The Regional Municipality of York

Committee of the Whole
Finance and Administration
April 16, 2020

Report of the Commissioner of Finance

Disposal of Surplus Assets - 2019

1. Recommendation

Council receive this report for information.

2. Summary

This report advises Council of all actions taken by the Procurement Office regarding the disposal of obsolete, damaged or surplus tangible capital assets, excluding land, buildings, and furniture, from January 1, 2019 to December 31, 2019.

In accordance with the Disposal of Assets Policy updated on April 20, 2018, a report shall be submitted to Council, on an annual basis, regarding the disposal of surplus assets.

Key Points:

- All assets were disposed of in accordance with the Region's Disposal of Surplus Assets Policy
- In 2019, the Region disposed of 29 buses, 44 cars and light duty vehicles and 11 ambulances with power-load lifting systems.

3. Background

A formal corporate wide policy prescribes disposing of surplus assets to maximize their residual value

The Region has had a formal policy for disposing of surplus assets since 2003. Regional Council adopted the revised policy on April 20, 2017. Disposals occur when the ownership of a Regional asset is relinquished by the Department as a result of sale, destruction, loss or abandonment, resulting in the cost and accumulated amortization of the asset being reduced to zero.

Authority was delegated to the Director, Procurement Office to dispose of Regional surplus assets to maximize their residual value, excluding land, buildings, and furniture. The policy requires that the Commissioner of Finance report to Council regarding the disposal of surplus

assets, on an annual basis. Intention to dispose of surplus assets is collected from Regional department as a requirement under the Region's Tangible Capital Asset Policy (TCA).

Methods of disposal are directed in the policy

The Disposal of Surplus Assets policy delegates authority to the Director, Procurement Office, to dispose of surplus assets using the following methods and in the order listed below:

1. Trade-in the asset;
2. Offer the asset free of charge to other Regional departments;
3. Offer the asset at its net residual value to local municipalities; or
4. Sell the asset through an open and transparent process.

Where applicable, assets may be disposed of through the Ontario Stewardship Program, a not-for-profit organization whose primary objective is to keep materials out of landfills, and to recover as much value as possible from these materials at the end of their useful life.

If the above methods of disposal are unsuccessful or deemed inappropriate, the Procurement Office, in consultation with the Regional Department responsible for the asset will determine the most appropriate method of disposing the asset in an environmentally sustainable manner.

If the asset is of nominal value, it may be donated for charitable or benevolent purposes at the discretion of the appropriate Commissioner.

Disposal proceeds were transferred to replacement reserves

Proceeds from the disposal of surplus assets will be transferred to the appropriate asset replacement reserve, as determined by the Commissioner of Finance.

4. Analysis

Disposals in 2019 generated proceeds of $516,297.00

The total value of surplus assets disposed of in 2019 is reflected in Table 1. The proceeds of these disposals identified in Table 1 were transferred, in full to the Vehicle Reserve account.

Twenty nine, 60-foot, transit buses were retired and sold at auction, at the end of their 12-year useful life. The disposal loss in Table 1 appears substantial as the buses were initially recorded in 2009 with an estimated 18-year useful life. In 2011, Council approved a useful life reduction for both the 30-foot and 60-foot buses to 12 years, as noted in the report, 12 Year Conventional Transit Bus Life. The TCA records for these buses were not updated to reflect this change, which resulted in the net book value loss appearing higher than it should be. Had the buses been amortized using a 12-years useful life, disposition would have resulted in a gain of $28,471.

Forty four cars and light duty Roads Fleet vehicles have been auctioned due to the end of their useful life.

Eleven ambulances were disposed of at the end of their useful lifecycle. The Region received trade-in offers for all useful ambulance components from Demers Ambulance Manufacturer Inc. The gain value in Table 1 is net of all transportation and decommissioning costs. In addition, Regional Council also donates a maximum of two decommissioned ambulances each year to eligible organizations, as noted in the report, Donation of Decommissioned Paramedic Services Ambulances for 2020.

Table 1
Proceeds received from Surplus Vehicles

Description	Net Proceeds	Gain/Loss	Reserve
29 Buses, York Region Transit	$ 28,471	($1,311,136)	Vehicle Replacement Reserve, York Region Operations
44 Cars and Light Duty Vehicles, Roads Fleet	$349,326	$253,565	Vehicle Replacement Reserve, Road Operations
11 Ambulances with Power-Load Lifting Systems, Paramedic Services	$138,500	($127,298)	Vehicle Replacement Reserve, Paramedic and Senior Services
Total	$516,297	($1,184,869)	

5. Financial

$516,297.00 in proceeds from the disposal of surplus assets has been transferred to the respective departments' asset vehicle replacement reserves.

Upon disposal, the assets and any remaining net book value (historical cost less amortization) are removed from the Region's balance sheet. An accounting loss of $1,184,869.00 has been recorded as the proceeds of disposition were less than the net book value of the disposed assets.

6. Local Impact

There is no local municipal impact associated with this report. No local municipalities expressed an interest in acquiring any of the assets identified in this report at their net residual value.

7. Conclusion

The surplus assets identified in this report were disposed of in accordance with the Region's Disposal of Surplus Assets Policy. A total of $516,297.00 in proceeds was generated through the disposal of these surplus assets.

For more information on this report, please contact Sunny Khemai, at 1-877-464-9675 ext.76003 or Agnes Sott Krzemien at ext. 71292. Accessible formats or communication supports are available upon request.

Recommended by: **Laura Mirabella, FCPA, FCA**
Commissioner of Finance and Regional Treasurer

Approved for Submission: **Bruce Macgregor**
Chief Administrative Officer

March 26, 2020
Attachments (1)
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