

Washington State Auditor's Office
Financial Statements and Federal Single Audit Report

City of Sunnyside
Yakima County

Audit Period
January 1, 2007 through December 31, 2007

Report No. 75313

Issue Date
September 22, 2008



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

September 22, 2008

Mayor and City Council
City of Sunnyside
Sunnyside, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Sunnyside's financial statements and compliance with federal laws and regulations.

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

In addition to this work, we look at other areas of our audit client's operations for compliance with state laws and regulations. The results of that audit will be included in a separately issued accountability report.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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**City of Sunnyside
Yakima County
January 1, 2007 through December 31, 2007**

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Federal Summary

City of Sunnyside Yakima County January 1, 2007 through December 31, 2007

The results of our audit of the City of Sunnyside are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

FINANCIAL STATEMENTS

An unqualified opinion was issued on the financial statements.

Internal Control over Financial Reporting:

- **Significant Deficiencies:** We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- **Material Weaknesses:** We identified no significant deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the City.

FEDERAL AWARDS

Internal Control over Major Programs:

- **Significant Deficiencies:** We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- **Material Weaknesses:** We identified no significant deficiencies that we consider to be material weaknesses.

We issued an unqualified opinion on the City's compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed under OMB Circular A-133.

Identification of Major Programs:

The following was a major program during the period under audit:

| <u>CFDA No.</u> | <u>Program Title</u> |
|-----------------|---|
| 66.458 | Capitalization Grants for Clean Water State Revolving Funds |

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.

The City qualified as a low-risk auditee under OMB Circular A-133.

Independent Auditor's Report on Internal
Control over Financial Reporting and on
Compliance and Other Matters in Accordance
with *Government Auditing Standards*

**City of Sunnyside
Yakima County
January 1, 2007 through December 31, 2007**

Mayor and City Council
City of Sunnyside
Sunnyside, Washington

We have audited the financial statements of the City of Sunnyside, Yakima County, Washington, as of and for the year ended December 31, 2007, and have issued our report thereon dated September 5, 2008. During the year ended December 31, 2007, the City changed its basis of accounting from generally accepted accounting principles to an other comprehensive basis of accounting.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management, the Council, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

September 5, 2008

Independent Auditor's Report on Compliance with Requirements Applicable to its Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

**City of Sunnyside
Yakima County
January 1, 2007 through December 31, 2007**

Mayor and City Council
City of Sunnyside
Sunnyside, Washington

COMPLIANCE

We have audited the compliance of the City of Sunnyside, Yakima County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2007. The City's major federal program is identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2007.

INTERNAL CONTROL OVER COMPLIANCE

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the

effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of management, the Council, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



BRIAN SONNTAG, CGFM
STATE AUDITOR

September 5, 2008

Independent Auditor's Report on Financial Statements

City of Sunnyside Yakima County January 1, 2007 through December 31, 2007

Mayor and City Council
City of Sunnyside
Sunnyside, Washington

We have audited the accompanying financial statements of the City of Sunnyside, Yakima County, Washington, for the year ended December 31, 2007. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1 to the financial statements, the City prepares its financial statements on the basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the City of Sunnyside, for the year ended December 31, 2007, on the basis of accounting described in Note 1.

During the year ended December 31, 2007, the City changed its basis of accounting from generally accepted accounting principles to an other comprehensive basis of accounting.

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedule of Long-Term Debt is also presented for purposes of additional analysis as required by the prescribed BARS manual.

These schedules are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and the last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

September 5, 2008

Financial Section

**City of Sunnyside
Yakima County
January 1, 2007 through December 31, 2007**

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2007
Notes to Financial Statements – 2007

SUPPLEMENTAL INFORMATION

Schedule of Long-Term Debt – 2007
Schedule of Expenditures of Federal Awards – 2007
Notes to the Schedule of Expenditures of Federal Awards – 2007

CITY OF SUNNYSIDE
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2007

| BARS CODE | | Fund Number and Name | | Fund Number and Name | |
|--|---|----------------------|-------------|----------------------|-------------|
| | | 000 General Fund | | 101 Street | |
| | | Budget | Actual | Budget | Actual |
| Beginning Net Cash and Investments | | \$1,578,140 | \$1,438,262 | \$0 | (\$111,106) |
| Revenues and Other Sources | | | | | |
| 310 | Taxes | 5,697,560 | 5,628,994 | 2,610 | 2,610 |
| 320 | Licenses and Permits | 263,440 | 267,698 | 2,000 | 2,000 |
| 330 | Intergovernmental | 1,383,580 | 1,486,856 | 1,070,970 | 795,293 |
| 340 | Charges for Goods and Services | 1,152,520 | 1,188,074 | 0 | 0 |
| 350 | Fines and Forfeits | 178,940 | 240,389 | 0 | 0 |
| 360 | Miscellaneous | 101,270 | 86,335 | 7,360 | 7,334 |
| 370 | Capital Contributions | 0 | 0 | 0 | 0 |
| 390 | Other Financing Sources | 2,838,620 | 2,860,765 | 646,540 | 598,359 |
| Total Revenues and Other Financing Sources | | 11,615,930 | 11,759,112 | 1,729,480 | 1,405,596 |
| Total Resources | | 13,194,070 | 13,197,374 | 1,729,480 | 1,294,490 |
| Operating Expenditures: | | | | | |
| 510 | General Government | 2,342,430 | 2,288,800 | 0 | 0 |
| 520 | Public Safety | 5,567,380 | 5,298,733 | 0 | 0 |
| 530 | Physical Environment | 53,940 | 53,606 | 0 | 0 |
| 540 | Transportation | 18,450 | 18,453 | 984,310 | 940,827 |
| 550 | Economic Environment | 243,670 | 203,700 | 0 | 0 |
| 560 | Mental and Physical Health | 3,500 | 3,541 | 0 | 0 |
| 570 | Culture and Recreation | 856,630 | 807,455 | 0 | 0 |
| Total Operating Expenditures | | 9,086,000 | 8,674,287 | 984,310 | 940,827 |
| 591-593 | Debt Service | 179,870 | 179,863 | 0 | 0 |
| 594-595 | Capital Outlay | 1,098,770 | 1,074,777 | 745,170 | 347,704 |
| Total Expenditures | | 10,364,640 | 9,928,928 | 1,729,480 | 1,288,531 |
| 597-599 | Other Financing Uses | 646,540 | 598,359 | 0 | 0 |
| Total Expenditures and Other Financing Uses | | 11,011,180 | 10,527,286 | 1,729,480 | 1,288,531 |
| Excess (Deficit) of Resources Over Uses | | 2,182,890 | 2,670,088 | 0 | 5,959 |
| 380 | Nonrevenues (Except 384 and 388.80) | 2,910 | 332,298 | 0 | 48,180 |
| 580 | Nonexpenditures (Except 584 and 588.80) | 1,719,000 | 2,052,711 | 0 | 14,858 |
| Ending Net Cash and Investments | | \$466,800 | \$949,675 | \$0 | \$39,281 |

