

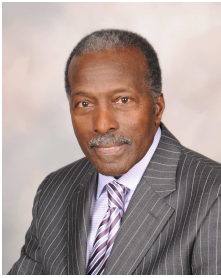
DETROIT PUBLIC SCHOOLS

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Dear Parents and Educational Leaders:

I am writing to personally share with you an update on Detroit Public Schools' finances. Amidst the District's financial and budgetary challenges we are determined to educate all students.

To do this we are redesigning the District and its educational programs, and will not waiver from focusing available resources on ensuring high standards in a rigorous curriculum and creating accountability systems for student achievement.

Detroit Public Schools generated its first annual operating surplus since 2007 and reduced its negative fund balance by over \$43 million (13 %) for the 2010-11 fiscal year. DPS accelerated the elimination of its \$327 million legacy deficit, reduced total expenditures by over 8% and reduced debt service cost by almost \$6 million. These results are presented in the district's FY 2010-2011 Consolidated Annual Financial Report (CAFR) which was submitted as required to the Michigan Department of Education by the November 15 deadline. Taken in conjunction with the October 2011 \$244.9 million financing which effectively results in eliminating \$200 million of the school district's legacy deficit, DPS' deficit is projected to be \$83.9 million.



Parents access the Internet at one of DPS' eight Parent Resource Centers.



Elementary students at Mann Learning Community study Spanish in the school library.

These reports, submitted on time, reflect the fact that we are moving solidly in the right direction. Careful financial planning, sacrifices across the board while maintaining a focus on teaching and learning have paid dividends. A number of key financial initiatives that the District has initiated to enhance financial and budget operations are beginning to take effect and when fully implemented these will correct years of broken systems that have too often kept good people from doing great jobs.

Going forward, challenges remain and we must maintain a balanced budget with declining student enrollment and related State Aid revenues. We must focus on enhancing educational delivery systems and support systems with limited resources. We must continue to eliminate the

remaining deficit as called for by the District's deficit elimination plan, and we must prepare for implementation of the new Educational Achievement System into which some Detroit Schools will move next school year.

It has been six months since Gov. Snyder convinced me to step out of quasi-retirement and off the sidelines onto the playing field as it relates to the critically important mission to educate Detroit's schoolchildren. During that time Detroit Public Schools has:

- Adopted a balanced budget for FY 2012
- Completed the audit of financial statement on time
- Generated the first operating surplus in four years
- Reduced total expenditures by over 8%
- Reduced its fund deficit by over 13%
- Reduced its debt service cost by almost \$6 million
- Received a favorable A+ Standard & Poor's credit rating
- Completed a \$200 million financing transaction at an attractive interest rate of 4.7%, reducing DPS' cost of borrowing by almost 200 basis points (2%) and extending the final maturity from less than one year to ten years
- Received notice from the Michigan Department of Education that Detroit Public Schools is in compliance with state and federal requirements for Special Education for the first time since 2007, reinstating \$4.8 million in Federal funding
- Issued an Order reducing wages and benefits



Inaugural class at Dr. Benjamin Carson High School
for Science and Medicine.

This fall, student enrollment exceeded budgeted projections by 234 full-time students, based on numbers submitted which will be audited.

As always, I encourage you, too, to become actively involved in raising achievement and opportunities for our students, whether it's as a family, a business, foundation or university partner, or simply as a concerned citizen. Together we will make Detroit Public Schools the best system of quality schools of any city in the nation.

Sincerely,

Handwritten signature of Roy S. Roberts

Roy S. Roberts,
Emergency Manager