Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Port of Sunnyside

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

Published July 28, 2025

Report No. 1037803

Office of the Washington State Auditor
Pat McCarthy

July 28, 2025

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

Americans with Disabilities

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Port of Sunnyside
January 1, 2024 through December 31, 2024

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, 2024, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements, and have issued our report thereon dated July 22, 2025.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

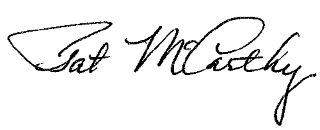
REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the 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.



Pat McCarthy, State Auditor

Olympia, WA

July 22, 2025

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Port of Sunnyside
January 1, 2024 through December 31, 2024

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, 2024, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the financial section of our report.

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, 2024, 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.

Matters of Emphasis

As discussed in Note 2 to the financial statements, in 2024, the Port adopted new accounting guidance, Governmental Accounting Standards Board *Statement No. 101, Compensated Absences*. 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 financial section of our report 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 July 22, 2025 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.

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

July 22, 2025

FINANCIAL SECTION

Port of Sunnyside
January 1, 2024 through December 31, 2024

REQUIRED SUPPLEMENTARY INFORMATION

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

Port of Sunnyside

MANAGEMENT DISCUSSION AND ANALYSIS

For The Year Ended December 31, 2024

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, 2024. 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, 2024, by $64,781,546. Of this amount, $23,508,227 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 2024, the Port's total combined cash & investment balance was $21,342,429 which is a decrease of $1,198,705 from 2023's balance and is related to the increase in Port-funded capital improvements.
- The Port's 2024 total change in net position increased by $8,609,992, a decrease of $5,581,629 from 2023.
- The Port's total long-term liabilities increased by $106,594 to $17,068,411.
- The total deferred outflows for the Port related to pension were $330,011 and $9,016 related to OPEB. The total deferred inflows for the Port were $91,571 related to Pension and $4,828,248 related to leases.
- The overall financial position improved in 2024. 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 Revenues, Expenses and Changes in Net Position presents increases (revenue and gains) and decreases (expenses and losses) in total net 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, the 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 2024 & 2023 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	
	2024	**2023**
Current Assets and Other Assets	$ 30,910,094	$ 25,615,907
Capital Assets, Net Accumulated Depreciation	58,758,119	50,783,651
Total Assets	**$ 89,668,214**	**$ 76,399,558**
Deferred Outflows Related to Pension	330,011	244,227
Deferred Outflows Related to OPEB	9,016	8,323
Total Deferred Outflows	**339,027**	**$ 252,550**
Current Liabilities	3,237,463	2,917,875
Long-Term Liabilities	17,068,411	16,961,817
Total Liabilities	**$ 20,305,874**	**$ 19,879,692**
Deferred Inflows Related to Pension	91,571	167,939
Deferred Inflows Related to Leases	4,828,248	2,139,771
Total Deferred Inflows	**$ 4,919,819**	**$ 2,307,710**
Net Investment in Capital Assets	40,810,205	32,823,134
Restricted	463,114	378,070
Unrestricted	23,508,227	22,684,066
Total Net Position	**$ 64,781,547**	**$ 55,885,270**

Major Factors Affecting the Statement of Net Position - Total net position increased by $8,609,992 in 2024, which reflects an increase from the overall operation of the Port – due to construction projects, and wastewater operations. The largest portions of the Port's total assets (66%) 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 is long-term debt (84%), down from 2023 (85%), 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	
	2024	**2023**
Revenues:		
Operating Revenues:		
IWWTF Operating Revenue	$ 9,099,891	$ 8,497,542
Property Rental & Sprayfield Revenue	1,535,095	530,804
Other Operating Revenue	385,545	335,848
Total Operating Revenues	**$ 11,020,530**	**$ 9,364,194**
Gain on disposition of Assets	123,672	-
Interest Income	1,093,531	985,033
Tax Levy Income	688,444	676,102
Other Non-Operating Revenues	208,635	27,784
Total Non-Operating Revenues	**2,114,281**	**1,688,919**
Total Revenues	**$ 13,134,812**	**$ 11,053,113**
Expenses:		
IWWTF Operating Expenses	3,813,938	2,872,192
General & Admin Operating Expenses	893,968	1,429,913
Depreciation	1,978,049	1,668,290
Non-Operating:		
Loss on disposition of assets	5,595	26,023
Interest Expenses	428,778	502,657
Other Non-Capital Financing Expenses	5,636	1,798
Total Expenses	**$ 7,125,965**	**$ 6,500,873**
Income Before Capital Contributions	6,008,847	4,552,239
Capital Contributions	2,601,144	9,639,380
Error Corrections	286,286	-
Increase in Net Position	8,609,992	14,191,621
Net Position - January 1	55,855,268	41,693,650
Net Position - December 31	**$ 64,751,547**	**$ 55,885,270**

Analysis of the Schedule of Changes in Net Position – The 2024 net position is $64,751,547, an increase from 2023 of $8,896,278 resulting in 14% 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 2024 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.

