

CERTIFICATE AS TO SET ASIDE REQUIREMENTS

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

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

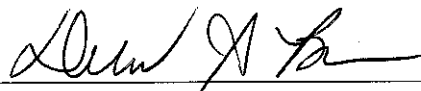
DOES NOT REQUIRE the establishment of new Set Aside Requirements

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

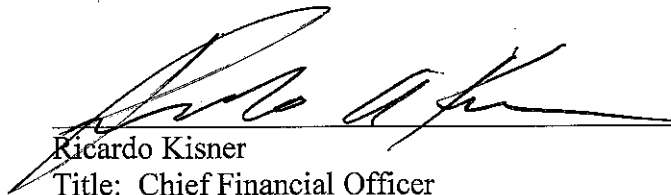
[For each series of Obligations identify new Set Aside Requirements]

This 15th day of **December**, 2010

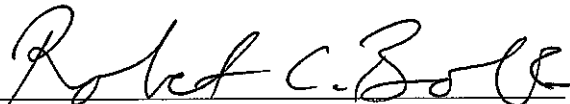
[To be filed monthly 5 days before Funds Transfer Date]



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



Ricardo Kisner  
Title: Chief Financial Officer



Robert C. Bobb  
Title: Emergency Financial Manager



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

# **DETROIT PUBLIC SCHOOLS**

## **Division of Finance**

### **Office of the Chief Financial Officer**

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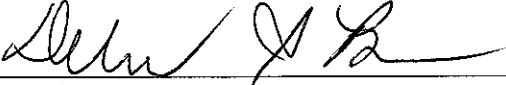
December 15, 2010


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

Attention: Vice President  
Municipal Credit Group

Ladies and Gentlemen:

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

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

By:   
\_\_\_\_\_  
Ricardo Kisner  
Chief Financial Officer

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

	July	August	September	October	November	December	January	February	March	April	May	June	TOTAL
Beginning Balance	\$62,153	\$17,373	\$222,243	\$166,409	\$123,433	\$79,785	\$20,893	\$12,620	\$11,686	\$173,613	\$94,440	\$56,085	\$62,153
<b>Cash Receipts</b>													
State Aid	56,981	61,035	-	57,894	65,888	48,506	51,693	51,693	51,693	51,693	51,693	51,693	595,463
Property Taxes	1,908	47,500	(10,721)	14,766	-	2,363	21,164	21,475	2,758	(9,210)	-	-	92,003
Grants	18,495	45,893	36,518	28,771	13,005	29,294	30,865	29,711	15,126	19,732	19,426	17,514	304,552
State Stabilization Funds - State Aid	-	-	-	-	-	-	9,858	-	-	-	-	-	9,858
State Aid Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
2010A State Aid Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
2010B State Aid Note Proceeds	-	187,961	-	-	-	-	-	-	-	-	-	-	187,961
2011A State Aid Note Proceeds	-	-	-	-	-	-	-	-	220,000	-	-	-	220,000
Other Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
WCRESA - Net	-	-	6,641	6,181	5,396	6,181	6,181	6,181	6,181	6,181	6,181	6,181	61,485
Food Service-Reimbursement	19,790	-	702	4,892	-	3,859	3,361	1	2,494	3,998	7,128	-	46,225
-Deposits	74	-	-	211	-	55	200	287	244	166	359	160	1,756
-RD	132	-	140	2	-	149	-	6	13	67	2	1	512
RD-Other	398	32	61	-	-	-	-	-	1	74	-	-	566
Interest	2	4	10	4	7	13	8	6	54	66	30	16	220
Miscellaneous	6,224	65	167	636	2,914	1,291	758	5,589	1,194	500	1,055	551	20,944
E-Rate reimbursement	-	-	-	-	-	-	-	-	-	-	520	-	520
Outreach Medicaid	7,438	-	944	-	944	944	944	944	944	944	944	944	15,934
Fee for Service Medicaid	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts	111,442	342,492	34,462	113,357	88,154	87,655	125,032	115,893	300,703	74,211	87,338	77,060	1,557,800
Total Available Funds	173,595	359,865	256,705	279,766	211,587	167,440	145,925	128,513	312,389	247,824	181,779	133,145	1,619,952
<b>Cash Disbursements</b>													
Payroll	(54,492)	(33,999)	(37,013)	(51,980)	(39,654)	(47,251)	(38,054)	(38,054)	(38,054)	(48,171)	(35,054)	(35,054)	(496,830)
FICA	(5,705)	(3,470)	(3,569)	(3,504)	(3,231)	(4,728)	(3,148)	(3,148)	(3,148)	(3,148)	(3,036)	(2,924)	(42,759)
Retirement	(14,404)	(9,873)	(7,668)	(8,180)	(9,640)	(16,693)	(16,992)	(11,320)	(11,292)	(16,952)	(11,318)	(11,326)	(146,658)
Non-Payroll Expenditures	(265)	(268)	-	(139)	(494)	(1,558)	(600)	(600)	(600)	(1,204)	(1,195)	(1,186)	(8,108)
Fringe Benefits	(9,004)	(10,582)	(6,257)	(9,849)	(8,546)	(10,416)	(10,143)	(9,642)	(5,100)	(8,547)	(10,585)	(7,883)	(106,554)
Fringe Benefits-Wired	(25,352)	(32,462)	(35,790)	(34,952)	(17,968)	(16,459)	(14,959)	(5,870)	(21,970)	(28,641)	(16,649)	(15,847)	(266,920)
Account Payable	-	-	-	-	-	-	-	-	(9,590)	-	-	-	(9,590)
Additional Account Payable	-	-	-	-	-	-	-	-	(2,494)	(3,998)	(7,128)	-	(21,092)
Food Service Transfer	-	-	-	-	(4,541)	(1,250)	(1,681)	-	(2,494)	(3,998)	(7,128)	-	(21,092)
Capital Leases	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult Education	-	-	-	-	-	(464)	-	(464)	(498)	(1,994)	-	(498)	(3,918)
Set Aside Payments on Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
2005B Bonds- Principal	-	-	-	(1,675)	(1,675)	(1,675)	(1,675)	(1,675)	(1,675)	(1,675)	(1,675)	-	(13,400)
2005B Bonds - Interest	-	-	-	(1,054)	(1,054)	(1,054)	(1,054)	(1,054)	(1,054)	(1,054)	(1,054)	-	(8,428)
2009B Note - Principal	(47,000)	(25,000)	-	-	-	-	-	-	-	-	-	-	(72,000)
2009B Note - Interest	-	(21,850)	-	-	-	-	-	-	-	-	-	-	(21,850)
2010A Note - Principal	-	-	-	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)	(31,235)	-	-	-	(256,235)
2010A Note - Interest	-	-	-	-	-	-	-	-	(12,067)	-	-	-	(12,067)
2010B Note - Principal	-	-	-	-	-	-	-	-	-	-	-	-	(116,000)
2010B Note - Interest	-	(117)	-	-	-	-	-	-	-	-	-	-	(117)
2011A Note - Principal	-	-	-	-	-	-	-	-	-	-	-	-	-
2011A Note - Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Set-Aside Payments	(47,000)	(46,967)	-	(47,729)	(47,729)	(47,729)	(47,729)	(47,729)	(46,031)	(40,729)	(40,729)	(40,000)	(500,998)
Total Cash Disbursements	(156,222)	(137,621)	(90,297)	(156,332)	(131,803)	(146,547)	(133,305)	(116,826)	(138,776)	(153,383)	(125,693)	(114,719)	(1,601,526)
Ending Balance with Note Proceeds	\$17,373	\$222,243	\$166,409	\$123,433	\$79,785	\$20,893	\$12,620	\$11,686	\$173,613	\$94,440	\$56,085	\$18,426	\$18,426
Balance without Note Proceeds	(261,492)	(212,782)	(268,617)	(266,592)	(265,241)	(279,133)	(294,257)	(190,191)	(204,962)	(267,372)	(267,727)	(265,386)	(265,386)
Debt Service Coverage	1.21	1.30	0.00	1.21	1.38	0.91	1.08	1.08	1.12	1.27	1.27	1.29	1.19

