

PORT OF SUNNYSIDE



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Submitted pursuant to RCW 43.09.230 to the Washington
State Auditor for Fiscal Year Ended December 31, 2023

PREPARED BY: Delilah Saenz, Finance Director

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For the Fiscal Year Ended December 31, 2023

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INTRODUCTION SECTION

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May 22, 2024

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, 2023, 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 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. The cost of internal controls should not outweigh their benefits; therefore, 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, 2023, 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 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 district's financial statements for the fiscal year ended December 31, 2023, 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 Annual Comprehensive Financial Report for the fiscal year ended December 31, 2023. This was the 25th 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 annual comprehensive 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 Annual Comprehensive 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.

Management's Discussion and Analysis (MD&A) follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

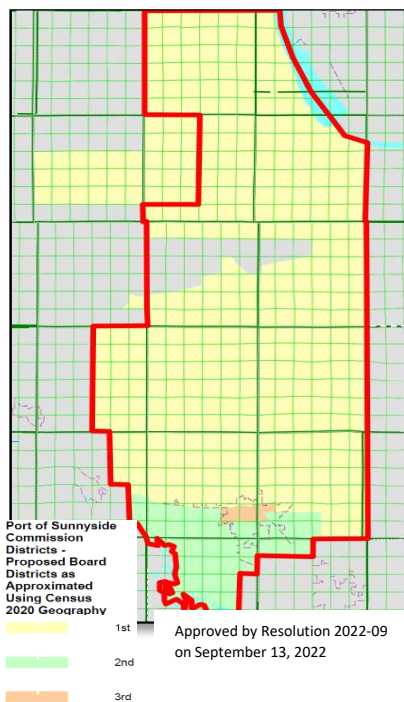
The remainder of this letter provides an overview of the Port's operations, the local economic conditions, and provides a report on some of the Port's current and future initiatives.

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.

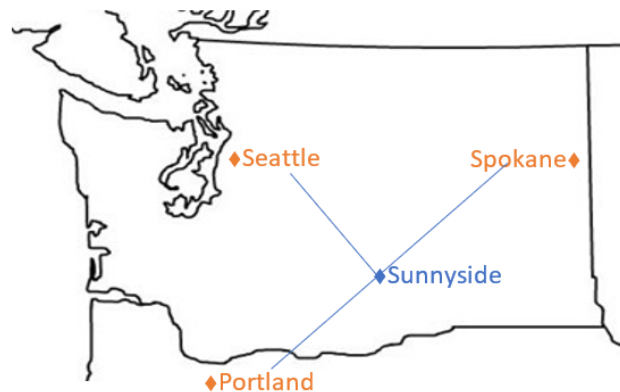
The Port of Sunnyside is a municipal corporation of the State of Washington incorporated in 1964, under the provisions of the Revised Code of Washington Chapter 53.01.010 et seq. The Port is authorized by Washington law to provide and charge fees for industrial wastewater discharge. The Port may acquire 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 4,311 square miles, the second largest land area and eighth 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 Wastewater Treatment Facility

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 eight food or food-related industries and a pipe manufacturing plant. The IWWTF is located in Sunnyside on approximately 30 acres which includes an MBR system, four treatment lagoons, a dewatering facility, an anaerobic digester, and an ultraviolet disinfection system.

The wastewater from all the food processing facilities in the City of Sunnyside have been removed from the City's domestic treatment system because the high bio-chemical oxygen demand (BOD) loads disrupted the treatment that is critical for the prevention of human disease. The wastewater discharged from these food processing facilities is then treated by the Port of Sunnyside's Industrial Wastewater Treatment Facility.

In 2005, the Port added sequencing batch reactors (SBRs) to the Port's treatment system which allowed for advanced wastewater treatment. Then in 2014, the Anaerobic Digester was added to the treatment process which doubled the capacity of the SBRs.

In 2022, the Port converted the SBRs into Membrane Bioreactors (MBRs). In the MBR process, membranes act as a solid-liquid separation device, keeping the biomass within the bioreactor before discharging the treated effluent. The effluent is then moved to an equalization basin before making its way to the final stage of the treatment process, UV filtration. Ultraviolet light is used to destroy the genetic material of microorganisms which prevent them from reproducing. This allows for clean water to be discharged safely back into the Sulphur Creek Wasteway which conveys its water to the Yakima River. All in accordance with the Port's permits through the Department of Ecology.

In addition to treating industrial wastewater, the Port operates a fully accredited lab. This provides for on-site testing and monitoring of the treatment system and the constituents in the wastewater received from the industries.

Industrial Users

The eight industries the Port serves contribute an estimated \$30 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, three of the top 10 taxpayers within the Port district are industries directly discharging to the Port's wastewater 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 2023, the Port received 64 million cubic feet of water discharged from the Users as compared to 62 million cubic feet in 2022. 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 545 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 the "top taxpayer" in the area. Darigold has a direct impact to our community with annual wages and benefits of approximately \$16.77 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 2023, along with 93 million pounds of whey powder and 97 million pounds of milk powders. This is the equivalent of 25 truckloads of cheese and powder being shipped out every day of the year.

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 farmland 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's fruit and vegetable ingredients are used around the world in a wide variety of consumer products.

Johnson Cannery & Foods was established in 1950 and is a C-Corporation headquartered in Sunnyside. 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 CO₂ extract plant, three hop pellet mills, a Cryo Hops® plant which was awarded a US patent in 2022 and has 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 wastewater to the Port of Sunnyside are categorized as follows:

Fruit Processor: **DRR Fruit** is located in Sunnyside and was established in 1999. They are part of the fruit and vegetable processing industry with a specialty in organic fruit packing.

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

JM Eagle™ is the world's largest 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 2023. 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.

2023 Project Summary

In 2022, the Port secured grant funding to clean up Planter's Hotel, a Brownfield site. Those funds, along with additional funding through loans, grants, and bonds, were used to restore a blighted building within the downtown corridor of Sunnyside which has experienced an economic decline in recent years.



Hoptown Pizza Exterior, Photo Credit: YV Photography

The restored building was opened in November 2023 and is now a frequented restaurant that will inspire growth and encourage change within the downtown corridor. The indirect

economic return to the community with this project is a functional building, a community atmosphere, reasonable



Hoptown Pizza Interior, Photo Credit: YV Photography

jobs, and the generation of additional sales tax revenue for the City of Sunnyside.

The downtown Sunnyside building that currently houses Varietal Beer Co., has been an established business in its current location since 2017. An existing storage building, adjacent to the primary facility, was remodeled to cellar the beer in a conditioned space freeing up room in the primary building for a canning line. An additional cold room was constructed in the vacated alley way. A funding partnership with the Community Economic Revitalization Board (CERB) was instrumental in the successful completion of this project. The Port was awarded a grant and loan package to facilitate the project's needs. The revamped building and additional storage will allow continued growth to the thriving brewery.



Varietal Expansion, during construction



Varietal Expansion, project completion

The Port was successful in negotiating a 49-acre land sale in 2023. This acreage is slated to be improved for the development and operation of an industrial scale renewable gas anaerobic digestion plant. The Port partnered with the City of Sunnyside and was successful in gaining a SIED (Supporting Investments in Economic Development) grant and both a CERB loan and grant to complete \$10 million of improvements, which include transportation improvements and extensions to the watermain, sanitary sewer, and industrial sewer pipelines. The preliminary planning, design, and engineering took place in 2023, with construction slated for 2024.

The Port is currently working with McKinstry Mechanical to complete an investment grade audit for capturing the methane biogas that is produced off the anaerobic lagoons, which is currently being flared. Upon evaluation of the audit, the port will review the potential installation of a Renewable Natural Gas (RNG) station at the industrial wastewater facility to allow productive use of the waste gas as a replacement of non-renewable fuels and allow for an added revenue stream for the port.

Environmental Stewardship

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 Wastewater Treatment Facility meets stringent federal standards.

ECONOMIC OUTLOOK

Yakima County

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 farmers. Growth in other sectors, particularly manufacturing, is desirable to counterbalance 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. The 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.

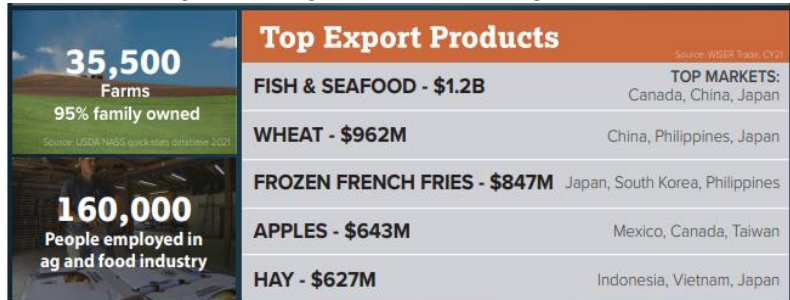
Yakima County is the state's second leading agricultural county with sales estimated at \$2.2 billion per year (highest value from fruit and milk), and Grant County leading with \$2.6 billion (fruit and vegetables). Yakima County has a large and varied farm base, complemented by diverse non-agricultural interests. Yakima County ranks first in the nation in the number of fruit trees. It produces more apples, sweet cherries, mint, winter pears, blueberries, and hops than any other county. Additional agricultural products include peaches, apricots, grapes, beef, wheat, and award-winning wines. Yakima County is also the leading county for dairy production and number of cows.

Washington's Agriculture

Think about crisp apples, creamy dairy products, fine wine, and mouthwatering vegetables. Washington food products are known worldwide for their quality and variety. Combined with state-of-the-art processing, world class transportation and port facilities, Washington State is an agricultural powerhouse.

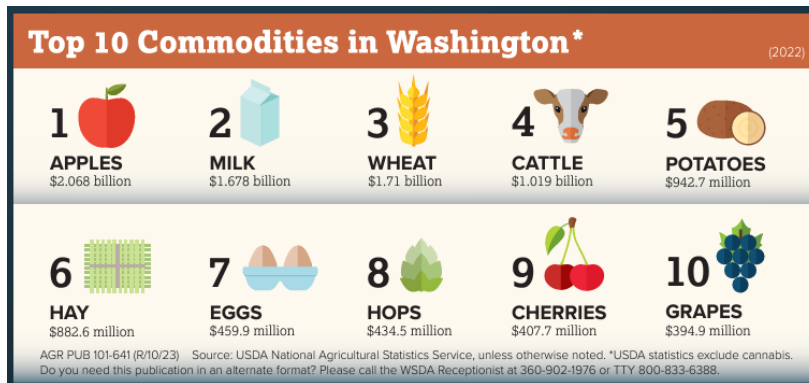
Agriculture has played a critical role in Washington's economy since the first pioneers settled over 200 years ago. On average, the agri-food industry employs approximately 250,000 people, which is more than any other sector in the state.

The geography of Washington is very diverse, ranging from rain forests in the extreme western part of the state to semi-arid regions in the interior. The Cascade Mountains divide the state into two distinct regions. The western side of the state contains the majority of the population, located in urban areas, while the central and eastern regions are more sparsely populated. Farms in the west tend to be small, and dairy products, poultry and berries are the primary commodities produced. The eastern side of the Cascade Range has larger farms. Small grains such as wheat and barley, potatoes, fruit, and vegetables are the primary commodities produced with over 300 food, feed and seed crops are grown each year. The state's proximity to world markets has made Washington the third largest exporter of food and agricultural products in the nation. According to the U.S.



