



This Financial Intelligence Tool is provided by the Washington State Auditor's Office as a resource for local government leaders looking for more information to help them make sound financial decisions.

This workbook contains data for City of Liberty Lake as of fiscal year 2013

Attention: The ratios shown may be based on unaudited annual report data provided by City of Liberty Lake to the Washington State Auditor's Office.

For more information about this tool, the ratios, and other important factors to consider when assessing financial health, click through the tabs across the bottom of this workbook and read our [Financial Intelligence Tool Handbook](#).
[Click here to open our Financial Intelligence Tool Handbook.](#)

Ratio (Click for Details)	What does it measure?	What does it reveal?	FIT Guideline	2013 Value	Data Adjusted by User?
Cash Balance Sufficiency	Days of operating expenditures	What is the government's ability to manage emergencies and unanticipated needs?	at least 60	263.0	YES
Operating Margin	Net income as percent of revenues	Are governmental activities sustainable?	greater than 0%	20.7%	YES
Change in Cash Position	Percent change in cash position	Did the cash position of governmental funds improve or decline?	greater than 0%	-8.1%	YES
Debt Load	Debt as a percent of revenues	How much governmental fund revenue goes toward debt payments?	less than 12%	6.5%	YES
Enterprise Fund Self-Sufficiency	Net enterprise fund income as a percent of revenues	Do enterprise funds cover their costs?	greater than 0%	40.3%	YES
				Highlighted if 2013 value does not meet FIT Guideline	Highlighted if Annual Filing data is adjusted in this workbook



Welcome to the Local Government Financial Intelligence Tool (FIT). A resource provided by the Washington State Auditor's Office for local government leaders looking for more information to help them make better decisions. This workbook contains data for City of Liberty Lake as of fiscal year 2013.

What FIT is:

A reliable and easy-to-use look at important financial ratios. FIT is designed as a diagnostic tool, not a scorecard. Use it to identify potential financial pressures and to have conversations about how to stay financially healthy.

This version of FIT uses data reported directly to the State Auditor annually. FIT calculates five key ratios that assist in understanding a government's financial health: Cash Balance Sufficiency; Operating Margin; Change in Cash Position; Debt load; and Enterprise Self-Sufficiency.

[For more information, please see our Financial Intelligence Tool Handbook.](#)

What FIT is NOT:

FIT is not a scorecard and it's not an audit. The guidelines and indicators included here are not firm standards to which governments should be held accountable. The information is a starting point for deeper analysis of financial health. Auditors use the ratios shown in FIT to help them evaluate financial health for audit purposes. They also consider additional factors in their evaluation and we encourage FIT users to do the same. For more information about important factors that should be considered together with the information provided in FIT, please see our Financial Intelligence Tool Checklist (coming soon).

The data included in this tool is reported directly by local governments and may not be audited for up to three years. The State Auditor's Office cannot ensure the accuracy of all data presented in your FIT results. For this reason, the data should be treated as preliminary. Your government is responsible for ensuring the accuracy of the information presented in the annual report. The data can be updated and amended through our annual reporting system which can be accessed through the **State Auditor's Office Client Portal (<https://portal.sao.wa.gov/saoportal/Login.aspx>)**

Who should use FIT?

FIT will initially only be available for local governments that report financial transactions using the cash basis of accounting. Governments that report using GAAP will be able to download the template but will need to manually input their data. The tool is designed to be useful for:

- Elected and appointed officials who want to improve understanding of their organizations' financial health.
- Managers and staff responsible for helping to guide fiscal planning and budget development for local governments and special purpose districts.
- Other local government leaders who need to manage fiscal challenges of government.

How does FIT work?

FIT is found through the State Auditor's Office website where annual financial reports are filed. Your account will need to be associated with a local government. Sign up or log in at <https://portal.sao.wa.gov/saoportal/Login.aspx>. Once you have logged in, click on the FIT tab to access the tool.

This tool enables you to add data for projections and adjustments, compare your results with a FIT guideline and print the entire workbook. For more information about how to use these and other features of FIT, please watch the video on the FIT home page or see our Financial Intelligence Tool Handbook.

[Click here to download our Financial Intelligence Tool Handbook.](#)

Where can get more information or give feedback on how to improve FIT?

Please email us at performance@sao.wa.gov or call the Local Government Performance Center at (360) 260-6408 ext. 120.

