

DATE: March 28, 2023

TO: Mayor and City Council  
Management Team

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

SUBJECT: Monthly Financial Report

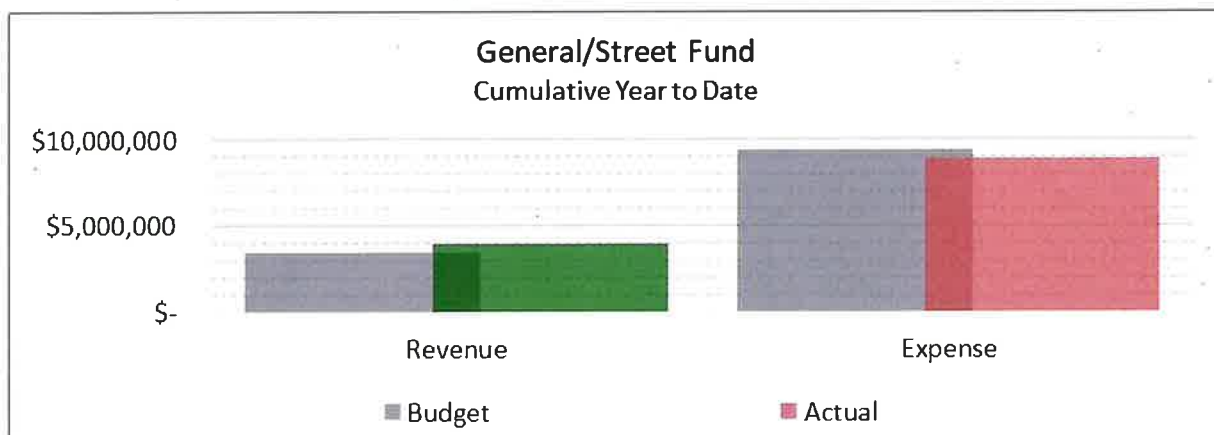
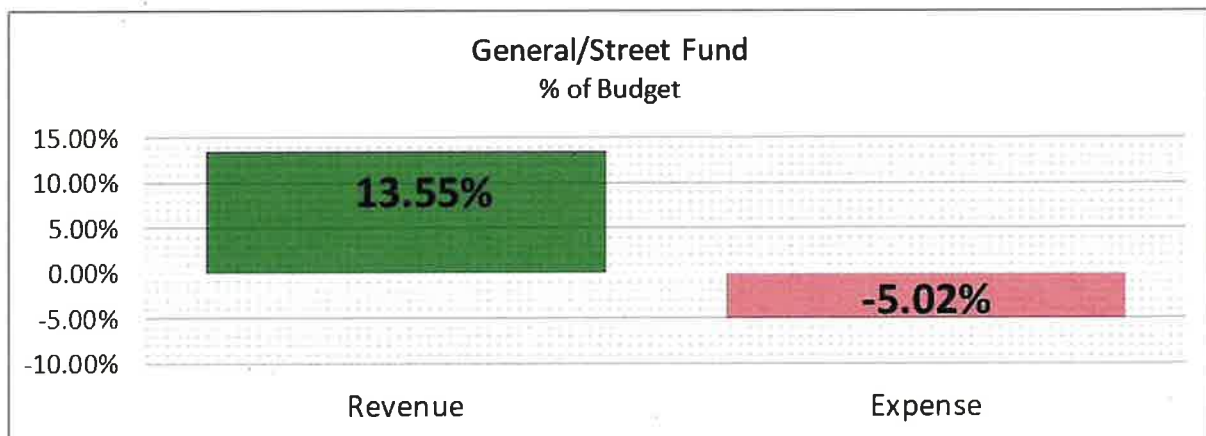
This report is to brief you on monthly and year-to-date (YTD) revenues and expenses, compared to budget and prior year, and on the city's cash and fund balance positions.

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 \$3.49M by \$0.47M or (13.6%).

Expenditures & Transfers Out are **below** YTD budget of \$9.40M by \$0.47M or 5.0% 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, \$0.04M or 2.2% above 2023 YTD budget, and \$0.26M or 16.0% above 2022 YTD collections. Retail sales and services are \$27K above 2022 YTD collections. This is an indicator of the health of the local economy.
- CD Permits & Fees revenue is trending favorably, \$0.21M or 39.4% above 2023 YTD budget, and \$0.32M or 71.2% above 2022 YTD collections.
- Total Expenditures & Transfer Out is below YTD budget by \$0.47M, but \$1.07M or 13.7% 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 Favorable/(Unfavorable)	
	Annual Budget	Annual Actual	YTD Actual	Annual Budget	YTD Budget	YTD Actual	\$	%
Beginning Fund Balance	\$21,339,329	\$21,339,329	\$21,339,329	\$12,626,515	\$12,626,515	\$ 27,403,660	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	1,653,281	19,825,000	1,875,011	1,917,113	42,102	2.2%
Property Taxes	11,357,280	11,590,675	20,839	11,761,639	21,147	62,678	41,531	196.4%
State Shared Revenue	3,022,000	3,126,093	89,017	3,153,260	89,791	74,426	(15,364)	-17.1%
CD Permits & Fees	2,564,111	4,040,385	443,727	3,586,285	544,930	759,516	214,586	39.4%
Business License Fees	622,000	724,126	102,954	652,900	162,996	106,679	(56,317)	-34.6%
Admissions Tax	306,513	834,953	45,423	339,265	56,544	21,170	(35,374)	-62.6%
Other Revenues	11,678,849	12,058,563	618,022	12,606,713	737,519	1,018,974	281,455	38.2%
Transfers in from Other Funds to support operations	7,356,718	7,268,912	-	7,688,429	-	-	-	n/a
<b>Total Revenues &amp; Transfer In</b>	<b>64,865,669</b>	<b>68,457,114</b>	<b>2,973,263</b>	<b>59,613,491</b>	<b>3,487,938</b>	<b>3,960,556</b>	<b>472,619</b>	<b>13.6%</b>
<b>Total Expenditures &amp; Transfer Out</b>	<b>76,102,125</b>	<b>62,392,776</b>	<b>7,852,414</b>	<b>62,547,898</b>	<b>9,399,086</b>	<b>8,926,934</b>	<b>472,152</b>	<b>5.0%</b>
<b>Total Ending Fund Balance</b>	<b>\$10,102,874</b>	<b>\$27,403,667</b>	<b>\$16,460,178</b>	<b>\$ 9,692,107</b>	<b>\$ 6,715,366</b>	<b>\$ 22,437,283</b>	<b>n/a</b>	<b>n/a</b>

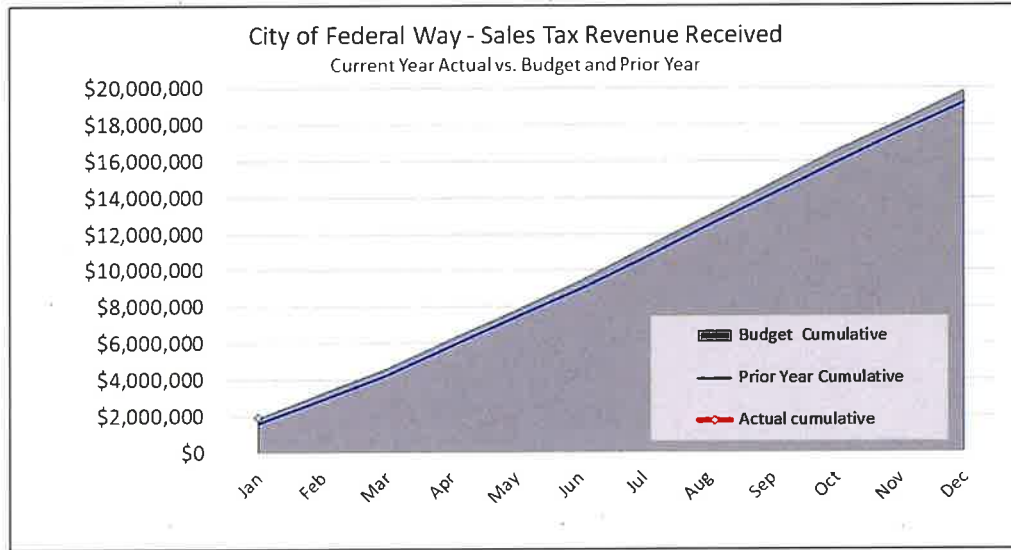
## Other Fund Highlights

- Utility Tax revenue is trending favorably, \$0.37M or 25.9% above 2023 YTD budget, and \$0.11M or 6.8% 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 \$0.15M or 25.5% below 2023 YTD budget, and \$0.07M or 12.8% below 2022 YTD collections. This is an indicator of the Federal Way real estate market's volume and valuations.
- Expenditures & Transfer Out is favorable, \$1.37M or 40.5% below budget, and on target with 2022 YTD actuals. The favorable variance to budget is primarily due to timing of arterial street overlay projects for residential streets, reduction in costs for city facilities due to activities not being at pre-pandemic levels.

