

City of Bellevue Budget Monitoring Report

For the period from January 1 through March 31, 2026

Summary of Monitoring

This report discusses revenues and expenditures for the General Fund, General Capital Investment Program (CIP) Fund, Development Services Fund and the Utilities Operating and CIP Funds. The purpose of this report is to compare actuals to the amended 2025-2026 budget for each fund and, within the General Fund, each department. This report includes actuals through Quarter 1 of 2026.

The City's goal is for actual expenditures and revenues to be within 5% of overall appropriation or forecasted revenues, referred to as budget in this report. Through Q1 2026, expenditures by fund for both the General Fund (3% below appropriation) and overall expenditures (9% below appropriation) are on track with budget. While General Fund revenues are slightly behind (10% below forecast), overall revenues are on track with the forecast (1% below forecast).

Bellevue Economy

The first quarter of 2026 reflects a slowing US economy, with real GDP growth decelerating to an estimated 1.3%, inflation rising to 3.3% driven by energy costs, and the Federal Reserve pausing rate cuts amid renewed price pressures and geopolitical tensions. The Seattle-Tacoma-Bellevue area's CPI-U remained above 3%, reflecting persistent regional inflation pressures. The national labor market softened, with unemployment rising to 4.7% and King County reaching 5.7% in January 2026. Tariffs and the US-Iran conflict have added to cost pressures and uncertainty, while job losses have been concentrated in tech, retail, and hospitality. Despite these headwinds, Bellevue's office market remains relatively strong compared to Seattle, though vacancy is elevated. Construction activity is down due to high costs and interest rates, and tourism continues to recover.

Budget to Actuals Comparison – Q1 2026

The tables below compare biennial budgeted amounts to actuals through Q1 2026, along with a variance percentage.

- [Table 1: Expenditures by fund](#)
- [Table 2: Revenues by fund](#)
- [Table 3: Expenditures by department within the General Fund](#)

How to Read the Variance Percentage

The variance percentage column shows the difference between the budgeted amount and actual amount for a fund or department, expressed as a percentage of the budget:

- A negative variance indicates that the actual amount was under budget.
- A positive variance indicates that the actual amount was over budget.

The City of Bellevue appropriates on a biennial (two-year) cycle rather than annual. The biennium-to-date budget figures in these tables are estimates from staff at the time of budget adoption about

City of Bellevue Budget Monitoring Report

For the period from January 1 through March 31, 2026

how the two-year appropriated budget would be spent across the first year of the biennium through quarter 1 of the second year. Therefore, a positive budget-to-actuals variance does not indicate that the fund is over its appropriated budget; only that it has exceeded the amount projected for the reporting period.

Where the variance is less than +/- 5%, the cell is blue. Where it is greater than +/- 5%, the cell is yellow. [Notes are included below for high-variance funds and departments.](#)

Table 1: 2026 Q1 Budget vs. Actuals by Fund (Expenditures)

Fund	Q1 2026 Expenditures			
	2025-2026 Biennial Budget	Biennium to Date Budget	Biennium to Date Actuals	% Variance
General Fund	862,100,840	533,779,728	518,595,976	-3%
Restricted Special Purpose Fund	62,621,641	36,163,307	25,056,198	-31%
Operating Grants & Donations Fund	25,933,454	21,213,709	21,390,221	1%
Debt Service Fund	59,842,676	37,400,227	29,118,953	-22%
General CIP Fund	277,471,884	161,968,245	138,467,265	-15%
Storm & Surface Water Utility Fund	84,348,694	52,476,229	42,589,424	-19%
Water Utility Fund	195,587,022	118,591,743	106,903,854	-10%
Sewer Utility Fund	197,524,887	119,525,818	111,713,591	-7%
Solid Waste Fund	2,344,911	1,400,200	957,749	-32%
Equipment Rental Fund	41,282,010	28,602,743	15,985,169	-44%
Firefighters' Pension Fund	511,973	321,466	381,640	19%
LEOFF I Medical Reserve	110,628	68,857	1,526,911	2118%
Land Purchase Revolving Fund	1,441,726	887,662	953,448	7%
Utility CIP Fund	105,166,483	64,887,632	52,889,277	-18%
Total	1,916,288,828	1,177,287,567	1,066,529,675	-9%

