

General Retirement System of the City of Detroit

**Financial Report
with Supplemental Information
June 30, 2007**

General Retirement System of the City of Detroit

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Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
General Retirement System
of the City of Detroit

We have audited the accompanying statement of plan net assets of the General Retirement System of the City of Detroit (the "System") as of June 30, 2007 and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the System's 2006 financial statements and, in our report dated October 11, 2006, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the General Retirement System of the City of Detroit as of June 30, 2007 and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplemental information (identified in the table of contents) are not required parts of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

To the Board of Trustees
General Retirement System
of the City of Detroit

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the General Retirement System of the City of Detroit's basic financial statements. The accompanying other supplemental information as identified in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The statements included in other supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

December 21, 2007

General Retirement System of the City of Detroit

Management's Discussion and Analysis

Using this Annual Report

This annual report consists of three parts: (1) management's discussion and analysis (this section), (2) the basic financial statements, and (3) required and other supplemental information. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by sections of required and other supplemental information that further explain and support the information in the financial statements.

Condensed Financial Information

The table below compares key financial information in a condensed format between the current year and the two prior years:

	Fiscal Year Ended		
	June 30, 2007	June 30, 2006	June 30, 2005
Total assets	\$ 4,525,950,316	\$ 4,145,070,214	\$ 3,551,174,431
Total liabilities	<u>679,938,257</u>	<u>689,990,994</u>	<u>232,288,104</u>
Assets held in trust for pension benefits	<u>\$ 3,846,012,059</u>	<u>\$ 3,455,079,220</u>	<u>\$ 3,318,886,327</u>
Net investment income	\$ 614,322,130	\$ 377,184,751	\$ 276,414,652
Contributions:			
Employee	19,438,360	20,462,296	22,648,662
Employer	41,444,808	58,162,088	41,689,528
Employer - Pension obligation certificate proceeds	<u>-</u>	<u>-</u>	<u>739,793,898</u>
Total contributions	60,883,168	78,624,384	804,132,088
Benefits paid to members and retirees:			
Retirees' pension and annuity benefits	206,185,678	201,611,854	172,251,379
Member annuity refunds and withdrawals	<u>73,588,557</u>	<u>114,333,813</u>	<u>106,882,109</u>
Total benefits paid	<u>279,774,235</u>	<u>315,945,667</u>	<u>279,133,488</u>
Benefits paid (in excess of) less than contributions	(218,891,067)	(237,321,283)	524,998,600
Ratio of benefits paid to contributions	4.6	4.0	0.3
Other expenses	<u>4,498,224</u>	<u>3,670,575</u>	<u>4,023,939</u>
Net increase in net assets	<u>\$ 390,932,839</u>	<u>\$ 136,192,893</u>	<u>\$ 797,389,313</u>

General Retirement System of the City of Detroit

Management's Discussion and Analysis (Continued)

Overall Fund Structure and Objectives

The General Retirement System of the City of Detroit (DGRS or the "System") is a defined benefit pension plan. DGRS exists to pay benefits to its members. Members of the System include active employees, retirees, and beneficiaries. Active members earn service credit that entitles them to receive benefits in the future. Retirees and beneficiaries are currently receiving benefits.

DGRS is a relatively mature plan in that there are more members receiving current benefits than active members. As of June 30, 2007, there were approximately 9,000 active members and 12,000 members receiving benefits.

DGRS is governed by a 10-member board of trustees (the "Board"). Five members of the Board are elected by the active membership to serve six-year terms. One member is elected by the retiree membership to serve a two-year term. One member is appointed by the mayor of the City of Detroit from the citizens of the City of Detroit to serve a six-year term. Three members serve ex-officio, these members being the mayor of the City of Detroit, the city treasurer, and one representative from the Detroit City Council. Expirations of terms of elected trustees are staggered.

Contributions to the System

The City of Detroit (employer) makes regular contributions to the System. The required contributions are determined by the system's actuaries using the entry age normal cost method. Basic pension and disability benefits are funded through employer contributions plus investment earnings on those contributions.

Active employees may voluntarily contribute 0 percent, 3 percent, 5 percent, or 7 percent of gross pay to the System. Employee contributions are maintained in separate accounts in the Annuity Savings Fund solely for the benefit of the contributing employee. After 25 years of service, an active employee may elect to withdraw their accumulated contributions plus investment earnings. Upon retirement, an employee may elect to annuitize some or all of their annuity savings fund balance, resulting in a greater monthly retirement benefit. Any portion of an employee's annuity savings fund balance which is not annuitized upon retirement is refunded in a lump sum.

General Retirement System of the City of Detroit

Management's Discussion and Analysis (Continued)

In June 2005, the City of Detroit (employer) elected to issue pension obligation certificates and contribute approximately \$740 million to the System. Since the receipt of this contribution, the total fund composite return has been exceptionally favorable. DGRS's total investment income attributable to these contributions through the end of the current year has been \$240 million in the aggregate or approximately 33 percent of the total contribution amount. Investment income in excess of the actuarial assumed rate (7.9 percent) through the end of the current year has been \$112 million or 15 percent of the total contribution amount. This was the fourth consecutive year of favorable investment experience versus the actuarially assumed rate. Investment income in excess of the interest expense incurred by the employer through the end of the current year has been \$151 million or 20 percent of the total contribution amount.

Benefit Payments

The System exists to pay benefits which its members have earned. DGRS paid out \$262 million in benefits during the year consisting of \$188 million in benefits to retirees and beneficiaries plus \$74 million in refunds of annuity savings fund balances. This represents approximately 7 percent of the assets of the System. Employer and employee contributions were \$61 million or 2 percent of the assets of the System. The excess of benefits over contributions (\$201 million) must be funded through investment income. The public capital markets represent the primary source of opportunities to earn investment income.

Asset Allocation

The Board believes that the primary determinant of total fund investment performance over long periods of time is asset allocation. DGRS asset allocation is built upon the foundation that the obligations of the System to pay the benefits promised to its members are very long-term obligations. Accordingly, the Board must make investment decisions that it believes will be the most beneficial to the System over many years, not just one or two years. The Board must also balance the desire to achieve long-term gains with the requirements of having to raise the cash to fund significant benefit payments every month.

