

DATE: July 25, 2023

TO: Mayor and City Council
Management Team

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

SUBJECT: Monthly Financial Report

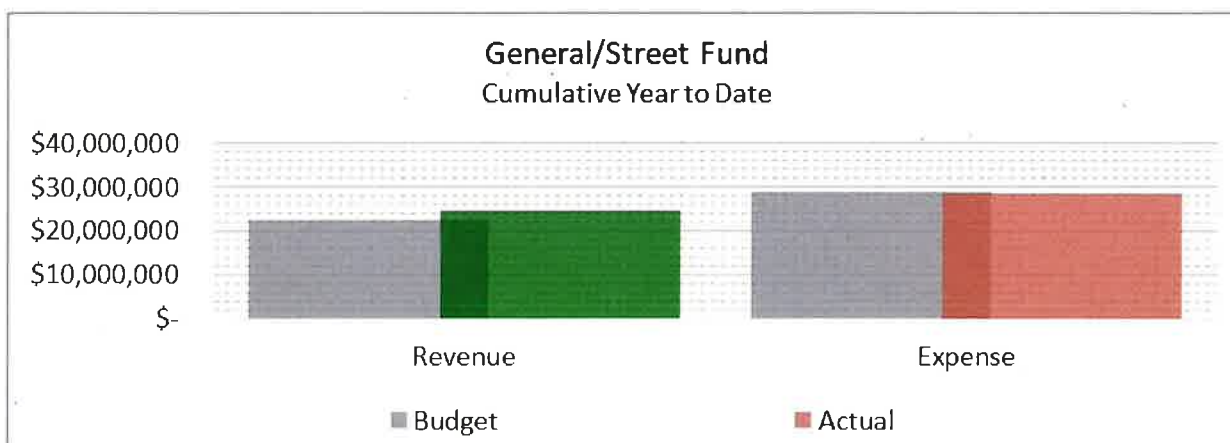
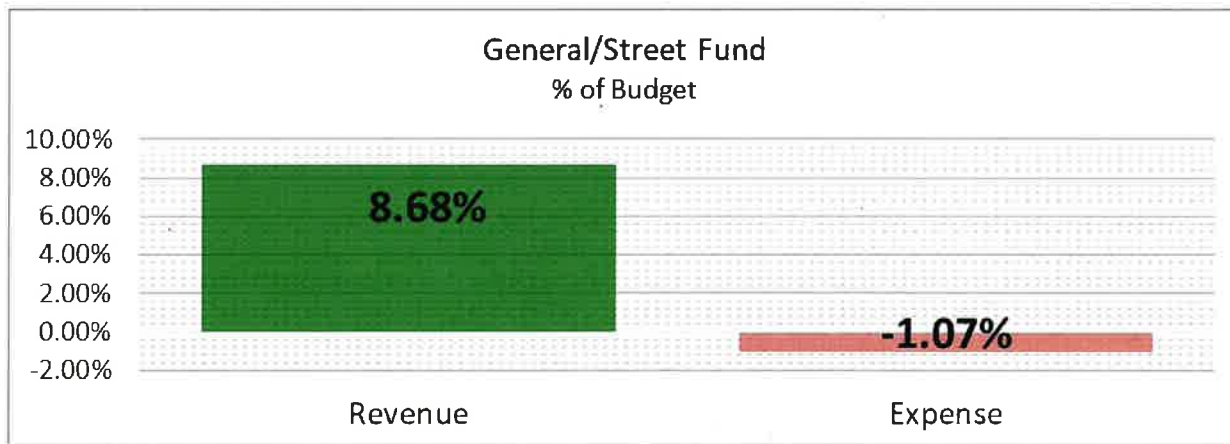
This report is to brief you on monthly and year-to-date (YTD) revenues and expenses, compared to budget and prior year, on the city's cash and fund balance positions, and on the monthly investment performance, transactions and current holdings.

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 \$22.64M by \$1.97M or (8.7%).

Expenditures & Transfers Out are **favorable** to YTD budget of \$28.99M by \$0.31M or 1.1% 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, \$0.54M or 6.9% above 2023 YTD budget, and \$0.89M or 11.9% above 2022 YTD collections. Retail sales and services are \$183K above 2022 YTD collections. This is an indicator of the health of the local economy.
- CD Permits & Fees revenue is trending favorably, \$0.94M or 51.4% above 2023 YTD budget, and \$1.15M or 71.0% above 2022 YTD collections.
- Total Expenditures & Transfer Out is below YTD budget by \$0.31M, but \$1.54M or 5.7% 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 | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|-------------------------|-------------|
| | 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 | \$27,859,856 | \$27,859,856 | \$ 27,709,986 | n/a | n/a |
| Revenues: | | | | | | | | |
| Covid-19/American Rescue Plan (ARPA) Grants | 9,608,443 | 9,608,443 | 9,608,443 | - | - | - | - | n/a |
| Sales Tax | 18,349,755 | 19,204,963 | 7,444,901 | 19,886,555 | 7,796,546 | 8,333,338 | 536,792 | 6.9% |
| Property Taxes | 11,357,280 | 11,590,675 | 6,238,686 | 11,762,933 | 6,331,404 | 6,242,016 | (89,388) | -1.4% |
| State Shared Revenue | 3,022,000 | 3,126,093 | 1,131,049 | 3,153,260 | 1,140,879 | 1,185,009 | 44,130 | 3.9% |
| CD Permits & Fees | 2,564,111 | 4,040,385 | 1,617,200 | 4,052,070 | 1,826,824 | 2,765,531 | 938,707 | 51.4% |
| Business License Fees | 622,000 | 724,126 | 370,501 | 652,900 | 365,874 | 399,216 | 33,342 | 9.1% |
| Admissions Tax | 306,513 | 834,953 | 183,175 | 339,265 | 169,633 | 181,717 | 12,084 | 7.1% |
| Other Revenues | 11,678,849 | 12,440,091 | 4,270,766 | 12,849,314 | 5,012,980 | 5,503,832 | 490,852 | 9.8% |
| Transfers in from Other Funds to support operations | 7,356,718 | 7,268,912 | 4,005,912 | 8,119,085 | - | - | - | n/a |
| Total Revenues & Transfer In | 64,865,669 | 68,838,642 | 34,870,632 | 60,815,381 | 22,644,139 | 24,610,658 | 1,966,519 | 8.7% |
| Total Expenditures & Transfer Out | 76,102,125 | 62,467,985 | 27,146,885 | 78,620,929 | 28,994,373 | 28,683,607 | 310,766 | 1.1% |
| Total Ending Fund Balance | \$10,102,874 | \$27,709,986 | \$29,063,076 | \$10,054,308 | \$21,509,622 | \$ 23,637,037 | n/a | n/a |

