

PORT of SUNNYSIDE

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2009



Prepared by Carol Carter, Finance Officer

Port of Sunnyside
Sunnyside, Washington

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PORT OF SUNNYSIDE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended December 31, 2009

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INTRODUCTION

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June 29, 2010

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, 2009, 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, 2009, 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, 2009 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, 2008. This was the 11th 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.

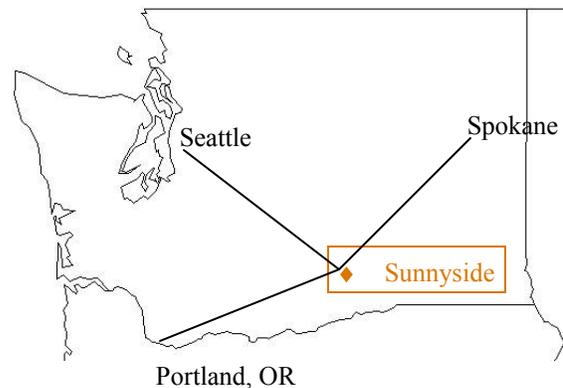
PROFILE OF THE PORT OF SUNNYSIDE-

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.

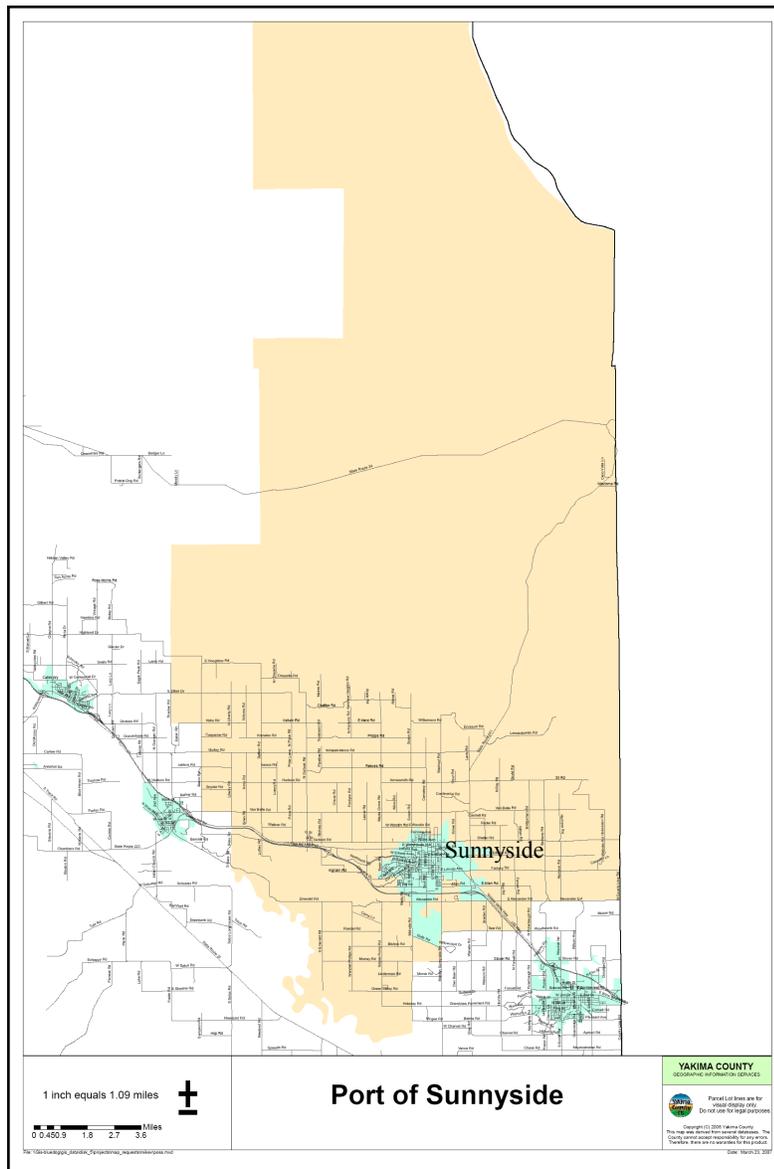
The Port is governed by a Board of Commissioners (Commission) who represent the three geographic sub-districts within the Port district. The Commission delegates administrative authority to the Executive Director to conduct daily operations.

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 heart 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 encompassed by the Port 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 fifteen 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 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 will be discharged to surface water in accordance with our Department of Ecology permits. This will reduce 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 of the waste water received.

Industrial Users

The seventeen 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 tied into the port. 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 2009, the Port received 43.8 million cubic feet of water discharged from the Users as compared to 46.2 million cubic feet in 2008. 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 2009, the discharge volume percentage was as follows:

- ▶ Darigold (cheese, dry milk and whey plant) 64.4%
- ▶ Valley Processing (fruit and juice plant) 13.3%
- ▶ Independent Foods (fruit and juice plant) 10.7%
- ▶ The remaining 11.6% of volume discharged is comprised of various fruit or vegetable processors, food grade shipping companies, a winery, steel building manufacturer and a pipe manufacturer.

Other than Darigold, whose monthly discharge is consistent year round, the discharge from the Users 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.

The plant at Sunnyside, Washington, is a major regional cheese production facility. It takes in approx. 4.4 million pounds of milk every day—most of it gathered within a 30 mile radius of the plant. The Sunnyside facility manufactured 172 million pounds of cheese in 2008, along with 93 million pounds of whey powder and 12 million pounds of whey protein concentrate 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.

When they first started operations 29 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 2009, they discharged 4.7 million cubic feet of waste water making them the 3rd 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 sales offices are 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: DRR Fruit, Johnson Cannery, & Johnson Fruit

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

Winery: Cream Wine

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 2009. 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.

2009 Project Summary

Golob Landing

The Port's 106 acre business park is located near the Sunnyside Municipal Airport, with access to all main highways and freeways. The park was approved as a Planned Unit Development by the City of Sunnyside and adopted into their comprehensive plan. The park was named in honor of Richard Golob, one of the Port's first Commissioners and the former land owner where the park is located.

The land was purchased by the Port in 1999 with the dream of making it a multi-parcel business park. The design engineering was done by Cascade Design from Milwaukie, Oregon. The project entailed construction and installation of roads, water lines, sewer lines, utilities, sidewalks, curbs, and gutters along with landscaping and sign placement.

In June 2008, the Port awarded Sharpe & Preszler Construction Co. Inc. the contract for construction of six acres of roadway to service the park and the 12 "site ready" parcels in Phase I of the development. The Port property is accessible to all utilities. The project was completed in 2009.

Doctors Swofford and Halma purchased the first parcel within the park in 2007. They completed construction of their medical clinic in 2009 and it is a state-of-the-art facility. It created 16 new jobs and has 23 patient rooms in the 9,000-square-foot building.

Funding for this project came from a General Obligation bond, Yakima County SIED (Supporting Investment in Economic Development) loans and grants, State of Washington CERB (Community Economic Revitalization Board) loan and grant, and the City of Sunnyside grant. We thank all of our partners in making this project possible. The end result is a beautiful addition to the community of Sunnyside.

JD 33.4 Piping

The Port of Sunnyside and Sunnyside Valley Irrigation District (SVID) have combined forces to pipe 1,300 feet of irrigation waters along Midvale Road. This project will cover an open irrigation ditch and make the land more attractive to potential buyers. This was done with economic development in mind and, along with that, the hopes of bringing more jobs to the Sunnyside community.

De-Watering Facility

In June 2008, the Port purchased a screw press and conveyors from FKC Incorporated through a sealed bid process. In the fall of 2009, the Port went out for an Invitation to Bid for the construction of the De-Watering Facility which houses the screw press and conveyors. This contract for construction was awarded to Fowler Construction. This newly constructed facility is scheduled to come on-line in the spring of 2010 and with this system, the Industrial Waste Water Treatment Facility will separate the suspended solids from the Port's industrial waste water supply.

Midvale Rail Park

The Port is in the midst of planning an Industrial Rail Park on 8 acres near Midvale Road. The property has been vacant for many years with its last use being one of the Port's original sprayfields. This project started with Bleyhls Farm Service needing property and a rail spur for the unloading and storing of propane gas. The Port has secured SIED and CERB funds for constructing a new road, utilities, and a rail spur. This small industrial park has convenient access from Interstate 82.

Vocation Skills and Technology Center

The Port of Sunnyside and the Sunnyside School District have co-operated in an effort to reduce high school dropout rates and unemployment rates while boosting economic development in the Lower Yakima Valley. The Port has provided the land and the School District has provided the structures, utilities, etc. to establish a Skills & Technology Center.

During the fall of 2007, the Skills Center opened and offered three programs: cosmetology, law enforcement and a certified nurses aide program. The Center is in the process of securing funds to build an 8,000 sq ft building, but couldn't wait to get started and has moved in portable structures for the interim. Full funding is expected from the state legislature in 2 years. More programs will be added in the future to further enhance the value of the Skills Center to our community.

The new Skills and Technology Center is a valuable resource where Lower Yakima Valley residents can gain the necessary skills to achieve better employment, earn higher wages and raise the overall standard of living of the Lower Valley. It is a place for employers, both existing and those considering a move to Yakima County, to turn for professional development of the local workforce.

