



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements Audit Report

## City of Liberty Lake

For the period January 1, 2024 through December 31, 2024

*Published November 24, 2025*

Report No. 1038513



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**Office of the Washington State Auditor  
Pat McCarthy**

November 24, 2025

Mayor and City Council  
City of Liberty Lake  
Liberty Lake, Washington

**Report on Financial Statements**

Please find attached our report on the City of Liberty Lake's financial statements.

We are issuing this report in order to provide information on the City's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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## INDEPENDENT AUDITOR'S REPORT

### Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

#### City of Liberty Lake January 1, 2024 through December 31, 2024

Mayor and City Council  
City of Liberty Lake  
Liberty Lake, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of Liberty Lake, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated November 18, 2025.

We issued an unmodified opinion on the fair presentation of the City's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the City using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

## **REPORT ON COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this

report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized initial "P".

Pat McCarthy, State Auditor

Olympia, WA

November 18, 2025

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **City of Liberty Lake January 1, 2024 through December 31, 2024**

Mayor and City Council  
City of Liberty Lake  
Liberty Lake, Washington

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Unmodified and Adverse Opinions**

We have audited the financial statements of the City of Liberty Lake, as of and for the year ended December 31, 2024, and the related notes to the financial statements, as listed in the financial section of our report.

### **Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)**

As described in Note 1, the City has prepared these financial statements to meet the financial reporting requirements of state law and accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the City of Liberty Lake, and its changes in cash and investments, for the year ended December 31, 2024, on the basis of accounting described in Note 1.

### **Adverse Opinion on U.S. GAAP**

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Liberty Lake, as of December 31, 2024, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

## **Basis for Unmodified and Adverse Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit unmodified and adverse opinions.

## **Matter Giving Rise to Adverse Opinion on U.S. GAAP**

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the City in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

## **Matters of Emphasis**

As discussed in Note 1 to the financial statements, in 2024, the City adopted new accounting guidance for reporting the compensated absences liability as required by the BARS Manual. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS Manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's financial statements. The Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS manual. This schedule is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to

prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2025 on our consideration of the City's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pat McCarthy, State Auditor

Olympia, WA

November 18, 2025

**City of Liberty Lake  
January 1, 2024 through December 31, 2024**

**FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2024  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2024  
Notes to the Financial Statements – 2024

**SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2024

**City of Liberty Lake**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2024**

		<b>Total for All Funds (Memo Only)</b>	<b>001 General Fund</b>	<b>110 Street Fund</b>	<b>115 Tourism Promotion Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	15,097,832	7,127,052	443,050	247,408
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	12,797,399	9,894,516	1,351,270	87,338
320	Licenses and Permits	1,289,765	1,289,765	-	-
330	Intergovernmental Revenues	5,249,424	3,590,449	249,615	-
340	Charges for Goods and Services	2,155,869	635,465	-	-
350	Fines and Penalties	47,749	47,749	-	-
360	Miscellaneous Revenues	1,398,444	740,811	25,971	14,878
Total Revenues:		<u>22,938,650</u>	<u>16,198,755</u>	<u>1,626,856</u>	<u>102,216</u>
<b>Expenditures</b>					
510	General Government	2,730,600	2,675,098	-	-
520	Public Safety	4,676,909	4,676,909	-	-
530	Utilities	67,924	-	-	-
540	Transportation	864,431	-	864,431	-
550	Natural/Economic Environment	1,781,034	1,667,066	3,469	55,000
560	Social Services	2,844	2,844	-	-
570	Culture and Recreation	3,760,693	2,745,686	-	-
Total Expenditures:		<u>13,884,435</u>	<u>11,767,603</u>	<u>867,900</u>	<u>55,000</u>
Excess (Deficiency) Revenues over Expenditures:		9,054,215	4,431,152	758,956	47,216
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	718,426	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	23,934	9,152	14,782	-
Total Other Increases in Fund Resources:		<u>742,360</u>	<u>9,152</u>	<u>14,782</u>	<u>-</u>
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	4,623,894	1,047,312	59,216	-
591-593, 599	Debt Service	593,082	62,664	86,476	-
597	Transfers-Out	718,426	48,426	200,000	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	(550)	(550)	-	-
Total Other Decreases in Fund Resources:		<u>5,934,852</u>	<u>1,157,852</u>	<u>345,692</u>	<u>-</u>
<b>Increase (Decrease) in Cash and Investments:</b>		<b><u>3,861,723</u></b>	<b><u>3,282,452</u></b>	<b><u>428,046</u></b>	<b><u>47,216</u></b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	4,678,553	-	-	294,625
50841	Committed	2,766,263	1,807,744	-	-
50851	Assigned	2,970,380	57,398	871,097	-
50891	Unassigned	8,544,359	8,544,359	-	-
<b>Total Ending Cash and Investments</b>		<b><u>18,959,555</u></b>	<b><u>10,409,501</u></b>	<b><u>871,097</u></b>	<b><u>294,625</u></b>

