CITY OF DETROIT

Comprehensive Annual Financial Report

for the Fiscal Year Ended June 30, 2007

Kenneth V. Cockrel Jr., *Mayor*
Joseph L. Harris, CPA, *Chief Financial Officer*

"We hope for better things."

"It shall rise again from the ashes."

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

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PHOTO CREDITS:

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I N T R O D U C T O R Y

The Introductory Section contains:

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

CITY OF DETROIT
FINANCE DEPARTMENT

1200 COLEMAN A. YOUNG MUNICIPAL CENTER
DETROIT, MICHIGAN 48226

February 25, 2009

The City of Detroit
The Honorable Mayor Kenneth V. Cockrel Jr. and
The Honorable City Council

The management and staff of the Finance Department are pleased to submit the City of Detroit's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007 along with the Independent Auditor's Report.

INTRODUCTION TO THE REPORT

Responsibility: The Finance Department prepares the City's CAFR and is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including the disclosures. To the best of our knowledge and belief, the information contained in the City's CAFR is accurate in all material respects and reported in a manner that fairly presents the financial position and results of operations of the City's primary government and component units for which it is financially accountable. All disclosures necessary to enable the reader to gain a reasonable understanding of the City's financial affairs have been included.

Adherence to Generally Accepted Accounting Principles: We have prepared the financial statements contained in the City's CAFR in accordance with generally accepted accounting principles (GAAP) applicable to state and local governments, as promulgated by the Government and by the City's Finance Department in accordance with the financial reporting principles and standards of the Governmental Accounting Standards Board (GASB). The City also voluntarily follows the recommendations of the Government Finance Officers Association of the United States and Canada (GFOA) for the contents of government financial reports.

Report: The City's CAFR is divided into three major sections: introductory, financial and statistical:

- The introductory section includes this letter, the Auditor General's letter, the list of principal officials and the City's organization chart.

- The financial section includes: the independent auditor's report on the Basic Financial Statements; Management's Discussion and Analysis (MD&A), which provides an introduction, overview and analysis to the Basic Financial

Statements; the Basic Financial Statements, which present the government-wide financial statements and the fund financial statements for government funds, proprietary funds, fiduciary funds, and component units, together with footnotes to the Basic Financial Statements; Required Supplementary Information other than MD&A, which presents budgetary comparison schedules and information about the infrastructure assets; and the supplemental financial data which includes the combining financial statements and schedules.

- The statistical section includes such items as trend information, information on debt levels, and other selected economic and statistical data.

Independent Auditors: The City's Charter requires the Auditor General of the City to audit the transactions of all City agencies at least once every two years. The Auditor General is appointed by the City Council for a 10-year term. Additionally, state laws require the City to have its financial statements audited by an independent, outside auditor once every five years. However, beginning with the fiscal year 1980, the Mayor and City Council agreed to have an annual financial statement audit by an independent auditor. The independent auditor's report on the financial statements is included in the financial section of this report. Also, the City must also comply with the requirements of the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations.*

PROFILE OF THE GOVERNMENT

Background and Overviews: Detroit, Michigan's largest city is located in the County of Wayne in the southeastern section of the State's lower peninsula. The City covers approximately 140 square miles and accounts for nearly half of the population of Wayne County. The City is internationally known for automotive manufacturing and trade. Detroit is located on an international waterway, which is linked via the St. Lawrence Seaway to seaports around the world.

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

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

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

Other Agencies: The City Clerk's Office and the Election Commission are not classified under either of the two branches mentioned above.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

A number of significant initiatives, outlined below, are underway in the City that has had a positive effect on the City's economic health and its ability to provide services to residents and businesses.

Construction: Construction activity, especially non-residential, significantly increased during calendar year 2007. Permits were pulled in 2007 for an estimated $1.7 billion in construction or $1.0 billion more than in 2006.

	in Millions				
	New Construction		Alterations/Additions		
Year	Residential	Non-Residential	Residential	Non-Residential	Total
2005	$ 81.4	$ 243.4	$ 92.2	$ 398.1	$ 815.1
2006	55.8	156.8	99.3	402.1	714.0
2007	30.8	464.4	104.3	1,140.0	1,739.5

Rosa Parks Transit Center: The Department of Transportation is building the Rosa Parks Transit Center downtown. Completion is expected in the beginning of 2009. The Rosa Parks Transit Center will be the main hub for all transit in the region and will provide passengers with bus information, pass sales, retail, security, and other amenities.

Entertainment Industry: Detroit's three casinos spent over $1 billion to create three permanent facilities that include 1,200 new hotel rooms downtown. In October 2007, MGM Grand Detroit opened its new facility. Motor City Casino hotel opened in November 2007.

Nest Detroit Neighborhood Initiative: The Next Detroit Neighborhood Initiative (NDNI) was rolled out in December 2006. The NDNI is a 5-year strategy focusing on the rejuvenation of Detroit neighborhoods into vibrant areas for citizens. The approach will concentrate on improving basic quality of life issues such as cleanliness, safety and beautification through growth and development strategies.

OUR VIEW OF THE FUTURE

Detroit is positioned to be a major force in this new millennium. If we make courageous decisions as the times demand of us, the result will be a Next Detroit every bit as great, if not greater than the Detroit that put the world on wheels.

ACKNOWLEDGEMENTS

I wish to express my appreciation to the entire staff of all accountants and fiscal staff within the City of Detroit, the City's Finance Department, and the fiscal staff at each of our component units whose professionalism, dedication and efficiency contributed to the preparation of this report. Also, thanks to the Mayor's Office, Members of City Council and the Auditor General for their interest and support in planning and conducting the City's financial affairs.

Very truly yours,

Joseph L. Harris, CPA
Chief Financial Officer

City of Detroit
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COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVENUE, SUITE 208
DETROIT, MICHIGAN 48226
PHONE: (313) 224-3101
FAX: (313) 224-4091
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LOREN E. MONROE, CPA
AUDITOR GENERAL

AUDITOR GENERAL'S LETTER

February 25, 2009

The Honorable Mayor Kenneth V. Cockrel, Jr.
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, 2007, were audited by KPMG LLP., under contract with the City of Detroit, Auditor General. The audit of these financial statements and the resulting Auditors' opinion satisfies the requirements of the City Charter under Section 4-205.

Respectfully,

Loren E. Monroe

Loren E. Monroe, CPA
Auditor General

Detroit was caught up in Tiger Fever in October 2006 as the Detroit Tigers surprised all of baseball by winning the American League pennant and going to the World Series.

Detroit Tiger mascot Paws revs up a crowd of Tiger fans at a downtown rally for the team.

The Spirit of Detroit statue gets into the action as it proudly sports an XXXXXXXXXXXXL Tiger jersey.

CITY OF DETROIT

PRINCIPAL OFFICIALS
OF THE
CITY OF DETROIT, MICHIGAN

Executive

Mayor

KENNETH V. COCKREL JR.

Legislative

(Elected)

City Council

MONICA CONYERS
President

JOANN WATSON
President Pro Tem

SHEILA M. COCKREL

BARBARA-ROSE COLLINS

BRENDA JONES

KWAME KENYATTA

MARTHA REEVES

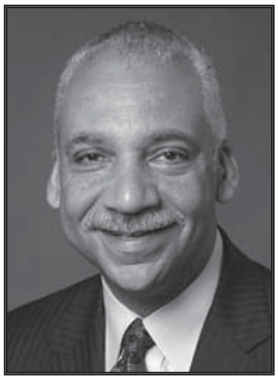
ALBERTA TINSLEY-TALABI

PRINCIPAL OFFICIALS
OF THE
CITY OF DETROIT, MICHIGAN

Legislative
(Elected)

City Clerk
JANICE WINFREY

Other Executive Officials
(Appointed)

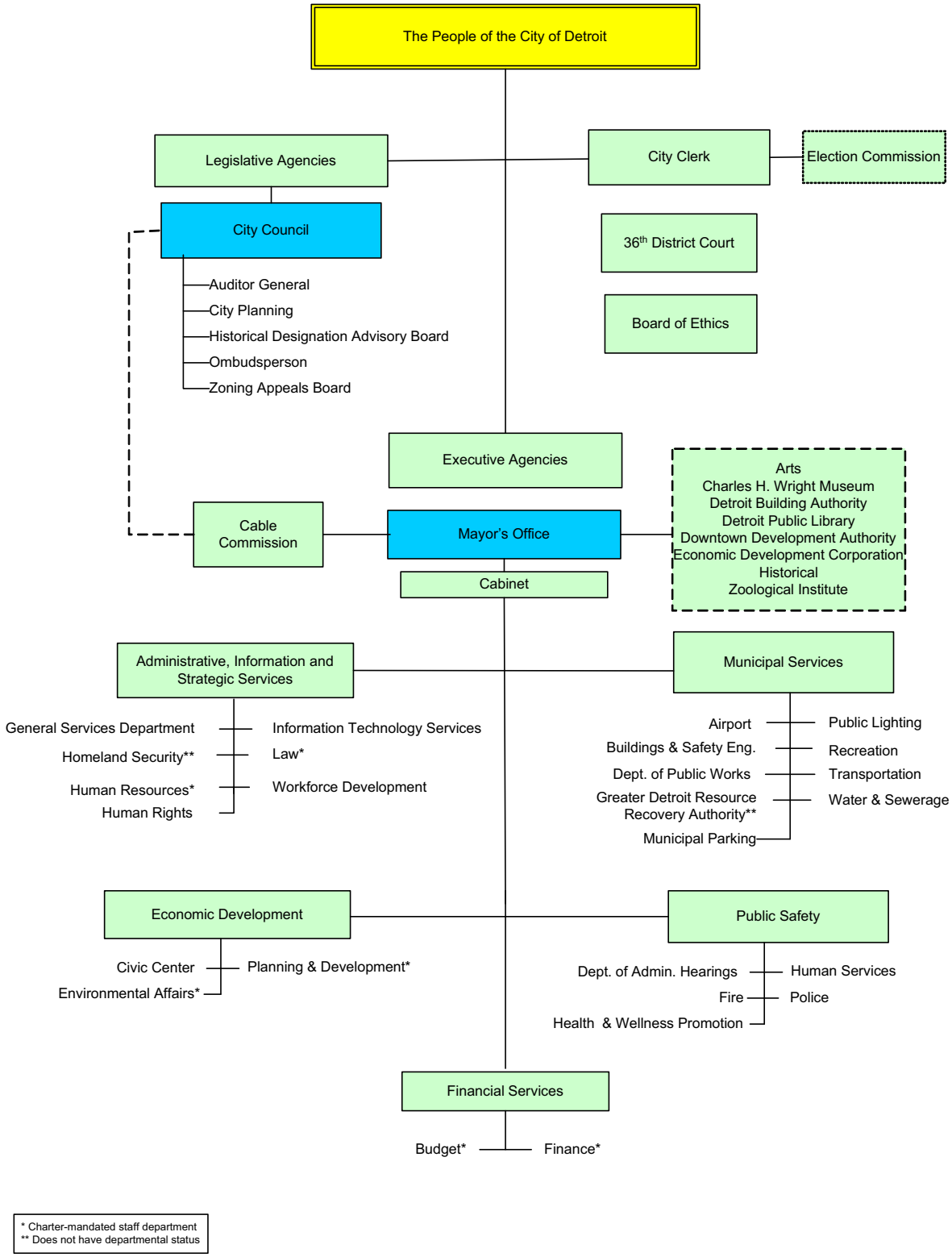


SAUL GREEN
Deputy Mayor

JOSEPH L. HARRIS, CPA
Chief Financial Officer

MIKE D. BRIDGES
Chief Accounting Officer

2006-07 Organization of City Departments



Passionate volunteers show their spirit of love for Detroit during another successful Angels' Night campaign.

Groups canvass neighborhoods, walking door to door recruiting volunteers for Angels' Night.

Residents line up to sign up to patrol a neighborhood, watch over a vacant house, or turn on their porch light for the October 29-31 Angels' Night period.

A volunteer street patroller beams as brightly as his car's oscillating light as he prepares to patrol in the community.

A young student wows the audience at the Angels' Night rally with her impassioned presentation of her winning oratorical entry in the Angels' Night Poster and Oratorical Contest.

CITY OF DETROIT

F I N A N C I A L

The Financial Section contains:

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

INDEPENDENT AUDITORS' REPORT

KPMG LLP
Suite 1200
150 West Jefferson
Detroit, MI 48226-4429

Independent Auditors' Report

The Honorable Mayor Kenneth Cockrel Jr.
and
the Honorable Members of the City Council
City of Detroit, Michigan:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Detroit, Michigan (the City), as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City of Detroit's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Detroit Brownfield Redevelopment Authority, Detroit Public Library, Detroit Transportation Corporation, Downtown Development Authority, Eastern Market Corporation, Economic Development Corporation, Greater Detroit Resource Recovery Authority, Local Development Finance Authority, and Museum of African American History which represent 99.8% and 96.0% of the assets and revenues, respectively, of the aggregate discretely presented component units. We also did not audit the financial statements of the General Retirement System and the Policemen and Firemen Retirement System, which represent 96.2% and 65.9% of the assets and revenues/additions, respectively, of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon were furnished to us, and our opinions, insofar as they relate to the amounts included in the aggregate discretely presented component units and aggregate remaining fund information, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City 's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously 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

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member firm of KPMG International, a Swiss cooperative.

fund, and the aggregate remaining fund information of the City of Detroit, Michigan, as of June 30, 2007, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note IV, subsequent to June 30, 2007, significant financial uncertainties have arisen and downgrades in the City's credit ratings have occurred affecting the City's access to capital and certain interest rate swap agreements.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2009 on our consideration of the City of Detroit's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis on pages 7 through 24, the budgetary comparison information on pages 123 through 126 and the schedules of employer contributions and the schedules of funding progress on page 129 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Detroit's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us or the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

Detroit, Michigan
February 25, 2009

Detroit Shock Celebration

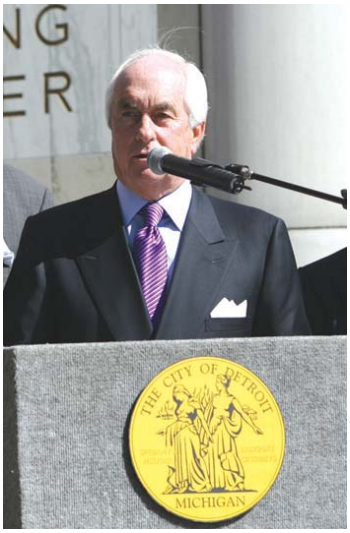
Detroit celebrates newly crowned WNBA Champion Detroit Shock at a downtown celebration rally in September 2006.

CITY OF DETROIT

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

Detroit Belle Isle Grand Prix

Roger Penske announces the much-anticipated return of the Detroit Grand Prix to Belle Isle at a downtown press conference on September 29, 2006.



CITY OF DETROIT

The following Management's Discussion and Analysis is a required supplement to the City of Detroit's financial statements. It describes and analyzes the financial position of the City, providing an overview of the City's activities for the year ended June 30, 2007. We encourage readers to consider the information we present here in conjunction with the information presented in the City's financial statements and notes, which follow this section.

FINANCIAL HIGHLIGHTS

- The primary government's total net assets increased by $39.1 million and its assets exceeded liabilities at June 30, 2007 by $1.7 billion. The primary government's unrestricted deficit was $426.9 million at June 30, 2007, an increase of $196.0 million from the $230.9 million deficit at June 30, 2006.

- At June 30, 2007, the City's governmental activities had net assets of $147.0 million, an increase of $123.2 million from June 30, 2006. The City managed to reduce the governmental activities cumulative unrestricted deficit by $6.2 million to $602.5 million at June 30, 2007. City initiatives reduced salaries and wages, added revenues from the new solid waste fees, increased casino tax revenues, sold City real estate, and decreased the accrued public liability, which contributed to the improved financial performance of the government activities.

- The City's business-type activities had net assets of $1.6 billion, a decrease of $84.0 million from the fiscal year ended June 30, 2006. The business-type activities cumulative unrestricted net asset decreased by $202.2 million to $175.6 million at June 30, 2007. Large interest expenses from the Water and Sewer Disposal Funds contributed to the net losses resulting in the reduction of the business-type activities cumulative unrestricted net asset for the year ended June 30, 2007.

- At June 30, 2007, the General Fund had a total fund deficit of $91.4 million, a reduction of $15.8 million from the prior year. Increased casino revenue collections, sales of City real estate, reduced salaries and wages, and holding benefit costs steady contributed to the improved results. Also, encumbrances were reduced by $19.2 million partly because the City adopted a policy that funds cannot be encumbered when the City's general fund has a deficit fund balance and there are no other assets to support the encumbrances. The Unreserved Fund Balance had a $155.6 cumulative deficit at June 30, 2007 compared with the $173.7 million deficit at the end of fiscal year 2006.

- The City's total bonded debt increased by $654.6 million during the fiscal year ended June 30, 2007. The Water and Sewage Disposal Funds issued a total of $2.1 billion in bonds in August and December 2006 to finance capital improvements, refund $1,135.1 million in prior outstanding bonds, and pay issuance and other costs.

- Pension Obligation Certificates (POC) and other long-term obligations totaled $8.4 billion for the fiscal year ended June 30, 2007 compared to $7.9 billion for the fiscal year ended June 30, 2006. The POC long-term obligation did not change from the $1.5 billion at June 30, 2006, as principal payments are not due until fiscal year 2009-10.

(Continued)

- Implementation of an annual solid waste fee ($300 per household) to cover the costs of trash collection in 2006-2007 raised $74.9 million or $57 million more than the previous three mills (approximately $18 million) collected from property taxes.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The Statement of Net Assets (page 29) presents all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets measure whether the City's financial position is improving or eroding.

The Statement of Activities (pages 30 and 31) presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both statements report three activities:

- Governmental Activities – Most of the City's basic services such as public protection (police) and public works are reported under this category. Taxes and intergovernmental revenues generally fund these services.

- Business-type Activities – The City charges fees to customers to help it cover all or most of the cost of services it provides such as water and transportation.

- Discretely Presented Component Units – Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. There

are ten legally separate organizations including the Economic Development Corporation and the Museum of African American History that are reported as discretely presented component units of the City. Eastern Market Corporation was added as a component unit in fiscal year 2007.

Fund Financial Statements

The fund financial statements begin on page 32 and provide detailed information about the major individual funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the City uses to keep track of specific sources of funding and spending for a particular purpose. The City's funds are divided into three categories – governmental, proprietary, and fiduciary – and use different accounting approaches.

- *Governmental funds* - Most of the City's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. The governmental fund financial statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental funds include the General Fund, General Retirement System Service Corporation, Police and Fire Retirement System Corporation, and Other Governmental Funds.

- *Proprietary funds* - When the City charges customers for services it provides, whether to outside customers or to other agencies within the City, these services are generally reported in proprietary funds. Proprietary (e.g., Enterprise) funds utilize accrual accounting, the same method used by private sector businesses. Enterprise funds report activities that provide supplies and services to the general public (e.g., Transportation Fund).

- *Fiduciary funds* - The City acts as a trustee or fiduciary for its employee pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The City's fiduciary activities are reported in the Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets (pages 48 and 49). These funds, which include pension (and other employee benefit) and agency funds, are reported using accrual accounting. The government-wide statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and do not represent discretionary assets of the City to finance its operations.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 56 of the report.

Additional Required Supplementary Information

The Required Supplementary Information that follows the basic financial statements further explains and supports the information in the financial statements.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Government-wide Net Assets

Net assets (assets less liabilities) serve as a useful indicator of a government's financial position. The City's assets exceeded liabilities by $1.7 billion at June 30, 2007. The net assets increased $39.1 million (2.3 percent) from the balance for the fiscal year ended June 30, 2006.

Summary of Net Assets
June 30, 2007 and 2006
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Current and other non-current assets	$ 1,844,080	$ 1,819,873	$ 2,160,297	$ 1,594,638	$ 4,004,377	$ 3,414,511
Capital assets	1,501,871	1,510,025	5,457,414	5,346,012	6,959,285	6,856,037
Total assets	3,345,951	3,329,898	7,617,711	6,940,650	10,963,662	10,270,548
Current and other liabilities	726,151	698,091	357,263	324,749	1,083,414	1,022,840
Long-term liabilities	2,472,784	2,607,964	5,667,279	4,938,689	8,140,063	7,546,653
Total liabilities	3,198,935	3,306,055	6,024,542	5,263,438	9,223,477	8,569,493
Net assets:						
Invested in capital assets, net of related debt	592,162	603,086	1,150,526	914,032	1,742,688	1,517,118
Restricted	157,360	29,492	266,995	385,381	424,355	414,873
Unrestricted (deficit)	(602,506)	(608,735)	175,649	377,799	(426,857)	(230,936)
Total net assets	$ 147,016	$ 23,843	$ 1,593,169	$ 1,677,212	$ 1,740,185	$ 1,701,055

Total Primary Government

The largest portion of the City's net assets at June 30, 2007 is its $1.7 billion investment in capital assets (e.g., land, buildings, equipment, infrastructure and others), net of any related debt outstanding that was needed to acquire or construct the assets. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Restricted net assets totaling $424.4 million are the next largest portion. These are resources subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The City presents restricted net assets in 2006-07 to include Highway and Street Improvement funds ($54.8 million), Capital Acquisitions ($112.5), Restricted for Debt Service ($219.3), Endowments and Trusts ($1.4) and Other Funds ($36.4). The restricted net assets increased by $9.5 million when compared to the prior year.

The remaining balance is an unrestricted accumulated deficit of $426.9 million. A deficit represents a shortage of assets available to meet all the City's obligations if they were immediately due and payable. The new presentation of restricted net assets resulted in a higher unrestricted accumulated deficit for 2006-07 compared to the year ended June 30, 2006.

Governmental Activities

Net assets of the City's governmental activities increased $123.2 million to $147.0 million for the fiscal year ended June 30, 2007. Net assets invested in capital assets totaled $592.2 million; a slight decrease from the prior fiscal year. Restricted net assets totaled $157.3 million. The remaining unrestricted net assets deficit totaled $602.5 million at June 30, 2007, a $6.2 million reduction from the $608.7 million deficit at June 30, 2006.

Business-type Activities

The net assets of the business-type activities had a decrease of $84.0 million for the fiscal year ended June 30, 2007 from the prior fiscal year. The unrestricted net assets decreased $202.2 million from the $377.8 million surplus at June 30, 2006 to $175.6 million at June 30, 2007.

Government-wide Changes in Net Assets

The following condensed financial information was derived for the government-wide Statement of Activities and reflects how the City's net assets changed during the fiscal year:

Summary of Changes in Net Assets
June 30, 2007 and 2006
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues						
Charges for services	$ 430,676	$ 340,649	$ 660,442	$ 677,975	$ 1,091,118	$ 1,018,624
Operating grants	271,970	307,867	81,959	73,802	353,929	381,669
Capital grants	65,941	91,807	14,098	-	80,039	91,807
General revenues						
Property Taxes	241,428	243,622	-	-	241,428	243,622
Municipal Income Tax	278,309	284,111	-	-	278,309	284,111
Utility Users Tax	53,769	60,019	-	-	53,769	60,019
Wagering Tax	179,764	156,589	-	-	179,764	156,589
Hotel and Liquor Tax	17,579	16,288	-	-	17,579	16,288
Other Local Taxes	16,202	22,784	-	-	16,202	22,784
State Shared Taxes	272,635	280,818	-	-	272,635	280,818
Investment Earnings	24,076	18,397	69,332	39,194	93,408	57,591
Miscellaneous	47,946	22,470	1,017	28,850	48,963	51,320
Total Revenues	1,900,295	1,845,421	826,848	819,821	2,727,143	2,665,242
Expenses						
Public Protection	633,174	681,052	-	-	633,174	681,052
Health	153,368	177,364	-	-	153,368	177,364
Recreation and Culture	36,050	69,192	-	-	36,050	69,192
Economic Development	93,706	95,642	-	-	93,706	95,642
Educational Development	57,658	64,671	-	-	57,658	64,671
Housing Supply and Conditions	7,905	14,738	-	-	7,905	14,738
Physical Environment	213,288	243,950	-	-	213,288	243,950
Transportation Facilitation	71,947	79,343	-	-	71,947	79,343
Development and Management	297,444	240,246	-	-	297,444	240,246
Interest on Long-term Debt	140,862	126,659	-	-	140,862	126,659
Sewage Disposal	-	-	427,789	311,304	427,789	311,304
Transportation	-	-	200,555	190,359	200,555	190,359
Water	-	-	335,000	282,149	335,000	282,149
Automobile Parking	-	-	16,307	19,474	16,307	19,474
Airport	-	-	2,960	3,044	2,960	3,044
Total Expenses	1,705,402	1,792,857	982,611	806,330	2,688,013	2,599,187
Excess (deficiency) before Contributions and Transfers	194,893	52,564	(155,763)	13,491	39,130	66,055
Contributions	-	-	-	9,502	-	9,502
Transfers	(71,720)	(35,227)	71,720	35,227	-	-
Increase/(decrease) in Net Assets	123,173	17,337	(84,043)	58,220	39,130	75,557
Net Assets, July 1	23,843	6,506	1,677,212	1,618,992	1,701,055	1,625,498
Net Assets, June 30	$ 147,016	$ 23,843	$ 1,593,169	$ 1,677,212	$ 1,740,185	$ 1,701,055

(Continued)

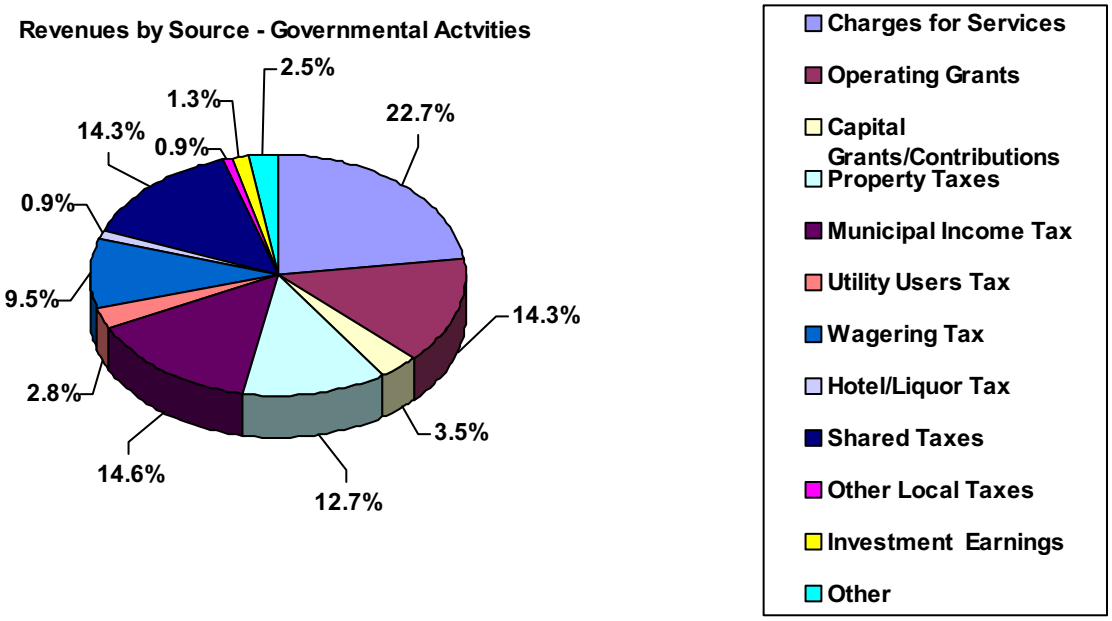
Total Primary Government

Total revenues for the fiscal year ended June 30, 2007 were $2.7 billion; an increase of $61.9 million from the prior fiscal year. Charges for services increased $72.5 million mainly due to the implementation of the new solid waste fees that raised $74.9 million in revenues. Total tax revenues decreased by $4.5 million mainly due to the reduction of the three mills (approximately $18 million) for the collection of trash that was replaced by the new solid waste fee. Wagering tax revenues increased by $23.2 million (14.8 percent) due to the Casino percentage payments, which became effective January 2006 ($23.1 million collected in 2006-07 compared to $6.5 million in FY 2005-06). Grant revenues decreased $39.5 million for the fiscal year ended June 30, 2007 due to timing differences of award years (October 1 – September 30) and the City's fiscal year (July 1 – June 30) and reduction of Federal and State awards.

Total expenses were $2.7 billion; an increase of $88.8 million. Development and Management and Sewage disposal had the largest increases in expenses (see below for detailed explanations).

Governmental Activities

The following chart depicts revenues of the governmental activities for the fiscal year ended June 30, 2007:



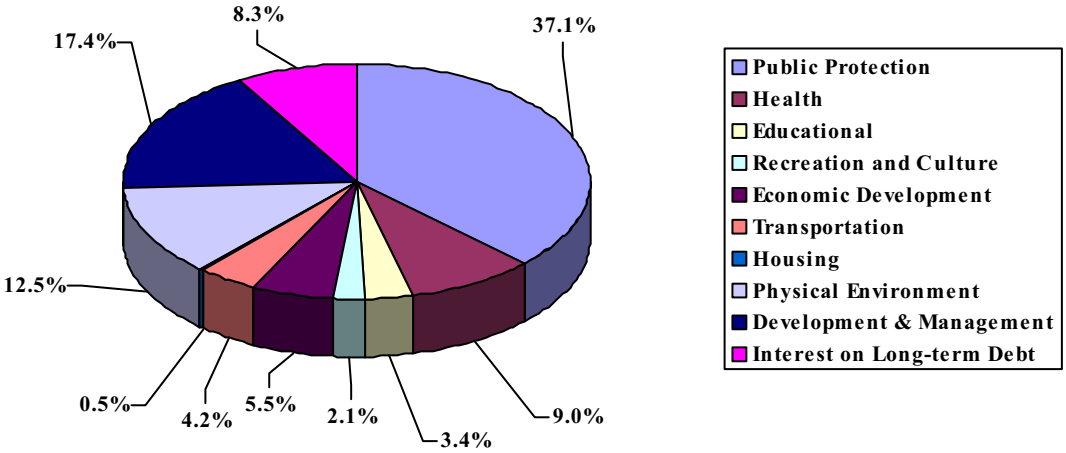
The governmental activities revenues totaled $1.9 billion for the fiscal year ended June 30, 2007.

The amount that taxpayers paid for these activities through City taxes was $787.0 million. Municipal income taxes were the largest component of taxes collected and totaled $278.3 million. Other funding for governmental activities was provided from the following sources:

- Charges for services paid by those who directly benefited totaled $430.7 million. These services included permits, parking fines, licenses, and solid waste fees.
- Other governments and organizations subsidized programs such as health related activities and community development projects with grants and contributions totaling $337.9 million.
- Other revenues such as state aid (revenue sharing), interest, and miscellaneous income funded the "public benefit" portion of various programs and totaled $344.7 million.

The following chart depicts expenses of the governmental activities for the fiscal year ended June 30, 2007:

Expenditures by Function Type - Governmental Activities



Governmental activities expenses totaled $1.7 billion for the fiscal year ended June 30, 2007. This is a decrease of $87.5 million from the fiscal year ended June 30, 2006. Public protection (police and fire protection) was the largest component of current expenses, accounting for 37.1 percent of total expenses. Public protection expenses decreased by $47.9 million from 2006 as a result of salary reductions and renegotiation of employee health care benefits.

Development and Management expenses totaling $297.4 million were up $57.2 million from the $240.2 million for the fiscal year ended June 30, 2006. This was mainly due to the creation of a new General Services Department. The General Services Department was created in fiscal year 2006-2007 to consolidate and centralize vehicle and building maintenance, security, inventory management, and skilled trades. The $65.4 million cost of the new department for the fiscal year ended June 30, 2007 is included as Management and Development expenses for the fiscal year ended June 30, 2007. Physical

(Continued)

Environment expenses decreased by $30.6 million from the prior fiscal year mainly as a result of transferring maintenance and other services to this new department.

The Zoo and Historical Departments are no longer controlled and accounted for by the City. The Historical main museum and the Detroit Zoo operations were transferred to the Detroit Historical Society and Detroit Zoological Society, respectively, effective July 1, 2006. The expenses of these departments were previously recorded in Recreation and Culture, which partially accounts for the $33.1 million decrease in expenditures from the $69.2 million for the fiscal year ended June 30, 2006.

Business-type Activities

The business-type activities' net assets decreased by $84.0 million for the fiscal year ended June 30, 2007. Detailed below are the results for the major business-type funds:

Water Fund

The Water Fund had a decrease in net assets of $32.0 million. Water sales revenues from Detroit and suburban customers totaled $266.0 million for the fiscal year ended June 30, 2007 compared to $274.3 million for the fiscal year ended June 30, 2006. During the 2007 fiscal year, the Water Fund experienced a decrease in revenue from sales to retail customers due to a decline in consumption. Additionally, the Water Fund increased the estimated allowance for uncollectible receivable accounts, which resulted in a decrease to revenue. Water Fund non-operating expenses increased $39.8 million from the prior fiscal year due to an increase in interest expense. This expense increased because of the large investment in capital improvements to the Region's water supply system made by the departments and a reduction in capitalized interest on constructed assets.

The Water Fund issued $1.2 billion in revenue bonds in fiscal year 2007. Proceeds from the issuance of these revenue bonds and revenues of the Water Fund will be used to finance the replacement of water distribution mains, installation of the automated meter reading system, improvements to water plants, booster stations and transmission mains over the next five years. Proceeds totaling $729.4 million were also used to advance refund previously issued bonds.

Sewage Disposal Fund

The Sewage Disposal Fund had a decrease in net assets of 45.8 million. Sewage Disposal Fund revenues from Detroit and suburban customers totaled $341.5 million in the fiscal year ended June 30, 2007, down $9.1 million from the $350.6 million in the fiscal year ended June 30, 2006. During the 2007 fiscal year, the Sewage Disposal Fund experienced a decrease in revenue from sales to retail customers due to a decline in consumption. Additionally, the Sewage Disposal Fund increased the estimated allowance for uncollectible receivable accounts, which resulted in a decrease to revenue. The Sewage Disposal Fund non-operating expenses increased $85.4 million from the prior fiscal year due to an increase in interest expenses. These expenses increased because of the large investment in capital improvements to the Region's sewage system made by the department and a reduction in capitalized interest on constructed assets. Additionally, interest expense also includes $18.6 million for the accretion of capital appreciation bonds and accrued interest on certain bonds payable related to prior years.

The Sewage Disposal Fund issued $923.2 million in bonds in the fiscal year ended June 30, 2007. Proceeds from the issuance of these bonds and revenues of the Sewage Disposal Fund will be used to finance design and construction of the combined sewage overflow (CSO) facilities, rehabilitation of pumping stations, improvements at the wastewater facility and relining of lateral sewers over the next five years. Proceeds totaling $405.7 million were also used to advance refund previously issued bonds.

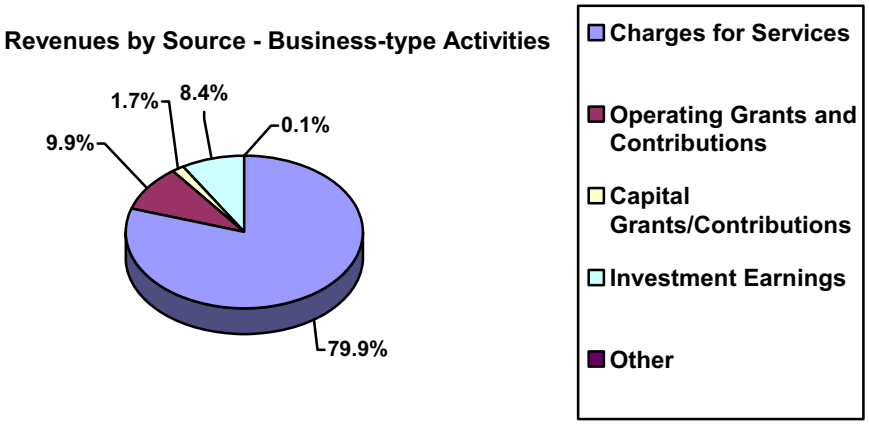
Transportation Fund

The Transportation Fund had a decrease in net assets of $9.8 million at June 30, 2007 primarily due to a $6.3 million increase in total operating expenses, (a $6.9 million increase in salaries and wages, a $7.9 million increase in materials and supplies, and an increase in contractual expenses of $1.5 million; offset by decreases in operating expenses of $8.9 million and depreciation expense of $1.1 million). Although revenues from fares were up $1.3 million and Federal and State operating assistance were up $7.2 million, these increases were offset by a $6.4 million decrease in the City's General Fund contribution to the Transportation Fund for the fiscal year ended June 30, 2007.

Automobile Parking Fund

The Automobile Parking Fund recorded an increase in net assets of $3.9 million. Fund operating revenues totaled $18.1 million for the fiscal year ended June 30, 2007 compared to $21.1 million for the fiscal year ended June 30, 2006. This $3.0 million decrease in operating revenues was due in part to the temporary closure for maintenance of the Cultural Center and Cobo Arena garages. Additionally, the Fund sold two facilities during the fiscal year ended June 30, 2006, which also contributed to lower expected revenues. Offsetting the lower revenues during fiscal year 2007, the Fund recorded reduced operating expenses excluding depreciation, of $0.8 million, and reduced depreciation expenses by $1.6 million. Net non-operating charges for fiscal year 2007, excluding the sale of assets and transfers in fiscal year 2006, decreased by $1.2 million due primarily to reduced interest expenses combined with increased other revenues during fiscal year 2007.

The following chart depicts revenues of the business-type activities for the fiscal year ended June 30, 2007:



FINANCIAL ANALYSIS OF THE CITY'S GOVERNMENTAL FUNDS

The City's governmental funds reported combined ending fund balances of $157.5 million at June 30, 2007. The fund balance includes an unreserved deficit of $133.3 million, a $36.9 million increase from the prior fiscal year, which is due to the first time inclusion of a $53.6 million reserve for State Act 51 Major and Local Streets funding that had in prior years been included as an unreserved fund balance. The remainder of the $290.8 million is reserved for specific purposes, such as advances to component units, inventory, encumbrances, short-term loans and advances to other funds, risk management operations, motor vehicle operations, endowments and trusts, debt service and capital projects.

General Fund

The General Fund is the chief operating fund of the City. The fund had a $91.4 million fund balance deficit at June 30, 2007. The fund balance includes an unreserved deficit of $155.6 million, an $18.1 million improvement from the $173.7 million deficit at June 30, 2006. The General Fund reserved fund balance was $64.2 million at June 30, 2007. The fund balance improved during the fiscal year primarily because revenues increased due to the solid waste fees and real estate sales and expenditures such as salaries and wages and hospitalization were reduced or held in check. Also, encumbrances were reduced by $19.2 million partly because the City adopted a policy that funds cannot be encumbered when the City's general fund has a deficit fund balance and there are no other assets to support the encumbrances.

General Fund Budgetary Highlights:

The City's 2007 General Fund Budget is $1.8 billion. The City's 2007 General Fund Budget contains no additions or material changes to existing taxes and fees with the exception of the new solid waste fee revenue budgeted at $64.6 million. Within the 2006-2007 adopted budget, the City Council appropriated $67.0 million to reduce the prior years' deficit. The City's 2007 Budget was approved by the City Council in June 2006.

As of June 30, 2007, the General Fund's accumulated fund balance deficit was $155.6 million. The deficit decreased $18.1 million from the $173.7 million accumulated fund balance deficit at June 30, 2006.

The estimated revenues in the budget exceeded actual revenues and other resources by $305.5 million for the fiscal year ended June 30, 2007. The revenue shortfall is attributable to actual grant revenues and transfers being $167.4 million, and 107.9 million, respectively, less than the final budget (see explanation below). Actual taxes, assessments and interest and penalties revenues exceeded budgeted revenues by $16.9 million. The solid waste fee revenues were $10.3 million greater than budgeted.

Budgeted expenditures exceeded actual expenditures by $424.0 million for the fiscal year ended June 30, 2007 due to grant expenditures being less than budgeted (see explanation below), the City's inability to obtain State of Michigan approval to borrow funds due to the delay in producing the 2005-06 CAFR, unfilled positions, and salary and wage reductions. Public Protection expenses were $87.2 million less than the budgeted appropriations due to elimination of 235 positions (197 uniform), unfilled positions,

and salary and wage reductions. Development and Management expenditures were $128.4 million under the budgeted appropriations mainly due to the $67 million carry-forward of the prior year's deficit, the inability to issue debt in the fiscal year, unfilled positions, and salary and wage reductions.

The City's budget for grant revenues and expenses are greater than the actual revenues and expenditures because: (1) City of Detroit budgets grant awards for the total amount of the award even if the grant award is for more then one year, whereas actual revenues only represent one year's activity; (2) the City's fiscal year (July1-June 30) is different than most grant fiscal years (October 1-September 30) and more or less grant activity may occur depending on the timing; and (3) the City also brings forward previous year unspent grant awards into the current years budget

Differences between the original budget and the final amended budget consisted of a total net increase in estimated revenues of $224.6 million and a total net increase in appropriations of $235.4 million. The difference was offset by a total net decrease in Other Financing Sources and Uses of $10.8 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Total Government

At the end of the fiscal year 2007, the City had invested $7.0 billion, net of accumulated depreciation, in a broad range of capital assets (see table below). This was an increase of $103.2 million from the prior fiscal year.

Capital Assets as of June 30, 2007 and 2006
(Net of Depreciation, In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Land and Land Rights	$ 418,683	$ 417,464	$ 38,945	$ 38,079	$ 457,628	$ 455,543
Land Improvements	-	-	54,767	48,100	54,767	48,100
Building & Structures	671,176	617,135	2,846,794	2,147,720	3,517,970	2,764,855
Sewer & Water Lines	-	-	934,935	870,080	934,935	870,080
Machinery, Equipment Fixtures & Vehicles	131,887	145,701	1,180,399	1,785,394	1,312,286	1,931,095
Works of Art	29,788	29,788	-	-	29,788	29,788
Infrastructure	199,172	199,803	-	-	199,172	199,803
Construction-in-Progress	51,165	100,133	401,574	456,639	452,739	556,772
Total	$ 1,501,871	$ 1,510,025	$ 5,457,414	$ 5,346,012	$ 6,959,285	$ 6,856,037

Governmental Activities

Governmental Activities capital assets at June 30, 2007 were $8.1 million less than the $1.5 billion at June 30, 2007. The City acquired $69.8 million in new assets and $76.8 million of construction in progress (CIP) was completed. Depreciation expenses totaled $78.0 million.

Major capital assets acquired and projects completed during the year ended June 30, 2007 included the following:

- Elections department expended $4.7 million to acquire voting equipment.
- The Department of Public Works expended $9 million on bridge and street resurfacing projects.
- The Police Department expended $3.6 million to purchase new vehicles and $3.1 million to repair and renovate existing facilities.
- The Detroit Institute of Arts expended $5.4 million to complete the last phase of its expansion project.
- The Civic Center expended $2.1 million on repairs and improvements to the Cobo Hall Exhibition Center.
- The Recreation Department expended $5.3 million on improvements to various parks and recreation centers.
- The Detroit Zoo expended $1.3 million on new exhibits.

Business-type Activities

Business-type Activities capital assets at June 30, 2007 were $5.5 billion, an increase of $111.4 million from the balance at June 30, 2006.

Major capital assets acquired and projects completed during the year ended June 30, 2007 included the following:

- The Transportation Department expended $17.1 million on new fareboxes, facility improvements, and construction of the Rosa Parks Transit Center.
- The Water Fund is engaged in a variety of projects that are a part of its five-year Capital Improvement Program (the Program). The total cost of this program is anticipated to be approximately $1.97 billion through fiscal year 2012. The Program is being primarily financed from revenues of the Fund and proceeds from the issuance of revenue bonds. The total amount of construction contract commitments outstanding at June 30, 2007 and June 30, 2006 was approximately $163 million and $156 million, respectively. Projects that will be completed as part of the Water Program include the replacement of water distribution mains, installation of the automated meters reading system, and improvements to water plants, booster stations and transmission mains.

- The Sewage Disposal Fund is engaged in a variety of projects that are a part of its five-year Capital Improvement Program (the Program). The total cost of this Program is anticipated to be approximately $1.69 billion through fiscal year 2012. The Program is being financed primarily from revenues of the Fund and proceeds from the issuance of revenue bonds. The total amount of construction contract commitments outstanding at June 30, 2007 and 2006 was approximately $490 million and $356 million, respectively. Projects that will be completed as part of the Sewage Program includes the design and construction of combined sewage overflow facilities, rehabilitation of pumping stations, improvements at the wastewater facility, and relining of lateral sewers.

Long-Term Debt

Outstanding Bonded Debt as of June 30, 2007 and 2006
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
General obligation bonds	$ 890,465	$ 961,597	$ -	$ -	$ 890,465	$ 961,597
Revenue bonds	112,340	123,720	5,420,579	4,683,420	5,532,919	4,807,140
Total	$ 1,002,805	$ 1,085,317	$ 5,420,579	$ 4,683,420	$ 6,423,384	$ 5,768,737

At the end of the current fiscal year, the City had total bonded debt of $6.4 billion outstanding. Of this amount, $890.5 million are general obligation bonds backed by the full faith and credit of the City and $5.5 billion are revenue bonds of the City's business enterprises.