This effort was brought about through ongoing meetings which included nine School Districts, Yakima Valley Community College, Yakima Valley Technical Skills Center, Perry Trade Institute, private employers and agencies. These concerned partners carefully planned the Center to address needs of low educational attainment, high dropout rates, low income levels and barriers to better employment for high school students, post-high school/new hires and incumbent workers. The Skills and Technology Center has the capacity to link businesses with training opportunities without the exorbitant travel costs. Fields of study are expected to cover both agriculture and non-agriculture career paths.

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.

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 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 has recently acquired 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 15 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 17 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 Cities Insurance Association of Washington 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; two 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, wine growing, 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 interest. 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 and 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 twentieth season, the Sunnyside Lighted Farm Implement Parade features over 50 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, 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 2009

Description	Number of Current Listings	Average List Price
5 Bedroom-all areas	73	\$413,388
4 Bedroom homes-all areas	212	\$296,055
3 Bedroom homes-all areas	477	\$217,742
1-2 Bedroom homes-all areas	142	\$118,815
All homes on the market	904	\$236,367

Average Homes Sold Prices

Year	Average Price
2009	\$166,696
2008	\$159,900
2007	\$145,858

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 western part of the state to semi-arid regions in the interior. The Cascade Mountains divide the state into two distinct regions. The western side of the state contains the majority of the population, located in urban areas, while the central and eastern regions are more sparsely populated. Farms in the west tend to be small, and dairy products, poultry and berries are the primary commodities produced. The eastern side of the Cascade Range has larger farms, 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 \$14.8 billion in 2008. 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 39,000 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.

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

Washington State's economy has experienced slowing growth, but has fared better than other parts of the United States during 2009. The "2009 Washington State Labor Market and Economic Report" notes that "Washington state unemployment peaked a little later (February 2008) than did the nation, but didn't suffer sustained losses until the second half of 2008. Since February 2009, the state has registered employment declines in 17 of the last 19 months. However, the state unemployment rate has been lower than the national rate since spring." The Washington State Employment Security Department's Labor Market and Economic Analysis reports, "National attention is focused on construction, financial and trade industries. The mortgage and credit problems hit these industries hardest. Locally, losses in jobs have been recorded in all three industries, but certainly not at the same rate as other parts of the country. Over the year, construction posted a decrease of 600 jobs. A good mix of jobs in both residential and commercial construction has helped construction avoid even more decreases. In the financial industry, both credit unions and banks have weathered the national storm. The third industry that is being watched is trade, which includes both wholesale and retail trade. Although taxable retail sales in Yakima County have fared better than state averages, the mix in the number of those employed in the county has changed somewhat, with wholesale jobs increasing by 16.7% since December 2008, while retail jobs have decreased by 8% over the year."

The average unemployment rate for Yakima County for 2009 was 8.9% with the year end rate at 11%. By comparison, the annual average unemployment rate across Washington was down to 7.5% in 2008 with the year end rate at 8.9%.

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.

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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 and fishing.

Following is a chart comparing the employment changes in Yakima County from 2008 to 2009.

Comparison of 2008-2009 Annual Average Employment Changes in Yakima County		
MAJOR EMPLOYMENT GROUP OR INDUSTRY	YAKIMA COUNTY 2008	YAKIMA COUNTY 2009
TOTAL NON-FARM	77,100	76,000
TOTAL PRIVATE	59,600	58,200
GOODS PRODUCING	11,400	10,000
NATURAL RESOURCES, MINING & CONSTRUCTION	3,700	3,200
MANUFACTURING	7,700	6,800
NON DURABLE GOODS	4,600	4,500
SERVICES PROVIDING	65,700	66,000
WHOLESALE TRADE	4,000	4,900
RETAIL TRADE	10,100	9,200
TRANSPORTATION, WAREHOUSING, & UTILITIES	3,100	3,200
PROFESSIONAL AND BUSINESS SERVICES	4,200	3,600
EDUCATION AND HEALTH SERVICES	12,500	14,400
HEALTH SERVICES	13,200	13,400
LEISURE AND HOSPITALITY	6,600	6,300
GOVERNMENT	17,500	17,800
FEDERAL GOVERNMENT	1,200	1,300
TOTAL STATE & LOCAL GOVERNMENT	16,300	16,500

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, 2009, were \$3,669,739 as compared to 2008's revenues of \$3,615,004. Total operating expenses for 2009 were \$3,447,651 as compared to 2008's of \$3,181,100. The Port's net non-operating revenues/expenses, including grants, decreased by \$167,002 from 2008. The total net assets for 2009 increased \$406,135 compared to \$784,953 in 2008. The following is comparative data from 2005 through 2009:

Year	2009	2008	2007	2006	2005
Operating Revenues	\$ 3,669,739	\$ 3,615,004	\$ 3,619,408	\$ 4,169,283	\$ 3,007,761
Operating Expenses	3,447,651	3,181,100	3,867,582	2,910,748	2,591,640
Income from Operations	222,088	433,904	(248,174)	1,258,535	416,121
Net Non-Operating revenues/ expenses & grants	184,047	351,049	274,967	206,477	283,203
Net Income	\$ 406,135	\$ 784,953	\$ 26,793	\$ 1,465,012	\$ 699,324

Port of Sunnyside

Balance Sheet at December 31, 2009

During 2009, the Port of Sunnyside's total assets decreased by \$699,743 or 2.3%. Total assets were \$29,501,391 at the end of 2009 compared to \$30,201,134 in 2008. The Port, at 12/31/09, had cash and investments of \$7,570,605 broken-down by \$5,864,335 in non-restricted and \$1,706,270 in restricted cash and investments. This was a decrease of \$1,178,869 from 2008 due to infrastructure construction projects.

Debt Administration

The Port, as of December 31, 2009, had \$1,455,000 in General Obligation Bonds and \$9,095,000 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 tabulation:

Port of Sunnyside
Revenue Bond Coverage
(Amounts expressed in thousands)

Fiscal Year	Gross Revenue (1)	Net Revenue		Debt Service Requirements (3)			Coverage
		Operating Expenses (2)	Available for Debt Service	Principal	Interest	Total	
2005	3,382	1,772	1,610	385	302	687	2.34%
2006	4,525	2,148	2,377	395	290	685	3.47%
2007	4,002	3,005	997	410	276	686	1.45%
2008	4,101	2,288	1,813	430	365	795	2.28%
2009	4,167	2,477	1,690	450	569	1,019	1.66%

(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 \$5,707,667 as of December 31, 2009. The largest of the contracts is with the Department of Ecology (\$2,808,142) 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 Washington Public Deposit Protection Commission (PDPC) has required all public depositories to collateralize public deposits at 100% as of June 30,

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 and 2008.

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.

Port of the Year

The Port of Sunnyside received the honor of being named Washington's Port of the Year in 2002. The award was given as an honor for the Port of Sunnyside's efforts to sustain existing business and help in paving the way for new companies to come to the area.

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, 2008

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.



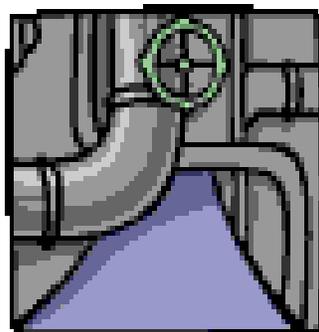
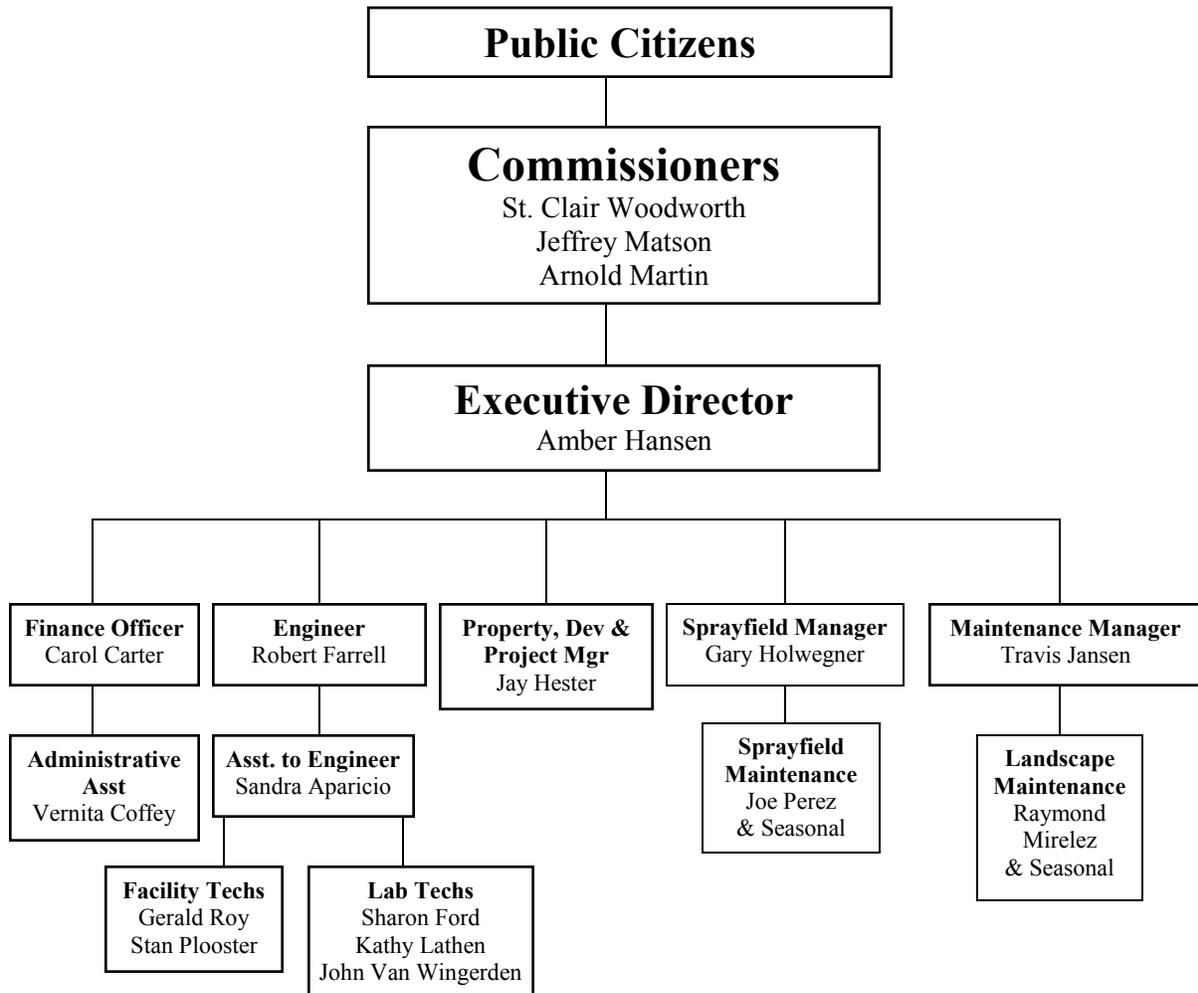
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President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