Department of Commerce, Washington's exports topped \$61.1 billion in 2022. The large number of exports is a result of the strong yields by Washington growers, high prices producers are getting for their commodities, the low dollar which makes the state's products more attractive to international buyers, weather events in other parts of the world and trade missions opening new markets.

The Yakima Valley has the largest variety of fresh produce in the Pacific Northwest with over 2,952 farms and produces over 17% of the state's annual gross agricultural products. Many farms owned in Washington State (96%) are family farms.



The 2023 Washington Annual Statistical Bulletin (October 2023) ranks Washington first among all states for production of hops (70.9%), spearmint oil (65.7%), apples (62.9%), sweet cherries (62.4%), pears (44.3%), and blueberries (29%). Washington ranked second in the nation for potatoes, apricots, asparagus, grapes, and raspberries. The state's diverse

agricultural economy includes aquaculture, farm forest products, wheat, cranberries, spearmint oil, peppermint oil and mint extracts.

Washington is also the second largest producer of wine in the United States. Vineyards on the east side of the Cascades grow 99% of Washington's wine grapes. Washington wine regions produce more wine grapes than any other state in the U.S., except California.

The 2023 Washington Wine Grape Production Report detailed 159,000 tons of wine grape production, a decrease of 34% from 2022.

- Cabernet Sauvignon was the top producing variety grown in the state at 48,369 tons.
- Red Varieties accounted for 59% of the total production, an increase of 2% from 2022.

- Growers received an average of \$1,542 per ton for all varieties in 2023, an increase of \$172 from the previous year.

There are over 545 dairy farms in Washington State and dairy foods constitute the 4th largest agricultural commodity produced in Washington State with over \$1.019 billion.

Economy

Based on Bureau of Labor Statistics and the Employment Security Department estimates, Washington state gained 54,200 jobs from December 2022 to December 2023. The private sector added an estimated 34,800 jobs over the year, and the public sector gained an estimated 19,400 jobs. Private sector employment rose 1.2 percent and the public sector employment increased by 3.4 percent.

Washington State nonfarm jobs increased nearly 1% from an October 2022 total of 3,567,000 to a December 2023 total of 3,624,100. Preliminary estimates show Yakima County added 1,300 nonfarm jobs, an average annual increase of 6.4%.

The average unemployment rate in Yakima County for 2023 was 5.79% with the year-end rate at 7.8%. By comparison, the unemployment rate across Washington was 4.2% at year end. Yakima County jobs by category remained stable during 2023.

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.

Yakima County offers a range of educational resources which includes a private technical college, a community college, and a major university plus a number of specialized vocational training centers.

Getting goods to and from markets is paramount to any manufacturer. Our central location makes the Yakima Valley a great place to locate. We have rail access, an interstate highway system and nearby river ports. Goods can be transported to and from all areas of the world.

The cost of doing business in the Yakima Valley is lower than many other parts of the country. Our utility rates are some of the best in the nation. We offer a knowledgeable workforce. Yakima Valley workers are highly skilled, abundant, and trainable. All in all, the Yakima Valley has a lot to offer a new business or one wishing to relocate.

Sunnyside is an outstanding community which offers the ideal blend of quality living and business opportunities. Sunnyside is bordered by larger metropolitan markets to the west (Yakima, 35 miles) and to the east (Tri-Cities, 40 miles). Sunnyside finds itself situated as the retail hub of the Lower Yakima Valley which has gained substantial growth in recent years. There are city parks, a golf course, a museum, and a library. There are parades, fairs, tours, cultural festivals, wineries, wine tasting and breweries. Outdoor activities include hunting, fishing and much more.

Financial Information

Accounting System and Budgetary Control

In developing and evaluating the accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the Port's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

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 nature of operation, financed and accounted for, is such that the demand for the services provided largely determines the appropriate level of revenues and expenses (i.e., increased demand for services causes a higher level of expenses to be incurred, but also results in a higher level of revenues). 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.

Financial Policies

It has been, and will continue to be, the Port's policy 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 long-term financial plan for the Port is to sell property in our various industrial parks to pay down the amount of long-term debt.

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 December 31, years 1998, through December 31, 2022.

Independent Audit

Pursuant to Article 3, Section 20, of the Washington State Constitution and further 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 Director of Finance/Treasurer, I take this opportunity to recognize the contributions 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



Delilah Saenz
Port of Sunnyside, Director of Finance/Treasurer

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Port of Sunnyside
Washington**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

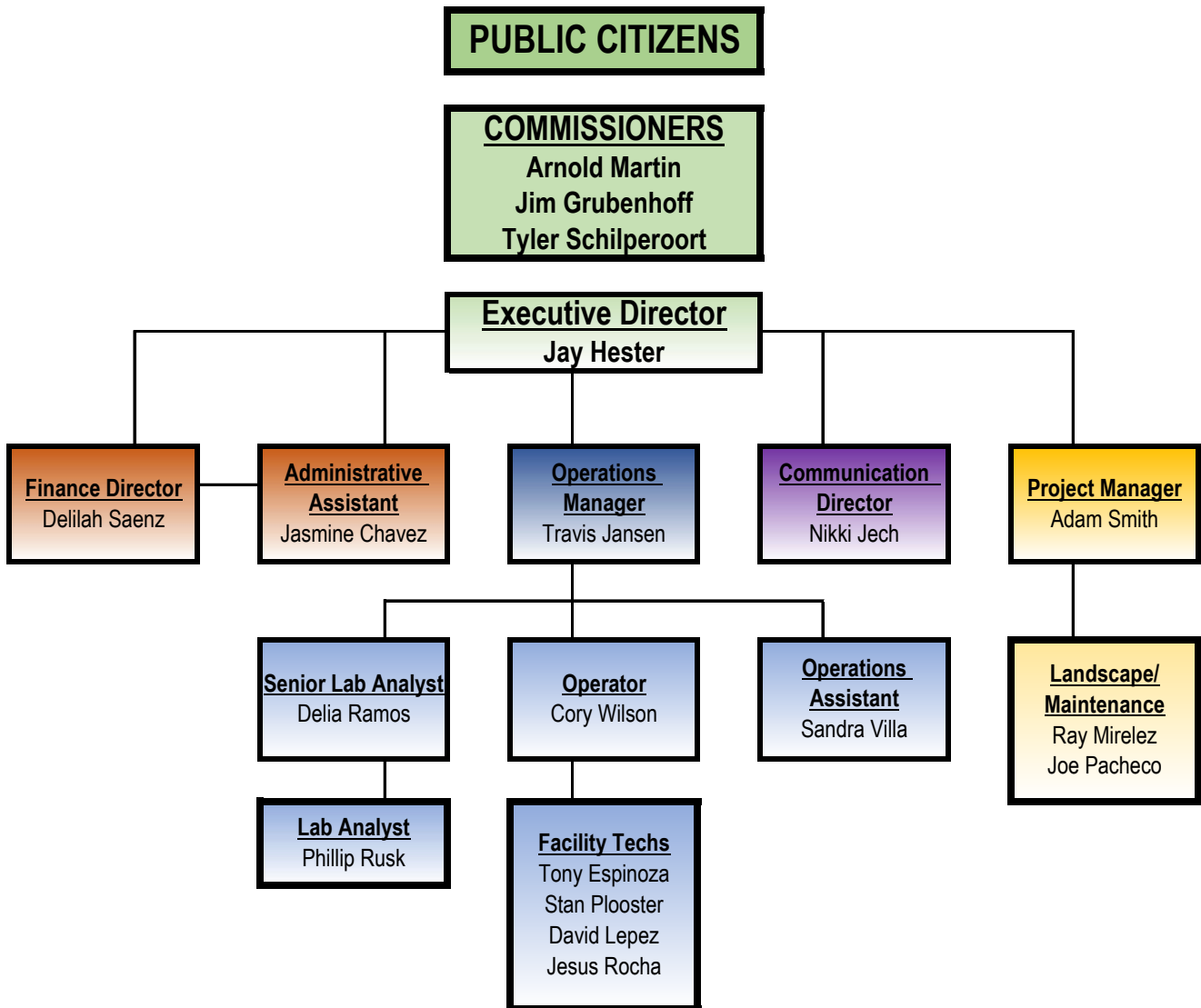
Christopher P. Morill

Executive Director/CEO

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PORT OF SUNNYSIDE

ORGANIZATIONAL CHART



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BOARD OF COMMISSIONERS 2023

The Port of Sunnyside has a three-member Board of Commissioners (Commission) that set policy and approves all expenditures. The Commission has appointed the executive administrative 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 served as Commission Vice-President in 2023. Commissioner 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, with distinction, 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.

Commissioner Martin served as Chairman of the Washington Mint Commission for four years, 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. Commissioner Martin received the Agri-Business Person of the Year award in 1993. The Washington Mint Growers Association named Commissioner Martin "Friend of the Industry" in 2007. Commissioner 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

Jim Grubenhoff was elected to the Commission in November 2009 and began serving in January 2010. He was re-elected in 2022 and his term expires the end of December 2028. He served as the Commission Secretary for 2023. He has lived in the Yakima Valley his entire life. He graduated from Sunnyside High School in 1974.

Commissioner Grubenhoff has been very active in the Sunnyside community. 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.

Commissioner Grubenhoff served as a member of the Sunnyside Airport advisory board from 2010 through 2018. He has also been a member of the Sunnyside Noon Rotary Club for more than 25 years. In 2013, Commissioner Grubenhoff was honored as the Outstanding Public Official by the Sunnyside Chamber of Commerce. In 2021, Commissioner Grubenhoff retired after over 40 years as a self-employed business owner. Commissioner Grubenhoff and his wife, Kathy, reside in Sunnyside and have 5 children and 7 grandchildren.



Tyler Schilperoort



Tyler Schilperoort was elected to the Commission in November 2017 and began serving in January 2018. He served as Commission President for 2023. Commissioner Schilperoort has served as a member of the Sunnyside Airport advisory board since 2019. 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.

Port of Sunnyside Staff



List of Principal Officials

Mr. Jay Hester, Executive Director

Ms. Delilah Saenz, Finance Director

Mrs. Nicole Jech, Communications Director

Mr. Travis Jansen, Operations Manager

Mr. Cory Wilson, Plant Operator

Mr. Adam Smith, Property Development & Project Manager

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FINANCIAL
SECTION

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

June 20, 2024

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,

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.



**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 the Port of Sunnyside as of and for the year then ended December 31, 2023, 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 financial position of the Port of Sunnyside, as of December 31, 2023, and the 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 (GAAS) 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.

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 conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 as 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 does not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with the audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, 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 20, 2024, 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,



Pat McCarthy, State Auditor
Olympia, WA
June 20, 2024

Port of Sunnyside

MANAGEMENT DISCUSSION AND ANALYSIS

For The Year Ended December 31, 2023

INTRODUCTION

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, 2023. 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, 2023, by \$55,855,270. Of this amount, \$22,541,134 is unrestricted and 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 2023, the Port's total combined cash & investment balance was \$22,541,134 which is an increase of \$3,113,675 from 2022's balance and is related to increased volume at the wastewater treatment facility and high interest rates in LGIP.
- The Port's 2023 total net position increased by \$14,191,621, an increase of \$10,003,614 from 2022.
- The Port's total long-term liabilities decreased by \$800,011 to \$16,961,817.
- The total deferred outflows for the Port related to pension were \$244,227 and \$8,323 related to OPEB. The total deferred inflows for the Port were \$167,939 related to Pension and \$2,139,771 related to leases.
- The overall financial position improved in 2023. This was due to a combination of increases in wastewater treatment, rent, property tax revenue, and interest rates.