The City's total bonded debt increased by $654.6 million during fiscal year 2007. Governmental activities decreased by $82.5 million, while business-type activities' debt increased by $737.1 million. In August 2006 the Sewage Department issued $401.6 million in bonds to finance a portion of the costs of the Sewage Disposal System repairs, extensions, capital improvements, refund certain prior outstanding bonds, purchase a debt service reserve surety to satisfy the reserve requirements attributable to the bonds, fund capitalized interest and pay the cost of issuance of the bonds. In December the Sewage Disposal Fund issued $370 million in refunding bonds, resulting in a present value savings of $28.1 million of the refunded par amount. In August 2006 the Water Department issued $1.1 billion in bonds to finance a portion of the costs of the Water Supply System capital improvement program, refund certain prior outstanding bonds, fund reserve requirements and pay cost of issuance of the bonds.

In addition to the bonded debt, the City had a total debt of $1.5 billion for pension obligation certificates, notes payable ($41.9 million), and loans payable ($93.4 million) at June 30, 2007. The Pension obligation certificates did not change from June 30, 2006, because principal payments are not due until fiscal year 2009-2010. Notes payable increased $13.7 million and loans payable decreased by $14.9 million at June 30, 2007. The City obtained $15.0 million in new notes payable offset by principal payments of $1.3 million for the year. The notes are used to fund City economic development projects such as the Book Cadillac Hotel. The loans are used to fund projects such as the City's upgrade of the HR/payroll system.

The Michigan Constitution established the authority, subject to constitutional and statutory prohibition, for municipalities to incur debt for public purposes. The City is subject to the Home Rule Act, ACT 279 Public Acts of Michigan, 1909, as amended, which limits the net indebtedness incurred for all public purposes to as much as, but not to exceed, the greater of the following: (a) 10 percent of the assessed value of all the real and personal property in the City; or (b) 15 percent of the assessed value of all the real and personal property in the City if that portion of the total amount of indebtedness incurred, which exceeds 10 percent is, or has been, used solely for the construction or renovation of hospital facilities. Not all the General Bonded debt is subject to the general debt limitation. The City's legal debt limitation at June 30, 2007 was $1.5 billion of which $768.9 million is available for use.

The City's ratings on uninsured general obligation bonds as of June 30, 2007 were:

Moody's Investors Service, Inc.	**Baa2**
Standard and Poor's Corporation	**BBB**
Fitch IBCA, Inc.	**BBB**

On January 6, 2009, Standard & Poor's Rating Services (S&P) downgraded the City's $530 million of outstanding unlimited tax general obligation bond rating from "BBB" to "BB" and its $355 million of outstanding limited tax general obligation bond rating from "BBB–" to "BB". On that date, S&P also downgraded to BB, the rating on the $536 million of outstanding Detroit Retirement Systems Funding Trust 2005 Taxable Certificates of Participation Series 2005 and the $948 million of Detroit Retirement Systems Funding Trust 2006 Taxable Certificates of Participation Series 2006 (collectively, the Pension Obligation Certificates or POCs). On January 13, 2009, Moody's Investors Service (Moody's) downgraded the ratings on the City's unlimited-tax general obligation debt and on the POCs from "Baa3" to "Ba2" and its limited-tax general obligation debt rating from "Ba1" to "Ba3". At the same time, Moody's downgraded from "Aa3" to "Baa3" the Global Scale Rating assigned to the outstanding POCs. On January 22, 2009, Fitch Ratings downgraded the City's unlimited tax general obligation bonds to BB from BBB; the City's limited tax general obligation bonds to BB- from BBB, and the Detroit Retirement's Systems Funding Trust Series 2005 and 2006 Taxable Certificates of Participation to BB from BBB.

The most significant impact of the recent downgrades in the City's credit ratings to a level below investment grade status comes in the form of greater limitations on the access to capital. Secondly, with the continuing deterioration in the economy and its direct effect on the debt/credit ratings of the City and certain bond insurers, the City now faces potential higher borrowing costs. Those higher costs in the near future may most significantly come in the form of termination payments, in connection with certain contractual agreements involving the exchange of future net interest expense cash flows (i.e., Swap Agreement Terminations). Both areas of emerging significant uncertainty risk are discussed below.

Due to the City's recent ratings downgrade to a level below investment grade status, the access to capital has been adversely impacted. The City will likely find it more difficult to attract investors for its needed capital and pay higher costs. The City is however committed to taking steps to ensure adequate capital funding is maintained. More diligence will be required to achieve success in such capital/credit markets.

The uncertainty risk of a Swap Termination arose in light of the continued credit rating declines of bond insurers and the recent credit rating downgrades of the City.

The City has identified eight interest rate exchange agreements (the "Swap Agreements") that the SWAP counterparties could presently seek to terminate the contracts as a result of these rating changes. These eight Swap Agreements were executed by Service Corporations formed by the City in connection with the POCs listed on page 110 of these notes. The City's legal obligation relating to the Swap Agreements results from the City's contractual obligation to make Service Payments to the Service Corporations. The City received formal notice on January 8, 2009 from the Swap Counterparty to four of the eight Swap Agreements stating that an event had occurred, which, if not cured by the City within 30 days from the date of the notice, will constitute an Additional Termination Event, allowing such Swap Counterparty to designate an Early Termination Date with respect to the applicable Swap Agreement. The City also received formal notice on January 14, 2009 from the Swap Counterparty to the four remaining Swap Agreements, stating that the applicable Swap Insurers had been downgraded below the thresholds set forth in the Swap Agreements. Under the Swap Agreements, such Swap Insurer downgrades, coupled with the downgrades of the POCs, will constitute an Additional Termination Event unless, within 30 days of receiving such notice, the City has provided a Credit Support Provider acceptable to the Swap Counterparty whose obligations are pursuant to a Credit Support Document acceptable to the Swap Counterparty. The City has received letters from both counterparties effectively extending to March 6, 2009 as the date by which the City must take definitive action to avoid the termination events. The City believes that further extension may be granted based on the progress of negotiations.

The City is exploring various options that would avoid termination of the swap agreements. On Monday February 2, 2009, City officials presented a proposal to the swap counterparties. The swap counterparties are reviewing the proposal. No assurances can be given regarding the response or the outcome of the negotiations.

If the swap agreements are terminated, the amount of swap termination payments would be based on a variety of factors, such as the various swap counterparties' financial pricing models; underlying variable debt, index, or reference rates; and the point of pricing. The amount of swap agreement termination payments, if any, has been estimated to range up to approximately $400 million as determined by valuations provided by the counterparties as of December 31, 2008.

Any such termination payment(s) would be allocated based on the notional allocation percentage of the affected POCs, between the Governmental and Business-types Activities as of the point of liability accrual. As of June 30, 2007, such allocation percentages were Governmental Activities (General Fund) (81.3%), Sewage Disposal Fund (0.6%), Transportation Fund (7.2%), and Water Fund (10.9%). It is unclear whether the City would be able to restructure, refinance, and/or fund the potential amounts due associated with any such Swap terminations.
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Additional information on the City's long-term debt can be found in Notes III, (B), 4. Long-Term Obligations; 5. Derivatives Not Reported at Fair Value; and 6. Other Information.

The Government Accounting Standards Board (GASB) has released Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions Statement No. 45*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other post employment benefits" (other than pensions). This change will cause the financial statements of the City to recognize the cost and related liability of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. For the City, this will result in increased expenses and a related liability, which will likely be significant.

The City is currently evaluating the effect Statement No. 45 will have on its financial statements. The City commissioned an actuarial valuation as of December 31, 2004. The present value of all benefits expected to be paid to current plan members as of December 31, 2004 is $8.0 billion ($3.9 billion for current retirees and $4.1 billion for active employees). The actuarial accrued liability, which is the portion of the $8.0 billion attributable to the service accrued by plan members as of December 31, 2004, is $6.0 billion. As of December 31, 2004, there were no plan assets available to offset the liabilities of the plan. Statement No. 45 will be implemented for the year ending June 30, 2008.

ECONOMIC CONDITION AND NEXT YEAR'S BUDGET

Despite some positive developments and diversification of Detroit's economy, the City's economic and demographic profile remains one of the weakest in the nation. Although the expansion of casinos and the healthcare sector have provided some diversity to the City's tax base, the economic downturn in the corporate domestic auto manufacturing sector dominate the local economy. The City's tax base and economic well-being are vulnerable to this sector as Chrysler and General Motors are two of the three largest taxpayers in the City. Auto manufacturing cutbacks will adversely impact the City's economy.

Unemployment levels in the City have been consistently higher than in the rest of the State. For June 2007, Detroit's jobless rate was 14.8 percent an increase of 1.0 percent from June 2006. In December 2008, the City's jobless rate was 18.6% and is expected to grow higher in 2009.

Recent market conditions have resulted in an unusually high degree of volatility and increased risks associated with certain investments held by the General Retirement System and Policemen and Fireman Retirement System, which has impacted the value of investments after the date of these financial statements. As of January 31, 2009, the market value of the assets held by the General Retirement System and Police and Fire Retirement System declined by approximately 33% and 31%, respectively, from the market value at June 30, 2007, which ultimately will affect the funded status of the plans. The ultimate impact on the funded status will be determined based upon market conditions in effect when the annual valuation is performed. While it is unknown at this time, the future respective net pension obligations and/or assets and pension costs recorded by the City could be negatively impacted by the current market conditions.

Next Year's Budget

The 2007-2008 budget includes:

- Increase of $13 million for police salaries and wages due to an Act 312 Arbitration award. Also, an addition of 106 new police officers contributes to the total $15.3 million increase in Police salary and wages over the prior year budget.

- Ten additional Human Rights positions to conduct compliance audits for the Detroit Business Certification Program and ensure companies withhold Detroit municipal income taxes from employees' paychecks. These new positions are expected to generate sufficient revenue to pay for themselves.

- PLD Energy Management Service agreement that will increase revenue by $5 million. Under the agreement PLD will sell excess energy generated by the Mistersky power plant to other utilities.

- Casino taxes to increase $30.3 million from $179.5 budgeted in 2006-07 to $209.8 million in 2007-08.

- Solid waste fee revenue is budgeted at $74.2 million for 2007-08 an increase of $10.3 million from the $63.9 budgeted in 2006-07.

- Appropriations totaling $88.6 million to reduce the accumulated deficit.

The 2007-2008 Budget has 182 more positions than the fiscal year ended June 30, 2007:

Description	Postions FY 2007-08	Postions FY 2006-07	Variance
General City	9,748	9,564	184
Enterprise Agencies	5,528	5,530	(2)
Total Budgeted	15,276	15,094	182

CONTACTING THE CITY'S FINANCE DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Additional copies of this report and other financial information can be obtained by visiting the Finance Department's Website at www.ci.detroit.mi.us. You can also contact the office by phone at (313) 224-2937.

The City's component units issue their own audited financial statements. These statements may be obtained by directly contacting the component unit. A list of contact numbers is provided on page 58 of this report.

Homes in Detroit

Detroit is home to many beautiful new homes and classic older homes, from East English Village, to the Northend, to Sherwood Forest.

CITY OF DETROIT

BASIC

FINANCIAL

STATEMENTS

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City of Detroit, Michigan
STATEMENT OF NET ASSETS
June 30, 2007

	Primary Government			
	Governmental Activities	Business-type Activities	Totals	Component Units
ASSETS				
Cash and Cash Equivalents	$ 163,351,738	$ 94,132,844	$ 257,484,582	$ 47,136,897
Investments	247,396,487	1,492,504,177	1,739,900,664	312,868,902
Accounts and Contracts Receivable - Net	53,685,715	167,980,504	221,666,219	14,433,459
Rate Adjustments Receivable from Customers	—	56,394,677	56,394,677	—
Internal Balances	42,581,909	(42,581,909)	—	—
Due from Primary Government	—	—	—	13,490,634
Due from Fiduciary Funds	—	—	—	1,533,919
Due from Component Units	4,957,822	—	4,957,822	—
Due from Other Governmental Agencies	164,018,717	21,443,822	185,462,539	6,551,028
Inventory	12,887,560	22,270,662	35,158,222	3,950,452
Prepaid Expenses	1,204,307	6,238,264	7,442,571	1,165,433
Long-Term Receivable	—	650,000	650,000	—
Loans and Notes Receivable	—	—	—	31,805,050
Advance to Component Unit	24,554,826	—	24,554,826	—
Other Assets	14,014	—	14,014	66,118,763
Net Pension Asset	1,051,641,939	258,491,233	1,310,133,172	23,278,573
Bonds, Notes and POC Issuance Costs	77,784,718	82,772,603	160,557,321	4,842,225
Capital Assets:				
Non-Depreciable	499,636,084	440,518,805	940,154,889	25,120,501
Depreciable, Net	1,002,235,220	5,016,895,359	6,019,130,579	404,732,209
Total Capital Assets, Net	1,501,871,304	5,457,414,164	6,959,285,468	429,852,710
Total Assets	3,345,951,056	7,617,711,041	10,963,662,097	957,028,045
LIABILITIES				
Accounts and Contracts Payable	143,076,370	106,053,048	249,129,418	20,749,157
Accrued Liabilities	42,150,884	—	42,150,884	—
Accrued Salaries and Wages	33,757,675	5,018,887	38,776,562	795,852
Rate Adjustments Payable to Customers	—	10,207,832	10,207,832	—
Accrued Interest Payable	16,294,547	99,423,967	115,718,514	5,564,830
Due to Other Governmental Agencies	117,208,068	158,466	117,366,534	—
Due to Primary Government	—	—	—	4,957,822
Due to Fiduciary Funds	—	—	—	166,660
Advance Payable to Primary Government	—	—	—	24,554,826
Due to Component Units	10,801,442	2,689,192	13,490,634	—
Deposits and Refunds	29,006,845	—	29,006,845	—
Deferred Revenue	11,420,835	334,878	11,755,713	276,788
Revenue and Tax Anticipation Notes Payable	129,370,000	—	129,370,000	—
Other Liabilities	22,888,285	12,930,788	35,819,073	26,107,092
Long-Term Obligations :				
Due within one year	170,176,715	120,446,363	290,623,078	81,221,134
Due in more than one year	2,472,783,694	5,667,278,683	8,140,062,377	471,179,320
Total Liabilities	3,198,935,360	6,024,542,104	9,223,477,464	635,573,481
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	592,161,746	1,150,524,897	1,742,686,643	293,135,871
Restricted for:				
Endowments and Trust (Non-Expendable)	1,445,462	—	1,445,462	16,023,747
Highway & Street Improvement	54,754,383	—	54,754,383	—
Capital Projects and Acquisitions	28,714	112,433,907	112,462,621	63,378,729
Debt Service	64,709,563	154,561,333	219,270,896	36,501,367
Other	36,422,238	—	36,422,238	
Unrestricted (Deficit)	(602,506,410)	175,648,800	(426,857,610)	(87,585,150)
Total Net Assets	$ 147,015,696	$ 1,593,168,937	$ 1,740,184,633	$ 321,454,564

See accompanying notes to basic financial statements.

City of Detroit, Michigan
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Protection	$ 633,174,260	$ 99,021,130	$ 12,790,689	$ —
Health	153,368,566	14,987,496	127,431,802	—
Recreation and Culture	36,050,284	17,233,370	3,007,404	—
Economic Development	93,705,705	9,010,210	9,707,036	38,987,032
Educational Development	57,658,134	2,781,677	55,248,536	—
Housing Supply and Conditions	7,904,903	127,757	1,233,023	—
Physical Environment	213,287,711	133,048,222	373,619	—
Transportation Facilitation	71,947,094	79,156	62,080,522	26,954,076
Development and Management	297,443,586	154,386,499	97,704	—
Interest on Long-Term Debt	140,861,674	—	—	—
Total Government Activities	1,705,401,917	430,675,517	271,970,335	65,941,108
Business-type Activities:				
Sewage Disposal	427,788,717	346,906,614	—	1,037,355
Transportation	200,555,312	26,047,091	81,198,283	12,427,207
Water	335,000,188	268,286,093	—	633,043
Automobile Parking	16,306,759	18,114,461	—	—
Non-Major Fund - Airport	2,960,042	1,087,844	761,018	—
Total Business-type Activities	982,611,018	660,442,103	81,959,301	14,097,605
Total Primary Government	$ 2,688,012,935	$ 1,091,117,620	$ 353,929,636	$ 80,038,713
Component Units:				
Detroit Brownfield Redevelopment Authority	$ 2,477,066	$ 150,000	$ 128,506	$ —
Detroit Public Library	41,454,214	568,977	2,173,213	—
Detroit Transportation Corporation	21,292,539	1,068,241	10,391,577	—
Downtown Development Authority	23,937,224	14,089,321	—	—
Eastern Market Corporation	793,863	586,137	1,861,024	—
Economic Development Corporation	22,710,746	18,933,625	—	—
Greater Detroit Resource Recovery Authority	92,793,226	47,887,626	2,034,154	—
Local Development Finance Authority	5,181,250	—	—	—
Museum of African American History	8,625,791	1,565,664	2,099,749	—
Tax Increment Finance Authority	12,458,477	—	—	—
Total Component Units	$ 231,724,396	$ 84,849,591	$ 18,688,223	$ —

General Revenues:
Taxes:
Property Taxes
Municipal Income Tax
Utility Users' Tax
Wagering Tax
State Hotel and Liquor Tax
Other Taxes and Assessments
State Shared Taxes
Interest and Penalties on Taxes
Tipping Fees
Contributions
Investment Earnings
Miscellaneous Revenue
Gain (Loss) on Disposal of Capital Assets
Transfers

Total General Revenues and Transfers
Change in Net Assets

Net Assets - Beginning of Year, as restated - See Note I.E. 15

Net Assets - End of Year

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Totals	Component Units
$ (521,362,441)	$ —	$ (521,362,441)	$ —
(10,949,268)	—	(10,949,268)	—
(15,809,510)	—	(15,809,510)	—
(36,001,427)	—	(36,001,427)	—
372,079	—	372,079	—
(6,544,123)	—	(6,544,123)	—
(79,865,870)	—	(79,865,870)	—
17,166,660	—	17,166,660	—
(142,959,383)	—	(142,959,383)	—
(140,861,674)	—	(140,861,674)	—
(936,814,957)	—	(936,814,957)	—
—	(79,844,748)	(79,844,748)	—
—	(80,882,731)	(80,882,731)	—
—	(66,081,052)	(66,081,052)	—
—	1,807,702	1,807,702	—
—	(1,111,180)	(1,111,180)	—
—	(226,112,009)	(226,112,009)	—
(936,814,957)	(226,112,009)	(1,162,926,966)	—
—	—	—	(2,198,560)
—	—	—	(38,712,024)
—	—	—	(9,832,721)
—	—	—	(9,847,903)
—	—	—	1,653,298
—	—	—	(3,777,121)
—	—	—	(42,871,446)
—	—	—	(5,181,250)
—	—	—	(4,960,378)
—	—	—	(12,458,477)
—	—	—	(128,186,582)
241,428,477	—	241,428,477	93,089,870
278,309,191	—	278,309,191	—
53,768,977	—	53,768,977	—
179,763,570	—	179,763,570	—
17,579,292	—	17,579,292	—
16,201,899	—	16,201,899	4,447,178
272,635,060	—	272,635,060	1,599,404
10,342,478	—	10,342,478	6,830,432
—	—	—	88,302,469
—	—	—	3,461,105
24,075,811	69,331,846	93,407,657	2,147,977
37,634,868	1,017,226	38,652,094	4,718,193
(31,728)	—	(31,728)	—
(71,720,196)	71,720,196	—	—
1,059,987,699	142,069,268	1,202,056,967	204,596,628
123,172,742	(84,042,741)	39,130,001	76,410,046
23,842,954	1,677,211,678	1,701,054,632	245,044,518
$ 147,015,696	$ 1,593,168,937	$ 1,740,184,633	$ 321,454,564

City of Detroit, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	General Fund	General Retirement System Service Corporation	Police and Fire Retirement System Service Corporation	Other Governmental Funds	Totals
ASSETS					
Cash and Cash Equivalents	$ 58,649,251	$ 10,000	$ 10,000	$ 104,682,487	$ 163,351,738
Investments	94,459,664	2,670,167	3,482,101	146,784,555	247,396,487
Accounts and Contracts Receivable:					
Estimated Withheld Income Taxes Receivable	26,487,233	—	—	—	26,487,233
Utility Users' Taxes Receivable	3,505,801	—	—	—	3,505,801
Property Tax Receivable	72,337,620	—	—	25,118,782	97,456,402
Land Contracts Receivable	859,252	—	—	—	859,252
Income Tax Assessments	37,336,095	—	—	—	37,336,095
Special Assessments	43,893,630	—	—	564,014	44,457,644
Interest and Penalties	7,089,087	—	—	2,461,641	9,550,728
Trade Receivables	145,553,983	—	—	3,874,713	149,428,696
Total Accounts and Contracts Receivable	337,062,701	—	—	32,019,150	369,081,851
Allowance for Uncollectible Accounts	(291,543,690)	—	—	(28,206,469)	(319,750,159)
Total Accounts and Contracts Receivable - Net	45,519,011	—	—	3,812,681	49,331,692
Due from Other Funds	45,752,441	—	—	17,475,038	63,227,479
Due from Fiduciary Funds	4,354,023	—	—	—	4,354,023
Due from Component Units	4,946,869	—	—	10,953	4,957,822
Due from Other Governmental Agencies	143,338,613	—	—	20,680,104	164,018,717
Inventory	11,756,613	—	—	1,130,947	12,887,560
Prepaid Expenditures	1,072,332	—	—	131,975	1,204,307
Working Capital Advances to Other Funds	11,675,006	—	—	—	11,675,006
Advances to Component Units	—	24,554,826	—	—	24,554,826
Other Advances	5,000	—	—	—	5,000
Other Assets	9,014	—	—	—	9,014
Total Assets	$ 421,537,837	$ 27,234,993	$ 3,492,101	$ 294,708,740	$ 746,973,671

See accompanying notes to basic financial statements.

City of Detroit, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	General Fund	General Retirement System Service Corporation	Police and Fire Retirement System Service Corporation	Other Governmental Funds	Totals
LIABILITIES					
Accounts and Contracts Payable	$ 14,914,160	$ —	$ —	$ 33,098,473	$ 48,012,633
Accrued Liabilities	37,270,888	—	—	4,879,996	42,150,884
Accrued Salaries and Wages	32,675,390	—	—	1,082,285	33,757,675
Escrow Payable	—	2,622,678	3,176,689	—	5,799,367
Due to Other Funds	14,469,349	—	—	17,001,227	31,470,576
Due to Fiduciary Funds	95,063,737	—	—	—	95,063,737
Loans and Other Advances from Other Funds	—	—	—	850,000	850,000
Due to Other Governmental Agencies	110,589,638	—	—	6,618,430	117,208,068
Due to Component Units	10,801,442	—	—	—	10,801,442
Income Tax Refunds Payable	16,796,648	—	—	—	16,796,648
Deposits from Vendors and Customers	12,161,741	—	—	48,456	12,210,197
Deferred Revenue	17,105,072	—	—	628,308	17,733,380
Revenue and Tax Anticipation Notes Payable	129,370,000	—	—	—	129,370,000
Other Liabilities	10,567,225	—	—	6,521,693	17,088,918
Accrued Compensated Absences	415,954	—	—	—	415,954
Accrued Workers' Compensation Payable	2,300,388	—	—	—	2,300,388
Claims and Judgments	8,442,301	—	—	—	8,442,301
Total Liabilities	512,943,933	2,622,678	3,176,689	70,728,868	589,472,168
FUND BALANCES					
Reserved Fund Balances:					
Reserved for Advances to Component Units	—	24,554,826	—	—	24,554,826
Reserved for Inventory	11,756,613	—	—	1,130,947	12,887,560
Reserved for Highway and Street Improvements	—	—	—	53,623,436	53,623,436
Reserved for Encumbrances	21,518,785	—	—	17,260,492	38,779,277
Reserved for Advances to Other Funds	11,675,006	—	—	—	11,675,006
Reserved for Risk Management Operations	19,219,300	—	—	—	19,219,300
Reserved for Endowments and Trusts	—	—	—	1,445,462	1,445,462
Reserved for Debt Service	—	57,489	315,412	39,781,836	40,154,737
Reserved for Capital Acquisitions	—	—	—	88,507,405	88,507,405
Total Reserved Fund Balances	64,169,704	24,612,315	315,412	201,749,578	290,847,009
Unreserved Fund Balance:					
General Fund (Deficit)	(155,575,800)	—	—	—	(155,575,800)
Special Revenue Funds	—	—	—	22,230,294	22,230,294
Total Unreserved Fund Balance (Deficit)	(155,575,800)	—	—	22,230,294	(133,345,506)
Total Fund Balances (Deficit)	(91,406,096)	24,612,315	315,412	223,979,872	157,501,503
Total Liabilities and Fund Balances	$ 421,537,837	$ 27,234,993	$ 3,492,101	$ 294,708,740	$ 746,973,671

City of Detroit, Michigan
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2007

Fund Balances - Total Governmental funds		$ 157,501,503
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund:		
Governmental capital assets	$ 2,893,057,654	
Less accumulated depreciation	(1,391,186,350)	1,501,871,304
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund:		
Bond and Pension Obligation Certificate issuance costs	103,615,524	
Less accumulated amortization	(25,830,806)	77,784,718
Receivables applicable to governmental activities are not due and collectible in the current period and therefore are deferred in governmental funds		6,312,545
Net Pension Asset		1,051,641,939
Long term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental fund; interest on long-term debt is not accrued in governmental funds and is recognized as an expenditure to the extent due; and all liabilities, both current and long-term, are reported in the statement of net assets:		
Accrued interest payable	(16,294,547)	
General Obligation Bonds	(890,465,000)	
Revenue Bonds	(112,340,000)	
Discount on Capital Appreciation Bonds	6,739,759	
Notes Payable	(41,940,000)	
Loans Payable	(62,687,875)	
Unamortized Premiums	(32,791,257)	
Unamortized Discounts	3,636,124	
Swap Termination Fees	(37,626,020)	
Accrued Compensated Absences	(132,616,373)	
Workers Compensation	(63,469,020)	
Claims and Judgments	(84,903,348)	
Pension Obligation Certificates Payable	(1,206,770,168)	
Deferred Amount on Refundings	23,431,412	(2,648,096,313)
Net Assets of Governmental Activities		$ 147,015,696

See accompanying notes to basic financial statements.

City of Detroit, Michigan
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General Fund	General Retirement System Service Corporation	Police and Fire Retirement System Service Corporation	Other Governmental Funds	Totals
REVENUES:					
Taxes:					
Property Taxes	$ 183,780,826	$ —	$ —	$ 73,222,499	$ 257,003,325
Municipal Income Tax	278,309,191	—	—	—	278,309,191
Utility Users' tax	53,768,977	—	—	—	53,768,977
Wagering Taxes	179,763,570	—	—	—	179,763,570
Gas and Weight Tax	—	—	—	62,080,522	62,080,522
Other Taxes and Assessments	13,695,037	—	—	2,506,862	16,201,899
State Hotel and Liquor Tax	—	—	—	17,579,292	17,579,292
State Shared Taxes	272,084,669	—	—	—	272,084,669
Shared Taxes-Liquor and Beer Licenses	550,391	—	—	—	550,391
Interest and Penalties on Taxes	10,342,478	—	—	—	10,342,478
Licenses, Permits and Inspection Charges	6,917,962	—	—	25,068,462	31,986,424
Intergovernmental:					
Federal	52,256,906	—	—	167,335,752	219,592,658
State	12,703,782	—	—	29,174,770	41,878,552
Other	4,464,013	—	—	9,895,698	14,359,711
Sales and Charges for Services	243,533,764	—	—	—	243,533,764
Ordinance Fines and Forfeitures	21,446,496	—	—	4,233,735	25,680,231
Revenue from Use of Assets	35,168,939	—	—	2,465,937	37,634,876
Investment Earnings	10,992,170	61,753	52,657	12,969,231	24,075,811
Other Revenue	107,656,317	1,362,385	—	14,848,876	123,867,578
Total Revenues	1,487,435,488	1,424,138	52,657	421,381,636	1,910,293,919
EXPENDITURES:					
Current:					
Public Protection	617,649,250	—	—	36,488,056	654,137,306
Health	76,528,348	—	—	77,755,459	154,283,807
Recreation and Culture	24,648,968	—	—	—	24,648,968
Economic Development	14,878,153	—	—	71,576,579	86,454,732
Educational Development	—	—	—	58,021,384	58,021,384
Housing Supply and Conditions	8,247,163	—	—	165,481	8,412,644
Physical Environment	197,682,760	—	—	—	197,682,760
Transportation Facilitation	—	—	—	72,482,752	72,482,752
Development and Management	310,171,013	30,000	30,000	—	310,231,013
Debt Service:					
Principal	—	—	—	95,599,337	95,599,337
Interest	7,077,583	28,466,395	37,431,837	65,432,959	138,408,774
Capital Outlay	21,225,931	—	—	48,622,884	69,848,815
Total Expenditures	1,278,109,169	28,496,395	37,461,837	526,144,891	1,870,212,292
Excess (Deficiency) of Revenues Over (Under) Expenditures	209,326,319	(27,072,257)	(37,409,180)	(104,763,255)	40,081,627
OTHER FINANCING SOURCES (USES):					
Sources:					
Transfers In	11,924,286	27,056,320	37,397,063	99,691,918	176,069,587
Proceeds of Section 108 Federal Note	—	—	—	14,958,000	14,958,000
Uses:					
Transfers Out	(206,157,887)	—	—	(41,631,896)	(247,789,783)
Total Other Financing Sources (Uses)	(194,233,601)	27,056,320	37,397,063	73,018,022	(56,762,196)
Net Change in Fund Balances	15,092,718	(15,937)	(12,117)	(31,745,233)	(16,680,569)
Fund Balances (Deficit) at Beginning of Year	(107,176,088)	24,628,252	327,529	255,424,112	173,203,805
Increase in Inventories	677,274	—	—	300,993	978,267
Fund Balances (Deficit) at End of Year	$ (91,406,096)	$ 24,612,315	$ 315,412	$ 223,979,872	$ 157,501,503

See accompanying notes to basic financial statements.

City of Detroit, Michigan
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

Change in Fund Balances - Total Governmental Funds		$ (16,680,569)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives:		
Expenditures for capital assets	$ 69,848,815	
Less current year depreciation	(77,970,504)	(8,121,689)
The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and disposals) is to decrease net assets		(31,728)
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds		(9,967,336)
Inventory		978,267
Repayment of bond principal and other debt is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement in net assets		95,599,337
Bond and note proceeds and provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. The amount represents the proceeds received net of bond issuance cost and premiums that must be amortized over the life of the bond		(14,958,000)
Payments to The Pension Systems increased the net pension asset		25,440,409
Some expenses recorded in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Accretion on Capital Appreciation Bonds	(2,797,103)	
Amortization of issuance costs	(5,522,497)	
Decrease in accrued interest payable	385,420	
Amortization of bond premiums	5,439,237	
Amortization of deferred amounts on refunding	42,044	
Decrease in accrued compensated absences	15,790,275	
Decrease in accrued Public Liability and Workers Compensation	37,576,675	50,914,051
Change in Net Assets of Governmental Activities		$ 123,172,742

See accompanying notes to basic financial statements.

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City of Detroit, Michigan
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2007

ASSETS	Sewage Disposal Fund	Transportation Fund
Current Assets:		
Cash and Cash Equivalents	$ 7,616,890	$ 1,350,222
Investments	55,767,384	114,241
Accounts and Contracts Receivable:		
Other Receivables- Trade	208,116,307	634,748
Allowance for Uncollectible Accounts	(97,607,942)	(44,895)
Total Accounts and Contracts Receivable - Net	110,508,365	589,853
Rate Adjustments Receivable from Customers	34,566,151	—
Due from Other Funds	4,064,556	444,505
Due from Fiduciary Funds	—	—
Due from Other Governmental Agencies	—	21,443,822
Inventory	8,598,579	6,334,960
Prepaid Expenses	3,542,672	—
Restricted:		
Cash and Cash Equivalents	37,809,834	—
Investments	81,910,236	—
Due from Other Funds	—	—
Total Current Assets	344,384,667	30,277,603
Noncurrent Assets:		
Restricted:		
Cash and Cash Equivalents	412,681	—
Investments	583,221,931	—
Rate Adjustments Receivable from Customers	21,828,526	—
Other Receivables	—	650,000
Net Pension Asset	11,424,380	101,011,565
Bond and Pension Obligation Certificate Issuance Costs	36,018,966	5,598,107
Capital Assets:		
Land and Land Rights	13,835,431	7,578,462
Land Improvements	61,472,079	—
Buildings and Structures	2,345,891,506	66,715,005
Interceptors and Regulators	482,606,817	—
Mains	—	—
Services and Meters	—	—
Vehicles and Buses	—	161,443,626
Machinery, Equipment, and Fixtures	920,751,225	47,412,790
Construction in Progress	237,233,952	10,529,113
Total Capital Assets	4,061,791,010	293,678,996
Less: Accumulated Depreciation	(849,150,759)	(153,825,416)
Net Capital Assets	3,212,640,251	139,853,580
Total Noncurrent Assets	3,865,546,735	247,113,252
Total Assets	4,209,931,402	277,390,855

Water Fund	Automobile Parking Fund	Non-Major Fund	Totals
$ 19,675,064	$ 442,362	$ 1,377,856	$ 30,462,394
22,472,406	—	—	78,354,031
107,926,403	1,718,122	764,066	319,159,646
(52,990,401)	(103,851)	(495,848)	(151,242,937)
54,936,002	1,614,271	268,218	167,916,709
—	—	—	34,566,151
15,150,119	1,371,183	335,082	21,365,445
—	—	63,795	63,795
—	—	—	21,443,822
7,337,123	—	—	22,270,662
2,547,137	66,496	81,959	6,238,264
24,803,709	—	—	62,613,543
83,076,131	3,915,687	—	168,902,054
324,852	—	—	324,852
230,322,543	7,409,999	2,126,910	614,521,722
644,226	—	—	1,056,907
633,044,251	28,981,910	—	1,245,248,092
—	—	—	21,828,526
—	—	—	650,000
146,055,288	—	—	258,491,233
41,155,530	—	—	82,772,603
7,394,093	4,967,313	5,169,374	38,944,673
14,524,191	214,908	8,020,718	84,231,896
964,720,948	193,184,975	5,853,773	3,576,366,207
—	—	—	482,606,817
784,309,484	—	—	784,309,484
92,431,511	—	—	92,431,511
—	998,563	1,576,778	164,018,967
795,262,170	3,047,840	1,770,770	1,768,244,795
152,863,477	947,590	—	401,574,132
2,811,505,874	203,361,189	22,391,413	7,392,728,482
(808,521,059)	(110,054,848)	(13,762,236)	(1,935,314,318)
2,002,984,815	93,306,341	8,629,177	5,457,414,164
2,823,884,110	122,288,251	8,629,177	7,067,461,525
3,054,206,653	129,698,250	10,756,087	7,681,983,247

(Continued)

City of Detroit, Michigan
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2007 (Continued)

LIABILITIES AND NET ASSETS	Sewage Disposal Fund	Transportation Fund
Current Liabilities:		
Accounts and Contracts Payable	13,403,476	15,982,698
Accrued Salaries and Wages	1,044,527	2,132,897
Rate Adjustments Payable to Customers	3,198,237	—
Due to Other Funds	12,670,460	24,198,383
Due to Fiduciary Funds	1,555,895	4,681,202
Due to Component Units	—	2,689,192
Due to Other Governmental Agencies	—	158,466
Accrued Interest Payable	3,455,681	677,810
Other Liabilities	2,896,280	—
Deferred Revenue	—	334,878
Bonds, Notes, and Leases Payable	25,255,000	3,313,383
Accrued Compensated Absences	4,098,067	4,197,954
Accrued Worker's Compensation and Claims and Judgments	222,892	958,614
Payable from Restricted Assets:		
Bonds, Notes, and Leases Payable	39,279,128	—
Accrued Interest Payable	47,703,067	—
Accounts and Contracts Payable	26,180,741	—
Due to Other Funds	6,302,012	—
Other Liabilities	—	—
Total Current Liabilities	187,265,463	59,325,477
Noncurrent Liabilities:		
Rate Adjustments Payable to Customers	7,009,595	—
Advance From Other Funds	—	—
Bonds and Notes Payable - Net	2,954,441,745	27,392,812
Pension Obligation Certificates Payable - Net	9,139,646	107,539,252
Accrued Compensated Absences	8,057,989	1,049,488
Accrued Worker's Compensation and Claims and Judgments	7,595,747	3,834,457
Total Noncurrent Liabilities	2,986,244,722	139,816,009
Total Liabilities	3,173,510,185	199,141,486
Net Assets:		
Invested in Capital Assets, Net of Related Debt	736,751,539	109,147,383
Restricted for Capital Acquisitions	59,175,813	—
Restricted for Debt Service	78,419,781	—
Unrestricted (Deficit)	162,074,084	(30,898,014)
Total Net Assets	$ 1,036,421,217	$ 78,249,369

See accompanying notes to basic financial statements.

Water Fund	Automobile Parking Fund	Non-Major Fund	Totals
19,985,607	885,936	500,674	50,758,391
1,767,348	39,295	34,820	5,018,887
—	—	—	3,198,237
5,243,216	853,936	85,870	43,051,865
2,723,435	78,901	25,369	9,064,802
—	—	—	2,689,192
—	—	—	158,466
102,213	498,831	—	4,734,535
8,277,827	1,161,897	135,062	12,471,066
—	—	—	334,878
1,300,000	1,415,000	—	31,283,383
6,236,021	124,441	61,650	14,718,133
3,177,195	146,058	960	4,505,719
30,660,000	—	—	69,939,128
46,986,365	—	—	94,689,432
20,049,114	—	—	46,229,855
4,093,323	—	—	10,395,335
459,722	—	—	459,722
151,061,386	5,204,295	844,405	403,701,026
—	—	—	7,009,595
—	10,825,006	—	10,825,006
2,312,295,325	44,253,385	—	5,338,383,267
159,196,293	—	—	275,875,191
10,530,115	441,866	121,592	20,201,050
20,170,884	1,020,978	197,109	32,819,175
2,502,192,617	56,541,235	318,701	5,685,113,284
2,653,254,003	61,745,530	1,163,106	6,088,814,310
240,614,031	55,382,766	8,629,178	1,150,524,897
51,803,938	1,454,156	—	112,433,907
69,881,425	6,260,127	—	154,561,333
38,653,256	4,855,671	963,803	175,648,800
$ 400,952,650	$ 67,952,720	$ 9,592,981	$ 1,593,168,937

City of Detroit, Michigan
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2007

	Sewage Disposal Fund	Transportation Fund
Operating Revenues:		
Sales and Charges for Services	$ 341,541,849	$ 25,089,248
Rentals, Fees and Surcharges	581,756	785,313
Miscellaneous	4,783,009	172,530
Total Operating Revenues	346,906,614	26,047,091
Operating Expenses:		
Salaries, Wages and Benefits	51,005,797	111,166,127
Contractual Services	—	16,222,208
Operating	124,855,977	14,728,123
Maintenance	10,643,079	—
Materials, Supplies and Other Expenses	13,450,397	30,776,660
Depreciation, Amortization and Impairment Loss	98,506,151	20,186,937
Total Operating Expenses	298,461,401	193,080,055
Total Operating Income (Loss)	48,445,213	(167,032,964)
Non-Operating Revenues (Expenses):		
Investment Earnings	33,562,548	227,628
Grants-Federal and State	—	81,198,283
Interest on Bonds, Notes Payable, and Loans	(129,327,316)	(7,475,257)
Other Revenues (Expenses)	450,000	—
Total Non-Operating Revenues (Expenses), Net	(95,314,768)	73,950,654
Net Income (Loss) Before Contributions and Transfers	(46,869,555)	(93,082,310)
Capital Contributions	1,037,355	12,427,207
Transfers In	—	70,820,196
Increase (Decrease) in Net Assets	(45,832,200)	(9,834,907)
Net Assets - Beginning of Year	1,082,253,417	88,084,276
Net Assets - End of Year	$ 1,036,421,217	$ 78,249,369

See accompanying notes to basic financial statements.

Water Fund	Automobile Parking Fund	Non-Major Fund	Totals
$ 265,963,713	$ —	$ 65,532	$ 632,660,342
—	18,114,461	959,141	20,440,671
2,322,380	—	63,171	7,341,090
268,286,093	18,114,461	1,087,844	660,442,103
57,476,183	3,489,045	737,902	223,875,054
—	4,587,082	—	20,809,290
87,281,044	1,300,628	976,478	229,142,250
—	79,518	387,180	11,109,777
1,570,104	14,420	225,116	46,036,697
66,004,310	3,633,350	633,366	188,964,114
212,331,641	13,104,043	2,960,042	719,937,182
55,954,452	5,010,418	(1,872,198)	(59,495,079)
34,065,168	1,476,502	—	69,331,846
—	—	761,018	81,959,301
(122,668,547)	(3,202,716)	—	(262,673,836)
—	567,226	—	1,017,226
(88,603,379)	(1,158,988)	761,018	(110,365,463)
(32,648,927)	3,851,430	(1,111,180)	(169,860,542)
633,043	—	—	14,097,605
—	—	900,000	71,720,196
(32,015,884)	3,851,430	(211,180)	(84,042,741)
432,968,534	64,101,290	9,804,161	1,677,211,678
$ 400,952,650	$ 67,952,720	$ 9,592,981	$ 1,593,168,937

City of Detroit, Michigan
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2007

	Sewage Disposal Fund	Transportation Fund
Cash Flows from Operating Activities:		
Receipts from Customers	$ 358,857,402	$ 26,232,765
Advances from Other Funds	—	—
Payments from (to) Other Funds	5,213,013	—
Loans to Other Funds	—	—
Payments to Suppliers	(106,244,526)	(51,744,378)
Payments to Employees	(78,643,837)	(110,631,026)
Net Cash Provided by (Used in) Operating Activities	179,182,052	(136,142,639)
Cash Flows from Non-Capital Financing Activities:		
Interest Expenses - Pension Obligation Certificates	(486,886)	(5,662,890)
Grants and Contributions from Other Governments	—	72,537,890
Due from Other Governmental Agencies	—	710,010
Transfers from Other Funds	—	70,820,196
Miscellaneous Non Operating Revenue	450,000	—
Net Cash Provided by (Used in) Non-Capital Financing Activities	(36,886)	138,405,206
Cash Flows from Capital and Related Financing Activities:		
Capital Contributions	1,037,355	11,571,248
Proceeds from Sale of Capital Assets	—	—
Acquisition and Construction of Capital Assets	(180,091,147)	(14,061,194)
Proceeds from Bond and Note Issuances	913,679,499	—
Principal Paid on Bonds, Notes and Leases	(170,276,650)	(3,176,371)
Payment to Escrow Agent for Refunded Bonds	(397,592,333)	—
Interest Paid on Bonds, Notes and Leases - Net	(128,422,097)	(1,736,322)
Net Cash Provided by (Used in) Capital and Related Financing Activities	38,334,627	(7,402,639)
Cash Flows from Investing Activities:		
Proceeds from Sales and Maturities of Investments	269,983,797	28,112,000
Purchase of Investments	(489,319,066)	(22,713,941)
Interest on Investment Securities	33,442,749	227,628
Net Cash Provided by (Used in) Investing Activities	(185,892,520)	5,625,687
Net Increase (Decrease) in Cash and Cash Equivalents	31,587,273	485,615
Cash and Cash Equivalents at Beginning of Year	14,252,132	864,607
Cash and Cash Equivalents at End of Year	$ 45,839,405	$ 1,350,222

See accompanying notes to basic financial statements.