City of Bellevue Budget Monitoring Report

For the period from January 1 through March 31, 2026

Table 2: 2026 Q1 Budget vs. Actuals by Fund (Revenues)

Fund	Q1 2026 Revenues			
	2025-2026 Biennial Budget	Biennium to Date Budget	Biennium to Date Actuals	% Variance
General Fund	866,989,899	535,142,530	479,211,794	-10%
Restricted Special Purpose Fund	39,526,287	25,153,997	31,198,591	24%
Operating Grants & Donations Fund	23,836,203	20,287,568	19,015,134	-6%
Debt Service Fund	42,230,657	25,924,244	29,536,569	14%
General CIP Fund	159,048,867	91,642,026	109,284,314	19%
Storm & Surface Water Utility Fund	73,841,237	46,303,039	45,044,759	-3%
Water Utility Fund	173,317,113	106,312,581	105,402,157	-1%
Sewer Utility Fund	183,570,135	112,801,599	117,465,819	4%
Solid Waste Fund	1,950,439	1,215,166	1,817,907	50%
Equipment Rental Fund	22,296,836	13,559,409	13,314,362	-2%
Firefighters' Pension Fund	1,014,155	635,404	784,299	23%
LEOFF I Medical Reserve	-	-	1,550,871	
Land Purchase Revolving Fund	2,003,324	1,259,953	1,154,232	-8%
Utility CIP Fund	157,375,779	101,933,426	118,244,664	16%
Total	1,747,000,929	1,082,170,943	1,073,025,473	-1%

City of Bellevue Budget Monitoring Report

For the period from January 1 through March 31, 2026

Table 3: 2026 Q1 Budget vs. Actuals by General Fund Department
(Expenditures)

Department	Q1 2026 General Fund Expenditures			
	2025-2026 Biennial Budget	Biennium to Date Budget	Biennium to Date Actuals	% Variance
City Attorney	13,288,080	8,316,598	7,427,961	-11%
City Clerk	6,650,556	4,148,589	3,846,086	-7%
City Council	1,284,905	800,241	767,802	-4%
City Manager	23,371,777	14,472,782	12,000,528	-17%
Finance & Asset Management	100,598,383	67,066,426	60,614,931	-10%
Fire Department	147,556,690	91,414,491	95,100,991	4%
Human Resources	81,332,439	50,261,982	55,833,509	11%
Information Technology	40,618,291	24,858,258	22,860,909	-8%
Parks & Community Services	121,276,087	70,731,104	69,630,233	-2%
Development Services	61,712,280	38,490,018	40,785,750	6%
Community Development	37,843,235	23,926,821	16,757,081	-30%
Police Department	130,307,139	81,092,308	77,423,227	-5%
Transportation	89,460,356	54,235,321	48,992,947	-10%

