

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

City of Sunnyside
Yakima County

Audit Period
January 1, 2009 through December 31, 2009

Report No. 1004253

Issue Date
September 20, 2010



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

September 20, 2010

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.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Yakima County
January 1, 2009 through December 31, 2009**

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Federal Summary

**City of Sunnyside
Yakima County
January 1, 2009 through December 31, 2009**

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 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 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 programs.

We reported no findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

Identification of Major Programs:

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
20.106	Airport Improvement Program
20.205	Highway Planning and Construction
20.205	ARRA – Highway Planning and Construction (Recovery Act)
66.468	Capitalization Grants for Drinking 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, 2009 through December 31, 2009

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, 2009, and have issued our report thereon dated September 3, 2010.

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 *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

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 deficiencies, 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 3, 2010

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

**City of Sunnyside
Yakima County
January 1, 2009 through December 31, 2009**

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 programs for the year ended December 31, 2009. The City's major federal programs are identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs 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 programs for the year ended December 31, 2009.

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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis

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 deficiencies, 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.

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BRIAN SONNTAG, CGFM
STATE AUDITOR

September 3, 2010

Independent Auditor's Report on Financial Statements

**City of Sunnyside
Yakima County
January 1, 2009 through December 31, 2009**

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, 2009. 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, 2009, on the basis of accounting described in Note 1.

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 3, 2010

Financial Section

**City of Sunnyside
Yakima County
January 1, 2009 through December 31, 2009**

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2009
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Schedule of Long-Term Debt – 2009
Schedule of Expenditures of Federal Awards – 2009
Notes to the Schedule of Expenditures of Federal Awards – 2009

CITY OF SUNNYSIDE
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2009

BARS CODE		Total for All Funds	Fund Number and Title 001 General Fund	Fund Number and Title 101 Street Fund
		Total Amount	Actual Amount	Actual Amount
Beginning Cash and Investments:		\$8,045,130	\$2,465,555	\$0
Revenues and Other Sources:				
310	Taxes	\$7,485,521	5,890,401	0
320	Licenses and Permits	\$235,903	233,903	2,000
330	Intergovernmental	\$6,854,917	2,373,400	3,991,762
340	Charges for Goods and Services	\$7,162,934	1,238,595	0
350	Fines and Forfeits	\$294,763	263,021	0
360	Miscellaneous	\$1,383,943	40,243	2
370	Capital Contributions	\$0	0	0
390	Other Financing Sources	\$517,949	2,756	428,738
Total Revenues and Other Financing Sources		\$23,935,931	10,042,318	4,422,502
Total Resources		\$31,981,061	12,507,873	4,422,502
Operating Expenditures:				
510	General Government	\$2,907,071	2,622,881	0
520	Public Safety	\$6,615,839	5,201,922	0
530	Physical Environment	\$4,022,395	18,845	0
540	Transportation	\$1,192,293	16,611	762,498
550	Economic Environment	\$423,951	170,614	0
560	Mental and Physical Health	\$3,651	3,651	0
570	Culture and Recreational	\$559,733	493,586	0
Total Operating Expenditures		15,724,932	8,528,109	762,498
591-593	Debt Service	\$1,202,096	18,008	0
594-595	Capital Outlay	\$5,938,407	687,083	3,637,557
Total Expenditures		\$22,865,435	9,233,201	4,400,055
597-599	Other Financing Uses	\$493,947	439,027	0
Total Expenditures and Other Financing Uses		\$23,359,382	9,672,228	4,400,055
Excess (Deficit) of Resources Over Uses:		\$8,621,680	2,835,646	22,447
380	Nonrevenues (Except 384 and 388.80)	\$1,102,136	324,738	2,289
580	Nonexpenditures (Except 584 and 588.80)	\$1,621,805	405,392	24,736
Ending Cash and Investments:		\$8,102,011	\$2,754,991	\$0

