

**Detroit Public Schools
Detroit, Michigan**

**Comprehensive Annual Financial Report
for the Fiscal Year Ended
June 30, 2005**

Prepared by:

Detroit Public Schools

Division of Financial Services

Published November 14, 2005

Detroit Public Schools

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Introductory Section



November 9, 2005

Citizens and Board of Education
Detroit Public Schools
Detroit, Michigan

We are hereby submitting the Comprehensive Annual Financial Report (CAFR) of the Detroit Public Schools (the "School District") for the fiscal year ended June 30, 2005. State and federal statutes require that the School District issue annual financial reports and that such reports be audited by an independent firm of certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report and all appropriate disclosures for the fiscal year ended June 30, 2005 in an effort to provide all interested parties information on the financial condition of the Detroit Public Schools.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Division of Finance of the Detroit Public Schools. To provide a reasonable basis for making these representations, management of the Detroit Public Schools has established a comprehensive internal control framework that is designed both to protect the Detroit Public Schools' assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the School District's financial statements in conformity with generally accepted accounting principles (GAAP). As the cost of internal controls should not outweigh their benefits, the Detroit Public Schools' comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of all operations of the various district-wide and governmental funds of the School District. All disclosures necessary to enable the reader to gain an understanding of the Detroit Public Schools' financial activities have been included.

The School District's financial statements have been audited by Plante & Moran, PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the School District for the fiscal year ended June 30, 2005 are free of material misstatement. The independent audit consisted of reviewing, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion, suggesting that the School District's financial statements for the fiscal year ended June 30, 2005 are fairly presented in conformity with GAAP.

In addition, in accordance with *Government Auditing Standards*, the School District issued the federally mandated single audit, designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report on both the fair presentation of the financial statements and on the audited School District's internal controls and compliance with legal requirements, especially concerning the administration of federal awards. This report is available separately in the School District-issued report on federal awards.

Reporting Entity and Organization

The Detroit Public Schools is an independent reporting entity that follows the criteria established by the Governmental Accounting Standards Board. All funds of the School District are included in this report.

Report Format

The Comprehensive Annual Financial Report is designed to meet the needs of a vast spectrum of readers and is segregated into the following major components:

- **Introductory Section**

The introductory section provides an introduction to the reader to the School District and to the nature of this report. Included within this section are the letter of transmittal, the organizational chart, the list of appointed officials, the ASBO Certificate of Excellence in Financial Reporting, and the GFOA Certificate of Achievement for Excellence in Financial Reporting for the School District.

- **Financial Section**

The management's discussion and analysis (MD&A), independent auditor's report, district-wide financial statements, fund financial statements, notes to the financial statements, and required and other supplemental information are included in this section.

- **Statistical Section**

Although this section contains financial information, these tables and exhibits differ from the financial statements in that they present some nonaccounting data. Major portions of this information compare up to 10 years of data, and are intended to reflect economic data, financial trends, and the fiscal status of the School District.

Profile of the Detroit Public Schools

The Detroit Public Schools, incorporated in 1842, is a statutory public body created by the State of Michigan, and functions under the provisions of the State of Michigan's Public Act 451. The District encompasses an area of approximately 140 square miles, and is located within the City of Detroit, Wayne County, Michigan. Although the corporate boundaries of the District are coterminous with the corporate boundaries of the City of Detroit, the School District is a totally separate governmental unit.

Detroit Public Schools is the largest public school system in Michigan. The District is the largest employer in Detroit, employing approximately 18,000 staff.

Pursuant to amendments to Public Act 451, effective March 26, 1999 (the "Reform Legislation"), the mayor of the City of Detroit, Michigan appointed six members of the School Reform Board for the District. The final member of the Reform Board is the Superintendent of Public Instruction of the State (or his designee) and is appointed by the governor for a five-year period. The Reform Board replaced the District's 11-member elected Board of Education. Due to the expiration of terms, in February 2003 the mayor appointed four new board members, for which one individual was appointed as the new chairperson.

In November 2004, pursuant to the original Reform Board legislation, the electors of the School District voted to return to an 11-member elected Board of Education. Effective January 1, 2006, following the November 8, 2005 election of an 11-member Board of Education, the newly elected Board of Education shall serve as the governing body of the School District and the powers of the Reform Board shall cease and the provisions of the Reform Legislation shall no longer apply to the School District.

Refer to Note I - Summary of Significant Accounting Policies for more information regarding the reporting entity.

Profile of Detroit

The City of Detroit is known as the Automotive Capital of the World. Three of the largest international automotive manufacturers have headquarters located in the metropolitan area, specifically, the world headquarters of General Motors and Ford Motor Company, and the American headquarters of DaimlerChrysler. Students and residents take advantage of the many recreational and cultural opportunities located within the city limits of Detroit. Detroit is home to one of the nation's premier athletic centers consisting of Ford Field and the Comerica Park baseball stadium, both providing state-of-the-art sports facilities. In addition, Joe Louis Arena is home to the Detroit Red Wings. In the theatre district, there is the Gem Theatre, the Music Hall Center for Performing Arts, the Opera House, the historic Fox Theater, and the newly renovated Max Fisher Theater at Orchestra Hall.

One of the nation's most beautiful city-owned recreational facilities is the City of Detroit's Belle Isle Park, surrounded by the Detroit River. The Detroit River also serves as the international border separating the City of Detroit from its international neighbor, the country of Canada, making Detroit the busiest port of entry with Canada.

Budgetary Controls

The annual budget serves as the foundation for the District's financial planning and control. Enrollment forecasts are prepared and then staffing and expenditure allocations are developed in January for local schools. Also in January, central support staff members are given a preliminary budget based on current activities. Both the allocations and preliminary budgets are used as the starting point for budget development. The proposed budget is then presented to the Chief Executive Officer and his cabinet for review. After the review is completed, the proposed budget is displayed for the public for three days in June. A public hearing is held in late June. The budget is then adopted on July 1 of each year. The budget presentation as well as the entire budget along with updates is posted to the District website at various times throughout the year to provide public access and viewing.

Management is responsible for maintaining budgetary controls to ensure that budgets are in compliance with the legal provisions of the State of Michigan Uniform Budgeting and Accounting Act, and within the annual appropriations adopted by the Chief Executive Officer. Detailed line item budgetary reports are provided to the appropriate managers, who have been delegated the responsibility for monitoring and controlling their respective budget allocations. The School District's financial accounting system allows budget managers on-line access to their budget, expenditure, and encumbrance information. An encumbrance system is utilized to measure the uncommitted funds available. Budgets are revised throughout the year to appropriately address variances that occur in enrollment, revenue, expenditures, and unforeseen events.

Economic and Geographic Makeup

The School District is located in the major urban City of Detroit, which has approximately 864,434 inhabitants according to the U.S. Census Bureau 2004 American Community Survey. This population is made up of approximately 47% male and 53% female. The population of the City of Detroit is 84% African American, 10% White, 5% Hispanic or Latino, and 1% Asian descent. This data is based on people reporting only one race. The City of Detroit has a poverty rate of 33.6%. With 373,610 households identified within the city, 59% are made up of families with the balance of 41% accounting for people living alone. These households represent individuals with a mean and median household income of \$32,314 and \$27,871, respectively. For the employed population 16 years and older, the leading industries in the City of Detroit are manufacturing, education, health, and social services.

The national economic factors have a direct impact on the employment rate within the city limits. The State of Michigan has suffered 29 mass company layoffs in the last reporting period based on the Bureau of Labor Statistics information as of August 2005. The Bureau also indicated that the unemployment rate for the nation was 4.9%; the State of Michigan had a rate of 6.7% during August 2005. The economy of the City of Detroit is very dependent on automobile manufacturing. During recessional periods, the City of Detroit usually experiences an unemployment rate higher than the state average and, in August 2005, the City's unemployment rate was 7.0%.

About the Detroit Public Schools

The School District is divided into geographically defined constellations. Each constellation has administrative responsibility for the elementary, middle, and high schools located within its boundaries, which include regular, special education, vocational/technical, and alternative programs.

The School District has 255 schools, consisting of 121 elementary schools, 84 kindergarten-8th grade and regular middle schools, 26 high schools, 11 alternative schools, nine special education schools, and four career technical and vocational centers. These locations provide services to 141,148 students.

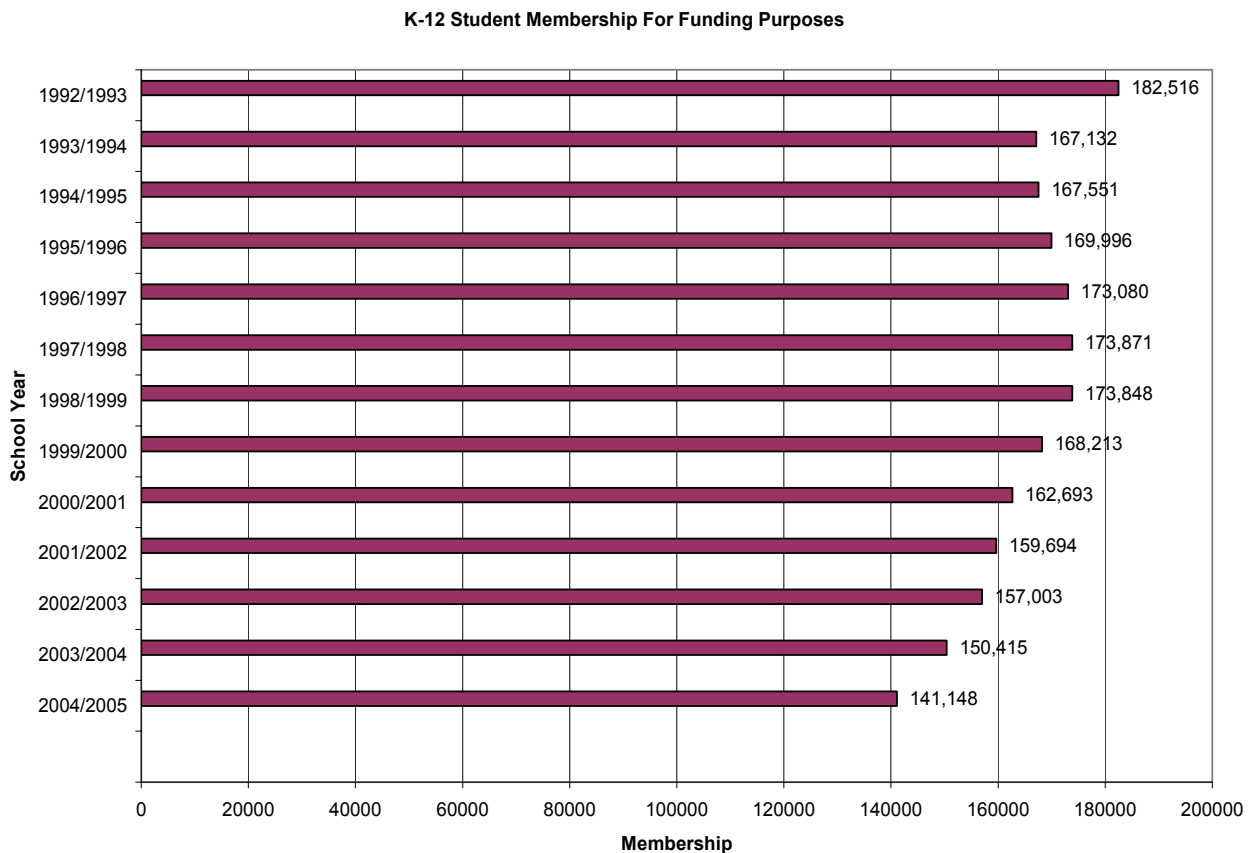
Of the School District's total operating expenditures of approximately \$1.5 billion, 57 percent or approximately \$881 million was spent on instruction for the year ended June 30, 2005.

The School District began the 2004-2005 school year with a General Fund deficit of \$48.7 million. As required by State law, the School District submitted a Deficit Elimination Plan (the “Plan”) to the State of Michigan. The Plan included an explanation for the deficit which included such factors as declining student enrollment and increased employee health and benefit costs. Cost reduction initiatives consisting of staff reductions, restricted travel and discretionary spending, debt restructuring, and renegotiation of vendor contracts were also included. During the fiscal year, the State of Michigan has worked closely with the School District in refinancing \$210 million in short-term borrowings into long-term notes which will be payable over several years. On a monthly basis, the School District submits to the State of Michigan a General Fund Budgetary Control report to ensure that the School District is operating under the requirements of the Plan.

Refer to the management’s discussion and analysis for more information regarding General Fund comparative financial data.

Student Funded Membership

As this chart clearly shows, the Detroit Public Schools has been experiencing a steadily declining K-12 funded student membership.



An analysis of this historical declining student enrollment is presented below:

**STATE AID K-12 MEMBERSHIP
ANALYSIS**

<u>School Year</u>	<u>Student Membership For Funding Purposes*</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>	<u>Per Pupil State Aid Amount</u>	<u>Additions (Reductions) In State Aid Due To Changing Enrollment</u>
2004/2005	141,148	(9,267)	-6.16%	\$ 7,180.00	\$ (66,537,060)
2003/2004	150,415	(6,588)	-4.20%	7,109.00	(46,835,798)
2002/2003	157,003	(2,690)	-1.68%	7,109.00	(19,126,480)
2001/2002	159,694	(2,999)	-1.84%	6,884.00	(20,646,149)
2000/2001	162,693	(5,521)	-3.28%	6,584.00	(36,347,235)
1999/2000	168,213	(5,634)	-3.24%	6,283.60	(35,404,567)
1998/1999	173,848	(23)	-0.01%	6,045.60	(137,779)
1997/1998	173,871	791	0.46%	6,045.60	4,779,893
1996/1997	173,080	3,084	1.81%	5,891.60	18,171,403
1995/1996	169,996	2,445	1.46%	5,736.60	14,023,807
1994/1995	167,551	419	0.25%	5,583.60	2,339,919
1993/1994	167,132	(15,384)	-8.43%	4,713.20	(72,508,482)
1992/1993	182,516	N/A	N/A	4,423.85	N/A
	Totals	<u>(41,367)</u>			<u>\$ (258,228,528)</u>
	Averages	<u>(3,447)</u>	-1.45%		<u>\$ (21,519,044)</u>

* Blended student count

The initial significant loss of students occurred during the 1993-1994 school year and was the result of a major labor dispute. During the remainder of the 1990s, the School District was able to maintain a fairly stable student population. However, upon entering the next century, the School District began a period of decline. Some of the decline can be attributed to a declining birth rate as well as a continuing exodus of residents from the City of Detroit. However, the School District is faced with a number of significant challenges in attempting to halt or at least slow the rate of student loss. Charter schools and private schools have taken a significant number of students. In addition, students enroll in surrounding districts. An early childhood initiative was successful in reducing the rate of decline in enrollment beginning with the 2001-2002 school year. However, as that market became saturated with early childhood programs, we have witnessed a return to the five-year average reduction in funded student membership.

The School District believes that the best defense against continuing student membership decline is the improvement of the School District. Through the improvement of the physical facilities, providing a safe and clean environment, developing a more efficient and effective organization, and significantly improving student achievement, we are convinced that we can slow the rate of student membership decline.

Educational Programs

The School District's comprehensive educational programs are designed to meet the needs of every student. This includes, but is not limited to, males and females, disadvantaged and non-disadvantaged, students of diverse race and ethnicity, students with disabilities, and students with limited English proficiency. The District offers a diversified curriculum, including both college and career preparation courses strengthening them for advanced education and gainful employment.

The Vision of the Detroit Public Schools is to become a competitive leader in academic achievement through the use of continuous improvement strategies, making our schools the first choice for Detroit residents and other eligible students.

Our Mission is to develop a customer and data-driven, student-centered learning environment in which students are motivated to become productive citizens and lifelong learners, equipped with skills to meet the needs of their next customer, higher education, or the world of work.

Our Goal is to:

- Improve student achievement and performance
 - Creating safe and clean school environments
 - Enhancing parental and community involvement
 - Transforming the School District into an efficient and effective organization

The School District is turning the corner academically. In a strong testament to the School District's emphasis on increased student achievement and performance, students' scores have remained steady across the board during fiscal year 2005 on the Michigan Educational Assessment Program (MEAP). School District students continue to keep at a steady pace on the Terra-Nova, a norm-referenced achievement test. The percentage of School District students that scored at or above the 50th percentile has remained consistent with prior years.

The Detroit Public Schools continues the process of standardizing the basic curriculum. This change has helped tremendously with the transitional student because they will experience the same pedagogy at any location throughout the School District.

For Pk-12 programs, standard curriculums are now consistent with the Michigan Curriculum Framework and national standards. These standards improve the way that students learn and teachers teach. Curriculum guides outline benchmarks for what students should know and be able to do as they leave each grade level.

Early student learning also contributes to future academic success. During the 2004-2005 school year, educational services were provided to 13,899 pre-kindergarten and kindergarten students. Our early learning programs have resulted in significant improvements in our test results in the early grades and increased levels of kindergarten enrollment.

The School District's major investment in the *Open Court Reading Literacy* program in Fall 2002 has yielded significant results. In Fall 2003, the District implemented Open Court Reading for pre-school. In three years, MEAP fourth grade reading scores have increased from 33 to 67 percent, a gain of 34 percentage points. Additional MEAP testing results show that writing scores on the fourth grade assessment remained consistent at 33 percent and English/language arts scores were at 49 percent. Grade four mathematics scores have also increased in the past three years from 46 percent to 54 percent.

Realizing the future will demand more specialization, the School District offers 79 career/technical education programs, offered primarily at its career and technical centers. Hospitality and Food Services programs are currently offered at Breithaupt and Golightly Career and Technical Centers. In partnership with Wayne County Community College, Advanced Nursing programs are offered at the Crockett Career and Technical Center. Davis Aerospace Career and Technical Center is one of the few facilities in the nation that offers pilot training to high school students. The School District also includes cosmetology programs at the comprehensive high schools.

The success of the District is defined by the achievements of its students. By setting higher standards for students, teachers, and administrators, and by improving the curriculum and the physical quality of our classrooms, we have made strides toward achieving greater student performance.

Initiatives

School District Improvement Plan

The School District Improvement Plan (*Every Child Will Learn*) was developed to set higher standards for learning. With improving student achievement and performance as the number one goal, the school improvement plan incorporates four guiding principles into every academic program:

- Maintaining high expectations
- Focus on children
- Providing teachers with necessary resources
- Monitoring student progress and holding staff accountable for results

The 2004-2005 School District Improvement Plan was presented to the Board of Education on November 29, 2004. The School District has identified 12 objectives that must be met if the primary goal of improved student achievement and performance is to be achieved. These objectives integrate targets for the three supporting goals: creating a safe and clean school environment, enhancing parental and community involvement, and transforming the School District into an efficient and effective organization. For each objective, performance measures and targets are specified. Some of the objectives consist of the following:

- Increase scores on the MEAP and TerraNova and increase participation in advance placement classes and ACT college placement testing
- Increase the attendance and graduation rates and decrease the dropout rate
- Maintain or increase parental involvement opportunities and participation
- Maintain or increase the community rating of the School District
- Maintain opportunities for before and after school sports, arts, academics, and other activities
- Increase the percentage of qualified teachers
- Increase school safety and cleanliness and increase opportunities for community use of schools with appropriate financial compensation
- Enhance revenue through grants and donations and work with the board to address declining resources

Adequate Yearly Progress

The number of schools meeting the federal “No Child Left Behind” standards for Adequate Yearly Progress (AYP) increased substantially during fiscal year 2005. Ninety-two (92) more schools made AYP than in the previous year. Of the total number of schools in the School District, 74% or 181 schools met AYP for one or more years which represent a record number of schools. Sixty-three (63) or 26% did not meet AYP standards.

Early Childhood Education

The School District provides full-day and half-day pre-kindergarten programs to eligible four-year-olds through Head Start and the Michigan School Readiness Program. The comprehensive programs offer academic, social service, parent involvement, health, and nutrition services for the students and their families. This program provides the foundation needed for future student success and achievement.

During fiscal year 2005, the program served over 4,900 students at 127 school sites.

Skillman Foundation Good Schools: Making the Grade Initiative

The Skillman Foundation recently awarded \$1.4 million in funding to high-performing, improving, and aspiring schools within the City of Detroit. The mission is to help parents identify and select good schools within the City of Detroit by providing the background information needed to help parents make good choices. Of the \$1.4 million, 47 Detroit Public Schools received a total of \$1.2 million allocated to various high-performing, improving, and aspiring schools.

High-performing schools were identified as schools in which at least 75 percent of the students have met or exceeded acceptable achievement standards in two of the following three areas: mathematics, reading/language arts, and science. In addition, these schools must have a 90 percent attendance rate and meet Adequately Yearly Progress (AYP). The following seven schools were identified by the Skillman Foundation as high performing schools: Alonzo W. Bates Academy, Chrysler Elementary, Burton International School, William Davison Elementary, Samuel Gompers Elementary, Samuel Holcomb Elementary, and Newberry Elementary.

Improving schools were identified by having at least 10 percent improvement over the prior year in two of the following three areas: mathematics, reading/language arts, and science. In addition, these schools must have a 90% attendance rate and meet AYP.

Aspiring schools were identified as schools where at least 60% of students met or exceeded acceptable achievement and performance has increased at least 5% over the prior year.

Within the School District, an additional 12 schools were identified as Improving Schools and 28 schools were identified as Aspiring Schools.

The funding will be used to: 1) increase academic achievement by enhancing student programs at each school, 2) increase professional development for teachers and other instructional leaders, and 3) provide parent and community involvement activities.

The Skillman Foundation has made a commitment to provide this grant opportunity to the Detroit Public Schools over a seven-year period, provided the performance criteria of the grant is maintained each year.

Middle College Program

The Middle College Program was launched in the summer of 2005 and provides students an opportunity to earn an Associate's degree while completing their high school coursework. The program, funded by a \$2 million grant from the Bill & Melinda Gates Foundation, is located within Finney High School. Students attend morning classes at the high school and attend afternoon classes at Wayne County Community College. Upon graduation, they may also receive a two-year college degree, certification for a specific occupation and possibly, job placement. Should students enroll in another college or university, credits earned through the Middle College Program are transferable.

There are approximately 100 students enrolled in the program. Students do not have to pay tuition to participate in the program.

Digital Learning Community

In support of Governor Jennifer M. Granholm's small high school initiative, the School District is creating a digital learning community, which is a small high school that uses a technology rich environment to engage students and accelerate learning.

The Detroit Digital Learning Community High School will be open to a cross-section of students within the School District, particularly those thought to be at-risk. The school will be housed within Crockett High School.

The creation of the Digital Learning Community High School is done in partnership with Apple Corporation, which will supply the technology and professional development for the new school. Some of the technological tools to be used include wireless iBook G4s, iPods, and software programs such as iLife'05, which allow students and teachers to make the most of digital movies, photos, and music within school projects and presentations. This program will be a collaboration of students, parents, teachers, and the community at large to help mentor and engage at-risk students to increase their desire for education.

The Digital Learning Community High School joins a growing list of small high schools within the School District that are focused on certain academic themes. Other small high schools include the Detroit Technology High School, located within Pershing High School, and Communication and Media Arts High School.

Technology

The School District has a comprehensive Technology Plan which includes delivering technological solutions to assist students, teachers, administrators, and support personnel. As part of this technology plan, standards have been established for the acquisition of new technology for instruction and business operations. All newly acquired computers are networked both locally and district-wide to provide a more enriched classroom experience. The plan takes advantage of grants and other funding sources to build upon the program core. The most widely known available grant program is the Schools and Libraries Universal Service Support Mechanism, (E-Rate). With E-Rate funding, the School District is able to improve the telecommunications and internal wiring at its school and business sites. To enhance computer flexibility and availability, the School District has installed wireless technology as many of the school buildings are older structures making wiring difficult.

The School District is also on a mission to improve its delivery of services. The Freedom to Learn Program assists with this initiative. The program, which began in 2003 at two school locations, has now expanded to over 10 school locations. The Freedom to Learn Program addresses the following goals:

- Enhance student learning and achievement
- Encourage parental involvement in their children's education
- Foster innovative and sharing of best practices within the K-12 teaching profession
- Provide greater access to equal educational opportunities statewide

Students and teachers are assigned laptops and Pocket PCs to perform wireless computing technology and access the Internet. Students learn to work collaboratively and develop a broader, more enthusiastic view of mathematics and writing and acquire an overall confidence in the use of technology. The Freedom to Learn program has been met with great enthusiasm by teachers, students, and parents.

Professional Development

The School District's Center for School Leaders continues to provide professional development for all school-based administrators and those aspiring for leadership positions. The goal of the center is to improve the achievement of our students through school-based leadership. Professional development sessions are designed to improve the leadership and management skills of the participants in the program. Through grants from the Skillman Foundation and Detroit Renaissance, Inc. as well as volunteer consultants from the Detroit Executive Service Corps, principals receive training from national consultants in education.

The Office of Financial Training and Technical Support, a department within the Division of Finance, has developed a series of on-line training courses utilizing the PeopleSoft User Productivity Kit and Global Knowledge Software programs. The User Productivity Kit serves as a training tool via the intranet allowing end users access from their job locations. It allows the ability to customize PeopleSoft training materials to reflect actual processes that occur during the normal workday. The User Productivity Kit will enable School District educational materials to remain consistent throughout the organization. End users learn to enter data in the same standardized format and perform application tasks with the same procedures, so that information and processes become uniform throughout the School District.

Health Services

On-site school-based health services are available in 21 school-based health centers sponsored by our local health care providers. The Pediatric School Mobile Health Unit provides services to 30 additional schools. There is one full-service dental clinic. School District nurses provide health services in another 37 schools. In total, 89 schools have some level of health services available to the students in their buildings. These services include, but are not limited to administering of medications; providing immunizations; managing students with chronic illnesses, such as asthma, diabetes, and healthy weight; conducting health education sessions, and other health-related services.

Site Management

The Department of Site Management allocates staff and monetary resources to provide construction improvements and maintenance activities on an as-needed and as-funded basis for 306 campuses. In fiscal year 2004-2005, major projects managed and performed by the Department of Site Management impacted all 306 campuses and provided 3,435 infrastructure improvements. The Department of Site Management, also referred to as the Grounds Department, handles the following general categories work: turf maintenance, pruning of mature trees and shrubs, spring and fall cleanups, galvanized steel and ornamental fence replacement and repairs, parking lot demolition, replacement and patching, concrete sidewalk replacement, drainage structure and storm sewer maintenance and replacement, earthwork, playground and athletic field improvements, maintenance of irrigation systems, landscape restorations, flagpole maintenance, and snow removal.

Food Services

The Office of Food Services is devoted to providing high-quality, nutritious meals to School District students, faculty, and staff on a daily basis. During the fiscal year, total meals served were 12,661,158, of which 10,753,529 represents free lunches served to students.

The office initiated a district-wide “Breakfast at No Charge” program to assure every student had the opportunity to eat breakfast and begin the school day ready to learn. The office also obtained a waiver for the School District’s 21st Century Schools, qualifying 24 schools to offer supper to students participating in after-school educational enrichment programs.

In an effort to address declining student enrollment and meet the needs of a growing ethnic student population, the office implemented the “halal” food program. With the addition of halal food options, the School District assures that every student is provided an opportunity to participate in its lunch program.

The office has continued its focus on technology by implementing “point of sale” technology in 108 schools in order to accurately record student meal participation - a first for the School District.

Public Safety

The School District’s Office of Public Safety established a Public Safety Parent Academy. This initiative consisted of training parent volunteers to assist School District public safety officers at school locations in maintaining a safe environment. The program was initiated at Redford High School, Denby High School, and McMichael Middle School. Each school utilized the services of up to eight volunteers who received eight hours of training. The training consisted of becoming familiar with the School District Student Code of Conduct, basic utilization of school video surveillance system equipment, and gaining an understanding of the school environment and the appropriate manner by which public safety officers respond to various situations. Volunteers were utilized to direct students to appropriate locations, patrol hallways, and assist public safety officers in their monitoring tasks. With the help of parent volunteers, the numbers of incidents have started to decline. At Denby High School alone, the number of disorderly incidents decreased from 170 to 34.

Capital Improvement Plan

The Capital Improvement Plan was developed to achieve the most value for the dollar. The original authority for \$1.5 billion in bonds was approved by the citizens of the City of Detroit in 1994, to repair and construct school facilities throughout the School District. At the time of the approval, it was estimated that \$3.9 billion was needed for necessary improvements to revamp the school system.

In order to complete the funding for the Capital Improvement Program, in October 2002 the School District sold and received net proceeds of \$396 million (Series IV) in bonds, then in April 2003 the School District sold and received net proceeds of \$339 million (Series V) in bonds, the final series of the \$1.5 billion authorized. The following is a recap of the activities for each bond series as of June 30, 2005:

Series	Net Proceeds, Premiums, and Interest Earned as of June 30, 2005	Number of Projects Underway or Completed	Expenses and Encumbrances as of June 30, 2005	Net Available to Fund Projects as of June 30, 2005
I	\$ 103,992,399	150	\$ 103,992,399	\$ -
II	237,109,546	300	230,695,231	6,414,315
III	481,807,192	156	465,426,291	16,380,901
IV	406,614,039	44	393,263,840	13,350,199
V	<u>357,982,346</u>	<u>79</u>	<u>309,961,982</u>	<u>48,020,364</u>
Totals	<u>\$1,587,505,522</u>	<u>729</u>	<u>\$1,503,339,743</u>	<u>\$ 84,165,779</u>

The information includes expenditures for remodeling, site acquisition, program and project management, and architecture and engineering fees.

The Capital Improvement Plan (CIP) is divided into eight major components:

- | | |
|----------------------------------|------------------------|
| New Construction | Health Initiatives |
| Athletic Field Improvements | Remodeling |
| Special Education | Support Services |
| Improvements to Existing Schools | Technology Initiatives |

During the last 12 months, the Capital Improvement Program has produced numerous new and improved schools. The value of the work performed during this period is approximately \$453 million.

In 2005, the School District opened the new Cass Technical High School. The new facility replaces a century-old structure with a towering six-story building having educational space that will serve 2,200 students. It includes state-of-the-art science and engineering labs, a dance studio, an auditorium with seating for 1,100, a gymnasium with a running track, a swimming pool with bleacher seating, a cafeteria and common area housed in a glass atrium, and a football field.

The new Detroit School of the Arts (DSA) opened in May 2005. The six-story facility is located next door to the Max Fisher Complex in the heart of Detroit's cultural center. The school houses the Public Broadcasting television station as well as the radio station providing students a unique opportunity for mentoring with professional Detroit Symphony Orchestra musicians as well as professionals from the broadcast industry. This school is open to serve 1,200 students from across the School District.

The Educational Complex at Sinai also opened in 2005. This campus includes the new Renaissance High School, the Jerry L. White School; a school for special needs students, and the Randolph Career and Technical Center. The K-8 Foreign Language Immersion and Cultural Studies school, which will be located at the old Renaissance High site, will open in early 2006. Campus amenities include a regional outdoor sports center including a football field, softball diamond, track, and a practice field.

Construction is also progressing toward a fiscal year 2005-2006 opening for two of the School District's historic facilities, Southeastern and Central High Schools. Central High School, the first high school in the state of Michigan, will become a revitalized community high school serving 1,200 students with restored and renovated science labs, rest rooms, and enlarged classrooms. A 55,000 square foot addition will house a new administrative suite, new gymnasium and locker rooms, new kitchen and cafeteria, and a new boiler/mechanical room. The renovation to Central High School also includes a new football field and track, new staff and visitor parking lots, and restoration to the historic facility's masonry and windows. The renovation and addition at Southeastern High School will transform it into a premiere high tech educational center providing a range of teaching pathways preparing students for professional and technical automotive careers. Specifically, a new wing of the school was added to hold the new Academy of Engineering and Design as well as the Science Academy. The Academies are established to encourage students to consider careers in the automotive industry, more specifically, careers in automotive design and engineering. The renovation project will add 80,000 square feet of space to the facility.

The Capital Improvement Program has provided opportunities for minority and Detroit-based businesses to participate in the design and building of School District facilities. Since inception, the Capital Improvement Program has generated approximately \$21 million in tax revenues for the City of Detroit.

Cash Management

The District has a cash management program designed to invest cash prudently in obligations partially insured by the Federal Deposit Insurance Corporation (FDIC) and investment vehicles authorized by the State of Michigan. Interest revenue totaled \$1,658,326 in the General Fund, \$7,306,652 in the Capital Projects Funds, and \$735,999 in the Debt Service Funds.

Risk Management

The School District is self-insured for workers' compensation and medical benefits. In addition, the School District is approved by the State of Michigan Workers' Compensation Bureau to self-administer the workers' compensation program. For the year ended June 30, 2005, actual workers' compensation payments totaled \$9,652,933. This amount represents a decrease of \$1,057,437 from the prior year.

Accomplishments and Acknowledgments

Accomplishments

The Association of School Business Officials International (ASBO) has awarded the Certificate of Excellence in Financial Reporting and the Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the Detroit Public Schools for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2004. This was the third year the School District has received both prestigious awards. In order to be awarded Certificates of Excellence and Achievement, the School District published an easily readable and efficiently organized CAFR. The report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to both GFOA and ASBO to determine its eligibility for another certificate.

Since 2002, the State of Michigan has honored 26 of the School District's elementary schools with the Golden Apple Award, which is a cash award given to Michigan's hard-working teachers and principals for high achievement.

The School District's Office of Food Services received the School Nutrition Association's (SNA) District of Excellence in Child Nutrition award. The distinction is highly sought by school districts across the nation and the Detroit Public Schools is the first school district in Michigan to receive the recognition. SNA officials stated, "Detroit Public Schools realizes that an efficient foodservice operation takes time, learning and commitment, and we applaud them for achieving excellence in foodservice management."

