



**OFFICE OF THE
CHIEF FINANCIAL OFFICER**

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March 31, 2026

The Honorable Detroit City Council
Coleman A. Young Municipal Center
2 Woodward Avenue
Detroit, MI 48226

Re: FY 2026-2035 Long-Term Forecast Report for Legacy Pension Plans and Debt Obligations

Dear Honorable City Council Members:

The Office of the Chief Financial Officer (OCFO) respectfully submits its annual Long-Term Forecast Report for Legacy Pension Plans and Debt Obligations. The OCFO also publishes this report on the City's website.

This report is provided in accordance with the requirements included in Detroit Financial Review Commission (FRC) Resolution 2025-02, which granted the City its waiver of active FRC oversight through June 30, 2026. It includes long-term forecasts for the City's legacy pension plans, debt obligations, revenues and expenditures, and the assumptions used for the analysis.

Best regards,

Tanya Stoudemire
CFO

Att: FY 2026 – 2035 Long-Term Forecast Report for Legacy Pension Plans and Debt Obligations

Cc: Mayor Mary Sheffield, City of Detroit
Angelique Rodriguez-Edge, Deputy CFO/Policy & Administration Director
John Naglick, Jr., Chief Deputy CFO/Finance Director /Controller
Valerie Agoli, Deputy CFO/Treasurer
Malik Washington, Government Affairs Director

Long-Term Forecast Report

Fiscal Years 2026 – 2035

March 31, 2026

Office of the Chief Financial Officer



MAYOR MARY SHEFFIELD
RISE HIGHER



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Executive Summary

Prudent budgeting, growing tax base, and high-level reserves have provided fiscal resilience, but risks unavoidable.

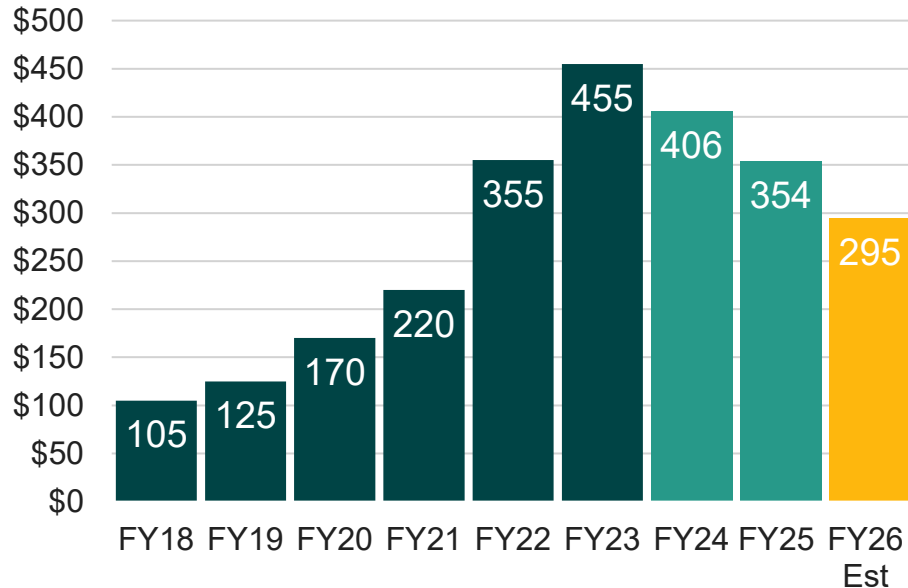
- This annual Long-Term Forecast Report provides information on the City's legacy pension obligations, debt obligations, and forecast scenarios over a ten-year period.
- The City's revenue outlook is secure, following our continued efforts driving economic opportunity and growth for Detroiters. Recurring revenue expectations have increased based on growing withholding income, wagering, and property tax bases. Our Retiree Protection Fund strategy allows us to budget legacy pension contributions securely since resuming in FY24.
- Under the baseline scenario, current services expenditure growth remains in line with revenue growth. Assumes February 2026 Revenue Estimating Conference results and FY27-30 Four-Year Financial Plan trends continue, along with any modest fiscal adjustments needed in FY30 and future budgets to maintain fiscal balance.
- Potential upside may buffer further inflationary pressures, but we must also protect against downside risks. Prudent budgeting, implementing new efficiencies, growing the tax base, and maintaining high-level reserves continue to be key strategies.
- The upside and downside scenarios presented are not intended to serve as an exhaustive set of possible scenarios or as the likeliest of scenarios. However, they illustrate how continued tax base growth can protect and enhance our budget but also how even moderate risks can necessitate additional action to maintain fiscal balance.

