Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

City of Sunnyside

For the period January 1, 2021 through December 31, 2022

Published March 21, 2024

Report No. 1034445

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Office of the Washington State Auditor
Pat McCarthy

March 21, 2024

Mayor and City Council
City of Sunnyside
Sunnyside, Washington

Report on Financial Statements

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

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

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

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TABLE OF CONTENTS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 4

Independent Auditor's Report on the Financial Statements 7

Financial Section 11

About the State Auditor's Office 50

INDEPENDENT AUDITOR'S REPORT

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

City of Sunnyside
January 1, 2021 through December 31, 2022

Mayor and City Council
City 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 City of Sunnyside, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated March 13, 2024.

We issued an unmodified opinion on the fair presentation of the City's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the City using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the City'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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 City'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 audits, 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 City'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 City'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

March 13, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Sunnyside
January 1, 2021 through December 31, 2022

Mayor and City Council
City of Sunnyside
Sunnyside, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of Sunnyside, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, as listed in the financial section of our report.

Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City has prepared these financial statements to meet the financial reporting requirements of state law and accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the City of Sunnyside, and its changes in cash and investments, for the years ended December 31, 2022 and 2021, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Sunnyside, as of December 31, 2022 and 2021, or the changes in financial position or cash flows thereof for the years then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. 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 City, 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 unmodified and adverse opinions.

Matter Giving Rise to Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the City in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS Manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible 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 City'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 are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 City'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 City's ability to continue as a going concern for a reasonable period of time; and
- We are required to 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS Manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the

United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2024 on our consideration of the City's internal control over financial reporting and on the 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 City'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 City's internal control over financial reporting and compliance.



Pat McCarthy, State Auditor

Olympia, WA

March 13, 2024

FINANCIAL SECTION

City of Sunnyside
January 1, 2021 through December 31, 2022

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2022
Fund Resources and Uses Arising from Cash Transactions – 2021
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2022
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2021
Notes to Financial Statements – 2022
Notes to Financial Statements – 2021

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2022
Schedule of Liabilities – 2021

City of Sunnyside
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		Total for All Funds (Memo Only)	001 GENERAL FUND	101 STREET FUND
Beginning Cash and Investments				
308	Beginning Cash and Investments	14,312,528	4,574,704	752,143
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	14,560,311	10,507,357	872,684
320	Licenses and Permits	330,129	328,836	1,293
330	Intergovernmental Revenues	4,347,011	3,298,609	337,776
340	Charges for Goods and Services	13,777,529	1,488,836	601
350	Fines and Penalties	166,586	156,898	-
360	Miscellaneous Revenues	566,543	152,910	1,961
Total Revenues:		33,748,109	15,933,446	1,214,315
Expenditures				
510	General Government	2,890,650	2,454,481	-
520	Public Safety	11,741,927	8,940,930	-
530	Utilities	8,054,343	-	-
540	Transportation	1,919,181	270,195	1,253,892
550	Natural/Economic Environment	290,287	184,667	-
560	Social Services	42,598	42,598	-
570	Culture and Recreation	1,104,515	1,079,592	-
Total Expenditures:		26,043,501	12,972,463	1,253,892
Excess (Deficiency) Revenues over Expenditures:		7,704,608	2,960,983	(39,577)
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	192,664	-	-
397	Transfers-In	857,644	-	632,236
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	85,583	14,516	-
Total Other Increases in Fund Resources:		1,135,891	14,516	632,236
Other Decreases in Fund Resources				
594-595	Capital Expenditures	2,704,088	331,241	147,343
591-593, 599	Debt Service	1,935,569	50,626	272
597	Transfers-Out	857,644	839,244	-
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	47,972	47,972	-
Total Other Decreases in Fund Resources:		5,545,273	1,269,083	147,615
Increase (Decrease) in Cash and Investments:		**3,295,226**	**1,706,416**	**445,044**
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	3,435,688	85,540	1,197,190
50841	Committed	1,120,810	13,346	-
50851	Assigned	7,187,385	318,363	-
50891	Unassigned	5,863,874	5,863,874	-
Total Ending Cash and Investments		**17,607,757**	**6,281,123**	**1,197,190**

The accompanying notes are an integral part of this statement.

120 INVESTIGATIVE FUND	CRIME PREVENTION FUND	140 PUBLIC SAFETY (L&J 3/10) TAX FUND	160 TOURISM EXPANSION FUND	201 GENERAL OBLIGATION BONDS FUND	DEVELOPMENT BLOCK GRANT FUND
13,294	74,049	325,753	203,000	1	37,631
-	-	-	-	-	-
-	-	589,872	144,572	449,675	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	9,688	-	-	-	-
1,380	1,059	1,888	1,050	-	6,395
1,380	10,747	591,760	145,622	449,675	6,395
-	-	-	-	-	-
6,395	22,603	425,576	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	36,410	69,175	-	35
-	-	-	-	-	-
-	-	-	-	-	-
6,395	22,603	461,986	69,175	-	35
(5,015)	(11,856)	129,774	76,447	449,675	6,360
-	-	-	-	-	-
-	-	-	-	225,408	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	225,408	-
-	-	-	-	-	-
-	-	8,965	-	668,098	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	8,965	-	668,098	-
(5,015)	**(11,856)**	**120,809**	**76,447**	**6,985**	**6,360**
-	-	-	-	-	-
8,280	62,194	446,561	279,448	-	43,991
-	-	-	-	6,986	-
-	-	-	-	-	-
-	-	-	-	-	-
8,280	**62,194**	**446,561**	**279,448**	**6,986**	**43,991**

The accompanying notes are an integral part of this statement.

CAPITAL IMPROVEMENTS (REET 1) FUND	CAPITAL IMPROVEMENT (REET 2) FUND	322 FIRE EQUIPMENT RESERVE FUND	326 FIRE CAPITAL PROJECTS FUND	410 WATER FUND	420 SEWER FUND
400,077	656,274	212	2,585	1,449,341	2,171,628
-	-	-	-	-	-
181,975	181,975	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	3,479,427	3,896,600
-	-	-	-	-	-
1,024	4,144	2	-	32,261	33,550
182,999	186,119	2	-	3,511,688	3,930,150
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	2,762,106	2,749,471
333	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	24,923	-	-	-	-
333	24,923	-	-	2,762,106	2,749,471
182,666	161,196	2	-	749,582	1,180,679
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	57,363
-	-	-	-	-	57,363
77,371	252,781	-	-	346,883	897,497
-	-	-	-	380,069	748,746
18,400	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
95,771	252,781	-	-	726,952	1,646,243
86,895	**(91,585)**	**2**	**-**	**22,630**	**(408,201)**
-	-	-	-	-	-
486,972	564,689	-	2,585	138,849	119,389
-	-	214	-	21,353	1,070
-	-	-	-	1,311,769	1,642,967
-	-	-	-	-	-
486,972	**564,689**	**214**	**2,585**	**1,471,971**	**1,763,426**

The accompanying notes are an integral part of this statement.

430 GARBAGE FUND	440 AMBULANCE/EMS FUND	450 STORMWATER FUND	501 EQUIPMENT RENTAL FUND	INFORMATION TECHNOLOGY FUND
152,998	2,377,990	222,908	897,851	89
-	-	-	-	-
-	1,632,201	-	-	-
-	-	-	-	-
-	710,626	-	-	-
2,223,142	1,047,490	290,812	755,171	595,450
-	-	-	-	-
241	328,171	309	198	-
2,223,383	3,718,488	291,121	755,369	595,450
-	-	-	-	436,169
-	2,346,423	-	-	-
2,159,157	-	383,609	-	-
-	-	-	394,761	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,159,157	2,346,423	383,609	394,761	436,169
64,226	1,372,065	(92,488)	360,608	159,281
-	-	-	192,664	-
-	-	-	-	-
-	-	-	-	-
-	-	-	13,704	-
-	-	-	206,368	-
-	170,796	27,617	302,606	149,953
-	28,507	-	50,286	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	199,303	27,617	352,892	149,953
64,226	**1,172,762**	**(120,105)**	**214,084**	**9,328**
-	-	-	-	-
-	-	-	-	-
-	-	383	1,077,458	-
217,223	3,550,753	102,418	34,475	9,417
-	-	-	-	-
217,223	**3,550,753**	**102,801**	**1,111,933**	**9,417**

The accompanying notes are an integral part of this statement.

