



# The Connection

May 2022

Canton City Hall 106 N. Main St. P.O. Box 92 Canton, MN 55922 507.743.5000



The City of Canton received a "clean" audit for all governmental and proprietary funds in 2021.

According to the financial statements, prepared by Hawkins Ash CPAs, last year's General Fund spending totaled \$258,850, with revenues ending the year at \$314,152. The ending General Fund cash balance was \$440,251.

The Water Fund experienced a net loss of more than \$15,000 in 2021, with operating and non-operating expenditures totaling nearly \$98,000; operating and non-operating income totaled under \$83,000.

The Sewer Fund ended in the black, with a net gain of \$13,000; however, that occurred due to the refinancing of the loan for the wastewater treatment facility, which eliminated a payment in calendar year 2021.

The City's indebtedness was reduced by nearly \$28,000 in 2021, going from \$446,860 on January 1 to \$419,000 on December 31.

Clerk/Treasurer Brock Bergey reviewed the financial statements during the April 13 city council meeting, with the council approving the audit report.



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## Former city clerk issues apology letter

*The following correspondence was received from Lolly Melander in an email to the current city clerk, dated April 1, 2022. The content reflects Ms. Melander's court-ordered apology letter to the City of Canton, as part of the sentencing order for Court File No. 23-CR-19-671. A certified copy of the original email is on file for public review at Canton City Hall, during regular business hours.*

Dear Canton Mayor, Council Members and Residents,

First, I want to sincerely apologize to all of Canton's residents, Mayor and Council Members for my mistrust of the oath of office.

I also want to take a moment to hopefully highlight to each of you, that there is more to my story.

For those of you who know me, they would probably describe me with words such as; compassionate, loving, hardworking, funny, and a person that helps whomever is in need to name a few.

In my tenure as the city clerk/treasurer, I valued the ability we had to work as a team, even if it meant getting dirty, to get the job done or solve a problem. More so, what I really cherished were those that I was able to help. Providing a safe space for those needing confidentiality, volunteering as an EMT, and helping the elderly were the cornerstones of what my time with the city were to me. Each of these individual actions created the opportunity to build upon one another and establish lasting memories by helping to give back to the community I love so much.

I am a mother, sister, daughter, friend and neighbor to the amazing citizens of this city. I look to you to see me for who I am, vice the mistakes that I made. I hope that you will find the strength to forgive me and know that I never intentionally did anything to cause anyone heartache or pain. It takes a strong person to admit when they are wrong and apologize, and an even stronger one to forgive them.

My Sincere & heartfelt apologies,

Lolitta Melander (Lolly)



## Do you have your white sticker?

The City of Canton requires a permit to operate ATVs, golf carts and UTVs on streets, alleys or other public rights-of-way. Permits are to be renewed annually by May 1. The cost is \$10. Owners must provide proof of liability insurance and a valid driver's license. Keep in mind, City ordinances prohibit anyone

under age 16 from operating such vehicles. New this year, in an effort to encourage timely compliance, the city council implemented a \$10 late charge for recreational vehicles and golf carts not registered by August 1.

# Something to Consider

Each year, your city council approves a General Fund Budget based on expectant revenues and expectant expenditures. Typically, it's the expenditures that capture most of the attention, especially when an enacted budget includes an increase to the tax levy. However, there's another side to the equation that tends to get overlooked. The local tax levy isn't adjusted solely to account for increased and/or new spending. It's also tweaked due to changes in revenue streams. Consider this: For calendar year 2021, the city council passed an operating budget with no increase to the levy. The \$159,157 in expectant property tax revenue was deemed sufficient for the calendar year. "Expectant" is the keyword there. It's assumed all property owners will be responsible and make timely tax payments. Unfortunately, as the recent financial audit confirmed, 2021 actual property tax revenue fell short of the budgeted amount by \$5,300. That means \$5,300 in taxes payable in 2021 remained outstanding when the books were closed on December 31. The shortfall was acknowledged during the 2022 final budget talks late last year and, as a result, a 3.4% increase to the 2022 tax levy was approved. It's no coincidence the dollar amount associated with 3.4% is \$5,411. In other words, the 3.4% adjustment to property taxes payable in 2022 is meant to generate an additional \$5,411 in revenue for this calendar year. It's fair to say that if all \$159,157 in tax revenue was collected in 2021, the council would have likely passed the 2022 General Fund Budget without an increase to the levy...and that, is something to consider.



## Canton City Council Meeting Recap

The Canton City Council met in regular session on April 13. All members were present, with five visitors in attendance. In addition to the audit, the following matters were discussed.

- The council accepted the resignation of Tyler Newman from the fire department, with approval to advertise for his replacement.
- Zoning Administrator Josh Nordsving reviewed proposed changes to the City's zoning ordinance, as suggested by the Planning Commission. City Clerk Brock Bergey will be working with the City's attorney to draft an amended ordinance for council review in May. A public hearing is required before any changes can be made to the current zoning ordinance. That will likely take place prior to the June council meeting.
- On a four to one vote, the council approved a new employee pay plan prepared by a human resources consultant. The plan includes four employee grade levels and nine wage steps. It replaces the current plan, which dates back to the 1990s. Based on a recent wage study, conducted by David Drown Associates HR and presented to the council in March, three out of the City's four current employees are being paid an hourly wage below the market average. Under the new plan, the full market average rate, for each pay grade, is achieved at step five. As of January 1, 2022, the clerk/treasurer, deputy clerk and public works maintenance worker will receive a wage adjustment at 89.5% of the market average for their respective grades. This will result in approximately \$2,375 in total employee backpay for 2022. The total impact to the 2022 calendar year budgets (General, Water and Sewer combined) will be around \$9,500. Bergey presented adjustments to the General Fund to account for the difference, with little wiggle room noted for the Water and Sewer Fund budgets. In a written memo to the council, City Attorney Greg Schieber stated, "I would concur with anyone who suggests the City would benefit from an updated compensation plan...the schedule should be reviewed every year or two to make certain it stays current and competitive." Schieber added while Minnesota Statutes don't dictate what cities must pay employees, they do require their pay be reasonably similar to what other employees in similar roles are paid in other communities. "Other good reasons to have a thoughtful and up-to-date compensation plan would be for more practical reasons - employee recruitment and retention," Schieber noted. The externally-conducted wage study included pay rates from 23 area communities, with the list previously approved by the city council. The wage study, itself, was initiated by the council in December 2021, as a precursor to the drafting of a new employee handbook. Councilman Randy Gossman voted against the new pay plan.
- Mayor Nick Prestby addressed a need to bring in an outside expert to assist the council and employees with conflict resolution. This would be a free service provided through the League of Minnesota Cities, and would address three primary areas of conflict:
  1. Moving on from Lolly Melander's criminal activity and administrative oversights
  2. Meeting management (councilmember roles/responsibilities, preparedness, policy/procedure, etc.)
  3. Interpersonal relationships between councilmembers and employees.

The council approved utilizing LMC's conflict resolution-related services.

The next regular city council meeting is May 11 at 6 p.m. in the town hall.



**Due to Memorial Day, weekly garbage and recycling collection will occur on Thursday, June 2, instead of Wednesday, June 1.**