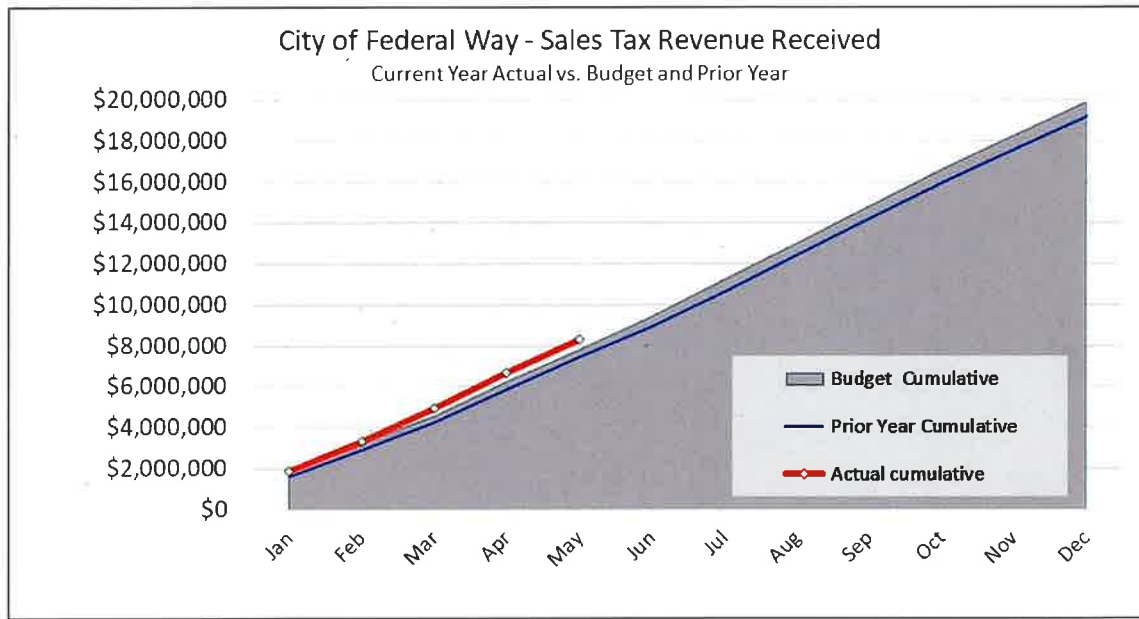
Other Fund Highlights

- Utility Tax revenue is trending favorably, \$0.92M or 12.2% above 2023 YTD budget, and \$0.58M or 7.4% 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 \$0.55M or 23.6% below 2023 YTD budget, and \$1.14M or 38.8% below 2022 YTD collections. This is an indicator of the Federal Way real estate market's volume and valuations.
- Expenditures & Transfer Out is favorable, \$1.62M or 11.2% below YTD budget, and \$4.36M 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 | 5,372,002 | 12,196,316 | 4,939,078 | 5,745,245 | 806,167 | 16.3% |
| Utility Tax - Prop 1 Voter Package | 3,093,312 | 3,460,473 | 1,580,355 | 3,402,436 | 1,509,643 | 1,675,936 | 166,293 | 11.0% |
| Utility Tax - Solid Waste 10% | 2,000,000 | 2,310,053 | 939,260 | 2,200,000 | 1,100,000 | 1,050,774 | (49,226) | -4.5% |
| Real Estate Excise Tax | 4,421,454 | 5,117,985 | 2,930,457 | 5,521,000 | 2,349,389 | 1,794,696 | (554,693) | -23.6% |
| Traffic Safety (Red Light/School Zone) | 2,872,442 | 3,842,343 | 2,115,880 | 3,000,000 | 1,548,726 | 2,643,553 | 1,094,827 | 70.7% |
| Hotel/Motel Lodging Tax | 150,000 | 281,845 | 98,834 | 293,000 | 107,494 | 100,909 | (6,585) | -6.1% |
| Federal Way Community Center | 1,690,875 | 1,761,950 | 710,668 | 1,930,875 | 965,438 | 703,988 | (261,450) | -27.1% |
| Performing Arts & Event Ctr Operations | 1,611,664 | 1,690,259 | 826,179 | 1,279,780 | 639,890 | 806,652 | 166,762 | 26.1% |
| Dumas Bay Centre Fund | 535,151 | 591,019 | 234,778 | 527,698 | 263,849 | 417,299 | 153,450 | 58.2% |
| Total Revenues | 26,959,192 | 30,914,819 | 14,808,413 | 30,351,105 | 13,423,506 | 14,939,051 | 1,515,545 | 11.3% |
| Expenditures & Transfers Out: | | | | | | | | |
| Utility Tax Support to Other Funds for operations | 9,734,702 | 9,837,985 | 5,024,035 | 11,551,482 | 2,172,390 | 2,172,390 | - | 0.0% |
| Utility Tax Proposition 1 operations | 4,170,275 | 4,126,995 | 1,959,602 | 4,471,873 | 2,235,937 | 1,786,835 | 449,102 | 20.1% |
| Solid Waste 10% Utility Tax - Residential Streets Overlay | 3,418,862 | 2,098,307 | 20,315 | 3,680,166 | 1,840,083 | 316,327 | 1,523,756 | 82.8% |
| Real Estate Excise Tax Support to Debt and Capital Projects | 5,989,440 | 5,989,440 | 2,783,560 | 7,055,343 | 2,223,343 | 2,223,343 | - | 0.0% |
| Traffic Safety (Red Light/School Zone) | 3,529,722 | 3,529,723 | 1,404,377 | 3,846,735 | 1,923,368 | 1,358,444 | 564,924 | 29.4% |
| Hotel/Motel Lodging Tax | 155,000 | 20,598 | 12,485 | 65,000 | 32,500 | 18,500 | 14,000 | 43.1% |
| Jail Fund Services | 2,644,584 | 2,871,371 | 759,372 | 2,500,000 | 1,250,000 | 1,734,639 | (484,639) | -38.8% |
| Federal Way Community Center | 2,756,334 | 2,590,528 | 1,093,741 | 2,279,893 | 1,139,947 | 1,386,251 | (246,304) | -21.6% |
| Performing Arts & Event Ctr Operations | 2,631,641 | 2,631,378 | 1,258,026 | 2,483,359 | 1,241,680 | 1,413,221 | (171,542) | -13.8% |
| Dumas Bay Centre Fund | 1,000,110 | 845,470 | 349,719 | 764,097 | 382,048 | 406,923 | (24,875) | -6.5% |
| Total Expenditures & Transfers Out | 36,030,671 | 34,541,794 | 14,665,233 | 38,697,948 | 14,441,294 | 12,816,873 | 1,624,422 | 11.2% |
| Ending Fund Balance | | | | | | | | |
| Utility Tax (non-Prop 1) | 3,385,633 | 4,646,109 | 3,831,230 | 4,789,743 | - | 8,218,965 | n/a | n/a |
| Utility Tax - Prop 1 Voter Package | 1,263,680 | 1,571,054 | 1,000,633 | 1,000,442 | - | 1,460,155 | n/a | n/a |
| Utility Tax - Solid Waste 10% | - | 1,632,240 | 2,339,539 | 152,012 | - | 2,366,686 | n/a | n/a |
| Real Estate Excise Tax Fund | 2,546,600 | 3,217,658 | 4,236,534 | 1,682,412 | - | 2,789,011 | n/a | n/a |
| Traffic Safety Fund | 2,124,096 | 2,493,443 | 2,846,861 | 1,598,570 | - | 3,778,552 | n/a | n/a |
| Hotel/Motel Lodging Tax | 1,605,161 | 1,868,015 | 1,691,133 | 2,095,690 | - | 1,950,424 | n/a | n/a |
| Jail Fund | - | 7,260 | (1) | 0 | - | 24 | n/a | n/a |
| Federal Way Community Center | 1,500,393 | 1,737,273 | 1,500,000 | 2,256,820 | - | 1,500,000 | n/a | n/a |
| Performing Arts & Event Ctr Operations | 873,587 | 873,936 | 441,743 | 778,055 | - | 267,367 | n/a | n/a |
| Dumas Bay Centre Fund | 1,500,001 | 1,710,510 | 1,500,000 | 2,101,965 | - | 1,720,885 | n/a | n/a |
| Total Ending Fund Balance | \$ 14,799,148 | \$ 19,757,498 | \$ 19,387,672 | \$ 16,455,710 | \$ - | \$ 24,052,070 | n/a | n/a |

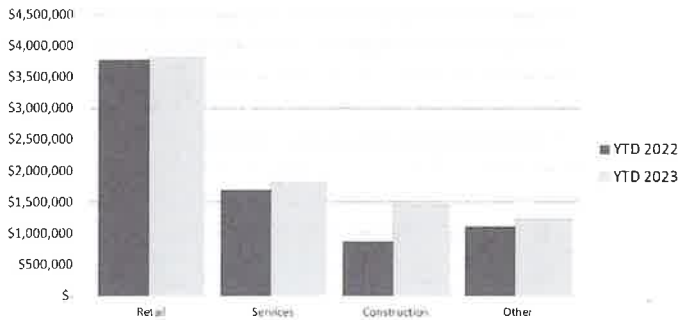
Sales Tax

Revenues are favorable to 2023 YTD budget by \$0.54M or 6.9% and above 2022 YTD actual by \$0.89M or 11.9%. 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.

