



Administrative Report

Office of the Manager, Accounting - Administration/Deputy Treasurer

To: Warden MacDonald and Members of Essex County Council

From: Heidi McLeod, CPA, CA
Manager, Accounting - Administration/Deputy Treasurer

Date: Wednesday, November 01, 2023

Subject: Corporate Policies Finance/Accounting Updates

Report #: 2023-1101-FIN-R21-HM

Purpose

To present Council with a proposed policy regarding Asset Retirement Obligations in accordance with Public Sector Accounting Board (PSAB) section 3280 ("PS 3280"), as well as recommended revisions to the Strategic Asset Management Policy (2019-002) and the Accounting for Tangible Capital Assets Policy (2009-003).

Background

Asset Retirement Obligation Policy

PS 3280 is a new accounting standard covering Asset Retirement Obligations that was approved by the PSAB in March 2018. The standard must be applied by all public sector entities who prepare their financial statements under PSAB, including all Canadian municipalities.

Common asset retirement obligations under the scope of PS 3280, such as obligations to retire buildings with asbestos or underground fuel storage tanks, have not previously been recognized by municipalities.

Strategic Asset Management Policy

The County prepared its first strategic asset management policy in 2019, as required by Ontario Regulation 588/17 ("O. Reg 588/17"). The Regulations also require a review, and if necessary, an update every 5 years.

Accounting for Tangible Capital Assets Policy

The County's Accounting for Tangible Capital Assets policy was initially drafted in 2009 when the PSAB standards first came into effect.

Discussion

Asset Retirement Obligation Policy

Asset Retirement Obligations are the legal obligations that the County has with respect to the retirement of certain tangible capital assets. These obligations could include the remediation of a contaminated asset (i.e. contaminated soils or underground fuel storage tanks), appropriately disposing of hazardous materials (i.e. asbestos) and post-retirement activities (i.e. monitoring of a closed landfill site). This policy will set the framework for how the County recognizes, measures and discloses the legal obligations in our annual Financial Statements.

Strategic Asset Management Policy

The Strategic Asset Management Policy has been updated after review of several other municipalities' policies, and in conjunction with O.Reg 588/17. The revisions include a more clearly defined framework which will guide the development of future asset management plans, ensuring alignment with other County long-term planning initiatives, and collaboration with local municipalities for shared assets.

Accounting for Tangible Capital Assets Policy

The Tangible Capital Assets Policy provides a refresh of the former *Accounting for Tangible Capital Assets Policy*. The County's effective maintenance program and quality design strategies are reflected in the revised estimated useful lives for various assets. In addition, the scope of pooled assets has been expanded to include traffic signals as a result of their rising cost and technological advances.

Financial Implications

These policy changes are intended to improve the County's financial reporting, asset management practices, and planning processes. While they may not have an immediate impact on specific financial figures, they promote transparency and strategic financial management, which could contribute to more effective resource allocation.

Consultations

Hoa Du, Financial Analyst

Terry Deehan, Financial Analyst

Kelly Robinson, Financial Analyst

Kelli Schmidt, Financial Analyst

Melissa Ryan, CPA, Director of Financial Services / Treasurer

Recommendation

That Essex County Council adopt 2023-05 Asset Retirement Obligations Policy and approve the proposed revisions to Policy 2019-002 (Strategic Asset Management) and 2009-003 (Tangible Capital Assets Policy).

Approvals

Respectfully Submitted,

Heidi McLeod

Heidi McLeod, CPA, CA, Manager, Accounting - Administration/Deputy Treasurer

Concurred With,

Melissa Ryan

Melissa Ryan, CPA, Director, Financial Services/Treasurer

Concurred With,

Sandra Zwiers

Sandra Zwiers, MAcc, CPA, CA, Chief Administrative Officer

Appendix	Title
A	Asset Retirement Obligations Policy
B	Strategic Asset Management Policy
C	Tangible Capital Assets Policy
