



2021

# **PORT OF SUNNYSIDE**

## Annual Comprehensive Financial Report for the Fiscal Year Ended December 31, 2021

PORT OF SUNNYSIDE, YAKIMA COUNTY,  
WASHINGTON STATE  
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PORT OF SUNNYSIDE  
SUNNYSIDE, WASHINGTON  
YAKIMA COUNTY  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
For the Fiscal Year Ended December 31, 2021

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# INTRODUCTION



Before and After Photos of the Ultra Filtration Building Constructed During the Industrial Waste Water Treatment Plant Expansion



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June 27, 2022

To the Commissioners and Citizens of the Port of Sunnyside:

The Annual Comprehensive Financial Report of the Port of Sunnyside for the fiscal year ended December 31, 2021, is hereby submitted. This report includes an introduction to the Port, basic financial statements as presented in our year-end audited financial statements and statistical data related to the Port of Sunnyside.

Management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable basis for making these representations, management of the Port has established a comprehensive internal control framework. This framework has been established, both to protect the Port from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Port's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Port's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Washington State Auditors have audited the Port's financial statements. The goal of the audit was to provide reasonable assurance that the financial statements of the Port, for the fiscal year ended December 31, 2021, are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The auditors concluded, based upon the audit, that there was reasonable basis for rendering an unmodified opinion that the Port's financial statements for the fiscal year ended December 31, 2021 are fairly presented in conformity with GAAP. The auditor's report is presented as the first component of the financial section of this report.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Port of Sunnyside for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2020. This was the 23nd consecutive year that the Port of Sunnyside has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

## **PROFILE OF THE PORT OF SUNNYSIDE**

The mission of the Port of Sunnyside is to "develop, diversify, broaden and strengthen an economic base throughout the district in an environmentally prudent manner". The primary objective of the Port is to enhance the economic development within the boundaries of the Port of Sunnyside. The Port is organized to aggressively enhance the local economy by providing access to industrial land, industrial infrastructure and assistance with funding sources for new and expanding businesses and industries.

The Port of Sunnyside is a municipal corporation of the State of Washington incorporated in 1964, under the provisions of the Revised Code of Washington Chapter 53.01.010 et seq. The Port is authorized by Washington law to provide and charge fees for industrial waste water discharge. The Port may acquire lands for sale or lease for industrial or commercial purposes and may create industrial development districts. The Port is empowered to levy a property tax on property located within its boundaries. Yakima County levies and collects taxes on the Port's behalf.

The Port is governed by a 3-person Board of Commissioners (Commission) who represent the three geographic sub-districts within the Port district. The Commission delegates administrative authority to the Executive Director to conduct daily operations.



The Port of Sunnyside is located in Yakima County in the heart of Central Washington, 180 miles equidistant to Portland, Oregon, Spokane and Seattle Washington. Strategically located in the midst of the Pacific Northwest, the Yakima Valley offers a first-class urban business environment coupled with the allure of relaxed living.

Yakima County covers 4,296 square miles, the second largest land area and seventh largest population area in Washington state. On most days, you can enjoy the beautiful view of both Mt. Rainier and Mt. Adams. The land area comprising the Port district is approximately 335,500 acres or 13 percent of Yakima County. It extends from the Columbia River on the north to the Yakima River on the south.

The Port's operation is accounted for under a single enterprise fund which uses the same accrual method of accounting as private sectors. Under this method, revenues are recognized when earned and expenses are recorded when incurred. The Port is a primary government and does not have component units.

## **Industrial Waste Water Treatment Facility**

The Port of Sunnyside operates a state-of-the-art, ecologically sound, Industrial Waste Water Treatment Facility (IWWTF) permitted by the Washington State Department of Ecology. The Port serves eight food or food related industries and a pipe manufacturing plant. The Facility is located on approximately 550 acres which includes two Sequencing Batch Reactors (SBR), 4 treatment lagoons, a dewatering facility, an anaerobic digester and 400 acres of spray fields.

The waste water from all of the food processing facilities in the City of Sunnyside have been removed from the City's domestic treatment system because high BOD (biochemical oxygen demand) loads disrupted the treatment that is critical for the prevention of human disease. The waste water discharged from these food processing facilities is treated by the Port of Sunnyside's Industrial Waste Water Treatment Facility instead.

Along with operating the IWWTF, the Port operates a fully accredited lab, providing on-site testing and monitoring of the treatment system and the constituents in the waste water received.

## **Industrial Users**

The eight industries the Port serves contribute an estimated \$35 million dollars in direct payroll to the local economy and several millions more in indirect dollars through purchases of raw goods, materials and services. The Port has been very successful in attracting industries to the area. In fact, four of the top 10 taxpayers within the Port district are industries directly discharging to the Port's waste water system. The Port appreciates the strong relationships it shares with its industries and vows to continue to support them in the vital role they play within our community to secure steady family-wage jobs.

In 2021, the Port received 60 million cubic feet of water discharged from the Users as compared to 59 million cubic feet in 2020. The Users of the IWWTF system work diligently toward reusing their water and therefore reducing the amount of water discharged to the system.

## **Industry Highlights**

Dairy farmers are a critical component of Washington's community and economy. Most of the dairy farmers in the Yakima Valley region belong to the Northwest Dairy Association and collectively own the Darigold cheese plant located in Sunnyside.

On behalf of its 440 dairy farmer families, **Darigold** produces a full line of dairy-based products for wholesale, retail, grocery and food service customers. They also produce butter, cheese, milk powder and whey products for institutions, food brokers and food processing companies. With facilities located in Washington, Oregon, Idaho and Montana, the company serves western, national and international markets.

Darigold is one of Washington's largest privately held organizations (as ranked by the Puget Sound Business Journal) and has been in business since 1918.

Darigold contributes significantly to Sunnyside's economy and is a "top taxpayer" in the area. Darigold has a direct impact to our community with annual wages and benefits of

approximately \$18 million, in addition to the purchase of local agriculturally based services and supplies. In turn, Darigold exports about 25% of the cheese produced by the Sunnyside plant and more than 50% of the plant's powdered products.

The plant in Sunnyside is a major cheese production facility, as well as whey powder, whey protein concentrates and non-fat dry milk. It takes in approximately 8.0 million pounds of milk every day, most of it gathered within a 30-mile radius of the plant. The Sunnyside facility will manufacture approximately 200 million pounds of cheese in the co-op's fiscal year 2021, along with 93 million pounds of whey powder and 97 million pounds of milk powders.

**Milne Fruit Processing** is one of the most successful fruit juice and concentrate processors in the state of Washington. Milne is ideally located in the Yakima Valley one of the most abundant agricultural regions with endless acres of fertile farm land and pristine waterways. Since 1956, Milne has been a steward of this environment and committed to sustainable farming practices to produce high quality fruit and vegetable purees, juices and concentrates.

Milne produces pure fruit and vegetable purees with no artificial color, flavor, or preservatives in both concentrate and not from concentrate (NFC) forms, including a selection of certified organic options.

#### **Johnson Cannery & Foods**

Established in 1950, Johnson Foods is a C-Corporation headquartered in Sunnyside, Washington. The Company processes, packages and distributes fresh fruits and vegetables. Johnson Foods specializes in the wholesale distribution of fresh and frozen asparagus, processed asparagus, frozen cherries, maraschino cherries and pickled vegetables. The Company sells its products to manufacturers, retailers and wholesalers located throughout the U.S. Johnson Foods also exports its products to international markets, including Japan and Canada

**Yakima Chief Hops (YCH)** is a 100% grower-owned supplier of premium hops, providing products and services to brewery customers around the globe. YCH is headquartered in Yakima, with production facilities in Yakima & Sunnyside. The facilities include a state-of-the-art CO<sub>2</sub> extract plant, three hop pellet mills, a patent-pending Cryo Hops® plant and a cold storage warehousing capacity of more than 30 million pounds of hops. Yakima Chief Hops has sales offices in Europe and Asia, providing sales and services to international customers.

**Other Industries** that discharge waste water to the Port of Sunnyside are categorized as follows:

Fruit Processors: **DRR Fruit** is located in Sunnyside, WA, United States and is part of the Fruit & Vegetable Processing Industry. Established in 1999, its specialty is organic fruit packing.

Food Grade Shipping companies: **Centennial Tank & Milky Way/LTI** are both in shipping, cleaning and hauling of food grade commodities.

#### **J M Eagle**

JM Eagle™ is the world's largest plastic pipe manufacturer—an innovative leader that combines advanced technology with superior customer service to create the industry's

most sophisticated and diverse products. JM Eagle™ gives its customers a significant competitive advantage in the marketplace with the greatest capacity and geographic reach. JM Eagle™ joins the strengths of two industry-leading plastic pipe producers, including complementary product lines as well as specialty pipe and unique product innovations. Formed in 2007 via the merger of J-M Manufacturing and PW Eagle, the company is privately held.

### **Major Initiatives**

The Port personnel, in compliance with specific directives from the Commission and Executive Director, moved forward on important projects for the citizens in the community in 2021. The projects demonstrate the Port's continued commitment to the mission statement written in 1964. The statement reads as follows;

- 1) The primary objective of the Port is to enhance the economic development within the boundaries of the Sunnyside Port District. The Port is organized to aggressively enhance the local economy by providing new and expanding businesses and industries access to industrial land, industrial infrastructure and assistance with funding sources.
- 2) The mission of the Sunnyside Port Authority is to develop, diversify, broaden, and strengthen an economic base throughout the district in an environmentally prudent manner.

### **2021 Project Summary**

The Port completed a major improvement at the wastewater plant, the Membrane Bioreactor (MBR) process involves a suspended growth activated sludge system that utilizes microporous membranes for solid/liquid separation in lieu of secondary clarifiers. This very compact arrangement produces quality effluent suitable for reuse applications. Water reuse is rapidly gaining acceptance whether it be for irrigation, groundwater recharge, or even potable reuse. The MBR process is an emerging advanced wastewater treatment technology that has been successfully applied at an ever-increasing number of locations around the world.

Technological developments and advancements have made MBRs both the best available technology (BAT) and investment for wastewater treatment and reuse. With a footprint 2-4 times smaller than conventional treatment processes and unmatched effluent quality.

The Port continues as a conscientious steward in carefully balancing land use issues and environmental concerns, while pursuing our corporate mission of economic development. We continue to work closely with local, state, and federal agencies to fully address the need and concern of both our industries and community. We recognize the importance of a clean environment. The end product of our Industrial Waste Water Treatment Facility meets stringent federal standards. Much of the end water product is used to irrigate our sprayfields on which we produce alfalfa and other rotational crops. We feel that the process of receiving industrial waste water, treating it to the required level, and ultimately using the water to grow crops is very environmentally friendly and we are proud of this process.



**New plant project -membrane treatment 2021**

## **ECONOMIC OUTLOOK**

The prosperity of Yakima County stems from agriculture. It is a premier site as a producer of food for the nation and the world. The future of this county's fortunes will undoubtedly be intertwined with the farmer's. Growth in other sectors, particularly manufacturing, is desirable to counter-balance the seasonality and lower wages associated with agriculture.

The Port of Sunnyside has excellent infrastructure and site ready property available to enhance and support growth; three industrial parks, a good rail system, a convenient highway system linking to 3 major interstates, and water access to the Pacific Ocean through ports on the Columbia River in Benton & Franklin Counties. These advantages make the Port competitive with other areas vying to attract growth and development.

Contrary to the rumor that Washington State is "wet and rainy"; the Yakima Valley is sheltered from Western Washington's typically heavy rainfall by the Cascade Mountains. The Yakima Valley, being a high desert, boasts an annual average of 300 days of sunshine and just 8 inches of precipitation, about half of which is measurable snowfall. The average length of the growing season is 195 days! From lush, irrigated farmland on the floor of the Yakima River Valley to the rolling sagebrush hills to the forested Cascade Mountains dominated by majestic Mt. Rainier (14,411') and Mt. Adams (12,307') to the west, Yakima County is a land of diverse natural beauty. Clear, blue waters of 71 lakes, 14 rivers and numerous streams accent the landscape of the area. The average temperature in the winter is 37°, spring is 63°, summer is 88°, and fall is 64°. The perfect weather makes Yakima a leader in agricultural products (including wine), outdoor recreation and tourism.

Yakima County is the state's leading agricultural county with sales estimated at \$1.7 billion per year. Yakima County has a large and varied farm base, complemented by diverse non-agricultural interests. Yakima County ranks first in the nation in the number of fruit trees. It produces more apples, mint, winter pears, grapes, and hops than any other county. Additional agricultural products include peaches, apricots, sweet cherries, beef, wheat, and award-winning wines. Yakima County is also the leading county for dairy production and number of cows.

An available, hardworking labor force is an invaluable asset for businesses that are expanding in the Yakima Valley area. Companies expanding into Yakima County may be able to take advantage of a variety of tax, financing and employee training incentives. Some of these possible incentives are: Industrial Revenue bonds, sales tax exemptions, B & O tax credits, site development assistance, fast track permitting and training programs.

The average unemployment rate for Yakima County for 2021 was 6.5% compared to the 8.7% at the end of 2020. By comparison, the unemployment rate across Washington was 4.5% at year end. The Yakima County nonfarm job market recovered modestly in 2021, increasing 2.5 % above the 2020 levels.

Getting goods to and from markets is paramount to any manufacturer. Supply chain issues and energy costs have also hampered the recovery, and have contributed to the highest inflation rate since the early 1990s. The consumer price index from central Washington rose to 8.1% for the year ended December 2021. The price of housing has

increased by 20% in Sunnyside, while the fuel cost has risen from \$2.75 to \$3.38 a gallon of gasoline, a 22% increase. Those increase costs will continue to impact manufacturing, food costs and employment concerns.

