



Presentation to the
Port of Seattle
Audit Committee

Results of 2009 Audit
June 8, 2010

MOSS ADAMS LLP

Reports Issued

- Report on financial statements
 - Unqualified opinion on the financial statements
 - Opinion covers separate statements of the Enterprise Fund and the Warehousemen's Pension Trust Fund
 - No material weaknesses noted
 - Dated April 28, 2010

- Audit and report on Schedule of Net Revenues Available for Revenue Bond Debt Service
 - Unqualified opinion
 - Report dated the same date as financial statement opinion

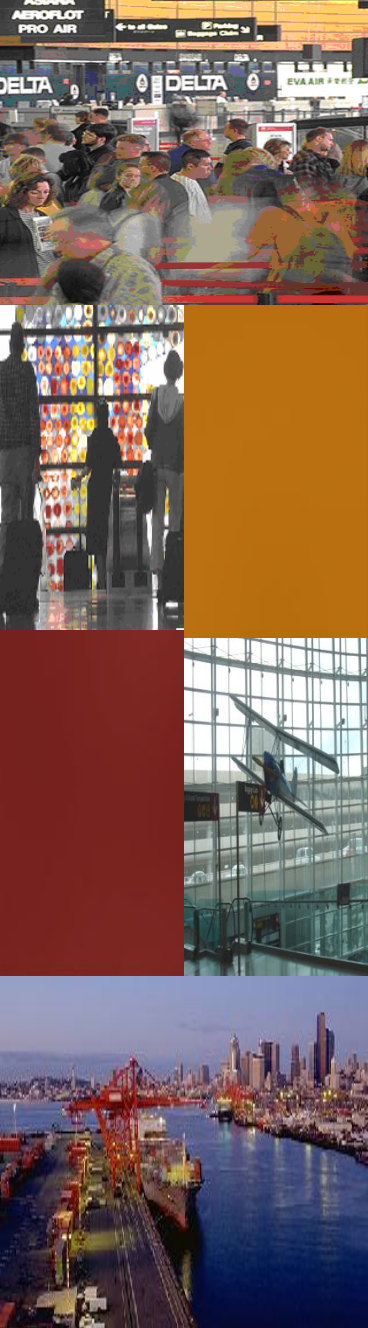
- Audit and report on Schedule of Passenger Facility Charges (PFC's), receipts and expenditures and related internal controls
 - No findings of non-compliance; no material weaknesses noted
 - Reports dated the same date as financial statement opinion
 - Reports delivered on May 14, 2010

- Audit and report on Federal Financial Assistance Programs and related internal controls and compliance in accordance with Federal OMB Circular A-133 (Single Audit)
 - No findings of non-compliance; no material weaknesses noted
 - Reports dated the same date as financial statement opinion
 - Reports delivered in May; data collection form was submitted on May 28, 2010

Areas of Audit Effort

- Internal control environment
 - Understand and test the design and implementation of key controls surrounding all significant financial statement accounts and business processes
 - Understand and test the design and implementation of controls over compliance requirements
 - Assess information technology general controls and application controls
 - Test sample transactions of the capital assets related systems, payroll, cash disbursements and procurement systems, and leases
 - Treasury and investment, debt, cash, budget, third party transactions, environmental liability, and financial close and reporting cycles tested through observations, inquiries and walkthroughs of each system

- Management estimates
 - Environmental and pollution remediation obligation accruals, legal and insurance reserves, capitalized interest, depreciation, allowance for doubtful accounts, grant receivables, arbitrage liabilities, actuarial valuations for OPEB liability and for the Warehousemen Pension Trust amounts and disclosures

