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August 15, 2018

Detroit Financial Review Commission
Cadillac Place
3062 West Grand Boulevard
Detroit, MI 48202

Re: Monthly Financial Report for the Twelve Months ended June 30, 2018

Dear Commissioners:

The Office of the Chief Financial Officer (OCFO) respectfully submits its monthly City of Detroit Financial Report for the Twelve Months ended June 30, 2018. This report represents preliminary year-end results for FY 2018, subject to material change following year-end adjustments.

This report is provided in accordance with the requirements included in Detroit Financial Review Commission (FRC) Resolution 2018-13, which granted the City its waiver of active FRC oversight through June 30, 2019. The OCFO has separately submitted this report to the Detroit City Council and posted it on the City's website.

Best regards,

John W. Hill
Chief Financial Officer

Att: City of Detroit Financial Report for the Twelve Months ended June 30, 2018

Cc: Mayor Michael E. Duggan, City of Detroit
Honorable Detroit City Council
David P. Massaron, Chief Operating Officer and Senior Counsel to the Mayor
John Naglick, Chief Deputy CFO/Finance Director
Tanya Stoudemire, Deputy CFO/Budget Director
Christa McLellan, Deputy CFO/Treasurer
Stephanie Washington, City Council Liaison
Kevin Kubacki, Executive Director, Detroit Financial Review Commission

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CITY OF DETROIT

Office of the Chief Financial Officer

Financial Report for the Twelve Months ended June 30, 2018

(Preliminary FY 2018 Year-End Report / Results Subject to Change)

August 15, 2018

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Executive summary

- The City has selected new banking institutions, with strong commitments to Detroit, to improve efficiencies in City operations. The Administration will be preparing contracts to submit to the City Council.
  - Chemical Bank, in partnership with First Independence Bank, has been chosen as the City's new primary banking partner.
  - J.P. Morgan Chase will continue its decades-old relationship with the City.
  - Fifth Third Bank will provide investment custodial services.
- The Office of the Controller is overseeing the year-end closing and audit process for FY 2018.
- The Office of Budget is updating revenue estimates for FY 2019 through FY 2023 for the September Revenue Estimating Conference.
- The CFO's Office is working with the Law Department on the recodification of all finance-related ordinances to reflect changes in State and other applicable law, as well as the confirmation of the Plan of Adjustment. The CFO's Office is also finalizing its remaining policies and procedures, and is posting all policies on the City's public website.
- Current projections indicate FY 2018 ended with revenues $38M above budget, expenditures $28.9M below budget, and $54.6M of encumbrances canceled following the planned review of their validity at year-end. These surplus amounts will partially replenish unassigned reserves previously appropriated for debt restructuring in FY 2018 ($55M) and blight and capital improvements in FY 2019 ($100M).
  - Revenue projections are based on the May 2018 Revenue Estimates Review and preliminary year-end results, which are above budget. (page 3)
  - Payroll and employee benefit expenditures are trending below budget as a result of position vacancies. (page 3)
  - The General City active employee count increased in June, primarily for seasonal employees. The total employee count remains below budget. (page 4)
- The City's property tax collection period ended March 1. The preliminary General City collection rate is 81.8% this year vs. 79.7% the previous year. The City collected additional revenue through year-end from the Wayne County Delinquent Tax Revolving Fund. (page 7)
- Accounts Payable as of June had a net increase of $14.3M compared to May. Net AP not on hold had a net increase of $10.2M. The number of open invoices not on hold increased by 488. There were 1,684 new invoices processed in June that were not on hold. (page 8)
- Within the city's active grant portfolio, the most significant new grant award in June was $500,000 from the DTE Foundation to DESC for career technical education at the Breithaupt Career and Technical Center. (page 10)

FY 2018 year-to-date general ledger actuals and annualized projection

GENERAL FUND *$ in millions*	YTD ANALYSIS BUDGET YTD AMENDED (1) B	ACTUAL + ADJUSTMENTS + ENCUMBRANCE ACTUAL (2) C	 ADJUSTMENTS + ENCUMBRANCE (3) D	 TOTAL E = C + D	VARIANCE (BUDGET VS. ACTUAL) YTD ($) F = E-B	 % G = (F/B)	ANNUALIZED PROJECTION ANALYSIS BUDGET ANNUAL AMENDED H	PROJECTION ANNUAL ESTIMATED (4) I	VARIANCE (BUDGET VS. PROJECTION) ANNUAL ESTIMATED ($) J = I-H
REVENUE:									
Municipal Income Tax	$ 283.3	$ 311.9	$ 0.2	$ 312.1	$ 28.9	10.2%	$ 283.3	$ 312.1	$ 28.9
Property Taxes (5)	124.0	123.6	7.9	131.5	7.5	6.0%	124.0	131.5	7.5
Wagering Taxes	177.8	179.0	-	179.0	1.2	0.7%	177.8	179.0	1.2
Utility Users' Tax	35.0	29.4	14.5	43.9	8.9	25.5%	35.0	43.9	8.9
State Revenue Sharing	196.1	166.1	33.8	199.9	3.8	1.9%	196.1	199.9	3.8
Sales and Charges for Services	121.6	95.4	12.3	107.7	(14.0)	(11.5%)	121.6	107.7	(14.0)
Licenses, Permits, and Inspection Charges	11.7	12.1	0.2	12.4	0.7	6.2%	11.7	12.4	0.7
Contributions and Transfers (6)	156.8	44.9	115.2	160.2	3.4	2.1%	156.8	160.2	3.4
Grants and Other Revenues	1.4	1.4	-	1.4	(0.0)	(1.3%)	1.4	1.4	(0.0)
Fines, Forfeits and Penalties	25.3	19.2	4.0	23.1	(2.2)	(8.6%)	25.3	23.1	(2.2)
Revenues from Use of Assets	3.6	5.1	-	5.1	1.5	42.2%	3.6	5.1	1.5
Other Taxes, Assessments, and Interest	7.3	10.4	(2.9)	7.5	0.2	3.2%	7.3	7.5	0.2
Sales of Assets and Compensation for Losses	5.6	3.5	(0.1)	3.4	(2.2)	(39.0%)	5.6	3.4	(2.2)
Miscellaneous	13.5	13.6	-	13.6	0.2	1.2%	13.5	13.6	0.2
Adjust for Prior Year Carry-forward (7)	120.8	-	120.8	120.8	-		120.8	120.8	-
TOTAL (L)	**$ 1,283.7**	**$ 1,015.6**	**$ 306.0**	**$ 1,321.6**	**$ 38.0**	**3.0%**	**$ 1,283.7**	**$ 1,321.6**	**$ 38.0**
EXPENDITURES:									
Salaries and Wages	$ (421.3)	$ (404.3)	$ (0.1)	$ (404.4)	$ 16.9	4.0%	$ (421.3)	$ (404.4)	$ 16.9
Employee Benefits	(296.9)	(255.7)	(18.9)	(274.6)	22.2	7.5%	(296.9)	(274.6)	22.2
Professional and Contractual Services	(84.8)	(59.1)	(4.5)	(63.7)	21.2	24.9%	(84.8)	(63.7)	21.2
Operating Supplies	(39.3)	(52.9)	(0.5)	(53.4)	(14.0)	(35.7%)	(39.3)	(53.4)	(14.0)
Operating Services	(120.2)	(68.2)	(37.8)	(106.0)	14.2	11.9%	(120.2)	(106.0)	14.2
Capital Equipment	(1.9)	(1.2)	(0.0)	(1.2)	0.6	33.6%	(1.9)	(1.2)	0.6
Capital Outlays	(31.8)	(10.5)	(21.2)	(31.7)	0.1	0.4%	(31.8)	(31.7)	0.1
Debt Service	(131.3)	(106.1)	(15.0)	(121.1)	10.1	7.7%	(131.3)	(121.1)	10.1
Other Expenses	(156.2)	(104.4)	(39.7)	(144.1)	12.1	7.8%	(156.2)	(144.1)	12.1
TOTAL (M)	**$ (1,283.7)**	**$ (1,062.4)**	**$ (137.7)**	**$ (1,200.1)**	**$ 83.5**	**6.5%**	**$ (1,283.7)**	**$ (1,200.1)**	**$ 83.5**
VARIANCE (N = L + M)	**$ 0.0**	**$ (46.8)**	**$ 168.2**	**$ 121.5**	**$ 121.5**	**N/A**	**$ 0.0**	**$ 121.5**	**$ 121.5**

Notes

(1) Amended monthly budget assumes pro rata as well as seasonal distribution of annual amended budget.
(2) Year-to-date actuals reflect twelve months ending June 30, 2018.
(3) Reflects encumbrances, pending adjustments, the gross up of Utility Users' Tax for amounts for the Public Lighting Authority, and preliminary year-end accruals.
(4) Projected revenues are based on the City's May 2018 Revenue Estimates Review and preliminary year-end results.
(5) The property tax revenue projection now includes the recognition of revenue payable for tax increment financing distributions, which are captured within expenditures.
(6) This revenue line also includes the use of fund balance totaling $105M to support one-time spending on capital ($20M), blight ($30M), and debt restructuring ($55M).
(7) This revenue line reflects fund balance assigned to support carry-forwards, for which equivalent amounts are captured within expenditures.

$ 38.0	Revenues above budget
28.9	Expenditures below budget
54.6	Encumbrances canceled
$ 121.5	**Total FY18 estimated surplus**

$ 169.0	FY17 Unassigned fund balance
(55.0)	FY18 Debt restructuring
(100.0)	FY19 Blight and capital
121.5	FY18 Estimated surplus
$ 135.5	**FY18 Est. unassigned fund balance**

Monthly active employee count compared to budget

	MONTH-OVER-MONTH ACTUAL[1]			BUDGET VS. ACTUAL		
	Actual May 2018	Actual June 2018	Change June 2018 vs. May 2018	Amended Budget FY 2018[2]	Variance Under/(Over) Budget vs. June 2018	
Public Safety						
Police	3,066	3,058	(8)	3,121	63	2%
Fire	1,216	1,210	(6)	1,274	64	5%
Total Public Safety	**4,282**	**4,268**	**(14)**	**4,395**	**127**	**3%**
Non-Public Safety						
Office of the Chief Financial Officer	434	434	0	482	48	
Public Works - Regular	390	395	5	419	24	
Public Works - Seasonal	21	32	11	26	(6)	
Health and Wellness Promotion	76	86	10	104	18	
Human Resources	95	94	(1)	108	14	
Housing and Revitalization	85	84	(1)	91	7	
Innovation and Technology	108	113	5	134	21	
Law	108	111	3	118	7	
Mayor's Office (includes Homeland Security)	72	72	0	72	0	
Planning and Development	33	32	(1)	41	9	
Recreation - Regular	261	261	0	326	65	
Recreation - Seasonal	0	158	158	264	106	
General Services - Regular	364	356	(8)	504	148	
General Services - Seasonal	271	271	0	219	(52)	
Legislative [3]	233	249	16	259	10	
36th District Court	316	320	4	331	11	
Other [4]	112	112	0	110	(2)	
Total Non-Public Safety	2,979	3,180	201	3,608	428	12%
Total General City	**7,261**	**7,448**	**187**	**8,003**	**555**	**7%**
Enterprise						
Airport	4	4	0	4	0	
BSEED	213	214	1	230	16	
Transportation [5]	886	889	3	927	38	
Municipal Parking	85	88	3	95	7	
Water and Sewerage	539	538	(1)	579	41	
Library	305	300	(5)	332	32	
Total Enterprise	**2,032**	**2,033**	**1**	**2,167**	**134**	**6%**
Total City	**9,293**	**9,481**	**188**	**10,170**	**689**	**7%**

Notes:

(1) Actuals are based on active employees only (both permanent and temporary) and include full-time, part-time, seasonal employees and PSCs if funded by vacant budgeted positions.

(2) Amended Budget reflects amendments and other adjustments impacting approved position counts compared to the original budget. It excludes personal services contractors (PSCs).

(3) Includes: Auditor General, Inspector General, Zoning, City Council, Ombudsperson, City Clerk, and Elections.

(4) Includes: Civil Rights Inclusion & Opportunity, Administrative Hearings, Public Lighting Department, and Non-departmental.

(5) May 2018 Employee Count for DDOT has been adjusted compared to last month's report.