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, 2009

BARS CODE		Fund Number and Title	Fund Number and Title	Fund Number and Title
		115 Contingency	120 Investigative	130 Crime Prevention
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments:		\$900	\$190,198	\$2,304
Revenues and Other Sources:				
310	Taxes	0	0	0
320	Licenses and Permits	0	0	0
330	Intergovernmental	0	0	256,961
340	Charges for Goods and Services	0	0	0
350	Fines and Forfeits	0	391	31,351
360	Miscellaneous	5	0	3,839
370	Capital Contributions	0	0	0
390	Other Financing Sources	0	14,890	0
Total Revenues and Other Financing Sources		5	15,281	292,152
Total Resources		905	205,479	294,456
Operating Expenditures:				
510	General Government	0	0	0
520	Public Safety	0	21,888	197,037
530	Physical Environment	0	0	0
540	Transportation	0	0	0
550	Economic Environment	0	0	0
560	Mental and Physical Health	0	0	0
570	Culture and Recreational	0	0	0
Total Operating Expenditures		0	21,888	197,037
591-593	Debt Service	0	0	0
594-595	Capital Outlay	0	22,930	29,388
Total Expenditures		0	44,818	226,425
597-599	Other Financing Uses	0	0	0
Total Expenditures and Other Financing Uses		0	44,818	226,425
Excess (Deficit) of Resources Over Uses:		905	160,661	68,031
380	Nonrevenues (Except 384 and 388.80)	0	0	5,885
580	Nonexpenditures (Except 584 and 588.80)	0	0	5,885
Ending Cash and Investments:		\$905	\$160,661	\$68,031

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, 2009

BARS CODE		Fund Number and Title 140 Public Safety Tax	Fund Number and Title 160 Tourism	Fund Number and Title 201 GO Bond
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments:		\$68,019	\$90,714	\$3,275
Revenues and Other Sources:				
310	Taxes	324,562	96,663	655,350
320	Licenses and Permits	0	0	0
330	Intergovernmental	0	0	0
340	Charges for Goods and Services	0	0	0
350	Fines and Forfeits	0	0	0
360	Miscellaneous	381	644	77
370	Capital Contributions	0	0	0
390	Other Financing Sources	0	0	10,289
Total Revenues and Other Financing Sources		324,942	97,307	665,716
Total Resources		392,961	188,021	668,990
Operating Expenditures:				
510	General Government	0	0	0
520	Public Safety	333,351	0	0
530	Physical Environment	0	0	0
540	Transportation	0	0	0
550	Economic Environment	0	0	0
560	Mental and Physical Health	0	0	0
570	Culture and Recreational	0	66,148	0
Total Operating Expenditures		333,351	66,148	0
591-593	Debt Service	0	0	668,915
594-595	Capital Outlay	0	0	0
Total Expenditures		333,351	66,148	668,915
597-599	Other Financing Uses	0	0	0
Total Expenditures and Other Financing Uses		333,351	66,148	668,915
Excess (Deficit) of Resources Over Uses:		59,610	121,873	75
380	Nonrevenues (Except 384 and 388.80)	0	0	0
580	Nonexpenditures (Except 584 and 588.80)	0	0	0
Ending Cash and Investments:		\$59,610	\$121,873	\$76

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, 2009

BARS CODE		Fund Number and Title 303 CDBG	Fund Number and Title 304 REET I	Fund Number and Title 305 REET II
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments:		\$35,461	\$265,553	\$9,417
Revenues and Other Sources:				
310	Taxes	0	52,924	42,345
320	Licenses and Permits	0	0	0
330	Intergovernmental	218,337	0	0
340	Charges for Goods and Services	0	0	0
350	Fines and Forfeits	0	0	0
360	Miscellaneous	12	1,643	10
370	Capital Contributions	0	0	0
390	Other Financing Sources	5,210	0	0
Total Revenues and Other Financing Sources		223,559	54,566	42,355
Total Resources		259,020	320,120	51,772
Operating Expenditures:				
510	General Government	0	0	0
520	Public Safety	0	0	0
530	Physical Environment	0	0	0
540	Transportation	0	0	0
550	Economic Environment	218,337	0	0
560	Mental and Physical Health	0	0	0
570	Culture and Recreational	0	0	0
Total Operating Expenditures		218,337	0	0
591-593	Debt Service	0	0	0
594-595	Capital Outlay	0	8,608	0
Total Expenditures		218,337	8,608	0
597-599	Other Financing Uses	0	0	0
Total Expenditures and Other Financing Uses		218,337	8,608	0
Excess (Deficit) of Resources Over Uses:		40,684	311,511	51,772
380	Nonrevenues (Except 384 and 388.80)	0	0	0
580	Nonexpenditures (Except 584 and 588.80)	0	0	0
Ending Cash and Investments:		\$40,684	\$311,511	\$51,772

