



Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2008

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, 2008

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June 24, 2009

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, 2008, 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, 2008, 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, 2008 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, 2007. This was the 10th 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.

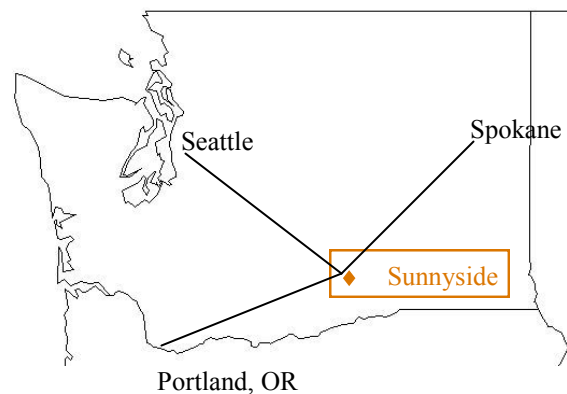
PROFILE OF THE PORT OF SUNNYSIDE-

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.

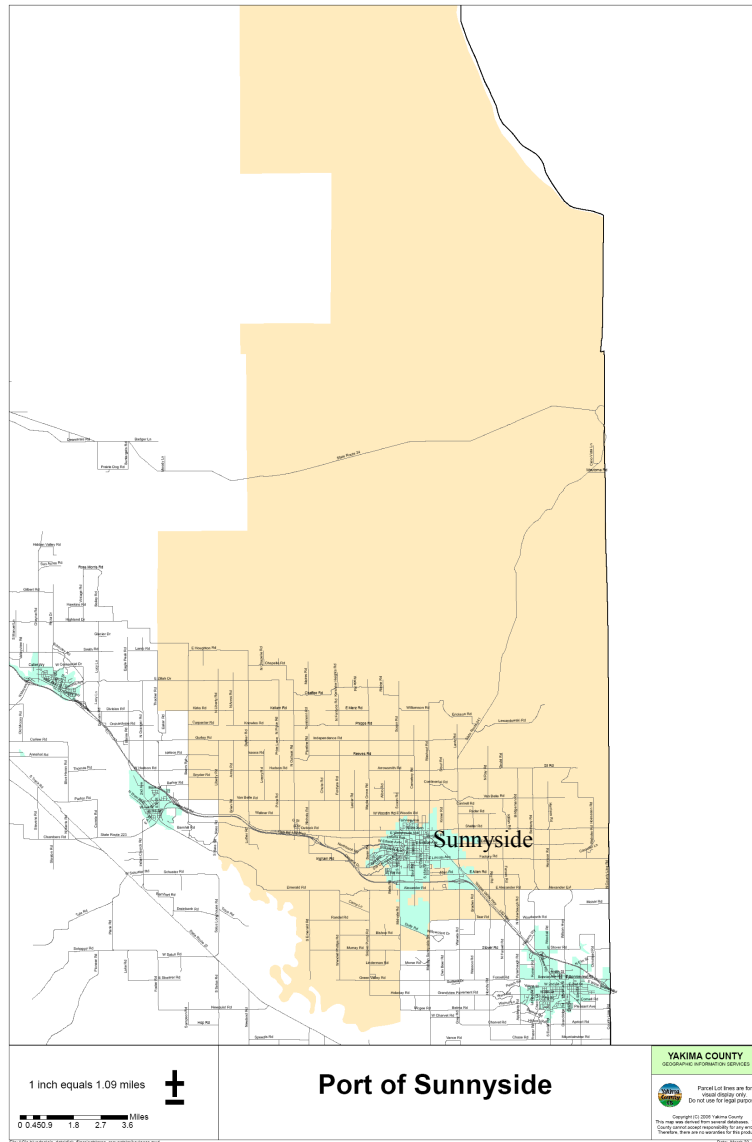
The Port is governed by a Board of Commissioners (Commission) who represent the three geographic sub-districts within the Port district. The Commission delegates administrative authority to the Executive Director to conduct daily operations.

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.



Port of Sunnyside

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 2008, the Port received 46.2 million cubic feet of water discharged from the Users as compared to 46.5 million cubic feet in 2007. 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 2008, the discharge volume percentage was as follows:

- Darigold (cheese, dry milk and whey plant) 68.5%
- Valley Processing (fruit and juice plant) 11.5%
- Independent Foods (fruit and juice plant) 11.5%
- The remaining 8.5% 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 2008, they discharged 5.3 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-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 2008. 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.

2008 Project Summary

JD 33.4 Piping

The Port of Sunnyside and Sunnyside Valley Irrigation District (SVID) have combined forces to begin piping 1,300 feet of irrigation waters along Midvale Road. The piping materials and fill dirt have been placed on site with construction to begin in November 2009.

Screw Press and Screw Conveyors

In June 2008, the Port awarded FKC Incorporated the contract to furnish a fully functional screw press and screw conveyor system which will separate the solid industrial waste from the Port's industrial waste water supply. The screw press and conveyors are just a piece of the "Dewatering Facility" project which is scheduled to go to bid in June 2009.

Pink Barn

The Port of Sunnyside has entered into an agreement with the Sunnyside Chamber of Commerce and the Miss Sunnyside Court to lease some portion of the newly remodeled "pink" shop. The Miss Sunnyside organization has been searching for a facility. They inquired with the Port about purchasing land where they could construct a building. The Port suggested they utilize some of the property at 3251 Sunnyside Mabton Highway that was being revitalized. This will provide the award winning community float with an area to safely store and remodel the float throughout the year.

This building is 2,400 sq. ft., with the Miss Sunnyside Community Float leasing 1,200 sq. ft. Fencing was installed around the entire property. The other half of the building will be used for Port storage. This shop will be especially useful in storing expensive equipment during the winter. It will also allow a larger work area to perform equipment repairs.

The Port is very proud that we were able to construct/remodel this building as an environmentally friendly green project which resulted in a partnership that will benefit the community. Additionally, local contractors were used and we were able to salvage what was an overall good foundation.

Industrial Park—now known as Golob Landing

The Port's 106 acre industrial 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.

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 1 of the development. The Port property is accessible to all utilities. The project will be completed in 2009.

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Doctors Swofford and Halma purchased the first parcel within the park in 2007. The completion of their medical clinic is anticipated to be June 2009 and will be a state of the art facility. It will create 16 new jobs and have 23 patient rooms in the 9,000-square-foot building.

Officials from the BlueLine Manufacturing firm purchased two lots in early 2008. This sale assisted the Port in securing additional state funding for infrastructure enhancement with the total price tag of about \$1.8 million.

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 a 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 \$850 million 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 2008

Description	Number of Current Listings	Average List Price
5 Bedroom-all areas	84	\$420,665
4 Bedroom homes-all areas	252	\$302,553
3 Bedroom homes-all areas	563	\$216,909
1-2 Bedroom homes-all areas	168	\$121,665
All homes on the market	1,067	\$238,180

Average Homes Sold Prices

Year	Average Price
2008	\$159,900
2007	\$145,858
2006	\$151,967

Data gathered from Yakima Association of Realtors & Multiple Listing Service.

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 173,000 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 \$9.3 billion last year. 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.

With 34,000 farms operating on more than 15 million acres, Washington is a major agricultural state with agriculture accounting for 20% of the state's annual gross product. In recent years, apples have overtaken wheat and dairy products as the state's leading commodity.

Washington ranks first in the nation for production of 11 separate commodities including apples, sweet cherries, pears, hops and red raspberries. Washington ranks in the top four in the nation for an additional 8 commodities including potatoes, grapes and onions. The state's diverse agricultural economy includes aquaculture, farm forest products, wheat, cranberries, spearmint and peppermint oil and mink.

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 2008. The "2008 Washington State Labor Market and Economic Report" notes that "Over the past year Washington's labor market experienced slowing growth, as 28,100 jobs were added between September 2007 and September 2008. The number of jobs added during this period was about one-half that of the previous year, and about one-third from two years prior. The outlook for the coming year is somewhat dependent on trends nationally and globally. If the national and global economies continue to struggle it can't but negatively impact Washington state."

In Yakima County during 2008, resident employment shrank by 1,120 jobs, but non farm employment added 1,000 jobs. Health services pumped 300 new jobs into Yakima county during 2008—more than any other industry. The number of jobs in natural resources, mining, and construction (with the majority of these jobs in construction) remained stagnant in 2008 following the generation of 400 new jobs in 2006 and another 100 jobs in 2007.

The average unemployment rate for Yakima County for 2008 was 7.5% with the year end rate at 9.9%. By comparison, the annual average unemployment rate across Washington was down to 5.5% in 2008 with the year end rate at 7.1%

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.

Port of Sunnyside

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 2007 to 2008.