Retail trade during the pandemic affected retailers differently depending on the nature of products sold, mode of delivery (e.g., in person versus online shopping) and policies that classified retailers as essential or non-essential. Additionally online retail thrived for consumers that were increasingly unable or unwilling to leave home during the pandemic. Grocery stores saw increased (nontaxable) business as people prepared meals at home in lieu of eating out. While retail, as a whole, weathered the storm relatively well, the experience of retailers varied substantially by retail niche. Comparing taxable retail sales in Sunnyside reflected a 11% increase from retail sales from 2020.

SUNNYSIDE	2020	2021	Change
RETAIL SALES	\$ 4,038,196	\$ 4,464,292	11%

#### Accounting System and Budgetary Control:

Internal accounting controls are designed to provide reasonable, but not absolute, assurance and integrity to the financial information:

1. Provide accountability
2. Encourage sound management practices
3. Encourage proper resource management
4. Safeguarding of assets

The core of any organization is its people – their individual attributes, including integrity, ethical values and competence – and the environment in which they operate. They are the engine that drives the organization and the foundation on which everything rests. We believe the Port's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. Our employees make a difference.

The annual budget is prepared by staff for adoption and certification by the Commission, which is an essential element of the financial planning, control and evaluation process. The budgeting process allows the Port to plan and prepare its budgets for a set period. It involves reviewing past budgets, identifying and forecasting demand for services for the coming period. The expense estimates are not viewed as appropriations, but as an approved plan. Budgetary controls are maintained at the departmental level. Management compares the budget to actual results monthly to adjust behaviors and spending accordingly.

The investment policy of the Port is to invest public funds in a manner which will provide maximum security with the highest investment return while meeting the daily cash flow demands of the Port and conforming to all state statutes governing the investment of public funds.

The Port of Sunnyside, as an economic development entity, will likely be required to pivot,

adjust, adapt, and remain flexible in all aspects of its projects and priorities in order to help meet changing community needs. Over the years, the Port of Sunnyside has worked to minimize the Port's property tax levy. Our goal is to be able to offset operational costs and future economic development opportunities with revenue from tenants or developers while keeping tax revenue well below our taxing authority. With those goals in mind, The Port tax levy has decreased by 20% in 16 years.

YEAR	RATE	HOME VALUE	COST FOR
			TAXPAYER
2005	0.438	\$ 250,000	\$ 109.50
2021	0.348	\$ 250,000	\$ 87.00

## Awards & Acknowledgements

### GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Port of Sunnyside for its Annual Comprehensive Financial Report (ACFR) for the December 31, years 1998, through 2020  
Independent Audit

Pursuant to Article 3, Section 20, of the Washington State Constitution and prescribed by the Revised Code of Washington 43.09.230, the Port is legally required to annually have its financial statements audited by an independent accountant. The Port Commission has engaged the State of Washington's Auditors' Office to provide both financial and compliance audits on an annual basis. The opinion of the auditors is included in the financial section of this report. The statistical section of this report is not covered by the Auditor's opinion. Since the inception of the Port, the State Auditor has issued a report of compliance to state statute without exception.

### Acknowledgments

As Finance Officer/Treasurer, I take this opportunity to recognize the contributions, leadership and assistance made by Jay Hester, Executive Director, in striving to maintain the highest standards established for public relations, accountability, internal control, cooperation and the continued effort to improve accounting procedures. A thank you also goes out to the Commission who have cooperated so diligently with my department to make the Port of Sunnyside an efficient government entity.

Respectfully Submitted,



Jay Hester  
Port of Sunnyside, Executive Director

  
*Karen Hofmann*

Karen Hofmann, CPA CGMA  
Port of Sunnyside, Director of Finance/Treasurer



Government Finance Officers Association

Certificate of  
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**Port of Sunnyside  
Washington**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

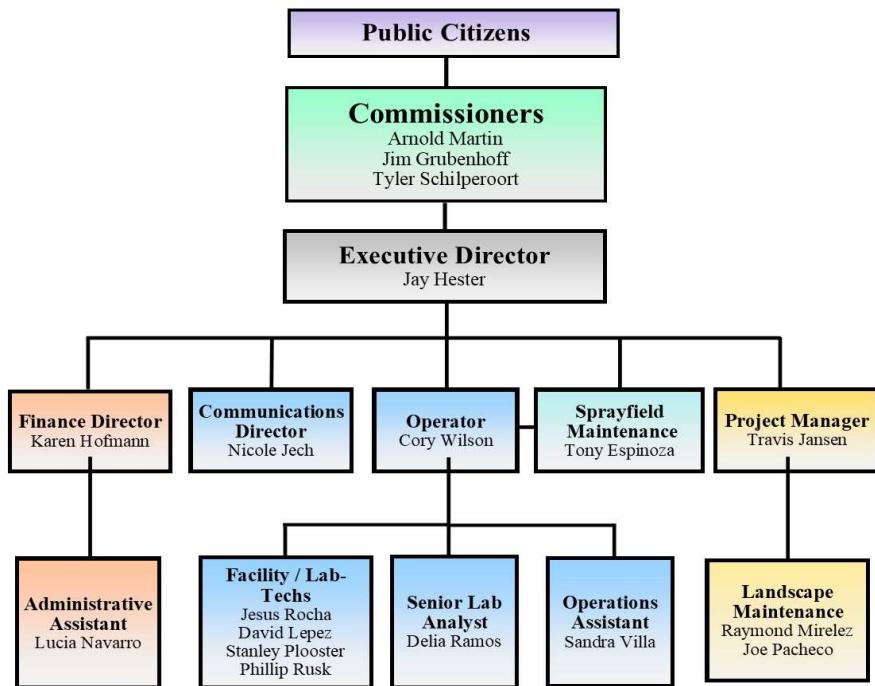
December 31, 2020

*Christopher P. Morill*

Executive Director/CEO



## ORGANIZATIONAL CHART



### Board of Commissioners - 2021

The Port of Sunnyside has a three-member Board of Commissioners (Commission) that set policy and approve all expenditures. The Commission has appointed the executive staff, which includes the Executive Director/Auditor and the Port's attorney.

A commissioner is elected to a six-year term of office by the voters in the district. The Commission meetings are open to the public and are held on the first and third Monday, at the Administration Office of the Port, located at 2640 E. Edison Ave., Suite 1, Sunnyside, WA 98944.

### **Meet the Commissioners**

Arnold Martin

Arnold Martin has served on the Commission since 1989 and serves as Treasurer in 2021. Mr. Martin was re-elected for a six-year term in 2019 which expires December 31, 2025. He was born and raised in the Lower Yakima Valley. He graduated from Washington State University in 1967 with a Bachelor of Science in Agriculture and a Minor in Business. He owns and operates his own farm, where he grows mint, wheat, corn, grapes, and hay. Mr. Martin has served as Chairman of the Washington Mint Commission, Washington Mint Growers Association, Board of Federal Spearmint Marketing Order and was a member of Sunnyside Noon Rotary. He received the Washington State Mint Grower of the Year award in 1980. Mr. Martin received the Agri-Business Person of the Year award in 1993. The Washington Mint Growers Association named Mr. Martin "Friend of the Industry" in 2007. Mr. Martin has also served as the Chairman and the Treasurer of the Far West Spearmint Marketing Order committee. He was honored with a Lifetime Achievement Award from the Washington Mint Growers in December 2014.



### Jim Grubenhoff

Mr. Grubenhoff was elected to the Commission in November 2009 and began serving in January 2010. He was re-elected in 2021 and his term expires the end of December 2027. He is the 2021 Commission President. He has lived in the Yakima Valley his entire life. He graduated from Sunnyside High School in 1974.

Mr. Grubenhoff has been very active in the Sunnyside community. He was an active business owner since 1959. He was a former board member of Sunnyside, Inc., an organization that strived to promote and revitalize the Sunnyside business community. He served as a board member of Lower Valley Credit Union for 12 years, serving 3 years as chairman and was a member of the Sunnyside Community Hospital Board of Trustees. He served on the board of the Lower Valley Crisis and Support Services for 10 years and was chairman 3 times. Mr. Grubenhoff has been a member of the Sunnyside Airport advisory board for 5 years. He has also been a member of the Sunnyside Noon Rotary Club for 26 years. In 2013, Mr. Grubenhoff was honored as the Outstanding Public Official by the Sunnyside Chamber of Commerce. Mr. Grubenhoff and his wife, Kathy, reside in Sunnyside and have 5 children plus several grandchildren.



### Tyler Schilperoort



Mr. Schilperoort was elected to the Commission in November 2018 and began serving in January 2019. He served as Vice President for 2021. He has spent his career as a mint buyer for a large, multinational corporation and also owns his own farm. As a life-long Sunnyside resident he felt that it was time for him to give back to the community by serving as Port commissioner. He believes his experience as a business owner provides him the local perspective needed to take on Port issues. One of Commissioner Schilperoort's main goals is to keep local citizens in town by bringing in more family-wage jobs to the community. To do this, Commissioner Schilperoort believes the Port needs to continue its aggressive efforts in bringing new industries to Sunnyside.

## List of Principal Officials—December 31, 2021



<u>Title</u>	<u>Name</u>
Executive Director/Auditor	Mr. Jay Hester
Finance Director	Ms. Karen Hofmann
Communications Director	Ms. Nicole Jech
Plant Operator	Mr. Cory Wilson
Property & Project Manager	Mr. Travis Jansen
Sprayfield Manager	Mr. Tony Espinoza

## FINANCIALS





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

June 27, 2022

Board of Commissioners  
Port of Sunnyside  
Sunnyside, Washington

**Report on Financial Statements**

Please find attached our report on the Port of Sunnyside's financial statements.

We are issuing this report for inclusion in the Port's annual comprehensive financial report package, which will be issued by the Port under the Port's own cover.

This report is in addition to our regular financial statement audit report, which will be available on our website and includes the Port's basic financial statements.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy".

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).*

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

**INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE  
FINANCIAL STATEMENTS**

Board of Commissioners  
Port of Sunnyside  
Sunnyside, Washington

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

**Opinion**

We have audited the accompanying financial statements of basic of the Port of Sunnyside as of and for the year then ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of basic of the Port of Sunnyside, as of December 31, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit 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. 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 Port 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 opinion.

**Matters of Emphasis**

As discussed in Note 13 to the 2021 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Port is unknown. 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 accounting principles generally accepted in the United States of America, and 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 Port'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 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit 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* 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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

## Port of Sunnyside

opinion on the effectiveness of the Port'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 Port's ability to continue as a going concern for a reasonable period of time; and
- 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.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

The other information comprises Introduction and Statistical but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included in the financial statements. Our opinion on the basic financial statements do not cover the other information, and, we do not express an opinion or provide any assurance thereon.

In connection with the audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If,

Port of Sunnyside

based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we will also issue our report dated June 27, 2022, on our consideration of the Port's internal control over financial reporting and on our 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 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 Port's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink, appearing to read "Pat McCarthy".

Pat McCarthy, State Auditor

Olympia, WA

June 27, 2022

Port of Sunnyside

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## Management's Discussion & Analysis

As management of the Port of Sunnyside, we offer readers of the Port of Sunnyside's financial statements this narrative overview and analysis of the financial activities of the Port of Sunnyside for the fiscal year ended December 31, 2021. We encourage readers to read this along with the Port's financial statements and notes. The notes are essential to a full understanding of the data contained in the financial statements.

### Financial Highlights

- The total assets and deferred outflows of the Port exceeded liabilities and deferred inflows, as of December 31, 2021, by \$37,505,566. Of this amount, \$13,234,517 may be used to meet the Port's ongoing obligations to citizens and creditors. The restricted portion of the Port's net position does not affect fund resources for future use.

At the end of 2021, the Port's total combined cash & investment balance was \$15,824,606

- an increase of \$5,196,243 from 2020's balance and is related to the issuance of capital debt for construction at the plant.
- The Port's total net position increased \$3,152,503 for 2021. This is an increase from 2020 which was elevated due to capital contributions and the sale of assets.
- The Port's total long-term debt increased by \$11,584,483 to \$18,403,349 from issuing revenue debt for construction.
- The total deferred outflows for the Port related to pension were \$91,656 and \$11,435 related to OPEB. The total deferred inflows for the Port were \$752,364 related to Pension and \$1,524,154 related to leases. The Port's overall recognition of leases included receivables that total \$1,524,154.
- The overall financial position improved in 2021. This was due to a combination of rent, and increase in property tax revenue and a reduction in plant expenses.

### Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the Port of Sunnyside's basic financial statements and give the reader an overall picture of the Port's financial position including such items as revenues and expenses, assets, deferred outflows of resources, liabilities and deferred inflows of resources.

The Port of Sunnyside's basic financial statements are comprised of two components: business-type activity financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

In addition, the MD&A is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the financial activity, (c) identify changes in the financial position, and (d) identify individual financial issues or concerns.

**Basic Financial Statements** - The Port's accounting records are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW and in accordance with GAAP's reporting under GASB 34. The Port uses the States Budgeting,

## Port of Sunnyside

Accounting and Reporting System (BARS) for Proprietary-Type Ports financial reporting in the State of Washington. The Port implemented GASB 87 in 2020 and GASB 75 in 2019.

Proprietary-type funds are accounted for on an economic resource's measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with the activity of the fund are included on the Statement of Net Position (balance sheet).

The reported fund equity (Net Position) is segregated into Investment in Capital Assets, Restricted for payment of debt and Unrestricted Net Position.

The Statement of Revenue & Expenses and Changes in Net Fund Position presents increases (revenue and gains) and decreases (expenses and losses) in net total position. The Port discloses changes in cash flows by a separate statement that presents the operating, investing and financing activities.

The Port also uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. Capital asset purchases are capitalized and long-term liabilities are accounted for in the appropriate fund.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found following the financial statements in the "Financial" section of this report.