FY 2018 year-to-date net cash flows

For 12 Months Ending June 30, 2018

$ in millions

Cash Flows - General Pool Cash	FY18 Actual 12 Months		FY17 Actual 12 Months	Variance	
Property Taxes	$ 126.1		$ 128.0	$ (1.9)	
Municipal Income Taxes	306.5		289.5	17.0	(1)
Utility Users Taxes	29.6		25.8	3.8	
Wagering Taxes	178.6		176.8	1.8	
State Revenue Sharing	199.4		229.4	(30.0)	(2)
Other / Misc.	275.9		214.9	61.0	(3)
Total Receipts	**1,116.1**		**1,064.4**	**51.7**	
Salaries and Wages	(426.9)		(396.1)	(30.8)	(4)
Employee Benefits	(130.1)		(113.5)	(16.6)	(5)
Materials, Contracts & Other	(374.0)		(353.3)	(20.7)	
Total Disbursements	**(931.0)**		**(862.9)**	**(68.1)**	
Operating Surplus (before Reinvestment)	**185.1**		**201.5**	**(16.4)**	
Debt Service	(65.4)		(66.9)	1.5	(6)
Debt Redemption	(69.8)		-	(69.8)	(7)
Non-Financing Adjustments	0.0		3.4	(3.4)	(8)
Total Adjustments to arrive at Net Cash Flow	**(135.2)**		**(63.5)**	**(71.7)**	
Net Cash Flow	**$ 49.9**		**138.0**	**$ (88.1)**	
Beginning cash balance	**$ 186.3**	(9) (10)			
Net Cash Flow	49.9				
Ending cash balance	**236.2**	(9)			
Budget Reserve Fund	**62.3**	(11)			
Total Cash Balance	**$ 298.5**				

Notes:

This schedule represents cash inflows and outflows during the fiscal period. It is not intended to tie to actual revenues and expenditures recorded in the general ledger due to accrual accounting and non-cash transactions.

(1) Increase is due to a reduction in the amount of refunds processed offset by an increase in revenue.

(2) The June 2016 State Revenue Sharing payment was received in July 2016 whereas the June 2017 payment was received in June 2017.

(3) FY18 includes $19.5m MDOT receipt for G.Howe Bridge Project, $15m Premier Garage sale to redeem C Note principal, additional $6m in Grant receipts over FY17 and $30m transferred in from bank account closures.

(4) Increase in FY18 payroll attributed to salary increases and additional positions filled.

(5) Increase in FY18 due to increased benefits expense compared to prior year partially offset by a reduced contribution to the Retiree Protection Trust Fund ($15m in FY18 v. $30m in FY17).

(6) The August 2016 refunding of State Revenue Sharing notes resulted in reduced outflow offset by increased Pledged Income Tax interest payments.

(7) Partial redemption of Note C done in January 2018 for $15.4m. Final redemption amount of $54.4m sent to Trustee March 2018.

(8) In FY17 the General Fund received a $3.4m inflow of excess self-insurance dollars.

(9) The main operating pool contains cash balances of the Risk Management Fund, Street Fund, Solid Waste Fund, General Grants and Motor Vehicle Fund.

(10) Beginning balance has been reduced to reflect the removal of Fund 7003 (Prop Tax Distributions) and State of MI Trust Fund balance.

(11) The Budget Reserve Fund is in excess of 5% of the annual budget and in a segregated account.

FY 2018 year-to-date cash flow to general ledger reconciliation

For 12 Months Ending June 30, 2018
$ in millions

	Cash Activity				General Fund General Ledger			
Cash Flows	**General Pool**	**Adjustments**	**General Fund**		**Posted**	**To Be Posted** (1)	**Total**	**Difference** (14)
Property Taxes	$ 126.1	$ (2.5)	$ 123.6	(2)	$ 123.6	(2.5)	$ 121.1	$ (2.5)
Municipal Income Taxes	306.5	5.4	311.9	(3)	311.9	0.2	312.1	0.2
Utility Users Taxes	29.6	(0.2)	29.4	(4)	29.4	2.0	31.4	2.0
Wagering Taxes	178.6	0.4	179.0	(5)	179.0	-	179.0	-
State Revenue Sharing	199.4	(33.3)	166.1	(6)	166.1	33.8	199.9	33.8
Other / Misc.	275.9	(70.3)	205.6	(7)	205.6	-	205.6	-
Total Receipts	**1,116.1**	**(100.5)**	**1,015.6**		**1,015.6**	**33.5**	**1,049.1**	**33.5**
Salaries and Wages	(426.9)	22.7	(404.2)	(8)	(404.2)	-	(404.2)	-
Employee Benefits	(130.1)	(125.6)	(255.7)	(9)	(255.7)	-	(255.7)	-
Materials, Contracts & Other	(374.0)	77.5	(296.5)	(10)	(296.5)	-	(296.5)	-
Total Disbursements	**(931.0)**	**(25.4)**	**(956.4)**		**(956.4)**	**-**	**(956.4)**	**-**
Operating Surplus (before Reinvestment)	**185.1**	**(125.9)**	**59.2**		**59.2**	**33.5**	**92.7**	**33.5**
Debt Service	(65.4)	15.5	(49.9)	(11)	(49.9)	-	(49.9)	-
Debt Redemption	(69.8)	-	(69.8)	(12,13)	(56.1)	(13.7)	(69.8)	-
Non-Financing Adjustments	-	-	-		-	-	-	-
Total Adjustments to arrive at Net Cash Flow	**(135.2)**	**15.5**	**(119.7)**		**(106.0)**	**(13.7)**	**(119.7)**	**-**
Net Inflows /(Outflows)	**$ 49.9**	**$ (110.4)**	**$ (60.5)**		**$ (46.8)**	**$ 19.8**	**$ (27.0)**	**$ 33.5**

Notes:

(1) To be posted amount represent collections and disbursements that were not recorded as of June 30, 2018.
(2) $26m pertains to FY17 offset by $23.5m of revenue pending distribution to the General Fund
(3) Differences due to changes in refund liability.
(4) $0.2m of Utility Users Tax collected in FY2018 pertained to FY17.
(5) $1.0m of Wagering Taxes collected in FY2018 pertained to FY17 offset by $0.6m collected in July.
(6) $33.3m State Revenue Sharing receipt pertained to FY17
(7) $39.9m non-General Fund 1000 receipts, $19m pertained to prior years, $30m transferred in from bank account closures offset by $18.6m non-cash book transfers.
(8) Approximately $18.3m of the difference relates to FY17 activity and the balance is non-General Fund disbursements.
(9) Approximately $1.4m of Benefits is FY17 activity offset by $90m relating to prior years RPTF set aside and $37m attributed to the timing of payments.
(10) Approx. $60.2m of disbursements are non-General Fund & $49.6m related to FY17 offset by $8.2m net IAB activity and $24.2m Risk Management & insurance premium non-cash book transfers.
(11) Difference is debt set aside at Trustees: $8.5m Income Tax and $2.5m in State Revenue Sharing and $4.5m represents non-cash book transfers.
(12) Partial redemption of Note C done in January 2018 for $15.4m. Final redemption amount of $54.4m sent to Trustee March 2018.
(13) Represents allocated Agency C-Note principal for repayment to Gen Fund according to amortization schedule extending through FY2027.
(14) Revenue differences due to year-end accruals.

FY 2018 year-to-date property tax collections

For 12 months ended June 30, 2018

$ in millions

	FY 2018			FY 2017		
	Adjusted Tax Roll	**Collections YTD** (1)	**Collection Rate YTD**	**Adjusted Tax roll**	**Collections YTD** (1)	**Collection Rate YTD**
General Ad Valorem		$ 91.6			$ 93.5	
General Special Acts		2.6			2.7	
General Total	**$ 115.2**	**$ 94.2**	**81.77%**	**$ 120.7**	**$ 96.2**	**79.70%**
Debt Service Total	**$ 50.9**	**$ 41.6**	**81.73%**	**$ 62.0**	**$ 50.2**	**80.97%**
Solid Waste Total	**$ 52.4**	**$ 30.3**	**57.82%**	**$ 54.8**	**$ 31.2**	**56.93%**

		FY 2018	FY 2017
General City Ad Valorem Collections YTD	(2)	$ 91.6	$ 93.5
Delinquent Tax Revolving Fund (DTRF) Collections YTD	(3)	32.0	33.7
Chargeback Liability (DTRF/MTT)		(2.5)	(10.2)
Audit Adjustments		-	12.5
Total Property Tax Collections (Ad Val + DTRF)		$ 121.1	$ 129.5
Admin Fee, Interest, Penalty YTD	(4)	$ 6.3	$ 6.8

Notes:

(1) Amounts include collections from Wayne County settlement checks as a result of foreclosure and auction activity.

(2) Amounts are net of property taxes collected by the City on behalf of DPS, State Education Trust, Wayne County and other non-City taxing authorities.

(3) Wayne County monthly DTRF settlement checks.

(4) Special Act, Admin Fee, Interest and Penalty are recorded in Budget's Other Taxes, Assessments, and Interest category.

Accounts payable summary

- Accounts Payable as of June had a net increase of $14.3M compared to May. Net AP not on hold had a net increase of $10.2M. The number of open invoices not on hold increased by 488. There were 1,684 new invoices processed in June that were not on hold.

All Funds

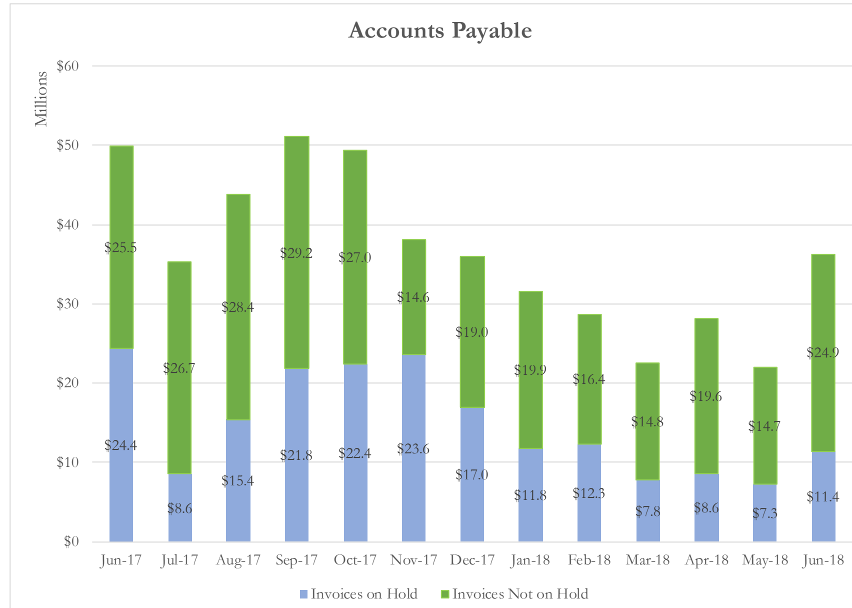
$ in millions

Accounts Payable (AP) as of Jun-18		
Total AP (May-18)	$	22.0
Plus: Jun-18 invoices processed	$	163.3
Less: Jun-18 Payments made	$	(149.0)
Total AP month end (Jun-18)	$	36.3
Less: Invoices on hold (1)	$	(11.4)
Less: Installments/Retainage Invoices(2)	$	-
Net AP not on hold	$	24.9

AP Aging

(excluding invoices on hold)

	Net AP	Current	Days Past Due 1-30	31-60	61+
Jun-18. Total	$ 24.9	$ 20.2	$ 3.6	$ 0.2	$ 1.0
% of total	*100%*	*81%*	*14%*	*1%*	*4%*
Change vs. May-18	*$ 10.2*	*$ 10.7*	*$ 0.3*	*$ (0.1)*	*$ (0.7)*
Total Count of Invoices	1,744	1,202	214	135	193
% of total	*100%*	*69%*	*12%*	*8%*	*11%*
Change vs. May-18	*488*	*436*	*(77)*	*53*	*76*
May-18. Total	$ 14.7	$ 9.5	$ 3.3	$ 0.3	$ 1.6
% of total	*100%*	*64%*	*22%*	*2%*	*11%*
Total Count of Invoices	1,256	766	291	82	117
% of total	*100%*	*61%*	*23%*	*7%*	*9%*



Notes:

(1) Invoices with system holds are pending validation. Some reasons include: pending receipt, does not match purchase order quantity/price and legal holds

(2) Invoices on retainage are on hold until the supplier satisfies all contract obligations

(3) Invoices are processed and aged based on the invoice date. If the invoices were aged based on the date received the aging would show improved current category values

(4) DWSD payable to Great Lakes Water Authority (GLWA) shown separately for reporting purposes

Exit financing utilized to jump start technology, neighborhoods, and public safety improvements

- In June, new projects approved using Exit Financing included $4.7M for the Department of Transportation's Advanced Tech Solutions Accident Reduction project.