Most of the Port's revenues (89%) are derived from utility billing, property taxes and rental income. Additional revenue sources include interest earnings, subsidies, grants, and contributions by various external agencies. Funding for the Port's general operating costs remains consistent, since it comes from utility users who depend on the Port's wastewater treatment facility, as well as property taxes levied by the Commissioners and rental income from Port-owned properties.

General operating expenses are influenced by a variety of factors, including fluctuations in utility rates, fuel prices, medical and liability insurance premiums, the cost of building materials, and new regulatory requirements from the State or Federal agencies regarding treatment of wastewater. The reduction in asset disposal losses reflects a decline in the number of surplus items that had not been fully depreciated.

Capital Assets
As of year-end 2024, the Port had capital assets valued at $58,758,119, an increase of $7,974,468 from 2023 as reflected in the following schedule:

Port of Sunnyside Capital Assets

	Business Type Activities	
	2024	**2023**
Capital Assets not being depreciated		
Land	$ 4,743,900	$ 4,770,563
Construction In Progress	2,086,969	1,284,856
Construction In Progress - Assets for City	4,827,396	-
Capital Assets being depreciated		
Buildings	55,560,350	51,532,051
Improvements other than Buildings	5,455,428	5,303,419
Machinery and Equipment	9,600,947	9,735,137
Accumulated Depreciation	(23,516,871)	(21,842,375)
Total Capital Assets	**$ 58,758,119**	**$ 50,783,651**

The following reconciliation summarizes the change in Capital Net Position, which is presented in detail in the Notes to Financial Statements – Note 3 Capital Assets & Depreciation.

Change in Capital Assets

	Business Type Activities	
	2024	**2023**
Beginning Balance, January 1	$ 50,783,651	$ 39,678,201
Net Additions (Deletions)	9,952,517	12,773,740
Depreciation	(1,978,049)	(1,668,290)
Ending Balance, December 31	**$ 58,758,119**	**$ 50,783,651**

Analysis of changes in Capital Assets – For year-end 2024, net capital assets had an increase of $7,974,468.

Debt Service
At the end of 2024, the Port had total debt of $17,947,914. This is a decrease of $12,603 from 2023. 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

	2024	**2023**
G O Bonds	$ 2,508,000	$ 2,677,000
Revenue Bonds	11,017,000	11,981,000
Notes & Contracts Payable	4,422,914	3,302,517
Total	**$ 17,947,914**	**$ 17,960,517**

The Port remains committed to upgrading and modernizing the wastewater treatment plant, with the ongoing goal of achieving cleaner water. Efforts also continue to attract large-scale industries to support the expansion of the industrial park. Additionally, the Port is actively pursuing revitalization projects in downtown Sunnyside, aiming to attract new restaurants, wineries, and breweries, with expectation of increasing commercial rental revenues.

Economic Factors

Sunnyside has experienced steady growth in employment, housing starts and disposable income since 2023.

Retail Sales in Sunnyside have remained constant from 2023 to 2024. 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 2024. Unemployment for Washington has slightly increased from 4.2% in 2023 to 4.5% in 2024.

With plentiful property available for development, the Port has seen a steady rise in industry and commercial property transactions since 2023. Continued industrial development is expected to position Sunnyside as a leading destination for manufacturing and transportation-related businesses.

Port of Sunnyside
Yakima County, Washington
Statement of Net Position
December 31, 2024

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and Cash Equivalents, Unrestricted (Note 1-D1)	$	21,342,429
Accounts Receivable (Note 1-D3)		3,351,585
Taxes Receivable (Note 1-D3 & Note 14)		47,710
Lease Receivables (Note 9)		412,983
Prepayments (Note 1-D6)		224,630
Total Current Assets		25,379,338
NONCURRENT ASSETS		
Capital Assets: (Note 3)		
Capital Assets not being Depreciated:		
Land		4,743,900
Construction in Progress		2,086,969
Construction in Progress - Assets for City		4,827,396
Capital Assets being Depreciated:		
Improvements to Land		5,455,428
Buildings and Structures		55,560,350
Equipment		9,600,947
Less: Accumulated Depreciation		(23,516,871)
Total Noncurrent Assets		58,758,119
OTHER NONCURRENT ASSETS		
Other Receivables (Note 1-D3)		701,103
Net Pension Asset (Note 12)		229,969
Long Term Receivable Leases (Note 1-D7 & Note 9)		4,599,684
Total Other Noncurrent Assets		5,530,756
TOTAL ASSETS	$	89,668,214
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions (Note 12)		330,011
Deferred Outflows Related to OPEB (Note 11)		9,016
Total Deferred Outflows		339,027
TOTAL ASSETS AND DEFERRED OUTFLOWS	$	90,007,240

