

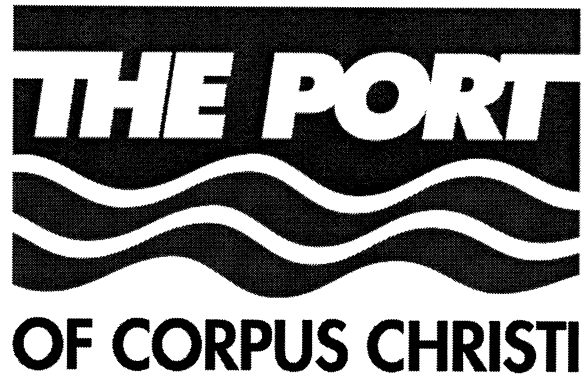
Comprehensive Annual Financial Report

Port of Corpus Christi Authority of Nueces County, Texas

For the Year Ended December 31, 2003

Prepared by the Finance Department

Daniel R. Hodgkins
Chief Financial Officer



	<u>TABLE</u>	<u>PAGE</u>
<u>INTRODUCTORY SECTION</u>		
Table of Contents		i
Port Officials		iii
Organization Chart		iv
Letter to the Port Commission		v
GFOA Certificate of Achievement		xv
<u>FINANCIAL SECTION</u>		
Independent Auditors' Report		1
Management's Discussion and Analysis		3
Basic Financial Statements:		
Statement of Net Assets		8
Statements of Revenues, Expenses and Changes in Fund Net Assets		10
Statements of Cash Flows		11
Notes to Financial Statements		13
Required Supplementary Information		24
Supplemental Schedules:		
Schedule of Revenues and Expenses-Actual and Budget (Non-GAAP Basis)		25
Schedules of Maintenance and Operations and General Administrative Expenses		26
Schedules of Long-Term Debt Amortization		27
Schedules of Facilities Financing Bonds		28
<u>STATISTICAL SECTION (UNAUDITED)</u>		
Vessel Traffic - Last Ten Years	I	30
Port Commerce By Commodity - Last Ten Years	II	32
Port Commerce By Direction - Last Ten Years	III	34
Tonnage, Operating Revenues and Expenses By Cargo Classification - Last Ten Years	IV	36
Revenue Source and Application - Last Ten Years	V	37
Financial Performance Indicators - Last Ten Years	VI	38
Expenses by Type - Last Ten Years	VII	39
Revenues by Source - Last Ten Years	VIII	40
Property Tax Levies and Collections - Last Ten Years	IX	41
Assessed and Estimated True Value of Taxable Property - Last Ten Years	X	42
Property Tax Rates - Direct and Overlapping Governments - Last Ten Years	XI	43
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded		
Debt per Capita - Last Ten Years	XII	44
Revenue Bond Coverage - Last Ten Years	XIII	45
Schedule of Insurance in Force	XIV	46
Analysis of Funding Progress - Pension Plan	XV	47
Demographic Statistics - Last Ten Years	XVI	48
Construction, Bank Deposits, and Property Values - Last Ten Years	XVII	49
Principal Taxpayers	XVIII	50
Miscellaneous Statistical Data	XIX	51
Map of the Corpus Christi Ship Channel		

	<u>TABLE</u>	<u>PAGE</u>
<u>Other Information - Municipal Securities Continuing Disclosure Information (Unaudited)</u>		
Port Commerce by Commodity - Last Ten Years	1	53
Revenues by Source - Last Ten Years	2	54
Expenses by Type - Last Ten Years	3	55
Debt Administration:		
Statement of Changes in Long-term Debt	4	56
Total Long-term Debt and Annual Principal Maturities	5	56
Notes Receivable	6	57
Leases	7	58
Financial Performance Indicators - Last Ten Years	8	59
Debt Service Requirements	9	60
Pension Plan	10	61
Current Investments	11	63

PORT COMMISSIONERS

Ruben Bonilla, Jr., Chairman

Mr. Bonilla was appointed to the Port Commission in 1998. He is an attorney and partner in the law firm of Bonilla & Chapa, P.C.

Bernard A. Paulson, Vice-Chairman

Mr. Paulson was appointed to the Port Commission in 1997. He is retired.

William D. Dodge, III, Secretary

Mr. Dodge was appointed to the Port Commission in 1996. He is self-employed.

Yolanda G. Olivarez, Commissioner

Mrs. Olivarez was appointed to the Port Commission in 1997. She is a Senior Vice President/Business Banker with Wells Fargo Bank.

Robert J. Gonzalez, Commissioner

Mr. Gonzalez was appointed to the Port Commission in 2000. He is an attorney and partner in the law firm of Gonzalez and Gonzalez L.L.P.

Anthony E. Pletcher, Commissioner

Mr. Pletcher was appointed to the Port Commission in 2001. He is an attorney and partner in the law firm of Huseman and Pletcher, P.C.

L. Michael Carrell, Commissioner

Mr. Carrell was appointed to the Port Commission in 2002. He is President of Frost Bank

EXECUTIVE STAFF

John P. LaRue, Executive Director

Robert Jacobi, Deputy Director

Ed Altemus, Director of Trade Development

Frank C. Brogan, Director of Engineering Services

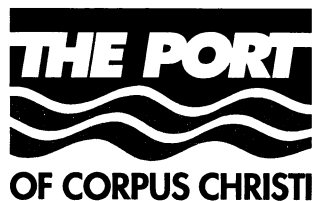
William J. Cotter, Director of Operations

Daniel R. Hodgkins, Chief Financial Officer

Sandra Terrell-Davis, Director of Human Resources

PORT COMMISSION, PORT OF CORPUS CHRISTI AUTHORITY

Executive Director	John P. LaRue
Director of Human Resources.....	Sandra Terrell-Davis
Community Relations Manager.....	Patricia Cardenas
Deputy Director.....	Robert Jacobi
Director of Trade Development.....	Edward M. Altemus
Manager of Transportation.....	A. F. Babin
Manager of Industrial Development	J. Allen Speight
Trade Development Representative	Tom Moore
Marketing Manager.....	Lillian Riojas
Director of Engineering Services.....	Frank C. Brogan
Deputy Director of Engineering Services	Greg Brubeck
Chief Engineer	David L. Michaelsen
Director of Operations	William J. Cotter
Deputy Director of Operations.....	Tony Alejandro
Manager of Foreign Trade Zone.....	Hilda B. Boyce
Manager of Risk Management.....	David Solis
Chief of Port Security	Luther Kim
Harbormaster	Jim Burns
Manager of Bulk Terminal.....	Joe Giannina
Manager of Cold Storage Facility	Paul Kaup
Manager of Dock Operations	Raymond Kadleck
Maintenance Manager.....	David Throop
Chief Financial Officer	Daniel R. Hodgkins
Controller	Dennis J. DeVries
Chief Accountant.....	Audre A. Debler
Manager of Management Information Systems	Gustavo Espinosa
Manager of Legislative Affairs.....	Nelda Olivo



March 19, 2004

Port Commission
Port of Corpus Christi Authority of Nueces
County, Texas
Corpus Christi, Texas

The Comprehensive Annual Financial Report of the Port of Corpus Christi Authority (Authority) for the year ended December 31, 2003 is submitted herewith. As required by Title 4, Chapter 49, Subchapter G of the Texas Water Code, the report includes financial statements, which have been audited by an independent firm of certified public accountants, Collier, Johnson & Woods, P.C. The financial statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP), and are audited in accordance with auditing standards generally accepted in the United States of America.

The report consists of management's representations concerning the finances of the Authority. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Authority has established a comprehensive internal control framework that is designed both to protect the Authority's assets from loss, theft or misuse and to compile sufficient reliable information for the presentation of the Authority's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Authority's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the year ended December 31, 2003, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Authority's financial statements for the year ended December 31, 2003, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Authority was part of 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 internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Authority's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the report of the independent auditors.

Governmental Structure

The Authority is located along the southeastern coast of Texas on the Gulf of Mexico approximately 150 miles north of the Mexican border. The Authority maintains one of the deepest ports along the Gulf of Mexico coast with a channel depth of 45 feet. The Authority's port facilities are part of the Port of Corpus Christi complex. The Port of Corpus Christi has been a deep draft port since 1926. The channel is approximately 30 miles long and links the City of Corpus Christi with the Gulf of Mexico.