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, 2009

BARS CODE		Fund Number and Title	Fund Number and Title	Fund Number and Title
		322 Fire Equip Reserve	410 Water	420 Sewer
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments:		\$50,994	\$1,121,538	\$2,570,168
Revenues and Other Sources:				
310	Taxes	0	0	0
320	Licenses and Permits	0	0	0
330	Intergovernmental	0	0	0
340	Charges for Goods and Services	0	2,084,108	2,433,348
350	Fines and Forfeits	0	0	0
360	Miscellaneous	368	12,969	16,254
370	Capital Contributions	0	0	0
390	Other Financing Sources	0	1,147	54,920
Total Revenues and Other Financing Sources		368	2,098,224	2,504,522
Total Resources		51,363	3,219,762	5,074,690
Operating Expenditures:				
510	General Government	0	0	0
520	Public Safety	0	0	0
530	Physical Environment	0	1,423,197	1,555,267
540	Transportation	0	0	0
550	Economic Environment	0	35,000	0
560	Mental and Physical Health	0	0	0
570	Culture and Recreational	0	0	0
Total Operating Expenditures		0	1,458,197	1,555,267
591-593	Debt Service	0	7,700	118,331
594-595	Capital Outlay	3,637	721,134	807,551
Total Expenditures		3,637	2,187,031	2,481,149
597-599	Other Financing Uses	0	54,920	0
Total Expenditures and Other Financing Uses		3,637	2,241,951	2,481,149
Excess (Deficit) of Resources Over Uses:		47,725	977,811	2,593,541
380	Nonrevenues (Except 384 and 388.80)	0	669,152	73
580	Nonexpenditures (Except 584 and 588.80)	0	266,910	918,882
Ending Cash and Investments:		\$47,725	\$1,380,053	\$1,674,732

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, 2009

BARS CODE		Fund Number and Title	Fund Number and Title	Fund Number and Title
		430 Garbage	440 Ambulance	450 Stormwater
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments:		\$81,945	\$429,287	\$82,046
Revenues and Other Sources:				
310	Taxes	0	423,277	0
320	Licenses and Permits	0	0	0
330	Intergovernmental	0	1,726	0
340	Charges for Goods and Services	938,291	454,643	13,949
350	Fines and Forfeits	0	0	0
360	Miscellaneous	794	48,377	4
370	Capital Contributions	0	0	0
390	Other Financing Sources	0	0	0
Total Revenues and Other Financing Sources		939,085	928,023	13,954
Total Resources		1,021,030	1,357,310	96,000
Operating Expenditures:				
510	General Government	0	0	0
520	Public Safety	0	837,306	0
530	Physical Environment	892,822	0	132,264
540	Transportation	0	0	0
550	Economic Environment	0	0	0
560	Mental and Physical Health	0	0	0
570	Culture and Recreational	0	0	0
Total Operating Expenditures		892,822	837,306	132,264
591-593	Debt Service	0	0	0
594-595	Capital Outlay	0	3,630	0
Total Expenditures		892,822	840,936	132,264
597-599	Other Financing Uses	0	0	0
Total Expenditures and Other Financing Uses		892,822	840,936	132,264
Excess (Deficit) of Resources Over Uses:		128,209	516,374	(36,264)
380	Nonrevenues (Except 384 and 388.80)	0	0	100,000
580	Nonexpenditures (Except 584 and 588.80)	0	0	0
Ending Cash and Investments:		\$128,209	\$516,374	\$63,736