The accompanying notes are an integral part of this statement.

**City of Liberty Lake**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2024**

		<b>116 Tourism Promotion Capital Fund</b>	<b>117 Tourism Promotion Area (TPA)</b>	<b>310 REET 1 Capital Projects Fund</b>	<b>311 REET 2 Special Capital Projects Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	401,445	-	1,019,321	1,905,334
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	56,784	-	656,744	624,089
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	1,344,934	-
340	Charges for Goods and Services	-	53,150	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	22,557	1,048	88,937	111,017
Total Revenues:		79,341	54,198	2,090,615	735,106
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	54,199	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	54,199	-	-
Excess (Deficiency) Revenues over Expenditures:		79,341	(1)	2,090,615	735,106
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	299,791	1,378,559
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	400,000	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	699,791	1,378,559
<b>Increase (Decrease) in Cash and Investments:</b>		<b>79,341</b>	<b>(1)</b>	<b>1,390,824</b>	<b>(643,453)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	480,786	-	2,410,143	1,261,881
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>480,786</b>	<b>-</b>	<b>2,410,143</b>	<b>1,261,881</b>

The accompanying notes are an integral part of this statement.

**City of Liberty Lake**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2024**

	<b>312 Street Capital Fund</b>	<b>319 Henry Rd Project From Mission To</b>	<b>320 Harvard Road Mitigation Fund</b>	<b>330 Library Capital Fund</b>	
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	614,026	12,586	471,561	258,538
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	285,661	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	29,584	640	24,129	93,374
Total Revenues:		29,584	640	309,790	93,374
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		29,584	640	309,790	93,374
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	200,000	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		200,000	-	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	116,950	-	267,057	49,861
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		116,950	-	267,057	49,861
<b>Increase (Decrease) in Cash and Investments:</b>		<b>112,634</b>	<b>640</b>	<b>42,733</b>	<b>43,513</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	-	514,293	-
50851	Assigned	726,662	13,226	-	302,051
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>726,662</b>	<b>13,226</b>	<b>514,293</b>	<b>302,051</b>

The accompanying notes are an integral part of this statement.

**City of Liberty Lake**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2024**

	<b>331 Municipal Facilities Fund Master Plan</b>	<b>334 Police Capital Fund</b>	<b>335 Community Messaging Fund</b>	<b>336 Underground Utility Fund</b>	
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	296,017	139,310	98,417	89,661
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	15,820	6,241	5,259	3,456
Total Revenues:		<u>15,820</u>	<u>6,241</u>	<u>5,259</u>	<u>3,456</u>
<b>Expenditures</b>					
510	General Government	58	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>58</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) Revenues over Expenditures:		15,762	6,241	5,259	3,456
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	25,000
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	<u>25,000</u>
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	72,175	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	<u>72,175</u>	<u>-</u>	<u>-</u>
<b>Increase (Decrease) in Cash and Investments:</b>		<b>15,762</b>	<b>(65,934)</b>	<b>5,259</b>	<b>28,456</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	-	103,676	118,116
50851	Assigned	311,779	73,376	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>311,779</b>	<b>73,376</b>	<b>103,676</b>	<b>118,116</b>

The accompanying notes are an integral part of this statement.

