



City of Lacey, Washington
Finance & Economic Development Committee Agenda

Refer to the bottom of the agenda for meeting information.

Tuesday, August 22, 2023

8:30 AM

Council Chambers and Online

1. Agenda Items

- A. **2023 Mid-Year Financial Report**
Troy Woo, Finance Director
- B. **Second Quarter Investment Report**
Troy Woo, Finance Director
- C. **Final 2023 Budget Amendment Ordinance**
Troy Woo, Finance Director

2. Adjourn

Attend Remote or In Person

The public may attend the meeting in person, or you may view or listen to the meeting using one of the following platforms:

- In Person: Council Chambers at Lacey City Hall
420 College Street SE, Lacey, WA 98503
- Zoom: <https://us02web.zoom.us/j/81977912534>
- Website: <https://cityoflacey.org/government/public-meetings/>
- YouTube: <https://www.youtube.com/watch?v=7XjfkWrnJM>
- Phone: (888) 788-0099 or (877) 853-5247 (Webinar ID 819 7791 2534)



**FINANCE & ECONOMIC
DEVELOPMENT COMMITTEE**
August 22, 2023

SUBJECT: 2023 Mid-Year Financial Report

RECOMMENDATION: Review Mid-Year Financial Report

STAFF CONTACT: Rick Walk, City Manager *RW*
Troy Woo, Finance Director *TW*

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS: 1. Expenditure and Revenue Reports for the Quarter Ending
June 30, 2023

FISCAL NOTE:

**WORK PLAN GOAL
AND STRATEGY:** None

PRIOR REVIEW:

BACKGROUND

The 2023 Mid-Year Financial Report has been completed. This report focuses on the General Fund. The revenue and expenditure summaries are attached.

GENERAL FUND EXPENDITURES

As of June 30, 2023, total General Fund Expenditures were \$29,227,637 or 40.7 percent of the amended 2023 Budget. This is a total decrease of \$3,527,605 or 10.8 percent compared to the mid-year 2022 total expenditure level. Expenditures on June 30, 2022, were 49.5 percent of the total 2022 General Fund Budget. The 2023 decrease is related lower transfers

between funds, which offset significant increases to labor costs. These variances were anticipated by the 2023 Adopted Budget.

As discussed within the first quarter financial report, an estimated \$1.2 million increase was incurred due to retroactive pay related to labor contract settlements with three of the City's labor groups. These same contracts went unsettled for the majority of the 2022 calendar year and the 2022 and 2023 cost of living adjustments to employee salaries were higher than historical adjustments due to high inflation. The delayed cost of living adjustments is causing inflated year-to-year comparisons.

Although all mid-year expenditure categories show variances from the previous year, only the most significant variances are described below.

- A \$137,953 decrease occurred in the Social Services Department through the second quarter of 2023. The decrease was due to a catch-up remittance to Thurston County related to the Affordable and Sustainable Housing sales tax interlocal agreement.
- The Finance Department expenditures increased \$256,758. Three positions including an accountant, payroll specialist, and department assistant II were added during 2022, but the positions weren't filled until later in 2022.
- The Police Department experienced an increase of \$1,016,631. Salary and benefits increased \$1,121,444 due to the aforementioned retroactive pay, which was an estimated \$520,000.
- Public Works – Engineering first quarter expenditures increased \$529,453 due to the retroactive salary payments.
- An increase of \$379,141 occurred in the Public Works – Parks Maintenance Department. Salary and benefits increased \$95,409 due to the aforementioned retroactive pay. Also, the multi-year irrigation control upgrade project increased expenditures by \$176,506 and water irrigation costs increased \$69,925.
- Community and Economic Development's expenditures increased \$473,277. \$369,545 of the increase was related to salaries and benefits and \$292,533 was related to economic development investments. \$200,000 was invested in Lacey MakerSpace and \$119,283 was related to the undergrounding of utilities on 6th Avenue to further the economic development priorities in the Lacey Midtown District.
- An increase of \$383,638 occurred in the Public Works - Water Resources Department. Salary and benefits increased \$369,545 due to the aforementioned retroactive pay.
- Parks, Culture, and Recreation experienced a \$252,774 first half increase mostly due to retroactive payments.

- The Criminal Justice Fund’s expenditures decreased \$1,553,601 due to the one-time \$1,600,000 capital transfer for the police station project.
- The Street Fund first half 2023 expenditures increased \$316,923. \$169,365 was expended for LED light replacements and salaries and benefits increased \$104,631.

Additional details are provided in the attached expenditure summaries for the General Fund departments and other funds.

GENERAL FUND REVENUES

As of June 30, 2023, total General Fund Revenues were \$37,494,121 or 52.2 percent of the amended budget. Last year at this same time, revenues were 50.7 percent of budget. Mid-year General Fund revenues increased \$3,884,146 compared to the previous year. The Current Expense Fund revenues increased \$4,239,512. The most notable increase is interest earnings due to the historical Federal Reserve rate increases.

- Through June 2023, \$4,124,082 of property taxes have been collected. This is equal to 51.0 percent of the annual property tax budget. This is a decrease of \$497,801 compared to the previous year. A total \$430,535 increase was expected for all of 2023 due to a combination of the one percent increase, new construction credit, and refund levy. The decrease is related to timing differences from a very strong and active 2022 housing market. Property taxes are paid and prorated at the sales closing, which resulted in a higher-than-normal amount of property taxes paid prior to the due date during 2022, but now returning to lower transaction levels in 2023 so far.
- 2023 sales tax receipts totaled \$7,735,425 at the end of June. This is \$72,151 or 0.9 percent higher than last year. It should be noted the sales taxes revenues reported in the June 30, 2023 Revenue Report use the cash basis, which recognizes the revenue when received. For financial reporting purposes, the first two 2023 sales tax receipts were based on sales that took place in November and December 2022, so those revenues were accrued and reported in the City’s 2022 annual comprehensive financial report. Adjusting for this accrual, sales tax collections at mid-year are \$4,198 or 0.33 percent higher than 2022. First half 2023 Inflation (CPI-W) for the Seattle area was 6.55 percent, so assuming retail sales taxpayers passed on price increases sales volume actually decreased during the first half of 2023.

The following table shows the year-to-date top 20 sales tax sources.

<u>Category</u>	<u>Year-To-Date</u>			<u>Last 12 Months</u>
	<u>This Year</u>	<u>Last Year</u>	<u>% Chg</u>	
General Merchandise Retailers	\$ 1,229,757	\$ 1,235,505	(0.5)	\$ 2,459,427
Sporting Goods, Hobby, Musical Instrument, Book	924,197	871,509	6.0	2,158,555
Construction of Buildings	780,489	773,414	0.9	1,622,008
Food Services and Drinking Places	751,520	674,236	11.5	1,526,000
Building Material and Garden Equipment and Supplies	458,446	446,231	2.7	1,027,835
Specialty Trade Contractors	421,214	422,270	(0.3)	926,719
Merchant Wholesalers, Durable Goods	363,783	296,005	22.9	687,517
Motor Vehicle and Parts Dealers	269,861	287,159	(6.0)	600,203
Furniture, Home Furnishings, Electronics, and Appliance	265,999	288,764	(7.9)	568,493
Administrative and Support Services	276,714	308,259	(10.2)	534,774
Professional, Scientific, and Technical Services	223,740	230,405	(2.9)	474,402
Food and Beverage Retailers	161,852	156,852	3.2	330,748
Clothing, Clothing Accessories, Shoe, and Jewelry	166,601	177,435	(6.1)	330,608
Repair and Maintenance	140,901	131,203	7.4	291,855
Health and Personal Care Retailers	139,338	136,254	2.3	278,078
Telecommunications	139,715	127,755	9.4	270,865
Rental and Leasing Services	110,893	105,113	5.5	228,409
Merchant Wholesalers, Nondurable Goods	101,775	101,038	0.7	214,943
Couriers and Messengers	82,217	80,078	2.7	159,576
Heavy and Civil Engineering Construction	76,690	77,343	(0.8)	155,890
	\$ 7,085,702	\$ 6,926,828		\$ 14,846,905

The top 20 sources provide 92.3 percent of all sales tax. The “Food Services and Drinking Places” category is experiencing some of the most significant increases likely due to this category experiencing the most benefit to the end of the pandemic safety restrictions and inflationary increases. The City’s largest sales tax category, “General Merchandise Stores”, experienced a mid-year 0.5 percent decrease compared to 2022. Overall retail trade decreased 1.2 percent during the first half of 2023 despite higher than historic inflation.

- The General Fund business & occupation (B&O) tax mid-year revenues total \$1,964,785 or 63.9 percent of the budget estimate. B&O taxes increased \$348,278 or 21.6 percent. The service-related businesses were heavily impacted by the COVID-19 safety restrictions, which are now completely lifted.
- Overall, utility tax collections for the mid-year were \$471,768 higher than the previous year. Electric (+\$160,506) and natural gas utilities (+\$157,667) experienced the largest increases due to significant rate increases. After a short pause to the decline, telephone utility taxes seem to have returned to the decreasing collection trend with a \$25,206 first half decrease. Previously it was assumed the trend of eliminating landline phones and the impacts of the implementation of a recent accounting standard, which changed the accounting of bundled data contracts, was causing a lower tax base.
- It appears that Gambling Tax has returned to its prepandemic levels with a \$34,164 first half 2023 increase. Admissions Tax is reporting a \$7,546 increase, but remains

below its prepandemic levels. Due to new home streaming entertainment options, this category might not return to historic levels.

- Non-business license (includes building, mechanical, plumbing, and electrical permits fees) revenues have been collected at 62.1 percent of the budget estimate and increased \$128,100 compared to 2022. Building permits increased \$83,316 or 16.5 percent. Building permit activity can be an indicator of future one-time sales tax increases, ongoing property, and utility tax increases.
- Plan check fees increased \$291,283. A portion of the increase is attributed to a State Auditor recommendation to receipt all plan check fees to the General Fund. Previously, utility portions were receipted into the utilities, but all development functions should be considered General Fund activities. This category can be an indicator of future development.
- Engineering and Water Resources internal services increased \$1,109,600 during the first half of 2023. This is a result of the addition of engineering positions and the improving vacancy levels.
- Interest earnings show an increase of \$2,455,044. However, this includes a year-end market value accounting adjustment variance of \$2,187,741 relating to generally accepted accounting principles investment valuation. The actual 2023 interest earnings were \$905,689, which was a \$695,707 increase. Interest earnings have been growing consistent with the Federal Reserve rate increases. According to the latest Federal Reserve meeting commentary, it appears interest rates have peaked. It should be expected that interest earnings will begin to decrease when the Federal Reserve begins to lower rates, which according to the Congressional Budget Office could be as early as the first half of 2024.
- The \$655,899 million decrease to Other Miscellaneous revenues relates to a late receipt of the 2022 Federal Department of Veterans Affairs reimbursement for the tenant improvements to the U.S. Veteran Affairs Outstation Center.
- The Capital Equipment Fund revenues were impacted by lower one-time transfers during the first half of 2023. In contrast, the Community Buildings Fund transfers in occurred earlier during 2023 resulting in increase to revenues.

UTILITY FUNDS

Mid-year 2023 operating revenues and expenditures for the City's utilities were mainly consistent with projections.

Water Utility Maintenance and Operations Fund

Water expenditures were \$1,329,991 higher in 2023. Salary and benefits increased \$491,886 due to the aforementioned retroactive pay. The 2021 and 2022 backorders for

meter transmitting units were received in 2023 and increased expenditures by \$526,008. Water Resources engineering internal service fees increased \$155,770. The 2023 capital improvement program transfer decreased \$317,587.

Total water revenues were \$692,237 or 10.3 percent higher than the mid-year of 2022 as a result of water sales increasing \$1,007,045 and interest earnings plus the unrealized gain increasing \$545,842. These increases are offset by a lower General Fund fireflow services transfer (-\$935,978), which has yet to occur in 2023.

Wastewater Utility Maintenance and Operations Fund

Wastewater expenditures were \$1,776,777 higher in 2023. The increase is due to a \$86,242 higher LOTT transfers, higher capital improvement program transfer of \$1,415,684, and \$189,983 of higher salary and benefits.

Wastewater total revenues were \$414,952 or 3.9 percent higher than the previous year. Wastewater sales increased \$220,030 and LOTT sales decreased \$100,665. The utility billing write-off to collections process resulted in an appearance of reduced LOTT sales. The actual increase is similar in proportion to the City's wastewater sales. Interest earnings including an unrealized gain increased \$310,748.

Stormwater Maintenance and Operations Fund

Stormwater expenditures were \$117,460 higher than the previous year due to an increase to capital improvement program transfers.

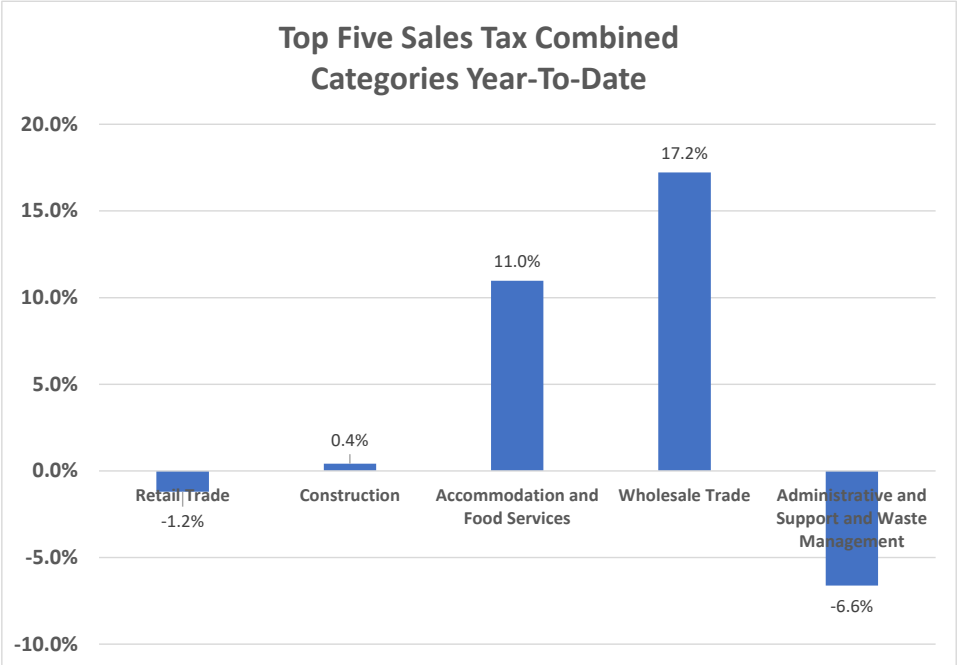
Stormwater revenues were \$301,345 higher than 2022, as a result of a \$100,794 increase to Stormwater sales revenue and \$190,845 increase to interest earnings including the unrealized gain.

CONCLUSION AND FORECAST

The economy has seemingly defied most expectations during and following the COVID-19 public health emergency. It was widely expected that the economy would collapse during the pandemic. While the economy retracted at the very beginning, Federal financial support, a fast-adapting economic base, health/safety measures, and a changing and resilient retail sales environment helped fuel an unprecedented economic recovery. The economy has been so strong that it has resulted in extreme inflationary concerns, which lead to the Federal Reserve to raise rates in historic fashion. After rate increases in 11 out of the last 12 Federal Reserve meetings, rate increases may see a pause. Inflation remains above the 2.0 percent target, but it is continuing to move towards the target. This has some economists moving away from their recession forecasts. It is expected that the economy will remain uncertain until the inflation target is achieved and the job market remains tight.

