



CITY OF MEDINA

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Date: October 12th, 2026
To: Honorable Mayor and City Council
Via: Jeff Swanson, City Manager
From: Ryan Wagner, Finance & HR Director
Subject: September 2026 Financials

The September 2026 report includes:

- Executive Summary (1)
 - September Key Revenue and Expenditure Numbers (2)
 - Budget Amendments (3)
 - Investment Summary (3 – 8)
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 - September Cash Statement (10)
 - 2026 Financials by Account (11)
 - September 2026 REET Report (18)
 - September 2026, AP Check Register Activity Detail (Consent Item)
-

Executive Summary

Year-to-day expenditure continues to remain under or at the expected budget allocation through August for all funds except the Equipment Replacement Fund. Year to date general fund revenue is outpacing expectations by 13.43% through August, driven by a one-time sales tax allocation of \$1.7M from the State of Washington for work done on the 520 project in the mid 2010's that was accounted for in July.

The City's cash position sits at just under \$21M at the end of September, with the Capital Fund (\$9M) and the General Fund (\$6.5M) carrying the largest balances.

Revenue:

- General Fund revenue is up almost \$1.97M from this time last year. This is driven by the one-time allocation of sales tax from the State of Washington for the work done on 520 from the mid 2010's that was received in July.
- Development Services Revenue is up \$25K from this time last year. This is driven by a slight increase in permit fee collection over 2025.
- Capital Fund Revenue is down \$760K from September of last year. A one-time major property sale generated a significant amount of REET in July of last year, and that transaction is driving this variance. Overall, the revenue is staying consistent to 2025.

August 2026 Key Revenue

- \$189K Hunts Point Police Contract
- \$177K Local Sales and Use Tax
- \$152K August REET Revenue
- \$52K Permit Fees
- \$50K Investment Earnings
- \$3K Criminal Justice Training Grant

Expenditures:

- General Fund expenditures are up \$153K over September of last year. The equipment replacement fund is the biggest increase over 2025, with the purchase of the new backhoe and Skidsteer.
- Development Services expenditures are down \$103K when compared to September of 2025. This is driven by code enforcement and long planning being moved from the Development Services Fund to the General Fund.
- The Capital Fund spend is up \$320K when compared to September of 2025. This represents about 64% of the budget allocation in 2026, so expect costs to increase as projects continue through Q4.

September 2026 Key Expenditures

- \$109K JB Asphalt – 78th Place Improvements (Correction Payment from August)
- \$61K Waterfront Construction – Lake Lane Dock Repair
- \$47K Wescon Enterprises, Inc – Gravel Walkways Resurfacing
- \$27K Inslee Best – August City Attorney Services
- \$22K Precision Concrete Cutting – Trip Hazard Mitigation

2026 Budget Amendments

1. Street Capital - Skidsteer, Sidewalk Cleaner and multi-purpose PW Vehicle (45K)
2. Capital Fund, Building Improvements – Medina Park Bathroom Locks and PW Storage Project (45K)
3. General Fund - 7th Patrol Officer and Associated Grant and Sales Tax Increase (Expected 100K increase to Revenue Offset by Cost of New Officer)

Investments Summary

The purpose of this summary is to provide education on how the City of Medina utilizes investments to earn interest to help offset rising costs. Medina currently earns interest from two different sources, the LGIP account, and through a treasury bond portfolio. Each of these vehicles will be discussed below.

Local Government Investment Pool

Over 530 local governments have participated in the pool since it was started in 1986 to provide safe, liquid, and competitive investment options for local government pursuant to RCW 43.25. The LGIP lets local governments use the State Treasurer's resources to safely invest their funds while enjoying the economies of scale available from a \$15-26 billion pooled fund investment portfolio.

LGIP's investment objectives are, in priority order: 1) safety of principal, 2) maintaining adequate liquidity to meet cash flows, and 3) providing a competitive interest rate relative to other comparable investment alternatives. LGIP offers 100% liquidity to its participants.

