

DEBT CAPACITY

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

Exhibit S-3A
Ratios of General Obligation Bonds Outstanding
Last Ten Fiscal Years (\$000s, Except Per Capita)

Fiscal Year	General Obligation (GO) Bonds	Net Unamortized Premiums (discounts)	Outstanding GO Bonds, Net of Related Premiums and Discounts	Actual Value of Taxable Property	GO Bonds as a Percentage of Actual Value of Taxable Property	GO Debt Per Capita
2010	\$ 2,781,053	\$ 30,524	\$ 2,811,577	\$ 150,117,289	1.87%	\$ 4,632
2011	2,829,598	27,781	2,857,379	139,287,502	2.05%	4,597
2012	2,295,225	16,247	2,311,472	146,501,957	1.58%	3,630
2013	2,245,185	46,952	2,292,137	151,744,722	1.51%	3,515
2014	2,790,935	89,232	2,880,167	160,300,070	1.80%	4,336
2015	3,530,770	229,585	3,760,355	176,911,153	2.13%	5,556
2016	3,829,305	287,639	4,116,944	189,102,606	2.18%	5,986
2017	4,078,160	430,941	4,509,101	201,570,364	2.24%	6,473
2018	4,827,105	542,610	5,369,715	211,381,458	2.54%	7,634
2019	5,611,815	649,007	6,260,822	220,126,032	2.84%	8,817

Note:

Outstanding General Obligation (GO) Bonds were updated to show amounts net of related premiums and discounts.

Prior years' debt per capita amounts were updated to reflect the U.S. Bureau of Economic Analysis (BEA) population estimates as of September of each year.

Exhibit S-3B
Pledged-Revenue Coverage
Last Ten Fiscal Years (\$000s)

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			Coverage
			Principal	Interest					Principal	Interest		
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%
2018	10,630	7,678	7,180	6,860		130.40%	2,066,842	574,745	154,505	193,535		758.99%
2019	9,865	11,072	4,284	7,629		175.75%	2,299,326	642,656	159,030	186,052		852.55%

Note:

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.

Source: Details regarding the District's outstanding debt can be found in the Notes to the Basic Financial Statements (Note 7 presented on pages 113 through 125).

Exhibit S-3C Ratios of Outstanding Debt by Type Last Ten Fiscal Years (\$000s, Except Per Capita)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
General obligation bonds	\$ 2,811,577	\$ 2,857,379	\$ 2,311,472	\$ 2,292,137	\$ 2,880,167	\$ 3,760,355	\$ 4,116,944	\$ 4,509,101	\$ 5,369,715	\$ 6,260,822
Income tax secured bonds	2,591,244	2,994,209	3,840,474	4,682,049	4,697,201	4,578,445	4,399,700	4,124,380	3,836,706	3,664,404
TIF bonds	85,737	82,042	115,567	113,945	109,488	105,108	100,443	95,885	108,702	104,037
Qualified zone academy bonds	9,097	8,573	7,351	6,682	5,736	4,791	3,845	3,155	2,466	2,012
Certificates of participation	243,903	232,687	220,967	211,586	-	-	-	-	-	-
Bond anticipation notes	-	-	-	-	-	-	-	-	275,000	375,000
Capital leases	36,108	27,433	18,972	11,024	8,162	5,105	1,837	-	-	-
Ballpark bonds	512,542	507,637	504,000	507,916	479,704	472,273	374,514	336,406	287,022	230,864
HPTF bonds	85,278	83,970	82,453	123,044	120,476	117,814	114,994	112,109	109,104	105,965
PILOT revenue bonds	156,753	142,746	128,594	82,207	70,030	215,647	214,213	205,696	219,698	198,678
GARVEE bonds	-	87,783	83,475	130,112	122,144	114,001	104,634	96,201	87,560	78,661
Tobacco bonds	688,195	679,532	673,099	643,803	628,074	613,600	598,710	581,533	559,559	537,395
Total Debt	\$ 7,220,434	\$ 7,703,991	\$ 7,986,424	\$ 8,804,505	\$ 9,121,182	\$ 9,987,139	\$ 10,029,834	\$ 10,064,466	\$ 10,855,532	\$ 11,557,838
Personal income	\$ 38,751,600	\$ 42,090,600	\$ 43,020,100	\$ 44,238,700	\$ 47,676,400	\$ 51,279,400	\$ 53,316,300	\$ 55,164,800	\$ 58,068,200	\$ 60,001,300
Total debt percentage of personal income	18.63%	18.30%	18.56%	19.90%	19.13%	19.48%	18.81%	18.24%	18.69%	19.26%
Total debt per capita	\$ 11,895	\$ 12,394	\$ 12,541	\$ 13,504	\$ 13,732	\$ 14,757	\$ 14,582	\$ 14,448	\$ 15,434	\$ 16,277
Total "tax supported debt" per capita	\$ 10,761	\$ 11,160	\$ 11,353	\$ 12,317	\$ 12,602	\$ 13,682	\$ 13,560	\$ 13,475	\$ 14,514	\$ 15,410