	Open and Closed Projects		
$ in millions	Number of Projects	Amount of Approved and Authorized Projects	Total Amount Expensed
Available Exit Financing Proceeds		**$233.2**	
Project Allocation:			
Department of Innovation and Technology	6	(39.4)	(37.4)
Blight	9	(29.3)	(26.7)
Police	7	(25.3)	(21.5)
Fire	9	(36.0)	(30.2)
General Services	14	(27.6)	(27.2)
Office of the Chief Financial Officer	13	(25.6)	(19.9)
Building, Safety Engineering & Environmental Department	1	(4.4)	(2.8)
Law	1	(1.1)	(1.1)
Detroit Department of Transportation	2	(6.5)	(1.8)
Recreation	2	(1.3)	(1.3)
Human Resources	2	(0.7)	(0.7)
Other	5	(0.5)	(0.3)
Subject to Reconciliation	–	–	(0.0)
Subtotal Projects	**71**	**($197.6)**	**($170.8)**
Post-Petition Financing Interest and Other Fees	–	(2.8)	(2.8)
Debt Service Reserve	–	(27.5)	(27.5)
Totals	**71**	**($227.9)**	**($201.1)**
AMOUNT RESERVED FOR PROJECTS UNDER REVIEW		**$5.3**	

Notes:

50 Closed Projects. Unaudited amounts subject to reconciliation.

The City is leveraging funding from external sources

- Within the city's active grant portfolio, the most significant new grant award in June was $500,000 from the DTE Foundation to DESC for career technical education at the Breithaupt Career and Technical Center.

$ in millions	Amount Awarded (1) Appropriation Approved (2)	Amount Awarded (1) Appropriation Pending (2)	Number of Grants
Department/Agency			
Transportation	351.6	-	14
Housing & Revitalization	246.7	-	19
Public Works	42.5	-	19
Health	34.6	-	7
Fire	30.4	-	8
Police	17.1	-	26
Recreation	2.8	-	9
Homeland Security and Emergency Management	2.0	-	5
Other (3)	1.9	-	7
Active Federal/State grants	**$ 729.6**	**$ -**	**114**
Active private grants and donations	**108.4**	**-**	**153**
Total active grants and donations (4)	**$ 838.0**	**$ -**	**267**

Notes:

(1) Reflects original amounts awarded and amendments for active grants as of June 30, 2018. Remaining amount available to be spent will be lower for most departments.

(2) The amounts awarded as of June 30 are separated between grant appropriations already approved and any that may be pending approval as of the date this report is presented.

(3) Other includes departments and agencies totaling less than $1M.

(4) The City also partners with third-party agencies to directly pursue and implement grants aligned with the City's priorities. Such grants are included above for private funds but not federal/state grants.

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CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER

COLEMAN A. YOUNG MUNICIPAL CENTER
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August 15, 2018

Detroit Financial Review Commission
Cadillac Place
3062 West Grand Boulevard
Detroit, MI 48202

Re: Quarterly Debt Service and Pension Payment Reports for the Four Quarters ended June 30, 2018

Dear Commissioners:

The Office of the Chief Financial Officer (OCFO) respectfully submits its quarterly Debt Service and Pension Payment Reports for the Four Quarters ended June 30, 2018. This report represents preliminary year-end results for FY 2018, subject to material change following year-end adjustments.

This report is provided in accordance with the requirements included in Detroit Financial Review Commission (FRC) Resolution 2018-13, which granted the City its waiver of active FRC oversight through June 30, 2019. The OCFO has separately submitted this report to the Detroit City Council and posted it on the City's website.

Best regards,

John W. Hill
Chief Financial Officer

Att: City of Detroit Quarterly Debt Service and Pension Payment Reports for the Four Quarters ended June 30, 2018

Cc: Mayor Michael E. Duggan, City of Detroit
Honorable Detroit City Council
David P. Massaron, Chief Operating Officer and Senior Counsel to the Mayor
John Naglick, Chief Deputy CFO/Finance Director
Tanya Stoudemire, Deputy CFO/Budget Director
Christa McLellan, Deputy CFO/Treasurer
Stephanie Washington, City Council Liaison
Kevin Kubacki, Executive Director, Detroit Financial Review Commission

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City of Detroit
Debt Obligation Summary for the Quarter Ended June 30, 2018

Debt Obligation	# of Series	June 30, 2018 Principal Balance	FY18 Debt Service	Amount Paid	Balance Due	At Trustee	Balance Requirement
LTGO DSA First Lien Bonds	1	$240,965,000	$7,745,446	$7,745,446	–	$2,581,815	$2,581,815
UTGO DSA Second Lien Bonds	1	91,785,000	9,828,302	9,828,302	–	10,365,823	4,501,609
LTGO DSA Third Lien Bonds	1	119,485,000	7,325,368	7,325,368	–	4,319,908	4,319,908
UTGO DSA Fourth Lien Bonds	2	175,630,000	39,824,410	39,824,410	–	21,333,121	574,834
LTGO (Exit Financing, Remarketed)[4]	2	245,000,000	10,903,756	10,903,756	–	12,980,931	12,794,689
LTGO (B-Notes)	2	631,964,145	25,278,566	25,278,566	–	–	–
LTGO (C-Notes)[1]	1	–	76,172,940	76,172,940	–	–	–
MTF Bonds[2,]	1	34,000,000	10,208	10,208	–	357,981	357,428
HUD Notes[3]	12	49,567,000	3,476,728	3,476,728	–	9,511,777	–
	23	$1,588,396,145	**$180,565,724**	**$180,565,724**	**$0**	**$61,451,356**	**$25,130,283**
Fund 1000 - General Fund-LTGO		**$1,237,414,145**		**$127,426,077**			
Fund 4000 - Debt Service Fund-UTGO		**$267,415,000**		**$49,652,712**			
Fund 2001 - CDBG Fund-HUD Notes		**$49,567,000**		**$3,476,728**			
Fund 3301 - Street Funds-MTF Bonds		**$34,000,000**		**$10,208**			
		$1,588,396,145		**$180,565,724**			

[1]As required, as a result of the sale of the Premier garage, LTGO C-Note principal of $15,000,000 and accrued interest of $397,917 was sent to the Trustee on January 11, 2018 sale of the to partially redeem the C-Note. In addition, C-Note principal of $52,342,844 and accrued interest of $2,057,365 was sent to the Trustee on March 14, 2018 to fully redeem the remaining outstanding C-Note balance. The Enterprise agencies' allocated portions of this note, totalling $17,839,157 (of which approximately $13.7 million is principal) with an original maturity date of 2027, will now be due to the City each June. An MOU between the City and the Enterprise agencies detailing the agreement is being executed.

[2]MTF Bonds - On November 16, 2017, the Michigan Finance Authority issued $124,500,000 in revenue bonds on behalf of the City for Major and Local Street improvements. A scheduled draw of $1,000,000 was made in November 2018 and of $33,000,000 was made in April 2018. Remaining draws are scheduled to occur in each October and April, with the final draw on October 1, 2020. As draws are made, the debt service repayment schedule is updated accordingly.

[3]In April 2018 the Ferry St. project was fully defeased, and the Mexicantown and Garfield Note 1 projects were partially defeased. The FY 19 principal amounts are included above in the FY18 debt service. The principal amount of $1,012,000 and interest of $24,011.80 are also included in the FY18 "Amount Paid" column. The "At Trustee" amount includes FY17 defeased principal to be applied to future debt service payments.

[4] Associated with this bond issue is a debt service reserve fund of $27,500,000 held by the Trustee. This amount is not reflected in the "At Trustee" amounts above.

City of Detroit - LTGO DSA 1st Lien Debt Service Requirements

ISSUE NAME:	Distributable State Aid First Lien Bonds (Limited Tax General Obligation), Series 2016B-1 (Taxable - Refunding Local Project Bonds)
ISSUE NAME(2):	LTGO DSA First Lien Bonds
REPAYMENT	Full faith and credit and resources of the City, additionally Detroit's share of State Shared Revenue payments.
SOURCE:	Ad valorem taxes levied annually on all property
PURPOSE:	Restructing of prior indebtedness (whole or in part)
ORIGINAL PAR:	$240,965,000
DATED DATE:	August 11, 2016
PRINCIPAL DUE:	Annual: November
INTEREST DUE:	Semi-Annual: November/May
INTEREST RATE:	1.94% to 5.00%
MATURITY DATE:	November 1, 2035
INSURANCE:	Noninsured
CALL PROVISIONS:	Make-Whole

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	$ -	$7,745,446	$7,745,446
2019	-	7,745,446	7,745,446
2020	6,480,000	7,583,446	14,063,446
2021	11,720,000	7,128,446	18,848,446
2022	12,130,000	6,717,724	18,847,724
2023	12,385,000	6,461,043	18,846,043
2024	12,675,000	6,170,364	18,845,364
2025	12,990,000	5,855,619	18,845,619
2026	13,330,000	5,518,638	18,848,638
2027	13,690,000	5,159,182	18,849,182
2028	14,100,000	4,743,853	18,843,853
2029	14,565,000	4,276,613	18,841,613
2030	15,050,000	3,793,889	18,843,889
2031	15,550,000	3,295,109	18,845,109
2032	16,065,000	2,779,784	18,844,784
2033	16,625,000	2,219,922	18,844,922
2034	17,235,000	1,612,981	18,847,981
2035	17,860,000	983,903	18,843,903
2036	18,515,000	331,881	18,846,881
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
OUTSTANDING AT 7/1/2017	$ 240,965,000	$ 90,123,289	$ 331,088,289
PAID DURING FISCAL YEAR	–	7,745,446	7,745,446
OUTSTANDING AT 6/30/18	$ 240,965,000	$ 82,377,843	$ 323,342,843

City of Detroit - UTGO DSA 2nd Lien Debt Service Requirements

ISSUE NAME:	**Distributable State Aid Second Lien Bonds (Unlimited Tax General Obligation), Series 2010 (Taxable - Recovery Zone Economic development Bonds - Direct Payment)**
ISSUE NAME(2):	**UTGO DSA 2nd Lien**
REPAYMENT SOURCE:	**Full faith and credit and resources of the City & State Shared Revenue payments**
	Ad valorem taxes levied annually on all property
PURPOSE:	**Financing capital improvements**
ORIGINAL PAR:	**$100,000,000**
DATED DATE:	**December 16, 2010**
PRINCIPAL DUE:	**Annual: November**
INTEREST DUE:	**Semi-Annual: November/May**
INTEREST RATE:	**5.429% to 8.369%**
MATURITY DATE:	**November 1, 2035**
INSURANCE:	**None**
CALL PROVISIONS:	**Make-Whole**

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	$ 2,240,000	$ 7,588,302	$ 9,828,302
2019	2,395,000	7,431,251	9,826,251
2020	2,575,000	7,252,630	9,827,630
2021	2,765,000	7,060,710	9,825,710
2022	2,970,000	6,854,594	9,824,594
2023	3,195,000	6,633,024	9,828,024
2024	3,455,000	6,373,621	9,828,621
2025	3,755,000	6,071,919	9,826,919
2026	4,085,000	5,743,854	9,828,854
2027	4,440,000	5,387,125	9,827,125
2028	4,825,000	4,999,431	9,824,431
2029	5,250,000	4,577,843	9,827,843
2030	5,705,000	4,119,431	9,824,431
2031	6,205,000	3,621,057	9,826,057
2032	6,750,000	3,078,955	9,828,955
2033	7,335,000	2,489,568	9,824,568
2034	7,975,000	1,848,921	9,823,921
2035	8,675,000	1,152,202	9,827,202
2036	9,430,000	394,598	9,824,598
OUTSTANDING AT 7/1/2017	$ 94,025,000	$ 92,679,038	$ 186,704,038
PAID DURING FISCAL YEAR	$2,240,000	7,588,302	9,828,302
OUTSTANDING AT 6/30/18	$ 91,785,000	$ 85,090,736	$ 176,875,736

City of Detroit - LTGO DSA 3rd Lien Debt Service Requirements

ISSUE NAME:	Distributable State Aid Third Lien Bonds (Limited Tax General Obligation), Series 2016B-2 (Taxable - Refunding Local Project Bonds)
ISSUE NAME(2):	LTGO DSA Thirds Lien Bonds
REPAYMENT	Full faith and credit and resources of the City, additionally Detroit's share of State Shared Revenue payments.
SOURCE:	Ad valorem taxes levied annually on all property
PURPOSE:	Restructing of prior indebtedness (whole or in part)
ORIGINAL PAR:	$123,175,000
DATED DATE:	August 11, 2016
PRINCIPAL DUE:	Annual: November
INTEREST DUE:	Semi-Annual: November/May
INTEREST RATE:	1.39% to 3.61%
MATURITY DATE:	November 1, 2032
INSURANCE:	Noninsured
CALL PROVISIONS:	Make-Whole

