

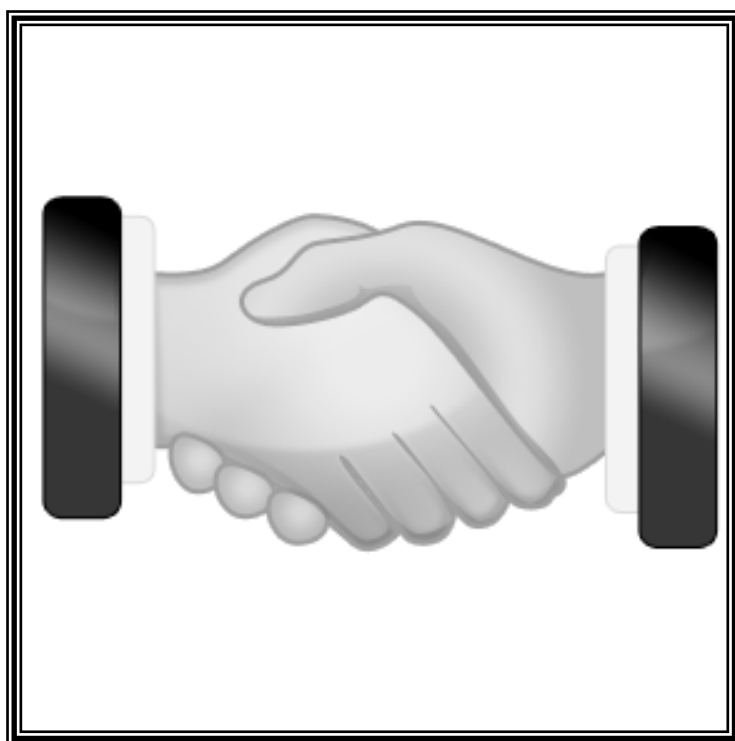
PORT OF SUNNYSIDE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended December 31, 2014

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INTRODUCTION



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June 19, 2015

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, 2014, 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, 2014, 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, 2014 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, 2013. This was the 16th 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.

Management's Discussion and Analysis (MD&A) follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A compliments 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.

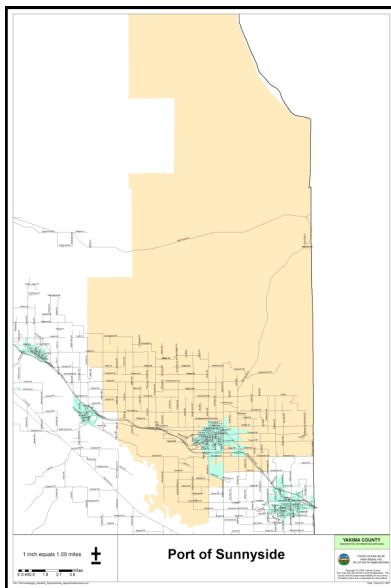
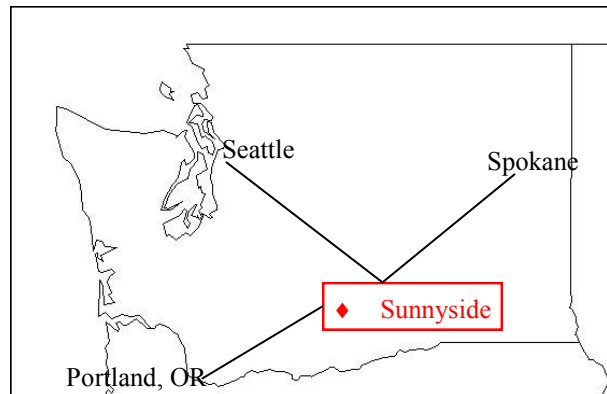
PROFILE OF THE PORT OF SUNNYSIDE-

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

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



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

Port of Sunnyside

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

Industrial Waste Water Treatment Facility

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

Effluent (outgoing) water from the SBR is discharged to surface water in accordance with our Department of Ecology permits. During 2014, we added an Anaerobic Digester to the treatment process which doubled the capacity of the SBR's.

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

Industrial Users

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

In 2014, the Port received 47.2 million cubic feet of water discharged from the Users as compared to 43.4 million cubic feet in 2013. The Users of the IWWTF system work diligently toward reusing their water and therefore reducing the amount of water discharged to the system.

Port of Sunnyside

The Port encourages this type of progressive technology and assists the Industries in any way possible. In 2014, the discharge volume percentage was as follows:

- Darigold (cheese and whey plant)	57%
- Valley Processing (fruit and juice plant)	20%
- Seneca Foods (fruit and juice plant)	11%

The remaining 12% of volume discharged is comprised of various fruit or vegetable processors, food grade shipping companies, steel building manufacturer and a pipe manufacturer.

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

Industry Highlights

Dairy farmers are a critical component of Washington community and economy. Most of the dairy farmers in the Yakima Valley region belong to the Northwest Dairy Association and collectively own the Darigold cheese plant located in Sunnyside.

On behalf of its 540 dairy farmer families, **Darigold** produces a full line of dairy-based 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, Idaho and Montana, the company serves western, national, and international markets.

Darigold is one of Washington's largest privately held organizations and has been in business since 1918.

Darigold contributes significantly to the Sunnyside's economy and is "the top taxpayer" in the area. Darigold has a direct impact to our community with annual wages and benefits of over \$11.4 million in addition to the purchase of local agricultural based services and supplies. In turn, Darigold exports the equivalent of approximately 4 billion pounds of milk per year.

The plant at Sunnyside, Washington, is a major cheese production facility. It takes in approx. 5 million pounds of milk every day—most of it gathered within a 30 mile radius of the plant. The Sunnyside facility manufactured 200 million pounds of cheese in 2014, along with 107 million pounds of whey powder. This is the equivalent of twenty 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 Valley Processing first started operations 33 years ago, their first product was concentrated apple & grape juices 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.

Port of Sunnyside

Seneca Foods LLC (formerly Independent Foods—1973 to January 2013) is a food processing facility in Sunnyside that processes Northwest 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 2014, they discharged 5.3 million cubic feet of waste water making them the 3rd largest user of our treatment plant.

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

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

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

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

Metal Building Manufacturer: Curfman Steel Corp.

Plastic Pipe Manufacturer: J M Eagle

Major Initiatives

The Port personnel, in compliance with specific directives from the Commission and Executive Director, moved forward on important projects for the citizens in the community in 2014. 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.

2014 Project Summary

50th Anniversary celebration

The Port was established in 1964 making 2014 our golden anniversary. The Port has accomplished much in its 50 year history. Service and teamwork have resulted in economic development for our community. The Port's vision to create a prosperous future continues today. In July of 2014, we had a celebration of the Port's accomplishments in appreciation to all of our partners on this journey.

Anaerobic Digester

In 2014, an Anaerobic Pretreatment Facility was built to enhance existing wastewater treatment. The Anaerobic Facility was the largest dollar project undertaken in the port's history. This addition doubled the treatment capacity of the SBRs (Sequencing Batch Reactors) and optimized system efficiency.

Environmental Stewardship

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

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 Glatfelter Insurance Group is the carrier. The policy is renewed on an annual basis. The Port participates in a number of insurance pools including the State of Washington's Unemployment Insurance and Workers' Compensation programs.

ECONOMIC OUTLOOK-

Yakima County

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

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

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

Yakima County is the state's leading agricultural county with sales estimated at \$1.65 billion per year. Yakima County has a large and varied farm base, complemented by diverse non-agricultural interests. Yakima County ranks first in the nation in the number of fruit trees. It produces more apples, mint, winter pears, grapes, and hops than any other county. Additional agricultural products include peaches, apricots, sweet cherries, beef, wheat, and award winning wines. Yakima County is also the leading county for dairy production and number of cows.

Port of Sunnyside

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 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 Sunnyside's Lighted Farm Implement Parade, which is held the first Saturday in December, celebrated its 26th anniversary in 2014. 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. The Sunnyside Lighted Farm Implement Parade featured approx. 65 entries with some of the most unique lighted parade entries imaginable. Entries include beautifully lighted farm implements: combines, harrow beds, swathers, grape pickers, and all types of tractors. Other parade entries include antique cars, trucks, animal drawn entries and Christmas floats. This parade is an experience that the entire family will enjoy.

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

Current Housing Availability Year Ended 2014

Description	Number of Listings	Average List Price
5+ Bedrooms	54	\$448,001
4 Bedrooms	153	\$316,154
3 Bedrooms	343	\$239,034
1-2 Bedrooms—all areas	117	\$130,837
Condo/Townhouse	39	\$161,706

Data gathered from Yakima County Development Association

Port of Sunnyside

Average Homes Sold Prices

Year	Average Price
2014	\$ 163,869
2013	\$ 150,000
2012	\$ 142,105

Data gathered from Yakima County Development Association

Washington's Agriculture

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

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

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

The state's proximity to world markets has made Washington the third largest exporter of food and agricultural products in the nation. According to the U.S. Department of Commerce, Washington's exports topped \$90.6 billion in 2014. 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 37,249 farms operating on nearly 15 million acres, Washington is a major agricultural state with agriculture accounting for 13% of the state's annual gross product.

Washington ranks first in the nation for production of 11 separate commodities including apples, sweet cherries, pears, hops, grapes and red raspberries. Washington ranks second in the nation for an additional 10 commodities including potatoes, apricots and asparagus. The state's diverse agricultural economy includes aquaculture, farm forest products, wheat, cranberries, spearmint and peppermint oil and mint extracts.

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

Economy

Based on Bureau of Labor Statistics and the Employment Security Department estimates, Washington state gained 82,900 jobs in 2014. The private sector added an estimated 73,400 jobs over the year, and the public sector gained an estimated 9,500 jobs. Private sector employment rose 2.9 percent and the public sector employment increased by 1.7 percent.

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

The average unemployment rate for Yakima County for 2014 was 8.2% with the year end rate at 10.8%. By comparison, the unemployment rate across Washington was 6.3% at year end. Yakima County gained jobs in professional & business services and construction during 2014.

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

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

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

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

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



Port of Sunnyside

Following is a chart comparing the employment changes in Yakima County from 2013 to 2014.

