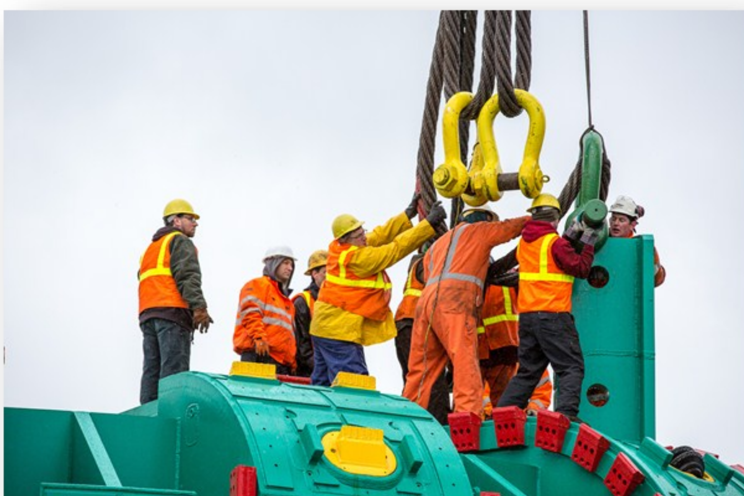

Port of Seattle®

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2012

WASHINGTON STATE

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the Year Ended December 31, 2012

This report was prepared by the

Accounting and Financial Reporting Department

Port of Seattle

Washington State

Printed on recycled paper

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PORT OF SEATTLE

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REVENUE CAPACITY:

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April 22, 2013

To the Port of Seattle Commission:

The Comprehensive Annual Financial Report ("CAFR") of the Port of Seattle (the "Port") as of and for the year ended December 31, 2012 is enclosed. This report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes this letter of transmittal, organizational chart, and list of principal officials. The Financial Section, beginning with the independent auditor's report, contains management's discussion and analysis ("MD&A"), Enterprise Fund and Warehousemen's Pension Trust Fund financial statements, and notes to the financial statements. The Statistical Section includes selected financial, economic, and demographic data. All amounts are rounded to the nearest million dollars in the MD&A and thousand dollars in the notes to the financial statements for presentation purposes within this report.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, in this report rests with management of the Port. On the basis that the cost of internal controls should not outweigh their benefits, the Port has established a comprehensive framework of internal controls to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

A firm of independent auditors is engaged each year to conduct an audit of the Port's financial statements in accordance with auditing standards generally accepted in the United States of America. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The audit includes an examination, on a test basis, of the evidence supporting the amounts and disclosures in the financial statements, assessment of the accounting principles used and significant estimates made by management, as well as the overall presentation of the financial statements. In planning and performing their audit, the independent auditors give consideration to the Port's comprehensive framework of internal controls in order to determine auditing procedures for the purpose of expressing an opinion on the financial statements. The independent auditor's report is presented as the first component in the Financial Section following this letter.

The independent audit of the financial statements of the Port included a broader federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, involving the administration of Federal awards. These reports are available in the Port's separately issued Single Audit Report.

This letter of transmittal is designed to complement the MD&A, which provides a narrative introduction, overview, and analysis to the basic financial statements, and should be read in conjunction with it.

Profile of 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 operate the Seattle-Tacoma International Airport (the “Airport”).

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 Chief Executive Officer, who oversees daily operations for the organization. Through resolutions and directives, the Commission sets policy for the Port. These policies are then implemented by the Chief Executive Officer and his executive staff.

The Port is comprised of three operating divisions: Aviation, which manages all operations at the Airport, including landside operations such as the parking garage; Seaport, which manages maritime cargo and cruise passenger marine terminals as well as industrial property connected with maritime businesses; and Real Estate, which manages recreational and commercial moorage facilities, leases commercial and industrial properties, and plans and facilitates the development of selected real estate assets.

A Capital Development Division and a number of corporate service departments support the operating divisions and the broad mission of the Port. Capital Development houses departments responsible for engineering, project management and construction functions, and the Central Procurement Office, which consolidates contracting and procurement functions. Other port-wide departments include Accounting and Financial Reporting, Commission Office, Executive, Finance and Budget, Health and Safety, Human Resources and Development, Information and Communications Technology, Labor Relations, Legal, Police, Public Affairs, Office of Social Responsibility, and Risk Management.

The operating budget is an essential component of the management planning and control process. It quantifies business group or departmental plans for future periods in strategic, operational and monetary terms. The budgetary process includes a series of Commission briefings with the operating and capital divisions as well as corporate departments during the year; these briefings inform Commissioners about key issues facing the business groups so that Commissioners can provide input into strategies and objectives.

Divisional business plans and budgets are often revised to reflect Commission input. On an annual basis, each division presents preliminary budgets to the Commission and the Commission reviews the budget and votes on its adoption. Once the annual budget is in place, variances from the budget are analyzed monthly (with a more extensive analysis conducted quarterly) to determine if corrective action is needed. Progress in achieving budget targets is a short-term measure of progress in achieving strategic business plan targets.

Local Economy and Outlook

The national economy continues to move forward at a slow pace with sluggish economic growth, high unemployment, and weak confidence. Lingering European sovereign debt crisis, slowing Asian economies, and threats to world oil supplies also pose risks to the United States economic recovery. Consumer confidence is growing again, although spending remains subdued. The housing market has finally returned to growth, but from a very depressed level, and home prices have turned decidedly positive. Like the national economy, Washington’s economy continues to expand at a moderate pace. The unemployment rate throughout the State eased modestly, down from 9.2% in 2011 to 8.2% in 2012. Locally, the employment recovery was steady. During 2012, private sector job gains continued to be partly offset by government job losses. The largest urban center, the Seattle metropolitan area, represented 43.8% of the workforce of the State. The Seattle area job market continued to improve in 2012, adding about 37,900 jobs from 2011. The strongest performing industries in Seattle were manufacturing, retail trade, as well as professional and business services totaling approximately 22,500 new jobs in 2012.

Despite the slow economic recovery, the Port continued to achieve positive results operationally and financially. At the Airport, more than 33.2 million passengers passed through in 2012, exceeding the all-time record for the second consecutive year. International passenger traffic increased 8.8% while overall traffic grew 1.2% over 2011 levels. At the Seaport, the 2012 cruise season hosted 202 vessel calls and hit a record high of 935,000 passengers, an increase of 5.5% in passengers from 2011. Largely due to the departure of the Grand Alliance during the year, container volumes were 1.9 million TEUs (twenty-foot equivalent units – a measure of container volume), a decrease of 8.1% compared to 2011. Grain volumes were 3.2 million metric tons, a decline of 37.1% from 2011 due to market conditions. For the Real Estate Division, occupancy levels at commercial properties were at 91%, higher than the 88% Seattle market average.

As the overall economic recovery unfolds, Washington's economy is expected to outpace the nation. Worldwide air traffic, both passenger and cargo, are expected to recover quickly. The outlook of the aerospace and software sectors remains positive. The State's export strength, despite the increasingly cautious Asian outlook, is beneficial to the overall State economy.

Long-Term Financial Planning

As the Port begins its second century, the Commissioners adopted the Century Agenda, a strategic plan that sets aspirational goals to the Port for the next twenty five years – starting with an overarching goal of generating 100,000 new jobs in the region by 2036. As the economy slowly rebounds, the Port continues to take a prudent and conservative approach for the 2013 budget. The Port expects cost increases related to the implementation of the Century Agenda strategic plan, the full-year impact of the newly opened Consolidated Rental Car Facility at the Airport, and other new initiatives within the operating divisions to retain and attract customers, create jobs, and help position the Port for future growth.

The Aviation Division expects its 2013 aeronautical revenue to be 4.2% higher than the 2012 budget level due to a forecast of a slight growth in air passenger levels of 2.2% in 2013. This estimate is consistent with the long-term growth rate projected by the Federal Aviation Administration ("FAA") for the United States published in December 2009. The Airport continues to strive for a competitive cost per enplanement ("CPE") without compromising operational and capital needs. The 2013 CPE is budgeted at \$13.80, which reflects the Port's ongoing commitment to manage costs. Besides managing airline costs, the Aviation Division's strategic focus will be to increase non-aeronautical net operating income in the near term. The Aviation Division expects its 2013 non-aeronautical revenue to be 5.6% higher than the 2012 budget level. Other key initiatives include continuing concessions master planning, launching a sustainable Airport master plan to clarify the long-term capacity of the Airport, and continuing to build capacity for Continuous Process Improvement (CPI) initiatives.

The Seaport Division expects its 2013 operating revenue to be 2.2% higher than the 2012 budget level, primarily due to higher container lease revenue as well as higher occupancy at industrial properties. Container lease revenues will increase due to the accounting effect of refunding of the Terminal 18 Special Facility Bonds in late 2011 that was not reflected in the 2012 budget. This will be partially offset by lower lease revenues resulting from a change in the structure and escalation provisions of container terminal lease payments starting in 2013. Revenues driven by grain volumes are expected to be down as a result of mixed grain harvest conditions in the Midwest, container terminal crane rent will be down due to fewer Port-owned cranes, and Security grant revenue will be down due to the completion/expiration of grants in 2012. Seaport's 2013 goals include retaining container, cargo and passenger volumes, focusing on potential opportunities for new growth, implementing the asset stewardship program for key division assets, and continuing implementation of The Green Gateway strategy which provides a lower carbon footprint for goods shipped from Asia to the United States Midwest and a competitive edge among West Coast ports.

Real Estate Division 2013 operating revenue is expected to be about equal to the 2012 budget level. Conference and Event Center revenue is expected to exceed 2011 actual levels, but come in 3% lower than assumed in the 2012 budget. Revenues for commercial and recreational marinas are expected to be flat compared to the 2012 budget. Lease revenue is expected to increase slightly as the local real estate market continues to recover, and the division is pursuing several new real estate development opportunities. However, the risk remains for higher vacancies in commercial properties and marinas. Key 2013 focus areas for the division will be overall cost management, asset renewal and replacement, and management of the Eastside Rail Corridor sections retained by the Port.

For 2013, the Port forecasted total operating revenues of $536.9 million, which represents a 3.9% increase from the 2012 budget. Total operating expenses are forecasted at $324.9 million, a 4.9% increase from the 2012 budget. Net Operating Income ("NOI") before Depreciation is forecasted at $212.0 million, a 2.4% increase from the 2012 budget. Depreciation expense is budgeted at $171.5 million, an 8.2% increase from the 2012 budget. NOI after Depreciation is forecasted at $40.5 million, a decrease of $8.1 million from the 2012 budget. The total capital budget for 2013 is $224.6 million and the five year capital improvement program is $1.6 billion, which reflects the Port's continuing commitment to promote regional economic vitality through investment in the development, expansion, and renewal of Port facilities that supports both business planning and environmental initiatives.

Major Initiatives

As the Port pursues its Century Agenda, the following major initiatives were accomplished in 2012. The Port was selected as one of only 15 employers across the country to receive the 2012 Secretary of Defense Employer Support Freedom Award. The Consolidated Rental Car Facility, a LEED® Silver Certified project, was opened in May. A Memorandum of Agreement with Sound Transit was executed for extension of light rail from the south end of the Airport. Emirates Airlines began daily non-stop service to Dubai. All Nippon Airways of Japan launched service to Tokyo. A new lease with the Washington State Department of Transportation at Terminal 46 and Terminal 106 in support of the State Route 99 Bored Tunnel Project was executed, which is critical in maintaining the efficient movement of freight and passengers along the Seattle waterfront. A seven-year lease extension was executed for the operation of the Port's cruise terminals. Shilshole Bay Marina celebrated its 50th anniversary in September. Portions of the Eastside Rail Corridor were sold to Sound Transit and the City of Kirkland in April 2012.

In addition, exciting new investments will enable the Port to serve its customers and the general public better and improve the environment in the community and region. Delta Air Lines announced expanded international service routes in 2013. The remaining portions of the Eastside Rail Corridor were sold to King County in February 2013.

The Aviation Division's initiatives for 2013 include the Terminal Realignment project which is well underway to accommodate merged airlines, provide space for individual carriers to grow, and optimize the use of the limited terminal space. Design of the NorthSTAR program has started, which is the first step to refurbish and expand the North Satellite, as well as upgrade Concourse C and sections of the Main Terminal. Another major initiative will be selection of a long-term solution for expansion of the Federal Inspection Service facility to accommodate the growth in international arrivals.

The Seaport Division's initiatives include the rehabilitation of docks at Terminal 46; creation of a dedicated truck roadway from Harbor Island to the Union Pacific Argo Yard; various street vacation related projects resulting from previous terminal expansions at Terminals 5, 18 and 30; a roof replacement for the cold storage building on Pier 90, drainage and paving upgrades related to a lease extension at Terminals 106 and 108; an electrical substation upgrade at Terminal 91; Pier 66 Apron Pile-Wrap project; and the upgrade of security cameras at Pier 66 from analog to digital.

The Real Estate Division's initiatives include installation of a corrosion protection system for the existing steel pilings under the north apron of Pier 69; replacement of the built-up roof on the Pier 69 Port headquarters' building; heating, ventilation, and air conditioning ("HVAC") and other improvements for the Fishermen's Center Building; a new roof and HVAC improvements for the Norby Building, along with paving and drainage improvements for the overall site; and a roof replacement for the A1 Building at the Maritime Industrial Center.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to Port of Seattle for its comprehensive annual financial report for the fiscal year ended December 31, 2011. This was the seventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the professionalism and dedication demonstrated by the financial and management personnel of the Port’s Finance and Budget teams, and the Accounting & Financial Reporting Department. We wish to express our appreciation to all who assisted and contributed to the preparation of this report. Credit also must be given to the Commissioners and Executive Officers for their unfailing support to ensure fiscal transparency and accountability, and to maintain the Port’s financial statements in conformance with the highest professional standards.

Respectfully submitted,

Tay Yoshitani

Chief Executive Officer

Dan Thomas

Chief Financial and Administrative Officer

Rudy Caluza

Director of Accounting and Financial Reporting

Debbi Browning

Assistant Director of Accounting and Financial Reporting

Lisa Lam

Senior Manager, Financial Reporting and Controls

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Port of Seattle

Washington

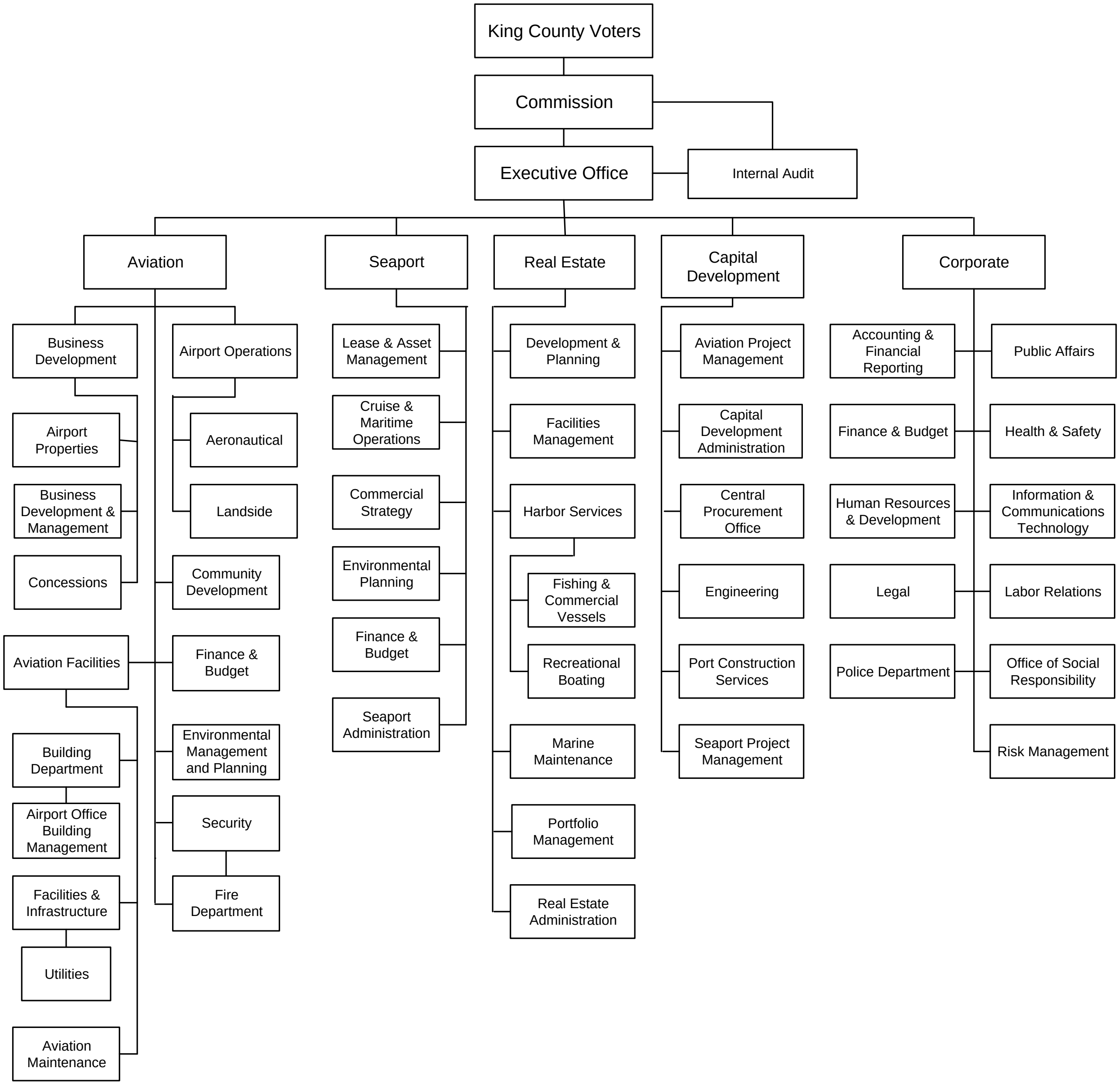
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

ORGANIZATIONAL CHART FOR 2013



List of Elected and Appointed Officials in 2013

Elected Board of Commissioners

Name	Office	Term Expires
Tom Albro	President	December 31, 2013
John Creighton	Vice-President	December 31, 2013
Stephanie Bowman[i]	Secretary	December 31, 2013
Bill Bryant	Assistant Secretary	December 31, 2015
Courtney Gregoire[ii]	Commissioner	December 31, 2013

Appointed Executive Officer and Staff

Tay Yoshitani	Chief Executive Officer
Kurt Beckett	Chief of Staff
Dan Thomas	Chief Financial and Administrative Officer
Craig Watson	General Counsel
Patricia Akiyama	Director of Public Affairs
Mark Reis	Managing Director, Aviation Division
Ralph Graves	Managing Director, Capital Development Division
Joe McWilliams	Managing Director, Real Estate Division
Linda Styrk	Managing Director, Seaport Division
Colleen Wilson	Chief of Police

[i] Effective March 15, 2013, Commissioner Rob Holland resigned from the Port Commission Office. Commissioner Stephanie Bowman was appointed to fill this vacancy.

[ii] Effective January 31, 2013, Commissioner Gael Tarleton resigned from the Port Commission Office due to her election on November 6, 2012, to represent the 36th Legislative District in the Legislature of the State of Washington. Effective March 15, 2013, Commissioner Courtney Gregoire was appointed to fill this vacancy.

FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITORS

To the Port Commission
Port of Seattle
Seattle, Washington

Report on Financial Statements

We have audited the accompanying financial statements of the Enterprise Fund and the Warehousemen's Pension Trust Fund of the Port of Seattle (the Port") as of December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011 and 2010, and the related notes to the financial statements, which collectively comprise the Port's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Enterprise Fund and the Warehousemen's Pension Trust Fund of the Port of Seattle as of December 31, 2012 and 2011, and the respective changes in financial position and cash flows for the Enterprise Fund, and the changes in net position for the Warehousemen's Pension Trust Fund for the years ended December 31, 2012, 2011 and 2010 in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the accompanying management discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on them.

Moss Adams LLP

Seattle, Washington
April 22, 2013

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") of the Port of Seattle's (the "Port") activities and financial performance provides an introduction to the financial statements of the Port for the fiscal year ended December 31, 2012, including the Port operations within the Enterprise Fund and the Warehousemen's Pension Trust Fund, with selected comparative information for the years ended December 31, 2011 and 2010.

The Enterprise Fund accounts for all activities and operations of the Port except for the activities included within the Warehousemen's Pension Trust Fund. This includes the Port's major business activities, which are comprised of the Aviation, Seaport, and Real Estate divisions. Enterprise Funds are used to account for operations and activities that are financed at least in part by fees or charges to external users.

The Warehousemen's Pension Trust Fund accounts for the assets of the employee benefit plan held by the Port in a trustee capacity. The Port became the sole administrator for the Warehousemen's Pension Plan and Trust effective May 25, 2004.

The MD&A presents certain required supplementary information regarding capital assets and long-term debt activity during the year, including commitments made for capital expenditures. The information contained in this MD&A has been prepared by management and should be considered in conjunction with the financial statements and the notes thereto, which follow this section. The notes are essential to thoroughly understand the data contained in the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of three parts: MD&A, the basic financial statements, and the notes to the financial statements. The report includes the following three basic financial statements for the Port Enterprise Fund: the Statement of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows. The report also includes the following two basic financial statements for the Warehousemen's Pension Trust Fund: Statement of Net Position and Statements of Changes in Net Position.

ENTERPRISE FUND

Financial Position Summary

The Statement of Net Position presents the financial position of the Enterprise Fund of the Port at the end of the fiscal year. The statements include all assets and liabilities of the Enterprise Fund. Net position, the difference between total assets and total liabilities, is an indicator of the current fiscal health of the organization and the enterprise's financial position over time. A summarized comparison of the Enterprise Fund assets, liabilities, and net position at December 31, 2012, 2011 and 2010 is as follows (in millions):

	2012	2011	2010
ASSETS:			
Current, long-term, and other assets	$ 1,067.7	$ 1,061.3	$ 1,115.5
Capital assets	5,542.9	5,599.1	5,463.7
Total assets	$ 6,610.6	$ 6,660.4	$ 6,579.2
LIABILITIES:			
Current liabilities	$ 351.6	$ 346.5	$ 373.4
Long-term liabilities	3,291.0	3,401.7	3,401.4
Total liabilities	$ 3,642.6	$ 3,748.2	$ 3,774.8
NET POSITION:			
Net investment in capital assets	$ 2,272.7	$ 2,296.7	$ 2,248.8
Restricted	208.8	135.7	127.3
Unrestricted	486.5	479.8	428.3
Total net position	$ 2,968.0	$ 2,912.2	$ 2,804.4

Assets exceeded liabilities by $3.0 billion, a $55.8 million increase over total net position as of December 31, 2011, compared to $2.9 billion, and a $107.8 million increase over total net position as of December 31, 2010. For each year presented, the largest portion of the Enterprise Fund's net position represents its net investment in capital assets used to acquire those capital assets. The Port uses these capital assets to provide services to its tenants, passengers, and customers of the Aviation, Seaport and Real Estate divisions; consequently, these assets are not available for future spending. Although the Port's net investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since the capital assets themselves cannot be used to liquidate liabilities. From 2011 to 2012 and from 2010 to 2011, there was a decrease of $24.0 million and an increase of $47.9 million, respectively, in net investment in capital assets. Besides the continued creation of new assets which accounts for increases, the depreciation of existing capital assets and decrease in construction activity, especially in 2012, accounts for the decline in this category.

As of December 31, 2012 and 2011, the restricted net position of $208.8 million and $135.7 million, respectively, is comprised mainly of unspent bond proceeds restricted for debt reserves in accordance with bond covenants, Passenger Facility Charges ("PFC") subject to Federal regulations, and Customer Facility Charges ("CFC") subject to State regulations. From 2011 to 2012 and from 2010 to 2011, there was an increase of $73.1 million and $8.4 million, respectively, in restricted net position due to the timing of PFC related expenditures, increased CFC net position resulting from decrease in spending of CFC as the consolidated Rental Car Facility ("RCF") opened in May 2012 comparing to prior periods, and the bond proceeds added to restricted debt service reserves when bonds were issued in both periods.