The School District's Department of Environmental Health and Safety received the Michigan Association of School Business Officials (MSBO) Meridian Award of Achievement for its strategic implementation plan for asbestos-containing material. Prior to the implementation of this plan and the creation of the Department of Environmental Health and Safety, the School District was cited for failing to monitor asbestos adequately in schools and received a significant fine. The department has worked diligently to ensure the School District is in compliance with all local, state, and federal regulations regarding the management of asbestos-containing material.

In addition, the department received the U.S. Environmental Protection Agency Great Start Award for the School District's indoor air quality management program during the National Indoor Air Quality Tools for Schools symposium in Washington, DC. The School District was the only district in the state of Michigan to receive this honor. The Great Start Award is for schools and school districts that are in the initial stages of implementing an indoor air quality tools for schools program.

Acknowledgments

The preparation of this report was accomplished through the commitment, dedication, and tireless effort of the entire Division of Finance. We would also like to extend our thanks to other school district and non-school district personnel who assisted in the preparation of this report.

Respectfully submitted,

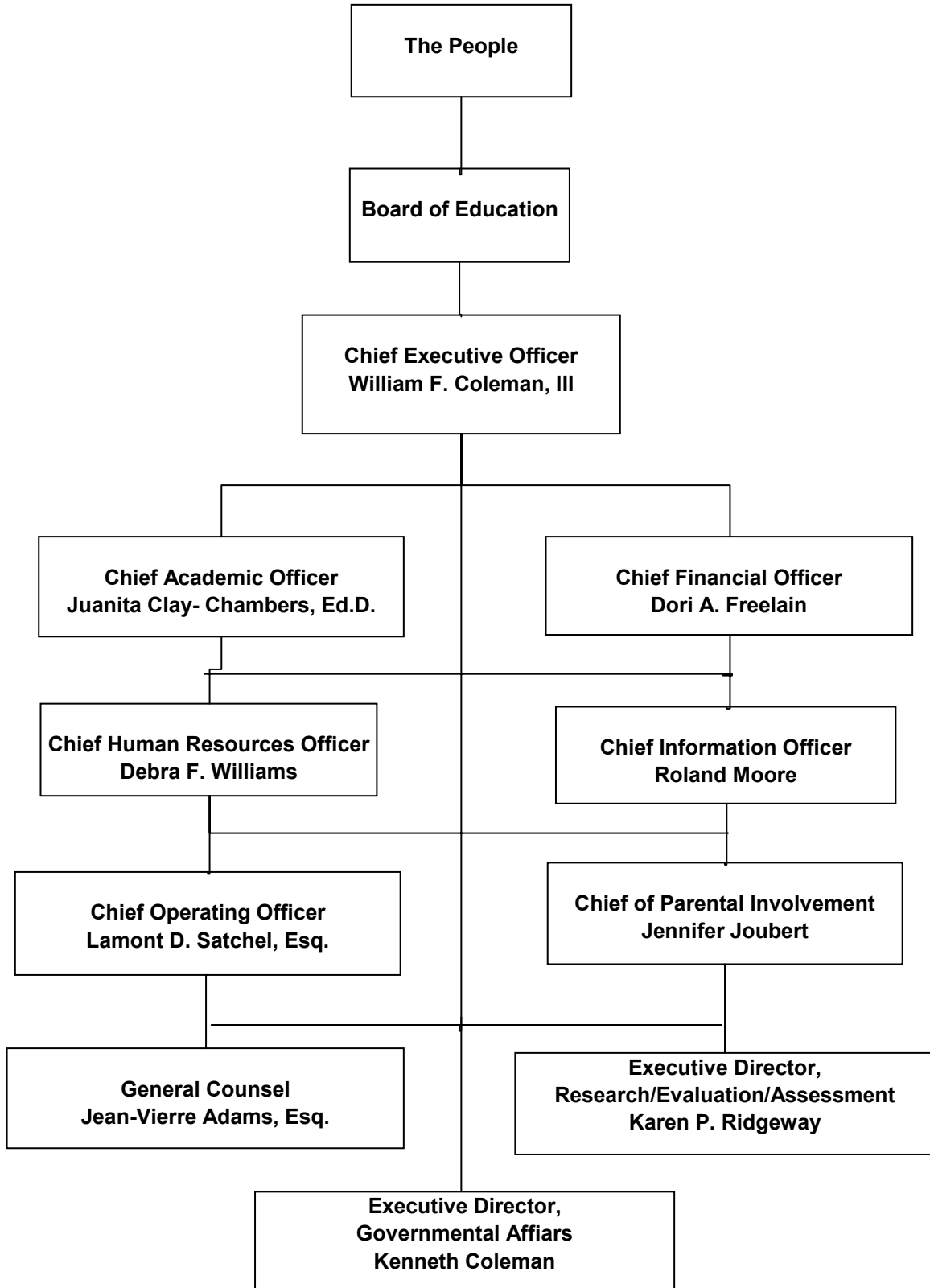


Dori A. Freelain
Chief Financial Officer



April L. Royster
Executive Director – Office of Accounting

**Detroit Public Schools
Organizational Chart
June 30, 2005**



Detroit Public Schools

List of Appointed Officials June 30, 2005

Board of Education

Chairman	William C. Brooks
Secretary	Gerald K. Smith, Ed.D.
Member	Mark A. Douglas
Member	Belda Garza
Member	Alma G. Stallworth
Member	Allan Spooner
Member	Geneva J. Williams

Cabinet

Chief Executive Officer	William F. Coleman, III
Chief Academic Officer	Juanita Clay-Chambers, Ed.D.
Chief Financial Officer	Dori A. Freelain
Chief Human Resources Officer	Debra F. Williams
Chief Information Officer	Roland Moore
Chief Operating Officer	Lamont D. Satchel, Esq.
Chief of Parental Involvement	Jennifer Joubert
General Counsel	Jean-Vierre Adams, Esq.
Executive Director, Governmental Affairs	Kenneth Coleman
Executive Director, Research/Evaluation/Assessment	Karen P. Ridgeway

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

Detroit Public Schools

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2004

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Detroit Public Schools,
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zielle

President

Jeffrey R. Emer

Executive Director



Plante & Moran, PLLC
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2601 Cambridge Court
Auburn Hills, MI 48326
Tel: 248.375.710C
Fax: 248.375.7101
plantemoran.com

Independent Auditor's Report

To the Chief Executive Officer
Detroit Public Schools

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Detroit Public Schools as of and for the year ended June 30, 2005, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Detroit Public Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit 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 audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Detroit Public Schools as of June 30, 2005 and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As more fully discussed in Note 12 to the financial statements, the School District had incurred expenditures in excess of revenues in the General Fund for the years ended June 30, 2004 and 2003 primarily due to the reduction in revenue received from the State that results from the loss of students. During the year ended June 30, 2005, the School District implemented the State-approved deficit elimination plan which enabled the School District to refinance some of its short-term debt obligations. As a result, the General Fund is not in a deficit position at June 30, 2005. However, the School District anticipates a further loss of students for the fiscal year ending June 30, 2006. Administration's plans in regard to these matters are also described in Note 12 to the financial statements.

To the Chief Executive Officer
Detroit Public Schools

As more fully described in Note 13 to the financial statements, in July 2005, School District officials became aware that its voter authorization to levy 18 mills for school operating purposes on nonhomestead property had expired as of June 30, 2002. It is uncertain whether all or a portion of nonhomestead taxes levied in 2002, 2003, and 2004 may be subject to refund. Administrations plans in regard to this matter are also described in Note 13 to the financial statements.

The management's discussion and analysis (identified in the table of contents) is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Detroit Public Schools' basic financial statements. The accompanying required supplemental information and other supplemental information, as identified in the table of contents, are not required parts of the basic financial statements. The required supplemental information is information required by the Governmental Accounting Standards Board; the other supplemental information is presented for the purpose of analysis. The required supplemental information and the other supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying introductory section and statistical tables, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report under separate cover dated November 9, 2005 on our consideration of the School District's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements. 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 considered in assessing the results of our audit.

Plante & Moran, PLLC

November 9, 2005

Detroit Public Schools

Management's Discussion and Analysis

This section of the Detroit Public Schools' annual financial report presents management's discussion and analysis of the School District's financial performance during the years ended June 30, 2005 and 2004. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Detroit Public Schools is an urban public school district located in the city of Detroit. It is a fiscally independent school district governed by a chief executive officer and a seven-member reform board (see letter of transmittal and Note 1 - Summary of Significant Accounting Policies for further discussion). There are 121 elementary schools, 84 kindergarten through 8th grade and regular middle schools, 26 high schools, 11 alternative schools, nine special education schools, four vocational and career technical centers, two administration offices, and maintenance and transportation facilities.

The management's discussion and analysis, a requirement of GASB No. 34, is intended to be Detroit Public Schools' discussion and analysis of the financial results of the fiscal year ended June 30, 2005.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Detroit Public Schools financially as a whole. The district-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant funds, the General Fund, the 1994 Building and Site Improvement Bonds Series IV Fund, and the 1994 Building and Site Improvement Bonds Series V Fund, with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The annual report includes the following:

Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements

District-wide Financial Statements Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)

Budgetary Information for Certain Major Funds

Other Supplemental Information

Statistical Information

Detroit Public Schools

Management's Discussion and Analysis (Continued)

Reporting the School District as a Whole - District-wide Financial Statements

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net assets (deficit) and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting. This method is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net assets - the difference between assets and liabilities, as reported in the statement of net assets (deficit) - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net assets - as reported in the statement of activities - are indicators of whether the School District's financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net assets (deficit) and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, instructional support services, operations and maintenance, transportation, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Reporting the School District's Most Significant Funds - Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service and Athletics Funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Detroit Public Schools

Management's Discussion and Analysis (Continued)

Governmental funds - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending in future years. The accounting method used is called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. The relationship between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is explained in the reconciliation statements.

The School District as Trustee - Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity and scholarship funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in net assets. These activities are excluded from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The School District as a Whole

The statement of net assets provides the perspective of the School District as a whole. Table I provides a summary of the School District's net assets as of June 30, 2005 and 2004:

TABLE I - Condensed Statement of Net Assets	Governmental Activities	
	2005	2004
	(in millions)	
Assets		
Current and other assets	\$ 763.3	\$ 963.9
Capital assets	1,535.4	1,355.0
Total assets	2,298.7	2,318.9
Liabilities		
Current liabilities	494.1	529.3
Long-term liabilities	1,835.8	1,742.3
Total liabilities	2,329.9	2,271.6
Net Assets (Deficit)		
Invested in property and equipment - Net of related debt	208.7	228.5
Restricted - Net assets	-	4.7
Unrestricted - Net deficit	(239.9)	(185.9)
Total net assets (deficit)	<u>\$ (31.2)</u>	<u>\$ 47.3</u>

Detroit Public Schools

Management's Discussion and Analysis (Continued)

The School District's net deficit was (\$31.2 million) at June 30, 2005. Capital assets, net of related debt, were \$208.7 million. It also compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. The remaining deficit amount of net assets was (\$239.9 million).

The \$239.9 million deficit in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations and the impact of the issuance of the Series 2005B Revenue Bonds and changes in estimates for certain liabilities funded with General Fund dollars during the year ended June 30, 2005. The unrestricted net assets deficit balance highlights the School District's potential inability to meet future operational needs as well as working capital and cash flow requirements. The operating results of the General Fund has a significant impact on the change in unrestricted net assets (deficit) from year to year.

The results of operations for the School District as a whole are reported in the statement of activities (see Table 2), which shows the changes in net assets for fiscal years June 30, 2005 and 2004:

TABLE 2 - Changes in Net Assets from Operating Results

	Governmental Activities	
	2005	2004
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 9.0	\$ 7.6
Operating grants	533.3	525.2
General revenue:		
Property taxes	188.0	181.7
Unrestricted federal and state aid	850.5	932.4
Interest and investment earnings	9.8	7.9
Other	11.4	10.7
	<u>1,602.0</u>	<u>1,665.5</u>
Functions/Program Expenses		
Instruction	874.3	959.1
Support services	665.1	674.6
Community services	5.6	6.9
Food services	45.6	49.6
Athletics	3.3	1.9
Other	1.1	7.1
Interest on long-term debt	72.4	72.9
Depreciation (unallocated)	9.5	5.3
	<u>1,676.9</u>	<u>1,777.4</u>

Detroit Public Schools

Management's Discussion and Analysis (Continued)

TABLE 2 - Changes in Net Assets from Operating Results (Continued)

	Governmental Activities	
	2005	2004
	(in millions)	
Deficiency of Revenues Over Expenses - Before special item	\$ (74.9)	\$ (111.9)
Special Item - Loss on sale of assets	(3.6)	-
Decrease in Net Assets	(78.5)	(111.9)
Net Assets - Beginning of year	47.3	159.2
Net Assets - End of year	<u>\$ (31.2)</u>	<u>\$ 47.3</u>

As reported in the statement of activities, the cost of all of governmental activities this year was \$1,676.9 million. Certain activities were partially funded from those who benefited from the programs (\$9.0 million) or by the other governments and organizations that subsidized certain programs with grants and contributions (\$533.3 million). The remaining "public benefit" portion of our governmental activities was paid with \$188.0 million in taxes, \$850.5 million in unrestricted federal funds and foundation allowance, and with our other revenues, i.e., interest and general entitlements. The School District experienced a decrease in net assets of \$78.5 million. Key reasons for this shortfall include:

- Declining enrollment resulted in the loss of \$81.9 million in state aid from the previous year
- The basic foundation allowance did not increase from the fiscal year end June 30, 2004 to June 30, 2005, while salaries, health care, and retirement expense increased.

As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted resources.

The School District's Funds

The School District uses funds to control and manage money for particular purposes. The School District maintains separate funds for general operations, athletics, food service, debt service, and capital projects. Each fund statement provides information about the current year's revenues and expenditures as well as overall financial health.

Detroit Public Schools

Management's Discussion and Analysis (Continued)

As the School District completed this year, the governmental funds reported a combined fund balance of \$278.3 million, which is a decrease of \$151.2 million from last year. The primary reasons for the decrease are as follows:

In the General Fund, the School District's principal operating fund, the fund balance increased approximately \$95.5 million to a fund balance of \$46.8 million. This positive change resulted primarily from the multi-year payment agreement which refinanced \$210 million in short-term notes into long-term debt payable over 15 years with the first scheduled repayment due in 2007. The refinancing was performed in accordance with Section 1225 of the Michigan School Code, which allows a school district that cannot repay its notes within 12 months after the date of issue the ability to enter into a multi-year agreement with a lending institution to repay the obligation. This refinancing was part of an overall deficit elimination plan approved by the State in February 2005. The financing agreement totaled approximately \$210 million.

Overall, Special Revenue Funds remained stable from the prior years, showing a net increase of approximately \$2.5 million.

In the Debt Service Fund, the fund balance decreased approximately \$16.8 million to \$26.5 million.

The combined Capital Projects Fund balance decreased by approximately \$232.4 million primarily resulting from continued construction related to the building and site improvement bond series.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2005. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements. Significant variances between original and final budget were a result of the restructuring of the School District and in accordance with the deficit elimination plan. These variances focused primarily on salaries, benefits, purchased services, and state aid revenue. Significant budget variances were as follows:

- The \$13.0 million unfavorable budget variance for the total General Fund revenue is primarily due to a deferral of adult education revenue received of approximately \$9.9 million. These funds will be expended during the 2005-2006 school year.
- The \$12.2 million favorable budget variance in instructional expenditures is due to the suspension of discretionary spending in April 2005.
- The \$7.9 million favorable budget variance in school administrative expenditures is due to staffing reductions as a result of school closures and principal retirements.

Detroit Public Schools

Management's Discussion and Analysis (Continued)

- The unfavorable variance of \$16.6 million in business office expenditures is due to an increase in interest expense of \$5.3 million as a result of the Series 2005A Note and the refinancing of the Series 2004B Note. Additionally, there was an increase in unemployment benefits paid to the State of Michigan of approximately \$6.6 million.
- The \$8.2 million favorable budget variance in operations and maintenance expenditures is the result of staff reductions in custodial and other facilities maintenance staff as well as the reduction of other expenditures.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2005, the School District had \$1,535 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of approximately \$180 million. See Note 5 of the basic financial statements for additional detailed information on fixed asset activity for the year ended June 30, 2005.

TABLE 3 - Capital Assets (net of depreciation, in millions of dollars)

	June 30, 2005	June 30, 2004	Percent Change
Land	\$ 69.8	\$ 55.4	25.99
Land improvements	101.4	63.4	59.94
Building and building improvements	1,144.2	1,009.8	13.31
Furniture and other equipment	196.7	166.1	18.42
Buses and other vehicles	44.7	43.3	3.23
Construction in progress	<u>447.0</u>	<u>432.5</u>	3.35
Total capital assets	2,003.8	1,770.5	13.18
Less accumulated depreciation	<u>468.4</u>	<u>415.4</u>	12.76
Net capital assets	<u>\$ 1,535.4</u>	<u>\$ 1,355.1</u>	13.31

Detroit Public Schools

Management's Discussion and Analysis (Continued)

This year's additions of approximately \$246.6 million included building renovations, site improvements, playgrounds, and equipment. Bonded debt in previous years was issued for these additions, part of a major (\$1.5 billion) construction and renovation project that has been ongoing for several years. More detailed information about the School District's capital assets is provided in the notes to the basic financial statements.

Debt

As of June 30, 2005, the School District had \$1.676 billion in bonds outstanding, plus \$40.3 million in unamortized bond premium, for a total of \$1.716 billion. This represents an increase of 10.5 percent over the previous year.

TABLE 4 - Outstanding Debt (in millions of dollars)

	June 30, 2005	June 30, 2004	Percent Change
General obligation bonds	\$ 1,672.5	\$ 1,502.6	11.3
Unamortized bond premium	40.3	45.7	(11.8)
Other bonds	3.1	5.3	(41.5)
Total long-term debt	<u>\$ 1,715.9</u>	<u>\$ 1,553.6</u>	<u>\$ 10.45</u>

The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit. The School District's only bonded indebtedness subject to the bonded debt limit is its Energy Conservation Bonds, Series 1999 in the outstanding principal amount of \$3.1 million, which is significantly below the statutorily imposed limit.

Other obligations include accrued vacation pay, sick leave, workers' compensation and health insurance claims, legal claims, and capital leases. More detailed information about the School District's long-term liabilities is provided in the notes to the basic financial statements.

Detroit Public Schools

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

The School District's officials and administration consider many factors when setting the 2005-2006 fiscal year budget. Declining enrollment presents an especially difficult challenge to any district experiencing this situation. Typically, the school year has begun before the decline is identified and, in any event, the loss of a student results in the immediate loss of significant revenue without the ability to significantly reduce costs since once the student is lost from a classroom almost all operating costs will continue. The unrestricted foundation grant revenue comprises approximately 88 percent of the School District's total General Fund operating revenue. The state unrestricted foundation grant is determined by multiplying the blended student count by the foundation allowance per pupil. The blended formula for the 2006 fiscal year is 25 percent of the February 2005 student count and 75 percent of the September 2005 count. The 2005-2006 budget was adopted in June 2005, based on a blended count of 131,263, which is 9,885 less than the 2004-2005 student membership count. The budget was developed on the assumption that the foundation allowance per pupil would increase by \$175 to \$7,335. While the increase is welcomed, it still remains short of expected expenditure increases due to the rate increase in Michigan Public School Employee Retirement System (MPERS) and existing contractual obligations. For the 2005-2006 budget, the MPERS retirement rate increased nearly 10 percent from 14.87 percent to 16.34 percent.

On November 8, 2005, the School District's electors approved the reinstatement of the 18-mill nonhomestead operating levy. The School District intends to levy the entire 18 mills during the 2005 tax year, which is the School District's June 30, 2006 fiscal year, on all nonhomestead properties. The financial impact of the renewed School District operating millage for the 2005-2006 fiscal year is currently budgeted at \$87.2 million.

Once the final student count and related per pupil funding is validated, state law requires the School District to amend the budget if actual School District resources are not sufficient to fund original appropriations. The School District began fiscal year 2005 with a \$48.7 million General Fund deficit. A deficit elimination plan was presented and approved by the State Department of Education. For 2005-2006, deficit reduction strategies will continue in accordance with the plan which includes approximately a 5 percent wage concession from labor unions, staffing reductions of approximately 2,100, and the closure of up to 30 additional school buildings.

The authority to levy 18 mills for operating purposes is subject to periodic renewal by majority vote of the District's electors. On July 28, 2005, School District officials became aware that its voter authorization to levy 18 mills for school operating purposes on nonhomestead property had expired as of June 30, 2002. The operating millage levied for the 2002, 2003, and 2004 tax years represented an aggregate of approximately \$259 million or less than 6.3 percent of total annual operating revenue of the School District for each of the affected years.

Detroit Public Schools

Management's Discussion and Analysis (Continued)

It is not certain whether all or a portion of the nonhomestead taxes levied in 2002, 2003, and 2004 may be subject to refund, or whether any delinquent taxes due for those years will be collectible. The School District is consulting with its advisors to evaluate options, including legislation, ballot proposals, and other options to minimize the impact on the School District's General Fund. Ultimately, if a court orders the School District to refund taxes, legal counsel has informed the School District that Michigan law permits a school district to certify a judgment to be levied without a popular vote against all taxable property (homestead and nonhomestead) for the number of mills necessary to satisfy the judgment. If there were a judgment levy, funds to satisfy that levy would not come from the School District's General Fund. Management and legal counsel believe that an unfavorable outcome is not probable, and therefore, no liability is recorded at June 30, 2005.

Contacting the School District's Financial Management

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate its accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Division of Finance at Detroit Public Schools, 3011 West Grand Blvd., Detroit, MI 48202 or visit the website at www.detroitk12.org.

Detroit Public Schools

Statement of Net Assets (Deficit) June 30, 2005

	Governmental Activities
Assets	
Cash and cash equivalents (Note 3)	\$ 2,102,119
Investments (Note 3)	105,865,783
Restricted assets (Note 8)	269,316,268
Receivables (Note 4):	
Taxes	107,572,867
Due from other governmental units	263,944,615
Other	12,708,776
Inventory	1,755,951
Capital assets (Note 5)	<u>1,535,408,550</u>
Total assets	2,298,674,929
Liabilities	
Accounts payable	104,128,580
Accrued salaries and benefits	95,841,190
Deferred revenue - Unexpended restricted funds (Note 4)	21,378,301
Due to other governmental units	15,971,562
Interest payable	14,807,260
Other	4,439,917
State Aid Anticipation and other notes payable (Note 11)	161,515,039
Long-term liabilities due within one year:	
Compensated absences	6,208,877
Workers' compensation and health insurance claims (Note 9)	16,590,913
Bonds payable	46,792,962
Unamortized bond premium	5,440,823
Capital leases and notes payable	940,319
Long-term liabilities due in more than one year (Note 7):	
Compensated absences	112,210,414
Workers' compensation and health insurance claims (Note 9)	19,652,933
Bonds payable	1,628,794,681
School bond loan payable	32,292,166
Unamortized bond premium	34,823,980
Capital leases and notes payable	2,455,615
Legal reserve (Note 9)	<u>5,567,000</u>
Total liabilities	<u>2,329,852,532</u>
Net Assets (Deficit)	
Invested in capital assets - Net of related debt	208,705,250
Unrestricted net deficit	<u>(239,882,853)</u>
Total net deficit	<u>\$ (31,177,603)</u>

Detroit Public Schools

Statement of Activities Year Ended June 30, 2005

	Program Revenue			Net (Expense)
	Expenses	Charges for Services	Operating Grants and	Revenue and
			Contributions	Changes in
			Governmental	Net Assets
			Activities	
Primary government - Governmental activities:				
Instruction	\$ 874,246,240	\$ 1,208,635	\$ 284,214,800	\$ (588,822,805)
Support services	665,059,872	471,451	202,817,657	(461,770,764)
Community services	5,626,212	243,275	2,833,952	(2,548,985)
Food services	45,586,528	7,120,976	43,400,337	4,934,785
Athletics	3,313,696	-	-	(3,313,696)
Other	1,127,291	-	-	(1,127,291)
Interest on long-term debt	72,398,950	-	-	(72,398,950)
Depreciation (unallocated)	9,503,743	-	-	(9,503,743)
	<u>\$ 1,676,862,532</u>	<u>\$ 9,044,337</u>	<u>\$ 533,266,746</u>	(1,134,551,449)
General revenue:				
Taxes:				
Property taxes, levied for general purposes				88,528,994
Property taxes, levied for debt services				99,454,576
Federal and State aid not restricted to specific purposes				850,521,353
Interest and investment earnings				9,798,478
Other				<u>11,378,678</u>
Subtotal - General revenue				1,059,682,079
Special item - Loss on sale of assets				<u>(3,582,523)</u>
Total general revenue and special item				<u>1,056,099,556</u>
Change in Net Assets				(78,451,893)
Net Assets - July 1, 2004				<u>47,274,290</u>
Net Deficit - June 30, 2005				<u>\$ (31,177,603)</u>

Detroit Public Schools

Governmental Funds Balance Sheet June 30, 2005

	General Fund	1994 Building Site Improvement Bonds Series IV Fund	1994 Building Site Improvement Bonds Series V Fund	Other Nonmajor Governmental Funds	Total
Assets					
Cash and cash equivalents (Note 3)	\$ 2,102,119	\$ -	\$ -	\$ -	\$ 2,102,119
Investments (Note 3)	105,865,783	63,317	245,120,454	24,132,497	375,182,051
Receivables (Note 4)	326,047,072	155	347,223	57,768,513	384,162,963
Due from fiduciary funds	63,295	-	-	-	63,295
Due from other funds (Note 6)	10,525,943	124,815,624	7,701,749	84,356,899	227,400,215
Inventory	1,755,951	-	-	-	1,755,951
Total assets	\$ 446,360,163	\$ 124,879,096	\$ 253,169,426	\$ 166,257,909	\$ 990,666,594
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 50,922,785	\$ 16,560,686	\$ 27,576,584	\$ 9,068,525	\$ 104,128,580
Accrued salaries and benefits	95,841,190	-	-	-	95,841,190
Compensated absences (Note 7)	6,208,877	-	-	-	6,208,877
Deferred revenue:					
Unexpended restricted funds (Note 4)	24,405,511	-	-	-	24,405,511
Delinquent property taxes	41,407,733	-	-	29,945,506	71,353,239
Due to other governmental units	11,566,251	-	-	4,405,311	15,971,562
Due to fiduciary funds	88,354	-	-	-	88,354
Due to other funds (Note 6)	2,144,647	54,980,057	116,748,856	53,526,655	227,400,215
Notes payable (Note 11)	161,515,039	-	-	-	161,515,039
Interest payable (Note 11)	1,116,935	-	-	-	1,116,935
Other liabilities	4,351,563	-	-	-	4,351,563
Total liabilities	399,568,885	71,540,743	144,325,440	96,945,997	712,381,065
Fund Balances					
Reserved for:					
Inventories	1,755,951	-	-	-	1,755,951
Capital projects (bonded)	-	53,338,353	108,843,986	40,614,312	202,796,651
Debt service	-	-	-	26,490,003	26,490,003
Unreserved - Undesignated, reported in:					
General Fund	45,035,327	-	-	-	45,035,327
Special Revenue Funds	-	-	-	2,207,597	2,207,597
Total fund balances	46,791,278	53,338,353	108,843,986	69,311,912	278,285,529
Total liabilities and fund balances	\$ 446,360,163	\$ 124,879,096	\$ 253,169,426	\$ 166,257,909	\$ 990,666,594

Detroit Public Schools

Governmental Funds Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets Year Ended June 30, 2005

Fund Balance - Total Governmental Funds	\$ 278,285,529
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported as assets in the funds:	
Capital assets	2,003,786,783
Accumulated depreciation	<u>(468,378,233)</u>
Total	1,535,408,550
Other long-term assets not available to pay current period expenditures therefore deferred in the governmental funds	74,380,449
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds:	
Compensated absences	(112,210,414)
Workers' compensation and health insurance	(36,243,846)
Bonds payable	(1,675,587,643)
School bond loan payable	(32,292,166)
Unamortized bond premium	(40,264,803)
Capital leases	(3,395,934)
Legal	(5,567,000)
Accrued interest payable is not included as a liability in governmental funds	<u>(13,690,325)</u>
Net Deficit - Governmental Activities	<u>\$ (31,177,603)</u>

Detroit Public Schools

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit) Year Ended June 30, 2005

	General Fund	1994 Building Site	1994 Building Site	Other Nonmajor Governmental Funds	Total
		Improvement Bonds Series IV Fund	Improvement Bonds Series V Fund		
Revenue					
Local sources	\$ 167,084,062	\$ 510,988	\$ 6,577,943	\$ 106,671,744	\$ 280,844,737
State sources	1,024,334,845	-	-	3,146,437	1,027,481,282
Federal sources	244,634,339	-	-	40,253,900	284,888,239
Total revenue	1,436,053,246	510,988	6,577,943	150,072,081	1,593,214,258
Expenditures					
Current:					
Instruction	878,408,647	-	-	-	878,408,647
Support services	652,896,930	-	-	-	652,896,930
Community services	5,729,048	-	-	-	5,729,048
Food services	-	-	-	45,628,321	45,628,321
Athletics	-	-	-	2,868,955	2,868,955
Debt service:					
Principal retirement	2,170,000	-	-	40,716,898	42,886,898
Payment of interest	192,145	-	-	75,825,788	76,017,933
Capital outlay	9,442,504	67,005,870	153,719,031	20,787,781	250,955,186
Other	-	4,343	-	1,122,948	1,127,291
Total expenditures	1,548,839,274	67,010,213	153,719,031	186,950,691	1,956,519,209
Deficiency of Revenue Over Expenditures	(112,786,028)	(66,499,225)	(147,141,088)	(36,878,610)	(363,304,951)
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	1,133,610	-	-	-	1,133,610
Transfers in	-	-	7,072,514	2,868,955	9,941,469
Transfers out	(2,868,955)	-	-	(7,072,514)	(9,941,469)
Proceeds from school bond loan fund (Note 7)	-	-	-	932,243	932,243
Issuance of bonds (Note 7)	210,000,000	-	-	-	210,000,000
Total other financing sources (uses)	208,264,655	-	7,072,514	(3,271,316)	212,065,853
Net Change in Fund Balances	95,478,627	(66,499,225)	(140,068,574)	(40,149,926)	(151,239,098)
Fund Balances (Deficit) - July 1, 2004	(48,687,349)	119,837,578	248,912,560	109,461,838	429,524,627
Fund Balances - June 30, 2005	\$ 46,791,278	\$ 53,338,353	\$ 108,843,986	\$ 69,311,912	\$ 278,285,529

Detroit Public Schools

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2005

Net Change in Fund Balances - Total Governmental Funds \$ (151,239,098)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Depreciation expense	(61,479,348)
Capital outlays	<u>246,562,313</u>

Total	185,082,965
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Long-term debt issuance, including a premium on the debt issuance, is reported as an other financing source in the governmental funds.

Long-term debt is not a revenue in the statement of activities and is reported as a long-term liability in the statement of net assets (210,000,000)

School bond loan interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid (932,243)

Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid (889,597)

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 42,315,000

Payments of capital leases and notes payable are expenditures in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 892,483

Bond premium is amortized in the statement of activities over the specified amortization period; it is reported in governmental funds when received 5,440,823

Detroit Public Schools

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Continued) Year Ended June 30, 2005

In the statement of activities, only the gain on the sale of fixed assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the net value of the assets sold	\$ (4,716,133)
Changes in compensated absences are reported as expenditures when financial resources are used in the governmental funds	33,156,393
Because some operating grant monies will not be collected for several months after the School District's year end, they are not considered as "available" revenue in the governmental funds, and are instead counted as deferred revenue. They are, however, recorded as revenue in the statement of activities:	
Deferred amounts as of end of year	3,027,210
Deferred amounts as of beginning of year	-
Increase in taxes receivable. The monies will not be collected for several months after the School District's year end, so they are not considered as "available" revenue in the governmental funds, and are instead counted as deferred revenue	4,819,451
Workers' compensation and health insurance is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid	<u>14,590,853</u>
Change in Net Assets of Governmental Activities	<u>\$ (78,451,893)</u>

Detroit Public Schools

Fiduciary Funds Statement of Fiduciary Net Assets June 30, 2005

	Student Activities	Scholarships	Total
Assets			
Cash	\$ 5,673,959	\$ -	\$ 5,673,959
Investments	-	398,453	398,453
Due from other funds	-	88,354	88,354
Other	293	-	293
Total assets	\$ 5,674,252	\$ 486,807	\$ 6,161,059
Liabilities and Net Assets			
Liabilities			
Due to student groups and other	\$ 5,610,957	\$ 1,473	\$ 5,612,430
Due to other funds	63,295	-	63,295
Net Assets - Reserved for scholarships	-	485,334	485,334
Total liabilities and net assets	\$ 5,674,252	\$ 486,807	\$ 6,161,059

Detroit Public Schools

Fiduciary Fund Statement of Changes in Fiduciary Net Assets Year Ended June 30, 2005

	<u>Scholarships</u>
Additions	
Private donations	\$ 129,361
Interest	<u>7,925</u>
Total additions	137,286
Deductions	
Scholarships awarded	220,233
Other	<u>39,227</u>
Total deductions	<u>259,460</u>
Change in Net Assets	(122,174)
Net Assets - Beginning of year	<u>607,508</u>
Net Assets - End of year	<u><u>\$ 485,334</u></u>

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Detroit Public Schools (the "School District") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

Pursuant to amendments to Act 451, effective March 26, 1999 (the "Reform Legislation"), the mayor of the City of Detroit, Michigan appoints six members of the School Reform Board for the School District. The Reform Board consists of the six members appointed by the mayor for a period of five years after the effective date of the Reform Legislation and the superintendent of the public instruction of the State (or the superintendent's designee). The Reform Board replaced the School District's 11-member elected Board of Education. During the current fiscal year, a majority of the electors in the School District voted to return to an elected 11-member Board of Education. The 11 members were elected on November 8, 2005 and will take office on January 1, 2006. As of the date of this report, all seven Reform Board positions are filled.