General Fund Revenues

Sales tax, the General Fund’s single largest source of revenue, historically provides about 25 percent of all revenue. Sales tax is only 0.94 percent higher through the mid-year. The City’s largest sales tax category, General Merchandise Stores, is 0.5 percent lower than 2022. The Food Services and Construction of Buildings categories continue to show higher sales tax collection in 2023. The year-to-date comparison of the top five broad sales tax categories are illustrated below:



Based on the construction sales tax, the 2024 property tax growth from new construction is expected to remain higher than the long-term projected levels. Property tax growth from new construction has been strong in recent years. The following table illustrated the recent property tax growth due to new construction.

Year	Property Tax Increase from Construction
2023	\$155,648
2022	\$213,198
2021	\$306,555
2020	\$267,223
2019	\$208,770
2018	\$190,651
2017	\$133,103
2016	\$150,246
2015	\$ 96,242
2014	\$ 92,425

The 2023 new construction increase was based on \$176.7 million of new assessed valuation. For 2024, the preliminary estimate is \$150.0 million of new construction will be added to the City's assessed valuation generating an estimated \$101,543 of new property taxes.

Projected Labor Costs

The cost of labor constitutes approximately two-thirds of all General Fund operating expenditures.

Based on the 2023 labor budget, each 1.0 percent of salary and wages increase is equal to \$266,927. During the most recent ten-year period (2013-2022), the total General Fund salary and benefits annual increase averaged 4.16 percent per year.

Medical benefit increases have been lower since the Association of Washington Cities (AWC) Benefit Trust changed to self-insurance in January 2014. The preliminary 2024 rate increase projections for the Regence and Kaiser Permanente plans are not expected to exceed 7.0 percent. No rate increases are projected for Delta Dental, Willamette Dental, and vision service premiums.

Recent history (2013-2022) indicates that employee benefits in total have increased 4.09 percent annually. Based on the 2023 benefits budget, each 1.0 percent of benefits increase is equal to \$94,804.

2024 Recommendations

It is becoming customary to end the Mid-Year Financial Report by repeating the 2024 Budget Call and Instructions memorandum (dated June 16, 2023) to set the tone for the beginning of the upcoming budget development:

“Given the continued efforts of the Federal Reserve to slowdown the economy and indicators of a recession, any expansion to the 2024 Budget will need to do so with caution as long-term sustainability becomes less certain. Similar to 2022, a number of capital projects, equipment purchases, and special projects have been delayed in 2023 due to supply chain challenges and higher than normal staffing vacancies, so controlled expansion to the 2024 will provide the capacity to complete past year's commitments. Also, the City's ability to maintain its financial sustainability long-term will be considered with each new budget request.”

It is recommended that the 2024 Budget be developed with caution due to the continued higher inflation and economic uncertainties. Lacey's long history of conservative budgeting policies and practices has played a significant role in achieving continued financial stability and ability to fund City Council initiatives. In the end, this has provided a high level of quality services Lacey citizens have come to appreciate and expect.

City of Lacey
Monthly Expenditure Summary
June 2023

Expenditures: General Fund	2022 Amended Budget	YTD 6/30/2022 Actual	2022 YTD % of Budget	2023 Amended Budget	YTD 6/30/2023 Actual	2023 YTD % of Budget	2023-2022 YTD Variance
City Council	\$ 558,766	\$ 249,745	44.7%	\$ 610,711	\$ 268,236	43.9%	\$ 18,491
Contracted Services	2,869,887	725,697	25.3%	2,437,172	782,546	32.1%	56,849
City Manager	753,122	380,907	50.6%	947,361	331,382	35.0%	(49,525)
Human Resources	1,482,075	633,265	42.7%	1,937,876	656,093	33.9%	22,828
Social Services	1,732,677	575,554	33.2%	5,321,888	392,744	7.4%	(182,811)
Public Affairs/City Clerk	1,180,096	379,141	32.1%	1,219,394	454,079	37.2%	74,938
Finance	1,839,708	750,744	40.8%	2,288,988	1,007,502	44.0%	256,758
Legal & Judicial	748,363	363,969	48.6%	782,478	371,642	47.5%	7,674
Common Facilities Overhead	1,628,579	1,037,758	63.7%	1,612,239	1,080,769	67.0%	43,011
Police	13,108,616	5,833,931	44.5%	13,932,367	6,850,562	49.2%	1,016,631
Public Works - Support SVC	151,100	62,195	41.2%	155,637	65,307	42.0%	3,112
Public Works - Engineering	4,639,793	1,993,241	43.0%	4,907,884	2,522,694	51.4%	529,453
Public Works - Parks Maint.	3,274,820	1,465,412	44.7%	3,686,499	1,844,553	50.0%	379,141
Public Works - Facilities Maint.	987,852	434,206	44.0%	1,251,174	567,772	45.4%	133,567
Community & Economic Dev.	4,383,162	1,548,397	35.3%	4,998,483	2,021,674	40.4%	473,277
Public Works - Water Resources	1,900,084	622,700	32.8%	2,165,118	1,006,338	46.5%	383,638
Parks, Culture, & Recreation	3,337,438	1,077,275	32.3%	3,376,937	1,330,049	39.4%	252,774
Transfers Out	8,392,910	8,327,946	99.2%	6,750,508	3,477,649	51.5%	(4,850,297)
Total Current Expense Fund:	\$ 52,969,048	\$ 26,462,083	49.96%	\$58,382,714	\$ 25,031,591	42.88%	\$ (1,430,491)
Criminal Justice Fund	\$ 3,283,881	\$ 2,188,425	66.6%	\$ 3,052,855	\$ 634,824	20.8%	\$ (1,553,601)
Community Buildings Fund	767,973	254,179	33.1%	1,025,781	361,540	35.2%	107,361
Regional Athletic Complex	1,573,637	545,620	34.7%	1,360,495	709,833	52.2%	164,213
Street Fund	4,017,012	1,750,186	43.6%	4,545,559	2,067,109	45.5%	316,923
Capital Equipment Fund	3,626,487	1,554,749	42.9%	3,517,995	422,740	12.0%	(1,132,009)
Total General Fund Expenditures	\$ 66,238,038	\$ 32,755,242	49.45%	\$ 71,885,399	\$ 29,227,637	40.66%	\$ (3,527,605)
Expenditures: Other Funds							
Arterial Street Fund	\$ 3,996,998	\$ 798,733	20.0%	\$ 9,944,299	\$ 1,240,495	12.5%	\$ 441,761
Transportation Improvement	4,750,000	257,234	5.4%	8,150,000	1,999,562	24.5%	1,742,327
Lodging Tax	580,500	335,546	57.8%	887,230	385,246	43.4%	49,700
Community Block Grant	122	-	0.0%	479	-	0.0%	-
Hicks Lake Management District	46,358	-	0.0%	47,793	-	0.0%	-
General Obligation Bond	1,261,390	102,200	8.1%	1,270,434	82,625	6.5%	(19,575)
LID Debt	70,897	-	0.0%	100,609	-	0.0%	-
Building Improvement	5,929,418	514,314	8.7%	4,709,316	1,573,943	33.4%	1,059,629
Parks & Open Space	2,464,766	1,074,930	43.6%	1,169,866	213,913	18.3%	(861,017)
Regional Athletic Complex Capital	4,076,090	753,823	18.5%	4,221,634	695,768	16.5%	(58,055)
Water Utility	17,445,483	9,430,653	54.1%	16,900,441	10,760,644	63.7%	1,329,991
Wastewater Utility	21,120,783	9,236,411	43.7%	23,524,369	11,013,187	46.8%	1,776,777
Stormwater Utility	4,651,470	2,789,446	60.0%	5,472,547	3,747,858	68.5%	958,412
Reclaimed Water	408	-	0.0%	1,385	-	0.0%	-
Water Capital	28,426,622	3,738,697	13.2%	19,983,069	6,040,293	30.2%	2,301,596
Wastewater Capital	13,004,652	2,937,172	22.6%	12,838,423	2,662,945	20.7%	(274,228)
Stormwater Capital	1,927,284	159,285	8.3%	2,431,636	171,242	7.0%	11,956
Reclaimed Water Capital	7,939	-	0.0%	26,905	-	0.0%	-
Water Debt Service	4,779,149	114,959	2.4%	4,788,294	110,218	2.3%	(4,741)
Wastewater Debt Service	2,893,646	25,370	0.9%	3,196,092	23,347	0.7%	(2,022)
Stormwater Debt Service	2,352,444	19,128	0.8%	2,353,609	18,169	0.8%	(959)
Equipment Rental	3,702,866	873,565	23.6%	4,376,581	1,188,752	27.2%	315,187
Information Management	2,934,844	950,096	32.4%	2,967,111	1,102,817	37.2%	152,721
Total Expenditures	\$ 192,662,167	\$ 66,866,806	34.71%	\$ 201,247,521	\$ 72,258,662	35.91%	\$ 5,391,856

City of Lacey
Monthly Revenue Summary
June 2023

Revenues: <u>General Fund</u>	2022 Amended Budget	YTD 6/30/2022 YTD Actual	2022 YTD % of Budget	2023 Amended Budget	YTD 6/30/2023 YTD Actual	2023 YTD % of Budget	2023-2022 YTD Variance
Taxes:							
Property	\$ 7,565,892	\$ 4,621,884	61.1%	\$ 8,082,842	\$ 4,124,082	51.0%	\$ (497,801)
Sales	13,163,089	7,663,275	58.2%	14,566,341	7,735,425	53.1%	72,151
Business & Occupation	2,540,102	1,616,507	63.6%	3,075,390	1,964,785	63.9%	348,278
Admissions	84,000	78,010	92.9%	168,000	85,556	50.9%	7,546
Utility - Electric	2,509,713	1,572,817	62.7%	3,078,839	1,733,323	56.3%	160,506
Utility - Natural Gas	812,609	691,725	85.1%	1,063,521	849,392	79.9%	157,667
Utility - Solid Waste	429,537	257,472	59.9%	554,444	284,191	51.3%	26,719
Utility - Telephone	468,525	294,935	62.9%	555,349	269,729	48.6%	(25,206)
Utility - Water/Sewer/Storm	3,361,406	1,552,615	46.2%	3,636,822	1,704,697	46.9%	152,083
Excise - Forest/Leasehold	20,000	12,344	61.7%	20,000	11,092	55.5%	(1,252)
Gambling	239,136	227,685	95.2%	403,832	261,849	64.8%	34,164
Total Taxes	\$ 31,194,009	\$ 18,589,268	59.59%	\$ 35,205,380	\$ 19,024,122	54.04%	\$ 434,854
Penalties & Interest	\$ 4,750	\$ 1,619	34.1%	\$ 5,000	\$ 2,894	57.9%	\$ 1,275
Franchises	701,790	352,485	50.2%	734,980	348,535	47.4%	(3,951)
Licenses & Permits	1,568,237	866,053	55.2%	1,601,438	994,153	62.1%	128,100
Inter-Governmental:							
Criminal Justice	\$ -	\$ 2,784		\$ -	\$ 5,851		\$ 3,068
Traffic Safety	-	-		-	-		-
Liquor Excise	353,331	203,987	57.7%	397,369	204,245	51.4%	258
Liquor Profits	426,736	222,471	52.1%	437,514	222,763	50.9%	292
Other State Entitlements	81,622	57,557	70.5%	81,622	67,785	83.0%	10,228
Inter-Gov. Service Charges	126,055	231,154	183.4%	286,733	89,169	31.1%	(141,985)
Other Grants	8,000	1,981,915	24773.9%	3,000	1,126,774	37559.1%	(855,141)
Total Inter-Governmental	\$ 995,744	\$ 2,699,867	271.14%	\$ 1,206,238	\$ 1,716,586	142.31%	\$ (983,281)
Service Charges:							
General Government	\$ 51,750	\$ 3,089	6.0%	\$ 6,750	\$ 18,911	280.2%	\$ 15,822
Security of Persons/Property	181,500	106,809	58.8%	6,500	-		(106,809)
Economic Environment/Plan Checking	579,500	262,606	45.3%	578,750	579,703	100.2%	317,097
Culture and Recreation	892,940	239,401	26.8%	892,940	270,878	30.3%	31,477
Total Service Charges	\$ 1,705,690	\$ 611,905	35.87%	\$ 1,484,940	\$ 869,492	58.55%	\$ 257,587
Interfund Charges:							
Engineering Services	\$ 3,269,255	\$ 1,472,928	45.1%	\$ 3,301,232	\$ 2,154,761	65.3%	\$ 681,833
Park Maintenance	451,228	166,561	36.9%	514,250	243,733	47.4%	77,171
Water Resources	2,411,187	664,663	27.6%	2,645,404	1,096,760	41.5%	432,097
Other Interfund Charges	1,296,823	648,414	50.0%	1,505,743	752,861	50.0%	104,447
Total Interfund Charges	\$ 7,428,493	\$ 2,952,566	39.75%	\$ 7,966,629	\$ 4,248,114	53.32%	\$ 1,295,548
Violations	\$ 250,000	\$ 48,786	19.5%	\$ 100,000	\$ 50,607	50.6%	\$ 1,821
Interest Earnings	168,680	296,886	176.0%	643,186	2,751,930	427.9%	2,455,044
Other Miscellaneous	236,176	115,257	48.8%	62,900	771,156	1226.0%	655,899
Contributions	76,000	76,510	100.7%	76,000	73,125	96.2%	(3,385)
Financing	-	-		-	-		-
Transfers	48,500	48,500	100.0%	48,500	48,500	100.0%	-
Beginning Cash	9,216,012	-		9,247,523	-		-
Total Current Expense Fund Revenues	\$ 53,594,081	\$ 26,659,704	49.74%	\$ 58,382,714	\$ 30,899,215	52.93%	\$ 4,239,512
Criminal Justice Fund	\$ 3,283,881	\$ 722,015	22.0%	\$ 3,052,855	\$ 828,699	27.1%	\$ 106,684
Community Buildings Fund	767,973	97,570	12.7%	1,025,781	582,621	56.8%	485,051
Regional Athletic Complex Fund	1,233,312	1,318,259	106.9%	1,360,495	1,175,684	86.4%	(142,575)
Street Fund	4,017,012	3,685,775	91.8%	4,545,559	3,789,319	83.4%	103,544
Capital Equipment Fund	3,376,487	1,126,653	33.4%	3,517,995	218,583	6.2%	(908,070)
Total General Fund Revenues	\$ 66,272,746	\$ 33,609,975	50.71%	\$ 71,885,399	\$ 37,494,121	52.16%	\$ 3,884,146

