



# Popular Annual Financial Report

For the Fiscal Year Ended December 31, 2016





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## WHAT IS THE POPULAR ANNUAL FINANCIAL REPORT (PAFR)?

The city’s PAFR is an easy to understand summary of its Comprehensive Annual Financial Report (“CAFR”), a detailed report showing its financial condition. The PAFR is a tool designed to inform the residents of Bellevue about how the city is doing financially. It is not intended to be a substitute for the CAFR. To obtain a copy of the CAFR, visit [www.bellevuewa.gov/financial\\_reports](http://www.bellevuewa.gov/financial_reports). Both the CAFR and the PAFR are presented in accordance with Generally Accepted Accounting Principles, the standard framework for financial accounting.

# GENERAL INFORMATION

## THE CITY OF BELLEVUE

- Was founded in 1869 and officially incorporated in 1953.
- Is the fifth largest city in the state of Washington and located on the eastern shore of Lake Washington, 11 miles east of Seattle and 40 miles north of Tacoma.
- Operates under a Council-Manager form of government, with seven council members elected at large by voters of the city.
- Provides a full range of local municipal services, including police and fire protection; emergency medical services; construction and maintenance of streets and traditional municipal infrastructure; planning and zoning; park and recreational activities; and cultural events.
- Is an economic hub. The principal employers located in Bellevue are Microsoft Corporation, T-Mobile USA, Expedia, Overlake Hospital Medical Center, and Boeing.
- Encompasses 33.51 square miles, with 77 parks, 93 miles of trails, 46 playgrounds, 2 golf courses, and 7 swimming beaches or pools.
- Received the highest rating by the two most used bond rating agencies, Standard & Poor's and Moody's, for the past 20 years.

## POPULATION

Since 2007, Bellevue's population has risen significantly. At December 31, 2016, the city had an estimated **population of 139,400**.

# 14.9% ↑

Population growth since 2007.

Source: Washington State's Office of Financial Management



# GENERAL INFORMATION

**3.6%** ↓

2016 unemployment rate

## UNEMPLOYMENT

The unemployment rate as of December 31, 2016 was 3.6 percent, which is lower than the nation at 4.7 percent and the state of Washington at 5.1 percent.

Source: BLS.gov



## JOBS

Total jobs in Bellevue have grown 10.5 percent since 2007. Projections show job growth will continue for the foreseeable future.

Source: Washington State's Office of Financial Management

**10.5%** ↑

Increase in number of jobs since 2007

## INCOME

<b>NATION</b>	<b>\$48,112</b>
<b>WASHINGTON STATE</b>	<b>\$51,971</b>
<b>BELLEVUE</b>	<b>\$72,530</b>

The City of Bellevue's per capita income has been on a steady increase since 2009. In 2015, per capita income in Bellevue reached \$72,530, while the state average was \$51,971 and the national average was \$48,112.

2016 data not available at time of publication

Source: Bureau of Economic Analysis

# CITY FUNCTIONS

City functions are divided between two groups of activities: governmental and business type. This is required for financial reporting purpose.

## GOVERNMENTAL ACTIVITY

The city's basic services are considered to be governmental activities and are primarily funded by taxes.



## BUSINESS TYPE ACTIVITY

The city's operates three utilities and a marina. These activities function more like a private business and are funded predominately by fees paid for these services.

# FINANCIAL HIGHLIGHTS

The Statement of Net Position contains the assets and liabilities of the city at December 31, 2016. The statement ends with net position.

Ending net position is an indicator of the city's financial health. It represents the remainder after adding up all of the city's assets (i.e. cash, receivables, buildings, park land, road infrastructure) and subtracting all of the city's liabilities (i.e. debt outstanding, payments due to vendors and employees).

The city has a biennial budget, seven year capital project plan, and 75 year utilities plan that are reliant on a strong net position.