Water Fund	Automobile Parking Fund	Non-Major Fund	Totals
$ 277,139,851	$ 17,428,285	$ 763,773	$ 680,422,076
—	—	223,268	223,268
—	124,899	—	5,337,912
(4,172,150)	(3,016)	—	(4,175,166)
(81,809,070)	(6,793,910)	(1,239,903)	(247,831,787)
(55,000,869)	(3,337,567)	(783,638)	(248,396,937)
136,157,762	7,418,691	(1,036,500)	185,579,366
(8,755,361)	—	—	(14,905,137)
—	567,226	756,412	73,861,528
—	—	—	710,010
—	—	900,000	71,720,196
—	—	—	450,000
(8,755,361)	567,226	1,656,412	131,836,597
633,043	—	—	13,241,646
57,664	—	—	57,664
(100,055,303)	(3,320,526)	—	(297,528,170)
1,167,884,204	—	—	2,081,563,703
(407,976,407)	(7,105,000)	—	(588,534,428)
(363,452,413)	—	—	(761,044,746)
(108,973,810)	(3,340,514)	—	(242,472,743)
188,116,978	(13,766,040)	—	205,282,926
259,460,705	56,334,734	—	613,891,236
(595,881,462)	(51,695,565)	—	(1,159,610,034)
27,561,663	1,476,502	—	62,708,542
(308,859,094)	6,115,671	—	(483,010,256)
6,660,285	335,548	619,912	39,688,633
38,462,714	106,814	757,944	54,444,211
$ 45,122,999	$ 442,362	$ 1,377,856	$ 94,132,844

(Continued)

City of Detroit, Michigan
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Continued)
For the Year Ended June 30, 2007

	Sewage Disposal Fund	Transportation Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating Income (Loss)	$ 48,445,213	$ (167,032,964)
Adjustments to Operating Income (Loss):		
Depreciation and Amortization	98,506,151	18,075,963
Write off and Impairment of Capital Assets	11,600,139	2,110,974
Loss on Disposal of Capital Assets	3,316	—
Changes in Assets and Liabilities:		
Accounts Receivable	(9,080,161)	99,598
Inventories	1,858,384	(779,123)
Net Pension Asset	(3,053,000)	(2,105,477)
Prepaid Expenses	1,881,132	—
Rate Adjustments Receivable from Customers	20,487,947	—
Due from Other Funds	1,251,043	783,575
Accounts and Contracts Payable	624,052	1,322,485
Due to Other Funds	3,961,970	11,458,055
Rate Adjustments Payable to Customers	543,002	—
Other Liabilities	1,937,927	86,076
Accrued Compensated Absences	(1,743,715)	588,286
Accrued Public Liability and Worker Compensation	2,160,621	(1,038,306)
Accrued Salaries and Wages	(201,969)	288,219
Net Cash Provided by (Used in) Operating Activities	$ 179,182,052	$ (136,142,639)

See accompanying notes to basic financial statements.

Water Fund	Automobile Parking Fund	Non-Major Fund	Totals
$ 55,954,452	$ 5,010,418	$ (1,872,198)	$ (59,495,079)
66,004,310	3,633,350	633,366	186,853,140
340,085	—	—	14,051,198
790,198	—	—	793,514
8,853,758	(686,176)	(84,575)	(897,556)
1,630,296	—	239,496	2,949,053
2,534,986	—	—	(2,623,491)
3,383,581	(3,683)	(46,035)	5,214,995
—	—	—	20,487,947
(5,594,048)	124,899	219,796	(3,214,735)
1,408,930	(220,338)	344,924	3,480,053
1,421,898	(3,016)	3,472	16,842,379
—	—	—	543,002
135,218	(588,241)	(429,010)	1,141,970
(1,862,165)	(191,673)	(45,882)	(3,255,149)
1,095,201	345,334	121	2,562,971
61,062	(2,183)	25	145,154
$ 136,157,762	$ 7,418,691	$ (1,036,500)	$ 185,579,366

City of Detroit, Michigan
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2007

	Pension and Other Employee Benefit Funds	Agency Funds	Totals
ASSETS			
Cash and Cash Equivalents	$ 23,379,896	$ 2,974,901	$ 26,354,797
Investments at Fair Value:			
Short-Term Investments	195,346,413	—	195,346,413
Commercial Paper	16,028,821	—	16,028,821
U.S. Government Obligations	56,200	—	56,200
Bonds and Stocks	6,113,903,703	—	6,113,903,703
Mortgage-Backed Securities	275,237,417	—	275,237,417
Mortgage and Construction Loans	202,273,147	—	202,273,147
Equity Interest in Real Estate	276,553,562	—	276,553,562
Real Estate Investment Trusts Held by Custodian	49,730,270	—	49,730,270
Pooled Investments	691,992,466	14,402,319	706,394,785
Private Placements	504,486,754	—	504,486,754
Total Investments	8,325,608,753	14,402,319	8,340,011,072
Accrued Interest Receivable	36,213,255	—	36,213,255
Accounts Receivable:			
Due from Primary Government	104,128,539	—	104,128,539
Due from Component Units	166,660	—	166,660
From Investment Sales	79,406,475	—	79,406,475
Other Receivables	12,417,269	—	12,417,269
Total Accounts Receivable	196,118,943	—	196,118,943
Cash and Investments Held as Collateral for Securities Lending	1,630,202,413	—	1,630,202,413
Other Assets	844,474	—	844,474
Total Assets	10,212,367,734	17,377,220	10,229,744,954
LIABILITIES			
Accounts and Contracts Payable	—	2,308,946	2,308,946
Payables for Investment Purchases	114,609,912	—	114,609,912
Benefits and Claims Payable	11,628,060	—	11,628,060
Due to Primary Government	3,640,221	777,597	4,417,818
Due to Component Units	1,533,919	—	1,533,919
Amount Due to Broker for Securities Lending	1,630,202,413	—	1,630,202,413
Other Liabilities	86,861,445	14,290,677	101,152,122
Total Liabilities	1,848,475,970	17,377,220	1,865,853,190
Net Assets Held in Trust for Pension and Employee Benefits	$ 8,363,891,764	$ —	$ 8,363,891,764

See accompanying notes to basic financial statements.

City of Detroit, Michigan
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	Pension and Other Employee Benefit Funds
ADDITIONS:	
Employer Contributions	$ 365,532,339
Plan Member Contributions	53,979,906
Other Income	19,704
Total Contributions	419,531,949
Investment Earnings	1,262,312,480
Total Additions	1,681,844,429
DEDUCTIONS:	
Pension and Annuity Benefits	431,435,526
Premiums to Insurers and Damage Claims	292,923,579
Refunds	110,297,252
General and Administrative Expenses	8,250,526
Total Deductions	842,906,883
Net Increase	838,937,546
Net Assets Held in Trust for Pension and Employee Benefits, Beginning of Year	7,524,954,218
Net Assets Held in Trust for Pension and Employee Benefits, End of Year	$ 8,363,891,764

See accompanying notes to basic financial statements.

City of Detroit, Michigan
STATEMENT OF NET ASSETS
COMPONENT UNITS
June 30, 2007

	Detroit Brownfield Redevelopment Authority	Detroit Public Library	Detroit Transportation Corporation	Downtown Development Authority
ASSETS:				
Cash and Cash Equivalents	$ 1,206,948	$ 8,682,384	$ 4,379,346	$ 612,165
Investments	—	13,041,756	10,623,853	88,458,948
Accounts and Contracts Receivable,				
Taxes, Interest, and Penalties Receivable - Net	1,267,080	2,832,557	—	6,092,401
Due from Primary Government	—	12,258,776	—	—
Due from Fiduciary Funds	—	1,533,919	—	—
Due from Other Governmental Agencies	—	1,920,802	2,734,424	—
Inventory	—	—	3,808,839	—
Prepaid Expenses	8,336	14,927	569,460	110,778
Loans and Notes Receivable	—	—	—	30,013,936
Other Assets	76,000	—	235,481	59,168,362
Net Pension Asset	—	23,278,573	—	—
Bond and Note Issue Costs	—	1,294,519	—	3,146,002
Capital Assets:				
Non-Depreciable	—	1,371,996	7,257,539	7,544,670
Depreciable, Net	—	19,406,574	60,305,050	22,832,105
Capital Assets, Net	—	20,778,570	67,562,589	30,376,775
Total Assets	2,558,364	85,636,783	89,913,992	217,979,367
LIABILITIES:				
Accounts and Contracts Payable	364,803	360,466	1,703,229	451,606
Accrued Salaries and Wages	—	346,347	338,646	—
Accrued Interest Payable	—	—	—	3,779,708
Due to Primary Government	—	1,978,000	—	—
Due to Fiduciary Funds	—	166,660	—	—
Deferred Revenues	—	12,500	40,128	—
Other Liabilities	1,844,426	410,236	583,558	16,961,208
Long-term Obligations:				
Advance Payable to Primary Government for POC's	—	24,554,826	—	—
Due within one year	—	273,022	—	12,534,697
Due in more than one year	—	5,163,688	289,706	132,341,376
Total Liabilities	2,209,229	33,265,745	2,955,267	166,068,595
NET ASSETS:				
Invested in Capital Assets, Net of Related Debt	—	20,778,570	67,562,589	30,376,775
Restricted for:				
Endowments and Trusts (Non-Expendable)	—	185,000	10,061,637	—
Capital Projects	100,105	—	—	20,290,930
Debt Service	—	—	9,334,499	—
Unrestricted (Deficit)	249,030	31,407,468	—	1,243,067
Total Net Assets (Deficit)	$ 349,135	$ 52,371,038	$ 86,958,725	$ 51,910,772

See accompanying notes to basic financial statements.

Eastern Market Corporation	Economic Development Corporation	Greater Detroit Resource Recovery Authority	Local Development Finance Authority	Museum of African American History	Tax Increment Finance Authority	Totals
$ 675,270	$ 24,581,684	$ 119,129	$ 5,272,831	$ 1,607,140	$ —	$ 47,136,897
1,000,000	20,705,663	148,384,484	29,596,009	1,058,189	—	312,868,902
—	—	—	4,241,421	—	—	14,433,459
—	1,231,858	—	—	—	—	13,490,634
—	—	—	—	—	—	1,533,919
—	—	—	—	—	1,895,802	6,551,028
2,873	—	—	—	138,740	—	3,950,452
11,924	—	319,602	—	130,406	—	1,165,433
—	1,791,114	—	—	—	—	31,805,050
144,860	1,072,482	4,086,669	109,729	1,225,180	—	66,118,763
—	—	—	—	—	—	23,278,573
—	—	401,704	—	—	—	4,842,225
73,062	—	8,873,234	—	—	—	25,120,501
15,096	—	298,056,287	—	4,117,097	—	404,732,209
88,158	—	306,929,521	—	4,117,097	—	429,852,710
1,923,085	49,382,801	460,241,109	39,219,990	8,276,752	1,895,802	957,028,045
7,160	5,347,669	11,617,996	45,419	850,809	—	20,749,157
2,186	—	—	—	108,673	—	795,852
—	168,841	876,425	739,856	—	—	5,564,830
—	50,000	1,034,020	—	—	1,895,802	4,957,822
—	—	—	—	—	—	166,660
224,160	—	—	—	—	—	276,788
—	—	—	6,307,664	—	—	26,107,092
—	—	—	—	—	—	24,554,826
—	1,373,415	63,725,000	3,315,000	—	—	81,221,134
—	820,000	256,324,550	76,240,000	—	—	471,179,320
233,506	7,759,925	333,577,991	86,647,939	959,482	1,895,802	635,573,481
—	—	170,300,840	—	4,117,097	—	293,135,871
50,000	—	—	4,960,183	766,927	—	16,023,747
—	41,391,015	—	—	1,596,679	—	63,378,729
—	—	—	27,166,868	—	—	36,501,367
1,639,579	231,861	(43,637,722)	(79,555,000)	836,567	—	(87,585,150)
$ 1,689,579	$ 41,622,876	$ 126,663,118	$ (47,427,949)	$ 7,317,270	$ —	$ 321,454,564

City of Detroit, Michigan
STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Year Ended June 30, 2007

	Detroit Brownfield Redevelopment Authority	Detroit Public Library	Detroit Transportation Corporation	Downtown Development Authority
Expenses	$ (2,477,066)	$ (41,454,214)	$ (21,292,539)	$ (23,937,224)
Program Revenues:				
Charges for Services	150,000	568,977	1,068,241	14,089,321
Operating Grants and Contributions	128,506	2,173,213	10,391,577	—
Total Program Revenues	278,506	2,742,190	11,459,818	14,089,321
Net Program (Expenses) Revenue	(2,198,560)	(38,712,024)	(9,832,721)	(9,847,903)
General Revenues:				
Property Taxes	1,901,479	39,644,729	—	33,595,451
Other Taxes	—	2,816,106	—	—
Shared Taxes	—	1,599,404	—	—
Interest and Penalties on Taxes	50,312	461,728	—	—
Tipping Fees	—	—	—	—
Contributions	—	—	—	—
Investment Earnings	—	1,699,845	397,072	—
Miscellaneous Revenue	—	909,992	1,896,909	641,967
Total General Revenues	1,951,791	47,131,804	2,293,981	34,237,418
Change in Net Assets	(246,769)	8,419,780	(7,538,740)	24,389,515
Net Assets (Deficit) - Beginning of Year - As Restated - see Note I.E.15	595,904	43,951,258	94,497,465	27,521,257
Net Assets (Deficit) - End of Year	$ 349,135	$ 52,371,038	$ 86,958,725	$ 51,910,772

See accompanying notes to basic financial statements

Eastern Market Corporation	Economic Development Corporation	Greater Detroit Resource Recovery Authority	Local Development Finance Authority	Museum of African American History	Tax Increment Finance Authority	Totals
$ (793,863)	$ (22,710,746)	$ (92,793,226)	$ (5,181,250)	$ (8,625,791)	$ (12,458,477)	$ (231,724,396)
586,137	18,933,625	47,887,626	—	1,565,664	—	84,849,591
1,861,024	—	2,034,154	—	2,099,749	—	18,688,223
2,447,161	18,933,625	49,921,780	—	3,665,413	—	103,537,814
1,653,298	(3,777,121)	(42,871,446)	(5,181,250)	(4,960,378)	(12,458,477)	(128,186,582)
—	—	—	5,489,734	—	12,458,477	93,089,870
—	—	—	1,631,072	—	—	4,447,178
—	—	—	—	—	—	1,599,404
11,304	—	6,307,088	—	—	—	6,830,432
—	—	88,302,469	—	—	—	88,302,469
—	—	—	—	3,461,105	—	3,461,105
—	9,013	—	—	42,047	—	2,147,977
—	1,062,486	—	206,839	—	—	4,718,193
11,304	1,071,499	94,609,557	7,327,645	3,503,152	12,458,477	204,596,628
1,664,602	(2,705,622)	51,738,111	2,146,395	(1,457,226)	—	76,410,046
24,977	44,328,498	74,925,007	(49,574,344)	8,774,496	—	245,044,518
$ 1,689,579	$ 41,622,876	$ 126,663,118	$ (47,427,949)	$ 7,317,270	$ —	$ 321,454,564

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NOTES

TO BASIC

FINANCIAL

STATEMENTS

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

As required by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity,* the financial statements of the reporting entity include those of the City (the primary government) and its component units. Component units are legally separate organizations for which the elected officials of the City are financially accountable, or the relationship to the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The 13 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. Note that this number of component units is amended from the 12 component units in fiscal year 2006, which excluded the newly created Eastern Market Corporation.

1. Blended Component Units:

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

Detroit General Retirement System Service Corporation (DGRSSC) and Detroit Police and Fire Retirement System Service Corporation (DPFRSSC):

DGRSSC and DPFRSSC are Michigan nonprofit corporations incorporated by the City pursuant to State Law. The DGRSSC and DPFRSSC were formed to assist the City in maintaining the actuarial integrity of the City's two pension systems. The governing body of each corporation is its Board of Directors, each of which consists of three officials of the City, the Finance Director, the Budget Director and the Corporation Counsel, plus two members of the City Council, selected and appointed by the City Council.

In May 2006, the City entered into a separate service contract with each of the DGRSSC and the DPFRSSC, in which the City contractually obligated itself to make periodic payments to the corporations in return for their service of reducing the financial burden of the City's pension costs. The DGRSSC and the DPFRSSC, severally and not jointly, entered into a Trust Agreement with U.S. Bank National Association, as Trustee, which created the Detroit Retirement Systems Funding Trust 2006 (DRSFT), a grantor trust established and existing under Michigan law. The DGRSSC and DPFRSSC sold and assigned to the DRSFT their rights to receive certain of the payments to be received from the City under the service contracts.

2. Discretely Presented Component Units:

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

Detroit Brownfield Redevelopment Authority (DBRA): The DBRA was created by a City Council resolution and approved by the Mayor in April 1998, under the provisions of Act 381, Public Acts of Michigan of 1996. DBRA was established to create Brownfield redevelopment zones and promote the revitalization, redevelopment, and reuse of certain property, including, but not limited to, tax-reverted, blighted, or functionally obsolete property.

Detroit Public Library (DPL): The DPL is a statutory body created by the State. The DPL was created to provide reference materials, research information, and publications to residents of the City and the County. Funding is provided by an ad valorem tax of 4.63 mills in real and personal property taxes in the City. In addition, DPL receives grants and endowments from private organizations. City Council is responsible for approving DPL's annual budget.

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

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

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 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 primarily funded by means of grants from the City.

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

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

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

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

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

Blended Component Units:

Detroit Building Authority
2800 Cadillac Tower
65 Cadillac Square
Detroit, Michigan 48226
(313) 224-7242

Detroit General Retirement System
Service Corporation
Coleman A. Young Municipal Center, Room 1200
2 Woodward Avenue
Detroit, MI 48226
(313) 224-3380

Detroit Police and Fire Retirement System
Service Corporation
Coleman A. Young Municipal Center, Room 1200
2 Woodward Avenue
Detroit, Michigan 48226
(313) 224-3380

Discretely Presented Component Units:

Detroit Brownfield Redevelopment Authority
500 Griswold, Suite 2200
Detroit, Michigan 48226
(313) 237-4616

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

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

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

Eastern Market Corporation
2934 Russell Street
Detroit, Michigan 48226
(313) 833-9300

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

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

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

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

Tax Increment Finance Authority
500 Griswold, Suite 2200
Detroit, Michigan 48226
(313) 237-4616

3. Related Organizations:

The City has in place certain Memorandums of Understanding (i.e., Contracts) for the operations of certain City-owned assets with the following private non-profit corporations:

Detroit Historical Society
Detroit Institute of Arts
Detroit Zoological Society

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

The Mayor is responsible for appointing the members of the board of the Northwest Community Programs, Inc., a private non-profit corporation, but the City's accountability for this organization does not extend beyond making the appointments.

B. JOINT VENTURE

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

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

The DWJBA is party to a lease agreement that extends to March 1, 2028 for rental of the Coleman A. Young Municipal Center to the City and the County. The lease provides that the DWJBA shall maintain and operate the building, the expenditures of which are to be reimbursed by the City and County on the basis of the building space allocations specified in the lease. Also, the extended lease agreement identified the intention to renovate space occupied by the County and provided the commitment of the County to enter into a separate supplemental lease for the repayment for the debt used in the renovations. Therefore, the County has an ongoing financial responsibility.

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

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

(Continued)

C. BASIS OF PRESENTATION

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

1. Government-wide Financial Statements

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

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

2. Fund Financial Statements

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

The City uses the following major funds:

Governmental Funds:

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

b. **Detroit General Retirement System Service Corporation Fund** accounts for the proceeds and service payments related to the issuance of the Pension Obligation Certificates in June of 2005 and refunding in 2006.

c. **Police and Fire Retirement System Service Corporation Fund** accounts for the proceeds and service payments related to the issuance of the Pension Obligation Certificates in June of 2005 and refunding in 2006.

Proprietary Funds:

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

b. **Transportation Fund** accounts for the City's mass transit system with a fleet of over 540 coaches. The fund operates three light repair garages and terminals.

(Continued)

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

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

Additionally, the City reports the following Fiduciary Fund types:

Fiduciary Funds:

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

b. **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.

D. BASIS OF ACCOUNTING

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year, except for grants and trade receivables, which are 180 and 90 days, respectively. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments, compensated absences and other long-term obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. Significant revenue sources are susceptible to accrual include property taxes, income taxes, utility taxes, state-shared revenue, state gas and weight tax revenue, district court fines, interest and certain grants associated with the current fiscal period. All other revenue sources are considered to be measurable and available only when cash is received.

Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Bulletins (APB) opinions and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. The City also has the option of following subsequent FASB guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent FASB guidance.

(Continued)

The Sewage Disposal Fund's accounting policies also conform to FASB Statement No. 71, *Accounting for the Effects of Certain Types of Regulation*. Accordingly, certain receivables and payables as discussed in Note I. E. 10. that result from the rate-making process are recorded that would not be recorded under U.S. generally accepted accounting principles for nonregulated entities

E. ASSETS, LIABILITIES, AND FUND EQUITY

1. **Cash and Investments:** Cash and cash equivalents include amounts in demand deposits, as well as short-term investments with a maturity date within three months of the date of acquisition by the City. The City is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies (of nonpension funds) in U.S. bonds and notes, domestic certificates of deposit, certain commercial paper, U.S. government repurchase agreements, bankers acceptances, mutual funds and investment pools that are composed of authorized investment vehicles. Investments are reported at fair value.

   The Retirement Systems and the Employees' Benefit Fund are authorized by Michigan Public Act 314 of 1965 to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

   Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

2. **Interfund Transactions:**

   The City has the following types of interfund transactions:

   a. **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.

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

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

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

3. **Inventories:** Cost of inventories of the governmental-type funds is recorded as expenditures at the time of purchase. Inventories at year-end for the General, and Major and Local Street funds are recorded in the balance sheet at cost, based on a physical inventory. A reserve for inventories is in the fund balance of the related fund. The inventories reserve increase (decrease) from year to year is displayed on the CAFR separate from their respective fund balances below their beginning fund balance. Inventories of the Enterprise Funds are stated at the lower of cost or market and expensed when used.

4. **Capital Assets:** Capital assets, which include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Donated assets are recorded at fair market value as of the date received. The City's capitalization levels are $5,000 on tangible personal property and for improvements other than buildings, and $50,000 on infrastructure, including sewer and storm water lines. All acquisitions of land and land improvements will be capitalized regardless of cost. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed. Capitalized interest, net of related debt, for the year ended June 30, 2007 for the Sewage Disposal and Water Funds was $14,077,255 and $7,709,005, respectively. Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement, and the resulting gain or loss is included in the operating statement of the related fund. In governmental funds, the sale of general capital assets is included in the statement of revenues, expenditures, and changes in fund balances as proceeds from sale. Other costs incurred for repairs and maintenance is expensed as incurred.

   Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

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

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

5. **Bond Premiums, Discounts, Issuance Costs and Deferred Amount on Refunding:** In the government-wide and proprietary fund financial statements, bond premiums and discounts are amortized using the effective interest method. Issuance costs and gains and losses (deferred amounts) on refundings are deferred and amortized over the life of the bonds using the straight-line method.

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

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

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

   The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability has been calculated based on the employees' current salary level and includes salary related costs (e.g., social security and Medicare tax). A liability for these amounts is reported in governmental funds only if they have matured.

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

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

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

9. **Municipal Income Taxes:** The City levies an annual income tax. The rate for the calendar year 2007 consists of an annualized tax of 2.50% on the income of resident individuals, 1.25% on income earned in the City by non-residents, and 1.0% 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

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period in which the underlying compensation is earned by the taxpayer. In the governmental fund financial statements, the City records municipal income tax revenues when they become available. Available is defined as due and receivable within the current fiscal year or expected to be collected within 60 days thereafter. Estimated refunds for income tax returns received and in process, in which payment has not been made, are recorded as a reduction of revenues. Income tax assessment receivable represents estimated additional taxes assessed as a result of tax return audits or failure to file a return.

10. **Sewer Rate Adjustments:** The U.S. Environmental Protection Agency (EPA), in attempting to ensure that user charges for the sewage disposal system are proportional in effect as well as in their design, requires grantees to compare actual wastewater contributions, revenues from users, and user classes to actual costs of operation and maintenance and make appropriate rate adjustments. Additionally, there are contracts governing service between the Sewage Disposal Fund and its customer communities that incorporate, either directly or by reference, various rate settlement agreements that have been negotiated by the parties to resolve several disputes over the years. These rate agreements, among other things, establish a definition of revenue requirements that can be included in rates to customer communities, establish the basis by which costs shall be allocated to customer classes, and provides for "look-back adjustments" at least every two years to review costs attributable to user classes for purposes of determining and applying revenue surpluses or deficits to the extent required by EPA User Charge Requirements.

    The Sewage Disposal Fund calculates a look-back adjustment each year for revenue surpluses and deficits as a result of operations for the year, which represents regulatory assets and liabilities that are receivable from or payable to contractual service communities and customers of the City of Detroit through an adjustment to subsequent rates established for the second following year. The accompanying financial statements reflect management's estimates of the surpluses and deficits from the look-back adjustment, which are recorded in the Sewage Disposal Fund as amounts receivable from and refundable to customers in accordance with the regulations and settlement agreements. The current receivables and refundable amounts represent surpluses and deficits primarily from the 2006 look-back calculation, which will be realized through an adjustment to the 2008 user rates. The noncurrent receivables and refundable amounts represent surpluses and deficits from the 2007 look-back calculation, which will be realized through an adjustment to the 2009 user rates. Although subsequent adjustments to these amounts may occur, management does not believe the impact would be material to the Sewage Disposal Fund's financial position or results of operations.

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

12. **Net Assets:** The government-wide and proprietary fund financial statements utilize a net asset presentation. Net assets are categorized as follows:

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

    b. **Restricted Net Assets** – consist of constraints placed on net asset use through external constraints imposed by grantors, contributors, laws, or enabling legislation. When both restricted and unrestricted resources are available, generally it is the City's policy to use restricted resources first, and then unrestricted resources when they are needed.

    c. **Unrestricted Net Assets** – Consist of net assets that do not meet the definition of "Restricted" or "Invested in Capital Assets, net of related debt."

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

14. **New Accounting Pronouncements:** In July 2004, GASB issued *Statement No. 45*, *Accounting and Financial Reporting by Employers for Post employment Benefits Other Than Pensions*. This statement establishes accounting and financial reporting standards for employers that participate in a defined benefit "other post employment benefit" (OPEB) plan. Specifically, the City will be required to measure and disclose an amount for annual OPEB cost on the accrual basis for health and insurance benefits that will be provided to retired City employees in future years. The City is also required to record a net OPEB obligation which is defined as the cumulative difference between annual OPEB cost and the employer's contributions to a plan, including the OPEB liability or asset at transition, if any. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The City will implement *Statement No. 45* beginning with the fiscal year ending June 30, 2008.

    In June 2005, GASB issued *Statement No. 47, Accounting for Termination Benefits* by Employers. This Statement establishes accounting standards for termination benefits. In financial statements prepared on the accrual basis of accounting, employers should recognize a liability and expense for voluntary termination benefits (for example, early-retirement incentives) when the offer is accepted and the amount can be estimated. A liability and expense for involuntary termination benefits (for example, severance benefits) should be recognized when a plan of termination has been approved by those with the authority to commit the government to the plan, the plan has been communicated to the employees, and the amount can be estimated. As an exception to the general recognition and measurement requirements discussed above, the effects of a termination benefit on an employer's obligations for defined benefit pension or other post employment benefits in the case of the City will be accounted for and reported under the requirements *of Statement No. 45, Accounting and Financial Reporting by Employers for Post employment Benefits Other Than Pensions,* as applicable. The City will implement the provisions of the statement applicable to termination benefits provided through its defined OPEB plan in conjunction with *Statement No. 45* in fiscal 2008. For all other termination benefits, the City implemented the provisions of this statement during the year ended June 30, 2007. There was no impact to the financial statements as a result of adopting these provisions.

    In September 2006, GASB issued *Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues.* This Statement establishes criteria that governments will use to ascertain whether the proceeds received should be reported as revenue or as a liability. This Statement includes a provision that stipulates that governments should not revalue assets that are transferred between financial reporting entity components. This Statement also includes guidance to be used for recognizing other assets and liabilities arising from a sale of specific receivables or future revenues, including residual interests and recourse provisions. The City is currently evaluating the impact this standard will have on financial statements when adopted. The City will implement *Statement No. 48* beginning with the fiscal year ending June 30, 2008.

    In November 2006, GASB issued *Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations.* This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The City will implement *Statement No. 49* beginning with the fiscal year ending June 30, 2009.

    In May 2007, GASB issued *Statement No. 50 Pension Disclosures* - an amendment of GASB Statements *No.25 and No. 27*. This Statement more closely aligns the financial reporting requirements for pensions with those for other post employment benefits (OPEB) and enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The City will implement *Statement No. 50* beginning with the fiscal year ending June 30, 2008.

    In June 2007, GASB issued *Statement No. 51*, *Accounting and Financial Reporting for Intangible Assets*. This Statement establishes accounting and financial reporting requirements for intangible assets. All intangible assets not specifically excluded by the scope of this Statement should be classified as capital assets. This Statement requires that

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an intangible asset be recognized in the statement of net assets only if it is considered identifiable. Additionally, this Statement establishes a specified-conditions approach to recognizing intangible assets that are internally generated. Effectively, outlays associated with the development of such assets should not begin to be capitalized until certain criteria are met. Outlays incurred prior to meeting these criteria should be expensed as incurred. This Statement also provides guidance on recognizing internally generated computer software as an intangible asset. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The City will implement *Statement No. 51* beginning the fiscal year ending June 30, 2010.

In June 2008, GASB issued *Statement No. 53, Accounting and Financial Reporting for Derivative Instruments.* This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments. Specifically, it requires that derivative instruments, with the exception of synthetic guaranteed investment contracts (SGICs) that are fully benefit-responsive, be reported at fair value. The changes in fair value of derivative instruments that are used for investment purposes or that are reported as investment derivative instruments because of ineffectiveness are reported within the investment revenue classification. Alternatively, the changes in fair value of derivative instruments that are classified as hedging derivative instruments are reported in the statement of net assets as deferrals. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The City will implement *Statement No. 53* beginning with the fiscal year ending June 30, 2010.

15. Prior Year Restatements:

Detroit Public Library – Beginning net assets have been restated to reflect various corrections of accounting errors. Assets had been overstated by $9,657,989 and liabilities had been overstated by $8,492,362. The net reduction of $1,165,627 results in net assets as of June 30, 2006 of $43,951,258.

Detroit Transportation Corporation – During the 2007 audit, it was determined a liability for beam repair of $3 million as of June 30, 2006 should not have been recorded. Additionally, a correction of $1,522,492 was recorded for other overstated liabilities, net. As a result, beginning net assets have been restated in accompanying financials to reflect these changes.

Eastern Market Corporation – Began operations in fiscal year 2007, however it held assets as of June 30, 2006 of $24,977, which are being reflected for the first time.

The following is a table that summarizes the aforementioned restatement of beginning net assets:

		Detroit Public Library	Detroit Transportation Corporation	Eastern Market Corporation
Net assets as of June 30, 2006, as previously reported		$ 45,116,885	$ 89,974,973	$ —
Plus:	Correction of overstated liabilities	8,492,362	4,522,492	—
	Net assets of Component Unit not previously reported	—	—	24,977
Less:	Correction of overstated assets	(9,657,989)	—	—
Net assets as of June 30, 2007, as restated		$ 43,951,258	$ 94,497,465	$ 24,977

(Continued)

NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. COMPLIANCE WITH FINANCE RELATED LEGAL AND CONTRACTUAL PROVISIONS

The City has not implemented the necessary procedures to ensure compliance with the arbitrage rebate rules of Section 148(f) of the Internal Revenue Code of 1986 applicable to the City's outstanding tax-exempt obligations. The City is engaged in discussions with the Internal Revenue Service with a view to establishing such procedures. The potential impact to the City is indeterminable at this time.

The Treasurer of the State of Michigan requires that audited financial statements of local governments must be submitted to the Treasurer no later than six months after year-end. The Treasurer has the authority when audited financials are not submitted within the six-month period to withhold the local government's State Revenue Sharing distribution. Accordingly, the Treasurer has withheld a portion of the City's December 2007, February 2008, April 2008, June 2008, August 2008, November 2008, and February 2009 State Revenue Sharing funds. During fiscal year 2007, the City reported a total of $272,084,669 in State Revenue Sharing. The Secretary of State has the authority to suspend the City's certificate of motor vehicle self-insurance when required financials, with application are not submitted 30 days prior before the desired effective date of the certificate. Failure to adhere to the requirement may result in the cancellation of the certificate of motor vehicle self-insurance. However, the Secretary of State has continued to extend the City's certificate of motor vehicle self-insurance, on a month-to-month basis contingent on the City continuing ability to meet plans to correct these deficiencies.

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B. EXCESS OF EXPENDITURES OVER GENERAL FUND APPROPRIATIONS

The legal level of budget control is maintained at the appropriation level, which is more detailed than the budget in the Required Supplemental Information. Listed below are expenditures that exceeded its corresponding appropriation for the year ended June 30, 2007:

Department Name	Appropriation No.	Appropriation Description	Final Budget	Actual Amount	Actual/Over Appropriation
Civic Center	00008	Administration	$ 1,129,273	$ 1,357,696	$ (228,423)
	00011	Cobo Center	11,568,925	15,173,840	(3,604,915)
		Total Civic Center	$ 12,698,198	$ 16,531,536	$ (3,833,338)
Department of Public Works					
	00034	Solid Waste Management	$ 786,843	$ 839,560	$ (52,717)
	00035	Refuse Collection	16,810,194	18,811,786	(2,001,592)
	00037	Street Cleaning	64,553	662,253	(597,700)
	00910	City Engineer	6,726,371	7,747,539	(1,021,168)
	11717	Stores and Supplies	32,735	356,011	(323,276)
		Total Public Works	$ 24,420,696	$ 28,417,149	$ (3,996,453)
Finance	00058	Administration	$ 1,256,423	$ 1,436,464	$ (180,041)
	00060	Assessments Division	5,229,921	5,620,094	(390,173)
	00063	Treasury Division	5,140,821	5,298,409	(157,588)
	00832	Office of Targeted Business Development	2,474,119	3,498,515	(1,024,396)
		Total Finance	$ 14,101,284	$ 15,853,482	$ (1,752,198)
Fire	00065	Ordinance Enforcement	$ 6,428,019	$ 6,737,863	$ (309,844)
	00067	Emergency Medical Services	24,204,040	26,441,976	(2,237,936)
	00718	Fire Fighting Operations	123,970,311	133,675,142	(9,704,831)
	00760	Communications and System Support	2,956,636	3,977,859	(1,021,223)
		Total Fire	$ 157,559,006	$ 170,832,840	$ (13,273,834)
Health	00074	Primary Family Care	$ 250,092	$ 541,595	$ (291,503)
	00081	Plant Operation and Maintenance-Herman Kiefer	825,258	1,249,385	(424,127)
	10896	Rodent Impact Program	12,249	70,547	(58,298)
		Total Health	$ 1,087,599	$ 1,861,527	$ (773,928)
Human Resources	00107	Supportive Services	$ 654,719	$ 751,153	$ (96,434)
Human Rights	00879	Contract Compliance	$ 17,010	$ 129,835	$ (112,825)
Law	11544	Risk Management	$ 72	$ 131,854	$ (131,782)
Mayor's Office	12223	Senior Advocacy	$ 513,813	$ 520,704	$ (6,891)
Non Departmental	00199	Public Commemorations	$ 3,000	$ 3,302	$ (302)
	00852	Claims Fund (Insurance Premium)	67,247,148	67,367,634	(120,486)
	00939	Supplemental Fees (G D R A A)	52,905,119	52,973,679	(68,560)
		Total Non-Departmental	$ 120,155,267	$ 120,344,615	$ (189,348)
Planning & Development	00015	**Real Estate - City**	$ 2,594,242	$ 2,639,394	$ (45,152)
Police	00115	Human Resources Bureau	$ 5,281,924	$ 5,655,800	$ (373,876)
	00116	Eastern Operations Bureau	12,203	2,761,237	(2,749,034)
	00117	Western Operations Bureau	7,086	2,492,804	(2,485,718)
	00537	Rape Counseling Unit	360,128	666,006	(305,878)
	00880	Police Athletic League	597,987	718,902	(120,915)
	10082	Assistant Chief	201,916,995	208,386,971	(6,469,976)
	10152	Casino Municipal Services-Police	7,876,986	8,768,125	(891,139)
	10886	Domestic Violence Unit	2,615,935	2,648,148	(32,213)
	11042	Risk Management Bureau	12,240,782	13,088,455	(847,673)
	11376	Investigations Portfolio	17,778,685	22,982,212	(5,203,527)
		Total Police	$ 248,688,711	$ 268,168,660	$ (19,479,949)
Public Lighting	00131	Heat and Power Production	$ 42,284,899	$ 42,595,892	$ (310,993)
		Total Public Lighting	$ 42,284,899	$ 42,595,892	$ (310,993)
Recreation	10545	South District Operations	$ 6,057	$ 557,099	$ (551,042)
	10547	East District Operations	26,751	665,567	(638,816)

(Continued)

Department Name	Appropriation No.	Appropriation Description	Final Budget	Actual Amounts	Actual/Over Appropriation
Recreation	10548	Belle Isle District	10,281	86,447	(76,166)
	10600	Recreation Business Operations	16,147	138,743	(122,596)
	11657	Business Operations & Support Services	6,869,692	9,806,754	(2,937,062)
	11664	Programming	111	807,230	(807,119)
		Total Recreation	$ 6,929,039	$ 12,061,840	$ (5,132,801)
Detroit Office of Homeland Security	11515	Office of Homeland Security	$ 432,595	$ 546,540	$ (113,945)
General Services Department	11825	Administration	$ 932,714	$ 1,194,445	$ (261,731)
	11830	Facilities & Grounds Maintenance	32,260,612	35,817,498	(3,556,886)
	11831	Inventory Management	6,160,482	6,255,661	(95,179)
	12153	Fleet Management	16,721,702	20,001,968	(3,280,266)
		Total General Services	$ 56,075,510	$ 63,269,572	$ (7,194,062)
Auditor General	00261	Auditing Operations	$ 2,903,584	$ 2,964,115	$ (60,531)
36th District Court	05715	State Transferred Functions	$ 28,555,085	$ 30,787,196	$ (2,232,111)

C. DEFICIT FUND EQUITY

General Fund had a deficit fund balance of $91,406,096. Local Development Finance Authority (a Component Unit) (LDFA) had a fund deficit of $47,427,949. The General Fund has issued a deficit reduction plan, which includes changes in level of City provided services, reduced subsidies and enhanced revenues. LDFA's plan for elimination of its deficit involves the continued collection of incremental tax revenues and payment of it debt service requirements in the upcoming years.

NOTE III. DETAILED NOTES ON ALL FUNDS

A. ASSETS

1. Deposits and Investments

a. Primary Government

Deposits and investments of the City at June 30, 2007 are as follows:

	Governmental Activities	Business-type Activities	Total
Deposits	$ 167,071,980	$ 130,626,874	$ 297,698,854
Investments	243,676,245	1,456,010,147	1,699,686,392
Total	$ 410,748,225	$ 1,586,637,021	$ 1,997,385,246

The Deposits and Investments of the City at June 30, 2007 are reported in the financial statements as follows:

	Governmental Activities	Business-type Activities	Total
Cash and Cash Equivalents	$ 163,351,738	$ 94,132,844	$ 257,484,582
Investments	247,396,487	1,492,504,177	1,739,900,664
Total	$ 410,748,225	$ 1,586,637,021	$ 1,997,385,246

(Continued)

State laws authorize the City to make deposits in the accounts of federally insured financial institutions. Cash held by fiscal agents or by trustees is secured in accordance with the requirements of the agency or trust agreement.

The City is authorized to invest in obligations of the U.S. government or its agencies, certificates of deposit, savings and depository accounts of insured institutions, commercial paper of certain investment quality, repurchase agreements, banker's acceptances, mutual funds of certain investment quality, and investment pools authorized by state law.

Custodial Credit Risk of Bank Deposits

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, 2007, the governmental and business-type activities had deposits of $162,144,163 and $93,032,844, respectively, that were exposed to custodial credit risk as they were uninsured and uncollateralized.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. As of June 30, 2007, the City had no investments subject to custodial credit risk.

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 policy minimizes interest rate risk by requiring that the City attempt to match its investments with anticipated cash flow requirements. Unless related to a specific cash flow, the City is generally not permitted to directly invest in securities maturing more than 10 years from original date of purchase.

As of June 30, 2007, the City had the following investments and maturities**:**

		Investment Maturities in Years		
Governmental Activities	**Fair Value**	**Less Than 1 Year**	**1-5 Years**	**6-10 Years**
U.S. Treasury	$ 7,640,214	$ 5,137,289	$ 2,502,925	$ —
U.S. Government Agency Securities	112,978,135	67,622,792	45,355,343	—
Repurchase Agreement	1,011,067	1,011,067	—	—
Money Market	114,175,039	114,175,039	—	—
Commercial Paper	7,871,790	7,871,790	—	—
Total Investments	$ 243,676,245	$ 195,817,977	$ 47,858,268	$ —

		Investment Maturities in Years			
Business-type Activities	**Fair Value**	**Less Than 1 Year**	**1-5 Years**	**6-10 Years**	**Over 10 Years**
U.S. Government Agency Securities	$ 662,651,637	$ 590,148,524	$ 72,503,113	$ —	$ —
Repurchase Agreement	19,603,407	5,029,375	14,574,032	—	—
Money Market	683,953,383	683,953,383	—	—	—
Commercial Paper	89,801,720	89,801,720	—	—	—
Total Investments	$ 1,456,010,147	$ 1,368,933,002	$ 87,077,145	$ —	$ —

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Credit Risk

Credit risk is the risk that the City will not recover its investments due to the inability of the counterparty to fulfill its obligations.

The City's investment policy complies with State law which limits its investments in commercial paper, mutual funds and external investment pools, which purchase commercial paper 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).

As of June 30, 2007, the City's investments have the following ratings:

Governmental Activities

	U.S. Treasury	U.S. Government Agency	Repurchase Agreement	Money Market	Commercial Paper
S&P: AAA					
Moody's: Aaa	$ 7,640,214	$ 112,978,135	$ 1,011,067	$ 98,491,812	$ —
Not Rated	—	—	—	15,683,227	7,871,790
Total	$ 7,640,214	$ 112,978,135	$ 1,011,067	$ 114,175,039	$ 7,871,790

Business-type Activities

	U.S. Government Agency Securities	Repurchase Agreement	Commercial Paper	Money Market
S&P: AAA				
Moody's: Aaa	$ 605,009,866	$ 5,029,375	$ —	$ 221,387,179
S&P: A+				
Moody's: P-1	57,641,771	14,574,032	89,801,720	95,275,108
S&P: A-1				
Moody's: P-1	—	—	—	41,757,352
S&P: Not Rated	—	—	—	48,028,803
Moody's: P-1				
Not Rated	—	—	—	277,504,941
Total	$ 662,651,637	$ 19,603,407	$ 89,801,720	$ 683,953,383

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 include prohibiting investing more than 5% of the portfolio in securities (excluding U.S. government, mutual funds, external investment pools, and other pooled investments) of any one issuer. More than 5% of the primary government's investments are in Federal Home Loan Bank, Federal Home Loan Mortgage, and Federal National Mortgage Association. These investments are 20.05%, 7.68% and 12.93%, respectively, of governmental and business-type activities' investments.

b. Fiduciary Activities

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

Pension Funds

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

The following is a description of the investments by type and category held by the Pension Funds at June 30, 2007:

Investment	General Retirement System	Police & Fire Retirement System	Total
Deposits	$ 15,414,839	$ 5,943,198	$ 21,358,037
Investments	3,874,977,644	4,400,566,789	8,275,544,433
Total	$ 3,890,392,483	$ 4,406,509,987	$ 8,296,902,470

Pension Funds

Investment	General Retirement System	Police & Fire Retirement System
Short-Term Investments	$ 93,306,133	$ 102,040,280
Stocks	1,577,298,085	2,475,953,352
Commingled Equity Funds	888,360,742	—
Bonds	375,357,794	789,229,816
Mortgage-Backed Securities	95,275,069	160,870,540
Mortgage and Construction Loans	92,345,980	109,927,167
Equity Interest in Real Estate	84,495,722	192,057,840
Real Estate Investment Trusts Held by Custodian	—	49,730,270
Pooled Investments	211,980,673	472,828,216
Private Placements	456,557,446	47,929,308
Total	$ 3,874,977,644	$ 4,400,566,789

Custodial Credit Risk of Bank Deposits

Custodial credit risk of bank deposits is the risk that in the event of bank failure, the bank may not return the Pension Funds' deposits. The Pension Funds do not have a deposit policy for custodial credit risk.

At June 30, 2007, the General Retirement System and Police and Fire Retirement System had deposits of $4,765,398 and $5,869,741, respectively, that were exposed to custodial credit risk as they were uninsured and uncollateralized. The Pension Funds believe that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Pension Funds evaluate each financial institution with which 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.

(Continued)

Custodial Credit Risk of Investments

Custodial credit risk of investments is the risk that, in the event of failure of the counterparty, the Pension Funds will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Pension Funds do not have a policy for custodial credit risk. As of June 30, 2007, the Pension Funds had no investments subject to custodial credit risk of investments.

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 pension funds' investment policy does not restrict investment maturities.

