

The Regional Municipality of York

Committee of the Whole
Finance and Administration
June 16, 2022

Report of the Commissioner of Finance

2021 Disposal of Surplus Assets

1. Recommendation

Council receive this report for information.

2. Summary

This report advises Council of the disposal of obsolete, damaged or surplus tangible capital assets, excluding land, buildings, and furniture, from January 1, 2021, to December 31, 2021.

In accordance with the [Disposal of Surplus Assets Policy](#) (“the policy”), updated on April 20, 2017, 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 2021, the Region disposed of 73 assets including:
 - 21 cars and light duty vehicles (includes sport utility vehicles)
 - 42 buses
 - 9 speciality vehicles
 - 1 special response unit

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.

The Director of the Procurement Office has delegated authority to dispose of Regional surplus assets to maximize their residual value, excluding land, buildings, and furniture. Further, 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 departments as a requirement under public sector accounting standards.

Methods of disposal are directed in the policy

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

- Trade-in the asset
- Offer the asset free of charge to other Regional departments
- Offer the asset at its net residual value to local municipalities
- 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 are contributed to replacement reserves

As outlined by the policy, 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 2021 generated net proceeds of \$471,879

The total value of surplus assets disposed of in 2021, and their proceeds, are reflected in Table 1. The proceeds of these disposals were transferred in full to the respective departmental Replacement Reserve account.

All the assets identified in this report were disposed of through auction. The majority of these assets reached the end of their useful life cycle, with the remainder being substantially

towards the end of their life cycle (over 95% of the original cost of the asset had been amortized). Additional information regarding the specifics of each disposed of asset is available in Attachment 1.

The accounting loss from the disposal of surplus assets shown in Table 1 is due to a change to the useful lifecycle of buses from 18 years to 12 years. The buses were initially recorded in 2009 with an estimated 18-year useful life. In 2011, based on updated bus life cycle analysis, a useful life of 12 years for both the 30-foot and 60-foot buses was determined to be more appropriate and supported by Council in 2011, as noted in the report, [12 Year Conventional Transit Bus Life Review](#). The tangible capital asset (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-year useful life, disposition would have resulted in a gain of \$85,868.

The tangible capital asset (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 \$85,868.

The totals reported in Table 1 are based on the original bus life term of 18 years, to align with the Region’s asset register.

Table 1
Proceeds received from Surplus Vehicles

Department	# of items	Net Proceeds (\$)	Gain/(Loss*) (\$)
Community Health and Services	8	26,809	26,809
Transportation Services			
Based on original bus life - 2009	65	445,070	(1,573,302)
Based on revised bus life - 2011			85,868**
TOTALS	73	471,879	(1,546,493)

* Losses are identified in parenthesis.

** The recalculated Gain/Loss, based on the revised useful life, highlighted in grey has been included for information only.

5. Financial

Proceeds of \$471,879 from the disposal of surplus assets have been transferred to the appropriate asset 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 \$1,546,493 has been included in the 2021 financial statements as the proceeds of disposition were lower 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 \$471,879 in net proceeds was generated through the disposal of these surplus assets.

For more information on this report, please contact, Fadi Samara, Director, Procurement Office at 1-877-464-9675 ext. 71650. Accessible formats or communication supports are available upon request.



Recommended by:

Kelly Strueby
Commissioner of Finance and Regional Treasurer



Approved for Submission:

Bruce Macgregor
Chief Administrative Officer

June 3, 2022
Attachments (1)
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