Comprehensive Annual Financial Report

As of December 31, 2015 and 2014, and for the years ended December 31, 2015, 2014 and 2013

Port of Seattle®

WASHINGTON STATE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

As of December 31, 2015 and 2014, and

for the years ended December 31, 2015, 2014 and 2013

This report was prepared by the

Accounting and Financial Reporting Department

Port of Seattle

Washington State

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PORT OF SEATTLE

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INTRODUCTORY SECTION

Letter from the Commission President

For more than a century the Port of Seattle has managed the city's maritime facilities for the benefit of all. Today, our responsibility includes **Seattle-Tacoma International Airport, the fastest growing Top 20 airport in the U.S.**

2015 was a year of **<u>Innovating and Collaborating</u>**, especially through the creation of the Northwest Seaport Alliance with the Port of Tacoma. This historic partnership was a major milestone in the effort to strengthen our competitive position on the West Coast. We're working together to upgrade our terminals for the megaships that will be visiting our region soon. The terminals need larger cranes, deeper berths, stronger docks, and improved road and rail infrastructure.

Like the seaport, the airport is **<u>Planning for Expanded Facilities to Meet Growing Demand</u>**. For the fifth straight year, passenger growth at Sea-Tac Airport set records, with more than 42.3 million travelers. The growth rate of nearly 13 percent was driven by both domestic and international travel. A new International Arrivals Facility and a renovated North Satellite will precede other improvements that will be included in the Sustainable Airport Master Plan to be completed in 2016.

Workforce development programs funded by the Port continue to help **<u>Meet the Demand for Skilled Workers in the Region and Provide Family-Wage Jobs</u>** for many workers. The airport supported nearly 172,000 jobs in 2015 and the number continues to grow. Job growth in the maritime industry is equally important to sustaining middle-class jobs and developing a pipeline of workers trained in the skills needed in all types of maritime careers. Since small businesses create many of these jobs, the Port is committed to supporting small businesses. We have set goals to use more such businesses for direct contracting and we launched an initiative in 2015 to improve the ability of small businesses to work with us.

In 2015 the Port demonstrated its **<u>Commitment to the Environment and Sustainability</u>** in many ways. We partnered with Alaska Airlines and Boeing to assess the costs and infrastructure necessary to provide aviation biofuel at Sea-Tac Airport. The goal: powering all flights by all airlines operating at Sea-Tac with sustainable aviation biofuel. Sea-Tac is the first U.S. airport to lay out a long-term roadmap to develop this infrastructure in a cost-effective, efficient manner. Together with our Greener Skies partnership with the Federal Aviation Administration and our efforts to convert all airport ground-support equipment to electric power, we are working to dramatically reduce emissions and our carbon footprint.

At our seaport, we continued to work with our partners to clean up historic contamination in the Duwamish River. We also continued our partnership with the Puget Sound Clean Air Agency to reduce port-related emissions and are working to protect water quality by improving our stormwater management systems.

It is thanks to the Port's **<u>Dedicated and Talented Employees</u>** that we have been able to achieve so much in the past year, and, with their help, we will continue to strive toward our mission of creating and sustaining middle-class jobs for our region, our state, and the nation.

Sincerely,

John Creighton
Commission President

Port of Seattle

Letter from the Chief Executive Officer

2015 was a great year for the Port of Seattle. I'd like to highlight a few of our team's accomplishments:

We increased focus on achieving our Century Agenda Strategies which we used to prioritize our actions.

For the Century Agenda strategy, **Position the Puget Sound Region as a Premier International Logistics Hub**, we:

- Finalized an agreement with the City of Seattle to develop a $20 million dollar Heavy Haul Corridor.

A second, Century Agenda strategy is to **Advance this Region as a Leading Tourism Destination and Business Gateway**, we:

- Significantly advanced airport capital projects to improve our international and domestic terminals, and our baggage system;
- Formed the Northwest Seaport Alliance;
- Negotiated a $30 million dollar Public Private Partnership with Norwegian Cruise Lines that will refurbish the terminal and guaranteed ships will arrive at Pier 66 for the next fifteen years;
- Conducted outreach in King County and across the state (15 Mayors and 5 counties) to identify potential economic development opportunities and partnerships.

Another key Century Agenda strategy is to **Use our Influence as an Institution to Promote Small Business Growth and Workforce Development**:

- I'm pleased to report that we increased our small business contracting in 2015; a total of 635 small businesses contracted with us for $88.9 million dollars;
- The Commission adopted a Workforce Development Plan that will expand our work in providing career ladders, workforce continuity, apprenticeships and pre-apprenticeships.

The fourth Century Agenda strategy is to **Be the Greenest, and Most Energy Efficient Port in North America**:

- Sea-Tac won a Carbon Accreditation Award for emission reductions, for the second year in a row, after being the first and only North American airport to earn the award in 2014;
- We entered into an MOU with Boeing and Alaska Airlines to study how to develop the infrastructure to bring biofuels to Sea-Tac Airport for all airlines, to reduce greenhouse gasses;
- Established a Stormwater Utility in Seattle, and completed stormwater improvements at Terminal 46, to enhance our ability to provide a cleaner Puget Sound.

Lastly, in 2015 we achieved strong financial results:

- We increased revenues by 4.6% over 2014, to $558.9 million dollars and net operating income to a record $241.1 million dollars;
- This performance is an all-time record in our 105 year history.

We're excited about 2016, and accelerating the achievements of the Century Agenda strategies.

Ted J. Fick

Ted J. Fick
Chief Executive Officer

April 27, 2016

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, 2015 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 thousand dollars in the MD&A and 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 (“CEO”), who oversees daily operations of the organization. Through resolutions and directives, the Commission sets policy for the Port. These policies are then implemented by the CEO 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. In 2015, CEO Ted J. Fick announced a series of reorganizations leading the Port to achieve dramatic growth, operational excellence and talent development. Effective January 1, 2016, the Port is comprised of three operating divisions, namely Aviation, Maritime, and Economic Development. The Aviation Division manages the Airport. The Maritime Division manages industrial property connected with maritime businesses, commercial and recreational marinas, cruise, grain, and maritime operations. The Economic Development Division functions as the primary economic growth driver for the Port, and encompasses a number of existing functions, including some from the 2015 Real Estate Division, along with Tourism, Workforce Development, and a new small business “incubator”. Also, the Office of Strategic Initiatives is created to provide a launch pad for ideas and an internal focus on operational excellence including LEAN/Continuous Process Improvement initiatives, and houses the Central Procurement Office.

A number of corporate service departments are structured under Corporate, which provides high quality and cost-effective professional and technical services to the operating divisions and supports the overall goals of the Port. Capital Development houses departments responsible for engineering, project management and construction functions. Other port-wide departments include Accounting and Financial Reporting, Business Intelligence, Commission Office, Executive, Environmental and Sustainability, Finance and Budget, Human Resources, Information and Communications Technology, Labor Relations, Legal, Public Affairs, Police, Emergency Management and Risk Management.

In August 2015, the ports of Seattle and Tacoma (the “ports”) created the Northwest Seaport Alliance (“NWSA”) to unify management of marine cargo terminal investments, operations, planning and marketing to strengthen the Puget Sound gateway and attract more businesses and jobs to the region. The NWSA is the third-largest trade gateway in North America, behind the ports of Los Angeles and Long Beach, and the Port of New York/New Jersey. Combining the cargo terminal operations will make the region more competitive in the global economy and support the creation of new jobs in Washington. Together, the ports can more efficiently utilize their cargo terminal assets and speak with a stronger voice on pressing regional and industry-related issues. The NWSA, a Port Development Authority, is a separate legal and governmental entity. Beginning January 1, 2016, the NWSA will be effectively accounted for as a joint venture between the ports. Operation of the Port’s marine cargo business will be transferred to NWSA, while the remaining Seaport businesses will become part of the Maritime Division in 2016.

The operating budget is an essential component of the management planning and control process. It quantifies business division or departmental plans for future periods in strategic, operational and monetary terms. The budget process includes a series of Commission briefings with the operating 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 guidance on necessary changes in strategies and objectives.

Divisional business plans and budgets are often revised to reflect Commission input. On an annual basis, each division presents a preliminary budget 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.

Economy and Outlook

The United States ("U.S.") economy continues to expand at a solid pace although the U.S. real gross domestic product has slowed from prior quarters. Job gains have continued, but at a slower rate when compared to 2014. Unemployment continues to fall and is approaching pre-recession levels. The national average unemployment rate has improved from 6.2% in 2014 to 5.3% in 2015. The housing market continues to make modest improvements. Federal fiscal policy is stable and it is likely that the Federal Reserve will take a gradual approach to raising interest rates in 2016. However, there are still uncertainties over the U.S. economic outlook. Wage growth is up 4.9% year over year but spending growth has lagged. While employment growth continues, primarily in professional and business services, education and health services, retail trade, construction, and leisure and hospitality industries, the strong U.S. dollar is driving a decline in energy related industries, manufacturing, and export-dependent industries. Weakness in economic growth abroad remains a challenge to the U.S. recovery. As the U.S. dollar continues to strengthen, it makes U.S. exports more expensive to the rest of the world. Lastly, geopolitical conflict in the Middle East has intensified and energy prices continue to drop. These factors could slow the U.S. economic recovery and could have a direct impact on business in 2016.

Like the U.S. economy, Washington State's economy continues to expand at a solid pace. The unemployment rate in Washington State continues to improve, declining from an average of 6.1% in 2014 to an average of 5.7% in 2015. During 2015, jobs in both private sector and government increased 2.3% and 1.7%, respectively. The largest urban center, the Seattle metropolitan area, represented 50.7% of the workforce of Washington State and added about 50,100 jobs in 2015 from 2014. The strongest performing industries in Seattle were professional and business services, construction, leisure and hospitality, information technology as well as trade, transportation, and utilities, totaling approximately 38,700 new jobs in 2015.

The Port's 2015 performance reflected the recovery of the local economy. At the Airport, 42.3 million passengers passed through in 2015, exceeding the all-time record for the fifth consecutive year. International passenger traffic increased 14.6% while overall passenger traffic grew 12.9% over 2014 levels. At the Seaport Division, the 2015 cruise season hosted 192 vessel calls and 898,000 passengers, an increase of 9.0% in passengers from 2014. Container volumes were 1.4 million TEUs (twenty-foot equivalent units—a measure of container volume), an increase of 3.8% from 2014. Grain volumes were 3.8 million metric tons, an increase of 4.4% from 2014. For the Real Estate Division, occupancy levels at commercial properties were at 93% in 2015, slightly below the 94% Seattle market average.

As the overall economic recovery unfolds, Washington's economy is expected to outperform the U.S. economy. While exports are down, positive growth includes housing, construction, automobile sales, retail trade, professional and business services, and state and local government spending. Revenue growth is expected to continue at a steady pace consistent with economic activities.

Business Forecast

The Port Commission has adopted the Century Agenda, a strategic plan that sets aspirational goals for the Port over the next twenty five years—starting with an overarching goal of generating 100,000 new jobs in the region by 2036. Dramatic growth in airline travel, air cargo services, high occupancy rates at the marinas and business properties, and steady growth in cruise passengers, provide the opportunity to achieve the Century Agenda 25-year goals in the next 10 years. The Port continues to budget prudently while striving to retain and attract customers, create jobs, and help position the Port for future growth.

In 2016, the Aviation Division expects aeronautical base revenues to increase by 12.1% compared to 2015, reflecting increases in both capital and operating costs. Anticipated revenue sharing will be over $28.1 million and total airline revenues are budgeted to increase by 12%. Non-aeronautical revenues are expected to be 5.8% above 2015, due to increased enplaned passengers. Continued growth is expected in all business units, particularly in public parking, airport dining and retail, and rental cars. The Airport continues to strive for a competitive cost per enplanement ("CPE"). The 2016 CPE is budgeted at $11.00 compared to $10.12 in 2015, which reflects the Port's ongoing commitment to manage costs without compromising operational and capital needs. The Aviation Division anticipates continued passenger growth of 5.5% in 2016 which is higher than the 1.9% long-term growth forecast through 2020. To achieve long-term cost management, the Airport will continue to increase the number of continuous improvement projects and also lead the U.S. airport industry in environmental innovation.

The Maritime Division is charting a new course following the creation of NWSA. The Maritime Division will continue to manage the cruise business, recreational marinas, Terminal 91, Fisherman's Terminal, and other maritime industrial facilities. For 2016, Cruise forecasts approximately 960,000 passengers, a 6.9% increase over 2015. Grain volume from Terminal 86 is forecast to be 4 million metric tons in 2016, up from 3.8 million metric tons in 2015. For 2016, occupancy rates at the recreational marinas and commercial fishing are expected to average at 95% and 83%, respectively, matching 2015 levels. Overall Maritime operating revenues are budgeted at $49.3 million, a 4.4% increase over 2015. Net operating income ("NOI") before depreciation is expected to be $7.1 million in 2016.

The Economic Development Division focuses on managing the Port's real estate portfolio, encouraging tourism, developing small business opportunities, and providing for workforce development in the maritime, aviation, manufacturing, aerospace, and construction industries. The 2016 budget targets a 93% occupancy rate, consistent with 2015 results. Operating revenue from Bell Harbor International Conference Center in 2016 is expected to be down 42.9% from 2015 largely due to impacts from a major renovation to Pier 66. Specific submarket pressures will continue to adversely affect the Port's Economic Development Division property portfolio. The overlap of the seawall construction, and the removal of the Alaskan Way Viaduct, have a detrimental effect on the leasing of much of the commercial space owned by the Port since it is located in proximity to these public construction projects.

For 2016, the Port budgeted total operating revenues of $584.6 million, a 4.6% increase from 2015. Total operating expenses are budgeted at $336.0 million, a 5.7% increase from 2015. NOI before depreciation is budgeted at $248.6 million, a 3.1% increase from 2015. Depreciation expense is forecast to be $162.5 million, slightly lower than in 2015. NOI after depreciation is budgeted at $86.1 million, a 10.7% increase from 2015. The total capital budget for 2016 is $408.4 million and the five-year capital improvement program is $2.2 billion, which reflects the Port's continuing commitment to promote regional economic activity through investment in the development, expansion, and renewal of Port facilities that supports both the strategies and objectives outlined in the Port's Century Agenda and division business plans.

Major Initiatives

As the Port pursues its Century Agenda, one of the major accomplishments in 2015 was the creation of the NWSA together with the Port of Tacoma. The Pacific Northwest is a key region for inbound and outbound U.S. cargo, moving cargo not only for the regional trade, but also cargo heading to destinations throughout the entire U.S. Midwest, and the NWSA will help the region remain competitive into the future.

Seattle-Tacoma International Airport has won two 2015 industry awards, including the top award for "Best Staff in North America" and the only U.S. airport to rank in the top 10 in the "Best Airport: 40-50 million passenger category" among global competitors. This is the second time in three years that Seattle-Tacoma International Airport has won the "Best Staff" award, having earned it in 2013. Travelers from around the world take part each year in the world's largest airport passenger satisfaction survey to decide the award winners. The Skytrax World Airport Awards are widely referred to as the Passenger's Choice Awards.

In June 2015, Hainan Airlines, China's largest independent airline, began its inaugural nonstop service, four days a week, between Seattle and Shanghai, in addition to its current existing services between Seattle and Beijing. The Port welcomes a new domestic airline, Spirit Airlines, adding daily nonstop flights to Los Angeles and Las Vegas in spring 2016. AeroLogic, an airline joint venture between Lufthansa and DHL Express, also chose to begin its weekly freighter flight connecting Seattle to Frankfurt in April 2016.

During 2015, the most significant completed project was reconstruction of the Center Runway for $61.1 million. The Port will continue to invest in new facilities and infrastructure to improve customer experience, reduce congestion, and add capacity to accommodate future growth. The Aviation Division's initiatives for 2016 include: continuing the design for the North Satellite renovation, known as the NorthSTAR project; continuing design for the South Satellite renovations; construction of a new International Arrivals Facility, and construction of the Baggage System Optimization project. Also, the Sustainable Airport Master Plan is expected to be completed in 2016. The key initiatives for the Maritime Division in 2016 include: modernization of Bell Street Cruise Terminal at Pier 66 through partnership with Norwegian Cruise Line and other asset stewardship programs. In March 2016, sale was closed on the last portion of the Eastside Rail Corridor to Snohomish County and the Port achieved its goal in protecting the 42-mile long rail corridor under public ownership and preserving it for generations to come.

The Port continues its effort in reducing carbon emissions around the airport. In March 2016, the Port unveiled a first-of-its kind program to monitor the environmental performance of app-based rideshare services and offer more choices for travelers to get to and from the airport. Each of these rideshare companies has committed to the high environmental standards set by the Port.

All of these initiatives will help the Port to serve customers and the general public better, provide jobs and economic opportunities to local communities, and improve the environment in the Pacific Northwest.

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, 2014. This was the tenth 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,

Ted J. Fick

Chief Executive Officer

Dan Thomas

Chief Financial Officer

Rudy Caluza

Director, Accounting & Financial Reporting (AFR)

Debbi Browning

AFR Assistant Director, General Accounting & Business Technology

Lisa Lam

AFR Assistant Director, Revenue Services & Financial Reporting/Controls

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

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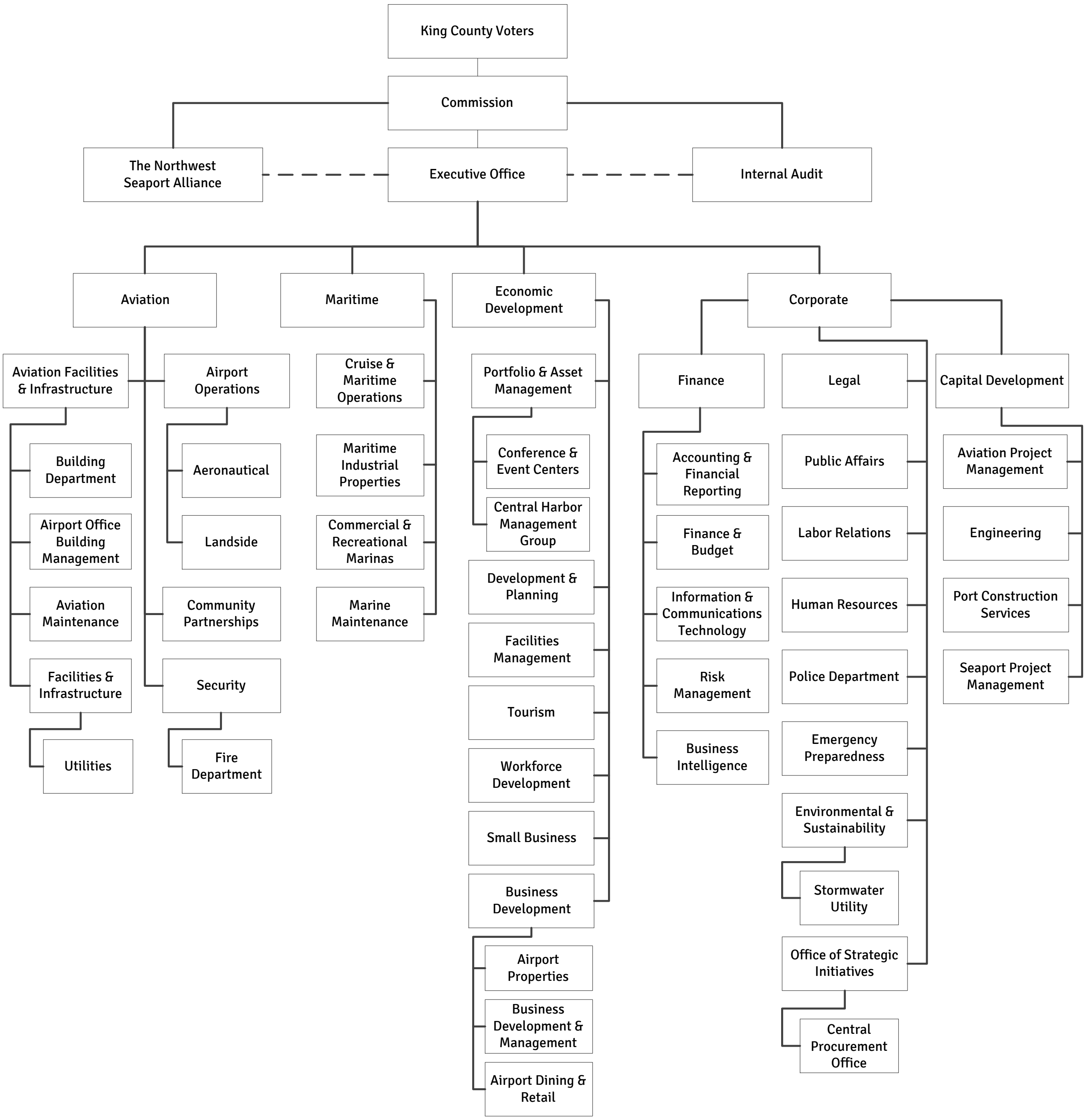
Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

ORGANIZATIONAL CHART FOR 2016



Note: As part of the reorganization announced by CEO Ted J. Fick, a number of departments/teams providing enterprise-wide leadership, policy, consultation and services related to a particular area of focus such as Business Development, Business Intelligence, Environmental and Sustainability, and Finance and Budget are following a matrix management structure. A matrix management structure for the Port means that some functions will have a dual reporting relationship, both a direct ("solid") and an indirect ("dotted line") way to report.

List of Elected and Appointed Officials in 2016

Elected Board of Commissioners

Name	Office	Term Expires
John Creighton	President	December 31, 2017
Tom Albro	Vice President	December 31, 2017
Stephanie Bowman	Secretary	December 31, 2017
Courtney Gregoire	Assistant Secretary	December 31, 2019
Fred Felleman	Commissioner At Large	December 31, 2019

Appointed Executive Officers and Staff

Ted J. Fick	Chief Executive Officer
Dave Soike	Chief Operating Officer
Dan Thomas	Chief Financial Officer
Craig Watson	General Counsel
Larry Ehl	Chief of Staff
Lance Lyttle	Managing Director, Aviation Division
David McFadden	Managing Director, Economic Development Division
Lindsay Pulsifer	Managing Director, Maritime Division
Ralph Graves	Senior Director, Capital Development Division
Dave Caplan	Senior Director, Office of Strategic Initiatives
Julie Collins	Senior Director, Public Affairs
Paula Edelstein	Senior Director, Human Resources
David Freiboth	Senior Director, Labor Relations
Colleen Wilson	Chief of Police

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FINANCIAL SECTION

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

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, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2015 and 2014, and the changes in net position and cash flows for the Enterprise Fund, and the changes in fiduciary net position for the Warehousemen's Pension Trust Fund for the years ended December 31, 2015, 2014 and 2013 in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1 and 8 to the financial statements, in 2015 the Port adopted the requirements of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68.* The financial statements have been retroactively restated for all periods presented for this change. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules of proportionate share of the net pension liability and contributions 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 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.

Other Information

Our audit was 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 audit of the basic financial statements and, accordingly, we express no opinion on them.

Moss Adams LLP

Seattle, Washington
April 27, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015

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, 2015, 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, 2015 and 2014.

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 ("RSI") 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 Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The report also includes the following two basic financial statements for the Warehousemen's Pension Trust Fund: Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

LOCAL ECONOMIC FACTORS

Washington's economy is expanding at a solid pace. The unemployment rate declined from an average of 6.1% in 2014 to an average of 5.7% in 2015. During 2015, jobs in both private sector and government increased 2.3% and 1.7%, respectively. The Seattle metropolitan area added about 50,100 jobs in 2015 from 2014. Approximately 38,700 of the new jobs added in 2015 were in the professional and business services, construction, leisure and hospitality, information technology as well as trade, transportation, and utilities.

