



Staff Report

Report To: Dan Best, Chief Administrative Officer
From: **Sandy Becker, Financial Services
Manager/Treasurer**
Date: February 5 2018
Report: FIN.18.01
Subject: 2017 Annual Report on Lease Financing Agreements

Recommendations:

That South Huron Council receives the report Sandy Becker, Financial Services Manager/Treasurer, re: 2017 Annual Report on Lease Financing Agreements.

Purpose:

The purpose of this report is to provide Council with an annual report on lease financing agreements as set out in Ontario Regulation 653/05.

Background and Analysis:

Lease financing agreements represent long-term commitments of the municipality beyond the term of Council. It is a requirement pursuant to Section 11 of the *Ontario Regulation 653/05* that, at least once a year, the Treasurer report to Council on lease financing agreements.

Further, Section 10 of the *Ontario Regulation 653/05* requires municipalities to undergo a detailed review of all lease financing agreements prior to any new agreements. The regulation is meant to deal with lease financing agreements that have a material impact for the municipality. Appendix "C" of South Huron's procurement policy has defined material as "***an individual financing lease with annual payments in excess of \$10,000.00***".

As outlined below, the active lease financing agreements that the Municipality has at the end of 2017 are non-material in nature.

Description of Lease	Units	Annual Lease Cost	Full Term Cost	Balance of Lease Remaining Cost
Mailing/Postage Machine	1	\$4,020	\$22,110	\$14,405
Total Lease Financing Agreements	1	\$4,020	\$22,110	\$14,405

Operational Considerations:

As this report is being presented for information purposes only, no alternatives are presented.

South Huron's Strategic Plan:

identifies key priorities and strategic directions. The following elements are supported by the actions outlined in this report:

- ✓ Administrative Efficiency and Fiscal Responsibility
- ✓ Transparent, Accountable, and Collaborative Governance

Financial Impact:

The annual cost of lease financing agreements for the Municipality of South Huron is \$4,020. The expiry date for the current agreement is July 2021 and the remaining balance of the payments in future years 2018-2021, is \$14,405.

The liability for all lease financing agreements is detailed in the table above and remains unchanged from 2016. The remaining balance of lease payments in future years as a percentage of the Municipality's long-term debt including leases is .06% at the end of 2017.

It is the opinion of the Treasurer that the lease financing agreement listed above is non-material to the Corporation and has been made in accordance with the Municipality's lease financing policy.

Legal Impact:

There are no legal implications for the Corporation resulting from the proposed recommendation.

Staffing Impact:

There are no staffing implications for the Corporation resulting from the proposed recommendation.

Policies/Legislation:

Ontario Regulation 653/05 of the Municipal Act, 2001
South Huron's Procurement Policy (Bylaw 33-2017)

Consultation:

Dan Best, CAO

Related Documents:

None

Respectfully submitted,

Sandy Becker, Financial Services Manager/Treasurer