PORT OF SUNNYSIDE ORGANIZATIONAL CHART



PORT OF SUNNYSIDE
BOARD OF COMMISSIONERS - 2009

The Port of Sunnyside has a three member Board of Commissioners (Commission) that set policy and approve all major expenditures. The Commission has appointed an 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 and following Wednesday of each month, 7:00 p.m., at the Administration Office of the Port, (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. His current term expires December 31, 2011. He served as Vice President to the Commission in 2009. 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 Secretary in 2009. 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.

St. Clair Woodworth

Mr. Woodworth was appointed to the Commission in 1990, going on to be elected to office in 1991. In 2009, he served as President of the Commission. Mr. Woodworth was re-elected in November 2003. His current term expires December 31, 2009. He was born and raised in Sunnyside. He and his wife own and operate Woodworth Farms. They grow pumpkins and asparagus roots. Mr. Woodworth served in the U.S. Army for two years. He has served as President on the Asparagus Board, was a member of the Snipes Mountain Irrigation Board and received the Agri-Business person of the year award in 1989. He was chairman of the Sunnyside Lighted Implement parade for 4 years. He is a lifetime member of the Sunnyside Masonic Lodge and has been a member of the American Legion for over 50 years.



Port of Sunnyside

List of Principal Officials—December 31, 2009



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

FINANCIAL

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**Washington State Auditor
Brian Sonntag**

INDEPENDENT AUDITOR'S REPORT

June 15, 2010

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, 2009 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, 2009, 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.

In accordance with *Government Auditing Standards*, we will also issue our report dated June 15, 2010, 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.

The management's discussion and analysis on pages 33 through 37 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation



of the required supplementary information. However, we did not audit the information and express no opinion on it.

The information identified in the table of contents as the Introductory, Required Supplemental Schedules 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 express no opinion on it.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is written in a cursive, flowing style.

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, 2009. We 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, 2009, by \$12,364,875 or 42%. Of this amount, \$4,344,536 may be used to meet the District's ongoing obligations to citizens and creditors.
- At the end of 2009 the District's total combined cash & investment balance was \$7,570,605 which was a decrease of \$1,178,869 or 13% from 2008's balance and is 220% of 2009's operating expenses.
- The District's total net assets increased \$406,135 for 2009.
- The District's total long-term debt decreased by \$765,672 or 4.5%.
- The overall financial condition of the Port District remains strong at the end of 2009.
- The Port did not receive any economic stimulus funds from the federal government.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the Port of Sunnyside's basic financial statement. 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 Assets. 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 assets. The District is engaged only in business - type activities. Also, comparative years are being shown for 2009 & 2008 to offer the reader a better means of analyzing the District's condensed statements that follow.

Port of Sunnyside's Net Assets

	<u>Business Type Activities</u>	
	<u>2009</u>	<u>2008</u>
Current Assets and Other Assets	\$ 8,878,348	\$10,249,876
Capital Assets, Net Accumulated Depreciation	<u>20,623,043</u>	<u>19,951,258</u>
Total Assets	29,501,391	30,201,134
Current Liabilities	1,788,061	1,841,339
Long Term Liabilities	<u>15,348,455</u>	<u>16,401,055</u>
Total Liabilities	17,136,516	18,242,394
Investment in Capital Assets, Net of Related Debt	8,020,340	8,094,845
Restricted	1,706,270	1,635,515
Unrestricted	<u>2,638,265</u>	<u>2,228,380</u>
Total Net Assets	<u>\$12,364,875</u>	<u>\$11,958,740</u>

Major Factors Affecting the Statement of Net Assets - Total net assets increased in 2009 by \$406,135 due mainly to capital contribution grants used for infrastructure improvements to the Port's business and industrial property. The largest portions of the District's total assets (70%) 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 assets of the District are available for future use to provide and maintain existing and future services.

The largest portion of the District's total liabilities (95%) 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 Assets.

Port of Sunnyside

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

Changes In Net Assets -The following schedule reflects the Port of Sunnyside's condensed Changes in Net Assets, which increased by \$406,135 during 2009.

Port of Sunnyside's Changes in Net Assets

	<u>Business-Type Activities</u>	
	<u>2009</u>	<u>2008</u>
Revenues:		
Operating Revenues:		
IWWTF Operating Revenue	\$ 3,353,756	\$ 3,246,274
Property Rental Revenue	288,096	322,788
Other Revenue	27,887	45,942
Total Operating Revenues	3,669,739	3,615,004
Non-Operating Revenues:		
Interest Income	97,058	271,114
Tax Levy Income	497,705	486,142
Other Revenues	38,768	81,301
Total Non-Operating Revenues	633,531	838,557
Total Revenues	4,303,270	4,453,561
Expenses:		
IWWTF Operating Expenses	2,041,349	1,947,305
General & Admin Operating Expenses	435,726	340,993
Depreciation	970,576	892,802
Non Operating:		
Interest Expenses	877,111	571,975
Amortized Cost	21,701	21,701
Other Expenses	8,501	57,403
Total Expenses	4,354,964	3,832,179
Income Before Capital Contribution-Grant	(51,694)	621,382
Capital Contribution-Grants	457,829	163,571
Increase In Net Assets	406,135	784,953
Net Assets – January 1	11,958,740	11,173,787
Prior Period Adjustments	-----0-----	-----0-----
Net Assets – December 31	\$12,364,875	\$11,958,740

Port of Sunnyside

Analysis of the Schedule of Changes in Net Assets – The increase in net assets was \$406,135 in 2009 as compared with \$784,953 in 2008.

The majority of revenues received by the District (87%) are utility billing, property taxes and rental income. Other revenues consist of subsidies, grants and 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. 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 treatment and discharge.

Capital Assets

As of year-end of 2009, the District had capital assets valued at \$20,623,043 as reflected in the following schedule:

**Capital Assets at Year-end
(Net of Depreciation)**

	<u>Business-Type Activities</u>	
	<u>2009</u>	<u>2008</u>
<u>Capital Assets not being depreciated:</u>		
Land	\$ 5,419,583	\$ 5,360,213
Construction in Progress	1,770,659	2,376,804
<u>Capital Assets being depreciated:</u>		
Buildings	15,750,736	15,923,071
Improvements other than Buildings	2,397,174	89,674
Machinery and Equipment	4,771,835	4,749,206
Accumulated Depreciation	(9,486,944)	(8,547,710)
Total Capital Assets	\$ 20,623,043	\$ 19,951,258

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

	<u>Business-Type Activities</u>	
	<u>2009</u>	<u>2008</u>
Beginning Balance, January 1	\$ 19,951,258	\$ 19,072,123
Net Change	1,642,361	1,771,937
Depreciation	<u>(970,576)</u>	<u>(892,802)</u>
Ending Balance, December 31	<u>\$ 20,623,043</u>	<u>\$ 19,951,258</u>

Analysis of changes in Capital Assets - For year 2009 capital assets increased by \$1,642,361. The majority of this increase relates to infrastructure and other land improvements made to the Industrial Park.

Port of Sunnyside

Debt Service

At the end of 2009, the District had total debt of \$16,257,667 relating to G.O. Bonds, Revenue Bonds, Notes and Contracts outstanding which was a \$765,672 decrease over the previous year. Additional information regarding outstanding debt can be found in the District's Notes to Financial Statements Note 9 – Long Term Debt.