Cash Balance Sufficiency (General Fund Only)

Financial Intelligence Tool

Gov Name: City of Liberty Lake
 Year: 2013
 2013 Value Meets Guideline?: YES
 FIT Guideline: greater than 60 days
 Includes User Adjusted Data? **YES**

[Need Help? Open the Financial Intelligence Tool Handbook](#)

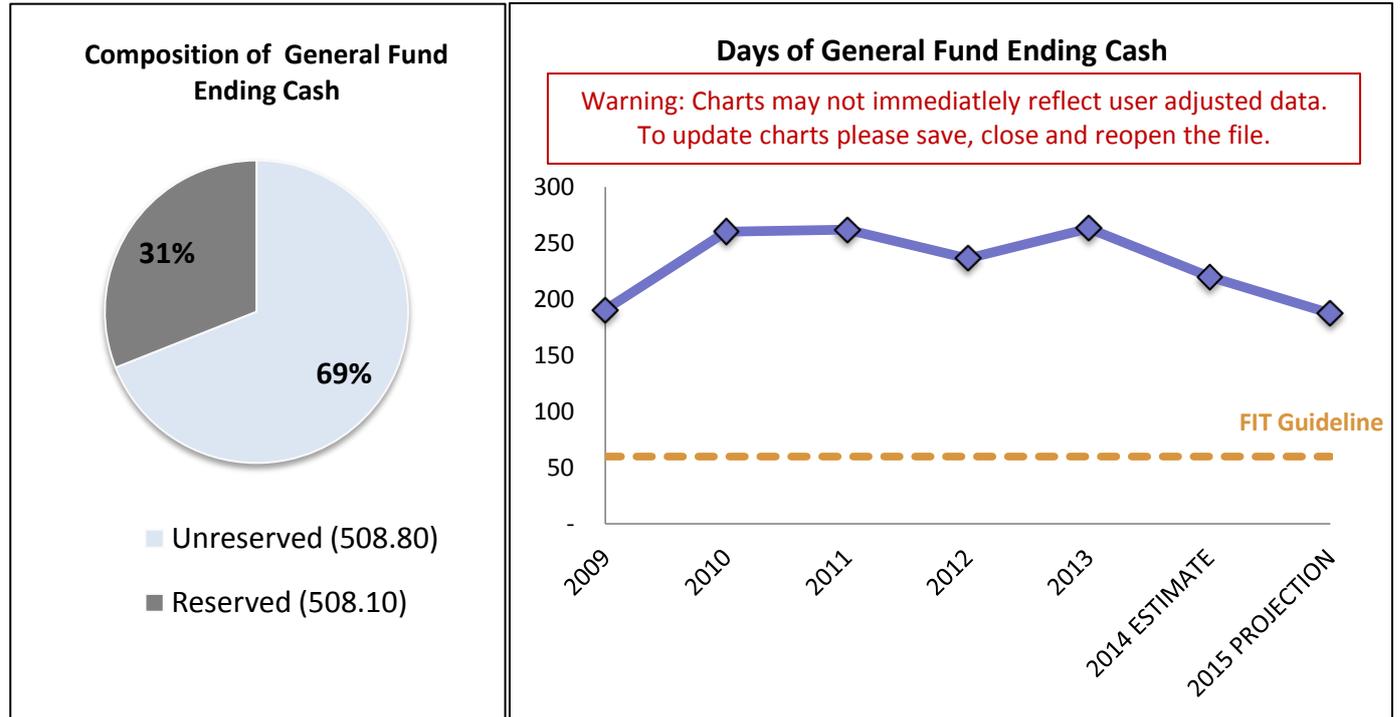
[Back to Snapshot](#)

What is the government's ability to manage emergencies and unanticipated needs?

The ending general fund cash and investments balance is the government's "savings account" that can be drawn on in times of need or shortfall. This ratio shows the number of days that the general fund could operate on its ending cash and investments balance. That is, it compares the general fund ending cash and investments balance to the average daily general fund cash expenditures (excluding capital outlay and other financing uses).

The government's ending general fund cash and investments balance represents the cumulative results of operations - the amount the government has accumulated over time since its inception. The higher this figure, the better able the government is to cope with future needs or shortfalls; 60 days is generally considered healthy.

