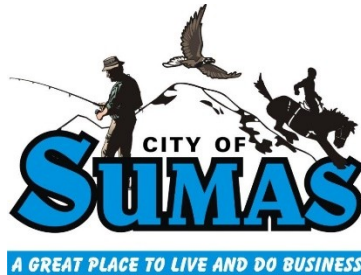


CITY OF SUMAS WASHINGTON

2025 Annual Financial Report

Prepared by:

Mollie Bost, Finance Director



2025 Legislative Body

Bruce Bosch	Mayor
Todd Daniels	Council Position #1
Rich Postma	Council Position #2
Jessica Koehler	Council Position #3
Josh Clawson	Council Position #4
Jesse Clawson	Council Position #5

Administration

Daniel DeBruin	Chief of Police
Michelle Quinn	City Clerk
Mollie Bost	Finance Director
Sunny Aulakh	Public Works Director
Jim Wright	City Attorney, Contracted
Carson Cortez	City Planner

ANNUAL REPORT CERTIFICATION

City of Sumas

(Official Name of Government)

0793

MCAG No.

Submitted pursuant to RCW 43.09.230 to the Washington State Auditor's Office

For the Fiscal Year Ended 12/31/2025

GOVERNMENT INFORMATION:

Official Mailing Address PO Box 9
Sumas, WA 98295

Official Website Address https://www.cityofsumas.com

Official E-mail Address mbost@cityofsumas.com

Official Phone Number _____

AUDIT CONTACT or PREPARER INFORMATION and CERTIFICATION:

Audit Contact or Preparer Name and Title MOLLIE Bost Finance Director

Contact Phone Number _____

Contact E-mail Address mbost@cityofsumas.com

I certify 27th day of May, 2026, that annual report information is complete, accurate and in conformity with the Budgeting, Accounting and Reporting Systems Manual, to the best of my knowledge and belief, having reviewed this information and taken all appropriate steps in order to provide such certification. I acknowledge and understand our responsibility for the design and implementation of controls to ensure accurate financial reporting, comply with applicable laws and safeguard public resources, including controls to prevent and detect fraud. Finally, I acknowledge and understand our responsibility for immediately submitting corrected annual report information if any errors or an omission in such information is subsequently identified.

Signatures

MOLLIE Bost (mbost@cityofsumas.com)

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Fund Key

Statement	Reporting Fund #	Local Fund #	Fund Name
C-4	001	001	General Fund
		101	Street
		103	Cemetery
	104	104	Economic Development Fund
	105	105	Civic Improvement
	107	107	CJ Lo-Pop
	301	301	REET 1
	302	302	REET 2
	401	401	Water-Sewer
		403	Water-Sewer Hookups
	410	410	Storm Sewer Fund
	411	411	Light
		412	Light Deposit Fund
C-5	631	631	Treasurer’s Trust
	632	632	Court Remittances
	634	634	Court Trust Fund
			*Rolled Funds: 101 & 103 rolled into 001 403 rolled into 401 412 rolled into 411

City of Sumas
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2025

		<u>Total for All Funds (Memo Only)</u>	<u>001 Current Expense</u>	<u>104 Ec. Dev. Fund</u>	<u>105 Civic Imp</u>
Beginning Cash and Investments					
308	Beginning Cash and Investments	7,258,673	2,858,536	290,960	28,992
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	1,804,986	1,735,678	-	4,285
320	Licenses and Permits	68,692	68,692	-	-
330	Intergovernmental Revenues	397,124	360,052	-	-
340	Charges for Goods and Services	4,371,417	123,424	-	-
350	Fines and Penalties	13,136	13,136	-	-
360	Miscellaneous Revenues	114,164	45,624	6,531	839
Total Revenues:		<u>6,769,519</u>	<u>2,346,606</u>	<u>6,531</u>	<u>5,124</u>
Expenditures					
510	General Government	552,141	551,897	-	-
520	Public Safety	1,772,291	1,761,956	-	-
530	Utilities	4,231,033	11,686	-	-
540	Transportation	114,301	114,301	-	-
550	Natural/Economic Environment	75,571	70,766	64	3,006
560	Social Services	1,429	1,123	-	-
570	Culture and Recreation	110,530	110,530	-	-
Total Expenditures:		<u>6,857,296</u>	<u>2,622,259</u>	<u>64</u>	<u>3,006</u>
Excess (Deficiency) Revenues over Expenditures:		<u>(87,777)</u>	<u>(275,653)</u>	<u>6,467</u>	<u>2,118</u>
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	1,000,000	1,000,000	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	477,415	448,486	9,043	-
Total Other Increases in Fund Resources:		<u>1,477,415</u>	<u>1,448,486</u>	<u>9,043</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	408,914	181,009	-	-
591-593, 599	Debt Service	56,557	2,982	-	-
597	Transfers-Out	1,000,000	1,000,000	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	14,613	-	-	-
Total Other Decreases in Fund Resources:		<u>1,480,084</u>	<u>1,183,991</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Cash and Investments:		<u>(90,446)</u>	<u>(11,158)</u>	<u>15,510</u>	<u>2,118</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	893,643	7,290	-	31,109
50841	Committed	306,470	-	306,470	-
50851	Assigned	3,947,219	819,193	-	-
50891	Unassigned	2,020,894	2,020,894	-	-
Total Ending Cash and Investments		<u>7,168,226</u>	<u>2,847,377</u>	<u>306,470</u>	<u>31,109</u>

The accompanying notes are an integral part of this statement.

City of Sumas
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2025

		<u>107 CJ Lo-Pop</u>	<u>301 REET I</u>	<u>302 REET II</u>	<u>401 Water-Sewer</u>
Beginning Cash and Investments					
308	Beginning Cash and Investments	13,337	415,812	436,738	1,223,662
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	32,796	32,227	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	3,587	-	-	32,156
340	Charges for Goods and Services	-	-	-	1,377,797
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	787	6,828	6,968	19,589
Total Revenues:		<u>4,374</u>	<u>39,624</u>	<u>39,195</u>	<u>1,429,542</u>
Expenditures					
510	General Government	-	112	132	-
520	Public Safety	10,335	-	-	-
530	Utilities	-	-	-	1,571,842
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		<u>10,335</u>	<u>112</u>	<u>132</u>	<u>1,571,842</u>
Excess (Deficiency) Revenues over Expenditures:		<u>(5,961)</u>	<u>39,512</u>	<u>39,063</u>	<u>(142,300)</u>
Other Increases in Fund Resources					
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:		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	83,256	-	58,718
591-593, 599	Debt Service	-	-	-	52,895
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>-</u>	<u>83,256</u>	<u>-</u>	<u>111,613</u>
Increase (Decrease) in Cash and Investments:		<u>(5,961)</u>	<u>(43,744)</u>	<u>39,063</u>	<u>(253,913)</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	7,376	372,067	475,801	-
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	969,749
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		<u>7,376</u>	<u>372,067</u>	<u>475,801</u>	<u>969,749</u>

The accompanying notes are an integral part of this statement.