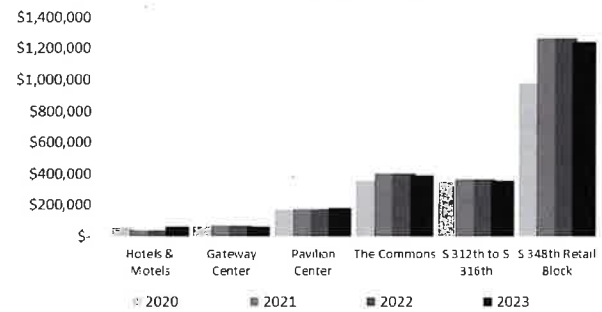


| LOCAL RETAIL SALES TAX REVENUES | | | | | | | |
|---------------------------------|----------------------|----------------------|---------------------|-------------------------|--------------|----------------------|-------------|
| YTD June | | | | | | | |
| Month | 2022 Actual | 2023 | | Favorable/(Unfavorable) | | | |
| | | 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 | 1,547,662 | 1,622,066 | 65,655 | 4.2% | 74,404 | 4.8% |
| Jun | 1,534,290 | 1,632,597 | - | - | - | - | - |
| Jul | 1,679,199 | 1,803,706 | - | - | - | - | - |
| Aug | 1,785,214 | 1,785,855 | - | - | - | - | - |
| Sep | 1,757,829 | 1,757,313 | - | - | - | - | - |
| Oct | 1,721,219 | 1,808,330 | - | - | - | - | - |
| Nov | 1,649,918 | 1,660,036 | - | - | - | - | - |
| Dec | 1,632,393 | 1,642,173 | - | - | - | - | - |
| YTD Total | \$ 7,444,901 | \$ 7,796,546 | \$ 8,333,338 | \$ 888,438 | 11.9% | \$ 536,792 | 6.9% |
| Annual Total | \$ 19,204,963 | \$ 19,886,555 | n/a | n/a | n/a | n/a | n/a |

City of Federal Way
Sales Tax Revenue Comparison by Group



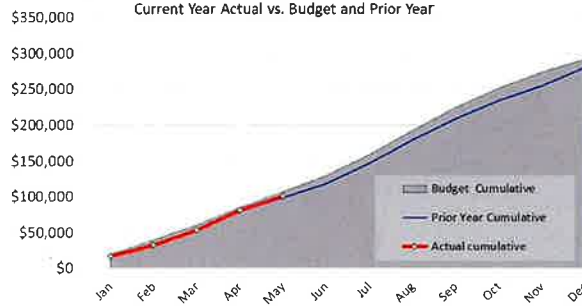
City of Federal Way
YTD Sales Tax Revenue Comparison by Location



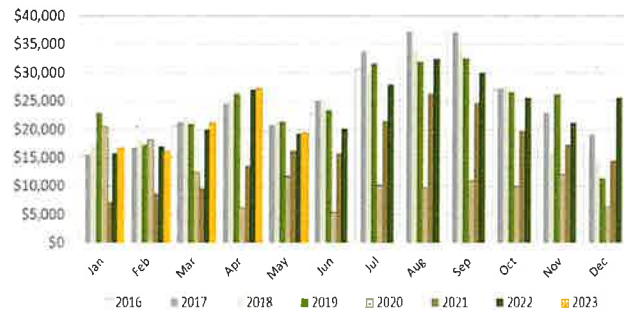
Hotel/Motel Lodging Tax

Revenues are unfavorable to 2023 YTD budget by \$6.6K or 6.1% but above 2022 YTD actuals by \$2.1K. 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



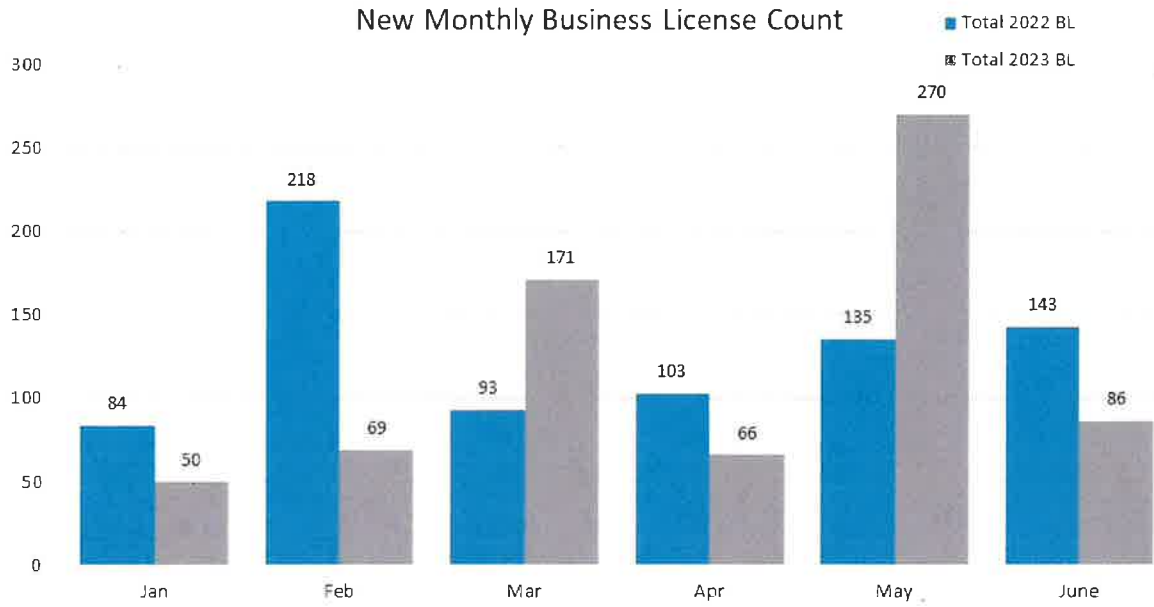
City of Federal Way
Historical Lodging Tax Remittances by Month



| HOTEL/MOTEL LODGING TAX REVENUES | | | | | | | |
|----------------------------------|-------------------|-------------------|-------------------|-------------------------|-------------|----------------------|--------------|
| Year-to-date thru June | | | | | | | |
| 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 | 19,444 | 207 | 1.1% | (2,784) | -12.5% |
| 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 | \$ 98,834 | \$ 107,494 | \$ 100,909 | \$ 2,075 | 2.1% | \$ (6,585) | -6.1% |
| 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 \$33K or 9.1% and above 2022 YTD actual by \$29K or 7.8%.



*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 | 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 | 76,843 | 5,982 | 8.4% | 5,495 | 7.7% |
| 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 | \$ 370,501 | \$ 365,874 | \$ 399,216 | 28,715 | 7.8% | 33,342 | 9.1% |
| 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 \$0.94M or 51.4% and above 2022 YTD actual by \$1.1M or 71.0%.

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 June | | | | | | | |
| 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 | 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 | 321,761 | 357,167 | 29,614 | 9.0% | 35,406 | 11.0% |
| Jul | 184,861 | 323,350 | - | - | - | - | - |
| Aug | 420,209 | 417,414 | - | - | - | - | - |
| Sept | 441,542 | 371,121 | - | - | - | - | - |
| Oct | 412,259 | 390,151 | - | - | - | - | - |
| Nov | 476,608 | 368,832 | - | - | - | - | - |
| Dec | 487,707 | 354,377 | - | - | - | - | - |
| YTD Total | \$ 1,617,200 | \$ 1,826,824 | \$ 2,765,531 | \$ 1,148,331 | 71.0% | \$ 938,707 | 51.4% |
| Annual Total | \$ 4,040,385 | \$ 4,052,069 | n/a | n/a | n/a | n/a | n/a |

Real Estate Excise Tax

Revenues are unfavorable to 2023 YTD budget by \$0.55M or 23.6% and below 2022 YTD actual by \$1.14M or 38.8%. June 2023 activities include 132 real estate transactions. There were 129 taxable residential sales (total sales \$60.7M / \$301K tax) and four commercial sales.