As of December 31, 2012 and 2011, the unrestricted net position of $486.5 million and $479.8 million, respectively, may be used to satisfy the Port's ongoing obligations. However, amounts from Airport operations must be used solely for the Aviation Division's ongoing obligations. Cash and cash equivalents, and investment balances related to Airport operations total $270.7 million and $304.2 million for the years ended 2012 and 2011, respectively. From 2011 to 2012 and from 2010 to 2011, there was a decrease of $33.5 million and an increase of $22.8 million in this category, respectively, largely due to timing of capital projects spending during the periods.

Statements of Revenues, Expenses, and Changes in Net Position

The change in net position is an indicator of whether the overall fiscal condition of the Enterprise Fund has improved or worsened during the year. Following is a summary of the Statements of Revenues, Expenses, and Changes in Net Position (in millions) for the years ended December 31, 2012, 2011 and 2010:

	2012	2011	2010
Operating revenues	$ 521.7	$ 483.2	$ 462.6
Operating expenses	298.2	267.4	253.4
Operating income before depreciation	223.5	215.8	209.2
Depreciation	167.3	158.1	160.8
Operating income	56.2	57.7	48.4
Nonoperating (expense) income—net	(31.1)	28.9	(26.4)
Capital contributions	30.7	21.2	30.5
Increase in net position	55.8	107.8	52.5
Net position—beginning of year	2,912.2	2,804.4	2,751.9
Net position—end of year	$ 2,968.0	$ 2,912.2	$ 2,804.4

Financial Operation Highlights

A summary of operating revenues is as follows (in millions):

	2012	2011	2010
OPERATING REVENUES:			
Services	$ 195.8	$ 186.0	$ 174.6
Property rentals	312.8	295.3	284.9
Customer facility charges revenue	9.7		
Operating grant and contract revenues	3.4	1.9	3.1
Total	$ 521.7	$ 483.2	$ 462.6

During 2012, operating revenue increased 8.0% from $483.2 million in 2011 to $521.7 million in 2012. Aviation Division operating revenues increased $35.3 million primarily due to an increase in aeronautical revenues from higher operating costs related to (1) initiation of the Terminal Realignment project facilitating merged airlines co-locating and providing more efficient use of terminal facilities, (2) additional maintenance staff, (3) contractual increases for labor and outside services, (4) salary and benefit increases, (5) environmental remediation liabilities of asbestos abatement, and (6) increases in amortization and debt service on existing and new assets. Aeronautical revenues are derived from charging airlines landing fees and terminal rents that are set to fully recover capital and operating costs attributable to the airfield and terminal cost centers. Non-aeronautical revenues increased due to (1) a portion of CFC revenue is classified as operating revenue starting in mid-2012 as it is associated with the operation of the RCF, and (2) a strong performance in concessions. Seaport Division operating revenues increased $4.6 million from 2011 due to (1) increased Security grant pass-through revenues, (2) increased Cruise revenue due to higher passenger volumes, and (3) increased Industrial Property and Maritime Operations revenue due to higher occupancy and higher rates. Container terminals revenue increased slightly by $0.7 million resulting from the refunding of the Series 1999B and 1999C Special Facility Bonds (Terminal 18 Project) in December 2011, which resulted in debt service payments no longer being netted against revenue of $8.8 million, and recognition of a full year of straight-line rent adjustment of $2.6 million for Terminal 18. These increases were largely offset by the write-off of the cumulative straight-line rent of $10.5 million related to future years due to a change in the structure and escalation provisions of container terminal lease payments starting in 2013. Also, grain terminal revenue was lower than prior year due to market conditions. Real Estate Division operating revenues declined slightly from 2011 due to less activity at Bell Harbor International Conference Center which was partially offset by higher occupancies at World Trade Center West, Fishermen's Terminal Office and Retail as well as at other commercial properties.

During 2011, operating revenue increased 4.5% from $462.6 million in 2010 to $483.2 million in 2011. Aviation Division operating revenues increased $16.5 million due to an increase in aeronautical revenues from higher operating costs. Aeronautical revenues are derived from charging airlines landing fees and terminal rents that are set to fully recover capital and operating costs attributable to the airfield and terminal cost centers. Non-aeronautical revenues increased $7.5 million due to an increase in concessions revenues derived from higher concession sales and ground transportation revenues resulting from the new taxi contract that went into effect in November 2010. The new taxi contract is concession based rather than per trip fee based. Seaport Division operating revenues increased $1.5 million from 2010 due to an increase in container revenue of $2.8 million resulting from higher crane rent and an increase in container lease rates that went into effect in July 2010. The Port also refunded the Series 1999B and 1999C Special Facility Bonds (Terminal 18 Project) in December 2011, which resulted in debt service payments no longer being netted against revenue contributing to the favorable increase. These amounts are partially offset by lower grain terminal revenue due to lower volumes and lower security grant related revenue. Real Estate Division operating revenues increased $1.7 million from 2010 due to higher revenue at Bell Harbor International Conference Center and from commercial properties.

A summary of operating expenses before depreciation is as follows (in millions):

	2012	2011	2010
OPERATING EXPENSES BEFORE DEPRECIATION:			
Operations and maintenance	$ 222.6	$ 195.2	$ 188.7
Administration	53.0	50.3	44.8
Law enforcement	22.6	21.9	19.9
Total	$ 298.2	$ 267.4	$ 253.4

During 2012, operating expenses increased 11.5% from $267.4 million in 2011 to $298.2 million in 2012. Aviation Division operating expenses increased $24.7 million in 2012 primarily due to higher operating costs from the (1) the Terminal Realignment project, (2) additional maintenance staff, (3) contractual increases for labor and outside services, (4) salary and benefit increases, (5) environmental remediation liabilities of asbestos abatement, and (6) new RCF, with associated busing operations, opened in May 2012. Seaport Division operating expenses increased $6.2 million due to (1) higher security grant project driven expenses, (2) increased costs due to the Terminal 18 Pile Cap Pilot project, (3) higher maintenance costs, and (4) higher litigation expenses. Real Estate Division operating expenses increased by $0.8 million primarily due to (1) higher maintenance costs from more work and additional maintenance staff, (2) increased salaries and benefits, and (3) higher utility expenses. These increases were offset by lower litigation expenses with a lawsuit over the Eastside Rail Corridor dismissed by the court in December 2011 along with lower operating expenses and management fees from less activity at the Bell Harbor International Conference Center and World Trade Center Seattle.

During 2011, operating expenses increased 5.5% from $253.4 million in 2010 to $267.4 million in 2011. Aviation Division operating expenses increased $10.7 million in 2011 due to (1) increase in full-time-equivalents positions, (2) increase in outside service contracts along with elevator and escalator maintenance services, and (3) higher utility expenses primarily due to higher surface water discharge volumes. These increases were partially offset by lower environmental expenses. Seaport Division operating expenses decreased $1.1 million due to lower security grant project driven expenses and lower environmental expenses. These amounts were partially offset by higher costs from asset condition assessment work and Alaskan Way Viaduct Tunnel (State Route 99) property related work. Real Estate Division operating expenses increased by $3.3 million primarily due to (1) legal costs associated with the lawsuit over the Eastside Rail Corridor dismissed by the court in December 2011, (2) higher third party management expenses due to an increase in event activity at Bell Harbor International Conference Center, (3) increased maintenance expenditures, and (4) expensing of tenant improvements.

As a result of the above, operating income before depreciation increased $7.7 million in 2012 from 2011, compared to a $6.6 million increase from 2010 to 2011.

Depreciation expense increased by $9.2 million in 2012 from 2011 primarily due to (1) the addition of depreciable capital assets recorded in May 2012 from the opening of the RCF, and (2) the addition of depreciable capital assets recorded in December 2011 resulting from the refunding of the Series 1999B and 1999C Special Facility Revenue Bonds (Terminal 18 Project), conduit debt obligation. Prior to the refunding of this conduit debt obligation, the Port had not recorded these obligations nor the related capital assets on its financial statements as the Port had no obligation for the outstanding bonds beyond what was provided in the lease arrangement. Depreciation expense decreased by $2.7 million in 2011 from 2010.

A summary of nonoperating income (expense)—net and capital contributions is as follows (in millions):

	2012	2011	2010
NONOPERATING INCOME (EXPENSE):			
Ad valorem tax levy revenue	$ 72.7	$ 73.2	$ 73.1
Passenger facility charges revenue	62.4	62.4	59.7
Customer facility charges revenue	20.6	23.7	23.2
Noncapital grants and donations	3.3	8.5	12.5
Fuel hydrant facility revenues	8.1	7.7	7.9
Investment income—net	8.2	18.9	13.1
Revenue and capital appreciation bond interest expense	(122.2)	(127.6)	(133.2)
Passenger facility charges revenue bond interest expense	(6.8)	(6.8)	(10.2)
General obligation bond interest expense	(14.4)	(15.8)	(17.5)
Public expense	(22.9)	(18.7)	(25.1)
Environmental expense—net	(14.4)	(4.3)	(22.7)
Other (expense) income—net	(25.7)	7.7	(7.2)
Total	$ (31.1)	$ 28.9	$ (26.4)
CAPITAL CONTRIBUTIONS	$ 30.7	$ 21.2	$ 30.5

During 2012, nonoperating expense—net was $31.1 million, a $60.0 million decrease from 2011 nonoperating income—net. This was largely due to (1) the recognition of an impairment loss of $17.7 million of an asset held for sale, Eastside Rail Corridor, as the selling price of $13.9 million for the remaining segment of the Eastside Rail Corridor sold to King County in early 2013 below its carrying value of $31.6 million, (2) a substantial increase in environmental remediation expenses due to environmental cleanup of a property at the Airport, (3) $13.2 million public expense for roadway improvements transferred to various government agencies, to own, operate and maintain these assets, (4) a portion of CFC revenue is classified as operating revenue starting in mid-2012 as it is associated with the operation of the RCF, and (5) a decrease in unrealized gains on the investment portfolio. During 2011, easement revenues, a refund from a medical insurance provider due to the Port converting to self-insured heath care plans and gains from the sale of properties at Terminal 46 contributed to the favorable variance while 2012 had no similar positive revenue streams further adding to the negative variance between years.

During 2011, nonoperating income—net was $28.9 million, a $55.3 million increase from 2010 nonoperating expense—net. This was due to (1) an increase in unrealized gains on the investment portfolio, (2) environmental insurance recoveries related to prior years' expenditures, (3) easement revenues for granting the Boeing Company access to portions of former Commercial Waterway District No. 1 Property, (4) a significant decrease in environmental expenses, (5) a decrease in public expenses due to the East Marginal Way Grade Separation project nearing completion, (6) lower PFC bond interest expense due to a refunding in December 2010, (7) a refund from a medical insurance provider due to the Port converting from fully insured to self-insured heath care plans in 2011, and (8) gains from the sale of properties at Terminal 46 as well as from a land swap with Immunex Corporation. These increases were slightly offset by losses from the sale of property to the South Correctional Entity.

During 2012, capital contributions increased $9.5 million largely due to a $7.4 million contribution towards Terminal 46 infrastructure assets that were constructed by the Washington State Department of Transportation ("WSDOT") as part of the Alaskan Way Viaduct Project on Port property. During 2011, capital contributions decreased $9.3 million due to a decrease in Federal Aviation Administration ("FAA") grant receipts.

Increase in net position for 2012 and 2011 was $55.8 million and $107.8 million, respectively. Operating income before depreciation showed a favorable variance but an increase in depreciation expense and nonoperating expenses between years slightly offset by an increase in capital contributions contributed to a reduced increase in net position during 2012 than 2011.

WAREHOUSEMEN'S PENSION TRUST FUND

The Warehousemen's Pension Trust Fund accounts for the assets of the employee benefit plan held by the Port in a trustee capacity. Effective May 25, 2004, the Port became the sole administrator of the Warehousemen's Pension Plan and Trust (the "Plan"). This plan was originally established to provide pension benefits for the employees at the Port's warehousing operations at Terminal 106. In late 2002, the Port terminated all warehousing operations following the departure of the principal customer who operated the facility. The Plan provides that only service credited and compensation earned prior to April 1, 2004 shall be utilized to calculate benefits under the Plan, and the Port agrees to maintain the frozen Plan and to contribute funds to the Plan in such amounts that may be necessary to enable the Plan to pay vested accrued benefits as they become due and payable to participants and beneficiaries of the Plan. A summarized comparison of the assets, liabilities, and net position of the Warehousemen's Pension Trust Fund as of December 31, 2012, 2011 and 2010, and changes in net position for the years ended December 31, 2012, 2011 and 2010 (in millions) are as follows:

	2012	2011	2010
Total assets	$ 9.8	$ 9.5	$ 10.4
Total liabilities			
Total net position	$ 9.8	$ 9.5	$ 10.4
Total additions	$ 2.5	$ 1.4	$ 2.6
Total deductions	(2.2)	(2.3)	(2.3)
Increase (decrease) in net position	0.3	(0.9)	0.3
Net position—beginning of year	9.5	10.4	10.1
Net position—end of year	$ 9.8	$ 9.5	$ 10.4

Total net position as of December 31, 2012 increased by $0.3 million from December 31, 2011 mainly due to an increase in fair value of investments.

Total net position as of December 31, 2011 decreased by $0.9 million from December 31, 2010 mainly due to a decrease in fair value of investments resulting from unfavorable market conditions.

Additional information on the Port's Warehousemen's Pension Trust Fund can be found in Note 14 in the accompanying notes to the financial statements.

CAPITAL ASSETS

The Port's capital assets as of December 31, 2012, amounted to $5.5 billion (net of accumulated depreciation). This investment in capital assets included land, air rights, facilities and improvements, equipment, furniture and fixtures, and construction work in progress. The Port's investment in capital assets after accumulated depreciation decreased $56.1 million in 2012. The decrease was primarily due to depreciation expense of $167.3 million in 2012 which increased by $9.2 million from 2011 resulting from continued creation of new assets placed in service. Also, the Port reclassified $13.2 million of capital assets as public expenses for roadway improvements transferred to various government agencies, primarily WSDOT, City of Seattle, and City of SeaTac, to own, operate and maintain these assets as the RCF was completed in May 2012.

In 2012, the Port's expenditures for capital construction projects totaled $127.1 million. The major projects included; the RCF and its related Bus Maintenance Facility; the centralized pre-conditioned air plant with heating and cooling systems for aircraft parked at the gates; as well as the replacement of Airport escalators. The current year spending for these projects was $24.8 million, $17.5 million, and $14.2 million, respectively.

During 2012, capital constructions projects totaling $470.2 million were completed and transferred to their respective capital asset accounts. For the Aviation Division, the most significant completed project was the RCF for $372.8 million followed by the escalator replacement for $19.5 million. The Seaport Division completed the final construction on the Terminal 91 water main replacement projects for $8.4 million.

In February 2013, the Port completed the sale of the last portion of the Eastside Rail Corridor along with an easement to King County for $13.9 million, net of the $1.9 million paid by King County in 2009 for a multipurpose easement.

The Port agreed to sell five cranes at Terminal 46 to its current tenant, Total Terminals, Inc., in accordance with the provision stated in the Thirteenth Amendment entered with this tenant in December 2012. The Thirteenth Amendment extended the current lease termination date from December 31, 2015 to December 31, 2025. The Port estimates a $10.1 million loss that will be reported on the sale of these capital assets in 2013 along with any associated sales tax.

During 2012, the Port collected $72.8 million in property taxes through a King County ad valorem tax levy. The Port funds its capital assets from multiple sources, including but not limited to, ad valorem tax levy, PFCs, Federal and State grants, and bond issues. All capital assets are accounted for within the Enterprise Fund. Additional information on the Port's capital assets can be found in Note 3 in the accompanying notes to the financial statements.

DEBT ADMINISTRATION

As of December 31, 2012, the Port had outstanding revenue bonds and notes of $2.7 billion, a $112.5 million decrease from 2011 primarily due to scheduled principal payments and the refunding of revenue bonds. The Port had outstanding subordinate lien revenue notes (commercial paper) of $42.7 million as of December 31, 2012 and 2011.

In March, 2012, the Port issued $612.1 million in Series 2012ABC Intermediate Lien Revenue Refunding Bonds. Series 2012A, $342.6 million, was used to partially refund the Series 1999A Subordinate Lien Revenue Bonds and the Series 2003A First Lien Revenue Bonds, and fully refund the Series 2001A First Lien Revenue Bonds. Series 2012B, $189.3 million, was used to partially refund the Series 2001B and fully refund the Series 2001C First Lien Revenue Bonds. Series 2012C, $80.3 million, was used to partially refund the Series 1999B Subordinate Lien Revenue Bonds and the Series 2001D First Lien Revenue Bonds. A portion of each bond Series was also used to pay the costs of issuing the bonds and to contribute to the Intermediate Lien Reserve Account.

As of December 31, 2012, the Port had outstanding general obligation ("GO") bonds of $312.0 million, a $24.1 million decrease from 2011 due to scheduled principal payments.

As of December 31, 2012, the Port had outstanding PFC revenue bonds of $157.2 million, a $10.2 million decrease from 2011 due to scheduled principal payments.

As of December 31, 2012, the Port had outstanding Fuel Hydrant Special Facility Revenue bonds of $100.2 million, a $2.7 million decrease from 2011 due to a scheduled principal payment. The fuel facilities are leased to SeaTac Fuel Facilities LLC ("Lessee") for 40 years (including two five-year option periods). The Port owns the fuel system and the Lessee is obligated to collect the fuel system fees and to make monthly rent payments including a base rent for the land to the Port and facilities rent to Wells Fargo Bank Northwest, National Association ("Trustee"). Facilities rent is established at an amount sufficient to pay monthly debt service, replenish any deficiency in the debt service reserve fund, and pay other fees associated with the bonds, including the Trustee fee. No tax funds or revenues of the Port (other than fuel facilities lease revenues) are pledged to pay the debt service on the bonds.

Below are the underlying ratings for the Port of Seattle bonds as of December 31, 2012. Many of the Port's bond issues include bond insurance or letters of credit; the credit rating for those issues may be the ratings of the bond insurer or letter of credit provider.

Current Bond Ratings	**Fitch**	**Moody's**	**S&P**
General obligation bonds	AAA	Aa1	AAA
First lien revenue bonds	AA	Aa2	AA-
Intermediate lien revenue bonds	A+	Aa3	A+
Subordinate lien revenue bonds	A	A1	A
Passenger facility charge revenue bonds	A	A1	A+
Fuel hydrant special facility bonds	A-	A2	A-

In February, 2012, Moody's raised its rating on the Port's Fuel Hydrant Special Facility bonds from A3 to A2.

In March, 2013, the Port issued $102.8 million in Series 2013AB Limited Tax GO Bonds. Series 2013A, $27.6 million, was used to fully refund the Series 2004A GO Bonds. Series 2013B, $75.2 million, was used to partially refund the Series 2004B, 2004C and 2011 GO Bonds. A portion of each bond series was also used to pay the costs of issuing the bonds.

Additional information on the Port's debt activity and conduit debt activity can be found in Note 5 and 6, respectively, in the accompanying notes to the financial statements.

PORT OF SEATTLE

ENTERPRISE FUND

STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2012 AND 2011
(In thousands)

	2012	2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 109,276	$ 161,732
Restricted cash and cash equivalents:		
Bond funds and other	56,535	77,678
Fuel hydrant assets held in trust	6,717	6,441
Short-term investments	43,813	69,091
Restricted short-term investments:		
Bond funds and other	22,969	38,244
Accounts receivable, less allowance for doubtful accounts of $158 and $171	31,740	35,843
Grants-in-aid receivable	7,415	2,650
Taxes receivable	1,795	1,922
Materials and supplies	6,832	6,564
Assets held for sale	13,897	50,380
Prepayments and other current assets	5,487	6,621
Total current assets	306,476	457,166
NONCURRENT ASSETS:		
Long-term investments	467,880	359,046
Restricted long-term investments:		
Bond funds and other	252,406	204,686
Fuel hydrant assets held in trust	4,232	4,254
Deferred finance costs—net of accumulated amortization of $46,363 and $43,579	26,097	31,109
Other long-term assets	10,591	5,094
CAPITAL ASSETS:		
Land and air rights	2,011,195	2,005,740
Facilities and improvements	4,735,876	4,399,222
Equipment, furniture, and fixtures	445,490	387,632
Total capital assets	7,192,561	6,792,594
Less accumulated depreciation	(1,755,906)	(1,642,931)
Construction work in progress	106,260	449,401
Total capital assets—net	5,542,915	5,599,064
Total noncurrent assets	6,304,121	6,203,253
TOTAL	$ 6,610,597	$ 6,660,419

See notes to financial statements.

	2012	2011
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 64,282	$ 67,770
Payroll and taxes payable	39,282	35,872
Bond interest payable	40,073	39,868
Lease securities and customer advances	37,037	41,129
Current maturities of long-term debt	170,890	161,940
Total current liabilities	351,564	346,579
LONG-TERM LIABILITIES:		
Other postemployment benefits obligation	9,144	9,106
Environmental remediation liability	43,404	41,955
Bond interest payable	6,290	4,307
Accrued long-term expenses	2,127	2,001
Total long-term liabilities	60,965	57,369
LONG-TERM DEBT:		
Revenue and capital appreciation bonds	2,601,730	2,721,280
General obligation bonds	286,670	312,005
Passenger facility charges revenue bonds	146,395	157,150
Fuel hydrant special facility bonds	97,330	100,175
Unamortized bond discounts—net of amortization	97,942	53,737
Total long-term debt	3,230,067	3,344,347
Total noncurrent liabilities	3,291,032	3,401,716
Total liabilities	3,642,596	3,748,295
NET POSITION:		
Net investment in capital assets	2,272,674	2,296,698
Restricted for:		
Debt service reserves	142,616	110,513
Passenger facility charges	52,048	24,272
Customer facility charges	13,154	
Grants and other	1,011	879
Unrestricted	486,498	479,762
Total net position	2,968,001	2,912,124
TOTAL	$ 6,610,597	$ 6,660,419

See notes to financial statements.

PORT OF SEATTLE

ENTERPRISE FUND

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
(In thousands)

	2012	2011	2010
OPERATING REVENUES:			
Services	$ 195,816	$ 185,967	$ 174,562
Property rentals	312,739	295,331	284,898
Customer facility charges revenue	9,745		
Operating grant and contract revenues	3,406	1,874	3,119
Total operating revenues	521,706	483,172	462,579
OPERATING EXPENSES BEFORE DEPRECIATION:			
Operations and maintenance	222,535	195,200	188,678
Administration	53,018	50,293	44,837
Law enforcement	22,616	21,923	19,949
Total operating expenses before depreciation	298,169	267,416	253,464
NET OPERATING INCOME BEFORE DEPRECIATION	223,537	215,756	209,115
DEPRECIATION	167,279	158,107	160,775
OPERATING INCOME	56,258	57,649	48,340
NONOPERATING INCOME (EXPENSE):			
Ad valorem tax levy revenue	72,678	73,179	73,125
Passenger facility charges revenue	62,385	62,358	59,744
Customer facility charges revenue	20,577	23,669	23,243
Noncapital grants and donations	3,348	8,482	12,473
Fuel hydrant facility revenues	8,123	7,683	7,911
Investment income—net	8,172	18,884	13,096
Revenue and capital appreciation bond interest expense	(122,170)	(127,579)	(133,239)
Passenger facility charges revenue bond interest expense	(6,778)	(6,758)	(10,187)
General obligation bond interest expense	(14,447)	(15,774)	(17,463)
Public expense	(22,876)	(18,703)	(25,085)
Environmental expense—net	(14,358)	(4,335)	(22,730)
Other (expense) income—net	(25,749)	7,815	(7,276)
Total nonoperating (expense) income—net	(31,095)	28,921	(26,388)
INCOME BEFORE CAPITAL CONTRIBUTIONS	25,163	86,570	21,952
CAPITAL CONTRIBUTIONS	30,714	21,180	30,519
INCREASE IN NET POSITION	55,877	107,750	52,471
TOTAL NET POSITION:			
Beginning of year	2,912,124	2,804,374	2,751,903
End of year	$ 2,968,001	$ 2,912,124	$ 2,804,374

See notes to financial statements.