City of Sumas
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2025

	410 Storm Sewer Fund	411 Light
Beginning Cash and Investments		
308	Beginning Cash and Investments	376,984
388 / 588	Net Adjustments	1,613,652
	-	-
Revenues		
310	Taxes	-
320	Licenses and Permits	-
330	Intergovernmental Revenues	1,329
340	Charges for Goods and Services	35,263
350	Fines and Penalties	2,834,933
360	Miscellaneous Revenues	-
	4,668	22,330
Total Revenues:		41,260
		2,857,263
Expenditures		
510	General Government	-
520	Public Safety	-
530	Utilities	55,869
540	Transportation	2,591,636
550	Natural/Economic Environment	-
560	Social Services	1,735
570	Culture and Recreation	-
	-	306
	-	-
Total Expenditures:		55,869
		2,593,677
Excess (Deficiency) Revenues over Expenditures:		(14,609)
		263,586
Other Increases in Fund Resources		
391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	19,886
Total Other Increases in Fund Resources:		-
		19,886
Other Decreases in Fund Resources		
594-595	Capital Expenditures	-
591-593, 599	Debt Service	85,931
597	Transfers-Out	-
585	Special or Extraordinary Items	680
581, 582, 589	Other Uses	-
	-	14,613
Total Other Decreases in Fund Resources:		-
		101,224
Increase (Decrease) in Cash and Investments:		(14,609)
		182,248
Ending Cash and Investments		
50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	362,375
50891	Unassigned	1,795,902
	-	-
Total Ending Cash and Investments		362,375
		1,795,902

The accompanying notes are an integral part of this statement.

City of Sumas
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2025

		Total for All Funds (Memo Only)	Custodial
308	Beginning Cash and Investments	530	530
388 & 588	Net Adjustments	-	-
310-390	Additions	52,475	52,475
510-590	Deductions	48,973	48,973
	Net Increase (Decrease) in Cash and Investments:	3,502	3,502
508	Ending Cash and Investments	4,032	4,032

The accompanying notes are an integral part of this statement.

City of Sumas

Schedule 01

For the year ended December 31, 2025

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0793	001	Current Expense	3083100	Restricted Cash and Investments - Beginning	\$7,290
0793	001	Current Expense	3085100	Assigned Cash and Investments - Beginning	\$874,235
0793	001	Current Expense	3089100	Unassigned Cash and Investments - Beginning	\$1,977,011
0793	001	Current Expense	3111100	Property Tax	\$737,815
0793	001	Current Expense	3131100	Local Retail Sales and Use Tax	\$460,476
0793	001	Current Expense	3131500	Special Purpose Sales and Use Tax	\$97,269
0793	001	Current Expense	3136100	Brokered Natural Gas Sales and Use Tax	\$17,832
0793	001	Current Expense	3137100	Criminal Justice Sales and Use Tax	\$46,963
0793	001	Current Expense	3138400	Border Area Jurisdictions Sales and Use Tax	\$18,822
0793	001	Current Expense	3164100	Business and Occupation Taxes on Utilities	\$151,738
0793	001	Current Expense	3164200	Business and Occupation Taxes on Utilities	\$48,096
0793	001	Current Expense	3164400	Business and Occupation Taxes on Utilities	\$75,722
0793	001	Current Expense	3164500	Business and Occupation Taxes on Utilities	\$35,198
0793	001	Current Expense	3164501	Business and Occupation Taxes on Utilities	\$19,673
0793	001	Current Expense	3164600	Business and Occupation Taxes on Utilities	\$9,951
0793	001	Current Expense	3164700	Business and Occupation Taxes on Utilities	\$16,123
0793	001	Current Expense	3213000	Police and Protective	\$25
0793	001	Current Expense	3215000	Public Utilities	\$30,800

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0793	001	Current Expense	3219100	Franchise Fees and Royalties	\$7,828
0793	001	Current Expense	3219900	Other Business Licenses and Permits	\$5,657
0793	001	Current Expense	3221000	Buildings, Structures and Equipment	\$23,593
0793	001	Current Expense	3223000	Animal Licenses	\$285
0793	001	Current Expense	3229000	Other Non-Business Licenses and Permits	\$454
0793	001	Current Expense	3229000	Other Non-Business Licenses and Permits	\$50
0793	001	Current Expense	3339700	Federal Indirect Award from Department of Homeland Security	\$16,181
0793	001	Current Expense	3339706	Federal Indirect Award from Department of Homeland Security	\$29,908
0793	001	Current Expense	3340180	State Award from Military Department	\$2,696
0793	001	Current Expense	3340310	State Award from Department of Ecology	\$137,000
0793	001	Current Expense	3340310	State Award from Department of Ecology	\$1,436
0793	001	Current Expense	3340380	State Award from Transportation Improvement Board (TIB)	\$38,000
0793	001	Current Expense	3340420	State Award from Department of Commerce	\$30,463
0793	001	Current Expense	3340420	State Award from Department of Commerce	\$13,831
0793	001	Current Expense	3340420	State Award from Department of Commerce	\$249
0793	001	Current Expense	3360071	Multimodal Transportation - Cities	\$2,316
0793	001	Current Expense	3360087	Motor Vehicle Fuel Tax - City Streets	\$31,123
0793	001	Current Expense	3360651	DUI and Other Criminal Justice Assistance	\$181
0793	001	Current Expense	3360694	Liquor/Beer Excise Tax	\$17,233

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0793	001	Current Expense	3360695	Liquor Control Board Profits	\$13,681
0793	001	Current Expense	3360695	Liquor Control Board Profits	\$25,754
0793	001	Current Expense	3417000	Sales of Merchandise	\$1,472
0793	001	Current Expense	3419100	Election Candidate Filing Services	\$162
0793	001	Current Expense	3419600	Personnel Services	\$9,870
0793	001	Current Expense	3419900	Passport and Naturalization Services	\$14,072
0793	001	Current Expense	3421000	Law Enforcement Services	\$186
0793	001	Current Expense	3421002	Law Enforcement Services	\$48,827
0793	001	Current Expense	3423300	Detention and Correction Services	\$3,754
0793	001	Current Expense	3423600	Detention and Correction Services	\$9
0793	001	Current Expense	3436000	Cemetery Sales and Services	\$4,600
0793	001	Current Expense	3436001	Cemetery Sales and Services	\$1,050
0793	001	Current Expense	3436100	Cemetery Sales and Services	\$250
0793	001	Current Expense	3451400	Diking/Drainage Services	\$5,077
0793	001	Current Expense	3452900	Other Environmental Services	\$3,300
0793	001	Current Expense	3458100	Zoning and Subdivision Services	\$8,891
0793	001	Current Expense	3458300	Plan Checking Services	\$11,956
0793	001	Current Expense	3473000	Activity Fees	\$7,530
0793	001	Current Expense	3473001	Activity Fees	\$507
0793	001	Current Expense	3473003	Activity Fees	\$15
0793	001	Current Expense	3473004	Activity Fees	\$4
0793	001	Current Expense	3479000	Other Culture and Recreation Fees	\$1,829
0793	001	Current Expense	3479001	Other Culture and Recreation Fees	\$63
0793	001	Current Expense	3531000	Traffic Infraction Penalties	\$9,590