City of Bellevue Budget Monitoring Report

For the period from January 1 through March 31, 2026

Explanations of Variances

Expenditure Variances by Fund

- **Restricted Special Purpose Fund** (underspent by 31%): In FAM, the under expenditure is primarily due to the timing of reimbursement-based activities, which delays recognition of costs until after they are incurred and processed from the Tourism Promotional Area contractors. In CD, the under spend in restricted funding continues to be driven by Eastside Climate Partnership spending and affordable housing spending. Both anticipate increased spend through the end of 2026.
- **Debt Service Fund** (underspent by 22%): Debt Service Fund expenditures are lower due to the timing of scheduled payments, which occur in June and December.
- **General CIP Fund** (underspent by 15%): Underspend is occurring across all portfolios. In Parks, work is underway on all active projects. Underspending primarily results from delayed vendor invoicing and the need for additional community engagement on certain projects. In FAM, projects are underspent due to several being in the planning phase with delivery not starting until later in 2026, while others are scheduled to ramp up spending as project activity accelerates later in the year. Transportation is expecting a busy construction season in 2026, with activities across multiple projects. High-value projects are currently in the mobilization and early execution stages; consequently, staff anticipate a significant "catch-up" in expenditures as we move into the peak summer months.
- **Storm & Surface Water Utility** (underspent by 19%): The Storm Utility Fund budget underspend is primarily driven by timing of operational expenditures.
- **Water Utility Fund** (underspent by 10%): The Water Utility Fund budget underspend is primarily driven by timing of operational expenditures.
- **Sewer Utility Fund** (underspent by 7%): The Sewer Utility Fund budget underspend is primarily driven by timing of operational expenditures.
- **Solid Waste Fund** (underspent by 32%): The Solid Waste Fund budget underspend is primarily driven by timing of operational expenditures.
- **Equipment Rental Fund** (underspent by 44%): Under expenditure in the Equipment Rental Fund is primarily due to delays in vehicle purchasing, with several equipment and vehicle replacements originally planned for 2025 deferred to 2026.
- **Firefighters' Pension Fund** (overspent by 19%): Budget was based on the actuarial report, and claims have been higher than expected.
- **LEOFF I Medical Reserve** (overspent by 2,118%): The over expenditure in LEOFF is due to a change in how Bellevue's LEOFF costs are recorded. Accounting recently began recording these costs in the LEOFF Fiduciary Fund (1210) per contract requirements. This change does not impact the City's total expenditures, as the entries are offset by reductions in related GF accounts. Staff will update the budget in future biennia to reflect this change. A

City of Bellevue Budget Monitoring Report

For the period from January 1 through March 31, 2026

fund appropriation amendment to account for these changes in 2025-2026 will be brought to Council later this year.

- **Land Purchase Revolving Fund** (overspent by 7%): The overspend is primarily due to Parks costs, driven by unanticipated repair and maintenance needs in 2025. Continued spending is expected through 2026 and will be monitored for any adjustments to appropriation.
- **Utility Capital Improvement Fund** (underspent by 18%): CIP expenditures reflect delays for several major projects due to ongoing supply chain/materials availability issues, environmental permitting delays, property acquisition issues, and staff turnover. Accelerated schedule for watermain projects and culvert replacement at Kelsey Creek have compensated project delays in the Sewer Fund. Expenditures are on track to utilize appropriated available budget for 2026.

Expenditure Variances by Department (General Fund)

- **City Attorney's Office** (underspent by 11%): 2025 vacancy savings are causing this biennial underspend. The department is actively hiring for these roles.
- **City Clerk's Office** (underspent by 7%): The main causes of this underspend are 2025 vacancy savings and some underspend on professional service contracts in 2025 and so far in 2026.
- **City Manager's Office** (underspent by 17%): Vacancy savings in 2025 contribute to this underspend. Additional underspend is on delivery of services.
- **Finance & Asset Management** (underspent by 10%): Through Q1, FAM's under expenditure is mainly driven by timing and market conditions associated with insurance premiums and liability claims.
- **Human Resources** (overspent by 11%): Medical and Admin claims in 2025 and so far in 2026 are higher than anticipated. This is causing the biennial overspend but sufficient reserves exist to meet State mandates.
- **Information Technology** (underspent by 8%): Through the biennium to date, ITD is underspent due to timing contracted spend and vacancies. Larger contractual spend is expected in May, which will begin to balance the underspend.
- **Development Services** (overspent by 6%): 2025 exceeded budget due to quarterly transfers from DSD to Fire and Transportation for review/inspection hours charged to permits. When DSD was moved to the General Fund for the 2025-2026 DSD budget, those transfers were not budgeted. For 2026, DSD will exceed budget for the same transfers.
- **Community Development** (underspent by 30%): Vacancy savings and underspend on professional service contracts across the department are the primary causes of the underspend.
- **Transportation** (underspent by 10%): Major drivers of this underspend include overlay construction started later than anticipated in 2025 and technical changes to interfund transfers of costs between the budget and actual spending. Staff are looking to correct this interfund process in the upcoming 2027-2028 budget.