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: 1) business-type activity financial statements, and 2) 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, Accounting and Reporting System (BARS) for Proprietary-Type Ports financial reporting in the State of Washington.

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's Programs - 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 facility serves eight manufacturing industries. The IWWTF is located in Sunnyside on approximately 30 acres which includes an MBR system, four treatment lagoons, a dewatering facility, an anaerobic digester, and an ultraviolet disinfection system.

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.

The following schedule reflects condensed net position. The Port is engaged only in business - type activities. Also, comparative years are being shown for 2023 & 2022 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	
	2023	2022
Current Assets and Other Assets	\$ 25,615,907	\$ 23,006,048
Capital Assets, Net Accumulated Depreciation	50,783,651	39,678,201
Total Assets	\$ 76,399,558	\$ 62,684,249
Deferred Outflows Related to Pension	244,227	275,756
Deferred Outflows Related to OPEB	8,323	8,759
Total Deferred Outflows	252,550	\$ 284,515
Current Liabilities	2,917,875	2,707,347
Long-Term Liabilities	16,961,817	17,761,828
Total Liabilities	\$ 19,879,692	\$ 20,469,175
Deferred Inflows Related to Pension	167,939	289,369
Deferred Inflows Related to Leases	2,139,771	516,570
Total Deferred Inflows	\$ 2,307,710	\$ 805,939
Net Investment in Capital Assets	32,823,134	22,300,231
Restricted	378,070	268,643
Unrestricted	22,684,066	19,124,776
Total Net Position	\$ 55,885,270	\$ 41,693,650

Major Factors Affecting the Statement of Net Position - Total net position increased by \$14,191,621 in 2023, which reflects an increase from the overall operation of the Port – due to construction projects, wastewater operations and the acquisition of a 12,000 square foot post-secondary education facility. The largest portions of the Port's total assets (65%) are in capital assets (e.g., land, buildings, other improvements, 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 and deferred inflows (85%) is long-term debt, down from (87%) in 2022 which are primarily payments for bond debt, payments to various funding agencies and private contracts associated with capital assets. 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	
	2023	2022
Revenues:		
Operating Revenues:		
IWWTF Operating Revenue	\$ 8,497,542	\$ 6,873,592
Property Rental & Sprayfield Revenue	530,804	488,608
Other Operating Revenue	335,848	121,976
Total Operating Revenues	\$ 9,364,195	\$ 7,484,176
Gain on disposition of Assets	-	489,223
Interest Income	985,033	288,771
Tax Levy Income	676,102	669,770
Other Non-Operating Revenues	27,784	26,598
Total Non-Operating Revenues	1,688,919	1,474,362
Total Revenues	\$ 11,053,114	\$ 8,958,538
Expenses:		
IWWTF Operating Expenses	2,872,192	3,091,880
General & Admin Operating Expenses	1,429,913	555,475
Depreciation	1,668,290	1,399,740
Non-Operating:		
Loss on disposition of assets	26,023	-
Interest Expenses	502,657	479,773
Other Non-Capital Financing Expenses	1,798	6,007
Total Expenses	\$ 6,500,873	\$ 5,532,875
Income Before Capital Contributions	4,552,240	3,425,662
Capital Contributions	9,639,380	762,346
Increase in Net Position	14,191,621	4,188,007
Net Position - January 1	41,693,650	37,505,644
Net Position - December 31	\$ 55,885,270	\$ 41,693,650

Analysis of the Schedule of Changes in Net Position – The 2023 net position is \$55,855,270, an increase from 2022 of \$14,191,621 resulting in 44% annualized growth for the last 5 years. Changes from a rate analysis slightly increased revenue receipts for the IWWTF, additionally continued termination fees and over discharges were recognized. Commercial rentals increased in 2023 due to additional property leases. 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 (52%) are from non-operating revenues consisting of interest earnings, subsidies, grants, and contributions by various outside agencies. Operating revenues which include utility billing, property taxes and rental income, which typically are a majority of revenue consist of 48% of total revenues in 2023. This change is due to the acquisition of the 12,000 square foot post-secondary education facility. 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. The increase for the loss on disposal of assets is related to the surplus of various assets that were no longer in working condition.

Capital Assets

As of year-end 2023, the Port had capital assets valued at \$50,783,651, an increase of \$11,105,450 from 2022 as reflected in the following schedule:

Port of Sunnyside Capital Assets

	Business Type Activities	
	2023	2022
<u>Capital Assets not being depreciated</u>		
Land	\$ 4,770,563	\$ 4,785,013
Construction In Progress	1,284,856	1,437,549
<u>Capital Assets being depreciated</u>		
Buildings	51,532,051	39,130,163
Improvements other than Buildings	5,303,419	4,999,600
Machinery and Equipment	9,735,137	9,797,093
Accumulated Depreciation	<u>(21,842,375)</u>	<u>(20,471,218)</u>
Total Capital Assets	<u>\$ 50,783,651</u>	<u>\$ 39,678,201</u>

The following reconciliation summarizes the change in Capital Net Position, which is presented in detail in the Notes to Financial Statements – Note 2 Capital Assets & Depreciation.

Change in Capital Assets

	Business Type Activities	
	2023	2022
Beginning Balance, January 1	\$ 39,678,201	\$ 39,443,311
Net Change	12,773,740	1,634,630
Depreciation	(1,668,290)	(1,399,740)
Ending Balance, December 31	\$ 50,783,651	\$ 39,678,201

Analysis of changes in Capital Assets – For year-end 2023, net capital assets had an increase of \$11,105,450.

Debt Service

At the end of 2023, the Port had total debt of \$17,960,517. This is a decrease of \$489,325 from 2022. Additional information regarding outstanding debt can be found in the Port's Notes to Financial Statements Note 10 – Long-Term Debt.

Outstanding Debt, at Year-end

	2023	2022
G O Bonds	\$ 2,677,000	\$ 2,841,000
Revenue Bonds	11,981,000	12,922,000
Notes & Contracts Payable	3,302,517	2,686,842
Total	\$ 17,960,517	\$ 18,449,842

The Port continues to upgrade and technologically advance the wastewater treatment plant with a goal of cleaner water. The Port continues to entertain large industries for industrial park expansion. The Port has been doing revitalization projects in downtown Sunnyside to bring in expanded restaurants, wineries, and brewery businesses with expectation for increase commercial rents.

Economic Factors

Sunnyside has had an increase in employment, housing starts and disposable income since 2022.

Retail Sales in Sunnyside have increased from 2022 to 2023. The tourism and travel industries have remained status quo as people continue to enjoy the valley and local events.

The civilian workforce has seen a slight increase in employment in 2022. Unemployment for Washington has decreased from a revised rate of 4.1% in 2022 to a preliminary rate of 3.6% in 2023.

With plentiful area for development, the Port has continued to see a steady increase in industry and commercial property transactions since 2022. It is anticipated with further industrial development Sunnyside will become a premier destination for manufacturing and transportation business.

Questions concerning any of the information in this report or requests for additional financial information should be emailed to delilah@portofsunnyside.com or addressed to:

Delilah Saenz, Finance Director
Port of Sunnyside
2405 Reith Way, Suite 2
Sunnyside, WA 98944

Port of Sunnyside

Yakima County, Washington

Statement of Net Position

December 31, 2023

Page 1 of 2

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS

Cash and Cash Equivalents, Unrestricted (Note 1-D1)	\$	22,541,134
Cash and Cash Equivalents, Restricted (Note 1-D4)		-
Accounts Receivable (Note 1-D3)		1,186,622
Taxes Receivable (Note 1-D3 & Note 15)		40,965
Interest Receivable on Notes (Note 1-D3)		-
Lease Receivables (Note 8)		111,019
Prepayments (Note 1-D7)		81,957
Total Current Assets		<u>23,961,696</u>

NONCURRENT ASSETS

Capital Assets: (Note 2)

Capital Assets not being Depreciated:

Land	4,770,563
Construction in Progress	1,284,856

Capital Assets being Depreciated:

Improvements to Land	5,303,419
Buildings and Structures	51,532,051
Equipment	9,735,137
Less: Accumulated Depreciation	<u>(21,842,375)</u>

Total Net Capital Assets 50,783,651

OTHER NONCURRENT ASSETS

Other Receivables (Note 1-D3)	666,793
Net Pension Asset (Note 12)	302,565
Right of Use Asset Leases (Note 9)	47,811
Long Term Receivable Leases (Note 1-D8 & Note 8)	<u>2,057,604</u>
Total Noncurrent Assets	3,074,773

TOTAL ASSETS

\$ 77,820,120

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows Related to Pensions (Note 12)	244,227
Deferred Outflows Related to OPEB (Note 11)	<u>8,323</u>
Total Deferred Outflows	252,550

TOTAL ASSETS AND DEFERRED OUTFLOWS

\$ 78,072,670

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Port of Sunnyside

Yakima County, Washington

Statement of Net Position

December 31, 2023

Page 2 of 2

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION**CURRENT LIABILITIES**

Accounts Payable (Note 1-D12 & Note 13)	\$	963,747
Current Portion of General Obligation Bonds (Note 10)		169,000
Current Portion of Revenue Bonds (Note 10)		964,000
Current Portion of Notes/Contracts Payable (Note 10)		742,204
Compensated Absences (Note 1-D10)		36,524
Lease Current Liability (Note 9)		25,752
OPEB Current Liability (Note 11)		16,647
Total Current Liabilities		<u>2,917,875</u>

NONCURRENT LIABILITIES

General Obligation Bonds, Net of Current (Note 10)		2,508,000
Revenues Bonds, Net of Current (Note 10)		11,017,000
Notes/Contract Payable, Net of Current (Note 10)		2,560,312
OPEB Liability (Note 11)		723,688
Lease Liability (Note 9)		22,176
Net Pension Liability (Note 12)		130,641
Total Noncurrent Liabilities		<u>16,961,817</u>

TOTAL LIABILITIES\$ 19,879,692**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows Related to Pensions (Note 12)		167,939
Deferred Inflows Related to Leases (Note 8)		2,139,771
Total Deferred Inflows		<u>2,307,710</u>

TOTAL LIABILITIES AND DEFERRED INFLOWS\$ 22,187,401**NET POSITION**

Net Investment in Capital Assets		32,823,134
Restricted, for Net Pension Asset (Note 16)		378,070
Unrestricted		22,684,066
TOTAL NET POSITION	\$	<u><u>55,885,269</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Port of Sunnyside

Yakima County, Washington

Statement of Revenues, Expenses and Changes in Net Position

For the fiscal year ended December 21, 2023

OPERATING REVENUES

Industrial Waste Water Treatment Facility Operations	\$	8,497,542
Property Rentals & Sprayfield Operations		530,804
Miscellaneous Reimbursements		335,848
Total Operating Revenues		<u>9,364,195</u>

