

PORT OF SUNNYSIDE

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2011



Prepared by Carol Carter, Finance Officer
Port of Sunnyside, Sunnyside, Washington

PORT OF SUNNYSIDE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended December 31, 2011

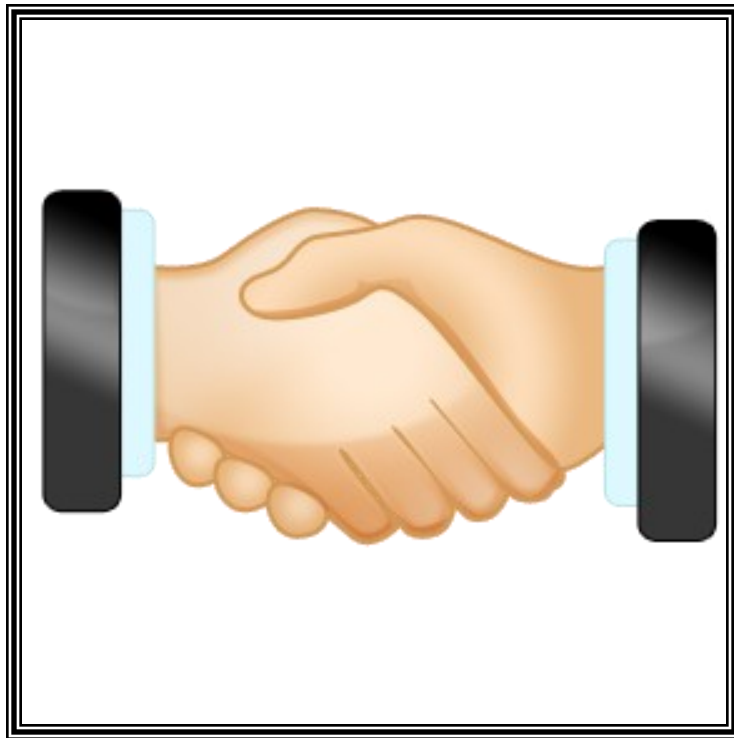
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Commissioners: Jim Grubenhoff, Arnold Martin & Jeff Matson

INTRODUCTION



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June 26, 2012

To the Commissioners and Citizens of the Port of Sunnyside:

The Comprehensive Annual Financial Report (CAFR) of the Port of Sunnyside for the fiscal year ended December 31, 2011, is hereby submitted. This report includes an introduction to the Port, basic financial statements as presented in our year-end audited financial statements and statistical data related to the Port of Sunnyside.

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

The Washington State Auditors have audited the Port's financial statements. The goal of the audit was to provide reasonable assurance that the financial statements of the Port, for the fiscal year ended December 31, 2011, are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The auditors concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended December 31, 2011 are fairly presented in conformity with GAAP. The auditor's report is presented as the first component of the financial section of this report.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Port of Sunnyside for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2010. This was the 13th consecutive year that the Port of Sunnyside has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

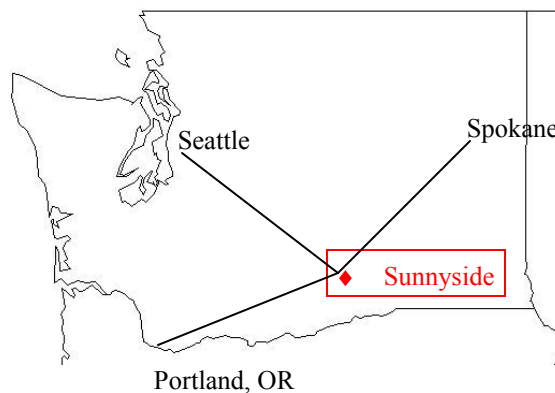
PROFILE OF THE PORT OF SUNNYSIDE-

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

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

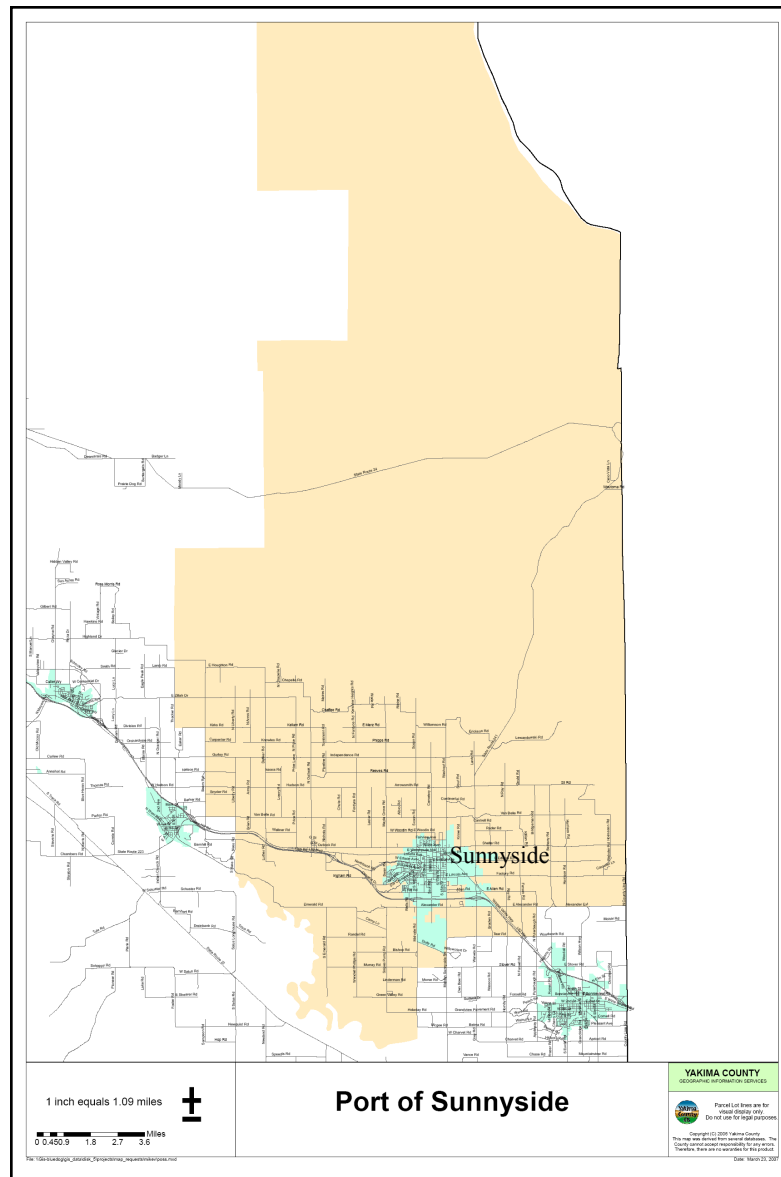
The Port is governed by a Board of Commissioners (Commission) who represent the three geographic sub-districts within the Port district. The Commission delegates administrative authority to the Executive Director to conduct daily operations.

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



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



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

Industrial Waste Water Treatment Facility

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

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

In 2005, the Port added sequencing batch reactors to the Port's treatment system which has allowed advanced wastewater treatment. The nitrification/denitrification afforded by this enhanced treatment has significantly reduced nitrogen loadings to the sprayfields which receives some of the end product water. Nitrification is the biologically mediated process of converting ammonia to nitrate. Denitrification, also biologically mediated, converts nitrate into nitrogen, which is released to the atmosphere. This is environmentally benign, since the atmosphere is approximately 80% nitrogen.

From November through March, outgoing water (effluent) from the SBR is discharged to surface water in accordance with our Department of Ecology permits. This reduces the volume of wastewater that must be stored during the winter, allowing land applications to the sprayfields to begin when plant uptake has reduced soil nitrate concentrations. In addition, discharge of effluent to surface water will reduce the mass of dissolved solids deposited on the soil of the sprayfields, enhancing its treatment capacity.

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

Industrial Users

The thirteen industries the Port serves contribute an estimated \$30 million dollars in direct payroll to the local economy and several millions more in indirect dollars through purchases of raw goods, materials and services. The Port has been very successful in attracting industries to the area. In fact, three of the top 10 taxpayers within the Port district are industries directly discharging to the port waste water system. The port appreciates the strong relationships it shares with its industries and vows to continue to support them in the vital role they play within our community to secure steady family wage jobs.

In 2011, the Port received 43.1 million cubic feet of water discharged from the Users as compared to 44.1 million cubic feet in 2010. The Users of the IWWTF system work diligently toward reusing their water and therefore reducing the amount of water discharged to

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the system. The Port encourages this type of progressive technology and assists the Industries in any way possible. In 2011, the discharge volume percentage was as follows:

- ▶ Darigold (cheese and whey plant) 64%
- ▶ Independent Foods (fruit and juice plant) 14%
- ▶ Valley Processing (fruit and juice plant) 12%
- ▶ The remaining 10% of volume discharged is comprised of various fruit or vegetable processors, food grade shipping companies, steel building manufacturer and a pipe manufacturer.

Other than Darigold, whose monthly discharge is consistent year round, the discharge from the industries fluctuates greatly from month to month, peaking during harvest, from mid August through mid November.

Industry Highlights

Darigold produces a full line of dairy-based products and other products for wholesale, retail, grocery and food service customers. They also produce butter, cheese, milk powder and whey products for institutions, food brokers and food processing companies. With facilities located in Washington, Oregon, and Idaho, the company serves western, national, and international markets, depending on product type.

Darigold is the fourth largest dairy cooperative in the United States based on milk volume and boasts more than 600 dairy farmers as members. It is one of Washington's largest privately held organizations and has been in business since 1918.

Darigold contributes significantly to the Sunnyside's economy & is "the top taxpayer" in the area. Darigold has a direct impact to our community with annual wages and benefits of over \$11.4 million in addition to the purchase of local agricultural based services & supplies.

The plant at Sunnyside, Washington, is a major regional cheese production facility. It takes in approx. 4.6 million pounds of milk every day—most of it gathered within a 30 mile radius of the plant. The Sunnyside facility manufactured 177 million pounds of cheese in 2011, along with 107 million pounds of whey powder. This is the equivalent of nineteen 40-foot trailer loads of cheese and powder being shipped out every day of the year, with nearly 40% of this shipped to international destinations.

Valley Processing is one of the most successful fruit juice and concentrate processors in the state of Washington. Valley Processing is ideally located in the heart of Central Washington's world famous fruit growing area and processes approximately 75,000 tons of fruit annually. Although apple and grape juice are their major products, they also produce a wide variety of other juices, concentrates, purees and essences. Their products are all 100% pure with no additives plus they offer organic and kosher products.

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When Valley Processing first started operations 31 years ago, their first product was concentrated fruit juice and continues to be one of their specialties. They have state-of-the-art equipment which takes the single strength juice and concentrates it using heat under pressure. The end product is a heavy syrup shipped by tanker trucks in 52 gallon drums or 5 gallon pails to their customers.

Independent Foods is a food processing facility in Sunnyside that processes local pears, apples and cherries. In 1974, Independent Foods became the first industry to utilize the Port of Sunnyside's Industrial Waste Water Treatment Facility, discharging 83,649 cubic feet. In 2011, they discharged 5.9 million cubic feet of waste water making them the 2nd largest user of our treatment plant.

Yakima Chief (YCI) is one of the world's leading hop merchants providing products and services to brewery customers around the globe. The locally-owned company's production facilities are located at its headquarters, here in Sunnyside, including a state-of-the-art CO² extract plant, two hop pellet mills, and cold storage warehousing capacity for almost 20 million lbs. of leaf hops. Yakima Chief has sales offices located in Brussels and Hong Kong providing sales and services to our international customers.

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

Fruit Processors: Andrus & Roberts, DRR Fruit, Johnson Cannery, Johnson Fruit, US Grape

Food Grade Shipping companies: Centennial Tank & Milky Way/LTI

Metal Building Manufacturer: Curfman Steel Corp.

Plastic Pipe Manufacturer: J M Eagle

Major Initiatives

The Port personnel, in compliance with specific directives from the Commission and Executive Director, moved forward on important projects for the citizens in the community in 2011. The projects demonstrate the Port's continued commitment to the mission statement written in 1964. The statement reads as follows;

1) The primary objective of the Port is to enhance the economic development within the boundaries of the Sunnyside Port District. The Port is organized to aggressively enhance the local economy by providing new and expanding businesses and industries access to industrial land, industrial infrastructure and assistance with funding sources.

2) The mission of the Sunnyside Port Authority is to develop, diversify, broaden, and strengthen an economic base throughout the District in an environmentally prudent manner.

2011 Project Summary

The Port has always been instrumental in looking forward in an effort to improve the community and the industrial base in the area. To that end, the Port had several projects during 2011 that work towards increasing economic development of Sunnyside.

The Carnation milk processing building in Sunnyside has been an icon since it was built in 1942. The brick façade and classic glass brick section of the building are a landmark to this city as is the old water tower that still has the “Carnation” name on it. The building is currently vacant and the Port has been investigating the possibility of making the site usable for redevelopment. The Port of Sunnyside is working to complete a due diligence process so that the Port may realistically consider resolving the environmental problems at the site to foster redevelopment of the property. The property is located in a prime redevelopment location and is a large parcel that has the flexibility to be developed for a range of industrial, commercial, retail or mixed uses. This process began in 2011 and continues on into 2012. The Port received a \$200,000 grant from the Washington State Department of Ecology to study contamination remediation and future development use.

A “Welcome to Sunnyside” kiosk was erected on South First Street as a joint venture project between the Port of Sunnyside, City of Sunnyside, Daybreak Rotary, Canam Steel, Sunnyside Chamber of Commerce, Sunnyside Valley Irrigation District and other local organizations. A photo of this project is featured on the front cover of this report. The kiosk is a welcoming presence and will aid tourists in finding local businesses and points of interest in our community.

The Sunnyside Municipal airport is a valuable asset to the community and the Port has been working with the City of Sunnyside to further develop the usability of the airport and the surrounding area. A kiosk was erected at the airport and the pilot’s lounge was upgraded during 2011.

