902,039	
81,496,108	103,694,387	101,982,537	109,253,875	142,032,307	123,151,397	
211,471,358	326,570,380	370,730,317	356,347,310	310,525,464	306,575,011	
19,740,930	24,516,521	44,338,905	28,304,777	35,257,895	26,365,200	
520,183,186	660,832,564	715,836,258	701,141,034	729,593,756	720,832,672	
440,863,260	437,654,891	410,719,075	365,537,390	390,126,398	346,908,831	
26,643,760	22,558,000	27,418,297	26,565,119	28,191,056	28,918,328	
355,527,761	336,129,945	316,002,201	285,470,426	274,095,463	292,983,220	
11,992,637	10,617,480	8,136,744	15,037,679	17,667,031	18,556,018	
726,855	993,050	799,122	967,234	1,125,015	1,123,934	
-	-	-	-	-	-	
70,142,182	77,296,998	77,553,273	75,343,618	74,811,471	79,008,781	
11,854,628	30,344,607	29,793,987	47,947,235	33,897,154	39,540,356	
917,751,083	915,594,971	870,422,699	816,868,701	819,913,588	807,039,468	
\$ 1,437,934,269	\$ 1,576,427,535	\$ 1,586,258,957	\$ 1,518,009,735	\$ 1,549,507,344	\$ 1,527,872,140	

City of Detroit, Michigan

	Fiscal Year			
	2017	2016	2015	2014
Net (Expense) Revenue				
Governmental activities	\$ (958,099,744)	\$ 382,934,486	\$ (822,101,534)	\$ (763,474,164)
Business-type activities	<u>(150,274,030)</u>	<u>360,409,590</u>	<u>90,383,564</u>	<u>(129,330,798)</u>
Total primary government net (expense) revenue	(1,108,373,774)	743,344,076	(731,717,970)	(892,804,962)
General Revenue and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	248,296,337	224,263,288	190,096,078	194,680,186
Municipal income tax	301,069,434	266,928,629	263,376,804	253,769,874
Utility users' tax	27,068,555	24,036,395	37,939,463	42,386,549
Wagering tax	177,217,497	180,228,993	170,176,735	167,569,541
State hotel and liquor tax	-	-	-	-
Other taxes and assessments	10,362,346	5,378,658	7,370,339	8,603,632
State-shared taxes	197,831,755	194,705,498	194,757,659	189,756,901
State returnable liquor license fees	-	-	606,690	607,547
Interest and penalties on taxes	3,609,115	4,435,170	1,619,147	1,269,784
Investment earnings	15,849,922	16,997,733	(59,433,962)	(4,170,808)
Miscellaneous revenue	38,110,403	23,899,793	14,285,952	7,549,098
(Loss) gain on sale of capital assets	(185,285)	-	600,150,246	(359,223)
Bankruptcy contributions and other	-	-	1,048,258,217	766,046,174
Transfers	<u>(78,136,743)</u>	<u>(82,074,100)</u>	<u>(72,649,546)</u>	<u>(79,432,723)</u>
Total governmental activities	941,093,336	858,800,057	2,396,553,822	1,548,276,532
Business-type activities:				
Investment earnings (loss)	539,854	789,108	3,116,422	5,609,449
Bond issuance costs	-	-	-	(22,173,885)
Asset impairment	-	-	(5,536,257)	-
Miscellaneous revenue	37,421,198	19,379,346	6,053,524	(13,956,786)
Loss on sale of capital assets	(1,622,362)	(4,870,893)	(53,510)	(1,259,818)
Special item	<u>(157,954,520)</u>	<u>1,585,445,912</u>		
Extraordinary item	-	-	211,821,856	228,728,211
Amortization of bond issuance costs and deferral	-	-	13,048,879	
Transfers	<u>78,136,743</u>	<u>82,074,100</u>	<u>72,649,546</u>	<u>79,432,723</u>
Total business-type activities	<u>(43,479,087)</u>	<u>1,682,817,573</u>	<u>301,100,460</u>	<u>276,379,894</u>
Total primary government	897,614,249	2,541,617,630	2,697,654,282	1,824,656,426
Impact of GASB stmt. No. 68 - Governmental activities	-	-	-	(2,926,675,485)
Impact of GASB stmt. No. 68 - Business-type activities	-	-	-	(1,302,511,284)
Change in Net Position				
Governmental activities	(17,006,408)	1,241,734,543	1,574,452,288	(2,141,873,117)
Business-type activities	<u>(193,753,117)</u>	<u>2,043,227,163</u>	<u>391,484,024</u>	<u>(1,155,462,188)</u>
Total primary government	<u>\$ (210,759,525)</u>	<u>\$ 3,284,961,706</u>	<u>\$ 1,965,936,312</u>	<u>\$ (3,297,335,305)</u>