In July 2000, pursuant to the Reform Legislation, the Reform Board appointed Kenneth Stephen Burnley, Ph.D. as the chief executive officer of the School District. On June 30, 2005, the appointment of Kenneth Stephen Burnley, Ph.D. expired and William F. Coleman, III was appointed to the position of chief executive officer on July 1, 2005. The chief executive officer may exercise all the powers and actions otherwise vested in law in the elected Board of Education of the School District and its secretary and treasurer and all additional powers and duties provided under the Reform Legislation. Those powers and duties include authority over the expenditures of all School District funds, including proceeds for bonded indebtedness; rights and obligations under collective bargaining agreements, and employment contracts entered into by the Board of Education, except for any employee whose position is not covered by a collective bargaining agreement or who is employed at the will of the chief executive officer; and to prosecute and defend litigation, obligations under any judgment entered against the Board of Education, and rights and obligations under statute, rule, and common law.

Note I - Summary of Significant Accounting Policies (Continued)

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate, component units of the School District. Based on the application of the criteria, the School District does not contain any component units.

District-wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net assets (deficit) and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the School District's district-wide activities are considered governmental activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Note I - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

District-wide Financial Statements - The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The effect of interfund activity has been eliminated from the district-wide financial statements.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state aid.

Special Items - Transactions within the control of management that are either unusual in nature or infrequent in occurrence are reported as special items in the statement of activities.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the School District.

Note I - Summary of Significant Accounting Policies (Continued)

Fiduciary fund statements also are reported using the accrual basis of accounting. The School District maintains a Student Activities Fund to record funds received and expended for student activities. It also maintains a private purpose trust fund, the Scholarship Fund, to record private donations and scholarships awarded from these donations. The private purpose trust fund uses the economic resources measurement focus.

The School District reports the following major governmental funds:

General Fund - The General Fund is the School District's primary operating fund. It accounts for all financial resources of the School District, except those required to be accounted for in another fund. The School District maintains separate subfunds within the General Fund for federal activities, adult education, special education, and risk management.

The 1994 Building Site Improvement Bonds Series IV and Series V Funds - These Capital Projects Funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, equipment, and for remodeling. The funds operate until the purposes for which they were created are accomplished.

Additionally, the School District reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expend for specified purposes. The School District's Special Revenue Funds include the Food Services and Athletics Funds. Any operating deficit generated by these funds is the responsibility of the General Fund.

Debt Service Funds - Debt Service Funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt. The School District's Debt Service Funds include bond redemption and judgment levy.

Capital Projects Funds - Capital Projects Funds are used to record bond proceeds or other revenue and the disbursement specifically designated for acquiring new school sites, buildings, equipment, and for remodeling. The fund operates until the purpose for which it was created is accomplished. The School District's Capital Projects Funds include the 1986 School Building Site Improvement Bonds, the 1994 School Building Site Improvement Bonds Series I, Series II, and Series III, and the Durant Bond.

Note I - Summary of Significant Accounting Policies (Continued)

Student Activities Agency Fund - The School District presents and maintains an Agency Fund to record the transactions of student groups for school and school-related purposes. The funds are segregated and held in trust for the students.

Scholarships Private-Purpose Trust Fund - The Scholarships Private-Purpose Trust Fund is used to account for resources legally held in trust, including contributions received by the School District to be awarded in the form of scholarships.

Assets, Liabilities, and Net Assets or Equity

Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are billed on July 1 for approximately 50 percent of the taxes and on December 1 for the remainder of the property taxes. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed and the total obligation is added to the county tax rolls.

Inventories - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets - Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

Note I - Summary of Significant Accounting Policies (Continued)

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and building improvements	20-50 years
Buses and other vehicles	5-10 years
Furniture and other equipment	5-10 years

Compensated Absences - The liability for compensated absences reported in the district-wide statements consist of unpaid, accumulated vacation and sick leave balances. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Long-term Obligations - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and are amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data - Comparative data is not included in the School District's financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

Accounting Changes - GASB No. 42 - Effective July 1, 2005, the School District will adopt the provisions of Governmental Accounting Standards Board Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This Statement will require governments to report the effects of capital asset impairments in their financial statements when they occur rather than as a part of the ongoing depreciation expense for the capital asset or upon disposal of the capital assets. In addition, the Statement requires all governments to account for insurance recoveries in the same manner. The final impact of this accounting change has not been determined. However, for the year ended June 30, 2006, the School District has and plans to close a significant number of school buildings due to the continued decline of student enrollment. The maximum estimated impact resulting from the impairment of these assets would be approximately \$60,000,000, which represents the net book value of the property and equipment of the buildings projected to close. The fair market value of these assets has yet to be determined.

GASB No. 47 - Effective July 1, 2005, the School District will adopt the provisions of Governmental Accounting Standards Board Statement No. 47, *Accounting for Termination Benefits*. This Statement clarifies how governments are to account for and report termination obligations such as early retirement incentives and involuntary severance. The change will primarily impact financial statements prepared on the accrual basis of accounting, generally the district-wide financial statements. The accounting treatment for financial statements prepared on the modified accrual basis of accounting essentially is unchanged. Management believes that the impact of this accounting change will not be material to the School District's basic financial statements.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and State law for the General Fund and all Special Revenue and Debt Service Funds. All annual appropriations lapse at fiscal year end.

Note 2 - Stewardship, Compliance, and Accountability (Continued)

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. A significant budget amendment occurred during the year as a result of the School District's General Fund deficit as of June 30, 2004 of approximately \$49 million. State law required that the School District establish a deficit reduction plan with the State Department of Education. This plan was approved by the State in February 2005.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America, with the following exception:

- Capital outlay has been allocated to the various other functions rather than treated as a separate category.

Capital Projects Fund Compliance - The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For the 1994 Building Site Improvement Bonds Series I through V Capital Projects Funds, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code. Beginning with the year of bond issuance, the School District has reported the annual construction activity in the 1994 Building Site Improvement Bonds Series I Capital Projects Fund. The project for which the 1994 Building Site Improvement Bonds Series I bonds were issued was considered complete on April 1, 2005 and the cumulative expenditures recognized for the construction period were \$103,992,399.

Note 3 - Deposits and Investments

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

The School District has designated three banks and one credit union for the deposit of its funds.

The investment policy adopted by the School District has authorized investments as listed in the State statutory authority as listed above.

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level are used for the School District's deposits for custodial credit risk. At year end, the School District's deposit balance of \$9,098,466 had \$8,880,646 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The School District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District 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.

Custodial Credit Risk of Investments - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law, and by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. The School District does not have investments with custodial credit risk.

Detroit Public Schools

Notes to Financial Statements June 30, 2005

Note 3 - Deposits and Investments (Continued)

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 School District's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk by requiring the structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy does not further limit its investment choices.

At year end, the maturities of investments and the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Maturities	Rating	Rating Organization
Federal Home Loan Mortgage Corporation Discount Note	\$ 15,043,980	7/5/2005	AAA	S&P
Bank America Tri Party Repurchase Agreement	70,000,000	7/1/2005	AAA	S&P
Goldman Sachs Tri Party Repurchase Agreement	21,000,000	7/1/2005	AAA	S&P
Morgan Stanley Tri Party Repurchase Agreement	70,000,000	7/1/2005	AAA	S&P
ING US FDG LLC Commercial Paper	1,994,380	8/1/2005	A1/P1	S&P/Moody's
JP Morgan US Government Money Market Fund Capital Class	82,980,549	N/A	AAAm/Aaa	S&P/Moody's
Dreyfus Corporation Dreyfus Government Cash Management	871,449	N/A	N/A	Not Rated
Citicorp Discount Commercial Paper	1,996,760	7/19/2005	A1/P1	S&P/Moody's
AIG FDG Inc Discount Commercial Paper	8,693,451	7/22/2005	A1/P1	S&P/Moody's
Ciesco LLC Discount Commercial Paper	6,287,778	7/22/2005	A1/P1	S&P/Moody's
Citigroup Global Markets Holdings Inc. Discount Commercial Paper	5,487,075	7/27/2005	A1/P1	S&P/Moody's
General Electric CAP Corporation Discount Commercial Paper	1,994,380	8/1/2005	A1/P1	S&P/Moody's
ING US FDG LLC Discount Commercial Paper	12,963,470	8/1/2005	A1/P1	S&P/Moody's
Barclays US FDG LLC Discount Commercial Paper	5,866,193	8/31/2005	A1/P1	S&P/Moody's
Barclays US FDG LLC Discount Commercial Paper	4,968,950	9/6/2005	A1/P1	S&P/Moody's
UBS Financial Del LLC Discount Commercial paper	3,776,098	9/6/2005	A1/P1	S&P/Moody's
Citigroup Global Markets Holdings Inc. Discount Commercial Paper	4,968,100	9/7/2005	A1/P1	S&P/Moody's
Delia Del LLC Discount Commercial Paper	4,669,450	9/9/2005	A1/P1	S&P/Moody's
Federal Home Loan Bank Discount Note	8,990,100	7/13/2005	AAA	S&P
Federal National Mortgage Association Discount Note	9,862,313	7/15/2005	AAA	S&P
Federal Home Loan Bank Discount Note	8,989,200	7/15/2005	AAA	S&P
Federal National Mortgage Association Discount Note	4,982,000	8/10/2005	AAA	S&P
Federal Home Loan Mortgage Corporation Medium Term Note	2,000,160	10/7/2005	AAA	S&P
Federal Home Loan Bank Discount Note	5,443,900	10/18/2005	AAA	S&P
Amstel Funding Corporation Commercial Paper	250,200	7/15/2005	A1/P1	S&P/Moody's
Asset One Sec LLC Commercial Paper	250,495	7/8/2005	A1/P1	S&P/Moody's

Detroit Public Schools

Notes to Financial Statements June 30, 2005

Note 3 - Deposits and Investments (Continued)

Investment	Fair Value	Maturities	Rating	Rating Organization
Atlantis One Funding Commercial Paper	\$ 246,340	8/11/2005	AI+/PI	S&P/Moody's
Beethoven Funding Corporation Commercial Paper	246,373	11/9/2005	AI/PI	S&P/Moody's
Beethoven Funding Corporation Commercial Paper	319,970	7/1/2005	AI/PI	S&P/Moody's
Coca-Cola Company Commercial Paper	198,598	7/5/2005	AI/PI	S&P/Moody's
Coop Association Tractor Commercial Paper	98,931	7/25/2005	AI/PI	S&P/Moody's
Coop Association Tractor Commercial Paper	390,884	9/27/2005	AI/PI	S&P/Moody's
Dealers Capital Access Commercial Paper	147,704	10/12/2005	AI/PI	S&P/Moody's
Edison Asset Securitization Commercial Paper	245,940	10/3/2005	AI+/PI	S&P/Moody's
Fairway Finance Corporation Commercial Paper	246,663	7/7/2005	AI/PI	S&P/Moody's
Fairway Finance Corporation Commercial Paper	245,884	11/7/2005	AI/PI	S&P/Moody's
GE Capital Corporation Commercial Paper	118,470	7/1/2005	AI+/PI	S&P/Moody's
GE Capital Corporation Commercial Paper	197,314	9/8/2005	AI+/PI	S&P/Moody's
Starbird Funding Corporation Commercial Paper	248,729	8/10/2005	AI/PI	S&P/Moody's
Sydney Capital Corporation Commercial Paper	246,878	7/14/2005	AI+/PI	S&P/Moody's
Three Crowns FDG LLC Commercial Paper	246,539	7/21/2005	AI/PI	S&P/Moody's
Three Crowns FDG LLC Commercial Paper	273,183	9/29/2005	AI/PI	S&P/Moody's
Windmill Funding Corporation Commercial Paper	398,415	7/27/2005	AI+/PI	S&P/Moody's
Repurchase agreement	5,677,299	7/1/2005	Not rated	Not rated
MILAF MIMAX	<u>1,057,506</u>	N/A	AAAm	S&P
Total investments	<u>\$ 375,182,051</u>			

State statutes and the School District's investment policy permit the School District to enter into repurchase agreements. The School District did not have any credit exposure at year end related to these agreements as the collateral maintained exceeded the original investment. All sales of investments under repurchase agreements are for fixed terms. In investing the proceeds of repurchase agreements, the School District's policy is for the term of maturity of the investment to be the same as the term of the repurchase agreement. Such matching existed at year end.

Detroit Public Schools

Notes to Financial Statements June 30, 2005

Note 3 - Deposits and Investments (Continued)

Concentration of Credit Risk - The School District places no limit on the amount the School District may invest in any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5 percent of the School District's investments are invested in the following:

Investment	Fair Value	Percentage of Total Investments
JP Morgan US Government Money Market Fund Capital Class	\$ 82,980,549	22.12
Bank America Tri Party Repurchase Agreement	70,000,000	18.66
Morgan Stanley Tri Party Repurchase Agreement	70,000,000	18.66
Goldman Sachs Tri Party Repurchase Agreement	21,000,000	5.60
Federal Home Loan Bank Discount Note	23,423,200	6.24
Total	<u>\$ 267,403,749</u>	<u>71.28</u>

Foreign Currency Risk - Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value, as a result of changes in foreign currency exchange rates. State law and the School District's policy prohibit investment in foreign currency.

Note 4 - Receivables

Receivables as of year end for the School District's individual major funds and the nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	1994	1994	Nonmajor and Other Funds	Total
		Building Site Improvement Bonds Series IV	Building Site Improvement Bonds Series V		
Receivables:					
Property taxes:					
Current	\$ 16,173,348	\$ -	\$ -	\$ 20,046,280	\$ 36,219,628
Delinquent	41,407,733	-	-	29,945,506	71,353,239
Intergovernmental	257,266,467	-	-	6,678,148	263,944,615
Other	<u>11,199,524</u>	<u>155</u>	<u>347,223</u>	<u>1,098,579</u>	<u>12,645,481</u>
Net receivables	<u>\$ 326,047,072</u>	<u>\$ 155</u>	<u>\$ 347,223</u>	<u>\$ 57,768,513</u>	<u>\$ 384,162,963</u>

Detroit Public Schools

Notes to Financial Statements June 30, 2005

Note 4 - Receivables (Continued)

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned	Total
Delinquent property taxes	\$ 71,353,239	\$ -	\$ 71,353,239
Grant and categorical aid payment received prior to meeting all eligibility requirements	<u>3,027,210</u>	<u>21,378,301</u>	<u>24,405,511</u>
Total	<u>\$ 74,380,449</u>	<u>\$ 21,378,301</u>	<u>\$ 95,758,750</u>

Note 5 - Capital Assets

Capital asset activity of the School District's governmental activities was as follows:

	Balance July 1, 2004	Reclassifi- cations	Additions	Disposals and Adjustments	Balance June 30, 2005
Assets not being depreciated:					
Land	\$ 55,427,603	\$ 14,394,596	\$ -	\$ (10,600)	\$ 69,811,599
Construction in progress	432,500,072	(226,291,657)	241,483,803	(702,667)	446,989,551
Capital assets being depreciated:					
Building and building improvements	1,009,762,305	137,845,253	1,754,579	(5,171,000)	1,144,191,137
Land improvements	63,406,679	37,651,202	386,455	-	101,444,336
Buses and other vehicles	43,313,438	8,644,712	102,150	(7,350,000)	44,710,300
Furniture and other equipment	<u>166,063,632</u>	<u>27,755,894</u>	<u>2,835,326</u>	<u>(14,992)</u>	<u>196,639,860</u>
Total capital assets being depreciated	1,282,546,054	211,897,061	5,078,510	(12,535,992)	1,486,985,633
Accumulated depreciation:					
Building and building improvements	339,377,994	-	26,409,305	(1,180,711)	364,606,588
Land improvements	10,918,892	-	3,748,108	-	14,667,000
Buses and other vehicles	27,172,099	-	3,791,281	(7,350,000)	23,613,380
Furniture and other equipment	<u>37,963,026</u>	<u>-</u>	<u>27,530,654</u>	<u>(2,415)</u>	<u>65,491,265</u>
Subtotal	415,432,011	-	61,479,348	(8,533,126)	468,378,233
Net capital assets being depreciated	<u>867,114,043</u>	<u>211,897,061</u>	<u>(56,400,838)</u>	<u>(4,002,866)</u>	<u>1,018,607,400</u>
Net capital assets	<u>\$ 1,355,041,718</u>	<u>\$ -</u>	<u>\$ 185,082,965</u>	<u>\$ (4,716,133)</u>	<u>\$ 1,535,408,550</u>

Detroit Public Schools

Notes to Financial Statements June 30, 2005

Note 5 - Capital Assets (Continued)

Depreciation expense was charged to activities of the School District as follows:

Governmental activities:

Instruction	\$ 24,783,447
Support services	26,435,603
Community services	15,020
Food services	254,269
Athletics	487,266
Unallocated	<u>9,503,743</u>

Total governmental activities \$ 61,479,348

Note: Depreciation expense was not charged to activities where the School District considers its assets to impact multiple activities and allocation is not practical.

Construction Commitments - The School District has active construction projects at year end. At year end, the School District's commitments with contractors are as follows in the listed bond issues:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Series I 1996A	\$ 103,992,399	\$ -
Series II 1998	226,717,212	8,883,592
Series III 2001A	457,166,847	23,203,635
Series IV 2002A	353,275,686	53,338,353
Series V 2003B	<u>248,148,067</u>	<u>105,293,390</u>
Total	<u>\$ 1,389,300,211</u>	<u>\$ 190,718,970</u>

Detroit Public Schools

Notes to Financial Statements June 30, 2005

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From				Total
	General Fund	1994 Building Site Improvement Bonds Series IV Fund	1996 Building Site Improvement Bonds Series V Fund	Other Nonmajor Governmental Funds	
General Fund	\$ -	\$ -	\$ 1,455	\$ 2,143,192	\$ 2,144,647
1994 Building Site Improvement Bonds Series IV Fund	-	-	-	54,980,057	54,980,057
1994 Building Site Improvement Bonds Series V Fund	-	116,748,856	-	-	116,748,856
Other nonmajor governmental funds	10,525,943	8,066,768	7,700,294	27,233,650	53,526,655
Total	<u>\$ 10,525,943</u>	<u>\$ 124,815,624</u>	<u>\$ 7,701,749</u>	<u>\$ 84,356,899</u>	<u>\$ 227,400,215</u>

Interfund receivables and payables occur in the course of ordinary operations and reflect short-term transactions between funds, primarily transactions between Capital Projects Funds, the General Fund, and Special Revenue Funds.

The General Fund accounts for a due to other funds balance of \$2,144,647 as of June 30, 2005, as noted above. This interfund balance included \$1,886,024 due to the Judgment Levy Fund related to property tax monies received in the General Fund not yet transferred. These amounts have been transferred subsequent to June 30, 2005.

Interfund Transfers

Transfers in:	Transfers Out		
	General Fund	1994 Building Site Improvement Bonds Series I Fund	Total
Other nonmajor governmental funds - Athletics	\$ 2,868,955	\$ -	\$ 2,868,955
Other nonmajor governmental funds - 1994 Building Site Improvement Bonds Series V	-	7,072,514	7,072,514
Total	<u>\$ 2,868,955</u>	<u>\$ 7,072,514</u>	<u>\$ 9,941,469</u>

Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

Transfers result from the General Fund support of Athletic Fund activities and the close-out of the remaining uncommitted bond proceeds in the 1994 Building Site Improvement Bonds Series I Fund to the 1994 Building Site Improvement Bonds Series V Fund in accordance with State approval.

Note 7 - Long-term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk liabilities. In prior years, the General Fund has typically been used to liquidate non-bonded debt related long-term liabilities. The current portion of compensated absences reported in the General Fund relates to the unpaid balance for terminated employees as of June 30, 2005.

Detroit Public Schools

Notes to Financial Statements June 30, 2005

Note 7 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

Description	Effective Date of Issue	Year of Maturity	Serial Interest Rates of Debt	Amount of Original Issue
School Building and Site Improvement Bonds:				
Series XXI	08/06/87	2007	7.00%-7.25%	\$ 26,600,000
Series XXII	09/29/88	2009	9.35%-9.375%	20,000,000
Series 1993	10/01/93	2013	4.55%-5.125%	79,730,000
Series 1996A	03/01/96	2025	3.70%-6.50%	89,000,000
Series 1998A	11/01/98	2007	4.00%-4.30%	940,000
Series 1998B	11/01/98	2028	3.50%-3.75%	209,770,000
Series 1998C	11/01/98	2025	3.50%-5.25%	84,855,000
Series 1998 (Durant)	11/24/98	2013	4.76%	59,304,433
Series 2001A	10/30/01	2031	3.00%-6.00%	438,365,000
Series 2002A	10/29/02	2032	3.00%-6.00%	388,995,000
Series 2003A	02/04/03	2013	5.00%-5.25%	16,060,000
Series 2003B	04/28/03	2033	3.00%-6.00%	326,845,000
Series 2004A	05/13/04	2007	3.00%-5.00%	7,830,000
Series 2004B	05/13/04	2009	3.00%-5.00%	<u>9,500,000</u>
Total School Building and Site Improvement Bonds				1,757,794,433
Series 2005B Revenue Bonds	05/24/05	2020	5.00%-12.65%	210,000,000
Energy Conservation Bonds	03/10/99	2007	2.90%-4.25%	<u>21,210,000</u>
Total bonds payable				<u>\$ 1,989,004,433</u>
Other liabilities:				
Compensated absences payable				
Workers' compensation and health insurance claims				
Capital leases and other notes payable				
Legal and other				
School Bond Loan Fund				
Unamortized bond premium				
Total other liabilities				
Total long-term obligations				

Detroit Public Schools

Notes to Financial Statements June 30, 2005

Balance June 30, 2004	Additions	Retirements	Balance June 30, 2005	Current	Long-term
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
31,840,000	-	(5,130,000)	26,710,000	5,395,000	21,315,000
16,285,000	-	(1,920,000)	14,365,000	2,040,000	12,325,000
290,000	-	(190,000)	100,000	50,000	50,000
197,780,000	-	(4,220,000)	193,560,000	4,575,000	188,985,000
81,620,000	-	(2,125,000)	79,495,000	2,205,000	77,290,000
37,887,643	-	-	37,887,643	3,272,962	34,614,681
416,685,000	-	(3,045,000)	413,640,000	3,485,000	410,155,000
365,470,000	-	(13,375,000)	352,095,000	13,995,000	338,100,000
16,060,000	-	-	16,060,000	-	16,060,000
321,345,000	-	(5,825,000)	315,520,000	5,995,000	309,525,000
7,830,000	-	(2,530,000)	5,300,000	2,600,000	2,700,000
9,500,000	-	(1,785,000)	7,715,000	1,815,000	5,900,000
1,502,592,643	-	(40,145,000)	1,462,447,643	45,427,962	1,417,019,681
-	210,000,000	-	210,000,000	-	210,000,000
5,310,000	-	(2,170,000)	3,140,000	1,365,000	1,775,000
<u>\$ 1,507,902,643</u>	<u>\$ 210,000,000</u>	<u>\$ (42,315,000)</u>	<u>\$ 1,675,587,643</u>	<u>\$ 46,792,962</u>	<u>\$ 1,628,794,681</u>
\$ 147,692,684	\$ 4,234,234	\$ (33,507,627)	\$ 118,419,291	\$ 6,208,877	\$ 112,210,414
50,834,699	140,476,611	(155,067,464)	36,243,846	16,590,913	19,652,933
4,288,417	-	(892,483)	3,395,934	940,319	2,455,615
5,567,000	-	-	5,567,000	-	5,567,000
31,359,923	932,243	-	32,292,166	-	32,292,166
45,705,626	-	(5,440,823)	40,264,803	5,440,823	34,823,980
285,448,349	145,643,088	(194,908,397)	236,183,040	29,180,932	207,002,108
<u>\$ 1,793,350,992</u>	<u>\$ 355,643,088</u>	<u>\$ (237,223,397)</u>	<u>\$ 1,911,770,683</u>	<u>\$ 75,973,894</u>	<u>\$ 1,835,796,789</u>

Detroit Public Schools

Notes to Financial Statements June 30, 2005

Note 7 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above governmental bond and note obligations are as follows:

	School Building and Site Improvement Bonds			Special Purpose Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2006	\$ 45,427,962	\$ 77,904,978	\$ 123,332,940	\$ 1,365,000	\$ 117,216	\$ 1,482,216
2007	48,106,222	75,990,957	124,097,179	11,024,120	6,893,225	17,917,345
2008	41,684,442	73,545,327	115,229,769	9,725,214	12,460,252	22,185,466
2009	44,326,234	71,395,172	115,721,406	10,561,633	11,267,638	21,829,271
2010	42,915,585	69,052,288	111,967,873	11,899,033	9,932,478	21,831,511
2011-2015	219,922,198	306,941,344	526,863,542	74,050,000	35,097,500	109,147,500
2016-2020	178,960,000	250,053,560	429,013,560	94,515,000	14,637,750	109,152,750
2021-2025	218,825,000	198,418,935	417,243,935	-	-	-
2026-2030	431,335,000	129,973,611	561,308,611	-	-	-
2031-2033	190,945,000	13,511,524	204,456,524	-	-	-
Total	<u>\$ 1,462,447,643</u>	<u>\$ 1,266,787,695</u>	<u>\$ 2,729,235,338</u>	<u>\$ 213,140,000</u>	<u>\$ 90,406,059</u>	<u>\$ 303,546,059</u>

Durant Non-Plaintiff Bond - Included in governmental activities general obligation bonds is the Durant Non-Plaintiff Bond. Annual payments associated with this bond are funded by the State of Michigan via specifically appropriated state aid and will not require any School District debt levy or utilization of any other School District financial resources.

School Bond Loan - The school bond loan payable represents notes payable to the State of Michigan for loans made to the School District, as authorized by the 1963 State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the School District issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board. Interest is at an annual rate of 2.625 percent from July 1, 2004 to April 22, 2005 and at 3.25 percent from April 23, 2005 through June 30, 2005. Repayment is required when the millage rate necessary to cover the annual bonded debt service requirements falls below 7.0 mills. The School District is required to levy mills and repay the State any excess of the amount levied over the bonded debt service requirement. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the School District, no provision for repayment has been included in the above amortization schedule.

Detroit Public Schools

Notes to Financial Statements June 30, 2005

Note 7 - Long-term Debt (Continued)

In April 2005, the School District entered into a multi-year payment agreement which refinanced \$210 million in short-term State Aid Anticipation Notes outstanding at June 30, 2004 into long-term debt payable over 15 years with the first scheduled repayment due in 2007. This refinancing was performed in accordance with Section 1225 of the Michigan School Code, which allows a school district that cannot repay its notes within 12 months after the date of issue the ability to enter into a multi-year agreement with a lending institution to repay the obligation. This refinancing was part of an overall deficit elimination plan approved by the State in February 2005. The terms of the issuance of this long-term debt require, among other things, that the School District maintain positive General Fund fund balance. The School District is in full compliance with all related debt covenants as of June 30, 2005.

Advance Refundings - In prior years, the School District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2005, \$63,255,000 of bonds outstanding are considered defeased.

Capital Leases - The School District has entered into lease agreements as lessee for financing the purchase of certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value are as follows:

2006	\$ 1,089,001
2007	1,089,001
2008	887,947
2009	<u>637,496</u>
Total minimum lease payments	3,703,445
Less amount representing interest	<u>307,511</u>
Present value of minimum lease payments	<u>\$ 3,395,934</u>

Detroit Public Schools

Notes to Financial Statements June 30, 2005

Note 8 - Restricted Assets

The unspent bond proceeds and related interest of the Capital Projects Funds and unspent note proceeds of the Food Services Fund require amounts to be set aside for construction. In addition, the unspent property taxes levied in the Debt Service Funds are required to be set aside for future bond principal and interest payments. These amounts have been classified as restricted assets.

The balances of the restricted asset accounts are as follows:

	<u>Governmental Activities</u>
Unspent bond proceeds and related interest	\$ 251,875,141
Unspent property taxes levied for debt service	16,507,237
Unspent food services fund note proceeds	<u>933,890</u>
Total restricted assets	<u>\$ 269,316,268</u>

Note 9 - Risk Management

The School District is exposed to various risks of loss related to torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District is insured for loss related to torts and errors and omissions. There have been no significant reductions in insurance coverage from the prior year.

The School District is also self-insured for workers' compensation and partially self-insured for medical benefits. The total estimated liability for these claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported, totals \$36,243,846. These estimates are recorded in the district-wide statements based on historical trends. Changes in the estimated liability for the past two fiscal years were as follows:

	<u>2005</u>	<u>2004</u>
Estimated liability - Beginning of year	\$ 50,834,699	\$ 39,262,829
Estimated claims incurred, including changes in estimates	140,476,611	159,773,219
Claim payments	<u>(155,067,464)</u>	<u>(148,201,349)</u>
Estimated liability - End of year	<u>\$ 36,243,846</u>	<u>\$ 50,834,699</u>

Note 9 - Risk Management (Continued)

Various legal actions, proceedings, and claims are pending or may be asserted in the future against the School District, including those arising out of personal injuries and civil actions. Some of the foregoing matters may involve compensatory and/or punitive damage claims.

Litigation is subject to many uncertainties, the ultimate outcome of which is not predictable; however, the School District's management believes the resulting liabilities from outstanding legal actions, proceedings, and claims will not have a material adverse effect upon the School District's financial position or results of operations. At June 30, 2005, the School District has recorded an estimated liability of approximately \$5,567,000 for pending litigation as a long-term obligation.

Note 10 - Defined Benefit Pension Plan and Postemployment Benefits

Plan Description - The School District participates in the Michigan Public School Employees' Retirement System (MPSERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The MPSERS provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the MPSERS. That report may be obtained by writing to the system at P.O. Box 30171, Lansing, MI 48909-7671.

Funding Policy - Employer contributions to the MPSERS result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a pay-as-you-go basis.

The pension benefit rate totals 14.87 percent and 12.99 percent of the covered payroll to the plan for the periods from October 1, 2004 through June 30, 2005 and July 1, 2004 through September 30, 2004, respectively. Basic plan members make no contributions, but Member Investment Plan members contribute at rates ranging from 3.0 percent to 4.3 percent of gross wages. The School District's contributions to the MPSERS plan for the years ended June 30, 2005, 2004, and 2003 were \$148,821,777, \$148,499,000, and \$139,287,767, respectively.

Detroit Public Schools

Notes to Financial Statements June 30, 2005

Note 10 - Defined Benefit Pension Plan and Postemployment Benefits (Continued)

Postemployment Benefits - Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverages. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental, and vision coverages. Required contributions for postemployment health care benefits are included as part of the School District's total contribution to the MPSERS plan discussed above.

Note 11 - State Aid Anticipation and Other Short-term Notes

Short-term obligation activity of Detroit Public Schools to fund current General Fund operations can be summarized as follows:

Description	Effective	Maturity Date	Interest Rate	Balance			Balance June 30, 2005
	Date of Issue			June 30, 2004	Additions	Retirements	
State Aid Anticipation Note	8/20/2003	8/20/2004	1.02%	\$ 195,535,000	\$ -	\$ (195,535,000)	\$ -
State Aid Anticipation Note	4/29/2004	8/24/2004	1.02%	70,000,000	-	(70,000,000)	-
State Aid Anticipation Note	8/24/2004	5/24/2005	1.55%	-	210,000,000	(210,000,000)	-
State Aid Anticipation Note	3/22/2005	3/21/2006	2.55%	-	161,351,234	-	161,351,234
Other notes payable	Various	Various	Various	199,805	-	(36,000)	163,805
Total				<u>\$ 265,734,805</u>	<u>\$ 371,351,234</u>	<u>\$ (475,571,000)</u>	<u>\$ 161,515,039</u>

Subsequent to year end, the School District borrowed \$146,176,087 at 3.03 percent annual interest on a new State Aid Anticipation Note. The note, plus interest, is due in August 2006. At June 30, 2005, Detroit Public Schools has accrued interest of \$1,116,935 on these notes.

Note 12 - Funding Uncertainties

The School District receives over 80 percent of its funding for regular operations from the state foundation allowance. This allowance is determined by the State and is paid on the basis of the number of students attending the School District. The base per pupil allowance has remained the same over the past three years, but payments to the School District were actually reduced part way during the years ended June 30, 2004 and 2003 due to a lack of sufficient funds at the state level. More importantly, the School District has experienced significant declines in enrollment (a substantial portion relates to students enrolling in charter schools located in Detroit and surrounding communities), which results in further reductions in state revenue. In addition to declining revenue, the School District has been challenged by rising health care and pension costs, along with contractual salary increases for only the teacher bargaining group.

Note 12 - Funding Uncertainties (Continued)

This situation resulted in a General Fund deficit of approximately \$49 million at June 30, 2004. As required by state law, the School District adopted a deficit elimination plan which was approved by the State in February 2005. As described in Note 7, in conjunction with the deficit elimination plan, the School District entered into a multi-year payment agreement which refinanced \$210 million in short-term State Aid Anticipation Notes outstanding at June 30, 2004 into long-term debt payable over 15 years with the first scheduled repayment due in 2007. The School District also obtained additional short-term cash flow funding through a March 2005 State Aid Anticipation Note in the amount of approximately \$161 million. As a result, the General Fund is not in a deficit position and was able to meet all of its obligations for the year ended June 30, 2005.

The School District has implemented substantial building and staff reductions for the fiscal year ending June 30, 2006 to manage another significant drop in enrollment of approximately 10,000 students. This decline in enrollment will result in a further reduction in state funding of approximately \$70 million. Current management projections indicate that the School District will maintain adequate cash flows to meet its obligations for the year ending June 30, 2006 without any additional borrowing necessary. See Note 13 for additional revenue contingencies.