Legacy Pension Obligations

Retiree Protection Fund (“RPF”)

In 2017, the City created the RPF to prepare for the coming pension cliff and provide a smooth budget transition.

Retiree Protection Fund
(\$ in millions)



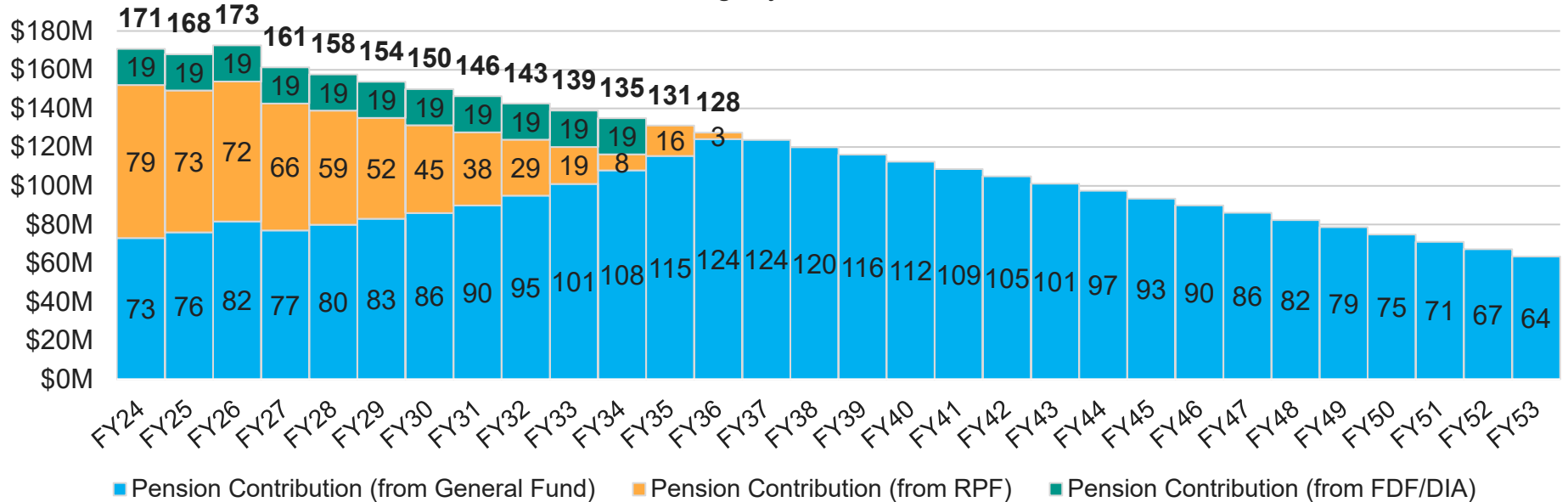
FY24 to FY26 balances demonstrate RPF draw downs net of investment returns.

- Plan of Adjustment 10-year pause on legacy pension contributions let us reinvest the surplus to improve City services
- To protect retirees, the Mayor and City Council deposited \$455 million in the RPF through FY23, an irrevocable trust fund exclusively to be used for legacy pension payments beginning in FY24
- The RPF strategy has always been two-fold:
 - ✓ Build a pension funding resource to gradually draw down every year beginning in FY24
 - ✓ Gradually build room in the recurring general fund budget for annual pension contributions

Legacy Pensions - Accelerated Payment Schedule

The Proposed Budget continues our steady ramp up in the General Fund share of annual legacy pension contributions (blue bars), while using the RPF (yellow bars) to fund a portion of the total contribution.

