

DATE: June 27, 2023

TO: Mayor and City Council
Management Team

FROM: Steve Groom, Finance Director
Chase Donnelly, Deputy Finance Director

SUBJECT: Monthly Financial Report

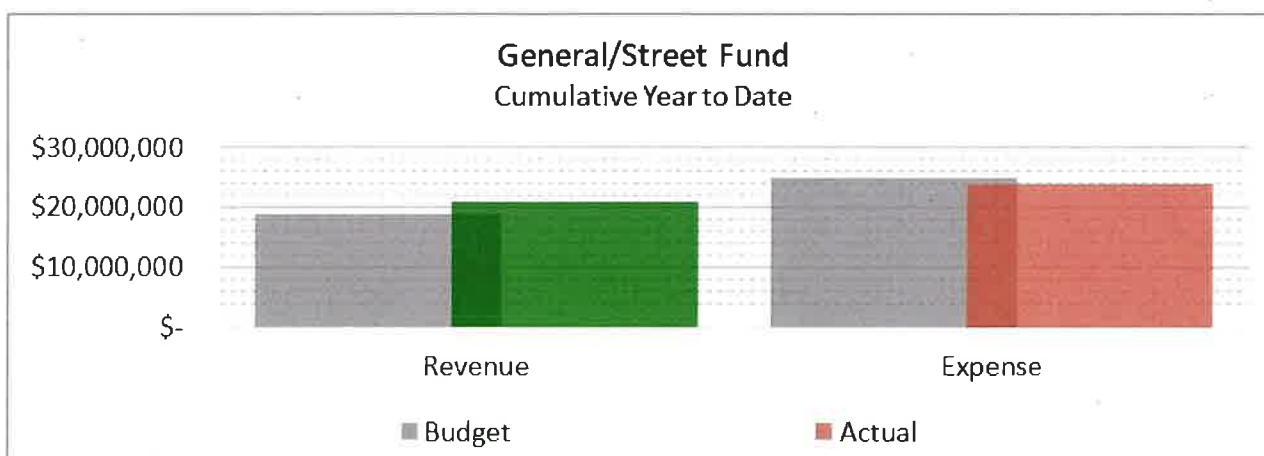
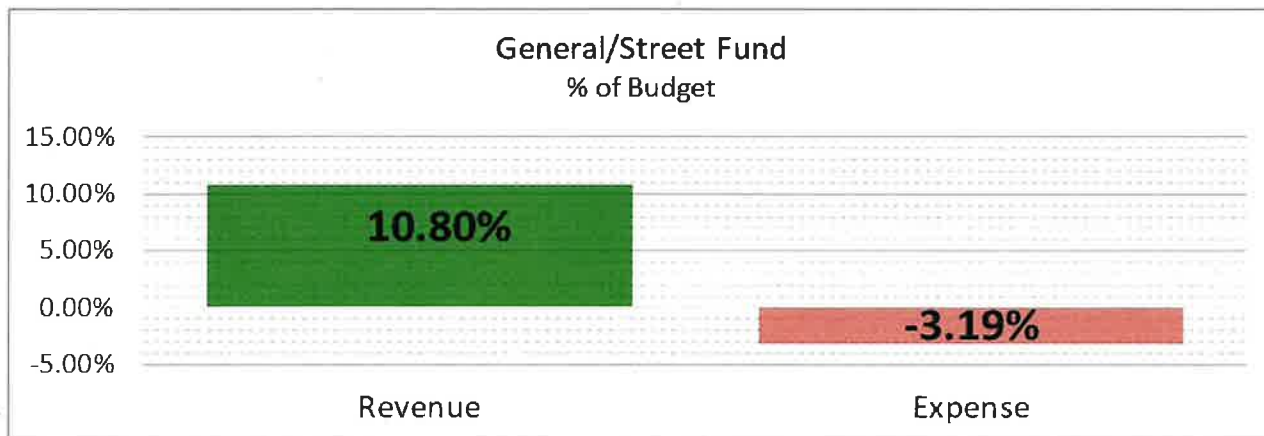
This report is to brief you on monthly and year-to-date (YTD) revenues and expenses, compared to budget and prior year, on the city's cash and fund balance positions, and on the monthly investment performance, transactions and current holdings.

Generally, City's cash position continues to be strong, budgetary controls on expenditures are resulting in a slightly favorable variance and revenues are strongly positive.

General/Street Fund Summary:

Revenues & Transfers In are **favorable** to YTD budget of \$18.87M by \$2.04M or (10.8%).

Expenditures & Transfers Out are **favorable** to YTD budget of \$24.85M by \$0.79M or 3.2% primarily due to timing of ARPA spending.



Revenues and Expenditures:

General & Street Fund Financial Highlights

As detailed in the table below:

- Sales Tax revenue is trending favorably, \$0.46M or 7.4% above 2023 YTD budget, and \$0.82M or 14.0% above 2022 YTD collections. Retail sales and services are \$182K above 2022 YTD collections. This is an indicator of the health of the local economy.
- CD Permits & Fees revenue is trending favorably, \$0.90M or 60.0% above 2023 YTD budget, and \$1.12M or 86.7% above 2022 YTD collections.
- Total Expenditures & Transfer Out is below YTD budget by \$0.79M, but \$1.59M or 7.1% above 2022 YTD actuals. Expenditures are trending back to pre-pandemic levels. Compared to YTD budget, expenditures have been trending favorably, primarily due to timing of community service grant payments, filling of Police Department vacant positions, and timing of expenditures for ARPA spending.

GENERAL & STREET FUND SUMMARY	2022			2023			YTD Budget vs. Actual	
	Annual Budget	Annual Actual	YTD Actual	Annual Budget	YTD Budget	YTD Actual	Favorable/(Unfavorable)	
							\$	%
Beginning Fund Balance	\$21,339,329	\$21,339,329	\$21,339,329	\$12,626,515	\$12,626,515	\$ 27,709,986	n/a	n/a
Revenues:								
Covid-19/American Rescue Plan (ARPA) Grants	9,608,443	9,608,443	-	-	-	-	-	n/a
Sales Tax	18,349,755	19,204,963	5,888,490	19,825,000	6,248,884	6,711,272	462,388	7.4%
Property Taxes	11,357,280	11,590,675	6,165,020	11,761,639	6,255,955	6,171,006	(84,949)	-1.4%
State Shared Revenue	3,022,000	3,126,093	800,681	3,153,260	807,639	859,969	52,330	6.5%
CD Permits & Fees	2,564,111	4,040,385	1,289,647	3,586,285	1,505,063	2,408,364	903,301	60.0%
Business License Fees	622,000	724,126	299,640	652,900	294,526	322,373	27,847	9.5%
Admissions Tax	306,513	834,953	128,886	339,265	141,360	122,507	(18,853)	-13.3%
Other Revenues	11,678,849	12,440,091	3,027,229	12,606,713	3,616,799	4,311,778	694,979	19.2%
Transfers in from Other Funds to support operations	7,356,718	7,268,912	4,005,912	7,688,429	-	-	-	n/a
Total Revenues & Transfer In	64,865,669	68,838,642	21,605,504	59,613,491	18,870,227	20,907,269	2,037,042	10.8%
Total Expenditures & Transfer Out	76,102,125	62,467,985	22,467,398	62,547,898	24,847,288	24,053,459	793,829	3.2%
Total Ending Fund Balance	\$10,102,874	\$27,709,986	\$20,477,436	\$ 9,692,107	\$ 6,649,455	\$ 24,563,796	n/a	n/a

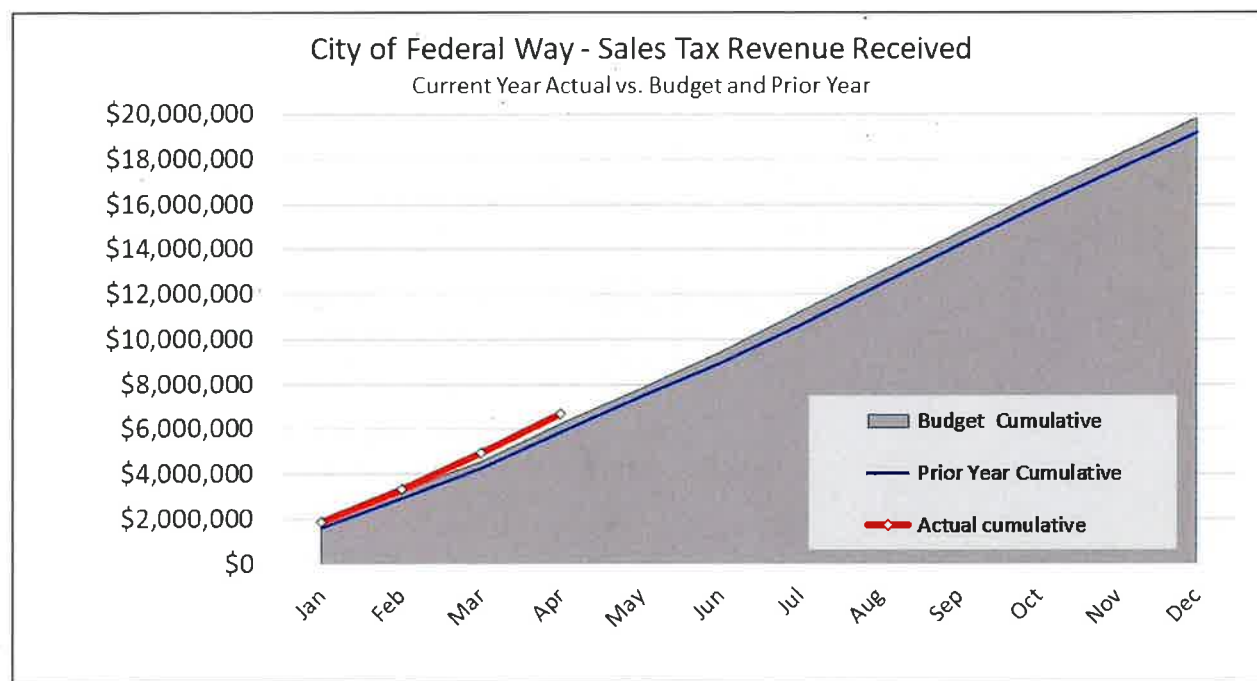
Other Fund Highlights

- Utility Tax revenue is trending favorably, \$0.94M or 15.3% above 2023 YTD budget, and \$0.56M or 8.5% above 2022 YTD actual. Utility tax on water/sewer and addition of 10% on solid waste services account for the increase.
- Real Estate Excise Tax (REET) is \$0.41M or 22.2% below 2023 YTD budget, and \$0.93M or 39.1% below 2022 YTD collections. This is an indicator of the Federal Way real estate market's volume and valuations.
- Expenditures & Transfer Out is favorable, \$0.90M or 9.3% below YTD budget, and \$4.10M below 2022 YTD actuals. The favorable variance to budget is primarily due to timing of arterial street overlay projects for residential streets.