The Cities current account balance in the LGIP is \$15,872,350.

WASHINGTON STATE LOCAL GOVERNMENT INVESTMENT POOL

September 30, 2026

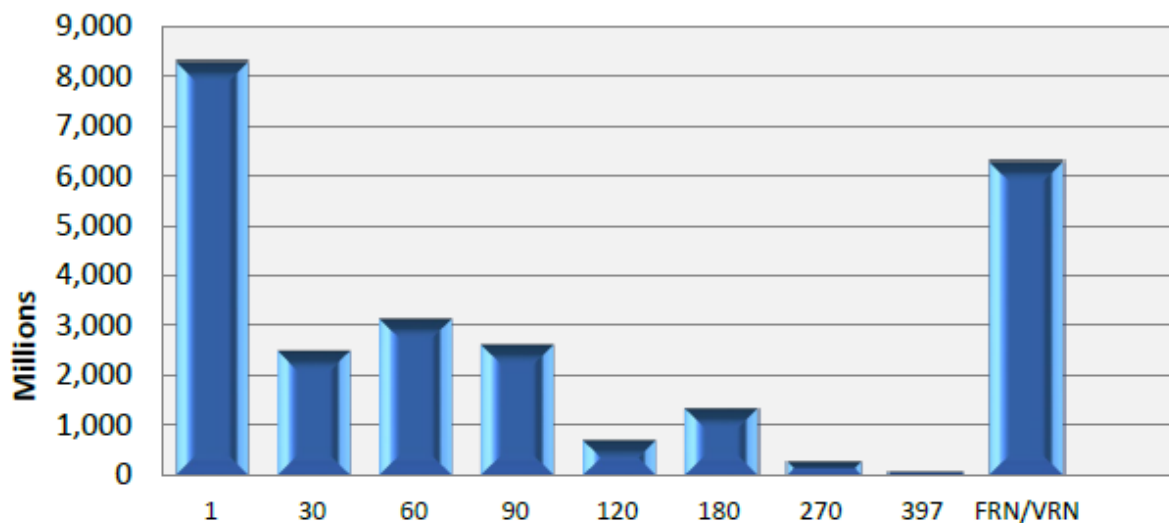
DAYS TO MATURITY	\$ MATURING (PAR VALUE)*	% MATURING	CUMULATIVE % MATURING
1	8,296.44	32.9%	32.9%
2-30	2,502.96	9.9%	42.8%
31-60	3,150.00	12.5%	55.3%
61-90	2,633.00	10.4%	65.7%
91-120	709.11	2.8%	68.5%
121-180	1,349.10	5.3%	73.8%
181-270	260.00	1.0%	74.9%
271-397	50.00	0.2%	75.1%
FRN/VRN	6,292.00	24.9%	100.0%

PORTFOLIO TOTAL:

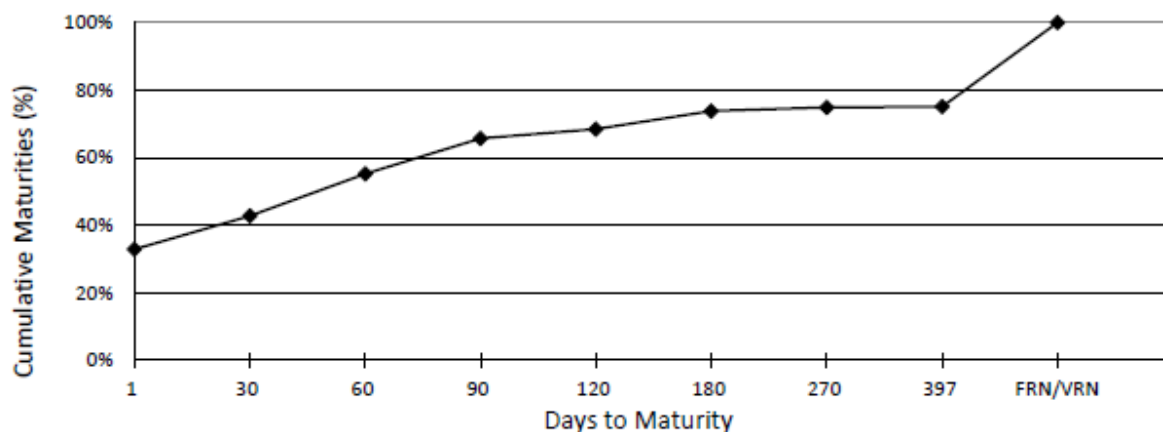
25,242.61

* Amounts in millions of dollars

LGIP MATURITY STRUCTURE



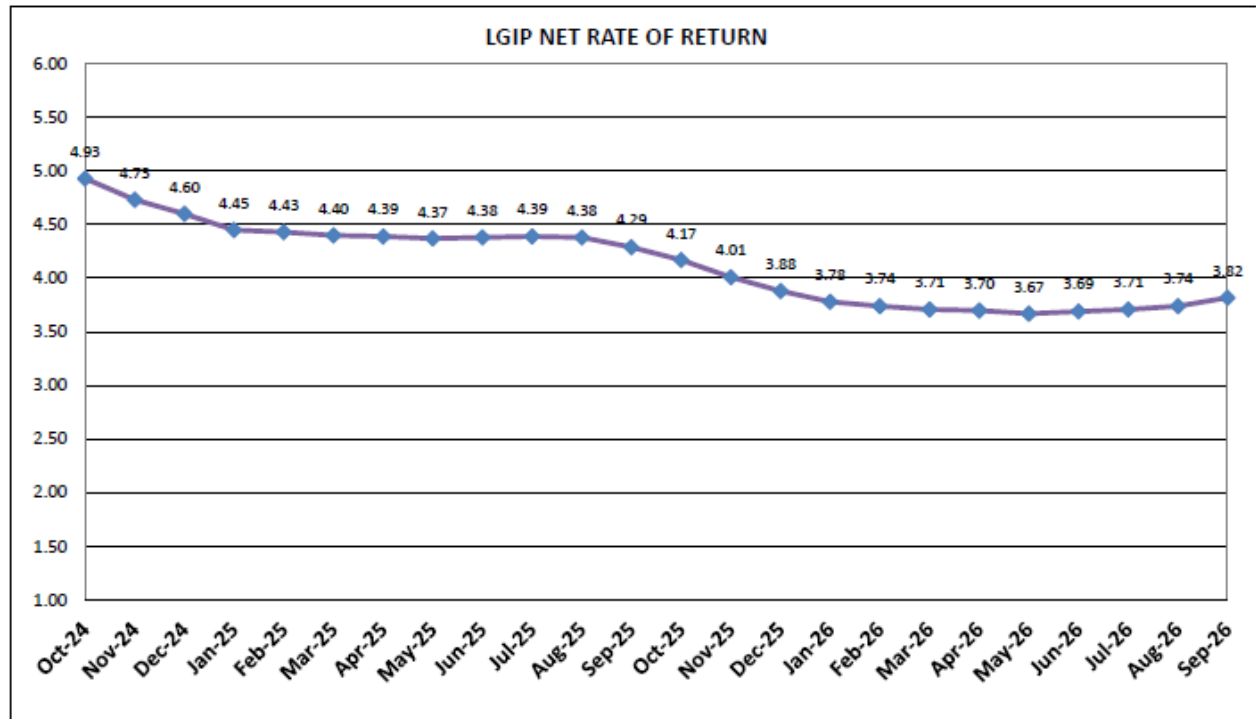
LGIP CUMULATIVE MATURITY STRUCTURE



**WASHINGTON STATE
LOCAL GOVERNMENT INVESTMENT POOL
September 30, 2026**

Investment Type	Average Balance Sep-26	Sep-26 Percentage	Average Balance CY 2026	2026 Percentage
Agency Bullets	0.00	0.00%	0.00	0.00%
Agency Discount Notes	1,154,269,042.38	4.54%	2,303,809,866.85	8.44%
Agency Floating Rate Notes	5,759,408,652.56	22.66%	5,858,987,401.82	21.47%
Agency Variable Rate Notes	0.00	0.00%	0.00	0.00%
Certificates of Deposit	148,250,000.00	0.58%	139,899,267.40	0.51%
IB Bank Deposit	3,345,374,638.01	13.16%	2,549,535,043.22	9.34%
Repurchase Agreements	3,946,000,000.00	15.53%	4,941,340,371.47	18.11%
SOFR Floating Rate Notes	0.00	0.00%	0.00	0.00%
Supras - Bullets	0.00	0.00%	0.00	0.00%
Supras - Discount Notes	0.00	0.00%	0.00	0.00%
Supras- Floating Rate Notes	0.00	0.00%	0.00	0.00%
Supras - Variables	0.00	0.00%	0.00	0.00%
Term Repurchase Agreements	0.00	0.00%	440,659,340.66	1.61%
U.S. Treasury Bills	10,562,917,101.21	41.56%	10,745,510,538.75	39.37%
US Treasury Coupons	0.00	0.00%	93,696,384.23	0.34%
US Treasury Floating Rate Notes	500,398,560.74	1.97%	218,298,845.45	0.80%
Total Avg Daily Balance	25,416,617,994.90	100.00%	27,291,737,059.85	100.00%

Avg Days to Maturity 24 days



* Rates are calculated on a 365-day basis

Medina's Treasury Bond Portfolio

The City of Medina allocates long term funds to treasury bonds, to earn interest that helps alleviate inflationary increases within both the General Fund and the Capital Fund. Currently the city has six total bonds, worth a total of around \$4.85 million. The city uses a laddered approach, with both short- and longer-term bonds that mature at staggered dates over the next five years. This allows the city to have access to funds, which allows for flexibility in decision making and to reduce the liability of not having enough liquid cash to cover costs.

Below is the information on the six bonds, and their purchase and maturity dates.

Assets	Current Period Market Value	% of Total	Estimated Annual Income
Cash and Equivalents	\$ 22,471.52	0.50	\$ 755.04
Taxable Bonds	\$ 4,826,620.00	99.50	\$ 109,375.20
Total Market Value	\$ 4,849,091.52	\$ 100.00	\$ 110,130.24

