

DATE: October 24, 2023

TO: Mayor and City Council  
Management Team

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

SUBJECT: Monthly Financial Report

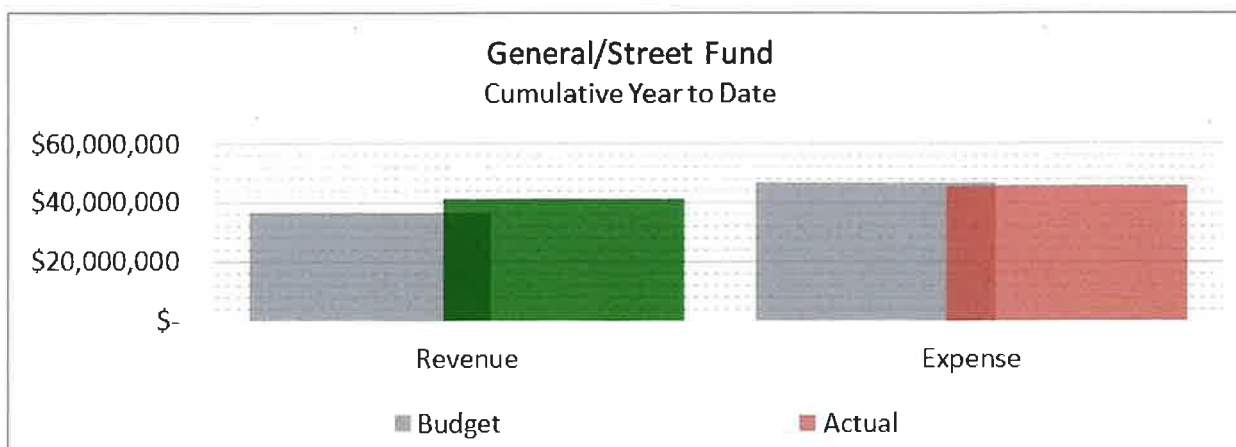
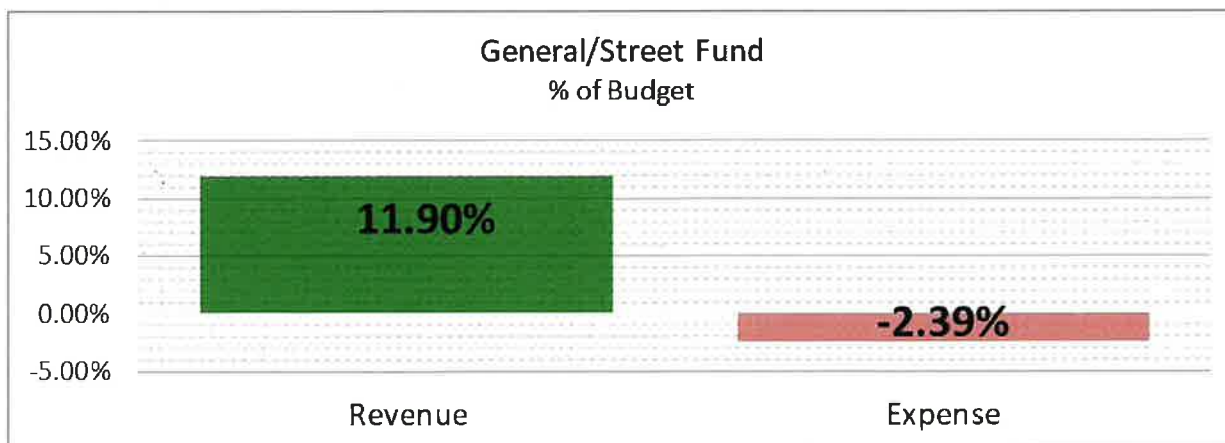
This report is to brief you on monthly and year-to-date (YTD) revenues and expenses, compared to budget and prior year, on the city's cash and fund balance positions, and on the monthly investment performance, transactions and current holdings.

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 \$36.85M by \$4.39M or (11.9%).

Expenditures & Transfers Out are **favorable** to YTD budget of \$46.91M by \$1.12M or 2.4% 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, \$0.79M or 6.0% above 2023 YTD budget, and \$1.42M or 11.4% above 2022 YTD collections. Retail sales and services are \$392K above 2022 YTD collections. This is an indicator of the health of the local economy.
- CD Permits & Fees revenue is trending favorably, \$1.22M or 40.6% above 2023 YTD budget, and \$1.57M or 58.8% above 2022 YTD collections.
- Total Expenditures & Transfer Out is below YTD budget by \$1.12M, but \$3.79M or 9.0% 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	\$27,709,983	\$27,709,983	\$ 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	12,443,604	20,170,852	13,077,374	13,866,451	789,077	6.0%
Property Taxes	11,357,280	11,590,675	6,523,966	11,762,933	6,620,924	6,456,866	(164,058)	-2.5%
State Shared Revenue	3,022,000	3,126,093	1,948,769	3,153,260	1,965,704	2,021,265	55,560	2.8%
CD Permits & Fees	2,564,111	4,040,385	2,663,812	4,333,019	3,008,947	4,229,777	1,220,831	40.6%
Business License Fees	622,000	724,126	552,653	682,631	518,232	584,605	66,373	12.8%
Admissions Tax	306,513	834,953	652,661	339,265	254,449	672,814	418,366	164.4%
Other Revenues	11,678,849	12,440,091	7,595,397	13,052,802	8,302,967	10,301,970	1,999,003	24.1%
Transfers in from Other Funds to support operations	7,356,718	7,268,912	5,705,912	8,372,201	3,100,610	3,100,610	-	0.0%
<b>Total Revenues &amp; Transfer In</b>	<b>64,865,669</b>	<b>68,838,642</b>	<b>47,695,217</b>	<b>61,866,962</b>	<b>36,849,207</b>	<b>41,234,359</b>	<b>4,385,152</b>	<b>11.9%</b>
<b>Total Expenditures &amp; Transfer Out</b>	<b>76,102,125</b>	<b>62,467,985</b>	<b>41,995,882</b>	<b>79,507,401</b>	<b>46,907,888</b>	<b>45,787,137</b>	<b>1,120,751</b>	<b>2.4%</b>
<b>Total Ending Fund Balance</b>	<b>\$10,102,874</b>	<b>\$27,709,986</b>	<b>\$27,038,665</b>	<b>\$10,069,544</b>	<b>\$17,651,302</b>	<b>\$ 23,157,208</b>	<b>n/a</b>	<b>n/a</b>