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, 2009

BARS CODE		Fund Number and Title	Fund Number and Title	Fund Number and Title
		501 Equipment Rental	503 PWSC	504 Information Tech.
		Actual Amount	Actual Amount	Actual Amount
Beginning Cash and Investments:		\$167,703	\$24,227	\$67,096
Revenues and Other Sources:				
310	Taxes	0	0	0
320	Licenses and Permits	0	0	0
330	Intergovernmental	0	0	0
340	Charges for Goods and Services	0	0	0
350	Fines and Forfeits	0	0	0
360	Miscellaneous	791,635	45,697	418,717
370	Capital Contributions	0	0	0
390	Other Financing Sources	0	0	0
Total Revenues and Other Financing Sources		791,635	45,697	418,717
Total Resources		959,338	69,924	485,813
Operating Expenditures:				
510	General Government	0	0	284,190
520	Public Safety	0	0	0
530	Physical Environment	0	0	0
540	Transportation	369,921	43,263	0
550	Economic Environment	0	0	0
560	Mental and Physical Health	0	0	0
570	Culture and Recreational	0	0	0
Total Operating Expenditures		369,921	43,263	284,190
591-593	Debt Service	389,142	0	0
594-595	Capital Outlay		3,569	13,318
Total Expenditures		759,063	46,832	297,508
597-599	Other Financing Uses	0	0	0
Total Expenditures and Other Financing Uses		759,063	46,832	297,508
Excess (Deficit) of Resources Over Uses:		200,275	23,091	188,305
380	Nonrevenues (Except 384 and 388.80)	0	0	0
580	Nonexpenditures (Except 584 and 588.80)	0	0	0
Ending Cash and Investments:		\$200,275	\$23,091	\$188,305

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, 2009

BARS CODE		Fund Number and Title
		611 Firemen's Relief
		Actual Amount
Beginning Cash and Investments:		\$318,730
Revenues and Other Sources:		
310	Taxes	0
320	Licenses and Permits	0
330	Intergovernmental	12,731
340	Charges for Goods and Services	0
350	Fines and Forfeits	0
360	Miscellaneous	2,273
370	Capital Contributions	0
390	Other Financing Sources	0
Total Revenues and Other Financing Sources		15,004
Total Resources		333,734
Operating Expenditures:		
510	General Government	0
520	Public Safety	24,335
530	Physical Environment	0
540	Transportation	0
550	Economic Environment	0
560	Mental and Physical Health	0
570	Culture and Recreational	0
Total Operating Expenditures		24,335
591-593	Debt Service	0
594-595	Capital Outlay	0
Total Expenditures		24,335
597-599	Other Financing Uses	0
Total Expenditures and Other Financing Uses		24,335
Excess (Deficit) of Resources Over Uses:		309,399
380	Nonrevenues (Except 384 and 388.80)	0
580	Nonexpenditures (Except 584 and 588.80)	0
Ending Cash and Investments:		\$309,399

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF SUNNYSIDE

FIDUCIARY FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the Year Ended December 31, 2009

	Total for All Funds	Fund Number & Title Jail Trust	Fund Number & Title Court Trust
	Total Amount	Actual Amount	Actual Amount
Beginning Cash and Investments	\$143,947	\$112,408	\$31,539
Prior Period Adjustments	\$0	0	0
Revenues and Other Financing Sources	\$849,335	141,445	707,890
Total Resources	\$993,282	253,853	739,429
Expenditures And Other Financing Uses	\$823,930	110,990	712,940
Excess (Deficit) of Resources Over Uses	169,352	142,863	26,489
Nonrevenues (Except 384)	\$0	0	0
Nonexpenditures (Except 584)	\$0	0	0
Ending Cash and Investments	\$169,352	\$142,863	\$26,489

The Accompanying Notes Are an Integral Part Of This Statement.

**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), Municipal Court, public improvements (streets, traffic signals), sanitation (solid waste disposal, sanitary sewer facility), water utility, stormwater 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.

Permanent Funds

A governmental fund type used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is, for the benefit of the government or its citizens.

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

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.

Private-Purpose Trust Funds

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

Agency Funds

These funds are used to account for assets that the City of Sunnyside holds for others in an agency capacity.

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

The City of Sunnyside adopts annual appropriated budgets for all funds with the exception of fiduciary funds. These budgets are appropriated at the fund level (except the general (current expense) fund, where budget is adopted at the department level). The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

