

Master Equipment Lease/Purchase Program

www.cfo.dc.gov
Telephone: 202-727-2476

Table ELO-1

Description	FY 2016	FY 2017	FY 2018	FY 2019	% Change
	Actual	Actual	Approved	Proposed	from FY 2018
OPERATING BUDGET	\$38,914,240	\$27,444,594	\$19,254,435	\$11,844,303	-38.5
FTEs	0.0	0.0	0.0	0.0	N/A

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.

Under the District of Columbia Home Rule Act, the District may issue various obligations to finance its capital needs. The equipment finance program finances rolling stock (e.g., automobiles, trucks, public safety vehicles) and computer hardware and software. 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.

Equipment financed through the program must have a useful life of at least five years. The repayment (amortization) will not exceed the useful life of the financed equipment. The maximum financing term that may be requested is ten years.

Appropriations for the program are budgeted from Local funds in amounts sufficient to meet the required payments. 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.

As of September 30, 2017, the District financed approximately \$537 million of its capital equipment needs through the program. Currently, \$35 million is outstanding. The final payment associated with this program is due on June 25, 2020. The capital improvement plan for Fiscal Years 2018 through 2023 initiated a short-term financing program that will replace the current equipment finance program.

The agency's FY 2019 proposed budget is presented in the following tables:

FY 2019 Proposed Gross Funds Operating Budget and FTEs, by Revenue Type

Table ELO-2 contains the proposed FY 2019 budget by revenue type compared to the FY 2018 approved budget. It also provides FY 2016 and FY 2017 actual data.

Table ELO-2

(dollars in thousands)

Appropriated Fund	Dollars in Thousands						Full-Time Equivalents					
	Actual FY 2016	Actual FY 2017	Approved FY 2018	Proposed FY 2019	Change from FY 2018	% Change*	Actual FY 2016	Actual FY 2017	Approved FY 2018	Proposed FY 2019	Change from FY 2018	% Change
GENERAL FUND												
Local Funds	38,914	27,445	19,254	11,844	-7,410	-38.5	0.0	0.0	0.0	0.0	0.0	N/A
TOTAL FOR GENERAL FUND	38,914	27,445	19,254	11,844	-7,410	-38.5	0.0	0.0	0.0	0.0	0.0	N/A
GROSS FUNDS	38,914	27,445	19,254	11,844	-7,410	-38.5	0.0	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 2019 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2019 Proposed Operating Budget, by Comptroller Source Group

Table ELO-3 contains the proposed FY 2019 budget at the Comptroller Source Group (object class) level compared to the FY 2018 approved budget. It also provides FY 2016 and FY 2017 actual expenditures.

Table ELO-3

(dollars in thousands)

Comptroller Source Group	Actual FY 2016	Actual FY 2017	Approved FY 2018	Proposed FY 2019	Change from FY 2018	Percentage Change*
80 - Debt Service	38,914	27,445	19,254	11,844	-7,410	-38.5
SUBTOTAL NONPERSONAL SERVICES (NPS)	38,914	27,445	19,254	11,844	-7,410	-38.5
GROSS FUNDS	38,914	27,445	19,254	11,844	-7,410	-38.5

*Percent change is based on whole dollars.

FY 2019 Proposed Operating Budget and FTEs, by Division/Program and Activity

Table ELO-4 contains the proposed FY 2019 budget by division/program and activity compared to the FY 2018 approved budget. It also provides FY 2016 and FY 2017 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 2016	Actual FY 2017	Approved FY 2018	Proposed FY 2019	Change from FY 2018	Actual FY 2016	Actual FY 2017	Approved FY 2018	Proposed FY 2019	Change from FY 2018
(1000) EQUIPMENT LEASE										
(1100) Equipment Lease	38,914	27,445	19,254	11,844	-7,410	0.0	0.0	0.0	0.0	0.0
SUBTOTAL (1000) EQUIPMENT LEASE	38,914	27,445	19,254	11,844	-7,410	0.0	0.0	0.0	0.0	0.0
TOTAL PROPOSED OPERATING BUDGET	38,914	27,445	19,254	11,844	-7,410	0.0	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 2019 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 2019 proposed budget.

FY 2018 Approved Budget to FY 2019 Proposed Budget, by Revenue Type

Table ELO-5 itemizes the changes by revenue type between the FY 2018 approved budget and the FY 2019 proposed budget. For a more comprehensive explanation of changes, please see the FY 2019 Proposed Budget Changes section, which follows the table.

Table ELO-5

(dollars in thousands)

DESCRIPTION	DIVISION/PROGRAM	BUDGET	FTE
LOCAL FUNDS: FY 2018 Approved Budget and FTE		19,254	0.0
No Change		0	0.0
LOCAL FUNDS: FY 2019 Recurring Budget		19,254	0.0
Agency Request-Decrease: To align budget with projected debt service payments	Equipment Lease	-7,410	0.0

Table ELO-5

(dollars in thousands)

DESCRIPTION	DIVISION/PROGRAM	BUDGET	FTE
LOCAL FUNDS: FY 2019 Mayor's Proposed Budget		11,844	0.0
No Change		0	0.0
LOCAL FUNDS: FY 2019 District's Proposed Budget		11,844	0.0
GROSS FOR ELO - MASTER EQUIPMENT LEASE/PURCHASE PROGRAM		11,844	0.0

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

FY 2019 Proposed Budget Changes

The Master Equipment Lease/Purchase Program's proposed FY 2019 gross budget is \$11,844,303, which represents a 38.5 percent decrease from its FY 2018 approved gross budget of \$19,254,435. The budget is comprised entirely of Local funds.

Recurring Budget

No Change: The Master Equipment Lease/Purchase Program's budget proposal reflects no change from the FY 2018 approved budget to the FY 2019 recurring budget.

Mayor's Proposed Budget

Agency Request – Decrease: The Master Equipment Lease/Purchase Program's budget proposal reflects a decrease of \$7,410,132 to account for revised debt service projections as the program pays off prior-year borrowing but takes on no new borrowing.

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.