City of Sunnyside
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		Total for All Funds (Memo Only)	001 GENERAL FUND	101 STREET FUND
Beginning Cash and Investments				
308	Beginning Cash and Investments	8,949,996	2,177,720	197,164
388 / 588	Net Adjustments	-	-	-
Revenues				
310	Taxes	13,677,068	9,946,282	699,203
320	Licenses and Permits	398,451	397,526	925
330	Intergovernmental Revenues	5,661,945	3,163,248	1,883,824
340	Charges for Goods and Services	12,716,924	844,615	27,445
350	Fines and Penalties	178,767	166,920	-
360	Miscellaneous Revenues	386,088	108,221	-
Total Revenues:		33,019,243	14,626,812	2,611,397
Expenditures				
510	General Government	2,390,855	2,070,513	-
520	Public Safety	10,201,018	7,600,611	-
530	Utilities	8,019,520	-	-
540	Transportation	1,650,548	194,226	1,149,644
550	Natural/Economic Environment	364,440	188,776	-
560	Social Services	26,649	26,649	-
570	Culture and Recreation	884,811	884,190	-
Total Expenditures:		23,537,841	10,964,965	1,149,644
Excess (Deficiency) Revenues over Expenditures:		9,481,402	3,661,847	1,461,753
Other Increases in Fund Resources				
391-393, 596	Debt Proceeds	-	-	-
397	Transfers-In	1,163,237	-	802,400
385	Special or Extraordinary Items	-	-	-
381, 382, 389, 395, 398	Other Resources	169,527	2,228	-
Total Other Increases in Fund Resources:		1,332,764	2,228	802,400
Other Decreases in Fund Resources				
594-595	Capital Expenditures	2,262,698	43,934	1,576,945
591-593, 599	Debt Service	1,891,974	58,133	298
597	Transfers-Out	1,163,237	1,031,307	131,930
585	Special or Extraordinary Items	-	-	-
581, 582, 589	Other Uses	133,711	133,711	-
Total Other Decreases in Fund Resources:		5,451,620	1,267,085	1,709,173
Increase (Decrease) in Cash and Investments:		**5,362,546**	**2,396,990**	**554,980**
Ending Cash and Investments				
50821	Nonspendable	-	-	-
50831	Restricted	2,884,808	86,546	20,190
50841	Committed	100,515	13,172	-
50851	Assigned	7,008,961	156,742	731,953
50891	Unassigned	4,318,244	4,318,244	-
Total Ending Cash and Investments		**14,312,528**	**4,574,704**	**752,143**

The accompanying notes are an integral part of this statement.

120 INVESTIGATIVE FUND	CRIME PREVENTION FUND	140 PUBLIC SAFETY (L&J 3/10) TAX FUND	160 TOURISM EXPANSION FUND	201 GENERAL OBLIGATION BONDS FUND	DEVELOPMENT BLOCK GRANT FUND
24,719	86,294	177,900	212,631	-	37,341
-	-	-	-	-	-
-	-	570,089	124,804	448,175	-
-	-	-	-	-	-
-	-	1,997	5	-	-
-	-	-	-	-	-
891	10,956	-	-	-	-
3,517	1,324	112	67	-	338
4,408	12,280	572,198	124,876	448,175	338
-	-	-	-	-	-
12,082	24,525	373,455	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	41,110	134,507	-	47
-	-	-	-	-	-
-	-	-	-	-	-
12,082	24,525	414,565	134,507	-	47
(7,674)	(12,245)	157,633	(9,631)	448,175	291
-	-	-	-	-	-
-	-	-	-	213,982	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	213,982	-
3,750	-	-	-	-	-
-	-	9,780	-	662,157	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,750	-	9,780	-	662,157	-
(11,424)	**(12,245)**	**147,853**	**(9,631)**	**-**	**291**
-	-	-	-	-	-
-	-	325,753	203,000	-	37,631
13,294	74,049	-	-	-	-
-	-	-	-	1	-
-	-	-	-	-	-
13,294	**74,049**	**325,753**	**203,000**	**1**	**37,631**

The accompanying notes are an integral part of this statement.

CAPITAL IMPROVEMENTS (REET 1) FUND	CAPITAL IMPROVEMENT (REET 2) FUND	322 FIRE EQUIPMENT RESERVE FUND	326 FIRE CAPITAL PROJECTS FUND	410 WATER FUND	420 SEWER FUND
105,518	519,828	212	-	1,395,519	2,432,612
-	-	-	-	-	-
162,775	136,796	-	-	-	-
-	-	-	-	-	-
-	-	-	-	4,314	4,909
-	-	-	-	3,267,563	3,807,257
-	-	-	-	-	-
36	270	-	-	15,063	63,746
162,811	137,066	-	-	3,286,940	3,875,912
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	2,611,516	3,149,134
182	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	621	-	-	-	-
182	621	-	-	2,611,516	3,149,134
162,629	136,445	-	-	675,424	726,778
-	-	-	-	-	-
131,930	-	-	14,925	-	-
-	-	-	-	-	-
-	-	-	-	-	135,238
131,930	-	-	14,925	-	135,238
-	-	-	12,340	240,120	374,132
-	-	-	-	381,483	748,865
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	12,340	621,603	1,122,997
294,559	**136,445**	**-**	**2,585**	**53,821**	**(260,981)**
-	-	-	-	-	-
400,077	656,274	-	2,585	137,183	117,718
-	-	-	-	-	-
-	-	212	-	1,312,158	2,053,910
-	-	-	-	-	-
400,077	**656,274**	**212**	**2,585**	**1,449,341**	**2,171,628**

The accompanying notes are an integral part of this statement.

430 GARBAGE FUND	440 AMBULANCE/EMS FUND	450 STORMWATER FUND	501 EQUIPMENT RENTAL FUND	INFORMATION TECHNOLOGY FUND
10,877	1,399,834	171,827	-	-
-	-	-	-	-
-	1,588,944	-	-	-
-	-	-	-	-
305	506,121	96,344	789	89
2,090,647	923,624	264,778	1,170,653	320,342
-	-	-	-	-
-	192,394	-	1,000	-
2,090,952	3,211,083	361,122	1,172,442	320,431
-	-	-	-	320,342
-	2,190,345	-	-	-
1,948,829	-	310,041	-	-
-	-	-	306,496	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,948,829	2,190,345	310,041	306,496	320,342
142,123	1,020,738	51,081	865,946	89
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	32,061	-
-	-	-	32,061	-
-	11,477	-	-	-
-	31,102	-	156	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	42,579	-	156	-
142,123	**978,159**	**51,081**	**897,851**	**89**
-	-	-	-	-
-	-	-	897,851	-
-	-	-	-	-
152,998	2,377,990	222,908	-	89
-	-	-	-	-
152,998	**2,377,990**	**222,908**	**897,851**	**89**

The accompanying notes are an integral part of this statement.

City of Sunnyside
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022

		Total for All Funds (Memo Only)	Private-Purpose Trust	Custodial
308	Beginning Cash and Investments	176,291	4,509	171,782
388 & 588	Net Adjustments	-	-	-
310-390	Additions	908,103	-	908,103
510-590	Deductions	903,972	-	903,972
	Net Increase (Decrease) in Cash and Investments:	4,131	-	4,131
508	Ending Cash and Investments	180,420	4,509	175,911

The accompanying notes are an integral part of this statement.