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

The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund / Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund:			
Legislative	\$ 48,160	\$ 36,628	\$ 11,532
Judicial	\$ 367,640	\$ 358,701	\$ 8,939
Executive	\$ 285,950	\$ 273,344	\$ 12,606
Financial & Records Services	\$ 482,970	\$ 466,961	\$ 16,009
Legal Services	\$ 474,810	\$ 505,773	\$ (30,963)
Personnel Services	\$ 100,760	\$ 96,499	\$ 4,261
Central Services	\$ 512,340	\$ 496,133	\$ 16,207
Miscellaneous General Gov't.	\$ 1,513,281	\$ 1,280,251	\$ 233,030
Law Enforcement	\$ 2,655,290	\$ 2,526,073	\$ 129,217
Fire Control	\$ 994,870	\$ 928,798	\$ 66,072
Protective Inspections	\$ 312,470	\$ 292,351	\$ 20,119
Communications/Alarms/Dispatch	\$ 665,310	\$ 598,155	\$ 67,155
Animal Control	\$ 19,680	\$ 14,760	\$ 4,920
Airports	\$ 749,320	\$ 703,695	\$ 45,625
Community Development	\$ 161,410	\$ 155,862	\$ 5,548
Jail	\$ 890,500	\$ 845,732	\$ 44,768
Recreation	\$ 579,350	\$ 502,337	\$ 77,013
Total General Fund	\$ 10,814,111	\$ 10,082,052	\$ 732,059
Special Revenue Funds	\$ 5,357,231	\$ 5,101,418	\$ 255,813
Debt Service Fund	\$ 668,920	\$ 668,915	\$ 5
Capital Projects Funds	\$ 271,149	\$ 230,582	\$ 40,567
Enterprise Funds	\$ 10,393,921	\$ 7,831,523	\$ 2,562,398
Internal Service Funds	\$ 1,355,517	\$ 1,103,403	\$ 252,114
Investment Trust Fund	\$ 28,860	\$ 24,335	\$ 4,525

Budgeted amounts are authorized to be transferred between (departments within any fund/object classes within departments); 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

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).

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

Custodial credit risk for deposits is the risk that the City of Sunnyside's deposits may not be returned to it in the event of a bank failure. All City of Sunnyside deposits are insured by the FDIC up to \$250,000. All deposits not covered by FDIC insurance are covered by the WPDPC for amounts over \$250,000.

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 or 360 hours 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.

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, intergovernmental loan proceeds, proceeds from sale of capital assets, insurance recoveries, and other note proceeds.

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

L. RISK MANAGEMENT

The City of Sunnyside is an associate member of the Cities Insurance Association of Washington. Chapter 48,62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, end/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, the Interlocal Cooperation Act. The pool was formed on September 1, 1988 when 34 cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase Insurance and administrative services. As of August 31, 2009, the CIAW had 86 regular (participating) members and 170 associate members.

The pool allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, account education, claims handling, etc. Coverage for Employment Practices and ,Management Liability is on a "claims-made basis." All other coverages are on an "occurrence basis."

The pool provides the following forms of group purchased insurance coverage for its members; property, general liability, law enforcement liability, automobile liability, employment practices liability, boiler and machinery, bonds of various types, and management liability.

The pool acquires liability insurance through St, Paul Fire & Marine Insurance Company (Travelers) that is subject to a per-occurrence deductible of \$100,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$99,000. The Insurance carrier covers insured losses over \$100,000 to the limits of each policy.

Since the pool is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$99,000 portion of the deductible. The pool also purchases a Stop Loss Policy in the amount of \$5,500,000 to cap the total claims paid by the pool in any one year.

Property Insurance is subject to a 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.

Copies of the pool's annual report may be obtained by writing to 451 Diamond Drive, Ephrata, WA 98823.

M. RESERVED FUND BALANCE

The City of Sunnyside has two funds with restrictions on fund balance as result of revenue bond covenants. The Water Fund maintains a Restricted Cash reserve of \$123,435.42 plus a Restricted Investment reserve of \$240,584.58 as required by 2005 Water/Sewer Revenue Refunding Bond covenants. The Sewer Fund maintains a \$415,308.10 bond reserve as required by 2007 Water/Sewer Revenue Bond covenants.

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

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

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

In 2009, there have been no expenditures exceeding legal appropriations in any of the funds of the City of Sunnyside.

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, 2009 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)	\$7,703,408	\$305,450	\$8,008,858
Municipal Investor Account	8,671	0	8,671
Total	\$7,712,079	\$305,450	\$8,017,529

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 Washington State law, all investments of the City of Sunnyside’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

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.