The Port is authorized by Washington law to provide and charge fees for industrial wastewater discharged to our treatment facility. The Port may acquire lands for sale or lease for industrial or commercial purposes and may create industrial development Ports.

The Port operates a state-of-the-art, ecologically sound, Industrial Wastewater Treatment Facility (IWWTF) permitted by the Washington State Department of Ecology. The Port serves eight food or food related industries and a pipe manufacturing plant. The facility is located on approximately 550 acres including four treatment lagoons, an anaerobic digester, a dewatering facility and 400 acres of spray fields.

The Port leases and develops real estate with a goal of economic growth for the city of Sunnyside. These parcels all have easy access to I-82, generally less than one mile from the on ramp. Commercial airports in Yakima and Tri-Cities are approximately a 35–45-minute drive to either airport and for private planes, Sunnyside Municipal airport is within a mile of these parcels. Sunnyside is centrally located in Washington State, equal distance (180 miles) from Seattle, Portland, Vancouver (USA), and Spokane.

Port of Sunnyside

The following schedule reflects condensed net position. The Port is engaged only in business type activities. Also, comparative years are being shown for 2021 & 2020 to offer the reader a better means of analyzing the Port's condensed statements that follow.

Port of Sunnyside's Net Position

	Business Type Activities	
	2021	2020
Current Assets and Other Assets	\$ 19,377,180	\$ 13,501,713
Capital Assets, Net Accumulated Depreciation	39,443,311	30,006,095
Total Assets	<u>\$ 58,820,491</u>	<u>\$ 43,507,809</u>
Deferred Outflows Related to Pension	91,656	93,156
Deferred Outflows Related to OPEB	11,435	28,980
Total Deferred Outflows	<u>\$ 103,091</u>	<u>\$ 122,136</u>
Current Liabilities	2,383,647	2,178,242
Long Term Liabilities	16,757,851	5,451,082
Total Liabilities	<u>\$ 19,141,497</u>	<u>\$ 7,629,324</u>
Deferred Inflows Related to Pension	752,364	102,329
Deferred Inflows Related to Lease	1,524,154	1,545,229
Total Deferred Inflows	<u>\$ 2,276,518</u>	<u>\$ 1,647,558</u>
Net Investment in Capital Assets	24,157,353	24,728,950
Restricted	113,696	320,907
Unrestricted	13,234,517	9,303,207
Total Net Position	<u>\$ 37,505,566</u>	<u>\$ 34,353,064</u>

**Major Factors Affecting the Statement of Net Position** - Total net position increased in 2021 by \$3,152,503 which reflects an increase from the overall operation of the Port – due to construction projects and wastewater operations. The \$14 million construction project is expected to be finalized in early 2022 as all components come on line. The largest portions of the Port's total assets (67%) are in capital assets (e.g., land, buildings, other improvements, and machinery and equipment). The Port uses these capital assets to provide general services, wastewater treatment, and future development. Consequently, these assets are not available for future spending, except for the sale of land. The unrestricted net position of the Port is available for future use to provide and maintain existing and future services.

The largest portion of the Port's total liabilities (88%) is long-term debts, up from (71%) in 2020 which are primarily payments for bond debt, payments to various funding agencies and private contracts associated with capital assets. The Port successfully financed a revenue

Port of Sunnyside

bond in 2020 to finance the \$14 million in plant improvements. Any significant increase or decrease in total assets or total liabilities will have a correlating effect on the Statement of Net Position.

For more detailed information see the Statement of Net Position in the following financial statements.

**Changes in Net Position** - The following schedule reflects the Port of Sunnyside's condensed Changes in Net Position.

**Statements of Revenues, Expenses and Changes in Net Position**

	Business Type Activities	
	2021	2020
<b>Revenues:</b>		
Operating Revenues:		
IWWTF Operating Revenue	\$ 6,521,334	\$ 6,553,605
Property Rental & Sprayfield Revenue	516,792	498,528
Other Operating Revenue	40,206	33,518
Total Operating Revenues	\$ 7,078,333	\$ 7,085,651
Gain on disposition of Assets	16,281	
Interest Income	16,441	74,654
Tax Levy Income	642,117	635,846
Other Non-Operating Revenues	23,017	-
Total Non-Operating Revenues	697,856	710,500
Total Revenues	\$ 7,776,189	\$ 7,796,151
<b>Expenses:</b>		
IWWTF Operating Expenses	2,543,387	3,051,534
General & Admin Operating Expenses	493,789	836,433
Depreciation	1,307,652	1,265,431
Non Operating:		
Loss on disposition of assets	376,177	-
Interest Expenses	291,545	332,738
Other Non Operating Expenses	1,622	29,831
Total Expenses	\$ 5,014,172	\$ 5,515,968
Income Before Capital Contribution-Grant	2,762,016	2,280,183
Capital Contribution-Grants	390,487	-
Increase in Net Position	3,152,503	2,280,183
Net Position - January 1	34,353,064	32,072,881
Net Position - December 31	\$ 37,505,566	\$ 34,353,064

## Port of Sunnyside

### **Analysis of the Schedule of Changes in Net Position –**

The increase in net position was \$3,152,503 for 2021 and increase from 2020 of 2,280,183. Resulting in an 6% annualized growth for the last 5 years. Changes from a rate analysis slightly increased revenue receipts for the waste water treatment, additionally continued termination fees and over discharges were recognized. Commercial rentals and land applications increase in 2021. The Port is organized to aggressively enhance the local economy by providing new and expanding business access to industrial land, infrastructure and funding assistance.

The majority of revenues received by the Port (99%) are utility billing, property taxes and rental income. Other revenues consist of interest earnings, subsidies, grants and contributions by various outside agencies. The funding of the Port's general operating cost is consistent since it comes from utility users who depend on the Port's wastewater treatment facility, property taxes levied by the Commissioners and rental income from property owned by the Port.

General operating expenses can be affected by numerous factors, such as changes in utility rates, fuel costs, medical insurance premiums, liability insurance rates, building materials, and any new requirements imposed from the State or Federal government regarding treatment of wastewater. A reduction on the loss disposal of assets is related to the construction project adding new assets and functionality to the waste water treatment process.

### **Capital Assets**

As of year-end 2021, the Port had capital assets valued at \$ 39,443,311 and increase from 2020 of \$30,006,096 as reflected in the following schedule:

Port of Sunnyside Capital Assets

	Business Type Activities	
	2021	2020
<b><u>Capital Assets not being depreciated</u></b>		
Land	\$ 4,801,434	\$ 4,758,406
Construction In Progress	12,513,908	1,717,638
<b><u>Capital Assets being depreciated</u></b>		
Buildings	30,686,738	30,733,479
Improvements other than Buildings	4,939,284	4,939,284
Machinery and Equipment	5,610,701	6,884,306
Accumulated Depreciation	(19,108,753)	(19,027,016)
Total Capital Assets	<u>\$ 39,443,311</u>	<u>\$ 30,006,095</u>

## Port of Sunnyside

The following reconciliation summarizes the change in Capital Net Position, which is presented in detail in the Notes to Financial Statements – Note 4 Capital Assets & Depreciation.

### Change in Capital Assets

	Business Type Activities	
	2021	2020
Beginning Balance, January 1	\$ 30,006,095	\$ 27,722,066
Net Change	10,744,868	3,549,460
Depreciation	(1,307,652)	(1,265,431)
Ending Balance, December 31	<u>\$ 39,443,311</u>	<u>\$ 30,006,095</u>

Analysis of changes in Capital Assets - For year 2021 net capital assets increased by \$9,437,216. The major adjustments were in construction in progress and machinery and equipment as the Membrane project at the waste water treatment plant nears completion.

### Debt Service

At the end of 2021, the Port had total debt of \$17,192,995 relating to an increase of \$13 million in Revenue Bonds for the construction of plant assets and capacity. At the end of 2021 the Port had extinguished the General Obligation Bond, in pursuit of other projects and borrowings for 2022. Additional information regarding outstanding debt can be found in the Port's Notes to Financial Statements Note 7 – Long Term Debt.

### Outstanding Debt, at Year-end

	2021	2020
G O Bonds	\$ -	\$ 390,000
Revenue Bonds	13,841,000	833,071
Notes & Contracts Payable	3,351,995	4,054,074
Total	\$ 17,192,995	\$ 5,277,145

The Port continues to upgrade and streamline the waste water treatment plant, with a goal of cleaner water and reduced solids. The Port has entertained several large industry applications for expansion in the industrial park with finalization in 2022. The Port has started a revitalization project in downtown Sunnyside to bring in expanded retail, restaurants and brewery businesses with expectation for increase commercial rents.

### Economic Factors

Sunnyside has had an increase in employment, housing starts and disposable income since 2020.

Retail Sales for Sunnyside increased by 6% from 2020 in spite of Covid-19 lockdowns. The tourism and travel industries also increased by 6% from 2020 level as more people enjoyed the valley and local events.

## Port of Sunnyside

The civilian workforce has seen an increase in employment starting in quarter 3 of 2021. Unemployment for the Sunnyside has decreased from 5.7% in June 2021 to a season adjusted of 4.2% at the end of 2021.

With plentiful area for development, the Port has continued to see a steady increase in industry and commercial property transactions since 2020. It is anticipated with further industrial development Sunnyside will become a premier destination for manufacturing and transportation business.

Sunnyside development has included fun additions in 2021



Questions concerning any of the information in this report or requests for additional financial information should be addressed to:

Karen Hofmann, CPA, CGMA

Finance Director, Port of Sunnyside, 2640 E Edison Ave Suite 1, Sunnyside, WA. 98944 or [Karen@portofsunnyside.com](mailto:Karen@portofsunnyside.com).

Port of Sunnyside

Statement of Net Position  
 Yakima County, Washington  
 Statement of Net Position  
 December 31, 2021

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**ASSETS**

**CURRENT ASSETS:**

Cash and Cash Equivalents (Note 1-C)	\$ 1,345,997
Investments Local Government Investment Pool (Note 1-C)	12,571,573
<b>Restricted Assets:</b>	
Investments Restricted Local Government Investment Pool (Note 1-C)	1,907,037
Accounts Receivable (Note 1-C)	586,110
Taxes Receivable (Note 1-C & Note 3)	25,836
Lease Receivables (Note 11)	350,167
Prepayments (Note 1-C)	137,167
<b>Total Current Assets</b>	<b>16,923,886</b>

**NON-CURRENT ASSETS:**

Capital Assets: (Note 4)	
Capital Assets Not Being Depreciated:	
Land	4,801,434
Construction In Progress	12,513,908
Capital Assets Being Depreciated:	
Improvements to Land	4,939,284
Buildings and Structures	30,686,738
Equipment	5,610,702
Less: Accumulated Depreciation	(19,108,754)
<b>Total Net Capital Assets</b>	<b>39,443,311</b>

Other Non-current Assets

Other Receivables (Note 1-C)	563,764
Net Pension Asset (Note 1-C & Note 5)	715,542
Long Term Receivable Leases (Note 1-C & Note 11)	1,173,987
<b>Total Non-Current Assets</b>	<b>2,453,293</b>

**TOTAL ASSETS** \$ 58,820,491

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows of Resources Related to Pensions (Note 5)	91,656
Deferred Outflows of Resources Related to OPEB (Note 10)	11,435
<b>Total Deferred Outflows</b>	<b>103,091</b>

**TOTAL ASSETS AND DEFERRED OUTFLOWS** \$ 58,923,582

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

continued

Port of Sunnyside

**Port of Sunnyside**  
 Yakima County, Washington  
 Statement of Net Position  
 December 31, 2021

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**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts Payable (Note 1-C & Note 12)	738,146
General Obligation Bonds (Note 7)	-
Revenue Bonds (Note 7)	919,000
Notes/Contracts Payable (Note 7)	665,151
Compensated Absences (Note 1-C)	38,479
OPEB Current Liability (Note 10)	22,870
<b>Total Current Liabilities</b>	<b>\$ 2,383,647</b>

**NON-CURRENT LIABILITIES:**

Revenue Bonds (Note 7)	12,922,000
Notes/Contracts Payable (Note 7)	2,686,842
OPEB Total Liability (Note 10)	1,080,753
Net Pension Liability (Note 5)	68,255
<b>Total Non-Current Liabilities</b>	<b>16,757,851</b>

**TOTAL LIABILITIES**

**\$ 19,141,497**

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows Related to Pensions (Note 5)	752,364
Deferred Inflows Related to Leases (Note 11)	1,524,154
<b>Total Deferred Inflows</b>	<b>2,276,518</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>\$ 21,418,015</b>

**NET POSITION:**

Net Investment in Capital Assets	24,157,353
Restricted for Expendable (Note 8)	113,696
Unrestricted	13,234,517
	<b>\$ 37,505,566</b>
<b>TOTAL NET POSITION</b>	

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Port of Sunnyside

Statement of Revenues, Expenses and Changes in Net Position

**Port of Sunnyside**

Yakima County, Washington

Statement of Revenues, Expenses and Changes in Net Position

For the fiscal year ended December 31, 2021

**OPERATING REVENUES:**

Industrial Waste Water Treatment Facility Operations	\$ 6,521,334
Property Rentals & Sprayfield Operations	516,792
Miscellaneous Reimbursements	40,206
<b>Total Operating Revenues</b>	<b>\$ 7,078,333</b>

**OPERATING EXPENSES:**

Industrial Waste Water Treatment Facility Operations	2,543,387
General & Administrative	493,789
Depreciation	1,307,652
<b>Total Operating Expenses</b>	<b>\$ 4,344,828</b>
 <b>Operating Income (Loss)</b>	 <b>2,733,504</b>

**NON-OPERATING REVENUES (EXPENSES):**

Investment Income	16,441
Interest on Lease Activity	23,017
Taxes Levied For:	
General purposes	14,649
Debt service principal/interest	627,468
Gain on disposition of assets	16,281
Loss on disposition of assets	(376,177)
Interest expense - General Obligation	(55,655)
Interest expense - Revenue Obligation	(235,890)
Other nonoperating expenses	(1,622)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>\$ 28,512</b>