An important factor to consider along with the cash balance sufficiency is the composition of ending cash. That is, what portion of fund balance is reserved for certain purposes compared to the unreserved portion that would generally be available as needed.



$$\text{Days Covered} = \frac{\text{Ending Cash and Investments}}{\left(\frac{\text{Operating expenditures} + \text{Debt Service} + \text{Transfers}}{365 \text{ days}} \right)}$$

Dark blue highlighted cells are not adjustable. They contain original Annual Financial Report data or locked calculations.

Add your own data in the light blue cells for future years or make adjustments in any year (see Handbook for more info)

Yellow cells have been adjusted by a user

Underlying Data Elements (See handbook for more information)	2009	2010	2011	2012	2013	2014 ESTIMATE	2015 PROJECTION
General Fund Ending Cash & Investments <i>calculated</i>	\$ 1,305,372	\$ 3,124,638	\$ 4,033,940	\$ 3,714,127	\$ 3,906,101	\$ 4,111,957	\$ 3,400,561
Adjustment: Total Ending Cash and Investments +/-	\$ 1,564,212						
Unreserved (508.80)	\$ 1,305,372	\$ 1,922,195	\$ 2,829,168	\$ 2,505,313	\$ 2,694,290	\$ 2,896,432	\$ 2,171,586
Reserved (508.10)	\$ -	\$ 1,202,443	\$ 1,204,772	\$ 1,208,814	\$ 1,211,811	\$ 1,215,525	\$ 1,228,975
LESS: interfund loans payable							
General Fund Operating Expenditures	\$ 2,408,760	\$ 3,156,908	\$ 3,338,046	\$ 3,906,386	\$ 4,297,157	\$ 4,988,726	\$ 5,452,132
Adjustment: Operating Expenditures +/-	\$ 1,021,382						
General Fund Debt Service (591-592)	\$ 16,362	\$ -	\$ 9,463	\$ 9,463	\$ 9,463	\$ 906,560	\$ 329,531
Adjustment: General Fund Debt Service +/-	\$ 517,167	\$ 471,505	\$ 1,026,503	\$ 447,165	\$ 447,164		
Transfers out (597)	\$ 1,531,406	\$ 754,593	\$ 1,252,041	\$ 1,374,266	\$ 667,827	\$ 929,432	\$ 843,400
Adjustment: Transfers Out +/-							
RATIO: Days covered	191	260	262	236	263	220	187

Operating Margin (All Governmental Funds)

Gov Name: City of Liberty Lake
 Year: 2013
 2013 Value Meets Guideline?: YES
 FIT Guideline: greater than 0%
 Includes User Adjusted Data? YES

[Need Help? Open the Financial Intelligence Tool Handbook](#)

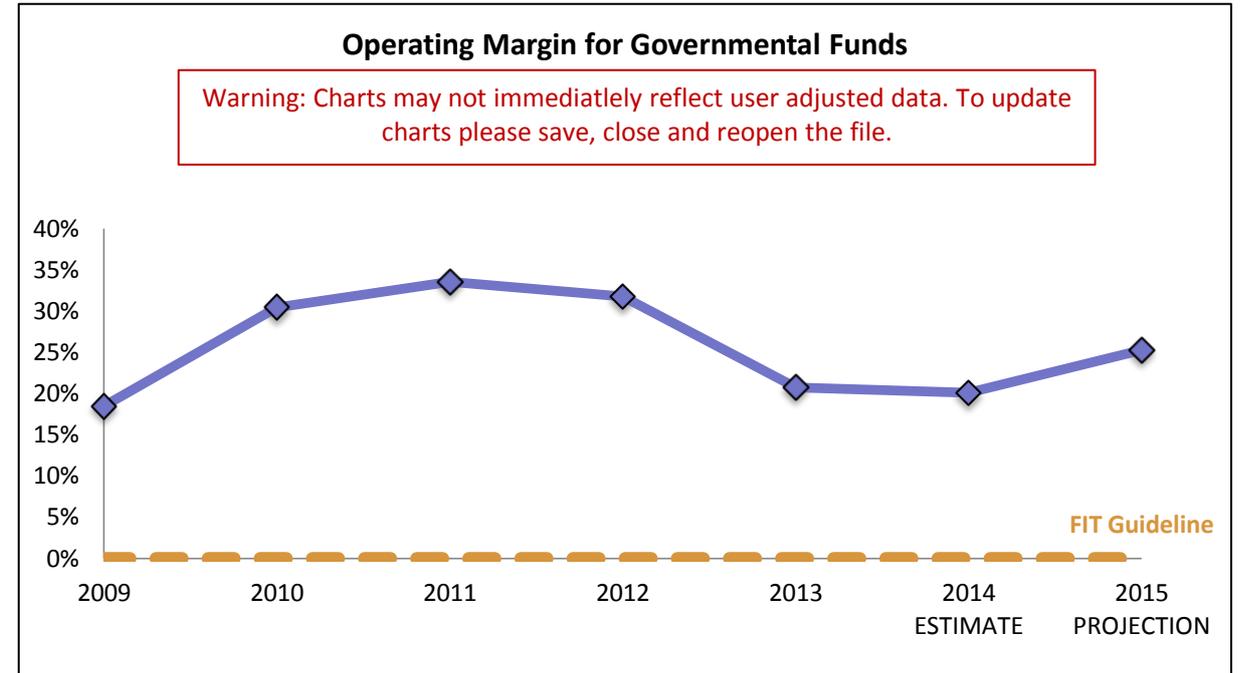
[Back to Snapshot](#)