Outstanding Debt, At Year-end

	<u>2009</u>	<u>2008</u>
G O Bonds	\$ 1,455,000	\$ 1,535,000
Revenue Bonds	9,095,000	9,545,000
Notes & Contracts Payable	5,707,667	5,943,339
Total	\$16,257,667	\$17,023,339

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 Assets

December 31, 2009

page 1 of 2

ASSETS

CURRENT ASSETS:

Cash and Cash equivalents (Note 1-C.1)	\$	5,864,335
Restricted assets:		
Cash and Cash equivalents (Note 1-C.1 & C.4)		550,000
Taxes receivable (Note 1-C.3 & Note 3)		44,167
Accounts receivable (Note 1-C.3)		273,005
Interest receivable (Note 1-C.3)		17,738
Notes receivable (Note 1-C.3)		58,101
Other receivables (Note 1-C.3)		137,500
Prepays (Note 1-C.7)		61,263
Total Current Assets		7,006,109

NON-CURRENT ASSETS:

Restricted Assets:		
Cash and Cash equivalents (Note 1-C.1 & C.4)		1,156,270
Total Noncurrent Restricted Assets		1,156,270

Capital Assets: (Note 4)		
Capital Assets not being depreciated:		
Land		5,419,583
Construction in Progress		1,770,659
Capital Assets being depreciated:		
Buildings		15,750,736
Improvements other than Buildings		2,397,174
Machinery & Equipment		4,771,835
Less: Accumulated depreciation		(9,486,944)
Total Net Capital Assets		20,623,043

Other noncurrent assets:		
Notes Receivable (Note 1-C.3)		176,898
Deferred charges (Note 1-C.7 & Note 10)		216,225
Other debits (Note 1-C.7)		322,846
Total Other Noncurrent Assets		715,969

Total Non-Current Assets		22,495,282
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TOTAL ASSETS	\$	29,501,391
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SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

(cont. on page 2)

Port of Sunnyside

Yakima County, Washington

Statement of Net Assets

December 31, 2009

page 2 of 2

LIABILITIES

CURRENT LIABILITIES:

Warrants payable (Note 1-C.9)	\$	1,551
Accrued expenses (Note 1-C.9)		559,529
Accrued interest payable (Note 1-C.9)		84,074
Deferred Credits (Note 1-C.11 & Note 10)		59,228
Current portion of long-term obligations (Note 8)		1,081,279
Other current liabilities (Note 1-C.9)		2,400
Total Current Liabilities		1,788,061

NON-CURRENT LIABILITIES:

General Obligation bonds (Note 7)		1,375,000
Revenue bonds (Note 7)		8,625,000
Contracts payable (Notes 7)		5,176,388
Compensated Absences (Note 1-C.8)		10,662
Other post employment benefits (Note 11)		52,734
Deferred Credits (Note 1-C.11 & 10)		108,671
Total Non-Current Liabilities		15,348,455

TOTAL LIABILITIES

\$ 17,136,516

NET ASSETS:

Invested in capital assets, net of related debt		8,020,340
Restricted, for payment of debt (Note 8)		1,706,270
Unrestricted		2,638,265

TOTAL NET ASSETS

\$ 12,364,875

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Port of Sunnyside

Port of Sunnyside

Yakima County, Washington

Statement of Revenues, Expenses and Changes in Net Assets

For the fiscal year ended December 31, 2009

OPERATING REVENUES:	
IWWTF Operating Revenue	\$ 3,353,756
Property rental operations	288,096
Other Revenue	27,887
	<hr/>
Total Operating Revenues	3,669,739
OPERATING EXPENSES:	
IWWTF Operations	2,041,349
General & Administrative	435,726
Depreciation	970,576
	<hr/>
Total Operating Expenses	3,447,651
Operating Income (Loss)	222,088
NON-OPERATING REVENUES (EXPENSES):	
Investment Income	78,848
Contract and Note Interest	18,210
Taxes Levied For :	
General purposes	355,422
Debt service principal/interest	142,283
Interest expense	(877,111)
Other nonoperating revenues (expenses)	8,566
	<hr/>
Total Non-Operating Revenues (Expenses)	(273,782)
Income Before Capital Contribution - Grants	(51,694)
Capital Contributions:	
Grants	457,829
CHANGE IN NET ASSETS	406,135
NET ASSETS - beginning of period	11,958,740
NET ASSETS - end of period	\$ 12,364,875

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

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Port of Sunnyside

Statement of Cash Flows

page 1 of 2

For the fiscal year ended December 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers	\$ 3,556,289
Payments to suppliers	(1,529,041)
Payments to employees	(1,006,291)

<i>Net cash provided by operating activities</i>	1,020,957
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CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

Receipts of property taxes from Yakima County	492,834
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<i>Net cash provided by non-capital financing activities</i>	492,834
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Proceeds from capital debt	387,500
Capital contributions	457,829
Purchases of capital assets	(1,642,361)
Principal paid on capital debt	(1,153,172)
Interest paid on capital debt	(877,626)
Retainage and amortized debt	(85,004)

<i>Net cash provided (used) by capital and related financing activities</i>	(2,912,834)
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CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale and maturities of investments securities	6,596,804
Interest on investments	220,173

<i>Net cash provided by investing activities</i>	6,816,977
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<i>Net increase (decrease) in cash and cash equivalents</i>	5,417,935
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Balances - beginning of the year	2,152,670
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Balances - end of the year	\$ 7,570,605
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(cont. on page 2)

Port of Sunnyside

Yakima County, Washington

Statement of Cash Flows

For the fiscal year ended December 31, 2009

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

<i>Operating income (loss)</i>	\$ 222,088
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:	
Depreciation expense	970,576
Change in assets and liabilities:	
Receivables, net	(135,884)
Notes Receivable	22,434
Accounts and other payables	(103,845)
Accrued expenses	45,589
<i>Net cash provided by operating activities</i>	\$ 1,020,957

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Port of Sunnyside

Notes to Financial Statements

December 31, 2009

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. The Port of Sunnyside has elected not to apply Financial Accounting Standards Board (FASB) guidance issued after November 20, 1989 to the extent that it does not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

In June 1999, GASB approved Statement 34, *Basic Financial Statements-and Management Discussion and Analysis-for State and Local Governments*. This and consecutive statements are reflected in the accompanying financial statements (including notes to financial statements).

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 fifteen 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 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, which 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

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

43.09 RCW. The Port of Sunnyside uses the *Budgeting, Accounting and Reporting System for GAAP Port Districts* in the State of Washington.

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 assets. Their reported net assets are segregated into invested in capital assets, net of related debt, restricted and unrestricted net assets. Operating statements present increases (revenues and gains) and decreases (expenses and losses) in net total assets. 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 and producing and delivering goods 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 as operating revenue rent 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.

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, 2009, the treasurer was holding \$7,570,605 in short term residual investments of surplus cash. This amount is classified on the Statement of Net Assets as Cash and Cash Equivalents which includes \$306,600 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 2009 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

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

3. Receivables

Taxes receivable consists of property taxes and related interest and penalties. (See Note 3 – Property Taxes) Accrued interest receivable consists of amounts earned on investments, notes, and contracts as of the end of the year.

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.

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

Other receivables consist of a loan from Supporting Investment in Economic Development (SIED) which was approved in 2009 for which the funds were received in January 2010.

4. Restricted Assets and Liabilities

These accounts contain resources for debt service. The current portion of related liabilities are shown as part of *Non-Current Liabilities* (General Obligation bonds, Revenue Bonds, & Contracts Payable). 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	\$1,706,270
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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

Prepays- Prepays consist of amounts paid in 2009 which pay for 2010 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 \$322,846 as of 12/31/2009 and is reported as a noncurrent asset on the Statement of Net Assets.

8. Compensated Absences

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.

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

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 \$238 and compensatory time increased by \$149 in 2009. The balance for compensated absences was \$10,662 as of 12/31/09. 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.

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 12/31/09.

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 has 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).

INVESTMENTS

As of July 1, 2009, the Public Deposit Protection Commission adopted a resolution to establish new standards and reporting requirements for public depositories. In that resolution, the PDPC required all public depositories in the State of Washington to collateralize their uninsured public deposits at 100 percent. This made it impossible for governments to invest excess funds in Certificate of Deposits since the banks did not wish to set aside 100% of that deposit. Therefore, all of the Port's excess funds were in the Local Government Investment Pool or in NOW accounts at our local bank which are both considered Cash and Cash Equivalents.

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 2009 was \$ 0.39448035 per \$1,000 on an assessed valuation of \$1,270,450,694 for a total regular levy of \$501,168 less adjustments of \$3,463 for a total of \$497,705. In 2008, the regular levy was \$488,458.

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 2008, 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 – 10 to 20 years and Machinery & equipment – 2 to 25 years.

Port of Sunnyside

NOTE 4—CAPITAL ASSETS AND DEPRECIATION (cont.)

B. Capital assets activity for the year ended December 31, 2009 was as follows:

	Beginning Balance 01/01/09	Increases	Decreases	Ending Balance 12/31/09
Capital Assets, not being depreciated:				
Land	\$ 5,360,213	\$ 59,370	\$ -0-	\$ 5,419,583
Construction in Progress	2,376,804	1,770,659	2,376,804	1,770,659
Total capital assets, not being depreciated	7,737,017	1,830,029	2,376,804	7,190,242
Capital assets, being depreciated:				
Buildings	15,923,071	4,630	176,965	15,750,736
Improvements other than buildings	89,674	2,367,062	59,562	2,397,174
Machinery & equipment	4,749,206	53,970	31,341	4,771,835
Total capital assets	20,761,951	2,425,662	267,868	22,919,745
Less accumulated depreciation for:				
Buildings	(6,176,848)	(618,023)	-0-	(6,794,871)
Improvements other than buildings	(29,883)	(125,938)	-0-	(155,821)
Machinery and equipment	(2,340,979)	(223,390)	(28,117)	(2,536,252)
Total accumulated depreciation	(8,547,710)	(967,351)	(28,117)	(9,486,944)
Total capital assets, being depreciated, net	\$12,214,241	\$1,458,311	\$ 239,751	\$13,432,801

C. Construction Commitments

The Port of Sunnyside has active construction projects as of December 31, 2009.