Comparison of 2013-2014 Annual Average Employment Changes in Yakima County		
MAJOR EMPLOYMENT GROUP OR INDUSTRY	Yakima County 2013	Yakima County 2014
TOTAL NON-FARM	76,700	81,200
TOTAL PRIVATE	59,700	64,200
GOODS PRODUCING	10,200	11,100
NATURAL RESOURCES, MINING & CONSTRUCTION	3,100	3,300
MANUFACTURING	7,100	7,800
NON DURABLE GOODS	4,900	5,300
SERVICES PROVIDING (incl. Goods)	66,500	70,100
WHOLESALE TRADE	4,500	4,500
RETAIL TRADE	10,800	10,500
TRANSPORTATION, WAREHOUSING & UTILITIES	3,400	3,400
PROFESSIONAL AND BUSINESS SERVICES	4,200	3,900
EDUCATION AND HEALTH SERVICES	14,100	16,900
HEALTH SERVICES	13,100	15,800
LEISURE AND HOSPITALITY	6,500	6,700
GOVERNMENT	17,000	17,000
FEDERAL GOVERNMENT	1,200	1,200
TOTAL STATE & LOCAL GOVERNMENT	15,800	15,800

From Wash. State Employment Security Dept year end report.

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.

Port of Sunnyside

Operation Highlights:

The Port's operating revenues for the fiscal year ending December 31, 2014, were \$4,661,862 as compared to 2013's revenues of 4,275,119. Total operating expenses for 2014 were \$3,826,605 as compared to 2013's of \$3,565,296. The total net position for 2014 increased \$3,957,679 compared to \$729,130 in 2013. The following is comparative data from 2010 through 2014:

Year	2014	2013	2012	2011	2010
Operating Revenues	\$ 4,661,862	\$4,275,119	\$4,222,954	\$4,200,744	\$4,275,321
Operating Expenses	3,826,605	3,565,296	3,647,580	3,649,954	3,586,461
Income from Operations	835,257	709,823	575,374	550,790	688,860
Net Non-Operating Revenues/Expenses/Grants	3,122,422	19,366	(202,845)	(177,979)	178,575
Net Income	\$ 3,957,679	\$ 729,190	\$ 372,529	\$ 372,811	\$ 867,435

Statement of Net Position (Balance Sheet) at December 31, 2014

During 2014, the Port of Sunnyside's total assets increased by \$5,413,383 or 20%. Total assets were \$31,883,615 at the end of 2014 compared to \$26,470,232 in 2013. The Port, at 12/31/14, had cash and investments of \$6,689,859 represented by \$5,362,670 in non-restricted and \$1,327,189 in restricted cash and investments. This was a increase of \$1,604,428 from 2013 mainly due to a land sale and the construction of the Anaerobic Digester.

Debt Administration

The Port, as of December 31, 2014, had \$1,025,000 in General Obligation Bonds and \$6,460,000 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. A Revenue Bond issued in 2003 was refinanced in 2013. The principal amount was \$2,750,000. See Note 7. 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 135 percent bond debt coverage. Comparative data for the past five fiscal years is presented in the following table:

Port of Sunnyside							
Revenue Bond Coverage							
(Amounts expressed in thousands)							
Fiscal Year	Gross Revenue (1)	Gross Expenses (2)	Available for Debt	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
2010	4,644	2,449	2,195	470	549	1,019	215%
2011	4,548	2,482	2,066	490	527	1,017	203%
2012	4,740	2,550	2,190	515	503	1,018	215%
2013	4,810	2,574	2,236	540	477	1,017	221%
2014	7,288	3,287	4,001	605	408	1,013	396%

(1) Total operating and non-operating revenue.

(2) Total operating & non-operating expenses exclusive of depreciation & pollution remediation.

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

Port of Sunnyside

The Port also has Contract debt which totaled \$6,160,821 as of December 31, 2014. The largest of the contracts is with the Department of Ecology (\$1,972,533) and the purpose was to construct the Sequencing Batch Reactors for our Industrial Waste Water Treatment Facility. The construction of this facility was completed in 2005.

Financial Policies

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

AWARDS & ACKNOWLEDGEMENTS-

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Port of Sunnyside for its Comprehensive Annual Financial Report (CAFR) for the December 31, years 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012 and 2013.

Independent Audit

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

Acknowledgments

As Finance Officer/Treasurer, I take this opportunity to recognize the contributions and assistance made by Jay Hester, 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,

Jay Hester
Port of Sunnyside, Executive Director

Carol A Carter
Port of Sunnyside, Finance Officer/Treasurer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

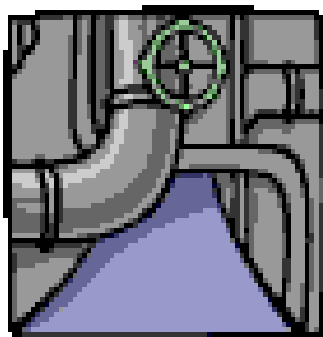
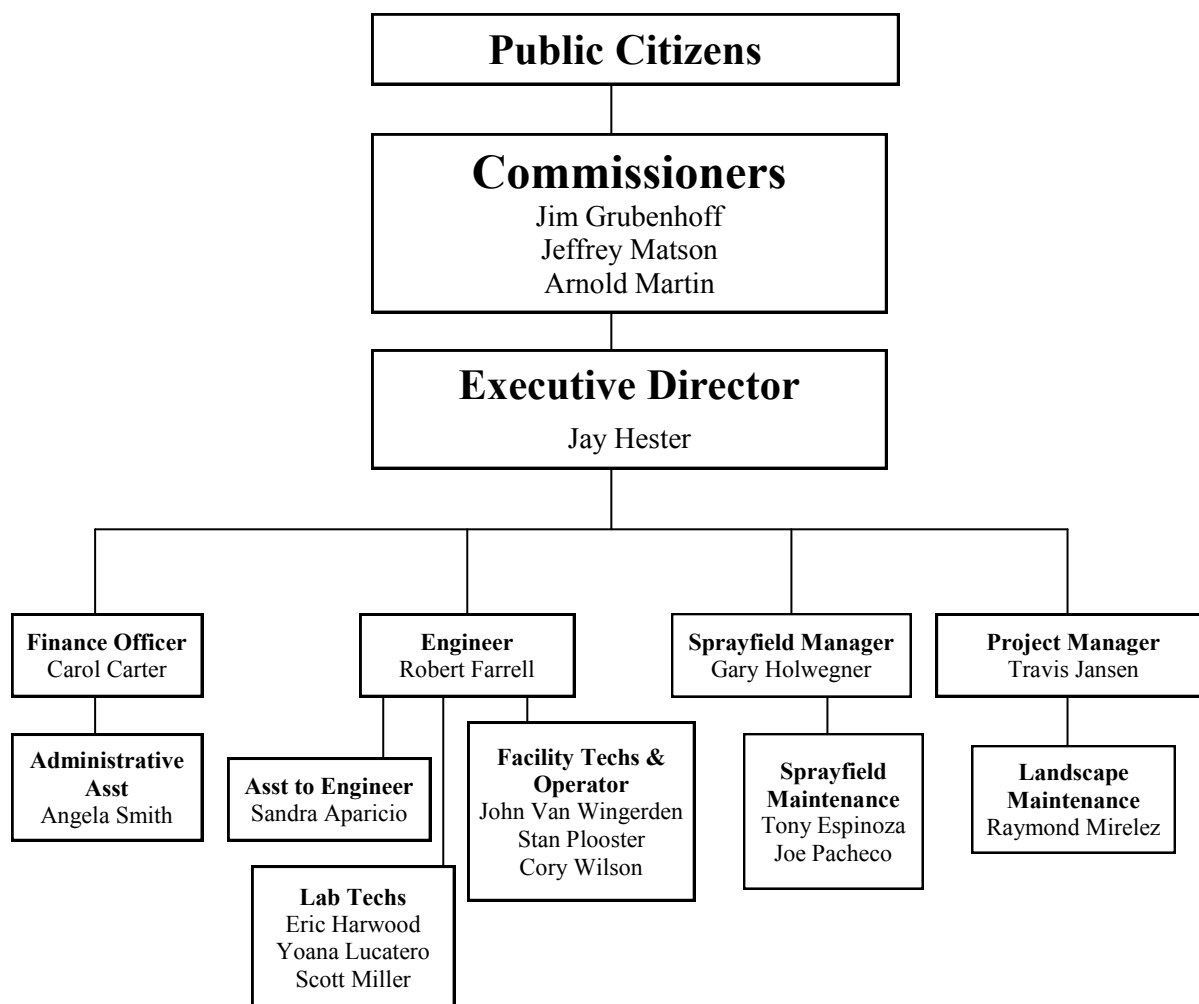
**Port of Sunnyside
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

PORT OF SUNNYSIDE ORGANIZATIONAL CHART



PORT OF SUNNYSIDE BOARD OF COMMISSIONERS - 2014

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

A commissioner is elected to a six-year term of office by the voters in the district. The Commission meetings are open to the public and are held on the first and third Monday, at the Administration Office of the Port, located at 2640 E. Edison Ave., Suite 1, Sunnyside, WA 98944.

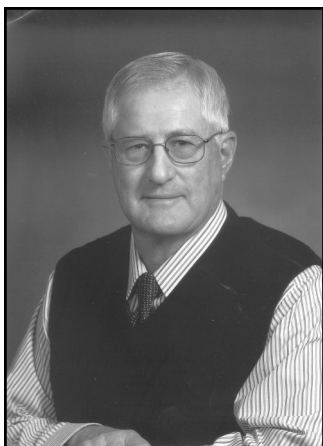
Meet the Commissioners

Jeff Matson

Mr. Matson was appointed to the Commission in 1995 and went on to be elected to the Commission in 1996. In November 2011, Jeff was re-elected to another 6 year term which will expire December 31, 2017. He served as Vice President to the Commission in 2014. He graduated cum Laude in 1978 from Washington State University with a B. A. in Business Administration. He brings to the Commission 36 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. In October 2012, he completed a 2 year term on the Board of Directors of the Patriot Guard Riders (a nationwide not for profit which provides services to veterans and first responders) where he served as corporate Secretary. 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 2014. Mr. Martin was re-elected for a six year term in 2013 which expires December 31, 2019. 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. Mr. Martin is also the current Treasurer of the Far West Spearmint Marketing Order committee. He was honored with a Lifetime Achievement Award from the Washington Mint Growers in December 2014.