PORT OF SEATTLE

ENTERPRISE FUND

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
(In thousands)

	2012	2011	2010
OPERATING ACTIVITIES:			
Cash received from customers	$ 483,625	$ 500,013	$ 453,968
Customer facility charges receipts	9,745		
Cash paid to suppliers for goods and services	(115,092)	(119,736)	(112,170)
Cash paid to employees for salaries, wages and benefits	(171,886)	(155,511)	(151,925)
Operating grant and contract revenues	3,406	1,874	3,119
Other	(253)	(268)	(3,579)
Net cash provided by operating activities	209,545	226,372	189,413
NONCAPITAL AND RELATED FINANCING ACTIVITIES:			
Ad valorem tax levy receipts	72,805	73,313	73,213
Fuel hydrant facility revenues	8,123	7,683	7,911
Noncapital grant and contract revenues	3,348	9,119	12,087
Proceeds from assets held for sale	18,752		23,753
Proceeds from issuance and sale of GO bonds		30,002	
Interest payments on GO bonds	(805)	(622)	
Cash paid for environmental remediation liability	(9,124)	(10,267)	(9,112)
Public expense disbursements	(7,084)	(13,870)	(28,097)
Environmental recovery receipts	4,429	8,948	4,302
Net cash provided by noncapital and related financing activities	90,444	104,306	84,057
CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from issuance and sale of revenue bonds, GO bonds, capital appreciation bonds, PFC bonds and commercial paper	681,103	226,491	548,966
Proceeds used for refunding of revenue bonds, GO bonds and PFC bonds	(651,864)	(188,656)	(376,105)
Acquisition and construction of capital assets	(119,279)	(197,051)	(194,313)
Principal payments on revenue bonds, PFC bonds, GO bonds and commercial paper	(121,535)	(188,380)	(164,370)
Interest payments on revenue bonds, PFC bonds, GO bonds and commercial paper	(155,545)	(163,609)	(165,942)
Proceeds from sale of capital assets	366	167	981
Receipts from capital contributions	18,506	21,070	37,429
Passenger facility charges receipts	62,388	62,102	59,813
Customer facility charges receipts	20,235	23,359	23,221
Net cash used in capital and related financing activities	$ (265,625)	$ (404,507)	$ (230,320)

See notes to financial statements.

(Continued)

PORT OF SEATTLE

ENTERPRISE FUND

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
(In thousands)

	2012	2011	2010
INVESTING ACTIVITIES:			
Purchases of investment securities	$ (758,287)	$ (871,684)	$ (686,782)
Proceeds from sales and maturities of investments	641,026	992,120	674,621
Interest received on investments	9,574	14,118	21,049
Interest paid on securities lending		(5)	(46)
Interest income on securities lending		25	53
Cash collateral remittance of securities lending			(77,338)
Net cash (used in) provided by investing activities	(107,687)	134,574	(68,443)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(73,323)	60,745	(25,293)
CASH AND CASH EQUIVALENTS:			
Beginning of year	245,851	185,106	210,399
End of year	$ 172,528	$ 245,851	$ 185,106
RECONCILIATION OF OPERATING INCOME TO NET CASH			
Operating income	$ 56,258	$ 57,649	$ 48,340
Miscellaneous nonoperating expense	(253)	(268)	(3,579)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	167,279	158,107	160,775
Decrease (increase) in assets:			
Accounts receivable	2,388	(3,704)	(5,387)
Materials and supplies, prepayments and other	(5,158)	1,061	(75)
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	1,939	(7,955)	(8,025)
Payroll and taxes payable	3,228	2,657	(5,680)
Environmental remediation liability	2,488	(2,717)	5,975
Lease securities and customer advances	(18,662)	12,635	(3,276)
Other postemployment benefits obligation	38	8,907	345
Net cash provided by operating activities	$ 209,545	$ 226,372	$ 189,413
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Acquisition of capital assets through refunding Series 1999B and 1999C Special Facilities Revenue Bonds	$	$ 92,536	
Impairment loss on Eastside Rail Corridor	17,730		
Assets transferred to other governmental agencies as public expense	13,206		

See notes to financial statements.

(Concluded)

PORT OF SEATTLE

WAREHOUSEMEN'S PENSION TRUST FUND

STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2012 AND 2011
(In thousands)

	2012	2011
ASSETS:		
Cash and cash equivalents	$ 249	$ 349
Investments—fair value:		
Common stock	5,703	5,669
Corporate bonds	3,686	3,331
Other assets	158	158
Total assets	9,796	9,507
LIABILITIES:		
Accounts payable	4	4
NET POSITION—Held in trust for pension benefits and other purposes	$ 9,792	$ 9,503

See notes to financial statements.

PORT OF SEATTLE

WAREHOUSEMEN'S PENSION TRUST FUND

STATEMENTS OF CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
(In thousands)

	2012	2011	2010
ADDITIONS:			
Employer contributions	$ 1,500	$ 1,500	$ 1,500
Investment earnings:			
Interest			
Dividends	246	257	234
Net increase (decrease) in fair value of investments	820	(316)	835
Less investment expense	(45)	(40)	(15)
Net investment earnings (loss)	1,021	(99)	1,054
Total additions	2,521	1,401	2,554
DEDUCTIONS:			
Benefits	2,137	2,166	2,210
Administrative expenses	45	44	44
Professional fees	50	44	78
Total deductions	2,232	2,254	2,332
CHANGE IN NET POSITION	289	(853)	222
NET POSITION HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES:			
Beginning of year	9,503	10,356	10,134
End of year	$ 9,792	$ 9,503	$ 10,356

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization—The Port of Seattle (the "Port") is a municipal corporation organized on September 5, 1911, through enabling legislation by consent of the voters within the Port district. In 1942, the local governments in King County selected the Port to operate the Seattle-Tacoma International Airport (the "Airport"). The Port is considered a special purpose government with a separately elected commission of five members and is legally separate and fiscally independent of other state or local governments. The Port has no stockholders or equity holders. All revenues or other receipts must be disbursed in accordance with provisions of various statutes, applicable grants, and agreements with the holders of its bonds.

Reporting Entity—The Port reports the following funds: the Enterprise Fund accounts for all activities and operations of the Port except for the activities included within the Warehousemen's Pension Trust Fund.

The Enterprise Fund is used to account for operations and activities that are financed at least in part by fees or charges to external users. The Enterprise Fund comprises three operating divisions. The Aviation Division ("Aviation") serves the predominant air travel needs of a five-county area. The Airport has 13 United States flag passenger air carriers (including regional and commuter air carriers) and 11 foreign-flag passenger air carriers providing nonstop service from the Airport to 91 cities, including 19 foreign cities. The Seaport Division ("Seaport") focuses primarily on containerized cargo and passenger marine terminals as well as industrial property connected with maritime businesses. International containerized cargo arriving by ship is transferred to various modes of land transportation destined for other regions of the country. Domestic containerized cargo arriving by various modes of land transportation is transferred to outbound ships for distribution to other countries around the world. The Real Estate Division ("Real Estate") manages moorage facilities, leases commercial and industrial buildings/properties, and plans and facilitates the development of selected real estate assets. The Port has labor workforces subject to various collective bargaining agreements. These workforces support the operations and maintenance of the divisions.

The Warehousemen's Pension Trust Fund accounts for the assets of the employee benefit plan held by the Port in a trustee capacity. On May 25, 2004, the Port became the sole administrator for the Warehousemen's Pension Plan and Trust (the "Plan"). This plan was originally established to provide pension benefits for the employees at the Port's warehousing operations at Terminal 106. In late 2002, the Port terminated all warehousing operations following the departure of the principal customer who operated the facility. As of May 25, 2004, the Plan is a governmental plan maintained and operated solely by the Port.

For financial reporting purposes, component units are entities which are legally separate organizations for which the Port is financially accountable, and other organizations for which the nature and significance of their relationship with the Port are such that exclusion would cause the Port's financial statements to be misleading or incomplete. Based on these criteria, the following is considered as a component unit of the Port's reporting entity.

The Industrial Development Corporation ("IDC") is a blended component unit of the Port and is included within the accompanying financial statements. The IDC is a special purpose government with limited powers and governed by a Board of Directors, which is comprised of the same members as the Port Commission. The IDC has issued tax-exempt nonrecourse revenue bonds to finance industrial development for acquiring, constructing, and renovating transshipment and manufacturing facilities within the corporate boundaries of the Port. These revenue bonds are solely payable by and secured by revenues derived from the industrial development facilities funded by the revenue bonds and leased to the IDC. The Port has not recorded these obligations, or the related assets, on the accompanying financial statements of the Port, as the Port has no obligation for the outstanding bonds. A copy of the separate financial statements for IDC may be obtained at:

Port of Seattle
Pier 69
P.O. Box 1209
Seattle, WA 98111

Basis of Accounting—The Port is accounted for on a flow of economic resources measurement focus. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units using the accrual basis of accounting. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Port adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which requires the Port to follow the pronouncements of the GASB in its accounting and financial reporting. GASB Statement No. 62 supersedes previous guidance contained in GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities that Use Proprietary Funds Accounting.* The objective of GASB Statement No. 62 was not to change existing accounting guidance, rather it was to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The more significant of the Port's accounting policies are described below.

Operating and Nonoperating Revenues—Fees for services, rents, charges for the use of Port facilities, Airport landing fees, operating grants, a portion of the customer facility charges ("CFC"), and other revenues generated from operations are reported as operating revenue. Ad valorem tax levy revenues, nonoperating grants and contributions, passenger facility charges ("PFC"), the remaining portion of the CFCs, fuel hydrant facility revenues, and other revenues generated from nonoperating sources are classified as nonoperating revenues.

Operating and Nonoperating Expenses—Expenditures relate to the Port's principal ongoing operations are reported as operating expenses. Operating expenses include operations and maintenance expenses, administrative expenses and law enforcement expenses. All other expenses not meeting this definition are reported as nonoperating expenses. Nonoperating expenses include interest expenses, environmental expenses, and public expenses.

Nonexchange Transactions—GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, establishes uniform revenue and expense recognition criteria and financial reporting standards regarding when (i.e., in which fiscal year) to report the results of nonexchange transactions involving cash and other financial and capital resources. When the Port receives value without directly giving equal value in return, these transactions, which include taxes, intergovernmental grants, entitlements, other financial assistance, and nongovernmental contractual agreements are reported as revenue. When the Port gives value without directly receiving equal value in return, these transactions, which include expenses for district schools and infrastructure improvements to the State and region in conjunction with other agencies, are reported as public expense.

Use of Estimates—The preparation of the Port's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used to record environmental remediation liability, litigated and non-litigated loss contingencies, insurance recoveries, allowances for doubtful accounts, grants-in-aid receivables, arbitrage rebate liability, health care benefit claims liability, and other postemployment benefits obligation. Actual results could differ from those estimates.

Significant Risks and Uncertainties—The Port is subject to certain business and casualty risks that could have a material impact on future operations and financial performance. Business risks include economic conditions, collective bargaining disputes, security, litigation, Federal, State, and local government regulations, and changes in law. Casualty risks include natural or manmade events that may cause injury or other damages at Port facilities. The Port has a comprehensive risk management program that protects the Port against loss from various adverse casualty events to its property, operations, third-party liabilities, and employees. The Port carries excess commercial insurance to provide a financial means to recover from many of these potential events or losses. The excess commercial insurance coverage is above a self-insured retention that the Port maintains. The Port is a qualified workers compensation self-insurer in the State and administers its own workers compensation claims. Claims, litigation and other settlements have not exceeded the limits of available insurance coverage in any of the past three years, when insurance was applicable.

As of January 1, 2011, the majority of the Port sponsored health care plans were converted from fully insured to self-insured plans. Employees covered by these plans continue to pay a portion of the premiums for their coverage. The Port purchased a stop-loss insurance policy for the self-insured health care plan to limit the Port's individual claims liability up to $150,000 per year and to 125% of expected claims in aggregate. Health care benefit claims liabilities are not discounted to present value as nearly all health care claims are current in nature. The estimated liability is based upon actual claims that have been submitted and authorized for payment as well as actuarially determined claims incurred but not reported. The estimated liability is included in payroll and taxes payable on the Statement of Net Position.

The table below reflected the changes in the claims liabilities for the years ended December 31, 2012 and 2011 (in thousands). Claims payments made during the current year include associated incremental costs such as administration expenses and stop-loss insurance policy premiums. Non-incremental claims adjustment expenses were not included as part of the health care benefit claims liabilities. Employees' cost sharing portion of the health care plan and retirees' payments for participating in the Port's health care plan made during the current year are included as "Other" in the table below. Retirees' participation in the Port's health care plan is not implicitly or explicitly subsidized.

Years Ending December 31	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Other	Ending Balance
2012	$ 1,241	$ 11,740	$ (13,338)	$ 1,897	$ 1,540
2011		10,573	(11,309)	1,977	1,241

Investments and Cash Equivalents—All short-term investments with a maturity of three months or less at date of purchase are considered to be cash equivalents. Investments are carried at fair value plus accrued interest receivable. Fair values are determined based on quoted market rates. Gains or losses due to market valuation changes are recognized in the Statements of Revenues, Expenses, and Changes in Net Position.

Accounts Receivable and Allowance for Doubtful Accounts—Accounts receivable are recorded for invoices issued to customers in accordance with the contractual arrangements. Unbilled receivables are recorded when revenues are recognized upon service delivery and invoicing occurs at a later date. Finance charges and late fees are recognized on accounts receivable in accordance with contractual arrangements. Interest income on finance charges and late fees are minimal. The Port's policy defines delinquent receivable as 90 days or more past due. The allowance for doubtful accounts is based on specific identification of troubled accounts and delinquent receivables. Accrual of accounts receivable, related finance charges and late fees are suspended once the accounts receivable is sent to a third party collection agency, put in dispute, in litigation or the customer has filed for bankruptcy. Accounts receivable are written-off against the allowance when deemed uncollectible. Recoveries of receivables previously written-off are recorded when received.

Grants-in-Aid Receivable—The Port receives Federal and State grants-in-aid funds on a reimbursement basis for all divisions, mostly related to construction of Airport and Seaport facilities and other capital activities along with operating and nonoperating grants to perform enhancements in both Airport and Seaport security.

Materials and Supplies—Materials and supplies are recorded at the lower of cost or market. The Port's policy is to expense materials and supplies when used in operations and to capitalize amounts used in capital projects as construction work in progress.

Capital Assets—Capital assets are stated at cost, less accumulated depreciation. Costs applicable to noise damage remedies, together with the cost of litigation, in exchange for air rights are generally recorded as intangible capital assets. The Port's policy is to capitalize all asset additions equal to or greater than $20,000 and with an estimated life of three years or more. The Port capitalizes interest during construction until the asset is placed into service, based on average construction expenditures and average actual debt service rates for bond funded construction excluding externally restricted acquisition of specified qualified assets financed with grants or proceeds from tax-exempt debt. For tax-exempt debt externally restricted for the acquisition of specified qualifying assets, the Port capitalizes the difference between interest expense on debt and interest earnings on reinvested debt proceeds until the asset is placed into service. Depreciation is computed on a straight-line basis. Buildings and improvements are assigned lives of 30 to 50 years, equipment 3 to 20 years, and furniture and fixtures 5 to 10 years. The Port periodically reviews its long-lived assets for impairment. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly.

Ad Valorem Tax Levy—Ad valorem taxes received by the Port are utilized for the acquisition and construction of facilities, for the payment of principal and interest on GO bonds issued for the acquisition or construction of facilities, for contributions to regional freight mobility improvement, for environmental expenses, for certain operating expenses, and for public expenses. The Port includes ad valorem tax revenues and interest on GO bonds as nonoperating income in the Statements of Revenues, Expenses, and Changes in Net Position.

The King County ("County") Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually on January 1 on property values listed as of the prior year. The lien date is January 1. Assessed values are established by the County Assessor at 100% of fair market value. A re-evaluation of all property is required every two years.

Taxes are due in two equal installments on April 30 and October 31. Collections are distributed daily to the Port by the County Treasurer.

Payments in Lieu of Taxes—The Port, on behalf of the State of Washington, collects applicable leasehold taxes from its tenants. The taxes are a pass-through to the State and are, therefore, not reflected as an expense or revenue by the Port.

Airline Rates and Charges—Under the terms of the signatory airline lease and operating agreements ("SLOA") effective from January 1, 2006 through December 31, 2012, the Port sets airline rates and charges using a hybrid-compensatory methodology. Under SLOA, rates for the landing fee and terminal rents are set to recover the operating and capital costs for the airfield and the terminal cost centers, respectively. Some of the key provisions in this agreement include the following: cost recovery formulas permitting the Port to charge the airlines 100% of annual debt service allocated to the airlines (unless the Port determines in its sole discretion that a charge above 100% and up to 125% of annual airline debt service is necessary to maintain the total Airport revenue bond coverage at 1.25 times the sum of the annual debt service). The current SLOA expired on December 31, 2012 and is on holdover status. As a result, the Port is currently charging air carriers based on the rates effective in 2012 and is in negotiations/consultation with the airlines in efforts to reach a new agreement or adopt a rate resolution in the event negotiations fail.

Passenger Facility Charges—As determined by applicable Federal legislation, which are based upon passenger enplanements, PFC generate revenue to be expended by the Port for eligible capital projects and the payment of principal and interest on specific revenue bonds. PFC revenues received from the airlines, $4.50 per passenger, are recorded as nonoperating income in the Statements of Revenues, Expenses, and Changes in Net Position.

Customer Facility Charges—As determined by applicable State legislation, CFC generate revenue to be expended by the Port for eligible capital projects, the payment of principal and interest on specific revenue bonds related to rental car facilities at the Airport, and certain related operating expenses. The CFC was increased from $5.00 per transaction day to $6.00 per transaction day starting on February 1, 2012. A portion of the CFC revenues received from the rental car companies is recorded as operating revenue as it is associated with the operation of the RCF. The remaining portion of the CFC revenues is recorded as nonoperating income in the Statements of Revenues, Expenses, and Changes in Net Position.

Employee Benefits—Eligible Port employees accrue paid time off and extended illness leave on every straight-time hour paid. The paid time off accrual rates increase based on length of service. A stipulated maximum of paid time off leave may be accumulated by employees while there is no maximum limit to the amount of extended illness leave that can be accumulated. Terminated employees are entitled to be paid for unused paid time off and, under certain conditions, a portion of unused extended illness leave.

The Port also offers its eligible union and non-union employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 (the "457 Plan"). Employees are able to direct the 457 funds to any investment options available under the 457 Plan. The Port placed its deferred compensation plan assets in a separate trust as required under the Small Business Job Protection Act of 1996 and as such, the related assets and liabilities are not included in the Port's financial statements.

On an annual basis, the Port has the option of offering a 401(a) supplemental savings plan (the "401(a) Plan") for non-union employees. The 401(a) Plan establishes a 401(a) tax-deferred savings account for each eligible employee. The Port matches employee contributions to the 401(a) Plan dollar-for-dollar up to a fixed maximum of $2,200. This matching contribution increases with tenure. Employees are able to direct the 401(a) funds to any investment options available under the 401(a) Plan. The Port placed its supplemental savings plan assets in a separate trust as required under the Small Business Job Protection Act of 1996 and as such, the related assets and liabilities are not included in the Port's financial statements.

Environmental Remediation Liability—The Port's policy requires accrual of environmental remediation liability amounts when (a) one of the following specific obligating events is met and (b) the amount can be reasonably estimated. Obligating events include: imminent endangerment to the public; permit violation; named as party responsible for sharing costs; named in a lawsuit to compel participation in pollution remediation; or commenced or legally obligated to commence pollution remediation. Potential cost recoveries such as insurance proceeds, if any, are evaluated separately from the Port's environmental remediation liability. Costs incurred for environmental remediation liability are typically recorded as nonoperating environmental expenses unless the expenditures relate to the Port's principal ongoing operations, in which case they are recorded as operating expenses. Costs incurred for environmental remediation liability can be capitalized if they meet specific criteria. Capitalization criteria include: preparation of property in anticipation of a sale; preparation of property for use if the property was acquired with known or suspected pollution that was expected to be remediated; performance of pollution remediation that restores a pollution-caused decline in service utility that was recognized as an asset impairment; or acquisition of property, plant, and equipment that have a future alternative use not associated with pollution remediation efforts.

Debt Discount, Premium, and Issuance Costs—Debt discounts, premiums, and issuance costs relating to the issuance of bonds are amortized over the lives of the related bonds using the effective interest method.

Refunds of Debt—The difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

It is the Port's practice when bonds are defeased that the proceeds of the new bonds are placed in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not recorded in the financial statements. As of December 31, 2012, the amount required to be held in trust related to the 2012 refunding was $128,330,000. As of December 31, 2011, there was no outstanding balance carried in the trust related to refunding of debt.

Lease Securities—Under the terms of certain lease agreements, the Port requires or allows its customers or tenants to provide security to satisfy contractual obligations. The Port classifies these amounts as lease securities and included in current liability in the Statements of Net Position. The Port is allowed to draw from the lease securities in certain events as defined in these agreements, such as defaults or delinquencies in rent payment. The balance is determined by the lease terms and is recalculated according to the provisions of the agreements.

Net Position—Net position represents all assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources. The Port does not have any amount required to be reported as deferred outflows/inflows of resources as of December 31, 2012. Net position is displayed in the Statement of Net Position into the following categories:

- Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

- Restricted: Net position subject to externally imposed stipulations on their use.

- Unrestricted: All remaining net position that do not meet the definition of "net investment in capital assets" or "restricted."

When both restricted and unrestricted resources are available for the same purpose, restricted net position are considered to be used first over unrestricted net position.

Recently Issued Accounting Pronouncements—In November 2010, the GASB issued Statement No, 60, *Accounting and Financial Reporting for Service Concession Arrangements.* This statement improves financial reporting by establishing recognition, measurement, and disclosure requirements for service concession arrangements ("SCA") for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner. This statement is effective for periods beginning after December 15, 2011; retrospective application is required for all prior periods presented. The Port has adopted this new pronouncement in the current year and the Port currently does not have any SCAs. As such, the adoption of this statement does not have any effect on the Port's financial statements.

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statement No. 14 and No. 34*, which improves guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. This statement also amends the criteria for reporting component units as if they were part of the primary government (i.e., blending) in certain circumstances. This statement also clarifies the reporting of equity interests in legally separate organizations. This statement is effective for periods beginning after June 15, 2012. The Port is currently evaluating the impact of the adoption of this standard on its financial statements.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The requirements in this statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. It will eliminate the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments, thereby resulting in a more consistent application of applicable guidance in financial statements of state and local governments. This statement is effective for periods beginning after December 15, 2011. The Port has adopted this new pronouncement in the current year and the adoption of this statement does not have a material effect on the Port's financial statements.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* which provides guidance on financial reporting of deferred inflows and outflows of resources. Under this statement, entities report deferred outflows and inflows of resources separately from assets and liabilities in a new statement of position format. This statement also amends GASB Statement No. 34 and other existing standards to reflect the residual measure in the statement of financial position as net position, rather than net assets. This statement is effective for periods beginning after December 15, 2011. The Port has adopted this new pronouncement in the current year and the Port does not have any amount required to be reported as deferred outflows/inflows of resources as of December 31, 2012. As such, the adoption of this statement does not have a material effect on the Port's financial statements.

In June 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions.* The objective of this statement is to improve financial reporting for state and local governments by clarifying whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement is effective for periods beginning after June 15, 2011. The Port has adopted this new pronouncement in the current year and the Port currently does not perform hedging transactions. As such, the adoption of this statement does not have any effect on the Port's financial statements.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities.* This statement establishes accounting and financial reporting standards that reclassify and recognizes, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement No. 4, *Elements of Financial Statements*. This statement is effective for periods beginning after December 15, 2012. The Port is currently evaluating the impact of the adoption of this standard on its financial statements.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62.* This statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement No. 54 and Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.* This statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases,* and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues,* respectively. This statement is effective for periods beginning after December 15, 2012. The Port is currently evaluating the impact of the adoption of this standard on its financial statements.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25.* This statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* and Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. This statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. This statement enhances note disclosures and required supplementary information (RSI) for both defined benefit and defined contribution pension plans. This statement also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. This statement is effective for periods beginning after June 15, 2013. The Port is currently evaluating the impact of the adoption of this standard on its financial statements.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.* This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 50, *Pension Disclosures.* This statement revises and establishes new financial reporting requirements for governments participating in single-employer and multiple-employer defined benefit pension plans, cost-sharing plans and defined contribution plans. This statement requires governments providing defined benefit pensions to recognize its long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This includes changes in the methods and assumptions used to project pension payments, discount projected payments to their present values and attribute those present values to periods of employee service. The statement also enhances accountability and transparency through revised and new note disclosures and RSI. This statement is effective for periods beginning after June 15, 2014. The Port is currently evaluating the impact of the adoption of this standard on its financial statements.