<b>Increase in Net Position before Capital Contributions</b>	<b>2,762,016</b>
Capital Contributions & Grants	390,487
<b>Increase in Net Position</b>	<b>3,152,503</b>
 <b>NET POSITION - beginning of period</b>	 <b>34,353,064</b>
 <b>NET POSITION - end of period</b>	 <b>\$ 37,505,566</b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Port of Sunnyside

**Statement of Cash Flows**

**Port of Sunnyside**

Yakima County, Washington

**Statement of Cash Flows**

page 1 of 2

For the year ended December 31, 2021

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Receipts from customers	\$ 7,148,558
Payments to suppliers	(2,943,413)
Payments to employees	(1,507,560)
Net cash provided by operating activities	<u><u>2,697,585</u></u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Receipts of property taxes from Yakima County	9,275
Net cash provided by non-capital financing activities	<u><u>9,275</u></u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Receipt of property taxes from Yakima County	627,468
Purchases of capital assets	(9,518,953)
Capital contributions	184,487
Issuance of Revenue Bonds	13,900,929
Principal paid on capital debt	(1,985,081)
Interest paid on capital debt	<u>(737,851)</u>
Net cash provided (used) by capital and related financing activities	<u><u>\$ 2,470,998</u></u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest and dividends	18,383
Net cash provided by investing activities	<u><u>\$ 18,383</u></u>
Net increase (decrease) in cash and cash equivalents	<u><u>5,196,242</u></u>
Balances - beginning of the year	10,628,365
Balances - end of the year	<u><u>\$ 15,824,607</u></u>

Continued

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Port of Sunnyside

**Port of Sunnyside**

Yakima County, Washington

Statement of Cash Flows

For the year ended December 31, 2021

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Reconciliation of Operating Income (Loss) to Net Cash  
Provided (Used) by Operating Activities

Operating income (loss)	\$ 2,733,504
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	81,737
Change in assets and liabilities:	
Receivables, net	71,848
Other payables	(20,196)
Accrued expenses	<u>(169,308)</u>
Net cash provided by operating activities	<u>\$ 2,697,585</u>

RECONCILIATION OF CASH & CASH EQUIVALENTS

Banner Bank	\$ 1,345,997
Investments Local Government Investment Pool	<u>14,478,610</u>
<b>TOTAL</b>	<b><u>\$ 15,824,607</u></b>

NONCASH ADJUSTMENTS

Donated Property	\$ (206,000)
Pension Asset	715,542
Deferred Outflow	(19,045)
OPEB	124,835
Net Pension Liability	207,245
Deferred Inflow	(650,035)
Pension Expense	<u>(1,758,353)</u>
Change in Depreciation	<u>1,585,811</u>
	\$ 0

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Port of Sunnyside

Port of Sunnyside  
Yakima County, Washington  
Notes to Financial Statements  
December 31, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Port of Sunnyside have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

**A. Reporting Entity**

The Port of Sunnyside was incorporated in 1964 and operates as a municipal corporation under the laws of the state of Washington applicable to port districts under provisions of the Revised Code of Washington 53.04.010 et seq.

The Port of Sunnyside is a special purpose government and provides local industries a means of wastewater disposal. The Port may acquire and improve land for sale or lease for industrial or commercial purposes and may create industrial development districts.

The main revenue source consists of charges to our industries for wastewater disposal which is authorized by RCW (53.08.040). The Port of Sunnyside operates a state-of-the-art, ecologically sound, Industrial Wastewater Treatment Facility (IWWTF) permitted by the Washington State Department of Ecology. The Port serves ten food or food related industries, and one pipe manufacturing plant. The Facility is located on approximately 550 acres including a Sequencing Batch Reactor (SBR), 4 treatment lagoons, a dewatering facility, an anaerobic digester and 400 acres of spray fields. After the industrial wastewater has been treated and processed, it is applied to 400 acres of alfalfa or other crop fields via sprinklers. The crop is then cut and sold to local dairies and beef cattle ranches. Industry fees pay for all of the operating costs and all of the debt retirement of the IWWTF.

The Port's economic development program offers marketing, planning and development opportunities to industries and the community at large.

The Port of Sunnyside is governed by an elected 3-member Board of Commissioners. The Port of Sunnyside has no component units.

## Port of Sunnyside

### B. Measurement Focus, Basis of Accounting

The accounting records of the Port of Sunnyside are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The Port of Sunnyside uses the Budgeting, Accounting and Reporting System for GAAP Port Districts in the State of Washington.

The Port's Statement are reported using the economic resources measurement focus and full-accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when liability is incurred regardless of the timing of cash flows.

The Port operates as a proprietary fund, distinguishing between operating revenues and expenses from non-operating ones. Operating revenues and expenses result from providing services in connection with a Port's principal ongoing operations. The principal operating revenues of the district are charges to customers for industrial wastewater treatment. The district also recognizes rent as operating revenue for land and/or building rentals, crop proceeds and miscellaneous reimbursements. Operating expenses for the district include the costs incurred in providing for the industrial wastewater treatment facility and the administrative expenses including depreciation on capital assets as well as economic development costs. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

### C. Assets, Liabilities and Net Position

#### Cash and Cash Equivalents

It is the Port of Sunnyside's policy to invest all temporary cash surpluses. At December 31, 2021, the Port was holding \$1,345,997. This amount is reported on the Statement of Net Position as cash and cash equivalents.

For purposes of the statement of cash flows, the Port considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

#### Investments

The Port of Sunnyside measures and reports investments at fair value using the valuation input hierarchy established by generally accepted accounting principles. (See Note 2 – Deposits and Investments)

#### Receivables

Taxes receivable consists of property taxes and related interest and penalties. (See Note 3 – Property Tax).

## Port of Sunnyside

**Accounts Receivable & Lease receivables** consist of amounts owed from private individuals, other governments or organizations for goods and services contracted or provided.

Receivables have been recorded net of estimated uncollectible amounts. Because property taxes and special assessments are considered liens on property, no estimated uncollectible amounts are established. Estimated uncollectible amounts for other receivables are \$0.

### Restricted Assets

These accounts contain resources for construction and pension funds for specified uses.

The restricted assets are composed of the following:

Cash & Investments from Revenue Bond Issuance of \$1,907,037

Pension Assets - State of Washington Department of Retirement \$715,542

### Capital Assets & Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the Statement of Net Position. Capital assets are defined for the Port of Sunnyside as assets with a purchase price of \$5,000 or more and have a useful life of over a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at appraised value.

Cost for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset. The costs for normal maintenance and repairs are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation expense is charged to operations to allocate the cost of capital assets over their estimated useful lives using the straight-line method.

By category, the estimated useful lives are as follows:

- Buildings & Structures – 2 to 50 years
- Improvements other than buildings – 10 to 30 years
- Machinery & equipment – 2 to 40 years.

### Other Assets and Debits

**Prepayments-** Prepaid expenses consist of amounts paid in 2022 for 2021 expenses.

**Other Receivables-** The amount shown is the Port's portion of Benton REA's Capital Credits (also called patronage dividends, patronage refunds, patronage capital or equity capital). Benton REA is a not-for-profit member-owned electric co-operative. The Port is a member of the co-operative.

## Port of Sunnyside

Pension Asset- The amount calculated as a pension asset held by the Washington State Department of Retirement See- Note 5 Pensions

Long term Receivables Leases- The receivable is related to the rental of the building or land to the lessee for a specified term. The term varies from 2 years to 40 years. The lease discount rate is based on a historical rate of 2-3%, and at the time of the lease inception.

### Deferred Outflows/ Inflows of Resources

The Port reports a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s).

The Port also reports a separate section for deferred inflow of resources. This represents an acquisition of net position by the government that is applicable to future reporting period(s)

### Compensated Absences

Compensated absences are absences for which the employees will be paid, such as vacation and compensatory leave. All vacation and compensatory time are accrued when incurred.

Vacation pay may be accumulated up to 80 hours into the next calendar year. The balance of an employee's vacation pay is payable upon resignation, retirement or death.

Sick leave may accumulate up to 60 days and is not payable upon resignation or termination of employment. Compensatory time is allowed to carry over up to 40 hours into the next calendar year and the balance is payable upon resignation, retirement or death.

The Port's total obligation for accrued vacation and comp time is \$38,479 at December 31, 2021 and was \$24,691 at December 31, 2020. The compensated absences could all be due within the coming year and are recorded as a current liability.

### Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and

## Port of Sunnyside

additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### Other Accrued Liabilities

These accounts consist of accrued accounts payable and payroll expenses at year end. These amounts are expenses incurred, but not yet paid as of 12/31/2021. The current liability for pollution remediation is also included in this category. See Note 12

### Grants

The Port has, at various times, received grants-in-aid funds for construction of the airport, industrial sites, and certain recreational facilities.

### Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **NOTE 2 – DEPOSITS AND INVESTMENTS**

### DEPOSITS

The Port of Sunnyside's deposits are entirely 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). The Port's Investment policy allows for deposits in "qualified public depositories".

Cash and Bank Balances on December 31, 2021 totaled \$1,345,997

### INVESTMENTS

The Port is a participant in the Local Government Investment Pool (LGIP) authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP Advisory Committee.

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Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity

requirements set forth by the GASBS 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, or online at <http://www.tre.wa.gov>.

At December 31, 2021, the Port of Sunnyside held the following investments measured at fair value:

Investment	Maturities	Principal	Interest	YE Balance
Local Govt. Investment Pool	*N/A	\$ 14,463,807	\$ 14,802	\$ 14,478,610
<b>TOTAL</b>		<b>\$ 14,463,807</b>	<b>\$ 14,802</b>	<b>\$ 14,478,610</b>

\*There is no maturity date for funds invested in LGIP. Funds may be deposited for any length of time.

Custodial credit risk is the risk that in event of a failure of the counterparty to an investment transaction the Port would not be able to recover the value of the investment or collateral securities.

The Port's Investment policy allows investment in Certificates of Deposit, Notes or Bonds of the United States and the Washington State Local Government Investment Pool. All investments of the Port have been undertaken in a manner that seeks to ensure the preservation of capital in the over-all portfolio thus avoiding any risk of principal.

## NOTE 3 - PROPERTY TAX

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities.

### Property Tax Calendar

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

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Property tax is recorded as a receivable and revenue when levied. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principal, and delinquent taxes are evaluated annually.

The district may levy up to \$ 0.45 per \$1,000 of assessed valuation for general governmental services. The rate is limited by the Washington State Constitution and Washington State law, RCW 84.55.010. The Port may also levy taxes at a lower rate.

The Port's regular levy for 2021 was \$.3484 per \$1,000 on an assessed valuation of 1,864,742,772 for a total regular levy of \$649,687.

**NOTE 4 - CAPITAL ASSETS AND DEPRECIATION**

The Port of Sunnyside has acquired certain assets with funding provided by federal financial assistance programs. Depending on the terms of the agreements involved, the federal government could retain an equity interest in these assets. However, the Port of Sunnyside has sufficient legal interest to accomplish the purposes for which the assets were acquired, and has included such assets within the applicable account.

Capital assets activity for the year ended December 31, 2021 was as follows:

	Beginning Balance 1/1/2021	Increases	Decreases	Ending Balance 12/31/2021
<b>Capital Assets, not being depreciated:</b>				
Land	\$ 4,758,406	\$ 70,400	\$ 27,372	\$ 4,801,434
Construction In Progress	1,717,638	12,513,908	1,717,638	12,513,908
Total Capital Assets, not being depreciated	6,476,044	12,584,308	1,745,010	17,315,342
<b>Capital Assets, being depreciated:</b>				
Buildings & Structures	30,733,479	181,506	228,247	30,686,738
Improvements other than buildings	4,939,284			4,939,284
Machinery & Equipment	6,884,306	100,241	1,373,846	5,610,701
Total Capital Assets, being depreciated	42,557,069	281,747	1,602,093	41,236,723
<b>Less Accumulated Depreciation for:</b>				
Buildings & Structures	(12,610,311)	858,724	82,218	(13,386,818)
Improvements other than buildings	(2,246,865)	196,966		(2,443,830)
Machinery & Equipment	(4,169,840)	251,963	1,143,698	(3,278,105)
Total Accumulated Depreciation	(19,027,016)	1,307,653	1,225,916	(19,108,753)
Total Capital Assets, being depreciated, net	\$ 23,530,053	\$ 1,307,653	\$ 376,177	\$ 22,127,970
<b>Total Capital Assets</b>	<b>\$ 30,006,096</b>	<b>\$ 13,891,960</b>	<b>\$ 2,121,187</b>	<b>\$ 39,443,311</b>

**B. Construction Commitments**

The Port has active construction projects as of December 31, 2021.

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Project	Expenditures	Commitments
Airport Hanger Project started in 2020.	83,361	
Planters Hotel Project started in 2020.	15,429	
Membrane bioreactor started in 2021.	12,092,962	292,226
<b>Totals</b>	<b>\$ 12,191,752</b>	<b>\$ 292,226</b>

### **NOTE 5 - PENSION PLANS**

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year:

Aggregate Pension Amounts - All Plans		
Pension liabilities	\$ (68,255)	
Pension assets	\$ 715,542	
Deferred outflows of resources	\$ 91,656	
Deferred inflows of resources	\$ (752,364)	
Pension expense/expenditures	\$ (169,741)	

### **State Sponsored Pension Plans**

Substantially all Port of Sunnyside full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), 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

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

### **Public Employees' Retirement System (PERS)**

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and

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PERS plan 3 is a defined benefit plan with a defined contribution component.

