

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	2006	2005
Cash	\$8,095,553	\$9,724,398
Investments, At Market Value	3,982,114,854	3,754,283,430
Accrued Investment Income	20,724,378	18,066,358
Contributions Receivable	57,807,332	61,391,371
Receivables From Investment Sales	157,834,860	24,587,150
Other Accounts Receivable	615,471	603,557
Capital Assets	417,749	460,054
Securities Lending Collateral	1,028,069,856	1,103,131,232
TOTAL ASSETS	\$5,255,680,053	\$4,972,247,550
LIABILITIES		
Payable for Investment Purchases	\$181,756,605	\$27,903,499
Claims Payable to Retirants and Beneficiaries	4,291,693	5,899,293
Accrued Pension Benefits	0	0
Due to Other Funds	0	0
Other Liabilities	6,177,671	6,358,768
Securities Lending Collateral	1,028,069,856	1,103,131,232
TOTAL LIABILITIES	\$1,220,295,825	\$1,143,292,792
FUND BALANCES		
Annuity Reserves:		
Annuity Savings Fund	\$269,912,502	\$280,837,938
Annuity Reserve Fund	9,619,757	9,758,309
Survivor Benefit Fund	20,824,838	23,158,387
Pension Reserves:		
Pension Obligation Certificate	605,039,360	587,536,385
Pension Accumulation Fund	429,161,846	324,377,186
Pension Reserve Fund	2,645,716,712	2,532,219,410
Market Stabilization Fund	55,109,213	71,067,143
TOTAL FUND BALANCES	\$4,035,384,228	\$3,828,954,758
TOTAL LIABILITIES AND FUND BALANCES	\$5,255,680,053	\$4,972,247,550

FINANCIAL SECTION

POLICE & FIRE RETIREMENT SYSTEM CITY OF DETROIT PENSION FUNDS

Statement of revenues, expenses and changes in fund balance.
Year ended June 30, 2006 (with comparative totals for June 30, 2005)

	ANNUITY RESERVES					PENSION RESERVES			TOTAL	
	ANNUITY SAVINGS FUND	ANNUITY RESERVE FUND	MARKET STABILIZATION FUND	ACCRUED LIABILITY RESERVE FUND	SURVIVOR BENEFIT FUND	PENSION ACCUMULATION FUND	PENSION RESERVE FUND	2006	2005	
REVENUES:										
City Contributions	\$0	\$0	\$0	\$0	\$0	\$57,807,332	\$0	\$57,807,332	\$682,431,785	
Members' Contributions	10,049,083	0	0	0	0	(41,552)	0	10,007,531	10,430,854	
Investment Income, Net	3,351,581	865,344	(15,957,929)	47,362,327	1,730,077	163,612,518	180,705,811	381,669,729	259,868,904	
TOTAL REVENUES	\$13,400,664	\$865,344	(\$15,957,929)	\$47,362,327	\$1,730,077	\$221,378,298	\$180,705,811	\$449,484,592	\$952,731,543	
EXPENSES:										
Pension & Annuity Benefits	\$0	\$876,295	\$0	\$0	\$4,063,624	\$0	\$212,471,527	\$217,411,446	\$208,994,947	
General & Administrative Expenses	0	0	0	0	0	3,399,285	0	3,399,285	3,744,277	
Refunds	22,244,391	0	0	0	0	0	0	22,244,391	33,557,578	
TOTAL EXPENSES	\$22,244,391	\$876,295	\$0	\$0	\$4,063,624	\$3,399,285	\$212,471,527	\$243,055,122	\$246,296,802	
Excess (Deficiency) of Revenue Over (Under) Expenses	(\$8,843,727)	(\$10,951)	(\$15,957,929)	\$47,362,327	(\$2,333,547)	\$217,979,013	(\$31,765,716)	\$206,429,470	\$706,434,741	
Transfers, Net	(610,711)	(1,598,599)	0	(29,859,352)	0	(113,194,355)	145,263,017	0	0	
Fund Balance at Beginning of Year	279,366,940	11,229,307	71,067,142	587,536,385	23,158,385	324,377,188	2,532,219,411	3,828,954,758	3,122,520,017	
FUND BALANCES AT END OF YEAR	\$269,912,502	\$9,619,757	\$55,109,213	\$605,039,360	\$20,824,838	\$429,161,846	\$2,645,716,712	\$4,035,384,228	\$3,828,954,758	