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Port of Sunnyside
Yakima County, Washington
Statement of Net Position
December 31, 2024

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

CURRENT LIABILITIES		
Accounts Payable (Note 1-D11 & Note 13)	$	1,416,777
Pollution Remediation	$	27,584
Current Portion of General Obligation Bonds (Note 10)		175,000
Current Portion of Revenue Bonds (Note 10)		987,000
Current Portion of Notes/Contracts Payable (Note 10)		563,362
Compensated Absences (Note 1-D9)		49,707
OPEB Current Liability (Note 11)		18,032
Total Current Liabilities		3,237,463
NONCURRENT LIABILITIES		
General Obligation Bonds, Net of Currrent (Note 10)		2,333,000
Revenues Bonds, Net of Current (Note 10)		10,030,000
Notes/Contract Payable, Net of Current (Note 10)		3,859,552
Compensated Absences		96,759
Net OPEB (Note 11)		653,417
Net Pension Liability (Note 12)		95,683
Total Noncurrent Liabilities		17,068,411
TOTAL LIABILITIES	$	20,305,874
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions (Note 12)		91,571
Deferred Inflows Related to Leases (Note 9)		4,828,248
Total Deferred Inflows		4,919,819
TOTAL LIABILITIES AND DEFERRED INFLOWS	$	25,225,694
NET POSITION		
Net Investment in Capital Assets		40,810,205
Restricted, for Net Pension Asset (Note 12)		463,114
Unrestricted		23,508,227
TOTAL NET POSITION	$	64,781,547

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 31, 2024

OPERATING REVENUES		
Industrial Waste Water Treatment Facility Operations	$	9,099,891
Property Rentals & Sprayfield Operations		1,535,095
Other Operating Revenue		385,545
Total Operating Revenues		11,020,531
OPERATING EXPENSES		
Industrial Waste Water Treatment Facility Operations		3,813,938
General & Administrative		893,968
Depreciation		1,978,049
Total Operating Expenses		6,685,955
OPERATING INCOME (LOSS)		4,334,576
NON-OPERATING REVENUES (EXPENSES)		
Investment Income		1,093,531
Interest on Lease Activity		208,634
Taxes Levied For:		
General purposes		434,316
Debt service principal/interest		254,129
Gain on Disposition of Assets		123,672
Loss on Disposition of Assets		(5,595)
Interest Expense - General Obligation		(136,145)
Interest Expense - Revenue Obligation		(292,633)
Other Non-Capital Financing		(5,636)
Total Nonoperating Revenues (Expenses)		1,674,272
INCOME BEFORE CAPITAL CONTRIBUTIONS		6,008,848
CAPITAL CONTRIBUTIONS		2,601,144
CHANGE IN NET POSITION		8,609,992
Net Position - Beginning of Year		55,885,268
Error Corrections		286,286
NET POSITION - END OF YEAR	$	64,781,547

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Port of Sunnyside
Yakima County, Washington
Statement of Cash Flows
For the fiscal year ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	$	8,945,233
Payments to Suppliers		(2,621,751)
Payments to Employees		(1,748,413)
Net Cash Provided by Operating Activities		4,575,069
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts of Property Taxes from Yakima County		732,263
Net Cash Provided by Noncapital Financing Activities		732,263
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Receipts of Property Taxes from Yakima County		254,129
Gain on Sale of Capital Assets		118,077
Purchases of Capital Assets		(10,281,353)
Capital Contributions		2,601,144
Principal Paid on Capital Debt		137,218
Interest Paid on Capital Debt		(428,778)
Net Cash Provided (Used) by Capital and Related Financing Activities		(7,599,564)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends		1,093,528
Net Cash Provided by Investing Activities		1,093,528
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,198,705)
Cash and Cash Equivalents - Beginning of Year		22,541,134
CASH AND CASH EQUIVALENTS - END OF YEAR	$	21,342,429

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Port of Sunnyside
Yakima County, Washington
Statement of Cash Flows
For the fiscal year ended December 31, 2024

RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	$	4,334,576
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization		1,978,049
(Increase) Decrease in Assets and Deferred Outflows of Resources:		
Accounts Receivable		(2,169,455)
Lease Receivable		(2,322,444)
Prepaid Expenses		(142,673)
Net Pension Asset		148,634
Deferred Outflows		(90,465)
Other Operating		184,836
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:		
Accounts Payable		455,682
(Gain)/Loss on Sales		(112,441)
Net Pension Liability		(199,562)
OPEB Liability		(149,326)
Lease Liability		47,928
Deferred Inflows		2,611,731
Total Adjustments		240,493
Net Cash Provided by Operating Activities	$	4,575,069

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Port of Sunnyside
Yakima County, Washington
Notes to Financial Statements
December 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Port of Sunnyside (Port) 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 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 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Port of Sunnyside uses the *Budgeting, Accounting and Reporting System for GAAP Cities, Counties, and Special Purpose Districts* in the State of Washington.