State statutes impose limitations on what fraction of the total assets of the System may be invested in assets other than government bonds, investment grade bonds, and certain mortgages. Additional restrictions are imposed on what fraction of the total assets of the System may be invested in foreign securities. The Board's asset allocation policies comply with applicable state statutes.

The Board has established asset allocation policies which are expected to deliver more than enough investment income over a very long period of time to satisfy the obligations to pay the benefits promised to the members of the System. The following is a summary of the DGRS asset allocation policy as of June 30, 2007:

General Retirement System of the City of Detroit

Management's Discussion and Analysis (Continued)

Equities	50%
Tactical asset allocation	8%
Fixed income	22%
Real estate	10%
Alternative investments	8%
Market neutral	2%

Investment Results

Returns presented herein have been determined using the AIMR-compliant, time-weighted, GIPS method unless explicitly stated to the contrary. All returns for periods of one year or greater have been annualized.

Management is exceptionally pleased with the investment results achieved during the current year. On both an absolute and relative basis, the investment performance of DGRS was outstanding. The following were especially noteworthy:

- The total fund composite return was 18.9 percent.
- DGRS out-performed its actuarially assumed rate by 1,100 basis points.
- DGRS total fund performance was in the top 10 percent of U.S. public funds.
- DGRS out-performed its benchmark objective by 190 basis points.
- DGRS out-performed the median public fund by 310 basis points.
- Every major asset class out-performed its benchmark objective.

This year's total fund investment return is particularly encouraging, as is the outlook for future investment returns. Returns achieved in the public capital markets are highly dependent upon the health of the economy, both in the United States as well as in other countries. The Board believes that the outlook for continued global economic growth is good in both the short and long run.

Total Fund Composite

The DGRS total fund composite return for the year was 18.9 percent, which was 190 basis points above its allocation index benchmark (17.0 percent). This return ranked DGRS in the top 10 percent of all domestic public funds as captured by the Independent Consultants Cooperative (ICC) Universe. The ICC Universe consists of approximately 1,000 plan sponsors, which include some 200 public defined benefit systems. The Board considers the public fund segment of the ICC Universe to be its peer group. Relative comparisons of performance to peer group or relative ranking of performance (quartile, median, etc.) contained herein shall refer to the public fund segment of the ICC Universe unless explicitly stated to the contrary.

General Retirement System of the City of Detroit

Management's Discussion and Analysis (Continued)

DGRS out-performed the median public fund in its peer group by 310 basis points during the year. Over longer periods of time, the investment return of DGRS has consistently out-performed its public fund peer group, as shown below:

	Current Year	Trailing 2 Years	Trailing 3 Years	Trailing 4 Years	Trailing 5 Years
General Employee Retirement System	18.9	15.2	13.1	13.7	11.6
Median public fund	16.8	13.3	11.8	12.5	10.9

The actuarially assumed rate of DGRS is 7.9 percent per annum. This was the fourth consecutive year of favorable investment experience versus the actuarially assumed rate. The favorable investment experience during the current year as well as longer periods of time is primarily attributable to the bias in the Board's asset allocation toward equity investments and real estate versus fixed income and cash. The Board's allocations to international equities, including emerging markets, were exceptionally beneficial.

The following is a summary of the composite investment performance of the major asset classes:

Asset Class	Return	Objective	Benchmark
Domestic equities	20.5	20.1	Russell 3000
International equities	36.2	27.0	MSCI EAFE
Tactical asset allocation	17.9	15.1	Mellon Index
Fixed income	9.0	6.1	Lehman Aggregate
Real estate	18.3	17.3	NCREIF Index
Cash	5.7	5.2	90-day T-bills
Alternative investments	5.0		

Domestic Equities

The domestic equity assets consist of a combination of separately managed accounts and commingled funds. Within the domestic equity composite, 18 percent of the assets are managed using passive strategies designed to replicate the S&P 500 Index with the remaining 82 percent of the assets actively managed.

General Retirement System of the City of Detroit

Management's Discussion and Analysis (Continued)

The overall domestic equity composite return was 20.5 percent, which out-performed the return of the Russell 3000 index (20.1 percent) by 40 basis points. The domestic equity composite return ranked just above the median public fund domestic equity composite within the ICC domestic equity universe. The following is a summary of the performance of the domestic equity composite and its major components versus the broad domestic stock market averages:

DGRS Domestic Equity Composite	20.5%
DGRS Domestic Large Cap Equity Composite	20.6%
DGRS Domestic Small Cap Equity Composite	20.0%
S&P 500 Index	20.6%
Russell 1000 Index	20.4%
Russell 2000 Index	16.4%
Russell 3000 Index	20.1%

Performance of the DGRS domestic large and small cap composites was nearly equal. The DGRS domestic large cap composite met its performance objective (S&P 500) and out-performed the median public equity fund by 40 basis points. The small cap composite beat its objective (Russell 2000) by 360 basis points and out-performed the median small cap equity fund by 310 basis points.

International Equities

The international equity composite consists of a combination of separately managed accounts and commingled funds. All of the international equity accounts were actively managed. International equity assets are diversified across established and emerging markets with exposure to both large, mid, and small cap companies.

Returns from the international equity assets were exceptionally good on both an absolute and relative basis. The overall international equity composite return was 36.2 percent, which was 920 basis points above its objective. This return ranked in the top 2 percent of the ICC international equity universe. The following is a summary of the performance of the international equity composite and its major components versus the broad international stock market averages:

DGRS International Equity Composite	36.2%
Established Market Equity Composite	31.8%
Emerging Market Equity Composite	51.1%
Small Cap International Composite	30.7%
MSCI EAFE Index	27.0%
MSCI Emerging Markets Index	45.0%

General Retirement System of the City of Detroit

Management's Discussion and Analysis (Continued)

Tactical Asset Allocation (TAA)

The TAA account consists of a continuously variable combination of domestic and international equities and fixed income. The TAA account manager has the flexibility to allocate the assets among domestic and international equities and fixed income based upon the manager's expectations as to which combination of these asset classes will provide the greatest total return. During the prior year, the account was converted from a domestic to a global TAA mandate.

