

**DETROIT REGIONAL CONVENTION
FACILITY AUTHORITY**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

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Independent Auditor's Report

To the Board of Directors of the
Detroit Regional Convention Facility Authority

We have audited the accompanying statements of financial position of the Detroit Regional Convention Facility Authority ("the Authority"), a Michigan Public Body Corporate and Politic, as of September 30, 2012 and 2011, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audits provide 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 Authority as of September 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report under separate cover dated January 21, 2013 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority'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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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DOEREN MAYHEW

January 21, 2013
Troy, Michigan

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

BACKGROUND

The Cobo Hall Convention Center (“Cobo”), located in the City of Detroit, Michigan (“City”), is one of the 20th largest convention facilities in the United States consisting of approximately 2.4 million gross square feet and an attached 11,000 seat arena. The arena is currently being converted into a 40,000 square foot ballroom with an additional 25,000 square feet of meeting space and a food court. Cobo was originally developed and has continuously been operated since the 1960’s by the City and was expanded to its present size in 1986.

In 2008, the State of Michigan adopted the Regional Convention Facility Authority Act, being Act 554, Michigan Public Acts of 2008, which act was amended in early 2009 (as amended “Act 554”) providing for the transfer of Cobo from the City to a newly created Detroit Regional Convention Facility Authority (the “Authority”).

Pursuant to Act 554, Cobo was transferred by lease to the Authority effective September 15, 2009. Under the terms of the 30-year capital lease, the Authority has full operational control and responsibility for Cobo, subject only to a potential reversion of Cobo to the City after 2039. This lease and related payment was paid in full during the year ended September 30, 2011.

Starting in September 2009, the Authority had to restructure and create an ongoing operation from the original transfer of the facility. There were many contracts and conditions that were not as well developed as they could have been from the original City of Detroit financial records. As a result, the operating expenses comprised of vendor expenses and open payables at the date of assumption are estimated to have exceeded \$21 million.

After assuming control of the facility, management embarked on a complete restructuring of the operation’s finances and contracts. The Authority commenced a comprehensive review of all major service contracts. Most contracts were either renegotiated or subject to a competitive bidding process with the objective of securing better and more efficient production methods that would maximize value for the Authority. Many of these contracts are short-term, less than two years, and will be available for rebidding as necessary. As a result of the board actions in 2009 and 2010 these changes reduced the operating expense for the facility by approximately \$6 million.

As management of the Authority, we offer this narrative overview and analysis of the financial activities of the Authority for the years ended September 30, 2012 and 2011. Readers are encouraged to use this explanation of the Authority’s activity in conjunction with the accompanying financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of the financial statements, which focus on the Authority as a whole, and the notes to the financial statements, which provide additional information that is essential to gain a full understanding of the data presented in the financial statements.

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

The financial statements consist of the *Statements of Financial Position*, the *Statements of Activities and Changes in Net Assets* and the *Statements of Cash Flows*. These statements are prepared using the full accrual basis of accounting, which is similar to that employed by businesses in the private sector.

The *Statements of Financial Position* present information on all of the assets and liabilities of the Authority, with the difference between the two reported as *net assets*. Net assets can be thought of as one way of measuring the financial strength of the Authority. Increases or decreases in net assets over time may serve as a useful indicator of whether the financial condition of the Authority is improving or deteriorating.

The *Statements of Activities and Changes in Net Assets* present information showing how the net assets of the Authority has changed over the course of the most recent fiscal year. All changes in net assets are recognized as soon as the underlying transactions take place, regardless of the timing of the related cash flows. As a result, certain revenues and expenses reported in these statements are related to items that will only result in cash flows in future years.

The *Statements of Cash Flows* present detailed information about the changes in the cash positions of the Authority during the year.

The *Notes to the Financial Statements* provide additional information that is essential to gain a full understanding of the data presented in financial statements and begin on page 13 of this report.

FINANCIAL OVERVIEW

It is important to recognize the mission of the Authority and its project when analyzing its financial position. The mission of the Authority's project is to develop and implement a Capital Strategic Plan for the Cobo footprint in the City of Detroit. The day-to-day operations of Cobo are funded by a state subsidy that is currently scheduled to decrease over time. Consequently, revenues may fluctuate significantly from year-to-year. In addition, the legislation approved the use of the State of Michigan Convention fund to support capital borrowing of up to \$299 million with a termination date of 2039. The Authority Board established a strategic planning process, to determine the most appropriate use of the available capital resources.

The interim management team of the Authority and the members of the Authority Board accepted the transfer of the assets and other obligations of Cobo as indicated by the legislative language on September 15, 2009. In the initial review of business activities, it was determined that a traditional organizational structure was absent. Since Cobo was a department of the City of Detroit, it depended upon the various services of other departments for its support. Finance, purchasing, maintenance and engineering support along with other services were not within the operational control of Cobo.