Reclassifications and Presentation—The Port recorded the following two prior year reclassifications to properly report balances related to asset held for sale and capital appreciation bonds and to conform with the current year presentations. Such reclassifications did not affect the total increase in net position or total assets or total liabilities.

The Port reported a utility easement of the Eastside Rail Corridor as a capital asset in 2011 as one of the initial regional agencies, Cascade Water Alliance, did not proceed with the purchase as originally planned. However, as the utility easement was part of the real property to be sold to one of the remaining regional agencies, King County, in 2013, the Port reclassified $10,000,000 of the utility easement as an asset held for sale from capital assets as of December 31, 2011.

The Port issued Taxable Capital Appreciation Revenue Bonds in 2009 which is a deep-discount debt or zero coupon debt, i.e. an obligation with no stated rate of interest. Prior to the change of classification, the Port recorded the ultimate accreted value of $83,600,000 as long-term debt, and the deep discount as unamortized bond discounts—net of amortization. To reflect the substance of the deep discount debt that the accretion otherwise would have taken the form of scheduled interest payments, the Port changed its presentation of capital appreciation bonds to a net basis, specifically the initial proceeds of the capital appreciation bonds, $22,000,000, was reported as long-term debt and the accretion on the bonds was reported as noncurrent bond interest payables. The reclassification reduces the long-term debt by $61,600,000 and increases the unamortized bond discounts—net of amortization by $57,293,000 and noncurrent bond interest payable of $4,307,000 as of December 31, 2011.

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Deposits—All deposits are either covered by the Federal Deposit Insurance Corporation (“FDIC”) or the Public Deposit Protection Commission of the State of Washington (“PDPC”). The PDPC is a statutory authority under Chapter 39.58 RCW. It constitutes a multiple financial institution collateral pool that can make pro rata assessments from all qualified public depositaries within the State. Per State statute, all public deposits in the State are either 100% collateralized or insured. Therefore, in accordance with GASB, *Codification of Governmental Accounting and Financial Reporting Standards*, Section 150.110, PDPC protection is of the nature of collateral, not of insurance. Pledged securities under the PDPC collateral pool are held under the control of the PDPC for the protection of the pool.

Investments—Statutes authorize the Port to invest in savings or time accounts in designated qualified public depositaries or in certificates, notes, or bonds of the United States. The Port is also authorized to invest in other obligations of the United States or its agencies or of any corporation wholly owned by the government of the United States. Statutes also authorize the Port to invest in banker’s acceptances purchased on the secondary market, in Federal Home Loan Bank notes and bonds, Federal Farm Credit Bank consolidated notes and bonds, Federal Home Loan Mortgage Corporation bonds and notes, and Federal National Mortgage Association notes, bonds, debentures and guaranteed certificates of participation or the obligations of any other government-sponsored corporation whose obligations are or may become eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve System. The Port can also invest in commercial paper within the policies established by the State Investment Board, certificates of deposit with qualified public depositories, local and state general obligations, and revenue bonds issued by Washington State governments that are rated at least “A” by a nationally recognized rating agency. Additionally, the following mortgage backed securities of these agencies are allowed for purchase including: (1) collateralized mortgage pools having a stated final maturity not exceeding the maturity limits of the Port’s investment policy, and (2) planned amortization and sequential pay classes of collateralized mortgage obligations collateralized by 15-year agency-issued pooled mortgage securities and having a stated final maturity not exceeding the maturity limits of the Port’s investment policy.

The Port’s investment policy limits the maximum maturity of any security purchased to ten years. The Port’s investment policy allows for 100% of the portfolio to be invested in United States Treasury bills, certificates, notes, and bonds. The Port’s investment policy limits government agency securities to 60%, agency mortgage-backed securities to 10%, certificates of deposit to 15% but no more than 5% per issuer, banker’s acceptances to 20% but no more than 5% per bank, commercial paper to 20% but no more than 3% per issuer, overnight repurchase agreements to 15%, term only repurchase agreements to 25%, reverse repurchase agreements to 5% and agency discount notes to 20% of the portfolio. Banker’s acceptances can only be purchased on the secondary market and are limited to the largest 50 world banks listed each July in the American Banker. These banks must meet tier one and tier two capital standards. Commercial paper must be rated no lower than A1/P1 and meet Washington State Investment Board Guidelines. The Port’s investment policy was amended on June 5, 2012. The changes approved by the Commission and adopted in 2012 were minor. The three main changes adopted were (1) allowing the Port to enter into repurchase agreements with those security dealers and financial institutions on the Port’s approved list; versus only Primary Government Bond Dealers, (2) extending the collateral maturity for repurchase agreements to 10 years consistent with the maximum maturity of securities authorized for purchase, and (3) establishing a percentage limit for municipal securities to 20% of the portfolio as well as limiting each issuer to 5% of the portfolio. Prior to this change there were no limitations on municipal securities.

The Port’s investment policy allows entering into repurchase and reverse repurchase agreements with maturities of 60 days or less. The Port’s investment policy requires that securities underlying repurchase agreements must have a market value of at least 102% of the cost of the repurchase agreement with investment terms of less than 30 days, and 105% for terms longer than 30 days, but not to exceed 60 days. Collateral must be “marked to market” on a daily basis. For reverse repurchase agreements, when used for yield enhancement rather than cash management purposes, only “matched book” transactions will be utilized. This means that the maturity date of the acquired security is identical to the end date of the reverse repurchase transaction. Reverse repurchase agreements will only be executed with Primary Government Bond Dealers.

As of December 31, 2012 and 2011, restricted investments—bond funds and other were $331,910,000 and $320,608,000, respectively, which generally represents unspent bond proceeds designated for capital improvements to the Port's facilities, including capitalized interest, and satisfying debt service reserve fund requirement, along with cash receipts from PFCs, CFCs and security fund liability.

The tables below identify the type of investments, concentration of investments in any one issuer, and maturities of the Port Investment Pool as of December 31, 2012 and 2011 (in thousands). These tables do not address investments of debt proceeds held by bond trustees. As of December 31, 2012 and 2011, the Port's investment pool had 17.4% and 26.4% of the portfolio, respectively, invested in repurchase agreements collateralized with securities 100% backed by the full faith and credit of the United States Government and the remainder of the pool invested in "AAA" rated agency and treasury securities.

		Maturities (in Years)			Percentage
Investment Type	**Fair Value**	**Less Than 1**	**1–3**	**More Than 3**	**of Total Portfolio**
2012					
Repurchase Agreements *	$ 165,811	$ 165,811	$	$	17.4%
Federal Agencies Securities:					
Federal Farm Credit Banks	54,936		30,006	24,930	5.8
Federal Home Loan Bank	30,020		30,020		3.2
Federal Home Loan Mortgage Corporation	134,668		90,202	44,466	14.2
Federal National Mortgage Association	280,176	10,027		270,149	29.4
United States Treasury Notes	285,524	55,093	230,431		30.0
Total Portfolio	$ 951,135	$ 230,931	$ 380,659	$ 339,545	100.0 %
Accrued interest receivable	1,744				
Total cash, cash equivalents and investments	$ 952,879				
Percentage of Total Portfolio	100.0 %	24.3 %	40.0 %	35.7 %	
2011					
Repurchase Agreements *	$ 239,410	$ 239,410	$	$	26.4%
Federal Agencies Securities:					
Federal Farm Credit Banks	95,313			95,313	10.5
Federal Home Loan Bank	70,113		20,009	50,104	7.7
Federal Home Loan Mortgage Corporation	104,098		50,170	53,928	11.5
Federal National Mortgage Association	192,536		10,386	182,150	21.2
United States Treasury Notes	206,356	105,659	100,697		22.7
Total Portfolio	$ 907,826	$ 345,069	$ 181,262	$ 381,495	100.0 %
Accrued interest receivable	2,651				
Total cash, cash equivalents and investments	$ 910,477				
Percentage of Total Portfolio	100.0 %	38.0 %	20.0 %	42.0 %	

* Includes cash and cash equivalents balances.

Investment Authorized by Debt Agreements—Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements and subject to compliance with State law. During May 2003, the Port issued Fuel Hydrant Special Facility Revenue bonds in the amount of $121,140,000 to pay for all or a portion of the costs of the acquisition, design, and construction by the Port of jet aircraft fuel storage and delivery facilities at the Airport. The fuel hydrant facility financing is administered by Wells Fargo Bank Northwest, National Association ("Trustee").

The tables below identify the type of investments, concentration of investments in any one issuer, and maturities of the Fuel Hydrant Investment Pool as of December 31, 2012 and 2011 (in thousands). As of December 31, 2012 and 2011, 38.5% and 39.6% respectively, of the Fuel Hydrant Investment Pool was invested in United States Treasury Notes and "AAA" rated government agency securities, respectively. The remaining amount was invested in 2a7 qualified Wells Fargo Government Institutional Money Market Fund with maturity limits no longer than 13 months. The Wells Fargo Government Institutional Money Market Fund holds securities authorized by the statutes, which means at least 80% of the investments are invested in United States Government obligations, including repurchase agreements collateralized by United States Government obligations. The remainder of the Wells Fargo Government Institutional Money Market Fund was invested in high-quality short-term money market instruments.

		Maturities (in Years)			Percentage
Investment Type	**Fair Value**	**Less Than 1**	**1–3**	**More Than 3**	**of Total Portfolio**
2012					
Wells Fargo Government Institutional Money Market Funds	$ 6,717	$ 6,717	$	$	61.5 %
Federal Agencies Securities: Federal Farm Credit Banks					
United States Treasury Notes	4,198			4,198	38.5
Total Portfolio	$ 10,915	$ 6,717	$	$ 4,198	100.0 %
Accrued interest receivable	34				
Total cash, cash equivalents and investments	$ 10,949				
Percentage of Total Portfolio	100.0 %	61.5 %	%	38.5 %	
2011					
Wells Fargo Government Institutional Money Market Funds	$ 6,441	$ 6,441	$	$	60.4 %
United States Treasury Notes	4,220			4,220	39.6
Total Portfolio	$ 10,661	$ 6,441	$	$ 4,220	100.0 %
Accrued interest receivable	34				
Total cash, cash equivalents and investments	$ 10,695				
Percentage of Total Portfolio	100.0 %	60.4 %	%	39.6 %	

Interest Rate Risk—Interest rate risk is the risk that an investment's fair value decreases as market interest rate increases. Through its investment policy, the Port manages its exposure to fair value losses arising from increasing interest rates by setting maturity and duration limits for the Port's Investment Pool. The portfolio is managed similar to a short-term fixed income fund. The "modified" duration of the portfolio, by policy, has a 2.0 target plus or minus 50 basis points (2.0 is an approximate average life of 27 months). For 2012 and 2011, the "modified duration" of the portfolio ranged from 2.0–2.5. Securities in the portfolio cannot have a maturity longer than ten years. As of

December 31, 2012 and 2011, the “effective” duration of the Port’s Investment Pool portfolio was approximately 1.0 and 0.7, respectively.

The proceeds from the Fuel Hydrant bonds are held by the Trustee to make semiannual debt service payments, to satisfy the debt service reserve fund requirement and to pay other fees associated with the bonds, including the Trustee fee. As of December 31, 2012 and 2011, the effective duration of the Fuel Hydrant Investment Pool was 1.2 and 1.5, respectively.

Custodial Credit Risk—Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Port will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. By the Port’s policy, all security transactions, including repurchase agreements, are settled “delivery versus payment”. This means that payment is made simultaneously with the receipt of the security. These securities are delivered to the Port’s safekeeping bank.

As of December 31, 2012 and 2011, the bank balance of $6,717,000 and $6,441,000, respectively, in the Fuel Hydrant Investment Pool was invested in the Wells Fargo Government Institutional Money Market Fund, was uninsured, and was registered in the name of the Trustee.

Securities Lending—State statutes permit the Port to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Port, which has contracted with a lending agent to lend securities owned by the Port, earns a fee for this activity. The lending agent lends securities and receives collateral, which can only be in the form of cash. The collateral, which must be valued at 102% of the fair value of the loaned securities, is priced daily and, if necessary action is taken to maintain the collateralization level at 102%. The cash is invested by the lending agent in securities, which comply with the Port’s investment policy. The Port’s investment parameters for the lending agent are more restrictive allowing the lending agent to reinvest in treasury or agency securities only. The securities underlying the cash collateral are held by the Port’s custodian. Since the securities lending agreements are terminable at will, their duration do not generally match the duration of the investments made with the cash collateral. There are no restrictions on the amount of securities that can be lent. The Port investment policy requires that any securities on loan be made available by the lending agent for next day liquidity at the option of the Port.

The Port reports securities lent (the underlying securities) as assets in the Statement of Net Position. Cash received as collateral on securities lending transactions and investments made with that cash are reported as assets. Cash collateral received resulting from these transactions is reported as liability in the Statement of Net Position.

No securities were lent as of December 31, 2012 and 2011, therefore, no cash received as collateral on securities lending is reported as an asset and liability in the Statement of Net Position as of December 31, 2012 and 2011.

During the fiscal year of 2012 and 2011, the Port had no credit risk exposure to borrowers because the amounts owed to the borrowers exceeded the amounts the borrowers owed the Port. Furthermore, the contract with the lending agent requires them to indemnify the Port, if the borrowers fail to return the securities (and if collateral is inadequate to replace the securities lent) or if the borrower fails to pay the Port for income distribution by the securities’ issuers while the securities are on loan. There were no violations of legal or contractual provisions, nor any losses resulting from default of a borrower or lending agent during 2012 and 2011.

3. CAPITAL ASSETS

Capital assets consist of the following at December 31, 2012 and 2011 (in thousands):

	Beginning of Year	Additions	Retirements	End of Year
2012				
Capital assets, not being depreciated:				
Land and air rights	$ 2,005,740	$ 13,186	$ (7,731)	$ 2,011,195
Art collections and others	8,123	919		9,042
Total capital assets not being depreciated	2,013,863	14,105	(7,731)	2,020,237
Capital assets being depreciated:				
Facilities and improvements	4,398,992	387,294	(50,640)	4,735,646
Equipment, furniture, and fixtures	379,739	69,710	(12,771)	436,678
Total capital assets being depreciated	4,778,731	457,004	(63,411)	5,172,324
Total capital assets	6,792,594	471,109	(71,142)	7,192,561
Less accumulated depreciation for:				
Facilities and improvements	(1,407,937)	(140,816)	41,911	(1,506,842)
Equipment, furniture, and fixtures	(234,994)	(26,463)	12,393	(249,064)
Total accumulated depreciation	(1,642,931)	(167,279)	54,304	(1,755,906)
Construction work in progress	449,401	127,102	(470,243)	106,260
Total capital assets—net	$ 5,599,064	$ 430,932	$ (487,081)	$ 5,542,915
2011				
Capital assets, not being depreciated:				
Land and air rights	$ 1,948,502	$ 61,891	$ (4,653)	$ 2,005,740
Art collections and others	7,651	477	(5)	8,123
Total capital assets not being depreciated	1,956,153	62,368	(4,658)	2,013,863
Capital assets being depreciated:				
Facilities and improvements	4,317,042	97,577	(15,627)	4,398,992
Equipment, furniture, and fixtures	358,398	32,496	(11,155)	379,739
Total capital assets being depreciated	4,675,440	130,073	(26,782)	4,778,731
Total capital assets	6,631,593	192,441	(31,440)	6,792,594
Less accumulated depreciation for:				
Facilities and improvements	(1,284,614)	(135,027)	11,704	(1,407,937)
Equipment, furniture, and fixtures	(222,691)	(23,080)	10,777	(234,994)
Total accumulated depreciation	(1,507,305)	(158,107)	22,481	(1,642,931)
Construction work in progress	339,413	212,386	(102,398)	449,401
Total capital assets—net	$ 5,463,701	$ 246,720	$ (111,357)	$ 5,599,064

For the year ended December 31, 2012 and 2011, losses of $26,902,000 and gains of $1,301,000 were recorded in nonoperating other expense—net, respectively, related to demolition costs, impairments, and asset sales. For the Aviation Division, $6,986,000 and $4,174,000 related to losses from demolition and sale of capital assets in 2012 and 2011, respectively. Most of the losses in 2012 and 2011 related to capital assets placed out of service as identified by the Port during its cyclical physical inventory and replacement of Airport facilities. For the Seaport Division, losses of $1,618,000 and gains of $6,162,000 were related to asset sales and demolition in 2012 and 2011, respectively. In 2012, the Seaport Division recognized a loss of $494,000 as a result of replacement of approximately two hundred timber fender piles located at Terminal 18. In 2012, the Real Estate Division recognized losses of $17,999,000, primarily from an impairment loss of the Eastside Rail Corridor of $17,730,000 and a loss of $426,000 from the land swap with Burlington Northern Santa Fe ("BNSF") Railway at Terminal 5. In 2011, losses of $623,000 were related to demolition costs.

The Port completed its acquisition of the 42 mile Eastside Rail Corridor (the "Corridor") from BNSF Railway in December 2009, as a key first step to preserve it in public ownership. To maximize the Corridor's benefit to the entire region, the Port partnered with several local regional agencies to share the purchase and public ownership of this real property subject to a Memorandum of Understanding dated November 5th, 2009.

The original plan of sale of the Corridor was extended beyond 2012 due to the number of regional agencies involved in the interest of public ownership of this real property. During 2010, a segment of the Corridor was sold to the City of Redmond for $10,000,000 and an easement was sold to Puget Sound Energy for $13,753,000. During 2012, a segment of the Corridor along with a transportation easement was sold to Sound Transit for $13,752,000 and another segment was sold to City of Kirkland for $5,000,000. In February 2013, the remaining segment of the Corridor along with an easement was sold to King County for $13,897,000, net of the $1,903,000 paid by King County in 2009 for a multipurpose easement. Per the Purchase and Sales Agreement, King County paid the Port $1,449,000 in February 2013, upon closing. The remaining outstanding purchase price is due to the Port within three years from closing date and King County will pay the Port interest on the outstanding purchase price at 2.83% compounded annually or conveyance of equivalent value of surplus property or properties to the Port in lieu of cash payment of the outstanding purchase price. No gain or loss was recorded on these sales.

The Corridor was recorded as an asset held for sale and its value was measured at the lower of its carrying amount or fair value less costs to sell. Since its acquisition in 2009, there was no active market for this real property. Thus, its fair value remained essentially the same as its carrying amount. As of December 31, 2012, the carrying amount of the Corridor was $31,627,000. Through the sale to King County in February 2013 for $13,897,000, a fair value is established. As the fair value is lesser than the carrying amount, the Port recognized an impairment loss of $17,730,000 on this property in the year ending December 31, 2012.

The Port agreed to sell cranes, No. 65, 67, 80, 81 and 82 to Total Terminals, Inc., the current tenant at Terminal 46, in accordance with the provision stated in the Thirteenth Amendment entered with this tenant in December 2012. The Thirteenth Amendment extended the current lease termination date from December 31, 2015 to December 31, 2025. The Port estimates a $10,106,000 loss that will be reported on the sale of these capital assets in 2013 along with any associated sales tax.

4. ACCOUNTING FOR LEASES

The Port enters into operating leases with tenants for the use of properties at various locations, including Seaport Division terminal land, facilities, and equipment; Aviation Division space and land rentals with minimum annual guarantees; and Real Estate Division commercial and industrial properties, industrial fishing terminals as well as recreational marinas. As the leased properties involved are in part used by internal Port operations, it is not reasonably determinable to segregate the value of the assets associated with producing minimum rental income from the value of the assets associated with an entire facility. For the years ended December 31, 2012, 2011 and 2010, the Port recognized contingent rent of $272,083,000, $285,589,000 and $279,062,000, respectively. Under certain lease agreements, contingent rent, primarily concessions, provide for an additional payment to the Port beyond the fixed portion, based on tenant's operation, including but not limited to usage, revenues, or volumes.

Minimum future rental income on noncancelable operating leases on Seaport terminals, Airport facilities and Real Estate properties are as follows (in thousands):

Years Ending December 31		
2013	$	130,775
2014		115,661
2015		112,119
2016		112,812
2017		110,477
Thereafter		1,578,230
Total	$	2,160,074

Effective June 2003, the Port entered into a lease agreement with SeaTac Fuel Facilities LLC in a fuel system lease whereby the members are some of the commercial air carriers currently operating at the Airport. The lessee payments of facilities rent are made directly to a trustee in the amounts and at the times required to pay the principal and premium, if any, and interest on the Special Facility Revenue bonds issued to pay for all or a portion of the costs of the acquisition, design, and construction by the Port of jet aircraft fuel storage and delivery facilities at the Airport. The fuel system is intended to be the exclusive system for storage and delivery to commercial air carriers of jet aircraft fuel at the Airport. The lease, which represents an unconditional obligation of the lessee, extends until the later of July 31, 2033, or the repayment of the bonds. SeaTac Fuel Facilities LLC was created by the consortium of airlines operating at the Airport for the purpose of entering the lease and managing the fuel hydrant system. The future rental income is based on debt service requirements which are as follows: $7,994,000 for 2013, $7,996,000 for 2014, $7,995,000 for 2015, $7,995,000 for 2016, $7,995,000 for 2017 and $119,164,000 for the years thereafter; these amounts are not included in the schedule above. All special facility lease revenues are restricted and are to be used solely for debt service on the bonds and not for Port operations.

5. LONG-TERM DEBT

The Port's long-term debt consists primarily of tax-exempt bonds. The majority of the Port's outstanding bonds are revenue bonds, which are secured by a pledge of net operating revenues of the Port. PFC revenue bonds are secured by a lien pledge of the revenues generated from the PFCs imposed by the Airport. The GO bonds and interest thereon are payable from ad valorem taxes. In connection with the issuance of the bonds, the Port agreed to certain covenants as defined in the resolutions. Outstanding long-term debt as of December 31, 2012, consists of the following (in thousands):

Bond Type (by Bond Issue)	Coupon Rates (%)	Maturity Dates	Beginning Balance	Principal Payments and Refundings	Issuance	Ending Balance
Revenue bonds:						
First lien:						
Series 2000 B	6.0	2013–2015	$ 38,655	$ 8,815	$	$ 29,840
Series 2001 A	5.0	2012	176,105	176,105		
Series 2001 B	5.5	2012	198,000	198,000		
Series 2001 C	5.5–5.625	2012	12,205	12,205		
Series 2001 D	5.75	2012	35,980	35,980		
Series 2003 A	5.25	2019–2021	173,085	136,485		36,600
Series 2003 B	4.25–5.5	2013–2029	146,900			146,900
Series 2004	5.3–5.75	2013–2017	12,740	3,110		9,630
Series 2007 A	3.75–5.0	2016–2019	27,880			27,880
Series 2007 B	3.85–5.0	2013–2032	182,160	5,895		176,265
Series 2009 A	5.25	2027–2028	20,705			20,705
Series 2009 B-1	5.74–7.0	2019–2036	274,255			274,255
Series 2009 B-2	0 **	2025–2031	22,000			22,000
Series 2011 A	3.0–5.0	2013–2017	11,380	1,680		9,700
Series 2011 B	2.5–5.0	2013–2026	97,190	2,700		94,490
Total			1,429,240	580,975		848,265
Intermediate lien:						
Series 2005 A	5.0–5.25	2013–2035	369,440	11,600		357,840
Series 2005 C	5.0	2013–2017	27,425	4,470		22,955
Series 2006	4.75–5.0	2025–2030	124,625			124,625
Series 2010 A	3.0–5.0	2013–2017	23,030	6,380		16,650
Series 2010 B	4.0–5.0	2014–2040	221,315			221,315
Series 2010 C	4.0–5.0	2013–2024	127,820	275		127,545
Series 2012 A	3.0–5.0	2015–2033			342,555	342,555
Series 2012 B	3.0–5.0	2013–2024		4,550	189,315	184,765
Series 2012 C	0.883–2.062	2013–2017		1,555	80,270	78,715
Total			893,655	28,830	612,140	1,476,965
Subordinate lien:						
Series 1997	0.16 *	2022	108,830			108,830
Series 1999 A	5.5	2016–2020	121,840	65,585		56,255
Series 1999 B	5.5	2012	49,215	49,215		
Series 2008	0.16 *	2033	200,715			200,715
Commercial paper	0.26–0.35	2013	42,655			42,655
Total			523,255	114,800		408,455
Revenue bond totals			$ 2,846,150	$ 724,605	$ 612,140	$ 2,733,685

* Variable interest rates as of December 31, 2012.

