

Ministry of Education

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2014: B7

MEMORANDUM TO: Directors of Education
Senior Business Officials

FROM: Gabriel F. Sékaly
Assistant Deputy Minister
Financial Policy and Business Division

DATE: May 2, 2014

SUBJECT: Accounting for Contaminated Sites

I am writing to inform you of the Public Sector Accounting Board's (PSAB) new standard on accounting for contaminated sites. The standard requires that a liability be recorded if a government has a contaminated site. To comply with the accounting standard, boards will be required to assess which sites are contaminated and undertake the associated reporting under the new standard. Based on the examples provided in the PSA handbook, a liability for remediation normally results from an operation that is no longer in productive use, or from an unexpected event resulting in contamination. Boards should also note that to have a liability for remediation of a contaminated site, criteria outlined in the standard must be met. While it is not expected that boards review each site, they should investigate where it is known or there is a likelihood of contamination.

This accounting standard is applicable for fiscal years beginning on or after April 1, 2014; therefore, for the 2014-15 school year for school boards. The initial liability for contaminated sites will be recorded as an adjustment to the opening accumulated surplus as at September 1, 2014 and will therefore not impact the in-year expense for the 2014-15 year. Any new liabilities for contaminated sites recognized after August 31, 2014 will result in an impact to the in-year expense and will impact budget compliance. The Ministry has implemented regulation changes to O. Reg. 488/10 (Determination of Boards' Surpluses and Deficits) to exclude the opening accumulated surplus adjustment from budget compliance. To minimize future impact on budget compliance, boards are encouraged to early identify any potential liabilities for contaminated sites.

Since the Province consolidates the school boards' financial statements, boards will be required to provide information on liabilities for contaminated sites for the March 2015 report. Boards will also record any liabilities for contaminated sites in their 2014-15 financial statements, as required by the standard.

We would encourage you to discuss this new standard, and its impacts, with your external auditors and share any implementation risks and potential impact with your Ministry contact, Elizabeth Sinasac at Elizabeth.Sinasac@ontario.ca or 416-325-8527, prior to data submission in March 2015. An SB memo will be released in the near future with details on the implementation.

For any questions related to this memo, please contact Marie Li at Marie.Li@ontario.ca or 416-326- 0201.

Original signed by

Gabriel F. Sékaly
Assistant Deputy Minister
Financial Policy and Business Division

cc: Superintendents of Business and Finance