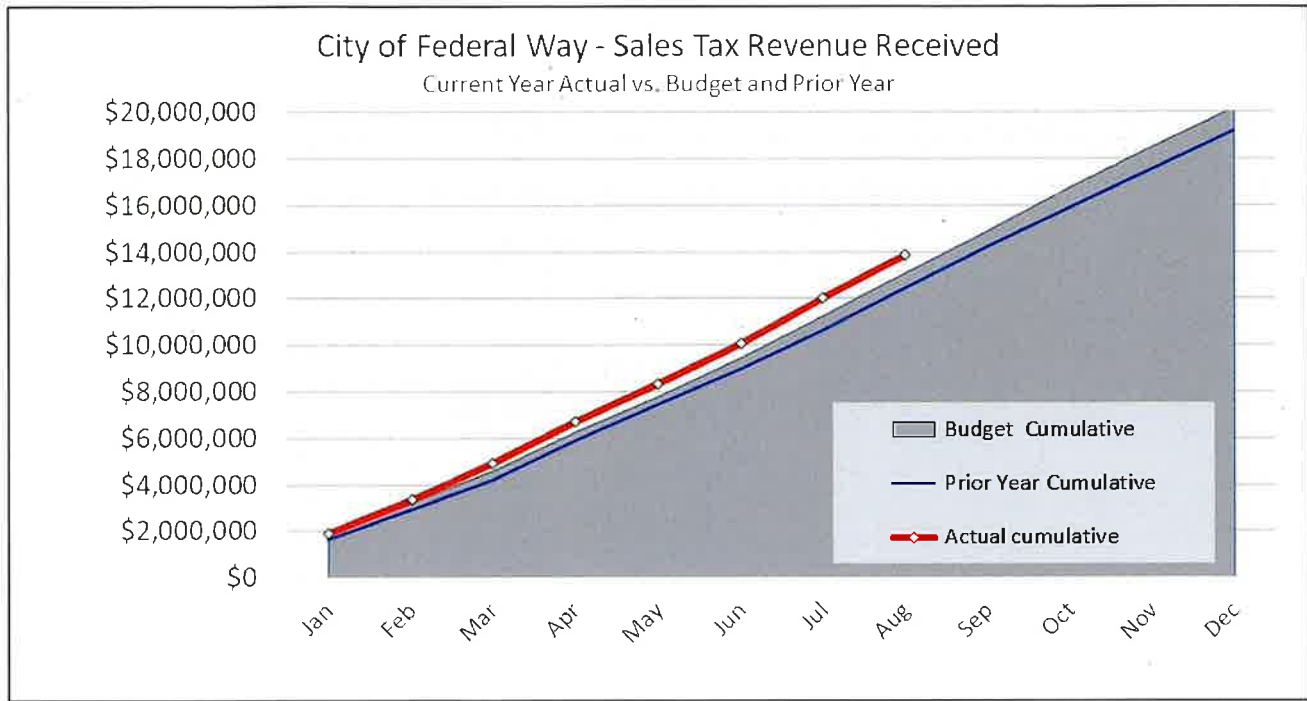
## Other Fund Highlights

- Utility Tax revenue is trending favorably, \$0.62M or 5.3% above 2023 YTD budget, and \$0.74M or 6.4% 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 \$1.09M or 28.1% below 2023 YTD budget, and \$1.63M or 36.9% below 2022 YTD collections. This is an indicator of the Federal Way real estate market's volume and valuations.
- Expenditures & Transfer Out is favorable, \$0.44M or 1.8% below YTD budget, and \$2.36M 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 Favorable/(Unfavorable)	
	Annual Budget	Annual Actual	YTD Actual	Annual Budget	YTD Budget	YTD Actual	\$	%
<b>Revenues:</b>								
Utility Tax	10,584,294	11,858,892	7,782,519	12,449,432	7,829,123	8,225,949	396,825	5.1%
Utility Tax- Prop 1 Voter Package	3,093,312	3,460,473	2,283,041	3,402,436	2,228,018	2,398,110	170,092	7.6%
Utility Tax- Solid Waste 10%	2,000,000	2,310,053	1,521,861	2,200,000	1,650,000	1,702,959	52,959	3.2%
Real Estate Excise Tax	4,421,454	5,117,985	4,410,080	5,521,000	3,870,965	2,781,530	(1,089,435)	-28.1%
Traffic Safety (Red Light/School Zone)	2,872,442	3,842,343	2,973,170	3,000,000	2,218,909	3,429,476	1,210,567	54.6%
Hotel/Motel Lodging Tax	150,000	281,845	179,395	293,000	192,787	186,998	(5,790)	-3.0%
Federal Way Community Center	1,690,875	1,761,950	1,079,618	1,930,875	1,448,156	1,100,698	(347,458)	-24.0%
Performing Arts & Event Ctr Operations	1,611,664	1,690,259	1,050,988	1,279,780	959,835	1,309,308	349,472	36.4%
Dumas Bay Centre Fund	535,151	591,019	382,689	527,698	395,774	630,640	234,867	59.3%
<b>Total Revenues</b>	<b>26,959,192</b>	<b>30,914,819</b>	<b>21,663,362</b>	<b>30,604,221</b>	<b>20,793,567</b>	<b>21,765,667</b>	<b>972,099</b>	<b>4.7%</b>
<b>Expenditures &amp; Transfers Out:</b>								
Utility Tax Support to Other Funds for operations	9,734,702	9,837,985	7,696,181	11,804,598	5,953,600	5,953,600	-	0.0%
Utility Tax Proposition 1 operations	4,170,275	4,126,995	2,980,341	4,471,873	3,353,905	2,689,750	664,155	19.8%
Solid Waste 10% Utility Tax- Residential Streets Overlay	3,418,862	2,098,307	1,745,146	3,680,166	2,760,125	1,977,497	782,628	28.4%
Real Estate Excise Tax Support to Debt and Capital Projects	5,989,440	5,989,440	5,207,986	7,055,343	3,236,343	3,236,343	-	0.0%
Traffic Safety (Red Light/School Zone)	3,529,722	3,529,723	2,632,343	3,846,735	2,885,051	2,636,595	248,456	8.6%
Hotel/Motel Lodging Tax	155,000	20,598	16,308	65,000	48,750	25,949	22,801	46.8%
Jail Fund Services	2,644,584	2,871,371	1,676,501	2,500,000	1,875,000	2,663,665	(788,665)	-42.1%
Federal Way Community Center	2,756,334	2,590,528	1,718,066	2,279,893	1,709,920	1,789,027	(79,107)	-4.6%
Performing Arts & Event Ctr Operations	2,631,641	2,631,378	1,886,022	2,483,359	1,862,519	2,184,374	(321,855)	-17.3%
Dumas Bay Centre Fund	1,000,110	845,470	620,683	764,097	573,073	663,913	(90,841)	-15.9%
<b>Total Expenditures &amp; Transfers Out</b>	<b>36,030,671</b>	<b>34,541,794</b>	<b>26,179,577</b>	<b>38,951,064</b>	<b>24,258,285</b>	<b>23,820,713</b>	<b>437,572</b>	<b>1.8%</b>
<b>Ending Fund Balance</b>								
Utility Tax (non-Prop 1)	3,385,633	4,646,109	3,252,178	4,791,900	-	6,923,466	n/a	n/a
Utility Tax- Prop 1 Voter Package	1,263,680	1,571,054	1,000,002	1,000,659	-	1,279,414	n/a	n/a
Utility Tax- Solid Waste 10%	-	1,632,240	1,197,310	152,073	-	1,352,692	n/a	n/a
Real Estate Excise Tax Fund	2,546,600	3,217,658	3,291,731	1,683,316	-	2,762,845	n/a	n/a
Traffic Safety Fund	2,124,096	2,493,443	2,476,185	1,646,708	-	3,286,324	n/a	n/a
Hotel/Motel Lodging Tax	1,605,161	1,868,015	1,767,871	2,096,015	-	2,029,064	n/a	n/a
Jail Fund	-	7,260	(2)	0	-	1	n/a	n/a
Federal Way Community Center	1,500,393	1,737,273	1,427,405	2,256,756	-	1,500,034	n/a	n/a
Performing Arts & Event Ctr Operations	873,587	873,936	38,556	778,344	-	749,634	n/a	n/a
Dumas Bay Centre Fund	1,500,001	1,710,510	1,426,965	2,102,259	-	1,677,236	n/a	n/a
<b>Total Ending Fund Balance</b>	<b>\$ 14,799,148</b>	<b>\$ 19,757,498</b>	<b>\$ 15,878,201</b>	<b>\$ 16,508,031</b>	<b>\$ -</b>	<b>\$ 21,560,711</b>	<b>n/a</b>	<b>n/a</b>

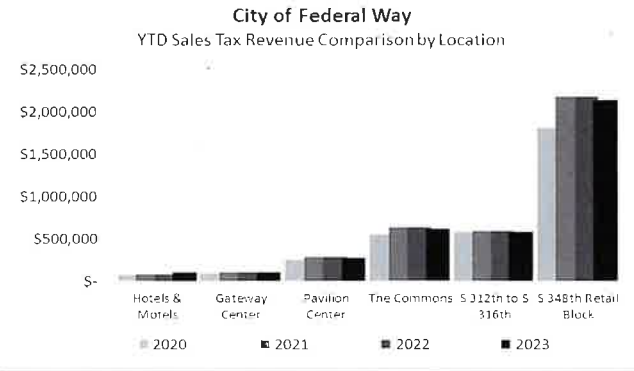
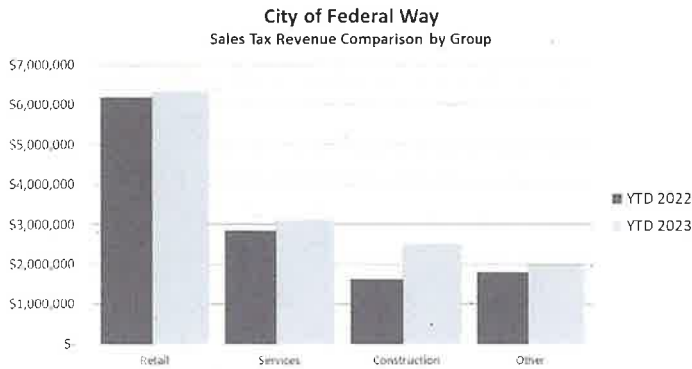
## Sales Tax

Revenues are favorable to 2023 YTD budget by \$0.79M or 6.0% and above 2022 YTD actual by \$1.42M or 11.4%. 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.



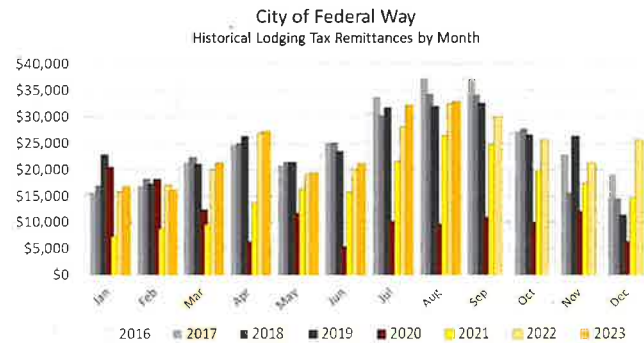
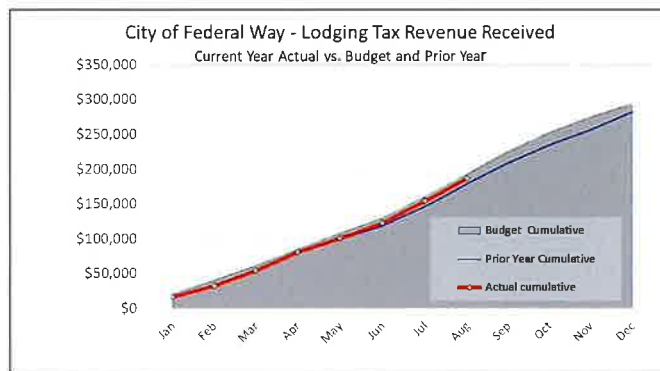
LOCAL RETAIL SALES TAX REVENUES							
YTD September							
Month	2022 Actual	2023		Favorable/(Unfavorable)			
		Budget	Actual	Change from 2022		YTD Actual vs Budget	
				\$	%	\$	%
Jan	1,653,281	\$ 1,875,011	\$ 1,917,113	\$ 263,832	16.0%	\$ 42,102	2.2%
Feb	1,284,275	1,397,709	1,425,556	141,280	11.0%	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	1,931,467	252,268	15.0%	127,762	7.1%
Aug	1,785,214	1,844,525	1,850,860	65,646	3.7%	6,335	0.3%
Sep	1,757,829	1,815,045	-	-	-	-	-
Oct	1,721,219	1,867,738	-	-	-	-	-
Nov	1,649,918	1,714,572	-	-	-	-	-
Dec	1,632,393	1,696,122	-	-	-	-	-
<b>YTD Total</b>	<b>\$ 12,443,604</b>	<b>\$ 13,077,374</b>	<b>\$ 13,866,451</b>	<b>\$ 1,422,847</b>	<b>11.4%</b>	<b>\$ 789,077</b>	<b>6.0%</b>
<b>Annual Total</b>	<b>\$ 19,204,963</b>	<b>\$ 20,170,852</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>