Note 13 - Contingent Liability for Property Tax Revenue

The authority to levy 18 mills for operating purposes is subject to periodic renewal by majority vote of the School District's electors. On July 28, 2005, School District officials became aware that its voter authorization to levy 18 mills for school operating purposes on nonhomestead property had expired as of June 30, 2002. The operating millage levied for the 2002, 2003, and 2004 tax years represented an aggregate of approximately \$259 million or less than 6.3 percent of total annual operating revenue of the School District for each of the affected years. On November 8, 2005, the School District's electors approved the reinstatement of the 18 mill nonhomestead operating levy. The School District intends to levy the entire 18 mills during the 2005 tax year, which is the School District's June 30, 2006 fiscal year, on all nonhomestead properties.

Note 13 - Contingent Liability for Property Tax Revenue (Continued)

It is not certain whether all or a portion of the nonhomestead taxes levied in 2002, 2003, and 2004 may be subject to refund, or whether any delinquent taxes due for those years will be collectible. The School District is consulting with its advisors to evaluate options, including legislation, ballot proposals, and other options to minimize the impact on the School District's General Fund. Ultimately, if a court orders the School District to refund taxes, legal counsel has informed the School District that Michigan law permits a school district to certify a judgment to be levied without a popular vote against all taxable property (homestead and non-homestead) for the number of mills necessary to satisfy the judgment. If there were a judgment levy, funds to satisfy that levy would not come from the School District's General Fund. Management and legal counsel believe that an unfavorable outcome is not probable, and therefore, no liability is recorded at June 30, 2005.

Note 14 - Grant Contingencies

The School District receives funds from various governmental agencies to finance specific educational programs, the final determination of which amounts are allowable is subject to audit by the responsible agencies. Certain programs were audited for compliance, which resulted in findings and questioned costs. The School District has not accrued for possible repayment of these questioned costs as audits currently in progress by responsible agencies have not been finalized.

Required Supplementary Information

Detroit Public Schools

Required Supplementary Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources:				
Property taxes	\$ 72,971,468	\$ 78,725,026	\$ 83,732,329	\$ 5,007,303
Tuition	545,000	545,000	1,208,635	663,635
Earnings on investments	900,000	925,000	1,658,326	733,326
Special education millage	60,500,000	62,763,941	68,862,819	6,098,878
Other	9,528,282	10,820,000	11,621,953	801,953
Total local sources	144,444,750	153,778,967	167,084,062	13,305,095
State sources:				
State aid foundation	999,693,930	944,938,105	943,276,137	(1,661,968)
At risk	71,943,117	71,166,216	70,806,490	(359,726)
Other	19,352,527	24,407,306	10,252,218	(14,155,088)
Total state sources	1,090,989,574	1,040,511,627	1,024,334,845	(16,176,782)
Federal sources:				
Title I	127,261,359	139,372,184	135,157,836	(4,214,348)
Other	88,990,389	115,373,208	109,476,503	(5,896,705)
Total federal sources	216,251,748	254,745,392	244,634,339	(10,111,053)
Total revenues	1,451,686,072	1,449,035,986	1,436,053,246	(12,982,740)
Expenditures				
Instruction:				
K-12:				
Salaries	306,096,575	324,163,227	371,850,517	47,687,290
Benefits	116,816,128	108,054,408	119,782,572	11,728,164
Purchased services	184,068	1,177,912	1,315,217	137,305
Supplies	27,924,479	25,596,314	24,890,262	(706,052)
Capital outlay	-	46,276	155,436	109,160
Other	108,689	141,642	163,281	21,639
Total K-12	451,129,939	459,179,779	518,157,285	58,977,506
Preschool:				
Salaries	14,480,857	22,960,084	19,021,381	(3,938,703)
Benefits	5,364,075	7,653,361	8,224,067	570,706
Purchased services	514,645	870,697	499,751	(370,946)
Supplies	795,414	968,550	1,490,041	521,491
Capital outlay	57,678	112,304	44,494	(67,810)
Other	162,249	3,998,515	222,490	(3,776,025)
Total preschool	21,374,918	36,563,511	29,502,224	(7,061,287)

Note - This budget statement is in greater detail than the adopted budget.

Detroit Public Schools

Required Supplementary Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Expenditures (Continued)				
Instruction (Continued):				
Summer school:				
Salaries	\$ 668,904	\$ 1,234,207	\$ 9,534,116	\$ 8,299,909
Benefits	456,881	411,402	1,994,012	1,582,610
Purchased services	146,775	174,079	54,446	(119,633)
Supplies	24,052	23,117	1,401,071	1,377,954
Capital outlay	1,242	20	-	(20)
Total summer school	1,297,854	1,842,825	12,983,645	11,140,820
Special education:				
Salaries	119,058,386	130,971,835	107,604,488	(23,367,347)
Benefits	48,694,345	43,657,278	37,227,115	(6,430,163)
Purchased services	5,146,663	5,067,110	3,220,542	(1,846,568)
Supplies	8,237,348	5,654,762	3,673,691	(1,981,071)
Capital outlay	472,774	505,053	491,715	(13,338)
Other	7,451	13,335	6,826	(6,509)
Total special education	181,616,967	185,869,373	152,224,377	(33,644,996)
Compensatory education:				
Salaries	67,392,898	83,165,380	66,601,779	(16,563,601)
Benefits	28,503,594	27,721,793	25,641,144	(2,080,649)
Purchased services	13,492,104	26,613,448	14,060,603	(12,552,845)
Supplies	29,719,948	26,282,335	19,002,556	(7,279,779)
Capital outlay	134,066	1,242,377	987,771	(254,606)
Other	660,706	3,345,516	2,908,768	(436,748)
Total compensatory education	139,903,316	168,370,849	129,202,621	(39,168,228)
Vocational education:				
Salaries	19,130,796	21,086,572	20,754,962	(331,610)
Benefits	7,125,472	7,028,857	7,162,404	133,547
Purchased services	682,932	1,715,254	1,703,619	(11,635)
Supplies	1,652,703	1,976,016	2,900,480	924,464
Capital outlay	2,016,199	2,119,586	536,156	(1,583,430)
Other	669,331	1,000,900	776,475	(224,425)
Total vocational education	31,277,433	34,927,185	33,834,096	(1,093,089)
Other basic needs - Supplies	-	536,625	509,997	(26,628)

Note - This budget statement is in greater detail than the adopted budget.

Detroit Public Schools

Required Supplementary Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Expenditures (Continued)				
Instruction (Continued):				
Adult education:				-
Salaries	\$ 3,296,244	\$ 3,481,786	\$ 2,826,646	\$ (655,140)
Benefits	1,287,684	1,160,597	1,031,313	(129,284)
Purchased services	321,382	628,572	219,102	(409,470)
Supplies	223,797	323,364	132,754	(190,610)
Capital outlay	1,403	30	11,983	11,953
Other	-	-	159	159
Total adult education	5,130,510	5,594,349	4,221,957	(1,372,392)
Total instruction	831,730,937	892,347,871	880,636,202	(12,221,666)
Support services:				
Pupil services:				
Salaries	63,943,033	64,714,286	65,381,076	666,790
Benefits	24,913,762	21,571,428	21,585,619	14,191
Purchased services	2,952,125	6,401,428	4,430,260	(1,971,168)
Supplies	769,451	1,038,601	767,588	(271,013)
Capital outlay	25,943	23,690	21,622	(2,068)
Other	97,672	791,449	235,875	(555,574)
Total pupil services	92,701,986	94,540,882	92,422,040	(2,118,842)
Instructional staff support:				
Salaries	25,676,522	27,122,751	26,512,149	(610,602)
Benefits	7,422,079	9,040,916	7,681,430	(1,359,486)
Purchased services	7,927,802	11,212,728	13,799,456	2,586,728
Supplies	2,792,245	6,856,161	2,552,646	(4,303,515)
Capital outlay	351,498	3,624,681	2,645,275	(979,406)
Other	6,114,401	395,172	3,191,397	2,796,225
Total instructional staff support	50,284,547	58,252,409	56,382,353	(1,870,056)
General administration:				
Salaries	8,259,554	10,135,266	9,896,588	(238,678)
Benefits	3,020,953	3,378,421	2,581,774	(796,647)
Purchased services	1,378,353	2,535,704	5,027,065	2,491,361
Supplies	280,141	271,375	422,586	151,211
Capital outlay	14,335	237,214	281,660	44,446
Other	78,005	1,166,609	370,845	(795,764)
Total general administration	13,031,341	17,724,589	18,580,518	855,929

Note - This budget statement is in greater detail than the adopted budget.

Detroit Public Schools

Required Supplementary Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Expenditures (Continued)				
Support services (Continued):				
School administration:				
Salaries	\$ 86,860,339	\$ 96,365,047	\$ 90,160,713	\$ (6,204,334)
Benefits	32,970,377	32,121,682	33,599,000	1,477,318
Purchased services	5,392,784	4,929,015	4,054,437	(874,578)
Supplies	595,824	1,116,836	674,218	(442,618)
Capital outlay	770,265	266,628	194,717	(71,911)
Other	1,077,464	2,008,670	158,150	(1,850,520)
Total school administration	127,667,053	136,807,878	128,841,235	(7,966,643)
Business office:				
Salaries	33,497,859	22,437,591	24,366,986	1,929,395
Benefits	14,984,267	7,759,550	12,490,409	4,730,859
Purchased services	18,128,275	6,262,867	10,171,251	3,908,384
Supplies	802,524	204,322	316,488	112,166
Capital outlay	2,614,495	106,760	58,231	(48,529)
Other	1,224,513	4,205,742	10,210,891	6,005,149
Total business office	71,251,933	40,976,832	57,614,256	16,637,424
Operations and maintenance:				
Salaries	49,725,625	86,662,261	73,097,174	(13,565,087)
Benefits	23,499,880	28,887,420	31,878,059	2,990,639
Purchased services	49,840,152	14,138,824	38,616,143	24,477,319
Supplies	11,452,721	8,919,631	18,930,991	10,011,360
Capital outlay	129,727	70,426	2,846,794	2,776,368
Other	296,758	38,224,482	3,288,997	(34,935,485)
Total operations and maintenance	134,944,863	176,903,044	168,658,158	(8,244,886)
Transportation:				
Salaries	15,782,558	23,862,172	19,464,754	(4,397,418)
Benefits	5,498,260	7,954,058	10,992,472	3,038,414
Purchased services	26,086,810	27,490,410	31,051,112	3,560,702
Supplies	1,917,783	3,507,811	1,821,009	(1,686,802)
Capital outlay	23,215	2,259	2,259	-
Other	20,964	4,478,865	4,812,088	333,223
Total transportation	49,329,590	67,295,575	68,143,694	848,119

Note - This budget statement is in greater detail than the adopted budget.

Detroit Public Schools

Required Supplementary Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Expenditures (Continued)				
Support services (Continued):				
Other support services:				
Salaries	\$ 10,484,553	\$ 22,970,603	\$ 19,785,233	\$ (3,185,370)
Benefits	3,998,470	7,704,576	6,520,216	(1,184,360)
Purchased services	42,302,766	37,491,797	39,594,570	2,102,773
Supplies	2,762,322	782,867	1,160,734	377,867
Capital outlay	7,649,694	288,960	1,080,939	791,979
Other	232,066	381,790	1,244,481	862,691
Total other support services	<u>67,429,871</u>	<u>69,620,593</u>	<u>69,386,173</u>	<u>(234,420)</u>
Total support services	606,641,184	662,121,802	660,028,427	(2,093,375)
Community service:				
Salaries	2,421,756	2,152,627	3,322,169	1,169,542
Benefits	901,887	717,541	814,156	96,615
Purchased services	285,652	2,373,069	1,022,989	(1,350,080)
Supplies	62,825	1,506,754	523,406	(983,348)
Capital outlay	37,127	89,787	83,452	(6,335)
Other	70,648	-	46,328	46,328
Total community service	<u>3,779,895</u>	<u>6,839,778</u>	<u>5,812,500</u>	<u>(1,027,278)</u>
Principal retirement	3,030,000	4,866,364	2,170,000	(2,696,364)
Payment of interest	<u>880,000</u>	<u>489,045</u>	<u>192,145</u>	<u>(296,900)</u>
Total expenditures	1,446,062,016	1,566,664,860	1,548,839,274	(17,825,586)
Other Financing Sources (Uses)				
Proceeds from issuance of bonds	-	210,000,000	210,000,000	-
Proceeds from sale of capital assets	-	-	1,133,610	1,133,610
Transfers in	-	-	-	-
Transfers out	<u>(2,608,000)</u>	<u>(2,608,000)</u>	<u>(2,868,955)</u>	<u>(260,955)</u>
Total other financing sources (uses)	<u>(2,608,000)</u>	<u>207,392,000</u>	<u>208,264,655</u>	<u>872,655</u>

Note - This budget statement is in greater detail than the adopted budget.

Detroit Public Schools

Required Supplementary Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Net Change in Fund Balance	\$ 3,016,056	\$ 89,763,126	\$ 95,478,627	\$ 5,715,501
Fund Balance (Deficit) - July 1, 2004	<u>(48,687,349)</u>	<u>(48,687,349)</u>	<u>(48,687,349)</u>	<u>-</u>
Fund Balance (Deficit) - June 30, 2005	<u>\$ (45,671,293)</u>	<u>\$ 41,075,777</u>	<u>\$ 46,791,278</u>	<u>\$ 5,715,501</u>

Note - This budget statement is in greater detail than the adopted budget.

Other Supplemental Information

Detroit Public Schools

	Special Revenue Funds		Debt Service Funds	
	Food Services	Athletics	Bond Redemption	Judgment Levy
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	933,890	-	16,507,237	-
Receivables:				
Property taxes:				
Current	-	-	19,858,526	187,754
Delinquent	-	-	28,593,425	1,352,081
Due from other governmental units	6,678,148	-	-	-
Other	1,042,285	-	40,411	-
Due from other funds	-	169,938	-	1,886,024
Total assets	\$ 8,654,323	\$ 169,938	\$ 64,999,599	\$ 3,425,859
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 2,571,532	\$ 169,938	\$ -	\$ -
Delinquent property taxes	-	-	28,593,425	1,352,081
Due to other governmental units	-	-	3,772,490	632,821
Due to other funds	2,941,304	-	7,584,638	-
Total liabilities	5,512,836	169,938	39,950,553	1,984,902
Fund Balances				
Reserved for:				
Capital projects (bonded)	933,890	-	-	-
Debt service	-	-	25,049,046	1,440,957
Unreserved - Undesignated	2,207,597	-	-	-
Total fund balances	3,141,487	-	25,049,046	1,440,957
Total liabilities and fund balances	\$ 8,654,323	\$ 169,938	\$ 64,999,599	\$ 3,425,859

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005**

Capital Projects Funds

1986 School Building Site Improvement Bonds	1994 School Building Site Improvement Bonds Series I	1994 School Building Site Improvement Bonds Series II	1994 School Building Site Improvement Bonds Series III	Durant Bond	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
49,170	104,650	766,799	1,153,241	4,617,510	24,132,497
-	-	-	-	-	20,046,280
-	-	-	-	-	29,945,506
-	-	-	-	-	6,678,148
266	221	1,564	2,823	11,009	1,098,579
4,161	11,224,840	16,008,810	54,980,057	83,069	84,356,899
<u>\$ 53,597</u>	<u>\$ 11,329,711</u>	<u>\$ 16,777,173</u>	<u>\$ 56,136,121</u>	<u>\$ 4,711,588</u>	<u>\$ 166,257,909</u>
\$ 11,990	\$ 142	\$ 1,007,387	\$ 5,230,261	\$ 77,275	\$ 9,068,525
-	-	-	-	-	29,945,506
-	-	-	-	-	4,405,311
-	11,329,569	5,405,628	26,265,516	-	53,526,655
11,990	11,329,711	6,413,015	31,495,777	77,275	96,945,997
41,607	-	10,364,158	24,640,344	4,634,313	40,614,312
-	-	-	-	-	26,490,003
-	-	-	-	-	2,207,597
41,607	-	10,364,158	24,640,344	4,634,313	69,311,912
<u>\$ 53,597</u>	<u>\$ 11,329,711</u>	<u>\$ 16,777,173</u>	<u>\$ 56,136,121</u>	<u>\$ 4,711,588</u>	<u>\$ 166,257,909</u>

Detroit Public Schools

	Special Revenue Funds		Debt Service Funds	
	Food Services	Athletics	Bond Redemption	Judgment Levy
Revenues				
Local sources	\$ 7,135,839	\$ -	\$ 99,103,301	\$ 132,245
State sources	3,146,437	-	-	-
Federal sources	40,253,900	-	-	-
Total revenue	50,536,176	-	99,103,301	132,245
Expenditures				
Current:				
Food services	45,628,321	-	-	-
Athletics	-	2,868,955	-	-
Debt service:				
Principal retirement	571,898	-	40,145,000	-
Payment of interest	114,996	-	75,710,792	-
Capital outlay	1,754,719	-	-	-
Other	-	-	1,017,929	61,716
Total expenditures	48,069,934	2,868,955	116,873,721	61,716
Excess of Revenues Over (Under) Expenditures	2,466,242	(2,868,955)	(17,770,420)	70,529
Other Financing Sources (Uses) -				
Transfers				
Transfers in	-	2,868,955	-	-
Transfers out	-	-	-	-
Proceeds from school bond loan fund	-	-	932,243	-
Total other financing sources (uses)	-	2,868,955	932,243	-
Net Change in Fund Balance	2,466,242	-	(16,838,177)	70,529
Fund Balances - July 1, 2004	675,245	-	41,887,223	1,370,428
Fund Balances - June 30, 2005	<u>\$ 3,141,487</u>	<u>\$ -</u>	<u>\$ 25,049,046</u>	<u>\$ 1,440,957</u>

**Other Supplemental Information
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2005**

Capital Projects Funds					
1986 School Building Site Improvement Bonds	1994 School Building Site Improvement Bonds Series I	1994 School Building Site Improvement Bonds Series II	1996 School Building Site Improvement Bonds Series III	Durant Bond	Total
\$ 3,495	\$ -	\$ 5,081	\$ 212,219	\$ 79,564	\$ 106,671,744
-	-	-	-	-	3,146,437
-	-	-	-	-	40,253,900
3,495	-	5,081	212,219	79,564	150,072,081
-	-	-	-	-	45,628,321
-	-	-	-	-	2,868,955
-	-	-	-	-	40,716,898
-	-	-	-	-	75,825,788
62,033	1,654,477	5,099,467	11,417,636	799,449	20,787,781
41,606	37	-	1,660	-	1,122,948
103,639	1,654,514	5,099,467	11,419,296	799,449	186,950,691
(100,144)	(1,654,514)	(5,094,386)	(11,207,077)	(719,885)	(36,878,610)
-	-	-	-	-	2,868,955
-	(7,072,514)	-	-	-	(7,072,514)
-	-	-	-	-	932,243
-	(7,072,514)	-	-	-	(3,271,316)
(100,144)	(8,727,028)	(5,094,386)	(11,207,077)	(719,885)	(40,149,926)
141,751	8,727,028	15,458,544	35,847,421	5,354,198	109,461,838
<u>\$ 41,607</u>	<u>\$ -</u>	<u>\$ 10,364,158</u>	<u>\$ 24,640,344</u>	<u>\$ 4,634,313</u>	<u>\$ 69,311,912</u>

Detroit Public Schools

Other Supplemental Information Budgetary Comparison Schedule General Fund - General Purpose Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenues				
Local sources:				
Property taxes	\$ 72,971,468	\$ 78,725,026	\$ 83,732,329	\$ 5,007,303
Tuition	545,000	545,000	1,208,635	663,635
Earnings on investments	900,000	925,000	1,658,326	733,326
Other	8,768,544	10,820,000	11,621,953	801,953
Total local sources	83,185,012	91,015,026	98,221,243	7,206,217
State sources:				
State aid foundation	905,163,095	857,163,841	850,521,353	(6,642,488)
Other	6,347,491	11,090,093	4,133,173	(6,956,920)
Total state sources	911,510,586	868,253,934	854,654,526	(13,599,408)
Federal sources - Other	9,319,079	11,198,079	13,878,931	2,680,852
Total revenues	1,004,014,677	970,467,039	966,754,700	(3,712,339)
Expenditures				
Instruction:				
K-12:				
Salaries	305,091,287	323,520,380	357,052,840	33,532,460
Benefits	116,434,062	107,840,126	114,892,547	7,052,421
Purchased services	178,170	375,496	279,513	(95,983)
Supplies	24,136,256	25,003,258	23,271,252	(1,732,006)
Capital outlay	-	173	88,869	88,696
Other	108,689	12,440	-	(12,440)
Total K-12	445,948,464	456,751,873	495,585,021	38,833,148
Preschool:				
Salaries	526,612	2,570,555	272,100	(2,298,455)
Benefits	229,416	856,852	174,639	(682,213)
Supplies	5,453	176	-	(176)
Total preschool	761,481	3,427,583	446,739	(2,980,844)

Note - This budget statement is in greater detail than the adopted budget.

Detroit Public Schools

Other Supplemental Information Budgetary Comparison Schedule General Fund - General Purpose (Continued) Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Expenditures (Continued)				
Instruction (Continued):				
Summer school:				
Salaries	\$ 668,904	\$ 1,223,289	\$ 912,250	\$ (311,039)
Benefits	456,881	407,763	298,619	(109,144)
Purchased services	139,781	117,070	40,878	(76,192)
Supplies	6,574	2,073	1,996	(77)
Capital outlay	1,242	20	-	(20)
Total summer school	1,273,382	1,750,215	1,253,743	(496,472)
Special education:				
Salaries	62,361	112,642	33,394	(79,248)
Benefits	23,570	37,547	12,960	(24,587)
Total special education	85,931	150,189	46,354	(103,835)
Compensatory education:				
Salaries	8,464,539	8,945,180	6,257,029	(2,688,151)
Benefits	3,260,919	2,981,726	2,694,007	(287,719)
Purchased services	50,407	9,739	19,237	9,498
Supplies	224,644	281,323	151,975	(129,348)
Total compensatory education	12,000,509	12,217,968	9,122,248	(3,095,720)
Vocational education:				
Salaries	16,530,690	17,933,377	18,474,946	541,569
Benefits	6,344,649	5,977,792	6,336,077	358,285
Purchased services	328,664	1,035,111	497,330	(537,781)
Supplies	691,697	743,261	775,767	32,506
Capital outlay	213,329	23,887	19,576	(4,311)
Total vocational education	24,109,029	25,713,428	26,103,696	390,268
Adult education:				
Salaries	587,273	617,371	109,793	(507,578)
Benefits	203,438	205,792	106,346	(99,446)
Purchased services	81,444	22,519	5,381	(17,138)
Supplies	8,184	4,190	1,057	(3,133)
Capital outlay	1,403	30	-	(30)
Total adult education	881,742	849,902	222,577	(627,325)
Total instruction	485,060,538	500,861,158	532,780,378	31,919,220

Note - This budget statement is in greater detail than the adopted budget.

Detroit Public Schools

Other Supplemental Information Budgetary Comparison Schedule General Fund - General Purpose (Continued) Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Expenditures (Continued)				
Support services:				
Pupil services:				
Salaries	\$ 14,377,044	\$ 18,869,085	\$ 19,710,849	\$ 841,764
Benefits	5,282,712	6,289,695	5,692,459	(597,236)
Purchased services	865,039	1,076,895	890,559	(186,336)
Supplies	110,064	72,882	69,941	(2,941)
Other	255	-	1,179	1,179
Total pupil services	20,635,114	26,308,557	26,364,987	56,430
Instructional staff support:				
Salaries	8,680,020	11,725,363	12,061,062	335,699
Benefits	3,129,694	3,908,454	3,461,834	(446,620)
Purchased services	2,340,141	1,685,783	1,361,289	(324,494)
Supplies	896,543	431,788	661,166	229,378
Capital outlay	127,144	275,309	269,377	(5,932)
Other	287,549	343,917	-	(343,917)
Total instructional staff support	15,461,091	18,370,614	17,814,728	(555,886)
General administration:				
Salaries	4,109,798	5,045,255	5,937,658	892,403
Benefits	1,323,904	1,681,751	1,343,499	(338,252)
Purchased services	1,355,894	1,656,467	1,896,650	240,183
Supplies	260,478	74,108	75,767	1,659
Capital outlay	14,335	5,432	6,742	1,310
Other	78,005	472,631	173,175	(299,456)
Total general administration	7,142,414	8,935,644	9,433,491	497,847
School administration:				
Salaries	69,756,764	77,443,168	74,635,422	(2,807,746)
Benefits	24,659,933	25,814,389	25,868,699	54,310
Purchased services	2,282,153	1,569,400	1,485,547	(83,853)
Supplies	5,455	147,198	169,792	22,594
Capital outlay	643,464	71,946	70,573	(1,373)
Other	54,151	95,961	93,788	(2,173)
Total school administration	97,401,920	105,142,062	102,323,821	(2,818,241)
Business office:				
Salaries	33,033,502	21,293,696	23,773,641	2,479,945
Benefits	14,802,334	7,378,251	12,287,570	4,909,319
Purchased services	18,128,275	6,177,596	10,136,198	3,958,602
Supplies	802,524	158,002	316,288	158,286
Capital outlay	2,614,495	101,760	58,231	(43,529)
Other	1,224,513	3,866,101	9,672,929	5,806,828
Total business office	70,605,643	38,975,406	56,244,857	17,269,451

Note - This budget statement is in greater detail than the adopted budget.

Detroit Public Schools

Other Supplemental Information Budgetary Comparison Schedule General Fund - General Purpose (Continued) Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Expenditures (Continued)				
Support services (Continued):				
Operations and maintenance:				
Salaries	\$ 49,664,065	\$ 86,638,964	\$ 70,984,498	\$ (15,654,466)
Benefits	23,456,748	28,879,654	30,995,599	2,115,945
Purchased services	49,840,152	14,111,982	38,518,434	24,406,452
Supplies	10,852,536	8,919,631	18,930,991	10,011,360
Capital outlay	129,727	70,426	2,846,794	2,776,368
Other	295,014	38,224,482	3,288,997	(34,935,485)
Total operations and maintenance	134,238,242	176,845,139	165,565,313	(11,279,826)
Transportation:				
Salaries	15,782,558	23,857,352	19,464,754	(4,392,598)
Benefits	5,498,260	7,952,451	10,992,472	3,040,021
Purchased services	14,034,841	15,408,637	20,764,565	5,355,928
Supplies	1,917,783	2,165,415	1,816,110	(349,305)
Capital outlay	23,215	2,259	2,259	-
Other	20,964	4,478,865	4,812,088	333,223
Total transportation	37,277,621	53,864,979	57,852,248	3,987,269
Central support services:				
Salaries	9,050,571	21,647,250	18,854,228	(2,793,022)
Benefits	3,493,528	7,263,459	6,135,689	(1,127,770)
Purchased services	40,434,537	35,313,849	36,325,797	1,011,948
Supplies	2,360,617	620,488	227,927	(392,561)
Capital outlay	7,649,694	288,960	188,439	(100,521)
Other	116,446	344,435	1,211,049	866,614
Total central support services	63,105,393	65,478,441	62,943,129	(2,535,312)
Total support services	445,867,438	493,920,842	498,542,574	4,621,732
Community service:				
Salaries	448,325	421,175	247,534	(173,641)
Benefits	180,341	140,391	179,665	39,274
Purchased services	157,080	424,650	548,268	123,618
Supplies	46,936	32,005	31,442	(563)
Capital outlay	22,395	50,787	49,952	(835)
Other	2,292	-	-	-
Total community service	857,369	1,069,008	1,056,861	(12,147)

Note - This budget statement is in greater detail than the adopted budget.

Detroit Public Schools

Other Supplemental Information Budgetary Comparison Schedule General Fund - General Purpose (Continued) Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Expenditures (Continued)				
Principal retirement	\$ 3,030,000	\$ 4,866,364	\$ 2,170,000	\$ (2,696,364)
Payment of interest	880,000	489,045	192,145	(296,900)
Total expenditures	935,695,345	1,001,206,417	1,034,741,958	33,535,541
Excess (Deficiency) of Revenues Over Expenditures	68,319,332	(30,739,378)	(67,987,258)	(37,247,880)
Other Financing Sources (Uses)				
Proceeds from issuance of bonds	-	210,000,000	210,000,000	-
Proceeds from sale of capital assets	-	-	1,133,610	1,133,610
Transfers in	10,004,724	3,669,627	8,731,347	5,061,720
Transfers out	(75,308,000)	(79,805,149)	(47,103,201)	32,701,948
Total other financing sources (uses)	(65,303,276)	133,864,478	172,761,756	38,897,278
Net Change in Fund Balance	\$ 3,016,056	\$ 103,125,100	\$ 104,774,498	\$ 1,649,398

Note - This budget statement is in greater detail than the adopted budget.