OTHER SIGNIFICANT FUNDS OF NOTE	2022			2023			YTD Budget vs. Actual	
	Annual Budget	Annual Actual	YTD Actual	Annual Budget	YTD Budget	YTD Actual	Favorable/(Unfavorable)	
							\$	%
Revenues:								
Utility Tax	10,584,294	11,858,892	4,446,318	11,830,565	3,965,760	4,819,836	854,075	21.5%
Utility Tax - Prop 1 Voter Package	3,093,312	3,460,473	1,308,379	3,360,436	1,239,599	1,406,009	166,410	13.4%
Utility Tax - Solid Waste 10%	2,000,000	2,310,053	748,835	2,200,000	916,667	833,325	(83,342)	-9.1%
Real Estate Excise Tax	4,421,454	5,117,985	2,385,753	5,521,000	1,865,978	1,451,887	(414,091)	-22.2%
Traffic Safety (Red Light/School Zone)	2,872,442	3,842,343	1,749,825	3,000,000	1,246,791	2,241,894	995,103	79.8%
Hotel/Motel Lodging Tax	150,000	281,845	79,597	293,000	85,265	81,465	(3,801)	-4.5%
Federal Way Community Center	1,690,875	1,761,950	584,015	1,930,875	804,531	572,772	(231,759)	-28.8%
Performing Arts & Event Ctr Operations	1,611,664	1,690,259	610,575	1,279,780	533,242	579,013	45,771	8.6%
Dumas Bay Centre Fund	535,151	591,019	200,407	527,698	219,874	313,854	93,980	42.7%
Total Revenues	26,959,192	30,914,819	12,113,703	29,943,354	10,877,707	12,300,054	1,422,347	13.1%
Expenditures & Transfers Out:								
Utility Tax Support to Other Funds for operations	9,734,702	9,837,985	4,656,987	11,120,826	1,879,501	1,879,501	-	0.0%
Utility Tax Proposition 1 operations	4,170,275	4,126,995	1,629,555	4,471,873	1,863,280	1,470,606	392,674	21.1%
Solid Waste 10% Utility Tax - Residential Streets Overlay	3,418,862	2,098,307	20,267	2,200,000	916,667	123,722	792,945	86.5%
Real Estate Excise Tax Support to Debt and Capital Projects	5,989,440	5,989,440	2,783,560	7,055,343	-	-	-	n/a
Traffic Safety (Red Light/School Zone)	3,529,722	3,529,723	1,176,113	3,846,735	1,602,806	1,159,014	443,792	27.7%
Hotel/Motel Lodging Tax	155,000	20,598	12,485	65,000	27,083	18,500	8,583	31.7%
Jail Fund Services	2,644,584	2,871,371	479,073	2,500,000	1,041,667	1,565,532	(523,865)	-50.3%
Federal Way Community Center	2,756,334	2,590,528	853,407	2,279,893	949,955	1,128,064	(178,108)	-18.7%
Performing Arts & Event Ctr Operations	2,631,641	2,631,378	951,253	2,483,359	1,034,733	1,060,362	(25,629)	-2.5%
Dumas Bay Centre Fund	1,000,110	845,470	270,059	764,097	318,374	330,239	(11,865)	-3.7%
Total Expenditures & Transfers Out	36,030,671	34,541,794	12,832,759	36,787,126	9,634,066	8,735,540	898,527	9.3%
Ending Fund Balance								
Utility Tax (non-Prop 1)	3,385,633	4,646,109	3,331,298	4,789,743	-	7,586,446	n/a	n/a
Utility Tax - Prop 1 Voter Package	1,263,680	1,571,054	1,000,000	1,000,000	-	1,506,457	n/a	n/a
Utility Tax - Solid Waste 10%	-	1,632,240	2,149,162	152,012	-	2,341,842	n/a	n/a
Real Estate Excise Tax Fund	2,546,600	3,217,658	3,691,830	2,576,557	-	4,669,545	n/a	n/a
Traffic Safety Fund	2,124,096	2,493,443	2,709,070	2,262,418	-	3,576,323	n/a	n/a
Hotel/Motel Lodging Tax	1,605,161	1,868,015	1,671,896	1,948,995	-	1,930,980	n/a	n/a
Jail Fund	-	7,260	(1)	0	-	1,231	n/a	n/a
Federal Way Community Center	1,500,393	1,737,273	1,500,000	1,500,000	-	1,501,982	n/a	n/a
Performing Arts & Event Ctr Operations	873,587	873,936	532,912	446,111	-	392,587	n/a	n/a
Dumas Bay Centre Fund	1,500,001	1,710,510	1,500,000	1,524,598	-	1,694,124	n/a	n/a
Total Ending Fund Balance	\$14,799,148	\$19,757,498	\$18,086,167	\$16,200,435	\$-	\$25,201,517	n/a	n/a

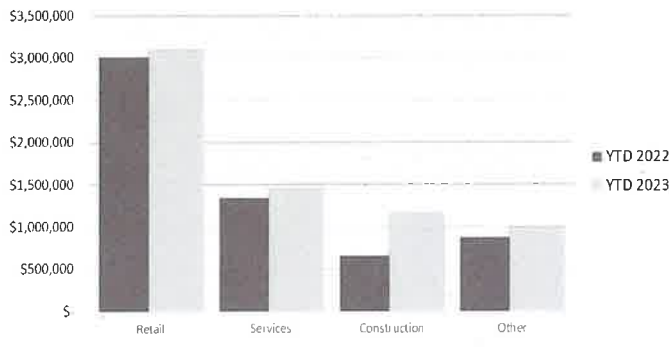
Sales Tax

Revenues are favorable to 2023 YTD budget by \$0.46M or 7.4% and above 2022 YTD actual by \$0.82M or 14.0%. The sales tax collected for transactions at point of sale is remitted to the City from the State on a two-month lag, after retailers remit to State the first month.

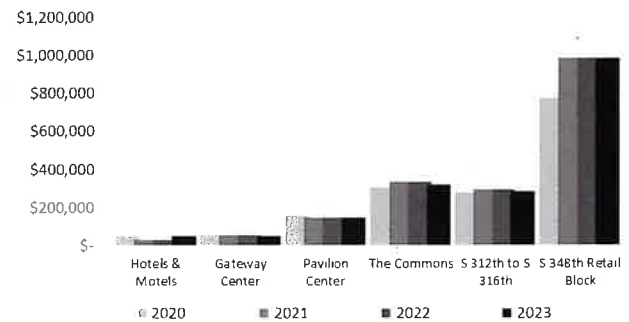


LOCAL RETAIL SALES TAX REVENUES							
YTD May							
Month	2022 Actual	2023		Favorable/(Unfavorable)			
		Budget	Actual	Change from 2022		YTD Actual vs Budget	
				\$	%	\$	%
Jan	1,653,281	\$ 1,875,011	\$ 1,917,113	\$ 263,832	16.0%	\$ 42,102	2.2%
Feb	1,284,275	1,397,709	1,425,556	141,280	11.0%	27,847	2.0%
Mar	1,314,196	1,327,417	1,599,609	285,413	21.7%	272,192	20.5%
Apr	1,636,738	1,648,748	1,768,995	132,257	8.1%	120,247	7.3%
May	1,556,411	1,540,677	-	-	-	-	-
Jun	1,534,290	1,625,228	-	-	-	-	-
Jul	1,679,199	1,795,564	-	-	-	-	-
Aug	1,785,214	1,777,795	-	-	-	-	-
Sep	1,757,829	1,749,381	-	-	-	-	-
Oct	1,721,219	1,800,168	-	-	-	-	-
Nov	1,649,918	1,652,543	-	-	-	-	-
Dec	1,632,393	1,634,761	-	-	-	-	-
YTD Total	\$ 5,888,490	\$ 6,248,884	\$ 6,711,272	\$ 822,782	14.0%	\$ 462,388	7.4%
Annual Total	\$ 19,204,963	\$ 19,825,000	n/a	n/a	n/a	n/a	n/a

City of Federal Way
Sales Tax Revenue Comparison by Group



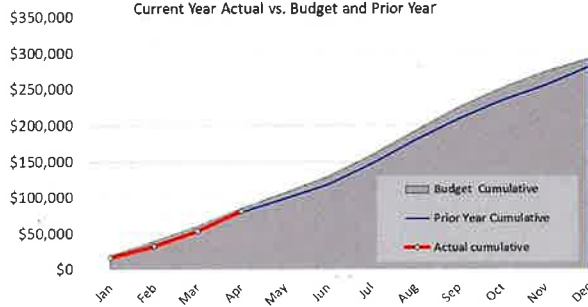
City of Federal Way
YTD Sales Tax Revenue Comparison by Location



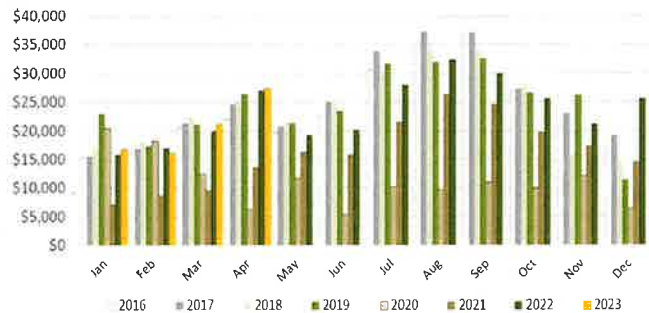
Hotel/Motel Lodging Tax

Revenues are unfavorable to 2023 YTD budget by \$3.8K or 4.5% but above 2022 YTD actuals by \$1.9K. The travel, tourism, and hospitality industry was significantly impacted by COVID-19, but has nearly returned to pre-pandemic levels.