Comparison of 2007-2008 Annual Average Employment Changes in Yakima County		
MAJOR EMPLOYMENT GROUP OR INDUSTRY	YAKIMA COUNTY 2007	YAKIMA COUNTY 2008
TOTAL NON-FARM	78,800	77,100
TOTAL PRIVATE	61,200	59,600
GOODS PRODUCING	12,400	11,400
NATURAL RESOURCES, MINING & CONSTRUCTION	4,000	3,700
MANUFACTURING	8,400	7,700
DURABLE GOODS	3,200	3,100
NON DURABLE GOODS	5,200	4,600
SERVICES PROVIDING	66,400	65,700
WHOLESALE TRADE	4,100	4,000
RETAIL TRADE	10,100	10,100
TRANSPORTATION, WAREHOUSING, & UTILITIES	3,100	3,100
PROFESSIONAL AND BUSINESS SERVICES	4,300	4,200
HEALTH SERVICES	12,500	12,500
LEISURE AND HOSPITALITY	6,900	6,600
GOVERNMENT	17,600	17,500
FEDERAL GOVERNMENT	1,200	1,200
TOTAL STATE & LOCAL GOVERNMENT	16,400	16,300

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, 2008, were \$3,615,004 as compared to 2007's revenues of \$3,619,408. Total operating expenses for 2008 were \$3,181,100 as compared to 2007's of \$3,867,582. The Port's net non-operating revenues/expenses, including grants, increased by \$76,082 from 2007. The total net assets for 2008 increased \$784,953 compared to \$26,793 in 2007. The following is comparative data from 2004 through 2008:

Year	2008	2007	2006	2005	2004
Operating Revenues	\$ 3,615,004	\$ 3,619,408	\$ 4,169,283	\$ 3,007,761	\$ 3,314,779
Operating Expenses	3,181,100	3,867,582	2,910,748	2,591,640	2,354,261
Income from Operations	433,904	(248,174)	1,258,535	416,121	960,518
Net Non-Operating revenues/ expenses & grants	351,049	274,967	206,477	283,203	106,825
Net Income	\$ 784,953	\$ 26,793	\$ 1,465,013	\$ 699,324	\$ 1,067,343

Balance Sheet at December 31, 2008

During 2008, the Port of Sunnyside's total assets increased by \$6,980,774 or 30%. Total assets were \$30,201,134 at the end of 2008 compared to \$23,220,360 in 2007. The Port, at 12/31/08, had cash and investments of \$8,749,475 broken-down by \$7,152,570 in non-restricted and \$1,596,905 in restricted cash and investments. This was an increase of \$5,374,200 from 2007 which was due mainly to bond proceeds.

Debt Administration

The Port, as of December 31, 2008, had \$1,535,000 in General Obligation Bonds and \$9,545,000 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)

<u>Fiscal Year</u>	<u>Gross Revenue (1)</u>	<u>Operating Expenses (2)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements (3)</u>			
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
2004	3,647	1,507	2,140	370	311	681	3.14%
2005	3,383	1,772	1,611	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	4,428	2,288	2,140	450	569	1,019	1.78%

(1) Total operating and non-operating 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 \$5,943,339 as of December 31, 2008. The largest of the contracts is with the Department of Ecology (\$2,967,879) 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.

Cash Management

Cash on hand is invested as the policy sets forth. The Port is independent from Yakima County, which levies and collects taxes on behalf of the district. All investments are highly liquid and are protected against loss through depository and liability restrictions governed by the Washington Public Deposit Protection Commission. This provides coverage against losses of operating fund, time certificates, money market accounts and savings deposits due to defaults.

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 and 2007.

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, 2007

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.



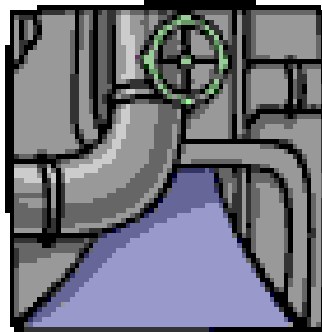
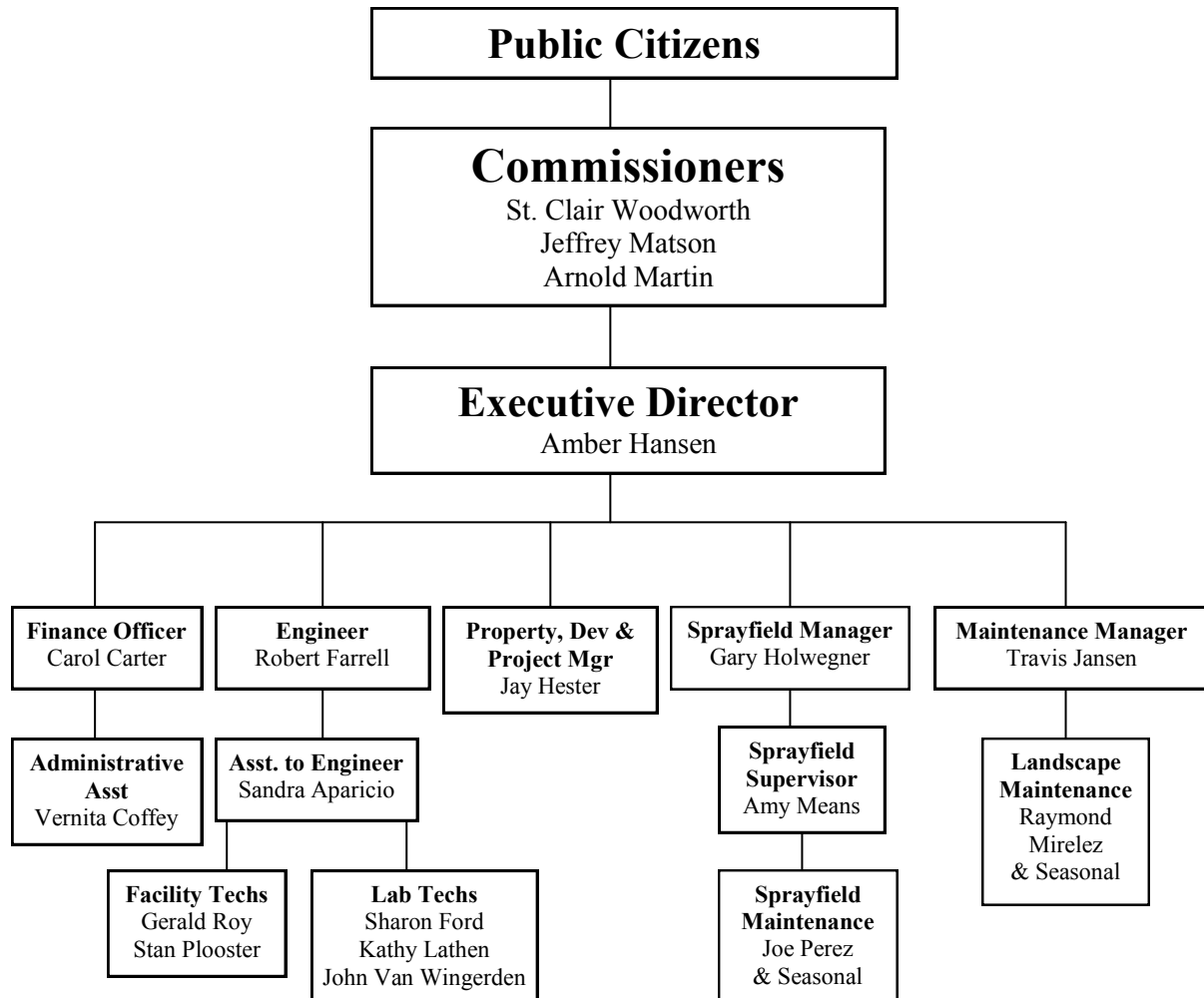
A handwritten signature in black ink, appearing to read "K. L. R.", is written above the title "President".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enen", is written above the title "Executive Director".

Executive Director

PORT OF SUNNYSIDE ORGANIZATIONAL CHART



PORT OF SUNNYSIDE BOARD OF COMMISSIONERS - 2008

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 2008. 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 2008. 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 2008, 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, 2008



<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



**Washington State Auditor
Brian Sonntag**

INDEPENDENT AUDITOR'S REPORT

June 4, 2009

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, 2008, 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, 2008, and the changes in financial position and, where applicable, 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 4, 2009, 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 29 through 33 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", written in a cursive 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, 2008. 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, 2008, by \$11,958,740 or 40%. Of this amount, \$3,863,895 may be used to meet the District's ongoing obligations to citizens and creditors.
- At the end of 2008 the District's total combined cash & investment balance was \$8,749,475 which was an increase of \$5,374,200 or 159% from 2007's balance and is 275% of 2008's operating expenses.
- The Port sold \$5,000,000 in RO Bonds during 2008. The bonds will finance construction of a De-watering facility which will begin in 2009, so the proceeds were invested as of 12/31/08 resulting in the marked increase in cash & investments.
- The District's total net assets increased \$784,953 for 2008. The net assets increased \$26,793 in 2007. The lower than normal net asset increase in 2007 is due to an adjustment made to one of our industries for overage charges which were partially billed in 2006 and partially billed in 2007. 2006's net asset increase of \$1,465,013 was substantially higher than normal due to the overage charges and 2007 was substantially lower due to the adjustment. 2008's increase in net assets falls in the average range.
- The District's total long-term debt increased by \$5,476,535 or 47%. The Port issued General Obligation bonds for \$1,535,000 and Revenue Obligation bonds for \$5,000,000. The GO bonds purpose was to provide infrastructure for our Industrial park and other land improvements. The RO bonds purpose is to construct a de-watering facility to work in conjunction with our existing Industrial Waste Water Treatment Facility.
- The overall financial condition of the Port District remains strong at the end of 2008.