Detroit Public Schools

Other Supplemental Information Budgetary Comparison Schedule General Fund - Designated Special Purpose Grants Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<u>Revenues</u>				
Local sources:				
Special education millage	\$ 60,500,000	\$ 62,763,941	\$ 68,862,819	\$ 6,098,878
Other	759,738	-	-	-
Total local sources	61,259,738	62,763,941	68,862,819	6,098,878
State sources:				
State aid foundation	94,530,835	87,774,264	92,754,784	4,980,520
At risk	71,943,117	71,166,216	70,806,490	(359,726)
Other	13,005,036	13,317,213	6,119,045	(7,198,168)
Total state sources	179,478,988	172,257,693	169,680,319	(2,577,374)
Federal sources:				
Title I	127,261,359	139,372,184	135,157,836	(4,214,348)
Other	79,671,310	104,175,129	95,597,572	(8,577,557)
Total federal sources	206,932,669	243,547,313	230,755,408	(12,791,905)
Total revenues	447,671,395	478,568,947	469,298,546	(9,270,401)
<u>Expenditures</u>				
Instruction:				
K-12:				
Salaries	1,005,288	642,847	14,797,677	14,154,830
Benefits	382,066	214,282	4,890,025	4,675,743
Purchased services	5,898	802,416	1,035,704	233,288
Supplies	3,788,223	593,056	1,619,010	1,025,954
Capital outlay	-	46,103	66,567	20,464
Other	-	129,202	163,281	34,079
Total K-12	5,181,475	2,427,906	22,572,264	20,144,358
Preschool:				
Salaries	13,954,245	20,389,529	18,749,281	(1,640,248)
Benefits	5,134,659	6,796,509	8,049,428	1,252,919
Purchased services	514,645	870,697	499,751	(370,946)
Supplies	789,961	968,374	1,490,041	521,667
Capital outlay	57,678	112,304	44,494	(67,810)
Other	162,249	3,998,515	222,490	(3,776,025)
Total preschool	20,613,437	33,135,928	29,055,485	(4,080,443)

Note - This budget statement is in greater detail than the adopted budget

Detroit Public Schools

Other Supplemental Information Budgetary Comparison Schedule General Fund - Designated Special Purpose Grants (Continued) Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Expenditures (Continued)				
Instruction (Continued):				
Summer school:				
Salaries	\$ -	\$ 10,918	\$ 8,621,866	\$ 8,610,948
Benefits	-	3,639	1,695,393	1,691,754
Purchased services	6,994	57,009	13,568	(43,441)
Supplies	17,478	21,044	1,399,075	1,378,031
Total summer school	24,472	92,610	11,729,902	11,637,292
Special education:				
Salaries	118,996,025	130,859,193	107,571,094	(23,288,099)
Benefits	48,670,775	43,619,731	37,214,155	(6,405,576)
Purchased services	5,146,663	5,067,110	3,220,542	(1,846,568)
Supplies	8,237,348	5,654,762	3,673,691	(1,981,071)
Capital outlay	472,774	505,053	491,715	(13,338)
Other	7,451	13,335	6,826	(6,509)
Total special education	181,531,036	185,719,184	152,178,023	(33,541,161)
Compensatory education:				
Salaries	58,928,359	74,220,200	60,344,750	(13,875,450)
Benefits	25,242,675	24,740,067	22,947,137	(1,792,930)
Purchased services	13,441,697	26,603,709	14,041,366	(12,562,343)
Supplies	29,495,304	26,001,012	18,850,581	(7,150,431)
Capital outlay	134,066	1,242,377	987,771	(254,606)
Other	660,706	3,345,516	2,908,768	(436,748)
Total compensatory education	127,902,807	156,152,881	120,080,373	(36,072,508)
Vocational education:				
Salaries	2,600,106	3,153,195	2,280,016	(873,179)
Benefits	780,823	1,051,065	826,327	(224,738)
Purchased services	354,268	680,143	1,206,289	526,146
Supplies	961,006	1,232,755	2,124,713	891,958
Capital outlay	1,802,870	2,095,699	516,580	(1,579,119)
Other	669,331	1,000,900	776,475	(224,425)
Total vocational education	7,168,404	9,213,757	7,730,400	(1,483,357)
Other basic needs - Supplies	-	536,625	509,997	(26,628)

Note - This budget statement is in greater detail than the adopted budget

Detroit Public Schools

Other Supplemental Information Budgetary Comparison Schedule General Fund - Designated Special Purpose Grants (Continued) Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Expenditures (Continued)				
Instruction (Continued):				
Adult education:				
Salaries	\$ 2,708,971	\$ 2,864,415	\$ 2,716,853	\$ (147,562)
Benefits	1,084,246	954,805	924,967	(29,838)
Purchased services	239,938	606,053	213,721	(392,332)
Supplies	215,613	319,174	131,697	(187,477)
Capital outlay	-	-	11,983	11,983
Other	-	-	159	159
Total adult education	<u>4,248,768</u>	<u>4,744,447</u>	<u>3,999,380</u>	<u>(745,067)</u>
Total instruction	346,670,399	392,023,338	347,855,824	(44,167,514)
Support services:				
Pupil services:				
Salaries	49,565,989	45,845,201	45,670,227	(174,974)
Benefits	19,631,050	15,281,733	15,893,160	611,427
Purchased services	2,087,086	5,324,533	3,539,701	(1,784,832)
Supplies	659,387	965,719	697,647	(268,072)
Capital outlay	25,943	23,690	21,622	(2,068)
Other	97,417	791,449	234,696	(556,753)
Total pupil services	<u>72,066,872</u>	<u>68,232,325</u>	<u>66,057,053</u>	<u>(2,175,272)</u>
Instructional staff support:				
Salaries	16,996,502	15,397,388	14,451,087	(946,301)
Benefits	4,292,385	5,132,462	4,219,596	(912,866)
Purchased services	5,587,661	9,526,945	12,438,167	2,911,222
Supplies	1,895,702	6,424,373	1,891,480	(4,532,893)
Capital outlay	224,354	3,349,372	2,375,898	(973,474)
Other	5,826,852	51,255	3,191,397	3,140,142
Total instructional staff support	<u>34,823,456</u>	<u>39,881,795</u>	<u>38,567,625</u>	<u>(1,314,170)</u>
School administration:				
Salaries	17,103,575	18,921,879	15,525,291	(3,396,588)
Benefits	8,310,444	6,307,293	7,730,301	1,423,008
Purchased services	3,110,631	3,359,615	2,568,890	(790,725)
Supplies	590,369	969,638	504,426	(465,212)
Capital outlay	126,801	194,682	124,144	(70,538)
Other	1,023,313	1,912,709	64,362	(1,848,347)
Total school administration	<u>30,265,133</u>	<u>31,665,816</u>	<u>26,517,414</u>	<u>(5,148,402)</u>

Note - This budget statement is in greater detail than the adopted budget

Detroit Public Schools

Other Supplemental Information Budgetary Comparison Schedule General Fund - Designated Special Purpose Grants (Continued) Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Expenditures (Continued)				
Support services (Continued):				
General administration:				
Salaries	\$ 4,149,756	\$ 5,090,011	\$ 3,958,930	\$ (1,131,081)
Benefits	1,697,049	1,696,670	1,238,275	(458,395)
Purchased services	22,459	879,237	3,130,415	2,251,178
Supplies	19,663	197,267	346,819	149,552
Capital outlay	-	231,782	274,918	43,136
Other	-	693,978	197,670	(496,308)
Total general administration	5,888,927	8,788,945	9,147,027	358,082
Business office:				
Salaries	464,357	1,143,895	593,345	(550,550)
Benefits	181,933	381,299	202,839	(178,460)
Purchased services	-	85,271	35,053	(50,218)
Supplies	-	46,320	200	(46,120)
Capital outlay	-	5,000	-	(5,000)
Other	-	339,641	537,962	198,321
Total business office	646,290	2,001,426	1,369,399	(632,027)
Operations and maintenance:				
Salaries	61,560	23,297	2,112,676	2,089,379
Benefits	43,132	7,766	882,460	874,694
Purchased services	-	26,842	97,709	70,867
Supplies	600,185	-	-	-
Other	1,744	-	-	-
Total operations and maintenance	706,621	57,905	3,092,845	3,034,940
Transportation:				
Salaries	-	4,820	-	(4,820)
Benefits	-	1,607	-	(1,607)
Purchased services	12,051,969	12,081,773	10,286,547	(1,795,226)
Supplies	-	1,342,396	4,899	(1,337,497)
Total transportation	12,051,969	13,430,596	10,291,446	(3,139,150)
Other support services:				
Salaries	1,433,982	1,323,353	931,005	(392,348)
Benefits	504,942	441,117	384,527	(56,590)
Purchased services	1,868,229	2,177,948	3,268,773	1,090,825
Supplies	401,705	162,379	932,807	770,428
Capital outlay	-	-	892,500	892,500
Other	115,620	37,355	33,432	(3,923)
Total other support services	4,324,478	4,142,152	6,443,044	2,300,892
Total support services	160,773,746	168,200,960	161,485,853	(6,715,107)

Note - This budget statement is in greater detail than the adopted budget

Detroit Public Schools

Other Supplemental Information Budgetary Comparison Schedule General Fund - Designated Special Purpose Grants (Continued) Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Expenditures (Continued)				
Community service:				
Salaries	\$ 1,973,431	\$ 1,731,452	\$ 3,074,635	\$ 1,343,183
Benefits	721,546	577,150	634,491	57,341
Purchased services	128,572	1,948,419	474,721	(1,473,698)
Supplies	15,889	1,474,749	491,964	(982,785)
Capital outlay	14,732	39,000	33,500	(5,500)
Other	68,356	-	46,328	46,328
Total community service	2,922,526	5,770,770	4,755,639	(1,015,131)
Total expenditures	510,366,671	565,995,068	514,097,316	(51,897,752)
Excess (Deficiency) of Revenues Over Expenditures				
	(62,695,276)	(87,426,121)	(44,798,770)	42,627,351
Other Financing Sources (Uses)				
Transfers in	72,785,000	77,197,149	44,234,246	(32,962,903)
Transfers out	(10,089,724)	(3,669,627)	(8,731,347)	(5,061,720)
Total other financing sources (uses)	62,695,276	73,527,522	35,502,899	(38,024,623)
Net Change in Fund Balance				
	\$ -	\$ (13,898,599)	\$ (9,295,871)	\$ 4,602,728

Note - This budget statement is in greater detail than the adopted budget

Detroit Public Schools

Other Supplemental Information Budgetary Comparison Schedule Athletics Fund Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
<u>Expenditures</u>				
Salaries	\$ 384,719	\$ 384,719	\$ 839,806	\$ 455,087
Benefits	142,294	142,294	239,117	96,823
Purchased services	35,000	35,000	1,280,425	1,245,425
Supplies	740,019	740,019	509,607	(230,412)
Capital outlay	<u>1,305,968</u>	<u>1,305,968</u>	<u>-</u>	<u>(1,305,968)</u>
Total expenditures	2,608,000	2,608,000	2,868,955	260,955
Other Financing Sources - Transfers in	<u>2,608,000</u>	<u>2,608,000</u>	<u>2,868,955</u>	<u>260,955</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note - This budget statement is in greater detail than the adopted budget

Detroit Public Schools

Other Supplemental Information Budgetary Comparison Schedule Food Service Fund Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<u>Revenues</u>				
Local sources	\$ 6,899,472	\$ 6,899,472	\$ 7,135,839	\$ 236,367
State sources	4,123,903	4,123,903	3,146,437	(977,466)
Federal sources	39,029,670	39,029,670	40,253,900	1,224,230
Total revenues	50,053,045	50,053,045	50,536,176	483,131
<u>Expenditures</u>				
Salaries	14,520,456	14,520,456	11,926,740	(2,593,716)
Benefits	5,370,580	5,370,580	5,596,562	225,982
Purchased services	26,690,335	26,690,335	25,337,107	(1,353,228)
Supplies	78,605	78,605	2,766,568	2,687,963
Capital outlay	100,000	100,000	1,754,719	1,654,719
Other	3,293,069	3,293,069	1,344	(3,291,725)
Payment of principal	-	-	571,898	571,898
Payment of interest	-	-	114,996	114,996
Total expenditures	50,053,045	50,053,045	48,069,934	(1,983,111)
Excess of Revenues Over Expenditures	-	-	2,466,242	2,466,242
Net Change in Fund Balance	\$ -	\$ -	\$ 2,466,242	\$ 2,466,242

Note - This budget statement is in greater detail than the adopted budget

Detroit Public Schools

Other Supplemental Information Budgetary Comparison Schedule Bond Redemption Fund Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<u>Revenues</u>				
Local sources:				
Property taxes	\$ 95,442,337	\$ 95,442,337	\$ 98,367,302	\$ 2,924,965
Earnings on investments	390,000	390,000	735,999	345,999
Total revenues	95,832,337	95,832,337	99,103,301	3,270,964
<u>Expenditures</u>				
Principal retirement	39,800,000	39,800,000	40,145,000	345,000
Payment of Interest	76,500,000	76,500,000	75,710,792	(789,208)
Other	-	-	1,017,929	1,017,929
Total expenditures	116,300,000	116,300,000	116,873,721	573,721
Deficiency of Revenues Over Expenditures	(20,467,663)	(20,467,663)	(17,770,420)	2,697,243
Other Financing Sources - Proceeds from School Bond Loan Fund	15,000,000	15,000,000	932,243	(14,067,757)
Net Change in Fund Balance	\$ (5,467,663)	\$ (5,467,663)	\$ (16,838,177)	\$ (11,370,514)

Note - This budget statement is in greater detail than the adopted budget

Detroit Public Schools

Other Supplemental Information Budgetary Comparison Schedule Judgment Levy Fund Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<u>Revenues</u>				
Local sources - Property taxes	\$ -	\$ -	\$ 132,245	\$ 132,245
<u>Expenditures</u> - Other	-	-	61,716	61,716
Excess of Revenues Over Expenditures	-	-	70,529	70,529
Net Change in Fund Balance	\$ -	\$ -	\$ 70,529	\$ 70,529

Note - This budget statement is in greater detail than the adopted budget

Detroit Public Schools

Other Supplemental Information Budgetary Comparison Schedule Durant Bond Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<u>Revenues</u>				
Local sources - Earning on investments	\$ 200,000	\$ 200,000	\$ 79,564	\$ (120,436)
<u>Expenditures</u> - Capital outlay	5,554,198	5,554,198	799,449	(4,754,749)
Excess (Deficiency) of Revenues Over Expenditures	(5,354,198)	(5,354,198)	(719,885)	4,634,313
Net Change in Fund Balance	\$ (5,354,198)	\$ (5,354,198)	\$ (719,885)	\$ 4,634,313

Note - This budget statement is in greater detail than the adopted budget

Detroit Public Schools

Other Supplemental Information Budgetary Comparison Schedule 1986 Site Improvement Bond Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<u>Revenues</u>				
Local sources - Earning on investments	\$ -	\$ -	\$ 3,495	\$ 3,495
<u>Expenditures:</u>				
Capital outlay	141,751	141,751	62,033	(79,718)
Other	-	-	41,606	41,606
Total expenditures	141,751	141,751	103,639	(38,112)
Deficiency of Revenues Over Expenditures	(141,751)	(141,751)	(100,144)	41,607
Net Change in Fund Balance	\$ (141,751)	\$ (141,751)	\$ (100,144)	\$ 41,607

Note - This budget statement is in greater detail than the adopted budget

Detroit Public Schools

Function	Land	Construction in Progress	Building and Building Improvements	Land Improvements
Cost:				
Unallocated	\$ 48,444,763	\$ 446,989,551	\$ 370,647,727	\$ 28,462,197
Instruction	20,760,195	-	731,319,316	53,165,425
Support services	606,641	-	41,625,294	691,809
Community services	-	-	416,042	67,094
Food services	-	-	25,538	-
Athletics	-	-	157,220	19,057,811
Total	<u>69,811,599</u>	<u>446,989,551</u>	<u>1,144,191,137</u>	<u>101,444,336</u>
Accumulated depreciation:				
Unallocated	-	-	122,337,446	4,674,940
Instruction	-	-	238,938,660	9,033,244
Support services	-	-	3,317,485	477,760
Community services	-	-	8,321	1,677
Food Services	-	-	1,532	-
Athletics	-	-	3,144	479,379
Total	<u>-</u>	<u>-</u>	<u>364,606,588</u>	<u>14,667,000</u>
Net book value:				
Unallocated	48,444,763	446,989,551	248,310,281	23,787,257
Instruction	20,760,195	-	492,380,656	44,132,181
Support services	606,641	-	38,307,809	214,049
Community services	-	-	407,721	65,417
Food services	-	-	24,006	-
Athletics	-	-	154,076	18,578,432
Total	<u>\$ 69,811,599</u>	<u>\$ 446,989,551</u>	<u>\$ 779,584,549</u>	<u>\$ 86,777,336</u>

Other Supplemental Information
Schedule of General Capital Assets by Function and Activity
June 30, 2005

Buses and Other Vehicles	Machinery and Equipment	Totals
\$ -	\$ 12,583,339	\$ 907,127,577
-	52,009,112	857,254,048
43,794,598	125,497,648	212,215,990
-	104,377	587,513
915,702	6,375,137	7,316,377
-	70,247	19,285,278
<u>44,710,300</u>	<u>196,639,860</u>	<u>2,003,786,783</u>
-	1,365,721	128,378,107
-	22,785,670	270,757,574
22,697,678	37,723,685	64,216,608
-	35,088	45,086
915,702	3,569,379	4,486,613
-	11,722	494,245
<u>23,613,380</u>	<u>65,491,265</u>	<u>468,378,233</u>
-	11,217,618	778,749,470
-	29,223,442	586,496,474
21,096,920	87,773,963	147,999,382
-	69,289	542,427
-	2,805,758	2,829,764
-	58,525	18,791,033
<u>\$ 21,096,920</u>	<u>\$ 131,148,595</u>	<u>\$ 1,535,408,550</u>

Detroit Public Schools

Function	Cost				Balance June 30, 2005
	Balance July 1, 2004	Reclassifications	Additions	Disposals and Adjustments	
Unallocated:					
Land	\$ 35,622,341	\$ 12,822,422	\$ -	\$ -	\$ 48,444,763
Construction in progress	432,500,072	(226,291,657)	241,483,803	(702,667)	446,989,551
Building and building improvements	267,482,206	103,165,521	-	-	370,647,727
Land improvements	19,690,499	8,771,698	-	-	28,462,197
Buses and other vehicles	-	-	-	-	-
Machinery and equipment	4,658,428	7,924,911	-	-	12,583,339
Total	759,953,546	(93,607,105)	241,483,803	(702,667)	907,127,577
Instruction:					
Land	19,188,021	1,572,174	-	-	20,760,195
Construction in progress	-	-	-	-	-
Building and building improvements	701,927,957	27,830,280	1,561,079	-	731,319,316
Land improvements	43,180,556	9,653,163	331,706	-	53,165,425
Buses and other vehicles	-	-	-	-	-
Machinery and equipment	47,639,165	3,323,967	1,045,980	-	52,009,112
Total	811,935,699	42,379,584	2,938,765	-	857,254,048
Support services:					
Land	617,241	-	-	(10,600)	606,641
Construction in progress	-	-	-	-	-
Building and building improvements	40,326,604	6,276,190	193,500	(5,171,000)	41,625,294
Land improvements	476,953	160,107	54,749	-	691,809
Buses and other vehicles	42,397,736	8,644,712	102,150	(7,350,000)	43,794,598
Machinery and equipment	108,952,970	16,228,176	331,494	(14,992)	125,497,648
Total	192,771,504	31,309,185	681,893	(12,546,592)	212,215,990
Community services:					
Land	-	-	-	-	-
Construction in progress	-	-	-	-	-
Building and building improvements	-	416,042	-	-	416,042
Land improvements	-	67,094	-	-	67,094
Buses and other vehicles	-	-	-	-	-
Machinery and equipment	51,286	53,091	-	-	104,377
Total	51,286	536,227	-	-	587,513
Food services:					
Land	-	-	-	-	-
Construction in progress	-	-	-	-	-
Building and building improvements	25,538	-	-	-	25,538
Land improvements	-	-	-	-	-
Buses and other vehicles	915,702	-	-	-	915,702
Machinery and equipment	4,707,830	220,450	1,446,857	-	6,375,137
Total	5,649,070	220,450	1,446,857	-	7,316,377
Athletics:					
Land	-	-	-	-	-
Construction in progress	-	-	-	-	-
Building and building improvements	-	157,220	-	-	157,220
Land improvements	58,671	18,999,140	-	-	19,057,811
Buses and other vehicles	-	-	-	-	-
Machinery and equipment	53,953	5,299	10,995	-	70,247
Total	112,624	19,161,659	10,995	-	19,285,278
Total	\$ 1,770,473,729	\$ -	\$ 246,562,313	\$ (13,249,259)	\$ 2,003,786,783
Land	\$ 55,427,603	\$ 14,394,596	\$ -	\$ (10,600)	\$ 69,811,599
Construction in progress	432,500,072	(226,291,657)	241,483,803	(702,667)	446,989,551
Building and building improvements	1,009,762,305	137,845,253	1,754,579	(5,171,000)	1,144,191,137
Land improvements	63,406,679	37,651,202	386,455	-	101,444,336
Buses and other vehicles	43,313,438	8,644,712	102,150	(7,350,000)	44,710,300
Machinery and equipment	166,063,632	27,755,894	2,835,326	(14,992)	196,639,860
Total	\$ 1,770,473,729	\$ -	\$ 246,562,313	\$ (13,249,259)	\$ 2,003,786,783

Other Supplemental Information
Schedule of Changes in General Capital Assets by Function and Activity
June 30, 2005

		Accumulated Depreciation			
Balance July 1, 2004	Additions	Disposals and Adjustments	Balance June 30, 2005	Net Book Value June 30, 2005	
\$ -	\$ -	\$ -	\$ -	\$ -	48,444,763
-	-	-	-	-	446,989,551
114,790,315	7,547,131	-	122,337,446	-	248,310,281
3,609,308	1,065,632	-	4,674,940	-	23,787,257
-	-	-	-	-	-
474,741	890,980	-	1,365,721	-	11,217,618
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
118,874,364	9,503,743	-	128,378,107	-	778,749,470
-	-	-	-	-	20,760,195
-	-	-	-	-	-
220,928,357	18,010,303	-	238,938,660	-	492,380,656
6,838,571	2,194,673	-	9,033,244	-	44,132,181
-	-	-	-	-	-
18,207,199	4,578,471	-	22,785,670	-	29,223,442
245,974,127	24,783,447	-	270,757,574	-	586,496,474
-	-	-	-	-	606,641
-	-	-	-	-	-
3,658,811	839,385	(1,180,711)	3,317,485	-	38,307,809
469,546	8,214	-	477,760	-	214,049
26,268,522	3,779,156	(7,350,000)	22,697,678	-	21,096,920
15,917,252	21,808,848	(2,415)	37,723,685	-	87,773,963
46,314,131	26,435,603	(8,533,126)	64,216,608	-	147,999,382
-	-	-	-	-	-
-	-	-	-	-	-
-	8,321	-	8,321	-	407,721
-	1,677	-	1,677	-	65,417
-	-	-	-	-	-
30,066	5,022	-	35,088	-	69,289
30,066	15,020	-	45,086	-	542,427
-	-	-	-	-	-
-	-	-	-	-	-
511	1,021	-	1,532	-	24,006
-	-	-	-	-	-
903,577	12,125	-	915,702	-	-
3,328,256	241,123	-	3,569,379	-	2,805,758
4,232,344	254,269	-	4,486,613	-	2,829,764
-	-	-	-	-	-
-	-	-	-	-	-
-	3,144	-	3,144	-	154,076
1,467	477,912	-	479,379	-	18,578,432
-	-	-	-	-	-
5,512	6,210	-	11,722	-	58,525
6,979	487,266	-	494,245	-	18,791,033
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\$ 415,432,011	\$ 61,479,348	\$ (8,533,126)	\$ 468,378,233	\$ -	1,535,408,550
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ -	\$ -	\$ -	\$ -	69,811,599
-	-	-	-	-	446,989,551
339,377,994	26,409,305	(1,180,711)	364,606,588	-	779,584,549
10,918,892	3,748,108	-	14,667,000	-	86,777,336
27,172,099	3,791,281	(7,350,000)	23,613,380	-	21,096,920
37,963,026	27,530,654	(2,415)	65,491,265	-	131,148,595
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 415,432,011	\$ 61,479,348	\$ (8,533,126)	\$ 468,378,233	\$ -	1,535,408,550

Detroit Public Schools

Series 2001A					Series 2002A				
Year	Year No.	Bond Premium	Bond Premium Amortization	Long-term Current Portion	Year No.	Bond Premium	Bond Premium Amortization	Long-term Current Portion	Current Portion
		\$ 35,879,603				\$ 10,820,681			
2002	1	\$ 32,617,821	\$ 3,261,782	\$ 29,356,039					
2003	2	29,356,039	3,261,782	26,094,257	1	\$ 9,836,983	\$ 983,698	\$ 8,853,285	\$ 983,698
2004	3	26,094,257	3,261,782	22,832,475	2	8,853,284	983,699	7,869,585	983,699
2005	4	22,832,475	3,261,782	19,570,693	3	7,869,586	983,698	6,885,888	983,698
2006	5	19,570,693	3,261,782	16,308,911	4	6,885,888	983,698	5,902,190	983,698
2007	6	16,308,910	3,261,783	13,047,127	5	5,902,190	983,698	4,918,492	983,698
2008	7	13,047,128	3,261,782	9,785,346	6	4,918,491	983,699	3,934,792	983,699
2009	8	9,785,346	3,261,782	6,523,564	7	3,934,793	983,698	2,951,095	983,698
2010	9	6,523,564	3,261,782	3,261,782	8	2,951,095	983,698	1,967,397	983,698
2011	10	3,261,782	3,261,782	-	9	1,967,397	983,698	983,699	983,698
2012		-	3,261,782	-	10	983,698	983,699	-	983,699
2013						-	983,698	-	-
Total		\$ 35,879,603			\$ 10,820,681				

Note: With the exception of \$183,695,000 bonds maturing in 2029, the bonds are subject to redemption as of May 1, 2012. As such, the Bond Series is amortized through 2012. For simplicity of calculation, the premium is expensed straight-line for an equal amount for all of the years.

Series 2002A Bonds are largely subject to redemption as of May 1, 2013

Other Supplemental Information
Bond Premium
June 30, 2005

Year No.	Series 2003B				Total			
	Bond Premium	Bond Premium Amortization	Long-term Portion	Current Portion	Bond Premium Amortization	Long-term Portion	Current Portion	Total
	\$ 13,148,770							
1	\$ 11,953,427	\$ 1,195,343	\$ 10,758,084	\$ 1,195,343	\$ 3,261,782	\$ 29,356,039	\$ 3,261,782	\$ 32,617,821
2	10,758,085	1,195,342	9,562,743	1,195,342	5,440,823	45,705,626	5,440,823	51,146,449
3	9,562,742	1,195,343	8,367,399	1,195,343	5,440,823	40,264,803	5,440,823	45,705,626
4	8,367,399	1,195,343	7,172,056	1,195,343	5,440,823	34,823,980	5,440,823	40,264,803
5	7,172,056	1,195,343	5,976,713	1,195,343	5,440,824	29,383,157	5,440,823	34,823,980
6	5,976,714	1,195,342	4,781,372	1,195,342	5,440,823	23,942,332	5,440,823	29,383,156
7	4,781,371	1,195,343	3,586,028	1,195,343	5,440,823	18,501,510	5,440,823	23,942,333
8	3,586,028	1,195,343	2,390,685	1,195,343	5,440,823	13,060,687	5,440,823	18,501,510
9	2,390,685	1,195,343	1,195,342	1,195,343	5,440,823	7,619,864	5,440,823	13,060,687
10	1,195,343	1,195,342	-	1,195,342	5,440,823	2,179,041	5,440,823	7,619,864
	-	1,195,343	-	-	2,179,041	-	-	2,179,041
	\$ 13,148,770				\$ 59,849,054			

Series 2003B Bonds are largely subject to redemption as of May 1, 2013

Detroit Public Schools

Description	Maturity Date	Interest Rate (Percent)	Maturing per Period	Bonds Outstanding July 1, 2005	Bonds Issued this Year	Bonds Retired this Year	Bonds Defeased this Year
Series 1993							
Amount of issue - \$79,730,000							
	Due May 1:						
	2005	4.950	\$ 5,130,000	\$ 5,130,000	\$ -	\$ (5,130,000)	\$ -
	2006	5.050	5,395,000	5,395,000	-	-	-
	2007	5.125	5,680,000	5,680,000	-	-	-
	2008	5.125	4,000,000	4,000,000	-	-	-
	2009	5.125	4,180,000	4,180,000	-	-	-
	2010	5.125	4,375,000	4,375,000	-	-	-
	2011	5.125	3,080,000	3,080,000	-	-	-
	2012	5.125	-	-	-	-	-
	2013	5.125	-	-	-	-	-
	Total Series 1993 issue			31,840,000	-	(5,130,000)	-

The Bonds were issued for the purposes of (i) defraying the cost of acquiring, constructing, and reconstructing certain permanent improvements to existing school buildings, structures, facilities, and sites of the School District, including replacement of certain equipment, (ii) paying costs of issuance of the Bonds, (iii) establishing a separate depository account designated School Building and Site Improvement and Refunding Bonds, Series 1993 Construction Fund, to be used solely to pay the costs of the Projects, and (iv) making a deposit to the Escrow Fund in order to advance refund prior bonds.

Series 1996A							
Amount of issue - \$89,000,000							
	Due May 1:						
	2005	6.250	\$ 1,920,000	\$ 1,920,000	\$ -	\$ (1,920,000)	\$ -
	2006	6.250	2,040,000	2,040,000	-	-	-
	2007	6.500	2,165,000	2,165,000	-	-	-
	2008	6.500	2,305,000	2,305,000	-	-	-
	2009	6.500	2,455,000	2,455,000	-	-	-
	2010	6.500	2,615,000	2,615,000	-	-	-
	2011	6.500	2,785,000	2,785,000	-	-	-
	Total Series 1996A issue			16,285,000	-	(1,920,000)	-

The Bonds were issued for the purposes of (i) defraying the costs of acquiring, constructing, and reconstructing new school buildings, and the acquisition of certain equipment by the School District, and (ii) paying costs of issuance of the Bonds.

Series 1998A							
Amount of issue - \$940,000							
	Due May 1:						
	2005	4.200	\$ 190,000	\$ 190,000	\$ -	\$ (190,000)	\$ -
	2006	4.250	50,000	50,000	-	-	-
	2007	4.300	50,000	50,000	-	-	-
	Total Series 1998A issue			290,000	-	(190,000)	-

The Bonds were issued for the purposes of defraying the cost of acquiring, constructing, and reconstructing certain permanent improvements to existing school facilities and sites, construction of new school buildings, and the acquisition of certain equipment by the School District, and paying costs of issuance of the Bonds.

**Other Supplemental Information
Schedule of Bonded Indebtedness
Year Ended June 30, 2005**

Bonds Outstanding June 30, 2005	Current Portion
\$ -	\$ -
5,395,000	5,395,000
5,680,000	-
4,000,000	-
4,180,000	-
4,375,000	-
3,080,000	-
-	-
-	-
<u>26,710,000</u>	<u>5,395,000</u>

\$ -	\$ -
2,040,000	2,040,000
2,165,000	-
2,305,000	-
2,455,000	-
2,615,000	-
2,785,000	-
<u>14,365,000</u>	<u>2,040,000</u>

\$ -	\$ -
50,000	50,000
50,000	-
<u>100,000</u>	<u>50,000</u>

Detroit Public Schools

Description	Maturity Date	Interest Rate (Percent)	Maturing per Period	Bonds Outstanding July 1, 2005	Bonds Issued this Year	Bonds Retired this Year	Bonds Defeased this Year
Series 1998B							
Amount of issue - \$209,770,000							
Due May 1:							
2005	5.000	\$	4,220,000	\$ 4,220,000	\$ -	\$ (4,220,000)	\$ -
2006	5.000		4,575,000	4,575,000	-	-	-
2007	5.000		4,805,000	4,805,000	-	-	-
2008	5.000		5,100,000	5,100,000	-	-	-
2009	5.000		5,355,000	5,355,000	-	-	-
2010	5.000		5,620,000	5,620,000	-	-	-
2011	5.375		5,905,000	5,905,000	-	-	-
2012	5.375		6,220,000	6,220,000	-	-	-
2013	5.375		6,555,000	6,555,000	-	-	-
2014	5.375		6,905,000	6,905,000	-	-	-
2015	5.375		7,280,000	7,280,000	-	-	-
2017	5.000		15,725,000	15,725,000	-	-	-
2021	5.000		36,450,000	36,450,000	-	-	-
2028	4.750		83,065,000	83,065,000	-	-	-
Total Series 1998B issue				197,780,000	-	(4,220,000)	-

The Bonds were issued for the purposes of (i) defraying the cost of acquiring, constructing, and reconstructing certain permanent improvements to existing school facilities and sites, construction of new school buildings, and the acquisition of certain equipment by the School District, and (ii) paying costs of issuance of the Bonds.

Series 1998C							
Amount of issue - \$84,855,000							
Due May 1:							
2005	4.100	\$	2,125,000	\$ 2,125,000	\$ -	\$ (2,125,000)	\$ -
2006	4.200		2,205,000	2,205,000	-	-	-
2007	5.000		2,300,000	2,300,000	-	-	-
2008	5.000		2,420,000	2,420,000	-	-	-
2009	5.000		2,540,000	2,540,000	-	-	-
2010	5.000		2,665,000	2,665,000	-	-	-
2011	5.250		2,800,000	2,800,000	-	-	-
2012	5.250		5,910,000	5,910,000	-	-	-
2013	5.250		3,260,000	3,260,000	-	-	-
2014	5.250		3,430,000	3,430,000	-	-	-
2015	5.250		3,610,000	3,610,000	-	-	-
2016	5.250		3,800,000	3,800,000	-	-	-
2017	5.250		4,000,000	4,000,000	-	-	-
2025	5.250		40,555,000	40,555,000	-	-	-
Total Series 1998C issue				81,620,000	-	(2,125,000)	-

The Bonds were issued for the purposes of (i) defraying the cost of advance refunding a portion of the School District's School Building and Site Bonds (Unlimited Tax General Obligation), Series 1992, dated July 1, 1992, in the original principal amount of \$33,000,000 and its School Building and Site Improvement Bonds (Unlimited Tax General Obligation), Series 1996A, dated March 1, 1996, in the original principal amount of \$89,000,000 and (ii) paying costs of issuance of the Bonds.

Other Supplemental Information
Schedule of Bonded Indebtedness (Continued)
Year Ended June 30, 2005

Bonds Outstanding June 30, 2005	Current Portion
\$ -	\$ -
4,575,000	4,575,000
4,805,000	-
5,100,000	-
5,355,000	-
5,620,000	-
5,905,000	-
6,220,000	-
6,555,000	-
6,905,000	-
7,280,000	-
15,725,000	-
36,450,000	-
83,065,000	-
193,560,000	4,575,000

\$ -	\$ -
2,205,000	2,205,000
2,300,000	-
2,420,000	-
2,540,000	-
2,665,000	-
2,800,000	-
5,910,000	-
3,260,000	-
3,430,000	-
3,610,000	-
3,800,000	-
4,000,000	-
40,555,000	-
79,495,000	2,205,000

Detroit Public Schools

Description	Maturity Date	Interest Rate (Percent)	Maturing per Period	Bonds Outstanding July 1, 2005	Bonds Issued this Year	Bonds Retired this Year	Bonds Defeased this Year
Series 2001A							
Amount of issue - \$438,365,000							
Due May 1:							
2005	3.000	\$	175,000	\$ 175,000	\$ -	\$ (175,000)	-
2005	5.000		2,870,000	2,870,000	-	(2,870,000)	-
2006	3.250		1,755,000	1,755,000	-	-	-
2006	5.500		1,730,000	1,730,000	-	-	-
2007	3.500		4,045,000	4,045,000	-	-	-
2008	3.500		1,600,000	1,600,000	-	-	-
2008	5.500		2,660,000	2,660,000	-	-	-
2009	3.750		285,000	285,000	-	-	-
2009	5.500		3,915,000	3,915,000	-	-	-
2010	3.900		350,000	350,000	-	-	-
2010	5.500		2,660,000	2,660,000	-	-	-
2011	4.000		550,000	550,000	-	-	-
2011	5.500		8,920,000	8,920,000	-	-	-
2012	4.000		1,000,000	1,000,000	-	-	-
2012	5.500		5,790,000	5,790,000	-	-	-
2013	4.125		300,000	300,000	-	-	-
2013	5.000		6,110,000	6,110,000	-	-	-
2014	4.250		390,000	390,000	-	-	-
2014	5.500		6,445,000	6,445,000	-	-	-
2015	5.500		17,175,000	17,175,000	-	-	-
2016	4.600		400,000	400,000	-	-	-
2016	5.500		7,185,000	7,185,000	-	-	-
2017	5.500		12,295,000	12,295,000	-	-	-
2018	5.500		11,565,000	11,565,000	-	-	-
2019	5.500		12,200,000	12,200,000	-	-	-
2020	5.500		12,875,000	12,875,000	-	-	-
2021	5.000		1,345,000	1,345,000	-	-	-
2021	5.500		12,240,000	12,240,000	-	-	-
2029	6.000		183,695,000	183,695,000	-	-	-
2031	5.125		94,160,000	94,160,000	-	-	-
Total Series 2001A issue				416,685,000	-	(3,045,000)	-

The Bonds were issued for the purpose of defraying the cost of acquiring, construction, and reconstructing certain permanent improvements to existing school facilities and sites, acquiring new sites, constructing new school buildings, and acquiring certain equipment, including school buses and technology, and paying costs of issuance of the Bonds.