City of Federal Way - Lodging Tax Revenue Received
Current Year Actual vs. Budget and Prior Year



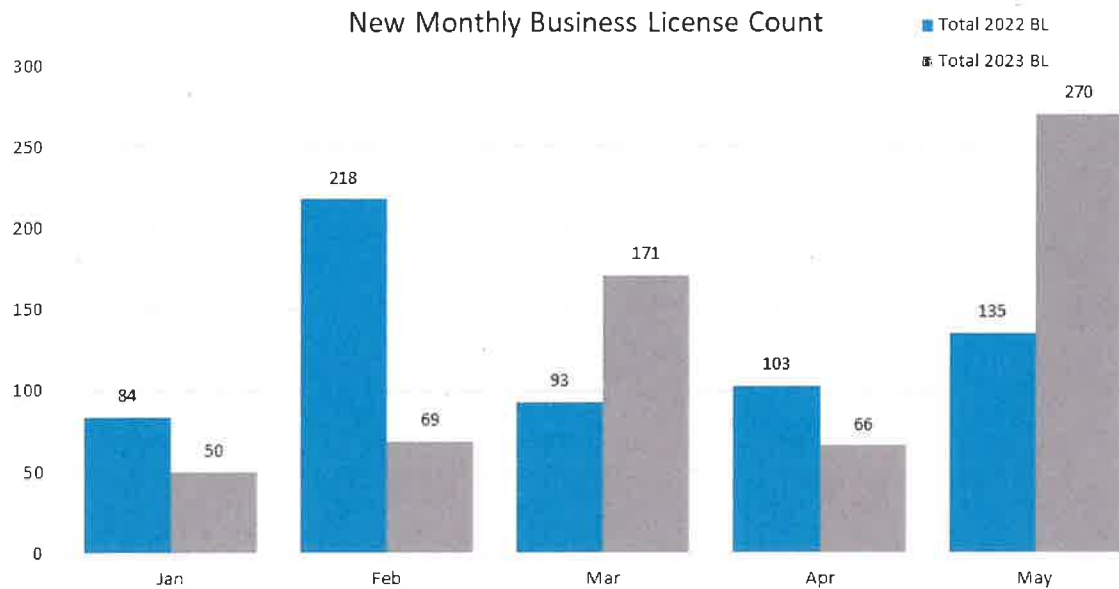
City of Federal Way
Historical Lodging Tax Remittances by Month



HOTEL/MOTEL LODGING TAX REVENUES							
Year-to-date thru May							
Month	2022 Actual	2023		Favorable/(Unfavorable)			
		Budget	Actual	Change from 2022		YTD Actual vs Budget	
				\$	%	\$	%
Jan	\$ 15,770	\$ 20,487	\$ 16,787	\$ 1,017	6.4%	\$ (3,701)	-18.1%
Feb	16,937	19,550	16,159	(778)	-4.6%	(3,391)	-17.3%
Mar	19,965	21,018	21,239	1,274	6.4%	222	1.1%
Apr	26,925	24,210	27,280	355	1.3%	3,070	12.7%
May	19,237	22,229	-	-	-	-	-
Jun	20,135	22,154	-	-	-	-	-
Jul	28,005	29,972	-	-	-	-	-
Aug	32,422	33,167	-	-	-	-	-
Sept	30,027	32,614	-	-	-	-	-
Oct	25,640	26,984	-	-	-	-	-
Nov	21,186	22,800	-	-	-	-	-
Dec	25,598	17,814	-	-	-	-	-
YTD Total	\$ 79,597	\$ 85,265	\$ 81,465	\$ 1,868	2.3%	\$ (3,801)	-4.5%
Annual Total	\$ 281,845	\$ 293,000	n/a	n/a	n/a	n/a	n/a

Business License Fees

Revenues are favorable to YTD budget by \$28K or 9.5% and above 2022 YTD actual by \$23K or 7.6%.



*excludes outside contractor businesses

Business License Revenue							
Month	2022 Actual	2023		Favorable/(Unfavorable)			
		Budget	Actual	Change from 2022		YTD Actual vs Budget	
				\$	%	\$	%
Jan	\$ 52,893	\$ 101,359	\$ 62,005	9,113	17.2%	(39,354)	-38.8%
Feb	50,062	62,138	44,674	(5,388)	-10.8%	(17,464)	-28.1%
Mar	72,588	45,587	86,195	13,608	18.7%	40,608	89.1%
Apr	58,647	49,891	67,910	9,264	15.8%	18,019	36.1%
May	65,452	35,550	61,588	(3,863)	-5.9%	26,038	73.2%
Jun	70,861	71,348	-	-	-	-	-
Jul	52,477	45,887	-	-	-	-	-
Aug	74,576	53,013	-	-	-	-	-
Sep	55,100	46,162	-	-	-	-	-
Oct	53,193	32,946	-	-	-	-	-
Nov	64,265	41,114	-	-	-	-	-
Dec	54,014	67,904	-	-	-	-	-
YTD Total	\$ 299,640	\$ 294,526	\$ 322,373	22,733	7.6%	27,847	9.5%
Annual Total	\$ 724,126	\$ 652,900	n/a	n/a	n/a	n/a	n/a

Community Development Permit Activity

Revenues are favorable to 2023 YTD budget by \$0.90M or 60.0% and above 2022 YTD actual by \$1.1M or 86.7%.

Annual Total

2017 - \$2,019,477

2018 - \$2,595,395

2019 - \$4,546,432

2020 - \$1,964,825

2021 - \$3,229,113

2022 - \$4,040,385

BUILDING & LAND USE PERMITS AND FEES (CD)							
Year-to-date thru May							
Month	2022 Actual	2023		Change from 2022		Favorable/(Unfavorable)	
		Budget	Actual	\$	%	YTD Actual vs Budget \$	%
Jan	198,005	224,348	213,046	15,041	7.6%	(11,302)	-5.0%
Feb	245,722	320,583	546,470	300,749	122.4%	225,888	70.5%
Mar	276,562	280,803	595,518	318,956	115.3%	314,715	112.1%
Apr	282,554	313,185	383,643	101,089	35.8%	70,457	22.5%
May	286,805	366,145	669,687	382,883	133.5%	303,542	82.9%
Jun	327,552	262,919	-	-	-	-	-
Jul	184,861	264,217	-	-	-	-	-
Aug	420,209	341,080	-	-	-	-	-
Sept	441,542	303,252	-	-	-	-	-
Oct	412,259	318,802	-	-	-	-	-
Nov	476,608	301,382	-	-	-	-	-
Dec	487,707	289,570	-	-	-	-	-
YTD Total	\$ 1,289,647	\$ 1,505,063	\$ 2,408,364	\$ 1,118,717	86.7%	\$ 903,301	60.0%
Annual Total	\$ 4,040,385	\$ 3,586,285	n/a	n/a	n/a	n/a	n/a

Real Estate Excise Tax

Revenues are unfavorable to 2023 YTD budget by \$0.41M or 22.2% and below 2022 YTD actual by \$0.93M or 39.1%. May 2023 activities include 121 real estate transactions. There were 119 taxable residential sales (total sales \$60.6M / \$300K tax) and two commercial sales.

REAL ESTATE EXCISE TAX REVENUES							
Year-to-date thru May							
Month	2022 Actual	2023		Favorable/(Unfavorable)			
		Budget	Actual	Change from 2022		YTD Actual vs Budget	
				\$	%	\$	%
Jan	\$ 241,514	\$ 244,931	\$ 192,302	\$ (49,213)	-20.4%	\$ (52,630)	-21.5%
Feb	269,472	352,972	253,046	(16,426)	-6.1%	(99,926)	-28.3%
Mar	458,276	335,140	438,312	(19,964)	-4.4%	103,172	30.8%
Apr	489,224	427,888	254,266	(234,958)	-48.0%	(173,623)	-40.6%
May	927,268	505,047	313,961	(613,306)	-66.1%	(191,085)	-37.8%
Jun	544,704	483,411	-	-	-	-	-
Jul	653,733	481,686	-	-	-	-	-
Aug	419,157	622,350	-	-	-	-	-
Sep	406,732	417,540	-	-	-	-	-
Oct	286,728	452,775	-	-	-	-	-
Nov	247,639	342,962	-	-	-	-	-
Dec	173,537	854,298	-	-	-	-	-
YTD Total	2,385,753	1,865,978	1,451,887	(933,867)	-39.1%	(414,091)	-22.2%
Annual Total	\$ 5,117,985	\$ 5,521,000	n/a	n/a	n/a	n/a	n/a

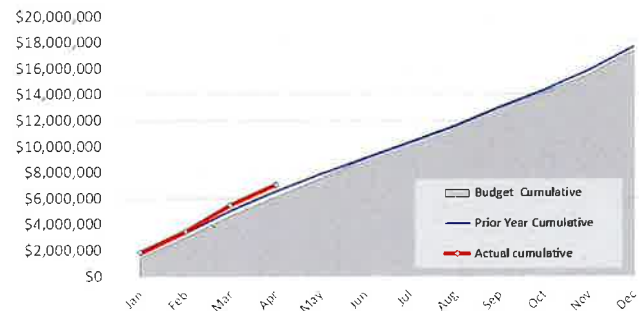
Utility Tax

Revenues are favorable to 2023 YTD budget by \$0.94M or 15.3% and above 2022 YTD actual by \$0.56M or 8.5%, due to increase in water/sewer utility tax, and additional 10% on solid waste services. The utility tax collected by utility companies is remitted to city on a 2-month lag.

UTILITY TAXES Year-to-date thru May							
Month	2022 Actual	2023		Favorable/(Unfavorable)			
		Budget	Actual	Change from 2022		YTD Actual vs Budget	
				\$ Var	% Var	\$ Var	% Var
Jan	\$ 1,692,180	\$ 1,435,012	\$ 1,807,080	\$ 114,900	6.8%	\$ 372,068	25.9%
Feb	1,642,378	1,552,872	1,650,189	7,811	0.5%	97,317	6.3%
Mar	1,755,285	1,650,233	2,017,092	261,807	14.9%	366,858	22.2%
Apr	1,413,785	1,485,650	1,585,574	171,789	12.2%	99,924	6.7%
May	1,389,291	1,377,315	-	-	-	-	-
Jun	1,213,829	1,562,311	-	-	-	-	-
Jul	1,260,575	1,239,420	-	-	-	-	-
Aug	1,221,401	1,171,241	-	-	-	-	-
Sept	1,459,563	1,488,061	-	-	-	-	-
Oct	1,275,498	1,235,293	-	-	-	-	-
Nov	1,507,296	1,292,058	-	-	-	-	-
Dec	1,800,115	1,903,843	-	-	-	-	-
YTD Subtotal	\$ 6,503,628	\$ 6,123,768	\$ 7,059,935	\$ 556,307	8.6%	\$ 936,167	15.3%
Rebate	(100)	(1,742)	(765)	(665)	0.0%	977	-56.1%
YTD Total	\$ 6,503,528	\$ 6,122,026	\$ 7,059,170	\$ 555,642	8.5%	\$ 937,144	15.3%
Annual Total	\$ 16,992,709	\$ 17,391,000	n/a	n/a	n/a	n/a	n/a

UTILITY TAXES - by Type Year-to-date thru May				
Utility Type	2022 Actual	2023 Actual	Favorable/(Unfavorable) Change from 2022	
			\$	%
Electric	\$ 2,178,219	\$ 2,349,916	\$ 171,697	7.9%
Gas	923,152	1,118,571	195,419	21.2%
Water/Sewer	861,643	906,681	45,038	5.2%
Solid Waste	580,348	645,826	65,479	11.3%
Solid Waste - 10%	748,835	833,325	84,489	n/a
Cable	548,264	527,450	(20,814)	-3.8%
Other	663,167	678,166	14,999	2.3%
Tax Rebate	(100)	(765)	(665)	n/a
YTD Total	\$ 6,503,528	\$ 7,059,170	\$ 555,642	8.5%

City of Federal Way - Utility Tax Revenue Received



The City has a utility tax rebate program that opens January 1st and closes May 31st of each year for qualifying low-income residents. The City processed 41 rebates in 2021, for a total of \$2,310. The City processed 24 rebates in 2022 for \$1,305. The city has processed 16 rebates for a total of \$765 in 2023.