The Port's 2015 performance reflected the recovery of the local economy. At the Airport, 42.3 million passengers passed through in 2015, an increase of 12.9% from 2014 and exceeded the all-time record for the fifth consecutive year. At the Seaport, the 2015 cruise season hosted 192 vessel calls and 898,000 passengers, an increase of 9.0% in passengers from 2014. Container volumes increased 3.8%. Grain volumes totaled 3.8 million metric tons, an increase of 4.4% from 2014. For the Real Estate Division, occupancy levels at commercial properties were at 93% in 2015, slightly less than the 94% Seattle market average.

THE NORTHWEST SEAPORT ALLIANCE

The ports of Seattle and Tacoma ("the ports") joined forces in August 2015 to unify management of marine cargo facilities and business to strengthen the Puget Sound gateway and attract more marine cargo and jobs to the region by creating The Northwest Seaport Alliance ("NWSA"). The NWSA is a separate governmental entity established as a Port Development Authority, similar to Public Development Authorities formed by cities and counties.

Each Port Commission is a Managing Member of the NWSA. Each port will remain a separate legal entity, independently governed by its own elected commissioners. Each port has granted the NWSA a license for the NWSA's exclusive use, operation and management of certain facilities, including the collection of revenues. Ownership of the licensed facilities remains with the ports, not with the NWSA. The ports remain responsible for their own debt and debt service. The NWSA will not issue bonded debt. The ports set up an initial 50/50 investment in the NWSA. NWSA's operating cash will flow back to the ports at least quarterly. The NWSA will have its own annual operating budget and five-year capital investment plan. The ports will contribute to capital construction projects subject to Managing Member approval. Capital funding will not come from working capital.

On January 1, 2016, the NWSA became a separate legal entity to be accounted for as a joint venture. Accordingly, the Port transferred $12.9 million in cash with the related assets and liabilities, primarily lease securities and customer advances, to the NWSA as the opening balance for the formation of the new entity. Additionally, the Port transferred $39.0 million of cash (consisting of working capital, working capital reserve, and capital construction funds) and $9.2 million of construction work in progress to the NWSA for its 50% share in the entity. The reduction of cash and construction work in progress was offset by an increase in the investment in joint venture reflected as a noncurrent asset on the Port's Statement of Net Position as of January 1, 2016. The Port's operating revenues in 2016 will include 50% of the NWSA's changes in net position in 2016.

The NWSA is intended to support the credit profiles of both ports, and its financial framework will preserve both ports' commitment to financial strength and fiscal stewardship. The ports are committed to ensuring that existing bond pledges and covenants will not be negatively affected. Outstanding bonds will remain obligations of each individual port. To maintain the rights of each port's existing bondholders, the charter prohibits the NWSA from issuing debt.

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 statement includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Enterprise Fund. Net position, the difference between total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources, 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, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at December 31 is as follows (in thousands):

	2015	2014 (Restated)	2013 (Restated)
ASSETS:			
Current, long-term, and other assets	$ 1,351,677	$ 1,032,463	$ 1,094,936
Capital assets	5,508,198	5,501,400	5,508,735
Total assets	$ 6,859,875	$ 6,533,863	$ 6,603,671
DEFERRED OUTFLOWS OF RESOURCES	$ 30,633	$ 29,142	$ 29,214
LIABILITIES:			
Current liabilities	$ 395,571	$ 349,545	$ 414,530
Noncurrent liabilities	3,358,868	3,087,528	3,258,534
Total liabilities	$ 3,754,439	$ 3,437,073	$ 3,673,064
DEFERRED INFLOWS OF RESOURCES	$ 29,153	$ 39,008	$ 4,106
NET POSITION:			
Net investment in capital assets	$ 2,474,130	$ 2,424,133	$ 2,299,824
Restricted	318,691	252,005	241,967
Unrestricted	314,095	410,786	413,924
Total net position	$ 3,106,916	$ 3,086,924	$ 2,955,715

Assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by $3.1 billion as of December 31, 2015 and 2014. Total net position increased $20.0 million from 2014 to 2015 and $131.2 million from 2013 to 2014, respectively.

In 2015, the Port adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The Port adopted both statements retroactively by restating the financial statements, for all periods presented, to account for the multiple-employer cost-sharing plans that the Port participates in the Washington State Retirement System and the Warehousemen's Pension Plan. The new accounting standards require governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a net pension liability, and to more comprehensively and comparably measure the annual costs of pension benefits instead of reporting pension expense based on cash contributions paid to the plans. As a result, the beginning balance of net position was restated and reduced by $92.8 million as of January 1, 2013. Additionally, operating revenues, operating expenses, and nonoperating income—net for 2014 were restated and reduced by $0.4 million, $3.0 million, and $0.8 million, respectively. Further discussion of the impacts of the adoption of these new accounting standards can be found in Note 1, Note 8, and Note 14 in the accompanying notes to the financial statements and the related RSI.

For each year presented, the largest portion of the Enterprise Fund's net position represents its net investment in 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 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 2014 to 2015 and from 2013 to 2014, there was an increase of $50.0 million and $124.3 million, respectively, in net investment in capital assets. Total capital assets, net of accumulated depreciation, including construction work in progress remained relatively constant between years. The issuance of 2015 Intermediate Lien Revenue and Refunding Bonds, along with an increase in deferred inflows of resources resulting from this refunding debt transaction, primarily accounted for the changes in this category from 2014 to 2015. An early extinguishment of debt of $17.3 million in 2014 and the scheduled principal payments of debt primarily accounted for the changes in this category from 2013 to 2014.

As of December 31, 2015 and 2014, the restricted net position of $318.7 million and $252.0 million, respectively, was comprised mainly of unspent revenue bonds proceeds restricted for debt service reserves in accordance with bond covenants, airport Passenger Facility Charges ("PFC") subject to Federal regulations, and rental car Customer Facility Charges ("CFC") subject to State regulations. From 2014 to 2015 and from 2013 to 2014, there was an increase of $66.7 million and $10.0 million, respectively, in this category. The increase in restricted net position from prior year was primarily due to higher PFCs resulting from growth in enplanements in conjunction with the timing of PFC and CFC related expenditures, as well as the addition of restricted debt service reserves associated with the issuance of the 2015 Intermediate Lien Revenue and Refunding Bonds.

As of December 31, 2015, the unrestricted net position was $314.1 million, a decrease of $96.7 million from $410.8 million in 2014. The decrease was primarily due to the $120.0 million payment made by the Port as a special item in 2015 for the State Route 99 ("SR 99") Alaskan Way Viaduct Replacement Program. Resources from the unrestricted net position 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 increased from 2014 to 2015 from $256.2 million to $305.4 million, respectively. This was largely due to the favorable operating performance of the Airport resulting from the enplanement growth in 2015 as well as timing of capital project spending during the periods. From 2013 to 2014, Aviation cash and cash equivalents along with investment balances decreased $14.3 million largely due to timing of capital project spending during the period.

Statement 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 Statement of Revenues, Expenses, and Changes in Net Position (in thousands) for the years ended December 31:

	2015	2014 (Restated)	2013 (Restated)
Operating revenues	$ 558,933	$ 534,489	$ 544,978
Operating expenses	317,806	306,300	306,989
Operating income before depreciation	241,127	228,189	237,989
Depreciation	163,338	166,337	171,374
Operating income	77,789	61,852	66,615
Nonoperating income—net	39,399	52,611	23,436
Capital contributions	22,804	16,746	21,381
Special item—SR 99 Viaduct expense	(120,000)		
Increase in net position	19,992	131,209	111,432
Net position—beginning of year, as restated (Note 1)	3,086,924	2,955,715	2,844,283
Net position—end of year	$ 3,106,916	$ 3,086,924	$ 2,955,715

Financial Operation Highlights

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

	2015	2014 (Restated)	2013
OPERATING REVENUES:			
Services	$ 212,612	$ 195,364	$ 190,662
Property rentals	332,696	325,219	342,093
Customer facility charge revenues	12,663	13,608	11,367
Operating grants and contract revenues	962	298	856
Total operating revenues	$ 558,933	$ 534,489	$ 544,978

During 2015, operating revenues increased 4.6% from $534.5 million in 2014 to $558.9 million in 2015. Aviation Division operating revenues increased $17.2 million largely due to growth in non-aeronautical revenues of $16.4 million. This was driven by increased passenger volumes with strong performance in (1) public parking reflecting an increase of $5.9 million, (2) airport dining and retail concessions with an increase of $4.7 million, and (3) commercial properties with an increase of $1.2 million. Aeronautical revenues are relatively flat compared to prior year, due to increased airline revenue sharing which essentially offsets increased aeronautical cost recovery revenue. Aeronautical revenue (before airline revenue sharing) grew in 2015 driven by an increase in cost recovery from new assets placed in service, higher operating expenses to support increased airline activity, and higher commercial cost center revenue. The aeronautical revenue growth in 2015 was offset by higher airline revenue sharing in 2015 of $12.4 million based on higher aeronautical revenues, strong non-aeronautical business performance, and lower debt service payments. Seaport Division operating revenues increased $2.0 million due to (1) a $1.4 million increase in Cruise revenues from higher passenger volumes and rate increases, and (2) a $0.9 million increase in Grain terminal revenues from higher volumes and increased contract rates. Container revenues decreased slightly from prior year despite of an increase in volume. While Container revenues from Terminal 46 increased by $1.2 million from higher lift volumes exceeding the minimum annual guarantee, this increase was offset by the lower Container revenues of $1.2 million from the limited interim use of Terminal 5 since the closure of the terminal for redevelopment and the Eagle Marine lease cancellation in 2014. Starting January 1, 2015, the Port established its Stormwater Utility for Port-owned properties located within the City of Seattle. As a result, $2.8 million of Surface Water Utility fees were paid directly by the tenants to the Stormwater Utility in 2015. In 2014 and prior years, they were reported as Seaport and Real Estate Divisions operating revenues. Real Estate Division operating revenues increased by $2.4 million primarily due to Conference and Event Center revenue increases of $1.4 million from strong sales and a vibrant regional economy. Shilshole Bay Marina and Fishermen's Terminal revenues increased due to higher moorage occupancy and rates while Fishermen's Terminal benefitted from an early termination lump sum payment from an office tenant. Commercial Properties revenue increased due to increased activity at the Bell Street Garage and increased rent at Harbor Marina Corporate Center, World Trade Center West, and Bell Street Retail. These increases were slightly offset by a decline in Real Estate Development and Planning revenues with the departure of several Terminal 91 uplands tenants.

During 2014, operating revenues decreased 1.9% from $545.0 million in 2013 to $534.5 million in 2014. Aviation Division operating revenues decreased $8.3 million largely due to (1) the removal of the $17.9 million security fund liability upon the expiration of the Signatory Lease and Operating Agreement ("SLOA") II on December 31, 2012 which was recognized as operating revenues in 2013, and (2) higher airline revenue sharing in 2014 from the SLOA III. These decreases were partially offset by higher non-aeronautical revenues driven by strong performance and increased revenues from rental cars, public parking and airport dining and retail concessions. Seaport Division operating revenues decreased $3.5 million from 2013 driven by (1) lower container revenues of $6.2 million resulting from the closure of Terminal 5 for redevelopment, and (2) lower usage of cranes and intermodal yard prior to closure amounting to $6.8 million. These amounts were partially offset by an increase in space rental due to the increase in the minimum annual guarantee per acre rate. Cruise revenues decreased due to a slight decrease in vessel calls and passengers while maritime operations revenues decreased largely due to lower activity at Terminal 91. Lower revenues in these areas were partially offset by (1) higher grain revenues of $2.2 million resulting from higher volumes in 2014, (2) higher industrial properties revenues of $1.1 million resulting from higher occupancies and year over year rate increases, and (3) increased volumes from the Terminal 18 Bulk Terminal. Real Estate Division operating revenues increased by $1.4 million due to higher revenues from the Conference and Event Centers of $1.0 million resulting from higher activities. Additionally, commercial fishing and recreational marina revenues increased as a result of higher occupancies and increased rates.

A summary of operating expenses is as follows (in thousands):

	2015	2014 (Restated)	2013
OPERATING EXPENSES:			
Operations and maintenance	$ 234,017	$ 228,292	$ 227,611
Administration	60,225	56,711	55,962
Law enforcement	23,564	21,297	23,416
Total operating expenses	$ 317,806	$ 306,300	$ 306,989

During 2015, operating expenses increased from $306.3 million in 2014 to $317.8 million in 2015. In 2015, the Port recognized a one-time lump sum payroll expense of $4.9 million paid to exempt employees for transitioning the workforce to a 40-hour work week. Aviation Division operating expenses increased $10.0 million primarily due to higher payroll expenses of $4.9 million, outside services expenses of $3.7 million, environmental expenses of $2.3 million, and divisional allocations of $1.9 million. These increases were offset by lower capital to expense charges of $3.1 million compared to 2014. Seaport Division operating expenses increased $1.8 million primarily due to a feasibility study, outside legal expenses, and increased security costs at Terminal 5. Additionally, maintenance expenses increased at Terminal 5 and Terminal 46 primarily due to Storm Water Pollution plans, replacement and installation of a sewer lift station, maintenance of fire service systems, as well as annual inspections and repairs of the fire hydrants. Container expenses increased due to corporate charges for the formation of NWSA and the configurations for interim use of Terminal 5. Real Estate Division operating expenses decreased by $3.2 million, largely due to a reduction of contingent liability of $1.4 million from favorable determinations of lawsuits brought forth by adjacent property owners of the Eastside Rail Corridor. In addition, operating expenses decreased due to a higher proportion of tenant improvements qualifying for capitalization. These decreases were slightly offset by increased expenses due to higher volume of activities in the Conference and Event Centers.

During 2014, operating expenses decreased from $307.0 million in 2013 to $306.3 million in 2014. Aviation Division operating expenses increased $2.3 million primarily due to higher expenses of $10.7 million particularly in payroll and outside services, higher capital to expense charges in 2014 of $2.6 million and higher charges from the Corporate and Capital Development Divisions of $7.2 million largely due to a change in methodology on how such costs are allocated to the operating divisions starting in 2014. These were partially offset by higher costs in 2013 for airline realignment of $10.8 million and environmental expense of $4.9 million. Seaport Division operating expenses decreased $7.3 million as a result of a decrease in Corporate expenses of $3.3 million related to the change in allocation methodology, as referred to above, along with lower expenses from Capital Development Division of $1.7 million due to the Terminal 115 Waterline and Pavement Repair, Terminal 5 Maintenance Dredge and Viaduct related expenses in 2013. Operating environmental expense decreased by $1.6 million due to amounts established for the Terminal 5 and Terminal 91 Maintenance Dredge projects in 2013. Real Estate Division operating expenses increased by $4.4 million due to a net increase in the contingent liability of $2.2 million for the Eastside Rail Corridor resulting from lawsuits filed against the Port by property owners. The Fishermen's Terminal Net Shed Code Compliance Improvement project also contributed to an increase in costs of $1.0 million. Conference and event center expenses had a net increase of $0.9 million due to increased activity related to increased revenues. Operating expenses also increased as a result of higher utility expenses and higher outside service costs relating to broker fees, tenant improvements and space planning.

As a result of the above, operating income before depreciation increased $12.9 million from 2014 to 2015, compared to a $9.8 million decrease from 2013 to 2014.

Depreciation expense decreased by $3.0 million from 2014 to 2015 and decreased $5.0 million from 2013 to 2014.

A summary of nonoperating income (expense)—net and capital contributions and special item are as follows (in thousands):

	2015	2014 (Restated)	2013
NONOPERATING INCOME (EXPENSE):			
Ad valorem tax levy revenues	$ 72,819	$ 72,801	$ 72,738
Passenger facility charge revenues	79,209	69,803	64,661
Customer facility charge revenues	23,540	19,889	20,389
Noncapital grants and donations	5,358	10,159	3,771
Fuel hydrant facility revenues	6,957	6,935	7,417
Investment income (loss)—net	9,122	11,202	(1,107)
Revenue and capital appreciation bonds interest expense	(110,128)	(108,910)	(115,340)
Passenger facility charge revenue bonds interest expense	(5,584)	(5,906)	(6,212)
General obligation bonds interest expense	(10,490)	(9,475)	(11,479)
Public expense	(5,023)	(6,854)	(6,226)
Environmental expense—net	(2,888)	(9,142)	(4,765)
Other (expense) income—net	(23,493)	2,109	(411)
Total nonoperating income—net	$ 39,399	$ 52,611	$ 23,436
CAPITAL CONTRIBUTIONS	$ 22,804	$ 16,746	$ 21,381
SPECIAL ITEM—SR 99 Viaduct expense	(120,000)		

During 2015, nonoperating income—net was $39.4 million, a $13.2 million decrease from 2014. This was largely due to (1) an $8.6 million loss on retirement of Aviation capital assets resulting from panel replacements for the Center Runway, (2) a $13.3 million loss on sale of property to the City of SeaTac for use in its Connecting 28th/ 24th Avenue South Project, (3) a $10.8 million settlement from a bankruptcy claim against an asbestos insulation manufacturer received in 2014, and (4) decreases in noncapital grants and donations from Department of Ecology grant activity in 2015. This was offset by a decrease in environmental expense in Terminal 30 and Terminal 117 in 2015, and an increase in passenger facility charge revenues in 2015 due to increased enplanements.

During 2014, nonoperating income—net was $52.6 million, a $29.2 million increase from 2013 nonoperating income—net. This was largely due to (1) an increase in unrealized gains on the investment portfolio, (2) a $10.8 million asbestos claim settlement received in 2014, and (3) an increase in noncapital grants from the Department of Ecology and the Clean Truck Program. These increases were offset by (1) an increase in environmental expense relating to Terminal 30 and Terminal 117, and (2) a net loss on the sale/demolition of Port assets of $9.7 million for the year of which the single largest item related to a $2.7 million impairment loss on six cranes at Terminal 5 no longer in use from the closure of Terminal 5 for redevelopment.

During 2015, capital contributions increased $6.1 million primarily due to increase in grant revenues from Airport Improvement Program reimbursements for Center Runway construction. During 2014, capital contributions decreased $4.7 million primarily due to a $3.7 million Department of Energy American Recovery and Reinvestment Act ("ARRA") grant received in 2013, along with a decline in noncash donations between years. Tenant funded projects at Terminal 86 and Pier 66 improving Port assets in 2014 were lower than prior year activity which included the Port recording the Downie building at Fishermen's Terminal for $1.0 million in 2013 when the title reverted back to the Port upon lease expiration.

The Port recorded, as a special item, a $120.0 million payment made to the Washington State Department of Transportation ("WSDOT") for the SR 99 Alaskan Way Viaduct Replacement Program in 2015. This is the first payment based on the funding agreement entered into with WSDOT for the State's eligible construction costs incurred on the Tunnel Design Build Project. The Port will make the remaining $147.7 million payment to WSDOT in 2016 and will record it as a special item. The SR 99 Alaskan Way Viaduct Replacement Program will improve movement of freight and other traffic on the west corridors of the Seattle transportation system between the Duwamish and Ballard-Interbay neighborhoods, including easy access to the Port's cargo, recreational boating, commercial fishing, cruise facilities and the Airport.

Increase in net position for 2015 and 2014 was $20.0 million and $131.2 million, respectively. The $111.2 million decrease between the two years was primarily attributed to the special item referred to above for the SR 99 Alaskan Way Viaduct Replacement Program payment, partially offset by an increase in net operating income in 2015.

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 fiduciary net position of the Warehousemen's Pension Trust Fund as of December 31, and changes in fiduciary net position for the years ended December 31 is as follows (in thousands):

	2015	2014	2013
Total assets	$ 9,191	$ 9,988	$ 10,282
Total liabilities			
Total fiduciary net position	$ 9,191	$ 9,988	$ 10,282
Total additions	$ 1,384	$ 1,908	$ 2,662
Total deductions	(2,182)	(2,202)	(2,176)
(Decrease) increase in fiduciary net position	(798)	(294)	486
Fiduciary net position—beginning of year	9,984	10,278	9,792
Fiduciary net position—end of year	$ 9,186	$ 9,984	$ 10,278

Total fiduciary net position as of December 31, 2015 decreased by $0.8 million from December 31, 2014 mainly due to a decline in the fair value of investments.

Total fiduciary net position as of December 31, 2014 decreased by $0.3 million from December 31, 2013 mainly due to an increase in retirement benefits expenses.

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, 2015, amounted to $5.5 billion (net of accumulated depreciation). This investment in capital assets includes 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 remained relatively constant between years.

In 2015, the Port's expenditures for capital construction projects totaled $195.9 million of which $173.5 million, $11.8 million, and $4.5 million related to Aviation Division, Seaport Division, and Real Estate Division, respectively. Major Aviation projects included $61.6 million related to the Center Runway (16C-34C) Design and Reconstruction of pavement panels, $23.8 million related to Interior Improvements in Terminal Facilities, and $22.5 million related to Baggage System Refurbishment and Optimization. A major Seaport project was $4.5 million related to Terminal 5 Berth Modernization.

During 2015, capital construction projects totaling $185.2 million were completed and placed in service as capital assets. The most significant completed projects were reconstruction of Center Runway for $61.1 million, refurbishing existing baggage systems at North Satellite and Concourse D for $18.3 million, and construction of three weather-protected sloped walkways and new elevators to improve customer service by allowing customer vertical circulation (access between concourse level and ramp) on Concourse C for $15.6 million.

During 2015, the Port collected $72.9 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 proceeds. All capital assets are accounted for within the Enterprise Fund.

The Port achieved its goal in preserving the 42-mile Eastside Rail Corridor (the "Corridor") for public ownership. In January 2015, the Port received a cash payment of $13.2 million from King County for the total outstanding balance including accrued interest related to the Purchase and Sale Agreement entered in 2013 for a portion of the Southern Segment and an easement over portions of the Freight Segment of the Corridor. In November 2015, the Port received a cash payment of $1.1 million from City of Woodinville related to the Purchase and Sale Agreement entered in 2014 for a portion of the Freight Segment (within Woodinville Corporate Limits and Bothell Corporate Limits) of the Corridor. No gain or loss was recorded on either transaction. In March 2016, the Port completed the sale of the remaining portions of the Corridor and any improvements located in Snohomish County, including the Snohomish River Bridge to Snohomish County for $3.5 million. The Port will record a loss on the sale of these capital assets of $4.6 million in 2016.

In January 2015, the Port agreed to sell three cranes and the related spare parts to SSA Terminals, LLC and SSA Containers, Inc., the current tenant at Terminal 18. The Port estimates a loss of $2.3 million will be reported on the sale of these capital assets in 2016, along with the Port's 50% share of the associated sales tax.

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, 2015, the Port had outstanding revenue bonds and commercial paper of $2.7 billion, a $126.8 million increase from 2014 primarily due to the issuance of new revenue bonds, partially offset by scheduled principal payments, early extinguishment of debt, and the refunding of existing revenue bonds.

During August 2015, the Port issued $582.7 million in Series 2015ABC Intermediate Lien Revenue and Refunding Bonds to pay for or reimburse costs of capital improvements to Airport facilities, to capitalize a portion of the interest on the 2015A and 2015C Bonds, to fully refund the Series 2005A Intermediate Lien Refunding and Refunding Bonds, to pay the costs of issuing the bonds, and to contribute to the Intermediate Lien Reserve Account.