OTHER SIGNIFICANT FUNDS OF NOTE	2022			2023			YTD Budget vs. Actual Favorable/(Unfavorable)	
	Annual Budget	Annual Actual	YTD Actual	Annual Budget	YTD Budget	YTD Actual	\$	%
<b>Revenues:</b>								
Utility Tax	10,584,294	11,875,966	1,158,273	11,830,565	745,700	1,360,926	615,226	82.5%
Utility Tax - Prop 1 Voter Package	3,093,312	3,443,125	348,821	3,360,436	322,531	241,103	(81,428)	-25.2%
Utility Tax - Solid Waste 10%	2,000,000	2,310,327	185,088	2,200,000	366,667	205,051	(161,616)	-44.1%
Real Estate Excise Tax	4,421,454	5,117,985	510,986	5,521,000	597,903	445,348	(152,555)	-25.5%
Traffic Safety (Red Light/School Zone)	2,872,442	3,842,343	682,499	3,000,000	495,317	731,849	236,531	47.8%
Hotel/Motel Lodging Tax	150,000	281,845	15,770	293,000	20,487	16,787	(3,701)	-18.1%
Federal Way Community Center	1,690,875	1,611,451	175,372	1,930,875	321,813	218,404	(103,409)	-32.1%
Performing Arts & Event Ctr Operations	1,611,664	1,683,770	133,226	1,279,780	213,297	66,680	(146,617)	-68.7%
Dumas Bay Centre Fund	535,151	495,199	52,673	527,698	87,950	72,377	(15,573)	-17.7%
<b>Total Revenues</b>	<b>26,959,192</b>	<b>30,662,010</b>	<b>3,262,708</b>	<b>29,943,354</b>	<b>3,171,664</b>	<b>3,358,524</b>	<b>186,859</b>	<b>5.9%</b>
<b>Expenditures &amp; Transfers Out:</b>								
Utility Tax Support to Other Funds for operations	9,734,702	9,837,985	99,639	11,120,826	273,203	273,203	-	0.0%
Utility Tax Proposition 1 operations	4,170,275	4,126,995	587,147	4,471,873	745,312	552,654	192,658	25.8%
Solid Waste 10% Utility Tax - Residential Streets Overlay	3,418,862	2,098,307	5,363	2,200,000	366,667	69,004	297,663	81.2%
Real Estate Excise Tax Support to Debt and Capital Projects	5,989,440	5,989,440	-	7,055,343	-	-	-	n/a
Traffic Safety (Red Light/School Zone)	3,529,722	3,577,754	450,386	3,846,735	641,123	347,923	293,200	45.7%
Hotel/Motel Lodging Tax	155,000	20,598	10,492	65,000	10,833	-	10,833	100.0%
Jail Fund Services	2,644,584	2,871,371	65,881	2,500,000	416,667	273,202	143,465	34.4%
Federal Way Community Center	2,756,334	2,588,885	238,581	2,279,893	388,316	214,789	173,526	44.7%
Performing Arts & Event Ctr Operations	2,631,641	2,631,378	198,509	2,483,359	413,893	184,123	229,770	55.5%
Dumas Bay Centre Fund	1,000,110	846,807	86,854	764,097	127,349	96,616	30,734	24.1%
<b>Total Expenditures &amp; Transfers Out</b>	<b>36,030,671</b>	<b>34,589,519</b>	<b>1,742,851</b>	<b>36,787,126</b>	<b>3,383,362</b>	<b>2,011,514</b>	<b>1,371,849</b>	<b>40.5%</b>
<b>Ending Fund Balance</b>								
Utility Tax (non-Prop 1)	3,385,633	4,606,028	4,655,146	4,789,743	-	5,693,752	n/a	n/a
Utility Tax - Prop 1 Voter Package	1,263,680	1,553,489	1,025,347	1,000,000	-	1,241,937	n/a	n/a
Utility Tax - Solid Waste 10%	-	1,610,492	1,599,807	152,012	-	1,746,540	n/a	n/a
Real Estate Excise Tax Fund	2,546,600	3,169,196	4,598,523	2,576,557	-	3,614,544	n/a	n/a
Traffic Safety Fund	2,124,096	2,405,052	2,366,282	2,262,418	-	2,788,981	n/a	n/a
Hotel/Motel Lodging Tax	1,605,161	1,843,348	1,609,304	1,948,995	-	1,860,135	n/a	n/a
Jail Fund	-	(1)	98,536	0	-	3	n/a	n/a
Federal Way Community Center	1,500,393	1,588,418	1,504,875	1,500,000	-	1,592,033	n/a	n/a
Performing Arts & Event Ctr Operations	873,587	867,446	808,308	446,111	-	750,004	n/a	n/a
Dumas Bay Centre Fund	1,500,001	1,613,352	1,500,000	1,524,598	-	1,589,113	n/a	n/a
<b>Total Ending Fund Balance</b>	<b>\$14,799,148</b>	<b>\$19,256,820</b>	<b>\$19,766,126</b>	<b>\$16,200,435</b>	<b>\$-</b>	<b>\$20,877,041</b>	<b>n/a</b>	<b>n/a</b>

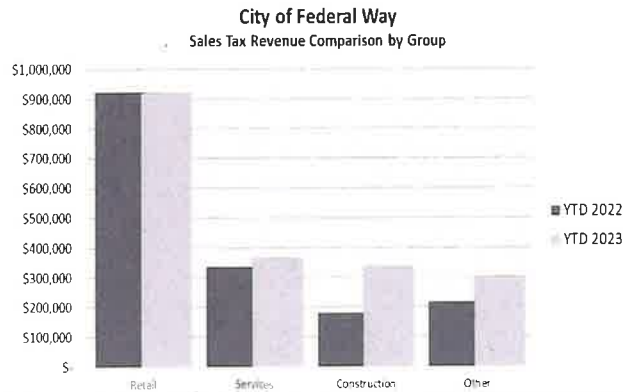
## Sales Tax

Revenues are above 2022 YTD actual by \$0.26M or 16.0%, and above 2023 YTD budget by \$0.04M or 2.2%. 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.



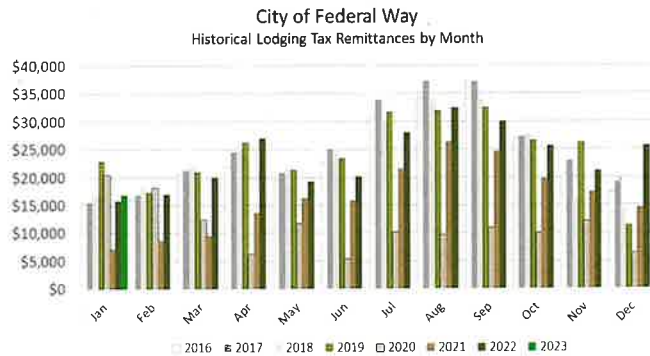
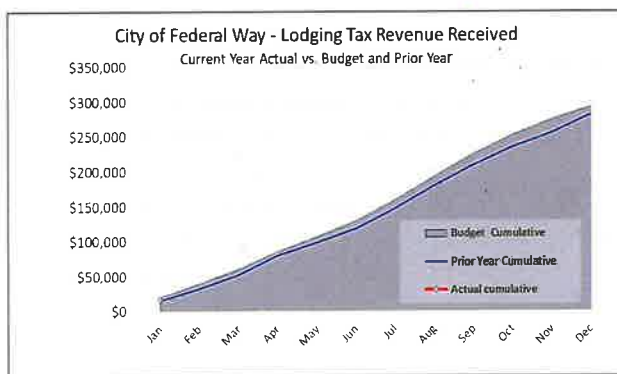
LOCAL RETAIL SALES TAX REVENUES							
YTD February							
Month	2022 Actual	2023		Favorable/(Unfavorable)			
		Budget	Actual	Change from 2022		YTD Actual vs Budget	
				\$	%	\$	%
Jan	1,653,281	\$ 1,875,011	\$ 1,917,113	\$ 263,832	16.0%	\$ 42,102	2.2%
Feb	1,284,275	1,397,709	-	-	-	-	-
Mar	1,314,196	1,327,417	-	-	-	-	-
Apr	1,636,738	1,648,748	-	-	-	-	-
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	-	-	-	-	-
<b>YTD Total</b>	<b>\$ 1,653,281</b>	<b>\$ 1,875,011</b>	<b>\$ 1,917,113</b>	<b>\$ 263,832</b>	<b>16.0%</b>	<b>\$ 42,102</b>	<b>2.2%</b>
<b>Annual Total</b>	<b>\$ 19,204,963</b>	<b>\$ 19,825,000</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>