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 expenses 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, 2024, the Port was holding $21,342,429. 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.

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 7 – *Deposits and Investments*)

The Port 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 14 – *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. Capital Assets & Depreciation
(See Note 3 – *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 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

5. Other Assets and Debits

Prepayments – Prepaid expenses consist of amounts paid in 2024 for 2025 and beyond expenses.

Other Receivables – The amount shown is the Port's portion of outstanding grant funding, leasehold tax refund, and 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 12 *Pension Plans*)

6. Leases

Lessee: 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 leases 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-cancellable period of the lease.
- 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 lease liability.

Lessor: The Port is a lessor for non-cancellable 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 leases 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.

7. Deferred Outflows/ Inflows of Resources

   In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Port's deferred outflows of resources consist of resources related to pensions and OPEB.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition to liabilities, the statement of financial net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet (Statement of Net Position). These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Port's deferred inflows of resources consist of resources related to pensions and leases.

8. Compensated Absences

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

Compensated absences liability, included related taxes, is recognized for both used but unpaid leave and leave that is more likely than not to be used based on historical usage trends. The Port's total obligation for compensated absences is $146,466.91 at December 31, 2024, and was $36,524 at December 31, 2023. The compensated absences that could be due within the coming year are recorded as a current liability and total $49,797.44. The remaining balance of $96,759.47 is the long-term liability portion of the compensated absences.

9. 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, the Port includes the net pension asset only.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. 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, 2024.

    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*)

11. Long-Term Liabilities

    (See Note 10 – *Long-Term Debt*)

12. Grants

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

13. 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 – Accounting Changes & Error Corrections

Accounting Changes

The Port implemented GASB Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for reporting periods beginning after June 15,

2023. The adoption of these requirements did not have a material effect on the Port's financial statements.

NOTE 2 – Accounting Changes & Error Corrections (continued)

The Port also implemented GASB Statement 101, *Compensated Absences*. The objective of this statement is to improve the recognition and measurement of liabilities to compensated absences (like vacation, sick, and other paid leave) for state and local governments, ensure more consistent and transparent financial reporting. The requirements of this statement are effective for reporting periods beginning after December 15, 2023. The adoption of these requirements did not have a material effect on the Port's financial statements.

Error Corrections

During the current year, the Port identified the following errors in the financial statements for prior years. The errors are related to not appropriately identifying and classifying receivable funds and the reversal of an accrual entry.

- In 2018, the Port was awarded a grant in the amount of $251,686 which was to be requested upon 50% completion of the project. This error resulted in an understatement of the beginning net position of 2024.

- A 2022 accrual entry that should have been reversed in 2023 resulted in an understatement of the beginning net position of $34,600.

The cumulative correction of these errors resulted in the beginning net position of 2024 to be overstated by $286,286 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 3 - 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, 2024, were as follows:

(continued on next page)

NOTE 3 - CAPITAL ASSETS AND DEPRECIATION (continued)

	Beginning Balance 1/1/2024	Increases	Decreases	Ending Balance 12/31/2024
Capital Assets, not being depreciated:				
Land	$ 4,770,563	$ -	$ 26,663	**$ 4,743,900**
Construction In Progress	$ 1,284,856	$ 9,427,274	$ 3,797,765	**$ 6,914,365**
Total Capital Assets, not being depreciated	$ 6,055,419	$ 9,427,274	$ 3,824,428	$ 11,658,265
Capital Assets, being depreciated:				
Buildings (Right to Use Asset)	$ -	$ 52,158	$ 52,158	**$ -**
Buildings & Structures	$ 51,532,051	$ 4,061,893	$ 33,594	**$ 55,560,350**
Improvements other than buildings	$ 5,303,419	$ 173,529	$ 21,521	**$ 5,455,428**
Machinery & Equipment	$ 9,735,136	$ 119,844	$ 254,033	**$ 9,600,947**
Total Capital Assets, being depreciated	$ 66,570,606	$ 4,407,424	$ 361,306	$ 70,616,725
Less Accumulated Depreciation for:				
Buildings (Right to Use Asset)	$ -	$ 4,347	$ 4,347	**$ -**
Buildings & Structures	$ (15,462,552)	$ 1,459,495	$ 31,049	**$ (16,890,997)**
Improvements other than buildings	$ (2,849,881)	$ 220,145	$ 21,521	**$ (3,048,505)**
Machinery & Equipment	$ (3,529,942)	$ 298,408	$ 250,982	**$ (3,577,368)**
Total Accumulated Depreciation	$ (21,842,375)	$ 1,982,395	$ 307,899	**$ (23,516,871)**
Total Capital Assets, being depreciated, net	$ 44,728,232	$ 6,389,819	$ 53,406	$ 47,099,854
Total Capital Assets	**$ 50,783,651**	**$ 15,817,093**	**$ 3,877,834**	**$ 58,758,119**