Jim Grubenhoff

Mr. Grubenhoff was elected to the Commission in November 2009 and began serving in January 2010. His term expires the end of December 2015. He is currently the Commission President. He has lived in the Yakima Valley his entire life. He graduated from Sunnyside High School in 1974.

Jim owns and operates an outdoor power equipment and home-owner rental store in Sunnyside. The business has been in Sunnyside since 1959. Mr. Grubenhoff has been very active in the Sunnyside community. He was a former board member of Sunnyside, Inc., an organization that strived to promote and revitalize the Sunnyside business community. He served as a board member of Lower Valley Credit Union for 12 years, serving 3 years as chairman. He served on the board of the Lower Valley Crisis and Support Services for 10 years and was chairman 3 times. Mr. Grubenhoff has been a member of the Sunnyside Airport advisory board for 5 years. He has also been a member of the Sunnyside Noon Rotary Club for 18 years. In 2013, Mr. Grubenhoff was honored as the Outstanding Public Official from the Sunnyside Chamber of Commerce.

Mr. Grubenhoff has appointed to the Board of Trustees for the Sunnyside Community Hospital in April 2014.

Mr. Grubenhoff and his wife, Kathy, reside in Sunnyside and have 5 children plus 5 grandchildren.



Port of Sunnyside

List of Principal Officials—December 31, 2014



<u>Title</u>	<u>Name</u>
Executive Director/Auditor	Mr. Jay Hester
Finance Officer/Treasurer	Ms. Carol Carter
Port Engineer	Mr. Robert Farrell
Property & Project Manager	Mr. Travis Jansen
Sprayfield Manager	Mr. Gary Holwegner

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FINANCIAL





Washington State Auditor's Office

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

June 19, 2015

Board of Commissioners
Port of Sunnyside
Sunnyside, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Port of Sunnyside, Yakima County, Washington, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Port's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in

the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2014, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port's basic financial statements.

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with Government Auditing Standards, we will also issue our report dated June 19, 2015, 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. That report will be issued under separate cover in the Port's Single Audit Report. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Port's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in cursive script, reading "Jan M. Jutte".

JAN M. JUTTE, CPA, CGFM

ACTING STATE AUDITOR

OLYMPIA, WA

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, 2014. We encourage readers to read this along with the Port's financial statements and notes. The notes are essential to a full understanding of the data contained in the financial statements.

Financial Highlights

- The assets of the District exceeded liabilities, as of December 31, 2014, by \$17,912,565 or 56%. Of this amount, \$7,342,002 may be used to meet the District's ongoing obligations to citizens and creditors. The restricted portion of the Port's net position does not affect fund resources for future use.
- At the end of 2014, the District's total combined cash & investment balance was \$6,689,859 which is an increase of \$1,604,428 or 32% from 2013's balance and is 175% of 2014's operating expenses. The increase is due to a land sale that took place in 2014.
- The District's total net position increased \$3,957,679 for 2014. This larger than normal increase was due to the same land sale that was mentioned above.
- The District's total long-term debt increased by \$1,578,410 or 13% due to the Anaerobic Digester construction project which increased the functionality of our Industrial Waste Water Treatment Facility.
- The overall financial position greatly improved in 2014.

Overview of the Financial Statements

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

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

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

Proprietary-type funds are accounted for on an economic resources measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with the activity of the fund are included on the Statement of Net Position (balance sheet). The reported fund equity (Net Position) is segregated into Investment in Capital Assets, Restricted for payment of debt and Unrestricted Net Position. The Statement of Revenue & Expenses and Changes in Net Fund Position presents increases (revenue and gains) and decreases (expenses and losses) in net total position. 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.

Port of Sunnyside

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 to our treatment facility. 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 eleven 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, an anaerobic digester, a dewatering facility and 400 acres of sprayfields.

The following schedule reflects condensed net position. The District is engaged only in business - type activities. Also, comparative years are being shown for 2014 & 2013 to offer the reader a better means of analyzing the District's condensed statements that follow.

Port of Sunnyside's Net Position

	Business Type Activities	
	2014	2013
Current Assets and Other Assets	\$ 7,667,231	\$ 5,930,650
Capital Assets, Net Accumulated Depreciation	24,216,384	20,539,582
Total Assets	31,883,615	26,470,232
Current Liabilities	1,447,827	1,558,934
Long Term Liabilities	12,523,223	10,956,413
Total Liabilities	13,971,050	12,515,347
Net Investment in Capital Assets	10,570,563	8,510,097
Restricted	1,122,328	1,122,328
Unrestricted	6,219,674	4,322,460
Total Net Position	\$ 17,912,565	\$ 13,954,885

Major Factors Affecting the Statement of Net Position - Total net position increased in 2014 by \$3,957,679 which reflects an abnormal increase from the overall operation of the Port. During 2014, the Port sold approximately 500 acres of surplus property. The largest portions of the District's total assets (76%) are in capital assets (e.g., land, buildings, other improvements, and machinery and equipment). The District uses these capital assets to provide general services, wastewater treatment, and future development. Consequently, these assets are not available for future spending, except for the sale of land. The unrestricted net position of the District is available for future use to provide and maintain existing and future services.

The largest portion of the District's total liabilities (98%) is long-term debts, which are primarily payments for bond debt, payments to various funding agencies and private contracts associated with capital assets. Any significant increase or decrease in total assets or total liabilities will have a correlating affect on the Statement of Net Position.

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

Port of Sunnyside

Changes In Net Position - The following schedule reflects the Port of Sunnyside's condensed Changes in Net Position.

Port of Sunnyside's Changes in Net Position

	Business Type Activities	
	2014	2013
Revenues:		
Operating Revenues:		
IWWTF Operating Revenue	\$ 4,238,618	\$ 3,901,406
Property Rental & Sprayfield Revenue	384,529	335,843
Other Operating Revenue	38,715	37,870
Total Operating Revenues	4,661,862	4,275,119
Non-Operating Revenues:		
Interest Income	14,986	32,386
Tax Levy Income	553,590	536,692
Other Non-Operating Revenues	2,057,232	85,331
Total Non-Operating Revenues	2,625,808	654,409
Total Revenues	7,287,670	4,929,528
Expenses:		
IWWTF Operating Expenses	2,420,558	2,138,163
General & Admin Operating Expenses	377,489	436,059
Depreciation	1,028,558	991,074
Non Operating:		
Gain (loss) on disposition of assets	65,892	-
Interest Expenses	526,734	718,292
Pollution Remediation	(65,761)	(240,489)
Other Non Operating Expenses	302,282	224,059
Total Expenses	4,655,752	4,267,159
Income Before Capital Contribution-Grant	2,631,918	662,370
Capital Contribution-Grants	1,325,761	66,820
Increase in Net Position	3,957,679	729,190
Net Position - January 1	13,954,886	13,977,650
Prior Period Adjustments	-	(751,955)
Net Position - December 31	\$ 17,912,565	\$ 13,954,885

Analysis of the Schedule of Changes in Net Position – The increase in net position was \$3,957,679 in 2014 as compared with \$729,190 in 2013. Several factors contributed to the change. The major factor in the increase of Net Position is the sale of approximately 500 acres of surplus land.

The majority of revenues received by the District (61%) are utility billing, property taxes and rental income. Other revenues consist of interest earnings, 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, such as changes in utility rates, fuel costs, medical insurance premiums, liability insurance rates, building materials, and any new requirements imposed from the State or Federal government regarding treatment of wastewater.

Port of Sunnyside

Capital Assets

As of year-end 2014, the District had capital assets valued at \$24,216,384 as reflected in the following schedule:

Capital Assets at Year-end
(Net of Depreciation)

	Business Type Activities	
	2014	2013
<u>Capital Assets not being depreciated</u>		
Land	\$ 3,667,712	\$ 6,572,687
Construction In Progress	-	534,691
<u>Capital Assets being depreciated</u>		
Buildings	25,867,771	19,084,740
Improvements other than Buildings	2,903,684	2,914,329
Machinery and Equipment	6,175,834	4,967,190
Accumulated Depreciation	(14,398,617)	(13,534,055)
Total Capital Assets	\$ 24,216,384	\$ 20,539,582

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in the Notes to Financial Statements.

Change in Capital Assets

	Business Type Activities	
	2014	2013
Beginning Balance, January 1	\$ 20,539,582	\$ 21,559,201
Net Change	4,705,359	(28,545)
Depreciation	(1,028,558)	(991,074)
Ending Balance, December 31	\$ 24,216,384	\$ 20,539,582

Analysis of changes in Capital Assets - For year 2014 capital assets increased by \$3,676,802. This increase is primarily due to the addition of a new Anaerobic Digester during 2014 less the sale of approximately 500 acres of land.

Debt Service

At the end of 2014, the District had total debt of \$13,645,821 relating to G.O. Bonds, Revenue Bonds, Notes and Contracts outstanding which was a \$1,578,410 increase over the previous year. Additional information regarding outstanding debt can be found in the District's Notes to Financial Statements Note 7 – Long Term Debt.

Outstanding Debt, At Year-end

	2014	2013
G O Bonds	\$ 1,025,000	\$ 1,115,000
Revenue Bonds	6,460,000	7,065,000
Notes & Contracts Payable	6,160,821	3,887,411
Total	\$ 13,645,821	\$ 12,067,411

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.