Are governmental activities sustainable?

This ratio shows the margin between money received (revenue from taxes, fees, and other non-borrowed funding) and money spent (for example: costs of providing services, interest paid on loans, or payments to service providers) for total governmental funds. Figures exclude capital outlay and other financing sources to show whether receipts were sufficient to cover spending on operations and debt service.

Positive margins suggest that receipts were sufficient to cover operational spending, leaving additional funds to contribute toward capital outlays, transfers, increases in fund balances or other uses. Negative margins imply that the government may not be living within its means. In the future, it will need to increase revenue or decrease spending.

These results should be evaluated with the Change in Cash Position ratio, which does include the effects of capital outlay and other financing sources and uses.



$$\text{Operating Margin} = \frac{\text{Operating Revenues} - (\text{Operating Expenditures} + \text{Debt Service})}{\text{Operating Revenues}}$$

Dark blue highlighted cells are not adjustable. They contain original Annual Financial Report data or calculations. Add your own data in the light blue cells for future years or make adjustments in any year (see Handbook for more info) Yellow cells have been adjusted by a user

Underlying Data Elements (See handbook for more information)	2009	2010	2011	2012	2013	2014 ESTIMATE	2015 PROJECTION
TAXES	\$ 3,943,104	\$ 3,860,290	\$ 5,463,801	\$ 5,319,095	\$ 5,366,959	\$ 6,363,301	\$ 5,617,431
LICENSES and PERMITS	\$ 227,897	\$ 342,109	\$ 398,589	\$ 535,578	\$ 571,831	\$ 597,866	\$ 451,000
INTERGOVERNMENTAL REVENUES	\$ 445,236	\$ 829,920	\$ 580,420	\$ 338,734	\$ 574,115	\$ 381,263	\$ 1,810,735
CHARGES for GOODS and SERVICES	\$ 145,808	\$ 236,960	\$ 177,580	\$ 202,372	\$ 299,116	\$ 631,091	\$ 593,122
FINES and PENALTIES	\$ 79,264	\$ 79,528	\$ 76,429	\$ 71,695	\$ 60,237	\$ 49,970	\$ 55,650
MISCELLANEOUS REVENUES	\$ 50,143	\$ 28,847	\$ 19,829	\$ 69,744	\$ 33,649	\$ 127,058	\$ 119,804
Total Operating Revenues calculated	\$ 4,891,452	\$ 5,377,654	\$ 6,716,648	\$ 6,537,218	\$ 6,905,908	\$ 8,150,550	\$ 8,647,742
Adjustment: Total Operating Revenues +(-)							
Operating Expenditures	\$ 3,471,453	\$ 3,236,971	\$ 3,419,032	\$ 4,013,484	\$ 5,027,157	\$ 5,608,096	\$ 6,133,923
Adjustment: Operating Expenditures +(-)							
Debt Service	\$ 517,167	\$ 504,505	\$ 1,046,503	\$ 447,165	\$ 447,165	\$ 906,596	\$ 329,532
Adjustment: Debt Service +(-)							
Net Operating Revenues (deficit) calculated	\$ 902,832	\$ 1,636,178	\$ 2,251,113	\$ 2,076,569	\$ 1,431,586	\$ 1,635,858	\$ 2,184,287
RATIO: Operating Margin	18.5%	30.4%	33.5%	31.8%	20.7%	20.1%	25.3%

Change in Cash Position (All Governmental Funds)

Financial Intelligence Tool

Gov Name:
Year:
2013 Value Meets Guideline?:
FIT Guideline:
Includes User Adjusted Data?