**City of Liberty Lake**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2024**

		<b>337 Building Contingency Fund</b>	<b>338 Trailhead Improvements Project Fund</b>	<b>410 Stormwater Utility Fund</b>	<b>411 Aquifer Protection Fund</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	125,400	876,785	92,773	205,102
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	95,536	31,122
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	32,213	32,213
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	6,114	6,189	5,188	9,549
Total Revenues:		6,114	6,189	132,937	72,884
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	67,652	272
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	53	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	67,705	272
Excess (Deficiency) Revenues over Expenditures:		6,114	6,189	65,232	72,612
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	470,000	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	470,000	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	862,975	67,084	46,597
591-593, 599	Debt Service	-	443,942	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	1,306,917	67,084	46,597
<b>Increase (Decrease) in Cash and Investments:</b>		<b>6,114</b>	<b>(830,728)</b>	<b>(1,852)</b>	<b>26,015</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	231,118
50841	Committed	131,514	-	90,920	-
50851	Assigned	-	46,056	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>131,514</b>	<b>46,056</b>	<b>90,920</b>	<b>231,118</b>

The accompanying notes are an integral part of this statement.

**City of Liberty Lake**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2024**

		<b>420 Golf Operations Fund</b>	<b>501 Unemployment Fund</b>	<b>502 Medical Reimbursement (Bridge) Fund</b>
<b>Beginning Cash and Investments</b>				
308	Beginning Cash and Investments	500,736	-	173,310
388 / 588	Net Adjustments	-	-	-
<b>Revenues</b>				
310	Taxes	-	-	-
320	Licenses and Permits	-	-	-
330	Intergovernmental Revenues	-	-	-
340	Charges for Goods and Services	1,180,124	1,469	-
350	Fines and Penalties	-	-	-
360	Miscellaneous Revenues	180,499	-	7,183
Total Revenues:		1,360,623	1,469	7,183
<b>Expenditures</b>				
510	General Government	-	1,469	53,975
520	Public Safety	-	-	-
530	Utilities	-	-	-
540	Transportation	-	-	-
550	Natural/Economic Environment	1,247	-	-
560	Social Services	-	-	-
570	Culture and Recreation	1,015,007	-	-
Total Expenditures:		1,016,254	1,469	53,975
Excess (Deficiency) Revenues over Expenditures:		344,369	-	(46,792)
<b>Other Increases in Fund Resources</b>				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	-	-	23,426
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-
Total Other Increases in Fund Resources:		-	-	23,426
<b>Other Decreases in Fund Resources</b>				
594-595	Capital Expenditures	356,317	-	-
591-593, 599	Debt Service	-	-	-
597	Transfers-Out	70,000	-	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	-	-	-
Total Other Decreases in Fund Resources:		426,317	-	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(81,948)</b>	<b>-</b>	<b>(23,366)</b>
<b>Ending Cash and Investments</b>				
50821	Nonspendable	-	-	-
50831	Restricted	-	-	-
50841	Committed	-	-	-
50851	Assigned	418,791	-	149,944
50891	Unassigned	-	-	-
<b>Total Ending Cash and Investments</b>		<b>418,791</b>	<b>-</b>	<b>149,944</b>

The accompanying notes are an integral part of this statement.

**City of Liberty Lake**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2024**

		<u>Custodial</u>
308	Beginning Cash and Investments	-
388 & 588	Net Adjustments	-
310-390	Additions	66,545
510-590	Deductions	66,545
	Net Increase (Decrease) in Cash and Investments:	-
508	Ending Cash and Investments	-

*The accompanying notes are an integral part of this statement.*

**City of Liberty Lake**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2024**

**Note 1 - Summary of Significant Accounting Policies**

The City of Liberty Lake was incorporated on August 31, 2001, and operates under the laws of the state of Washington applicable to a second-class city with a mayor-council form of government. The city is a general purpose local government and provides general government services including public safety, library, street maintenance and improvements, parks and recreation, planning, zoning, code enforcement, and general administrative services. In addition, the city owns and operates a golf course.

The city reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are presented using classifications that are different from the ending net position classifications in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Parks & Arts Fund 111 – Rolled into General Fund

Restricted Reservice Fund 120 – Rolled into General Fund

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

**City of Liberty Lake**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2024**

Streets Fund 110  
Tourism Promotion Fund 115  
Tourism Promotion Capital Fund 116  
Tourism Promotion Area Fund 117

Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

REET 1 Capital Projects Fund 310	Municipal Facilities Master Plan 331
REET 2 Special Capital 311	Police Capital Fund 334
Street Capital Fund 312	Community Messaging Fund 335
Henry Rd Mission to Appleway 319	Underground Utility Fund 336
Harvard Road Mitigation Fund 320	Building Contingency Fund 337
Library Capital Fund 330	Trailhead Improvements Fund 338

**PROPRIETARY FUND TYPES:**

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

Stormwater Utility Fund 410  
Aquifer Protection Fund 411  
Golf Operations Fund 420

Internal Service Funds

These funds account for operations that provide goods or services to other departments or funds of the government on a cost reimbursement basis.