City of Sunnyside
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		Total for All Funds (Memo Only)	Private-Purpose Trust	Custodial
308	Beginning Cash and Investments	148,607	4,509	144,098
388 & 588	Net Adjustments	-	-	-
310-390	Additions	1,008,266	-	1,008,266
510-590	Deductions	980,579	-	980,579
	Net Increase (Decrease) in Cash and Investments:	27,687	-	27,687
508	Ending Cash and Investments	176,291	4,509	171,782

The accompanying notes are an integral part of this statement.

Note 1 – Summary of Significant Accounting Policies

The City of Sunnyside was incorporated on September 16, 1902 and operates under the laws of the state of Washington applicable to a code city. The City is a general purpose local government and provides Police, Fire & Emergency Medical, Jail, Municipal Court, Street, Water, Sewer, Garbage, Stormwater, Building & Development, and Parks & Recreation services to the residents of Sunnyside.

The City of Sunnyside reports financial activity in accordance with the Cash Basis Budgeting, Accounting and Reporting System (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from Generally Accepted Accounting Principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements (see **Note 6 – Component Unit(s), Joint Ventures, and Related Parties**).
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The Schedule of Liabilities is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

A. **Fund Accounting**

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

Governmental Fund Types:

General Fund
This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds
These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

Debt Service Funds
These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

Permanent Funds

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

Proprietary Fund Types:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

Internal Service Funds

These funds account for operations that provide goods or services to other departments or funds of the government on a cost reimbursement basis.

Fiduciary Fund Types:

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

Pension (and Other Employee Benefit) Trust Funds

These funds are used to report fiduciary activities for pension and OPEB plans administered through trust.

Investment Trust Funds

These funds are used to report fiduciary activities from the external portion of investment pools and individual investment accounts that are held in trust.

Private-Purpose Trust Funds

These funds report all trust arrangements under which principal and income benefit individuals, private organizations or other governments.

Custodial Funds

These funds are used to account assets that the government holds on behalf of others in a custodial capacity.

B. **Basis of Accounting and Measurement Focus**

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

In accordance with state law the City of Sunnyside also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. **Cash and Investments**

See **Note 3 – Deposits and Investments**.

D. **Capital Assets**

The City of Sunnyside does not have a capital asset policy at this time, but evaluates purchases for cost and useful life to determine whether to designate assets as capital . Capital assets and inventory are recorded as capital expenditures when purchased.

E. **Compensated Absences**

Vacation and sick leave may be accumulated and payable upon separation or retirement for employees based on the stipulations of the union contracts or the personnel policy manual. Payments are recognized as expenditures when paid. **The City's unpaid leave liability at of 12/31/2022 is $972,738**. The terms for each contract are as follows:

Contract Group	Vacation Accrual Cap	Separation Cash Value	Sick Leave Accrual Cap	Separation Cash Value
Non-represented	300 hours	100% of accrual not to exceed the cap, paid at the employee's regular rate of pay	960 hours	Upon retirement, 25% of accrual paid at the employee's regular rate of pay
Clerical	300 hours	100% of accrual not to exceed 240 hours, paid at the employee's regular rate of pay	1,040 hours	Upon retirement with at least 10 years of service, 25% of accrual paid at the employee's regular rate of pay
Fire	360 hours	100% of accrual not to exceed the cap, paid at the employee's regular rate of pay	1,440 hours	25% of accrual upon separation paid at the employee's regular rate of pay, increased to 30% for retirement or death
Division Supervisors	300 hours	100% of accrual not to exceed 240 hours, paid at the employee's regular rate of pay	1,040 hours	Upon retirement with at least 10 years of service, 25% of accrual paid at the employee's regular rate of pay
Public Works	300 hours	100% of accrual not to exceed 240 hours, paid at the employee's regular rate of pay	1,040 hours	Upon retirement with at least 10 years of service, 25% of accrual paid at the employee's regular rate of pay
Police Guild	360 hours	100% of accrual not to exceed the cap, paid at the employee's regular rate of pay	960 hours	25% of accrual upon separation paid at the employee's regular rate of pay, increased to 30% for retirement or death
Police Support	360 hours	100% of accrual not to exceed the cap, paid at the employee's regular rate of pay	960 hours	Upon retirement with at least 10 years of service, 25% of accrual paid at the employee's regular rate of pay

F. **Long-Term Debt**

See **Note 8 – Long-term Debt** (Formerly Debt Service Requirements).

G. **Restricted and Committed Portion of Ending Cash and Investments**

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by ordinance or resolution of the City Council. When expenditures that meet restrictions are incurred, the City of Sunnyside intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of the following:

Fund Name	Portion of Ending Balance Restricted	Portion of Ending Balance Committed	Combined	Reason for Restriction or Commitment
001 GENERAL FUND	85,540	13,346	98,886	Various Restrictions and Commitments-Capital and Contingency
101 STREET FUND	1,197,190		1,197,190	Special Revenue-Federal, State, and Local Restrictions
120 INVESTIGATIVE FUND	8,280		8,280	Ordinance 2009-14
130 CRIME PREVENTION FUND	62,194		62,194	Ordinance 1986-1559
140 PUBLIC SAFETY FUND	446,561		446,561	RCW 82.14.450
160 TOURISM EXPANSION FUND	279,448		279,448	RCW 67.28.1816
201 GO BONDS FUND		6,986	6,986	Transferred from General Fund for Bond Payment
303 CDBG FUND	43,991		43,991	Federal Restriction on Use of Funds
304 REET 1 FUND	486,972		486,972	RCW 82.46.010
305 REET 2 FUND	561,689		561,689	RCW 82.46.035
322 FIRE EQUIPMENT FUND		214	214	Reserve Commitment
326 FIRE CAPITAL PROJECTS FUND	2,585		2,585	Capital Commitment
410 WATER FUND	138,850	21,353	160,203	Bond Covenant
420 SEWER FUND	119,389	1,070	120,459	Bond Covenant
450 STORMWATER FUND		383	383	Capital Commitment
501 EQUIPMENT RENTAL FUND		1,077,458	1,077,458	Budgeted from Various Funds for Vehicle Replacement
601 JAIL TRUST FUND	52,594		52,594	Fiduciary Fund
602 COURT TRUST FUND	123,316		123,316	Fiduciary Fund
621 POLICE HONOR GUARD FUND	4,509		4,509	Fiduciary Fund
Totals	*3,613,108*	*1,120,811*	*4,733,918*	

Note 2 – Budget Compliance

The City of Sunnyside adopts annual appropriated budgets for 19 funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance	Explanation of Variances
001 GENERAL FUND	17,553,385	14,241,541	3,311,844	ARPA Funding Allocated but not Expended
101 STREET FUND	5,290,783	1,401,504	3,889,279	Capital Project Funding Allocated but not Expended
120 INVESTIGATIVE FUND	7,330	6,394	936	
130 CRIME PREVENTION FUND	70,200	22,602	47,598	
140 PUBLIC SAFETY FUND	508,444	470,952	37,492	

Continued from previous Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance	Explanation of Variances
160 TOURISM FUND	157,182	69,174	88,008	
201 GO BONDS FUND	668,620	668,098	523	
303 CDBG FUND	70	35	35	
304 REET 1 FUND	193,700	96,105	97,595	
305 REET 2 FUND	277,830	277,705	125	
322 FIRE EQUIPMENT FUND	-	-	-	
326 FIRE CAPITAL FUND	-	-	-	
410 WATER FUND	4,706,166	3,489,057	1,217,109	Capital Project Funding Allocated but not Expended
420 SEWER FUND	7,098,206	4,395,716	2,702,490	Capital Project Funding Allocated but not Expended
430 GARBAGE FUND	2,199,229	2,159,157	40,072	
440 AMBULANCE/EMS FUND	3,029,908	2,545,725	484,183	
450 STORMWATER FUND	653,654	411,228	242,426	
501 ER&R FUND	1,258,339	747,655	510,684	
504 IT FUND	601,050	586,122	14,928	
Totals	*44,274,096*	*31,588,770*	*12,685,326*	