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

Property tax revenues are recognized when cash is received by 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 2009 was \$2.9088 per \$1,000 on an assessed valuation of \$612,170,687 for a total regular levy of \$1,780,717. In 2009, the City of Sunnyside had a voter-approved excess levy of \$0.8817 per \$1,000 of assessed value on excess value of \$607,225,392 for payment of General Obligation Bonds for a total additional levy of \$535,380.

NOTE 5 - INTERFUND LOANS AND ADVANCES

The following table displays interfund principal loan activity during 2009:

Borrowing Fund	Lending Fund	Balance 01/01/2009	New Loans	Repayments	Balance 12/31/2009
Sewer	Water	\$350,000	\$0	\$175,000	\$175,000
Stormwater	General	\$0	\$100,000	\$0	\$100,000
Total		\$350,000	\$100,000	\$175,000	\$275,000

At the end of 2009, the City had the following interfund loan:

- The Water Fund provided a \$350,000 interfund loan to the Sewer Fund in 2008. The purpose of the loan was to provide the Sewer Fund with additional operating funds while significant sewer utility rate increases are implemented over a period of four years. Per City of Sunnyside Ordinance 2201, interfund loan principal shall be repaid to the Water Fund from the Sewer Fund on or before December 31, 2010, with interest accruing monthly on unpaid principal for the duration of the loan. Payments made by the Sewer Fund to the Water Fund during 2009 totaled \$176,813; of which \$175,000 was for principal repayment and \$1,813 was for interest.

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

NOTE 6 - LONG-TERM DEBT

The accompanying *Schedule 09 – Long-Term Debt* provides a listing of the outstanding debt of the City of Sunnyside and summarizes the City of Sunnyside’s debt transactions for 2009. The debt service requirements, including interest, are as follows:

Year	General Obligation Debt	Revenue Debt	Other Debt	Total Debt
2009	1,074,811	1,100,608	0	2,175,419
2010	1,011,118	1,152,264	0	2,163,382
2011	898,726	1,138,882	0	2,037,608
2012	651,249	1,151,520	0	1,802,769
2013	648,461	1,148,168	0	1,796,629
2014	634,428	1,149,318	0	1,783,746
2015 – 2019	1,188,959	5,402,879	0	6,591,837
2020 – 2024	1,176,175	5,059,692	0	6,235,867
2025 – 2027	705,250	2,837,175	0	3,542,425
Total	\$7,989,177	\$20,140,505	0	\$28,129,683

General Obligation Debt

2007 LTGO Bonds

In 2007, the City of Sunnyside 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; since renamed West Sunnyside Business Park.

2001 UTGO Refunding Bonds

In 2001, the City of Sunnyside 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 2006, the City of Sunnyside entered into a lease-purchase agreement with Ford Motor Credit Company for the purpose of equipment replacement. The agreement allowed for the purchase of one vehicle to be used in the Police Department.

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

In 2008, the City of Sunnyside entered into a lease-purchase agreement with Banner Bank for the purpose of equipment replacement. The agreement allowed for the purchase of six vehicles to be used in various departments.

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

Washington State LOCAL Program Loans

In 2006, the City of Sunnyside 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 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.

Supporting Investments in Economic Development

In 2008, the City of Sunnyside secured a \$109,192 Supporting Investment in Economic Development loan from Yakima County on the behalf of K2R Properties, LLC for the purpose of street infrastructure improvements. K2R Properties, LLC is repaying the City of Sunnyside principal plus interest on this loan over a seven year term.

Revenue Debt

2007 Water/Sewer Revenue Bonds

In 2007, the City of Sunnyside 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 of Sunnyside 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 of Sunnyside 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 of Sunnyside 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 of Sunnyside 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 of Sunnyside 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 of Sunnyside 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.

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

State Revolving Fund Loans

In 2004, the City of Sunnyside secured a \$4,040,000 State Revolving Fund loan from the State of Washington to finance the Water Source Development Project. As of December 31, 2009, the City of Sunnyside has drawn a total of \$1,535,780 on this loan and remitted principal payments totaling \$141,711. Only the drawn down portion less principal and interest repayments is included in debt service figures in the chart above.

In 2006, the City of Sunnyside secured a \$12,376,640 State Revolving Fund loan from the State of Washington to finance the 2005-2007 Wastewater Treatment Plant rehabilitation.

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.

