



Staff Report

Report To: Dan Best, Chief Administrative Officer

From: **Sandy Becker, Director of Financial Services**
Julia Roberts, Deputy Treasurer

Date: February 16 2021

Report: FIN.21.03 Annual Report on Lease Financing Agreements

Subject: 2020 Annual Report on Lease Financing Agreements

Recommendations:

That South Huron Council receives the report from S. Becker, Director of Financial Services, re: 2020 Annual Report on Lease Financing Agreements.

Purpose:

For 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 2020 are non-material in nature.

Description of Lease	Units	Annual Lease Cost	Full Term Cost	Balance of Lease Remaining Cost
Mailing/Postage Machine	1	\$3,315	\$18,234	\$16,852
Total Lease Financing Agreements	1	\$3,315	\$18,234	\$16,852

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 \$3,315. The lease agreement for the mailing/postage machine was renewed in 2020 and the expiry date for the current agreement is January 2026. The remaining balance of the payments is \$16,852. The lease renewal was part way through the 2020 fiscal year, therefore the balance remaining in this report will not reflect the full annual lease cost.

The liability for all lease financing agreements is detailed in the table above. The remaining balance of the lease payments as a percentage of the Municipality's long-term debt including leases is .0831% at the end of 2020.

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.

Communication Actions:

There are no communications action items 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:**Related Documents:**

Pitney Bowes Lease Agreement

Respectfully submitted,

Sandy Becker, Director of Financial Services

Julia Roberts, Deputy Treasurer

Report Approval Details

Document Title:	FIN.21.03 Annual Report on Lease Financing Agreements.docx
Attachments:	
Final Approval Date:	Feb 11, 2021

This report and all of its attachments were approved and signed as outlined below:

Sandy Becker - Feb 5, 2021 - 11:01 AM

Rebekah Msuya-Collison - Feb 5, 2021 - 4:21 PM

Dan Best - Feb 11, 2021 - 9:50 AM