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	$3,690,000	$3,635,368	$7,325,368
2019	3,740,000	3,579,672	7,319,672
2020	6,870,000	3,487,207	10,357,207
2021	7,015,000	3,351,451	10,366,451
2022	7,160,000	3,197,882	10,357,882
2023	7,335,000	3,024,353	10,359,353
2024	7,535,000	2,827,671	10,362,671
2025	7,745,000	2,613,538	10,358,538
2026	7,975,000	2,384,754	10,359,754
2027	8,215,000	2,142,267	10,357,267
2028	8,495,000	1,864,475	10,359,475
2029	8,810,000	1,552,120	10,362,120
2030	9,130,000	1,228,303	10,358,303
2031	9,470,000	892,573	10,362,573
2032	9,815,000	544,478	10,359,478
2033	10,175,000	183,659	10,358,659
OUTSTANDING AT 7/1/2017	$ 123,175,000	$ 36,509,771	$ 159,684,771
PAID DURING FISCAL YEAR	3,690,000	3,635,368	7,325,368
OUTSTANDING AT 6/30/18	$ 119,485,000	$ 32,874,403	$ 152,359,403

City of Detroit - UTGO DSA 4th Lien Debt Service Requirements

ISSUE NAME:	Distributable State Aid Fourth Lien Bonds (Unlimited Tax General Obligation), Series 2016A-1 (Tax-Exempt - Refunding Local Project Bonds)			Distributable State Aid Fourth Lien Bonds (Unlimited Tax General Obligation), Series 2016A-2 (Taxable - Refunding Local Project Bonds)					
ISSUE NAME(2):	UTGO DSA 4th Lien			UTGO DSA 4th Lien					
REPAYMENT SOURCE:	Full faith and credit and resources of the City & State Shared Revenue payments			Full faith and credit and resources of the City & State Shared Revenue payments					
	Ad valorem taxes levied annually on all property			Ad valorem taxes levied annually on all property					
PURPOSE:	Refunding of prior indebtedness			Refunding of prior indebtedness					
ORIGINAL PAR:	$222,185,000			$19,855,000			ALL		
DATED DATE:	August 11, 2016			August 11, 2016					
PRINCIPAL DUE:	Annual: April			Annual: April					
INTEREST DUE:	Semi-Annual: October/April			Semi-Annual: October/April					
INTEREST RATE:	4.00% to 5.00%			1.69% to 3.66%					
MATURITY DATE:	April 1, 2028			April 1, 2028					
INSURANCE:	None			None					
CALL PROVISIONS:	October 1, 2026 @ 100%			Make Whole					
Fiscal Year Ending June 30,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	$27,340,000	$9,407,250	$36,747,250	$2,560,000	$517,160	$3,077,160	$29,900,000	$9,924,410	$39,824,410
2019	27,610,000	8,040,250	35,650,250	1,260,000	464,501	1,724,501	28,870,000	8,504,751	37,374,751
2020	28,280,000	6,659,750	34,939,750	1,290,000	435,937	1,725,937	29,570,000	7,095,687	36,665,687
2021	28,950,000	5,245,750	34,195,750	1,320,000	403,803	1,723,803	30,270,000	5,649,553	35,919,553
2022	22,185,000	3,798,250	25,983,250	1,420,000	367,621	1,787,621	23,605,000	4,165,871	27,770,871
2023	19,465,000	2,689,000	22,154,000	1,465,000	325,817	1,790,817	20,930,000	3,014,817	23,944,817
2024	15,695,000	1,715,750	17,410,750	1,510,000	279,757	1,789,757	17,205,000	1,995,507	19,200,507
2025	8,160,000	931,000	9,091,000	1,560,000	230,531	1,790,531	9,720,000	1,161,531	10,881,531
2026	3,320,000	523,000	3,843,000	1,610,000	178,115	1,788,115	4,930,000	701,115	5,631,115
2027	3,485,000	357,000	3,842,000	1,665,000	122,409	1,787,409	5,150,000	479,409	5,629,409
2028	3,655,000	182,750	3,837,750	1,725,000	63,135	1,788,135	5,380,000	245,885	5,625,885
OUTSTANDING AT 7/1/2017	$ 188,145,000	$ 39,549,750	$ 227,694,750	$ 17,385,000	$ 3,388,786	$ 20,773,786	$ 205,530,000	$ 42,938,536	$ 248,468,536
PAID DURING FISCAL YEAR	27,340,000	9,407,250	36,747,250	2,560,000	517,160	3,077,160	29,900,000	9,924,410	39,824,410
OUTSTANDING AT 6/30/18	$ 160,805,000	$ 30,142,500	$ 190,947,500	$ 14,825,000	$ 2,871,626	$ 17,696,626	$ 175,630,000	$ 33,014,126	$ 208,644,126
CALLABLE:	$7,140,000								

City of Detroit - LTGO Exit (Remarketed) Debt Service Requirements

ISSUE NAME:	**Financial Recovery Income Tax Revenue and Refunding Bonds, Series 2014-A (Tax-Exempt)**			**Financial Recovery Income Tax Revenue and Refunding Bonds, Series 2014-B (Taxable)**			**ALL**		
ISSUE NAME(2):	**Exit Financing (Remarketed)**			**Exit Financing (Remarketed)**					
REPAYMENT	**Income Taxes & Full faith and credit and resources of the City**			**Income Taxes & Full faith and credit and resources of the City**					
SOURCE:	**Income Taxes**			**Income Taxes**					
PURPOSE:	**Financial Recovery**			**Financial Recovery**					
ORIGINAL PAR:	**$134,725,000**			**$110,275,000**					
DATED DATE:	**September 1, 2015**			**September 1, 2015**					
PRINCIPAL DUE:	**Annual: October**			**Annual: October**					
INTEREST DUE:	**Semi Annual: October/April**			**Semi Annual: October/April**					
INTEREST RATE:	**3.40% to 4.50%**			**4.60%**					
MATURITY DATE:	**October 1, 2029**			**October 1, 2022**					
INSURANCE:	**Noninsured**			**Noninsured**					
CALL PROVISIONS:	**None**			**None**					
Fiscal Year Ending June 30,	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
2018	$ -	$5,831,106	**$5,831,106**	$ -	$5,072,650	**$5,072,650**	**$ -**	**$10,903,756**	**$10,903,756**
2019	-	5,831,106	**5,831,106**	13,425,000	4,763,875	**18,188,875**	**13,425,000**	**10,594,981**	**24,019,981**
2020	-	5,831,106	**5,831,106**	23,605,000	3,912,185	**27,517,185**	**23,605,000**	**9,743,291**	**33,348,291**
2021	2,000,000	5,797,106	**7,797,106**	22,950,000	2,841,420	**25,791,420**	**24,950,000**	**8,638,526**	**33,588,526**
2022	2,000,000	5,727,106	**7,727,106**	24,390,000	1,752,600	**26,142,600**	**26,390,000**	**7,479,706**	**33,869,706**
2023	2,000,000	5,653,106	**7,653,106**	25,905,000	595,815	**26,500,815**	**27,905,000**	**6,248,921**	**34,153,921**
2024	15,375,000	5,317,216	**20,692,216**				**15,375,000**	**5,317,216**	**20,692,216**
2025	16,285,000	4,693,625	**20,978,625**				**16,285,000**	**4,693,625**	**20,978,625**
2026	17,245,000	3,979,913	**21,224,913**				**17,245,000**	**3,979,913**	**21,224,913**
2027	18,265,000	3,180,938	**21,445,938**				**18,265,000**	**3,180,938**	**21,445,938**
2028	19,350,000	2,334,600	**21,684,600**				**19,350,000**	**2,334,600**	**21,684,600**
2029	20,495,000	1,438,088	**21,933,088**				**20,495,000**	**1,438,088**	**21,933,088**
2030	21,710,000	488,475	**22,198,475**				**21,710,000**	**488,475**	**22,198,475**
OUTSTANDING AT 7/1/2017	**$ 134,725,000**	**$ 56,103,491**	**$ 190,828,491**	**$ 110,275,000**	**$ 18,938,545**	**$ 129,213,545**	**$ 245,000,000**	**$ 75,042,036**	**$ 320,042,036**
PAID DURING FISCAL YEAR	**-**	**5,831,106**	**5,831,106**	**-**	**5,072,650**	**5,072,650**	**-**	**10,903,756**	**10,903,756**
OUTSTANDING AT 6/30/18	**$ 134,725,000**	**$ 50,272,384**	**$ 184,997,384**	**$ 110,275,000**	**$ 13,865,895**	**$ 124,140,895**	**$ 245,000,000**	**$ 64,138,279**	**$ 309,138,279**

City of Detroit - LTGO B-Notes Debt Service Requirements

ISSUE NAME:	**Financial Recovery Bonds, Series 2014-B1 (Federally Taxable)**	**Financial Recovery Bonds, Series 2014-B2 (Federally Taxable)**	
ISSUE NAME(2):	**B-Notes**	**B-Notes**	
REPAYMENT SOURCE:	**Full faith and credit and resources of the City**	**Full faith and credit and resources of the City**	
PURPOSE:	**Financial Recovery**	**Financial Recovery**	
ORIGINAL PAR:	**$616,560,047**	**$15,404,098**	**ALL**
DATED DATE:	**December 10, 2014**	**December 10, 2014**	
PRINCIPAL DUE:	**Annual: April**	**Annual: April**	
INTEREST DUE:	**Semi Annual: April/October**	**Semi Annual: April/October**	
INTEREST RATE:	**4.00% to 6.00%**	**4.00% to 6.00%**	
MATURITY DATE:	**April 1, 2044**	**April 1, 2044**	
INSURANCE:	**Noninsured**	**Noninsured**	
CALL PROVISIONS:	**None**	**None**	

Fiscal Year Ending June 30,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	$ -	$24,662,402	**$24,662,402**	$ -	$616,164	**$616,164**	**$ -**	**$25,278,566**	**$25,278,566**
2019	-	24,662,402	**24,662,402**	-	616,164	**616,164**	**-**	**25,278,566**	**25,278,566**
2020	-	24,662,402	**24,662,402**	-	616,164	**616,164**	**-**	**25,278,566**	**25,278,566**
2021	-	24,662,402	**24,662,402**	-	616,164	**616,164**	**-**	**25,278,566**	**25,278,566**
2022	-	24,662,402	**24,662,402**	-	616,164	**616,164**	**-**	**25,278,566**	**25,278,566**
2023	-	24,662,402	**24,662,402**	-	616,164	**616,164**	**-**	**25,278,566**	**25,278,566**
2024	-	24,662,402	**24,662,402**	-	616,164	**616,164**	**-**	**25,278,566**	**25,278,566**
2025	30,828,003	24,662,402	**55,490,405**	770,205	616,164	**1,386,369**	**31,598,208**	**25,278,566**	**56,876,774**
2026	30,828,003	23,429,282	**54,257,285**	770,205	585,356	**1,355,561**	**31,598,208**	**24,014,637**	**55,612,845**
2027	30,828,003	22,196,162	**53,024,165**	770,205	554,548	**1,324,753**	**31,598,208**	**22,750,709**	**54,348,917**
2028	30,828,003	20,963,042	**51,791,045**	770,205	523,739	**1,293,944**	**31,598,208**	**21,486,781**	**53,084,989**
2029	30,828,003	19,729,921	**50,557,924**	770,205	492,931	**1,263,136**	**31,598,208**	**20,222,853**	**51,821,061**
2030	30,828,003	18,496,801	**49,324,804**	770,205	462,123	**1,232,328**	**31,598,208**	**18,958,924**	**50,557,132**
2031	30,828,003	17,263,681	**48,091,684**	770,205	431,315	**1,201,520**	**31,598,208**	**17,694,996**	**49,293,204**
2032	30,828,003	16,030,561	**46,858,564**	770,205	400,507	**1,170,712**	**31,598,208**	**16,431,068**	**48,029,276**
2033	30,828,003	14,797,441	**45,625,444**	770,205	369,698	**1,139,903**	**31,598,208**	**15,167,139**	**46,765,347**
2034	30,828,003	13,564,321	**44,392,324**	770,205	338,890	**1,109,095**	**31,598,208**	**13,903,211**	**45,501,419**
2035	30,828,003	18,496,801	**49,324,804**	770,205	462,123	**1,232,328**	**31,598,208**	**18,958,924**	**50,557,132**
2036	30,828,003	16,647,121	**47,475,124**	770,205	415,911	**1,186,116**	**31,598,208**	**17,063,031**	**48,661,239**
2037	30,828,003	14,797,441	**45,625,444**	770,205	369,698	**1,139,903**	**31,598,208**	**15,167,139**	**46,765,347**
2038	30,828,003	12,947,760	**43,775,763**	770,205	323,486	**1,093,691**	**31,598,208**	**13,271,246**	**44,869,454**
2039	30,828,003	11,098,080	**41,926,083**	770,205	277,274	**1,047,479**	**31,598,208**	**11,375,354**	**42,973,562**
2040	30,828,003	9,248,400	**40,076,403**	770,205	231,061	**1,001,266**	**31,598,208**	**9,479,462**	**41,077,670**
2041	30,828,003	7,398,720	**38,226,723**	770,205	184,849	**955,054**	**31,598,208**	**7,583,569**	**39,181,777**
2042	30,828,003	5,549,040	**36,377,043**	770,205	138,637	**908,842**	**31,598,208**	**5,687,677**	**37,285,885**
2043	30,828,003	3,699,360	**34,527,363**	770,205	92,424	**862,629**	**31,598,208**	**3,791,784**	**35,389,992**
2044	30,827,990	1,849,679	**32,677,669**	770,203	46,212	**816,415**	**31,598,193**	**1,895,892**	**33,494,085**
OUTSTANDING AT 7/1/2017	**$ 616,560,047**	**$ 465,502,829**	**$ 1,082,062,876**	**$ 15,404,098**	**$ 11,630,093**	**$ 27,034,191**	**$ 631,964,145**	**$ 477,132,922**	**$ 1,109,097,067**
PAID DURING FISCAL YEAR	**-**	**24,662,402**	**24,662,402**	**-**	**616,164**	**616,164**	**-**	**25,278,566**	**25,278,566**
OUTSTANDING AT 6/30/18	**$ 616,560,047**	**$ 440,840,427**	**$ 1,057,400,474**	**$ 15,404,098**	**$ 11,013,929**	**$ 26,418,027**	**$ 631,964,145**	**$ 451,854,356**	**$ 1,083,818,501**

