Washington State Auditor's Office

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Financial Statements Audit Report

Sunnyside Valley Irrigation District

Yakima County

For the period January 1, 2013 through December 31, 2014

Published March 3, 2016

Report No. 1016255

Washington State Auditor's Office

March 3, 2016

Board of Directors
Sunnyside Valley Irrigation District
Sunnyside, Washington

Report on Financial Statements

Please find attached our report on the Sunnyside Valley Irrigation District's financial statements.

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

Sincerely,

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

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Sunnyside Valley Irrigation District
Yakima County
January 1, 2013 through December 31, 2014

Board of Directors
Sunnyside Valley Irrigation District
Sunnyside, Washington

We have audited, 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, the financial statements of the business-type activities and the aggregate discretely presented component units of the Sunnyside Valley Irrigation District, Yakima County, Washington, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 25, 2016. As discussed in Note 1 to the financial statements, during the year ended December 31, 2013, the District implemented Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of the District'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*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. 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.

Troy X. Kelley

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

February 25, 2016

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Sunnyside Valley Irrigation District
Yakima County
January 1, 2013 through December 31, 2014

Board of Directors
Sunnyside Valley Irrigation District
Sunnyside, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Sunnyside Valley Irrigation District, Yakima County, Washington, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed on page 10.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Sunnyside Valley Irrigation District, as of December 31, 2014 and 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2013, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2016 on our consideration of the District'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Troy X. Kelley

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

February 25, 2016

FINANCIAL SECTION

Sunnyside Valley Irrigation District
Yakima County
January 1, 2013 through December 31, 2014

REQUIRED SUPPLEMENTARY INFORMATION

BASIC FINANCIAL STATEMENTS

Sunnyside Valley Irrigation District
Management's Discussion & Analysis

This section provides an overview and analysis of key data presented in the basic financial statements for the years ended December 31, 2014. Information within this section should be used in conjunction with the basic financial statements and accompanying notes.

Overview of Sunnyside Valley Irrigation District

Sunnyside Valley Irrigation District (SVID) extends from Sunnyside Dam in Yakima County to Benton Irrigation District in Benton County. In general, the lands lie on the north side of the Yakima River, plus lands served on the south side of the river in the vicinity of Mabton and Prosser. The first water user group was the Sunnyside Water Users Association, organized on March 10, 1906. On January 22, 1917, by order of Yakima County Commissioner the Sunnyside Valley Irrigation District was organized pursuant to Title 87 RCW. A contract dated March 16, 1918 by the United States, Sunnyside Valley Irrigation District and Sunnyside Water Users Association provided for the dissolution of the Sunnyside Water Users Association. SVID took over operation of the canal system and other works on March 1, 1945. Prosser Irrigation District merged into SVID on May 1, 1995, Outlook Irrigation District and Snipes Mountain Irrigation District merged with SVID on June 26, 2001, Granger Irrigation District merged with SVID on January 22, 2002, Home Irrigation District merged with SVID on March 10, 2003 and Grandview Irrigation District merged with SVID on March 5, 2012. The water rights of the individual landowners within SVID are varied and involve a complicated arrangement regarding quantity of water right and charges for construction and annual O& M.

Overview of the Financial Statements

SVID accounts for its financial activities through the use of a proprietary fund. Fund segments are used to account for the construction, re-construction, operation and maintenance of its diversion and conveyance facilities.

The accounting records of SVID are maintained in accordance with the requirements set forth by the Governmental Accounting Standards Board and the methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. SVID uses the Uniform System of Accounts for Irrigation Districts. SVID uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is received or paid. The financial statements, presented for the year ended December 31, 2014 are comprised of:

Statement of Net Position –SVID presents its Statement of Net Position using the net position format. The Statement of Net Position reflects the assets, liabilities, and net position of SVID at year-end. The equity section of the Statement of Net Position is comprised of the balance in "Net Position". Total net position has decreased from 2013.

SVID has deferred inflows of $856,242 and $84,039 for prepaid assessments and unearned revenues-estimates respectively.

The SVID's component unit total current assets have decreased from 2013. Net Position are classified as "invested in capital assets, net of related debt", and as "unrestricted". The component unit does have restricted assets in the amount of $86,000.

Statement of Revenues, Expenses, and Changes in Net Position– This statement reflects the events and transactions that have increased or decreased SVID's net Position. Revenues and expenses are classified as operating or non-operating and equity is classified as Invested in Capital Contributions. The same is true for the component unit.

Statement of Cash Flows – The Statement of Cash Flows is presented in the direct method and reflects the sources and uses of cash in the following activities: Operating, investing, and financing activities for SVID and the component unit.

Condensed Financial Information

The following condensed financial information includes the fiscal years 2014 and 2013.

SUNNYSIDE VALLEY IRRIGATION DISTRICT

STATEMENT OF NET POSITION

December 31, 2014 and 2013

Primary Government:

	2014	2013
ASSETS		
TOTAL CURRENT ASSETS	7,645,111	8,748,201
TOTAL NON-CURRENT ASSETS	40,531,873	40,616,650
TOTAL ASSETS	48,176,984	49,364,851
LIABILITIES		
TOTAL CURRENT LIABILITIES	929,096	831,106
TOTAL NON-CURRENT LIBILITIES	157,819	279,938
TOTAL LIABILITIES	1,086,915	1,111,044
TOTAL DEFERRED INFLOWS (OUTFLOWS)	940,281	798,441
NET POSITION	46,149,788	47,455,366

Component Unit:

	2014	2013
ASSETS		
TOTAL CURRENT ASSETS	1,334,433	2,161,339
TOTAL NON-CURRENT ASSETS	51,756,938	49,023,147
TOTAL ASSETS	53,091,371	51,184,486
LIABILITIES		
TOTAL CURRENT LIABILITIES	538,077	1,967,941
TOTAL NON-CURRENT LIBILITIES	0	0
TOTAL LIABILITIES	538,077	1,967,941
TOTAL DEFERRED INFLOWS	0	464,214
NET POSITION	52,553,294	48,752,331

SUNNYSIDE VALLEY IRRIGATION DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended December 31, 2014 and 2013

Primary Government:

OPERATING REVENUES:	**2014**	**2013**
Assessments/Services/Fees/Sales	11,267,962	11,382,788
Total Operating Revenue	**11,267,962**	**11,382,788**
OPERATING EXPENSES:		
Operations	2,785,091	2,485,214
Maintenance	6,789,622	6,192,283
Administration	1,936,893	1,853,507
Depreciation	1,112,173	1,125,975
Total Operating Expenses	**12,623,779**	**11,656,980**
OPERATING REVENUE	**(1,355,817)**	**(274,192)**
NON-OPERATING REVENUES (EXPENSES):		
Interest and Dividend Income	64,680	73,134
Interest Expense	(14,441)	(17,412)
Capital Contributions	0	0
Other Non-Operating Revenue		
Total Non-Operating Revenue (Expenses)	50,239	55,722
CHANGE IN NET POSITION	**(1,305,578)**	**(218,470)**
Prior Period Adjustment		
Total Net Position, January 1	**47,455,366**	**47,673,836**
Total Net Position, December 31	**46,149,788**	**47,455,366**

Component Unit:

OPERATING REVENUES:		**2014**		**2013**
Assessments/Services/Fees/Sales	$	2,785,091	$	2,485,214
Total Operating Revenue		**2,785,091**		**2,485,214**
OPERATING EXPENSES:				
Maintenance		110,660		118,125
Administration		838,425		809,241
Accrued Interest Payable		4,500		19,500
Depreciation		561,556		187,201
Total Operating Expenses		**1,515,141**		**1,134,067**
OPERATING INCOME		**1,269,950**		**1,351,147**
NON-OPERATING REVENUES (EXPENSES):				
Grants		0		0
Interest and Dividend Income		145		299
Total Non-Operating Revenue (Expenses)		**145**		**299**
Income Before Extraordinary/Special Items		**1,270,095**		**1,351,446**
Distribution to SVID				0
Capital Contributions		2,530,868		3,366,749
CHANGE IN NET POSITION		**3,800,963**		**4,718,195**
Total Net Position January 1		**48,752,331**		**44,034,136**
Total Net Position, December 31		**52,553,294**		**48,752,331**

Financial Position

The overall financial position (total net position) of SVID has decreased and its component unit has increased from 2013 to 2014.

Economic Outlook

The economic outlook is favorable for SVID and its component unit. SVID and its component unit have the ability to increase assessments to increase revenues through board action during the yearly budget process.

Litigation

There is no litigation that would affect the overall financial position of SVID. The component unit has been named as defendants in State vs. Acquavella seeking an adjudication of the water rights in the Yakima River Basin. A settlement agreement for the component unit's water rights was reached in 2003. The general adjudication is now in its final stages and nothing remains to be settled which will adversely affect the financial position of the component unit.

Facts or Conditions

There are no other facts or conditions that are expected to affect the SVID's financial condition or its component unit.

Sunnyside Valley Irrigation District
Management's Discussion & Analysis

This section provides an overview and analysis of key data presented in the basic financial statements for the years ended December 31, 2013. Information within this section should be used in conjunction with the basic financial statements and accompanying notes.

Overview of Sunnyside Valley Irrigation District

Sunnyside Valley Irrigation District (SVID) extends from Sunnyside Dam in Yakima County to Benton Irrigation District in Benton County. In general, the lands lie on the north side of the Yakima River, plus lands served on the south side of the river in the vicinity of Mabton and Prosser. The first water user group was the Sunnyside Water Users Association, organized on March 10, 1906. On January 22, 1917, by order of Yakima County Commissioner the Sunnyside Valley Irrigation District was organized pursuant to Title 87 RCW. A contract dated March 16, 1918 by the United States, Sunnyside Valley Irrigation District and Sunnyside Water Users Association provided for the dissolution of the Sunnyside Water Users Association. SVID took over operation of the canal system and other works on March 1, 1945. Prosser Irrigation District merged into SVID on May 1, 1995, Outlook Irrigation District and Snipes Mountain Irrigation District merged with SVID on June 26, 2001, Granger Irrigation District merged with SVID on January 22, 2002, Home Irrigation District merged with SVID on March 10, 2003 and Grandview Irrigation District merged with SVID on March 5, 2012. The water rights of the individual landowners within SVID are varied and involve a complicated arrangement regarding quantity of water right and charges for construction and annual O& M.

Overview of the Financial Statements

SVID accounts for its financial activities through the use of a proprietary fund. Fund segments are used to account for the construction, re-construction, operation and maintenance of its diversion and conveyance facilities.

The accounting records of SVID are maintained in accordance with the requirements set forth by the Governmental Accounting Standards Board and the methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. SVID uses the Uniform System of Accounts for Irrigation Districts. SVID uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is received or paid. The financial statements, presented for the year ended December 31, 2013 are comprised of:

Statement of Net Position –SVID presents its Statement of Net Position using the net position format. The Statement of Net Position reflects the assets, liabilities, and net position of SVID at year-end. The equity section of the Statement of Net Position is comprised of the balance in "Net Position". Total net position has increased from 2012. SVID has deferred inflows of $737,467 and $60,974 for prepaid assessments and unearned revenues-estimates respectively.
The SVID's component unit total current assets have increased from 2012. Net Position are classified as "invested in capital assets, net of related debt", and as "unrestricted". The component unit does have restricted assets in the amount of $86,000 and deferred inflow of grant funds in the amount of $464,214.

