

3. DEBT CAPACITY

These schedules present information showing the District's current levels of outstanding debt, and the District's ability to issue additional debt in the future.

Ratios of General Obligation Bonds Outstanding

Exhibit S-3A

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	General Obligation Bonds (GO)	Actual Value of Taxable Property	GO Bonds as a Percentage of Actual Value of Taxable Property	GO Debt Per Capita *
2007	\$ 4,140,133	\$ 124,875,273	3.32%	\$ 7,060
2008	4,592,518	142,958,188	3.21%	7,917
2009	3,766,628	153,039,555	2.46%	6,281
2010	2,781,053	150,117,289	1.85%	4,595
2011	2,829,598	139,287,502	2.03%	4,561
2012	2,295,225	146,501,957	1.57%	3,614
2013	2,245,185	151,744,722	1.48%	3,459
2014	2,790,935	160,300,070	1.74%	4,230
2015	3,530,770	176,911,153	2.00%	5,267
2016	3,829,305	189,102,606	2.02%	5,622

* The prior year per capita amounts were updated to reflect the revised census population estimates.

Pledged-Revenue Coverage

Exhibit S-3B

Last Ten Fiscal Years

(dollars in thousands)

Fiscal Year	Tax Increment Financing Debts						Income Tax Secured Revenue Bonds				
	Sales Tax Increment	Real Property Tax Increment	Debt Service			Coverage	Individual Income Tax	Business Franchise Tax	Debt Service		
			Principal	Interest	Coverage				Principal	Interest	Coverage
2007	\$ 8,948	\$ 3,516	\$ 4,666	\$ 5,042	128.39%	\$ -	\$ -	\$ -	\$ -	-	0.00%
2008	9,090	1,563	4,565	5,147	109.69%	-	-	-	-	-	0.00%
2009	10,032	4,918	4,467	5,245	153.93%	1,135,938	342,130	-	7,974	18536.09%	
2010	7,529	4,431	4,390	5,320	123.17%	1,110,444	323,687	-	59,710	2401.83%	
2011	10,904	3,750	4,323	5,385	150.95%	1,296,598	359,684	23,160	136,175	1039.50%	
2012	9,747	9,711	8,034	6,452	134.32%	1,490,694	465,896	90,755	134,090	870.20%	
2013	11,238	7,119	4,203	6,496	171.58%	1,640,899	453,280	117,740	193,898	671.99%	
2014	7,178	10,324	3,973	6,719	163.69%	1,679,173	415,581	148,120	205,724	592.00%	
2015	9,133	12,328	3,914	6,785	200.59%	1,868,037	447,805	138,580	204,933	674.16%	
2016	8,203	10,132	4,073	6,839	168.03%	1,907,862	556,468	88,155	179,702	920.02%	

Note:

Details regarding the District's outstanding debt can be found in the Notes to the Basic Financial Statements (Note 8 presented on pages 109 through 119).

Beginning in FY 2010, the District revised the presentation of this Exhibit by removing sales tax and real property tax increments that were dedicated to debt service associated with tax increment financing (other than the Gallery Place TIF Bonds and the Mandarin Hotel TIF Bonds) for which the principal and interest components of debt service were dedicated.

Beginning in FY 2012, the City Market at O Street TIF was added to the presentation.

Ratios of Outstanding Debt by Type

Exhibit S-3C

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities												Personal Income(2)	Total Debt as a Percentage of Personal Income	Total Debt Per Capita	Total "Tax Supported Debt" Per Capita
	General Obligation Bonds	Income Tax Secured Bonds	TIF Bonds	Qualified Zone Academy Bonds	Certificates of Participation	Capital Leases	Ballpark Bonds	HPTF Bonds(3)	PILOT Revenue Bond(4)	GARVEE Bonds(5)	Tobacco Bonds(1)	Total Debt				
2007	\$ 4,140,133	\$ -	\$ 105,229	\$ 4,787	\$ 270,780	\$ 59,868	\$ 528,490	\$ 34,105	\$ -	\$ -	\$ 737,069	\$ 5,880,461	\$ 36,817,750	16.0%	\$ 10,028	\$ 8,771
2008	4,592,518	-	100,664	6,713	261,375	52,403	526,415	33,570	155,630	-	724,484	6,453,772	40,359,750	16.0%	11,126	9,877
2009	3,766,628	1,071,785	96,196	6,044	251,515	44,492	521,750	33,010	142,138	-	711,239	6,644,797	40,403,096	16.4%	11,081	9,895
2010	2,781,053	2,570,650	91,807	9,518	241,185	36,108	517,390	85,615	156,621	-	699,779	7,189,726	41,499,722	17.3%	11,880	10,723
2011	2,829,598	3,029,100	87,484	8,573	230,335	27,433	512,850	84,335	142,375	82,610	690,289	7,724,982	45,272,125	17.1%	12,451	11,205
2012	2,295,225	3,799,645	112,985	7,628	218,935	18,972	507,935	82,805	127,924	78,775	677,219	7,928,048	46,873,665	16.9%	12,484	11,294
2013	2,245,185	4,457,675	108,782	6,682	206,965	11,024	502,255	120,450	82,207	117,570	647,459	8,506,254	48,118,236	17.7%	13,104	11,926
2014	2,790,935	4,465,820	104,809	5,736	-	8,162	474,420	118,055	70,030	111,110	631,294	8,780,371	46,015,860	19.1%	13,307	12,182
2015	3,530,770	4,327,855	100,895	4,791	-	5,105	467,360	115,565	215,647	104,395	616,404	9,488,787	48,453,108	19.6%	14,154	13,079
2016	3,829,305	4,240,155	96,822	3,845	-	1,837	371,305	112,965	214,213	97,420	600,974	9,568,841	51,882,666	18.4%	14,048	13,022

Note:

There are no business-type activities with outstanding debt.