OPERATING EXPENSES

Industrial Waste Water Treatment Facility Operations		2,872,192
General & Administrative		1,429,913
Depreciation		1,668,290
Total Operating Expenses		<u>5,970,395</u>

OPERATING INCOME (LOSS) 3,393,800**NON-OPERATING REVENUES (EXPENSES)**

Investment Income		985,033
Interest on Lease Activity		27,784
Taxes Levied For:		
General purposes		421,758
Debt service principal/interest		254,344
Gain on Disposition of Assets		-
Loss on Disposition of Assets		(26,023)
Interest Expense - General Obligation		(129,791)
Interest Expense - Revenue Obligation		(372,866)
Other Non-Capital Financing		(1,798)
Total Nonoperating Revenues (Expenses)		<u>1,158,441</u>

INCOME BEFORE CAPITAL CONTRIBUTIONS 4,552,240**CAPITAL CONTRIBUTIONS** 9,639,380**CHANGE IN NET POSITION** 14,191,621Net Position - Beginning of Year 41,693,650**NET POSITION - END OF YEAR** \$ 55,885,270

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Port of Sunnyside

Yakima County, Washington

Statement of Cash Flows

For the year ended December 31, 2023

Page 1 of 2

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 9,142,236
Payments to Suppliers	(3,271,615)
Payments to Employees	(1,434,843)
Net Cash Provided by Operating Activities	<u>4,435,778</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Receipts of Property Taxes from Yakima County	467,772
Net Cash Provided by Noncapital Financing Activities	<u>467,772</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Receipts of Property Taxes from Yakima County	254,344
Gain on Sale of Capital Assets	(26,023)
Purchases of Capital Assets	(12,476,608)
Capital Contributions	9,639,380
Principal Paid on Capital Debt	(489,325)
Interest Paid on Capital Debt	(502,657)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,600,889)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and Dividends	739,145
Net Cash Provided by Investing Activities	<u>739,145</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

2,041,805

Cash and Cash Equivalents - Beginning of Year

20,499,331

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 22,541,134

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Port of Sunnyside

Yakima County, Washington

Statement of Cash Flows

For the year ended December 31, 2023

Page 2 of 2

**RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$	3,393,800
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization		1,668,290
Depreciation reduction from error correction		(297,133)
(Increase) Decrease in Assets and Deferred Outflows of Resources:		
Accounts Receivable		(66,085)
Lease Receivable		(1,652,053)
Prepaid Expenses		(15,726)
Net Pension Asset		(28,894)
Deferred Outflows		31,965
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:		
Accounts Payable		79,937
Accrued Liabilities		9,431
Net Pension Liability		(26,871)
OPEB Liability		(210,582)
Lease Liability		47,928
Deferred Inflows		1,501,771
Total Adjustments		<u>1,041,978</u>
Net Cash Provided by Operating Activities	\$	<u>4,435,778</u>

RECONCILIATION OF CASH & CASH EQUIVALENTS

Banner Bank		1,257,871
Investments: Local Government Investment Pool		21,274,673
Restricted Cash		8,590
Total Cash	\$	<u>22,541,134</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Port of Sunnyside
Yakima County, Washington
Notes to Financial Statements
December 31, 2023

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 eight food or food-related industries and a pipe manufacturing plant. The IWWTF is located in Sunnyside on approximately 30 acres which includes an MBR system, four treatment lagoons, a dewatering facility, an anaerobic digester, and an ultraviolet disinfection system. Industry fees pay for all the operating costs and all of the debt retirement of the IWWTF.

The district'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.

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 Cities, Counties, and Special Purpose Districts* in the State of Washington.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Port statements 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 district'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. Budgetary Information

1. Scope of the Budget

Annual appropriated budgets are adopted for proprietary funds on the full-accrual basis of accounting.

2. Amending the Budget

The Executive Director/Auditor is authorized to transfer budget amounts between object classes within departments; however, any revision that alter the total expenditures of the Port, or that affect the number of authorized employee positions, salary ranges, hours or other conditions of employment must be approved by the Port Commission.

When the Port Commission determines that it is in the best interest of the Port to increase or decrease the appropriation for a particular object class, it may do so by resolution approved by one more than the majority after holding a public hearing.

D. Assets, Liabilities and Net Position

1. Cash and Cash Equivalents

It is the Port of Sunnyside's policy to invest all temporary cash surpluses. At December 31, 2023, the Port was holding \$22,541,134. This amount is reported on the Statement of Net Position as cash and cash equivalents, unrestricted. The interest on these investments is prorated to the various accounts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For the 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.

2. Investments

(See Note 6 – *Deposits and Investments*)

The Port of Sunnyside measures and reports investments at fair value using the valuation input hierarchy established by generally accepted accounting principles.

3. Receivables

Taxes receivable consists of property taxes and related interest and penalties. (See Note 15 – *Property Tax*). Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year.

Customer accounts receivable consist of amounts owed from private individuals, other governments, or organizations for goods and services contracted or provided.

4. Restricted Assets and Liabilities

(See Note 10 – *Long-Term Debt*)

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

The restricted assets are composed of the following:

- Pension Assets - State of Washington Department of Retirement \$375,089

5. Capital Assets & Depreciation

(See Note 2 – *Capital Assets*)

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the Statement of Net Position. Capital assets are defined for the Port of Sunnyside as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at appraised value at the date of donation.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

6. Other Assets and Debits

Prepayments – Prepaid expenses consist of amounts paid in 2023 for 2024 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.

Pension Asset – The amount calculated as a pension asset held by the Washington State Department of Retirement. (See – Note 11 *Pension Plans*)

7. Leases

Lessee: The Port is a lessee for noncancelable leases. The Port recognizes a lease liability and an intangible right-to-use lease asset.

At the commencement of a lease, the Port initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized using the straight-line method over its useful life.

Key estimates and judgements related to lease include how the Port determines (1) the discount rate it used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Port uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancelable period of the lease.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Lease payments included in the measurement of the lease liability are composed of fixed payments from the lessee and purchase option price that the Port is reasonably certain to exercise.

The Port monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor: The Port of Sunnyside is a lessor for noncancelable leases. The Port recognizes a lease receivable and a deferred inflow of resources.

At the commencement of a lease, the Port initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently the deferred inflow of resources is recognized as revenue over the life of the lease term using the straight-line method.

Key estimates and judgements related to lease include how the Port determines (1) the discount rate it used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Port uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancelable period of the lease plus any additional periods covered by either a lessee or lessor option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the lessee and the lessor have a unilateral option to terminate (or if both parties have to agree to extend) are excluded from the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee and purchase option price that the Port is reasonably certain to exercise.

The Port monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Deferred Outflows/ Inflows of Resources

The Port reports a separate section for deferred inflows of resources and for deferred outflows of resources.

Deferred outflows of resources consist of deferred outflows of resources related to pensions and OPEB.

Deferred inflows of resources consist of deferred inflows of resources related to pensions and leases.

9. 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 compensatory time is \$36,524 at December 31, 2023, and was \$27,093 at December 31, 2022. The compensated absences could all be due within the coming year and are recorded as a current liability.

10. Pensions

For purposes of measuring the net pension liability, net pension asset, 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 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.

For purposes of calculating the restricted net position related to the net pension asset.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Other Accrued Liabilities

Accrued expenses – These accounts consist of accrued accounts payable and payroll expenses at year end. These amounts are expenses incurred, but not yet paid, as of December 31, 2023.

Accrued Interest Payable – These accounts consist of interest on debt accrued to year end, but not yet paid.

Other Current Liabilities – This account is funds held as customer deposits for properties rented out by the district, retainage liability and the current liability for pollution remediation. (See Note 13 – *Pollution Remediation*)

12. Long-Term Liabilities

(See Note 10 – *Long-Term Debt*)

13. Grants

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

14. Net Position Classification

For proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Sometimes the Port will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Port's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

NOTE 2 - 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, 2023, were as follows:

NOTE 2 - CAPITAL ASSETS AND DEPRECIATION (continued)

	Beginning Balance 1/1/2023	Increases	Decreases	Ending Balance 12/31/2023
Capital Assets, not being depreciated:				
Land	4,785,012.84	0.02	14,449.81	4,770,563.05
Construction In Progress	1,437,549.35	3,712,496.61	3,865,190.20	1,284,855.76
Total Capital Assets, not being depreciated	6,222,562.19	3,712,496.63	3,879,640.01	6,055,418.81
Capital Assets, being depreciated:				
Buildings & Structures	39,130,163.27	12,421,130.18	19,242.30	51,532,051.15
Improvements other than buildings	4,999,599.81	303,819.24	0.01	5,303,419.04
Machinery & Equipment	9,797,092.74	344,054.00	406,010.46	9,735,136.28
Total Capital Assets, being depreciated	53,926,855.82	13,069,003.42	425,252.77	66,570,606.47
Less Accumulated Depreciation for:				
Buildings & Structures	-14,321,421.48	1,162,582.19	21,452.10	-15,462,551.57
Improvements other than buildings	-2,642,303.85	207,576.90	0.00	-2,849,880.75
Machinery & Equipment	-3,507,492.85	374,488.08	352,038.58	-3,529,942.35
Total Accumulated Depreciation	-20,471,218.18	1,744,647.17	373,490.68	-21,842,374.67
Total Capital Assets, being depreciated, net	33,455,637.64	14,813,650.59	51,762.09	44,728,231.80
Total Capital Assets	39,678,199.83	18,526,147.22	3,931,402.10	50,783,650.61

NOTE 3 – CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2023, the following changes occurred in long-term liabilities:

	Beginning Balance 1/1/2023	Additions	Reductions	Ending Balance 12/31/23	Due Within One Year
Bonds Payable:					
GO Bonds	\$ 2,841,000	\$ -	\$ 164,000	\$ 2,677,000	\$ 169,000
Revenue Bonds	\$ 12,922,000	\$ -	\$ 941,000	\$ 11,981,000	\$ 964,000
Total Bonds Payable	\$ 15,763,000	\$ -	\$ 1,105,000	\$ 14,658,000	\$ 1,133,000
Notes & Contracts Payable	\$ 3,976,443	\$ 1,289,600	\$ 1,963,526	\$ 3,302,517	\$ 742,204
Net Pension Liability	\$ 157,512	\$ -	\$ 26,871	\$ 130,641	\$ -
Total OPEB Liability	\$ 950,917	\$ -	\$ 210,582	\$ 740,335	\$ 16,647
Compensated Absences	\$ 27,093	\$ 9,431	\$ -	\$ 36,524	\$ 36,524
Total Long-Term Liabilities	\$ 20,874,965	\$ 1,299,031	\$ 3,305,979	\$ 18,868,017	\$ 1,928,375

The Port erroneously included two new loans that were awarded in 2022 in the long-term liabilities table in the report for year ended December 31, 2022. These loans were not accrued until 2023. This table shows the amount of the reduction of the loan amounts in the reductions column, as well as that same amount in the additions column to properly account for the accrued loan amounts.