Highlights of the Statement of Net Position include an increase in 2016 of total assets of \$32.6 million, or 1.2 percent, in large part due to completion of construction projects during the year. Total liabilities increased \$6.7 million, or 1.5 percent, in 2016 over 2015 as a result of changes in the reporting requirements for pension related obligations.

The Statement of Activities provides an illustration of the revenue received and spent by the city during the year. Below is a summarized version of the Statement of Activities.

## The Statement of Activities

	2016	2015	2014	2013	2012
Revenues	451,543	449,096	411,041	356,350	335,304
Expenses	(372,007)	(366,134)	(334,245)	(317,545)	(316,551)
Change in net position <sup>(1)</sup>	\$ 79,536	\$ 82,962	\$ 76,796	\$ 38,805	\$ 18,753

(dollars are in thousands - \$000's)

<sup>(1)</sup> Balances do not represent the increase in cash for the year. Some uses of cash are not reflected in expenses for financial reporting purposes on the city-wide statements (also called government-wide.) Two examples are: (1) the repayment of debt, which reduces the amount owed (the liability), and (2) the purchase of certain items, such as automobiles and land, are recorded as capital assets.



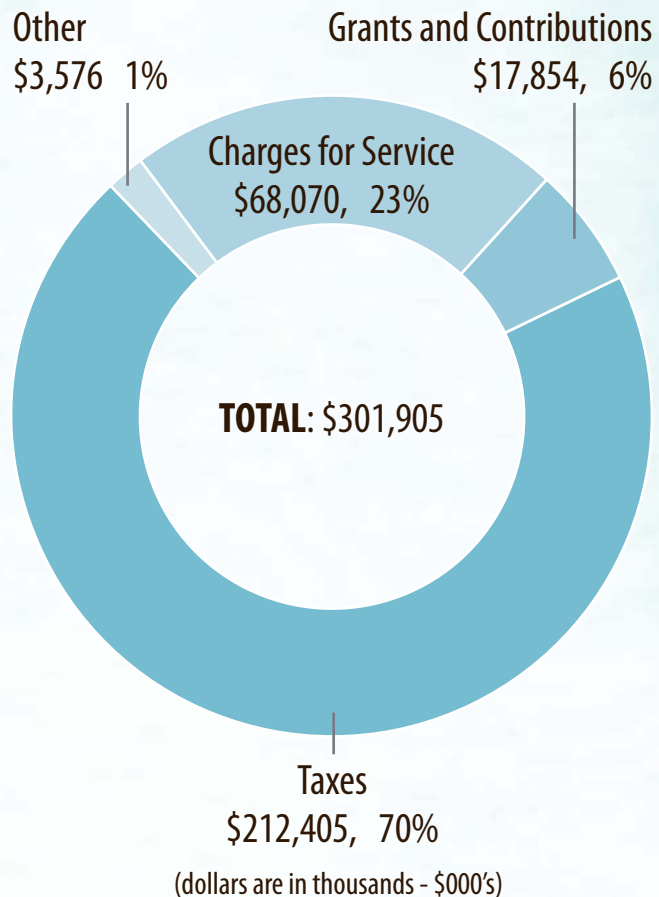
# GOVERNMENTAL ACTIVITY REVENUES

## DID YOU KNOW

The city is required by law to spend money from certain sources on specific things. For example, the money paid for development or remodeling permits cannot be used for general city services like police or fire; it must only be used to pay for development related services. Also, the money collected from the 2008 voter approved Parks Levy is limited to the enhancements of parks and items listed in the ballot language.

Governmental activities are primarily funded by tax revenues. These activities include fire, police, transportation, human resources, information technology, city manager, city clerk, civic services, city attorney, finance, planning & community development, development services, and parks & community services. Tax revenue consists of property tax, business and occupation tax, retail sales & use tax, and other. See the next page for a detailed breakdown of tax revenue for the year ended December 31, 2016.

Total revenues collected for governmental activities in 2016 increased by \$5.0 million dollars to \$301.9 million. The chart shows the revenue breakdown.