General Fund Legacy Pension Contributions

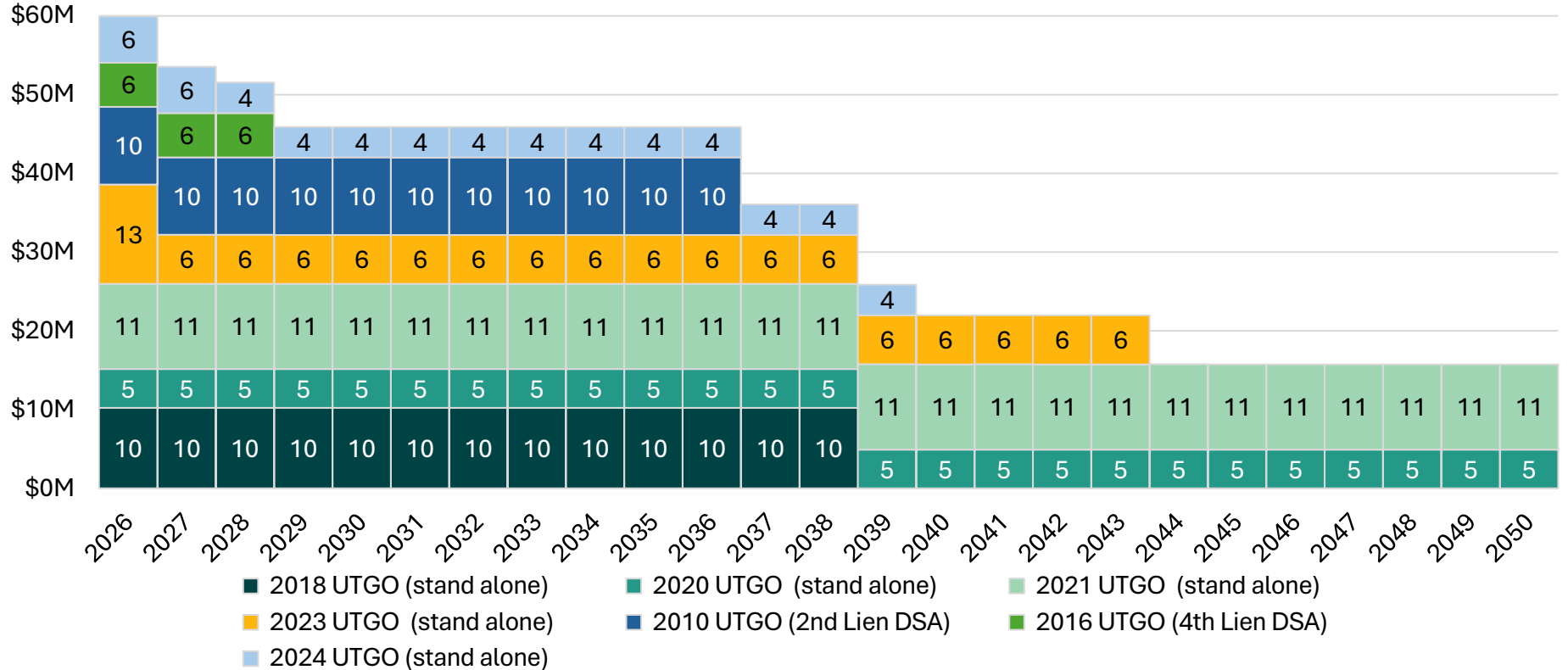


Projections of annual legacy pension contributions based on FY25 Actuarial Valuations and 30-year closed level principal amortization beginning FY24.
 DWSD and Library liabilities and contributions are separate.
 Assumes a 4.0% investment return forecast for RPF.