The projects include:

Project	Spent to Date	Remaining Commitment
De-watering Facility	\$ 1,482,382	\$ 785,224
Piping of JD 33.4	218,597	-0-
Pilot Wetland	22,227	-0-
Bleyhl – Rail Park	47,453	-0-
Total	\$ 1,770,659	\$ 785,224

NOTE 5 - RETIREMENT 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 and defined contribution 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

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.

Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS participants 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 participants joining the system 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 retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

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 annual benefit is two percent of the average final compensation (AFC) per year of service, capped at 60 percent. (The AFC is based on the greatest compensation during any 24 eligible consecutive compensation months.) This annual 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 who retire 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) is granted at age 66 based upon years of service times the COLA amount, which is increased three percent annually. 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 three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

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

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service with an allowance of two percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced 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 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 benefit calculated at one percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) 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 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 to retire with full benefits at age 65, or they may retire at age 55 with 10 years of service. PERS Plan 3 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice 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.

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 Employee Retirement Benefits Board.

There are 1,192 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2008:

Retirees and Beneficiaries Receiving Benefits	73,122
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	27,267
Active Plan Members Vested	105,212
Active Plan Members Non-vested	56,456
Total	262,057

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

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at six 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 Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; 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, 2009 are as follows:

	PERS PLAN 1	PERS PLAN 2	PERS PLAN 3
Employer*	5.31%**	5.31%**	5.31%***
Employee	6.00%****	3.90%****	*****

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

** The employer rate for state elected officials is 7.89% for Plan 1 and 5.31% 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 3.90% for Plan 2.

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

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
2009	\$ 2,394	\$ 14,650	\$ 26,288
2008	\$ 457	\$ 15,807	\$ 25,594
2007	\$ 1,515	\$ 10,834	\$ 19,826

NOTE 6 - RISK MANAGEMENT

The Port of Sunnyside is not self-insured. The Port of Sunnyside is an associate member of the Cities Insurance Association of Washington. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provision of Chapter 39.34 RCW, the Interlocal Cooperation Act. The pool was formed on September 1, 1988 when 34 cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2009, the CIAW had 86 regular members and 170 associate members.

The pool allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, account education, claims handling etc. Coverage for Employment Practices and Management Liability is on a "claims made basis". All other coverages are on an "occurrence basis". The pool provides the following forms of group purchased insurance coverage for its members: property, general liability, law enforcement liability, automobile liability, employment practices liability, boiler and machinery, bonds of various types, and management liability.

The pool acquires liability insurance through St. Paul Fire & Marine Insurance Company (Travelers) that is subject to a per-occurrence deductible of \$100,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$99,000. Insurance carrier covers insured losses over \$100,000 to the limits of each policy. Since the pool is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$99,000 portion of the deductible. The pool also purchases a Stop Loss Policy in the amount of \$5,500,000 to cap the total claims paid by the pool in any one year.

Property insurance is subject to a pre-occurrence deductible of \$10,000. Members are responsible for the first \$1,000 of the deductible amount of each claim while the pool is responsible for the remaining \$9,000.

Boiler and machinery insurance is subject to a pre-occurrence deductible of \$2,500. Members are responsible for the deductible amount for each claim.

Each new regular member pays the pool an admittance fee. The amount covers the member's share of unrestricted reserves. Members contract to remain in the pool for a minimum of one year, and must give notice before August 31 before terminating participation the following September 1. The Interlocal Governmental Agreement is renewed automatically each year. Even after termination, a member remains responsible for contributions to the pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Governmental Agreement.

The pool is fully funded by its member participants. Claims are filed by members with Canfield & Associates, which has been contracted to perform pool administration, claims adjustment and administration and loss prevention for the pool. Fees paid to the third party administrator under this arrangement for the years ended August 31, 2008 and 2009 were \$1,321,289 and \$1,389,379 respectively.

Port of Sunnyside

NOTE 6 – RISK MANAGEMENT (cont.)

A governing board is selected by the membership and is responsible for conducting the business affairs of the pool. The Board of Directors has contracted with Canfield & Associates to perform day-to-day administration of the pool. The pool has no employees. Copies of the pool’s annual report may be obtained by writing to 451 Diamond Drive, Ephrata, WA 98823.

In comparison to prior years, there were no significant changes in the types and coverage’s of insurance policies purchased by the Port in 2009. Also, settled claims have not exceeded commercial insurance coverage in any of the past three years.

General Liability Limit	\$ 10,000,000
Umbrella	\$ 10,000,000
Public Officials	\$ 10,000,000
Employee Fidelity Auditor	\$ 500,000
Employee Fidelity	\$ 500,000
Employment Practices	\$ 5,000,000
Boiler & Machinery	\$ 10,000,000
Vehicles	\$ 10,000,000
Deductibles	\$ 1,000-10,000

NOTE 7 - LONG TERM DEBT

A. Long Term Debt

The Port of Sunnyside issues General Obligation and Revenue bonds to finance the purchase of land and/or buildings and the acquisition or construction of the Industrial Wastewater Treatment Facility and its improvements. 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	2009-2018	3.00–4.125 %	\$1,535,000	\$ 80,000

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

Year Ending December 31	Principal	Interest
2010	\$ 80,000	\$ 59,882
2011	85,000	57,483
2012	85,000	54,763
2013	90,000	51,872
2014	90,000	48,722
2015-2019	520,000	186,980
2020-2023	505,000	60,865
Total	\$ 1,455,000	\$ 520,567

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
2002 Refunding Issue	2002-2011	2.00-4.80 %	\$ 2,480,000	\$ 285,000
2003 Wastewater Plant Improvements	2003-2011	2.20-6.10 %	\$ 4,470,000	\$ 175,000
2008 De-watering Facility	2009-2021	4.00-6.70 %	\$ 5,000,000	\$ 10,000

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

Year Ending December 31	Principal	Interest
2010	\$ 470,000	\$ 548,773
2011	490,000	526,755
2012	515,000	503,240
2013	540,000	477,490
2014	595,000	444,636
2015-2019	3,815,000	1,610,106
2020-2023	2,670,000	338,320
Total	\$ 9,095,000	\$ 4,449,320

The contracts payable outstanding are as follows:

Contracts Payable						
Description	Original Loan	Maturity Date	Interest Rate	Loan Balance 12/31/08	Loan Balance 12/31/09	Current Portion
SIED Loan - Horizon	230,000	06/01/11	2.700%	74,685	50,450	24,889
SIED Loan - Midvale Road	225,000	06/01/13	6.490%	130,041	107,197	24,327
SIED Loan - Midvale Road 2	50,000	06/01/13	2.300%	27,294	22,081	5,333
SIED Loan - Blueline Mfg	62,500	06/01/14	3.938%	52,924	44,932	8,306
SIED Loan - SBR	250,000	06/01/18	1.080%	166,667	150,000	16,667
SIED Loan - KIE (Bauerle)	88,000	06/01/15	6.187%	88,000	81,958	11,694
SIED Loan - Medical Clinic	225,000	06/01/14	6.187%	196,871	168,780	29,829
SIED Loan - Dewatering	250,000	06/01/18	2.440%	0	224,386	22,596
SIED Loan - Bleyhl	137,500	06/01/19	2.440%	0	137,500	13,740
Land Purchase - Golob	1,131,040	09/30/14	5.500%	596,991	402,358	88,757
Land Purchase - Smith	92,948	12/17/09	7.000%	12,212	0	0
Land Purchase - Veiga	557,400	02/01/17	6.000%	473,753	427,025	49,618
Benton REA 1	40,000	11/30/12	5.000%	17,954	13,682	4,480
Benton REA 2	200,000	12/31/12	0.000%	80,000	60,000	20,000
CERB 1	477,873	07/01/13	0.000%	119,468	95,575	23,894
CERB 2	500,000	01/01/25	0.000%	425,000	400,000	25,000
CERB E Edison	513,600	01/01/29	0.000%	513,600	513,600	0
DOE Loan	3,381,818	05/10/25	1.500%	2,967,879	2,808,142	162,149
Total	\$ 8,412,679			\$ 5,943,339	\$ 5,707,666	\$ 531,279

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
2010	\$ 531,279	\$ 123,612
2011	546,432	108,280
2012	565,843	90,553
2013	558,802	72,799
2014	423,128	54,270
2015-2019	1,574,964	142,845
2020-2024	1,238,414	48,229
2025-2029	268,804	761
Total	\$ 5,707,666	\$ 641,349

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, 2009, the Port of Sunnyside has \$993,652 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 \$2,480,000 in revenue bonds issued in 2002, \$4,470,000 issued in June, 2003 and \$5,000,000 issued in August, 2008. Proceeds from the 2002 bonds provided financing for various projects, 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 is scheduled for completion 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. 30% of net revenues. The total principal and interest remaining to be paid on the bonds is \$13,544,320. Principal and interest paid for these bonds during the current year and total Wastewater Treatment Facility revenue were \$1,018,547 and \$3,353,756, respectively.

