



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Port of Sunnyside

For the period January 1, 2021 through December 31, 2021

Published June 30, 2022

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

June 30, 2022

Board of Commissioners
Port of Sunnyside
Sunnyside, Washington

Report on Financial Statements

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

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

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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INDEPENDENT AUDITOR'S REPORT

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

Port of Sunnyside January 1, 2021 through December 31, 2021

Board of Commissioners
Port of Sunnyside
Sunnyside, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Port of Sunnyside, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements, and have issued our report thereon dated June 27, 2022.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or

significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

In addition, we noted certain matters that we have reported to the management of the Port in a separate letter dated June 27, 2022.

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

June 27, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Port of Sunnyside January 1, 2021 through December 31, 2021

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 ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Port of Sunnyside, as of December 31, 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Matters of Emphasis

As discussed in Note 13 to the 2021 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Port is unknown. Management's plans in response to this matter are also described in Note 13. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit 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 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 REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022 on our consideration of the Port's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control over financial reporting or on

compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

June 27, 2022

FINANCIAL SECTION

Port of Sunnyside January 1, 2021 through December 31, 2021

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2021

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2021

Statement of Revenues, Expenses and Changes in Net Position – 2021

Statement of Cash Flows – 2021

Notes to Financial Statements – 2021

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability – PERS 1 and PERS 2/3 – 2021

Schedule of Employer Contributions – PERS 1 and PERS 2/3 – 2021

Schedule of Changes in Total OPEB Liability and Related Ratios – 2021

Management's Discussion & Analysis

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

Financial Highlights

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

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

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

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Port of Sunnyside's Net Position

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

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

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

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

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

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

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

Analysis of the Schedule of Changes in Net Position –

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

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

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

Capital Assets

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

Port of Sunnyside Capital Assets

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

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

Change in Capital Assets

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

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

Debt Service

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

Outstanding Debt, at Year-end

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

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

Economic Factors

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

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

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

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

Sunnyside development has included fun additions in 2021



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

Karen Hofmann, CPA, CGMA

Finance Director, Port of Sunnyside, 2640 E Edison Ave Suite 1, Sunnyside, WA. 98944 or Karen@portofsunnyside.com.

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

page 1 of 2

ASSETS

CURRENT ASSETS:

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

NON-CURRENT ASSETS:

Capital Assets: (Note 4)	
Capital Assets Not Being Depreciated:	
Land	4,801,434
Construction In Progress	12,513,908
Capital Assets Being Depreciated:	
Improvements to Land	4,939,284
Buildings and Structures	30,686,738
Equipment	5,610,702
Less: Accumulated Depreciation	<u>(19,108,754)</u>
Total Net Capital Assets	39,443,311
Other Non-current Assets	
Other Receivables (Note 1-C)	563,764
Net Pension Asset (Note 1-C & Note 5)	715,542
Long Term Receivable Leases (Note 1-C & Note 11)	<u>1,173,987</u>
Total Non-Current Assets	2,453,293

TOTAL ASSETS	<u><u>\$ 58,820,491</u></u>
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DEFERRED OUTFLOWS OF RESOURCES

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

TOTAL ASSETS AND DEFERRED OUTFLOWS	<u><u>\$ 58,923,582</u></u>
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SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

continued

Port of Sunnyside

Yakima County, Washington

Statement of Net Position

December 31, 2021

page 2 of 2

LIABILITIES**CURRENT LIABILITIES:**

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

NON-CURRENT LIABILITIES:

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

TOTAL LIABILITIES**\$ 19,141,497****DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows Related to Pensions (Note 5)	752,364
Deferred Inflows Related to Leases (Note 11)	1,524,154
Total Deferred Inflows	2,276,518

TOTAL LIABILITIES AND DEFERRED INFLOWS**\$ 21,418,015****NET POSITION:**

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

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Statement of Revenues, Expenses and Changes in Net Position

Port of Sunnyside

Yakima County, Washington

Statement of Revenues, Expenses and Changes in Net Position

For the fiscal year ended December 31, 2021

OPERATING REVENUES:

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

OPERATING EXPENSES:

Industrial Waste Water Treatment Facility Operations	2,543,387
General & Administrative	493,789
Depreciation	1,307,652
Total Operating Expenses	<u>\$ 4,344,828</u>

Operating Income (Loss)	<u><u>2,733,504</u></u>
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NON-OPERATING REVENUES (EXPENSES):

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

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

Statement of Cash Flows

Port of Sunnyside

Yakima County, Washington

Statement of Cash Flows

page 1 of 2

For the year ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

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

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

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

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

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

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and dividends	18,383
Net cash provided by investing activities	<u>\$ 18,383</u>
Net increase (decrease) in cash and cash equivalents	5,196,242

Balances - beginning of the year	10,628,365
Balances - end of the year	<u>\$ 15,824,607</u>

Continued

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Port of Sunnyside

Yakima County, Washington

Statement of Cash Flows

page 2 of 2

For the year ended December 31, 2021

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

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

RECONCILIATION OF CASH & CASH EQUIVALENTS

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

NONCASH ADJUSTMENTS

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

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

B. Measurement Focus, Basis of Accounting

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

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

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

C. Assets, Liabilities and Net Position

Cash and Cash Equivalents

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

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

Investments

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

Receivables

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

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

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

Restricted Assets

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

The restricted assets are composed of the following:

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

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

Capital Assets & Depreciation

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

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

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

By category, the estimated useful lives are as follows:

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

Other Assets and Debits

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

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

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

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

Deferred Outflows/ Inflows of Resources

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

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

Compensated Absences

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

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

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

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

Pensions

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

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

Other Accrued Liabilities

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

Grants

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

Estimates and Assumptions

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

NOTE 2 – DEPOSITS AND INVESTMENTS

DEPOSITS

The Port of Sunnyside's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). The Port's Investment policy allows for deposits in "qualified public depositories".