The Port is also working on developing a wetlands project which is reported on the next page of this report. In this way, the Port can position itself to handle future expansions in industry in Sunnyside.

Environmental Stewardship

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

Constructed Wetland

The Port, in conjunction with environmental engineers, has conducted an environmental study in which the Port would construct a natural wetland for water and wildlife habitat in and around the Yakima River. The Port has joined forces with the U. S. Army Corps of Engineers. The feasibility study proved the habitat to be beneficial to both wildlife and the Port. The Port and the Army Corps of Engineers are both excited to be partners in a project of this size and nature.

The Port had purchased 221 acres west of Sunnyside along the Yakima River to establish the wetland and subsequently purchased an additional 189.2 adjacent acres. The Port is pursuing grants and low or no interest loans to help offset the costs which are estimated to be five million dollars.

Dubbed the Sunnyside Ecosystem Restoration Project, the site is on the location of the first Yakima River water right, which was claimed by Sunnyside pioneer, Ben Snipes. The property at one time was used in the cultivation of hops and is now back to being the riparian habitat that it once was.

The wetland area will receive as much as 4 million gallons a day of treated water from the Port's Industrial Waste Water Treatment Facility. The IWWTF processes the waste water of 11 food or food related processors, a steel fabricator and a pipe manufacturing plant. The Port receives only Industrial Waste Water, which by contract restricts the industries from discharging water that has any fecal, hazardous, laundry, kitchen or any other components which have an adverse effect on the environment. This project is one of the few that can honestly claim to benefit the environment and the economy.

The process will include sending treated water from the Port's treatment facility through a pipe several miles long to the wetland facility to be used as part of a natural water filtering system of eight ponds lined with gravel and rock. The discharge will then seep through underground soil corridors into the Yakima River. These types of manmade wetlands are not new. They have been done successfully for decades in other areas. The Department of Ecology approves of this type of system since they are a tried and proven system in other places. The wetland will provide environmental benefits by putting more water, and cooler water, into the river when it's needed to aid the restoration of steelhead and salmon.

The Yakima River will greatly benefit in two ways, first by augmenting the river flows and secondly by helping to cool the water during the summer months. The Port and Sunnyside community will benefit in two ways as well, first and most importantly by increasing the effectiveness and efficiency of the Port's Industrial Waste Water Treatment Facility (IWWTF) by filtering the clean water into the Yakima River. Secondly, this addition to the IWWTF will provide capacity for the 13 industries that utilize the IWWTF to grow and expand in the Sunnyside area. It will also allow new industries seeking this type of service to locate in Sunnyside. The Industries that the IWWTF currently serves employ 1000+ jobs annually with an annual payroll of \$30+ million. This plays a major role in the stability of Sunnyside's economy.

Risk Management

The Port utilizes a private insurance company for its liability and hazard insurance needs—with modest deductibles. Argus Insurance is our agent and Gladfelter Insurance Group is the carrier. The policy is renewed on an annual basis. The Port participates in a number of insurance pools including the State of Washington's Unemployment Insurance and Workers' Compensation programs.

ECONOMIC OUTLOOK-

Yakima County

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

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

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

Yakima County is the state's leading agricultural county with sales estimated at \$1.2 billion per year. Yakima County has a large and varied farm base, complemented by diverse non-agricultural interests. Yakima County ranks first in the nation in the number of fruit trees. It produces more apples, mint, winter pears, and hops than any other county. Additional agricultural products include peaches, apricots, cherries, beef, wheat, and award winning wines. Yakima County is also the leading county for dairy production and cow numbers plus ranks 10th in the nation for milk production.

A key ingredient in the quality of life enjoyed in Yakima County is the high quality of health care. Recognized for its excellent medical facilities and services, Yakima County is the major medical center for a large area of the state. Modern, state-of-the-art equipment and facilities at the county's five hospitals provide a full range of treatment including cardiac

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care and open heart surgery, specialized cancer therapy and dialysis treatment for a seven county area.

The pleasure of visiting the Yakima Valley has been one of the Northwest's best-kept secrets, but the word is getting out. The travel and tourism industry has become one of the largest and most rapidly growing segments of the area's economy. Recreation, sports and entertainment are enjoyed year round due to Yakima County's favorable climate and terrain. Excellent downhill and cross-country skiing are within an hours drive. Stream and lake fishing, upland bird and big game hunting, backpacking, hiking, bicycling, boating, swimming, windsurfing and water skiing are all available in season. Golf, tennis, soccer and softball are avidly pursued sports throughout the Valley. Parks and Recreation departments offer varied year round programs for children & adults. Entertainment events include the annual nine-day Central Washington State Fair, auto racing, rodeos, art fairs and colorful community celebrations and festivals. Sunnyside boasts the largest Cinco de Mayo celebration in the State of Washington. Authentic Mexican music fills the air while vendors line the streets of downtown Sunnyside selling delicious Mexican food and handcrafted items. The community grows three times its normal size over the course of the 3 day event.

The **Arts and Entertainment Network** voted **Sunnyside's Lighted Farm Implement Parade** (held the first Saturday of December) as number 6 of 20 for their "Ultimate Holiday Town USA" in 2003! Designed to capture the spirit of rural Christmas and the heart of the Valley's outstanding agricultural heritage, Washington's premiere Lighted Farm Implement Parade continues to grow and has become a most spectacular annual event. Now in its twenty-third season, the Sunnyside Lighted Farm Implement Parade featured 70 entries with some of the most unique lighted parade entries imaginable. Entries include beautifully lighted farm implements: combines, harrow beds, swathers, grape pickers, and all types of tractors. Other parade entries include antique cars, trucks, animal drawn entries and Christmas floats. This parade is an experience that the entire family will enjoy.

Yakima County offers an abundance of affordable housing options. Prices vary depending upon locations, size, and similar factors. Whether it is rural homes with acreage or apartments in the city, whether buying or renting is preferred, Yakima County offers excellent housing to fit any need.

Current Housing Availability Year Ended 2011

Description	Number of Current Listings	Average List Price
5 Bedroom-all areas	63	\$ 436,776
4 Bedrooms-all areas	258	\$ 307,290
3 Bedrooms-all areas	570	\$ 219,740
1-2 Bedrooms-all areas	170	\$ 131,127
Condos	54	\$ 170,386
Manufactured w/land	114	\$ 167,444
All homes on the market	1229	\$ 238,794

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Average Homes Sold Prices

Year	Average Price
2011	\$ 170,993
2010	\$ 157,000
2009	\$ 166,696

Data gathered from Yakima County Development Association

Washington's Agriculture

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

Agriculture has played a critical role in Washington's economy since the first pioneers settled over 200 years ago. Today, the agri-food industry employs approximately 160,000 people which is more than any other sector in the state.

The geography of Washington is very diverse, ranging from rain forests in the extreme west-ern part of the state to semi-arid regions in the interior. The Cascade Mountains divide the state into two distinct regions. The western side of the state contains the majority of the population, located in urban areas, while the central and eastern regions are more sparsely populated. Farms in the west tend to be small, and dairy products, poultry and berries are the primary commodities produced. The eastern side of the Cascade Range has larger farms, and small grains such as wheat and barley, potatoes, fruit, and vegetables are the primary commodities produced. Over 230 food, feed and seed crops are grown each year, more than any other state except California.

The state's proximity to world markets has made Washington the third largest exporter of food and agricultural products in the nation. According to the U.S. Department of Commerce, Washington's exports topped \$53.4 billion in 2011. The large amount of exports is a result of the strong yields by Washington growers, high prices producers are getting for their commodities, the low dollar which makes the state's products more attractive to international buyers, weather events in other parts of the world and trade missions opening up new markets.



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With 39,500 farms operating on more than 15 million acres, Washington is a major agricultural state with agriculture accounting for 12% of the state's annual gross product.

Washington ranks first in the nation for production of 10 separate commodities including apples, sweet cherries, pears, hops and red raspberries. Washington ranks second in the nation for an additional 6 commodities including potatoes, grapes, apricots and asparagus. The state's diverse agricultural economy includes aquaculture, farm forest products, wheat, cranberries, spearmint and peppermint oil and mint extracts.

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

Economy

Based on Bureau of Labor Statistics estimates, Washington state gained 29,600 jobs in 2011. The private sector added an estimated 37,900 jobs over the year, and the public sector lost an estimated 8,300 jobs. Job growth was substantially higher among goods-producing industries. Excluding government, private sector services had an annual growth rate of 1.1 percent. Manufacturing led all sectors in annual job growth, adding an estimated 17,700 jobs. The aerospace industry accounted for an estimated 9,400 of those jobs.

Washington State is projected to add 278,700 nonfarm jobs between 2008 and 2018, with an average annual growth rate of 0.9 percent. By 2018, significant increases in employment are expected in education and health services, and professional and business services. The largest decreases in employment are projected for manufacturing.

The average unemployment rate for Yakima County for 2011 was 9.9% with the year end rate at 12%. By comparison, the unemployment rate across Washington was 8.5% at year end. Yakima County gained jobs in the manufacturing sector, goods production and services during 2011 while losing jobs in government.

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

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

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

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

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

Following is a chart comparing the employment changes in Yakima County from 2010 to 2011.

Comparison of 2010-2011 Annual Average Employment Changes in Yakima County		
MAJOR EMPLOYMENT GROUP OR INDUSTRY	YAKIMA COUNTY 2010	YAKIMA COUNTY 2011
TOTAL NON-FARM	75,500	77,700
TOTAL PRIVATE	57,900	60,000
GOODS PRODUCING	10,100	11,200
NATURAL RESOURCES, MINING & CONSTRUCTION	3,000	3,100
MANUFACTURING	7,100	8,100
NON DURABLE GOODS	4,600	5,300
SERVICES PROVIDING (incl. Goods)	65,400	66,500
WHOLESALE TRADE	4,100	4,300
RETAIL TRADE	10,400	10,700
TRANSPORTATION, WAREHOUSING & UTILITIES	3,300	3,500
PROFESSIONAL AND BUSINESS SERVICES	3,700	4,100
EDUCATION AND HEALTH SERVICES	14,300	14,300
HEALTH SERVICES	13,100	13,200
LEISURE AND HOSPITALITY	6,400	6,800
GOVERNMENT	17,800	17,700
FEDERAL GOVERNMENT	1,300	1,300
TOTAL STATE & LOCAL GOVERNMENT	16,500	16,400

Financial Information

Accounting System and Budgetary Control:

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

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

The annual budget is prepared by staff for adoption and certification by the Commission, which is an essential element of the financial planning, control and evaluation process. The nature of operation, financed and accounted for is such that the demand for the services provided largely determines the appropriate level of revenues and expenses (i.e. increased demand for services causes a higher level of expenses to be incurred, but also results in a higher level of revenues). The expense estimates are not viewed as appropriations, but as an approved plan. Budgetary controls are maintained at the departmental level. Management compares the budget to actual results at least quarterly.

Operation Highlights:

The Port's operating revenues for the fiscal year ending December 31, 2011, were \$4,200,744 as compared to 2010's revenues of 4,275,321. Total operating expenses for 2011 were \$3,649,954 as compared to 2010's of \$3,586,461. The total net position for 2011 increased \$372,811 compared to \$867,435 in 2010. The following is comparative data from 2007 through 2011:

Year	2011	2010	2009	2008	2007
Operating Revenues	\$ 4,200,744	\$4,275,321	\$3,669,739	\$3,615,004	\$3,619,408
Operating Expenses	3,649,954	3,586,461	3,447,651	3,181,100	3,867,582
Income from Operations	550,790	688,860	222,088	433,904	(248,174)
Net Non-Operating Revenues/Expenses/Grants	(177,979)	178,575	184,047	351,049	274,967
Net Income	\$ 372,811	\$ 867,435	\$ 406,135	\$ 784,953	\$ 26,793

Port of Sunnyside

Statement of Net Position (Balance Sheet) at December 31, 2011

During 2011, the Port of Sunnyside's total assets increased by \$372,811 or 1.3%. Total assets were \$28,578,817 at the end of 2011 compared to \$29,114,314 in 2010. The Port, at 12/31/11, had cash and investments of \$5,503,311 broken-down by \$4,348,614 in non-restricted and \$1,154,697 in restricted cash and investments. This was an increase of \$389,665 from 2010 mainly due to debt payment reductions.

Debt Administration

The Port, as of December 31, 2011, had \$1,290,000 in General Obligation Bonds and \$8,135,000 in Revenue Bonds outstanding. The General Obligation Bond of \$1,535,000 was issued in 2008 for infrastructure in the East Edison Industrial Park and \$5,000,000 in Revenue Bonds were also issued in 2008 for construction of a De-watering Facility at our Industrial Waste Water Treatment Facility. See Note 9. The Port, in all revenue bond ordinances, has pledged revenues for the servicing of revenue bond debt regardless of the issue.

The Port is required to maintain 1.35 percent bond debt coverage. Comparative data for the past five fiscal years is presented in the following table:

Port of Sunnyside							
Revenue Bond Coverage							
(Amounts expressed in thousands)							
Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
2007	4,002	3,005	997	410	276	686	145%
2008	4,101	2,288	1,813	430	365	795	228%
2009	4,167	2,477	1,690	450	569	1,019	166%
2010	4,783	2,449	2,334	470	549	1,019	229%
2011	4,724	2,482	2,241	490	527	1,017	220%

(1) Total operating and tax revenue.

(2) Total operating expenses exclusive of depreciation.

(3) Includes principal and interest of revenue bonds only. It does not include the general obligation bonds.

The Port also has Contract debt which totaled \$4,877,360 as of December 31, 2011. The largest of the contracts is with the Department of Ecology (\$2,481,395) and the purpose was to construct the Sequencing Batch Reactor for our Industrial Waste Water Treatment Facility. The construction of this facility was completed in 2005.

Financial Policies

It has been, and will continue to be, the Port's policy to invest public funds in a manner which will provide maximum security with the highest investment return while meeting the daily cash flow demands of the Port and conforming to all state statutes governing the investment of public funds. Maximizing interest earnings has been a challenge in the current economic environment. The long-term financial plan for the Port is to sell property in our various industrial parks in order to pay down the amount of long term debt.

