



Presentation to the
Port of Seattle
Audit Committee

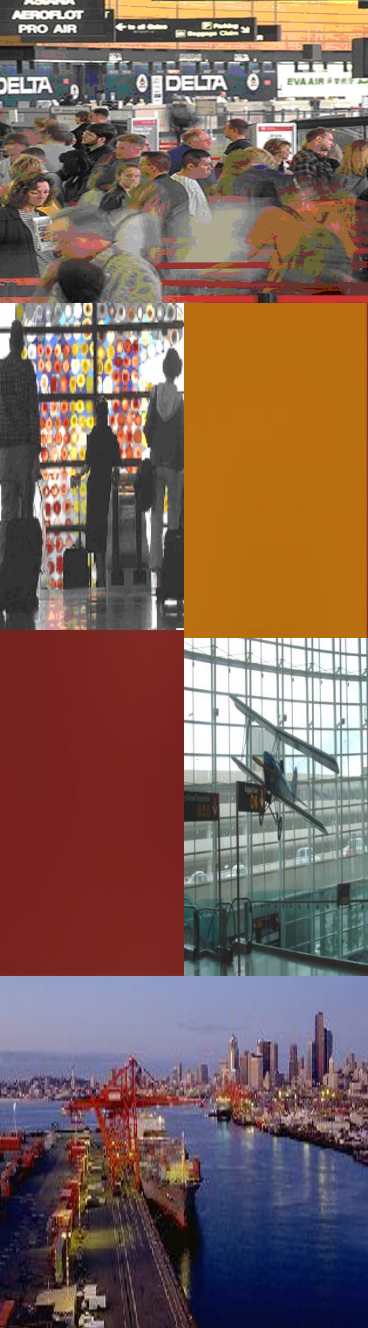
Results of 2010 Audit

May 3, 2011

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
 - Report date of April 22, 2011
 - Delivered by April 29, 2011
- Audit and report on Schedule of Net Revenues Available for Revenue Bond Debt Service
 - Report dated the same date as financial statement opinion
 - Delivered by April 29, 2011
- Audit and report on Schedule of Passenger Facility Charges (PFC's), receipts and expenditures and related internal controls
 - Reports dated the same date as financial statement opinion
 - Final draft completed by April 29, 2011
- Audit and report on Federal Financial Assistance Programs and related internal controls and compliance in accordance with Federal OMB Circular A-133 (Single Audit)
 - Reports dated the same date as financial statement opinion
 - Final draft completed by April 29, 2011



