

IS THE RM OF MCKILLOP 220 BANKRUPT?

BULYEA, SK: At a Special (short notice) RM Council meeting on Tuesday August 7th RM Council cancelled most resolutions related to budget and mil rate (tax calculation) decisions. Reeve Arndt announced at the public meeting (after a 2-hour *in camera*—closed—meeting) that the RM would be making additional changes to their 2018 budget, which he now describes as “austere”.

***Austerity Budget**—A ... budget which aims to reduce the amount of money that people spend, for example by increasing taxes, or to reduce the amount that the government spends. (Financial Times, retrieved August 8, 2018).*

The Reeve mentioned that because of new information coming to light that morning regarding a recent Court of Queen’s Bench application and petition for a referendum about the title transfer of the RM property commonly known as Fox Point, Council would need to make significant changes to the legal budget. The problem with this statement is that notice of this matter was given to the RM two weeks before this special meeting and well before public notice of the meeting was issued. And any costs to the RM would not require significant changes to the legal budget: these costs are a drop in the bucket when compared to the over \$200,000 expended by the RM on legal fees in the first six months of this year. Also, the costs to the RM would have been even less had they heeded the written notice of the application to quash the disposition resolution provided to Council in January 2018. Despite that notice, RM legal counsel was instructed to complete the title transfer in July. This action may be considered to be bad faith dealing and misspending.



So the information Reeve Arndt said they received on August 7th has little to do with the decision to postpone, yet again, decisions on budget and mil rate. So what is the problem that just came up? Is the RM short of money or worse? Could it have something to do with Council spending money like drunken sailors? (And we hereby apologize to all the sailors out there.)

Recently one of our members asked for a copy of the RM bank reconciliation and learned that the account balance was below an amount the RM typically spends in one month. That was disturbing to discover. But what is even more disturbing is that Council, at least Council as a whole, didn’t seem to know of the situation. Why after being months late in setting the budget and mill rate, did it just come to their attention that they may be in serious financial trouble and now, at this extremely late date, have to make significant changes to their budgets—which could mean a substantial property tax increase to the ratepayers.

The Reeve did not mention during the August 7th meeting that the 2017 budget projected a deficit of almost \$400,000. That should not have been allowed because it would eventually need to be addressed. Also, the 2017 audited financial statements have still not been made public: the deficit might actually have been more. These statements are required to be submitted to the province by June 30 every year, but that did not happen this year. Was this perhaps a signal of pending trouble?

Now that austerity measures will be implemented, let’s review some of the many questionable spending decisions by Council over the last year that may have increased costs extensively while being of little or no value for the ratepayers:

- 1) Court application to remove Councillor Kuderewko from RM Council (ongoing since January 2017).
- 2) Hiring lawyer to attend all RM meetings.
- 3) Court application to stall ratepayers’ petition for a referendum on electoral boundary revisions.
- 4) Numerous legal opinions, including the legal opinion (which was factually wrong) that the RM Administrator cited in her report finding the August 2017 ratepayers’ petitions for financial and management audits of the RM insufficient. The Administrator’s work and the decisions of the usual majority of Councillors were cited in the rationales for the petitions as a reason (among others) to undertake the financial and management audits requested.
- 5) Hiring a criminal lawyer on behalf of the RM Administrator, whose actions are being reviewed by the Prosecutor’s Office in Regina.

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- 6) Hiring a different legal counsel to review the Landfill Authority (the Dump) lease.
- 7) Having RM legal counsel review the SunDale development and service agreement and then deciding after many months that their own legal counsel was not qualified to make that review.
- 8) Hiring another outside legal counsel to review the Sundale development and service agreement.
- 9) Contracting Urban Systems to review the Sundale infrastructure and environmental impact of Yancoal.
- 10) Hiring a consultant to review only selected ethics complaints when the Ethics Bylaw states it's Council's duty.
- 11) Hiring contractors for financial planning, communications and development.
- 12) Continuing on a 5-year journey to redo the OCP and Zoning Bylaw because of the infinite possibilities that *might* come up. Most RMs simply amend their current bylaws as they require.