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF SUNNYSIDE
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2007

| BARS CODE | | Fund Number and Name | | Fund Number and Name | |
|--|---|-----------------------|-----------------|---------------------------------|------------------|
| | | 140 Public Safety Tax | | 201 General Obligation Bonds | |
| | | Budget | Actual | Budget | Actual |
| Beginning Net Cash and Investments | | \$63,250 | \$61,052 | \$0 | \$0 |
| Revenues and Other Sources | | | | | |
| 310 | Taxes | 319,780 | 324,761 | 628,600 | 625,878 |
| 320 | Licenses and Permits | 0 | 0 | 0 | 0 |
| 330 | Intergovernmental | 0 | 0 | 0 | 0 |
| 340 | Charges for Goods and Services | 0 | 0 | 0 | 0 |
| 350 | Fines and Forfeits | 0 | 0 | 0 | 0 |
| 360 | Miscellaneous | 2,100 | 3,056 | 0 | 267 |
| 370 | Capital Contributions | 0 | 0 | 0 | 0 |
| 390 | Other Financing Sources | 0 | 0 | 2,716,380 | 2,716,383 |
| Total Revenues and Other Financing Sources | | 321,880 | 327,818 | 3,344,980 | 3,342,529 |
| Total Resources | | 385,130 | 388,870 | 3,344,980 | 3,342,529 |
| Operating Expenditures: | | | | | |
| 510 | General Government | 0 | 0 | 0 | 0 |
| 520 | Public Safety | 358,430 | 332,111 | 0 | 0 |
| 530 | Physical Environment | 0 | 0 | 0 | 0 |
| 540 | Transportation | 0 | 0 | 0 | 0 |
| 550 | Economic Environment | 0 | 0 | 0 | 0 |
| 560 | Mental and Physical Health | 0 | 0 | 0 | 0 |
| 570 | Culture and Recreation | 0 | 0 | 0 | 0 |
| Total Operating Expenditures | | 358,430 | 332,111 | 0 | 0 |
| 591-593 | Debt Service | 0 | 0 | 560,045 | 560,045 |
| 594-595 | Capital Outlay | 0 | 0 | 0 | 0 |
| Total Expenditures | | 358,430 | 332,111 | 560,045 | 560,045 |
| 597-599 | Other Financing Uses | | | 2,700,925 | 2,700,925 |
| Total Expenditures and Other Financing Uses | | 358,430 | 332,111 | 3,260,970 | 3,260,970 |
| Excess (Deficit) of Resources Over Uses | | 26,700 | 56,758 | 84,010 | 81,559 |
| 380 | Nonrevenues (Except 384 and 388.80) | 0 | 0 | 0 | 0 |
| 580 | Nonexpenditures (Except 584 and 588.80) | 0 | 0 | 79,000 | 79,000 |
| Ending Net Cash and Investments | | \$26,700 | \$56,758 | \$5,010 | \$2,559 |

The Accompanying Notes Are An Integral Part Of This Statement.

**CITY OF SUNNYSIDE
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**

For the Year Ended December 31, 2007

| BARS CODE | | Fund Number and Name | | Fund Number and Name | |
|--|---|----------------------|-------------|------------------------------|-----------|
| | | 410 Water | | 415 Water/Sewer Revenue Bond | |
| | | Budget | Actual | Budget | Actual |
| Beginning Net Cash and Investments | | \$543,210 | \$478,499 | \$0 | \$0 |
| Revenues and Other Sources | | | | | |
| 310 | Taxes | 0 | 0 | 0 | 0 |
| 320 | Licenses and Permits | 0 | 0 | 0 | 0 |
| 330 | Intergovernmental | 0 | 0 | 0 | 0 |
| 340 | Charges for Goods and Services | 1,717,160 | 1,734,957 | 0 | 0 |
| 350 | Fines and Forfeits | 0 | 0 | 0 | 0 |
| 360 | Miscellaneous | 115,390 | 125,642 | 0 | 3,363 |
| 370 | Capital Contributions | 0 | 0 | 0 | 0 |
| 390 | Other Financing Sources | 0 | 0 | 25,510 | 25,510 |
| Total Revenues and Other Financing Sources | | 1,832,550 | 1,860,599 | 25,510 | 28,873 |
| Total Resources | | 2,375,760 | 2,339,098 | 25,510 | 28,873 |
| Operating Expenditures: | | | | | |
| 510 | General Government | 0 | 0 | 0 | 0 |
| 520 | Public Safety | 0 | 0 | 0 | 0 |
| 530 | Physical Environment | 1,551,910 | 1,538,524 | 0 | 0 |
| 540 | Transportation | 0 | 0 | 0 | 0 |
| 550 | Economic Environment | 10,000 | 9,000 | 0 | 0 |
| 560 | Mental and Physical Health | 0 | 0 | 0 | 0 |
| 570 | Culture and Recreation | 0 | 0 | 0 | 0 |
| Total Operating Expenditures | | 1,561,910 | 1,547,524 | 0 | 0 |
| 591-593 | Debt Service | 5,440 | 5,437 | 25,510 | 25,503 |
| 594-595 | Capital Outlay | 362,380 | 344,441 | 0 | 0 |
| Total Expenditures | | 1,929,730 | 1,897,402 | 25,510 | 25,503 |
| 597-599 | Other Financing Uses | 0 | 0 | 0 | 0 |
| Total Expenditures and Other Financing Uses | | 1,929,730 | 1,897,402 | 25,510 | 25,503 |
| Excess (Deficit) of Resources Over Uses | | 446,030 | 441,696 | 0 | 3,370 |
| 380 | Nonrevenues (Except 384 and 388.80) | 1,341,250 | 1,322,639 | 228,500 | 228,500 |
| 580 | Nonexpenditures (Except 584 and 588.80) | 566,450 | 579,140 | 0 | 0 |
| Ending Net Cash and Investments | | \$1,220,830 | \$1,185,196 | \$228,500 | \$231,870 |

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF SUNNYSIDE
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2007

| BARS CODE | | Fund Number and Name 416 Water/Sewer Capital Projects | | Fund Number and Name 420 Sewer | |
|--|---|---|-------------|-----------------------------------|-------------|
| | | Budget | Actual | Budget | Actual |
| | | Beginning Net Cash and Investments | \$0 | \$0 | \$173,220 |
| Revenues and Other Sources | | | | | |
| 310 | Taxes | 0 | 0 | 0 | 0 |
| 320 | Licenses and Permits | 0 | 0 | 0 | 0 |
| 330 | Intergovernmental | 0 | 0 | 238,490 | 238,488 |
| 340 | Charges for Goods and Services | 0 | 0 | 1,644,450 | 1,685,707 |
| 350 | Fines and Forfeits | 0 | 0 | 0 | 0 |
| 360 | Miscellaneous | 29,160 | 29,571 | 25,000 | 30,015 |
| 370 | Capital Contributions | 0 | 0 | 0 | 0 |
| 390 | Other Financing Sources | 0 | 0 | 0 | 0 |
| Total Revenues and Other Financing Sources | | 29,160 | 29,571 | 1,907,940 | 1,954,210 |
| Total Resources | | 29,160 | 29,571 | 2,081,160 | 1,593,704 |
| Operating Expenditures: | | | | | |
| 510 | General Government | 0 | 0 | 0 | 0 |
| 520 | Public Safety | 0 | 0 | 0 | 0 |
| 530 | Physical Environment | 0 | 0 | 1,299,440 | 1,268,258 |
| 540 | Transportation | 0 | 0 | 0 | 0 |
| 550 | Economic Environment | 0 | 0 | 10,000 | 9,000 |
| 560 | Mental and Physical Health | 0 | 0 | 0 | 0 |
| 570 | Culture and Recreation | 0 | 0 | 0 | 0 |
| Total Operating Expenditures | | 0 | 0 | 1,309,440 | 1,277,258 |
| 591-593 | Debt Service | 13,100 | 13,102 | 56,540 | 56,541 |
| 594-595 | Capital Outlay | 0 | 0 | 2,444,470 | 2,384,948 |
| Total Expenditures | | 13,100 | 13,102 | 3,810,450 | 3,718,746 |
| 597-599 | Other Financing Uses | 25,510 | 25,510 | 0 | 0 |
| Total Expenditures and Other Financing Uses | | 38,610 | 38,612 | 3,810,450 | 3,718,746 |
| Excess (Deficit) of Resources Over Uses | | (9,450) | (9,041) | (1,729,290) | (2,125,042) |
| 380 | Nonrevenues (Except 384 and 388.80) | 2,016,170 | 2,016,169 | 3,415,000 | 3,415,544 |
| 580 | Nonexpenditures (Except 584 and 588.80) | 0 | 0 | 1,119,800 | 1,119,773 |
| Ending Net Cash and Investments | | \$2,006,720 | \$2,007,129 | \$565,910 | \$170,730 |