AWARDS & ACKNOWLEDGEMENTS-

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Port of Sunnyside for its Comprehensive Annual Financial Report (CAFR) for the December 31, years 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010.

Independent Audit

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

Acknowledgments

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

Respectfully Submitted,

Amber Hansen
Port of Sunnyside, Executive Director

Carol A Carter
Port of Sunnyside, Finance Officer/Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Port of Sunnyside
Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



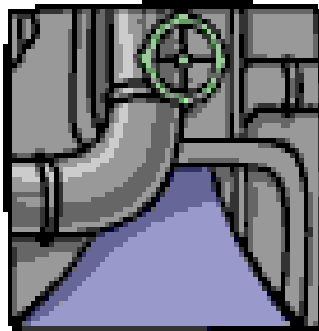
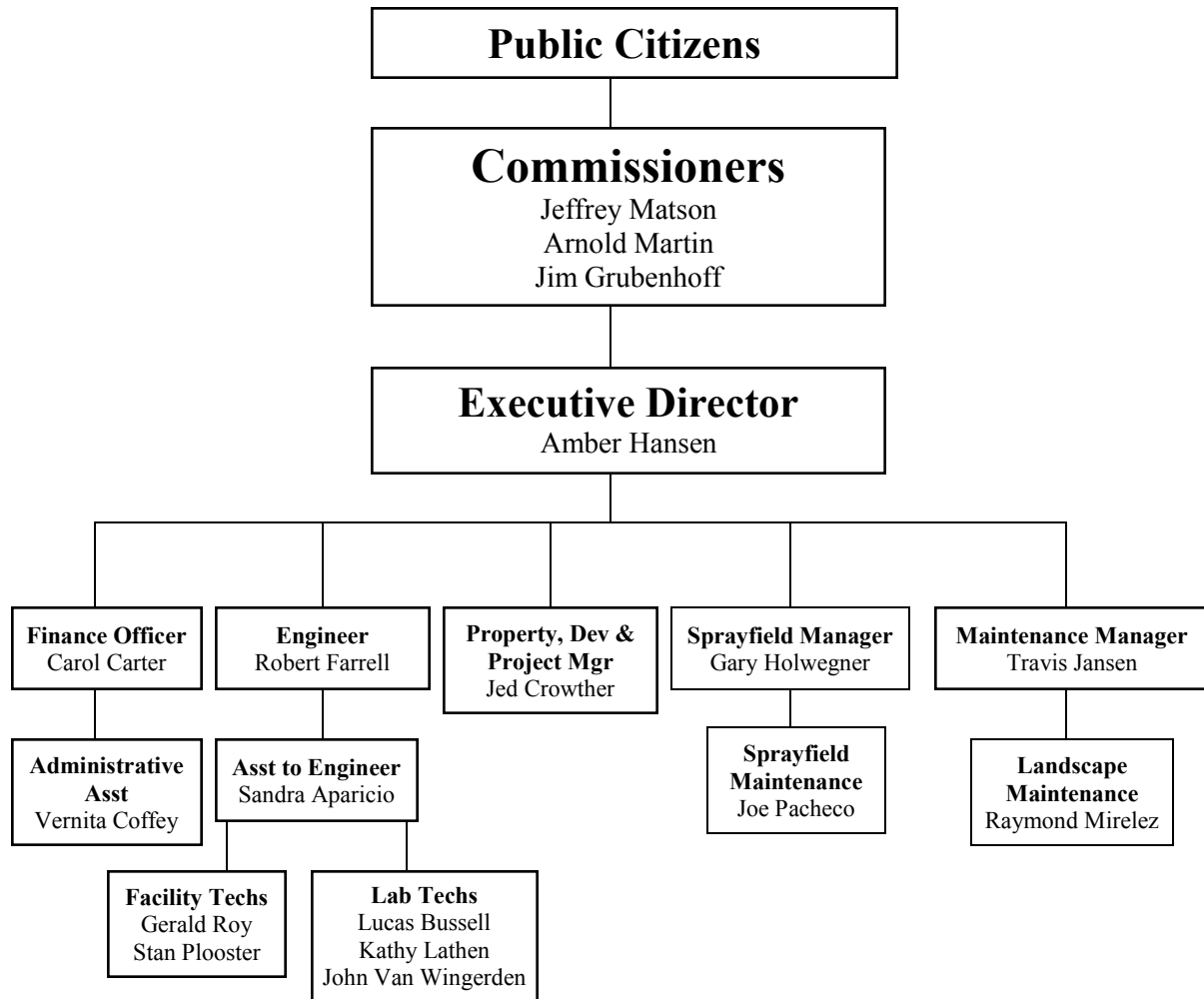
Linda C. Danison

President

Jeffrey R. Enos

Executive Director

PORT OF SUNNYSIDE ORGANIZATIONAL CHART



PORT OF SUNNYSIDE BOARD OF COMMISSIONERS - 2011

The Port of Sunnyside has a three member Board of Commissioners (Commission) that set policy and approve all major expenditures. The Commission has appointed the executive administrative staff, including the Executive Director/Auditor and attorney.

A commissioner is elected to a six-year term of office by the voters in the district. The Commission meetings are open to the public and are held on the first and third Monday, at the Administration Office of the Port, located at 520 South Seventh Street, Sunnyside, WA 98944.

Meet the Commissioners

Jeff Matson

Mr. Matson was appointed to the Commission in 1995 and went on to be elected to the Commission in 1996. In November, Jeff was re-elected to another 6 year term which will expire December 31, 2017. He served as President to the Commission in 2011. He graduated cum Laude in 1978 from Washington State University with a B. A. in Business Administration. He brings to the Commission 30 years of experience as a C.P.A.. Since April of 1994, he has been owner/manager of Jeffrey Matson, C.P.A., located in Sunnyside, Washington. He is a member of the American Institute of Certified Public Accountants and the Washington Society of Certified Public Accountants. Mr. Matson is active in community affairs including Kiwanis (where he served as Treasurer, Vice President and President for 3 terms) and has been involved with Clean-Tec (a private non-profit group serving the disabled) along with serving for three years as Treasurer of the Sunnyside Christian School Association Board. Mr. Matson takes an active role in local education matters. In January of 1998, Governor Locke appointed Mr. Matson to serve as the Port Industry Representative to the Community Economic Revitalization Board (CERB) for an unexpired term. He served on the CERB Board until September 2007.



Arnold Martin



Mr. Martin has served on the Commission since 1989 and served as Vice President in 2011. Mr. Martin was re-elected for a six year term in 2007 which expires December 31, 2013. He was born and raised in the Lower Yakima Valley. He graduated from Washington State University in 1967 with a Bachelor of Science in Agriculture and a Minor in Business. He owns and operates his own farm, where he grows mint, wheat, corn, grapes, and hay. Mr. Martin has served as Chairman of the Washington Mint Commission for four years, Washington Mint Growers Association, Board of Federal Spearmint Marketing Order and was a member of Sunnyside Noon Rotary. He received the Washington State Mint Grower of the Year award in 1980. Mr. Martin received the Agri-Business Person of the Year award in 1993. The Washington Mint Growers Association named Mr. Martin "Friend of the Industry" in 2007.

Jim Grubenhoff

Mr. Grubenhoff was elected to the Commission in November 2009 and began serving in January 2011. His term expires the end of December 2015. He is currently the Commission secretary. He has lived in the Yakima Valley his entire life. He graduated from Sunnyside High School in 1974. Jim owns and operates an outdoor power equipment and homeowner rental store in Sunnyside. The business has been in Sunnyside since 1959. Mr. Grubenhoff has been very active in the Sunnyside community. He was a former board member of Sunnyside, Inc., an organization that strived to promote and revitalize the Sunnyside business community. He served as a board member of Lower Valley Credit Union for 12 years, serving 3 years as chairman. He served on the board of the Lower Valley Crisis and Support Services for 10 years and was chairman 3 times. He has also been a member of the Sunnyside Noon Rotary Club for 15 years. Mr. Grubenhoff and his wife, Kathy, reside in Sunnyside and have 5 children.



Port of Sunnyside

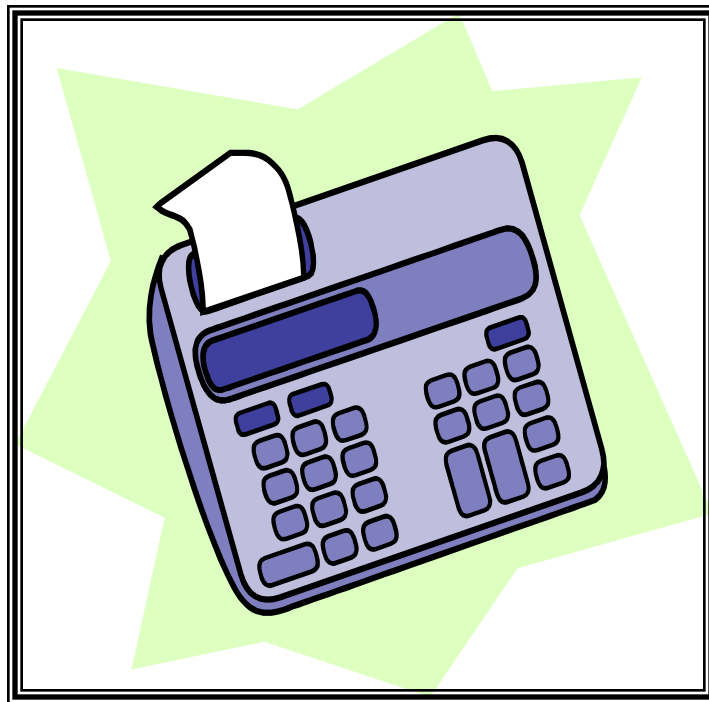
List of Principal Officials—December 31, 2011



<u>Title</u>	<u>Name</u>
Executive Director/Auditor	Ms. Amber Hansen
Finance Officer/Treasurer	Ms. Carol Carter
Port Engineer	Mr. Robert Farrell
Property, Development and Project Manager	Mr. Jed Crowther
Maintenance Manager	Mr. Travis Jansen
Sprayfield Manager	Mr. Gary Holwegner

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FINANCIAL



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**Washington State Auditor
Brian Sonntag**

INDEPENDENT AUDITOR'S REPORT

June 26, 2012

Board of Commissioners
Port of Sunnyside
Sunnyside, Washington

We have audited the accompanying basic financial statements of the Port of Sunnyside, Yakima County, Washington, as of and for the year ended December 31, 2011 as listed in the table of contents. These financial statements are the responsibility of the Port's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port of Sunnyside, Yakima County, Washington, as of December 31, 2011, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, during the year ended December 31, 2011, the Port has implemented the Governmental Accounting Standards Board Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position.

In accordance with Government Auditing Standards, we will also issue our report dated June 26, 2012, on our consideration of the Port's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.



That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 33 through 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The information identified in the table of contents as the Introduction and Statistical sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Port. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag", with a stylized flourish at the end.

BRIAN SONNTAG, CGFM
STATE AUDITOR

Port of Sunnyside

MANAGEMENT DISCUSSION AND ANALYSIS

As management of the Port of Sunnyside, we offer readers of the Port of Sunnyside's financial statements this narrative overview and analysis of the financial activities of the Port of Sunnyside for the fiscal year ended December 31, 2011. We encourage readers to read this along with the Port's financial statements and notes. The notes are essential to a full understanding of the data contained in the financial statements. We also encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal which can be found in the Introduction section of this report.

Financial Highlights

- The assets of the District exceeded liabilities, as of December 31, 2011, by \$13,605,121 or 48%. Of this amount, \$6,111,445 may be used to meet the District's ongoing obligations to citizens and creditors.
- At the end of 2011, the District's total combined cash & investment balance was \$5,503,311 which is an increase of \$389,665 or 7.62% from 2010's balance and is 151% of 2011's operating expenses.
- The District's total net position increased \$372,811 for 2011.
- The District's total long-term debt decreased by \$1,149,028 or 8%.
- The overall financial condition of the Port District remains strong at the end of 2011.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the Port of Sunnyside's basic financial statements. The Port of Sunnyside's basic financial statements comprises two components: 1) business-type activity financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

Basic Financial Statements - The District's accounting records are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW and in accordance with GAAP's reporting under GASB 34. The District uses the States Budgeting, Accounting and Reporting System (BARS) for Proprietary-Type Districts financial reporting in the State of Washington.

Proprietary-type funds are accounted for on an economic resources measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with the activity of the fund are included on the balance sheet. The reported fund equity (net total assets) is segregated into Investment in Capital Assets Net of Related Debt, Restricted and Unrestricted Net Position. The Statement of Revenue & Expenses presents increases (revenue and gains) and decreases (expenses and losses) in net total assets. The District discloses changes in cash flows by a separate statement that presents the operating, investing and financing activities.

Port of Sunnyside

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

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

The Port District's Programs - The District is authorized by Washington law to provide and charge fees for industrial wastewater discharged. The District may acquire lands for sale or lease for industrial or commercial purposes and may create industrial development districts.

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

The following schedule reflects condensed net position. The District is engaged only in business - type activities. Also, comparative years are being shown for 2011 & 2010 to offer the reader a better means of analyzing the District's condensed statements that follow.

Port of Sunnyside's Net Position

	Business Type Activities	
	2011	2010
Current Assets and Other Assets	\$ 6,529,427	\$ 6,546,280
Capital Assets, Net Accumulated Depreciation	22,049,390	22,568,034
Total Assets	28,578,817	29,114,314
Current Liabilities	1,645,963	1,396,339
Long Term Liabilities	13,327,733	14,485,665
Total Liabilities	14,973,696	15,882,004
Investment in Capital Assets, Net of Related Debt	7,493,676	7,251,403
Restricted	1,154,697	1,720,446
Unrestricted	4,956,748	4,260,461
Total Net Position	\$ 13,605,121	\$ 13,232,310

Major Factors Affecting the Statement of Net Position - Total net position increased in 2011 by \$372,811 which reflects a normal increase from the overall operation of the Port. The largest portions of the District's total assets (77%) are in capital assets (e.g., land, buildings, other improvements, and machinery and equipment). The District uses these capital assets to provide general services, wastewater treatment, and future development. Consequently, these assets are not available for future spending, except for the sale of land. The unrestricted net position of the District is available for future use to provide and maintain existing and future services.

