



**Final Budget Proposals
Calendar Year 2022**

**General Fund
Water Fund
Sewer Fund
Fire Department**

December 8, 2021



City of Canton

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Canton, MN 55922

CantonMN.com (507) 743-5000

To: Canton City Council
From: Brock Bergey, City Clerk/Treasurer
Date: December 1, 2021
RE: 2022 Proposed Final Operating Budget

➤ **Background**

The proposed final operating budget (General Fund) includes planned expenditures and revenues for calendar year 2022, using the latest facts and figures available to City administration. The primary source of the City's annual revenue comes from property taxes payable in a calendar year. The City must certify its final tax levy by December 28, 2021. Therefore, the city council will be discussing the proposed final operating budget and associated tax levy at its regularly scheduled monthly meeting on December 8, 2021.

➤ **Proposed budget**

The city council approved a proposed 2022 operating budget during its regularly scheduled monthly meeting on September 8, 2021. The proposal included expenditures and revenues totaling \$271,020.00. The proposed tax levy, required to be submitted to the County Auditor/Treasurer by September 30, 2021, was set at \$167,911.00. That represented a 5.5% increase to the 2021 final tax levy set at \$159,157.00. In any given year, the proposed certified tax levy cannot be increased; however, it can be decreased when final certification is approved by the council in December. The proposed 2022 operating budget and proposed 5.5% tax levy increase was approved by Mayor Prestby, Councilmember Ernst, Councilmember Gossman, Councilmember Nordsving and Councilmember Shanks.

Notes on proposed budget expenditures (5.1% increase from 2021)

- No increase to employee wages
- PERA and FICA amounts reduced with proportionate allocations now being budgeted in Water and Sewer Funds (benefit of Banyon software)
- Slight increase in worker's compensation insurance based on 2021 premiums; general liability insurance premiums reduced due to review of coverage
- Office supplies reduced due to one-time purchases in 2021 for deputy clerk station
- Operating supplies increased by \$3,000 due to rising fuel and other costs
- Professional services increased to \$18,000 due to increased costs and unexpected legal fees incurred
- Communications increased to \$4,500 to account for telephone/internet services – this was budgeted for under utilities prior to Banyon transition

- Repairs and maintenance construction significantly reduced with no major facility or street improvements planned; \$5,000 budgeted for streets maintenance (gravel, patch, etc.)
- Capital outlay increased to \$65,000 to account for investments in heavy machinery
 - Up to \$62,000 for replacement backhoe (current one purchased in 1997)
 - Up to \$3,000 for trade-in of lawn mower (begin two year rotation for mower)
- Slight reduction in fire protection and ambulance services due to change in population; per capita charges reduced to reflect population decrease of 346 to 310
- 4% increase to policing services contract (\$24,960 in 2022 v. \$24,000 in 2021)
- No budget for animal control with officer position's future still undecided
- Slight increases to electric utilities and gas utilities

Notes on proposed budget revenues (4.2% increase from 2021)

- Tax levy increase of 5.5% to generate an additional \$8,754
- Local Government Aid (LGA) increase of 1.2% to generate an additional \$1,138
- Slight increase expected in town hall rentals (down in 2021 due to COVID-19 restrictions)

➤ **Proposed final budget**

The proposed final operating budget reflects actual year-to-date spending through the month of November 2021. Figures for the month of December 2021 are estimates based on budget forecasts. The Finance Committee, comprised of Councilmember Gossman and Councilmember Nordsving, is recommending a final budget plan that would reduce the proposed 2022 tax levy from 5.5% to 3.4%. Under this scenario, property taxes payable to the City in 2022 would increase to \$164,568.00 – generating an additional \$5,411.00 in annual revenue. The Finance Committee supports a final operating budget of \$275,915.00, which represents a 7% increase from 2021.

➤ **Next steps**

The city council is encouraged to review the proposed final 2022 operating budget and request any additional information from City staff prior to the December 8 meeting. The public is encouraged to be involved with the budget approval process. There will be a time for public comments during the council meeting, which will take place at the Canton Town Hall. A vote is expected during the December 8 meeting, to allow sufficient time for the final tax levy certification.

