

External Independent Audit Port of Seattle

Audit Results – Management Response
Briefing to Commission Audit Committee

June 7, 2011



Auditor & Audits Conducted

Port's Independent CPA Firm: Moss Adams, LLP

Audit Focus:

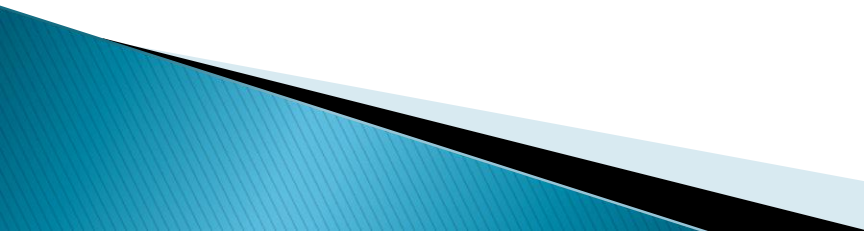
- ▶ Financial Statements / CAFR
- ▶ Single Audit – Federal grants regulatory compliance
- ▶ Passenger Facility Charge (PFC) – Federal Aviation Administration (FAA) regulatory compliance

Audit Results: May 3rd Audit Committee meeting

Port's 2010 Financial Stewardship

- ▶ \$400 million current assets
- ▶ \$5.5 billion net capital assets
- ▶ \$3.3 billion long-term debt
- ▶ \$470 million operating revenues
- ▶ \$414 million operating & depr. expenses
- ▶ \$40 million Federal grants/ARRA expenditures
- ▶ \$59 million PFC revenues
- ▶ NOI: \$217 million before depr. \$56 million after depr.

Scorecard – Financial Statement Audit

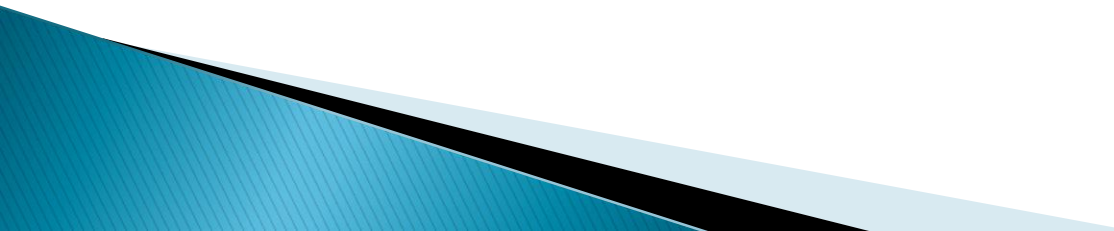
- ▶ Independent auditor opinion – clean, unqualified
 - ▶ Full compliance – prescribed standards (GAAP) – no findings
 - ▶ Effective internal controls in place – no findings
 - ▶ No auditor letter of recommendations
 - ▶ No audit adjustments to Port financial statements prepared by management
 - ▶ Port CAFR issued timely, early
 - ▶ Ultra-clean financial statement audit results
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Scorecard – Single Audit

Federal Grants Regulatory Compliance

- ▶ Federal funds properly administered – no questioned costs
- ▶ Effective internal controls in place – no findings
- ▶ “Complied in all material respects with Federal grants regulatory requirements”
- ▶ One minor compliance finding
 - Related to back-funding on a grant
 - Procedural issue – to check contractors for EPLS debarment
 - No debarred contractors identified by audit
 - pre-2009 weakness – 2009 forward, Port in full compliance
 - Future back-funding, EPLS checked for all contractors

Scorecard – PFC Audit FAA Regulatory Compliance

- ▶ Federal funds properly administered – no questioned costs
 - ▶ Effective internal controls in place – no findings
 - ▶ Complied in all material respects with FAA regulatory requirements – no findings
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- ✓ **Fiscal Integrity**
 - ✓ **Financial Transparency**
 - ✓ **Public Accountability**