
Asset Disposal Policy

Approval Date: January 20, 2025

Review by Date: TBD Pending Approval

1. Policy Purpose:

The Town of Irricana acquires assets, primarily goods and equipment, to support municipal operations. The Asset Disposal Policy establishes a consistent, transparent, and equitable process for disposing of municipally owned assets that have reached the end of their useful life, while aiming to recover their maximum residual value.

2. Definitions:

- a. Asset: Any item owned, controlled, or managed by the Town that has a monetary value and is used for municipal operations. Assets may include physical items such as equipment, vehicles, furniture, infrastructure, or intangible items such as software or licenses. For the purposes of this policy, the definition intentionally *excludes* property and buildings;
- b. Asset Disposal List: A list of assets identified as obsolete, surplus, or otherwise no longer required for municipal operations;
- c. Book Value: The recorded value of an asset on the municipality's financial statements, calculated as the original cost minus accumulated depreciation;
- d. Chief Administrative Officer: The executive responsible for the overall administration and operations of a municipality, in accordance with the Municipal Government Act, or their delegate.
- e. Council: The elected governing body of the municipality responsible as defined in the Municipal Government Act.
- f. Donation: The transfer of ownership of an asset from the Town to a nonprofit organization, community group, or other entity without financial compensation, typically for the purpose of supporting public benefit or community development.
- g. Obsolete: An asset which is no longer functional, relevant, or efficient for its intended purpose due to age, wear, technological advancements, or changing operational needs.

- h. Public Auction: A competitive bidding process open to the public, conducted in person, online, or via a third-party service, to sell surplus or obsolete assets to the highest bidder.
- i. Reserve Price: The minimum acceptable amount set for an asset to be sold at a public auction. If bidding does not meet the reserve price, the asset is not sold.
- j. Residual Value: The estimated amount that could be recovered through the direct sale of an asset.
- k. Surplus: An asset that is no longer required by the Town for its current or anticipated operational needs but may still have value or utility to others.
- l. Trade-In Value: The monetary credit offered by a vendor or dealer when an obsolete or surplus asset is exchanged as part of a transaction for a replacement or new item.

3. Policy Statement

The Town of Irricana is committed to the responsible and transparent management of municipal assets throughout their lifecycle, including the disposal of Obsolete and Surplus Assets. Disposal activities shall occur on both an annual and ongoing basis, as operational needs dictate.

To ensure public transparency and maximize residual value, the primary method of asset disposal will be public auction. Should an asset not be successfully auctioned, Administration may utilize alternative disposal methods, such donation, private sale, or waste disposal.

4. Policy Details

4.1 Disposition of Assets (General)

4.1.1 Assets deemed to be Obsolete or Surplus may be disposed of at the discretion of the Chief Administrative Officer. In determining if an Asset is Obsolete or Surplus, consideration must be given to:

- Whether the purpose for which the Asset was originally intended for remains;
- Whether an Asset can still meet its intended purpose at an acceptable level;
- Whether an Asset can be used for an alternative purpose that produces value.

4.1.2 Administration shall take reasonable steps to establish a Residual Value for all Assets that are to be disposed of. This may include internal research, the use of external expertise, or a combination thereof.

4.2 Public Auction

- 4.2.1 All Assets shall be disposed of through Public Auction, subject to other provisions of this policy or a resolution from Council.
- 4.2.2 For Assets with a Residual Value below \$2,000, a Reserve Price is not required.
- 4.2.3 For Assets with a Residual Value of \$2,000 to \$4,999, a Reserve Price may be established at the discretion of the Chief Administrative Officer.
- 4.2.4 For Assets with a Residual Value of \$5,000 or greater, a Reserve Price shall be established.
- 4.2.5 Assets which are to be disposed of through Public Auction may be listed as individual items or as lots, at the discretion of the Chief Administrative Officer.

4.3 Trade-In for Similar

- 4.3.1 Assets may be used to defer the cost of acquiring a replacement Asset or new Asset intended to serve a similar purpose.
- 4.3.2 In determining if an Asset may be used for Trade-In, consideration must be given to the difference between the Trade-In Value and the Asset's Residual Value and the resources required to dispose of the Asset through other means.
- 4.3.3 A Trade-In Value must be provided in writing by the receiving Vendor prior to the transaction being completed.
- 4.3.4 A Trade-In must be approved by the Chief Administrative Officer prior to the transaction being completed.

4.4 External Donations

- 4.4.1 Assets that are not or cannot be disposed of through Public Auction or as Trade-In may be donated to registered charities, non-for-profit organizations, or other governments, at the discretion of the Chief Administrative Officer.

4.5 Discretionary Disposal

- 4.5.1 Assets that are not or cannot be disposed of through Public Auction, Trade-In, or Donation may be disposed of in any fashion deemed appropriate by the Chief Administrative Officer.

5 Reporting to Council

- 5.1 An Asset Disposal List shall be completed annually, coinciding with the preparation of Audited Financial Statements.
- 5.2 The Asset Disposal List shall include, at a minimum, the Book Value, Residual Value and method of disposal for each Asset.
- 5.3 The Asset Disposal List shall be presented to Council annually.

Resolution 004:25 was passed by Council on January 20, 2025 to enact Policy C003-2025, being the Council Policy on Asset Disposal.

Original Signed

Jim Bryson

Mayor

REFERENCES:

Town of Irricana Procedure – Asset Disposal