Revenues:	2022	YTD	2022	2023	YTD	2023	2023-2022
<u>Other Funds</u>	<u>Amended</u>	<u>6/30/2022</u>	<u>YTD % of</u>	<u>Amended</u>	<u>6/30/2023</u>	<u>YTD % of</u>	<u>YTD</u>
	<u>Budget</u>	<u>YTD Actual</u>	<u>Budget</u>	<u>Budget</u>	<u>YTD Actual</u>	<u>Budget</u>	<u>Variance</u>
Arterial Street Fund	\$ 3,816,998	\$ 3,696,632	96.8%	\$ 9,944,299	\$ 4,144,523	41.7%	\$ 447,891
Transportation Improvement Fund	4,750,000	1,823,624	38.4%	8,150,000	2,018,988	24.8%	195,364
Lodging Tax	580,500	232,581	40.1%	887,230	276,308	31.1%	43,727
Community Block Grant	122	225	184.7%	479	1,730	361.2%	1,505
Hicks Lake Management District	46,358	30,624	66.1%	47,793	34,773	72.8%	4,149
General Obligation Bond	1,261,390	978,571	77.6%	1,270,434	944,451	74.3%	(34,119)
LID Debt	70,897	40,469	57.1%	100,609	181,378	180.3%	140,909
Building Improvement	5,488,770	2,108,045	38.4%	4,709,316	947,149	20.1%	(1,160,896)
Parks & Open Space	614,766	2,439,713	396.9%	1,169,866	29,085	2.5%	(2,410,628)
Regional Athletic Complex Capital	4,076,090	1,598,475	39.2%	4,221,634	995,595	23.6%	(602,880)
Water Utility	16,010,213	6,709,916	41.9%	16,900,441	7,402,153	43.8%	692,237
Wastewater Utility	20,947,953	10,695,955	51.1%	23,524,369	11,110,907	47.2%	414,952
Stormwater Utility	4,651,470	2,540,175	54.6%	5,472,547	2,841,519	51.9%	301,345
Reclaimed Water	408	651	159.6%	1,385	5,001	361.1%	4,349
Water Capital	28,416,622	7,051,691	24.8%	19,983,069	8,849,498	44.3%	1,797,807
Wastewater Capital	12,999,652	2,615,071	20.1%	12,838,423	4,546,468	35.4%	1,931,397
Stormwater Capital	1,927,284	1,488,464	77.2%	2,431,636	2,528,909	104.0%	1,040,444
Reclaimed Water Capital	7,939	12,652	159.4%	26,905	97,156	361.1%	84,504
Water Debt Service	4,779,149	512,868	10.7%	4,788,294	548,243	11.4%	35,375
Wastewater Debt Service	2,893,646	2,341	0.1%	3,196,092	15,794	0.5%	13,453
Stormwater Debt Service	2,352,444	102,545	4.4%	2,353,609	103,855	4.4%	1,309
Equipment Rental	3,702,866	1,843,680	49.8%	4,376,581	2,436,395	55.7%	592,715
Information Management	2,934,844	1,414,822	48.2%	2,967,111	1,536,158	51.8%	121,336
Total Revenues	\$ 188,603,127	\$ 81,549,769	43.24%	\$ 201,247,521	\$ 89,090,159	44.27%	\$ 7,540,390



**FINANCE & ECONOMIC
DEVELOPMENT COMMITTEE**
August 22, 2023

SUBJECT: Second Quarter 2023 Investment Report

RECOMMENDATION: Review Second Quarter Investment Report

STAFF CONTACT: Rick Walk, City Manager *RW*
Troy Woo, Finance Department *TW*

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS: 1. Government Portfolio Advisors Quarterly Investment Report

FISCAL NOTE:

**WORK PLAN GOAL
AND STRATEGY:** None

PRIOR REVIEW: None

BACKGROUND:

The City's adopted investment policy requires quarterly reporting to the City Manager and annual reporting to the City Council. The Finance and Economic Development Committee has request to extend extra review of the reports to semi-annually and quarterly reports be presented to City Manager.

The 2023 second quarter report has been prepared by the City's investment advisor, Government Portfolio Advisors (GPA). The three main components of the quarterly report include the following:

1. The report opens with a market commentary, market outlook, current investment policy compliance report, updates to the strategic outlook, and portfolio positioning.

2. Included are sections comparing quarterly asset allocation changes and historical balances.
3. A summary of the City's total invested funds including information relating to types, maturities, and investment activity, investment earnings and accruals that occurred during the report period.

In summary, Lacey's core fund portfolio outperformed the investment strategy benchmark. The core fund net total return for the quarter was -0.27 percent. The benchmark total return for the period was -0.42 percent. The net total return includes changes to market value, which has experienced decreases due to the historic interest rate increase environment. The negative net results are a due to historical levels of Federal Reserve rate increase.

The total portfolio *unrealized loss* at the end of the quarter was \$6,897,236. It should be noted an unrealized loss is only an accounting, or "*on paper*", loss that will not be realized unless investments are sold before the maturity date. As an example, a loss could occur in the event an investment is sold prior to the maturity date *and* the open market is paying a higher interest rate than the investment instrument the City is attempting to sell. The current market appears to be at the end of a rising interest rates and a number of the City's investment instruments were purchased prior to the 2022 interest rate increases. The City has no intention of selling investments prior to maturity dates, which means *no loss is anticipated* by the City. The City carefully analyzes its cashflow needs to avoid selling investments before maturity. It would take multiple and rare circumstances for the City to sell investments at a loss.

- The Federal Reserve funds rate ended the second quarter in the range of 5.00 to 5.25 percent. There are expectations for the Federal Reserve rate to continue to increase to the 5.50 percent range at its July 2023 meeting.
- First quarter 2023 Gross Domestic Product (GDP) is estimated to have grown 2.0 percent.
- The total portfolio book yield increased from 2.515 percent to 2.744 percent during the quarter.
- The second 2023 ended with a core fund portfolio duration of 2.058 years, which is slightly high than the benchmark duration of 2.051 years. The transition to the 0–5-year benchmark from the previous 0–3-year benchmark strategy is now complete. The strategy continues to aim to be at or be slightly above the duration benchmark to take advantage of multi-year high yield levels before a Federal Funds shift to a long-term expectation of 2.0 to 3.0 percent rates.

Quarterly Investment Report City of Lacey

June 30, 2023

Total Aggregate Portfolio

Market Commentary

Market Yields: Stability in the banking sector and resilient labor markets led to a rise in interest rates during the second quarter as investors took off bets the Fed would begin cutting rates in the second half of the year. The 2-year yield added 87 basis points, to end the quarter at 4.90%, while the 10-year added 37 basis points to end June at 3.84% pushing the yield curve inversion back toward cycle lows.

FOMC: The Federal Reserve met twice during the second quarter where they raised rates by 25 basis points at the conclusion of their May meeting and left rates unchanged in June preferring to see the rapid increases settle into the economy rather than continue to endanger the progress made on price pressures while leaving labor markets largely unharmed. While the Fed left rates unchanged, they sent a more hawkish than expected message by upping their outlook for the policy rate signaling the median voting member anticipates two more rate hikes to occur before the year ends. Time will tell and future action will continue to be a function of labor markets and the inflation environment.

Employment and Inflation: The labor market remains positive but in a continued downward trend with the economy adding an average of 244 thousand nonfarm jobs during the second quarter, below the 6-month and 12-month averages of 278 thousand and 316 thousand respectively. Average hourly earnings have moderated to 4.35% yet remain higher than the pre-covid trend that was in the 2.50%-3.5% range. Inflation continues to come down markedly despite solid growth and labor dynamics. The June inflation report showed headline inflation coming back down to 3.0%, well below the 9.1% peak seen a year ago. With the lagged impact of a cooler housing market yet to make it's way into the data, more moderation is expected in the back half of the year.

Market Outlook

GDP: Economic growth turned more positive with first quarter GDP coming in at 2.0% with robust underlying drivers. Growth was led by a strong 4.2% annualized growth rate in consumer spending led by continued stability in the services sector combined with a strong rebound in auto sales now that supply chains are normalizing. This sent final sales to domestic purchasers up to 3.50%, the strongest reading in almost two years. Looking forward, we expect more catch up in the auto market and a rebound in housing to offset a drag in services consumption as excess savings look set to run out this fall alongside renewed student loan payments that were on hold since the pandemic.

Fed Funds: The FOMC sent a small shock through markets when they released refreshed projections in June that showed the median voter expected two more rate hikes before this cycle is done. While inflation and labor markets are behaving for the Fed, we anticipate they will hike one more time in July. We are less certain the data will convince them to hike again, and we look to end this cycle at the 5.25%-5.50% range on federal funds. After this, we will be on the lookout for when we expect the Fed to turn course back toward a more neutral rate that is expected to be in the 2.0%-3.0% area.

Two-year Yield Expectations: We continue to expect the 2-year yield to trade below the federal funds rate given the unique nature of the current cycle and the near consensus belief by both markets and the Fed that this cycle is very near its end. Continued progress on inflation or a turn in the labor market would likely pressure the 2-year yield significantly lower.

Portfolio Positioning: Continued rapid progress on inflation leaves us positive on duration, therefore we advise clients to remain at, or slightly above, strategic targets to lock in these levels. A decline in banking sector risk, combined with the typically slower summer issuance, leaves us more neutral on corporate and agency securities. We look for pockets of issuance to add value in these spaces.

Quarterly Yield Change

	09/30/22	12/31/22	03/31/23	06/30/23
3 month bill	3.247	4.343	4.69	5.284
2 year note	4.279	4.426	4.03	4.895
5 year note	4.09	4.004	3.57	4.156
10 year note	3.829	3.875	3.47	3.837

Economists' Survey Projections

	Q3-23	Q4-23	Q1-24	Q2-24
Real GDP	0.0	-0.5	0.7	1.3
Core PCE (YOY%)	4.2	3.8	3.1	2.8
Unemployment	3.8	4.2	4.5	4.7

Economists' Survey Projections for Rates

	Q3-23	Q4-23	Q1-24	Q2-24
Fed Funds	5.45	5.35	5.1	4.7
2 Year	4.41	4.19	3.93	3.7
10 year	3.63	3.53	3.46	3.42

Compliance Report

City of Lacey | Total Aggregate Portfolio



June 30, 2023

Category	Policy Limit	Actual Value*	Status
Policy Diversification Constraint			
US Treasury Obligations Maximum % of Holdings	100.000	34.714	Compliant
US Agency Callable Securities Maximum % of Total Portfolio	31.500	0.000	Compliant
US Agency FFCB Issuer Concentration	35.000	10.806	Compliant
US Agency FHLB Issuer Concentration	35.000	10.258	Compliant
US Agency FHLMC Issuer Concentration	35.000	5.671	Compliant
US Agency FNMA Issuer Concentration	35.000	1.151	Compliant
US Agency Obligations - All Other Issuers Combined	35.000	0.000	Compliant
US Agency Obligations Issuer Concentration	35.000	10.806	Compliant
US Agency Obligations Maximum % of Holdings	35.000	27.886	Compliant
Supranationals - Issuer is ADB, IADB, IBRD, or IFC	0.000	0.000	Compliant
Supranationals Issuer Concentration	5.000	1.832	Compliant
Supranationals Maximum % of Holdings	10.000	3.337	Compliant
Municipal Bonds Issuer Concentration	5.000	1.929	Compliant
Municipal Bonds Maximum % of Holdings	30.000	6.192	Compliant
Municipal Bonds WA issues GO/Local and GO only Outside WA	0.000	0.000	Compliant
Municipal Issue Directly Internally or Interfund Loans	15.000	0.000	Compliant
Corporate Notes & Commercial Paper Foreign Exposure except Canada	2.000	0.000	Compliant
Corporate Notes & Commercial Paper Maximum % of Holdings	25.000	5.528	Compliant
Corporate Notes & Commercial Paper Single Issuer %	3.000	1.283	Compliant
Corporate Notes Ratings Minimum A-/A3/A- by All if rated	0.000	0.000	Compliant
Corporate Notes Split AA- to A- Issuer Concentration % (All must be rated at least A-) (2%)	2.000	1.280	Compliant
Certificates of Deposit Issuer Concentration	5.000	0.000	Compliant
Certificates of Deposit Maximum % of Holdings	20.000	0.000	Compliant
Banker's Acceptance Issuer Concentration	5.000	0.000	Compliant
Banker's Acceptance Maximum % of Holdings	10.000	0.000	Compliant
LGIP Maximum % of Holdings	100.000	16.621	Compliant
PDPC Bank Deposits Issuer Concentration	100.000	5.942	Compliant
PDPC Bank Deposits Maximum % of Holdings	20.000	5.943	Compliant

1) Actual values are based on market value.

2) The compliance report allows for resolutions to be documented if an actual value exceeds a limit. The specific resolution can be found on the client portal site.

Compliance Report

City of Lacey | Total Aggregate Portfolio



June 30, 2023

Category			
Policy Maturity Structure Constraint	Policy Limit	Actual %	Status
Maturity Constraints Under 30 days Minimum % of Total Portfolio	10.000	24.647	Compliant
Maturity Constraints Under 1 year Minimum % of Total Portfolio	25.000	40.993	Compliant
Maturity Constraints Under 5.5 years Minimum % of Total Portfolio	100.000	100.000	Compliant
Policy Maturity Constraint	Policy Limit	Actual Term	Status
US Treasury Maximum Maturity At Time of Purchase (years)	5.500	4.973	Compliant
US Agency Maximum Maturity At Time of Purchase (years)	5.500	5.044	Compliant
Supranationals Maximum Maturity At Time of Purchase (years)	5.500	4.781	Compliant
Municipals Maximum Maturity At Time of Purchase (years)	5.500	5.148	Compliant
Corporate Maximum Maturity At Time of Purchase (years)	5.250	4.956	Compliant
Corporate Note Portfolio Duration (years)	3.000	2.569	Compliant
Commercial Paper Maximum Maturity At Time of Purchase (days)	270.000	0.000	Compliant
Commercial Paper Over 100 days Minimum Long Term Rating A-/A3/A- by one	0.000	0.000	Compliant
Certificates of Deposit Maximum Maturity At Time of Purchase (years)	5.500	0.000	Compliant
Banker's Acceptance Maximum Maturity At Time of Purchase (days)	180.000	0.000	Compliant
Weighted Average Maturity (years)	2.000	1.698	Compliant
Policy Credit Constraint			Status
Supranationals Ratings AA-/Aa3/AA- or better (Rated by 1 NRSRO)			Compliant
Municipal Bonds Ratings Minimum A-/A3/A- (Rated by 1 NRSRO)			Compliant
Corporate Notes AA-/Aa3/AA- by All If Rated Issuer Concentration (3%)			Compliant
Corporate Notes Single A with Negative Outlook Cannot Purchase			Compliant
Commercial Paper Ratings Minimum ST Rating A1/P1/F1 (Rated by 2 NRSROs)			Compliant

1) Actual values are based on market value.

2) The compliance report allows for resolutions to be documented if an actual value exceeds a limit. The specific resolution can be found on the client portal site.

Strategic Outlook

- With monthly inflation readings back on trend for the Fed and still solid labor markets, we turn more positive that economic growth should remain resilient with real wage growth turning positive.
- We expect the Federal Reserve to add one more 25 basis point hike in July to end the rate hiking cycle at a range of 5.25%-5.50%. After this, we anticipate the Fed will hold this level until labor markets turn or we get two quarters of continued low monthly inflation readings.
- Interest rates ended the quarter near cycle highs which offers an attractive entry point for investors, especially with the rapid declines in inflation that will take pressure off the Federal Reserve in coming months.

Portfolio Positioning

- The total investment portfolio ended the quarter at \$261,380,969.
- Year to date, the disciplined strategy of managing liquidity and core investment components of the portfolio supported adding approximately \$16 million to the core investments for long-term value.
- The total portfolio book yield increased from 2.515 to 2.744.
- The total portfolio unrealized loss ended the quarter at -\$6,897,236.
- The core portfolio duration increased over the quarter from 1.998 last quarter to 2.058 this quarter. The benchmark duration ended the quarter at 2.051.
- Net total return for the core portfolio, which includes change in market value and interest income, was -0.27%. The benchmark total return for the period was -0.42%.