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW - Continued

For the years ended September 30, 2012 and 2011, the assets of the Authority exceeded its liabilities by \$52,477,011 and \$51,000,919, respectively. Below is a summary of the statements of financial position:

	September 30,	
	2012	2011
<u>Assets</u>		
Cash and cash equivalents	\$ 20,050,103	\$ 19,154,650
Cash and cash equivalents - restricted	117,494,407	65,282,557
Investments	3,000,209	-
Accounts receivable	973,710	1,318,454
State bonds receivable	30,468,832	44,176,191
Grant receivable	-	519,262
Capitalized bond issuance costs	4,474,179	365,062
Prepaid expenses and other assets	1,152,100	994,596
Capital assets, net	<u>127,991,117</u>	<u>54,066,267</u>
Total assets	<u>\$305,604,657</u>	<u>\$ 185,877,039</u>
<u>Liabilities and Net Assets</u>		
Accounts payable	\$ 22,359,587	\$ 10,991,502
Accrued liabilities	2,419,492	708,427
Restricted deposits	3,974,735	4,000,000
Bonds payable	<u>224,373,832</u>	<u>119,176,191</u>
Total liabilities	253,127,646	134,876,120
Net assets - unrestricted	19,727,017	18,711,647
Net assets - board designated	500,000	500,000
Net assets - temporarily restricted	<u>32,249,994</u>	<u>31,789,272</u>
Total net assets	<u>52,477,011</u>	<u>51,000,919</u>
Total liabilities and net assets	<u>\$305,604,657</u>	<u>\$ 185,877,039</u>

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW - Continued

As indicated in the following schedule, the unrestricted net assets of the Authority increased by \$1,015,370 and \$2,725,803 during the years ended September 30, 2012 and 2011, respectively. Revenues and expenses increased in fiscal 2012 and 2011 as a result of further convention activity.

	September 30,	
	<u>2012</u>	<u>2011</u>
State operational subsidy	\$ 9,000,000	\$ 11,000,000
State debt service subsidy	3,445,415	2,439,337
Federal revenues	1,303,021	1,176,979
Operational revenue	5,834,216	5,702,990
Parking revenue	2,156,162	1,899,774
Miscellaneous revenue	80,000	-
Operating expenses	<u>14,512,807</u>	<u>16,046,205</u>
Operating income	7,306,007	6,172,875
Interest, depreciation and amortization expense	<u>6,290,637</u>	<u>3,447,072</u>
Increase in unrestricted net assets	1,015,370	2,725,803
Net assets - unrestricted - beginning	<u>19,211,647</u>	<u>16,485,844</u>
Net assets - unrestricted - ending	<u>\$ 20,227,017</u>	<u>\$ 19,211,647</u>

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

STATE SUBSIDY

As noted above, the State of Michigan provides an annual operating revenue subsidy for the Authority to assist in its earliest years; for the years ended September 30, 2012 and 2011, the operating revenue totaled \$9 million and \$11 million, respectively. Future subsidies are scheduled as follows for the years stated below:

2013	\$ 9 m
2014	8 m
2015	8 m
2016	7 m
2017	6 m
2018 - 2023	5 m annually

These amounts were determined during the discussions on the structure of the Authority. Subsequent review of the operating expenses from the City of Detroit, and the further use of analysis over existing contracts, agreements and other financial information provide the basis for development of the detailed budget for the new organization.

The state also provides a subsidy in the form of debt service from the proceeds of the Convention Fund. For the fiscal years ended September 30, 2012 and 2011, the Authority received \$3,440,285 and \$2,436,491, respectively, in debt service income from the Convention Fund. This revenue was off-set by the interest expense for debt service on the 2003 and 2011 Series A and B bonds.

FEDERAL FUNDING

In cooperation with the Detroit Economic Growth Corporation, the Authority applied for and was awarded a U.S. Department of Energy grant to off-set capital improvement costs that would provide for more efficient energy usage in Cobo Center. In aggregate, the total award is for a maximum of approximately \$2.48 million. During the fiscal year ended September 30, 2011, the Authority expended \$1,176,979 and received \$657,717 in federal awards through this program. At September 30, 2011, the Authority showed a grant receivable for the remaining \$519,262. During the fiscal year ended September 30, 2012, the Authority received \$1,303,021 in additional DOE funding, representing the balance of the initial grant award. In future years, the Authority will continue to pursue federal grant awards for which it may qualify.

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Authority assumed certain assets and debt with the formation of the Authority. Such definition of the transfer of plant, facilities and movable equipment, is defined in a formal agreement between the City of Detroit and the Detroit Regional Convention Facility Authority, dated September 15, 2009.

Capital Assets

At the inception of the Authority, the capital assets referred to as Cobo and its related property were leased through a 30-year capital lease agreement for the amount of \$20 million, due to the City of Detroit upon completion of initial funding of the Authority. The one-time payment of \$20 million was made for the leasehold rights as defined in the lease and service agreement on December 2, 2010.

Long-Term Debt

Under Section 19(l)(f) of Act 554, the Authority assumed the bonds that were issued to finance or refinance the 1989 improvements to Cobo, being specifically the City of Detroit Convention Facility Special tax revenue and Revenue Refunding Bonds (Cobo Hall Project), Series 2003.

The balance of the bonds payable as of September 30, 2012 and 2011 is \$224,373,832 and \$119,176,191, respectively. Details of these bonds payable are listed in the notes to the financial statements.

In September 2010, the Authority issued \$80 million in short-term debt to support the payment of \$20 million owed to the City of Detroit under the terms of the 30-year capital lease agreement. \$3 million of the bond funds were reimbursed to the Authority operating fund for emergency repairs to the roof, electrical systems, event hall floor and loading dock area that were completed during the four month period between September 15, 2009 and the January 2010 North American International Auto Show. The remaining \$57 million provided for a series of repairs to the facility and replacement of equipment that was identified by the strategic plan as Phase 2 of the enhancement of the facility.

