

**Government of the District of Columbia
Office of the Chief Financial Officer**

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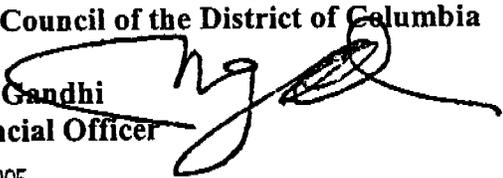
CHAIRMAN CROPP

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: OCT 31 2005

SUBJECT: Fiscal Impact Statement: "Qualified Zone Academy Revenue Bonds Project Emergency Approval Resolution of 2005".

REFERENCE: Approval of Resolution to be Introduced – No Number Available

Conclusion

Funds are sufficient in the FY 2006 budget to implement the provisions of the proposed title. The resolution will have a fiscal impact of \$591,000 on the FY 2006 through 2009 budget and financial plan, due to annual principal repayments of \$197,000 per year. Beginning in FY 2007 an annual appropriation from available real property tax revenues of approximately \$197,000 will be needed to repay the principal amount of these bonds.

Background

The proposed resolution provides for the issuance, sale and delivery of a Qualified Zone Academy Revenue Bonds in FY2006 of \$3.2 million. These bonds are special obligation, non-recourse bonds issued to support capital and other improvements to qualified public or public charter schools in the District of Columbia.

Interest on the bonds is repaid through federal tax credits, and tax credit allocations are received annually by the District from the US Department of Treasury. Principal is repaid at the end of the bond term (14 years) through a designated account that has been funded by the District over time through a portion of available real property tax revenues and interest accrued in such designated account. The first payment of \$197,000 will be made in FY 2007.

Financial Plan Impact

Because the first principal repayment of this bond will not occur until FY 2007, funds are sufficient in the FY 2006 budget to implement the provisions of the proposed resolution. However, there are not currently sufficient funds in the FY 2006- FY 2009 budget and financial plan to fund \$591,000 of principal repayments in FYs 2007 -2009. Beginning in FY 2007 an annual appropriation from available real property tax revenues of \$197,000 will be needed to repay the principal amount of these bonds. No additional staff or resources will be required.