NOTE 4 – CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The Port has active construction projects as of December 31, 2023. The projects include:

<u>Projects as of 12/31/23</u>	<u>Expenses</u>	<u>Commitments</u>
Airport Hanger Project	114,690.70	644,536.55
St. Claire Way Project	886,623.48	9,856,909.00
Tenant Improvement Project	56,400.00	293,600.00
Bio-Gas Project	89,585.22	0.00
Land Improvement Project	91,469.77	10,000.00
Lagoon 2/3 Improvement	46,086.59	0.00
Totals	1,284,855.76	10,805,045.55

NOTE 5 – 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 6 – DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the Port would not be able to recover deposits or will not be able to recover collateral securities that in possession of an outside party. The Port'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, 2023, totaled \$1,266,461.

Investments

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

NOTE 6 – DEPOSITS AND INVESTMENTS (continued)

The Port is a voluntary 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.

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, 2023, the Port of Sunnyside held the following investments measured at amortized cost:

Investment	Maturities	Principal	Interest	YE Balance
Local Govt. Investment Pool	*N/A	\$ 20,385,923	\$ 888,749	\$ 21,274,673
TOTAL		\$ 20,385,923	\$ 888,749	\$ 21,274,673

*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 the 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 7 – JOINT VENTURES

The Port of Sunnyside owns real property for which negotiations were taking place for the sale and development of such property. The developer requested the Port provide the infrastructure improvements that would serve the property. Since the infrastructure

NOTE 7 – JOINT VENTURES (continued)

benefits both the Port and the City of Sunnyside (City), the two entities collaborated to provide the design, construction, funding, ownership, and use of the public project for their mutual advantage.

In 2022, the Port applied for a SIED grant and CERB grant as well as a CERB loan. In 2023, the Port was awarded grant funds through SIED (\$3,000,000) and CERB (\$750,000) for both the Port and City contributions. The Port was also awarded a CERB loan (\$4,250,000) of which the City contribution will be \$2,359,710 and the Port's contribution will be \$1,890,290.

The City agreed to provide a cash amount of \$950,000.00. In addition to the City's cash payment, the City will also reimburse the Port for the portion of loan funds allocated as part of the City's contribution (55.5226%), plus interest over a period of ten years. The Port shall be responsible for loan funds allocated as part of the Port's contribution (44.4774%), plus interest over a period of ten years.

NOTE 8 – LEASES (LESSEE)

It is not customary for the Port to engage in leases as a lessee. When possible, the Port will engage in short-term leases, unless a long-term lease is necessary. The Port is currently the lessee of one lease. This lease is for a period of twenty-four months.

The Port records the intangible lease assets and lease liabilities based on the present value of expected payments over the lease term of the respective lease(s). Variable payments, other than those payments that depend on an index or rate or are fixed in substance, are excluded from the measurement of the lease liability. The Port does not have any leases with variable payments. The Port did not incur expenses related to residual value guarantees, termination penalties or losses due to impairment. The Port does not have commitments for leases that have not commenced as of December 31, 2023.

The total lease asset is \$52,158, and the related accumulated amortization is \$4,347.

The table below shows the amount of deferred outflows for Port's current lease:

Year Ended December 31	Principal	Interest	Total
2024	25,752	724	26,476
2025	22,176	204	22,380
Total	\$ 47,928	\$ 928	48,856

NOTE 9 – LEASES (LESSOR)

The Port promotes the economic development in Sunnyside by providing operating leases of buildings, land and rail spur to a variety of businesses. The investment properties are leased to tenants under operating leases with rentals payable on a monthly basis or annualized amount. Any additional charges such as utility and/or maintenance costs, among others, are added to lessor's next regular billing. Annually, the rates are increased based on the Consumer Price Index or fixed rate, dependent upon contract terms.

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 expiration of existing operating leases. Expectations about the future residual values are reflected in the fair value of the properties.

The Port does not allow sublease transactions without written consent by the Port. The Port currently has two subleases with the same lessee for two land leases. The Port currently does not have any sale-leaseback or lease-leaseback transactions.

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 imputed interest rate of 2%.

Year Ended December 31	Principal	Interest	Total
2024	224,600	51,550	276,150
2025	241,100	46,894	287,994
2026	229,346	42,299	271,645
2027	235,674	37,654	273,328
2028	236,109	32,901	269,010
2029-2033	808,564	110,166	918,730
2034-2038	94,178	66,622	160,800
2039-2043	104,074	56,726	160,800
2044-2048	115,010	45,790	160,800
2049-2053	127,096	33,704	160,800
2054-2058	140,451	20,349	160,800
2059-2063	150,811	9,989	160,800
2064-2068	140,451	20,349	160,800
2069-2073	130,928	5,752	136,680
Total	\$ 2,978,392	\$ 580,745	3,559,137

NOTE 9 – LEASES (LESSOR) (continued)

The total amount of deferred inflows of resources (for example, lease revenue, interest revenue, and any other lease-related inflows) are detailed on the 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.

Year	Inflows
2024	224,600
2025	241,100
2026	229,346
2027	235,674
2028	236,109
2029-2033	808,564
2034-2038	94,178
2039-2043	104,074
2044-2048	115,010
2049-2053	127,096
2054-2058	140,451
2059-2063	150,811
2064-2068	140,451
2069-2073	130,928

NOTE 10 – LONG-TERM DEBT

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 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 as follows:

General Obligation Bonds	Maturity Range	Interest Rate	Original Amount	Amount of Installment	Loan Balance 12/31/23
2022 Bond Debt	2036	3.18%	\$ 3,000,000	\$ 159,000	\$ 2,677,000

NOTE 10 – LONG-TERM DEBT (continued)

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

Year Ending December 31	Principal	Interest
2024	169,000	85,129
2025	175,000	79,754
2026	180,000	74,189
2027	186,000	68,465
2028	192,000	62,551
2029-2033	1,057,000	217,130
2034-2038	718,000	46,110
Total	\$ 2,677,000	\$ 633,329

Revenue Bonds currently outstanding are as follows:

Revenue Bonds	Maturity Range	Interest Rate	Original Amount	Amount of Installment	Loan Balance 12/31/2023
2020 A bond	2034	2.40%	\$ 14,058,000	\$ 748,000	\$ 11,981,000

The annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending December 31	Principal	Interest
2024	964,000	275,890
2025	987,000	253,107
2026	1,011,000	229,771
2027	1,036,000	205,860
2028	1,060,000	181,373
2029-2033	5,699,000	518,528
2034-2038	1,224,000	21,573
Total	\$ 11,981,000	\$ 1,686,102

NOTE 10 – LONG-TERM DEBT (continued)

The contracts payable outstanding are as follows:

Contracts Payable						
Description	Original Loan	Maturity Date	Interest Rate	Loan Balance 1/1/2023	Loan Balance 12/31/2023	Current Portion
USDA - Anaerobic Digester \$300k	\$ 300,000	7/1/2024	0.000%	\$ 58,333	\$ 25,000	\$ 25,000
USDA - Anaerobic Digester \$750k	\$ 750,000	8/1/2024	0.000%	\$ 145,834	\$ 62,500	\$ 62,500
Benton REA - Anaerobic Digester	\$ 60,000	9/1/2024	3.250%	\$ 13,078	\$ 5,696	\$ 5,696
CERB 2 - SBR	\$ 500,000	1/1/2025	0.000%	\$ 75,000	\$ 50,000	\$ 25,000
DOE Loan - SBR	\$ 3,448,655	5/10/2025	1.500%	\$ 498,188	\$ 301,151	\$ 200,014
SIED Loan - Anaerobic Digester	\$ 1,000,000	6/1/2025	2.500%	\$ 305,368	\$ 206,121	\$ 101,768
SIED Loan - Nutrien Railspur	\$ 251,686	6/1/2028	3.560%	\$ 161,174	\$ 136,607	\$ 25,443
CERB - Anaerobic Digester	\$ 850,000	7/30/2028	3.000%	\$ 566,667	\$ 472,222	\$ 94,444
TRUS-WAY Loan	\$ 500,000	11/25/2028	4.000%	\$ 319,758	\$ 270,879	\$ 50,871
CERB - East Edison	\$ 513,600	1/1/2029	0.000%	\$ 199,733	\$ 171,200	\$ 28,533
CERB - North First	\$ 400,000	1/31/2038	1.500%	\$ 331,493	\$ 311,541	\$ 20,052
CERB - Planter's	\$ 375,000.00	1/31/2038	1.250%	\$ -	\$ 375,000.00	\$ 22,126.90
CERB - Varietal Exp	\$ 914,600.00	7/31/2033	1.500%	\$ -	\$ 914,600.00	\$ 80,756.41

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

Year Ending	Principal	Interest
2024	742,204	64,080
2025	563,362	44,918
2026	337,667	33,878
2027	342,608	26,105
2028	342,634	18,179
2029-2033	734,468	38,953
2034-2038	239,573	6,636
Total	\$ 3,302,516	\$ 232,748

NOTE 11 – 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. PEGB offers retirees access to all of these benefits and PEGB employers, through this single-employer defined benefit plan, provide monetary assistance, or subsidize, these benefits.

The OPEB relationship between PEGB 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

NOTE 11 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (continued)

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 2022 total OPEB liability. The Alternative Measurement Method worksheet was developed by Washington State Actuary. The following table represents the aggregate OPEB amounts:

OPEB Amounts - As of June 30, 2023	
OPEB liabilities	\$ 740,335
OPEB assets	\$ -
Deferred outflows of resources	\$ (8,323)
Deferred inflows of resources	
OPEB expense/expenditures	\$ 191,038

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

NOTE 11 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (continued)

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, 2023, 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	19
Total	24

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 accumulated in a GASB-compliant trust.

Actuarial Methods and Assumptions

Methodology			
Actuarial Valuation Date	6/30/2023		
Actuarial Measurement Date	6/30/2023		
Actuarial Cost Method	Entry Age		
Amortization Method	Recognized Immediately		
Asset Valuation Method	N/A (No Assets)		
Sensitivity Analysis			
Total OPEB Liability	1% Decrease	Current	1% Increase
Discount Rate	\$868,412	\$740,335	\$637,300
Healthcare Trend	\$624,541	\$740,335	\$888,838

(continued on next page)

NOTE 11 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (continued)

Assumptions	
Discount Rate¹	
Beginning of Measurement Year	3.54%
End of Measurement Year	3.65%
Projected Salary Changes	3.25% + Service-Based Increases
Healthcare Trend Rates²	Initial rate ranges from about 2-16%, reaching an ultimate rate of approximately 3.8% 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 Rate³	2.35%
Post-Retirement Participation Percentage	60%
Percentage with Spouse Coverage	45%

¹ Source: Bond Buyer General Obligation 20-Bond Municipal Index.

² Trend rate assumptions vary by medical plan. For additional detail on the healthcare trend rates, please see our [PEBB OPEB Healthcare Trend Assumptions](#) webpage.

³ Based on the Consumer Price Index (CPI): Urban Wage Earners & Clerical Workers, U.S. City Average, WA - All Items.

The online AMM tool makes other specific assumptions:

Data 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 rates of decrement (retirement, disability, termination, and mortality) are consistent with the most recent PEBB OPEB valuation. Based on average expected retirement age of approximately 65, applied active mortality rates for ages less than 65 and retiree mortality rates for ages 65+. Input further assumes that eligible spouse is the same age as the primary member.

