

April 5, 2019
19-16

Financial review completed for Barlow Creek VFD budget

On behalf of the Cariboo Regional District, PMT Chartered Professional Accountants LLP completed a review of the Barlow Creek Fire Protection service budgets for the 2016 and 2017 fiscal years. Their review is consistent with the findings of CRD staff and indicates the expenses in the 2016 and 2017 budgets were typical expenses for operating a fire department, but purchases were made in higher quantities and on a more accelerated timeline than the budget outlined.

“Both our internal review and the review by PMT Chartered Professional Accountants identify that the main issue was that fire department purchases were made that had not been budgeted for in 2016 and 2017,” explains CRD Chief Administrative Officer John MacLean. “The additional spending was mainly on training and development; equipment maintenance and repairs; fire hall maintenance; and the replacement of operating supplies.”

Due to the service’s expenses being significantly higher than budgeted in both 2016 and 2017, the Barlow Creek Fire Protection service saw a 30 per cent tax increase in 2018 and 2 per cent increases in 2019 through 2023. The CRD has worked with the Provincial Government to make the tax burden as manageable as possible by allowing the service to recover the deficit over a five-year period from 2018 to 2023. This mechanism for managing the tax burden is necessary, since regional district budgets are not allowed to include annual deficits in financial plans and budgets and since taxpayers within a given service area are required, by legislation, to pay all costs associated with that service.

“I can understand the frustrations of Barlow Creek residents regarding the tax increase and we apologize for our lack of oversight,” says MacLean. “We recognize that improved financial management policies and/or systems could have helped us detect these budget overrun issues earlier. While we did take steps to oversee and manage the Service’s budget – including the suspension of credit cards and the reiteration of purchasing policies with suppliers – ideally the increased spending would have been identified and managed sooner.”

“We take this kind of financial situation seriously and we do not want to see untimely or unbudgeted spending in our services. We are committed to ensuring that improved financial management policies and systems prevent the reoccurrence of such a budget overrun in the future.”

The Cariboo Regional District is working to improve administrative oversight of its volunteer fire departments by reviewing and improving its financial management systems with all fire departments to ensure better tracking of fire department spending. The CRD is also making sure its budgets accurately reflect the true costs of providing fire department services and that sufficient funds are collected through taxation, and any other available operating revenues, in order to operate the fire departments.

Further, the CRD hired a Regional Fire Services Supervisor within the Protective Services Department to more closely monitor and control volunteer fire department spending. This position was filled mid-March 2019. Letters have also been sent to fire department chiefs, vendors and suppliers clearly outlining and reinforcing CRD purchasing policies.

.../More

A letter has been sent to all residents within the Barlow Creek Fire Protection Area explaining the financial review of the budget. The CRD is also hosting a multi-agency information fair on Tuesday, May 14, from 5:30 – 7:00 p.m. at the Barlow Creek Hall (3801 Trembley Road). Electoral Area C Director, John Massier, and CRD staff will be available, along with representatives from various government ministries and service agencies, to provide information and discuss topics relevant to the community.

-30-

Quick Facts:

- Barlow Creek Fire Protection Service taxes, which are based on the assessed value of improvements only, increased by 30% (\$82,276 to \$106,959 total tax requisition) in 2018 as compared to 2017. The tax requisition is set to increase an additional 2% in each year of the 2019-2023 Five Year Financial Plan, as approved by the Board on March 22, 2019.
- Barlow Creek Fire Protection Service residents also pay a parcel tax of \$24.78 in each year of the 2019-2023 Five Year Financial Plan, which is unchanged from the 2017 and 2018 parcel tax rate.
- The 2018 residential tax rate for the service was \$77.75 per \$100,000 of net taxable assessed value of improvements only for each property in the fire protection area. This compares to the 2017 rate of \$59.81.
- For a house valued at \$200,000 (improvements only, i.e. excluding the land value) the total of the residential and parcel taxes were \$180.28 in 2018 compared to \$144.40 in 2017, which is an increase of \$35.88 or approximately 25%. This amount increased by 2% in the 2019 budget and is set to increase by 2% each year in the 2019-2023 five-year financial plan.
- There are 847 participating properties within the Barlow Creek Fire Protection Service.

Media Contact

Emily Epp, Manager of Communications
Cariboo Regional District
250-392-3351
eepp@cariboord.ca