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

	July	August	September	October	November	December	January	February	March	April	May	June	TOTAL
Beginning Balance	\$18,426	\$10,970	\$227,555	\$160,397	\$128,962	\$91,303	\$62,308	\$52,077	\$59,388	\$240,648	\$179,234	\$143,840	\$18,426
<b>Cash Receipts</b>													
State Aid	51,693	51,693	-	49,178	49,178	49,178	49,178	49,178	49,178	49,178	49,178	49,178	545,984
Property Taxes	1,853	39,770	(10,614)	14,537	-	2,292	20,529	20,830	7,914	(14,172)	-	-	82,940
Grants	19,700	42,682	34,889	25,830	12,095	27,243	28,704	27,631	15,491	16,928	18,066	19,018	288,278
State Aid Note Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
2011B State Aid Note Proceeds	-	197,000	-	-	-	-	-	-	-	-	-	-	197,000
2012A State Aid Note Proceeds	-	-	-	-	-	-	-	-	215,000	-	-	-	215,000
Other Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
WCRESA - Net	-	-	6,641	6,181	5,396	6,181	6,181	6,181	6,181	6,181	6,181	6,181	61,485
Food Service-Reimbursement	18,801	-	667	4,647	-	3,666	3,193	1	2,369	3,798	6,772	-	43,914
-Deposits	70	-	93	107	-	52	190	273	241	148	341	152	1,668
-RD	125	-	133	2	-	142	-	6	73	3	2	1	486
RD-Other	398	32	61	-	-	-	-	-	1	74	-	-	566
Interest	(0)	29	94	58	-	38	20	22	74	81	64	62	542
Miscellaneous	6,224	65	280	523	2,914	1,291	758	5,589	1,221	473	1,055	825	21,218
E-Rate reimbursement	-	-	-	-	-	-	-	-	-	-	520	-	520
Outreach Medicaid	7,438	-	944	-	944	-	944	944	1,888	-	944	944	15,934
Fee for Service Medicaid	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts	106,302	331,271	33,189	101,063	70,526	91,027	109,697	110,655	299,631	62,691	83,122	76,360	1,475,534
Total Available Funds	124,728	342,241	260,743	261,460	199,488	182,330	172,005	162,733	359,019	303,339	262,356	220,199	1,493,961
<b>Cash Disbursements</b>													
Payroll	(26,676)	(32,390)	(40,090)	(36,673)	(33,820)	(39,177)	(32,390)	(32,390)	(41,799)	(32,390)	(32,390)	(39,177)	(419,362)
FICA	(2,147)	(2,606)	(3,227)	(2,953)	(2,721)	(3,152)	(2,606)	(2,606)	(3,363)	(2,606)	(2,606)	(3,152)	(33,745)
Retirement	(7,398)	(5,186)	(6,297)	(7,794)	(7,129)	(6,575)	(7,616)	(6,297)	(6,297)	(8,126)	(6,297)	(6,297)	(81,309)
Non-Payroll Expenditures													
Fringe Benefits	(249)	(252)	-	(131)	(464)	(1,464)	(564)	(564)	(564)	(1,132)	(1,123)	(1,670)	(8,176)
Fringe Benefits-Wired	(8,464)	(9,947)	(6,480)	(8,659)	(8,033)	(9,791)	(9,534)	(9,063)	(6,545)	(6,283)	(9,950)	(10,686)	(103,437)
Account Payable	(9,731)	(24,514)	(43,585)	(27,912)	(12,289)	(12,005)	(20,295)	(8,231)	(12,246)	(24,048)	(15,650)	(23,326)	(235,834)
Additional Account Payable	-	-	-	-	-	-	-	-	(9,590)	-	-	-	(9,590)
Food Service Transfer	(18,801)	-	(667)	(4,647)	-	(3,666)	(3,193)	(1)	(2,369)	(3,798)	(6,772)	-	(43,914)
Capital Leases	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult Education	-	-	-	-	-	(464)	-	(464)	(498)	(1,994)	-	(498)	(3,918)
Set-Aside Payments on Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
2005B Bonds- Principal	-	-	-	(1,759)	(1,759)	(1,759)	(1,759)	(1,759)	(1,759)	(1,759)	(1,759)	-	(14,070)
2005B Bonds - Interest	-	-	-	(970)	(970)	(970)	(970)	(970)	(970)	(970)	(970)	-	(7,758)
2010B Bonds- Principal	(33,000)	(39,730)	-	-	-	-	-	-	-	-	-	-	(72,730)
2010B Bonds - Interest	(7,293)	(61)	-	-	-	-	-	-	-	-	-	-	(7,354)
2011A Bonds- Principal	-	-	-	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	(41,000)	-	(220,000)
2011A Bonds - Interest	-	-	-	-	-	-	-	-	(17,371)	-	-	-	(17,371)
2011B Bonds- Principal	-	-	-	-	-	-	-	-	-	(41,000)	(41,000)	(44,000)	(126,000)
2011B Bonds - Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Set-Aside Payments	(40,293)	(39,791)	-	(43,729)	(43,729)	(43,729)	(43,729)	(43,729)	(35,099)	(43,729)	(43,729)	(44,000)	(465,283)
Total Cash Disbursements	(113,758)	(114,687)	(100,347)	(132,498)	(108,185)	(120,022)	(119,927)	(103,345)	(118,571)	(124,106)	(118,516)	(130,806)	(1,404,567)
Ending Balance with Note Proceeds	\$10,970	\$227,555	\$160,397	\$128,962	\$91,303	\$62,308	\$52,077	\$59,388	\$240,648	\$179,234	\$143,840	\$89,393	\$89,393
Balance without Note Proceeds	(240,698)	(181,322)	(236,388)	(226,823)	(223,439)	(211,434)	(180,665)	(132,354)	(151,094)	(171,508)	(165,902)	(176,349)	(176,349)
Debt Service Coverage	1.28	1.30	0.00	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.17