Debt Obligations

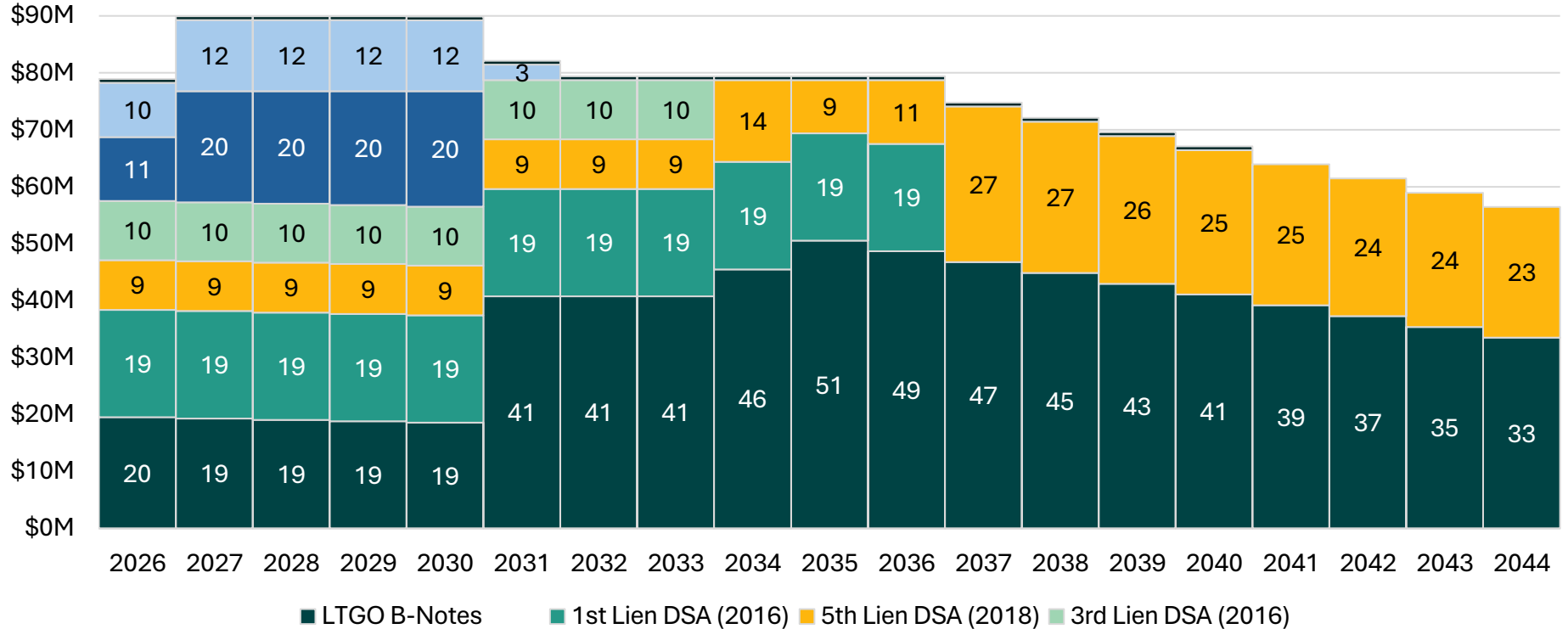
Unlimited Tax General Obligation Debt Service



Source: OCFO – Office of the Treasury Amounts above are rounded for display. Only includes issued debt. Does not include authorized or proposed but unissued debt.



