

1.14 LEASE PURCHASE PROGRAM FOR EQUIPMENT

The Schedule of Charges for Equipment Financed through the Master Equipment Lease-Purchase Program (Section 1.15) lists the charges to agencies by fiscal year for equipment financed as of June 22, 2016. The schedule should be used to derive the amount to be budgeted in Comptroller Objects 1021, 1041, 1121 and 1141 (Capital Lease Payments to Treasurer).

If an agency’s total budget request for these charges is different from the amount in the Schedule in Section 1.15, please provide an itemization of additions and subtractions on a DA-2 form, clearly identifying how the request is derived and why it differs from the Schedule.

Adjustments should be made to reflect the following, as needed:

- If an agency plans to finance the purchase of additional equipment, the amounts on the Schedule should be increased. Agencies may request a payment schedule for expected future equipment leases from their budget analyst. Payments can also be estimated as follows:

If equipment is financed (vendor paid)	First semi-annual payment is on:	Amount of debt service during fiscal year is the administrative fee plus:	
		FY 2017	FY 2018
October 2016	January 1, 2017	One interest-only payment	Two full payments
December 2016 and/or March 2017	July 1, 2017	none	One full payment plus one interest-only payment
June 2017 and/or October 2017	January 1, 2018	none	One interest-only payment
After October 2017	July 1, 2018	none	none

Please note the estimated total equipment cost and expected time of leasing for any additional equipment leases on the DA-2 form.

- If there are (or will be) prepayments, deduct amounts for the FY 2017 and/or FY 2018 lease payments that will have been satisfied as a result of the prepayments. Use the amortization schedule you received at the time of financing to calculate the deductions (for assistance in determining the effect of prepayments, contact Shelby Conley, State Treasurer’s Office, 410-260-6203).

State agencies should discuss potential equipment leases with the Treasurer’s Office prior to purchasing equipment from a vendor. State agencies requesting funds in the FY 2018 budget for equipment lease purchases must wait until the General Assembly approves the funding before purchasing the item from the vendor.

Questions should be directed to the DBM budget analyst.