### Hotel/Motel Lodging Tax

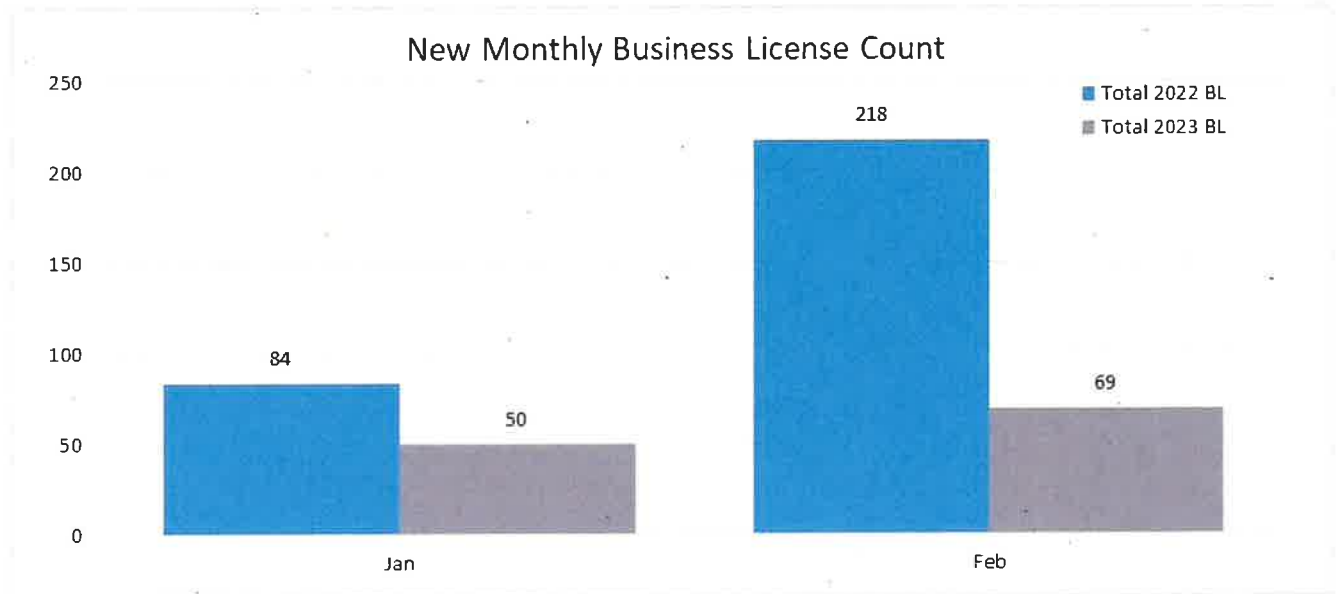
Revenues are favorable, above 2022 YTD actual by \$1K or 6.4%, but below 2023 YTD budget by \$4K or 18.1%. The travel, tourism, and hospitality industry was significantly impacted by COVID-19, but has nearly returned to pre-pandemic levels.



HOTEL/MOTEL LODGING TAX REVENUES							
Year-to-date thru February							
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	-	-	-	-	-
Mar	19,965	21,018	-	-	-	-	-
Apr	26,925	24,210	-	-	-	-	-
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	-	-	-	-	-
<b>YTD Total</b>	<b>\$ 15,770</b>	<b>\$ 20,487</b>	<b>\$ 16,787</b>	<b>\$ 1,017</b>	<b>6.4%</b>	<b>\$ (3,701)</b>	<b>-18.1%</b>
<b>Annual Total</b>	<b>\$ 281,845</b>	<b>\$ 293,000</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

### Business License Fees

Revenues are above 2022 YTD actual by \$4K or 3.6%, but below 2023 YTD budget by \$57K or 34.8%.



\*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	-	-	-	-	-
Apr	58,647	49,891	-	-	-	-	-
May	65,452	35,550	-	-	-	-	-
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	-	-	-	-	-
<b>YTD Total</b>	<b>\$ 102,954</b>	<b>\$ 163,497</b>	<b>\$ 106,679</b>	<b>3,725</b>	<b>3.6%</b>	<b>(56,818)</b>	<b>-34.8%</b>
<b>Annual Total</b>	<b>\$ 724,126</b>	<b>\$ 652,900</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

### Community Development Permit Activity

Revenues are above 2022 YTD actual by \$316K or 71.2%, and above 2023 YTD budget by \$0.21M or 39.4%.

#### 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 February							
Month	2022 Actual	2023		Change from 2022		Favorable/(Unfavorable) YTD Actual vs Budget	
		Budget	Actual	\$	%	\$	%
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	-	-	-	-	-
Apr	282,554	313,185	-	-	-	-	-
May	286,805	366,145	-	-	-	-	-
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	-	-	-	-	-
<b>YTD Total</b>	<b>\$ 443,727</b>	<b>\$ 544,930</b>	<b>\$ 759,516</b>	<b>\$ 315,789</b>	<b>71.2%</b>	<b>\$ 214,586</b>	<b>39.4%</b>
<b>Annual Total</b>	<b>\$ 4,040,385</b>	<b>\$ 3,586,285</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

### Real Estate Excise Tax

Revenues are below 2022 YTD actual by \$0.07M or 12.8%, and below 2023 YTD budget by \$0.15M or 25.5%. January and February 2023 activities include 148 real estate transactions. There were 144 taxable residential sales (total sales \$67.9M / \$336K tax) and 4 commercial sales.

REAL ESTATE EXCISE TAX REVENUES							
Year-to-date thru February							
Month	2022 Actual	2023		Change from 2022		Favorable/(Unfavorable) YTD Actual vs Budget	
		Budget	Actual	\$	%	\$	%
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	-	-	-	-	-
Apr	489,224	427,888	-	-	-	-	-
May	927,268	505,047	-	-	-	-	-
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	-	-	-	-	-
<b>YTD Total</b>	<b>510,986</b>	<b>597,903</b>	<b>445,348</b>	<b>(65,638)</b>	<b>-12.8%</b>	<b>(152,555)</b>	<b>-25.5%</b>
<b>Annual Total</b>	<b>\$ 5,117,985</b>	<b>\$ 5,521,000</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

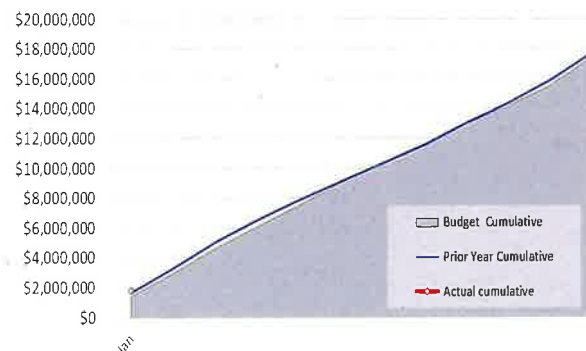
## Utility Tax

Revenues are above 2022 YTD actual by \$0.11M or 6.8%, and above 2023 YTD budget by \$0.37M or 25.9%, due to increase in electric 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 February							
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	-	-	-	-	-
Mar	1,755,285	1,650,233	-	-	-	-	-
Apr	1,413,785	1,485,650	-	-	-	-	-
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	-	-	-	-	-
<b>YTD Subtotal</b>	<b>\$ 1,692,180</b>	<b>\$ 1,435,012</b>	<b>\$ 1,807,080</b>	<b>\$ 114,900</b>	<b>6.8%</b>	<b>\$ 372,068</b>	<b>25.9%</b>
Rebate	-	(115)	-	-	0.0%	115	-100.0%
<b>YTD Total</b>	<b>\$ 1,692,180</b>	<b>\$ 1,434,898</b>	<b>\$ 1,807,080</b>	<b>\$ 114,900</b>	<b>6.8%</b>	<b>\$ 372,182</b>	<b>25.9%</b>
<b>Annual Total</b>	<b>\$ 16,992,709</b>	<b>\$ 17,391,000</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

UTILITY TAXES - by Type					
Year-to-date thru February					
Utility Type	2022 Actual	2023 Actual	Favorable/(Unfavorable) Change from 2022		
			\$	%	
Electric	\$ 683,842	\$ 581,255	\$ (102,587)	-15.0%	
Gas	278,372	295,630	17,258	6.2%	
Water/Sewer	213,511	349,039	135,528	63.5%	
Solid Waste	143,443	158,915	15,472	10.8%	
Solid Waste - 10%	185,088	205,051	19,963	n/a	
Cable	130,046	130,527	481	0.4%	
Other	57,878	86,663	28,785	49.7%	
Tax Rebate	-	-	-	n/a	
<b>YTD Total</b>	<b>\$ 1,692,180</b>	<b>\$ 1,807,080</b>	<b>\$ 114,900</b>	<b>6.8%</b>	

City of Federal Way - Utility Tax Revenue Received



The City has a utility tax rebate program that opens January 1<sup>st</sup> and closes May 31<sup>st</sup> 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 not processed rebates for 2023.