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, 2009, 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 of Sunnyside will maintain the funding policy of contributing 100% of the City of Sunnyside's share of the State tax on fire insurance premiums to the Firemen's Relief and Pension Fund. In 2009, this contribution totaled \$12,731.

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

Plan Description

The Firemen's Relief and Pension Fund was established by the City of Sunnyside 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 of Sunnyside retains the responsibility for all benefits payable to members (or to their survivors) who retired prior to that date. In addition, the City of Sunnyside 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 of Sunnyside plan when payments begin. However, LEOFF retirement benefits increase with the consumer price index (CPI-Seattle), while some City of Sunnyside benefits increase with wages of current active members. If wages go up faster than the CPI, the City of Sunnyside becomes liable for the residual amount.

All City of Sunnyside 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 of Sunnyside 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 of Sunnyside 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.

OTHER DISCLOSURES

A. SUBSEQUENT EVENTS

Stormwater Utility

On March 8, 2010, the City of Sunnyside City Council reinstated a storm-water assessment fee \$3.75 per utility billing account. The fee was implemented with the billing sent out at the end of March 2010 and payable in April 2010.

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

B. SIGNIFICANT ITEMS

Combined Funds

For budgetary and operating purposes, the City of Sunnyside separated the Jail and Recreation divisions from the General Fund and placed them into their own funds (005 and 006, respectively) beginning January 1, 2006. However, for reporting purposes, the City of Sunnyside can have only one General Fund. Therefore, Jail and Recreation financial activities have been combined with the General Fund for the 2009 Annual Report. All transfers amongst these three funds have been eliminated for reporting purposes.

For revenue bond reserves and redemption, and revenue bond-funded capital projects, the City of Sunnyside established the Water/Sewer Revenue Bond and the Water/Sewer Capital Projects Funds (415 and 416, respectively). The bond-funded capital project is multi-year project that began in 2008 and that continues into 2009. Until the project is completed, the bond debt proportions allocable to the Water and Sewer Funds are unknown, which is the reason the two bond funds were established. However, when reporting such proprietary activities, all of those functions must be contained in one fund. In this case, Water/Sewer Revenue Bond and Water/Sewer Capital Projects Funds' financial activities have been combined with the Sewer Fund for the 2009 Annual Report because the majority of the activities are sewer-related. All transfers amongst these three funds have been eliminated for reporting purposes. When the capital project has been completed, the two bond funds will be dissolved, and all bond reserves and redemption activities will be allocated proportionately to the Water and Sewer Funds.

CITY OF SUNNYSIDE
SCHEDULE OF LONG-TERM DEBT

G.O. Debt
 Revenue Debt
 Assessment Debt

For The Year Ended December 31, 2009

		(1)	(2)		(3)		(4)			
ID No.	Date of Original Issue	Date of Maturity	Beginning Outstanding Debt 01/01/2009	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 12/31/2009
251.11	09/12/2007	12/01/2027	\$2,760,000	\$0			\$0	591.19.71	201	\$2,760,000
251.15	03/05/2001	12/01/2014	2,115,000	0			440,000	591.98.71	201	1,675,000
263.53	07/09/2007 08/23/2007	12/05/2011	68,855	0			21,611	591.48.66	501	47,244
263.53	07/11/2007	12/05/2009	9,430				9,431	591.48.66	501	0
263.53	01/25/2008	01/25/2012	9,956		N/A	N/A	2,277	591.48.66	501	7,679
263.53	01/25/2008	01/25/2010	7,013		N/A	N/A	3,405	591.48.66	501	3,608
263.53	08/19/2008	08/19/2011	146,601		N/A	N/A	46,504	591.48.66	501	100,097
263.53	08/19/2008	08/19/2013	54,295		N/A	N/A	9,812	591.48.66	501	44,483
263.81	06/01/2009	06/01/2015	109,192		391.80	001	14,016	591.95.78	001	95,176
263.96	06/15/2006	06/01/2011	521,309				201,924	591.48.78	501	319,385
263.96	12/15/2006	12/01/2011	160,974	0			51,514	591.48.78	501	109,460
TOTAL			\$5,962,625	\$0			\$800,494			\$5,162,133