Port of Sunnyside

The largest portion of the District's total liabilities (96%) is long-term debts, which are primarily payments for bond debt, payments to various funding agencies and private contracts associated with capital assets. Any significant increase or decrease in total assets or total liabilities will have a correlating affect on the Statement of Net Position.

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

Changes In Net Position -The following schedule reflects the Port of Sunnyside's condensed Changes in Net Position, which increased by \$372,811 during 2011.

Port of Sunnyside's Changes in Net Position

Port of Sunnyside's Changes in Net Position

	Business Type Activities	
	2011	2010
Revenues:		
Operating Revenues:		
IWWTF Operating Revenue	\$ 3,771,182	\$ 3,868,199
Property Rental Revenue	358,075	283,534
Other Operating Revenue	71,487	123,588
Total Operating Revenues	4,200,744	4,275,321
Non-Operating Revenues:		
Interest Income	32,650	34,299
Tax Levy Income	522,923	507,446
Other Non-Operating Revenues	-	36,381
Total Non-Operating Revenues	555,573	578,126
Total Revenues	4,756,317	4,853,447
Expenses:		
IWWTF Operating Expenses	2,018,734	2,017,201
General & Admin Operating Expenses	463,597	431,408
Depreciation	1,167,623	1,137,852
Non Operating:		
Interest Expenses	692,585	726,151
Other Non Operating Expenses	40,967	60,900
Total Expenses	4,383,506	4,373,512
Income Before Capital Contribution-Grant	372,811	479,935
Capital Contribution-Grants	-	387,500
Increase in Net Position	372,811	867,435
Net Position - January 1	13,232,310	12,364,875
Net Position - December 31	\$ 13,605,121	\$ 13,232,310

Analysis of the Schedule of Changes in Net Position – The increase in net position was \$372,811 in 2011 as compared with \$867,435 in 2010.

The majority of revenues received by the District (98%) are utility billing, property taxes and rental income. Other revenues consist of interest earnings, subsidies, grants and

Port of Sunnyside

contributions by various outside agencies. The funding of the District's general operating cost is consistent since it comes from utility users who depend on the District's wastewater treatment facility, property taxes levied by the Commissioners and rental income from property owned by the District.

General operating expenses can be affected by numerous factors, such as changes in utility rates, fuel costs, medical insurance premiums, liability insurance rates, building materials, and any new requirements imposed from the State or Federal government regarding treatment of wastewater.

Capital Assets

As of year-end of 2011, the District had capital assets valued at \$22,049,390 as reflected in the following schedule:

Capital Assets at Year-end (Net of Depreciation)

	Business Type Activities	
	2011	2010
<u>Capital Assets not being depreciated</u>		
Land	\$ 6,556,209	\$ 6,554,704
Construction In Progress	379,455	31,335
<u>Capital Assets being depreciated</u>		
Buildings	19,034,920	18,890,251
Improvements other than Buildings	2,880,014	2,840,234
Machinery and Equipment	4,916,278	4,841,984
Accumulated Depreciation	(11,717,486)	(10,590,474)
Total Capital Assets	\$ 22,049,390	\$ 22,568,034

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in the Notes to Financial Statements. See Note 4, Capital Assets and Depreciation.

Change in Capital Assets

	Business Type Activities	
	2011	2010
Beginning Balance, January 1	\$ 22,568,034	\$ 20,623,043
Net Change	648,979	3,082,843
Depreciation	(1,167,623)	(1,137,852)
Ending Balance, December 31	\$ 22,049,390	\$ 22,568,034

Analysis of changes in Capital Assets - For year 2011 capital assets decreased by \$518,644. This decrease is due to equipment depreciation during 2011. See Note 4.

Debt Service

At the end of 2011, the District had total debt of \$14,302,360 relating to G.O. Bonds, Revenue Bonds, Notes and Contracts outstanding which was a \$1,149,028 decrease over the previous year. Additional information regarding outstanding debt can be found in the District's Notes to Financial Statements Note 7 – Long Term Debt. See Note 7.

Port of Sunnyside

Outstanding Debt, At Year-end

	2011	2010
G O Bonds	\$ 1,290,000	\$ 1,375,000
Revenue Bonds	8,135,000	8,625,000
Notes & Contracts Payable	4,877,360	5,451,388
Total	\$ 14,302,360	\$ 15,451,388

The Management Discussion and Analysis is designed to provide a general overview of the District's finances. Questions concerning any of the information in this report or requests for additional financial information should be addressed to Carol Carter, Finance Officer, Port of Sunnyside, P. O Box 329, Sunnyside, WA. 98944.

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Port of Sunnyside

Yakima County, Washington

Statement of Net Position

December 31, 2011

page 1 of 2

ASSETS

CURRENT ASSETS:

Cash and Cash equivalents (Note 1-C.1)	\$ 4,348,614
Restricted assets:	
Cash and Cash equivalents (Note 1-C.1 & C.4)	646,500
Taxes receivable (Note 1-C.3 & Note 3)	44,943
Accounts receivable (Note 1-C.3)	320,052
Interest receivable (Note 1-C.3)	3,365
Notes receivable (Note 1-C.3)	15,833
Prepaid Expenses (Note 1-C.7)	69,250
Total Current Assets	5,448,557

NON-CURRENT ASSETS:

Restricted Assets:	
Cash and Cash equivalents (Note 1-C.1 & C.4)	508,197
Total Noncurrent Restricted Assets	508,197
Capital Assets: (Note 4)	
Capital Assets not being depreciated:	
Land	6,556,209
Construction in Progress	379,455
Capital Assets being depreciated:	
Buildings	19,034,920
Improvements other than Buildings	2,880,014
Machinery & Equipment	4,916,278
Less: Accumulated depreciation	(11,717,486)
Total Net Capital Assets	22,049,390
Other noncurrent assets:	
Notes Receivable (Note 1-C.3)	45,709
Deferred charges (Note 1-C.7 & Note 10)	172,823
Other debits (Note 1-C.7)	354,141
Total Other Noncurrent Assets	572,673
Total Non-Current Assets	23,130,260
TOTAL ASSETS	\$ 28,578,817

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

(cont. on page 2)

Port of Sunnyside

Yakima County, Washington

Statement of Net Position

December 31, 2011

page 2 of 2

LIABILITIES

CURRENT LIABILITIES:

Warrants payable (Note 1-C.9)	\$ 7,592
Accrued expenses (Note 1-C.9)	356,574
Accrued interest payable (Note 1-C.9)	70,215
Deferred Credits (Note 1-C.11 & Note 10)	15,834
Current portion of long-term obligations (Note 7)	1,193,348
Other current liabilities (Note 1-C.9)	2,400
Total Current Liabilities	1,645,963

NON-CURRENT LIABILITIES:

General Obligation bonds (Note 7)	1,205,000
Revenue bonds (Note 7)	7,620,000
Contracts payable (Note 7)	4,284,012
Employee Leave Benefits (Note 1-C.8)	10,828
Other post employment benefits (Note 11)	162,184
Deferred Credits (Note 1-C.11 & Note 10)	45,709
Total Non-Current Liabilities	13,327,733

TOTAL LIABILITIES

\$ 14,973,696

NET POSITION:

Net Investment in Capital Assets	7,493,676
Restricted, for payment of debt (Note 8)	1,154,697
Unrestricted	4,956,748

TOTAL NET POSITION

\$ 13,605,121

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Port of Sunnyside

Yakima County, Washington

Statement of Revenues, Expenses and Changes in Net Fund Position

For the fiscal year ended December 31, 2011

OPERATING REVENUES:

IWWTF Operating Revenue	\$ 3,771,182
Property rental operations	358,075
Other Revenue	71,487

Total Operating Revenues	4,200,744
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OPERATING EXPENSES:

IWWTF Operations	2,018,734
General & Administrative	463,597
Depreciation	1,167,623

Total Operating Expenses	3,649,954
---------------------------------	------------------

Operating Income (Loss)	550,790
--------------------------------	----------------

NON-OPERATING REVENUES (EXPENSES):

Investment Income	12,877
Contract and Note Interest	19,773
Taxes Levied For :	
General purposes	380,440
Debt service principal/interest	142,483
Interest expense	(692,585)
Other nonoperating expenses	(40,967)

Total Non-Operating Revenues (Expenses)	(177,979)
--	------------------

Increase in Net Position	372,811
---------------------------------	----------------

NET POSITION - beginning of period	13,232,310
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NET POSITION - end of period	\$ 13,605,121
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SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

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Port of Sunnyside

Statement of Cash Flows

page 1 of 2

For the year ended December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers	\$ 4,584,776
Payments to suppliers	(1,162,606)
Payments to employees	(1,060,705)
Other receipts (payments)	(19,264)

<i>Net cash provided by operating activities</i>	2,342,200
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CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Receipts of property taxes from Yakima County	523,795
---	---------

<i>Net cash provided by non-capital financing activities</i>	523,795
--	---------

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchases of capital assets	(648,979)
Principal paid on capital debt	(1,149,027)
Interest paid on capital debt	(698,669)

<i>Net cash provided (used) by capital and related financing activities</i>	(2,496,675)
---	-------------

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale and maturities of investments	-
Interest and dividends	20,345

<i>Net cash provided by investing activities</i>	20,345
--	--------

<i>Net increase (decrease) in cash and cash equivalents</i>	389,665
---	---------

Balances - beginning of the year	5,113,646
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Balances - end of the year	\$ 5,503,311
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(cont. on page 2)

Port of Sunnyside

Yakima County, Washington

Statement of Cash Flows

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For the year ended December 31, 2011

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

<i>Operating income (loss)</i>	\$ 550,790
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	1,167,623
Change in assets and liabilities:	
Receivables, net	384,031
Accounts and other payables	216,085
Accrued expenses	23,671
<i>Net cash provided by operating activities</i>	\$ 2,342,200

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Port of Sunnyside

Notes to Financial Statements

December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Port of Sunnyside was incorporated in 1964 and operates as a municipal corporation under the laws of the state of Washington applicable to port districts under provisions of the Revised Code of Washington 53.04.010 et seq. The financial statements of the Port of Sunnyside have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governments

A. Reporting Entity

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

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

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

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

B. Basis of Accounting and Presentation

The accounting records of the Port of Sunnyside are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The Port of Sunnyside uses the *Budgeting, Accounting and Reporting System for GAAP Port Districts* in the State of Washington. The Port implemented GASB 63 for the current reporting period.

Funds are accounted for on a cost of services or an economic resources measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their statement of net position. Their reported fund position is segregated into net investment in capital assets, restricted and unrestricted components of net

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

position. Operating statements present increases (revenues and gains) and decreases (expenses and losses) in net position. The Port of Sunnyside discloses changes in cash flows by a separate statement that presents their operating, noncapital financing, capital and related financing, and investing activities.

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

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

C. **Assets, Liabilities and Equities**

1. **Cash and Cash Equivalents**

It is the Port of Sunnyside's policy to invest all temporary cash surpluses. At December 31, 2011, the treasurer was holding \$5,503,311 in cash and short term investments. This amount is classified on the Statement of Net Position as Cash and Cash Equivalents which includes \$10,421 held at the State Investment Pool.

The amounts reported as cash and cash equivalents also include compensating balances maintained with certain banks in lieu of payments for services rendered. The average compensating balances maintained during 2011 were approximately \$75,000.

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

2. **Short Term Investments**

See Note 2 – Deposits and Investments

3. **Receivables**

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

Accounts receivable consists of amounts owed from private individuals, organizations or industries for goods and services including amounts owed for which billings have not been prepared.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Interest and Notes receivable consist of amounts owed on notes or contracts from private individuals, businesses or organizations for previously agreed upon payments.

4. Restricted Assets and Liabilities

These accounts contain resources for debt service. The current portion of related liabilities is shown as part of *Current Liabilities* (Current portion of long-term liabilities). Specific debt service reserve requirements are described in Note 7 - Long Term Debt.

The restricted assets are composed of the following:

Cash & Cash Equivalents – Debt Service	\$1,154,697
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5. Capital Assets and Depreciation

See Note 4 – Capital Assets and Depreciation

6. Other Property and Investments

See Note 2 – Deposits and Investments

7. Other Assets and Debits

Prepaid Expenses- Prepaid expenses consist of amounts paid in 2011 for 2012 expenses.

Deferred charges- Deferred charges consist of the net unamortized amount of debt issuance costs.

Other Debits- Other debits contain the Port of Sunnyside's share of Benton REA (our local utility company) capital credit which was \$354,141 as of 12/31/2011 and is reported as a noncurrent asset on the Statement of Net Position.

8. Compensated Absences (Employee Leave Benefits)

Compensated absences are absences for which the employees will be paid, such as vacation and compensatory leave. The district records unpaid leave for compensated absences as an expense and liability when incurred.

Vacation pay, which may be accumulated as follows:

An employee is allowed to carry over up to 5 vacation days (40 hours) into the next calendar year. The balance of an employee's vacation pay is payable upon resignation, retirement or death. Sick leave may accumulate up to 60 days. The district has no obligation to pay an employee the balance of their sick leave at time of resignation, retirement or death. An employee is allowed to carry over up to 5 compensatory days (40 hours) into the next calendar year and the balance is payable upon resignation, retirement or death.

The District's total obligation for unused vacation decreased by \$ 2,342 and compensatory time increased by \$23 in 2011. The balance for compensated absences was \$10,828 as of 12/31/11. None of the balance of compensated absences is necessarily due within one year and has historically remained fairly stable and is therefore shown as Non-Current Liabilities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

9. Other Accrued Liabilities

Warrants payable – Warrants payable consists of the amount of checks issued, but not yet redeemed at year end.