NOTE 4 – CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2024, the following changes occurred in long-term liabilities:

	Beginning Balance 1/1/2024	**Additions**	**Reductions**	**Ending Balance 12/31/24**	**Due Within One Year**
Bonds Payable:					
GO Bonds	$ 2,677,000	$ -	$ 169,000	$ 2,508,000	$ 175,000
Revenue Bonds	11,981,000	-	964,000	11,017,000	987,000
Total Bonds Payable	**$ 14,658,000**	**$ -**	**$ 1,133,000**	**$ 13,525,000**	**$ 1,162,000**
Notes & Contracts Payable	$ 3,302,517	$ 1,862,602	$ 742,204	$ 4,422,915	$ 563,362
Net Pension Liability	130,641	-	34,958	95,683	-
Total OPEB Liability	740,335	-	68,886	671,449	18,032
Compensated Absences	36,524	109,943	-	146,467	49,707
Total Long-Term Liabilities	**$ 18,868,017**	**$ 1,972,545**	**$ 1,979,048**	**$ 18,861,514**	**$ 1,793,101**

(continued on next page)

NOTE 5 – CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The Port has active construction projects as of December 31, 2024. The projects include:

Projects as of 12/31/24	Expenses	Commitments
Airport Hangar Project	$ 139,482.51	$ 619,744.74
St. Clair Way Project	6,044,367.98	4,677,626.62
Carnation Redevelopment Project	53,861.45	71,138.55
Administration Building Project	16,167.50	1,483,832.50
Prepaid Equipment	15,300.30	35,700.70
Bio-Gas Project	89,585.22	-
Lagoon Aeration Enhancement Project	645,185.31	1,682,007.93
Totals	$ 7,003,950.27	$ 8,570,051.04

NOTE 6 – CONTINGENCIES AND LITIGATION

The Port 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 will have to make payment. In the opinion of management and the Port's attorney, the Port's insurance policies are adequate to pay all known or pending claims.

The Port 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 expenses disallowed under the terms of the grant. Port of Sunnyside management believes that such disallowances, if any, will be immaterial.

NOTE 7 – 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 are 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, 2024, totaled $349,410.

Investments
It is the Port's policy to invest all temporary cash surpluses. The interest on these

NOTE 7 – DEPOSITS AND INVESTMENTS (continued)

investments is prorated to the various funds.

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.

The table below identifies the type of investments, concentration of investments in any one issuer, and maturities of the Port investment portfolio (excluding investments held by the Post-Employment Health Care Benefits Trust Fund, (see Note 11 for investment detail for the Trust) as of December 31, 2024:

	2024				
		Maturities (in years)			
Investment Type	Fair Value	Less than 1	1-3	More than 3	Percentage of Total Portfolio
US Treasury Bonds	$ 3,725,627	$ 1,680,088	$ 2,045,540	$ -	17.6%
Gate City Bank	$ 250,578	$ -	$ 250,578	$ -	1.2%
Wells Fargo Bank	$ 251,484	$ -	$ 251,484	$ -	1.2%
BMW Fank of North	$ 34,972	$ -	$ 34,972	$ -	0.2%
Valley Ntnl Bank	$ 110,729	$ -	$ 110,729		0.5%
Morgan Standley P	$ 254,278	$ -	$ 254,278	$ -	1.2%
Sallie Mae Bank	$ 254,278		$ 254,278	$ -	1.2%
Toyota Financial Savings	$ 254,278	$ -	$ 254,278	$ -	1.2%
Ally Bank	$ 254,278	$ -	$ 254,278	$ -	1.2%
Local Government Investment Pool*	$ 15,810,276	$ 15,810,276			74.6%
Total Investments	$ 21,200,776	$ 17,490,363	$ 3,710,413	$ -	100.0%
Percentage of Total Portfolio		82.5%	17.5%	0.0%	100.0%

*Investments in the Local Government Investment Pool. The investments in the pool are valued at amortized cost of the pool shares.

