

DATE: September 26, 2023

TO: Mayor and City Council
Management Team

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

SUBJECT: Monthly Financial Report

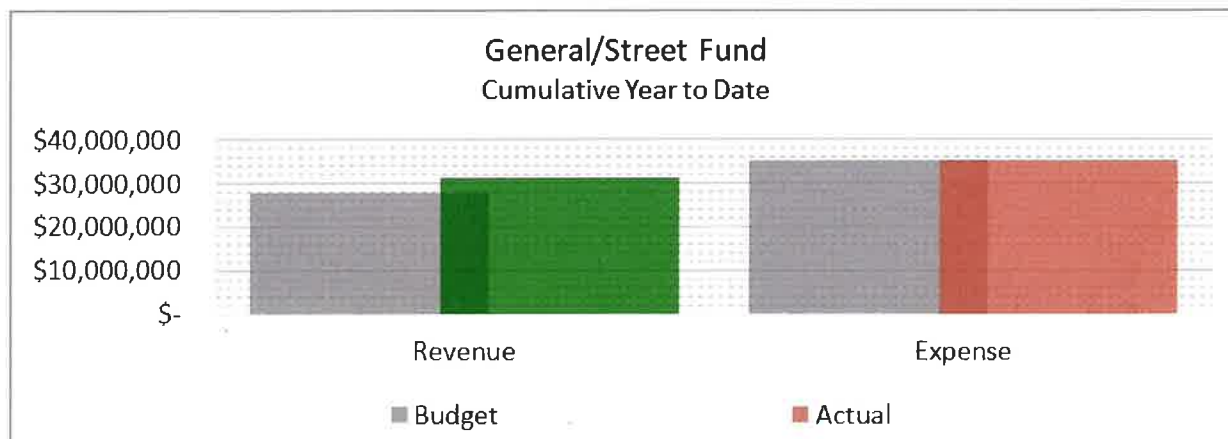
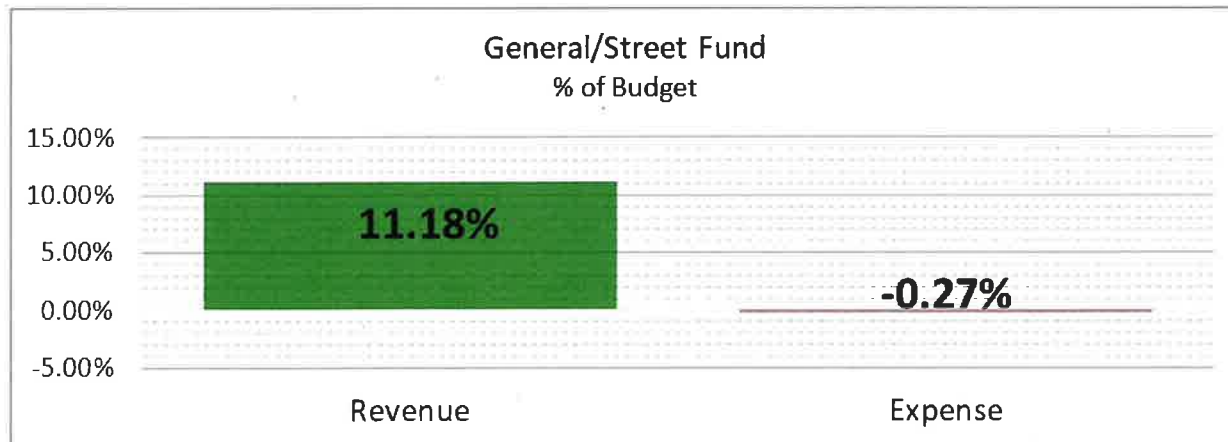
This report is to brief you on monthly and year-to-date (YTD) revenues and expenses, compared to budget and prior year, on the city's cash and fund balance positions, and on the monthly investment performance, transactions and current holdings.

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 \$28.01M by \$3.13M or (11.2%).

Expenditures & Transfers Out are **favorable** to YTD budget of \$35.41M by \$0.10M or 0.3% 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, \$0.65M or 6.9% above 2023 YTD budget, and \$1.10M or 12.3% above 2022 YTD collections. Retail sales and services are \$257K above 2022 YTD collections. This is an indicator of the health of the local economy.
- CD Permits & Fees revenue is trending favorably, \$1.04M or 48.3% above 2023 YTD budget, and \$1.39M or 76.9% above 2022 YTD collections.
- Total Expenditures & Transfer Out is below YTD budget by \$0.10M, but \$3.21M or 10.0% 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 | 8,979,190 | 19,886,555 | 9,429,143 | 10,084,124 | 654,981 | 6.9% |
| Property Taxes | 11,357,280 | 11,590,675 | 6,262,032 | 11,762,933 | 6,355,097 | 6,275,684 | (79,413) | -1.2% |
| State Shared Revenue | 3,022,000 | 3,126,093 | 1,507,801 | 3,153,260 | 1,520,904 | 1,591,005 | 70,101 | 4.6% |
| CD Permits & Fees | 2,564,111 | 4,040,385 | 1,802,060 | 4,052,070 | 2,150,174 | 3,188,345 | 1,038,171 | 48.3% |
| Business License Fees | 622,000 | 724,126 | 422,977 | 652,900 | 411,761 | 458,747 | 46,986 | 11.4% |
| Admissions Tax | 306,513 | 834,953 | 295,579 | 339,265 | 197,905 | 315,725 | 117,820 | 59.5% |
| Other Revenues | 11,678,849 | 12,440,091 | 5,154,910 | 12,849,314 | 5,911,667 | 7,195,197 | 1,283,529 | 21.7% |
| Transfers in from Other Funds to support operations | 7,356,718 | 7,268,912 | 4,005,912 | 8,119,085 | 2,032,904 | 2,032,904 | - | 0.0% |
| Total Revenues & Transfer In | 64,865,669 | 68,838,642 | 38,038,904 | 60,815,381 | 28,009,555 | 31,141,731 | 3,132,176 | 11.2% |
| Total Expenditures & Transfer Out | 76,102,125 | 62,467,985 | 32,103,895 | 78,620,929 | 35,409,643 | 35,312,945 | 96,698 | 0.3% |
| Total Ending Fund Balance | \$10,102,874 | \$27,709,986 | \$27,274,338 | \$10,054,308 | \$20,459,768 | \$ 23,538,772 | n/a | n/a |