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0793	001	Current Expense	3552000	Driving Under Influence (DUI) Fines	\$201
0793	001	Current Expense	3558000	Other Criminal Traffic Misdemeanor Fines	\$2,293
0793	001	Current Expense	3569000	Other Criminal Non-Traffic Fines	\$559
0793	001	Current Expense	3569000	Other Criminal Non-Traffic Fines	\$102
0793	001	Current Expense	3569000	Other Criminal Non-Traffic Fines	\$111
0793	001	Current Expense	3573300	Public Defense Cost	\$241
0793	001	Current Expense	3590000	Non-Court Fines and Penalties	\$39
0793	001	Current Expense	3614000	Other Interest	\$1,621
0793	001	Current Expense	3614010	Other Interest	\$36,239
0793	001	Current Expense	3621000	Rents and Leases	\$270
0793	001	Current Expense	3625100	Rents and Leases	\$175
0793	001	Current Expense	3625145	Rents and Leases	\$1,350
0793	001	Current Expense	3670000	Contributions and Donations from Nongovernmental Sources	\$301
0793	001	Current Expense	3676901	Contributions and Donations from Nongovernmental Sources	\$5,000
0793	001	Current Expense	3694000	Judgments and Settlements	\$128
0793	001	Current Expense	3699101	Miscellaneous Other Operating	\$540
0793	104	Ec. Dev. Fund	3084100	Committed Cash and Investments - Beginning	\$290,960
0793	104	Ec. Dev. Fund	3614000	Other Interest	\$594
0793	104	Ec. Dev. Fund	3614010	Other Interest	\$5,937
0793	105	Civic Imp	3083100	Restricted Cash and Investments - Beginning	\$28,992
0793	105	Civic Imp	3133100	Hotel/Motel Sales and Use Tax	\$4,285
0793	105	Civic Imp	3614010	Other Interest	\$839
0793	107	CJ Lo-Pop	3083100	Restricted Cash and Investments - Beginning	\$13,337

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0793	107	CJ Lo-Pop	3360621	Criminal Justice - Violent Crimes/Population	\$1,000
0793	107	CJ Lo-Pop	3360626	Criminal Justice - Special Programs	\$2,587
0793	107	CJ Lo-Pop	3614010	Other Interest	\$787
0793	301	REET I	3083100	Restricted Cash and Investments - Beginning	\$415,812
0793	301	REET I	3183400	REET 1 - First Quarter Percent	\$32,796
0793	301	REET I	3611100	Investment Earnings	\$2,588
0793	301	REET I	3614010	Other Interest	\$4,240
0793	302	REET II	3083100	Restricted Cash and Investments - Beginning	\$436,738
0793	302	REET II	3183500	REET 2 - Second Quarter Percent	\$32,227
0793	302	REET II	3611100	Investment Earnings	\$2,588
0793	302	REET II	3614010	Other Interest	\$4,380
0793	401	Water-Sewer	3085100	Assigned Cash and Investments - Beginning	\$1,223,662
0793	401	Water-Sewer	3340420	State Award from Department of Commerce	\$8,268
0793	401	Water-Sewer	3340420	State Award from Department of Commerce	\$23,888
0793	401	Water-Sewer	3434000	Water Sales and Services	\$448,156
0793	401	Water-Sewer	3434002	Water Sales and Services	\$4,160
0793	401	Water-Sewer	3434004	Water Sales and Services	\$2,157
0793	401	Water-Sewer	3434030	Water Sales and Services	\$30
0793	401	Water-Sewer	3435000	Sewer/Reclaimed Water Sales and Services	\$764,172
0793	401	Water-Sewer	3435002	Sewer/Reclaimed Water Sales and Services	\$4,375
0793	401	Water-Sewer	3435004	Sewer/Reclaimed Water Sales and Services	\$60,086
0793	401	Water-Sewer	3435031	Sewer/Reclaimed Water Sales and Services	\$91,874
0793	401	Water-Sewer	3462001	Public Health Services	\$2,787

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0793	401	Water-Sewer	3611100	Investment Earnings	\$7,763
0793	401	Water-Sewer	3614010	Other Interest	\$11,826
0793	410	Storm Sewer Fund	3085100	Assigned Cash and Investments - Beginning	\$376,984
0793	410	Storm Sewer Fund	3340420	State Award from Department of Commerce	\$1,329
0793	410	Storm Sewer Fund	3431000	Storm Drainage Sales and Services	\$34,153
0793	410	Storm Sewer Fund	3431001	Storm Drainage Sales and Services	\$1,110
0793	410	Storm Sewer Fund	3614010	Other Interest	\$4,668
0793	411	Light	3085100	Assigned Cash and Investments - Beginning	\$1,613,652
0793	411	Light	3433010	Electricity/Gas Sales and Services	\$2,774,227
0793	411	Light	3433010	Electricity/Gas Sales and Services	\$330
0793	411	Light	3433010	Electricity/Gas Sales and Services	\$2,632
0793	411	Light	3433010	Electricity/Gas Sales and Services	\$2,316
0793	411	Light	3433010	Electricity/Gas Sales and Services	\$52,440
0793	411	Light	3452900	Other Environmental Services	\$2,988
0793	411	Light	3614010	Other Interest	\$22,024
0793	411	Light	3670000	Contributions and Donations from Nongovernmental Sources	\$306
0793	631	Treasurer's Trust	3083100	Restricted Cash and Investments - Beginning	\$80
0793	634	Court Trust Fund	3083100	Restricted Cash and Investments - Beginning	\$450
0793	001	Current Expense	5083100	Restricted Cash and Investments - Ending	\$7,290
0793	001	Current Expense	5085100	Assigned Cash and Investments - Ending	\$819,193
0793	001	Current Expense	5089100	Unassigned Cash and Investments - Ending	\$2,020,894
0793	001	Current Expense	5116010	Legislative Activities	\$9,000