**PERS Plan 1** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

### Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

<b>PERS Plan 1</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee*</b>
January – June 2021		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
<b>Total</b>	<b>12.97%</b>	<b>6.00%</b>
July – December 2021		
PERS Plan 1	10.07%	6.00%
Administrative Fee	0.18%	
<b>Total</b>	<b>10.25%</b>	<b>6.00%</b>

**PERS Plan 2/3** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two

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provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

**PERS Plan 3** defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

<b>PERS Plan 2/3</b>		
<b>Actual Contribution Rates</b>	<b>Employer 2/3</b>	<b>Employee 2*</b>
January – June 2021		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>12.97%</b>	<b>7.90%</b>
July – December 2021		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
<b>Total</b>	<b>10.25%</b>	<b>6.36%</b>

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The Port of Sunnyside's actual PERS plan contributions were \$38,086 to PERS Plan 1 and \$63,425 to PERS Plan 2/3 for the year ended December 31, 2021.

### Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2020 with a valuation date of June 30, 2021. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Experience Study* and the *2019 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

There were no changes in assumptions since the last valuation. There were changes in methods since the last valuation.

- For purposes of the June 30, 2020 Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under current funding policy, the Office of the State Actuary (OSA) introduced temporary method changes to produce asset and liability measures as of the valuation date. See high-level summary below. OSA will revert back to the methods outlined in the 2019 AVR when preparing the 2021 AVR, a contribution rate-setting valuation, which will serve as the basis for 2022 ACFR results.
- To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR, OSA relied on the same data, assets, methods, and assumptions as the June 30, 2019 AVR. OSA projected the data forward one year reflecting assumed new hires

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and current members exiting the plan as expected. OSA estimated June 30, 2020, assets by relying on the fiscal year end 2019 assets, reflecting actual investment performance over FY 2020, and reflecting assumed contribution amounts and benefit payments during FY 2020. OSA reviewed the actual June 30, 2020, participant and financial data to determine if any material changes to projection assumptions were necessary. OSA also considered any material impacts to the plans from 2021 legislation. See the 2020 AVR for more information.

### **Discount Rate**

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability.

### **Long-Term Expected Rate of Return**

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

### **Estimated Rates of Return by Asset Class**

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	<b>100%</b>	

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### **Sensitivity of the Net Pension Liability/(Asset)**

The table below presents the Port of Sunnyside's proportionate share\* of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the Port of Sunnyside's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease <b>-6.40%</b>	Current Discount Rate <b>-7.40%</b>	1% Increase <b>-8.40%</b>
PERS 1	\$116,276	\$68,255	\$26,375
PERS 2/3	-203,844	-715,542	-1,136,926

### **Pension Plan Fiduciary Net Position**

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

### **Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2021, the Port of Sunnyside reported a total pension liability of for its proportionate share of the net pension liabilities as follows:

PLAN	Liability (-)/asset
PERS1	\$ (68,255)
PERS 2/3	\$ 715,542

At June 30, the Port of Sunnyside's proportionate share of the collective net pension liabilities was as follows:

PLAN	Proportionate share		Change
	6/30/2020	6/30/2021	
PERS1	0.00530%	0.00559%	0.00029%
PERS 2/3	0.00691%	0.00718%	0.00028%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Non-employer Allocations*.

### **Pension Expense**

For the year ended December 31, 2021, the Port of Sunnyside recognized pension income as follows:

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PLAN	Pension Income
PERS1	\$ (2,691)
PERS 2/3	\$ (167,049)

#### Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, the Port of Sunnyside reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	(75,740)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	\$16,878	
<b>TOTAL</b>	<b>\$ 16,878</b>	<b>\$ (75,740)</b>

PERS 2/3	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	34,753	(8,772)
Net difference between projected and actual investment earnings on pension plan investments	\$0	(598,026)
Changes of assumptions	\$1,046	(50,815)
Changes in proportion and differences between contributions and proportionate share of contributions	\$10,044	(\$19,011)
Contributions subsequent to the measurement date	\$28,935	
<b>TOTAL</b>	<b>\$ 74,778</b>	<b>\$ (676,624)</b>

Deferred outflows of resources related to pensions resulting from the Port of Sunnyside's contributions subsequent to the measurement date will be recognized as a reduction of the

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net pension liability/ asset in the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

YEAR ENDED DECEMBER 31	PERS 1	PERS 2/3
2022	(20,064)	(168,119)
2023	(18,385)	(157,374)
2024	(17,384)	(149,170)
2025	(19,907)	(157,260)
2026		(150)
Thereafter		1,291
<b>TOTAL</b>	<b>(75,740)</b>	<b>(630,781)</b>

**NOTE 6 – RISK MANAGEMENT**

The Port of Sunnyside maintains commercial insurance coverage. The Port is exposed to various risks of loss related to torts; damage to, theft of and destruction of assets or cargo; natural disasters; and employee injuries. To limit exposure, the Port purchases property, liability and related insurance coverage annually through a commercial insurance broker which provides coverage against most normal hazards. Settlement claims have not exceeded commercial insurance coverage in any of the past three years.

The Port participates in the State of Washington Labor and Industries workers' compensation insurance program. However, management has elected to become self-insured through the Washington State Employment Security Department on a reimbursement basis. Unemployment claims are processed by the Washington State Employment Security Department. No reserve for self-insurance has been established as the potential liability is not considered to be material to the financial statements.

**NOTE 7 – LONG TERM LIABILITIES**

The Port of Sunnyside issues general obligation and revenue bonds to finance the purchase of land and/or buildings and the acquisition or construction of the Industrial Wastewater Treatment Facility and its improvements. Bonded indebtedness has also been entered into (currently and in prior years) to advance refund revenue bonds. General obligation bonds have been issued for business-type activities and are being repaid from the applicable resources. The revenue bonds & other revenue debts are being repaid by proprietary fund revenues. The Port of Sunnyside is also liable for notes that were entered into for the purchase of land and economic development. These notes are considered obligations of the general government and are being repaid with general governmental revenue sources. General obligation bonds currently outstanding are zero:

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General Obligation Bonds	Maturity Range	Interest Rate	Original Amount	Amount of Installment	Loan Balance 12/31/21
Golob Landing	2021	3 - 4.7%	\$ 1,535,000	\$ 390,000	\$ -

Revenue Bonds currently outstanding are as follows:

Revenue Bonds	Maturity Range	Interest Rate	Original Amount	Amount of Installment	Loan Balance 12/31/2021
2020 A bond	2030	2.35%	\$ 14,058,000	\$ 570,012	\$ 13,488,000
2020 B bond	2023	2.53%	\$ 676,000	\$ 323,000	\$ 353,000

Revenue bond debt service requirements to maturity are as follows:

Year Ending December 31	Principal	Interest
2022	919,081	320,348
2023	941,077	298,351
2024	964,073	275,817
2025	987,068	253,039
2026	1,011,063	229,709
2027-2031	5,433,219	778,312
2032-2034	3,586,000	148,802
Total	\$ 13,841,582	\$ 2,304,376

The contracts payable outstanding are as follows:

Commented [K1]:

Contracts Payable						
Description	Original Loan	Maturity Date	Interest Rate	Loan Balance 1/1/2021	Loan Balance 12/31/2021	Current Portion
SIED Loan - Water Works Bldg	\$ 260,000	July-21	2.4%	\$ 45,481	\$ -	\$ -
SIED Loan - Bleyhl 2nd Spur	\$ 206,550	June-23	2.4%	\$ 35,779	\$ 24,139	\$ 11,924
USDA - Anaerobic Digester \$300k	\$ 300,000	July-24	0.0%	\$ 125,000	\$ 91,667	\$ 33,333
USDA - Anaerobic Digester \$750k	\$ 750,000	August-24	0.0%	\$ 312,500	\$ 229,167	\$ 83,333
Benton REA - Anaerobic Digester	\$ 60,000	September-24	3.3%	\$ 27,143	\$ 20,225	\$ 7,147
CERB 2 - SBR	\$ 500,000	January-25	0.0%	\$ 125,000	\$ 100,000	\$ 25,000
DOE Loan - SBR	\$ 3,448,655	May-25	1.5%	\$ 883,512	\$ 692,294	\$ 194,106
SIED Loan - Anearobic Digester	\$ 1,000,000	June-25	2.5%	\$ 496,547	\$ 402,156	\$ 94,444
SIED Loan - Nutrien Railspur	\$ 251,686	June-28	3.6%	\$ 207,802	\$ 184,896	\$ 23,722
CERB - Anaerobic Digester	\$ 850,000	July-28	3.0%	\$ 755,556	\$ 661,112	\$ 96,788
TRUS-WAY Loan	\$ 500,000	November-28	4.0%	\$ 411,852	\$ 366,725	\$ 46,966
CERB - East Edison	\$ 513,600	January-29	0.0%	\$ 256,800	\$ 228,267	\$ 28,533
CERB -North First	\$ 400,000	January-38	1.5%	\$ 371,101	\$ 351,346	\$ 19,853

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The annual debt service requirements to maturity for contracts payable are as follows:

Year Ending December 31	Principal	Interest
2022	665,151	63,037
2023	673,926	51,429
2024	639,321	39,596
2025	452,913	28,000
2026	225,619	18,558
2027-2031	546,775	21,378
2032-2036	148,258	2,981
Total	\$ 3,351,962	\$ 224,979

**C. Changes in Long-Term Liabilities**

During the year ended December 31, 2021, the following changes occurred in long-term liabilities:

The Port completed the issuance of the 2020 Revenue Bonds in 2021, \$13.9 million for the new membrane bioreactor (MBR) system. The revenue bonds are issued for a term of 14 years at 2.35% with payments due bi-annually. The capital project increase capacity and effectiveness at the industrial waste water plant.

	Beginning Balance 1/1/2021	Additions	Reductions	Ending Balance 12/31/21	Due Within One Year
<b>Bonds Payable:</b>					
GO Bonds	\$ 390,000	\$ -	\$ 390,000	\$ -	
Revenue Bonds	\$ 833,071	\$ 13,900,929	\$ 893,000	\$ 13,841,000	\$ 919,000
<b>Total Bonds Payable</b>	<b>\$ 1,223,071</b>	<b>\$ 13,900,929</b>	<b>\$ 1,283,000</b>	<b>\$ 13,841,000</b>	<b>\$ 919,000</b>
<b>Notes &amp; Contracts Payable</b>					
Net Pension Liability	\$ 4,054,073	\$ -	\$ 702,078	\$ 3,351,995	\$ 665,150
Compensated Absences	\$ 275,500	\$ -	\$ 207,245	\$ 68,255	\$ -
<b>Total OPEB Liability</b>	<b>\$ 1,241,530</b>	<b>\$ -</b>	<b>\$ 137,907</b>	<b>\$ 1,103,623</b>	<b>\$ 22,870</b>
<b>Total Long-Term Liabilities</b>	<b>\$ 6,818,865</b>	<b>\$ 13,914,717</b>	<b>\$ 2,330,230</b>	<b>\$ 18,403,352</b>	<b>\$ 1,645,499</b>

**NOTE 8 – RESTRICTED COMPONENT OF NET POSITION**

The Port had a Net Pension asset held by the Washington State Department of Retirement Systems in the amount of \$113,696.

## Port of Sunnyside

PERS 2 Pension Asset	715,542.00
PERS 2 Deferred Outflow	74,778.00
PERS 2 Inflow	(676,624.00)
Net Pension Asset	<u>\$ 113,696.00</u>

### **NOTE 9 - CONTINGENCIES AND LITIGATION**

The Port of Sunnyside has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved but where, based on available information, management believes it is probable that the Port of Sunnyside will have to make payment. In the opinion of management and the Port of Sunnyside's attorney, the Port of Sunnyside's insurance

policies are adequate to pay all known or pending claims.

The Port of Sunnyside participates in a number of federal- and state-assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grant. Port of Sunnyside management believes that such disallowances, if any, will be immaterial.

### **NOTE 10 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS**

Other post-employment benefits (OPEB) are benefits provided to retired employees beyond those provided by their pension plans. Such benefits include medical, prescription drug, life, dental, and vision insurance. PEBB offers retirees access to all of these benefits and PEBB employers, through this single-employer defined benefit plan, provide monetary assistance, or subsidize, these benefits.

The OPEB relationship between PEBB employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the employers and plan members and the historical pattern of practice with regard to the sharing of benefit costs. The Office of the State Actuary, a department within the primary government of the State of Washington, issues a publicly available Other Post-Employment Benefits Actuarial

Valuation Report. The Other Post-Employment Benefits Actuarial Valuation Report may be obtained by writing to: Office of the State Actuary, PO Box 40914, Olympia, Washington 98504-0914 or it may be downloaded from the Office of the State Actuary website.

The Port elected to use the Alternative Measurement Method (AMM) to calculate the 2021 total OPEB liability. The Alternative method worksheet was developed by Washington State Actuary. The following table represents the aggregate OPEB amounts:

## Port of Sunnyside

OPEB Amounts - As of June 30, 2021	
OPEB liabilities	\$ 1,103,623
OPEB assets	\$ -
Deferred outflows of resources	\$ 11,435
Deferred inflows of resources	
OPEB expense/expenditures	\$ (114,475)

### OPEB Plan Description

The Port of Sunnyside Eligible retirees and spouses are entitled to subsidies associated with postemployment medical benefits provided through the Public Employees Benefits Board (PEBB). The PEBB was created within the Washington State Health Care Authority to administer medical, dental, and life insurance plans for public employees and retirees.

The subsidies provided by PEBB and valued in this report include the following:

- Explicit medical subsidy for post-65 retirees and spouses
- Implicit medical subsidy
- Implicit dental subsidy

The explicit subsidy is a set dollar amount that lowers the monthly premium paid by members over

the age of 65 enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually. The implicit subsidy results from the inclusion of active and non-Medicare eligible retirees in the same pool when determining premiums. There is an implicit subsidy from active employees since the premiums paid by retirees are lower than they would have been if the retirees were insured separately.