The Authority (formerly the Nueces County Navigation District No.1) is a navigation district and political subdivision of the State of Texas, having boundaries conterminous with those of Nueces County, Texas. The Authority exists under the provisions of Article XVI, Section 59, of the Texas Constitution and related sections of the Revised Civil Statutes of the State of Texas and all amendments thereto. The Authority being a navigation district and political subdivision of the State of Texas is a separate and distinct entity of Nueces County and operates independently with its own Port Commission as its governing body. The only relationship the Authority and Nueces County have is that in the event the Port Commission deems it necessary to issue tax-supported bonds, it must request the Commissioners Court to call an election. The Commissioners Court shall call the election, canvas the vote, and if the bond issue is approved, thereafter set the necessary tax rate to service the bonds.

A Port Commission composed of seven commissioners who serve without pay governs the Authority. Each commissioner serves a staggered term of three years with appointments made to the Commission each year. Three commissioners are appointed by the Corpus Christi City Council, the governing body of the City of Corpus Christi, and four commissioners are appointed by the Nueces County Commissioners Court, the governing body of Nueces County. The executive staff, under the leadership of the executive director, manages the operations of the Authority and assists the Commission in planning for the future. Port Commission efforts are directed toward encouraging industrial expansion, attracting new cargo, building and maintaining public terminals, setting operational policy and cooperating with the Federal Government as a local sponsor in maintaining and further improving vital navigation channels.

In 2003, Senate Bill 1934 was passed that allowed for the annexation of San Patricio County into the territorial jurisdiction of the Authority. In September 2003, the voters of San Patricio County approved the annexation, which provided for the appointment of a Port Commissioner to the Authority's Port Commission. The San Patricio Commissioners Court, the governing body of San Patricio County, would select this appointment. This appointment would replace one appointment currently made by Nueces County in January 2004.

The Authority owns and operates public wharves, transit sheds, open storage facilities, freight handling facilities and equipment, warehouses, a bulk material handling terminal, a refrigerated warehouse, and a multi-purpose cruise terminal/conference center. The Authority also owns a grain elevator and dockside cotton warehouses that are leased to Archer Daniels Midland (ADM) and Gulf Compress, respectively. In addition, the Authority leases land, buildings and improvements, and maintains areas for the placement of dredged materials. All of these facilities are located at the Port of Corpus Christi on the Corpus Christi Ship Channel.

The Port of Corpus Christi consists not only of the Authority's docks, but also includes privately owned docks. The Authority owns eight general cargo docks, eleven liquid bulk cargo docks, two bulk material docks, a container terminal, two bagging facilities, a shipside grain elevator, dockside cotton warehouses, a refrigerated warehouse and a multi-purpose cruise terminal/conference center. All of these facilities are operated for hire on a first-come, first-serve basis, with the exception to the shipside grain elevator and dockside cotton warehouses that are leased. Most of the privately owned docks at the Port of Corpus Christi are owned by, and operated exclusively for, the various refineries, chemical plants and other industries that line the Channel. Approximately thirty-two privately owned docks are located at the Port of Corpus Christi, and compete directly with the Authority's docks.

The Port Commission adopts an annual budget each year, on a basis consistent with accounting principles generally accepted in the United States of America for proprietary funds, as a prudent management tool. Monthly budget reports are prepared for management to maintain proper budgetary control, and are reviewed by the Port Commission on a monthly basis.

Local Economic Condition and Outlook

The Authority continues to remain financially strong and a primary driver of the local economy. The Authority's sound fiscal management has allowed the Authority to remain financially stable. The Authority is currently ranked as the 7th largest port in the United States and 32nd in the world in terms of tonnage. The Authority has served the local economy for over seventy-five years, and is continually upgrading and expanding its' facilities to better serve South Texas industry and shippers. Local Port industries as well have made investments to upgrade and expand their facilities, to improve air and water quality, and improve process efficiencies, or supply utilities such as electricity and steam. Local refineries have made investments that permit them to provide clean burning gasoline during the ozone alert months, a volunteer program that has contributed to the local area's ability to maintain its "attainment" classification with environmental agencies.

The Authority has adopted a mission statement, which has become an integral part in the development of a strategic plan to guide the Authority into the year 2010. The mission statement is as follows: "It is the mission of the Port of Corpus Christi to serve as a regional economic development catalyst while protecting and enhancing its existing industrial base and simultaneously working to diversify its international maritime cargo business. In pursuit of this mission, the Port, which is a political subdivision of the State of Texas governed by appointees of Nueces County and the City of Corpus Christi, shall be guided by the following basic principals: (1) The Port shall conduct its affairs in a positive, open and cooperative manner; (2) The Port shall operate in a fiscally responsible manner; (3) The Port shall be a positive and proactive force in the protection of the region's marine and water related resources; and (4) The Port shall be committed to serving its customers - present and future."

Economic development means attracting industrial and commercial activity, private capital and waterborne cargo shipments that will create employment opportunities, sustaining and upgrading existing jobs, introducing new basic dollars to the area and broadening the tax base that supports all public services. The 2003 Port Economic Impact findings reinforce the Port's mission statement: to be an economic catalyst for the region. Martin Associates of Lancaster, PA studied the economic impact of the Authority operations including the Ortiz Center and the gaming ship *Texas Treasure*. The last economic impact study for the Authority was in 1994. Nine years later, the 2003 report shows significant increases. In 1994, the Authority created 30,927 jobs, generated \$66.4 million in state and local taxes, and provided \$1 billion in business revenue.

Today, the Authority creates approximately 39,905 jobs with 11,859 direct jobs. The Authority generates 8,930 induced jobs that are the result of purchases by the direct employees. The remainder of total jobs is comprised of 19,116 indirect jobs supported by the local purchases by businesses supplying services or dependent upon the Authority. The 39,905 jobs provide \$2.2 billion in income (direct, induced, and indirect wages and salaries) for families throughout the Coastal Bend. Authority operations generate \$1.3 billion of revenue for businesses providing services to the Authority and port industries, Ortiz Center, and Texas Treasure. More than \$195.4 million was paid in state and local taxes due to activity created by the Authority. Over the nine-year period, Authority tonnage grew by 7 million tons. Increasing by 4.7 million tons over the last nine years, petroleum and petrochemicals continue to be the Authority's top commodity; however, the 2003 report indicates the Authority's diversification efforts are working. The Authority remains an economic force via its ability to provide the commercial shippers with first class channels, docks and facilities for handling their cargo, and by providing public facilities designed to attract more tourist dollars to the area while maintaining financial stability. Ultimately, our goal is to raise the standard of living and enhance the quality of life of everyone in the local surrounding region.

Major Initiatives

Community Awareness Campaign

The Authority maintains a strong community awareness campaign. The campaign was designed to help increase awareness of the Authority regarding its function, initiatives, direction and strategic importance for this area. The Authority's web site continues to be a great support in this endeavor. Used as an educational tool, the site contains the history of the authority and the port commission, various activities for children, information on educational tours, the speaker's bureau and community involvement initiatives. In an effort to promote the website as an educational tool, and to increase awareness, a promotional brochure was created and mailed to organizations, institutions and businesses in the area. Through this endeavor, more area organizations and institutions became aware of the port's initiatives and were interested in the port's active participation in their programs. The brochure and website also helped us raise awareness in places as far as Mexico and the northern U.S. states. Groups of students from universities such as University of Texas-Laredo, Incarnate Word-San Antonio and Ohio State toured the port to learn more about its opportunities. The Authority has active representation in organizations in the area such as the Corpus Christi Chamber of Commerce, Corpus Christi Hispanic Chamber, Port Industries of Corpus Christi, the Propeller's Club, Bayfest, YMCA, YWCA, March of Dimes, Corpus Christi State School, Corpus Christi Convention and Visitors Bureau, NCCJ, Texas A&M Outreach Program and the Corpus Christi Literacy Council.