Port of Sunnyside

Port of Sunnyside

Yakima County, Washington

Statement of Net Position

December 31, 2014

page 1 of 2

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents (Note 1-C.1)	\$	5,362,670
Restricted Assets:		
Cash and Cash Equivalents (Note 1-C.4)		200,275
Accounts Receivable (Note 1-C.3)		368,029
Taxes Receivable (Note 1-C.3 & Note 3)		31,083
Interest Receivable on Notes (Note 1-C.3)		329
Notes/Contracts Receivable (Note 1-C.3)		10,954
Other Receivables		110,967
Prepayments (Note 1-C.7)		54,269
<i>Total Current Assets</i>		6,138,576

NON-CURRENT ASSETS:

Restricted Assets:		
Investments (Note 1-C.4)		1,126,914
Interest Receivable on Investments (Note 1-C.4)		3,524
Total Non-current Restricted Assets		<u>1,130,439</u>
Capital Assets: (Note 4)		
Capital Assets Not Being Depreciated:		
Land		3,667,712
Capital Assets Being Depreciated:		
Improvements to Land		2,903,684
Buildings		25,867,771
Equipment		6,175,834
Less: Accumulated Depreciation		<u>(14,398,617)</u>
Total Net Capital Assets		<u>24,216,384</u>
Other Non-current Assets		
Other Debits (Note 1-C.7)		<u>398,217</u>
Total Other Non-current Assets		<u>398,217</u>
<i>Total Non-Current Assets</i>		25,745,040
<i>TOTAL ASSETS</i>	\$	<u>31,883,615</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

(cont. on page 2)

Port of Sunnyside

Port of Sunnyside

Yakima County, Washington

Statement of Net Position

December 31, 2014

page 2 of 2

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable (Note 1-C.9)	229,342
Accrued Interest Payable (Note 1-C.9)	64,871
Unearned Revenue (Note 1-C.11 & Note 10)	10,954
Bonds, Notes/Contracts Payable (Note 7)	1,122,598
Compensated Absences (Note 1-C.8)	19,061
Other Current Liabilities (Note 1-C.9)	1,000
<i>Total Current Liabilities</i>	1,447,827

NON-CURRENT LIABILITIES:

General Obligation Bonds (Note 7)	930,000
Revenue Bonds (Note 7)	5,820,000
Notes/Contracts Payable (Note 7)	5,773,223
<i>Total Non-Current Liabilities</i>	12,523,223

TOTAL LIABILITIES

\$ 13,971,050

NET POSITION:

Net Investment in Capital Assets (Note 11)	10,570,563
Restricted, for Payment of Debt (Note 8)	1,122,328
Unrestricted	6,219,674

TOTAL NET POSITION

\$ 17,912,565

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Port of Sunnyside

Port of Sunnyside

Yakima County, Washington

Statement of Revenues, Expenses and Changes in Fund Net Position

For the fiscal year ended December 31, 2014

OPERATING REVENUES:

Industrial Waste Water Treatment Facility Operations	\$ 4,238,618
Property Rentals & Sprayfield Operations	384,529
Other Revenue	38,715

<i>Total Operating Revenues</i>	4,661,862
--	------------------

OPERATING EXPENSES:

Industrial Waste Water Treatment Facility Operations	2,420,558
General & Administrative	377,489
Depreciation	1,028,558

<i>Total Operating Expenses</i>	3,826,605
--	------------------

<i>Operating Income (Loss)</i>	835,257
---------------------------------------	----------------

NON-OPERATING REVENUES (EXPENSES):

Investment Income	14,986
Taxes Levied For:	
General purposes	165,008
Debt service principal/interest	388,582
Gain on disposition of assets	2,038,990
Loss on disposition of assets	(65,892)
Interest expense - General Obligation	(120,727)
Interest expense - Revenue Obligation	(406,007)
Pollution Remediation	65,761
Other nonoperating revenues	18,242
Other nonoperating expenses	(302,282)

<i>Total Non-Operating Revenues (Expenses)</i>	1,796,661
---	------------------

<i>Income before other revenues</i>	2,631,918
--	------------------

<i>Capital Contributions</i>	1,325,761
-------------------------------------	------------------

 Increase in Net Position	3,957,679
-------------------------------------	------------------

NET POSITION - beginning of period	13,954,886
---	-------------------

NET POSITION - end of period	\$ 17,912,565
-------------------------------------	----------------------

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Port of Sunnyside

Port of Sunnyside

Statement of Cash Flows

For the year ended December 31, 2014

page 1 of 2

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers	\$ 4,622,234
Payments to suppliers	(1,656,064)
Payments to employees	(1,190,244)
Other receipts (payments)	<u>(302,282)</u>

Net cash provided by operating activities 1,473,642

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Receipts of property taxes from Yakima County	<u>168,143</u>
---	----------------

Net cash provided by non-capital financing activities 168,143

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Receipt of property taxes from Yakima County	388,582
Proceeds from capital debt	2,960,000
Purchases of capital assets	(4,705,360)
Capital contributions	1,214,795
Sale of capital assets	1,991,340
Principal paid on capital debt	(1,381,588)
Interest paid on capital debt	<u>(514,533)</u>

Net cash provided (used) by capital and related financing activities (46,764)

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and dividends	<u>9,407</u>
<i>Net cash provided by investing activities</i>	9,407

Net increase (decrease) in cash and cash equivalents 1,604,428

Balances - beginning of the year 3,958,517

Balances - end of the year \$ 5,562,945

(cont. on page 2)

Port of Sunnyside

Yakima County, Washington
Statement of Cash Flows
For the year ended December 31, 2014

page 2 of 2

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

<i>Operating income (loss)</i>	\$	835,257
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		1,028,558
Change in assets and liabilities:		
Receivables, net		(150,596)
Accounts and other payables		(206)
Accrued expenses		<u>(350,338)</u>
<i>Net cash provided by operating activities</i>	\$	1,362,675

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Note: There were no material non-cash transactions resulting from investing, capital or financing activities.

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Port of Sunnyside

Notes to Financial Statements

December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

B. Basis of Accounting and Presentation

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

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

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

The Port of Sunnyside uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred.

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

Capital asset purchases are capitalized and long-term liabilities are accounted for appropriately.

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

C. Assets, Liabilities and Net Position

1. Cash and Cash Equivalents

It is the Port of Sunnyside's policy to invest all temporary cash surpluses. At December 31, 2014, the treasurer was holding \$5,562,945 in cash and short term investments of surplus cash - including \$4,055,759 in the Washington State Local Government Investment Pool. This amount is classified on the Statement of Net Position as Cash and Cash Equivalents.

The amounts reported as Cash and Cash Equivalents also include compensating balances maintained with certain banks in lieu of payments for services rendered. The average compensating balances maintained during 2014 were approximately \$75,000.

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

2. Short Term Investments

See Note 2 – Deposits and Investments

3. Receivables

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

Accrued interest receivable consists of amounts earned on investments, notes and contracts at 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.

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

4. Restricted Assets and Liabilities

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

The restricted assets are composed of the following:

Cash & Cash Equivalents & Investments for Debt Service \$1,327,189

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

Restricted interest receivable is interest due on Investments at year end.

5. Capital Assets and Depreciation

See Note 4 – Capital Assets and Depreciation

6. Other Property and Investments

See Note 2 – Deposits and Investments

7. Other Assets and Debits

Prepayments- Prepaid expenses consist of amounts paid in 2014 for 2015 expenses.

Other Debits- The amount shown in Other Debits is the Port's portion of Benton REA's Capital Credits (also called patronage dividends, patronage refunds, patronage capital or equity capital). Benton REA is a not-for-profit member-owned electric co-operative. We are a member because we purchase electricity from them.

8. Compensated Absences

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

Vacation pay, which may be accumulated as follows:

An employee is allowed to carry over up to 10 vacation days (80 hours) into the next calendar year. The balance of an employee's vacation pay is payable upon resignation, retirement or death. Sick leave may accumulate up to 60 days. The district has no obligation to pay an employee the balance of their sick leave at time of resignation, retirement or death. An employee is allowed to carry over up to 5 compensatory days (40 hours) into the next calendar year and the balance is payable upon resignation, retirement or death.

The District's total obligation for accrued vacation and comp time is \$19,061 at December 31, 2014 and was \$16,451 at December 31, 2013. The Compensated Absences could all be due within the coming year and are recorded as a Current Liability.

9. Other Accrued Liabilities

Accounts Payable – These accounts consist of accrued accounts payable and payroll expenses at year end. These amounts are expenses incurred, but not yet paid as of 12/31/14.

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

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

10. Long-Term Debt

See Note 7 – Long Term Debt

11. Unearned Revenue

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

NOTE 2 – DEPOSITS AND INVESTMENTS

DEPOSITS

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

INVESTMENTS

As of December 31, 2014, the Port had the following investments:

Restricted Assets - Investments

Treasury Bond – Federal Farm Credit Bank for \$176,914 matures 3/6/2020

Treasury Bond – Federal Home Loan Bank for \$950,000 matures on 9/27/2018

Custodial credit risk is the risk that in event of a failure of the counterparty to an investment transaction the Port would not be able to recover the value of the investment or collateral securities.

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

NOTE 3 - PROPERTY TAX

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

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

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

The district may levy up to \$ 0.45 per \$1,000 of assessed valuation for general governmental services.

The district's regular levy for 2014 was \$ 0.43202172 per \$1,000 on an assessed valuation of \$1,278,436,576 for a total regular levy of \$552,313 plus adjustments of \$1,277 for a grand total of \$553,590. In 2013, the regular levy was \$540,841.

Washington State Constitution and Washington State Law, RCW 84.55.010, limit the rate. The district may also levy taxes at a lower rate.

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION

- A. Major expenses 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 \$5,000 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).

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 2014, 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 (half year convention) 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 30 years and Machinery & equipment – 2 to 40 years.

- B. Capital assets activity for the year ended December 31, 2014 was as follows:

	Beginning Balance 1/1/14	Increases	Decreases	Ending Balance 12/31/14
Capital Assets, not being depreciated:				
Land	\$ 6,572,687	\$ 51,975	\$ 2,956,950	\$ 3,667,712
Construction In Progress	534,691	7,512,440	8,047,131	(0)
Total Capital Assets, not being depreciated	7,107,378	7,564,415	11,004,081	3,667,712
Capital Assets, being depreciated:				
Buildings	19,084,740	6,828,765	45,734	\$ 25,867,771
Improvements other than buildings	2,914,330	-	10,646	\$ 2,903,684
Machinery & Equipment	4,967,190	1,386,410	177,766	\$ 6,175,834
Total Capital Assets, being depreciated	26,966,260	8,215,175	234,146	34,947,289
Less Accumulated Depreciation for:				
Buildings	(9,515,640)	(663,557)	45,484	\$ (10,133,713)
Improvements other than buildings	(732,746)	(144,160)	6,388	\$ (870,518)
Machinery & Equipment	(3,285,670)	(220,841)	112,125	\$ (3,398,386)
Total Accumulated Depreciation	(13,534,056)	(1,028,558)	163,997	(14,398,617)
Total Capital Assets, being depreciated, net	\$ 13,432,204	\$ 7,186,617	\$ 70,149	\$ 20,548,673

- C. Construction Commitments

The Port of Sunnyside has no active construction projects as of December 31, 2014.