As of June 30, 2007, the Pension Funds had the following investments and maturities:

General Retirement System	Investment Maturities in Years ($000)				
Investment Type	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
U.S. Government	$ 135,468	$ 24,107	$ 42,342	$ 44,380	$ 24,639
Mortgage Backed	79,125	—	1,283	4,830	73,012
Collateralized Mortgage Obligation	16,432	—	622	2,802	13,008
Corporate	208,183	12,407	66,310	86,761	42,705
Pooled and Mutural Funds **	120,756	10	—	—	—
Convertible Investments	611	—	—	611	—
Commingled Bond Funds	163	163	—	—	—
Mortgages	65,401	24,064	27,337	14,000	—
Other Fixed Income	46,426	—	7,675	31,848	6,903
Total	$ 672,565	$ 60,751	$ 145,569	$ 185,232	$ 160,267

Police and Fire Retirement System	Investment Maturities in Years ($000)				
Investment Type	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
U.S. Government	$ 137,021	$ 24,464	$ 46,135	$ 49,040	$ 17,382
Government Assets and Mortgage Backed	161,592	—	882	3,293	157,417
Construction Loans	89,537	63,890	25,647	—	—
Corporate	578,164	24,671	211,211	204,164	138,118
Pooled and Mutual Funds **	192,720	2	—	—	—
Certificates of Deposit	3	3	—	—	—
Government Agencies	6,593	6,593	—	—	—
Convertible Bonds	16,098	235	1,988	2,062	11,813
Treasury Bills	99	99	—	—	—
Mortgages	20,390	—	3,000	8,405	8,985
Other Fixed Income	101,227	4,694	21,655	53,930	20,948
Total	$ 1,303,444	$ 124,651	$ 310,518	$ 320,894	$ 354,663

** - Not all Pooled and Mutual Funds are subject to interest rate risk

(Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The system has no investment policy that would further limit its investment choices.

As of June 30, 2007, the Pension Funds' investments have the following ratings (other than that guaranteed by the U.S. government) as rated by S & P are as follows:

General Retirement System	Investment Type and Fair Value (000)								
	AAA	AA	A	BBB	BB	B	CCC & Below	A-1	Not Rated
U.S. Government	$ 66,057	$ -	$ 13,103	$ -	$ 5,144	$ -	$ -	$ -	$ 4,945
Mortgage Backed	32,722	2,376	5,957	22,898	32,914	-	-	-	-
Corporate	927	663	3,737	3,459	6,891	75,907	17,243	169	17,913
Pooled and Mutual Funds	-	-	-	-	-	-	-	-	120,756
Other Fixed Income	-	-	-	-	-	20,604	8,325	-	1,820
Agencies	-	-	-	-	-	548	-	-	63
Construction Loans	-	-	-	-	-	-	-	-	26,945
Mortgages	-	-	-	-	-	-	-	-	65,400
Comingled Bond Funds	-	-	-	-	-	-	-	-	163
Total	$ 99,706	$ 3,039	$ 22,797	$ 26,357	$ 44,949	$ 97,059	$ 25,568	$ 169	$ 238,005

Police and Fire Retirement System	Investment Type and Fair Value ($000)								
	AAA	AA	A	BBB	BB	B	CCC& Below	A-1	Not Rated
U.S. Government	$ 109,787	$ -	$ 308	$ -	$ 384	$ 315	$ -	$ -	$ -
Mortgage Backed	7,151	-	-	-	-	-	-	-	-
Collateralized Mortgage Obligations	2,338	-	-	-	-	-	-	-	-
Pooled and Mortgage Funds	31,311	-	-	-	-	-	-	-	161,409
Certificates of Deposit	-	-	-	-	-	-	-	-	3
Corporate	21,501	42,286	113,343	127,575	65,755	138,466	28,366	-	42,483
Government Agencies	-	-	-	-	-	-	-	6,593	-
Other Fixed Income	466	3,513	18,032	10,562	13,462	34,451	12,336	-	5,816
Convertible Bonds	383	761	3,953	3,582	2,274	3,153	273	-	2,030
Mortgages	-	-	-	-	-	-	-	-	20,390
Construction Loans	-	-	-	-	-	-	-	-	89,536
Total	$ 172,937	$ 46,560	$ 135,636	$ 141,719	$ 81,875	$ 176,385	$ 40,975	$ 6,593	$ 321,667

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce U.S. dollar value because of changes in foreign currency exchange rates. State law and the city's investment policy do not permit investments in foreign currency. However, the General Retirement System and Police and Firemen Retirement System (Pension Funds) do not restrict the amount of investments in foreign currency. Their foreign currency risk investments are as follows (in $000):

	General Retirement System				Police and Firemen Retirement System			
Foreign Currency Risk	Fixed Income	Equity	Cash Equivalents	Cash	Fixed Income	Equity	Forward Contracts Unrealized Gain (Loss)	Cash
Australian Dollar	$ 8,104	$ 19,909	$ —	$ 501	$ —	$ 19,511	$ 2,839	$ (8)
Brazilian Real	3,677	260	—	188	—	—	—	181
British Pound Sterling	5,106	74,457	—	(40)	—	126,259	11,058	(741)
Bulgarian Lev	—	650	—	—	—	—	—	—
Canadian Dollar	3,884	10,446	—	107	—	6,619	12,061	74
Cyprus Pound	—	1,634	—	—	—	—	—	—
Czech Koruna	—	2,828	—	91	—	—	—	—
Danish Krone	—	2,384	—	182	—	4,782	—	182
Euro Currency	8,753	146,785	205	3,619	—	252,247	(2,417)	5,360
Hong Kong Dollar	—	9,335	—	365	—	8,328	—	144
Hryvnia	—	1,367	—	—	—	—	—	—
Hungarian Forint	—	6,233	—	145	—	—	—	—
Indonesian Rupiah	2,391	105	—	37	—	—	—	—
Japanese Yen	—	61,503	—	3,744	4,442	90,980	(28,283)	1,082
Malaysian Ringgit	3,741	—	—	1	—	—	—	—
Mexican Nuevo Peso	3,509	882	—	—	—	616	—	3
New Romanian Leu	—	1,145	—	—	—	—	—	—
New Taiwan Dollar	—	1,412	—	94	—	586	—	35
New Zealand Dollar	2,110	317	—	637	—	4,032	(4,611)	3
Norwegian Krone	—	11,036	—	19	—	16,073	—	56
New Turkish Lira	—	1,842	—	114	—	—	—	—
Philippines Peso	—	29	—	1	—	—	—	—
Polish Zloty	5,361	7,648	—	(9)	—	—	—	—
Renminbi Yuan	—	1,391	—	—	—	331	—	145
Russian New Ruble	—	3,044	—	—	—	—	—	—
Singapore Dollar	5,210	2,196	—	194	—	2,679	—	(13)
South African Rand	3,628	—	—	1	—	—	—	—
South Korean Won	—	1,868	—	(11)	—	1,896	—	84
Swedish Krona	2,881	12,651	—	53	—	17,851	—	17
Swiss Franc	—	26,079	—	54	—	29,852	—	—
Thai Baht	—	221	—	168	—	—	—	—
Totals	**$ 58,355**	**$ 407,657**	**$ 205**	**$ 10,255**	**$ 4,442**	**$ 582,642**	**$ (9,353)**	**$ 6,604**

Securities Lending

As permitted by State statues 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.

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

The Police and Fire Retirement System 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 as of June 30, 2007 was 28 and 22 days for the General and the Police and Fire Retirement Systems, respectively. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2007, the Pension Funds had no credit risk exposure to borrowers. The collateral held and the fair market value of the underlying securities on loan for the General Retirement System as of June 30, 2007 was $544,026,578 and $528,092,745, respectively. The collateral held and the fair market value of the underlying securities on loan for the Police and Fire Retirement System as of June 30, 2007 was $1,086,175,835 and $1,057,180,131, respectively.

Other Employee Benefit and Agency Funds

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

Deposits and investments of the Other Employee Benefit and Agency Funds (other funds) at June 30, 2007 are as follows:

Other Employee Benefits/Agency Funds	Other Employee Benefit Funds	Agency Funds	Total Fiduciary Funds
Deposits	$ 2,021,859	$ 9,525,357	$ 11,547,216
Investments	50,064,320	7,851,863	57,916,183
Total	$ 52,086,179	$ 17,377,220	$ 69,463,399

Deposits and investments in Other Employee Benefit Fund and Agency Funds (Other Funds) at June 30, 2007 are reported in the financial statements as follows:

Investment	Other Employee Benefit Funds	Agency Funds	Total
Cash and Cash Equivalents	$ 2,021,859	$ 2,974,901	$ 4,996,760
Investments	50,064,320	14,402,319	64,466,639
Total	$ 52,086,179	$ 17,377,220	$ 69,463,399

Custodial Credit Risk of Bank Deposits

Custodial credit risk of bank deposits is the risk that in the event of bank failure, the bank may not return the Other Employee Benefit and Agency deposits. The City does not have a deposit policy for custodial credit risk. At June 30, 2007, the Other Funds had deposits of $10,457,707 that were exposed to custodial credit risk as they were uninsured and uncollateralized.

Custodial Credit Risk of Investments

Custodial credit risk of bank investments is the risk that, in the event of failure of the counterparty, the Other Employee Benefit and Agency Funds will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. As of June 30, 2007, the Other Employee Benefit and Agency Funds had no investments subject to custodial credit risk.

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 Fund attempt to match its investments with anticipated cash flow requirements. Unless related to a specific cash flow, the City is generally not permitted to directly invest in securities maturing more than 10 years from original date of purchase.

As of June 30, 2007, the Other Funds had the following investments and maturities:

Other Employee Benefit/Agency Funds	Investment Maturities in Years ($000)		
	Fair Value	Less Than 1 Year	1-5 Years
Money Market	$ 31,108,846	$ 31,108,846	$ —
U.S. Government Agencies	11,617	11,617	—
Equities	7,703,912	N/A	N/A
Mutual Funds	19,091,808	19,091,808	—
Total Investments	$ 57,916,183	$ 50,212,271	$ —

Credit Risk

The City's investment policy complies with state law that limits its investments in commercial paper, mutual funds and external investment pools which purchase commercial paper to the top two rating classifications issued by two nationally recognized statistical rating organizations (NRSROs).

As of June 30, 2007, the Employee Benefits and Agency investments have the credit quality ratings of debt securities (other than that guaranteed by the U.S. government) by S&P or Moody's as follows:

Other Fiduciary Funds ($000)	U.S. Treasury	Money Market	Mutual Funds
S&P AAAm	$ 11,617	$ 7,851,864	$ —
S&P AAA	—	23,256,982	—
Not Rated	—	—	19,091,808
Total Investments	$ 11,617	$ 31,108,846	$ 19,091,808

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 include prohibiting investing more than 5% of the portfolio in securities (excluding U.S. government, mutual funds, external investment pools, and other pooled investments) of any one issuer. There were no investments of more than 5% of the total of Other Fiduciary Funds.

c. Component Units

Greater Detroit Resource Recovery Authority (GDRRA)

Investments

Deposits and investments of GDRRA at June 30, 2007 are as follows:

GDRRA

Deposits	$	119,129
Investments		148,336,998
Investments-Accrued Interest		47,486
Total	$	148,503,613

The Deposits and Investments of GDRRA at June 30, 2007 are reported in the financial statements as follows:

GDRRA

Cash and Cash Equivalents	$	119,129
Investments		148,384,484
Total	$	148,503,613

State law authorizes GDRRA to make deposits in the account of federally insured financial institutions. Cash held by fiscal agents or by trustees is secured in accordance with the requirements of the agency or trust agreement.

GDRRA is authorized to invest in obligations of the U.S. government or its agencies, certificates of deposit, savings and depository accounts of insured institutions, commercial paper of certain investments quality, repurchase agreements, banker's acceptances, mutual funds of certain investment quality, and investment pools as authorized by State law.

Custodial Credit Risk of Bank Deposits

Custodial credit risk of bank deposits is the risk that in the event of bank failure, the bank may not return GDRRA's deposits. As of June 30, 2007, GDRRA had no bank deposits subject to custodial credit risk of bank deposits.

Custodial Credit Risk of Investments

Custodial credit risk of investments is the risk that in the event of failure of the counterparty, GDRRA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2007, GDRRA had no investments subject to the custodial credit risk.

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. GDRRA's investment policy does not specifically restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. GDRRA's policy minimizes interest rate risk by requiring that GDRRA attempt to match its investments with anticipated cash flow requirements. Unless related to a specific cash flow, GDRRA generally does not directly invest in securities maturing more than 10 years from the original date of purchase.

		Investment Maturities in Years	
GDRRA	**Fair Value**	**Less Than 1 Year**	**1-5 Years**
Treasury Obligation Funds	$ 8,539,797	$ 8,539,797	$ —
U.S. Treasury	89,778,220	57,495,827	32,282,393
Repurchase Agreements	50,018,981	50,018,981	—
Total	$ 148,336,998	$ 116,054,605	$ 32,282,393

Credit Risk

Credit risk is the risk that GDRRA will not recover its investments due to the inability of the counterparty to fulfill its obligations.

GDRRA's investment policy complies with State law. GDRRA limits its investments in commercial paper, mutual funds, and external investment pools that purchase commercial paper to the top two rating classifications issued by two nationally recognized statistical ratings organizations (NRSROs).

As of June 30, 2007, GDRRA had the following investments, maturities, and credit quality ratings of debt securities:

GDRRA

Investments	Value	Rating	Rating Organization
Treasury Obligation Funds	$ 8,539,797	AAAm	Standard & Poor's
Treasury Obligation Funds	24,131,937	N/A	N/A
US Treasury	65,646,283	N/A	N/A
US Government Agency Securities	50,018,981	AA	Moody's
Total	$ 148,336,998		

The investments shown as U.S. Treasury and U.S. Government Agency Securities are backed by the full faith and credit of the United States Government.

2. **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.

3. Interfund Receivables and Payables: During the course of operations, numerous transactions occur between the City funds for goods provided and services rendered and for the reimbursement of expenditures. Related interfund receivables and payables are classified as "due from other funds" and "due to other funds" on the balance sheet and statement of net assets and will be settled within one year.

Interfund receivables and payables at June 30, 2007 are as follows:

	Due From:								
Due To:	General Fund	Non-Major Governmental Funds	Sewage Disposal Fund	Transportation Fund	Water Fund	Automobile Parking Fund	Non-Major Proprietary Fund	Fiduciary Funds	Total
General Fund	$ —	$ 11,430,512	$ 4,256,769	$ 24,110,452	$ 5,116,930	$ 758,885	$ 78,893	$ 4,354,023	$ 50,106,464
Non Major Governmental Funds	12,201,976	4,933,601	710	87,931	166,290	84,530	—	—	17,475,038
Sewage Disposal Fund	11,237	—	—	—	4,053,319	—	—	—	4,064,556
Transportataion Fund	234,505	210,000	—	—	—	—	—	—	444,505
Water Fund	749,457	—	14,714,993	—	—	10,521	—	—	15,474,971
Automobile Parking Fund	944,057	427,114	—	—	—	—	12	—	1,371,183
Non-Major Proprietary Fund	328,117	—	—	—	—	—	6,965	63,795	398,877
Fiduciary Funds (1)	95,063,737	—	1,555,895	4,681,202	2,723,435	78,901	25,369	—	104,128,539
Total	$ 109,533,086	$ 17,001,227	$ 20,528,367	$ 28,879,585	$ 12,059,974	$ 932,837	$ 111,239	$ 4,417,818	$ 193,464,133

(1) This Interfund payable primarily represents employer's contributions that are due to the retirement systems at year-end.

4. Advances: Advances represent interfund receivables and payables that will not be paid within one year. Advances between funds at June 30, 2007, are as follows:

Receivable Fund	Amount	Payable Fund	Amount
General Fund	$ 11,675,006	Capital Projects Fund (Non-Major Governmental Fund)	$ 850,000
		Automobile Parking Fund (Proprietary Fund)	10,825,006
Total	$ 11,675,006	Total	$ 11,675,006

(2) These Advances primarily represents amounts used for operating expenditures.

5. 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 Statement of Revenues, Expenditures/Expenses, and Changes in Fund Balances/Net assets. The transfers are routine and consistent with the activities of the fund. Transfers between funds at June 30, 2007, are as follows:

	Tranfers In						
	General Fund	General Retirement System Service Corporation	Police & Fire Retirement System Service Corporation	Non-Major Governmental Funds	Transportation Fund	Non-Major Proprietary Fund	Total
Transfers Out							
General Fund	$ —	$ 27,056,320	$ 37,397,063	$ 69,984,308	$ 70,820,196	$ 900,000	$ 206,157,887
Non-Major Governmental Funds	11,924,286	—	—	29,707,610	—	—	41,631,896
Total	$ 11,924,286	$ 27,056,320	$ 37,397,063	$ 99,691,918	$ 70,820,196	$ 900,000	$ 247,789,783

The General Fund transferred $206.2 million to other funds. The largest transfer from the General Fund was made to the Transportation Fund for $70.8 million to maintain bus operations and $67.7 million to the Debt Service Fund for principal and interest payments. The General Fund also transferred a combined $64.5 million to City's two Retirement System Service Corporations for principal and interest payments on the Pension Obligation Certificates.

The Non-Major Governmental Funds transferred $41.6 million to other funds. Included in this amount are the Major and Local Street Fund, which transferred $11.9 million to the General Fund for street construction costs. The Block Grant Funds transferred $6.8 million to the Construction Code Fund, and $2.8 million to the Debt Service Fund. The Capital Projects Fund transferred $7.8 million to the Debt Service Fund.

6. Capital Asset Activity for the Year Ended June 30, 2007:

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Non-Depreciable Assets:				
Land	$ 417,464,461	$ 1,218,922	$ -	$ 418,683,383
Works of Arts	29,788,133	-	-	29,788,133
Construction In Progress	100,133,084	27,825,987	(76,794,503)	51,164,568
Total Non-Depreciable Assets	547,385,678	29,044,909	(76,794,503)	499,636,084
Depreciable Assets:				
Buildings and Improvements	935,116,333	81,153,349	-	1,016,269,682
Machinery, Equipment, and Fixtures	482,823,154	20,443,093	(533,495)	502,732,752
Infrastructure	858,417,169	16,001,967	-	874,419,136
Total Depreciable Assets	2,276,356,656	117,598,409	(533,495)	2,393,421,570
Less Accumulated depreciation for:				
Buildings and Improvements	317,981,271	27,112,233	-	345,093,505
Machinery, Equipment, and Fixtures	337,122,574	34,224,448	(501,767)	370,845,255
Infrastructure	658,613,768	16,633,822	-	675,247,590
Total Accumulated Depreciation	1,313,717,613	77,970,504	$ (501,767)	1,391,186,350
Governmental Activities Capital Assets, net	$ 1,510,024,721	$ 68,672,814	$ (76,826,231)	$1,501,871,304

Depreciation Expense was charged to the Governmental functions as follows:

Public Protection	$ 24,790,445
Health	706,859
Recreation and Culture	13,220,628
Economic Development	7,414,218
Educational Development	15,596
Housing Supply and Condition	217,746
Physical Environment	25,338,309
Development and Management	6,266,703
Total:	$ 77,970,504

Business-type Activities:	Primary Government			
Major Funds:	Beginning Balance	Additions	Retirements	Ending Balance
Sewage Disposal Fund:				
Non-Depreciable Assets:				
Land and Land Rights	$ 13,834,957	$ 474	$ -	$ 13,835,431
Construction in Progress	310,502,398	59,776,600	(133,045,046)	237,233,952
Total Non-Depreciable Assets	324,337,355	59,777,074	(133,045,046)	251,069,383
Depreciable Assets:				
Land Improvements	53,308,915	8,163,164	-	61,472,079
Buildings and Structures	2,168,155,950	177,735,556	-	2,345,891,506
Interceptors and regulators	421,380,356	61,226,461	-	482,606,817
Machinery, Equipment and Fixtures	919,916,503	1,166,274	(331,552)	920,751,225
Total Depreciable Assets	3,562,761,724	248,291,455	(331,552)	3,810,721,627
Total Capital Assets	3,887,099,079	308,068,529	(133,376,598)	4,061,791,010
Less Accumulated Depreciation:				
Land Improvements	14,616,589	1,337,625	-	15,954,214
Buildings and Structures	295,673,947	58,633,180	-	354,307,127
Sewer Lines	88,962,160	5,172,909	-	94,135,069
Machinery, Equipment and Fixtures	351,720,148	33,362,437	(328,236)	384,754,349
Total Accumulated Depreciation	750,972,844	98,506,151	(328,236)	849,150,759
Net Capital Assets	$ 3,136,126,235	$ 209,562,378	$ (133,048,362)	$ 3,212,640,251
Transportation Fund:				
Non-Depreciable Assets:				
Land and Land Rights	$ 7,578,462	$ -	$ -	$ 7,578,462
Construction in Progress	5,292,244	6,736,620	(1,499,751)	10,529,113
Total Non-Depreciable Assets	12,870,706	6,736,620	(1,499,751)	18,107,575
Depreciable Assets:				
Buildings and Structures	66,645,050	69,955	-	66,715,005
Vehicle and Buses	165,145,616	1,239,839	(4,941,829)	161,443,626
Machinery, Equipment and Fixtures	46,030,293	9,090,854	(7,708,357)	47,412,790
Total Depreciable Assets	277,820,959	10,400,648	(12,650,186)	275,571,421
Total Capital Assets	290,691,665	17,137,268	(14,149,937)	293,678,996
Less Accumulated Depreciation:				
Buildings and Structures	45,746,628	1,442,696	-	47,189,324
Vehicle and Buses	71,709,170	13,525,409	(4,488,382)	80,746,197
Machinery, Equipment and Fixtures	30,289,488	3,107,858	(7,507,451)	25,889,895
Total Accumulated Depreciation	147,745,286	18,075,963	(11,995,833)	153,825,416
Net Capital Assets	$ 142,946,379	$ (938,695)	$ (2,154,104)	$ 139,853,580

(Continued)

Business-type Activities (continued)

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Water Fund:				
Non-Depreciable Assets:				
Land and Land Rights	$ 6,529,308	$ 864,785	$ -	$ 7,394,093
Construction in Progress	140,815,156	70,649,720	(58,601,399)	152,863,477
Total Non-Depreciable Assets	147,344,464	71,514,505	(58,601,399)	160,257,570
Depreciable Assets:				
Land Improvements	13,891,697	632,494	-	14,524,191
Buildings and Structures	903,467,379	61,253,569	-	964,720,948
Mains	763,588,390	21,158,910	(437,816)	784,309,484
Services	48,646,079	-	(836,838)	47,809,241
Meters	43,547,536	1,074,734	-	44,622,270
Machinery, Equipment and Fixtures	786,640,115	8,746,794	(124,739)	795,262,170
Total Depreciable Assets	2,559,781,196	92,866,501	(1,399,393)	2,651,248,304
Total Capital Assets	2,707,125,660	164,381,006	(60,000,792)	2,811,505,874
Less Accumulated Depreciation:				
Land Improvements	6,230,928	172,653	-	6,403,581
Buildings and Structures	195,827,891	20,373,489	-	216,201,380
Mains	264,619,307	10,948,471	(427,962)	275,139,816
Services	23,743,282	569,385	-	24,312,667
Meters	29,543,811	1,281,713	-	30,825,524
Machinery, Equipment and Fixtures	223,103,061	32,658,599	(123,569)	255,638,091
Total Accumulated Depreciation	743,068,280	66,004,310	(551,531)	808,521,059
Net Capital Assets	$ 1,964,057,380	$ 98,376,696	$ (59,449,261)	$ 2,002,984,815
Automobile Parking Fund:				
Non-Depreciable Assets:				
Land and Land Rights	$ 4,967,313	$ -	$ -	$ 4,967,313
Construction in Progress	29,634	917,956	-	947,590
Total Non-Depreciable Assets	4,996,947	917,956	-	5,914,903
Depreciable Assets:				
Land Improvements	214,908	-	-	214,908
Buildings and Structures	192,161,203	1,023,772	-	193,184,975
Vehicles & Buses	998,563	-	-	998,563
Machinery, Equipment and Fixtures	1,669,042	1,378,798	-	3,047,840
Total Depreciable Assets	195,043,716	2,402,570	-	197,446,286
Total Capital Assets	200,040,663	3,320,526	-	203,361,189
Less Accumulated Depreciation:				
Land Improvements	176,454	3,143	-	179,597
Buildings and Structures	104,156,784	3,468,749	-	107,625,533
Vehicles & Buses	880,242	-	-	880,242
Machinery, Equipment and Fixtures	1,208,018	161,458	-	1,369,476
Total Accumulated Depreciation	106,421,498	3,633,350	-	110,054,848
Net Capital Assets	$ 93,619,165	$ (312,824)	$ -	$ 93,306,341

(Continued)

Business-type Activities (continued)	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Non-Major Fund:				
Non-Depreciable Assets:				
Land and Land Rights	$ 5,169,374	$ -	$ -	$ 5,169,374
Total Non-Depreciable Assets	5,169,374	-	-	5,169,374
Depreciable Assets:				
Land Improvements	8,020,718	-	-	8,020,718
Buildings and Structures	5,853,773	-	-	5,853,773
Vehicle and Buses	1,576,778	-	-	1,576,778
Machinery, Equipment and Fixtures	1,770,770	-	-	1,770,770
Total Depreciable Assets	17,222,039	-	-	17,222,039
Total Capital Assets	22,391,413	-	-	22,391,413
Less Accumulated Depreciation:				
Land Improvements	6,526,545	401,036	-	6,927,581
Buildings and Structures	4,184,902	63,299	-	4,248,201
Vehicle and Buses	831,054	93,500	-	924,554
Machinery, Equipment and Fixtures	1,586,369	75,531	-	1,661,900
Total Accumulated Depreciation	13,128,870	633,366	-	13,762,236
Net Capital Assets	$ 9,262,543	$ (633,366)	$ -	$ 8,629,177

Component Units:	Component Units			
Non-Depreciable Assets:				
Land and Land Rights	$ 22,912,137	$ -	$ -	$ 22,912,137
Works of Art	3,216,175	73,062	(1,230,175)	2,059,062
Construction in Progress	6,606,849	149,302	(6,606,849)	149,302
Total Non-Depreciable Assets	32,735,161	222,364	(7,837,024)	25,120,501
Depreciable assets:				
Land and Leasehold Improvements	188,444	-	-	188,444
Buildings and Structures	91,871,024	80,354	(23,759,747)	68,191,631
Facility and Steamline	513,623,297	850,000	(614,615)	513,858,682
Vehicles and Buses	383,024	336,788	-	719,812
Machinery, Equipment and Fixtures	298,601,912	44,661,098	(118,426)	343,144,584
Total Depreciable Assets	904,667,701	45,928,240	(24,492,788)	926,103,153
Total Capital Assets	937,402,862	46,150,604	(32,329,812)	951,223,654
Less Accumulated Depreciation	486,118,011	28,402,786	6,850,147	521,370,944
Net Capital Assets	$ 451,284,851	$ 17,747,818	$ (39,179,959)	$ 429,852,710

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

8. **Due from/to Component Units:** Due from/to component units consist of sales, charges for services, and property tax revenue to various component units.

B. LIABILITIES

1. Commitments and Contingencies

a. **Lawsuits and Claims:** The City is a defendant in numerous lawsuits and is also subject to other claims, including claims for Workers Compensation payments. It has been the City's experience that lawsuits and claims are often settled for amounts less than the stated demand. While it is not possible to determine the final outcome of these lawsuits and claims exactly, the City and its Legal Department have estimated that the liability for all such litigation and claims approximates $196.4 million for the Primary Government.

b. **Grant Audits:** Several of the City's funds participate in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs prior to and/or including the year ended June 30, 2007, 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, 2007. Since the City believes such adjustments, if any, will not be material, no provision for possible adjustments has been made.

c. **Tax Increment Financing (TIF):** The TIFA, DDA and LDFA are financed through captures of property taxes levied by other units of government including the City of Detroit, the Detroit Public Library, the Detroit Public Schools, Wayne County and the State of Michigan (the State Education Tax). Following the passage of proposal A which amended the State of Michigan's Constitution in 1994, capture of school taxes are now limited. In general terms, tax increment financing entities like TIFA, DDA and LDFA can only capture school taxes following Proposal A if a "pre-existing" or "eligible" obligation is present. The State of Michigan has completed an audit of the tax captures of these entities from the tax year 2001 through tax year 2005. The State claims that TIFA, DDA and LDFA have over captured school property taxes during that time period. The entities are in the process of reviewing the State's claim and reviewing the audits conducted by the State to determine the amount of liability that may exist. The tax increment financing entities are evaluating amounts, which may qualify as pre existing obligations, which were treated that way by the State in their audit reports. If the State audit reports are accurate, the amounts for tax years 2001 through 2005 are approximately $22.5 million (TIFA), $5.9 million (DDA), and $5.7 million (LDFA). At June 30, 2007, no provision for loss has been recorded in the City's General Fund related to this matter as the outcome of this matter is uncertain.

d. **Rate Matters:** The Water Fund is a party to certain challenges and disputes related to its wastewater treatment rates by various groups and governmental entities. The challenges address the reasonableness of the overall revenue requirement to be attained, certain cost allocation methods, and ultimate amounts billed. Settlement discussions are ongoing and the ultimate solution is not currently known.

e. **Block Grant Funds:** Several revitalization projects in the City have used a combination of financing from governmental and private sources. One of the sources of governmental financing has been Section 108 loan notes from the Federal Government. As of June 30, 2007, future Block Grant Funds of $41,940,000 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.

f. **Greater Detroit Resource Recovery Authority (GDRRA):** In 1991, GDRRA sold its waste-to-energy facility to private investors in a sale-leaseback transaction for $634.9 million. The purchase price was paid with $127 million in cash, mortgage notes of $342.7 million, and future assumption of revenue bonds payable in the amount of $165.2 million. The purchasers agreed to lease the facility to an outside contractor for an initial lease term of 18 years. The outside contractor will continue to operate the facility under a supplemental operating agreement with GDRRA, which results in GDRRA assuming most of the lease obligations. Upon expiration of the initial lease term (in Oct 2009), GDRRA has options to

renew the lease or to repurchase the facility. The City, under the supplemental service contract, has agreed to pay supplemental tipping fees to GDRRA sufficient to, among other things, meet these obligations. The lease payments approximate the amortization of the mortgage notes. The cash proceeds from the sale of the facility will be reported as a finance obligation until GDRRA's repurchase option is exercised or expires, at which time the gain on the sale will be recognized. Additionally, in 1991 GDRRA distributed $54 million of the cash proceeds to the City, which was reflected as a reduction of GDRRA's equity.

Future minimum lease payments for each of the next two years of the initial lease term are as follows: 2008 – $34,719,333; and 2009 – $34,719,333 (expiration year).

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

h. Construction Commitments: The City has commitments for future construction contracts. Construction to date and remaining commitments at June 30, 2007, are as follows:

	Spent as of June 30, 2007	Remaining
Public Protection	$ 82,824,379	$ 100,636,306
Municipal Facilities	83,437,577	34,939,942
Cultural and Recreational	174,019,967	38,830,956
Human Services	3,874,171	2,900,710
Municipal Services	3,310,371	4,306,185
	$ 347,466,465	$ 181,614,099

i. 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. The City is self-insured for losses such as workers' compensation, legal, disability benefits, and vehicular liabilities. Also included are risk of loss associated with providing health, dental and life insurance benefits to employees and retirees.

The City provides health and dental insurance benefits to employees and retirees through self-insured health plans that are administered by third party administrators. The City does not purchase excess or stop-loss insurance for its self-insured health plans.

The City 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 of non-Enterprise Fund and the Transportation Fund (an Enterprise Fund) in its General Fund. Each fund pays insurance premiums to the General Fund based on past claims activities. Because the Transportation Fund is included in the General Fund's risk management activities, it does not

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

At June 30, 2007, the amount of the workers' compensation, legal claims and judgments, and disability benefits was estimated at $159.1 million for Governmental Activities. The City has recognized a liability that approximated $10.7 million in the General Fund as of June 30, 2007 for public liability and workers' compensation claims that were due as of year-end. All other claims liabilities are considered to be current ($56.3 million) or long-term ($92.1 million) liabilities and are recognized in the government-wide financial statements. This liability is the City's best estimate based on available information. In addition, liabilities approximating $37.3 million have been recorded for Business-Type Activities at June 30, 2007, of which $4.5 million is considered to be current.

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

Changes in the reported liabilities for the years ended June 30, 2007 and 2006, respectively, are as follows:

	(In Millions)			
	Governmental Activites		Business-type Activites	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
Balance at beginning of year	$ 193.1	$ 197.6	$ 34.7	$ 33.1
Current year claims and changes in estimates	37.8	44.4	16.0	10.8
Claims payments	(71.8)	(48.9)	(13.4)	(9.2)
Balance at end of year	$ 159.1	$ 193.1	$ 37.3	$ 34.7

As a result of the Risk Management Operations' net operating activity for the fiscal year ending June 30, 2007, the General Fund reported $19,219,300 of reserves for the purpose of funding future claim liabilities.

2. Other Commitments: 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:	
2008	$ 12,783,436
2009	10,152,894
2010	8,894,545
2011	7,589,254
2012	5,224,274
2013 - 2016	13,886,748
Total Minimum Payments	$ 58,531,151

Rental expense for all operating leases approximated $15.4 million for the year ended June 30, 2007.

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverage.

3. **Short-Term Revenue and Tax Anticipation Notes:** As of the end of June 30, 2007 short-term notes consisted of Tax Anticipation Notes, Series 2007 (TANS) of $83,460,000 and Revenue Anticipation Notes, Series 2007 (RANS) of $45,910,000. Both notes matured on March 1, 2008, with a stated interest rate of 4.50% per year. These notes were used to pay necessary operating expenditures of the City during the fiscal year and cost of issuance of the notes. City levied operating taxes for the TANS and State Revenue Sharing payments for the RANS to secure the notes.

	Balance June 30, 2006	Increase	Decrease	Balance June 30, 2007
Revenue Anticipation Notes	$ 45,640,000	$ 45,910,000	$ (45,640,000)	$ 45,910,000
Tax Anticipation Notes	79,595,000	83,460,000	(79,595,000)	83,460,000
Total	$ 125,235,000	$ 129,370,000	$ (125,235,000)	$ 129,370,000

4. Long-Term Obligations

a. Governmental Activities

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

In prior years, the City defeased certain bonds by placing the proceeds of new debt in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the City's financial statements. The amount of defeased debt outstanding at June 30, 2007 approximated $92.7 million.

Bonds Payable

The following is the schedule of the Governmental Activities Bonds Payable at June 30, 2007:

			Outstanding at June 30, 2007			
	Bond Date	Amount Issued	Range of Interest Rates %	Maturity Date	Amount	
Governmental Activities:						
General Obligation Bonds - Unlimited Tax						
Series 1996-A	11-1-96	$ 22,195,000	5.20	4/1/08	$ 1,830,000	
Series 1996-B	11-1-96	21,975,000	5.20 to 5.50	4/1/08-15	21,785,000	c
Series 1997-A	12-15-97	16,710,000	5.00 to 5.50	4/1/08	1,580,000	
Series 1997-A	12-15-97	27,540,000	5.00 to 5.375	4/1/09-18	27,540,000	c
Series 1997-B	12-15-97	17,525,000	5.50	4/1/08	965,000	
Series 1997-B	12-15-97	18,280,000	5.00 to 5.38	4/1/09-14	18,280,000	c
Series 1999-A	4-1-99	16,080,000	5.00 to 5.25	4/1/08-09	4,110,000	
Series 1999-A	4-1-99	28,020,000	5.0 to 5.25	4/1/10-19	28,020,000	c
Series 1999-B	11-15-99	16,785,000	5.0 to 5.125	4/1/08-10	5,885,000	
Series 1999-B	11-15-99	28,215,000	5.25	04/1/11	2,165,000	c
Series 2000-AMT	2-15-00	10,605,000	5.75	4/1/09-10	2,590,000	
Series 2001-A(1)	7-15-01	16,800,000	4.10 to 5.50	4/1/08-11	7,465,000	
Series 2001-A(1)	7-15-01	83,200,000	5.00 to 5.375	4/1/12-21	83,200,000	c
Series 2001-A(2)	7-15-01	5,000,000	Variable (a)	04/1/22	5,000,000	c
Series 2001-B	7-15-01	23,560,000	5.50	4/1/09-11	17,660,000	
Series 2001-B	7-15-01	23,235,000	5.375	4/1/12-14	23,235,000	c
Series 2002	8-2-02	15,795,000	4.00	4/1/10-11	3,835,000	
Series 2002	8-2-02	29,205,000	4.00 to 5.13	4/1/12-22	8,675,000	c
Series 2003-A	10-21-03	9,640,000	3.70 to 5.00	4/1/10-13	9,640,000	
Series 2003-A	10-21-03	34,380,000	4.00 to 5.25	4/1/14-23	34,380,000	c
Series 2004-A(1)	9-9-04	39,270,000	4.25 to 5.25	4/1/19-24	39,270,000	c
Series 2004-A(2)	9-9-04	2,055,000	4.57	04/1/12	2,055,000	
Series 2004-B(1)	9-9-04	23,720,000	3.75 to 5.00	4/1/12-14	23,720,000	
Series 2004-B(1)	9-9-04	29,365,000	4.00 to 5.25	4/1/15-18	29,365,000	c
Series 2004-B(2)	9-9-04	17,270,000	3.92 to 5.24	4/1/09-18	17,270,000	
Series 2005-A	1-5-05	81,050,000	5.0	4/1/08-11	40,235,000	
Series 2005-B	12-1-05	13,840,000	4.00 to 5.00	4/1/10-16	13,840,000	
Series 2005-B	12-1-05	37,920,000	4.30 to 5.00	4/1/17-25	37,920,000	c
Series 2005-C	12-1-05	20,010,000	3.50 to 5.00	4/1/08-16	19,475,000	
Series 2005-C	12-1-05	10,795,000	4.30 to 5.25	4/1/17-20	10,795,000	c
Distributable State Aid Bonds:						
Series 1993	12-1-93	136,675,000	5.25	5/1/08-09	25,120,000	
Total General Obligation Bonds - Unlimited Tax					566,905,000	

a - Interest rates equal to Dutch Auction Rate.
c - indicates bonds are callable under terms specified in the indenture; all other bonds are noncallable.

	Bond Date	Amount Issued	Outstanding June 30, 2007 Range of Interest Rates %	Maturity Date	Amount	
Governmental Activities:						
General Obligation Bonds - Limited Tax:						
Self-Insurance Bonds:						
Series 2003.	10-2-03	98,895,000	3.48 to 4.97	5/1/08-13	69,375,000	
Series 2004.	9-9-04	62,285,000	3.92 to 4.85	4/1/09-14	62,285,000	
General Obligation:						
Series 1997	5-1-97	5,555,000	5.20 to 6.25	7/15/08-11	2,255,000	
Series 2004A	3-12-04	41,760,000	5.00	4/1/08-09	29,825,000	
Series 2004Fiscal Stabilization . . .	6-24-04	61,070,000	5.00	4/1/08-09	54,350,000	
Series 2005-A(1)	6-24-05	21,325,000	4.27 to 4.53	4/1/10-15	21,325,000	
Series 2005-A(1)	6-24-05	52,175,000	4.61 to 5.15	4/1/16-25	52,175,000	c
Series 2005-A(2)	6-24-05	4,055,000	3.50 to 4.50	4/1/10-15	4,055,000	
Series 2005-A(2)	6-24-05	9,475,000	4.00 to 5.00	4/1/16-25	9,475,000	c
Series 2005-B	6-24-05	4,845,000	3.25 to 5.00	4/1/08-15	4,545,000	
Series 2005-B	6-24-05	6,940,000	5.00	4/1/16-21	6,940,000	c
Total General Obligation Bonds-Limited Tax					316,605,000	
Detroit Building Authority General Obligation Bonds:						
District Court Madison Center						
Project, Series 1996-A	9-1-96	7,230,000	6.15	2/1/08-11	5,955,000	c
Project, Series 1996-B	9-1-96	1,000,000	Variable (b)	2/1/11	1,000,000	
Total Detroit Building Authority General Obligation Bonds					6,955,000	
Total General Obligation Bonds					890,465,000	
Revenue Bonds:						
Convention Facility Limited Tax Revenue Bonds- Cobo Hall Expansion:						
Series 1993	9-1-93	167,050,000	5.25	9/30/2007	11,975,000	
Series 2003	9-1-03	90,883,138	3.00 to 5.00	9/30/08-15	93,625,241	
Total Conventional Facility Limited Tax Revenue Bonds-Cobo Hall Expansion					105,600,241	
Total Governmental Activities - Bonds Payable					$ 996,065,241	

a - Interest rates equal to Dutch Auction Rate.
b - Interest rates are reset periodically at the stated current market interest rate.
c - Indicates bonds are callable under terms specified in the indenture; all other bonds are noncallable.

Notes Payable

The following is the schedule of Notes Payable at June 30, 2007:

Governmental Activities Notes Payable	Issue Date	Range of Interest Rates %	Maturity Date	Amount Outstanding June 30, 2007
Urban Renewal Fund:				
Caraco Pharmaceutical Project (Secured by Future Block Grant Revenue)	8/1/2002	3.45 to 4.16	8/1/07-08	$ 2,238,000
Ferry Street Project (Secured by Future Block Grant Revenue)	4/28/1999	5.78 to 6.72	8/1/07-18	2,630,000
Garfield Project (Secured by Future Block Grant Revenue)	6/5/1996	7.14 to 7.66	8/1/07-15	1,630,000
Riverbend Project (Secured by Future Block Grant Revenue)	6/5/1996	7.14 to 7.67	8/1/07-15	565,000
Riverbend Project (Secured by Future Block Grant Revenue)	10/28/1997	6.49 to 7.08	8/1/07-16	345,000
Stuberstone Project (Secured by Future Block Grant Revenue)	10/28/1997	6.46 to 7.10	8/1/07-16	285,000
Vernor Lawndale Project (Secured by Future Block Grant Revenue)	8/27/2005	5.05 to 5.74	8/1/13-25	1,800,000
New Amsterdam Project (Secured by Future Block Grant Revenue)	8/1/2002	4.16 to 6.12	8/1/08-22	9,700,000
Mexicantown Welcome Ctr Project (Secured by Future Block Grant Revenue)	1/13/2005	5.03 to 5.70	8/1/12-24	7,789,000
Book Cadillac Project (Secured by Future Block Grant Revenue)	9/14/2006	5.07 to 5.77	8/1/14-26	7,300,000
Garfield II - Note 1 (Secured by Future Block Grant Revenue)	9/14/2006	LIBOR Rate Plus	8/1/11-25	1,500,000
Garfield II - Note 2 (Secured by Future Block Grant Revenue)	9/14/2006	5.07 to 5.77	8/1/14-26	2,058,000
Fort Shelby Project (Secured by Future Block Grant Revenue)	4/18/2007	LIBOR Rate Plus	8/1/12-26	4,100,000
Total Notes Payable				$ 41,940,000

Loans Payable

The following is the schedule of Loans Payable at June 30, 2007:

Governmental Activities Loans Payable	Issue Date	Range of Interest Rates%	Maturity Date	Amount Outstanding June 30, 2007
Downtown Development Authority	1991-1997	-	-	$ 33,600,000
Loans Payable GE Capital Schedule - 009	10/30/2003	3.50	7/1/07-2/1/09	890,190
Loans Payable GE Capital Schedule - 010	10/30/2003	3.80	7/1/07-11-1-08	60,793
Loans Payable GE Capital Schedule - 011	11/15/2003	3.65	7/1/07-4/15/08	2,913,194
Loans Payable GE Capital Schedule - 012	4/2/2004	3.61	7/1/07-4/1/09	190,532
Loans Payable GE Capital Schedule - 013	4/9/2004	4.07	7/1/07-6/1/14	787,535
Loans Payable GE Capital Schedule - 014	5/14/2004	4.07	7/1/07-6/1/09	228,512
Loans Payable GE Capital Schedule - 015	5/14/2004	4.07	7/1/07-11/1/07	21,791
Loans Payable GE Capital Schedule - 021	3/1/2005	4.08	7/1/07-3/1/08	43,492
Loans Payable GE Capital Schedule - 027	7/25/2005	4.77	10/1/07-4/1/10	23,951,836
Total Loans Payable				$ 62,687,875

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

Bonds Authorized and Unissued

The following is the schedule of Bonds Authorized and Unissued at June 30, 2007:

	Authorized (Note A)			
	Authority	Date	Amount	Unissued Amount
General Obligation Bonds (Tax Supported):				
Sewer Construction	Electorate	8/2/1960	$ 50,000,000	$ 24,000,000
Public Safety	Electorate	11/2/2004	120,000,000	97,025,000
Municipal Facilities	Electorate	11/7/2000	18,000,000	5,120,000
Neighborhood/Economic Development	Electorate	11/7/2000	30,000,000	3,105,000
Neighborhood/Economic Development	Electorate	11/2/2004	19,000,000	19,000,000
Public Lighting	Electorate	11/7/2000	30,000,000	5,135,000
Public Lighting	Electorate	11/2/2004	22,000,000	22,000,000
Recreation, Zoo, Cultural	Electorate	11/7/2000	56,000,000	14,310,000
Recreation, Zoo, Cultural	Electorate	11/2/2004	22,000,000	20,585,000
Institute of Arts	Electorate	11/7/2000	25,000,000	150,000
Historical	Electorate	11/6/2001	20,000,000	16,700,000
Museum of African American History	Electorate	4/29/2003	6,000,000	500,000
Transportation	Electorate	11/2/2004	32,000,000	22,000,000
Total Bonds Authorized - Unissued				$ 249,630,000

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

Debt Service Requirements

Summary of future fiscal years Governmental Activities Annual Principal and Interest Requirements for Bonds, Notes, and Other Debt Payable requirements:

	Principal		Interest	
Year Ending	Non Revenue General Obligations	Revenue Bonds	Non Revenue General Obligations	Revenue Bonds
2008	$ 88,647,369	$ 11,975,000	$ 47,596,082	$ 3,924,484
2009	114,305,433	12,610,000	43,277,888	3,308,140
2010	84,270,864	13,210,000	37,453,811	2,758,615
2011	77,487,135	13,315,000	33,553,015	2,226,170
2012	76,601,783	13,880,000	30,001,846	1,599,125
2013-2017	257,318,291	47,350,000	101,174,999	1,157,250
2018-2022	198,722,000	—	46,400,392	—
2023-2026	64,140,000	—	6,207,784	—
Total	$ 961,492,875	$ 112,340,000	$ 345,665,817	$ 14,973,784

The future principal payments for revenue bonds exceed the bonds payable balance by $6,739,759 at June 30, 2007 because the future principal payments on capital appreciation bonds are greater than carrying the value of those bonds. The balance of the capital appreciation bonds will increase each year, until maturity, through accretion.