As of December 31, 2015, the Port had outstanding General Obligation (“GO”) bonds of $305.5 million, an $80.1 million increase from 2014 primarily due to the issuance of GO bonds, partially offset by scheduled principal payments. In April 2015, the Port issued $157.0 million in Series 2015 Limited Tax GO and Refunding Bonds, which were used to (1) fund the Port’s first contractual payment, in the amount of $120.0 million, to the WSDOT for the SR 99 Alaskan Way Viaduct Replacement Program, (2) to partially refund the outstanding Series 2006 Limited Tax GO Refunding Bonds, and (3) to pay the costs of issuing the Bonds.

As of December 31, 2015, the Port had outstanding PFC Revenue bonds of $123.2 million, an $11.9 million decrease from 2014 due to a scheduled principal payment.

As of December 31, 2015, the Port had outstanding Fuel Hydrant Special Facility Revenue bonds of $82.6 million, a $3.1 million decrease from 2014 due to a scheduled principal payment.

Since May 2003, the fuel facilities have been 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, which include 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 semiannual debt service, replenish any deficiency in the debt service reserve fund, and pay other fees associated with the bonds, including the Trustee fee. No ad valorem tax levy revenues or other revenues of the Port (other than fuel facilities lease revenues) are pledged to pay the debt service on the Fuel Hydrant Special Facility Revenue Bonds.

Below are the underlying ratings for the Port’s bonds as of December 31, 2015. Some 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.

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

In July 2015, S&P upgraded its ratings on the Port’s Subordinate Lien Revenue bonds from A to A+.

Additional information on the Port’s debt and conduit debt activities can be found in Note 6 and Note 7, respectively, in the accompanying notes to the financial statements.

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PORT OF SEATTLE — ENTERPRISE FUND

STATEMENT OF NET POSITION

AS OF DECEMBER 31, 2015 AND 2014

(In thousands)

	2015	2014 (Restated)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash and cash equivalents	$ 9,965	$ 56,512
Restricted cash and cash equivalents:		
Bond funds and other	6,294	19,371
Fuel hydrant assets held in trust	3,499	3,389
Short-term investments	209,229	67,423
Restricted short-term investments: Bond funds and other	145,416	26,843
Accounts receivable, less allowance for doubtful accounts of $218 and $168	42,794	39,260
Grants-in-aid receivable	10,688	9,609
Taxes receivable	1,393	1,515
Materials and supplies	6,883	6,845
Assets held for sale		1,100
Prepayments and other current assets	8,223	16,773
Total current assets	444,384	248,640
NONCURRENT ASSETS:		
Long-term investments	515,047	525,316
Restricted long-term investments:		
Bond funds and other	361,438	212,785
Fuel hydrant assets held in trust	6,029	5,908
Net pension asset	11,901	14,696
Long-term receivable	7,447	12,305
Other long-term assets	5,431	12,813
CAPITAL ASSETS:		
Land and air rights	2,008,635	2,023,040
Facilities and improvements	5,048,814	4,930,366
Equipment, furniture, and fixtures	443,273	424,710
Total capital assets	7,500,722	7,378,116
Less accumulated depreciation	(2,108,483)	(1,981,954)
Construction work in progress	115,959	105,238
Total capital assets—net	5,508,198	5,501,400
Total noncurrent assets	6,415,491	6,285,223
Total assets	6,859,875	6,533,863
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding bonds	16,222	22,226
Deferred charges on net pension asset and liability	14,411	6,916
Total deferred outflows of resources	30,633	29,142
TOTAL	$ 6,890,508	$ 6,563,005

See notes to financial statements.

	2015	2014 (Restated)
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 120,453	$ 87,669
Payroll and taxes payable	34,341	38,759
Bonds interest payable	41,725	36,410
Lease securities and customer advances	28,492	21,787
Current maturities of long-term debt	170,560	164,920
Total current liabilities	395,571	349,545
NONCURRENT LIABILITIES:		
LONG-TERM LIABILITIES:		
Net pension liability	95,548	74,585
Environmental remediation liability	48,429	42,117
Bonds interest payable	13,181	10,715
Other postemployment benefits obligation	9,687	9,478
Accrued long-term expenses	1,102	3,572
Total long-term liabilities	167,947	140,467
LONG-TERM DEBT:		
Revenue and capital appreciation bonds	2,678,392	2,512,500
General obligation bonds	311,195	215,664
Passenger facility charge revenue bonds	115,284	128,980
Fuel hydrant special facility revenue bonds	86,050	89,917
Total long-term debt	3,190,921	2,947,061
Total noncurrent liabilities	3,358,868	3,087,528
Total liabilities	3,754,439	3,437,073
DEFERRED INFLOWS OF RESOURCES:		
Deferred gain on refunding bonds	12,597	3,688
Deferred credits on net pension asset and liability	16,556	35,320
Total deferred inflows of resources	29,153	39,008
NET POSITION:		
Net investment in capital assets	2,474,130	2,424,133
Restricted for:		
Debt service reserves	188,181	150,344
Passenger facility charges	104,704	82,300
Customer facility charges	15,335	11,240
Grants and other	10,471	8,121
Unrestricted	314,095	410,786
Total net position	3,106,916	3,086,924
TOTAL	$ 6,890,508	$ 6,563,005

See notes to financial statements.

PORT OF SEATTLE — ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

(In thousands)

	2015	2014 (Restated)	2013 (Restated)
OPERATING REVENUES:			
Services	$ 212,612	$ 195,364	$ 190,662
Property rentals	332,696	325,219	342,093
Customer facility charge revenues	12,663	13,608	11,367
Operating grants and contract revenues	962	298	856
Total operating revenues	558,933	534,489	544,978
OPERATING EXPENSES:			
Operations and maintenance	234,017	228,292	227,611
Administration	60,225	56,711	55,962
Law enforcement	23,564	21,297	23,416
Total operating expenses	317,806	306,300	306,989
NET OPERATING INCOME BEFORE DEPRECIATION	241,127	228,189	237,989
DEPRECIATION	163,338	166,337	171,374
OPERATING INCOME	77,789	61,852	66,615
NONOPERATING INCOME (EXPENSE):			
Ad valorem tax levy revenues	72,819	72,801	72,738
Passenger facility charge revenues	79,209	69,803	64,661
Customer facility charge revenues	23,540	19,889	20,389
Noncapital grants and donations	5,358	10,159	3,771
Fuel hydrant facility revenues	6,957	6,935	7,417
Investment income (loss)—net	9,122	11,202	(1,107)
Revenue and capital appreciation bonds interest expense	(110,128)	(108,910)	(115,340)
Passenger facility charge revenue bonds interest expense	(5,584)	(5,906)	(6,212)
General obligation bonds interest expense	(10,490)	(9,475)	(11,479)
Public expense	(5,023)	(6,854)	(6,226)
Environmental expense—net	(2,888)	(9,142)	(4,765)
Other (expense) income—net	(23,493)	2,109	(411)
Total nonoperating income—net	39,399	52,611	23,436
INCOME BEFORE CAPITAL CONTRIBUTIONS AND SPECIAL ITEM	117,188	114,463	90,051
CAPITAL CONTRIBUTIONS	22,804	16,746	21,381
INCOME BEFORE SPECIAL ITEM	139,992	131,209	111,432
SPECIAL ITEM—SR 99 Viaduct expense	(120,000)		
INCREASE IN NET POSITION	19,992	131,209	111,432
TOTAL NET POSITION:			
Beginning of year, as restated (Note 1)	3,086,924	2,955,715	2,844,283
End of year	$ 3,106,916	$ 3,086,924	$ 2,955,715

See notes to financial statements.

PORT OF SEATTLE — ENTERPRISE FUND

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(In thousands)

	2015	2014 (Restated)	2013
OPERATING ACTIVITIES:			
Cash received from customers	$ 584,730	$ 549,055	$ 496,860
Customer facility charge receipts	12,663	13,608	11,367
Cash paid to suppliers for goods and services	(111,235)	(132,300)	(111,859)
Cash paid to employees for salaries, wages and benefits	(198,466)	(187,439)	(180,695)
Operating grants and contract revenues	962	298	856
Other	(2,571)	(1,611)	3,019
Net cash provided by operating activities	286,083	241,611	219,548
NONCAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from issuance and sale of GO bonds	120,006		
Principal payments on GO bonds		(15,275)	
Interest payments on GO bonds	(2,804)	(571)	(805)
Cash paid for special item—SR 99 Viaduct expense	(120,000)		
Cash paid for environmental remediation liability	(9,032)	(19,627)	(12,904)
Public expense disbursements	(5,360)	(4,049)	(7,868)
Ad valorem tax levy receipts	72,941	72,926	72,893
Noncapital grants and contract revenues	5,358	10,159	3,771
Proceeds from assets held for sale	14,207		1,449
Environmental recovery receipts	2,746	11,923	6,241
Litigation settlement receipt		10,847	
Receipts from implicit financing	2,236		
Net cash provided by noncapital and related financing activities	80,298	66,333	62,777
CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from issuance and sale of revenue bonds, GO bonds, fuel hydrant special facility revenue bonds, PFC bonds, and commercial paper	704,501		350,379
Proceeds used for refunding of revenue bonds, GO bonds, fuel hydrant special facility revenue bonds, and PFC bonds	(376,938)		(343,922)
Principal payments on revenue bonds, GO bonds, fuel hydrant special facility revenue bonds, PFC bonds, and commercial paper	(171,030)	(158,246)	(129,030)
Interest payments on revenue bonds, GO bonds, PFC bonds, fuel hydrant special facility revenue bonds, and commercial paper	(131,777)	(135,310)	(146,972)
Acquisition and construction of capital assets	(192,023)	(185,853)	(134,891)
Deposits and proceeds from sale of capital assets	253	4,432	15,889
Receipts from capital contributions	21,545	15,111	13,302
Passenger facility charge receipts	78,152	69,140	64,686
Customer facility charge receipts	24,117	19,925	20,182
Fuel hydrant facility revenues	6,957	6,935	7,417
Net cash used in capital and related financing activities	$ (36,243)	$ (363,866)	$ (282,960)

See notes to financial statements.

(Continued)

PORT OF SEATTLE — ENTERPRISE FUND

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(In thousands)

	2015	2014 (Restated)	2013
INVESTING ACTIVITIES:			
Purchases of investment securities	$ (560,615)	$ (732,616)	$ (711,589)
Proceeds from sales and maturities of investments	161,953	782,305	611,669
Interest received on investments	9,128	7,895	6,546
Net cash (used in) provided by investing activities	(389,534)	57,584	(93,374)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS (including $1,027, $909, and $6,150 restricted cash and cash equivalents of fuel hydrant assets held in trust reported as restricted long-term investments, respectively)	(59,396)	1,662	(94,009)
CASH AND CASH EQUIVALENTS:			
Beginning of year	80,181	78,519	172,528
End of year	$ 20,785	$ 80,181	$ 78,519
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:			
Operating income	$ 77,789	$ 61,852	$ 66,615
Miscellaneous nonoperating (expense) income	(2,571)	(1,611)	3,019
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	163,338	166,337	171,374
(Increase) Decrease in assets:			
Accounts receivable	(3,744)	16,406	(26,947)
Materials and supplies, prepayments and other	3,188	12,717	(17,891)
Net pension asset	2,795	(9,979)	
(Decrease) Increase in deferred outflows of resources:			
Deferred charges on net pension asset and liability	(6,948)	(1,999)	
Increase (Decrease) in liabilities:			
Accounts payable and accrued expenses	46,306	(11,873)	14,807
Payroll and taxes payable	(4,408)	(2,487)	2,025
Lease securities and customer advances	6,364	4,383	2,612
Net pension liability	20,938	(25,927)	
Environmental remediation liability	1,591	(1,951)	4,023
Other postemployment benefits obligation	209	423	(89)
(Decrease) Increase in deferred inflows of resources:			
Deferred credits on net pension asset and liability	(18,764)	35,320	
Net cash provided by operating activities	$ 286,083	$ 241,611	$ 219,548
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Avigation easement received from Highline School District	$	$	$ 11,360

See notes to financial statements.

(Concluded)

PORT OF SEATTLE — WAREHOUSEMEN'S PENSION TRUST FUND

STATEMENT OF FIDUCIARY NET POSITION
AS OF DECEMBER 31, 2015 AND 2014
(In thousands)

	2015	2014
ASSETS:		
Cash and cash equivalents	$ 237	$ 180
Investments in mutual fund—fair value:		
Fixed income	3,624	3,953
Domestic equities	2,640	3,029
International equities	2,542	2,675
Total investments	8,806	9,657
Other assets	148	151
Total assets	9,191	9,988
LIABILITIES:		
Accounts payable	5	4
NET POSITION RESTRICTED FOR PENSIONS	$ 9,186	$ 9,984

See notes to financial statements.

PORT OF SEATTLE — WAREHOUSEMEN'S PENSION TRUST FUND

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(In thousands)

	2015	2014	2013
ADDITIONS:			
Employer contributions	$ 1,500	$ 1,500	$ 1,500
Investment income:			
Net (depreciation) appreciation in fair value of investments	(308)	202	976
Dividends	227	251	231
Less investment expenses	(35)	(45)	(45)
Net investment (loss) income	(116)	408	1,162
Total additions	1,384	1,908	2,662
DEDUCTIONS:			
Benefits	2,079	2,091	2,076
Administrative expenses	46	45	46
Professional fees	57	66	54
Total deductions	2,182	2,202	2,176
Net (decrease) increase in net position	(798)	(294)	486
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of year	9,984	10,278	9,792
End of year	$ 9,186	$ 9,984	$ 10,278

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 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. The Port 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 the Port’s 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 (“U.S.”) flag passenger air carriers (including regional and commuter air carriers) and 11 foreign-flag passenger air carriers providing nonstop service from the Airport to 105 cities, including 21 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 ports of Seattle and Tacoma joined forces in August 2015 to unify management of marine cargo facilities and business to strengthen the Puget Sound gateway and attract more marine cargo and jobs to the region by creating The Northwest Seaport Alliance (“NWSA”). The NWSA is a separate governmental entity established as a Port Development Authority. On January 1, 2016, the NWSA became a separate legal entity to be accounted for as a joint venture. 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.

In 2015, CEO Ted J. Fick, announced a series of reorganizations leading the Port to achieve dramatic growth, operational excellence and talent development. Effective January 1, 2016, the Port is comprised of three operating divisions, namely Aviation, Maritime, and Economic Development. The Aviation Division manages the Airport. The Maritime Division manages industrial property connected with maritime businesses, commercial and recreational marinas, cruise, grain, and maritime operations. The Economic Development Division functions as the primary economic growth driver for the Port, and encompasses a number of existing functions including some from the 2015 Real Estate Division, along with Tourism, Workforce Development, and a new small business “incubator”.

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 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 is governed by a Board of Directors, which is comprised of the same members of the Port's Commission. The Port's management has operational responsibility for the IDC. 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 the 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 generally accepted accounting principles in the U.S. 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 the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates into GASB's authoritative literature certain accounting and financial reporting guidance issued by Financial Accounting Standards Board ("FASB") pronouncements which does not conflict with or contradict GASB pronouncements, and eliminates the option to apply post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements. The more significant Port's accounting policies are described below.

Use of Estimates—The preparation of the Port's financial statements in conformity with generally accepted accounting principles in the U.S. 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 revenues and expenses during the reporting period. Estimates and assumptions are used to record environmental remediation liabilities, litigated and non-litigated loss contingencies, insurance recoveries, allowances for doubtful accounts, grants-in-aid receivable, arbitrage rebate liabilities, healthcare benefit claims liabilities, net pension assets, net pension liabilities, and other postemployment benefits obligations. 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 healthcare 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 healthcare plan to limit the Port's individual claims liability up to $200,000 per year in 2015 and 2014, and to 125% of expected claims in aggregate. Healthcare benefit claims liabilities are not discounted to present value as nearly all healthcare 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 reflects the changes in the claim liabilities for the years ended December 31 (in thousands). Claim payments made during the current year include associated incremental costs such as administration expenses and stop-loss insurance policy premiums. Non-incremental claim adjustment expenses were not included as part of the healthcare benefit claim liabilities. Employees' cost sharing portion of the healthcare plan and retirees' payments for participating in the Port's healthcare plan made during the current year are included as "Other" in the table below. Retirees' participation in the Port's healthcare plan is not implicitly or explicitly subsidized.

Years ended December 31,	Beginning balance	Current year claims and changes in estimates	Claim payments	Other	Ending balance
2015	$ 1,070	$ 12,295	$ (14,224)	$ 1,805	$ 946
2014	1,423	11,724	(13,800)	1,723	1,070
2013	1,540	13,274	(15,336)	1,945	1,423

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

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 their 457 plan with a dollar-for-dollar contribution to the 401(a) Plan 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.

The Port contributes to the 401(a) Police Retirement Plan and Trust and the 401(a) Fire Fighters Retirement Plan and Trust in lieu of Social Security contributions for certain eligible uniformed law enforcement officers and fire fighters who elected not to participate in the Social Security system. This complies with the collective bargaining agreements for employees who participate in these plans. Employees are able to direct the 401(a) funds to any investment options available under the 401(a) Plans. The Port placed the plans' assets in separate trusts 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.

Investments and Cash Equivalents—All short-term investments with a maturity of three months or less at the date of purchase are considered to be cash equivalents except for the restricted portion of the fuel hydrant assets held in trust that is not used to pay the current maturities of Fuel Hydrant Special Revenue Bonds plus accrued interest and is reported as restricted long-term investments on the Statement of Net Position. Investments are carried at fair value plus accrued interest receivable. Fair values are determined based on quoted market rates. Unrealized gains or losses due to market valuation changes are recognized in the Statement 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, placed in dispute or 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 as well as environmental prevention/remediation programs.

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. 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.

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 charge ("CFC") revenues, and other revenues generated from operations are reported as operating revenues. Ad valorem tax levy revenues, noncapital grants and donations, passenger facility charge ("PFC") revenues, the remaining portion of CFC revenues, fuel hydrant facility revenues, and other income generated from nonoperating sources are classified as nonoperating revenues.

Operating and Nonoperating Expenses—Expenditures related 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 revenues.

- For derived revenue transactions, such as PFC and CFC, the Port recognizes receivables in the period when the exchange transaction on which the fee/charge is imposed occurs or records cash when received, whichever occurs first. Revenue is recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the receivables are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance are reported as unearned revenues until the period of the exchange.

- For imposed nonexchange revenue transactions, such as ad valorem tax levy revenues, the Port recognizes receivables in the period when an enforceable legal claim to the receivables arises, i.e. lien date, or records cash when received, whichever occurs first. Resources received in advance before the lien date is reported as deferred inflows of resources.

- For government-mandated nonexchange transactions and voluntary nonexchange transactions, such as grant programs, resources received before the eligibility requirements are met (excluding time requirements) are reported as unearned revenues. Resources received before time requirements are met, but after all other eligibility requirements have been met, is reported as deferred inflows of resources.

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.

Passenger Facility Charges—As determined by applicable Federal legislation, which are based upon passenger enplanements, PFC generated revenues are 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 at $4.50 per passenger, are recorded as nonoperating income in the Statement of Revenues, Expenses, and Changes in Net Position.

Customer Facility Charges—As determined by applicable State legislation, CFC generated revenues received from rental car companies at $6.00 per transaction day, are expended by the Port for eligible capital projects, the payment of principal and interest on specific revenue bonds funding the Rental Car Facility ("RCF") at the Airport, and certain related operating expenses. A portion of CFC revenues is recorded as operating revenues as it is associated with the operation of the RCF. The remaining portion of CFC revenues is recorded as nonoperating income in the Statement of Revenues, Expenses, and Changes in Net Position.

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 levy revenues and interest expense on GO bonds as nonoperating income in the Statement 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—During 2013, the Port reached agreement with the airlines for the new Signatory Lease and Operating Agreement ("SLOA III"). SLOA III is effective for the period January 1, 2013 through December 31, 2017. SLOA III is a hybrid-compensatory rate setting methodology. Under SLOA III, aeronautical rates are set to recover both operating and capital costs by cost center. Key provisions include: (1) One-time reduction in the revenue requirement of $17,880,000, from the removal of the security fund liability when SLOA II expired, in 2013, (2) Cash funded assets included in capital recovery formulas extend back to 1992, (3) Airport does not recover costs relating to vacant publicly accessible office space (costs associated with all other airline space are fully recovered), (4) Cost recovery formulas permit 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% 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), and (5) Revenue sharing of 50% of the cash flow available for debt service above 125% of annual debt service is credited to the signatory airlines. Settlement calculations comparing 2015 revenue requirements and invoices billed in 2015 for each cost center and for all airlines, including revenue sharing, have been reflected in the 2015 financial statements.

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 are included in current liability in the Statement of Net Position. The Port is allowed to draw from the lease securities in certain events as defined in these agreements, such as for defaults or delinquencies in rent payment. The balance is determined by the lease terms and is recalculated according to the provisions of the agreements.

Environmental Remediation Liabilities—The Port's policy requires accrual of environmental remediation liabilities 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 liabilities. Costs incurred for environmental remediation liabilities 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 liabilities 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 and Premium—Debt discounts and premiums relating to the issuance of bonds are amortized over the lives of the related bonds using the effective interest method.

Refunding and Defeasance of Debt—The Port has legally defeased certain bonds by placing proceeds, either in the form of new bond proceeds or existing Port cash, in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not recorded on the accompanying financial statements. As of December 31, 2015 and 2014, the total defeased, but unredeemed, bonds outstanding totaled $3,380,000 and $3,520,000, respectively.

For current refundings and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as deferred outflow of resources or deferred inflow of resources and recognized as a component of interest expense on a straight-line basis over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Special Item—The Port recorded, as a special item, a $120,000,000 payment made to the Washington State Department of Transportation ("WSDOT") for the State Route 99 ("SR 99") Alaskan Way Viaduct Replacement Program in 2015. This is the first payment based on the funding agreement entered into with WSDOT for the State's eligible construction costs incurred on the Tunnel Design Build Project. The Port will make the remaining $147,700,000 payment to WSDOT in 2016 and will record it as a special item. The SR 99 Alaskan Way Viaduct Replacement Program will improve movement of freight and other traffic on the west corridors of the Seattle transportation system between the Duwamish and Ballard-Interbay neighborhoods, including easy access to the Port's cargo, recreational boating, commercial fishing, cruise facilities and the Airport.

Net Position—Net position represents all assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources. 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 not meeting 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 is considered to be used first over unrestricted net position.

Recently Issued Accounting Pronouncements—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 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. Changes in the net pension asset and liability are recorded in the period incurred, as pension expense, or as deferred outflows of resources, or deferred inflows of resources, depending on the nature of the change. Differences between projected and actual earnings on pension plan investments are amortized over five years. Changes as a result of differences between expected and actual experience, and changes in actuarial assumptions for all plan types, as well as changes in proportion and differences between Port's contributions and its proportionate share of contributions related to multiple-employer cost-sharing plans are amortized over the weighted average remaining service lives of all participants. The amortized amount is recognized as a component of pension expense beginning with the period in which they are incurred.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. This statement amends Statement No. 68 to require that, at transition, a government recognizes a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

The Port adopted both statements retroactively by restating the financial statements for all periods presented. The beginning balance of net position was reduced by $92,820,000 and restated as of January 1, 2013 for the following: (1) removal of $828,000 of pension asset related to the Warehousemen's Pension Plan previously reported under Statement No. 27, (2) recognition of net pension liabilities of $89,372,000 and $12,064,000 related to the multiple-employer cost-sharing plans that the Port participates in the Washington State Retirement System and the Warehousemen's Pension Plan, respectively, (3) recognition of net pension assets of $4,717,000 related to the multiple-employer cost-sharing plans that the Port participates in the Washington State Retirement System, and (4) recognition of $4,727,000 in deferred outflow of resources related to the additional contribution to the multiple-employer cost-sharing plans that the Port participates in the Washington State Retirement System under Statement No. 71.

