

Master Equipment Lease/Purchase Program

Equipment Lease Operating

Lease Payments	FY 2005 Approved	FY 2006 Proposed	% Change
Department of Public Works	\$11,602,669	\$12,545,044	8.11
Fire and Emergency Medical Services Dept.	\$5,418,615	\$5,872,498	8.4
Metropolitan Police Department	\$5,075,025	\$6,404,507	26.2
Office of the Chief Technology Officer	\$0	\$1,585,289	N/A
Dept. of Parks and Recreation	\$558,025	\$715,161	28.2
DC Public Library	\$145,436	\$159,462	9.6
Office of the Chief Financial Officer	\$0	\$68,184	N/A
Department of Health (formerly PBC)	\$280,979	\$46,304	-83.5
Office of Administrative Hearings	\$28,149	\$28,149	0.0
Office of Planning	\$0	\$10,228	N/A
Department of Housing & Community Dev.	\$0	\$5,682	N/A
District of Columbia Public Schools	\$0	\$8,000,000	N/A
Total	\$23,108,898	\$35,440,508	53.4

The mission of the Master Equipment Lease/Purchase 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 five 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, and 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 involves 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, 2004, the District had financed approximately \$113 million of its capital equipment needs through the program, and had approximately \$58.5 million in outstanding principal.

Timely lease payments are necessary to satisfy District 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 lease payments.

Funding by Source

Table ELO-1 shows the sources of funding by fund type for the Master Equipment Lease/Purchase Program.

Table ELO-1

FY 2006 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

Appropriated Fund	Actual FY 2003	Actual FY 2004	Approved FY 2005	Proposed FY 2006	Change from FY 2005	Percent Change
General Fund						
Local Fund	0	0	23,109	27,441	4,332	18.7
Total for General Fund	0	0	23,109	27,441	4,332	18.7
Intra-District Funds	0	21,279	0	8,000	8,000	N/A
Total for General Fund	0	21,279	0	8,000	8,000	N/A
Gross Funds	0	21,279	23,109	35,441	12,332	53.4

Expenditures by Comptroller Source Group

Table ELO-2 shows the FY 2006 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table ELO-2

FY 2006 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Comptroller Source Group	Actual FY 2003	Actual FY 2004	Approved FY 2005	Proposed FY 2006	Change from FY 2005	Percent Change
80 Debt Service	0	21,279	23,109	35,441	12,332	53.4
Subtotal Nonpersonal Services (NPS)	0	21,279	23,109	35,441	12,332	53.4
Total Proposed Operating Budget	0	21,279	23,109	35,441	12,332	53.4

Gross Funds

The proposed Gross Funds budget is \$35,440,508, representing an increase of \$12,331,610 or 53.4 percent from the FY 2005 approved budget of \$23,108,898. There are no FTEs for this agency.

General Funds

Local Funds. The proposed Local budget for Equipment Lease Operating is \$27,440,508, an increase of \$4,331,610 or 18.7 percent from the FY 2005 approved budget of \$23,108,898.

Equipment Lease Operating represents lease (principal and interest) payments associated with the financing of the program.

Intra-District Funds

The proposed Intra-District budget for Equipment Lease Operating is \$8,000,000. This represents a total increase from the FY 2005 approved budget of \$0. The payments will be made through the intra-agency process from the District of Columbia Public Schools.