## Hotel/Motel Lodging Tax

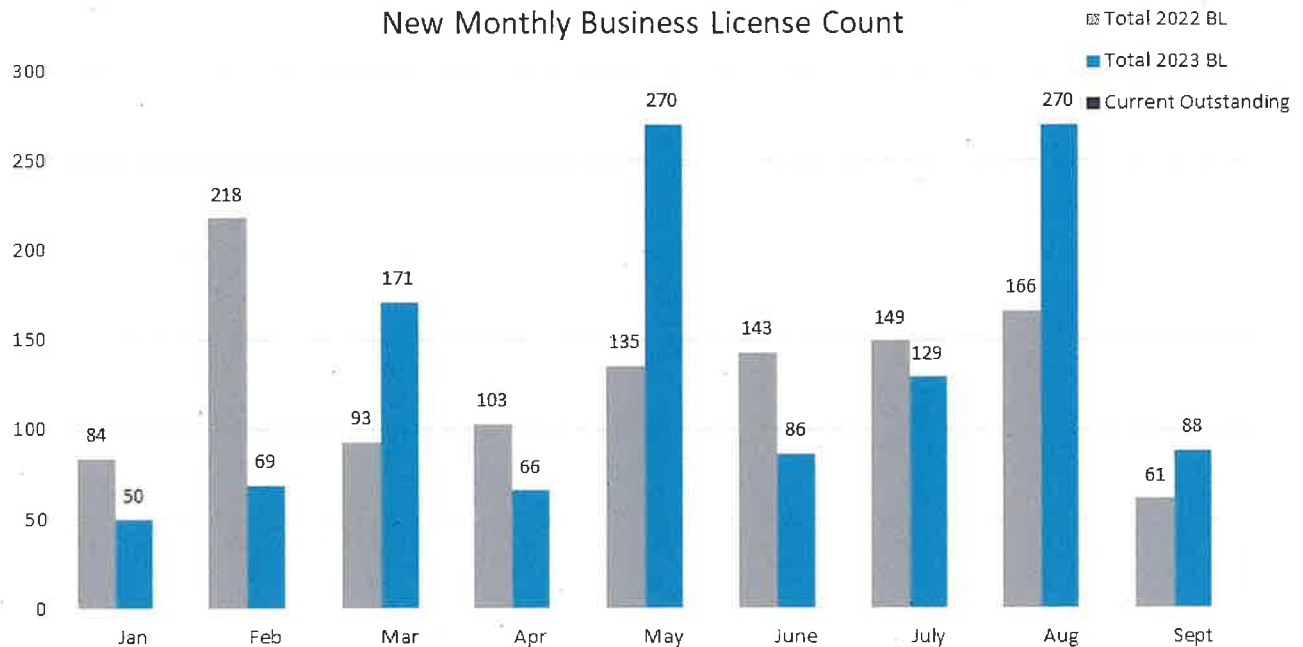
Revenues are unfavorable to 2023 YTD budget by \$5.8K or 3.0% but above 2022 YTD actuals by \$7.6K. The travel, tourism, and hospitality industry was significantly impacted by COVID-19, but has nearly returned to pre-pandemic levels.



HOTEL/MOTEL LODGING TAX REVENUES							
Year-to-date thru September							
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	32,180	4,176	14.9%	2,208	7.4%
Aug	32,422	33,167	32,746	324	1.0%	(422)	-1.3%
Sept	30,027	32,614	-	-	-	-	-
Oct	25,640	26,984	-	-	-	-	-
Nov	21,186	22,800	-	-	-	-	-
Dec	25,598	17,814	-	-	-	-	-
<b>YTD Total</b>	<b>\$ 179,395</b>	<b>\$ 192,787</b>	<b>\$ 186,998</b>	<b>\$ 7,603</b>	<b>4.2%</b>	<b>\$ (5,790)</b>	<b>-3.0%</b>
<b>Annual Total</b>	<b>\$ 281,845</b>	<b>\$ 293,000</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

## Business License Fees

Revenues are favorable to YTD budget by \$66K or 12.8% and above 2022 YTD actual by \$32K or 5.8%.



\*excludes outside contractor businesses

Business License Revenue							
Month	2022 Actual	2023		Favorable/(Unfavorable)			
				Change from 2022		YTD Actual vs Budget	
		Budget	Actual	\$	%	\$	%
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	53,820	(20,756)	-27.8%	807	1.5%
Sep	55,100	53,458	72,038	16,938	30.7%	18,580	34.8%
Oct	53,193	38,153	-	-	-	-	-
Nov	64,265	47,611	-	-	-	-	-
Dec	54,014	78,635	-	-	-	-	-
<b>YTD Total</b>	<b>\$ 552,654</b>	<b>\$ 518,232</b>	<b>\$ 584,605</b>	<b>31,951</b>	<b>5.8%</b>	<b>66,373</b>	<b>12.8%</b>
<b>Annual Total</b>	<b>\$ 724,126</b>	<b>\$ 682,631</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

### Community Development Permit Activity

Revenues are favorable to 2023 YTD budget by \$1.22M or 40.6% and above 2022 YTD actual by \$1.6M or 58.8%.

#### 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 September							
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	406,182	(14,027)	-3.3%	(11,232)	-2.7%
Sept	441,542	441,358	635,249	193,707	43.9%	193,891	43.9%
Oct	412,259	463,990	-	-	-	-	-
Nov	476,608	438,636	-	-	-	-	-
Dec	487,707	421,445	-	-	-	-	-
<b>YTD Total</b>	<b>\$ 2,663,812</b>	<b>\$ 3,008,947</b>	<b>\$ 4,229,777</b>	<b>\$ 1,565,966</b>	<b>58.8%</b>	<b>\$ 1,220,831</b>	<b>40.6%</b>
<b>Annual Total</b>	<b>\$ 4,040,385</b>	<b>\$ 4,333,018</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

### Real Estate Excise Tax

Revenues are unfavorable to 2023 YTD budget by \$1.09M or 28.1% and below 2022 YTD actual by \$1.63M or 36.9%. September 2023 activities include 99 real estate transactions. There were 96 taxable residential sales (total sales \$42.9M / \$212K tax) and three commercial sales.

REAL ESTATE EXCISE TAX REVENUES							
Year-to-date thru September							
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	284,620	(134,537)	-32.1%	(337,730)	-54.3%
Sep	406,732	417,540	453,885	47,153	11.6%	36,345	8.7%
Oct	286,728	452,775	-	-	-	-	-
Nov	247,639	342,962	-	-	-	-	-
Dec	173,537	854,298	-	-	-	-	-
<b>YTD Total</b>	<b>4,410,080</b>	<b>3,870,965</b>	<b>2,781,530</b>	<b>(1,628,550)</b>	<b>-36.9%</b>	<b>(1,089,435)</b>	<b>-28.1%</b>
<b>Annual Total</b>	<b>\$ 5,117,985</b>	<b>\$ 5,521,000</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

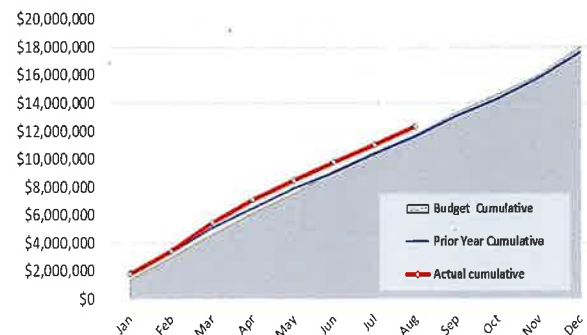
## Utility Tax

Revenues are favorable to 2023 YTD budget by \$0.62M or 5.3% and above 2022 YTD actual by \$0.74M or 6.4%, 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 September							
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	1,254,694	(5,881)	-0.5%	(29,570)	-2.3%
Aug	1,221,401	1,255,430	1,309,112	87,711	7.2%	53,682	4.3%
Sept	1,459,563	1,595,022	-	-	-	-	-
Oct	1,275,498	1,324,086	-	-	-	-	-
Nov	1,507,296	1,384,930	-	-	-	-	-
Dec	1,800,115	2,040,690	-	-	-	-	-
<b>YTD Subtotal</b>	<b>\$ 11,588,724</b>	<b>\$ 11,709,449</b>	<b>\$ 12,327,923</b>	<b>\$ 739,199</b>	<b>6.4%</b>	<b>\$ 618,474</b>	<b>5.3%</b>
Rebate	(1,305)	(2,308)	(905)	400	0.0%	1,403	-60.8%
<b>YTD Total</b>	<b>\$ 11,587,419</b>	<b>\$ 11,707,141</b>	<b>\$ 12,327,018</b>	<b>\$ 739,599</b>	<b>6.4%</b>	<b>\$ 619,876</b>	<b>5.3%</b>
<b>Annual Total</b>	<b>\$ 16,992,709</b>	<b>\$ 18,051,867</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

