



Office of the Washington State Auditor

Pat McCarthy

Exit Conference: Port of Seattle

The Office of the Washington State Auditor's vision is increased trust in government. Our mission is to provide citizens with independent and transparent examinations of how state and local governments use public funds, and develop strategies that make government more efficient and effective.

The purpose of this meeting is to share the results of your audit and our draft reporting. We value and appreciate your participation.

Audit Reports

We will publish the following reports:

- Accountability audit for January 1, 2024 through December 31, 2024 – see draft report.
- Assessment audit of the Port of Seattle Industrial Development Corporation (IDC) – January 1, 2022 through December 31, 2024 – see draft report.

Audit Highlights

- We appreciate the Port's commitment to the safeguarding of public funds and developing control systems that ensure compliance with laws and regulations.
- The Port responded promptly to our requests and provided all documents necessary to complete the audit in a timely manner.
- We would like to thank Lisa Lam, Diana Benson, Andrew Cartica, and Glenn Fernandes for participating in weekly status update meetings. It allowed for increased communication and kept the audit running smoothly.
- We would also like to thank the following Port staff: Danny Blancaflor and Sherry Weiss for their help with travel cards and purchase cards; Sherie Chipperfield and Robert Duncan for their help with self-insurance areas; and Rachel Petrich for her help on the IDC assessment audit. Everyone was flexible when scheduling meetings and general inquiries and made a great effort to keep requests moving.

Recommendations not included in the Audit Reports

Exit Items

We have provided exit recommendations for management's consideration. Exit items address control deficiencies or noncompliance with laws or regulations that have an insignificant or immaterial effect on the entity, or errors with an immaterial effect on the financial statements. Exit items are not referenced in the audit report.

Work of Other Auditors

A financial statement and single audit was performed by Baker Tilly (formerly Moss Adams LLP) of the Port. Professional audit standards require us to evaluate relevant work done by other auditors and communicate certain matters to the governing body.

- We performed procedures to ensure we could rely on the work of the external auditors and reference their audit in our audit report. These procedures included consideration of attendance at key meetings, evaluation of the firm's last peer review report, review of the other auditor's work, review of the other auditor's results and communications with the other auditor.
- We did not become aware of any instance in which the work of the other auditors gave rise to concern about the quality of their work.
- There were no limitations that restricted our analysis of the other audit(s).
- We did not become aware of any instance in which a material misstatement of the financial statements has or may have resulted from fraud or suspected fraud.

Finalizing Your Audit

Report Publication

Audit reports are published on our website and distributed via email in a .pdf file. We also offer a subscription service that notifies you by email when audit reports are released or posted to our website. You can sign up for this convenient service at [Sign Up for News & Alerts | Office of the Washington State Auditor](#).

Management Representation Letter

We have requested representations of management, which we will receive by the report date.

Audit Cost

At the entrance conference, we estimated the cost of the audit to be \$141,000 and actual audit costs will approximate that amount.

Your Next Scheduled Audit

Your next audit is scheduled to be conducted in Fall of 2026 and will cover the following general areas:

- Accountability for public resources
- Review of CPA work papers

The estimated cost for the next audit based on current rates is \$141,000 plus travel expenses. This preliminary estimate is provided as a budgeting tool and not a guarantee of final cost.

Working Together to Improve Government

Audit Survey

When your report is released, you will receive an audit survey from us. We value your opinions on our audit services and hope you provide feedback.

Local Government Support Team

This team provides support services to local governments through technical assistance, comparative statistics, training, and tools to help prevent and detect a loss of public funds. Our website and client portal offers many resources, including a client Help Desk that answers auditing and accounting questions. Additionally, this team assists with the online filing of your financial statements.

The Center for Government Innovation

The Center for Government Innovation at the Office of the Washington State Auditor offers services specifically to help you help the residents you serve at no additional cost to your government. What does this mean? We provide expert advice in areas like Lean process improvement, peer-to-peer networking, and culture-building to help local governments find ways to be more efficient, effective and transparent. The Center can help you by providing assistance in financial management, cybersecurity and more. Check out our best practices and other resources that help local governments act on accounting standard changes, comply with regulations, and respond to recommendations in your audit. The Center understands that time is your most precious commodity as a public servant, and we are here to help you do more with the limited hours you have. If you are interested in learning how we can help you maximize your effect in government, call us at (564) 999-0818 or email us at Center@sao.wa.gov.

Questions?

Please contact us with any questions about information in this document or related audit reports.

Tina Watkins, CPA, Director of Local Audit, (360) 260-6411, Tina.Watkins@sao.wa.gov

Wendy Choy, Assistant Director of Local Audit, (425) 502-7067, Wendy.Choy@sao.wa.gov

Joe Simmons, CPA, Program Manager, (206) 613-7628, Joseph.Simmons@sao.wa.gov

Sophia Sullam, Assistant Audit Manager, (206) 613-7629, Sophia.Sullam@sao.wa.gov

Sonia Khokhar, Audit Lead, (206) 613-7639, Sonia.Khokhar@sao.wa.gov



Office of the Washington State Auditor
Pat McCarthy

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Accountability Audit Report

Port of Seattle

For the period January 1, 2024 through December 31, 2024

Published (Inserted by OS)

Report No. (Inserted by OS)



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Office of the Washington State Auditor Pat McCarthy

Issue Date – (Inserted by OS)

Board of Commissioners
Port of Seattle
Seattle, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Port operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

Attached is our independent audit report on the Port's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and value your cooperation during the audit.