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,

Port of Sunnyside

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.

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 2008 & 2007 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>2008</u>	<u>2007</u>
Current Assets and Other Assets	\$10,249,876	\$ 4,148,237
Capital Assets, Net Accumulated Depreciation	<u>19,951,258</u>	<u>19,072,123</u>
Total Assets	30,201,134	23,220,360
Long Term Liabilities	16,401,055	10,698,321
Other Liabilities or Credits	<u>1,841,339</u>	<u>1,348,251</u>
Total Liabilities	18,242,394	12,046,572
Investment in Capital Assets, Net of Related Debt	8,094,845	6,797,820
Restricted	1,635,515	1,332,949
Unrestricted	<u>2,228,380</u>	<u>3,043,019</u>
Total Net Assets	<u>\$11,958,740</u>	<u>\$11,173,788</u>

Major Factors Affecting the Statement of Net Assets - Total net assets increased in 2008 by \$784,953. The largest portions of the District's total assets (66%) 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 (93%) 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.

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 \$784,953 during 2008.

Port of Sunnyside's Changes in Net Assets

	<u>Business-Type Activities</u>	
	<u>2008</u>	<u>2007</u>
Revenues:		
Operating Revenues:		
IWWTF Operating Revenue	\$ 3,246,274	\$ 3,228,970
Property Rental Revenue	322,788	302,760
Other Revenue	45,942	87,678
Total Operating Revenues	3,615,004	3,619,408
Non-Operating Revenues:		
Interest Income	271,114	165,097
Tax Levy Income	486,142	472,112
Other Revenues	81,301	882
Total Non-Operating Revenues	838,557	638,091
Total Revenues	4,453,561	4,257,499
Expenses:		
IWWTF Operating Expenses	1,947,305	2,308,219
General & Admin Operating Expenses	340,992	696,530
Depreciation	892,802	862,834
Non Operating:		
Interest Expenses	571,975	430,506
Amortized Cost	21,701	11,252
Other Expenses	57,404	31,865
Total Expenses	3,832,179	4,341,206
Income Before Capital Contribution-Grant	621,382	(83,707)
Capital Contribution-Grants	163,571	110,500
Increase In Net Assets	784,953	26,793
Net Assets – January 1	11,173,787	11,146,994
Prior Period Adjustments	-----0-----	-----0-----
Net Assets – December 31	\$11,958,740	\$11,173,787

Analysis of the Schedule of Changes in Net Assets – The increase in net assets was \$784,953 in 2008 as compared with \$26,793 in 2007. The lower than normal net asset increase in 2007 is due to a revenue adjustment made for overage charges which were partially billed in 2006 and partially billed in 2007. 2006's net asset increase of \$1,465,013 was substantially higher than normal due to the overage charges and 2007 was substantially lower due to the adjustment. 2008's increase in net assets falls in the average range.

The majority of revenues received by the District (88%) 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 2008, the District had capital assets valued at \$19,951,258 as reflected in the following schedule:

Capital Assets at Year-end (Net of Depreciation)

	<u>Business-Type Activities</u>	
	<u>2008</u>	<u>2007</u>
Capital Assets not being depreciated:		
Land	\$ 5,360,213	\$ 5,287,200
Construction in Progress	2,376,804	138,019
Capital Assets being depreciated:		
Buildings	15,923,071	15,956,352
Improvements other than Buildings	89,674	81,797
Machinery and Equipment	4,749,206	5,368,975
Accumulated Depreciation	(8,547,710)	(7,760,220)
Total Capital Assets	<u>\$ 19,951,258</u>	<u>\$ 19,072,123</u>

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>2008</u>	<u>2007</u>
Beginning Balance, January 1	\$ 19,072,123	\$ 18,077,697
Net Change	1,771,937	1,857,260
Depreciation	<u>(892,802)</u>	<u>(862,834)</u>
Ending Balance, December 31	<u>\$ 19,951,258</u>	<u>\$ 19,072,123</u>

Analysis of changes in Capital Assets - For year 2008 capital assets increased by \$1,771,937. The majority of this increase relates to infrastructure and other land improvements made to the Industrial Park.

Debt Service

At the end of 2008, the District had total debt of \$17,023,339 relating to G.O. Bonds, Revenue Bonds, Notes and Contracts outstanding which was a \$5,476,535 increase over the previous year due to a GO bond issue of \$1,535,000 and a RO bond issue of \$5,000,000. 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>2008</u>	<u>2007</u>
G O Bonds	\$ 1,535,000	\$ ---0---
Revenue Bonds	9,545,000	4,970,000
Notes & Contracts Payable	5,943,339	6,576,804
Total	\$17,023,339	\$11,546,804

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, 2008

page 1 of 2

ASSETS**CURRENT ASSETS:**

Cash and Cash equivalents (Note 1-C.1)	\$ 1,918,350
Investments (Note 2)	5,234,220
Restricted assets:	
Cash and Cash equivalents (Note 1-C.1 & C.6)	234,321
Investments (Note 1-C.6 & Note 2)	166,667
Interest Receivable (Note 1-C.3)	38,610
Taxes receivable (Note 1-C.3 & Note 3)	39,297
Accounts receivable (Note 1-C.3)	274,621
Interest receivable (Note 1-C.3)	117,805
Notes receivable (Note 1-C.3)	50,763
Prepays (Note 1-C.9)	56,152
Total Current Assets	8,130,806

NON-CURRENT ASSETS:

Restricted Assets:	
Investments (Notes 1-C.6 & Note 2)	1,195,917
Total Noncurrent Restricted Assets	1,195,917
Capital Assets: (Note 4)	
Capital Assets not being depreciated:	
Land	5,360,213
Construction in Progress	2,376,804
Capital Assets being depreciated:	
Buildings	15,923,071
Improvements other than Buildings	89,674
Machinery & Equipment	4,749,206
Less: Accumulated depreciation	(8,547,710)
Total Net Capital Assets	19,951,258
Other noncurrent assets:	
Notes Receivable (Note 1-C.3)	377,942
Deferred charges (Note 1-C.9, C.14 & Note 12)	237,926
Other debits (Note 1-C.9)	307,285
Total Other Noncurrent Assets	923,153
Total Non-Current Assets	22,070,328

TOTAL ASSETS**\$ 30,201,134**

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

(cont. on page 2)

Port of Sunnyside

Yakima County, Washington

Statement of Net Assets

December 31, 2008

page 2 of 2

LIABILITIES

CURRENT LIABILITIES:

Warrants payable (Note 1-C.12)	\$ 2,405
Accrued expenses (Note 1-C.12)	663,964
Accrued interest payable (Note 1-C.12)	84,589
Retainage payable (Note 1-C.12)	76,503
Current portion of long-term obligations (Note 9)	1,010,978
Other current liabilities (Note 1-C.12)	2,900
Total Current Liabilities	1,841,339

NON-CURRENT LIABILITIES:

General Obligation bonds (Note 9)	1,455,000
Revenue bonds (Note 9)	9,095,000
Contracts payable (Notes 9 & 15)	5,462,361
Compensated Absences (Note 1 C.11)	10,752
Deferred Credits (Note 12)	377,942
Total Non-Current Liabilities	16,401,055

TOTAL LIABILITIES

\$ 18,242,394

NET ASSETS:

Invested in capital assets, net of related debt	8,094,845
Restricted, for payment of debt (Note 10)	1,635,515
Unrestricted	2,228,380

TOTAL NET ASSETS

\$ 11,958,740

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Port of Sunnyside

Yakima County, Washington

Statement of Revenues, Expenses and Changes in Net Assets

For the fiscal year ended December 31, 2008

OPERATING REVENUES:

IWWTF Operating Revenue	\$ 3,246,274
Property rental operations	322,788
Other Revenue	45,942

Total Operating Revenues 3,615,004

OPERATING EXPENSES:

IWWTF Operations	1,947,305
General & Administrative	340,993
Depreciation	892,802

Total Operating Expenses 3,181,100

Operating Income (Loss) 433,904

NON-OPERATING REVENUES (EXPENSES):

Investment Income	245,785
Contract and Note Interest	25,329
Taxes Levied For :	
General purposes	486,142
Debt service principal/interest	-
Interest expense	(571,975)
Other nonoperating revenues (expenses)	2,197

Total Non-Operating Revenues (Expenses) 187,478

Income Before Capital Contribution - Grants 621,382

Capital Contributions:	
Grants	163,571

CHANGE IN NET ASSETS 784,953

NET ASSETS - beginning of period 11,173,787

NET ASSETS - end of period \$ 11,958,740

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, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers	\$ 3,543,442
Payments to suppliers	(1,034,822)
Payments to employees	(932,864)

<i>Net cash provided by operating activities</i>	1,575,756
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CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

Receipts of property taxes from Yakima County	480,250
---	---------

<i>Net cash provided by non-capital financing activities</i>	480,250
--	---------

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Proceeds from capital debt	7,111,100
Capital contributions	163,571
Purchases and construction of capital assets	(1,771,936)
Principal paid on capital debt	(1,634,564)
Interest paid on capital debt	(544,772)
Other payments	(145,653)

<i>Net cash provided (used) by capital and related financing activities</i>	3,177,746
---	-----------

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale and maturities of investments securities	-
Interest on investments	140,448
Purchase of investments	(5,381,835)

<i>Net cash provided by investing activities</i>	(5,241,387)
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<i>Net increase (decrease) in cash and cash equivalents</i>	(7,635)
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Balances - beginning of the year	2,160,306
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Balances - end of the year	\$ 2,152,671
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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, 2008

page 2 of 2

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

<i>Operating income (loss)</i>	\$ 433,904
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:	
Depreciation expense	892,802
Change in assets and liabilities:	
Receivables, net	(102,982)
Notes Receivable	31,420
Accounts and other payables	346,978
Accrued expenses	(26,366)
<i>Net cash provided by operating activities</i>	\$ 1,575,756

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Port of Sunnyside

Notes to Financial Statements

December 31, 2008

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. The RCW (53.08.040) authorizes the District to provide and charge for disposal of waste water. 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 fields via sprinklers, which is then cut and sold to local dairies and beef cattle ranches. Industry fees pay for operating costs and debt retirement of the IWWTF strictly.