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

INVESTMENTS

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

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

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

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

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

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

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

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

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

NOTE 3 - PROPERTY TAX

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

Property Tax Calendar

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

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

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

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

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION

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

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

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

B. Construction Commitments

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

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

NOTE 5 - PENSION PLANS

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

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

State Sponsored Pension Plans

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

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

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

Or the DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

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 component.

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

Contributions

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

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

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

provisions:

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

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

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

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

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

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

Actuarial Assumptions

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

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

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

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

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

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

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

Discount Rate

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

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

Long-Term Expected Rate of Return

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

Estimated Rates of Return by Asset Class

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

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	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 7.4 percent, as well as what the Port of Sunnyside's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

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

Pension Plan Fiduciary Net Position

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

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

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

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

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

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

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

Pension Expense

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

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

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, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

NOTE 6 – RISK MANAGEMENT

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

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

NOTE 7 – LONG TERM LIABILITIES

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

Port of Sunnyside

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

Revenue Bonds currently outstanding are as follows:

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

Revenue bond debt service requirements to maturity are as follows:

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

The contracts payable outstanding are as follows:

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

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

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

C. Changes in Long-Term Liabilities

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

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

	Beginning Balance 1/1/2021	Additions	Reductions	Ending Balance 12/31/21	Due Within One Year
Bonds Payable:					
GO Bonds	\$ 390,000	\$ -	\$ 390,000	\$ -	
Revenue Bonds	\$ 833,071	\$ 13,900,929	\$ 893,000	\$ 13,841,000	\$ 919,000
Total Bonds Payable	\$ 1,223,071	\$ 13,900,929	\$ 1,283,000	\$ 13,841,000	\$ 919,000
Notes & Contracts Payable	\$ 4,054,073	\$ -	\$ 702,078	\$ 3,351,995	\$ 665,150
Net Pension Liability	\$ 275,500	\$ -	\$ 207,245	\$ 68,255	\$ -
Total OPEB Liability	\$ 1,241,530	\$ -	\$ 137,907	\$ 1,103,623	\$ 22,870
Compensated Absences	\$ 24,691	\$ 13,788	\$ -	\$ 38,479	\$ 38,479
Total Long-Term Liabilities	\$ 6,818,865	\$ 13,914,717	\$ 2,330,230	\$ 18,403,352	\$ 1,645,499

NOTE 8 – RESTRICTED COMPONENT OF NET POSITION

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

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

NOTE 9 - CONTINGENCIES AND LITIGATION

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

policies are adequate to pay all known or pending claims.

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

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

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

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

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

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

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

OPEB Plan Description

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

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

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

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

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

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

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

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

Funding Policy

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

Actuarial Methods and Assumptions

Methodology				
Actuarial Valuation Date		6/30/2021		
Actuarial Measurement Date		6/30/2021		
Actuarial Cost Method		Entry Age		
Amortization Method		Recognized Immediately		
Asset Valuation Method		N/A (No Assets)		
Sensitivity Analysis				
Total OPEB Liability	1% Decrease	Current	1% Increase	
Discount Rate	\$1,312,849	\$1,103,623	\$937,228	
Healthcare Trend	\$919,615	\$1,103,623	\$1,341,630	
Discount Rate ¹				
Beginning of Measurement Year		2.21%		
End of Measurement Year		2.16%		
Projected Salary Changes		3.5% + Service-Based Increases		
Healthcare Trend Rates ²		Initial rate ranges from about 2-11%, reaching an ultimate rate of approximately 4.3% in 2075.		
Mortality Rates				
Base Mortality Table		PubG.H-2010 (General)		
Age Setback		0 years		
Mortality Improvements		MP-2017 Long-Term Rates		
Projection Period		Generational		
Inflation Rate		2.75%		
Post-Retirement Participation Percentage		65%		
Percentage with Spouse Coverage		45%		

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 OSA's 2020 PEBB OPEB Actuarial Valuation Report.

The online AMM tool makes other specific assumptions:

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

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

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

NOTE 11– LEASES

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

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

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

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

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

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

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Deferred inflows

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

NOTE 12 -POLLUTION REMEDIATION

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

NOTE 13 – SUBSEQUENT EVENTS

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

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

Required Supplemental Information

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

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

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

Port of Sunnyside

State Sponsored Plans - Schedule of Employer Contributions

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Actuarial Assumptions for Pension Plans

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION - OPEB

Port of Sunnyside
Yakima County, Washington
Schedule of Changes in Total OPEB Liability and Related Ratios
RETIREE MEDICAL AND DENTAL BENEFITS UNDER PEBB
For the year ended June 30
(in thousands)

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

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

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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