Issuance of Notes:

The City has issued $14.958 million of notes payable in 2007 for renovation of the Cadillac Hotel, Fort Shelby Hotel and various art galleries.

Variable Rate Demand Bonds

Included in long-term debt are $6 million of governmental-activities variable rate demand bonds. These bonds mature serially through July 2022. Generally these bonds have a variable interest rates that are adjusted periodically (i.e. Daily, Weekly, or Monthly), generally with interest paid at the beginning of each month. The bonds are subject on the demand of the holder at a price equal to principal plus accrued interest on seven days' notice and delivery to the City's several remarketing agents. The City pays the remarketing agent fees based on a flat rate fee for the Series 2001-A(2) bonds. If the remarketing agent is unable to resell any bonds that are "put" to the agent, the City has a standby bond purchase agreement with a liquidity facility entity. The City has several such agreements, with fees ranging from 0.80 – 0.85% interest on the outstanding bonds for the Detroit Building Authority Series 1996-B Bonds and a flat rate fee for the Series 2001-A(2) bonds. The City, in the event a liquidity facility is utilized, has reimbursement agreements with different financial entities. Generally the payback period is five to seven years, at an interest rate initially set at slightly above prime or the federal funds rate.

	Date	Mode	Payable	Remarketing Agent/Auction Rate Trader	Liquidity Facility	Insurer	Outstanding Amount
General Obligation Bonds - Unlimited Tax:							
Series 2001-A(2)	7-15-01	Every 35 days	Every 35 days	Morgan Stanley/Deutsche Bank	N/A	MBIA	$ 5,000,000
Detroit Building Authority General Obligation Bonds:							
Series 1996-B	9-1-96	Flexible	Flexible	N/A	Comerica Bank	N/A	$ 1,000,000
Total Governmental Activities variable rate demand bonds							$ 6,000,000

- Auction Rate Securities

Changes in Long-Term Obligations

Changes in long-term obligations for the year ended June 30, 2007 were as follows:

Governmental Activities	Balance June 30, 2006	Increase	Decrease	Balance June 30, 2007	Amount Due Within One Year
General Obligation Bonds	$ 961,597,163	$ —	$ 71,132,163	$ 890,465,000	$ 74,475,000
Revenue Bonds - Non Capital Appreciation	97,695,000	—	11,380,000	86,315,000	11,975,000
Revenue Bonds - Capital Appreciation	26,025,000	—	—	26,025,000	—
Discount on capital appreciation bonds	(9,536,862)	—	(2,797,103)	(6,739,759)	—
Notes Payable	28,315,000	14,958,000	1,333,000	41,940,000	1,396,000
Loans Payable	74,442,049	—	11,754,174	62,687,875	12,776,370
Total Bonds, Notes, and Loans Payable	1,178,537,350	14,958,000	92,802,234	1,100,693,116	100,622,370
Add: Unamortized permiums	38,230,494	—	6,065,175	32,165,319	—
Less: Unamortized Discounts	(3,636,124)	—	(625,938)	(3,010,186)	—
Total Bonds, Notes, and Loans Payable, Net	1,213,131,720	14,958,000	98,241,471	1,129,848,249	100,622,370
Pension Obligation Certificates Payable	1,206,770,168	—	—	1,206,770,168	—
Less Deferred Amounts on Refunding	14,236,652	—	42,044	14,194,608	—
Total Pension Obligation Certificates Payable, Net	1,221,006,820	—	42,044	1,220,964,776	—
Other Liabilities:					
Accrued Compensated Absences	150,450,768	37,843,453	55,261,894	133,032,327	2,495,727
Accured Workers' Compensation	66,543,597	13,116,662	13,890,851	65,769,408	13,802,328
Claims and Judgments	126,558,210	24,704,501	57,917,062	93,345,649	53,256,290
Total Other Liabilities	343,552,575	75,664,616	127,069,807	292,147,384	69,554,345
Total Governmental Activities	$ 2,777,691,115	$ 90,622,616	$ 225,353,322	$ 2,642,960,409	$ 170,176,715

b. Business-type Activities

Sewage Disposal Fund

The outstanding indebtedness of the Sewage Disposal Fund for revenue bonds (including state revolving loans) was $3,031,200,605 and $9,031,280 for Pension Obligation Certificates (POC) payable at June 30, 2007. The interest rates on the outstanding revenue bonds range from 4.2% to 6.5%. Net revenues of the Sewerage Disposal Fund are pledged to repayment of bonds.

In prior years, the Sewer Fund defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payment on the old bonds. Accordingly, the trust account's assets and liabilities for the defeased bonds are not included in its financial statements. Similarly, the interest expensed in relation to the defeased bonds and the related interest income earned on the escrow fund investments have not been recognized in the statements of Revenues, Expenses, and Changes in Fund Net Assets. As of June 30, 2007, approximately $747,130,000 of bonds outstanding are still considered defeased, which includes revenue bonds defeased during this current year.

Year ending June 30:	Principal	Bond Interest	Swap Interest	Total Requirements
2008	$ 64,534,128	$ 80,683,349	$ 51,227,504	$ 196,444,981
2009	57,385,000	78,598,544	50,167,299	186,150,843
2010	61,360,000	76,430,810	49,982,352	187,773,162
2011	63,990,000	74,059,693	50,008,136	188,057,829
2012	66,180,000	71,600,645	49,862,997	187,643,642
2013 - 2017	373,465,000	321,688,101	244,346,308	939,499,409
2018 - 2022	429,382,101	250,987,567	242,365,717	922,735,385
2023 - 2027	487,930,847	176,182,793	224,608,789	888,722,429
2028 - 2032	656,690,000	125,435,719	144,352,739	926,478,458
2033 - 2037	808,690,000	69,698,019	32,861,973	911,249,992
	$ 3,069,607,076	$ 1,325,365,240	$ 1,139,783,814	$ 5,534,756,130

The future principal payments exceed the bonds payable balance by $38,406,471 at June 30, 2007 because the future principal payments on capital appreciation bonds are greater than carrying value of those bonds. The balance of the capital appreciation bonds will increase each year, until maturity, through accretion.

Bonds outstanding at June 30, 2007, include $2,509,322,076 of bonds callable at various dates after June 30, 2007. These bonds are callable at varying premiums, depending on the issue and length of time to maturity.

Issuance of Revenue Bonds and Advance Refunding Debt: The Sewage Disposal Fund received loans from the State of Michigan Revolving Loan Fund totaling $16,486,133 during the year ended June 30, 2007. The proceeds of the loans were used to pay costs of acquiring and constructing certain repairs, extensions and improvements to the Sewage Disposal System.

On August 10, 2006, the Sewage Disposal Fund issued revenue bonds totaling $401,560,000, which included: (i) $125,000,000 Revenue Second Lien Bonds (Variable Rate Demand), Series 2006A; (ii) $250,000,000 Revenue Second Lien Bonds, Series 2006B; and (iii) $26,560,000 Revenue Refunding Senior Lien Bonds, Series 2006C.

The proceeds of the Series 2006A Bonds and the 2006B Bonds will be used to (i) fund capitalized interest on the 2006A Bonds and the 2006B Bonds through January 1, 2008 and January 1, 2009, respectively, (ii) pay the premium for one or more debt service reserve sureties to satisfy the reserve requirements attributable to the 2006 bonds, (iii) pay the premium for the municipal bond insurance policies and the costs of issuance of the 2006A Bonds and 2006B Bonds, and a portion of the fees for the initial liquidity facility, and (iv) pay costs of acquiring and constructing certain repairs, extensions and improvements to the Sewage Disposal System.

The proceeds of the Series 2006C Bonds and the 2006B Bonds will be used to: (i) advance refund $27,470,000 of a portion of maturities from the Series 2003A Sewage Disposal System Revenue Senior Lien Bonds, and (ii) pay certain costs of issuance. The Fund completed the advance refunding to reduce its total debt service payments over the next 11 years and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $911,289. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $804,059. This difference, reported in the financial statements as a deferred gain on refunding, is being amortized as an adjustment to interest expense through the year 2018 using the straight-line method.

On December 14, 2006, the Sewage Disposal Fund issued $370,000,000 of Sewage Disposal System Revenue Senior Lien Bond Series 2006D. The proceeds of the 2006D Bonds were used to (i) advance refund $351,680,000 of a portion of maturities from the Series 1997A, 2001A, 2003A, and 2005A revenue bonds; (ii) fund $400,000,000 of the debt service reserve requirement for the Series 2006D Bonds; and (iii) pay the premium for the municipal bond issuance policies and costs of issuance of the 2006D Bonds. The Fund completed the advance refunding to reduce its total debt service payments over the next 20 years and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $28,057,410. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $23,158,605. The difference, reported in the financial statements as a deferred loss on the refunding, is being amortized as an adjustment to interest expense through the year 2027 using the straight-line method.

On December 14, 2006, the Sewage Disposal Fund elected to change the interest rate mode for $135,135,000 of variable rate demand bonds from the variable rate "weekly mode" to a "fixed rate mode" for the following issues: (i) $67,615,000 of Sewage Disposal System Revenue Senior Lien Bonds Series 1998A; and (ii) $67,520,000 of Sewage Disposal System Revenue Senior Lien Bonds Series 1998B.

The bonds were initially issued by the Sewage Disposal Fund in a variable "weekly rate" mode. Pursuant to the original offering documents and bond indentures, the bonds could be outstanding in any of six interest rate modes, including the daily mode, the weekly mode, the commercial paper rate mode, the auction rate mode, the term rate mode, and the fixed rate mode. After the issuance of the bonds the City could elect to change the mode of any of the bonds from the weekly mode to any other of the six modes. Upon election of a rate change, the bonds are subject to mandatory tender for purchase by the Sewage Disposal Fund and subsequent remarketing by the transfer agent. Additionally, if the mode of any of the bonds is changed to the fixed rate mode, such bonds will remain in the fixed rate mode until maturity and may not be changed subsequently to any other mode.

For financial reporting purposes, the subsequent remarketing/conversion of the Series 1998A and 1998B revenue bonds was accounted for as an advance refunding (extinguishment of the variable rate demand bonds and issuance of the fixed rate bonds). The Sewage Disposal Fund completed the advance refunding due to the increase in interest rates resulting from the downgrading of the bond insurer. The advance refunding resulted in an economic gain (difference between the present values of the old and new debt service payments) of $1,435,784. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $16,443,924. This difference, reported in the financial statements as a deferred loss on refunding, is being amortized as an adjustment to interest expense through the year 2023 using the straight-line method.

Transportation Fund

The outstanding indebtedness of the Transportation Fund for Pension Obligation Certificates (POC) payable at June 30, 2007 was $106,268,234.

During the year ended June 30, 2006, the Fund entered into a capital lease agreement with GE Capital Public Finance, Inc. to lease 121 buses. The cost of the 121 buses under capital lease was $37,294,362. The annual interest rate of the lease is 4.12% for 38 buses and 4.22% for 83 buses. The capital lease has been recorded at the present value of the future minimum lease payments as of the date of their inception.

The present value of future minimum capital lease payments, interest, and the minimum annual lease payment for the 121 buses received as of June 30, 2007 is as follows:

	Present Value Lease Payments Principal	Interest	Minimum Lease Payments
Year ending June 30:			
2008	$ 3,313,383	$ 1,250,196	$ 4,563,579
2009	3,453,429	1,110,150	4,563,579
2010	3,599,395	964,184	4,563,579
2011	3,751,531	812,047	4,563,578
2012	3,910,099	653,480	4,563,579
2013 – 2015	12,678,358	941,308	13,619,646
Total	$ 30,706,195	$ 5,731,365	$ 36,437,560

Water Fund

The outstanding indebtedness of the Fund for revenue bonds (including state revolving loans) was $2,345,788,728 and $162,415,317 for POC payable at June 30, 2007. The interest rates on the outstanding fixed-rate revenue bonds range from 2.125% to 6.50%. Net revenues of the Fund are pledged to repayment of bonds.

In prior years, the Water Fund defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payment on the old bonds. Accordingly, the trust account's assets and liabilities for the defeased bonds are not included in its financial statements. Similarly, the interest expensed in relation to the defeased bonds and the related interest income earned on the escrow fund investments have not been recognized in the statements of Revenues, Expenses, and Changes in Fund Net Assets. As of June 30, 2007, approximately $801,905,000 of bonds outstanding is considered defeased.

Future debt service requirements as of June 30, 2007, are as follows:

	Bond Principal	Bond Interest	Swap Interest	Total Requirements
Year ending June 30:				
2008	$ 31,960,000	$ 102,326,317	$ 24,357,283	$ 158,643,600
2009	33,355,000	88,735,175	25,084,584	147,174,759
2010	34,925,000	87,195,047	25,059,667	147,179,714
2011	36,570,000	85,638,299	24,992,252	147,200,551
2012	44,900,000	83,851,880	24,708,887	153,460,767
2013 – 2017	261,057,825	385,488,974	120,711,949	767,258,748
2018 – 2022	331,020,903	318,149,293	115,002,124	764,172,320
2023 – 2027	416,165,000	246,167,838	94,862,639	757,195,477
2028 – 2032	530,380,000	154,746,934	68,508,248	753,635,182
2033 – 2037	625,455,000	29,397,700	49,390,690	704,243,390
Total	$ 2,345,788,728	$ 1,581,697,457	$ 572,678,323	$ 4,500,164,508

Bonds outstanding at June 30, 2007 include $1,861,828,728 of bonds callable at various dates after June 30, 2007. These bonds are callable at varying premiums, depending on the issue and length of time to maturity.

Issuance of Revenue Bonds and Advance Refunding of Debt: The Water Fund received loans from the State of Michigan Drinking Water Revolving Loan Fund totaling $14,344,744 during the year ended June 30, 2007. The proceeds of the loans were used to pay costs of acquiring and constructing certain repairs, extensions and improvements to the Water Supply System.

On August 14, 2006, the Water Fund issued revenue bonds totaling $767,235,000, which included: (i) $280,000,000 Revenue Senior Lien Bonds-Series 2006A; (ii) $120,000,000 System Revenue Second Lien Bonds (Variable Rate Demand), Series 2006B; (iii) $220,645,000 Revenue Refunding Second Lien Bonds, Series 2006C; and (iv) $146,590,000 Revenue Refunding Senior Lien Bonds, Series 2006D.

The proceeds of the Series 2006A Bonds and 2006B Bonds will be used to: (i) fund capitalized interest on the 2006A Bonds and the 2006B Bonds through April 1, 2008, (ii) pay the premium for one or more debt service reserve sureties to satisfy the reserve requirements attributable to the 2006 Bonds, (iii) pay the premium for the municipal bond insurance policies and costs of issuance of the 2006A Bonds and 2006B Bonds, and a portion of the fees for the initial liquidity facility, and (iv) pay costs of acquiring and constructing certain repairs, extensions and improvements to the Water Supply System.

The proceeds of the Series 2006C Bonds and 2006D Bonds were used to: (i) advance refund $145,535,000 of a portion of maturities from the Series 2001A and 2003A Water Supply System Revenue Senior Lien Bonds, (ii) advance refund $216,580,000 of a portion of maturities from the Series 2001B and 2003B Water Supply System Revenue Second Lien Bonds, and (iii) pay certain costs of issuance. The Fund completed the advance refunding to reduce its total debt service payments over the next 20 years and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $11,485,177. The advance refunding resulted in a difference, between the reacquisition price and the net carrying amount of the old debt of $17,136,214. The difference, reported in the financial statements as a deferred amount on refunding, is being amortized as an adjustment to interest expense through the year 2033 using the straight-line method.

On August 14, 2006, the Water Fund elected to change the interest rate mode for $369,350,000 of variable rate demand bonds from a variable rate "weekly mode" to a "fixed rate mode" for the following issues: (i) $142,755,000 of Water Revenue Supply System Revenue Senior Lien Bonds Series 2003D; (ii) 72,765,000 Water Revenue Supply System Revenue Senior Lien Bonds Series 2004A; and (iii) $153,830,000 Water Revenue Supply System Revenue Senior Lien Bonds Series 2004B.

The bonds were initially issued by the Water Fund in a variable "weekly rate" mode. Pursuant to the original offering documents and bond indentures, the bonds could be outstanding in any of six interest rate modes, including the daily mode, the weekly mode, the commercial paper rate mode, the auction rate mode, the term rate mode, and the fixed rate mode. After the issuance of the bonds the Water Fund could elect to change the mode of any of the bonds from the weekly mode to any other of the six modes. Upon election of a rate change, the bonds are subject to mandatory tender for purchase by the City and subsequent remarketing by the transfer agent. Additionally, if the mode of any of the bonds is changed to the fixed rate mode, such bonds will remain in the fixed rate mode until maturity and may not be changed subsequently to any other mode.

For financial reporting purposes, the subsequent remarketing/conversion of the Series 2003D, 2004A, and 2004B revenue bonds was accounted for as an advance refunding (extinguishment of the variable rate demand bonds and issuance of the fixed rate bonds). The Water Fund completed the advance refunding due to the increase in interest rates resulting from the downgrading of the bond insurer. The advance refunding resulted in an economic loss (difference between the present values of the old and new debt service payments) of $7,806,566. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $12,834,836. This difference, reported in the financial statements as a deferred loss on refunding, is being amortized as an adjustment to interest expense through the year 2033 using the straight-line method.

Bonds Payable: The following is the schedule of the Business-type Activities Bonds Payable at June 30, 2007:

	Bond Date	Amount Issued	Range of Interest Rates%	Maturity Date	Amount	
Business-type Activities:						
Sewage Disposal Fund						
Sewage Disposal System Revenue Bonds:						
Series 1995-B	11-1-95	63,725,000	4.90 to 6.25	7/1/07-10	$ 16,635,000	
Series 1997-A	6-15-97	73,654,128	5.00 to 6.00	7/1/07-07	18,029,128	c
Series 1999-A	12-1-99	5,254,000	4.80 to 5.00	7/1/07-09	635,000	
Series 1999-A	12-1-99	264,231,060	5.125	7-01-10	570,000	c
Series 1999-A**	12-1-99	33,510,118	N/A	7/1/12-21	52,138,529	
Series 2001-B	9-15-01	110,550,000	5.50	7/1/23-29	110,550,000	
Series 2001-C(1)	9-23-01	159,970,000	Variable (1)	7/1/07-27	155,720,000	c
Series 2001-C(2)	9-23-01	127,165,000	Variable (1)	7/1/07-29	124,000,000	c
Series 2001-D	9-23-01	92,450,000	Variable (1)	7-01-32	92,450,000	c
Series 2001-E	9-23-01	139,080,000	Variable (1)	7/1/24-31	139,080,000	c
Series 2003-A	5-22-03	158,000,000	4.00 to 5.00	7/1/07-13	120,545,000	
Series 2003-A	5-22-03	441,380,000	5.00	7/1/14-32	221,155,000	c
Series 2003-B	5-22-03	150,000,000	Variable (1)	7/1/32-33	150,000,000	c
Series 2004-A	1-9-04	101,435,000	5.00 to 5.25	7/1/08-24	97,890,000	
Series 2005-A	3-17-05	3,765,000	2.75 to 3.70	7/1/08-15	3,765,000	
Series 2005-A	3-17-05	269,590,000	3.75 to 5.125	7/1/16-35	236,770,000	c
Series 2005-B	3-17-05	40,215,000	3.40 to 5.50	7/1/12-22	40,215,000	
Series 2005-C	3-17-05	22,065,000	2.625 to 5.00	7/1/07-25	21,870,000	
Series 2005-C	3-17-05	41,095,000	5.00	7/1/16-26	41,095,000	c
Series 2006-A	8-10-06	125,000,000	Variable (1)	7-01-36	125,000,000	c
Series 2006-B	8-10-06	11,850,000	4.00 to 5.00	7/01/09-16	11,850,000	
Series 2006-B	8-10-06	238,150,000	4.25 to 5.00	7/1/17-36	238,150,000	c
Series 2006-C	8-10-06	8,495,000	5.25	7-1-16	8,495,000	
Series 2006-C	8-10-06	18,065,000	5.00	7/1/17-18	18,065,000	c
Series 2006-D	12-14-06	370,000,000	Variable (1)	7-1-32	370,000,000	c
Bonds remarketed in 2006:						
Series 1998-A	12-14-06	18,540,000	3.50 to 5.50	7/1/07-17	18,540,000	
Series 1998-A	12-14-06	49,075,000	5.25	7/1/18-23	49,075,000	c
Series 1998-B	12-14-06	18,750,000	3.50 to 5.50	7/1/07-17	18,750,000	
Series 1998-B	12-14-06	48,770,000	5.25	7/1/18-23	48,770,000	c
Total Sewage Disposal System Revenue Bonds					$ 2,549,807,657	
State Revolving Loans:						
Series 1992-A-SRF	6-25-92	4,360,000	2.00	4/1/08-13	$ 1,495,000	c
Series 1992-B-SRF	9-10-92	1,915,000	2.00	10/1/07-13	760,000	c
Series 1993-B-SRF	9-30-93	6,603,996	2.00	10/1/07-14	2,925,000	c
Series 1997-B-SRF	9-30-97	5,430,174	2.25	10/1/07-18	3,510,000	c
Series 1999-SRF-1	6-24-99	21,475,000	2.50	4/1/08-20	15,135,000	c
Series 1999-SRF-2	9-30-99	46,000,000	2.50	10/1/07-22	38,545,000	c
Series 1999-SRF-3	9-30-99	31,030,000	2.50	10/1/07-20	23,290,000	c
Series 1999-SRF-4	9-30-99	40,655,000	2.50	10/1/07-20	30,510,000	c
Series 2000-SRF-1	9-28-00	51,657,829	2.50	10/1/07-22	42,987,829	c
Series 2000-SRF-2	9-28-00	62,316,524	2.50	10/1/07-22	51,781,524	c
Series 2001-SRF-1	6-28-01	82,200,000	2.50	10/1/07-24	75,700,000	c
Series 2001-SRF-2	6-28-01	59,850,000	2.50	10/1/07-24	55,120,000	c
Series 2002-SRF-1	10-27-01	18,985,000	2.50	4/1/08-23	15,900,000	c
Series 2002-SRF-2	10-27-01	1,545,369	2.50	4/1/08-23	1,265,369	c
Series 2002-SRF-3	12-29-02	26,932,101	2.50	10/1/07-24	23,477,101	c
Series 2003-SRF-1	6-28-03	48,520,000	2.50	10/1/07-25	46,625,000	c
Series 2003-SRF-2	9-25-03	23,404,577	2.50	4/1/08-25	21,359,577	c
Series 2004-SRF-1	6-24-04	2,910,000	2.125	10/1/07-24	2,670,000	c
Series 2004-SRF-2	6-24-04	18,223,973	2.125	7/1/07-25	16,688,973	c
Series 2004-SRF-3	6-24-04	12,707,575	2.125	7/1/07-25	11,647,575	c
Total State Revolving Loans Payable					$ 481,392,948	

* * Capital Appreciation Bonds
l -Interest rates are set periodically at the stated current market interest rate.
c - Indicates bonds are callable under terms specified in the indenture: all other bonds are noncallable

Note A – Stated Principal amount of State Revolving Fund Bonds issued as part of the State of Michigan's Revolving Fund Loan Program. As the System draws additional amount from time to time hereafter, the outstanding principal amounts of such bonds will correspondingly increase.

	Bond Date	Amount Issued	Outstanding June 30, 2007 Range of Interest Rates%	Maturity Date	Amount	
Business-type Activities:						
Water Fund						
Water Supply System Revenue Bonds:						
Series 1993	10-15-93	$ 38,225,000	6.50	7/1/14-15	$ 24,725,000	
Series 1995-A	10-15-95	102,100,000	5.10-5.55	7/1/07-12	19,410,000	
Series 1995-B	10-15-95	60,485,000	5.00-5.55	7/1/07-12	54,085,000	
Series 1997-A	8-1-97	29,080,000	5.75 to 6.00	7/1/07-15	42,360,000	
Series 1997-A	8-1-97	186,220,000	4.80 to 5.25	7/1/08-27	74,575,000	c
Series 1999-A	11-1-99	18,000,000	4.88 to 5.25	7/1/07-09	6,000,000	
Series 1999-A	11-1-99	238,340,000	5.125	7-01-10	2,000,000	c
Series 2001	5-1-01	1,320,000	4.50	7-01-11	1,320,000	
Series 2001-A	5-1-01	301,165,000	4.50 to 5.75	7/1/29-30	73,790,000	c
Series 2001-C	6-7-01	192,290,000	Variable (1)	7/1/07-29	191,075,000	c
Series 2003-A	1-28-03	234,805,000	4.75 to 5.25	7/1/14-34	181,835,000	c
Series 2003-B	1-28-03	9,330,000	2.50 to 3.00	7/1/07-08	4,055,000	
Series 2003-B	1-28-03	14,250,000	Variable (1)	7/1/09-15	14,250,000	
Series 2003-B	1-28-03	172,945,000	5.00	7/1/2034	41,770,000	c
Series 2003-C	1-28-03	16,695,000	2.50 to 3.60	7/1/07-08	3,975,000	
Series 2003-C	1-28-03	4,335,000	Variable (1)	7/1/13-14	4,335,000	
Series 2003-C	1-28-03	25,325,000	4.25 to 5.25	7/1/15-22	25,325,000	c
Series 2005-A	3-11-05	20,965,000	3.00 to 5.00	7/1/08-15	20,965,000	
Series 2005-A	3-11-05	84,035,000	3.90 to 5.00	7/1/16-35	84,035,000	c
Series 2005-B	3-11-05	195,000,000	Variable (1)	7/1/10-35	195,000,000	c
Series 2005-C	3-11-05	26,670,000	3.00-5.00	7/1/07-15	35,050,000	
Series 2005-C	3-11-05	126,605,000	5.00	7/1/16-22	90,200,000	c
Series 2006-A	8-14-06	42,795,000	5.00	7/01/11-27	42,795,000	
Series 2006-A	8-16-06	237,205,000	5.00	7/1/17-34	237,205,000	c
Series 2006-B	8-14-06	120,000,000	Variable (1)	7-01-36	120,000,000	
Series 2006-C	8-14-06	12,585,000	4.00 to 5.00	7/1/07-16	12,585,000	
Series 2006-C	8-14-06	208,060,000	5.00	7/1/19-33	208,060,000	c
Series 2006-D	8-14-06	4,430,000	4.00 to 5.00	7/1/07-16	4,430,000	
Series 2006-D	8-14-06	142,160,000	4.25 to 5.00	7/1/17-32	142,160,000	c
Bonds remarketed in 2006:						
Series 2003-D	8-14-06	3,180,000	4.00 to 4.50	7/1/07-16	3,180,000	
Series 2003-D	8-14-06	139,575,000	4.25 to 5.00	7/1/17-33	139,575,000	c
Series 2004-A	8-14-06	17,600,000	3.75 to 5.25	7/1/07-16	17,600,000	
Series 2004-A	8-14-06	55,165,000	4.50 to 5.25	7/1/07-16	55,165,000	c
Series 2004-B	8-14-06	52,840,000	4.00 to 5.00	7/1/07-16	52,840,000	
Series 2004-B	8-14-06	100,990,000	4.25 to 5.00	7/1/17-23	100,990,000	c
Total Water Supply System Revenue Bonds					$ 2,326,720,000	
State Revolving Loans:						
Series 2005 SRF-1	9-22-05	$ 10,219,653	2.125	10/1/07-26	$ 10,219,653	c
Series 2005 SRF-2	9-22-05	6,711,250	2.125	10/1/07-26	6,711,250	c
Series 2006 SRF-1	9-21-06	2,137,825	2.125	10/1/07-26	2,137,825	c
Total State Revolving Loans Payable					$ 19,068,728	

l -Interest rates are reset monthly at the stated current market interest rate.
c -Indicates bonds are callable under terms specified in the indenture; all other bonds are noncallable.

Note A – Stated principal amount of State Revolving Fund Bonds issued as part of the State of Michigan's Revolving Fund Loan Program. As the System draws additional amount from time to time hereafter, the outstanding principal amounts of such bonds will correspondingly increase.

Automobile Parking Fund	Bond Date	Amount Issued	Outstanding June 30, 2007 Range of Interest Rates%	Maturity Date	Amount	
Detroit Building Authority Bonds - Revenue Refunding Bonds:						
Parking System-Series 1998A.....	7-1-98	9,825,000	5.25	7/1/07-08	$ 1,875,000	
Parking System-Series 1998A.....	7-1-98	17,445,000	4.70 to 5.125	7/1/08-19	14,315,000	c
Parking System-Series 1999A.....	10-22-99	29,900,000	Variable (a)	7/27/07-29	27,400,000	c
Total Detroit Building Authority Revenue Refunding Bonds.....					$ 43,590,000	
Total Business-type Bonds.....					$ 5,420,579,333	

a -Interest rates are equal to Dutch Auction Rates.
c -Indicates bonds are callable under terms specified in the indenture; all other bonds are noncallable.

Automobile Parking Fund

The outstanding indebtedness of the Parking Fund was $43,590,000 at June 30, 2007. The interest rates on the outstanding fixed-rate revenue refunding bonds range from 4.80% to 5.225%.

Future debt service requirements as of June 30, 2007, are as follows:

	Bond Principal	Bond Interest	Swap Interest	Total Requirements
Year ending June 30:				
2008	$ 1,415,000	$ 794,846	$ 2,246,728	$ 4,456,574
2009	1,460,000	745,628	1,997,587	4,203,215
2010	1,610,000	696,693	1,960,457	4,267,150
2011	1,660,000	647,518	2,110,171	4,417,689
2012	1,710,000	594,883	1,871,345	4,176,228
2013 - 2017	11,320,000	1,991,634	9,092,197	22,403,831
2018 - 2022	9,615,000	204,872	7,100,540	16,920,412
2023 - 2027	8,200,000	-	4,537,784	12,737,784
2028 - 2030	6,600,000	-	1,038,450	7,638,450
	$ 43,590,000	$ 5,676,074	$ 31,955,259	$ 81,221,333

Variable Rate Demand Bonds

Included in long-term debt are $1.689 billion of business-type variable rate demand bonds. These bonds mature serially through July 2036. Of that amount, $27.4 million of the bonds are Parking System Revenue Bonds, $1.156 billion of the bonds are Sewage Disposal System Revenue Bonds, and $506 million are Water Supply Fund Bonds. Generally these bonds have a variable interest rates that are adjusted periodically (i.e. Daily, Weekly, or Monthly), generally with interest paid at the beginning of each month. The bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days' notice and delivery to the City's several remarketing agents. The City pays the remarketing agent fees in the range of 0.04% –0.125% interest on the outstanding bond balance for the Sewage Disposal and Water Supply Fund Bonds and a flat rate fee for the Parking System Bonds. If the remarketing agent is unable to resell any bonds that are "put" to the agent, the City has a standby bond purchase agreement with a liquidity facility entity. The City has several such agreements, with the fees ranging from 0.150% to 0.230% interest on the outstanding bonds for the Sewage Disposal and Water Supply Fund Bonds and a flat rate fee for the Parking System Bonds. The City, in the event a liquidity facility is utilized, has reimbursement agreements with different financial entities. Generally the payback period is five to seven years, at an interest rate initially set at slightly above prime or the federal funds rate.

Automobile Parking, Sewage Disposal and Water Supply System Bonds subject to these agreements are as follows:

	Date	Mode	Payable	Remarketing Agent/Auction Rate Trader	Liquidity Facility	Insurer	Outstanding Amount
Detroit Building Authority Revenue Bonds:							
Parking System-Series 1999-A#	10-22-99	Wednesday	Wednesday	Citi/Bankers Trust	N/A	MBIA	$ 27,400,000
Sewage Disposal System Revenue Bonds:							
Series 2001-C(1).....	9-23-01	Weekly	1st day of month	UBS	Dexia	FSA	$ 155,720,000
Series 2001-C(2).....	9-23-01	Weekly	1st day of month	UBS	FGIC Securities	FGIC	124,000,000
Series 2001-D#.....	9-23-01	Every 35 days	Every 35 days	N/A	N/A	MBIA	92,450,000
Series 2001-E.....	9-23-01	Flexible	Annually	UBS	FGIC Securities	FGIC	139,080,000
Series 2003-B.....	5-22-03	Weekly	1st day of month	UBS	Dexia	FSA	150,000,000
Series 2006-A.....	8-10-06	Weekly	1st day of month	Loop Capital	DEPFA Bank	FGIC	125,000,000
Series 2006-D##.....	12-14-06	Flexible	1st day of quarter	N/A	N/A	FSA	370,000,000
Total Sewage Disposal System Revenue Bonds.....							$ 1,156,250,000
Water Supply System Revenue Bonds:							
Series 2001-C.....	6-7-01	Weekly	1st day of month	Goldman Sachs	FGIC Securities	FGIC	$ 191,075,000
Series 2005-B.....	3-11-05	Weekly	1st day of month	Lehman	Dexia	FGIC	195,000,000
Series 2006-B.....	8-16-06	Weekly	1st day of month	Lehman	DEPFA Bank	FSA	120,000,000
Total Water Supply System Revenue Bonds.....							$ 506,075,000
Total Business-type variable rate demand bonds.....							$ 1,689,725,000

- Auction Rate Securities
- Floating Rate LIBOR notes

Annual Roll-forwards

Long-Term Obligations of Business-type Activities for the Year Ended June 30, 2007:

Business-Type Activities	Balance June 30, 2006	Increase	Decrease	Balance June 30, 2007	Amount Due Within One Year
Sewage Disposal Fund					
Revenue Bonds Payable	$ 2,134,389,128	$ 906,695,000	$ 543,415,000	$ 2,497,669,128	$ 39,279,128
Capital Appreciation Bonds	90,545,000	—	—	90,545,000	—
Discount on Capital Appreciation Bonds	(57,034,821)	—	(18,628,350)	(38,406,471)	—
State Revolving Loans	489,546,815	16,486,133	24,640,000	481,392,948	25,255,000
Total Revenue Bonds Payable	2,657,446,122	923,181,133	549,426,650	3,031,200,605	64,534,128
Add Unamortized Premiums	78,548,857	20,232,133	18,985,935	79,795,055	—
Less:					
Unamortized Discounts	(2,066,024)	—	(1,723,530)	(342,494)	—
Deferred Amounts on Refunding	(67,004,766)	(38,798,470)	(14,125,943)	(91,677,293)	—
Total Revenue Bonds Payable, Net	2,666,924,189	904,614,796	552,563,112	3,018,975,873	64,534,128
Pension Obligation Certificates Payable	9,031,280	—	—	9,031,280	—
Deferred Amounts on Refunding	108,687	—	321	108,366	—
Total Pension Obligation Certificates Payable, Net	9,139,967	—	321	9,139,646	—
Other Liabilities:					
Accured Compensated Absences	13,899,771	2,049,181	3,792,896	12,156,056	4,098,067
Accrued Workers' Compensation	5,133,518	546,556	1,379,435	4,300,639	161,892
Claims and Judgments	524,500	3,287,000	293,500	3,518,000	61,000
Total Other Liabilities	19,557,789	5,882,737	5,465,831	19,974,695	4,320,959
Total Sewage Disposal Fund	$ 2,695,621,945	$ 910,497,533	$ 558,029,264	$ 3,048,090,214	$ 68,855,087
Transportation Fund					
Pension Obligation Certificates Payable	$ 106,268,234	$ —	$ —	$ 106,268,234	$ —
Less Deferred Amounts on Refunding	1,274,798	—	3,780	1,271,018	—
Total Pension Obligation Certificates Payable, Net	107,543,032	—	3,780	107,539,252	—
Other Liabilities:					
Capital Lease Payable	33,882,566	—	3,176,371	30,706,195	3,313,383
Accured Compensated Absences	4,659,156	2,969,797	2,381,511	5,247,442	4,197,954
Long - Term Disability	5,831,377	434,052	1,472,358	4,793,071	958,614
Total Other Liabilities	44,373,099	3,403,849	7,030,240	40,746,708	8,469,951
Total Transportation Fund	$ 151,916,131	$ 3,403,849	$ 7,034,020	$ 148,285,960	$ 8,469,951

Business-Type Activities, continued	Balance June 30, 2006	Increase	Decrease	Balance June 30, 2007	Amount Due Within One Year
Water Fund					
Revenue Bonds Payable	$ 1,967,020,000	$ 1,136,585,000	$ 776,885,000	$ 2,326,720,000	$ 30,660,000
State Revolving Loans	4,723,954	14,344,774	—	19,068,728	1,300,000
Total Revenue Bonds Payable	1,971,743,954	1,150,929,774	776,885,000	2,345,788,728	31,960,000
Add: Unamortized Premiums	16,898,612	30,394,510	3,345,451	43,947,671	—
Less:					
Unamortized Discounts	(7,259,399)	—	(4,303,331)	(2,956,068)	—
Deferred Amounts on Refunding	(39,231,951)	(29,971,050)	(26,677,995)	(42,525,006)	—
Total Revenue Bonds Payable, Net	1,942,151,216	1,151,353,234	749,249,125	2,344,255,325	31,960,000
Pension Obligation Certificates Payable	162,415,317	—	—	162,415,317	—
Deferred Amounts on Refunding	(3,397,859)	—	(178,835)	(3,219,024)	—
Total Pension Obligation Certificates Payable, Net	159,017,458	—	(178,835)	159,196,293	—
Other Liabilities:					
Accured Compensated Absences	18,628,301	3,474,788	5,336,953	16,766,136	6,236,021
Accrued Workers' Compensation	18,111,416	5,357,327	5,839,283	17,629,460	2,637,576
Claims and Judgments	4,141,462	6,029,834	4,452,677	5,718,619	539,619
Total Other Liabilities	40,881,179	14,861,949	15,628,913	40,114,215	9,413,216
Total Water Fund	$ 2,142,049,853	$ 1,166,215,183	$ 764,699,203	$ 2,543,565,833	$ 41,373,216
Parking Fund					
Revenue Bonds Payable	$ 50,695,000	$ —	$ 7,105,000	$ 43,590,000	$ 1,415,000
Less:					
Unamortized Discounts	(1,421,176)	—	(74,488)	(1,346,688)	—
Deferred Amounts on Refunding	3,588,172	—	163,099	3,425,073	—
Total Revenue Bonds Payable, Net	52,861,996	—	7,193,611	45,668,385	1,415,000
Other Liabilities:					
Accured Compensated Absences	757,980	33,804	225,477	566,307	124,441
Accrued Workers' Compensation	821,702	236,053	—	1,057,755	40,158
Claims and Judgments	—	109,281	—	109,281	105,900
Total Other Liabilities	1,579,682	379,138	225,477	1,733,343	270,499
Total Parking Fund	$ 54,441,678	$ 379,138	$ 7,419,088	$ 47,401,728	$ 1,685,499
Nonmajor Fund					
Accured Compensated Absences	$ 229,124	$ 11,949	$ 57,831	$ 183,242	$ 61,650
Accrued Workers' Compensation	188,148	—	1,879	186,269	960
Claims and Judgments	9,800	2,000	—	11,800	—
Total Nonmajor Fund	$ 427,072	$ 13,949	$ 59,710	$ 381,311	$ 62,610
Total Business-Type Activities	$ 5,044,456,679	$ 2,080,509,652	$ 1,337,241,285	$ 5,787,725,046	$ 120,446,363

(Continued)

Defeased Debt: During the fiscal year ended June 30, 2006, the City partially defeased $3,535,000 of Detroit Building Authority – Parking System revenue bonds by placing cash in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds were not included in these financial statements. In the table above, the Parking Fund Revenue Bonds Payable and Unamortized Discounts balances as of June 30, 2006, were both reduced by this amount and are considered defeased.

c. Component Units

Future debt service requirements as of June 30, 2007, are as follows:

Component Units		
Year Ending	**Principal**	**Interest**
2008	$ 81,046,290	$ 21,487,566
2009	88,730,385	19,034,947
2010	199,244,165	15,550,050
2011	23,520,000	10,073,719
2012	9,871,694	14,193,942
2013-2017	56,492,003	62,042,251
2018-2022	55,740,990	47,524,347
2023-2027	22,363,511	41,646,549
2028-2031	11,045,000	1,147,455
Total	$ 548,054,038	$ 232,700,826

Annual Roll forwards

Long-term Obligations of Component Units for the Year Ended June 30, 2007:

	Balance June 30, 2006	Increase	Decrease	Balance June 30, 2007	Amount Due Within One Year
Component Units:					
Bonds, Notes and Leases Payable	$ 619,766,942	$ 6,524,488	$ 78,265,267	$ 548,026,163	$ 81,018,414
Unamortized Premiums and Defeasances	(1,492,730)	—	(140,605)	(1,352,125)	(70,303)
Swap Termination Fees	—	808,364	27,875	780,489	27,875
Accrued Compensated Absences	5,503,700	94,317	793,118	4,804,899	238,086
Accrued Public Liability and Workers' Compensation	166,899	—	25,871	141,028	7,061
Total Component Units Long-Term Obligations	$ 623,944,811	$ 7,427,169	$ 78,971,526	$ 552,400,454	$ 81,221,133

d. Pension Obligation Certificates (POC)

In June 2005, the Detroit Retirement Systems Funding Trust issued $1,440,000,000 ($640 million of fixed rate, Series A, and $800 million of floating rate, Series B) of taxable POC. The Trust was created by the General Retirement System Service Corporation (GRSSC) and the Police and Fire Retirement System Service Corporation (PFRSSC), both blended component units of the City. The City entered into service contracts with the GRSSC and PFRSSC to facilitate the transaction.

The POC were issued for the purpose of funding certain unfunded accrued actuarial liabilities (UAAL) of the two retirement systems of the City, which include the General Retirement System (GRS) and the Police and Fire Retirement System (PFRS), and a portion of the then current year normal contribution. The GRS includes employees and retirees of certain governmental funds, proprietary funds (Transportation Fund, Sewage Disposal Fund and Water Fund) and the Detroit Public Library, a discretely presented component unit.

The POC were allocated to the Governmental Activities and the Transportation, Sewage Disposal and Water Funds, based on those funds portion of the overall UAAL liquidated by the use of the 2005 POC net proceeds. Since the Detroit Public Library is a discretely presented component unit, its prorated portion of the POC liability assumed was included in the balance of the POC obligation recorded at the general government level.

On February 8, 2006, the governing board of the GRS extended the Amortization Period for GRS UAAL from 20 to 30 years. On March 30, 2006, the governing board of the PFRS UAAL extended the amortization period for PFRS UAAL from 13 to 30 years. To enable the City to replace certain scheduled payment obligations that it incurred to provide funding for the 2005 Subject UAAL with new scheduled payment obligations payable over the extended 30-year periods under the 2006 Service Contracts. This will enable the City to achieve financial benefits from the lengthened payment periods compared to the payment period included within the 2005 Series A and B payment schedules.

Accordingly, the Detroit Retirement Systems Funding Trust 2006 issued $948,540,000 ($148,540,000 of fixed rate Series A, and $800 million of floating rate Series B) of taxable Series 2006 POC. The City also terminated the Swap agreements entered into in the 2006 transaction and received $48,932,455.

In economic substance, the City paid off $904,055,000 of 2005 Series Certificates with the net proceeds from the $948,540,000 received from the issuance of the 2006 POC. The net effect of this on the City's balance sheet is to add on additional $44,485,000 of POC obligations to the government-wide balance sheet.