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued

Long-Term Debt - Continued

On November 3, 2011, the Authority simultaneously refunded the outstanding Series 2010 bonds totaling \$75,000,000 and received approval for the issuance of new bonds in the aggregate principal sum not to exceed \$315,000,000, of which \$179,340,000 is outstanding at September 30, 2012. The tax exempt portion of the new bond offering totaled \$290,000,000 and is designated as Convention Facility Special Tax Revenue and Revenue Refunding Bonds, Series 2011A. The taxable portion of the bond offering totaled \$25,000,000 and is designated as Convention Facility Special Tax Revenue and Revenue Refunding Bonds, Series 2011B. The issuance of these bonds is in accordance with State legislation.

See Note 5 for additional details of the Authority's new bond issue.

CONTACTING THE MANAGEMENT OF THE AUTHORITY

This financial report is designed to provide the citizens, taxpayers, investors, creditors and others with a general overview of the finances of the Authority as they establish themselves as an ongoing concern. Questions concerning any information contained in this report or requests for additional information should be referred to the Chief Financial Officer, Cobo Center, One Washington Boulevard, Detroit, Michigan 48226.

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

STATEMENTS OF FINANCIAL POSITION

ASSETS

	September 30,	
	<u>2012</u>	<u>2011</u>
Cash and cash equivalents (note 2)	\$ 20,050,103	\$ 19,154,650
Cash and cash equivalents - restricted (notes 2 and 5)	117,494,407	65,282,557
Investments (note 3)	3,000,209	-
Accounts receivable	973,710	1,318,454
State bonds receivable (note 5)	30,468,832	44,176,191
Grant receivable	-	519,262
Capitalized bond issuance costs (note 5)	4,474,179	365,062
Prepaid expenses and other assets (note 9)	1,152,100	994,596
Capital assets (note 4)	<u>127,991,117</u>	<u>54,066,267</u>
Total assets	<u>\$ 305,604,657</u>	<u>\$ 185,877,039</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 22,359,587	\$ 10,991,502
Accrued liabilities	2,419,492	708,427
Restricted deposits (note 2)	3,974,735	4,000,000
Bonds payable (note 5)	<u>224,373,832</u>	<u>119,176,191</u>
Total liabilities	253,127,646	134,876,120

Net Assets

Unrestricted net assets	19,727,017	18,711,647
Board designated net assets (note 9)	500,000	500,000
Temporarily restricted net assets (note 5)	<u>32,249,994</u>	<u>31,789,272</u>
Total net assets	<u>52,477,011</u>	<u>51,000,919</u>
Total liabilities and net assets	<u>\$ 305,604,657</u>	<u>\$ 185,877,039</u>

See accompanying notes to financial statements

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended September 30,	
	2012	2011
Operating Revenue		
State subsidies		
Operational	\$ 9,000,000	\$ 11,000,000
Debt service	3,445,415	2,439,337
Federal revenue	1,303,021	1,176,979
Operational revenue	5,834,216	5,702,990
Parking revenue	2,156,162	1,899,774
Miscellaneous revenue (note 10)	80,000	-
	21,818,814	22,219,080
Operating Expenses		
Professional fees	350,138	609,541
Maintenance and operations	1,576,425	1,309,946
Insurance expense	775,633	872,325
Contract expense	3,222,420	3,216,451
Event expense	569,855	357,950
Utilities	2,769,082	4,680,957
Payroll expenses	3,802,010	3,428,755
Parking expense	746,781	599,589
Management fees	465,458	400,000
Other expenses	235,005	570,691
	14,512,807	16,046,205
Operating Income Before Interest, Depreciation and Amortization	7,306,007	6,172,875
Other Expenses		
Interest (net)	3,415,818	2,363,712
Depreciation and amortization expense	2,874,819	1,083,360
	6,290,637	3,447,072
Increase in Unrestricted Net Assets	1,015,370	2,725,803
Unrestricted Net Assets - Beginning	19,211,647	16,485,844
Unrestricted Net Assets - Ending	\$ 20,227,017	\$ 19,211,647
Change in Temporarily Restricted Net Assets		
Contributed bond proceeds	\$ -	\$ 9,871,971
Earnings on restricted cash	460,722	766,575
	460,722	10,638,546
Total Change in Temporarily Restricted Net Assets	460,722	10,638,546
Temporarily Restricted Net Assets - Beginning	31,789,272	21,150,726
Temporarily Restricted Net Assets - Ending	\$ 32,249,994	\$ 31,789,272