Strategic Quarterly Update

City of Lacey | Total Aggregate Portfolio



June 30, 2023

Metric	Previous	Current
Strategy	03/31/2023	06/30/2023
Effective Duration		
Investment Core	2.00	2.06
Benchmark Duration	2.06	2.05
Total Effective Duration	1.59	1.60
Total Return (Net of Fees %)*		
Investment Core	1.70	(0.27)
Benchmark Return	1.65	(0.42)
Total Portfolio Performance	1.47	0.00
<i>*Changes in Market Value include net unrealized and realized gains/losses.</i>		
Maturity Total Portfolio		
Average Maturity Total Holdings	1.68	1.70

Metric	Previous	Current
Book Yield	03/31/2023	06/30/2023
Ending Book Yield		
Investment Core	2.15%	2.43%
Liquidity	3.92%	3.81%
Total Book Yield	2.51%	2.74%
Values		
	03/31/2023	06/30/2023
Market Value + Accrued		
Investment Core	204,107,443	202,630,313
Liquidity	53,404,218	58,750,657
Total MV + Accrued	257,511,661	261,380,970
Net Unrealized Gain/Loss		
Total Net Unrealized Gain/Loss	(5,201,684)	(6,897,236)

Asset Allocation Change over Quarter

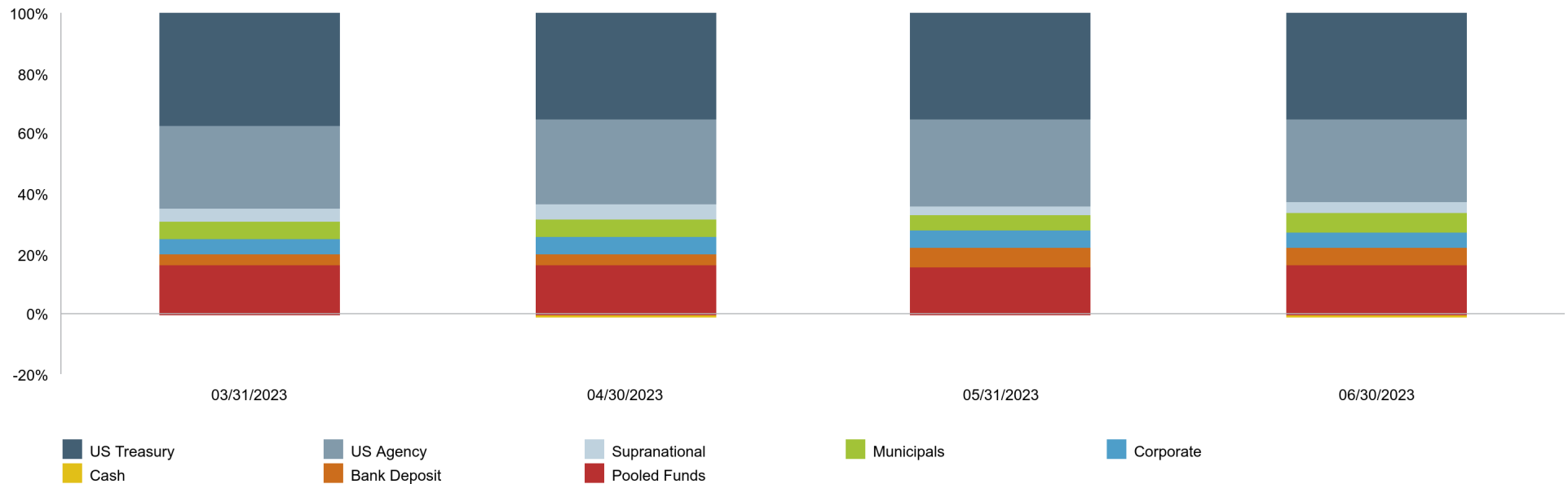


June 30, 2023

City of Lacey | Total Aggregate Portfolio

Asset Allocation Changes

Security Type	03/31/2023		06/30/2023		Change	
	Market Value + Accrued	% of Portfolio	Market Value + Accrued	% of Portfolio	Market Value + Accrued	% of Portfolio
US Treasury	95,190,874.08	36.97%	90,619,827.40	34.67%	(4,571,046.68)	(2.30%)
US Agency	69,607,390.83	27.03%	73,066,682.50	27.95%	3,459,291.67	0.92%
Supranational	12,758,524.24	4.95%	8,756,101.18	3.35%	(4,002,423.06)	(1.60%)
Municipals	13,841,630.27	5.38%	16,263,960.33	6.22%	2,422,330.06	0.85%
Corporate	12,709,023.89	4.94%	14,497,265.56	5.55%	1,788,241.67	0.61%
Cash	0.00	0.00%	(573,524.11)	(0.22%)	(573,524.11)	(0.22%)
Bank Deposit	10,671,421.69	4.14%	15,472,971.01	5.92%	4,801,549.32	1.78%
Pooled Funds	42,732,796.49	16.59%	43,277,685.73	16.56%	544,889.24	(0.04%)
Total	257,511,661.49	100.00%	261,380,969.59	100.00%	3,869,308.10	



If negative cash balance is showing, it is due to a pending trade payable at the end of period.

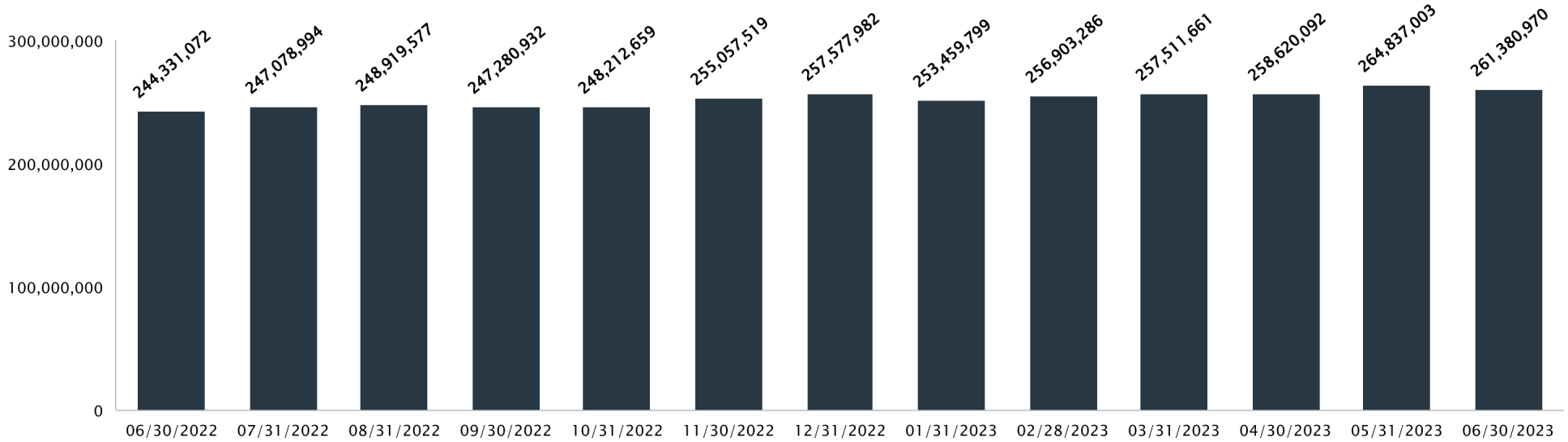
Historical Balances

City of Lacey | Total Aggregate Portfolio



June 30, 2023

Market Value



Market Value and Return

Period Begin	Period End	Market Value + Accrued	Interest Income	Book Yield	Effective Duration	Maturity in Years
06/01/2022	06/30/2022	244,331,072	147,405	0.67%	1.23	1.27
07/01/2022	07/31/2022	247,078,994	161,905	0.75%	1.22	1.25
08/01/2022	08/31/2022	248,919,577	175,459	0.84%	1.23	1.28
09/01/2022	09/30/2022	247,280,932	175,389	0.82%	1.17	1.21
10/01/2022	10/31/2022	248,212,659	185,864	0.83%	1.11	1.15
11/01/2022	11/30/2022	255,057,519	224,804	1.30%	1.34	1.41
12/01/2022	12/31/2022	257,577,982	298,123	1.55%	1.40	1.47
01/01/2023	01/31/2023	253,459,799	417,335	2.30%	1.61	1.70
02/01/2023	02/28/2023	256,903,286	434,831	2.36%	1.54	1.63
03/01/2023	03/31/2023	257,511,661	487,609	2.52%	1.59	1.68
04/01/2023	04/30/2023	258,620,092	489,288	2.59%	1.59	1.69
05/01/2023	05/31/2023	264,837,003	523,492	2.61%	1.55	1.65
06/01/2023	06/30/2023	261,380,970	530,235	2.75%	1.60	1.70

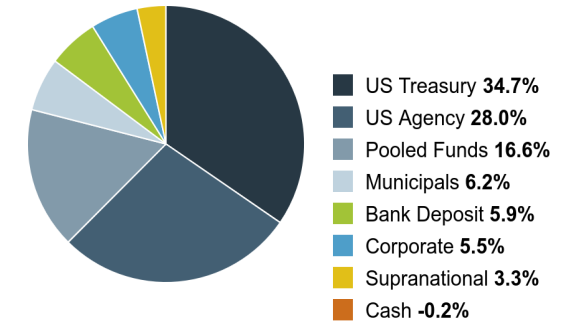
Summary Overview

City of Lacey | Total Aggregate Portfolio

Portfolio Characteristics

Metric	Value
Cash and Cash Equivalents	58,177,132.63
Investments	203,203,836.96
Book Yield	2.75%
Market Yield	4.65%
Effective Duration	1.60
Years to Maturity	1.70
Avg Credit Rating	AAA

Allocation by Asset Class



Strategic Structure

Account	Par Amount	Book Value	Original Cost	Market Value	Net Unrealized Gain (Loss)	Accrued	Yield at Cost	Effective Duration	Benchmark Duration	Benchmark
LACEY-Investment Core	211,496,475.89	208,518,971.67	208,283,183.41	201,621,735.89	(6,897,235.78)	1,008,576.96	2.43%	2.06	2.05	ICE BofA 0-5 Year US Treasury Index
LACEY-Liquidity	58,750,656.74	58,750,656.74	58,750,656.74	58,750,656.74	0.00	0.00	3.81%	0.01	0.08	ICE BofA US 1-Month Treasury Bill Index
Total	270,247,132.63	267,269,628.41	267,033,840.15	260,372,392.63	(6,897,235.78)	1,008,576.96	2.74%	1.60	0.48	

Portfolio Activity

City of Lacey | Total Aggregate Portfolio



June 30, 2023

Accrual Activity Summary

	Quarter to Date	Fiscal Year to Date (01/01/2023)
Beginning Book Value	261,814,757.06	264,487,094.84
Maturities/Calls	(15,500,000.00)	(28,500,000.00)
Purchases	16,021,047.00	43,741,972.00
Sales	0.00	0.00
Change in Cash, Payables, Receivables	4,772,914.45	(12,752,050.91)
Amortization/Accretion	160,909.91	292,612.48
Realized Gain (Loss)	0.00	0.00
Ending Book Value	267,269,628.41	267,269,628.41

Fair Market Activity Summary

	Quarter to Date	Fiscal Year to Date (01/01/2023)
Beginning Market Value	256,613,072.58	256,935,197.74
Maturities/Calls	(15,500,000.00)	(28,500,000.00)
Purchases	16,021,047.00	43,741,972.00
Sales	0.00	0.00
Change in Cash, Payables, Receivables	4,772,914.45	(12,752,050.91)
Amortization/Accretion	160,909.91	292,612.48
Change in Net Unrealized Gain (Loss)	(1,695,551.31)	654,661.32
Net Realized Gain (Loss)	0.00	0.00
Ending Market Value	260,372,392.63	260,372,392.63

Maturities/Calls	Market Value
Quarter to Date	(15,500,000.00)
Fiscal Year to Date	(28,500,000.00)

Purchases	Market Value
Quarter to Date	16,021,047.00
Fiscal Year to Date	43,741,972.00

Sales	Market Value
Quarter to Date	0.00
Fiscal Year to Date	0.00

Return Management-Income Detail

City of Lacey | Total Aggregate Portfolio



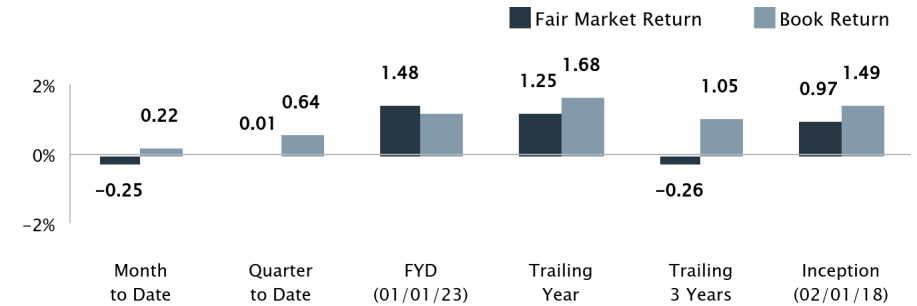
June 30, 2023

Accrued Book Return

	Quarter to Date	Fiscal Year to Date (01/01/2023)
Amortization/Accretion	160,909.91	292,612.48
Interest Earned	1,543,014.95	2,882,789.74
Realized Gain (Loss)	0.00	0.00
Book Income	1,703,924.86	3,175,402.22
Average Portfolio Balance	259,157,769.03	259,070,971.93
Book Return for Period	0.64%	1.20%

Return Comparisons

Periodic for performance less than one year. Annualized for performance greater than one year.