The overall TAA return was 17.9 percent. This return ranked in the top quartile of the ICC TAA peer group universe. The TAA account out-performed its objective (15.1 percent) by 280 basis points.

Fixed Income

Substantially all of the System's fixed income assets are actively managed in a combination of separately managed accounts and commingled funds. Accounts within the fixed income composite are diversified among domestic, international, established markets, emerging markets, government, investment grade corporate, mortgage, and high yield mandates. The following is a summary of the distribution of assets within the fixed income composite as of June 30, 2007:

Domestic core (government, investment grade corporate)	35%
Domestic mortgages	12%
Domestic high yield	23%
Global established markets, investment grade	20%
Global emerging markets	10%

The DGRS fixed income composite return was 8.9 percent. This return ranked well into the top quartile of the ICC fixed income universe. This compares favorably with the readily investable broad domestic fixed income market, as measured by the Lehman Aggregate index, which returned 6.1 percent. All components of the DGRS fixed income allocation exceeded their performance objectives.

Allocations to mortgages, domestic high yield, international investment grade, and emerging market debt assets contributed significantly to the excess fixed income composite returns. The following is a summary of the performance of the fixed income composite and its major components versus the broad fixed income market averages:

General Retirement System of the City of Detroit

Management's Discussion and Analysis (Continued)

Fixed Income Composite	8.9%
Domestic Fixed Income Composite	9.0%
Domestic Core (investment grade) Fixed Income Composite	6.9%
Domestic High Yield Fixed Income Composite	12.0%
Global Core Fixed Income Composite	6.1%
Emerging Market Debt Composite	15.9%
Lehman Aggregate Index	6.1%
Citigroup Broad Investment Grade Index	6.1%
Merrill Lynch High Yield Master Index	11.6%
Citigroup World Government Bond Index	2.8%
JP Morgan Emerging Market Bond Index	11.9%

Returns from domestic fixed income investments were significantly improved over the prior year. During the prior year, actions taken by the Federal Reserve Board to increase interest rates reduced the total return from domestic fixed income investments. The DGRS domestic fixed income portfolio was well positioned from a credit quality and duration perspective to take advantage of the decline in interest rates at the long end of the Treasury yield curve throughout the year.

The domestic core fixed income composite return was 6.9 percent, which ranked in the top quartile of the ICC domestic investment grade universe. This return was 80 basis points above the return of the Lehman Aggregate (6.1) and 60 basis points better than the median public bond fund (6.3).

The mortgage composite consists entirely of privately placed first mortgages secured by commercial real estate, primarily retail and multi-family properties. No mortgage investment had a loan to value greater than 80 percent. DGRS investment guidelines do not permit sub-prime mortgages.

The domestic high yield fixed income composite return was 12.0 percent, which ranked in the top quartile of the ICC domestic high yield bond universe. This return was 40 basis points better than its objective as measured by the Merrill Lynch High Yield Master (11.6) and 120 basis points better than the median high yield bond fund. Performance of the domestic high yield composite benefited from the Board's overweight to single-B credit quality issues. The Board imposes limitations on the amount which the high yield managers may invest in securities rated below B-/B3. These limitations depressed performance of the high yield composite relative to the benchmark.

The global core fixed income composite return was 6.1 percent, which ranked just below the top quartile of the ICC global core bond universe. This return was 330 basis points better than its objective as measured by the Citigroup World Government Bond Index (2.8 percent) and 190 basis points better than the median global bond fund. Performance of the global core fixed income composite benefited from favorable country and currency allocations.

General Retirement System of the City of Detroit

Management's Discussion and Analysis (Continued)

The emerging market debt composite return was 15.9 percent, which ranked in the top half of the ICC emerging market debt universe. This return was 400 basis points better than its objective as measured by the JP Morgan Emerging Market Bond Index (11.9) and 50 basis points better than the median emerging market bond fund. Performance of the emerging market debt composite benefited from favorable country and currency allocations.

Real Estate

The DGRS real estate portfolio consists of both separately owned and managed properties as well as investments in real estate investment trusts and real estate commingled funds. The portfolio is broadly diversified by property type and geographic location. Essentially all of the DGRS real estate portfolio is located within the United States.

Approximately 75 percent of the portfolio consists of core property investments, with the balance consisting of non-core investments. Core investments are those whose total return is expected to be primarily derived from current income, whereas non-core investments are those whose total return is expected to be primarily derived from appreciation in value. The Board relies on the current income from real estate to defray a disproportionate fraction of the benefits and expenses of the System.

The DGRS real estate composite return for the year was 18.3 percent. This return ranked in the top quartile of the ICC real estate universe and out-performed the broad domestic real estate market, as measured by the NCREIF Property Index, which was up 17.3 percent. This exceptionally strong performance was primarily attributable to appreciation at the property level.

Cash

During the current year, DGRS paid out approximately \$260 million in benefits to its members. This relatively high level of benefit payments necessitates maintaining relatively high cash balances at all times.

DGRS runs its own money market fund to invest not only the cash needed to pay the benefits and expenses of the system, but also the idle cash balances which accumulate in the managed accounts. The money market fund provides daily liquidity and supports unlimited deposits, withdrawals and check writing. All cash receipts, disbursements, and movements, as well as the settlements of purchases and sales of securities, are cleared through the money market fund.

The DGRS cash composite return for the year was 5.7 percent. This return ranked in the top quartile of the ICC cash management universe. This compares very favorably with three-month U.S. Treasury bills, which returned 5.2 percent. Returns from cash on an absolute basis have been constrained since 2001 by Federal Reserve Board policy of maintaining relatively low levels of short-term interest rates coupled with a relatively flat and, at times, inverted yield curve.