Statement of Revenues, Expenses, and Changes in Net Position– This statement reflects the events and transactions that have increased or decreased SVID's net Position. Revenues and expenses are classified as operating or non-operating and equity is classified as Invested in Capital Contributions. The same is true for the component unit.

Statement of Cash Flows – The Statement of Cash Flows is presented in the direct method and reflects the sources and uses of cash in the following activities: Operating, investing, and financing activities for SVID and the component unit.

Condensed Financial Information

The following condensed financial information includes the fiscal years 2013 and 2012.

SUNNYSIDE VALLEY IRRIGATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2013 and 2012

Primary Government:

	2013	2012
ASSETS		
TOTAL CURRENT ASSETS	8,748,201	7,086,005
TOTAL NON-CURRENT ASSETS	40,616,650	42,605,381
TOTAL ASSETS	49,364,851	49,691,386
LIABILITIES		
TOTAL CURRENT LIABILITIES	831,106	1,591,735
TOTAL NON-CURRENT LIBILITIES	279,938	425,816
TOTAL LIABILITIES	1,111,044	2,017,551
TOTAL DEFERRED INFLOWS (OUTFLOWS)	798,441	
NET POSITION	47,455,366	47,673,836

Component Unit:

	2013	2012
ASSETS		
TOTAL CURRENT ASSETS	2,161,339	1,702,912
TOTAL NON-CURRENT ASSETS	49,023,147	45,001,660
TOTAL ASSETS	51,184,486	46,704,572
LIABILITIES		
TOTAL CURRENT LIABILITIES	1,967,941	1,670,436
TOTAL NON-CURRENT LIBILITIES	0	1,000,000
TOTAL LIABILITIES	1,967,941	2,670,436
TOTAL DEFERRED INFLOWS	$464,214	
NET POSITION	$48,752,331	$44,034,136

SUNNYSIDE VALLEY IRRIGATION DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended December 31, 2013 and 2012

Primary Government:

OPERATING REVENUES:	**2013**	**2012**
Assessments/Services/Fees/Sales	$ 11,382,788	$ 10,980,952
Total Operating Revenue	**11,382,788**	**10,980,952**
OPERATING EXPENSES:		
Operations	2,485,214	2,467,392
Maintenance	6,192,283	6,490,332
Administration	1,853,507	1,837,342
Depreciation	1,125,975	511,189
Total Operating Expenses	**11,656,980**	**11,306,255**
OPERATING REVENUE	**(274,192)**	**(325,302)**
NON-OPERATING REVENUES (EXPENSES):		
Interest and Dividend Income	73,134	87,883
Interest Expense	(17,412)	(21,256)
Capital Contributions	0	36,366,676
Other Non-Operating Revenue		
Total Non-Operating Revenue (Expenses)	55,722	36,433,303
CHANGE IN NET POSITION	**(218,470)**	**36,108,000**
Prior Period Adjustment		
Total Net Position, January 1	**47,673,836**	**11,565,837**
Total Net Position, December 31	**$ 47,455,366**	**$ 47,673,836**

Component Unit:

OPERATING REVENUES:		**2013**		**2012**
Assessments/Services/Fees/Sales	$	2,485,214	$	4,234,392
Total Operating Revenue		**2,485,214**		**4,234,392**
OPERATING EXPENSES:				
Maintenance		118,125		103,088
Administration		809,241		757,230
Accrued Interest Payable		19,500		
Depreciation		187,201		30,000
Total Operating Expenses		**1,134,067**		**890,318**
OPERATING INCOME		**1,351,147**		**3,344,074**
NON-OPERATING REVENUES (EXPENSES):				
Grants		0		0
Interest and Dividend Income		299		46
Total Non-Operating Revenue (Expenses)		**299**		**46**
Income Before Extraordinary/Special Items		**1,351,446**		**3,344,120**
Distribution to SVID				(36,094,519)
Capital Contributions		3,366,749		4,434,045
CHANGE IN NET POSITION		**4,718,195**		**(28,316,354)**
Total Net Position January 1		**44,034,136**		**72,350,489**
Total Net Position, December 31	**$**	**48,752,331**	**$**	**44,034,136**

Financial Position

The overall financial position (total net position) of SVID has decreased and its component unit has increased from 2013 to 2012.

Economic Outlook

The economic outlook is favorable for SVID and its component unit. SVID and its component unit have the ability to increase assessments to increase revenues through board action during the yearly budget process.

Litigation

There is no litigation that would affect the overall financial position of SVID. The component unit has been named as defendants in State vs. Acquavella seeking an adjudication of the water rights in the Yakima River Basin. A settlement agreement for the component unit's water rights was reached in 2003. The general adjudication is now in its final stages and nothing remains to be settled which will adversely affect the financial position of the component unit.

Facts or Conditions

There are no other facts or conditions that are expected to affect the SVID's financial condition or its component unit.