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. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. The Port of Sunnyside has no component units.

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

B. Basis of Accounting and Presentation

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

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 (or balance sheets). Their reported fund equity (total net assets) is 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(s).

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, 2008, the treasurer was holding \$2,152,671 in short term residual investments of surplus cash. This amount is classified on the Statement of Net Assets as Cash and Cash Equivalents.

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 receivable consists of interest earned, but not yet received, on all CD investments and the current portion of interest on notes receivable.

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

4. Amounts Due To and From Other Governments

None

5. Inventories

None

6. Restricted Assets and Liabilities

These accounts contain resources for debt service. The current portion of related liabilities are shown as part of *Current portion of long-term obligations*. Specific debt service reserve requirements are described in Note 9 (Long Term Debt).

The restricted assets are composed of the following:

Cash, Investments & Interest Receivable – Debt Service	\$ 439,598
Investments – Debt Reserves	<u>1,195,917</u>
Total	\$ 1,635,515

7. Capital Assets and Depreciation

See Note ---4 – Capital Assets and Depreciation

8. Other Property and Investments

See Note 2 – Deposits and Investments

9. Other Assets and Debits

Prepays—Prepays consist of amounts paid in 2008 which pay for 2009 expenses.

Deferred charges—Deferred charges consist of the net amortized amount of debt issuance costs.

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

Other Debits

Other debits contain the Port of Sunnyside's share of Benton REA (our local utility company) capital credit which was \$307,285 as of 12/31/2008.

10. Custodial Accounts

None

11. 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.

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 40 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.

The District's total obligation for unused vacation increased by \$235 and compensatory time increased by \$479 in 2008. The balance for compensated absences was \$10,752 as of 12/31/08. None of the balance of compensated absences is necessarily due within one year and has historically remained fairly stable.

12. Other Accrued Liabilities

Warrants payable – Warrants payable consists of the amount of warrants (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.

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

Retainage payable – This account represents the amount (5%) of retainage held by the district until the completion of a construction project.

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

13. Long-Term Debt

See Note 9 – Long Term Debt

14. Deferred Credits

These accounts include amounts recognized as receivables (assets), but not revenues because the revenue recognition criteria has not been met. See Note 12.

NOTE 2 - DEPOSITS AND INVESTMENTS

DEPOSITS

The Port of Sunnyside deposits and certificates of deposit 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 December 31, 2008, the Port of Sunnyside had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Certificates of Deposit	1/4/09-5/13/09	\$6,596,804

Custodial credit risk is the risk that in event of a failure of the counterparty to an investment transaction the Port of Sunnyside would not be able to recover the value of the investment or collateral securities. Of the Port of Sunnyside's total position of \$6,596,804 in investments, none is exposed to custodial credit risk.

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 installments 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 2008 was \$ 0.39798237 per \$1,000 on an assessed valuation of \$1,227,335,303 for a total regular levy of \$488,458 less adjustments of \$2,316 for a total of \$486,142. In 2007, the regular levy was \$475,975.

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.

B. Capital assets activity for the year ended December 31, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated:				
Land	\$ 5,287,200	\$ 78,713	\$ 5,700	\$ 5,360,213
Construction in Progress	138,019	2,376,804	138,019	2,376,804
Total capital assets, not being depreciated	5,425,219	2,455,517	143,719	7,737,017
Capital assets, being depreciated				
Buildings	15,956,352	53,178	86,459	15,923,071
Improvements other than buildings	81,797	7,877	-0-	89,674
Machinery & equipment	4,641,475	124,378	16,647	4,749,206
Other equipment	727,500	-0-	727,500	-0-
Total capital assets being depreciated	21,407,124	185,433	830,606	20,761,951
Less accumulated depreciation for:				
Buildings	(5,628,754)	(622,855)	(74,761)	(6,176,848)
Improvements other than buildings	(22,235)	(7,648)	-0-	(29,883)
Machinery & equipment	(2,109,231)	(246,770)	(15,022)	(2,340,979)
Other equipment	-0-	-0-	-0-	-0-
Total accumulated depreciation	(7,760,220)	(877,273)	(89,783)	(8,547,710)
Total Capital Assets, being depreciated, net	\$13,646,904	\$(691,840)	\$ 740,823	\$ 12,214,241

C. Construction Commitments

The Port of Sunnyside has active construction projects as of December 31, 2008.

The projects include:

Project	Spent to Date	Remaining Commitment
E Edison business park infrastructure	\$ 1,913,393	\$277,648
Piping of JD 33.4	7,264	-0-
De-Watering Facility	456,147	-0-
Total	\$ 2,376,804	\$277,648

NOTE 5 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

NOTE 6 - 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. 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.

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 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.

NOTE 6 - RETIREMENT BENEFITS - PENSION PLANS (cont.)

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.) Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. The benefit is actuarially reduced to reflect the choice of a survivor option. A cost-of-living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, increased by 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.

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.

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, Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service if 12 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. 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.

NOTE 6 - RETIREMENT BENEFITS - PENSION PLANS (cont.)

There are 1,190 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2007:

Retirees and Beneficiaries Receiving Benefits	71,244
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	26,583
Active Plan Members Vested	105,447
Active Plan Members Non-vested	52,575
Total	255,849

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 6 percent for state agencies and local government unit employees, and 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The 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. 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, 2008 were as follows:

	PERS PLAN 1	PERS PLAN 2	PERS PLAN 3
Employer*	8.31%**	8.31%**	8.31%***
Employee	6.00%****	5.45%****	*****

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

** The employer rate for state elected officials is 12.39% for Plan 1 and 8.31% 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 5.45% 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
2008	\$ 457	\$ 15,807	\$ 25,594
2007	\$ 1,515	\$ 10,834	\$ 19,826
2006	\$ 812	\$ 3,918	\$ 8,685

NOTE 7 - RISK MANAGEMENT

The Port of Sunnyside is not self-insured. The Port of Sunnyside is a 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. Currently, the CIAW has 97 cities and 162 fire and special districts in the program.

The pool allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, claims administration, etc. Coverage for Public Official 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 public official's liability.

The pool acquires liability insurance from unrelated underwriters that are 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 carriers cover 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, however, purchases a Stop Loss Policy in the amount of \$5,500,000 to reduce risk to its members.

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 \$2,500.00. Members are responsible for the deductible amount for each claim.

Each new member now 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, 2007 and 2008 were \$1,242,382 and \$1,321,289 respectively.

NOTE 7 - 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 2008. 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 8 – SHORT-TERM DEBT

The Port of Sunnyside has no short-term debt.

NOTE 9 - 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
E Edison Business 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
2009	\$ 80,000	\$ 62,283
2010	80,000	59,882
2011	85,000	57,483
2012	85,000	54,762
2013	90,000	51,872
2014-2018	500,000	206,798
2019-2023	615,000	89,770
Total	\$ 1,535,000	\$ 582,850

NOTE 9 - 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	\$ 270,000
Wastewater Plant Improvements	2003-2011	2.20-6.10 %	4,470,000	170,000
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
2009	\$ 450,000	\$ 568,547
2010	470,000	548,773
2011	490,000	526,755
2012	515,000	503,240
2013	540,000	477,490
2014-2018	3,505,000	1,828,504
2019-2023	3,575,000	564,559
Total	\$ 9,545,000	\$ 5,017,868

The contracts payable outstanding are as follows:

Contracts Payable						
Description	Original Loan	Maturity Date	Interest Rate	Loan Balance 12/31/07	Loan Balance 12/31/08	Current Portion
SIED Loan - Horizon	230,000	06/01/11	2.700%	98,283	74,685	24,235
SIED Loan - Midvale Road	225,000	12/01/13	6.490%	151,493	130,041	22,844
SIED Loan - Midvale Road 2	50,000	06/01/13	2.300%	32,390	27,294	5,213
SIED Loan – Blueline Mfg	62,500	06/01/14	3.938%	0	52,924	7,991
SIED Loan - SBR	250,000	06/01/18	1.080%	183,333	166,667	16,667
SIED Loan – KIE (Bauerle)	88,000	06/01/15	6.187%	88,000	88,000	6,042
SIED Loan – Medical Clinic	225,000	06/01/14	6.187%	225,000	196,871	28,091
Land Purchase - Golob	,131,040	09/17/10	7.500%	671,358	596,991	78,053
Land Purchase - Smith	92,948	12/17/09	7.000%	23,781	12,212	12,212
Land Purchase - Miles	100,000	01/15/08	7.000%	15,652	0	0
Land Purchase – Veiga	557,400	1/1/2017	6.000%	519,384	473,753	46,727
Benton REA 1	40,000	12/01/12	5.000%	22,028	17,954	4,272
Benton REA 2	200,000	12/01/12	0.000%	100,000	80,000	20,000
CERB 1	477,873	07/01/13	0.000%	143,362	119,468	23,894
CERB 2	500,000	01/01/25	0.000%	450,000	425,000	25,000
CERB E Edison	513,600	01/01/29	0.000%	0	513,600	0
DOE Loan	3,381,818	05/10/25	1.500%	3,125,239	2,967,879	159,737
Energy Freedom Loan	727,500	06/01/08	1.000%	727,500	0	0
Total	\$ 7,852,679			\$ 6,576,803	\$ 5,943,339	\$ 480,978

NOTE 9 - LONG TERM DEBT (cont.)

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

Year Ending December 31	Principal	Interest
2009	480,978	\$ 143,607
2010	488,531	122,807
2011	504,057	107,101
2012	522,227	90,615
2013	513,904	74,144
2014-2018	1,687,320	173,000
2019-2023	1,223,971	62,673
2024-2029	522,351	4,543
Total	\$ 5,943,339	\$ 778,490

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, 2008, 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 construction in 2009. 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 less than 15% of net revenues. The total principal and interest remaining to be paid on the bonds is \$14,562,868. Principal and interest paid for these bonds during the current year and total Wastewater Treatment Facility revenue were \$789,732 and \$3,246,274, respectively.

B. Refunded Debt—The Port of Sunnyside has no refunded debt as of December 31, 2008.

C. Leases—The Port of Sunnyside has no capital or operating leases.

D. Changes in Long-Term Liabilities

During the year ended December 31, 2008, the following changes occurred in long-term liabilities:

	Beginning Balance 01/01/08	Additions	Reductions	Ending Balance 12/31/08	Due Within One Year
Bonds Payable:					
GO Bonds	\$ -0-	\$ 1,535,000	\$ -0-	\$ 1,535,000	\$ 80,000
Revenue Bonds	4,970,000	5,000,000	425,000	9,545,000	450,000
Notes & Contracts payable	6,576,804	576,100	1,209,565	5,943,339	480,978
Compensated Absences	10,038	38,299	37,585	10,752	unknown
Total Long-Term Liabilities	\$ 11,556,842	\$7,149,399	\$1,672,150	\$ 17,034,091	\$1,010,978

NOTE 10 – RESTRICTED NET ASSETS

The district's statement of net assets reports \$1,635,515 of restricted net assets, \$1,195,918 of which is externally imposed by creditors and the remainder is held for payment of debt.

NOTE 11 - 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 9, 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 12 - DEFERRED DEBITS OR CREDITS

In accordance with generally accepted accounting principles for regulated businesses, the Port of Sunnyside has deferred bond issuance charges 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, 2008 balance of these costs is \$237,926.

NOTE 13 – JOINT VENTURES

The Port of Sunnyside is not involved in any joint ventures at this time.

NOTE 14 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFIT

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

Under GASB 45 Phase 3, the Port of Sunnyside will be required to report Other Post Employment Benefits beginning with financial statements beginning after December 15, 2008.

NOTE 15 – OTHER DISCLOSURES

Other-The Port of Sunnyside had been named as the lead entity for a \$727,500 Energy Freedom Loan listed in Note 9 Long Term Debt. The loan was a non-recourse loan from the Washington State Department of Agriculture through the Energy Freedom Loan Program. As a part of the agreement, the Port of Sunnyside was entitled to assign, and did indeed assign during 2008, the lease to the Washington State Department of Agriculture in satisfaction of the loan.

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DETAIL OF REVENUES AND OTHER SOURCES

FOR THE YEAR ENDED DECEMBER 31, 2008

Required Supplementary Information

BARS Revenue Account No.	Description	Actual Revenues
641.40.00-641.49.00	IWW User Fees	\$ 3,246,274
642.90.00	Sprayfield Revenue	51,186
681.49-697.00.01	Rental Revenue	271,602
642.90.01 & 699.90.05/.25	Misc Reimbursements	45,942
	Sub-total Operating Revenue	3,615,004
651.01.00	City of Sunnyside Grant	2,500
652.01.02	CERB Grant	161,071
699.10.01-.80	Interest Revenue	271,114
699.90.01-.02	Notes Receivable Revenue	81,301
699.2	Property Tax Revenue	486,142
	Sub-total Non-Operating Revenue	1,002,128
600.00	TOTAL REVENUES	\$ 4,617,132

DETAIL OF EXPENSES AND OTHER USES

FOR THE YEAR ENDED DECEMBER 31, 2008

Required Supplementary Information

BARS Revenue Account No.	Description	Actual Expenses
	IWW OPERATING:	
741.10-741.25	Salary and Benefits	\$ 731,760
741.30-749.10	Operations	1,215,546
747.00.00	Depreciation	759,244
	GENERAL OPERATING:	
781.10-781.25	Salary and Benefits	201,818
781.30-790.30	Operations	139,174
787.00.00	Depreciation	133,558
	Sub-total - Operating	3,181,100
747.10.00+787.10.00	Amortized Debt	21,701
799.92.11+799.93.11	Notes and Contract Interest	140,238
799.90.10-799.91.12	Bond Interest and Service Charges	431,737
various	Other Expenses	57,403
	Sub-total Non Operating	651,079
700.00	TOTAL EXPENSES	\$ 3,832,179

Schedule 09

PORT OF SUNNYSIDE

MCAG NO. 1767

SCHEDULE OF LONG-TERM DEBT ☒ GO Debt
FOR THE YEAR ENDED DECEMBER 31, 2008 ☐ Revenue Debt

Required Supplementary Information

ID NO.	Description	Purpose	Date of Issue	Date of Maturity	Beginning Outstanding Debt 01/01/08	Amount Issued in Current Year	Amount Redeemed in Current Year	Ending Out-standing Debt 12/31/08
251.11	G. O. Bond	Infrastructure	05/08	12/23	\$ -	\$ 1,535,000	\$ -	\$ 1,535,000
263.66	Golob Property	Property	9/99	9/15	671,358	-	74,366	596,992
263.66	Smith Property	Property	12/99	12/09	23,781	-	11,569	12,212
263.66	Miles Property	Property	12/99	1/08	15,652	-	15,652	(0)
263.66	SIED Loan - Midvale	Widen Road	12/00	12/13	151,493	-	21,452	130,041
263.66	SIED Loan - Midvale	Widen Road	12/01	6/13	32,390	-	5,096	27,294
263.66	SIED Loan - Horizon Bldg	Construction	11/01	6/11	98,283	-	23,598	74,685
263.66	SIED Loan - Bauerle Drive	Road Construction	7/07	6/15	88,000	-	-	88,000
263.66	SIED Loan - Medical Clinic	Infrastructure	7/07	6/14	225,000	-	28,129	196,871
263.66	SIED Loan - Blueline	Infrastructure	3/08	6/14	-	62,500	9,576	52,924
263.66	Benton REA - Horizon	Horizon Bldg	12/02	12/12	22,028	-	4,074	17,954
263.66	Benton REA - Horizon	Horizon Bldg	12/02	12/12	100,000	-	20,000	80,000
263.66	CERB - East Edison	Infrastructure	12/08	1/29	-	513,600	-	513,600
Total G. O. Debt						\$1,427,985	\$ 2,111,100	\$ 213,512
						\$	\$	\$ 3,325,573

☒ GO Debt
☐ Revenue Debt

ID NO.	Description	Purpose	Date of Issue	Date of Maturity	Beginning Outstanding Debt 01/01/08	Amount Issued in Current Year	Amount Redeemed in Current Year	Ending Out-standing Debt 12/31/08
252.11	R.O. BOND 2008	De-watering Facility	8/08	12/21	\$ -	\$ 5,000,000	\$ -	\$ 5,000,000
252.11	R.O. BOND 2003	SBR Construction	08/03	12/23	3,860,000	-	165,000	3,695,000
252.11	R.O. BOND 2002	Refinance/Constr	12/02	12/11	1,110,000	-	260,000	850,000
263.67	CERB 1 Loan	Construction	01/93	07/13	143,362	-	23,894	119,468
263.67	CERB 2 Loan	Construction	11/04	1/25	450,000	-	25,000	425,000
263.67	SIED Loan - SBR	SBR Construction	09/03	06/18	183,333	-	16,667	166,666
263.67	DOE Loan	Construction	03/04	03/25	3,125,239	-	157,360	2,967,879
263.67	Veiga Property	Property	12/06	01/17	519,384	-	45,631	473,753
Total Revenue Debt						\$ 9,391,318	\$ 5,000,000	\$ 693,552
						\$	\$	\$ 13,697,766

