

Master Equipment Lease/Purchase Program

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Table ELO-1

Description	FY 2015 Actual	FY 2016 Approved	FY 2017 Proposed	% Change from FY 2016
OPERATING BUDGET	\$43,778,178	\$48,413,196	\$29,380,873	-39.3

The mission of the Master Equipment Lease/Purchase Program (the program) is to provide District agencies with access to low cost, tax-exempt financing for short-term capital equipment needs. The program also enables the District to improve its asset/liability management by matching the useful life of the asset being financed to the amortization of the liability.

Equipment financed through the program must have a useful life of at least 5 years. The repayment (amortization) will not exceed the useful life of the equipment being financed. The maximum financing term that may be requested is 10 years. The program finances equipment such as rolling stock (e.g., automobiles, trucks, public safety vehicles) and computer hardware and software. Under the District of Columbia Home Rule Act, the District may issue various obligations to finance its capital needs.

Financing through the program begins with a financing company paying for the purchase of equipment for the District's use. The District makes lease payments to the financing company for such equipment, which are in effect principal and interest payments on the amount financed, and the District gains ownership of the equipment upon completion of the payments. As of September 30, 2015, the District had financed approximately \$526 million of its capital equipment needs through the program.

Timely payments are necessary to satisfy the District's commitments to its investors and creditors and to maintain a good credit standing in the financial markets. Appropriations for the program are budgeted from Local funds in amounts sufficient to meet the required payments.

The agency's FY 2017 proposed budget is presented in the following tables:

FY 2017 Proposed Gross Funds Operating Budget and FTEs, by Revenue Type

Table ELO-2 contains the proposed FY 2017 budget by revenue type compared to the FY 2016 approved budget. It also provides FY 2015 actual data.

Table ELO-2

(dollars in thousands)

Appropriated Fund	Dollars in Thousands					Full-Time Equivalents				
	Actual FY 2015	Approved FY 2016	Proposed FY 2017	Change from FY 2016	Percentage Change*	Actual FY 2015	Approved FY 2016	Proposed FY 2017	Change from FY 2016	Percentage Change
GENERAL FUND										
LOCAL FUNDS	43,778	48,413	29,381	-19,032	-39.3	0.0	0.0	0.0	0.0	N/A
TOTAL FOR GENERAL FUND	43,778	48,413	29,381	-19,032	-39.3	0.0	0.0	0.0	0.0	N/A
GROSS FUNDS	43,778	48,413	29,381	-19,032	-39.3	0.0	0.0	0.0	0.0	N/A

*Percent change is based on whole dollars.

Note: If applicable, for a breakdown of each Grant (Federal and Private), Special Purpose Revenue type and Intra-District agreement, please refer to **Schedule 80 Agency Summary by Revenue Source** in the **FY 2017 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2017 Proposed Operating Budget, by Comptroller Source Group

Table ELO-3 contains the proposed FY 2017 budget at the Comptroller Source Group (object class) level compared to the FY 2016 approved budget. It also provides FY 2014 and FY 2015 actual expenditures.

Table ELO-3

(dollars in thousands)

Comptroller Source Group	Actual FY 2014	Actual FY 2015	Approved FY 2016	Proposed FY 2017	Change from FY 2016	Percentage Change*
80 - DEBT SERVICE	45,617	43,778	48,413	29,381	-19,032	-39.3
SUBTOTAL NONPERSONAL SERVICES (NPS)	45,617	43,778	48,413	29,381	-19,032	-39.3
GROSS FUNDS	45,617	43,778	48,413	29,381	-19,032	-39.3

*Percent change is based on whole dollars.

FY 2017 Proposed Operating Budget and FTEs, by Division/Program and Activity

Table ELO-4 contains the proposed FY 2017 budget by division/program and activity compared to the FY 2016 approved budget. It also provides FY 2015 actual data. For a more comprehensive explanation of divisions/programs and activities, please see the Division/Program Description section, which follows the table.