UTILITY TAXES - by Type				
Year-to-date thru September				
Utility Type	2022 Actual	2023 Actual	Favorable/(Unfavorable) Change from 2022	
			\$	%
Electric	\$ 3,922,938	\$ 4,056,513	\$ 133,575	3.4%
Gas	1,301,846	1,500,763	198,917	15.3%
Water/Sewer	1,532,984	1,696,059	163,075	10.6%
Solid Waste	1,179,443	1,319,793	140,351	11.9%
Solid Waste - 10%	1,521,861	1,702,959	181,097	n/a
Cable	1,083,013	1,036,859	(46,154)	-4.3%
Other	1,046,639	1,014,977	(31,662)	-3.0%
Tax Rebate	(1,305)	(905)	400	n/a
<b>YTD Total</b>	<b>\$11,587,419</b>	<b>\$ 12,327,018</b>	<b>\$ 739,599</b>	<b>6.4%</b>

City of Federal Way - Utility Tax Revenue Received



The City has a utility tax rebate program that opens January 1<sup>st</sup> and closes May 31<sup>st</sup> of each year for qualifying low-income residents. The City processed 41 rebates in 2021, for a total of \$2,310. The City processed 24 rebates in 2022 for \$1,305. The city 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 7.6%. 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	\$	%
<b>Beginning Balance:</b>	1,263,679	1,263,679	1,571,054	\$ 1,571,054	1,571,054	-	0.0%
<b>Total Prop 1 Revenues:</b>	3,093,312	\$ 3,460,691	3,402,436	\$ 2,228,018	\$ 2,398,110	\$ 170,092	7.6%
<b>Transfer in from Utility Tax Fund</b>	1,076,964	973,681	499,042	\$ -	-	-	n/a
<b>Public Safety Improvement Positions &amp; Costs:</b>							
Police Services (includes 1 Records Specialist, 16 Police Officers, & 2 Lieutenants)	2,832,128	2,687,253	2,974,715	\$ 2,231,036	1,936,531	294,505	13.2%
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	\$ 872,799	496,894	375,905	43.1%
<b>Total Public Safety Improvement Costs</b>	<b>3,870,898</b>	<b>3,883,307</b>	<b>4,138,447</b>	<b>\$ 3,103,835</b>	<b>2,433,425</b>	<b>670,410</b>	<b>21.6%</b>
<b>Community Safety Program Costs:</b>							
1 Code Enforcement Officer	109,114	113,446	120,465	\$ 90,349	93,430	(3,081)	-3.4%
.5 Assistant City Attorney	85,462	54,895	94,411	\$ 70,808	57,735	13,074	18.5%
1 Parks Maintenance Worker I & Security	104,802	75,349	118,550	\$ 88,913	105,158	(16,245)	-18.3%
<b>Total Community Safety Improvement Costs</b>	<b>299,378</b>	<b>243,689</b>	<b>333,427</b>	<b>250,070</b>	<b>256,323</b>	<b>(6,253)</b>	<b>-2.5%</b>
<b>Total Prop 1 Expenditures:</b>	<b>4,170,275</b>	<b>4,126,996</b>	<b>4,471,873</b>	<b>\$ 3,353,905</b>	<b>2,689,748</b>	<b>664,157</b>	<b>19.8%</b>
<b>Total Ending Fund Balance:</b>	<b>\$ 1,263,679</b>	<b>\$ 1,571,054</b>	<b>\$ 1,000,658</b>	<b>\$ 445,167</b>	<b>\$ 1,279,416</b>	<b>\$ (834,249)</b>	<b>-187.4%</b>

### Traffic Safety – Red Light / School Zone

Revenues are above 2023 YTD budget by \$1.21M or 54.6%, and above 2022 YTD actual by \$0.46M or 15.3%.

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	263,310	(66,733)	-20.2%	\$ 66,480	33.8%
Sep	256,120	194,867	228,474	(27,646)	-10.8%	\$ 33,607	17.2%
Oct	265,625	257,518	-	-	-	\$ -	-
Nov	319,241	295,874	-	-	-	\$ -	-
Dec	284,307	227,700	-	-	-	\$ -	-
<b>YTD Total</b>	<b>\$ 2,973,170</b>	<b>\$ 2,218,909</b>	<b>\$ 3,429,476</b>	<b>\$ 456,306</b>	<b>15.3%</b>	<b>\$ 1,210,567</b>	<b>54.6%</b>
<b>Annual Total</b>	<b>\$ 3,842,343</b>	<b>\$ 3,000,000</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

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

## Police Department Overtime

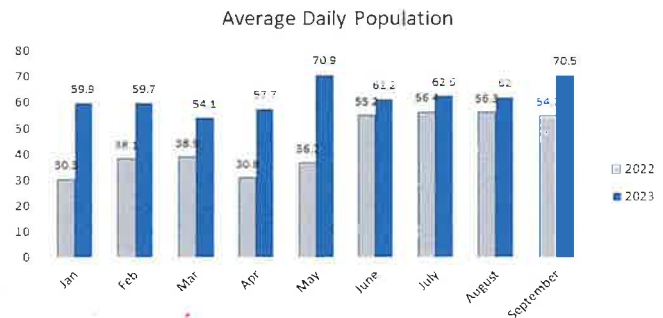
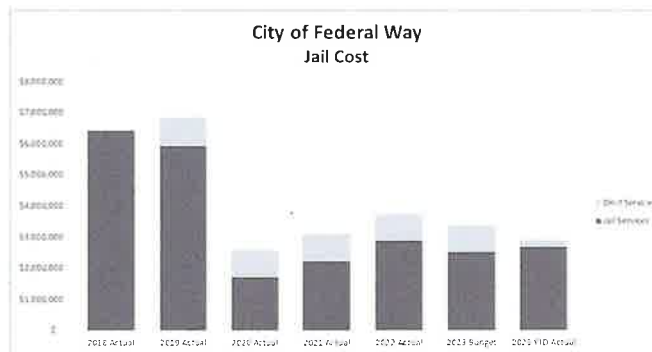
September PD overtime is \$20K or 13.3% below September 2022 actual.

The City's portion (unbillable) is \$0.43M or 55.1% 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 September							
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	142,134	3,223	2.3%	56,965	66.9%
Sep	147,445	80,227	127,772	(19,674)	-13.3%	47,544	59.3%
Oct	119,010	94,443	-	-	-	-	-
Nov	134,420	93,601	-	-	-	-	-
Dec	127,130	92,573	-	-	-	-	-
<b>City Portion</b>	<b>1,310,725</b>	<b>774,982</b>	<b>1,201,794</b>	<b>(108,930)</b>	<b>-8.3%</b>	<b>426,812</b>	<b>55.1%</b>
Billable	322,093	229,035	292,521	(29,572)	-9.2%	63,486	27.7%
<b>YTD Total</b>	<b>\$ 1,632,818</b>	<b>\$ 1,004,017</b>	<b>\$ 1,494,315</b>	<b>\$ (138,502)</b>	<b>-8.5%</b>	<b>\$ 490,298</b>	<b>48.8%</b>
Billable	\$ 99,800	\$ 103,341	\$ -	\$ -	-	\$ -	-
<b>Annual Total</b>	<b>\$ 2,113,178</b>	<b>\$ 1,387,975</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

## Jail Services



Jail and Alternatives to Confinement							
	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023	
						Annual Budget	YTD Actual
<b>Total Jail Operations</b>	<b>\$6,417,479</b>	<b>\$5,932,095</b>	<b>\$1,712,883</b>	<b>\$ 2,223,602</b>	<b>\$2,871,368</b>	<b>\$ 2,500,000</b>	<b>\$ 2,663,665</b>
<b>Debt Service Payments for SCORE Jail</b>	-	889,718	847,566	851,925	852,425	851,925	210,963
<b>Total Jail Cost</b>	<b>\$6,417,479</b>	<b>\$6,821,813</b>	<b>\$2,560,449</b>	<b>\$ 3,075,527</b>	<b>\$3,723,793</b>	<b>\$ 3,351,925</b>	<b>\$ 2,874,627</b>

The City maintains multiple contracts with other governmental agencies for its jail services, after it discontinued its own relationship with SCORE Jail in December 2019. The budgeted average daily population (ADP) is 70, and average ADP was 62.1 for the first nine 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 \$0.35M or 24.0%, but above 2022 YTD actual by \$0.02M, primarily due to slowly coming back to pre-pandemic levels, and the pool closure.

Expenditures are above 2023 YTD budget of \$1.71M by \$0.08M or 4.6%.