City of Liberty Lake
2013
NO
greater than 0%
YES

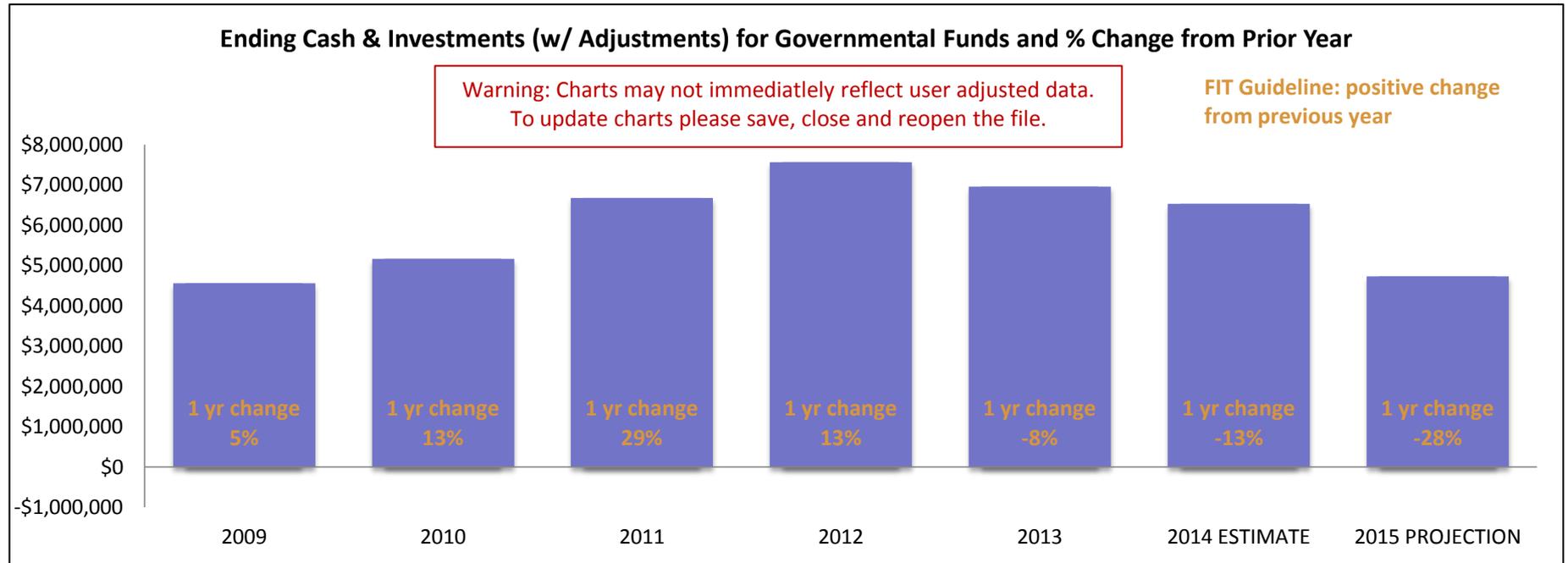
[Need Help? Open the Financial Intelligence Tool Handbook](#)

[Back to Snapshot](#)

Did the cash position of governmental funds improve or decline?

This ratio shows the percent change in ending cash and investments compared to earlier years for all governmental funds combined. Unlike the Operating Margin, this figure includes all changes to cash position. It adds activity for capital outlays and other financing sources and uses.

To identify the major cause(s) of an overall change in cash position, you should evaluate the changes made – line item by line item – for each governmental fund. Be sure to include both revenue and expenditures.



$$\text{Percent Change in Cash} = \frac{(\text{Ending Cash and Investments} - \text{Beginning Cash and Investments})}{\text{Beginning Cash and Investments}}$$

Dark blue highlighted cells are not adjustable. They contain original Annual Financial Report data or locked calculations.