SUNNYSIDE VALLEY IRRIGATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2014

	2014	2014
	Primary Government	**Component Unit**
ASSETS		
Current Assets		
Cash in Revolving Fund & On Hand	2,367,027	1,180,948
Cash in Investments	3,908,588	67,486
Accounts Receivables	1,037,111	
Accounts Receivables loan to SDBOC (Component Unit)	-	
Accrued Interest Receivable	-	
Prepaid Expenses & Inventory	332,385	
Cash (Deferred Grant Funds)		
Cash in Investment-Reserve		86,000
Total Current Assets	**7,645,111**	**1,334,433**
Non-current Assets		
Capital Assets Not Being Depreciated:		
Note Receivable from SDBOC (Component Unit)		
Land	756,848	1,811,476
Construction Work in Progress		8,574,036
Capital Assets Being Depreciated:		
Plant	41,912,517	42,120,183
Machinery and Equipment	5,341,928	
Less Accumulated Depreciation	(7,479,420)	(748,757)
Total Non-Current Assets	**40,531,873**	**51,756,938**
TOTAL ASSETS	**48,176,984**	**53,091,371**
DEFERRED OUTFLOWS of RESOURCES	**-**	**-**
LIABILITIES		
Current Liabilities		
Accounts Payable	406,814	538,077
Note Payable-Due to Primary Government (SVID)		
Accured Interest Payable		
Accured Wages Payable	38,999	
Accured Payroll Deductions	(50,472)	
Accured Employee Paid Portion of Health Care	16,105	
Developers Construction Deposits	76,236	
Accured Leave Payable	234,303	
Other Current Liabilities	88,931	
Note Payable	51,526	
Contract Payable-On Farm Loan 2005-current	66,653	
Total Current Liabilities	**929,096**	**538,077**
Non-Current Liabilities		
Contract Payable-On Farm Loan 2001- Non Current	-	
Contract Payable-On Farm Loan 2005-Non Current	-	
Note Payable-SVID	163,328	
Contracts Payable	(5,508)	
Total Non-Current Liabilities	**157,819**	**-**
TOTAL LIABILITIES	**1,086,915**	**538,077**
DEFERRED INFLOWS of RESOURCES		
Deferred Inflow of Prepaid Assessments	856,242	
Deferred Inflow of Unearned Revenues-Estimates	**84,039**	
TOTAL DEFERRED INFLOWS	**940,281**	
NET POSITION		
Invested in Capital Assets, Net of related debt	40,531,873	51,756,938
Restricted assets		86,000
Unrestricted	5,617,915	710,356
TOTAL NET POSITION	**46,149,788**	**52,553,294**
TOTAL NET POSITION AND LIABILITIES	**48,176,984**	**53,091,371**

The notes to the financial statements are an integral part of this statement

SUNNYSIDE VALLEY IRRIGATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2013

	Primary Government	Component Unit
ASSETS		
Current Assets		
Cash in Revolving Fund & On Hand	$ 2,367,128	$ 1,543,640
Cash in Investments	3,906,251	67,485
Accounts Receivables	1,214,924	0
Accounts Receivables loan to SDBOC (Component Unit)	1,000,000	
Accrued Interest Receivable	16,500	
Prepaid Expenses & Inventory	243,397	
Cash (Deferred Grant Funds)		464,214
Cash in Investment-Reserve		86,000
Total Current Assets	**8,748,201**	**2,161,339**
Non-current Assets		
Capital Assets Not Being Depreciated:		
Note Receivable from SDBOC (Component Unit)	-	
Land	756,848	1,811,476
Construction Work in Progress		5,278,689
Capital Assets Being Depreciated:		
Plant	41,219,701	42,120,183
Machinery and Equipment	5,659,491	0
Less Accumulated Depreciation	(7,019,389)	(187,201)
Total Non-Current Assets	**40,616,650**	**49,023,147**
TOTAL ASSETS	**49,364,851**	**51,184,486**
DEFERRED OUTFLOWS of RESOURCES	**-**	**-**
LIABILITIES		
Current Liabilities		
Accounts Payable	348,932	951,441
Note Payable-Due to Primary Government (SVID)		1,000,000
Accured Interest Payable		16,500
Accured Wages Payable	26,989	
Accured Payroll Deductions	(36,585)	
Accured Employee Paid Portion of Health Care	7,792	
Developers Construction Deposits	82,236	
Accured Leave Payable	207,814	
Other Current Liabilities	71,633	
Note Payable	48,533	
Contract Payable-On Farm Loan 2005-current	73,760	
Total Current Liabilities	**831,106**	**1,967,941**
Non-Current Liabilities		
Contract Payable-On Farm Loan 2001- Non Current	-	
Contract Payable-On Farm Loan 2005-Non Current	67,289	
Note Payable-SVID	215,162	
Contracts Payable	(2,514)	
Total Non-Current Liabilities	**279,938**	0.00
TOTAL LIABILITIES	**1,111,044**	**1,967,941**
DEFERRED INFLOWS of RESOURCES		
Deferred Inflow of Prepaid Assessments	737,467	
Deferred Inflow of Unearned Revenues-Estimates	60,974	
Deferred Inflow of Grant Funds		464,214
TOTAL DEFERRED INFLOWS (OUTFLOWS)	**798,441**	**464,214**
NET POSITION		
Invested in Capital Assets, Net of related debt	40,616,650	48,006,647
Restricted assets		550,214
Unrestricted	6,838,716	195,470
TOTAL NET POSITION	**47,455,366**	**48,752,331**
TOTAL NET ASSETS AND LIABILITIES	**$ 48,566,409**	
TOTAL NET POSITION AND LIABILITIES	**$ 49,364,851**	**$ 51,184,486**

The notes to the financial statements are an integral part of this statement

SUNNYSIDE VALLEY IRRIGATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For The Year Ended December 31, 2014

