	<h2>Municipality of Crowsnest Pass Policy</h2>
<p>Policy No.: Policy Title: Approval Date: Supersedes Policy: Department:</p>	<p>1715-01 Asset Retirement Obligations April 16, 2024 None Finance</p>

1.0 POLICY PURPOSE

The purpose of this Policy is to establish a governance framework for the administration, financial accounting and reporting of assets, liabilities and expenses associated with Asset Retirement Obligations (AROs) in accordance with PSAS 3280: Asset Retirement Obligations.

The Municipality of Crowsnest Pass (CNP) will review and report an Asset Retirement Obligation, as at the financial reporting date for each calendar year, in compliance with the Public Sector Accounting Board (PSAB) Handbook, section 3280.

2.0 DEFINITIONS

"Accretion expense" means the increase in the carrying amount of a liability for asset retirement obligations due to the passage of time.

"Asset retirement obligation" means a legal obligation associated with the retirement of a tangible capital asset.

"Chief Administrative Officer (CAO)" means the Chief Administrative Officer for the Municipality of Crowsnest Pass.

"Controlled asset" means an asset that is owned or controlled, directly or indirectly, by the Municipality.

"Council" means the municipal council of the Municipality of Crowsnest Pass

"Crowsnest Pass" means Municipality of Crowsnest Pass.

"Tangible capital assets" are non-financial assets having physical substance that:

- a. Are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance, or repair of other Municipality of Crowsnest Pass tangible capital assets.
- b. Have useful economic lives extending beyond an accounting period;
- c. Are to be used on a continuing basis in the municipality's operations; and
- d. Are not for sale in the ordinary course of operations.

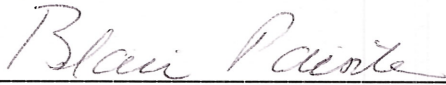
“Retirement of a tangible capital asset” means the permanent removal of a tangible capital asset from service. This term encompasses sale, abandonment, or disposal in some other manner but not its temporary idling.

3.0 POLICY STATEMENTS

3.1 Asset Retirement Obligations

- a. This Policy applies to all departments, branches, boards, and agencies falling within the reporting entity of Crowsnest Pass, that possess asset retirement obligations including:
 - i. Assets with legal title held by the Crowsnest Pass;
 - ii. Assets controlled by the Crowsnest Pass;
 - iii. Assets that have not been capitalized or recorded as a tangible capital asset for financial statement purposes.
- b. Existing laws and regulations require public sector entities to take specific actions to retire certain tangible capital assets at the end of their useful lives. This includes activities such as removal of asbestos, and retirement of landfills. Other obligations to retire tangible capital assets may arise from contracts, court judgments, or lease arrangements.
- c. The legal obligation, including obligations created by promises made without formal consideration, associated with retirement of tangible capital assets controlled by Crowsnest Pass, will be recognized as liability in the books of Crowsnest Pass, in accordance with PS3280 which Crowsnest Pass will be adopting starting January 1, 2023.
- d. Asset retirement obligations result from acquisition, construction, development, or normal use of the asset. These obligations are predictable, likely to occur and unavoidable. Asset retirement obligations are separate and distinct from contaminated site liabilities. The liability for contaminated sites is normally resulting from unexpected contamination exceeding the environmental standards. Asset retirement obligations are not necessarily associated with contamination.

MUNICIPALITY OF CROWSNEST PASS



Mayor

April 16, 2024
Date



Chief Administrative Officer

April 17, 2024
Date