GASB 75 requires the projection total cost of benefit payments to be based on claims costs or age-adjusted premiums approximating claims costs. The projection of retiree premiums is based on current amounts for the retirees' share of the premium, projected with the medical trend assumption.

**Employees covered by benefit terms:** At December 31, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	0
Active employees	18
<b>Total</b>	<b>23</b>

## Port of Sunnyside

### Funding Policy

The Port District funds the implicit and explicit subsidies on a pay-as-you-go basis, meaning that the Port District pays these costs as they occur or become due. Therefore, there are no assets accumulating in a qualifying trust.

### Actuarial Methods and Assumptions

#### Methodology

Actuarial Valuation Date	6/30/2021
Actuarial Measurement Date	6/30/2021
Actuarial Cost Method	Entry Age
Amortization Method	Recognized Immediately
Asset Valuation Method	N/A (No Assets)

Total OPEB Liability	Sensitivity Analysis		
	1% Decrease	Current	1% Increase
Discount Rate	\$1,312,849	\$1,103,623	\$937,228
Healthcare Trend	\$919,615	\$1,103,623	\$1,341,630

#### Discount Rate<sup>1</sup>

Beginning of Measurement Year	2.21%
End of Measurement Year	2.16%

#### Projected Salary Changes

3.5% + Service-Based Increases

#### Healthcare Trend Rates<sup>2</sup>

Initial rate ranges from about 2-11%,  
reaching an ultimate rate of  
approximately 4.3% in 2075.

#### Mortality Rates

Base Mortality Table	PubG.H-2010 (General)
Age Setback	0 years
Mortality Improvements	MP-2017 Long-Term Rates
Projection Period	Generational

#### Inflation Rate

2.75%

#### Post-Retirement Participation Percentage

65%

#### Percentage with Spouse Coverage

45%

<sup>1</sup> Source: Bond Buyer General Obligation 20-Bond Municipal Index.

<sup>2</sup> Trend rate assumptions vary by medical plan. For additional detail on the healthcare trend rates, please see OSA's 2020 PEBB OPEB Actuarial Valuation Report.

The online AMM tool makes other specific assumptions:

Date input estimated retirement service for each active member on the average entry age of 35, with a minimum service of 1 year. For example, an age 47 member is assumed to have 12 years of service. Service is a component of benefit eligibility. Assumptions for retirement, disability, termination, and mortality are based on the 2020 PEBB OPEB AVR. Assumed all employees are retirement eligible at age 55. Assumption that there was 100% retirement at the age of 70. Input further assumes that eligible spouse is the same age as the primary member.

Port of Sunnyside

<b>Changes in total OPEB Liability</b>	
Balance as of June 30, 2020	\$ 1,241,530
Changes for the year :	
Service Cost	50,341
Interest on total Liability	28,293
Changes in Experience Data and Assumptions	(193,109)
Expected payment	(23,432)
Balance as of June 30, 2021	\$ 1,103,623

The Port District uses the alternative measurement method, which does not calculate deferred outflows and inflows for anything other than payments subsequent to the measurement date. Payments subsequent to the measurement date of December 31, 2021 were \$11,435. The net OPEB liability is included as a noncurrent liability in the Statement of Net Position.

#### **NOTE 11– LEASES**

The Port promotes the economic development in Sunnyside by providing operating leases of buildings and land to a variety of business. The investment properties are leased to tenants under operating leases with rentals payable on a monthly basis or annualize amount.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Although the Port is exposed to changes in the residual value at the end of the current leases, the Port typically enters into new operating leases following the expiry of existing operating leases. Expectations about the future residual values are reflected in the fair value of the properties.

The following table sets out the maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date. Interest is based on an interest rate of 2%.

Port of Sunnyside

Year	Principal Lease Revenue	Interest
2022	350,167	25,151
2023	286,780	21,192
2024	126,771	16,300
2025	130,968	13,813
2026	214,607	11,241
2027-2046	414,861	51,974
<b>Total</b>	<b>\$ 1,524,154</b>	<b>\$ 139,672</b>

The total amount of deferred inflows of resources (for example, lease revenue, interest revenue, and any other lease-related inflows) are detailed on financial statements and compliment the Lease Receivable and Interest Receivable presented under Assets. The deferred inflows are recognized as revenue over the term of the lease, regardless of when payments are received from the lessee.

Port of Sunnyside

Deferred inflows

Year	Inflows
2022	350,167
2023	286,780
2024	126,771
2025	130,968
2026	214,607
2027-2046	414,861

**NOTE 12 - POLLUTION REMEDIATION**

The Port of Sunnyside has received donated property, known as the Planter's Hotel in downtown Sunnyside. The site has environmental impacts from underground storage tanks. The Port has started a cleanup and revitalization of this downtown building. Based on the engineering's firm's estimate of the cleanup and agreement with State of Washington Department of Ecology the net current liability is \$6,512.

**NOTE 13 – SUBSEQUENT EVENTS**

On February 28, 2022, the Governor of the state of Washington removed the mask mandate due to a reduction of the COVID 19 infection rates and continued vaccinations. The declared state of emergency from February 2020 has not been cancelled, only amended. The Port continues to monitor the situation for any operational or financial effects and is ready to respond appropriately as needed. The Port has remained economically stable and continues to adapt to the changing conditions.

On March 9, 2022 the Port of Sunnyside issued \$3 million in General obligation bonds to provide moneys that are necessary to pay the cost and expense of capital construction improvements on the Port commercial properties. The bonds bear interest rate of 3.18% over the next 15 years with the property tax revenue pledged to their retirement.

Port of Sunnyside

Port of Sunnyside

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## Port of Sunnyside

### **Required Supplemental Information**

\*Pension schedules are intended to show information for ten years; additional years will be displayed as they become available.

<b>Port of Sunnyside</b> <b>Schedule of Proportionate Share of the Net Pension Liability</b> <b>PERS Plan 1</b> <b>As of June 30</b>							
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Employer's proportion of the net pension liability (asset)	0.005589%	0.005302%	0.005129%	0.005305%	0.006644%	0.006985%	0.007320%
Employer's proportionate share of the net pension liability or( asset)	\$ 68,255	\$ 187,189	\$ 197,228	\$ 236,923	\$ 315,263	\$ 375,127	\$ 382,904
Covered Payroll	856,539	811,283	725,476	691,822	778,254	773,677	808,563
Employer's proportionate share of the net pension liability or asset as a percentage of covered payroll	7.97%	23.07%	27.19%	34.25%	40.51%	48.49%	47.36%
Plan fiduciary net position as a percentage of the total pension liability or asset	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%

<b>Port of Sunnyside</b> <b>Schedule of Proportionate Share of the Net Pension Liability</b> <b>PERS Plan 2/3</b> <b>As of June 30</b>							
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Employer's proportion of the net pension liability (asset)	-0.007183%	0.006905%	0.006621%	0.006754%	0.007370%	0.007755%	0.008209%
Employer's proportionate share of the net pension liability or( asset)	\$ (715,542)	\$ 88,311	\$ 64,312	\$ 115,319	\$ 256,072	\$ 390,458	\$ 293,312
Covered Payroll	856,539	811,283	725,476	691,616	728,396	725,062	757,418
Employer's proportionate share of the net pension liability or asset as a percentage of covered payroll	-83.54%	10.89%	8.86%	16.67%	35.16%	53.85%	38.73%
Plan fiduciary net position as a percentage of the total pension liability or asset	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%

Port of Sunnyside

**State Sponsored Plans - Schedule of Employer Contributions**

\*Pension schedules are intended to show information for ten years;  
additional years will be displayed as they become available.

<b>Port of Sunnyside</b> <b>Schedule of Employer Contributions</b> <b>PERS Plan 1</b> <b>As of December 31</b> <b>Last Fiscal Year</b>							
Statutorily or contractually required contributions	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
	\$ 38,086	\$ 40,755	\$ 37,364	\$ 34,493	\$ 37,383	\$ 39,385	\$ 36,638
Contributions in relation to the statutorily or contractually required contributions	\$ (38,086)	\$ (40,755)	\$ (37,364)	\$ (34,493)	\$ (37,383)	\$ (39,385)	\$ (36,638)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$890,430	\$850,003	755,925	683,676	759,214	761,277	773,356
Contributions as a percentage of covered	4.28%	4.79%	4.94%	5.05%	4.92%	5.17%	4.74%

<b>Port of Sunnyside</b> <b>Schedule of Employer Contributions</b> <b>PERS Plan 2/3</b> <b>As of December 31</b> <b>Last Fiscal Year</b>							
Statutorily or contractually required contributions	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
	\$ 63,426	\$ 67,321	\$ 58,375	\$ 51,118	\$ 48,234	\$ 44,355	\$ 40,908
Contributions in relation to the statutorily or contractually required contributions	\$ (63,426)	\$ (67,321)	\$ (58,375)	\$ (51,118)	\$ (48,234)	\$ (44,355)	\$ (40,908)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$890,430	\$850,003	\$ 755,925	\$ 683,676	\$ 733,798	\$ 711,959	\$ 725,602
Contributions as a percentage of covered	7.12%	7.92%	7.72%	7.48%	6.57%	6.23%	5.64%

## REQUIRED SUPPLEMENTARY INFORMATION

### Actuarial Assumptions for Pension Plans

The total pension liability (TPL) for each of the plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in the valuation are summarized in the Actuarial Section of DRS' Annual Comprehensive Financial Report located on the DRS website. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the 2013-2018

Demographic Experience Study Report and the 2019 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2020

The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, reflecting each plan's normal cost (using the entry age cost method), assumed interest and actual benefit payments.

- Inflation: 2.75% total economic inflation; 3.50% salary inflation
- Salary Increases: In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- Investment rate of return: 7.40%

Port of Sunnyside

**REQUIRED SUPPLEMENTARY INFORMATION - OPEB**

Port of Sunnyside  
Yakima County, Washington

Schedule of Changes in Total OPEB Liability and Related Ratios  
RETIREE MEDICAL AND DENTAL BENEFITS UNDER PEBB

For the year ended June 30

(in thousands)

\*OPEB schedules are intended to show information for ten years; additional years will be displayed as they become available.

	2021	2020	2019	2018
<b>Total OPEB liability - beginning</b>	\$ 1,241	\$ 769	\$ 638	\$ 636
Service cost	50	28	27	28
Interest	28	27	25	23
Changes in benefit terms	-	-	-	-
Changes of assumptions & Experience Data	(193)	433	96	(33)
Benefit payments	(23)	(17)	(17)	(16)
<b>Total OPEB liability - ending</b>	<b>\$ 1,103</b>	<b>\$ 1,241</b>	<b>\$ 769</b>	<b>\$ 638</b>
<b>Covered-employee payroll</b>	<b>857</b>	<b>811</b>	<b>725</b>	<b>666</b>
<b>Total OPEB liability as a % of covered-employee payroll</b>	<b>128.70%</b>	<b>153.02%</b>	<b>106.07%</b>	<b>95.80%</b>

**Notes to Schedule:**

\* Until a full 10-year trend is compiled, only information for those years available is presented.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Port of Sunnyside

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## STATISTICAL SECTION

This part of the Port of Sunnyside's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Contents</b>	<b>Page</b>
<u>Financial Trends</u> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	66-67
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the government's tax revenue source.	68-71
<u>Debt Capacity</u> These schedules present information to help the reader assess the affordability of the Port's current levels of outstanding debt and the Port's ability to issue debt in the future.	72-76
<u>Demographic and Economic Information</u> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Port's financial activities take place.	77-78
<u>Operating Information</u> These schedules contain service and infrastructure data to help the reader understand how the information in the Port's financial report relates to the services the Port provides and the activities it performs.	79-82

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

Port of Sunnyside

**POR T OF SUNNYSIDE**  
**YAKIMA COUNTY, WASHINGTON**  
NET POSITION BY COMPONENTS- LAST 10 YEARS  
December 31, 2021

<b>Year</b>	<b>Net Investment in Capital Assets</b>	<b>Restricted</b>	<b>Unrestricted</b>	<b>Total Net Position</b>
2012	7,193,195	1,127,731	5,656,724	13,977,650
2013	8,510,097	1,122,328	4,322,460	13,954,884
2014	10,570,563	1,122,328	6,219,674	17,912,565
2015	10,820,083	1,231,552	6,382,018	18,433,653
2016	12,516,174	1,231,552	7,389,665	21,137,391
2017	15,540,856	1,231,552	8,590,059	25,362,467
2018	17,475,529	1,231,553	10,795,905	29,502,987
2019	18,974,485	1,231,553	11,866,842	32,072,880
2020	24,728,950	320,907	9,303,207	34,353,064
2021	24,157,353	113,696	13,234,517	37,505,566

Note: The District is engaged in only business-type activities.

Port of Sunnyside

**POR T OF SUNNYSIDE**

**YAKIMA COUNTY, WASHINGTON**

CHANGES IN NET POSITION - LAST 10 YEARS

December 31, 2021

YEAR	OPERATING REVENUE	NON OPERATING REVENUE	CAPITAL CONTRIBUTIONS	OPERATING EXPENSES	NON OPERATING EXPENSES	CHANGE IN NET POSITION
2012	4,222,953	799,947	368,151	3,647,580	1,370,943	372,528
2013	4,275,119	654,409	66,820	3,565,296	701,862	729,190
2014	4,661,862	2,625,808	1,325,761	3,826,605	829,147	3,957,679
2015	5,881,367	715,096	151,762	4,388,879	611,333	1,748,012
2016	6,521,970	634,002	324,521	4,311,835	464,919	2,703,739
2017	6,419,945	1,414,784	1,207,927	4,413,289	404,292	4,225,076
2018	6,392,240	2,450,663	47,983	4,179,111	527,502	4,184,272
2019	6,747,622	894,819	65,926	4,608,644	493,756	2,605,968
2020	7,085,651	710,500	-	5,153,399	362,569	2,280,183
2021	7,078,333	697,856	390,487	4,344,828	669,344	3,152,503

Note: Changes in Net position are due primarily to wastewater volumes.