Notes:

Outstanding debt was updated to show amounts net of related premiums and discounts, and resources restricted for the repayment of the principal of the Income Tax Secured Revenue Bonds debt.

There was no outstanding debt for business-type activities.

Convention Center bonds are not included in this table.

HPTF bonds: HPTF - Housing Production Trust Fund

PILOT revenue bonds: PILOT - Payment in Lieu of Taxes

GARVEE bonds: Federal Highway Grant Anticipation Revenue Bonds

Personal income: The prior years' personal income amounts were updated to reflect current methodology and further enhance the presentation of the data.

Prior years' debt per capita amounts were updated to reflect the U.S. Bureau of Economic Analysis (BEA) population estimates as of the third quarter of each calendar year.

Tobacco and GARVEE bonds are not supported by general tax revenues and are not included in the Total "tax supported debt" per capita calculation.

Exhibit S-3D Legal Debt Margin Information Last Ten Fiscal Years (\$000s)

Debt Service Cost Margin Calculation for Fiscal Year 2019:

General fund revenue	<u>\$ 9,484,097</u>
Debt service cost limitation (17% of general fund revenue)	\$ 1,612,296
Debt expenditure applicable to limit:	
Principal	\$ 319,351
Interest	<u>407,168</u>
Subtotal for current year	<u>726,519</u>
Highest debt service cost	<u>726,519</u>
Total debt service cost subject to the limitation	<u>726,519</u>
Debt service cost margin	<u>\$ 885,777</u>

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt service cost limitation	\$ 977,459	\$ 1,019,192	\$ 1,119,360	\$ 1,165,281	\$ 1,206,218	\$ 1,302,425	\$ 1,372,556	\$ 1,412,132	\$ 1,472,209	\$ 1,612,296
Highest debt service cost	408,555	456,152	464,994	513,639	576,273	596,468	591,653	644,703	704,403	726,519
Debt service cost margin	568,904	563,040	654,366	651,642	629,945	705,957	780,903	767,429	767,806	885,777
Total debt service cost subject to the limit as a percentage of debt service cost limit	<u>41.8%</u>	<u>44.8%</u>	<u>41.5%</u>	<u>44.1%</u>	<u>47.8%</u>	<u>45.8%</u>	<u>43.1%</u>	<u>45.7%</u>	<u>47.8%</u>	<u>45.1%</u>
Debt limit ratio	<u>7.1%</u>	<u>7.6%</u>	<u>7.1%</u>	<u>7.5%</u>	<u>8.1%</u>	<u>7.8%</u>	<u>7.3%</u>	<u>7.8%</u>	<u>8.1%</u>	<u>7.7%</u>

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% 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.