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF SUNNYSIDE
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2007

| BARS CODE | | Fund Number and Name 430 Garbage | | Fund Number and Name 440 Ambulance | |
|--|---|---|-----------|---------------------------------------|-----------|
| | | Budget | Actual | Budget | Actual |
| | | Beginning Net Cash and Investments | \$100,430 | \$49,262 | \$166,380 |
| Revenues and Other Sources | | | | | |
| 310 | Taxes | 0 | 0 | 381,560 | 365,020 |
| 320 | Licenses and Permits | 0 | 0 | 0 | 0 |
| 330 | Intergovernmental | 0 | 0 | 1,440 | 1,439 |
| 340 | Charges for Goods and Services | 691,000 | 706,762 | 400,130 | 457,266 |
| 350 | Fines and Forfeits | 0 | 0 | 0 | 0 |
| 360 | Miscellaneous | 2,410 | 3,999 | 55,000 | 53,829 |
| 370 | Capital Contributions | 0 | 0 | 0 | 0 |
| 390 | Other Financing Sources | 0 | 0 | 26,500 | 26,500 |
| Total Revenues and Other Financing Sources | | 693,410 | 710,760 | 864,630 | 904,054 |
| Total Resources | | 793,840 | 760,022 | 1,031,010 | 1,060,814 |
| Operating Expenditures: | | | | | |
| 510 | General Government | 0 | 0 | 0 | 0 |
| 520 | Public Safety | 0 | 0 | 844,980 | 800,337 |
| 530 | Physical Environment | 716,360 | 714,479 | 0 | 0 |
| 540 | Transportation | 0 | 0 | 0 | 0 |
| 550 | Economic Environment | 0 | 0 | 0 | 0 |
| 560 | Mental and Physical Health | 0 | 0 | 0 | 0 |
| 570 | Culture and Recreation | 0 | 0 | 0 | 0 |
| Total Operating Expenditures | | 716,360 | 714,479 | 844,980 | 800,337 |
| 591-593 | Debt Service | 0 | 0 | 0 | 0 |
| 594-595 | Capital Outlay | 0 | 0 | 0 | 0 |
| Total Expenditures | | 716,360 | 714,479 | 844,980 | 800,337 |
| 597-599 | Other Financing Uses | 0 | 0 | 0 | 0 |
| Total Expenditures and Other Financing Uses | | 716,360 | 714,479 | 844,980 | 800,337 |
| Excess (Deficit) of Resources Over Uses | | 77,480 | 45,543 | 186,030 | 260,477 |
| 380 | Nonrevenues (Except 384 and 388.80) | 0 | 0 | 0 | 0 |
| 580 | Nonexpenditures (Except 584 and 588.80) | 0 | 0 | 0 | 0 |
| Ending Net Cash and Investments | | \$77,480 | \$45,543 | \$186,030 | \$260,477 |

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF SUNNYSIDE
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2007

| BARS CODE | | Fund Number and Name 501 Equipment Rental | | Fund Number and Name 504 Data Processing | |
|--|---|--|-----------|---|----------|
| | | Budget | Actual | Budget | Actual |
| | | Beginning Net Cash and Investments | | \$45,730 | \$26,478 |
| Revenues and Other Sources | | | | | |
| 310 | Taxes | 0 | 0 | 0 | 0 |
| 320 | Licenses and Permits | 0 | 0 | 0 | 0 |
| 330 | Intergovernmental | 0 | 0 | 0 | 0 |
| 340 | Charges for Goods and Services | 0 | 0 | 0 | 0 |
| 350 | Fines and Forfeits | 0 | 0 | 0 | 0 |
| 360 | Miscellaneous | 746,760 | 758,597 | 372,850 | 407,321 |
| 370 | Capital Contributions | 0 | 0 | 0 | 0 |
| 390 | Other Financing Sources | 29,380 | 29,378 | 0 | 0 |
| Total Revenues and Other Financing Sources | | 776,140 | 787,975 | 372,850 | 407,321 |
| Total Resources | | 821,870 | 814,454 | 432,490 | 426,142 |
| Operating Expenditures: | | | | | |
| 510 | General Government | 0 | 0 | 384,000 | 387,083 |
| 520 | Public Safety | 0 | 0 | 0 | 0 |
| 530 | Physical Environment | 0 | 0 | 0 | 0 |
| 540 | Transportation | 505,400 | 452,947 | 0 | 0 |
| 550 | Economic Environment | 0 | 0 | 0 | 0 |
| 560 | Mental and Physical Health | 0 | 0 | 0 | 0 |
| 570 | Culture and Recreation | 0 | 0 | 0 | 0 |
| Total Operating Expenditures | | 505,400 | 452,947 | 384,000 | 387,083 |
| 591-593 | Debt Service | 46,200 | 315,963 | 0 | 0 |
| 594-595 | Capital Outlay | 8,920 | 8,913 | 19,860 | 19,860 |
| Total Expenditures | | 560,520 | 777,823 | 403,860 | 406,943 |
| 597-599 | Other Financing Uses | 0 | 0 | 0 | 0 |
| Total Expenditures and Other Financing Uses | | 560,520 | 777,823 | 403,860 | 406,943 |
| Excess (Deficit) of Resources Over Uses | | 261,350 | 36,631 | 28,630 | 19,199 |
| 380 | Nonrevenues (Except 384 and 388.80) | 948,120 | 948,118 | 0 | 0 |
| 580 | Nonexpenditures (Except 584 and 588.80) | 233,460 | 0 | 0 | 0 |
| Ending Net Cash and Investments | | \$976,010 | \$984,749 | \$28,630 | \$19,199 |

The Accompanying Notes Are An Integral Part Of This Statement.

**CITY OF SUNNYSIDE
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**

For the Year Ended December 31, 2007

| BARS CODE | | Fund Number and Name | | Fund Number and Name | |
|--|---|----------------------------------|-----------|----------------------|--------|
| | | 611 Firemen's Relief and Pension | | | |
| | | Budget | Actual | Budget | Actual |
| Beginning Net Cash and Investments | | \$8,180 | \$5,544 | | |
| Revenues and Other Sources | | | | | |
| 310 | Taxes | 0 | 0 | | |
| 320 | Licenses and Permits | 0 | 0 | | |
| 330 | Intergovernmental | 11,230 | 11,235 | | |
| 340 | Charges for Goods and Services | 0 | 0 | | |
| 350 | Fines and Forfeits | 0 | 0 | | |
| 360 | Miscellaneous | 32,630 | 37,410 | | |
| 370 | Capital Contributions | 0 | 0 | | |
| 390 | Other Financing Sources | 0 | 0 | | |
| Total Revenues and Other Financing Sources | | 43,860 | 48,644 | | |
| Total Resources | | 52,040 | 54,188 | | |
| Operating Expenditures: | | | | | |
| 510 | General Government | 0 | 0 | | |
| 520 | Public Safety | 35,650 | 30,357 | | |
| 530 | Physical Environment | 0 | 0 | | |
| 540 | Transportation | 0 | 0 | | |
| 550 | Economic Environment | 0 | 0 | | |
| 560 | Mental and Physical Health | 0 | 0 | | |
| 570 | Culture and Recreation | 0 | 0 | | |
| Total Operating Expenditures | | 35,650 | 30,357 | | |
| 591-593 | Debt Service | 0 | 0 | | |
| 594-595 | Capital Outlay | 0 | 0 | | |
| Total Expenditures | | 35,650 | 30,357 | | |
| 597-599 | Other Financing Uses | 0 | 0 | | |
| Total Expenditures and Other Financing Uses | | 35,650 | 30,357 | | |
| Excess (Deficit) of Resources Over Uses | | 16,390 | 23,832 | | |
| 380 | Nonrevenues (Except 384 and 388.80) | 300,000 | 300,000 | | |
| 580 | Nonexpenditures (Except 584 and 588.80) | 0 | 0 | | |
| Ending Net Cash and Investments | | \$316,390 | \$323,832 | | |

