



Staff Report

Report To: Dan Best, Chief Administrative Officer
From: **Sandy Becker, Director of Financial Services**
Date: February 4 2019
Report: FIN.19.02 2018
Subject: 2018 Annual Report on Lease Financing Agreements

Recommendations:

That South Huron Council receives the report from S. Becker, Director of Financial Services, re: 2018 Annual Report on Lease Financing Agreements.

Purpose:

Information

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 2018 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	\$10,050
Total Lease Financing Agreements	1	\$4,020	\$22,110	\$10,050

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 \$4020. The expiry date for the current agreement is July 2021 and the remaining balance of the payments in future years 2019-2021, is \$10,050.

The liability for all lease financing agreements is detailed in the table above and remains unchanged from 2017. The remaining balance of the lease payments in future years as a percentage of the Municipality's long-term debt including leases is .0468% at the end of 2018.

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 Municipality Act, 2001
South Huron Procurement Policy (By-Law 33-2017)

Consultation:

Dan Best, CAO

Related Documents:

Pitney Bowes Lease Agreement

Respectfully submitted,

Sandy Becker, Director of Financial Services