Fair Market Return

	Quarter to Date	Fiscal Year to Date (01/01/2023)
Market Value Change	(1,856,461.22)	362,048.83
Amortization/Accretion	160,909.91	292,612.48
Interest Earned	1,543,014.95	2,882,789.74
Fair Market Earned Income	(152,536.36)	3,537,451.05
Average Portfolio Balance	259,157,769.03	259,070,971.93
Fair Market Return for Period	0.01%	1.48%

Interest Income

	Quarter to Date	Fiscal Year to Date (01/01/2023)
Beginning Accrued Interest	898,588.91	642,784.66
Coupons Paid	1,481,741.56	2,702,121.82
Purchased Accrued Interest	48,714.66	150,749.38
Sold Accrued Interest	0.00	0.00
Ending Accrued Interest	1,008,576.96	1,008,576.96
Interest Earned	1,543,014.95	2,882,789.74

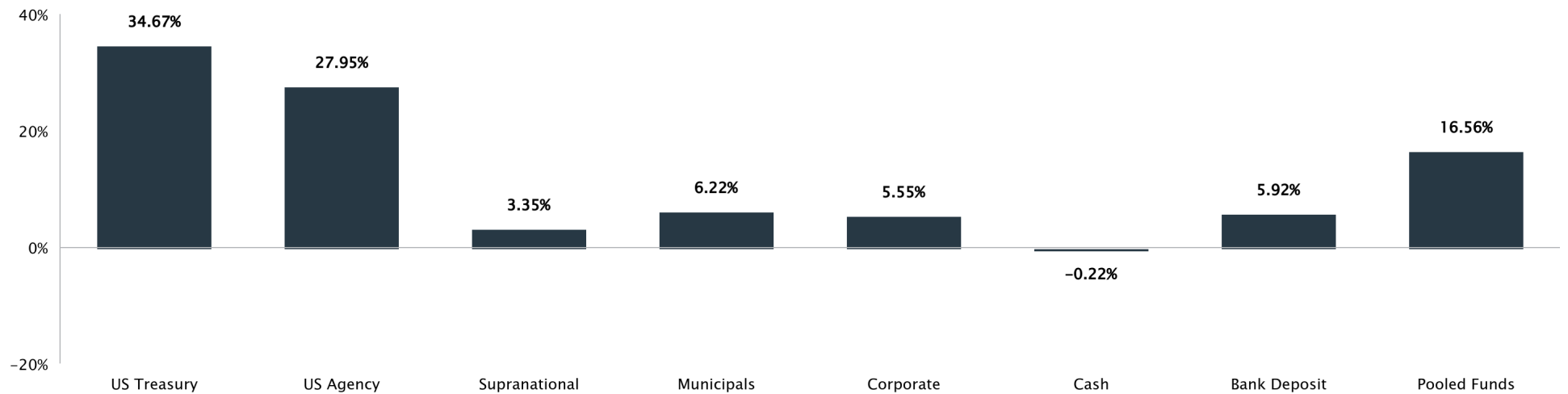
Security Type Distribution

City of Lacey | Total Aggregate Portfolio

Security Type Distribution

Security Type	Par Amount	Book Yield	Market Value + Accrued	% of Market Value + Accrued
US Treasury	96,750,000.00	1.31%	90,619,827.40	34.67%
US Agency	74,000,000.00	3.28%	73,066,682.50	27.95%
Supranational	9,000,000.00	1.99%	8,756,101.18	3.35%
Municipals	17,320,000.00	3.94%	16,263,960.33	6.22%
Corporate	15,000,000.00	3.69%	14,497,265.56	5.55%
Cash	(573,524.11)	0.00%	(573,524.11)	(0.22%)
Bank Deposit	15,472,971.01	0.00%	15,472,971.01	5.92%
Pooled Funds	43,277,685.73	5.18%	43,277,685.73	16.56%
Total	270,247,132.63	2.74%	261,380,969.59	100.00%

Security Type Distribution



Risk Management-Credit/Issuer

City of Lacey | Total Aggregate Portfolio

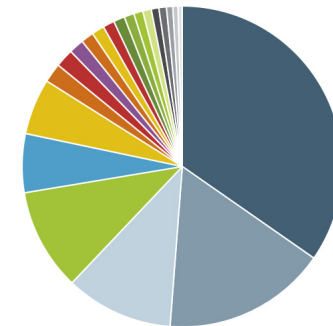


June 30, 2023

Credit Rating S&P/Moody's/Fitch

	Market Value + Accrued	%
S&P		
A	1,384,449.58	0.53
A+	2,224,529.17	0.85
AA	9,050,285.44	3.46
AA+	171,279,012.83	65.53
AA-	9,520,803.75	3.64
AAA	8,182,577.07	3.13
NA	59,739,311.74	22.86
Moody's		
A1	3,358,180.00	1.28
A2	1,384,449.58	0.53
Aa1	571,447.80	0.22
Aa2	15,790,948.36	6.04
Aa3	4,624,572.92	1.77
Aaa	176,900,714.19	67.68
NA	58,750,656.74	22.48
Fitch		
A+	1,384,449.58	0.53
AA	13,158,368.36	5.03
AA+	571,447.80	0.22
AA-	5,582,709.17	2.14
AAA	168,912,648.63	64.62
NA	71,771,346.05	27.46
Total	261,380,969.59	100.00

Issuer Concentration



- United States **34.7%**
- WASHINGTON LGIP **16.6%**
- Farm Credit System **10.9%**
- Federal Home Loan Banks **10.3%**
- Columbia Bank **5.9%**
- Federal Home Loan Mortgage Corporation **5.7%**
- State of California **1.9%**
- Asian Development Bank **1.8%**
- International Bank for Reconstruction and Development **1.5%**
- Amazon.com, Inc. **1.3%**
- Apple Inc. **1.3%**
- Federal National Mortgage Association **1.1%**
- State of Hawaii **1.1%**
- City of New York **1.0%**
- Visa Inc. **0.9%**
- Commonwealth of Pennsylvania **0.9%**
- The Toronto-Dominion Bank **0.8%**
- Walmart Inc. **0.8%**
- Other **0.6%**
- Deere & Company **0.5%**
- State Of Rhode Island **0.4%**

Risk Management-Maturity/Duration

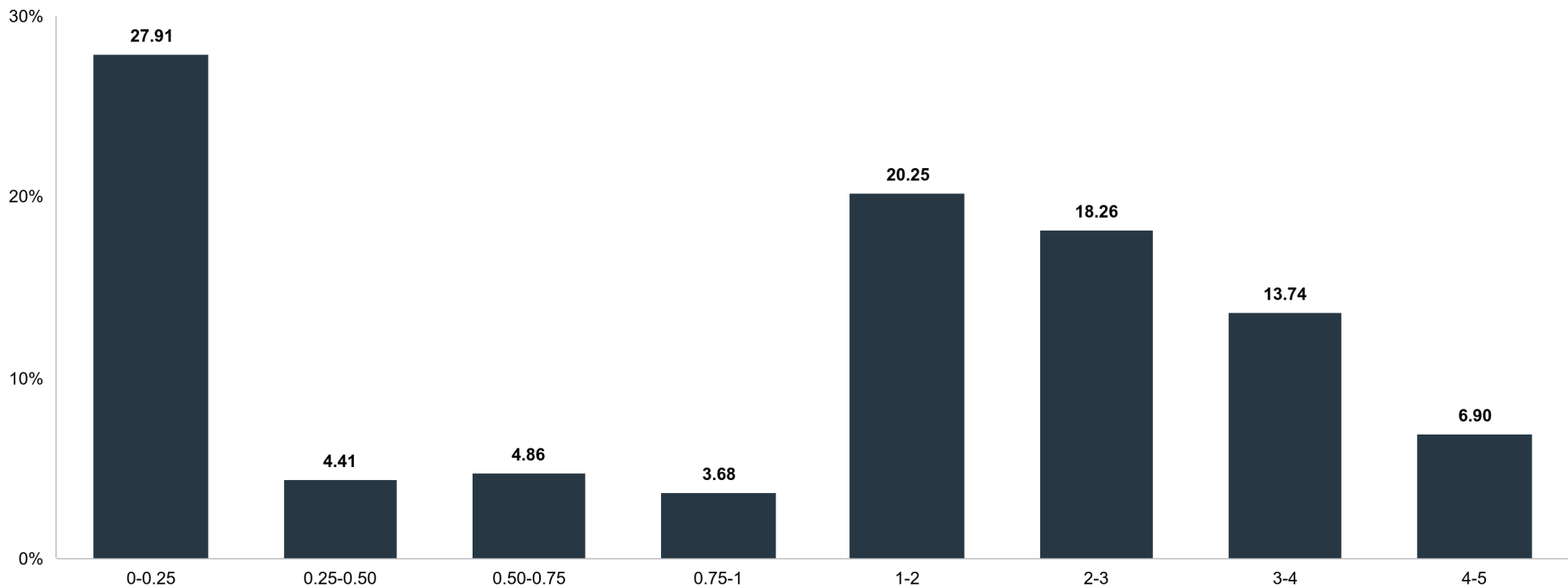
City of Lacey | Total Aggregate Portfolio



June 30, 2023

1.60 Yrs	Effective Duration	1.70 Yrs	Years to Maturity	622	Days to Maturity
-----------------	---------------------------	-----------------	--------------------------	------------	-------------------------

Distribution by Effective Duration



Holdings by Maturity & Ratings



City of Lacey | Total Aggregate Portfolio

June 30, 2023

Cusip	Par Amount	Security	Coupon Rate	Maturity Date	Call Date	Market Value	Accrued	Market Value + Accrued	Book Yield	Market Yield	% of Portfolio	Years to Maturity	Eff Duration	S&P, Moody, Fitch
LACEY_COL_CHK	15,472,307.15	COLUMBIA BANK DEPOSIT	0.000%	06/30/2023		15,472,307.15	0.00	15,472,307.15	0.00%	0.00%	5.92	0.01	0.01	NA NA NA
LACEY_COL_DEP	663.86	COLUMBIA BANK DEPOSIT	0.130%	06/30/2023		663.86	0.00	663.86	0.13%	0.13%	0.00	0.01	0.01	NA NA NA
CCYUSD	-573,524.11	Payable	0.000%	06/30/2023		(573,524.11)	0.00	(573,524.11)	0.00%	0.00%	-0.22	0.00	0.00	AAA Aaa AAA
WA_LGIP	43,277,685.73	WASHINGTON LGIP	5.176%	06/30/2023		43,277,685.73	0.00	43,277,685.73	5.18%	5.18%	16.56	0.01	0.01	NA NA NA
57582RF84	570,000.00	MASSACHUSETTS (COMMONWEALTH OF)	0.508%	07/01/2023		570,000.00	1,447.80	571,447.80	0.51%	0.51%	0.22	0.00	0.00	AA+ Aa1 AA+
3135G05G4	3,000,000.00	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.250%	07/10/2023		2,997,300.00	3,562.50	3,000,862.50	0.29%	3.49%	1.15	0.03	0.03	AA+ Aaa AAA
89114QC48	2,000,000.00	TORONTO-DOMINION BANK	3.500%	07/19/2023		1,998,360.00	31,500.00	2,029,860.00	0.36%	4.98%	0.78	0.05	0.05	AA- Aa2 AA
9128284X5	4,000,000.00	UNITED STATES TREASURY	2.750%	08/31/2023		3,983,600.00	36,766.30	4,020,366.30	0.22%	5.16%	1.54	0.17	0.17	AA+ Aaa AAA
3137EAEW5	4,000,000.00	FEDERAL HOME LOAN MORTGAGE CORP	0.250%	09/08/2023		3,963,680.00	3,138.89	3,966,818.89	0.26%	5.10%	1.52	0.19	0.19	AA+ Aaa AAA
882830AS1	1,000,000.00	TEXAS TRANSN COMMN	0.410%	10/01/2023		987,630.00	1,025.00	988,655.00	0.41%	5.36%	0.38	0.25	0.25	NA Aaa AAA
3137EAEY1	3,000,000.00	FEDERAL HOME LOAN MORTGAGE CORP	0.125%	10/16/2023		2,953,890.00	781.25	2,954,671.25	0.23%	5.43%	1.13	0.30	0.29	AA+ Aaa AAA
3137EAEZ8	5,000,000.00	FEDERAL HOME LOAN MORTGAGE CORP	0.250%	11/06/2023		4,913,550.00	1,909.72	4,915,459.72	0.19%	5.28%	1.88	0.35	0.34	AA+ Aaa AAA
720424D56	700,000.00	PIERCE CNTY WASH SCH DIST NO 010 TACOMA	0.476%	12/01/2023		685,699.00	277.67	685,976.67	0.48%	5.46%	0.26	0.42	0.41	AA+ Aaa NA
3137EAF2	3,000,000.00	FEDERAL HOME LOAN MORTGAGE CORP	0.250%	12/04/2023		2,935,200.00	562.50	2,935,762.50	0.22%	5.42%	1.12	0.43	0.42	AA+ Aaa AAA

Holdings by Maturity & Ratings



June 30, 2023

City of Lacey | Total Aggregate Portfolio

Cusip	Par Amount	Security	Coupon Rate	Maturity Date	Call Date	Market Value	Accrued	Market Value + Accrued	Book Yield	Market Yield	% of Portfolio	Years to Maturity	Eff Duration	S&P, Moody, Fitch
91282CBE0	5,000,000.00	UNITED STATES TREASURY	0.125%	01/15/2024		4,863,300.00	2,883.29	4,866,183.29	0.18%	5.31%	1.86	0.54	0.53	AA+ Aaa AAA
91282CBM2	4,000,000.00	UNITED STATES TREASURY	0.125%	02/15/2024		3,872,040.00	1,878.45	3,873,918.45	0.32%	5.38%	1.48	0.63	0.61	AA+ Aaa AAA
459058GQ0	4,000,000.00	INTERNATIONAL BANK FOR	2.500%	03/19/2024		3,916,760.00	28,333.33	3,945,093.33	0.41%	5.48%	1.51	0.72	0.69	AAA Aaa NA
91282CBV2	4,000,000.00	UNITED STATES TREASURY	0.375%	04/15/2024		3,845,480.00	3,155.74	3,848,635.74	0.36%	5.42%	1.47	0.79	0.77	AA+ Aaa AAA
91282CCC3	4,500,000.00	UNITED STATES TREASURY	0.250%	05/15/2024		4,302,945.00	1,436.82	4,304,381.82	0.36%	5.44%	1.65	0.88	0.85	AA+ Aaa AAA
045167FE8	1,500,000.00	ASIAN DEVELOPMENT BANK	0.375%	06/11/2024		1,430,355.00	312.50	1,430,667.50	0.40%	5.47%	0.55	0.95	0.92	AAA Aaa AAA
91282CCL3	4,500,000.00	UNITED STATES TREASURY	0.375%	07/15/2024		4,273,785.00	7,784.88	4,281,569.88	0.39%	5.40%	1.64	1.04	1.01	AA+ Aaa AAA
3133ENL40	5,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.500%	09/13/2024		4,889,250.00	52,500.00	4,941,750.00	4.87%	5.42%	1.89	1.21	1.15	AA+ Aaa AAA
91282CDB4	2,500,000.00	UNITED STATES TREASURY	0.625%	10/15/2024		2,355,375.00	3,287.23	2,358,662.23	0.71%	5.32%	0.90	1.29	1.25	AA+ Aaa AAA
91282CDH1	4,000,000.00	UNITED STATES TREASURY	0.750%	11/15/2024		3,762,200.00	3,831.52	3,766,031.52	2.20%	5.29%	1.44	1.38	1.33	AA+ Aaa AAA
3133ENZ94	3,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.500%	11/18/2024		2,970,690.00	16,125.00	2,986,815.00	4.66%	5.24%	1.14	1.39	1.32	AA+ Aaa AAA
3133EN3M0	5,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.625%	12/05/2024		4,949,550.00	16,701.39	4,966,251.39	4.44%	5.36%	1.90	1.43	1.36	AA+ Aaa AAA
912828YY0	3,500,000.00	UNITED STATES TREASURY	1.750%	12/31/2024		3,327,450.00	166.44	3,327,616.44	0.80%	5.21%	1.27	1.50	1.45	AA+ Aaa AAA
912828Z52	2,500,000.00	UNITED STATES TREASURY	1.375%	01/31/2025		2,357,725.00	14,338.74	2,372,063.74	0.77%	5.16%	0.91	1.59	1.53	AA+ Aaa AAA