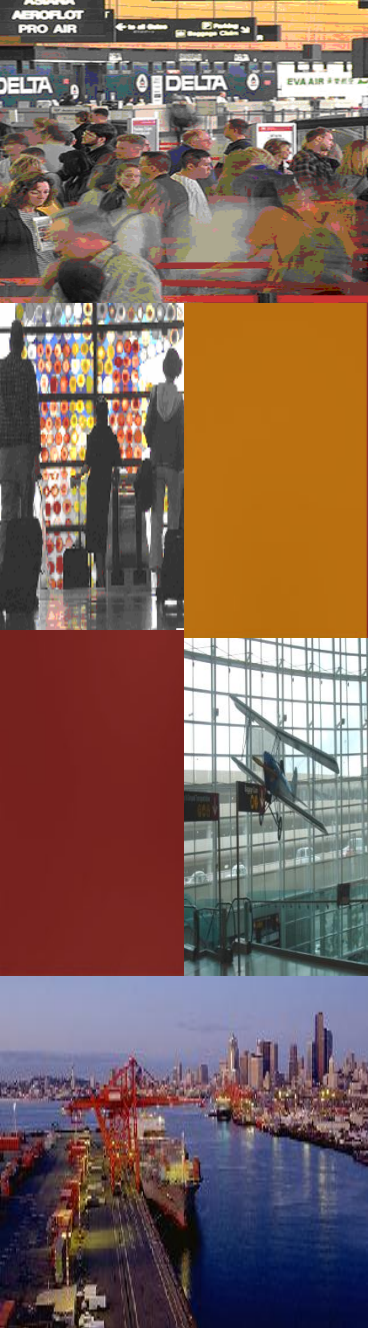
Internal Control Matters

- No material weaknesses in internal controls identified
- Observations for business process improvements
 - More robust review of quarterly PFC reports received from the airlines
 - East Marginal Way Program quarterly progress reports should be retained upon submission
 - Information technology matters
 - No new matters identified
- Finding of non-compliance
 - Verification of suspended/debarred parties on back-funded Federal claims was not performed
 - No questioned costs noted

Areas of Audit Effort

- Internal control environment
 - Understand and test the design and implementation of key controls surrounding all significant financial statement accounts and administrative processes and compliance requirements
 - Assess information technology general controls and certain application controls
 - Test sample of 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 and controls

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

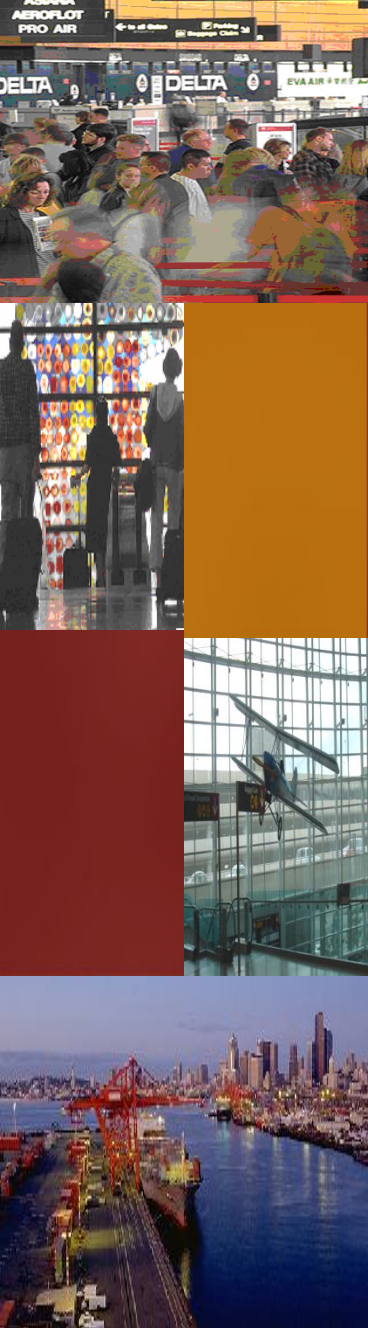


Areas of Audit Effort - continued

- 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, CFC, 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