 **1.7%** additional revenue

\$5 million additional revenues collected between 2015 and 2016



# GOVERNMENTAL ACTIVITY TAX REVENUES

The city collects several different types of tax revenues based on state law and city ordinances.

**Property tax** is paid by property owners.

**Business and occupation tax** is paid by businesses generating more than \$155,000 gross receipts.

**Retail sales and use tax** is paid by consumers who purchase or have delivered goods to an address within the city limits.

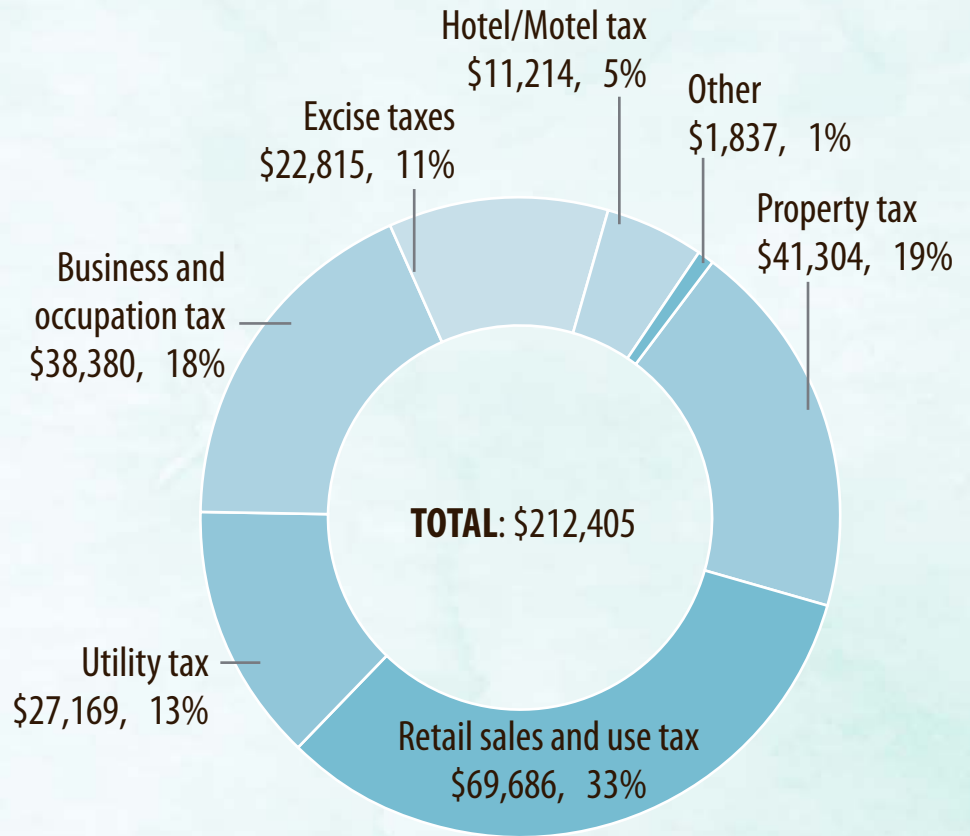
**Hotel/Motel tax** is paid by those who spend the night in one of the many hotels located within city limits.

**Utility taxes** are paid by the consumer of the utility services and include, electric, gas, water, sewer, storm drainage, garbage, telephone, cellphone, television cable franchise fee.

The majority of the **excise tax** balance comes from Real Estate Excise Tax (REET). REET is 0.5% of the full selling price of property and is typically paid by the seller.

## DID YOU KNOW

In 2016, only about **\$0.11** out of every \$1.00 you paid for **property tax** went to the city.