City of Detroit - LTGO C-Notes Debt Service Requirements

ISSUE NAME:	Financial Recovery Bonds, Series 2014-C
ISSUE NAME(2):	C-Notes (Taxable)
REPAYMENT	Parking Revenues & Full faith and credit of the City
SOURCE:	Parking Revenues
PURPOSE:	Financial Recovery
ORIGINAL PAR:	$88,430,021
DATED DATE:	December 10, 2014
PRINCIPAL DUE:	Annual :June 30th
INTEREST DUE:	Annual :June 30th
INTEREST RATE:	5.00%
MATURITY DATE:	December 10, 2026
INSURANCE:	Noninsured
CALL PROVISIONS:	None

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	$6,295,250	2,534,846	$8,830,096
2019	6,610,012	-	$6,610,012
2020	6,940,513	-	$6,940,513
2021	7,287,539	-	$7,287,539
2022	7,651,916	-	$7,651,916
2023	8,034,511	-	$8,034,511
2024	8,436,237	-	$8,436,237
2025	8,858,049	-	$8,858,049
2026	9,300,951	-	$9,300,951
2027	4,223,116	-	$4,223,116
OUTSTANDING AT 7/1/2017	$ 73,638,094	$ 2,534,846	$ 76,172,940
PAID DURING FISCAL YEAR	73,638,094	2,534,846	76,172,940
OUTSTANDING AT 6/30/18	$ -	$ (0)	$ (0)

Fully redeemed March 2018

ISSUE NAME:	**City of Detroit Transportation Project**
ISSUE NAME(2):	**MTF Bonds**
REPAYMENT SOURCE:	**Act 51 dollars**
	Act 51 dollars
ORIGINAL PAR:	**$124,500,000* (of which $34,000,000 has been drawn down)**
DATED DATE:	**November 16, 2017**
PRINCIPAL DUE:	**April 1**
INTEREST DUE:	**April 1**
INTEREST RATE:	**2.38% to 3.49%**
MATURITY DATE:	**April 1, 2032**
INSURANCE:	**None**
CALL PROVISIONS:	**7 year**

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	$ -	$ 10,208	**$ 10,208**
2019	-	1,072,285	**1,072,285**
2020	-	1,072,285	**1,072,285**
2021	9,145,000	1,072,285	**10,217,285**
2022	9,345,000	807,720	**10,152,720**
2023	9,585,000	513,539	**10,098,539**
2024	5,925,000	200,206	**6,125,206**
2025	-	-	**-**
2026	-	-	**-**
2027	-	-	**-**
2028	-	-	**-**
2029	-	-	**-**
2030	-	-	**-**
2031	-	-	**-**
2032	-	-	**-**
OUTSTANDING AT 7/1/2017	**$ 34,000,000**	**$ 4,748,527**	**$ 38,748,527**
PAID DURING FISCAL YEAR	**-**	**10,208**	**10,208**
OUTSTANDING AT 6/30/18	**$ 34,000,000**	**$ 4,738,320**	**$ 38,738,320**

There are five scheduled draws remaining. These draws are in pre-determined amounts and on pre-determined dates (two occur in FY19, two more in FY20, and the last one in FY21). With each draw, the debt schedule will be updated. The total principal to be paid is $124,500,000 and the total interest is $37,545,372.57.

City of Detroit - HUD Notes Debt Service Requirements

ISSUE NAME:	Ferry St. Project			Mexicantown Welcome Center			Book Cadillac Project Note 2		
	HUD 108 Note			HUD 108 Note			HUD 108 Note		
REPAYMENT SOURCE:	Section 108 Loan Guaranty Block Grant Funds			Section 108 Loan Guaranty Block Grant Funds			Section 108 Loan Guaranty Block Grant Funds		
PURPOSE:	New Money			New Money			New Money		
ORIGINAL PAR:	$2,900,000			$7,789,000			$10,700,000		
DATED DATE:	June 12, 2008			September 14, 2006			June 12, 2008		
PRINCIPAL DUE:	Annual: August			Annual: August			Annual: August		
INTEREST DUE:	Semi Annual: August/February			Semi Annual: August/February			Semi Annual: August/February		
INTEREST RATE:	4.33% to 4.62%			5.09% to 5.70%			4.33% to 5.38%		
MATURITY DATE:	8/1/2018 (Fully Defeased April 2018)			August 1, 2024			August 1, 2024		
INSURANCE:	Noninsured			Noninsured			Noninsured		
CALL PROVISIONS:	None			None			None		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
Fiscal Year Ending June 30,									
2018	$ -	$ 18,711	**$ 18,711**	$ -	$ 98,867	**$ 98,867**	$ -	$ 227,297	$ 227,297
2019	405,000	9,356	**414,356**	167,000	91,873	**258,873**	716,000	347,113	**1,063,113**
2020	-	-	**-**	270,000	80,024	**350,024**	716,000	313,139	**1,029,139**
2021	-	-	**-**	280,000	64,952	**344,952**	716,000	277,947	**993,947**
2022	-	-	**-**	280,000	49,440	**329,440**	716,000	242,111	**958,111**
2023	-	-	**-**	350,000	31,807	**381,807**	716,000	205,667	**921,667**
2024	-	-	**-**	360,000	11,784	**371,784**	716,000	168,721	**884,721**
2025	-	-	**-**	28,000	798	**28,798**	175,000	31,523	**206,523**
2026	-	-	**-**	-	-	**-**	-	-	**-**
2027	-	-	**-**	-	-	**-**	-	-	**-**
2028	-	-	**-**	-	-	**-**	-	-	**-**
2029	-	-	**-**	-	-	**-**	-	-	**-**
2030	-	-	**-**	-	-	**-**	-	-	**-**
2031	-	-	**-**	-	-	**-**	-	-	**-**
2032	-	-	**-**	-	-	**-**	-	-	**-**
OUTSTANDING AT 7/1/2017	**$ 405,000**	**$ 28,067**	**$ 433,067**	**$ 1,735,000**	**$ 429,545**	**$ 2,164,545**	**$ 4,471,000**	**$ 1,813,518**	**$ 6,284,518**
PAID DURING FISCAL YEAR	**405,000**	**28,067**	**433,067**	**167,000**	**103,360**	**270,360**	**-**	**227,297**	**227,297**
OUTSTANDING AT 6/30/18	**$ -**	**$ -**	**$ -**	**$ 1,568,000**	**$ 326,186**	**$ 1,894,186**	**$ 4,471,000**	**$ 1,586,221**	**$ 6,057,221**

City of Detroit - HUD Notes Debt Service Requirements

ISSUE NAME:	Garfield II Project Note 1			Garfield II Project Note 2			Garfield II Project Note 3		
	HUD 108 Note			HUD 108 Note			HUD 108 Note		
REPAYMENT SOURCE:	Section 108 Loan Guaranty Block Grant Funds			Section 108 Loan Guaranty Block Grant Funds			Section 108 Loan Guaranty Block Grant Funds		
PURPOSE:	New Money			New Money			New Money		
ORIGINAL PAR:	$6,522,000			$2,058,000			$1,393,000		
DATED DATE:	June 12, 2008			September 14, 2006			May 28, 2015 (Refunding)		
PRINCIPAL DUE:	Annual: August			Annual: August			Annual: August		
INTEREST DUE:	Semi Annual: August/February			Semi Annual: August/February			Semi Annual: August/February		
INTEREST RATE:	4.33% to 5.30%			5.09% to 5.77%			.28% to 3.35%		
MATURITY DATE:	August 1, 2025			August 1, 2026			August 1, 2029		
INSURANCE:	Noninsured			Noninsured			Noninsured		
CALL PROVISIONS:	None			None			None		
Fiscal Year Ending June 30,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	$ -	$ 281,205	**$ 281,205**	$ -	$ 99,484	**$ 99,484**	$ -	$ 29,998	**$ 29,998**
2019	440,000	271,041	**711,041**	100,000	96,794	**196,794**	90,000	29,400	**119,400**
2020	480,000	249,189	**729,189**	110,000	91,106	**201,106**	90,000	27,955	**117,955**
2021	520,000	224,605	**744,605**	120,000	84,803	**204,803**	95,000	26,169	**121,169**
2022	620,000	196,054	**816,054**	130,000	77,876	**207,876**	95,000	24,112	**119,112**
2023	720,000	161,931	**881,931**	140,000	70,322	**210,322**	100,000	21,771	**121,771**
2024	780,000	123,222	**903,222**	150,000	62,143	**212,143**	100,000	19,146	**119,146**
2025	950,000	78,044	**1,028,044**	240,000	51,058	**291,058**	100,000	16,321	**116,321**
2026	1,002,000	26,553	**1,028,553**	320,000	35,034	**355,034**	100,000	13,421	**113,421**
2027	-	-	**-**	448,000	12,925	**460,925**	100,000	10,396	**110,396**
2028	-	-	**-**	-	-	**-**	100,000	7,271	**107,271**
2029	-	-	**-**	-	-	**-**	100,000	4,071	**104,071**
2030	-	-	**-**	-	-	**-**	73,000	1,223	**74,223**
2031	-	-	**-**	-	-	**-**	-	-	**-**
2032	-	-	**-**	-	-	**-**	-	-	**-**
OUTSTANDING AT 7/1/2017	$ 5,512,000	$ 1,611,844	$ 7,123,844	$ 1,758,000	$ 681,542	$ 2,439,542	$ 1,143,000	$ 231,254	$ 1,374,254
PAID DURING FISCAL YEAR	440,000	291,369	731,369	-	99,484	99,484	-	29,998	29,998
OUTSTANDING AT 6/30/18	$ 5,072,000	$ 1,320,475	$ 6,392,475	$ 1,758,000	$ 582,059	$ 2,340,059	$ 1,143,000	$ 201,256	$ 1,344,256

City of Detroit - HUD Notes Debt Service Requirements

ISSUE NAME:	Garfield II Project Note 4 HUD 108 Note			Fort Shelby Project HUD 108 Note			Woodward Garden Project 1 HUD 108 Note		
REPAYMENT SOURCE:	Section 108 Loan Guaranty Block Grant Funds			Section 108 Loan Guaranty Block Grant Funds			Section 108 Loan Guaranty Block Grant Funds		
PURPOSE:	New Money			New Money			New Money		
ORIGINAL PAR:	$6,697,000			$18,700,000			$7,050,000		
DATED DATE:	May 28, 2015 (Refunding)			June 12, 2008			June 12, 2008		
PRINCIPAL DUE:	Annual: August			Annual: August			Annual: August		
INTEREST DUE:	Semi Annual: August/February			Semi Annual: August/February			Semi Annual: August/February		
INTEREST RATE:	.93% to 3.35%			4.33% to 5.34%			4.48% to 5.05%		
MATURITY DATE:	August 1, 2029			August 1, 2026			August 1, 2021		
INSURANCE:	Noninsured			Noninsured			Noninsured		
CALL PROVISIONS:	None			None			None		
Fiscal Year Ending June 30,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	$ 160,000	198,349	$ 358,349	$ -	$ 702,725	$ 702,725	$ -	$ 188,720	$ 188,720
2019	160,000	196,541	356,541	1,250,000	673,850	1,923,850	1,150,000	162,155	1,312,155
2020	184,000	193,747	377,747	1,250,000	614,538	1,864,538	1,200,000	106,370	1,306,370
2021	190,000	190,137	380,137	1,250,000	553,100	1,803,100	1,250,000	46,150	1,296,150
2022	200,000	185,906	385,906	1,500,000	484,225	1,984,225	300,000	7,575	307,575
2023	220,000	180,861	400,861	1,500,000	407,875	1,907,875	-	-	-
2024	230,000	174,946	404,946	1,500,000	330,475	1,830,475	-	-	-
2025	260,000	168,021	428,021	1,500,000	252,175	1,752,175	-	-	-
2026	400,000	158,416	558,416	2,000,000	159,800	2,159,800	-	-	-
2027	600,000	143,216	743,216	2,000,000	53,400	2,053,400	-	-	-
2028	900,000	119,741	1,019,741	-	-	-	-	-	-
2029	1,400,000	82,816	1,482,816	-	-	-	-	-	-
2030	1,793,000	30,033	1,823,033	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-
OUTSTANDING AT 7/1/2017	$ 6,697,000	$ 2,022,725	$ 8,719,725	$ 13,750,000	$ 4,232,163	$ 17,982,163	$ 3,900,000	$ 510,970	$ 4,410,970
PAID DURING FISCAL YEAR	160,000	198,349	358,349	-	702,725	702,725	-	188,720	188,720
OUTSTANDING AT 6/30/18	$ 6,537,000	$ 1,824,376	$ 8,361,376	$ 13,750,000	$ 3,529,438	$ 17,279,438	$ 3,900,000	$ 322,250	$ 4,222,250