At the August 7th meeting, Councillor Kuderewko asked the Reeve for time to review documents he had not received before the meeting as required by legislation. During a point of order request by Mr Kuderewko to the Reeve, Councillor Murray Wild interrupted with an improper or out of order motion to remove Councillor Kuderewko for 'arguing' with the Reeve. The Reeve then was out of order in accepting the motion and calling for a vote. The Reeve and Councillors Murray Wild, Smith, Wilson and Helgeson supported the motion. Councillor LaBatte opposed the motion. Councillor Kuderewko was told to leave the meeting. (Note: this Councillor Wild is not to be confused with his brother Ray Wild: i) who is a Councillor for RM 219 Longlaketon; ii) who is Chair of the Landfill Authority, which removed landfill administration from the RM of 220 office last November; and iii) whom Reeve Arndt attempted to physically assault at a Landfill meeting on March 8th, 2018).

In short, it appears the RM Council, with the advice of the RM Administrator—a certified public accountant behind whose name the following certifications appear: R.M.A. CPA, CGA BAccS—have approved expenditures that may have put the RM of McKillop in serious financial trouble. Why is there this eleventh-hour need to *again* review the 2018 budget and postpone the setting of tax rates? It's not clear why it all seems such a surprise to Council: why hasn't Council been keeping tabs? We want to know what happened and who is responsible. That is our right.

Be prepared ratepayers: Council has already increased several fees to relieve these budgetary difficulties (i.e., garbage tax increased from \$100 to \$250, lagoon dumping fees increased from \$10 to \$25 and increases to road service rates). We should prepare ourselves for the possibility that increased mil rates, minimum taxes or base taxes may be coming and that the 6% discount on ratepayers' tax levies for early payment by August 31st may be reduced or removed. And it seems unlikely that it's a coincidence that most RM of McKillop *lakeshore* properties were re-assessed by SAMA in a non-cycle year.

Councillor Murray Wild, at the July 10th 2017 meeting, said that "When things go bad, you buy your way out." A lot of things must have gone bad. But if the thing that's gone bad is that the bank account's in the red, you can't buy your way out—unless you increase fees and raise our taxes to 'buy your way out' of the financial mess you've created. Expect, too, that Council will try to find scapegoats to blame for their financial mismanagement of the RM: we expect that the RPA and former short-term employees will be among those scapegoats.

The RPA tried to get a handle on things with petitions for financial and management audits, but you know how that turned out. Perhaps RM Council can start to pull itself out of the quagmire it's created by drastically reducing the cost of lawyers, consultants and the \$166,000 Administrator's cost. (extrapolated from the Jan-June figures, see page 2)

Another 3 Special (short notice) RM Council meetings have been set for Friday August 10th. [Click for more info.](#)

Have your wallets ready everyone and perhaps ask yourself—How much more of your hard earned money are you prepared to hand over to this RM Council and Administrator?



The Rural Municipality of McKillop No. 220 lies along the east shore of Last Mountain Lake, north of Lumsden. There are 732 permanent residents and approximately 2,000 ratepayers in the RM. The RM 220 RPA is a citizen's group dedicated to ensuring fair taxes, minimizing waste, reducing spending, and holding RM Council accountable.

If you have any questions please contact us at rm220rpa@gmail.com, www.rpa220.ca or visit us on Facebook

Budgeting 101 for RM 220 Council and Administrator: This is NOT *AUSTERE* Government Spending !