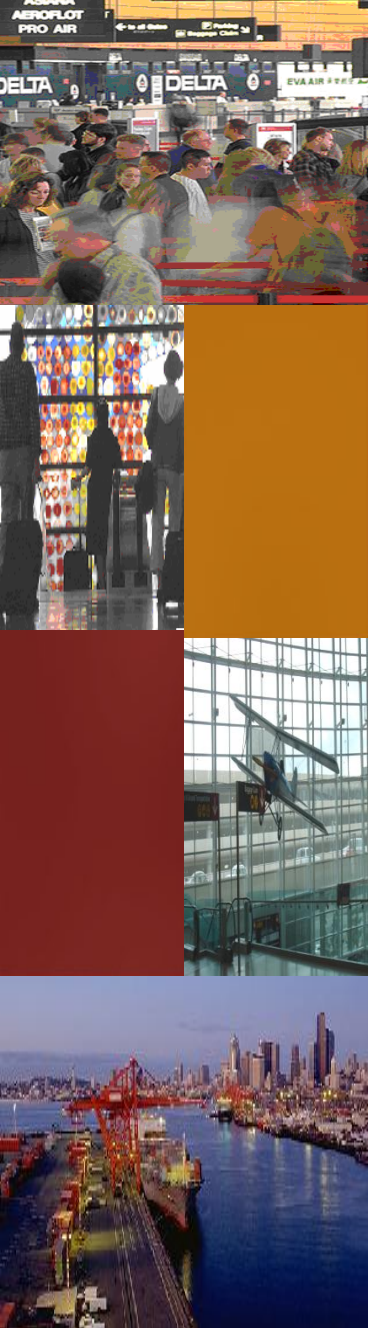


Areas of Audit Effort - continued

- Revenue recognition
 - Operating revenue analysis using business indicators such as landed weight, enplanements, gate usage, crane movements, and boat counts
 - Ad valorem tax levy, investment income, PFC, and federal grants
 - Consideration of the collectability of related receivables

- Signatory lease and operating agreement
 - Revenue requirements for landing fees and terminal rents according to the agreement
 - Cost elements - debt service allocation and operating and maintenance expense

- Accounting for leases
 - Airport concessions and fuel system, Seaport, and Real Estate leases
 - Testing of lease terms, payments and appropriate accounting treatment and disclosures



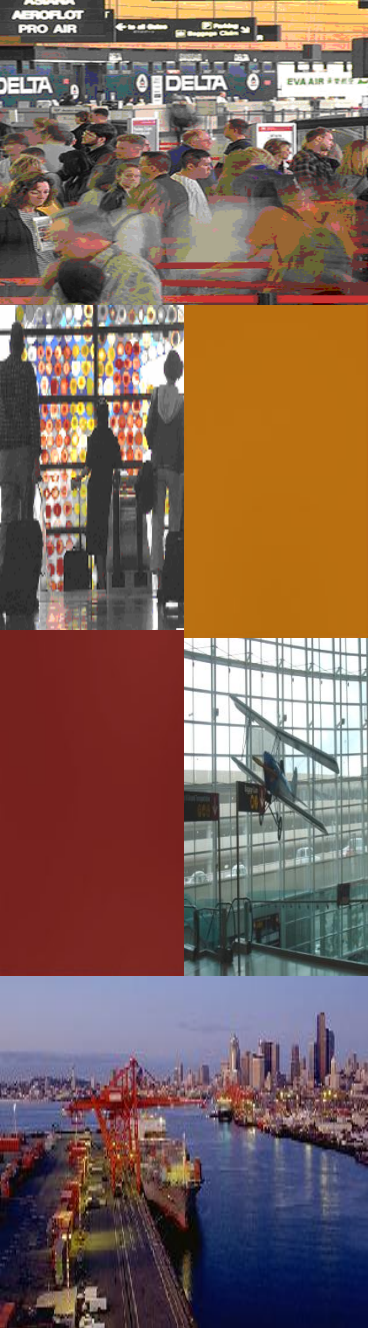
Areas of Audit Effort - continued

- Bonds and related accounts
 - Arbitrage liability, capitalized interest, discounts and premiums, new debt issuance, debt repayments, and compliance with covenants

- Capital assets
 - Consideration of capitalization policies and potential impairment as well as testing of additions, retirements, overhead application, capitalized interest, depreciation, Eastside Rail Corridor transaction

- Net assets
 - Consideration of classification for unrestricted, restricted, and invested in capital assets, net of related debt

- Warehousemen's Pension Trust Fund
 - Separate materiality and procedures



Areas of Audit Effort - continued

- Administration of federal awards and related administrative controls and compliance
 - Total federal expenditures \$78.6 million
 - Three major programs
 - Airport Improvement Program - \$60.2 million
 - TSA Memorandum of Agreement - \$12.9 million
 - Port Security Grant - \$3.0 million
 - Tested major programs for compliance with OMB-Circular A-133 and grant specific requirements

- Passenger Facility Charge (PFC) Program Audit
 - Schedules of Passenger Facility Charge Program Receipts and Expenditures
 - Tested internal controls and compliance with PFC requirements

Required Communications

- Audit adjustment posted relating to the reversal of capitalized interest on an intangible asset
- All significant audit issues and new accounting pronouncements were addressed early in the audit process
- Weekly meetings were held between Moss Adams and Port management and staff throughout the audit term
- The audits progressed on time and in an orderly fashion
- All Port personnel were courteous, responsive and fulfilled all of our requests in a timely manner
- No disagreements with management
- We encountered no difficulties in performing the audit
- Moss Adams is independent of the Port of Seattle
- As planned, Branch Richards & Co. personnel were an integral part of our audit team. Approximately 300 audit hours were contributed by this MWDBE firm
- Letter to Audit Committee in accordance with audit standards provided under separate cover