



Port of Seattle

2025 Audit Results

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Agenda

1. Auditor Reports Issued
2. Areas of Audit Emphasis
3. Matters Required to be Communicated with Those Charged with Governance
4. Upcoming New Accounting Standards
5. Your Service Team



Auditor Reports Issued



Unmodified opinion on financial statements for the Enterprise Fund and the Warehousemen's Pension Trust Fund, which are presented fairly and in accordance with US GAAP.



Auditors' reports on Internal Control Over Financial Reporting and on Compliance and Other Matters

- No control findings
- No compliance findings



Report on Compliance for the Major Federal Program and on Internal Control Over Compliance; Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance (Single Audit)

- No control findings
- No findings of noncompliance

Auditor Reports Issued *(continued)*



Audit and report on the schedules of Passenger Facility Charge (PFC) Receipts and Expenditures and related internal controls

- No internal control or compliance findings



Report on the Schedule of Net Revenues Available for Revenue Bond Debt Service

- No compliance findings noted

Agreed Upon Procedures Reports Issued

Report on Agreed Upon Procedures for Washington State Department of Ecology

- No compliance findings noted

Report on Agreed Upon Procedures for Environmental Protection Agency

- No compliance findings noted

Areas of Audit Emphasis

- **Internal control environment**

- IT General Controls, Financial Reporting, Capital Assets/Project Management, Cash Receipts/Receivables, Cash Disbursements/Payables, Payroll, Administration of Federal Awards

- **Management estimates**

- Allowance for Doubtful Accounts, Environmental Remediation Liability, Compensated Absences, Legal Contingencies and Insurance Recoveries, Leases & Subscription-Based IT Arrangements (SBITAs), Actuarial Valuations for Pension and Other Post-Employment Benefit Amounts

- **Northwest Seaport Alliance (NWSA) Joint Venture (JV)**

- Confirmed the Port of Seattle's share in operating revenue through agreement to NWSA audited financial statements – As of December 31, 2025, investment in JV was \$376.5 million and income from JV was \$117.8 million

- **Capital Assets**

- Evaluation of capitalization policies. Testing of \$126 million in additions and testing performed over retirements, overhead application, and depreciation/amortization. Testing of timely closing of capital improvement projects into capital assets.



Areas of Audit Emphasis (continued)

- **Debt Transactions**

- Tested issuance of \$747.2 million of Series 2025 ABC Intermediate Lien Revenue Bonds
- Tested issuance of \$120 million of commercial paper
- Confirmed outstanding debt balances directly with third party financial institutions

- **Fiduciary Activities**

- Consideration of investment balances, plan contributions and distributions for the Warehousemen's Pension Trust Fund

- **Single Audit (Federal Grant Awards)**

- Total federal awards reported on schedule of expenditures of federal awards - \$41.5 million
- Major program – Federal Aviation Administration (FAA) Airport Improvement Program - \$40.9 million



Matters Required to be Communicated with Those Charged with Governance

Our responsibility with regard to the financial statement audit under U.S. auditing standards:

We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*). Our audit of the financial statements does not relieve Port management and the Port Commission of its responsibilities.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and *Government Auditing Standards*. As part of an audit conducted in accordance with U.S. GAAS and Government Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

Matters Required to be Communicated with Those Charged with Governance

Our responsibility with regard to the financial statement audit under U.S. auditing standards:

Our audit of the financial statements included obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control or to identify deficiencies in the design or operation of internal control. Accordingly, we considered the Port's internal control solely for the purpose of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Matters Required to be Communicated with Those Charged with Governance

Significant Accounting Practices:

Summarized in Note 1 to the financial statements

Significant Unusual Transactions:

We reviewed management's accounting treatment for the Habitat Credit Sale for \$47.9 million, noting the transaction was appropriately recorded as a gain on sale of intangible assets.

Financial Statement Disclosures:

All disclosures were consistent, clear, and understandable

Representations:

All representations were requested and received from management

Matters Required to be Communicated with Those Charged with Governance

Consultation With Other Independent Auditors:

None of which we are aware

Illegal Acts:

None noted

Going Concern

No disclosure necessary

Consideration of Fraud:

Procedures performed included journal entry testing, third-party confirmations, and interviews of personnel

Matters Required to be Communicated with Those Charged with Governance

Significant Difficulties Encountered During the Audit:

We are to inform those charged with governance of any significant difficulties encountered in performing the audit.

No significant difficulties were encountered during our audit of the entity's financial statements

Disagreements with Management:

Disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the entity's financial statements, or the auditor's report.

There were no disagreements with management.

Matters Required to be Communicated with Those Charged with Governance

Other findings or issues arising from the audit that are, in the auditor's professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process:

There were no other findings or issues arising from the audit to report.

Circumstances that affect the form and content of the auditor's report:

There were no circumstances that affected the form and content of the auditor's report.

Matters Required to be Communicated with Those Charged with Governance

Uncorrected Misstatements:

One uncorrected misstatements identified by management.

Construction in Progress	\$3,600,000
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Accounts Payable	\$3,600,000
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Other Information Included in the Annual Comprehensive Financial Report:

Management is responsible for the other information included in the Annual Report. The other information comprises the Introductory information and Statistical information. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

Our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the audited financial statements. We have read the information, and nothing came to our attention that caused us to believe that such information is materially inconsistent with the financial statements.

Upcoming New Accounting Standards

- ❖ GASB 103, *Financial Reporting Model Improvements* – effective for fiscal year 2026
- ❖ GASB 104, *Disclosure of Certain Capital Assets* – effective for fiscal year 2026
- ❖ GASB 105, *Subsequent Events* – effective for fiscal year 2027

Acknowledgements

- Regular status meetings were held between Baker Tilly and Port management and staff throughout the audit
- All Port personnel organization wide were responsive and fulfilled all requests in a timely manner
- ‘Tone at the Top’ and attitude from management was one of openness in response to audit requests and discussion points
- Ryland Consulting and Branch, Richards & Co. personnel were an integral part of our audit team.
 - Ryland Consulting: 8.7% of contract fees
 - Branch & Richards: 5.3% of contract fees
 - Total sub participation of 14% of contract fees

Your Service Team



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**THANK
YOU**

The background features a series of overlapping circles in various shades of gray, creating a layered, tunnel-like effect that recedes into the distance. The circles are centered on the right side of the frame, with the largest and lightest circle at the far right, and smaller, darker circles overlapping it towards the left.