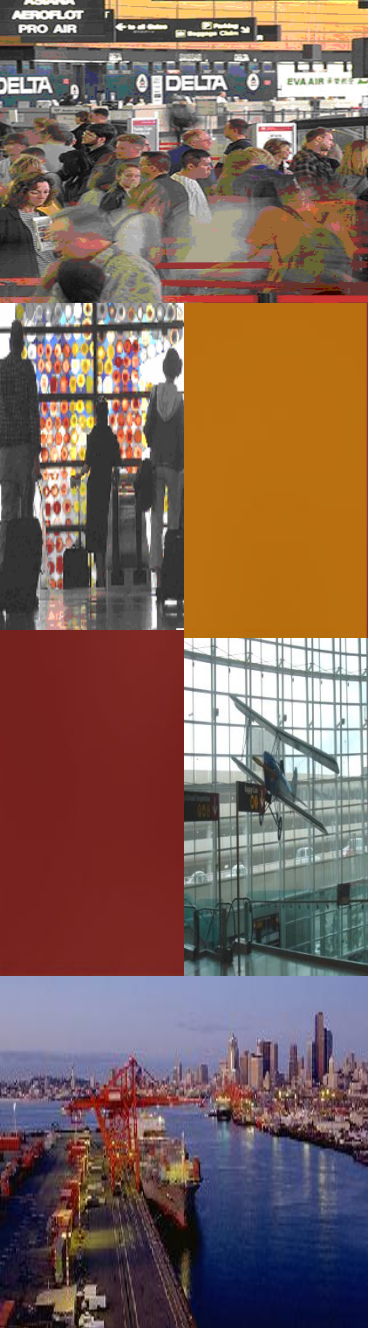
Areas of Audit Effort - continued

- Bonds and related accounts
 - Arbitrage liability, capitalized interest, discounts and premiums, new debt issuance, debt repayments, compliance with covenants, and audit of Net Revenue Schedule

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

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

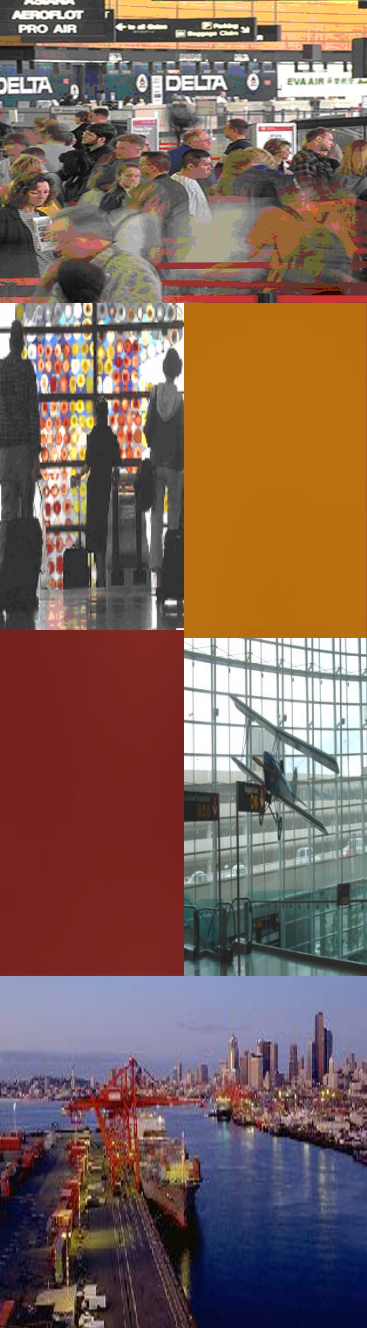
- Warehousemen's Pension Trust Fund
 - Separate materiality and procedures



Areas of Audit Effort - continued

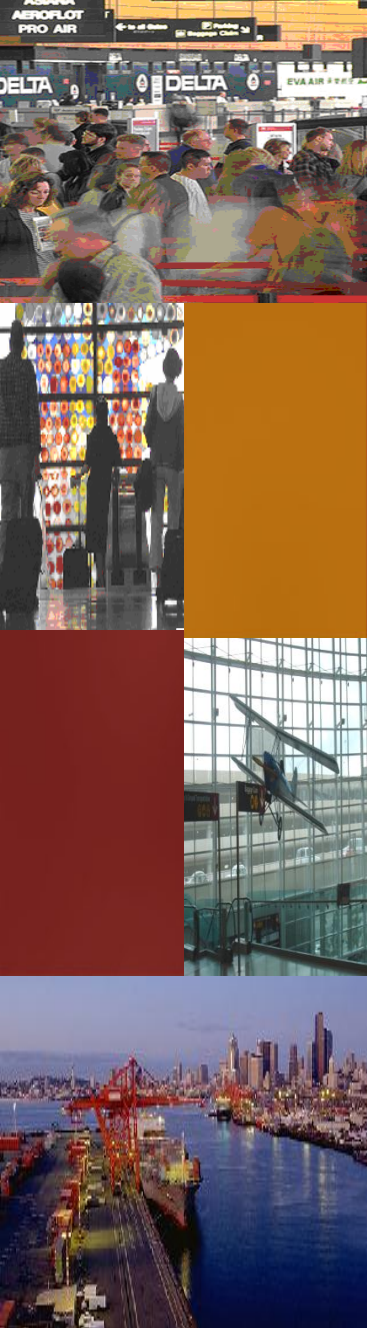
- Administration of federal awards and related administrative controls and compliance
 - Total federal expenditures of \$37.5 million
 - Two major programs
 - Airport Improvement Program - \$30.2 million
 - East Marginal Way Grade Separation Program - \$3.7 million
 - Tested major programs for compliance with OMB-Circular A-133 and grant specific requirements
 - One finding noted related to Excluded Party List System (EPLS) verification on back-funded claims