Taxable Bonds

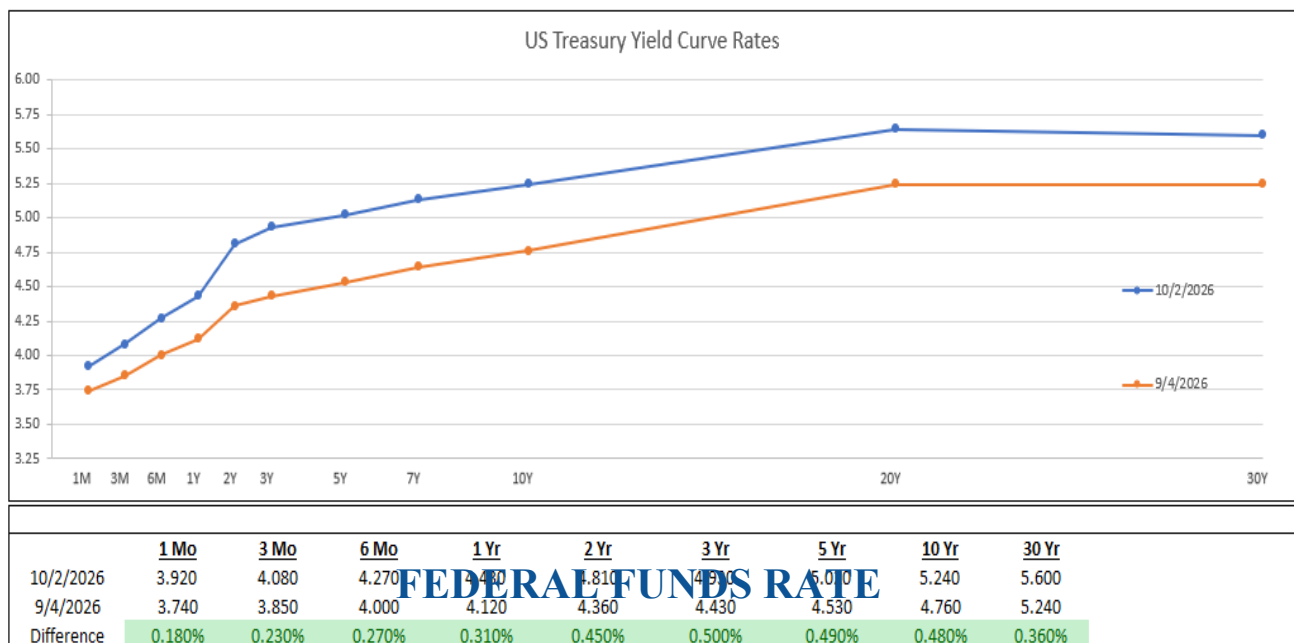
US Government

Issues	Face Amount	Price	Market Value	Estimated Annual Income	Estimated Current Yield
Federal Farm Credit 7/08/2027	\$ 1,000,000.00	100.247	\$ 1,002,470.00	\$ 45,000.00	4.49
US Treasury Bond 11/15/2027	\$ 1,000,000.00	95.06	\$ 950,600.00	\$ 0.10	0 Interest Paid at Maturity
US Treasury Bond 5/15/2028	\$ 1,000,000.00	92.917	\$ 929,170.00	\$ 0.10	0 Interest Paid at Maturity
US Treasury Note 11/15/2028	\$ 1,000,000.00	98.188	\$ 981,880.00	\$ 35,000.00	3.56
US Treasury Note 03/31/2029	\$ 500,000.00	95.121	\$ 475,605.00	\$ 11,875.00	2.5
US Treasury Note 09/30/2029	\$ 500,000.00	97.379	\$ 486,895.00	\$ 17,500.00	3.59
Total Taxable Bonds	\$ 5,000,000.00		\$ 4,826,620.00	\$ 109,375.20	

US TREASURY YIELD CURVE

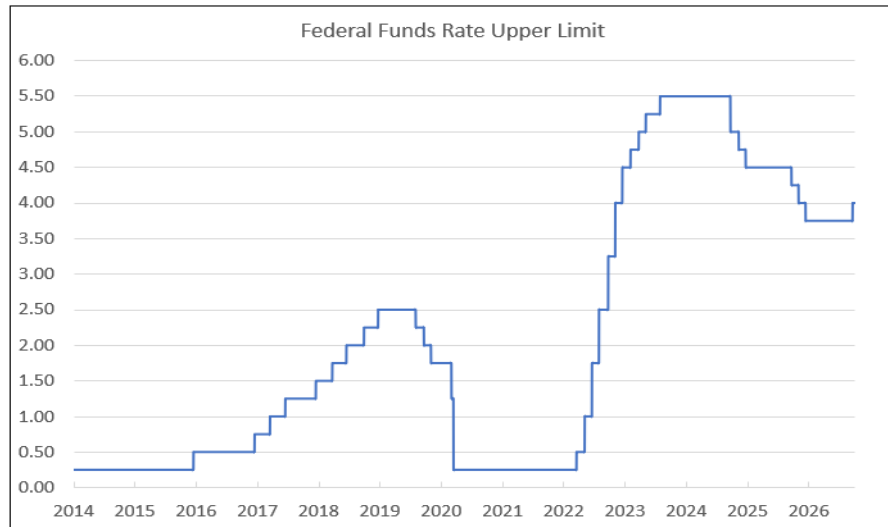
This graph shows the United States Treasury interest rates for maturities ranging from 1 month to 30 years.