** Capital Appreciation Bonds have a zero coupon rate. The approximate maximum yield to maturity is 7.4%.

(Continued)

Bond Type (by Bond Issue)	Coupon Rates (%)	Maturity Dates	Beginning Balance	Principal Payments and Refundings	Issuance	Ending Balance
General obligation bonds:						
Series 2004 A	4.5–5.0	2021–2023	$ 32,510	$	$	$ 32,510
Series 2004 B	4.5–5.25	2013–2021	85,475	7,375		78,100
Series 2004 C	5.0–5.25	2013–2019	55,965	12,735		43,230
Series 2006	4.0–5.0	2013–2029	61,280	365		60,915
Series 2011	4.0–5.75	2013–2025	70,675	3,640		67,035
Series 2011 (Taxable)	2.254–3.068	2014–2015	30,215			30,215
Total			336,120	24,115		312,005
Passenger facility charge revenue bonds:						
Series 1998 A	5.5	2019	31,020			31,020
Series 2010 A	5.0	2017–2023	79,770			79,770
Series 2010 B	5.0	2013–2016	56,605	10,245		46,360
Total			167,395	10,245		157,150
Fuel hydrant special facility bonds	4.5–5.5	2013–2033	102,885	2,710		100,175
Bond totals			3,452,550	761,675	612,140	3,303,015
Unamortized bond discounts–net of amortization			53,737			97,942
Total debt			3,506,287			3,400,957
Less current maturities of long-term debt			(161,940)			(170,890)
Long-term debt			$ 3,344,347			$ 3,230,067

(Concluded)

During March 2012, the Port issued $612,140,000 in Series 2012ABC Intermediate Lien Revenue Refunding Bonds. Series 2012A, $342,555,000, was used to partially refund the Series 1999A Subordinate Lien Revenue Bonds and the Series 2003A First Lien Revenue Bonds, and fully refund the Series 2001A First Lien Revenue Bonds. Series 2012B, $189,315,000, was used to partially refund the Series 2001B and fully refund the Series 2001C First Lien Revenue Bonds. Series 2012C, $80,270,000, was used to partially refund the Series 1999B Subordinate Lien Revenue Bonds and the Series 2001D First Lien Revenue Bonds. A portion of each bond series was also used to pay the costs of issuing the bonds and to contribute to the Intermediate Lien Reserve Account. The bonds have coupon rates ranging from 0.4% to 5.0% with maturities ranging from 2012 to 2033. The interest on the Series 2012AB Intermediate Lien Bonds is payable on February 1 and August 1 of each year, commencing on August 1, 2012, and the interest on the Series 2012C is payable on May 1 and November 1 of each year, commencing on November 1, 2012. The Series 2012ABC Bonds are subject to optional redemption prior to their scheduled maturities. The economic gain resulting from the refunding transaction was $83,284,000, while the Port also decreased its aggregate debt service payments by $99,763,000 over the life of the bonds.

During December 2011, the Port issued $108,570,000 in Series 2011AB Revenue Refunding Bonds. Series 2011A, $11,380,000, fully refunded the Series 1998 Subordinate Lien Revenue Refunding Bonds, while Series 2011B, $97,190,000, fully refunded the Series 1999B and 1999C Special Facility Revenue Bonds (Terminal 18 Project), conduit debt obligation. A portion of each bond series was used to make a deposit to the First Lien Common Reserve Fund, and to pay the costs of issuing the bonds. The bonds have coupon rates ranging from 2.0% to 5.0% with maturities ranging from 2012 to 2026. The interest on the Series 2011AB Revenue Refunding Bonds is payable on March 1 and September 1 of each year, commencing March 1, 2012. Series 2011A

Bonds are not subject to redemption prior to maturity. Certain maturities of Series 2011B Bonds are subject to optional redemption prior to their scheduled maturities. The economic gain resulting from the refunding transaction for the 2011A Bonds was $1,149,000, while the Port also decreased its aggregate debt service payments by $1,240,000 over the life of the bonds.

During February 2011, the Port issued $30,215,000 Limited Tax GO Bonds, and $74,000,000 Limited Tax GO Refunding Bonds for the purposes of replenishing a portion of the funds expended for the acquisition of Eastside Rail Corridor in 2009, to fully refund Series 2000B GO Bonds, and to pay the costs of issuing the bonds. The bonds have coupon rates ranging from 2.254% to 5.75% with maturities ranging from 2011 to 2025. The interest on the bonds is payable on June 1 and December 1 of each year, commencing June 1, 2011. The Limited Tax GO bonds are subject to optional redemption prior to their scheduled maturities, and certain maturities of the Limited Tax GO Refunding bonds are subject to optional redemption prior to their scheduled maturities. The economic gain resulting from the refunding transaction was $7,557,000, while the Port also decreased its aggregate debt service payments by $11,131,000 over the life of the bonds.

During July 2009, the Port issued $22,000,000 in Series 2009B-2 Taxable Capital Appreciation Revenue Bonds. Interest on the 2009B-2 Bonds is compounded semiannually, but is payable only upon maturity. As of December 31, 2012 and 2011, the accreted value of the Series 2009B-2 Taxable Capital Appreciation Revenue Bonds was $28,290,000 and $26,307,000, respectively, and the ultimate accreted value of $83,600,000 will be reached at maturities between 2025 and 2031.

During May 2003, the Port issued Fuel Hydrant Special Facility Revenue bonds in the amount of $121,140,000 to pay for all or a portion of the costs of the acquisition, design, and construction by the Port of jet aircraft fuel storage and delivery facilities at the Airport. The Port undertook the development of the fuel system to lower the cost of fuel service at the Airport, improve Airport safety by reducing the need for fuel trucks to operate on the airfield, and address environmental concerns created by the current fuel system. The fuel facility is leased for 40 years (including two five-year option periods) to SeaTac Fuel Facilities LLC (“Lessee”), a limited liability company formed by a consortium of airlines for the purpose of providing jet fuel storage and distribution at the Airport. The Port owns the system and the Lessee will oversee day-to-day management. The Lessee is obligated to collect the fuel system fees and to make monthly rent payments including a base rent for the land to the Port and facilities rent to Wells Fargo Bank Northwest, National Association (“Trustee”). Facilities rent is established at an amount sufficient to pay monthly debt service, replenish any deficiency in the debt service reserve fund, and pay other fees associated with the bonds, including the Trustee fee. In addition, the Lessee has provided a guaranty and a security agreement to the Trustee, securing the Lessee’s obligation to pay principal and interest on the bonds. Interest on the Fuel Hydrant Special Facility Revenue bonds is payable on June 1 and December 1 of each year, commencing December 1, 2003.

Proceeds from the bonds are held by the Trustee. The fuel hydrant facility was fully operational in 2006. During December 2008 and June 2009, the Port defeased $4,030,000 and $55,000, respectively, of Fuel Hydrant Special Facility Revenue bonds using a portion of the unspent bond proceeds held by the Trustee. At December 31, 2012 and 2011, there was $10,915,000 and $10,661,000, respectively, of Fuel Hydrant Special Facility Revenue bond proceeds and rent payments held for debt service reserve fund and debt service payments. For the year ending December 31, 2012, unspent bond proceeds were comprised of $6,717,000 and $4,198,000 in current restricted cash equivalents and long-term restricted investments, respectively. For the year ending December 31, 2011, unspent bond proceeds were comprised of $6,441,000 and $4,220,000 in current restricted cash equivalents and long-term restricted investments, respectively.

Fuel Hydrant Special Facility Revenue bonds in the amount of $97,330,000 and $100,175,000, respectively, are included in long-term debt as of December 31, 2012 and 2011.

The Commission authorized the sale of subordinate lien revenue notes (commercial paper) in an aggregate principal amount not to exceed $250,000,000 for the purpose of financing and refinancing capital improvements within the Port, for working capital, and for paying maturing revenue notes of the same series and/or reimbursing the credit providers for advances made. Commercial paper advances outstanding totaled $42,655,000 at December 31, 2012 and 2011. Commercial paper advances are included in current maturities of long-term debt.

Included in long-term debt are two subordinate lien variable rate demand bond issues, Series 1997 and Series 2008. Demand bonds are securities that contain a “put” feature that allows bondholders to demand payment before the maturity of the debt upon proper notice to the Port’s remarketing or paying agents.

In 1997, the Port issued $108,830,000 in Series 1997 Subordinate Lien Revenue Bonds that have a final maturity date of September 1, 2022. The proceeds of the issuance were used to pay a portion of the costs of acquisitions of the Port’s marine facilities and to pay costs of issuing the Series 1997 Bonds. The bonds bear interest at a weekly rate, and are subject to purchase on demand with seven days notice and delivery to the Port’s remarketing agent, currently Morgan Stanley & Co., Inc.

On January 14, 2011, the Port entered into a letter of credit (“LOC”) reimbursement agreement with Bank of America. The LOC is in the amount of $110,082,000 and expires on January 18, 2014.

The Port is required to pay a quarterly facility fee for the LOC. Prior to February 1, 2013, the fee was 1.15% per annum based on the size of the commitment. Effective February 1, 2013, the fee is amended to 0.525% per annum. If a long-term debt rating to any Subordinate Lien Parity Bonds assigned by S&P, Moody’s or Fitch is lowered, the facility fee may increase for credit ratings below Baa3/BBB-.

If the remarketing agent is unable to resell any bonds that are “put” within six months of the “put” date and the Port has not replaced the LOC or converted the bonds, the Port has a takeout agreement with Bank of America to convert the bonds to an installment loan payable in 10 equal installments payable semiannually and bearing an interest rate of no less than 8.5%. The remarketing agent receives an annual fee of 0.1% of the outstanding principal amount of the bonds.

In 2008, the Port issued $200,715,000 in Series 2008 Subordinate Lien Revenue Refunding Bonds that has a final maturity date of July 1, 2033. The bonds are subject to mandatory tender for purchase and to optional redemption prior to their scheduled maturity. The proceeds of the issuance were used to fully refund Series 2003C Subordinate Lien Revenue Bonds and to pay the costs of issuing the Series 2008 Bonds. The bonds bear interest at a weekly rate, and are subject to purchase on demand with seven days notice and delivery to the Port’s remarketing agent, currently Morgan Stanley & Co., Inc.

The Port entered into a LOC agreement in the amount of $203,465,000 with Landesbank Hessen-Thüringen Girozentrale (“Helaba”) concurrently with the issuance of the Bonds. The LOC expires on June 17, 2013.

The Port is required to pay a quarterly facility fee for the LOC in the amount of 0.27% per annum based on the size of the commitment. If a long-term debt rating to any Subordinate Lien Parity Bonds assigned by S&P, or Moody’s is lowered, the facility fee may increase up to a maximum of 2.42% for credit ratings below Baa3/BBB-.

If the remarketing agent is unable to resell any bonds that are “put” within six months of the “put” date, the Port has a takeout agreement with Helaba to convert the bonds to an installment loan payable in 10 equal installments payable semiannually and bearing an interest rate no less than the bank’s prime rate. The remarketing agent receives an annual fee of 0.07% of the outstanding principal amount of the bonds.

There were no borrowings drawn against either LOCs during 2012 and 2011, and therefore there were no outstanding obligations to either LOC provider at December 31, 2012 and 2011.

The Port monitors the existence of any rebatable arbitrage interest income associated with its tax-exempt debt. The rebate is based on the differential between the interests earnings from the investment of the bond proceeds as compared to the interest expense associated with the respective bonds. Each outstanding bond issue has potential arbitrage rebatable earnings; however, management estimates indicate that no additional potential arbitrage rebate liability exists as of December 31, 2012 and 2011.

Interest expense costs capitalized were $8,215,000 and $12,076,000 as of December 31, 2012 and 2011, respectively.

Aggregate annual payments on revenue bonds, GO bonds, PFC bonds, and Fuel Hydrant Special Facility Revenue bonds as well as commercial paper outstanding at December 31, 2012 are as follows (in thousands):

	Principal	Interest	Total
2013	$ 170,890	$ 146,782	$ 317,672
2014	151,480	141,325	292,805
2015	136,510	135,205	271,715
2016	130,315	129,537	259,852
2017	137,825	123,529	261,354
2018–2022	827,930	513,223	1,341,153
2023–2027	646,455	358,631	1,005,086
2028–2032	593,460	208,414	801,874
2033–2037	466,145	43,932	510,077
2038–2042	42,005	3,220	45,225
Total	$ 3,303,015	$ 1,803,798	$ 5,106,813

In March, 2013, the Port issued $102,795,000 in Series 2013AB Limited Tax GO Bonds. Series 2013A, $27,630,000, was used to fully refund the Series 2004A GO Bonds. Series 2013B, $75,165,000, was used to partially refund the Series 2004B, 2004C and 2011 GO Bonds. A portion of each bond series was also used to pay the costs of issuing the bonds. The bonds have coupon rates ranging from 0.3% to 5.0% with maturities ranging from 2013 to 2025. The interest on the Series 2013AB GO Bonds is payable on May 1 and November 1 of each year, commencing on May 1, 2013. Certain maturities of Series 2013A GO Bonds are subject to optional redemption prior to their scheduled maturities. Series 2013B GO Bonds are not subject to redemption prior to maturity. The economic gain resulting from the refunding transaction was $15,994,000, while the Port also decreased its aggregate debt service payments by $17,832,000 over the life of the bonds.

6. CONDUIT DEBT

The Port has the following conduit debt obligations totaling $82,725,000 and $81,000,000 as of December 31, 2012 and 2011, respectively, which are not a liability or contingent liability of the Port under GASB Interpretation No. 2, *Disclosure of Conduit Debt Obligations*. The Port has not recorded these obligations, or the related assets, on the accompanying financial statements of the Port, as the Port has no obligation for the outstanding bonds beyond what is provided in the leasing arrangements.

Since 1982, the Port, through its blended component unit, the IDC, has issued tax-exempt nonrecourse revenue bonds to finance industrial development for acquiring, constructing, and renovating transshipment and manufacturing facilities within the corporate boundaries of the Port. In October 2012, the Port issued the IDC Special Facilities Revenue Refunding Bonds, Series 2012, in the amount of $66,025,000 for the purpose of refunding the 2001 bonds. These revenue bonds are secured by revenues derived from the industrial development facilities funded by the revenue bonds and leased to the IDC. No tax funds or revenues of the Port (other than the IDC lease revenue) are pledged to pay the debt service on the bonds, and no liens (other than the IDC properties) are pledged as collateral for the debt. As of December 31, 2012 and 2011, industrial revenue bonds of $82,725,000, and $81,000,000 were outstanding, respectively.

7. LONG-TERM LIABILITIES

The following is a summary of the environmental remediation liability, other postemployment benefits obligation, accrued election expenses, bond interest payable, unearned revenue, and other activities which make up the Port's long-term obligation balances for the years ended December 31, 2012 and 2011 (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long- Term Portion
2012						
Environmental remediation liability	$ 53,359	$ 28,624	$ (17,155)	$ 64,828	$ 21,424	$ 43,404
Other postemployment benefits obligation	9,106	796	(758)	9,144		9,144
Accrued election expense	1,262	1,069	(1,110)	1,221		1,221
Bond interest payable	4,307	1,983		6,290		6,290
Unearned revenue	20,678	5,218	(19,669)	6,227	6,227	
Others	882	151	(127)	906		906
Total	$ 89,594	$ 37,841	$ (38,819)	$ 88,616		
2011						
Environmental remediation liability	$ 56,724	$ 17,694	$ (21,059)	$ 53,359	$ 11,404	$ 41,955
Other postemployment benefits obligation	8,359	1,495	(748)	9,106		9,106
Accrued election expense	1,148	114		1,262	1,262	
Bond interest payable	2,463	1,844		4,307		4,307
Unearned revenue	19,275	14,337	(12,934)	20,678	19,559	1,119
Others	830	55	(3)	882		882
Total	$ 88,799	$ 35,539	$ (34,744)	$ 89,594		

8. ENTERPRISE FUND PENSION PLANS

Public Employees' Retirement System ("PERS")—Substantially, all of the Port's full-time and qualifying part-time employees, other than those covered under union plans, participate in PERS. This is a statewide local government retirement system administered by the Washington State Department of Retirement Systems ("DRS"), under cost-sharing, multiple-employer defined benefit public employee retirement plans. The PERS system includes three plans.

Participants who joined the system by September 30, 1977, are PERS Plan 1 members. Those joining thereafter are enrolled in PERS Plan 2. In March 2000, Governor Gary Locke signed into law a new retirement plan option for members of the PERS Plan 2. The new plan, entitled PERS Plan 3, provides members with a "two-part, hybrid retirement plan" which includes a defined benefit component and a defined contribution component.

PERS Plan 1 members are eligible for retirement at any age after 30 years of service, at age 60 with five years of service, or at age 55 with 25 years of service. The annual pension is 2% of the average final compensation per year of service, capped at 60%. The average final compensation is based on the greatest compensation earned during any 24 eligible consecutive compensation months.

PERS Plan 2 members may retire at age 65 with five years of service or at age 55 with 20 years of service. The annual pension is 2% of the average final compensation per year of service. PERS Plan 2 retirements prior to 65 are actuarially reduced. On July 1 of each year following the first full year of retirement service, the benefit will be adjusted by the percentage change in the Consumer Price Index ("CPI") of Seattle, capped at 3% annually.

PERS Plan 3 members may retire at age 65 with five years of service or at age 55 with 10 years of service for the defined benefit allowance. PERS Plan 3 retirements prior to 65 are actuarially reduced. PERS Plan 3 is structured as a dual benefit program that will provide members with the following benefits:

- A defined benefit allowance similar to PERS Plan 2 calculated as 1% of the average final compensation per year of service (versus a 2% formula) and funded entirely by employer contributions.

- A defined contribution account consisting of member contributions plus the full investment return on those contributions.

Each biennium, the State Pension Funding Council adopts PERS Plan 1 employer contribution rates and PERS Plan 2 employer and employee contribution rates. Employee contribution rates for PERS Plan 1 are established by statute at 6% and do not vary from year to year. The employer and employee contribution rates for PERS Plan 2 are set by the Director of the DRS, based on recommendations by the Office of the State Actuary, to continue to fully fund PERS Plan 2. Unlike PERS Plan 2, which has a single contribution rate (which is currently 4.64%), with PERS Plan 3, the employee chooses how much to contribute from six contribution rate options. Once an option has been selected, the contribution rate choice is irrevocable unless the employee changes employers.

All employers are required to contribute at the level established by State law. The methods used to determine the contribution requirements are established under State statute in accordance with Chapters 41.40 and 41.26 RCW.

The Port's covered payroll for PERS for the year ended December 31, 2012, was $86,529,000.

The Port's contribution rate during 2012 expressed as a percentage of covered payroll for employer was 7.05% for PERS Plan 1, PERS Plan 2, and PERS Plan 3. The employer rate does not include the employer administrative expense fee currently set at 0.16%.

Both the Port and its employees made the required contributions. The Port's required contributions for the years ended December 31 were as follows (in thousands):

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2012	$ 203	$ 5,198	$ 885
2011	199	4,188	688
2010	514	3,454	544

The pension obligation was calculated on a pension system basis and cannot be disclosed on a plan basis. PERS does not make separate measurements of assets and pension obligations for individual employers.

Law Enforcement Officers' and Fire Fighters' Retirement System ("LEOFF")—LEOFF is a cost-sharing multiple-employer defined benefit pension plan. Membership in the plan includes all full-time, fully compensated local law enforcement officers, and fire fighters. The LEOFF system includes two plans.

Participants who joined the system by September 30, 1977, are LEOFF Plan 1 members. Those joining thereafter are enrolled in LEOFF Plan 2. Retirement benefits are financed from employee and employer contributions, investment earnings, and State contributions. Retirement benefits in both LEOFF Plan 1 and LEOFF Plan 2 are vested after completion of five years of eligible service.

LEOFF Plan 1 members are eligible to retire with five years of service at age 50. The service retirement benefit is dependent upon the final average salary and service credit years at retirement. On April 1 of each year following the first full year of retirement service, the benefit will be adjusted by the percentage change in the CPI of Seattle.

Term of Service	Percent of Final Average
5–9 years	1.0 %
10–19 years	1.5
20 or more years	2.0

LEOFF Plan 2 members are eligible to retire at the age of 50 with 20 years of service or at age 53 with five years of service. Retirement benefits prior to age 53 are actuarially reduced at a rate of 3% per year. The benefit is 2% of the final average salary per year of service. The final average salary is determined as the 60 highest paid consecutive service months. There is no limit on the number of service credit years, which may be included in the benefit calculation. On July 1 of each year following the first full year of retirement service, the benefit will be adjusted by the percentage change in the CPI of Seattle, capped at 3% annually.

LEOFF Plan 1 employer and employee contribution rates are established by statute, and the State is responsible for the balance of the funding at rates set by the Pension Funding Council to fully amortize the total costs of the plan. Employer and employee rates for LEOFF Plan 2 are set by the Director of the DRS, based on recommendations by the Office of the State Actuary, to continue to fully fund the plan. LEOFF Plan 2 employers and employees are required to contribute at the level required by State law. The methods used to determine the contribution rates are established under State statute in accordance with Chapters 41.26 and 41.45 RCW.

The Port's covered payroll for LEOFF for the year ended December 31, 2012, was $20,260,000.

The Port's required contribution rates during 2012 expressed as a percentage of covered payroll for LEOFF Plan 1 was 0% for both employer and employee. For LEOFF Plan 2, the rate was 5.08% for employer and 8.46% for employees. The employer rates do not include the employer administrative expense fees currently set at 0.16% for LEOFF Plan 1 and LEOFF Plan 2.

Both the Port and its employees made the required contributions. The Port's required contributions for the years ended December 31 were as follows (in thousands):

	LEOFF Plan 2 (Firefighters)	LEOFF Plan 2 (Police Officers)
2012	$ 425	$ 1,054
2011	402	1,017
2010	380	918

Historical trend information regarding all of these plans is presented in Washington State DRS' annual financial report. A copy of this report may be obtained at:

Department of Retirement Systems
P.O. Box 48380
Olympia, WA 98504-8380

Internet Address: www.drs.wa.gov

9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

In addition to pension benefits as described in Note 8, the Port provides other postemployment benefits ("OPEB").

Plan Descriptions—The Port administers and contributes to two single-employer defined benefit plans: (1) LEOFF Plan 1 Members' Medical Services Plan and (2) Retirees Life Insurance Plan. Under State statute RCW 41.26.150, the Port is required to pay for retired LEOFF Plan 1 members' medical services expenses. Under the Port's life insurance contract, eligible retired employees are provided with life insurance coverage for a death benefit up to $25,000. The Port can establish and amend benefit provisions of the life insurance OPEB plan. There are no separate OPEB plan related financial reports issued. Since January 1, 2010, eligible retired employees and their dependents are no longer implicitly or explicitly subsidized under the Port's medical insurance group plan, based on the change to the substantive plan (the plan as understood by the employer and the plan members).

Funding Policy and Annual OPEB Costs—For the LEOFF Plan 1 Members' Medical Services Plan, the State establishes and may amend the contribution requirements of plan members and the Port. The contribution requirements of the Retirees Life Insurance Plan are established and may be amended by the Port. The Port's annual OPEB cost for the current year and the related information for each plan are as follows (in thousands):

	LEOFF Plan 1 Members' Medical Service Plan [(a)]	Retirees Life Insurance Plan
Contribution rates:		
Port	Pay-as-you-go	Pay-as-you-go
Plan members	N/A	N/A
Annual required contribution	$ (46)	$ 525
Interest on net OPEB obligation	312	52
Adjustment to annual required contribution		(47)
Annual OPEB costs	266	530
Contribution made	(459)	(299)
(Decrease) Increase in net OPEB obligaiton	(193)	231
Net OPEB obligation beginning of year	7,804	1,302
Net OPEB obligation end of year	$ 7,611	$ 1,533

(a) As the LEOFF Plan 1 Members' Medical Service Plan has less than 100 plan members, the Port elected to use the Alternative Measurement Method to estimate the annual required contribution.