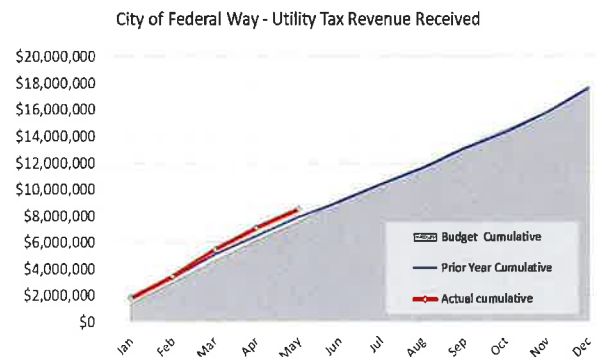
| REAL ESTATE EXCISE TAX REVENUES | | | | | | | |
|---------------------------------|---------------------|---------------------|------------------|-------------------------|---------------|----------------------|---------------|
| Year-to-date thru June | | | | | | | |
| Month | 2022 Actual | 2023 | | 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 | 342,809 | (201,895) | -37.1% | (140,602) | -29.1% |
| 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 | 2,930,457 | 2,349,389 | 1,794,696 | (1,135,761) | -38.8% | (554,693) | -23.6% |
| 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 \$0.92M or 12.2% and above 2022 YTD actual by \$0.58M or 7.4%, 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 June | | | | | | | |
| 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 | 1,427,149 | 1,412,840 | 23,549 | 1.7% | (14,309) | -1.0% |
| Jun | 1,213,829 | 1,618,838 | - | - | - | - | - |
| Jul | 1,260,575 | 1,284,264 | - | - | - | - | - |
| Aug | 1,221,401 | 1,213,619 | - | - | - | - | - |
| Sept | 1,459,563 | 1,541,901 | - | - | - | - | - |
| Oct | 1,275,498 | 1,279,988 | - | - | - | - | - |
| Nov | 1,507,296 | 1,338,807 | - | - | - | - | - |
| Dec | 1,800,115 | 1,972,727 | - | - | - | - | - |
| YTD Subtotal | \$ 7,892,919 | \$ 7,550,917 | \$ 8,472,775 | \$ 579,856 | 7.3% | \$ 921,858 | 12.2% |
| Rebate | (1,305) | (2,196) | (820) | 485 | 0.0% | 1,376 | -62.7% |
| YTD Total | \$ 7,891,614 | \$ 7,548,721 | \$ 8,471,955 | \$ 580,341 | 7.4% | \$ 923,234 | 12.2% |
| Annual Total | \$ 16,992,709 | \$ 17,798,751 | n/a | n/a | n/a | n/a | n/a |

| UTILITY TAXES - by Type | | | | |
|-------------------------|---------------------|---------------------|---|-------------|
| Year-to-date thru June | | | | |
| Utility Type | 2022 Actual | 2023 Actual | Favorable/(Unfavorable) Change from 2022 | |
| | | | \$ | % |
| Electric | \$ 2,753,621 | \$ 2,763,938 | \$ 10,317 | 0.4% |
| Gas | 1,070,672 | 1,251,412 | 180,740 | 16.9% |
| Water/Sewer | 970,513 | 1,153,933 | 183,420 | 18.9% |
| Solid Waste | 727,927 | 814,349 | 86,423 | 11.9% |
| Solid Waste - 10% | 939,260 | 1,050,774 | 111,513 | n/a |
| Cable | 683,367 | 659,982 | (23,385) | -3.4% |
| Other | 747,559 | 778,387 | 30,828 | 4.1% |
| Tax Rebate | (1,305) | (820) | 485 | n/a |
| YTD Total | \$ 7,891,614 | \$ 8,471,955 | \$ 580,341 | 7.4% |



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 17 rebates for a total of \$820 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 11.0%. 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 | 1,570,837 | \$ 1,570,837 | 1,571,054 | 217 | 0.0% |
| Total Prop 1 Revenues: | 3,093,312 | \$ 3,460,691 | 3,402,436 | \$ 1,509,643 | \$ 1,675,936 | \$ 166,292 | 11.0% |
| 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 | \$ 1,487,357 | 1,295,237 | 192,120 | 12.9% |
| 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 | \$ 581,866 | 326,052 | 255,814 | 44.0% |
| Total Public Safety Improvement Costs | 3,870,898 | 3,883,307 | 4,138,447 | \$ 2,069,223 | 1,621,289 | 447,934 | 21.6% |
| Community Safety Program Costs: | | | | | | | |
| 1 Code Enforcement Officer | 109,114 | 113,446 | 120,465 | \$ 60,233 | 62,198 | (1,966) | -3.3% |
| .5 Assistant City Attorney | 85,462 | 54,895 | 94,411 | \$ 47,206 | 37,725 | 9,480 | 20.1% |
| 1 Parks Maintenance Worker I & Security | 104,802 | 75,349 | 118,550 | \$ 59,275 | 65,623 | (6,348) | -10.7% |
| Total Community Safety Improvement Costs | 299,378 | 243,689 | 333,427 | 166,713 | 165,547 | 1,166 | 0.7% |
| Total Prop 1 Expenditures: | 4,170,275 | 4,126,996 | 4,471,873 | \$ 2,235,937 | 1,786,836 | 449,100 | 20.1% |
| Total Ending Fund Balance: | \$ 1,263,679 | \$ 1,571,054 | \$ 1,000,441 | \$ 844,543 | \$ 1,460,153 | \$ (615,610) | -72.9% |

Traffic Safety – Red Light / School Zone

Revenues are above 2023 YTD budget by \$1.09M or 70.7%, and above 2022 YTD actual by \$0.53M or 24.9%.

| Traffic Safety Fund - Red Light Photo Revenue | | | | | | | |
|---|---------------------|---------------------|---------------------|-------------------------|--------------|----------------------|--------------|
| Month | 2022 Actual | 2023 | | Favorable/(Unfavorable) | | | |
| | | Budget | Actual | Change from 2022 | | YTD Actual vs Budget | |
| | | | | \$ | % | \$ | % |
| 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 | 401,659 | 35,603 | 9.7% | \$ 99,724 | 33.0% |
| 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 | \$ 2,115,880 | \$ 1,548,726 | \$ 2,643,553 | \$ 527,673 | 24.9% | \$ 1,094,827 | 70.7% |
| 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

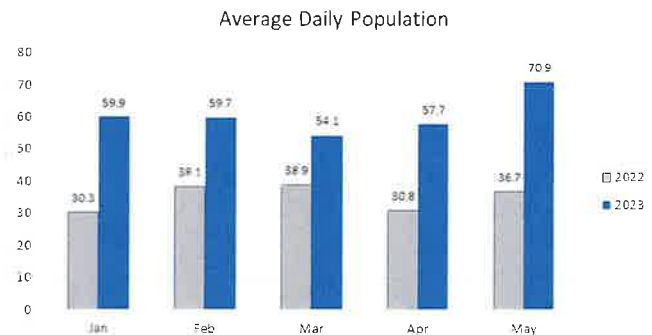
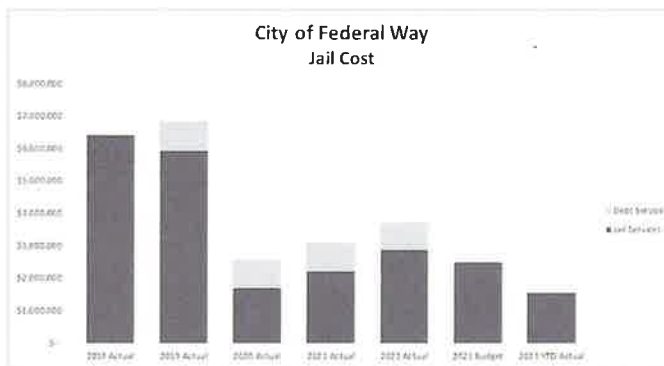
June PD overtime is on target with 2022 YTD actual.

The City's portion (unbillable) is \$0.30M or 61.2% 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 June | | | | | | | |
|--|---------------------|---------------------|-------------------|-------------------------|--------------|----------------------|--------------|
| 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 | 133,025 | (32) | 0.0% | 54,358 | 69.1% |
| 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 | 852,882 | 482,427 | 777,550 | (75,332) | -8.8% | 295,122 | 61.2% |
| Billable | 228,327 | 139,542 | 204,422 | (23,905) | -10.5% | 64,880 | 46.5% |
| YTD Total | \$ 1,081,209 | \$ 621,969 | \$ 981,972 | \$ (99,237) | -9.2% | \$ 360,003 | 57.9% |
| Billable | 193,566 | 192,835 | - | - | - | - | - |
| 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 | \$ 1,734,639 |
| Debt Service Payments for SCORE Jail | - | 889,718 | 847,566 | 851,925 | 852,425 | 851,925 | 210,963 |
| Total Jail Cost | \$6,417,479 | \$6,821,813 | \$2,560,449 | \$ 3,075,527 | \$3,723,793 | \$ 3,351,925 | \$ 1,945,602 |

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. June ADP will be available in the July 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 \$0.26M or 27.1%, and below 2022 YTD actual by \$0.01M, primarily due to slowly coming back to pre-pandemic levels, and the pool closure.