Budgeted amounts are authorized to be transferred within funds; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City Council. The budget was amended throughout the year to accommodate updated forecasting of revenues and expenditures, changes to staffing and wages, and enhancements approved by the City Council. Amendments were approved by with the following ordinances:

Budget Amendment #1	Ordinance 2022-09 Passed by the City Council 4/11/2022
Budget Amendment #2	Ordinance 2022-19 Passed by the City Council 7/25/2022
Budget Amendment #3	Ordinance 2022-33 Passed by the City Council 12/12/2022

Note 3 – Deposits and Investments

Investments are reported at original cost. Deposits and investments by type at December 31, 2022 are as follows:

Type of Deposit or Investment	(City/Town/District)'s own deposits & investments	Deposits & investments held for other local governments, individuals, or private organizations.	Combined
Bank Deposits	3,614,965	180,281	3,795,246
Local Government Investment Pool	4,052,873	138	4,053,011
US Government Securities in Safekeeping	9,939,293		9,939,293
Totals	*17,607,131*	*180,419*	*17,787,550*

It is the City's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds that purchased the investment, based on the City's analysis of required liquidity.

Investments in the State Local Government Investment Pool (LGIP)

The City of Sunnyside is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at www.tre.wa.gov.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the City of Sunnyside would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The (city/county/district's) deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

All investments are insured, registered or held by the City of Sunnyside or its agent in the government's name.

Note 4 – Environmental and Certain Asset Retirement Liabilities

The City of Sunnyside's municipal airport was found to have herbicide and pesticide residue from previous agricultural activities. Under the state law, the Department of Ecology named the City of Sunnyside as potentially responsible for remediation. The City of Sunnyside is working with the Department of Ecology to conduct a Remedial Investigation, Feasibility Study, and to clean up the site. The City of Sunnyside recorded $228,746 as pollution remediation liability on the Schedule of Liabilities. During 2022, the City of Sunnyside paid $10,056 for the clean-up.

Note 5 – Interfund Loans

The following table displays interfund loan activity during 2022:

Borrowing Fund	Lending Fund	Beginning Balance	New Loans	Payments	Ending Balance
General Fund	Sewer Fund	57,387	0	57,387	0

The City of Sunnyside has no outstanding interfund debt.

Note 6 – Joint Ventures, Component Unit(s), and Related Parties

Title for Disclosure	Details for Disclosure
Ambulance Transport Services - Astria Sunnyside Hospital	**RELATED PARTY** The City provides ambulance services for the hospital should a patient need to be transported to another facility. The current contract was effective through December 31 2019 and under auto-renew for four successive one-year terms until December 31, 2023. The hospital is billed quarterly in the amount of $63,720, for a total annual payment of $254,880.
School Resource Officers - Sunnyside School District	**RELATED PARTY** The City provides police officers to serve as school resource officers to all the schools within the Sunnyside School District. The current contract terminated on July 31, 2021, with automatic renewal for successive one-year terms until either party exercises its right to terminate the agreement. The school district pays 50% of all expenses associated with the SRO. The amount received in 2022 was $137,300.
Emergency Medical Transport Services - City of Grandview	**RELATED PARTY** The City provides 24-hour ambulance services to the City of Grandview and makes available any medical transport vehicles, equipment and personnel. The current contract runs through December 31, 2024 and shall automatically renew for one additional five-year term. The City of Grandview paid the City of Sunnyside $201,312 in 2022.
Municipal Court Services - City of Toppenish	**RELATED PARTY** The City provides municipal court services to the City of Toppenish. The current contract terminated on December 31, 2018, but is allowed to auto-renew for successive one-year terms beginning January 1 of each year. The City of Toppenish pays the city according to the percentage of cases per month. In 2022, the City of Toppenish paid $181,081 for municipal court services.
Communication/Dispatch Services - City of Toppenish	**RELATED PARTY** The City provides dispatch services for the City of Toppenish. The current contract runs through December 31 2025 and shall automatically renew for successive one-year terms beginning January 1 of each year. The rate for services is $16,333 per month and will increase annually to coincide with the Dispatch CBA salary scale with a maximum ceiling of 0.5% above the corresponding salary increase. The City received payments in the amount $179,663 in 2022.

Note 7 – Leases (Lessees)

During the year ended 2022, the City of Sunnyside adopted guidance for the presentation and disclosure of leases, as required by the BARS manual. This requirement resulted in the addition of a lease liability reported on the Schedule of Liabilities. The City of Sunnyside leases copiers from Copiers Northwest per contract under a 5-year lease agreement. Additionally, the City leases two postage machines from Pitney Bowes, which expire in June, 2023. It is likely that the City will continue to lease postage machines and plans to enter into a new lease. The total amount paid for leases in 2022 was $70,103. As of December 31, 2022, the future lease payments are as follows:

Year	Lease Payments
2023	54,484
2024	53,466
2025	53,466
2026	53,466
2027	40,100
2028-2032	0
Total	*254,983*

Note 8 – Long-Term Debt

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the City of Sunnyside and summarizes the city's debt transactions for year ended December 31, 2022.

The debt service requirements are as follows:

Year	Principal	Interest	Total Debt Service
2023	1,637,416	211,529	1,848,945
2024	1,673,194	186,170	1,859,364
2025	1,692,985	159,517	1,852,503
2026	1,417,700	132,130	1,549,830
2027	1,134,350	105,570	1,239,920
2028-2032	1,750,000	201,500	1,951,500
2033-2037	0	0	0
Totals	9,305,645	996,417	10,302,062

A. **Assets Pledged as Collateral for Debt**

The following debt is secured by assets that are pledged as collateral:

Title for Disclosure	Outstanding Debt	Details for Disclosure
US Bank Loan #10	145,657	Three police vehicles received in 2022
2012 A UTGO Bonds	3,460,000	2013 Fire Station and 2016 Ladder Fire Truck
2017 LTGO Refunding Bonds	995,000	Monson Property, Parcels 221028-12001, 221028-11003, 221028-12006
2017 WA/SW Rev Refunding Bonds	1,066,000	Reserve Funds held in Water and Sewer Funds

B. **Significant Debt Terms**

US Bank Loan #10 was used to purchase three police vehicles. Default on this loan may result in repossession of the vehicles.

Note 9 – Other Disclosures

Contingencies and litigations.

The City has a lawsuit over a Crime-Free Rental Housing Program, which is in appeals with the Washington State Supreme Court. The suit was filed by the Washington State Attorney General's Office. The City is aware of a high-profile criminal conviction from 1990s being reviewed for new trial. Likelihood of either suit having financial impacts on the City are unknown at this time.

In February 2021, the Washington State Supreme Court ruled in State v. Blake that the state's law criminalizing drug possession was unconstitutional. As a result, any convictions related to the law qualifies to be vacated from one's criminal record and any legal financial obligations paid as a result qualify for financial reimbursement. At this time, the City of Sunnyside does not have the information necessary to estimate the potential liability. The State of Washington has allocated funds to jurisdictions impacted by the decision, and the City will be able to draw from those funds to cover some of the liability. The City

has the potential to receive reimbursement for up to $275,633 for liability payments, but at this time the City has not paid out or received reimbursement on any of the impacted cases.

Note 10 – Other Postemployment Benefits

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the City of Sunnyside as required by RCW 41.26.150. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2022, the plan had 6 members, all retirees. Additionally, the City pays medical expenses for one pre-LEOFF retiree.

As of December 31, 2022, the City of Sunnyside's total OPEB liability was $3,726,593, as calculated using the alternative measurement method. For the year ended December 31, 2022, the City of Sunnyside paid $103,183 in medical benefits for the 7 retirees.

Note 11 – Pension Plans

A. **State Sponsored Pension Plans**

Substantially all of the City's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans.

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

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for each plan.