Add your own data in the light blue cells for future years or make adjustments in any year (see Handbook for more info)

Yellow cells have been adjusted by a user

Underlying Data Elements (See handbook for more information)	2009	2010	2011	2012	2013	2014 ESTIMATE	2015 PROJECTION
Beginning Cash & Investments	\$ 4,320,050	\$ 4,555,793	\$ 5,162,265	\$ 6,678,554	\$ 7,569,619	\$ 7,472,412	\$ 6,531,670
Adjustment: Beginning Cash & Investments +(-)							
LESS: beginning interfund loans							
Ending Cash & Investments	\$ 4,555,788	\$ 5,162,250	\$ 6,678,557	\$ 7,569,615	\$ 6,957,984	\$ 6,531,670	\$ 4,728,548
Adjustment: Ending Cash and Investments +(-)							
Adjusted Ending Cash & Investments	\$ 4,555,788	\$ 5,162,250	\$ 6,678,557	\$ 7,569,615	\$ 6,957,984	\$ 6,531,670	\$ 4,728,548
LESS: ending interfund loans							
Change in Cash Position <i>calculated</i>	\$ 235,738	\$ 606,457	\$ 1,516,292	\$ 891,061	\$ (611,635)	\$ (940,742)	\$ (1,803,122)
RATIO: Percent Change in Cash	5%	13%	29%	13%	-8%	-13%	-28%

Debt Load

(All Governmental Funds)

[Need Help? Open the Financial Intelligence Tool Handbook](#)

[Back to Snapshot](#)

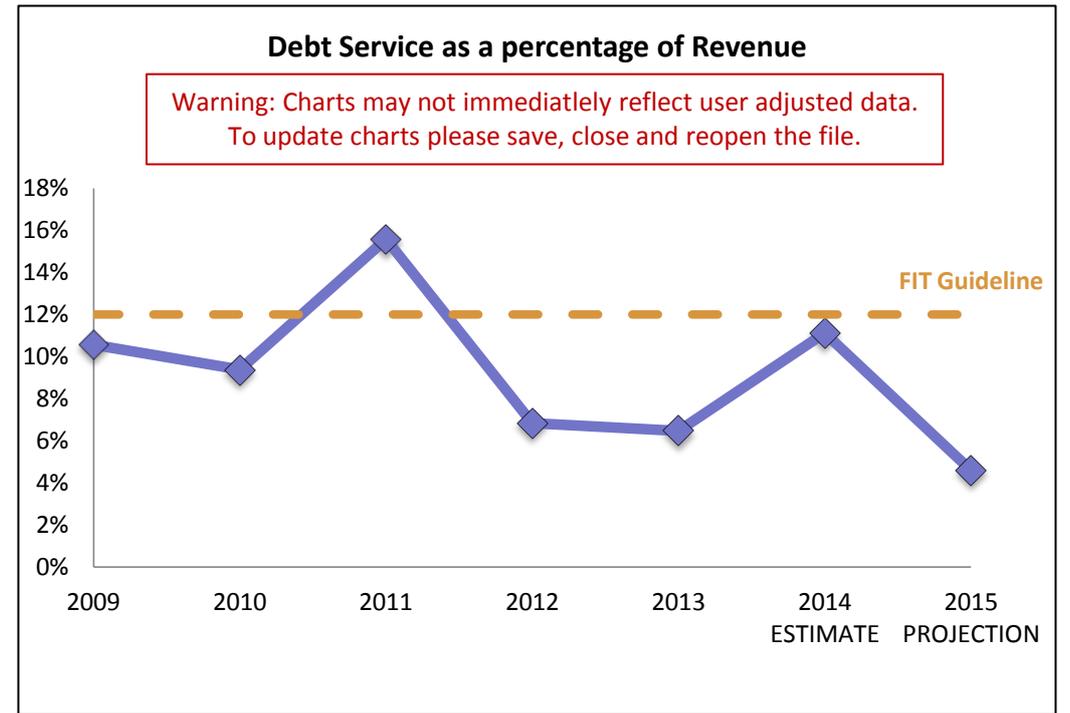
Gov Name: City of Liberty Lake
 Year: 2013
 2013 Value Meets Guideline?: YES
 FIT Guideline: less than 12%
 Includes User Adjusted Data? **YES**

How much governmental fund revenues are going toward debt payments?