The required disclosures for the multiple-employer cost-sharing plans that the Port participates in the Washington State Retirement System and the Warehousemen's Pension Plan can be found in Note 8 and Note 14, respectively, in the accompanying notes to the financial statements and the related required supplementary information.

The following table shows the restated balances within the financial statements (in thousands):

	As previously reported	Effect of restatement	As restated
2014 ENTERPRISE FUND			
STATEMENT OF NET POSITION			
CURRENT ASSETS:			
Prepayments and other current assets	$ 16,397	$ 376	$ 16,773
LONG-TERM ASSETS:			
Other long-term assets	14,294	(1,481)	12,813
Net pension asset		14,696	14,696
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charges on net pension asset and liability		6,916	6,916
LONG-TERM LIABILITIES:			
Net pension liability		74,585	74,585
DEFERRED INFLOWS OF RESOURCES:			
Deferred credits on net pension assets and liability		35,320	35,320
NET POSITION:			
Restricted for:			
Grants and other	1,883	6,238	8,121
Unrestricted	506,422	(95,636)	410,786

(Continued)

	As previously reported	Effect of restatement	As restated
2014 ENTERPRISE FUND			
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION			
OPERATING REVENUES:			
Operating grants and contract revenues	747	(449)	298
OPERATING EXPENSES:			
Operations and maintenance	229,323	(1,031)	228,292
Administration	56,794	(83)	56,711
Law enforcement	23,217	(1,920)	21,297
NONOPERATING INCOME (EXPENSE):			
Other (expense) income—net	1,272	837	2,109
TOTAL NET POSITION:			
Beginning of year	3,048,535	(92,820)	2,955,715
2013 ENTERPRISE FUND			
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION			
NET POSITION:			
Beginning of year	2,937,103	(92,820)	2,844,283

(Concluded)

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. This statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. This statement also requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. This statement is effective for periods beginning after June 15, 2015. The Port is currently evaluating the impact of the adoption of this standard on its financial statements.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement Nos. 67 and 68*. This statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes. This statement is effective for periods beginning after June 15, 2015, except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for periods beginning after June 15, 2016. The Port is currently evaluating the impact of the adoption of this standard on its financial statements.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* This statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans ("OPEB")*, as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*. This statement establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This statement is effective for periods beginning June 15, 2016. The Port is currently evaluating the impact of the adoption of this standard on its financial statements.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This statement replaces Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* as amended, and Statement No. 57*, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.* This statement addresses accounting and financial reporting for OPEB that is provided to the employees by the state and local governmental employers. This statement also establishes the standard for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement is effective for periods beginning June 15, 2017. The Port is currently evaluating the impact of the adoption of this standard on its financial statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*. This statement reduces the generally accepted accounting principles ("GAAP") hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement is effective for periods beginning after June 15, 2015 and should be applied retroactively. The adoption of this standard will not have any effect to the Port's financial statements.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement provides financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess (1) whether current-year revenues were sufficient to pay for current-year services, (2) compliance with finance-related legal or contractual requirements, (3) where a government's financial resources come from and how it uses them, and (4) financial position and economic condition and how they have changed over time. This statement is effective for periods beginning after December 15, 2015. The Port is currently evaluating the impact of the adoption of this standard on its financial statements.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.* This statement amends the scope and applicability of Statement No. 68 to exclude certain cost-sharing multiple-employer defined benefit pension plans that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer. This statement is effective for periods beginning after December 15, 2015. The Port will adopt this standard in 2016 and its effect will be limited to footnote disclosure only.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost. This statement is effective for periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for periods beginning after December 15, 2015. The Port is currently evaluating the impact of the adoption of this standard on its financial statements.

Reclassifications and Presentation—Certain reclassifications of prior years' balances have been made to conform with the current year presentations. Such reclassifications did not affect the total increase in net position or total current or long-term assets or liabilities.

NOTE 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 ("PDPC") of the State of Washington. 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 depositories 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 depositories or in certificates, notes, or bonds of the U.S. The Port is also authorized to invest in other obligations of the U.S. or its agencies or of any corporation wholly owned by the government of the U.S. 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 Banks 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 U.S. 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 Port is allowed to purchase the following agency mortgage backed securities: (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 investment security purchased to ten years from the settlement date. The Port's investment policy allows for 100% of the portfolio to be invested in U.S. Treasury bills, certificates, notes, and bonds. The Port's investment policy limits investments in 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%, agency discount notes to 20%, and municipal securities to 20% of the portfolio with no more than 5% per issuer. 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 allows for repurchase and reverse repurchase agreements with maturities of 60 days or less. The investment policy requires that securities collateralizing repurchase agreements must be marked to market daily and have a market value of at least 102% of the cost of the repurchase agreements having maturities less than 30 days and 105% for those having maturities that exceed 30 days. 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, 2015 and 2014, restricted investments—bond funds and other were $513,148,000 and $258,999,000, respectively. These are primarily unspent bonds proceeds designated for capital improvements to the Port's facilities and for debt service reserve fund requirements. Others include cash receipts from PFCs, CFCs and lease securities.

The tables below identify the types and concentration of investments by issuer, and maturities of the Port's investment pool as of December 31 (in thousands). Investments of bond proceeds held in trust are not included in the tables. As of December 31, 2015 and 2014, the Port's investment pool had 1.3% and 8.4%, respectively, of the portfolio invested in repurchase agreements, collateralized with securities backed by the full faith and credit of the U.S. Government, and the remainder of the pool is invested in "AAA" and "AA+" rated U.S. Government agencies, treasury securities, and municipal bonds.

		Maturities (in Years)			Percentage
Investment type	Fair value	Less than 1	1–3	More than 3	of total portfolio
2015					
Repurchase agreements *	$ 16,259	$ 16,259	$	$	1.3 %
Federal agencies securities:					
Federal Farm Credit Banks	242,275	84,654	59,262	98,359	19.5
Federal Home Loan Bank	177,563	87,749	40,357	49,457	14.3
Federal Home Loan Mortgage Corporation	195,641		114,658	80,983	15.7
Federal National Mortgage Association	142,678	29,899	55,183	57,596	11.4
U.S. Treasury Notes	464,656	149,907	314,749		37.3
Municipal Bonds	5,879		5,879		0.5
Total portfolio	$ 1,244,951	$ 368,468	$ 590,088	$ 286,395	100.0 %
Accrued interest receivable	2,438				
Total cash, cash equivalents and investments	$ 1,247,389				
Percentage of total portfolio	100.0 %	29.6 %	47.4 %	23.0 %	
2014					
Repurchase agreements *	$ 75,884	$ 75,884	$	$	8.4 %
Federal agencies securities:					
Federal Farm Credit Banks	54,538		20,002	34,536	6.0
Federal Home Loan Bank	141,486	92,167	30,544	18,775	15.6
Federal Home Loan Mortgage Corporation	114,334		74,734	39,600	12.6
Federal National Mortgage Association	95,324		34,661	60,663	10.5
U.S. Treasury Notes	425,244		425,244		46.9
Total portfolio	$ 906,810	$ 168,051	$ 585,185	$ 153,574	100.0 %
Accrued interest receivable	1,440				
Total cash, cash equivalents and investments	$ 908,250				
Percentage of total portfolio	100.0 %	18.5 %	64.6 %	16.9 %	

* Includes $559,000 and $8,384,000 of cash as of December 31, 2015 and 2014, respectively.

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. In 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. These bonds were fully refunded by the Series 2013 Fuel Hydrant Special Facility Revenue Refunding Bonds in June 2013. The fuel hydrant facility financing is administered by Wells Fargo Bank Northwest, National Association ("Trustee").

The tables below identify the types and concentration of investments by issuer, and maturities of the Fuel Hydrant Investment Pool as of December 31 (in thousands). As of December 31, 2015 and 2014, 52.4% and 53.7% of the Fuel Hydrant Investment Pool were invested in U.S. Treasury Notes, 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 U.S. Government obligations, including repurchase agreements collateralized by U.S. Government obligations. The remainder of the Wells Fargo Government Institutional Money Market Fund was invested in "AAA" rated high-quality short-term money market instruments.

		Maturities (in Years)			
Investment type	Fair value	Less than 1	1–3	More than 3	Percentage of total portfolio
2015					
Wells Fargo Government Institutional Money Market Fund	$ 4,527	$ 4,527	$	$	47.6 %
U.S. Treasury Notes	4,992	2,000	2,992		52.4
Total portfolio	$ 9,519	$ 6,527	$ 2,992	$	100.0 %
Accrued interest receivable	9				
Total cash, cash equivalents and investments	$ 9,528				
Percentage of total portfolio	100.0 %	68.6 %	31.4 %	%	
2014					
Wells Fargo Government Institutional Money Market Fund	$ 4,298	$ 4,298	$	$	46.3 %
U.S. Treasury Notes	4,990		4,990		53.7
Total portfolio	$ 9,288	$ 4,298	$ 4,990	$	100.0 %
Accrued interest receivable	9				
Total cash, cash equivalents and investments	$ 9,297				
Percentage of total portfolio	100.0 %	46.3 %	53.7 %	%	

Interest Rate Risk—Interest rate risk is the risk that an investment's fair value decreases as market interest rates rise. The Port manages its exposure to this risk by setting maturity and duration limits in its investment policy. The Investment Pool is managed similarly 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 2015 and 2014, the modified duration of the portfolio was approximately 1.9 and 2.2, respectively. Securities in the portfolio cannot have a maturity longer than ten years from the settlement date.

A portion of the proceeds from the Fuel Hydrant bonds, along with monthly facilities rent, are held by the Trustee in order to satisfy the debt service reserve fund requirement, to make debt service payments, and to pay Trustee and other bond-related fees. As of December 31, 2015 and 2014, the modified duration of the Fuel Hydrant Investment Pool were approximately 0.3 and 0.9, respectively. As of December 31, 2015 and 2014, $4,527,000 and $4,298,000, respectively, of 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.

Custodial Credit Risk—Custodial credit risk is the risk that, in the event of the failure of the counter-party, 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 on a delivery versus payment basis. This means that payment is made simultaneously with the receipt of the securities. The securities are delivered to the Port's safekeeping bank.

NOTE 3. CAPITAL ASSETS

Capital assets consist of the following at December 31 (in thousands):

	Beginning balance	Additions	Retirements	Ending balance
2015				
Capital assets, not being depreciated:				
Land and air rights	$ 2,023,040	$ 2,578	$ (16,983)	$ 2,008,635
Art collections and others	9,017			9,017
Total	2,032,057	2,578	(16,983)	2,017,652
Capital assets being depreciated:				
Facilities and improvements	4,930,136	153,097	(34,649)	5,048,584
Equipment, furniture, and fixtures	415,923	30,787	(12,224)	434,486
Total	5,346,059	183,884	(46,873)	5,483,070
Total capital assets	7,378,116	186,462	(63,856)	7,500,722
Less accumulated depreciation for:				
Facilities and improvements	(1,752,785)	(136,591)	24,900	(1,864,476)
Equipment, furniture, and fixtures	(229,169)	(26,747)	11,909	(244,007)
Total	(1,981,954)	(163,338)	36,809	(2,108,483)
Construction work in progress	105,238	195,939	(185,218)	115,959
Total capital assets—net	$ 5,501,400	$ 219,063	$ (212,265)	$ 5,508,198

(Continued)

	Beginning Balance	Additions	Retirements	Ending Balance
2014				
Capital assets, not being depreciated:				
Land and air rights	$ 2,021,340	$ 2,800	$ (1,100)	$ 2,023,040
Art collections and others	9,017			9,017
Total	2,030,357	2,800	(1,100)	2,032,057
Capital assets being depreciated:				
Facilities and improvements	4,831,563	115,926	(17,353)	4,930,136
Equipment, furniture, and fixtures	437,293	30,270	(51,640)	415,923
Total	5,268,856	146,196	(68,993)	5,346,059
Total capital assets	7,299,213	148,996	(70,093)	7,378,116
Less accumulated depreciation for:				
Facilities and improvements	(1,626,276)	(137,913)	11,404	(1,752,785)
Equipment, furniture, and fixtures	(247,806)	(28,424)	47,061	(229,169)
Total	(1,874,082)	(166,337)	58,465	(1,981,954)
Construction work in progress	83,604	171,459	(149,825)	105,238
Total capital assets—net	$ 5,508,735	$ 154,118	$ (161,453)	$ 5,501,400

(Concluded)

For the years ended December 31, 2015 and 2014, net loss on sale and disposition of capital assets of $22,894,000 and $9,721,000, respectively, were recorded in nonoperating other (expense) income—net in the Statement of Revenues, Expenses, and Changes in Net Position. In 2015, the Aviation Division, Seaport Division, and Real Estate Division recognized net losses (gains) of $22,931,000, $(376,000), and $174,000, respectively, from the demolition, retirement and sale of capital assets. The most significant losses were in the Aviation Division related to panel replacements for the Center Runway of $8,612,000 along with a $13,332,000 loss on sale of property to the City of SeaTac for use in its Connecting 28th/ 24th Avenue South Project. The same site was also identified by WSDOT as the interchange site for the future SR 509 extension to I-5. The sale of this property will improve the traffic access to the Airport from the south, with improved road services from the Des Moines Creek Business Park and other Port properties in the cities of Des Moines and SeaTac.

In 2014, the Aviation Division, Seaport Division, and Real Estate Division recognized net losses of $5,234,000, $3,305,000, and $628,000, respectively, from demolition and sale of capital assets. The Aviation Division recognized a slight gain from the sale of passenger loading bridges which was more than offset by net loss from the demolition of portions of the C-60 baggage system, Concourse D extension and demolitions relating to hanger upgrades. The Seaport Division recognized an impairment loss of $2,658,000 on six cranes at Terminal 5 as they were no longer in use. The lease at Terminal 5 terminated effective August 2014. Terminal 5 is slated for facility modernization with the objective to build a facility capable of handling two EEE class vessels. Since the existing six cranes do not have the capacity (height and outreach) to service that size of vessel, they have to be removed to accommodate the larger cranes that will be needed. Accordingly, the six cranes were approved to be surplused in September 2014. The Real Estate Division net loss was from the demolition and retirements of capital assets.

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. The Corridor included an active freight segment (the “Freight Segment”) and a railbanked segment (the “Southern Segment”). 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 the Southern Segment, subject to a Memorandum of Understanding dated November 5, 2009.

During 2010, a portion of the Southern Segment was sold to the City of Redmond for $10,000,000 and an easement over the Corridor was sold to Puget Sound Energy for $13,753,000. During 2012, a portion of the Southern Segment along with a transportation easement over the remaining Port-owned portion of the Southern Segment was sold to Sound Transit for $13,752,000. Another portion of the Southern Segment was sold to the City of Kirkland in 2012 for $5,000,000. In February 2013, the remaining portion of the Southern Segment along with an easement over portions of the Freight Segment 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. As provided in the Purchase and Sale Agreement, King County paid the Port $1,449,000 in February 2013, upon closing. In January 2015, the Port received a cash payment of $13,153,000 from King County for the total outstanding balance including accrued interest from the sale. In July 2014, the Port entered into a Purchase and Sale Agreement to sell a portion of the Freight Segment (within Woodinville Corporate Limits and Bothell Corporate Limits) to the City of Woodinville. The sale closed in November 2015 for $1,100,000. No gain or loss was recorded on this sale. In March 2016, the Port completed the sale of the remaining portions of the Corridor and any improvements located in Snohomish County, including the Snohomish River Bridge to Snohomish County for $3,500,000. The Port will record a loss on the sale of these capital assets of $4,602,000 in 2016.

In January 2015, the Port agreed to sell cranes, No. 70, 71, and 72, and the related spare parts to SSA Terminals, LLC and SSA Containers, Inc., the current tenant at Terminal 18. The Port estimates a loss of $2,303,000 will be reported on the sale of these capital assets in 2016, along with the Port's 50% share of the associated sales tax.

NOTE 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, 2015, 2014, and 2013, the Port recognized contingent rent of $265,570,000, $260,343,000, and $251,638,000, respectively. Under certain lease agreements, contingent rent, which comes primarily from concessions and airline agreements, provides for an additional payment to the Port beyond the fixed rent. Contingent rent is based on the tenant's operations, 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 for the years ended December 31 are as follows (in thousands):

2016	$ 149,156
2017	120,450
2018	109,352
2019	103,984
2020	94,976
Thereafter	929,041
Total	$ 1,506,959

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 a 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: $7,017,000 for 2016, $7,024,000 for 2017, $7,023,000 for 2018, $7,022,000 for 2019, $7,022,000 for 2020, and $82,925,000 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.

NOTE 5. LONG-TERM LIABILITIES

The following is a summary of the net pension liability, environmental remediation liability, bonds interest payable, other postemployment benefits obligation, accrued election expense, unearned revenues, and other activities which make up the Port's long-term liabilities for the years ended December 31 (in thousands):

	Beginning balance	Additions	Reductions	Ending balance	Current portion	Long-term portion
2015						
Net pension liability	$ 74,585	$ 27,027	$ (6,064)	$ 95,548	$	$ 95,548
Environmental remediation liability	59,256	11,481	(15,897)	54,840	6,411	48,429
Bonds interest payable	10,715	2,466		13,181		13,181
Other postemployment benefits obligation	9,478	1,013	(804)	9,687		9,687
Accrued election expense	1,744	1,308	(2,208)	844	844	
Unearned revenues	2,489		(2,205)	284	284	
Other	1,024	84	(6)	1,102		1,102
Total	$ 159,291	$ 43,379	$ (27,184)	$ 175,486		
2014						
Net pension liability	$	$ 78,570	$ (3,985)	$ 74,585	$	$ 74,585
Environmental remediation liability	64,511	21,905	(27,160)	59,256	17,139	42,117
Bonds interest payable	8,422	2,293		10,715		10,715
Other postemployment benefits obligation	9,055	1,210	(787)	9,478		9,478
Accrued election expense	1,466	1,744	(1,466)	1,744	938	806
Unearned revenues	2,937	1,929	(2,377)	2,489	747	1,742
Other	951	77	(4)	1,024		1,024
Total	$ 87,342	$ 107,728	$ (35,779)	$ 159,291		

NOTE 6. LONG-TERM DEBT

The Port's long-term debt outstanding as of December 31, 2015 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	2015	$ 10,550	$ 10,550	$	$
Series 2003 A	5.25	2019–2021	36,600			36,600
Series 2004	5.75	2016–2017	2,915	970		1,945
Series 2007 A	3.75–5	2016–2019	27,880			27,880
Series 2007 B	4.05–5	2019–2032	161,550	6,730		154,820
Series 2009 A	5.25	2027–2028	20,705			20,705
Series 2009 B-1	5.74–7	2016–2036	274,255	620		273,635
Series 2009 B-2	0 *	2025–2031	22,000			22,000
Series 2011 A	4–5	2016–2017	6,040	1,925		4,115
Series 2011 B	5	2016–2026	91,615	3,235		88,380
Total			654,110	24,030		630,080
Intermediate lien:						
Series 2005 A	5	2015	332,805	332,805		
Series 2005 C	5	2016–2017	13,340	5,170		8,170
Series 2006	4.75–5	2025–2030	124,625			124,625
Series 2010 A	4	2016–2017	3,175	1,015		2,160
Series 2010 B	4–5	2016–2040	218,405	3,025		215,380
Series 2010 C	5	2016–2024	126,965	305		126,660
Series 2012 A	3–5	2016–2033	342,555	9,385		333,170
Series 2012 B	3–5	2016–2024	151,095	12,640		138,455
Series 2012 C	1.762–2.062	2016–2017	41,780	18,770		23,010
Series 2013	4.5–5	2022–2029	127,155			127,155
Series 2015 A	3–5	2018–2040			72,010	72,010
Series 2015 B	2–5	2016–2035			284,440	284,440
Series 2015 C	2–5	2016–2040			226,275	226,275
Total			1,481,900	383,115	582,725	1,681,510
Subordinate lien:						
Series 1997	0.01 **	2022	108,830	36,775		72,055
Series 1999 A	5.5	2016–2020	56,255			56,255
Series 2008	0.01 **	2033	200,715	7,990		192,725
Commercial paper	0.07–0.32 **	2016	42,655	4,000		38,655
Total			408,455	48,765		359,690
Revenue bond totals			$ 2,544,465	$ 455,910	$ 582,725	$ 2,671,280

(Continued)

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

** Variable interest rates as of December 31, 2015.

Bond type (by Bond issue)	Coupon rates (%)	Maturity dates	Beginning balance	Principal payments and refundings	Issuance	Ending balance
General obligation bonds:						
Series 2004 C	5.25	2016–2019	$ 15,415	$ 2,775	$	$ 12,640
Series 2006	5	2015	60,140	60,140		
Series 2011	5–5.75	2016–2025	58,130	4,130		54,000
Series 2013 A	4–5	2021–2023	27,630			27,630
Series 2013 B (Taxable)	0.69–2.77	2016–2025	64,105	9,830		54,275
Series 2015	4–5	2016–2040			156,990	156,990
Total			225,420	76,875	156,990	305,535
Passenger facility charge revenue bonds:						
Series 1998 A	5.5	2018–2019	31,020			31,020
Series 2010 A	5	2017–2023	79,770			79,770
Series 2010 B	5	2016	24,310	11,860		12,450
Total			135,100	11,860		123,240
Fuel Hydrant special facility revenue bonds:						
Series 2013	3.45–5	2016–2033	85,700	3,060		82,640
Total			85,700	3,060		82,640
Bond totals			2,990,685	547,705	739,715	3,182,695
Unamortized bond premium (discount)–net			121,296			178,786
Total debt			3,111,981			3,361,481
Less current maturities of long-term debt						
First lien revenue bonds			(24,030)			(16,870)
Intermediate lien revenue bonds			(63,820)			(74,410)
Subordinate lien revenue bonds			(42,655)			(41,735)
General obligation bonds			(19,495)			(21,915)
Passenger facility charge revenue bonds			(11,860)			(12,450)
Fuel Hydrant special facility revenue bonds			(3,060)			(3,180)
Total current maturities of long-term debt			(164,920)			(170,560)
Long-term debt			$ 2,947,061			$ 3,190,921

(Concluded)

Revenue Bonds— Revenue Bonds are payable from and secured solely by a pledge of net revenues of the Port as defined in the Port's bond resolutions. The pledge of net revenues is broadly applied, but certain revenues that are separately pledged or restricted from availability to pay revenue bond debt service are excluded; examples include PFCs, CFCs, SeaTac fuel facility rent, and Stormwater Utility revenue. The Port has established a lien upon net revenues, consisting of a First Lien, Intermediate Lien, and Subordinate Lien. By Washington State law, the Port cannot use its tax levy to pay debt service on Revenue Bonds, but can use it to pay operating expenses, thereby increasing net operating revenues available to pay revenue bond debt service.