	2014 Primary Government	2014 Component Unit
OPERATING REVENUES:		
Assessments/Fees	9,069,696	2,785,091
Small District Water Levies	-	
Water Sales	42,719	
Fees	84,142	
Other Operating Revenue-Custom Work and Sales	2,071,406	
Total Operating Revenue	**11,267,962**	**2,785,091**
OPERATING EXPENSES:		
Operations:		
Contracted Processing & Operations (SDBOC Levy)	2,785,091	
Maintenance:		
Other Expenses	6,789,622	110,660
Administration:		838,425
Fees & Dues	156,398	
Other Expenses	1,780,495	
Accrued interest Payable		4,500
Depreciation	1,112,173	561,556
Total Operating Expenses	**12,623,779**	**1,515,142**
OPERATING INCOME (LOSS):	**(1,355,817)**	**1,269,949**
NONOPERATING REVENUES (EXPENSES):		
Grants	-	
Interest Income	64,680	146
Interest Expense	(14,441)	
Capital Contributions	-	2,530,868
CHANGE IN NET POSITION	**(1,305,578)**	**3,800,963**
TOTAL NET POSITION, January 1	**47,455,366**	**48,752,331**
TOTAL NET POSITION, December 31	**46,149,788**	**52,553,294**

The notes to the financial statements are an integral part of this statement

SUNNYSIDE VALLEY IRRIGATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For The Year Ended December 31, 2013

	Primary Government	Component Unit
OPERATING REVENUES:		
Assessments/Fees	$ 8,651,990	$ 2,485,214
Small District Water Levies	0	
Water Sales	27,502	
Fees	89,485	
Other Operating Revenue-Custom Work and Sales	2,613,811	
Total Operating Revenue	**11,382,789**	**2,485,214**
OPERATING EXPENSES:		
Operations:		
Contracted Processing & Operations (SDBOC Levy)	2,485,214	
Maintenance:		
Other Expenses	6,192,283	118,125
Administration:		809,241
Fees & Dues	149,224	
Other Expenses	1,704,283	
Accrued interest Payable		19,500
Depreciation	1,125,975	187,201
Total Operating Expenses	**11,656,980**	**1,134,067**
OPERATING INCOME (LOSS):	**(274,190)**	**1,351,147**
NONOPERATING REVENUES (EXPENSES):		
Grants	-	
Interest Income	73,134	299
Interest Expense	(17,412)	
Distribution to SVID		
Capital Contributions	-	3,366,749
CHANGE IN NET POSITION	**(218,470)**	**4,718,195**
TOTAL NET POSITION, January 1	**47,673,836**	**44,034,136**
TOTAL NET POSITION, December 31	**$ 47,455,366**	**$ 48,752,331**

The notes to the financial statements are an integral part of this statement

SUNNYSIDE VALLEY IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2014

	Primary Government
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	11,436,545
Cash paid to suppliers and for payroll	(11,459,901)
Cash received from grants	-
Net cash provided (used) by operating activities	**(23,356)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Changes in Long Term Debt (Farm Loan Program)	(74,395)
Payment on Notes/Contracts	(51,834)
Loan to Division	1,000,000
Bond deposits	(6,000)
Prepaid assessments from customers	118,775
Short term loan - net lending to component unit	-
Net cash provided (used) by noncapital/financing activities	**986,546**
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest collected / paid	50,239
Net cash provided and related by investing activities	**50,239**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Land and equipment purchases	**(1,059,984)**
Cash reveived from disposition of assets	**48,795**
Other Capital Assets Purchases & Dispositions	**-**
Net cash provided (used) by capital and related financing activities	**(1,011,189)**
Net increase (decrease) in cash and cash equivalents	2,240
Cash and cash equivalents at beginning of year	6,273,379
Cash and cash equivalents at end of year	**6,275,619**
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	(1,355,817)
Increase in Unearned Revenue	23,065
Loss on Disposition of Fixed Assets	(16,207)
Depreciation expense	1,112,173
	(236,786)
Change in assets and liabilities:	
Increase in Prepaid assessments	0
Increase in prepaid assets and inventory or expenses	(88,988)
Decrease in accrued interest receivable	16,500
Decrease in accounts receivable	177,813
Increase in accrued payroll deductions	32,925
Increase in accounts payable	57,882
Increase in other current liabilities	17,298
	213,430
Net cash provided by operating activities	**(23,356)**

The accompanying notes are an integral part of this financial statement

SUNNYSIDE VALLEY IRRIGATION DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2013

	Primary Government
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	11,302,876
Cash paid to suppliers and for payroll	(10,554,420)
Cash received from grants	-
Net cash provided (used) by operating activities	**748,456**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Changes in Long Term Debt (Farm Loan Program)	(20,434)
Payment on Notes/Contracts	(48,864)
Loan to Division	1,000,000
Bond deposits	2,090
Prepaid assessments from customers	(50,115)
Short term loan - net lending to component unit	-
Net cash provided (used) by noncapital/financing activities	**882,677**
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest collected / paid	55,722
Net cash provided and related by investing activities	**55,722**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Land and equipment purchases	**(169,213)**
Cash reveived from disposition of assets	**28,163**
Other Capital Assets Purchases & Dispositions	**-**
Net cash provided (used) by capital and related financing activities	**(141,050)**
Net increase (decrease) in cash and cash equivalents	1,545,805
Cash and cash equivalents at beginning of year	4,727,574
Cash and cash equivalents at end of year	**6,273,379**
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	(274,191)
Increase in Unearned Revenue	60,974
Loss on Disposition of Fixed Assets	3,801
Depreciation expense	1,125,975
	916,559
Change in assets and liabilities:	
Increase in Prepaid assessments	0
Increase in prepaid assets and inventory or expenses	(3,671)
decrease in accrued interest receivable	13,500
increase in accounts receivable	(126,218)
decrease in accrued payroll deductions	(22,049)
decrease in accounts payable	(27,146)
Increase in other current liabilities	(2,519)
	(168,103)
Net cash provided by operating activities	**748,456**