The redemption dates and a summary of the aggregate principal and interest amounts for the Pension Obligation Certificates are as follows:

Primary Government					
Principal					
		Business-type Activities			
Maturity (June 15)	Governmental Activities	Sewage Disposal Fund	Transportation Fund	Water Fund	Totals
2008	$ —	$ —	$ —	$ —	$ —
2009	—	—	—	—	—
2010	3,861,370	28,280	340,053	519,698	4,749,401
2011	8,905,539	66,606	784,268	1,198,587	10,955,000
2012	13,718,025	102,600	1,208,081	1,846,294	16,875,000
2013-2017	133,270,105	996,755	11,736,465	17,936,676	163,940,001
2018-2022	197,395,673	1,476,364	17,383,698	26,567,265	242,823,000
2023-2027	253,018,099	1,892,375	22,282,102	34,053,424	311,246,000
2028-2032	338,430,790	2,531,195	29,803,992	45,549,024	416,315,001
2033-2035	258,170,567	1,937,105	22,729,575	34,744,349	317,581,596
Total	$ 1,206,770,168	$ 9,031,280	$ 106,268,234	$ 162,415,317	$ 1,484,484,999

	Primary Government				
	Interest				
		Business-type Activities			
Maturity (June 15)	Governmental Activities	Sewage Disposal Fund	Transportation Fund	Water Fund	Totals
2008	$ 65,022,628	$ 486,318	$ 5,726,234	$ 8,751,324	$ 79,986,504
2009	68,769,355	514,341	6,056,190	9,255,591	84,595,477
2010	68,769,355	514,341	6,056,190	9,255,591	84,595,477
2011	68,602,775	513,095	6,041,520	9,233,171	84,390,561
2012	68,210,575	510,161	6,006,981	9,180,386	83,908,103
2013-2017	327,375,211	2,448,508	28,830,379	44,061,066	402,715,164
2018-2022	287,596,641	2,150,995	25,327,269	38,707,313	353,782,218
2023-2027	230,527,000	1,724,160	20,301,418	31,026,373	283,578,951
2028-2032	145,157,279	1,085,662	12,783,311	19,536,558	178,562,810
2033-2035	32,057,000	239,760	2,823,108	4,314,513	39,434,381
Total	$ 1,362,087,819	$ 10,187,341	$ 119,952,600	$ 183,321,886	$ 1,675,549,646

	Governmental Activities	Sewage Disposal Fund	Transportation Fund	Water Fund	Library
POC Payable -2005 Series	$ 435,683,032	$ 3,264,157	$ 38,362,255	$ 58,635,556	$ —
POC Payable -2006 Series	771,087,136	5,767,123	67,905,979	103,779,761	—
Advance Payable Primary Government	—	—	—	—	24,554,826
Deferred Amount On Refunding	(23,431,412)	108,366	1,271,018	(3,219,024)	(486,045)
Net POC Payable	$ 1,183,338,756	$ 9,139,646	$ 107,539,252	$ 159,196,293	$ —
Net Advance Payable to Primary Government	$ —	$ —	$ —	$ —	$ 24,068,781

5. Derivatives Not Reported at Fair Value

Interest Rate Swaps

The City is party to interest rate swaps that are intended to effectively convert variable-rate financings to fixed-rate financings. These are not reported at fair value on the statement of net assets at June 30, 2007.

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

Market access risk: The City is exposed to market access risk on its hedge swaps or forward starting swaps in the event that it will not be able to enter credit markets or in the event that the credit will become more costly.

Terms, fair values, and credit risk: Certain key terms, fair market values, and counterparty credit ratings relating to the outstanding swaps as of June 30, 2007, are presented below. The notional amounts of the swaps, except those with effective dates of March 1, 2010 and July 1, 2011 match the principal amounts of the outstanding financings. The swaps with effective dates of March 1, 2010 and July 1, 2011 were entered into to hedge future interest rate risk and will be associated with financings expected to be issued prior to the effective dates. Except as discussed under rollover risk, the City's swap agreements contain scheduled reductions to outstanding notional amounts that match scheduled or anticipated amortization of associated financings.

Associated Financing Issue	Notional Amounts (1)	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date	Final Maturity of Bonds	Counterparty Credit Rating
Building Authority Series 1999-A	$ 27,400,000	4/23/2004	7.480%	65%LIBOR +.28%	$ (8,825,231)	7/1/2029	7/1/2029	Aa1/AA-/AA+
Water 2001-C (3)	29,910,000	6/7/2001	4.695%	SIFMA+0.0% (2)	(1,273,181)	7/1/2011	7/1/2029	Aaa/AA+/AA-
Water 2001-C (3)	47,530,000	1/1/2006	5.415%	SIFMA+0.0% (2)	(3,325,040)	7/1/2011	7/1/2029	Aaa/AA+/AA-
Water 2001-C	113,635,000	6/7/2001	4.900%	SIFMA+0.0% (2)	(11,122,660)	7/1/2026	7/1/2026	A3/A+/AA-
Sewage 2001 C-1	155,720,000	10/23/2001	4.428%	SIFMA+0.0% (2)	(8,231,650)	7/1/2027	7/1/2027	Aa2/AA+/AA+
Sewage 2001 C-2	124,000,000	10/23/2001	4.468%	SIFMA+0.0% (2)	(7,516,884)	7/1/2029	7/1/2029	Aa2/AA+/AA+
Sewage 2001 D-1	20,000,000	7/1/2008	4.656%	SIFMA+0.0% (2)	(745,822)	7/1/3032	7/1/3032	Aa3/AA-/AA-
Sewage 2001 D-2	72,450,000	1/1/2012	4.831%	SIFMA+0.0% (2)	(2,055,797)	7/1/3032	7/1/3032	Aa3/AA-/AA-
Water 2003-B	1,980,000	1/30/2003	3.020%	CPI + 1.01%	48,699	7/1/2009	7/1/2009	Aa3/A+/AA-
Water 2003-B	2,290,000	1/30/2003	3.310%	CPI+ 1.12%	56,701	7/1/2010	7/1/2010	Aa3/A+/AA-
Water 2003-B	2,500,000	1/30/2003	3.550%	CPI +1.25%	65,840	7/1/2011	7/1/2011	Aa3/A+/AA-
Water 2003-B	2,175,000	1/30/2003	3.740%	CPI + 1.33%	58,664	7/1/2012	7/1/2012	Aa3/A+/AA-
Water 2003-B	2,800,000	1/30/2003	3.870%	CPI + 1.34%	68,313	7/1/2013	7/1/2013	Aa3/A+/AA-
Water 2003-B	2,505,000	1/30/2003	4.000%	CPI + 1.36%	52,725	7/1/2014	7/1/2014	Aa3/A+/AA-
Water 2003-C	2,005,000	1/30/2003	3.870%	CPI + 1.34%	48,963	7/1/2013	7/1/2013	Aa3/A+/AA-
Water 2003-C	2,330,000	1/30/2003	4.000%	CPI + 1.36%	49,042	7/1/2014	7/1/2014	Aa3/A+/AA-
Sewage 2003-B	150,000,000	5/22/2003	3.842%	SIFMA+0.0% (2)	428,934	7/1/2033	7/1/2033	A2/AA+/AA+
Water 2005-B	195,000,000	4/1/2005	4.710%	SIFMA+0.0% (2)	(11,632,482)	7/1/2035	7/1/2035	Aa3/A+/AA-
Water 2006-B	120,000,000	3/1/2007	5.000%	SIFMA+0.0% (2)	(12,230,957)	7/1/2036	7/1/2036	Aa3/AA-/AA-
Sewage 2006-A	125,000,000	8/10/2006	4.551%	SIFMA+0.0% (2)	(6,004,000)	7/1/2036	7/1/2036	Aa3/AA-/AA-
Sewage 2006-D	370,000,000	12/14/2006	4.105%	3 MTH LIBOR + .60%	16,078,317	7/1/2032	7/1/2032	Aa2/AA-/AA-
Sewage Head Swap (4)	56,250,000	3/1/2010	4.927%	SIFMA+0.0%	(3,584,714)	7/1/2039	N/A	Aa3/AA-/AA-
Sewage Head Swap (4)	168,750,000	3/1/2010	4.927%	SIFMA+0.0%	(10,032,549)	7/1/2039	N/A	Aa3/A+/AA-
Water Hedge Swap (4)	150,000,000	3/1/2010	4.932%	SIFMA+0.0%	(9,005,991)	7/1/2039	N/A	Aa3/A+/AA-
Water Hedge Swap (4)	50,000,000	3/1/2010	4.932%	SIFMA+0.0%	(3,215,250)	7/1/2039	N/A	Aa3/AA-/AA-
Water Hedge Swap (4)	76,510,000	7/1/2011	4.869%	SIFMA+0.0%	(2,643,364)	7/1/2029	N/A	Aa3/AA-/AA-
Pension Obligation Certicates-GRS	96,621,000	6/12/2006	5.666%	3 MTH LIBOR + .34%	(1,395,473)	6/15/2034	6/16/2034	Aa3/AA-/AA-
Pension Obligation Certicates-PFRS	153,801,500	6/12/2006	5.666%	3 MTH LIBOR + .34%	(2,127,916)	6/15/2034	6/15/2034	Aa3/AA-/AA-
Pension Obligation Certicates-PFRS	104,325,500	6/12/2006	5.666%	3 MTH LIBOR + .30%	(1,606,623)	6/15/2029	6/15/2029	Aa3/AA-/AA-
Pension Obligation Certicates-GRS	45,252,000	6/12/2006	5.666%	3 MTH LIBOR + .30%	(621,543)	6/15/2029	6/15/2029	Aa3/AA-/AA-
Pension Obligation Certicates-PFRS	153,801,500	6/12/2006	5.666%	3 MTH LIBOR + .34%	(1,841,296)	6/15/2034	6/15/2034	Aa2/AA+/AA+
Pension Obligation Certicates-PFRS	104,325,500	6/12/2006	5.666%	3 MTH LIBOR + .30%	(1,480,519)	6/15/2029	6/15/2029	Aa2/AA+/AA+
Pension Obligation Certicates-GRS	96,621,000	6/12/2006	5.666%	3 MTH LIBOR + .34%	(1,201,135)	6/15/2034	6/15/2034	Aa2/AA+/AA+
Pension Obligation Certicates-GRS	45,252,000	6/12/2006	5.666%	3 MTH LIBOR + .30%	(606,973)	6/15/2029	6/15/2029	Aa2/AA+/AA+

1. Notional amount balance as of June 30, 2007.
2. The Securities Industry and Financial Markets Association Index Rate.
3. Denotes that the swap termination date does not match the final maturity of the financings.
4. Denotes that the associated bond issue has not been issued as of the balance sheet date; these swaps are issued in anticipation of a future planned variable rate bond issue.

Fair Value: Because interest rates have generally declined since the time the swaps were negotiated, many of the City's swaps have a negative fair value as of June 30, 2007. The negative fair values may be countered by lower total interest payments required under the variable-rate financing, creating lower synthetic interest rates. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Credit Risk: When the fair value of any swap has a positive value, then the City is exposed to the risk that the counterparty will not fulfill its obligations. As of June 30, 2007, the City was exposed to $16,956,198 of credit risk (without regard to collateral or other security arrangements). The table above shows the credit quality ratings of the counterparties to each swap. The City uses six different counterparties, as one way of diversifying its credit risks. In addition, the swap agreements contain varying collateral agreements with the counterparties. The swaps require full collateralization of the fair value of the swap should the counterparty's credit rating fall below certain rating levels by Fitch Ratings, Standard & Poor's, and /or Moody's Investors Service. Collateral on all swaps is to be in the form of U.S. government securities held by a third - party custodian.

Basis Risk: The City is exposed to basis risk when the variable interest rate received on a swap is based on a different index than the variable interest rate to be paid on the associated variable rate debt obligation. At June 30, 2007 the associated debt used the same index for all Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA) and Consumer Price Index (CPI) referenced swaps, as well as the Pension obligation certificates (based on LIBOR) in the table above. The remaining LIBOR-based swaps have basis risk associated with them, in the amount of $397.4 million of swaps.

Termination Risk: The City or counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract. In such cases, the City may owe or be due a termination payment depending on the value of the swap at that time. If any of the swaps were terminated, the associated variable-rate financings would no longer carry synthetic interest rates. Additionally, for the swaps associated with the Sewage 2001C-1, 2001 C-2, and 2003-B issuances, the Fund pays a lower fixed rate in exchange for granting the counterparty a special termination option. Under this option, the counterparty can terminate the swap without payment on or after January 1, 2010 if SIFMA averages 7 percent or higher for a consecutive 180-day period.

Rollover Risk: The City is exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated financings. When these swaps terminate, or in the case of the termination option, if the counterparty exercises its option, the City will not realize the synthetic rate offered by the swaps on the underlying issues. The City has this risk for two of the Water Series 2001-C interest rate swaps.

Swaptions

Objectives of the Swaptions: In addition to the interest rate swaps described above, the City has entered into certain swaptions. The City entered into two interest rate swaps in November 1998 related to the issuance of two variable rate sewer bonds, one interest rate swap in February 2003 and two interest rate swaps in April 2004 related to the issuance of variable rate water bonds. Those interest rate swap agreements included provisions that allowed for the counterparty to put the City into a swaptions arrangement upon termination. Upon the restructuring of the water variable rate bonds in August 2006 to fixed-rate bonds, the interest rate swaps were terminated and the counterparty executed the swaptions. Likewise, when the two sewer variable rate bonds were restructured in December 2006 to fixed-rate bonds, the interest rate swaps were terminated, and the counterparty executed the swaptions. The swaptions gives the counterparty the option to make the City enter into a pay-variable, receive-fixed interest rate swap. If the option is exercised, the City may consider the potential to issue variable-rate refunding bonds and terminate the Swaptions, but is not committed to doing so.

Terms, Fair Value, and Credit Risk: The counterparty has the option to exercise the sewer agreements on any date in which the SIFMA index has averaged 7.00% or higher for a consecutive 90 day period. The counterparty has the option to exercise the water agreements any date in which the SIFMA index has averaged 7.00% or higher for a consecutive 180 day period. Certain other key terms, fair values, and counterparty credit ratings related to the outstanding swaptions as of June 30, 2007 are presented below. If the options are exercised by the counterparty, the underlying swap agreements contain scheduled reductions to the outstanding notional amounts that match scheduled or anticipated amortization of associated financings.

Associated financing uses	Notional Amounts (1)	Option effective date	Variable rate paid	Fixed rate received	Fair values	Swap termination date	Final maturity of bonds	Counterparty credit rating
Sewage 1998-A	$ 67,500,000	7/1/2008	SIFMA (2)	4.52	$ (913,265)	7/1/2023	7/1/2023	Aa3/A+/A+
Sewage 1998-B	67,500,000	7/1/2008	SIFMA (2)	4.52	(905,946)	7/1/2023	7/1/2023	Aa3/A+/A+
Water 2003-D	149,655,000	7/2/2011	SIFMA (2)	4.06	(5,928,835)	7/1/2033	7/1/2033	Aa3/A+/A+
Water 2004-A	77,010,000	7/1/2005	SIFMA (2)	3.94	(1,185,727)	7/1/2025	7/1/2025	Aa3/A+/A+
Water 2004-B	158,490,000	7/1/2005	SIFMA (2)	3.45	(1,724,869)	7/1/2023	7/1/2023	Aa3/A+/A+

1. Notional amount balances as of June 30, 2007.
2. The Securities Industries and Financial Markets Municipal Swap Index.

Fair Value: The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for the hypothetical zero-coupon bonds due in the date of each future net settlement on the swap.

Market-access risk: If the options are exercised and variable rate refunding bonds are not issued, the City would make net swap payments as required by the terms of the contract – that is, making a variable payment of the SIFMA index rate (unadjusted) to the counterparty for the term of the respective swap and receiving a fixed payment.

6. Other Information

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

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

The revenue bond documents specify that additional bonds may be issued by the Fund for the purpose of financing additions, replacements, and improvements to the City of Detroit Building Authority Parking Arena System, provided that the trustee shall have received all legally required authorized opinions and certificates and that the estimated gross revenues (as defined in the bond authorizing documents) for the five years following completion of the facilities will be at least (1) 175% of annual debt service on all parity outstanding bonds, or (2) the sum of annual debt service on all parity outstanding bonds (including the Additional Bonds) plus the amount necessary to make all required payments to the various funds maintained by the trustee, whichever is greater. Other than as described above, the Parking Fund may not issue any obligations secured by gross revenues from the System unless any resulting lien on the System's gross revenues is expressly subordinate to liens for the bondholders' or bank's benefit as described above.

Sewage Disposal and Water Funds Construction Programs - The Sewage Disposal Fund is engaged in a variety of projects that are a part of its five-year Capital Improvement Program (the Program). The total cost of this Program is anticipated to be approximately $1.69 billion through fiscal year 2012. The Program is being financed primarily from revenues of the Fund and proceeds from the issuance of revenue bonds. The total amount of construction contract commitments outstanding at June 30, 2007 was approximately $490 million.

The Water Fund is engaged in a variety of projects that are a part of its five-year Capital Improvement Program (the Program). The total cost of this program is anticipated to be approximately $1.97 billion through fiscal year 2012. The Program is being primarily financed from revenues of the Fund and proceeds from the issuance of revenue bonds. The total amount of construction contract commitments outstanding at June 30, 2007 was approximately $163 million.

Pension Plans - The City of Detroit Retirement System consists of the General Retirement System (GRS) and the Policemen and Firemen Retirement System (PFRS). Each system is a single-employer plan composed of a Defined Benefit Plan and a Defined Contribution Annuity Plan. The plans provide retirement, disability, and death benefits to plan members and beneficiaries. The Systems issued publicly available financial reports that include financial statements and the required supplementary information. The reports can be obtained from City of Detroit Retirement Systems, 2 Woodward Avenue, Coleman A. Young Municipal Center, Room 908, and Detroit, Michigan 48226.

These plans are administered in accordance with the City Charter and union contracts, which assign the authority to establish and amend contributions and benefit provisions to each plan's Board of Trustees. The Systems' investment policies are governed in accordance with the State Public Act 314 of 1965, as amended.

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

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

The City's policy is to fund normal costs and amortization of prior service costs, based on an actuarially determined rates. The contribution rates for the fiscal year ended June 30, 2007 was 11.06% of active annual payroll for the General Retirement System, and 25.52% of active annual payroll for the Policemen and Firemen Retirement System. Contributions from City funds and the Detroit Public Library fund, including accounts receivable for the year ended June 30, 2007, amounted to $41,444,808 and $57,423,366 for the General Retirement System and the Policemen and Firemen Retirement System, respectively.

Employee contributions elections for annuity savings are as follows:

- General Retirement System — Employees may elect to contribute 3%, 5%, or 7% of the first $94,200 representing the annual Social Security wage base (July 1 to December 30, 2006) and $97,500 (January 1 to June 30, 2007) of annual FY 2007 compensation and 5% or 7 % of any excess over $94,200 and $97,500 respectively. Contributions are voluntary for all union and non-union employees.

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

Contributions received from employees during the year ended June 30, 2007 amounted to $19,438,360 and $10,043,736 respectively.

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

Members may retire with full benefits after attaining 30 years of service; age 55 with 30 years of service if hired after January 1, 1996; age 60 with 10 years of service; or age 65 with 8 years of service. Employees may retire after 25 years of service and collect an actuarially reduced retirement benefit. Monthly pension benefits, which are subject to certain minimum and maximum amounts, are determined according to fixed rates per year of credited service.

Members of the General Retirement System who separated prior to July 1, 1981, met the age and service requirements, and who did not withdraw their accumulated annuity contributions are generally eligible for a pension at the time they would have been eligible had they continued in City employment. Members who separate after July 1, 1981 are not required to leave their accumulated annuity contributions in the System. Pension benefits for all members of the GRS are increased annually by 2.25% of the original pension.

Police officers and firefighters hired prior to January 1, 1969 may retire after 25 years of service with full benefits and an escalator clause for future increases. Police officers and firefighters hired after January 1, 1969 may retire after 25 years of service with full benefits and a yearly cost-of-living adjustment of 2.25%. For those members of the PFRS who were hired after January 1, 1969, pension benefits are increased annually by 2.25% of the original pension. Police officers and firefighters hired before January 1, 1969 may elect at retirement increases based upon pay increases of active members or annual increases of 2.25% of the original pension.

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

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

General Retirement System				Police and Fire Retirement System			
Year Ended June 30	Annual Pension Cost	Percentage Contributed	Net Pension Asset	Year Ended June 30	Annual Pension Cost	Percentage Contributed	Net Pension Asset
2005	$ 103.4	751 %	$ 672.9	2005	$ 98.8	702 %	$ 595.1
2006	30.2	120	678.9	2006	49.8	116	603.1
2007	27.3	145	691.3	2007	41.7	138	618.8

The annual pension costs and net pension assets as of June 30, 2007 are as follows:

	PFRS	GRS				
			Business-type Activities			
	Governmental Activities	Governmental Activities	Transportation Fund	Sewage Disposal Fund	Water Fund	Total Primary Government
Annual required contributions (ARC)	$ 57,083,887	$ 22,632,443	$ 6,789,405	$ 980,136	$ 12,417,474	$ 99,903,345
Interest on net pension asset	(47,042,889)	(33,423,918)	(7,813,581)	(661,339)	(11,738,632)	(100,680,359)
Adjustment to ARC	31,670,831	23,752,827	5,552,749	469,983	8,342,101	69,788,491
Annual pension cost	41,711,829	12,961,352	4,528,573	788,780	9,020,943	69,011,477
Contributions made (employer)	57,423,366	22,690,224	6,634,050	3,841,780	6,485,957	97,075,377
Changes in net pension asset	15,711,537	9,728,872	2,105,477	3,053,000	(2,534,986)	28,063,900
Net pension asset, beginning of year	603,113,963	423,087,567	98,906,088	8,371,380	148,590,274	1,282,069,272
Net pension asset, end of year	$ 618,825,500	$ 432,816,439	$ 101,011,565	$ 11,424,380	$ 146,055,288	$ 1,310,133,172

The annual pension costs and net pension assets of the Component Units of the City as of June 30, 2007 are as follows:

	Component Unit Detroit Public Library (GRS)
Annual required contributions	$ 1,737,487
Interest on net pension asset	(1,800,509)
Adjustment to annual required contribution	1,279,538
Annual pension cost	1,216,516
Contributions made (employer)	1,703,833
Changes in net pension asset	487,317
Net pension asset, beginning of year	22,791,256
Net pension asset, end of year	$ 23,278,573

	Defined Benefit		Defined Annuity Contributions	
	GRS	PFRS	GRS	PFRS
Retirees and beneficiaries receiving benefits	11,485	8,550	1,450	1,236
Terminated plan members entitled to but not yet receiving benefits	1,944	24	1,196	27
Active plan members	9,141	4,312	8,438	4,050

Significant actuarial assumptions used to determine the annual required contribution for the year ended June 30, 2007 are as follows:

	General Retirement System	Policemen and Firemen Retirement System
Valuation Date (latest date available)	June 30, 2005	June 30, 2005
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	Level Percent	Level Percent
Remaining Amortization Period	30 years	30 years closed
Asset Valuation Method	3-year Smoothed Market	3-year Smoothed Market
Actuarial Assumptions:		
Investment Rate of Return	7.9%	7.8%
Projected Salary Increases	4.0% - 9.5%	5.8% - 10.8%
Includes Inflation at	4.0%	4.8%
Cost-of-Living Adjustments	2.25%	2.25%

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

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

	GRS	PFRS
Investment Gain, Net:		
Interest and Dividend Income	$ 143,195,858	$ 172,251,954
Net Apppreciation	487,316,994	484,214,184
Investment Expense	(18,264,142)	(15,741,914)
Other Income	2,073,420	3,477,115
Total	$ 614,322,130	$ 644,201,339

Other Post-Employment Benefits - In addition to the pension benefits described above, the City provides other post-retirement benefits to its retirees, which include hospitalization, dental care, eye care, and life insurance. The number of City retirees at June 30, 2007 is 20,362. Costs are accounted for in accordance with GASB Statement No. 12*, Disclosures of Information on Post-retirement Benefits Other Than Pension Benefits by State and Local Governmental Employers*. The benefits are provided in accordance with the City Charter and union contracts. The costs of benefits, which are financed on a pay-as-you-go basis, for the year ended June 30, 2007, are as follows:

Benefit	City Cost	Retiree Cost	Total Cost
Hospitalization	$ 137,293,239	$ 14,997,334	$ 152,290,573
Dental	6,245,188	1,327,505	7,572,693
Eye Care	2,106,676	—	2,106,676
Life Insurance	168,161	34,008	202,169
Total	$ 145,813,264	$ 16,358,847	$ 162,172,111

Component Units - The GDRRA is authorized to charge user fees for services provided to residents in the event either the tipping fees or supplemental tipping fees paid by the City and other revenues generated are not sufficient in each operating year to produce revenues equal to at least 100% of the maximum annual debt service requirement, lease obligations, and operating costs. Supplemental tipping fees are provided from certain taxes collected by the State of Michigan, which are payable to the City (Distributable Aid). The City's obligation to pay tipping fees and supplemental tipping fees is a full faith and credit limited tax general and unconditional obligation whether or not the facility is operating. For the year ended June 30, 2007, tipping fees and supplemental tipping fees paid by the City to the GDRRA are as follows:

Tipping Fees	$ 70,726,306
Supplemental Tipping Fees	17,576,163
Total	$ 88,302,469

NOTE IV. SUBSEQUENT EVENTS

Debt Issuances:

In September 2007, the Sewage Disposal System issued $167,565,000 SRF Junior Lien Revenue Bonds, Series 2007-SRF1. The bonds begin to mature October 1, 2010 and will fully mature in the year 2029.

In May 2008, portions of the outstanding Sewage Disposal System Bonds, Series 2001(C-2), 2001(E) and 2006(A) were remarketed from variable rate to fixed rate bonds. Series 2001(C-2) in the amount of $122,905,000 was remarketed, $720,000 of the 2001(C-2) Predecessor Bonds not being converted were called for optional redemption and retired. The Series 2001(C-2) bonds will begin to mature July 1, 2008 and will fully mature in the year 2029. Series 2001(E) bonds were remarketed in the amount of $136,150,000 to mature July 2031. $1,580,000 of the 2001(E) Predecessor Bonds not being converted were called for optional redemption and retired. Series 2006(A) bonds were remarketed in the amount of $125,655,000 to mature July 2036. $1,345,000 of the 2006(A) Predecessor Bonds not being converted were called for optional redemption and retired.

In May 2008, portions of the outstanding Water Supply System Bonds, Series 2001-C and 2005-B were remarketed from variable rate to fixed rate bonds. Series 2001-C in the amount of $190,405,000 was remarketed; $225,000 of the 2001-C Predecessor Bonds not being converted were called for optional redemption and retired. The Series 2001-C bonds will begin to mature July 1, 2009 and will fully mature in the year 2029. Series 2005-B bonds were remarketed in the amount of $194,900,000 will begin to mature July 1, 2010 and will fully mature in the year 2035. $100,000 of the 2005-B Predecessor Bonds not being converted were called for optional redemption and retired.

In May 2008, the City issued $130,205,000 General Obligation Bonds (Unlimited Tax), Series 2008-A, B (1), B (2) and $74,715,000 of General Obligation Capital Improvement Bonds (Limited Tax), Series 2008-A (1), A (2) for financing the cost of certain public capital projects of the City. $72.4 million of previously issued debt was refunded. The bonds mature beginning April 1, 2009 and will be fully matured in the year 2022. In May 2008, Moody's Investors Service revised the City's Unlimited Tax General Obligation Bonds rating from Baa2 to Baa3 and the City's Limited Tax General Obligation Bond rating from Baa3 to Ba1, the outlook remains stable.

On June 30, 2008, the City issued $39,915,000 of Revenue Anticipation Notes, Series 2008 and $89,685,000 of Tax Anticipation Notes, Series 2008. The Revenue Anticipation Notes (RANS), Series 2008 were issued in anticipation of certain shared revenue payments the City expects to receive from the State of Michigan. The notes were issued to provide funds to pay necessary operating expenditures of the City for the current fiscal year ending June 30, 2008, and costs of the issuance of the notes. The RANS are secured by City Charter, statutory and constitutional tax levies on all applicable property. The Tax Anticipation Notes (TANS), Series 2008 were issued in anticipation of the collection of taxes to be collected in the next succeeding fiscal year ending June 30, 2009 and has irrevocably pledged in the Note Resolution to levy taxes. The TANS are secured by an irrevocable, direct pay letter of credit. The RANS and TANS mature March 31, 2009.

Legal Settlement:

In September 2005, several customers of both the Sewage Disposal Fund and the Water Fund challenged the method of allocating costs associated with the 800MHz project. In early 2007, the court issued a preliminary ruling acknowledging that the Funds were overcharged. On December 18, 2008, the Detroit Water and Sewer Department and the City announced a tentative agreement in which the City would repay each of the funds $13.5 million inclusive of estimated interest. $13.5 million will be deposited into each fund's construction bond fund to offset the cost of future capital improvements.

Additionally the Sewage Fund has agreed to sell its Oakland-Macomb Interceptor to Macomb and Oakland counties for approximately $100 million, contingent on the results of due diligence study to determine the present condition of the interceptor. The sale of the interceptor will also require the approval of the Detroit Water and Sewer Department's Board of Water Commissioners and the Detroit City Council. Macomb and Oakland Counties will assume responsibility for maintenance and upkeep of the interceptor upon transfer of ownership.

Subsequent Economic Events:

Subsequent to the fiscal year ended June 30, 2007, significant uncertainties have arisen in the economic environment that have and will continue to affect the City. Recessionary conditions at the local, state-wide, national and global levels have increased the risk to the daily operations and services historically offered by the City. During this period, the Detroit area and state in general have suffered from increased unemployment rates and depressed personal incomes. Additional symptoms of such a weak economy include a rising level of mortgage delinquencies, continued contraction in the automotive industry, and persistent softness in the regional housing market.

On the national and global fronts, unprecedented contractions in the credit markets have caused a severe impact on both private and public organizations ability to borrow funds necessary to maintain operations. Operating failures and/or near failures of various financial institutions, investment companies, and insurers have taken place. The federal government recently stepped in to support the credit market, in the form of "government bailouts." But problems still persist and the level of uncertainty continues to mount for many, including the City.

On January 6, 2009, Standard & Poor's Rating Services (S&P) downgraded the City's $530 million of outstanding unlimited tax general obligation bond rating from "BBB" to "BB" and its $355 million of outstanding limited tax general obligation bond rating from "BBB–" to "BB". On that date, S&P also downgraded to BB, the rating on the $536 million of outstanding Detroit Retirement Systems Funding Trust 2005 Taxable Certificates of Participation Series 2005 and the $948 million of Detroit Retirement Systems Funding Trust 2006 Taxable Certificates of Participation Series 2006 (collectively, the Pension Obligation Certificates or POCs). On January 13, 2009, Moody's Investors Service (Moody's) downgraded the ratings on the City's unlimited-tax general obligation debt and on the POCs from "Baa3" to "Ba2" and its limited-tax general obligation debt rating from "Ba1" to "Ba3." At the same time, Moody's downgraded from "Aa3" to "Baa3" the Global Scale Rating assigned to the outstanding POCs.

The most significant impact of the recent downgrades in the City's credit ratings to a level below investment grade status comes in the form of greater limitations on the access to capital. Secondly, with the continuing deterioration in the economy and its direct effect on the debt/credit ratings of the City and certain bond insurers, the City now faces potential higher borrowing costs. Those higher costs in the near future may most significantly come in the form of termination payments, in connection with certain contractual agreements involving the exchange of future net interest expense cash flows (i.e., Swap Agreement Terminations). Both areas of emerging significant uncertainty risk are discussed below.

Access to Capital

Due to the City's recent ratings downgrade to a level below investment grade status, the access to capital has been adversely impacted. The City will likely find it more difficult to attract investors for its needed capital and pay higher costs. The City is however committed to taking steps to ensure adequate capital funding is maintained. More diligence will be required to achieve success in such capital/credit markets.

Swap Agreement Terminations

The uncertainty risk of a Swap Termination arose in light of the continued credit rating declines of bond insurers and the recent credit rating downgrades of the City.

The City has identified eight interest rate exchange agreements (the "Swap Agreements") that the SWAP counterparties could presently seek to terminate the contracts as a result of these rating changes. These eight Swap Agreements were executed by Service Corporations formed by the City in connection with the POCs listed on page 110 of these notes. The City's legal obligation relating to the Swap Agreements results from the City's contractual obligation to make Service Payments to the Service Corporations. The City received formal notice on January 8, 2009 from the Swap Counterparty to four of the eight Swap Agreements stating that an event had occurred, which, if not cured by the City within 30 days from the date of the notice, will constitute an Additional Termination Event, allowing such Swap Counterparty to designate an Early Termination Date with respect to the applicable Swap Agreement. The City also received formal notice on January 14, 2009 from the Swap Counterparty to the four remaining Swap Agreements, stating that the applicable Swap Insurers had been downgraded below the thresholds set forth in the Swap Agreements. Under the Swap Agreements, such Swap Insurer down-

grades, coupled with the downgrades of the POCs, will constitute an Additional Termination Event unless, within 30 days of receiving such notice, the City has provided a Credit Support Provider acceptable to the Swap Counterparty whose obligations are pursuant to a Credit Support Document acceptable to the Swap Counterparty. The City has received letters from both counterparties effectively extending to March 6, 2009 as the date by which the City must take definitive action to avoid the termination events. The city believes that further extension may be granted based on the progress of negotiations.

The City is exploring various options that would avoid termination of the swap agreements. On Monday February 2, 2009, City officials presented a proposal to the swap counterparties. The swap counterparties are reviewing the proposal. No assurances can be given regarding the response or the outcome of the negotiations.

If the swap agreements are terminated, the amount of swap termination payments would be based on a variety of factors, such as the various swap counterparties' financial pricing models; underlying variable debt, index, or reference rates; and the point of pricing. The amount of swap agreement termination payments, if any, has been estimated to range up to approximately $400 million as determined by valuations provided by the counterparties as of December 31, 2008.

Any such termination payment(s) would be allocated based on the notional allocation percentage of the affected POCs, between the Governmental and Business-types Activities as of the point of liability accrual. As of June 30, 2007, such allocation percentages were Governmental Activities (General Fund) (81.3%), Sewage Disposal Fund (0.6%), Transportation Fund (7.2%), and Water Fund (10.9%). It is unclear whether the City would be able to restructure, refinance and/or fund the potential amounts due associated with any such Swap Terminations.

REQUIRED SUPPLEMENTARY INFORMATION

OTHER THAN

MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

GENERAL FUND

STATEMENT OF REVENUES AND EXPENDITURES – BUDGET TO ACTUAL

The Detroit Budget Department holds a public budget meeting in October 2006, encouraging residents to share how they would list their budget priorities for the city of Detroit.

CITY OF DETROIT

NOTES TO BUDGET TO ACTUAL COMPARISION

Budgeting Policy: The City's annual budget constitutes a financial plan for the next fiscal year, which is required to set forth estimated revenues from all sources and all appropriations. Proposed capital appropriations are included in separate sections of the budget. Any surplus or deficit during the preceding year is entered into the budget for the next fiscal year as either revenue (surplus) or appropriation (deficit), in accordance with the City Charter. The total of proposed expenditures cannot exceed the total of estimated revenues, so that the budget as submitted is a balanced budget. Budgets are prepared for all agencies of the City.

Budgetary Compliance: On or before April 12 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 adoption of the budget provides for: (1) appropriations of specific amounts from funds indicated, (2) a specific levy of property tax, and (3) provision for the issuance of bonds specified in the capital program. The budget as adopted becomes the basis for establishing revenues and expenditures for the fiscal year. The appropriations for the functions of each City department are fixed. Expenditures may not exceed the original appropriations without City Council approval. If during the fiscal year the Mayor advises the City Council that there are available appropriations and revenues in excess of those estimated in the budget, the City Council may make supplemental appropriations for the year up to the amount of the excess. In the case of estimated revenue shortfalls, the Mayor may request that the City Council decrease certain appropriations. In any case, the Mayor is under no obligation to spend an entire appropriation. Also, at any time during the fiscal year, the City Council, upon written request by the Mayor, may transfer all or part of any unencumbered appropriation balance among programs, services, or activities within an agency or from one agency to another.

City of Detroit, Michigan
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE — BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance With Final Budget-
	Original	Final	Amounts	Positive (Negative)
REVENUES:				
Taxes, Assessments, Interest and Penalties:				
Property Taxes	$ 168,759,033	$ 176,761,033	$ 183,780,826	$ 7,019,793
Municipal Income Tax	271,405,000	271,405,000	278,309,191	6,904,191
Utility Users' Tax	56,000,000	56,000,000	53,768,977	(2,231,023)
Wagering Taxes	184,850,000	184,850,000	179,763,570	(5,086,430)
Other Taxes and Assessments	10,732,870	10,732,870	13,695,037	2,962,167
Interest and Penalties on Taxes	3,000,000	3,000,000	10,342,478	7,342,478
Total Taxes, Assessments, Interest and Penalties	694,746,903	702,748,903	719,660,079	16,911,176
Licenses, Permits and Inspection Charges:				
Business Licenses	680,000	680,000	691,851	11,851
Permits	1,750,000	1,750,000	967,002	(782,998)
Inspection Charges	6,770,644	6,770,644	5,147,094	(1,623,550)
Other Licenses	75,064	75,064	112,015	36,951
Total Licenses, Permits and Inspection Charges	9,275,708	9,275,708	6,917,962	(2,357,746)
Shared Taxes:				
Liquor and Beer Licenses	550,000	550,000	550,391	391
State Shared Tax	282,559,208	282,559,208	271,104,356	(11,454,852)
Other Shared Tax	829,475	829,475	980,313	150,838
Total Shared Taxes	283,938,683	283,938,683	272,635,060	(11,303,623)
Intergovernmental:				
Federal	19,159,206	108,710,800	52,256,906	(56,453,894)
State	45,665,327	109,242,058	12,703,782	(96,538,276)
Other Grants	3,303,313	18,905,850	4,464,013	(14,441,837)
Total Grants	68,127,846	236,858,708	69,424,701	(167,434,007)
Sales and Charges for Services:				
Maintenance and Construction	700,961	700,961	(388,769)	(1,089,730)
Other Labor and Materials	348,500	348,500	239,595	(108,905)
Electrical	45,240,000	45,240,000	42,823,461	(2,416,539)
Steam	895,000	895,000	849,207	(45,793)
Sanitation Charges	68,462,593	64,630,963	74,948,822	10,317,859
Recreation Fees	319,059	319,059	111,662	(207,397)
Collection Fees	7,999,248	8,029,248	7,831,613	(197,635)
Other Fees	47,602,100	47,637,438	47,634,533	(2,905)
Personal Services	61,402,005	61,082,375	47,203,976	(13,878,399)
Other Departmental Sales	26,984,391	27,844,470	22,279,664	(5,564,806)
Total Sales and Charges for Services	259,953,857	256,728,014	243,533,764	(13,194,250)
Ordinance Fines and Forfeitures	29,746,400	29,746,400	21,446,496	(8,299,904)
Revenue from Use of Assets:				
Investment Earnings	3,202,000	2,952,337	10,992,170	8,039,833
Real Estate Rentals	7,089,858	7,104,392	5,452,281	(1,652,111)
Concessions	4,308,500	4,308,500	1,917,228	(2,391,272)
Sale of Real Property	30,000,000	30,000,000	27,799,430	(2,200,570)
Total Revenue from Use of Assets	44,600,358	44,365,229	46,161,109	1,795,880
Other Revenue	70,060,564	121,420,923	107,656,317	(13,764,606)
Total Revenues	1,460,450,319	1,685,082,568	1,487,435,488	(197,647,080)

(Continued)

City of Detroit, Michigan
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance With Final Budget-
	Original	Final	Amounts	Positive (Negative)
EXPENDITURES:				
Public Protection:				
Consumer Affairs	—	1,830	709,204	(707,374)
Fire	170,833,522	171,149,916	184,192,504	(13,042,588)
Human Rights	874,029	908,275	928,491	(20,216)
Ombudsperson	1,014,957	1,011,562	935,144	76,418
Parking Enforcement	9,323,596	9,725,471	7,967,783	1,757,688
Police	406,933,940	465,862,072	373,767,617	92,094,455
Detroit Office of Homeland Security	431,279	13,105,449	5,294,463	7,810,986
36th District Court	42,749,612	43,042,428	43,854,044	(811,616)
Total Public Protection	632,160,935	704,807,003	617,649,250	87,157,753
Department of Health	87,916,254	152,791,758	76,528,348	76,263,410
Recreation and Culture:				
Culture, Arts and Tourism	—	1,056,367	98,845	957,522
Historical	—	461,021	183,470	277,551
Recreation	18,883,261	21,734,309	22,756,302	(1,021,993)
Senior Citizens	—	1,052,688	249,834	802,854
Zoological Institute	—	80,273	1,360,517	(1,280,244)
Total Recreation and Culture	18,883,261	24,384,658	24,648,968	(264,310)
Economic Development — Civic Center	13,521,500	11,219,419	14,878,153	(3,658,734)
Housing Supply and Conditions:				
Planning and Development	7,146,406	19,128,864	8,247,163	10,881,701
Total Housing Supply and Conditions	7,146,406	19,128,864	8,247,163	10,881,701
Physical Environment:				
Environmental Affairs	4,432,854	6,515,540	4,032,758	2,482,782
Public Lighting	63,844,219	66,579,348	69,368,741	(2,789,393)
Public Works	120,628,362	122,734,025	124,281,261	(1,547,236)
Total Physical Environment	188,905,435	195,828,913	197,682,760	(1,853,847)
Development and Management:				
Auditor General	3,002,162	3,173,002	2,960,318	212,684
Budget	2,752,101	2,804,210	2,635,381	168,829
City Clerk	3,860,724	3,892,619	3,267,528	625,091
City Council	14,925,349	14,886,192	13,550,439	1,335,753
Communications and Creative Services	—	127,016	9,722	117,294
Elections	8,276,333	8,849,090	8,248,110	600,980
Finance	34,033,935	34,775,598	31,555,811	3,219,787
General Services	59,264,014	60,041,075	65,399,544	(5,358,469)
Law	21,994,741	21,631,559	19,478,418	2,153,141
Mayor's Office	11,807,865	12,258,892	10,704,357	1,554,535
Human Resources	21,396,445	21,311,718	18,935,612	2,376,106
Information Technology Services	20,521,010	24,702,195	23,956,163	746,032
Board of Zoning Appeals	843,651	907,878	801,605	106,273
Detroit Workforce Development Department	2,000	598,206	1,972	596,234
Administrative Hearings	2,233,976	3,995,946	2,307,585	1,688,361
Non Departmental	313,257,590	224,650,269	106,358,448	118,291,821
Total Development and Management	518,171,896	438,605,465	310,171,013	128,434,452
Capital Outlay	—	51,365,579	21,225,931	30,139,648

(Continued)

City of Detroit, Michigan
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE — BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance With Final Budget-
	Original	Final	Amounts	Positive (Negative)
Debt Service:				
Principal	—	87,581,157	—	87,581,157
Interest on Bonded Debt	—	16,441,362	7,077,583	9,363,779
Total Debt Service	—	104,022,519	7,077,583	96,944,936
Total Expenditures	1,466,705,687	1,702,154,178	1,278,109,169	424,045,009
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,255,368)	(17,071,610)	209,326,319	226,397,929
OTHER FINANCING SOURCES USES:				
Sources:				
Transfers In	98,021,204	119,826,278	11,924,286	(107,901,992)
Total Other Financing Sources	98,021,204	119,826,278	11,924,286	(107,901,992)
Uses:				
Transfers Out	(91,775,836)	(100,037,293)	(206,157,887)	(106,120,594)
Interest on Other Indebtedness	—	(2,717,375)	—	2,717,375
Total Other Financing Uses	(91,775,836)	(102,754,668)	(206,157,887)	(103,403,219)
Total Other Financing Sources (Uses)	6,245,368	17,071,610	(194,233,601)	(211,305,211)
Net Change in Fund Balances	—	—	15,092,718	15,092,718
Fund Balance at Beginning of Year	—	—	(107,176,088)	(107,176,088)
Increase (Decrease) in Inventories	—	—	677,274	677,274
Fund Balances at End of Year	$ —	$ —	$ (91,406,096)	$ (91,406,096)

See accompanying independent auditors report and notes to required supplementary informatio

REQUIRED SUPPLEMENTARY INFORMATION

OTHER THAN

MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

PENSION DATA

(UNAUDITED)

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REQUIRED SUPPLEMENTAL INFORMATION
HISTORIC PENSION DATA - UNAUDITED

Schedule of Employer Contributions (In millions):

General Retirement System				Policemen and Firemen Retirement System			
Year Ended June 30	Annual Required Contributions	Percentage Contributed	Net Pension Asset	Year Ended June 30	Annual Required Contributions	Percentage Contributed	Net Pension Asset
2002	$67.8	100%	N/A	2002	$8.4	100%	N/A
2003	72.9	100	N/A	2003	66.8	100	N/A
2004	95.9	100	N/A	2004	69.5	100	N/A
2005	106.4	754	$695.6	2005	98.8	702	$595.1
2006	75.5	120	679.0	2006	94.8	100	603.1
2007	81.3	100	691.3	2007	90.4	100	618.8

Schedule of Funding Progress (In millions):

General Retirement System:

Actuarial Valuation Date June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Payroll
2002	$2,761.2	$3,276.6	84.3%	$515.4	$440.7	117.0%
2003	2,537.7	3,270.6	77.6	733.0	448.6	163.4
2004	2,470.2	3,383.9	73.0	913.7	444.6	205.5
2005	3,222.4	3,347.4	96.3	125.0	390.6	32.0
2006	3,373.7	3,434.3	98.2	60.6	361.1	16.8

Policemen and Firemen Retirement System:

Actuarial Valuation Date June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Payroll
2002 (a)	$3,635.1	$3,523.4	103.2%	$(111.7)	248.7	-
2003	3,205.5	3,721.6	86.1	516.1	248.7	207.5%
2004	3,074.5	3,857.5	79.7	783.0	258.7	302.7
2005	3,757.9	3,780.4	99.0	22.6	250.5	9.0
2006	3,987.5	3,809.0	104.7	(178.5)	228.9	-

a) After changes in actuarial assumptions.
b) Plan amended.

