

July 27, 2010

Mr. Rudy Caluza  
Director of Accounting and Financial Reporting  
Port of Seattle  
Pier 69  
2711 Alaskan Way  
Seattle, WA 98121

Dear Mr. Caluza:

Thank you for the opportunity to continue to serve as the independent accountants and auditors for the Port of Seattle. We place a lot of value on our relationship with the Port.

We have developed our scope of work and related fee estimates for the 2010 audits and have presented those in the attachment to this letter. To recap some of the accomplishments from 2009 and the assumptions that contribute to our plan for 2010, we present the following:

- We met weekly with key management personnel throughout our interim and final fieldwork procedures and met or spoke regularly with management regarding accounting issues throughout the rest of the year. We plan to continue this approach for the 2010 audits.
- All deadlines for report deliverables were met. The Single Audit reports were dated the same date as the financial statement opinion and were delivered over 6 weeks ahead of schedule. We commit to meeting and exceeding your expectations in this area again in 2010.
- We adhered to the Port's cost cutting initiative by reducing our 2009 audit fee by over \$30,000, or 5% when compared to the 2008 fee. Our best estimate for fees for 2010 reflects an additional 4% decrease, with a not-to-exceed commitment in an amount that matches the 2009 fee.
- We continue to use Branch Richards & Co. staff as fully integrated members of our audit team. BR&Co received \$27,000 in subcontractor audit fees, well above our original plan as specified in our audit proposal. In accordance with the Office of Social Responsibility Small Business Initiative, we plan to continue subcontracting with Branch Richards & Co., for up to 10% of the audit contract.
- Members of our audit team attend every Audit Committee meeting throughout the year. We plan to continue this in 2010 and 2011.

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- We continue to use government accounting and auditing specialists. During the 2009 audit, we utilized a manager who specializes in real estate, as a vital member of our audit team, to assist with the complex real estate transactions entered in to by the Port last year. We are pleased to provide staff continuity for the 2010 audits.
- We have a good working relationship with the State Auditor's Office and were responsive to their requests for access to our working papers.
- We believe we were responsive to all of the requests made by Port Commissioners, management and staff throughout the year. We commit to meeting and exceeding your expectations in this area again in 2010.

We look forward to working with you again on the 2010 audits. Please do not hesitate to contact me if I can provide you with any further information.

Sincerely,



Laurie J. Tish,  
Partner

Enclosure

Client #603642

**FEE PROPOSAL FOR 2010 AUDITS**

<u>Description of Service</u>	<u>Fee</u>
Audit of the enterprise fund financial statements and net revenue schedule	\$290,000
Audit of the warehousemen's pension trust fund	18,000
Single Audit and reports on federal award programs	225,000
Passenger Facility Charge Program audit and report	21,000

**Assumptions:**

- We will commit to the deadlines specified in our proposal for professional services, which are consistent with prior years.
- This represents an overall decrease of over 4% from last year's fees
- The Single Audit fee remains fairly constant with the prior year (a \$3,000 decrease) due to the recent history of few/no findings of noncompliance offset by the expected impact of the ARRA funding on our procedures. (All ARRA funds are deemed to be 'high risk' by the federal awarding agencies)
- The amounts presented above represent our best estimate for each service; we will commit to a not-to-exceed fee of \$577,600 in total for all audit services provided, an amount that matches our 2009 fees.
- The amounts above include the subcontractor fees which we will pass on to BR&Co.
- Our ability to provide the services in accordance with our estimated fees depends on the quality, timeliness and accuracy of the Port's records.