General Retirement System of the City of Detroit

Management's Discussion and Analysis (Continued)

Market Neutral

Market neutral portfolios are expected to provide a positive absolute return regardless of the direction of the domestic stock market. To provide this positive absolute return, the DGRS market neutral portfolios are constructed to contain essentially equal and offsetting long and short domestic equity positions. The Board looks to its market neutral allocation as a bond substitute with lower volatility.

The DGRS market neutral composite returned 9.0 percent for the year. This return ranked in the top half of the ICC market neutral peer group universe. The objective for the performance of the market neutral composite is the investment return of three-month U.S. Treasury bills plus 3 percent per annum. For the current year, the annualized return from three-month U.S. Treasury bills was 5.2 percent, making the market neutral performance objective 8.2 percent. Accordingly, the DGRS market neutral composite exceeded its objective by 80 basis points. The market neutral composite out-performed the median market neutral fund by 20 basis points.

Alternative Investments

Alternative investments are those investments which do not fit into any of the foregoing asset classes. Broad categories of alternative investments include private equity, venture capital, buyouts, mezzanine debt, distressed debt, secondaries, energy and natural resources, and hedge funds. The target asset allocation for alternative investments is 8 percent of total System assets. The target asset allocation within the alternative investment asset class is 50 percent (4 percent of total system assets) to absolute return strategies (hedge funds) and 50 percent to all other assets. The Board utilizes a retained consultant to evaluate and monitor alternative investments.

The return from the alternative investment portfolio was 5.0 percent for the year. Investment performance was impaired by write-downs on existing non-performing investments and the up-front recognition of costs of funding new investments. Certain non-performing assets which were written down in the current year have since returned to performing status in the following fiscal year.

The Board has a policy which provides that all costs attributable to the start up, organization, and initialization of any investment are expensed as incurred as opposed to being capitalized and amortized over the expected holding period of the investment. Accordingly, investment returns during the early years of an alternative investment will likely be negative. This is sometimes referred to as the "J-curve" effect.

General Retirement System of the City of Detroit

Management's Discussion and Analysis (Continued)

During the year, the Board made several new commitments to alternative investments. These included commitments to absolute return strategies which begin to produce positive results in a relatively short period of time. This action was necessary in order to maintain the asset allocation to alternative investment at the target allocation as a percentage of total assets as the overall assets of the System increased throughout the year. Immediate expense recognition of up-front costs associated with these new commitments significantly detracted from the alternative investment returns during the current year. Future returns will not be burdened by the amortization of these costs. The Board expects that returns from its alternative investment portfolio will return to double digits starting in the next fiscal year.

Liabilities

Liabilities shown in the financial statements consist of accounts payable and liabilities pursuant to securities lending. Accounts payable consist of those amounts payable for goods and services purchased to operate the System plus the trade settlement amount for securities purchases having a settlement date which occurred after the fiscal year end.

Securities Lending

The System participates in a securities lending program. The master securities custodian acts as the exclusive agent of the System. The agent fully indemnifies the System against borrower default in compliance with state statutes. At year end, the market value of securities on loan was approximately \$528 million.

When a security is placed on loan, the System receives cash collateral in an amount not less than 102 percent of the market value of the securities loaned. The market value of the collateral on the securities loaned at year end was approximately \$544 million. Loans are marked-to-market daily. Cash collateral is invested by the agent in a separately managed account. Borrowers receive a daily interest rebate on the cash collateral provided to the agent. Earnings from securities lending is the difference or spread between the earnings on the cash collateral and the interest rebate paid to the borrower.

The market value of the collateral invested is carried as an asset and the amount of collateral repayable to the borrower upon return of the securities from loan is carried as a liability in the financial statements. Investments are high quality and very short term. Accordingly, the carrying values of the securities lending assets and liabilities are equal, plus or minus a diminimis amount.

Contacting the General Retirement System's Management

This financial report is intended to provide a general overview of the System's finances and investment results in relation to actuarial projections. It shows the System's accountability for the money it receives from City and employee contributions. If you have questions about this report or need additional information, we welcome you to contact the System's offices.

General Retirement System of the City of Detroit

Statement of Plan Net Assets June 30, 2007 (with comparative totals for June 30, 2006)

	2007	2006
Assets		
Cash (Note 3)	\$ 15,414,839	\$ 14,631,971
Investments - At fair value (Note 3):		
Short-term investments	93,306,133	57,199,392
Stocks	1,577,298,085	1,480,486,746
Commingled equity funds	888,360,742	791,570,177
Bonds	375,357,794	360,671,578
Mortgage-backed securities	95,275,069	82,017,278
Pooled investments	211,980,673	162,121,174
Equity interest in real estate	84,495,722	89,256,803
Private placements	456,557,446	339,900,994
Mortgage and construction loans	92,345,980	106,270,231
Accrued investment income	14,317,270	17,112,437
Contributions receivable	24,521,431	27,622,101
Receivables from investment sales	51,797,263	66,953,657
Other accounts receivable	473,054	543,597
Capital assets (Note 1)	422,237	417,749
Cash and investments held as collateral for securities lending - Short-term investment pool	544,026,578	548,294,329
Total assets	4,525,950,316	4,145,070,214
Liabilities		
Payables for investment purchases	83,174,040	94,932,100
Claims payable to retirees and beneficiaries	5,219,683	3,964,094
Due to City of Detroit	3,103,995	1,372,501
Other liabilities	44,413,961	41,427,970
Amounts due broker under securities lending agreement	544,026,578	548,294,329
Total liabilities	679,938,257	689,990,994
Net Assets Held in Trust for Pension Benefits		
(a schedule of analysis of funding progress is presented in the required supplemental information)	\$ 3,846,012,059	\$ 3,455,079,220

General Retirement System of the City of Detroit

Statement of Changes in Plan Net Assets Year Ended June 30, 2007 (with comparative totals for the year ended June 30, 2006)