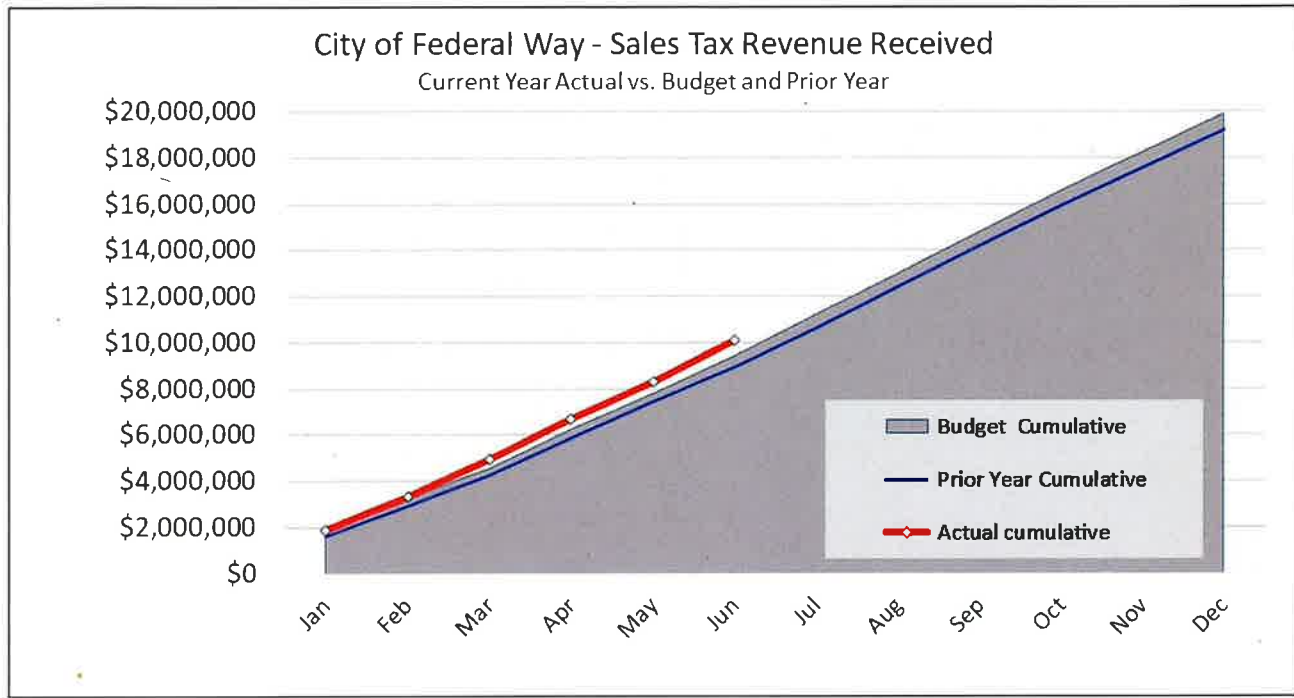
Other Fund Highlights

- Utility Tax revenue is trending favorably, \$0.60M or 6.5% above 2023 YTD budget, and \$0.66M or 7.2% 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 \$0.79M or 27.8% below 2023 YTD budget, and \$1.54M or 43.0% below 2022 YTD collections. This is an indicator of the Federal Way real estate market's volume and valuations.
- Expenditures & Transfer Out is favorable, \$1.48M or 7.6% below YTD budget, but \$2.00M above 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 Favorable/(Unfavorable) | |
|---|----------------------|----------------------|----------------------|----------------------|-------------------|----------------------|--|-------------|
| | Annual Budget | Annual Actual | YTD Actual | Annual Budget | YTD Budget | YTD Actual | \$ | % |
| | | | | | | | | |
| Revenues: | | | | | | | | |
| Utility Tax | 10,584,294 | 11,858,892 | 6,159,654 | 12,196,316 | 6,138,565 | 6,576,963 | 438,397 | 7.1% |
| Utility Tax- Prop 1 Voter Package | 3,093,312 | 3,460,473 | 1,809,884 | 3,402,436 | 1,745,582 | 1,918,488 | 172,906 | 9.9% |
| Utility Tax- Solid Waste 10% | 2,000,000 | 2,310,053 | 1,135,907 | 2,200,000 | 1,283,333 | 1,267,761 | (15,572) | -1.2% |
| Real Estate Excise Tax | 4,421,454 | 5,117,985 | 3,584,190 | 5,521,000 | 2,831,075 | 2,043,025 | (788,051) | -27.8% |
| Traffic Safety (Red Light/School Zone) | 2,872,442 | 3,842,343 | 2,387,008 | 3,000,000 | 1,827,212 | 2,937,693 | 1,110,481 | 60.8% |
| Hotel/Motel Lodging Tax | 150,000 | 281,845 | 118,968 | 293,000 | 129,648 | 122,071 | (7,577) | -5.8% |
| Federal Way Community Center | 1,690,875 | 1,761,950 | 849,762 | 1,930,875 | 1,126,344 | 840,741 | (285,602) | -25.4% |
| Performing Arts & Event Ctr Operations | 1,611,664 | 1,690,259 | 930,426 | 1,279,780 | 746,539 | 960,341 | 213,802 | 28.6% |
| Dumas Bay Centre Fund | 535,151 | 591,019 | 286,983 | 527,698 | 307,824 | 443,141 | 135,317 | 44.0% |
| Total Revenues | 26,959,192 | 30,914,819 | 17,262,783 | 30,351,105 | 16,136,122 | 17,110,223 | 974,101 | 6.0% |
| Expenditures & Transfers Out: | | | | | | | | |
| Utility Tax Support to Other Funds for operations | 9,734,702 | 9,837,985 | 5,144,434 | 11,551,482 | 4,551,571 | 4,551,571 | - | 0.0% |
| Utility Tax Proposition 1 operations | 4,170,275 | 4,126,995 | 2,300,884 | 4,471,873 | 2,608,593 | 2,151,846 | 456,747 | 17.5% |
| Solid Waste 10% Utility Tax- Residential Streets Overlay | 3,418,862 | 2,098,307 | 20,721 | 3,680,166 | 2,146,764 | 883,825 | 1,262,939 | 58.8% |
| Real Estate Excise Tax Support to Debt and Capital Projects | 5,989,440 | 5,989,440 | 2,783,560 | 7,055,343 | 3,236,343 | 3,236,343 | - | 0.0% |
| Traffic Safety (Red Light/School Zone) | 3,529,722 | 3,529,723 | 1,609,134 | 3,846,735 | 2,243,929 | 1,654,173 | 589,756 | 26.3% |
| Hotel/Motel Lodging Tax | 155,000 | 20,598 | 12,485 | 65,000 | 37,917 | 19,370 | 18,547 | 48.9% |
| Jail Fund Services | 2,644,584 | 2,871,371 | 829,754 | 2,500,000 | 1,458,333 | 2,080,842 | (622,509) | -42.7% |
| Federal Way Community Center | 2,756,334 | 2,590,528 | 1,292,612 | 2,279,893 | 1,329,938 | 1,332,645 | (2,707) | -0.2% |
| Performing Arts & Event Ctr Operations | 2,631,641 | 2,631,378 | 1,562,311 | 2,483,359 | 1,448,626 | 1,631,080 | (182,454) | -12.6% |
| Dumas Bay Centre Fund | 1,000,110 | 845,470 | 471,404 | 764,097 | 445,723 | 488,460 | (42,737) | -9.6% |
| Total Expenditures & Transfers Out | 36,030,671 | 34,541,794 | 16,027,299 | 38,697,948 | 19,507,736 | 18,030,155 | 1,477,581 | 7.6% |
| Ending Fund Balance | | | | | | | | |
| Utility Tax (non-Prop 1) | 3,385,633 | 4,646,109 | 4,387,362 | 4,789,743 | - | 6,671,502 | n/a | n/a |
| Utility Tax- Prop 1 Voter Package | 1,263,680 | 1,571,054 | 1,000,001 | 1,000,442 | - | 1,337,695 | n/a | n/a |
| Utility Tax- Solid Waste 10% | - | 1,632,240 | 2,535,780 | 152,012 | - | 2,016,176 | n/a | n/a |
| Real Estate Excise Tax Fund | 2,546,600 | 3,217,658 | 4,890,267 | 1,682,412 | - | 2,024,340 | n/a | n/a |
| Traffic Safety Fund | 2,124,096 | 2,493,443 | 2,913,232 | 1,598,570 | - | 3,776,963 | n/a | n/a |
| Hotel/Motel Lodging Tax | 1,605,161 | 1,868,015 | 1,711,268 | 2,095,690 | - | 1,970,717 | n/a | n/a |
| Jail Fund | - | 7,260 | (2) | 0 | - | 98 | n/a | n/a |
| Federal Way Community Center | 1,500,393 | 1,737,273 | 1,500,001 | 2,256,820 | - | 1,690,360 | n/a | n/a |
| Performing Arts & Event Ctr Operations | 873,587 | 873,936 | 241,705 | 778,055 | - | 953,962 | n/a | n/a |
| Dumas Bay Centre Fund | 1,500,001 | 1,710,510 | 1,480,539 | 2,101,965 | - | 1,665,189 | n/a | n/a |
| Total Ending Fund Balance | \$ 14,799,148 | \$ 19,757,498 | \$ 20,660,153 | \$ 16,455,710 | \$ - | \$ 22,107,001 | n/a | n/a |

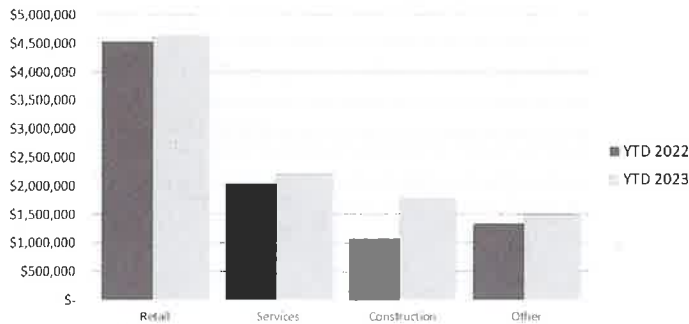
Sales Tax

Revenues are favorable to 2023 YTD budget by \$0.65M or 6.9% and above 2022 YTD actual by \$1.10M or 12.3%. 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.

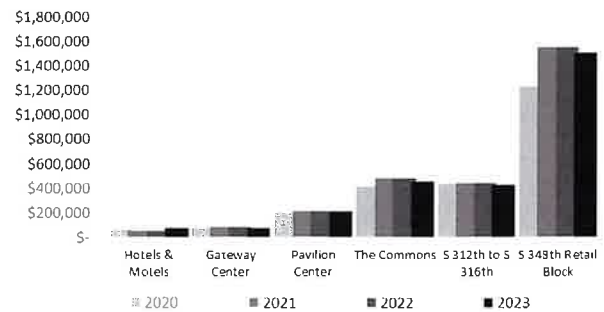


| LOCAL RETAIL SALES TAX REVENUES | | | | | | | |
|---------------------------------|----------------------|----------------------|----------------------|-------------------------|--------------|----------------------|-------------|
| YTD July | | | | | | | |
| Month | 2022 Actual | 2023 | | Favorable/(Unfavorable) | | | |
| | | 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 | 1,750,786 | 216,496 | 14.1% | 118,189 | 7.2% |
| 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 | \$ 8,979,190 | \$ 9,429,143 | \$ 10,084,124 | \$ 1,104,933 | 12.3% | \$ 654,981 | 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



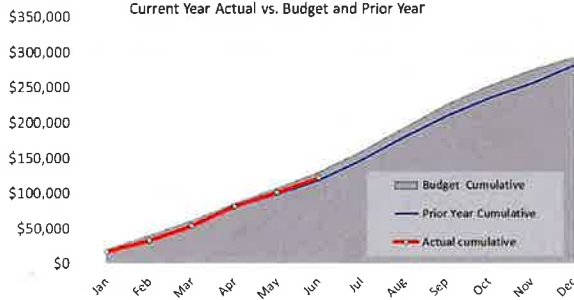
City of Federal Way
YTD Sales Tax Revenue Comparison by Location



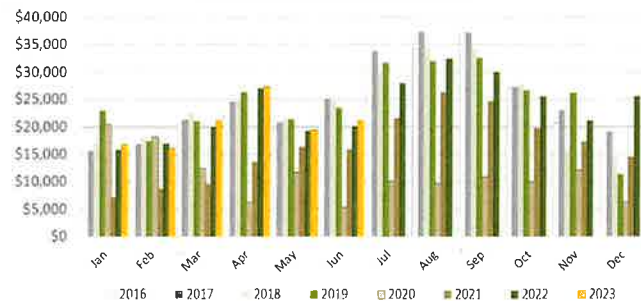
Hotel/Motel Lodging Tax

Revenues are unfavorable to 2023 YTD budget by \$7.6K or 5.8% but above 2022 YTD actuals by \$3.1K. 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