Expenditures are \$0.25M or 21.6% above 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 06/30/2023 | 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 | \$ 1,737,337 | \$ 1,737,337 | \$ 1,737,273 | n/a | n/a |
| Total Revenues | 1,690,875 | 1,761,950 | 710,668 | 1,930,875 | 965,438 | 703,988 | (261,450) | -27.1% |
| Total Expenditures | 2,756,334 | 2,590,528 | 1,093,741 | 2,279,893 | 1,139,947 | 1,386,251 | (246,304) | -21.6% |
| Revenues Over / (Under) Expenditures | (1,065,459) | (828,578) | (383,073) | (349,018) | (174,509) | (682,263) | (507,754) | 291.0% |
| Recovery Ratio | 61.3% | 68.0% | 65.0% | 84.7% | 84.7% | 50.8% | n/a | n/a |
| Total Transfer In from General Fund/Utility Tax | 1,063,227 | 1,063,227 | 380,448 | 868,501 | 434,251 | 444,989 | 10,739 | 2.5% |
| Ending Fund Balance | \$ 1,500,392 | \$ 1,737,274 | \$ 1,500,000 | \$ 2,256,820 | \$ 1,997,079 | \$ 1,500,000 | \$ (497,079) | -24.9% |
| Debt Service Payments | 820,123 | 820,423 | 820,423 | 822,123 | 111,061 | 111,061 | - | 0.0% |
| Debt Service Refunding | - | - | - | - | - | - | - | n/a |
| Total FWCC Cost | \$ 3,576,457 | \$ 3,410,951 | \$ 1,914,164 | \$ 3,102,016 | \$ 1,251,008 | \$ 1,497,312 | \$ (246,304) | -19.7% |
| Total City Support | \$ 1,883,350 | \$ 1,883,650 | \$ 1,200,871 | \$ 1,690,624 | \$ 545,312 | \$ 556,050 | | |

Dumas Bay Centre

Revenues are above 2023 YTD budget by \$0.15M or 58.2%, and above 2022 YTD actual by \$0.18M. The facility reopened as of the beginning of August 2021.

Expenditures are above 2023 YTD budget of \$0.38M by \$0.02M or 6.5%.

| Dumas Bay Centre Fund as of 06/30/2023 | 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 | \$1,710,216 | \$ 1,710,216 | \$ 1,710,510 | n/a | n/a |
| Total Revenues | 535,151 | 591,019 | 234,778 | 527,698 | 263,849 | 417,299 | 153,450 | 58.2% |
| Total Expenses | 1,000,110 | 845,470 | 349,719 | 764,097 | 382,048 | 406,923 | (24,875) | -6.5% |
| Revenues Over/(Under) Expenses | (464,959) | (254,450) | (114,942) | (236,399) | (118,199) | 10,376 | 128,575 | -108.8% |
| Recovery Ratio | 53.51% | 69.90% | 67.13% | 69.06% | 69.06% | 102.55% | n/a | n/a |
| Total Transfer In | 464,959 | 464,959 | 114,941 | 628,148 | - | - | - | n/a |
| Ending Fund Balance | \$ 1,500,000 | \$ 1,710,510 | \$ 1,500,000 | \$ 2,101,965 | \$ 1,592,017 | \$ 1,720,886 | \$ 128,869 | 8.1% |

Performing Arts & Event Center Operations (PAEC)

Revenues are above year-to-date budget of \$0.6M by \$0.17M primarily due to the facility reopening, and operations slowly coming back to pre-pandemic levels.

Expenditures are \$0.17M or 6.5% above the YTD 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 | 873,647 | 873,847 | 873,936 | \$ % |
| Total Revenues | 323,827 | 553,529 | 1,410,377 | 591,152 | 1,443,088 | 1,690,259 | 1,279,780 | 639,890 | 806,652 | 166,762 10.3% |
| Total Transfer In from Utility Tax/General Fund | 694,703 | 626,762 | 1,516,000 | 972,310 | 1,063,942 | 941,464 | 1,107,967 | 553,994 | - | (553,994) -54.3% |
| Total Expenditures | 1,195,466 | 1,628,150 | 2,589,541 | 1,452,916 | 1,653,440 | 2,631,377 | 2,483,359 | 1,241,680 | 1,413,222 | (171,542) -6.5% |
| Total PAEC Operation Balance | \$ 477 | \$ (447,382) | \$ (110,546) | \$ 0 | \$ 873,590 | \$ 873,936 | \$ 778,055 | \$ 825,851 | \$ 267,367 | \$ (558,484) na |
| Debt Service Payments | - | - | - | 538,247 | 553,255 | 781,330 | 772,320 | 74,161 | 74,161 | - 0% |
| Total PAEC Cost | \$ 1,195,466 | \$ 1,628,150 | \$ 2,589,541 | \$ 1,991,163 | \$ 2,206,695 | \$ 3,412,707 | \$ 3,255,679 | \$ 1,315,841 | \$ 1,487,383 | \$ (171,542) -5.0% |
| Total City Support | | | | \$ 1,510,557 | \$ 1,637,197 | \$ 1,722,794 | \$ 1,880,307 | \$ 628,155 | \$ 74,161 | \$ 553,994 30.8% |