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



### Proposition 1 Voter-Approved Utility Tax

Revenues are below 2023 YTD budget by \$0.08M or 25.2%. The decrease in collections is due to a decrease in electric 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	1,553,488	(58,907)	-3.7%
<b>Total Prop 1 Revenues:</b>	<b>3,093,312</b>	<b>\$ 3,443,125</b>	<b>3,360,436</b>	<b>\$ 322,531</b>	<b>\$ 241,103</b>	<b>\$ (81,428)</b>	<b>-25.2%</b>
Transfer in from Utility Tax Fund	1,076,964	973,681	499,042	\$ -	-	-	#DIV/0!
<i>Public Safety Improvement Positions &amp; Costs:</i>							
Police Services (includes 1 Records Specialist, 16 Police Officers, & 2 Lieutenants)	2,832,128	2,687,253	2,974,715	\$ 495,786	442,171	53,614	10.8%
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	\$ 193,955	15,186	178,770	92.2%
<b>Total Public Safety Improvement Costs</b>	<b>3,870,898</b>	<b>3,883,307</b>	<b>4,138,447</b>	<b>\$ 689,741</b>	<b>457,357</b>	<b>232,384</b>	<b>33.7%</b>
<i>Community Safety Program Costs:</i>							
1 Code Enforcement Officer	109,114	113,446	120,465	\$ 20,078	20,295	(218)	-1.1%
.5 Assistant City Attorney	85,462	54,895	94,411	\$ 15,735	54,895	(39,160)	-248.9%
1 Parks Maintenance Worker I & Security	104,802	75,349	118,550	\$ 19,758	20,107	(349)	-1.8%
<b>Total Community Safety Improvement Costs</b>	<b>299,378</b>	<b>243,689</b>	<b>333,427</b>	<b>\$ 55,571</b>	<b>95,297</b>	<b>(39,726)</b>	<b>-71.5%</b>
<b>Total Prop 1 Expenditures:</b>	<b>4,170,275</b>	<b>4,126,996</b>	<b>4,471,873</b>	<b>\$ 745,312</b>	<b>552,654</b>	<b>192,658</b>	<b>25.8%</b>
<b>Total Ending Fund Balance:</b>	<b>\$ 1,263,679</b>	<b>\$ 1,553,488</b>	<b>\$ 1,000,000</b>	<b>\$ 1,189,614</b>	<b>\$ 1,241,937</b>	<b>\$ (52,323)</b>	<b>-4.4%</b>

### Traffic Safety – Red Light / School Zone

Revenues are above 2023 YTD budget by \$0.24M or 47.8%, and above 2022 YTD actual by \$0.05M or 7.2%.

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	-	-	-	\$ -	-
Apr	337,133	254,512	-	-	-	\$ -	-
May	322,696	252,245	-	-	-	\$ -	-
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	-	-	-	\$ -	-
<b>YTD Total</b>	<b>\$ 682,499</b>	<b>\$ 495,317</b>	<b>\$ 731,849</b>	<b>\$ 49,349</b>	<b>7.2%</b>	<b>\$ 236,531</b>	<b>47.8%</b>
<b>Annual Total</b>	<b>\$ 3,842,343</b>	<b>\$ 3,000,000</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

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

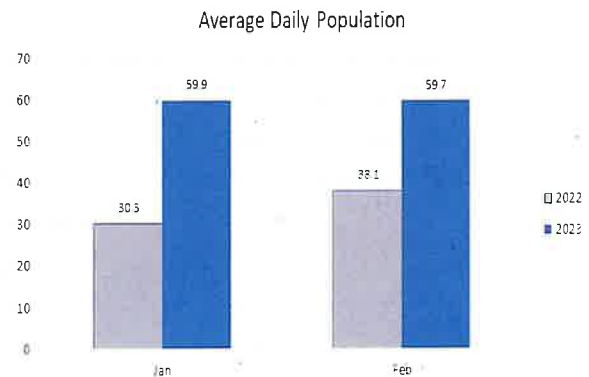
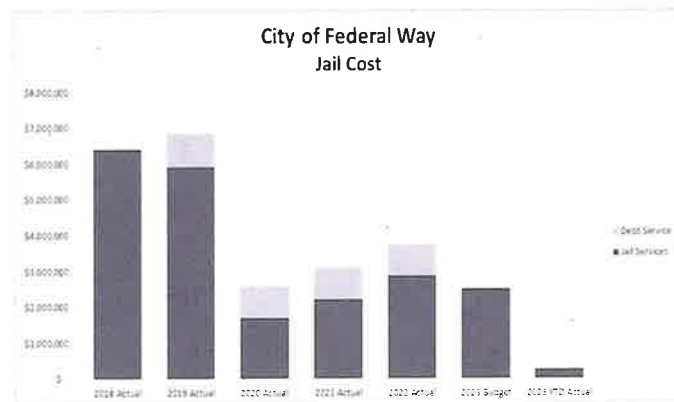
January & February PD overtime is \$37K below 2022 YTD actual.

The City's portion (unbillable) is \$0.10M or 60.8% 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 February							
Month	2022 Actual	2023		(Favorable)/Unfavorable		YTD Actual vs Budget	
		Budget	Actual	Change from 2022	%	Change from 2022	%
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	-	-	-	-	-
Apr	137,102	79,909	-	-	-	-	-
May	135,111	92,139	-	-	-	-	-
Jun	133,057	78,666	-	-	-	-	-
Jul	171,487	127,159	-	-	-	-	-
Aug	138,911	85,169	-	-	-	-	-
Scp	147,445	80,227	-	-	-	-	-
Oct	119,010	94,443	-	-	-	-	-
Nov	134,420	93,601	-	-	-	-	-
Dec	127,130	92,573	-	-	-	-	-
<b>City Portion</b>	<b>296,115</b>	<b>161,295</b>	<b>259,394</b>	<b>(36,721)</b>	<b>-12.4%</b>	<b>98,099</b>	<b>60.8%</b>
Billable	75,365	46,263	77,845	2,480	3.3%	31,582	68.3%
<b>YTD Total</b>	<b>\$ 371,481</b>	<b>\$ 207,558</b>	<b>\$ 337,239</b>	<b>\$ (34,241)</b>	<b>-9.2%</b>	<b>\$ 129,681</b>	<b>62.5%</b>
Billable	\$ 346,528	\$ 286,114	\$ -	\$ -	-	\$ -	-
<b>Annual Total</b>	<b>\$ 2,113,178</b>	<b>\$ 1,387,975</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

## Jail Services



Jail and Alternatives to Confinement							
	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023	
						Annual Budget	YTD Actual
<b>Total Jail Operations</b>	<b>\$6,417,479</b>	<b>\$5,932,095</b>	<b>\$1,712,883</b>	<b>\$ 2,223,602</b>	<b>\$2,871,368</b>	<b>\$ 2,500,000</b>	<b>\$ 273,202</b>
<b>Debt Service Payments for SCORE Jail</b>	<b>-</b>	<b>889,718</b>	<b>847,566</b>	<b>851,925</b>	<b>852,425</b>	<b>851,925</b>	<b>(300)</b>
<b>Total Jail Cost</b>	<b>\$6,417,479</b>	<b>\$6,821,813</b>	<b>\$2,560,449</b>	<b>\$ 3,075,527</b>	<b>\$3,723,793</b>	<b>\$ 3,351,925</b>	<b>\$ 272,902</b>

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, but year-to-date 2023 ADP numbers will be available in the March report.

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 \$0.10M or 32.1%, but above 2022 YTD actual by \$0.04M, primarily due to operating in limited capacity due to the pandemic earlier in the year.

Expenditures are \$0.17M or 44.7% 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 02/28/2023	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	\$ 1,588,418	\$ 1,588,418	n/a	n/a
Total Revenues	1,690,875	1,611,451	175,372	1,930,875	321,813	218,404	(103,409)	-32.1%
Total Expenditures	2,756,334	2,588,885	238,581	2,279,893	388,316	214,789	173,526	44.7%
Revenues Over / (Under) Expenditures	(1,065,459)	(977,434)	(63,209)	(349,018)	(66,503)	3,615	70,118	-105.4%
Recovery Ratio	61.3%	62.2%	73.5%	84.7%	82.9%	101.7%	n/a	n/a
Total Transfer In from General Fund/Utility Tax	1,063,227	1,063,227	65,459	868,501	-	-	-	n/a
Ending Fund Balance	\$ 1,500,392	\$ 1,588,418	\$ 1,504,875	\$ 1,500,000	\$ 1,521,915	\$ 1,592,033	\$ 70,118	4.6%
Debt Service Payments	820,123	820,423	820,423	822,123	-	-	-	n/a
Debt Service Refunding	-	-	-	-	-	-	-	n/a
Total FWCC Cost	\$ 3,576,457	\$ 3,409,308	\$ 1,059,004	\$ 3,102,016	\$ 388,316	\$ 214,789	\$ 173,526	44.7%
Total City Support	\$ 1,883,350	\$ 1,883,650	\$ 885,882	\$ 1,690,624	\$ -	\$ -		

### Dumas Bay Centre

Revenues are below 2023 YTD budget by \$0.02M or 17.7%, but above 2022 YTD actual by \$0.02M. The facility reopened as of the beginning of August 2021.

Expenditures are \$0.03M or 24.1% below 2023 YTD budget of \$0.1M.

Dumas Bay Centre Fund as of 02/28/2023	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	\$1,613,352	n/a	n/a
Total Revenues	535,151	495,199	52,673	527,698	87,950	72,377	(15,573)	-17.7%
Total Expenses	1,000,110	846,807	86,854	764,097	127,349	96,616	30,734	24.1%
Revenues Over/(Under) Expenses	(464,959)	(351,608)	(34,181)	(236,399)	(39,400)	(24,239)	15,161	-38.5%
Recovery Ratio	53.51%	58.48%	60.65%	69.06%	69.06%	74.91%	n/a	n/a
Total Transfer In	464,959	464,959	34,180	628,148	-	-	-	#DIV/0!
Ending Fund Balance	\$1,500,000	\$1,613,351	\$1,500,000	\$1,524,599	\$1,093,450	\$1,589,113	\$ 495,664	45.3%

### Performing Arts & Event Center Operations (PAEC)

Revenues are below 2023 YTD budget by \$0.15M or 9.1% primarily due to the facility reopening, and operations slowly coming back to pre-pandemic levels.