PROPOSAL

City of Canton General Fund

EXPENDITURES	2021 Budget	2021 Forecast	2022 Budget	Budget Change
General Government				
Mayor/Council Salaries	3,300.00	0.00	3,300.00	0.00
Administrative Salaries	26,400.00	28,904.00	29,771.00	3,371.00
PERA	6,030.00	1,990.00	2,050.00	-3,980.00
FICA	3,295.00	2,211.00	2,277.00	-1,018.00
Insurance	17,500.00	17,465.00	19,000.00	1,500.00
Office Supplies	5,000.00	5,612.00	4,000.00	-1,000.00
Utilities	13,000.00	12,259.00	14,000.00	1,000.00
Telephone/Internet	3,000.00	3,059.00	0.00	0.00
Professional Services	16,500.00	20,500.00	18,000.00	1,500.00
Repairs/Maintenance	15,000.00	25,383.00	8,500.00	-6,500.00
Training/Instruction/Travel	0.00	242.00	500.00	500.00
Communciations	1,000.00	817.00	4,000.00	3,000.00
Elections	0.00	0.00	0.00	0.00
Miscellaneous	2,000.00	1,383.00	1,500.00	-500.00
General Gov't Total	112,025.00	119,825.00	106,898.00	-5,127.00
Public Safety				
Ambulance	3,114.00	3,114.00	2,790.00	-324.00
Fire Department	5,882.00	5,882.00	5,270.00	-612.00
Police	24,000.00	24,000.00	24,960.00	960.00
Public Safety Total	32,996.00	32,996.00	33,020.00	24.00
Community Development				
Park/Rec	1,000.00	5,691.00	1,000.00	0.00
Equipment	1,000.00	0.00	3,000.00	2,000.00
Community Dev. Total	2,000.00	5,620.00	4,000.00	2,000.00
Streets				
Maintenance Salaries	52,625.00	47,635.00	49,064.00	-3,561.00
PERA	7,399.00	3,573.00	3,680.00	-3,719.00
FICA	6,900.00	3,644.00	3,753.00	-3,147.00
Repairs/Maintenance	30,000.00	36,508.00	8,500.00	-21,500.00
Equipment/Maintenance	12,000.00	3,133.00	65,000.00	53,000.00
Supplies	2,000.00	2,087.00	2,000.00	0.00
Streets Total	110,924.00	96,580.00	131,997.00	21,073.00
TOTAL EXPENDITURES	257,945.00	255,021.00	275,915.00	17,970.00

7% increase

REVENUE	2021 Budget	2021 Forecast	2022 Budget	Budget Change
Property Taxes	159,157.00	156,274.00	164,568.00	5,411.00
Local Government Aid	95,773.00	95,773.00	96,911.00	1,138.00
Other Aid	550.00	8,101.00	8,000.00	7,450.00
Fines/Forefeits	500.00	563.00	500.00	0.00
Licenses/Permits	1,000.00	2,475.00	2,000.00	2,000.00
Rentals	1,000.00	2,240.00	1,800.00	800.00
Reimbursements	1,200.00	2,311.00	1,200.00	0.00
Miscellaneous	1,000.00	1,807.00	1,000.00	0.00
Community Grants	0.00	9,439.00	0.00	0.00
Wilken CD Redemption	0.00	7,127.00	0.00	0.00
TOTAL REVENUE	260,180.00	286,110.00	275,979.00	16,799.00

3.4% levy increase

6% increase

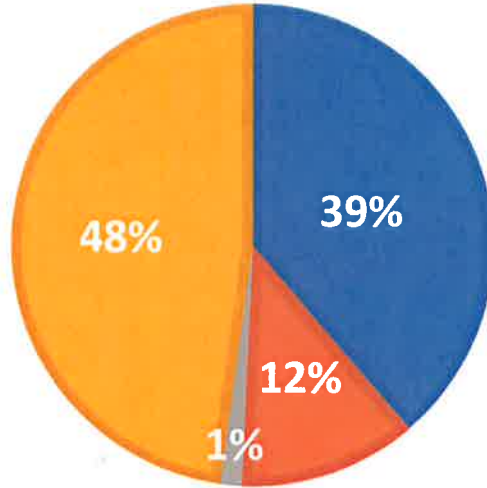
TOTAL REVENUE	275,979.00
TOTAL EXPENSES	275,915.00