Community involvement initiatives consist of several efforts, most of which rely on key partnerships:

Adopt-A-School and Educational Programs

In 2003, the Port continued its "Adopt-A-School" partnership with CCISD Elementary Schools: Moses Menger, Solomon Coles and Mireles. The overall focus of this partnership was to improve student achievement and attendance, to recognize and support teachers and to strengthen community and educational efforts through funding and employee volunteer participation. For example, Authority staff participates in the Mentoring Program, Science Fairs, Planning and Decision Making Groups and other special programs initiated by the schools. Furthermore, the development of special videos, activity books and book covers featuring the Authority Mascot (Pocca) offered better ways to educate students about the Authority and included lesson plans, which are being upgraded to address academic standards of each grade level. School tours were offered to all levels. In August 2003, the Port of Corpus Christi introduced "Pocca's Important Pack" to area schools. The Pack was developed with the support of the CCISD instructional staff as a toolbox to support teachers giving instruction about international trade, maritime industry, transportation and the Port of Corpus Christi. Pocca's Important Pack contains a series of lesson plans, a video, examples of cargoes, maps, general information about ports and a game. Also, port staff continues to participate in the "Hispanic Women's Mentor Program" a part of the CCISD Abstinence Education Department. The purpose of this program is to involve professional Hispanic women in sharing their expertise and experiences with young Hispanic middle school girls, thus building their self-esteem and knowledge so that they can develop to their full potential and become more productive citizens and leaders in their communities. In 2003, the Authority supported a series of conferences created by CCISD to involve the community in looking for ways to improve the academic achievement of area students.

The Authority and Port Industries Partnership

Moving forward in 2003 and celebrating 50 years of its existence, this partnership provided an opportunity to inform the general public of the economic significance of port industries and to elevate their profile in the community. During 2003, the support to community organizations was increased. More Authority employee volunteers were seen. Not only did the Authority continue to be very supportive of area organizations, but it also was a key team player in many projects that Port Industries of Corpus Christi supported. Together as a team, all Port Industries members made a significant difference in area events such as the March of Dimes and the American Diabetes Association fundraising campaigns and both the Authority and the Port Industries of Corpus Christi were recognized for their efforts every time they teamed up. Additionally, through this team effort, the Authority also helped raise awareness of local elections and the importance to get

involved in the election process. Also, the Authority and the Port Industries together supported various educational programs emphasizing environmental responsibility and safety operations while supporting the economic growth of the area, throughout the year in all area schools.

Hands-on-Summer 2003

For the fourth year, the Authority, along with CITGO Refinery, the Caller-Times, the US Coast Guard, Halo-Flight and KRIS-TV gave school-aged children, from different area organizations, the opportunity to have a hands-on learning experience with various fields characteristic or common in each company. The Hands-on Summer program was created to support and enhance the children's understanding of the Authority and companies in the area. Due to the success of the program the Museum at the Lexington and Driscoll Children's Hospital joined the group in 2002, providing a wider range of opportunities for the participants to observe. In 2003, the program was able to provide the participants two full weeks of learning with even more organizations joining in. Companies such as Bank of America, the YMCA, Del Mar College, Corpus Christi Museum of Science and History, Corpus Christi International Airport, City of Corpus Christi's Municipal Juvenile Court, and Fire Department joined the Port of Corpus Christi and the others, giving the participants a wide variety of options of different career opportunities in the area.

A Tree For All

In 2003, the Authority hosted the 6th annual "A Tree For All". The project created as a gift back to the community during the Holiday Season, provides 250 Christmas trees to needy families in the area. The Authority, along with CITGO-Corpus Christi Refinery, oversees this project every year. Volunteers from both organizations are very proud of this effort and donate their time and energy in preparation of this special day. Each year, different organizations in the area support the project by selecting the families receiving the trees. Families selected not only receive the trees but also Christmas decorations donated by the community through an area wide campaign called "Donate an Ornament".

Pocca's Pride

In order to further reach out to the community, the Port kicked-off 'POCCA'S PRIDE' as its first volunteer council in its history. Pocca's Pride is headed by port employees and is overseen by the Community Relations Department. As part of its agenda, Pocca's Pride looks for ways to get more involved in the community by supporting organizations or creating its own signature projects to better the community in many ways.

Cargo Diversification/Facility Expansions and Improvements

Over the last decade, the Authority has worked to diversify and enhance the Authority's strong petrochemical foundation. These diversification efforts included the development of the Authority's general cargo terminals to handle break-bulk cargoes such as automobiles, refrigerated and military cargoes, steel products, and other project cargoes.

Two key diversification efforts of the Authority include the completion of a state-of-the art 99,520 square foot refrigerated warehouse and the completion of the Congressman Solomon P. Ortiz International Center. In 2003, the Authority continued to actively market both of these facilities, as well as position the Authority in new lines of business.

Port of Corpus Christi Cold Storage

In 2002, the Authority installed a new repack line complete with scales, auto dumper, a pack off and full case conveyor. This repack line enables the Authority to box up to 120,000 lbs of meat products per day. This repack line is greatly used by customers who are shipping products into Mexico. The advantage of Corpus Christi is its proximity to Mexico and the ability to re-pack product, blast freeze it and ship it to Mexico.

Also, in 2002, the Authority announced a trial service with C&S Shipping Australia PTY from Australia to Corpus Christi. This service consists of Australian meat imports. In 2003, the Authority continued to see growth at this facility. What began as a trial service in 2002, became a regular service in 2003. This facility was re-certified for Russian exports, despite Russia's ban on U.S. imports. Corpus Christi was the city of choice for a meeting of a major import/export organization,

Consejo Mexicano de la Carne (Mexico Meat Council) in Summer 2003. Their meeting in Corpus Christi showcased the Authority's cold storage capabilities that resulted in additional business for the Authority.

With this regular service, re-pack projects, and local business, the Cold Storage facility has developed a solid business foundation.

Congressman Solomon P. Ortiz International Center

A direct result of the Authority's effort to attract the cruise industry to South Texas was the renovation/construction of Cargo Docks 1 and 2 into a multi-purpose facility that could handle cruise ships, but at the same time, serve as a meeting and banquet center. This is one component of the Authority's overall waterfront development plan, which includes a cruise terminal, conference center, and other attractions such as restaurants, entertainment, and retail activities.

Construction began in October 1999 and was completed in September 2000. The Port Commission officially named the facility the *Congressman Solomon P. Ortiz International Center* in June 2000 in recognition of Congressman Ortiz's support of the Authority. The *Congressman Solomon P. Ortiz International Center* was officially dedicated in September 2000.

The Center is managed and operated by Norris Conference Centers of Houston, Texas. The Center serves as a business catalyst for the Authority in its effort to attract more regional and international opportunities to South Texas.

In 2000, the Authority received about \$1 million for the development of a water ferry system to operate from the Ortiz Center to the Northside of the Corpus Christi Ship Channel. In 2002, the Port completed agreements and approval with the Texas Department of Transportation (TxDot). In 2003, the Port selected an architect for design. Expected completion is early 2005.

In 2003, the Ortiz Center hosted more than 600 events with approximately 100,000 people. In 2003, the Authority made minor improvements and upgrades and added new wall partitions to increase flexibility and breakout space. In 2003, the Ortiz Center began working towards certification by the International Association of Conference Centers (IACC). This distinction is only given to conference centers that meet certain criteria regarding banquet and meeting center capabilities and features.

As part of the Authority's economic impact the Ortiz Center was studied. The Ortiz Center generates 108 jobs, \$2.5 million in wages and salaries, \$3.4 million in direct business revenue for businesses in the Coastal Bend, \$500,000 in local purchases (food, beverage), and \$200,000 in state/local taxes.

Baseball Stadium and Development of Land Near Ortiz Center

In 2002, the Port and the City of Corpus Christi began negotiations for approximately 12 acres of land (near the Ortiz Center now occupied by cotton warehouses) for use by Ryan Sanders Ryan Sports, Inc. as a site for a 6,000-seat baseball stadium for major league affiliated baseball. Most negotiations were complete late 2003. Demolition of cotton warehouses began in early 2004. The first game is slated for Spring 2005. The baseball arena is the first step for more entertainment, hotel, and retail development in and around the Port of Corpus Christi. The Authority's waterfront development plan included the development of a parcel of land near the Ortiz Center for a mixed use of entertainment, retail, hotel, and cultural activities. In 2003, the Authority developed a Request For Proposal (RFP) for this purpose. Final proposals and selection of developer will be complete in early 2004. Development will begin thereafter.

Cruise Services

The Authority continues its efforts to attract the cruise industry to South Texas. In 2003, Corpus Christi received several port-of-call visits from RiverBarge Excursion Lines. This is a positive step in highlighting South Texas' viability as a cruise destination. Also, the Authority began promoting a new concept to attract passenger services to Corpus Christi, the

development of a ROPAX or ferry service between Corpus Christi and Southern Mexico that would carry both passengers and cargo.