As of December 31, 2014, the Port had no unfulfilled commitments with contractors.

NOTE 5 - PENSION PLANS

Substantially all Port of Sunnyside's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

NOTE 5 - PENSION PLANS (cont.)

Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov.

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

Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts; employees of legislative committees; employees of district and municipal courts; and employees of local governments. Membership also includes higher education employees not participating in higher education retirement programs. Approximately 49 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

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

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to Plan 3.

PERS is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members, and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS-covered employment.

PERS Plan 1 members are vested after the completion of five years of eligible service.

PERS Plan 1 members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with 25 years of service, or at age 60 with at least 5 years of service. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits.

The monthly benefit is 2 percent of the average final compensation (AFC) per year of service, but the benefit may not exceed 60 percent of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

NOTE 5 - PENSION PLANS (cont.)

PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity. The benefit amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60, at which time the benefit is converted to the member's service retirement amount.

A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

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

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 1, 2013:

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

PERS Plan 2 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5 percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service.

PERS Plan 2 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by Chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

NOTE 5 - PENSION PLANS (cont.)

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the Retirement Strategy Fund that assumes the member will retire at age 65.

For DRS' Fiscal Year 2013, PERS Plan 3 employee contributions were \$99.0 million, and plan refunds paid out were \$69.4 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

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

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, and were hired before May 1, 2013, they have the choice of a benefit that is reduced by 3 percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.
- If they have 30 service credit years, are at least 55 years old, and were hired after May 1, 2013, they have the option to retire early by accepting a reduction of 5 percent for each year before age 65.

PERS Plan 3 benefits are actuarially reduced to reflect the choice, if made, of a survivor option. PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service. These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3 percent annually.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

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

From January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to elect participation in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make an irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of AFC. Judges in PERS Plan 3 could elect a 1.6 percent

NOTE 5 - PENSION PLANS (cont.)

of pay per year of service benefit, capped at 37.5 percent of AFC.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program.

There are 1,176 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2013:

Retirees and Beneficiaries Receiving Benefits	85,328
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	31,047
Active Plan Members Vested	150,706
Terminated Plan Members Non-vested	101,191
Total	368,272

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 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. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent.

As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program

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

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2014, are as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	9.21%**	9.21%**	9.21%***
Employee	6.00%****	4.92%****	*****

* The employer rates include the employer administrative expense fee currently set at 0.18%.

** The employer rate for state elected officials is 13.73% for Plan 1 and 9.21% for Plan 2 and Plan 3.

*** Plan 3 defined benefit portion only.

**** The employee rate for state elected officials is 7.50% for Plan 1 and 4.92% 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 required contributions for the years ended December 31 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2014	\$ 4,315	\$ 39,264	\$ 23,505
2013	\$ 3,757	\$ 34,578	\$ 20,075
2012	\$ 3,151	\$ 22,575	\$ 25,853

NOTE 6 - RISK MANAGEMENT

The Port of Sunnyside maintains commercial insurance coverage. The District carries coverage for Public Entity General Liability with a “per occurrence limit” of \$1,000,000 and an “aggregate limit” of \$3,000,000 with no deductible. Excess liability coverage is “per occurrence limit” of \$1,000,000 and an “aggregate limit” of \$10,000,000 with no deductible. We also have Public Entity Management Liability and Public Entity Employment Practice Liability coverage with a “per occurrence limit” of \$1,000,000 and an “aggregate limit” of \$3,000,000 again with no deductible along with General Crime Coverage of \$1,000,000. In addition, the Port maintains Auto Coverage for Port vehicles with various limits and deductibles. We have Blanket Property coverage for \$16,226,062 with a \$1,000 deductible as well as Flood and Earthquake coverage of \$5,000,000 each.

In comparison to prior years, there were no significant changes in the types and coverage’s of insurance policies purchased by the Port in 2014. Also, settled claims have not exceeded commercial insurance coverage in any of the past three years.

Risks that the Port could possibly encounter would include torts, damage or destruction of structures or equipment, errors or omissions, employee injuries & natural disasters.

NOTE 7 - LONG TERM DEBT**A. Long Term Debt**

The Port of Sunnyside issues general obligation and revenue bonds to finance the purchase of land and/or buildings and the acquisition or construction of the Industrial Wastewater Treatment Facility and its improvements. Bonded indebtedness has also been entered into (currently and in prior years) to advance refund revenue bonds. General obligation bonds have been issued for business-type activities and are being repaid from the applicable resources. The revenue bonds & other revenue debts are being repaid by proprietary fund revenues. The Port of Sunnyside is also liable for notes that were entered into for the purchase of land and economic development. These notes are considered obligations of the general government and are being repaid with general governmental revenue sources.

General obligation bonds currently outstanding are as follows:

Purpose	Maturity Range	Interest Rate	Original Amount	Amount of Installment
Golob Landing Park Infrastructure	2009-2023	3.00-4.70%	\$ 1,535,000	\$ 95,000

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

Year Ending December 31	Principal	Interest
2015	95,000	45,347
2016	100,000	41,643
2017	105,000	37,643
2018	110,000	33,443
2019	110,000	28,905
2020-2023	505,000	60,865
Total	\$ 1,025,000	\$ 247,845

Port of Sunnyside

NOTE 7 - LONG TERM DEBT (cont.)

The revenue bonds currently outstanding are as follows:

Purpose	Maturity Range	Interest Rate	Original Amount	Amount of Installment
2013 Refi Wastewater Plant Improvements	2014-2023	4.38%	\$ 2,750,000	\$ 235,000
2008 De-Watering Facility	2009-2021	4.00-6.70%	\$ 5,000,000	\$ 405,000

Revenue bond debt service requirements to maturity are as follows:

Year Ending December 31	Principal	Interest
2015	\$ 640,000	371,162
2016	675,000	334,050
2017	780,000	294,844
2018	840,000	248,906
2019	905,000	199,331
2020-2023	2,620,000	276,931
Total	\$ 6,460,000	\$ 1,725,225

The contracts payable outstanding are as follows:

Contracts Payable						
Description	Original Loan	Maturity Date	Interest Rate	Loan Balance 1/1/14	Loan Balance 12/31/14	Current Portion
SIED Loan - East Edison	62,500	6/1/2014	3.938%	9,694	-	-
SIED Loan - SBR	250,000	6/1/2018	1.080%	83,333	66,667	16,666
SIED Loan - KIE (Bauerle)	88,000	6/1/2018	6.187%	30,657	15,789	15,789
SIED Loan - Medical Clinic	225,000	6/1/2014	6.187%	37,926	-	-
SIED Loan - Dewatering	250,000	6/1/2018	2.440%	130,639	105,755	25,491
SIED Loan - Bleyhl	137,500	6/1/2019	2.440%	85,452	72,054	13,724
SIED Loan - Bleyhl 2nd Spur	206,550	6/1/2023	2.440%	206,550	100,024	10,072
SIED Loan- Anaerobic Digester	1,000,000	6/1/2025	0.025%	-	1,000,000	-
DOE Loan - SBR	3,381,818	5/10/2025	1.500%	2,144,702	1,972,533	174,770
Land Purchase - Veiga	557,400	2/1/2017	6.000%	209,424	-	-
CERB 2 - SBR	500,000	1/1/2025	0.000%	300,000	275,000	25,000
CERB - East Edison	513,600	1/1/2029	0.000%	456,533	428,000	28,533
CERB - Rail Spur	275,000	7/1/2020	0.000%	192,500	165,000	27,500
CERB - Anaerobic Digester	850,000	7/30/2028	3.000%	-	850,000	-
USDA - Anaerobic Digester \$750k	750,000	8/1/2024	0.000%	-	750,000	34,722
USDA - Anaerobic Digester \$300k	300,000	7/1/2024	0.000%	-	300,000	13,889
Benton REA - Anaerobic Digester	60,000	9/1/2024	3.250%	-	60,000	1,441
Total	\$ 9,407,368			\$ 3,887,410	\$ 6,160,821	\$ 387,598

NOTE 7 - LONG TERM DEBT (cont.)

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

Year Ending December 31	Principal	Interest
2015	387,598	39,448
2016	596,848	90,617
2017	537,634	60,503
2018	638,430	167,556
2019	600,177	70,474
2020-2024	2,838,089	204,703
2025-2029	562,046	20,411
Total	\$ 6,160,821	\$ 653,712

At December 31, 2014, the Port of Sunnyside has \$27,508 available in debt service funds to service the general obligation debt. Restricted assets contain \$1,122,328 in sinking funds and reserves as required by revenue bond indentures and DOE loan.

The Port of Sunnyside has pledged future Industrial Wastewater Treatment Facility revenue, net of specified operating expenses, to repay \$4,470,000 in revenue bonds issued in June, 2003 and \$5,000,000 issued in August, 2008. The balance (\$2,970,000) of the 2003 RO Bond was refinanced in 2013 in the amount of \$2,750,000 (see B. below). Proceeds from the 2003 bonds provided financing for construction of the Sequencing Batch Reactor and proceeds from the 2008 bond provided financing for a De-watering Facility which was completed in 2010. The bonds are payable solely from the Industrial Wastewater Treatment Facility revenue and are payable through 2023. Annual principal and interest payments on the bonds are expected to require approx. 24% of net revenues. The total principal and interest remaining to be paid on the bonds is \$8,185,225. Principal and interest paid for these bonds for the current year and total Industrial Wastewater Treatment Facility revenue were \$1,012,852 and \$4,238,618 respectively.

B. Refunded Debt

In 2013, the Port issued \$2,750,000 of revenue obligation refunding debt to provide resources to purchase U.S. Government and State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$2,970,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government's statement of net position. This advance refunding was undertaken to reduce total debt service payments over the next 10 years by \$274,985.