Unemployment Fund 501  
Medical Reimbursement Fund 502

**FIDUCIARY FUND TYPES:**

Fiduciary funds account for assets held by the government in a trustee capacity or as a custodian on behalf of others.

**City of Liberty Lake**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2024**

Custodial Funds

These funds are used to account assets that the government holds on behalf of others in a custodial capacity.

Custodial Fund-State of Washington Collections Fund 630

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

In accordance with state law the city also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Cash and Investments

It is the city's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds. For further information see Note 3 - *Deposits and Investments*.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5000 and an estimated useful life in excess of one year. Capital assets and inventory are recorded as capital expenditures/expenses when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 240 hours and is payable upon separation or retirement for non-represented employees, and 320 hours for union employees with the Liberty Lake Police Department. There is no maximum accrual of sick leave for non-represented and represented employees. Upon separation or retirement, non-represented employees do not receive payment for unused sick leave. Accrued sick leave, up to a maximum of 640 hours, will be payable upon the official retirement or death of a union employee with the Liberty Lake Police Department. Payments are recognized as expenditures when paid.

In 2024, the City implemented a new accounting standard, GASB101, related to compensated absences as required by the BARS manual.

F. Liabilities

See Note 6 – *Long-Term Liabilities* and Note 8 – *Pension Plans*

G. Leases and Subscription Based Information Technology Arrangements (SBITA)

Leases are reported as liabilities regardless of the total cost of payments over the life of the lease. SBITAs are reported as liabilities regardless of the total cost of payments over the life of the SBITA. For more information see Note 4 – *Leases* and Note 5 – *SBITA*.

H. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by Ordinance 21

**City of Liberty Lake**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2024**

or Resolution of the City Council. When expenditures that meet restrictions are incurred, the city intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of:

<b>Fund</b>	<b>Amount</b>	<b>Reason for Reserved Fund Balance</b>
001 - General Fund	\$1,807,744.37	Ordinance No. 04, 107-D, 131-C, Opioid abatement funds, Affordable and supportive housing funds
115 - Tourism Promotion Fund	\$294,624.60	Ordinance No. 17
116 - Tourism Promotion Capital Fund	\$480,785.55	Ordinance No. 17-B
310 - REET 1 Capital Projects Fund	\$2,410,143.10	Ordinance No. 15
311 - REET 2 Special Capital Projects Fund	\$1,261,881.18	Ordinance No. 16
320 - Harvard Road Mitigation Fund	\$514,293.32	Ordinance No. 83
335 - Community Messaging Fund	\$103,676.16	Ordinance No. 226
336 - Underground Utility Fund	\$118,116.48	Ordinance No. 226
337 - Building Contingency Fund	\$131,514.05	Ordinance No. 226
410 - Stormwater Utility Fund	\$90,919.75	Ordinance No. 88A
411 - Aquifer Protection Fund	\$231,117.53	Ordinance No. 208
420 - Golf Operations Fund	\$400.00	Ordinance No. 116A

**Note 2 - Budget Compliance**

The City adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follows:

**City of Liberty Lake**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2024**

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance
001 - General Fund			
General Fund	14,141,822.00	12,904,645.98	1,237,176.02
111 - Parks & Art Fund	79,000.00	20,810.87	58,189.13
Total 001 - General Fund	14,220,822.00	12,925,456.85	1,295,365.15
110 - Street Fund	1,611,620.00	1,213,591.86	398,028.14
115 - Tourism Promotion Fund	250,000.00	55,000.00	195,000.00
117 - Tourism Promotion Area (TPA)	141,146.00	54,198.89	86,947.11
310 - REET 1 Capital Projects Fund	1,281,992.00	699,791.65	582,200.35
311 - REET 2 Special Capital Projects Fund	1,690,680.00	1,378,559.34	312,120.66
312 - Street Capital Fund	563,683.00	116,948.95	446,734.05
319 - Henry Rd Project From Mission To Appleway	11,758.00	0.00	11,758.00
320 - Harvard Road Mitigation Fund	316,000.00	267,057.14	48,942.86
330 - Library Capital Fund	180,794.00	49,860.57	130,933.43
331 - Municipal Facilities Fund Master Plan	296,268.00	57.70	296,210.30
334 - Police Capital Fund	75,000.00	72,174.75	2,825.25
337 - Building Contingency Fund	125,000.00	0.00	125,000.00
338 - Trailhead Improvements Project Fund	1,307,388.00	1,306,917.47	470.53
410 - Stormwater Utility Fund	150,909.00	134,790.22	16,118.78
411 - Aquifer Protection Fund	237,450.00	46,868.43	190,581.57
420 - Golf Operations Fund	1,444,201.00	1,442,569.77	1,631.23
501 - Unemployment Fund	15,000.00	1,468.86	13,531.14
502 - Medical Reimbursement (Bridge) Fund	175,000.00	53,975.02	121,024.98
630 - Custodial Fund-State Of Washington Collections/remittances	81,000.00	66,544.96	14,455.04

\*Transfer from 001 General Fund to 111 Parks & Arts Fund of \$55,104.00 is not included in table above.

Budgeted amounts are authorized to be transferred between departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City’s legislative body.

**Note 3 – Deposits and Investments**

Investments are reported at amortized cost. Deposits and investments by type at December 31, 2024 are as follows:

Type of Deposit or Investment	
Bank deposits	\$ 1,074,723.03
Revolving Petty Cash/Change Funds	\$ 834.00
Local Government Investment Pool	\$ 17,551,085.85
CD(s)	\$ 332,911.08
<b>TOTAL</b>	<b>\$ 18,959,553.96</b>

**City of Liberty Lake**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2024**

It is the City's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

Investments in the State Local Government Investment Pool (LGIP)

The city is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at [www.tre.wa.gov](http://www.tre.wa.gov).

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the city would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The city's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

All investments are insured, registered or held by the city or its agent in the government's name.

**Note 4 – Leases (Lessees)**

During the year ended 12/31/2024, the city followed the guidance for the presentation and disclosure of leases, as required by BARS manual. This requirement resulted in the addition of the following liabilities reported on the Schedule of Liabilities.

The city leased a John Deere 310SL Backhoe Loader from Deere Credit Inc. This lease ended in 2024. The city did not exercise their option to purchase, and no payment was made in 2024.

The city leased a 2021 Caterpillar 140AWD Motor Grader from Summit National Bank. This lease ended in 2024. The city did not exercise their option to purchase, and no payment was made in 2024.

The city leased two (2) 2021 Caterpillar 926M Wheel Loaders from Summit National Bank. This lease ended in 2024. The city did not exercise their option to purchase, and no payment was made in 2024.

The city leases a Kyocera color digital system printer from Leaf Capital Funding for \$159.63 per month. The lease began March 1, 2024 and will end May 31, 2029.

**City of Liberty Lake**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2024**

The city leases body cameras from Axon Enterprise Inc. for \$21,432.00 annually. The lease began in March 2022 and terminates March 2026. Additionally, we accounted for an add-on bundle to this lease agreement that increased the ending balance in the amount of \$7,245.00. This add-on increased the annual payment in 2024 by \$2,318.32.

The city leases tasers from Axon Enterprise Inc. for \$69,812.11 annually, the first year in the amount of \$15,082.32. The lease began in July 2024 and terminates July 2028.

The city leases two (2) 2024 Caterpillar 926M loaders from Summit National Bank for \$20,207.89 each (includes interest and sales tax) annually. Prior to October 1, 2027, the city has the option to purchase the Small Wheel Loaders for \$165,000 + \$14,850 WA sales tax = \$179,850 each. In 2024, the city did not determine the purchase option to be exercised.

The city leases a 2024 Caterpillar 140 AWD motor grader from Summit National Bank for \$39,855.56 (includes interest and sales tax) annually. Prior to October 1, 2027, the city has the option to purchase the Motor Graders for \$270,000 + \$24,300 WA sales tax = \$294,300. In 2024, the city did not determine the purchase option to be exercised.

The city leases a 2024 Caterpillar 903 loader from Summit National Bank for \$13,987.64 (includes interest and sales tax) annually. Prior to September 1, 2027, the city has the option to purchase the Small Wheel Loader for \$54,999.99 + \$4,949.91 WA sales tax = \$59,949.90. In 2024, the city did not determine the purchase option to be exercised.