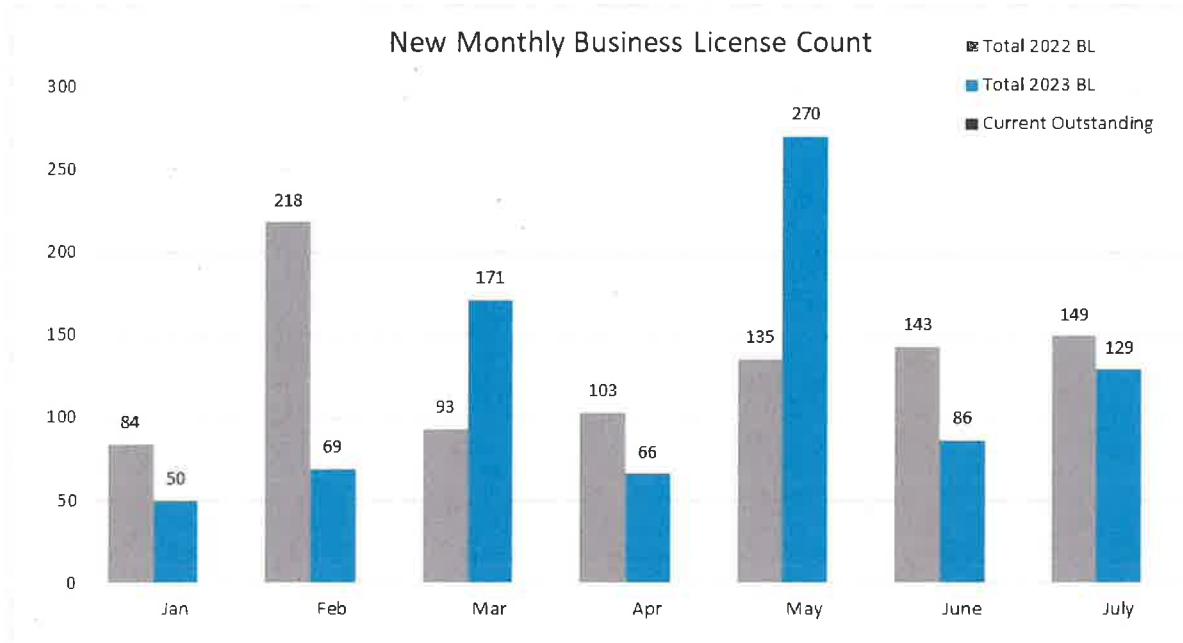
City of Federal Way
Historical Lodging Tax Remittances by Month



| HOTEL/MOTEL LODGING TAX REVENUES | | | | | | | |
|----------------------------------|-------------------|-------------------|-------------------|-------------------------|-------------|-----------------------|--------------|
| Year-to-date thru July | | | | | | | |
| 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 | 21,163 | 1,028 | 5.1% | (992) | -4.5% |
| 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 | \$ 118,968 | \$ 129,648 | \$ 122,071 | \$ 3,103 | 2.6% | \$ (7,577) | -5.8% |
| 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 \$47K or 11.4% and above 2022 YTD actual by \$36K or 8.5%.



*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 | 59,531 | 7,055 | 13.4% | 13,644 | 29.7% |
| 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 | \$ 422,978 | \$ 411,761 | \$ 458,747 | 35,769 | 8.5% | 46,986 | 11.4% |
| 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 \$1.04M or 48.3% and above 2022 YTD actual by \$1.4M or 76.9%.

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 July | | | | | | | |
| Month | 2022 Actual | 2023 | | Change from 2022 | | Favorable/(Unfavorable) | |
| | | Budget | Actual | \$ | % | YTD Actual vs Budget | |
| | | | | | | \$ | % |
| Jan | 198,005 | 224,348 | 213,046 | 15,041 | 7.6% | (11,302) | -5.0% |
| Feb | 245,722 | 320,583 | 546,470 | 300,749 | 122.4% | 225,888 | 70.5% |
| Mar | 276,562 | 280,803 | 595,518 | 318,956 | 115.3% | 314,715 | 112.1% |
| Apr | 282,554 | 313,185 | 383,643 | 101,089 | 35.8% | 70,457 | 22.5% |
| May | 286,805 | 366,145 | 669,687 | 382,883 | 133.5% | 303,542 | 82.9% |
| Jun | 327,552 | 321,761 | 357,167 | 29,614 | 9.0% | 35,406 | 11.0% |
| Jul | 184,861 | 323,350 | 422,815 | 237,954 | 128.7% | 99,465 | 30.8% |
| 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 | \$ 1,802,060 | \$ 2,150,174 | \$ 3,188,345 | \$ 1,386,285 | 76.9% | \$ 1,038,171 | 48.3% |
| 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 \$0.79M or 27.8% and below 2022 YTD actual by \$1.54M or 43.0%. July 2023 activities include 88 real estate transactions. There were 88 taxable residential sales (total sales \$50.2M / \$248K tax) and no commercial sales.

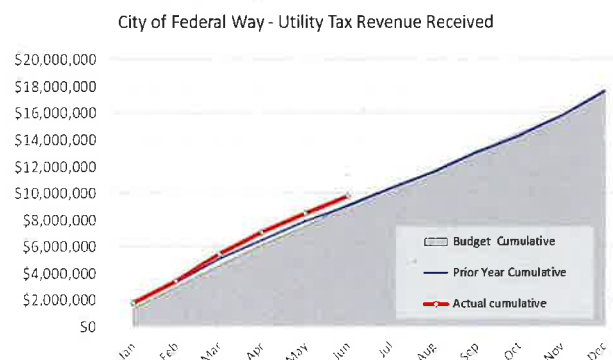
| REAL ESTATE EXCISE TAX REVENUES | | | | | | | |
|---------------------------------|---------------------|---------------------|------------------|-------------------------|---------------|----------------------|---------------|
| Year-to-date thru July | | | | | | | |
| Month | 2022 Actual | 2023 | | 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 | 248,329 | (405,404) | -62.0% | (233,357) | -48.4% |
| 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 | 3,584,190 | 2,831,075 | 2,043,025 | (1,541,165) | -43.0% | (788,050) | -27.8% |
| 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 \$0.60M or 6.5% and above 2022 YTD actual by \$0.66M or 7.2%, 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 July | | | | | | | |
| 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 | 1,291,342 | 77,513 | 6.4% | (327,496) | -20.2% |
| 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 | \$ 9,106,748 | \$ 9,169,755 | \$ 9,764,117 | \$ 657,369 | 7.2% | \$ 594,362 | 6.5% |
| Rebate | (1,305) | (2,274) | (905) | 400 | 0.0% | 1,369 | -60.2% |
| YTD Total | \$ 9,105,443 | \$ 9,167,481 | \$ 9,763,212 | \$ 657,769 | 7.2% | \$ 595,731 | 6.5% |
| 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 July | | | | |
| Utility Type | 2022 Actual | 2023 Actual | Favorable/(Unfavorable) Change from 2022 | |
| | | | \$ | % |
| Electric | \$ 3,129,090 | \$ 3,183,671 | \$ 54,581 | 1.7% |
| Gas | 1,166,170 | 1,351,507 | 185,337 | 15.9% |
| Water Sewer | 1,132,156 | 1,332,580 | 200,424 | 17.7% |
| Solid Waste | 880,328 | 982,515 | 102,187 | 11.6% |
| Solid Waste - 10% | 1,135,907 | 1,267,761 | 131,854 | n a |
| Cable | 818,578 | 787,580 | (30,998) | -3.8% |
| Other | 844,519 | 858,503 | 13,984 | 1.7% |
| Tax Rebate | (1,305) | (905) | 400 | n a |
| YTD Total | \$ 9,105,443 | \$ 9,763,212 | \$ 657,769 | 7.2% |



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 processed 18 rebates for a total of \$905 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 9.9%. 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 | \$ 1,745,582 | \$ 1,918,488 | \$ 172,906 | 9.9% |
| 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 | 1,512,351 | (24,993) | -1.7% |
| Court Services (includes .50 Judge, 1 Court Clerk, and Pro Tem Pay, Public Defender contract, 1.5 Prosecutors) | 1,038,769 | 1,196,054 | 1,163,732 | \$ 581,866 | 443,763 | 138,103 | 23.7% |
| Total Public Safety Improvement Costs | 3,870,898 | 3,883,307 | 4,138,447 | \$ 2,069,223 | 1,956,114 | 113,110 | 5.5% |
| Community Safety Program Costs: | | | | | | | |
| 1 Code Enforcement Officer | 109,114 | 113,446 | 120,465 | \$ 60,233 | 72,615 | (12,383) | -20.6% |
| .5 Assistant City Attorney | 85,462 | 54,895 | 94,411 | \$ 47,206 | 44,368 | 2,837 | 6.0% |
| 1 Parks Maintenance Worker I & Security | 104,802 | 75,349 | 118,550 | \$ 59,275 | 78,748 | (19,473) | -32.9% |
| Total Community Safety Improvement Costs | 299,378 | 243,689 | 333,427 | 166,713 | 195,732 | (29,018) | -17.4% |
| Total Prop 1 Expenditures: | 4,170,275 | 4,126,996 | 4,471,873 | \$ 2,235,937 | 2,151,845 | 84,091 | 3.8% |
| Total Ending Fund Balance: | \$ 1,263,679 | \$ 1,571,054 | \$ 1,000,441 | \$ 1,080,482 | \$ 1,337,696 | \$ (257,214) | -23.8% |

Traffic Safety – Red Light / School Zone

Revenues are above 2023 YTD budget by \$1.11M or 60.8%, and above 2022 YTD actual by \$0.55M or 23.1%.

| 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 | 294,140 | 23,012 | 8.5% | \$ 15,653 | 5.6% |
| 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 | \$ 2,387,008 | \$ 1,827,212 | \$ 2,937,693 | \$ 550,685 | 23.1% | \$ 1,110,481 | 60.8% |
| Annual Total | \$ 3,842,343 | \$ 3,000,000 | n/a | n/a | n/a | n/a | n/a |

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

Police Department Overtime

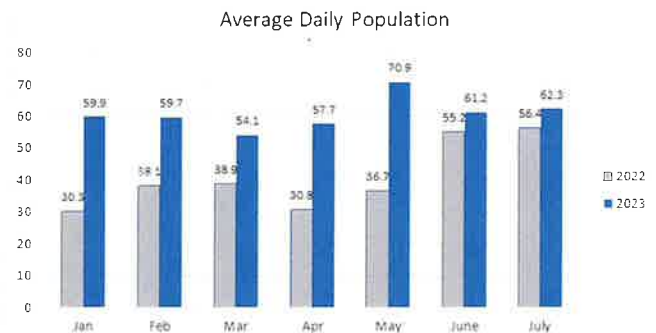
July PD overtime is \$17K or 10.0% below July 2022 actual.