(dollars are in thousands - \$000's)

## Property tax



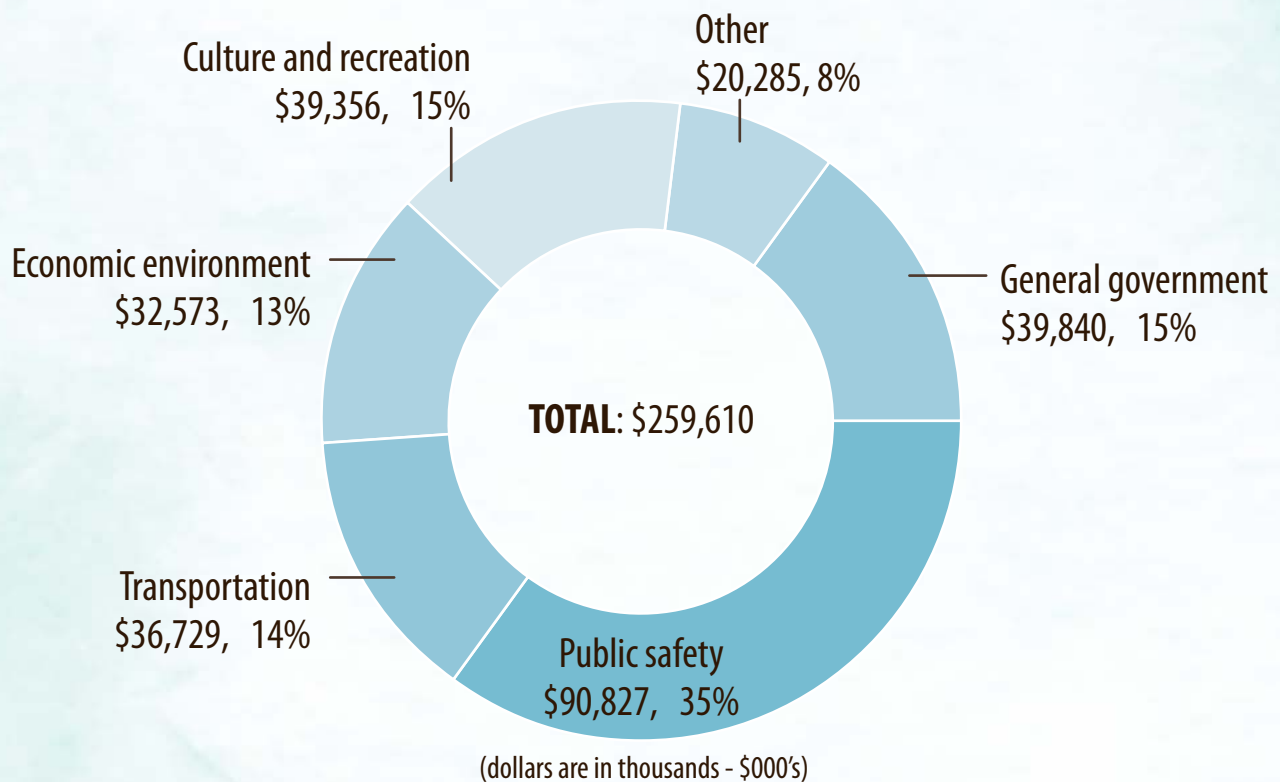
# GOVERNMENTAL ACTIVITY EXPENSES BY PROGRAM

The City of Bellevue provides a full range of local government services. This encompasses police and fire protection, emergency medical services, construction and maintenance of streets and traditional municipal infrastructure, planning and zoning, park and recreational activities, and cultural events.

The city budgets on a biennial basis, with each budget beginning in an odd numbered year. Appropriations for operating funds are authorized for two years, but must be reviewed and reauthorized by the City Council in the middle of the biennial period.