Backhoe replacement cost up to \$62,000 as set in preliminary budget

Proposed Final Budget Breakdown by Category

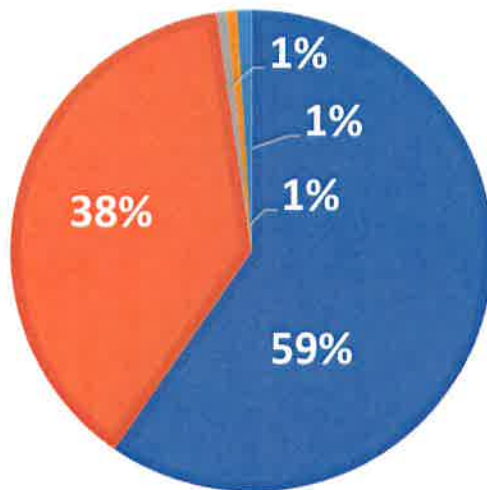
2022 GENERAL FUND EXPENDITURES

■ General Government ■ Public Safety ■ Community Development ■ Streets



2022 GENERAL FUND REVENUES

■ Property Taxes ■ Government Aids ■ Rentals ■ Licenses/Permits ■ Other



PROPOSAL

City of Canton Water Fund

<u>OPERATING EXPENDITURES</u>				
	<i>2021 Budget</i>	<i>2021 Forecast</i>	<i>2022 Budget</i>	<i>Budget Change</i>
Wages	24,448.00	24,687.00	25,428.00	980.00
PERA	0.00	1,497.00	1,542.00	1,542.00
FICA	0.00	1,889.00	1,946.00	1,946.00
Office Supplies	5,000.00	1,390.00	2,000.00	-3,000.00
Operating Supplies	2,000.00	259.00	1,000.00	-1,000.00
Utilities	9,200.00	7,408.00	8,000.00	-1,200.00
Repairs/Maintenance	9,500.00	40,815.00	10,000.00	500.00
Communications	600.00	460.00	600.00	0.00
Insurance	400.00	354.00	400.00	0.00
Miscellaneous	2,000.00	1,740.00	2,000.00	0.00
TOTAL OPERATING EXPENDITURES	53,148.00	80,499.00	52,916.00	-232.00
<u>NON-OPERATING EXPENDITURES</u>				
Debt Service Bond Principal	14,000.00	14,000.00	14,000.00	0.00
Debt Service Bond Interest	1,696.00	1,696.00	1,325.00	-371.00
TOTAL NON-OPERATING EXPEND.	15,696.00	15,696.00	15,325.00	-371.00
TOTAL EXPENDITURES	68,844.00	96,195.00	68,241.00	-630.00

<u>OPERATING REVENUE</u>				
	<i>2021 Budget</i>	<i>2021 Forecast</i>	<i>2022 Budget</i>	<i>Budget Change</i>
Water Sales	83,250.00	80,304.00	100,154.00	16,904.00
TOTAL OPERATING REVENUE	83,250.00	80,304.00	100,154.00	16,904.00
<u>NON-OPERATING REVENUE</u>				
CD Redemption	0.00	55,362.00	0.00	0.00
TOTAL NON-OPERATING REVENUE	0.00	0.00	0.00	0.00
TOTAL REVENUES	83,250.00	135,666.00	100,154.00	16,904.00

TOTAL REVENUE	100,154.00
TOTAL EXPENSES	68,241.00
DIFFERENCE	31,913

City of Canton Sewer Fund

<u>OPERATING EXPENDITURES</u>				
	<i>2021 Budget</i>	<i>2021 Forecast</i>	<i>2022 Budget</i>	<i>Budget Change</i>
Wages	29,856.00	29,501.00	30,386.00	530.00
PERA	0.00	1,857.66	1,913.00	1,913.00
FICA	0.00	2,257.00	2,325.00	2,325.00
Office Supplies	5,000.00	1,354.00	2,000.00	-3,000.00
Operating Supplies	6,800.00	7,189.00	7,500.00	700.00
Utilities	15,600.00	9,900.00	10,600.00	-5,000.00
Repairs/Maintenance	8,000.00	11,828.00	20,000.00	12,000.00
Communications	600.00	500.00	600.00	0.00
Insurance	2,700.00	2,642.00	2,700.00	0.00
Miscellaneous	0.00	648.00	1,000.00	1,000.00
TOTAL OPERATING EXPENDITURES	68,556.00	67,676.66	79,024.00	10,468.00
<u>NON-OPERATING EXPENDITURES</u>				
Debt Service Bond Principal	0.00	0.00	13,000.00	13,000.00
Debt Service Bond Interest	0.00	0.00	6,637.00	6,637.00
TOTAL NON-OPERATING EXPEND.	0.00	0.00	19,637.00	19,637.00
TOTAL EXPENDITURES	68,556.00	67,676.00	98,661.00	30,105.00

