

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 *
2008	\$ 4,620,585	\$ 142,958,188	3.23%	\$ 7,966
2009	3,807,419	153,039,555	2.49%	6,349
2010	2,811,577	150,117,289	1.87%	4,646
2011	2,857,379	139,287,502	2.05%	4,606
2012	2,311,472	146,501,957	1.58%	3,640
2013	2,292,137	151,744,722	1.51%	3,531
2014	2,880,167	160,300,070	1.80%	4,365
2015	3,760,355	176,911,153	2.13%	5,609
2016	4,116,944	189,102,606	2.18%	6,016
2017	4,509,101	201,570,364	2.24%	6,498

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

** The GO Bonds outstanding were updated to show amounts net of related premiums and discounts.

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			Individual Income Tax	Business Franchise Tax	Debt Service		
Principal			Interest	Coverage	Principal			Interest	Coverage	
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%
2017	10,686	8,953	4,136	6,852	178.73%	1,958,277	554,245	119,300	200,542	785.55%

Note:

Details regarding the District's outstanding debt can be found in the Notes to the Basic Financial Statements (Note 8 presented on pages 107 through 118).

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												Total Debt	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)						
2008	\$ 4,620,585	\$ -	\$ 93,212	\$ 6,453	\$ 264,777	\$ 52,403	\$ 521,219	\$ 33,338	\$ 154,111	\$ -	\$ 711,158	\$ 6,457,256	\$ 40,359,750	16.0%	\$ 11,132	\$ 9,906	
2009	3,807,419	1,108,044	89,456	5,810	254,645	44,492	516,852	32,791	140,869	-	698,797	6,699,175	40,403,096	16.6%	11,172	10,006	
2010	2,811,577	2,614,404	85,737	9,097	243,903	36,108	512,542	85,278	156,753	-	688,195	7,243,594	41,499,722	17.5%	11,969	10,832	
2011	2,857,379	3,084,964	82,042	8,573	232,687	27,433	507,637	83,970	142,746	87,783	679,532	7,794,746	45,272,125	17.2%	12,564	11,327	
2012	2,311,472	3,958,214	115,567	7,351	220,967	18,972	504,000	82,453	128,594	83,475	673,099	8,104,164	46,873,665	17.3%	12,762	11,570	
2013	2,292,137	4,830,169	113,945	6,682	211,586	11,024	507,916	123,044	82,207	130,112	643,803	8,952,625	48,118,236	18.6%	13,792	12,600	
2014	2,880,167	4,835,781	109,488	5,736	-	8,162	479,704	120,476	70,030	122,144	628,074	9,259,762	46,015,860	20.1%	14,033	12,896	
2015	3,760,355	4,666,600	105,108	4,791	-	5,105	472,273	117,814	215,647	114,001	613,600	10,075,294	48,453,108	20.8%	15,029	13,944	
2016	4,116,944	4,519,000	100,443	3,845	-	1,837	374,514	114,994	214,213	104,634	598,710	10,149,134	51,842,801	19.6%	14,831	13,803	
2017	4,509,101	4,278,885	95,885	3,155	-	-	336,406	112,109	205,696	96,201	581,533	10,218,971	53,300,341	19.2%	14,725	13,749	

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

Outstanding debts are updated to show amounts net of related premiums and discounts. Prior years amounts are also revised to reflect this change.

Legal Debt Margin Information

Exhibit S-3D

Last Ten Fiscal Years

(dollars in thousands)

Debt Service Cost Margin Calculation for Fiscal Year 2017:

General fund revenue		\$ 8,306,657
Debt service cost limitation (17% of general fund revenue)		<u>\$ 1,412,132</u>
Debt expenditure applicable to limit:		
Principal	\$ 256,575	
Interest	<u>388,128</u>	
Subtotal for current year	<u>644,703</u>	
Highest debt service cost	<u>644,703</u>	
Total debt service cost subject to the limitation		<u>644,703</u>
Debt service cost margin		<u>\$ 767,429</u>

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt service cost limitation	\$ 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	\$ 1,412,132
Highest debt service cost	456,152	408,506	408,555	456,152	464,994	513,639	576,273	596,468	591,653	644,703
Debt service cost margin	583,559	594,268	568,904	563,040	654,366	651,642	629,945	705,957	780,903	767,429
Total debt service cost subject to the limit as a percentage of debt service cost limit	43.9%	40.7%	41.8%	44.8%	41.5%	44.1%	47.8%	45.8%	43.1%	45.7%
Debt limit ratio	7.5%	6.9%	7.1%	7.6%	7.1%	7.5%	8.1%	7.8%	7.3%	7.8%

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 limit ratio 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.

