

INDEPENDENT AUDITOR'S REPORT

*to all active members & retirees of the
general retirement system of the city of detroit*

*The financial statements of the General Retirement System of the City of Detroit have been audited by the independent auditing firm of Plante Moran. Plante Moran's report is available for review on the Retirement System's web site, **www.rscd.org**. Copies of the report can be obtained by a request, in writing, to the Retirement System's Office.*

**STATEMENT OF NET ASSETS AVAILABLE
FOR PENSION BENEFITS**

ASSETS	2010	2009
Cash	\$10,726,257	\$7,577,603
Investment, at market value	2,227,710,810	2,421,076,937
Accrued Investment Income	6,679,560	7,905,427
Contributions Receivable	8,131,716	19,375,638
Receivables from Investment Sales	23,213,005	27,955,916
Notes Receivables from Participants	21,977,110	0
Other Accounts Receivable	108,626	674,866
Capital Assets	1,237,754	1,343,458
Securities Lending Collateral	145,563,602	227,609,699
TOTAL ASSETS	\$2,445,348,440	\$2,713,519,544
 LIABILITIES		
Payable for Investment Purchases	21,368,470	30,226,142
Claims Payable to Retirants and Beneficiaries	2,605,147	2,503,729
Accrued Pension Benefits	0	0
Due to Other Funds	1,354,035	2,215,132
Pension over Contribution	0	0
Other Liabilities	27,944,497	28,504,486
Securities Lending Collateral	145,563,602	262,933,520
TOTAL LIABILITIES	\$198,835,751	\$326,383,009
 FUND BALANCES		
Annuity Reserves:		
Annuity Savings Fund	649,554,738	702,959,255
Annuity Reserve Fund	64,773,694	55,184,182
Pension Reserves:		
Pension Obligation Certificate	789,718,180	782,867,100
Pension Accumulation Fund	(390,279,024)	(50,241,235)
Pension Reserve Fund	1,884,694,816	1,779,078,370
Market Stabilization Fund	(751,949,715)	(882,231,137)
TOTAL FUND BALANCES	\$2,246,512,689	\$2,387,616,535
TOTAL LIABILITIES & FUND BALANCES	\$2,445,348,440	\$2,713,999,544

STATEMENT OF REVENUES, EXPENSES
& CHANGES IN FUND BALANCE

	ANNUITY RESERVES			PENSION RESERVES			TOTAL	
	ANNUITY SAVINGS FUND	ANNUITY RESERVE FUND	MARKET STABILIZATION FUND	PENSION OBLIGATION CERTIFICATE	PENSION ACCUMULATION FUND	PENSION RESERVE FUND	2010	2009
Revenues:								
City Contributions	\$0	\$0	\$0	\$0	\$37,338,960	\$0	\$37,338,960	\$41,395,719
Members' Contributions	19,043,434	0	0	0	0	0	19,043,434	21,135,924
Investment Income, Net	36,844,250	4,054,537	130,281,422	55,393,274	(233,215,683)	131,571,311	124,929,111	(794,692,915)
TOTAL REVENUES	55,887,684	4,054,537	130,281,422	55,393,274	(195,876,723)	131,571,311	181,311,505	(732,161,272)
Expenses:								
Pension & Annuity Benefits	0	0	0	0	0	214,110,830	214,110,830	205,136,206
General & Administrative Expenses	0	0	0	0	6,118,891	0	6,118,891	5,354,617
Refunds	101,705,630	0	0	0	0	0	101,705,630	86,979,096
TOTAL EXPENSES	101,705,630	0	0	0	6,118,891	214,110,830	321,935,351	297,469,919
Excess (Deficiency) of Revenue								
Over (Under) Expenses	(45,817,946)	4,054,537	130,281,422	55,393,274	(201,995,614)	(82,539,519)	(140,623,846)	(1,029,631,191)
Transfers, Net	(7,586,571)	5,534,975	0	(48,542,194)	(137,562,175)	188,155,965	0	0
Fund Balances at Beginning of Year	702,959,255	55,184,182	(882,231,137)	782,867,100	(50,721,235)	1,779,078,370	2,387,136,535	3,416,767,726
FUND BALANCES AT END OF YEAR	\$649,554,738	\$64,773,694	(\$751,949,715)	\$789,718,180	(\$390,279,024)	1,884,694,816	2,246,512,689	\$2,387,136,535

2009 - 2010 FISCAL YEAR INVESTMENT ACTIVITY

The General Retirement System is a relatively mature plan in that the number of active employees is less than the number of retirees receiving benefits. The total benefits, refunds and expenses paid during the year were \$321,935,351. The investments of the system are the primary source of the funds used to pay these benefits. Accordingly, the investment activity and asset allocation must balance the desire for long term appreciation with relatively large requirements for cash to pay benefits every month.

The Board of Trustees has adopted the following goals and objectives which are designed to meet the 7.9% actuarial assumed rate of return for the fund:

- *A 7.85% total return, net of investment management fees, coupled with a 3.9% real (inflation adjusted) return objective*
- *Total fund to consistently rank in the top half of total public fund universe and to meet or exceed policy index.*
- *Investment managers to consistently rank in the top half of appropriate public fund universe and to meet or exceed appropriate index*
- *Above average risk-adjusted returns, when compared to comparable funds*
- *Risk exposure of total fund to be centered in the mid-range of comparable total public funds.*
- *Results generally measured over a full market cycle, approximately 3 – 5 years.*

The System's target asset allocation consists of 58% equities, 22% fixed income including cash and short term investments used to pay benefits, with the remaining 20% allocated to real estate and alternative investments.