Limited Tax General Obligation Debt Service



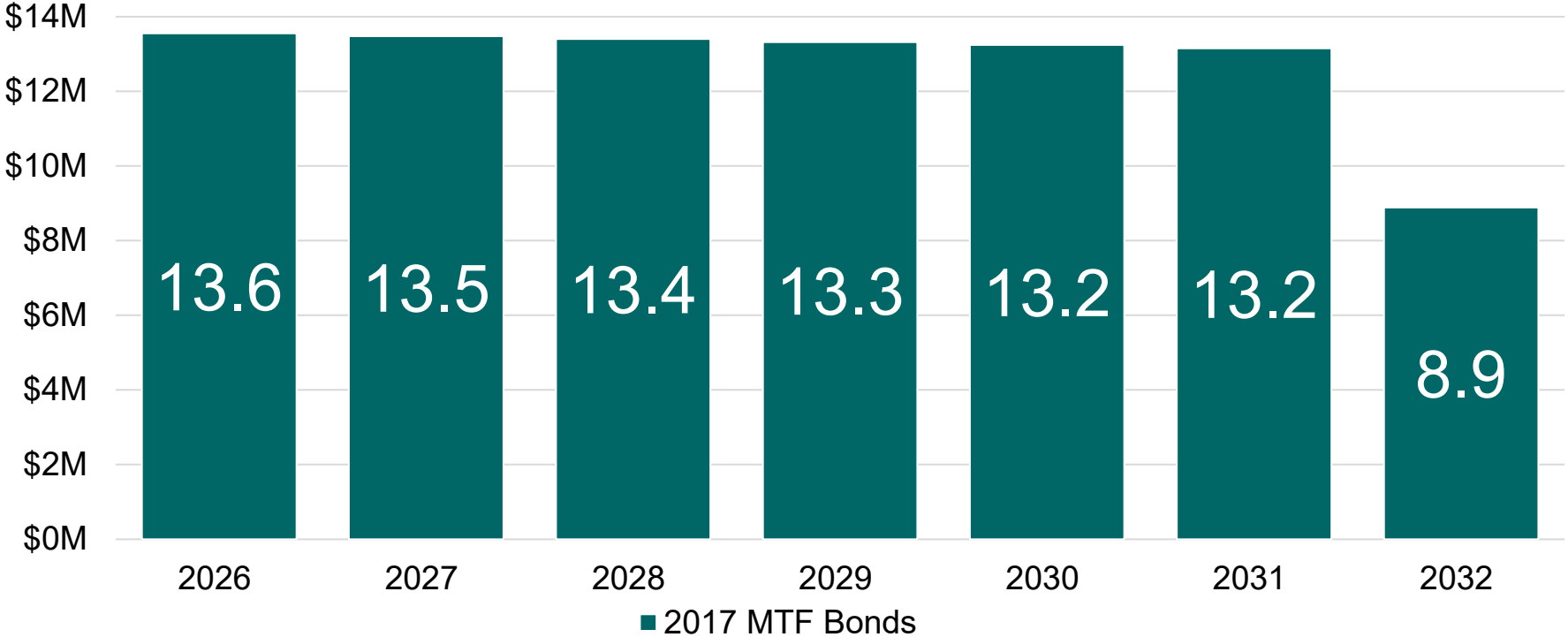
■ LTGO B-Notes
 ■ 1st Lien DSA (2016)
 ■ 5th Lien DSA (2018)
 ■ 3rd Lien DSA (2016)

■ 5th Lien DSA (2024)
 ■ LTGO SIPAs
 ■ MSF Loan

Source: OCFO – Office of the Treasury Amounts above are rounded for display. * 2014 B-Notes approx. 80% General Fund and 20% Enterprise Funds. Includes issuance of all IPA authorization.