- The orange line is the US Treasury yield curve as of last month and the blue line is today's US Treasury yield curve. The yields for the various maturities of the two US Treasury Curves are listed below the graph.
- Interest rates are up across the board over the last month with the largest increases occurring in the 2-5 year range where public entities typically do the bulk of their longer-term investing. Rates in this range are usually the most sensitive to shifting expectations around what the Federal Reserve may do with its policy rate in the near future, so it is not surprise to see these rates jump higher considering the Fed just raised its policy rate by .25% in mid-September for the first time since 2023.
- Looking back a bit further, interest rates are at multi-year highs in the 2-3 year range and multi-decade highs for the 5-year. These interest rates will tend to run up in advance of the Federal Reserve increasing its short-term policy rate. Since the run up in rates over the last couple of months is meaningfully larger than the Fed's .25% increase last month, that is a sign the market expects the Fed to increase that policy rate further from here.
- Earlier this year, the yield curve returned to a normal shape after 3+ years of being either inverted or misshapen in some way. A "normal" yield curve has a gentle slope going up and to the right where the further out you look the higher interest rates you see. This normalization of the yield curve means we are finally back to an environment where you earn a higher yield for investing out longer-term than what you can earn in short-term and liquid investments.



The federal funds rate is the interest rate on overnight loans set by the Federal Open Market Committee (FOMC) at the Federal Reserve. Rates offered by local government investment pools and money market funds tend to correlate closely with the federal funds rate. The graph below shows the upper bound of the federal funds rate range over the last 10+ years.

- The FOMC held its most recent meeting on 9/15-9/16 and raised the federal funds rate by .25% to a range of 3.75-4.00% after holding the rate steady for five consecutive meetings this year. This was the first rate hike since July 2023 and follows a cumulative 1.75% in rates cuts made between 2024 and 2025.
- This rate hike was increasingly expected and priced into the markets with inflation continuing to run measurably above the Fed's 2% average target and the labor market stabilizing somewhat this year after a rocky 2025.



As the Fed embarks on what could be a hiking cycle with multiple rate hikes, the stability of the labor market will come under increasing focus. While the rate hikes are meant to address elevated inflation, stress that rate hikes could cause in the labor market may put the Fed in a difficult position where officials must grapple with whether to be more concerned about above-target inflation or a weakening labor market. It is not clear at this point whether officials would put more emphasis on inflation or the labor market if those two are in conflict.

- Short-term and liquid investments like local government investment pools and money market funds tend to follow the federal funds rate very closely, so the path of this rate is very impactful on what public entities will earn on their liquid and cash balances. We will likely see the yields on these investment pools tick up over the next month or so to match the rise in the federal funds rate. While longer-term interest rates usually go up in advance of a rate hike, shorter-term rates typically move more in line with the federal funds rate.