NOTE 7 – DEPOSITS AND INVESTMENTS (continued)

The table below identifies the credit risk of the Port's investment portfolio as of December 31, 2024:

	2024									
	Moody's Equivalent Credit Ratings									
Investment Type	Fair Value	A2	A1	Aa3	Aa2	Aa1	AA	Aaa	Baa3	No Rating
US Treasury Bonds	$ 3,725,627							$ 3,725,627		
Gate City Bank	$ 250,578									$ 250,578
Wells Fargo Bank	$ 251,484				$ 251,484					
BMW Fank of North	$ 34,972			$ 34,972						
Valley Ntnl Bank	$ 110,729									$ 110,729
Morgan Standley P	$ 254,278		$ 254,278							
Sallie Mae Bank	$ 254,278								$ 254,278	
Toyota Financial Savings	$ 254,278						$ 254,278			
Ally Bank	$ 254,278								$ 254,278	
Local Government Investment Pool*	$ 15,810,276									
Total	$ 21,200,776	$ -	$ 254,278	$ 34,972	$ 251,484	$ -	$ 254,278	$ 3,725,627	$ 508,555	$ 361,307

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 8 – 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 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 (Supporting Investment in Economic Development) grant and CERB (Community Economic Revitalization Board) grant as well as a CERB loan. In 2023, the Port was awarded grant funds through SIED ($3,000,000) and CERB ($750,000). 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 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
2025	$ 328,555	$ 179,721	$ 508,276
2026	269,191	164,183	433,374
2027	285,406	149,305	434,711
2028	302,573	133,515	436,088
2029	235,231	118,825	354,056
2030 - 2034	884,208	434,681	1,318,889
2035 - 2039	67,138	339,662	406,800
2040 - 2044	86,162	320,638	406,800
2045 - 2049	110,576	296,224	406,800
2050 - 2054	141,909	264,891	406,800
2055 - 2059	182,120	224,680	406,800
2060 - 2064	233,725	173,075	406,800
2065 - 2069	299,953	106,847	406,800
2070 - 2074	275,462	25,858	301,320
Total	**$ 3,702,209**	**$ 2,932,105**	**6,634,314**

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
2025	$ 328,555
2026	$ 269,191
2027	$ 285,406
2028	$ 302,573
2029	$ 235,231
2030 - 2034	$ 884,208
2035 - 2039	$ 67,138
2040 - 2044	$ 86,162
2045 - 2049	$ 110,576
2050 - 2054	$ 141,909
2055 - 2059	$ 182,120
2060 - 2064	$ 233,725
2065 - 2069	$ 299,953
2070 - 2074	$ 275,462

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 12/31/24
2022 Bond Debt	2036	3.18%	$ 3,000,000	$ 169,000	$ 2,508,000

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
2025	$ 175,000	$ 79,754
2026	180,000	74,189
2027	186,000	68,465
2028	192,000	62,551
2029	198,000	56,445
2030-2034	1,091,000	183,518
2035-2036	486,000	23,278
Total	**$ 2,508,000**	**$ 548,200**

Revenue Bonds currently outstanding are as follows:

Revenue Bonds	Maturity Range	Interest Rate	Original Amount	Amount of Installment	Loan Balance 12/31/2024
2020 A bond	2034	2.40%	$ 14,058,000	$ 964,000	$ 11,017,000

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

Year Ending December 31	Principal	Interest
2025	$ 987,000	$ 253,107
2026	1,011,000	229,771
2027	1,036,000	205,860
2028	1,060,000	181,373
2029	1,086,000	156,310
2030-2034	5,837,000	383,790
Total	**$ 11,017,000**	**$ 1,410,212**

(continued on next page)

NOTE 10 – LONG-TERM DEBT (continued)

The contracts payable outstanding are as follows:

Contracts Payable						
Description	Original Loan	Maturity Date	Interest Rate	Loan Balance 1/1/2024	Loan Balance 12/31/2024	Current Portion
USDA - Anaerobic Digester $300k	$ 300,000	7/1/2024	0.000%	$ 25,000	$ -	$ -
USDA - Anaerobic Digester $750k	$ 750,000	8/1/2024	0.000%	$ 62,500	$ -	$ -
Benton REA - Anaerobic Digester	$ 60,000	9/1/2024	3.250%	$ 5,696	$ -	$ -
CERB 2 - SBR	$ 500,000	1/1/2025	0.000%	$ 50,000	$ 25,000	$ 25,000
DOE Loan - SBR	$ 3,448,655	5/10/2025	1.500%	$ 301,151	$ 101,137	$ 101,137
SIED Loan - Anaerobic Digester	$ 1,000,000	6/1/2025	2.500%	$ 206,121	$ 104,353	$ 104,353
SIED Loan - Nutrien Railspur	$ 251,686	6/1/2028	3.560%	$ 136,607	$ 111,164	$ 26,349
CERB - Anaerobic Digester	$ 850,000	7/30/2028	3.000%	$ 472,222	$ 377,778	$ 94,444
TRUS-WAY Loan	$ 500,000	11/25/2028	4.000%	$ 270,879	$ 220,008	$ 52,944
CERB - East Edison	$ 513,600	1/1/2029	0.000%	$ 171,200	$ 142,667	$ 28,533
CERB - North First	$ 400,000	1/31/2038	1.500%	$ 311,541	$ 291,489	$ 20,152
CERB - Planter's	$ 375,000	1/31/2038	1.250%	$ 375,000	$ 352,873	$ 23,221
CERB - Varietal Exp	$ 914,600	7/31/2033	1.500%	$ 914,600	$ 833,844	$ 87,228