B. Changes in Long-Term Liabilities

During the year ended December 31, 2009, the following changes occurred in long-term liabilities:

	Beginning Balance 01/01/09	Additions	Reductions	Ending Balance 12/31/09	Due Within One Year
Bonds Payable:					
GO Bonds	\$ 1,535,000	-0-	\$ 80,000	\$ 1,455,000	\$ 80,000
Revenue Bonds	9,545,000	-0-	450,000	9,095,000	470,000
Notes & Contracts payable	5,943,339	387,500	623,173	5,707,666	531,279
Compensated Absences	10,752	44,430	44,520	10,662	500
OPEB	-0-	52,734	-0-	52,734	1,000
Total Long-Term Liabilities	\$ 17,034,091	\$ 484,664	\$ 1,197,693	\$ 16,321,062	\$1,082,779

NOTE 8 – RESTRICTED NET ASSETS

The district's statement of net assets reports \$1,706,270 of restricted net assets, \$1,195,918 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- 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. (Other than the instances described above.) 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, \$95,673 in 2003 and \$45,842 in 2002 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, the 2003 RO Bond portion will be amortized over 20 years and the 2002 RO Bond portion will be amortized over 10 years. These costs resulted from Bond issuance costs. The December 31, 2009 balance of Deferred Charges is \$216,225.

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 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFIT

The Port of Sunnyside does not have an established defined benefit OPEB plan, therefore, GASB 43 does not apply.

Plan Description: The Port of Sunnyside is a member of the Washington Public Employees Benefits Board (PEBB) as made available under WAC 182-12-111. PEBB offers a comprehensive benefits package that includes medical, dental, life and long term disability coverage. The Health Care Authority (HCA) is the administrating agency. The PEBB program and the HCA design the benefit and eligibility packages to purchase insurance for multiple employers and over 318,000 members. Insurance coverage is purchased through competitive bids and is available through a number of private insurance companies (like Group Health). In addition, the HCA self-insures and administers the Uniform Medical Plan which the Port of Sunnyside offers to its employees.

Port of Sunnyside

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFIT (cont.)

Funding Policy: The contribution requirements of plan members and the state are established and, may be, amended by the Public Employees Benefits Board. The required contribution is based on projected “pay as you go” financing requirement.

Annual OPEB Cost and Net OPEB Obligation: The Port pays monthly premiums to the Health Care Authority for current employees. These premiums include an implicit rate subsidy for any retirees enrolled in our plan. The Port of Sunnyside utilized the calculation tool offered through the Office of the State Actuary, the results of which are shown below.

We have used the alternative measurement method permitted under GASB Statement 45. A single retirement age of 61.22 was assumed for all active members. Termination and mortality rates were assumed to follow the PERS 2 termination and mortality rates used in the September 30, 2005 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 2007. The results were based on grouped data with 4 active groupings and 4 inactive groupings. The actuarial cost method used to determine the actuarial accrued liability was Projected Unit Credit. These assumptions are individually and collectively reasonable for the purposes of this valuation.

The Annual Required Contribution 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). Funding status can be found at the state-wide Public Employees Benefits Board study performed in 2008. The following tables show the components of the PEBB annual OPEB cost for the year as well as the assumptions and results of the assumptions. The net OPEB Obligation (NOO) of \$52,734 is reported on the Statement of Net Assets.

Inputs:	20-34	35-44	45-54	55+
Number Active	2	3	4	6
Active Age	29	40	49	59
Percent Male	50%	100%	75%	33%
Active Service	5	3	4	9
	20-65	66-71	72-79	80+
Number Inactive	0	1	0	1
Inactive Age	0	72	0	83
Percent Male	0%	100%	0%	100%

Sensitivities:	
Medical Inflation	+ or – 1.0%
Inflation Period	10 Years
Active Member Growth	1.25%
Employer:	
Annual Budgeted Expenditures	\$ 5,601,850
Annual Budget Growth	5.00%

Key Results:

<u>Actuarial Accrued Liability (AAL)</u>	\$ 317,496
<u>Annual Required Contribution (ARC)</u>	\$ 56,339
<u>Annual OPEB Cost</u>	\$ 56,339
<u>Net OPEB Obligation (NOO)*</u>	\$ 52,734

NOTE 12 – OTHER DISCLOSURES

Subsequent Events: On April 7, 2010, the Commission approved an agreement for reconveyance of Lot 9B in the Golob Landing Business Park by Gregg and Anita Marris (aka Blueline Manufacturing). Marris had originally agreed to purchase 2 parcels. Because of a decline in business due to the recession, Marris requested a partial rescission of the initial sale agreement to consolidate the intended manufacturing and retail activities. The partial rescission was completed effective October 21, 2009 which reduced the principal balance to \$144,575. In April 2010, Marris notified the Port that financing could not be secured for constructing the building as intended. The Port exercised its right to repurchase the land and, by agreement, Marris reconveyed Lot 9B to the Port in satisfaction of the remaining debt to the Port. In summary: The purchase price for both lots was \$355,125. The note for both parcels was \$325,125 after a \$30,000 down payment. After the 2nd parcel was deleted, the balance of the note as of December 31, 2009 was \$144,575.

Superb weather and rich soil make the Sunnyside area one of the best agricultural areas in the Northwest.

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 These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	64-65
Revenue Capacity These schedules contain information to help the reader assess the government's tax revenue source.	66-69
Debt Capacity 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.	70-73
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	74-75
Operating Information 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.	75-80

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

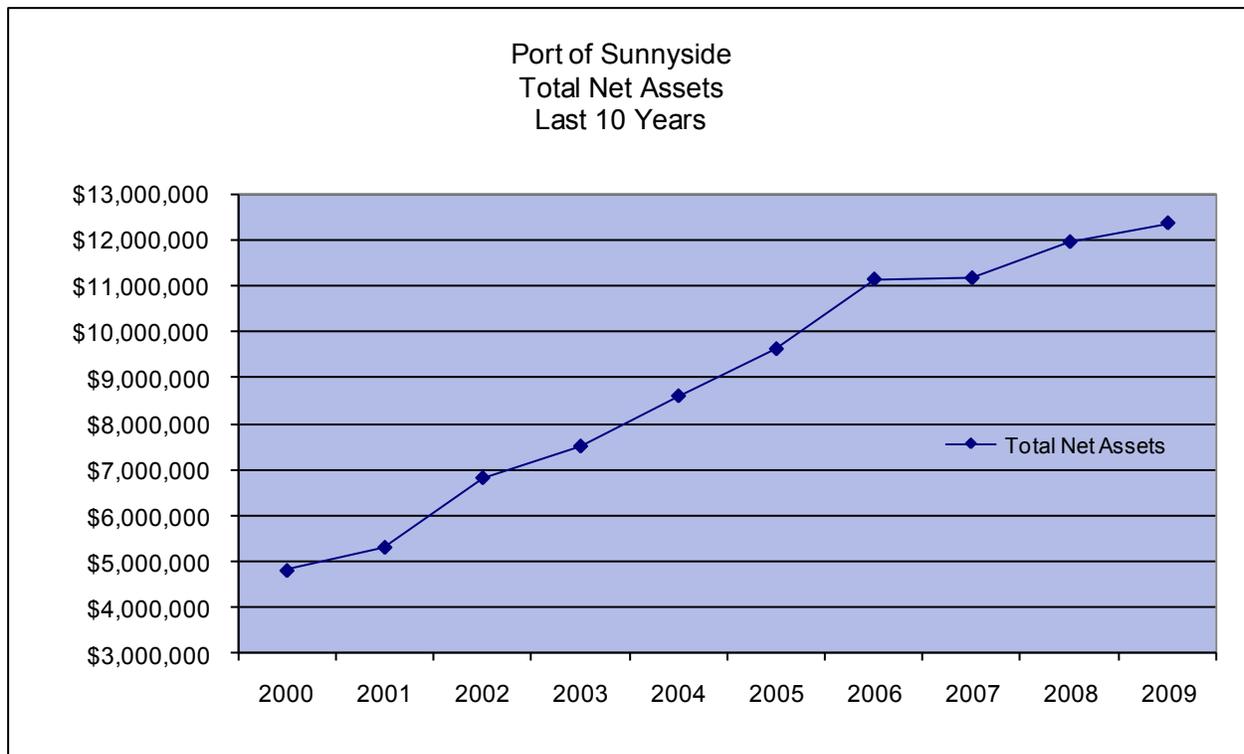
PORT OF SUNNYSIDE

NET ASSETS BY COMPONENTS- LAST 10 YEARS

December 31, 2009

Year	Invested in Capital Assets, Net of Related Debt	Restricted	Unrestricted	Total Net Assets
2000	\$ 1,265,912	\$ 551,500	\$ 2,988,688	\$ 4,806,100
2001	1,120,903	551,500	3,638,377	5,310,780
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

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



PORT OF SUNNYSIDE

CHANGES IN NET ASSETS - LAST 10 YEARS

December 31, 2009

YEAR	IWW OPERATING REVENUE	ADMIN & OTHER OPERATING REVENUE	NON- OPERATING REVENUE	OPERATING EXPENSES	NON- OPERATING EXPENSES	DEPREC.	CHANGE IN NET ASSETS
2000	\$ 2,059,979	\$ 63,513	\$ 781,394	\$ 1,197,548	\$ 869,937	\$ 486,570	\$ 350,831
2001	2,309,750	153,787	1,765,972	1,301,592	1,953,389	479,891	494,637
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