Limitation On Borrowing

(dollars in thousands)

General Fund Expenditures ¹	\$ 7,922,665
General Fund Transfers out ¹	202,278
Adjustment for Transfer to Component Agency (UDC) ¹	39,206
Adjustment for TIFs and PILOTs Bonds and Notes Debt Service Transfers ¹	38,086
Adjustment for Ballpark Revenue Bond Debt Service Transfers ¹	57,237
Adjustment for Convention Center Hotel Debt Service Transfers ¹	14,661
Total	<u>\$ 8,274,133</u>
Limitation on borrowing (12%)	\$ 992,896
FY 2017 debt service cost	838,355
Margin on Limitation:	<u>\$ 154,541</u>
 FY 2017 Debt service percentage:	 10.13%

Long-Term Debt	Debt Service Expenditures by Fiscal Year											
	2017			2018			2019			2020		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
General Obligation Bonds ²	\$ 130,055	\$ 194,672	\$ 324,727	\$ 125,900	\$ 193,010	\$ 318,910	\$ 145,055	\$ 186,629	\$ 331,684	\$ 192,845	\$ 179,466	\$ 372,311
Income Tax Secured Revenue Bonds ²	119,300	200,542	319,842	154,505	195,697	350,202	176,485	188,222	364,707	153,815	180,795	334,610
TIF Bonds ³	4,136	6,852	10,988	6,843	7,228	14,071	4,621	7,600	12,221	4,398	7,576	11,974
TIF Notes ^{4,5}	1,793	3,673	5,466	1,403	3,663	5,066	1,570	3,558	5,128	1,502	3,442	4,944
QZAB	690	-	690	690	-	690	454	-	454	454	-	454
Capital Leases	1,837	37	1,874	-	-	-	-	-	-	-	-	-
Ballpark Revenue Bonds	37,300	19,937	57,237	2,245	18,343	20,588	10,875	17,989	28,864	3,055	17,610	20,665
Equipment Financing Program	26,397	1,047	27,444	18,690	564	19,254	11,614	230	11,844	4,438	48	4,486
HPTF Revenue Bonds	2,725	5,100	7,825	2,850	4,972	7,822	2,990	4,839	7,829	3,140	4,689	7,829
PILOT Bonds ⁶	10,780	9,340	20,120	10,391	9,321	19,712	11,326	12,314	23,640	11,916	12,103	24,019
PILOT Notes ⁷	980	532	1,512	391	482	873	413	460	873	437	437	874
225 Virginia Avenue Lease	3,333	6,159	9,492	3,565	5,709	9,274	3,813	5,461	9,274	4,078	5,195	9,273
Washington Convention and Sports Authority	19,835	31,303	51,138	20,655	30,283	50,938	21,600	29,244	50,844	23,425	28,094	51,519
Total	<u>\$ 359,161</u>	<u>\$ 479,194</u>	<u>\$ 838,355</u>	<u>\$ 348,128</u>	<u>\$ 469,272</u>	<u>\$ 817,400</u>	<u>\$ 390,816</u>	<u>\$ 456,546</u>	<u>\$ 847,362</u>	<u>\$ 403,503</u>	<u>\$ 439,455</u>	<u>\$ 842,958</u>

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 rate for unhedged variable rate bonds calculated at 3.00%.
- 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, and Verizon Center.
- 5) Adjustments are made to TIF Notes to reflect actual principal prepayment.
- 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. Adjustments are made to PILOT Notes to reflect actual principal prepayment.

Source: Office of Finance and Treasury