Changes in total OPEB Liability	
Balance as of June 30, 2022	\$ 950,917
Changes for the year :	
Service Cost	\$ 31,350
Interest on total Liability	\$ 34,429
Changes in Experience Data and Assumptions	\$ (256,817)
Expected payment	\$ (19,544)
Balance as of June 30, 2023	\$ 740,335

NOTE 11 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (continued)

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 June 30, 2023, were \$8,323. The total OPEB liability is included as a noncurrent liability in the Statement of Net Position.

NOTE 12 - 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 2023:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ (130,641)
Pension assets	\$ 302,565
Deferred outflows of resources	\$ 244,227
Deferred inflows of resources	\$ (167,939)
Pension expense/expenditures	\$ (39,556)

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 downloaded from the DRS website at 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 PERS plan 3 is a defined benefit plan with a defined contribution

NOTE 12 - PENSION PLANS (continued)

component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as 2% 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%. The employer contribution rate is developed by the Office of the State Actuary, adopted by the Pension Funding Council and is subject to change by legislature and includes an administrative expense component that is currently set at 0.18 percent. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee
January through August 2023	10.39%	6%
September through December 2023	9.53%	6%

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member’s average final compensation (AFC) times the member’s years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member’s 60 highest-paid consecutive service months. 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 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

NOTE 12 - PENSION PLANS (continued)

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.

Contributions

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 2023 were as follows:

PERS Plan 2/ 3		
Actual Contribution Rates	Employer	Employee
January through August 2023	9.39%	6.36%
September through December 2023	9.53%	6.36%

The Port of Sunnyside’s actual PERS plan contributions were \$35,567.93 to PERS Plan 1 and \$66,806.71 to PERS Plan 2/3 for the year ended December 31, 2023.

Actuarial Methods and Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary’s (OSA) *2013-2018 Demographic Experience Study* and the *2021*

NOTE 12 - PENSION PLANS (continued)

Economic Experience Study.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2021 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2021 Actuarial Valuation Report.

Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2023. Plan liabilities were rolled forward from June 30, 2022, to June 30, 2023, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.0%

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.

Methods did not change from the prior contribution rate setting June 30, 2021 Actuarial Valuation Report (AVR).

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7%.

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 plan's 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% was used to determine the total liability.

NOTE 12 - PENSION PLANS (continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7% 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

The table below summarized the 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. The inflation component used to create the table is 2.2% 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%	1.50%
Tangible Assets	7%	4.70%
Real Estate	18%	5.40%
Global Equity	32%	5.90%
Private Equity	23%	8.90%
	100%	

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%, 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%) or 1-percentage point higher (8%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
PERS 1	\$ 182,515	\$ 130,641	\$ 85,367
PERS 2/3	\$ 329,075	\$ (302,565)	\$ (821,497)

NOTE 12 - PENSION PLANS (continued)

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, 2023, 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	\$ (130,641)
PERS 2/3	\$ 302,565

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

PLAN	Proportionate share		Change
	6/30/2022	6/30/2023	
PERS1	0.00566%	0.00572%	0.00007%
PERS 2/3	0.00738%	0.00738%	0.00000%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2023 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, 2023, the Port of Sunnyside recognized pension income as follows:

PLAN	Pension Income
PERS1	\$ 872
PERS 2/3	\$ (40,424)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2023, the Port of Sunnyside reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 12 - PENSION PLANS (continued)

Table for Notes to FS	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	0	0
Net difference between projected and actual investment earnings on pension plan investments	0	(14,737)
Changes of assumptions	0	0
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	15,520	
TOTAL	15,520	(14,737)

Table for Notes to FS	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	61,632	(3,381)
Net difference between projected and actual investment earnings on pension plan investments	0	(114,025)
Changes of assumptions	127,027	(27,687)
Changes in proportion and differences between contributions and proportionate share of contributions	6,361	(8,110)
Contributions subsequent to the measurement date	33,687	
TOTAL	228,708	(153,202)

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 net pension liability/ asset in the year ended December 31, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTE 12 - PENSION PLANS (continued)

YEAR ENDED DECEMBER 31	PERS 1	PERS 2/3
2024	\$ (10,026)	\$ (57,311)
2025	\$ (12,609)	\$ (65,722)
2026	\$ 7,775	\$ 95,706
2027	\$ 124	\$ 34,572
2028	\$ -	\$ 33,231
Thereafter	\$ -	\$ 1,343
TOTAL	\$ (14,737)	\$ 41,819

NOTE 13 – POLLUTION REMEDIATION

In 2020, the Port of Sunnyside was donated property, known as the Planter's Hotel, in downtown Sunnyside. The site has environmental impacts from underground storage tanks. In August 2022, the Port began the cleanup and revitalization of this downtown building. The Port received funding from the Environmental Protection Agency through the Department of Commerce for 100% of the remediation costs. Based on the engineering firm's estimate of the cleanup and agreement with State of Washington Department of Ecology the original net liability using the expected cash flow technique was \$200,037.

In 2023, engineers encountered some unexpected conditions that were not included in the initial engineering design for cleanup action. The unanticipated conditions, as well as the sampling required for compliance resulted in additional costs of \$98,160 to remediate the property.

This property was acquired with known remediation problems and the Port was preparing this property for use as a restaurant. Therefore, all costs associated with the pollution remediation through December 31, 2023 have been capitalized since the construction portion of this project have been completed and the asset is in use. The remaining remediation will be expensed and capitalized annually until monitoring is complete.

As of December 31, 2023, the net current liability is \$73,877.50.

NOTE 14 – PRIOR PERIOD ADJUSTMENTS

During the current year, the Port of Sunnyside identified the following errors in the financial statements for several prior years. The errors related to the accounting treatment of certain capital assets and resulted in an overstatement of the beginning net position for the prior year.

- An error in 2018 relating to the depreciation of certain capital assets which resulted in an understatement of the beginning net position of 2023 for a net amount of \$112,619.

NOTE 14 – PRIOR PERIOD ADJUSTMENTS (continued)

- An error in 2019 relating to the depreciation of certain capital assets which resulted in an understatement of the beginning net position of 2023 for an amount of \$11,012.
- An error in an undetermined prior period relating to the capitalization of retainage which resulted in an understatement of the beginning net position of 2023 for a net amount of \$76,982.
- An error in 2022 relating to the classification of loan funds as grant funds which resulted in an overstatement of the beginning net position of 2023 for an amount of \$31,969.
- An error in 2022 relating to the incorrect accrual of loan funds as project receivables resulting in an overstatement of the beginning net position of 2023 for an amount of \$371,776.
- An error in 2022 relating to the classification of Construction in Progress items that were related to land sales which resulted in an overstatement of the beginning net position of 2023 for an amount of \$238,140.
- An error in the years 2019-2021 relating to the Benton REA Capital Credit Allocation not being entered or balanced which resulted in an understatement of beginning net position of 2023 for an amount of \$149,756.

The cumulative correction of these errors resulted in the beginning net position of 2023 to be overstated by \$291,515.72 and have been recorded as adjustments in the current year's financial statements.

Management has determined that the correction of these errors are not material to the prior year's financial statements and has concluded that it is not necessary to restate the prior year's financial statements.

NOTE 15 – 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 value. |
| October 31 | Second installment payment is due to the County. |

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.

NOTE 15 – PROPERTY TAX (continued)

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 2023 was \$.2913 per \$1,000 on an assessed valuation of \$2,335,756,115 for a total regular levy of \$680,615.

Year	Rate	Assessed Value	Regular Levy Amount
2023	0.29138963	\$ 2,335,756,115	\$ 680,615
2022	0.33534528	\$ 1,989,555,291	\$ 667,188
2021	0.34840580	\$ 1,864,742,772	\$ 649,687

NOTE 16 – RESTRICTED COMPONENT OF NET POSITION

In proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net Position is comprised of three components: net investment in capital assets, restricted and unrestricted.

From time to time, the Port will fund outlays for a project or other purpose from restricted (grant proceeds, restricted bond, etc.) and/or unrestricted resources. To calculate the amount(s) to report as restricted net position and unrestricted net position, a flow assumption is made to determine which order the resources should be applied.

The Port’s statement of Net Position reports \$378,070 of restricted component of net position.

PERS 2/3 Pension Asset	302,565
PERS 2/3 Deferred Outflow	228,708
PERS 2/3 Deferred Inflow	-153,202
Net Pension Asset	378,070

NOTE 17 – 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’

NOTE 17 – RISK MANAGEMENT NOTE 17 – RISK MANAGEMENT

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 18 – SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENTS (SBITA)

The Port of Sunnyside engages in certain subscription-based information technology agreements (SBITA). Upon review of the Port's current SBITAs, all were scoped out due to not meeting the requirements.

REQUIRED SUPPLEMENTARY INFORMATION

State Sponsored Plans - Schedule of Proportionate Share of the Net Pension Liability

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

Port of Sunnyside									
Schedule of Proportional Share of the Net Pension Liability									
PERS Plan 1									
As of June 30									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability (asset)	0.005723%	0.005657%	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)	\$ (130,641)	\$ (157,512)	\$ 68,255	\$ 187,189	\$ 197,228	\$ 236,923	\$ 315,263	\$ 375,127	\$ 382,904
Covered Payroll	\$ 1,021,899	\$ 930,564	\$ 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	-12.78%	-16.93%	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	80.16%	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%

Port of Sunnyside									
Schedule of Proportional Share of the Net Pension Liability									
PERS Plan 2/3									
As of June 30									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability (asset)	0.007382%	0.007379%	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)	\$ 302,565	\$ 273,671	\$ (715,542)	\$ 88,311	\$ 64,312	\$ 115,319	\$ 256,072	\$ 390,458	\$ 293,312
Covered Payroll	\$ 1,021,899	\$ 930,564	\$ 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	29.61%	29.41%	-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	107.02%	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%

REQUIRED SUPPLEMENTARY INFORMATION

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.

Port of Sunnyside Schedule of Employer Contributions PERS Plan 1 As of December 31 Last Fiscal Year									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily or contractually required contributions	\$ 34,001	\$ 36,705	\$ 38,086	\$ 40,755	\$ 37,364	\$ 34,493	\$ 37,383	\$ 39,385	\$ 36,638
Contributions in relation to the statutorily or contractually required contributions	\$ (34,001)	\$ (36,705)	\$ (38,086)	\$ (40,755)	\$ (37,364)	\$ (34,493)	\$ (37,383)	\$ (39,385)	\$ (36,638)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,021,899	\$ 976,774	\$ 890,430	\$ 850,003	\$ 755,925	\$ 683,676	\$ 759,214	\$ 761,277	\$ 773,356
Contributions as a percentage of covered employee payroll	3.33%	3.76%	4.28%	4.79%	4.94%	5.05%	4.92%	5.17%	4.74%

Port of Sunnyside Schedule of Employer Contributions PERS Plan 2/3 As of December 31 Last Fiscal Year									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily or contractually required contributions	\$ 63,839	\$ 63,426	\$ 63,426	\$ 67,321	\$ 58,375	\$ 51,118	\$ 48,234	\$ 44,355	\$ 40,908
Contributions in relation to the statutorily or contractually required contributions	\$ (63,839)	\$ (62,123)	\$ (63,426)	\$ (67,321)	\$ (58,375)	\$ (51,118)	\$ (48,234)	\$ (44,355)	\$ (40,908)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,021,899	\$ 976,774	\$ 890,430	\$ 850,003	\$ 755,925	\$ 683,676	\$ 733,798	\$ 711,959	\$ 725,602
Contributions as a percentage of covered employee payroll	6.25%	6.36%	7.12%	7.92%	7.72%	7.48%	6.57%	6.23%	5.64%

REQUIRED SUPPLEMENTARY INFORMATION

Port of Sunnyside

Actuary assumptions for Pension Plans

Actuarial Assumptions The total pension liability (TPL) for each of the plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation are summarized in the Actuarial Section of DRS' Comprehensive Annual Financial Report located on the DRS employer-resource GASB webpage. The actuarial assumptions used in the June 30, 2022, valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2021 Economic

Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2021 Actuarial Valuation Report. <https://leg.wa.gov/osa/>

The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2023.