	2007	2006
Additions		
Investment income:		
Interest and dividend income	\$ 143,195,858	\$ 125,575,445
Net appreciation in fair value	487,316,994	261,754,054
Investment expense	(18,264,142)	(14,548,181)
Securities lending income	1,432,857	1,044,392
Other income	640,563	3,359,041
	<u>614,322,130</u>	<u>377,184,751</u>
Net investment income	614,322,130	377,184,751
Contributions:		
Employee	19,438,360	20,462,296
Employer	41,444,808	58,162,088
	<u>675,205,298</u>	<u>455,809,135</u>
Total additions	675,205,298	455,809,135
Deductions		
Retirees' pension and annuity benefits	206,185,678	201,611,854
Member refunds and withdrawals	73,588,557	114,333,813
General and administrative expenses	4,396,594	3,565,514
Depreciation expense	101,630	105,061
	<u>284,272,459</u>	<u>319,616,242</u>
Total deductions	284,272,459	319,616,242
Net Increase in Net Assets Held in Trust for Pension Benefits	390,932,839	136,192,893
Net Assets Held in Trust for Pension Benefits - Beginning of year	<u>3,455,079,220</u>	<u>3,318,886,327</u>
Net Assets Held in Trust for Pension Benefits - End of year	<u>\$ 3,846,012,059</u>	<u>\$ 3,455,079,220</u>

General Retirement System of the City of Detroit

**Notes to Financial Statements
June 30, 2007 and 2006**

Note I - Summary of Significant Accounting Policies

The City of Detroit (the "City") sponsors the General Retirement System of the City of Detroit (the "System"), which is a contributory single-employer retirement plan. The System, which is administered by the System's board of trustees, is comprised of a defined benefit plan and a defined contribution plan. The plan provides retirement, disability, and survivor benefits to plan members and beneficiaries.

The General Retirement System of the City of Detroit is an independent trust qualified under applicable provisions of the Internal Revenue Code and is an independent entity (separate and distinct from the employer/plan sponsor) as required by (1) state law and (2) Internal Revenue Code provisions setting forth qualified plan status. The trustees of the plan have fiduciary obligations and legal liability for any violations of fiduciary duties as independent trustees.

Reporting Entity - The financial statements of the System are also included in the combined financial statements of the City of Detroit as a Pension Trust Fund. The assets of the Pension Trust Fund include no securities of or loans to the City or any other related party.

Basis of Accounting - The General Retirement System of the City of Detroit's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

Capital Assets - Capital assets for the System represent office equipment and furniture. Depreciation expense is calculated by allocating the net cost of the assets over their estimated useful lives.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure.

General Retirement System of the City of Detroit

Notes to Financial Statements June 30, 2007 and 2006

Note 2 - Plan Description and Contribution Information

At June 30, 2007, the membership of the defined benefit plans and the defined contribution plans consisted of the following:

	Defined Benefit Plan	Defined Contribution Plan
Retirees and beneficiaries receiving pension benefits	11,485	1,450
Terminated plan members entitled to but not yet receiving benefits	1,944	1,196
Active plan members	9,141	8,438

Plan Description - The System provides retirement benefits, as well as survivor and disability benefits. Employees may receive cost of living adjustments as a percentage of their base amount, pursuant to the collective bargaining agreement in effect at their date of retirement. The obligation to contribute to and maintain the System was established by City Charter and negotiation with the employees' collective bargaining units.

Contributions - The City's policy is to fund normal costs and amortization of prior service costs. The City is required to contribute at an actuarially determined rate. Administrative costs are financed through investment earnings. The contribution rate for 2006-2007 and 2005-2006 ranged from 2.04 percent to 20.84 percent and 6.80 percent to 31.71 percent, respectively, of active annual payroll (depending on bargaining unit), with a range of 0 percent to 13.64 percent being funded from the use of pension obligation certificate proceeds received during 2005. The System's actuary has computed the portion of the total required contribution that is funded through the certificate proceeds. This amount is transferred from the Accrued Liability Reserve Fund to the Pension Reserve Fund. Contributions from the employer for the years ended June 30, 2007 and 2006 totaled \$41,444,808 and \$58,162,088, respectively.

Employees may also elect to contribute (a) 0 percent, (b) 3 percent of annual compensation up to the Social Security wage base and 5 percent of any excess over that, (c) 5 percent, or (d) 7 percent toward annuity savings. Contributions from employees during the years ended June 30, 2007 and 2006 totaled \$19,438,360 and \$20,462,296, respectively.

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

General Retirement System of the City of Detroit

**Notes to Financial Statements
June 30, 2007 and 2006**

Note 3 - Deposits and Investments

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

The System invests in various investment securities. Investment securities are exposed to various risks such as interest rate risks, market, credit risks, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in near term and such changes could materially affect the amounts reported on the statement of changes in plan net assets. The System's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank's failure, the System's deposits may not be returned to it. The System does not have a deposit policy for custodial credit risk. At June 30, 2007 and 2006, the System had \$4,765,398 and \$1,182,296, respectively, of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The System believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the System evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

General Retirement System of the City of Detroit

Notes to Financial Statements June 30, 2007 and 2006

Note 3 - Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The System's investment policy does not restrict investment maturities. At June 30, 2007, the average maturities of investments broken down by years are as follows:

Investment Type	Investment Maturities (in years)				
	Fair Value (\$000)	Less than 1	1 - 5	6 - 10	More than 10
U.S. government	\$ 135,468	\$ 24,107	\$ 42,342	\$ 44,380	\$ 24,639
Mortgage backed	79,125	-	1,283	4,830	73,012
Collateralized mortgage obligations	16,432	-	622	2,802	13,008
Corporate	208,183	12,407	66,310	86,761	42,705
Other fixed income	46,426	-	7,675	31,848	6,903
Convertible investments	611	-	-	611	-
Commingled bond funds	163	163	-	-	-
Pooled and mutual funds**	120,756	10	-	-	-
Mortgages	65,401	24,064	27,337	14,000	-
Total	<u>\$ 672,565</u>	<u>\$ 60,751</u>	<u>\$ 145,569</u>	<u>\$ 185,232</u>	<u>\$ 160,267</u>

**Not all pooled and mutual funds are subject to interest rate risk.

At June 30, 2006, the average maturities of investments broken down by years are as follows:

Investment Type	Investment Maturities (in years)				
	Fair Value (\$000)	Less than 1	1 - 5	6 - 10	More than 10
U.S. government	\$ 83,183	\$ 10,957	\$ 18,142	\$ 24,413	\$ 29,671
Mortgage backed	78,218	2	11,561	6,330	60,325
Collateralized mortgage obligations	20,109	-	660	1,869	17,580
Corporate	196,686	10,468	75,722	94,146	16,350
Yankee bonds	3,565	-	819	2,104	642
Non-U.S. fixed income	68,052	5,407	36,665	24,280	1,700
Repurchase agreements	626	626	-	-	-
Agencies	4,050	4,050	-	-	-
Mortgages	59,992	24,402	21,590	-	14,000
Total	<u>\$ 514,481</u>	<u>\$ 55,912</u>	<u>\$ 165,159</u>	<u>\$ 153,142</u>	<u>\$ 140,268</u>

General Retirement System of the City of Detroit

Notes to Financial Statements June 30, 2007 and 2006

Note 3 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The System has no investment policy that would further limit its investment choices. As of June 30, 2007, the credit quality ratings of debt securities (other than that guaranteed by the U.S. government) as rated by S&P are as follows:

<u>Investment Type and Fair Value (\$000)</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>BB</u>
U.S. government	\$ 66,057	\$ -	\$ 13,103	\$ -	\$ 5,144
Mortgage backed	32,722	2,376	5,957	22,898	32,914
Corporate	927	663	3,737	3,459	6,891
Comingled bond funds	-	-	-	-	-
Other fixed income	-	-	-	-	-
Agencies	-	-	-	-	-
Pooled and mutual funds	-	-	-	-	-
Mortgages	-	-	-	-	-
Construction loans	-	-	-	-	-
Total	<u>\$ 99,706</u>	<u>\$ 3,039</u>	<u>\$ 22,797</u>	<u>\$ 26,357</u>	<u>\$ 44,949</u>

<u>Investment Type and Fair Value (\$000)</u>	CCC and			
	<u>B</u>	<u>Below</u>	<u>A-I</u>	<u>NR</u>
U.S. government	\$ -	\$ -	\$ -	\$ 4,945
Mortgage backed	-	-	-	-
Corporate	75,907	17,243	169	17,913
Comingled bond funds	-	-	-	163
Other fixed income	20,604	8,325	-	1,820
Agencies	548	-	-	63
Pooled and mutual funds	-	-	-	120,756
Mortgages	-	-	-	65,400
Construction loans	-	-	-	26,945
Total	<u>\$ 97,059</u>	<u>\$ 25,568</u>	<u>\$ 169</u>	<u>\$ 238,005</u>

General Retirement System of the City of Detroit

Notes to Financial Statements June 30, 2007 and 2006

Note 3 - Deposits and Investments (Continued)

As of June 30, 2006, the credit quality ratings of debt securities (other than that guaranteed by the U.S. government) as rated by S&P are as follows:

Investment Type and Fair Value (\$000)	AAA	AA	A	BBB	BB
U.S. government	\$ 60,929	\$ -	\$ -	\$ -	\$ -
Mortgage backed	8,886	57	-	-	142
Collateralized mortgage obligations	6,686	498	-	-	-
Corporate	6,826	2,700	10,232	28,404	33,583
Yankee bonds	-	-	-	1,370	614
Non-U.S. fixed income	39,603	1,190	7,426	540	7,502
Agencies	4,050	-	-	-	-
Total	\$ 126,980	\$ 4,445	\$ 17,658	\$ 30,314	\$ 41,841

Investment Type and Fair Value (\$000)	CCC and			
	B	Below	A-I	NR
U.S. government	\$ -	\$ -	\$ 47	\$ 6,872
Mortgage backed	-	-	-	69,134
Collateralized mortgage obligations	-	-	-	12,925
Corporate	85,659	17,786	107	11,390
Yankee bonds	1,268	313	-	-
Non-U.S. fixed income	5,039	959	-	5,791
Repurchase agreements	-	-	626	-
Agencies	-	-	-	-
Mortgages	-	-	-	59,992
Total	\$ 91,966	\$ 19,058	\$ 780	\$ 166,104

General Retirement System of the City of Detroit

Notes to Financial Statements June 30, 2007 and 2006

Note 3 - Deposits and Investments (Continued)

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The System does not restrict the amount of investments in foreign currency. For the year ended June 30, 2007, the following deposits and securities are subject to foreign currency risk (in \$000):

	<u>Fixed Income</u>	<u>Equity</u>	<u>Cash Equi.</u>	<u>Cash</u>
Australian dollar	\$ 8,104	\$ 19,909	\$ -	\$ 501
Brazilian real	3,677	260	-	188
British pound sterling	5,106	72,457	-	(40)
Bulgarian lev	-	650	-	-
Canadian dollar	3,884	10,446	-	107
Cyprus pound	-	1,634	-	-
Czech koruna	-	2,828	-	91
Danish krone	-	2,384	-	182
Euro currency	8,753	146,785	205	3,619
Hong Kong dollar	-	9,335	-	365
Hryvnia	-	1,367	-	-
Hungarian forint	-	6,233	-	145
Indonesian rupiah	2,391	105	-	37
Japanese yen	-	61,503	-	3,744
Malaysian ringgit	3,741	-	-	1
Mexican Nuevo peso	3,509	882	-	-
New Romanian leu	-	1,145	-	-
New Taiwan dollar	-	1,412	-	94
New Zealand dollar	2,110	317	-	637
Norwegian krone	-	11,036	-	19
New Turkish lira	-	1,842	-	114
Philippines peso	-	29	-	1
Polish zloty	5,361	7,648	-	(9)
Renminbi yuan	-	1,391	-	-
Russian new ruble	-	3,044	-	-
Singapore dollar	5,210	2,196	-	194
South African rand	3,628	-	-	1
South Korean won	-	1,868	-	(11)
Swedish krona	2,881	12,651	-	53
Swiss franc	-	26,079	-	54
Thai baht	-	221	-	168
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 58,355</u>	<u>\$ 407,657</u>	<u>\$ 205</u>	<u>\$ 10,255</u>

