



City Administrator's Weekly Update

WEEK ENDING JUNE 23, 2017

Upcoming Events:

June 26, 4:30 pm
Parks Commission
City Hall

June 27, 4:15 pm
Library Board
Library

July 4th
CITY HALL CLOSED

July 5, 8:00 am
EDA
City Hall

July 5, 5:30 pm
Council Work Session
City Hall

July 5, 7:00 pm
Council Meeting
City Hall

July 11, 7:00 pm
Planning Commission



Administration/Finance

Staff has been out of town this week attending a SHRM Human Resources Conference.

Community Event

Volunteers are still needed for the 4th of July Celebration. A list of volunteer opportunities has been posted on the City's website. Please contact our volunteer coordinator, Alyson Leno, at 879-1551 or send a message to the Cloquet 4th of July Festival page on Facebook.

Public Works/Parks

Due to the volume of calls inquiring about what is going on at Dunlap Island, staff will be placing temporary "Coming Soon" graphics outside the job site for interested members of the public. The community feedback we've received about the project so far has been overwhelmingly positive.

Soil testing results for the proposed Skatepark have been received. Staff held a conference call Friday with our Skatepark design consultant. Our goal is to bring the project to Council for Authorization to Bid at the July 5th meeting.

Efforts to adjust the various manhole castings and valve structures back to the surface on the overlay project is nearly complete. With this done, the only remaining tasks on the project will be landscape restoration, striping, and final clean-up.

Community Development

Economic Development

Budget and CIP preparation began this week for upcoming deadlines. Staff participated in several conference calls regarding the marketing plan implementation, a business loan review, and a teleconference with Scanlon in regards to providing building inspection services. Staff also worked with the County on tax forfeit parcels in Cloquet and invited One Roof Community Housing for a second round of viewing for acquisition-rehabilitation projects.

Planning & Zoning

This week staff discussed wetland impacts with the Wood City Riders Snowmobile Club relating to their trail system. The Technical Evaluation Panel met to review the wetland delineation for the Country Club Patio Homes project at the golf course.

Building Inspections Services

Counter services and inspections held steady with ongoing volumes of residential re-roofs, windows, and mechanical projects. Small Cities inspections were done for several residential projects along with the roof for TJ Gun & Pawn Shop. Commercial foundation reviews were completed for the Dunlap Island Warming House and Taco Bell. A home on 20th Street was placarded for inadequate utility services and having an extension cord running to the neighboring home's windows.

Matt Munter recently participated in an on-site group construction project in Two Harbors with the Northeast Chapter of the Arrowhead Building Officials constructing a "temporary ramp". The project was to learn how to properly construct ramps using the concepts of ADA compliance and appropriate situational uses of ramps.



Dave Hallback, Mayor

City Council Members:

Jeff Rock, Ward 1
David Bjerkness, Ward 2
Roger Maki, Ward 3
Kerry Kolodge, Ward 4
Steve Langley, Ward 5
Adam Bailey, At Large

James Barclay,
Interim City
Administrator
1307 Cloquet Avenue
Cloquet, MN 55720
(218)879-3347
jbarclay@ci.cloquet.mn.us

Visit Our Website at:
www.ci.cloquet.mn.us

Library

The Friends of the Cloquet Public Library will hold their annual craft fair and book sale on June 30th from 10 a.m. to 4 p.m. at the Cloquet Public Library. Several local vendors will be selling their quality crafts, the Friends of the Library will sell gently used books, and Oh My Mini Donuts food truck will offer food for purchase. Other fun activities include face painting, a raffle, and local authors will be present to autograph and sell copies of their new books. New this year, the Arrowhead Library System Bookmobile will be on site and available for tours.

As part of the festivities, the library will offer a session on how to make a patriotic wind spinner from 10:30-11:30 a.m. This craft is for children of all ages.

*To thrive in life, you need three bones.
A Wishbone. A Backbone.
And a Funny Bone.
- Reba McEntire*

Other Information Attached:

***May 2017 Financial Report**



ADMINISTRATIVE OFFICES

1307 Cloquet Avenue • Cloquet, MN 55720
Phone: 218-879-3347 • Fax: 218-879-6555
email: admin@ci.cloquet.mn.us
www.ci.cloquet.mn.us

June 14, 2017

Dear James Barclay, Interim City Administrator:

Enclosed is the monthly financial report and cash and investment analysis for May 2017. This report will encompass March, April and May. The Finance Department was short staffed for approximately five weeks.