Sincerely,

Signature Here (Please do not remove this line)

Pat McCarthy, State Auditor

Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

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AUDIT RESULTS

Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Port operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

About the audit

This report contains the results of our independent accountability audit of the Port of Seattle from January 1, 2024 through December 31, 2024.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the Port's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the year ended December 31, 2024, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Self-insurance – health and welfare, unemployment, workers compensation and paid family and medical leave
- Accounts payable – general disbursements, credit cards, travel expenditures
- Payroll – compliance with pay equity policy for non-represented employees
- Open public meetings – compliance with minutes, meetings and executive session requirements
- Financial condition – reviewing for indications of financial distress

RELATED REPORTS

Financial

A financial statement audit was performed by a firm of certified public accountants. That firm's report is available on our website, <https://portal.sao.wa.gov/ReportSearch>.

Federal grant programs

A firm of certified public accountants evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the Port's major federal program. That firm's report is available on our website, <https://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE PORT

The Port is a municipal corporation of the State of Washington (the State), organized on September 5, 1911, under the State statute RCW 53.04.010 et seq. In 1942, the local governments in King County, Washington (the County) selected the Port to build and operate Seattle-Tacoma International Airport (SEA).

Port policies are established by a five-member Commission elected at-large by the voters of the County for four-year terms. The Commission appoints the Executive Director (ED), who oversees the daily operations of the organization. Through resolutions and directives, the Commission sets policy for the Port. These policies are then implemented by the ED and his executive staff.

The Port comprises three operating divisions: Aviation, Maritime, and Economic Development. The Aviation Division manages SEA. The Maritime Division manages industrial property connected with maritime business, recreational marinas, Fishermen’s Terminal, cruise, grain, and maritime operations. Following a strategic reorganization in 2025, the Maritime Division absorbed most of the businesses and capital projects formerly housed in the Economic Development Division, including managing the Port’s industrial and commercial properties as well as conference and event centers. This realignment strengthens the integration of asset management and economic initiatives within maritime operations. The Economic Development Division continues to focus on real estate development and planning, encouraging tourism, fostering small business opportunities in the aviation, maritime, and construction industries, and managing economic development programs.

For 2024, the Port had total operating revenues of \$1 billion, which represents a seven percent increase from 2023. Total operating expenses increased from \$555.1 million in 2023 to \$652.6 million in 2024. The Port’s net operating income before depreciation decreased by \$33.3 million from 2023 to 2024.

Contact information related to this report	
Contact:	Lisa Lam, Director of Accounting and Financial Reporting
Telephone:	(206) 787-4334
Website:	www.portseattle.org

Information current as of report publish date.

Audit history

You can find current and past audit reports for the Port of Seattle at <https://portal.sao.wa.gov//ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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Assessment Audit Report

Port of Seattle Industrial Development Corporation

For the period January 1, 2022 through December 31, 2024

Published (Inserted by OS)

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Office of the Washington State Auditor Pat McCarthy

Issue Date – (Inserted by OS)

Board of Commissioners
Port of Seattle Industrial Development Corporation
Seattle, Washington

Report on Assessment Audit

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

The attached report describes the procedures performed and conclusions for the areas we reviewed. We appreciate the opportunity to work with your staff, and value your cooperation during the assessment audit.

Sincerely,

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Pat McCarthy, State Auditor

Olympia, WA

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AUDIT SUMMARY

Results in brief

Based on the procedures performed, nothing came to our attention in the areas we reviewed that caused us to believe the Corporation was not in substantial compliance with applicable state laws, regulations, and its own policies, or had not provided adequate controls over the safeguarding of public resources. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

About the assessment audit

This report contains the results of our independent audit of the Port of Seattle Industrial Development Corporation from January 1, 2022 through December 31, 2024.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives. State law (RCW 43.09.230) also requires local governments to prepare and submit certified annual reports to our Office summarizing such things as revenues received, collections made, amounts receivable or payable, expenditures made, and debt owed.

This assessment audit was conducted under the authority of RCW 43.09.260, which requires the Office of the Washington State Auditor to examine the financial affairs of all local governments at least once every three years. Assessment audits are risk-based, limited-scope reviews of small local governments, generally defined as local governments with less than \$300,000 in annual revenues. To help minimize audit costs, our work for this engagement was conducted off-site primarily using financial and other information provided by the Corporation.

This assessment audit was limited to the following:

- Reviewing meeting minutes for compliance with the Open Public Meetings Act
- Inquiring as to internal controls over assets, revenues, and disbursements
- Verifying that annual reports submitted to our Office were complete and filed timely in compliance with state law
- Reviewing the Corporation's annual revenues and expenditures for unusual transactions or trends
- Corroborating financial information reported by the Corporation by comparing reported revenues, expenditures, and cash and investment balances to third-party sources
- Reviewing expenditures for indications of unusual activities, excessive Board of Commissioners compensation, conflicts of interest, or procurement requirements
- Evaluating the Corporation's financial information for indications of financial distress

INFORMATION ABOUT THE CORPORATION

The Industrial Development Corporation of the Port of Seattle was created in 1982 by the Port of Seattle's Board of Commissioners to issue tax-exempt, nonrecourse revenue bonds to finance industrial development within Port boundaries.

The Corporation is governed by the five Port of Seattle Commissioners. The Corporation loans the proceeds of the bonds to private companies. It collects fees from these companies for administering the debt service and periodic refunding of the debt. The Port administers these activities on behalf of the Corporation. All Corporation records are located at the Port's offices. The Corporation pays a fee to the Port for the services it provides.

Contact information related to this report

Contact:	Lisa Lam, Director of Accounting and Financial Reporting
Telephone:	(206) 787-4334
Website:	www.portofseattle.org

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