See accompanying independent auditors' report.

COMBINING

NON-MAJOR

GOVERNMENTAL

FUNDS

FINANCIAL STATEMENTS

SPECIAL REVENUE FUNDS

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

Community Development Block Grant Funds	To account for activities financed by Federal Government Grants under Title I of the Housing and Community Development Act of 1974.
Construction Code Fund	In accordance with State of Michigan Public Act No. 245 of 1999, to account for financing activities related to the acts and services performed by the Building and Safety Fund including, without limitation, issuance of building permits, examination of plans and specifications, inspection of construction undertaken pursuant to a building permit, the issuance of certificates of use and occupancy, and hearing appeals in accordance with this act.
Detroit Building Authority Fund	To account for financing activities associated with acquiring, improving, operating and maintaining buildings and other structures for public purposes.
Drug Law Enforcement Fund	To account for forfeited narcotics proceeds that are used for the enhancement of narcotics enforcement.
Empowerment Zone Fund	To account for activities financed by Federal Government Grants under provision of Section 2007 of Title XX of the Social Security Act as amended.
Detroit Workforce Development Department	To account for employment and training program grants received from government sources.
Human Services Fund	To account for Federal and State Grant revenues that are used to finance certain social service programs.
General Retirement Systems Service Corporation	To account for the proceeds and service payments related to the issuance of the Pension Obligation Certificates in June of 2005.
Police and Fire Retirement Systems Service Corporation	To account for the proceeds and service payments related to the issuance of the Pension Obligation Certificates in June of 2005.
Major and Local Street Funds	To account for Michigan State Gas and Weight Tax revenues and other related grants used for the construction and maintenance of major and local streets.
Supportive Housing Programs and Homeless Initiatives Funds	To account for financing activities of Supportive Housing Programs for the Homeless received from the Federal Government.
Targeted Business Development Fund	To account for revenues received via the casino development agreements earmarked to foster the presence of minority businesses in the City.

CAPITAL PROJECTS FUNDS

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

Capital Projects Fund	To account for all funds used for the construction, acquisition and renovation of Capital facilities by the General Fund.
Urban Renewal Fund	To account for funding received from the City of Detroit and the Federal Government earmarked for the acquisition and site preparation of property for future development.

DEBT SERVICE FUND

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

PERMANENT FUNDS

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 FUND

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

City of Detroit, Michigan
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2007

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Permanent Funds and Bequest Funds	Total
ASSETS					
Cash and Cash Equivalents	$ 54,190,174	$ 33,260,385	$ 16,979,548	$ 252,380	$ 104,682,487
Investments	55,621,778	7,911,707	82,057,638	1,193,432	146,784,555
Accounts and Contracts Receivable:					
Property Tax Receivable	—	25,118,782	—	—	25,118,782
Special Assessments	—	—	564,014	—	564,014
Interest and Penalties	—	2,461,641	—	—	2,461,641
Trade Receivables	3,365,494	—	509,219	—	3,874,713
Total Accounts and Contracts Receivable	3,365,494	27,580,423	1,073,233	—	32,019,150
Allowance for Uncollectible Accounts	(213,399)	(27,045,650)	(947,420)	—	(28,206,469)
Total Accounts and Contracts Receivable - Net	3,152,095	534,773	125,813	—	3,812,681
Due from Other Funds	8,606,059	—	8,868,979	—	17,475,038
Due form Component Units	10,953	—	—	—	10,953
Due from Other Governmental Agencies	20,277,830	—	402,274	—	20,680,104
Inventory	1,130,947	—	—	—	1,130,947
Prepaid Expenditures	131,975	—	—	—	131,975
Total Assets	$ 143,121,811	$ 41,706,865	$ 108,434,252	$ 1,445,812	$ 294,708,740
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and Contracts Payable	$ 17,551,877	$ —	$ 15,546,596	$ —	$ 33,098,473
Accrued Liabilities	4,879,996	—	—	—	4,879,996
Accrued Salaries and Wages Payable	1,082,285	—	—	—	1,082,285
Due to Other Funds	13,784,702	104,360	3,112,165	—	17,001,227
Advances from Other Funds	—	—	850,000	—	850,000
Due to Other Governmental Agencies	5,204,229	1,414,201	—	—	6,618,430
Deposits from Vendors and Customers	48,456	—	—	—	48,456
Deferred Revenue	—	406,468	221,840	—	628,308
Other Liabilities	6,325,097	—	196,246	350	6,521,693
Total Liabilities	48,876,642	1,925,029	19,926,847	350	70,728,868
Fund Balances:					
Reserved for Inventory	1,130,947	—	—	—	1,130,947
Reserved for Highway and Street Improvements	53,623,436	—	—	—	53,623,436
Reserved for Encumbrances	17,260,492	—	—	—	17,260,492
Reserved for Endowments and Trusts	—	—	—	1,445,462	1,445,462
Reserved for Debt Service	—	39,781,836	—	—	39,781,836
Reserved for Capital Acquisitions	—	—	88,507,405	—	88,507,405
Undesignated	22,230,294	—	—	—	22,230,294
Total Fund Balances	94,245,169	39,781,836	88,507,405	1,445,462	223,979,872
Total Liabilities and Fund Balances	$ 143,121,811	$ 41,706,865	$ 108,434,252	$ 1,445,812	$ 294,708,740

See accompanying independent auditors' report.

City of Detroit, Michigan
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Permanent Funds Bequest Funds	Totals
REVENUES:					
Taxes:					
Property Taxes	$ —	$ 73,222,499	$ —	$ —	$ 73,222,499
Gas and Weight Tax	62,080,522	—	—	—	62,080,522
Other Taxes and Assessments	—	2,506,862	—	—	2,506,862
State Hotel and Liquor Tax	—	17,579,292	—	—	17,579,292
Licenses, Permits and Inspection Charges	25,068,462	—	—	—	25,068,462
Intergovernmental:					
Federal	157,638,254	—	9,697,498	—	167,335,752
State	29,174,770	—	—	—	29,174,770
Other	9,895,698	—	—	—	9,895,698
Ordinance Fines and Forfeitures	4,233,735	—	—	—	4,233,735
Revenue from Use of Assets	—	2,465,937	—	—	2,465,937
Investment Earnings	3,156,979	4,433,022	5,224,987	154,243	12,969,231
Other Revenue	11,466,035	—	3,382,841	—	14,848,876
Total Revenues	302,714,455	100,207,612	18,305,326	154,243	421,381,636
EXPENDITURES:					
Current:					
Public Protection	36,488,056	—	—	—	36,488,056
Health	77,755,109	—	—	350	77,755,459
Economic Development	43,165,776	5,650,500	22,760,303	—	71,576,579
Educational Development	58,021,384	—	—	—	58,021,384
Housing and Conditions	165,481	—	—	—	165,481
Transportation Facilitation	72,482,752	—	—	—	72,482,752
Debt Service:					
Principal	—	95,599,337	—	—	95,599,337
Interest	—	65,432,959	—	—	65,432,959
Capital Outlay	41,965	—	48,580,919	—	48,622,884
Total Expenditures	288,120,523	166,682,796	71,341,222	350	526,144,891
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,593,932	(66,475,184)	(53,035,896)	153,893	(104,763,255)
OTHER FINANCING SOURCES (USES):					
Sources:					
Transfers In	21,234,829	78,457,089	—	—	99,691,918
Proceeds of Section 108 Federal Note	—	—	14,958,000	—	14,958,000
Uses:					
Transfers Out	(33,783,336)	—	(7,848,560)	—	(41,631,896)
Total Other Financing Sources (Uses), Net	(12,548,507)	78,457,089	7,109,440	—	73,018,022
Net Change in Fund Balances	2,045,425	11,981,905	(45,926,456)	153,893	(31,745,233)
Fund Balances at Beginning of Year	91,898,751	27,799,931	134,433,861	1,291,569	255,424,112
Decrease in Inventories	300,993	—	—	—	300,993
Fund Balances at End of Year	$ 94,245,169	$ 39,781,836	$ 88,507,405	$ 1,445,462	$ 223,979,872

See accompanying independent auditors' report.

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City of Detroit, Michigan
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
June 30, 2007

	Community Development Block Grant Fund	Construction Code Fund	Detroit Building Authority Fund	Detroit Workforce Development Fund
ASSETS				
Cash	$ 2,063,468	$ 1,925,320	$ 2,451,947	$ 6,508,887
Investments	—	—	—	—
Accounts and Contracts Receivable:				
Trade Receivables	703,763	287,255	—	2,151,040
Less: Allowance for Uncollectible Accounts	(31,089)	(182,310)	—	—
Total Accounts and Contracts Receivable-Net	672,674	104,945	—	2,151,040
Due from Other Funds	1,153,192	278,962	1,562,434	5,222,823
Due from Component Units	—	10,953	—	—
Due from Other Governmental Agencies	8,783,839	123,236	—	516,701
Inventory	—	—	—	—
Prepaid Expenditures	—	4,339	—	127,636
Total Assets	$ 12,673,173	$ 2,447,755	$ 4,014,381	$ 14,527,087
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and Contracts Payable	$ 1,214,725	$ 58,286	$ 18,106	$ 8,347,096
Accrued Liabilities	1,623,604	35,359	—	—
Accrued Salaries and Wages Payable	163,230	230,215	—	301,548
Due to Other Funds	4,120,543	1,086,442	398,005	5,633,831
Due to Other Governmental Agencies	—	—	—	244,612
Deposits from Vendors and Customers	—	48,456	—	—
Other Liabilities	5,551,071	244,304	529,722	—
Total Liabilities	12,673,173	1,703,062	945,833	14,527,087
Fund Balances:				
Reserved for Inventory	—	—	—	—
Reserved for Highway & Street Improvements	—	—	—	—
Reserved for Encumbrances	—	82,947	—	—
Undesignated	—	661,746	3,068,548	—
Total Fund Balances	—	744,693	3,068,548	—
Total Liabilities and Fund Balances	$ 12,673,173	$ 2,447,755	$ 4,014,381	$ 14,527,087

See accompanying independent auditors' report.

Drug Law Enforcement Fund	Empowerment Zone Fund	Human Services Fund	Street Fund	Supportive Housing Programs and Homeless Initiatives Fund	Targeted Business Development Fund	Totals
$ 10,389,511	$ 679,238	$ 7,937,790	$ 3,669,202	$ 64,811	$ 18,500,000	$ 54,190,174
7,121,778	—	—	48,500,000	—	—	55,621,778
—	—	—	223,436	—	—	3,365,494
—	—	—	—	—	—	(213,399)
—	—	—	223,436	- —	—	3,152,095
—	—	149,949	238,699	—	—	8,606,059
—	—	—	—	—	—	10,953
—	—	—	10,691,561	162,493	—	20,277,830
—	—	—	1,130,947	—	—	1,130,947
—	—	—	—	—	—	131,975
$ 17,511,289	$ 679,238	$ 8,087,739	$ 64,453,845	$ 227,304	$ 18,500,000	$ 143,121,811
$ 124,145	$ —	$ 3,942,465	$ 3,847,054	$ —	$ —	$ 17,551,877
147,916	—	1,087,248	1,758,565	227,304	—	4,879,996
21,426	23,538	88,607	253,721	—	—	1,082,285
40,257	655,700	1,778,648	71,276	—	—	13,784,702
—	—	1,190,771	3,768,846	—	—	5,204,229
—	—	—	—	—	—	48,456
—	—	—	—	—	—	6,325,097
333,744	679,238	8,087,739	9,699,462	227,304	—	48,876,642
—	—	—	1,130,947	—	—	1,130,947
—	—	—	53,623,436	—	—	53,623,436
17,177,545	—	—	—	—	—	17,260,492
—	—	—	—	—	18,500,000	22,230,294
17,177,545	—	—	54,754,383	—	18,500,000	94,245,169
$ 17,511,289	$ 679,238	$ 8,087,739	$ 64,453,845	$ 227,304	$ 18,500,000	$ 143,121,811

City of Detroit, Michigan
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2007

	Community Development Block Grant Fund	Construction Code Fund	Detroit Building Authority Fund	Detroit Workforce Development Fund
REVENUES:				
Taxes:				
Gas and Weight Tax	$ —	$ —	$ —	$ —
Licenses, Permits and Inspection Charges	—	25,068,462	—	—
Intergovernmental:				
Federal	38,987,032	—	—	50,264,446
State	—	—	—	4,984,090
Other	—	—	—	—
Ordinance Fines and Forfeitures	—	1,009,726	—	—
Investment Earnings	—	—	—	—
Other Revenue	4,441,354	370,659	737,585	2,781,677
Total Revenues	43,428,386	26,448,847	737,585	58,030,213
EXPENDITURES:				
Current:				
Public Protection	—	32,697,412	—	—
Health	—	—	—	—
Economic Development	33,621,402	—	2,544,374	—
Educational Development	—	—	—	58,021,384
Housing and Conditions	—	—	—	—
Transportation Facilitation	—	—	—	—
Capital Outlay	—	—	—	8,829
Total Expenditures	33,621,402	32,697,412	2,544,374	58,030,213
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,806,984	(6,248,565)	(1,806,789)	—
Other Financing Sources (Uses):				
Transfers In	—	6,831,031	—	—
Transfers Out	(9,806,984)	(52,065)	—	—
Total Other Financing Sources (Uses), Net	(9,806,984)	6,778,966	—	—
Net Change in Fund Balances	—	530,401	(1,806,789)	—
Fund Balances at Beginning of Year	—	249,782	4,875,337	—
Increase (Decrease) in Inventory	—	(35,490)	—	—
Fund Balances at End of Year	$ —	$ 744,693	$ 3,068,548	$ —

See accompanying independent auditors' report

Drug Law Enforcement Fund	Empowerment Zone Fund	Human Services Fund	Street Fund	Supportive Housing Programs and Homeless Initiatives Fund	Targeted Business Development Fund	Totals
$ —	$ —	$ —	$ 62,080,522	$ —	$ —	$ 62,080,522
—	—	—	—	—	—	25,068,462
—	—	68,221,295	—	165,481	—	157,638,254
—	—	7,132,302	17,058,378	—	—	29,174,770
—	—	—	9,895,698	—	—	9,895,698
3,224,009	—	—	—	—	—	4,233,735
974,661	—	—	2,182,318	—	—	3,156,979
3,055,604	—	—	79,156	—	—	11,466,035
7,254,274	—	75,353,597	91,296,072	165,481	—	302,714,455
3,790,644	—	—	—	—	—	36,488,056
—	—	77,755,109	—	—	—	77,755,109
—	—	—	—	—	7,000,000	43,165,776
—	—	—	—	—	—	58,021,384
—	—	—	—	165,481	—	165,481
—	—	—	72,482,752	—	—	72,482,752
30,850	—	2,286	—	—	—	41,965
3,821,494	—	77,757,395	72,482,752	165,481	7,000,000	288,120,523
3,432,780	—	(2,403,798)	18,813,320	—	(7,000,000)	14,593,932
—	—	2,403,798	12,000,000	—	—	21,234,829
—	—	—	(23,924,287)	—	—	(33,783,336)
—	—	2,403,798	(11,924,287)	—	—	(12,548,507)
3,432,780	—	—	6,889,033	—	(7,000,000)	2,045,425
14,034,963	—	—	47,238,669	—	25,500,000	91,898,751
(290,198)	—	—	626,681	—	—	300,993
$ 17,177,545	$ —	$ —	$ 54,754,383	$ —	$ 18,500,000	$ 94,245,169

City of Detroit, Michigan
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL CAPITAL PROJECTS FUNDS
June 30, 2007

	Capital Projects	Urban Renewal	Totals
ASSETS			
Cash	$ 14,338,313	$ 2,641,235	$ 16,979,548
Investments	75,655,122	6,402,516	82,057,638
Accounts and Contracts Receivable:			
Special Assessments	564,014	—	564,014
Trade Receivables	509,219	—	509,219
Total Accounts and Contracts Receivable	1,073,233	—	1,073,233
Allowance for Uncollectible Accounts	(947,420)	—	(947,420)
Total Accounts and Contracts Receivable - Net	125,813	—	125,813
Due from Other Funds	8,867,137	1,842	8,868,979
Due from Other Governmental Agencies	324,727	77,547	402,274
Total Assets	$ 99,311,112	$ 9,123,140	$ 108,434,252
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts and Contracts Payable	$ 15,465,359	$ 81,237	$ 15,546,596
Due to Other Funds	2,107,752	1,004,413	3,112,165
Advance from General Fund	850,000	—	850,000
Deferred Revenue	221,840	—	221,840
Other Liabilities	—	196,246	196,246
Total Liabilities	18,644,951	1,281,896	19,926,847
Fund Balances:			
Reserved for Capital Acquisitions	80,666,161	7,841,244	88,507,405
Total Fund Balances	80,666,161	7,841,244	88,507,405
Total Liabilities and Fund Balances	$ 99,311,112	$ 9,123,140	$ 108,434,252

See accompanying independent auditors' report.

City of Detroit, Michigan
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL CAPITAL PROJECTS FUNDS
For the Year Ended June 30, 2007

	Capital Projects	Urban Renewal	Totals
Revenues:			
Intergovernmental - Federal	$ —	$ 9,697,498	$ 9,697,498
Investment Earnings	4,714,404	510,583	5,224,987
Other Revenues	2,426,429	956,412	3,382,841
Total Revenues	7,140,833	11,164,493	18,305,326
Expenditures:			
Economic Development	—	22,760,303	22,760,303
Capital Outlay	48,580,919	—	48,580,919
Total Expenditures	48,580,919	22,760,303	71,341,222
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,440,086)	(11,595,810)	(53,035,896)
Other Financing Sources (Uses):			
Proceeds of Section 108 Federal Note	—	14,958,000	14,958,000
Transfers Out	—	(7,848,560)	(7,848,560)
Total Other Financing Sources (Uses), Net	—	7,109,440	7,109,440
Net Change in Fund Balances	(41,440,086)	(4,486,370)	(45,926,456)
Fund Balances at Beginning of Year	122,106,247	12,327,614	134,433,861
Fund Balances at End of Year	$ 80,666,161	$ 7,841,244	$ 88,507,405

See accompanying independent auditors' report.

City of Detroit, Michigan
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL PERMANENT FUNDS
June 30, 2007

	Permanent Funds		
	Bequest Funds		
	Other Trust	Cemetery Trust	Totals
ASSETS			
Cash	$ —	$ 252,380	$ 252,380
Investments	46,699	1,146,733	1,193,432
Total Assets	$ 46,699	$ 1,399,113	$ 1,445,812
LIABILITIES AND FUND BALANCES			
Liabilities - Other	$ —	$ 350	$ 350
Fund Balances - Reserved for Endowments and Trusts	46,699	1,398,763	1,445,462
Total Liabilities and Fund Balances	$ 46,699	$ 1,399,113	$ 1,445,812

See accompanying independent auditors' report.

City of Detroit, Michigan
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL PERMANENT FUNDS
BEQUEST FUNDS
For the Year Ended June 30, 2007

	Permanent Funds		
	Bequest Funds		
	Other Trust	Cemetery Trust	Totals
Revenues - Investment Earnings	$ 2,046	$ 152,197	$ 154,243
Expenditures - Health	—	350	350
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,046	151,847	153,893
Fund Balances at Beginning of Year	44,653	1,246,916	1,291,569
Fund Balances at End of Year	$ 46,699	$ 1,398,763	$ 1,445,462

See accompanying independent auditors' report.

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance With Final Budget-
	Original	Final	Amounts	Positive (Negative)
Revenues:				
Intergovernmental - Federal	$ 40,540,794	$ 89,758,839	$ 38,987,032	$ (50,771,807)
Other Revenues	4,845,080	35,877,448	4,441,354	(31,436,094)
Total Revenues	45,385,874	125,636,287	43,428,386	(82,207,901)
Expenditures - Economic Development	43,653,360	116,292,281	33,621,402	82,670,879
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,732,514	9,344,006	9,806,984	462,978
Other Financing Sources (Uses):				
Transfers in	—	5,218,565	—	(5,218,565)
Transfers out	(1,732,514)	(14,562,571)	(9,806,984)	4,755,587
Total Other Financing Sources (Uses), Net	(1,732,514)	(9,344,006)	(9,806,984)	(462,978)
Net Change in Fund Balance	—	—	—	—
Fund Balance at Beginning of Year	—	—	—	—
Fund Balance at End of Year	$ —	$ —	$ —	$ —

See accompanying independent auditors' report.

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
CONSTRUCTION CODE FUND
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance With Final Budget-
	Original	Final	Amounts	Positive (Negative)
Revenues:				
Licenses, Permits and Inspection Charges	$ 27,081,000	$ 28,691,230	$ 25,068,462	$ (3,622,768)
Sales and Charges for Services	20,000	—	—	—
Ordinance Fines and Forfeitures	1,680,473	4,150,672	1,009,726	(3,140,946)
Other Revenues	—	3,570	370,659	367,089
Total Revenues	28,781,473	32,845,472	26,448,847	(6,396,625)
Expenditures - Public Protection	35,978,424	46,162,251	32,697,412	13,464,839
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,196,951)	(13,316,779)	(6,248,565)	7,068,214
Other Financing Sources (Uses):				
Transfers In	7,243,775	13,261,417	6,831,031	(6,430,386)
Transfers Out	(46,824)	(158,930)	(52,065)	106,865
Total Other Financing Sources (Uses), Net	7,196,951	13,102,487	6,778,966	(6,323,521)
Net Change in Fund Balances	—	(214,292)	530,401	744,693
Fund Balance at Beginning of Year	—	214,292	249,782	35,490
Increase (Decrease) in Inventories	—	—	(35,490)	(35,490)
Fund Balance at End of Year	$ —	$ —	$ 744,693	$ 744,693

See accompanying independent auditors' report.

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
DETROIT BUILDING AUTHORITY FUND
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance With Final Budget-
	Original	Final	Amounts	Positive (Negative)
Revenues - Other	$ 1,493,511	$ 1,507,314	$ 737,585	$ (769,729)
Expenditures - Economic Development	1,493,511	6,382,651	2,544,374	3,838,277
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	(4,875,337)	(1,806,789)	3,068,548
Fund Balance at Beginning of Year	—	4,875,337	4,875,337	—
Fund Balance at End of Year	$ —	$ —	$ 3,068,548	$ 3,068,548

See accompanying independent auditors' report.

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
DETROIT WORKFORCE DEVELOPMENT FUND
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance With Final Budget-
	Original	Final	Amounts	Positive (Negative)
Revenues:				
Intergovernmental:				
Federal	$ 55,343,696	$ 76,350,010	$ 50,264,446	$ (26,085,564)
State	—	1,209,260	4,984,090	3,774,830
Other Revenues	—	(400,758)	2,781,677	3,182,435
Total Revenues	55,343,696	77,158,512	58,030,213	(19,128,299)
Expenditures:				
Educational Development	55,343,696	77,158,512	58,021,384	19,137,128
Capital Outlay	—	—	8,829	(8,829)
Total Expenditures	55,343,696	77,158,512	58,030,213	19,128,299
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	—	—	—
Fund Balance at Beginning of Year	—	—	—	—
Fund Balance at End of Year	$ —	$ —	$ —	$ —

See accompanying independent auditors' report.

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
DRUG LAW ENFORCEMENT FUND
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance With Final Budget-
	Original	Final	Amounts	Positive (Negative)
Revenues:				
Ordinance Fines and Forfeitures	$ 2,473,857	$ 5,463,904	$ 3,224,009	$ (2,239,895)
Investment Earnings	—	—	974,661	974,661
Other Revenues	—	—	3,055,604	3,055,604
Total Revenues	2,473,857	5,463,904	7,254,274	1,790,370
Expenditures:				
Public Protection	2,473,857	18,210,794	3,790,644	14,420,150
Captital Outlay	—	997,875	30,850	967,025
Total Expenditures	2,473,857	19,208,669	3,821,494	15,387,175
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	(13,744,765)	3,432,780	17,177,545
Fund Balance at Beginning of Year	—	13,744,765	14,034,963	290,198
Increase(Decrease) in Inventory	—	—	(290,198)	(290,198)
Fund Balance at End of Year	$ —	$ —	$ 17,177,545	$ 17,177,545

See accompanying independent auditors' report.

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
EMPOWERMENT ZONE FUND
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance With Final Budget-
	Original	Final	Amounts	Positive (Negative)
Revenues - Intergovernmental - Federal	$ —	$ 15,787,744	$ —	$ (15,787,744)
Expenditures - Economic Development	—	15,787,744	—	15,787,744
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	—	—	—
Fund Balance at Beginning of Year	—	—	—	—
Fund Balance at End of Year	$ —	$ —	$ —	$ —

See accompanying independent auditors' report.

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
HUMAN SERVICES FUND
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance With Final Budget-
	Original	Final	Amounts	Positive (Negative)
Revenues:				
Intergovernmental:				
Federal	$ 60,052,786	$ 164,716,839	$ 68,221,295	$ (96,495,544)
State	286,854	4,557,749	7,132,302	2,574,553
Sales and Charges for services	378,424	2,698,479	—	(2,698,479)
Total Revenues	60,718,064	171,973,067	75,353,597	(96,619,470)
Expenditures:				
Health	62,725,064	178,059,853	77,755,109	100,304,744
Capital Outlay	—	—	2,286	(2,286)
Total Expenditures	62,725,064	178,059,853	77,757,395	100,302,458
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,007,000)	(6,086,786)	(2,403,798)	3,682,988
Other Financing Sources - Transfers In	2,007,000	6,086,786	2,403,798	(3,682,988)
Net Change in Fund Balances	—	—	—	—
Fund Balance at Beginning of Year	—	—	—	—
Fund Balance at End of Year	$ —	$ —	$ —	$ —

See accompanying independent auditors' report.

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
STREET FUND
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance With Final Budget-
	Original	Final	Amounts	Positive (Negative)
Revenues:				
Gas and Weight Tax	$ 64,000,000	$ 64,000,000	$ 62,080,522	$ (1,919,478)
Intergovernmental:				
State	2,800,000	108,736,673	17,058,378	(91,678,295)
Other	2,279,000	3,136,563	9,895,698	6,759,135
Investment Earnings	960,000	960,000	2,182,318	1,222,318
Other Revenues	40,586	881,757	79,156	(802,601)
Total Revenues	70,079,586	177,714,993	91,296,072	(86,418,921)
Expenditures - Transportation Facilitation	70,079,586	210,838,912	72,482,752	138,356,160
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	(33,123,919)	18,813,320	51,937,239
Other Financing Sources (Uses):				
Transfers In	—	48,530,135	12,000,000	(36,530,135)
Transfers Out	—	(62,140,619)	(23,924,287)	38,216,332
Total Other Financing Sources (Uses), Net	—	(13,610,484)	(11,924,287)	1,686,197
Net Change in Fund Balances	—	(46,734,403)	6,889,033	53,623,436
Fund Balance at Beginning of Year	—	46,734,403	47,238,669	504,266
Increase(Decrease) in Inventory	—	—	626,681	626,681
Fund Balance at End of Year	$ —	$ —	$ 54,754,383	$ 54,754,383

See accompanying independent auditors' report.

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
SUPPORTIVE HOUSING PROGRAMS AND HOMELESS INITIATIVES FUND
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance With Final Budget-
	Original	Final	Amounts	Positive (Negative)
Revenues - Intergovernmental - Federal	$ —	$ 1,305,764	$ 165,481	$ (1,140,283)
Expenditures - Housing and Conditions	—	1,305,764	165,481	1,140,283
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	—	—	—
Fund Balance at Beginning of Year	—	—	—	—
Fund Balance at End of Year	$ —	$ —	$ —	$ —

See accompanying independent auditors' report.

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
TARGETED BUSINESS DEVELOPMENT FUND
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance With Final Budget-
	Original	Final	Amounts	Positive (Negative)
Revenues	$ —	$ —	$ —	$ —
Expenditures - Economic Development	—	25,500,000	7,000,000	18,500,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	(25,500,000)	(7,000,000)	18,500,000
Fund Balance at Beginning of Year	—	25,500,000	25,500,000	—
Fund Balance at End of Year	$ —	$ —	$ 18,500,000	$ 18,500,000

See accompanying independent auditors' report.

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUND
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance With Final Budget-
	Original	Final	Amounts	Positive (Negative)
Revenues:				
Property Taxes	$ 73,153,913	$ 73,266,913	$ 73,222,499	$ (44,414)
Other Taxes and Assessments	4,078,571	4,078,571	2,506,862	(1,571,709)
State Hotel and Liquor Tax	—	17,579,292	17,579,292	—
Revenue From Use of Assets	—	2,465,938	2,465,937	(1)
Investment Earnings	—	315,820	4,433,022	4,117,202
Total Revenues	77,232,484	97,706,534	100,207,612	2,501,078
Expenditures:				
Economic Development	7,063,439	12,286,311	5,650,500	6,635,811
Debt Service:				
Principal	34,330,000	73,572,971	95,599,337	(22,026,366)
Interest	35,839,045	116,280,335	65,432,959	50,847,376
Total Expenditures	77,232,484	202,139,617	166,682,796	35,456,821
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	(104,433,083)	(66,475,184)	37,957,899
Other Financing Sources - Transfers In	—	90,470,543	78,457,089	(12,013,454)
Net Change in Fund Balances	—	(13,962,540)	11,981,905	25,944,445
Fund Balance at Beginning of Year	—	13,962,540	27,799,931	13,837,391
Fund Balance at End of Year	$ —	$ —	$ 39,781,836	$ 39,781,836

See accompanying independent auditors' report.

City of Detroit, Michigan
BUDGETARY COMPARISON SCHEDULES
NON-MAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECT FUNDS
For the Year Ended June 30, 2007

Capital Projects	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance With Final Budget- Positive (Negative)
Revenues:				
Intergovernmental - Federal	$ —	$ 8,839,969	$ —	$ (8,839,969)
Investment Earnings	—	1,212,096	4,714,404	3,502,308
Other Revenues	750,000	1,381,663	2,426,429	1,044,766
Total Revenues	750,000	11,433,728	7,140,833	(4,292,895)
Expenditures - Capital Outlay	51,992,000	179,141,224	48,580,919	130,560,305
Excess (Deficiency) of Revenues Over (Under) Expenditures	(51,242,000)	(167,707,496)	(41,440,086)	(126,267,410)
Other Financing Sources (Uses):				
Sources:				
Transfers In	1,392,000	4,099,930	—	(4,099,930)
Bond Proceeds	50,000,000	—	—	—
Uses:				
Transfers Out	(150,000)	(9,988,052)	(7,848,560)	(2,139,492)
Principal Paid to Bond Agent for Refunded Bonds	—	—	—	—
Total Other Financing Sources (Uses), Net	51,242,000	(5,888,122)	(7,848,560)	(1,960,438)
Net Change in Fund Balances	—	(173,595,618)	(49,288,646)	124,306,972
Fund Balances at Beginning of Year	—	173,595,618	122,106,247	(51,489,371)
Fund Balances at End of Year	$ —	$ —	$ 72,817,601	$ 72,817,601

Urban Renewal	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance With Final Budget- Positive (Negative)
Revenues:				
Intergovernmental - Federal	$ 10,220,484	$ 18,319,861	$ 9,697,498	$ (8,622,363)
Investment Earnings	—	—	510,583	510,583
Other Revenues	—	1,035,608	956,412	(79,196)
Total Revenues	10,220,484	19,355,469	11,164,493	(8,190,976)
Expenditures - Economic Development	10,220,484	35,502,676	22,760,303	12,742,373
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	(16,147,207)	(11,595,810)	4,551,397
Other Financing Sources:				
Proceeds of Section 108 Federal Note	—	—	14,958,000	14,958,000
Net Change in Fund Balances	—	(16,147,207)	3,362,190	19,509,397
Fund Balances at Beginning of Year	—	16,147,207	12,327,614	(3,819,593)
Fund Balances at End of Year	$ —	$ —	$ 15,689,804	$ 15,689,804

City of Detroit, Michigan
COMBINING STATEMENT OF NET ASSETS
FIDUCIARY FUND
June 30, 2007

	General Retirement System	Policemen & Firemen Retirement System
ASSETS		
Cash and Cash Equivalents	$ 15,414,839	$ 5,943,198
Investments:		
Short-Term Investments	93,306,133	102,040,280
Commercial Paper	—	—
U. S. Government Obligations	—	—
Bonds and Stocks	2,841,016,621	3,265,183,168
Mortgage-Backed Securities	95,275,069	160,870,540
Mortgage and Construction Loans	92,345,980	109,927,167
Equity Interest in Real Estate	84,495,722	192,057,840
Real Estate Investment Trusts Held by Custodian	—	49,730,270
Pooled Investments	211,980,673	472,828,216
Private Placements	456,557,446	47,929,308
Total Investments	3,874,977,644	4,400,566,789
Accrued Investment Income	14,317,270	21,895,985
Due from Primary Government	24,354,771	57,423,365
Due from Component Units	166,660	—
Receivables from Investment Sales	51,797,263	27,609,212
Other Receivables	473,054	11,944,215
Cash and Investments Held as Collateral for Secuities Lending	544,026,578	1,086,175,835
Capital Assets	422,237	422,237
Total Assets	4,525,950,316	5,611,980,836
LIABILITIES		
Accounts and Contracts Payable	—	—
Payables for Investment Purchases	83,174,040	31,435,872
Benefits and Claims Payable	5,219,683	6,405,458
Due to Primary Government	3,103,995	—
Due to Component Units	—	—
Amount Due to Broker for Securities Lending	544,026,578	1,086,175,835
Other Liabilities	44,413,961	6,613,770
Total Liabilities	679,938,257	1,130,630,935
NET ASSETS		
Net Assets Held in Trust for Pension and Employee Benefits	3,846,012,059	4,481,349,901
Death Benefit and Disability Income Protection Reserves	—	—
Total Net Assets	$ 3,846,012,059	$ 4,481,349,901

See accompanying independent auditors' report.

Employee Benefit Fund	Employee Disability Income Protection Fund	Total Pension and Other Employee Benefit Funds	Agency Funds	Total
$ 2,021,859	$ —	$ 23,379,896	$ 2,974,901	$ 26,354,797
—	—	195,346,413	—	195,346,413
16,028,821	—	16,028,821	—	16,028,821
56,200	—	56,200	—	56,200
7,703,914	—	6,113,903,703	—	6,113,903,703
19,091,808	—	275,237,417	—	275,237,417
—	—	202,273,147	—	202,273,147
—	—	276,553,562	—	276,553,562
—	—	49,730,270	—	49,730,270
7,183,577	—	691,992,466	14,402,319	706,394,785
—	—	504,486,754	—	504,486,754
50,064,320	—	8,325,608,753	14,402,319	8,340,011,072
—	—	36,213,255	—	36,213,255
20,180,456	2,169,947	104,128,539	—	104,128,539
—	—	166,660	—	166,660
—	—	79,406,475	—	79,406,475
—	—	12,417,269	—	12,417,269
—	—	1,630,202,413	—	1,630,202,413
—	—	844,474	—	844,474
72,266,635	2,169,947	10,212,367,734	17,377,220	10,229,744,954
—	—	—	2,308,946	2,308,946
—	—	114,609,912	—	114,609,912
—	2,919	11,628,060	—	11,628,060
536,226	—	3,640,221	777,597	4,417,818
1,533,919	—	1,533,919	—	1,533,919
—	—	1,630,202,413	—	1,630,202,413
34,666,686	1,167,028	86,861,445	14,290,677	101,152,122
36,736,831	1,169,947	1,848,475,970	17,377,220	1,865,853,190
7,647,695	1,000,000	8,336,009,655	—	8,336,009,655
27,882,109	—	27,882,109	—	27,882,109
$ 35,529,804	$ 1,000,000	$ 8,363,891,764	$ —	$ 8,363,891,764

City of Detroit, Michigan
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	Retirement Systems		Employee Benefits		
	General Retirement System	Policemen & Firemen Retirement System	Employee Benefit Fund	Employee Disability Income Protection Plan	Total
ADDITIONS:					
Employer Contributions	$ 41,444,808	$ 57,423,366	$ 264,506,290	$ 2,157,875	$ 365,532,339
Plan Member Contributions	19,438,360	10,043,736	24,497,810	—	53,979,906
Other Income	—	—	19,704	—	19,704
Total Contributions	60,883,168	67,467,102	289,023,804	2,157,875	419,531,949
Investment Earnings	614,322,130	644,201,339	3,789,011	—	1,262,312,480
Total Additions	675,205,298	711,668,441	292,812,815	2,157,875	1,681,844,429
DEDUCTIONS:					
Pension and Annuity Benefits	206,185,678	225,249,848	—	—	431,435,526
Premiums to Insurers and Damage Claims	—	—	290,767,011	2,156,568	292,923,579
Refunds	73,588,557	36,708,695	—	—	110,297,252
General and Administrative Expenses	4,498,224	3,744,225	8,077	—	8,250,526
Total Deductions	284,272,459	265,702,768	290,775,088	2,156,568	842,906,883
Net Increase	390,932,839	445,965,673	2,037,727	1,307	838,937,546
Net Assets, Beginning of Year	3,455,079,220	4,035,384,228	33,492,077	998,693	7,524,954,218
Net Assets, End of Year	$ 3,846,012,059	$ 4,481,349,901	$ 35,529,804	$ 1,000,000	$ 8,363,891,764

See accompanying independent auditors' report.

City of Detroit, Michigan
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2007

	Condemnation Awards Fund	Fire Insurance Escrow Fund	Other Agency Funds	Total
ASSETS				
Cash	$ 1,630,995	$ 892,858	$ 451,048	$ 2,974,901
Investments	—	14,402,319	—	14,402,319
Total Assets	$ 1,630,995	$ 15,295,177	$ 451,048	$ 17,377,220
LIABILITIES				
Accounts Payable	$ —	$ 226,903	$ —	$ 226,903
Awards Payable	1,630,995	—	—	1,630,995
Advances from Outside Sources	—	14,290,677	—	14,290,677
Escrow Payable	—	—	451,048	451,048
Due to Other Funds	—	777,597	—	777,597
Total Liabilities	$ 1,630,995	$ 15,295,177	$ 451,048	$ 17,377,220

See accompanying independent auditors' report.

City of Detroit, Michigan
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2007

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
Condemnation Awards Fund				
ASSETS				
Cash	$ 1,630,995	$ —	$ —	$ 1,630,995
Total Assets	$ 1,630,995	$ —	$ —	$ 1,630,995
LIABILITIES				
Awards Payable	$ 1,630,995	$ —	$ —	$ 1,630,995
Total Liabilities	$ 1,630,995	$ —	$ —	$ 1,630,995
Fire Insurance Escrow Fund				
ASSETS				
Cash	$ 262,637	$ 630,221	$ —	$ 892,858
Investments	11,112,960	3,289,359	—	14,402,319
Total Assets	$ 11,375,597	$ 3,919,580	$ —	$ 15,295,177
LIABILITIES				
Accounts and Contracts Payable	$ 91,143	$ 135,760	$ —	$ 226,903
Due to Other Funds	631,384	646,368	500,155	777,597
Advances from Outside Sources	10,653,070	3,637,607	—	14,290,677
Total Liabilities	$ 11,375,597	$ 4,419,735	$ 500,155	$ 15,295,177
Other Agency Funds				
ASSETS				
Cash	$ 726,980	$ —	$ 275,932	$ 451,048
Total Assets	$ 726,980	$ —	$ 275,932	$ 451,048
LIABILITIES				
Escrow Payable	$ 726,980	$ —	$ 275,932	$ 451,048
Total Liabilities	$ 726,980	$ —	$ 275,932	$ 451,048
Total Agency Funds				
ASSETS				
Cash	$ 2,620,612	$ 630,221	$ 275,932	$ 2,974,901
Investments	11,112,960	3,289,359	—	14,402,319
Total Assets	$ 13,733,572	$ 3,919,580	$ 275,932	$ 17,377,220
LIABILITIES				
Accounts and Contracts Payable	$ 1,722,138	$ 135,760	$ —	$ 2,308,946
Due to Other Funds	631,384	646,368	500,155	777,597
Other Liabilities	11,380,050	3,637,607	275,932	14,290,677
Total Liabilities	$ 13,733,572	$ 4,419,735	$ 776,087	$ 17,377,220

See accompanying independent auditors' report.

S T A T I S T I C A L S E C T I O N

(UNAUDITED)

The Statistical Section contains:

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

Schedule 1
City of Detroit, Michigan
Net Assets by Component, Last Six Fiscal Years
(In Thousands)
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year		
	2007	**2006**	**2005**
Governmental Activities			
Invested in capital assets, net of related debt	$ 592,162	$ 603,086	$ 562,312
Restricted	157,360	29,492	30,488
Unrestricted(Deficit)	(602,506)	(608,736)	(586,294)
Total governmental activities net assets	147,016	23,842	6,506
Business-type Activities			
Invested in capital assets, net of related debt	1,150,525	914,032	1,050,443
Restricted	266,995	385,380	287,779
Unrestricted	175,649	377,799	280,770
Total business-type activities net assets	1,593,169	1,677,211	1,618,992
Primary Government			
Invested in capital assets, net of related debt	1,742,687	1,517,118	1,612,755
Restricted	424,355	414,872	318,267
Unrestricted(Deficit)	(426,857)	(230,937)	(305,524)
Total primary government net assets	$ 1,740,185	$ 1,701,053	$ 1,625,498

Source: City of Detroit, Comprehensive Annual Financial Reports for Fiscal Years ending June 30, 2002 through 2007

See accompanying independent auditors' report.

Fiscal Year		
2004	2003	2002
$ 423,119	$ 419,594	$ 366,474
85,250	113,243	69,705
(315,219)	(102,285)	(1,459)
193,150	430,552	434,720
1,063,418	1,035,281	1,185,981
199,037	120,671	101,577
283,586	326,646	261,176
1,546,041	1,482,598	1,548,734
1,486,537	1,454,875	1,552,455
284,287	233,914	171,282
(31,633)	224,361	259,717
$ 1,739,191	$ 1,913,150	$ 1,983,454

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

	Fiscal Year		
	2007	**2006**	**2005**
Expenses			
Governmental Activities:			
Public Protection	$ 633,174,260	$ 681,052,276	$ 876,156,606
Health	153,368,566	177,363,962	170,039,930
Recreation and Culture	36,050,284	69,192,054	75,145,276
Economic Development	93,705,705	95,641,855	114,865,586
Educational Development	57,658,134	64,670,870	73,770,757
Housing Supply and Conditions	7,904,903	14,737,981	17,980,767
Physical Environment	213,287,711	243,949,975	277,305,834
Transportation Facilitation	71,947,094	79,343,398	46,272,594
Development and Management	297,443,586	240,246,357	214,746,647
Interest on Long-Term Debt	140,861,674	126,659,186	65,252,896
Total Government Activities Expenses	1,705,401,917	1,792,857,914	1,931,536,893
Business-type Activities:			
Sewage Disposal	427,788,717	311,303,765	192,421,480
Transportation	200,555,312	190,358,944	204,913,780
Water	335,000,188	282,149,274	195,085,657
Automobile Parking	16,306,759	19,474,446	26,295,677
Airport	2,960,042	3,044,030	3,140,746
Housing	-	-	-
Total Business-type Activities Expenses	982,611,018	806,330,459	621,857,340
Total Primary Government Expenses	2,688,012,935	2,599,188,373	2,553,394,233
Program Revenues			
Governmental Activities:			
Charges for Services:			
Public Protection	99,021,130	51,757,423	90,825,019
Health	14,987,496	14,224,550	13,026,677
Recreation and Culture	17,233,370	27,367,110	11,474,294
Economic Development	9,010,210	13,946,969	5,427,118
Educational Development	2,781,677	-	-
Housing Supply and Conditions	127,757	1,636,711	6,700,117
Physical Environment	133,048,222	74,915,029	81,944,899
Transportation Facilitation	79,156	1,355	-
Development and Management	154,386,499	156,799,556	198,570,684
Operating Grants and Contributions	271,970,335	245,061,788	246,248,865
Capital Grants and Contributions	65,941,108	91,806,940	135,504,749
Total Governmental Activities Program Revenues	768,586,960	677,517,431	789,722,422
Business-type Activities:			
Charges for services:			
Sewage Disposal	346,906,614	354,455,204	254,350,136
Transportation	26,047,091	25,173,805	22,959,490
Water	268,286,093	276,230,766	193,954,987
Automobile Parking	18,114,461	21,125,510	13,627,650
Airport	1,087,844	989,722	1,180,584
Housing	-	-	-
Operating grants and contributions	81,959,301	73,801,668	88,110,603
Capital grants and contributions	14,097,605	9,502,218	15,080,720
Total Business-type Activities Program Revenues	756,499,009	761,278,893	589,264,170
Total Primary Government Program Revenues	1,525,085,969	1,438,796,324	1,378,986,592

See accompanying independent auditors' report.

