DETROIT PUBLIC SCHOOLS
Division of Finance
3011 W. Grand Blvd., 11th Floor, Fisher Bldg.
Detroit, MI 48202

DETROIT PUBLIC SCHOOLS
Division of Finance
Office of the Chief Financial Officer

July 15, 2010

Via Facsimile: (614) 775-5631
The Bank of New York
6525 West Campus Oval, Suite 200
New Albany, OH 43054

Attention: Vice President
Municipal Credit Group

Ladies and Gentlemen:

Pursuant to Section 6.2(a)(v) of that certain Reimbursement Agreement among the Michigan Municipal Bond Authority, the School District of the City of Detroit (the “District”) and The Bank of New York Trust Company, N.A. (the “Bank”), dated as of March 1, 2005, the District, through its undersigned official, hereby certifies that except as otherwise known and provided by law, the District has not taken any action or failed to take any action as of the date hereof that will result in the state withholding State Aid payments.

By: ____________________________
   Delores A. Brown
   Deputy CFO and Chief Accounting Officer

By: ____________________________
   Ricardo Kisner
   Chief Financial Officer

3011 W. Grand Blvd., 11th Floor, Fisher Bldg., Detroit, MI 48202
Phone: (313) 873-4147
Fax: (313) 873-4478
CERTIFICATE AS TO SET ASIDE REQUIREMENTS

(Pursuant to Section 3.3 of the Financing Agreement
dated as of March 1, 2005 (the “Agreement”) between the
Michigan Municipal Bond Authority and the School
District of the City of Detroit (the “District”))

The undersigned, the Emergency Financial Manager and Authorized District Officer of
the District, hereby certifies that he/she has projected the District’s monthly receipt of State
School Aid for each month in the Projection Period (as defined in the Agreement) and compared
such receipts to the corresponding monthly Set Aside Requirements (as defined in the
Agreement) and has determined that at this time Section 3.3 of the Agreement:

X DOES NOT REQUIRE the establishment of new Set Aside Requirements

☐ DOES REQUIRE the establishment of new Set Aside Requirements which, for each
Series of Obligations currently Outstanding, are as follows:

[For each series of Obligations identify new Set Aside Requirements]

This 15th day of July, 2010
[To be filed monthly 5 days before Funds Transfer Date]

Delores A. Brown
Title: Deputy CFO and Chief Accounting Officer

Ricardo Kisner
Title: Chief Financial Officer

Robert C. Bobb
Title: Emergency Financial Manager
## DETROIT PUBLIC SCHOOLS
### General Fund Estimated Cash Flow (in Thousands)
#### July 2009 - June 2010

<table>
<thead>
<tr>
<th>Month</th>
<th>Cash Receipts</th>
<th>Cash Disbursements</th>
<th>Total Available Funds</th>
<th>Total Cash Disbursements</th>
<th>Ending Balance</th>
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</thead>
<tbody>
<tr>
<td>July</td>
<td>$47,021</td>
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<td>$242,012</td>
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<td>$119,665</td>
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<td>53,939</td>
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<td>24,148</td>
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<td>17,189</td>
<td>17,189</td>
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<tr>
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<td>28,081</td>
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<td>10,500</td>
<td>10,500</td>
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<td>51,700</td>
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<td>June</td>
<td>60,604</td>
<td>60,604</td>
<td>60,604</td>
<td>60,604</td>
<td>60,604</td>
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</table>

### Cash Receipts
- **State Aid**
  - 35,423
  - 63,663

- **Property Taxes**
  - 6,648
  - 30,234

- **Grants**
  - 42,025
  - 32,205

- **State Stabilization Funds - State Aid**
  - 31,599
  - 13,884

- **State Aid Note Proceeds**
  - -
  - -

- **2009B State Aid Note Proceeds**
  - -
  - 228,052

- **2010A State Aid Note Proceeds**
  - -
  - -

### Other Receipts
- **WCCRESA - Net**
  - -
  - 7,832

- **Food Service Reimbursement**
  - -
  - 2,039

- **Deposits**
  - -
  - 3

- **RD**
  - -
  - 7

- **RD Other**
  - -
  - 1

- **Interest**
  - -
  - 5

- **Miscellaneous**
  - -
  - 1,739

- **E-Rate reimbursement**
  - -
  - -

- **Outreach Medicare**
  - -
  - -

- **Fee for Service Medicare**
  - -
  - -

- **Total Cash Receipts**
  - -
  - 119,066

### Total Available Funds
- 166,007

### Cash Disbursements
- **Payroll**
  - (57,906)
  - (38,954)

- **FICA**
  - (6,569)
  - (3,185)

- **Retirement**
  - (11,076)
  - (11,577)

- **Non-Payroll Expenditures**
  - (842)
  - (528)