The City's portion (unbillable) is \$0.32M or 52.9% 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 July | | | | | | | |
|--|----------------|--------------|--------------|-------------------------|--------|----------------------|-------|
| 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 | 154,339 | (17,147) | -10.0% | 27,181 | 21.4% |
| 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 | 1,024,368 | 609,586 | 931,889 | (92,479) | -9.0% | 322,303 | 52.9% |
| Billable | 255,657 | 164,810 | 228,724 | (26,933) | -10.5% | 63,914 | 38.8% |
| YTD Total | \$ 1,280,025 | \$ 774,396 | \$ 1,160,613 | \$ (119,412) | -9.3% | \$ 386,217 | 49.9% |
| Billable | \$ 166,237 | \$ 167,567 | \$ - | \$ - | - | \$ - | - |
| 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 | \$ 2,080,843 |
| 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 | \$ 2,291,805 |

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 60.8 for the first seven months.

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

Federal Way Community Center

Revenues are below 2023 YTD budget by \$0.29M or 25.4%, and below 2022 YTD actual by \$0.01M, primarily due to slowly coming back to pre-pandemic levels, and the pool closure.

Expenditures are on target with 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 07/31/2023 | 2022 | | | 2023 | | | YTD Budget vs Actual Favorable/(Unfavorable) | |
|---|--------------|------------------|---------------|--------------|---------------|---------------|---|--------|
| | Budget | Annual Actual | YTD Actual | Budget | YTD Budget | YTD Actual | \$ | % |
| | | | | | | | | |
| Beginning Fund Balance | \$ 1,502,625 | \$ 1,502,625 | \$ 1,502,625 | \$ 1,737,337 | \$ 1,737,337 | \$ 1,737,273 | n/a | n/a |
| Total Revenues | 1,690,875 | 1,761,950 | 849,762 | 1,930,875 | 1,126,344 | 840,741 | (285,602) | -25.4% |
| Total Expenditures | 2,756,334 | 2,590,528 | 1,292,612 | 2,279,893 | 1,329,938 | 1,332,645 | (2,707) | -0.2% |
| Revenues Over / (Under) Expenditures | (1,065,459) | (828,578) | (442,851) | (349,018) | (203,594) | (491,903) | (288,309) | 141.6% |
| Recovery Ratio | 61.3% | 68.0% | 65.7% | 84.7% | 84.7% | 63.1% | n/a | n/a |
| Total Transfer In from General Fund/Utility Tax | 1,063,227 | 1,063,227 | 440,226 | 868,501 | 506,626 | 444,989 | (61,637) | -12.2% |
| Ending Fund Balance | \$ 1,500,392 | \$ 1,737,274 | \$ 1,500,001 | \$ 2,256,820 | \$ 2,040,369 | \$ 1,690,359 | \$ (350,010) | -17.2% |
| 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 | \$ 2,113,035 | \$ 3,102,016 | \$ 1,440,999 | \$ 1,443,706 | \$ (2,707) | -0.2% |
| Total City Support | \$ 1,883,350 | \$ 1,883,650 | \$ 1,260,649 | \$ 1,690,624 | \$ 617,687 | \$ 556,050 | | |

Dumas Bay Centre

Revenues are above 2023 YTD budget by \$0.14M or 44.0%, and above 2022 YTD actual by \$0.16M. The facility reopened as of the beginning of August 2021.

Expenditures are above 2023 YTD budget of \$0.45M by \$0.04M or 9.6%.

| Dumas Bay Centre Fund as of 07/31/2023 | 2022 | | | 2023 | | | YTD Budget vs Actual Favorable/(Unfavorable) | |
|---|-------------|------------------|---------------|-------------|---------------|---------------|---|--------|
| | Budget | Annual Actual | YTD Actual | Budget | YTD Budget | YTD Actual | \$ | % |
| | | | | | | | | |
| Beginning Fund Balance | \$1,500,001 | \$1,500,001 | \$1,500,000 | \$1,710,216 | \$1,710,216 | \$1,710,510 | n/a | n/a |
| Total Revenues | 535,151 | 591,019 | 286,983 | 527,698 | 307,824 | 443,141 | 135,317 | 44.0% |
| Total Expenses | 1,000,110 | 845,470 | 471,404 | 764,097 | 445,723 | 488,460 | (42,737) | -9.6% |
| Revenues Over/(Under) Expenses | (464,959) | (254,450) | (184,421) | (236,399) | (137,899) | (45,320) | 92,579 | -67.1% |
| Recovery Ratio | 53.51% | 69.90% | 60.88% | 69.06% | 69.06% | 90.72% | n/a | n/a |
| Total Transfer In | 464,959 | 464,959 | 164,959 | 628,148 | - | - | - | n/a |
| Ending Fund Balance | \$1,500,000 | \$1,710,510 | \$1,480,539 | \$2,101,965 | \$1,572,317 | \$1,665,190 | \$ 92,873 | 5.9% |

Performing Arts & Event Center Operations (PAEC)

Revenues are above year-to-date budget of \$0.7M by \$0.21M primarily due to the facility reopening, and operations slowly coming back to pre-pandemic levels.

Expenditures are \$0.18M or 6.9% 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 | 873,647 | 873,936 | \$ |
| Total Revenue | 323,827 | 553,529 | 1,410,377 | 591,152 | 1,443,088 | 1,690,259 | 1,279,780 | 746,539 | 960,341 | 213,802 |
| 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 | 646,326 | 750,765 | 104,439 |
| Total Expenditures | 1,195,466 | 1,628,150 | 2,589,541 | 1,452,916 | 1,653,440 | 2,631,377 | 2,483,359 | 1,448,626 | 1,631,080 | (182,454) |
| Total PAEC Operation Balance | \$ 477 | \$ (447,382) | \$ (110,546) | \$ 0 | \$ 873,590 | \$ 873,936 | \$ 778,055 | \$ 817,885 | \$ 953,961 | \$ 136,076 |
| Debt Service Payments | - | - | - | 538,247 | 553,255 | 781,330 | 772,320 | 265,173 | 265,173 | - |
| Total PAEC Cost | \$ 1,195,466 | \$ 1,628,150 | \$ 2,589,541 | \$ 1,991,163 | \$ 2,206,695 | \$ 3,412,707 | \$ 3,255,679 | \$ 1,713,799 | \$ 1,896,253 | \$ (182,454) |
| Total City Support | \$ 1,510,557 | \$ 1,637,197 | \$ 1,722,794 | \$ 1,880,307 | \$ 911,499 | \$ 1,015,938 | \$ (104,439) | | | |