The 2023 rebate program has been posted to the city website and information material has been distributed to known past users and communicated to those who can relay to potential new ones.

Proposition 1 Voter-Approved Utility Tax

Revenues are favorable to 2023 YTD budget by \$0.17M or 13.4%. The increase in collections is due to an increase in water/sewer utility tax.

PROP 1 Utility Tax Fund	2022		2023			YTD Budget vs. Actual Favorable/(Unfavorable)	
	Budget	Annual Actual	Budget	YTD Budget	YTD Actual	\$	%
Beginning Balance:	1,263,679	1,263,679	1,612,395	\$ 1,612,395	1,571,054	(41,341)	-2.6%
Total Prop 1 Revenues:	3,093,312	\$ 3,460,691	3,360,436	\$ 1,239,599	\$ 1,406,009	\$ 166,410	13.4%
Transfer in from Utility Tax Fund	1,076,964	973,681	499,042	\$ -	-	-	n/a
Public Safety Improvement Positions & Costs:							
Police Services (includes 1 Records Specialist, 16 Police Officers, & 2 Lieutenants)	2,832,128	2,687,253	2,974,715	\$ 1,239,464	1,082,257	157,208	12.7%
Court Services (includes .50 Judge, 1 Court Clerk, and Pro Tem Pay, Public Defender contract, 1.5 Prosecutors)	1,038,769	1,196,054	1,163,732	\$ 484,888	251,671	233,217	48.1%
Total Public Safety Improvement Costs	3,870,898	3,883,307	4,138,447	\$ 1,724,353	1,333,928	390,425	22.6%
Community Safety Program Costs:							
1 Code Enforcement Officer	109,114	113,446	120,465	\$ 50,194	51,315	(1,121)	-2.2%
.5 Assistant City Attorney	85,462	54,895	94,411	\$ 39,338	31,249	8,089	20.6%
1 Parks Maintenance Worker I & Security	104,802	75,349	118,550	\$ 49,396	54,115	(4,719)	-9.6%
Total Community Safety Improvement Costs	299,378	243,689	333,427	138,928	136,679	2,249	1.6%
Total Prop 1 Expenditures:	4,170,275	4,126,996	4,471,873	\$ 1,863,280	1,470,607	392,674	21.1%
Total Ending Fund Balance:	\$ 1,263,679	\$ 1,571,054	\$ 1,000,000	\$ 988,714	\$ 1,506,456	\$ (517,743)	-52.4%

Traffic Safety – Red Light / School Zone

Revenues are above 2023 YTD budget by \$1.00M or 79.8%, and above 2022 YTD actual by \$0.49M or 28.1%.

Traffic Safety Fund - Red Light Photo Revenue							
Month	2022 Actual	2023		Favorable/(Unfavorable)			
				Change from 2022		YTD Actual vs Budget	
		Budget	Actual	\$	%	\$	%
Jan	\$ 344,394	\$ 257,240	\$ 305,897	\$ (38,497)	-11.2%	\$ 48,657	18.9%
Feb	338,105	238,078	425,952	87,847	26.0%	\$ 187,874	78.9%
Mar	407,496	244,716	582,573	175,077	43.0%	\$ 337,857	138.1%
Apr	337,133	254,512	502,534	165,400	49.1%	\$ 248,021	97.4%
May	322,696	252,245	424,939	102,243	31.7%	\$ 172,694	68.5%
Jun	366,055	301,935	-	-	-	\$ -	-
Jul	271,128	278,487	-	-	-	\$ -	-
Aug	330,043	196,829	-	-	-	\$ -	-
Sep	256,120	194,867	-	-	-	\$ -	-
Oct	265,625	257,518	-	-	-	\$ -	-
Nov	319,241	295,874	-	-	-	\$ -	-
Dec	284,307	227,700	-	-	-	\$ -	-
YTD Total	\$ 1,749,825	\$ 1,246,791	\$ 2,241,894	\$ 492,070	28.1%	\$ 995,103	79.8%
Annual Total	\$ 3,842,343	\$ 3,000,000	n/a	n/a	n/a	n/a	n/a

Traffic Safety Fund pays for 1 Lieutenant, 8 Police Officers, 3 City Traffic positions, Municipal Court security services, red light photo services, Valleycomm emergency communication services, School Zone Enhancements capital improvement projects, and patrol vehicles.

Police Department Overtime

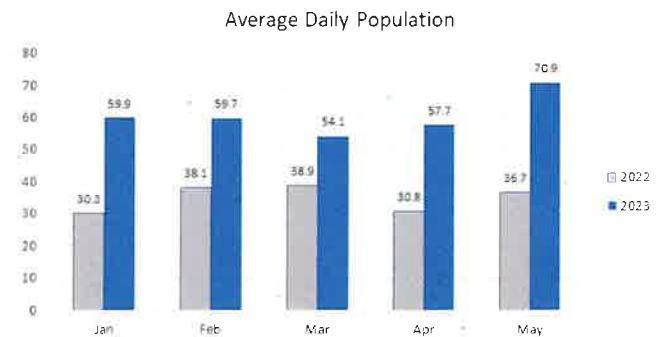
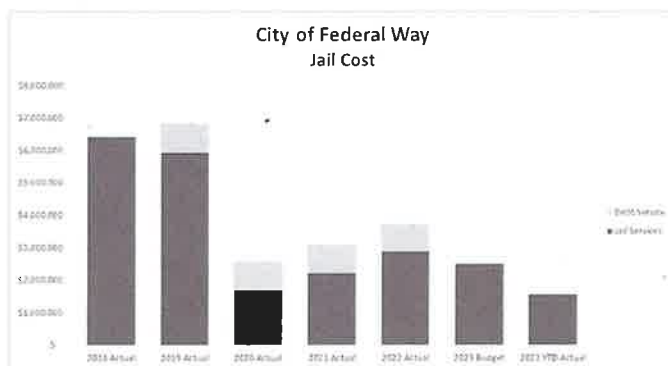
May PD overtime is \$5K above 2022 YTD actual.

The City's portion (unbillable) is \$0.24M or 59.6% above YTD budget, and is funded entirely by PD vacancies.

Overtime incurred is primarily due to service required for special events, shift call-in, shift extension, and special emphasis proactive activities.

PD Overtime by Month Year-to-date thru May							
Month	2022 Actual	2023		(Favorable)/Unfavorable			
		Budget	Actual	Change from 2022		YTD Actual vs Budget	
				\$	%	\$	%
Jan	\$ 145,407	\$ 85,627	\$ 116,488	\$ (28,919)	-19.9%	\$ 30,861	36.0%
Feb	150,708	75,667	142,906	(7,802)	-5.2%	67,239	88.9%
Mar	151,497	70,419	130,707	(20,790)	-13.7%	60,288	85.6%
Apr	137,102	79,909	114,651	(22,451)	-16.4%	34,742	43.5%
May	135,111	92,139	139,773	4,663	3.5%	47,635	51.7%
Jun	133,057	78,666	-	-	-	-	-
Jul	171,487	127,159	-	-	-	-	-
Aug	138,911	85,169	-	-	-	-	-
Sep	147,445	80,227	-	-	-	-	-
Oct	119,010	94,443	-	-	-	-	-
Nov	134,420	93,601	-	-	-	-	-
Dec	127,130	92,573	-	-	-	-	-
City Portion	719,825	403,761	644,525	(75,300)	-10.5%	240,764	59.6%
Billable	184,312	109,534	164,326	(19,986)	-10.8%	54,792	50.0%
YTD Total	\$ 904,137	\$ 513,295	\$ 808,851	\$ (95,286)	-10.5%	\$ 295,556	57.6%
Billable	\$ 237,581	\$ 222,843	\$ -	\$ -	-	\$ -	-
Annual Total	\$ 2,113,178	\$ 1,387,975	n/a	n/a	n/a	n/a	n/a

Jail Services



Jail and Alternatives to Confinement							
	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023	
						Annual Budget	YTD Actual
Total Jail Operations	\$6,417,479	\$5,932,095	\$1,712,883	\$ 2,223,602	\$2,871,368	\$ 2,500,000	\$ 1,565,533
Debt Service Payments for SCORE Jail	-	889,718	847,566	851,925	852,425	851,925	-
Total Jail Cost	\$6,417,479	\$6,821,813	\$2,560,449	\$ 3,075,527	\$3,723,793	\$ 3,351,925	\$ 1,565,533

The City maintains multiple contracts with other governmental agencies for its jail services, after it discontinued its owner relationship with SCORE Jail in December 2019. The budgeted average daily population (ADP) is 70, and average ADP was 60.5 for the first five months.

The City continues to be liable for its portion of the debt service on the SCORE building. The total remaining principal debt the City owes as of 12/31/2022 for SCORE is \$9,765,000, and continues to be reduced by principal payments of about \$0.9 million a year.

Federal Way Community Center

Revenues are below 2023 YTD budget by \$0.23M or 28.8%, and below 2022 YTD actual by \$0.01M, primarily due to slowly coming back to pre-pandemic levels, and the pool closure.

Expenditures are \$0.18M or 18.7% below the 2023 YTD budget.

Community Center remaining building construction debt service principal as of 12/31/2022 was \$7.73M.