- Passenger Facility Charge (PFC) Program Audit
 - Schedules of Passenger Facility Charge Program Receipts and Expenditures
 - Tested internal controls and compliance with PFC requirements
 - No findings noted



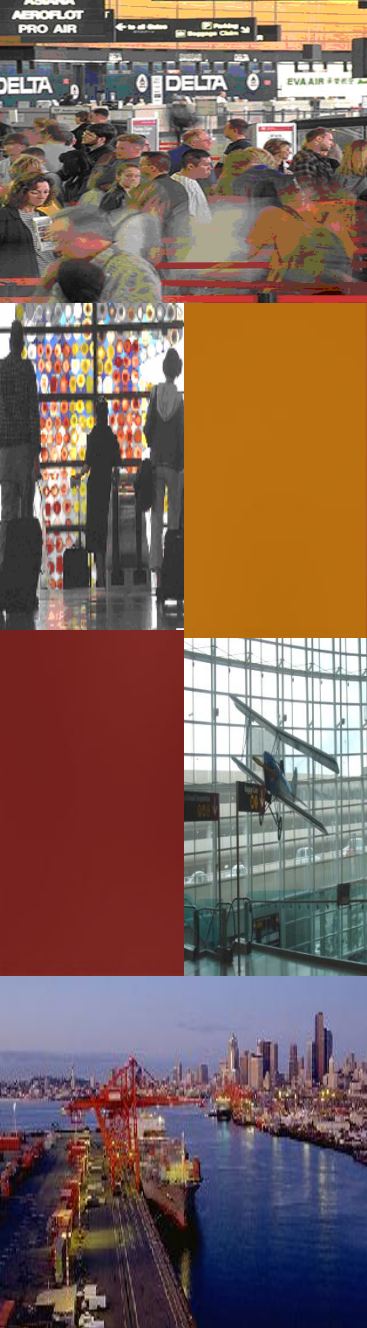
Required Communications

- Auditor and Management responsibilities for financial statements under Generally Accepted Auditing Standards
 - Auditor: To form and express an opinion about whether the financial statements are fairly presented; to plan and perform the audit in accordance with generally accepted auditing standards and Government Auditing Standards
 - Our audit does not relieve management and the Board of its responsibilities
- Audit was performed according to the planned scope
- Significant accounting policies
 - Summarized in Note 1 to the financial statements
 - Consistent with the prior years
- Management judgments and accounting estimates
 - Environmental expenses and related accruals
 - Litigated and non-litigated loss contingencies
 - Capitalized interest
 - Depreciation
 - Allowances for doubtful accounts
 - Grant receivables



Required Communications

- Financial Statement disclosures were consistent, clear and understandable
- Audit Adjustments
 - There were no proposed or passed adjustments
- Representations were requested of management
- Disagreements with management (none)
- Consultation with other independent auditors (none of which we are aware)
- Difficulties encountered during the audit (none)
- Illegal acts (none noted)
- Ability to continue as a going concern (no additional disclosure necessary)
- Consideration of fraud in a financial statement audit
 - Procedures performed:
 - Journal entry testing
 - Interviews of personnel
- Moss Adams is independent with respect to the Port of Seattle



Other Communications

- 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
- As planned, Branch Richards & Co. personnel were an integral part of our audit team. Approximately 7% of our audit hours were contributed by this small business firm