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

The City of Sunnyside also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington ACFR available from the Office of Financial Management website at www.ofm.wa.gov.

At June 30, 2022 (the measurement date of the plans), the City's proportionate share of the collective net pension liabilities (assets), was as follows:

Plan Type	Employer Contributions	Allocation Percentage	Plan Liability / Asset	NPL	NPA
PERS 1	167,165	0.027276%	2,784,367,000	759,464	
PERS 2/3	280,565	0.034923%	(3,708,781,000)		(1,295,218)
PSERS 2/3	5,028	0.011365%	(71,500,000)		(8,126)
LEOFF 1	0	0.020639%			(592,053)
LEOFF 2	231,216	0.111683%	(2,717,698,000)		(3,035,207)
VFFRPF	570	0.300000%			(84,730)
		Totals		*759,464*	*(5,015,333)*

Only the net pension liabilities are reported on the Schedule 09.

LEOFF Plan 1

The City of Sunnyside also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

LEOFF Plan 2

The City of Sunnyside also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

B. **Pre-LEOFF Pension Plan**

The City of Sunnyside is the administrator of a pension retirement system called the Firemen's Relief and Pension Fund. At this time, the City is not paying any pension amounts to retirees but does reimburse for medical coverage of one individual.

C. **Defined Contribution Pension Plans**

Plan Name	Description	Contribution Rates	Employer Contribution
ICMA-RC	Deferred Compensation Match	3%	78,028
Great West - 457	Deferred Compensation Match	1 - 3%	31,662
Western Conference Teamsters Pension Trust	Defined Contribution Pension	Flat Amount	65,010

Note 12 – Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed after the end of each month.

Property tax revenues are recognized when cash is received by City of Sunnyside. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The City of Sunnyside's regular levy for the year 2022 was $2.34183837 per $1,000 on an assessed valuation of $1,057,486,191 for a total regular levy of $2,476,462. In addition, the City has a voter-approved excess levy for payment of General Obligation Bonds for an additional levy amount of $0.42627439 per $1,000 on excess valuation of $1,054,895,661 for a total additional levy of $449,675.

Note 13 – Risk Management

The City of Sunnyside is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling

mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 166 members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles [1]. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices, prior wrongful acts, and employee benefits liability. Limits are $4 million per occurrence in the self-insured layer, and $16 million in limits above the self-insured layer is provided by reinsurance. Total limits are $20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

All Members are provided a separate cyber risk policy and premises pollution liability coverage group purchased by WCIA. The cyber risk policy provides coverage and separate limits for security & privacy, event management, and cyber extortion, with limits up to $1 million and subject to member deductibles, sublimits, and a $5 million pool aggregate. Premises pollution liability provides Members with a $2 million incident limit and $10 million pool aggregate subject to a $100,000 per incident Member deductible.

Insurance for property, automobile physical damage, fidelity, inland marine, and equipment breakdown coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to $750,000, for all perils other than flood and earthquake, and insured above that to $400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to $250,000 and insured above that to $100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, reinsurance and other administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

Note 1 - Summary of Significant Accounting Policies

The City of Sunnyside was incorporated on September 16, 1902 and operates under the laws of the state of Washington applicable to a city. The city is a general purpose local government and provides public safety (police, fire, jail), municipal court, public improvements (streets, traffic signals), sanitation (solid waste disposal, sanitary sewer facility), water utility, storm water utility, ambulance/ems utility, community development, parks and recreation.

The city reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements (see *Notes to the Financial Statements*).
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are presented using classifications that are different from the ending net position classifications in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

Debt Service Funds
These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

Capital Projects Funds
These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

PROPRIETARY FUND TYPES:

Enterprise Funds
These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

Internal Service Funds
These funds account for operations that provide goods or services to other departments or funds of the government on a cost reimbursement basis.

FIDUCIARY FUND TYPES:

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

Investment Trust Funds
These funds are used to report fiduciary activities from the external portion of investment pools and individual investment accounts that are held in trust.

Custodial Funds
These funds are used to account assets that the government holds on behalf of others in a custodial capacity.

B. Basis of Accounting and Measurement Focus
Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid. In accordance with state law the city also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Cash and Investments
See Note 4 - *Deposits and Investments*.

D. Capital Assets

The City of Sunnyside does not have a capital asset policy. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation and sick leave may be accumulated as listed below:

CBA	Vacation Cap	Notes	Sick Cap	Notes
Non-represented	300	Not indicated; 100% of cap	960	Filing for retirement; payout 25%
Clerical	300	Upon term; payout 240	1,040	25% in excess of cap annually
Fire	360	100% of cap	1,440	25% in excess of cap annually
Division Supervisors	300	Upon term; payout 240	1,040	25% in excess of cap annually
Public Works	300	Upon term; payout 240	1,040	25% in excess of cap annually
Police Guild	360	100% of cap	960	25% in excess of cap annually; 25% of unused accrued leave upon retirement
Police Support	360	100% of cap	960	25% in excess of cap annually

Payments are recognized as expenditures when paid. The total dollar amount for unpaid leave liability as of 12/31/2021 is $880,818.

F. Long-Term Debt

See Note 8 – *Debt Service Requirements. (Formerly debt service requirements)*

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by City Council. When expenditures that meet restrictions are incurred, the City of Sunnyside intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of:

Fund Name	Portion of Ending Balance Restricted	Portion of Ending Balance Committed	Combined	Reason for Restriction or Commitment
016 General Fund Capital	86,546	0	86,546	Runway/Taxiway; SCBA; Airport Contamination; SIED Loan (Grants)
106 Street Fund Capital	20,190		20,190	Stackhouse; E. Edison 1/2; 6th St; 7th -9th Sidewalk; LED Streelight Grants
115 Contingency Fund		13,172	13,172	RCW 35A.33.145, restricted to $0.375 per thousand assessed property value
120 Investigative Fund		13,294	13,294	Ordinance 2009-14
130 PD Crime Prevention Fund		74,049	74,049	Ordinance 1559 (1986)
140 Public Safety Tax	325,753		325,753	Ordinance 2095 (2005) - Public Safety Tax, RCW 82.14.450
160 Tourism Expansion Fund	203,000		203,000	RCW 67.28.1816
303 CDBG Fund	37,631		37,631	Federal Restriction, must be used for CDBG eligible activity
304 REET 1	400,077		400,077	RCW 82.46.010
305 REET 2	656,274		656,274	RCW 82.46.035
411 WA Bond Reserve	117,716		117,716	Bond Covenant
415 WA Revenue Bond	19,467		19,467	Bond Covenant
421 SW Bond Reserve	117,716		117,716	Bond Covenant
425 SW Revenue Bond	2		2	Bond Covenant
601 Jail Trust	43,155		43,155	Fiduciary Fund
602 Sunnyside Court Trust	114,376		114,376	Fiduciary Fund
610 State Court Fines	14,251		14,251	Fiduciary Fund
621 PD Honor Guard	4,509		4,509	Fiduciary Fund
Totals	2,160,663	100,515	2,261,178	

Note 2 - Budget Compliance

The City of Sunnyside adopts annual appropriated budgets for all funds excluding fiduciary funds which are not budgeted. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follows:

City of Sunnyside
Notes to the Financial Statements
For the year ended December 31, 2021