The schedule of employer contributions at December 31, 2012, 2011 and 2010 are as follows (in thousands):

Years Ended December 31	Annual OPEB Costs	Employer Contributions	Percentage Contributed	Net OPEB Obligation
LEOFF Plan 1 Members' Medical Service Plan				
2012	$ 266	$ 459	172.6 %	$ 7,611
2011	982	438	44.6	7,804
2010	546	469	85.9	7,260
Retirees Life Insurance Plan				
2012	$ 530	$ 299	56.4 %	$ 1,533
2011	513	310	60.4	1,302
2010	561	293	52.2	1,099

Funding Status—As of December 31, 2012, 2011 and 2010, using the Alternative Measurement Method, the actuarial accrued liability for LEOFF Plan 1 Members' Medical Services Plan benefits was $7,611,000, $7,804,000, and $7,260,000, respectively, all of which was unfunded.

For the other OPEB plans, the most recent actuarial valuation data and the two preceding actuarial valuation data with funding progress were as follows (in thousands):

	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2011 Valuation						
Retirees Life Insurance Plan	$	$ 7,613	%	$ 7,613	$ 71,108	10.7 %
January 1, 2009 Valuation						
Retirees Medical Insurance Plan	$	$ 511	%	$ 511	$ 65,218	0.8 %
Retirees Life Insurance Plan		7,480		7,480	78,331	9.5
November 1, 2006 Valuation						
Retirees Medical Insurance Plan	$	$ 31,107	%	$ 31,107	$ 56,054	55.5 %
Retirees Life Insurance Plan		7,007		7,007	67,296	10.4

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, investment rate of return, payroll growth rate and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions—Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the LEOFF Plan 1 Members' Medical Services Plan, the following simplifying assumptions were made when the Alternative Measurement Method was used:

- *Retirement age for active employees*—Based on the historical average retirement age for the covered group, active plan members were assumed to retire the year immediately following that in which the member would qualify for benefits.

- *Mortality*—Life expectancies were based on mortality tables from the National Vital Statistics Reports, Volume 61, No. 3, September 24, 2012. The Life Table for Males: United States, 2008 was used.

- *Healthcare cost trend rate*—The expected rate of increase in healthcare expenditure was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 7.4% was used initially, but was changed slightly to an average rate of 6.5% after seven years.

- *Health insurance premiums*—2013 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

- *Investment rate of return*—a rate of 4.0% was used, which is an estimated long-term investment return on the investments that are expected to be used to finance the payment of benefits.

- *Inflation rate*—no explicit inflation rate assumption was used as this underlying assumption was already included in the investment rate of return.

Additionally, no adjustment to the annual required contribution and the unfunded actuarial accrued liability is not amortized as the LEOFF Plan 1 Members' Medical Services Plan is closed to new entrants and almost all of the plan members have retired.

For the Retirees Life Insurance Plan, as of January 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability is determined by the independent actuary using the Projected Unit Credit actuarial cost method. The actuarial assumptions included a 4.0% investment rate of return, which is an estimated long-term investment return on the investments that are expected to be used to finance the payment of benefits. No explicit inflation rate assumption was used as this underlying assumption was already included in the investment rate of return. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over a 30-year open period, assuming payroll growth of 3.5% per year.

10. ENVIRONMENTAL REMEDIATION LIABILITIES

The Port has identified a number of contaminated sites on Aviation, Seaport, and Real Estate properties and facilities that must be investigated for the presence of hazardous substances and remediated in compliance with Federal and State environmental laws and regulations. Some Port facilities may require asbestos abatement, and some properties owned or operated by the Port may have unacceptable levels of contaminants in soil, sediments and/or groundwater. In some cases, the Port has been designated by the Federal government as a "Potentially Responsible Party", and/or by the State government as a "Potentially Liable Person" for the investigation and cleanup of properties owned by the Port or where the Port may have contributed to site contamination. Although the Port may not bear ultimate liability for the contamination, under Federal and State law, the Port is presumptively liable as the property owner, and it is often practically and financially beneficial for the Port to take initial responsibility to manage and pay for the cleanup.

As of December 31, 2012 and 2011, the Port's environmental remediation liability was $64,828,000 and $53,359,000, respectively, based on reasonable and supportable assumptions, measured at current value using the expected cash flow technique. The Port's environmental remediation liability does not include cost components that are not yet reasonably measurable. The Port's environmental remediation liability will change over time due to changes in costs of goods and services, changes in remediation technology, and changes in governing laws and regulations.

In many cases, the Port has successfully recovered Port-incurred investigation and cleanup costs from other responsible parties. The Port will continue to seek appropriate recoveries in the future. As of December 31, 2012 and 2011, the environmental remediation liability was reduced by $15,020,000 and $17,911,000, respectively, for estimated unrealized recoveries.

11. CONTINGENCIES

The Port is a defendant in various legal actions and claims. Although certain lawsuits and claims are significant in amount, the final dispositions are not determinable, and in the opinion of management, the outcome of any litigation of these matters will not have a material effect on the financial position or results of operations of the Port. In some cases, the Port has provided adequate contingent liability.

Amounts received or receivable under grants-in-aid programs are subject to audit and adjustment by the granting agency. Any disallowed claims, including amounts already received, may constitute a liability of the Port. The amount, if any, of expenditures that may be disallowed cannot be determined at this time, although the Port expects such amounts, if any, to be insignificant.

12. COMMITMENTS

As of December 31, 2012, and 2011, the Port has made commitments for acquisition and construction as follows (in thousands):

	2012	2011
Funds committed:		
Airport facilities	$ 48,514	$ 55,461
Seaport terminals	220	4,139
Real Estate properties	222	1,027
Corporate	4,870	1,094
Total	$ 53,826	$ 61,721

As of December 31, 2012 and 2011, funds authorized by the Port, but not yet committed for all divisions amount to $240,452,000, and $184,497,000, respectively.

13. BUSINESS INFORMATION

For the Enterprise Fund's three major business activities, operations consist of Seaport terminals, Airport facilities, and Real Estate properties. Indirect costs have been allocated to Seaport terminals, Airport facilities, and Real Estate properties using various methods based on estimated hours of work, revenues plus expenses, full-time equivalent positions, and other factors.

The Port's operating revenues are derived from various sources. The Seaport's operating revenues are principally derived from the leasing of Seaport terminal facilities. The Aviation's operating revenues are derived primarily from its airline agreements, concession agreements, and other business arrangements. The Real Estate's operating revenues are primarily derived from the leasing of commercial and industrial real estate, recreational marinas, and industrial fishing terminals.

Operating revenues, as reflected in the Statements of Revenues, Expenses, and Changes in Net Position, from the Port's major sources for the years ended December 31, 2012, 2011 and 2010 are as follows (in thousands):

	2012	2011	2010
Seaport Division:			
Property rentals	$ 81,585	$ 80,073	$ 77,878
Equipment rentals	9,623	10,171	9,036
Operating grant and contract revenues	2,289	394	1,791
Other	10,444	8,666	9,145
Total Seaport Division operating revenues	$ 103,941	$ 99,304	$ 97,850
Aviation Division:			
Property rentals	$ 218,569	$ 203,176	$ 195,314
Landing fees	72,574	59,607	56,647
Public Parking	49,781	49,996	49,416
Customer facility charges revenue	9,745		
Operating grant and contract revenues	729	1,009	771
Other	34,625	36,934	32,114
Total Aviation Division operating revenues	$ 386,023	$ 350,722	$ 334,262
Real Estate Division:			
Property rentals	$ 10,325	$ 9,875	$ 9,381
Conference centers	8,817	9,498	8,320
Berthage and moorage	9,834	9,860	9,901
Utilities	1,185	1,327	1,157
Other	1,147	1,009	1,061
Total Real Estate Division operating revenues	$ 31,308	$ 31,569	$ 29,820

Operating revenues, as reflected in the Statements of Revenues, Expenses, and Changes in Net Position, from the Port's major customers for the years ended December 31, 2012, 2011 and 2010 are as follows (in thousands):

	2012	2011	2010
Seaport Division:			
Revenues	$ 85,722	$ 72,711	$ 70,142
Number of major customers	4	4	4
Aviation Division:			
Revenues	$ 80,400	$ 72,404	$ 65,388
Number of major customers	1	1	1
Total:			
Revenues	$ 166,122	$ 145,115	$ 135,530
Number of major customers	5	5	5

One major customer represented 15.4%, 15.0% and 14.1% of total Port's operating revenue in 2012, 2011 and 2010, respectively. For Seaport Division, the revenues from its major customers accounted for 82.5%, 73.2% and 71.7% of total Seaport operating revenues in 2012, 2011 and 2010, respectively. For Aviation Division, the revenues from one major customer accounted for 20.8%, 20.6% and 19.6% of total Aviation operating revenues in 2012, 2011 and 2010, respectively. No single major customer represents more than 10% of Real Estate Division operating revenues in 2012, 2011 and 2010.

Operating expenses, as reflected in the Statements of Revenues, Expenses, and Changes in Net Position, from the Port's major functions by division for the years ended December 31, 2012, 2011 and 2010 are as follows (in thousands):

	2012	2011	2010
Seaport Division:			
Operations and maintenance	$ 28,587	$ 23,473	$ 26,556
Administration	12,516	11,923	10,173
Law enforcement	3,597	3,067	2,860
Total Seaport Division operating expenses	$ 44,700	$ 38,463	$ 39,589
Aviation Division:			
Operations and maintenance	$ 164,741	$ 143,188	$ 136,105
Administration	34,999	31,913	29,824
Law enforcement	16,825	16,768	15,213
Total Aviation Division operating expenses	$ 216,565	$ 191,869	$ 181,142
Real Estate Division:			
Operations and maintenance	$ 29,207	$ 28,539	$ 26,017
Administration	4,123	4,131	3,605
Law enforcement	2,195	2,088	1,876
Total Real Estate Division operating expenses	$ 35,525	$ 34,758	$ 31,498

Statements of Revenues, Expenses, and Changes in Net Position by division for the years ended December 31, 2012, 2011 and 2010 are as follows (in thousands):

	2012	2011	2010
Seaport Division:			
Net operating income before depreciation	$ 59,241	$ 60,841	$ 58,261
Depreciation	34,842	31,172	31,212
Operating income	24,399	29,669	27,049
Nonoperating income (expense):			
Ad valorem tax levy revenue	47,936	57,260	57,809
Noncapital grants and donations	762	6,080	10,301
Investment income—net	2,262	4,441	2,913
Revenue and capital appreciation bond interest expense	(14,446)	(11,484)	(10,767)
General obligation bond interest expense	(12,331)	(13,822)	(16,014)
Public expense	(8,258)	(13,813)	(15,503)
Environmental expense—net	(475)	(4,843)	(19,878)
Other (expense) income—net	(555)	11,681	(7,660)
Total nonoperating income—net	14,895	35,500	1,201
Income before capital contributions	39,294	65,169	28,250
Capital contributions	9,817	1,615	468
Increase in net position in Seaport Division	$ 49,111	$ 66,784	$ 28,718

(Continued)

	2012	2011	2010
Aviation Division:			
Net operating income before depreciation	$ 169,458	$ 158,853	$ 153,120
Depreciation	122,600	116,762	119,538
Operating income	46,858	42,091	33,582
Nonoperating income (expense):			
Ad valorem tax levy revenue	14,117	628	8,141
Passenger facility charges revenue	62,385	62,358	59,744
Customer facility charges revenue	20,577	23,669	23,243
Fuel hydrant facility revenues	8,123	7,683	7,911
Noncapital grants and donations	1,000	1,463	1,896
Investment income—net	5,833	14,309	10,109
Revenue and capital appreciation bond interest expense	(105,432)	(113,488)	(119,513)
PFC revenue bond interest expense	(6,778)	(6,758)	(10,187)
Public expense	(14,617)	(4,884)	(9,578)
Environmental expense—net	(14,106)		
Other (expense) income—net	(7,728)	(3,304)	750
Total nonoperating expense—net	(36,626)	(18,324)	(27,484)
Income before capital contributions	10,232	23,767	6,098
Capital contributions	20,898	19,565	30,040
Increase in net position in Aviation Division	$ 31,130	$ 43,332	$ 36,138
Real Estate Division:			
Net operating loss before depreciation	$ (4,217)	$ (3,189)	$ (1,678)
Depreciation	9,835	10,172	10,025
Operating loss	(14,052)	(13,361)	(11,703)
Nonoperating income (expense):			
Ad valorem tax levy revenue	10,625	15,291	7,175
Noncapital grants and donations	994	462	131
Investment income—net	76	134	74
Revenue and capital appreciation bond interest expense	(2,293)	(2,606)	(2,959)
General obligation bond interest expense	(2,115)	(1,952)	(1,449)
Environmental expense—net	99	508	(2,853)
Other (expense) income—net	(18,546)	(493)	54
Total nonoperating (expense) income—net	(11,160)	11,344	173
Loss before capital contributions	(25,212)	(2,017)	(11,530)
Capital contributions			10
Decrease in net position in Real Estate Division	$ (25,212)	$ (2,017)	$ (11,520)

(Concluded)

Total assets and debt, as reflected in the Statements of Net Position, by division as of December 31, 2012 and 2011 are as follows (in thousands):

	2012	2011
Seaport Division:		
Current, long-term, and other assets	$ 316,091	$ 270,108
Land, facilities, and equipment—net	1,224,162	1,238,887
Construction work in progress	5,991	12,632
Total assets	$ 1,546,244	$ 1,521,627
Debt	$ 677,645	$ 719,230
Aviation Division:		
Current, long-term, and other assets	$ 676,783	$ 681,112
Land, facilities, and equipment—net	3,888,062	3,577,935
Construction work in progress	95,646	432,408
Total assets	$ 4,660,491	$ 4,691,455
Debt	$ 2,611,231	$ 2,674,173
Real Estate Division:		
Current, long-term, and other assets	$ 73,575	$ 107,040
Land, facilities, and equipment—net	290,319	297,156
Construction work in progress	929	783
Total assets	$ 364,823	$ 404,979
Debt	$ 112,081	$ 112,884

14. WAREHOUSEMEN'S PENSION TRUST FUND

In late 2002, the Port terminated all warehousing operations at Terminal 106 following the departure of the principal customer operating at the facility. Prior to closing the warehouse, the Port had provided pension and health benefits to represented employees under a Collective Bargaining Agreement with Local #9 of the International Longshore and Warehouse Union. The benefits were administered by two separate trusts, the Warehousemen's Pension Trust and the Local #9 Health & Welfare Trust. The Port made quarterly contributions to each trust in an amount sufficient to provide the required contractual benefits and the trusts were jointly administered by trustees appointed by both Local #9 and the Port.

Upon expiration of the contract with Local #9, the Port ceased making contributions to the Health and Welfare Trust and provided employees with the ability to maintain their health coverage by self-paying premiums through the Port's health care plan. The Port also ceased making contributions to the Warehousemen's Pension Trust.

On May 25, 2004, the Port became the sole administrator for the Warehousemen's Pension Plan (the "Plan") and Trust and commenced contributions to the Plan. The Plan is a governmental plan maintained and operated solely by the Port.

Summary of Accounting Policies—The financial statements are prepared using the accrual basis of accounting. Port contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investments policy—The Warehousemen's Pension Trust investment policy allows the Plan to invest in contracts with insurance companies that are rated no lower than A by at least two major rating agencies. The Plan is allowed to invest in commercial paper with A1/P1 rating. Certificates of deposit or banker's acceptances can only be purchased from domestic banks with net worth in excess of $2 billion and which satisfy tier 1 and tier 2 capital requirements. Bank deposits or short-term investment accounts must be maintained by the Plan's custodian. Repurchase agreements can only be entered with Federal Reserve reporting dealers and maintained in accordance with Federal Reserve guidelines. Only United States registered mutual funds or ERISA-qualified commingled funds whose investment strategies and governing documents have been reviewed and approved by the Board of Trustees can be purchased. The Plan's investment policy allows for 60% plus or minus 5% of the portfolio to be invested in equities securities and 40% plus or minus 5% of the portfolio to be invested in fixed income securities.

Method Used to Value Investments—Investments, 100% in mutual funds, are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price on the last business day of the year.

Investments Credit Risk—As of December 31, 2012 and 2011, the Plan's investments in mutual funds were not rated by any one of the Nationally Recognized Statistical Rating Organizations.

Plan Description and Contribution Information—Membership of the plan consisted of the following at January 1, 2012 and 2011, the date of the latest actuarial valuation:

	2012	**2011**
Retirees and beneficiaries receiving benefits	144	144
Terminated plan members entitled to but not yet receiving benefits	56	63
Total	200	207

Plan Description—The Plan is a single-employer defined benefit plan. The Plan provides that only service credited and compensation earned prior to April 1, 2004, shall be utilized to calculate benefits under the Plan, and the Port agrees to maintain the frozen Plan and to contribute funds to the Plan in such amounts that may be necessary to enable the Plan to pay vested accrued benefits as they become due and payable to participants and beneficiaries in the ordinary course of business. There is no separate financial statement of the Plan issued.

Actuarial Assumptions—The actuarial present value of accumulated plan benefits is determined by the independent actuary using the Individual Entry Age Normal actuarial cost method, and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation dates and the expected date of payment.

The significant actuarial assumptions used in the valuations as of January 1, 2012, the date of the latest actuarial valuation, were (a) life expectancy of participants (RP-2000 Blue Collar Mortality Table was used), (b) retirement age of 62 if service is less than 10 years or age 55 if service is 10 years or more, and (c) investment return. The valuations included an assumed average rate of return of investment of 6.5%, net of investment expenses. No explicit inflation rate assumption was used as this underlying assumption was already included in the investment rate of return. The unfunded actuarial accrued liability is being amortized at a level dollar amount over a 20-year open period.

Annual Pension Cost and Net Pension Asset—The Port's annual pension costs and net pension asset to the Warehousemen's Pension Trust Fund for the current year were as follows (in thousands):

Annual required contribution (ARC)	$ 1,456
Interest on net pension asset	(40)
Adjustment to ARC	56
Annual pension cost (APC)	1,472
Contributions made	(1,500)
Increase in net pension asset	28
Net pension asset beginning of year	621
Net pension asset end of year	$ 649

The net pension asset is included in other long-term assets on the Enterprise Fund's Statement of Net Position.

Funding Status—The schedule of funding progress at December 31, 2012, the most recent actuarial valuation data, and the five preceding years are as follows (in thousands):

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio
12/31/2012	$ 9,796	$ 23,252*	$ 13,456	42.1 %
12/31/2011	9,507	23,903	14,396	39.8
12/31/2010	10,392	24,185	13,793	43.0
12/31/2009	10,139	24,946	14,807	40.6
12/31/2008	8,508	24,949	16,441	34.1
12/31/2007	13,102	25,633	12,531	51.1

This plan covers inactive participants. There are no related payroll costs.
*Estimated liabilities as of December 31, 2012 are based on January 1, 2012 data.

Schedule of Employer Contributions—The schedule of employer contributions at December 31, 2012, and the five preceding years are as follows (in thousands):

Years Ended December 31	Employer Contributions	ARC	Percentage of ARC Contributed	APC	Percentage of APC Contributed	Net Pension Asset
2012	$ 1,500	$ 1,456	103.0 %	$ 1,472	101.9 %	$ 649
2011	1,500	1,412	106.2	1,425	105.3	621
2010	1,500	1,505	99.7	1,519	98.8	546
2009	1,500	1,659	90.4	1,603	93.6	565
2008	1,500	1,290	116.3	1,227	122.3	668
2007	1,500	1,325	113.2	1,252	119.8	395

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STATISTICAL SECTION

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PORT OF SEATTLE

STATISTICAL SECTION NARRATIVE AND SCHEDULES

This section of the Port's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures present about the Port's overall financial health. Unless otherwise noted, the information in this section is derived from the annual financial reports for the relevant year.

CONTENTS

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the Port's financial performance and well-being has changed over time. The schedules are presented from Enterprise Fund perspective only. Schedules included are:

Schedule 1 – Net Position by Component, Last Ten Fiscal Years

Schedule 2 – Changes in Net Position, Last Ten Fiscal Years

REVENUE CAPACITY

These schedules contain information to help the reader assess the Port's major revenue source, Aviation Division operating revenues, particularly Passenger Terminal Space Rental and Landing Fees. Schedules included are:

Schedule 3 – Aviation Division Operating Revenues by Source, Last Seven Fiscal Years

Schedule 4 – Principal Aviation Division Customers, Current Year and Nine Years Ago

Schedule 5 – Landed Weight and Landing Fees, Last Seven Fiscal Years

Schedule 6 – Passenger Terminal Space Rental Base and Rates, Last Seven Fiscal Years

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the Port's current levels of outstanding debt and the Port's ability to issue additional debt in the future. Details regarding the Port's outstanding debt can be found in the notes to the financial statements. Schedules included are:

Schedule 7 – Ratios of Outstanding Debt by Type, Last Ten Fiscal Years

Schedule 8 – Ratios of General Obligation Bonds, Last Ten Fiscal Years

Schedule 9 – Computation of Direct and Overlapping General Obligation Debt,
as of December 31, 2012

Schedule 10 – Revenue Bonds Coverage by Type, Last Ten Fiscal Years

Schedule 11 – Legal Debt Margin Information, Last Ten Fiscal Years

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Port's financial activities take place. Schedules included are:

Schedule 12 – Demographic Statistics, Last Ten Fiscal Years

Schedule 13 – Principal Employers of Seattle, Current Year and Nine Years Ago

Schedule 14 – Assessed Value and Estimated Actual Value of Taxable Property and Direct and Overlapping Property Tax Rates Per $1,000 of Assessed Value, Last Ten Fiscal Years

Schedule 15 – Property Tax Levies and Collections, Last Ten Fiscal Years

Schedule 16 – Principal Property Taxpayers, Current Year and Nine Years Ago

OPERATING INFORMATION

These schedules contain information about the Port's operations and resources to help the reader understand how the Port's financial information relates to the services it provides and the activities it performs. Schedules included are:

Schedule 17 – Seattle-Tacoma International Airport Enplaned Passengers Level, Last Ten Fiscal Years

Schedule 18 – Seattle-Tacoma International Airport Aircraft Operations Level, Last Ten Fiscal Years

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Schedule 23 – Number of Port Employees by Division, Last Ten Fiscal Years

Schedule 24 – Capital Assets Information—Seaport and Real Estate Facilities, Last Eight Fiscal Years

Schedule 25 – Capital Assets Information— Seattle-Tacoma International Airport, Last Eight Fiscal Years

Schedule 1
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)

Fiscal Year	Net investment in capital assets	Restricted	Unrestricted	Total net position
2012	$ 2,272,674	$ 208,829	$ 486,498	$ 2,968,001
2011	2,296,698	135,664	479,762	2,912,124
2010	2,248,793	127,308	428,273	2,804,374
2009	2,240,259	104,893	406,751	2,751,903
2008	2,236,171	68,796	334,947	2,639,914
2007	2,107,104	93,486	289,390	2,489,980
2006	2,073,384	45,299	165,873	2,284,556
2005	1,960,209	21,580	101,747	2,083,536
2004	1,829,975	21,910	72,025	1,923,910
2003	1,616,676	29,376	76,744	1,722,796

Schedule 2
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)

Fiscal Year	2012	2011	2010	2009	2008
OPERATING REVENUES:					
Services	$ 195,816	$ 185,967	$ 174,562	$ 163,983	$ 187,791
Property rentals	312,739	295,331	284,898	274,584	286,139
Customer facility charges revenue	9,745				
Operating grant and contract revenues	3,406	1,874	3,119	3,023	1,667
Total operating revenues	521,706	483,172	462,579	441,590	475,597
OPERATING EXPENSES BEFORE DEPRECIATION:					
Operations and maintenance	222,535	195,200	188,678	182,995	209,960
Earthquake repair expenses—net of recoveries					
Administration	53,018	50,293	44,837	43,636	44,438
Law enforcement	22,616	21,923	19,949	19,136	20,221
Environmental expense—net [(a)]					
Total operating expenses before depreciation	298,169	267,416	253,464	245,767	274,619
NET OPERATING INCOME BEFORE DEPRECIATION	223,537	215,756	209,115	195,823	200,978
DEPRECIATION	167,279	158,107	160,775	157,068	144,208
OPERATING INCOME	56,258	57,649	48,340	38,755	56,770
NONOPERATING INCOME (EXPENSE):					
Ad valorem tax levy revenue	72,678	73,179	73,125	75,587	75,680
Passenger facility charges revenue	62,385	62,358	59,744	59,689	60,708
Customer facility charges revenue	20,577	23,669	23,243	21,866	22,947
Noncapital grants and donations [(b)]	3,348	8,482	12,473	7,153	10,473
Fuel hydrant facility revenues	8,123	7,683	7,911	7,845	2,926
Investment income—net	8,172	18,884	13,096	17,251	39,004
Revenue and capital appreciation bond interest expense	(122,170)	(127,579)	(133,239)	(121,148)	(105,517)
Passenger facility charges revenue bond interest expense	(6,778)	(6,758)	(10,187)	(10,956)	(11,412)
General obligation bond interest expense	(14,447)	(15,774)	(17,463)	(15,785)	(17,059)
Public expense	(22,876)	(18,703)	(25,085)	(20,370)	(27,494)
Environmental expense—net [(a)]	(14,358)	(4,335)	(22,730)	(14,676)	(5,659)
Other (expense) income—net	(25,749)	7,815	(7,276)	(10,003)	848
Total nonoperating (expense) income—net	(31,095)	28,921	(26,388)	(3,547)	45,445
INCOME BEFORE CAPITAL CONTRIBUTIONS	25,163	86,570	21,952	35,208	102,215
CAPITAL CONTRIBUTIONS	30,714	21,180	30,519	76,781	52,436
INCREASE IN NET POSITION	55,877	107,750	52,471	111,989	154,651
TOTAL NET POSITION:					
Beginning of year	2,912,124	2,804,374	2,751,903	2,639,914	2,489,980
Restatement [(c)]					(4,717)
End of year	$2,968,001	$2,912,124	$2,804,374	$2,751,903	$2,639,914

(Continued)

(a) Beginning in 2005, certain environmental expenses were reclassed to nonoperating expense.
(b) Noncapital grants and donations for the years ending 2003 to 2004 were included in operating grant and contract revenues.
(c) In 2008, beginning balance of net position was restated due to adoption of GASB Statement No. 49 (“GASB 49”), *Accounting and Financial Reporting for Pollution Remediation Obligations*, which required the environmental remediation liability to be re-measured at the beginning of January 1, 2008 based on this new standard.