The accompanying notes are an integral part of this financial statement

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Sunnyside Valley Irrigation District (SVID) conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The District has elected not to apply Financial Accounting Standards Board (FASB) guidance issued after November 30, 1989 to the extent that it does not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In June, 1999, GASB approved Statement 34, Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments. In 2012, GASB 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, was implemented. In 2013, GASB 65, which reclassifies assets and liabilities, was implemented for the primary government and component unit. In 2014, GASB 67, Financial Reporting for Pension Plans, was implemented. This and consecutive statements are reflected in the accompanying financial statements (including notes to financial statements). The following is a summary of the more significant policies:

a. Reporting Entity

The District is a municipal corporation governed by an elected five-member board. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. These financial statements present the SVID and its component unit, Sunnyside Division Board of Control (SDBOC). SVID appoints a voting majority of the component unit's board. The component unit, discussed in Note 8, is included in the District's reporting entity because of the significance of their operational or financial relationships with the District.

b. Basis of Accounting And Presentation

The accounting records of the District are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The District uses the Uniform System of Accounts for Irrigation Districts.

The District uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. Fixed asset purchases are capitalized and long-term liabilities are accounted for in the appropriate fund.

The District distinguishes between operating revenues and expenses form non-operating ones. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a District's principal ongoing operations. The principal operating revenues of the District are assessments to landowners for administration, operation, and maintenance. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

c. Cash And Cash Equivalents

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

d. Capital Assets

See Note 3

e. Receivables

Irrigation assessments are recorded in the assessment roll when levied.

Water right contracts are for new or amended water rights and are either 8 or 10-year contracts.

Accounts Receivable: SVID work done in 2014 for SDBOC $432,880; SVID work done in 2014 for RSBOJC $24,645; Accounts Receivable-Others: Assessment receivables $551,718 and service account $27,868.

f. Prepaid

The amount of $ 137,615 is for prepaid insurance.

g. Inventories

Inventories are valued at FIFO - first in, first out which approximates the market value.

h. Investments

See Note 2

i. Compensated Absences

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

Vacation pay, which may be accumulated up to 30 days is payable upon resignation, retirement or death. Sick leave may accumulate without limit. Upon resignation, any outstanding sick leave is lost.

NOTE 2 - DEPOSITS AND INVESTMENTS

As required by state law, all deposits and investments of the District's funds (except as noted below) are insured of the U.S. Government and the State Treasurer's Investment Pool, and deposits with Washington State banks and savings and loan institutions.

a. Deposits

The District's deposits and certificates of deposit are entirely covered by federal **depository insurance (FDIC) or by collateral held in a multiple financial institution** collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

b. Cash and Investments

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

	Fair Value
U.S. Bank Investor Checking	$2,367,023
Investment in State Treasurer's Investment Pool	$2,342,421
U.S. Bank Municipal Investment Account	$1,566,167
Total	$6,275,611

All of the District's investments are considered part of the cash equivalents for the statement of cash flows.

NOTE 3 - CAPITAL ASSETS

The District defines Capital assets $15,000 or more in initial cost. Major expenses for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred. Capital assets are recorded at cost.

The original cost of operating property retired or otherwise disposed of and the cost of installation, less salvage, is charged to accumulated depreciation. However, in the case of the sale of a significant operating unit or system, the original cost is removed from the plant accounts, accumulated depreciation is charged with the accumulated depreciation related to the property sold, and the net gain or loss on disposition is credited or charged to income.

Capital asset activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated:				
Land	756,848	0	$0	$756,848
Construction in Process	0			0
Total capital assets not being depreciated:	**756,848**	**0**	**0**	**756,848**
Capital assets being depreciated:				
Plant	41,219,701	692,816	0	41,912,517
Machinery and Equipment	5,659,491	442,168	(759,730)	5,341,929
Total capital assets being depreciated	**46,879,192**	**1,134,984**	**(759,730)**	**47,254,446**
Less accumulated depreciation	(7,019,389)	652,142	(1,112,173)	(7,479,420)
Total capital assets being Depreciated (net):	**39,859,803**	**1,787,126**	**(1,871,903)**	**39,775,026**
TOTAL CAPTIAL ASSETS, NET	**40,616,651**	**1,787,126**	**(1,871,903)**	**40,531,874**

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Buildings	25-50
Canal Facilities	15-75
Transportation Equipment	4-15
Shop Equipment	10
Office Equipment	3-7
Construction Equipment	3-20

NOTE 4 – LONG-TERM DEBT

a. Farm Loan Program

The Roza Sunnyside Board of Joint Control (RSBOJC) disbursed loans of state funds to the District landowners during 2006, 2007, 2008, 2009 and 2010. These loans will be repaid over a 4 year period starting in 2011. This is referred to as the 2006 On-Farm Loan Program. This is under the RSBOJC Farm Loan Program to convert to more efficient irrigation methods. Funds are borrowed by RSBOJC from the Washington Department of Ecology at ½ % interest and loaned to landowners at 1% interest. The interest differential helps cover the cost of administering the program. RSBOJC loans the funds to qualified landowners. SVID is the agent to collect these funds from its landowners and will forward the funds to RSBOJC according to the repayment schedule. The District and Roza Irrigation District include loan repayments from landowners in their assessments. The off-setting receivable entry to the notes payable from the landowners have been collected. The Board is obligated to repay the program lender 21% of the related debt. The District's outstanding obligation as of December 31, 2014 is 74,123.

The terms of the loan program do not require repayment of the related debt until one year after the program has closed. The program closed in December 2010.

NOTE 5 - PENSION PLANS

Substantially all of the District's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans.[1] The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to GASB Statements 27, *Accounting for Pensions by State and Local Government Employers* and 50, *Pension Disclosures, an Amendment of GASB Statements 25 and 27*.

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

Plan Description

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- With a benefit that is reduced by 3 percent for each year before age 65; or

- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

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

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

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

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

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

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

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

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

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.