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

Year Ended June 30, 2017

Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ (844,455,572)	\$ (931,054,706)	\$ (948,737,571)	\$ (1,029,947,520)	\$ (1,153,166,900)	\$ (1,101,560,186)
(192,268,891)	(137,696,190)	(221,982,357)	(189,592,088)	(206,001,722)	(213,368,168)
(1,036,724,463)	(1,068,750,896)	(1,170,719,928)	(1,219,539,608)	(1,359,168,622)	(1,314,928,354)
199,191,923	216,931,618	235,857,331	218,008,102	231,428,726	225,602,203
248,017,356	233,035,540	228,303,884	216,522,405	240,824,363	276,485,035
35,299,844	39,828,340	44,640,365	44,190,132	49,900,471	51,590,794
174,357,416	181,574,627	177,046,311	183,466,226	172,912,862	186,277,275
-	-	-	2,969,380	17,367,715	16,220,140
14,384,429	16,528,509	17,373,679	15,404,967	12,878,272	13,283,748
182,454,314	173,292,222	239,342,109	239,047,211	268,246,565	272,569,363
604,206	-	-	-	-	-
924,928	4,264,747	7,554,054	9,332,781	10,696,529	10,857,112
(88,533,105)	8,366,960	8,606,985	8,832,971	7,056,295	19,189,619
11,854,410	2,578,822	3,595,798	6,618,964	9,273,309	13,586,014
(8,829,927)	-	(528,568)	(27,775)	(5,204,095)	(278,706)
-	-	(9,865,937)	49,980,314	-	-
(52,662,094)	(87,675,853)	(73,390,635)	(74,579,168)	(73,992,223)	(101,438,533)
717,063,700	788,725,532	878,535,376	919,766,510	941,388,789	983,944,064
(46,468,811)	(152,915,970)	9,837,046	(42,428,588)	25,458,070	58,176,113
-	-	-	-	-	-
-	-	-	-	-	-
7,265,917	2,299,933	6,310,694	788,385	(8,435,836)	(3,990,512)
(2,752)	-	(91,476,801)	-	-	-
-	-	-	-	(36,900,173)	(141,962,894)
52,662,094	87,675,853	73,390,635	74,579,168	73,992,223	101,438,533
13,456,448	(62,940,184)	(1,938,426)	32,938,965	54,114,284	13,661,240
730,520,148	725,785,348	876,596,950	952,705,475	995,503,073	997,605,304
-	-	-	-	-	-
-	-	-	-	-	-
(127,391,872)	(142,329,174)	(70,202,195)	(110,181,010)	(211,778,111)	(117,616,122)
(178,812,443)	(200,636,374)	(223,920,783)	(156,653,123)	(151,887,438)	(199,706,928)
\$ (306,204,315)	\$ (342,965,548)	\$ (294,122,978)	\$ (266,834,133)	\$ (363,665,549)	\$ (317,323,050)

City of Detroit, Michigan

	Fiscal Year			
	2017	2016	2015	2014
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved (deficit)	-	-	-	-
Nonspendable	11,072,987	5,151,103	-	-
Restricted	82,175,178	89,309,032	125,961,474	42,979,826
Committed	20,000,000	20,000,000	58,788,660	156,334,125
Assigned	310,577,489	243,072,945	182,014,852	-
Unassigned (deficit)	168,966,874	143,047,758	70,922,574	(145,907,582)
Total General Fund	\$ 592,792,528	\$ 500,580,838	\$ 437,687,560	\$ 53,406,369
Retirement System Service Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved (deficit)	-	-	-	-
Nonspendable	-	-	-	24,016,604
Total retirement system service funds	\$ -	\$ -	\$ -	\$ 24,016,604
All Other Governmental Funds				
Special revenue funds:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	51,696	-	-	-
Restricted	151,115,095	157,236,938	119,600,634	90,917,252
Assigned	-	-	-	-
Unassigned	(1,674,211)	(2,925)	(11,517)	-
Capital projects funds:				
Reserved	-	-	-	-
Restricted	13,714,763	-	54,680,729	62,946,287
Assigned	37,810,881	51,801,570	-	-
Debt service fund:				
Reserved	-	-	-	-
Restricted	31,905,618	22,435,949	18,511,653	-
Assigned	-	-	-	12,604,764
Permanent funds:				
Reserved	-	-	-	-
Nonspendable	1,005,096	1,005,096	937,861	937,861
Restricted	687,258	726,034	726,034	765,245
Total all other governmental funds	\$ 234,616,196	\$ 233,202,662	\$ 194,445,394	\$ 168,171,409

Source: City of Detroit, Michigan Comprehensive Annual Financial Reports for fiscal years ended June 30, 2008 through 2017

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

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

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

June 30, 2017

Fiscal Year					
2013	2012	2011	2010	2009	2008
\$ -	\$ -	\$ -	\$ 64,597,471	\$ 65,191,371	\$ 77,472,983
-	-	-	(155,692,159)	(331,925,012)	(219,158,137)
4,050,006	20,940,729	20,692,552	-	-	-
979,826	979,826	979,826	-	-	-
54,550,314	35,234,345	26,833,858	-	-	-
-	-	-	-	-	-
(132,560,895)	(326,641,557)	(196,577,910)	-	-	-
\$ (72,980,749)	\$ (269,486,657)	\$ (148,071,674)	\$ (91,094,688)	\$ (266,733,641)	\$ (141,685,154)
\$ -	\$ -	\$ -	\$ 24,496,356	\$ 24,574,826	\$ 24,851,160
-	-	-	-	-	(276,334)
24,016,604	24,016,604	24,295,379	-	-	-
\$ 24,016,604	\$ 24,016,604	\$ 24,295,379	\$ 24,496,356	\$ 24,574,826	\$ 24,574,826
\$ -	\$ -	\$ -	\$ 41,022,881	\$ 43,974,045	\$ 66,158,392
-	-	-	12,313,800	17,785,520	16,865,024
-	1,457,015	1,597,869	-	-	-
69,437,600	65,845,376	70,907,819	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	90,526,155	99,750,093	126,274,973
79,371,566	129,888,278	148,878,121	-	-	-
-	-	-	-	-	-
-	-	-	6,135,145	52,194,439	42,825,432
-	-	-	-	-	-
7,899,702	6,314,687	4,561,750	-	-	-
-	-	-	1,588,224	1,574,670	1,494,202
937,861	937,861	937,861	-	-	-
819,870	778,733	748,159	-	-	-
\$ 158,466,599	\$ 205,221,950	\$ 227,631,579	\$ 151,586,205	\$ 215,278,767	\$ 253,618,023