Fund Activity Summary

| Fund #/Fund Name | Begin Balance 1/1/2023 | YTD Revenues | YTD Expenditures | YTD Net Income/(loss) | Ending Balance 06/30/2023* | Required Fund Balance |
|---|---------------------------|----------------------|----------------------|--------------------------|-------------------------------|--------------------------|
| 001/101 General/Street Fund** | \$ 27,709,983 | \$ 24,610,658 | 28,683,601 | \$ (4,072,943) | \$ 23,637,040 | \$ 9,500,000 |
| <i>Special Revenue Funds:</i> | | | | | | |
| 102 Arterial Street | 998,845 | 212,281 | 544,050 | (331,769) | 667,077 | 100,000 |
| 103 Utility Tax(*) | 4,646,109 | 5,745,246 | 2,172,390 | 3,572,856 | 8,218,965 | 1,500,000 |
| 104 Affordable & Supportive Housing Sales Tax | 148,016 | 23,743 | - | 23,743 | 171,759 | - |
| 106 Solid Waste & Recycling | 395,459 | 256,823 | 327,661 | (70,839) | 324,621 | - |
| 107 Special Contracts/Studies Fund | 987,302 | 12,880 | - | 12,880 | 1,000,183 | - |
| 109 Hotel/Motel Lodging Tax | 1,868,015 | 100,909 | 18,500 | 82,409 | 1,950,424 | 200,000 |
| 111 Federal Way Community Center | 1,737,273 | 1,148,977 | 1,386,251 | (237,274) | 1,500,000 | 1,500,000 |
| 112 Traffic Safety Fund | 2,493,443 | 2,643,553 | 1,358,446 | 1,285,107 | 3,778,551 | 1,200,000 |
| 113 Real Estate Excise Tax Fund | 3,217,658 | 1,794,696 | 2,223,343 | (428,647) | 2,789,011 | 2,000,000 |
| 114 Prop 1 Utility Tax | 1,571,054 | 1,675,936 | 1,786,836 | (110,900) | 1,460,153 | 1,000,000 |
| 115 Performing Arts & Event Ctr Operations | 873,936 | 806,652 | 1,413,222 | (606,569) | 267,367 | - |
| 116 Solid Waste 10% Utility Tax | 1,632,240 | 1,050,774 | 316,327 | 734,447 | 2,366,687 | - |
| 119 CDBG | 25,107 | 238,473 | 468,985 | (230,512) | (205,405) | - |
| 120 Path & Trails | 1,888,688 | 195,876 | - | 195,876 | 2,084,565 | - |
| 121 Technology | 459,999 | 166,741 | 38,774 | 127,968 | 587,967 | - |
| 122 Jail Fund | 7,260 | 1,727,401 | 1,734,639 | (7,238) | 22 | - |
| 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 | 17,800,961 | 13,789,423 | 4,011,538 | 31,097,184 | \$11,625,000 |
| 201 Debt Service Fund | (1,366,565) | 2,223,343 | 396,184 | 1,827,159 | 460,594 | - |
| <i>Capital Project Funds:</i> | | | | | | |
| 301 Downtown Redevelopment | 4,499,350 | 18,004 | - | 18,004 | 4,517,354 | - |
| 302 Municipal Facilities | 175,507 | - | - | - | 175,507 | - |
| 303 Parks | 2,032,064 | 81,850 | 61,198 | 20,652 | 2,052,715 | - |
| 304 Surface Water Management | 4,570,673 | - | 140,477 | (140,477) | 4,430,196 | - |
| 306 Transportation | 15,939,217 | 1,547,197 | 2,105,427 | (558,230) | 15,380,987 | - |
| 307 Capital Project Reserve Fund | 370,343 | - | - | - | 370,343 | - |
| Subtotal Capital Project Funds | 27,587,154 | 1,647,051 | 2,307,102 | (660,051) | 26,927,102 | - |
| <i>Enterprise Funds:</i> | | | | | | |
| 401 Surface Water Management | 4,511,222 | 4,289,415 | 1,936,286 | 2,353,129 | 6,864,351 | 690,000 |
| 402 Dumas Bay Centre Fund | 1,710,510 | 417,299 | 406,923 | 10,376 | 1,720,886 | 1,500,000 |
| Subtotal Enterprise Funds | 6,221,732 | 4,706,713 | 2,343,209 | 2,363,504 | 8,585,236 | \$ 2,190,000 |
| <i>Internal Service Funds</i> | | | | | | |
| 501 Risk Management | 1,516,845 | 1,255,231 | 2,011,672 | (756,441) | 760,403 | 600,000 |
| 502 Information Systems | 4,260,137 | 1,654,157 | 1,408,047 | 246,110 | 4,506,247 | - |
| 503 Mail & Duplication | 279,203 | 69,259 | 37,900 | 31,359 | 310,562 | - |
| 504 Fleet & Equipment | 8,548,261 | 1,627,080 | 1,313,805 | 313,275 | 8,861,536 | - |
| 505 Buildings & Furnishings | 2,115,458 | 364,049 | 279,400 | 84,650 | 2,200,108 | 2,000,000 |
| 506 Health Self Insurance Fund | 3,660,088 | 2,713,436 | 2,438,210 | 275,226 | 3,935,314 | - |
| 507 Unemployment Insurance Fund | 252,036 | - | 25,732 | (25,732) | 226,303 | 250,000 |
| Subtotal Internal Service Funds | 20,632,027 | 7,683,212 | 7,514,766 | 168,446 | 20,800,474 | \$ 2,850,000 |
| Total All Funds | \$ 107,869,976 | \$ 58,671,939 | \$ 55,034,285 | \$ 3,637,654 | \$ 111,507,630 | \$ 26,165,000 |

Monthly Treasury Positions and Activity

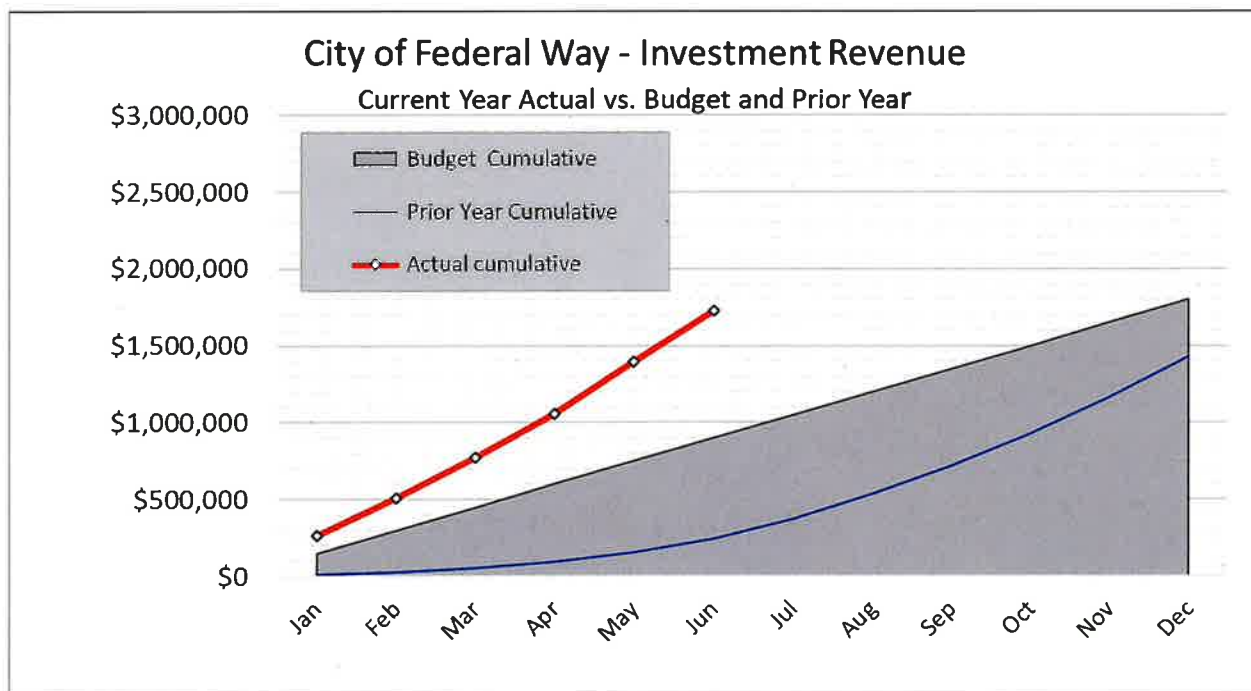
This monthly report of all investment transactions to the city council via FEDRAC complies with RCW 35.39.032. The following pages provide a summary of the current investment portfolio holdings and the individual transactions and activity during the month.

Portfolio Yield: The City's total annualized yield was 3.1%. The City's position in LGIP was \$51.0 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 | 53,757,502 | 2.628% | 1,445,618 |
| State Investment Pool: | 51,038,015 | 51,038,015 | 3.637% | 1,856,102 |
| Total: | \$ 106,038,015 | \$ 104,795,516 | 3.114% | \$ 3,301,720 |

Interest Revenue Compared to Budget and Prior Year

Year-to-date interest revenue through June of \$1,728,000 exceeds budget of \$900,000 by \$828,000 or 92% and exceeds prior year by \$1,488,000. Accrual basis interest for the month was \$336,000.



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 06/01/2023 - 06/30/2023 |

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 | (988,015.30) |
| Deliveries | 0.00 |
| Principal Reversals | 0.00 |
| Interest | 100,160.42 |
| 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 | 112,145.12 |

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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 | 35,000,000.00000 | 35,000,000.00000 | 33,774,743.46 | 33,055,979.61 |
| US Government Agency Securities | 20,000,000.00000 | 20,000,000.00000 | 19,962,756.00 | 19,419,211.86 |
| Total Custody Holdings | 55,000,000.00000 | 55,000,000.00000 | 53,737,499.46 | 52,475,191.47 |

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.