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

- If they have 30 service credit years, are at least 55 years old, and were hired after May 1, 2013, they have the option to retire early by accepting a reduction of 5 percent for each year before age 65.

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

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

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

From January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to elect participation in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make an irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of AFC. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of AFC.

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

There are 1,176 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2013[2]:

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

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent.

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

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

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

Members Not Participating in JBM:

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

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

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

*** Plan 3 defined benefit portion only.

**** The employee rate for state elected officials is 7.50% for Plan 1 and 4.92% for Plan 2.

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

Members Participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer-State Agency*	11.71%	11.71%	11.71%**
Employer-Local Gov't Units*	9.21%	9.21%	9.21%**
Employee-State Agency	9.76%	9.80%	7.50%***
Employee-Local Gov't Units	12.26%	12.30%	7.50%***

* The employer rates include the employer administrative expense fee currently set at 0.18%.
** Plan 3 defined benefit portion only.
***Minimum rate.

Both District and the employees made the required contributions. The District's required contributions for the years ended December 31 were as follows[3]:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2014	$0	$342,446	$20,299
2013	$0	$282,647	$17,530
2012	$0	$241,486	$18,064

NOTE 6 - DEFERRED COMPENSATION PLAN

In June 1998 the State of Washington Deferred Compensation Program plan, assets were placed into trust for the exclusive benefit of participants and their beneficiaries. Pursuant to Government Accounting Standards Board (GASB) Statement 32, since the District is no longer the owner of these assets, as of December 31, 2001, the plan assets and liabilities are no longer reported as an Agency Fund.

NOTE 7 - CONTINGENCIES AND LITIGATION

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NOTE 8 - COMPONENT UNITS

SVID is a majority voting member of the SDBOC. Therefore it is considered a component unit to SVID. SVID and SDBOC are audited separately and are their own legal entities. SVID is the operating agency for the SDBOC.

NOTE 9 – SUNNYSIDE DIVISION BOARD OF CONTOL LEVY

The Sunnyside Valley Irrigation District pays a yearly levy to the component unit, Sunnyside Division Board of Control (SDBOC). The relationship of the primary government and the component unit was described in the MD & A and in Note 1.a). The 2014 levy was $2,785,091 for the operation of the SDBOC. There was no amounts due to or from SDBOC.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Sunnyside Valley Irrigation District (SVID) conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The District has elected not to apply Financial Accounting Standards Board (FASB) guidance issued after November 30, 1989 to the extent that it does not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In June, 1999, GASB approved Statement 34, Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments. In 2012, GASB 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, was implemented. In 2013, GASB 65, which reclassifies assets and liabilities, was implemented for the primary government and the component unit. This and consecutive statements are reflected in the accompanying financial statements (including notes to financial statements). The following is a summary of the more significant policies:

a. Reporting Entity

The District is a municipal corporation governed by an elected five-member board. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. These financial statements present the SVID and its component unit, Sunnyside Division Board of Control (SDBOC). SVID appoints a voting majority of the component unit's board. The component unit, discussed in Note 8, is included in the District's reporting entity because of the significance of their operational or financial relationships with the District.

b. Basis of Accounting And Presentation

The accounting records of the District are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The District uses the Uniform System of Accounts for Irrigation Districts.

The District uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. Fixed asset purchases are capitalized and long-term liabilities are accounted for in the appropriate fund.

The District distinguishes between operating revenues and expenses form non-operating ones. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a District's principal ongoing operations. The principal operating revenues of the District are assessments to landowners for administration, operation, and maintenance. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

c. Cash And Cash Equivalents

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

d. Capital Assets

See Note 3

e. Receivables

Irrigation assessments are recorded in the assessment roll when levied.

Water right contracts are for new or amended water rights and are either 8 or 10-year contracts.

Accounts Receivable: SVID work done in 2013 for SDBOC $566,147; SVID work done in 2013 for RSBOJC $23,809; SVID work done in 2013 for damages from landowners $2,782. Accounts Receivable-Others: Assessment receivables $594,634 and service account $27,554.

f. Prepaid

The amount of $ 89,705 is for prepaid insurance.

g. Inventories

Inventories are valued at FIFO - first in, first out which approximates the market value.

h. Investments

See Note 2

i. Compensated Absences

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

Vacation pay, which may be accumulated up to 30 days is payable upon resignation, retirement or death. Sick leave may accumulate without limit. Upon resignation, any outstanding sick leave is lost.

NOTE 2 - DEPOSITS AND INVESTMENTS

As required by state law, all deposits and investments of the District's funds (except as noted below) are insured of the U.S. Government and the State Treasurer's Investment Pool, and deposits with Washington State banks and savings and loan institutions.

a. Deposits

The District's deposits and certificates of deposit are entirely covered by federal **depository insurance (FDIC) or by collateral held in a multiple financial institution** collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

b. Cash and Investments

As of December 31, 2012, the District had the following investments:

	Fair Value
U.S. Bank Investor Checking	$2,375,219
Investment in State Treasurer’s Investment Pool	$2,340,084
U.S. Bank Municipal Investment Account	$1,566,167
Total	$6,281,470

All of the District’s investments are considered part of the cash equivalents for the statement of cash flows.

NOTE 3 - CAPITAL ASSETS

The District defines Capital assets $15,000 or more in initial cost. Major expenses for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred. Capital assets are recorded at cost.

The original cost of operating property retired or otherwise disposed of and the cost of installation, less salvage, is charged to accumulated depreciation. However, in the case of the sale of a significant operating unit or system, the original cost is removed from the plant accounts, accumulated depreciation is charged with the accumulated depreciation related to the property sold, and the net gain or loss on disposition is credited or charged to income.