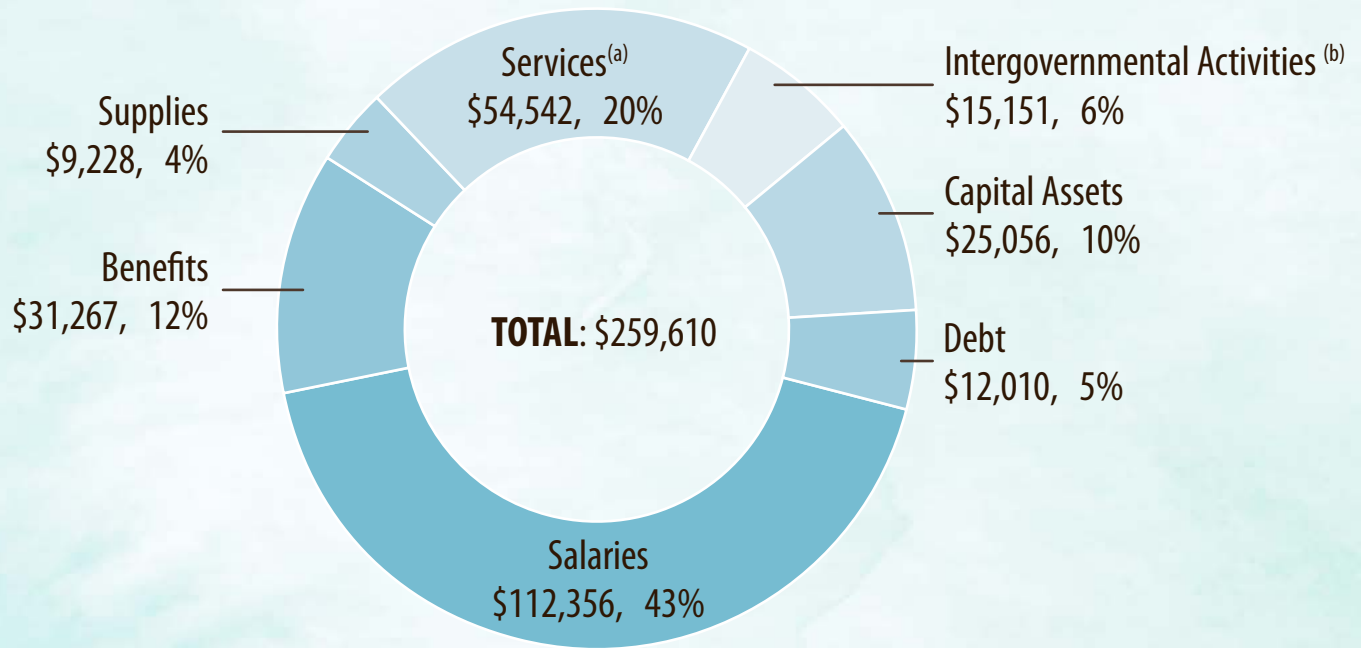
In the 2015-2016 budget, the expenses were budgeted to remain fairly constant year to year. In 2016, the city achieved this objective and continued efforts to build reserves to help address known future issues.

The graph below displays actual expenses by program.



# GOVERNMENTAL ACTIVITY EXPENSES BY TYPE

For daily operations, the city looks at the expenses by type. The majority of the expenses at the city are for salaries and benefits. These costs cover all the employees of the city and their health and retirement benefits.



(dollars are in thousands - \$000's)

(a) Includes professional services (i.e. consultants, contractors) and general services (i.e. insurance, communications).

(b) Includes services provided by other cities and counties.



## DID YOU KNOW

About two in every five city employees works for the police or fire department? Unlike many other disciplines, these services must be staffed 24 hours a day, 7 days a week.

# BUSINESS TYPE ACTIVITY REVENUES AND EXPENSES

Business type activities are different from governmental activities as they perform much like a normal business enterprise and are self-supporting. Business type activities do not receive any type of funding from general government taxes. The city's business type activities include the marina and water, sewer and storm water utilities.

The marina provides moorage for boats at Meydenbauer Bay. The utilities serve residents and businesses of Bellevue and neighboring communities of Beaux Arts, Clyde Hill, Hunts Point, Medina, Yarrow Point, and sections of Issaquah and Kirkland. This service area covers over 37 square miles. Utility services are paid for by rates collected from utility customers. Revenue from these rates can only be spent to provide utility services.