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF SUNNYSIDE
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS
For the Year Ended December 31, 2007

| Fund Type: Special Revenue Funds | Fund Number and Name 115 Contingency | | Fund Number and Name 120 Investigative | |
|--|---|----------|---|-----------|
| | Budget | Actual | Budget | Actual |
| Beginning Net Cash and Investments | \$6,260 | \$6,258 | \$149,600 | \$156,814 |
| Revenue and Other Financing Sources | 9,830 | 10,706 | 4,850 | 9,578 |
| Total Resources | 16,090 | 16,964 | 154,450 | 166,393 |
| Expenditures And Other Financing Uses | 116,090 | 116,090 | 23,300 | 23,238 |
| Excess (Deficit) of Resources Over Uses | (100,000) | (99,126) | 131,150 | 143,155 |
| Nonrevenues (Except 384 and 388.80) | 100,000 | 100,000 | 0 | 0 |
| Nonexpenditures (Except 584 and 588.80) | 0 | 0 | 0 | 0 |
| Ending Net Cash and Investments | \$0 | \$874 | \$131,150 | \$143,155 |

| Fund Type: Special Revenue Funds | Fund Number and Name 130 Police Crime Prevention | | Fund Number and Name 160 Tourism Expansion | |
|--|---|----------|---|-----------|
| | Budget | Actual | Budget | Actual |
| Beginning Net Cash and Investments | \$75,640 | \$73,431 | \$91,460 | \$85,456 |
| Revenue and Other Financing Sources | 69,570 | 75,778 | 82,500 | 95,764 |
| Total Resources | 145,210 | 149,209 | 173,960 | 181,220 |
| Expenditures And Other Financing Uses | 68,530 | 63,239 | 69,000 | 61,049 |
| Excess (Deficit) of Resources Over Uses | 76,680 | 85,970 | 104,960 | 120,171 |
| Nonrevenues (Except 384 and 388.80) | 0 | 15,160 | 0 | 0 |
| Nonexpenditures (Except 584 and 588.80) | 0 | 15,160 | 0 | 0 |
| Ending Net Cash and Investments | \$76,680 | \$85,970 | \$104,960 | \$120,171 |

| Fund Type: Capital Projects Funds | Fund Number and Name 303 Community Development Block Grant | | Fund Number and Name 304 Local Capital Improvements | |
|--|--|----------|---|-----------|
| | Budget | Actual | Budget | Actual |
| Beginning Net Cash and Investments | \$74,690 | \$74,694 | \$269,910 | \$258,865 |
| Revenue and Other Financing Sources | 3,500 | 3,768 | 67,000 | 65,660 |
| Total Resources | 78,190 | 78,462 | 336,910 | 324,525 |
| Expenditures And Other Financing Uses | 0 | 0 | 166,260 | 126,126 |
| Excess (Deficit) of Resources Over Uses | 78,190 | 78,462 | 170,650 | 198,399 |
| Nonrevenues (Except 384 and 388.80) | 15,000 | 14,874 | 0 | 0 |
| Nonexpenditures (Except 584 and 588.80) | 0 | 0 | 0 | 0 |
| Ending Net Cash and Investments | \$93,190 | \$93,336 | \$170,650 | \$198,399 |

The Accompanying Notes Are An Integral Part Of This Statement.

**CITY OF SUNNYSIDE
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**

For the Year Ended December 31, 2007

| Fund Type: Capital Projects Funds | Fund Number and Name 305 Local Capital Improvements (REET-2) | | Fund Number and Name 322 Fire Equipment Reserve | |
|--|--|---------|--|----------|
| | Budget | Actual | Budget | Actual |
| | Beginning Net Cash and Investments | \$0 | \$0 | \$46,880 |
| Revenue and Other Financing Sources | 35,250 | 45,151 | 2,100 | 2,666 |
| Total Resources | 35,250 | 45,151 | 48,980 | 49,545 |
| Expenditures And Other Financing Uses | 35,250 | 35,250 | 0 | 0 |
| Excess (Deficit) of Resources Over Uses | 0 | 9,901 | 48,980 | 49,545 |
| Nonrevenues (Except 384 and 388.80) | 0 | 0 | 0 | 0 |
| Nonexpenditures (Except 584 and 588.80) | 0 | 0 | 0 | 0 |
| Ending Net Cash and Investments | \$0 | \$9,901 | \$48,980 | \$49,545 |

| Fund Type: Internal Service Funds | Fund Number and Name 503 Public Works Service Center | | Fund Number and Name | |
|--|--|----------|----------------------|--------|
| | Budget | Actual | Budget | Actual |
| | Beginning Net Cash and Investments | \$130 | (\$2,014) | |
| Revenue and Other Financing Sources | 128,270 | 128,488 | | |
| Total Resources | 128,400 | 126,474 | | |
| Expenditures And Other Financing Uses | 111,060 | 93,396 | | |
| Excess (Deficit) of Resources Over Uses | 17,340 | 33,078 | | |
| Nonrevenues (Except 384 and 388.80) | 0 | 0 | | |
| Nonexpenditures (Except 584 and 588.80) | 0 | 0 | | |
| Ending Net Cash and Investments | \$17,340 | \$33,078 | | |

**CITY OF SUNNYSIDE
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sunnyside reports financial activity using the revenue and expenditure classifications, statements, and schedules contained in the Cash Basis Budgeting, Accounting and Reporting System (BARS) manual. This basis of accounting and reporting is another comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

The City of Sunnyside, Washington, was incorporated on September 16, 1902 and operates under the laws of the state of Washington applicable to a non-charter code city with a Council/Manager form of government. The City of Sunnyside is a general purpose government and provides public safety (police, fire, ambulance), Municipal Court, public improvements (streets, traffic signals), sanitation (solid waste disposal, sanitary sewer facility), water utility, community development, and parks and recreation. The City of Sunnyside uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

A. FUND ACCOUNTING

The accounts of the City of Sunnyside are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues and expenditures, as appropriate. The City of Sunnyside's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the City of Sunnyside:

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

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

Special Revenue Funds

These funds account for revenues that are legally restricted or designated to finance particular activities of the City of Sunnyside.

Debt Service Funds

These funds account for the accumulation of resources to pay principal, interest and related costs on general long-term debt.

Capital Projects Funds

These funds account for financial resources which are designated for the acquisition or construction of general government capital projects.

PROPRIETARY FUND TYPES:

Enterprise Funds

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

Internal Service Funds

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

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the City of Sunnyside in a trustee capacity or as an agent on behalf of others.

**CITY OF SUNNYSIDE
NOTES TO THE FINANCIAL STATEMENTS**

Private-Purpose Trust Funds

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

B. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid, including those properly chargeable against the report year(s) budget appropriations as required by state law.

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

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

C. BUDGETS

Annual appropriated budgets are adopted for all funds with the exception of fiduciary funds. The financial statements include budgetary comparisons for those funds.

Annual appropriated budgets are adopted at the fund level. The budgets constitute the legal authority for expenditures at that level. Annual appropriations for general and special revenue funds lapse at the fiscal period end.

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City of Sunnyside's legislative body.

The City's legislative body approved one material budget amendment ordinance during the fiscal period. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year. Impacts to affected funds are as follows:

| Fund No. | Description | Increase/ (Decrease) |
|----------|--|----------------------|
| 001 | General Fund | \$3,073,833 |
| 101 | Street Fund | (1,400,063) |
| 115 | Contingency Fund | 116,090 |
| 120 | Investigative Fund | 12,300 |
| 130 | Crime Prevention Fund | 11,695 |
| 140 | Public Safety Tax Fund | 19,960 |
| 160 | Tourism Expansion Fund | 1,500 |
| 201 | General Obligation Debt Fund | 2,711,374 |
| 303 | Community Development Block Grant Fund | (20,000) |
| 304 | Local Capital Improvements Fund | (126,740) |
| 305 | Local Capital Improvements (REET-2) Fund | 35,250 |

**CITY OF SUNNYSIDE
NOTES TO THE FINANCIAL STATEMENTS**

| | | |
|-----|-----------------------------------|-------------|
| 410 | Water Fund | (1,395,947) |
| 415 | Water/Sewer Revenue Bond Fund | 25,510 |
| 416 | Water/Sewer Capital Projects Fund | 38,610 |
| 420 | Sewer Fund | (1,309,069) |
| 430 | Garbage Fund | (21,622) |
| 440 | Ambulance Fund | (64,252) |
| 501 | Equipment Rental Fund | 104,153 |
| 503 | Public Works Service Center Fund | (16,960) |
| 504 | Data Processing Fund | 27,194 |
| 611 | Firemen's Relief and Pension Fund | 150 |
| | Total | \$1,822,966 |

D. CASH

It is the City of Sunnyside's policy to invest all temporary cash surpluses. The amount is included in the net cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is prorated to various funds.

