

**Meeting Date:** January 15, 2024  
**Department:** Financial Services  
**Report No.:** FIN-2024-03  
**Submitted by:** Lindsay Laskey, Manager of Accounting/Deputy Treasurer  
William Dakin, Director of IT & Finance/Treasurer  
**Approved by:** Trisha McKibbin, Chief Administrative Officer

**SUBJECT:                   Asset Retirement Obligation Policy**

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**RECOMMENDATION: THAT: Council receive Report FIN 2024-03 Asset Retirement Obligation Policy for information, and further;  
THAT: Council adopts the Asset Retirement Obligation Policy, and further;  
THAT: By-law No. 06-24 be referred to the Consideration of By-laws Section of the Agenda for approval.**

**BACKGROUND:**

The Municipality of Strathroy-Caradoc adopted Public Sector Accounting Board (PSAB) Handbook, Section 3280 on April 1, 2022. The purpose of this policy is to stipulate the accounting treatment for Asset Retirement Obligations (also called “ARO”) so that users of the financial statements can discern information about these assets, and their end-of-life obligations, in accordance with the PSAB standard.

**COMMENTS:**

Adoption of PSAB Handbook Section 3280 was a requirement of all Canadian municipalities, on April 1, 2022. Finance staff are determining the impact of this standard on both the financial statements and related disclosures for the December 31, 2023 year-end. The financial statement auditors will include compliance with Section 3280 as part of the scope of their December 31, 2023 financial statement audit.

This policy outlines the requirements of PSAB Handbook Section 3280, as well as the roles and responsibilities of municipal staff in ensuring compliance with the standard.

**CONSULTATION:**

Management Team  
Treasurer's Discussion Group – Middlesex County Lower Tiers  
BDO Canada LLP

**FINANCIAL IMPLICATIONS:**

Compliance with the standard will be required to receive a clean opinion on the audited financial statements.

**STRATEGIC PLAN ALIGNMENT:**

This matter is in accord with the following strategic priorities:

1. Households and businesses in Strathroy-Caradoc are supported by reliable, financially responsible, and well-maintained infrastructure networks.
2. Allocate sufficient resources for capital and operating infrastructure needs.

**ATTACHMENTS:**

MOSC Asset Retirement Policy