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0793	001	Current Expense	5116020	Legislative Activities	\$818
0793	001	Current Expense	5116030	Legislative Activities	\$3,075
0793	001	Current Expense	5116040	Legislative Activities	\$2,396
0793	001	Current Expense	5116040	Legislative Activities	\$1,317
0793	001	Current Expense	5125110	Municipal Court	\$58,590
0793	001	Current Expense	5125120	Municipal Court	\$17,257
0793	001	Current Expense	5125130	Municipal Court	\$1,678
0793	001	Current Expense	5125140	Municipal Court	\$15,000
0793	001	Current Expense	5125140	Municipal Court	\$24,164
0793	001	Current Expense	5125140	Municipal Court	\$100
0793	001	Current Expense	5131010	Executive Office	\$7,200
0793	001	Current Expense	5131020	Executive Office	\$612
0793	001	Current Expense	5131040	Executive Office	\$1,500
0793	001	Current Expense	5142010	Financial Services	\$65,208
0793	001	Current Expense	5142020	Financial Services	\$30,226
0793	001	Current Expense	5142030	Financial Services	\$237
0793	001	Current Expense	5142040	Financial Services	\$2,571
0793	001	Current Expense	5142040	Financial Services	\$478
0793	001	Current Expense	5142340	Financial Services	\$19,508
0793	001	Current Expense	5142340	Financial Services	\$3,000
0793	001	Current Expense	5144040	Election Services	\$5,636
0793	001	Current Expense	5153140	Internal Legal Services - Advice	\$46,812
0793	001	Current Expense	5182040	Property Management Services	\$5,748
0793	001	Current Expense	5182040	Property Management Services	\$1,229
0793	001	Current Expense	5182040	Property Management Services	\$1,605
0793	001	Current Expense	5182040	Property Management Services	\$1,466
0793	001	Current Expense	5183010	Maintenance/Security/Insurance/Janitorial Services	\$3,047
0793	001	Current Expense	5183020	Maintenance/Security/Insurance/Janitorial Services	\$281

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0793	001	Current Expense	5183030	Maintenance/Security/Insurance/Janitorial Services	\$7,410
0793	001	Current Expense	5183040	Maintenance/Security/Insurance/Janitorial Services	\$566
0793	001	Current Expense	5183040	Maintenance/Security/Insurance/Janitorial Services	\$47,532
0793	001	Current Expense	5184040	Purchasing Services	\$23,150
0793	001	Current Expense	5186340	General Grants, Financial Assistance and Other Distributions to Others	\$142,159
0793	001	Current Expense	5189040	Other Centralized Services	\$1,321
0793	001	Current Expense	5212010	Police Operations	\$728,565
0793	001	Current Expense	5212010	Police Operations	\$19,588
0793	001	Current Expense	5212020	Police Operations	\$338,317
0793	001	Current Expense	5212020	Police Operations	\$6,578
0793	001	Current Expense	5212030	Police Operations	\$5,429
0793	001	Current Expense	5212030	Police Operations	\$22,084
0793	001	Current Expense	5212030	Police Operations	\$3,709
0793	001	Current Expense	5212040	Police Operations	\$4,057
0793	001	Current Expense	5212040	Police Operations	\$11,796
0793	001	Current Expense	5212040	Police Operations	\$46,940
0793	001	Current Expense	5212040	Police Operations	\$19,208
0793	001	Current Expense	5212040	Police Operations	\$17,592
0793	001	Current Expense	5212040	Police Operations	\$7,126
0793	001	Current Expense	5214040	Training	\$50
0793	001	Current Expense	5214040	Training	\$6,178
0793	001	Current Expense	5215040	Facilities	\$51,666
0793	001	Current Expense	5222040	Fire Suppression and Emergency Medical Services	\$21,615
0793	001	Current Expense	5222040	Fire Suppression and Emergency Medical Services	\$48,634
0793	001	Current Expense	5222040	Fire Suppression and Emergency Medical Services	\$294,000

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0793	001	Current Expense	5233040	Probation and Parole Services	\$15,877
0793	001	Current Expense	5235040	Facilities	\$28,007
0793	001	Current Expense	5242010	Inspections, Permits, Certificates and Licenses	\$30,410
0793	001	Current Expense	5242020	Inspections, Permits, Certificates and Licenses	\$12,514
0793	001	Current Expense	5242040	Inspections, Permits, Certificates and Licenses	\$3,112
0793	001	Current Expense	5251040	Administration	\$12,561
0793	001	Current Expense	5253030	Disaster Recovery	\$1,916
0793	001	Current Expense	5256040	Disaster Preparedness	\$4,427
0793	001	Current Expense	5361010	Cemetery	\$4,333
0793	001	Current Expense	5361020	Cemetery	\$2,155
0793	001	Current Expense	5361040	Cemetery	\$375
0793	001	Current Expense	5362030	Cemetery	\$2,581
0793	001	Current Expense	5362040	Cemetery	\$10
0793	001	Current Expense	5362040	Cemetery	\$1,698
0793	001	Current Expense	5362040	Cemetery	\$524
0793	001	Current Expense	5362040	Cemetery	\$10
0793	001	Current Expense	5423010	Roadway	\$46,429
0793	001	Current Expense	5423020	Roadway	\$17,770
0793	001	Current Expense	5423040	Roadway	\$18,810
0793	001	Current Expense	5423040	Roadway	\$732
0793	001	Current Expense	5426140	Sidewalks	\$1,809
0793	001	Current Expense	5426440	Traffic Control Devices	\$486
0793	001	Current Expense	5426640	Snow and Ice Control	\$2,071
0793	001	Current Expense	5426740	Street Cleaning	\$8,534
0793	001	Current Expense	5433030	General Services	\$6,939
0793	001	Current Expense	5433040	General Services	\$5,093
0793	001	Current Expense	5433040	General Services	\$5,453
0793	001	Current Expense	5433040	General Services	\$175
0793	001	Current Expense	5549040	Other Environmental Services	\$959
0793	001	Current Expense	5586040	Planning	\$21,074
0793	001	Current Expense	5586040	Planning	\$48,733

