

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:

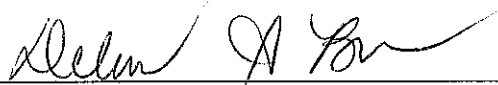
DOES NOT REQUIRE the establishment of new Set Aside Requirements

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 **October**, 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  
Division of Finance  
3011 W. Grand Blvd., 11<sup>th</sup> Floor, Fisher Bldg.  
Detroit, MI 48202

# DETROIT PUBLIC SCHOOLS

## Division of Finance

### Office of the Chief Financial Officer

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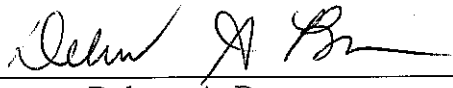
October 15, 2010

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

**DETROIT PUBLIC SCHOOLS**  
**General Fund Estimated Cash Flow (In Thousands)**  
**July 2010 - June 2011**

	July	August	September	October	November	December	January	February	March	April	May	June	TOTAL
Beginning Balance	\$62,153	\$17,373	\$222,243	\$166,409	\$105,318	\$64,399	\$49,188	\$24,563	\$20,709	\$194,734	\$129,205	\$92,594	\$62,153
<b>Cash Receipts</b>													
State Aid	56,981	61,035	-	52,499	52,499	52,499	52,499	52,499	52,499	52,499	52,499	52,499	590,507
Property Taxes	1,908	47,500	(10,721)	21,196	5,000	10,800	10,356	21,475	2,758	(9,210)	-	-	101,062
Grants	18,495	45,895	36,518	23,788	9,240	35,018	17,365	24,711	15,126	14,732	14,426	12,514	267,828
State Stabilization Funds - State Aid	-	-	-	-	-	-	-	-	-	-	-	-	-
State Aid Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
2010A State Aid Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
2010B State Aid Note Proceeds	-	187,961	-	-	-	-	-	-	-	-	-	-	187,961
2011A State Aid Note Proceeds	-	-	-	-	-	-	-	-	220,000	-	-	-	220,000
Other Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
WCRESA - Net	-	-	6,641	6,344	5,939	6,032	5,939	6,400	5,988	6,344	6,344	6,205	62,175
Food Service Reimbursement	19,790	-	702	1,806	1,864	4,236	3,361	1	2,494	3,998	7,128	-	45,380
-Deposits	74	-	-	394	212	186	200	287	244	166	359	160	2,282
-RD	132	-	-	82	113	149	-	6	13	67	2	1	705
RD-Other	398	32	61	14	11	-	-	-	1	74	-	-	591
Interest	2	4	10	55	35	29	16	10	62	79	44	30	376
Miscellaneous	6,224	65	167	2,449	164	2,747	758	5,589	1,194	500	1,055	551	21,463
E-Rate reimbursement	-	-	-	-	-	-	-	-	-	-	-	-	520
Outreach Medicaid	7,438	-	944	898	1,876	898	954	898	1,124	898	898	898	17,724
Fee for Service Medicaid	-	-	46	-	-	-	-	-	-	-	-	-	46
Total Cash Receipts	111,442	342,492	34,462	109,571	76,942	112,605	91,448	111,876	301,503	70,147	83,274	72,858	1,518,620
Total Available Funds	173,595	359,865	256,705	275,980	182,260	177,004	140,636	136,440	322,213	264,881	212,479	165,452	1,580,773