Day Cruise Operation

The *Texas Treasure* is a day cruise operation traveling offshore to international waters. The *Texas Treasure* sails twice a day six times a week from Port Aransas, Texas. In 2003, approximately 150,382 passengers enjoyed gambling and other on-board entertainment. The recent Port economic study examined the *Texas Treasure's* impact. The *Texas Treasure* is Texas' only day cruise operation. According to the study, the *Texas Treasure* provides:

- 537 jobs
- \$13.7 million in income
- \$12.3 million in direct business revenue for businesses in the Coastal Bend
- \$4.8 million in local purchases
- \$1.2 million in state/local taxes

Trade With Cuba

In a historic agreement in 2003, the Port of Corpus Christi was the first port ever to sign a strategic memorandum of understanding with ALIMPORT, the government-purchasing agency for Cuba. This agreement has opened the doors of commerce to move through the Port of Corpus Christi. In Fall 2003, approximately 20,000 tons of wheat was shipped to Havana through the Port of Corpus Christi. A shipment of 6.6 million pounds of Montana dry beans is expected to move through the Port in early 2004, along with chicken later in 2004, destined for Cuba. The Port continues to develop the Cuba market.

Military Cargo and Layberth

The Authority since being designated as a U.S. strategic military seaport has handled several military exercises, as well as, some U.S. military deployment and redeployment projects. In 2002, the Authority handled a project for U.S. Army South destined for Belize. In January 2003, the Authority's military cargo capabilities were called upon. The entire Authority's Southside and Northside General Cargo Terminals were used for Operation Enduring Freedom in support of Operation Iraqi Freedom. Overall, the Authority through a coordinated effort with MARAD, 1192nd Transportation Terminal Brigade, and the U.S. Coast Guard, loaded 33 ships with 17,287 pieces of equipment from the 4th Infantry Division. The Authority was the top port for military load outs amongst U.S. ports.

Also, in 2003, the Authority was designated as the lay-berth site for the USNS Benavidez, a LMSR (military ship).

More military cargo is expected to move through the Authority in 2004 further positioning the Authority as a key military deployment center.

La Quinta Trade Gateway Project

In 1998, the Authority acquired 1,100 acres in San Patricio County, Texas. A master plan by Bermello-Ajamil of Miami, Florida indicated the potential for the development of this property into a major container terminal capable of handling 800,000 TEU'S by 2010.

The Authority has sought participants to join in this venture. The Authority also authorized the Kingsley Group to perform a market feasibility study to determine cargo flows and the potential markets that the La Quinta container terminal can serve. The report results indicated strong potential for the La Quinta container terminal to handle significant amounts of cargo to/from key market areas including Northeastern Mexico, Central/Southwest Texas, the Pacific Southwest US, and the Asia-Latin America land bridge. The study illustrated Corpus Christi's competitive advantage to serve the markets of Northeastern Mexico and Central/Southwest Texas due to Corpus Christi's location and highway access. The La Quinta Trade Gateway features immediate interstate access and has distinct mileage advantages to key markets. Potentially, the La Quinta container terminal could be operational in 2003-2004 and handling approximately 100,000 TEUS. Thereafter, the La

Quinta container terminal could be handling about 400,000 TEUS. Once operational, the La Quinta container terminal could create in excess of 6,000 jobs and generate millions of dollars in revenue and state/local taxes.

In 2003, Gulf Compress, a cotton-warehousing cooperative, broke ground as the first tenant at La Quinta. Gulf Compress will construct approximately 550,000 square feet (12-13 acres) of new cotton storage space for completion in August 2004. Cotton exports have increased and more of the South Texas crop is being shipped to world markets including Mexico, China, Pakistan, India, Taiwan, and Korea. Therefore, once La Quinta Trade Gateway container terminal is in place, cotton exporters will have a direct alternative instead of trucking goods to other ports.

Channel Improvement Project

In 1990, the U.S. Congress authorized the U.S. Army Corps of Engineers (Corps) to begin investigating the possibility of deepening the Corpus Christi Ship Channel (CCSC) from 45 feet to 50 feet in order to accommodate larger vessels, increase shipping efficiency, and enhance navigation safety. The Corps' 1994 Reconnaissance Report showed that the investigated improvements were in the Federal interest and recommended that a more detailed Feasibility Study be performed. A Feasibility Cost Share Agreement was executed between the Corps and the Authority in 1999, and the Feasibility Study was initiated. The Study was estimated to take about three years to complete at a cost of approximately \$6.5 million. The Study cost-shared 50/50 between the Corps and the Authority, has been completed. The Study examined deepening the CCSC and the La Quinta Ship Channel, widening the CCSC, and extending the La Quinta Ship Channel to the proposed La Quinta Trade Gateway Project. Staff worked together with all state and federal natural resource and regulatory agencies and the Corps on the various elements of the project.

The COE recommended a plan that includes:

- Widening the CCSC from 400' to 530' across Corpus Christi Bay and widening it from 500' to 530' across Redfish Bay.
- Adding 200' wide barge shelves on both sides of the CCSC across Corpus Christi Bay.
- Extending the La Quinta Ship Channel by 7400' at a depth of -39' MLT.
- Deepening all reaches of the CCSC (excluding La Quinta) from -45' MLT to -52' MLT.
- Constructing two ecosystem restoration features adjacent to the CCSC near Ingleside-on-the-Bay and Port Aransas.

Channel improvements will cost approximately \$135 million. The CCSC improvement project, in addition to creating a safer, more efficient channel for navigation, will produce positive socioeconomic impacts to the region. The project has a high benefit-to-cost ratio with a projected average of about \$25 million per year in transportation cost savings over the next 50 years. Benefits may also include increased employment and revenue for the Authority and industry throughout the region.

The project's Final Feasibility Report and Final Environmental Impact Statement has been completed, and a Corps Chief's Report was executed on June 2, 2003. The project is seeking authorization in the Water Resource Development Act (WRDA) of 2004. A pre-construction engineering and design agreement has been negotiated with the Corps and is pending final execution. Execution of this agreement will initiate the design of the first of seven scheduled construction contracts. Should the project be authorized in 2004, construction could be scheduled to begin as early as 2005/6.

Joe Fulton International Trade Corridor

The Authority received authorization for \$8.25 million in federal transportation funds for the Joe Fulton International Trade Corridor (Corridor). The corridor encompasses an 11.5-mile road and rail project that will significantly improve access to more than 2,000 acres of land along the North side of the channel for existing and future development. The corridor will make approximately 1,000 acres of land (which has no access available) for use as marine terminals or industrial sites. The corridor will connect two major highway components- US Highway 181 and Interstate Highway 37; thus, establishing efficient intermodal links between highway, marine, and rail transportation systems. The corridor will address

environmental and safety concerns, and facilitate international trade. Most important, the corridor will generate future economic development opportunities for South Texas.

The Corridor received authorization for \$11 million from the Texas Department of Transportation in 1999. Construction is slated to begin Summer 2004. Projected completion is 2007.

Security Enhancements

As a result of 9-11, security became a top priority for the United States. In recognition of U.S. ports and their respective security issues, in 2002 Congress authorized nearly \$92 million in funding for Ports. Of that, Corpus Christi received \$2.27 million, the largest award given to a Texas port. In 2003, the Authority garnered additional security funds from the federal government. To date, the Authority has successfully received nearly \$11 million towards security. The funding will be used for renovation of offices for a new Security Command Center, lighting, surveillance cameras, fencing, and other security measures.

In 2003, the Authority hired its first Chief of Port Security who will oversee a certified peace officer Authority police force. This measure is above and beyond mandated security requirements.

In 2003, the Authority received \$3.6 million from Congress for a Vessel Traffic Information System (VTIS). Once in place, it will augment vessel safety and work in conjunction with security improvements to enhance Maritime Domain Awareness. The Authority is working with the U.S. Coast Guard to complete the installation of the system. Projected completion is slated for December 2004.

Cash Management

The Public Funds Investment Act (PFIA) requires quarterly reporting to the governing body by its investment officers and the Port Commission adopts the investment policy with any recommended amendments annually.

