

Master Equipment Lease/Purchase Program

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| Description | FY 2012 Actual | FY 2013 Approved | FY 2014 Proposed | % Change from FY 2013 |
|------------------|-------------------|---------------------|---------------------|-----------------------------|
| Operating Budget | \$49,790,699 | \$50,035,750 | \$42,676,892 | -14.7 |

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, 2012, the District had financed approximately \$428 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 2014 proposed budget is presented in the following tables:

FY 2014 Proposed Gross Funds Operating Budget, by Revenue Type

Table ELO-1 contains the proposed FY 2014 agency budget compared to the FY 2013 approved budget. It also provides FY 2011 and FY 2012 actual expenditures.

Table ELO-1
(dollars in thousands)

| Appropriated Fund | Actual FY 2011 | Actual FY 2012 | Approved FY 2013 | Proposed FY 2014 | Change from FY 2013 | Percent Change* |
|-------------------------------|-------------------|-------------------|---------------------|---------------------|---------------------------|--------------------|
| General Fund | | | | | | |
| Local Funds | 48,247 | 49,791 | 50,036 | 42,677 | -7,359 | -14.7 |
| Total for General Fund | 48,247 | 49,791 | 50,036 | 42,677 | -7,359 | -14.7 |
| Gross Funds | 48,247 | 49,791 | 50,036 | 42,677 | -7,359 | -14.7 |

*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 2014 Operating Appendices located on the Office of the Chief Financial Officer's website.

FY 2014 Proposed Operating Budget, by Comptroller Source Group

Table ELO-2 contains the proposed FY 2014 budget at the Comptroller Source Group (object class) level compared to the FY 2013 approved budget. It also provides FY 2011 and FY 2012 actual expenditures.

Table ELO-2
(dollars in thousands)

| Comptroller Source Group | Actual FY 2011 | Actual FY 2012 | Approved FY 2013 | Proposed FY 2014 | Change from FY 2013 | Percent Change* |
|--|-------------------|-------------------|---------------------|---------------------|---------------------------|--------------------|
| 80 - Debt Service | 48,210 | 49,791 | 50,036 | 42,677 | -7,359 | -14.7 |
| 83 - Debt Service PRINC Refunded-GAAP | 37 | 0 | 0 | 0 | 0 | N/A |
| Subtotal Nonpersonal Services (NPS) | 48,247 | 49,791 | 50,036 | 42,677 | -7,359 | -14.7 |
| Gross Funds | 48,247 | 49,791 | 50,036 | 42,677 | -7,359 | -14.7 |

*Percent change is based on whole dollars.

Program Description

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 2014 proposed budget.

FY 2014 Proposed Operating Budget and FTEs, by Program and Activity

Table ELO-3 contains the proposed FY 2014 budget by program and activity compared to the FY 2013 approved budget. It also provides FY 2012 actual data.

Table ELO-3

(dollars in thousands)

| Program/Activity | Dollars in Thousands | | | | Full-Time Equivalents | | | |
|--|----------------------|---------------------|---------------------|---------------------------|-----------------------|---------------------|---------------------|---------------------------|
| | Actual FY 2012 | Approved FY 2013 | Proposed FY 2014 | Change from FY 2013 | Actual FY 2012 | Approved FY 2013 | Proposed FY 2014 | Change from FY 2013 |
| (1000) Equipment Lease | | | | | | | | |
| (1100) Equipment Lease | 49,791 | 50,036 | 42,677 | -7,359 | 0.0 | 0.0 | 0.0 | 0.0 |
| Subtotal (1000) Equipment Lease | 49,791 | 50,036 | 42,677 | -7,359 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Proposed Operating Budget | 49,791 | 50,036 | 42,677 | -7,359 | 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 2014 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2014 Proposed Budget Change

The Master Equipment Lease/Purchase Program's proposed FY 2014 gross budget is \$42,676,892, which represents a 14.7 percent decrease from its FY 2013 approved gross budget of \$50,035,750. 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 2013 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 initial adjustments in the budget proposal represent changes that should be compared to the FY 2014 CSFL budget and not necessarily changes made to the FY 2013 Local funds budget. The FY 2014 CSFL adjustments to the FY 2013 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 2014 CSFL budget is \$40,285,177 which represents a \$9,750,573, or 19.5 percent, decrease from the FY 2013 approved Local funds budget of \$50,035,750.

Major CSFL Cost Drivers

The FY 2014 CSFL calculated for the Master Equipment Lease/Purchase Program included an adjustment entry that is not described in detail on table 4. This adjustment was made for a decrease of \$9,750,573 in nonpersonal services based on revised projections for debt service for FY 2014. During the development of the CSFL, some adjustments such as these were categorized as "other adjustments".

Agency Budget Submission

The Master Equipment Lease/Purchase Program has no changes from the FY 2014 CSFL to the FY 2014 agency budget submission.

Mayor's Proposed Budget

Increase: The FY 2014 budget for Local funds reflects an increase of \$2,391,715 in debt service payments that aligns the budget to debt service projections.

District's Proposed Budget

The Master Equipment Lease/Purchase Program has no changes from the FY 2014 Mayor's proposed budget to the FY 2014 District's proposed budget.

FY 2013 Approved Budget to FY 2014 Proposed Budget, by Revenue Type

Table ELO-4 itemizes the changes by revenue type between the FY 2013 approved budget and the FY 2014 proposed budget.

Table ELO-4

(dollars in thousands)

| | PROGRAM | BUDGET | FTE |
|--|-----------------|---------------|------------|
| LOCAL FUNDS: FY 2013 Approved Budget and FTE | | 50,036 | 0.0 |
| Other CSFL Adjustments | Equipment Lease | -9,751 | 0.0 |
| LOCAL FUNDS: FY 2014 Current Services Funding Level Budget (CSFL) | | 40,285 | 0.0 |
| No Changes | | 0 | 0.0 |
| LOCAL FUNDS: FY 2014 Agency Budget Submission | | 40,285 | 0.0 |
| Increase: To align with revised debt service cost projections | Equipment Lease | 2,392 | 0.0 |
| LOCAL FUNDS: FY 2014 Mayor's Proposed Budget | | 42,677 | 0.0 |
| No Changes | | 0 | 0.0 |
| LOCAL FUNDS: FY 2014 District's Proposed Budget | | 42,677 | 0.0 |
| Gross for ELO - Master Equipment Lease/Purchase Program | | 42,677 | 0.0 |

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