E. DEPOSITS

The City of Sunnyside's deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation (FDIC) and/or the Washington Public Deposit Protection Commission (WPDPC).

Custodial credit risk for deposits is the risk that the City's deposits may not be returned to it in the event of a bank failure. All City deposits are insured by the FDIC up to \$100,000. All deposits not covered by FDIC insurance are covered by the WPDPC for amounts over \$100,000.

The WPDPC is a statutory authority established under Washington State Law Revised Code of Washington (RCW) Chapter 39.58. There exists a collateral arrangement amongst multiple financial institutions that provides for additional assessments against members of the pool on a pro rata basis up to a maximum of 10 percent of each institution's public deposits. Provisions of RCW 39.85, Section 60 authorize the WPDPC to make pro-rata assessments in proportion to the maximum liability of each such depository as it existed on the date of loss.

F. INVESTMENTS (See Note 3 – Investments)

G. DERIVATIVES AND SIMILAR TRANSACTIONS

The City of Sunnyside has not used, held or sold any derivatives or similar instruments during the period covered by the financial statements.

H. CAPITAL ASSETS

Capital assets are long-lived assets of the City of Sunnyside and are recorded as expenditures when purchased.

I. COMPENSATED ABSENCES

Vacation leave may be accumulated up to 240 to 360 hours days and is payable upon separation or retirement. The accumulated maximum hours vary by type of employee based upon the applicable union contract, employment agreement or ordinance.

**CITY OF SUNNYSIDE
NOTES TO THE FINANCIAL STATEMENTS**

Sick leave may be accumulated up to 960 hours for all employees except firefighters. Firefighters may accumulate up to 1,040 hours. The City pays for sick leave that exceeds the maximum accrual rate as of December 31st of each year. Those excess hours for full time employees are paid at 25% of their value. Upon separation after completing at least 10 years of service, all employees represented by union contract shall be paid 25% of their accumulated sick leave. Unless a specific employment agreement is in effect, non-represented employees shall be paid 25% of their accumulated sick leave upon retirement.

J. LONG-TERM DEBT NOTE (See Note 6 – Long-Term Debt)

K. OTHER FINANCING SOURCES OR USES

The City of Sunnyside's "Other Financing Sources or Uses" consist of transfers-in, transfers-out, bond proceeds and insurance recoveries.

L RISK MANAGEMENT

The City of Sunnyside is an associate member of the Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more government entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, Interlocal Cooperation Act. The pool was formed on September 1, 1988 when 34 cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. There are currently 95 member cities and 161 associate members.

The pool allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, claims administration, etc. Coverage for Public Officials Liability is on a "claims made basis" All other coverage is on an "occurrence basis". The pool provides the following forms of group purchased insurance coverage for its members: Property, liability, vehicle liability, other mobile equipment, boiler and machinery, bonds of various types, excess liability and public official liability.

The pool acquires liability insurance from unrelated underwriters that are subject to a per-occurrence deductible of \$100,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$99,000. Insurance carriers cover insured losses over \$100,000 to the limits of each policy. Since the pool is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$99,000 portion of the deductible. The pool, however, purchases a Stop Loss Policy in the amount of \$5,500,000 to eliminate any risk to members and, in addition, fully funds the Stop Loss in the budget.

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

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

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

**CITY OF SUNNYSIDE
NOTES TO THE FINANCIAL STATEMENTS**

The pool is fully funded by its member participants. Members file claims with Canfield & Associates, Inc., who has contracted to perform pool administration, handle claims, adjustments, administration and loss prevention for the pool. Fees paid to the third party administrator under this arrangement for the years ended August 31, 2006 and 2007 were \$1,153,031 and \$1,242,382 respectively.

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

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

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

In 2007, the Data Processing Fund expenditures exceeded legal appropriations by \$3,083. In 2006, no governmental funds reported actual expenditures above budgeted appropriations.

As of December 31, 2007, one major lawsuit was pending against the City of Sunnyside. The lawsuit was pertaining to a land use/right-of-way dispute related to a grant-funded street improvement project. An out of court settlement was subsequently reached on April 28, 2008. The settlement cost is an eligible grant expense and the City will be reimbursed by the grantor.

NOTE 3 - INVESTMENTS

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

Investments by type at December 31, 2007 are as follows:

| Type of Investment | City of Sunnyside's own investments | Investments held by City of Sunnyside as an agent for other local governments, individuals or private organizations | Total |
|---|-------------------------------------|---|--------------------|
| Local Government Investment Pool (LGIP) | \$3,725,249 | \$323,370 | \$4,048,619 |
| U.S. Government Securities | 1,958,688 | 0 | 1,958,688 |
| Municipal Investor Account | 734,683 | 0 | 734,683 |
| Total | \$6,418,621 | \$323,370 | \$6,741,991 |

Custodial credit risk is the risk that in event of a failure of the counterparty to an investment transaction, the City would not be able to recover the value of the investment or collateral securities. As required by state law, all investments of the City's funds are obligations of the U.S. Government, U.S. agency issues, obligations of the State of Washington, repurchase agreements, prime banker's acceptances, the Washington State Local Government Investment Pool or time certificates of deposit with authorized Washington State banks.

The Washington State Local Government Investment Pool, which is operated in a manner consistent with the SEC's Rule 2a-7 of the Investment Act of 1940, is unrated.

NOTE 4 - PROPERTY TAXES

**CITY OF SUNNYSIDE
NOTES TO THE FINANCIAL STATEMENTS**

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

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

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

The City of Sunnyside's regular levy for the year 2007 was \$2.9436 per \$1,000 on an assessed valuation of \$540,180,220 for a total regular levy of \$1,590,058. In 2007, the City also levied \$1.1735 per \$1,000 for payment of General Obligation Bonds for a total additional levy of \$628,596.

NOTE 5 - INTERFUND LOANS AND ADVANCES

The following table displays interfund loan activity during 2007:

| Borrowing Fund | Lending Fund | Balance 01/01/2007 | New Loans | Repayments | Balance 12/31/2007 |
|------------------------------|-----------------------------------|---------------------------|------------------|--------------------|---------------------------|
| General Fund | Contingency Fund | \$100,000 | \$0 | \$100,000 | \$0 |
| General Fund | Water Fund | 450,000 | 0 | 450,000 | 0 |
| General Fund | Equipment Rental Fund | 869,000 | 0 | 869,000 | 0 |
| General Fund | Firemen's Relief and Pension Fund | 300,000 | 0 | 300,000 | 0 |
| General Obligation Bond Fund | Equipment Rental Fund | 79,000 | 0 | \$79,000 | 0 |
| Sewer Fund | Water Fund | 600,000 | 0 | 600,000 | 0 |
| Total | | \$2,398,000 | \$0 | \$2,398,000 | \$0 |

At the beginning of 2007, the City had the following interfund loans:

- Various funds provided interfund loans to the General Fund in 2005 to purchase the Monson Ranches Feedlot. The Contingency Fund loaned \$100,000 to the General Fund. The Equipment Rental Reserve Fund loaned \$900,000 to the General Fund. A repayment of \$31,000 was made in 2005, resulting in an outstanding balance of \$869,000 at the beginning of 2007. The Firemen's Pension Fund loaned \$300,000 to the General Fund. The Water Fund loaned \$450,000 to the General Fund.