- **Fringe Benefits**
  - (28,515)
  - (16,207)

- **Account Payable**
  - (9,036)
  - (21,520)

- **Additional Accounts Payable**
  - -
  - -

- **Fuel Service Transfere**
  - (3,189)
  - (2,039)

- **Capital Leases**
  - -
  - -

- **Adult Education**
  - -
  - -

- **SRT Aid Payments on Debt**
  - -
  - -

- **2008 Bonds - Principal**
  - -
  - -

- **2008B Bonds - Interest**
  - -
  - -

- **2008 Note - Principal**
  - (42,500)
  - (41,829)

- **2008 Note - Interest**
  - -
  - -

- **2009A Note - Principal**
  - -
  - (46,000)

- **2009A Note - Interest/Fees**
  - -
  - -

- **2009B Note - Principal**
  - -
  - -

- **2009B Note - Interest**
  - -
  - -

- **Total SRT Aid Payments**
  - (42,500)
  - (41,829)

- **Total Cash Disbursements**
  - (144,449)
  - (135,839)

- **Ending Balance with Note Proceeds**
  - $25,458
  - $242,012

- **Balance without Note Proceeds**
  - (186,277)
  - (152,592)

- **Debt Service Coverage**
  - 0.83
  - 1.52

### Notes
- DPS does not meet the Debt Coverage Test for March and April 2010 due to reductions in prior Item Aid, however, DPS is able to schedule debt payments.
# Detroit Public Schools

## General Fund Estimated Cash Flow (In Thousands)

### July 2010 - June 2011

<table>
<thead>
<tr>
<th>Beginning Balance</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>January</th>
<th>February</th>
<th>March</th>
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<tbody>
<tr>
<td></td>
<td>$65,153</td>
<td>$18,308</td>
<td>$183,483</td>
<td>$147,374</td>
<td>$82,707</td>
<td>$43,579</td>
<td>$29,080</td>
<td>$4,447</td>
<td>$586</td>
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<td>52,499</td>
<td>52,499</td>
<td>52,499</td>
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<td>Property Taxes</td>
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<td>9,556</td>
<td>5,000</td>
<td>10,800</td>
<td>16,586</td>
<td>21,475</td>
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<td>Grants</td>
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<td>5,878</td>
<td>9,240</td>
<td>35,018</td>
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<td>State Aid Note Proceeds</td>
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<tr>
<td>2010A State Aid Note Proceeds</td>
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<td>2010B State Aid Note Proceeds</td>
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<td>201,000</td>
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<tr>
<td>2011A State Aid Note Proceeds</td>
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<td>Other Receipts</td>
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<td>WQRSAS - Net</td>
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<td>19</td>
<td>8</td>
<td>3</td>
<td>54</td>
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<tr>
<td>Outreach Medicaid</td>
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<td>808</td>
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<td>954</td>
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<tr>
<td>Fee for Service Medicaid</td>
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<td>Total Cash Receipts</td>
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<td>44,916</td>
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<td>119,529</td>
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<td>120,520</td>
<td>116,516</td>
<td>305,081</td>
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## Cash Disbursements

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<tr>
<th>Payroll</th>
<th>(33,048)</th>
<th>(41,289)</th>
<th>(34,623)</th>
<th>(47,136)</th>
<th>(36,039)</th>
<th>(66,228)</th>
<th>(31,779)</th>
<th>(33,933)</th>
<th>(31,072)</th>
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<tbody>
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<td>FICA</td>
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<td>(2,787)</td>
<td>(3,095)</td>
<td>(2,503)</td>
<td>(3,738)</td>
<td>(2,559)</td>
<td>(2,731)</td>
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<td>(6,027)</td>
<td>(8,731)</td>
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<td>(7,010)</td>
<td>(6,025)</td>
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<td>Fannie Benefits</td>
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</table>

## Total Cash Flow

<table>
<thead>
<tr>
<th>Ending Balance with Note Proceeds</th>
<th>$18,308</th>
<th>$185,483</th>
<th>$147,374</th>
<th>$82,707</th>
<th>$45,579</th>
<th>$29,080</th>
<th>$4,447</th>
<th>$586</th>
<th>$1,744,038</th>
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<td>Balance without Note Proceeds</td>
<td>(114,352)</td>
<td>(137,048)</td>
<td>(82,728)</td>
<td>(143,257)</td>
<td>(116,682)</td>
<td>(127,094)</td>
<td>(116,072)</td>
<td>(115,730)</td>
<td>(127,479)</td>
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<td>1.18</td>
<td>0.00</td>
<td>1.10</td>
<td>1.10</td>
<td>1.10</td>
<td>1.10</td>
<td>1.10</td>
<td>1.10</td>
</tr>
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Prepared for Detroit Public Schools by Public Financial Management.

7/8/2010 11:26 AM