C. Changes in Long-Term Liabilities

During the year ended December 31, 2014, the following changes occurred in long-term liabilities:

	Beginning Balance 1/1/14	Additions	Reductions	Ending Balance 12/31/14	Due Within One Year
Bonds Payable:					
GO Bonds	\$ 1,115,000	\$ -	\$ 90,000	\$ 1,025,000	\$ 95,000
Revenue Bonds	7,065,000	-	605,000	6,460,000	640,000
Notes & Contracts Payable	3,887,410	2,960,000	686,589	6,160,821	387,598
Compensated Absences	16,451	44,978	42,368	19,061	19,061
Pollution Remediation	65,761	-	65,761	-	-
Total Long-Term Liabilities	\$ 12,149,622	\$ 3,004,978	\$ 1,489,718	\$ 13,664,882	\$ 1,141,659

NOTE 8 – RESTRICTED COMPONENT OF NET POSITION

The district's statement of net position reports \$1,122,328 of restricted component of net position, all of which is externally imposed by creditors.

NOTE 9 - CONTINGENCIES AND LITIGATION

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

As discussed in Note 7, Long-Term Debt, the Port of Sunnyside is 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. Port of Sunnyside management believes that such disallowances, if any, will be immaterial.

NOTE 10 – UNEARNED REVENUE

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

NOTE 11 – OTHER DISCLOSURES

Major Receivables: Thirteen industries discharge to the Industrial Waste Water Treatment Facility (IWWTF). In 2014, the amount billed was as follows:

Darigold	66%
Independent Foods (now Seneca)	12%
Valley Processing	10%
The remaining ten industries	12%

Method of Calculation of Net Assets Invested in Capital Assets

Net Capital Assets (including CIP)	\$ 24,216,384
Less Capital Related Debt	<u>- 13,645,821</u>
Net Investment in Capital Assets	\$ 10,570,563

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STATISTICAL



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STATISTICAL SECTION

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	54-55
Revenue Capacity These schedules contain information to help the reader assess the government's tax revenue source.	56-59
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.	60-63
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.	64-65
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.	66-70

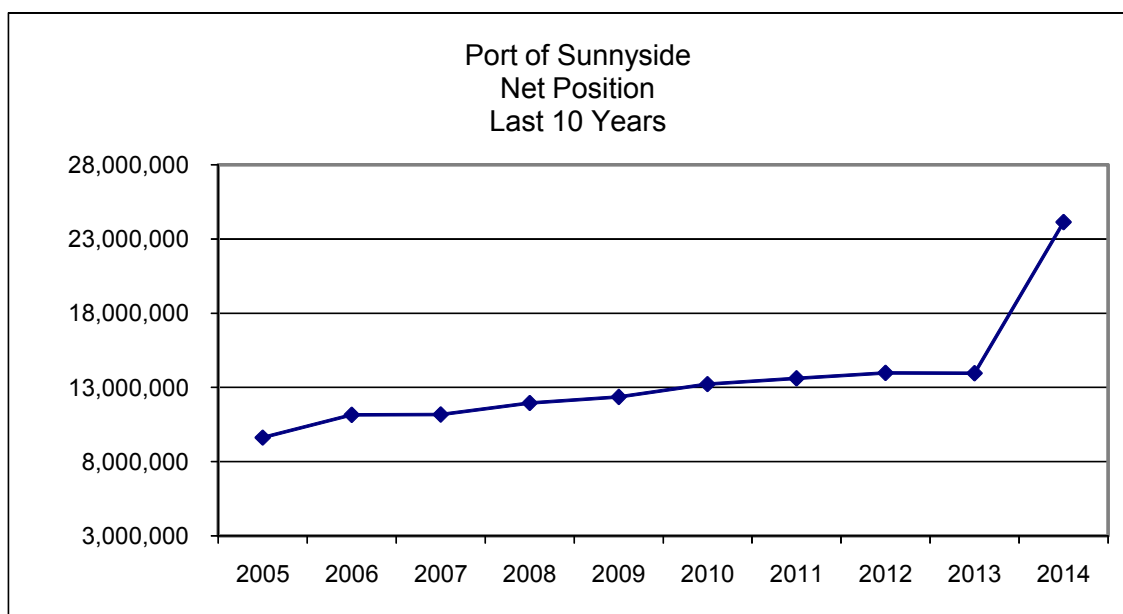
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

PORT OF SUNNYSIDE**NET POSITION BY COMPONENTS- LAST 10 YEARS**

December 31, 2014

Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2005	5,515,775	1,190,170	2,924,904	9,630,849
2006	6,605,436	1,259,610	3,281,949	11,146,995
2007	6,797,820	1,332,949	3,043,019	11,173,788
2008	8,094,845	1,635,515	2,228,380	11,958,740
2009	8,020,340	1,706,270	2,638,265	12,364,875
2010	7,251,403	1,720,446	4,260,461	13,232,310
2011	7,493,676	1,154,697	4,956,748	13,605,121
2012	7,193,195	1,127,731	5,656,724	13,977,650
2013	8,510,097	1,122,328	4,322,460	13,954,885
2014	6,219,674	0	17,912,565	24,132,239

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



PORT OF SUNNYSIDE**CHANGES IN NET POSITION - LAST 10 YEARS**

December 31, 2014

YEAR	OPERATING REVENUE	NON OPERATING REVENUE	OPERATING EXPENSES	NON OPERATING EXPENSES	CHANGE IN NET POSITION
2005	3,007,761	791,450	2,479,294	620,593	699,324
2006	4,169,283	676,589	2,910,747	470,112	1,465,013
2007	3,619,408	748,590	3,867,583	473,623	26,792
2008	3,615,005	1,002,129	3,181,100	651,080	784,954
2009	3,669,739	1,061,157	3,447,651	877,111	406,135
2010	4,275,321	639,028	3,586,461	787,051	540,838
2011	4,200,744	555,573	3,649,954	733,552	372,811
2012	4,222,953	1,168,098	3,647,580	1,370,943	372,528
2013	4,275,119	721,229	3,565,296	701,862	729,190
2014	4,661,862	3,951,569	3,826,605	829,147	3,957,679

Port of Sunnyside

PORT OF SUNNYSIDE

ASSESSED VALUE OF TAXABLE PROPERTY - LAST 10 YEARS

December 31, 2014

YEAR	ASSESSED VALUATION YAKIMA COUNTY	ASSESSED VALUATION PORT DISTRICT	RATIO OF PORT TO COUNTY ASSESSMENT	PORT LEVY RATE
2005	11,062,056,969	1,002,728,119	9.06%	0.43815289
2006	11,861,783,103	1,060,158,505	8.94%	0.43197431
2007	12,599,607,728	1,131,719,573	8.98%	0.42057960
2008	13,676,652,623	1,227,335,303	8.97%	0.39798237
2009	14,532,869,869	1,270,450,694	8.74%	0.39448035
2010	14,492,460,315	1,258,239,451	8.68%	0.40849760
2011	15,056,805,667	1,291,213,979	8.58%	0.40733287
2012	14,492,460,315	1,239,438,271	8.55%	0.43034834
2013	14,843,676,188	1,251,874,124	8.43%	0.43202504
2014	15,024,702,587	1,278,436,576	8.51%	0.43202172

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, 2014

Year	Port of Sunnyside	Yakima County			School District		Cities and Towns	Special Districts		Totals
		County General Fund	Special Revenue Funds	County Debt Service	School District Average	State School Levy		Fire District	Regional Library	
2005	0.438	1.672	2.559	0.077	3.632	2.736	4.335	1.419	0.494	17.362
2006	0.432	1.622	2.445	0.072	3.521	2.503	4.364	1.439	0.475	16.873
2007	0.421	1.578	2.479	0.069	3.653	2.254	4.117	1.359	0.484	16.412
2008	0.398	1.498	2.419	0.063	3.482	2.027	3.867	1.345	0.462	15.561
2009	0.394	1.455	2.339	0.052	3.561	1.922	3.791	1.294	0.448	15.256
2010	0.408	1.494	2.396	0.053	3.725	2.092	3.689	1.315	0.460	15.632
2011	0.407	1.471	2.166	0.049	3.684	2.209	3.711	1.301	0.453	15.451
2012	0.430	1.537	2.461	0.047	3.917	2.398	3.807	1.362	0.472	16.432
2013	0.432	1.749	2.004	-	4.118	2.512	4.151	1.389	0.476	16.831
2014	0.432	1.765	2.044	-	4.155	2.615	3.986	1.394	0.481	16.872

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, 2014

Taxpayer	Type of Business	2014 Ranking	2014 Assessed Valuation	Percent of Total
Darigold, Inc.	Cheese Plant	1	\$ 30,520,191	21.26%
United Telephone	Telephone Provider	2	20,960,159	14.60%
PacifiCorp	Utility - Power	3	16,753,473	11.67%
Canam Steel Company	Steel Fabrication	4	12,298,695	8.57%
Wal-Mart Real Estate Trust	Retail Store	5	12,161,118	8.47%
Valley Processing	Fruit Processor	6	10,993,447	7.66%
Independent Food Processor	Fruit Processor	7	10,885,748	7.58%
Sunnyside Dairy	Dairy Farm	8	10,337,980	7.20%
J-M Manufacturing	Pipe Manufacturing	9	9,675,994	6.74%
Cow Palace LLC	Hop Processing	10	8,960,395	6.24%
Francis Realty Inc.	Retail Mall			
Sprint Corp LP	Telephone Provider			
Oord Dairy	Dairy Farm			
Derutyer Brothers Dairy	Dairy Farm			
Total Assessed Valuation of Principal Taxpayers			\$ 143,547,200	100.00%
Total Assessed Valuation of Yakima County			\$ 15,024,702,587	

Source: Yakima County Assessor

2005 Ranking	2005 Assessed Valuation	Percent of Total
1	\$ 31,061,083	24.09%
4	11,586,858	8.99%
3	14,489,962	11.24%
8	9,347,400	7.25%
5	11,220,757	8.70%
10	7,521,070	5.83%
7	9,499,900	7.37%
2	16,166,426	12.54%
9	7,919,874	6.14%
6	10,117,327	7.85%
	\$ 128,930,657	100.00%
	\$ 10,197,814,475	