City of Detroit, Michigan

	Fiscal Year			
	2017	2016	2015	2014
Revenue				
Taxes:				
Property taxes	\$ 192,166,387	\$ 205,452,491	\$ 190,096,078	\$ 194,627,905
Municipal income tax	284,467,414	263,178,629	263,376,804	253,769,874
Utility users' tax	27,068,555	24,036,395	37,939,463	42,386,549
Wagering taxes	177,217,497	180,228,993	172,523,054	167,924,023
Gas and weight tax	66,767,719	58,109,927	55,138,474	53,904,485
Other taxes and assessments	10,362,346	5,378,658	7,370,339	8,603,632
State hotel and liquor tax	-	-	-	-
Interest and penalties on taxes	3,609,115	4,435,170	1,619,147	1,269,784
Licenses, permits, and inspection charges	37,785,353	35,800,680	30,986,234	28,706,629
Intergovernmental:				
Federal	97,602,815	93,178,923	109,580,838	96,907,383
State:				
State-shared revenue	197,831,755	194,705,498	194,757,659	189,756,901
State returnable liquor license fees	-	-	606,690	607,547
Other state-sourced revenue	14,160,818	23,160,702	17,974,311	49,226,334
Other	-	-	3,331,825	6,001,385
Sales and charges for services	133,262,994	120,618,786	131,066,385	207,987,028
Ordinance fines and forfeitures	25,769,755	24,643,164	24,726,314	17,851,138
Revenue from use of assets	1,176,838	1,218,314	14,277,845	7,568,498
Investment earnings	15,849,922	16,997,733	(2,885,536)	300,397
DIA and foundation revenue	5,730,109	54,079,327	-	-
Other revenue	43,645,402	47,776,178	125,119,874	95,010,394
Total revenue	1,334,474,794	1,352,999,568	1,377,605,798	1,422,409,886
Expenditures				
Current:				
Public protection	449,577,041	423,317,267	408,201,003	449,622,284
Health	29,766,821	22,952,288	32,633,149	48,782,203
Recreation and culture	18,283,430	16,563,892	12,698,638	16,032,592
Economic development	39,439,847	61,023,837	64,020,545	51,178,770
Educational development	-	-	1,477	-
Housing supply and conditions	7,714,818	6,179,112	5,570,783	6,966,303
Physical environment	61,091,341	54,086,364	54,921,813	97,441,142
Transportation facilitation	47,701,015	15,904,193	28,936,547	36,505,709
Development and management	319,440,808	281,713,707	548,646,601	297,686,391
Debt service:				
Principal	77,078,797	60,777,124	196,612,535	109,976,923
Interest	97,109,299	77,550,195	58,567,171	126,945,753
Bond issuance costs	4,163,414	29,438	4,194,731	3,379,410
Capital outlay	71,074,891	126,205,166	90,719,155	81,329,304
Total expenditures	1,222,441,522	1,146,302,583	1,505,724,148	1,325,846,784
Excess of revenue over (under) expenditures	112,033,272	206,696,985	(128,118,350)	96,563,102
Other Financing Sources (Uses)				
Sources:				
Transfers in	8,015	-	65,562,957	109,770,188
Proceeds of Section 108 federal note	-	-	-	-
Proceeds from sale of capital assets	2,345,315	-	-	-
Other financing source - Bankruptcy	-	-	218,100,000	-
Proceeds from debt issuances	606,180,000	245,000,000	1,158,387,978	120,000,000
Premium from debt issuances	30,562,666	-	-	-
Total other financing sources	639,095,996	245,000,000	1,442,050,935	229,770,188
Uses:				
Transfers out	(78,144,758)	(82,074,100)	(138,212,503)	(189,202,911)
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)	-	-
Interest paid to bond agent for refunded bonds	-	-	-	-
Total other financing uses	(685,794,758)	(357,074,100)	(927,394,013)	(189,202,911)
Total other financing (uses) sources	(46,698,762)	(112,074,100)	514,656,922	40,567,277
Special item	-	-	-	-
Net change in fund balances	65,334,510	94,622,885	386,538,572	137,130,379
Fund Balance (Deficit) - Beginning of year, as restated	762,074,214	639,160,615	245,594,382	108,464,003
Increase (Decrease) in Inventories	-	-	-	-
Fund Balance (Deficit) - End of year	\$ 827,408,724	\$ 733,783,500	\$ 632,132,954	\$ 245,594,382
Debt service as a percentage of noncapital expenditures	15.49%	13.56%	18.33%	19.31%

Source: City of Detroit, Michigan Comprehensive Annual Financial Reports for fiscal years ended June 30, 2008 through 2017