**CITY OF SUNNYSIDE
NOTES TO THE FINANCIAL STATEMENTS**

- The Equipment Rental Fund provided a \$395,000 interfund loan to the General Obligation Bond Fund in 2002 for a five-year term. The purpose of the loan was to provide funds for a 2002 debt service tax levy shortfall for debt service payments. Annual principal payments have been made twice per year, on June 1st and December 1st, from an additional property tax levy.
- The Water Fund provided a \$600,000 interfund loan to the Sewer Fund in 2005. The purpose of the loan was to provide the Sewer Fund with additional operating funds while the wastewater treatment plant rehabilitation project was in process. The project was completed in 2007.

All of the aforementioned interfund loans were repaid in full with interest by December 31, 2007. Interest was paid in accordance with terms specified in the authorizing ordinance for each interfund loan.

NOTE 6 - LONG-TERM DEBT

The accompanying Schedule of Long-Term Debt (09) provides a listing of the outstanding debt of the City of Sunnyside and summarizes the City of Sunnyside's debt transactions for 2007. The debt service requirements, including interest, are as follows:

| Year | General Obligation Debt | Revenue Debt | Other Debt | Total Debt |
|-----------|-------------------------------|--------------|---------------|---------------|
| 2007 | \$860,990 | \$1,117,202 | \$0 | \$1,978,192 |
| 2008 | 1,020,624 | 1,268,678 | 0 | 2,289,302 |
| 2009 | 983,671 | 1,061,312 | 0 | 2,044,983 |
| 2010 | 919,978 | 1,102,893 | 0 | 2,022,871 |
| 2011 | 811,409 | 1,089,518 | 0 | 1,900,927 |
| 2012-2016 | 2,318,505 | 5,465,769 | 0 | 7,784,274 |
| 2017-2021 | 1,173,198 | 4,930,815 | 0 | 6,104,012 |
| 2022-2026 | 1,176,500 | 4,817,787 | 0 | 5,994,287 |
| 2027 | 236,250 | 959,070 | 0 | 1,195,320 |
| Total | \$9,501,124 | \$21,813,043 | \$0 | \$31,314,167 |

General Obligation Debt

2007 LTGO Bonds

In 2007, the City issued \$2,760,000 in Limited Tax General Obligation (LTGO) Bonds for the purpose of providing financing for the cost of land acquisition. These bonds were issued by a vote of the City Council for the purpose of financing the Monson Ranches Feedlot land purchase.

2001 UTGO Refunding Bonds

In 2001, the City issued \$4,350,000 in Unlimited Tax General Obligation (UTGO) Refunding Bonds for the purpose of substantial debt service savings. These bonds refunded voter-approved UTGO bonds issued in 1990 and 1995 for the purpose of constructing the City Pool and Law & Justice Center, respectively.

Lease-Purchase Agreements

In 2007, the City entered into a lease-purchase agreement with US Bank for the purpose of equipment replacement. The agreement allowed for the purchase of 6 vehicles to be used in various departments.

Washington State LOCAL Program Loans

In 2006, the City secured two loans through the Washington State Local Option Capital Asset Lending (LOCAL) Program for the purpose of equipment replacement. The first loan in the amount of \$991,850

**CITY OF SUNNYSIDE
NOTES TO THE FINANCIAL STATEMENTS**

allowed for the purchase of 26 vehicles to be used in various departments. The second loan in the amount of \$258,387 allowed for the purchase of two ambulances to be used by the Fire Department.

Revenue Debt

2007 Water/Sewer Revenue Bonds

In 2007, the City issued \$2,285,000 in Water/Sewer Revenue Bonds for the purpose of financing capital improvements to the water and sewer systems.

2005 Water/Sewer Refunding Bonds

In 2005, the City issued \$3,640,000 in Water/Sewer Revenue Refunding Bonds for the purpose of substantial debt service savings. These bonds refunded Water/Sewer Revenue Bonds issued in 1993 and 1996.

Public Works Trust Fund Loans

In 1989, the City secured a \$1,118,930 Public Works Trust Fund loan from the State of Washington to finance the 1989 water system improvements. In 2004, the City secured an additional \$750,000 Public Works Trust Fund loan from the State of Washington to finance the Wastewater Treatment Plant rehabilitation.

Supporting Investments in Economic Development

In 2003, the City secured a \$44,400 Supporting Investment in Economic Development loan from Yakima County on the behalf of New Holland for the purpose of installing a 12-inch water pipe connecting existing City lines to the New Holland property. New Holland is repaying the City of Sunnyside principal plus interest on this loan over a seven year term.

In 2005, the City secured an additional \$275,000 Supporting Investment in Economic Development loan from Yakima County on the behalf of Powell Distribution for the purpose of widening a 1,320 foot stretch of Allen Road that includes curbs, gutters and sidewalks and for building a 1,230 foot long "Quail Lane" connecting two streets and for installing 350 feet of water and sewer lines to the Powell Distribution property. Powell Distribution is repaying the City of Sunnyside principal plus interest on this loan over a ten year term.

State Revolving Fund Loans

In 2004, the City secured a \$4,040,000 State Revolving Fund loan from the State of Washington to finance the 2004 – 2008 Well Replacement Program. As of December 31, 2007, the City has drawn a total of \$1,260,551 down on this loan. Only the drawn down portion is included in debt service figures in the chart above..

In 2006, the City secured a \$12,376,640 State Revolving Fund loan from the State of Washington to finance the 2005-2007 Wastewater Treatment Plant rehabilitation. The project was completed in 2007 and all funds were drawn down as of December 31, 2007.

NOTE 7 - PENSION PLANS

Substantially all City of Sunnyside full-time and qualifying part-time employees participate in the Public Employees' Retirement System (PERS) Plans 1, 2 and 3, Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plans 1 and 2, and Public Safety Employees' Retirement System (PSERS) Plan 2 administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the City of Sunnyside's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

**CITY OF SUNNYSIDE
NOTES TO THE FINANCIAL STATEMENTS**

Historical trend or other information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

Local Government Pension System

The City of Sunnyside is also the administrator of a pension retirement system called the Firemen's Relief and Pension Fund. The system is shown as a trust fund in the financial statements of the City. As of December 31, 2007, there were a total of three individuals covered by this system of which none were currently employed and three were drawing benefits.

The most recent actuarial review of the system was done by Randall & Hurley, Inc. to determine the funding requirements as of December 31, 2005. As of this date, the market value of assets was \$336,053 and the actuarial present value of future benefits was \$356,956 leaving an unfunded pension benefit obligation of \$20,903. However, it was determined that a contribution rate of \$9,500 per year will be sufficient to fund the plan. The City will maintain the funding policy of contributing 100% of the City's share of the State tax on fire insurance premiums to the Firemen's Pension Fund. In 2007, this contribution totaled \$11,235.

Plan Description

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

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

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

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

Funding Policy

Under State law, partial funding of the Firemen's Relief and Pension Fund may be provided by an annual tax levy of up to \$0.50 per \$1,000 of assessed value of all taxable City property. Currently, there are no property taxes that fund the Firemen's Pension Fund. Under State law, the Firemen's Relief and Pension Fund is provided an allocation of 25% of all monies received by the State from taxes on fire insurance premiums. The General Fund may provide additional funding through transfers as necessary. Active pension plan members are not required to contribute to the plan. The City currently allocates 100% of fire insurance premiums to the Firemen's Relief and Pension Fund, and therefore additional funding from the General Fund is not required.

**CITY OF SUNNYSIDE
NOTES TO THE FINANCIAL STATEMENTS**

OTHER DISCLOSURES

On July 5, 2007, the Washington State Auditor's Office (SAO) eliminated prescribed reporting thresholds for local governments. Elimination of the threshold provided local governments with the option of reporting financial information using generally accepted accounting principles (GAAP) or cash basis guidelines as outlined in the Budgeting, Accounting, and Reporting System (BARS) manual. The City has opted to report financial information using cash basis guidelines beginning with the 2007 Annual Financial Report. Since the City reported using GAAP in 2006, a series of one-time adjustments are required in the transition to cash basis reporting in 2007.