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

Federal Way Community Center as of 09/30/2023	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	\$ 1,737,273	\$ 1,737,273	\$ 1,737,273	n/a	n/a
Total Revenues	1,690,875	1,761,950	1,079,618	1,930,875	1,448,156	1,100,698	(347,458)	-24.0%
Total Expenditures	2,756,334	2,590,528	1,718,066	2,279,893	1,709,920	1,789,027	(79,107)	-4.6%
Revenues Over / (Under) Expenditures	(1,065,459)	(828,578)	(638,447)	(349,018)	(261,764)	(688,329)	(426,565)	163.0%
Recovery Ratio	61.3%	68.0%	62.8%	84.7%	84.7%	61.5%	n/a	n/a
Total Transfer In from General Fund/Utility Tax	1,063,227	1,063,227	563,227	868,501	651,376	451,089	(200,287)	-30.7%
Ending Fund Balance	\$ 1,500,392	\$ 1,737,274	\$ 1,427,405	\$ 2,256,756	\$ 2,126,885	\$ 1,500,033	\$ (626,852)	-29.5%
Debt Service Payments	820,123	820,423	820,423	822,123	111,061	111,061	-	0.0%
Total FWCC Cost	\$ 3,576,457	\$ 3,410,951	\$ 2,538,489	\$ 3,102,016	\$ 1,820,981	\$ 1,900,088	\$ (79,107)	-4.3%
Total City Support	\$ 1,883,350	\$ 1,883,650	\$ 1,383,650	\$ 1,690,624	\$ 762,437	\$ 562,150		

### Dumas Bay Centre

Revenues are above 2023 YTD budget by \$0.23M or 59.3%, and above 2022 YTD actual by \$0.25M. The facility reopened as of the beginning of August 2021.

Expenditures are above 2023 YTD budget of \$0.57M by \$0.09M or 15.9%.

Dumas Bay Centre Fund as of 09/30/2023	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	\$1,710,510	\$1,710,510	\$1,710,510	n/a	n/a
Total Revenues	535,151	591,019	382,690	527,698	395,774	630,640	234,867	59.3%
Total Expenses	1,000,110	845,470	620,683	764,097	573,073	663,913	(90,841)	-15.9%
Revenues Over/(Under) Expenses	(464,959)	(254,450)	(237,993)	(236,399)	(177,299)	(33,273)	144,026	-81.2%
Recovery Ratio	53.51%	69.90%	61.66%	69.06%	69.06%	94.99%	n/a	n/a
Total Transfer In	464,959	464,959	164,959	628,148	471,111	-	(471,111)	n/a
Ending Fund Balance	\$ 1,500,000	\$ 1,710,510	\$ 1,426,966	\$ 2,102,259	\$ 2,004,322	\$ 1,677,237	\$ (327,085)	-16.3%

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

Revenues are above year-to-date budget of \$1.0M by \$0.35M primarily due to the facility reopening, and operations coming back to pre-pandemic levels.

Expenditures are \$0.32M or 17.3% 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	873,936	873,936	873,936	\$
Total Revenue	323,827	553,529	1,410,377	591,152	1,443,088	1,690,259	1,279,780	959,835	1,309,308	349,472
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	830,990	750,765	(80,225)
Total Expenditures	1,195,466	1,628,150	2,589,541	1,452,916	1,653,440	2,631,377	2,483,359	1,862,519	2,184,374	(321,854)
Total PAEC Operation Balance	\$ 477	\$ (447,382)	\$ (110,546)	\$ 0	\$ 873,590	\$ 873,936	\$ 776,344	\$ 802,242	\$ 749,635	\$ (52,607)
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	\$ 2,127,662	\$ 2,449,547	\$ (321,884)
Total City Support	\$ 1,510,557	\$ 1,637,197	\$ 1,722,794	\$ 1,880,307	\$ 1,996,163	\$ 1,015,938	\$ 80,225			7.3%



**Fund Activity Summary**

Fund #/Fund Name	Begin Balance 1/1/2023	YTD Revenues	YTD Expenditures	YTD Net Income/(loss)	Ending Balance 09/30/2023*	Required Fund Balance
<b>001/101 General/Street Fund**</b>	<b>\$ 27,709,983</b>	<b>\$ 42,992,733</b>	<b>47,545,504</b>	<b>\$ (4,552,771)</b>	<b>\$ 23,157,212</b>	<b>\$ 9,500,000</b>
<i>Special Revenue Funds:</i>						
102 Arterial Street	998,845	1,363,956	1,017,351	346,606	1,345,451	100,000
103 Utility Tax(*)	4,646,109	8,230,956	5,953,600	2,277,356	6,923,466	1,500,000
104 Affordable & Supportive Housing Sales Tax	148,016	71,717	133,558	(61,841)	86,175	-
106 Solid Waste & Recycling	395,459	495,189	485,459	9,730	405,189	-
107 Special Contracts/Studies Fund	987,302	25,250	-	25,250	1,012,553	-
109 Hotel/Motel Lodging Tax	1,868,015	186,998	25,949	161,048	2,029,063	200,000
111 Federal Way Community Center	1,737,273	1,551,787	1,789,027	(237,240)	1,500,033	1,500,000
112 Traffic Safety Fund	2,493,443	3,429,476	2,636,596	792,880	3,286,323	1,200,000
113 Real Estate Excise Tax Fund	3,217,658	2,781,530	3,236,343	(454,813)	2,762,845	2,000,000
114 Prop 1 Utility Tax	1,571,054	2,398,110	2,689,748	(291,638)	1,279,416	1,000,000
115 Performing Arts & Event Ctr Operations	873,936	2,060,073	2,184,374	(124,301)	749,635	-
116 Solid Waste 10% Utility Tax	1,632,240	1,697,950	1,977,496	(279,546)	1,352,693	-
119 CDBG	25,107	277,616	525,316	(247,699)	(222,593)	-
120 Path & Trails	1,888,688	201,751	-	201,751	2,090,439	-
121 Technology	459,999	227,460	77,147	150,313	610,312	-
122 Jail Fund	7,260	2,656,404	2,663,665	(7,261)	(0)	-
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
<b>Subtotal Special Revenue Funds</b>	<b>27,085,646</b>	<b>27,656,222</b>	<b>25,395,629</b>	<b>2,260,594</b>	<b>29,346,239</b>	<b>\$11,625,000</b>
<b>201 Debt Service Fund</b>	<b>(1,366,565)</b>	<b>2,223,343</b>	<b>588,247</b>	<b>1,635,096</b>	<b>268,531</b>	<b>-</b>
<i>Capital Project Funds:</i>						
301 Downtown Redevelopment	4,499,350	641,208	-	641,208	5,140,558	-
302 Municipal Facilities	175,507	-	-	-	175,507	-
303 Parks	2,032,064	81,850	103,463	(21,613)	2,010,451	-
304 Surface Water Management	4,570,673	4,275	239,987	(235,712)	4,334,960	-
306 Transportation	15,939,217	2,435,795	3,192,446	(756,651)	15,182,566	-
307 Capital Project Reserve Fund	370,343	-	-	-	370,343	-
<b>Subtotal Capital Project Funds</b>	<b>27,587,154</b>	<b>3,163,128</b>	<b>3,535,896</b>	<b>(372,768)</b>	<b>27,214,386</b>	<b>-</b>
<i>Enterprise Funds:</i>						
401 Surface Water Management	4,511,222	4,577,173	3,049,719	1,527,453	6,038,675	690,000
402 Dumas Bay Centre Fund	1,710,510	630,640	663,913	(33,273)	1,677,237	1,500,000
<b>Subtotal Enterprise Funds</b>	<b>6,221,732</b>	<b>5,207,813</b>	<b>3,713,633</b>	<b>1,494,180</b>	<b>7,715,912</b>	<b>\$ 2,190,000</b>
<i>Internal Service Funds</i>						
501 Risk Management	1,516,845	1,845,261	2,162,255	(316,994)	1,199,850	600,000
502 Information Systems	4,260,137	2,627,065	1,977,494	649,571	4,909,707	-
503 Mail & Duplication	279,203	103,888	60,653	43,236	322,439	-
504 Fleet & Equipment	8,548,261	2,456,969	2,509,605	(52,636)	8,495,625	-
505 Buildings & Furnishings	2,115,458	696,074	433,104	262,970	2,378,428	2,000,000
506 Health Self Insurance Fund	3,660,088	4,133,461	3,495,363	638,098	4,298,186	-
507 Unemployment Insurance Fund	252,036	-	45,328	(45,328)	206,707	250,000
<b>Subtotal Internal Service Funds</b>	<b>20,632,027</b>	<b>11,862,719</b>	<b>10,683,803</b>	<b>1,178,916</b>	<b>21,810,943</b>	<b>\$ 2,850,000</b>
<b>Total All Funds</b>	<b>\$ 107,869,976</b>	<b>\$ 93,105,958</b>	<b>\$ 91,462,711</b>	<b>\$ 1,643,247</b>	<b>\$ 109,513,223</b>	<b>\$ 26,165,000</b>