Michigan Transportation Fund Bonds Debt Service

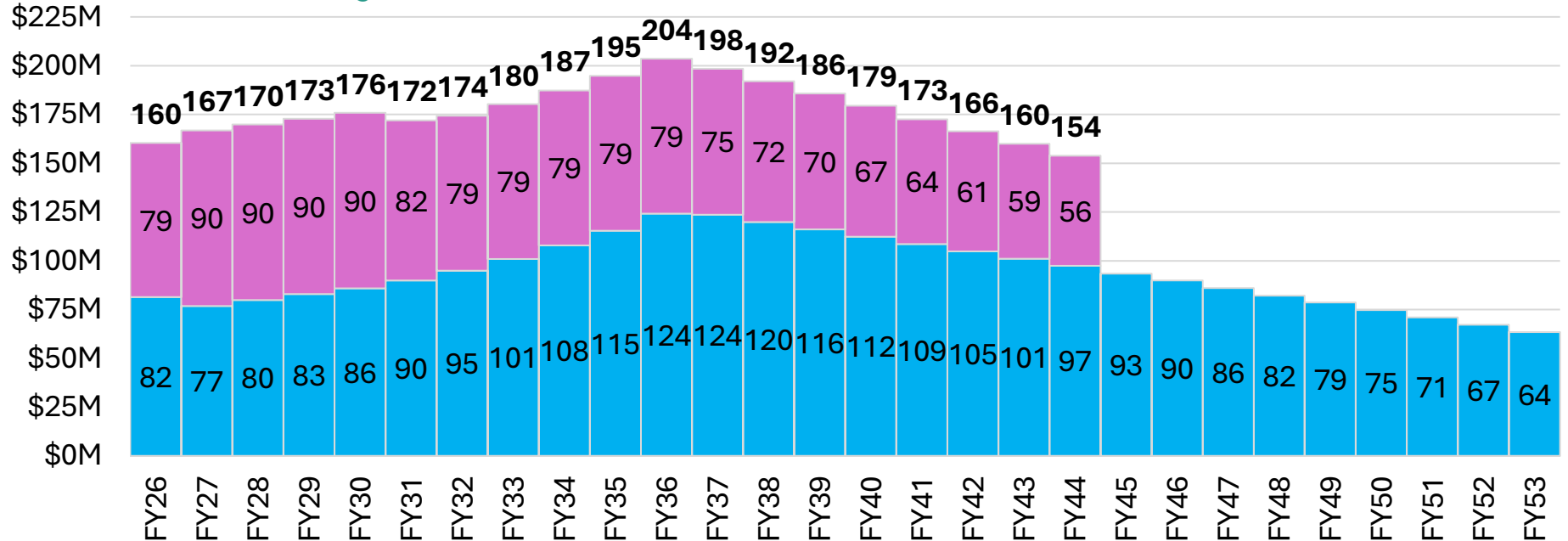


Source: OCFO – Office of the Treasury Amounts above are rounded for display.



General Fund Debt Service and Legacy Pension

General Fund shares of LTGO debt service and legacy pension contributions based on current debt service and the RPF funding plan ramp up. After peaking in FY36, these long-term debt obligations will be a declining burden on the General Fund budget.



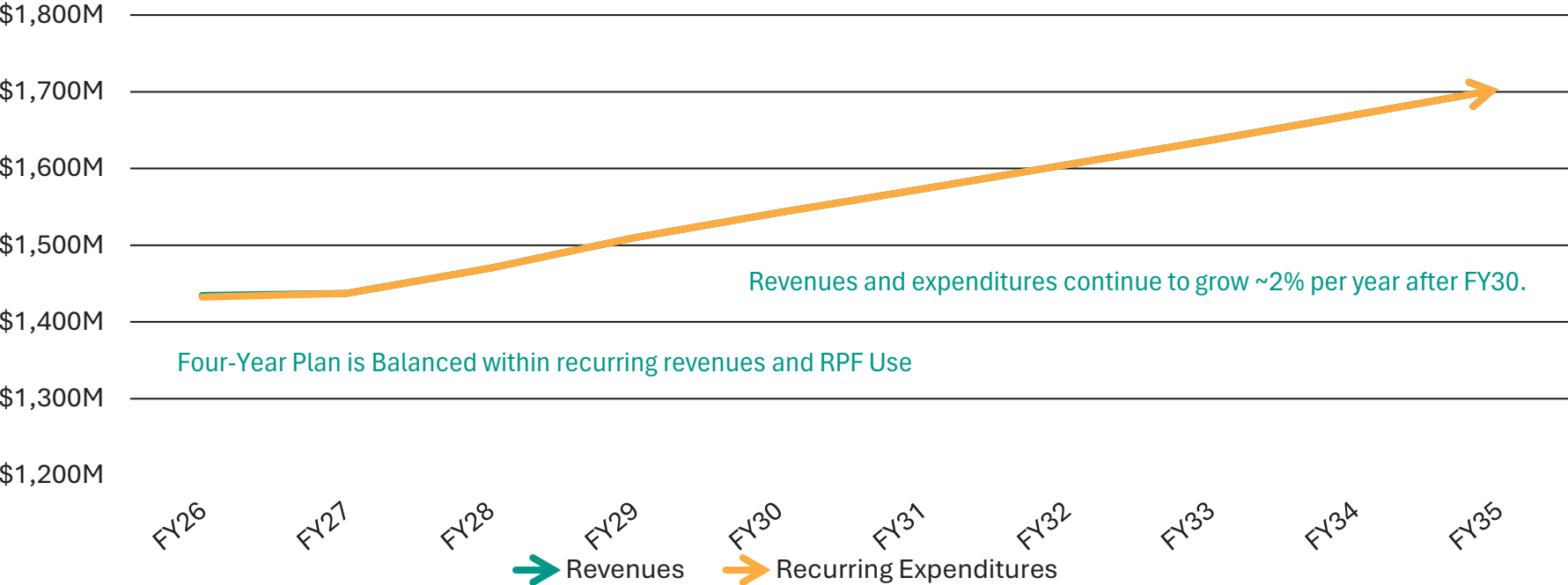
* GF LTGO Debt Service is General Fund share only (excludes enterprise fund share of B-Notes). Debt Service also includes issuance of all IPA authorization. Net GF Legacy Pension means the General Fund share, net of Retiree Protection Fund (RPF) use and Foundation for Detroit's Future contributions.