City of Detroit - HUD Notes Debt Service Requirements

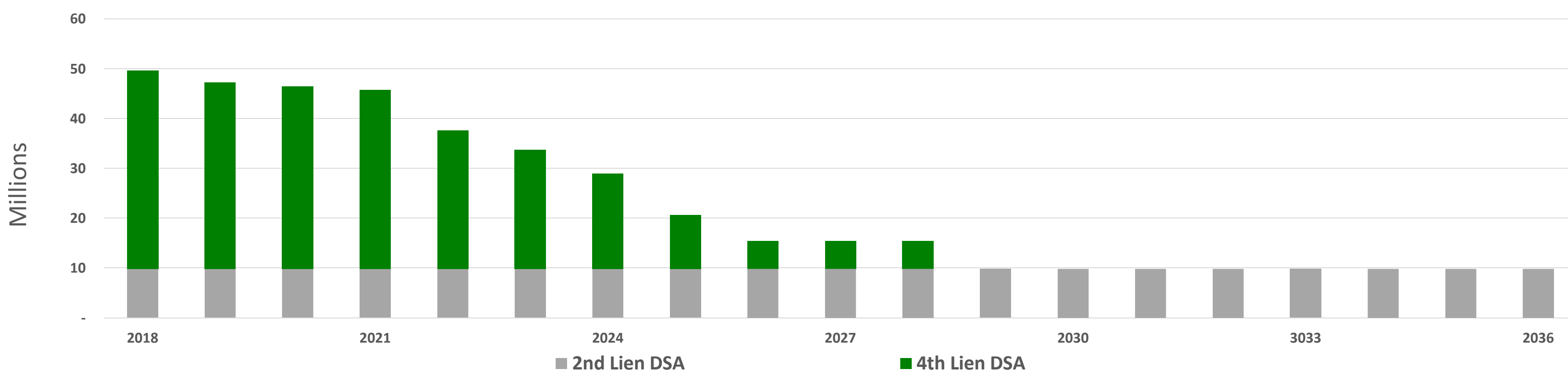
ISSUE NAME:	Woodward Garden Project 2			Woodward Garden Project 3			Vernor Lawndale Project		
	HUD 108 Note			HUD 108 Note			HUD 108 Note		
REPAYMENT SOURCE:	Section 108 Loan Guaranty Block Grant Funds			Section 108 Loan Guaranty Block Grant Funds			Section 108 Loan Guaranty Block Grant Funds		
PURPOSE:	New Money			New Money			New Money		
ORIGINAL PAR:	$6,197,000			$5,753,000			$1,800,000		
DATED DATE:	June 12, 2008			May 28, 2015 (Refunding)			September 14, 2006		
PRINCIPAL DUE:	Annual: August			Annual: August			Annual: August		
INTEREST DUE:	Semi Annual: August/February			Semi Annual: August/February			Semi Annual: August/February		
INTEREST RATE:	2.66% to 4.35%			.83% to 3.55%			5.09% to 5.74%		
MATURITY DATE:	August 1, 2028			August 1, 2031			August 1, 2025		
INSURANCE:	Noninsured			Noninsured			Noninsured		
CALL PROVISIONS:	None			None			None		
Fiscal Year Ending June 30,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	$ -	$ 253,347	$ 253,347	$ -	$ 150,811	$ 150,811	$ -	$ 31,202	$ 31,202
2019	106,000	251,694	357,694	267,000	149,036	416,036	-	-	-
2020	120,000	248,060	368,060	281,000	144,619	425,619	-	-	-
2021	148,000	243,542	391,542	295,000	139,057	434,057	-	-	-
2022	170,000	237,833	407,833	310,000	132,494	442,494	-	-	-
2023	200,000	230,833	430,833	325,000	124,870	449,870	-	-	-
2024	300,000	221,108	521,108	342,000	116,101	458,101	-	-	-
2025	400,000	207,153	607,153	359,000	106,197	465,197	-	-	-
2026	650,000	185,670	835,670	377,000	95,521	472,521	-	-	-
2027	1,100,000	149,093	1,249,093	396,000	83,822	479,822	-	-	-
2028	1,360,000	96,834	1,456,834	417,000	71,116	488,116	-	-	-
2029	1,557,000	33,865	1,590,865	438,000	57,431	495,431	-	-	-
2030	-	-	-	460,000	42,609	502,609	-	-	-
2031	-	-	-	483,000	26,451	509,451	-	-	-
2032	-	-	-	507,000	8,999	515,999	-	-	-
OUTSTANDING AT 7/1/2017	$ 6,111,000	$ 2,359,028	$ 8,470,028	$ 5,257,000	$ 1,449,134	$ 6,706,134	$ -	$ 31,202	$ 31,202
PAID DURING FISCAL YEAR	-	253,347	253,347	-	150,811	150,811	-	31,202	31,202
OUTSTANDING AT 6/30/18	$ 6,111,000	$ 2,105,681	$ 8,216,681	$ 5,257,000	$ 1,298,323	$ 6,555,323	$ -	$ -	$ -

City of Detroit - HUD Notes Debt Service Requirements

ISSUE NAME:	ALL			FY 18 DEFEASANCES		
REPAYMENT SOURCE:						
PURPOSE:						
ORIGINAL PAR:						
DATED DATE:						
PRINCIPAL DUE:						
INTEREST DUE:						
INTEREST RATE:						
MATURITY DATE:						
INSURANCE:						
CALL PROVISIONS:						
	Principal	Interest	Total	Principal	Interest	Total
Fiscal Year Ending June 30,						
2018	$ 160,000	$ 2,280,716	$ 2,440,716	$ 1,012,000	$ 24,012	1,036,012
2019	$ 4,851,000	$ 2,278,852	7,129,852			
2020	$ 4,701,000	$ 2,068,746	6,769,746			
2021	$ 4,864,000	$ 1,850,461	6,714,461			
2022	$ 4,321,000	$ 1,637,626	5,958,626			
2023	$ 4,271,000	$ 1,435,936	5,706,936			
2024	$ 4,478,000	$ 1,227,645	5,705,645			
2025	$ 4,012,000	$ 911,288	4,923,288			
2026	$ 4,849,000	$ 674,414	5,523,414			
2027	$ 4,644,000	$ 452,851	5,096,851			
2028	$ 2,777,000	$ 294,961	3,071,961			
2029	$ 3,495,000	$ 178,182	3,673,182			
2030	$ 2,326,000	$ 73,865	2,399,865			
2031	$ 483,000	$ 26,451	509,451			
2032	$ 507,000	$ 8,999	515,999			
OUTSTANDING AT 7/1/2017	$ 50,739,000	$ 15,400,992	$ 66,139,992	$ 1,012,000	$ 24,012	$ 1,036,012
PAID DURING FISCAL YEAR	$ 1,172,000	2,304,728	3,476,728	$ 1,012,000	24,012	1,036,012
OUTSTANDING AT 6/30/18	$ 49,567,000	$ 13,096,264	$ 62,663,264	$ -	$ -	$ -

City of Detroit - UTGO Debt Service Requirements

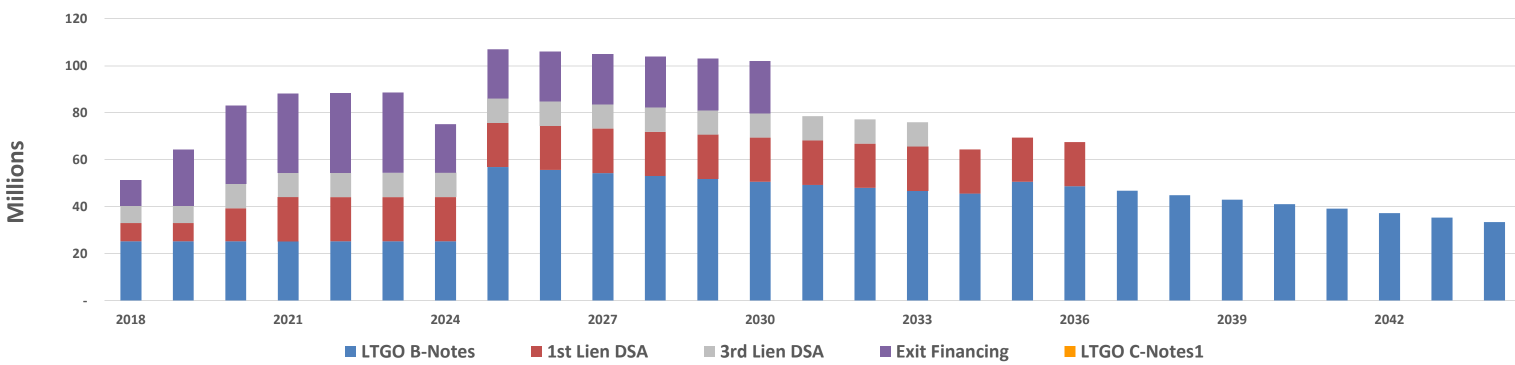
Fiscal Year Ending June 30	2nd Lien DSA	4th Lien DSA	UTGO Obligations
2018	9,828,302	39,824,410	49,652,712
2019	9,826,251	37,374,751	47,201,002
2020	9,827,630	36,665,687	46,493,317
2021	9,825,710	35,919,553	45,745,263
2022	9,824,594	27,770,871	37,595,465
2023	9,828,024	23,944,817	33,772,841
2024	9,828,621	19,200,507	29,029,128
2025	9,826,919	10,881,531	20,708,450
2026	9,828,854	5,631,115	15,459,969
2027	9,827,125	5,629,409	15,456,534
2028	9,824,431	5,625,885	15,450,316
2029	9,827,843	-	9,827,843
2030	9,824,431	-	9,824,431
2031	9,826,057	-	9,826,057
3032	9,828,955	-	9,828,955
3033	9,824,568	-	9,824,568
2034	9,823,921	-	9,823,921
2035	9,827,202	-	9,827,202
2036	9,824,598	-	9,824,598
Total	$ 186,704,038	$ 248,468,536	$ 435,172,574



Note that FY18 Q3 Debt Certification reported principal only in this chart. This has been updated to include principal and interest.

City of Detroit - LTGO Debt Service Requirements

Fiscal Year Ending June 30	LTGO B-Notes	1st Lien DSA	3rd Lien DSA	Exit Financing	LTGO C-Notes[1]	LTGO Obligations
2018	25,278,566	7,745,446	7,325,368	10,903,756	-	51,253,136
2019	25,278,566	7,745,446	7,319,672	24,019,981	-	64,363,665
2020	25,278,566	14,063,446	10,357,207	33,348,291	-	83,047,510
2021	25,278,566	18,848,446	10,366,451	33,588,526	-	88,081,989
2022	25,278,566	18,847,724	10,357,882	33,869,706	-	88,353,878
2023	25,278,566	18,846,043	10,359,353	34,153,921	-	88,637,883
2024	25,278,566	18,845,364	10,362,671	20,692,216	-	75,178,816
2025	56,876,774	18,845,619	10,358,538	20,978,625	-	107,059,556
2026	55,612,845	18,848,638	10,359,754	21,224,913	-	106,046,150
2027	54,348,917	18,849,182	10,357,267	21,445,938	-	105,001,304
2028	53,084,989	18,843,853	10,359,475	21,684,600	-	103,972,917
2029	51,821,061	18,841,613	10,362,120	21,933,088	-	102,957,881
2030	50,557,132	18,843,889	10,358,303	22,198,475	-	101,957,799
2031	49,293,204	18,845,109	10,362,573	-	-	78,500,886
2032	48,029,276	18,844,784	10,359,478	-	-	77,233,538
2033	46,765,347	18,844,922	10,358,659	-	-	75,968,928
2034	45,501,419	18,847,981	-	-	-	64,349,400
2035	50,557,132	18,843,903	-	-	-	69,401,035
2036	48,661,239	18,846,881	-	-	-	67,508,121
2037	46,765,347	-	-	-	-	46,765,347
2038	44,869,454	-	-	-	-	44,869,454
2039	42,973,562	-	-	-	-	42,973,562
2040	41,077,670	-	-	-	-	41,077,670
2041	39,181,777	-	-	-	-	39,181,777
2042	37,285,885	-	-	-	-	37,285,885
2043	35,389,992	-	-	-	-	35,389,992
2044	33,494,085	-	-	-	-	33,494,085
Total	$ 1,109,097,067	$ 331,088,289	$ 159,684,771	$ 320,042,036	$ -	$ 1,919,912,163



[1]LTGO C-Note principal of $15,000,000 and accrued interest of $397,916.67 was sent to the Trustee on January 11, 2018 to partially redeem the C-Note as a result of the sale of the Premier garage as required. In addition, C-Note principal of $52,342,844 and accrued interest of $2,057,365 was sent to the Trustee on March 14, 2018 to fully redeem the remaining outstanding C-Note balance. The Enterprise agencies' allocated portions of this note, totalling $17,839,157 (of which approximately $13.7 million is principal) with an original maturity date of 2027, will now be due to the City each June.