Expenditures are \$0.23M or 8.7% below the budget.

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

115 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	867,447	\$ -
Total Revenue	323,827	553,529	1,410,377	591,152	1,443,088	1,683,770	1,279,780	213,297	66,680	(146,617)
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	184,665	-	(184,665)
Total Expenditures	1,195,466	1,628,150	2,589,541	1,452,916	1,653,440	2,631,377	2,483,359	413,893	184,123	229,771
Total PAEC Operation Balance	\$ 477	\$ (447,382)	\$ (110,546)	\$ 0	\$ 873,590	\$ 867,447	\$ 446,111	\$ 525,770	\$ 750,004	\$ 224,234
Debt Service Payments	-	-	-	538,247	553,255	781,330	772,320	32,013	32,013	-
Total PAEC Cost	\$ 1,195,466	\$ 1,628,150	\$ 2,589,541	\$ 1,991,163	\$ 2,206,695	\$ 3,412,707	\$ 3,255,679	\$ 446,906	\$ 216,135	\$ 229,771
Total City Support				\$ 1,610,567	\$ 1,637,197	\$ 1,722,794	\$ 1,880,307	\$ 216,677	\$ 32,013	\$ 184,665



**Fund Activity Summary**

Fund #/Fund Name	Begin Balance 1/1/2023	YTD Revenues	YTD Expenditures	YTD Net Income/(loss)	Ending Balance 02/28/2023*	Required Fund Balance
<b>001/101 General/Street Fund**</b>	<b>\$ 27,403,660</b>	<b>\$ 3,960,556</b>	<b>8,926,931</b>	<b>\$ (4,966,375)</b>	<b>\$ 22,437,285</b>	<b>\$ 9,500,000</b>
<i>Special Revenue Funds:</i>						
102 Arterial Street	986,681	34,797	64,219	(29,422)	957,259	100,000
103 Utility Tax(*)	4,606,028	1,360,927	273,203	1,087,724	5,693,752	1,500,000
104 Affordable & Supportive Housing Sales Tax	145,262	16,518	-	16,518	161,780	-
106 Solid Waste & Recycling	380,836	53,217	86,869	(33,652)	347,184	-
107 Special Contracts/Studies Fund	974,055	-	-	-	974,055	-
109 Hotel/Motel Lodging Tax	1,843,349	16,787	-	16,787	1,860,136	200,000
111 Federal Way Community Center	1,588,418	218,404	214,789	3,615	1,592,033	1,500,000
112 Traffic Safety Fund	2,405,055	731,849	347,923	383,925	2,788,980	1,200,000
113 Real Estate Excise Tax Fund	3,169,196	445,348	-	445,348	3,614,544	2,000,000
114 Prop 1 Utility Tax	1,553,488	241,103	552,654	(311,551)	1,241,937	1,000,000
115 Performing Arts & Event Ctr Operations	867,447	66,680	184,123	(117,443)	750,004	-
116 Solid Waste 10% Utility Tax	1,610,493	205,051	69,004	136,047	1,746,540	-
119 CDBG	25,107	(17,746)	29,554	(47,301)	(22,194)	-
120 Path & Trails	1,863,653	661	-	661	1,864,314	-
121 Technology	454,524	67,592	25	67,567	522,091	-
122 Jail Fund	-	273,203	273,202	1	1	-
188 Strategic Reserve Fund	2,958,794	-	-	-	2,958,794	3,000,000
189 Parks Reserve Fund	1,116,818	-	-	-	1,116,818	1,125,000
<b>Subtotal Special Revenue Funds</b>	<b>26,549,204</b>	<b>3,714,389</b>	<b>2,095,566</b>	<b>1,618,823</b>	<b>28,168,027</b>	<b>\$11,625,000</b>
<b>201 Debt Service Fund</b>	<b>(1,418,707)</b>	<b>-</b>	<b>31,713</b>	<b>(31,713)</b>	<b>(1,450,420)</b>	<b>-</b>
<i>Capital Project Funds:</i>						
301 Downtown Redevelopment	4,439,003	157	-	157	4,439,160	-
302 Municipal Facilities	172,110	-	-	-	172,110	-
303 Parks	2,004,204	81,850	3,441	78,409	2,082,613	-
304 Surface Water Management	4,511,081	(23,705)	9,166	(32,871)	4,478,210	-
306 Transportation	15,775,300	(1,379,509)	255,450	(1,634,959)	14,140,341	-
307 Capital Project Reserve Fund	365,003	-	-	-	365,003	-
<b>Subtotal Capital Project Funds</b>	<b>27,266,701</b>	<b>(1,321,207)</b>	<b>268,057</b>	<b>(1,589,264)</b>	<b>25,677,437</b>	<b>-</b>
<i>Enterprise Funds:</i>						
401 Surface Water Management	4,456,741	41,757	559,282	(517,525)	3,939,216	690,000
402 Dumas Bay Centre Fund	1,613,352	72,377	96,616	(24,239)	1,589,113	1,500,000
<b>Subtotal Enterprise Funds</b>	<b>6,070,093</b>	<b>114,134</b>	<b>655,897</b>	<b>(541,764)</b>	<b>5,528,329</b>	<b>\$ 2,190,000</b>
<i>Internal Service Funds</i>						
501 Risk Management	1,496,433	414,661	1,855,989	(1,441,327)	55,106	600,000
502 Information Systems	4,195,546	551,218	573,489	(22,270)	4,173,276	-
503 Mail & Duplication	274,437	23,086	9,446	13,641	288,078	-
504 Fleet & Equipment	8,457,207	520,079	319,465	200,614	8,657,821	-
505 Buildings & Furnishings	2,082,889	121,350	62,774	58,576	2,141,465	2,000,000
506 Health Self Insurance Fund	3,407,226	847,437	769,778	77,659	3,484,885	-
507 Unemployment Insurance Fund	247,734	-	-	-	247,734	250,000
<b>Subtotal Internal Service Funds</b>	<b>20,161,472</b>	<b>2,477,831</b>	<b>3,590,940</b>	<b>(1,113,108)</b>	<b>19,048,364</b>	<b>\$ 2,850,000</b>
<b>Total All Funds</b>	<b>\$ 106,032,423</b>	<b>\$ 8,945,703</b>	<b>\$ 15,569,104</b>	<b>\$ (6,623,401)</b>	<b>\$ 99,409,022</b>	<b>\$ 26,165,000</b>



## Monthly Treasury Positions and Activity

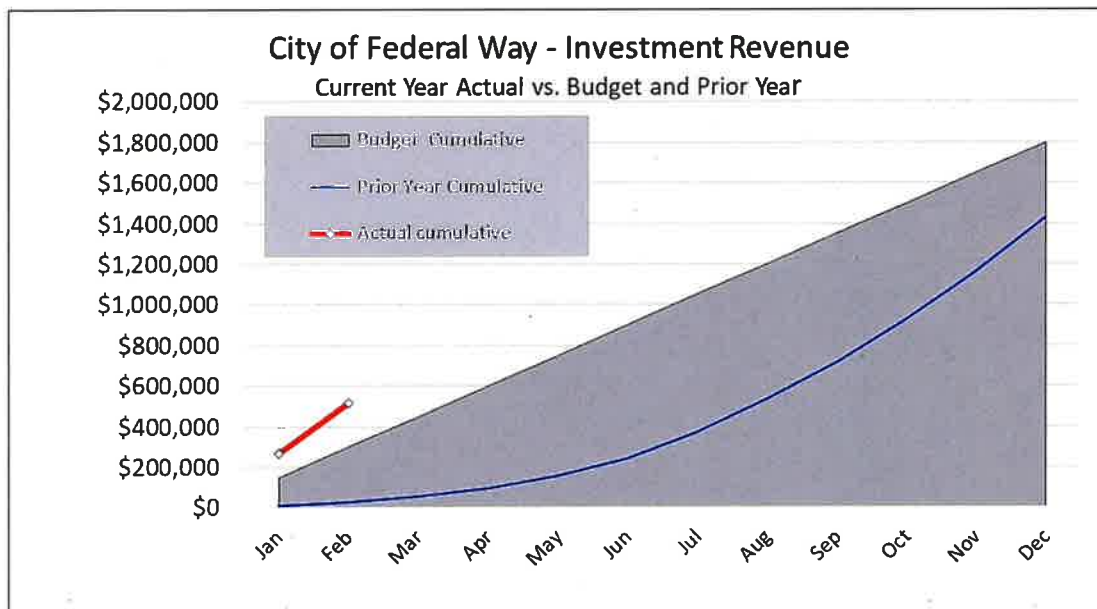
This monthly report of all investment transactions to the city council via FEDRAC complies with RCW 35.39.032. The following pages provide a summary of the current investment portfolio holdings and the individual transactions and activity during the month.

**Portfolio Yield:** At month-end, the City's total weighted average yield was 2.9%. The City's position in LGIP was \$49.9 million with a 3.76% yield and the laddered portfolio was \$50 million with a 2.0% yield.