Port of Sunnyside

**POR T OF SUNNYSIDE**

**YAKIMA COUNTY, WASHINGTON**

ASSESSED VALUE OF TAXABLE PROPERTY - LAST 10 YEARS

December 31, 2021

YEAR	ASSESSED VALUATION YAKIMA COUNTY	ASSESSED VALUATION PORT DISTRICT	RATIO OF PORT TO COUNTY ASSESSMENT	PORT LEVY RATE
2012	14,492,460,315	1,239,438,271	8.55%	0.43034834
2013	14,843,676,188	1,251,874,124	8.43%	0.43202504
2014	15,024,702,587	1,278,436,576	8.51%	0.43202172
2015	15,567,727,126	1,337,157,974	8.59%	0.42111750
2016	16,453,866,766	1,390,704,957	8.45%	0.41634949
2017	17,265,650,942	1,453,176,814	8.42%	0.40478859
2018	17,265,651,813	1,513,049,820	8.76%	0.39717836
2019	19,007,816,058	1,640,320,204	8.63%	0.37606408
2020	20,544,382,240	1,764,554,594	8.59%	0.35903307
2021	21,883,536,629	1,864,742,772	8.52%	0.34840580

Source: Yakima County Assessor's Office

Note: Yakima County does not estimate actual value.

The Port of Sunnyside receives funds from property taxes only.

Port of Sunnyside

**POR T OF SUNNYSIDE**

**YAKIMA COUNTY, WASHINGTON**

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - LAST 10 YEARS

Per \$1,000 of Assessed Value

December 31, 2021

Year	Port of Sunnyside	Yakima County			School District		Cities		Special Districts		Totals
		County General Fund	Special Revenue Funds	County Debt Service	School District Average	State School Levy	Cities and Towns	Fire District	Regional Library		
2012	0.430	1.537	2.461	0.047	3.917	2.398	3.807	1.362	0.472	16.432	
2013	0.432	1.749	2.004	-	4.118	2.512	4.151	1.389	0.476	16.831	
2014	0.432	1.765	2.044	-	4.155	2.615	3.986	1.394	0.481	16.872	
2015	0.421	1.700	2.121	-	4.067	2.264	3.687	1.360	0.476	16.096	
2016	0.416	1.681	2.145	-	4.143	2.255	3.645	1.341	0.475	16.101	
2017	0.405	1.668	2.170	-	4.391	2.055	3.451	1.352	0.474	15.966	
2018	0.397	1.620	2.127	-	4.416	3.070	3.368	1.315	0.461	16.774	
2019	0.376	1.517	2.023	-	3.784	2.728	3.139	1.250	0.435	15.255	
2020	0.359	1.436	1.913	-	3.899	3.181	2.976	1.195	0.412	15.370	
2021	0.348	1.515	1.490	-	3.484	2.191	2.890	1.155	0.393	13.467	

Source: Yakima County Assessor's Office

Overlapping rates are those of local and county governments that apply to property owners within the Port of Sunnyside. Not all overlapping rates apply to all Port of Sunnyside property owners (ex. Residents of Sunnyside do not pay county taxes and residents of the county do not pay Sunnyside taxes).

## Port of Sunnyside

### **POR T OF SUNNYSIDE**

**YAKIMA COUNTY, WASHINGTON**

PRINCIPAL PROPERTY TAX PAYERS - LAST 10 YEARS

December 31, 2021

Taxpayer	Type of Business	2021 Ranking	2021 Assessed Valuation	Percent of Total	2012 Ranking	2012 Assessed Valuation	Percent of Total
Darigold Inc.	Food Manufacturing	1	\$ 66,380,540	3.56%	1	\$ 33,396,506	2.69%
Yakima Chief-Hopunion LLC	Agriculture	2	28,245,546	1.51%			
Pacificorp	Utilities	3	20,155,323	1.08%	2	18,392,960	1.48%
Asellus Sunnyside LLC	Food Manufacturing	4	15,593,200	0.84%			
Sunnyside Dairy LLC	Agriculture	5	14,952,565	0.80%	8	10,115,170	0.82%
Sunsteel LLC	Manufacturing	6	13,624,105	0.73%	4	12,963,661	1.05%
Wal-Mart Stores Inc.	General Merchandise	7	11,912,873	0.64%	5	12,452,319	1.00%
Milne Fruit Procude	Food Manufacturing	8	11,596,300	0.62%			
Zine A & Najiba Badissy	Agriculture	9	10,848,292	0.58%			
Francis Realty Inc.	Real Estate	10	10,743,600	0.58%	9	7,557,500	0.61%
United Telephone of the NW	Telecommunications				3	17,341,372	1.40%
Valley Processing Inc.	Food Manufacturing				6	11,100,328	0.90%
Independent Food Processor	Food Manufacturing				7	10,410,073	0.84%
J-M Manufacturing	Manufacturing				10	7,241,853	0.58%
Total Assessed Valuation of Principal Taxpayers			\$ 204,052,344	11%		\$ 140,971,742	11%
Total Assessed Valuation of Port of Sunnyside			\$ 1,864,742,772			\$ 1,239,438,271	

Source: Yakima County Treasurer

Port of Sunnyside

**PORT OF SUNNYSIDE  
YAKIMA COUNTY, WASHINGTON**

PROPERTY TAX LEVIES AND COLLECTIONS - LAST 10 YEARS

December 31, 2021

Year Ended December 31	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2012	\$ 533,390.20	\$ 512,955.45	96.17%	\$ 19,677.36	\$ 532,632.81	99.86%
2013	\$ 540,840.97	\$ 518,700.69	95.91%	\$ 18,019.90	\$ 536,720.59	99.24%
2014	\$ 552,312.37	\$ 538,638.00	97.52%	\$ 19,613.93	\$ 558,251.93	101.08%
2015	\$ 563,100.62	\$ 544,123.44	96.63%	\$ 15,387.62	\$ 559,511.06	99.36%
2016	\$ 579,019.30	\$ 563,590.30	97.34%	\$ 14,023.23	\$ 577,613.53	99.76%
2017	\$ 588,229.00	\$ 572,584.56	97.34%	\$ 12,454.24	\$ 585,038.80	99.46%
2018	\$ 600,950.65	\$ 583,113.92	97.03%	\$ 13,920.89	\$ 597,034.81	99.35%
2019	\$ 616,865.51	\$ 599,786.63	97.23%	\$ 14,445.07	\$ 614,231.70	99.57%
2020	\$ 633,533.46	\$ 616,129.70	97.25%	\$ 15,264.33	\$ 631,394.03	99.66%
2021	\$ 667,187.00	\$ 629,462.59	94.35%	\$ 18,751.41	\$ 648,214.00	97.16%

Source: Yakima County Treasurer's Monthly Fund Revenue Distribution

Port of Sunnyside

**POR T OF SUNNYSIDE**

**YAKIMA COUNTY, WASHINGTON**

RATIOS OF OUTSTANDING DEBT BY TYPE - LAST 10 YEARS

December 31, 2021

Fiscal Year	General Obligation Bonds	Revenue Bonds	Notes Payable	Total Debt	Total Debt Per Capita
2012	1,205,000	7,620,000	4,758,384	13,583,384	53.72
2013	1,115,000	7,065,000	3,887,411	12,067,411	47.45
2014	1,025,000	6,460,000	6,160,821	13,645,820	53.91
2015	930,000	5,820,000	6,052,668	12,802,668	51.33
2016	830,000	5,145,000	5,412,648	11,387,648	45.60
2017	725,000	4,365,000	5,233,713	10,323,713	41.34
2018	615,000	3,525,000	5,745,983	9,885,983	39.38
2019	505,000	2,620,000	5,266,182	8,391,182	32.94
2020	395,000	833,071	4,054,074	5,282,145	20.57
2021	-	13,841,000	3,351,995	17,192,995	66.61

Note: Total Debt does not include Pension, OPEB or Deferred Inflows

Note: Personal income and population information can be found on the Demographic Statistics

Port of Sunnyside

**POR T OF SUNNYSIDE**

**YAKIMA COUNTY, WASHINGTON**

RATIOS OF GENERAL BONDED DEBT OUTSTANDING - LAST 10 YEARS

December 31, 2021

Fiscal Year	General Obligation Bonds	% of GO Bonds to Assessed	GO Bonds Per Capita
2012	1,205,000	0.10%	4.77
2013	1,115,000	0.09%	4.38
2014	1,025,000	0.08%	4.05
2015	930,000	0.07%	3.73
2016	830,000	0.06%	3.32
2017	725,000	0.05%	2.90
2018	615,000	0.04%	2.45
2019	505,000	0.03%	1.98
2020	395,000	0.02%	1.55
2021	-	0.00%	-

Note: See the Assessed Value of Taxable Property schedule in this section for property value data.

Note: Population data can be found in the schedule of Demographic and Economic Statistics in this section.

Port of Sunnyside

**POR T OF SUNNYSIDE**

**YAKIMA COUNTY, WASHINGTON**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2021

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Yakima County	\$ 24,814,203	9.30%	\$ 2,307,404
Sunnyside School District	28,478,100	100.00%	28,478,100
City of Sunnyside	11,456,264	100.00%	11,456,264
Selah School District	64,045,000	9.30%	\$ 5,955,366
Fire District #5	-	100.00%	-
Total Direct and Overlapping Debt	\$ 128,793,567		\$ 48,197,134

Sources: Assessed value data used to estimate applicable percentages provided by Yakima County.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Port District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Port of Sunnyside. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each government.

The percentage of overlapping debt applicable is estimated using population data. Applicable percentages were estimated by determining the population in each governmental unit and the Port District's population that lies within each of the governmental units boundaries.

Info gathered from Yakima County Treasurer's Office -Outstanding Debt Service 2021

<https://www.yakimacounty.us/DocumentCenter/View/30247/Outstanding-2021-Debt-Service-PDF>

For City of Sunnyside, Contact Elizabeth Alba at City's Office 837-3782

**PORT OF SUNNYSIDE****YAKIMA COUNTY, WASHINGTON****LEGAL DEBT MARGIN INFORMATION - LAST 10 YEARS**

December 31, 2021

(in thousands)

Port of Sunnyside

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Assessed Value	\$1,239,438	\$1,251,874	\$1,278,437	\$1,337,158	\$1,390,705	\$1,453,177	\$1,513,050	\$1,640,320	\$1,764,555	\$1,864,743
Legal limit of 3/4 of 1% of Assessed Value	9,296	9,389	9,588	10,029	10,430	10,899	11,348	12,302	13,234	13,986
GO Bonds	1205	1115	1025	930	830	725	615	505	390	-
Other GO Debt	1083	1102	781	945	822	1099	2,074	1,853	1,614	561
Less Assets	(283)	(372)	(1,995)	(2,525)	(2,054)	(1,726)	(2,809)	(2,774)	(2,072)	(224)
Indebtedness Incurred	2,005	1,845	(159)	(650)	(402)	98	(120)	(416)	(68)	337
Legal Debt Margin	\$7,291	\$7,544	\$9,588	\$10,029	\$10,430	\$10,899	\$11,348	\$12,302	\$13,302	\$13,649
Margin of Indebtedness available without a vote of the people (1/4 of 1%	\$ 3,099	\$ 3,130	\$ 3,196	\$ 3,343	\$ 3,477	\$ 3,633	\$ 3,783	\$ 4,101	\$ 4,479	\$ 4,325

Source: Assessed Valuation received from Yakima County Assessor's office.

**PORT OF SUNNYSIDE****YAKIMA COUNTY, WASHINGTON**

REVENUE BOND COVERAGE - LAST 10 YEARS

December 31, 2021

Year	Total Operating Revenues	Direct Operating Expenses	*Non-Operating Revenue & Expenses	Net Revenue Available for Debt Service	Debt Requirements Revenue Bonds Principal	Total Interest	Coverage Ratio
2012	4,222,954	2,550,233	517,263	2,189,984	515,000	503,240	1,018,240 2.15
2013	4,275,119	2,574,222	534,672	2,235,569	540,000	477,490	1,017,490 2.21
2014	4,661,862	2,798,047	2,136,907	4,000,722	605,000	407,852	1,012,852 3.96
2015	5,881,367	3,360,032	103,762	2,625,097	640,000	371,163	1,011,163 2.61
2016	6,521,970	3,262,648	169,081	3,428,403	675,000	334,050	1,009,050 3.41
2017	6,419,945	3,372,587	1,010,491	4,057,849	780,000	294,844	1,074,844 3.79
2018	6,392,240	3,059,438	1,923,161	5,255,963	840,000	248,906	1,088,906 4.84
2019	6,747,622	3,415,469	401,064	3,733,216	905,000	199,331	1,104,331 3.39
2020	7,085,651	3,887,967	347,931	3,545,615	833,071	352,446	1,185,517 3.00
2021	7,078,333	3,037,176	28,512	4,069,669	893,000	211,175	1,104,175 3.70

Note: Details regarding the Port of Sunnyside's outstanding debt can be found in the notes to the financial statements.

Total Operating Revenue includes WWTF Operating Revenue, Property rental operations, and Other Revenue.

Direct Operating Expenses does not include depreciation.

\*Non-Operating Rev/Exp includes interest income, interest expense (excluding RO Bonds), tax revenues, and other non operating revenues/expenses (excluding pollution remediation).

