



POLK COUNTY SHERIFF'S OFFICE
Lease VS Purchase Comparison

Example #1

The Polk County Sheriff's Office Juvenile Boot Camp's mailing system had become outdated.

After weighing the pros and cons of purchase as opposed to leasing, a decision was made to lease new mailing equipment. This equipment was leased through Modular Mailing from Hasler Financial Corporation. That decision was based on several factors:

1. Funding for the Juvenile Boot Camp is from the State of Florida and the monies are received in July of each calendar year. These funds are not guaranteed from year to year.
2. Staff time that would be spent in maintaining purchase equipment becomes costly when compared to service agreements which are included in leased/rental prices.
3. Leasing equipment does not hinder our agency's ability to take advantage of technological advances when the technology becomes available.
4. Leasing equipment does not tie our agency to expensive upgrades of equipment which may become obsolete quickly and thus be unable to meet our agency's needs.
5. Leasing is considered an operating expense and spreads costs over time, rather than requiring repeated, large expenditures in particular Fiscal years for the new equipment.
6. Leasing provides easier equipment disposal. With leased equipment, the vendor as the asset owner assumes disposal responsibility. This also reduces Administration costs to track the equipment within the agency.

Leased costs: \$137.36 per month X 12 months = \$1648.32

Purchase price: \$2772.00

Best decision for Fiscal Year 2004/2005 was to lease.

Lease Versus Purchase

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Example #2

The Polk County Sheriff's Office had a need for unmarked vehicles for its Undercover Department.

After viewing all issues concerned, a decision was made to lease the vehicles from Mears Motor Leasing. That decision was based on these issues.

1. We recognize that in a government funding situation, it may be necessary to both allow for the avoidance of long-term debt (which usually requires an involved set of procedures) and the possibility that the agreement is limited by the need to appropriate funding on an annual basis – which may not occur in a subsequent year. Accordingly, a Master Lease Agreement is used, which includes a Non-Appropriation or Fiscal Funding out clause. This provided for cancellation of the agreement at the end of one current appropriation period (Fiscal Year) if the Board of County Commissioners fails to appropriate funds for lease payment obligations.
2. Due to the sensitivity of the job assignment, it is not feasible for our Undercover Department to utilize marked police vehicles which are purchased. We want to be able to return back these leased vehicles each year and the twelve (12) month lease makes this possible and easier to change them out.
3. It is also possible to acquire a greater number of vehicles through a lease arrangement than a purchase because of the cost of leasing is spread over time. The primary disadvantage of purchasing outright is the enormous amount of capital that is tied up, unavailable for use, for other investments.
4. Leasing vehicles also provides easier equipment disposal. With leased cars, the vendor as the asset owner assumes disposal responsibility.