	Face Value	Cost	Yield %	Annual Yield \$
City Portfolio:	53,000,000	48,874,655	2.161%	1,145,250
State Investment Pool:	39,893,072	39,893,072	2.875%	1,147,123
Total:	\$ 92,893,072	\$ 88,767,726	2.468%	\$ 2,292,373

## Interest Revenue Compared to Budget and Prior Year

Year-to-date interest revenue through February of \$515,000 exceeds budget of \$300,000 by \$215,000 or 72% and exceeds prior year by \$487,000 or 1,845%. Interest for the month was \$246,000.



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 02/01/2023 - 02/28/2023

**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	(3,936,930.70)
Deliveries	0.00
Principal Reversals	0.00
Interest	102,850.00
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
<b>Net Activity</b>	<b>(2,834,080.70)</b>

Your Sales Representative is: SAFEKEEPING OPERATIONS  
(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	32,838,938.71	31,888,462.00
US Government Agency Securities	19,000,000.00000	19,000,000.00000	18,993,800.00	18,347,258.00
<b>Total Custody Holdings</b>	<b>53,000,000.00000</b>	<b>53,000,000.00000</b>	<b>51,832,738.71</b>	<b>50,235,720.00</b>

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.

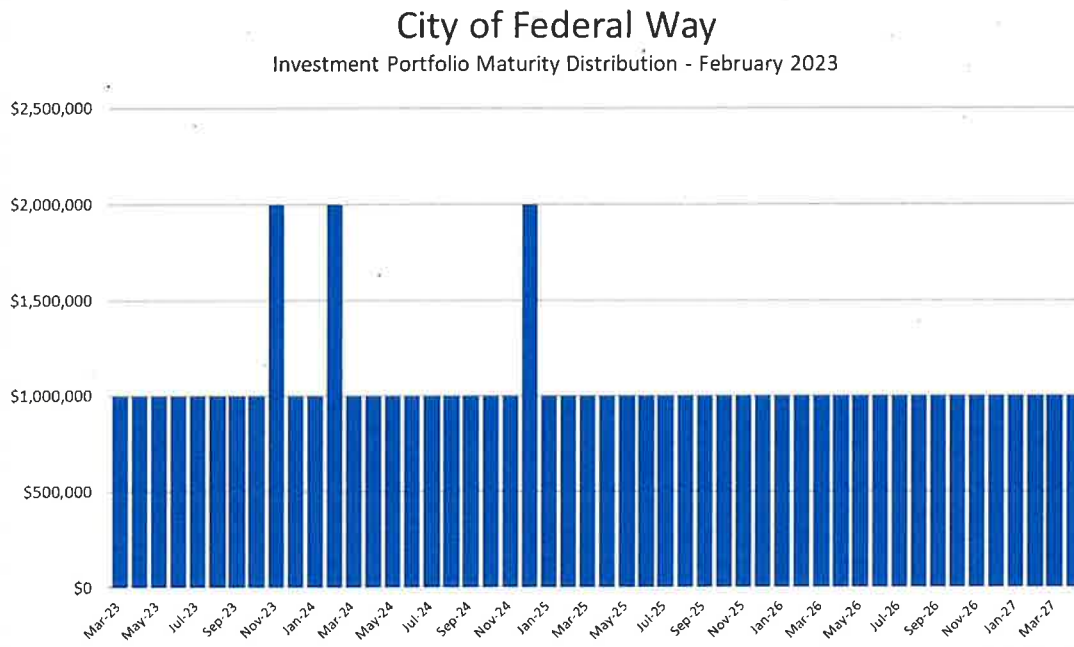
**Maturities:** During the month, the following investment matured:

- 2021-027 US Treasury **\$1,000,000**, matured Feb. 2022, **yielding 1.83%**

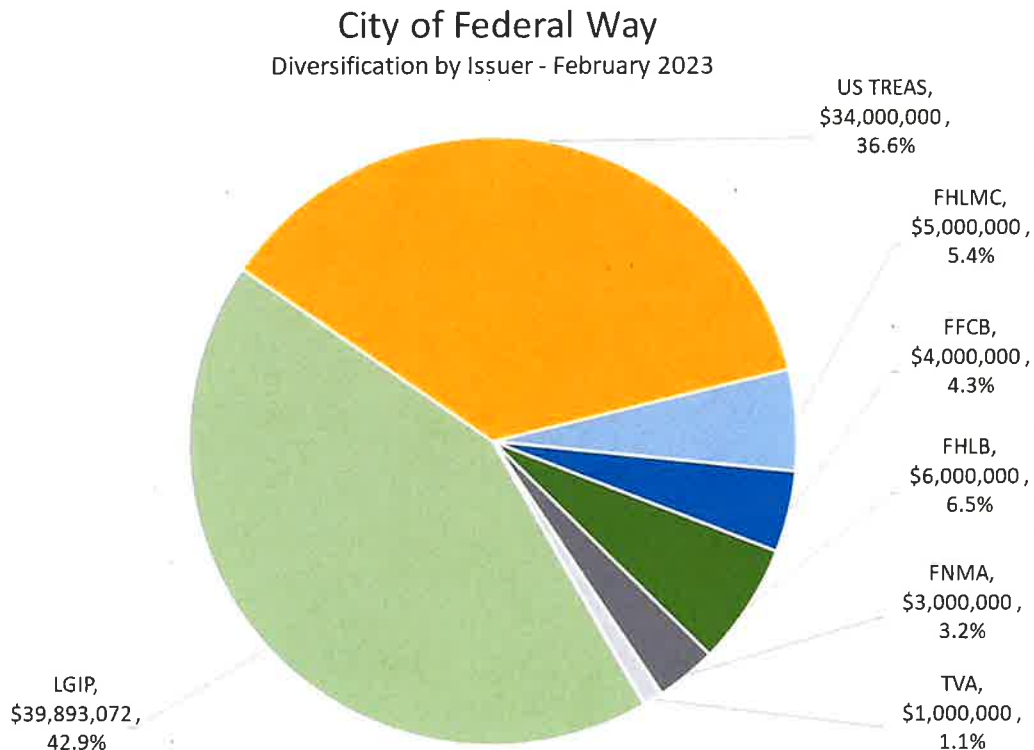
**Purchases:** During the month, the following investment was purchased, maximizing yield at the time of purchase for the maturity date being filled, having first assured safety and liquidity of the entire portfolio (see addendum for complete rationale):

- 2021-054 US Treasury **\$1,000,000**, matures Mar. 2027, **yielding 3.63%**
- 2023-055 US Treasury **\$1,000,000**, matures Apr. 2027, **yielding 3.90%**
- 2023-056 US Treasury **\$1,000,000**, matures Nov., 2023, **yielding 5.08%**
- 2023-057 US Treasury **\$1,000,000**, matures Feb. 2024, **yielding 5.23%**
- 2023-058 FHLB **\$1,000,000**, matures Dec. 2024, **yielding 5.05%**

The maturity distribution of the laddered portion of the portfolio shows that \$1-2 million will mature each month for the next 50 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	<b>HOLDINGS AS OF 02/28/2023 - USD</b>	Page	4
Acct Number: XXXXXXXX033			

<b>CUSTODY</b>	<b>Security ID</b>	<b>Rate</b>	<b>Description</b>	<b>Par/Shares</b>	<b>Principal Cost</b>	<b>Market Value</b>
<b>Maturity</b>	<b>Ticket</b>	<b>Acq Date</b>		<b>Original Face</b>		<b>NAV</b>
Treasury Obligations						
03/31/2023	91282C8U4 392223281	.125 04/22	U S TREASURY NOTE .125 NOTE 23	1,000,000.00 1,000,000.00	984,218.75	996,130.00
05/15/2023	912828VB3 392222870	1.750 03/22	U.S. Treasury Notes 912828VB3 5/15/23	1,000,000.00 1,000,000.00	1,000,898.44	993,582.00
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	979,883.00
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	987,109.00
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	969,141.00
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	966,328.00
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	976,602.00
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	967,344.00
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	962,070.00
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	939,609.00
09/15/2024	91282CCX7 392219201	.375 10/21	U S TREASURY NOTE .375 NOTE 9/15/2024	1,000,000.00 1,000,000.00	995,898.44	931,719.00



Acct Name: CITY OF FEDERAL WAY	HOLDINGS AS OF 02/28/2023 - USD	Page 5
Acct Number: XXXXXX033		

CUSTODY Maturity	Security ID Ticket	Rate Acq Date	Description	Par/Shares Original Face	Principal Cost	Market Value 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	932,695.00
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	931,719.00
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	937,266.00
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	916,289.00
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	911,016.00
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	905,664.00
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	903,906.00
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	901,094.00
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	893,125.00
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	983,828.13	950,781.00
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	949,492.00
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	937,070.00

Acct Name: CITY OF FEDERAL WAY	HOLDINGS AS OF 02/28/2023 - USD	Page 6
Acct Number: XXXXXX033		

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	891,211.00
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	888,789.00
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	890,859.00
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	920,508.00
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	888,240.00	890,703.00
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	919,180.00
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	893,203.00
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	898,594.00
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	1,082,539.00
03/31/2027	91282CEF4 392225993	2.500 01/23	U.S. TREASURY NOTES 2.50 NOTE 2027	1,000,000.00 1,000,000.00	956,406.25	932,148.00
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	941,094.00
Treasury Obligations Total				34,000,000.00000 34,000,000.00000	32,838,938.71	31,888,462.00