## Monthly Treasury Positions and Activity

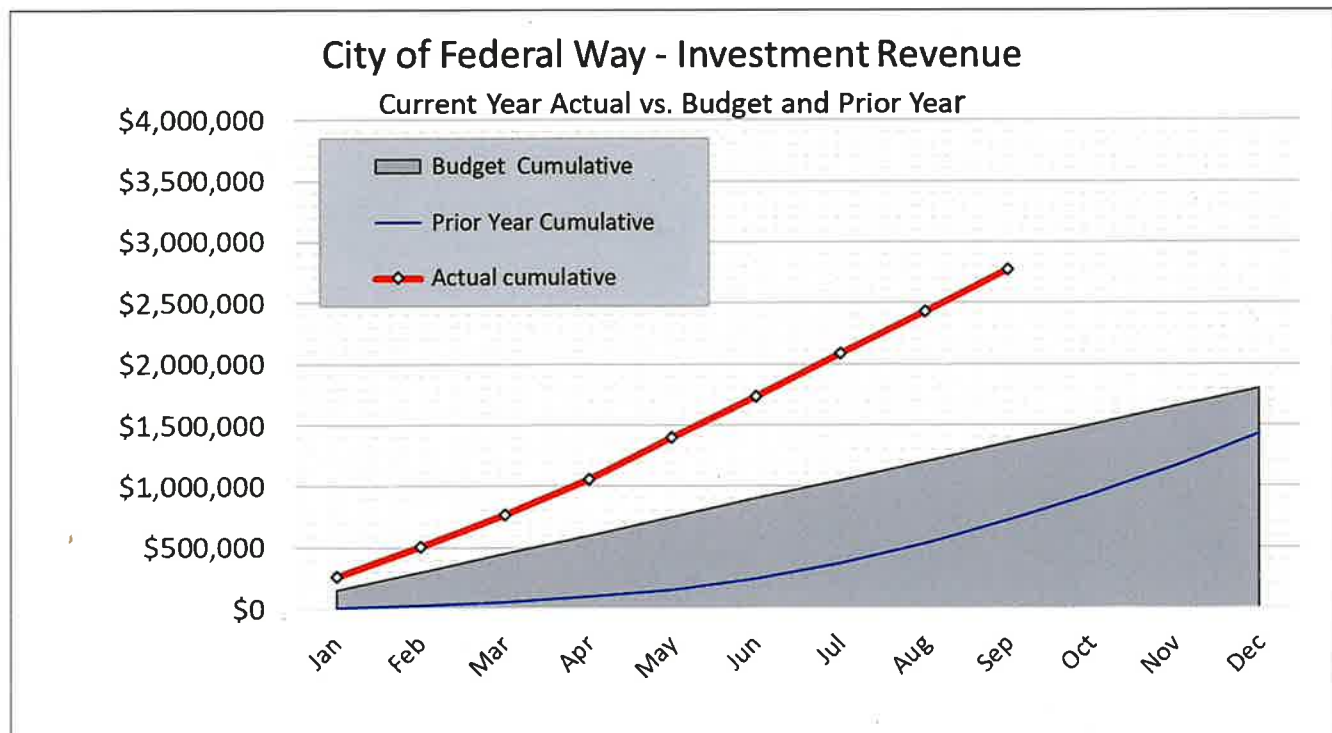
This monthly report of all investment transactions to the city council via FEDRAC complies with RCW 35.39.032. The following pages provide a summary of the current investment portfolio holdings and the individual transactions and activity during the month.

**Portfolio Yield:** The City's total annualized yield was 3.2%. The City's position in LGIP was \$45.2 million earning a 3.7% yield and the laddered portfolio was \$60 million earning a 2.9% yield.

	Face Value	Cost	Yield %	Annual Yield \$
City Portfolio:	60,000,000	58,329,847	2.874%	1,724,620
State Investment Pool:	45,167,446	45,167,446	3.685%	1,664,342
<b>Total:</b>	<b>\$ 105,167,446</b>	<b>\$ 103,497,293</b>	<b>3.222%</b>	<b>\$3,388,961</b>

## Interest Revenue Compared to Budget and Prior Year

Year-to-date interest revenue through September of \$2,772,000 exceeds budget of \$1,350,000 by 1,422,000 or 105% and exceeds prior year by \$2,052,000. Accrual basis interest for the month was \$343,000, level with prior month.



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	<b>SUMMARY - USD</b>	Page 1
Acct Number: XXXXXX033		For period 09/01/2023 - 09/30/2023

**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	(1,806,405.59)
Deliveries	0.00
Principal Reversals	0.00
Interest	58,750.00
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
<b>Net Activity</b>	<b>(747,655.59)</b>

Your Sales Representative is: SAFEKEEPING OPERATIONS  
(800) 236-4221

**Statement Contents**

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

**HOLDINGS - Custody**

Category	Par/Shares	Original Face	Principal Cost	Market Value
Treasury Obligations	40,000,000.00000	40,000,000.00000	38,446,028.09	37,672,993.76
US Government Agency Securities	19,000,000.00000	19,000,000.00000	19,000,616.00	18,455,867.65
Corporate Securities	1,000,000.00000	1,000,000.00000	943,200.00	923,420.31
<b>Total Custody Holdings</b>	<b>60,000,000.00000</b>	<b>60,000,000.00000</b>	<b>58,389,844.09</b>	<b>57,052,281.72</b>

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

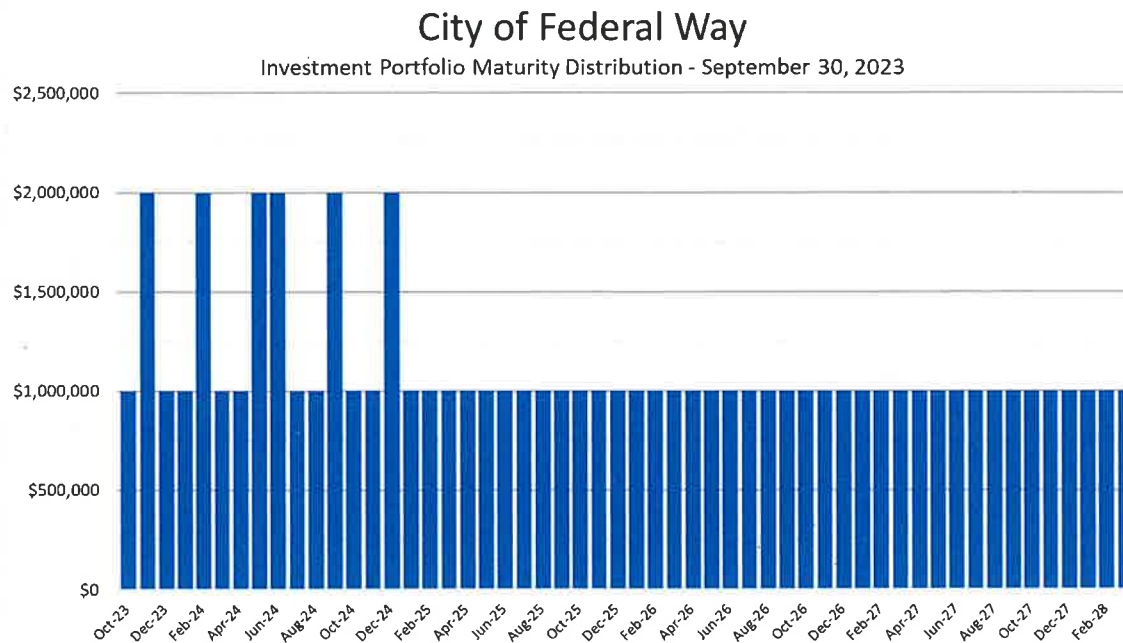
**Maturities:** During the month, the following investment matured:

- 2022-018 US Treasury \$1,000,000, matured September 2023, yielding 1.06%
- 2022-062 US Treasury \$1,000,000, matured September 2023, yielding 4.93%

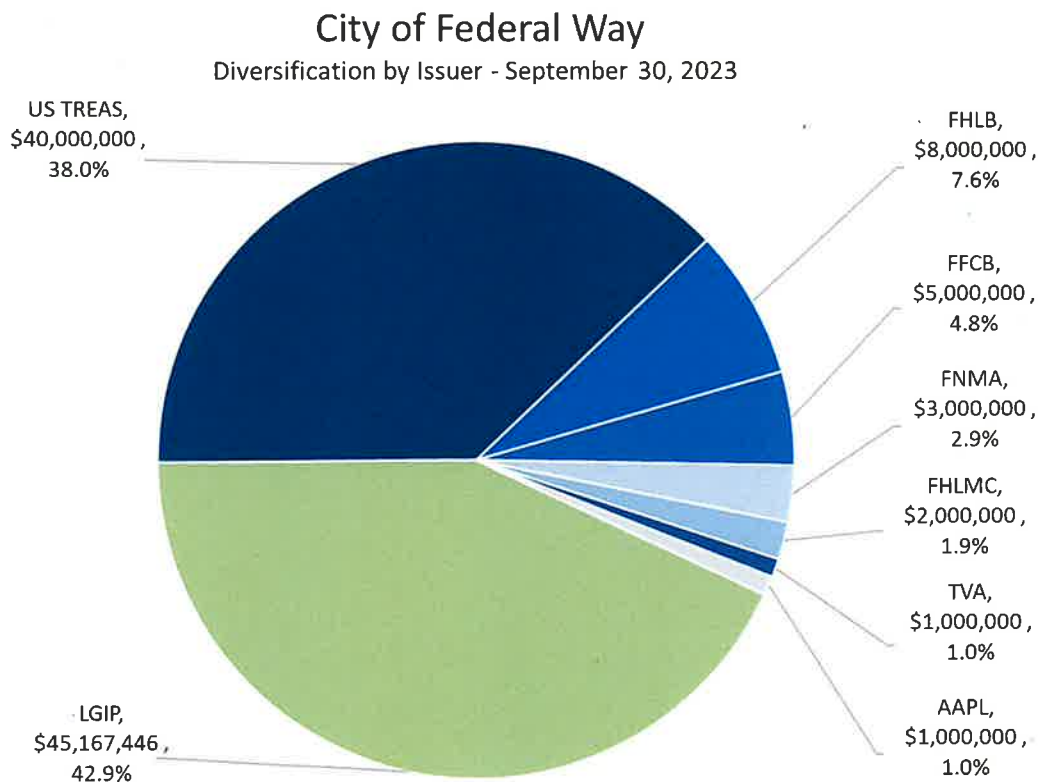
**Purchases:** During the month, the following investment was purchased, maximizing yield at the time of purchase for the maturity date being filled, having first assured safety and liquidity of the entire portfolio (see addendum for complete rationale):

- 2023-072 US Treasury \$1,000,000, matures February 2028, yielding 4.48%
- 2023-073 US Treasury \$1,000,000, matures March 2028, yielding 4.53%

The maturity distribution of the laddered portion of the portfolio shows that \$1-2 million will mature each month for the next 54 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, then US Government Agency Securities., and Corporate Securities last.