Table ELO-4

(dollars in thousands)

Division/Program and Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2015	Approved FY 2016	Proposed FY 2017	Change from FY 2016	Actual FY 2015	Approved FY 2016	Proposed FY 2017	Change from FY 2016
(1000) EQUIPMENT LEASE								
(1100) EQUIPMENT LEASE	43,778	48,413	29,381	-19,032	0.0	0.0	0.0	0.0
SUBTOTAL (1000) EQUIPMENT LEASE	43,778	48,413	29,381	-19,032	0.0	0.0	0.0	0.0
TOTAL PROPOSED OPERATING BUDGET	43,778	48,413	29,381	-19,032	0.0	0.0	0.0	0.0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Note: For more detailed information regarding the proposed funding for the activities within this agency's programs, please see **Schedule 30-PBB Program Summary by Activity** in the **FY 2017 Operating Appendices** located on the Office of the Chief Financial Officer's website. "No Activity Assigned" indicates budget or actuals that are recorded at the division/program level.

Program Description

The Master Equipment Lease/Purchase Program operates through the following program:

Equipment Lease – provides financing for short-term capital equipment needs.

Program Structure Change

The Master Equipment Lease/Purchase Program has no program structure changes in the FY 2017 proposed budget.

FY 2016 Approved Budget to FY 2017 Proposed Budget, by Revenue Type

Table ELO-5 itemizes the changes by revenue type between the FY 2016 approved budget and the FY 2017 proposed budget. For a more comprehensive explanation of changes, please see the FY 2017 Proposed Budget Changes section, which follows the table.

Table ELO-5

(dollars in thousands)

DESCRIPTION	DIVISION/PROGRAM	BUDGET	FTE
LOCAL FUNDS: FY 2016 Approved Budget and FTE		48,413	0.0
Other CSFL Adjustments	Equipment Lease	-13,772	0.0
LOCAL FUNDS: FY 2017 Current Services Funding Level (CSFL) Budget		34,641	0.0
Technical Adjustment: To align with debt service cost projections	Equipment Lease	-4,632	0.0
LOCAL FUNDS: FY 2017 Agency Budget Submission		30,009	0.0

Table ELO-5

(dollars in thousands)

DESCRIPTION	DIVISION/PROGRAM	BUDGET	FTE
No Change		0	0.0
LOCAL FUNDS: FY 2017 Mayor's Proposed Budget		30,009	0.0
Reduce: To realize greater-than-anticipated savings in debt service costs	Equipment Lease	-628	0.0
LOCAL FUNDS: FY 2017 District's Proposed Budget		29,381	0.0
GROSS FOR ELO - MASTER EQUIPMENT LEASE/PURCHASE PROGRAM		29,381	0.0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

FY 2017 Proposed Budget Changes

The Master Equipment Lease/Purchase Program's proposed FY 2017 gross budget is \$29,380,873, which represents a 39.3 percent decrease from its FY 2016 approved gross budget of \$48,413,196. The budget is comprised entirely of Local funds.

Current Services Funding Level

The Current Services Funding Level (CSFL) is a Local funds ONLY representation of the true cost of operating District agencies, before consideration of policy decisions. The CSFL reflects changes from the FY 2016 approved budget across multiple programs, and it estimates how much it would cost an agency to continue its current programs and operations into the following fiscal year. The FY 2017 CSFL adjustments to the FY 2016 Local funds budget are described in table 5 of this agency's budget chapter. Please see the CSFL Development section within Volume 1: Executive Summary for more information regarding the methodology used and components that comprise the CSFL.

The Master Equipment Lease/Purchase Program's FY 2017 CSFL budget is \$34,641,463, which represents a \$13,771,733, or 28.4 percent, decrease from the FY 2016 approved Local funds budget of \$48,413,196.

CSFL Assumptions

The Master Equipment Lease/Purchase Program's CSFL funding for debt service adjustments, which is not listed in detail on table 5, reflects an adjustment for a decrease of \$13,771,733 to account for revised debt service projections.

Agency Budget Submission

Technical Adjustment: The Master Equipment Lease/Purchase Program's proposed budget reflects a decrease of \$4,632,100 in the Equipment Lease program to align the budget with current debt service cost projections for proposed activities in the Capital Improvements Plan.

Mayor's Proposed Budget

No Change: The Master Equipment Lease/Purchase Program's budget proposal reflects no change from the agency budget submission to the Mayor's proposed budget.

District's Proposed Budget

Reduce: The Master Equipment Lease/Purchase Program's budget proposal reflects a reduction of \$628,489 to align the budget with current debt service costs.