Key challenges in 2016 for utilities include positioning the city to meet the demands of a growing community, focusing on the needs of the customer by protecting property, ensuring continuity of utility services through resiliency planning, and continuing to reserve resources for the future replacement of aging utility infrastructure. Due to the long lives of utility systems, the city plans 75 years into the future by saving money each year. This strategy protects customers from having large increases and places the cost of major repairs and replacements equally on current and future residents who benefit from these investments.



*Water testing*



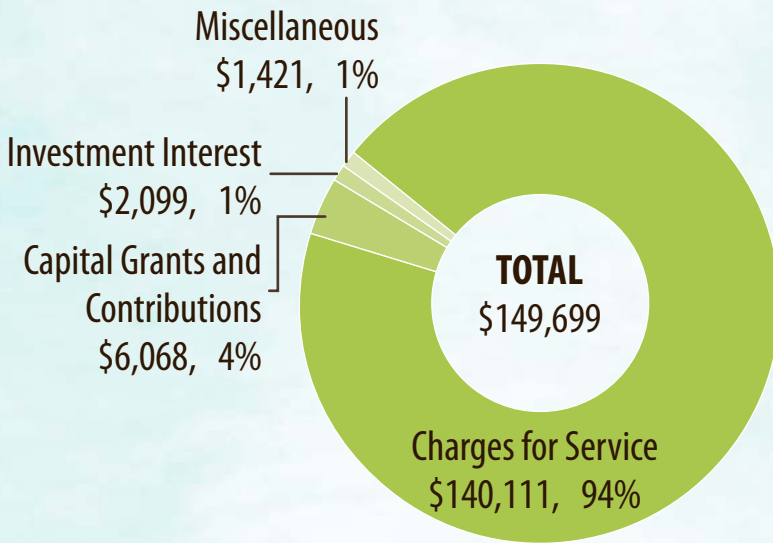
*Vactor Truck Cleaning a Catch Basin*



*Replacement of Sewer Lines*

# BUSINESS TYPE ACTIVITY REVENUES AND EXPENSES

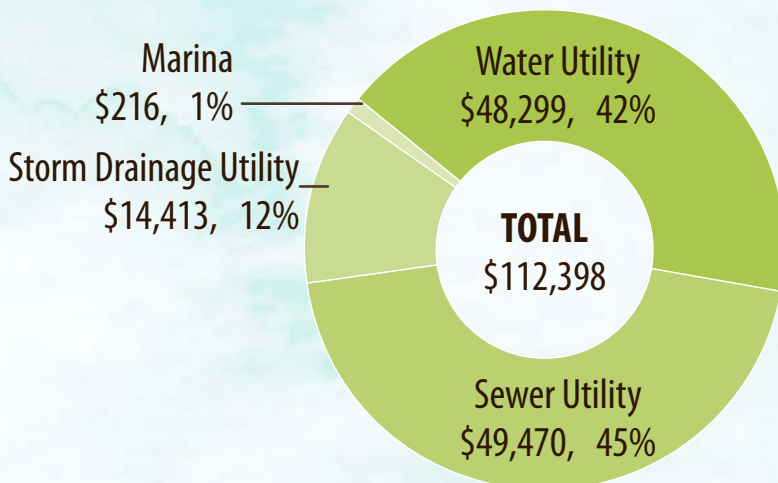
## REVENUES



The chart displays revenue by source for all utilities (water, sewer, and storm drainage) and the marina operated by the city. The largest revenue source, charges for services, increased 2.8 percent to \$140.1 million in 2016 from \$136.3 million in 2015.