Accrued expenses – These accounts consist of accrued accounts payable and payroll expenses at year end. These amounts are expenses incurred, but not yet paid as of 12/31/11.

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

Other current liabilities – This account is funds held as customer deposits for properties rented out by the district.

10. Long-Term Debt

See Note 7 – Long Term Debt

11. Deferred Credits

These accounts include amounts recognized as receivables (assets), but not revenues because the revenue recognition criteria have not been met. See Note 10 – Deferred Debits (Credits).

NOTE 2 – DEPOSITS AND INVESTMENTS

DEPOSITS

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

INVESTMENTS

As of December 31, 2011, the Port had the following investments:

<u>Investment</u>	<u>Fair Value</u>
Washington State Investment Pool	\$ 10,421

Custodial credit risk is the risk that in event of a failure of the counterparty to an investment transaction the Port would not be able to recover the value of the investment or collateral securities. Of the Port's total position of \$10,421 in the Washington State Investment Pool, none is exposed to custodial credit risk because the investments are backed in full by the Washington State's Treasury.

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

Port of Sunnyside

NOTE 3 - PROPERTY TAXES

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

Property Tax Calendar	
January 1	Taxes are levied and become an enforceable lien against properties
February 14	Tax bills are mailed
April 30	First of two equal installment payments is due
May 31	Assessed value of property established for next year's levy at 100 percent of market value
October 31	Second installment is due

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

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

The district's regular levy for 2011 was \$ 0.40733288 per \$1,000 on an assessed valuation of \$1,291,213,979 for a total regular levy of \$525,954 less adjustments of \$3,031 for a total of \$522,923. In 2010, the regular levy was \$507,446.

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION

- A. Major expenditures for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. Capital assets are defined for the Port of Sunnyside as assets with a purchase price of \$1,500 or more and have a useful life of over a year. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred.

All capital assets are valued at historical cost (or estimated historical cost, where historical cost is not known/or estimated market value for donated assets). (Donations by developers and customers are recorded at the contract price or donor cost or appraised value.)

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

During 2011, the Port of Sunnyside did not capitalize any net interest costs for funds borrowed to finance the construction of capital assets.

Depreciation expense is charged to operations to allocate the cost of capital assets over their estimated useful lives, using the straight line method with useful lives of 2 to 50 years. By category, the useful lives are as follows: Buildings – 2 to 50 years, Improvements other than buildings – 5 to 30 years and Machinery & equipment – 2 to 40 years.

Port of Sunnyside

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION (cont.)

B. Capital assets activity for the year ended December 31, 2011 was as follows:

	Beginning Balance 1/1/11	Increases	Decreases	Ending Balance 12/31/11
Capital Assets, not being depreciated:				
Land	\$ 6,554,704	\$ 1,505	\$ -	\$ 6,556,209
Construction In Progress	31,335	348,120	-	\$ 379,455
Total Capital Assets, not being depreciated	6,586,039	349,625	-	6,935,664
Capital Assets, being depreciated:				
Buildings	18,890,251	145,937	1,268	\$ 19,034,920
Improvements other than buildings	2,840,234	39,781	-	\$ 2,880,015
Machinery & Equipment	4,841,984	113,637	39,343	\$ 4,916,278
Total Capital Assets, not being depreciated	26,572,469	299,354	40,611	26,831,212
Less Accumulated Depreciation for:				
Buildings	(7,553,204)	(756,745)	1,268	\$ (8,308,681)
Improvements other than buildings	(297,688)	(145,144)	-	\$ (442,832)
Machinery & Equipment	(2,739,582)	(240,728)	14,337	\$ (2,965,973)
Total Accumulated Depreciation	(10,590,474)	(1,142,617)	15,605	(11,717,486)
Total Capital Assets, being depreciated, net	\$ 15,981,995	\$ (843,262)	\$ 56,216	\$ 15,113,726

C. Construction Commitments

The Port of Sunnyside has active construction projects as of December 31, 2011.

The projects include:

Project	Spent to Date
Carnation Plant	\$ 62,761
Pink Shop Remodel	\$ 2,301
Anaerobic Digester	\$ 24,763
Wetland Habitat	\$ 289,551
Wetland Pipeline	\$ 79
Total	\$ 379,455

As of December 31, 2011, the Port had no unfulfilled commitments with contractors.

NOTE 5 - RETIRMENT BENEFITS - PENSION PLANS

Substantially all of the Port of Sunnyside's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans. The Department of Retirement Systems (DRS), 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 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.

NOTE 5 –RETIREMENT BENEFITS - PENSION PLANS (cont.)

Public Employees' Retirement System (PERS) Plans 1, 2, and 3

Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in the Judicial Retirement System); employees of legislative committees; community and technical colleges, college and university employees not participating in higher education retirement programs; judges of district and municipal courts; and employees of local governments. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state or higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is two percent of the average final compensation (AFC) per year of service. (AFC is the monthly average of the 24 consecutive highest-paid service credit months.) The retirement benefit may not exceed 60 percent of AFC. The monthly benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. If the survivor option is chosen, the benefit is further reduced. A cost-of-living allowance (COLA) was granted at age 66 based upon years of service times the COLA amount. This benefit was eliminated by the Legislature, effective July 1, 2011. Plan 1 members may also elect to receive an optional COLA amount that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced. PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity payable to the age of 60.

NOTE 5 –RETIREMENT BENEFITS - PENSION PLANS (cont.)

The allowance amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is two percent of the AFC for each year of service reduced by two percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. A cost-of-living allowance was granted at age 66 based upon years of service times the COLA amount. This benefit was eliminated by the Legislature, effective July 1, 2011. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 members can receive credit for military service. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is two percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

PERS Plan 2 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by 3 percent for each year before age 65.
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

The surviving spouse or eligible child or children of a PERS Plan 2 member who dies after leaving eligible employment having earned ten years of service credit may request a refund of the member's accumulated contributions.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. The defined benefit portion provides a monthly benefit that is 1 percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of

NOTE 5 –RETIREMENT BENEFITS - PENSION PLANS (cont.)

that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, they have the choice of a benefit that is reduced by 3 percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.

PERS Plan 3 defined benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit and Plan 3 provides the same cost-of-living allowance as Plan 2.

PERS Plan 3 defined contribution retirement benefits are solely dependent upon the contributions and the results of investment activities.

The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Director of the Department of Retirement Systems.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is two percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service.

These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at three percent annually.

PERS Plan 2 and Plan 3 members may have up to ten years of interruptive military service credit; five years at no cost and five years that may be purchased by paying the required contributions. Effective July 24, 2005, a member who becomes totally incapacitated for continued employment while serving the uniformed services, or a surviving spouse or eligible children, may apply for interruptive military service credit. Additionally, PERS Plan 2 and Plan 3 members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS members may also purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's retirement benefit.

Beneficiaries of a PERS Plan 2 or Plan 3 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any

NOTE 5 –RETIREMENT BENEFITS - PENSION PLANS (cont.)

member killed in the course of employment, on or after June 10, 2004, if found eligible by the Department of Labor and Industries.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a PERS member who dies in the line of service as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of said member's covered employment, if found eligible by the Department of Labor and Industries.

There are 1,197 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2010:

Retirees and Beneficiaries Receiving Benefits	76,899
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	28,860
Active Plan Members Vested	105,521
Active Plan Members Non-vested	51,005
Total	262,285

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent, based on member choice. Two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2011 are as follows:

	PERS PLAN 1	PERS PLAN 2	PERS PLAN 3
Employer*	7.25%**	7.25%**	7.25%***
Employee	6.00%****	4.64%****	*****

* The employer rates include the employer administrative expense fee currently set at 0.16%

** The employer rate for state elected officials is 10.80% for Plan 1 and 7.25% for Plan 2 and Plan 3.

*** Plan 3 defined benefit portion only.

**** The employee rate for state elected officials is 7.50% for Plan 1 and 4.64% for Plan 2.

***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Port of Sunnyside

NOTE 5 –RETIREMENT BENEFITS - PENSION PLANS (cont.)

Both the Port of Sunnyside and the employees made the required contributions. The Port of Sunnyside's required contributions for the years ended December 31, were:

	PERS PLAN 1	PERS PLAN 2	PERS PLAN 3
2011	\$ 2,744	\$ 14,717	\$ 27,456
2010	\$ 2,019	\$ 10,277	\$ 21,665
2009	\$ 2,394	\$ 14,650	\$ 26,288

NOTE 6 - RISK MANAGEMENT

The Port of Sunnyside maintains commercial insurance coverage. The District carries coverage for Public Entity General Liability with a "per occurrence limit" of \$1,000,000 and an "aggregate limit" of \$3,000,000 with no deductible. Excess liability coverage is "per occurrence limit" of \$10,000,000 and an "aggregate limit" of \$10,000,000 with no deductible. We also have Public Entity Management Liability and Public Entity Employment Practice Liability coverage with a "per occurrence limit" of \$1,000,000 and an "aggregate limit" of \$3,000,000 again with no deductible along with General Crime Coverage of \$1,000,000. In addition, the Port maintains Auto Coverage for Port vehicles with various limits and deductibles. We have Blanket Property coverage for \$14,565,450 with a \$1,000 deductible as well as Flood and Earthquake coverage of \$5,000,000 each.

In comparison to prior years, there were no significant changes in the types and coverage's of insurance policies purchased by the Port in 2011. Also, settled claims have not exceeded commercial insurance coverage in any of the past three years.

NOTE 7 - LONG TERM DEBT

A. Long Term Debt

The Port of Sunnyside has issued General Obligation and Revenue bonds to finance the purchase of land and/or buildings and the acquisition or construction of the Industrial Wastewater Treatment Facility and its improvements. The Port of Sunnyside is also liable for notes that were entered into for the purchase of land and economic development.

The general obligation bonds currently outstanding are as follows:

Purpose	Maturity Range	Interest Rate	Original Amount	Amount of Installment
Golob Landing Park Infrastructure	2009-2023	3.00-4.70%	\$ 1,535,000	\$ 85,000

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

Year Ending December 31	Principal	Interest
2012	\$ 85,000	\$ 54,763
2013	90,000	51,874
2014	90,000	48,723
2015	95,000	45,349
2016	100,000	41,643
2017-2021	565,000	142,055
2022-2023	265,000	18,800
Total	\$ 1,290,000	\$ 403,207

Port of Sunnyside

NOTE 7 - LONG TERM DEBT (cont.)

The revenue bonds currently outstanding are as follows:

Purpose	Maturity Range	Interest Rate	Original Amount	Amount of Installment
2003 Wastewater Plant Improvements	2003-2011	2.20-6.10%	\$ 4,470,000	\$ 195,000
2008 De-Watering Facility	2009-2021	4.00-6.70%	\$ 5,000,000	\$ 320,000

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

Year Ending December 31	Principal	Interest
2012	\$ 515,000	\$ 503,240
2013	540,000	477,490
2014	595,000	444,636
2015	630,000	408,066
2016	670,000	369,198
2017-2021	4,505,000	1,108,663
2022-2023	680,000	62,500
Total	\$ 8,135,000	\$ 3,373,793

The contracts payable outstanding are as follows:

Description	Original Loan	Maturity Date	Interest Rate	Loan Balance 12/31/10	Loan Balance 12/31/11	Current Portion
SIED Loan- Horizon Bldg	\$ 230,000	6/1/2011	2.700%	\$ 25,561	\$ -	\$ -
SIED Loan- Midvale Road	225,000	6/1/2013	6.490%	82,870	56,964	27,587
SIED Loan - Midvale Road 2	50,000	6/1/2013	2.300%	16,747	11,291	5,582
SIED Loan - East Edison	62,500	6/1/2014	3.938%	36,626	27,993	8,973
SIED Loan - SBR	250,000	6/1/2018	1.080%	133,333	116,667	16,667
SIED Loan - KIE (Bauerle)	88,000	6/1/2018	6.187%	70,264	57,846	13,186
SIED Loan - Medical Clinic	225,000	6/1/2014	6.187%	138,951	107,276	33,635
SIED Loan - Dewatering	250,000	6/1/2018	2.440%	201,790	178,642	23,712
SIED Loan - Bleyhl	137,500	6/1/2019	2.440%	123,760	111,297	12,767
DOE Loan - SBR	3,381,818	5/10/2025	1.500%	2,645,993	2,481,395	167,084
Land Purchase - Golob	1,131,040	9/30/2014	5.500%	313,601	219,866	98,794
Land Purchase - Veiga	557,400	2/1/2017	6.000%	377,407	324,729	55,928
Benton REA 1 - Horizon Bldg	40,000	11/30/2012	5.000%	9,203	4,506	4,506
Benton REA 2 - Horizon Bldg	200,000	12/31/2012	0.000%	40,001	20,001	20,001
CERB 1 - Lagoon 4	477,873	7/1/2013	0.000%	71,681	47,787	23,894
CERB 2 - SBR	500,000	1/1/2025	0.000%	375,000	350,000	25,000
CERB - East Edison	513,600	1/1/2029	0.000%	513,600	513,600	28,533
CERB - Rail Spur	275,000	7/1/2020	0.000%	275,000	247,500	27,500
Total	\$ 8,594,731			\$ 5,451,388	\$ 4,877,360	\$593,348

Port of Sunnyside

NOTE 7 - LONG TERM DEBT (cont.)

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

Year Ending December 31	Principal	Interest
2012	\$ 593,348	\$ 90,547
2013	586,308	72,793
2014	450,522	54,264
2015	394,401	42,024
2016	386,337	33,142
2017-2021	1,445,883	95,680
2022-2026	934,961	20,990
2027-2029	85,600	0
Total	\$ 4,877,360	\$ 409,440

Unamortized debt issue costs are recorded as deferred charges and bonds are displayed net of premium or discount. Annual interest expense is decreased by amortization of debt premium and increased by the amortization of debt issue costs and discount.

At December 31, 2011, the Port of Sunnyside has \$923,936 available in sinking funds and reserves as required by bond indentures.