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

Year Ended June 30, 2017

Fiscal Year											
2013		2012		2011		2010		2009		2008	
\$ 199,191,923	\$ 216,931,618	\$ 252,020,089	\$ 201,845,344	\$ 230,833,394	\$ 225,890,313						
248,017,356	233,035,540	228,303,884	216,522,405	240,824,363	276,485,035						
35,299,844	39,828,340	44,640,365	44,190,132	49,900,667	51,590,599						
174,599,992	181,443,475	176,899,280	183,338,299	173,026,122	180,365,237						
52,081,247	53,142,793	58,623,860	57,775,086	58,813,648	61,070,748						
14,384,429	16,528,509	17,373,670	15,404,967	12,878,272	13,283,748						
-	-	-	2,969,380	17,367,715	16,220,140						
924,928	4,264,747	7,554,054	9,332,781	10,696,529	10,857,112						
32,615,445	27,100,204	27,095,599	27,669,454	32,471,933	35,138,940						
152,579,860	253,933,239	301,484,858	265,421,498	233,526,888	222,675,031						
182,454,314	172,704,390	239,320,847	263,060,088	266,032,168	249,027,299						
604,206	-	-	-	-	-						
25,994,536	37,269,243	46,887,654	47,852,739	40,049,141	41,062,686						
6,029,547	6,663,482	8,347,440	6,788,282	14,500,644	4,026,591						
176,029,645	197,066,068	201,253,031	196,333,386	237,044,188	258,599,558						
21,154,594	16,972,056	21,152,772	18,872,226	23,747,573	20,850,629						
12,017,348	2,069,012	3,595,798	6,618,964	27,013,424	13,560,617						
(399,654)	445,251	685,276	911,263	7,056,295	19,189,619						
35,958,150	64,241,114	77,135,224	64,761,863	72,117,140	73,606,042						
1,369,537,710	1,523,639,081	1,712,373,701	1,629,668,157	1,747,900,104	1,773,499,944						
476,940,028	675,359,091	735,650,626	641,884,276	654,450,029	660,230,564						
37,448,812	142,365,025	169,338,220	170,489,091	155,442,680	157,414,372						
13,345,639	16,976,912	18,210,536	18,155,021	21,041,925	21,265,879						
76,109,395	67,115,000	79,792,267	57,522,689	65,217,992	99,342,897						
37,126,254	52,430,587	58,526,359	90,527,365	75,409,235	57,388,638						
4,188,991	4,215,134	5,871,310	8,240,422	9,022,633	9,607,906						
106,802,886	113,603,551	113,296,648	104,042,673	159,233,592	202,986,951						
1,749,362	14,990,983	26,836,954	71,517,424	66,567,770	58,595,880						
191,052,907	176,507,779	180,366,148	237,069,025	305,203,444	298,231,422						
103,880,615	97,498,429	87,904,525	89,653,619	129,696,883	140,216,435						
133,319,492	126,728,009	131,087,371	124,280,049	124,716,178	110,841,259						
1,612,046	485,599	1,416,768	2,487,193	-	3,182,053						
127,079,320	97,650,840	102,395,459	49,231,014	77,094,313	88,458,549						
1,310,655,747	1,585,926,939	1,710,693,191	1,665,099,861	1,843,096,674	1,907,762,805						
58,881,963	(62,287,858)	1,680,510	(35,431,704)	(95,196,570)	(134,262,861)						
174,825,814	179,921,845	173,340,882	171,409,769	210,043,052	208,766,473						
-	-	-	-	-	-						
-	-	-	-	-	-						
134,438,642	5,753,000	100,000,000	258,210,000	6,197,000	281,783,578						
9,092,046	-	-	1,873,225	-	4,974,370						
318,356,502	185,674,845	273,340,882	431,492,994	216,240,052	495,524,421						
(227,487,908)	(267,597,697)	(246,731,517)	(245,988,937)	(284,035,275)	(310,205,006)						
-	-	-	-	-	-						
-	-	-	(35,810,944)	-	(72,410,000)						
-	-	-	-	-	(1,314,181)						
(227,487,908)	(267,597,697)	(246,731,517)	(281,799,881)	(284,035,275)	(383,929,187)						
90,868,594	(81,922,852)	26,609,365	149,693,113	(67,795,223)	111,595,234						
-	(9,865,937)	-	-	-	-						
149,750,557	(144,210,710)	18,423,938	114,261,409	(162,991,793)	(22,667,627)						
(40,248,103)	103,855,284	84,987,873	(26,880,048)	136,507,695	157,501,503						
107,323	107,323	443,473	(2,393,488)	(395,950)	1,673,819						
\$ 109,609,777	\$ (40,248,103)	\$ 103,855,284	\$ 84,987,873	\$ (26,880,048)	\$ 136,507,695						

20.18% 15.10% 13.70% 13.39% 14.41% 13.97%

City of Detroit, Michigan

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

June 30, 2017

Fiscal Year Ended June 30	Assessed Value					Total Direct Tax Rate (Per Thousand of Taxable Value)	
	Residential Property	Commercial Property	Industrial Property	Personal Property	Total		
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	
2008	8,815,609	2,766,213	750,693	1,612,957	13,945,472	28.02	