This ratio shows the percent of the total governmental fund revenues that are used to pay the principal and interest on loans and other debt.

Debt service represents "money already spent." Therefore, the higher this ratio, the less flexibility a government has for future spending needs or opportunities. Four factors should be considered as you review this chart:

- 1. The length of debt maturities. For example, a high debt load may not be a serious limitation if debt will soon be paid off. However, a high load that will not mature for 15 or 20 years may significantly limit the government's future flexibility.
- 2. The nature of the debt, and whether it is for operating purposes or capital purposes. (Note: some government types may be prohibited from using debt for operating purposes.)
- 3. Whether outstanding debt has any significant balloon payments or back-loaded principal payments. If so, debt service may be much higher in future years.
- 4 Legal debt requirements. The amount of debt a government may incur is limited by the State constitution (Article VIII, Section 6) and laws related to each government type. Meeting the FIT guideline does not mean that your government complies with legal debt limit requirements. Each government is responsible to calculate its legally available debt capacity prior to issuance of debt. Please consult the BARS manual for additional information.



$$Debt\ Service\ Load = \frac{Debt\ Service\ (Principal\ and\ Interest)}{Operating\ Revenue}$$

Dark blue highlighted cells are not adjustable. They contain original Annual Financial Report data or locked calculations.

Add your own data in the light blue cells for future years or make adjustments in any year (see Handbook for more info)

Yellow cells have been adjusted by a user

Underlying Data Elements (See handbook for more information)	2009	2010	2011	2012	2013	2014 ESTIMATE	2015 PROJECTION
Principal Payments	\$ 324,253	\$ 328,182	\$ 879,710	\$ 328,546	\$ 343,909	\$ 830,129	\$ 278,605
Adjustment: Principal Payments +(-)							
Interest Payments	\$ 192,914	\$ 176,323	\$ 166,793	\$ 118,619	\$ 103,255	\$ 76,431	\$ 50,926
Adjustment: Interest Payments +(-)							
Governmental Fund Revenues	\$ 4,891,452	\$ 5,377,654	\$ 6,716,648	\$ 6,537,218	\$ 6,905,908	\$ 8,150,550	\$ 8,647,742
Adjustment: Governmental Fund Revenues +(-)							\$ (1,483,855)
RATIO: Debt Service Load	10.6%	9.4%	15.6%	6.8%	6.5%	11.1%	4.6%

Enterprise Fund Self-Sufficiency (All Enterprise Funds)

Financial Intelligence Tool

Gov Name: City of Liberty Lake
 Year: 2013
 2013 Value Meets Guideline?: YES
 FIT Guideline: greater than 0%
 Includes User Adjusted Data? YES

[Need Help? Open the Financial Intelligence Tool Handbook](#)