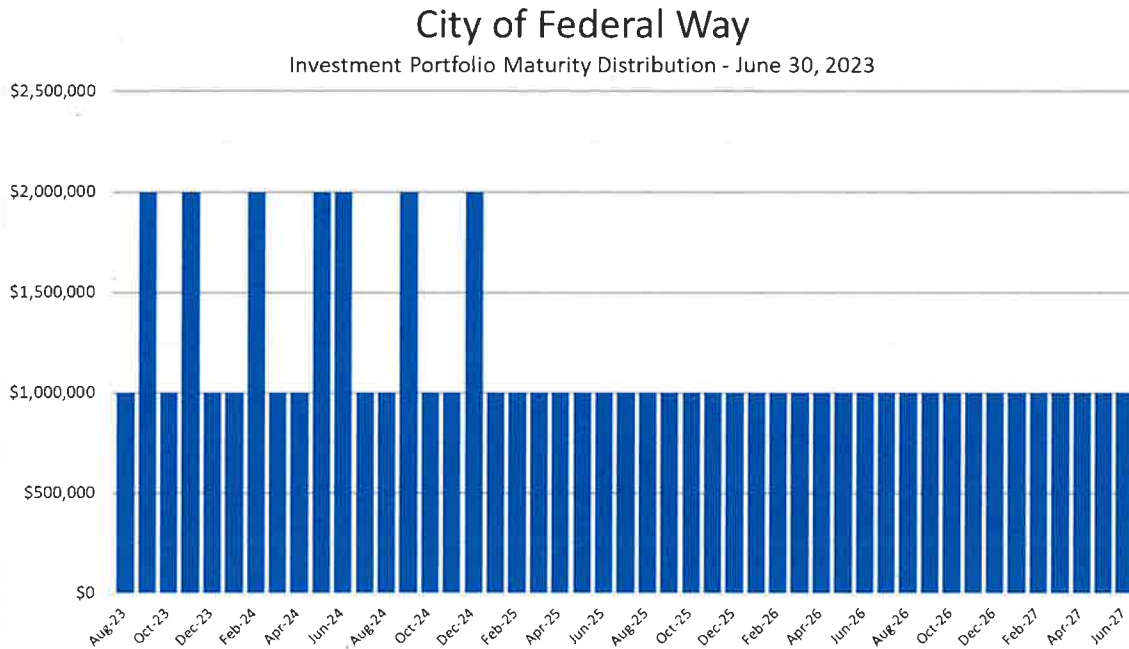
Maturities: During the month, the following investment matured:

- 2021-022 FHLMC **\$1,000,000**, matured June 2023, **yielding 1.53%**

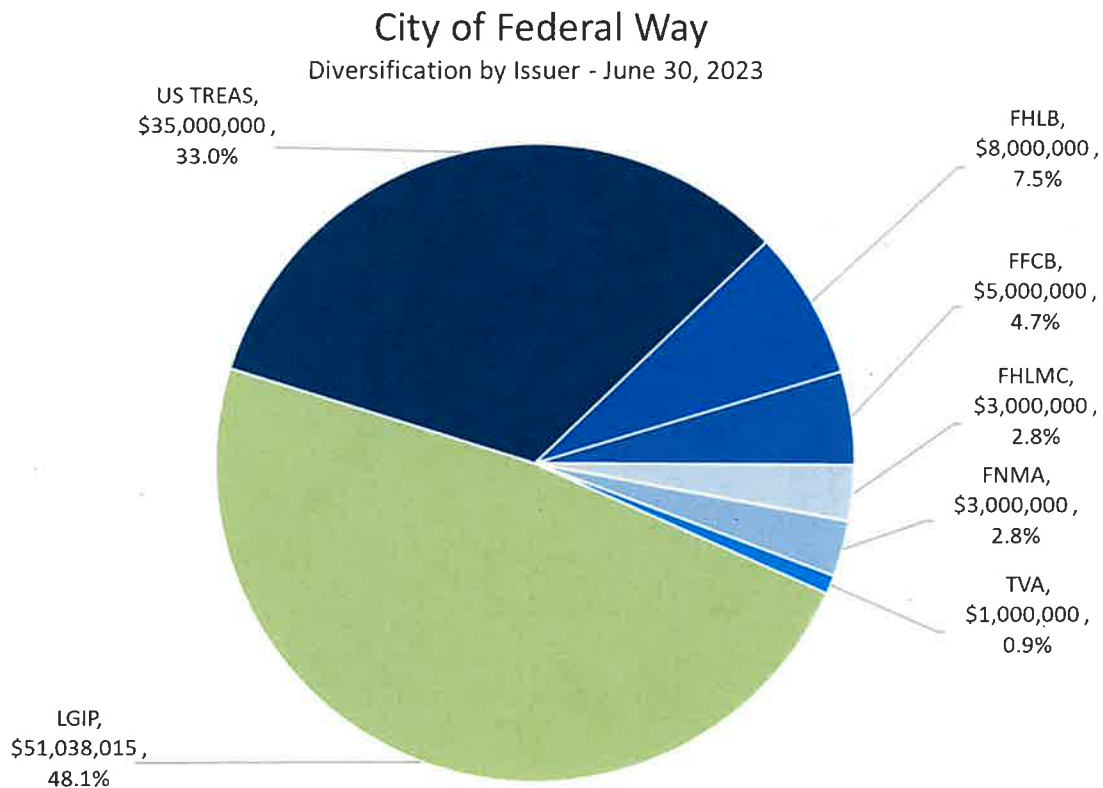
Purchases: During the month, the following investment was purchased, maximizing yield at the time of purchase for the maturity date being filled, having first assured safety and liquidity of the entire portfolio (see addendum for complete rationale):

- 2023-064 US Treasury **\$1,000,000**, matures June 2027, **yielding 3.95%**

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 06/30/2023 - USD | Page 4 |
| Acct Number: XXXXXX033 | | |

| CUSTODY Maturity | Security ID Ticket | Rate Acq Date | Description | Par/Shares Original Face | Principal Cost | Market Value 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 | 996,145.23 |
| 09/28/2023 | 912796CS6 392227577 | DI 04/23 | US TREASURY BILLS BILLS 09/28/23 | 1,000,000.00 1,000,000.00 | 977,611.94 | 987,019.58 |
| 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 | 993,830.42 |
| 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 | 983,789.06 |
| 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 | 980,312.50 |
| 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 | 983,125.00 |
| 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 | 973,828.12 |
| 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 | 969,390.00 | 974,648.44 |
| 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 | 968,945.31 |
| 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 | 951,679.69 |
| 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 | 941,757.81 |

| | | |
|--------------------------------|---------------------------------|--------|
| Acct Name: CITY OF FEDERAL WAY | HOLDINGS AS OF 06/30/2023 - 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 | 941,562.50 |
| 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 | 939,882.81 |
| 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 | 942,617.19 |
| 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 | 924,453.12 |
| 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 | 919,531.25 |
| 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 | 914,609.36 |
| 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 | 912,773.44 |
| 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 | 909,492.19 |
| 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 | 902,148.44 |
| 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 | 952,031.25 |
| 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 | 951,445.31 |
| 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 | 940,625.00 |

| | | |
|--------------------------------|--|--------|
| Acct Name: CITY OF FEDERAL WAY | HOLDINGS AS OF 06/30/2023 - 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 | 900,078.12 |
| 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 | 897,656.25 |
| 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 | 900,507.81 |
| 07/31/2026 | 91282BY95 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 | 925,468.75 |
| 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 | 898,867.19 |
| 11/15/2026 | 91282U24 751015708 | 2.000 10/22 | U S TREASURY NOTE 2 NOTE 26 | 1,000,000.00 1,000,000.00 | 917,031.25 | 924,296.88 |
| 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 | 900,703.12 |
| 01/31/2027 | 91282BZ78 392225551 | 1.500 11/22 | U.S. Treasury Notes 91282BZ78 1/31/2027 | 1,000,000.00 1,000,000.00 | 903,100.00 | 905,546.88 |
| 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 | 1,074,492.19 |
| 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 | 936,562.50 |
| 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 | 944,296.88 |
| 06/30/2027 | 91282CEW7 392228443 | 3.250 06/23 | US TREASURY NOTE 3.250, 06/30/2027 | 1,000,000.00 1,000,000.00 | 973,920.00 | 961,250.00 |
| Treasury Obligations Total | | | | 35,000,000.00000 35,000,000.00000 | 33,774,743.46 | 33,055,979.61 |
| US Government Agency Securities | | | | | | |

| | | |
|--------------------------------|--|--------|
| Acct Name: CITY OF FEDERAL WAY | HOLDINGS AS OF 06/30/2023 - USD | Page 7 |
| Acct Number: XXXXXX033 | | |

| CUSTODY Maturity | Security ID Ticket | Rate Acq Date | Description | Par/Shares Original Face | Principal Cost | Market Value NAV |
|----------------------------|------------------------|------------------|---|------------------------------|----------------|---------------------|
| 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 | 992,547.51 |
| 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 | 980,570.49 |
| 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 | 977,982.28 |
| 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 | 982,445.46 |
| 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 | 996,785.45 |
| 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 | 978,981.83 |
| 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 | 997,052.40 |
| 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 | 964,655.86 |
| 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 | 958,726.64 |
| 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 | 992,648.36 |
| 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 | 937,662.25 |
| 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 | 990,956.28 |