Fiscal Year Ended June 30	Taxable Value					Total Direct Tax Rate (Per Thousand of Taxable Value)	
	Residential Property	Commercial Property	Industrial Property	Personal Property	Total		
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	
2008	5,660,265	2,166,189	645,372	1,609,442	10,081,268	80.67	

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, 2017

Fiscal Year	City Direct Rates			Overlapping Rates				
				Detroit Public Schools		Library (Note 1)	County (Note 3)	State Education Tax (Note 1)
	Basic General City Rate (Note 1)	Debt Service (Note 1)	Total Direct	Homestead (Note 2)	Nonhomestead (Note 2)			
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
2008	19.9520	8.0683	28.0203	13.0000	31.0000	4.6307	13.9778	6.0000

Note 1 Source: City of Detroit, Michigan's Budget Department

(Red Books for 2008 through 2017)

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, 2017

Taxpayer	2017			2008 (Note 3)		
	Taxable Assessed Value (Note 1)		Rank	Percentage of Total City		Percentage of Total City
	Taxable Assessed Value	Rank		Taxable Assessed Value (Note 2)	Rank	Taxable Assessed Value
DTE Energy Company	\$ 524,607	1	8.69 %	\$ 323,206	2	3.27 %
Vanguard Health Systems - Hospitals	287,730	2	4.77	NA	NA	NA
Marathon Petroleum Company	285,369	3	4.73	134,373	7	1.36
MGM Grand Detroit LLC	207,301	4	3.43	246,712	3	2.49
Riverfront Holdings Inc	111,055	5	1.84	147,485	4	1.49
FCA US LLC (Chrysler)	73,711	6	1.22	538,217	1	5.44
International Transmission Co	67,643	7	1.12	NA	NA	NA
Detroit Entertainment LLC	61,358	8	1.02	99,629	8	1.01
Greektown Casino LLC	53,069	9	0.88	NA	NA	NA
1000 Woodward, LLC	50,601	10	0.84	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, 2008 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, 2017

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

* Information not available at date of publication of CAFR

Source: City of Detroit, Finance Department - Treasury Division

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

City of Detroit, Michigan

Fiscal Year	Governmental Activities (Note 1)							Business-type Activities (Note 1)				
	General Obligation Bonds		Detroit Building Authority Bonds		Revenue Bonds		Notes Payable	Loans Payable	Pension Obligation Certificates	General Obligation Bonds	Revenue Bonds	Pension Obligation Certificates
	Sew age Disposal Fund											
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	-	-	
2008	969,868	5,650	94,453	77,681	56,316	1,220,923	-	3,006,776	92,166	-	-	

Note 1 Source: City of Detroit, Michigan - Comprehensive Annual Financial Report for fiscal years ended June 30, 2008 through 2017

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

June 30, 2017

Business-type Activities (Note 1)												
Transportation Fund				Water Fund				Automobile Parking Fund			Public Lighting Authority	
General Obligation Bonds	Pension Obligation Certificates	General Obligation Bonds	Revenue Bonds	Pension Obligation Certificates	General Obligation Bonds	Revenue Bonds	General Obligation Bonds	General Obligation Bonds	General Obligation Bonds	Primary Government	Total Per Capita	
\$ 48,824	\$ -	\$ 29,729	\$ 52,008	\$ -	\$ 700	\$ -	\$ 552	\$ 189,070	\$ 1,895,532	\$ 2,656		
49,253	-	29,989	-	-	700	-	552	189,445	1,923,570	2,695		
49,661	-	30,236	2,375,375	-	700	-	552	195,819	7,876,408	11,035		
5,458	100,159	-	2,553,333	75,748	-	-	-	60,000	8,546,597	11,974		
5,458	105,185	-	2,488,622	79,555	-	9,125	-	-	8,313,850	11,648		
6,272	105,189	-	2,518,913	79,558	-	10,261	-	-	8,349,432	11,698		
6,272	106,401	-	2,159,832	80,474	-	11,341	-	-	7,732,348	10,833		
6,272	107,188	-	2,190,140	81,070	-	40,931	-	-	7,833,116	8,234		
6,272	107,532	-	2,298,509	81,330	-	42,616	-	-	7,904,069	8,309		
6,272	107,536	-	2,328,126	81,333	-	44,165	-	-	8,091,264	8,506		

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, 2017

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	Taxable Value (Note 1)	Actual Taxable Value of Property (Note 2)		Per Capita
					(Net of Restricted for Debt Service)					
2017	\$ 1,474,361	\$ -	\$ -	\$ (31,906)	\$ 1,442,455	\$ 6,692,056	21.55 %	\$ 2,020.88		
2016	1,531,061	-	-	(22,436)	1,508,625	7,357,490	20.50		2,113.58	
2015	1,609,844	-	-	(18,512)	2,170,392	7,772,856	26.15		2,229.45	
2014	1,047,770	-	1,137,404	(14,781)	2,157,764	8,301,190	25.54		3,040.71	
2013	1,009,395	-	1,180,285	(31,916)	2,113,354	8,447,370	24.14		3,023.02	
2012	963,400	-	1,180,285	(30,331)	2,204,651	8,755,414	24.20		2,960.80	
2011	1,039,505	-	1,194,003	(28,857)	2,188,852	9,111,881	22.51		3,088.71	
2010	1,013,920	2,655	1,202,909	(30,632)	1,972,966	9,725,919	19.67		2,300.98	
2009	838,735	4,230	1,206,770	(76,769)	2,087,870	10,031,268	21.10		2,074.03	
2008	942,850	5,650	1,206,770	(67,400)	2,032,525	9,896,705	22.59		2,194.82	