<u>OPERATING REVENUE</u>				
	<i>2021 Budget</i>	<i>2021 Forecast</i>	<i>2022 Budget</i>	<i>Budget Change</i>
Wastewater Sales	77,250.00	69,892.00	75,196.00	-2,054.00
TOTAL OPERATING REVENUE	77,250.00	69,892.00	75,196.00	-2,054.00
<u>NON-OPERATING REVENUE</u>				
CD Redemption	0.00	0.00	27,700.00	27,700.00
TOTAL NON-OPERATING REVENUE	0.00	0.00	27,700.00	27,770.00
TOTAL REVENUES	77,250.00	69,892.00	102,896.00	25,646.00

TOTAL REVENUE	102,896.00
TOTAL EXPENSES	98,661.00
DIFFERENCE	4,235

PROPOSAL

City of Canton Fire Department

<u>Expenditures</u>	2021 Budget	2021 Forecast	2022 Budget	Budget Change
Wages	6,000.00	6,000.00	6,000.00	0.00
PERA	2,000.00	2,000.00	2,000.00	0.00
Training	1,000.00	228.00	500.00	-500.00
Insurance	1,800.00	1,717.00	1,900.00	100.00
Equipment/repairs	3,000.00	8,568.00	5,000.00	2,000.00
Supplies/PPE	3,000.00	55,585.00	3,000.00	0.00
Fuel	1,000.00	500.00	750.00	-250.00
Utilities	3,000.00	2,285.00	2,600.00	-400.00
Internet	550.00	782.00	800.00	250.00
Loan interest	5,000.00	0.00	0.00	0.00
Miscellaneous	0.00	974.00	1,000.00	1,000.00
TOTAL	26,350.00	78,639.00	23,550.00	

<u>Revenues</u>	2021 Budget	2021 Forecast	2022 Budget	Budget Change
Township services	17,971.00	18,070.50	14,907.00	-3,064.00
City services	5,882.00	5,882.00	5,270.00	-612.00
Fire calls	1,000.00	3,800.00	2,500.00	1,500.00
Donations	4,000.00	5,800.00	5,000.00	1,000.00
Grants	0.00	30,900.00	0.00	0.00
Fire Relief contributions	2,000.00	12,000.00	2,000.00	0.00
TOTAL	30,853.00	76,452.50	29,677.00	

2022 Revenue	29,677.00
2022 Expenditures	23,550.00
DIFFERENCE	6,127.00

Budget v. Actual Amounts: 2015-2021

General Fund Revenues

Year	Budgeted Amount	Actual Amount	Difference
2021	260,180.00	286,110.00	15,799.00 Forecast
2020	268,296.00	299,836.00	31,540.00
2019	251,829.00	261,478.00	9,649.00
2018	270,653.00	264,831.00	-5,802.00
2017	256,554.00	291,008.00	34,474.00
2016	251,147.00	262,248.00	11,101.00
2015	246,370.00	243,905.00	-2,465.00

General Fund Expenditures

Year	Budgeted Amount	Actual Amount	Difference
2021	257,945.00	255,021.00	-2,924.00 Forecast
2020	261,196.00	297,176.00	35,980.00 *
2019	251,936.00	251,953.00	17.00
2018	240,586.00	304,766.00	64,180.00
2017	265,397.00	289,995.00	24,598.00
2016	303,647.00	265,724.00	-37,923.00
2015	255,579.00	329,729.00	74,150.00

General Fund Cash Balances			
Year	Actual Revenues	Actual Expenses	Difference
2021	286,110.00	255,021.00	31,089.00 Forecast
2020	299,836.00	261,196.00	38,640.00
2019	261,478.00	251,953.00	9,525.00
2018	264,831.00	304,766.00	-39,935.00
2017	291,008.00	289,995.00	1,013.00
2016	262,248.00	265,724.00	-3,476.00
2015	243,905.00	329,729.00	-85,824.00

*2020 difference reflects \$26,295 in CARES Act spending; \$5,882 for 2019 fire protection services; \$3,447 for Banyon purchase in 2021

City of Canton

Resolution #2021-14 A RESOLUTION APPROVING THE 2022 FINAL GENERAL FUND OPERATING BUDGET

WHEREAS, the City of Canton is required to maintain a budget for its fiscal operations, and;

WHEREAS, the City of Canton has the legal authority to use its taxation authorities to levy necessary funds to operate the City, and;

WHEREAS, the City of Canton is continually monitoring its budget and develops a fiscal budget based on the calendar year, and;

WHEREAS, the Finance Committee reviewed financial documentation and provided a budget recommendation to the City Council.