Schedule 2
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)

Fiscal Year	2007	2006	2005	2004	2003
OPERATING REVENUES:					
Services	$ 168,679	$ 161,200	$ 158,462	$ 140,189	$ 168,650
Property rentals	279,378	273,529	247,817	211,848	145,947
Customer facility charges revenue					
Operating grant and contract revenues	1,777	4,148	6,755	24,476	6,721
Total operating revenues	449,834	438,877	413,034	376,513	321,318
OPERATING EXPENSES BEFORE DEPRECIATION:					
Operations and maintenance	178,957	173,297	167,238	172,983	164,931
Earthquake repair expenses—net of recoveries		(179)	2,130	(195)	(2,590)
Administration	38,761	33,790	31,486	30,890	25,579
Law enforcement	19,179	18,017	17,920	17,392	17,076
Environmental expense—net [(a)]				2,200	4,071
Total operating expenses before depreciation	236,897	224,925	218,774	223,270	209,067
NET OPERATING INCOME BEFORE DEPRECIATION	212,937	213,952	194,260	153,243	112,251
DEPRECIATION	141,588	140,190	129,788	110,175	85,076
OPERATING INCOME	71,349	73,762	64,472	43,068	27,175
NONOPERATING INCOME (EXPENSE):					
Ad valorem tax levy revenue	68,617	62,691	62,417	59,357	57,793
Passenger facility charges revenue	61,011	59,141	56,506	56,129	54,373
Customer facility charges revenue	21,802	17,188			
Noncapital grants and donations [(b)]	3,258	1,495			
Fuel hydrant facility revenues	8,054	8,077	3,491	689	435
Investment income—net	61,072	28,895	14,651	6,240	5,469
Revenue and capital appreciation bond interest expense	(113,907)	(101,491)	(85,502)	(58,401)	(44,136)
Passenger facility charges revenue bond interest expense	(11,844)	(12,258)	(12,604)	(5,923)	(3,869)
General obligation bond interest expense	(15,720)	(15,754)	(12,629)	(11,520)	(9,674)
Public expense	(8,654)	(11,027)	(4,404)	(665)	(396)
Environmental expense—net [(a)]	(4,903)	1,361	(7,421)		
Other (expense) income—net	(29,599)	(38,584)	(29,006)	(6,288)	(15,707)
Total nonoperating (expense) income—net	39,187	(266)	(14,501)	39,618	44,288
INCOME BEFORE CAPITAL CONTRIBUTIONS	110,536	73,496	49,971	82,686	71,463
CAPITAL CONTRIBUTIONS	94,888	127,524	109,655	118,428	32,790
INCREASE IN NET POSITION	205,424	201,020	159,626	201,114	104,253
TOTAL NET POSITION:					
Beginning of year	2,284,556	2,083,536	1,923,910	1,722,796	1,618,543
Restatement [(c)]					
End of year	$2,489,980	$2,284,556	$2,083,536	$1,923,910	$1,722,796

(Concluded)

Schedule 3
AVIATION DIVISION OPERATING REVENUES BY SOURCE
Last Seven Fiscal Years
(accrual basis of accounting)
(in thousands)

Fiscal Year [a]	**2012**	**2011**	**2010**	**2009**	**2008**
AERONAUTICAL REVENUES:					
Passenger terminal space rental	$105,883	$ 92,565	$ 89,344	$ 82,754	$ 91,883
Non-passenger terminal space rental	39,314	40,000	37,251	35,357	33,970
Landing fees	72,574	59,607	56,647	50,847	65,770
Other	15,194	15,590	15,600	14,091	12,165
Total aeronautical revenues	232,965	207,762	198,842	183,049	203,788
NON-AERONAUTICAL REVENUES:					
Public parking	49,781	49,996	49,416	49,688	59,111
Concessions	37,998	35,404	33,765	33,482	33,181
Rental cars	28,327	30,746	30,309	33,321	35,592
Customer Facility Charges	9,745				
Utilities	7,206	7,695	6,408	6,229	5,974
Commercial properties	5,700	5,112	4,917	4,703	6,013
Ground transportation	7,900	7,704	4,912	4,739	4,759
Other	6,401	6,303	5,693	5,185	5,898
Total non-aeronautical revenues	153,058	142,960	135,420	137,347	150,528
TOTAL AVIATION DIVISION OPERATING REVENUES	$386,023	$350,722	$334,262	$320,396	$354,316

Fiscal Year [a]	**2007**	**2006**
AERONAUTICAL REVENUES:		
Passenger terminal space rental	$ 89,470	$ 97,638
Non-passenger terminal space rental	39,675	31,319
Landing fees	53,158	46,730
Other	11,742	5,748
Total aeronautical revenues	194,045	181,435
NON-AERONAUTICAL REVENUES:		
Public parking	55,463	52,617
Concessions	31,085	28,322
Rental cars	36,408	34,010
Customer Facility Charges		
Utilities	5,590	6,394
Commercial properties	5,313	16,888
Ground transportation	4,445	4,222
Other	5,671	5,447
Total non-aeronautical revenues	143,975	147,900
TOTAL AVIATION DIVISION OPERATING REVENUES	$338,020	$329,335

(a) Significant amount of the aeronautical revenues followed the terms of the signatory airline lease and operating agreements (SLOA) which became effective on January 1, 2006.

Schedule 4
PRINCIPAL AVIATION DIVISION CUSTOMERS
Current Year and Nine Years Ago
(in thousands)

	2012			2003		
Customer	Revenue Billed	Rank	Percentage of Total Aviation Division Operating Revenue	Revenue Billed	Rank	Percentage of Total Aviation Division Operating Revenue
Alaska Airlines	$ 80,400	1	20.8 %	$ 57,683	1	24.7 %
Delta Airlines	29,242	2	7.6	11,618	7	5.0
United Airlines	21,992	3	5.7	23,514	2	10.1
Southwest Airlines	13,751	4	3.6	12,782	5	5.5
Horizon Airlines	11,030	5	2.9	11,811	6	5.1
American Airlines	8,791	6	2.3	10,595	8	4.5
Airport Management Services LLC	8,482	7	2.2			
US Airways	7,307	8	1.9			
Continental Airlines	7,147	9	1.9	5,507	10	2.4
Host International	6,824	10	1.8	15,941	3	6.8
Northwest Airlines				14,712	4	6.3
The Hertz Corporation				6,184	9	2.7
Total	$194,966		50.7 %	$170,347		73.1 %

Schedule 5
LANDED WEIGHT AND LANDING FEES
Last Seven Fiscal Years
(in thousands, except for landing fee)

		Landing Fees (Per 1,000 pounds) [(b)]	
Fiscal Year [(a)]	Landed Weight (In pounds)	Signatory Airlines	Non-Signatory Airlines/ Aircrafts
2012	19,897,462	$ 3.15	$ 3.47
2011	20,122,523	3.00	3.30
2010	19,786,228	3.00	3.30
2009	20,387,826	2.96	3.26
2008	21,518,561	2.62	2.88
2007	21,011,874	2.49	2.74
2006	20,359,315	2.43	2.67

(a) Majority of the landing fee revenues followed the terms of the SLOA which became effective on January 1, 2006.
(b) Landing fee rates were based on billed landing fee revenue as of the last day of each fiscal year.

Source: Seattle-Tacoma International Airport Activity Reports

Schedule 6
PASSENGER TERMINAL SPACE RENTAL BASE AND RATES
Last Seven Fiscal Years
(in square foot, except for rental rates)

Fiscal Year [a]	**2012**	**2011**	**2010**	**2009**	**2008**
PASSENGER TERMINAL SPACE RENTED					
Gate Lobbies, Ticketing, Business and Service Counters	131,959	126,810	122,608	126,146	135,252
Offices Space and VIP Lounges	151,879	149,846	148,649	148,328	152,110
Outbound Baggage, Inbound Baggage, and Federal Inspection Services Areas	58,403	58,447	55,015	55,015	56,714
Open Storage	11,553	11,568	11,545	11,459	11,031
Closed Storage	21,243	21,189	21,139	19,707	19,861
ANNUAL PASSENGER TERMINAL SPACE RENTAL RATE PER SQUARE FOOT [b]					
SIGNATORY AIRLINES RATE:					
Gate Lobbies, Ticketing, Business and Service Counters	$381.49	$368.84	$367.18	$362.42	$355.70
Offices Space and VIP Lounges	228.89	221.31	220.31	217.45	213.42
Outbound Baggage, Inbound Baggage, and Federal Inspection Services Areas	152.60	147.53	146.87	144.97	142.28
Open Storage	38.15	36.88	36.72	36.24	35.57
Closed Storage	76.30	73.77	73.44	72.48	71.14
NON-SIGNATORY AIRLINES RATE:					
Gate Lobbies, Ticketing, Business and Service Counters	$419.64	$405.72	$403.90	$398.66	$391.27
Offices Space and VIP Lounges	251.78	243.43	242.34	239.19	234.76
Outbound Baggage, Inbound Baggage, and Federal Inspection Services Areas	167.86	162.28	161.56	159.46	156.50
Open Storage	41.97	40.57	40.39	39.87	39.12
Closed Storage	83.93	81.15	80.74	79.73	78.25

(Continued)

(a) Majority of the terminal rent revenues followed the terms of the SLOA which became effective on January 1, 2006.
(b) Passenger Terminal Space Rental Rates were based on billed terminal rent revenue as of the last day of each fiscal year.

Schedule 6

PASSENGER TERMINAL SPACE RENTAL BASE AND RATES

Last Seven Fiscal Years

(in square foot, except for rental rates)

Fiscal Year [a]	**2007**	**2006**
PASSENGER TERMINAL SPACE RENTED		
Gate Lobbies, Ticketing, Business and Service Counters	134,383	92,883
Offices Space and VIP Lounges	161,524	122,668
Outbound Baggage, Inbound Baggage, and Federal Inspection Services Areas	56,128	31,305
Open Storage	10,667	6,927
Closed Storage	21,126	14,560
ANNUAL PASSENGER TERMINAL SPACE RENTAL RATE PER SQUARE FOOT [b]		
SIGNATORY AIRLINES RATE:		
Gate Lobbies, Ticketing, Business and Service Counters	$396.01	$328.02
Offices Space and VIP Lounges	237.60	196.81
Outbound Baggage, Inbound Baggage, and Federal Inspection Services Areas	158.40	131.21
Open Storage	39.60	32.80
Closed Storage	79.20	65.60
NON-SIGNATORY AIRLINES RATE:		
Gate Lobbies, Ticketing, Business and Service Counters	$435.61	$360.82
Offices Space and VIP Lounges	261.37	216.49
Outbound Baggage, Inbound Baggage, and Federal Inspection Services Areas	174.24	144.33
Open Storage	43.56	36.08
Closed Storage	87.12	72.16

(Concluded)

Schedule 7
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(in thousands, except for Total Debt Per Capita)

Fiscal Year	General obligation bonds	Revenue and capital appreciation bonds	Commercial paper	Passenger facility charge revenue bonds	Fuel hydrant special facility bonds	Total Debt
2012	$ 312,005	$ 2,691,030	$ 42,655	$ 157,150	$ 100,175	$ 3,303,015
2011	336,120	2,803,495	42,655	167,395	102,885	3,452,550
2010	335,500	2,776,875	94,305	177,485	105,465	3,489,630
2009	357,315	2,685,520	156,800	200,155	107,950	3,507,740
2008	378,065	2,429,655	153,540	209,685	110,415	3,281,360
2007	397,835	2,482,315	186,250	218,760	116,785	3,401,945
2006	416,645	2,303,065	160,575	227,405	119,015	3,226,705
2005	380,225	2,354,405	70,210	235,635	121,140	3,161,615
2004	397,285	2,078,760	47,705	243,475	121,140	2,888,365
2003	217,285	2,150,875	105,050	250,940	121,140	2,845,290

Fiscal Year	Ratio of Total Debt to Personal Income (a)	Total Debt Per Capita (b)
2012	2.9 %	$ 1,688
2011	3.0	1,777
2010	3.3	1,807
2009	3.2	1,837
2008	3.0	1,742
2007	3.2	1,828
2006	3.3	1,758
2005	3.6	1,749
2004	3.3	1,615
2003	3.6	1,599

(a) See Schedule 12 for Personal Income of King County data used in this calculation. Ratio of 2012 is calculated using 2011 Personal Income figure.

(b) See Schedule 12 for Population of King County data used in this calculation (2003 through 2012 figures are estimated; except 2010 figures are actual census data).

Schedule 8
RATIOS OF GENERAL OBLIGATION (GO) BONDS
Last Ten Fiscal Years
(in thousands, except for GO Bonds Per Capita)

Fiscal Year	GO Bonds	Percentage of GO Bonds to the Assessed Value of Taxable Property [a]	GO Bonds Per Capita [b]
2012	$ 312,005	0.1 %	$ 159
2011	336,120	0.1	173
2010	335,500	0.1	174
2009	357,315	0.1	187
2008	378,065	0.1	201
2007	397,835	0.1	214
2006	416,645	0.2	227
2005	380,225	0.2	210
2004	397,285	0.2	222
2003	217,285	0.1	122

(a) See Schedule 14 for assessed value of taxable property data.
(b) See Schedule 12 for Population of King County data used in this calculation (2003 through 2012 figures are estimated; except 2010 figures are actual census data).

Schedule 9
COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT
As of December 31, 2012
(in thousands)

Governmental Unit	Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Direct and Overlapping Debt
Port of Seattle	$ 312,005	100.0 %	$ 312,005
Estimated Overlapping General Obligation Debt:			
King County	845,987	100.0	845,987
Cities and Towns	1,660,192	98.9	1,641,930
School Districts	3,317,016	95.7	3,175,998
Other	475,102	99.3	471,732
Total Estimated Overlapping Debt			6,135,647
Total Direct and Estimated Overlapping Debt			$ 6,447,652

(a) As general obligation debt is repaid with property taxes, the percentage of overlapping general obligation debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by ratio of assessed valuation of property in overlapping unit subject to taxation in reporting unit to total valuation of property subject to taxation in reporting unit.

Source: King County Financial Management Section

Schedule 10
REVENUE BONDS COVERAGE BY TYPE
Last Ten Fiscal Years
(in thousands, except for revenue coverage ratios)

Fiscal Year	2012	2011	2010	2009	2008
Gross revenue available for revenue bond debt service [a]	$517,561	$480,095	$460,026	$440,845	$477,810
Operating expenses [b]	298,169	267,416	253,464	245,767	274,619
Less: Operating expenses paid from other than gross revenues	(6,538)	(957)	(442)	8	(374)
Less: Port general purpose tax levy	(32,116)	(33,889)	(32,407)	(34,533)	(34,712)
Adjusted operating expenses	259,515	232,570	220,615	211,242	239,533
Nonoperating revenue—net [c]	2,837	4,993	4,642	13,618	45,577
Net revenue available for first lien debt service	$260,883	$252,518	$244,053	$243,221	$283,854
Debt service on first lien bonds	$ 96,910	$116,365	$126,843	$107,374	$ 88,467
Coverage on first lien bonds	2.69	2.17	1.92	2.27	3.21
Net revenue available for intermediate lien debt service [d]	$163,973	$136,153	$117,210	$135,847	$195,387
Add: Prior lien debt service offset paid by PFC revenue [e]	14,814	23,524	21,646	22,116	10,125
Add: Prior lien debt service offset paid by CFC revenue [f]	19,689	19,443	19,042	5,847	
Available intermediate lien revenues as first adjusted	$198,476	$179,120	$157,898	$163,810	$205,512
Debt service on intermediate lien bonds —gross of debt service offsets [d]	$ 79,222	$ 54,744	$ 42,747	$ 34,640	$ 22,330
Less: Debt service offsets paid from PFC revenue [e]	(15,783)	(10,249)	(9,332)	(8,197)	
Intermediate lien debt service—net of debt service offsets	$ 63,439	$ 44,495	$ 33,415	$ 26,443	$ 22,330
Coverage on intermediate lien bonds [d]	3.13	4.03	4.73	6.19	9.20
Net revenue available for subordinate lien debt service	$135,037	$134,625	$124,483	$137,367	$183,182
Debt service on subordinate lien bonds	$ 27,483	$ 24,451	$ 28,273	$ 34,949	$ 41,511
Coverage on subordinate lien bonds	4.91	5.51	4.40	3.93	4.41

(Continued)

(a) Gross revenue represents total operating revenue adjusted for the following: the portion of Customer Facility Charges ("CFC") accounted for as operating revenues, and the difference of escalating rental income on straight-line basis versus contracted amount are excluded.

(b) Operating expenses are adjusted for certain operating expenses paid with revenues derived from sources other than gross revenues such as consolidated rental car facility related operating expenses paid from CFC, and the portion of the operating expenses paid from ad valorem tax levy.

(c) Nonoperating revenue—net is adjusted for the following: Interest expense on any obligations incurred in connection with and payable from gross revenue, income which is not legally pledged for revenue bond debt services namely Passenger Facility Charges ("PFC"), CFC, ad valorem tax levy, fuel hydrant facility revenues, capital contributions, and monies received and used for capital projects owned by other governmental entities ("public expense projects"). Certain non-cash items are adjusted to a cash basis such as gain or loss on sale of assets and environmental expense.
A correction of the adjustments to year 2010 nonoperating revenue—net balance has been made to exclude grants for public expense projects that were previously included in nonoperating revenue—net.

(d) No intermediate lien bonds were issued prior to 2005.

(e) During 2008, the Port implemented using PFC revenue toward other specific revenue bonds debt service related to eligible projects. The Port, as authorized by the Federal Aviation Administration ("FAA"), has the authority to use PFC to pay: (i) debt service on bonds secured solely with PFCs; (ii) eligible projects costs (definitions, terms and conditions are set by the FAA), and (iii) revenue bonds debt service related to PFC eligible projects. Historically, the Port used PFC to pay PFC debt service and to pay eligible projects costs.

(f) Washington State law provides for the Port's authority to impose a CFC on rental car transactions at the Airport. CFCs may only be used to pay costs associated with the consolidated rental car facility including the payment of debt service on bonds issued to fund the facility. During 2009, the Port began using CFCs to pay debt service on related bonds.

Source: Port of Seattle's Schedule of Net Revenue Available for Revenue Bond Debt Service.

Schedule 10

REVENUE BONDS COVERAGE BY TYPE

Last Ten Fiscal Years

(in thousands, except for revenue coverage ratios)

Fiscal Year	2007	2006	2005	2004	2003
Gross revenue available for revenue bond debt service [a]	$449,281	$438,325	$412,481	$375,960	$321,318
Operating expenses [b]	236,897	224,558	218,774	223,270	209,067
Less: Operating expenses paid from other than gross revenues					
Less: Port general purpose tax levy	(27,928)	(23,828)	(24,232)	(20,865)	(32,772)
Adjusted operating expenses	208,969	200,730	194,542	202,405	176,295
Nonoperating revenue—net [c]	12,973	17,065	14,184	6,053	10,262
Net revenue available for first lien debt service	$253,285	$254,660	$232,123	$179,608	$155,285
Debt service on first lien bonds	$ 87,640	$ 87,876	$ 84,614	$ 75,535	$ 78,577
Coverage on first lien bonds	2.89	2.90	2.74	2.38	1.98
Net revenue available for intermediate lien debt service [d]	$165,645	$166,784	$147,509	n/a	n/a
Add: Prior lien debt service offset paid by PFC revenue [e]				n/a	n/a
Add: Prior lien debt service offset paid by CFC revenue [f]				n/a	n/a
Available intermediate lien revenues as first adjusted	$165,645	$166,784	$147,509	n/a	n/a
Debt service on intermediate lien bonds —gross of debt service offsets [d]	$ 14,079	$ 7,269	$ 2,167	n/a	n/a
Less: Debt service offsets paid from PFC revenue [e]				n/a	n/a
Intermediate lien debt service—net of debt service offsets	$ 14,079	$ 7,269	$ 2,167	n/a	n/a
Coverage on intermediate lien bonds [d]	11.77	22.94	68.07	n/a	n/a
Net revenue available for subordinate lien debt service	$151,566	$159,515	$145,342	$104,073	$ 76,708
Debt service on subordinate lien bonds	$ 42,006	$ 39,067	$ 27,813	$ 23,382	$ 16,748
Coverage on subordinate lien bonds	3.61	4.08	5.23	4.45	4.58

(Concluded)

Schedule 11
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(in thousands)

Legal Debt Limitation Calculation for Fiscal Year 2012 (Statutory Debt Limitation)

Assessed Value of Taxable Property for 2012 [(a)]	$	319,460,937
Debt Limit (nonvoted debt, including limited tax general obligation bonds)		
0.25% of assessed value of taxable property [(b)]	$	798,652
Less: Outstanding Limited Tax General Obligation Bonds		(312,005)
Less: Capital leases and other general obligations		
Non-voted General Obligation Debt Margin	$	486,647
Debt Limit, Total General Obligation Debt		
0.75% of assessed value of taxable property [(b)]	$	2,395,957
Less: Total Limited Tax General Obligation Bonds		(312,005)
Less: Capital leases and other general obligations		
Voted General Obligation Debt Margin	$	2,083,952

Non-voted general obligation

Fiscal Year	Debt Limit	Less: Total debt applicable to the debt limit	Debt Margin	Debt margin as a percentage of the debt limit
2012	$ 798,652	$ (312,005)	$ 486,647	60.9 %
2011	826,037	(336,120)	489,917	59.3
2010	854,929	(335,500)	519,429	60.8
2009	967,224	(357,315)	609,909	63.1
2008	852,489	(378,065)	474,424	55.7
2007	746,888	(397,835)	349,053	46.7
2006	676,428	(416,645)	259,783	38.4
2005	622,279	(380,225)	242,054	38.9
2004	589,586	(397,285)	192,301	32.6
2003	562,486	(217,285)	345,201	61.4

Voted general obligation

Fiscal Year	Debt Limit	Less: Total debt applicable to the debt limit	Debt Margin	Debt margin as a percentage of the debt limit
2012	$ 2,395,957	$ (312,005)	$ 2,083,952	87.0 %
2011	2,478,112	(336,120)	2,141,992	86.4
2010	2,564,786	(335,500)	2,229,286	86.9
2009	2,901,673	(357,315)	2,544,358	87.7
2008	2,557,466	(378,065)	2,179,401	85.2
2007	2,240,664	(397,835)	1,842,829	82.2
2006	2,029,283	(416,645)	1,612,638	79.5
2005	1,866,838	(380,225)	1,486,613	79.6
2004	1,768,757	(397,285)	1,371,472	77.5
2003	1,687,459	(217,285)	1,470,174	87.1

(a) See Schedule 14 for assessed value of taxable property data.