The Port of Sunnyside has pledged future Wastewater Treatment Facility revenue, net of specified operating expenses, to repay \$4,470,000 in revenue bonds issued in June, 2003 and \$5,000,000 issued in August, 2008. Proceeds from the 2003 bonds provided financing for construction of the Sequencing Batch Reactor and proceeds from the 2008 bond provided financing for a De-watering Facility which was completed in 2010. The bonds are payable solely from the Wastewater Treatment Facility revenue and are payable through 2023. Annual principal and interest payments on the bonds are expected to require approx. 35% of net revenues. The total principal and interest remaining to be paid on the bonds is \$11,508,793. Principal and interest paid for these bonds during the current year and total Wastewater Treatment Facility revenue were \$1,016,755 and \$3,771,182 respectively.

B. Changes in Long-Term Liabilities

During the year ended December 31, 2011, the following changes occurred in long-term liabilities:

	Beginning Balance 1/1/11	Additions	Reductions	Ending Balance 12/31/11	Due Within One Year
Bonds Payable:					
GO Bonds	\$ 1,375,000	\$ -	\$ 85,000	\$ 1,290,000	\$ 85,000
Revenue Bonds	8,625,000	-	490,000	8,135,000	515,000
Notes & Contracts Payable	5,451,387	-	574,027	4,877,360	593,348
Compensated Absences	13,147	46,889	49,208	10,828	1,000
OPEB	107,244	54,940	-	162,184	-
Total Long-Term Liabilities	\$ 15,571,778	\$ 101,829	\$ 1,198,235	\$ 14,475,372	\$ 1,194,348

NOTE 8 – RESTRICTED COMPONENT OF NET POSITION

The district's statement of net position reports \$1,154,697 of restricted component of net position, \$1,127,731 of which is externally imposed by creditors and the remainder is held for payment of debt.

NOTE 9 - CONTINGENCIES AND LITIGATION

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

As discussed in Note 7, Long-Term Debt, the Port of Sunnyside is not contingently liable for repayment of any refunded debt.

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

NOTE 10 - DEFERRED DEBITS OR CREDITS

In accordance with generally accepted accounting principles for regulated businesses, the Port of Sunnyside has deferred bond issuance costs of \$164,752 in 2008 and \$95,673 in 2003 which will be amortized on the straight line method over the life of the individual bonds. The 2008 GO Bond portion will be amortized over 15 years, the 2008 RO Bond portion will be amortized over 13 years, and the 2003 RO Bond portion will be amortized over 20 years. These costs resulted from Bond issuance costs. The December 31, 2011 balance of Deferred Charges is \$172,823.

The Deferred Credit current and non-current balances relate to Notes Receivable future year's revenues. The asset recognition criteria has been met, but the revenue recognition has not been met. Each year, one year's portion will be taken to revenue and will decrease the deferred portion.

NOTE 11-OTHER POST-EMPLOYMENT BENEFITS (OPEB):

Plan Description and Funding Policy

In addition to pension benefits as described in Note 5, the Port, through the Health Care Authority (HCA), administers an agent multiple-employer other post-employment benefit plan (OPEB). Per RCW 41.05.065, the Public Employees Benefits Board (PEBB) created within the Health Care Authority, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage, including establishment of eligibility criteria for both active and retired employees. PEBB programs include medical, dental, life and long-term disability.

Employers participating in the PEBB plan include the state (which includes general government agencies and higher education institutions), 56 of the state's K-12 schools and educational service districts (ESDs) and 205 political subdivisions, including the Port. Additionally, the PEBB plan is available to the retirees of the remaining 245 K-12 schools and ESDs.

Port of Sunnyside

NOTE 11–OTHER POST-EMPLOYMENT BENEFITS (OPEB) (cont.):

As of December 2011, membership in the PEBB plan consisted of the following:

	Active Employees	Retirees	Total
State	105,954	27,730	133,684
K-12 schools and ESDs	1,945	29,569	31,514
Political Subdivisions	11,660	1,243	12,903
Total	119,559	58,542	178,101

	Active Employees	Retirees	Total
Port of Sunnyside	15	2	17

The relationship between the PEBB OPEB plan and its member employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one in which the terms are understood by the employers and plan members. This understanding is based on communications between the HCA, employers and plan members and the historical pattern of practice with regard to the sharing of benefit costs.

The PEBB retiree OPEB plan is available to employees who elect to continue coverage and pay the administratively established premiums at the time they retire under the provisions of the retirement system to which they belong. Retirees' access to PEBB plans depends on the retirement eligibility of their respective retirement system. PEBB members are covered in the following retirement systems: PERS, PSERS, TRS, SERS, WSPRS, and Higher Education.

The Washington State Health Care Authority (HCA) administers PEBB plan benefits. For medical insurance coverage, the HCA has two claims pools: one covering employees and non-Medicare eligible retirees, and the other covering retirees enrolled in Medicare Parts A and B. Each participating employer pays all or a portion of the premiums for active employees. The Port of Sunnyside pays the entire premium for active employees. For retirees, participating employers provide two different subsidies: an explicit subsidy and an implicit subsidy.

The explicit subsidy, permitted under RCW 41.05.085, is a straightforward, set dollar amount for a specific group of people. The explicit subsidy lowers the monthly premium paid by retired members enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually. The explicit subsidy was \$183 per month in 2009 which is the latest information currently available.

The implicit subsidy, set up under RCW 41.05.022, is more complex because it is not a direct payment from the employer on behalf of the member. Since claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, these retired members pay a premium based on a pool of members that, on average, are younger and healthier. There is an implicit subsidy from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were insured separately. The subsidy is valued using the difference between the age-based claims costs and the premium paid by the retiree. Retirees participating in the PEBB life insurance program received an explicit subsidy of \$5 per member per month in the calendar year 2010.

Port of Sunnyside

NOTE 11—OTHER POST-EMPLOYMENT BENEFITS (OPEB) (cont.):

In Washington State, the implicit and explicit subsidies have been funded on a pay-as-you-go basis, meaning that PEBB employers have paid these costs as they occurred. In the future, employers can continue to fund these liabilities on a pay-as-you-go basis, or they can be pre-funded. If employers continue pay-as-you-go funding, then a NOO (Net OPEB Obligation) accrues as the annual contributions fall short of the Annual Required Contribution (ARC). The Port of Sunnyside will continue funding on a pay-as-you-go basis. The plan is not pre-funded and therefore, has no investments or other assets. The PEBB OPEB plan does not issue a publicly available financial report.

Each participating employer in the plan is required to disclose additional information with regard to funding policy, the employer's annual OPEB costs and contributions made, the funded status and funding progress of the employer's individual plan and actuarial methods and assumptions used.

For information on the results of an actuarial valuation of the employer provided subsidies associated with the PEBB plan, refer to the State Actuary's website at: http://osa.leg.wa.gov/Actuarial_Services/OPEB/OPEB.htm. The website gives information on the assumptions utilized including inflation rate, investment return, projected salary increases, post-retirement benefit increases and healthcare cost trend rates.

Annual OPEB Cost and Net OPEB Obligation

The Port's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following tables show the components of the Port's annual OPEB cost for fiscal year 2011 and the preceding two years, the amount actually contributed to the plan, and changes in the net OPEB obligation (NOO):

<u>Annual OPEB Cost</u>	2011	2010	2009
Annual Required Contribution (ARC)	\$ 64,332	\$ 61,799	\$ 56,339
Interest on NOO	\$ 7,298	\$ 4,826	\$ 2,373
Amortization of NOO	\$ 5,406	\$ 3,575	\$ 1,758
Annual OPEB Cost	\$ 77,036	\$ 70,200	\$ 60,470
<u>Net OPEB Obligation (NOPEB)</u>			
NOO beginning of year	\$ 107,244	\$ 52,734	\$ -
Annual OPEB cost	\$ 62,574	\$ 60,934	\$ 52,734
Contributions made	\$ 7,634	\$ 6,424	\$ -
Net OPEB Obligation (NOPEB)	\$ 162,184	\$ 107,244	\$ 52,734
Change in NOPEB	\$ 54,940	\$ 54,510	\$ 52,734
OPEB % contributed	12%	11%	0%

The ARC was adjusted in 2011 as more information was available. The ARC in 2011 was \$64,332, \$61,799 in 2010, and \$56,339 in 2009. The covered payroll for 2011 was \$704,634, 2010 was \$685,707 and 2009 was \$672,185.

Port of Sunnyside

NOTE 11–OTHER POST-EMPLOYMENT BENEFITS (OPEB) (cont.):

The Port of Sunnyside began reporting OPEB liability in 2009 as prescribed by the Washington State Auditor's Office and has not funded any portion of the OPEB liability.

Fiscal Year Ended	Actuarial Value of Assets	Actuarial Accrued Liabilities Entry Age	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
12/31/2009	\$ -	\$ 317,496	\$ 317,496	0%	\$ 672,185	47%
12/31/2010	\$ -	\$ 385,397	\$ 385,397	0%	\$ 685,979	56%
12/31/2011	\$ -	\$ 452,046	\$ 452,046	0%	\$ 704,634	64%

Actuarial Methods and Assumptions

We have used the alternative measurement method permitted under GASB Statement 45. A single retirement age of 62.20 was assumed for all active members to determine the actuarial accrued liability (AAL) and normal cost. Retirement, disablement, termination, and mortality rates were assumed to follow the PERS 2 rates used in the June 30, 2007 actuarial valuation report issued by the Office of the State Actuary (OSA). Healthcare costs and trends were determined by Mercer and used by OSA in the state-wide PEBB study performed in 2008. The results were based on grouped data with four active groupings and four inactive groupings. The actuarial cost method used to determine the AAL was Projected Unit Credit. The AAL and NOO are amortized on an open basis as a level dollar over 10 years. The calculation uses an inflation rate of 1%, projected salary increases of 5%, active member growth 1.25% and healthcare cost inflation 7.5%. These assumptions are individually and collectively reasonable for the purposes of this valuation.

NOTE 12 – STEWARDSHIP, COMPLAINTS AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

NOTE 13 – OTHER DISCLOSURES

Prior Period Adjustments: There are no prior period adjustments to report.

Major Receivables: Thirteen industries discharge to the Industrial Waste Water Treatment Facility (IWWTF). In 2011, the amount billed was as follows:

Darigold	64%
Independent Foods	14%
Valley Processing	12%
The remaining eleven industries	10%.

Method of Calculation of Net Assets Invested in Capital Assets

Capital Assets
Less accumulated depreciation
<u>Less outstanding principal of capital-related debt</u>
Net assets invested in capital assets, net of related debt

Subsequent Events: There are no subsequent events to report.

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STATISTICAL



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STATISTICAL SECTION

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

Contents	Page
Financial Trends	66-67
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	68-71
These schedules contain information to help the reader assess the government's tax revenue source.	
Debt Capacity	72-75
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue debt in the future.	
Demographic and Economic Information	76-77
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	78-82
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

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

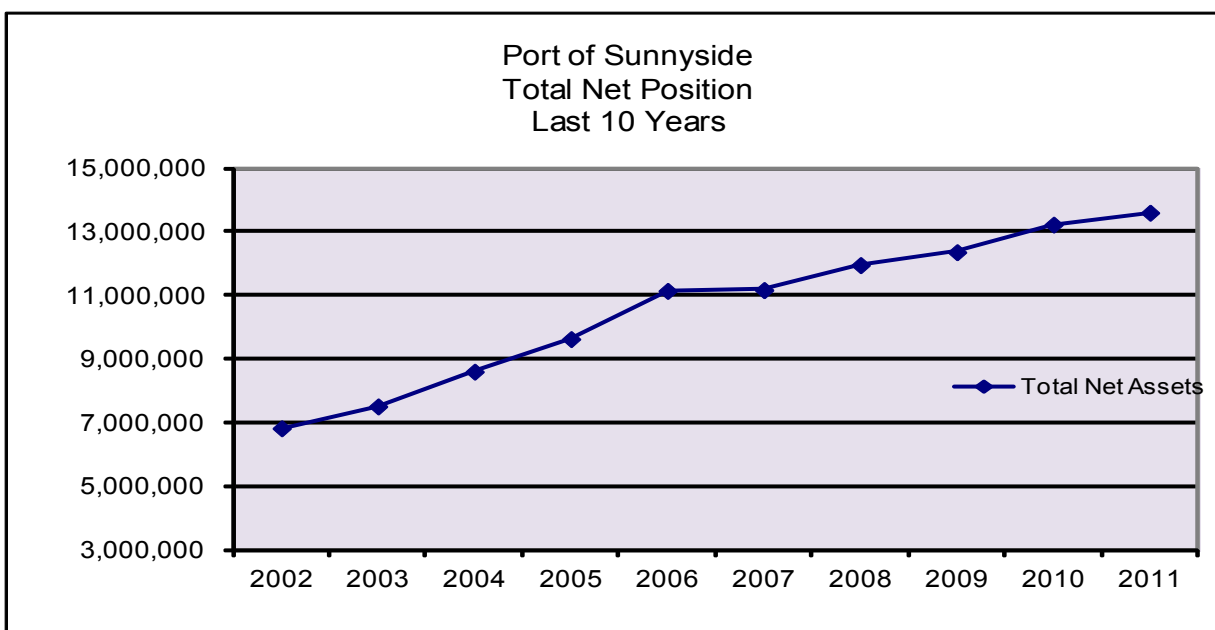
PORT OF SUNNYSIDE

NET POSITION BY COMPONENTS- LAST 10 YEARS

December 31, 2011

Year	Invested in Capital Assets, Net of Related Debt	Restricted	Unrestricted	Total Net Assets
2002	2,610,866	551,500	3,663,311	6,825,677
2003	3,212,716	748,000	3,553,322	7,514,038
2004	3,768,459	377,649	4,460,847	8,606,955
2005	5,515,775	1,190,170	2,924,904	9,630,849
2006	6,605,436	1,259,610	3,281,949	11,146,995
2007	6,797,820	1,332,949	3,043,019	11,173,788
2008	8,094,845	1,635,515	2,228,380	11,958,740
2009	8,020,340	1,706,270	2,638,265	12,364,875
2010	7,251,403	1,720,446	4,260,461	13,232,310
2011	7,493,676	1,154,697	4,956,748	13,605,121