Other Supplemental Information
Schedule of Bonded Indebtedness (Continued)
Year Ended June 30, 2005

Bonds Outstanding June 30, 2005	Current Portion
\$ -	\$ -
-	-
1,755,000	1,755,000
1,730,000	1,730,000
4,045,000	-
1,600,000	-
2,660,000	-
285,000	-
3,915,000	-
350,000	-
2,660,000	-
550,000	-
8,920,000	-
1,000,000	-
5,790,000	-
300,000	-
6,110,000	-
390,000	-
6,445,000	-
17,175,000	-
400,000	-
7,185,000	-
12,295,000	-
11,565,000	-
12,200,000	-
12,875,000	-
1,345,000	-
12,240,000	-
183,695,000	-
<u>94,160,000</u>	<u>-</u>
413,640,000	3,485,000

Detroit Public Schools

Description	Maturity Date	Interest Rate (Percent)	Maturing per Period	Bonds Outstanding July 1, 2005	Bonds Issued this Year	Bonds Retired this Year	Bonds Defeased this Year
Series 2002A							
Amount of issue - \$388,995,000							
Due May 1:							
2005	3.000	\$	2,600,000	\$ 2,600,000	\$ -	\$ (2,600,000)	\$ -
2005	5.000		10,775,000	10,775,000	-	(10,775,000)	-
2006	3.000		890,000	890,000	-	-	-
2006	5.000		13,105,000	13,105,000	-	-	-
2007	3.100		705,000	705,000	-	-	-
2007	5.000		13,975,000	13,975,000	-	-	-
2008	3.400		3,880,000	3,880,000	-	-	-
2008	5.000		5,010,000	5,010,000	-	-	-
2009	3.700		340,000	340,000	-	-	-
2009	4.000		6,815,000	6,815,000	-	-	-
2010	4.000		2,810,000	2,810,000	-	-	-
2010	5.000		4,635,000	4,635,000	-	-	-
2011	4.000		275,000	275,000	-	-	-
2011	5.000		7,510,000	7,510,000	-	-	-
2012	4.000		665,000	665,000	-	-	-
2012	5.000		7,505,000	7,505,000	-	-	-
2013	5.000		8,195,000	8,195,000	-	-	-
2014	4.300		150,000	150,000	-	-	-
2014	5.500		8,455,000	8,455,000	-	-	-
2015	5.500		9,075,000	9,075,000	-	-	-
2016	4.500		100,000	100,000	-	-	-
2016	5.500		9,475,000	9,475,000	-	-	-
2017	4.600		240,000	240,000	-	-	-
2017	5.500		9,860,000	9,860,000	-	-	-
2018	5.500		10,655,000	10,655,000	-	-	-
2019	6.000		11,240,000	11,240,000	-	-	-
2020	6.000		11,915,000	11,915,000	-	-	-
2021	6.000		12,630,000	12,630,000	-	-	-
2022	5.000		9,890,000	9,890,000	-	-	-
2022	5.150		3,500,000	3,500,000	-	-	-
2023	5.000		11,070,000	11,070,000	-	-	-
2023	5.150		3,000,000	3,000,000	-	-	-
2024	5.375		14,780,000	14,780,000	-	-	-
2025	5.250		15,575,000	15,575,000	-	-	-
2026	5.250		16,390,000	16,390,000	-	-	-
2027	5.250		17,250,000	17,250,000	-	-	-
2028	5.250		18,160,000	18,160,000	-	-	-
2029	5.000		19,110,000	19,110,000	-	-	-
2030	5.000		20,065,000	20,065,000	-	-	-
2031	5.000		21,070,000	21,070,000	-	-	-
2032	5.000		22,125,000	22,125,000	-	-	-
Total Series 2002A issue				365,470,000	-	(13,375,000)	-

The Bonds were issued for the purpose of defraying the cost of acquiring, construction, and reconstructing certain permanent improvements to existing school facilities and sites, acquiring new sites, constructing new school buildings, and acquiring certain equipment, including school buses and technology, and paying costs of issuance of the Bonds.

**Other Supplemental Information
Schedule of Bonded Indebtedness (Continued)
Year Ended June 30, 2005**

Bonds Outstanding June 30, 2005	Current Portion
\$ -	\$ -
890,000	890,000
13,105,000	13,105,000
705,000	-
13,975,000	-
3,880,000	-
5,010,000	-
340,000	-
6,815,000	-
2,810,000	-
4,635,000	-
275,000	-
7,510,000	-
665,000	-
7,505,000	-
8,195,000	-
150,000	-
8,455,000	-
9,075,000	-
100,000	-
9,475,000	-
240,000	-
9,860,000	-
10,655,000	-
11,240,000	-
11,915,000	-
12,630,000	-
9,890,000	-
3,500,000	-
11,070,000	-
3,000,000	-
14,780,000	-
15,575,000	-
16,390,000	-
17,250,000	-
18,160,000	-
19,110,000	-
20,065,000	-
21,070,000	-
22,125,000	-
352,095,000	13,995,000

Detroit Public Schools

Description	Maturity Date	Interest Rate (Percent)	Maturing per Period	Bonds			
				Outstanding July 1, 2005	Bonds Issued this Year	Bonds Retired this Year	Bonds Defeased this Year
Series 2003A							
Amount of issue - \$16,060,000							
Due May 1:							
2008	5.000	\$	2,360,000	\$	2,360,000	\$	-
2009	5.000		2,475,000		2,475,000		-
2010	5.250		2,595,000		2,595,000		-
2011	5.250		2,730,000		2,730,000		-
2012	5.250		2,875,000		2,875,000		-
2013	5.250		3,025,000		3,025,000		-
Total Series 2001A issue					16,060,000		-

The Bonds were issued for the purpose of refunding certain of the School District's Series 1993 bonds.

Series 2003B							
Amount of issue - \$326,845,000							
Due May 1:							
2005	3.000	\$	5,825,000	\$	5,825,000	\$	(5,825,000)
2006	3.000		5,995,000		5,995,000		-
2007	3.664		6,180,000		6,180,000		-
2008	3.910		6,410,000		6,410,000		-
2009	4.520		9,515,000		9,515,000		-
2010	4.272		9,740,000		9,740,000		-
2011	4.759		10,160,000		10,160,000		-
2012	4.625		10,640,000		10,640,000		-
2013	4.858		11,130,000		11,130,000		-
2014	5.233		7,475,000		7,475,000		-
2015	4.808		7,865,000		7,865,000		-
2016	4.796		8,240,000		8,240,000		-
2017	4.982		8,640,000		8,640,000		-
2018	4.791		9,070,000		9,070,000		-
2019	5.000		9,500,000		9,500,000		-
2020	4.998		9,980,000		9,980,000		-
2021	4.926		10,475,000		10,475,000		-
2022	4.968		10,990,000		10,990,000		-
2023	4.788		11,540,000		11,540,000		-
2024	4.967		12,090,000		12,090,000		-
2025	4.936		12,695,000		12,695,000		-
2026	5.000		13,320,000		13,320,000		-
2027	5.000		13,985,000		13,985,000		-
2028	5.000		14,685,000		14,685,000		-
2029	5.000		15,420,000		15,420,000		-
2030	5.000		16,190,000		16,190,000		-
2031	5.000		17,000,000		17,000,000		-
2032	5.000		17,850,000		17,850,000		-
2033	4.953		18,740,000		18,740,000		-
Total Series 2003B issue					321,345,000		(5,825,000)

The Bonds were issued for the purpose of defraying the cost of acquiring, construction, and reconstructing certain permanent improvements to existing school facilities and sites, acquiring new sites, constructing new school buildings, and acquiring certain equipment, including school buses and technology, and paying costs of issuance of the Bonds.

Other Supplemental Information
Schedule of Bonded Indebtedness (Continued)
Year Ended June 30, 2005

Bonds Defeased this Year	Bonds Outstanding June 30, 2005
\$ 2,360,000	\$ -
2,475,000	-
2,595,000	-
2,730,000	-
2,875,000	-
3,025,000	-
16,060,000	-
\$ -	\$ -
5,995,000	5,995,000
6,180,000	-
6,410,000	-
9,515,000	-
9,740,000	-
10,160,000	-
10,640,000	-
11,130,000	-
7,475,000	-
7,865,000	-
8,240,000	-
8,640,000	-
9,070,000	-
9,500,000	-
9,980,000	-
10,475,000	-
10,990,000	-
11,540,000	-
12,090,000	-
12,695,000	-
13,320,000	-
13,985,000	-
14,685,000	-
15,420,000	-
16,190,000	-
17,000,000	-
17,850,000	-
18,740,000	-
315,520,000	5,995,000

Detroit Public Schools

Description	Maturity Date	Interest Rate (Percent)	Maturing per Period	Bonds Outstanding July 1, 2005	Bonds Issued this Year	Bonds Retired this Year	Bonds Defeased this Year
Series 2004A							
Amount of issue - \$7,830,000							
	Due May 1:						
	2005	3.00	\$ 2,530,000	\$ 2,530,000	\$ -	\$ (2,530,000)	\$ -
	2006	4.00	2,600,000	2,600,000	-	-	-
	2007	5.00	2,700,000	2,700,000	-	-	-
	Total Series 2004A			7,830,000	-	(2,530,000)	-

The Bonds were issued for the purpose of refunding the School District's Series XXI bonds for achieving debt service savings.

Series 2004B							
Amount of issue - \$9,500,000							
	Due May 1:						
	2005	3.00	\$ 1,785,000	\$ 1,785,000	\$ -	\$ (1,785,000)	\$ -
	2006	4.00	1,815,000	1,815,000	-	-	-
	2007	5.00	1,890,000	1,890,000	-	-	-
	2008	5.00	1,955,000	1,955,000	-	-	-
	2009	5.00	2,055,000	2,055,000	-	-	-
	Total Series 2004B			9,500,000	-	(1,785,000)	-

The Bonds were issued for the purpose of refunding the School District's Series XXII bonds for achieving debt service savings.

Series 1998 (Durant)							
Amount of issue - \$59,304,433							
	Due May 15:						
	2006	4.761	\$ 3,272,962	\$ 3,272,962	\$ -	\$ -	\$ -
	2007	4.761	3,611,222	3,611,222	-	-	-
	2008	4.761	3,984,442	3,984,442	-	-	-
	2009	4.761	4,396,234	4,396,234	-	-	-
	2010	4.761	4,850,585	4,850,585	-	-	-
	2011	4.761	5,351,893	5,351,893	-	-	-
	2012	4.761	5,905,011	5,905,011	-	-	-
	2013	4.761	6,515,294	6,515,294	-	-	-
	Total Series 1998 (Durant)			37,887,643	-	-	-

Other Supplemental Information
Schedule of Bonded Indebtedness (Continued)
Year Ended June 30, 2005

Bonds Outstanding June 30, 2005	Current Portion
\$ -	\$ -
2,600,000	2,600,000
<u>2,700,000</u>	<u>-</u>
5,300,000	2,600,000
\$ -	\$ -
1,815,000	1,815,000
1,890,000	-
1,955,000	-
<u>2,055,000</u>	<u>-</u>
7,715,000	1,815,000
\$ 3,272,962	\$ 3,272,962
3,611,222	-
3,984,442	-
4,396,234	-
4,850,585	-
5,351,893	-
5,905,011	-
<u>6,515,294</u>	<u>-</u>
37,887,643	3,272,962

Detroit Public Schools

Description	Maturity Date	Interest Rate (Percent)	Maturing per Period	Bonds Outstanding July 1, 2005	Bonds Issued this Year	Bonds Retired this Year	Bonds Defeased this Year
Energy Conservation							
Amount of issue - \$21,210,000							
	Due:						
	11/1/04	4.000	\$ 1,290,000	\$ 1,290,000	\$ -	\$ (1,290,000)	\$ -
	05/1/05	4.050	880,000	880,000	-	(880,000)	-
	11/1/05	4.050	675,000	675,000	-	-	-
	05/1/06	4.150	690,000	690,000	-	-	-
	11/1/06	4.150	705,000	705,000	-	-	-
	05/1/07	4.250	720,000	720,000	-	-	-
	11/1/07	4.250	350,000	350,000	-	-	-
Total Energy Conservation				5,310,000	-	(2,170,000)	-
Series 2005B							
Amount of issue - \$210,000,000							
	Due June 1:						
	2007	12.6416	\$ 9,599,120	\$ -	\$ 9,599,120	\$ -	\$ -
	2008	12.6416	9,375,214	-	9,375,214	-	-
	2009	12.6416	10,561,633	-	10,561,633	-	-
	2010	12.6416	11,899,033	-	11,899,033	-	-
	2011	5.0000	13,400,000	-	13,400,000	-	-
	2012	5.0000	14,070,000	-	14,070,000	-	-
	2013	5.0000	14,775,000	-	14,775,000	-	-
	2014	5.0000	15,515,000	-	15,515,000	-	-
	2015	5.0000	16,290,000	-	16,290,000	-	-
	2016	5.0000	17,105,000	-	17,105,000	-	-
	2017	5.0000	17,960,000	-	17,960,000	-	-
	2018	5.0000	18,860,000	-	18,860,000	-	-
	2019	5.0000	19,800,000	-	19,800,000	-	-
	2020	5.0000	20,790,000	-	20,790,000	-	-
Total Series 2005B issue				-	210,000,000	-	-
Total				\$ 1,507,902,643	\$ 210,000,000	\$ (42,315,000)	\$ -

**Other Supplemental Information
Schedule of Bonded Indebtedness (Continued)
Year Ended June 30, 2005**

Bonds Outstanding June 30, 2005	Current Portion
\$ -	\$ -
675,000	675,000
690,000	690,000
705,000	-
720,000	-
350,000	-
<u>3,140,000</u>	<u>1,365,000</u>
\$ 9,599,120	\$ -
9,375,214	-
10,561,633	-
11,899,033	-
13,400,000	-
14,070,000	-
14,775,000	-
15,515,000	-
16,290,000	-
17,105,000	-
17,960,000	-
18,860,000	-
19,800,000	-
20,790,000	-
<u>210,000,000</u>	<u>-</u>
<u>\$ 1,675,587,643</u>	<u>\$ 46,792,962</u>

Detroit Public Schools

			\$79,730,000 Series 1993		\$89,000,000 Series 1996A *		\$940,000 Series 1998A	
			Principal	Interest	Principal	Interest	Principal	Interest
2005	May	15						
	Nov	01		\$ 672,649		\$ 464,312		\$ 2,137
2006	May	01	\$ 5,395,000	672,649	\$ 2,040,000	464,313	\$ 50,000	2,138
	May	15						
	Nov	01		536,425		400,562		1,075
2007	May	01	5,680,000	536,425	2,165,000	400,563	50,000	1,075
	May	15						
	June	01						
	Nov	01		390,875		330,200		
	Dec	01						
2008	May	01	4,000,000	390,875	2,305,000	330,200		
	May	15						
	June	01						
	Nov	01		290,875		255,287		
	Dec	01						
2009	May	01	4,180,000	290,875	2,455,000	255,288		
	May	15						
	June	01						
	Nov	01		186,375		175,500		
	Dec	01						
2010	May	01	4,375,000	186,375	2,615,000	175,500		
	May	15						
	June	01						
	Nov	01		77,000		90,512		
	Dec	01						
2011	May	01	3,080,000	77,000	2,785,000	90,513		
	May	15						
	June	01						
	Nov	01						
	Dec	01						
2012	May	01						
	May	15						
	June	01						
	Nov	01						
	Dec	01						
2013	May	01						
	May	15						
	June	01						
	Nov	01						
	Dec	01						
2014	May	01						
	June	01						
	Nov	01						
	Dec	01						
2015	May	01						
	June	01						
	Nov	01						
	Dec	01						

**Other Supplemental Information
Schedule of Bond Principal and Interest
Year Ended June 30, 2005**

\$209,770,000 Series 1998B		\$84,855,000 Series 1998C		\$438,365,000 Series 2001A		\$388,995,000 Series 2002A	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	\$ 4,796,791		\$ 2,062,761		\$ 11,555,012		\$ 9,113,979
\$ 4,575,000	4,796,791	\$ 2,205,000	2,062,761	\$ 3,485,000	11,555,013	\$ 13,995,000	9,113,979
	4,682,416		2,016,456		11,478,918		8,773,004
4,805,000	4,682,416	2,300,000	2,016,456	4,045,000	11,478,919	14,680,000	8,773,004
	4,562,291		1,958,956		11,408,131		8,412,701
5,100,000	4,562,291	2,420,000	1,958,956	4,260,000	11,408,131	8,890,000	8,412,701
	4,434,791		1,898,456		11,306,981		8,221,491
5,355,000	4,434,791	2,540,000	1,898,456	4,200,000	11,306,981	7,155,000	8,221,491
	4,300,916		1,834,956		11,193,975		8,078,901
5,620,000	4,300,916	2,665,000	1,834,956	3,010,000	11,193,975	7,445,000	8,078,901
	4,160,416		1,768,331		11,114,000		7,906,826
5,905,000	4,160,416	2,800,000	1,768,331	9,470,000	11,114,000	7,785,000	7,906,826
	4,001,719		1,694,831		10,857,700		7,713,576
6,220,000	4,001,719	5,910,000	1,694,831	6,790,000	10,857,700	8,170,000	7,713,576
	3,834,556		1,539,694		10,678,475		7,512,651
6,555,000	3,834,556	3,260,000	1,539,694	6,410,000	10,678,475	8,195,000	7,512,651
	3,658,391		1,454,119		10,504,262		7,307,776
6,905,000	3,658,391	3,430,000	1,454,119	6,835,000	10,504,263	8,605,000	7,307,776
	3,472,819		1,364,081		10,318,737		7,072,039
7,280,000	3,472,819	3,610,000	1,364,081	17,175,000	10,318,738	9,075,000	7,072,039
	3,277,169		1,269,319		9,846,425		6,822,476

Detroit Public Schools

		\$79,730,000 Series 1993		\$89,000,000 Series 1996A *		\$940,000 Series 1998A	
		Principal	Interest	Principal	Interest	Principal	Interest
2016	May 01						
	June 01						
	Nov 01						
	Dec 01						
2017	May 01						
	June 01						
	Nov 01						
	Dec 01						
2018	May 01						
	June 01						
	Nov 01						
	Dec 01						
2019	May 01						
	June 01						
	Nov 01						
	Dec 01						
2020	May 01						
	June 01						
	Nov 01						
2021	May 01						
	Nov 01						
2022	May 01						
	Nov 01						
2023	May 01						
	Nov 01						
2024	May 01						
	Nov 01						
2025	May 01						
	Nov 01						
2026	May 01						
	Nov 01						
2027	May 01						
	Nov 01						
2028	May 01						
	Nov 01						
2029	May 01						
	Nov 01						
2030	May 01						
	Nov 01						
2031	May 01						
	Nov 01						
2032	May 01						
	Nov 01						
2033	May 01						
Total interest			<u>\$ 4,308,398</u>		<u>\$ 3,432,750</u>		<u>\$ 6,425</u>
Total principal		<u>\$ 26,710,000</u>		<u>\$ 14,365,000</u>		<u>\$ 100,000</u>	

Other Supplemental Information
Schedule of Bond Principal and Interest (Continued)
Year Ended June 30, 2005

\$209,770,000 Series 1998B		\$84,855,000 Series 1998C		\$438,365,000 Series 2001A		\$388,995,000 Series 2002A	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	\$ 3,277,169	\$ 3,800,000	\$ 1,269,318	\$ 7,585,000	\$ 9,846,425	\$ 9,575,000	\$ 6,822,476
	3,277,169		1,169,568		9,639,637		6,559,664
\$ 15,725,000	3,277,169	4,000,000	1,169,568	12,295,000	9,639,638	10,100,000	6,559,664
	2,884,044		1,064,569		9,301,525		6,282,994
	2,884,044		1,064,569	11,565,000	9,301,525	10,655,000	6,282,994
	2,884,044		1,064,569		8,983,488		5,989,981
	2,884,044		1,064,569	12,200,000	8,983,488	11,240,000	5,989,981
	2,884,044		1,064,569		8,647,988		5,652,781
	2,884,044		1,064,569	12,875,000	8,647,988	11,915,000	5,652,781
36,450,000	2,884,044		1,064,569		8,293,925		5,295,331
	2,884,044		1,064,569	13,585,000	8,293,925	12,630,000	5,295,331
	1,972,793		1,064,569		7,923,700		4,916,431
	1,972,793		1,064,569		7,923,700	13,390,000	4,916,432
	1,972,793		1,064,569		7,923,700		4,579,056
	1,972,793		1,064,569		7,923,700	14,070,000	4,579,057
	1,972,793		1,064,569		7,923,700		4,225,056
	1,972,793		1,064,569		7,923,700	14,780,000	4,225,056
	1,972,793		1,064,569		7,923,700		3,827,844
	1,972,793	40,555,000	1,064,569		7,923,700	15,575,000	3,827,844
	1,972,793				7,923,700		3,419,000
	1,972,793				7,923,700	16,390,000	3,419,000
	1,972,793				7,923,700		2,988,763
	1,972,793				7,923,700	17,250,000	2,988,763
	1,972,793				7,923,700		2,535,950
83,065,000	1,972,793				7,923,700	18,160,000	2,535,950
					7,923,700		2,059,250
				183,695,000	7,923,700	19,110,000	2,059,250
					2,412,850		1,581,500
					2,412,850	20,065,000	1,581,500
					2,412,850		1,079,875
				94,160,000	2,412,850	21,070,000	1,079,875
							553,125
						22,125,000	553,125
	<u>\$ 147,610,343</u>		<u>\$ 57,096,159</u>		<u>\$ 466,688,963</u>		<u>\$ 296,964,044</u>
<u>\$ 193,560,000</u>		<u>\$ 79,495,000</u>		<u>\$ 413,640,000</u>		<u>\$ 352,095,000</u>	

Detroit Public Schools

			\$16,060,000 Series 2003A		\$326,845,000 Series 2003B		\$7,830,000 Series 2004A	
			Principal	Interest	Principal	Interest	Principal	Interest
2005	May	15						
	Nov	01		\$ 415,531		\$ 7,608,171		\$ 119,500
2006	May	01		415,532	\$ 5,995,000	7,608,171	\$ 2,600,000	119,500
	May	15						
	Nov	01		415,531		7,518,246		67,500
2007	May	01		415,531	6,180,000	7,518,247	2,700,000	67,500
	May	15						
	June	01						
	Nov	01		415,531		7,405,015		
	Dec	01						
2008	May	01	\$ 2,360,000	415,531	6,410,000	7,405,015		
	May	15						
	June	01						
	Nov	01		356,531		7,279,695		
	Dec	01						
2009	May	01	2,475,000	356,531	9,515,000	7,279,695		
	May	15						
	June	01						
	Nov	01		294,656		7,064,657		
	Dec	01						
2010	May	01	2,595,000	294,656	9,740,000	7,064,658		
	May	15						
	June	01						
	Nov	01		226,538		6,856,595		
	Dec	01						
2011	May	01	2,730,000	226,538	10,160,000	6,856,595		
	May	15						
	June	01						
	Nov	01		154,875		6,614,832		
	Dec	01						
2012	May	01	2,875,000	154,875	10,640,000	6,614,833		
	May	15						
	June	01						
	Nov	01		79,406		6,368,774		
	Dec	01						
2013	May	01	3,025,000	79,406	11,130,000	6,368,774		
	May	15						
	June	01						
	Nov	01				6,098,398		
	Dec	01						
2014	May	01			7,475,000	6,098,399		
	June	01						
	Nov	01				5,902,832		
	Dec	01						
2015	May	01			7,865,000	5,902,833		
	June	01						
	Nov	01				5,713,751		
	Dec	01						

Other Supplemental Information
Schedule of Bond Principal and Interest (Continued)
Year Ended June 30, 2005

\$9,500,000 Series 2004B		\$59,304,433 Series 1998 (Durant)		\$21,210,000 Energy Conservation	
Principal	Interest	Principal	Interest	Principal	Interest
	\$ 183,800	-		\$ 675,000	\$ 65,352
\$ 1,815,000	183,800			690,000	51,864
	147,500	\$ 3,272,962	\$ 3,915,688	705,000	37,366
1,890,000	147,500			720,000	22,710
		3,611,222	3,915,688		
	100,250			350,000	7,438
1,955,000	100,250				
		3,984,442	3,577,427		
	51,375				
2,055,000	51,375				
		4,396,234	3,204,207		
		4,850,585	2,792,415		
		5,351,893	2,338,065		
		5,905,011	1,836,757		
		6,515,294	1,956,994		

Detroit Public Schools

			\$16,060,000 Series 2003A		\$326,845,000 Series 2003B		\$7,830,000 Series 2004A	
			Principal	Interest	Principal	Interest	Principal	Interest
2016	May	01			\$ 8,240,000	\$ 5,713,751		
	June	01						
	Nov	01				5,516,176		
	Dec	01						
2017	May	01			8,640,000	5,516,177		
	June	01						
	Nov	01				5,300,964		
	Dec	01						
2018	May	01			9,070,000	5,300,964		
	June	01						
	Nov	01				5,083,682		
	Dec	01						
2019	May	01			9,500,000	5,083,683		
	June	01						
	Nov	01				4,846,182		
	Dec	01						
2020	May	01			9,980,000	4,846,183		
	June	01						
	Nov	01				4,596,772		
2021	May	01			10,475,000	4,596,773		
	Nov	01				4,338,797		
2022	May	01			10,990,000	4,338,798		
	Nov	01				4,065,797		
2023	May	01			11,540,000	4,065,798		
	Nov	01				3,788,922		
2024	May	01			12,090,000	3,788,923		
	Nov	01				3,488,672		
2025	May	01			12,695,000	3,488,673		
	Nov	01				3,175,387		
2026	May	01			13,320,000	3,175,388		
	Nov	01				2,842,387		
2027	May	01			13,985,000	2,842,388		
	Nov	01				2,492,762		
2028	May	01			14,685,000	2,492,763		
	Nov	01				2,125,637		
2029	May	01			15,420,000	2,125,638		
	Nov	01				1,740,137		
2030	May	01			16,190,000	1,740,138		
	Nov	01				1,335,387		
2031	May	01			17,000,000	1,335,388		
	Nov	01				910,387		
2032	May	01			17,850,000	910,388		
	Nov	01				464,137		
2033	May	01			18,740,000	464,138		
				<u>\$ 4,717,199</u>		<u>\$ 261,086,323</u>		<u>\$ 374,000</u>
			<u>\$ 16,060,000</u>		<u>\$ 315,520,000</u>		<u>\$ 5,300,000</u>	

Other Supplemental Information
Schedule of Bond Principal and Interest (Continued)
Year Ended June 30, 2005

\$9,500,000 Series 2004B		\$59,304,433 Series 1998 (Durant)		\$21,210,000 Energy Conservation	
Principal	Interest	Principal	Interest	Principal	Interest

	<u>\$ 965,850</u>		<u>\$ 23,537,241</u>		<u>\$ 184,730</u>
<u>\$ 7,715,000</u>		<u>\$ 37,887,643</u>		<u>\$ 3,140,000</u>	

Detroit Public Schools

Other Supplemental Information Schedule of Bond Principal and Interest (Continued) Year Ended June 30, 2005

			\$210,000,000 Series 2005B		Total for All Bond Issues				
			Principal	Interest	Principal	Interest	Total		
2005	May	15			\$	-	\$	-	
	Nov	01				675,000	37,059,995	37,734,995	
2006	May	01				42,845,000	37,046,511	79,891,511	
	May	15				3,272,962	3,915,688	7,188,650	
	Nov	01				705,000	36,074,999	36,779,999	
2007	May	01				45,215,000	36,060,346	81,275,346	
	May	15				3,611,222	3,915,688	7,526,910	
	June	01	\$	9,599,120	\$	6,833,149	9,599,120	6,833,149	16,432,269
	Nov	01				350,000	34,991,388	35,341,388	
	Dec	01					6,226,407	6,226,407	
2008	May	01				37,700,000	34,983,950	72,683,950	
	May	15				3,984,442	3,577,427	7,561,869	
	June	01		9,375,214		6,226,407	9,375,214	6,226,407	15,601,621
	Nov	01					34,095,482	34,095,482	
	Dec	01					5,633,819	5,633,819	
2009	May	01				39,930,000	34,095,483	74,025,483	
	May	15				4,396,234	3,204,207	7,600,441	
	June	01		10,561,633		5,633,819	10,561,633	5,633,819	16,195,452
	Nov	01					33,129,936	33,129,936	
	Dec	01					4,966,239	4,966,239	
2010	May	01				38,065,000	33,129,937	71,194,937	
	May	15				4,850,585	2,792,415	7,643,000	
	June	01		11,899,033		4,966,239	11,899,033	4,966,239	16,865,272
	Nov	01					32,200,218	32,200,218	
	Dec	01					4,214,125	4,214,125	
2011	May	01				44,715,000	32,200,219	76,915,219	
	May	15				5,351,893	2,338,065	7,689,958	
	June	01		13,400,000		4,214,125	13,400,000	4,214,125	17,614,125
	Nov	01					31,037,533	31,037,533	
	Dec	01					3,879,125	3,879,125	
2012	May	01				40,605,000	31,037,534	71,642,534	
	May	15				5,905,011	1,836,757	7,741,768	
	June	01		14,070,000		3,879,125	14,070,000	3,879,125	17,949,125
	Nov	01					30,013,556	30,013,556	
	Dec	01					3,527,375	3,527,375	
2013	May	01				38,575,000	30,013,556	68,588,556	
	May	15				6,515,294	1,956,994	8,472,288	
	June	01		14,775,000		3,527,375	14,775,000	3,527,375	18,302,375
	Nov	01					29,022,945	29,022,945	
	Dec	01					3,158,000	3,158,000	
2014	May	01				33,250,000	29,022,947	62,272,947	
	June	01		15,515,000		3,158,000	15,515,000	3,158,000	18,673,000
	Nov	01					28,130,509	28,130,509	
	Dec	01					2,770,125	2,770,125	
2015	May	01				45,005,000	28,130,511	73,135,511	
	June	01		16,290,000		2,770,125	16,290,000	2,770,125	19,060,125
	Nov	01					26,929,140	26,929,140	
	Dec	01					2,362,875	2,362,875	

Detroit Public Schools

Other Supplemental Information Schedule of Bond Principal and Interest (Continued) Year Ended June 30, 2005

		\$210,000,000 Series 2005B		Total for All Bond Issues		
		Principal	Interest	Principal	Interest	Total
2016	May 01			\$ 29,200,000	\$ 26,929,139	\$ 56,129,139
	June 01	\$ 17,105,000	\$ 2,362,875	17,105,000	2,362,875	19,467,875
	Nov 01			-	26,162,214	26,162,214
	Dec 01		1,935,250	-	1,935,250	1,935,250
2017	May 01			50,760,000	26,162,216	76,922,216
	June 01	17,960,000	1,935,250	17,960,000	1,935,250	19,895,250
	Nov 01			-	24,834,097	24,834,097
	Dec 01		1,486,250	-	1,486,250	1,486,250
2018	May 01			31,290,000	24,834,097	56,124,097
	June 01	18,860,000	1,486,250	18,860,000	1,486,250	20,346,250
	Nov 01			-	24,005,764	24,005,764
	Dec 01		1,014,750	-	1,014,750	1,014,750
2019	May 01			32,940,000	24,005,765	56,945,765
	June 01	19,800,000	1,014,750	19,800,000	1,014,750	20,814,750
	Nov 01			-	23,095,564	23,095,564
	Dec 01		519,750	-	519,750	519,750
2020	May 01			34,770,000	23,095,565	57,865,565
	June 01	20,790,000	519,750	20,790,000	519,750	21,309,750
	Nov 01			-	22,134,641	22,134,641
2021	May 01			73,140,000	22,134,642	95,274,642
	Nov 01			-	20,216,290	20,216,290
2022	May 01			24,380,000	20,216,292	44,596,292
	Nov 01			-	19,605,915	19,605,915
2023	May 01			25,610,000	19,605,917	45,215,917
	Nov 01			-	18,975,040	18,975,040
2024	May 01			26,870,000	18,975,041	45,845,041
	Nov 01			-	18,277,578	18,277,578
2025	May 01			68,825,000	18,277,579	87,102,579
	Nov 01			-	16,490,880	16,490,880
2026	May 01			29,710,000	16,490,881	46,200,881
	Nov 01			-	15,727,643	15,727,643
2027	May 01			31,235,000	15,727,644	46,962,644
	Nov 01			-	14,925,205	14,925,205
2028	May 01			115,910,000	14,925,206	130,835,206
	Nov 01			-	12,108,587	12,108,587
2029	May 01			218,225,000	12,108,588	230,333,588
	Nov 01			-	5,734,487	5,734,487
2030	May 01			36,255,000	5,734,488	41,989,488
	Nov 01			-	4,828,112	4,828,112
2031	May 01			132,230,000	4,828,113	137,058,113
	Nov 01			-	1,463,512	1,463,512
2032	May 01			39,975,000	1,463,513	41,438,513
	Nov 01			-	464,137	464,137
2033	May 01			18,740,000	464,138	19,204,138
				-		
			<u>\$ 90,221,329</u>		<u>\$ 1,357,193,754</u>	
		<u>\$ 210,000,000</u>		<u>\$ 1,675,587,643</u>		<u>\$ 3,032,781,397</u>

**Statistical and Other Information Section
(Unaudited)**

Detroit Public Schools

	Total	Tax Year		
		2004	2003	2002
Estimated actual value of taxable property		\$ 24,120,392,000	\$ 24,284,368,824	\$ 24,358,946,914
State Equalized Valuation/Taxable Value of property assessed in the the City of Detroit		\$ 8,446,221,884	\$ 7,844,209,593	\$ 7,976,048,523
Nonhomestead valuation		\$ 4,924,593,974	\$ 4,215,986,633	\$ 4,886,489,640
Tax rate (mills):				
General Fund		18.00	18.00	18.00
School Building and Site Bonds Fund		13.00	13.00	12.99
Deficit Funding Bonds Fund		-	-	-
Judgment Levy Fund		-	0.20	0.20
Total tax rate (mills)		31.00	31.20	31.19
General Fund:				
Prior years:				
Levy		\$ -	\$ 81,838,156	\$ 87,956,813
Collections, write-offs, and adjustments		-	(77,380,712)	(74,013,198)
July 1, 2004 tax receivable	\$ 36,611,068	-	4,457,444	13,943,615
Current year:				
Levy	88,642,692	88,642,692	-	-
Collections, write-offs, and adjustments	(67,672,679)	(62,135,081)	(434,392)	(2,974,693)
June 30, 2005 tax receivable	\$ 57,581,081	\$ 26,507,611	\$ 4,023,052	\$ 10,968,922
School Building and Site Bonds Fund:				
Prior years:				
Levy			\$ 103,860,734	\$ 103,608,870
Collections, write-offs, and adjustments			(98,203,796)	(92,409,593)
July 1, 2004 tax receivable	\$ 28,316,653	\$ -	5,656,938	11,199,277
Current year:				
Levy	109,800,884	104,232,860	-	-
Collections, write-offs, and adjustments	(89,477,832)	(73,774,783)	(2,751,400)	(10,991,066)
June 30, 2005 tax receivable	\$ 48,639,705	\$ 30,458,077	\$ 2,905,538	\$ 208,211
Judgment Levy Fund:				
Prior years:				
Levy			\$ 6,391,421	\$ 1,575,209
Collections, write-offs, and adjustments			(6,043,303)	(1,475,494)
July 1, 2004 tax receivable	\$ 1,606,067	\$ -	348,118	99,715
Current year:				
Levy	-	-	-	-
Collections, write-offs, and adjustments	(253,986)	104,004	(169,316)	(34,648)
June 30, 2005 tax receivable	\$ 1,352,081	\$ 104,004	\$ 178,802	\$ 65,067