Holdings by Maturity & Ratings



June 30, 2023

City of Lacey | Total Aggregate Portfolio

Cusip	Par Amount	Security	Coupon Rate	Maturity Date	Call Date	Market Value	Accrued	Market Value + Accrued	Book Yield	Market Yield	% of Portfolio	Years to Maturity	Eff Duration	S&P, Moody, Fitch
3133EPBH7	4,500,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.750%	02/21/2025		4,471,650.00	77,187.50	4,548,837.50	4.86%	5.15%	1.74	1.65	1.53	AA+ Aaa AAA
9128283Z1	5,000,000.00	UNITED STATES TREASURY	2.750%	02/28/2025		4,817,000.00	45,957.88	4,862,957.88	4.17%	5.06%	1.86	1.67	1.59	AA+ Aaa AAA
912828ZF0	3,500,000.00	UNITED STATES TREASURY	0.500%	03/31/2025		3,237,500.00	4,398.91	3,241,898.91	0.88%	5.03%	1.24	1.75	1.70	AA+ Aaa AAA
912828ZL7	2,500,000.00	UNITED STATES TREASURY	0.375%	04/30/2025		2,300,200.00	1,579.48	2,301,779.48	0.85%	4.99%	0.88	1.83	1.78	AA+ Aaa AAA
037833BG4	2,500,000.00	APPLE INC	3.200%	05/13/2025		2,418,575.00	10,666.67	2,429,241.67	4.47%	5.05%	0.93	1.87	1.78	AA+ Aaa NA
91282CEQ0	4,000,000.00	UNITED STATES TREASURY	2.750%	05/15/2025		3,842,040.00	14,048.91	3,856,088.91	2.91%	4.98%	1.48	1.87	1.79	AA+ Aaa AAA
912828ZW3	3,000,000.00	UNITED STATES TREASURY	0.250%	06/30/2025		2,739,840.00	20.38	2,739,860.38	0.94%	4.85%	1.05	2.00	1.95	AA+ Aaa AAA
91282CAB7	2,500,000.00	UNITED STATES TREASURY	0.250%	07/31/2025		2,274,900.00	2,607.04	2,277,507.04	0.91%	4.84%	0.87	2.08	2.03	AA+ Aaa AAA
91282CAJ0	3,000,000.00	UNITED STATES TREASURY	0.250%	08/31/2025		2,721,810.00	2,506.79	2,724,316.79	1.34%	4.80%	1.04	2.17	2.11	AA+ Aaa AAA
9128284Z0	3,000,000.00	UNITED STATES TREASURY	2.750%	08/31/2025		2,873,670.00	27,574.73	2,901,244.73	2.94%	4.82%	1.11	2.17	2.05	AA+ Aaa AAA
91282CAM3	2,750,000.00	UNITED STATES TREASURY	0.250%	09/30/2025		2,490,785.00	1,728.14	2,492,513.14	0.99%	4.71%	0.95	2.25	2.19	AA+ Aaa AAA
13063D2T4	5,000,000.00	CALIFORNIA ST	5.500%	10/01/2025		5,022,150.00	68,750.00	5,090,900.00	4.24%	5.28%	1.95	2.25	2.07	AA- Aa2 AA
91282CAT8	2,500,000.00	UNITED STATES TREASURY	0.250%	10/31/2025		2,256,250.00	1,052.99	2,257,302.99	0.98%	4.71%	0.86	2.34	2.27	AA+ Aaa AAA
3130ATUC9	2,500,000.00	FEDERAL HOME LOAN BANKS	4.500%	12/12/2025		2,478,575.00	5,937.50	2,484,512.50	3.86%	4.87%	0.95	2.45	2.29	AA+ Aaa AAA

Holdings by Maturity & Ratings



June 30, 2023

City of Lacey | Total Aggregate Portfolio

Cusip	Par Amount	Security	Coupon Rate	Maturity Date	Call Date	Market Value	Accrued	Market Value + Accrued	Book Yield	Market Yield	% of Portfolio	Years to Maturity	Eff Duration	S&P, Moody, Fitch
92826CAD4	2,500,000.00	VISA INC	3.150%	12/14/2025	09/14/2025	2,396,325.00	3,718.75	2,400,043.75	4.30%	4.96%	0.92	2.46	2.28	AA- Aa3 NA
3133EN6A3	5,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.000%	01/13/2026		4,914,500.00	93,333.33	5,007,833.33	4.04%	4.72%	1.92	2.54	2.34	AA+ Aaa AAA
91282CBH3	2,500,000.00	UNITED STATES TREASURY	0.375%	01/31/2026		2,244,525.00	3,910.57	2,248,435.57	1.04%	4.61%	0.86	2.59	2.51	AA+ Aaa AAA
91282CBQ3	2,500,000.00	UNITED STATES TREASURY	0.500%	02/28/2026		2,245,700.00	4,177.99	2,249,877.99	1.10%	4.59%	0.86	2.67	2.59	AA+ Aaa AAA
3130AUU36	3,000,000.00	FEDERAL HOME LOAN BANKS	4.125%	03/13/2026		2,948,700.00	49,156.25	2,997,856.25	4.80%	4.80%	1.15	2.70	2.48	AA+ Aaa AAA
3133EPHH1	3,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.000%	04/28/2026		2,950,140.00	21,000.00	2,971,140.00	3.96%	4.63%	1.14	2.83	2.62	AA+ Aaa AAA
91282CBW0	2,500,000.00	UNITED STATES TREASURY	0.750%	04/30/2026		2,251,175.00	3,158.97	2,254,333.97	1.09%	4.53%	0.86	2.83	2.74	AA+ Aaa AAA
91282CCF6	2,500,000.00	UNITED STATES TREASURY	0.750%	05/31/2026		2,245,600.00	1,588.11	2,247,188.11	1.15%	4.51%	0.86	2.92	2.82	AA+ Aaa AAA
3133EPNG6	3,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.375%	06/23/2026		2,990,040.00	2,916.67	2,992,956.67	4.39%	4.49%	1.15	2.98	2.76	AA+ Aaa AAA
91282CCP4	2,500,000.00	UNITED STATES TREASURY	0.625%	07/31/2026		2,227,250.00	6,517.61	2,233,767.61	1.13%	4.45%	0.85	3.08	2.98	AA+ Aaa AAA
91282CCW9	2,500,000.00	UNITED STATES TREASURY	0.750%	08/31/2026		2,229,700.00	6,266.98	2,235,966.98	1.18%	4.45%	0.86	3.17	3.06	AA+ Aaa AAA
037833DN7	1,000,000.00	APPLE INC	2.050%	09/11/2026	07/11/2026	921,490.00	6,263.89	927,753.89	3.33%	4.72%	0.35	3.20	3.00	AA+ Aaa NA
91282CCZ2	4,000,000.00	UNITED STATES TREASURY	0.875%	09/30/2026		3,578,760.00	8,797.81	3,587,557.81	2.19%	4.39%	1.37	3.25	3.13	AA+ Aaa AAA
912828YQ7	1,500,000.00	UNITED STATES TREASURY	1.625%	10/31/2026		1,371,795.00	4,106.66	1,375,901.66	2.58%	4.41%	0.53	3.34	3.18	AA+ Aaa AAA

Holdings by Maturity & Ratings



June 30, 2023

City of Lacey | Total Aggregate Portfolio

Cusip	Par Amount	Security	Coupon Rate	Maturity Date	Call Date	Market Value	Accrued	Market Value + Accrued	Book Yield	Market Yield	% of Portfolio	Years to Maturity	Eff Duration	S&P, Moody, Fitch
91282CDK4	2,000,000.00	UNITED STATES TREASURY	1.250%	11/30/2026		1,801,960.00	2,117.49	1,804,077.49	1.23%	4.40%	0.69	3.42	3.28	AA+ Aaa AAA
3130AQF65	5,000,000.00	FEDERAL HOME LOAN BANKS	1.250%	12/21/2026		4,497,300.00	1,736.11	4,499,036.11	4.52%	4.40%	1.72	3.48	3.33	AA+ Aaa AAA
912828Z78	2,000,000.00	UNITED STATES TREASURY	1.500%	01/31/2027		1,811,640.00	12,513.81	1,824,153.81	2.57%	4.37%	0.70	3.59	3.40	AA+ Aaa AAA
24422EWD7	1,500,000.00	JOHN DEERE CAPITAL CORP	2.350%	03/08/2027		1,373,385.00	11,064.58	1,384,449.58	3.02%	4.88%	0.53	3.69	3.44	A A2 A+
023135CF1	3,500,000.00	AMAZON.COM INC	3.300%	04/13/2027	03/13/2027	3,333,155.00	25,025.00	3,358,180.00	4.89%	4.69%	1.28	3.79	3.44	AA A1 AA-
91282CET4	2,000,000.00	UNITED STATES TREASURY	2.625%	05/31/2027		1,879,220.00	4,446.72	1,883,666.72	2.97%	4.32%	0.72	3.92	3.66	AA+ Aaa AAA
3130ASGU7	2,000,000.00	FEDERAL HOME LOAN BANKS	3.500%	06/11/2027		1,930,780.00	3,888.89	1,934,668.89	3.15%	4.47%	0.74	3.95	3.63	AA+ Aaa AAA
64966QZY9	3,000,000.00	NEW YORK N Y	1.396%	08/01/2027		2,615,130.00	17,450.00	2,632,580.00	5.30%	4.90%	1.01	4.09	3.86	AA Aa2 NA
70914PW65	2,500,000.00	PENNSYLVANIA (COMMONWEALTH OF)	1.450%	08/01/2027		2,209,425.00	15,104.17	2,224,529.17	4.32%	4.60%	0.85	4.09	3.86	A+ Aa3 AA-
045167FP3	3,500,000.00	ASIAN DEVELOPMENT BANK	3.125%	08/20/2027		3,340,540.00	39,800.35	3,380,340.35	4.52%	4.34%	1.29	4.14	3.78	AAA Aaa AAA
3130AT7E1	3,000,000.00	FEDERAL HOME LOAN BANKS	3.250%	09/10/2027		2,869,230.00	30,062.50	2,899,292.50	3.35%	4.40%	1.11	4.20	3.82	AA+ Aaa AAA
3130ATUS4	5,000,000.00	FEDERAL HOME LOAN BANKS	4.250%	12/10/2027		4,982,850.00	12,395.83	4,995,245.83	3.75%	4.34%	1.91	4.45	4.00	AA+ Aaa AAA
3130ATS57	3,000,000.00	FEDERAL HOME LOAN BANKS	4.500%	03/10/2028		3,028,920.00	41,625.00	3,070,545.00	4.42%	4.27%	1.17	4.70	4.14	AA+ Aaa AAA
931142FB4	2,000,000.00	WALMART INC	3.900%	04/15/2028	03/15/2028	1,951,920.00	15,816.67	1,967,736.67	3.97%	4.46%	0.75	4.79	4.21	AA Aa2 AA

Holdings by Maturity & Ratings



June 30, 2023

City of Lacey | Total Aggregate Portfolio

Cusip	Par Amount	Security	Coupon Rate	Maturity Date	Call Date	Market Value	Accrued	Market Value + Accrued	Book Yield	Market Yield	% of Portfolio	Years to Maturity	Eff Duration	S&P, Moody, Fitch
3130AVVX7	4,000,000.00	FEDERAL HOME LOAN BANKS	3.750%	06/09/2028		3,972,200.00	24,166.67	3,996,366.67	3.91%	3.90%	1.53	4.94	4.44	AA+ Aaa AAA
419792YT7	3,500,000.00	HAWAII ST	1.145%	08/01/2028		2,961,385.00	16,697.92	2,978,082.92	4.41%	4.57%	1.14	5.09	4.80	AA+ Aa2 AA
762223PB5	1,050,000.00	RHODE ISLAND ST	5.000%	08/01/2028		1,069,761.00	22,027.78	1,091,788.78	4.46%	4.58%	0.42	5.09	4.37	AA Aa2 AA
Total	270,247,132.63		2.475%			260,372,392.63	1,008,576.96	261,380,969.59	2.74%	4.65%	100.00	1.70	1.60	

This report is for general informational purposes only and is not intended to provide specific advice or recommendations. Government Portfolio Advisors (GPA) is an investment advisor registered with the Securities and Exchange Commission and is required to maintain a written disclosure statement of our background and business experience.

Questions About an Account: GPA's monthly & quarterly reports are intended to detail the investment advisory activity managed by GPA. The custodial bank maintains the control of assets and settles all investment transactions. The custodial statement is the official record of security and cash holdings and transactions. GPA recognizes that clients may use these reports to facilitate record keeping and that the custodial bank statement and the GPA report should be reconciled, and differences documented.

Trade Date versus Settlement Date: Many custodial banks use settlement date basis and post coupons or maturities on the following business days when they occur on weekend. These items may result in the need to reconcile due to a timing difference. GPA reports are on a trade date basis in accordance with GIPS performance standards. GPA can provide all account settings to support the reason for any variance.

Bank Deposits and Pooled Investment Funds Held in Liquidity Accounts Away from the Custodial Bank are Referred to as Line Item Securities: GPA relies on the information provided by clients when reporting pool balances, bank balances and other assets that are not held at the client's custodial bank. GPA does not guarantee the accuracy of information received from third parties. Balances cannot be adjusted once submitted however corrective transactions can be entered as adjustments in the following months activity. Assets held outside the custodial bank that are reported to GPA are included in GPA's oversight compliance reporting and strategic plan.

Account Control: GPA does not have the authority to withdraw or deposit funds from or to any client's custodial account. Clients retain responsibility for the deposit and withdrawal of funds to the custodial account. Our clients retain responsibility for their internal accounting policies, implementing and enforcing internal controls and generating ledger entries or otherwise recording transactions.

Custodial Bank Interface: Our contract provides for the ability for GPA to interface into our client's custodial bank to reconcile transactions, maturities and coupon payments. The GPA client portal will be available to all clients to access this information directly at any time.

Market Price: Generally, GPA has set all securities market pricing to match custodial bank pricing. There may be certain securities that will require pricing override due to inaccurate custodial bank pricing that will otherwise distort portfolio performance returns. GPA may utilize Refinitiv pricing source for commercial paper, discount notes and supranational bonds when custodial bank pricing does not reflect current market levels. The pricing variances are obvious when market yields are distorted from the current market levels.

Performance Calculation: Historical returns are presented as time-weighted total return values and are presented gross and net of fees.

Amortized Cost: The original cost on the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discounts or premiums are amortized on a straight-line basis on all securities. This can be changed at the client's request.

Callable Securities: Securities subject to redemption in whole or in part prior to the stated final maturity at the discretion of the security's issuer are referred to as "callable". Certain call dates may not show up on the report if the call date has passed or if the security is continuously callable until maturity date. Bonds purchased at a premium will be amortized to the next call date while all other callable securities will be amortized to maturity. If the bond is amortized to the call date, amortization will be reflected to that date and once the call date passes, the bond will be fully amortized.

Duration: The duration is the effective duration. Duration on callable securities is based on the probability of the security being called given market rates and security characteristics.

Benchmark Duration: The benchmark duration is based on the duration of the stated benchmark that is assigned to each account.

Rating: Information provided for ratings is based upon a good faith inquiry of selected sources, but its accuracy and completeness cannot be guaranteed.

Coupon Payments and Maturities on Weekends: On occasion, coupon payments and maturities occur on a weekend or holiday. GPA's report settings are on the accrual basis so the coupon postings and maturities will be accounted for in the period earned. The bank may be set at a cash basis, which may result in a reconciliation variance.

Cash and Cash Equivalents: GPA has defined cash and cash equivalents to be cash, bank deposits, LGIP pools and repurchase agreements. This may vary from your custodial bank which typically defines cash and equivalents as all securities that mature under 90 days. Check with your custodial bank to understand their methodology.

