



Staff Report to Council - for Direction

Title: Asset Retirement Obligation Policy

From: Edward Henley, Director of Corporate Services

Date: December 7, 2023

Staff Recommendation:

That the Asset Retirement Obligation Policy be approved as presented, effective January 1, 2023, and;

That the revisions to the Capital Asset Amortization Policy referencing the new Asset Retirement Obligation Policy be approved as presented.

Report Summary:

The Asset Retirement Obligation policy to be adopted provides guidance on the accounting treatment for asset retirement obligations and establishes roles and responsibilities for the various stakeholders at the County. The policy serves to ensure the County complies with the requirements of the new accounting standard PS 3280.

Background:

PS 3280 is a new accounting standard covering asset retirement obligations that was approved by the Public Sector Accounting Board (PSAB). The standard must be applied by all public sector entities who prepare their financial statements under PSAB, including Bruce County. Prior to the introduction of PS 3280 there was no formal accounting guidance with respect to asset retirement obligations. The standard applies to fiscal years beginning on or after April 1, 2022 and will be implemented for the County's 2023 fiscal year.

The policy provides context for asset retirement obligations and outlines the activities that are applicable to the County's assets. The main activity for the County to consider is the removal and remediation of contaminants, such as asbestos, within building or construction materials. The policy also provides guidance on the accounting treatment for asset retirement obligations including the recognition as well as initial and subsequent measurement for such liabilities.

The County's Capital Asset Amortization Policy has been updated to go along with the new policy when an asset's estimated remaining useful life requires revision.

The County's adoption of PS 3280 requires co-operation across departments. The roles and responsibilities of Corporate Services along with the departments are outlined in the policy. In brief, Corporate Services will lead the implementation and annual maintenance of the standard while relying on regularly updated asset information provided by the departments.

Financial/Staffing/Legal/IT Considerations:

There are no staffing, legal or IT considerations associated with this report.

Interdepartmental Consultation:

The Corporate Services team is working in collaboration with the impacted departments to accurately identify and measure the county's asset retirement obligations.

Link to Strategic Goals and Objectives:

Strategic Goals

None identified

Link to Departmental Plan Goals and Objectives, if any:

The implementation of the Asset Retirement Obligation policy will support the county in producing accurate and timely financial statements.

Report Author:

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Departmental Approval:

Edward Henley, Director of Corporate Services

Approved for Submission:

Derrick Thomson, Chief Administrative Officer