See accompanying notes to financial statements

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

STATEMENTS OF CASH FLOWS

	Year Ended September 30,	
	2012	2011
Cash Flows From Operating Activities:		
Increase in net assets	\$ 1,476,092	\$ 13,364,349
Adjustments:		
Depreciation and amortization	2,874,819	1,083,360
Changes in assets and liabilities:		
Decrease in accounts receivable	344,744	375,998
Decrease (increase) in grant receivable	519,262	(519,262)
Increase in prepaid expenses and other assets	(157,504)	(259,825)
Increase in accounts payable	11,368,085	6,947,045
Increase in accrued liabilities	1,711,065	295,209
	16,660,471	7,922,525
Net cash provided from operating activities	18,136,563	21,286,874
Cash Flows From Investing Activities:		
Acquisition of capital assets	(76,251,701)	(30,760,532)
Purchase of investments	(3,000,000)	-
Increase (decrease) in restricted deposits	(25,265)	4,000,000
	(79,276,966)	(26,760,532)
Net cash used in investing activities	(79,276,966)	(26,760,532)
Cash Flows From Financing Activities:		
Reduction of capital lease liability	-	(20,000,000)
Proceeds from issuance of Series 2011 bonds	179,340,000	-
Proceeds from issuance of (payment of) Series 2010 bonds	(75,000,000)	43,000,000
Payment of bond issuance costs	(4,657,294)	(162,400)
Payment of bond principal	-	(13,059,563)
Reduction of bonds receivable	14,565,000	13,059,563
	114,247,706	22,837,600
Net cash provided from financing activities	114,247,706	22,837,600
Net Increase in Cash	53,107,303	17,363,942
Cash and Cash Equivalents - Beginning	84,437,207	67,073,265
Cash and Cash Equivalents - Ending	\$ 137,544,510	\$ 84,437,207

Schedule of Noncash Financing Activities

Increase in accreted value of Series 2003 bonds payable	\$ 857,641	\$ 820,231
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See accompanying notes to financial statements

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2012 AND 2011

Note 1 - Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization

The Detroit Regional Convention Facility Authority (“the Authority”) is incorporated as a Michigan Public Body Corporate and Politic. It was created through an interlocal and intergovernmental agreement by and among the Mayor of the City of Detroit, Chairman of the Macomb County Board of Commissioners, County Executive of Oakland County and the Chief Executive Officer of Wayne County under the Regional Convention Facility Authority Act, Act 554, of the Michigan Public Acts of 2008. The Authority was created to oversee the development, ongoing management and operation of Cobo and to conduct any and all such activities and exercise any and all such powers as are authorized by the Regional Convention Facility Authority Act of 2008, which are necessary to the achievement of the foregoing and in furtherance of the purposes of the Authority. During the year ended September 30, 2012, the Authority continues to be primarily funded by the State of Michigan.

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. These audits were performed in order to prepare these statements as required by the State of Michigan. The Authority follows the “business-type” activities reporting requirements of GASB Statement No. 34 that provides a comprehensive look at the Authority’s financial activities. Accordingly, net assets of the Authority and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to any imposed stipulations and are therefore available for general obligations.

Board Designated Net Assets - Net assets have been designated for a particular purpose by the Board of Directors. At September 30, 2012 and 2011, board designated net assets consisted of \$500,000 of cash pledged for a 2015 meeting as indicated in Note 9.

Temporarily Restricted Net Assets - Net assets subject to stipulations that may or will be met either by actions of the Authority and/or the passage of time. When the restrictions expire or the nature and purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities and changes in net assets.

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2012 AND 2011

Note 1 - Nature of Organization and Summary of Significant Accounting Policies - Continued

Basis of Presentation - Continued

Temporarily Restricted Net Assets - Continued - At September 30, 2012 and 2011, the Authority's temporarily restricted net assets amounted to \$32,249,994 and \$31,789,272, respectively. These temporarily restricted net assets consist of the Authority's bond bank accounts discussed in Note 2 and their related interest.

Basis of Accounting

The Authority follows the rules promulgated by the Governmental Accounting Standards Board. Additionally, the Authority follows all Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board ("APB") issued, unless pronouncements conflict with or contradict GASB. The Authority is not a component unit of a government, but rather a stand alone public body corporate and politic. The periodic determination of revenues earned, expenses incurred, and net income is appropriate for management control and accountability; therefore, the business model is followed and the full accrual basis of accounting is used.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Budget

Per the Regional Convention Facility Authority Act, No. 554 of 2008, section 141.1361, before the beginning of each fiscal year, the Board of Directors is responsible for the preparation of a budget for the Authority. This budget includes an itemized statement of the estimated current operational expenses and expenses for capital projects or debt repayment, and the estimated revenue from any and all sources for the fiscal year. The Board of Directors annually adopts an agreed upon budget in accordance with the Michigan Uniform Budget and Accounting Act.

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2012 AND 2011

Note 1 - Nature of Organization and Summary of Significant Accounting Policies - Continued

Cash and Cash Equivalents

The Authority considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. Cash and cash equivalents consist of cash on hand, demand deposits and money market accounts. The Authority places its temporary cash investments with high credit quality financial institutions.

Capital Assets

Capital assets are stated at cost. Expenditures relating to normal repairs and maintenance are charged to operations as incurred. The assets are depreciated over their estimated useful lives using the straight-line method.

Subsidy Receivable and Revenue Recognition

The Authority receives subsidies on an annual basis from the State of Michigan. This subsidy is funded on a reimbursement basis which can lead to a receivable amount at the Authority's year end. Revenues are recorded monthly when billed to the State of Michigan. Convention and other revenue are recorded as Authority revenue in the period the convention or service takes place. Additional accounts receivable pertains to billings for convention use of the facility. Accounts receivable that are deemed uncollectible are written-off in the period that determination is made.