Statistical and Other Information (Unaudited)
Summary of Property Tax Data
Year Ended June 30, 2005

		Tax Year					
	2001	2000	1999	1998	1997	1996	1995
	<u>\$ 21,951,604,580</u>	<u>\$ 19,648,594,740</u>	<u>\$ 17,256,887,876</u>	<u>\$ 15,133,571,800</u>	<u>\$ 13,910,430,300</u>	<u>\$ 12,774,419,760</u>	<u>\$ 11,824,374,100</u>
	<u>\$ 7,639,805,282</u>	<u>\$ 7,204,381,124</u>	<u>\$ 6,856,681,901</u>	<u>\$ 6,631,616,310</u>	<u>\$ 6,450,576,199</u>	<u>\$ 6,147,617,878</u>	<u>\$ 5,887,323,624</u>
	<u>\$ 4,780,548,412</u>	<u>\$ 4,575,423,804</u>	<u>\$ 4,379,265,443</u>	<u>\$ 4,241,051,460</u>	<u>\$ 4,109,637,345</u>	<u>\$ 3,920,774,022</u>	<u>\$ 3,707,212,591</u>
	18.00	18.00	18.00	18.00	18.00	18.00	18.00
	8.37	7.00	5.90	4.96	5.54	5.30	5.00
	-	-	-	1.49	2.05	2.20	2.04
	2.13	-	-	-	-	-	-
	<u>28.50</u>	<u>25.00</u>	<u>23.90</u>	<u>24.45</u>	<u>25.59</u>	<u>25.50</u>	<u>25.04</u>
	\$ 86,049,872	\$ 82,357,628	\$ 78,826,777	\$ 83,359,074	\$ 75,039,414	\$ 70,220,814	\$ 66,729,828
	(79,925,174)	(77,442,323)	(76,280,753)	(81,540,432)	(73,870,173)	(69,277,320)	(66,037,223)
	6,124,698	4,915,305	2,546,024	1,818,642	1,169,241	943,494	692,605
	-	-	-	-	-	-	-
	(814,485)	(477,713)	(292,673)	(238,881)	(125,793)	(102,177)	(76,791)
	<u>\$ 5,310,213</u>	<u>\$ 4,437,592</u>	<u>\$ 2,253,351</u>	<u>\$ 1,579,761</u>	<u>\$ 1,043,448</u>	<u>\$ 841,317</u>	<u>\$ 615,814</u>
	\$ 63,945,170	\$ 50,430,668	\$ 35,000,344	\$ 27,494,377	\$ 35,736,192	\$ 32,582,375	\$ 29,436,618
	(59,393,798)	(47,420,841)	(33,693,708)	(26,714,338)	(34,973,314)	(31,962,875)	(29,006,432)
	4,551,372	3,009,827	1,306,636	780,039	762,878	619,500	430,186
	-	-	-	-	-	-	-
	(605,259)	(292,522)	(150,201)	(258,986)	(265,954)	(229,130)	(158,531)
	<u>\$ 3,946,113</u>	<u>\$ 2,717,305</u>	<u>\$ 1,156,435</u>	<u>\$ 521,053</u>	<u>\$ 496,924</u>	<u>\$ 390,370</u>	<u>\$ 271,655</u>
	\$ 16,272,785	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	(15,114,551)	-	-	-	-	-	-
	1,158,234	-	-	-	-	-	-
	-	-	-	-	-	-	-
	(154,026)	-	-	-	-	-	-
	<u>\$ 1,004,208</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Detroit Public Schools

Statistical and Other Information (Unaudited) Ten-year Summary of Property Tax Rates Year Ended June 30, 2005

Fiscal Year	School Operating	School Debt	Judgment Levy	State Education Tax	Library	City of Detroit	Wayne County	Wayne Regional Education Service Agency	Wayne County Community College	Total
1996	18.0000	7.0400	-	6.0000	2.6400	31.5060	7.9200	2.0000	1.2800	76.3860
1997	18.0000	7.5000	-	6.0000	2.6400	31.2830	8.1530	1.9970	1.2020	76.7750
1998	18.0000	7.5900	-	6.0000	2.6400	31.2380	8.1530	2.0000	1.1910	76.8120
1999	18.0000	6.4500	-	6.0000	2.6400	33.8150	8.1700	2.0000	1.1500	78.2250
2000	18.0000	5.9000	-	6.0000	2.6400	31.0950	8.1284	1.9914	1.0190	74.7738
2001	18.0000	7.0000	-	6.0000	3.6331	31.6783	8.0776	1.9789	1.0000	77.3679
2002	18.0000	8.3700	2.1300	6.0000	3.6331	31.9000	8.0650	1.9750	2.5000	82.5731
2003	18.0000	12.9900	0.2000	6.0000	3.6331	30.8780	8.0390	3.4643	2.4862	85.6906
2004	18.0000	13.0000	0.8000	6.0000	3.6331	30.4359	8.0381	3.4643	2.4862	85.3025
2005	18.0000	13.0000	0.0000	6.0000	3.6331	30.4359	8.0374	3.4643	2.4844	85.0551

Source: City of Detroit Finance Department

Detroit Public Schools

Statistical and Other Information (Unaudited) Assessed Valuation Data - Property Type Year Ended June 30, 2005

Type of Property	Assessed Value at December, 31 2003*	Percent of Total Real Property	Percent of Total Roll
Commercial property	\$ 1,565,818,415	22.69	18.54
Industrial property	658,675,844	9.54	7.80
Residential property	<u>4,677,470,919</u>	<u>67.77</u>	<u>55.38</u>
Total real property	6,901,965,178	<u>100.00</u>	81.72
Personal property	<u>1,544,256,706</u>		<u>18.28</u>
Total property	<u>\$ 8,446,221,884</u>		<u>100.00</u>

* The December 31, 2003 assessed valuations are used for the 2004 tax year levy, which are the source of revenue for the School District's 2005 fiscal year. Therefore, this is the latest information available.

Source: Wayne County Equalization Report (2004)

Detroit Public Schools

Statistical and Other Information (Unaudited) Assessed Valuation Data - Ten Largest Taxpayers Year Ended June 30, 2005

Principal Taxpayers	Assessed Valuation at December 31, 2003*			
	Real Property	Personal Property	Total	Percent of Total
DaimlerChrysler Corporation	\$ 140,792,438	\$ 618,056,000	\$ 758,848,438	8.98
DTE: Edison	51,684,069	302,767,779	354,451,848	4.20
General Motors Corporation	54,096,525	137,317,540	191,414,065	2.27
DTE: Michcon	1,618,262	152,898,365	154,516,627	1.83
General Motors Riverfront Holdings	121,819,245	-	121,819,245	1.44
American Axle	29,109,335	62,040,510	91,149,845	1.08
One Detroit Center	59,880,105	112,570	59,992,675	0.71
Kewadin Greektown Casino	29,672,503	11,695,660	41,368,163	0.49
International Transmission	162,832	38,429,570	38,592,402	0.46
MGM Grand	24,097,656	11,238,890	35,336,546	0.42
Balance of Detroit City valuations	<u>6,389,032,208</u>	<u>209,699,822</u>	<u>6,598,732,030</u>	<u>78.12</u>
Total	<u>\$ 6,901,965,178</u>	<u>\$ 1,544,256,706</u>	<u>\$ 8,446,221,884</u>	<u>100.00</u>

* The December 31, 2003 valuations, used for the 2004 tax year levy, are the basis of the District's fiscal year revenue.

Source: City of Detroit Finance Department, Assessments Division

Detroit Public Schools

Statistical and Other Information (Unaudited) Construction and Property Values Year Ended June 30, 2005

Annual Construction by Category

Fiscal Year	New Construction				Alterations/Additions			
	Residential		Non-Residential		Residential		Non-Residential	
	No. of Permits	Value (millions)	No. of Permits	Value (millions)	No. of Permits	Value (millions)	No. of Permits	Value (millions)
1995	84	29.42	364	169.6	1,672	17.7	814	163.9
1996	53	17.40	313	237.9	2,119	37.7	685	255.5
1997	69	7.99	370	223.1	3,416	91.5	890	253.5
1998	90	33.32	343	256.2	4,093	77.0	815	431.9
1999	129	47.00	370	287.6	4,726	53.5	823	391.7
2000	140	29.78	331	475.4	5,593	91.2	864	592.4
2001	116	34.31	292	336.6	5,126	122.9	884	575.3
2002	84	10.63	340	385.8	5,087	75.9	1,053	622.2
2003	244	55.18	290	339.8	5,516	86.9	1,141	467.4
2004	483	70.96	338	280.1	5,308	124.0	1,087	330.8

Source: City of Detroit Department of Buildings and Safety Engineering

Aggregate Property Value by Category

Fiscal Year	SEV			Taxable				
	Commercial and Industrial		Residential	Total	Commercial and Industrial		Residential	Total
1995	\$ 1,455,850,850	\$ 3,109,589,050	\$ 4,565,439,900	\$ 1,455,850,850	\$ 3,109,589,050	\$ 4,565,439,900		
1996	1,502,521,950	3,128,599,950	4,631,121,900	1,487,622,131	3,118,636,343	4,606,258,474		
1997	1,590,010,250	3,353,216,350	4,943,226,600	1,558,602,704	3,145,031,894	4,703,634,598		
1998	1,682,952,850	3,668,921,700	5,351,874,550	1,609,751,447	3,237,484,252	4,847,235,699		
1999	1,847,303,951	4,092,896,600	5,940,200,551	1,677,497,435	3,327,533,525	5,005,030,960		
2000	2,007,416,628	4,983,545,650	6,990,962,278	1,779,546,264	3,439,653,975	5,219,200,239		
2001	2,182,054,100	5,924,124,350	8,106,178,450	1,881,972,270	3,604,289,934	5,486,262,204		
2002	2,404,326,050	6,915,038,250	9,319,364,300	2,058,034,175	3,925,333,117	5,983,367,292		
2003	2,385,772,800	7,912,571,400	10,298,344,200	2,028,477,697	4,197,587,616	6,226,065,313		
2004	2,686,853,148	7,981,680,697	10,668,533,845	2,140,998,125	4,329,989,057	6,470,987,182		

Source: City of Detroit Assessor's Office; Wayne County Equalization Report (for 2004 and 2003)

Detroit Public Schools

Statistical and Other Information (Unaudited) Ten-year Comparison of Debt Service Funds to General Fund Expenditures and Other Uses Year Ended June 30, 2005

Fiscal Year	Total Expenditures and Other Uses		Ratio of Debt Service to General Fund Expenditures and Other Uses
	Debt Service Funds	General Fund	
1996	\$ 45,890,550	\$ 1,357,565,784 **	3.38
1997	51,147,305	1,313,296,268 **	3.89
1998	51,625,860	1,328,502,459 **	3.89
1999	66,783,644	1,424,344,728 **	4.69
2000	55,411,883	1,478,743,301 **	3.75
2001	39,860,055	1,491,006,820	2.67
2002	70,970,340	1,584,054,314	4.48
2003	94,153,642 *	1,631,576,025	5.77
2004	121,619,832 *	1,634,393,923	5.52
2005	116,935,437	1,551,708,229	7.54

* Amount does not include payment to refunding bond escrow agent.

** Includes Food Services and Athletic Fund expenditures

Detroit Public Schools

Statistical and Other Information (Unaudited) Ten-year Comparison of Bonded Debt to Taxable Value and Population Year Ended June 30, 2005

Fiscal Year	Bonded Debt	Tax Year	Taxable Value*	Percent of Bonded Debt to Taxable Value	Population	Per Capita Bonded Debt
1996	\$ 325,718,700	1995	\$ 5,887,332,624	5.53%	1,003,701	325
1997	295,442,900	1996	6,147,617,879	4.81%	995,233	297
1998	262,127,600	1997	6,450,576,199	4.06%	975,477	269
1999	510,705,076	1998	6,631,616,310	7.70%	967,360	528
2000	478,006,512	1999	6,856,681,901	6.97%	965,084	495
2001	459,382,580	2000	7,204,381,125	6.38%	951,270	483
2002	874,182,643	2001	7,639,805,282	11.44%	931,413	939
2003	1,547,817,643	2002	7,976,048,000	19.41%	921,312	1,680
2004	1,507,902,643	2003	7,844,209,593	19.22%	900,863	1,674
2005	1,675,587,643	2004	8,446,221,884	19.84%	864,434	1,938

* State Equalized Value/Taxable Values for a tax year are valuations as of December 31 of the previous year.

Sources: City of Detroit Assessor's Office, U.S. Census Bureau

Detroit Public Schools

	2005	2004	2003	2002
Revenues				
Local sources	\$ 167,084,062	\$ 150,653,121	\$ 135,938,289	\$ 149,442,586
State sources	1,024,334,845	1,119,522,326	1,191,449,831	1,204,706,629
Federal sources	244,634,339	240,881,118	206,786,862	199,031,889
General operations	-	-	-	-
Special program operations	-	-	-	-
Auxiliary operations	-	-	-	-
Other Financing Sources				
Proceeds from the issuance of bonds	210,000,000	-	-	-
Transfers in	-	-	59,376,611	53,667,403
Proceeds from sale of capital assets	1,133,610	747,045	9,071,440	-
Capital lease acquisition	-	-	-	-
Total revenues and other financing sources	<u>\$ 1,647,186,856</u>	<u>\$ 1,511,803,610</u>	<u>\$ 1,602,623,033</u>	<u>\$ 1,606,848,507</u>
Expenditures				
Instruction	\$ 878,408,647	\$ 939,338,567	\$ 891,894,493	\$ 875,700,585
Special program operations	-	-	-	-
Support services	652,896,930	667,027,335	651,198,490	626,045,607
Auxiliary operations	-	-	-	-
Community services	5,729,048	6,836,155	5,790,337	5,205,218
Other expenditures	-	51,210	935,463	-
Principal retirement	2,170,000	3,030,000	3,280,000	3,449,640
Payment of interest	192,145	304,500	555,141	617,178
Capital outlay	9,442,504	16,636,226	17,764,439	16,562,955
Other Uses - Transfers out	2,868,955	1,916,975	60,157,662	56,473,131
Total expenditures and other uses	<u>\$ 1,551,708,229</u>	<u>\$ 1,635,140,968</u>	<u>\$ 1,631,576,025</u>	<u>\$ 1,584,054,314</u>
Percent Change in Expenditures	(5.10%)	0.22%	3.00%	6.24%
Student Enrollment	148,147	150,415	157,003	159,694
Expenditures per Student	\$ 10,474	\$ 10,871	\$ 10,392	\$ 9,919
Percent Change in Expenditures Per Student	(3.65%)	4.61%	4.77%	8.24%

Notes:

Prior to 2001, auxiliary operations included Food Service and Athletics.

In 2001, capital outlay was included as a component of other expenditure groups and was not broken out separately.

In 2002, expenditure and revenue classifications were modified to conform with GASB No. 34.

Statistical and Other Information (Unaudited)
Ten-year Summary of General Fund
Revenue and Expenditures
Year Ended June 30, 2005

2001	2000	1999	1998	1997	1996
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
1,194,787,276	1,212,541,532	1,185,131,779	1,145,958,397	1,102,696,745	1,095,822,978
255,221,129	218,468,270	221,178,900	213,762,637	219,852,486	195,046,806
881,474	37,102,162	35,134,044	36,347,857	36,069,451	33,724,815
-	-	2,182,724	-	-	7,180,120
4,578,791	-	-	-	-	-
-	-	-	-	-	-
-	-	2,613,195	-	-	-
<u>\$ 1,455,468,670</u>	<u>\$ 1,468,111,964</u>	<u>\$ 1,446,240,642</u>	<u>\$ 1,396,068,891</u>	<u>\$ 1,358,618,682</u>	<u>\$ 1,331,774,719</u>
\$ 698,251,247	\$ 537,667,895	\$ 508,180,769	\$ 467,509,867	\$ 457,263,214	\$ 483,432,263
269,979,428	171,554,877	174,481,214	169,495,717	169,301,905	164,731,030
516,718,280	427,692,759	417,625,780	374,221,979	352,132,566	372,800,759
999,459	34,606,544	33,237,398	31,764,690	31,553,702	31,425,740
-	-	-	-	-	-
2,988,144	282,249,591	261,915,317	260,085,839	278,241,439	281,996,529
-	-	-	-	-	-
-	-	-	-	-	-
-	24,971,635	17,362,491	13,881,097	13,312,662	11,893,677
2,070,262	-	11,541,759	11,543,270	11,490,780	11,285,786
<u>\$ 1,491,006,820</u>	<u>\$ 1,478,743,301</u>	<u>\$ 1,424,344,728</u>	<u>\$ 1,328,502,459</u>	<u>\$ 1,313,296,268</u>	<u>\$ 1,357,565,784</u>
0.83%	3.82%	7.21%	1.16%	(3.26%)	9.44%
162,693	168,213	173,848	173,871	173,080	169,996
\$ 9,165	\$ 8,791	\$ 8,193	\$ 7,641	\$ 7,588	\$ 7,986
4.25%	7.30%	7.23%	0.70%	(4.98%)	7.86%

Detroit Public Schools

Statistical and Other Information (Unaudited) Ten-year Comparison of Unreserved General Fund Balance (Deficit) to Expenditures and Other Uses Year Ended June 30, 2005

Fiscal Year	Undesignated General Fund Balance (Deficit)	Expenditures and Other Uses	General Fund Balance (Deficit) as a Percentage of Expenditures and Other Uses
1996	\$ (19,825,406)	\$ 1,357,565,784	(1.46)
1997	-	1,313,296,268	0.00
1998	-	1,328,502,459	0.00
1999	-	1,424,344,728	0.00
2000	30,280,114	1,478,743,301	2.05
2001	22,671,885	1,491,006,820	1.52
2002	62,396,978	1,584,054,314	3.94
2003	28,819,960	1,631,576,025	1.77
2004	(63,731,578)	1,635,140,968	(3.90)
2005	45,035,327	1,551,708,229	2.90

Detroit Public Schools

Statistical and Other Information (Unaudited) Schedule of Direct and Overlapping Debt Year Ended June 30, 2005

Bonded Indebtedness	Dated Date	Original Principal Amount	Principal Amount Outstanding
School District Direct Debt			
Building & Site Bonds, Series 1987	08/01/87	\$ 26,600,000	\$ -
Building & Site Bonds, Series 1988	09/01/88	20,000,000	-
Building & Site & Refunding Bonds, Series 1993	10/01/93	79,730,000	26,710,000
Building & Site Bonds, Series 1996A	03/01/96	89,000,000	14,365,000
Building & Site Bonds, Series 1998A	11/01/98	940,000	100,000
Building & Site Bonds, Series 1998B	11/01/98	209,770,000	193,560,000
Building & Site & Refunding Bonds, Series 1998C	11/01/98	84,855,000	79,495,000
Durant Bonds, Series 1998 ¹	11/24/98	59,304,433	37,887,643
Energy Conservation Bonds, Series 1999*	03/10/99	21,210,000	3,140,000
Building & Site Bonds, Series 2001A	10/01/01	438,365,000	413,640,000
Building & Site Bonds, Series 2002A	10/29/02	388,995,000	352,095,000
Building & Site Bonds, Series 2003A	10/23/02	16,060,000	16,060,000
Building & Site Bonds, Series 2003B	04/23/03	326,845,000	315,520,000
Building & Site Bonds, Series 2004A	05/13/04	7,830,000	5,300,000
Building & Site Bonds, Series 2004B	05/13/04	9,500,000	7,715,000
Revenue Bonds, Series 2005B	05/24/05	210,000,000	210,000,000
		<u>\$ 1,989,004,433</u>	<u>\$ 1,675,587,643</u>

* Not Qualified for Participation in Michigan School Bond Loan Fund

Source: The School District

Overlapping General Obligation Bonded Indebtedness

100.00% of City of Detroit	\$ 1,151,305,000
18.39% of County of Wayne	20,789,666
18.14% of Intermediate School District	-
29.16% of Wayne County Community College	<u>19,779,228</u>
Total overlapping debt	<u>\$ 1,191,873,894</u>

Detroit Public Schools

Statistical and Other Information (Unaudited) Schedule of Legal Debt Margin Year Ended June 30, 2005

Summary of Bonded Indebtedness

2005 Actual Valuation (True Cash Value)	\$	25,681,205,914
2005 SEV (50% of True Cash Value)	\$	12,840,602,957
2005 Taxable Value	\$	8,446,221,884
Direct Bonded Indebtedness	\$	1,675,587,643
Percentage of Direct Bonded Indebtedness to Actual Valuation		6.52%
Percentage of Direct Bonded Indebtedness to Taxable Valuation		19.84%
Population census (calendar 2004)		864,434
Per Capita Direct Bonded Indebtedness	\$	1,938
Overlapping Bonded Indebtedness	\$	1,191,873,894
Combined Direct and Overlapping Bonded Indebtedness	\$	2,867,461,537
Percentage of Direct and Overlapping Bonded Indebtedness to Actual Valuation		11.17%
Percentage of Direct and Overlapping Bonded Indebtedness to Taxable Value		33.95%
Per Capita Direct and Overlapping Bonded Indebtedness	\$	3,317

Source: City of Detroit Finance Department

Bonded Debt Limit

The bonded debt limit of the School District is equal to 15% of its taxable value (the "Bonded Debt Limit"). This limit is calculated by the School District to be \$1,266,933,283, based on the taxable value for the fiscal year ended June 30, 2005. The Bonded Debt Limit does not include deficit bonds, school bus purchase notes, and bonds qualified for participation in the Michigan School Bond Loan Fund, a program established pursuant to the provisions of Section 16 ("Qualified Bonds"). The School District's only bonded indebtedness subject to the Bonded Debt Limit is its Energy Conservation Bonds, Series 1999 in the outstanding principal amount of \$3,140,000.

Detroit Public Schools

Statistical and Other Information (Unaudited) Schedule of Major Insurance Coverage Year Ended June 30, 2005

Policy Coverage	Company/Policy Number	Policy Period	Details of Coverage
Student Travel Insurance	AIG SRG0009101280	04/08/04 - 04/08/05	Accidental death benefit maximum benefit \$10,000; accidental dismemberment benefit maximum \$10,000; Accident medical expense benefit maximum \$10,000, Deductible: \$50 per accident; dental maximum: \$250 per tooth per accident.
EDP	Chubb 35361797MB	07/01/04 - 07/01/05	\$51,601,656 limits equipment owned, Deductible \$5,000 per occurrence - \$50,000 Flood/ Earthquake. Flood annual aggregate; & Earthquake annual aggregate \$5,000,000 - Laptops are excluded. For electronic data processing.
Inland Marine	Citizens IMC0071037	07/01/04 - 07/01/05	\$731,662.00 limits, coinsurance percentage 80%. Subject to a \$250 deductible. For Commercial Inland Marine Equipment.
Auto Coverage Service Fleet	Citizens AHB7224875	07/01/04 - 07/01/05	\$1,000,000 combined single limit; \$1,000,000 uninsured motorist. Deductible \$500 collision and \$250 other than collision. For Service Fleet.
Excess Service Fleet Liability	Interstate Indemnity FFX6100041	07/16/04 - 07/16/05	\$3,000,000 Limit of Liability Excess of \$1,000,000.
Bus Fleet Liability	Amerisure Mutual CA1133297	07/16/04 - 07/16/05	\$1,000,000 combined single limit; scheduled autos, hired autos, non-owned autos. MI - No fault. For Bus Fleet.
Excess Bus Fleet Liability	GENSTAR IXG369326	07/16/04 - 07/16/05	\$3,000,000 Limit of Liability excess of \$1,000,000.
Catastrophic Athletic	Mutual of Omaha 8056011	08/01/04 - 08/01/05	Aggregate limit \$5,000,000. Lump sum payment \$100,000; Benefit payment amount \$40,000 yr.; Maximum benefit \$500,000; Maximum benefit period 10 yrs.; Accidental Death \$10,000; Accidental Dismemberment \$20,000. Covered accident deductible \$25,000.
Property	Royal Insurance NHD 331723	10/01/04 - 10/01/05	Real and Personal owned/leased subject to replacement cost and a \$1,000,000 deductible.
Aircraft Hull & Liability	XL Specialty NAR3023986	11/13/04 - 11/13/05	Liability coverage's single limit bodily injury, including passengers and property damage; \$1,000,000 each occurrence. Passenger liability limited to; \$100,000 expenses for medical services \$3,000 each person. For Davis Aerospace Technical High School.
Airport Hangarkeeper's Hull Liability	XL Specialty	11/13/04 - 11/13/05	\$200,000 each aircraft / \$200,000 each loss / deductible: \$5,000 each
Building, Contents, and Liability - Commercial Package	Chubb 35383907 MBO	11/12/04 - 11/12/05	Commercial Package Policy; \$12,000,000 fine arts, \$2,600,000 real property, \$300,000 personal property. \$2,000,000 general aggregate. \$2,500 deductible. For Children's Museum.
Excess Liability - Children's Museum	Chubb 79792758	11/12/04 - 11/12/05	\$5,000,000 aggregate limit. Children's Museum umbrella liability.
Commercial General Liability	Lexington Insurance 1322216	01/08/05-01/08/06	\$5,000,000 each occurrence limit, \$1,000,000 damage to premises rented to you limit, \$5,000,000 personal and advertising injury limit, \$10,000,000 general aggregate limit, \$5,000,000 products.

Detroit Public Schools

Statistical and Other Information (Unaudited) Schedule of Major Insurance Coverage (Continued) Year Ended June 30, 2005

Policy Coverage	Company/Policy Number	Policy Period	Details of Coverage
Boiler & Machinery Policy	Chubb Group 7835-96-45	01/02/05-01/02/06	\$100,000,000 property damage, extra expense \$1,000,000, consequential damage \$250,000, demolition and increased cost of construction \$250,000.
Pollution Legal Liability	AIG PLS1231422	01/14/05 - 01/14/06	\$25,000,000 aggregate limit.
Educator's Legal Liability - School Leaders Error & Omissions Insurance	National Union Fire Insurance 003263456	03/24/04- 03/24/05	\$5,000,000 aggregate limit; \$1,500,000 employment practices claims, \$1,500,000 all others.
Commercial Crime Policy	FDIC	04/01/04 - 04/01/07	\$100,000 employee theft, \$1,000 deductible per occurrence.

Source: Office of Risk Management

Detroit Public Schools

Statistical and Other Information (Unaudited) Summary of Buildings and Sites Year Ended June 30, 2005

School	Enrollment (2)	Existing Capacity	Planned Capacity	Existing Sq. Ft.	Planned Sq. Ft.
Elementary Schools					
Atkinson	314	410	410	49,582	49,582
Bagley	576	642	642	54,317	54,317
Barton	465	562	562	38,848	38,848
Beard ECC	196	284	284	33,850	33,850
Beckham	1,348	1,356	716	136,257	86,000
Bellevue ⁽¹⁾	125	227	---	41,669	---
Bennett	658	677	677	67,144	67,144
Berry	258	307	307	31,600	31,600
Biddle ⁽¹⁾	215	259	---	29,314	---
Birney	323	409	409	55,711	55,711
Bow	578	675	675	59,100	59,100
Brady	424	434	434	64,318	64,318
Brewer	607	600	600	57,894	57,894
Brown	1,081	1,110	1,110	122,415	122,415
Bunche	298	351	351	56,488	56,488
Burns	617	624	624	65,370	65,370
Burt	381	474	474	49,750	49,750
Campbell	278	351	351	56,833	56,833
Carleton	624	640	640	52,134	52,134
Carstens	387	587	587	91,277	91,277
Chrysler	177	185	185	23,066	23,066
Clark	517	624	624	61,884	61,884
Clemente, Roberto	677	802	802	86,000	86,000
Clinton	370	452	452	49,930	49,930
Cooke	364	460	460	45,184	45,184
Coolidge	624	822	822	57,528	57,528
Courville	665	781	781	79,691	79,691
Crary	483	587	587	49,592	49,592
Davison	878	946	946	110,388	110,388
Dossin	385	435	435	50,908	50,908
Edison	338	414	414	44,157	44,157
Edmonson	329	376	376	65,904	65,904
Fairbanks	240	252	252	31,136	31,136
Family Place	---	---	---	---	---
Far West ELC ⁽¹⁾	154	177	---	750	---
Ferry	263	338	---	51,200	---
Fitzgerald	662	781	781	88,110	88,110
Fleming	617	712	712	60,090	60,090
Foreign Language	408	525	525	42,336	42,336
Fox ⁽¹⁾	69	137	---	7,680	---
Gardner	335	402	402	32,634	32,634
Genesis	374	372	372	37,199	37,199
Glazer	300	402	402	48,000	48,000
Gompers	316	277	277	30,529	30,529
Grayling ⁽¹⁾	245	329	---	61,448	---
Greenfield Park	372	442	442	72,296	72,296
Guyton	344	429	429	47,264	47,264
Hamilton	325	377	377	51,373	51,373
Hanneman	491	447	447	45,968	45,968
Hanstein	347	444	444	35,832	35,832

Detroit Public Schools

Statistical and Other Information (Unaudited) Summary of Buildings and Sites (Continued) Year Ended June 30, 2005

School	Enrollment (2)	Existing Capacity	Planned Capacity	Existing Sq. Ft.	Planned Sq. Ft.
Elementary Schools (Continued)					
Harding	495	670	670	85,718	85,718
Harms	568	714	714	44,933	44,933
Healy	193	240	240	17,230	17,230
Heilmann Park ES	712	768	768	95,098	95,098
Herman/Rogers ES/HS	610	1,039	1,039	77,384	77,384
Higgins	381	485	485	52,570	52,570
Holcomb	411	544	544	46,565	46,565
Holmes, O.W.	499	646	646	64,611	64,611
Hosmer ⁽¹⁾	323	362	---	48,920	---
Houghten	437	542	542	58,368	58,368
Howe	603	653	653	98,174	98,174
Hubert ⁽¹⁾	346	393	---	72,770	---
Hughes, Langston	412	686	686	55,360	55,360
Hutchinson	433	549	549	55,672	55,672
Jamieson	651	704	704	64,930	64,930
Jemison	286	361	---	37,500	---
Joyce	462	524	524	48,918	48,918
Keidan	424	447	447	77,550	77,550
Keith ⁽¹⁾	395	650	---	55,484	---
King ES	577	579	579	47,014	47,014
Kosciusko	341	357	357	39,757	39,757
Larned ⁽¹⁾	114	160	---	22,337	---
Lodge	149	164	164	21,514	21,514
Logan	605	635	635	54,810	54,810
Loving	400	386	386	49,200	49,200
Lynch ⁽¹⁾	308	411	---	43,032	---
MAAT Imhotep	391	502	502	51,858	51,858
MacCulloch	464	537	537	71,350	71,350
MacDowell	503	542	542	52,500	52,500
Macomb	371	536	536	28,499	28,499
Mann	342	342	342	44,909	44,909
Marsh ⁽¹⁾	170	177	---	23,296	---
Marshall, J.	594	857	857	61,990	61,990
Marshall, T.	591	757	757	90,905	90,905
Mason	503	500	500	46,870	46,870
Maybury	683	607	607	45,322	45,322
McColl	395	570	570	33,464	33,464
McFarlane	349	418	418	59,008	59,008
McGregor	438	520	520	45,698	45,698
McKenny	453	524	524	67,295	67,295
Monnier	372	627	627	50,413	50,413

Detroit Public Schools

Statistical and Other Information (Unaudited) Summary of Buildings and Sites (Continued) Year Ended June 30, 2005

School	Enrollment (2)	Existing Capacity	Planned Capacity	Existing Sq. Ft.	Planned Sq. Ft.
Elementary Schools (Continued)					
Neinas	508	523	523	52,771	52,771
Newberry ⁽¹⁾	252	360	---	50,438	---
Nichols	364	537	537	51,904	51,904
Northwest ECC	119	143	143	12,400	12,400
Oakman	320	392	392	46,464	46,464
Owen	317	393	393	55,277	55,277
Parker	486	527	527	70,528	70,528
Parkman ⁽¹⁾	373	467	---	42,758	---
Pasteur	441	487	487	56,541	56,541
Pitcher	355	429	429	51,294	51,294
Priest	1,070	1,063	1,063	117,502	117,502
Pulaski	565	882	882	61,126	61,126
Rose ⁽¹⁾	226	259	---	45,740	---
Rutherford	407	451	451	51,356	51,356
Sanders ⁽¹⁾	387	482	---	56,299	---
Schulze	635	728	728	94,991	94,991
Stark	273	329	329	62,240	62,240
Stewart	334	392	392	58,800	58,800
Thirkell	577	654	654	68,701	68,701
Trix	523	595	595	48,233	48,233
Van Zile	525	650	650	47,938	47,938
Vandenberg ⁽¹⁾	251	305	---	30,003	---
Vernor ES	459	510	510	44,608	44,608
Von Steuben	479	597	597	52,768	52,768
Wayne	414	485	485	48,070	48,070
Weatherby ⁽¹⁾	144	190	---	25,621	---
Webster	370	381	381	58,822	58,822
White	761	1,084	1,084	97,217	97,217
Wilkins	593	640	640	48,801	48,801
Woodward ⁽¹⁾	351	476	---	38,256	---
Wright, Charles	635	726	726	94,991	94,991
Yost ⁽¹⁾	212	274	---	34,275	---
Young ES	633	644	644	67,800	67,800
K-8 Schools					
Academy of the Americas	816	974	974	98,429	98,429
Angelou	502	572	572	46,700	46,700
Ann Arbor Trail	429	698	698	43,343	43,343
Arthur ⁽¹⁾	276	480	---	37,472	---
Bates	792	926	926	63,632	63,632
Bethune	970	1,059	1,059	82,149	82,149
Blackwell	725	739	739	57,044	57,044
Boynton	539	815	815	120,132	120,132
Burton	608	719	719	59,136	59,136
Butzel	598	990	990	135,600	135,600
Cadillac	537	706	706	51,692	51,692
Carver	687	711	711	67,102	67,102
Cooper	537	753	753	82,338	82,338
Courtis	545	763	763	63,374	63,374
Detroit Science Academy	194	255	255	42,800	42,800