Acct Name: CITY OF FEDERAL WAY	HOLDINGS AS OF 09/30/2023 - USD	Page	5
Acct Number: XXXXXXXX033			

CUSTODY Maturity	Security ID Ticket	Rate Acq Date	Description	Par/Shares Original Face	Principal Cost	Market Value NAV
<b>Treasury Obligations</b>						
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	995,678.54
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	992,080.81
01/31/2024	9128285Z9 382220927	2.500 12/21	U.S. Treasury Notes 9128285Z9 01/31/2024	1,000,000.00 1,000,000.00	1,037,773.44	990,156.25
04/30/2024	9128286R6 382220608	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	981,367.19
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	981,718.75
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	977,109.38
06/15/2024	91282CCG4 751013140	.250 11/21	U S TREASURY NOTE .25 NOTE 2024	1,000,000.00 1,000,000.00	991,679.69	963,710.94
09/15/2024	91282CCX7 382219201	.375 10/21	U S TREASURY NOTE .375 NOTE 9/15/2024	1,000,000.00 1,000,000.00	995,898.44	952,421.88
10/15/2024	91282CDB4 382219779	.625 10/21	U S TREASURY NOTE .625 NOTE 2024	1,000,000.00 1,000,000.00	1,000,000.00	951,328.12
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	949,375.00
01/31/2025	912828Z52 819021510	1.375 01/22	U S TREASURY NOTE 1.375 NOTE 2025	1,000,000.00 1,000,000.00	1,006,718.75	949,140.62

Acct Name: CITY OF FEDERAL WAY	HOLDINGS AS OF 09/30/2023 - USD	Page	6
Acct Number: XXXXXXXX033			

CUSTODY Maturity	Security ID Ticket	Rate Acq Date	Description	Par/Shares Original Face	Principal Cost	Market Value NAV
03/31/2025	912828ZF0 382222253	.500 03/22	U.S. Treasury Notes 912828ZF0 03/31/2025	1,000,000.00 1,000,000.00	963,437.50	931,367.19
04/30/2025	912828ZL7 382223184	.375 04/22	U.S. TREASURY NOTES 912828ZL7 0 375 04/30/25	1,000,000.00 1,000,000.00	932,343.75	926,406.25
05/31/2025	912828ZT0 382223819	.250 05/22	U S TREASURY NOTE .25 NOTE 25	1,000,000.00 1,000,000.00	924,648.44	921,289.06
06/30/2025	912828ZW3 382224043	.250 06/22	U.S. Treasury Notes .250, 06/30/2025	1,000,000.00 1,000,000.00	928,164.00	918,320.31
07/31/2025	91282CAB7 382224087	.250 06/22	U S TREASURY NOTE .25 NOTES 25	1,000,000.00 1,000,000.00	918,125.00	914,882.81
10/31/2025	91282CAT8 382224292	.250 07/22	U.S. Treasury Notes .250, 10/31/2025	1,000,000.00 1,000,000.00	911,640.63	905,742.19
12/31/2025	9128285T3 382224349	2.625 07/22	U.S. TREASURY NOTES 2.625 NOTE 25	1,000,000.00 1,000,000.00	983,828.13	949,648.44
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	948,164.06
03/31/2026	9128286L9 751015129	2.250 08/22	U S TREASURY NOTE 2.25 NOTE 26	1,000,000.00 1,000,000.00	964,630.00	937,617.19
04/30/2026	91282CBW0 382224636	.750 08/22	U.S. Treasury Notes 91282CBW0 04/30/2026	1,000,000.00 1,000,000.00	909,960.94	899,804.69
05/31/2026	91282CCF6 382224637	.750 08/22	U S TREASURY NOTE .75 NOTE 2026	1,000,000.00 1,000,000.00	907,968.75	897,031.25
06/30/2026	91282CCJ8 382224738	.875 09/22	U.S. Treasury Notes 91282CCJ8 06/30/2026	1,000,000.00 1,000,000.00	906,718.75	898,750.00



Acct Name: CITY OF FEDERAL WAY	HOLDINGS AS OF 09/30/2023 - USD	Page 7
Acct Number: XXXXXXX033		

CUSTODY Maturity	Security ID Ticket	Rate Acq Date	Description	Par/Shares Original Face	Principal Cost	Market Value NAV
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	921,367.19
10/31/2026	91282CDG3 382225109	1.125 10/22	U.S. TREASURY NOTES 1.125 NOTE 2026	1,000,000.00 1,000,000.00	888,240.00	896,093.75
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	918,828.12
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	897,343.75
01/31/2027	912828Z78 382225551	1.500 11/22	U.S. Treasury Notes 912828Z78 1/31/2027	1,000,000.00 1,000,000.00	903,100.00	900,468.75
02/15/2027	912810EZ7 382225738	6.625 12/22	U S TREASURY BOND SER 2027	1,000,000.00 1,000,000.00	1,105,937.50	1,056,484.38
03/31/2027	91282CEF4 382225993	2.500 01/23	U.S. TREASURY NOTES 2.50 NOTE 2027	1,000,000.00 1,000,000.00	956,406.25	927,890.62
04/30/2027	91282CEN7 382226190	2.750 02/23	U.S. Treasury Notes 91282CEN7 04/30/2027	1,000,000.00 1,000,000.00	955,507.81	935,234.38
06/30/2027	91282CEW7 382228443	3.250 06/23	US TREASURY NOTE 3.250, 06/30/2027	1,000,000.00 1,000,000.00	973,920.00	948,984.38
07/31/2027	91282CFB2 382228878	2.750 07/23	US TREASURY NOTE 2.750, 07/31/2027	1,000,000.00 1,000,000.00	942,460.94	930,312.50
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	942,617.19
09/30/2027	91282CFM8 382229146	4.125 07/23	US TREASURY NOTE 4.125, 09/30/2027	1,000,000.00 1,000,000.00	999,726.56	978,085.94

Acct Name: CITY OF FEDERAL WAY	HOLDINGS AS OF 09/30/2023 - USD	Page 8
Acct Number: XXXXXXX033		

CUSTODY Maturity	Security ID Ticket	Rate Acq Date	Description	Par/Shares Original Face	Principal Cost	Market Value NAV
10/31/2027	91282CFU0 382228236	4.125 07/23	US TREASURY NOTE 4.125 NOTE 2027	1,000,000.00 1,000,000.00	996,953.13	978,671.88
12/31/2027	91282CGC9 382229416	3.875 07/23	US TREASURY NOTES 3.875% NOTE 12/31/27	1,000,000.00 1,000,000.00	984,590.00	969,335.94
01/31/2028	91282CGH8 382229538	3.500 08/23	UNITED STATES TREAS NTS 3.5%01/31/28	1,000,000.00 1,000,000.00	973,125.00	953,046.88
02/15/2028	9128283W8 819029420	2.750 09/23	U S TREASURY NOTE 2.75 NOTE 28	1,000,000.00 1,000,000.00	931,250.00	923,437.50
03/31/2028	91282CBS9 819029478	1.250 08/23	U S TREASURY NOTE 1.25 NOTE 28	1,000,000.00 1,000,000.00	867,080.00	861,679.69
Treasury Obligations Total				40,000,000.00000 40,000,000.00000	38,446,028.09	37,672,993.76
US Government Agency Securities						
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	982,604.41
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	988,777.49
02/05/2024	3135G0V34 382220903	2.500 12/21	FEDERAL NATL MORTGAGE ASSN 02/05/24	1,000,000.00 1,000,000.00	1,037,530.00	989,378.17
02/27/2024	3130AV4V1 819027290	5.125 02/23	FEDERAL HOME LOAN BANK MTN 5.125, 02/27/2024	1,000,000.00 1,000,000.00	998,989.00	997,732.56
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	986,135.47
06/14/2024	3130AV7F3 382226815	5.250 03/23	FEDERAL HOME LOAN BANKS CONS BD 5.25%24	1,000,000.00 1,000,000.00	998,260.00	997,247.97

Acct Name: CITY OF FEDERAL WAY	<b>HOLDINGS AS OF 09/30/2023 - USD</b>	Page 9
Acct Number: XXXXXX033		

<b>CUSTODY</b> 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	972,046.35
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	965,747.71
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	993,911.37
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	945,197.81
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	990,390.95
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	950,280.66
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	913,975.87
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	910,708.53
11/01/2025	880591CJ8 751014409	6.750 07/22	TENN VALLEY AUTHORITY 11/01/2025	1,000,000.00 1,000,000.00	1,115,095.00	1,027,877.30
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	959,869.64
08/03/2026	3133END80 382224855	3.000 09/22	FEDERAL FARM CREDIT BANK CONS BD 3%26	1,000,000.00 1,000,000.00	974,853.00	946,792.06
09/11/2026	3130ATFH5 382224959	3.750 09/22	FEDERAL HOME LOAN BANKS CONS BD 3.75%26	1,000,000.00 1,000,000.00	994,536.00	968,988.86