Schedule of Limitation of Indebtedness

As of December 31, 2008

Required Supplementary Information

2009 Total Taxable Property Value	<u>\$1,270,450,694</u>
-----------------------------------	------------------------

I. Indebtedness <u>Without</u> A Vote (Legal Limit .25% or .375% if I.B. applicable)	\$ 3,176,127
--	--------------

A. General Purpose Indebtedness Without A Vote

(Legal Limit .25%)	\$ 3,176,127
--------------------	--------------

Indebtedness (Liabilities):

G.O. Bonds	\$ 1,535,000
------------	--------------

Other (Golob, Smith, Midvale, Horizon, SIED, etc.)	\$ 1,790,573
--	--------------

Less Assets Available	\$ 1,019,377
-----------------------	--------------

Indebtedness Incurred--Section A	\$ 2,306,196
----------------------------------	--------------

Margin Of Indebtedness Available--Section A	<u>\$ 869,931</u>
---	-------------------

B. Indebtedness For Acquisition Or Construction Of

A Facility <u>Without</u> A Vote (Legal Limit .375% including I.A.)	\$ 4,764,190
---	--------------

Indebtedness (Liabilities):

G.O. Bonds	\$ -
------------	------

Others	\$ -
--------	------

Less Assets Available	\$ -
-----------------------	------

Indebtedness Incurred--Section B	\$ -
----------------------------------	------

Margin Of Indebtedness Available--Section B	<u>\$ 4,764,190</u>
---	---------------------

Less: Indebtedness Incurred (Section A + B)	\$ 2,306,196
---	--------------

Margin Of Indebtedness Available <u>Without</u> A Vote (Section A + B)	<u>\$ 5,634,121</u>
--	---------------------

II. Indebtedness <u>With</u> A 3/5 Vote (Legal Limit .75%)	\$ 9,528,380
--	--------------

Indebtedness (Liabilities):

G.O. Bonds	\$ -
------------	------

Others	\$ -
--------	------

Less Assets Available	\$ -
-----------------------	------

Indebtedness Incurred--Section II	\$ -
-----------------------------------	------

Margin Of Indebtedness Available <u>With</u> 3/5 Vote	<u>\$ 9,528,380</u>
---	---------------------

Total Indebtedness Allowable - Section I and II (Legal Limit .75%)	\$ 9,528,380
--	--------------

Less: Indebtedness Incurred - Section I and II	\$ 2,306,196
--	--------------

MARGIN OF INDEBTEDNESS AVAILABLE	<u>\$ 7,222,184</u>
----------------------------------	---------------------

PORT OF SUNNYSIDE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2008		Required Supplementary Information				
Federal Agency Name/Pass Through Agency Name	Federal Program Name	CFDA Number	Other ID Number	Expenditures		Footnote Reference
				From Pass-Through	From Direct Awards	Total
NONE						
Total Federal Awards Expended				\$ -	\$ -	\$ -

SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE

Grantor/Program Title	Identification Number	Current Year Expenses
CERB-E. Edison Infrastructure	T2007-097	\$161,071
City of Sunnyside - KIE/Bauerle Drive	N/A	\$2,500

NOTES TO THE SCHEDULE OF STATE/LOCAL AND FEDERAL FINANCIAL ASSISTANCE

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the Port of Sunnyside's financial statements. The Port of Sunnyside uses the full accrual basis of accounting.

NOTE 2 - WSDOT CONSTRUCTION

N/A

NOTE 3 - INDIRECT COST RATE

N/A

NOTE 4 - AMOUNTS AWARDED TO SUBRECIPIENTS

N/A

PORT OF SUNNYSIDE
SCHEDULE OF LABOR RELATIONS CONSULTANT(S)

Schedule 19

FOR YEAR ENDED DECEMBER 31, 2008

Required Supplementary Information

Has your government engaged labor relations consultants? _____ Yes ☒ No

If yes, please provide the following information for each consultant:

Name of Firm
Name of Consultant
Business Address
Amount Paid to Consultant During Fiscal Year
Terms and Conditions, as Applicable, including:
Rates (e.g., hourly, etc.) _____
Maximum Compensation Allowed _____
Duration of Services _____
Services Provided _____

Certified Correct this _____ day of _____, _____.
to the best of my knowledge and belief:
Signature
Name: Carol A Carter
Title: Finance Officer, Port of Sunnyside

**PORT OF SUNNYSIDE
LOCAL GOVERNMENT RISK FINANCING**

Property and Liability
FOR YEAR ENDED DECEMBER 31, 2008
Required Supplementary Information

Note: The Port of Sunnyside purchases their property and liability insurance through Cities Insurance Association of Washington. All risks are transferred to CIAW and no risk is assumed by the Port. The Port of Sunnyside does not self-insure or forego any type of insurance.

Program Manager: NA

Address: NA

Phone: NA

Organization Legal Name: NA

Date Established: NA

Note: Items 1-8 do not apply. All risks are transferred to the public entity risk pool and no risk is assumed by the Port of Sunnyside outside of the risk pool.

1. Of the items checked above, explain significant changes from the prior report, if any. NA
2. Did the entity obtain an independent actuarial analysis of program's liabilities for the reporting period? When was the most recent actuarial analysis performed? How are the liabilities determined? NA
3. Describe the type of claims managed by the entity and whether claim audits are periodically performed. If claims servicing is contracted, describe the services provided by the contractor. NA
4. Does the entity provide insurance coverage or claims services to other entities or organizations not included in the list of participants? If yes, describe the type of insurance and describe claims services provided to others. NA
5. If program is not reporting as a stand-alone risk pool, describe whether the general fund or internal service fund is used for accounting and reporting. NA
6. Does the total reported program related designated fund balance equal to or exceed all program's liabilities? If not, attach and describe formal adopted plan to maintain minimum required fund balance. NA
7. If program revenues were not sufficient to pay for program expenses during the reporting period, attach and describe formal adopted plans to ensure program is able to continue its operation and meet its obligations. NA
8. This question is applicable to all programs not reporting as stand alone pools. Complete the following as it relates to the program:

continued on page 2

PORT OF SUNNYSIDE
LOCAL GOVERNMENT RISK FINANCING
Property and Liability
FOR YEAR ENDED DECEMBER 31, 2008
Required Supplementary Information

	Ending Balance
Program assets:	NA
Cash, equivalents, and investments	NA
Member receivables	NA
Insurance recoverable	NA
Other receivables	NA
Other current assets	NA
Capital assets net of acc. depr.	NA
Other non current assets restricted	NA
or designated for program use	NA
Total program assets	NA

	Ending Balance
Program liabilities	
Unpaid claims and claims adjustment expenses (including IBNR)	NA
Unallocated claims adjustment expenses	NA
Accounts payable	NA
Other current liabilities	NA
Noncurrent liabilities	NA
Total program liabilities	NA
Program equity	NA

	Ending Balance
Program income	NA
Member contributions	NA
Member contributions penalties, interest, etc	NA
Collection of member deductibles and other	NA
Employer contributions	NA
Interest and dividend income	NA
Insurance related recoveries, reimbursements, etc.	NA
Other contributions	NA
Total program income	NA
Program expenses	
Claims paid	NA
Insurance premiums paid	NA
Excess insurance premiums paid	NA
Reinsurance premiums paid	NA
Claims adjustment paid	NA
Brokerage fee paid	NA
Legal expenses	NA
Contracted claims services	NA
Other contracted services	NA
Other expenses	NA
Total program expenses	NA

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.	66-67
Revenue Capacity These schedules contain information to help the reader assess the government's tax revenue source.	68-71
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.	72-76
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.	77-78
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.	79-84