The total amount paid for leases in 2024 was \$126,351.00

As of December 31, 2024, the future minimum Lease payments are as follows:

Year ended December 31	Total
2025	\$ 130,279.94
2026	\$ 133,015.75
2027	\$ 680,440.17
2028-2029	\$ 72,366.19
	<u>\$ 1,016,102.05</u>

**Note 5 – SBITA (Lessees)**

During the year ended 12/31/2024, the city followed the guidance for the presentation and disclosure of Subscription Based Information Technology Arrangements, as required by BARS manual. This requirement resulted in the addition of the following liabilities reported on the Schedule of Liabilities.

The city uses Ameresco for Asset Planning Management Software. The agreement for this subscription began in 2024 with an initial term of five years. Payments are due annually, the total amount due the first year is \$4,984.00 and costs will increase three percent each year due to an inflationary increase.

**City of Liberty Lake**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2024**

The Liberty Lake Police Department continued to use PowerDMS for officer scheduling. This arrangement began December 2023 and is a 24-month agreement. The total cost of this arrangement will be \$5,805.00. The first payment was due in the amount of \$3,180.00 in 2024, leaving a balance on the agreement of \$2,625.00. This balance was then paid in November 2024, fulfilling our obligation to this arrangement.

The city partners with Zencity for use of priority-based budgeting software. This agreement began in February 2023 with a 24-month agreement. The total cost of this arrangement will be \$24,000. In 2024, the city paid the final installment of the agreement.

The total amount paid for SBITAs in 2024 was \$22,789.00

As of December 31, 2024, the future minimum SBITA payments are as follows:

Year ended December 31		
2025	\$	5,134.00
2026	\$	5,288.00
2027	\$	5,447.00
2028	\$	5,610.00
	\$	<u>21,479.00</u>

**Note 6 – Long-Term Liabilities**

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the city and summarizes the city's debt transactions for year ended December 31, 2024.

The debt service requirements for general obligation bonds are as follows:

**City of Liberty Lake**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2024**

	Principal	Interest	Total
2025	\$ 218,400.00	\$ 225,552.16	\$ 443,952.16
2026	\$ 227,150.00	\$ 216,772.48	\$ 443,922.48
2027	\$ 236,300.00	\$ 207,641.04	\$ 443,941.04
2028	\$ 245,800.00	\$ 198,141.78	\$ 443,941.78
2029	\$ 255,650.00	\$ 188,260.62	\$ 443,910.62
2030-2034	\$ 1,441,050.00	\$ 778,619.76	\$ 2,219,669.76
2035-2039	\$ 1,754,950.00	\$ 464,730.12	\$ 2,219,680.12
2040-2042	\$ 1,231,450.00	\$ 100,309.08	\$ 1,331,759.08
<b>TOTALS</b>	<b>\$ 5,610,750.00</b>	<b>\$ 2,380,027.04</b>	<b>\$ 7,990,777.04</b>

**Compensated Absences**

During the year ended December 31, 2024, the following changes occurred in compensated absences:

ID. No.	Description	Maturity/Payment Due Date __/__/20__	Beginning Balance 01/01/2024	Additions	Reductions	Ending Balance 12/31/2024
259.12	Compensated absences-Government	12/31/2024	667,265	276,733		943,998
259.12	Compensated absences-Proprietary	12/31/2024	14,038	28,805		42,843

Increase in additions due to GASB101 guidance on Compensated Absences reporting.

**Note 7 – Other Disclosures**

The City of Liberty Lake has a Tax Increment Financing (TIF) within its boundaries. In the Tax Increment Financing district located north of I-90, the City does not receive the full increase in property tax revenue resulting from new construction and improvements. For this area, 75% of property taxes above the 2006 baseline are dedicated to the TIF fund managed by Spokane County. In 2024, approximately \$472,244.85 was dedicated to the TIF fund out of the City’s regular property tax levy for infrastructure development projects. Calculations are performed by the Spokane County Treasurer’s Office in January.

**Note 8 – Pension Plans**

**A. State Sponsored Pension Plans**

Substantially all the city’s full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans Public Employees’ Retirement System (PERS) and Law Enforcement Officer’s and Fire Fighters’ Retirement System (LEOFF).