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

Year Ending	Principal	Interest
2025	$ 563,362	$ 44,918
2026	511,698	61,817
2027	519,249	51,433
2028	521,925	40,858
2029	348,057	31,424
2030-2034	1,567,111	87,889
2035-2039	391,512	7,424
Total	**$ 4,422,914**	**$ 325,763**

NOTE 11 – DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFITS (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

NOTE 11 – DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFITS (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 2024 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, 2024		
OPEB liabilities	$	671,449
OPEB assets	$	-
Deferred outflows of resources	$	(9,016)
Deferred inflows of resources	$	-
OPEB expense/expenditures	$	51,199

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 POST-EMPLOYMENT BENEFITS (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 reirees' share of the premium, projected with the medical trend assumption.

Employees covered by benefit terms: At December 31, 2024, 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	6/30/2024
Actuarial Measurement Date	6/30/2024
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	$785,972	**$671,449**	$579,383
Healthcare Trend	$567,256	**$671,449**	$805,741

(continued on next page)

NOTE 11 – DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLANS (continued)

Assumptions	
Discount Rate[1]	
Beginning of Measurement Year	3.65%
End of Measurement Year	3.93%
Projected Salary Changes	3.25% + Service-Based Increases
Healthcare Trend Rates[2]	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 Rate	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, 2023	$ 740,335
Changes for the year :	
Service Cost	$ 25,373
Interest on total Liability	$ 27,628
Changes in Experience Data and Assumptions	$ (104,200)
Expected payment	$ (17,687)
Balance as of June 30, 2024	$ 671,449

NOTE 11 – DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFITS (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, 2024, were $9,016. 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 2024:

Aggregate Pension Amounts - All Plans		
Pension liabilities	$	(95,683)
Pension assets	$	229,969
Deferred outflows of resources	$	330,011
Deferred inflows of resources	$	(91,571)
Pension expense/expenditures	$	(21,547)

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

NOTE 12 - PENSION PLANS (continued)

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 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 2024 were as follows:

PERS Plan 1		
Actual Contribution Rates	**Employer**	**Employee**
January through June 2024	9.53%	6%
July through August 2024	9.03%	6%
September through December 2024	9.11%	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.

NOTE 12 - PENSION PLANS (continued)

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.

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 2024 were as follows:

PERS Plan 2/3 **Actual Contribution Rates**	**Employer**	**Employee**
January through June 2024	9.53%	6.36%
July through August 2024	9.03%	6.36%
September through December 2024	9.11%	6.36%

The Port of Sunnyside’s actual PERS plan contributions were $30,979.25 to PERS Plan 1 and $71,848.33 to PERS Plan 2/3 for the year ended December 31, 2024.

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 2024 with a valuation date of June 30, 2023. 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 2023 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2023 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2024. Plan liabilities were rolled forward from June 30, 2023 to June 30, 2024, 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 service-based salary increase.
- **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 (active, retiree, or survivor), 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.

Assumptions did not change from the prior contribution rate setting June 30, 2022 Actuarial Valuation Report (VAR). OSA adjusted their methods for calculating UAAL contribution rates in PERS 1 to reflect the delay between the measurement date of calculated Plan 1 rates and when the rates are collected. OSA made an adjustment to their model to reflect past inflation experience when modeling future COLAs for current annuitants in all plans except PERS 1.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0%.

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% 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 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, 2024. The inflation component used to create the table is 2.5% 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	19%	2.10%
Tangible Assets	8%	4.50%
Real Estate	18%	4.80%
Global Equity	30%	5.60%
Private Equity	25%	8.60%
	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	$ 140,747	$ 95,683	$ 56,160
PERS 2/3	$ 414,563	$ (222,969)	$ (759,309)

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, 2024, 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	$ (95,683)
PERS 2/3	$ 229,969

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

PLAN	Proportionate share 6/30/2023	Proportionate share 6/30/2024	Change
PERS1	0.00572%	0.00539%	-0.00034%
PERS 2/3	0.00738%	0.00698%	-0.00040%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2024, 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, 2024, the Port of Sunnyside recognized pension income as follows:

PLAN	Pension Income
PERS1	$ (1,265)
PERS 2/3	$ (10,085)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2024, 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	(7,656)
Changes of assumptions	0	0
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	14,539	
TOTAL	14,539	(7,656)

Table for Notes to FS	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	130,673	(532)
Net difference between projected and actual investment earnings on pension plan investments	0	(65,903)
Changes of assumptions	126,989	(14,571)
Changes in proportion and differences between contributions and proportionate share of contributions	21,166	(2,909)
Contributions subsequent to the measurement date	36,643	
TOTAL	315,471	(83,915)

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, 2024. 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
2025	$ (12,671)	$ (47,688)
2026	6,510	104,931
2027	(689)	47,263
2028	(806)	46,012
2029	-	23,971
Thereafter	-	20,424
TOTAL	**$ (7,656)**	**$ 194,913**

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 were capitalized. The remaining remediation will be expensed annually until monitoring is complete.