US Government Agency Securities

Acct Name: CITY OF FEDERAL WAY  
Acct Number: XXXXXX033

**HOLDINGS AS OF 02/28/2023 - USD**

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<b>CUSTODY</b> Maturity	Security ID Ticket	Rate Acq Date	Description	Par/Shares Original Face	Principal Cost	Market Value NAV
04/20/2023	3137EAEQ8 392222986	.375 03/22	FEDERAL HOME LOAN MTG CORP 04/20/2023	1,000,000.00 1,000,000.00	985,471.00	993,867.00
06/19/2023	3137EAEV5 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	993,381.00
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	976,746.00
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	966,827.00
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	964,759.00
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	974,529.00
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	998,704.00
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	970,761.00
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	956,314.00
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	949,492.00
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	927,457.00
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	992,755.00

Acct Name: CITY OF FEDERAL WAY  
Acct Number: XXXXXX033

**HOLDINGS AS OF 02/28/2023 - USD**

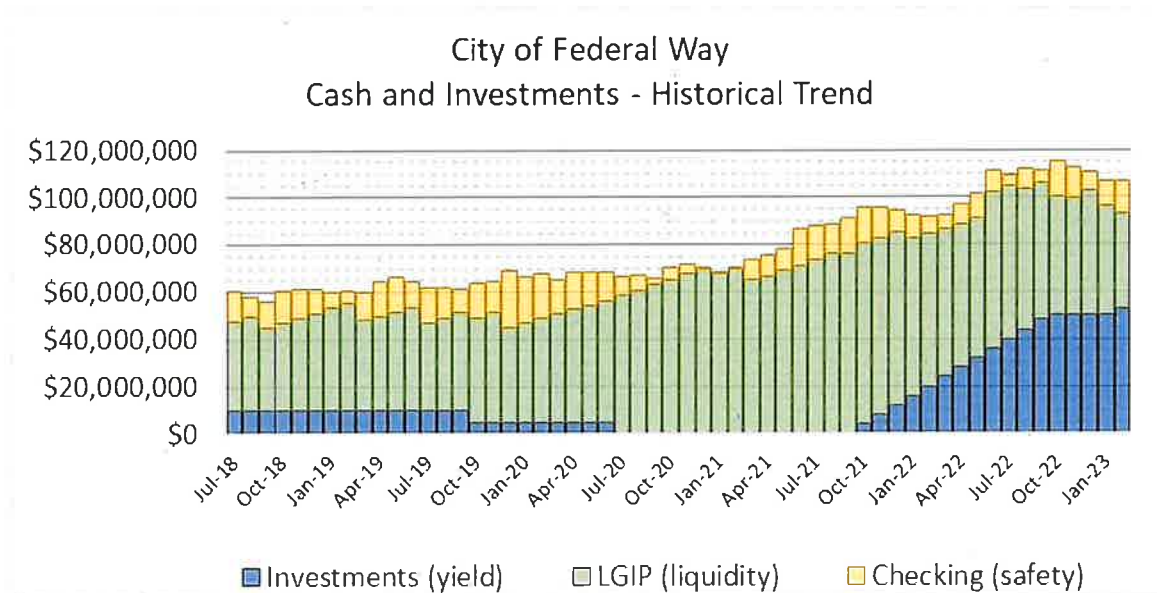
Page 8

<b>CUSTODY</b> Maturity	Security ID Ticket	Rate Acq Date	Description	Par/Shares Original Face	Principal Cost	Market Value NAV
02/12/2025	3137EAEPO 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	938,485.00
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	899,338.00
09/23/2025	3137EAEV3 751014307	.375 06/22	FEDERAL HOME LOAN MTG CORP 09/23/2025	1,000,000.00 1,000,000.00	915,848.00	897,611.00
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	1,052,968.00
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	965,737.00
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	951,024.00
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	976,503.00
<b>US Government Agency Securities Total</b>				<b>19,000,000.00000</b>	<b>18,993,800.00</b>	<b>18,347,258.00</b>
<b>Total Custody Holdings</b>				<b>53,000,000.00000</b>	<b>51,832,738.71</b>	<b>50,235,720.00</b>

### Cash Balance and Investment Positions:

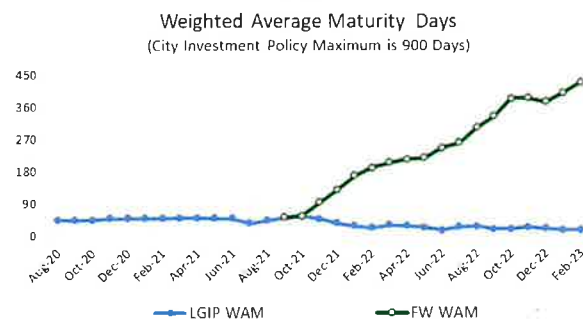
The City's cash balance trend is shown below:

- Total cash decreased from \$106.83 million in Jan. to \$106.79 million at end of Feb.
- Laddered investments increased from \$50 to \$53 million.
- The LGIP Investment Pool position decreased from \$46.3 million to \$39.9 million.

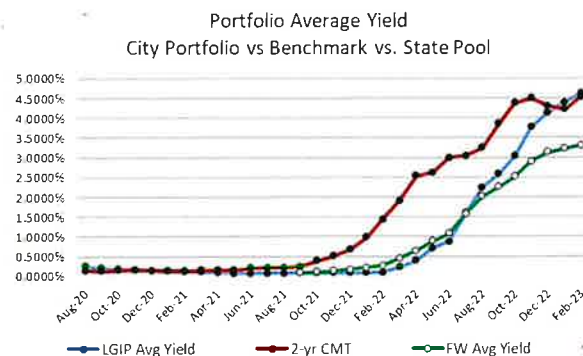


### Benchmark and Portfolio

Weighted Average Maturity (WAM) of the City's portfolio, including position in LGIP, is 428 days, and within the City's Investment Policy limit of 2.5 years or 900 days. The LGIP State Pool WAM was 15 days in February.



Average Yield of the City's portfolio was 3.3%, compared to 4.5% for the 2-year Constant Maturity Treasury index and 4.6% for the LGIP.



**Addendum – Investment Rationale**
**Staff Review of Investment Rationale**

Date: January 20, 2023

**Investment # 2023-054 is a 4-year US Treasury (T), face value \$1,000,000, maturing March 31, 2027, 2.5000% coupon purchased at 95.64 (discount) to yield 3.63%. This trade settles January 23, 2023 with Wedbush Securities, US Bank Safekeeping, replacing the \$1,000,000 US Treasury maturing January 31, 2023 that yielded 1.60%.**

**Liquidity:** At December 31<sup>st</sup> month-end, total city cash was \$111.0 million, checking account balance was \$8.4 million (target minimum is \$8 Million), investment portfolio was \$50.0 million (target is \$50 million for Treasuries and Agencies). State LGIP investment pool balance was \$52.6 million (target minimum is \$20 million, excluding unspent ARPA).

**Safety:** This purchase is a debt issue of the Federal government, equivalent to Aaa/AA+ rating by Moody's and S&P.

**Yield.** Yield is 3.63%. *This investment is 69 basis points below LGIP.* Comparable yields evaluated at time of purchase were:

LGIP current 30-day yield	4.32%	www.secureaccess.wa.gov
2-year Treasury	4.18%	Bloomberg.com
Same maturity Agency	None available	Broker live inquiry
Same-maturity Corporate	None available	Broker live inquiry
5-year Treasury	3.56%	Bloomberg.com

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

**Diversification.** This purchase keeps this issuer to 33.0% of total portfolio.

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

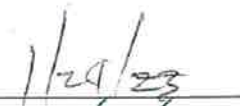
**Outlook.** The yield curve has been falling slightly in the 4- to 5-year range; the 2-year at 4.18%, then slightly inverted to the 5-year at 3.56%, the 10-year at 3.48%. The Federal Reserve Bank last executed a 0.50% rate hike on Dec. 14<sup>th</sup> as inflationary measures and great uncertainty remains over inflation, money supply and Fed moves.

**Staff review:**

Deputy Finance Director:



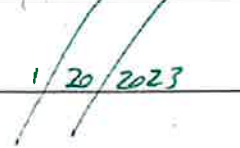
Date



Finance Director:



Date





## Staff Review of Investment Rationale

Date: February 7, 2023

**Investment # 2023-055 is a 4-year US Treasury (T), face value \$1,000,000, maturing April 28, 2027, 2.7500% coupon purchased at 95.55 (discount) to yield 3.90%. This trade settles February 08, 2023 with Wedbush Securities, US Bank Safekeeping, replacing the \$1,000,000 US Treasury maturing February 28, 2023 that yielded 1.83%.**

**Liquidity:** At January 31<sup>st</sup> month-end, total city cash was \$106.8 million, checking account balance was \$10.6 million (target minimum is \$8 Million), investment portfolio was \$50.0 million (target is \$50 million for Treasuries and Agencies). State LGIP investment pool balance was \$46.3 million (target minimum is \$20 million, excluding unspent ARPA).