RM OF MCKILLOP NO. 220 LIST OF ACCOUNTS PAID—JANUARY TO JUNE 2018

RM of McKillop No. 220 List of Accounts Paid - Jan - June 2018

Revised July 24 AM

Company	Date of Payment	Amount	Total	Monthly	LEGAL	CONSULT	MCP
RM Administrator	Jan 10 2018	\$ 5,729.06					
Administrator's Pay	Jan 26 2018	\$ 7,073.30	\$	12,802.36			
Over 6 months	Mar 12 2018	\$ 8,071.88					
No contract available for review	Mar 23 2018	\$ 6,001.64	\$	14,073.52			
	Apr 4 2018	\$ 6,398.44					
	Apr 27 2018	\$ 5,859.15	\$	12,257.59			
	May 10 2018	\$ 8,770.33					
	May 31 2018	\$ 6,120.58	\$	14,890.91			
	Feb 2 2018	\$ 8,268.75					
	Feb 26 2018	\$ 4,806.00	\$	13,074.75			
	Jun 12 2018	\$ 8,367.19					
	Jun 26 2018	\$ 7,559.40	\$	15,926.59			
	Total	\$ 83,025.72	\$	13,837.62 /mo			\$ 83,025.72
				~ \$166K year			
DC Strategic Management Consulting	7936 Apr 9 2018	\$ 5,699.07					
	7999 May 10 2018	\$ 4,507.52					
	8042 Jun 11 2018	\$ 1,209.82					
	7901 Mar 19 2018	\$ 5,177.47					
	Total	\$ 16,593.88				\$ 16,593.88	
Rasmussen LLP Dec 2017	7761 Dec 22 2017	\$ 4,809.11					
Legal	7790 Dec 29 2017	\$ 16,203.47					
** Noteworthy 3 payments in 1 month in 2017	7805 Dec 31 2017	\$ 8,217.89					
	Total	\$ 29,230.47					
Rasmussen LLP	7949 Apr 9 2018	\$ 17,795.57					
Legal	7988 May 8 2018	\$ 23,398.91					
	8054 Jun 11 2018	\$ 17,631.52					
	7913 Mar 19 2018	\$ 25,383.62					
	8130 Jul 20 2018	\$ 74,668.06					
	Total	\$ 158,877.68	\$	188,108.15	\$ 158,877.68		
				Dec to June			
Urban Systems	7958 Apr 9 2018	\$ 21,723.43					
Consulting - Development	7996 May 8 2018	\$ 23,711.95					
	8063 Jun 11 2018	\$ 20,293.55					
	7925 Jun 3 2018	\$ 22,223.46					
	8138 Jul 20 2018	\$ 63,691.45					
	Total	\$ 151,643.84				\$ 151,643.84	
Brownlee LLP	7959 Apr 27 2018	\$ 5,434.70					
Legal	8036 Jun 11 2018	\$ 22,047.89					
	8090 Jul 20 2018	\$ 3,938.50					
	Total	\$ 31,421.09			\$ 31,421.09		
KGS Group	7962 Apr 27 2018	\$ 12,197.62					
Consulting	7981 May 8 2018	\$ 1,477.35					
	Total	\$ 13,674.97				\$ 13,674.97	
Gord Krismer & Associates	7963 Apr 27 2018	\$ 6,279.58					
Consulting	Total	\$ 6,279.58				\$ 6,279.58	
McNair Business Develop	7986 May 8 2018	\$ 10,500.00					
Consulting	Total	\$ 10,500.00				\$ 10,500.00	
RBC Royal Bank Legal Fees	8027 Jun 5 2018	\$ 5,089.69					
Legal ????	Total	\$ 5,089.69			\$ 5,089.69		
HJ Linnen Associates	8116 Jul 20 2018	\$ 15,003.71					
Consulting - Communications	Total	\$ 15,003.71				\$ 15,003.71	
McKay Criminal Defense LLP	8119 Jul 20 2018	\$ 5,483.40					
Legal - Administrator	Total	\$ 5,483.40			\$ 5,483.40		
	Total				\$ 200,871.86	\$ 213,695.98	\$ 83,025.72
					Legal	Consult	MCP
					11.0%	12.2%	4.7%
	% of 2017 Total Municipal Tax Levy over ~ a 6 month period		\$ 1,783,610.00				

This is what our tax dollars are paying for!

By Council resolutions 28% of our taxes going to lawyers, consultants and RM Administrator services in the first 6 months of 2018!

 That amount is within the range of Assistant Deputy Ministers, Ministry of Finance, SK, who analyze and oversee a \$14 billion budget.