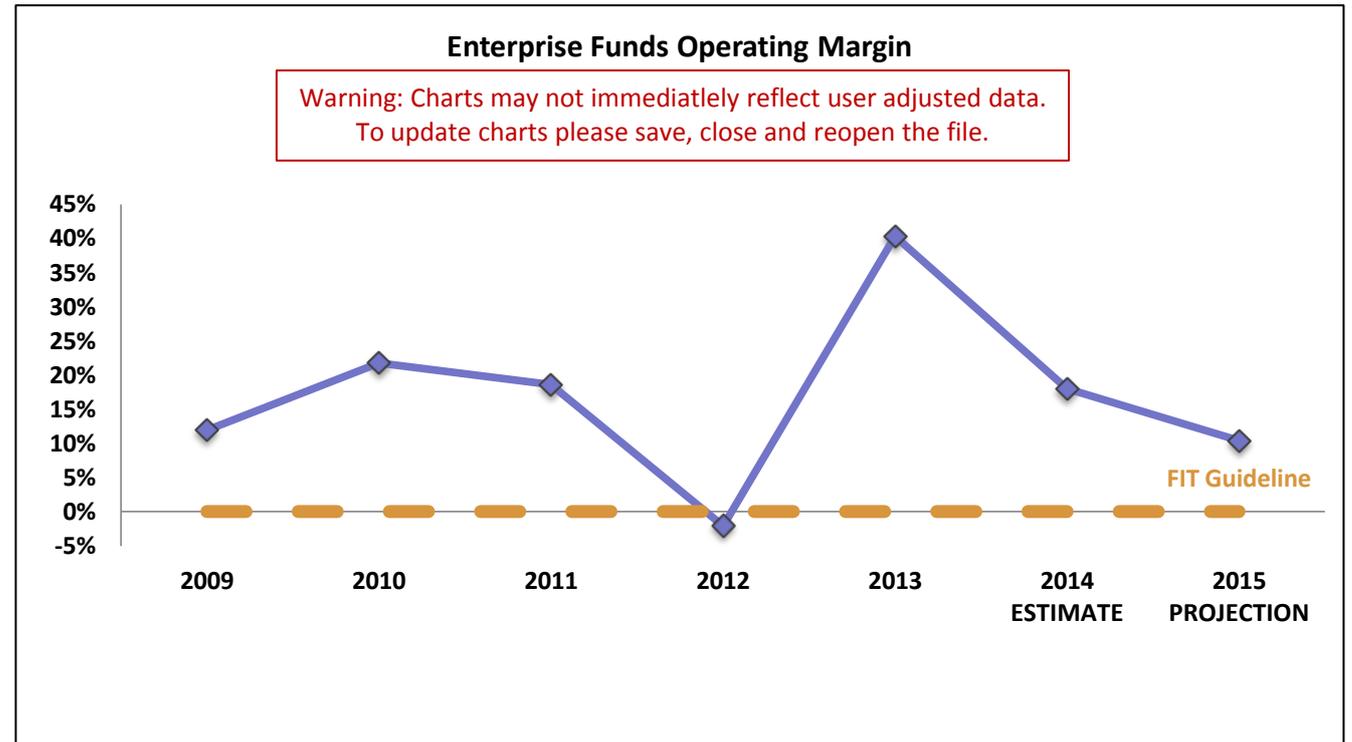
[Back to Snapshot](#)

Are enterprise funds supporting themselves?

This ratio shows is calculated the same way as the operating margin ratio, except that it only shows enterprise funds. Enterprise funds are excluded from the other ratios in this workbook - which focus on general government - because enterprise funds are expected to recover their own costs through charges for services or other revenues collected by that fund. For example, a community center might be expected to pay heat, light and staff costs from the rental fees charged to use it.

A ratio greater than 0 indicates that enterprise funds as a whole were successful in recovering the full costs of service through charges for services or other receipts. A ratio less than 0 indicates that enterprise funds had to borrow from the past (by spending down assets or fund balance), borrow from the future (by increasing liabilities), or be subsidized by governmental funds through transfers.

While the ratio shows coverage in total, an important factor to consider is whether any transfers or loans were required for individual enterprise funds.



$$\text{Ent Fund Operating Margin} = \frac{\text{Operating Revenues} - (\text{Operating Expenses} + \text{Debt Service})}{\text{Operating Revenues}}$$

Dark blue highlighted cells are not adjustable. They contain original Annual Financial Report data or locked calculations.

Add your own data in the light blue cells for future years or make adjustments in any year (see Handbook for more info)

Yellow cells have been adjusted by a user

Underlying Data Elements (See handbook for more information)	2009	2010	2011	2012	2013	2014 ESTIMATE	2015 PROJECTION
Ent Fund Operating Revenue	\$ 474,038	\$ 476,404	\$ 403,299	\$ 391,461	\$ 633,271	\$ 580,576	\$ 525,520
Adjustment: Ent Fund Operating Revenue +/-							
Ent Fund Operating Expenses	\$ 417,360	\$ 372,279	\$ 328,258	\$ 399,585	\$ 378,031	\$ 476,079	\$ 470,986
Adjustment: Ent Fund Operating Expenses +/-							
Ent Fund Debt Service	\$ -	\$ 302	\$ -	\$ -	\$ -		
Adjustment: Ent Fund Expenses +/-							
Ent Fund Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -		
Adjustment: Ent Fund Transfers In +/-							
Ent Fund Transfers Out	\$ 1,430	\$ 33,000	\$ 20,000	\$ -	\$ -		
Adjustment: Ent Fund Transfers Out +/-							
Net Enterprise Fund Transfers In (Out) calculated	\$ (1,430)	\$ (33,000)	\$ (20,000)	\$ -	\$ -	\$ -	\$ -
RATIO: Ent Fund Operating Margin	12%	22%	19%	-2%	40%	18%	10%