Fiscal Year		
2004	2003	2002
$ 755,816,119	$ 593,346,429	$ 583,268,178
172,601,779	194,876,044	178,170,414
82,148,669	81,400,879	82,648,072
102,680,484	102,939,042	87,326,910
95,655,097	85,957,839	86,031,311
21,190,178	18,566,688	16,780,370
267,232,775	273,247,867	301,889,519
49,857,971	44,217,658	21,087,215
350,969,773	371,360,739	299,360,664
58,080,402	44,661,255	42,441,532
1,956,233,247	1,810,574,440	1,699,004,185
186,979,859	261,671,404	261,213,329
206,319,905	196,162,781	187,415,767
198,120,130	249,329,295	232,528,496
21,990,714	21,534,236	17,833,061
4,030,607	3,845,438	5,543,048
-	75,784,985	67,818,451
617,441,215	808,328,139	772,352,152
2,573,674,462	2,618,902,579	2,471,356,337
88,817,490	68,146,542	72,722,670
11,875,150	17,535,790	11,524,837
10,363,646	8,859,373	13,301,976
20,512,694	20,089,274	28,095,737
-	-	-
16,617,400	33,624,540	20,224,369
85,667,448	102,937,079	88,338,713
-	-	-
84,682,688	19,590,685	73,668,036
315,321,964	365,857,900	398,262,378
115,528,611	35,557,492	26,809,665
749,387,091	672,198,675	732,948,381
195,947,900	288,111,143	267,993,505
24,712,839	25,182,188	24,084,896
223,092,260	244,781,888	209,227,939
19,618,019	19,253,924	20,682,973
972,659	1,193,786	2,235,228
-	12,490,749	9,877,521
89,345,418	115,981,521	111,302,571
33,758,751	41,632,443	56,035,404
587,447,846	748,627,642	701,440,037
1,336,834,937	1,420,826,317	1,434,388,418

(continued)

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

	Fiscal Year		
	2007	**2006**	**2005**
Net (Expense) Revenue			
Governmental Activities	(936,814,957)	(1,115,340,483)	(1,141,814,471)
Business-type Activities	(226,112,009)	(45,051,566)	(32,593,170)
Total Primary Government Net Expense	(1,162,926,966)	(1,160,392,049)	(1,174,407,641)
General Revenues and Other Changes in Net Assets			
Governmental Activities:			
Taxes			
Property taxes	241,428,477	243,621,932	239,507,939
Municipal income tax	278,309,191	284,111,220	282,501,875
Utility Users' tax	53,768,977	122,824,621	52,939,839
Wagering tax	179,763,570	156,588,917	137,970,347
Hotel and Liquor tax	17,579,292	16,287,676	16,310,767
Other taxes and assessments	16,201,899	13,602,597	-
State shared taxes	272,635,060	280,818,221	282,914,217
Interest and Penalty on taxes	10,342,478	9,181,155	11,712,960
Investment earnings	24,075,811	18,396,691	14,464,802
Miscellaneous revenue	37,634,868	22,780,845	9,984,374
Gain (Loss) on disposal of capital assets	(31,728)	(308,855)	(3,551,036)
Special Item-Casino Dev Revenue	-	-	-
Transfers	(71,720,196)	(35,227,632)	(89,585,306)
Total Governmental Activities	1,059,987,699	1,132,677,388	955,170,778
Business-type Activities:			
Investment earnings	-	39,193,811	22,808,775
Miscellaneous revenue(expense)	69,331,846	2,879,273	(6,850,110)
Gain (Loss) on disposal of capital assets	1,017,226	25,970,429	-
Transfers	71,720,196	35,227,632	89,585,306
Total Business-type Activities	142,069,268	103,271,145	105,543,971
Total Primary Government	1,202,056,967	1,235,948,533	1,060,714,749
Changes in Net Assets			
Governmental Activities	123,172,742	17,336,905	(186,643,693)
Business-type Activities	(84,042,741)	58,219,579	72,950,801
Total Primary Government	$ 39,130,001	$ 75,556,484	$ (113,692,892)

Source: City of Detroit, Comprehensive Annual Financial Reports for Fiscal Years ending June 30, 2002 through 2007

See accompanying independent auditors' report.

Fiscal Year		
2004	**2003**	**2002**
(1,206,846,156)	(1,138,375,765)	(966,055,804)
(29,993,369)	(59,700,497)	(70,912,115)
(1,236,839,525)	(1,198,076,262)	(1,036,967,919)
253,880,972	221,338,662	235,867,542
290,614,837	310,935,044	323,515,510
47,422,918	55,526,093	52,105,772
116,145,598	111,341,292	109,461,713
16,217,263	16,217,213	-
4,337,425	17,553,911	17,518,357
286,479,535	319,055,457	333,763,510
13,780,520	9,311,836	10,783,829
4,500,270	5,690,589	18,146,740
13,624,695	7,758,701	21,179,610
(451,750)	6,753,937	-
-	132,000,000	-
(77,108,036)	(79,275,808)	(85,569,251)
969,444,247	1,134,206,927	1,036,773,332
12,516,207	18,645,400	28,789,163
3,812,743	4,488,833	3,509,544
-	(682,409)	-
77,108,036	79,275,808	85,569,251
93,436,986	101,727,632	117,867,958
1,062,881,233	1,235,934,559	1,154,641,290
(237,401,909)	(4,168,838)	70,717,528
63,443,617	42,027,135	46,955,843
$ (173,958,292)	$ 37,858,297	$ 117,673,371

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

	Fiscal Year				
	2007	**2006**	**2005**	**2004**	**2003**
General Fund:					
Reserved	$ 64,169,704	$ 66,502,619	$ 121,809,601	$ 164,248,792	$ 209,367,618
Unreserved (deficit)	(155,575,800)	(173,678,707)	(155,404,035)	(95,032,523)	(69,063,211)
Total General Fund	$ (91,406,096)	$ (107,176,088)	$ (33,594,434)	$ 69,216,269	$ 140,304,407
All Other Governmental Funds:					
Reserved:					
Retirement Service Funds	$ 24,927,727	$ 24,955,781	$ 46,884,125	$ -	$ -
Special Revenue Funds	72,014,875	14,657,665	14,946,632	13,418,399	11,409,788
Capital Projects Fund	88,507,405	134,433,861	139,812,882	159,136,549	181,966,978
Debt Service Funds	39,781,836	27,799,931	29,061,404	70,466,781	42,773,395
Permanent Funds	1,445,462	1,291,569	1,253,623	1,232,820	1,210,005
Total Reserved	226,677,305	203,138,807	231,958,666	244,254,549	237,360,166
Unreserved:					
Special Revenue Funds	22,230,294	77,241,086	76,896,645	74,394,377	78,730,702
Capital Projects Fund	-	-	-	-	-
Debt Service Funds	-	-	-	-	-
Total Unreserved	22,230,294	77,241,086	76,896,645	74,394,377	78,730,702
Total All Other Governmental Funds	$ 248,907,599	$ 280,379,893	$ 308,855,311	$ 318,648,926	$ 316,090,868

Source: City of Detroit, Comprehensive Annual Financial Reports for Fiscal Years ending June 30, 1998 through 2007

See accompanying independent auditors' report.

Fiscal Year				
2002	2001	2000	1999	1998
$ 163,780,306	$ 174,840,303	$ 151,158,816	$ 163,117,742	$ 144,711,344
42,440,056	43,250,036	65,927,526	71,130,077	102,184,663
$ 206,220,362	$ 218,090,339	$ 217,086,342	$ 234,247,819	$ 246,896,007
$ -	$ -	$ -	$ -	$ -
10,196,771	89,900,511	61,853,773	52,960,043	63,573,767
155,199,431	38,509,612	16,285,528	16,285,528	17,630,045
46,953,417	1,354,725	711,564	1,901,814	-
1,158,546	-	-	-	-
213,508,165	129,764,848	78,850,865	71,147,385	81,203,812
69,551,548	2,090,991	8,646,105	5,108,031	4,628,256
-	110,790,874	239,680,261	148,761,677	118,595,677
-	49,993	1,326,889	2,702,823	6,825,753
69,551,548	112,931,858	249,653,255	156,572,531	130,049,686
$ 283,059,713	$ 242,696,706	$ 328,504,120	$ 227,719,916	$ 211,253,498

Schedule 4

City of Detroit, Michigan

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

(Unaudited)

	Fiscal Year				
	2007	**2006**	**2005**	**2004**	**2003**
Revenues					
Taxes:					
Property Taxes	$ 257,003,325	$ 243,621,932	$ 238,771,142	$ 249,372,955	$ 224,290,723
Municipal Income Tax	278,309,191	284,111,220	282,501,875	290,614,837	310,935,044
Utility Users' Tax	53,768,977	60,019,626	52,939,839	50,473,815	55,329,177
Wagering Taxes	179,763,570	156,588,917	137,970,347	116,145,598	111,341,292
Gas and Weight Tax	62,080,522	62,804,995	63,476,425	65,806,351	61,048,895
Other Taxes and Assessments	16,201,899	13,583,421	13,565,118	14,911,156	17,015,374
State Hotel and Liquor Tax	17,579,292	16,287,676	16,310,767	16,217,263	16,217,213
State Shared Taxes	272,084,669	279,467,063	282,914,217	286,479,535	319,055,457
Shared Taxes-Liquor and Beer Licenses	550,391	1,351,158	602,582	528,355	538,537
Interest and Penalties on Taxes	10,342,478	9,181,155	11,491,470	13,969,136	9,311,836
Licenses, Permits and Inspection Charges	31,986,424	34,233,992	35,006,518	29,463,914	24,881,416
Intergovernmental:					
Federal	219,592,658	218,119,145	276,372,474	253,620,853	246,941,389
State	41,878,552	75,774,530	36,867,375	64,707,175	59,912,152
Health	-	-	-	-	-
State Equity Grant	-	-	1,076,931	982,701	2,066,684
Other	14,359,711	25,192,384	16,346,773	36,215,990	31,345,358
Sales and Charges for Services	243,533,764	189,253,428	183,294,833	190,928,138	174,532,811
Ordinance Fines and Forfeitures	25,680,231	21,525,257	27,481,642	28,237,898	24,146,924
Revenue from Use of Assets	37,634,876	22,780,845	16,782,057	28,696,431	31,883,204
Investment Earnings	24,075,811	18,396,691	14,464,802	4,500,270	5,690,589
Other Revenue	123,867,578	106,521,883	131,657,892	124,787,604	102,385,529
Total Revenues	1,910,293,919	1,838,815,318	1,839,895,079	1,866,659,975	1,828,869,604
Expenditures					
Current:					
Public Protection	654,137,306	687,251,414	1,423,581,547	738,330,832	609,579,375
Health	154,283,807	177,723,221	197,473,468	172,301,527	194,570,040
Recreation and Culture	24,648,968	55,390,716	99,296,179	73,769,563	78,478,378
Economic Development	86,454,732	88,424,272	99,655,593	96,272,459	96,998,290
Educational Development	58,021,384	64,427,129	77,259,012	95,579,152	85,853,927
Housing Supply and Conditions	8,412,644	14,786,461	27,863,296	21,150,047	18,534,603
Physical Environment	197,682,760	220,208,683	301,784,627	232,268,536	252,006,036
Transportation Facilitiation	72,482,752	79,343,398	46,272,594	49,857,971	44,217,657
Development and Management	310,231,013	233,297,837	495,348,897	387,713,093	399,417,971
Debt Service:					
Principal	95,599,337	88,150,364	73,544,336	81,450,470	86,770,163
Interest	138,408,774	120,956,704	51,462,415	53,075,658	43,761,038
Bond Issuance Costs	-	56,147,009	44,262,505	5,591,428	1,652,845
Capital Outlay	69,848,815	175,169,666	282,545,708	162,593,794	69,605,285
Total Expenditures	1,870,212,292	2,061,276,874	3,220,350,177	2,169,954,530	1,981,445,608
Excess (Deficiency) of Revenues Over Expenditures	40,081,627	(222,461,556)	(1,380,455,098)	(303,294,555)	(152,576,004)
Other Financing Sources(Uses)					
Sources:					
Transfers In	176,069,587	129,799,480	141,075,789	162,683,542	126,941,018
Pension Obligation Certificates Issued	-	771,087,137	1,170,607,421	-	-
Swap Termination Fee	-	38,969,807	-	-	-
Proceeds of Section 108 Federal Note	14,958,000	1,800,000	7,789,000	-	-
Proceeds of Capital Leases	-	34,892,659	315,351	24,541,150	113,530,000
Proceeds from Debt Issuance	-	81,903,071	353,830,000	347,398,138	5,161,762
Premium from Debt Issuance	-	3,778,114	13,014,675	18,570,675	-
Total Other Financing Sources	191,027,587	1,062,230,268	1,686,632,236	553,193,505	245,632,780
Uses:					
Transfers Out	(247,789,783)	165,027,112	230,661,095	239,791,578	206,216,826
Principal Paid to Bond Agent for Refunded Bonds	-	764,864,391	161,800,000	120,725,000	-
Interest Paid to Bond Agent for Refunded Bonds	-	1,741,161	10,865,420	2,847,682	-
Total Other Financing Uses	(247,789,783)	931,632,664	403,326,515	363,364,260	206,216,826
Total Other Financing Sources (Uses)	(56,762,196)	130,597,604	1,283,305,721	189,829,245	39,415,954
Special Item-Casino Development Revenue	-	-	-	38,250,000	93,750,000
Net Change in Fund Balances	(16,680,569)	(91,863,952)	(97,149,377)	(75,215,310)	(19,410,050)
Fund Balance at Beginning of Year	173,203,805	275,260,877	387,865,195	456,395,275	489,280,075
Prior Year Adjustment/Accounting Change	-	-	-	-	-
Increase (Decrease) in Inventories	978,267	(10,193,120)	(15,454,941)	6,685,230	(13,474,750)
Fund Balance at End of Year	$ 157,501,503	$ 173,203,805	$ 275,260,877	$ 387,865,195	$ 456,395,275

Source: City of Detroit, Comprehensive Annual Financial Reports for Fiscal Years ending June 30, 1998 through 2007

See accompanying independent auditors' report.

Fiscal Year				
2002	2001	2000	1999	1998
$ 235,867,542	$ 152,810,738	$ -	$ 145,459,046	$ 144,067,977
323,515,510	341,003,997	-	370,417,475	361,603,692
52,105,772	54,270,230	-	50,924,267	50,144,609
109,461,713	85,793,174	-	-	-
60,765,471	12,499,740	-	-	-
16,988,370	8,030,323	-	9,195,526	6,973,339
16,278,163	-	-	-	-
333,763,510	642,765,516	720,737,381	256,272,168	552,415,552
529,987	547,690	-	332,532,167	514,570
10,783,829	25,922,264	681,474,492	25,528,020	24,555,923
24,857,012	28,824,236	29,828,990	24,426,007	23,726,467
267,557,341	54,199,190	-	-	-
51,267,772	-	-	-	-
-	-	-	55,284,508	53,162,951
-	3,551,318	-	3,546,856	3,869,575
29,203,296	19,542,437	-	12,363,788	10,071,438
203,321,599	185,731,909	176,947,615	150,481,902	148,216,907
28,373,589	22,151,403	23,573,391	20,032,430	19,885,228
21,771,275	45,012,837	32,090,957	30,004,368	4,787,248
18,146,740	-	-	-	20,398,784
142,977,087	89,229,509	57,512,847	75,669,129	106,185,757
1,947,535,578	1,771,886,511	1,722,165,673	1,562,137,657	1,530,580,017
601,013,576	598,723,406	531,139,943	502,979,585	516,515,695
177,825,606	170,702,663	164,662,410	140,777,448	146,389,152
79,786,788	67,393,419	68,698,607	65,077,273	70,908,502
80,957,396	137,219,929	132,876,688	83,907,140	67,465,511
85,515,642	49,543,144	28,894,210	29,084,169	25,778,840
16,747,351	96,392,546	85,720,446	74,866,247	74,808,911
292,579,453	275,368,548	282,839,381	242,808,604	274,823,524
21,087,215	15,786,893	9,807,924	38,892,162	21,735,337
354,174,726	250,911,948	328,474,911	322,394,661	246,876,487
79,568,844	-	-	-	-
42,442,667	-	-	-	-
2,571,220	-	-	-	-
117,575,095	-	-	-	-
1,951,845,579	1,662,042,496	1,633,114,520	1,500,787,289	1,445,301,959
(4,310,001)	109,844,015	89,051,153	61,350,368	85,278,058
170,584,496	113,782,958	114,728,450	158,791,282	107,178,870
-	-	-	-	-
-	-	-	-	-
50,326,480	-	-	-	-
105,323,533	-	-	-	-
-	-	34,698,568	253,477	93,701,620
1,628,598	-	-	-	-
327,863,107	113,782,958	149,427,018	159,044,759	200,880,490
256,153,747	239,882,675	224,493,716	255,286,600	221,354,837
49,428,274				36,845,058
-	-	11,024,254	-	-
305,582,021	239,882,675	235,517,970	255,286,600	258,199,895
22,281,086	(126,099,717)	(86,090,952)	(96,241,841)	(57,319,405)
-	-	-	-	-
17,971,085	(16,255,702)	2,960,201	(34,891,473)	27,958,653
465,094,880	287,586,219	292,315,892	315,098,030	281,690,114
-	40,952,333	-	-	(2,394,689)
6,214,110	(2,201,010)	(7,689,874)	12,109,335	7,843,952
$ 489,280,075	$ 310,081,840	$ 287,586,219	$ 292,315,892	$ 315,098,030

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

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property
2007	$ 5,615,395	$ 1,899,540	$ 737,484
2006	5,240,724	1,649,966	753,566
2005	4,943,144	1,574,914	730,307
2004	4,677,471	1,565,818	658,676
2003	4,329,989	1,546,470	594,529
2002	N/A	N/A	N/A
2001	N/A	N/A	N/A
2000	N/A	N/A	N/A
1999	N/A	N/A	N/A
1998	N/A	N/A	N/A

Source: City of Detroit, Finance Department -Assessor's Office (Only total taxable values are available for fiscal years 1998 to 2002)

Total Taxable Assessed Value	Total Direct Tax Rate (Per Thousand of Taxable Value)	Estimated Actual Value
$ 8,252,419	31.34	26,238,370
7,644,256	30.02	26,513,090
7,248,365	30.44	25,368,850
6,901,965	30.88	24,083,510
6,470,988	30.88	24,096,654
7,639,805	31.90	21,951,604
7,204,381	31.68	19,648,598
6,856,682	31.10	17,256,888
6,631,616	31.18	15,133,572
6,450,577	31.24	13,910,432

Schedule 6
City of Detroit, Michigan
Direct and Overlaping Property Tax Rates
Last Ten Fiscal Years
(Rate Per $1,000 of Assessed Value)
(Unaudited)

	City Direct Rates		
Fiscal Year	**Basic General City Rate**	**Debt Service**	**Total Direct**
2007	22.9448	8.3951	31.3399
2006	22.9448	7.0753	30.0201
2005	22.9563	7.4796	30.4359
2004	22.9563	7.9245	30.8808
2003	22.9563	7.9217	30.8780
2002	22.9563	8.9437	31.9000
2001	22.9563	8.7220	31.6783
2000	23.0000	8.0950	31.0950
1999	23.0000	8.1750	31.1750
1998	23.0000	8.2380	31.2380

City of Detroit's Budget Department
(Red Books for 1998 through 2007)

Overlapping Rates

Detroit Public Schools				State
Homestead	Non-Homestead	Library	County	Education Tax
13.0000	31.0000	4.6307	13.9980	6.0000
13.0700	30.6236	4.6307	13.9778	6.0000
13.0000	31.0000	3.6331	13.9861	6.0000
13.8000	31.8000	3.6331	13.9886	5.0000
13.1900	31.1900	3.6331	13.9895	6.0000
10.5000	28.5000	3.6331	12.5395	6.0000
7.0000	25.0000	3.6331	11.0565	6.0000
5.9000	23.9000	2.6400	11.1390	6.0000
6.4500	24.4500	2.6400	11.3200	6.0000
7.5900	25.5900	2.6400	11.3700	6.0000

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

	2007		
Taxpayer	**Taxable Assessed Value (Note 1)**	**Rank**	**Percentage of Total City Taxable Assessed Value (Note 2)**
Dailmer-Chrysler Corporation	$ 720,318	1	7.63 %
Detroit Edison	330,632	2	3.50
General Motors Corporation	395,334	3	4.19
MGM Grand Detroit LLC	164,717	4	1.75
American Axle & Manufacturing	165,559	5	1.75
Marathon Oil/Ashland Petroleum LLC	141,231	6	1.50
Michigan Consolidated Gas	91,016	7	0.96
ATT Mobility LLC t/k/a Cingular Wireless	75,834	8	0.80
Detroit Entertainment LLC	66,664	9	0.71
One Detroit Center LP	85,564	10	0.91
Ford Motor Company	N/A	N/A	N/A
Trizec Properties	N/A	N/A	N/A
American Natural Resource	N/A	N/A	N/A
Detroit Newspaper Agency	N/A	N/A	N/A
C.B. Commercial (Madden)	N/A	N/A	N/A

Note 1 Source: City of Detroit -Assessor's Office
Note 2 Source: City of Detroit, Finance Department-Assessor's Office(Percent of
Note 3 Source: City of Detroit, June 30, 1998 Comprehensive Annual Financial Report(Exhibit AA-14)

1998 (Note 3)		
Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
$ 619,292	1	8.90 %
297,678	2	4.27
265,725	3	3.82
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
168,645	4	3.82
N/A	N/A	N/A
N/A	N/A	N/A
59,601	5	2.42
52,158	6	0.75
28,380	8	0.46
31,767	7	0.41
27,359	9	0.39
25,017	10	0.36

Schedule 8
City of Detroit, Michigan
Property Tax Levies and Collections
Last Ten Fiscal Years
(Amounts Expressed in Thousands)
(Unaudited)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2007	$ 268,630	$ 255,353	95.06 %
2006	263,532	244,189	92.66
2005	254,533	238,059	93.53
2004	242,235	231,696	95.65
2003	246,284	207,628	84.30
2002	243,710	212,435	87.17
2001	254,397	218,915	86.05
2000	231,310	210,805	91.14
1999	224,248	199,594	89.01
1998	218,533	193,536	88.56

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

Total Collections to Date		
Collections in Subsequent Years	Amount	Percentage of Levy
$ -	$ 255,353	95.06 %
2,493	246,682	93.61
8,942	247,001	97.04
17,677	249,373	102.95
16,663	224,291	91.07
23,433	235,868	96.78
15,854	234,769	92.28
17,606	228,411	98.75
14,302	213,896	95.38
15,832	209,368	95.81

Schedule 9
City of Detroit, Michigan
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Dollars in Thousands, Except Per Capita)
(Unaudited)

	Governmental Activities (Note 1)			
Fiscal Year	**General Obligation Bonds**	**Detroit Building Authority Bonds**	**Revenue Bonds**	**(Note 1) Pension Obligation Certificates**
2007	$ 883,510	$ 6,955	$ 105,600	$ 1,484,485
2006	953,275	8,322	114,183	1,484,485
2005	967,895	9,922	125,013	1,440,000
2004	827,370	11,414	135,368	-
2003	654,625	12,780	123,000	-
2002	602,400	13,859	132,290	-
2001	540,535	15,097	141,145	-
2000	584,805	16,240	149,615	-
1999	573,970	17,297	154,265	-
1998	570,180	17,910	158,705	-

Note 1 Source: City of Detroit - Comprehensive Annual Financial Report for fiscal year ended June 30, 2007 through 1998
Note 2 Source: Per Capita calculations exclude Governmental and Business-type Activities Revenue Bonds

Business-type Activities (Note 1)				
Sewage Disposal System Revenue Bonds	Water Supply System Revenue Bonds	Automobile Parking Revenue Bonds	Total Primary Government	Per Capita (Note2)
$ 3,031,201	$ 2,345,789	$ 43,590	$ 7,901,130	$ 8,305.88
2,657,446	1,971,744	54,230	7,243,685	7,614.75
2,653,827	1,991,615	60,845	7,249,117	7,620.46
2,375,153	1,713,435	67,100	5,129,839	5,392.62
2,311,621	1,718,985	73,015	4,894,026	5,144.72
1,721,185	1,313,570	78,520	3,861,824	4,059.65
1,200,362	1,331,710	83,930	3,312,778	3,482.48
1,120,136	923,365	88,570	2,882,731	3,030.40
791,061	679,166	63,055	2,278,814	2,278.19
800,452	690,301	39,475	2,277,023	2,276.40

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

	General Bonded Debt (Note 1)		
Fiscal Year	**General Bonds**	**Detroit Building Authority Bonds**	**Total**
2007	$ 883,510	$ 6,955	$ 890,465
2006	953,275	8,322	961,597
2005	967,895	9,922	977,817
2004	827,370	11,414	838,784
2003	654,625	12,780	667,405
2002	602,400	13,859	616,259
2001	540,535	15,097	555,632
2000	584,805	16,240	601,045
1999	573,970	17,297	591,267
1998	570,180	17,910	588,090

Note 1 Source: City of Detroit - Comprehensive Annual Financial Report for fiscal year ended June 30, 1998 through 2007
Note 2 Source: City of Detroits' Budget Department (Red Books for 1998 through 2007)

General Bonded Debt (Note 1)		
Taxable Value (Note 2)	Percentage of Actual Taxable Value of Property (Note 2)	Per Capita (Note 2)
8,996,155	9.90	$ 936.08
8,749,830	10.98	1,010.86
8,335,790	11.73	1,027.91
7,844,209	10.69	881.75
7,976,048	8.37	701.59
7,639,805	8.07	647.83
7,204,381	7.71	584.09
6,856,682	8.77	631.83
6,631,616	8.92	591.11
6,450,577	9.12	587.93

Schedule 11
City of Detroit, Michigan
Direct and Overlapping Governmental Activities Debt
As of June 30, 2007
(Dollars in Thousands)
(Unaudited)

Govermental Unit	Debt Outstanding	Estimated Percent Applicable to City of Detroit	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Detroit Public Schools	$ 1,574,155	100.00 %	$ 1,574,155
Wayne County	92,442	18.39	17,000
Wayne County Community College	50,100	29.12	14,589
Subtotal, overlapping debt			1,605,744
City of Detroit direct debt	1,100,693	100.00	1,097,909
Pension Obligation Certificates (1)	1,206,770	100.00	1,026,770
City of Detroit debt			2,307,463
Total Direct and Overlapping Debt			$ 3,913,207

Source: City of Detroit Finance Dept., Debt Management Division
(1) Includes only Governmental Activities portion of the Pension Obligation Certificates.
Total Pension Obligation Certificates equal $1,484,485,000

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Schedule 12
City of Detroit, Michigan
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)
(Unaudited)

	Fiscal Year				
	2007	**2006**	**2005**	**2004**	**2003**
Debt limit	$ 1,527,708	$ 1,443,061	$ 1,390,749	$ 1,320,970	$ 1,315,574
Total net debt applicable to limit	758,805	815,002	728,229	738,889	579,119
Legal debt margin	$ 768,903	$ 628,059	$ 662,520	$ 582,081	$ 736,455
Total net debt applicable to the limit as a percentage of debt limit	49.67%	56.48%	52.36%	55.94%	44.02%

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

Fiscal Year				
2002	**2001**	**2000**	**1999**	**1998**
$ 1,323,853	$ 1,209,734	$ 1,094,584	$ 970,810	$ 853,698
572,817	499,641	533,190	514,094	497,145
$ 751,036	$ 710,093	$ 561,393	$ 456,716	$ 356,553
43.27%	41.30%	48.71%	52.96%	58.23%

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Schedule 13
City of Detroit, Michigan
Pledged Revenue Coverage
Last Ten Fiscal Years
(dollars in thousands)
(Unaudited)

Sewage Disposal Revenue Bonds

Fiscal Year	Total (a) Available Revenues	Less: Operating Expenses	Net Available Revenue	Debt (b) Service	Debt Coverage
1998	$ 230,952	$ 152,103	$ 78,849	$ 56,115	1.41
1999	240,161	156,677	83,484	54,858	1.52
2000	241,507	160,849	80,658	66,804	1.21
2001	275,281	172,283	102,998	78,809	1.31
2002	286,088	179,185	106,903	82,238	1.30
2003	291,193	159,235	131,958	102,473	1.29
2004	322,590	177,747	144,843	115,970	1.25
2005	328,519	163,400	165,119	136,635	1.21
2006	373,376	197,604	175,772	151,246	1.16
2007	380,469	199,955	180,514	156,616	1.15

Water Revenue Bonds

	Total (a) Available Revenues	Less: Operating Expenses	Net Available Revenue	Debt (b) Service	Debt Coverage
1998	$ 198,259	$ 134,203	$ 64,056	$ 44,756	1.43
1999	195,943	125,855	70,088	49,176	1.43
2000	206,361	146,559	59,802	59,703	1.00
2001	204,471	146,794	57,677	67,887	0.85
2002	219,126	155,247	63,879	72,586	0.88
2003	251,236	161,364	89,872	82,913	1.08
2004	259,641	152,562	107,079	95,331	1.12
2005	267,789	156,954	110,835	105,575	1.05
2006	295,075	146,215	148,860	107,305	1.39
2007	302,351	146,327	156,024	115,450	1.35

Automobile Parking Revenue Bonds

	Total (a) Available Revenues	Less: Operating Expenses	Net Available Revenue	Debt (b) Service	Debt Coverage
1998	$ 17,001	$ 8,037	$ 8,964	$ 2,239	4.00
1999	17,880	8,512	9,368	5,917	1.58
2000	19,407	9,407	10,000	7,897	1.27
2001	18,220	9,621	8,599	10,728	0.80
2002	20,683	9,655	11,028	10,514	1.05
2003	19,254	11,156	8,098	10,670	0.76
2004	19,478	12,295	7,183	10,510	0.68
2005	13,628	16,006	(2,378)	8,622	(0.28)
2006	21,126	10,315	10,811	10,604	1.02
2007	18,114	9,470	8,644	10,308	0.84

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

Schedule 14
City of Detroit, Michigan
Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Year	Population (Note 1)	Per Capita Personal Income	Median Age
2007	951,270	15,042	32.5
2006	951,270	15,042	32.5
2005	951,270	15,042	32.5
2004	951,270	*	*
2003	951,270	*	*
2002	951,270	*	*
2001	951,270	*	*
2000	951,270	14,717	30.9
1999	1,000,272	*	*
1998	1,000,272	*	*

Note 1 Source: 1998 &1999 are from U.S. Department of Commerce,
Current Population Reports subsequent years are based on the population
count for the City released by the U.S. Bureau of Census for 2000
Note 2 Source: Detroit Public Schools
Note 3 Source: City of Detroit 2007-2008 Executive Budget
Summary Page E5 - 2007 Rate from US Department of Labor
*Information not available

School Enrollment (Note 2)	Unemployment Rate (Note 3)
105,000	14.8 %
130,718	13.5
130,718	14.2
141,147	14.1
150,415	14.0
157,003	12.0
159,694	9.2
162,693	6.3
168,213	6.9
173,848	7.0

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

	2007 (Note 1)		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment (Note 3)**
General Motors Corporation	41,861	1	13.0 %
Henry Ford Health System	15,139	2	4.7
Detroit Medical Center	11,031	3	3.4
AT & T	N/A	4	N/A
DTE Energy Co.	7,188	5	2.2
Blue Cross and Blue Shield of Michigan	7,007	6	2.2
EDS Corp.	6,711	7	2.1
Comerica Inc.	6,169	8	1.9
DailmerChrysler AG	N/A	N/A	N/A
St. John Health System	N/A	N/A	N/A
American Axle & Manufacturing Holdings Inc.	N/A	N/A	N/A
Detroit Diesel Corporation	N/A	N/A	N/A

Note 1 Source: Crain's Book of Lists, 2007 Edition (City of Detroit Based)
Note 2 Source: City of Detroit 1998-99 Executive Budget Summary(Page 217)
Note 3 Source (Total City employment): Michigan Department of Labor & Economic Growth (Labor Market Information)

1998 (Note 2)	
Employees	**Rank**
6,500	9
7,650	7
12,055	3
2,230	17
3,091	14
2,658	15
N/A	N/A
2,445	16
12,094	4
7,223	8
4,872	10
3,400	13

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

	FTE Employees as of June 30,				
FUNCTION/PROGRAM	**2007**	**2006**	**2005**	**2004**	**2003**
General Govermental Agencies					
Executive Agencies					
Arts	-	1	1	1	1
Budget	23	23	28	28	31
Building and Safety	296	299	294	302	302
Civic Center	35	59	70	89	85
Consumer Affairs	-	14	13	17	18
Cultural Affairs	-	-	10	14	5
Public Works	748	873	1,226	1,314	1,420
Workforce Development	98	90	79	81	83
Environmental	51	21	23	29	27
Finance	310	298	402	506	525
Fire-Civilian	-	442	442	440	426
Fire-Uniform	1,479	1,069	1,281	1,286	1,368
General Services	670	-	-	-	-
Health & Wellness Promotion	335	434	505	568	579
Historical	-	6	24	39	41
Human Resources	179	174	232	266	285
Human Rights	7	7	19	25	21
Human Services	122	128	145	142	149
Information Technology Services	105	94	112	124	139
Law	134	140	180	195	191
Mayor's Office	107	59	97	100	96
Planning and Development	181	197	239	255	253
Police-Civilian	373	427	445	514	542
Police-Uniform	3,126	3,162	3,658	3,867	3,981
Communication and Creative Services	-	-	21	17	17
Public Lighting	217	228	254	281	299
Recreation	464	399	465	638	728
Senior Citizens	-	5	8	9	11
Youth	1	-	-	-	-
Zoological Institute	-	86	194	213	223
Administrative Hearings	5	5	4	-	-
Homeland Security	5	4	6	-	-
Housing	3	3	3	179	246
Legislative Agencies					
Auditor General	18	18	16	26	19
Board of Zoning Appeals	15	11	13	15	15
City Council	91	92	104	108	106
Ombudsman	7	6	9	11	13
City Clerk	25	27	30	31	27
Elections	60	65	74	75	83
Judiciary Agency					
36th District Court	31	31	31	31	31
Other Agencies					
Non-Departmental	37	41	44	29	26
Library	457	457	463	457	477
Total General Govermental Agencies	**9,815**	**9,495**	**11,264**	**12,322**	**12,889**
Enterprise Agencies					
Airport	11	13	22	26	39
Department of Transportation	1,562	1,530	1,588	1,748	1,779
Municipal Parking	114	108	108	118	123
Water and Sewage Disposal	2,224	2,311	2,592	2,735	2,942
Total Enterprise Agencies	**3,911**	**3,962**	**4,310**	**4,627**	**4,883**
Grand Total	**13,726**	**13,457**	**15,574**	**16,949**	**17,772**

Source: City of Detroit, Human Resource Department

FTE Employees as of June 30,				
2002	**2001**	**2000**	**1999**	**1998**
1	1	1	5	18
29	33	29	32	30
285	319	313	314	315
84	88	92	88	82
20	21	22	21	19
5	5	5	5	5
1,290	1,524	1,373	903	1,142
82	88	87	88	82
10	12	8	6	-
498	486	494	494	475
413	406	419	431	367
1,374	1,386	1,302	1,311	1,328
-	-	-	-	-
552	562	552	568	596
33	39	30	28	25
361	327	418	374	281
25	22	23	22	20
138	144	129	143	138
133	159	125	115	105
206	190	168	161	160
86	87	87	82	88
265	264	259	249	254
567	552	563	559	541
4,243	4,330	4,143	4,003	4,042
18	19	18	16	12
279	312	310	331	350
513	665	521	525	601
9	8	9	10	8
4	5	5	-	-
151	244	129	138	126
-	-	-	-	-
-	-	-	-	-
314	333	377	447	474
10	18	19	22	23
7	13	7	7	8
98	96	93	95	96
10	10	11	11	11
28	27	28	30	28
70	68	68	71	66
31	30	515	29	508
28	24	-	-	-
362	518	364	392	369
12,632	**13,435**	**13,116**	**12,126**	**12,793**
33	46	35	33	30
1,750	1,731	1,711	1,815	1,683
119	116	128	125	124
2,946	3,018	2,795	2,944	2,898
4,848	**4,911**	**4,669**	**4,917**	**4,735**
17,480	**18,346**	**17,785**	**17,043**	**17,528**

Schedule 17
City of Detroit, Michigan
Miscelleneous Operating Indicators by Function/Program
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year				
	2007	2006	2005	2004	2003
Public Protection:					
Police					
Number of Stations (Including 16 Mini-Stations)	12	24	28	30	35
Number of Employees (Uniform)	3,126	3,162	3,658	3,818	3,965
Number of Traffic Violations Issued (507,573 Parking Tickets)	n/a	625,711	736,131	714,517	761,436
Number of Traffic Ordinance Violations Issued	181,616	38,352	45,121	47,782	124,087
Number of Arrests (Traffic + Others)	34,747	-	79,852	64,539	86,873
Fire					
Number of Fire Stations	48	48	49	49	47
Number of Employees	1,479	1,511	1,723	1,726	1,798
Number of Fire Fighting Vehicles	212	256	238	238	225
Number of Fire Hydrants	38,000	38,000	38,000	38,000	33,000
Responses to Fire Alarms (Including False Alarms)	33,399	33,992	34,160	34,160	35,690
Responses to Special Calls and Emergency Medical Service Calls	142,370	132,432	151,285	151,285	124,122
Estimated Fire Loss of Property	$1,190,738,018	$ 96,771,056	$ 1,921,197,050	$ 1,921,197,050	$ 81,320,274
Public Works					
Number of Employees	748	873	1,124	1,189	1,203
Miles of Streets (Paved + Unpaved)	2,570	2,784	2,784	2,784	2,785
Miles of Alleys (Paved + Unpaved)	1,264	1,284	1,284	1,264	1,268
Miles of Sidewalks	4,243	4,265	4,265	4,243	4,247
Public Lighting					
Number of Street Lights	87,500	88,000	87,500	87,000	87,000
Number of Revenue Customers	185	201	179	1,302	1,302
Size of Generating Station in Kilowatts	177,000	184,000	184,000	184,000	185,000
Kilowatt Hours Generated (Net)	94,000,300	256,395,400	308,391,000	253,271,700	220,476,700
Kilowatt Hours Delivered to System	631,299,700	634,026,280	567,529,080	541,722,900	542,839,900
Steam Heating Plants - Steam Produced in Pounds	85,000,000	62,306,014	71,852,887	75,226,300	67,976,300
Recreation and Cultures					
Number of Parks, Ornamental Areas, Playfields and Playgrounds Owned (5,108 Acres)	387	391	391	391	391
Number of Summer Camps (199 Acres)	-	1	1	1	1
Number of Recreation Centers, Playgrounds and School Facilities Operated	14	30	30	30	110
Number of Skating Rinks	2	1	1	1	3
Number of Swimming Pools	8	17	17	18	18
Number of Municipal Beaches	1	1	1	1	1
Total Playing Permits Issued at 6 Municipal Golf Courses	202,403	269,870	269,870	269,870	269,870
Library					
Number of Libraries(Including Two Bookmobiles)	27	27	27	26	23
Estimated Number of Books	7,903,837	3,497,342	3,497,342	3,343,509	3,262,776
Circulation	1,199,736	889,315	981,689	996,316	1,151,952
Water System					
Number of Customer Accounts	264,173	264,259	281,104	262,415	260,639
Average Pumpage - Millions of Gallons per Day	575.2	599.6	640	606	654
Greatest Pumpage for a Single Day During Fiscal Year - Gallons	1,031,300,000	1,049,800,000	1,060,500,000	1,082,200,000	1,194,500,000
Greatest Pumpage for a Single Hour During Fiscal Year -Gallons	49,125,000	50,333,000	52,208,000	48,667,000	53,750,000
Filtration Plant Rated Capacity - Millions of Gallons per Day	1,780	1,780	1,670	1,680	1,700
Number of Miles of Water Mains	3,840	3,840	3,840	3,846	13,251
Average Cost (Includes Domestic, Industrial and Commercial) per 1,000 Cubic Feet	$ 12.02	$ 11.87	$ 11.49	$ 11.00	$ 10.00
Sewage System					
Number of Sewage Disposal Plants	1	1	1	1	1
Number of Pumping Stations	12	12	12	12	14
Miles of (Trunk Line + Lateral) Sewers	2913	2913	3,383	2,913	2,899
Miles of Lateral Sewers	-	-	-	-	-
Transportation					
Number of Employees	1,562	1,530	1,605	1,757	1,803
Number of Revenue Vehicles	541	550	561	572	540
Seating Capacity	21,916	22,278	22,065	23,887	23,452
Number of Route Miles	1,291	1,291	1,198	1,324	1,309
Number of Passengers (Estimated)	35,204,863	37,083,344	36,000,000	38,000,000	39,756,458
Regular Fare	$ 1.50	$ 1.50	$ 1.50	$ 2	$ 2
Tickets	5 for $7.50	5 for $7.50	5 for $6.50	5 for $6.50	5 for $6.50
Transfers	$ 0.25	$ 0.25	$ 0.25	$ -	$ -
Health					
Number of Employees	335	434	508	578	582
Birth Rate per Thousand	15	14	15	15	16
Death Rate per Thousand	11	10	10	10	10
Infant Mortality Rate per Thousand Live Births	15	16	16	17	14

Source: City of Detroit, Various Departments

Fiscal Year				
2002	2001	2000	1999	1998
52	52	52	51	51
4,243	4,156	4,143	4,003	4,042
770,198	623,399	658,064	681,166	693,431
51,861	179,484	176,866	185,708	26,250
102,382	99,764	102,143	112,501	107,781
49	49	57	46	49
1,787	1,748	1,721	1,742	1,695
200	-	-	-	-
36,208	38,000	30,430	30,426	30,426
24,138	22,547	23,538	26,328	25,079
128,006	126,898	126,722	69,636	128,305
$ 127,250,563	$ 134,838,326	$ 177,193,955	$ 294,140,381	$ 265,320,467
1,290	1,351	1,373	903	1,142
2,788	2,788	2,788	2,789	2,792
1,277	1,290	1,290	1,292	1,294
4,250	4,252	4,252	4,253	4,258
8,700	87,000	87,000	86,932	86,932
1,058	1,578	1,578	1,578	1,415
180,000	184,000	184,000	184,000	184,000
384,473,900	390,922,000	360,000,000	318,555,500	326,180,800
620,619,500	620,704,800	660,000,000	629,908,300	663,025,200
70,000,000	70,000,000	70,000,000	71,161,149	71,161,149
391	391	391	391	391
1	1	1	1	1
128	123	131	127	99
4	4	4	4	4
21	27	22	22	30
1	1	1	1	1
209,667	216,459	223,357	266,905	226,167
24	25	26	26	26
3,164,986	3,024,718	6,635,529	6,603,359	6,570,702
972,534	1,041,468	1,228,169	1,390,473	1,513,185
270,751	270,685	268,478	264,950	271,561
661	615	653	673	636,940,000
1,219,600,000	1,043,700,000	1,094,000,000	1,114,900,000	1,095,800,000
57,600,000	49,000,000	50,208,333	53,000,000	53,000,000
1,600	1,600	1,700	1,700	1,700
13,137	13,137	12,978	12,659	12,524
$ 9.00	$ 8.00	$ 7.00	$ 7.00	$ 7.00
1	1	1	1	1
14	14	14	14	14
2,864	2,200	2,200	2,200	740
-	-	-	-	2,126
1,750	1,538	1,711	1,815	1,683
548	585	516	586	586
23,680	25,387	22,531	26,073	26,165
1,316	1,324	1,311	1,369	1,416
41,000,000	44,000,000	44,000,000	42,500,000	42,000,000
$ 1	$ 1	$ 1	$ 1	$ 1
5 for $5.75	5 for $5.75	5 for $5.75	5 for $5.75	5 for $5.75
$ -	$ -	$ -	$ -	$ -
552	545	552	568	596
17	17	16	14	17
11	11	11	14	10
15	15	15	15	15

Spring into Action Career Fair

Thousands of eager job seekers attend the City of Detroit Workforce Development Spring into Action Career Fair at Cobo Conference/ Exhibition Center on June 15, 2007.

CITY OF DETROIT

2007 North American International Auto Show

Reporters and car enthusiasts from around the world gather at the 2007 North American International Auto Show at the Cobo Conference/Exhibition Center in downtown Detroit to gaze at stylish and elegant new vehicles and concept cars.

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