During August 2015, the Port issued $582,725,000 in Series 2015ABC Intermediate Lien Revenue and Refunding Bonds. Series 2015A, $72,010,000, and 2015C, $226,275,000, are being used to pay for or reimburse costs of capital improvements to Airport facilities, and to capitalize a portion of the interest on the 2015A and 2015C Bonds. Series 2015B, $284,440,000, was used to fully refund the Series 2005A Intermediate Lien Revenue and Refunding 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 2% to 5% with maturities ranging from 2016 to 2040. The interest on the Series 2015A and Series 2015C Bonds is payable on April 1 and October 1 of each year, commencing on April 1, 2016. The interest on the Series 2015B Bonds is payable on March 1 and September 1 of each year, commencing on March 1, 2016. Certain maturities of Series 2015ABC Bonds are subject to optional redemption prior to their scheduled maturities, and certain maturities of the Series 2015A and Series 2015C are also subject to mandatory sinking fund redemption. The economic gain resulting from the 2005A Intermediate Lien refunding transaction was $42,320,000, while the Port also decreased its aggregate debt service payments by $55,005,000 over the life of the Refunding Bonds.

In September 2015, the Port made early principal payments of $36,775,000 and $7,990,000 to the Series 1997 Subordinate Lien Revenue Bonds and the Series 2008 Subordinate Lien Revenue Bonds, respectively. No gain or loss was recognized on the early extinguishment of debt.

In December 2014, the Port made an early principal payment of $2,035,000 to Series 2007B First Lien Revenue Bonds for the purpose of remediating a change in use of facilities funded with the 2007B bond proceeds. A loss of $95,000 was recognized on the early extinguishment of debt and reported as nonoperating other (expense) income—net in the Statement of Revenues, Expenses, and Changes in Net Position.

Capital Appreciation Revenue 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, 2015 and 2014, the accreted value of the Series 2009B-2 Taxable Capital Appreciation Revenue Bonds was $35,181,000 and $32,715,000, respectively, and the ultimate accreted value of $83,600,000 will be reached at maturities between 2025 and 2031.

Subordinate Lien Variable Rate Demand Bonds—Included in long-term debt are two Subordinate Lien Variable Rate Demand Bonds ("VRDB") 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. Variable rate interest for these bonds was determined through a weekly remarketing process in which the remarketing agent re-sets the rate based on market supply and demand for the bonds.

- *Series 1997 VRDB*—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 in the amount of $110,082,000. In December 2015, the Port extended the LOC with Bank of America through January 15, 2019. The Port is required to pay a quarterly facility fee for the LOC at a rate of 0.39% 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, Moody's or Fitch is lowered, the facility fee may increase for credit ratings below A2/A.

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 semiannual installments and bearing an interest rate of no less than 8.5%. The remarketing agent receives an annual fee of 0.065% of the outstanding principal amount of the bonds.

- *Series 2008 VRDB*—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.

  On June 1, 2013, the Port entered into a LOC agreement in the amount of $204,212,000 with Bank of Tokyo-Mitsubishi UFJ ("Bank of Tokyo"), which replaced the existing LOC agreement with Landesbank Hessen-Thüringen Girozentrale ("Helaba") that expired on June 17, 2013. The Bank of Tokyo LOC expires on June 3, 2016. The Port is required to pay a quarterly facility fee for the LOC in the amount of 0.45% 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, Moody's or Fitch is lowered, the facility fee will increase for credit ratings below at A2/A-.

  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 Bank of Tokyo to convert the bonds to an installment loan payable in equal quarterly installments over a five-year period and bearing an interest rate no less than 7.5%. The remarketing agent receives an annual fee of 0.065% of the outstanding principal amount of the bonds.

There were no borrowings drawn against either LOC during 2015 and 2014, and therefore there were no outstanding obligations to either LOC provider at December 31, 2015 and 2014.

Commercial Paper—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 $38,655,000 and $42,655,000 at December 31, 2015 and 2014, respectively. Commercial paper advances are included in current maturities of long-term debt on the Statement of Net Position.

General Obligation Bonds—GO Bonds are limited tax general obligation of the Port. The Port has statutory authority to levy non-voted property taxes for general purposes and to pay debt service on its limited tax general obligation bonds. The Port has covenanted to make annual levies of ad valorem taxes in amounts sufficient, together with other legally available funds, to pay the principal of and interest on GO Bonds as they shall become due. GO bond holders do not have a security interest in particular revenues or assets of the Port.

During March 2015, the Port issued $156,990,000 in Series 2015 Limited Tax GO and Refunding Bonds, which were used to (1) fund the Port's first contractual payment in the amount of $120,000,000 to WSDOT for the SR 99 Alaskan Way Viaduct Replacement Program, (2) partially refund the outstanding Series 2006 Limited Tax GO Refunding Bonds, and (3) pay the costs of issuing the bonds. The bonds have coupon rates ranging from 4% to 5% with maturities ranging from 2016 to 2040. The interest on the Series 2015 GO and Refunding Bonds is payable on June 1 and December 1 of each year, commencing on June 1, 2015. Certain maturities of Series 2015 GO and Refunding Bonds are subject to optional redemption prior to their scheduled maturities. The economic gain resulting from the refunding was $11,030,000, while the Port also decreased its aggregate debt service payments by $12,760,000 over the life of the Refunding Bonds.

In June 2014, the Port made an early principal payment of $15,275,000 to Series 2011 Taxable GO Bonds. No gain or loss was recognized on the early extinguishment of debt.

PFC Revenue Bonds—PFC Bonds are special fund obligations of the Port payable solely from, and secured by, a pledge of PFC revenues imposed by the Airport. The bond proceeds are used to finance or refinance eligible capital projects at the Airport. Neither the full faith and credit of the Port nor the taxing power of the Port is pledged for the payment of the principal of or interest on PFC Bonds. PFC Bonds are not secured by a lien on properties or improvements at the Airport nor by a pledge of other revenues derived by the Port.

Fuel Hydrant Special Facility Revenue Bonds—In 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. In June 2013, the Port issued $88,660,000 in Series 2013 Fuel Hydrant Special Facility Revenue Refunding Bonds, which were used to fully refund the outstanding Series 2003 Fuel Hydrant Special Facility Revenue Bonds, and to pay the costs of issuing the bonds.

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 original fuel system. This fuel hydrant facility was fully operational in 2006. 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 semiannual 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.

Proceeds from the bonds are held by the Trustee. At December 31, 2015 and 2014, there was $9,519,000 and $9,288,000, respectively, of Fuel Hydrant Special Facility Revenue Bonds proceeds and rent payments held for debt service reserve fund and debt service payments. The unspent bond proceeds were reported as current restricted cash and cash equivalents and restricted long-term investments. Additional information on the investment of the unspent bond proceeds of the Fuel Hydrant Special Facility Revenue Bonds can be found in Note 2 in the accompanying notes to the financial statements.

Fuel Hydrant Special Facility Revenue Bonds in the amount of $79,460,000 and $82,640,000, respectively, are included in long-term debt as of December 31, 2015 and 2014.

Arbitrage Rebate—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 interest 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 arbitrage rebate liability exists as of December 31, 2015 and 2014.

Capitalized Interest—Interest expense costs capitalized were $3,936,000 and $2,223,000 as of December 31, 2015 and 2014, respectively.

Schedule of Debt Service—Aggregate annual payments on Revenue Bonds, GO Bonds, PFC Bonds, Fuel Hydrant Special Facility Revenue Bonds and commercial paper outstanding at December 31, 2015 are as follows (in thousands):

	Principal	Interest	Total
2016	$ 170,560	$ 145,874	$ 316,434
2017	141,970	137,142	279,112
2018	144,000	130,582	274,582
2019	154,005	123,748	277,753
2020	149,660	116,402	266,062
2021–2025	825,748	476,765	1,302,513
2026–2030	676,442	337,205	1,013,647
2031–2035	693,030	129,447	822,477
2036–2040	227,280	24,757	252,037
Total	$ 3,182,695	$ 1,621,922	$ 4,804,617

NOTE 7. CONDUIT DEBT

The Port has conduit debt obligations totaling $74,725,000 at December 31, 2015 and 2014, which are not a liability or contingent liability of the Port. The Port has not recorded these obligations, or the related assets, on the accompanying financial statements, 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 of transshipment and manufacturing facilities within the corporate boundaries of the Port. These revenue bonds are secured by revenues derived from the industrial development facilities funded by the revenue bonds and leased to the IDC. No ad valorem tax levy revenues or other revenues of the Port (other than the IDC lease revenues) 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.

NOTE 8. ENTERPRISE FUND PENSION PLANS

Substantially, all of the Port’s full-time and qualifying part-time employees, except for those covered under certain non-governmental plans, such as Taft-Harley plans, participate in one of the following statewide public employee retirement plans administered by the Washington State Department of Retirement Systems (“DRS”). The State Legislature establishes and amends laws pertaining to the creation and administration of all public employee retirement systems.

Public Employees’ Retirement System (“PERS”)

Plan Description—PERS’ retirement benefit provisions are contained in Chapters 41.34 and 41.40 RCW. PERS is a cost-sharing, multiple-employer retirement system composed of three separate pension plans for membership purposes. PERS Plan 1 and PERS Plan 2 are defined benefit plans, and PERS Plan 3 is a defined benefit plan with a defined contribution component. Participants who joined PERS by September 30, 1977 are Plan 1 members. Plan 1 is closed to new entrants. Those joining thereafter are enrolled in Plan 2 or Plan 3.

PERS is composed of and reported as three separate plans for accounting purposes. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as the terms of the plans define. Therefore, Plan 2/3 is considered a single plan for accounting purposes.

Retirement benefits are financed by employee and employer contributions and investment earnings. All plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Under PERS Plans, annual cost-of-living allowances are linked to the Seattle Consumer Price Index ("CPI") to a maximum of 3% annually.

Vesting—Both PERS Plans 1 and Plan 2 members are vested after the completion of 5 years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service, or after 5 years of service if 12 months of that service are earned after age 44, and are immediately vested in the defined contribution portion of their plan.

Benefits Provided—PERS Plan 1 retirement benefits are determined as 2% of the member's average final compensation ("AFC") times the member's years of service, capped at 60%. AFC is the average of the member's 24 consecutive highest-paid service credit months. Plan 1 members are eligible for retirement from active status at any age after 30 years of service, at age 55 with at least 25 years of service or at age 60 with 5 years of service. Members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits.

PERS Plans 2/3 retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of the member's AFC for Plan 3. AFC is the monthly average of the member's 60 consecutive highest-paid service credit months. PERS Plan 2/3 has no cap on years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by a factor that varies according to age for each year before age 65.

Contributions—Each biennium, the Washington State Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. The PERS Plan 1 member contribution rate is established by statute. The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary ("OSA") to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 unfunded actuarial accrued liability. PERS Plan 3 members can choose their contribution from six contribution rate options ranging from 5% to 15%. Once an option has been selected, the employee contribution rate choice is irrevocable unless the employee changes employers. All employers are required to contribute at the level established by the legislature.

The PERS Plans required contribution rates (expressed as a percentage of covered payroll), excluding an administrative expense of 0.18% from the employer contribution rate, for the year ended December 31, 2015 were as follows:

	Effective date	PERS Plan 1	PERS Plan 2	PERS Plan 3
Port	Jan 1 to Jun 30	9.03 %	9.03 %	9.03 %
	Jul 1 to Dec 31	11.00	11.00	11.00
Plan member	Jan 1 to Jun 30	6.00	4.92	varies
	Jul 1 to Dec 31	6.00	6.12	varies

For the year ended December 31, 2015, the Port's employer contributions, excluding administrative expense, made to the PERS Plan 1, and PERS Plan 2/3 was $146,000, and $9,761,000, respectively.

Law Enforcement Officers' and Fire Fighters' Retirement System ("LEOFF")

Plan Description—LEOFF's retirement benefit provisions are contained in Chapters 41.26 and 41.45 RCW. LEOFF is a cost-sharing, multiple-employer retirement system comprised of two separate defined benefit pension plans for both membership and accounting purposes. Participants who joined LEOFF by September 30, 1977, are Plan 1 members. LEOFF Plan 1 was closed to new entrants. Those joining thereafter are enrolled in LEOFF Plan 2. Membership includes all full-time local law enforcement officers and fire fighters.

Retirement benefits are financed from employee and employer contributions, investment earnings, and legislative appropriation. The legislature, by means of a special funding arrangement, appropriates money from the State General Fund to supplement the current service liability and fund the prior service costs of the LEOFF Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

Both plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Under LEOFF Plan 2, annual cost-of-living allowances are linked to the Seattle CPI to a maximum of 3% annually.

Vesting—Both LEOFF Plans' members are vested after completion of five years of eligible service.

Benefits Provided—LEOFF Plan 1 retirement benefits are determined per year of service and are calculated as a percentage of Final Average Salary ("FAS") as follows:

Terms of serivce	Percentage of FAS
5 to 9 years	1.0 %
10 to 19 years	1.5
20 or more years	2.0

FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the consecutive highest-paid 24 months' salary within the last 10 years of service. Members are eligible for retirement with five years of service at age 50.

LEOFF Plan 2 retirement benefits are calculated using 2% of the member's FAS times the member's years of service. FAS is the monthly average of the member's 60 consecutive highest-paid service credit months. Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire before age 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is 3% for each year before age 53. Otherwise, the benefits are actuarially reduced for each year before age 53.

Contributions—LEOFF Plan 1 is fully funded, and no further employer or employee contributions have been required since June 2000. Each biennium, the LEOFF Plan 2 Retirement Board has a statutory duty to set the employer and employee contribution rates for LEOFF Plan 2, based on the recommendations by the OSA, to fully fund the LEOFF Plan 2. All employers are required to contribute at the level established by the legislature.

The LEOFF Plans required contribution rates (expressed as a percentage of covered payroll), excluding an administrative expense of 0.18% from the employer contribution rate, for the year ended December 31, 2015 were as follows:

	Effective date	LEOFF Plan 2 (Fire fighters)	LEOFF Plan 2 (Police officers)
Port	Jan 1 to Dec 31	5.05 %	8.41 %
Plan member	Jan 1 to Dec 31	8.41	8.41

For the year ended December 31, 2015, the Port's employer contribution made, excluding administrative expense, to the LEOFF Plan 2, was $1,596,000.

Pension Asset/Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At December 31, 2015, the amount recognized by the Port as its proportionate share of the net pension asset (liability), the related State support for LEOFF Plan 2 only, and the total portion of the net pension asset (liability) that was associated with the Port were as follows (in thousands):

	PERS Plan 1	PERS Plan 2/3	LEOFF Plan 1	LEOFF Plan 2
Port's proportionate share of the net pension (liability) asset	$ (45,557)	$ (38,826)	$ 883	$ 11,018
State's proportionate share of the net pension asset associated with the Port				7,285
Total	$ (45,557)	$ (38,826)	$ 883	$ 18,303

The net pension asset (liability) was measured as of June 30, 2015, and the total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation as of June 30, 2014. The Port's proportion of the net pension asset (liability) was based on a projection of the Port's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, and the State support for LEOFF Plan 2 only, actuarially determined.

The Port's proportionate shares of contributions were measured at June 30 as follows:

	PERS Plan 1	PERS Plan 2/3	LEOFF Plan 1	LEOFF Plan 2
2015	0.87 %	1.09 %	0.07 %	1.07 %
2014	0.84	1.04	0.07	1.04
Increase from 2014 to 2015	0.03 %	0.05 %	%	0.03 %

For the year ended December 31, 2015, the Port recognized $260,000 reduction of operating revenue for support provided by the State for LEOFF Plan 2, along with the following pension expense (in thousands):

	PERS Plan 1	PERS Plan 2/3	LEOFF Plan 1	LEOFF Plan 2
Pension expense	$ 4,369	$ 5,401	$ (179)	$ (706)

At December 31, 2015, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	PERS Plan 1	PERS Plan 2/3	LEOFF Plan 1	LEOFF Plan 2
Deferred outflows of resources				
Differences between expected and actual experience	$	$ 4,127	$	$ 965
Changes of assumptions		63		29
Net difference between projected and actual earnings on pension plan investments				
Changes in proportion and differences between Port contributions and proportionate share of contributions		2,405		
Port contributions subsequent to the measurement date	2,347	2,956		782
Total deferred outflows of resources	$ 2,347	$ 9,551	$	$ 1,776
Deferred inflows of resources				
Differences between expected and actual experience	$	$	$	$
Changes of assumptions				
Net difference between projected and actual earnings on pension plan investments	2,492	10,365	149	3,339
Changes in proportion and differences between Port contributions and proportionate share of contributions				211
Total deferred inflows of resources	$ 2,492	$ 10,365	$ 149	$ 3,550

Except for the Port contributions made subsequent to the measurement date recorded as deferred outflows of resources which will be recognized as a reduction of the net pension liability or an increase of the net pension asset in the year ended December 31, 2016, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (in thousands):

Years ended December 31,	PERS Plan 1	PERS Plan 2/3	LEOFF Plan 1	LEOFF Plan 2
2016	$ (966)	$ (2,005)	$ (58)	$ (1,156)
2017	(966)	(2,005)	(58)	(1,156)
2018	(966)	(2,198)	(58)	(1,156)
2019	406	2,438	25	726
2020				155
Thereafter				31
Total	$ (2,492)	$ (3,770)	$ (149)	$ (2,556)

Actuarial Assumptions—The total pension asset (liability) was determined by an actuarial valuation as of June 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurement. The actuarial assumptions used in the June 30, 2014 valuation were based on the results of the *OSA's 2007-2012 Experience Study Report*. Additional assumptions for subsequent events and law changes are current as of 2014 actuarial valuation report.

- *Inflation*—A 3% total economic inflation and a 3.75% salary inflation were used.

- *Salary increases*—In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.

- *Mortality*—Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100% Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

- *Investment rate of return*—The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best-estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class by the Washington State Investment Board ("WSIB"). Those expected returns make up one component of WSIB's Capital Market Assumptions ("CMAs"). The CMAs contain three pieces of information for each class of assets the WSIB currently invests in: (1) expected annual return, (2) standard deviation of the annual return, and (3) correlations between the annual returns of each asset class with every other asset class.

  WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons. The long-term expected rate of return of 7.5% approximately equals the median of the simulated investment returns over a 50-year time horizon, adjusted to remove or dampen any short-term changes to WSIB's CMAs that are not expected over the entire 50-year measurement period.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Fixed income	20 %	1.7 %
Tangible assets	5	4.4
Real estate	15	5.8
Global equity	37	6.6
Private equity	23	9.6
Total	100 %	

The inflation component used to create the above table is 2.2% and represents WSIB's most recent long-term estimate of broad economic inflation.

- *Discount rate*—The discount rate used to measure the total pension asset (liability) was 7.5% for all plans. Contributions from plan members and employers are assumed to continue to be made at contractually required rates (including PERS Plans 2/3 employers whose rates include a component for the PERS Plan 1 unfunded actuarial accrued liability), and contributions from the State are made at current statutorily required rates. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of 7.5% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset (liability).

Sensitivity of the Port's Proportionate Share of the Net Pension Asset (Liability) to Changes in the Discount Rate—The following presents the Port's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.5%, as well as what the Port's proportionate share of the net pension asset (liability) would be if it were calculated using a plus or minus 1% of the current discount rate (in thousands):

	1% Decrease (6.5%)	Current discount rate (7.5%)	1% Increase (8.5%)
PERS Plan 1	$ (55,465)	$ (45,557)	$ (37,036)
PERS Plans 2/3	(113,531)	(38,826)	18,372
LEOFF Plan 1	565	883	1,154
LEOFF Plan 2	(11,034)	11,018	27,613

Payables to the PERS and LEOFF Plans

At December 31, 2015, the Port reported a payable of $499,000, $99,000, and $84,000 for the outstanding amount of the required contributions to PERS Plan 1, PERS Plans 2/3, and LEOFF Plan 2, respectively. These payables were reported under payroll and taxes payable in the Statement of Net Position.

Pension Plan Fiduciary Net Position

The pension plans' fiduciary net positions are determined on the same basis used by the pension plans. DRS financial statements have been prepared in conformity with GAAP. The retirement plans are accounted for in pension trust funds using the flow of economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized as revenues in the period in which contributions are earned. Employer contributions are recognized when they are due. Benefits and refunds are recognized when due and payable according to the terms of the plans. The WSIB has been authorized by statute (Chapter 43.33A RCW) as having the investment management responsibility for the pension funds. Investments are reported at fair value, and unrealized gains and losses are included as investment income in the Statement of Changes in Fiduciary Net Position of the DRS Comprehensive Annual Financial Report. Interest and dividend income is recognized when earned, and capital gains and losses are recognized on a trade-date basis. Purchases and sales of investments are also recorded on a trade-date basis.

Detailed information about PERS' and LEOFF's fiduciary net position is available in the separately issued DRS financial report. A copy of this report may be obtained at:

Department of Retirement Systems
P.O. Box 48380
Olympia, WA 98504-8380
www.drs.wa.gov

NOTE 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.

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 Services 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	$ 48	$ 662
Interest on net OPEB obligation	294	86
Adjustment to annual required contribution		(77)
Annual OPEB costs	342	671
Contribution made	(491)	(313)
(Decrease) Increase in net OPEB obligaiton	(149)	358
Net OPEB obligation beginning of year	7,338	2,140
Net OPEB obligation end of year	$ 7,189	$ 2,498

(a) As the LEOFF Plan 1 Members' Medical Services 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 are as follows (in thousands):

Years ended December 31,	Annual OPEB costs	Employer contributions	Percentage contributed	Net OPEB obligation
LEOFF Plan 1 Members' Medical Services Plan				
2015	$ 342	$ 491	143.6 %	$ 7,189
2014	585	479	81.9	7,338
2013	111	490	441.4	7,232
Retirees Life Insurance Plan				
2015	$ 671	$ 313	46.6 %	$ 2,498
2014	625	308	49.3	2,140
2013	602	312	51.8	1,823

Funding Status—As of December 31, 2015, 2014, and 2013, using the Alternative Measurement Method, the actuarial accrued liability for LEOFF Plan 1 Members' Medical Services Plan benefits was $7,189,000, $7,338,000, and $7,232,000, respectively, all of which was unfunded.

For the Retirees Life Insurance Plan, the most recent actuarial valuation data and the two preceding actuarial valuation data with funding progress were as follows (in thousands):

Actuarial valuation date	Actuarial value of assets	Actuarial accrued liability (AAL)	Funded ratio	Unfunded AAL (UAAL)	Covered payroll	UAAL as a percentage of covered payroll
January 1, 2015	$	$ 8,819	%	$ 8,819	$ 102,798	8.6 %
January 1, 2013		8,547		8,547	83,831	10.2
January 1, 2011		7,613		7,613	71,108	10.7

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 simplified assumptions were made when the Alternative Measurement Method was used:

- *Mortality*—Life expectancies were based on mortality tables from the National Vital Statistics Reports, Volume 64, No. 11, September 22 , 2015. The Life Table for Males: U.S. 2011 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 and Medicaid Services. A rate of 5.4% was used initially, but was changed slightly to an average rate of 6.0% after seven years.

- *Health insurance premiums*—2016 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% 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, the unfunded actuarial accrued liability is not amortized as the LEOFF Plan 1 Members' Medical Services Plan is closed to new entrants and all of the plan members have retired as of December 2013.

For the Retirees Life Insurance Plan, as of January 1, 2015, 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% 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.

NOTE 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 ("PRP"), 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. In each of these matters, the Port is cooperating with the notifying agency and taking appropriate action with other parties to investigate and remediate environmental damage or contamination. Currently, it is not possible to determine the full extent of the Port's liability in these matters.

