

**INDEPENDENT AUDITOR'S REPORT**

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*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**

<b>ASSETS</b>	<b>2008</b>	<b>2007</b>
Cash .....	\$2,315,339	\$15,414,839
Investment, at market value .....	3,470,347,295	3,874,977,644
Accrued Investment Income .....	13,561,485	14,317,270
Contributions Receivable .....	14,507,751	24,521,431
Receivables from Investment Sales .....	48,650,292	51,797,263
Other Accounts Receivable .....	541,846	473,054
Capital Assets .....	433,198	422,237
Securities Lending Collateral .....	424,341,849	544,026,578
<b>TOTAL ASSETS</b> .....	<b>\$3,974,699,055</b>	<b>\$4,525,950,316</b>
 <b>LIABILITIES</b>		
Payable for Investment Purchases .....	94,700,600	83,174,040
Claims Payable to Retirants and Beneficiaries .....	2,857,636	5,219,683
Accrued Pension Benefits .....	0	0
Due to Other Funds .....	2,393,223	3,103,995
Pension over Contribution .....	0	0
Other Liabilities .....	33,638,021	44,413,961
Securities Lending Collateral .....	424,341,849	544,026,578
<b>TOTAL LIABILITIES</b> .....	<b>\$557,931,329</b>	<b>\$679,938,257</b>
 <b>FUND BALANCES</b>		
Annuity Reserves:		
Annuity Savings Fund .....	732,670,998	733,143,529
Annuity Reserve Fund .....	45,973,766	42,997,446
Pension Reserves:		
Pension Obligation Certificate .....	766,439,992	750,755,287
Pension Accumulation Fund .....	343,602,550	352,318,500
Pension Reserve Fund .....	1,760,357,417	1,710,888,973
Market Stabilization Fund .....	(232,276,997)	255,908,324
<b>TOTAL FUND BALANCES</b> .....	<b>\$3,416,767,726</b>	<b>\$3,846,012,059</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b> .....	<b>\$3,974,699,055</b>	<b>\$4,525,950,316</b>

## 2007 - 2008 FISCAL YEAR INVESTMENT ACTIVITY

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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 and refunds paid during the year were \$271,071,548. 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:

- *An 8.25% 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 targeted asset allocation consists of 55% equities, 27% fixed income including cash and short term investments used to pay benefits, with the remaining 18% allocated to real estate and alternative investments.