Account Settings: GPA has the portfolio settings at the lot level, if a security is sold our setting will remove the lowest cost security first. First-in-first-out (FIFO) settings are available at the client's request.

Historical Numbers: Data was transferred from GPA's legacy system, however, variances may exist from the data received due to a change of settings on Clearwater. GPA is utilizing this information for historical return data with the understanding the accrual settings and pricing sources may differ slightly.

Financial Situation: In order to better serve you, GPA should be promptly notified of any material change in your investment objective or financial situation.

No Guarantee: The securities in the portfolio are not guaranteed or otherwise protected by GPA, the FDIC (except for non-negotiable certificates of deposit) or any government agency. Investment in securities involves risks, including the possible loss of the amount invested.





**FINANCE & ECONOMIC
DEVELOPMENT COMMITTEE**
August 22, 2023

SUBJECT: 2023 Budget Amendments

RECOMMENDATION: Upon review and concurrence, recommend full City Council adoption of the proposed ordinance.

STAFF CONTACT: Rick Walk, City Manager *RW*
Troy Woo, Finance Director *TW*

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS: 1. Draft Ordinance
2. Summary for Proposed Ordinance

FISCAL NOTE: As outlined in staff report.

**WORK PLAN GOAL
AND STRATEGY:** None

PRIOR REVIEW: Finance & Economic Development Committee on March 28, 2023

BACKGROUND:

Throughout the year, adjustments to the budget become necessary as a result of City Council actions, activity levels that were not anticipated during budget development, and grant awards (or other receipts of outside funding). Historically, the budget has been amended once per year immediately prior to the development of the next year's proposed budget document with Finance and Economic Development review of significant amendments throughout the year as needed. Adoption of the final budget amendment ordinance is scheduled for September 7, 2023 to facilitate the 2024 Budget document development.

The following are significant budget amendments that have been identified since the adoption of the 2023 Budget. The full details of the proposed budget amendments are attached to the proposed ordinance as exhibit “A”.

Current Expense Fund (General Fund)

- The District Court services interlocal agreement was authorized by the City Council on December 15, 2022. The services are billed on a per file basis. The filing fees were increased by the interlocal agreement. An estimated \$50,000 is requested for the anticipated annual increase based on past levels of activity.
- The public defenders indigent defense contract was amended during June 2023 to increase the contracted public defense cases from 590 to 940. An estimated \$114,000 is requested for the anticipated annual increase.
- The City Council is expected to consider a \$50,000 contract with the Dispute Resolution Center to provide mediator services to resolve rental conflicts between landlords and tenants.
- Increases to Professional Services/Civil Service are requested for anticipated promotional assessment centers and newly outsourced police background checks. A total of \$40,000 is requested.
- \$450,000 is requested for the Veterans Services Hub Accessibility project. The project improvements include an elevator, ADA doors, and parking lot improvement design. The project is funded by the Housing and Urban Development (HUD) Economic Development Initiative (EDI) – Community Project Funding Grant.
- A limited-term Department Assistant III has been approved to implement the Public Works asset management software. The estimated annual cost of the position is \$89,194 and will be allocated to the Parks Maintenance, Streets, Water, Wastewater, Stormwater, and Equipment Rental divisions.
- To alleviate recruitment challenges, Parks Maintenance seasonal wages were increased during 2022. The 2023 Budget was not adjusted, so \$73,560 is requested for the wage increase.
- The 2022 Library LED lighting enhancement project was planned as an in-house project. Due to workload capacity challenges, the project will now be outsourced. The original appropriation (\$32,500) was included in the 2022 Carryover Budget Amendment, but an additional \$20,000 will be needed for the outsourcing costs.

Community Building Fund (General Fund)

- The 2022 Virgil Clarkson Senior Center and Community Center LED lighting enhancement project was planned as an in-house project. Due to workload capacity challenges, the project will now be outsourced. The original appropriation (\$69,000) was included in the 2022 Carryover Budget Amendment, but an additional \$32,000 will be needed for the outsourcing costs.
- A proposed scope change for the Jacob Smith House roof repair project is requested. \$30,000 is requested to change to composite roofing material.

Regional Athletic Complex Fund (General Fund)

- The lights for softball fields 1-4 and the soccer field at the RAC are at the end of their warranty period. Out of warranty repairs could cost tens of thousands of dollars. Staff is evaluating options to avoid costly repairs and replacements due to a gap of warranty coverage. The goal is to relamp to LED lighting, which will extend the warranty and create future energy cost savings. This is quite costly, will require grant applications, and will take time. The short-term solution is to relamp the expired field lights which will extend warranty coverage on these fields. The cost is \$60,000. At year-end 2022, an assigned reserve was established in the Current Expense Fund for this purpose.

Capital Equipment Fund (General Fund)

- Due to a traffic accident an unscheduled Police vehicle replacement is needed. The replacement will require an amendment of \$56,000.

Arterial Street Fund

- Budget amendments are needed for the completion of the following Arterial Street capital projects:
 - RAISE Grant - \$20,000
 - Electric Vehicle Chargers - \$120,000
 - College Street NE Extension - \$110,000
 - Citywide Signal ITS Detection Upgrade - \$90,000
 - 2023 Crack Sealing Program - \$50,000
 - Safe Streets 4 All Safety Action - \$10,000

Building Improvement Fund

- \$81,254 is requested for the addition of duress buttons and software licensing related to the City Buildings Access Controls project.
- The City Council authorized an amendment for design services of the new Police Station on December 1, 2022. Outside inspection services and City engineering

services also require a budget amendment. These services require an additional \$1,022,798.

- In anticipation of the execution of the memorandum of understanding (MOU) with St. Martin's University for land acquisition for the future Police Station, an additional \$2,040,000 is needed within the 2023 Budget. The MOU, which was executed April 13, 2022, assumed an appraised value of \$4,040,000. As final design is nearly completed, it is expected less property is needed, but the final amount is still pending.

Regional Athletic Complex Capital Fund

- According to early engineering estimates, the Regional Athletic Complex (RAC) parking lot project will require an additional \$500,000 for construction for a total of \$2.8 million. Street frontage improvements and electric vehicle chargers will be included in the project and are budgeted separately in the Arterial Street Capital Fund. At year-end 2022, a \$500,000 assigned reserve was established in the Current Expense Fund for this anticipated increase. The amendment will include an interfund transfer.

Water Operations Fund

- Water meters and meter reading transmitting units backordered from 2022 will be received during 2023. The current budget appropriation including the 2022 carryover budget amendment is estimated to be \$500,000 short.
- It is staff's professional recommendation to replace commercial sized water meters that are over 10 years or older. The scope of the recommendation is an estimated 850 meters at a cost of \$725,000. Large meters range in size from 1-1/2" to 4". The replacement will take multiple years. The estimated 2023 replacements will total \$375,000.
- \$78,535 is requested for the AclaraONE meter reading software upgrade. This was a critical upgrade to help solve the failing radio read meter equipment system.

Wastewater Operations Fund

- \$50,000 is requested for anticipated increased costs related to the STEP system maintenance program. This was a 2022 budget amendment, but it was not included in the 2023 Adopted Budget as an ongoing expense.

Water Capital Fund

- Budget amendments are needed for the completion of the following Water capital projects:
 - HP Sister Standpipe - \$25,000
 - Terry Cargil Reservoir - Intelco Loop & Corporate Center Dr - \$4,000,000
 - Source 17 Well House&Treatment-48th Way NE & Delores Dr NE - \$2,630,000
 - Capitol City West Water Improvements - \$25,000
 - Arc Flash Hazard Assessment - \$7,000
 - Carpenter Rd, 7th, 14th Ave, Franz (2022 Overlay Utilities) - \$3,700,000
 - Hawks Prairie SCADA & Wetland Mitigation - Marvin Road NE & 41st Ave NE - \$25,000
 - Phase 2 Well Program - \$25,000
 - Capitol City Stormwater (Revised Paving) - \$12,000
 - Madrona Connection to 337 Pressure Zone - \$103,000
 - 400 Pressure Zone - Pacific, Chatham, Milbanke - \$37,000
 - Source 7 Well Rehab - \$100,000

Wastewater Capital Fund

- Budget amendments are needed for the completion of the following Wastewater capital projects:
 - Liftstation 19 Replacement - Willamette Dr & Commerce Place Dr. \$450,000
 - Liftstation 12 Abandonment - Aldea Glen - \$7,000
 - Liftstation 49 Cross Connection Control - \$21,000
 - Mullen STEP Main Improvements - \$400,000
 - Arc Flash Hazard Assessment - \$7,000
 - Liftstation 34 Pump Replacement and 56 Capacity Rehab - \$119,000
 - Liftstation 37 Pump Replacement Rehab - \$290,000
 - Waldron Dr Grinder Extension - \$25,000

Stormwater Capital Fund

- Budget amendments are needed for the completion of the following Stormwater capital projects:
 - Woodland Creek Oil Water Separator - \$200,000
 - Westminster Pond Rehabilitation - \$230,000

Information Management Services Fund

- The current wireless internet equipment is about 10 years old and need of upgrade. In addition to its age, the recent growth to the use of mobile devices including laptops has strained the capacity of the system. The estimated cost of the upgrade is \$60,000. The current budget has capacity for \$20,000, so a \$40,000 amendment is requested.

Staff requests that the Finance and Economic Development Committee review the proposed budget amendments and upon concurrence recommend full City Council adoption of the proposed budget amendment ordinance.

ADVANTAGES:

1. The proposed adjustments to the 2023 Budget reflect more accurately the necessary requirements of each fund or adjustments made by City Council action.
2. The proposed adjustments maintain a balance between the anticipated revenues and expenditures of each of the funds amended.

DISADVANTAGES:

1. Generally, budget adjustments must use cash reserves to compensate for expenditures that may exceed budget estimates by the end of the budget year.

ORDINANCE NO. XXXX

CITY OF LACEY

AN ORDINANCE AMENDING THE 2023 FISCAL YEAR BUDGET ADOPTED BY ORDINANCE NO. 1632 BY REVISING THE BUDGETED AMOUNTS FOR THE CURRENT EXPENSE, COMMUNITY BUILDINGS, REGIONAL ATHLETIC COMPLEX (M&O), CITY STREET, ARTERIAL STREETS, BUILDING IMPROVEMENT, CAPITAL EQUIPMENT, REGIONAL ATHLETIC COMPLEX CAPITAL, WATER M&O, WASTEWATER M&O, STORMWATER M&O, WATER CAPITAL, WASTEWATER CAPITAL, STORMWATER CAPITAL, EQUIPMENT RENTAL, INFORMATION MANAGEMENT SERVICES, AND JOINT ANIMALS SERVICES FUNDS AND APPROVING A SUMMARY FOR PUBLICATION.

WHEREAS, there is a need for additional expenditures to be budgeted within the Current Expense, Community Buildings, Regional Athletic Complex (M&O), City Street, Arterial Streets, Building Improvement, Capital Equipment, Regional Athletic Complex Capital, Water M&O, Wastewater M&O, Stormwater M&O, Water Capital, Wastewater Capital, Stormwater Capital, Equipment Rental, Information Management Services, and Joint Animal Services Funds for expenditures which could not be contemplated at the time of adopting the 2023 fiscal year budget; and

WHEREAS, revenues, as shown on Exhibit "A" attached hereto, are available from the sources indicated on said Exhibit for the making of said expenditures; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, as follows:

Section 1. The 2023 fiscal year budget and Ordinance No. 1632 adopting said budget are hereby amended by making those certain changes to the 2023 fiscal year budget set forth on Exhibit "A", attached hereto and made a part hereof as though fully set forth herein and for all purposes considered to be a portion of this ordinance.

Section 2. The City Clerk and the codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 3. The summary attached hereto is hereby approved for publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, on this 7th day of September, 2023.

Approved as to form:

Mayor

City Attorney

ATTEST:

City Clerk

SUMMARY FOR PUBLICATION

ORDINANCE NO. XXXX

CITY OF LACEY

The City Council of the City of Lacey, Washington, passed on September 7, 2023, Ordinance No. XXXX entitled **“AN ORDINANCE AMENDING THE 2023 FISCAL YEAR BUDGET ADOPTED BY ORDINANCE NO. 1632 BY REVISING THE BUDGETED AMOUNTS FOR THE CURRENT EXPENSE, COMMUNITY BUILDINGS, REGIONAL ATHLETIC COMPLEX (M&O), CITY STREET, ARTERIAL STREETS, BUILDING IMPROVEMENT, CAPITAL EQUIPMENT, REGIONAL ATHLETIC COMPLEX CAPITAL, WATER M&O, WASTEWATER M&O, STORMWATER M&O, WATER CAPITAL, WASTEWATER CAPITAL, STORMWATER CAPITAL, EQUIPMENT RENTAL, INFORMATION MANAGEMENT SERVICES, AND JOINT ANIMALS SERVICES FUNDS AND APPROVING A SUMMARY FOR PUBLICATION.”**

A section by section summary of this ordinance is as follows:

Section 1 revises the amounts, which were budgeted for revenues and expenditures within the funds listed above by the 2023 fiscal year budget, which had been adopted by Ordinance No. 1632. The reason for revising the budgeted amounts is the fact that there exists a need for additional expenditures within those funds, which could not be contemplated at the time of adopting the 2023 fiscal year budget.

Section 2 provides provisions for corrections.

Section 3 approves this summary.

A copy of the full text of this ordinance will be mailed without charge to any person requesting the same from the City of Lacey.