Management Fees

The Authority engaged SMG, a third-party management company, to provide services over operations and marketing. The agreement calls for compensation owed to SMG in a fixed annual fee of \$250,000 and an annual incentive fee limited in the first year of the agreement to a maximum of \$150,000 and increasing to a maximum of \$250,000 in subsequent years. At September 30, 2012, the Authority's obligation applicable to the annual incentive fee under the terms of the agreement totaled \$355,208, which includes incentive fees of \$242,708 and \$112,500 applicable to the years ended September 30, 2012 and 2011, respectively.

Reclassification

Certain items in the financial statements for the year ended September 30, 2011 have been reclassified to conform with the presentation at September 30, 2012.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including January 21, 2013, which is the date the financial statements were available to be issued.

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2012 AND 2011

Note 2 - Cash and Cash Equivalents

The Authority is authorized to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loans associations that have offices in Michigan pursuant to Public Act 20 of 1943, as amended. The Authority's cash and cash equivalents are subject to custodial credit risk as discussed in the following paragraph.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The total cash balances on interest bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. The total cash balances on non-interest bearing accounts are insured by the FDIC with unlimited coverage until December 31, 2012, pursuant to the Dodd-Frank Act, after which time these accounts will be subject to a maximum insurable balance of \$250,000 per bank. At various times during the year, such balances may be in excess of the FDIC limit. As a result, the Authority 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.

Restricted Deposits

Unspent bond proceeds and related interest have legal requirements to be spent for specific purposes of the bond issuances as discussed in Note 5. The balances of the restricted cash and cash equivalent asset accounts are as follows:

	September 30,	
	2012	2011
2003 Bond Proceeds	\$ 51,388,560	\$ 35,764,307
2010 Bond Proceeds	-	29,518,250
2011 Bond Proceeds	<u>66,105,847</u>	<u>-</u>
Total restricted assets	<u>\$ 117,494,407</u>	<u>\$ 65,282,557</u>

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2012 AND 2011

Note 3 - Investments

The investment policy adopted by the Authority in accordance with Public Act 20 of 1943, as amended, authorizes investments in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; certain certificates of deposits insured by an agency of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; mutual funds composed of investment vehicles that are legal for direct investment by a public corporation; and certain investment pools.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment policy requires that all investments not purchased directly from an issuer must be held in the name of the Authority and be held in third-party safekeeping. At September 30, 2012, the Authority does not have investments with custodial credit risk.

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 Authority's investment policy addresses this risk by structuring portfolio maturities to meet operating cash flow needs; investing primarily in short-term securities or investment pools; and only purchasing securities with the intent to hold-to-maturity.

Concentration of Credit Risk

Through its investment policy, the Authority limits the holdings at any given institution to a maximum of 60% of the portfolio.

As of September 30, 2012, the Authority's investments consist of twelve brokered certificates of deposits totaling \$2,940,000 and a money market mutual fund account of approximately \$60,000 which are held in trust and invested by Wells Fargo Securities, LLC. The Authority has the positive intent and ability to hold these investments to maturity, as such, investments are classified as held-to-maturity and recorded at amortized cost. The brokered certificates of deposits mature at various dates through July 2014.

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2012 AND 2011

Note 4 - Capital Assets

The principal categories of capital assets may be summarized as follows:

	September 30,	
	2012	2011
Buildings	\$ 20,346,245	\$ 20,346,245
Computer equipment	193,910	178,436
Furniture and office equipment	1,312,064	993,037
Building improvements	58,265,017	10,880,759
Construction-in-progress	51,724,532	23,191,800
Total cost	131,841,768	55,590,277
Less accumulated depreciation	(3,850,651)	(1,524,010)
Undepreciated cost	\$127,991,117	\$ 54,066,267

As of September 30, 2012, the Authority is planning an additional \$178 million in future capital projects through December 2014. These costs will be recognized as incurred. Depreciation will begin on the capital assets as the projects are completed and placed into service. Depreciation expense charged to operations for the years ended September 30, 2012 and 2011 totaled \$2,326,641 and \$939,503, respectively.

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2012 AND 2011

Note 5 - Bonds

Long-term bond obligation activity for the year ended September 30, 2012 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Series 2003 Bonds	\$ 44,176,191	\$ 857,641	\$ -	\$ 45,033,832	\$ 25,140,000
Series 2010 Bonds	75,000,000	-	75,000,000	-	-
Series 2011 Bonds	-	179,340,000	-	179,340,000	-
Total	<u>\$ 119,176,191</u>	<u>\$ 180,197,641</u>	<u>\$ 75,000,000</u>	<u>\$ 224,373,832</u>	<u>\$ 25,140,000</u>

Long-term bond obligation activity for the year ended September 30, 2011 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Series 2003 Bonds	\$ 57,235,754	\$ 820,437	\$ 13,880,000	\$ 44,176,191	\$ 14,565,000
Series 2010 Bonds	32,000,000	43,000,000	-	75,000,000	-
Total	<u>\$ 89,235,754</u>	<u>\$ 43,820,437</u>	<u>\$ 13,880,000</u>	<u>\$ 119,176,191</u>	<u>\$ 14,565,000</u>