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0793	001	Current Expense	5660040	Chemical Dependency Services	\$1,123
0793	001	Current Expense	5725040	Facilities	\$576
0793	001	Current Expense	5739030	Other Cultural and Community Events	\$4,017
0793	001	Current Expense	5739030	Other Cultural and Community Events	\$3
0793	001	Current Expense	5755040	Multipurpose and Community Centers	\$5,297
0793	001	Current Expense	5755040	Multipurpose and Community Centers	\$3,444
0793	001	Current Expense	5764030	Ball Courts	\$71
0793	001	Current Expense	5764030	Ball Courts	\$250
0793	001	Current Expense	5764040	Ball Courts	\$3,297
0793	001	Current Expense	5768010	General Parks	\$36,258
0793	001	Current Expense	5768020	General Parks	\$14,692
0793	001	Current Expense	5768030	General Parks	\$21,599
0793	001	Current Expense	5768040	General Parks	\$21,026
0793	104	Ec. Dev. Fund	5084100	Committed Cash and Investments - Ending	\$306,470
0793	104	Ec. Dev. Fund	5587040	Economic Development	\$64
0793	105	Civic Imp	5083100	Restricted Cash and Investments - Ending	\$31,109
0793	105	Civic Imp	5573040	Tourism	\$3,000
0793	105	Civic Imp	5573040	Tourism	\$6
0793	107	CJ Lo-Pop	5083100	Restricted Cash and Investments - Ending	\$7,376
0793	107	CJ Lo-Pop	5213040	Crime Prevention	\$10,333
0793	107	CJ Lo-Pop	5213040	Crime Prevention	\$2
0793	301	REET I	5083100	Restricted Cash and Investments - Ending	\$372,067
0793	301	REET I	5142040	Financial Services	\$112
0793	302	REET II	5083100	Restricted Cash and Investments - Ending	\$475,801
0793	302	REET II	5142040	Financial Services	\$132
0793	401	Water-Sewer	5085100	Assigned Cash and Investments - Ending	\$969,749
0793	401	Water-Sewer	5341010	Water Utilities	\$226,197
0793	401	Water-Sewer	5341020	Water Utilities	\$103,642

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0793	401	Water-Sewer	5342040	Water Utilities	\$545
0793	401	Water-Sewer	5343430	Water Utilities	\$3,950
0793	401	Water-Sewer	5343430	Water Utilities	\$32,105
0793	401	Water-Sewer	5343430	Water Utilities	\$7,046
0793	401	Water-Sewer	5343440	Water Utilities	\$44,942
0793	401	Water-Sewer	5343440	Water Utilities	\$6,569
0793	401	Water-Sewer	5343440	Water Utilities	\$9,765
0793	401	Water-Sewer	5343440	Water Utilities	\$9,753
0793	401	Water-Sewer	5343440	Water Utilities	\$2,760
0793	401	Water-Sewer	5343440	Water Utilities	\$10,520
0793	401	Water-Sewer	5343440	Water Utilities	\$2,128
0793	401	Water-Sewer	5343440	Water Utilities	\$20,371
0793	401	Water-Sewer	5343440	Water Utilities	\$642
0793	401	Water-Sewer	5343440	Water Utilities	\$33,752
0793	401	Water-Sewer	5343440	Water Utilities	\$40,333
0793	401	Water-Sewer	5343440	Water Utilities	\$40,740
0793	401	Water-Sewer	5343440	Water Utilities	\$140
0793	401	Water-Sewer	5343440	Water Utilities	\$28
0793	401	Water-Sewer	5351010	Sewer/Reclaimed Water Utilities	\$198,747
0793	401	Water-Sewer	5351020	Sewer/Reclaimed Water Utilities	\$76,825
0793	401	Water-Sewer	5352040	Sewer/Reclaimed Water Utilities	\$126
0793	401	Water-Sewer	5353530	Sewer/Reclaimed Water Utilities	\$3,595
0793	401	Water-Sewer	5353530	Sewer/Reclaimed Water Utilities	\$17,241
0793	401	Water-Sewer	5353530	Sewer/Reclaimed Water Utilities	\$91,874
0793	401	Water-Sewer	5353530	Sewer/Reclaimed Water Utilities	\$5,993
0793	401	Water-Sewer	5353540	Sewer/Reclaimed Water Utilities	\$1,537
0793	401	Water-Sewer	5353540	Sewer/Reclaimed Water Utilities	\$12,781
0793	401	Water-Sewer	5353540	Sewer/Reclaimed Water Utilities	\$25,878

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0793	401	Water-Sewer	5353540	Sewer/Reclaimed Water Utilities	\$7,791
0793	401	Water-Sewer	5353540	Sewer/Reclaimed Water Utilities	\$75
0793	401	Water-Sewer	5353540	Sewer/Reclaimed Water Utilities	\$29,435
0793	401	Water-Sewer	5353540	Sewer/Reclaimed Water Utilities	\$16,976
0793	401	Water-Sewer	5353540	Sewer/Reclaimed Water Utilities	\$642
0793	401	Water-Sewer	5353540	Sewer/Reclaimed Water Utilities	\$3,871
0793	401	Water-Sewer	5353540	Sewer/Reclaimed Water Utilities	\$68,773
0793	401	Water-Sewer	5353540	Sewer/Reclaimed Water Utilities	\$18,620
0793	401	Water-Sewer	5353540	Sewer/Reclaimed Water Utilities	\$394,967
0793	401	Water-Sewer	5353540	Sewer/Reclaimed Water Utilities	\$167
0793	410	Storm Sewer Fund	5085100	Assigned Cash and Investments - Ending	\$362,375
0793	410	Storm Sewer Fund	5312040	Storm Drainage Utilities	\$20
0793	410	Storm Sewer Fund	5312040	Storm Drainage Utilities	\$80
0793	410	Storm Sewer Fund	5313840	Storm Drainage Utilities	\$52,351
0793	410	Storm Sewer Fund	5313840	Storm Drainage Utilities	\$3,418
0793	411	Light	5085100	Assigned Cash and Investments - Ending	\$1,795,902
0793	411	Light	5331010	Electric/Gas Utilities	\$383,970
0793	411	Light	5331020	Electric/Gas Utilities	\$178,249
0793	411	Light	5332040	Electric/Gas Utilities	\$1,318
0793	411	Light	5332040	Electric/Gas Utilities	\$375
0793	411	Light	5333330	Electric/Gas Utilities	\$4,159
0793	411	Light	5333330	Electric/Gas Utilities	\$66,608
0793	411	Light	5333330	Electric/Gas Utilities	\$8,932
0793	411	Light	5333330	Electric/Gas Utilities	\$1,480,505
0793	411	Light	5333330	Electric/Gas Utilities	\$903
0793	411	Light	5333340	Electric/Gas Utilities	\$65,594
0793	411	Light	5333340	Electric/Gas Utilities	\$9,765