Note 1 Source: City of Detroit, Michigan - Comprehensive Annual Financial Report for fiscal years ended June 30, 2008 through 2017

Note 2 Source: City of Detroit, Michigan's Budget Department (Red Books for 2008 through 2017)

City of Detroit, Michigan

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

June 30, 2017

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	\$ 1,827,708,595	100.00 %	\$ 1,827,708,595
Wayne County	281,976,436	15.00	<u>42,296,465</u>
Subtotal, overlapping debt			1,870,005,060
City of Detroit, Michigan direct debt	1,614,297,239	100.00	<u>1,614,297,239</u>
Total direct and overlapping debt			<u>\$ 3,484,302,299</u>

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

City of Detroit, Michigan

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

June 30, 2017

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt limit	\$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	\$1,505,243
Total net debt applicable to limit	663,695	592,169	832,580	1,034,669	1,039,011	957,128	1,033,233	919,650	820,400	820,400
Legal debt margin	\$1,062,609	\$1,124,730	\$ 631,779	\$ 553,035	\$ 519,053	\$ 75,882	\$ 184,914	\$ 299,143	\$ 567,866	\$ 684,843
Total net debt applicable to the limit as a percentage of debt limit	38.45%	34.49%	56.86%	65.17%	66.69%	92.65%	84.82%	75.46%	59.10%	54.50%

City of Detroit, Michigan

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

June 30, 2017

Fiscal Year	Sewage Disposal Revenue Bonds						Debt (c) Coverage
	Total Available Revenue	Less Operating Expenses	Net Available Revenue	Debt (b) Service			
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							
	Total Available Revenue	Less Operating Expenses	Net Available Revenue	Debt (b) Service			Debt (c) Coverage
	\$ 323,976	\$ 132,724	\$ 191,252	\$ 135,157			
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							
	Total (a) Available Revenue	Less Operating Expenses	Net Available Revenue	Debt (b) Service			Debt Coverage
	\$ 18,556	\$ 7,998	\$ 10,558	\$ 6,374			
2008	18,556	7,998	10,558	6,374			165.64
2009	17,835	10,180	7,655	4,448			172.00
2010	15,038	12,804	2,234	4,594			48.63
2011	8,137	6,938	1,199	1,671			72.00
2012	10,617	7,911	2,706	1,665			162.56
2013	11,993	6,365	5,628	1,664			338.26
2014	No longer applicable - No revenue bonds after June 30, 2013						

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

(a) Includes investment earnings on system funds.

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

(c) This calculation is for statistical analysis only. The calculation of debt service coverage in accordance with the bond ordinance is beyond the scope of this presentation.

City of Detroit, Michigan

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

June 30, 2017

Year	Population (Note 1)	Unemployment Rate (Note 2)	Per Capita Personal Income (Note 3)	Total Personal Income (in Millions)
2017	713,777	7.8 %	\$ 16,784	*
2016	713,777	11.6	\$ 15,038	*
2015	713,777	13.1	\$ 14,870	*
2014	713,777	16.4	\$ 14,721	*
2013	713,777	18.6	\$ 13,956	*
2012	713,777	18.3	\$ 15,062	*
2011	713,777	24.4	*	*
2010	951,270	22.7	*	*
2009	951,270	24.8	\$ 15,310	14,564
2008	951,270	16.0	\$ 15,310	14,564

* Information not available at date of publication of CAFR

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

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

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

City of Detroit, Michigan

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

June 30, 2017

Employer	2017 (Note 1)			2008 (Note 2)			Percentage of Total City Employment (Note 3) %
	Employees	Rank	Percentage of Total City Employment (Note 3) %	Employees	Rank	Percentage of Total City Employment (Note 3) %	
Rock Ventures	16,617	1	7.4 %	N/A	N/A	N/A	
City of Detroit, Michigan	9,066	2	4.1	N/A	*	*	
Detroit Medical Center	9,014	3	4.0	11,031	3		3.4
Henry Ford Health System	8,923	4	4.0	15,139	2		4.7
Hiltch Companies	7,686	5	3.4	N/A	*	*	
U.S. Government	6,361	6	2.8	N/A	*	*	
General Motors Co.	6,341	7	2.8	41,861	1		13.0
FCA US LLC	5,891	8	2.6	N/A	*	*	
Detroit Public Schools Community District	5,794	9	2.6	N/A	*	*	
Wayne State University	5,780	10	2.6	N/A	*	*	

* - Information for 2008 is not available.