PORT OF SUNNYSIDE

ASSESSED VALUE OF TAXABLE PROPERTY - LAST 10 YEARS

December 31, 2009

YEAR	ASSESSED VALUATION YAKIMA COUNTY	ASSESSED VALUATION PORT DISTRICT	RATIO OF PORT TO COUNTY ASSESSMENT
2000	\$ 9,227,653,300	\$ 829,978,629	8.99%
2001	9,646,266,867	888,120,031	9.21%
2002	9,846,504,348	917,149,958	9.31%
2003	10,197,814,475	962,250,021	9.44%
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%

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, 2009

Year	Port of Sunnyside	Yakima County			School District		Cities and Towns	Special Districts		Totals
		County General Fund	Special Revenue Funds	County Debt Service	School District Average	State School Levy		Fire District	Regional Library	
2000	\$ 0.430	\$ 1.712	\$ 2.600	\$0.093	\$3.668	\$3.348	\$3.248	\$ 1.338	\$ 0.500	\$ 16.937
2001	0.435	1.705	2.588	0.089	3.674	3.246	4.266	1.355	0.500	17.859
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

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, 2009

Taxpayer	Type of Business	2009 Ranking	2009 Assessed Valuation	Percent of Total	2000 Ranking	2000 Assessed Valuation	Percent of Total
Darigold, Inc.	Cheese Plant	1	\$ 32,112,866	0.22%	1	\$ 41,590,333	0.48%
Pacificorp	Utility - Power	2	20,623,967	0.14%			0.00%
United Telephone	Telephone Provider	3	15,547,044	0.11%			0.00%
Canam Steel Company	Steel Fabrication	4	13,596,142	0.09%			
Oord Dairy	Dairy Cattle	5	10,608,491	0.07%			
Wal-Mart Real Estate Trust	Retail Store	6	10,478,310	0.07%	5	4,984,582	0.06%
Valley Processing	Fruit Processor	7	10,401,491	0.07%	4	5,857,696	0.07%
Francis Realty Inc.	Retail Mall	8	7,691,350	0.05%	3	6,075,043	0.07%
Asectial Wine Estates	Wine Producers	9	7,024,326	0.05%			
Independent Food Processors	Fruit Processor	10	6,972,759	0.05%	2	6,077,090	0.07%
Gjd LLC	Dairy Cattle						
Yakima Chief US LLC	Hop Processing				8	3,677,208	0.04%
Rancho San Marcos Properties	Retail Store				6	4,667,394	0.05%
Van de Graaf Ranches Inc	Cattle				9	3,494,053	0.04%
Pacific Western Extruded Plastic	PVC Pipe Mfg				7	3,999,392	0.05%
James & Andrea Clay	Retirement Home				10	3,270,765	0.04%
Total Assessed Valuation of Principal Taxpayers			\$ 135,056,746	0.93%		\$ 83,693,555	0.96%
Total Assessed Valuation of Yakima County			\$14,532,869,869	100.00%		\$8,674,291,903	100.00%

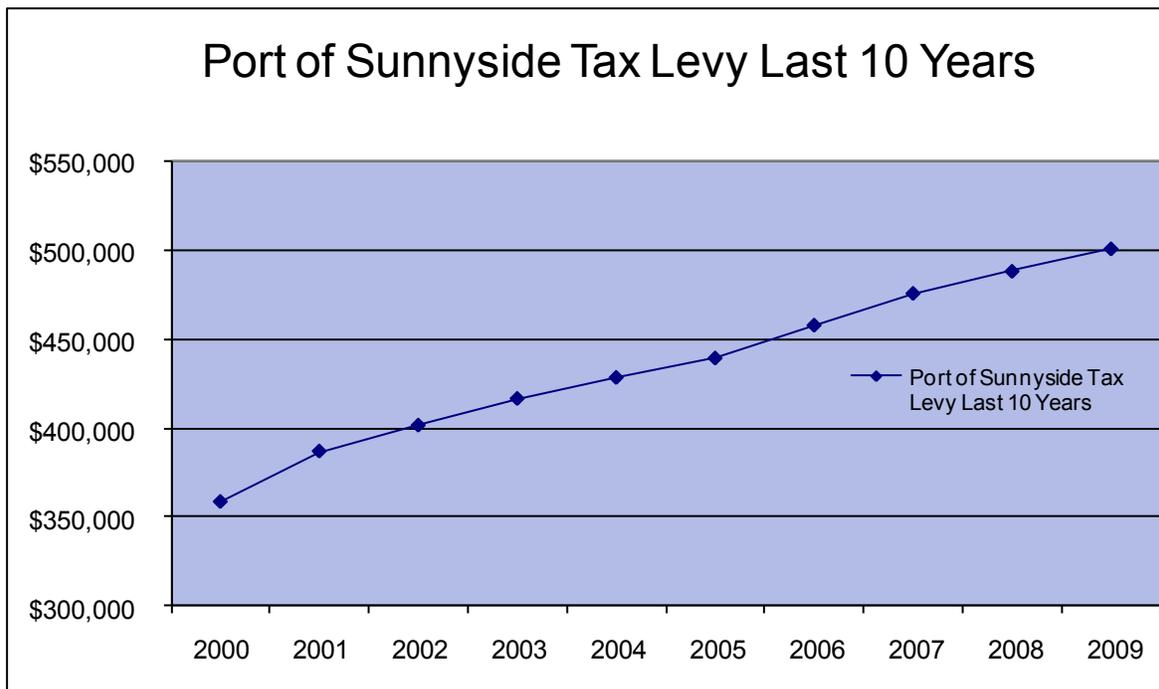
PORT OF SUNNYSIDE

PROPERTY TAX LEVIES AND COLLECTIONS - LAST 10 YEARS

December 31, 2009

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
2000	\$ 358,081	\$ 339,461	94.80%	\$ 18,620	\$ 358,081	100.00%
2001	386,670	369,270	95.50%	17,400	386,670	100.00%
2002	401,330	378,053	94.20%	23,103	401,156	99.96%
2003	416,447	389,378	93.50%	27,003	416,441	100.00%
2004	428,358	402,112	93.87%	26,158	28,270	99.98%
2005	439,348	414,375	94.32%	24,838	439,213	99.97%
2006	457,961	435,192	95.03%	22,094	457,286	99.85%
2007	475,975	455,265	95.65%	16,673	471,938	99.15%
2008	488,458	462,658	94.72%	9,678	472,336	96.70%
2009	501,168	470,816	93.94%	-	470,816	93.94%

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



PORT OF SUNNYSIDE

RATIOS OF OUTSTANDING DEBT BY TYPE - LAST 10 YEARS

December 31, 2009

Fiscal Year	General Obligation Bonds	Revenue Bonds	Notes Payable	Total Debt	Ratio of Debt to Personal Income	Total Debt Per Capita
2000	\$ 515,000	\$ 4,010,000	\$ 1,648,075	\$ 6,173,075	0.13%	\$ 27.73
2001	450,000	3,785,000	2,014,843	6,249,843	0.12%	27.84
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	0.26%	72.16
2009	1,455,000	9,095,000	5,707,667	16,257,667	0.23%	68.19

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.

RATIOS OF GENERAL BONDED DEBT OUTSTANDING—LAST 10 YEARS

December 31, 2009

Fiscal Year	General Obligation Bonds	% of GO Bonds to Assessed Valuation	GO Bonds Per Capita
2000	\$ 515,000	0.06%	2.31
2001	450,000	0.05%	2.00
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%	0.00
2008	1,535,000	0.01%	6.51
2009	1,455,000	0.11%	6.10

Note: See the Assessed Value of Taxable Property schedule on page 66 for property value data.

Note: Population data can be found in the schedule of Demographic and Economic Statistics on page 74.

PORT OF SUNNYSIDE

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2009

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Yakima County	\$ 45,694,523	6.35%	\$ 2,899,992
Sunnyside School District	22,495,000	100.00%	22,495,000
City of Sunnyside	4,435,000	100.00%	4,435,000
Fire District #5	-	100.00%	-
Total Direct and overlapping Debt			\$ 29,829,992

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, 2009
 (in thousands)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Total Assessed Value	\$ 1,270,451	\$ 1,235,103	\$ 1,227,335	\$ 1,131,720	\$ 1,060,159	\$ 1,002,728	\$ 998,264	\$ 956,364	\$ 917,150	\$ 888,120
Legal limit of 3/4 of 1% of Assessed Value	9,528	9,263	9,205	8,488	7,951	7,520	7,487	7,173	6,879	6,661
GO Bonds	1,455	1,535		85	165	240	315	385	450	515
Legal Debt Margin	\$ 8,073	\$ 7,728	\$ 9,205	\$ 8,403	\$ 7,786	\$ 7,280	\$ 7,172	\$ 6,788	\$ 6,429	\$ 6,146
Margin of Indebtedness available without a vote of the people (1/4 of 1% of Assessed Value)	\$ 1,721	\$ 1,553	\$ 3,068	\$ 2,744	\$ 2,485	\$ 2,267	\$ 2,181	\$ 2,006	\$ 1,843	\$ 1,705

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

PORT OF SUNNYSIDE

REVENUE BOND COVERAGE - LAST 10 YEARS

December 31, 2009

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		
2000	\$2,223,005	\$1,197,547	\$271,413	\$1,296,871	\$ 210,000	\$310,702	\$ 520,702	2.49
2001	2,564,598	1,301,592	295,709	1,558,715	225,000	296,843	521,843	2.99
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	1,812,847	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

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, 2009

Fiscal Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2000	222,581	\$ 4,913,030,413	\$ 22,073	49,966	12.2%
2001	224,500	5,189,093,000	23,114	48,015	11.4%
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	24,6437	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	6,936,196,982	29,095	58,763	8.9%

Data Sources:

Population data supplied by Washington State Office of Financial Management.