Lower Duwamish Waterway Superfund Site (the "Site")—The Port is one of many PRP at the Site and is a member of the Lower Duwamish Waterway Group, along with King County, the City of Seattle and the Boeing Company, that, among other remedial actions, funded the Remedial Investigation and Feasibility Study ("RI/FS"). The RI/FS study was substantially completed and the Port's share of RI/FS costs through 2015 was $15,479,000. In November 2014, the Environmental Protection Agency ("EPA") released a Record of Decision ("ROD") for the Site cleanup remedy. The ROD included a cleanup cost estimate of $342 million (present value discounted at 2.3% based on a study completed in 2012); the current value (not discounted) is $395 million. EPA's current value ranges for the remedy is $277 million to $593 million. EPA acknowledged there is significant uncertainty as to the accuracy of this estimate. A more accurate estimate will not be available until after completion of an extensive sampling and design effort. This project will result in additional cleanup efforts as a result of future regulatory orders.

In November 2012, the EPA issued general notification letters to over 200 parties informing them of their potential liability for the Lower Duwamish Waterway cleanup. The Lower Duwamish Waterway Group, who were the parties to the RI/FS Administrative Order on Consent invited some of those parties to participate in an alternative dispute resolution process (the "allocation process") to resolve their respective shares of past and future costs. As of December 31, 2015, 44 parties are participating in the allocation process. An allocator has been selected. Parties participating in the allocation process will share the cost of the allocator and the process. The estimated recoveries to reduce the amount of liability are unknown at this time. As of December 31, 2015, the outstanding environmental remediation liability recorded for this Site was $4,934,000.

The Port has developed a procedure consistent with current accounting rules to recognize liabilities for environmental cleanups, to the extent that such liabilities can be reasonably estimated. As of December 31, 2015 and 2014, the Port's environmental remediation liabilities were $54,840,000 and $59,256,000, respectively, based on reasonable and supportable assumptions, measured at current value using the expected cash flow technique. The Port's environmental remediation liabilities do not include cost components that are not yet reasonably measurable. The Port's environmental remediation liabilities 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, 2015 and 2014, the environmental remediation liabilities were reduced by $13,818,000 and $9,057,000, respectively, for estimated unrealized recoveries.

NOTE 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.

On January 1, 2015, the Port established a stormwater utility pursuant to RCW 53.08.040, 53.08.043, and other statutes which serve Port owned land located within the City of Seattle (the "City") limits as defined in the Port Stormwater Utility Charter approved by a resolution of the Port Commission on November 25, 2015. The City and the Port desire to enter into an Interlocal Agreement (the "ILA") pursuant to Chapter 39.34 RCW, and subject to City Council and Port Commission approval, that will serve as the operating agreement between the two utilities. In consideration for the City's release and settlement of all potential claims and other benefits to the Port that the City has provided in the ILA, the Port will pay the City $3,993,000 within thirty days after signing the ILA. This amount was recognized as operating expense in the Statement of Revenues, Expenses, and Changes in Net Position.

NOTE 12. COMMITMENTS

The Port has made commitments for acquisition and construction as of December 31 as follows (in thousands):

	2015	2014
Funds committed:		
Airport facilities	$ 46,158	$ 72,412
Seaport terminals	2,206	5,945
Real Estate properties	1,071	2,439
Corporate	710	1,743
Total	$ 50,145	$ 82,539

In addition, as of December 31, 2015 and 2014, funds authorized by the Port, but not yet committed for all divisions amounted to $228,499,000 and $227,253,000, respectively.

NOTE 13. BUSINESS INFORMATION

The Enterprise Fund's major business activities and operations consist of Seaport terminals, Airport facilities, Real Estate properties, and Stormwater Utility, established and effective on January 1, 2015, for Port-owned properties located within the City of Seattle. 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. The Stormwater Utility's operating revenues are primarily derived from collecting stormwater utility fees from tenants.

For the year ended December 31, 2015, Stormwater Utility operating revenue was $4,403,000, of which $857,000 and $738,000 were from internal stormwater utility charges on vacant properties owned by the Port for the Seaport Division and the Real Estate Division, respectively. As such, operating revenues for the Stormwater Utility of $1,595,000 and the associated amount of operating expenses for the Seaport and Real Estate Divisions were eliminated in the Statement of Revenues, Expenses, and Changes in Net Position. For the year ended December 31, 2015, Stormwater Utility operating expense was $4,035,000 and depreciation expense was $1,043,000. As a result, operating income before depreciation was $368,000 for 2015.

Operating revenues, excluding the Stormwater Utility's operating revenues, as reflected in the Statement of Revenues, Expenses, and Changes in Net Position, from the Port's major sources for the years ended December 31 are as follows (in thousands):

	2015	2014 (Restated)	2013
Seaport Division:			
Container terminals	$ 56,338	$ 56,693	$ 62,913
Grain terminal	4,685	3,785	1,634
Industrial properties	16,968	17,509	16,371
Cruise terminals	14,414	12,993	13,216
Maritime operations	5,598	5,083	5,330
Operating grants and contract revenues	95	94	133
Other	(35)	(57)	31
Total Seaport Division operating revenues	$ 98,063	$ 96,100	$ 99,628
Aviation Division:			
Terminal	$ 138,836	$ 137,435	$ 158,173
Airfield	73,386	77,014	84,141
Public parking	63,059	57,127	52,225
Airport dining and retail	51,607	46,954	41,551
Rental car	33,851	32,496	28,472
Customer facility charges	12,663	13,608	11,367
Utilities	7,000	6,736	6,332
Commercial properties	7,838	6,638	6,089
Ground transportation	8,809	8,333	7,958
Operating grants and contract revenues	394	301	294
Other	25,449	19,062	17,409
Total Aviation Division operating revenues	$ 422,892	$ 405,704	$ 414,011
Real Estate Division:			
Recreational boating	$ 9,736	$ 9,433	$ 9,220
Fishing and commercial	2,859	2,783	2,680
Commercial properties	10,754	10,022	10,020
Conference and event centers	10,396	8,957	7,958
Other	933	1,101	985
Total Real Estate Division operating revenues	$ 34,678	$ 32,296	$ 30,863

Operating revenues, excluding the Stormwater Utility's operating revenues, as reflected in the Statement of Revenues, Expenses, and Changes in Net Position, from the Port's major customers for the years ended December 31 are as follows (in thousands):

	2015	2014	2013
Seaport Division:			
Revenues	$ 55,978	$ 61,133	$ 71,293
Number of major customers	3	3	3
Aviation Division:			
Revenues	$ 161,650	$ 138,436	$ 81,830
Number of major customers	2	2	1
Total:			
Revenues	$ 217,628	$ 199,569	$ 153,123
Number of major customers	5	5	4

Two major customers represented 28.9% of total Port's operating revenues in 2015. One major customer represented 17.5%, and 15.0% of total Port's operating revenues in 2014, and 2013, respectively. For Seaport, the revenues from its major customers accounted for 57.0%, 63.6%, and 71.6% of total Seaport operating revenues in 2015, 2014, and 2013, respectively. For Aviation, the revenues from its two major customers accounted for 38.2%, and 34.1% of total Aviation operating revenues in 2015, and 2014, respectively. The revenues from one major customer accounted for 19.8% of total Aviation operating revenues in 2013. Since 2014, operating revenue associated with one of the Aviation's customers exceeded 10% due to an increase in demand for gates and terminal facilities as the Airport is used as an international hub. No single major customer represents more than 10% of Real Estate operating revenues in 2015, 2014, and 2013.

Operating expenses, excluding the Stormwater Utility's operating expenses but including internal charges from Stormwater Utility on vacant properties owned by the Port for the Seaport and Real Estate Divisions, as reflected in the Statement of Revenues, Expenses, and Changes in Net Position, from the Port's major functions by Division for the years ended December 31 are as follows (in thousands):

	2015	2014 (Restated)	2013
Seaport Division:			
Operations and maintenance	$ 26,636	$ 25,379	$ 27,499
Administration	8,199	8,625	13,292
Law enforcement	4,065	3,107	3,588
Total Seaport Division operating expenses	$ 38,900	$ 37,111	$ 44,379
Aviation Division:			
Operations and maintenance	$ 174,750	$ 169,637	$ 171,419
Administration	45,648	42,438	36,967
Law enforcement	17,742	16,097	17,534
Total Aviation Division operating expenses	$ 238,140	$ 228,172	$ 225,920
Real Estate Division:			
Operations and maintenance	$ 30,190	$ 33,275	$ 28,693
Administration	5,018	4,318	4,275
Law enforcement	1,316	2,094	2,294
Total Real Estate Division operating expenses	$ 36,524	$ 39,687	$ 35,262

Statement of Revenues, Expenses, and Changes in Net Position by Division, excluding the Stormwater Utility, for the years ended December 31 are as follows (in thousands):

	2015	2014 (Restated)	2013
Seaport Division:			
Net operating income before depreciation	$ 59,163	$ 58,989	$ 55,249
Depreciation	31,423	33,154	34,832
Operating income	27,740	25,835	20,417
Nonoperating income (expense):			
Ad valorem tax levy revenues	41,797	31,694	55,353
Noncapital grants and donations	3,470	7,059	1,978
Investment income (loss)—net	2,641	3,706	(386)
Revenue bonds interest expense	(11,178)	(11,947)	(12,664)
General obligation bonds interest expense	(6,398)	(8,384)	(9,841)
Public expense	(4,668)	(3,671)	(2,304)
Environmental expense—net	(5,243)	(9,895)	(2,305)
Other expense—net	(109)	(2,351)	(7,880)
Total nonoperating income—net	20,312	6,211	21,951
Income before capital contributions	48,052	32,046	42,368
Capital contributions	453	2,707	3,762
Increase in net position in Seaport Division	$ 48,505	$ 34,753	$ 46,130
Aviation Division:			
Net operating income before depreciation	$ 184,752	$ 177,532	$ 188,091
Depreciation	120,826	123,579	126,761
Operating income	63,926	53,953	61,330
Nonoperating income (expense):			
Ad valorem tax levy revenues	16,544	7,521	4,685
Passenger facility charge revenues	79,209	69,803	64,661
Customer facility charge revenues	23,540	19,889	20,389
Fuel hydrant facility revenues	6,957	6,935	7,417
Noncapital grants and donations	1,637	1,679	715
Investment income (loss)—net	6,396	7,399	(704)
Revenue bonds, capital appreciation bond, and fuel hydrant special facility revenue bonds interest expense	(96,957)	(95,017)	(100,581)
PFC revenue bonds interest expense	(5,584)	(5,906)	(6,211)
Public expense	(340)	(3,183)	(1,765)
Environmental expense—net	(46)	232	(279)
Other (expense) income—net	(24,843)	5,136	(1,596)
Total nonoperating income (expense) —net	6,513	14,488	(13,269)
Income before capital contributions	70,439	68,441	48,061
Capital contributions	22,317	12,933	16,620
Increase in net position in Aviation Division	$ 92,756	$ 81,374	$ 64,681

(Continued)

	2015	2014 (Restated)	2013
Real Estate Division:			
Net operating loss before depreciation	$ (1,846)	$ (7,391)	$ (4,399)
Depreciation	10,043	9,599	9,779
Operating loss	(11,889)	(16,990)	(14,178)
Nonoperating income (expense):			
Ad valorem tax levy revenues	14,478	33,586	12,700
Noncapital grants and donations	172	1,346	416
Investment income (loss)—net	63	97	(17)
Revenue bonds interest expense	(1,967)	(1,945)	(2,095)
General obligation bonds interest expense	(625)	(1,091)	(1,638)
Public expense			(2,143)
Environmental expense—net	2,401	521	(2,181)
Other income (expense)—net	1,658	(104)	9,122
Total nonoperating income—net	16,180	32,410	14,164
Income (loss) before capital contributions	4,291	15,420	(14)
Capital contributions	35	1,107	1,000
Increase in net position in Real Estate Division	$ 4,326	$ 16,527	$ 986

(Concluded)

Total assets and debt, excluding the Stormwater Utility's total assets, as reflected in the Statement of Net Position, by Division as of December 31 are as follows (in thousands):

	2015	2014 (Restated)
Seaport Division:		
Current, long-term, and other assets	$ 337,921	$ 310,926
Land, facilities, and equipment—net	1,114,800	1,155,817
Construction work in progress	13,648	8,129
Total Seaport Division assets	$ 1,466,369	$ 1,474,872
Total Seaport Division debt	$ 527,670	$ 598,712
Aviation Division:		
Current, long-term, and other assets	$ 905,315	$ 598,283
Land, facilities, and equipment—net	3,938,334	3,917,361
Construction work in progress	99,338	90,686
Total Aviation Division assets	$ 4,942,987	$ 4,606,330
Total Aviation Division debt	$ 2,643,972	$ 2,439,225
Real Estate Division:		
Current, long-term, and other assets	$ 83,852	$ 121,211
Land, facilities, and equipment—net	290,028	297,918
Construction work in progress	1,229	899
Total Real Estate Division assets	$ 375,109	$ 420,028
Total Real Estate Division debt	$ 69,627	$ 74,044

NOTE 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 and 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 and Trust (the "Plan") and commenced contributions to the Plan. The Plan is a governmental plan maintained and operated solely by the Port as a single-employer defined benefit plan.

Since its closing in 2002, the Warehouseman's Pension Plan became a frozen plan, where no new members were accepted. The only members of the Plan are retirees and beneficiaries receiving benefits as well as terminated members who have a vested right to a future benefit under the Plan.

Summary of Significant Accounting Policies

Basis of Accounting—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 are recognized when due and payable in accordance with the terms of the Plan.

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 or international exchange are valued at the last reported sales price at the current exchange rates.

Plan Description

Plan Administration—The administration and operation of the Plan is vested in a three-member Board of Trustees from the Port. The Board of Trustees has the authority to amend this Plan as they may determine. However, an amendment may not decrease a Plan member's accrued benefit.

The Plan provides that only service credited and compensation earned prior to April 1, 2004, shall be utilized to calculate benefits under the Plan. There are no separate financial statements of the Plan issued.

Membership of the Plan consisted of the following at December 31.

	2015	2014
Retirees and beneficiaries receiving benefits	144	144
Terminated plan members entitled to but not yet receiving benefits	45	45
Total	189	189

Vesting and Benefits Provided—The Plan provides normal, early and disability retirement benefits, as well as a preretirement death benefit or survivor annuity for a surviving spouse. The Plan provides a single life annuity and a 50% or 75% joint and survivor benefit for married participants. Retirement benefit amounts are calculated based on the number of years of credited service multiplied by a tiered monthly benefit rate established in the Plan document within a range of $20 to $100. For Plan members who terminated employment prior to January 1, 1992, normal retirement age with full benefit is 65 with at least five years of credited service. Effective January 1, 1992, normal retirement age with full benefit is 62 after completing five years or more of credited service. Plan members who are age 55 and have completed 10 years of credited service may elect an early retirement, with benefits reduced by a quarter of one percentage for each month the early retirement date precedes the normal retirement date. However, a Plan member with 30 years of credited service may retire at age 55 without a reduction in benefits. A Plan member who is disabled with 15 years of credited service is eligible for disability retirement. If the disabled Plan member is age 55, the disability retirement benefit shall be the normal retirement benefit, or the benefit shall be the normal retirement benefit earned to the disability retirement date, reduced by 5/12 of one percentage for each month the disability retirement date precedes the month the Plan member attains the age of 55.

Contributions—The Port agrees to maintain and contributes funds to the Plan in an amount sufficient to pay the vested accrued benefits of participating members and the beneficiaries when the benefits become due. Members do not make contributions. The Board of Trustees establishes the employer's contribution amount based on an actuarially determined contribution recommended by an independent actuary.

Investments

Investment Policy—The Plan's investment policy in regard to the allocation of the invested assets is established and may be amended by the Board of Trustees. The 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 U.S. 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 30% plus or minus 5% of the portfolio to be invested in domestic equities securities, 30% plus or minus 5% of the portfolio to be invested in international equities securities, and 40% plus or minus 5% of the portfolio to be invested in fixed income securities.

Interest Rate Risk—Interest rate risk is the risk that an investment's fair value decreases as market interest rate increases. In general, the longer the duration of an investment, the greater sensitivity of its fair value to changes in market interest rates. Through its investment policy, the Plan manages its exposure to fair value losses from increasing interest rates by investing in a diversified portfolio of index fund and professionally managed mutual funds. For the fixed income mutual funds, the Plan manages its exposure to change in interest rates by investing in intermediate-term bonds. As of December 31, 2015 and 2014, the average duration for Vanguard Bond Market Index Fund was 5.7 years and 5.6 years, respectively. As of December 31, 2015 and 2014, the average duration for Dodge and Cox Fixed Income Fund was 4.1 years.

Credit Risk—Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The risk is measured by the assignment of rating by nationally recognized rating agencies. As of December 31, 2015 and 2014, the Vanguard Bond Market Index Fund was rated at three stars by Morningstar Credit Ratings, LLC. As of December 31, 2015 and 2014, the Dodge and Cox Fixed Income Fund was rated at four stars by Morningstar Credit Ratings, LLC.

Foreign Currency Risk—Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Plan had $2,542,000 and $2,675,000 in international equity mutual funds that were invested in foreign securities as of December 31, 2015 and 2014, respectively.

Rate of Return—For the year ended December 31, 2015, the annual money-weighted rate of return on the Plan investments, net of investment expense, was (1.2)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested.

Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources

The Port's net pension liability related to the Warehousemen's Pension Plan was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 and update procedures were used to roll forward the total pension liability to the measurement date. As of December 31, 2015, the Port's net pension liability for this Plan was $11,165,000. For the year ended December 31, 2015, the Port recognized pension expense of $978,000. At December 31, 2015, total deferred outflows of resources resulting from the net difference between projected and actual earnings on pension plan investments was $737,000. The Plan will recognize $196,000 annually for years 2016 through 2018 and the remaining balance of $149,000 in 2019 as future pension expense.

The components of the net pension liability at December 31, 2015, were as follows (in thousands):

Total pension liability	$ 20,351
Plan fiduciary net position	(9,186)
Net pension liability	$ 11,165
Plan fiduciary net position as a percentage of total pension liability	45.1%

Changes in Net Pension Liability

Changes in the Port's net pension liability for the Warehousemen's Pension Plan for the current year were as follows (in thousands):

	Total pension liability	Plan fiduciary net position	Net pension liability
Interest expense	$ 1,306	$	$ 1,306
Employer contributions		1,500	(1,500)
Net investment income		(116)	116
Benefit payments	(2,079)	(2,079)	
Administrative expense		(46)	46
Professional fees		(57)	57
Net changes	(773)	(798)	25
Balances at beginning of year	21,124	9,984	11,140
Balances at end of year	$ 20,351	$ 9,186	$ 11,165

Actuarial Assumptions—The total pension liability was determined by an actuarial valuation as of December 31, 2014, using the Entry Age Normal Cost Method and the following actuarial assumptions, applied to all periods included in the measurement:

- *Mortality*—Life expectancies were based on mortality table from the RP-2000 Blue Collar Combined Healthy Mortality Table projected to 2020 with Scale AA.

- *Investment rate of return*—A rate of 6.5% was used, which is the long-term expected rate of return on the Plan's investment, net of plan investment expense and including inflation. This rate was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the Plan's Board of Trustees after considering input from the Plan's investment consultant and actuary.

  For each major asset class that is included in the Plan's target asset allocation as of December 31, 2015, these best estimates are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Domestic equities mutual fund	29 %	5.6 %
International equities mutual fund	29	6.2
Fixed income mutual fund	38	0.8
Cash	4	
Total	100 %	

- *Discount rate*—A single discount rate of 6.5% was used to measure the total pension liability. This single discount rate was based on the long-term expected rate of return on the Plan's investments at 6.5%. The projection of cash flows used to determine this single discount rate assumed the employer contributions will be made at the actuarially determined contribution rates in accordance with the Port's long-term funding policy. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate—The following presents the net pension liability of the Plan, calculated using the discount rate of 6.5%, as well as what the net pension liability would be if it were calculated using a plus or minus 1% of the current discount rate (in thousands):

	1% Decrease (5.5%)	Current discount rate (6.5%)	1% Increase (7.5%)
Net pension liability	$ 12,865	$ 11,165	$ 9,700

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PORT OF SEATTLE'S PROPORTIONATE SHARE OF NET PENSION ASSET/LIABILITY ("NPA/NPL")
ENTERPRISE FUND PENSION PLANS
Last Two Fiscal Years [(a)]
(in thousands)

	2015	2014
PERS Plan 1		
Port's proportion of the NPL	0.87 %	0.84 %
Port's proportionate share of the NPL	$ 45,557	$ 42,385
Port's covered-employee payroll	$ 1,504	$ 1,606
Port's proportionate share of the NPL as a percentage of its covered-employee payroll	3029.06 %	2639.17 %
Plan fiduciary net position as a percentage of the total pension liability	59.10 %	61.19 %
PERS Plan 2/3		
Port's proportion of the NPL	1.09 %	1.04 %
Port's proportionate share of the NPL	$ 38,826	$ 21,060
Port's covered-employee payroll	$ 96,416	$ 89,966
Port's proportionate share of the NPL as a percentage of its covered-employee payroll	40.27 %	23.41 %
Plan fiduciary net position as a percentage of the total pension liability	89.20 %	93.29 %
LEOFF Plan 1		
Port's proportion of the NPA	0.07 %	0.07 %
Port's proportionate share of the NPA	$ 883	$ 881
Port's covered-employee payroll	n/a	n/a
Port's proportionate share of the NPA as a percentage of its covered-employee payroll	n/a	n/a
Plan fiduciary net position as a percentage of the total pension asset	127.36 %	126.91 %
LEOFF Plan 2		
Port's proportion of the NPA	1.07 %	1.04 %
Port's proportionate share of the NPA	$ 11,018	$ 13,815
State's proportionate share of the NPA associated with the Port	7,285	9,026
Total	$ 18,303	$ 22,841
Port's covered-employee payroll	$ 22,322	$ 20,753
Port's proportionate share of the NPA as a percentage of its covered-employee payroll	82.00 %	110.06 %
Plan fiduciary net position as a percentage of the total pension asset	111.67 %	116.75 %

(a) This schedule is presented prospectively starting fiscal year ended 2014, coinciding with the implementation and restatement of GASB Statement No. 68.

SCHEDULE OF PORT OF SEATTLE CONTIBUTIONS
ENTERPRISE FUND PENSION PLANS [(a)]
Last Two Fiscal Years [(b)]
(in thousands)

	2015	2014
PERS Plan 1		
Contractually required contribution	$ 146	$ 137
Contributions in relation to the contractually required contribution	(146)	(137)
Contribution deficiency (excess)	$	$
Port's covered-employee payroll	$ 1,474	$ 1,515
Contributions as a percentage of covered-employee payroll	9.91 %	9.04 %
PERS Plan 2/3		
Contractually required contribution	$ 9,761	$ 8,243
Contributions in relation to the contractually required contribution	(9,761)	(8,243)
Contribution deficiency (excess)	$	$
Port's covered-employee payroll	$ 98,556	$ 91,306
Contributions as a percentage of covered-employee payroll	9.90 %	9.03 %
LEOFF Plan 2		
Contractually required contribution	$ 1,596	$ 1,478
Contributions in relation to the contractually required contribution	(1,596)	(1,478)
Contribution deficiency (excess)	$	$
Port's covered-employee payroll	$ 22,624	$ 21,022
Contributions as a percentage of covered-employee payroll	7.05 %	7.03 %

(a) Law Enforcement Officers' and Fire Fighters' Retirement System (“LEOFF”) Plan 1 is fully funded, and no further employer or employee contributions have been required since June 2000.