CITY OF SUNNYSIDE
SCHEDULE OF LONG-TERM DEBT

X	G.O. Debt
	Revenue Debt
	Assessment Debt

For The Year Ended December 31, 2009

			(1)	(2)			(3)			(4)
ID. No	Date of Original Issue	Date of Maturity	Beginning Outstanding Debt 01/01/2009	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 12/31/2009
252.11	09/12/2007	12/01/2027	\$2,285,000	\$0			\$0	582.35.72	420	\$2,285,000
252.15	04/26/2005	08/01/2017	1,665,000	0			\$65,000	582.05.72 582.05.72	410 420	\$1,600,000
263.82	07/11/1989	07/01/2009	60,077	0			60,077	582.78.78	420	0
263.82	10/17/2003	06/01/2010	12,685	0			6,343	582.01.78	410	6,342
263.82	05/23/2005	06/01/2015	205,462	0			25,768	582.01.78	410	179,694
263.82	12/13/2005	10/01/2025	1,394,069	417,827	382.80	410	103,818	582.34.78	410	1,708,077
263.82	12/21/2005	06/01/2027	11,741,941	0			634,699	582.35.78	420	11,107,242
TOTAL			\$17,364,234	\$417,827			\$895,705			\$16,886,356

CITY OF SUNNYSIDE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2009**

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	
Department of Housing and Urban Development Office of Community Planning and Development/Pass through from WA State Dept of Commerce	Community Development Block Grant	14.228	09-64009-043	218,337		218,337	5
		14.228	05-64005-067	5,210		5,210	3
			<i>sub-total 14.228</i>	<i>223,547</i>		<i>223,547</i>	
Department of Justice, Office of Justice Programs, Bureau of Justice Assistance Direct Award	Gang Resistance Education & Training	16.737			72,743	72,743	2
Department of Justice, Office of Justice Programs, Bureau of Justice Assistance/Pass through from WA State Dept of Commerce	ARRA -Edward Byrne Memorial JAG Program	16.803		20,942		20,942	2
U.S. Department of Transportation/Federal Aviation Administration Direct Award	Airport Improvement Program	20.106	3-53-0074-003		654,045	654,045	2
U.S. Department of Transportation/ pass through from WA State Department of Transportation	Highway Planning and Construction	20.205	LA05636 South 1st Street Reconstruction	2,693,559		2,693,559	2
	Highway Planning and Construction	20.205	6340(003)	24,220		24,220	
	ARRA -Highway Planning and Construction	20.205	ARRA -6340(003)	150,000		150,000	
			<i>sub-total 20.205</i>	<i>2,867,779</i>		<i>2,867,779</i>	

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

CITY OF SUNNYSIDE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2009**

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		
National Highway Traffic Safety Administration/ pass through from WA State Traffic Safety Commission	State and Community Highway Safety	20.600	Target Zero Support Laptop	1,196			2	
			<i>sub-total 20.600</i>	1,196		1,196		
	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	Drive Hammered Get Nailed	1,733				
		20.601	Hand held breath alcohol tester	800				
		20.601	Extra Patrols every week (X-52 DUI)	3,835				
				<i>sub-total 20.601</i>	6,368			6,368
	Occupant Protection Grants	20.602	Night Time Seat Belt Enforcement	1,943				
				<i>sub-total 20.602</i>	1,943			1,943
	Safety Belt Performance Grants	20.609	Extra Patrols every week (X-52 Speed)	1693				
				<i>sub-total 20.609</i>	1,693			1,693
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	403,580		403,580	4	
Total Federal Awards Expended				\$3,527,048	\$726,788	\$4,253,836		

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, 2009****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 statements. 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 \$5,210.

NOTE 4 – FEDERAL LOANS

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 and loan amounts requested for reimbursement at year-end but not received until the following year. The current year loan proceeds received are also reported on the City's *Schedule 09 – Long-Term Debt*.

NOTE 5 – COMMUNITY DEVELOPMENT BLOCK GRANT

In 2009, the City submitted and received Community Development Block Grant funding from the Department of Commerce for off-site infrastructure improvements to a project consisting of development and construction of up to twelve single-family residences proposed by Catholic Charities Housing Services. All funding was passed through the City to the Catholic Charities Housing Services.



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 employees are located around the state to deliver our services effectively and efficiently.

Our 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. In addition, we conduct performance audits of state agencies and local governments and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service. 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 quality assurance program.

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