Federal Way Community Center as of 05/31/2023	2022			2023			YTD Budget vs Actual Favorable/(Unfavorable)	
	Budget	Annual Actual	YTD Actual	Budget	YTD Budget	YTD Actual	\$	%
Beginning Fund Balance	\$ 1,502,625	\$ 1,502,625	\$ 1,502,625	\$ 980,517	\$ 980,517	\$ 1,737,273	n/a	n/a
Total Revenues	1,690,875	1,761,950	584,015	1,930,875	804,531	572,772	(231,759)	-28.8%
Total Expenditures	2,756,334	2,590,528	853,407	2,279,893	949,955	1,128,064	(178,108)	-18.7%
Revenues Over / (Under) Expenditures	(1,065,459)	(828,578)	(269,392)	(349,018)	(145,424)	(555,292)	(409,867)	281.8%
Recovery Ratio	61.3%	68.0%	68.4%	84.7%	84.7%	50.8%	n/a	n/a
Total Transfer In from General Fund/Utility Tax	1,063,227	1,063,227	266,767	868,501	361,875	320,000	(41,875)	-11.6%
Ending Fund Balance	\$ 1,500,392	\$ 1,737,274	\$ 1,500,000	\$ 1,500,000	\$ 1,196,968	\$ 1,501,982	\$ 305,013	25.5%
Debt Service Payments	820,123	820,423	820,423	822,123	-	-	-	n/a
Debt Service Refunding	-	-	-	-	-	-	-	n/a
Total FWCC Cost	\$ 3,576,457	\$ 3,410,951	\$ 1,673,830	\$ 3,102,016	\$ 949,955	\$ 1,128,064	\$ (178,108)	-18.7%
Total City Support	\$ 1,883,350	\$ 1,883,650	\$ 1,087,190	\$ 1,690,624	\$ 361,875	\$ 320,000		

Dumas Bay Centre

Revenues are above 2023 YTD budget by \$0.09M or 42.7%, and above 2022 YTD actual by \$0.11M. The facility reopened as of the beginning of August 2021.

Expenditures are above 2023 YTD budget of \$0.32M by \$0.01M or 3.7%.

Dumas Bay Centre Fund as of 05/31/2023	2022			2023			YTD Budget vs Actual Favorable/(Unfavorable)	
	Budget	Annual Actual	YTD Actual	Budget	YTD Budget	YTD Actual	\$	%
Beginning Fund Balance	\$1,500,001	\$1,500,001	\$1,500,000	\$1,132,849	\$1,132,849	\$1,710,510	n/a	n/a
Total Revenues	535,151	591,019	200,407	527,698	219,874	313,854	93,980	42.7%
Total Expenses	1,000,110	845,470	270,059	764,097	318,374	330,239	(11,865)	-3.7%
Revenues Over/(Under) Expenses	(464,959)	(254,450)	(69,652)	(236,399)	(98,499)	(16,385)	82,114	-83.4%
Recovery Ratio	53.51%	69.90%	74.21%	69.06%	69.06%	95.04%	n/a	n/a
Total Transfer In	464,959	464,959	69,652	628,148	261,728	-	(261,728)	-100.0%
Ending Fund Balance	\$1,500,000	\$1,710,510	\$1,500,000	\$1,524,599	\$1,296,078	\$1,694,125	\$ 398,047	30.7%

Performing Arts & Event Center Operations (PAEC)

Revenues are above year-to-date budget of \$0.5M by \$0.05M primarily due to the facility reopening, and operations slowly coming back to pre-pandemic levels.

Expenditures are \$0.03M or 1.0% above the YTD budget.

Performing Arts & Event Center remaining building construction debt service principal as of 12/31/2022 was \$5.58M.

116 Performing Arts & Event Center Operations (PAEC)	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Budget	YTD Budget	2023 YTD Actual	YTD Budget vs. Actual Favorable/(Unfavorable)
Beginning Balance	177,413	477	(447,382)	(110,546)	-	873,590	541,702	541,702	873,936	\$
Total Revenue	323,827	553,529	1,410,377	591,162	1,443,088	1,690,269	1,279,780	533,242	579,013	45,771
Total Transfer In from Utility Tax/General Fund	694,703	626,762	1,516,000	972,310	1,083,942	941,464	1,107,987	461,661	-	(461,661)
Total Expenditures	1,195,466	1,628,160	2,589,541	1,452,916	1,653,440	2,631,377	2,483,369	1,034,733	1,060,362	(25,629)
Total PAEC Operation Balance	\$ 477	\$ (447,382)	\$ (110,546)	\$ 0	\$ 873,590	\$ 873,936	\$ 446,111	\$ 501,872	\$ 392,587	\$ (109,286)
Debt Service Payments	-	-	-	538,247	553,255	781,330	772,320	321,800	32,013	289,787
Total PAEC Cost	\$ 1,195,466	\$ 1,628,160	\$ 2,589,541	\$ 1,991,163	\$ 2,206,695	\$ 3,412,707	\$ 3,255,679	\$ 1,356,533	\$ 1,092,375	\$ 264,188
Total City Support				\$ 1,610,557	\$ 1,637,197	\$ 1,722,794	\$ 1,880,307	\$ 783,461	\$ 32,013	\$ 751,448

Fund Activity Summary

Fund #/Fund Name	Begin Balance 1/1/2023	YTD Revenues	YTD Expenditures	YTD Net Income/(loss)	Ending Balance 05/31/2023*	Required Fund Balance
001/101 General/Street Fund**	\$ 27,709,983	\$ 20,907,269	24,053,452	\$ (3,146,184)	\$ 24,563,800	\$ 9,500,000
<i>Special Revenue Funds:</i>						
102 Arterial Street	998,845	166,733	186,955	(20,222)	978,624	100,000
103 Utility Tax(*)	4,646,109	4,819,838	1,879,501	2,940,337	7,586,446	1,500,000
104 Affordable & Supportive Housing Sales Tax	148,016	23,743	-	23,743	171,759	-
106 Solid Waste & Recycling	395,459	217,412	246,672	(29,259)	366,200	-
107 Special Contracts/Studies Fund	987,302	12,880	-	12,880	1,000,183	-
109 Hotel/Motel Lodging Tax	1,868,015	81,465	18,500	62,965	1,930,980	200,000
111 Federal Way Community Center	1,737,273	892,772	1,128,064	(235,292)	1,501,982	1,500,000
112 Traffic Safety Fund	2,493,443	2,241,894	1,159,015	1,082,879	3,576,322	1,200,000
113 Real Estate Excise Tax Fund	3,217,658	1,451,887	-	1,451,887	4,669,545	2,000,000
114 Prop 1 Utility Tax	1,571,054	1,406,009	1,470,607	(64,597)	1,506,456	1,000,000
115 Performing Arts & Event Ctr Operations	873,936	579,013	1,060,362	(481,349)	392,587	-
116 Solid Waste 10% Utility Tax	1,632,240	833,325	123,721	709,603	2,341,843	-
119 CDBG	25,107	238,473	388,949	(150,475)	(125,368)	-
120 Path & Trails	1,888,688	2,861	-	2,861	1,891,550	-
121 Technology	459,999	145,154	19,412	125,742	585,741	-
122 Jail Fund	7,260	1,559,501	1,565,533	(6,032)	1,229	-
188 Strategic Reserve Fund	3,002,082	-	-	-	3,002,082	3,000,000
189 Parks Reserve Fund	1,133,157	-	-	-	1,133,157	1,125,000
Subtotal Special Revenue Funds	27,085,646	14,672,959	9,247,289	5,425,670	32,511,316	\$11,625,000
201 Debt Service Fund	(1,366,565)	-	32,013	(32,013)	(1,398,578)	-
<i>Capital Project Funds:</i>						
301 Downtown Redevelopment	4,499,350	17,798	-	17,798	4,517,149	-
302 Municipal Facilities	175,507	-	-	-	175,507	-
303 Parks	2,032,064	81,850	46,459	35,391	2,067,454	-
304 Surface Water Management	4,570,673	-	100,698	(100,698)	4,469,974	-
306 Transportation	15,939,217	1,075,024	1,762,255	(687,230)	15,251,987	-
307 Capital Project Reserve Fund	370,343	-	-	-	370,343	-
Subtotal Capital Project Funds	27,587,154	1,174,673	1,909,412	(734,739)	26,852,414	-
<i>Enterprise Funds:</i>						
401 Surface Water Management	4,511,222	4,230,964	1,523,423	2,707,540	7,218,762	690,000
402 Dumas Bay Centre Fund	1,710,510	313,854	330,239	(16,385)	1,694,125	1,500,000
Subtotal Enterprise Funds	6,221,732	4,544,817	1,853,662	2,691,155	8,912,887	\$ 2,190,000
<i>Internal Service Funds</i>						
501 Risk Management	1,516,845	1,045,975	2,005,955	(959,980)	556,865	600,000
502 Information Systems	4,260,137	1,378,516	1,216,425	162,091	4,422,227	-
503 Mail & Duplication	279,203	57,716	29,279	28,437	307,640	-
504 Fleet & Equipment	8,548,261	1,300,912	1,127,393	173,518	8,721,779	-
505 Buildings & Furnishings	2,115,458	303,375	202,672	100,703	2,216,161	2,000,000
506 Health Self Insurance Fund	3,660,088	2,290,443	2,007,431	283,012	3,943,100	-
507 Unemployment Insurance Fund	252,036	-	25,732	(25,732)	226,303	250,000
Subtotal Internal Service Funds	20,632,027	6,376,936	6,614,887	(237,951)	20,394,076	\$ 2,850,000
Total All Funds	\$ 107,869,976	\$ 47,676,655	\$ 43,710,716	\$ 3,965,939	\$ 111,835,915	\$ 26,165,000

Monthly Treasury Positions and Activity

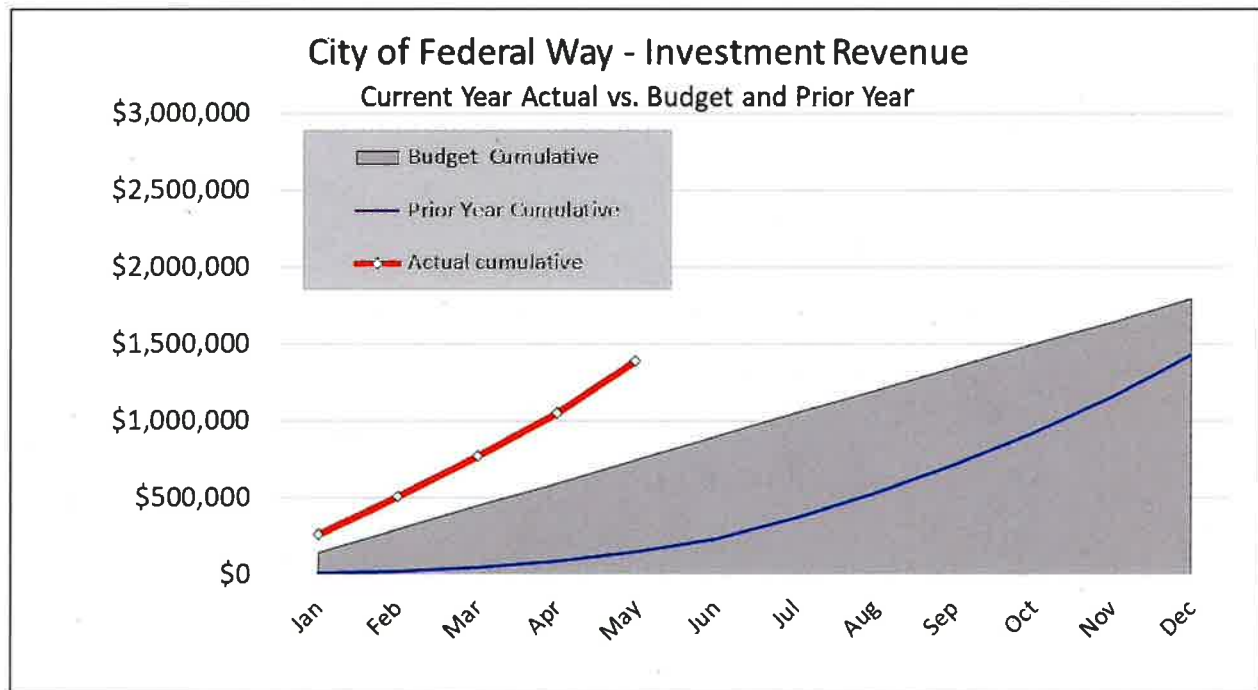
This monthly report of all investment transactions to the city council via FEDRAC complies with RCW 35.39.032. The following pages provide a summary of the current investment portfolio holdings and the individual transactions and activity during the month.

