

**Ministry of Education**

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**Ministère de l'Éducation**

315, rue Front Ouest  
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**2022: SB36**

**Date:** December 12, 2022

**Memorandum to:** Senior Business Officials  
Superintendents of Facilities/Planning

**From:** Med Ahmadoun  
Director  
Financial Analysis and Accountability Branch

Andrea Dutton  
Director  
Capital Policy Branch

**Subject:** **Asset Retirement Obligation Standard Implementation-  
Sector-Level Costing Model 2**

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Further to memorandum 2021:SB11 *Asset Retirement Obligation Standard Implementation and Building Assets – School Facilities Inventory System Information Verification*, issued by the ministry on June 4, 2021, this memorandum provides additional details on the release of the Asset Retirement Obligations (ARO) Sector-Level Costing Model 2 to support school boards in refining their ARO estimates and presenting these in their upcoming 2022-23 March Report and 2022-23 Financial Statements.

***ARO Sector-Level Costing Model 2***

As previously communicated, the ministry provided school boards with two types of costing models to measure the ARO liability, ARO Costing Model 1 and ARO Costing Model 2. To date, school boards were expected to have used the data from ARO Costing Model 1 and applied it to the ARO Costing Model 2 to extrapolate the obligation, where recent asbestos survey data was not available, and subsequently submitted school board level ARO Asset Inventory Listings to the ministry. Based on these school board submissions, the ministry has aggregated the data from Model 1 across the sector and has now developed a Sector-Level Costing Model 2.

School boards are now being asked to use the Sector Level Costing Model 2 to recalculate their ARO liability for assets that did not have recent survey data (i.e., those originally extrapolated in the ARO Costing Model 2 exercise). This will refine the ARO liability estimation submitted through the ARO Asset Inventory Listing. Please note that school boards will **not** be required to resubmit the ARO Asset Inventory Listing after using the ARO Sector-Level Costing Model 2.

School boards can access the ARO Sector-Level Costing Model 2 file through the [File Download Portal \(FDP\)](#) under the 2022-23 financial statements folder.

### ***Upcoming Reporting on Asset Retirement Obligations***

As a reminder, Section PS 3280 - Asset Retirement Obligations is effective for fiscal years beginning on or after April 1, 2022; therefore, school boards are required to implement this standard as follows:

- To meet the provincial Public Accounts reporting requirements, school boards will be required to report their ARO opening balance as at April 1, 2022 and the activity between April 1, 2022 and March 31, 2023, in their 2022-23 March report submission, which is to be submitted to the ministry in May 2023. The ministry is developing the specified audit procedures and related forms. Related materials will be shared with school boards once they are available.
- School boards will report their ARO opening balance as at September 1, 2022 and the activity between September 1, 2022 and August 31, 2023 in their 2022-23 financial statements.

### **Ministry Contacts**

For any questions related to ARO, please contact:

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Sincerely,

*Original signed by*

Med Ahmadoun  
Director  
Financial Accountability and Analysis Branch

c. Directors of Education  
District School Board External Auditors

*Original signed by*

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Director  
Capital Policy Branch