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

**City of Liberty Lake**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2024**

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

Department of Retirement Systems  
 Communications Unit  
 P.O. Box 48380  
 Olympia, WA 98540-8380

Also, the DRS ACFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

At June 30, 2024 (the measurement date of the plans), the city’s proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan	Employer Contributions	Allocation Percentage	Plan Liability / Asset	NPL	NPA
PERS 1 UAAL	106,047.09	0.01771500%	1,776,838,000	314,767	
PERS 2/3	225,648.34	0.02292500%	(3,296,573,000)		(755,739)
LEOFF 2	127,287.22	0.05195300%	(1,872,745,000)		(972,947)
		<i>Totals</i>		\$ 314,767	\$ (1,728,687)

**LEOFF Plan 2**

The city also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

**B. Defined Contribution Pension Plans**

The city participates in a 401(a) Money Purchase Plan which is a qualified defined contribution retirement plan. The plan administrator is MissionSquare Retirement (formerly ICMA-RC).

All full-time, permanent employees of the City are eligible to enroll in the 401(a) Money Purchase Plan with the exception of police officers who are members of the LEOFF Plan 2 system.

The contribution percentage rate for employees and the city and the amount the City contributed for 2024 are as follows:

Employee	Emp%	City%	CityContr
Non-represented	0.0-6.0	3.22-3.72	\$ 123,413.35
Police Officers	N/A	5.25	\$ 132,153.52

**City of Liberty Lake**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2024**

Historical trend or other information regarding the plan is presented in the MissionSquare Retirement annual financial report. A copy of this report may be obtained by writing or calling:

VantageTrust  
c/o Mission Square Retirement Corporation  
777 N. Capital St. NE  
Washington, DC 20002-4200  
202-962-4600 or 800-669-7400

**Note 9 - Property Tax**

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed after the end of each month.

Property Tax Calendar	
January 1	Tax is levied and becomes an enforceable lien against the properties.
February 14	Tax bills are mailed
April 30	First of two equal installment payments are due
May 31	Assessed value of property established for next year's levy at 100 percent of market value.
October 31	Second installment is due

Property tax revenues are recognized when cash is received by city. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The City’s regular levy for the year 2024 was \$0.8852 per \$1,000 on an assessed valuation of \$3,577,627,897 for a total regular levy of \$3,166,741.27.

Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate.

**Note 10 – Risk Management**

The City of Liberty Lake is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. As of December 31, 2024, WCIA had a total of 168 members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices, prior wrongful acts, and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

**City of Liberty Lake**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2024**

All Members are provided a separate cyber risk policy and premises pollution liability coverage group purchased by WCIA. The cyber risk policy provides coverage and separate limits for security & privacy, event management, and cyber extortion, with limits up to \$1 million and subject to member deductibles, sublimits, and a \$5 million pool aggregate. Premises pollution liability provides Members with a \$2 million incident limit and \$10 million pool aggregate subject to a \$100,000 per incident Member deductible.

Insurance for property, automobile physical damage, fidelity, inland marine, and equipment breakdown coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$1,000,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, reinsurance and other administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

The City of Liberty Lake is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014, when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2024, 268 cities/towns/non-city entities participate and have enrollment in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

**City of Liberty Lake**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2024**

In April 2020, the Board of Trustees adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical coverage. Outside of this, the AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members.

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, Willamette Dental Group, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2024, the AWC Trust HCP purchased medical stop loss insurance for Regence/Asuris and Kaiser plans at an Individual Stop Loss (ISL) of \$2 million through United States Fire Insurance Company. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