(b) Under Washington law, the Port may incur general obligation indebtedness payable from ad valorem taxes in an amount not exceeding one-fourth of one percent of the value of the taxable property in the Port district without a vote of the electors. With the assent of three-fifths of the electors voting thereon, subject to a validation requirement, the Port may incur additional general obligation indebtedness, provided the total indebtedness of the Port at any time does not exceed three-fourths of one percent of the value of the taxable property in the Port district.

Schedule 12
DEMOGRAPHIC STATISTICS
Last Ten Fiscal Years
(in thousands)

King County

Fiscal Year	Population [a]	Personal Income [b]	Per Capita Personal Income [b]	Unemployment Rate [c]
2012	1,957	n/a	n/a	7.1 %
2011	1,943	$ 113,922,436	$ 57.8	8.4
2010	1,931	106,401,739	54.9	8.8
2009	1,909	109,053,408	56.9	8.0
2008	1,884	109,551,329	58.1	4.3
2007	1,861	106,805,239	57.7	3.9
2006	1,835	96,579,228	52.7	4.2
2005	1,808	86,746,632	48.2	4.8
2004	1,788	87,617,622	49.3	5.2
2003	1,779	80,002,571	45.3	6.2

State of Washington

Fiscal Year	Population [a]	Personal Income [b]	Per Capita Personal Income [b]	Unemployment Rate [c]
2012	6,818	$ 313,212,035	$ 45.4	8.2 %
2011	6,830	302,529,308	44.3	9.2
2010	6,725	292,950,106	43.6	9.6
2009	6,668	278,236,435	41.8	8.9
2008	6,588	277,397,233	42.4	5.3
2007	6,488	267,276,000	41.2	4.7
2006	6,376	240,709,000	37.8	4.9
2005	6,256	222,643,000	35.4	5.5
2004	6,168	217,503,000	35.0	6.3
2003	6,098	203,889,681	33.3	7.4

(a) State of Washington, Office of Financial Management (2003 through 2012 figures are estimated; except for 2010 figures are actual census data)
(b) Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce
(c) Rates were average unemployment rates for the year obtained from Washington State, Employment Security Department, Labor Market and Economic Analysis Branch.

Schedule 13

PRINCIPAL EMPLOYERS OF SEATTLE [(a)]

Current Year and Nine Years Ago

	2012			2003		
Type of Employer	**Employees**	**Rank**	**Percentage of Total Employment**	**Employees**	**Rank**	**Percentage of Total Employment**
Government—*Local*	118,100	1	8.1 %	115,900	1	8.7 %
Professional and Business Services—*Professional, Scientific and Technical Services*	114,600	2	7.9	83,200	3	6.3
Leisure and Hospitality—*Food Services and Drinking Places*	99,900	3	6.8	84,800	2	6.4
Manufacturing—*Transportation Equipment Manufacturing*	96,700	4	6.6	64,900	7	4.9
Retail—*Unspecified*	78,200	5	5.4	74,600	4	5.6
Professional and Business Services—*Administrative and Support and Waste Management and Remediation*	75,300	6	5.2	69,900	5	5.3
Wholesale Trade	68,600	7	4.7	66,800	6	5.0
Government—*State*	61,800	8	4.2	59,200	9	4.5
Educational and Health Services—*Ambulatory Health Care Services*	60,300	9	4.1			
Financial Activities—*Finance and Insurance*	51,500	10	3.5	62,800	8	4.7
Transportation, Warehousing and Utilities				50,400	10	3.8
Total	825,000		56.5 %	732,500		55.2 %

(a) Total nonfarm, seasonally adjusted, as of December of each fiscal year.

Source: Washington State Employment Security Department Labor Market and Economic Analysis

Schedule 14
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY AND DIRECT AND OVERLAPPING PROPERTY TAX RATES PER $1,000 OF ASSESSED VALUE
Last Ten Fiscal Years
(in thousands, except for tax rates)

			Overlapping Property Tax Rates					
Fiscal Year	Port District Assessed Value [(a)]	Port of Seattle Property Tax Rates	Washington State	King County	Cities and Towns [(b)]	School Districts [(b)]	Other [(c)]	Total Direct and Overlapping Property Tax [(d)]
2012	$ 319,460,937	$ 0.23	$ 2.42	$ 0.90	$ 2.35	$ 3.60	$ 1.78	$ 11.28
2011	330,414,999	0.22	2.28	1.34	2.22	3.39	1.27	10.72
2010	341,971,517	0.22	2.22	1.28	2.14	3.01	1.15	10.02
2009	386,889,728	0.20	1.96	1.10	1.87	2.56	1.07	8.76
2008	340,995,440	0.22	2.13	1.21	2.02	2.65	1.13	9.36
2007	298,755,199	0.23	2.33	1.29	2.30	2.83	0.89	9.87
2006	270,571,090	0.23	2.50	1.33	2.32	2.97	0.95	10.30
2005	248,911,782	0.25	2.69	1.38	2.45	3.02	0.91	10.70
2004	235,834,254	0.25	2.76	1.43	2.47	3.08	0.86	10.85
2003	224,994,598	0.26	2.90	1.35	2.40	3.13	0.86	10.90

(a) Ratio of total assessed to total estimated value is 100%. Assessed value is shown net of exempt property and it is the same assessed value for King County.

(b) This is an average rate based on the total assessed value of cities and towns, and all school districts. Each city and district has its own rate.

(c) These are average rates based on the total King County rates less cities and towns, school districts, Port, County, and Washington State rates. Each district within this group has its own assessed property value and rates.

(d) This is an average rate based on total tax levies for King County and total assessed property value in King County.

Source: King County Department of Assessments Annual Reports

Schedule 15
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(in thousands)

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year Ended Dec 31	Taxes Levied for the Fiscal Year [(a)]	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2012	$ 73,015	$ 71,879	98.4 %	$	$ 71,879	98.4 %
2011	73,513	72,290	98.3	845	73,135	99.5
2010	73,505	72,141	98.1	1,163	73,304	99.7
2009	75,911	74,384	98.0	1,482	75,866	99.9
2008	75,931	74,532	98.2	1,385	75,917	100.0
2007	68,863	67,703	98.3	1,154	68,857	100.0
2006	62,806	61,702	98.2	1,094	62,796	100.0
2005	62,800	61,705	98.3	1,095	62,800	100.0
2004	59,680	58,630	98.2	1,049	59,679	100.0
2003	58,029	56,779	97.8	1,246	58,025	100.0

(a) Includes cancellations and supplements, and generally differs from the totals reported by King County by an immaterial amount.

Source: Port of Seattle, from King County Tax Receivables Summary

Schedule 16
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago
(in thousands)

	2012			2003		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Boeing	$ 3,075,544	1	1.0 %	$ 2,929,076	1	1.3 %
Microsoft	2,720,008	2	0.9	1,230,971	4	0.5
Puget Sound Energy/ Gas/Electric	1,689,936	3	0.5	1,306,201	2	0.6
Alaska Airlines	942,122	4	0.3	360,995	7	0.2
Qwest Corporation Inc.	777,785	5	0.2			
AT&T Mobility LLC	719,347	6	0.2			
T-Mobile	691,910	7	0.2			
W2007 Seattle (formerly Archon Group LP)	501,788	8	0.2			
Union Square Limited	432,829	9	0.1	350,415	8	0.2
Wright Runstad & Company	354,130	10	0.1			
U.S. West Communications				1,260,376	3	0.6
EOP				487,011	5	0.2
Bank of America				460,649	6	0.2
McElroy George & Assoc., Inc.				349,018	9	0.2
Spieker Properties				335,710	10	0.1
Total	$11,905,399		3.7 %	$ 9,070,422		4.1 %

Source: King County Department of Assessments

Schedule 17
SEATTLE-TACOMA INTERNATIONAL AIRPORT ENPLANED PASSENGERS LEVEL
Last Ten Fiscal Years
(in thousands)

Fiscal	Domestic			International			
Year	Deplaned	Enplaned	Total	Deplaned	Enplaned	Total	Grand Total
2012	14,992	14,983	29,975	1,634	1,614	3,248	33,223
2011	14,924	14,914	29,838	1,501	1,484	2,985	32,823
2010	14,381	14,364	28,745	1,398	1,410	2,808	31,553
2009	14,298	14,296	28,594	1,320	1,314	2,634	31,228
2008	14,627	14,647	29,274	1,485	1,437	2,922	32,196
2007	14,272	14,313	28,585	1,363	1,348	2,711	31,296
2006	13,754	13,764	27,518	1,252	1,227	2,479	29,997
2005	13,410	13,408	26,818	1,247	1,224	2,471	29,289
2004	13,215	13,154	26,369	1,225	1,211	2,436	28,805
2003	12,277	12,250	24,527	1,167	1,106	2,273	26,800

Source: Seattle-Tacoma International Airport Activity Reports

Schedule 18
SEATTLE-TACOMA INTERNATIONAL AIRPORT AIRCRAFT OPERATIONS LEVEL
Last Ten Fiscal Years

Fiscal Year	Air Carrier	Air Taxi	General Aviation	Military/ Training	Grand Total
2012	291,664	14,196	3,604	133	309,597
2011	295,763	15,327	3,708	149	314,947
2010	292,016	18,562	3,262	114	313,954
2009	297,621	17,133	3,046	73	317,873
2008	306,431	34,527	4,174	110	345,242
2007	276,954	64,745	5,240	107	347,046
2006	253,507	82,147	4,296	108	340,058
2005	254,829	83,928	2,938	67	341,762
2004	250,605	105,377	2,788	124	358,894
2003	210,603	140,777	3,336	54	354,770

Source: Seattle-Tacoma International Airport Activity Reports

Schedule 19
SEATTLE-TACOMA INTERNATIONAL AIRPORT AIR CARGO LEVEL
Last Ten Fiscal Years
(in metric tons)

Fiscal	Air Freight			Grand
Year	Domestic	International	Air Mail	Total
2012	155,170	82,041	46,289	283,500
2011	152,211	81,918	45,496	279,625
2010	152,995	85,440	44,990	283,425
2009	151,183	74,297	43,857	269,337
2008	161,854	83,499	44,852	290,205
2007	181,994	88,752	48,267	319,013
2006	203,752	85,359	52,841	341,952
2005	212,505	72,271	53,815	338,591
2004	205,333	79,829	62,355	347,517
2003	205,838	73,664	71,916	351,418

Source: Seattle-Tacoma International Airport Activity Reports

SCHEDULE 20
SEATTLE HARBOR CONTAINERS VOLUMES
Last Ten Fiscal Years
(in twenty-foot equivalent units, "TEUs", a measure of container volume)

Fiscal	International Containers				Total	Grand
Year	Import Full	Export Full	Empty	Total	Domestic	Total
2012	728,557	525,913	275,397	1,529,867	339,625	1,869,492
2011	768,964	612,450	331,259	1,712,673	320,862	2,033,535
2010	897,224	558,237	380,114	1,835,575	304,002	2,139,577
2009	612,236	459,557	212,748	1,284,541	300,055	1,584,596
2008	664,472	434,546	277,478	1,376,496	327,996	1,704,492
2007	810,453	503,690	314,351	1,628,494	345,010	1,973,504
2006	799,138	438,806	398,317	1,636,261	351,099	1,987,360
2005	846,311	484,997	414,490	1,745,798	342,131	2,087,929
2004	704,664	387,503	374,084	1,466,251	309,607	1,775,858
2003	542,863	348,773	293,062	1,184,698	301,684	1,486,382

Source: Port of Seattle Marine Terminal Information System

SCHEDULE 21
SEATTLE HARBOR DOCKS VOLUMES
Last Ten Fiscal Years
(in metric tons)

Fiscal Year	Non-containerized break bulk	Grain	Petroleum	Molasses	Grand Total
2012	67,784	3,161,013	620,587	74,831	3,924,215
2011	63,642	5,026,868	862,780	48,300	6,001,590
2010	66,140	5,491,360	802,843	40,173	6,400,516
2009	63,868	5,512,164	783,618	36,936	6,396,586
2008	106,854	6,400,778	938,463	65,019	7,511,114
2007	116,571	5,333,018	1,064,744	38,434	6,552,767
2006	131,984	5,901,821	976,526	45,103	7,055,434
2005	144,280	5,049,107	874,475	36,874	6,104,736
2004	149,750	3,898,491	853,756	43,541	4,945,538
2003	117,925	3,107,732	909,879	46,814	4,182,350

Source: Port of Seattle Marine Terminal Information System

SCHEDULE 22
SEATTLE HARBOR CRUISE TRAFFIC
Last Ten Fiscal Years

Fiscal Year	Cruise Vessel Calls [a]	Cruise Passengers
2012	202	934,900
2011	196	885,949
2010	223	931,698
2009	218	875,433
2008	210	886,039
2007	190	780,593
2006	196	751,074
2005	169	686,978
2004	150	562,308
2003	99	344,922

(a) Seattle participated in the Alaska cruise market since the early 1990s through hosting port of call vessels.

Source: Port of Seattle Records

Schedule 23
NUMBER OF PORT OF SEATTLE EMPLOYEES BY DIVISION [a]
Last Ten Fiscal Years

Fiscal Year	Aviation	Seaport [b]	Real Estate [b]	Other [c]	Economic Development [b]	Total
2012	842	56	181	681		1,760
2011	754	57	178	671		1,660
2010	727	58	162	642		1,589
2009	736	58	152	629		1,575
2008	805	59	153	668		1,685
2007	822	212		554	11	1,599
2006	790	192		558	11	1,551
2005	793	193		573	13	1,572
2004	811	198		581	12	1,602
2003	821	215		564	17	1,617

(a) Number of employees includes regular, temporary, full-time, and part-time employees as of the last day of each fiscal year.
(b) The Real Estate Division was formed in 2008 to allow the Seaport Division to concentrate on its core business. The Real Estate Division incorporated some employees from the Seaport Division, Corporate, and former Economic Development Division.
(c) Other includes Corporate and Capital Development Division (CDD) employees. The CDD, which was also established in 2008, houses existing engineering, project management (previously resided in Aviation and Seaport Divisions), construction functions, and the Central Procurement Office.

Source: Port of Seattle Human Resources Database

SCHEDULE 24
CAPITAL ASSETS INFORMATION—SEAPORT AND REAL ESTATE FACILITIES
Last Eight Fiscal Years

Fiscal Year (a)	2012	2011	2010	2009	2008
Total Property (in acres)	1,335	1,335	1,335	1,335	1,500
No. of Container Terminals (Terminal 5, 18, 30, 46)	4	4	4	4	4
Size (in acres)	526	526	526	535	498
Number of berths (1,200—4,450 feet)	11	11	11	11	10
Number of container cranes (c)	30	24	24	24	25
Storage facilities (in square foot)	177,000	177,000	177,000	177,000	177,000
Maintenance facilities (in square foot)	112,000	112,000	112,000	112,000	112,000
On-Dock intermodal yard					
Maximum capacity—in full train	14	14	14	14	7
Refrigerated capacity (in reefer plugs)	2,816	2,704	2,704	2,704	2,560
No. of Multi-Use Terminal (Terminal 91) (b)	1	1	1	1	n/a
Size (in acres)	212	212	212	212	n/a
Linear feet of berths (8,502 feet)	17	17	17	17	n/a
Storage facilities:					
Cold storage (in million cubic foot)	5	5	5	5	n/a
Dry w arehouse (in square foot)	100,000	100,000	100,000	100,000	n/a
No. of Barge Terminal (Terminal 115) (b)	1	1	1	1	n/a
Size (in acres)	70	70	70	70	n/a
Number of berths (1,600 feet)	4	4	4	4	n/a
Warehouse capacity (in square foot)	35,000	35,000	35,000	35,000	n/a
Refrigerated capacity (in reefer plugs)	400	400	400	400	n/a
No. of Grain Terminal (Terminal 86) (b)	1	1	1	1	n/a
Size (in acres)	40	40	40	40	n/a
Number of berths (1,400 feet)	1	1	1	1	n/a
Storage capacity (in million bushels)	4	4	4	4	n/a
No. of Breakbulk Terminals (b)	n/a	n/a	n/a	n/a	3
Size (in acres)	n/a	n/a	n/a	n/a	260
Number of berths (400—2,100 feet)	n/a	n/a	n/a	n/a	9
Storage facilities (in acres)	n/a	n/a	n/a	n/a	86
No. of Cruise Terminals	2	2	2	2	2
Bell Street Cruise Terminal (Terminal 66)					
Size (in acres)	4	4	4	4	4
Number of berths (1,545—1,600 feet)	1	1	1	1	1
Smith Cove Cruise Terminal (Terminal 91) (e)					
Size (in acres)	23	23	23	23	n/a
Number of berths (2,400 feet)	2	2	2	2	n/a
Terminal 30 Cruise Facility (d)					
Size (in acres)	n/a	n/a	n/a	n/a	26
Number of berths (2,000 feet)	n/a	n/a	n/a	n/a	2

(Continued)

(a) List of certain capital asset characteristics was unavailable prior to 2005.
(b) Prior to 2009, multi-use, barge and grain terminal data was combined and reported as breakbulk terminals.
(c) Three of the container cranes were owned by SSA Terminals in 2005 while seven of the container cranes were owned by SSA Terminals during 2006 to 2011. Thirteen of the container cranes were owned by SSA Terminals in 2012.
(d) Terminal 30 operated as a cruise terminal from 2003 through 2008. Terminal 30 cruise facility was demolished after the 2008 cruise season, and the terminal was reactivated as a container terminal since 2009.
(e) Smith Cove Cruise Terminal is used only half of the year as a cruise terminal. Smith Cove Cruise Terminal specs are included in Terminal 91 multi-use terminal specs.

Source: Port of Seattle Records

SCHEDULE 24
CAPITAL ASSETS INFORMATION—SEAPORT AND REAL ESTATE FACILITIES
Last Eight Fiscal Years

Fiscal Year [a]	2007	2006	2005
Total Property (in acres)	1,500	1,500	1,500
No. of Container Terminals (Terminal 5, 18, 30, 46)	4	4	4
Size (in acres)	498	497	497
Number of berths (1,200—4,450 feet)	10	10	10
Number of container cranes [c]	26	26	22
Storage facilities (in square foot)	177,000	177,000	177,000
Maintenance facilities (in square foot)	112,000	112,000	112,000
On-Dock intermodal yard			
Maximum capacity—in full train	7	7	7
Refrigerated capacity (in reefer plugs)	2,560	2,560	2,560
No. of Multi-Use Terminal (Terminal 91) [b]	n/a	n/a	n/a
Size (in acres)	n/a	n/a	n/a
Linear feet of berths (8,502 feet)	n/a	n/a	n/a
Storage facilities:			
Cold storage (in million cubic foot)	n/a	n/a	n/a
Dry w arehouse (in square foot)	n/a	n/a	n/a
No. of Barge Terminal (Terminal 115) [b]	n/a	n/a	n/a
Size (in acres)	n/a	n/a	n/a
Number of berths (1,600 feet)	n/a	n/a	n/a
Warehouse capacity (in square foot)	n/a	n/a	n/a
Refrigerated capacity (in reefer plugs)	n/a	n/a	n/a
No. of Grain Terminal (Terminal 86) [b]	n/a	n/a	n/a
Size (in acres)	n/a	n/a	n/a
Number of berths (1,400 feet)	n/a	n/a	n/a
Storage capacity (in million bushels)	n/a	n/a	n/a
No. of Breakbulk Terminals [b]	3	3	3
Size (in acres)	260	260	260
Number of berths (400—2,100 feet)	9	9	9
Storage facilities (in acres)	86	86	86
No. of Cruise Terminals	2	2	2
Bell Street Cruise Terminal (Terminal 66)			
Size (in acres)	4	4	4
Number of berths (1,545—1,600 feet)	1	1	1
Smith Cove Cruise Terminal (Terminal 91) [e]			
Size (in acres)	n/a	n/a	n/a
Number of berths (2,400 feet)	n/a	n/a	n/a
Terminal 30 Cruise Facility [d]			
Size (in acres)	26	26	26
Number of berths (2,000 feet)	2	2	2

(Concluded)

SCHEDULE 25
CAPITAL ASSETS INFORMATION—SEATTLE-TACOMA INTERANTIONAL AIRPORT
Last Eight Fiscal Years

	Fiscal Year	Size/Length
Airport area (in acres)	2005 to 2012	2,800
Apron (in square foot)—Commercial Airlines	2005 to 2012	3,061,300
Runways (in feet)		
16L/34R	2005 to 2012	11,901
16C/34C	2005 to 2012	9,426
16R/34L [(b)]	2008 to 2012	8,500
Rental Car Facility (in square foot) [(c)]	2012	2,100,000

Fiscal Year [(a)]	2012	2011	2010	2009	2008
Terminal (in square foot)					
Airlines	1,226,044	1,219,955	1,219,955	1,294,473	1,294,473
Tenants	291,071	253,673	253,673	280,639	280,639
Port Occupied	299,226	249,544	249,544	280,880	280,880
Public/Common	811,664	867,410	867,410	758,216	758,216
Mechanical	495,009	529,734	529,734	471,951	471,951
Total	3,123,014	3,120,316	3,120,316	3,086,159	3,086,159
Number of passenger gates	79	79	79	79	79
Number of loading bridges	56	48	48	46	46
Parking (spaces assigned)					
Short-term, Long-term, and Employees	10,394	9,641	9,641	9,641	9,641
Rental Cars [(c)]		3,276	3,276	3,276	3,276
Total	10,394	12,917	12,917	12,917	12,917
Other offsite parking (spaces assigned)					
Economy	1,620	1,620	1,620	1,620	2,400
Employees	4,091	4,091	4,091	4,091	4,091

Fiscal Year [(a)]	2007	2006	2005
Terminal (in square foot)			
Airlines	1,294,473	1,220,041	1,232,300
Tenants	280,639	244,100	244,100
Port Occupied	280,880	257,906	299,300
Public/Common	758,216	774,800	774,800
Mechanical	471,951	474,300	474,300
Total	3,086,159	2,971,147	3,024,800
Number of passenger gates	79	79	80
Number of loading bridges	46	46	46
Parking (spaces assigned)			
Short-term, Long-term, and Employees	9,641	9,267	9,267
Rental Cars [(c)]	3,276	3,276	3,276
Total	12,917	12,543	12,543
Other offsite parking (spaces assigned)			
Economy	2,400	2,400	2,400
Employees	4,091	4,091	4,091

(a) List of certain capital asset characteristics was unavailable prior to 2005.
(b) Third Runway 16R/34L was completed and became operational in November 2008.
(c) Parking space was temporarily unassigned as the newly constructed Rental Car Facility was completed and became operational in May 2012.

Source: Port of Seattle Records

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Photography by Don Wilson

COVER PHOTOS:

Sea-Tac International Airport
More than 33.2 million passengers passed through Sea-Tac International Airport in 2012, exceeding the all-time record for the second consecutive year

Smith Cove Cruise Terminal and Bell Street Cruise Terminal
The 2012 cruise season hosted 202 vessel calls and hit a record high of 935,000 passengers

Support freight mobility with regional partners
Unloading Bertha, world's largest tunnel-boring machine, 57-foot in diameter and a football field in length, at Terminal 46. Bertha will begin digging the Washington State Route 99 tunnel beneath downtown Seattle in the summer of 2013

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