September 2026 Financial Summary

REVENUES:	SEPTEMBER ACTUAL	YTD ACTUAL	2026 ANNUAL BUDGET	% of Budget Total	EXPECTED TOTAL %	DELTA	REMAINING BUDGET
General Fund							
Property Tax	\$63,243	\$2,773,827	\$4,741,397	58.50%	58.00%	0.50%	\$1,967,570
Sales Tax	\$177,493	\$3,100,942	\$2,023,000	153.28%	75.00%	78.28%	(\$1,077,942)
Affordable & Sup. Housing	\$1,525	\$4,331	\$0	--			(\$4,331)
Criminal Justice	\$31,588	\$109,569	\$108,150	101.31%	75.00%	26.31%	(\$1,419)
B & O Tax: Utility & Franchise Fee	\$1,393	\$972,204	\$1,218,000	79.82%	75.00%	4.82%	\$245,796
Leasehold Excise Tax	\$0	\$1,191	\$0	0.00%		0.00%	(\$1,191)
General Government (includes Hunts Point)	\$188,994	\$281,421	\$378,984	74.26%	75.00%	-0.74%	\$97,563
Passports, General Licenses & Permits	\$10,567	\$72,828	\$78,036	93.33%	75.00%	18.33%	\$5,208
Fines, Penalties, Traffic Infr.	\$1,350	\$33,775	\$30,000	112.58%	75.00%	37.58%	(\$3,775)
Misc. Invest. Facility Leases	\$41,091	\$423,891	\$278,820	152.03%	75.00%	77.03%	(\$145,071)
Disposition of Capital Assets	\$0	\$57,509	\$0	--			(\$57,509)
General Fund Total	\$517,244	\$7,831,488	\$8,856,387	88.43%	75.00%	13.43%	\$1,024,899
Development Services Fund Total	\$58,900	\$562,885	\$805,000	69.92%	75.00%	-5.08%	\$242,115.13
Development Services Fund Transfers In from GF	\$8,333	\$75,000	\$100,000	75.00%	75.00%	0.00%	\$0.00
Street Fund Total	\$6,045	\$42,693	\$119,219	35.81%	75.00%	-39.19%	\$76,526
Street Fund Transfers In	\$46,250	\$416,250	\$555,000	75.00%	75.00%	0.00%	\$0

2026 September Cash Balance

<u>2026 Cash Balance, 08/31/2026</u>		<u>2026 Cash Balance, 09/30/2026</u>	
<u>TOTAL CASH & INVESTMENTS</u>		<u>TOTAL CASH & INVESTMENTS</u>	
Period Ending: 08/31/2026		Period Ending: 09/30/2026	
WA ST INV POOL	\$ 16,098,267	WA ST INV POOL	\$ 15,872,350
OTHER INVESTMENTS*	4,849,092	OTHER INVESTMENTS*	4,849,092
CHECKING	198,169	CHECKING	474,796
	\$ 21,145,528		\$ 21,196,238
		Outstanding Checks	\$220,690
		Total:	\$ 20,975,548

\$1M bond (Dec 2024)
5/15/2028
\$1.M bond (Jul 2026)
11/15/2028
\$500K bond (May 2025)
3/1/2029
\$1M bond (Aug 2024)

Cash Balance by Fund

Fund	Beginning Cash	Receipts	Transfers In	Other Transfers	Disbursements	Ending Cash
General Fund	\$4,555,259.14	\$7,922,674.63	\$0.00	\$416,250.00	\$5,526,316.79	\$6,535,366.98
City Street Fund	\$271,425.42	\$53,023.15	\$416,250.00	\$0.00	\$515,544.66	\$225,153.91
Tree Fund	\$40,546.27	\$0.00	\$0.00	\$0.00	\$11,678.57	\$28,867.70
Contingency Fund	\$1,750,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,750,000.00
Levy Stabilization Fund	\$2,684,999.99	\$0.00	\$0.00	\$0.00	\$0.00	\$2,684,999.99
Capital Projects Fund	\$8,636,372.11	\$1,336,118.84	\$0.00	\$74,999.97	\$836,193.74	\$9,061,297.24
Development Services	\$513,881.80	\$781,262.73	\$74,999.97	\$0.00	\$811,973.45	\$558,171.05
NonRevenue Trust	\$4,260.65	\$30,127.22	\$0.00	\$0.00	\$31,301.28	\$3,086.59
	\$18,456,745.38	\$10,123,206.57	\$491,249.97	\$491,249.97	\$7,733,008.49	\$20,846,943.46

The variance between the two graphics above is due to how the City accounts for Bonds within the Financial System. As a cash basis entity, the bonds are recorded at both their purchase and sale price, as well as their PAR value. When Bonds are purchased at either a discount or a premium, the difference is shown above.