Fund/Department	Final Appropriated Amounts	Actual Expenses	Variance
001 - GENERAL FUND	$ 13,661,685.00	$ 12,232,054.06	$ 1,429,630.94
101 - STREET FUND	$ 3,909,461.00	$ 2,858,818.48	$ 1,050,642.52
120 - INVESTIGATIVE FUND	$ 20,719.00	$ 15,832.67	$ 4,886.33
130 - POLICE DEPT CRIME PREVENTION FUND	$ 96,500.00	$ 24,524.65	$ 71,975.35
140 - PUBLIC SAFETY (L&J 3/10) TAX FUND	$ 614,234.00	$ 424,344.43	$ 189,889.57
160 - TOURISM EXPANSION FUND	$ 181,351.00	$ 134,507.64	$ 46,843.36
201 - GENERAL OBLIGATION BONDS FUND	$ 663,097.00	$ 662,156.50	$ 940.50
303 - COMMUNITY DEVELOPMENT BLOCK GRANT	$ 60.00	$ 47.29	$ 12.71
304 - LOCAL CAPITAL IMPROVEMENTS (REET 1) FU	$ 188.00	$ 181.64	$ 6.36
305 - LOCAL CAPITAL IMPROVEMENT (REET 2) FUI	$ 1,100.00	$ 620.76	$ 479.24
322 - FIRE EQUIPMENT RESERVE FUND			
326 - FIRE CAPITAL PROJECTS FUND	$ 14,925.00	$ 12,339.81	$ 2,585.19
410 - WATER FUND	$ 3,375,847.00	$ 3,233,116.64	$ 142,730.36
420 - SEWER FUND	$ 4,827,860.00	$ 4,272,133.27	$ 555,726.73
430 - GARBAGE FUND	$ 1,949,440.00	$ 1,948,831.17	$ 608.83
440 - AMBULANCE/EMS FUND	$ 2,372,474.00	$ 2,232,924.73	$ 139,549.27
450 - STORMWATER FUND	$ 354,244.00	$ 310,041.86	$ 44,202.14
501 - EQUIPMENT RENTAL FUND	$ 872,746.00	$ 306,651.40	$ 566,094.60
504 - INFORMATION TECHNOLOGY FUND	$ 471,858.00	$ 320,342.18	$ 151,515.82

Budgeted amounts are authorized to be transferred between departments within any fund/object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the city's legislative body.

City of Sunnyside
Notes to the Financial Statements
For the year ended December 31, 2021

Title for Disclosure	Details for Disclosure
Budget Amendment	**Budget Amendment #1 ($458,876.26) ORD 2021-05, adopted April 12, 2021**: This budget amendment allowed for increased beginning fund balances of $1,016,942.16, revenue decrease of $120,884.22 and decreased expenditure authority of $437,181.68 thereby increasing the overall ending fund balances by $458,876.26. The reason for these changes were due to adjustments to the estimated 2021 beginning fund balances to reflect actual 2020 ending fund balances, technical corrections and adjustments to reflect budget actions adopted in the first quarter of 2021, restoring various line items to 2020 budget amounts, updated revenue and expenditure forecasts, and adjustments to PRELEOFF 1 pension, project cost adjustments, grants approved, interfund loan correction, and added funding for annual computer replacement. **Budget Amendment #2 ($2,416,224) ORD 2021-09, adopted July 26, 2021:** This budget amendment allowed for increased revenue of $3,335,240 and increased expenditure authority of $2,416,224. The reason for these changes were due to technical corrections and adjustments to reflect budget actions adopted in the second quarter of 2021, updated revenue and expenditure forecasts, adjustments to revenues as a result of grant awards, adjustments to expenditures for full-time employee wages, part-time employee wages, overtime wages, and employee benefits, and enhancement requests prioritized at the July 6th Workshop.
	Budget Amendment #3 ($1,306,082) ORD 2021-14, adopted October 25, 2021: This budget amendment allowed for increased revenue of $655,459 and increased expenditure authority of $1,306,082. The reason for these changes were due to technical corrections and adjustments which includes a DRS correction. Updated revenue and expenditure forecasts which include one-time law enforcement shared revenue, increased court supplies and services, Sunnyside School District contribution to the E. Edison project, professional services associated with bonds, and sewer main design adjacent to Allen Road. Adjustments as a result of grant awards which includes funding for the Airport Layout Plan. Adjustments to expenditures for full-time employee wages, part-time employee wages, overtime wages, and employee benefits. This change includes added positions of police officer, code enforcement, and building inspector. Enhancement requests approved by city council which include COVID-19 UB Assistance Program, wireless modems for police vehicles, skate park plans, museum digitalization, timekeeping solution, additional LTAC awards to the American Legion and Yakima Valley Tourism, additions to the sewer pipelineing project and added incentive pay per approved MOU. **Budget Amendment #4 ($386,261) ORD 2021-19, adopted December 13, 2021:** This budget amendment allowed for increased revenue of $234,300 and increased expenditure authority of $386,261. The reason for these changes were due to technical corrections and updated expenditure forecasts through December 31, 2021.
Interfund Transfer	The city had the following material transfers in fiscal year 2021: 1. Current exp fund 106 (Street Capital) to fund 304 (Local Capital Improvement - REET 1) for the purpose of refunding matching funds for the E. Edison Half Street Improvements Project and the Midvale Rd. - duffy to WSDOT ROW Project. 2. Current expenditure fund 001 (General) to fund 101 (Street) to supplement for general operating services. 3. Current expenditure fund 001 (General) to fund 201 (G.O. Bond) to tranfer funds to pay for the annual bond payments. 4. Current expenditure fund 001 (General) to fund 501 (Equipment Rental) to transfer funds for vehicle replacement. 5. Current expenditure fund 001 (General) to fund 326 (Fire Capital) to transfer funds for the rescue vehicle expenses. 6. Current expenditure fund 410 (Water) to fund 501 (Equipment Rental) to transfer funds for vehicle replacement. 7. Current expenditure fund 420 (Sewer) to fund 501 (Equipment Rental) to transfer funds for vehicle replacement. 8. Current expenditure fund 101 (Street) to fund 501 (Equipment Rental) to transfer funds for vehicle replacement. 9. Current expenditure fund 440 (EMS) to fund 501 (Equipment Rental) to tranfer funds for vehicle replacment.

Note 3 – COVID-19 Pandemic

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

The City followed all proclamations and directives from the State of Washington including the discontinuation of late fees and shut off for City utilities. Additionally, the City Council approved the use of American Rescue Plan Act funds to help residents pay their past-due utility balances, up to $1,500 per residence or $3,000 per business.

The length of time these measures will continue to be in place, and the full extent of the financial impact on the city is unknown at this time.

Note 4 – Deposits and Investments

Investments are reported at original cost. Deposits and investments by type at December 31, 2021 are as follows:

Type of Deposit or Investment	(City/Town/District)'s own deposits & investments	Deposits & investments held by the (City,Town/District) as custodian for other local governments, individuals, or private organizations.	Combined
Local Government Investment Pool (LGIP)	3,986,128		3,986,128
US Bank, Treasuer's Account	10,323,701		10,323,701
Petty Cash	2,700		2,700
US Bank, Municipal Court Trust Account		129548.33+4326	0
US Bank, Police Dept Jail Trust Fund		42,416	42,416
Internal Acocunt			0
Totals	14,312,529	42,416	14,354,945

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

Investments in the State Local Government Investment Pool (LGIP)

The city is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at www.tre.wa.gov.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the city would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The city's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

All investments are insured, registered or held by the city or its agent in the government's name.

Note 5 – Environmental and Certain Asset Retirement Obligations

The City of Sunnyside's municipal airport was found to have herbicide and pesticide residue from previous agricultural activities. Under the state law, the Department of Ecology named the City of Sunnyside as potentially responsible for remediation. The City of Sunnyside is working with the Department of Ecology to conduct a Remedial Investigation, Feasibility Study, and to clean up the site. The City of Sunnyside recorded $238,802 as pollution remediation liability on the Schedule of Liabilities. During 2021, the City of Sunnyside paid $5,892 for the clean-up.