Series 2003 Bonds

For the purpose of financing the expansion of Cobo, the City of Detroit issued bonds in 2003 (Convention Facility Special Tax Revenue and Revenue Refunding Bonds), the proceeds of which were transferred to the Authority as of the date of its inception. The issuance consisted of current interest bonds, which pay principal annually and interest semiannually at coupon rates, and capital appreciation bonds, which are issued at a discounted amount and accrete principal to the date of maturity. Interest rates for both types of bonds range from 2% to 5%. The total values of the bonds are as follows:

	September 30, 2012	2011
Current interest bonds	\$ 25,140,000	\$ 25,140,000
Capital appreciation bonds	19,893,832	19,036,191
Total	<u>\$ 45,033,832</u>	<u>\$ 44,176,191</u>

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2012 AND 2011

Note 5 - Bonds - Continued

Series 2003 Bonds - Continued

The valuation of these bonds is in accordance with fair value measurement standards; disclosed at cost.

The Series 2003 bonds are special limited obligations of the Authority which are payable from and secured solely by a lien on the distributions the Authority is entitled to receive for the revenues deposited in the Convention Facility Development Fund collected from a specific tax on the sale of spirits in the State of Michigan (the "Liquor Tax" and from a State of Michigan excise tax on persons engaged in the business of providing rooms for dwelling, lodging or sleeping purposes to transient guests in certain counties (the "Hotel Occupancy Tax"). The State of Michigan is not obligated to pay principal of, the premium, if any and the interest on the Series 2003 bonds and neither the faith and credit nor the taxing power of the State of Michigan or the Authority is pledged therefore. Distributions of the Hotel Occupancy Tax and the Liquor Tax are subject to annual appropriation of the proceeds of such taxes by the Michigan Legislature. The State of Michigan has specifically reserved the right to repeal or amend the laws imposing the Hotel Occupancy Tax or the Liquor Tax. The scheduled payment of the principal of and interest on the Series 2003 bonds when due will be guaranteed under an insurance policy issued by the National Public Finance Guarantee Corporation.

The following are maturities of Series 2003 bonds for the years ending September 30th:

2013	\$ 25,140,000
2014	11,105,000
2015	11,105,000

In connection with the Authority's assumption of the 2003 bonds, six bond bank accounts, totaling \$51,388,560 at September 30, 2012 and held by Wells Fargo Corporate Trust Services as trustee, were assumed by and redesignated in the name of the Authority. Included in this total is \$15,193,616, which represents principal and interest paid to bondholders during October 2012. These funds are comprised of the proceeds from the original bond issue and the related earnings, and are restricted in use to the payment or pre-payment of existing debt as authorized under the original bond resolution of 1985 or should all bond debt be paid, remaining funds in these accounts may be used for certain capital projects.

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2012 AND 2011

Note 5 - Bonds - Continued

Series 2003 Bonds - Continued

Under the terms of an agreement between the Authority and the City, the City may use up to \$4 million for the cost of City improvements directly associated with the City of Detroit Civic Center Complex, which extends from Hart Plaza to Joe Louis Arena along the Detroit Riverfront. To access the funds, the City must submit a list of projects that are in compliance with Section 103 of the Sale Order and obtain an opinion from a nationally recognized bond counsel regarding the proposed use of the funds. The Authority's Chief Financial Officer must also concur that the proposed use of funds is in compliance with the agreement before authorizing the bond trustee to release the requested funds to the City. During the year ended September 30, 2012, approximately \$25,000 was distributed to the City. The remaining funds are presented with the Authority's restricted cash and cash equivalents in the statements of financial position.

Series 2010 Bonds

For the purpose of financing the expansion and renovation of Cobo, the Authority issued special limited obligation bonds on September 30, 2010 (Convention Facility Special Tax Revenue Bond, Series 2010A (Series 2010A) for \$74,000,000 and Convention Facility Special Tax Revenue Bond, Series 2010B (Series 2010B) for \$6,000,000. The issuance consisted of current interest bonds, which paid interest semiannually at variable rates, except as described below. Interest rates on the Series 2010A bonds were 67% of the London InterBank Offered Rate (LIBOR) plus 120 basis points. The interest on the Series 2010B bonds was 67% of LIBOR plus 180 basis points. These two bonds were payable solely and only from and are secured by a first lien on the distributions the Authority was entitled to receive from certain revenues collected by the Treasurer of the State of Michigan and deposited in the Convention Facility Development Fund to Act 106, Act 34 and Act 554, Public Acts of Michigan, 2008, as amended, and entitled to the benefits of the resolutions authorizing the bonds. The Convention Facility Development Fund collects monies from a specific tax on the sale of spirits in the State of Michigan (the "Liquor Tax") and from a State of Michigan excise tax on persons engaged in the business of providing rooms for dwelling, lodging or sleeping purposes to transient guests in certain counties (the "Hotel Occupancy Tax"). The State of Michigan was not obligated to pay principal of, the premium, if any, or the interest on the Series 2010A and Series 2010B bonds and neither the faith and credit nor the taxing power of the State of Michigan or the Authority is pledged therefore. Distributions of the Hotel Occupancy Tax and the Liquor Tax are subject to annual appropriation of the proceeds of such taxes by the Michigan Legislature.