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

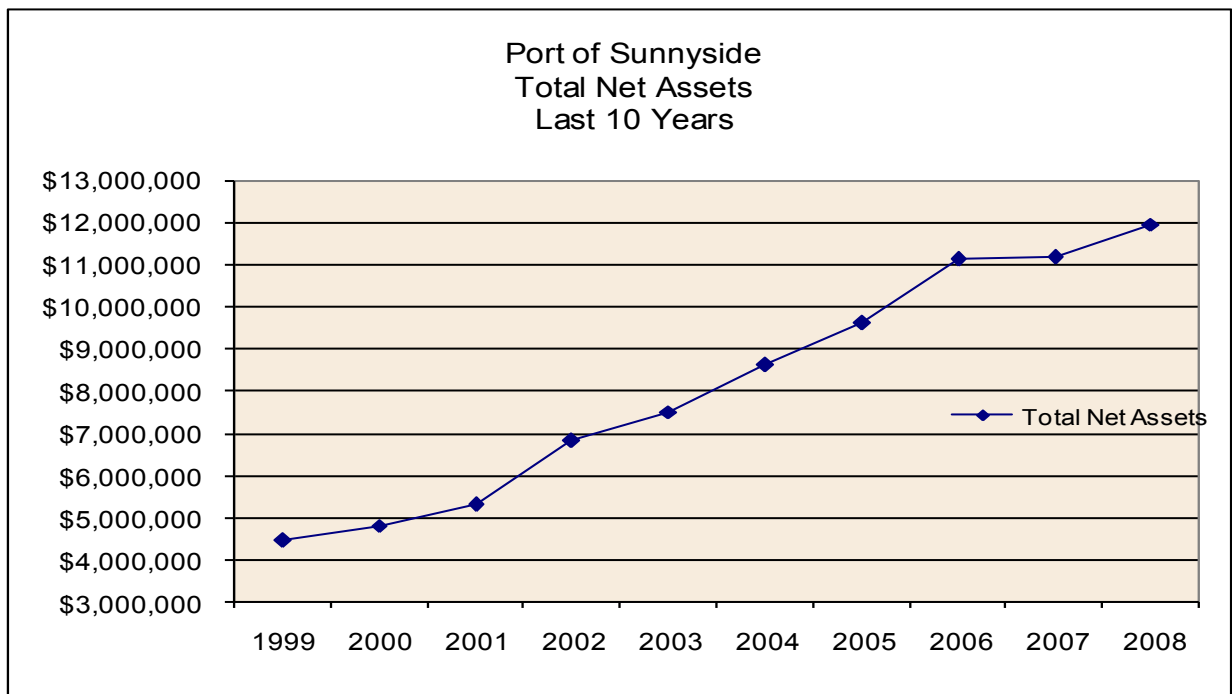
PORT OF SUNNYSIDE

NET ASSETS BY COMPONENTS- LAST 10 YEARS

December 31, 2008

Year	Invested in Capital Assets, Net of Related Debt	Restricted	Unrestricted	Total Net Assets
1999	\$ 1,305,964	\$ 551,500	\$ 2,584,142	\$ 4,441,606
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

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



PORT OF SUNNYSIDE

CHANGES IN NET ASSETS - LAST 10 YEARS

December 31, 2008

YEAR	IWW OPERATING REVENUE	ADMIN & OTHER OPERATING REVENUE	NON- OPERATING REVENUE	OPERATING EXPENSES	NON- OPERATING EXPENSES	DEPREC.	CHANGE IN NET ASSETS
1999	\$ 1,846,649	\$ 42,886	\$ 541,397	\$ 1,062,361	\$ 588,563	\$ 511,232	\$ 268,776
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	368,730	1,002,129	2,288,297	651,080	892,802	784,953

PORT OF SUNNYSIDE

ASSESSED VALUE OF TAXABLE PROPERTY - LAST 10 YEARS

December 31, 2008

YEAR	ASSESSED VALUATION YAKIMA COUNTY	ASSESSED VALUATION PORT DISTRICT	RATIO OF PORT TO COUNTY ASSESSMENT
1999	\$ 8,674,291,903	\$ 778,970,832	8.98%
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%

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, 2008

<u>Year</u>	<u>Port of Sunnyside</u>	<u>Yakima County</u>			<u>School District</u>		<u>Cities and Towns</u>	<u>Special Districts</u>		<u>Totals</u>
		<u>County General Fund</u>	<u>Special Revenue Funds</u>	<u>County Debt Service</u>	<u>School District Average</u>	<u>State School Levy</u>		<u>Fire District</u>	<u>Regional Library</u>	
1999	\$ 0.415	\$ 1.701	\$ 2.573	\$ 0.096	\$ 3.314	\$ 3.357	\$ 4.244	\$ 1.381	\$ 0.495	\$ 17.576
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

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, 2008

Taxpayer	Type of Business	2008 Ranking	2008 Assessed Valuation	Percent of Total
Darigold, Inc.	Cheese Plant	1	\$ 35,074,671	0.26%
United Telephone	Telephone Provider	2	17,373,895	0.13%
Pacificorp	Utility - Power	3	15,615,877	0.11%
Canam Steel Company	Steel Fabrication	4	15,608,015	0.11%
Wal-Mart Real Estate Trust	Retail Store	5	11,830,890	0.09%
Oord Dairy	Dairy Cattle	6	10,683,276	0.08%
Valley Processing	Fruit Processor	7	10,493,814	0.08%
Francis Realty Inc.	Retail Mall	8	10,405,950	0.08%
Gjd LLC	Dairy Cattle	9	7,017,280	0.05%
Yakima Chief US LLC	Hop Processing	10	6,452,253	0.05%
DHS Drilling Company	Drilling Company			
Independent Food Processors	Fruit Processor			
Pacific Western Extruded Plastic	PVC Pipe Mfg			
K-Mart Corporation	Retail Store			
Total Assessed Valuation of Principal Taxpayers			\$ 140,555,921	1.03%
Total Assessed Valuation of Yakima County			\$ 13,676,652,623	100.00%

Source: Yakima County Assessor

1999 Ranking	1999 Assessed Valuation	Percent of Total
1	\$ 41,557,708	0.48%
3	9,769,804	0.11%
2	11,597,616	0.13%
9	5,355,474	0.06%
6	5,569,683	0.06%
5	5,898,100	0.07%
8	5,413,359	0.06%
4	5,961,787	0.07%
7	5,448,355	0.06%
10	5,191,840	0.06%
	\$ 101,763,726	1.17%
	\$ 8,674,291,903	100.00%

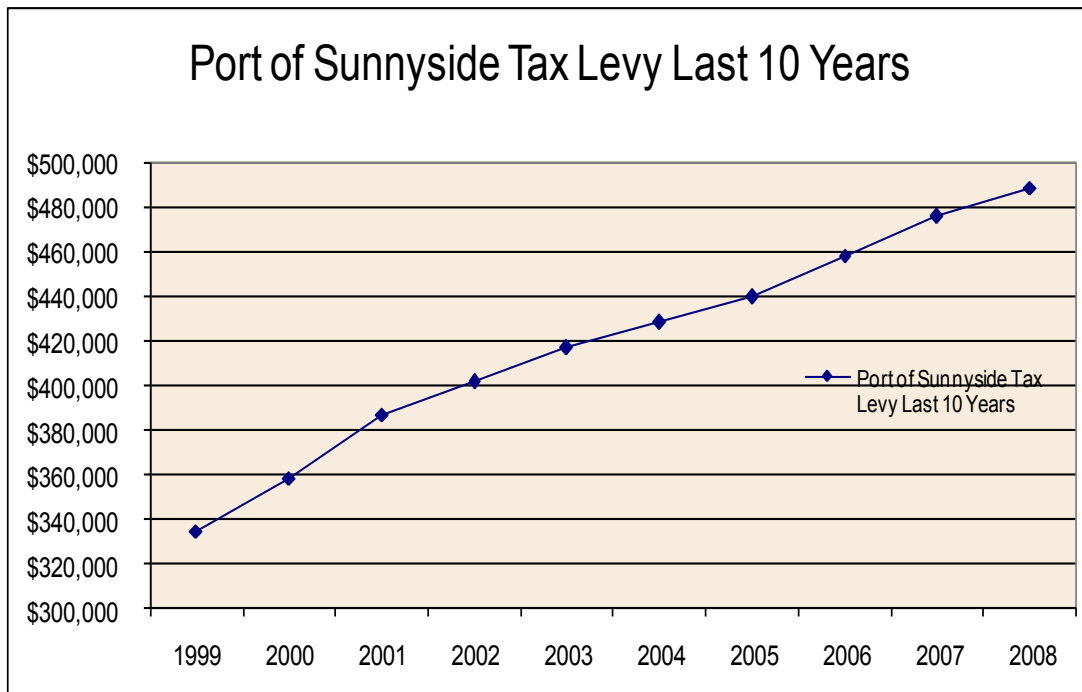
PORT OF SUNNYSIDE

PROPERTY TAX LEVIES AND COLLECTIONS - LAST 10 YEARS

December 31, 2008

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
1999	\$ 334,496	\$ 318,106	95.10%	\$ 16,390	\$ 334,496	100.00%
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	416,381	99.98%
2004	428,358	402,112	93.87%	26,141	428,253	99.98%
2005	439,348	414,375	94.32%	24,779	439,154	99.96%
2006	457,961	435,192	95.03%	17,206	452,398	98.79%
2007	475,975	455,265	95.65%	13,315	468,580	98.45%
2008	488,458	462,658	94.72%	-	462,658	94.72%

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



PORT OF SUNNYSIDE**RATIOS OF OUTSTANDING DEBT BY TYPE - LAST 10 YEARS**

December 31, 2008

Fiscal Year	General Obligation Bonds	Revenue Bonds	Notes Payable	Total Debt	Ratio of Debt to Personal Income	Total Debt Per Capita
1999	\$ 575,000	\$ 4,415,000	\$ 1,501,428	\$ 6,491,428	0.15%	\$ 30.58
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

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

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

PORT OF SUNNYSIDE

RATIOS OF GENERAL BONDED DEBT OUTSTANDING - LAST 10 YEARS

December 31, 2008

Fiscal Year	General Obligation Bonds	% of GO Bonds to Assessed Valuation	GO Bonds Per Capita
1999	\$ 575,000	0.07%	\$ 2.71
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

Note: See the Assessed Value and Estimated Actual Value of Taxable Property schedule on page 68 for property value data.

Note: Population data can be found in the schedule of Demographic and Economic Statistics on page 77.