(dollars are in thousands - \$000's)

## EXPENSES



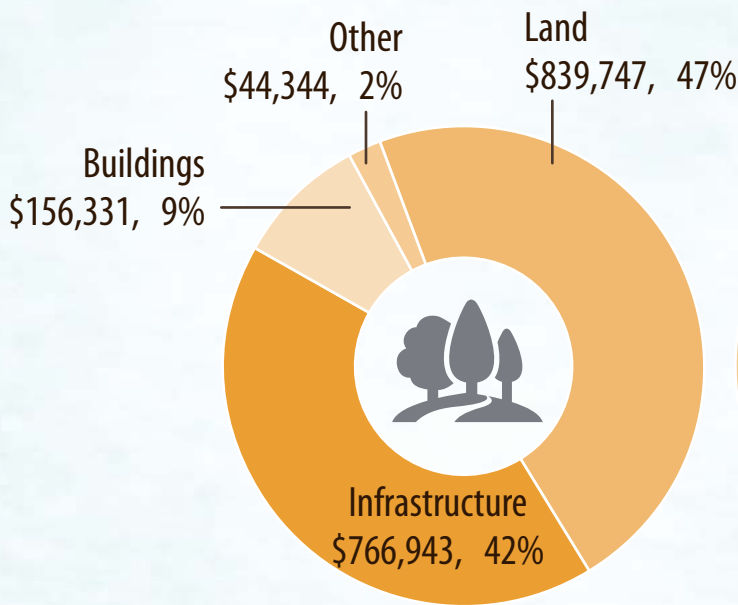
The chart displays expenses for 2016, according to activity type (fund.)

(dollars are in thousands - \$000's)

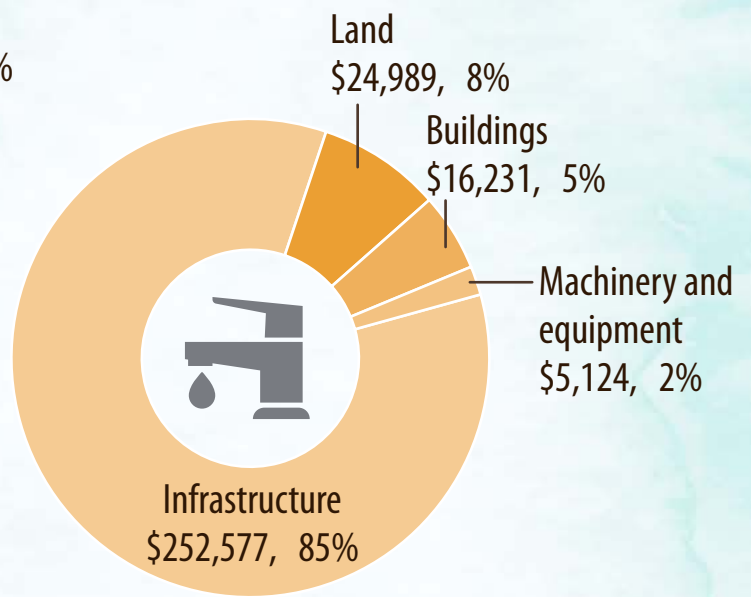
# CAPITAL ASSETS

At the end of 2016, the city owned \$2.2 billion in capital assets. The majority of these assets were land (such as parks) and infrastructure (such as roads and pipes). Capital assets are critical to the proper functioning of the city.

## GOVERNMENTAL ACTIVITIES



## BUSINESS TYPE ACTIVITIES



(dollars are in thousands - \$000's)



The City of Bellevue completed the following major projects this year:

- City Hall parking garage expansion - \$7.9 million
- NE 120th segment 2 - \$21.4 million
- Water main replacement activities - \$4.6 million
- Culvert improvements - \$1.1 million
- Sewer infrastructure improvements and capacity upgrades - \$11.5 million
- Sewer pump station improvements - \$2.5 million
- Sewer system trunk rehabilitation - \$3.2 million

# EVENTS



*Bicycle Patrol Unit reinstated in 2016*



*Bellwether Exhibition and Art Walk*



*Garden d'Lights at Bellevue Botanical Garden*



*Sheep Shearing at Kelsey Creetk Park*



*Bellevue Festival of the Arts*



*Bellevue Youth Theatre*



Questions? Need more information about this document?  
Please contact the City of Bellevue's Finance Department at 425-452-6800 or by email at [FinanceDepartment@bellevuewa.gov](mailto:FinanceDepartment@bellevuewa.gov). We are here to help!