Port of Sunnyside

## **PORT OF SUNNYSIDE**

### **YAKIMA COUNTY, WASHINGTON**

DEMOGRAPHIC AND ECONOMIC STATISTICS - LAST 10 YEARS

December 31, 2021

Fiscal Year	Population County	City of Sunnyside Population	Median Family Income	Per Capita Personal Income	School Enrollment	Average Unemployment Rate
2012	252,874	15,969	55,529	35,289	51,662	9.3%
2013	254,293	15,960	51,482	35,445	52,146	10.4%
2014	253,102	15,902	54,025	37,419	52,070	11.5%
2015	249,413	15,856	55,351	38,490	52,932	10.2%
2016	249,745	16,029	60,131	39,115	53,048	9.8%
2017	249,757	6,046	55,807	40,415	51,955	6.7%
2018	251,012	16,161	58,536	41,740	53,763	8.3%
2019	254,770	16,289	65,021	43,910	53,935	8.0%
2020	256,728	16,375	66,123	49,099	54,110	7.4%
2021	258,100	16,409	67,103	51,637	55,172	5.9%

Data Sources:

Population data supplied by Washington State Office of Financial Management.

Per Capita Income supplied by Washington State Employment Security

School Enrollment Supplied by Educational Service District #105.

Unemployment Rate Supplied by State Unemployment - Labor Market Analysis

Employment Security Department/LMEA; U.S. Bureau of Labor Statistics

Local Area Unemployment Statistics Metropolitan area Labor force Employed Unemployed

Port of Sunnyside

**POR T OF SUNNYSIDE**

**YAKIMA COUNTY, WASHINGTON**

**YAKIMA COUNTY PRINCIPAL EMPLOYERS**

December 31, 2021

**2020**                    **2012**

<b>Yakima County Principal Employers</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Yakima County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Yakima County Employment</b>
Yakima Memorial Hospital	2,500	1	2.11%	2,500	1	1.78%
Yakama Nation	2,459	2	2.08%			
Yakima School District	1,700	3	1.44%	1,756	2	1.25%
Wal-Mart	1,500	4	1.27%	1,555	3	1.11%
Zirkle Fruit	1,500	5	1.27%			
Washington Fruit & Produce	1,500	6	1.27%			-
Borton Fruit	1,212	7	1.02%	1,212	4	0.86%
Astria Health - Yakima/Sunnyside/Toppenish	1,200	8	1.01%	927	8	0.66%
Yakima County	1,150	9	0.97%	1,027	5	0.73%
Monson Fruit	1,023	10	0.86%	1,023	6	0.73%
Yakima Valley Farm Workers Clinic	1,006		0.85%	964	7	0.69%
AB Foods	900		0.76%	900	9	0.64%
Sunnyside School District	638		0.54%	740	10	0.53%
<b>Total Labor Force County</b>	<b>118,443</b>		<b>94.00%</b>	<b>140,463</b>		<b>89.70%</b>

Source: Yakima County, Washington Profile

Prepared by Yakima County Development Association

Port of Sunnyside

**PORT OF SUNNYSIDE**

**YAKIMA COUNTY, WASHINGTON**

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION - LAST

10 YEARS

December 31, 2021

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
IWWTF*	12.71	12.27	12.57	13.50	13.50	12.50	13.50	15.00	15.00	15.00
Administration	3.00	3.00	2.50	2.50	2.50	2.50	2.50	3.00	3.00	3.00
Total	15.71	15.27	15.07	16.00	16.00	15.00	16.00	18.00	18.00	18.00

\*IWWTF = Industrial Waste Water Treatment

Source: Year end payroll reports

**PORT OF SUNNYSIDE**

**YAKIMA COUNTY, WASHINGTON**

MWTF INDUSTRY RATES - LAST 10 YEARS

December 31, 2021

YEAR	OPERATING	BOD	TSS	TKN	SBR-Chloride	SBR-TKN	Capital TKN-Chloride	Capital SBR-TKN ****	Capital Dewatering **	Anaerobic *
2012	1.5320	0.1291	0.1369	0.1027	0.1658	1.5513	0.1097	1.0281	0.0581	0.8805
2013	1.7658	0.1355	0.1339	0.1106	0.1945	1.6201	0.1304	1.0818	0.0646	0.8805
2014	1.6617	0.1476	0.1124	0.1016	0.2482	1.4935	0.1655	0.9874	0.0544	1.0883
2015	1.9003	0.1504	0.1536	0.1103	0.3760	2.1519	0.1393	0.7973	0.0503	1.0164
2016	1.6575	0.0953	0.1230	0.0711	0.4560	2.4956	0.2401	1.1953	0.0395	1.2904
2017	1.6224	0.0930	0.1060	0.0641	0.4957	2.8432	0.2050	1.1245	0.0463	1.1855
2018	1.8917	0.0931	0.1151	0.0670	0.4574	2.6615	0.2025	1.1316	0.0480	1.2005
2019	1.4364	0.0877	0.1060	0.0596	0.4641	2.6611	0.1987	1.0943	0.0468	1.3282
2020	0.9813	0.1400	0.2491	-	0.4090	2.1057	0.1738	1.2119	0.0609	1.8840
2021	1.0811	0.1442	0.2526	-	0.4451	2.1345	0.1066	1.9476	0.0614	1.4832

Operation Rate - Charged per 100 cubic feet of water discharged

BOD Rate - Charged per pound of (BOD) biochemical oxygen demand discharged

TSS Rate - Charged per pound of (TSS) total suspended solids discharged

TKN Rate - Charged per pound of (TKN) total nitrogen discharged. Discontinued in 2020.

SBR Chloride - Charged per pound of Chloride discharged. Began in 2004.

SBR TKN - Charged per pound of (TKN) total nitrogen discharged. Began in 2004.

\* starting 2020 the Anaerobic Debt is updated with Hydraulic and dairy industry rate

\*\* starting in 2020 the Dewatering Capital had been renamed and reassessed to BOD Capital

\*\*\* starting in 2020 the Capital TKN Chloride was reassessed for current usage

\*\*\*\* SBR TKN Capital was reassessed based on capital expenditures

**POR T OF SUNNYSIDE**

**YAKIMA COUNTY, WASHINGTON**

**MAJOR REVENUE SOURCE - IWWTF INDUSTRY CHARGES -**

**LAST 10 YEARS**

**December 31, 2021**

IWWTF INDUSTRY LIST	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2021 Percent Relative to Total Revenue
Centennial Tank	\$ 14,915	\$ 18,374	\$ 15,558	\$ 18,556	\$ 16,567	\$ 17,597	\$ 20,403	\$ 40,942	\$ 26,578	\$ 32,519	0.50%
Curtman Steel Corp.	\$ 1,559	\$ 1,534	\$ 1,325	\$ 1,025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Darigold	\$ 2,490,707	\$ 2,493,715	\$ 2,798,424	\$ 4,036,954	\$ 4,985,617	\$ 4,726,290	\$ 4,703,449	\$ 5,116,576	\$ 5,742,354	\$ 5,780,728	88.48%
Darigold-COW Water	\$ -	\$ -	\$ -	\$ -	\$ 9,742	\$ 63,880	\$ 103,179	\$ 74,251	\$ 107,855	\$ 92,940	14.2%
DRR Fruit	\$ 77,809	\$ 63,996	\$ 81,460	\$ 71,569	\$ 72,450	\$ 96,208	\$ 90,403	\$ 84,913	\$ 86,496	\$ 103,795	1.59%
J.M. Eagle	\$ 3,198	\$ 3,255	\$ 1,898	\$ 1,433	\$ 1,425	\$ 1,500	\$ 1,475	\$ 1,500	\$ 1,475	\$ 1,425	0.02%
Johnson Candy	\$ 96,535	\$ 115,619	\$ 118,728	\$ 116,846	\$ 141,681	\$ 111,211	\$ 112,216	\$ 135,056	\$ 93,388	\$ 113,921	1.74%
Johnson Fruit	\$ 210,164	\$ 173,559	\$ 213,148	\$ 253,623	\$ 190,563	\$ 180,951	\$ 176,784	\$ 138,231	\$ 138,352	\$ 183,345	2.81%
Milk Way/LTI	\$ 29,159	\$ 33,988	\$ 44,512	\$ 44,091	\$ 29,879	\$ 31,741	\$ 28,856	\$ 26,889	\$ 28,806	\$ 38,074	0.58%
Seneca/Andrus & Roberts	\$ 3,186	\$ 3,036	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ -	\$ -	0.00%
Seneca/Independent	\$ 622,036	\$ 588,737	\$ 508,780	\$ 447,697	\$ 351,612	\$ 340,120	\$ 335,119	\$ 180,454	\$ 114,221	\$ 114,221	0.00%
Valley Processing	\$ 291,492	\$ 389,757	\$ 444,167	\$ 539,628	\$ 391,352	\$ 383,969	\$ 364,074	\$ 291,949	\$ 167,632	\$ 167,632	0.00%
Valley U. S. Grape	\$ 2,923	\$ 2,539	\$ 1,514	\$ 2,406	\$ 1,356	\$ 1,504	\$ 4,487	\$ 1,308	\$ 1,350	\$ 1,350	0.00%
Vitis Cellars	\$ -	\$ -	\$ 3,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Yakima Chief Hopunion	\$ 9,787	\$ 13,318	\$ 4,496	\$ 4,225	\$ 3,945	\$ 5,393	\$ 3,639	\$ 9,121	\$ 5,405	\$ 11,380	0.17%
Mine Fruit	\$ 3,853,468	\$ 3,901,406	\$ 4,238,618	\$ 5,539,252	\$ 6,197,330	\$ 5,961,564	\$ 5,945,284	\$ 6,101,490	\$ 6,552,066	\$ 6,553,265	100.00%
<b>TOTAL</b>	<b>\$ 3,853,468</b>	<b>\$ 3,901,406</b>	<b>\$ 4,238,618</b>	<b>\$ 5,539,252</b>	<b>\$ 6,197,330</b>	<b>\$ 5,961,564</b>	<b>\$ 5,945,284</b>	<b>\$ 6,101,490</b>	<b>\$ 6,552,066</b>	<b>\$ 6,553,265</b>	<b>100.00%</b>

Source: Port's internal records.

Note: Indicators are not available for the Port's general government function.

Note: Darigold accounts for more than 50% of the Port's annual revenue for User/Industry fees.

Port of Sunnyside

**PORT OF SUNNYSIDE****YAKIMA COUNTY, WASHINGTON**  
**CUBIC FEET OF WASTE WATER RECEIVED - LAST 10 YEARS**

December 31, 2021

Industry	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Centennial Tank	172,100	246,000	236,989	336,100	321,200	386,500	376,532	949,417	445,767	481,633
Darigold	25,814,468	24,922,067	26,711,922	34,762,019	42,011,079	41,463,807	43,077,197	45,661,886	46,974,605	47,114,479
Darigold-COW Water	0	0	0	0	371,878	2,360,255	3,618,472	3,077,195	3,543,907	2,277,883
DRR Fruit	1,478,852	892,005	1,270,308	1,266,755	1,558,290	2,077,751	1,874,281	1,963,981	1,391,688	1,920,688
J.M. Eagle	1,088	184	0	39	126	223	824	236	1	1
Johnson Canner	1,174,364	1,390,407	1,372,860	1,287,001	1,486,253	1,346,400	1,342,059	1,438,461	1,449,454	1,714,481
Johnson Food Storage	2,145,562	1,760,923	2,073,394	2,203,039	1,806,530	2,085,287	2,087,256	1,679,883	1,521,084	2,412,757
Milky Way/L.T.I.	480,300	480,100	841,129	823,400	720,877	734,900	600,000	601,700	479,230	558,483
Seneca Foods	6,381,100	6,590,100	5,303,088	5,199,208	4,721,633	5,334,718	4,468,508	1,830,768	337,866	-
Valley Processing	4,261,100	7,039,684	9,307,265	10,881,202	8,917,100	8,079,990	8,787,281	6,416,186	1,870,640	-
Valley U.S. Grape	45,764	5,460	0	84,711	29,763	37,946	212,370	702	-	-
Milne Fruit	0	0	0	0	0	0	0	0	791,628	4,022,881
Yakima Chief Hops	46,420	103,640	45,830	83,280	66,470	114,880	42,100	361,700	226,010	392,310
<b>TOTAL</b>	<b>41,981,118</b>	<b>43,420,570</b>	<b>47,162,785</b>	<b>56,936,754</b>	<b>62,011,199</b>	<b>64,042,657</b>	<b>66,486,880</b>	<b>63,982,115</b>	<b>59,031,880</b>	<b>60,895,501</b>

Source: Port's internal records.

Port of Sunnyside

**Port of Sunnyside**

**YAKIMA COUNTY, WASHINGTON**

IWWTF CURRENT INDUSTRY LIST

December 31, 2021

Industry	Type of Business
Centennial Tank	Food grade shipping company
Darigold	Cheese plant
DRR Fruit	IQF fruit plant
J. M. Eagle	Plastic pipe manufacturer
Johnson Cannery	Fruit processing plant
Johnson Fruit	Fruit processing plant
Milky Way/LTI	Food grade shipping company
Milne Fruit	Fruit processing plant
Yakima Chief Hopunion	Hop Extraction plant

With regard to capital fee only-A termination fee set forth in Section 5.3.1 of the User Contract provides assurance to prospective bond purchaser that each user would be responsible for its pro-rata share on "indebtedness" even if the user no longer discharged into the system. The termination fee was also implemented to protect other users of the system from having rates increased because another user terminated its contract.

**PORT OF SUNNYSIDE**

**YAKIMA COUNTY, WASHINGTON**

CAPITAL ASSET STATISTICS BY

FUNCTION - LAST 10 YEARS

December 31, 2021

IWWTF:	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number of Industries Served	13	13	13	12	12	12	12	12	11	9
Volume of Waste Water Received in thousands	41,981	43,421	47,163	56,937	62,011	64,043	66,487	63,982	59,032	60,896
Monthly Daily Average (millions of gallons)	1.45	1.45	1.45	2.00	2.00	2.00	2.00	2.00	1.90	1.98

Source: Port's internal records.