Note that FY18 Q3 Debt Certification reported principal only in this chart. This has been updated to include principal and interest.

City of Detroit

Pension Payment Report for the Quarter ended June 30, 2018

(unaudited)

YTD Payments to Plan/Fund	FY 2018 YTD Payments by Source							
	City of Detroit	Detroit Water and Sewerage Department	Great Lakes Water Authority	Detroit Public Library	UTGO Stub	COBO Authority	Detroit Institute of Arts and Foundations	Total
PFRS Hybrid Plan (Component I)[1]	$ 19,244,806	$ -	$ -	$ -	$ -	$ -	$ -	**$ 19,244,806**
PFRS Legacy Plan (Component II)[2]	-	-	-	-	-	-	18,300,000	**18,300,000**
PFRS Income Stabilization Fund	-	-	-	-	628,359	-	-	**628,359**
GRS Hybrid Plan (Component I)[1]	12,531,686	1,328,993	-	795,731	-	17,234	-	**14,673,644**
GRS Legacy Plan (Component II)[2]	20,000,000	7,128,000	38,272,000	2,851,500	4,460,720	-	375,000	**73,087,220**
GRS Income Stabilization Fund	-	-	-	-	1,881,752	-	-	**1,881,752**
RPF (IRC Section 115 Trust)[3]	105,270,277	-	-	-	-	-	-	**105,270,277**
Total	**$ 157,046,769**	**$ 8,456,993**	**$ 38,272,000**	**$ 3,647,231**	**$ 6,970,831**	**$ 17,234**	**$ 18,675,000**	**$ 233,086,058**

Acronyms:

PFRS: Police and Fire Retirement System

GRS: General Retirement System

RPF: Retiree Protection Fund

Notes:

1. Hybrid Plan payments reflect amounts invoiced as of 6/30/2018. Payments are made within 30 days of invoice.
2. Legacy Plan payments are due by 6/30/2018.
3. Payment to Retiree Protection Fund includes appropriations from FY16, FY17, and FY18 plus interest earnings.

Prepared: August 10, 2018

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

RESOLUTION 2018-14

ENDORSING EXTENSION OF CITY'S DEFERRED RETIREMENT OPTION PROGRAM

WHEREAS, Public Act 181 of 2014, as amended, the Michigan Financial Review Commission Act (the "Act") created the Detroit Financial Review Commission (the "Commission") to provide specified supervision of certain activities and actions of the City of Detroit (the "City") beginning on December 10, 2014; and

WHEREAS, the Act charges the Commission with, among other things, (a) ensuring that the City is meeting certain statutory requirements, (b) reviewing and approving the City's budgets and certain contracts, and (c) establishing processes to ensure effective prudent fiscal management; and

WHEREAS, the Commission granted a waiver to the City pursuant to Section 8 of the Act on April 30, 2018 in Resolution 2018-13 and is currently in a period of decreased oversight; and

WHEREAS, both the Act and the conditions of waiver approved by the Commission in Resolution 2018-13 contemplate continued monitoring of the City's financial status, even though the Commission is no longer providing day to day oversight of the City's finances; and

WHEREAS, the City has now requested that the Commission endorse the efforts by the City to lengthen the amount of time members of the Detroit Police Lieutenants and Sergeants

Association ("DPLSA") and the Detroit Police Command Officers Association ("DPCOA") may work under the City's Deferred Retirement Option Program (the "DROP") from five years to ten years; and

WHEREAS, the City has advised the Commission that the proposed change to DROP would effectively be cost-neutral and would, moreover, greatly assist the City's efforts to retain experienced, well-trained officers—an issue of major concern in the City.

NOW THEREFORE, be it **RESOLVED** that the Detroit Financial Review Commission endorses the City's efforts to lengthen the time members of DPLSA and DPCOA may work under the City's Deferred Retirement Option Program from five years to ten years.

DETROIT 56620-1 1472045v2

Mayor's Office
CITY OF DETROIT

Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 1126
Detroit, Michigan 48226

Phone 313•224•3400
Fax 313•224•4128
www.detroitmi.gov

August 24, 2018

To the members of the Financial Review Commission,

Attached please find a memorandum regarding a potential extension of the time period in which certain Detroit police officers can participate in the Deferred Retirement Option Program (DROP).

I agree with and endorse the analysis and conclusions in the memo. I urge the FRC to endorse, via an advisory vote, the DROP extension.

Sincerely,

Michael E. Duggan

Michael E. Duggan
Mayor, City of Detroit

MEMORANDUM

To: Mayor Duggan
From: Eli Savit, Senior Counsel to the Mayor
Date: August 20, 2018
Re: DROP Extension

As you know, the City of Detroit is requesting an FRC advisory vote supporting the City's efforts to amend the City's bankruptcy Plan of Adjustment (POA). Specifically, the City wishes to file a Rule 60(b) motion in bankruptcy court seeking to amend the POA to lengthen the amount of time members of the Detroit Police Lieutenants and Sergeants Association (DPLSA) and the Detroit Police Command Officers Association (DPCOA) may work under the City's Deferred Retirement Option Program (DROP).

As explained below, the proposed change to DROP would effectively be cost-neutral. It would, moreover, greatly assist the City's efforts to retain experienced, well-trained officers—an issue of major concern in the City.

I. Legal Background

The City of Detroit currently offers Police and Fire Retirement System (PFRS) members a DROP program. The DROP program allows members who are eligible to retire with a pension the option, instead, to (1) continue working, (2) "freeze" the amount of benefits that they are accruing, and (3) have 75% of the money that would have been paid as pension (had they retired) invested into an individual savings account.

From members' perspective, the DROP program allows them to continue working (and earning a salary), but realize some benefits from the pension they would have been eligible to receive had they retired. From the City's perspective, the DROP program facilitates the retention of experienced officers, and allows it to avoid the costs associated with replacing such officers.[1]

Pursuant to the combined PFRS plan approved as part of the bankruptcy POA, however, members who elect the DROP program can generally work for only five years after making the DROP election. *See* POA, Combined PFRS Plan at § 12.1. That truncated period restricts the degree to which both the City and members can benefit from the DROP program. Accordingly, pursuant to collective bargaining agreements recently reached with DPCOA and DPLSA, the City agreed to use its best efforts to amend the POA to lengthen the amount of time—to ten years—that DPCOA and DPLSA members can work post-DROP. Specifically, the City agreed to seek bankruptcy court approval to amend §12.1 of the Combined PFRS Plan to add a new paragraph (3) along the following lines:

> *(3) Notwithstanding paragraph 2 of this section or any other provision of this Plan, a member of the Detroit Police Lieutenants and Sergeants Association*

---

[1] Additional information about the DROP program can be found at http://www.pfrsdetroit.org/Portals/PFRS2/Documents/Helpful%20PDFs/DROP%20_Guidelines%20_v%205_3.pdf.

or the Detroit Police Command Officers Association shall be entitled to participate in the DROP program under Component I for a maximum of ten (10) years. At the end ofsuch ten (10) year period of participation in the DROP program, the member shall be retired and separated from employment.

A member who is participating in the DROP program pursuant to this paragraph §12.1(3) or pursuant to Component II of the Police and Fire Retirement System must be able to perform the essential functions of his or her permanent position for the duration of his or her participation in the DROP program. Provided, however, that such a member may remain on restricted duty for a maximum cumulative total of 365 days during the DROP period. If a member participating in the DROP program pursuant to this paragraph §12.1(3) or Component II of the Police and Fire Retirement System remains on restricted duty for the maximum cumulative total of 365 days, that member shall be retired and separated from employment.

While participating in the DROP program pursuant to paragraph §12.1(2), this paragraph 12.1(3) or pursuant to Component II of the Police and Fire Retirement System, a member of the Detroit Police Lieutenants and Sergeants Association or the Detroit Police Command Officers Association must receive bi-annual satisfactory performance evaluations according to the performance evaluation standards then in place for sworn officers. Any such member who receives an unsatisfactory performance evaluation shall be entitled to the appeals process then in place, as well as final review by the Chief of Police. If a member receives a final unsatisfactory evaluation, that member shall be retired and separated from employment.

The City plans to fulfill that obligation by filing a "Rule 60(b)" motion with the bankruptcy court, seeking partial relief from a judgment or order. Federal Rule of Civil Procedure 60(b) broadly provides that a party may seek relief from a judgment or order for "any . . . reason that justifies relief." The City believes that an advisory vote by the FRC supporting the proposed amendment would help to ensure that the bankruptcy court grants its motion.

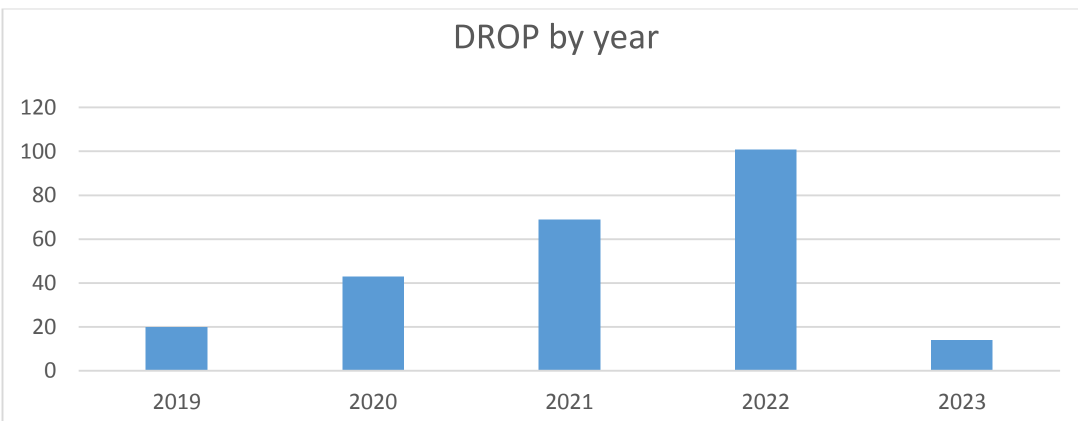
To be sure, the Financial Review Commission Act does not expressly provide a mechanism for an advisory vote. As such, the vote would have no legal effect. But both the Act and the conditions of waiver approved by the FRC contemplate continued monitoring of the City's financial status, even though the Commission is no longer actively overseeing the City's finances. *See, e.g.,* MCL 141.1642(1); 141.1637(b); 141.1638(2)(d). Accordingly, as part of that continued oversight, an advisory vote is appropriate. And, as noted below, lengthening the amount of time an officer can be on DROP makes good policy and fiscal sense.

II. Detroit's Officer Retention Challenge

The Detroit Police Department (DPD), in recent years, has faced significant challenges in retaining officers. In the past, approximately 70% of the officers leaving DPD left due to retirement. Today, that number has dropped to 39%. A full 40% of the officers separating from DPD now leave as a result of a voluntary resignation.

Turnover in DPD is particularly acute during the first five years in an officer's career. Today, nearly 1/3 of the officers who resign have less than five years seniority. That imposes significant real-world costs on the police force. It means that a higher percentage of the police force is relatively inexperienced. And the constant churn means that DPD must spend more to recruit and train newer officers.

These challenges are exacerbated by the fact that many of Detroit's most senior officers can only continue working for five years after they choose to DROP. That policy forces out the door some of Detroit's most prized veteran officers. The problem will only grow in the coming years. Last year, the City conducted a retirement-forecast study to guide its planning processes for the coming years. Per that study, there are currently 248 officers who have already opted to DROP who will end their employment in the next five years. What is more, the number of officers who will have to leave employment because of the 5-year DROP requirement is scheduled to skyrocket in 2020, 2021, and 2022. The graph below—which details the number of police officers whose 5-year DROP timetable will end in each of the five forthcoming calendar years—illustrates that change.