Adjustments to Cash

In the 2006 Annual Financial Report, the City reported a negative cash balance in the Street Fund. The negative cash balance resulted from a non-standard approach used to classify moneys obligated to a specific project. SAO staff advised the City that the moneys would be more accurately classified as a liability and suggested that the City make this change in 2007. The City did reclassify the obligation as a liability in 2007. However, under cash basis reporting, there is no mechanism to include this activity on the cash basis financial statements. Therefore, a one-time adjustment to cash is required and the adjustment is disclosed in the chart below.

Under GAAP reporting in 2006, the City accrued vouchers payable as of year end and the expenditures comprising vouchers payable were audited by the Washington State Auditor's Office during the 2006 financial audit. The accruals were reversed in 2007 when the associated cash was disbursed. Since there are no expenditures associated with the reversal of the vouchers payable accruals in 2007, a one-time adjustment is required. The adjustment is disclosed by fund in the chart below.

Adjusted cash data from the chart appears as the beginning cash balances for 2007 on *Schedule 11 – Cash Activity*.

**CITY OF SUNNYSIDE
NOTES TO THE FINANCIAL STATEMENTS**

| Fund No. | Description | Ending Cash Balance in 2006 Annual Report | Plus Reversal of Accrued Cash | Less Vouchers Payable from 2006 Annual Report | Adjusted Beginning Cash Balance for 2007 |
|-----------------|--|--|--------------------------------------|--|---|
| 001 | General Fund* | \$273,823.05 | \$0.00 | (\$147,681.15) | \$126,141.90 |
| 101 | Street Fund | (25,000.00) | 25,000.00 | (111,105.73) | (\$111,105.73) |
| 115 | Contingency Fund | 6,257.74 | 0.00 | 0.00 | \$6,257.74 |
| 120 | Investigative Fund | 59,597.97 | 0.00 | (2,783.55) | \$56,814.42 |
| 130 | Police Crime Prevention Fund | (4,359.10) | 0.00 | (2,209.49) | (\$6,568.59) |
| 140 | Public Safety Tax Fund | 63,252.40 | 0.00 | (2,200.00) | \$61,052.40 |
| 160 | Tourism Expansion Fund | 41,461.31 | 0.00 | (6,005.22) | \$35,456.09 |
| 201 | General Obligation Bonds Fund | 0.00 | 0.00 | 0.00 | \$0.00 |
| 303 | Community Development Block Grant Fund | 74,693.87 | 0.00 | 0.00 | \$74,693.87 |
| 304 | Local Capital Improvements Fund | 39,914.97 | 0.00 | (11,050.00) | \$28,864.97 |
| 305 | Local Capital Improvements (REET-2) Fund | 0.00 | 0.00 | 0.00 | \$0.00 |
| 322 | Fire Equipment Reserve Fund | 6,879.30 | 0.00 | 0.00 | \$6,879.30 |
| 410 | Water Fund | 274,759.06 | 0.00 | (64,715.32) | \$210,043.74 |
| 415 | Water/Sewer Revenue Bond Fund | 0.00 | 0.00 | 0.00 | \$0.00 |
| 416 | Water/Sewer Capital Projects Fund | 0.00 | 0.00 | 0.00 | \$0.00 |
| 420 | Sewer Fund | 43,222.34 | 0.00 | (533,728.43) | (\$490,506.09) |
| 430 | Garbage Fund | 80,430.55 | 0.00 | (51,168.52) | \$29,262.03 |
| 440 | Ambulance Fund | 86,432.89 | 0.00 | (9,673.00) | \$76,759.89 |
| 501 | Equipment Rental Fund | (19,269.64) | 0.00 | (19,252.04) | (\$38,521.68) |
| 503 | Public Works Service Center Fund | 127.93 | 0.00 | (2,141.80) | (\$2,013.87) |
| 504 | Data Processing Fund | 39,644.92 | 0.00 | (40,823.97) | (\$1,179.05) |
| 611 | Firemen's Relief and Pension Fund | 5,941.63 | 0.00 | (2,636.78) | \$3,304.85 |
| | Total | \$1,047,811.19 | \$25,000.00 | (\$1,007,175.00) | \$65,636.19 |

*General Fund totals include Municipal Court Trust and Prisoners' Trust funds

**CITY OF SUNNYSIDE
NOTES TO THE FINANCIAL STATEMENTS**

Adjustments to Investments

Under GAAP reporting in 2006, the City was required to accrue unrealized fair market value adjustments to investments. The accruals were reversed in order to begin 2007 with the actual investment balance. Since the reversal of the accruals was a non-cash transaction, there is no mechanism to include this activity in the cash basis financial statements. Therefore, the transaction is disclosed in detail in the chart below, and the adjusted data appears as the beginning investment balances for 2007 on *Schedule 12 – Investment Activity*.

| Fund No. | Description | Ending Investment Balance in 2006 Annual Report | Plus Reversal of Fair Market Value Adjustment Accrual | Adjusted Beginning Investment Balance for 2007 |
|-----------------|--|--|--|---|
| 001 | General Fund | \$1,412,144.37 | \$34,028.13 | \$1,446,172.50 |
| 101 | Street Fund | 0.00 | 0.00 | \$0.00 |
| 115 | Contingency Fund | 0.00 | 0.00 | \$0.00 |
| 120 | Investigative Fund | 94,730.40 | 5,269.60 | \$100,000.00 |
| 130 | Police Crime Prevention Fund | 78,925.00 | 1,075.00 | \$80,000.00 |
| 140 | Public Safety Tax Fund | 0.00 | 0.00 | \$0.00 |
| 160 | Tourism Expansion Fund | 49,328.13 | 671.87 | \$50,000.00 |
| 201 | General Obligation Bonds Fund | 0.00 | 0.00 | \$0.00 |
| 303 | Community Development Block Grant Fund | 0.00 | 0.00 | \$0.00 |
| 304 | Local Capital Improvements Fund | 222,924.95 | 7,075.05 | \$230,000.00 |
| 305 | Local Capital Improvements (REET-2) Fund | 0.00 | 0.00 | \$0.00 |
| 322 | Fire Equipment Reserve Fund | 37,892.16 | 2,107.84 | \$40,000.00 |
| 410 | Water Fund | 261,697.50 | 6,757.74 | \$268,455.24 |
| 415 | Water/Sewer Revenue Bond Fund | 0.00 | 0.00 | \$0.00 |
| 416 | Water/Sewer Capital Projects Fund | 0.00 | 0.00 | \$0.00 |
| 420 | Sewer Fund | 123,149.52 | 6,850.48 | \$130,000.00 |
| 430 | Garbage Fund | 18,946.08 | 1,053.92 | \$20,000.00 |
| 440 | Ambulance Fund | 78,250.00 | 1,750.00 | \$80,000.00 |
| 501 | Equipment Rental Fund | 61,574.76 | 3,425.24 | \$65,000.00 |
| 503 | Public Works Service Center Fund | 0.00 | 0.00 | \$0.00 |
| 504 | Data Processing Fund | 19,731.25 | 268.75 | \$20,000.00 |
| 611 | Firemen's Relief and Pension Fund | 2,121.36 | 118.01 | \$2,239.37 |
| | Total | \$2,461,415.48 | \$70,451.63 | \$2,531,867.11 |