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0793	411	Light	5333340	Electric/Gas Utilities	\$9,372
0793	411	Light	5333340	Electric/Gas Utilities	\$52
0793	411	Light	5333340	Electric/Gas Utilities	\$107,455
0793	411	Light	5333340	Electric/Gas Utilities	\$27,161
0793	411	Light	5333340	Electric/Gas Utilities	\$1,927
0793	411	Light	5333340	Electric/Gas Utilities	\$26,781
0793	411	Light	5333340	Electric/Gas Utilities	\$166,450
0793	411	Light	5333340	Electric/Gas Utilities	\$52,060
0793	411	Light	5549040	Other Environmental Services	\$1,735
0793	411	Light	5651040	Welfare	\$306
0793	631	Treasurer's Trust	5083100	Restricted Cash and Investments - Ending	\$32
0793	634	Court Trust Fund	5083100	Restricted Cash and Investments - Ending	\$4,000
0793	001	Current Expense	3952000	Compensation for Loss/Impairment of Capital Assets (Cash Basis Only)	\$448,486
0793	001	Current Expense	3970000	Transfers-In	\$1,000,000
0793	104	Ec. Dev. Fund	3899000	Holding and Clearing Account Transactions	\$9,043
0793	411	Light	3821000	Refundable Deposits	\$13,195
0793	411	Light	3981000	Insurance Recoveries (Cash Basis)	\$6,691
0793	631	Treasurer's Trust	3893001	Custodial Type Collections	\$636
0793	631	Treasurer's Trust	3893002	Custodial Type Collections	\$490
0793	631	Treasurer's Trust	3893003	Custodial Type Collections	\$9,626
0793	631	Treasurer's Trust	3893004	Custodial Type Collections	\$4
0793	632	Court Remittances	3893000	Custodial Type Collections	\$33,324
0793	634	Court Trust Fund	3860000	Court Remittances	\$8,395
0793	001	Current Expense	5912170	Debt Repayment - Law Enforcement Services	\$2,982

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0793	001	Current Expense	5942160	Capital Expenditures/Expenses - Law Enforcement Services	\$1,902
0793	001	Current Expense	5947660	Capital Expenditures/Expenses - Park Facilities	\$27,373
0793	001	Current Expense	5953060	Capital Expenditures/Expenses - Roadway	\$105,714
0793	001	Current Expense	5953060	Capital Expenditures/Expenses - Roadway	\$38,000
0793	001	Current Expense	5953060	Capital Expenditures/Expenses - Roadway	\$2,000
0793	001	Current Expense	5956160	Capital Expenditures/Expenses - Sidewalks	\$6,020
0793	001	Current Expense	5970000	Transfers-Out	\$1,000,000
0793	301	REET I	5941860	Capital Expenditures/Expenses - Centralized/General Services	\$83,256
0793	401	Water-Sewer	5913470	Debt Repayment - Water Utilities	\$680
0793	401	Water-Sewer	5913570	Debt Repayment - Sewer/Reclaimed Water Utilities	\$680
0793	401	Water-Sewer	5913570	Debt Repayment - Sewer/Reclaimed Water Utilities	\$51,535
0793	401	Water-Sewer	5943460	Capital Expenditures/Expenses - Water Utilities	\$1,093
0793	401	Water-Sewer	5943460	Capital Expenditures/Expenses - Water Utilities	\$50,253
0793	401	Water-Sewer	5943560	Capital Expenditures/Expenses - Sewer/Reclaimed Water Utilities	\$7,372
0793	411	Light	5821000	Refund of Deposits	\$14,613
0793	411	Light	5913370	Debt Repayment - Electric/Gas Utilities	\$680

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
0793	411	Light	5943360	Capital Expenditures/Expenses - Electric/Gas Utilities	\$85,931
0793	631	Treasurer's Trust	5893000	Custodial Type Remittances	\$684
0793	631	Treasurer's Trust	5893000	Custodial Type Remittances	\$9,626
0793	631	Treasurer's Trust	5893000	Custodial Type Remittances	\$490
0793	631	Treasurer's Trust	5893000	Custodial Type Remittances	\$4
0793	632	Court Remittances	5893000	Custodial Type Remittances	\$33,324
0793	634	Court Trust Fund	5860000	Court Remittances	\$4,845

City of Sumas

Notes to Financial Statements
For the Year Ended December 31, 2025

Note 1 – Summary of Significant Accounting Policies

The City of Sumas was incorporated in 1891 and operates under the laws of the state of Washington applicable to a non-charter code city operating under the mayor-council plan of government. The city is a general-purpose local government and provides public safety, street improvements, parks and recreation, building inspection, municipal court, cemetery, and general administrative services. In addition, the city owns and operates public utilities for water, sewer, storm-sewer, and electric.

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 for proprietary and fiduciary funds 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.

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government. The purposes of the special revenue funds include street, cemetery, economic development, civic improvement and criminal justice low population.

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. Revenue deposited into these funds are derived from real estate excise tax (REET) proceeds and interest earned on investments.

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. These funds account for city owned utilities of water, sewer, storm sewer and electric.

Fiduciary Fund Types:

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

Custodial Funds

These funds are used to account assets that the government holds on behalf of others in a custodial capacity. These funds include the treasurer's trust, court trust, and court remittances.

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 are 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 \$5,000 and an estimated useful life in excess of 5 years. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 240 hours and is payable upon separation or retirement. Sick leave may be accumulated up to 1136 hours. Upon separation or retirement employees with 10 years or more of service will receive payment for unused sick leave at a rate of 25% of the balance. Comp leave may be accumulated up to 40 hours and is payable upon separation or retirement. Payments are recognized as expenditures when paid.

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

The City reports SBITAs as liabilities and the City has not adopted a lease/SBITA threshold. Therefore, all leases/SBITA’s are reported as a liability regardless of their dollar amount. For more information see Note 9 – 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 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:

Fund	Restricted/ Committed Ending Balance	Restricted By:
001 Current Expense	\$7,289.67	*Asset Seizure “Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies”
104 Economic Dev. Fund	\$306,469.78	Ordinance 1298
105 Civic Improvement Fund	\$31,109.47	RCW 67.28.180, RCW 67.28.1815, RCW 67.28.1816
107 CJ Lo-Pop Fund	\$7,375.75	RCW 82.14.330
301 REET I Fund	\$372,067.10	RCW 82.46.010(2)
302 REET II Fund	\$475,800.98	RCW 82.46.035(2)
631 Treasurer’s Trust Fund	\$4032.00	Funds held in trust pending distribution to owners

Note 2 – Budget Compliance

The city adopts annual appropriated budgets for governmental and proprietary 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 follow:

FUND	Final Appropriated Amounts**	Actual Expenditures	Variance
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001 Current Expense	\$2,549,823	\$3,528,531	(\$978,708)
101 Street Fund*	\$279,347	\$266,036	\$13,311
103 Cemetery Fund*	\$11,663	\$11,685	(\$22)
104 Economic Dev. Fund	\$68	\$64	\$4
105 Civic Improvement Fund	\$4,006	\$3,006	\$1000
107 Criminal Justice Lo-Pop Fund	\$10,354	\$10,335	\$19
301 REET I Fund	\$83,409	\$83,368	\$41
302 REET II Fund	\$144	\$132	\$12
401 Water-Sewer Fund	\$1,715,621	\$1,581,388	\$134,233
403 Water-Sewer Hookups Fund*	\$100,366	\$102,067	(\$1,701)
410 Storm Sewer Fund	\$36,964	\$55,868	(\$18,904)
411 Light Fund	\$2,701,282	\$2,680,287	\$20,995
412 Light Deposit Fund*	\$16,000	\$14,613	\$1,387
Total	\$7,509,047	\$8,337,380	(\$828,333)

*The city adopts budgets for specific managerial funds, including 101 (Street), 103 (Cemetery), 403 (Water-Sewer Hookups), and 412 (Light Deposits). These funds are not reported separately on the financial statements but were prepared with these funds accounted for in another fund: Funds 101 & 103 were rolled into Fund 001; Fund 403 was rolled into Fund 401; Fund 412 was rolled into 411.

**Ordinance 1821

Budgeted amounts are authorized to be transferred between departments within any fund; 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.

Significant variances were identified in both the General (Current Expense) Fund and the Storm Sewer Fund. The General Fund reflects a budget variance of \$978,708, resulting from a \$1,000,000 bank transfer that moved funds from the checking account to a savings account to earn a higher interest yield. This transfer was recorded in the General Fund as both revenue and expenditure; however, neither the revenue nor the expenditure was included in the adopted budget. As a result, the transaction appears as a significant budget variance.

The Storm Sewer Fund shows a budget variance of \$18,904, attributable to unplanned but necessary maintenance work prompted by fall weather conditions. The work was required to mitigate the risk of standing water impacting city neighborhoods. The associated invoices were received after the completion of the budget amendments, which resulted in the reported variance in the Storm Sewer Fund.

Note 3 – Deposits and Investments

Investments are reported at face value. Deposits and investments by type at December 31, 2025 are as follows:

Type of deposit or investment	City’s own deposits and investments	Deposits and investments held by	Total
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		the City as custodian for others	
Bank deposits	\$6,838,010	\$45,260	\$6,883,270
Investments	\$500,000		\$500,000
Cash on Hand (petty cash)	\$600		\$600
Total	\$7,338,610	\$45,260	\$7,383,870

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

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 – Long-Term Liabilities

The City entered into a payment plan agreement with the City of Abbotsford for the repayment of CAD \$375,598.65 related to the 2023–2024 Excess System Capacity Contribution. The agreement includes a down payment of CAD \$69,515 toward the principal balance in 2025, followed by three equal annual payments of CAD \$112,291.25. These annual payments include interest accrued at the rate of 4.95% and will continue until the balance is paid in full. The agreement is denominated in Canadian dollars; the corresponding amounts in U.S. dollars will vary based on the applicable exchange rate at the time of payment.

The following table presents details of the City's outstanding debt and summarizes the city's debt transactions for the year ended December 31, 2025. Amounts are shown in U.S. dollars using the most current exchange rate available; accordingly, actual payment amounts may vary due to fluctuations in exchange rates at the time payments are made.

The debt service requirements for revenue debt are as follows:

	Principal	Interest	Total
2025	\$51,534.53	\$0.00	\$51,534.53
2026	\$71,475.69	\$11,148.21	\$82,623.90
2027	\$75,013.74	\$7,610.17	\$82,623.91
2028	\$78,726.92	\$3,896.98	\$82,623.90
Totals	\$276,750.88	\$22,655.36	\$299,406.24

Significant Debt Agreement Terms

The following financial instruments contain debt agreement terms with finance related consequences:

Debt:	Clause:
City of Abbotsford – 2023-2024 Excess System Capacity Contribution	<p><i>“5. Late Payment</i></p> <p><i>If the Payor does not pay the Down Payment or any of the Payments to the Payee by the deadlines stated above, the Payor must pay a late fee of 1% per month on the amounts overdue, until those overdue amounts are paid in full with interest.”</i></p>

Note 5 – Other Disclosures

The City of Sumas experienced significant flood-related natural disasters in November 2021 (DR-4635) and again in December 2025 (DR-4906). These events caused extensive damage throughout the city and to multiple City-owned facilities, including City Hall, the Police Department, Public Works offices, the Senior Center/Library, the Historical Society building, parks, streets, vehicles, drainage systems, and utilities. The City is working with FEMA to obtain Public Assistance grant funding and is also coordinating with its Insurance Risk Pool and the National Flood Insurance Program (NFIP) to address and repair the damages.

Note 6 – Pension Plans

A. State Sponsored Pension Plans

Substantially all 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 Officers’ and Fire Fighters’ Retirement System (LEOFF).

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

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 downloaded from the DRS website at www.drs.wa.gov.

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.

At June 30, 2025 (*the measurement date of the plans*), the city proportionate share of the collective net pension liabilities (assets), was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$24,882	0.004513%	\$53,208
PERS 2/3	\$62,396	0.005879%	(\$224,353)
LEOFF 2	\$34,490	0.012651%	(\$245,115)

Only the net pension liabilities are reported on the Schedule of Liabilities.

Note 7 – 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 the 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 2025 was \$2.05 per \$1,000 on an assessed valuation of \$361,866,479 for a total regular levy of \$743,092.92.

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

Note 8 – Risk Management

Property and Liability

The City of Sumas 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, 2025, 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 [1]. 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.

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.

INSTRUCTIONS FOR PREPARER

[1] The liability program assumes no liability deductibles apply to any coverage. Claims deductible levels of \$25,000, \$50,000, \$100,000, and \$250,000 are potential coverage options for members that may at the sole discretion of WCIA, be extended to members. Member should include the liability deductible amount if applicable.

Health & Wellness

The City of Sumas 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, 2025, 271 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.

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 2025, 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.

Note 9 - Subscription Based Information Technology Arrangements (SBITA)

During the year ended December 31, 2023, the city adopted guidance for the presentation and disclosure of Subscription Based Information Technology Arrangements (SBITA), as required by the BARS manual. This requirement resulted in the addition of a subscription liability reported on the Schedule of Liabilities.

Invoice Cloud Inc.

The city pays a monthly subscription fee of \$170 for a cloud-based payment portal. The SBITA contract has an initial term of three years and automatically renews for successive three-year terms unless either party cancels the subscription.

The initial subscription term ended in November 2025 and automatically renewed effective December 2025 for an additional three-year term.

Axon Enterprise

The city pays an annual subscription fee of \$2,781.93 for Evidence.com, a cloud-based evidence management system used by the Police Department to securely store, receive, and transmit digital evidence. The subscription also requires a licensing bundle, which is a variable cost and is therefore estimated in future payment amounts.