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated:				
Land	$631,848	$125,000	$0	$756,848
Construction in Process	0			0
Total capital assets not being depreciated:	**631,848**	**$125,000**	**0**	**756,848**
Capital assets being depreciated:				
Plant	41,206,494	28,794	15,588	41,219,701
Machinery and Equipment	6,080,250	23,052	443,811	5,659,491
Total capital assets being depreciated	**47,286,744**	**51,846**	**459,399**	**46,879,192**
Less accumulated depreciation	(6,313,210)	426,730	(1,132,908)	(7,019,389)
Total capital assets being Depreciated (net):	**40,973,534**	**478,576**	**(1,592,307)**	**39,859,803**
TOTAL CAPTIAL ASSETS, NET	**$41,605,382**	**$603,576**	**(1,592,307)**	**$40,616,651**

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Buildings	25-50
Canal Facilities	15-75
Transportation Equipment	4-15
Shop Equipment	10
Office Equipment	3-7
Construction Equipment	3-20

NOTE 4 – LONG-TERM DEBT

a. Farm Loan Program

The Roza Sunnyside Board of Joint Control (RSBOJC) disbursed loans of state funds to the District landowners during 2006, 2007, 2008, 2009 and 2010. These loans will be repaid over a 4 year period starting in 2011. This is referred to as the 2006 On-Farm Loan Program. This is under the RSBOJC Farm Loan Program to convert to more efficient irrigation methods. Funds are borrowed by RSBOJC from the Washington Department of Ecology at ½ % interest and loaned to landowners at 1% interest. The interest differential helps cover the cost of administering the program. RSBOJC loans the funds to qualified landowners. SVID is the agent to collect these funds from its landowners and will forward the funds to RSBOJC according to the repayment schedule. The District and Roza Irrigation District include loan repayments from landowners in their assessments. The off-setting receivable entry to the notes payable from the landowners have been collected. The Board is obligated to repay the program lender 21% of the related debt. The District's outstanding obligation as of December 31, 2013 is $147,883.

The terms of the loan program do not require repayment of the related debt until one year after the program has closed. The program closed in December 2010.

b. Changes in Long-Term Debt

During the year ended December 31, 2013, the following changes occurred in long-term debt:

Description	Beginning Balance	Reductions	Addition	Ending Balance 12/31/13	Principle Due Within One Year
2006 On-Loan Program	$161,483	$74,396	$53,962	$141,049	$73,760
Total Long-Term Debt	$161,483	$74,396	$53,962	$141,049	$73,760

NOTE 5 - PENSION PLANS

Substantially all of the District's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans.[1] The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to GASB Statements 27, *Accounting for Pensions by State and Local Government Employers* and 50, *Pension Disclosures, an Amendment of GASB Statements 25 and 27*.

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

Plan Description

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.

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

- If they have 30 service credit years, are at least 55 years old, and were hired after May 1, 2013, they have the option to retire early by accepting a reduction of 5 percent for each year before age 65.

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

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

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

From January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to elect participation in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make an irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of AFC. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of AFC.

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

There are 1,176 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2012[2]:

Retirees and Beneficiaries Receiving Benefits	82,242
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	30,515
Active Plan Members Vested	106,317
Active Plan Members Nonvested	44,273
Total	**263,347**

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent.

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

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

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2013, are as follows:

Members Not Participating in JBM:

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

* The employer rates include the employer administrative expense fee currently set at 0.18%.
** The employer rate for state elected officials is 13.73% for Plan 1 and 9.21% for Plan 2 and Plan 3.
*** Plan 3 defined benefit portion only.
**** The employee rate for state elected officials is 7.50% for Plan 1 and 4.92% for Plan 2.
***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Members Participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer-State Agency*	11.71%	11.71%	11.71%**
Employer-Local Gov't Units*	9.21%	9.21%	9.21%**
Employee-State Agency	9.76%	9.80%	7.50%***
Employee-Local Gov't Units	12.26%	12.30%	7.50%***

* The employer rates include the employer administrative expense fee currently set at 0.18%.
** Plan 3 defined benefit portion only.
***Minimum rate.

Both District and the employees made the required contributions. The District's required contributions for the years ended December 31 were as follows[3]:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2013	$0	$282,647	$17,530
2012	$0	$241,486	$18,064
2011	$1,875	$204,319	$20,370

NOTE 6 - DEFERRED COMPENSATION PLAN

In June 1998 the State of Washington Deferred Compensation Program plan, assets were placed into trust for the exclusive benefit of participants and their beneficiaries. Pursuant to Government Accounting Standards Board (GASB) Statement 32, since the District is no longer the owner of these assets, as of December 31, 2001, the plan assets and liabilities are no longer reported as an Agency Fund.

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NOTE 9 – LINE OF CREDIT

On September 20th 2011, Resolution 2011-09-01 was passed by the board establishing a line of credit from SVID to SDBOC for up to $1,000,000. This resolution was put in place to help with the cash flow for the construction of the federal projects. The line of credit was not used in 2011. In 2012 the, Resolution 2012-03-02 was put in place to amend the amount of the previous resolution to $2,000,000. As of March 2012 SVID loaned SDBOC $2,000,000. The terms of the loan are as follows:

- The Board of SVID authorizes loaning up to $2,000,000
- The loan will be repaid no later than March 31, 2014
- The loan will bear interest at the rate of 0.15 percent per month

The first repayment of $1,000,000 (principle) was last day of January 2013, while the remaining payment will be the last day of March 2014. The accrued interest for 2013 was $16,500.

NOTE 10-SUNNYSIDE DIVISION BOARD OF CONTROL LEVY

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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.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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.

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 as well as fraud, state whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our website and through our free, electronic subscription service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

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