Portfolio Yield: The City's total annualized yield was 3.1%. The City's position in LGIP was \$50.4 million with a 3.6% yield and the laddered portfolio was \$55 million with a 2.6% yield.

	Face Value	Cost	Yield %	Annual Yield \$
City Portfolio:	55,000,000	53,798,782	2.587%	1,422,628
State Investment Pool:	50,399,969	50,399,969	3.618%	1,823,240
Total:	<u>\$ 105,399,969</u>	<u>\$ 104,198,751</u>	3.080%	<u>\$ 3,245,868</u>

Interest Revenue Compared to Budget and Prior Year

Year-to-date interest revenue through May of \$1,397,000 exceeds budget of \$750,000 by \$647,000 or 86% and exceeds prior year by \$1,241,000. Accrual basis interest for the month was \$338,000.



The following summary is provided by our third-party custodian, US Bank, and summarizes both the ending position and the activity within the month:



Acct Name: CITY OF FEDERAL WAY	SUMMARY - USD	Page 1
Acct Number: XXXXXX033		For period 05/01/2023 - 05/31/2023

ACTIVITY - Settled/Cleared Cash Activity

Transaction Type	Amount
Purchases	0.00
Purchase Reversals	0.00
Sales	0.00
Sale Reversals	0.00
Withdrawals	0.00
Receipts	(996,867.00)
Deliveries	0.00
Principal Reversals	0.00
Interest	134,625.00
Interest Reversals	0.00
Interest Adjustments	0.00
Maturities	1,000,000.00
Calls	0.00
Puts	0.00
Paydowns	0.00
Paydown Adjustments	0.00
Payups	0.00
Payup Adjustments	0.00
Cash Dividends	0.00
Balance Changes	0.00
Stock Dividends	0.00
Closeouts	0.00
Closeout Dividends	0.00
Net Activity	137,758.00

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(800) 236-4221

Statement Contents

*Summary
*Activity - Settled/Cleared Cash Activity
*Activity - Projected Activity for Next Statement Period
*Holdings

HOLDINGS - Custody

Category	Par/Shares	Original Face	Principal Cost	Market Value
Treasury Obligations	34,000,000.00000	34,000,000.00000	32,800,823.46	32,250,480.95
US Government Agency Securities	21,000,000.00000	21,000,000.00000	20,997,956.00	20,478,542.10
Total Custody Holdings	55,000,000.00000	55,000,000.00000	53,798,779.46	52,729,023.05

Market Value is currently below both Original Face Value, the value we'll receive at maturity, and Principal Cost, what we paid. This is partially due to purchasing at discounts and also because rates have risen, so the investments purchased in the past, at lower rates, aren't as desirable on the secondary market, to those who trade actively. This is an unrealized change in market value, since all investments will be held to maturity, receiving full value. All investments are bullets, or uncallable, therefore full face value will be realized at maturity, received in cash.

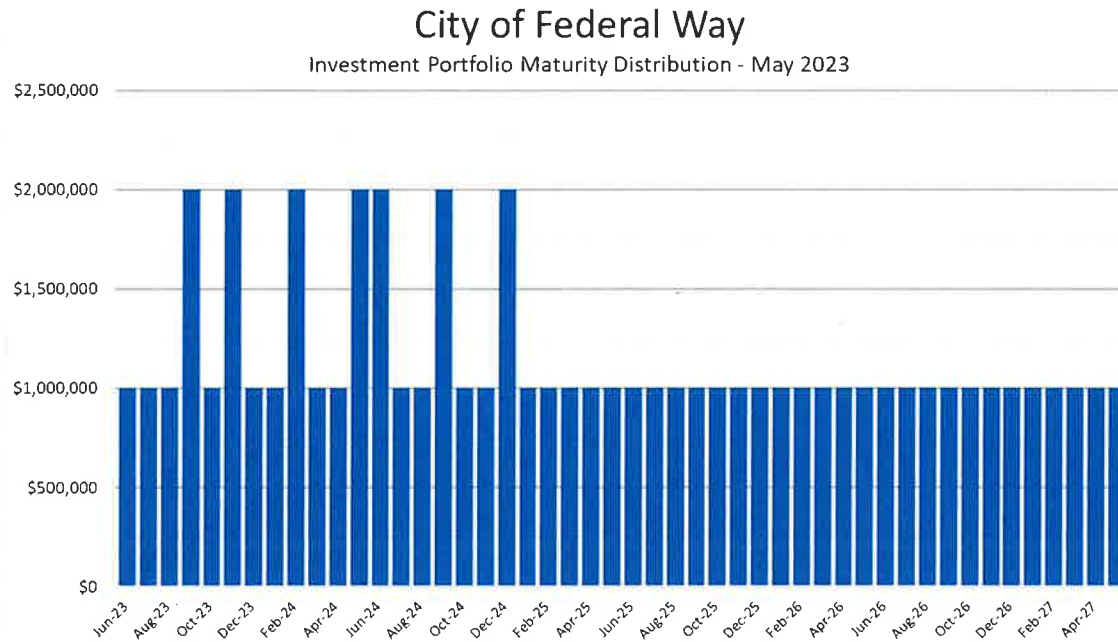
Maturities: During the month, the following investment matured:

- 2021-023 US Treasury **\$1,000,000**, matured May 2023, **yielding 1.67%**

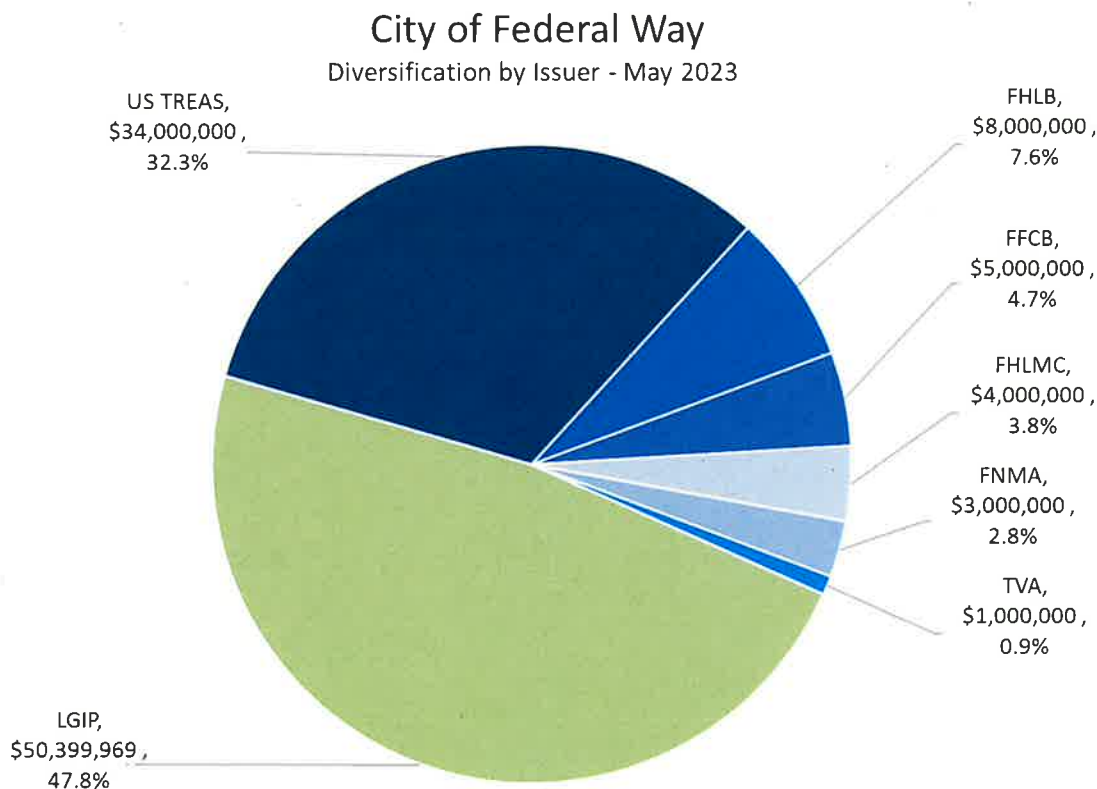
Purchases: During the month, the following investment was purchased, maximizing yield at the time of purchase for the maturity date being filled, having first assured safety and liquidity of the entire portfolio (see addendum for complete rationale):

- 2023-063 FFCB **\$1,000,000**, matures May 2027, **yielding 3.63%**

The maturity distribution of the laddered portion of the portfolio shows that \$1-2 million will mature each month for the next 48 months, mitigating reinvestment (interest rate) risk, as follows:



and the diversification distribution partially mitigating credit risk, as follows:



Safekeeping Report Detail

This monthly safekeeping report of all investment transactions held in safekeeping by US Bank lists securities by maturity date, first obligations of the US Treasury and then US Government Agency Securities. All holdings are rated Aaa/AA+ rating by Moody's and S&P.



