



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**DETROIT FINANCIAL REVIEW COMMISSION**

**RESOLUTION 2017-5**

**CONSENTING TO THE CITY’S TIME EXTENSION FOR ITS ANNUAL  
AUDIT REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

WHEREAS, Public Act 181 of 2014, the Michigan Financial Review Commission Act (the “Act”), allows for the creation of the Detroit Financial Review Commission (the “Commission”) within the Michigan Department of Treasury; and

WHEREAS, Section 6(1) of the Act empowers the Commission to provide oversight for the City of Detroit (the “City”) beginning on the Effective Date of the Plan of Adjustment; and

WHEREAS, Section 6(3) of the Act requires the Commission to ensure that the City complies with the requirements of, among other things, MCL 141.427(4); and

WHEREAS, MCL 141.427(4) requires that the City file with the State Treasurer its annual audit report for the fiscal year ended June 30, 2016 no later than December 31, 2016; and

WHEREAS, the City has requested the State Treasurer to extend the date by which it must file its annual audit report for the fiscal year ended June 30, 2016 from December 31, 2016 to no later than May 31, 2017, and the State Treasurer is willing to consent to such extension pursuant to MCL 141.427(4); and

WHEREAS, the City has requested this Commission to similarly extend the date to file its annual audit report to no later than May, 31, 2017.

NOW THEREFORE, be it resolved by the Detroit Financial Review Commission as follows:

1. That the Commission hereby consents to the extension of time for the City to complete and file its annual audit report for the fiscal year ended June 30, 2016 with the State Treasurer from December 31, 2016 to no later than May 31, 2017.
2. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
3. This Resolution shall have immediate effect.



CITY OF DETROIT  
MAYOR'S OFFICE

COLEMAN A. YOUNG MUNICIPAL CENTER  
2 WOODWARD AVE., SUITE 1126  
DETROIT, MICHIGAN 48226  
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March 17, 2017

Mr. Nick Khouri, Treasurer  
State of Michigan  
Department of Treasury  
P.O. Box 30716  
Lansing, MI 48909

Dear Treasurer Khouri:

We are aware that the State of Michigan Uniform Budget and Accounting Act requires that an audit report shall be filed within 6 months after the fiscal year end of a local unit of government. The City of Detroit's most recent fiscal year ended on June 30, 2016. Accordingly, under the Act the audit report for the City is required to be filed by December 31, 2016. The Act also provides that the Chief Administrative Officer of a local unit may request an extension of the filing date from the State Treasurer, and the State Treasurer may grant the request for reasonable cause. The Act also requires that the Chief Administrative Officer who requests an extension shall, within 10 days of making the request, inform the governing body in writing of the requested extension. We previously requested, and you granted, an extension of time to file the audit report by March 31, 2017. Staff of the City's Office of the Chief Financial Officer have been working with its independent auditor, Plante Moran, and have made considerable progress on the audit for the fiscal year ended June 30, 2016; however a number of open matters preclude our ability to finalize the audit by March 31, 2017. The financial statements of certain component units are in process, but not complete as of the date of this letter (Detroit Building Authority, Detroit Housing Commission and Detroit Public Library). These financial statements are required elements of the City's Comprehensive Annual Financial Report. In addition, the City and Great Lakes Water Authority officials are still working through some complex technical accounting issues related to the split of operations of the Detroit Water and Sewerage Department into the regional authority and the local system.

Based primarily upon these issues, we request an additional extension of time to file the audit report until May 31, 2017.

Sincerely,

Michael E. Duggan  
Mayor, City of Detroit

John W. Hill  
Chief Financial Officer



CITY OF DETROIT  
OFFICE OF THE CHIEF FINANCIAL OFFICER

COLEMAN A. YOUNG MUNICIPAL CENTER  
2 WOODWARD AVE., SUITE 1100  
DETROIT, MICHIGAN 48226  
PHONE: 313-628-2535  
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March 17, 2017

Mr. Nick Khouri, Treasurer  
State of Michigan  
Department of Treasury  
P.O. Box 30716  
Lansing, MI 48909

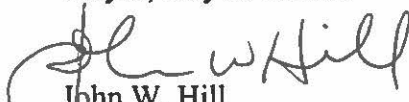
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Sincerely,

Michael E. Duggan  
Mayor, City of Detroit

  
John W. Hill  
Chief Financial Officer

**City of Detroit  
Audit Completion Timeline  
Fiscal Year 2016**

**March 24, 2017**

*City* All City sample requests, open items and issues will be resolved for areas outside of DWSD (per Eric Higgs)  
*City/DWSD* Interfunds will be resolved between the City, GLWA, and DWSD for 12.31 and 6.30  
*City/DWSD* All items will be provided by the City to DWSD (per Eric Higgs)  
*PM* Preliminary draft CAFR provided to City by PM  
*Single audit* Allowability population for CDBG and HOME provided to PM (including support)  
*Single audit* All samples requested to date for CDBG and HOME provided to PM

**March 28, 2017**

*DWSD* DWSD 12.31 and 6.30—all GL adjustments posted other than the bifurcation entry

**March 31, 2017**

*City* All component unit financial statements received  
*City* Summary schedule of prior audit findings for CAFR  
*DWSD* DWSD all PBC's will be final (exclusive of bifurcation)  
*Single audit* Final Single Audit PBC's provided to PM: SEFA, SEFA to CAFR reconciliation, SEFA footnotes.  
*Single audit* Corrective action plan and management responses for all programs except HOME and CDBG due to PM.  
*Single audit* Summary schedule of prior audit findings for all programs due to PM.

**April 4, 2017**

*DWSD* Initial draft of the 12.31.15 balance sheet is prepared, with proposed bifurcation between GLWA and DWSD (this can be used to work towards an agreement)  
*PM* CDBG and HOME testing completed and through technical review. Findings provided to the City.

**April 15, 2017**

*DWSD* Bifurcation entries will be posted & agreed to and the two parties ready to sign a representations letter that amounts are reasonable given the agreements to date  
*DWSD* All DWSD PBC's will be updated to reflect the bifurcation entries and posted on the collaboration site  
*DWSD* The general ledger will have been validated for all system conversion issues, bifurcation journal entries, and balances in the old funds  
*Single audit* Corrective action plan and management responses for CDBG and HOME do to PM.

**April 21, 2017**

*PM* City and DDOT audit and technical review complete  
*DWSD* Water 6.30.16 and Sewer 6.30.16 financial statements will be provided to PM for review (all bifurcation elements updated and reflected)

**April 28, 2017**

*PM* Final CAFR draft (through standards review) to City for comment  
*PM* Bifurcation and DWSD Audit Complete  
*PM* Single Audit audit testing complete  
*PM* PM to provide City with the CAFR audit findings

**May 5, 2017**

*City* City CAFR comments due to PM  
*City* Management responses and corrective action plan for CAFR findings due to PM.  
*PM* Management representation letter presented to the City

**May 9, 2017**

*PM* Final CAFR draft to City for approval before submission

**May 12, 2017**

*PM* CAFR and Single Audit uploaded to the State

*The CAFR upload to the State on May 12, 2017 is dependent on the milestones on the above timeline being hit. Delays in achieving any of the above dates will delay audit completion and completion of the CAFR.*