(b) This schedule is presented prospectively starting fiscal year ended 2014, coinciding with the implementation and restatement of GASB Statement No. 68.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
WAREHOUSEMEN'S PENSION TRUST FUND
Last Two Fiscal Years [(a)]
(in thousands)

	2015	2014
Total pension liability		
Interest expense	$ 1,306	$ 1,384
Difference between expected and actual experience		(512)
Benefit payments	(2,079)	(2,091)
Net change in total pension liability	(773)	(1,219)
Total pension liability—beginning	21,124	22,343
Total pension liability—ending	$ 20,351	$ 21,124
Plan fiduciary net position		
Employer contributions	$ 1,500	$ 1,500
Net investment income	(116)	408
Benefit payments	(2,079)	(2,091)
Administrative expense	(46)	(45)
Professional fees	(57)	(66)
Net change in plan fiduciary net position	(798)	(294)
Plan fiduciary net position—beginning	9,984	10,278
Plan fiduciary net position—ending	$ 9,186	$ 9,984
Net pension liability		
Total pension liability—ending	$ 20,351	$ 21,124
Plan fiduciary net position—ending	(9,186)	(9,984)
Net pension liability—ending	$ 11,165	$ 11,140
Plan fiduciary net position as a percentage of total pension liability	45.1%	47.3%
Covered payroll [(b)]	n/a	n/a

(a) This schedule is presented prospectively starting fiscal year ended 2014, coinciding with the implementation of GASB Statement No. 67 in fiscal year 2014.

(b) Annual covered payroll was not applicable as the operation was terminated in 2002.

SCHEDULE OF EMPLOYER CONTRIBUTIONS
WAREHOUSEMEN'S PENSION TRUST FUND [(a)]
Last Ten Fiscal Years
(in thousands)

Years ended December 31,	Actuarially determined contribution [(b)]	Actual contribution	Contribution (excess) deficiency
2015	$ 1,118	$ 1,500	$ (382)
2014	1,201	1,500	(299)
2013	1,304	1,500	(196)
2012	1,456	1,500	(44)
2011	1,412	1,500	(88)
2010	1,505	1,500	5
2009	1,659	1,500	159
2008	1,290	1,500	(210)
2007	1,325	1,500	(175)
2006	1,437	1,500	(63)

(a) Annual covered payroll was not applicable as the operation was terminated in 2002.
(b) Prior to 2014, the Annual Required Contribution (“ARC”) amounts are presented for the Actuarially Determined Contributions.

SCHEDULE OF INVESTMENT RETURNS
WAREHOUSEMEN'S PENSION TRUST FUND
Last Two Fiscal Years [(a)]

Years ended December 31,	Annual money-weighted rate of return, net of investment expense
2015	(1.2) %
2014	4.1

(a) This schedule is presented prospectively starting fiscal year ended 2014, coinciding with the implementation of GASB Statement No. 67 in fiscal year 2014.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions—The actuarially determined contribution rates in the schedule are calculated as of December 31, 2014 and update procedures were used to roll forward the total pension liability to the measurement date of December 31, 2015. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	20 years
Asset valuation method	Market value
Investment rate of return	6.5%
Discount rate	6.5%
Retirement age	100% assumed retirement at earliest eligibility age–age 55 for members with at least 10 years of service and age 62 for members with less than 10 years of service
Mortality	RP-2000 Blue Collar Combined Healthy Mortality Table projected to 2020 with Scale AA
Other information	There were no benefit changes during the year
	Employer contributions are determined such that contributions will fund the projected benefits over a closed 20 year funding period

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STATISTICAL SECTION

PORT OF SEATTLE

STATISTICAL SECTION NARRATIVE AND SCHEDULES

This section of the Port's comprehensive annual financial report contains 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 the Enterprise Fund perspective. 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 revenues source, the Aviation Division, its operating revenues, principal customers, landed weight and landing fees. Schedules included are:

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

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

Schedule 5 – Aviation Division Landed Weight and Landing Fees, Last Ten 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 outstanding debt can be found in the notes to the financial statements. Schedules included are:

Schedule 6 – Ratios of Outstanding Debt by Type, Last Ten Fiscal Years

Schedule 7 – Ratios of General Obligation ("GO") Bonds, Last Ten Fiscal Years

Schedule 8 – Computation of Direct and Overlapping General Obligation Debt, as of December 31, 2015

Schedule 9 – Revenue Bonds Coverage by Type, Last Ten Fiscal Years

Schedule 10 – 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 11 – Demographic Statistics, Last Ten Fiscal Years

Schedule 12 – Principal Employers of Seattle, Current Year and Nine Years Ago

Schedule 13 – 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 14 – Port of Seattle's Property Tax Levies and Collections, Last Ten Fiscal Years

Schedule 15 – King County 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 16 – Seattle-Tacoma International Airport Enplaned Passengers Level, Last Ten Fiscal Years

Schedule 17 – Seattle-Tacoma International Airport Aircraft Operations Level, Last Ten Fiscal Years

Schedule 18 – Seattle-Tacoma International Airport Air Cargo Level, Last Ten Fiscal Years

Schedule 19 – Port of Seattle Containers Volumes, Last Ten Fiscal Years

Schedule 20 – Port of Seattle Grain and Other Bulk Volumes, Last Ten Fiscal Years

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Schedule 22 – Number of Port of Seattle Employees by Division, Last Ten Fiscal Years

Schedule 23 – Capital Assets Information—Seaport and Real Estate Facilities, Last Ten Fiscal Years

Schedule 24 – Capital Assets Information—Seattle-Tacoma International Airport, Last Ten 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
2015	$ 2,474,130	$ 318,691	$ 314,095	$ 3,106,916
2014 [(a)]	2,424,133	252,005	410,786	3,086,924
2013 [(a)]	2,299,824	241,967	413,924	2,955,715
2012 [(b)]	2,263,999	208,829	464,275	2,937,103
2011 [(b)]	2,328,751	135,664	421,296	2,885,711
2010	2,248,793	127,308	428,273	2,804,374
2009	2,240,259	104,893	406,751	2,751,903
2008 [(c)]	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

(a) In 2015, the Port adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions– an amendment of GASB Statement No. 27*, by restating the financial statements for 2014 and 2013. The restatement included recognizing the long-term obligations for pension benefits as a liability and to more comprehensively and comparably measure the annual costs of pension benefits.

(b) In 2013, the Port adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, by restating the financial statements for 2011 and 2012. The restatement included primarily the write-off of deferred finance costs as of January 1, 2011, except for a portion related to prepaid insurance costs and surety costs.

(c) In 2008, beginning balance of net position was restated due to the adoption of GASB Statement No. 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.

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

	2015	2014 [a]	2013 [a]	2012 [b]	2011 [b]
OPERATING REVENUES:					
Services	$ 212,612	$ 195,364	$ 190,662	$ 195,816	$ 185,967
Property rentals	332,696	325,219	342,093	312,739	295,331
Customer facility charge revenues	12,663	13,608	11,367	9,745	
Operating grants and contract revenues	962	298	856	3,406	1,874
Total operating revenues	558,933	534,489	544,978	521,706	483,172
OPERATING EXPENSES:					
Operations and maintenance	234,017	228,292	227,611	222,535	195,200
Administration	60,225	56,711	55,962	53,018	50,293
Law enforcement	23,564	21,297	23,416	22,616	21,923
Total operating expenses	317,806	306,300	306,989	298,169	267,416
NET OPERATING INCOME BEFORE DEPRECIATION	241,127	228,189	237,989	223,537	215,756
DEPRECIATION	163,338	166,337	171,374	167,279	158,107
OPERATING INCOME	77,789	61,852	66,615	56,258	57,649
NONOPERATING INCOME (EXPENSE):					
Ad valorem tax levy revenues	72,819	72,801	72,738	72,678	73,179
Passenger facility charge revenues	79,209	69,803	64,661	62,385	62,358
Customer facility charge revenues	23,540	19,889	20,389	20,577	23,669
Noncapital grants and donations	5,358	10,159	3,771	3,348	8,482
Fuel hydrant facility revenues	6,957	6,935	7,417	8,123	7,683
Investment income (loss)—net	9,122	11,202	(1,107)	8,172	18,884
Revenue and capital appreciation bonds interest expense	(110,128)	(108,910)	(115,340)	(123,327)	(127,193)
Passenger facility charge revenue bonds interest expense	(5,584)	(5,906)	(6,212)	(6,503)	(6,467)
General obligation bonds interest expense	(10,490)	(9,475)	(11,479)	(14,078)	(15,292)
Public expense	(5,023)	(6,854)	(6,226)	(22,876)	(18,703)
Environmental (expense) income—net	(2,888)	(9,142)	(4,765)	(14,358)	(4,335)
Other (expense) income—net	(23,493)	2,109	(411)	(29,721)	5,693
Total nonoperating income (expense)—net	39,399	52,611	23,436	(35,580)	27,958
INCOME BEFORE CAPITAL CONTRIBUTIONS AND SPECIAL ITEM	117,188	114,463	90,051	20,678	85,607
CAPITAL CONTRIBUTIONS	22,804	16,746	21,381	30,714	21,180
INCOME BEFORE SPECIAL ITEM	139,992	131,209	111,432	51,392	106,787
SPECIAL ITEM—SR 99 Viaduct expense [d]	(120,000)				
INCREASE IN NET POSITION	19,992	131,209	111,432	51,392	106,787
TOTAL NET POSITION:					
Beginning of year	3,086,924	2,955,715	2,937,103	2,885,711	2,804,374
Restatement			(92,820)		(25,450)
End of year	$3,106,916	$3,086,924	$2,955,715	$2,937,103	$2,885,711

(Continued)

(a) In 2015, the Port adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions– an amendment of GASB Statement No. 27*, by restating the financial statements for 2014 and 2013. The restatement included recognizing the long-term obligations for pension benefits as a liability and to more comprehensively and comparably measure the annual costs of pension benefits.

(b) In 2013, the Port adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, by restating the financial statements for 2011 and 2012. The restatement included primarily the write-off of deferred finance costs as of January 1, 2011, except for a portion related to prepaid insurance costs and surety costs.

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

	2010	2009	2008 [c]	2007	2006
OPERATING REVENUES:					
Services	$ 174,562	$ 163,983	$ 187,791	$ 168,679	$ 161,200
Property rentals	284,898	274,584	286,139	279,378	273,529
Customer facility charge revenues					
Operating grants and contract revenues	3,119	3,023	1,667	1,777	4,148
Total operating revenues	462,579	441,590	475,597	449,834	438,877
OPERATING EXPENSES:					
Operations and maintenance	188,678	182,995	209,960	178,957	173,118
Administration	44,837	43,636	44,438	38,761	33,790
Law enforcement	19,949	19,136	20,221	19,179	18,017
Total operating expenses	253,464	245,767	274,619	236,897	224,925
NET OPERATING INCOME BEFORE DEPRECIATION	209,115	195,823	200,978	212,937	213,952
DEPRECIATION	160,775	157,068	144,208	141,588	140,190
OPERATING INCOME	48,340	38,755	56,770	71,349	73,762
NONOPERATING INCOME (EXPENSE):					
Ad valorem tax levy revenues	73,125	75,587	75,680	68,617	62,691
Passenger facility charge revenues	59,744	59,689	60,708	61,011	59,141
Customer facility charge revenues	23,243	21,866	22,947	21,802	17,188
Noncapital grants and donations	12,473	7,153	10,473	3,258	1,495
Fuel hydrant facility revenues	7,911	7,845	2,926	8,054	8,077
Investment income (loss)—net	13,096	17,251	39,004	61,072	28,895
Revenue and capital appreciation bonds interest expense	(133,239)	(121,148)	(105,517)	(113,907)	(101,491)
Passenger facility charge revenue bonds interest expense	(10,187)	(10,956)	(11,412)	(11,844)	(12,258)
General obligation bonds interest expense	(17,463)	(15,785)	(17,059)	(15,720)	(15,754)
Public expense	(25,085)	(20,370)	(27,494)	(8,654)	(11,027)
Environmental (expense) income—net	(22,730)	(14,676)	(5,659)	(4,903)	1,361
Other (expense) income—net	(7,276)	(10,003)	848	(29,599)	(38,584)
Total nonoperating income (expense)—net	(26,388)	(3,547)	45,445	39,187	(266)
INCOME BEFORE CAPITAL CONTRIBUTIONS AND SPECIAL ITEM	21,952	35,208	102,215	110,536	73,496
CAPITAL CONTRIBUTIONS	30,519	76,781	52,436	94,888	127,524
INCOME BEFORE SPECIAL ITEM	52,471	111,989	154,651	205,424	201,020
SPECIAL ITEM—SR 99 Viaduct expense [d]					
INCREASE IN NET POSITION	52,471	111,989	154,651	205,424	201,020
TOTAL NET POSITION:					
Beginning of year	2,751,903	2,639,914	2,489,980	2,284,556	2,083,536
Restatement			(4,717)		
End of year	$2,804,374	$2,751,903	$2,639,914	$2,489,980	$2,284,556

(Concluded)

(c) In 2008, beginning balance of net position was restated due to the adoption of GASB Statement No. 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.

(d) In 2015, the Port made a $120,000,000 payment, as a special item, to the Washington State Department of Transportation ("WSDOT") for the State Route 99 ("SR 99") Alaskan Way Viaduct Replacement Program.

Schedule 3

AVIATION DIVISION OPERATING REVENUES BY SOURCE

Last Ten Fiscal Years [(a)]

(accrual basis of accounting)

(in thousands)

	2015	2014	2013	2012	2011
AERONAUTICAL REVENUES:					
Terminal [(b)]	$138,836	$137,435	$158,173	$145,197	$132,565
Airfield [(b)]	73,386	77,014	84,141	72,574	59,607
Other	13,826	10,839	10,623	15,194	15,590
Total aeronautical revenues	226,048	225,288	252,937	232,965	207,762
NON-AERONAUTICAL REVENUES:					
Public parking	63,059	57,127	52,225	49,781	49,996
Airport dining and retail	51,607	46,954	41,551	37,998	35,404
Rental cars	33,851	32,496	28,472	28,327	30,746
Customer facility charges	12,663	13,608	11,367	9,745	
Utilities	7,000	6,736	6,332	7,206	7,695
Commercial properties	7,922	6,638	6,089	5,700	5,112
Ground transportation	8,809	8,333	7,958	7,900	7,704
Other	11,933	8,524	7,080	6,401	6,303
Total non-aeronautical revenues	196,844	180,416	161,074	153,058	142,960
Total Aviation Division operating revenues	$422,892	$405,704	$414,011	$386,023	$350,722

	2010	2009	2008	2007	2006
AERONAUTICAL REVENUES:					
Terminal	$126,595	$118,111	$125,853	$129,145	$128,957
Airfield	56,647	50,847	65,770	53,158	46,730
Other	15,600	14,091	12,165	11,742	5,748
Total aeronautical revenues	198,842	183,049	203,788	194,045	181,435
NON-AERONAUTICAL REVENUES:					
Public parking	49,416	49,688	59,111	55,463	52,617
Airport dining and retail	33,765	33,482	33,181	31,085	28,322
Rental cars	30,309	33,321	35,592	36,408	34,010
Customer facility charges					
Utilities	6,408	6,229	5,974	5,590	6,394
Commercial properties	4,917	4,703	6,013	5,313	16,888
Ground transportation	4,912	4,739	4,759	4,445	4,222
Other	5,693	5,185	5,898	5,671	5,447
Total non-aeronautical revenues	135,420	137,347	150,528	143,975	147,900
Total Aviation Division operating revenues	$334,262	$320,396	$354,316	$338,020	$329,335

(a) Significant amount of the aeronautical revenue follows the terms of the signatory airline lease and operating agreements SLOA II (years 2006–2012) and SLOA III (years 2013–2017).

(b) For 2013, terminal and airfield revenues included (1) a one-time recognition of $17,880,000, from the removal of the security fund liability when SLOA II expired, and (2) $14,304,000, straight-line rent adjustments for the lease incentive provided under SLOA III.

Schedule 4

AVIATION DIVISION PRINCIPAL CUSTOMERS

Current Year and Nine Years Ago

(in thousands)

Customer	2015 Revenues billed	2015 Rank	2015 Percentage of Aviation Division operating revenues	2006 Revenues billed	2006 Rank	2006 Percentage of Aviation Division operating revenues
Alaska Airlines	$100,303	1	23.7 %	$ 80,364	1	23.8 %
Delta Airlines [a]	61,347	2	14.5	15,387	4	4.6
United Airlines [b]	21,512	3	5.1	29,746	2	8.8
Southwest Airlines	18,375	4	4.3	15,206	5	4.5
Horizon Airlines	15,524	5	3.7			
American Airlines	11,661	6	2.8	13,395	6	4.0
Enterprise Rent A Car	11,317	7	2.7			
Airport Management Services LLC	10,357	8	2.4			
Host International, Inc.	9,023	9	2.1			
Avis Budget Car Rental	8,174	10	1.9	9,715	8	2.9
Northwest Airlines [a]				19,748	3	5.9
The Hertz Corporation				13,086	7	3.9
Continental Arilines [b]				8,568	9	2.5
Alamo Car Rental				7,547	10	2.2
Total	$267,593		63.2 %	$212,762		63.1 %

(a) Northwest Airlines merged with Delta Airlines in 2008 and the integration was completed in 2010.

(b) Continental Airlines merged with United Airlines in 2010 and the integration was completed in 2012.

Schedule 5

AVIATION DIVISION LANDED WEIGHT AND LANDING FEES

Last Ten Fiscal Years

(in thousands, except for landing fee)

Fiscal year [a]	Landed weight (in pounds)	Landing fees (per 1,000 pounds) [b] Signatory airlines	Landing fees (per 1,000 pounds) [b] Non-signatory airlines/ aircrafts [c]
2015	24,757,318	$ 3.11	$ 3.89
2014	22,504,515	3.33	4.16
2013	20,949,155	3.38	4.22
2012	19,986,628	3.15	3.47
2011	20,193,785	3.00	3.30
2010	19,834,101	3.00	3.30
2009	20,424,646	2.96	3.26
2008	21,565,247	2.62	2.88
2007	21,241,494	2.49	2.74
2006	20,428,565	2.43	2.67

(a) Significant amount of the aeronautical revenue follows the terms of the signatory airline lease and operating agreements SLOA II (years 2006–2012) and SLOA III (years 2013–2017).

(b) During 2006 to 2012, landing fee rates for each year were based on billed landing fee revenues as of the last day of each preceding fiscal year. Starting 2013, landing fee rates were based on the settlement calculations for the year following the terms of the SLOA III.

(c) Under the terms of SLOA III, rates for non-signatory airlines/aircrafts are 25% higher than the same rates for signatory airlines.

Schedule 6
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(in thousands, except for total debt per capita)

Fiscal year	General obligation bonds [(a)]	Revenue and capital appreciation bonds [(a)]	Commercial paper	Passenger facility charge revenue bonds [(a)]	Fuel hydrant special facility revenue bonds [(a)]	Total debt
2015	$ 333,110	$ 2,772,752	$ 38,655	$ 127,734	$ 89,230	$ 3,361,481
2014	235,159	2,600,350	42,655	140,840	92,977	3,111,981
2013	295,175	2,712,465	42,655	153,626	96,650	3,300,571
2012	322,056	2,803,806	42,655	166,106	101,114	3,435,737
2011	348,157	2,853,488	42,655	178,300	103,903	3,526,503
2010	344,742	2,828,657	94,305	190,556	106,564	3,564,824
2009	368,416	2,726,162	156,800	200,149	109,132	3,560,659
2008	391,205	2,482,178	153,540	209,751	111,684	3,348,358
2007	413,188	2,539,777	186,250	218,909	118,186	3,476,310
2006	434,374	2,350,948	160,575	227,647	120,506	3,294,050

Fiscal year	Ratio of total debt to personal income [(b)]	Total debt per capita [(c)]
2015	2.3 %	1,637
2014	2.2	1,543
2013	2.6	1,665
2012	2.8	1,756
2011	3.1	1,815
2010	3.4	1,846
2009	3.3	1,865
2008	3.1	1,777
2007	3.3	1,868
2006	3.4	1,795

(a) Presented net of unamortized bond premiums and discounts.
(b) See Schedule 11 for Personal Income of King County data used in this calculation. The 2015 ratio is calculated using 2014 Personal Income figure.
(c) See Schedule 11 for Population of King County data used in this calculation (all figures are estimated with the exception of 2010, which is actual census data).

Schedule 7
RATIOS OF GENERAL OBLIGATION ("GO") BONDS
Last Ten Fiscal Years
(in thousands, except for GO bonds per capita)

Fiscal year	GO bonds [a]	Percentage of GO bonds to the assessed value of taxable property [b]	GO bonds per capita [c]
2015	$ 333,110	0.1 %	$ 162
2014	235,159	0.1	117
2013	295,175	0.1	149
2012	322,056	0.1	165
2011	348,157	0.1	179
2010	344,742	0.1	179
2009	368,416	0.1	193
2008	391,205	0.1	208
2007	413,188	0.1	222
2006	434,374	0.2	237

(a) Presented net of unamortized bond premiums and discounts.
(b) See Schedule 13 for assessed value of taxable property data.
(c) See Schedule 11 for Population of King County data used in this calculation (all figures are estimated; except 2010 figures are actual census data).

Schedule 8
COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT
As of December 31, 2015
(in thousands)

Governmental unit	Outstanding	Estimated percentage applicable [a]	Estimated share of direct and overlapping debt
Port of Seattle	$ 305,535	100.0 %	$ 305,535
ESTIMATED OVERLAPPING GENERAL OBLIGATION DEBT:			
King County	825,939	100.0	825,939
Cities and Towns	1,896,718	97.6	1,850,995
School Districts	3,562,976	95.7	3,408,897
Other	450,165	99.5	447,716
Total estimated overlapping debt			6,533,547
Total direct and estimated overlapping debt			$ 6,839,082

(a) As general obligation debt is repaid with property taxes, the percentage of overlapping general obligation debt applicable to the Port 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 9
REVENUE BONDS COVERAGE BY TYPE
Last Ten Fiscal Years
(in thousands, except for revenue coverage ratios)

	2015	2014 [h]	2013	2012	2011
Gross revenues available for revenue bond debt service [a]	$541,867	$520,881	$533,611	$517,561	$480,095
Operating expenses [b]	317,806	306,300	306,989	298,169	267,416
Less: Operating expenses paid from sources other than gross revenues	(11,571)	(7,178)	(6,331)	(6,538)	(957)
Less: Port general purpose tax levy [c]	(41,808)	(19,083)	(33,265)	(32,116)	(33,889)
Adjusted operating expenses	264,427	280,039	267,393	259,515	232,570
Nonoperating (expense) income—net [d]	(143)	16,417	13,539	2,837	4,993
Net revenues available for first lien debt service	$277,297	$257,259	$279,757	$260,883	$252,518
Debt service on first lien bonds	$ 60,740	$ 61,214	$ 80,673	$107,580	$116,365
Coverage on first lien bonds	4.57	4.20	3.47	2.43	2.17
Net revenues available for intermediate lien debt service	$216,557	$196,045	$199,084	$153,303	$136,153
Add: Prior lien debt service offset paid by PFC revenues [e]	419	1,893	3,971	14,814	23,524
Add: Prior lien debt service offset paid by CFC revenues [f]	20,217	19,632	19,667	19,689	19,443
Available intermediate lien revenues as first adjusted	$237,193	$217,570	$222,722	$187,806	$179,120
Debt service on intermediate lien bonds —gross of debt service offsets	$133,487	$145,522	$127,029	$ 79,222	$ 54,744
Less: Debt service offsets paid from PFC revenues [e]	(28,406)	(29,730)	(28,640)	(15,783)	(10,249)
Intermediate lien debt service —net of debt service offsets	$105,081	$115,792	$ 98,389	$ 63,439	$ 44,495
Coverage on intermediate lien bonds	2.26	1.88	2.26	2.96	4.03
Net revenues available for subordinate lien debt service	$132,112	$101,778	$124,333	$124,367	$134,625
Debt service on subordinate lien bonds [g]	$ 5,515	$ 5,836	$ 6,234	$ 19,187	$ 24,451
Coverage on subordinate lien bonds [g]	23.96	17.44	19.94	6.48	5.51

(Continued)

(a) Gross revenues represent total operating revenues adjusted for Customer Facility Charges ("CFCs"), Passenger Facility Charges ("PFCs"), and Stormwater Utility ("SWU") revenues as they are not legally available to pay debt service on all revenue bonds. For 2013, gross revenues included (1) a one-time recognition of revenue, $17,880,000, from the removal of security fund liability upon the expiration of SLOA II, and (2) $14,304,000, straight-line rent adjustments for the lease incentive provided under SLOA III.