Cash and Investments

Cash balances are 44% above May 2016. The large increase is due to the May City Sales Tax Bond issuance. A narrative and several spreadsheets discussing this month's cash and investment activities, and balances are attached.

Budgets

Revenues/Transfers in – City Sale Taxes are \$140,000 above budget and SAPPI waterline sales are \$107,000 above budget. Most other revenues are in line with budget.

Expenditures/Expenses – Selected department and fund expenditures/expenses are analyzed on the following worksheets.

Major Revenues and Expenditures/Expenses

Revenues:

March through May - State \$209,300 for City Sales Tax, and \$70,800 for Small Cities Development. Mediacom \$25,300 for franchise fees. Bond sale of \$8.4 million.

Expenditures/Expenses:

March through May - George Bougalis \$103,300 for sales tax park projects. Abel Building & Remodeling \$49,700 for small cities development projects. Hydro Klean \$25,400 for sewer lining project. ISD #94 \$17,700 for the quarterly community education contract. Reliable \$197,300 for general insurance and workers compensation insurance. SEH \$207,800 for sales tax park improvements and utility extension study. Sport Resource Group \$28,250 for hockey boards.

If you have questions, please feel free to let me know.

Respectfully,

Nancy M. Klassen, CPA, CPFO
Finance Director

City of Cloquet
Select Departmental and Funds Expenditure/Expense Budget Report for May
2017

Fund	2017 Budget	YTD Expend/Expense Budget	YTD Expenditures/ Expenses	Over (Under) Budget	Over (Under) %	
General						
Administration	269,050	114,104	78,226	(35,879)	-31%	1
Human Resources	74,550	31,088	24,250	(6,838)	-22%	
Finance	178,550	77,471	73,633	(3,838)	-5%	
Law	110,000	45,833	32,973	(12,860)	-28%	2
Building & Planning	217,200	91,000	105,141	14,141	16%	3
Police	2,712,800	1,138,917	1,169,931	31,014	3%	
Hwy, Streets & Rwy	1,037,850	442,563	457,291	14,728	3%	
Community Development	161,200	67,584	71,865	4,282	6%	
Library	572,600	239,125	241,960	2,834	1%	
Park	599,570	242,063	207,312	(34,751)	-14%	4
Water - LSWL	3,913,850	949,538	902,904	(46,634)	-5%	
Water - In Town	1,140,750	409,664	389,725	(19,939)	-5%	
Sewer	1,602,400	609,159	759,733	150,574	25%	5
Storm Water	189,850	79,538	72,276	(7,262)	-9%	
Cable TV	165,950	69,354	62,555	(6,799)	-10%	

Note: Does not include transfers.

Explanation of (over) budget \$10,000 & 10%.

- 1 - No City administrator since March and new website development not started.
- 2 - Late invoices from the law office.
- 3 - Consultant fees for plan checks & Shamrock CUP. Shamrock CUP is reimbursed.
- 4 - Health insurance opt out and salaries for seasonal below budget.
- 5 - Sewer lining budgeted for June but completed in May.

City of Cloquet
Select Departmental and Funds Payroll Expenditure/Expense Budget Report as of May
2017
Payroll Overtime

Fund	2015 Total	2016 Total	2017 Budget	YTD Expend/Expense Budget	YTD Expenditures/Expenses	Over (Under) Budget	(Over) Under %
General							
Police	131,867						
Holiday		39,353	50,000	20,833	21,548	715	3%
Regular		65,994	45,000	18,750	21,919	3,169	17%
Reimbursed		8,550	5,000	2,083	682	(1,401)	-67%
Hwy & St	22,459	28,205	25,000	10,417	11,139	723	7%
Water - LSWL	26,737	22,664	35,500	14,792	12,805	(1,986)	-13%
Water In Town	12,494	19,466	16,000	6,667	10,112	3,445	52%
Sewer	8,912	7,410	10,500	4,375	4,426	51	1%
Storm Water	2,569	6,197	5,000	2,083	2,991	907	44%

1

Explanation of (over) budget

1 - Water leaks.