The goal of the Authority's investment policy is to ensure the safety of all funds entrusted to the Authority, to ensure the availability of those funds for the payment of all necessary obligations of the Authority, and to provide for the investment of all funds, not immediately required, in interest-bearing securities. The safety of principal and liquidity is the primary objective. Accordingly, deposits were either insured by federal depository insurance or collateralized. All pledged collateral on deposits were held by the Federal Reserve Bank in the Authority's name.

At December 31, 2003, the composition of the Authority's investment portfolio consisted of 84% in certificates of deposit, and 16% in a money market account. With historically low interest rates, the weighted average maturity of the portfolio was at 132 days, with investments maturing within the next 90 days totaling \$7,225,845 or 28% of the portfolio, and the balance of the portfolio not extending beyond nine months. All bank accounts were collateralized and the Authority had a total of \$5,744,759 in excess coverage at year-end.

The yield of the total portfolio was 1.46%. The market value of the portfolio was \$26,225,845, which is book value.

Risk Management

The Authority's schedule of insurance for 2003 included all perils coverage for the Authority's scheduled property with limits of \$100 million with an annual deductible of \$100,000, general liability with limits of \$20 million with an annual deductible of \$50,000 and workers' compensation which is fully self-insured. In addition, the Authority has other separate coverage with differing limits and deductibles for windstorm for the cotton compress, for property at Harbor Island, for the Tule Lift Bridge and Cold Storage Warehouse boiler and machinery, for hull, primary and excess P & I and marine liability for the Fire Fighting Response Vessel, and for foreign liability, non-owned aircraft, executive risk, auto liability and public officials liability. The Authority has included in restricted assets \$1 million for claims for which the Authority has a level of self-insurance.

The Authority maintains a self-funded health and dental plan for its employees and dependents. A specific stop loss policy is in force for individual claims in excess of \$100,000 annually and an aggregate stop loss policy is in force for annual aggregate claims in excess of approximately \$1,177,182.

Pension Plan

The Authority provides pension, disability, and death benefits for all its full-time employees through a nontraditional defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 535 nontraditional defined benefit pension plans.

The plan provisions are adopted by the governing body of the Authority, within the options available in the state statutes governing TCDRS (TCDRS Act). Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the Authority within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

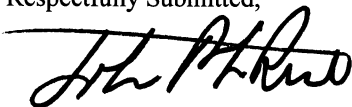
Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Port of Corpus Christi Authority of Nueces County, Texas, for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2002. This was the twentieth consecutive year that the Authority has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe 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.

Acknowledgments

The preparation of this comprehensive annual financial report would not have been possible without the efficient and dedicated services of the entire staff of the Authority's Accounting Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Port Commission for their unfailing support for maintaining the highest standards of professionalism in the management of the Authority

Respectfully Submitted,



John P. LaRue
Executive Director



Daniel R. Hodgkins
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Port of Corpus Christi
Authority of Nueces, Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

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




A handwritten signature in black ink, appearing to read "Edward Haney".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enos".

Executive Director

THE PORT

OF CORPUS CHRISTI

**Collier, Johnson
& Woods**

A Professional
Corporation

Certified Public Accountants
555 N. Carancahua - Suite 1000
Corpus Christi, Texas
78478-0052
(361) 884-9347
FAX (361) 884-9422

INDEPENDENT AUDITOR'S REPORT

March 19, 2004

Port Commissioners
Port of Corpus Christi Authority
Of Nueces County, Texas

We have audited the accompanying statement of net assets of Port of Corpus Christi Authority as of December 31, 2003 and 2002, the related statements of revenue, expenses and changes in fund balance, and cash flows for the years then ended. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Port of Corpus Christi Authority, as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2004 on our consideration of the Port of Corpus Christi Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts.

The Management's Discussion and Analysis and the other required supplementary information on pages 3 through 7 and 24 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Port of Corpus Christi Authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The information in the statistical section and other information (Municipal Securities Continuing Disclosure Information) as listed in the accompanying table of contents have not been audited by us and, accordingly, we express no opinion on such data.

Collins, Johnson & Woods

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Management's Discussion and Analysis
December 31, 2003**

As management of the Port of Corpus Christi of Nueces County, Texas (Authority), we offer readers as an introduction to the Authority's financial statements, this narrative overview and analysis of the Authority's activities and financial performance for the year ended December 31, 2003. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with Authority's financial statements taken as a whole. All amounts, unless otherwise indicated, are expressed in whole dollars.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities at the close of the year by \$175,087,707 (net assets). Of this amount, \$35,551,383 is considered unrestricted net assets, and may be used to meet the Authority's current ongoing obligations to employees and creditors.
- The Authority's total net assets increased \$1,299,005 or 0.75% over the prior year. Income (Loss) Before Contributions produced a decrease in net assets of \$(339,522), while capital contributions provided an increase of \$1,638,527.
- The Authority's total debt decreased by \$1,420,974 in 2003, the result of scheduled debt service payments. The Authority made the final payment on a promissory note in the amount of \$526,483, in addition to making revenue bond payments of \$894,491, net of \$70,509 in amortized bond discount.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's financial statements are comprised of the basic financial statements and the notes to the financial statements. The basic financial statements can be found on pages 8 through 24 of this report. Since the Authority is comprised of a single enterprise fund, no fund level financial statements are shown. This report also contains other supplementary information in addition to the basic financial statements themselves.

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. These statements offer short and long-term financial information about its activities.

The Statement of Net Assets includes all of the Authority's assets and liabilities, and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). The assets and liabilities are presented in a format, which distinguishes between current and long-term assets and liabilities. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Net assets increase when revenues exceed expenses. An increase in assets without a corresponding increase to liabilities, results in increased net assets, which indicates an improved financial position.

The Statements of Revenues, Expenses, and Changes in Fund Net Assets accounts for all of the Authority's current year's revenues and expenses. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, as well as its profitability, and credit worthiness. All changes in net assets are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., earned but unused vacation leave).

The Statement of Cash Flows primary purpose is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Management's Discussion and Analysis
December 31, 2003**

The basic financial statements include not only the Authority, but also one legally separate blended component unit, the Industrial Development Corporation (IDC).

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain *required supplementary information*, along with trend data. Statistical information presented on a multi-year basis and other information including disclosures for compliance with the Securities and Exchange Commission Rule 15c2-12 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Statistical and other information can be found on pages 30 through 63 of this report.

FINANCIAL ANALYSIS

The fundamental question that is most asked of business is, as a whole "Are you better off or worse off as a result of the year's activities?" The Statement of Net Assets, and the Statements of Revenues, Expenses, and Changes in Net Assets report information about the Authority's activities in a way that will help answer this question. These two statements report the net assets of the Authority and changes in them. You can think of the Authority's net assets – the difference between assets and liabilities – as one way to measure financial health or financial position. Overtime, increases or decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, global market trends, population growth, regulations and new or changed government legislation.

Statement of Net Assets

The Statement of Net Assets serves over time as a useful indicator of the Authority's financial health or position. It distinguishes assets and liabilities as to their expected use for current operations, restricted and capital investment. The Authority's assets exceeded its liabilities at the close of 2003 by \$175,087,707. This is an increase from 2002 of \$1,299,005. The following condensed Statement of Net Assets provides an overview of the Authority's net assets as of December 31, 2003 and 2002:

	2003	2002	Change
Assets			
Current assets	\$ 32,373,210	\$ 30,980,613	\$ 1,392,597
Restricted assets	2,444,043	3,002,631	(558,588)
Capital assets	153,288,142	152,808,258	479,884
Other non-current assets	9,017,838	9,608,063	(590,225)
Total Assets	197,123,233	196,399,565	723,668
Liabilities			
Current liabilities	5,142,824	4,913,867	228,957
Restricted liabilities	96,015	342,487	(246,472)
Long-term debt, net of current portion	15,119,846	16,029,337	(909,491)
Other liabilities	1,676,841	1,325,172	351,669
Total Liabilities	22,035,526	22,610,863	(575,337)
Net assets			
Invested in capital assets, net of related debt	137,188,296	135,287,438	1,900,858
Restricted	2,348,028	2,660,144	(312,116)
Unrestricted	35,551,383	35,841,120	(289,737)
Total Net Assets	\$ 175,087,707	\$ 173,788,702	\$ 1,299,005

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Management's Discussion and Analysis
December 31, 2003**

By far, the largest portion of the Authority's net assets (78.4%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to its customers and consequently, these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Authority's net assets (1.3%) represents resources that are subject to external restrictions on how they may be used under bond resolutions. The remaining balance of unrestricted net assets (20.3%) may be used to meet the Authority's ongoing obligations to employees and creditors.