Note 1 Source: Crain's Book of Lists, 2018 Edition (City of Detroit Based)

Note 2 Source: Crain's Book of Lists, 2007 Edition (City of Detroit Based)

Note 3 Source (Total City employment): Bureau of Labor Statistics

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City of Detroit, Michigan

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

June 30, 2017

Function/Program	FTE Employees as of June 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Governmental Agencies										
Executive agencies:										
Arts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Budget	10	17	7	10	15	15	16	20	23	22
Building and safety	188	160	181	178	183	204	235	258	276	296
Civic center	-	-	-	-	-	-	-	-	33	35
Consumer affairs	-	-	-	-	-	-	-	-	-	-
Cultural affairs	-	-	-	-	-	-	-	-	-	-
Public works	382	318	374	407	503	542	639	649	737	750
Workforce development	-	-	-	-	-	46	73	113	99	91
Environmental	-	-	-	-	-	-	3	10	51	53
Finance	424	390	183	176	224	235	266	285	310	327
Fire	1,121	1,123	1,251	1,154	1,093	1,257	1,330	1,355	1,406	1,444
General services	491	256	436	436	384	343	447	481	528	676
Health and wellness promotion	32	19	6	7	31	185	243	262	317	348
Historical	-	-	-	-	-	-	-	-	-	-
Human resources	97	88	74	83	82	107	176	171	168	175
Human rights	8	8	3	1	7	6	8	-	12	13
Human services	-	-	-	-	-	52	85	95	91	117
Information technology services	96	37	33	30	30	43	46	65	92	99
Inspector general	11	11	7	7	7	-	-	-	-	-
Law	108	105	91	82	88	94	105	113	122	127
Mayor's office	75	75	56	47	22	39	52	63	74	108
Planning and development	105	102	92	93	110	122	154	160	173	172
Police	2,811	2,647	2,686	2,769	2,561	3,016	3,195	3,288	3,688	3,421
Communication and creative services	-	-	-	-	-	-	-	-	-	-
Public lighting	4	5	6	32	98	103	123	160	206	225
Recreation	73	153	203	185	203	300	510	508	385	471
Senior citizens	-	-	-	-	-	-	-	-	3	-
Youth	-	-	-	-	-	-	-	-	-	-
Zoological institute	-	-	-	-	-	-	-	-	-	1
Administrative hearings	9	6	3	4	8	4	6	9	6	6
Homeland security	-	-	-	-	3	2	2	1	5	5
Housing	-	-	-	-	-	-	3	3	3	3
Legislative agencies:										
Auditor general	12	9	10	10	10	12	15	17	18	21
Board of zoning appeals	4	6	11	11	13	12	12	12	12	13
City council*	55	45	-	-	118	52	61	74	97	90
Ombudsman	6	5	6	6	6	7	7	11	11	10
City clerk	15	12	13	14	15	18	20	22	23	25
Elections	46	89	60	72	81	83	51	55	102	68
Judiciary agency - 36th District Court	30	28	32	32	31	31	35	33	33	32
Other agencies:										
Nondepartmental	90	95	40	40	24	14	20	21	33	44
Library	285	268	307	301	344	334	371	450	466	460
Total general governmental agencies	6,588	6,077	6,171	6,187	6,294	7,278	8,309	8,764	9,603	9,748
Enterprise Agencies										
Airport	4	3	4	3	2	7	8	9	10	11
Department of transportation	884	809	965	951	809	1,131	1,292	1,351	1,514	1,512
Municipal parking	81	70	85	83	86	97	92	97	104	109
Water and sewage disposal	461	423	1,363	1,560	1,721	2,012	2,123	2,081	2,189	2,260
Total enterprise agencies	1,430	1,305	2,417	2,597	2,618	3,247	3,515	3,538	3,817	3,892
Grand total	\$ 8,018	\$ 7,382	\$ 8,588	\$ 8,784	\$ 8,912	\$ 10,525	\$ 11,824	\$ 12,302	\$ 13,420	\$ 13,640

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			
	2017	2016	2015	2014
Public Protection				
Police				
Number of stations (including six mini-stations)	25	24	21	21
Number of employees (uniform)	2,441	2,301	2,260	2,346
911 calls received/answered	1,260,185/1,050,701	1,128,895/1,000,952	1,586,352/1,222,065	1,822,524/1,334,694
Number of narcotics raids	980	1,556	855	1,249
Number of community policing programs	534	522	510	464
Fire				
Number of fire stations	37	37	38	37
Number of employees	1,274	1,192	1,192	1,172
Number of fire fighting vehicles	133	122	80	78
Number of fire hydrants	30,104	30,968	29,000	28,000
Responses to fire alarms (including false alarms)	18,938	21,514	22,289	22,702
Responses to special calls and emergency medical service calls	17,721	133,062	135,091	114,133
Estimated fire loss of property	\$ 64,762,910	\$ *	\$ 250,000,000	\$ 256,817,197
Public Works				
Number of employees	376	354	345	563
Miles of streets (paved + unpaved)	2,554	2,554	2,557	2,557
Miles of alleys (paved + unpaved)	1,300	1,300	1,264	1,264
Miles of sidewalks	4,265	4,265	4,243	4,243
Public Lighting				
Number of street lights	-	4,000	10,000	87,000
Number of revenue customers	5	5	-	256
Size of generating station in kilow atts	184,000	184,000	184,000	184,000
Kilow att hours generated - Net	-	-	-	-
Kilow att hours delivered to system	-	-	-	488,639,040
Steam heating plants - Steam produced in pounds	-	-	-	-
Recreation and Culture				
Number of parks, ornamental areas, playfields, and playgrounds owned (5,108 acres)	308	308	302	354
Number of summer camps (199 acres)	-	-	-	-
Number of recreation centers, playgrounds, and school facilities operated	-	25	17	17
Number of skating rinks	2	2	2	2
Number of swimming pools	8	8	9	9
Number of municipal beaches	-	-	-	-
Total playing permits issued at five municipal golf courses	*	-	108,000	98,678