Per Capita Income supplied by Bureau of Economic Analysis. Note: 2007 & 2008 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, 2009

	2009			2000		
	Employees	Rank	Percentage of Total Yakima County Employment	Employees	Rank	Percentage of Total Yakima County Employment
Yakima County Principal Employers						
Yakima Valley Memorial Hospital	2,012	1	1.90%	950	5	1.30%
Yakima County School District #7	1,700	2	1.60%	1,734	1	2.38%
Yakima County	1,200	3	1.13%	1,026	4	1.41%
Wal-Mart	1,050	4	0.99%	-	-	-
Yakima Regional-HMA	941	5	0.89%	-	-	-
Sno-kist	851	6	0.80%	876	6	1.20%
Washington Beef Inc./AB Foods	725	7	0.68%	-	-	-
City of Yakima	723	8	0.68%	623	7	0.85%
Yakima Nation Legends Casino	619	9	0.58%	-	-	-
Yakima Valley Community College	590	10	0.56%	430	10	0.59%
Tree Top	-	-	-	1,300	2	1.78%
Providence Health System	-	-	-	1,140	3	1.56%
Western Recreational Vehicles, Inc.	-	-	-	582	8	0.80%
Shields Bag & Printing Co.	-	-	-	520	9	0.71%
Total	10,411		9.83%	9,181		12.59%

Source: Yakima County, Washington Pro-
 Prepared by Yakima County Development Association

PORT OF SUNNYSIDE

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION - LAST 10 YEARS

December 31, 2009

Fiscal Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
IWWTF*	9.13	9.73	9.00	9.75	9.93	10.20	11.79	12.50	12.60	13.68
Administration	1.50	1.50	1.50	1.75	2.00	2.00	2.00	2.50	2.50	2.50
Total	10.63	11.23	10.50	11.50	11.93	12.20	13.79	15.00	15.10	16.18

*IWWTF = Industrial Waste Water Treatment Facility

Source: District's Employment Security Quarterly reports

IWWTF INDUSTRY RATES - LAST 10 YEARS

December 31, 2009

YEAR	OPERATION	CAPITAL	BOD	TSS	TKN	SBR-Chloride	SBR-TKN
2000	\$ 1.069	\$ 0.9528	\$ 0.1120	\$ 0.1600	\$ 0.1200	na	na
2001	1.088	0.8923	0.1120	0.1600	0.1200	na	na
2002	1.089	0.8922	0.1200	0.1600	0.1000	na	na
2003	1.096	0.9542	0.1220	0.1600	0.1000	na	na
2004	1.081	0.8410	0.1420	0.0600	0.1900	0.0800	0.6500
2005	0.998	0.8374	0.1090	0.0600	0.2200	0.1900	1.3400
2006	1.227	0.8062	0.1070	0.0600	0.2400	0.2100	1.0300
2007	1.294	0.8033	0.0940	0.0600	0.2300	0.3100	1.5600
2008	1.423	0.7418	0.0970	0.1000	0.1000	0.2600	1.5800
2009	1.401	0.6079	0.0949	0.1200	0.0797	0.1967	1.0674

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
 MAJOR REVENUE SOURCE - IWWTF INDUSTRY CHARGES - LAST 10 YEARS
 December 31, 2009

IWWTF INDUSTRY LIST	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
ADM/LSI	\$ 7,847	\$ 8,761	\$ 7,248	\$ 9,374	\$ 8,004	\$ 5,792	\$ 442	\$ -	\$ -	\$ -
Andrus and Roberts	3,006	2,985	2,984	3,108	2,882	2,875	2,812	2,807	2,834	2,666
Centennial Tank	34,355	22,307	27,016	21,054	31,619	18,057	18,885	20,601	20,755	15,579
Cream Wine	0	-	-	-	-	-	-	5,294	5,928	9,275
Curfman Steel Corp.	1,480	1,467	1,342	1,490	1,447	1,446	1,437	1,436	1,443	1,429
Darigold	1,068,846	1,201,851	1,514,756	1,339,718	1,834,625	1,645,417	2,585,330	2,262,618	2,323,189	2,295,069
DRR Fruit	4,770	37,437	22,068	25,949	30,969	27,503	37,371	29,479	38,758	44,121
G. D. Williams	799	799	799	799	799	798	799	799	799	799
Independent Foods	412,936	499,665	379,962	381,047	433,816	345,317	367,996	331,334	361,678	403,735
J. M. Eagle	2,165	2,096	2,099	3,667	2,340	2,972	3,482	3,295	2,997	2,789
Johnson Cannery	0	63,808	72,358	62,835	73,852	90,453	91,647	89,763	73,762	86,462
Johnson Concentrate	69,227	83,131	93,926	97,518	100,633	77,451	18,770	-	-	-
Johnson Fruit	40,753	35,912	54,949	120,974	138,656	109,102	125,990	152,114	101,418	154,775
Milky Way/LTI	9,874	12,167	12,931	11,674	10,249	12,770	21,125	25,534	32,436	36,662
Milne Fruit	1,184	658	-	1,434	642	200	-	-	-	-
Sun King	4,171	4,171	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	15,798	15,798	15,848	15,898
U. S. Grape (Snipes)	7,066	6,674	6,453	6,444	5,714	5,669	5,397	5,407	2,771	2,669
Valley Processing	234,987	307,857	293,334	312,430	347,711	343,997	324,836	261,823	236,013	274,213
Washington Hills	8,493	13,661	9,398	8,735	13,079	13,773	15,056	5,741	-	-
Yakima Chief	33,330	36,142	34,288	33,080	33,656	30,772	25,182	10,956	9,840	7,884
TOTAL	\$1,961,085	\$2,357,346	\$2,555,879	\$2,461,299	\$3,090,664	\$2,754,333	\$3,666,526	\$3,228,970	\$3,246,274	\$3,354,025

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, 2009

Industry	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
ADM/Sweetener	54,912	52,574	55,029	56,436	49,018	37,898	3,302	na	na	na
Centennial Tank	555,609	467,100	407,750	373,500	356,900	313,200	331,800	335,300	272,800	182,700
Cream Wine*	na	105,968	102,477	213,202						
Curfman Steel	na	9,004	11,780	8,090	5,390	8,260	4,160	0	0	0
Darigold	20,894,500	22,926,293	27,161,800	23,594,500	22,101,900	23,071,200	27,872,648	30,466,856	31,612,308	28,176,925
DRR Fruit	na	529,800	409,400	277,300	373,000	424,100	639,000	540,800	702,100	953,900
G.D. Williams	0	0	0	0	0	0	0	0	0	0
Independent Foods	8,054,700	7,947,800	6,677,500	6,741,300	6,495,900	5,800,000	6,769,400	5,488,800	5,320,200	4,686,100
J.M. Eagle	37,515	23,118	41,301	104,623	172,501	111,394	141,848	119,503	85,977	50,341
Johnson Cannery	na	848,650	1,196,520	992,900	1,004,400	1,296,100	1,438,700	1,228,132	1,031,000	1,244,924
Johnson Concentrates	1,751,900	2,379,300	3,241,100	2,696,600	2,788,500	1,810,400	41,000	na	na	na
Johnson Food/Storage	480,300	461,700	635,555	1,778,100	1,730,100	1,243,030	1,621,900	1,474,248	887,548	1,556,505
Milky Way/LTI.	257,113	325,290	351,310	321,302	272,040	479,713	541,400	655,190	739,850	773,610
Milne Fruit	0	1,308	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	5,590,200	6,131,100	6,869,500	6,845,300	7,694,000	8,837,400	8,278,200	5,870,400	5,323,798	5,821,800
Valley U.S. Grape	237,817	165,377	142,305	99,038	91,291	89,754	31,351	7,889	0	48,292
WA Hills/Apex Winery*	159,657	220,492	127,914	163,159	186,026	230,041	213,806	65,096	0	0
Yakima Chief	329,700	392,550	43,801	207,190	370,940	153,730	191,620	114,050	103,900	77,700
TOTAL	38,403,923	42,881,456	47,372,565	44,259,338	43,691,906	43,906,220	48,120,135	46,472,232	46,181,958	43,785,999

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

IWWTF CURRENT INDUSTRY LIST

December 31, 2009

Industry	Type of Business
Andrus and Roberts	Asparagus processing plant
Centennial Tank	Food grade shipping company
Cream Wine	Winery
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
Washington Hills	Winery
Yakima Chief	Hop Extraction plant
G. D. Williams	(Capital Charges Only)
Sun King	(Capital Charges Only)
Tree Top	(Capital Charges Only)

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, 2008

IWWTF:	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Number of Industries Served	16	19	19	19	19	19	19	17	17	17
Volume of Waste Water Received	38,403,923	42,881,456	47,372,565	44,259,338	43,691,906	43,906,220	48,120,135	46,472,232	46,181,958	43,758,999
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.