Fund Activity Summary

| Fund #/Fund Name | Begin Balance 1/1/2023 | YTD Revenues | YTD Expenditures | YTD Net Income/(loss) | Ending Balance 07/31/2023* | Required Fund Balance |
|---|---------------------------|----------------------|----------------------|--------------------------|-------------------------------|--------------------------|
| 001/101 General/Street Fund** | \$ 27,709,983 | \$ 31,928,219 | 36,099,428 | \$ (4,171,208) | \$ 23,538,775 | \$ 9,500,000 |
| <i>Special Revenue Funds:</i> | | | | | | |
| 102 Arterial Street | 998,845 | 1,268,433 | 949,538 | 318,896 | 1,317,741 | 100,000 |
| 103 Utility Tax(*) | 4,646,109 | 6,576,963 | 4,551,571 | 2,025,392 | 6,671,502 | 1,500,000 |
| 104 Affordable & Supportive Housing Sales Tax | 148,016 | 38,973 | - | 38,973 | 186,989 | - |
| 106 Solid Waste & Recycling | 395,459 | 325,875 | 389,865 | (63,989) | 331,470 | - |
| 107 Special Contracts/Studies Fund | 987,302 | 12,880 | - | 12,880 | 1,000,183 | - |
| 109 Hotel/Motel Lodging Tax | 1,868,015 | 122,071 | 19,370 | 102,701 | 1,970,717 | 200,000 |
| 111 Federal Way Community Center | 1,737,273 | 1,285,730 | 1,332,645 | (46,914) | 1,690,359 | 1,500,000 |
| 112 Traffic Safety Fund | 2,493,443 | 2,937,693 | 1,654,176 | 1,283,517 | 3,776,960 | 1,200,000 |
| 113 Real Estate Excise Tax Fund | 3,217,658 | 2,043,025 | 3,236,343 | (1,193,318) | 2,024,340 | 2,000,000 |
| 114 Prop 1 Utility Tax | 1,571,054 | 1,918,488 | 2,151,845 | (233,358) | 1,337,696 | 1,000,000 |
| 115 Performing Arts & Event Ctr Operations | 873,936 | 1,711,106 | 1,631,080 | 80,026 | 953,962 | - |
| 116 Solid Waste 10% Utility Tax | 1,632,240 | 1,267,761 | 883,824 | 383,937 | 2,016,176 | - |
| 119 CDBG | 25,107 | 250,016 | 465,773 | (215,757) | (190,650) | - |
| 120 Path & Trails | 1,888,688 | 196,663 | - | 196,663 | 2,085,351 | - |
| 121 Technology | 459,999 | 182,498 | 38,799 | 143,699 | 603,698 | - |
| 122 Jail Fund | 7,260 | 2,073,678 | 2,080,843 | (7,165) | 96 | - |
| 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 | 22,211,854 | 19,385,671 | 2,826,183 | 29,911,829 | \$11,625,000 |
| 201 Debt Service Fund | (1,366,565) | 2,223,343 | 587,197 | 1,636,146 | 269,581 | - |
| <i>Capital Project Funds:</i> | | | | | | |
| 301 Downtown Redevelopment | 4,499,350 | 214,467 | - | 214,467 | 4,713,817 | - |
| 302 Municipal Facilities | 175,507 | - | - | - | 175,507 | - |
| 303 Parks | 2,032,064 | 81,850 | 74,805 | 7,045 | 2,039,109 | - |
| 304 Surface Water Management | 4,570,673 | 4,275 | 142,574 | (138,299) | 4,432,373 | - |
| 306 Transportation | 15,939,217 | 2,075,754 | 2,563,372 | (487,618) | 15,451,599 | - |
| 307 Capital Project Reserve Fund | 370,343 | - | - | - | 370,343 | - |
| Subtotal Capital Project Funds | 27,587,154 | 2,376,346 | 2,780,751 | (404,405) | 27,182,749 | - |
| <i>Enterprise Funds:</i> | | | | | | |
| 401 Surface Water Management | 4,511,222 | 4,311,548 | 2,280,529 | 2,031,019 | 6,542,241 | 690,000 |
| 402 Dumas Bay Centre Fund | 1,710,510 | 443,141 | 488,460 | (45,320) | 1,665,190 | 1,500,000 |
| Subtotal Enterprise Funds | 6,221,732 | 4,754,689 | 2,768,990 | 1,985,699 | 8,207,431 | \$ 2,190,000 |
| <i>Internal Service Funds</i> | | | | | | |
| 501 Risk Management | 1,516,845 | 1,444,891 | 2,044,308 | (599,417) | 917,428 | 600,000 |
| 502 Information Systems | 4,260,137 | 1,929,766 | 1,625,488 | 304,278 | 4,564,415 | - |
| 503 Mail & Duplication | 279,203 | 80,802 | 44,993 | 35,809 | 315,012 | - |
| 504 Fleet & Equipment | 8,548,261 | 1,906,890 | 1,475,171 | 431,719 | 8,979,980 | - |
| 505 Buildings & Furnishings | 2,115,458 | 424,724 | 338,633 | 86,091 | 2,201,549 | 2,000,000 |
| 506 Health Self Insurance Fund | 3,660,088 | 3,147,764 | 2,688,091 | 459,673 | 4,119,761 | - |
| 507 Unemployment Insurance Fund | 252,036 | - | 45,328 | (45,328) | 206,707 | 250,000 |
| Subtotal Internal Service Funds | 20,632,027 | 8,934,839 | 8,262,013 | 672,825 | 21,304,853 | \$ 2,850,000 |
| Total All Funds | \$ 107,869,976 | \$ 72,429,290 | \$ 69,884,049 | \$ 2,545,240 | \$ 110,415,217 | \$ 26,165,000 |

Monthly Treasury Positions and Activity

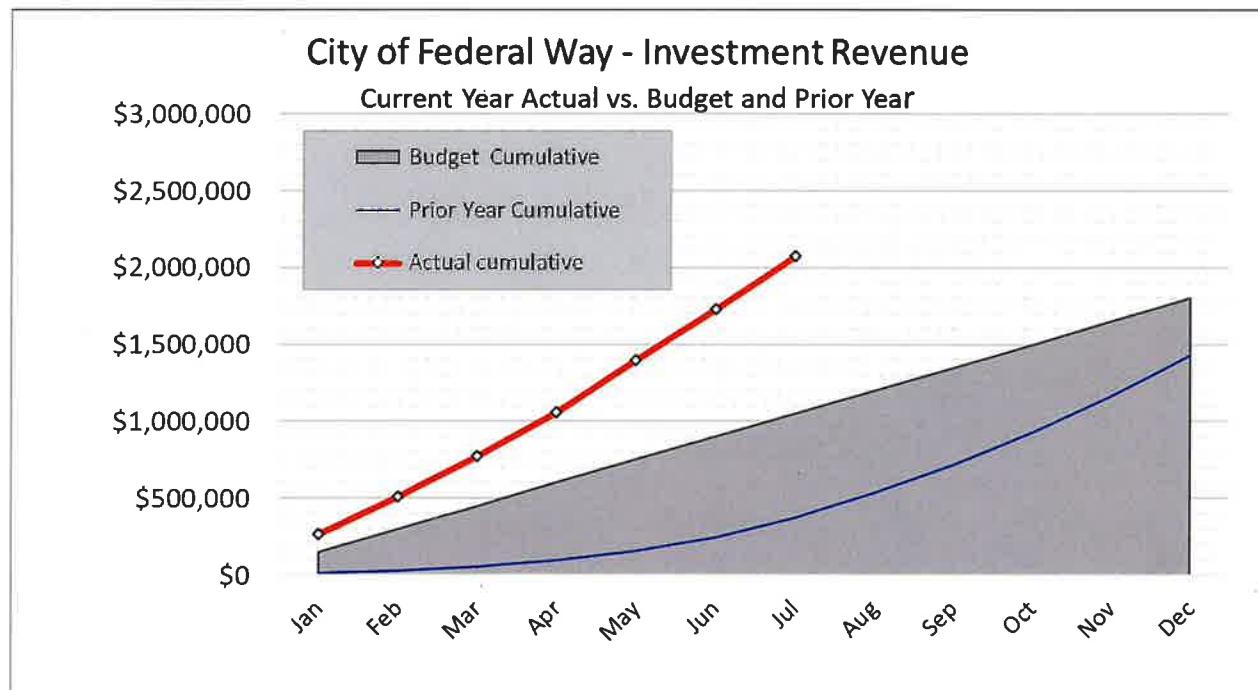
This monthly report of all investment transactions to the city council via FEDRAC complies with RCW 35.39.032. The following pages provide a summary of the current investment portfolio holdings and the individual transactions and activity during the month.

Portfolio Yield: The City's total annualized yield was 3.16%. The City's position in LGIP was \$47.1 million with a 3.6% yield and the ladder portfolio was \$60 million with a 2.8% yield.

| | Face Value | Cost | Yield % | Annual Yield \$ |
|------------------------|-----------------------|-----------------------|---------|---------------------|
| City Portfolio: | 60,000,000 | 58,547,714 | 2.794% | 1,676,386 |
| State Investment Pool: | 47,081,328 | 47,081,328 | 3.619% | 1,703,821 |
| Total: | <u>\$ 107,081,328</u> | <u>\$ 105,629,042</u> | 3.157% | <u>\$ 3,380,207</u> |

Interest Revenue Compared to Budget and Prior Year

Year-to-date interest revenue through July of \$2,073,000 exceeds budget of \$1,050,000 by 1,023,000 or 97% and exceeds prior year by \$1,702,000. Accrual basis interest for the month was \$344,000.



The following city portfolio 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 07/01/2023 - 07/31/2023 |

ACTIVITY - Settled/Cleared Cash Activity

| Transaction Type | Amount |
|----------------------|----------------|
| Purchases | 0.00 |
| Purchase Reversals | 0.00 |
| Sales | 0.00 |
| Sale Reversals | 0.00 |
| Withdrawals | 0.00 |
| Receipts | (5,886,314.61) |
| Deliveries | 0.00 |
| Principal Reversals | 0.00 |
| Interest | 73,750.00 |
| Interest Reversals | 0.00 |
| Interest Adjustments | 0.00 |
| Maturities | 1,000,000.00 |
| Calls | 0.00 |
| Puts | 0.00 |
| Paydowns | 0.00 |
| Paydown Adjustments | 0.00 |
| Payups | 0.00 |
| Payup Adjustments | 0.00 |
| Cash Dividends | 0.00 |
| Balance Changes | 0.00 |
| Stock Dividends | 0.00 |
| Closeouts | 0.00 |
| Closeout Dividends | 0.00 |
| Net Activity | (4,812,564.61) |

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 | 39,000,000.00000 | 39,000,000.00000 | 37,681,755.34 | 36,991,342.01 |
| US Government Agency Securities | 20,000,000.00000 | 20,000,000.00000 | 19,982,756.00 | 19,436,722.48 |
| Corporate Securities | 1,000,000.00000 | 1,000,000.00000 | 943,200.00 | 939,733.65 |
| Total Custody Holdings | 60,000,000.00000 | 60,000,000.00000 | 58,607,711.34 | 57,367,798.14 |

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:

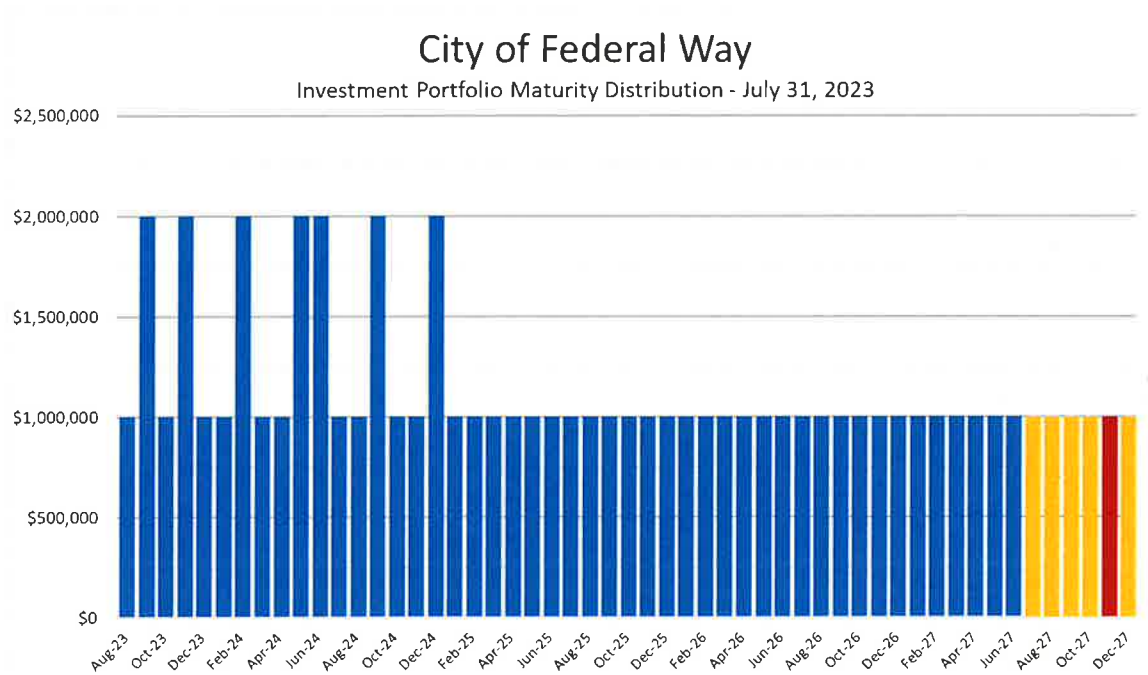
- 2021-020 US Treasury \$1,000,000, matured July 2023, yielding 1.38%

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):

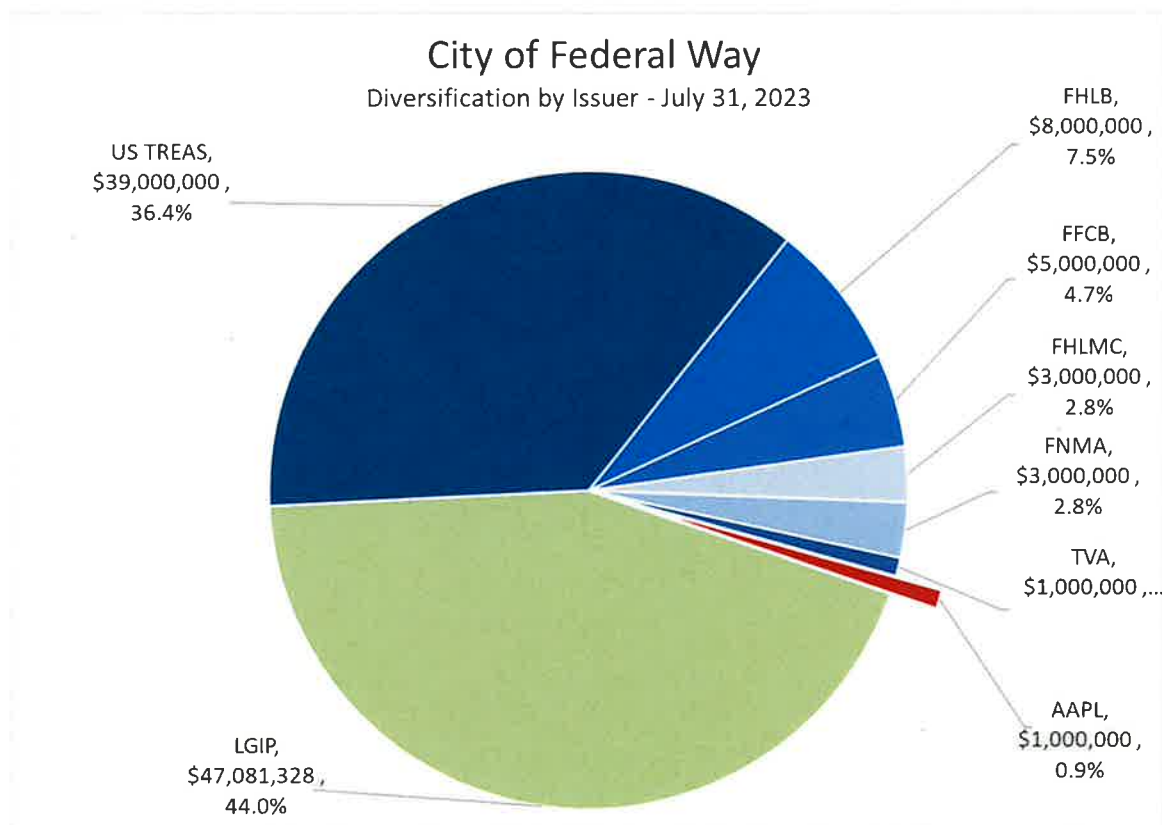
- 2023-065 US Treasury \$1,000,000, matures July 2027, yielding 4.31%
- 2023-066 US Treasury \$1,000,000, matures August 2027, yielding 4.04%
- 2023-067 US Treasury \$1,000,000, matures September 2027, yielding 4.13%
- 2023-068 US Treasury \$1,000,000, matures October, 2027, yielding 4.20%
- 2023-069 Apple* (AAPL) \$1,000,000, matures November, 2027, yielding 4.47%
- 2023-070 US Treasury \$1,000,000, matures December, yielding 4.26%

Apple is rated AAA

The maturity distribution of the laddered portion of the portfolio shows that \$1-2 million will mature each month for the next 53 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. **Purchase of AAPL is rated Aaa/AA+ rating by Moody's and S&P; Fitch downgraded the US Government's credit rating from AAA to AA+ on August 1, 2023.**

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|--------------------------------|--|--------|
| Acct Name: CITY OF FEDERAL WAY | HOLDINGS AS OF 07/31/2023 - USD | Page 5 |
| Acct Number: XXXXXXXX033 | | |

| CUSTODY Maturity | Security ID Ticket | Rate Acq Date | Description | Par/Shares Original Face | Principal Cost | Market Value NAV |
|-----------------------------|------------------------|------------------|---|------------------------------|----------------|---------------------|
| Treasury Obligations | | | | | | |
| 09/28/2023 | 912796CS6 392227577 | D1 04/23 | US TREASURY BILLS BILLS 09/28/23 | 1,000,000.00 1,000,000.00 | 977,611.94 | 991,361.08 |
| 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 | 995,937.50 |
| 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 | 987,656.25 |
| 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 | 983,906.25 |
| 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 | 985,703.12 |
| 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 | 976,914.06 |
| 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 | 977,460.94 |
| 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 | 972,304.69 |
| 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 | 956,445.31 |
| 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 | 945,937.50 |
| 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 | 945,585.94 |

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|--------------------------------|--|--------|
| Acct Name: CITY OF FEDERAL WAY | HOLDINGS AS OF 07/31/2023 - USD | Page 6 |
| Acct Number: XXXXXXXX033 | | |

| CUSTODY Maturity | Security ID Ticket | Rate Acq Date | Description | Par/Shares Original Face | Principal Cost | Market Value NAV |
|----------------------------|------------------------|------------------|---|------------------------------|----------------|---------------------|
| 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 | 943,632.81 |
| 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 | 945,156.25 |
| 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 | 927,109.38 |
| 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 | 922,343.75 |
| 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 | 917,226.56 |
| 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 | 914,960.94 |
| 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 | 911,875.00 |
| 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 | 903,945.31 |
| 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 | 983,826.13 | 952,187.50 |
| 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 | 951,601.56 |
| 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 | 940,937.50 |
| 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 | 901,289.06 |

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| Acct Name: CITY OF FEDERAL WAY | HOLDINGS AS OF 07/31/2023 - USD | Page 7 |
| Acct Number: XXXXXX033 | | |

| CUSTODY Maturity | Security ID Ticket | Rate Acq Date | Description | Par/Shares Original Face | Principal Cost | Market Value NAV |
|---------------------|------------------------|------------------|--|------------------------------|----------------|---------------------|
| 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 | 899,062.50 |
| 06/30/2026 | 91282CCJ8 392224738 | .875 09/22 | U.S. Treasury Notes 91282CCJ8 06/30/2026 | 1,000,000.00 1,000,000.00 | 906,718.75 | 901,523.44 |
| 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 | 926,250.00 |
| 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 | 900,390.62 |
| 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 | 924,921.88 |
| 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 | 902,226.56 |
| 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 | 906,484.38 |
| 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 | 1,071,289.06 |
| 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 | 944,414.06 |
| 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 | 960,507.81 |
| 07/31/2027 | 91282CFB2 392228878 | 2.750 07/23 | US TREASURY NOTE 2.750, 07/31/2027 | 1,000,000.00 1,000,000.00 | 942,460.94 | 941,679.69 |