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



PORT OF SUNNYSIDE

CHANGES IN NET POSITION - LAST 10 YEARS

December 31, 2011

YEAR	IWW OPERATING REVENUE	ADMIN & OTHER OPERATING REVENUE	NON OPERATING REVENUE	OPERATING EXPENSES	NON OPERATING EXPENSES	DEPRECIATION	CHANGE IN NET POSITION
2002	2,652,799	67,761	1,290,003	1,523,751	558,158	442,291	1,486,363
2003	2,529,991	167,943	2,650,513	1,614,242	2,589,846	470,583	673,776
2004	3,045,004	269,775	1,710,381	1,506,792	1,603,556	847,469	1,067,343
2005	2,736,404	271,357	791,450	1,660,012	620,593	819,282	699,324
2006	3,666,526	502,757	676,589	2,148,469	470,112	762,278	1,465,013
2007	3,228,970	390,438	748,590	3,004,749	473,623	862,834	26,793
2008	3,246,274	368,731	1,002,129	2,288,298	651,080	892,802	784,953
2009	3,353,756	315,983	1,061,157	2,477,075	877,111	970,576	406,135
2010	3,868,199	407,122	639,028	2,448,609	787,051	1,137,852	540,836
2011	3,771,182	429,562	555,573	2,482,331	733,552	1,167,623	372,811

PORT OF SUNNYSIDE

ASSESSED VALUE OF TAXABLE PROPERTY - LAST 10 YEARS

December 31, 2011

YEAR	ASSESSED VALUATION YAKIMA COUNTY	ASSESSED VALUATION PORT DISTRICT	RATIO OF PORT TO COUNTY ASSESSMENT
2002	9,846,504,348	917,149,958	9.31%
2003	10,197,814,475	956,363,949	9.38%
2004	10,471,352,952	998,264,354	9.53%
2005	11,062,056,969	1,002,728,119	9.06%
2006	11,861,783,103	1,060,158,505	8.94%
2007	12,599,607,728	1,131,719,573	8.98%
2008	13,676,652,623	1,227,335,303	8.97%
2009	14,532,869,869	1,270,450,694	8.74%
2010	14,492,460,315	1,258,239,451	8.68%
2011	15,056,805,667	1,291,213,979	8.58%

Source: Yakima County Assessor's Office

Note: Yakima County does not estimate actual value.

The Port of Sunnyside receives funds from property taxes only.

PORT OF SUNNYSIDE

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

Per \$1,000 of Assessed Value

December 31, 2011

<u>Year</u>	<u>Port of Sunnyside</u>	<u>Yakima County</u>			<u>School District</u>		<u>Cities and Towns</u>	<u>Special Districts</u>		<u>Totals</u>
		<u>County General Fund</u>	<u>Special Revenue Funds</u>	<u>County Debt Service</u>	<u>School District Average</u>	<u>State School Lew</u>		<u>Fire District</u>	<u>Regional Library</u>	
2002	0.438	1.711	2.600	0.087	3.714	2.902	2.936	1.339	0.500	16.227
2003	0.435	1.705	2.598	0.085	3.690	2.959	4.178	1.345	0.500	17.496
2004	0.429	1.686	2.573	0.082	3.591	2.926	3.997	1.390	0.496	17.171
2005	0.438	1.672	2.559	0.077	3.632	2.736	4.335	1.419	0.494	17.362
2006	0.432	1.622	2.445	0.072	3.521	2.503	4.364	1.439	0.475	16.873
2007	0.421	1.578	2.479	0.069	3.653	2.254	4.117	1.359	0.484	16.412
2008	0.398	1.498	2.419	0.063	3.482	2.027	3.867	1.345	0.462	15.561
2009	0.394	1.455	2.339	0.052	3.561	1.922	3.791	1.294	0.448	15.178
2010	0.408	1.494	2.396	0.053	3.725	2.092	3.689	1.315	0.460	15.632
2011	0.407	1.471	2.166	0.049	3.684	2.209	3.711	1.301	0.453	15.451

Source: Yakima County Assessor's Office

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

PORT OF SUNNYSIDE

PRINCIPAL PROPERTY TAX PAYERS - LAST 10 YEARS

December 31, 2011

Taxpayer	Type of Business	2011 Ranking	2011 Assessed Valuation	Percent of Total	2002 Ranking	2002 Assessed Valuation	Percent of Total
Darigold, Inc.	Cheese Plant	1	\$ 30,474,765	22.38%	1	\$ 41,738,500	0.42%
PacifiCorp	Utility - Power	2	18,564,672	13.63%	3	13,025,859	0.13%
United Telephone	Telephone Provider	3	17,767,971	13.05%	4	12,875,586	0.13%
Canam Steel Company	Steel Fabrication	4	13,488,810	9.91%	7	6,061,100	
Wal-Mart Real Estate Trust	Retail Store	5	12,685,730	9.32%	10	5,116,600	0.05%
Oord Farms	Dairy Farm	6	10,798,056	7.93%			
Valley Processing	Fruit Processor	7	9,182,129	6.74%	5	11,714,800	0.12%
Francis Realty Inc.	Retail Mall	8	8,515,200	6.25%	6	7,782,850	0.08%
John & Adrienne Van Wingerden	Landscaping, etc	9	7,381,628	5.42%			
Independent Food Processor	Fruit Processor	10	7,300,979	5.36%	8	5,454,350	0.06%
Yakima Chief US LLC	Hop Processing			0.00%	2	14,174,980	0.14%
Canadaigua Wine Co., Inc.	Wine Producer				9	5,181,400	0.05%
Total Assessed Valuation of Principal Taxpayers			\$ 136,159,940	100.00%		\$ 123,126,024	1.25%
Total Assessed Valuation of Yakima County			\$ 15,056,805,667	100.00%		\$ 9,846,504,348	100.00%

Source: Yakima County Assessor

Port of Sunnyside

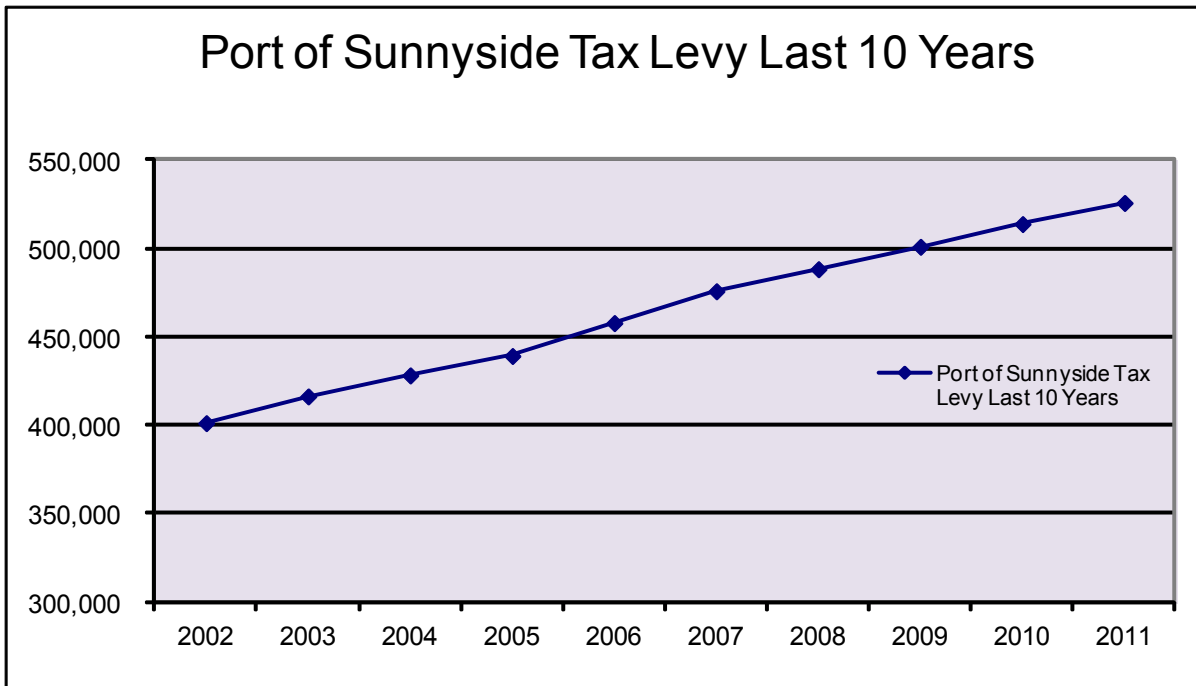
PORT OF SUNNYSIDE

PROPERTY TAX LEVIES AND COLLECTIONS - LAST 10 YEARS

December 31, 2011

Year Ended December 31	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2002	401,330	378,053	94.20%	23,103	401,156	99.96%
2003	416,447	389,378	93.50%	27,069	416,447	100.00%
2004	428,358	402,112	93.87%	26,226	428,338	100.00%
2005	439,348	414,375	94.32%	25,063	439,438	100.00%
2006	457,961	435,192	95.03%	22,590	457,782	99.96%
2007	475,975	455,265	95.65%	18,067	473,332	99.44%
2008	488,458	462,658	94.72%	28,256	490,914	100.50%
2009	501,168	470,816	93.94%	28,266	499,082	99.58%
2010	513,988	484,774	94.32%	12,053	496,826	96.66%
2011	525,954	503,042	95.64%	-	503,042	95.64%

Source: Yakima County Treasurer's Monthly and Annual Reports.



Port of Sunnyside

PORT OF SUNNYSIDE

RATIOS OF OUTSTANDING DEBT BY TYPE - LAST 10 YEARS

December 31, 2011

Fiscal Year	General Obligation Bonds	Revenue Bonds	Notes Payable	Total Debt	Ratio of Debt to Personal Income	Total Debt Per Capita
2002	385,000	3,395,000	2,228,252	6,008,252	0.12%	26.70
2003	315,000	7,865,000	1,923,702	10,103,702	0.18%	44.71
2004	240,000	6,160,000	6,177,887	12,577,887	0.22%	55.29
2005	165,000	5,775,000	5,800,600	11,740,600	0.20%	51.20
2006	85,000	5,380,000	6,007,261	11,472,261	0.19%	49.49
2007	-	4,970,000	6,576,804	11,546,804	0.18%	49.30
2008	1,535,000	9,545,000	5,943,339	17,023,339	0.25%	72.16
2009	1,455,000	9,095,000	5,707,667	16,257,667	0.22%	68.19
2010	1,375,000	8,625,000	5,451,388	15,451,388	0.20%	64.62
2011	1,290,000	8,135,000	4,877,360	14,302,360	0.18%	58.86

Note: Total Debt includes all long-term liabilities (see Note 9 in the Financial Section) including Notes payable.

Note: Personal income and population information can be found on the Demographic Statistics schedule in this section.

PORT OF SUNNYSIDE

RATIOS OF GENERAL BONDED DEBT OUTSTANDING - LAST 10 YEARS

December 31, 2011

Fiscal Year	General Obligation Bonds	% of GO Bonds to Assessed Valuation	GO Bonds Per Capita
2002	385,000	0.04%	1.71
2003	315,000	0.03%	1.39
2004	240,000	0.02%	1.05
2005	165,000	0.02%	0.72
2006	85,000	0.01%	0.37
2007	-	0.00%	-
2008	1,535,000	0.13%	6.51
2009	1,455,000	0.11%	6.10
2009	1,455,000	0.12%	6.09
2011	1,290,000	0.10%	5.31

Note: See the Assessed Value of Taxable Property schedule on page 64 for property value data.

Note: Population data can be found in the schedule of Demographic and Economic Statistics on page 73.

Port of Sunnyside

PORT OF SUNNYSIDE

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2011

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Yakima County	\$ 51,043,093	6.23%	\$ 3,178,115
Sunnyside School District	20,065,000	100.00%	20,065,000
City of Sunnyside	1,050,000	100.00%	1,050,000
Fire District #5	-	100.00%	-
Total Direct and Overlapping Debt			\$ 24,293,115

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

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

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

PORT OF SUNNYSIDE

LEGAL DEBT MARGIN INFORMATION - LAST 10 YEARS

December 31, 2011

(in thousands)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Total Assessed Value	\$1,291,214	\$ 1,258,239	\$1,270,451	\$1,227,335	\$1,131,720	\$1,060,159	\$1,002,728	\$998,264	\$956,364	\$917,150
Legal limit of 3/4 of 1% of Assessed Value	9,684	9,437	9,528	9,205	8,488	7,951	7,520	7,487	7,173	6,879
GO Bonds	1,290	1,375	1,455	1,535	-	85	165	240	315	385
Legal Debt Margin	\$ 8,394	\$ 8,062	\$ 8,073	\$ 7,670	\$ 8,488	\$ 7,866	\$ 7,355	\$ 7,247	\$ 6,858	\$ 6,494
Margin of Indebtedness available without a vote of the people (1/4 of 1% of Assessed Value)	\$ 1,938	\$ 1,771	\$ 1,721	\$ 1,533	\$ 2,829	\$ 2,565	\$ 2,342	\$ 2,256	\$ 2,076	\$ 1,908

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

Port of Sunnyside

PORT OF SUNNYSIDE

REVENUE BOND COVERAGE - LAST 10 YEARS

December 31, 2011

Year	Total Operating Revenues	Direct Operating Expenses	Non-Operating Revenues	Net Revenue Available for Debt Service	Debt Service Requirements Revenue Bonds		Total	Coverage Ratio
					Principal	Interest		
2002	2,795,085	1,407,888	311,791	1,698,988	270,000	220,082	490,082	3.47
2003	2,697,934	1,614,424	327,727	1,411,237	295,000	196,800	491,800	2.87
2004	3,314,779	1,506,792	332,005	2,139,992	370,000	311,530	681,530	3.14
2005	3,007,761	1,772,358	374,669	1,610,072	385,000	301,815	686,815	2.34
2006	4,169,283	2,148,469	355,788	2,376,601	395,000	290,160	685,160	3.47
2007	3,619,408	3,004,749	382,649	997,308	410,000	276,475	686,475	1.45
2008	3,615,004	2,288,298	486,142	1,812,848	430,000	364,732	794,732	2.28
2009	3,669,739	2,477,075	497,704	1,690,368	450,000	568,548	1,018,548	1.66
2010	4,275,321	2,448,609	507,446	2,334,158	470,000	548,773	1,018,773	2.29
2011	4,200,744	2,482,331	555,573	2,273,986	490,000	526,755	1,016,755	2.24

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

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

Direct Operating Expenses does not include depreciation.