Statements of Revenues, Expenses, Change in Net Assets

The Statements of Revenues, Expenses, and Change in Net Assets serves as a measure to determine how successful the Authority was during the past year in recovering its costs through its user fees and other charges, as well as to its profitability and credit worthiness. The following Condensed Statements of Revenues, Expenses, and Change in Net Assets summarize the operations of the Authority for the year ended December 31, 2003 and 2002:

	2003	2002	Variance
Operating revenues	\$ 26,879,196	\$ 25,161,399	\$ 1,717,797
Operating expenses	27,464,712	25,582,794	1,881,918
Operating Loss	(585,516)	(421,395)	(164,121)
Non-operating revenues (expenses):			
Interest revenue	1,223,111	1,314,660	(91,549)
Interest expense and fiscal charges	(886,261)	(734,977)	(151,284)
Miscellaneous, net	(90,856)	236,214	(327,070)
Net Non-operating Revenues (Expenses)	245,994	815,897	(569,903)
Income (Loss) Before Contributions	(339,522)	394,502	(734,024)
Capital contributions	1,638,527	1,123,096	515,431
Changes in Net Assets	1,299,005	1,517,598	(218,593)
Total Net Assets, Beginning of Year	173,788,702	172,271,104	1,517,598
Total Net Assets, End of Year	\$ 175,087,707	\$ 173,788,702	\$ 1,299,005

Operating Revenues

Operating revenues in 2003 increased by \$1,717,797 or 6.8% over 2002. This was principally due to an increase in cargo tonnage that moved across both public and private oil docks, the movement of military cargo overseas across our dry cargo docks, and from revenues generated through the disposal of dredge material into our dredge disposal sites by our customers. Conversely in 2003, we also experienced a downturn in tonnage throughput at our bulk terminal, caused primarily by declines in the movement of copper concentrates, coal, and petroleum coke through this facility. These declines were the result of overseas market conditions, high shipping costs, and political and labor unrest in copper exporting countries. The following table summarizes operating revenues by division:

	2003	2002	Variance
Oil Docks	\$ 13,101,080	\$ 11,766,441	\$ 1,334,639
Dry Cargo Docks	1,863,698	1,203,850	659,848
Refrigerated Warehouse	1,250,043	1,039,688	210,355
Conference Center	1,505,575	1,439,357	66,218
Bulk Terminal	2,984,193	4,756,874	(1,772,681)
Property and Buildings	4,007,884	2,763,246	1,244,638
Other Facilities	2,166,723	2,191,943	(25,220)
Total Operating Revenues	\$ 26,879,196	\$ 25,161,399	\$ 1,717,797

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Management's Discussion and Analysis
December 31, 2003**

Operating Expenses

Operating expenses in 2003 increased by \$1,881,918 or 7.4% over 2002. This increase can be attributed to the hiring of new personnel, COLA and merit increases, maintenance dredging and fender replacements at our public oil docks, increased utility costs at our refrigerated warehouse and conference center, and funding to outside agencies for the promotion of regional economic development. In addition, depreciation expense increased due to placing new assets in service. Some of the more significant capital assets placed in service include cargo dock improvements to accommodate military vessel lay-berthing, shoreline protection, stabilization of a staging/storage pad, and maintenance shop expansion. The following table breaks down operating expenses by functional group:

	2003	2002	Variance
Maintenance and Operations	\$ 12,474,556	\$ 11,415,193	\$ 1,059,363
General and Administrative	9,573,041	8,883,229	689,812
Depreciation	5,417,115	5,284,372	132,743
Total Operating Expenses	\$ 27,464,712	\$ 25,582,794	\$ 1,881,918

Non-operating Revenues (Expenses)

Non-operating revenues (expenses) decreased by \$569,903 or 69.9% from 2002. This decrease is primarily due to the change in gain (loss) on disposal of assets from the prior year. There were no sales of property in 2003 that were similar to those in the prior year. In addition, interest expense and related bond issuance costs increased over the prior year, and to a lesser extent the reduction in interest earnings also contributed to the decline in non-operating revenues (expenses).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Authority's investment in capital assets as December 31, 2003, amounts to \$153,288,142 (net of accumulated depreciation). This investment in capital assets includes port facilities, elevator and bulk terminal facilities, machinery and equipment, property and buildings, furniture and equipment, and construction in progress. This amount represents a net increase (including additions and deletions) of \$479,884 or 0.3%. Additional information regarding the Authority's capital assets can be found in Note 5 to the financial statements on page 20. The following table summarizes the Authority's capital assets (net of accumulated depreciation) as of December 31, 2003 and 2002:

	2003	2002	Change
Capital assets, not being depreciated:			
Land	\$ 38,701,240	\$ 38,438,370	\$ 262,870
Channel and waterfront improvements	18,625,279	18,625,279	-
Construction in progress	9,990,033	6,901,812	3,088,221
	67,316,552	63,965,461	3,351,091
Capital assets, being depreciated:			
Port facilities	52,086,651	54,215,002	(2,128,351)
Buildings and improvements	26,363,031	26,738,709	(375,678)
Machinery and equipment	7,521,908	7,889,086	(367,178)
	85,971,590	88,842,797	(2,871,207)
Net Capital Assets	\$ 153,288,142	\$ 152,808,258	\$ 479,884

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Management's Discussion and Analysis
December 31, 2003**

Major capital asset events during 2003 include the following:

● Security enhancements	\$ 1,554,127
● Dock improvements to cargo docks 14 & 15	863,363
● Joe Fulton International Trade Corridor	586,967
● Staging/storage pad	450,357
● La Quinta Gateway Project	282,777
● Purchase of property	262,870
● Port Aransas shoreline erosion GLO project Phase 1	217,352

Long-term Debt

As of December 31, 2003, the Authority had long-term debt outstanding of \$16,099,846. This amount is totally comprised of general revenue bonds. The Authority's debt decreased through its annually scheduled debt service payments during 2003. Additional information regarding the Authority's long-term debt can be found in Note 7 to the financial statements on page 21. The following table summarizes the Authority's long-term debt outstanding as of December 31, 2003 and 2002:

	2003	2002	Change
Unlimited tax bonds	\$ -	\$ 905,000	\$ (905,000)
General revenue bonds	16,099,846	16,994,337	(894,491)
Promissory note	-	526,483	(526,483)
Total Long-term Debt	\$ 16,099,846	\$ 17,520,820	\$ (1,420,974)

The Authority maintains a AAA rating from Standard and Poor's Corporation and a Aaa rating from Moody's Investor Service on its' general revenue bonds. In accordance with the Authority's general revenue bond covenants, the Authority is required to maintain a revenue bond coverage of at least 1.25 times the average debt service requirements of its' general revenue bonds. As of December 31, 2003 the Authority's revenue bond coverage was 4.60 times.

ECONOMIC OUTLOOK

The basic financial statements emphasize the Authority's intent to recover the costs of its activities through its users fees and other charges. The results for 2003 were noticeably affected by a downturn in cargo movement at our bulk terminal facility because of events outside of our control, coupled with continually rising operating costs. As a result of 9-11, security has become a top priority for the United States, and the Authority has certainly felt the effects of mandated security requirements. The Authority has been successful in securing federal funding to assist in the procurement of the necessary infrastructure to meet these mandates, however the Authority is encumbered with the financial burden of having to man and maintain this infrastructure. This burden has become very evident in 2004, with a projected net loss of around one million dollars. As a result, the Authority has begun a review of its current tariff fee structure, as well as to look into ways to reduce overall operating costs. The Authority continues to actively seek additional federal funding sources to provide for a safer and more secure environment to conduct its activities.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Authority's Chief Financial Officer, 222 Power Street, Corpus Christi, TX 78401