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| Acct Name: CITY OF FEDERAL WAY | HOLDINGS AS OF 07/31/2023 - USD | Page 8 |
| Acct Number: XXXXXX033 | | |

| CUSTODY Maturity | Security ID Ticket | Rate Acq Date | Description | Par/Shares Original Face | Principal Cost | Market Value NAV |
|---------------------------------|------------------------|------------------|---|--------------------------------------|----------------|---------------------|
| 08/31/2027 | 91282CFH9 751017327 | 3.125 07/23 | US TREASURY NOTE 91282CFH9 08/31/2027 | 1,000,000.00 1,000,000.00 | 965,468.75 | 955,039.06 |
| 09/30/2027 | 91282CFM8 392229146 | 4.125 07/23 | US TREASURY NOTE 4.125, 09/30/2027 | 1,000,000.00 1,000,000.00 | 999,726.56 | 982,304.69 |
| 10/31/2027 | 91282CFU0 392229236 | 4.125 07/23 | US TREASURY NOTE 4.125 NOTE 2027 | 1,000,000.00 1,000,000.00 | 996,953.13 | 993,046.88 |
| 12/31/2027 | 91282CGC9 392229416 | 3.875 07/23 | US TREASURY NOTES 3.875% NOTE 12/31/27 | 1,000,000.00 1,000,000.00 | 984,590.00 | 984,140.62 |
| Treasury Obligations Total | | | | 39,000,000.00000 39,000,000.00000 | 37,681,755.34 | 36,991,342.01 |
| US Government Agency Securities | | | | | | |
| 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 | 996,667.89 |
| 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 | 984,156.56 |
| 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 | 982,008.78 |
| 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 | 984,967.91 |
| 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 | 998,190.55 |
| 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 | 982,149.63 |
| 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 | 997,904.96 |

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|--------------------------------|---------------------------------|--------|
| Acct Name: CITY OF FEDERAL WAY | HOLDINGS AS OF 07/31/2023 - USD | Page 9 |
| Acct Number: XXXXXX033 | | |

| CUSTODY Maturity | Security ID Ticket | Rate Acq Date | Description | Par/Shares Original Face | Principal Cost | Market Value NAV |
|---------------------|------------------------|------------------|---|------------------------------|----------------|---------------------|
| 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 | 967,722.25 |
| 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 | 960,656.70 |
| 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 | 994,663.66 |
| 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 | 940,505.23 |
| 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 | 990,995.83 |
| 02/12/2025 | 3137EAEP0 819021816 | 1.500 02/22 | FEDERAL HOME LOAN MTG CORP 02/12/25 | 1,000,000.00 1,000,000.00 | 1,002,357.00 | 946,861.25 |
| 08/25/2025 | 3135G05X7 751014188 | .375 08/22 | FEDERAL NATL MORTGAGE ASSN 08/25/25 | 1,000,000.00 1,000,000.00 | 909,873.00 | 910,461.53 |
| 09/23/2025 | 3137EAEX3 751014307 | .375 06/22 | FEDERAL HOME LOAN MTG CORP 09/23/2025 | 1,000,000.00 1,000,000.00 | 915,848.00 | 909,071.27 |
| 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 | 1,037,332.00 |
| 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 | 963,693.77 |
| 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 | 952,430.25 |
| 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 | 970,398.14 |

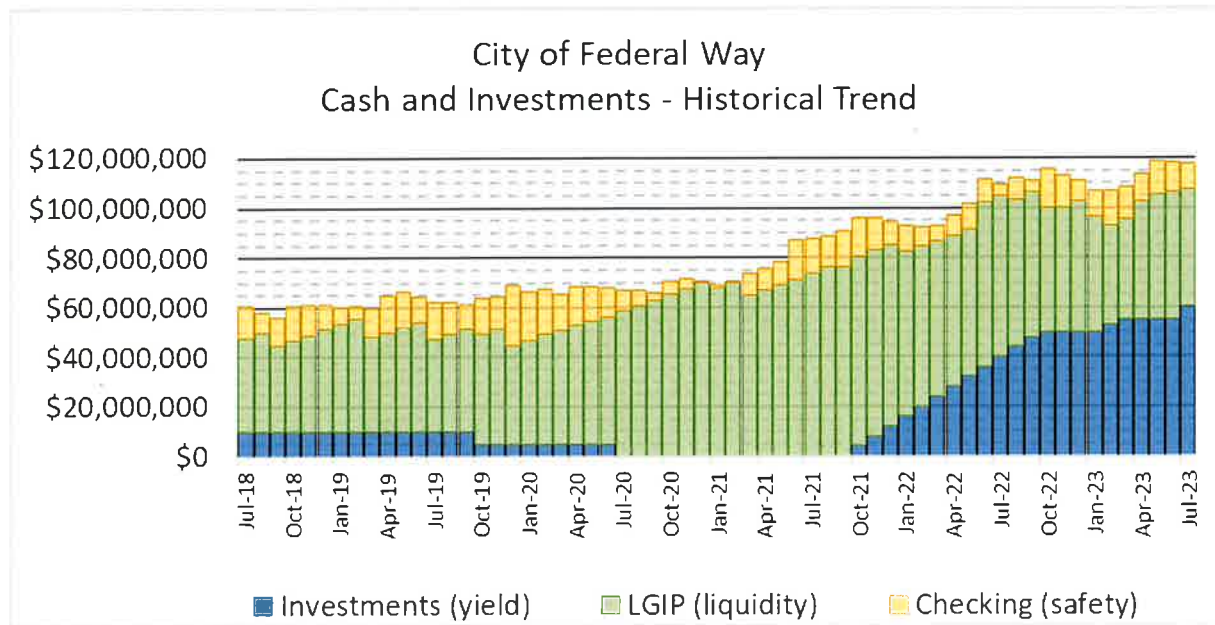
| | | |
|--------------------------------|---------------------------------|---------|
| Acct Name: CITY OF FEDERAL WAY | HOLDINGS AS OF 07/31/2023 - USD | Page 10 |
| Acct Number: XXXXXX033 | | |

| CUSTODY Maturity | Security ID Ticket | Rate Acq Date | Description | Par/Shares Original Face | Principal Cost | Market Value NAV |
|---------------------------------------|------------------------|------------------|---|--------------------------------------|----------------|---------------------|
| 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 | 965,884.32 |
| US Government Agency Securities Total | | | | 20,000,000.00000 20,000,000.00000 | 19,982,756.00 | 19,436,722.48 |
| Corporate Securities | | | | | | |
| 11/13/2027 | 037833DK3 392229402 | 3.000 07/23 | APPLE INC SR GLBL NT 3%27 | 1,000,000.00 1,000,000.00 | 943,200.00 | 939,733.65 |
| Corporate Securities Total | | | | 1,000,000.00000 1,000,000.00000 | 943,200.00 | 939,733.65 |
| Total Custody Holdings | | | | 60,000,000.00000 60,000,000.00000 | 58,607,711.34 | 57,367,798.14 |

Cash Balance and Investment Positions:

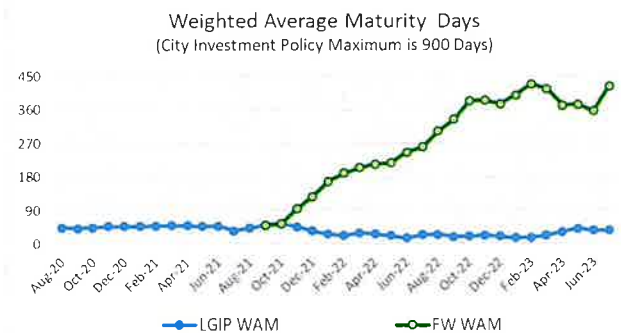
The City's cash balance trend is shown below:

- Total cash decreased to 117.5 million from \$118.0 million at end of July.
- Laddered investments increased from \$55 million to \$60 million.
- The LGIP Investment Pool position decreased from \$51.0 million to \$47.1 million.

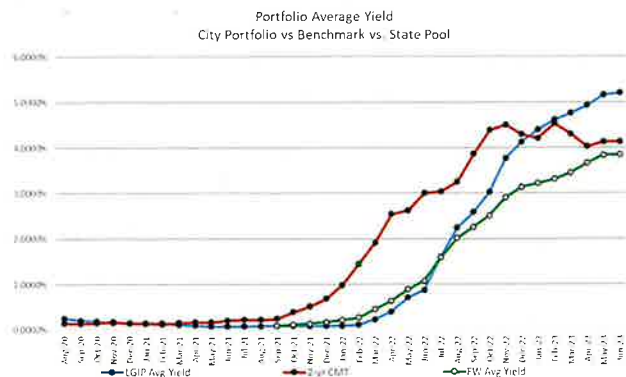


Benchmark and Portfolio

Weighted Average Maturity (WAM) of the City's portfolio, including position in LGIP, is 421 days, and within the City's Investment Policy limit of 2.5 years or 900 days. The LGIP State Pool WAM was 26 days in July. The City's average maturity increased in part due to the decrease in cash balance at the LGIP and purchase of 5 long-term maturities.



Average Yield of the City's portfolio was 3.8%, compared to 4.8% for the 2-year Constant Maturity Treasury index and 5.2% for the LGIP.



Addendum – Investment Rationale Staff Review of Investment Rationale

Date: July 3, 2023

Investment # 2023-065 is a 4-year Treasury (T), face value \$1,000,000, maturing July 30, 2027, purchased at 94.24 (discount) to yield 4.31%. This trade settles July 5, 2023 with Wedbush Securities, US Bank Safekeeping, replacing the July Maturity earning 1.38%.

Liquidity: At June 30th month-end, total city cash was \$118.0 million, checking account balance was \$12.0 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 \$51.0 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 4.31%. *This investment is 87 basis points below LGIP.* Comparable yields evaluated at time of purchase were:

| | | |
|---------------------------|----------------|-------------------------|
| LGIP current 30-day yield | 5.18% | www.secureaccess.wa.gov |
| 2-year Treasury | 4.92% | Bloomberg.com |
| Same maturity Agency | None available | Broker live inquiry |
| 5-year Treasury | 4.17% | 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 ladder portfolio.

Outlook. The yield curve is currently inverted, with peak yield around 5.43% at 6 months then inverted to 2-year at 4.92%, the 5-year at 4.17%. The Federal Reserve Bank last executed a no rate hike in June as uncertainty remains over inflation, money supply and Fed moves.

