

Master Equipment Lease/Purchase Program

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Description	FY 2013 Actual	FY 2014 Approved	FY 2015 Proposed	% Change from FY 2014
Operating Budget	\$49,952,545	\$42,676,892	\$51,548,347	20.8

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, 2013, the District had financed approximately \$469 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 2015 proposed budget is presented in the following tables:

FY 2015 Proposed Gross Funds Operating Budget, by Revenue Type

Table ELO-1 contains the proposed FY 2015 agency budget compared to the FY 2014 approved budget. It also provides FY 2012 and FY 2013 actual expenditures.

Table ELO-1
(dollars in thousands)

Appropriated Fund	Actual FY 2012	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014	Percent Change*
General Fund						
Local Funds	49,791	49,953	42,677	51,548	8,871	20.8
Total for General Fund	49,791	49,953	42,677	51,548	8,871	20.8
Gross Funds	49,791	49,953	42,677	51,548	8,871	20.8

*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 2015 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2015 Proposed Operating Budget, by Comptroller Source Group

Table ELO-2 contains the proposed FY 2015 budget at the Comptroller Source Group (object class) level compared to the FY 2014 approved budget. It also provides FY 2012 and FY 2013 actual expenditures.

Table ELO-2
(dollars in thousands)

Comptroller Source Group	Actual FY 2012	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014	Percent Change*
80 - Debt Service	49,791	49,953	42,677	51,548	8,871	20.8
Subtotal Nonpersonal Services (NPS)	49,791	49,953	42,677	51,548	8,871	20.8
Gross Funds	49,791	49,953	42,677	51,548	8,871	20.8

*Percent change is based on whole dollars.

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 2015 proposed budget.

FY 2015 Proposed Operating Budget and FTEs, by Program and Activity

Table ELO-3 contains the proposed FY 2015 budget by program and activity compared to the FY 2014 approved budget. It also provides FY 2013 actual data.

Table ELO-3

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014
(1000) Equipment Lease								
(1100) Equipment Lease	49,953	42,677	51,548	8,871	0.0	0.0	0.0	0.0
Subtotal (1000) Equipment Lease	49,953	42,677	51,548	8,871	0.0	0.0	0.0	0.0
Total Proposed Operating Budget	49,953	42,677	51,548	8,871	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 2015 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2015 Proposed Budget Changes

The Master Equipment Lease/Purchase Program's proposed FY 2015 gross budget is \$51,548,347, which represents a 20.8 percent increase over its FY 2014 approved gross budget of \$42,676,892. 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 2014 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 2015 CSFL adjustments to the FY 2014 Local funds budget are described in table 4 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 2015 CSFL budget is \$39,932,992, which represents a \$2,743,900, or 6.4 percent, decrease from the FY 2014 approved Local funds budget of \$42,676,892.

CSFL Assumptions

The Master Equipment Lease/Purchase Program's CSFL funding for Debt Service reflects an adjustment for a decrease of \$2,743,900 to account for revised debt service projections.

Agency Budget Submission

Technical Adjustment: The Master Equipment Lease/Purchase Program increased the Local funds budget by \$11,615,355 in Debt Service, to align the budget with current debt service cost projections based on proposed activity 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

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

FY 2014 Approved Budget to FY 2015 Proposed Budget, by Revenue Type

Table ELO-4 itemizes the changes by revenue type between the FY 2014 approved budget and the FY 2015 proposed budget.

Table ELO-4
(dollars in thousands)

DESCRIPTION	PROGRAM	BUDGET	FTE
LOCAL FUNDS: FY 2014 Approved Budget and FTE		42,677	0.0
Other CSFL Adjustments	Equipment Lease	-2,744	0.0
LOCAL FUNDS: FY 2015 Current Services Funding Level Budget (CSFL)		39,933	0.0
Technical Adjustment: To align budget with scheduled debt service payments	Equipment Lease	11,615	0.0
LOCAL FUNDS: FY 2015 Agency Budget Submission		51,548	0.0
No Change		0	0.0
LOCAL FUNDS: FY 2015 Mayor's Proposed Budget		51,548	0.0
No Change		0	0.0
LOCAL FUNDS: FY 2015 District's Proposed Budget		51,548	0.0
Gross for ELO - Master Equipment Lease/Purchase Program		51,548	0.0

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