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

Statement of Net Assets

December 31, 2003 and 2002

ASSETS

	2003	2002
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	\$ 3,156,622	\$ 5,443,510
Investments (Note 2)	22,000,000	19,000,000
Accounts receivable (net of allowance for doubtful accounts of \$655,632 and \$517,848 for 2003 and 2002, respectively)	3,887,462	3,996,483
Grant receivable	699,437	150,949
Notes receivable, current portion (Note 3)	485,363	449,410
Interest receivable	645,183	558,442
Inventory	585,543	645,497
Prepaid expenses	913,600	736,322
<i>Total Current Assets</i>	<u>32,373,210</u>	<u>30,980,613</u>
NONCURRENT ASSETS:		
RESTRICTED ASSETS:		
Cash and cash equivalents (Note 2)	2,444,043	2,847,417
Cash and cash equivalents-Homeport (Note 4)	-	155,214
<i>Total Restricted Assets</i>	<u>2,444,043</u>	<u>3,002,631</u>
CAPITAL ASSETS:		
Property, plant and equipment (Note 5)	242,078,850	236,357,928
Less accumulated depreciation	88,790,708	83,549,670
<i>Capital Assets, Net</i>	<u>153,288,142</u>	<u>152,808,258</u>
OTHER NON-CURRENT ASSETS		
Notes receivable, net of current portion (Note 3)	8,725,431	9,210,794
Bond issuance costs, net of accumulated amortization	292,407	397,269
<i>Total Other Non-Current Assets</i>	<u>9,017,838</u>	<u>9,608,063</u>
<i>Total Non-Current Assets</i>	<u>164,750,023</u>	<u>165,418,952</u>
TOTAL ASSETS	<u>197,123,233</u>	<u>196,399,565</u>

See accompanying notes to financial statements

LIABILITIES AND NET ASSETS

	<u>2003</u>	<u>2002</u>
CURRENT LIABILITIES :		
Accounts payable	\$ 2,073,480	\$ 1,361,761
Accrued expenses	772,062	666,605
Deferred income	703,625	683,018
Current maturities of long-term debt (Note 7)	980,000	1,491,483
Accrued interest payable	57,499	96,422
Compensated absences, current portion	556,158	614,578
<i>Total Current Liabilities</i>	<u>5,142,824</u>	<u>4,913,867</u>
PAYABLE FROM RESTRICTED ASSETS:		
Accrued expenses	96,015	187,273
Due to taxpayers-Homeport (Note 4)	-	155,214
<i>Total Current Liabilities Payable from Restricted Assets</i>	<u>96,015</u>	<u>342,487</u>
NON-CURRENT LIABILITIES :		
Long-term debt, net of current maturities (Note 7):	15,119,846	16,029,337
Compensated absences, net of current portion	1,676,841	1,325,172
<i>Total Non-Current Liabilities</i>	<u>16,796,687</u>	<u>17,354,509</u>
TOTAL LIABILITIES	<u>22,035,526</u>	<u>22,610,863</u>
NET ASSETS:		
Invested in capital assets, net of related debt	137,188,296	135,287,438
Restricted:		
Debt service	1,671,546	1,708,336
Channel improvements	222,623	510,684
Health and dental benefits	453,859	441,124
Unrestricted	35,551,383	35,841,120
TOTAL NET ASSETS	<u>\$ 175,087,707</u>	<u>\$ 173,788,702</u>

See accompanying notes to financial statements

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
Statements of Revenues, Expenses and Changes in Net Assets
For the Years Ended December 31, 2003 and 2002

	2003	2002
OPERATING REVENUES:		
Wharfage	\$ 13,535,168	\$ 12,534,632
Dockage	3,218,880	2,733,667
Freight handling	1,492,129	2,410,795
Building and land rentals	3,361,762	3,385,964
Conference center	1,443,592	1,367,934
Refrigerated warehouse	1,137,336	954,178
FTZ user fees	264,750	287,115
Compress	45,598	185,538
Other	2,379,981	1,301,576
<i>Total Operating Revenues</i>	26,879,196	25,161,399
OPERATING EXPENSES:		
Maintenance and operations	12,474,556	11,415,193
General and administrative	9,573,041	8,883,229
Depreciation	5,417,115	5,284,372
<i>Total Operating Expenses</i>	27,464,712	25,582,794
<i>Operating Loss</i>	(585,516)	(421,395)
NON-OPERATING REVENUES (EXPENSES):		
Interest revenue	1,223,111	1,314,660
Gain (loss) on disposal of fixed assets	(90,856)	236,214
Interest expense and fiscal charges	(781,399)	(656,585)
Amortization of bond issuance costs	(104,862)	(78,392)
Property taxes-Homeport	-	5,592
Interest revenue-Homeport	-	29,635
Assessment and collection fees-Homeport	-	(28,629)
Interest expense and fiscal charges-Homeport	-	(6,598)
<i>Total Non-Operating Revenues (Expenses)</i>	245,994	815,897
<i>Income (Loss) Before Contributions</i>	(339,522)	394,502
CAPITAL CONTRIBUTIONS	1,638,527	1,123,096
<i>Change in Net Assets</i>	1,299,005	1,517,598
<i>Total Net Assets , Beginning of Year</i>	173,788,702	172,271,104
<i>Total Net Assets, End of Year</i>	\$ 175,087,707	\$ 173,788,702

See accompanying notes to financial statements

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Comparative Statement of Cash Flows
For the Years Ended December 31, 2003 and 2002**

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 27,009,865	\$ 25,488,005
Cash payments to suppliers for goods & services	(14,530,659)	(14,602,802)
Cash payments to employees for services	(6,616,136)	(6,173,498)
<i>Net Cash Provided by Operating Activities</i>	<u>5,863,070</u>	<u>4,711,705</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(5,347,904)	(7,374,074)
Capital grants received	429,888	-
Proceeds from sale of assets	20,200	38,972
Proceeds from sale of revenue bonds	-	18,255,000
Original issue discount and issue costs of revenue bonds	-	(613,701)
Principal payment of revenue bonds	(965,000)	(1,180,000)
Principal payment of debt	(526,483)	(526,483)
Interest payments of bonds and debt	(749,813)	(577,590)
Proceeds from property taxes-Homeport	-	198,576
Assessment and collection fees-Homeport	-	(28,629)
Principal payment of unlimited tax bonds-Homeport	-	(905,000)
Distribution of overcollected taxes to taxpayers-Homeport	(155,214)	-
Interest payments of bonds-Homeport	-	(22,625)
<i>Net Cash Provided (Used) for Capital and Related Financing Activities</i>	<u>(7,294,326)</u>	<u>7,264,446</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(26,500,000)	(29,000,000)
Proceeds from maturity of investments	23,500,000	10,000,000
Interest on investments	510,913	262,564
Interest on investments-Homeport	-	29,635
Principal payments on notes receivable	449,410	416,121
Interest received on notes receivable	625,457	560,955
<i>Net Cash Used by Investing Activities</i>	<u>(1,414,220)</u>	<u>(17,730,725)</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	(2,845,476)	(5,754,574)
<i>Cash and Cash Equivalents at Beginning of Year</i>	8,446,141	14,200,715
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 5,600,665</u>	<u>\$ 8,446,141</u>

(Continued)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Combined Statements of Cash Flows
For the Years Ended December 31, 2003 and 2002**

(Continued)

	<u>2003</u>	<u>2002</u>
RECONCILIATION OF OPERATING LOSS TO NET		
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating loss	\$ (585,516)	\$ (421,395)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	5,417,115	5,284,372
Changes in assets and liabilities:		
Accounts receivable	109,021	272,103
Inventories	59,954	(23,938)
Prepaid items	(177,278)	(99,178)
Accounts payable	711,719	(554,796)
Accrued expenses	(44,221)	242,908
Deferred income	20,607	45,501
Compensated absences	351,669	(33,872)
<i>Total Adjustments</i>	<u>6,448,586</u>	<u>5,133,100</u>
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 5,863,070</u>	<u>\$ 4,711,705</u>
 <i>Noncash Investing, Capital, and Financing Activities:</i>		
Amortization of assets related to Homeport included in non-operating revenues (expenses)	\$ -	\$ 2,827
Amortization of issue costs and discount on revenue bonds	175,371	135,769
Gain on disposal of capital assets	-	236,214
Loss on disposal of capital assets	90,856	-
Contributions of capital assets from lessors	592,799	785
Contributions of capital assets from other governments	67,352	971,362

See accompanying notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Port of Corpus Christi Authority of Nueces County, Texas (Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