Plan liabilities were rolled forward from June 30, 2022, to June 30, 2023, reflecting each plan's normal cost (using the entry age cost method), assumed interest and actual benefit payments.

- Inflation: 2.35% total economic inflation; 2.0% salary inflation
- Salary Increases: In addition to the base 2.0% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- Investment rate of return: 7.00%

REQUIRED SUPPLEMENTARY INFORMATION - OPEB

Port of Sunnyside
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.

	2023	2022	2021	2020	2019	2018
Total OPEB liability - beginning	\$ 950	\$ 1,103	\$ 1,241	\$ 769	\$ 638	\$ 636
Service cost	31	48	50	28	27	28
Interest	34	24	28	27	25	23
Changes in benefit terms	0	0		-	-	-
Changes of assumptions & Experience Data	(256)	(211)	(193)	433	96	(33)
Benefit payments	(19)	(14)	(23)	(17)	(17)	(16)
Total OPEB liability - ending	\$ 740	\$ 950	\$ 1,103	\$ 1,241	\$ 769	\$ 638
Covered-employee payroll	1,078	1,030	857	811	725	666
Total OPEB liability as a % of covered-employee payroll	69%	92%	128.70%	153.02%	106.07%	95.80%

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.



STATISTICAL
SECTION

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STATISTICAL SECTION

This part of the Port of Sunnyside's annual comprehensive 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.

Contents	Page(s)
<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.	77-78
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the government's tax revenue source.	79-82
<u>Debt Capacity</u> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue debt in the future.	83-86
<u>Demographic and Economic Information</u> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	87-88
<u>Operating Information</u> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	89-93

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

PORT OF SUNNYSIDE
YAKIMA COUNTY, WASHINGTON
NET POSITION BY COMPONENTS – LAST 10 YEARS
December 31, 2023

Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
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
2022	22,300,231	268,643	19,124,776	41,693,650
2023	32,823,134	378,070	22,684,066	55,885,270

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

PORT OF SUNNYSIDE
YAKIMA COUNTY, WASHINGTON
 CHANGES IN NET POSITION – LAST 10 YEARS
 December 31, 2023

YEAR	OPERATING REVENUE	NON OPERATING REVENUE	CAPITAL CONTRIBUTIONS	OPERATING EXPENSES	NON OPERATING EXPENSES	CHANGE IN NET POSITION
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
2022	7,484,176	1,474,362	762,346	5,047,095	485,780	4,188,007
2023	9,364,195	1,688,919	9,639,380	5,970,395	530,478	14,191,621

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

PORT OF SUNNYSIDE
YAKIMA COUNTY, WASHINGTON
 ASSESSED VALUE OF TAXABLE PROPERTY – LAST 10 YEARS
 December 31, 2023

YEAR	ASSESSED VALUATION YAKIMA COUNTY	ASSESSED VALUATION PORT DISTRICT	RATIO OF PORT TO COUNTY ASSESSMENT	PORT LEVY RATE
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
2022	24,085,892,127	1,989,555,291	8.26%	0.33534528
2023	27,564,903,609	2,335,756,115	8.47%	0.29138963

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
YAKIMA COUNTY, WASHINGTON**

PROPERTY TAX RATES – DIRECT & OVERLAPPING GOVERNMENTS – LAST 10 YEARS
Per \$1,000 of Assessed Value
December 31, 2023

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	
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	15.252
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
2022	0.335	1.251	1.801	-	3.573	2.951	2.768	1.106	0.366	14.151
2023	0.291	1.082	1.778	-	3.125	2.420	2.288	1.034	0.330	12.348

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
YAKIMA COUNTY, WASHINGTON
PRINCIPAL PROPERTY TAXPAYERS – LAST 10 YEARS
December 31, 2023**

Taxpayer	Type of Business	2023 Ranking	2023 Assessed Valuation	Percent of Total	2014 Ranking	2014 Assessed Valuation	Percent of Total
Darigold Inc.*	Food Manufacturing	1	\$ 63,115,638	27.64%	1	\$ 30,520,191	21.26%
Yakima Chief-Hopunion LLC*	Agriculture	2	28,017,318	12.27%			
Ostrom Mushroom Farms LLC	Food Manufacturing	3	24,237,676	10.62%			
Pacificorp	Utilities	4	21,025,642	9.21%	3	16,753,473	11.67%
Yakima Valley Commercial LLC	Real Estate	5	18,297,000	8.01%			
Sunsteel LLC	Manufacturing	6	17,532,184	7.68%	4	12,298,695	8.57%
Milne Fruit Produce*	Food Manufacturing	7	15,131,000	6.63%			
Sunnyside Dairy LLC	Agriculture	8	14,132,428	6.19%	8	10,337,980	7.20%
Carrington Company	Real Estate	9	13,679,750	5.99%			
Cow Palace	Agriculture	10	13,142,191	5.76%	10	8,960,395	6.24%
Wal-Mart Stores Inc.	General Merchandise			0.00%	5	12,161,118	8.47%
Francis Realty Inc.	Real Estate			0.00%			
United Telephone of the NW	Telecommunications				2	20,960,159	14.60%
Valley Processing Inc.	Food Manufacturing				6	10,993,447	7.66%
Independent Food Processor	Food Manufacturing				7	10,885,748	7.58%
J-M Manufacturing	Manufacturing				9	9,675,994	6.74%
Total Assessed Valuation of Principal Taxpayers			\$ 228,310,827	100%		\$ 143,547,200	100%
Total Assessed Valuation of Port of Sunnyside			\$ 2,680,894,857			\$ 1,556,772,712	

*discharge into the Port's wastewater system

Source: Yakima County Treasurer

PORT OF SUNNYSIDE
YAKIMA COUNTY, WASHINGTON
PROPERTY TAX LEVIES AND COLLECTIONS – LAST 10 YEARS
December 31, 2023

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
2014	\$ 552,312.37	\$ 534,805.30	96.83%	\$ 11,234.94	\$ 546,040.24	98.86%
2015	\$ 563,100.62	\$ 538,954.53	95.71%	\$ 13,774.55	\$ 552,729.08	98.16%
2016	\$ 579,019.30	\$ 560,364.30	96.78%	\$ 13,887.16	\$ 574,251.46	99.18%
2017	\$ 588,229.00	\$ 584,613.77	99.39%	\$ 12,214.42	\$ 596,828.19	101.46%
2018	\$ 600,950.65	\$ 583,113.92	97.03%	\$ 13,459.95	\$ 596,573.87	99.27%
2019	\$ 616,865.51	\$ 599,786.63	97.23%	\$ 14,130.69	\$ 613,917.32	99.52%
2020	\$ 633,533.46	\$ 616,129.70	97.25%	\$ 14,728.87	\$ 630,858.57	99.58%
2021	\$ 649,687.20	\$ 629,462.59	96.89%	\$ 18,736.03	\$ 648,198.62	99.77%
2022	\$ 667,187.97	\$ 641,681.23	96.18%	\$ 13,955.08	\$ 655,636.31	98.27%
2023	\$ 680,615.11	\$ 645,973.59	94.91%	\$ 15,548.60	\$ 661,522.19	97.19%

Source: Yakima County Treasurer's Monthly Fund Revenue Distribution

PORT OF SUNNYSIDE
YAKIMA COUNTY, WASHINGTON
RATIOS OF OUTSTANDING DEBT BY TYPE – LAST 10 YEARS
December 31, 2023

Fiscal Year	General Obligation Bonds	Revenue Bonds	Notes Payable	Total Debt	Total Debt Per Capita
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	5,089,768	8,214,768	32.24
2020	390,000	833,071	4,054,074	5,277,145	20.56
2021	-	13,841,582	3,351,995	17,193,577	66.62
2022	2,841,000	12,922,000	8,223,442	23,986,443	92.27
2023	2,677,000	11,981,000	3,302,516	17,960,516	68.76

Note: Total Debt does not include Pension, OPEB or Deferred Inflows in this section.

PORT OF SUNNYSIDE
YAKIMA COUNTY, WASHINGTON
RATIOS OF GENERAL BONDED DEBT OUTSTANDING – LAST 10 YEARS
December 31, 2023

Fiscal Year	General Obligation Bonds	% of GO Bonds to Assessed Valuation	GO Bonds Per Capita
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%	1.54
2021	-	0.00%	-
2022	2,841,000	0.14%	10.93
2023	2,677,000	0.11%	10.25

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
YAKIMA COUNTY, WASHINGTON
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
December 31, 2023

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Yakima County	\$ 19,708,636	9.23%	\$ 1,819,609
<i>Subtotal Overlapping Debt</i>	\$ 19,708,636		\$ 1,819,609
Sunnyside School District	24,255,931	100.00%	24,255,931
City of Sunnyside	8,436,292	100.00%	8,436,292
Fire District #5	-	100.00%	-
<i>Subtotal Direct Debt</i>	32,692,223		32,692,223
Total Direct and Overlapping Debt	\$ 52,400,859		\$ 34,511,832

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 2023

For City of Sunnyside, contact Administrative Services Director at 509-837-3782.

**PORT OF SUNNYSIDE
YAKIMA COUNTY, WASHINGTON**
LEGAL DEBT MARGIN INFORMATION – LAST 10 YEARS
December 31, 2023

(in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assessed Value	\$1,278,437	\$1,337,158	\$1,390,705	\$1,453,177	\$1,513,050	\$1,640,320	\$1,764,555	\$1,864,743	\$1,989,555	\$2,335,756
Legal limit of 3/4 of 1% of Assessed Value	9,588	10,029	10,430	10,899	11,348	12,302	13,234	13,986	14,922	17,518
GO Bonds	1025	930	830	725	615	505	390	-	2,841	2,677
Other GO Debt	781	945	822	1099	2,074	1,853	1,614	561	2,532	2,363
Less Assets	(1,965)	(2,525)	(2,054)	(1,726)	(2,809)	(2,774)	(2,072)	(224)	(5,047)	(3,401)
Indebtedness Incurred	(159)	(650)	(402)	98	(120)	(416)	(68)	337	326	1,639
Legal Debt Margin	\$9,588	\$10,029	\$10,430	\$10,899	\$11,348	\$12,302	\$13,302	\$13,649	\$14,596	\$15,879
Margin of Indebtedness available without a vote of the people (1/4 of 1% of	\$ 3,196	\$ 3,343	\$ 3,477	\$ 3,633	\$ 3,783	\$ 4,101	\$ 4,479	\$ 4,325	\$ 4,648	\$ 4,200

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

PORT OF SUNNYSIDE
YAKIMA COUNTY, WASHINGTON
REVENUE BOND COVERAGE – LAST 10 YEARS
December 31, 2023

Year	Total Operating Revenues	Direct Operating Expenses	*Non-Operating Revenue & Expenses	Net Revenue Available for Debt Service	Debt Service Requirements Revenue Bonds		Total	Coverage Ratio
					Principal	Interest		
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
2022	7,484,176	3,647,355	988,581	4,825,402	919,000	320,429	1,239,429	3.90
2023	9,364,195	4,302,104	1,158,441	6,220,532	941,000	298,351	1,239,351	5.03

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

Total Operating Revenue includes IWWTF 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
YAKIMA COUNTY, WASHINGTON
 DEMOGRAPHIC AND ECONOMIC STATISTICS – LAST 10 YEARS
 December 31, 2023

Fiscal Year	Population County	City of Sunnyside Population	Median Family Income	Per Capita Personal Income	School Enrollment	Average Unemployment Rate
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%
2022	259,950	16,500	58,380	25,069	51,414	6.4%
2023	261,200	16,530	64,910	27,488	51,340	6.1%

Data Sources:

Population data supplied by Yakima County Treasurer; Washington State Office of Financial Management.