Acct Name: CITY OF FEDERAL WAY	HOLDINGS AS OF 05/31/2023 - USD	Page	5
Acct Number: XXXXXX033			

CUSTODY	Security ID	Rate	Description	Par/Shares	Principal Cost	Market Value
Maturity	Ticket	Acq Date		Original Face		NAV
Treasury Obligations						
07/31/2023	91282CCN9 392222036	.125 02/22	U S TREASURY NOTE .125 NOTE 23	1,000,000.00 1,000,000.00	982,187.50	991,365.29
09/28/2023	912796CS6 392227577	DJ 04/23	US TREASURY BILLS BILLS 09/28/23	1,000,000.00 1,000,000.00	977,611.84	983,100.00
09/30/2023	9128285D8 819021819	2.875 02/22	U S TREASURY NOTE 2.875, 09/30/2023	1,000,000.00 1,000,000.00	1,029,570.31	992,031.25
10/31/2023	91282CDD0 819021740	.375 01/22	U S TREASURY NOTE .375 NOTE 2023	1,000,000.00 1,000,000.00	987,929.69	979,414.06
11/30/2023	91282CDM0 819027289	.500 02/23	UNITED STATES TREAS NTS .50 NOTES 11/30/23	1,000,000.00 1,000,000.00	966,445.31	976,289.06
01/31/2024	9128285Z9 392220927	2.500 12/21	U.S. Treasury Notes 9128285Z9 01/31/2024	1,000,000.00 1,000,000.00	1,037,773.44	981,875.00
04/30/2024	9128286R6 392220608	2.250 11/21	U.S. Treasury Notes 2,250, 04/30/2024	1,000,000.00 1,000,000.00	1,036,093.75	973,125.00
05/15/2024	912828WJ5 819027333	2.500 03/23	U.S. TREASURY NOTES 912828WJ5 05/15/24	1,000,000.00 1,000,000.00	968,390.00	974,023.44
05/31/2024	912828XT2 819020999	2,000 11/21	U S TREASURY NOTE 2 NOTE 2024	1,000,000.00 1,000,000.00	1,032,226.56	968,359.38
06/15/2024	91282CCG4 751013140	.250 11/21	U S TREASURY NOTE .25 NOTE 2024	1,000,000.00 1,000,000.00	991,679.69	850,195.31
09/15/2024	91282CCX7	.375	U S TREASURY NOTE	1,000,000.00	995,898.44	942,851.56

Acct Name: CITY OF FEDERAL WAY	HOLDINGS AS OF 05/31/2023 - USD	Page	6
Acct Number: XXXXXX033			

CUSTODY	Security ID	Rate	Description	Par/Shares	Principal Cost	Market Value
Maturity	Ticket	Acq Date		Original Face		NAV
10/15/2024	91282CDB4 392219779	.625 10/21	U S TREASURY NOTE .625 NOTE 2024	1,000,000.00 1,000,000.00	1,000,000.00	943,242.19
11/15/2024	91282CDH1 819020954	.750 11/21	U.S. Treasury Notes 91282CDH1 11/15/2024	1,000,000.00 1,000,000.00	1,001,171.88	942,817.19
01/31/2025	912828Z52 819021510	1.375 01/22	U S TREASURY NOTE 1,375 NOTE 2025	1,000,000.00 1,000,000.00	1,006,718.75	946,835.94
03/31/2025	912828ZF0 392222253	.500 03/22	U.S. Treasury Notes 912828ZF0 03/31/2025	1,000,000.00 1,000,000.00	963,437.50	928,750.00
04/30/2025	912828ZL7 392223194	.375 04/22	U.S. TREASURY NOTES 912828ZL7 0.375 04/30/25	1,000,000.00 1,000,000.00	932,343.75	924,101.56
05/31/2025	912828ZT0 392223819	.250 05/22	U S TREASURY NOTE .25 NOTE 25	1,000,000.00 1,000,000.00	924,648.44	919,296.88
06/30/2025	912828ZW3 392224043	.250 06/22	U.S. Treasury Notes .250, 06/30/2025	1,000,000.00 1,000,000.00	928,164.00	918,007.81
07/31/2025	91282CAB7 392224087	.250 06/22	U S TREASURY NOTE .25 NOTES 25	1,000,000.00 1,000,000.00	918,125.00	914,960.94
10/31/2025	91282CAT8 392224292	.250 07/22	U.S. Treasury Notes .250, 10/31/2025	1,000,000.00 1,000,000.00	911,640.63	907,734.38
12/31/2025	9128285T3 392224349	2.625 07/22	U.S. TREASURY NOTES 2,625 NOTE 25	1,000,000.00 1,000,000.00	963,828.13	960,351.56
01/31/2026	9128286A3 751014661	2.625 07/22	U S TREASURY NOTE 2,625 NOTE 2026	1,000,000.00 1,000,000.00	984,218.75	960,039.06
03/31/2026	9128286L9 751015129	2,250 08/22	U S TREASURY NOTE 2,25 NOTE 26	1,000,000.00 1,000,000.00	964,630.00	949,492.19

Acct Name: CITY OF FEDERAL WAY
Acct Number: XXXXXX033

HOLDINGS AS OF 05/31/2023 - USD

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CUSTODY	Maturity	Security ID Ticket	Rate Acq Date	Description	Par/Shares Original Face	Principal Cost	Market Value NAV
	04/30/2026	91282CBW0 392224636	.750 08/22	U.S. Treasury Notes 91282CBW0 04/30/2026	1,000,000.00 1,000,000.00	909,960.94	907,421.88
	05/31/2026	91282CCF6 392224637	.750 08/22	U S TREASURY NOTE .75 NOTE 2026	1,000,000.00 1,000,000.00	907,968.75	905,312.50
	06/30/2026	91282CCJ8 392224738	.875 09/22	U.S. Treasury Notes 91282CCJ8 06/30/2026	1,000,000.00 1,000,000.00	906,718.75	908,085.94
	07/31/2026	912828Y95 751015330	1.875 09/22	U.S. Treasury Notes 1.875, 07/31/2026	1,000,000.00 1,000,000.00	943,437.50	934,492.19
	10/31/2026	91282cdg3 392225109	1.125 10/22	U.S. TREASURY NOTES 1.125 NOTE 2026	1,000,000.00 1,000,000.00	886,240.00	909,921.88
	11/15/2026	912828U24 751015708	2.000 10/22	U S TREASURY NOTE 2 NOTE 26	1,000,000.00 1,000,000.00	917,031.25	933,867.19
	11/30/2026	91282CDK4 751015831	1.250 10/22	UNITED STATES TREAS NTS 1.25 NOTES 11/30/26	1,000,000.00 1,000,000.00	880,781.25	912,148.44
	01/31/2027	912828Z78 392225551	1.500 11/22	U.S. Treasury Notes 912828Z78 1/31/2027	1,000,000.00 1,000,000.00	903,100.00	917,304.69
	02/15/2027	912810EZ7 392225738	6.625 12/22	U S TREASURY BOND SER 2027	1,000,000.00 1,000,000.00	1,105,937.50	1,089,023.44
	03/31/2027	91282CEF4 392225983	2.500 01/23	U.S. TREASURY NOTES 2.50 NOTE 2027	1,000,000.00 1,000,000.00	956,406.25	946,914.06
	04/30/2027	91282CEN7 392226190	2.750 02/23	U.S. Treasury Notes 91282CEN7 04/30/2027	1,000,000.00 1,000,000.00	955,507.81	957,929.69
Treasury Obligations Total					34,000,000.00000 34,000,000.00000	32,800,823.46	32,250,480.95

US Government Agency Securities

Acct Name: CITY OF FEDERAL WAY
Acct Number: XXXXXX033

HOLDINGS AS OF 05/31/2023 - USD

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CUSTODY	Maturity	Security ID Ticket	Rate Acq Date	Description	Par/Shares Original Face	Principal Cost	Market Value NAV
	06/19/2023	3137EAEN5 392222403	2.750 03/22	FEDERAL HOME LOAN MTG CORP 06/19/23	1,000,000.00 1,000,000.00	1,015,200.00	998,493.27
	08/24/2023	3137EAEV7 819021968	.250 02/22	FEDERAL HOME LOAN MTG CORP 08/24/2023	1,000,000.00 1,000,000.00	982,140.00	988,345.23
	11/24/2023	3133ENEX4 819021739	.550 01/22	FEDERAL FARM CR BKS CONS BD 0.55%23	1,000,000.00 1,000,000.00	989,745.00	976,623.46
	12/20/2023	3133ENHR4 819021509	.680 01/22	FEDERAL FARM CREDIT BANK 3133ENHR4 12/20/23	1,000,000.00 1,000,000.00	995,970.00	974,189.25
	02/05/2024	3135G0V34 392220903	2.500 12/21	FEDERAL NATL MORTGAGE ASSN 02/05/24	1,000,000.00 1,000,000.00	1,037,530.00	980,508.42
	02/27/2024	3130AV4V1 819027290	5.125 02/23	FEDERAL HOME LOAN BANK MTN 5.125, 02/27/2024	1,000,000.00 1,000,000.00	998,989.00	997,401.04
	03/08/2024	3130AB3H7 751013276	2.375 12/21	FEDERAL HOME LOAN BANK 03/08/24	1,000,000.00 1,000,000.00	1,036,546.00	977,050.64
	06/14/2024	3130AV7F3 392226815	5.250 03/23	FEDERAL HOME LOAN BANKS CONS BD 5.25%24	1,000,000.00 1,000,000.00	998,260.00	1,001,805.95
	07/02/2024	3135G0V75 751013094	1.750 10/21	FEDERAL NATL MORTGAGE ASSN 07/02/24	1,000,000.00 1,000,000.00	1,029,480.00	965,089.13
	08/15/2024	3130AGWK7 751013093	1.500 10/21	FEDERAL HOME LOAN BANK 05/15/2024	1,000,000.00 1,000,000.00	1,023,285.00	959,077.45
	09/13/2024	3130ATVD6 819027332	4.875 03/23	FEDERAL HOME LOAN BANKS CONS BD 4.875%24	1,000,000.00 1,000,000.00	994,500.00	997,100.28
	12/13/2024	3130APR80 751013275	.750 12/21	FEDERAL HOME LOAN BANK 12/13/2024	1,000,000.00 1,000,000.00	995,541.00	939,274.00