General Retirement System of the City of Detroit

Notes to Financial Statements June 30, 2007 and 2006

Note 3 - Deposits and Investments (Continued)

For the year ended June 30, 2006, the following deposits and securities are subject to foreign currency risk (in \$000):

	<u>Fixed Income</u>	<u>Equity</u>	<u>Cash</u>
Australian dollar	\$ 7,815	\$ 11,069	\$ 1,005
Brazilian real	2,128	188	-
British pound sterling	3,008	59,926	346
Canadian dollar	8,732	4,433	97
Cyprus pound	-	1,129	-
Czech koruna	-	2,809	177
Danish krone	-	2,069	40
Euro currency	8,357	136,529	8,822
Hong Kong dollar	-	7,575	486
Hungarian forint	-	3,071	(1,689)
Indonesian rupiah	1,546	220	33
Japanese yen	-	78,021	2,717
Kroon	-	96	-
Malaysian ringgit	1,498	-	-
Mexican Nuevo peso	3,348	974	14
New Taiwan dollar	-	633	163
New Zealand dollar	1,199	234	-
Norwegian krone	-	8,255	778
New Turkish lira	-	2,068	7
Philippines peso	-	-	-
Polish zloty	5,177	9,519	(31)
Renminbi yuan	-	1,230	-
Russian new ruble	-	3,126	-
Singapore dollar	5,361	2,294	156
South African rand	271	-	-
South Korean won	-	2,686	(75)
Swedish krona	5,354	10,689	104
Swiss franc	-	30,079	490
Thai baht	770	349	-
	<u>770</u>	<u>349</u>	<u>-</u>
Total	<u>\$ 54,564</u>	<u>\$ 379,271</u>	<u>\$ 13,640</u>

General Retirement System of the City of Detroit

**Notes to Financial Statements
June 30, 2007 and 2006**

Note 3 - Deposits and Investments (Continued)

The following is a description of the investments by type and category:

Investment	2007	2006
Short-term investments	\$ 93,306,133	\$ 57,199,392
Stocks	1,577,298,085	1,480,486,746
Commingled equity funds	888,360,742	791,570,177
Bonds	375,357,794	360,671,578
Mortgage-backed securities	95,275,069	82,017,278
Pooled investments	211,980,673	162,121,174
Equity interest in real estate	84,495,722	89,256,803
Private placements	456,557,446	339,900,994
Mortgage and construction loans	92,345,980	106,270,231
Total	<u>\$ 3,874,977,644</u>	<u>\$ 3,469,494,373</u>

As permitted by state statutes and under the provisions of a securities lending authorization agreement, the System lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. The custodial bank does not have the ability to pledge or sell collateral securities unless the borrower defaults. Borrowers are required to deliver collateral for each loan equal to not less than 102 percent of the market value of the loaned securities.

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

General Retirement System of the City of Detroit

Notes to Financial Statements June 30, 2007 and 2006

Note 3 - Deposits and Investments (Continued)

The System and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in a separate account with the cash collateral of other lenders in an investment pool. The average duration of this investment pool as of June 30, 2007 was 22 days. Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2007, the System had no credit risk exposure to borrowers. The collateral held and the fair market value of the underlying securities on loan for the System as of June 30, 2007 was \$544,026,578 and \$528,092,745, respectively.

Securities Lent	Underlying Securities	Collateral Received	Collateral Investment Value	Type of Collateral
U.S. government and agencies	\$ 43,974,744	\$ 44,380,502	\$ 44,380,502	Custodian's short-term investment pool
U.S. corporate fixed income	33,021,681	33,755,962	33,755,962	Custodian's short-term investment pool
U.S. equities	425,661,531	439,293,691	439,293,691	Custodian's short-term investment pool
Non-U.S. governments	7,074,526	7,623,585	7,623,585	Custodian's short-term investment pool
Non-U.S. equities	<u>18,361,264</u>	<u>18,972,839</u>	<u>18,972,839</u>	Custodian's short-term investment pool
Total	<u>\$ 528,093,746</u>	<u>\$ 544,026,579</u>	<u>\$ 544,026,579</u>	

Note 4 - Reserves

State law requires employee contributions to be segregated. In addition, amounts must be set aside as determined by the actuary to fund benefits to retirees currently approved to receive benefits. As of June 30, 2007 and 2006, the System's reserves have been fully funded as follows:

	2007	2006
Reserved for employee contributions	\$ 733,143,529	\$ 653,487,930
Reserved for retired employees	1,753,886,419	1,685,531,699

A statement of changes in plan net assets by fund is included in the other supplemental information.

General Retirement System of the City of Detroit

**Notes to Financial Statements
June 30, 2007 and 2006**

Note 5 - Pension Obligation Certificates

In June 2005, the City of Detroit issued \$1,440,000,000 of pension obligation certificates to provide funding for the unfunded actuarially accrued liability (UAAL) of both the General Retirement System of the City of Detroit and the Police and Fire Retirement System of the City of Detroit. The pension obligation certificate proceeds were used to fund the combined liability of both plans that existed at June 30, 2003. Any future UAAL that may arise will continue to be paid by the City, as well as the annual normal cost. The proceeds of the pension obligation certificates were deposited into the System and are accounted for in the Accrued Liability Fund (Pension Obligation Certificate) Reserve. Approximately \$740,000,000 was deposited into the General Retirement System of the City of Detroit and approximately \$630,000,000 was deposited into the Police and Fire Retirement System of the City of Detroit, net of issuance costs and premiums. On an annual basis, funds will be transferred from the Accrued Liability Fund reserve to the pension accumulation reserve on the advice of the actuary. The Accrued Liability Fund was credited with investment earnings commensurate with the overall earnings of the System.