CITY OF SUNNYSIDE

SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2007

G.O. Debt
 Revenue Debt
 Assessment Debt

| ID No. | Date of Original Issue | Date of Maturity | (1) | | (2) | | | (3) | | | (4) |
|--------------|--------------------------|------------------|---------------------------------------|-------------------------------|-----------------------|-----------------------|---------------------------------|--------------------------|-----------------------|------------------------------------|-----|
| | | | Beginning Outstanding Debt 01/01/2007 | Amount Issued in Current Year | BARS Code for Receipt | Receiving Fund Number | Amount Redeemed in Current Year | BARS Code for Redemption | Redeeming Fund Number | Ending Outstanding Debt 12/31/2007 | |
| 251.11 | 09/12/2007 | 12/01/2027 | \$0 | \$2,760,000 | 391.10 | 201 | \$0 | 591.19.71 | 201 | \$2,760,000 | |
| 251.15 | 03/05/2001 | 12/01/2014 | 2,960,000 | 0 | | | 415,000 | 591.98.71 | 201 | 2,545,000 | |
| 263.53 | 07/09/2007 08/23/2007 | 12/05/2011 | 0 | 53,773 61,495 | N/A | N/A | 23,793 | 591.48.66 | 501 | 91,474 | |
| 263.53 | 07/11/2007 | 12/05/2009 | 0 | 27,668 | N/A | N/A | 9,337 | 591.48.66 | 501 | 18,331 | |
| 263.96 | 06/15/2006 | 06/01/2011 | 900,379 | 0 | | | 185,521 | 591.48.00 | 501 | 714,858 | |
| 263.96 | 12/15/2006 | 12/01/2011 | 258,387 | 0 | | | 47,931 | 591.48.00 | 501 | 210,456 | |
| TOTAL | | | \$4,118,765 | \$2,902,936 | | | \$681,582 | | | \$6,340,119 | |

CITY OF SUNNYSIDE
SCHEDULE OF LONG-TERM DEBT

G.O. Debt
Revenue Debt X
Assessment Debt

For The Year Ended December 31, 2007

| ID. No | Date of Original Issue | Date of Maturity | (1) | | (2) | | | (3) | | | (4) |
|--------------|------------------------|------------------|---------------------------------------|-------------------------------|-----------------------|-----------------------|---------------------------------|--------------------------|-----------------------|------------------------------------|-----|
| | | | Beginning Outstanding Debt 01/01/2007 | Amount Issued in Current Year | BARS Code for Receipt | Receiving Fund Number | Amount Redeemed in Current Year | BARS Code for Redemption | Redeeming Fund Number | Ending Outstanding Debt 12/31/2007 | |
| 252.11 | 09/12/2007 | 12/01/2027 | \$0 | \$2,285,000 | 382.20 | 415 | \$0 | | | \$2,285,000 | |
| 252.15 | 04/26/2005 | 08/01/2017 | 2,350,000 | 0 | | | 400,954 | 582.05.72 | 410 | 1,730,000 | |
| 263.82 | 07/11/1989 | 07/01/2009 | 180,231 | 0 | | | 219,046 | 582.05.72 | 420 | | |
| 263.82 | 12/01/2004 | 07/01/2008 | 406,250 | 0 | | | 60,077 | 582.78.78 | 420 | 120,154 | |
| 263.82* | 10/17/2003 | 06/01/2010 | 25,371 | 0 | | | 203,125 | 582.79.78 | 420 | 203,125 | |
| 263.82* | 05/23/2005 | 06/01/2015 | 253,845 | 0 | | | 6,343 | 582.01.78 | 410 | 19,028 | |
| 263.82 | 12/13/2005 | 10/01/2025 | 1,064,493 | 192,919 | 382.80 | 410 | 62,390 | 582.34.78 | 410 | 1,195,022 | |
| 263.82 | 12/21/2005 | 06/01/2027 | 10,084,039 | 2,292,601 | 382.80 | 420 | 0 | | 420 | 12,376,640 | |
| TOTAL | | | \$14,364,229 | \$4,770,520 | | | \$1,015,616 | | | \$18,159,133 | |

CITY OF SUNNYSIDE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2007

| 1 Federal Agency Name/ Pass- Through Agency Name | 2 Federal Program Name | 3 CFDA Number | 4 Other I.D. Number | 5 Expenditures | | | 6 Foot- note Ref. |
|---|--|---------------------|--|-----------------------------|--------------------------|--------------------|----------------------------|
| | | | | From Pass-Thru Awards | From Direct Awards | Total | |
| U.S. Department of Housing and Urban Development/ pass through from WA State Department of Community, Trade & Economic Development | Community Development Block Grant (CDBG) | 14.228 | 05-64005-063 Housing Planning- Only | 3,343 | | | 3 |
| | | 14.228 | 05-64005-067 Housing Enhancement | 14,874 | | | |
| | | | <i>sub-total 14.228</i> | 18,217 | | 18,217 | |
| U.S. Department of the Interior, National Park Service pass through from Wa State Recreation & Conservation Office | Outdoor Recreation, Acquisition, Development and Planning | 15.916 | 05-1029 D | 71,000 | | 71,000 | 2 |
| Department of Justice, Office of Justice Programs, Bureau of Justice Assistance | Gang Resistance Education & Training | 16.737 | | | 33,894 | 33,894 | 2 |
| U.S. Department of Transportation/ pass through from WA State Department of Transportation | Highway | 20.205 | LA05636 South 1st Street Reconstruction | 102,380 | | 102,380 | |
| U.S. Department of Transportation/ pass through from WA State Traffic Safety Commission | Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grant Occupant Protection Grant Occupant Protection Grant | 20.602 | Cinco de Mayo DUI Patrol | 301 | | | 2 |
| | | 20.602 | Manejar Seguro | 6,540 | | | |
| | | 20.602 | Night Time Seat Belt Enforcement | 1,646 | | | |
| | | 20.602 | National Night Out | 3,805 | | | |
| | | | <i>sub-total 20.602</i> | 12,292 | | 12,292 | 2 |
| U.S. Environmental Protection Agency | State and Tribal Grant (STAG) Program Grant | 66.606 | XP-960266-01 | | 238,488 | 238,488 | |
| U.S. Environmental Protection Agency/pass through from WA State Department of Ecology | State Revolving Fund (SRF) Loan | 66.458 | L0600004 | 1,820,129 | | 1,820,129 | 4 |
| U.S. Environmental Protection Agency/pass through from WA State Department of Community, Trade & Economic Development | Drinking Water State Revolving Fund (DWSRF) Loan | 66.468 | 04-65104-035 | 192,919 | | 192,919 | 4 |
| Executive Office of the President/ Office of National Drug Control Policy | HIDTA | none | | 4,500 | 0 | 4,500 | |
| Total Federal Awards Expended | | | | \$2,221,437 | \$272,382 | \$2,493,819 | |

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

CITY OF SUNNYSIDE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDING DECEMBER 31, 2007**NOTE 1 - BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards has been prepared on the same basis of accounting as the City's financial statement. The City uses the cash basis of accounting for all fund types.

NOTE 2 – PROGRAM COSTS

The amounts shown as current year expenditures represent only federal grant portions of the program costs. Entire program costs, including the City's portion, may be more than shown.

NOTE 3 – REVOLVING LOAN – PROGRAM INCOME

The City has a revolving loan program for low income housing rehabilitation. Under this federal program, repayments to the City are considered program revenues (income) and loans of such funds, to eligible recipients, are considered expenditures. All loan funds were distributed in 2004 or prior. The amount of principal and interest received in loan repayments for the year totaled \$14,874.44.

NOTE 4 – FEDERAL LOANS

The City of Sunnyside was approved by the Environmental Protection Agency to receive a loan totaling \$12,376,640 to build a wastewater treatment plant. The amount listed includes loan proceeds received during the year. The current year loan is also reported on the City's schedule of long-term debt.

The City of Sunnyside was approved by the Environmental Protection Agency to receive a loan totaling \$4,040,000 to drill and install drinking water wells. The amount listed includes loan proceeds received during the year. The current year loan is also reported on the City's schedule of long-term debt.



ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

Our mission is to work in cooperation with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office has 300 employees who are located around the state to deliver our services effectively and efficiently. Approximately 65 percent of our staff are certified public accountants or hold other certifications and advanced degrees.

Our regular audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. We also perform fraud and whistleblower investigations. In addition, we have the authority to conduct performance audits of state agencies and local governments.

The results of our audits are widely distributed through a variety of reports, which are available on our Web site. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive program to coordinate audit efficiency and to ensure high-quality audits.

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