Long-Term Forecast

Baseline Forecast – General Fund Budget

Under the baseline scenario, current services expenditure growth remains in line with revenue growth. Assumes February 2026 Revenue Estimating Conference results and FY27-30 Four-Year Financial Plan trends continue, along with any modest fiscal adjustments needed in future budgets in FY30 and beyond to maintain fiscal balance.

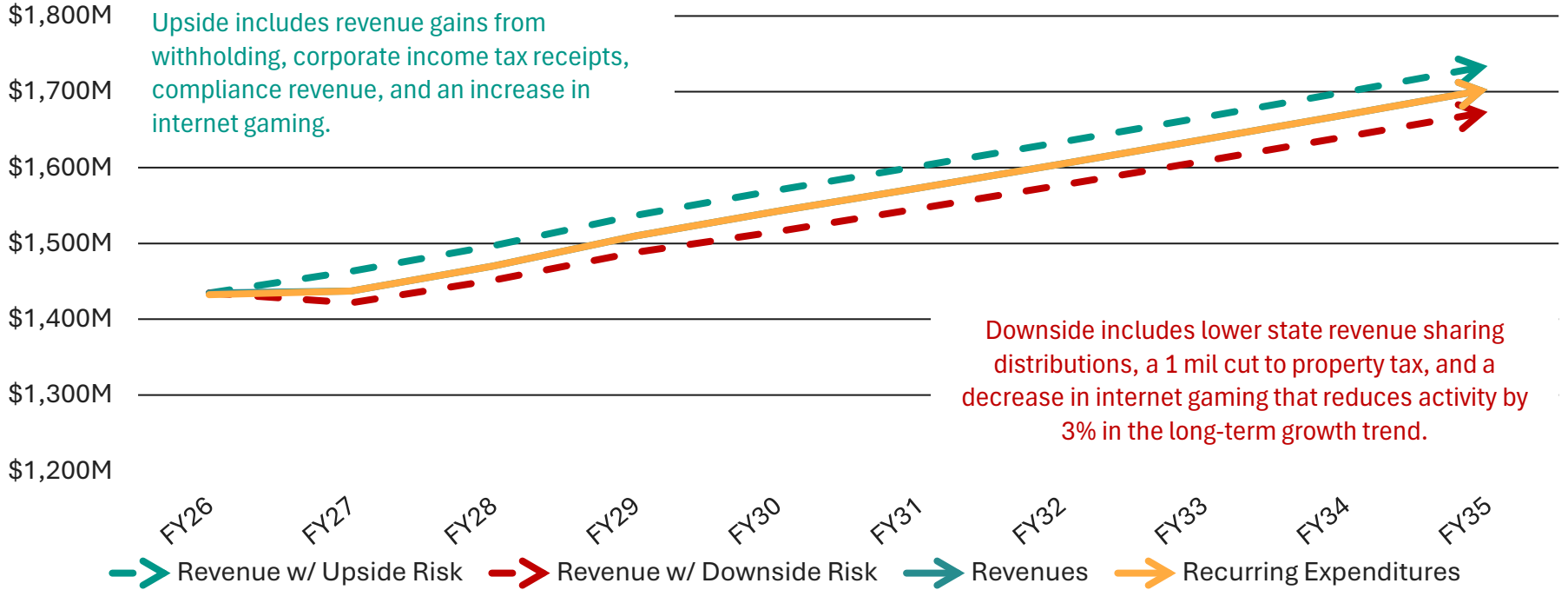


* Expenditures presented with legacy pensions net of Retiree Protection Fund use, consistent with prior Long-Term Forecast Reports. The City budget presents it on a gross basis with RPF as a resource.



Revenue Forecast w/ Upside and Downside Risk

Potential upside may buffer further inflationary pressures, but we must also protect against downside risks. Prudent budgeting, implementing new efficiencies, growing the tax base, and building up reserves continue to be key strategies.



* Expenditures presented with legacy pensions net of Retiree Protection Fund use, consistent with prior Long-Term Forecast Reports. The City budget presents it on a gross basis with RPF as a resource.



Budget Reserve (“Rainy Day Fund”)