Non-Operating Revenues include General purpose tax revenues.

PORT OF SUNNYSIDE

DEMOGRAPHIC AND ECONOMIC STATISTICS - LAST 10 YEARS

December 31, 2011

Fiscal Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Average Unemployment Rate
2002	225,000	5,214,375,000	23,175	47,964	9.8%
2003	226,000	5,499,032,000	24,332	48,463	9.8%
2004	227,500	5,606,282,500	24,643	49,026	8.7%
2005	229,300	5,795,786,800	25,276	48,750	7.6%
2006	231,800	6,137,368,600	26,477	48,812	7.4%
2007	234,200	6,549,403,000	27,965	48,837	6.3%
2008	235,900	6,728,882,370	28,524	49,673	7.5%
2009	238,400	7,453,576,000	31,265	58,763	9.0%
2010	239,100	7,624,970,730	31,890	50,954	9.8%
2011	243,000	7,904,329,758	32,528	51,234	9.9%

Data Sources:

Population data supplied by Washington State Office of Financial Management.

Per Capita Income supplied by Bureau of Economic Analysis. Note: 2008 - 2010 are estimates based on 2% increase.

School Enrollment Supplied by Educational Service District #105.

Unemployment Rate Supplied by State Unemployment - Labor Market Analysis

PORT OF SUNNYSIDE

YAKIMA COUNTY PRINCIPAL EMPLOYERS

December 31, 2011

Port of Sunnyside

	2011			2002		
	Employees	Rank	Percentage of Total Yakima County Employment	Employees	Rank	Percentage of Total Yakima County Employment
Yakima County Principal Employers						
Yakima Valley Memorial Hospital	2,500	1	2.61%	950	5	1.30%
Yakima County School District #7	1,723	2	1.80%	1,385	1	1.90%
Wal-Mart	1,700	3	1.78%	1,370	2	1.88%
Yakima Farm Workers Clinic	1,181	4	1.23%	-	-	-
Yakima County	1,015	5	1.06%	979	4	1.34%
Yakima Regional Medical Center	942	6	0.98%	-	-	-
AB Foods/WA Beef	850	7	0.89%	620	7	0.85%
City of Yakima	725	8	0.76%	602	8	0.83%
Sunnyside School District	670	9	0.70%	-	-	-
Yakima Nation Legends Casino	634	10	0.66%	-	-	-
Providence Health System	-	-	-	1,140	3	1.56%
Sno-kist	-	-	-	876	6	1.20%
Western Recreational Vehicles, Inc.	-	-	-	582	9	0.80%
Shields Bag & Printing Co.	-	-	-	520	10	0.71%
Total	11,940		12.47%	9,024		12.38%

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

Port of Sunnyside

PORT OF SUNNYSIDE

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION - LAST 10 YEARS

December 31, 2011

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
IWWTF*	9.00	9.75	9.93	10.20	11.79	12.50	12.60	13.68	12.52	12.66
Administration	1.50	1.75	2.00	2.00	2.00	2.50	2.50	2.50	3.00	3.00
Total	10.50	11.50	11.93	12.20	13.79	15.00	15.10	16.18	15.52	15.66

*IWWTF = Industrial Waste Water Treatment Facility

Source: District's Employment Security Quarterly reports

PORT OF SUNNYSIDE

IWWTF INDUSTRY RATES - LAST 10 YEARS

DECEMBER 31, 2011

YEAR	OPERATION	BOD	TSS	TKN	SBR-Chloride	SBR-TKN	CAPITAL	Capital SBR-Chloride	Capital SBR-TKN	Capital Dewatering
2002	1.0890	0.1200	0.1600	0.1000	NA	NA	0.8922	NA	NA	NA
2003	1.0960	0.1220	0.1600	0.1000	NA	NA	0.9542	NA	NA	NA
2004	1.0810	0.1420	0.0600	0.1900	0.0800	0.6500	0.8410	0.1475	1.0697	NA
2005	0.9980	0.1090	0.0600	0.2200	0.1900	1.3400	0.8374	0.1191	0.8369	NA
2006	1.2270	0.1070	0.0600	0.2400	0.2100	1.0300	0.8062	0.2294	1.1418	NA
2007	1.2940	0.0940	0.0600	0.2300	0.3100	1.5600	0.8033	0.2464	1.2190	NA
2008	1.4230	0.0970	0.1000	0.1000	0.2600	1.5800	0.7418	0.1861	1.1480	NA
2009	1.4010	0.0949	0.1200	0.0797	0.1967	1.0674	0.6079	0.1857	1.0099	0.0526
2010	1.3774	0.1262	0.1237	0.0796	0.1599	0.9157	0.6421	0.1724	0.9928	0.0803
2011	1.4932	0.1367	0.1264	0.0845	0.1630	1.1004	0.6591	0.1465	0.9916	0.0824

Operation Rate - Charged per 100 cubic feet of water discharged

Capital Rate - Charged on contracted hydraulic volume monthly

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

TSS Rate - Charged per pound of (TSS) total suspended solids discharged. Began in 2000.

TKN Rate - Charged per pound of (TKN) total nitrogen discharged. Began in 2000.

SBR Chloride Rate- Industries are charged a fixed amount in current year based on lbs.

discharged in previous year. Began in 2004.

TKN/SBR Rate- Industries are charged a fixed amount in current year based on lbs.

discharged in previous year. Began in 2004.

Port of Sunnyside

PORT OF SUNNYSIDE

MAJOR REVENUE SOURCE - IWWTF INDUSTRY CHARGES - LAST 10 YEARS

December 31, 2011

IWWTF INDUSTRY LIST	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
ADM/LSI	\$ 7,248	\$ 9,374	\$ 8,004	\$ 5,792	\$ 442	\$ -	\$ -	\$ -	\$ -	\$ -
Andrus and Roberts	2,984	3,108	2,882	2,875	2,812	2,807	2,834	2,666	2,784	2,743
Centennial Tank	27,016	21,054	31,619	18,057	18,885	20,601	20,755	15,579	13,772	14,495
Cream Wine	-	-	-	-	-	5,294	5,928	9,275	8,987	1,059
Curfman Steel Corp.	1,342	1,490	1,447	1,446	1,437	1,436	1,443	1,429	1,464	1,444
Darigold	1,514,756	1,339,718	1,834,625	1,645,417	2,585,330	2,262,618	2,323,189	2,295,069	2,658,289	2,494,403
DRR Fruit	22,068	25,949	30,969	27,503	37,371	29,479	38,758	44,121	41,667	60,644
G. D. Williams	799	799	799	798	799	799	799	799	849	849
Independent Foods	379,962	381,047	433,816	345,317	367,996	331,334	361,678	403,735	514,258	594,014
J. M. Eagle	2,099	3,667	2,340	2,972	3,482	3,295	2,997	2,789	2,684	2,584
Johnson Cannery	72,358	62,835	73,852	90,453	91,647	89,763	73,762	86,463	105,161	90,328
Johnson Concentrate	93,926	97,518	100,633	77,451	18,770	-	-	-	-	-
Johnson Fruit	54,949	120,974	138,656	109,102	125,990	152,114	101,418	154,775	163,334	139,897
Milky Way/LTI	12,931	11,674	10,249	12,770	21,125	25,534	32,436	36,662	32,698	32,439
Milne Fruit	-	1,434	642	200	-	-	-	-	-	-
Sun King	4,171	4,171	4,171	4,171	4,171	4,171	15,805	-	-	-
Tree Top	15,798	15,798	15,798	15,798	15,798	15,798	15,848	15,898	15,798	15,873
Valley Processing	293,334	312,430	347,711	343,997	324,836	261,823	236,013	274,213	294,303	310,175
Valley U. S. Grape	6,453	6,444	5,714	5,669	5,397	5,407	2,771	2,669	2,279	2,189
Washington Hills	9,398	8,735	13,079	13,773	15,056	5,741	-	-	-	-
Yakima Chief	34,288	33,080	33,656	30,772	25,182	10,956	9,841	7,884	9,873	8,046
TOTAL	\$2,555,879	\$2,461,299	\$3,090,664	\$2,754,333	\$3,666,526	\$3,228,970	\$3,246,274	\$3,354,025	\$ 3,868,199	\$3,771,182

Source: Port's internal records.

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

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

PORT OF SUNNYSIDE

CUBIC FEET OF WASTE WATER RECEIVED - LAST 10 YEARS

December 31, 2011

Port of Sunnyside

Industry	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
ADM/Sweetener	55,029	56,436	49,018	37,898	3,302	na	na	na	na	na
Centennial Tank	407,750	373,500	356,900	313,200	331,800	335,300	272,800	182,700	131,200	155,400
Cream Wine*	na	na	na	na	na	105,968	102,477	213,202	147,858	3,331
Curfman Steel	11,780	8,090	5,390	8,260	4,160	0	0	0	0	0
Darigold	27,161,800	23,594,500	22,101,900	23,071,200	27,872,648	30,466,856	31,612,308	28,176,925	28,573,833	27,555,653
DRR Fruit	409,400	277,300	373,000	424,100	639,000	540,800	702,100	953,900	668,030	1,095,794
G.D. Williams	0	0	0	0	0	0	0	0	0	0
Independent Foods	6,677,500	6,741,300	6,495,900	5,800,000	6,769,400	5,488,800	5,320,200	4,686,100	5,182,900	5,876,500
J.M. Eagle	41,301	104,623	172,501	111,394	141,848	119,503	85,977	50,341	34,605	256
Johnson Cannery	1,196,520	992,900	1,004,400	1,296,100	1,438,700	1,228,132	1,031,000	1,244,924	1,557,219	1,151,000
Johnson Concentrates	3,241,100	2,696,600	2,788,500	1,810,400	41,000	na	na	na	na	na
Johnson Food/Storage	635,555	1,778,100	1,730,100	1,243,030	1,621,900	1,474,248	887,548	1,556,505	1,747,062	1,663,017
Milky Way/ LTI.	351,310	321,302	272,040	479,713	541,400	655,190	739,850	773,610	539,038	439,200
Milne Fruit	0	0	0	0	0	0	0	0	0	0
Sun King Fruit	0	0	0	0	0	0	0	0	0	0
Tree Top	0	0	0	0	0	0	0	0	0	0
Valley Processing	6,869,500	6,845,300	7,694,000	8,837,400	8,278,200	5,870,400	5,323,798	5,821,800	5,336,400	5,073,400
Valley U.S. Grape	142,305	99,038	91,291	89,754	31,351	7,889	0	48,292	41,452	8,732
WA Hills/Apex Winery*	127,914	163,159	186,026	230,041	213,806	65,096	0	0	0	0
Yakima Chief	43,801	207,190	370,940	153,730	191,620	114,050	103,900	77,700	130,290	52,560
TOTAL	47,372,565	44,259,338	43,691,906	43,906,220	48,120,135	46,472,232	46,181,958	43,785,999	44,089,887	43,074,843

Source: Port's internal records.

*Note: Apex Winery was sold in 2007 and reopened as Cream Wine which has been counted as one industry in various statistics.

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

Port of Sunnyside

Port of Sunnyside

IWWTF CURRENT INDUSTRY LIST

December 31, 2011

<u>Industry</u>	<u>Type of Business</u>
Andrus and Roberts	Asparagus processing plant
Centennial Tank	Food grade shipping company
Curfman Steel Corp.	Metal Building Manufacturer
Darigold	Cheese plant
DRR Fruit	IQF fruit plant
Independent Foods	Fruit processing plant
Johnson Cannery	Fruit processing plant
Johnson Fruit	Fruit processing plant
Milky Way/LTI	Food grade shipping company
J. M. Eagle	Plastic pipe manufacturer
U. S. Grape (Snipes)	Grape Juice processor
Valley Processing	Fruit processing plant
Yakima Chief	Hop Extraction plant

With regard to capital fee only-A termination fee set forth in Section 5.3.1 of the User Contract provides assurance to prospective bond purchaser that each user would be responsible for its pro-rata share on "indebtedness" even if the user no longer discharged into the system. The termination fee was also implemented to protect other users of the system from having rates increased because another user terminated its contract. 1996 brought the announcement of Tree Top's decision to close their apple dehydration plant located in Sunnyside, WA. In 1998, Tree Top sold their plant to Curfman Steel Corp. Tree Top's pro-rata share of indebtedness is 3.75% of \$3,329,426 or \$173,334 including the 10% termination fee to be disbursed monthly at an interest rate of 7.10% until the year 2011. Sun King also sold their plant in 1998. Sun King's pro-rata share of the indebtedness is .99% of \$3,329,426 or \$36,257 including the 10% termination fee to be disbursed monthly at an interest rate of 7.10% until the year 2011. GD Williams sold their plant in 1999 to Sartin Trucking. GD Williams's pro-rata share of indebtedness is .19% of \$3,175,532 or \$6,636.56 including the 10% termination fee to be distributed monthly at an interest rate of 7.10% until the year 2011.

PORT OF SUNNYSIDE
 CAPITAL ASSET STATISTICS BY FUNCTION - LAST 10 YEARS
 December 31, 2011

IWWTF:	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Number of Industries Served	19	19	19	19	19	17	17	17	14	13
Volume of Waste Water Received	47,372,565	44,259,338	43,691,906	43,906,220	48,120,135	46,472,232	46,181,958	43,785,999	44,089,887	43,074,843
Maximum Daily Capacity (millions of gallons)	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45

Source: Port's internal records.

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

Port of Sunnyside, 2011 CAFR

Prepared by Carol Carter, Finance Officer