<b>Cash Disbursements</b>													
Payroll	(54,492)	(33,999)	(37,013)	(56,186)	(36,059)	(46,428)	(31,779)	(33,933)	(31,072)	(41,206)	(32,937)	(32,909)	(468,011)
FICA	(5,705)	(3,470)	(3,569)	(3,646)	(2,941)	(4,460)	(2,558)	(2,731)	(2,501)	(3,317)	(2,652)	(2,648)	(40,198)
Retirement	(14,404)	(9,873)	(7,668)	(7,195)	(10,923)	(7,010)	(9,026)	(6,178)	(6,596)	(6,040)	(8,011)	(6,403)	(99,327)
Non-Payroll Expenditures													
Fringe Benefits	(265)	(268)	-	(1,229)	(1,247)	(2,772)	(826)	(602)	(1,218)	(1,204)	(1,195)	(1,186)	(12,011)
Fringe Benefits-Wired	(9,004)	(10,582)	(6,257)	(15,764)	(10,201)	(4,447)	(9,204)	(13,838)	(5,100)	(8,547)	(10,585)	(7,883)	(111,411)
Account Payable	(25,352)	(32,462)	(35,790)	(37,107)	(6,365)	(10,271)	(1,1591)	(10,256)	(31,970)	(28,641)	(16,649)	(15,847)	(262,301)
Additional Account Payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Food Service Transfer	-	-	(1,806)	(1,806)	(1,864)	(4,236)	(3,361)	(1)	(2,494)	(3,998)	(7,128)	-	(24,888)
Capital Leases	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult Education	-	-	-	-	(533)	(464)	-	(464)	(498)	(1,994)	-	(498)	(4,452)
Set Aside Payments on Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
2005B Bonds - Principal	-	-	-	-	-	-	-	-	-	-	-	-	-
2005B Bonds - Interest	-	-	-	(1,675)	(1,675)	(1,675)	(1,675)	(1,675)	(1,675)	(1,675)	(1,675)	-	(13,400)
2009B Note - Principal	(47,000)	(25,000)	-	(1,054)	(1,054)	(1,054)	(1,054)	(1,054)	(1,054)	(1,054)	(1,054)	-	(8,428)
2009B Note - Interest	-	(21,850)	-	-	-	-	-	-	-	-	-	-	(72,000)
2010A Note - Principal	-	-	-	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)	-	(256,235)
2010A Note - Interest	-	-	-	-	-	-	-	-	-	-	-	-	(12,067)
2010B Note - Principal	-	-	-	-	-	-	-	-	-	-	-	(40,000)	(116,000)
2010B Note - Interest	-	(117)	-	-	-	-	-	-	-	-	-	-	(117)
2011A Note - Principal	-	-	-	-	-	-	-	-	-	-	-	-	-
2011A Note - Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Set-Aside Payments	(47,000)	(46,967)	-	(47,729)	(47,729)	(47,729)	(47,729)	(47,729)	(46,031)	(40,729)	(40,729)	(40,000)	(500,098)
Total Cash Disbursements	(156,222)	(137,621)	(90,297)	(170,662)	(117,861)	(127,816)	(116,072)	(115,730)	(127,479)	(133,676)	(119,885)	(107,375)	(1,522,696)
Ending Balance with Note Proceeds	\$17,373	\$222,243	\$166,409	\$105,318	\$64,399	\$49,188	\$24,563	\$20,709	\$194,734	\$129,205	\$92,594	\$58,077	\$58,077
Balance without Note Proceeds	(261,492)	(212,782)	(268,617)	(284,707)	(280,627)	(250,838)	(222,514)	(181,168)	(183,841)	(232,608)	(231,218)	(225,735)	(225,735)
Debt Service Coverage	1.21	1.30	0.00	1.10	1.10	1.10	1.10	1.10	1.14	1.29	1.29	1.31	1.18