*City of Cloquet
Cash and Investments
Management Summary
May 31, 2017*

Analysis of Portfolio

Attached is a “Cash and Investment Analysis” which shows the type of accounts and values that make up the City’s cash and investment portfolio.

Current Economics

The economy is still on the slow but steady pace. The State’s budget outlook remains stable. The February 2017 forecast projects a \$1.65 billion balance for the FY 2018-19. The long term budget outlook improved also. Unemployment is at 4.5% for March, 4.4% for April, and 4.3% for May 2017.

The City’s certified 2017 LGA is \$2,363,635 approximately \$7,100 more than 2016 and the City increased its levy by 5.69% for 2017. The legislators increased the allocation for LGA in the 1st Special Session in 2017 and the City should get approximately \$100,000 more than what was under current law. The estimated LGA for 2018 is \$2,478,134.

Current Activity

During the months of March through May, one CD was called for \$240,000 and two municipal bonds matured for \$480,000. The proceeds were used to purchase a municipal bond for \$240,000. The rest was retained for cash flows. Attached is an “Investment Portfolio Analysis” with the detail of investments.

Variance Analysis

Cash and investments are 44% above May 2016. The increase is due to the issuance of the City Sales Tax bond for \$8.4 million.

The federal benchmark interest rate was raised in March 2017 to .75% to 1% from .50% to .75%. The Fed announced there is likely going to be two more increases in 2017. Attached is an “Interest Earnings Analysis” which details the average balances invested, rate of return, and prior year rates.

The budgeted interest earnings are \$327,000 for 2017. The City’s investment annualized yield is approximately \$200,000 or 1.59% for 2017. The actual interest receipts for 2016 were \$230,700. The 2017 budget is based on the economy and interest rates increasing.

City of Cloquet
Cash Balances
May
2017

Fund #	Fund	Amount
101	General	3,056,883.57
201	LDO Loan (EDA)	357,417.60
202	Federal CDBG Loan (EDA)	843,450.24
203	Economic Development Loan (City)	136,902.57
204	State SCDG/MIF (EDA)	129,857.76
206	Revolving SCDP (EDA)	-
207	Community Development Operating (City)	(92,361.85)
208	Small Cities Development Program (City)	(3,546.84)
211	Library	(104,923.99)
220	TIF - Daqota/Woodward	4,850.69
221	TIF - 14th Street Apartments	3,204.24
222	TIF - Oak Street Apartments	37,001.74
224	Building Facilities Planning	1,544,300.00
225	Permanent Improvement	354,856.12
226	Park	36,740.38
226	Park - Restricted - In Lieu	37,924.41
226	Park - Skate Park	2,640.85
228	Senior Center	(10,835.87)
231	Public Works Reserve	496,812.99
260	Landfill Host Fee - 25%	77,655.00
260	Landfill Host Fee - 75%	239,135.29
368	Business Park Bonds	1,200,764.22
370	Swimming Pond Bonds	31,121.83
403	Capital Projects - Revolving	(741,744.27)
405	City Sales Tax Capital Projects	8,817,830.52
600	Water - Lake Superior Waterline	873,154.10
600	Water - Lake Superior Waterline Construction	429,990.33
601	Water	3,833,067.37
601	Water	-
602	Sewer	1,044,651.20
605	Storm Water	121,075.73
614	Cable TV	193,436.53
701	Employee severance	542,143.75
905	Cloquet Area Fire District	364,951.60
	Total	<u>23,858,407.81</u>