Required Supplemental Information

General Retirement System of the City of Detroit

Required Supplemental Information Schedule of Analysis of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/99	\$ 2,756,614,458	\$ 2,900,404,223	\$ 143,789,765	95.0	\$ 383,449,421	37.5
06/30/00	2,902,433,063	3,077,001,129	174,568,066	94.3	417,187,666	41.8
06/30/01	2,912,146,389	3,179,601,214	267,454,825	91.6	439,636,072	60.8
06/30/02	2,761,203,680	3,276,591,209	515,387,529	84.3	440,680,045	117.0
06/30/03	2,537,668,376	3,270,627,177	732,958,801	77.6	448,579,064	163.4
06/30/04	2,470,243,470	3,383,926,672	913,683,202	73.0	444,596,299	205.5
06/30/05	3,222,393,861	3,347,387,652	124,993,791	96.3	390,593,600	32.0
06/30/06	3,373,687,677	3,434,288,153	60,600,476	98.2	361,151,456	16.8

General Retirement System of the City of Detroit

Required Supplemental Information Schedule of Employer Contributions

<u>Year Ended</u> <u>June 30</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
1999	\$ 55,683,125	100
2000	66,681,049	100
2001	68,139,535	100
2002	67,791,488	100
2003	72,859,246	100
2004	95,876,076	100
2005	106,496,612 *	100
2006	75,450,813 **	120
2007	81,285,399 ***	100

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2006, the latest actuarial valuation, follows:

Valuation date	June 30, 2006
Actuarial cost method	Entry age
Amortization method	Level percent
Remaining amortization period	30 years
Asset valuation method	Three-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.9%
Projected salary increases	4.0%-9.5%
Includes inflation at	4.0%
Cost of living adjustments	2.25%

* For the year ended June 30, 2005, the annual required City contribution included City contributions of \$41,689,528 as well as transfers of \$64,807,084 from the proceeds of pension obligation certificates.

** For the year ended June 30, 2006, the annual required contribution was funded by transfers from the accrued liability reserve in the amount of \$32,651,232 and from current year City contributions of \$58,162,088.

*** For the year ended June 30, 2007, the annual required contribution was funded by transfers from the accrued liability reserve in the amount of \$39,840,591 and from current year City contributions of \$41,444,808.

Other Supplemental Information

General Retirement System of the City of Detroit

Other Supplemental Information Description of Funds

Annuity Savings Fund - This fund represents cumulative required and voluntary contributions made by the active employees plus accumulated interest.

Annuity Reserve Fund - Transfers are made from the Annuity Savings Fund into the Annuity Reserve Fund when an employee retires, becomes disabled, or if a surviving spouse elects an annuity rather than a lump-sum payout of accumulated employee contributions.

Both annuity funds are referred to as defined contribution plans.

Market Stabilization Fund - This fund represents designations from the plans' investment income (loss) to be used to cushion the market value adjustments within the other funds. The boards of trustees authorized the creation of this fund, and the reserve amounts are calculated using a three-year average method.

Accrued Liability Reserve Fund - This fund originated during June 2005 when the City issued pension obligation certificates to fund the unfunded actuarial accrued liability that existed at June 30, 2003 (subject UAAL). On an annual basis, the actuary will inform the System of the amount to transfer from the Accrued Liability Reserve to the Pension Accumulation Fund in lieu of contributions from the City for the subject UAAL.

Pension Accumulation Fund - This fund represents accumulated City contributions to the pension system for the payment of pensions and other benefits to future retirees. Additionally, pre-employment military service credit contributions are captured in this fund.

Pension Reserve Fund - This fund represents funded pension benefits available for retired members and is funded by actuarially determined transfers from the Pension Accumulation Fund.

General Retirement System of the City of Detroit

	Annuity Reserves	
	Annuity Savings Fund	Annuity Reserve Fund
Additions		
Net investment income	\$ 142,788,460	\$ 2,637,482
Contributions:		
Employee	19,414,182	-
Employer	-	-
	162,202,642	2,637,482
Deductions		
Retirees' pension and annuity benefits	-	4,903,187
General and administrative expenses	-	-
Depreciation expense	-	-
Member refunds and withdrawals	72,839,036	-
	72,839,036	4,903,187
Net Additions (Deductions) - Before transfers	89,363,606	(2,265,705)
Transfers - Net	(9,708,007)	3,293,971
Net Increase in Net Assets Held in Trust for Pension Benefits	79,655,599	1,028,266
Net Assets Held in Trust for Pension Benefits - Beginning of year	653,487,930	41,969,180
Net Assets Held in Trust for Pension Benefits - End of year	\$ 733,143,529	\$ 42,997,446

Other Supplemental Information
Statement of Changes in Plan Net Assets by Fund
Year Ended June 30, 2007
(with comparative totals for the year ended June 30, 2006)

Market Stabilization Fund	Accrued Liability Reserve Fund	Pension Reserves		Total	
		Pension Accumulation Fund	Pension Reserve Fund	2007	2006
\$ 154,996,970	\$ 89,415,194	\$ 66,682,727	\$ 157,801,297	\$ 614,322,130	\$ 377,184,751
-	-	24,178	-	19,438,360	20,462,296
-	-	41,444,808	-	41,444,808	58,162,088
154,996,970	89,415,194	108,151,713	157,801,297	675,205,298	455,809,135
-	-	-	201,282,491	206,185,678	201,611,854
-	-	4,396,594	-	4,396,594	3,565,514
-	-	101,630	-	101,630	105,061
-	-	749,521	-	73,588,557	114,333,813
-	-	5,247,745	201,282,491	284,272,459	319,616,242
154,996,970	89,415,194	102,903,968	(43,481,194)	390,932,839	136,192,893
-	(39,840,591)	(64,553,021)	110,807,648	-	-
154,996,970	49,574,603	38,350,947	67,326,454	390,932,839	136,192,893
100,911,354	701,180,684	313,967,553	1,643,562,519	3,455,079,220	3,318,886,327
\$ 255,908,324	\$ 750,755,287	\$ 352,318,500	\$ 1,710,888,973	\$ 3,846,012,059	\$ 3,455,079,220