NOW, THEREFORE BE IT RESOLVED that the 2022 Final General Fund Budget be certified in the amount of \$275,915.00

Passed and adopted by the City Council of Canton, Minnesota this 8th day of December 2021.

Nicholas Prestby, Mayor

ATTEST:

Brock Bergey, City Clerk

City of Canton

Resolution #2021-15

A RESOLUTION APPROVING THE 2022 FINAL TAX LEVY, FOR PROPERTY TAXES COLLECTIBLE IN 2022

WHEREAS, the City of Canton has set the 2022 tax levy in the amount of \$164,568.00, which represents a 3.4% increase from the 2021 tax levy, and;

WHEREAS, the 2022 tax levy will generate an additional \$5,411.00 in General Fund revenue for operating expenditures incurred in 2022, and;

WHEREAS, the Finance Committee reviewed financial documentation and provided a recommendation to the City Council, and;

WHEREAS, the City Clerk is instructed to transmit a certified copy of this resolution to the Fillmore County Auditor by December 28, 2021.

NOW, THEREFORE BE IT RESOLVED that the following sums of money be levied for 2022, collectible in 2022, upon taxable property in the City of Canton, in these maximum amounts, for the following purposes:

- | | |
|--------------------------|--------------|
| 1. General Revenue: | \$164,568.00 |
| 2. Total Certified Levy: | \$164,568.00 |

Passed and adopted by the City Council of Canton, Minnesota this 8th day of December 2021.

Nicholas Prestby, Mayor

ATTEST:

Brock Bergey, City Clerk

State of Minnesota
County of Fillmore

City of Canton

Resolution #2021-16 A RESOLUTION APPROVING THE 2022 FINAL WATER FUND OPERATING BUDGET

WHEREAS, the City of Canton is required to maintain a budget for its proprietary funds, and;

WHEREAS, the City is continually monitoring its budget and develops a fiscal budget based on the calendar year, and;

WHEREAS, water rates will be adjusted on January 1, 2022, to provide additional operating revenues, and;

WHEREAS, the Finance Committee reviewed financial documentation and provided a budget recommendation to the City Council.

NOW, THEREFORE BE IT RESOLVED that the 2022 Final Water Fund Budget be certified in the amount of \$68,241.00.

Passed and adopted by the City Council of Canton, Minnesota this 8th day of December 2021.

Nicholas Prestby, Mayor

ATTEST:

Brock Bergey, City Clerk

State of Minnesota
County of Fillmore

City of Canton

Resolution #2021-17 A RESOLUTION APPROVING THE 2022 FINAL SEWER FUND OPERATING BUDGET

WHEREAS, the City of Canton is required to maintain a budget for its proprietary funds, and;

WHEREAS, the City is continually monitoring its budget and develops a fiscal budget based on the calendar year, and;

WHEREAS, sewer rates will be adjusted on January 1, 2022, to provide additional operating revenues, and;

WHEREAS, the Finance Committee reviewed financial documentation and provided a budget recommendation to the City Council.

NOW, THEREFORE BE IT RESOLVED that the 2022 Final Sewer Fund Budget be certified in the amount of \$98,661.00

Passed and adopted by the City Council of Canton, Minnesota this 8th day of December 2021.

Nicholas Prestby, Mayor

ATTEST:

Brock Bergey, City Clerk

State of Minnesota
County of Fillmore

City of Canton

Resolution #2021-18 **A RESOLUTION APPROVING THE 2022 FINAL** **FIRE DEPARTMENT OPERATING BUDGET**

WHEREAS, under Minnesota law, the Canton Volunteer Fire Department is a part of the City, and;

WHEREAS, the City Council controls the Fire Department's finances, and;

WHEREAS, Fire Department expenditures generally must be approved in advance by the City Council, and;

WHEREAS, the City is required to maintain a budget for fiscal operations of the Fire Department, and;

WHEREAS, Fire Department personnel accepted the 2022 final budget as prepared, and;

WHEREAS, the City's Finance Committee reviewed financial documentation and provided a budget recommendation to the City Council.

NOW, THEREFORE BE IT RESOLVED that the 2022 Final Fire Department Budget be certified in the amount of \$23,550.00

Passed and adopted by the City Council of Canton, Minnesota this 8th day of December 2021.

Nicholas Prestby, Mayor

ATTEST:

Brock Bergey, City Clerk