City of Cloquet
Cash and Investment Analysis
May 31, 2017

	Tentative Goals	Current 5/31/2017	4/30/2017	3/31/2017	2/28/2017	Last Year 5/31/2016
DEMAND ACCOUNTS						
Checking & MM & Savings	10%-15%	\$11,289,296.39 47%	\$3,582,992.71 22%	\$3,706,985.29 23%	\$3,830,537.28 22%	\$3,716,909.42 22%
INVESTMENTS						
Invested less than one year						
Certificates of Deposit		\$2,098,000.00	\$2,098,000.00	\$2,098,000.00	\$1,888,000.00	\$2,220,000.00
Municipal bonds		\$1,926,181.10	\$1,926,181.10	\$2,092,318.10	\$2,432,522.25	\$1,817,911.78
Government Agencies		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total invested less than one year	50%-70%	\$4,024,181.10 17%	\$4,024,181.10 25%	\$4,190,318.10 25%	\$4,320,522.25 25%	\$4,037,911.78 24%
Invested one to three years						
Certificates of Deposit		\$1,645,000.00	\$1,460,000.00	\$1,460,000.00	\$1,915,000.00	\$2,034,000.00
Municipal bonds		\$1,038,850.44	\$1,038,850.44	\$1,038,850.44	\$1,038,850.44	\$2,461,505.40
Government Agencies		\$497,990.00	\$497,990.00	\$497,990.00	\$497,990.00	\$1,000,000.00
Total invested one to three years	10%-20%	\$3,181,840.44 13%	\$2,996,840.44 19%	\$2,996,840.44 18%	\$3,451,840.44 20%	\$5,495,505.40 33%
Invested over three years						
Certificates of Deposit		\$740,000.00	\$925,000.00	\$1,165,000.00	\$1,165,000.00	\$1,214,000.00
Municipal bonds		\$1,953,089.88	\$1,953,089.88	\$1,713,527.61	\$1,713,527.61	\$0.00
Government Agencies	2	\$2,670,000.00	\$2,670,000.00	\$2,670,000.00	\$2,670,000.00	\$2,092,572.92
Total invested over three years	10%-20%	\$5,363,089.88 22%	\$5,548,089.88 34%	\$5,548,527.61 34%	\$5,548,527.61 32%	\$3,306,572.92 20%
Total	100%	\$23,858,407.81	\$16,152,104.13	\$16,442,671.44	\$17,151,427.58	\$16,556,899.52
Current month variance			\$7,706,303.68 48%	\$7,415,736.37 45%	\$6,706,980.23 39%	\$7,301,508.29 44%

1 - Issued \$8.4 million in City Sale Tax Bonds in May. Arbitrage requirements need to be watched carefully.

2 - These investments have call dates less than one year.

Note:

Actual distribution of investment doesn't match tentative goals. Some investments have call dates less than one year but are reported in the one to three year or the over three year sections.