Detroit Public Schools

Statistical and Other Information (Unaudited) Summary of Buildings and Sites (Continued) Year Ended June 30, 2005

School	Enrollment (2)	Existing Capacity	Planned Capacity	Existing Sq. Ft.	Planned Sq. Ft.
K-8 Schools (Continued)					
Detroit Open	279	345	345	35,500	35,500
Dewey ⁽¹⁾	531	743	---	78,850	---
Dixon	674	826	826	60,544	60,544
Duffield	752	813	813	113,455	113,455
Durfee	664	1,065	1,065	170,870	170,870
Elmdale	316	613	613	39,898	39,898
Emerson	1,055	1,613	1,613	126,805	126,805
Fine Performing Arts East	452	848	848	47,314	47,314
Fisher Magnet @ Burbank	579	806	806	91,020	91,020
Garvey	413	541	541	48,141	48,141
Golightly Center	944	1,160	1,160	107,134	107,134
Grant	574	676	676	51,918	51,918
Greenfield Union	759	954	954	75,285	75,285
Henderson Lower/Upper	1,092	1,433	1,433	139,191	139,191
Holmes, A.L.	619	801	801	102,217	102,217
Jordan, Barbara	729	911	911	160,261	160,261
Law	906	1,336	1,336	125,995	125,995
Malcolm X	492	562	562	37,700	37,700
Marquette	762	910	910	92,618	92,618
Noble	660	763	763	143,605	143,605
Richard, G.	556	760	760	43,464	43,464
Robeson	979	995	995	201,389	201,389
Sampson	434	798	798	69,897	69,897
Sherrard	494	612	612	99,081	99,081
Sherrill	537	901	901	73,000	73,000
Spain	884	1,193	1,193	145,591	145,591
Stephens	570	732	732	76,119	76,119
Twain, Mark	439	577	577	53,356	53,356
Vetal	755	1,003	1,003	80,371	80,371
Webber	505	762	762	145,118	145,118
Westside Multicultural Academy	377	521	521	71,283	71,283
Winship	535	885	885	80,185	80,185
Winterhalter	991	1,316	1,316	125,504	125,504
Middle Schools					
Barbour	920	1,320	1,320	156,000	156,000
Beaubien	675	1,080	1,080	128,190	128,190
Cervený	590	1,044	1,044	133,580	133,580
Cleveland	969	1,008	1,008	102,352	102,352
Clippert	409	504	504	46,194	46,194
Coffey	526	720	720	47,464	47,464
Columbus	711	986	986	54,240	54,240
Drew	754	909	909	139,000	139,000
Earhart	720	995	995	104,450	104,450
Farwell	735	1,134	1,134	96,304	96,304
Hally	683	650	650	48,500	48,500
Hancock Preparatory Alternative	70	141	141	12,412	12,412
Heilmann Park MS	867	1,058	1,058	147,620	147,620
Hutchins	530	1,143	1,143	138,056	138,056
Joy	686	1,258	1,258	149,208	149,208

Detroit Public Schools

Statistical and Other Information (Unaudited) Summary of Buildings and Sites (Continued) Year Ended June 30, 2005

School	Enrollment (2)	Existing Capacity	Planned Capacity	Existing Sq. Ft.	Planned Sq. Ft.
Middle Schools (Continued)					
Lessenger	684	842	842	93,258	93,258
Lions Alternative	132	162	162	32,241	32,241
Longfellow	508	680	680	115,277	115,277
Ludington	645	603	603	53,632	53,632
McMichael	464	729	729	85,079	85,079
McNair	789	1,319	1,319	133,603	133,603
MCRC Alternative Program ⁽¹⁾	82	---	---	---	---
Miller	657	835	835	116,050	116,050
Munger	724	1,141	1,141	115,691	115,691
Murphy	671	873	873	107,591	107,591
Nolan	674	1,168	1,168	112,432	112,432
Parks	669	729	729	82,954	82,954
Phoenix	518	900	900	112,628	112,628
Post	661	1,074	1,074	132,129	132,129
Robinson	565	914	914	128,000	128,000
Ruddiman	524	752	752	93,521	93,521
Scott, Brenda	901	1,085	1,085	147,620	147,620
Taft	736	696	696	95,591	95,591
University Public	474	1,110	1,110	114,200	114,200
High Schools					
Barsamian Preparatory Alternative	95	174	174	22,200	22,200
Boykin Alternative	113	252	252	64,502	64,502
Breithaupt Career and Tech Center	31	572	572	150,361	150,361
Cass Tech (Old Building)	2,111	2,706	---	831,000	---
Cass Tech (New Building)	---	---	2,287	---	402,484
Central	1,174	1,505	1,505	229,545	229,545
Chadsey	866	988	988	163,842	163,842
Cody	1,854	2,183	2,183	286,752	286,752
Communication Media Arts	539	720	720	79,450	79,450
Cooley	1,409	2,172	2,172	206,795	206,795
Crockett HS	593	714	---	26,296	---
Crockett HS @ Burroughs	---	---	837	---	129,592
Crockett Career and Tech Center	1	616	616	96,000	96,000
Crosman Alternative	375	342	342	77,049	77,049
Davis Aerospace	249	578	578	66,600	66,600
Denby	2,285	1,951	1,951	205,470	205,470
Detroit City Alternative HS	358	414	414	42,972	42,972
Detroit Performing HS (Wibur Wright Building)	528	922	---	91,488	---
Detroit School of Arts (New Building)	---	1,296	1,296	305,634	305,634
Douglass Alternative	272	468	468	81,915	81,915
Ferguson Alternative MS/HS	329	306	306	44,434	44,434
Finney	1,590	2,274	2,274	257,392	257,392
Ford HS	1,679	1,828	1,828	270,218	270,218
Galilee Alternative Program ⁽¹⁾	36	---	---	---	---
Golightly Career and Tech Center	9	616	616	132,668	132,668
Kettering	1,397	1,449	1,449	148,348	148,348
King HS	1,940	2,049	2,049	306,444	306,444
Mackenzie	1,639	1,934	1,934	223,960	223,960

Detroit Public Schools

Statistical and Other Information (Unaudited) Summary of Buildings and Sites (Continued) Year Ended June 30, 2005

School	Enrollment (2)	Existing Capacity	Planned Capacity	Existing Sq. Ft.	Planned Sq. Ft.
High Schools (Continued)					
Millennium Alternative	246	198	198	22,240	22,240
Mumford	2,144	1,666	1,666	240,273	240,273
Murray-Wright	1,315	1,938	1,938	232,817	232,817
Northern	1,190	1,645	1,645	318,416	318,416
Northwestern	1,180	1,866	1,866	388,059	388,059
Osborn	2,007	2,006	2,006	201,884	201,884
Pershing	2,016	1,897	1,897	249,694	249,694
Randolph Career and Tech Center	20	616	616	122,883	122,883
Redford	1,625	2,865	2,865	318,259	318,259
Renaissance	891	1,377	926	91,410	91,410
Renaissance (New Building)	---	---	1,169	---	393,262
Southeastern (@ Foch)	1,995	932	932	114,234	114,234
Southeastern (Under Renovation)	---	---	1,551	---	264,527
Southwestern	890	1,437	1,437	198,050	198,050
Trombly Alternative	293	321	321	52,475	52,475
Western	1,382	1,786	1,786	214,412	214,412
Westside Alternative	339	306	306	33,268	33,268
Special Education Centers					
Cooley North	179	181	181	114,229	114,229
Deiter Trainable Center	184	235	235	58,223	58,223
Detroit School for the Deaf	68	91	91	61,152	61,152
Field, Helen Learning Center ⁽¹⁾	246	366	---	51,582	---
Field, Moses Center	175	212	212	53,742	53,742
Kettering West	215	221	221	101,515	101,515
McKinney Day Treatment	59	85	85	48,092	48,092
Poe Developmental Center	166	207	207	26,416	26,416
Washington Careers Center	315	326	326	86,400	86,400
Wingert Vocational Pre-Center	180	290	290	42,240	42,240
Noninstructional Sites					
AHCC Museum (Old Redford Library Building)	N/A	N/A	N/A	8,606	8,606
Children's Museum	N/A	N/A	N/A	29,928	29,928
Drew Attendance	N/A	N/A	N/A	4,400	4,400
Eastside Bus Terminal	N/A	N/A	N/A	44,784	44,784
Eastside Maintenance Hub	N/A	N/A	N/A	27,451	27,451
Fisher Building	N/A	N/A	N/A	172,068	172,068
Golightly Horticulture	N/A	N/A	N/A	1,600	1,600
Harris Professional Development Building	N/A	N/A	N/A	30,608	30,608
Kahn Building	N/A	N/A	N/A	87,886	87,886
Lawton Building	N/A	N/A	N/A	31,922	31,922
Longfellow Annex	N/A	N/A	N/A	48,674	48,674
Lothrop Landing	N/A	N/A	N/A	2,693	2,693
McNichols Attendance	N/A	N/A	N/A	13,377	13,377
New Center One	N/A	N/A	N/A	58,800	58,800
Northern Annex	N/A	N/A	N/A	23,662	23,662
Puritan Attendance	N/A	N/A	N/A	12,549	12,549
Support Services Bldg A	N/A	N/A	N/A	169,000	169,000

Detroit Public Schools

Statistical and Other Information (Unaudited) Summary of Buildings and Sites (Continued) Year Ended June 30, 2005

School	Enrollment (2)	Existing Capacity	Planned Capacity	Existing Sq. Ft.	Planned Sq. Ft.
Noninstructional Sites (Continued)					
Support Services Bldg B	N/A	N/A	N/A	28,000	28,000
Support Services Bldg C	N/A	N/A	N/A	44,000	44,000
TAV Record Management	N/A	N/A	N/A	-	7,000
Westside Bus Terminal	N/A	N/A	N/A	41,735	41,735
Westside Maintenance Hub	N/A	N/A	N/A	34,470	34,470
District-wide Grand Total	145,311	185,038	177,065	23,043,479	22,254,609
Elementary School - Total	53,535	63,446	56,012	6,735,277	5,866,230
K - 8 School - Total	30,063	39,934	38,711	4,163,622	4,047,300
Middle School - Total	20,922	29,562	29,562	3,375,067	3,375,067
High School - Total	39,005	49,885	50,936	7,209,709	7,450,790
Special Education - Total	1,787	2,214	1,848	643,591	592,009
Noninstructional - Total	-	-	-	916,213	923,213
District-wide Grand Total	<u>145,313</u>	<u>185,041</u>	<u>177,068</u>	<u>23,043,479</u>	<u>22,254,609</u>

Source:

Department of Pupil Population Management, DPS; and, DPSPMT Planning and Programming Department.

Notes:

- (1) These 24 school buildings were closed as of June 30, 2005.
- (2) Fall 2004 FTE Enrollment. Detroit Public Schools, Department of Pupil

Detroit Public Schools

Statistical and Other Information (Unaudited) Graduate Information Year Ended June 30, 2005

School Year	High School	Adult High School Completion	GED Graduates
1990-91	5,731	525	1,870
1991-92	5,674	567	1,592
1992-93	6,129	518	1,804
1993-94	5,777	445	1,784
1994-95	6,063	399	1,956
1995-96	5,957	477	1,418
1996-97	6,286	292	226
1997-98	6,549	274	339
1998-99	6,317	26	342
1999-00	6,332	77	230
2000-01	5,964	84	396
2001-02	5,382	106	247
2002-03	5,852	79	134
2003-04	5,888	N/A	76
2004-05	5,703	N/A	98

N/A - Not available

Source: Student Information Services - Detroit Public Schools,
Office of Adult Education - Detroit Public Schools

Detroit Public Schools

	2004-2005	2003-2004	2002-03
Charge per lunch to students:			
Paid-Elementary	\$ 1.10	\$ 1.10	\$ 1.10
Paid-Secondary	1.30	1.20	1.20
Paid-High School	1.30	1.20	1.20
Reduced	0.40	0.40	0.40
Charge per lunch to adults	a la carte	a la carte	a la carte
Number of days served	174	176	176
Number of free lunches served	10,753,529	11,272,821	10,988,855
Percent of total lunches served	84.93%	82.67%	80.74%
Average number of free lunches served daily	61,802	64,050	62,437
Number of paid lunches served at reduced price	412,363	433,173	394,595
Percent of total lunches served	3.26%	3.18%	2.90
Number of paid lunches served at regular price	1,495,266	1,930,752	2,224,904
Percent of total lunches served	11.81%	14.16%	16.35
Average number of paid lunches served daily:			
At reduced price	2,370	2,461	2,242
At regular price	8,593	10,970	12,641
Total number of lunches served	12,661,158	13,636,746	13,609,353
Average number of lunches served daily	72,765	77,482	77,326
Total number of students	141,148	150,415	157,003

Source: Food Services Department.

Note: Unlicensed Child and Adult Care Feeding Program (CACFP) numbers are not included in the figures.

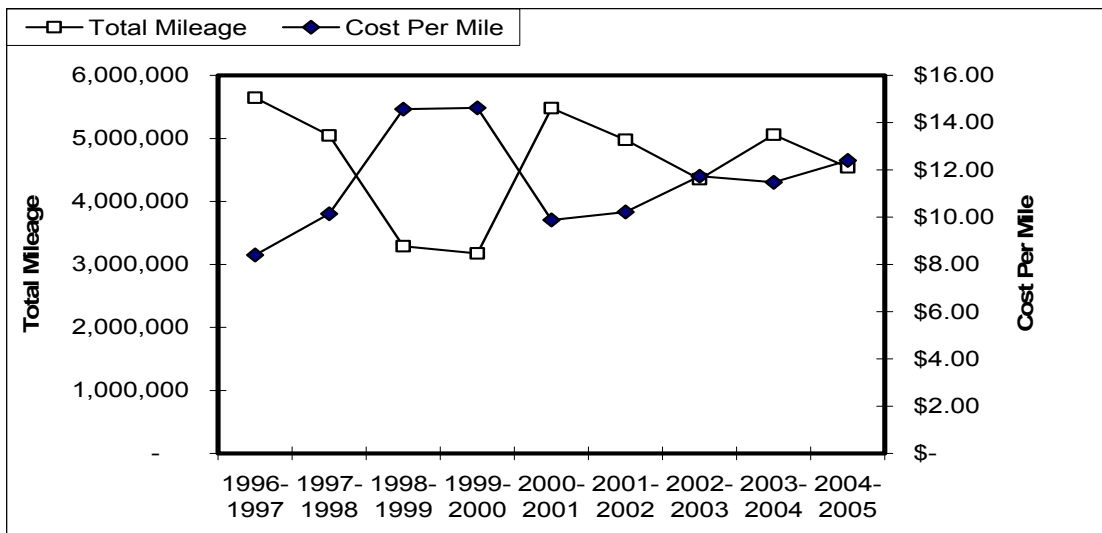
Statistical and Other Information (Unaudited)
School Lunch Program
Year Ended June 30, 2005

2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96
\$ 1.10	\$ 0.90	\$ 0.90	\$ 0.90	\$ 0.90	\$ 0.90	\$ 0.90
1.20	1.00	1.00	1.00	1.00	1.00	1.00
1.20	1.00	1.00	1.00	1.00	1.00	1.00
0.40	0.40	0.40	0.40	0.40	0.40	0.40
a la carte	a la carte	a la carte	a la carte	a la carte	a la carte	a la carte
168	168	175	168	172	168	168
11,902,270	11,614,288	12,438,594	12,313,009	13,000,927	12,985,513	12,593,798
84.72	85.59	85.74	86.58	87.97	87.31	86.41
70,847	69,133	71,078	73,292	75,587	77,295	74,963
406,774	428,282	497,624	445,001	393,422	309,083	312,087
2.9	3.16	3.43	3.13	2.66	2.08	2.14
1,739,831	1,526,922	1,570,529	1,463,297	1,384,498	1,577,691	1,668,323
12.38	11.25	10.83	10.29	9.37	10.61	11.45
2,421	2,549	2,844	2,649	2,287	1,840	1,858
10,356	9,089	8,974	8,710	8,049	9,391	9,930
14,048,875	13,569,492	14,506,747	14,221,307	14,778,847	14,872,287	14,574,208
83,624	80,771	82,896	84,651	85,924	88,526	86,751
159,694	162,693	168,213	173,848	173,871	173,080	169,996

Detroit Public Schools

Statistical and Other Information (Unaudited) Pupil Transportation Data Year Ended June 30, 2005

School Year	Regular Pupil Transportation Mileage*	Total Current Operating Expenditures	Average Cost Per Mile
1995-1996	N/A*	N/A*	\$ -
1996-1997	5,645,366	47,385,525	\$ 8.39
1997-1998	5,046,496	51,186,310	\$ 10.14
1998-1999	3,286,598	47,874,247	\$ 14.57
1999-2000	3,172,568	46,397,180	\$ 14.62
2000-2001	5,480,808	54,167,982	\$ 9.88
2001-2002	4,976,315	50,849,335	\$ 10.22
2002-2003	4,353,621	51,097,194	\$ 11.74
2003-2004	5,058,712	58,030,337	\$ 11.47
2004-2005	4,538,728	56,284,537	\$ 12.40



* N/A - Information is not available.

Source: Form SE-4094.

Detroit Public Schools

Statistical and Other Information (Unaudited) Demographic Statistics - City of Detroit Year Ended June 30, 2005

Year	School Year	Population	School Enrollment*	Average Daily Attendance	Unemployment Percentage Rate
1995	1995-1996	1,003,701	169,996	92%	10.00%
1996	1996-1997	995,233	173,080	90%	9.10%
1997	1997-1998	975,477	173,871	90%	7.90%
1998	1998-1999	967,360	173,848	90%	7.20%
1999	1999-2000	965,084	168,213	N/A	7.60%
2000	2000-2001	951,270	162,693	90%	6.60%
2001	2001-2002	931,413	159,694	89%	5.10%
2002	2002-2003	921,312	157,003	91%	6.20%
2003	2003-2004	900,863	150,415	91%	7.30%
2004	2004-2005	864,434	141,148	91%	7.10%

N/A - Not available

* Figures are based on the fall and winter blended count and do not include preschool

Sources: Department of Commerce, Bureau of the Census;
the State Aid Financial Status Report; Michigan Employment
Security Agency; School District Student Information Systems

Detroit Public Schools

Statistical and Other Information (Unaudited) Largest Employers - City of Detroit Year Ended June 30, 2005

<u>Company</u>	<u>Type of Business</u>	<u>Number of Employees</u>
Detroit Public Schools	Public school system	18,639
City of Detroit	City government	17,151
U.S. Government	Federal government	10,957
Detroit Medical Center	Health care system	10,617
DaimlerChrysler Corp	Automobile manufacturer	9,900
Henry Ford Health System	Health care system	7,404
U.S. Postal Service	Postal service	6,467
General Motors Corp.	Automobile manufacturer	6,311
State of Michigan	State government	5,256
Wayne State University	Public university	5,078

Source: Crain's List, June 13, 2005

Detroit Public Schools

Statistical and Other Information (Unaudited) District Staffing Year Ended June 30, 2005

Staff	Number of Employees*
Officials, administrators, managers	200.0
Principals	215.0
Assistant principals	168.0
Classroom teachers	8,149.3
Guidance	292.5
Psychological	102.0
Librarians/Audio-Visual staff	80.0
Consultants/Supervisors of instruction	297.6
Other professional staff	633.8
Teacher aides	1,961.0
Technicians	23.0
Clerical/Secretarial staff	602.0
Service workers	2,433.0
Skilled crafts	467.0
Laborers - Unskilled	<u>69.0</u>
Total	<u><u>15,693.2</u></u>
Part-time staff	2,633.0
Substitute staff:	
Instructional	721.0
Noninstructional support	<u>1,115.0</u>
Grand total	<u><u>20,162.2</u></u>

*Employee numbers are summarized as FTEs (full-time equivalents) for the regular District staff and Head Count for part-time and substitute staff.

Source: School District Human Resources System

Detroit Public Schools

	2005	2004	2003	2002
Local Sources:				
Property taxes	\$ 83,732,329	\$ 79,111,256	\$ 74,715,066	\$ 81,327,181
Earnings on investments	1,658,326	920,568	1,849,862	4,273,293
Special education millage	68,862,819	55,969,355	55,166,068	46,785,273
Other local	12,830,588	14,651,942	4,207,293	17,056,839
Total Local Revenue	\$ 167,084,062	\$ 150,653,121	\$ 135,938,289	\$ 149,442,586
% of Revenue from Local Revenue	11.63%	9.97%	8.86%	9.62%
% Change in Local Revenue	10.91%	10.82%	-9.04%	16.91%
State Sources:				
State aid	\$ 943,276,137	\$ 1,021,558,047	\$ 1,083,956,145	\$ 1,071,667,196
At-risk	70,806,490	71,943,117	79,509,349	94,425,757
Other state sources	10,252,218	26,021,162	27,984,337	38,613,676
Total State Revenue	\$ 1,024,334,845	\$ 1,119,522,326	\$ 1,191,449,831	\$ 1,204,706,629
% of Revenue from State Revenue	71.33%	74.09%	77.66%	77.56%
% Change in State Revenue	-8.50%	-6.04%	-1.10%	4.86%
Federal Sources:				
Education Consolidation and Improvements Act I	\$ 135,157,836	\$ 134,011,715	\$ 112,355,738	\$ 100,300,918
Other federal sources	109,476,503	106,869,403	94,431,124	98,730,971
Total Federal Revenue	\$ 244,634,339	\$ 240,881,118	\$ 206,786,862	\$ 199,031,889
% of Revenue from Federal Revenue	587.02%	15.94%	13.48%	12.82%
% Change in Federal Revenue	1.56%	16.49%	3.90%	104.77%
Other General Operations				
% of Revenue from Other General Operations	-	-	-	-
% Change in Other General Operations	-	-	-	-
Other Special Program Operations				
% of Revenue from Other Special Program Operations	-	-	-	-
% Change in Other Special Program Operations	-	-	-	-
Auxilliary Operations				
% of Revenue from Auxilliary Operations	-	-	-	-
% Change in Auxilliary Operations	-	-	-	-
Total Revenue	\$ 1,436,053,246	\$ 1,511,056,565	\$ 1,534,174,982	\$ 1,553,181,104
% Change in Total Revenues	-4.96%	-1.51%	-1.22%	7.05%
Student Enrollment	141,148	150,415	157,003	159,694
% Change in Student Enrollment	-6.16%	-5.81%	-1.69%	-1.84%
Total Revenue Per Student	\$ 10,174	\$ 10,046	\$ 9,772	\$ 9,726
% Change in Total Revenue Per Student	1.28%	2.80%	0.47%	9.06%

NOTES:

Prior to 2001, auxiliary operations included Food Service and Athletics.
 In 2002, revenue classifications were modified to conform with GASB No. 34.

Statistical and Other Information (Unaudited)
General Fund Revenue by Source
Year Ended June 30, 2005

	2001	2000	1999	1998	1997	1996	1995
\$	75,463,886	\$ 71,925,327	\$ 76,616,502	\$ 74,291,346	\$ 74,338,605	\$ 65,206,513	\$ 57,541,160
	7,337,357	7,140,951	7,956,383	9,121,264	7,967,874	5,432,661	4,619,552
	45,027,284	53,305,293	46,233,973	33,851,192	25,789,013	45,019,568	30,578,513
	-	-	-	-	-	-	-
\$	127,828,527	\$ 132,371,571	\$ 130,806,858	\$ 117,263,802	\$ 108,095,492	\$ 115,658,742	\$ 92,739,225
	8.81%	9.02%	9.07%	8.40%	7.96%	8.73%	7.53%
	-3.43%	1.20%	11.55%	8.48%	-6.54%	24.71%	-63.50%
\$	1,056,977,769	\$ 1,046,920,520	\$ 1,034,589,767	\$ 1,016,706,222	\$ 983,466,283	\$ 972,614,955	\$ 979,752,119
	91,911,168	75,877,780	79,661,241	75,078,955	73,229,079	60,881,361	-
	-	-	-	-	-	-	-
\$	1,148,888,937	\$ 1,122,798,300	\$ 1,114,251,008	\$ 1,091,785,177	\$ 1,056,695,362	\$ 1,033,496,316	\$ 979,752,119
	79.18%	76.48%	77.30%	78.20%	77.78%	78.02%	79.57%
	2.32%	0.77%	2.06%	3.32%	2.24%	5.49%	43.56%
\$	97,195,687	\$ 84,218,687	\$ 92,128,414	\$ 94,574,532	\$ 97,782,027	\$ 91,694,819	\$ 77,750,084
	-	-	-	-	-	-	-
\$	97,195,687	\$ 84,218,687	\$ 92,128,414	\$ 94,574,532	\$ 97,782,027	\$ 91,694,819	\$ 77,750,084
	6.70%	5.74%	6.39%	6.77%	7.20%	6.92%	6.31%
	15.41%	-8.59%	-2.59%	-3.28%	6.64%	17.94%	-7.57%
\$	9,980,980	\$ 33,249,441	\$ 19,735,154	\$ 11,988,373	\$ 11,134,970	\$ 7,549,281	\$ 2,766,817
	0.69%	2.26%	1.37%	0.86%	0.82%	0.57%	0.22%
	-69.98%	68.48%	64.62%	7.66%	47.50%	172.85%	-66.83%
\$	66,114,274	\$ 58,371,803	\$ 49,389,245	\$ 44,109,150	\$ 48,841,380	\$ 42,470,626	\$ 43,369,093
	4.56%	3.97%	3.43%	3.16%	3.59%	3.21%	3.52%
	13.26%	18.19%	11.97%	-9.69%	15.00%	-2.07%	-24.59%
\$	881,474	\$ 37,102,162	\$ 35,134,044	\$ 36,347,857	\$ 36,069,451	\$ 33,724,815	\$ 34,924,172
	0.06%	2.53%	2.44%	2.61%	2.65%	2.55%	2.85%
	-97.62%	5.60%	-3.34%	0.77%	6.95%	-3.43%	14.26%
\$	1,450,889,879	\$ 1,468,111,964	\$ 1,441,444,723	\$ 1,396,068,891	\$ 1,358,618,682	\$ 1,324,594,599	\$ 1,231,301,510
	-1.17%	1.85%	3.25%	2.76%	2.57%	7.58%	10.23%
	162,693	168,213	173,848	173,871	173,080	169,996	167,551
	-3.28%	-3.24%	-0.01%	0.46%	1.81%	1.46%	0.25%
\$	8,918	\$ 8,728	\$ 8,291	\$ 8,029	\$ 7,850	\$ 7,792	\$ 7,349
	2.18%	5.27%	3.26%	2.28%	0.74%	6.03%	9.95%

Detroit Public Schools

Statistical and Other Information (Unaudited) Government-wide Revenue by Source Year Ended June 30, 2005

	2005	2004	2003	2002
Charges for Services:				
Instruction	\$ 1,208,635	\$ 534,085	\$ 707,441	\$ 1,218,449
Support services	471,451	1,968,685	406,495	374,227
Community services	243,275	194,357	396,375	592,194
Food services	7,120,976	4,883,122	7,684,584	4,009,284
Total Charges for Services	\$ 9,044,337	\$ 7,580,249	\$ 9,194,895	\$ 6,194,154
% of Revenue from Charges for Services	0.57%	0.46%	0.55%	0.37%
% Change in Charges for Services	19.31%	-17.56%	48.44%	N/A
Operating Grants and Contributions				
Instruction	\$ 284,214,800	\$ 266,631,616	\$ 309,671,019	\$ 342,960,178
Support services	202,817,657	209,934,501	146,685,822	142,629,745
Community services	2,833,952	6,144,452	4,901,034	4,385,874
Food services	43,400,337	42,444,896	40,815,001	40,309,610
Interest on long-term debt	-	-	-	7,408,631
Total Operating Grants and Contributions	\$ 533,266,746	\$ 525,155,465	\$ 502,072,876	\$ 537,694,038
% of Revenue from Operating Grants and Contributions	33.36%	31.53%	29.73%	32.30%
% Change in Operating Grants and Contributions	1.54%	4.60%	-6.62%	N/A
General Revenue				
Property taxes, levied for general purposes	\$ 88,528,994	\$ 76,978,512	\$ 77,463,860	\$ 70,361,823
Property taxes, levied for debt services	99,454,576	104,758,050	98,349,902	70,961,394
Federal and State aid not restricted to specific purposes	850,521,353	932,399,129	992,568,740	961,331,404
Interest and investment earnings	9,798,478	7,896,070	9,711,711	14,236,252
Other sources	11,378,678	10,675,608	(460,619)	3,951,144
Loss on sale of assets	(3,582,523)	-	-	-
Total General Revenue	\$ 1,056,099,556	\$ 1,132,707,369	\$ 1,177,633,594	\$ 1,120,842,017
% of Revenue from General Revenue	66.07%	68.01%	70.71%	67.33%
% Change in General Revenue	-6.76%	-3.81%	5.07%	N/A
Total Revenue	\$ 1,598,410,639	\$ 1,665,443,083	\$ 1,688,901,365	\$ 1,664,730,209
% Change in Total Revenues	-4.02%	-1.39%	1.45%	N/A
Student Enrollment	141,148	150,415	157,003	159,694
% Change in Student Enrollment	-6.16%	-4.20%	-1.69%	-1.84%
Total Revenue Per Student	\$ 11,324	\$ 11,072	\$ 10,757	\$ 10,425
% Change in Total Revenue Per Student	2.28%	2.93%	3.19%	N/A

Note: Ten years of government-wide information not available as GASB No. 34 implemented as of June 30, 2002

Detroit Public Schools

Statistical and Other Information (Unaudited) Government-wide Expenses by Function Year Ended June 30, 2005

	2005	2004	2003	2002
Expenses				
Instruction	\$ 874,246,240	\$ 959,112,368	\$ 913,338,397	\$ 873,005,864
Support services	665,059,872	674,621,870	667,692,121	635,819,619
Community services	5,626,212	6,879,983	5,871,252	5,231,880
Food services	45,586,528	49,633,030	46,935,550	44,332,443
Athletics	3,313,696	1,924,623	1,718,693	2,231,664
Other	1,127,291	7,095,885	2,361,721	-
Interest on long-term debt	72,398,950	72,829,444	54,913,134	37,118,827
Depreciation (unallocated)	9,503,743	5,305,674	3,163,708	8,702,961
Total expenses	<u>\$ 1,676,862,532</u>	<u>\$ 1,777,402,877</u>	<u>\$ 1,695,994,576</u>	<u>\$ 1,606,443,258</u>
Percent Change in Expenses	(5.66%)	4.80%	5.57%	N/A
Student Enrollment	141,148	150,415	157,003	159,694
Expenses per Student	\$ 11,880	\$ 11,817	\$ 10,802	\$ 10,060
Percent Change in Expenses Per Student	0.54%	9.39%	7.38%	N/A

Note: Ten years of government-wide information not available as GASB No. 34 implemented as of June 30, 2002.

Detroit Public Schools

Statistical and Other Information (Unaudited) Certified Staff Data Year Ended June 30, 2005

All instructional staff is required to possess a valid Michigan teaching certificate at the appropriate level and with the appropriate endorsements for the instructional assignment. To obtain a Michigan teaching certificate, an individual (1) must be recommended to the Michigan Department of Education by an approved Michigan teacher preparation institution upon completion of all requirements or (2) apply directly to the Michigan Department of Education if she/he holds a valid teaching certificate from another state. The requirements for a Michigan teaching certificate are determined by statute and set forth in the Administrative Rules governing the Certification of Michigan Teachers. The Michigan Compiled School Laws require that the School District enter into an employment contract only with an individual holding a valid Michigan certificate. The employment contract is terminated in the event that an individual does not present evidence of continuing certification.

Michigan Teaching Certificate requirements include:

Provisional, valid for six years

- Bachelor's degree
- Completion of a minimum of 20 semester hours of coursework relevant to the delivery of instruction, including methods and materials and directed teaching
- Substantive content knowledge appropriate for instruction at either the elementary (K-5), middle (6-8), or secondary (7-12) levels
- Coursework in the teaching of reading appropriate to the level of the teaching certificate
- Completion of the appropriate Michigan tests for teacher certification

Professional, valid for five years

- Three years of successful teaching at the level of the certificate and in a certificate endorsement area
- Minimum of 18 graduate hours of coursework in a planned program

Professional - Renewal, valid for five years

For each renewal, completion of six hours of coursework or 18 continuing education units

The School District's current certified staff has the following educational level distribution:

<u>Bachelor's Degree</u>	<u>Master's Degree</u>	<u>Doctorate Degree</u>
28.2%	70.9%*	0.9%

* This percentage includes 8.8% of "Master's plus 30" degrees which are degrees with an additional 30 graduation hours earned after the Master's degree was granted.