As a result, there is a real need—both operationally and fiscally—to modify the DROP program to ensure that participants work longer.

III. The Proposed Amendments Will Be Cost-Beneficial

Lengthening the amount of time in which officers may participate in DROP will not only be revenue-neutral—it will be cost-beneficial.

Again, under DROP, eligible PFRS members may defer the receipt of their full retirement benefit and instead continue active service, while collecting 75% of their monthly retirement benefit into a third-party account. DROP participants no longer accrue additional service credit in the Hybrid plan during their remaining active service.

Based on a February 24, 2017 actuarial study completed by Gabriel Roeder Smith for the PFRS, extending the DROP to 10 years would reduce the Unfunded Actuarial Accrued Liability (UAAL) of the Component II Legacy plan by $21.7 million and of the Component I Hybrid plan by $2 million compared to the PFRS FY 2015 actuarial valuation. It would also reduce the employer normal cost for new service credit in the Hybrid plan. This is due to assumed changes in behavior due to the proposed policy change. It is expected that the number of DROP participants would increase, and DROP participants would work longer. The result is an overall delay in actual retirement from service for PFRS members, thus reducing the outflow of retirement benefits.[2]

A copy of the actuarial study is attached.

cc: John Hill
David Massaron
Chuck Raimi
Trisha Stein

[2] The actuarial study examined the impact on the full PFRS system, not just DPCOA and DPLSA. It should be noted that the City has provided for the lengthened program as part of a collective bargaining agreement with DPCOA and DPLSA—thus providing the City and the unions the additional benefit of having an operative contract in place.

GRS
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February 24, 2017

CONFIDENTIAL

The Police and Fire Retirement System
of the City of Detroit
Coleman A. Young Municipal Center
2 Woodward Avenue - Suite 900
Detroit, Michigan 48226

Attention: Mr. David Cetlinski, Assistant Executive Director

Re: Police and Fire Retirement System of the City of Detroit – Supplemental Actuarial Valuation of Proposed Changes in DROP Provisions

Dear Mr. Cetlinski

Enclosed is a supplemental actuarial valuation report for the Police and Fire Retirement System of the City of Detroit (PFRS) regarding the financial effects of removing the maximum five-year DROP period. This report contains results for both the Component I (Hybrid) and Component II (Legacy) plans.

Please do not hesitate to contact us if you have any questions.

Sincerely,

Kenneth G. Alberts

Kenneth G. Alberts

KGA:bd
Enclosure

cc: Judith A. Kermans
David T. Kausch

Police and Fire Retirement System of the City of Detroit Supplemental Actuarial Valuation as of June 30, 2015

Requested By: Police and Fire Retirement System of the City of Detroit

Date: February 24, 2017

Submitted By: Kenneth G. Alberts
Judith A. Kermans, EA, FCA, MAAA
David T. Kausch, FSA, EA, FCA, MAAA
Gabriel, Roeder, Smith & Company

This report contains an actuarial valuation of a proposed change in benefits for members of the City of Detroit Police and Fire Retirement System (DPFRS). The Proposed change is to remove the 5-year maximum DROP participation period so that members may participate in the DROP plan for an unlimited period (or until mandatory retirement age, if applicable). The purpose of this report is to estimate the financial effect of the proposed change on the DPFRS.

Judy A. Kermans and David T. Kausch are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

This report may be shared with other parties, but only in its entirety and only with the permission of the DPFRS. GRS is not responsible for unauthorized use of this report. This report should not be used for any purpose other than the purpose stated above. The individuals issuing this report are independent of the plan and the plan sponsor.

The date of the valuation was June 30, 2015. This means that the results of the supplemental valuations indicate what the June 30, 2015 valuations would have shown if the proposed benefit changes had been in effect on that date. Supplemental valuations do **not** predict the result of future actuarial valuations. Rather, supplemental valuations give an indication of the probable long-term cost of the **benefit change only** without comment on the complete end result of the future valuations.

Actuarial assumptions and methods were consistent with those used in the regular actuarial valuation of the Retirement System on the valuation date, unless otherwise noted. For additional information, please see the June 30, 2015 actuarial valuation of Component II issued September 28, 2016 and the June 30, 2015 actuarial valuation of Component I issued January 24, 2017. Actuarial assumptions are adopted by the Retirement Board of Trustees and the Investment Committee. In particular:

- The assumed rate of interest was 6.75%;
- The assumed VPIF (COLA) rate for Component I (Hybrid) was 0.5%;
- Wage inflation was 2.0% for first 5 years; 2.5% for next 5 years and 3.0% thereafter;
- Component II benefits were frozen as of June 30, 2014;
- Employer contributions through 2024 are fixed by plan and/or the POA approved by the Bankruptcy Court. The Board has not established a funding policy for post 2024 contributions. Changes in UAAL were amortized over alternate periods of 15 and 20 years for purposes of illustrating the magnitude of the proposed change relative to an annual contribution.

It is our understanding that benefits for current inactive, retired members, and members who entered the DROP before June 30, 2014 would not be affected by the proposed benefit changes. They were excluded from this study.

A brief summary of the data, as of June 30, 2015, used in this valuation is presented below.

Component I (Hybrid):

Group	Number Eligible	Annual Payroll/Benefits	Average in Years: Age	Average in Years: Eligibility Service
Non-DROP Active Members				
Police	1,808	$ 97,702,744	41.0	14.3
Fire	676	33,992,725	40.9	13.8
Total	2,484	131,695,469	41.0	14.2
DROP Members after 6/30/2014	118			

Component II (Legacy):

Group	Number Eligible	Annual Payroll/Benefits	Average in Years: Age	Average in Years: Eligibility Service
Non-DROP Active Members				
Police	1,785	$ 101,236,911	41.4	14.7
Fire	601	33,522,045	42.3	15.5
Total	2,386	134,758,956	41.6	14.9
DROP Members after 6/30/2014	88			

The June 30, 2015 valuation was the first valuation for which Component I data was independently submitted. In addition, FY 2015 was the first plan year of Component I. Some data for Component I had to be estimated, including the actual Component I benefits for the current 118 members DROPed in Component I. Further details on the estimates are described in the June 30, 2015 actuarial valuation of the Component I plan.

PRESENT PROVISIONS:

Component I (Hybrid): A Member shall be entitled to participate in the DROP program under Component I **for a maximum of five years**.

Component II (Legacy): Participation in the DROP program for Members who elected to participate in the DROP program prior to July 1, 2014 shall be limited to ten years. Participation for Members who elect to participate in the DROP program **after June 30, 2014 shall be limited to five years**.

PROPOSED PROVISIONS:

Component I (Hybrid): A Member shall be entitled to participate in the DROP program under Component I **for an amount of time that shall not be limited, except by any mandatory retirement provisions**.

Component II (Legacy): Participation in the DROP program for Members who elected to participate in the DROP program prior to July 1, 2014 shall be limited to ten years. Participation for Members who elect to participate in the DROP program **after June 30, 2014 shall not be limited to any amount of time, except by any mandatory retirement provisions**.

Discussion

Currently most members of the DPFRS are subject to a mandatory retirement age of 60. However, we understand that the mandatory retirement age is currently not enforced for Police members. Recent membership data indicates that very few Police members stay in employment past age 65. We have, therefore, assumed employment would end at age 65 for Police members and age 60 for Fire members regardless of the length of their DROP participation at that age.

We understand that the members and the employer expect the removal of the maximum 5-year DROP period to 1) increase participation in the DROP program, and 2) lengthen the members overall careers (for members who utilize the DROP provision). Since we have no specific data upon which to estimate the increase in members utilizing the DROP provisions or the increase in the length of DROP participation (and potential deferral of retirement) as a result of the proposed change, we have attempted to show a range of possible results by assuming two different levels of changes in behavior as a result of the proposed provision change. Our current assumptions include a 60% DROP participation rate and a 5-year DROP period subject to an age 65 (Police)/60 (Fire) maximum. The levels are described as follows:

- Level 1: Increase DROP participation from 60% to 65% and increase the average expected length of participation from 5 years to 7 years but not beyond age 60 (Police)/65 (Fire); and
- Level 2: Increase DROP participation from 60% to 75% and increase the average expected length of participation from 5 years to 10 years but not beyond age 60 (Police)/65 (Fire).

These changes in assumed behavior effectively measure the financial impact of an overall delay in actual retirement from service for members. Delaying retirement is expected to result in a lower estimate of System costs (normal costs and accrued liabilities), all other things being unchanged.

ACTUARIAL STATEMENT

The financial effect of the proposal is shown below:

	UAAL (Millions)	Employer Normal Cost	Illustrative Computed Employer Contribution Rate* (w/Amortization Period of) 15 Years	20 Years
Component I (Hybrid)				
Current (60% DROP for 5 Years)	$ 36.3	10.07%	12.47%	11.83%
Increase For Level 1 Changes (65% DROP for 7 Years)	$ (0.8)	(0.15)%	(0.22)%	(0.21)%
Increase For Level 2 Changes (75% DROP for 10 Years)	$ (2.0)	(0.37)%	(0.55)%	(0.51)%
Component II (Legacy)				
Current (60% DROP for 5 Years)	$ 858.6	N/A	$ 95.0	$ 81.3
Increase For Level 1 Changes (65% DROP for 7 Years)	$ (8.4)	N/A	$ (1.0)	$ (0.8)
Increase For Level 2 Changes (75% DROP for 10 Years)	$ (21.7)	N/A	$ (2.5)	$ (2.1)

* *Shown as a level percent of pay for Component I (Hybrid) and as a level dollar amount for Component II (Legacy). The illustrative contribution shown is assumed to be paid for the indicated amount of years beginning in the 2017 fiscal year.*

The figures shown above are based on the June 30, 2015 actuarial valuation. Please remember that these changes, if adopted, would likely impact the June 30, 2016 valuation which will be based on member data and financial results as of June 30, 2016.

See important comments on the following pages.

Comments

Comment 1 — The financial effects of the proposal represent potential long-term cost savings if more members enter the DROP and work longer than under the current provision. A range of likely results is shown, based on the assumed level of change in member behavior. However, the range is not exhaustive. If actual experience is outside the range modeled, the change in cost will be outside the range shown. In fact, if members accelerate the time at which they leave active status (to DROP or retire) as a result of the proposed change, costs could potentially increase as a result of the proposed provision.

Comment 2 — If the proposed change is adopted, we recommend the Board adopt the assumptions associated with Level 1 until such time as experience emerges. Once experience emerges, we would recommend using assumptions based on experience, to the extent it is credible.

Comment 3 — The current method of estimating amortization rates for Component I assumes the non-DROP active headcount remains constant and non-DROP payroll grows at 2% for five years, 2.5% for five years and 3.0% per year thereafter. To the extent that member behavior changes the length of time spent in the DROP, the actual non-DROP headcount and payroll growth may differ from assumed.

Comment 4 — This report does not reflect the potential impact on restoration benefits of Component II or fiscal responsibility provisions of Component I. Any change in member behavior regarding entry into DROP will likely affect the short-term growth of non-DROP payroll and therefore contributions received, since members in DROP do not make contributions. These changes will be reflected in valuations as they occur.

Comment 5 — The calculations are based upon assumptions regarding future events, which may or may not materialize. They are also based upon present and proposed plan provisions that are outlined in the report. If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important plan provisions relevant to this proposal are not described, or that conditions have changed since the calculations were made, you should contact the authors of this report prior to relying on information in the report.

Comment 6 — If you have reason to believe that the information provided in this report is inaccurate, or is in any way incomplete, or if you need further information in order to make an informed decision on the subject matter of this report, please contact the authors of the report prior to making such decision.

Comment 7 — No statement in this report is intended to be interpreted as a recommendation in favor of the changes, or in opposition to them.

Comment 8 — In the event that more than one plan change is being considered, it is very important to remember that the results of separate actuarial valuations cannot generally be added together to produce a correct estimate of the combined effect of all of the changes. The total can be considerably greater than the sum of the parts due to the interaction of various plan provisions with each other, and with the assumptions that must be used.

Comments

Comment 9 — This report is intended to describe the financial effect of the proposed plan changes on the Retirement System. Except as otherwise noted, potential effects on other benefit plans were not considered.

Comment 10 — The reader of this report should keep in mind that actuarial calculations are mathematical estimates based on current data and assumptions about future events (which may or may not materialize). Please note that actuarial calculations can and do vary from one valuation year to the next, sometimes significantly if the group valued is very small (less than 30 lives). As a result, the cost impact of a benefit change may fluctuate over time, as the demographics of the group changes.

Comment 11 — A determination of the Plan sponsor's ability to make contributions when due (before and/or after the proposed changes) was outside our scope of expertise and was not performed.