**City of Liberty Lake  
Schedule of Liabilities  
For the Year Ended December 31, 2024**

ID. No.	Debt ID Title	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
<b>General Obligation Debt/Liabilities</b>							
251.11	Non-voted General obligation bonds	Trailhead Golf Course Building	12/1/2042	5,820,700	-	209,950	5,610,750
<b>Total General Obligation Debt/Liabilities:</b>				<b>5,820,700</b>	<b>-</b>	<b>209,950</b>	<b>5,610,750</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>							
259.12	Compensated Absences	Compensated absences-Government	12/31/2024	667,265	276,733	-	943,998
259.12	Compensated Absences	Compensated absences-Proprietary	12/31/2024	14,038	28,805	-	42,843
264.30	Pension Liabilities	Net Pension Liability	12/31/2024	411,942	-	97,175	314,767
263.57	Leases, SBITA, and PPPs	Motor Grader Caterpillar 140M	1/15/2024	194,279	-	194,279	-
263.57	Leases, SBITA, and PPPs	Wheel Loader SN#5L01184	1/15/2024	116,557	-	116,557	-
263.57	Leases, SBITA, and PPPs	Wheel Loader SNW5L01185	1/15/2024	116,557	-	116,557	-
263.57	Leases, SBITA, and PPPs	Axon body cameras	3/31/2026	64,296	7,245	23,758	47,783
263.57	Leases, SBITA, and PPPs	Axon tasers	7/31/2028	22,147	271,462	14,361	279,248
263.57	Leases, SBITA, and PPPs	PowerDMS	12/4/2025	5,805	-	5,805	-
263.57	Leases, SBITA, and PPPs	ZenCity Technologies	2/21/2025	12,000	-	12,000	-
263.57	Leases, SBITA, and PPPs	Leaf Copy Machine	5/31/2029	-	10,057	1,756	8,301
263.57	Leases, SBITA, and PPPs	Ameresco-Asset Planner	5/1/2029	-	26,463	4,984	21,479
263.57	Leases, SBITA, and PPPs	2024 Caterpillar 140 AWD	10/1/2027	-	318,834	36,565	282,269

**City of Liberty Lake  
Schedule of Liabilities  
For the Year Ended December 31, 2024**

<b>ID. No.</b>	<b>Debt ID Title</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
263.57	Leases, SBITA, and PPPs	2024 Caterpillar 903	9/1/2027	-	79,986	12,833	67,153
263.57	Leases, SBITA, and PPPs	2024 Caterpillar 926M (W5L03732)	10/1/2027	-	184,213	18,539	165,674
263.57	Leases, SBITA, and PPPs	2024 Caterpillar 926M (W5L03593)	10/1/2027	-	184,213	18,539	165,674
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>				<b>1,624,886</b>	<b>1,388,011</b>	<b>673,708</b>	<b>2,339,190</b>
<b>Total Liabilities:</b>				<b>7,445,586</b>	<b>1,388,011</b>	<b>883,658</b>	<b>7,949,940</b>

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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Office of the Washington State Auditor  
Pat McCarthy

## Accountability Audit Report

# City of Liberty Lake

For the period January 1, 2024 through December 31, 2024

*Published November 24, 2025*

Report No. 1038515



Scan to see another great way  
we're helping advance  
#GoodGovernment



**Office of the Washington State Auditor  
Pat McCarthy**

November 24, 2025

Mayor and City Council  
City of Liberty Lake  
Liberty Lake, Washington

**Report on Accountability**

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for City operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

Attached is our independent audit report on the City's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and value your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

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# AUDIT RESULTS

## Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, City operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

## About the audit

This report contains the results of our independent accountability audit of the City of Liberty Lake from January 1, 2024 through December 31, 2024.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the City's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the year ended December 31, 2024, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Use of restricted funds – transportation benefit district
- Accounts receivable – billing for golf course
- Accounts payable – general disbursements
- Open public meetings – compliance with minutes, meetings and executive session requirements
- Financial condition – reviewing for indications of financial distress

## RELATED REPORTS

### **Financial**

Our opinion on the City's financial statements is provided in a separate report, which includes the City's financial statements. That report is available on our website, <https://portal.sao.wa.gov//ReportSearch>.

## INFORMATION ABOUT THE CITY

The City of Liberty Lake serves approximately 13,870 residents in Spokane County. It provides an array of services including public safety, library, street maintenance and improvements, parks and recreation, planning, zoning, code enforcement and general administrative services. The City contracts with Spokane County for court, jail, emergency management, dispatch, and animal control services.

An elected, seven-member Council and a separately elected Mayor govern the City. The Mayor appoints and Council confirms management to oversee the City's daily operations as well as approximately 103 employees. For fiscal year 2024, the City operated on an annual budget of approximately \$24.2 million.

### Contact information related to this report

Contact:	Erika Mendez, City Treasurer
Telephone:	(509) 755-6700
Website:	<a href="http://www.libertylakewa.gov">www.libertylakewa.gov</a>

*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for the City of Liberty Lake at <https://portal.sao.wa.gov//ReportSearch>.

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