Note 6 - Interfund Loans

The following table displays interfund loan activity during 2021:

Borrowing Fund	Lending Fund	Beginning Balance	New Loans	Payments	Ending Balance
General Fund	Sewer Fund	192,626	-	135,238.16	57,387.43

Note 7 – Joint Ventures, Component Unit(s), and Related Parties

Title for Disclosure	Details for Disclosure
Ambulance Transport Services - Astria Sunnyside Hospital	**RELATED PARTY** The City provides ambulance services for the hosital should a patient need to be transported to another facility. The current contract was effective through December 31 2019 and under auto-renew for four successive one-year terms until December 31, 2023. The hospital is billed quarterly in the amount of $63,720. The amount received in 2021 was $192,121.59, less than what was expected, due to the hospital filing bankruptcy.
School Resource Officers - Sunnyside School District	**RELATED PARTY** The City provides police officers to serve as school resource officers to all the schools within the Sunnyside School District. The current contract terminated on July 31, 2021, with automatic renewal for successive one-year terms until either party exercises its right to terminate the agreement. The school district pays 50% of all expenses associated with the SRO. The amount received in 2021 was $91,342.33 which is lower than normal due to schools being shut down for COVID.
Emergency Medical Transport Services - City of Grandview	**RELATED PARTY** The City provides 24-hour ambulance services to the City of Grandview and makes available any medical transport vehicles, equipment and personnel. The current contract runs through December 31, 2024 and shall automatically renew for one additional five-year term. The City of Grandview pays Sunnyside $15,630 per month and received $187,560 in 2021.
Municipal Court Services - City of Toppenish	**RELATED PARTY** The City provides municipal court services to the City of Toppenish. The current contract terminated on December 31, 2018, but is allowed to auto-renew for successive one-year terms beginning January 1 of each year. The City of Toppenish pays the city according to the percentage of cases per month. In 2021, the City of Toppenish paid $189,526.86 for municipal court services.
Communication/Dispatch Services - City of Toppenish	**RELATED PARTY** The City provides dispatch services for the City of Toppenish. The current contract runs through December 31 2025 and shall automatically renew for successive one-year terms beginning January 1 of each year. The rate for services is $16,333 per month and will increase annually to coincide with the Dispatch CBA salary scale with a maximum ceiling of 0.5% above the corresponding salary increase. The City of Toppenish paid $0.00 in 2021 because December services were not billed until 2022.

Note 8 – Long-Term Debt *(formerly Debt Service Requirements)*

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the city and summarizes the city's debt transactions for year ended December 31, 2021.

The debt service requirements for general obligation bonds, revenue bonds and equipment financing are as follows:

Principal & Interest Schedule by Year			
Year	Principal	Interest	Total
2022	1,721,169.11	256,868.46	1,978,037.57
2023	1,664,270.70	227,501.00	1,891,771.70
2024	1,701,651.20	200,540.14	1,902,191.34
2025	1,723,107.69	172,221.85	1,895,329.54
2026	1,499,696.39	143,104.10	1,642,800.49
2027-2031	3,146,369.15	323,962.07	3,470,331.22
2032-2036	-	-	-
Total	11,456,264.24	1,324,197.62	12,780,461.86
Double Check	11,456,264.24	1,324,197.62	12,780,461.86

Assets Pledged as Collateral for Debt

The following debt is secured by assets that are pledged as collateral:

Title	Debt	Asset
US Bank #9	$ 88,205	(2) 2017 Ford Explorers, (1) 2017 Chevy Tahoe, (1) 2017 Chevy Express G3 Cargo Van, (33) Portable Radios, (3) Zoll Heart Monitors, and SAN Network
2012 A UTGO Bonds	$3,745,000	2013 Fire Station and 2016 Ladder Fire Truck
2017 LTGO Refunding Bonds	$1,175,000	Monson Property, Parcel #s 221028-12001, 221028-11003, and 22102-12006
2017 WA/SW Rev Refunding Bonds	$1,266,000	Reserve Funds of $235,186 see Fund #s 411 and 421

Significant Debt Agreement Terms

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

Debt	Clause
US Bank #9	May declare all installment payments and other amount payable by the end of the then-current budget year to be due. May retake possession of the property.

Note 9 – OPEB Plans

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the City of Sunnyside as required by RCW 41.26.150. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of December 31, 2021, the plan had 9 members, all retirees. For the year ending December 31, 2021, the City of Sunnyside paid $62,559.20 for insurance benefits and $6,490.80 for long-term disability benefits for a total of $69,050 in premium payments. In addition, the City paid directly to retirees for out-of-pocket medical costs of $18,716.

Type (DBP or DCP)	Plan Description	# of Active Employees	# of Retired Employees	Employer Contribution	Liability
DBP	Long-term Care	0	9	6,490.80	
DBP	Medical, dental, vision	0	9	62,559.20	5,617,016
DBP	LEOFF I Reimbursements	0	9	18,715.86	
				Total	5,617,016

Note 10 – Pension Plans

A. State Sponsored Pension Plans

Substantially all the city's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans.

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

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

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

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

The city also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington CAFR available from the Office of Financial Management website at www.ofm.wa.gov.

At June 30, 2021, the city's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan Type	Employer Contributions	Allocation Percentage	Plan Liability / Asset	NPL	NPA
PERS 1	395	0.00005300%	1,221,234,000	647	
PERS 1 UAAL	183,945	0.02469400%	1,221,234,000	301,572	
PERS 2/3	295,462	0.03119100%	-9,961,609,000		(3,107,125)
PSERS 2/3	4,623	0.009471%	-229,739,000		(21,759)
LEOFF 1		0.02085800%	-3,425,562,000		(714,504)
LEOFF 2	202,186	0.10142600%	-5,808,414,000		(5,891,242)
VFFRPF	600	0.310000%			(67,875)
		Totals		$ 302,219	$ (9,802,505)

LEOFF Plan 1

The city also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded,

funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

LEOFF Plan 2
The city also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

B. Local Government Pension Plans

The City of Sunnyside is the administrator of a pension retirement system called the Firemen's Relief and Pension Fund. The system was shown as a trust fund in 2018, but was moved to the General Fund in 2019 at the recommendation of the auditor. The beginning fund balance shows a reserve amount to cover the cost of this retirement. As of December 31, 2021, there were no continued participants covered by this system.

Plan Description
The Firemen's Relief and Pension Fund was established by the City of Sunnyside in compliance with the requirements of the Revised Code of Washington (RCW) 41.20 and 41.18, and the City of Sunnyside administers the plan. The pension plan is a closed, single-employer, defined benefit retirement plan.

When the Law Enforcement Officers' and Firefighters (LEOFF) pension system was initiated, the State of Washington assumed the major portion of the obligation to provide future retirement benefits for members still in active service at the LEOFF inception date (March 1, 1970). The City of Sunnyside retains the responsibility for all benefits payable to members (or to their survivors) who retired prior to that date. In addition, the City of Sunnyside retains the responsibility for a portion of the benefits payable to members who were active on that date.

Generally, benefits under the LEOFF retirement benefit system are greater than or equal to the retirement benefits under the old City of Sunnyside plan when payments begin. However, LEOFF retirement benefits increase with the consumer price index (CPI-Seattle), while some City of Sunnyside benefits increase with wages of current active members. If wages go up faster than the CPI, the City of Sunnyside becomes liable for the residual amount.

All City of Sunnyside firefighters who served before March 1, 1970 are participants of this pension fund. Those hired between March 1, 1970 and September 30, 1977 are eligible for a supplemental retirement benefit plus health benefits under this plan. Eligible firefighters may retire with full benefits at age 50 after completing 20 years of service, or after 25 years of service regardless of age.

Funding Policy
Under State law, partial funding of the Firemen's Relief and Pension Fund may be provided by an annual tax levy of up to $0.50 per $1,000 of assessed value of all taxable City of Sunnyside property. Currently, there are no property taxes that fund the Firemen's Pension Fund. Under

State law, the Firemen's Relief and Pension Fund is provided an allocation of 25% of all monies received by the State from taxes on fire insurance premiums. The General Fund may provide additional funding as necessary. Active pension plan members are not required to contribute to the plan. The plan is administered on a pay-as-you-go basis.