Exhibit S-3E Limitation on Borrowing (\$000s)

General fund expenditures (1):	\$ 8,858,979	
General fund transfers out (1):	251,390	
Adjustment for transfer to component unit (UDC) (1):	40,198	
Adjustment for TIF and PILOT bonds and notes debt service transfers (1):	78,576	
Adjustment for ballpark revenue bond debt service transfers (1):	70,476	
Adjustment for convention center hotel debt service transfers (1):	9,359	
Total (a)	<u>\$ 9,308,978</u>	
Limitation on borrowing (12%):		\$ 1,117,077
FY 2019 debt service cost (b):		948,009
Margin on limitation:		<u>\$ 169,068</u>
FY 2019 debt service percentage (b/a):		10.18%

	Debt Service Expenditures by Fiscal Year											
	2019			2020			2021			2022		
Long-Term Debt	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
General obligation bonds (2)	\$ 153,065	\$ 222,194	\$ 375,259	\$ 193,865	\$ 274,692	\$ 468,557	\$ 194,120	\$ 258,122	\$ 452,242	\$ 203,585	\$ 248,332	\$ 451,917
Bond anticipation notes	-	6,147	6,147	-	10,000	10,000	-	11,000	11,000	-	12,000	12,000
Income tax secured revenue bonds (2)	159,030	186,052	345,082	145,470	178,888	324,358	170,485	171,509	341,994	197,410	162,733	360,143
TIF bonds (3)	4,284	7,629	11,913	4,398	7,919	12,317	6,099	6,582	12,681	8,332	5,087	13,419
TIF notes (4), (5)	16,068	9,087	25,155	9,634	8,470	18,104	6,471	8,056	14,527	6,161	7,766	13,927
QZAB	454	-	454	454	-	454	454	-	454	276	-	276
Ballpark revenue bonds	55,315	15,161	70,476	3,055	13,074	16,129	3,510	12,873	16,383	3,995	12,642	16,637
Equipment financing program	11,614	230	11,844	4,438	48	4,486	-	-	-	-	-	-
HPTF revenue bonds	2,990	4,839	7,829	3,140	4,689	7,829	3,275	4,551	7,826	3,440	4,387	7,827
PILOT bonds (6)	31,650	9,031	40,681	31,121	8,169	39,290	14,035	7,492	21,527	14,605	6,812	21,417
PILOT notes (7)	413	414	827	437	361	798	461	323	784	487	284	771
225 Virginia Avenue lease	3,813	5,461	9,274	4,078	5,195	9,273	4,362	4,911	9,273	4,666	4,608	9,274
Washington convention and sports authority	18,105	24,963	43,068	24,380	24,069	48,449	25,600	22,840	48,440	27,590	21,531	49,121
Total	\$ 456,801	\$ 491,208	\$ 948,009	\$ 424,470	\$ 535,574	\$ 960,044	\$ 428,872	\$ 508,259	\$ 937,131	\$ 470,547	\$ 486,182	\$ 956,729

Notes:

- (1) Adjustments are made to General Fund Expenditures and Transfers to reflect Component Units and Debt Service Expenditures not already included.
- (2) Interest rate for unhedged variable rate bonds calculated at 3.00%.
- (3) TIF Bonds include the issues for Gallery Place, Mandarin Oriental Hotel, City Market at O Street, and the Skyland Town Center Project. It also includes Bryant Street, which issued in FY 2020. The District plans to issue additional bonds which have been approved and included in future years' debt service.
- (4) TIF Notes include the issues for Forever 21, Georgia Avenue CVS, Howard Theatre, Verizon Center and the Convention Center Hotel.
- (5) Adjustments are made to TIF Notes to reflect actual principal prepayment.
- (6) PILOT Bonds include Anacostia Waterfront Corporation, the Yards, and the Wharf projects. The debt service schedule for the Yards does not require principal payments until maturity in fiscal year 2020 at which point it is assumed to be refinanced. Debt service payments shown for the Yards and Wharf PILOT Bonds are actual or anticipated, and at the District's discretion.
- (7) PILOT Notes include Rhode Island Place and Foundry Lofts Project. Adjustments are made to PILOT Notes to reflect actual principal prepayment.

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

Source: Office of Finance and Treasury