Staff review:

Deputy Finance Director: _____

Date 7/3/2023

Finance Director: _____

Date 7/3/2023

Staff Review of Investment Rationale

Date: July 14, 2023

Investment # 2023-066 is a 4-year Treasury (T), face value \$1,000,000, maturing August 31, 2027, purchased at 96.55 (discount) to yield 4.04%. This trade settles July 14 2023 with Wedbush Securities, US Bank Safekeeping, drawing down LGIP balance in order to lock in long-term yield.

Liquidity: At June 30th month-end, total city cash was \$118.0 million, checking account balance was \$12.0 million (target minimum is \$8 Million), investment portfolio was \$55.0 million (target is \$60 million for Treasuries and Agencies). State LGIP investment pool balance was \$51.0 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 4.04%. *This investment is 9 basis points above the 5-year benchmark.* Comparable yields evaluated at time of purchase were:

| | | |
|---------------------------|----------------|-------------------------|
| LGIP current 30-day yield | 5.18% | www.secureaccess.wa.gov |
| 2-year Treasury | 4.62% | Bloomberg.com |
| Same maturity Agency | None available | Broker live inquiry |
| 5-year Treasury | 3.95% | Bloomberg.com |

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

Diversification. This purchase puts this issuer at 33.6% of total portfolio.

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

Outlook. The yield curve is currently inverted, with peak yield around 5.44% at 6 months then inverted to 2-year at 4.62%, the 5-year at 3.95%. The Federal Reserve Bank last executed a no rate hike in June as uncertainty remains over inflation, money supply and Fed moves.

Staff review:Deputy Finance Director: Date: 7/14/23Finance Director: Date: 7/14/2023

Staff Review of Investment Rationale

Date: July 17, 2023

Investment # 2023-067 is a 4-year Treasury (T), face value \$1,000,000, maturing September 30, 2027, purchased at 99.97 (discount) to yield 4.13%. This trade settles July 18, 2023 with Wedbush Securities, US Bank Safekeeping, drawing down LGIP balance in order to lock in long-term yield.

Liquidity: At June 30th month-end, total city cash was \$118.0 million, checking account balance was \$12.0 million (target minimum is \$8 Million), investment portfolio was \$55.0 million (target is \$60 million for Treasuries and Agencies). State LGIP investment pool balance was \$51.0 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 4.13%. *This investment is 10 basis points above the 5-year benchmark.* Comparable yields evaluated at time of purchase were:

| | | |
|---------------------------|----------------|-------------------------|
| LGIP current 30-day yield | 5.18% | www.secureaccess.wa.gov |
| 2-year Treasury | 4.76% | Bloomberg.com |
| Same maturity Agency | None available | Broker live inquiry |
| 5-year Treasury | 4.03% | Bloomberg.com |

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

Diversification. This purchase puts this issuer at 35.9% of total portfolio.

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

Outlook. The yield curve is currently inverted, with peak yield around 5.48% at 6 months then inverted to 2-year at 4.76%, the 5-year at 4.03%. The Federal Reserve Bank last executed a no rate hike in June as uncertainty remains over inflation, money supply and Fed moves.

Staff review:Deputy Finance Director: Date 7/18/23Finance Director: Date 7/17/2024

Staff Review of Investment Rationale

Date: July 20, 2023

Investment # 2023-068 is a 4-year Treasury (T), face value \$1,000,000, maturing October 31, 2027, purchased at 99.7 (discount) to yield 4.20%. This trade settles July 21, 2023 with Wedbush Securities, US Bank Safekeeping, drawing down LGIP balance in order to lock in long-term yield.

Liquidity: At June 30th month-end, total city cash was \$118.0 million, checking account balance was \$12.0 million (target minimum is \$8 Million), investment portfolio was \$55.0 million (target is \$60 million for Treasuries and Agencies). State LGIP investment pool balance was \$51.0 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 4.20%. *This investment is 9 basis points above the 5-year benchmark.* Comparable yields evaluated at time of purchase were:

| | | |
|---------------------------|----------------|--|
| LGIP current 30-day yield | 5.18% | www.secureaccess.wa.gov |
| 2-year Treasury | 4.86% | Bloomberg.com |
| Same maturity Agency | None available | Broker live inquiry |
| 5-year Treasury | 4.11% | Bloomberg.com |

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

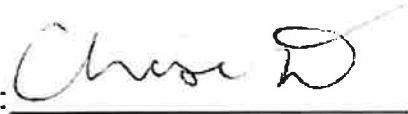
Diversification. This purchase puts this issuer at 36.5% of total portfolio.

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

Outlook. The yield curve is currently inverted, with peak yield around 5.43% at 6 months then inverted to 2-year at 4.86%, the 5-year at 4.11%. The Federal Reserve Bank last executed a no rate hike in June as uncertainty remains over inflation, money supply and Fed moves.

Staff review:

Deputy Finance Director:



Date

7/20/2023

Finance Director:



Date

7/20/2023

Staff Review of Investment Rationale

Date: July 25, 2023

Investment # 2023-069 is a 4-year 4-month Apple corporate bond (AAPL), face value \$1,000,000, maturing November 13, 2027, purchased at 94.32 (discount) to yield 4.47%. This trade settles July 27, 2023 with Wedbush Securities, US Bank Safekeeping, drawing down LGIP balance in order to lock in long-term yield.

Liquidity: At June 30th month-end, total city cash was \$118.0 million, checking account balance was \$12.0 million (target minimum is \$8 Million), investment portfolio was \$55.0 million (target is \$60 million for Treasuries and Agencies). State LGIP investment pool balance was \$51.0 million (target minimum is \$20 million, excluding unspent ARPA).

Safety: This purchase is a debt issue of Apple, a Aaa/AA+ (stable outlook) rating by Moody's and S&P.

Yield. Yield is 4.47%. *29* This investment is 28 basis points above the 5-year benchmark. Comparable yields evaluated at time of purchase were:

| | | |
|---------------------------|----------------|-------------------------|
| LGIP current 30-day yield | 5.19% | www.secureaccess.wa.gov |
| 2-year Treasury | 4.89% | Bloomberg.com |
| Same maturity Agency | None available | Broker live inquiry |
| 5-year Treasury | 4.18% | Bloomberg.com |

Callability. This investment is not callable (a bullet), possible make-whole at 8/13/27.

Diversification. This purchase puts this issuer at 0.95% of total portfolio, under 2% policy limit for corporate issues.

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 5.46% at 6 months then inverted to 2-year at 4.89%, the 5-year at 4.18%. The Federal Reserve Bank last executed a no rate hike in June as uncertainty remains over inflation, money supply and Fed moves.

Staff review:

Deputy Finance Director:



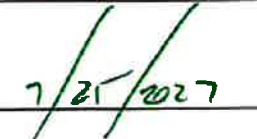
Date



Finance Director:



Date



Staff Review of Investment Rationale

Date: July 27, 2023

Investment # 2023-070 is a 4-year 5-month Treasury (T), face value \$1,000,000, maturing December 31, 2027, purchased at 98.5 (discount) to yield 4.26%. This trade settles July 28, 2023 with Mischler Financial Group, US Bank Safekeeping, drawing down LGIP balance in order to lock in long-term yield.

Liquidity: At June 30th month-end, total city cash was \$118.0 million, checking account balance was \$12.0 million (target minimum is \$8 Million), investment portfolio was \$55.0 million (target is \$60 million for Treasuries and Agencies). State LGIP investment pool balance was \$51.0 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 4.26%. *This investment is 7 basis points above the 5-year benchmark.* Comparable yields evaluated at time of purchase were:

| | | |
|---------------------------|----------------|--|
| LGIP current 30-day yield | 5.18% | www.secureaccess.wa.gov |
| 2-year Treasury | 4.92% | Bloomberg.com |
| Same maturity Agency | None available | Broker live inquiry |
| 5-year Treasury | 4.19% | Bloomberg.com |

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

Diversification. This purchase puts this issuer at 36.8% 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 5.50% at 6 months then inverted to 2-year at 4.92%, the 5-year at 4.19%. The Federal Reserve Bank last executed a no rate hike in June as uncertainty remains over inflation, money supply and Fed moves.

Staff review:

Deputy Finance Director: _____

Date: _____

Finance Director: _____

Date: _____

COUNCIL MEETING DATE: October 3, 2023

ITEM #: _____

CITY OF FEDERAL WAY

CITY COUNCIL

AGENDA BILL

SUBJECT: JULY 2023 MONTHLY FINANCIAL REPORT**POLICY QUESTION:** Should the Council approve the July 2023 Monthly Financial Report?**COMMITTEE:** FINANCE, ECONOMIC DEVELOPMENT AND REGIONAL AFFAIRS COMMITTEE (FEDRAC)**MEETING DATE:** Sept. 26, 2023**CATEGORY:**☒ **Consent**☐ **Ordinance**☐ **Public Hearing**☐ **City Council Business**☐ **Resolution**☐ **Other****STAFF REPORT BY:** Steve Groom, Finance Director**DEPT:** Finance**Attachments:** July 2023 Monthly Financial Report**Options to Consider:**

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

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

[Signature] *[Signature]*
Committee Initial Date Council Initial Date

DIRECTOR APPROVAL:

[Signature] 8/24/2023
Initial Date

COMMITTEE RECOMMENDATION: *I move to forward the July 2023 Monthly Financial Report to the October 3, 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** *(10/10/2023)*
- ☐ **DENIED**
- ☐ **TABLED/DEFERRED/NO ACTION**
- ☐ **MOVED TO SECOND READING** (*ordinances only*)
- REVISED – 1/2022

COUNCIL BILL #

First reading

Enactment reading

ORDINANCE #**RESOLUTION #**