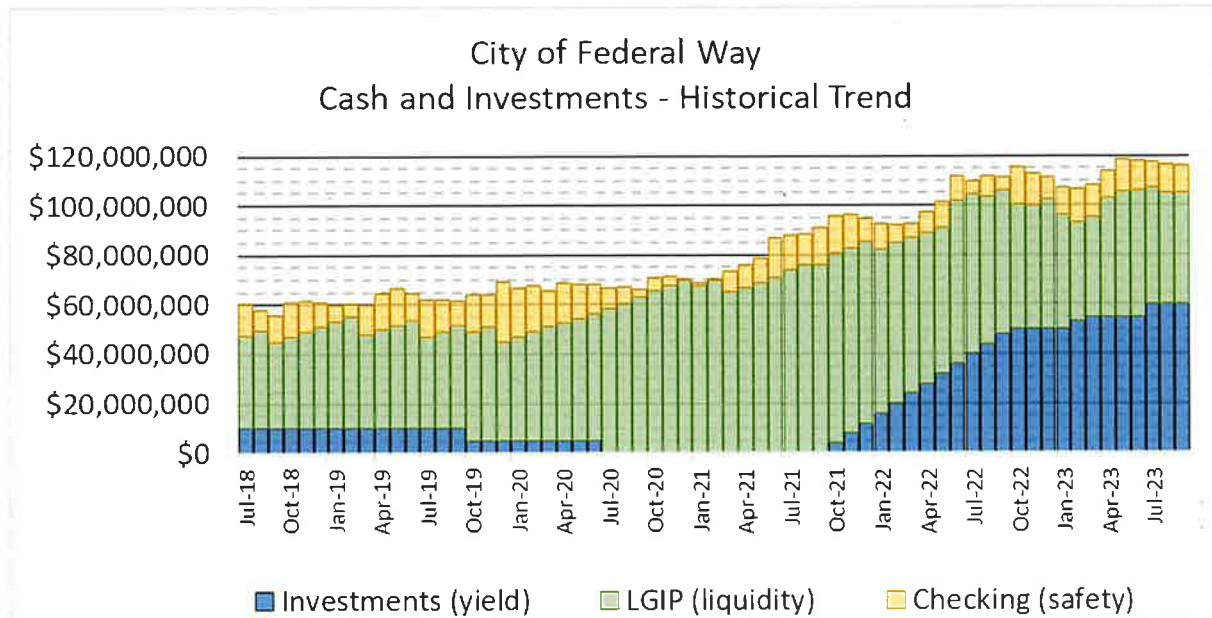
Acct Name: CITY OF FEDERAL WAY	<b>HOLDINGS AS OF 09/30/2023 - USD</b>	Page 10
Acct Number: XXXXXX033		

<b>CUSTODY</b> Maturity	Security ID Ticket	Rate Acq Date	Description	Par/Shares Original Face	Principal Cost	Market Value NAV
05/12/2027	3133EPJP1 382228113	3.625 05/23	FEDERAL FARM CR BKS CONS BD 3.625%27	1,000,000.00 1,000,000.00	996,867.00	958,164.47
<b>US Government Agency Securities Total</b>				<b>19,000,000.00000</b>	<b>19,000,616.00</b>	<b>18,455,867.65</b>
<b>Corporate Securities</b>				<b>19,000,000.00000</b>		
11/13/2027	037833DK3 382229402	3.000 07/23	APPLE INC SR GBL NT 3%27	1,000,000.00 1,000,000.00	943,200.00	923,420.31
<b>Corporate Securities Total</b>				<b>1,000,000.00000</b>	<b>943,200.00</b>	<b>923,420.31</b>
<b>Total Custody Holdings</b>				<b>60,000,000.00000</b>	<b>58,388,844.09</b>	<b>57,052,281.72</b>
				<b>60,000,000.00000</b>		

## Cash Balance and Investment Positions:

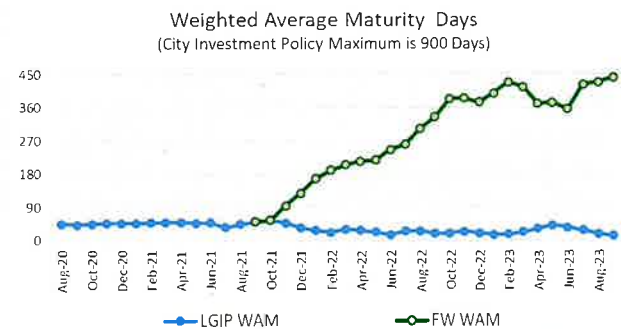
The City's cash balance trend is shown below:

- Total cash decreased to 115.8 million from \$116.6 million.
- Laddered investments now level at \$60 million.
- The LGIP Investment Pool position increased from \$45.0 million to \$45.2 million.

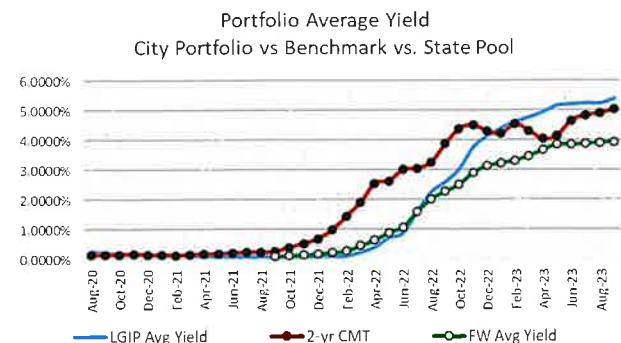


## Benchmark and Portfolio

Weighted Average Maturity (WAM) of the City's portfolio, including position in LGIP, is 440 days, and within the City's Investment Policy limit of 2.5 years or 900 days. The LGIP State Pool WAM was 12 days in September. The City's average maturity increased in part due to the decrease in cash balance at the LGIP and extending ladder out two months with purchases.



Average Yield of the City's portfolio was 3.9%, and continuing to climb, compared to 5.0% for the 2-year Constant Maturity Treasury index and 5.4% for the LGIP.



Addendum – Investment Rationale

Staff Review of Investment Rationale

Date: September 19, 2023

**Investment # 2023-073 is a 4-year 6-month Treasury (T), face value \$1,000,000, maturing March 31, 2028, purchased at 86.7 (discount) to yield 4.53%. This trade settles September 20, 2023 with Mischler Financial Group, US Bank Safekeeping, replacing a \$1M August 2023 maturity yielding 4.93%.**

**Liquidity:** At August 31<sup>st</sup> month-end, total city cash was \$116.6 million, checking account balance was \$11.5 million (target minimum is \$8 Million), investment portfolio was \$60.0 million (target is \$60 million for Treasuries and Agencies). State LGIP investment pool balance was \$45.0 million (target minimum is \$20 million, excluding unspent ARPA).

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

**Yield.** Yield is 4.53%. *This investment is 5 basis points above the 5-year benchmark.* Comparable yields evaluated at time of purchase were:

LGIP current 30-day yield	5.37%	www.secureaccess.wa.gov
2-year Treasury	5.09%	Bloomberg.com
Same maturity Agency	None available	Broker live inquiry
5-year Treasury	4.49%	Bloomberg.com

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

**Diversification.** This purchase puts this issuer at 38.1% 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 5.49% at 6 months then inverted to 2-year at 5.09%, the 5-year at 4.49%. The Federal Reserve Bank last executed a 0.25% rate hike in July as uncertainty remains over inflation, money supply and Fed moves.

**Staff review:**

Deputy Finance Director: \_\_\_\_\_

Date

9/19/22

Finance Director: \_\_\_\_\_

Date

9/19/2023



## Staff Review of Investment Rationale

Date: October 11, 2023

**Investment # 2023-074 is a 4-year 6-month Treasury (T), face value \$1,000,000, maturing April 30, 2028, purchased at 95.6 (discount) to yield 4.59%. This trade settles October 20, 2023 with Wedbush Securities, US Bank Safekeeping, replacing a \$1M October 2023 maturity yielding 1.07%.**

**Liquidity:** At September 30<sup>th</sup> month-end, total city cash was \$115.8 million, checking account balance was \$10.6 million (target minimum is \$8 Million), investment portfolio was \$60.0 million (target is \$60 million for Treasuries and Agencies). State LGIP investment pool balance was \$45.1 million (target minimum is \$20 million, excluding unspent ARPA).

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

**Yield.** Yield is 4.59%. *This investment is 1 basis point below the 5-year benchmark.* Comparable yields evaluated at time of purchase were:

LGIP current 30-day yield	5.40%	www.secureaccess.wa.gov
2-year Treasury	5.00%	Bloomberg.com
Same maturity Agency	None available	Broker live inquiry
5-year Treasury	4.60%	Bloomberg.com

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

**Diversification.** This purchase puts this issuer at 38.0% 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 5.56% at 6 months then inverted to 2-year at 5.00%, the 5-year at 4.60%. The Federal Reserve Bank last executed a 0.25% rate hike in July as uncertainty remains over inflation, money supply and Fed moves.

**Staff review:**

Deputy Finance Director:



Date

10/12/23

Finance Director:



Date

10/11/2023