Prior year per capita amounts were updated to reflect U.S. Census Bureau population estimates.

Convention Center bonds are not included in this table.

(1) Tobacco and GARVEE bonds are not supported by general tax revenues and are not included in the Total "Tax Supported Debt" Per Capita calculation.

(2) The prior year personal income amounts were updated to reflect current methodology and further enhance the presentation of the data.

(3) HPTF - Housing Production Trust Fund

(4) PILOT - Payment in Lieu of Taxes

(5) GARVEE - Federal Highway Grant Anticipation Revenue Bonds

Legal Debt Margin Information

Exhibit S-3D

Last Ten Fiscal Years

(dollars in thousands)

Debt Service Cost Margin Calculation for Fiscal Year 2016:

General fund revenue	\$8,073,856
Debt service cost limitation (17% of general fund revenue)	\$1,372,556
Debt expenditure applicable to limit:	
Principal	\$ 228,793
Interest	362,860
Subtotal for current year	591,653
Highest debt service cost	\$ 591,653
Total debt service cost subject to the limitation	591,653
Debt service cost margin	\$ 780,903

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt service cost limitation	\$1,000,684	\$1,039,711	\$1,002,774	\$ 977,459	\$1,019,192	\$1,119,360	\$1,165,281	\$1,206,218	\$1,302,425	\$1,372,556
Highest debt service cost	406,161	456,152	408,506	408,555	456,152	464,994	513,639	576,273	596,468	591,653
Debt service cost margin	\$ 594,523	\$ 583,559	\$ 594,268	\$ 568,904	\$ 563,040	\$ 654,366	\$ 651,642	\$ 629,945	\$ 705,957	\$ 780,903
Total debt service cost subject to the limit as a percentage of debt service cost limit	40.6%	43.9%	40.7%	41.8%	44.8%	41.5%	44.1%	47.8%	45.8%	43.1%
Debt limit ratio	6.9%	7.5%	6.9%	7.1%	7.6%	7.1%	7.5%	8.1%	7.8%	7.3%

Note:

Under the District of Columbia Self-Government and Governmental Reorganization Act, no long-term general obligation debt (other than refunding debt) may be issued during any fiscal year in an amount which would cause the amount of the principal and interest paid in any fiscal year on all long-term debt to exceed 17 percent of the revenues of the fiscal year in which the debt is issued. The debt service percent is calculated using the highest fiscal year debt service divided by the total revenues. The District issued more income tax revenue bonds to refund general obligation debt because the income tax revenue bonds have a higher rating, which resulted in a lower interest cost.

Operating Indicators by Function/Program

Exhibit S-5A

Last Ten Fiscal Years

(Continued)

Function/Program	Operating Indicators									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
PUBLIC EDUCATION SYSTEM										
D.C. Public School System										
Number of School Teachers	4,509	4,328	3,722	3,758	3,850	3,775	3,392	3,585	3,684	3,999
Number of School Students	52,945	46,208	46,132	45,772	48,737	45,191	45,557	46,393	47,548	48,757
Number of High School Graduates	2,489	2,555	2,679	2,790	2,954	2,919	2,864	2,702	2,784	2,764
University of the District of Columbia										
Number of Teachers	242	247	241	231	222	260	250	223	230	237
Number of Students	5,612	5,595	5,260	5,855	5,286	5,490	5,352	5,118	5,118	4,585
Number of Graduates	475	218	711	602	641	705	832	866	795	735
PUBLIC WORKS/PUBLIC TRANSPORTATION										
Street Resurfaced (includes reconstruction); Regular Cover; Pavement Restoration (miles)	52.30	32.10	18.00	13.00	14.00	17.00	19.30	27.20	42.00	50.70
Potholes Repaired	6,262	2,800	2,400	5,580	6,863	26,233	24,718	65,332	72,719	75,417
Refuse Collected (tons per day)	406	404	378	390	393	382	361	354	340	386
Recyclables Collected (tons per day)	95	98	105	110	107	133	145	130	116	96
Tons of Bulk Trash Removed	4,831	4,025	4,136	3,611	3,536	2,944	2,594	2,558	2,597	3,612
Tons of Leaves Removed	7,834	10,072	8,289	8,050	6,914	5,659	5,920	6,054	5,798	7,221
Tons of Snow Removed	661,050	674,225	808,732	5,298,905	850,000	105,487	218,005	2,250,383	1,265,841	1,962,054
Department of Motor Vehicles										
Number of Motor Vehicle Registrations (1/1 - 12/31)	271,243	269,549	259,367	276,585	278,915	284,674	289,028	296,210	303,039	309,332
Number of Operator Licenses Issued (1/1 - 12/31)	117,902	112,072	110,846	109,630	111,354	120,372	119,303	81,656	80,459	125,901
Number of Operator Licenses Outstanding (1/1 - 12/31)	396,193	342,816	340,316	348,036	357,228	370,805	411,356	416,289	448,304	466,293
CONVENTION CENTER										
Conferences Held	151	183	204	214	231	201	209	204	233	217
Attendees	1,028,953	1,091,406	1,053,266	1,015,324	1,017,638	1,159,480	1,089,116	1,280,256	1,120,398	1,465,820