Port of Sunnyside

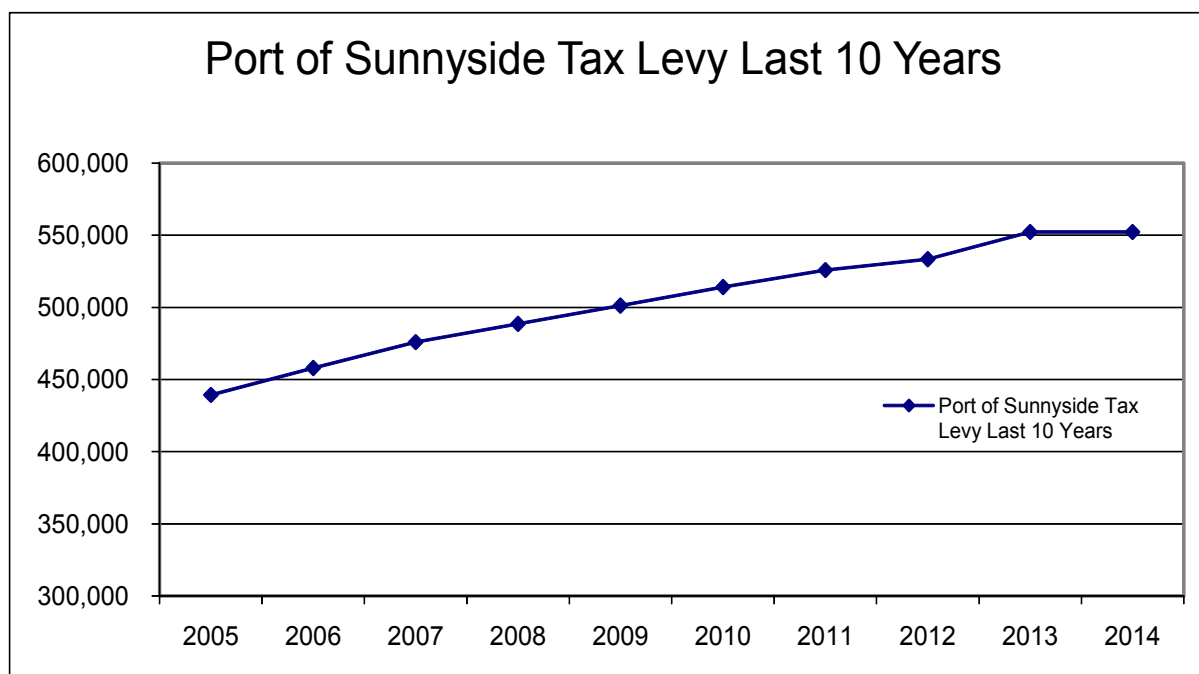
PORT OF SUNNYSIDE

PROPERTY TAX LEVIES AND COLLECTIONS - LAST 10 YEARS

December 31, 2014

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
2005	439,348	414,375	94.32%	25,063	439,438	100.00%
2006	457,961	435,192	95.03%	22,769	457,961	100.00%
2007	475,975	455,265	95.65%	20,710	475,975	100.00%
2008	488,458	462,658	94.72%	25,800	488,458	100.00%
2009	501,168	470,816	93.94%	30,352	501,168	100.00%
2010	513,988	484,774	94.32%	28,735	513,509	99.91%
2011	525,954	503,042	95.64%	22,034	525,077	99.83%
2012	533,390	512,955	96.17%	15,837	528,792	99.14%
2013	552,312	520,062	94.16%	9,863	529,925	95.95%
2014	552,312	534,805	96.83%	-	534,805	96.83%

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



Port of Sunnyside

PORT OF SUNNYSIDE

RATIOS OF OUTSTANDING DEBT BY TYPE - LAST 10 YEARS

December 31, 2014

Fiscal Year	General Obligation Bonds	Revenue Bonds	Notes Payable	Total Debt	Ratio of Debt to Personal Income	Total Debt Per Capita
2005	165,000	5,775,000	5,800,600	11,740,600	0.20%	51.20
2006	85,000	5,380,000	6,007,261	11,472,261	0.19%	49.49
2007	-	4,970,000	6,576,804	11,546,804	0.18%	49.30
2008	1,535,000	9,545,000	5,943,339	17,023,339	0.25%	72.16
2009	1,455,000	9,095,000	5,707,667	16,257,667	0.22%	68.19
2010	1,375,000	8,625,000	5,451,388	15,451,388	0.20%	64.62
2011	1,290,000	8,135,000	4,877,360	14,302,360	0.18%	58.86
2012	1,205,000	7,620,000	4,758,384	13,583,384	0.16%	54.96
2013	1,115,000	7,065,000	3,887,411	12,067,411	0.15%	48.93
2014	1,025,000	6,460,000	6,160,821	13,645,820	0.16%	54.85

Note: Total Debt includes all long-term liabilities (see Notes to 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, 2014

Fiscal Year	General Obligation Bonds	% of GO Bonds to Assessed Valuation	GO Bonds Per Capita
2005	165,000	0.02%	0.72
2006	85,000	0.01%	0.37
2007	-	0.00%	-
2008	1,535,000	0.13%	6.51
2009	1,455,000	0.11%	6.10
2010	1,375,000	0.11%	5.75
2011	1,290,000	0.10%	5.31
2012	1,205,000	0.10%	4.88
2013	1,115,000	0.09%	4.52
2014	1,025,000	0.08%	4.12

Note: See the Assessed Value of Taxable Property schedule in this section for property value data.

Note: Population data can be found in the schedule of Demographic and Economic Statistics in this section.

Port of Sunnyside

PORT OF SUNNYSIDE

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2014

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Yakima County	\$ 44,756,857	6.37%	\$ 2,852,710
Sunnyside School District	20,705,017	100.00%	20,705,017
City of Sunnyside	7,510,000	100.00%	7,510,000
Fire District #5	-	100.00%	-
Total Direct and Overlapping Debt	\$ 72,971,874		\$ 31,067,727

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, 2014
 (in thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total Assessed Value	\$1,278,437	\$1,251,874	\$1,239,438	\$1,291,214	\$1,258,239	\$1,270,451	\$1,227,335	\$1,131,720	\$1,060,159	\$1,002,728
Legal limit of 3/4 of 1% of Assessed Value	9,588	9,389	9,296	9,684	9,437	9,528	9,205	8,488	7,951	7,520
GO Bonds	1,025	1,115	1,205	1,290	1,375	1,455	1,535	-	85	165
Other GO Debt	781	1,102	1,083	1,389	1,659	1,603	1,791	2,155	1,242	1,511
Less Assets	(1,965)	(372)	(283)	(120)	(129)	(544)	(1,019)	(1,147)	(1,280)	(1,190)
Indebtedness Incurred	(159)	1,845	2,005	2,559	2,905	2,513	2,306	1,009	47	486
Legal Debt Margin	\$9,588	\$7,544	\$7,291	\$7,125	\$6,532	\$7,015	\$6,899	\$7,479	\$7,904	\$7,085
Margin of Indebtedness available without a vote of the people (1/4 of 1% of Assessed Value)	\$ 3,196	\$ 1,285	\$ 1,094	\$ 669	\$ 241	\$ 663	\$ 762	\$ 1,821	\$ 2,604	\$ 2,021

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

PORT OF SUNNYSIDE
REVENUE BOND COVERAGE - LAST 10 YEARS
 December 31, 2014

Year	Total Operating Revenues	Direct Operating Expenses	*Non- Operating Revenue & Expenses	Net Revenue Available for Debt Service	Debt Service Requirements Revenue Bonds		Total	Coverage Ratio
					Principal	Interest		
2005	3,007,761	1,772,358	374,669	1,610,072	385,000	301,815	686,815	2.34
2006	4,169,283	2,148,469	355,788	2,376,601	395,000	290,160	685,160	3.47
2007	3,619,408	3,004,749	382,649	997,308	410,000	276,475	686,475	1.45
2008	3,615,004	2,288,298	578,560	1,905,266	430,000	364,732	794,732	2.40
2009	3,669,739	2,477,075	294,025	1,486,689	450,000	568,548	1,018,548	1.46
2010	4,275,321	2,448,609	368,921	2,195,632	470,000	548,773	1,018,773	2.15
2011	4,200,744	2,482,331	347,721	2,066,134	490,000	526,755	1,016,755	2.03
2012	4,222,954	2,550,233	517,263	2,189,984	515,000	503,240	1,018,240	2.15
2013	4,275,119	2,574,222	534,672	2,235,569	540,000	477,490	1,017,490	2.21
2014	4,661,862	2,798,047	2,136,907	4,000,722	605,000	407,852	1,012,852	3.96

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 Rev/Exp includes interest income, interest expense (excluding RO Bonds), tax revenues, and other non operating revenues/expenses (excluding pollution remediation).

Port of Sunnyside

PORT OF SUNNYSIDE

DEMOGRAPHIC AND ECONOMIC STATISTICS - LAST 10 YEARS

December 31, 2014

Fiscal Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Average Unemployment Rate
2005	229,300	5,795,786,800	25,276	48,750	7.6%
2006	231,800	6,137,368,600	26,477	48,812	7.4%
2007	234,200	6,549,403,000	27,965	48,837	6.3%
2008	235,900	6,728,882,370	28,524	49,673	7.5%
2009	238,400	7,453,576,000	31,265	58,763	9.0%
2010	239,100	7,680,370,200	32,122	50,954	9.8%
2011	243,000	7,961,758,920	32,764	51,234	9.9%
2012	247,141	8,259,385,195	33,420	51,620	9.8%
2013	246,640	8,230,623,440	33,371	52,195	9.2%
2014	248,800	8,629,876,800	34,686	53,204	8.2%

Data Sources:

Population data supplied by Washington State Office of Financial Management.