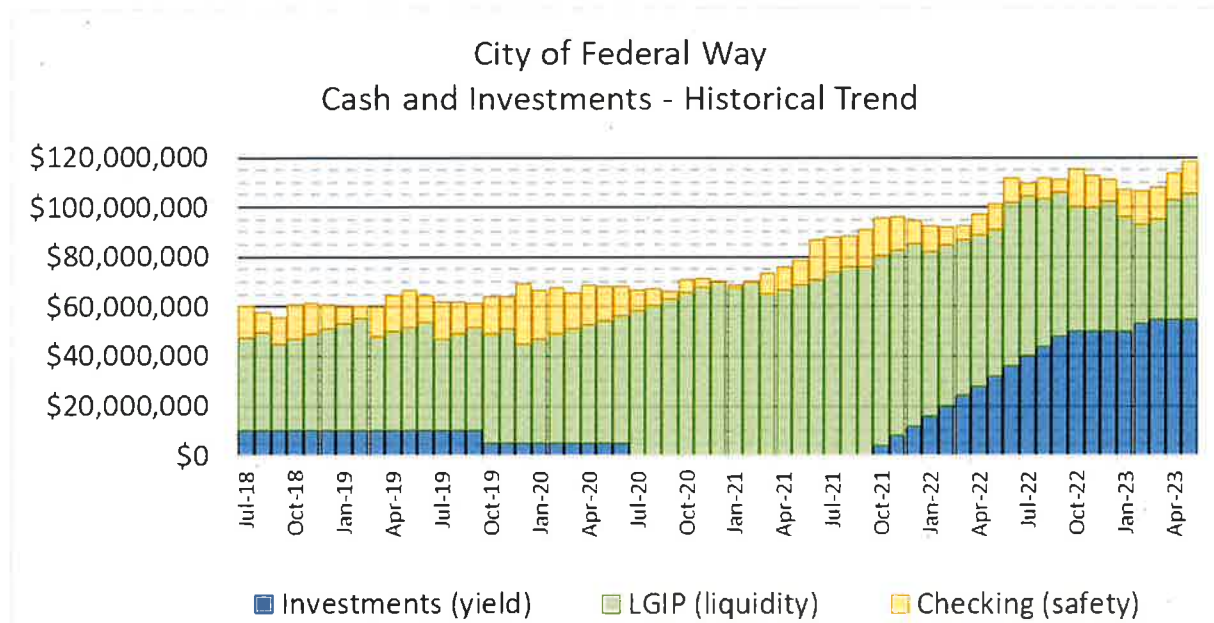
Acct Name: CITY OF FEDERAL WAY	HOLDINGS AS OF 05/31/2023 - USD	Page 9
Acct Number: XXXXXX033		

CUSTODY	Security ID	Rate	Description	Par/Share	Principal Cost	Market Value
Maturity	Ticket	Acq Date		Original Face		NAV
12/13/2024	3130ATUR6 819027291	4.625 02/23	FEDERAL HOME LOAN BANKS CONS BD 4.625%24	1,000,000.00 1,000,000.00	992,652.00	995,117.69
02/12/2025	3137EAEP0 819021816	1.500 02/22	FEDERAL HOME LOAN MTG CORP 02/12/25	1,000,000.00 1,000,000.00	1,002,357.00	948,061.51
08/25/2025	3135G05X7 751014188	.375 06/22	FEDERAL NATL MORTGAGE ASSN 08/25/25	1,000,000.00 1,000,000.00	909,873.00	912,878.04
09/23/2025	3137EAEX3 751014307	.375 06/22	FEDERAL HOME LOAN MTG CORP 09/23/2025	1,000,000.00 1,000,000.00	915,648.00	910,918.41
11/01/2025	880591CJ9 751014409	6.750 07/22	TENN VALLEY AUTHORITY 11/01/2025	1,000,000.00 1,000,000.00	1,115,095.00	1,058,306.10
02/25/2026	3133ENJ35 751015104	3.320 08/22	FEDERAL FARM CREDIT BANK CONS BD 3.32%26	1,000,000.00 1,000,000.00	998,689.00	972,028.47
08/03/2026	3133END80 392224855	3.000 09/22	FEDERAL FARM CREDIT BANK CONS BD 3%26	1,000,000.00 1,000,000.00	974,853.00	961,627.65
09/11/2026	3130ATFH5 392224959	3.750 09/22	FEDERAL HOME LOAN BANKS CONS BD 3.75%26	1,000,000.00 1,000,000.00	994,536.00	985,596.32
05/12/2027	3133EPJP1 392228113	3.625 05/23	FEDERAL FARM CR BKS CONS BD 3.625%27	1,000,000.00 1,000,000.00	996,867.00	979,049.79
US Government Agency Securities Total				21,000,000.00000	20,997,956.00	20,478,542.10
				21,000,000.00000		
Total Custody Holdings				55,000,000.00000	53,798,779.46	52,729,023.05
				55,000,000.00000		

Cash Balance and Investment Positions:

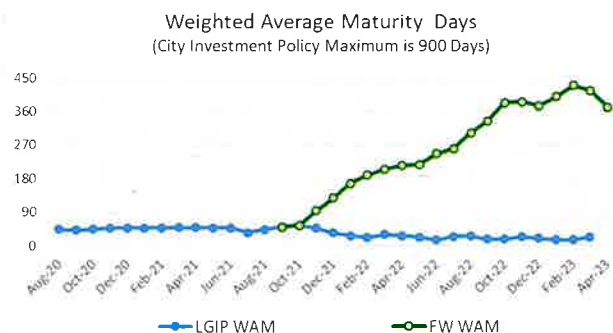
The City's cash balance trend is shown below:

- Total cash increased to 118.6 million from \$113.7 million at end of March.
- Laddered investments stayed level at \$55 million.
- The LGIP Investment Pool position increased from \$47.9 million to \$50.4 million.

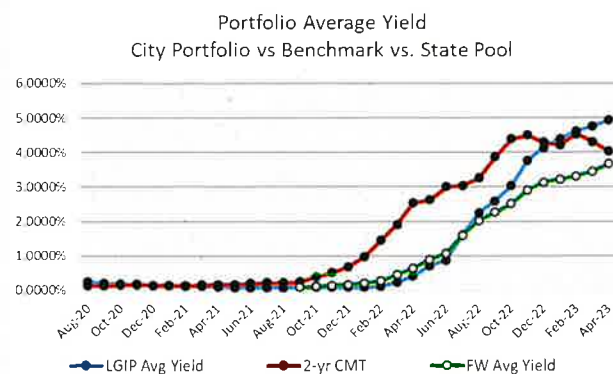


Benchmark and Portfolio

Weighted Average Maturity (WAM) of the City's portfolio, including position in LGIP, is 373 days, and within the City's Investment Policy limit of 2.5 years or 900 days. The LGIP State Pool WAM was 40 days in May. The City's average maturity dropped in part due to the increase in cash balance at the LGIP.



Average Yield of the City's portfolio was 3.8%, compared to 4.1% for the 2-year Constant Maturity Treasury index and 5.1% for the LGIP.



Addendum – Investment Rationale

Date: May 8, 2023

Investment # 2023-063 is a 4-year Federal Farm Credit Bank (FFCB), face value \$1,000,000, maturing May 12, 2027, purchased at 99.6867 (discount) to yield 3.71%. This trade settles May 12, 2023 with Wedbush Securities, US Bank Safekeeping, replacing the May Maturity earning 1.67%.

Liquidity: At April 30th month-end, total city cash was \$113.7 million, checking account balance was \$10.9 million (target minimum is \$8 Million), investment portfolio was \$55.0 million (target is \$55 million for Treasuries and Agencies). State LGIP investment pool balance was \$47.9 million (target minimum is \$20 million, excluding unspent ARPA).

Safety: This purchase is a debt issue of a government-sponsored enterprise (GSE), that carries an explicit Federal guarantee, equivalent to Aaa/AA+ rating by Moody's and S&P.

Yield. Yield is 3.71%. *This investment is 124 basis points below LGIP.* Comparable yields evaluated at time of purchase were:

LGIP current 30-day yield	4.95%	www.secureaccess.wa.gov
2-year Treasury	3.96%	Bloomberg.com
Same maturity Treasury	3.54%	Broker live inquiry
5-year Treasury	3.47%	Bloomberg.com

Callability. This investment is not callable (a bullet).

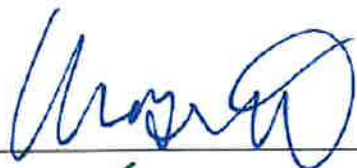
Diversification. This purchase puts this issuer at 4.9% of total portfolio.

This purchase adds a maturity date previously not covered to city's ladder portfolio.

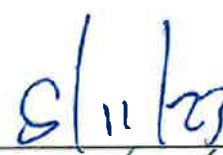
Outlook. The yield curve is currently inverted, with peak yield around 5.3% at 3-4 months then slightly inverted to 2-year at 3.92%, the 5-year at 3.41%. The Federal Reserve Bank last executed a 0.25% rate hike on May. 3rd as an inflation-fighting measure and great uncertainty remains over inflation, money supply and Fed moves.

Staff review:

Deputy Finance Director:



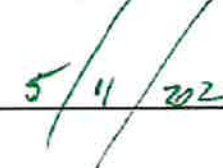
Date



Finance Director:



Date



CITY OF FEDERAL WAY

CITY COUNCIL

AGENDA BILL

SUBJECT: MAY 2023 MONTHLY FINANCIAL REPORT

POLICY QUESTION: Should the Council approve the May 2023 Monthly Financial Report?

COMMITTEE: FINANCE, ECONOMIC DEVELOPMENT AND REGIONAL AFFAIRS COMMITTEE (FEDRAC)

MEETING DATE: June 27, 2023

CATEGORY:

- | | | |
|---|--|--|
| <input checked="" type="checkbox"/> Consent | <input type="checkbox"/> Ordinance | <input type="checkbox"/> Public Hearing |
| <input type="checkbox"/> City Council Business | <input type="checkbox"/> Resolution | <input type="checkbox"/> Other |

STAFF REPORT BY: Steve Groom, Finance Director

DEPT: Finance

Attachments: May 2023 Monthly Financial Report

Options to Consider:

1. Approve the May 2023 Monthly Financial Report as presented
2. Deny approval of the May 2023 Monthly Financial Report and provide direction to staff

MAYOR'S RECOMMENDATION: Mayor recommends approval of Option 1.

MAYOR APPROVAL:

BH 6/21/23
Committee
Initial/Date

BH 6/21/23
Council
Initial/Date

DIRECTOR APPROVAL:

gmk 6/21/2023
Initial/Date

COMMITTEE RECOMMENDATION: I move to forward the May 2023 Monthly Financial Report to the July 5, 2023 consent agenda for approval.

Hoang
Committee Chair

Lynda Koo
Acting Committee Member

Committee Member

PROPOSED COUNCIL MOTION: "I move approval of the Monthly Financial Report."

(BELOW TO BE COMPLETED BY CITY CLERK'S OFFICE)

COUNCIL ACTION:

- ☒ **APPROVED** (7/5/2023)
- ☐ **DENIED**
- ☐ **TABLED/DEFERRED/NO ACTION**
- ☐ **MOVED TO SECOND READING** (ordinances only)
- REVISED - 1/2022

COUNCIL BILL #

First reading

Enactment reading

ORDINANCE #

RESOLUTION #