**DETROIT PUBLIC SCHOOLS**  
**General Fund Estimated Cash Flow (In Thousands)**  
**July 2011 - June 2012**

	July	August	September	October	November	December	January	February	March	April	May	June	TOTAL
<b>Beginning Balance</b>	\$58,077	\$24,839	\$226,209	\$156,340	\$112,577	\$77,321	\$65,325	\$43,731	\$42,203	\$209,382	\$147,474	\$109,465	\$58,077
<b>Cash Receipts</b>													
State Aid	52,499	52,499	-	47,725	47,725	47,725	47,725	47,725	47,725	47,725	47,725	47,725	534,527
Property Taxes	1,853	39,770	(10,614)	20,774	4,850	10,476	10,045	20,830	7,914	(14,172)	-	-	91,727
Grants	17,200	42,682	34,889	21,196	8,593	32,567	16,149	22,981	15,491	12,278	13,416	14,368	251,811
State Aid Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
2011B State Aid Note Proceeds	-	186,000	-	-	-	-	-	-	-	-	-	-	186,000
2012A State Aid Note Proceeds	-	-	-	-	-	-	-	-	215,000	-	-	-	215,000
Other Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
WCRESA - Net	-	-	6,641	6,344	5,939	6,032	5,939	6,400	5,988	6,344	6,344	6,205	62,175
Food Service-Reimbursement	18,801	-	667	1,716	1,771	4,024	3,193	1	2,369	3,798	6,772	-	43,111
-Deposits	70	-	93	281	201	177	190	273	241	148	341	152	2,168
-RD	125	-	133	78	107	142	-	6	73	3	2	-	670
RD-Other	398	32	61	14	11	-	-	-	1	74	-	-	591
Interest	11	32	93	56	-	36	22	18	70	70	51	44	503
Miscellaneous	6,224	65	280	2,336	164	2,747	758	5,389	1,221	473	1,055	825	21,737
E-Rate reimbursement	-	-	-	-	-	-	-	-	-	-	520	-	520
Outreach Medicaid	7,438	-	944	898	1,876	898	954	898	1,124	898	898	898	17,724
Fee for Service Medicaid	-	-	-	46	-	-	-	-	-	-	-	-	46
<b>Total Cash Receipts</b>	104,620	321,080	33,188	101,464	71,227	104,834	84,976	104,722	297,216	57,639	77,124	70,219	1,428,309
<b>Total Available Funds</b>	162,697	345,919	259,397	257,804	183,804	182,155	150,301	148,453	339,420	267,021	224,598	179,684	1,486,386
<b>Cash Disbursements</b>													
Payroll	(36,855)	(29,653)	(43,090)	(43,584)	(33,535)	(43,178)	(29,554)	(31,557)	(37,516)	(29,902)	(30,631)	(37,807)	(426,664)
FICA	(2,968)	(2,388)	(3,469)	(3,509)	(2,699)	(3,476)	(2,378)	(2,540)	(3,004)	(2,407)	(2,466)	(3,044)	(34,348)
Retirement	(6,398)	(7,165)	(5,765)	(8,377)	(8,473)	(6,519)	(8,394)	(5,745)	(6,135)	(7,254)	(5,813)	(5,955)	(81,993)
Non-Payroll Expenditures													
Fringe Benefits	(249)	(252)	-	(1,155)	(1,172)	(2,605)	(776)	(566)	(1,145)	(1,132)	(1,123)	(1,670)	(11,845)
Fringe Benefits-Wired	(8,464)	(9,947)	(6,480)	(14,219)	(9,589)	(4,180)	(8,651)	(13,007)	(6,545)	(6,283)	(9,950)	(10,686)	(108,002)
Account Payable	(23,831)	(30,514)	(43,385)	(29,938)	(5,983)	(9,655)	(10,895)	(9,641)	(32,926)	(24,048)	(15,650)	(20,626)	(257,293)
Additional Account Payable													
Food Service Transfer	(18,801)	-	(667)	(1,716)	(1,771)	(4,024)	(3,193)	(1)	(2,369)	(3,798)	(6,772)	-	(43,111)
Capital Leases	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult Education	-	-	-	-	(533)	(464)	-	(464)	(498)	(1,994)	-	(498)	(4,452)
Set Aside Payments on Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
2005B Bonds-Principal	-	-	-	(1,759)	(1,759)	(1,759)	(1,759)	(1,759)	(1,759)	(1,759)	(1,759)	-	(14,070)
2005B Bonds-Interest	-	-	-	(970)	(970)	(970)	(970)	(970)	(970)	(970)	(970)	-	(7,758)
2010B Bonds-Principal	(33,000)	(39,730)	-	-	-	-	-	-	-	-	-	-	(72,730)
2010B Bonds-Interest	(7,293)	(61)	-	-	-	-	-	-	-	-	-	-	(7,354)
2011A Bonds-Principal	-	-	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(20,000)
2011A Bonds-Interest	-	-	-	-	-	-	-	-	-	-	-	-	(17,371)
2011B Bonds-Principal	-	-	-	-	-	-	-	-	-	-	-	-	(123,000)
2011B Bonds-Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Set-Aside Payments	(40,293)	(39,791)	-	(42,729)	(42,729)	(42,729)	(42,729)	(42,729)	(40,099)	(42,729)	(42,729)	(43,000)	(462,283)
<b>Total Cash Disbursements</b>	(137,858)	(119,710)	(103,057)	(145,227)	(106,483)	(116,830)	(106,370)	(106,249)	(130,038)	(119,547)	(115,133)	(123,287)	(1,429,989)
<b>Ending Balance with Note Proceeds</b>	\$24,839	\$226,209	\$156,340	\$112,577	\$77,321	\$65,325	\$43,731	\$42,203	\$209,382	\$147,474	\$109,465	\$56,397	\$56,397
Balance without Note Proceeds	(226,829)	(171,668)	(229,444)	(233,208)	(228,425)	(200,421)	(182,915)	(143,542)	(171,364)	(193,272)	(191,281)	(201,349)	(201,349)
Debt Service Coverage	1.30	1.32	0.00	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.11	1.16