(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 CFCs and SWU operating expenses paid from SWU operating revenues. Operating expenses are also reduced by that portion of the Port's property tax levy available to pay operating expenses (i.e. Port general purpose tax levy).

(c) In 2015, the Port made its first contractual payment, in the amount of $120,000,000 to the WSDOT for the SR 99 Alaskan Way Viaduct Replacement Program. The $120,000,000 payment was accounted for as a special item in the Port's 2015 Statement of Revenues, Expenses, and Changes in Net Position, and was funded by the issuance of 2015 Limited Tax General Obligation ("LTGO") bonds. The debt service associated with the 2015 LTGO bonds is included in the calculation of the Port's general purpose tax levy, beginning in 2015, but the actual payment to WSDOT is excluded from the schedule as the funds were used for capital projects owned by other governmental entities.

(d) Nonoperating (expense) income—net is adjusted for the following: Interest expense, income that is not legally available to be pledged for revenue bonds debt service such as PFCs, CFCs, tax levy, fuel hydrant facility revenues, donations for capital purposes, grants for capital projects, monies received and used for capital projects owned by other government entities ("public expense projects") and other nonoperating SWU revenues and expenses. Certain non-cash items, such as depreciation are excluded, while other nonoperating revenues and expenses, such as environmental expense, are adjusted to a cash basis. The Port may also include certain proceeds from the sale of capital and non-capital assets in the year the proceeds are received.

Schedule 9
REVENUE BONDS COVERAGE BY TYPE
Last Ten Fiscal Years
(in thousands, except for revenue coverage ratios)

	2010	2009	2008	2007	2006
Gross revenues available for revenue bond debt service [a]	$460,026	$440,845	$477,810	$449,281	$438,325
Operating expenses [b]	253,464	245,767	274,619	236,897	224,558
Less: Operating expenses paid from sources other than gross revenues	(442)	8	(374)		
Less: Port general purpose tax levy [c]	(32,407)	(34,533)	(34,712)	(27,928)	(23,828)
Adjusted operating expenses	220,615	211,242	239,533	208,969	200,730
Nonoperating (expense) income—net [d]	4,642	13,618	45,577	12,973	17,065
Net revenues available for first lien debt service	$244,053	$243,221	$283,854	$253,285	$254,660
Debt service on first lien bonds	$126,843	$107,374	$ 88,467	$ 87,640	$ 87,876
Coverage on first lien bonds	1.92	2.27	3.21	2.89	2.90
Net revenues available for intermediate lien debt service	$117,210	$135,847	$195,387	$165,645	$166,784
Add: Prior lien debt service offset paid by PFC revenues [e]	21,646	22,116	10,125		
Add: Prior lien debt service offset paid by CFC revenues [f]	19,042	5,847			
Available intermediate lien revenues as first adjusted	$157,898	$163,810	$205,512	$165,645	$166,784
Debt service on intermediate lien bonds —gross of debt service offsets	$ 42,747	$ 34,640	$ 22,330	$ 14,079	$ 7,269
Less: Debt service offsets paid from PFC revenues [e]	(9,332)	(8,197)			
Intermediate lien debt service —net of debt service offsets	$ 33,415	$ 26,443	$ 22,330	$ 14,079	$ 7,269
Coverage on intermediate lien bonds	4.73	6.19	9.20	11.77	22.94
Net revenues available for subordinate lien debt service	$124,483	$137,367	$183,182	$151,566	$159,515
Debt service on subordinate lien bonds [g]	$ 28,273	$ 34,949	$ 41,511	$ 42,006	$ 39,067
Coverage on subordinate lien bonds [g]	4.40	3.93	4.41	3.61	4.08

(Concluded)

(e) During 2008, the Port implemented using PFC revenues 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 PFCs 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 eligible PFC projects. Historically, the Port used PFCs to pay PFC debt service and to pay eligible projects costs.

(f) Washington State law provides for the Port's authority to impose CFCs 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.

(g) Starting in 2009, the Port used PFCs to pay eligible subordinate lien debt service and associated debt fees. However, such amounts are not permitted offsets in the legal coverage calculation on subordinate lien bonds.

(h) During 2015, the Port adopted the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions–an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date–an Amendment of GASB Statement No. 68*, by restating the financial statements for 2014 in operating revenues, operating expenses and nonoperating income–net.

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

Schedule 10
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(in thousands)

LEGAL DEBT LIMITATION CALCULATION FOR FISCAL YEAR 2015 (STATUTORY DEBT LIMITATION)

Assessed value of taxable property for 2015 [a]	$ 388,118,856
Debt limit (nonvoted debt, including limited tax general obligation bonds)	
0.25% of assessed value of taxable property [b]	$ 970,297
Less: Outstanding limited tax general obligation bonds	(305,535)
Less: Capital leases and other general obligations	
Non-voted general obligation debt margin	$ 664,762
Debt limit, total general obligation debt	
0.75% of assessed value of taxable property [b]	$ 2,910,891
Less: Total limited tax general obligation bonds	(305,535)
Less: Capital leases and other general obligations	
Voted general obligation debt margin	$ 2,605,356

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
2015	$ 970,297	$ (305,535)	$ 664,762	68.5 %
2014	851,609	(225,420)	626,189	73.5
2013	786,866	(283,815)	503,051	63.9
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

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
2015	$ 2,910,891	$ (305,535)	$ 2,605,356	89.5 %
2014	2,554,827	(225,420)	2,329,407	91.2
2013	2,360,597	(283,815)	2,076,782	88.0
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

(a) See Schedule 13 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 11
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)
2015	2,053	n/a	n/a	4.1 %
2014	2,017	$ 143,260,986	$ 68.9	4.6
2013	1,982	128,330,859	62.7	5.2
2012	1,957	120,627,950	60.1	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

State of Washington:

Fiscal year	Population (a)	Personal income (b)	Per capita personal income (b)	Unemployment rate (c)
2015	7,061	$ 366,789,878	$ 51.9	5.7 %
2014	6,968	350,321,729	50.3	6.1
2013	6,882	327,870,951	47.6	7.0
2012	6,818	313,212,035	45.9	8.2
2011	6,768	302,529,308	44.7	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

(a) State of Washington, Office of Financial Management (all figures are estimated with the exception of 2010, which is 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 12

PRINCIPAL EMPLOYERS OF SEATTLE [(a)]

Current Year and Nine Years Ago

	2015			2006		
Type of employer	Employees	Rank	Percentage of total employment	Employees	Rank	Percentage of total employment
Professional and Business Services—*Professional, Scientific and Technical Services*	129,100	1	8.0 %	98,300	2	6.8 %
Government—*Local*	127,400	2	7.9	115,000	1	7.9
Leisure and Hospitality—*Food Services and Drinking Places*	114,100	3	7.0	93,400	3	6.5
Retail—*Unspecified*	94,900	4	5.9	75,100	6	5.2
Manufacturing—*Transportation Equipment Manufacturing*	93,200	5	5.8	79,000	5	5.5
Professional and Business Services—*Administrative and Support and Waste Management and Remediation*	82,800	6	5.1	83,600	4	5.8
Wholesale Trade	71,900	7	4.4	70,900	7	4.9
Educational and Health Services—*Ambulatory Health Care Services*	68,800	8	4.3			
Government—*State*	66,100	9	4.1	59,800	9	4.1
Construction—*Specialty Trade Contractors*	57,000	10	3.5	58,900	10	4.1
Finance Activities—*Finance and Insurance*				62,500	8	4.3
Total	905,300		56.0 %	796,500		55.1 %

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

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

Schedule 13

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)

Fiscal year	Port district assessed value [(a)]	Port of Seattle property tax rates	Overlapping property tax rates: Washington State	King County	Cities and towns [(b)]	School districts [(b)]	Other [(c)]	Total direct and overlapping property tax [(d)]
2015	$ 388,118,856	$ 0.19	$ 2.29	$ 1.34	$ 1.99	$ 3.50	$ 1.24	$ 10.55
2014	340,643,616	0.22	2.47	1.52	2.26	3.76	1.32	11.55
2013	314,746,207	0.23	2.57	1.54	2.39	3.83	1.27	11.83
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

(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 14

PORT OF SEATTLE'S PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

(in thousands)

Fiscal years ended Dec 31,	Taxes levied for the fiscal year [(a)]	Collected within the fiscal year of the levy: Amount	Collected within the fiscal year of the levy: Percentage of levy	Collections in subsequent years	Total collections to date: Amount	Total collections to date: Percentage of levy
2015	$ 73,004	$ 72,082	98.7 %		$ 72,082	98.7 %
2014	73,019	72,009	98.6	726	72,735	99.6
2013	73,021	71,932	98.5	954	72,886	99.8
2012	73,015	71,879	98.4	1,113	72,992	100.0
2011	73,513	72,290	98.3	1,221	73,511	100.0
2010	73,505	72,141	98.1	1,356	73,497	100.0
2009	75,911	74,384	98.0	1,515	75,899	100.0
2008	75,931	74,532	98.2	1,397	75,929	100.0
2007	68,863	67,703	98.3	1,159	68,862	100.0
2006	62,806	61,702	98.2	1,100	62,802	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 15
KING COUNTY PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago
(in thousands)

	2015			2006		
Taxpayer	Taxable assessed value	Rank	Percentage of taxable assessed value	Taxable assessed value	Rank	Percentage of taxable assessed value
Boeing	$ 3,153,954	1	0.8 %	$ 2,468,054	1	0.9 %
Microsoft	2,736,628	2	0.7	1,550,294	2	0.6
Puget Sound Energy/ Gas/Electric	2,370,278	3	0.6	1,337,494	3	0.5
Alaska Airlines	778,081	4	0.2	458,904	8	0.2
AT&T Mobility LLC (Cingular Wireless)	645,729	5	0.2	1,210,203	4	0.4
Kemper Development (formerly Bel Square Managers)	606,557	6	0.2			
Union Square Limited	593,709	7	0.2	391,055	10	0.1
Qwest Corporation Inc.	493,826	8	0.1	769,250	5	0.3
Urban Renaissance Prop Co (formerly W2007)	460,466	9	0.1			
1201 Tab Owner LLC	457,615	10	0.1			
T-Mobile				597,640	6	0.2
EOP				476,540	7	0.2
Bank of America				420,617	9	0.2
Total	$ 12,296,843		3.2 %	$ 9,680,051		3.6 %

Source: King County Department of Assessments

Schedule 16
SEATTLE-TACOMA INTERNATIONAL AIRPORT ENPLANED PASSENGERS LEVEL
Last Ten Fiscal Years
(in thousands)

Fiscal	Domestic			International			Grand
year	Deplaned	Enplaned	Total	Deplaned	Enplaned	Total	total
2015	19,016	18,944	37,960	2,216	2,165	4,381	42,341
2014	16,851	16,824	33,675	1,930	1,892	3,822	37,497
2013	15,643	15,604	31,247	1,807	1,772	3,579	34,826
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

Source: Seattle-Tacoma International Airport Activity Reports

Schedule 17

SEATTLE-TACOMA INTERNATIONAL AIRPORT AIRCRAFT OPERATIONS LEVEL

Last Ten Fiscal Years

Fiscal year	Air carrier	Air taxi	General aviation	Military/ Training	Grand total
2015	368,722	8,401	4,160	125	381,408
2014	325,425	10,813	4,113	127	340,478
2013	299,156	14,440	3,510	80	317,186
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

Source: Seattle-Tacoma International Airport Activity Reports

Schedule 18

SEATTLE-TACOMA INTERNATIONAL AIRPORT AIR CARGO LEVEL

Last Ten Fiscal Years
(in metric tons)

Fiscal year	Air Freight		Air mail	Grand total
	Domestic	International		
2015	162,013	115,357	55,266	332,636
2014	167,729	107,752	51,758	327,239
2013	155,868	88,580	48,262	292,710
2012	155,221	82,090	46,300	283,611
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

Source: Seattle-Tacoma International Airport Activity Reports

SCHEDULE 19
PORT OF SEATTLE CONTAINERS VOLUMES
Last Ten Fiscal Years
(in twenty-foot equivalent units, "TEUs", a measure of container volume)

Fiscal year	International Containers				Domestic containers	Grand total
	Import full	Export full	Empty	Total		
2015	469,807	352,180	240,155	1,062,142	342,260	1,404,402
2014	432,128	376,320	165,564	974,012	379,488	1,353,500
2013	543,146	454,615	192,820	1,190,581	373,878	1,564,459
2012	728,436	517,876	267,239	1,513,551	339,625	1,853,176
2011	768,807	604,409	323,061	1,696,277	320,862	2,017,139
2010	897,074	544,579	380,114	1,821,767	304,002	2,125,769
2009	611,850	454,757	207,562	1,274,169	300,055	1,574,224
2008	664,322	429,275	272,057	1,365,654	327,996	1,693,650
2007	810,453	498,844	314,351	1,623,648	345,010	1,968,658
2006	798,850	434,559	393,782	1,627,191	346,769	1,973,960

Source: Port of Seattle Marine Terminal Information System

SCHEDULE 20
PORT OF SEATTLE GRAIN AND OTHER BULK VOLUMES
Last Ten Fiscal Years
(in metric tons)

Fiscal year	Non-containerized break bulk	Grain	Petroleum	Molasses	Total
2015	31,876	3,778,476	815,380	43,731	4,669,463
2014	56,031	3,618,489	997,977	49,913	4,722,410
2013	64,040	1,351,417	788,419	48,240	2,252,116
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	46,648	6,560,981
2006	131,984	5,901,821	976,526	45,103	7,055,434

Source: Port of Seattle Marine Terminal Information System

SCHEDULE 21
PORT OF SEATTLE CRUISE TRAFFIC
Last Ten Fiscal Years

Fiscal year	Cruise vessel calls	Cruise passengers
2015	192	898,032
2014	179	823,780
2013	187	870,994
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

Source: Port of Seattle Records

Schedule 22
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
2015	858	51	171	699		1,779
2014	856	55	174	695		1,780
2013	836	58	176	693		1,763
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

(a) Number of employees includes regular and temporary (both full-time and part-time employees), interns, veterans fellows, and commissioners (excluding contractors and consultants) 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 employees assigned to the Corporate Division and Capital Development Division ("CDD"). The CDD, which was 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 23
CAPITAL ASSETS INFORMATION—SEAPORT AND REAL ESTATE FACILITIES
Last Ten Fiscal Years

	2015	2014	2013	2012	2011
Total Property (in acres)	1,335	1,335	1,335	1,335	1,335
No. of Container Terminals (Terminal 5, 18, 30, 46) [a]	4	4	4	4	4
Size (in acres)	526	526	526	526	526
Number of berths (1,200—4,450 feet)	11	11	11	11	11
Number of container cranes [b]	24	24	30	30	24
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	14
Refrigerated capacity (in reefer plugs)	2,816	2,816	2,816	2,816	2,704
No. of Multi-Use Terminal (Terminal 91) [c]	1	1	1	1	1
Size (in acres)	212	212	212	212	212
Linear feet of berths (8,502 feet)	17	17	17	17	17
Storage facilities:					
Cold storage (in million cubic foot)	5	5	5	5	5
Dry warehouse (in square foot)	100,000	100,000	100,000	100,000	100,000
No. of Barge Terminal (Terminal 115) [c]	1	1	1	1	1
Size (in acres)	70	70	70	70	70
Number of berths (1,600 feet)	4	4	4	4	4
Warehouse capacity (in square foot)	35,000	35,000	35,000	35,000	35,000
Refrigerated capacity (in reefer plugs)	400	400	400	400	400
No. of Grain Terminal (Terminal 86) [c]	1	1	1	1	1
Size (in acres)	40	40	40	40	40
Number of berths (1,400 feet)	1	1	1	1	1
Storage capacity (in million bushels)	4	4	4	4	4
No. of Breakbulk Terminals [c]	n/a	n/a	n/a	n/a	n/a
Size (in acres)	n/a	n/a	n/a	n/a	n/a
Number of berths (400—2,100 feet)	n/a	n/a	n/a	n/a	n/a
Storage facilities (in acres)	n/a	n/a	n/a	n/a	n/a
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) [d]					
Size (in acres)	23	23	23	23	23
Number of berths (2,400 feet)	2	2	2	2	2
Terminal 30 Cruise Facility [e]					
Size (in acres)	n/a	n/a	n/a	n/a	n/a
Number of berths (2,000 feet)	n/a	n/a	n/a	n/a	n/a

(Continued)

(a) Container Terminal 5 was vacant starting in August 2014 while the design and permitting phase of multi-year Terminal 5 Modernization project is underway. The terminal will be leased for interim uses during the duration of the project.

(b) Seven of the container cranes were owned by SSA Terminals during 2006 to 2011. Thirteen of the container cranes are owned by SSA Terminals since 2012. Five container cranes are owned by TTI since 2013. The six container cranes at Terminal 5 have been surplused and are no longer in use effective July 31, 2014.

SCHEDULE 23
CAPITAL ASSETS INFORMATION—SEAPORT AND REAL ESTATE FACILITIES
Last Ten Fiscal Years

	2010	2009	2008	2007	2006
Total Property (in acres)	1,335	1,335	1,500	1,500	1,500
No. of Container Terminals (Terminal 5, 18, 30, 46) [(a)]	4	4	4	4	4
Size (in acres)	526	535	498	498	497
Number of berths (1,200—4,450 feet)	11	11	10	10	10
Number of container cranes [(b)]	24	24	25	26	26
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	7	7	7
Refrigerated capacity (in reefer plugs)	2,704	2,704	2,560	2,560	2,560
No. of Multi-Use Terminal (Terminal 91) [(c)]	1	1	n/a	n/a	n/a
Size (in acres)	212	212	n/a	n/a	n/a
Linear feet of berths (8,502 feet)	17	17	n/a	n/a	n/a
Storage facilities:					
Cold storage (in million cubic foot)	5	5	n/a	n/a	n/a
Dry warehouse (in square foot)	100,000	100,000	n/a	n/a	n/a
No. of Barge Terminal (Terminal 115) [(c)]	1	1	n/a	n/a	n/a
Size (in acres)	70	70	n/a	n/a	n/a
Number of berths (1,600 feet)	4	4	n/a	n/a	n/a
Warehouse capacity (in square foot)	35,000	35,000	n/a	n/a	n/a
Refrigerated capacity (in reefer plugs)	400	400	n/a	n/a	n/a
No. of Grain Terminal (Terminal 86) [(c)]	1	1	n/a	n/a	n/a
Size (in acres)	40	40	n/a	n/a	n/a
Number of berths (1,400 feet)	1	1	n/a	n/a	n/a
Storage capacity (in million bushels)	4	4	n/a	n/a	n/a
No. of Breakbulk Terminals [(c)]	n/a	n/a	3	3	3
Size (in acres)	n/a	n/a	260	260	260
Number of berths (400—2,100 feet)	n/a	n/a	9	9	9
Storage facilities (in acres)	n/a	n/a	86	86	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) [(d)]					
Size (in acres)	23	23	n/a	n/a	n/a
Number of berths (2,400 feet)	2	2	n/a	n/a	n/a
Terminal 30 Cruise Facility [(e)]					
Size (in acres)	n/a	n/a	26	26	26
Number of berths (2,000 feet)	n/a	n/a	2	2	2

(Concluded)

(c) Prior to 2009, multi-use, barge and grain terminal data was combined and reported as breakbulk terminals.

(d) 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.

(e) 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 in 2009.

Source: Port of Seattle Records

SCHEDULE 24

CAPITAL ASSETS INFORMATION—SEATTLE-TACOMA INTERANTIONAL AIRPORT

Last Ten Fiscal Years

	Fiscal year	Size/Length
Airport area (in acres)	2015	2,500
Apron (in square foot)—commercial airlines	2015	3,061,300
Runways (in feet)		
16L/34R	2015	11,901
16C/34C	2015	9,426
16R/34L	2015	8,500
Rental Car Facility (in square foot) [a]	2015	2,100,000

	2015	2014	2013	2012	2011
Terminal (in square foot)					
Airlines	1,136,322	1,126,510	1,107,166	1,226,044	1,219,955
Tenants	331,073	332,364	331,433	291,071	253,673
Port occupied	228,136	239,069	236,390	299,226	249,544
Public/Common	920,752	930,209	926,927	811,664	867,410
Mechanical	510,182	497,941	517,805	495,009	529,734
Total	3,126,465	3,126,093	3,119,721	3,123,014	3,120,316
Number of passenger gates	80	79	78	79	79
Number of Port owned loading bridges	57	54	59	56	48
Parking (spaces assigned)					
Short-term, long-term, and employees	11,952	11,952	11,952	10,394	9,641
Rental Cars [a]					3,276
Total	11,952	11,952	11,952	10,394	12,917
Other offsite parking (spaces assigned)					
Economy	1,620	1,620	1,620	1,620	1,620
Employees	4,091	4,091	4,091	4,091	4,091

	2010	2009	2008	2007	2006
Terminal (in square foot)					
Airlines	1,219,955	1,294,473	1,294,473	1,294,473	1,220,041
Tenants	253,673	280,639	280,639	280,639	244,100
Port occupied	249,544	280,880	280,880	280,880	257,906
Public/Common	867,410	758,216	758,216	758,216	774,800
Mechanical	529,734	471,951	471,951	471,951	474,300
Total	3,120,316	3,086,159	3,086,159	3,086,159	2,971,147
Number of passenger gates	79	79	79	79	79
Number of Port owned loading bridges	48	46	46	46	46
Parking (spaces assigned)					
Short-term, long-term, and employees	9,641	9,641	9,641	9,641	9,267
Rental Cars [a]	3,276	3,276	3,276	3,276	3,276
Total	12,917	12,917	12,917	12,917	12,543
Other offsite parking (spaces assigned)					
Economy	1,620	1,620	2,400	2,400	2,400
Employees	4,091	4,091	4,091	4,091	4,091

(a) Parking space was temporarily unassigned since the Rental Car Facility was completed and became operational in May 2012.

Source: Port of Seattle Records

Comprehensive Annual
Financial Report

PORT OF SEATTLE COMMISSIONERS

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