**Safety:** This purchase is a debt issue of the Federal government, equivalent to Aaa/AA+ rating by Moody's and S&P.

**Yield.** Yield is 3.90%. *This investment is 51 basis points below LGIP.* Comparable yields evaluated at time of purchase were:

LGIP current 30-day yield	4.41%	www.secureaccess.wa.gov
2-year Treasury	4.46%	Bloomberg.com
Same maturity Agency	None available	Broker live inquiry
Same-maturity Corporate	None available	Broker live inquiry
5-year Treasury	3.81%	Bloomberg.com

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

**Diversification.** This purchase puts this issuer at 34.3% of total portfolio.

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

**Outlook.** The yield curve has been falling slightly in the 4- to 5-year range; the 2-year at 4.46%, then slightly inverted to the 5-year at 3.81%, the 10-year at 3.65%. The Federal Reserve Bank last executed a 0.50% rate hike on Dec. 14<sup>th</sup> as inflationary measures and great uncertainty remains over inflation, money supply and Fed moves.

**Staff review:**Deputy Finance Director: Date: 2/7/23Finance Director: Date: 2/7/2023

## Staff Review of Investment Rationale

Date: February 24, 2023

**Investment # 2023-056 is a 9-month US Treasury (T), face value \$1,000,000, maturing November 30, 2023, 0.5000% coupon purchased at 96.64 (discount) to yield 5.08%. This trade settles February 27, 2023 with Wedbush Securities, US Bank Safekeeping, reducing the City's position in LGIP locking in 5% yield.**

**Liquidity:** At January 31<sup>st</sup> month-end, total city cash was \$106.8 million, checking account balance was \$10.6 million (target minimum is \$8 Million), investment portfolio was \$50.0 million (target is \$60 million for Treasuries and Agencies). State LGIP investment pool balance was \$46.3 million (target minimum is \$20 million, excluding unspent ARPA).

**Safety:** This purchase is a debt issue of the Federal government, equivalent to Aaa/AA+ rating by Moody's and S&P.

**Yield.** Yield is 5.08%. *This investment is 53 basis points above LGIP.* Comparable yields evaluated at time of purchase were:

LGIP current 30-day yield	4.55%	<a href="http://www.secureaccess.wa.gov">www.secureaccess.wa.gov</a>
2-year Treasury	4.81%	Bloomberg.com
Same maturity Agency	None available	Broker live inquiry
5-year Treasury	4.22%	Bloomberg.com

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

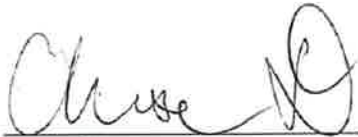
**Diversification.** This purchase puts this issuer at 34.3% of total portfolio.

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

**Outlook.** The yield curve has been rising very slightly with peak yield around 1 year: the 2-year at 4.81%, then slightly inverted to the 5-year at 4.22%, the 10-year at 3.96%. The Federal Reserve Bank last executed a 0.25% rate hike on Feb. 1<sup>st</sup> as inflationary measures and great uncertainty remains over inflation, money supply and Fed moves.

**Staff review:**

Deputy Finance Director:



Date

2/28/23

Finance Director:



Date

2/24/23

## Staff Review of Investment Rationale

Date: February 24, 2023

**Investment # 2023-057 is a 12-month Federal Home Loan Bank (FHLB), face value \$1,000,000, maturing February 27, 2024, 5.1250% coupon purchased at 99.90 (discount) to yield 5.23%. This trade settles February 27, 2023 with Wedbush Securities, US Bank Safekeeping, reducing the City's position in LGIP locking in 5% yield.**

**Liquidity:** At January 31<sup>st</sup> month-end, total city cash was \$106.8 million, checking account balance was \$10.6 million (target minimum is \$8 Million), investment portfolio was \$50.0 million (target is \$60 million for Treasuries and Agencies). State LGIP investment pool balance was \$46.3 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 5.23%. *This investment is 68 basis points above LGIP.* Comparable yields evaluated at time of purchase were:

LGIP current 30-day yield	4.55%	<a href="http://www.secureaccess.wa.gov">www.secureaccess.wa.gov</a>
2-year Treasury	4.81%	Bloomberg.com
Same maturity Treasury	5.09%	Broker live inquiry
5-year Treasury	4.22%	Bloomberg.com

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

**Diversification.** This purchase puts this issuer at 6.0% of total portfolio.

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

**Outlook.** The yield curve has been rising very slightly with peak yield around 1 year: the 2-year at 4.81%, then slightly inverted to the 5-year at 4.22%, the 10-year at 3.96%. The Federal Reserve Bank last executed a 0.25% rate hike on Feb. 1<sup>st</sup> as inflationary measures and great uncertainty remains over inflation, money supply and Fed moves.

**Staff review:**

Deputy Finance Director: Date: 2/28/23Finance Director: Date: 2/24/23

**Staff Review of Investment Rationale**

Date: February 24, 2023

**Investment # 2023-058** is a 19-month Federal Home Loan Bank (FHLB), face value \$1,000,000, maturing December 13, 2024, 4.6250% coupon purchased at 99.27 (discount) to yield 5.05%. This trade settles February 27, 2023 with Wedbush Securities, US Bank Safekeeping, reducing the City's position in LGIP locking in 5% yield.

**Liquidity:** At January 31<sup>st</sup> month-end, total city cash was \$106.8 million, checking account balance was \$10.6 million (target minimum is \$8 Million), investment portfolio was \$50.0 million (target is \$60 million for Treasuries and Agencies). State LGIP investment pool balance was \$46.3 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 5.05%. *This investment is 50 basis points above LGIP.* Comparable yields evaluated at time of purchase were:

LGIP current 30-day yield	4.55%	<a href="http://www.secureaccess.wa.gov">www.secureaccess.wa.gov</a>
2-year Treasury	4.81%	Bloomberg.com
Same maturity Agency	None available	Broker live inquiry
5-year Treasury	4.22%	Bloomberg.com

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

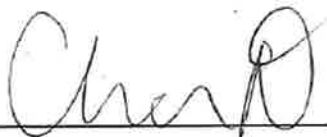
**Diversification.** This purchase puts this issuer at 6.0% of total portfolio.

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

**Outlook.** The yield curve has been rising very slightly with peak yield around 1 year: the 2-year at 4.81%, then slightly inverted to the 5-year at 4.22%, the 10-year at 3.96%. The Federal Reserve Bank last executed a 0.25% rate hike on Feb. 1<sup>st</sup> as inflationary measures and great uncertainty remains over inflation, money supply and Fed moves.

**Staff review:**

Deputy Finance Director:



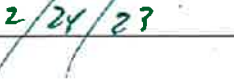
Date



Finance Director:



Date





COUNCIL MEETING DATE: April 04, 2023

ITEM #:

# CITY OF FEDERAL WAY

## CITY COUNCIL

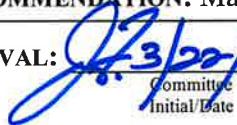

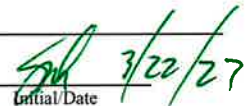
### AGENDA BILL

**SUBJECT: FEBRUARY 2023 MONTHLY FINANCIAL REPORT****POLICY QUESTION:** Should the Council approve the February 2023 Monthly Financial Report?**COMMITTEE:** FINANCE, ECONOMIC DEVELOPMENT AND REGIONAL AFFAIRS COMMITTEE (FEDRAC)**MEETING DATE:** Mar. 28, 2023**CATEGORY:**

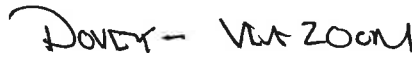
- |   |  |  |
|---|--|--|
| <input checked="" type="checkbox"/> <b>Consent</b>    | <input type="checkbox"/> <b>Ordinance</b>  | <input type="checkbox"/> <b>Public Hearing</b> |
| <input type="checkbox"/> <b>City Council Business</b> | <input type="checkbox"/> <b>Resolution</b> | <input type="checkbox"/>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

**STAFF REPORT BY:** Steve Groom, Finance Director**DEPT:** Finance**Attachments:** February 2023 Monthly Financial Report**Options to Consider:**

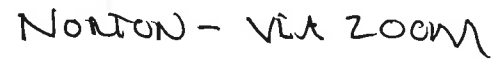
1. Approve the February 2023 Monthly Financial Report as presented
2. Deny approval of the February 2023 Monthly Financial Report and provide direction to staff

**MAYOR'S RECOMMENDATION:** Mayor recommends approval of Option 1.**MAYOR APPROVAL:**
  
Committee  
Initial/Date
  
Council  
Initial/Date
**DIRECTOR APPROVAL:**
  
Initial/Date
**COMMITTEE RECOMMENDATION:** *I move to forward the February 2023 Monthly Financial Report to the April 4, 2023 consent agenda for approval.*


Hoang Tran, Committee Chair



Jack Dovey, Committee Member



Erica Norton, 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** @04/04/2023
- ☐ **DENIED**
- ☐ **TABLED/DEFERRED/NO ACTION**
- ☐ **MOVED TO SECOND READING** (*ordinances only*)
- REVISED – 1/2022

**COUNCIL BILL #**

First reading

Enactment reading

**ORDINANCE #****RESOLUTION #**