Per Capita Income supplied by Employment Security Department. Note: 2011 - 2012 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, 2014

	2014			2005		
	Employees	Rank	Percentage of Total Yakima County Employment.	Employees	Rank	Percentage of Total Yakima County Employment.
Yakima County Principal Employers						
Yakima Valley Memorial Hospital	2,200	1	2.14%	1,500	1	2.06%
Wal-Mart	1,700	2	1.65%	825	6	1.13%
Yakima County School District #7	1,594	3	1.55%	1,001	2	1.37%
Zirkle Fruit	1,500	4	1.46%			
Washington Fruit & Produce	1,500	5	1.46%			
Borton Fruit	1,212	6	1.18%			
Yakima County	1,074	7	1.05%	1,000	3	1.37%
Monson Fruit	1,023	8	1.00%			
Yakima Farm Workers Clinic	1,006	9	0.98%	-	-	-
Yakima Regional Medical Center	985	10	0.96%	941	4	1.29%
AB Foods/WA Beef				725	7	0.99%
City of Yakima	-	-	-	623	8	0.85%
Sno-kist	-	-	-	851	5	1.17%
Western Recreational Vehicles, Inc.	-	-	-	600	9	0.82%
Yakima Valley College	-	-	-	590	10	0.81%
Total	13,794		13.43%	8,656		11.87%

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

Port of Sunnyside

PORT OF SUNNYSIDE

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION - LAST 10 YEARS

December 31, 2014

Fiscal Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
IWWTF*	10.20	11.79	12.50	12.60	13.68	12.52	12.66	12.71	12.27	12.57
Administration	2.00	2.00	2.50	2.50	2.50	3.00	3.00	3.00	3.00	2.50
Total	12.20	13.79	15.00	15.10	16.18	15.52	15.66	15.71	15.27	15.07

*IWWTF = Industrial Waste Water Treatment Facility

Source: Year end payroll reports

PORT OF SUNNYSIDE

IWWTF INDUSTRY RATES - LAST 10 YEARS

DECEMBER 31, 2014

YEAR	OPERATING	BOD	TSS	TKN	SBR· Chloride	SBR· TKN	Capital	Capital SBR· Chloride	Capital SBR· TKN	Capital Dewatering	Anaerobic
2005	0.9980	0.1090	0.0600	0.2200	0.1900	1.3400	0.8374	0.1191	0.8369	NA	NA
2006	1.2270	0.1070	0.0600	0.2400	0.2100	1.0300	0.8062	0.2294	1.1418	NA	NA
2007	1.2940	0.0940	0.0600	0.2300	0.3100	1.5600	0.8033	0.2464	1.2190	NA	NA
2008	1.4230	0.0970	0.1000	0.1000	0.2600	1.5800	0.7418	0.1861	1.1480	NA	NA
2009	1.4010	0.0949	0.1200	0.0797	0.1967	1.0674	0.6079	0.1857	1.0099	0.0526	NA
2010	1.3774	0.1262	0.1237	0.0796	0.1599	0.9157	0.6421	0.1724	0.9928	0.0803	NA
2011	1.4932	0.1367	0.1264	0.0845	0.1630	1.1004	0.6591	0.1465	0.9916	0.0824	NA
2012	1.5320	0.1291	0.1369	0.1027	0.1658	1.5513	NA	0.1097	1.0281	0.0581	0.8805
2013	1.7658	0.1355	0.1339	0.1106	0.1945	1.6201	NA	0.1304	1.0818	0.0646	0.8805
2014	1.6617	0.1476	0.1124	0.1016	0.2482	1.4935	NA	0.1655	0.9874	0.0544	1.0883

Operation Rate - Charged per 100 cubic feet of water discharged

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

TSS Rate - Charged per pound of (TSS) total suspended solids discharged

TKN Rate - Charged per pound of (TKN) total nitrogen discharged

SBR Chloride - Charged per pound of Chloride discharged. Began in 2004.

SBR TKN - Charged per pound of (TKN) total nitrogen discharged. Began in 2004.

Capital Rate - Charged on contracted hydraulic volume monthly. Ended in 2011.

Capital SBR Chloride - Industries are charged a fixed amount in current year based on 5 year average discharge to cover SBR debt. Began in 2004.

Capital SBR TKN Rate - Industries are charged a fixed amount in current year based on 5 year average discharge to cover SBR debt. Began in 2004.

Capital Dewatering - Industries are charged a fixed amount in current year based on BOD from last BOD from prior year. Began in 2009.

Capital Anaerobic - Industries are charged a fixed amount in current year based on contracted capacity. Began in 2012.

PORT OF SUNNYSIDE

MAJOR REVENUE SOURCE - IWTFW INDUSTRY CHARGES - LAST 10 YEARS

December 31, 2014

IWTFW INDUSTRY LIST	2005	2006	2007	2008	2009	2010	2011	2012	2013
ADM/LSI	\$ 5,792	\$ 442	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Centennial Tank	18,057	18,885	20,601	20,755	15,579	13,772	14,495	14,915	\$ 18,374
Cream Wine	-	-	5,294	5,928	9,275	8,987	1,059	-	\$ -
Curfman Steel Corp.	1,446	1,437	1,436	1,443	1,429	1,464	1,444	1,559	\$ 1,534
Darigold	1,645,417	2,585,330	2,262,618	2,323,189	2,295,069	2,658,289	2,494,403	2,490,707	\$ 2,493,715
DRR Fruit	27,503	37,371	29,479	38,758	44,121	41,667	60,644	77,809	\$ 63,996
G. D. Williams	798	799	799	799	799	849	849	-	\$ -
J. M. Eagle	2,972	3,482	3,295	2,997	5,036	2,684	2,584	3,198	\$ 3,255
Johnson Cannery	90,453	91,647	89,763	73,762	86,463	105,161	90,328	96,535	\$ 115,619
Johnson Concentrate	77,451	18,770	-	-	-	-	-	-	\$ -
Johnson Fruit	109,102	125,990	152,114	101,418	154,775	163,334	139,897	210,164	\$ 173,539
Milky Way/LTI	12,770	21,125	25,534	32,436	36,662	32,698	32,439	29,159	\$ 33,988
Milne Fruit	200	-	-	-	-	-	-	-	\$ -
Seneca/Andrus & Roberts	2,875	2,812	2,807	2,834	2,666	2,784	2,743	3,186	\$ 3,036
Seneca/Independent	345,317	367,996	331,334	361,678	403,735	514,258	594,014	622,036	\$ 588,737
Sun King	4,171	4,171	4,171	15,805	-	-	-	-	\$ -
Tree Top	15,798	15,798	15,798	15,848	15,898	15,798	15,873	-	\$ -
Valley Processing	343,997	324,836	261,823	236,013	274,213	294,303	310,175	291,492	\$ 389,757
Valley U. S. Grape	5,669	5,397	5,407	2,771	2,669	2,279	2,189	2,923	\$ 2,539
Vitis Cellars	-	-	-	-	-	-	-	-	\$ -
Washington Hills	13,773	15,056	5,741	-	-	-	-	-	\$ -
Yakima Chief	30,772	25,182	10,956	9,841	7,884	9,873	8,046	9,787	\$ 13,318
TOTAL	\$ 2,754,333	\$ 3,666,526	\$ 3,228,970	\$ 3,246,274	\$ 3,356,273	\$ 3,868,199	\$ 3,771,182	\$ 3,853,468	\$ 3,901,406

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

PORT OF SUNNYSIDE CUBIC FEET OF WASTE WATER RECEIVED - LAST 10 YEARS December 31, 2014

Industry	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
ADM/Sweetener	37,898	3,302	0	0	0	0	0	0	0	0
Centennial Tank	313,200	331,800	335,300	272,800	182,700	131,200	155,400	172,100	246,000	236,989
Cream Wine*	0	0	105,968	102,477	213,202	147,858	3,331	0	0	0
Curfman Steel	8,260	4,160	0	0	0	0	0	0	0	0
Darigold	23,071,200	27,872,648	30,466,856	31,612,308	28,176,925	28,573,833	27,555,653	25,814,468	24,922,067	26,711,922
DRR Fruit	424,100	639,000	540,800	702,100	953,900	668,030	1,095,794	1,478,852	882,005	1,270,308
G.D. Williams	0	0	0	0	0	0	0	0	0	0
Independent Foods	5,800,000	6,769,400	5,488,800	5,320,200	4,686,100	5,182,900	5,876,500	6,381,100	6,590,100	5,303,088
J.M. Eagle	111,394	141,848	119,503	85,977	50,341	34,605	256	1,088	184	0
Johnson Cannery	1,296,100	1,438,700	1,228,132	1,031,000	1,244,924	1,557,219	1,151,000	1,174,364	1,390,407	1,372,860
Johnson Concentrates	1,810,400	41,000	0	0	0	0	0	0	0	0
Johnson Food/Storage	1,243,030	1,621,900	1,474,248	887,548	1,556,505	1,747,062	1,663,017	2,145,562	1,760,923	2,073,394
Milky Way/ LTI	479,713	541,400	655,190	739,850	773,610	539,038	439,200	460,300	480,100	841,129
Milne Fruit	0	0	0	0	0	0	0	0	0	0
Sun King Fruit	0	0	0	0	0	0	0	0	0	0
Tree Top	0	0	0	0	0	0	0	0	0	0
Valley Processing	8,837,400	8,278,200	5,870,400	5,323,798	5,821,800	5,336,400	5,073,400	4,261,100	7,039,684	9,307,265
Valley U.S. Grape	89,754	31,351	7,889	0	48,292	41,452	8,732	45,764	5,460	0
Vitis Cellars	0	0	0	0	0	0	0	0	0	1,538
WA Hills/Apex Winery*	230,041	213,806	65,096	0	0	0	0	0	0	0
Yakima Chief	153,730	191,620	114,050	103,900	77,700	130,290	52,560	46,420	103,640	45,830
TOTAL	43,906,220	48,120,135	46,472,232	46,181,958	43,785,999	44,089,887	43,074,843	41,981,118	43,420,570	47,164,323

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, 2014

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

With regard to capital fee only-A termination fee set forth in Section 5.3.1 of the User Contract provides assurance to prospective bond purchaser that each user would be responsible for its pro-rata share on "indebtedness" even if the user no longer discharged into the system. The termination fee was also implemented to protect other users of the system from having rates increased because another user terminated its contract.

PORT OF SUNNYSIDE
CAPITAL ASSET STATISTICS BY FUNCTION - LAST 10 YEARS
 December 31, 2014

IWWTF:	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Number of Industries Served	19	19	17	17	17	14	13	13	13	13
Volume of Waste Water Received	43,906,220	48,120,135	46,472,232	46,181,958	43,785,999	44,089,887	43,074,843	41,981,118	43,420,570	47,164,323
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.