As of December 31, 2024, the net current liability is $27,584.

NOTE 14 – 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.

NOTE 14 – PROPERTY TAX (continued)

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.

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 2024 was $.2590 per $1,000 on an assessed valuation of $2,680,894,857 for a total regular levy of $694,492.

Year	Rate	Assessed Value	Regular Levy Amount
2024	0.25905230	$ 2,680,894,857	$ 694,992
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 15 – 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 $463,114 of restricted component of net position.

PERS 2/3 Pension Asset	$ 231,557
PERS 2/3 Deferred Outflow	315,471
PERS 2/3 Deferred Inflow	-83,915
Net Pension Asset	**$ 463,114**

NOTE 16 – 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.

REQUIRED SUPPLEMENTARY INFORMATION

State Sponsored Plans – Schedule of Proportionate Share of 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

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's proportion of the net pension liability (asset)	0.005385%	0.005723%	0.005657%	0.005589%	0.005302%	0.005129%	0.005305%	0.006644%	0.006985%
Employer's proportionate share of the net pension liability or(asset)	$ (95,683)	$ (130,641)	$ (157,512)	$ 68,255	$ 187,189	$ 197,228	$ 236,923	$ 315,263	$ 375,127
Covered Payroll	$ 1,080,918	$ 1,021,899	$ 930,564	$ 856,539	$ 811,283	$ 725,476	$ 691,822	$ 778,254	$ 773,677
Employer's proportionate share of the net pension liability or asset as a percentage of covered payroll	-8.85%	-12.78%	-16.93%	7.97%	23.07%	27.19%	34.25%	40.51%	48.49%
Plan fiduciary net position as a percentage of the total pension liability or asset	84.05%	80.16%	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%

Port of Sunnyside
Schedule of Proportional Share of the Net Pension Liability
PERS Plan 2/3
As of June 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's proportion of the net pension liability (asset)	0.006976%	0.007382%	0.007379%	0.007183%	0.006905%	0.006621%	0.006754%	0.007370%	0.007755%
Employer's proportionate share of the net pension liability or(asset)	$ 229,969	$ 302,565	$ 273,671	$ (715,542)	$ 88,311	$ 64,312	$ 115,319	$ 256,072	$ 390,458
Covered Payroll	$ 1,080,918	$ 1,021,899	$ 930,564	$ 856,539	$ 811,283	$ 725,476	$ 691,616	$ 728,396	$ 725,062
Employer's proportionate share of the net pension liability or asset as a percentage of covered payroll	21.28%	29.61%	29.41%	-83.54%	10.89%	8.86%	16.67%	35.16%	53.85%
Plan fiduciary net position as a percentage of the total pension liability or asset	105.17%	107.02%	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	$ 30,979	$ 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	$ (30,979)	$ (34,001)	$ (36,705)	$ (38,086)	$ (40,755)	$ (37,364)	$ (34,493)	$ (37,383)	$ (39,385)	$ (36,638)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 1,124,522	$ 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	2.75%	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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	$ 71,848	$ 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	$ (71,848)	$ (63,839)	$ (62,123)	$ (63,426)	$ (67,321)	$ (58,375)	$ (51,118)	$ (48,234)	$ (44,355)	$ (40,908)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 1,124,522	$ 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	6.39%	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, 2023. 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, 2023, valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2023 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2023 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, 2024.

Plan liabilities were rolled forward from June 30, 2023, to June 30, 2024, 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 service-based salary increases.
- 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.

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability - beginning	$ 740	$ 950	$ 1,103	$ 1,241	$ 769	$ 638	$ 636
Service cost	25	31	48	50	28	27	28
Interest	28	34	24	28	27	25	23
Changes in benefit terms	-	0	0		-	-	-
Changes of assumptions & Experience Data	(104)	(256)	(211)	(193)	433	96	(33)
Benefit payments	(18)	(19)	(14)	(23)	(17)	(17)	(16)
Total OPEB liability - ending	$ 671	$ 740	$ 950	$ 1,103	$ 1,241	$ 769	$ 638
Covered-employee payroll	1128	1,078	1,030	857	811	725	666
Total OPEB liability as a % of covered-employee payroll	59.49%	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.

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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