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

June 30, 2017

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

City of Detroit, Michigan

	Fiscal Year				
	2017	2016	2015	2014	
Water System					
Number of customer accounts	220,000	220,000	220,000	257,000	
Average pumpage - Millions of gallons per day	N/A	*	476	537	
Greatest pumpage for a single day during fiscal year - Gallons	N/A	*	731,800,000	742,000,000	
Greatest pumpage for a single hour during fiscal year - Gallons	N/A	*	33,875,000	32,875,000	
Filtration plant rated capacity - Millions of gallons per day	1,780	1,780	1,780	1,780	
Number of miles of water mains	3840	3840	3840	3840	
Average cost (includes domestic, industrial, and commercial) per 1,000 cubic feet	\$	*	\$	20.60	\$
					19.43
Sewage System					
Number of sewage disposal plants	-	1	1	1	1
Number of pumping stations	4	11	11	11	11
Miles of (trunk line and lateral) sewers	2,913	2,913	2,913	2,913	2,913
Miles of lateral sewers	2,125	2,125	2,125	2,125	2,125
Transportation					
Number of employees	900	900	904	955	
Number of revenue vehicles	320	320	320	403	
Seating capacity	12,480	12,480	12,300	15,915	
Number of route miles	1,014	1,014	944	1,014	
Number of passengers (estimated)	24,397,156	27,149,357	24,113,775	25,116,299	
Regular fare	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50
Tickets	N/A	N/A	N/A	N/A	N/A
Transfers	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25
Weekly GO pass	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40	\$ 14.40
Health					
Number of employees	177	166	100	216	
Birth rate per thousand	15	15	15	15	15
Death rate per thousand	10	11	9	8	
Educational Development					
School enrollment	45,237	46,319	47,161	48,511	
Operating expenditures	\$ 624,287,156	\$ 711,033,343	\$ 702,573,048	\$ 707,461,081	
Cost per pupil	\$ 13,800	\$ 15,351	\$ 14,897	\$ 14,584	
Operating revenue	*	*	*	*	*
Revenue per pupil	*	*	*	*	*
Total teaching staff	2,699	2,869	3,056	3,398	

Source: City of Detroit, Michigan, various departments

* Information not available at date of publication of CAFR

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

June 30, 2017

Fiscal Year						
2013		2012		2011		2010
\$		\$		\$		\$
258,000	550	262,000	556	267,500	543	268,500
957,200,000		983,100,000		968,000,000		793,800,000
42,917,000		44,833,000		43,625,000		37,750,000
1,780	3840	1,780	3840	1,780	3840	1,780
\$	18.76	\$	17.02	\$	15.48	\$
1		1		1		1
11		11		11		12
2,913		2,913		2,913		2,913
2,125		2,125		2,125		2,125
989		1,139		1,341		1,524
444		465		445		445
17,534		18,363		17,570		17,570
1,014		1,056		1,091		933
30,898,942		32,750,907		35,615,420		36,555,845
\$	1.50	\$	1.50	\$	1.50	\$
N/A		N/A		N/A		N/A
\$	0.25	\$	0.25	\$	0.25	\$
\$	14.40	\$	14.40	\$	14.40	\$
*		*		271		308
*		*		22		15
*		*		*		11
						339
						13
						10
						338
						13
						9
51,318		66,745		75,152		84,877
\$	712,922,213	\$	915,495,622	\$	1,067,536,984	\$
\$	13,892	\$	13,716	\$	14,205	\$
*		*		*	\$	1,210,725,507
*		*		*	\$	1,297,710,119
3,398		4,396		4,982		14,264
						\$
						13,589
						\$
						5,222
						5,797
						\$
						106,485
						\$
						1,330,196,819
						\$
						12,492
						\$
						1,345,462,713
						\$
						12,635
						\$
						6,269

Hill Harper embraces Detroit



Detroit added another celebrity to its ranks in May 2017 as Hill Harper, an actor, author, businessman and mentor, announced his purchase of the Roasting Plant in downtown Detroit and plans to move to Boston Edison. Harper was introduced by Mayor Mike Duggan at the announcement at the shop at Woodward Avenue and Cadillac Blvd.

Harper plans to combine his new business with his Manifest Your Destiny Foundation that helps at-risk youth. During the announcement, Harper also introduced three new donut flavors: the Berry Gordy, a blueberry vegan doughnut; the Big Sean with double chocolate and sea salt; and the Hill Harper, which is a caramel, Sumatra coffee-infused doughnut. He also plans to partner with Dilla's Delights, a local donut company.

A graduate of Brown University and Harvard Law School, Harper is the host of the CNN series "How It Really Happened" and has starred in a number of television series: "CSI: NY," "Covert Affairs," "Homeland," and "The Good Doctor." The home he purchased in the historic Boston Edison district is being renovated.

Microsoft to Move to Detroit



Software giant

Microsoft announced plans to move to

downtown Detroit during a news conference in May 2017.

Microsoft officials were joined by Mayor Mike Duggan and Quicken Loans Founder Dan Gilbert for the announcement. The company previously spent 30 years in Southfield.

The company will take up about 40,000 square feet of space and move a Microsoft Technology Center to the One Campus Martius building (formerly the Compuware building). The Detroit location will be one of about 40 such centers around the world, where Microsoft clients come to work on projects with the company's technicians.

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www.detroitmi.gov

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