C. Defined Contribution Pension Plans

Plan Name	Description	Contribution Rates	Employer Contribution
ICMA-RC		3%	73,168
Great West - 457		1-3%	36,561
Western Conference Pension Trust		Flat	62,484

Note 11 - Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed after the end of each month.

Property tax revenues are recognized when cash is received by city. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The city's regular levy for the year 2021 was $2.43329803 per $1,000 on an assessed valuation of $986,206,853 for a total regular levy of $2,399,735. In 2021, the City of Sunnyside had a voter-approved excess levy of $0.45629177 per $1,000 on excess value of $938,272,000 for payment of General Obligation Bonds for a total additional levy of $448,175.

Note 12 – Risk Management

A. City of Sunnyside is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 166 members.

   New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

   Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices, prior wrongful acts, and employee benefits liability. Limits are $4 million per occurrence in the self-insured layer, and $16 million in limits above the self-insured layer is provided by reinsurance. Total limits are $20 million per occurrence subject to aggregates and

sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to $750,000, for all perils other than flood and earthquake, and insured above that to $400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to $250,000 and insured above that to $100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, reinsurance and other administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.
An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

B. Accounting for State Unemployment Compensation per RCW 50.44.060 allows all local governments to make payments to the Employment Security Department (ESD) either by paying a tax basis or in-lieu contribution (reimbursement) basis. The City of Sunnyside chose to use the reimbursement basis for all unemployment claims. Under this option, the Employment Security Department will pay unemployment claims and then bill the City of Sunnyside for reimbursement.

In prior years, unemployment reimbursements were not budgeted, but were included on the benefit line item for the particular fund(s) and a budget amendment would be required if the spending authority exceeded the benefit line item during the year. In 2019, a separate line item was created to account for unemployment compensation in all fund/departments. Due to financial constraints, the line item was not funded unless an actual claim was paid to Employment Security Department.

As part of the 2020 budget development, the Finance Department did an analysis using Employment Security Department's 2019 Estimated Tax Rate Calculator to compare the actual expenses versus paying on a tax basis. The total benefit charges paid from July 1, 2014 to June 30, 2018 was $116,657.13. The total taxable wages for this same time period were $28,357,316.84 with a tax rate of 0.60% making the total tax payments to

ESD $170,143.90, an increase of $53,486.77. It was determined to remain as a reimbursable employer and in the future develop a funding mechanism for budgeting unemployment compensation.

In 2021, City of Sunnyside began planning for funding line items for Employment Security Department payments. The process is on-going.

Note 13 – Other Disclosures

A. INMATE HOUSING

City's of Granger, Ellensburg, Zillah, Bothell, Orting, Fife, Brier, Gig Harbor, Selah, Wapato, Lynwood, Milton, Monroe, Grandview, Toppenish, Othello, Yakima, College Place, Mountlake Terrace, Mabton, Walla Walla, Normandy Park and Clyde Hill, as well as Adams County, US Marshals, and the Washington State Department of Corrections contract through an interlocal agreement with the City of Sunnyside for housing prisoners. The City of Sunnyside houses the prisoners and bills monthly each jurisdiction according the contracted bed rate for that entity. Some contracts call for the City of Sunnyside to provide transportation.

B. PENDING AND THREATENED LITIGATION

Because of its activities, and federal and state grant awards, the City of Sunnyside is subject to certain legal actions which arise in the ordinary course of business.

Currently we have knowledge of the following outstanding or potential lawsuits against the City that has been referred to our insurance provider, Washington Cities Insurance Authority, for claims handling:

Status	Type of Claim	Status Type	Loss Date	Total Incurred
Open	Errors & Omissions	Legal	4/15/2019	350,000.00
Open	General Liability	In-House	8/9/2021	12,500.00
Open	Property	In-House	11/8/2021	25,000.00
Open	General Liability	In-House	11/24/2021	7,500.00
Open	Errors & Omissions	Legal	2/23/2022	4,050.00
Open	Property	In-House	3/22/2022	15,680.00
Open	Auto Physical Damage	In-House	3/29/2022	5,000.00

City of Sunnyside
Schedule of Liabilities
For the Year Ended December 31, 2022

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	2017 LTGO Refunding Bond (Taxible)	12/1/2027	1,175,000	-	180,000	995,000
251.11	2012 (A) LTGO Bond	12/1/2031	3,745,000	-	285,000	3,460,000
263.56	Postage Machine - Pitney Bowes	6/30/2023	-	3,054	2,036	1,018
263.56	Copier - Canon Financial Services	12/27/2022	-	2,602	2,602	-
263.56	Copier - TIAA, FSB	5/17/2022	-	51,002	51,002	-
263.56	Copier - Wells Fargo	10/4/2027	-	267,331	13,367	253,964
	Total General Obligation Debt/Liabilities:		**4,920,000**	**323,989**	**534,007**	**4,709,982**
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	2017 Water/Sewer Revenue Refinance	12/1/2027	1,266,000	-	200,000	1,066,000
259.12	Compensated Absenses		880,818	91,921	-	972,739
263.52	US Bank #9, Equipment/SANS, 2017	11/25/2022	88,205	-	88,205	-
263.52	US Bank #10, Police Vehicles	11/1/2025	-	192,660	47,003	145,657
263.82	DWSRF Loan	10/1/2025	1,043,785	-	260,946	782,839
263.82	Ecology Loan*	4/16/2027	3,490,850	-	634,699	2,856,151
263.93	Sunnyside Municpal Airport Pesticide Spray Shed		238,802	-	10,056	228,746
264.30	Pension Liabilities Department of Retirement		302,219	457,245	-	759,464
264.40	PreLEOFF I Retiree, Pension		12,770	-	12,770	-
264.40	LEOFF I Retiree, OPEB		5,617,016	-	1,890,423	3,726,593
	Total Revenue and Other (non G.O.) Debt/Liabilities:		**12,940,465**	**741,826**	**3,144,102**	**10,538,189**
	Total Liabilities:		**17,860,465**	**1,065,815**	**3,678,109**	**15,248,171**

City of Sunnyside
Schedule of Liabilities
For the Year Ended December 31, 2021

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	2017 LTGO Refunding Bond (Taxible)	12/1/2027	1,345,000	-	170,000	1,175,000
251.11	2012 (A) LTGO Bond	12/1/2031	4,015,000	-	270,000	3,745,000
	Total General Obligation Debt/Liabilities:		**5,360,000**	**-**	**440,000**	**4,920,000**
Revenue and Other (non G.O.) Debt/Liabilities						
263.52	US Bank #9, Equipment/SANS, 2017	11/25/2022	181,483	-	93,278	88,205
259.12	Compensated Absenses		971,748	-	90,930	880,818
252.11	2017 Water/Sewer Revenue Refinance	12/1/2027	1,462,000	-	196,000	1,266,000
263.82	DWSRF Loan	10/1/2025	1,304,731	-	260,946	1,043,785
263.82	Ecology Loan*	4/16/2027	4,125,550	-	634,700	3,490,850
263.93	Sunnyside Municpal Airport Pesticide Spray Shed		244,694	-	5,892	238,802
264.30	Pension Liabilities Department of Retirement		1,378,521	-	1,076,302	302,219
264.40	PreLEOFF I Retiree, Pension		13,966	-	13,966	-
264.40	LEOFF I Retiree, OPEB		5,491,865	125,151	-	5,617,016
	Total Revenue and Other (non G.O.) Debt/Liabilities:		**15,174,558**	**125,151**	**2,372,014**	**12,927,695**
	Total Liabilities:		**20,534,558**	**125,151**	**2,812,014**	**17,847,695**

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.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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- Request public records
- Search BARS Manuals (GAAP and cash), and find reporting templates
- Learn about our training workshops and on-demand videos
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- Explore public financial data with the Financial Intelligence Tool

Other ways to stay in touch

- Main telephone: (564) 999-0950
- Toll-free Citizen Hotline: (866) 902-3900
- Email: webmaster@sao.wa.gov