City of Cloquet
Investment Portfolio Analysis
Detail of Investments May 31, 2017

Brokerage	Purchase Date	Maturity Date	Time Held	Description	Amount	YTM Rate	Annualized Yield	Market Value
Invested less than one year								
Certificates of Deposit								
Morgan Stanley	6/8/2012	6/8/2017	5 yrs	World Financial DE	\$200,000.00	1.850%	\$3,700.00	\$200,034.00
Wells Fargo	12/19/2016	6/14/2017	6 months	Bank of India NY	\$245,000.00	0.800%	\$1,960.00	\$245,001.47
Morgan Stanley	6/22/2012	6/22/2017	5 yrs	St Bank of India NY	\$245,000.00	2.000%	\$4,900.00	\$245,181.30
Wells Fargo	7/24/2014	7/24/2017	3 yrs	American Express Fed Sv	\$245,000.00	1.150%	\$2,817.50	\$245,101.43
UBS Financial	8/31/2015	8/31/2017	2 yrs	Oriental Bank PR	\$50,000.00	1.250%	\$625.00	\$50,036.00
Wells Fargo	12/21/2016	9/20/2017	9 months	Beal Bank	\$245,000.00	0.900%	\$2,205.00	\$244,975.99
UBS Financial	10/19/2012	10/19/2017	5 yrs	Boston Prvt B&T MA	\$100,000.00	1.000%	\$1,000.00	\$100,013.00
Morgan Stanley	11/25/2013	11/24/2017	4 yrs	Comenity Bk UT	\$68,000.00	1.400%	\$952.00	\$68,195.84
Wells Fargo	12/15/2016	12/14/2017	1 yr	Safa National Bank	\$245,000.00	0.900%	\$2,205.00	\$244,808.90
Frandsen Bank	9/5/2016	3/5/2018	1 1/2 yrs	Frandsen Bank	\$245,000.00	0.300%	\$735.00	\$245,000.00
Morgan Stanley	3/12/2014	3/14/2018	4 yrs	Synchrony Bk UT	\$210,000.00	1.500%	\$3,150.00	\$210,596.40
					\$2,098,000.00		\$24,249.50	\$2,098,944.33
Municipals								
Wells Fargo	8/19/2015	8/1/2017	2 yrs	State of MN GO	\$221,654.40	0.860%	\$1,906.23	\$220,008.80
Wells Fargo	12/13/2016	8/15/2017	8 months	Columbus OH Txbi	\$503,526.14	0.850%	\$4,279.97	\$500,210.00
UBS Financial	12/1/2010	12/1/2017	7 yrs	Stamford CT	\$512,636.25	2.759%	\$14,143.63	\$503,995.00
Wells Fargo	1/14/2014	2/1/2018	4 yrs	Anoka County MN	\$567,323.75	1.480%	\$8,396.39	\$509,505.00
Wells Fargo	7/26/2012	2/1/2018	6 1/2 yrs	North Branch MN ISD 138	\$121,040.56	1.260%	\$1,525.11	\$102,468.00
					\$1,926,181.10		\$30,251.34	\$1,836,186.80
Invested one to three years								
Certificates of Deposit								
Morgan Stanley	6/28/2013	6/28/2018	5 yrs	BMW Bk - UT	\$96,000.00	1.650%	\$1,584.00	\$96,096.00
Morgan Stanley	10/2/2013	10/2/2018	5 yrs	Discover Bk DE	\$145,000.00	2.050%	\$2,972.50	\$146,392.00
Morgan Stanley	10/28/2013	10/29/2018	5 yrs	Bank Baroda NY	\$245,000.00	2.050%	\$5,022.50	\$247,023.70
Morgan Stanley	4/29/2014	4/29/2019	5 yrs	Barclays Bk DE	\$45,000.00	1.900%	\$855.00	\$45,413.55
Morgan Stanley	8/8/2015	8/5/2019	5 yrs	Capital One NA Mclean VA	\$108,000.00	2.050%	\$2,214.00	\$108,907.20
Morgan Stanley	10/16/2014	10/16/2019	5 yrs	Capital One Bank VA	\$245,000.00	2.150%	\$5,267.50	\$247,516.15
Morgan Stanley	1/28/2015	1/28/2020	5 yrs	Goldman Sachs - UT	\$96,000.00	2.048%	\$1,966.08	\$96,653.76
UBS Financial	2/27/2015	2/27/2020	5 yrs	Private Bank & Tr IL	\$240,000.00	1.750%	\$4,200.00	\$242,107.20
UBS Financial	4/13/2015	4/13/2020	5 yrs	HSBC Bk VA	\$240,000.00	1.125%	\$2,700.00	\$239,916.00
Morgan Stanley	5/7/2015	5/7/2020	5 yrs	Amex Centurion UT	\$185,000.00	1.950%	\$3,607.50	\$185,677.10
					\$1,645,000.00		\$30,389.08	\$1,655,702.66
Municipals								
Wells Fargo	10/7/2010	8/1/2018	8 yrs	U of M Build America	\$260,748.16	2.700%	\$7,040.20	\$255,210.00
UBS Financial	12/4/2012	11/1/2018	6 yrs	NY City Transition	\$360,038.40	1.280%	\$4,608.49	\$359,460.00
Wells Fargo	12/1/2010	12/21/2018	8 yrs	Weston WS BAB	\$152,058.00	3.550%	\$5,398.06	\$154,161.00
UBS Financial	2/25/2016	1/1/2019	3+ yrs	Industry Calif Pub Facs Auth	\$266,005.88	1.447%	\$3,849.11	\$255,080.00
					\$1,038,850.44		\$20,895.86	\$1,023,911.00
Government Agencies								
Wells Fargo	12/19/2016	12/19/2019	3 yrs	FFCB	\$497,990.00	1.638%	\$8,157.08	\$500,804.50
Invested over three years								
Certificates of Deposit								
Morgan Stanley	9/2/2015	9/2/2020	5 yrs	Capital One MN Mclean VA	\$100,000.00	2.200%	\$2,200.00	\$99,560.00
Morgan Stanley	10/14/2016	10/14/2020	5 yrs	First Bank PR Santurce	\$150,000.00	1.450%	\$2,175.00	\$147,808.50
UBS Financial	9/16/2016	9/16/2021	5 yrs	JPMorgan Chase Bk OH	\$245,000.00	1.500%	\$3,675.00	\$238,500.15
UBS Financial	9/23/2016	9/23/2021	5 yrs	Happy State Bank TX	\$245,000.00	1.500%	\$3,675.00	\$238,558.95
					\$740,000.00		\$11,725.00	\$724,427.60
Municipals								
UBS Financial	8/1/2016	7/1/2021	5 yrs	Florida St Rev Ser	\$315,572.50	1.583%	\$4,995.51	\$302,763.00
Wells Fargo	2/21/2017	10/1/2021	4 yrs	Royal Oak MI TXBL	\$510,100.00	2.150%	\$10,967.15	\$509,155.00
Wells Fargo	2/23/2017	8/1/2022	5 yrs	Wyandotte Cnty KS	\$129,447.50	2.300%	\$2,977.29	\$130,151.25
UBS Financial	4/17/2017	8/1/2023	6 1/2 yrs	Victor Valley Cal CC	\$239,562.27	2.305%	\$5,521.91	\$236,784.00
UBS Financial	2/6/2017	12/1/2023	6 yrs	Cook Cnty Cmnty College	\$249,683.72	2.724%	\$6,801.38	\$251,284.25
UBS Financial	10/27/2016	7/1/2025	9 yrs	Selma Ala Rfdg	\$508,723.89	2.400%	\$12,209.37	\$486,090.00
					\$1,953,089.88		\$43,472.62	\$1,916,227.50
Government Agencies								
UBS Financial	12/30/2016	12/30/2021	5 yrs	FHLB	\$225,000.00	2.000%	\$4,500.00	\$225,033.75
Morgan Stanley	11/22/2016	11/22/2023	7 yrs	FHLB	\$160,000.00	1.375%	\$2,200.00	\$159,104.00
Morgan Stanley	3/28/2016	3/28/2024	8 yrs	FNMA	\$640,000.00	1.250%	\$8,000.00	\$633,811.20
Morgan Stanley	6/14/2016	6/14/2024	8 yrs	FHLMC	\$500,000.00	1.500%	\$7,500.00	\$496,420.00
Morgan Stanley	9/30/2016	9/30/2024	8 yrs	FHLMC	\$270,000.00	1.250%	\$3,375.00	\$267,759.00
Morgan Stanley	7/27/2016	7/27/2026	10 yrs	FHLMC	\$500,000.00	1.500%	\$7,500.00	\$485,380.00
Morgan Stanley	8/17/2016	8/17/2026	10 yrs	FHLMC	\$375,000.00	1.500%	\$5,625.00	\$364,841.25
					\$2,670,000.00		\$38,700.00	\$2,632,349.20
Totals					\$12,569,111.42		\$199,683.40	\$12,388,553.59
							1.59%	