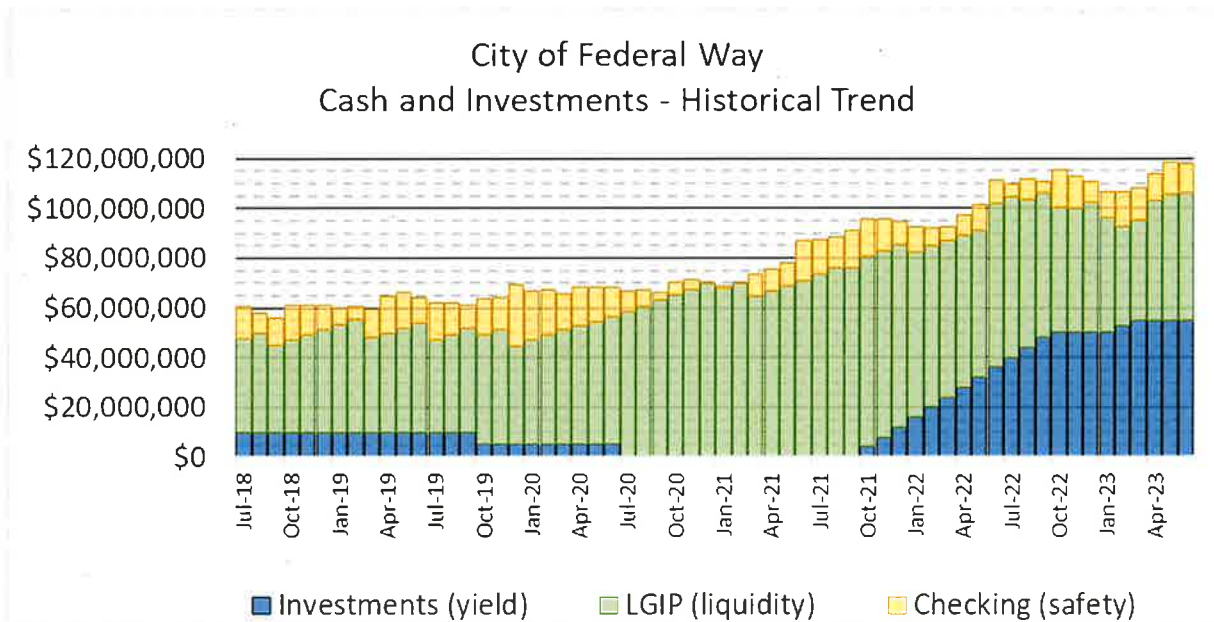
| | | |
|--------------------------------|--|--------|
| Acct Name: CITY OF FEDERAL WAY | HOLDINGS AS OF 06/30/2023 - USD | Page 8 |
| Acct Number: XXXXXXXX033 | | |

| CUSTODY | Maturity | Security ID Ticket | Rate Acq Date | Description | Par/Shares Original Face | Principal Cost | Market Value NAV |
|--|-----------------|---------------------------|----------------------|---|---------------------------------|-----------------------|-------------------------|
| | 02/12/2025 | 3137EAE0 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 | 943,521.34 |
| | 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 | 909,511.45 |
| | 09/23/2025 | 3137EAE3 751014307 | .375 06/22 | FEDERAL HOME LOAN MTG CORP 09/23/2025 | 1,000,000.00 1,000,000.00 | 915,848.00 | 907,012.42 |
| | 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 | 1,049,978.80 |
| | 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 | 964,253.22 |
| | 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 | 953,308.33 |
| | 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 | 971,967.76 |
| | 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 | 968,643.73 |
| US Government Agency Securities Total | | | | | 20,000,000.00000 | 19,982,756.00 | 19,419,211.86 |
| | | | | | 20,000,000.00000 | | |
| Total Custody Holdings | | | | | 55,000,000.00000 | 53,757,498.46 | 52,475,191.47 |
| | | | | | 55,000,000.00000 | | |

Cash Balance and Investment Positions:

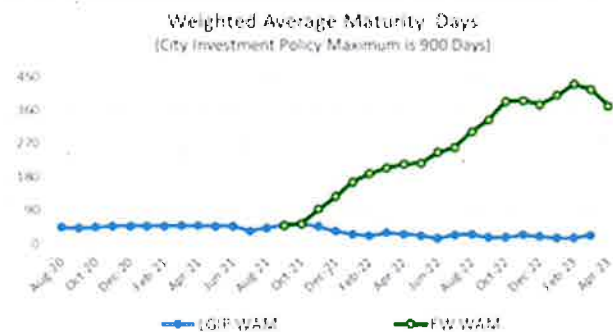
The City's cash balance trend is shown below:

- Total cash decreased to 118.0 million from \$118.6 million at end of May.
- Laddered investments stayed level at \$55 million.
- The LGIP Investment Pool position increased from \$50.4 million to \$51.0 million.

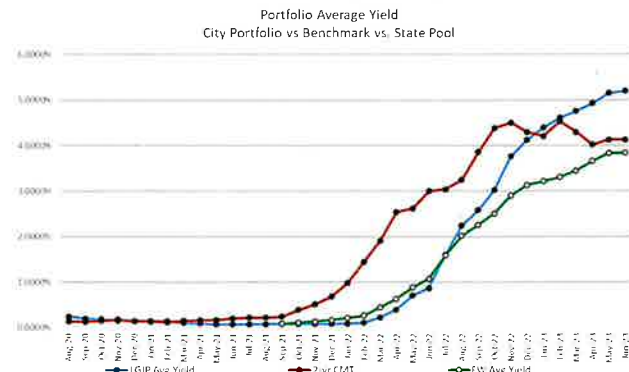


Benchmark and Portfolio

Weighted Average Maturity (WAM) of the City's portfolio, including position in LGIP, is 355 days, and within the City's Investment Policy limit of 2.5 years or 900 days. The LGIP State Pool WAM was 34 days in June. 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 5.2% for the LGIP.



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

Date: June 5, 2023

Investment # 2023-064 is a 4-year Treasury (T), face value \$1,000,000, maturing June 30, 2027, purchased at 97.39 (discount) to yield 3.95%. This trade settles June 6, 2023 with Mischler Financial Group, US Bank Safekeeping, replacing the June Maturity earning 1.53%.

Liquidity: At May 31st month-end, total city cash was \$118.6 million, checking account balance was \$13.2 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 \$50.4 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 3.95%. *This investment is 120 basis points below LGIP.* Comparable yields evaluated at time of purchase were:

| | | |
|---------------------------|----------------|-------------------------|
| LGIP current 30-day yield | 5.15% | www.secureaccess.wa.gov |
| 2-year Treasury | 4.47% | Bloomberg.com |
| Same maturity Agency | None available | Broker live inquiry |
| 5-year Treasury | 3.83% | Bloomberg.com |

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

Diversification. This purchase puts this issuer at 33.2% of total portfolio.

This purchase adds a maturity date previously not covered to city's laddered 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 6/6/23Finance Director: Date 6/5/2023

CITY OF FEDERAL WAY CITY COUNCIL AGENDA BILL

SUBJECT: JUNE 2023 MONTHLY FINANCIAL REPORT

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

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

MEETING DATE: July 25, 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: June 2023 Monthly Financial Report

Options to Consider:

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

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

MAYOR APPROVAL:

[Signature] 7/19/23
Committee Initial/Date

[Signature] 7/17/23
Council Initial/Date

DIRECTOR APPROVAL:

[Signature] 7/18/23
Initial/Date

COMMITTEE RECOMMENDATION: *I move to forward the June 2023 Monthly Financial Report to the August 8, 2023 consent agenda for approval.*

[Signature]

Committee Chair

[Signature]

Committee Member

[Signature]

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** 8/8/2023
- ☐ **DENIED**
- ☐ **TABLED/DEFERRED/NO ACTION**
- ☐ **MOVED TO SECOND READING** (ordinances only)

REVISED – 1/2022

COUNCIL BILL #

First reading

Enactment reading

ORDINANCE #

RESOLUTION #