

INDEPENDENT AUDITOR'S REPORT

to all active members & retirees of the Police and Fire retirement system of the city of detroit

*The financial statements of the Police and Fire 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	6,152,965	0
Investments, at Market Value	3,002,469,572	3,041,811,262
Accrued Investment Income	14,619,565	17,095,971
Contributions Receivable	36,603,956	31,395,781
Receivables From Investment Sales	20,593,289	53,534,460
Other Accounts Receivable	1,111,294	666,362
Capital Assets	1,476,720	1,330,348
Cash Collateral Securities Lending	391,648,750	516,042,474
TOTAL ASSETS	\$3,474,676,111	\$3,661,876,658
LIABILITIES		
Payable for Investment Purchases	\$24,667,616	\$39,470,631
Claims Payable to Retirants and Beneficiaries	5,637,651	4,149,922
Accrued Pension Benefits	0	0
Due to Other Funds	0	0
Other Liabilities	4,474,307	4,834,866
Cash Collateral Securities Lending	421,947,302	561,260,621
TOTAL LIABILITIES	\$456,726,876	\$609,716,040
FUND BALANCES		
Annuity Reserves:		
Annuity Savings Fund	\$297,755,895	\$300,661,737
Annuity Reserve Fund	27,309,058	23,340,834
Survivor Benefit Fund	5,186,645	8,973,596
Pension Reserves:		
Pension Obligation Certificate	680,858,878	674,899,835
Pension Accumulation Fund	(515,453,298)	122,109,202
Pension Reserve Fund	2,921,102,914	2,813,404,485
Market Stabilization Fund	(398,810,857)	(891,229,071)
TOTAL FUND BALANCES	\$3,017,949,235	\$3,052,160,618
TOTAL LIABILITIES AND FUND BALANCES	\$3,474,676,111	\$3,661,876,658

**POLICE & FIRE RETIREMENT SYSTEM
CITY OF DETROIT PENSION FUNDS**

Statement of Changes in Plan Net Assets
Year ended June 30, 2010 (with comparative totals for June 30, 2009)

	ANNUITY RESERVES				PENSION RESERVES			TOTAL	
	ANNUITY SAVINGS FUND	ANNUITY RESERVE FUND	MARKET STABILIZATION FUND	PENSION OBLIGATION CERTIFICATE	SURVIVOR BENEFIT FUND	PENSION ACCUMULATION FUND	PENSION RESERVE FUND	2010	2009
REVENUES:									
City Contributions	\$0	\$0	\$0	\$0	\$0	\$32,808,485	\$0	\$32,808,485	\$36,151,057
Members' Contributions	10,526,221	0	0	0	0	238,748	0	10,764,969	10,902,956
Investment Income, (loss) Net	16,955,471	1,610,407	492,418,214	47,362,325	378,704	(563,146,589)	209,819,521	205,398,053	(712,999,787)
TOTAL REVENUES	\$27,481,692	\$1,610,407	\$492,418,214	\$47,362,325	\$378,704	(530,099,356)	\$209,819,521	\$248,971,507	(\$665,945,774)
EXPENSES:									
Pension & Annuity Benefits	\$0	\$645,903	\$0	\$0	\$4,165,655	\$0	\$246,860,371	\$251,671,929	\$239,744,214
General & Administrative Expenses	0	0	0	0	0	4,258,318	0	4,258,318	4,402,828
Refunds	27,252,643	0	0	0	0	0	0	27,252,643	12,395,300
TOTAL EXPENSES	\$27,252,643	\$645,903	\$0	\$0	\$4,165,655	\$4,258,318	\$246,860,371	\$283,182,890	\$256,542,342
Excess (Deficiency) of Revenue Over (Under)									
Expenses	\$229,049	\$964,504	\$492,418,214	\$47,362,325	(\$3,786,951)	(\$534,357,674)	(\$37,040,850)	(\$34,211,383)	(\$922,488,116)
Transfers, Net	(3,134,891)	3,003,720	0	(41,403,282)	0	(103,204,826)	144,739,279	0	0
Fund Balance at Beginning of Year	300,661,737	23,340,834	(891,229,071)	674,899,835	8,973,596	122,109,202	2,813,404,485	\$3,052,160,618	3,974,648,734
FUND BALANCES AT END OF YEAR	\$297,755,895	\$27,309,058	(\$398,810,857)	\$680,858,878	\$5,186,645	(\$515,453,298)	\$2,921,102,914	\$3,017,949,235	\$3,052,160,618

SUMMARY OF ASSUMPTIONS USED FOR DPFERS ACTUARIAL VALUATIONS

*assumptions adopted by board of trustees
after consulting with actuary*

ECONOMIC ASSUMPTIONS

THE INVESTMENT RETURN RATE used in the valuation was 8.0% per year, compounded annually (net after administrative expenses). The real rate of return is the portion of total investment return which is more than the inflation rate. Considering other financial assumptions, the 8.0% total investment return rate translates to an assumed real rate of return of 4.0%.

PAY INCREASE ASSUMPTIONS for individual active members have been calculated. Part of the assumption for each age is for a merit and/or seniority increase, and the other 4.0% recognizes inflation.

TOTAL ACTIVE MEMBER PAYROLL is assumed to increase 4.0% annually, which is the portion of the individual pay increase assumptions attributable to wage inflation.

NON-ECONOMIC ASSUMPTIONS

THE NUMBER OF ACTIVE MEMBERS is assumed to continue at the present number.

THE MORTALITY TABLE used to measure retired life mortality was 90% of the 1983 Group Annuity Mortality Table. This table was first used for the June 30, 1998 valuation.

THE PROBABILITIES OF AGE/SERVICE RETIREMENT for members eligible to retire have been calculated. These probabilities were last revised for the June 30, 2009 valuation.

THE PROBABILITIES OF SEPARATION from service (including death-in-service) are shown for sample ages. These probabilities were revised for the June 30, 2009 valuation.