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2012 AND 2011

Note 5 - Bonds - Continued

Series 2010 Bonds - Continued

The State of Michigan has specifically reserved the right to repeal or amend the laws imposing the Hotel Occupancy Tax or the Liquor Tax. The registered owner of the Series 2010A and Series 2010B bonds is Wells Fargo Bank, National Association. These bonds do not represent a general corporate indebtedness of the Authority. Bond issue costs of approximately \$509,000 were incurred in connection with the issuance of the Series 2010 Bonds. These bonds were refunded during the year ended September 30, 2012.

Series 2011 Bonds

On November 3, 2011, the Authority simultaneously refunded the outstanding Series 2010 bonds totaling \$75,000,000 and received approval for the issuance of new bonds in the aggregate principal sum not to exceed \$315,000,000. The tax exempt portion of the new bond offering totaled \$290,000,000 and is designated as Convention Facility Special Tax Revenue and Revenue Refunding Bonds, Series 2011A. The taxable portion of the bond offering totaled \$25,000,000 and is designated as Convention Facility Special Tax Revenue and Revenue Refunding Bonds, Series 2011B. The issuance of these bonds is in accordance with State legislation.

Interest rates on the Series 2011A bonds is 70% of the one month London InterBank Offered Rate (LIBOR) plus 150 basis points. The interest on the Series 2010B bonds is 100% of the one month LIBOR plus 230 basis points. These two bonds are payable solely and only from and are secured by a first lien on the distributions the Authority is entitled to receive from certain revenues collected by the Treasurer of the State of Michigan and deposited in the Convention Facility Development Fund to Act 106, Act 34 and Act 554, Public Acts of Michigan, 2008, as amended, and entitled to the benefits of the resolutions authorizing the bonds. The Convention Facility Development Fund collects monies from a specific tax on the sale of spirits in the State of Michigan (the "Liquor Tax") and from a State of Michigan excise tax on persons engaged in the business of providing rooms for dwelling, lodging or sleeping purposes to transient guests in certain counties (the "Hotel Occupancy Tax"). The State of Michigan is not obligated to pay principal of, the premium, if any, or the interest on the Series 2011A and Series 2011B bonds and neither the faith and credit nor the taxing power of the State of Michigan or the Authority is pledged therefore. Distributions of the Hotel Occupancy Tax and the Liquor Tax are subject to annual appropriation of the proceeds of such taxes by the Michigan Legislature. The State of Michigan has specifically reserved the right to repeal or amend the laws imposing the Hotel Occupancy Tax or the Liquor Tax.

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2012 AND 2011

Note 5 - Bonds - Continued

Series 2011 Bonds - Continued

The registered owners of the Series 2011A bonds are JP Morgan Chase (\$100,000,000), PNC Bank (\$63,500,000) and Wells Fargo Bank, National Association (\$126,500,000). The registered owner of the Series 2011B bond is Wells Fargo Bank, National Association (\$25,000,000). These bonds do not represent a general corporate indebtedness of the Authority.

At September 30, 2012, a total of \$179,340,000 in bond proceeds have been drawn on by the Authority; \$174,913,000 is from Series 2011A and \$4,427,000 is from Series 2011B. The Series 2011A and Series 2011B bonds mature on October 31, 2021.

The following are maturities of Series 2011 bonds for the years ending September 30th:

2022	\$ 179,340,000
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Interest Rate Cap

In order to secure full funding for the Authority's \$279 million capital improvement program and \$20 million lease payment to the City of Detroit, the lending institutions required the Authority to enter into an agreement with a third-party to hedge against the risk of an interest rate increase that would raise debt service payments to a level that could not be sustained by the convention fund. After consulting with the Authority's financial advisors and legal counsel, it was determined that the most appropriate vehicle for hedging against this risk would be an interest rate cap.

On October 26, 2011, the Authority purchased an interest rate cap from the Bank of New York for \$2,262,000. The effective date of the interest rate cap is October 1, 2014 and the termination date of the cap is October 1, 2021. The interest rate cap will effectively limit the interest rate on the Series 2011 bonds to 7% in 2014 and 7.5% for 2015 through 2021. Payment for the interest rate cap is considered a cost of issuance which does not fall under the legislative borrowing limits for the capital program and was therefore paid for through additional borrowing.

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2012 AND 2011

Note 5 - Bonds - Continued

Bond Issuance Costs

The following costs were incurred by the Authority during the year ended September 30, 2012 in connection with the issuance of the Series 2011A and Series 2011B bonds:

Interest Rate Cap	\$ 2,262,000
Bank Fees	1,052,094
Financial Advisory Fees	635,248
Legal Fees	383,250
Commitment Fees	321,702
Trustee Fees	<u>3,000</u>
Total	<u>\$ 4,657,294</u>

Bond issuance costs are recorded as deferred charges and are amortized over the term of the related debt. The gross carrying amount and accumulated amortization of bond issuance costs may be summarized as follows:

	September 30,	
	<u>2012</u>	<u>2011</u>
Gross carrying amount	\$ 5,166,213	\$ 508,919
Accumulated amortization	<u>(692,034)</u>	<u>(143,857)</u>
Unamortized bond issuance costs	<u>\$ 4,474,179</u>	<u>\$ 365,062</u>

Amortization expense for the years ended September 30, 2012 and 2011 totaled \$548,177 and \$143,857, respectively; estimated amortization expense for each of the five ensuing years through September 30, 2017 is approximately \$498,000.