Limitation On Borrowing

(dollars in thousands)

General Fund Expenditures ¹ :	\$ 7,691,571
General Fund Transfers out ¹ :	259,616
Adjustment for Transfer to Component Agency (UDC) ¹ :	43,754
Adjustment for TIFs and PILOTs Bonds and Notes Debt Service Transfers ¹ :	39,632
Adjustment for Ballpark Revenue Bond Debt Service Transfers ¹ :	120,343
Adjustment for Convention Center Hotel Debt Service Transfers ¹ :	14,762
Total:	\$ 8,169,678
Limitation on borrowing (12%):	\$ 980,361
FY 2016 debt service cost:	843,998
Margin on Limitation:	\$ 136,363

FY 2016 Debt service percentage: 10.33%

Long-Term Debt	Debt Service Expenditures by Fiscal Year											
	2016			2017			2018			2019		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
General Obligation Bonds ²	\$ 133,280	\$ 171,760	\$ 305,040	\$ 130,055	\$ 181,560	\$ 311,615	\$ 122,340	\$ 176,512	\$ 298,852	\$ 136,365	\$ 170,258	\$ 306,623
Income Tax Secured Revenue Bonds ²	88,155	179,702	267,857	119,300	203,980	323,280	159,040	197,865	356,905	186,000	190,183	376,183
TIF Bonds ³	4,073	6,839	10,912	4,136	7,222	11,358	4,180	7,594	11,774	4,284	7,576	11,860
TIF Notes ^{4, 5}	5,486	3,893	9,379	1,724	3,732	5,456	1,621	3,712	5,333	1,639	3,704	5,343
QZAB	946	-	946	690	-	690	690	-	690	454	-	454
Capital Leases	3,268	239	3,507	1,837	37	1,874	-	-	-	-	-	-
Ballpark Revenue Bonds	96,055	24,288	120,343	1,880	20,237	22,117	9,835	19,921	29,756	10,875	19,377	30,252
Equipment Financing Program	36,946	1,521	38,467	26,397	1,047	27,444	18,690	564	19,254	11,614	230	11,844
HPTF Revenue Bonds	2,600	5,222	7,822	2,725	5,100	7,825	2,850	4,972	7,822	2,990	4,839	7,829
PILOT Bonds ⁶	10,049	7,835	17,884	10,391	9,321	19,712	11,326	12,314	23,640	11,916	12,103	24,019
PILOT Notes ⁷	879	578	1,457	370	537	907	391	510	901	413	481	894
225 Virginia Avenue Lease	3,115	6,159	9,274	3,333	5,941	9,274	3,565	5,709	9,274	3,813	5,461	9,274
Washington Convention and Sports Authority	18,900	32,210	51,110	19,760	31,248	51,008	20,655	30,283	50,938	21,600	29,244	50,844
Total	\$ 403,752	\$ 440,246	\$ 843,998	\$ 322,598	\$ 469,962	\$ 792,560	\$ 355,183	\$ 459,956	\$ 815,139	\$ 391,963	\$ 443,456	\$ 835,419

The purpose of this exhibit is to comply with debt limitation requirement.

Notes:

- 1) Adjustments are made to General Fund Expenditures and Transfers to reflect Component Agencies and Debt Service Expenditures not already included.
- 2) Interest on Floating Rate General Obligation and Income Tax Secured Revenue Bonds assumed at 2.50%.
- 3) TIF Bonds include the Gallery Place, Mandarin Oriental Hotel and the City Market at O Street. The District plans to issue additional bonds which have been approved and included in future years' debt service.
- 4) TIF Notes include the Clyde's, Forever 21, Georgia Avenue CVS, Howard Theatre, Verizon Center, City Market at O Street Note, and 3 TIF Notes which were paid off in FY 2016 (Fort Lincoln, Madame Tussaud's, and the National Crime & Punishment Museum).
- 5) Adjustments are made to TIF Notes to reflect principal prepayment and change in presentation of Convention Center Hotel debt.
- 6) PILOT Bonds include Anacostia Waterfront Corp., the Yards, and the Wharf projects. The debt service schedule for the Yards PILOT Note does not require principal payments until fiscal year 2020. Principal payments shown are actual or anticipated, and at the District's discretion.
- 7) PILOT Notes include Rhode Island Place and Foundry Lofts projects.

Source: Office of Finance and Treasury