PORT OF SUNNYSIDE

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2008

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Yakima County	\$ 45,196,748	6.41%	\$ 2,898,799
Sunnyside School District	12,500,000	100.00%	12,500,000
City of Sunnyside	4,875,000	100.00%	4,875,000
Fire District #5	-	100.00%	-
Total Direct and overlapping Debt			\$ 20,273,799

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, 2008
 (in thousands)

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Total Assessed Value	\$ 1,235,103	\$ 1,227,335	\$ 1,131,720	\$ 1,060,159	\$ 1,002,728	\$ 998,264	\$ 956,364	\$ 917,150	\$ 888,120	\$ 829,979
Legal limit of 3/4 of 1% of Assessed Value	9,263	9,205	8,488	7,951	7,520	7,487	7,173	6,879	6,661	6,225
GO Bonds	1,535	-	85	165	240	315	385	450	515	575
Legal Debt Margin	\$ 7,728	\$ 9,205	\$ 8,403	\$ 7,786	\$ 7,280	\$ 7,172	\$ 6,788	\$ 6,429	\$ 6,146	\$ 5,650
Margin of Indebtedness available without a vote of the people (1/4 of 1% of Assessed Value)	\$ 1,553	\$ 3,068	\$ 2,744	\$ 2,485	\$ 2,267	\$ 2,181	\$ 2,006	\$ 1,843	\$ 1,705	\$ 1,500

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

PORT OF SUNNYSIDE**REVENUE BOND COVERAGE - LAST 10 YEARS**

December 31, 2008

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		
1999	\$ 1,967,013	\$ 1,062,391	\$ 233,210	\$ 1,137,832	\$ 195,000	\$ 323,213	\$ 518,213	2.20
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	2,288,297	486,142	1,812,848	450,000	568,548	1,018,548	1.78

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, 2008

Fiscal Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
1999	212,300	\$ 4,431,974,800	\$ 20,876	47,423	10.3%
2000	222,581	4,913,252,994	22,074	49,966	12.2%
2001	224,500	5,186,623,500	23,103	48,015	11.4%
2002	225,000	5,207,850,000	23,146	47,964	9.8%
2003	226,000	5,489,766,000	24,291	48,463	9.8%
2004	227,500	5,593,542,500	24,587	49,026	8.7%
2005	229,300	5,764,831,300	25,141	48,750	7.6%
2006	231,800	6,145,018,000	26,510	48,812	7.4%
2007	234,200	6,332,814,840	27,040	48,837	6.3%
2008	235,900	6,506,358,844	27,581	49,673	7.5%

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, 2008

Port of Sunnyside

	2008			1999		
	Employees	Rank	Percentage of Total Yakima County Employment	Employees	Rank	Percentage of Total Yakima County Employment
Yakima County Principal Employers	2,012	1	1.90%	950	5	1.30%
Yakima Valley Memorial Hospital	1,700	2	1.60%	1,734	1	2.38%
Yakima County School District #7	1,200	3	1.13%	1,026	4	1.41%
Yakima County	1,050	4	0.99%	-	-	-
Wal-Mart	941	5	0.89%	-	-	-
Yakima Regional-HMA	851	6	0.80%	876	6	1.20%
Sno-kist	725	7	0.68%	-	-	-
Washington Beef Inc./AB Foods	723	8	0.68%	623	7	0.85%
City of Yakima	619	9	0.58%	-	-	-
Yakima Nation Legends Casino	590	10	0.56%	430	10	0.59%
Yakima Valley Community College	-	-	-	1,300	2	1.78%
Tree Top	-	-	-	1,140	3	1.56%
Providence Health System	-	-	-	582	8	0.80%
Western Recreational Vehicles, Inc.	-	-	-	520	9	0.71%
Shields Bag & Printing Co.	-	-	-	9,181		12.59%
Total	10,411		9.83%			

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

PORT OF SUNNYSIDE

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION - LAST 10 YEARS

December 31, 2008

Fiscal Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
IWWTF*	8.60	9.13	9.73	9.00	9.75	9.93	10.20	11.79	12.50	12.60
Administration	1.00	1.50	1.50	1.50	1.75	2.00	2.00	2.00	2.50	2.50
Total	9.60	10.63	11.23	10.50	11.50	11.93	12.20	13.79	15.00	15.10

*IWWTF = Industrial Waste Water Treatment Facility

Source: District's Employment Security Quarterly reports

PORT OF SUNNYSIDE

IWWTF INDUSTRY RATES - LAST 10 YEARS

December 31, 2008

YEAR	OPERATION	CAPITAL	BOD	TSS	TKN	SBR-Chloride	SBR-TKN
1999	\$ 1.400	\$ 1.2200	\$ 0.1000	na	na	na	na
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

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, 2008

IWWTF INDUSTRY LIST	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
ADM/LSI	\$ 6,997	\$ 7,847	\$ 8,761	\$ 7,248	\$ 9,374	\$ 8,004	\$ 5,792	\$ 442	\$ -	\$ -
Andrus and Roberts	2,730	3,006	2,985	2,984	3,108	2,882	2,875	2,812	2,807	2,834
Centennial Tank	15,970	34,355	22,307	27,016	21,054	31,619	18,057	18,885	20,601	20,755
Cream Wine	0	0	-	-	-	-	-	-	5,294	5,928
Curfman Steel Corp.	520	1,480	1,467	1,342	1,490	1,447	1,446	1,437	1,436	1,443
Darigold	858,896	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
DRR Fruit	0	4,770	37,437	22,068	25,949	30,969	27,503	37,371	29,479	38,758
G. D. Williams	2,288	799	799	799	799	799	798	799	799	799
Independent Foods	390,326	412,936	499,665	379,962	381,047	433,816	345,317	367,996	331,334	361,678
J. M. Eagle	2,737	2,165	2,096	2,099	3,667	2,340	2,972	3,482	3,295	2,997
Johnson Cannery	0	0	63,808	72,358	62,835	73,852	90,453	91,647	89,763	73,762
Johnson Concentrate	85,921	69,227	83,131	93,926	97,518	100,633	77,451	18,770	-	-
Johnson Fruit	44,415	40,753	35,912	54,949	120,974	138,656	109,102	125,990	152,114	101,418
Milky Way/LTI	12,391	9,874	12,167	12,931	11,674	10,249	12,770	21,125	25,534	32,436
Milne Fruit	2,610	1,184	658	-	1,434	642	200	-	-	-
Sun King	4,271	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	15,798	15,848
U. S. Grape (Snipes)	0	7,066	6,674	6,453	6,444	5,714	5,669	5,397	5,407	2,771
Valley Processing	273,333	234,987	307,857	293,334	312,430	347,711	343,997	324,836	261,823	236,013
Washington Hills	10,731	8,493	13,661	9,398	8,735	13,079	13,773	15,056	5,741	-
Yakima Chief	5,323	33,330	36,142	34,288	33,080	33,656	30,772	25,182	10,956	9,840
TOTAL	\$1,735,258	\$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

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, 2008

Industry	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
ADM/Sweetener	49,309	54,912	52,574	55,029	56,436	49,018	37,898	3,302	na	na
Centennial Tank	302,900	555,609	467,100	407,750	373,500	356,900	313,200	331,800	335,300	272,800
Cream Wine*	na	na	na	na	na	na	na	na	105,968	102,477
Curfman Steel	na	na	9,004	11,780	8,090	5,390	8,260	4,160	0	0
Darigold	23,610,400	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
DRR Fruit	na	na	529,800	409,400	277,300	373,000	424,100	639,000	540,800	702,100
G.D. Williams	2,000	0	0	0	0	0	0	0	0	0
Independent Foods	9,312,770	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
J.M. Eagle	97,739	37,515	23,118	41,301	104,623	172,501	111,394	141,848	119,503	85,977
Johnson Cannery	na	na	848,650	1,196,520	992,900	1,004,400	1,296,100	1,438,700	1,228,132	1,031,000
Johnson Concentrates	2,147,500	1,751,900	2,379,300	3,241,100	2,696,600	2,788,500	1,810,400	41,000	na	na
Johnson Food/Storage	605,100	480,300	461,700	635,555	1,778,100	1,730,100	1,243,030	1,621,900	1,474,248	887,548
Milky Way/ LTI.	325,067	257,113	325,290	351,310	321,302	272,040	479,713	541,400	655,190	739,850
Milne Fruit	14,433	0	1,308	0	0	0	0	0	0	0
Sun King Fruit	0	0	0	0	0	0	0	0	0	0
Tree Top	0	0	0	0	0	0	0	0	0	0
Valley Processing	6,805,900	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
Valley U.S. Grape	na	237,817	165,377	142,305	99,038	91,291	89,754	31,351	7,889	0
WA Hills/Apex Winery*	212,272	159,657	220,492	127,914	163,159	186,026	230,041	213,806	65,096	0
Yakima Chief	na	329,700	392,550	43,801	207,190	370,940	153,730	191,620	114,050	103,900
TOTAL	43,485,390	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

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, 2008

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:	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Number of Industries Served	14	16	19	19	19	19	19	19	17	17
Volume of Waste Water Received	43,485,390	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
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.