The SBITA contract has a five-year term and automatically renews for successive five-year terms unless either party cancels the subscription.

The total amount paid for all SBITAs in 2025 was \$5,022.30. As of December 31, 2025, the future SBITA payments are as follows:

Year Ended December 31	Total
2026	\$5,030
2027	\$5,030
2028	\$5,030
Total	\$15,090

**City of Sumas
Schedule of Liabilities
For the Year Ended December 31, 2025**

ID. No.	Debt ID Title	Description	Beginning Balance	Additions	Reductions	Ending Balance
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences	Compensated Absences (Sick, Vacation, Comp)	100,744	-	10,183	90,561
264.30	Pension Liabilities	DRS Net Pension Liabilities	113,451	-	60,243	53,208
263.57	Leases, SBITA, and PPPs	Invoice Cloud: Online Payment Portal (3-year subscription w/ auto renewal every 3 years)	1,870	-	1,870	-
263.57	Leases, SBITA, and PPPs	Axon Enterprise: Evidence.com (5-year subscription w/ auto renewal every 5 years)	9,449	2,504	2,982	8,971
263.57	Leases, SBITA, and PPPs	Invoice Cloud: Online Payment Portal (Renewal of 3-year subscription w/ auto renewal every 3 years)	-	6,120	170	5,950
263.82	Loans and other obligations to the federal government or other out-of-state governments	City of Abbotsford - 2023-2024 Excess System Capacity Contribution	276,751	-	51,535	225,216
Total Revenue and Other (non G.O.) Debt/Liabilities:			502,265	8,624	126,983	383,906
Total Liabilities:			502,265	8,624	126,983	383,906

City of Sumas
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2025

State Agency Name	Program Title	Identification Number	Total
State Award from Military Department	Public Assistance Grant: FEMA DR 4309	D17-136	2,696
State Award from Military Department	Public Assistance Grant: FEMA DR 4635	D22-102	2,876
Sub-Total:			5,572
State Award from Department of Commerce	2023-2025 Climate Planning Grant	24-63610-164	87,000
State Award from Department of Commerce	GMA Periodic Update Grant (2025 Jurisdiction (SFY24-SFY25))	24-63335-058	50,000
State Award from Department of Commerce	Emergency Rapid Response (Local Disaster Expenditure Match)	25-62511-013	47,564
State Award from Department of Commerce	2023 Local & Community Projects Program (Event Center)	23-96643-045	30,463
Sub-Total:			215,027
State Award from Transportation Improvement Board (TIB)	2025 Maintenance Project, Multiple Locations	2-W-841-(007)-1	38,000
Sub-Total:			38,000
State Award from Department of Ecology	L273 Scholarship Award (Training/ Travel Reimbursement)	L0273	1,436
Sub-Total:			1,436
Total State Grants Expended:			260,035

City of Sumas
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Office of Financial Management)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	NEU #QA1265	142,159	-	142,159	-	1, 2, 3
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Department)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4309-DR -WA	16,181	-	16,181	-	1, 2, 3
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Department)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4635-DR -WA	51,776	-	51,776	-	1, 2, 3
			Total ALN 97.036:	67,957	-	67,957	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Whatcom County Sheriff's Office)	Homeland Security Grant Program	97.067	202504020	25,000	-	25,000	-	1, 2, 3
			Total Federal Awards Expended:	235,116	-	235,116	-	

The accompanying notes are an integral part of this schedule.

City of Sumas

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2025

Note 1 – Basis of Accounting

This Schedule is prepared on the same cash basis of accounting as the city's financial statements in accordance with requirements contained in Uniform Guidance.

Note 2 – Federal Indirect Cost Rate

The city has not elected to use the 10-percent/ 15-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 – Program Costs

The amounts shown as current year expenditures represent only the federal award portion of the program costs. Entire program costs, including the city's portion, are more than shown. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

City of Sumas

SCHEDULE 06 - SUMMARY OF BANK RECONCILIATION
For the Calendar Year ending December 31, 2025

Bank & Investment Account name (1)	FROM BANK STATEMENTS					
	Beginning Bank Balance (2)	Deposits		Withdrawals		Ending Bank Balance (7)
		Receipts (3)	Inter-bank transfers In (4)	Disbursements (5)	Inter-bank transfers out (6)	
Peoples Bank - Money Market-5930	\$ 3,427,824.49	\$ 90,708.46	\$ 1,000,000.00	\$ 70.00	\$ -	\$ 4,518,462.95
Peoples Bank- Treasurer's Acct-8083	\$ 3,259,070.43	\$ 6,883,785.31	\$ -	\$ 7,039,579.16	\$ 1,000,000.00	\$ 2,103,276.58
Petty Cash	\$ 600.00	\$ -	\$ -	\$ -	\$ -	\$ 600.00
US Bank- CC Clearing Acct-1297	\$ 250,060.90	\$ 13,168.39	\$ -	\$ 1,698.79	\$ -	\$ 261,530.50
US Bank- Safekeeping-0028	\$ 500,000.00	\$ -	\$ -	\$ -	\$ -	\$ 500,000.00
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bank Totals	\$ 7,437,555.82	\$ 6,987,662.16	\$ 1,000,000.00	\$ 7,041,347.95	\$ 1,000,000.00	\$ 7,383,870.03

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RECONCILING ITEMS					
Beginning Deposits in Transit (8)	\$ 4,116	\$ (4,116)			
Year-end Deposits in Transit (9)		\$ 2,669			\$ 2,669
Beginning Outstanding & Open Period Items (10)	\$ (182,468)		\$ (182,468)		
Year-end Outstanding & Open Period Items (11)			\$ 214,281.68		\$ (214,282)
NSF Checks (12)		\$ (3,753)	\$ (3,753)		
Cancellation of unredeemed checks/warrants (13)					
Interfund transactions (14)		\$ 343,255	\$ 343,255		
Netted Transactions (15)		\$ (141)	\$ (141)		
Authorized balance of revolving, petty cash and change funds (16)	\$ -				\$ -
Other Reconciling Items, net (17)	\$ -	\$ 986,125	\$ 986,125		
Reconciling Items Totals	\$ (178,352.04)	\$ 1,324,039	\$ 1,357,300		\$ (211,613)

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FROM GENERAL LEDGER					
	Beginning Cash & Investment Balance (19)	Revenues & Other Increases (20)		Expenditures & Other Decreases (21)	Ending Cash & Investment Balance (22)
General Ledger Totals (18)	\$ 7,259,203.78	\$ 8,311,701		\$ 8,398,647	\$ 7,172,257
Unreconciled Variance (23)	\$ -	\$ -		\$ -	\$ -

OK