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2012 AND 2011

Note 6 - Retirement Plans

The Authority contributes to a defined contribution pension plan, organized as a multiple cost sharing plan through the City of Detroit's General Retirement System (GRS). At the date of the Authority's inception, an obligation existed for contributions made on behalf of the workers formerly employed by the City of Detroit. The City of Detroit has agreed that the Authority's obligation would be limited to the "normal cost" of funding the pension liability beginning at inception and going forward. Pension expense for the years ended September 30, 2012 and 2011 amounted to \$52,263 and \$62,312, respectively.

The Authority maintains a 401(k) retirement savings plan which covers all SMG employees who are not participants in the GRS plan and have completed one year of employment. The 401(k) plan requires a 3% matching contribution to be made by the Authority for all participating employees. The Authority contributed \$83,434 and \$23,794 to this plan for the years ended September 30, 2012 and 2011, respectively. The Authority also maintains a 457(b) retirement saving plan which covers all employees who are not participants in the GRS or 401(k) plans and have completed one year of employment. The 457(b) plan includes provisions for discretionary and matching contributions to be made by the Authority for all participating employees. The Authority contributed \$3,968 and \$1,303 to this plan for the years ended September 30, 2012 and 2011, respectively.

Note 7 - Concentrations

57% and 62% of revenues for the years ended September 30, 2012 and 2011, respectively, are subsidies received through the State of Michigan, Department of Treasury. At September 30, 2012 and 2011, accounts receivable includes \$750,000 and \$916,890, respectively, due from the State of Michigan related to these subsidies.

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2012 AND 2011

Note 8 - Risk Management

The Authority maintains insurance coverage for property, liability, directors and officers and terrorism. The Authority incurred expenses as follows:

	September 30,	
	2012	2011
Property and Liability insurance	\$ 641,206	\$ 713,034
Workers' compensation insurance	57,723	59,404
Other insurance	<u>76,704</u>	<u>99,887</u>
Total insurance expense	<u>\$ 775,633</u>	<u>\$ 872,325</u>

The Authority requires that all vendors, exhibitors, workers, provide general liability and specific insurance requirements for activities. There is a limit of \$1 million from our exhibitors for coverage of the liability. The Authority carries a \$500,000 deductible against its liability insurance.

Note 9 - Host Committee and American Society of Association Executives Pledge

The Authority, with the assistance of the Detroit Metropolitan Convention Visitor's Bureau, has secured the 2015 American Society of Association Executives (ASAE) meeting to be held at the Cobo Center. In order to achieve the desired level of positive marketing in preparation for, and during the event, a Host Committee will be established to raise funds in anticipation of the meeting. The Authority has been asked to pledge \$1,000,000 towards these efforts. As of September 30, 2012 and 2011, \$500,000 is included in prepaid expenses and other current assets in the statements of financial position. The Authority also plans to contribute an additional \$500,000 during the next two fiscal years to achieve the million dollar pledge. As of September 30, 2012 and 2011, \$500,000 has been designated for this purpose by the Board of Directors, and has been recorded as net assets designated to this use.

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2012 AND 2011

Note 10 - Miscellaneous Revenue

As part of the cost of implementing energy efficiency projects, the Authority applied for and received an \$80,000 energy efficiency incentive payment from the Public Lighting Department of the City of Detroit during the year ended September 30, 2012.

Note 11 - Risk and Uncertainties

As of and subsequent to September 30, 2012, the State of Michigan has announced reductions in its budgeting and overall funding. These reductions may have a positive or negative impact on the future operations of the Authority. The effects of any reductions on future operations or results of operations are not recognized in the accompanying financial statements as of September 30, 2012.

Note 12 - Subsequent Event

Subsequent to September 30, 2012, the Authority received notice from the Internal Revenue Service that its debt issuance related to the Series 2010A Convention Facility Special Revenue Bonds was selected for examination. The purpose of the examination will be to ascertain compliance with Federal tax requirements applicable to governmental bonds. The possible outcome of the examination cannot be determined, therefore, no contingency amount is included in the financial statements at September 30, 2012.

OTHER SUPPLEMENTAL INFORMATION

DETROIT REGIONAL CONVENTION FACILITY AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2012

<u>Federal Grantor/ Pass-Through Grantor Program Title/Grantor's Number</u>	<u>Federal CFDA Number</u>	<u>Program Award/ Amount</u>	<u>Accrued (Deferred) Revenue at 10/1/11</u>	<u>Prior Year Expenditures</u>	<u>Adjustments</u>	<u>Current Year Receipts</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue at 9/30/12</u>
U.S. Department of Energy - Passed Through Michigan Saves - Passed Through the Economic Development Corporation of the City of Detroit								
ARRA - Energy Efficiency and Conservation Block Grant Project Number DE-EE0003559/000	81.128	\$ 2,643,691	\$ 519,262	\$ 1,176,979	\$ -	\$ 1,822,283	\$ 1,303,021	\$ -
Total Federal Awards		<u>\$ 2,643,691</u>	<u>\$ 519,262</u>	<u>\$ 1,176,979</u>	<u>\$ -</u>	<u>\$ 1,822,283</u>	<u>\$ 1,303,021</u>	<u>\$ -</u>