City Clerk

Published: September 11, 2023

2023 Budget Amendments - Ordinance No. XXXX Exhibit "A"

Account Numbers	Account Description	2023 Budget	Budget Amendment	2023 Budget as Amended	Comments
Current Expense Fund					
Revenues					
001-0000-308-0000	Beginning Cash	9,247,523	4,105,339	13,352,862	Cash reserves
001-0000-333-1422	Department of HUD / CDBG Dept of Commerce	-	500,000	500,000	EDI Community Project Funding Grant (B-22CP-WA-0952)
001-0000-369-4000		3,000	36,225	39,225	Vehicle insurance reimbursement
Total Current Expense Fund Revenues		58,382,714	4,641,564	63,024,278	
Expenditures					
001-0401-512-5812	Agreements / District Court	350,000	50,000	400,000	District Court contract renewal adjustment 12.15.2022
001-0401-512-5813	Agreements / Public Defender-Indigent	250,000	114,000	364,000	Public Defender-Indigent Defense cases contract increases
001-0401-552-5814	Agreements / Dispute Resolution Center	3,100	50,000	53,100	Dispute Resolution Center - landlord/tenant mediation services
001-0501-513-4101	Professional Services / Prof. Svc-Other	5,000	4,000	9,000	Increased use of DocuSign services for electronic signatures
001-0501-513-4205	Communications / Communications-Webhosting	-	4,400	4,400	Website maintenance and hosting
001-0701-516-4103	Professional Services / Prof. Svc-Consultant	195,100	26,650	221,750	Executive Director recruitment professional services
001-0701-516-4146	Professional Services / Prof Svc-Civil Service	-	20,000	20,000	Outsourced police background checks
001-0701-516-4146	Professional Services / Prof Svc-Civil Service	20,000	20,000	40,000	Police Department promotional assessment centers
001-0805-565-6501	Social Services / Veterans Services HUB	-	450,000	450,000	Lacey Veterans Services Hub Accessibility Project - elevator, ADA doors, parking lot design
001-3201-532-4930	Miscellaneous / Software Maintenance	50,000	10,500	60,500	Bluebeam online software subscription
001-3301-576-1001	Salaries & Wages / Salaries-Regular	323,175	6,861	330,036	Limited-term Department Assistant III for the implementation of asset management system
001-3301-576-2001	Personnel Benefits / Employer Paid Benefits	125,948	2,058	128,006	Limited-term Department Assistant III for the implementation of asset management system
001-3302-576-1006	Salaries & Wages / Salaries-Part-Time	93,140	12,480	105,620	Park Maintenance seasonal wages increase
001-3303-576-1006	Salaries & Wages / Salaries-Part-Time	90,310	24,960	115,270	Park Maintenance seasonal wages increase
001-3304-576-1006	Salaries & Wages / Salaries-Part-Time	53,071	14,280	67,351	Park Maintenance seasonal wages increase
001-3305-576-1006	Salaries & Wages / Salaries-Part-Time	-	21,840	21,840	Park Maintenance seasonal wages increase
001-3601-519-4131	Professional Services / Prof. Svc-Building Maint.	6,870	27,258	34,128	Police Station duct cleaning and sealing
001-3601-519-4810	Repairs & Maintenance / Rep & Maint-Equip-Grnds	2,200	36,225	38,425	Repair City Hall back parking lot gate
001-3601-572-3123	Supplies / Supplies-Building Maint.	37,885	20,000	57,885	Outsource LED lighting enhancements - Library
001-3701-558-1001	Salaries & Wages / Salaries-Regular	1,238,978	16,500	1,255,478	Reclassification of Land Management Specialist to Senior Project Planner
001-3701-558-2001	Personnel Benefits / Employer Paid Benefits	492,772	5,500	498,272	Reclassification of Land Management Specialist to Senior Project Planner
001-7501-597-0201	Transfer Out 301 Fund	234,164	1,022,798	1,256,962	Police Station design
001-7501-597-0201	Transfer Out 301 Fund	1,256,962	2,040,000	3,296,962	Police Station land acquisition
001-7501-597-0201	Transfer Out 301 Fund	3,296,962	81,254	3,378,216	Addition of duress buttons/software licensing to the City Buildings Access Controls project
001-7501-597-0210	Transfer Out 307 Fund	-	500,000	500,000	RAC parking lot construction
001-7501-597-1008	Transfer Out 007 Fund	200,000	60,000	260,000	Replacement lighting warranty for fields 1-4 and soccer field
Total Current Expense Fund Expenditures		58,382,714	4,641,564	63,024,278	
Community Buildings					
Revenues					
005-0000-308-0000	Beginning Cash	372,250	80,489	452,739	Cash Reserves
Total Community Buildings Fund Revenues		1,025,781	80,489	1,106,270	
Expenditures					
005-7603-555-4803	Repairs & Maintenance / Rep & Maint-Facilities	-	18,489	18,489	Senior Center roof repair
005-7612-575-3123	Repairs & Maintenance / Rep & Maint-Equipment	69,875	32,000	101,875	Outsource LED lighting enhancements - Senior Center and Community Center
005-7612-575-4803	Repairs & Maintenance / Rep & Maint-Facilities	65,250	30,000	95,250	Jacob Smith House roof repair
Total Community Buildings Fund Expenditures		1,025,781	80,489	1,106,270	

Account Numbers	Account Description	2023 Budget	Budget Amendment	2023 Budget as Amended	Comments
Regional Athletic Complex (M&O) Fund					
Revenues					
007-0000-308-0000	Beginning Cash	28,000	14,352	42,352	Cash reserves
007-0000-397-1101	Transfers In / Transfer In 001,003,005	200,000	60,000	260,000	From Fund 001 for replacement lighting warranty
Total Regional Athletic Complex (M&O) Fund Revenues		1,360,495	74,352	1,434,847	
Expenditures					
007-3305-576-4801	Repairs & Maintenance / Rep & Maint-Equipment	3,500	14,352	17,852	Play equipment structure repairs
007-3305-576-4906	Miscellaneous / Maintenance Contracts	-	60,000	60,000	Replacement lighting warranty for fields 1-4 and soccer field
Total Regional Athletic Complex (M&O) Fund Expenditures		1,360,495	74,352	1,434,847	
City Street Fund					
Revenues					
101-0000-308-0000	Beginning Cash	300,801	33,919	334,720	Cash reserves
Total City Street Fund Revenues		4,545,559	33,919	4,579,478	
Expenditures					
101-4201-543-1001	Salaries & Wages / Salaries-Regular	406,995	6,861	413,856	Limited-term Dept. Assistant III for the implementation of asset management system
101-4201-543-2001	Personnel Benefits / Employer Paid Benefits	166,812	2,058	168,870	Limited-term Dept. Assistant III for the implementation of asset management system
101-4206-542-3101	Supplies / Office & Operating Supply	10,000	25,000	35,000	Snow and ice removal supplies cost increases
Total City Street Fund Expenditures		4,545,559	33,919	4,579,478	
Arterial Streets Fund					
Revenues					
102-0000-308-0000	Beginning Cash	1,991,892	400,000	2,391,892	Cash reserves
Total Arterial Streets Fund Revenues		9,944,299	400,000	10,344,299	
Expenditures					
102-4101-595-9001	Capital Projects / Preliminary Engineering	2,141,300	143,750	2,285,050	RAISE Grant, College NE Ext., 2023 Crack Seal, Safe Streets 4 All Safety Action Plan
102-4101-595-9003	Capital Projects / Road Way	2,355,215	236,750	2,591,965	Electric vehicle chargers, Citywide Signal ITS, 2023 Crack Seal
102-4101-595-9005	Capital Projects / Construction Engineering	239,784	19,500	259,284	Electric vehicle chargers, Citywide Signal ITS, 2023 Crack Seal
Total Arterial Streets Fund Expenditures		9,944,299	400,000	10,344,299	
Building Improvement Fund					
Revenues					
301-0000-397-1101	Transfers In / Transfer In 001,003,005	1,834,164	1,022,798	2,856,962	From Fund 001 for Police Station design
301-0000-397-1101	Transfers In / Transfer In 001,003,005	2,856,962	2,040,000	4,896,962	From Fund 001 for Police Station land acquisition
301-0000-397-1101	Transfers In / Transfer In 001,003,005	4,896,962	81,254	4,978,216	From Fund 001 for City buildings access controls
Total Building Improvement Fund Revenues		4,709,316	3,144,052	7,853,368	
Expenditures					
301-0101-514-6003	Capital Outlay - Improvements	485,369	81,254	566,623	Addition of duress buttons/software licensing to the City Buildings Access Controls project
301-0101-514-6004	Capital Outlay - Buildings	2,101,581	1,022,798	3,124,379	Future Police Station design, inspection, and engineering
301-0101-514-6005	Capital Outlay - Land	2,000,000	2,040,000	4,040,000	Future Police Station land acquisition MOU
Total Building Improvement Fund Expenditures		4,709,316	3,144,052	7,853,368	

Account Numbers	Account Description	2023 Budget	Budget Amendment	2023 Budget as Amended	Comments
Capital Equipment Fund					
Revenues					
302-0000-308-0000	Beginning Cash	2,267,199	56,000	2,323,199	Cash Reserves
Total Capital Equipment Fund Revenues		3,517,995	56,000	3,573,995	
Expenditures					
302-0102-519-6410	Capital Outlays / Police	1,045,174	56,000	1,101,174	Unscheduled police vehicle replacement
Total Capital Equipment Fund Expenditures		3,517,995	56,000	3,573,995	

Regional Athletic Complex-Capital					
Revenues					
307-0000-397-1012	Transfer In 001, 003, 005	805,000	500,000	1,305,000	From Fund 001 RAC parking lot construction
Total Regional Athletic Complex-Capital Revenue		4,221,634	500,000	4,721,634	
Expenditures					
307-0106-576-6221	Capital Outlays / Sport Com-Contractor Prim	2,305,000	500,000	2,805,000	Increase to the RAC Park Lot design cost estimate
Total Regional Athletic Complex-Capital Expenditures		4,221,634	500,000	4,721,634	

Water Fund					
Revenues					
401-0000-308-0000	Beginning Cash	1,105,402	1,017,881	2,123,283	Cash reserves
Total Water Fund Revenues		16,900,441	1,017,881	17,918,322	
Expenditures					
401-3401-534-1001	Salaries & Wages / Salaries-Regular	989,879	24,014	1,013,893	Limited-term Dept. Assistant III for the implementation of asset management system
401-3401-534-2001	Personnel Benefits / Employer Paid Benefits	408,921	7,204	416,125	Limited-term Dept. Assistant III for the implementation of asset management system
401-3401-534-6001	Capital Outlays / Capital Outlays-Equipment	181,877	22,561	204,438	Utility Van #377 replacement shortfall (2022 replacement)
401-3402-514-3137	Supplies / Meters	1,005,773	500,000	1,505,773	2022 backordered water meters and meter transmitting units
401-3402-514-3137	Supplies / Meters	1,505,773	375,000	1,880,773	Large meter replacement program
401-3402-514-4930	Miscellaneous / Software Maintenance	1,000	78,535	79,535	AclaraONE meter reading software upgrade
401-3403-534-4801	Repairs & Maintenance / Rep & Maint-Equipment	2,500	10,567	13,067	Replace 500Kw generator
Total Water Fund Expenditures		16,900,441	1,017,881	17,918,322	

Wastewater Fund					
Revenues					
402-0000-308-0000	Beginning Cash	257,468	81,218	338,686	Cash reserves
Total Wastewater Fund Revenues		23,524,369	81,218	23,605,587	
Expenditures					
402-3501-535-1001	Salaries & Wages / Salaries-Regular	571,720	24,014	595,734	Limited-term Dept. Assistant III for the implementation of asset management system
402-3501-535-2001	Personnel Benefits / Employer Paid Benefits	235,109	7,204	242,313	Limited-term Dept. Assistant III for the implementation of asset management system
402-3505-535-3148	Supplies / Repairs & Maintenance	86,358	50,000	136,358	STEP system maintenance program
Total Wastewater Fund Expenditures		23,524,369	81,218	23,605,587	

Account Numbers	Account Description	2023 Budget	Budget Amendment	2023 Budget as Amended	Comments
Stormwater Fund					
Revenues					
403-0000-308-0000	Beginning Cash	7,350	4,460	11,810	Cash Reserves
Total Stormwater Fund Revenues		5,472,547	4,460	5,477,007	
Expenditures					
403-4201-538-1001	Salaries & Wages / Salaries-Regular	355,516	3,431	358,947	Limited-term Dept. Assistant III for the implementation of asset management system
403-4201-538-2001	Personnel Benefits / Employer Paid Benefits	145,671	1,029	146,700	Limited-term Dept. Assistant III for the implementation of asset management system
Total Stormwater Fund Expenditures		5,472,547	4,460	5,477,007	

Water Capital Fund					
Revenues					
410-0000-308-0100	Estimated Beginning Cash / Construction Cash	10,490,941	10,689,000	21,179,941	Cash reserves
410-0000-369-9000	Other Miscellaneous Revenue	-		-	
Total Water Capital Fund Revenues		19,983,069	10,689,000	30,672,069	
Expenditures					
410-3418-534-9001	Preliminary Engineering	2,900,486	372,525	3,273,011	Source 17 Well House, Ph 2 Well Program, Madrona Connection to 337 Zone, Source 7 Rehab
410-3418-534-9005	Construction Engineering	1,184,584	795,775	1,980,359	Cargil Reservoir, Source 17 Well House, Carpenter Road
410-3418-534-9013	Construction of Utilities	14,294,581	9,520,700	23,815,281	Cargil Reservoir, Source 17 Well House, Carpenter Road, Source 7 Well Rehab
Total Water Capital Fund Expenditures		19,983,069	10,689,000	30,672,069	

Wastewater Capital Fund					
Revenues					
411-0000-308-0100	Estimated Beginning Cash / Construction Cash	8,696,049	1,319,000	10,015,049	Cash reserves
Total Wastewater Capital Fund Revenues		12,838,423	1,319,000	14,157,423	
Expenditures					
411-3518-535-9001	Preliminary Engineering	1,855,054	1,875	1,856,929	Waldron Dr. Grinder
411-3518-535-9005	Construction Engineering	831,765	105,400	937,165	LS 19 Replacement, Mullen Road STEP Improvements, LS 37 Pump Replacement
411-3518-535-9013	Construction of Utilities	10,001,604	1,211,725	11,213,329	LS 19 Replacement, Mullen Road STEP Improvements, LS 34& 37 Pump Replacement
Total Wastewater Capital Fund Expenditures		12,838,423	1,319,000	14,157,423	

Stormwater Capital Fund					
Revenues					
412-0000-308-0000	Beginning Cash	95,000	430,000	525,000	Cash reserves
Total Stormwater Capital Fund Revenues		2,431,636	430,000	2,861,636	
Expenditures					
412-4218-542-9004	Capital Projects / Storm Drainage	683,625	397,750	1,081,375	Woodland Creek Oil Water Separator, Westminster Pond Rehab
412-4218-542-9005	Construction Engineering	57,375	32,250	89,625	Woodland Creek Oil Water Separator, Westminster Pond Rehab
Total Stormwater Capital Fund Expenditures		2,431,636	430,000	2,861,636	

Account Numbers	Account Description	2023 Budget	Budget Amendment	2023 Budget as Amended	Comments
Equipment Rental Fund					
Revenue					
501-0000-308-0000	Beginning Cash	933,271	9,661	942,932	Cash reserves
501-0000-369-4000	Other Misc Revenue / Court Fees /Judgments	-	43,040	43,040	Vehicle insurance reimbursement
Total Equipment Rental Fund Revenues		4,376,581	52,701	4,429,282	
Expenditures					
501-4801-548-1001	Salaries & Wages / Salaries-Regular	133,124	3,431	136,555	Limited-term Dept. Assistant III for the implementation of asset management system
501-4801-548-2001	Personnel Benefits / Employer Paid Benefits	57,818	1,029	58,847	Limited-term Dept. Assistant III for the implementation of asset management system
501-4801-548-6002	Capital Outlays - Replacements	1,728,965	43,040	1,772,005	Replace totaled inspection pickup truck
501-4802-548-3102	Supplies / Small Tools & Equipment	5,600	5,201	10,801	Swamp cooler for equipment maintenance shop
501-4802-548-6001	Capital Outlays - Equipment	-		-	
Total Equipment Rental Fund Expenditures		4,376,581	52,701	4,429,282	
Information Services Fund					
Revenue					
502-0000-308-0000	Beginning Cash	162,136	40,000	202,136	Cash reserves
Total Information Services Fund Revenues		2,967,111	40,000	3,007,111	
Expenditures					
502-1801-518-6001	Capital Outlays-Equipment	-	40,000	40,000	Upgrade wireless internet system
Total Information Services Fund Expenditures		2,967,111	40,000	3,007,111	
Animal Services					
Revenue					
503-0000-308-0000	Beginning Cash	1,140,188	115,000	1,255,188	Cash reserves
Total Animal Services Revenue		2,818,961	115,000	2,933,961	
Expenditures					
503-3902-539-6004	Capital - Buildings	-	115,000	115,000	Repair Sewer Line
Total Animal Services Expenditures		2,818,961	115,000	2,933,961	