Note: Market value fluctuates based on current rates being offered. No principal is at risk if securities are held to maturity.

Filename: Monthly Report - Investment Detail

City of Cloquet
Interest Earnings Analysis
Month Ending May
2017

Type	%	Invested Balance	Interest	Rate of Return
Money Markets	2%	\$495,439.04	\$363.28	0.86%
Money Market - Bond Account	36%	\$7,339,845.66	\$4,480.76	0.72%
CD's*	22%	\$4,483,000.00	\$5,663.66	1.49%
Municipals*	24%	\$4,918,121.42	\$7,896.08	1.89%
Government agencies*	16%	\$3,167,990.00	\$3,981.76	1.48%
Total Investment Return*	62%	\$12,569,111.42	\$17,541.50	1.64%
Total Return	100%	\$20,404,396.12	\$22,385.54	1.29%

Earnings Comparison	Budget	YTD Budget	YTD Actual
2017 Interest Earnings	\$ 327,000.00	\$ 136,250.00	\$92,880.79
2016 Interest Earnings	\$ 336,000.00	\$ 140,000.00	\$80,894.42
2015 Interest Earnings	\$ 282,800.00	\$ 117,833.33	\$79,122.36

Rate Comparisons	Current	Last Report	Last Year	Two Years
	May 2017	February 2017	May 2016	May 2015
Average Total Return	1.29%	1.37%	1.37%	1.13%
Average Investment Return*	1.64%	1.55%	1.43%	1.44%

Filename: Monthly Report - Interest Earnings Analysis 2017