Per Capita Income supplied by US Census Bureau (in previous years - Washington State Employment Security)

School Enrollment supplied by Educational Service District #105. (student records dept)

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
YAKIMA COUNTY, WASHINGTON
YAKIMA COUNTY PRINCIPAL EMPLOYERS
December 31, 2023

Yakima County Principal Employers	2023			2014		
	Employees	Rank	Percentage of Total Yakima County Employment	Employees	Rank	Percentage of Total Yakima County Employment
Washington Fruit & Produce	3,800	1	2.92%	1,500	5	1.46%
Yakima Valley Farm Workers Clinic	2,518	2	1.94%	1,006	9	0.98%
MultiCare Yakima Memorial Hospital	2,500	3	1.92%	2,200	1	2.14%
Borton Fruit	2,500	3	1.92%	1,212	6	1.18%
Wal-Mart (Yakima, S'side, G'view)	1,950	4	1.50%	1,700	2	1.66%
Yakima School District No.7	1,594	5	1.22%	1,594	3	1.55%
Zirkle Fruit	1,500	6	1.15%	1,500	4	1.46%
Monson Fruit	1,437	7	1.10%	1,023	8	1.00%
Yakama Nation Gov't Operations	1,289	8	0.99%	-	-	0.00%
Astria Health - Yakima/S'side/Toppenish	1,200	9	0.92%	985	10	0.96%
Yakama Nation Enterprises	1,170	10	0.90%	-	-	0.00%
Yakima County				1,074	7	1.05%
						0.00%
Total	15,140		11.63%	11,288		10.99%

Source: Yakima County, Washington Profile
 Prepared by Yakima County Development Association

**PORT OF SUNNYSIDE
YAKIMA COUNTY, WASHINGTON**

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION – LAST 10 YEARS
December 31, 2023

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
IWWTF*	12.57	13.50	13.50	12.50	13.50	15.00	15.00	15.00	14.50	14.50
Administration	2.50	2.50	2.50	2.50	2.50	3.00	3.00	3.00	3.50	3.50
Total	15.07	16.00	16.00	15.00	16.00	18.00	18.00	18.00	18.00	18.00

*IWWTF = Industrial Waste Water Treatment Facility

Source: Year end payroll reports

**PORT OF SUNNYSIDE
YAKIMA COUNTY, WASHINGTON**

IWWTF INDUSTRY RATES – LAST 10 YEARS
December 31, 2023

YEAR	OPERATING	BOD	TSS	TKN	SBR-Chloride	SBR-TKN	Capital Chloride ***	TKN-Capital SBR-TKN ****	Capital Dewatering **	Anaerobic *
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
2022	0.8963	0.1502	0.2706	-	0.3853	2.3422	0.1236	2.1226	0.0472	0.9928
2023	0.8821	0.1719	0.2918	-	0.3086	2.6092	0.1253	2.0866	0.0477	0.9448

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

**PORT OF SUNNYSIDE
YAKIMA COUNTY, WASHINGTON
MAJOR REVENUE SOURCE – IWWTF INDUSTRY CHARGES – LAST 10 YEARS
December 31, 2023**

IWWTF INDUSTRY LIST	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023 Percent Relative to Total Revenue
Centennial Tank	\$ 15,558	\$ 18,556	\$ 16,567	\$ 17,597	\$ 20,403	\$ 40,042	\$ 26,578	\$ 32,519	\$ 40,533	\$ 33,604	0.39%
Curfman Steel Corp.	\$ 1,325	\$ 1,025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Darigold	\$ 2,798,424	\$ 4,036,954	\$ 4,985,617	\$ 4,726,290	\$ 4,703,449	\$ 5,116,576	\$ 5,742,354	\$ 5,780,728	\$ 6,144,773	\$ 7,828,441	91.33%
Darigold-COW Water	\$ -	\$ -	\$ 9,742	\$ 63,880	\$ 103,179	\$ 74,251	\$ 107,855	\$ 92,940	\$ 109,156	\$ 112,414	1.31%
DRR Fruit	\$ 81,460	\$ 71,569	\$ 72,450	\$ 96,208	\$ 90,403	\$ 84,913	\$ 86,496	\$ 103,795	\$ 110,415	\$ 100,325	1.17%
J. M. Eagle	\$ 1,808	\$ 1,433	\$ 1,425	\$ 1,500	\$ 1,475	\$ 1,500	\$ 1,475	\$ 1,425	\$ 1,475	\$ 1,475	0.02%
Johnson Cannery	\$ 118,728	\$ 116,846	\$ 141,681	\$ 111,211	\$ 112,216	\$ 135,056	\$ 93,388	\$ 113,921	\$ 137,513	\$ 145,779	1.70%
Johnson Fruit	\$ 213,148	\$ 253,623	\$ 190,503	\$ 180,951	\$ 176,784	\$ 138,231	\$ 138,352	\$ 183,345	\$ 113,167	\$ 153,839	1.79%
Milky Way/LTI	\$ 44,512	\$ 44,091	\$ 29,879	\$ 31,741	\$ 28,856	\$ 26,889	\$ 28,806	\$ 38,074	\$ 39,783	\$ 32,099	0.37%
Seneca/Andrus & Roberts	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ -	\$ -	\$ -	\$ -	0.00%
Seneca/Independent	\$ 508,780	\$ 447,697	\$ 351,612	\$ 340,120	\$ 335,119	\$ 180,454	\$ 114,221	\$ -	\$ -	\$ -	0.00%
Valley Processing	\$ 444,167	\$ 539,628	\$ 391,352	\$ 383,969	\$ 364,074	\$ 291,949	\$ 167,632	\$ 45,688	\$ 45,688	\$ 45,688	0.53%
Valley U. S. Grape	\$ 1,514	\$ 2,406	\$ 1,356	\$ 1,504	\$ 4,487	\$ 1,308	\$ 1,350	\$ -	\$ -	\$ -	0.00%
Vitis Cellars	\$ 3,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Yakima Chief Hopunion	\$ 4,496	\$ 4,225	\$ 3,945	\$ 5,393	\$ 3,639	\$ 9,121	\$ 5,405	\$ 11,380	\$ 9,337	\$ 12,472	0.15%
Milne Fruit							\$ 38,155	\$ 175,138	\$ 170,158	\$ 105,869	1.24%
TOTAL	\$ 4,238,618	\$ 5,539,252	\$ 6,197,330	\$ 5,961,564	\$ 5,945,284	\$ 6,101,490	\$ 6,552,066	\$ 6,578,953	\$ 6,921,999	\$ 8,572,005	100.00%

Source: Port's internal records.

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

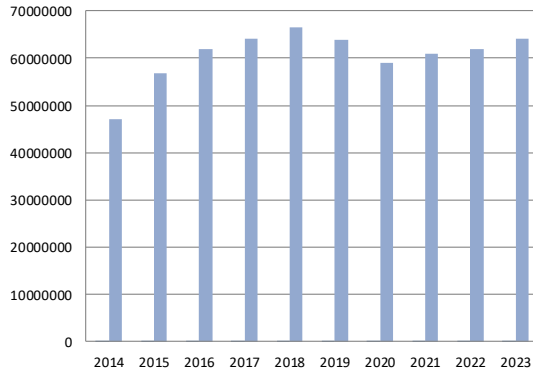
Note: Darigold accounts for more than 50% of the Port's annual revenue for User/Industry fees.

**PORT OF SUNNYSIDE
YAKIMA COUNTY, WASHINGTON**
CUBIC FEET OF WASTEWATER RECEIVED – LAST 10 YEARS
December 31, 2023

Industry	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Centennial Tank	236,989	336,100	321,200	386,500	376,532	949,417	445,767	481,633	710,049	488,004
Darigold	26,711,922	34,762,019	42,011,079	41,463,807	43,077,197	45,661,886	46,974,605	47,114,479	46,640,533	50,967,437
Darigold-COW Water	0	0	371,878	2,360,255	3,618,472	3,077,195	3,543,907	2,277,863	3,645,678	3,751,283
DRR Fruit	1,270,308	1,266,755	1,558,290	2,077,751	1,874,281	1,963,981	1,391,688	1,920,693	2,460,625	2,093,635
J.M. Eagle	0	39	126	223	824	236	1	1	-	-
Johnson Cannery	1,372,860	1,287,001	1,486,253	1,346,400	1,342,059	1,438,461	1,449,454	1,714,481	1,569,138	1,558,645
Johnson Food/Storage	2,073,394	2,203,039	1,806,530	2,085,287	2,087,256	1,679,883	1,521,084	2,412,757	1,415,751	2,208,704
Milky Way/ LTI.	841,129	823,400	720,877	734,900	600,000	601,700	479,230	558,453	631,504	421,978
Seneca Foods	5,303,088	5,199,208	4,721,633	5,354,718	4,468,508	1,830,768	337,866	-	-	-
Valley Processing	9,307,265	10,891,202	8,917,100	8,079,990	8,787,281	6,416,186	1,870,640	-	-	-
Valley U.S. Grape	0	84,711	29,763	37,946	212,370	702	-	-	-	-
Milne Fruit	0	0	0	0	0	0	791,628	4,022,831	4,664,135	2,299,714
Yakima Chief Hops	45,830	83,280	66,470	114,880	42,100	361,700	226,010	392,310	258,120	402,985
TOTAL	47,162,785	56,936,754	62,011,199	64,042,657	66,486,880	63,982,115	59,031,880	60,895,501	61,995,533	64,192,385

Source: Port's internal records.

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



PORT OF SUNNYSIDE
YAKIMA COUNTY, WASHINGTON
 IWWTF CURRENT INDUSTRY LIST
 December 31, 2023

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, 2023

IWWTF:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Number of Industries Served	13	12	12	12	12	12	11	9	9	9
Volume of Wastewater Received in thousands	47,163	56,937	62,011	64,043	66,487	63,982	59,032	60,896	61,996	64,192
Monthly Daily Average MGD Permitted	1.45	2	2	2	2	2	2	2	2	2
Volume of Wastewater Received Anually in MG	353	426	464	479	497	479	442	455	464	480

Source: Port's internal records.