GENERAL HISTORY OF THE PORT OF CORPUS CHRISTI AUTHORITY

The Nueces County Navigation District No. 1 was created November 30, 1922, by an order of the Commissioners Court of Nueces County, Texas after an election duly held on October 31, 1922, at which time the establishment of said district was submitted to the qualified taxpaying voters of Nueces County, Texas. The territorial limits of the District were made coterminous with those of the County. The District was organized under Article III, Section 52, of the Constitution of the State of Texas, but has since been transferred to and is operating under Article XVI, Section 59, of the Constitution and related sections of the Revised Civil Statutes of the State of Texas and all amendments thereto. The Authority being a navigation district and political subdivision of the State of Texas is a separate and distinct entity from Nueces County and operates independently with its own Port Commission as its governing body. The only relationship the Authority and Nueces County have is that in the event the Port Commission deems it necessary to issue tax supported bonds, it must request the Commissioners Court to call an election. The Commissioners Court shall call the election, canvas the vote, and if the bond issue is approved, thereafter set the necessary tax rate to service the bonds. The original property, plant and equipment of the Authority were acquired with funds from the sale of bonds, the interest and sinking funds being provided from ad valorem taxes levied on the property within Nueces County, Texas. Additions to the property, plant and equipment of the Authority have been made with surplus funds arising from the operations of the Authority facilities, grants from the Federal Government, proceeds of general revenue bonds, and improvement bonds supported by ad valorem tax levies.

On May 20, 1981, the Governor of the State of Texas signed into law a bill changing the legal name of the Nueces County Navigation District No. 1 to the Port of Corpus Christi Authority of Nueces County, Texas.

In 2003, Senate Bill 1934 was passed that allowed for the annexation of San Patricio County into the territorial jurisdiction of the Authority. In September 2003, the voters of San Patricio County approved the annexation, which provided for the appointment of a Port Commissioner to the Authority's Port Commission. The San Patricio Commissioners Court, the governing body of San Patricio County, would select this appointment. This appointment would replace one appointment currently made by Nueces County in January 2004.

REPORTING ENTITY

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. GASB Statement No. 14 defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Based upon the application of these criteria, the following is a brief review of the component unit addressed in defining the Authority's reporting entity.

BLENDED COMPONENT UNIT

The Industrial Development Corporation (IDC) was organized by the Authority under the State of Texas Development Corporation Act of 1979. The IDC is a non-profit corporation that issues industrial development revenue bonds to promote and develop commercial, industrial and manufacturing enterprises and to promote and encourage employment

and public welfare. The issuance of any such bonds is adopted by the Board of Directors (Board) of the IDC, and approved by the Texas Economic Development Commission (TEDC) and the Port Commission. Net earnings of the IDC may be distributed to the Authority by action of the Board or upon dissolution of the IDC. The IDC is considered a blended component unit of the Authority as members of the Board of the IDC is comprised of two members of the Port Commission and staff of the Authority, and the Authority is able to impose its will on the IDC, as defined in Government Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity. In prior years, the IDC was reported as a discretely presented component unit. The 2002 financial statements have been restated, however, the restatement had no material effect on the financial statements.

BASIS OF ACCOUNTING

The Authority operates as an enterprise fund to report on its financial position and the results of its operations. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. All enterprise funds are accounted for on a flow of economic resources measurement focus, whereby all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund equity is classified as net assets. Enterprise fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The accrual basis of accounting is utilized by enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are charges to customers for the use of facilities and services provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

In accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, the Authority applies all FASB Statements and Interpretations, APB Opinions and ARB's issued on or before November 30, 1989 unless they conflict with or contradict GASB pronouncements. The Authority has elected to only apply GASB pronouncements after November 30, 1989.

An annual budget for the Authority is adopted on a basis consistent with generally accepted accounting principles for proprietary funds, as a prudent management tool. Monthly budget reports are prepared for management to maintain proper budgetary control, and are reviewed by the Port Commission on a monthly basis.

CASH AND INVESTMENTS

The Authority's cash and cash equivalents consists of cash on hand, cash held on deposit with financial institutions in demand deposit accounts, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Authority to invest in obligations of the United States Treasury, or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies; obligations of states, agencies, counties, cities and other political subdivisions of any state having a rating of not less than A; certificates of deposits, prime domestic banker's acceptances; certain commercial paper, certain mutual funds; fully collateralized repurchase agreements, and public funds investment pools.

INVENTORY

Inventory is valued at cost utilizing the first in first out method. Inventory consists of expendable materials used in the construction and maintenance of port facilities.

INVENTORIES HELD FOR OTHERS

Inventory held by the Authority's refrigerated warehouse for others as of December 31, 2003 consists of 4,226,429 pounds of meat, seafood and produce with an estimated fair market value of \$8,241,536.

BOND ISSUANCE COSTS

Bond issue costs and original issue discount associated with the Revenue Bonds, Series 2002-A and B are being amortized using the interest rate method.

PROPERTY, PLANT AND EQUIPMENT

Property constructed or acquired by purchase is stated at cost. Authority policy has set the capitalization threshold for reporting capital assets at \$1,000. Contributed assets are stated at cost, if available, or estimated fair market value on the date received. Net interest costs, if material, are capitalized on major construction projects during the construction period. No interest was capitalized for the years ended December 31, 2003 and 2002.

Depreciation is computed using the straight-line method over the following useful lives:

Port facilities	10-50 Years
Buildings and improvements	5-50 Years
Machinery and equipment	3-50 Years

COMPENSATED ABSENCES

Authority employees are granted vacation at rates of 10 to 25 days per year and may accumulate up to a maximum of 20 to 50 days, depending on their length of employment. Upon termination, employees are paid for any unused accumulated vacation. Sick leave accumulates at the rate of 12 days per year. Upon termination for any reason other than for cause, employees are paid for any unused sick leave up to a maximum of 60 days. Compensated absences are accrued when incurred.

DEFERRED INCOME

Foreign trade zone user fees, non-refundable deposits for events at the Solomon P. Ortiz Conference and Convention Center, and operating lease payments are recognized as income over the term of related agreements. Amounts received but not yet earned are reflected as deferred income in the accompanying balance sheets.

CONCENTRATION OF REVENUES

The Authority's operating revenues are subject to risk, because of their concentration in the petroleum industry. Five customers from the petroleum industry make up over 70 percent of the wharfage and dockage revenue base of the Authority for 2003. This risk is further enhanced by the fact that petroleum cargo continues to be the Authority's top commodity representing 87 percent for 2003, of the total cargo tonnage moving through the Authority.

RECLASSIFICATIONS

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

ACCOUNTING PRONOUNCEMENTS

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The Authority implemented GASB No. 34 for its fiscal year beginning January 1, 2003. Management believes that adoption of this statement has had no material adverse impact to the Authority’s financial position, results of operations or cash flows as a result of GASB No. 34, however, the presentation of certain financial information has been significantly altered.

In June, 2001, the GASB issued Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus, an Amendment of GASB Statements No. 21 and No. 34*, and Statement No. 38, *Certain Financial Statement Note Disclosures*. Both statements were implemented in conjunction with GASB No. 34 in fiscal year beginning January 1, 2003 and had no material effect on the financial statements.

2. CASH AND INVESTMENTS

The Authority’s funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits, for safekeeping and trust with the Authority’s agent bank, approved pledged securities in amounts sufficient to protect Authority funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (“FDIC”) insurance.

At December 31, 2003, the Authority’s carrying amount of deposits was \$882,807 and the bank balance was \$1,478,129. In addition to deposits with financial institutions, the Authority maintains \$950 in petty cash at various locations throughout the system.

At December 31, 2002, the Authority’s carrying amount of deposits was \$1,495,007 and the bank balance was \$1,759,589. In addition to deposits with financial institutions, the Authority maintains \$950 in petty cash at various locations throughout the system.

Total deposit balances are classified as either:

- 1) Insured or collateralized with securities held by the Authority or its agent in the Authority’s name.
- 2) Collateralized with securities held by the pledging financial institution’s trust department or its agent in the Authority’s name.
- 3) Deposits, which are not collateralized.

	Carrying Amount		Category
	2003	2002	
Deposits:			
Demand deposits:			
Non-interest bearing accounts	\$ 1,980	\$ 2,000	1
Interest bearing accounts	880,827	1,493,007	1
Total deposits	\$ 882,807	\$ 1,495,007	

The Authority’s investment policies and types of investments are governed by the Public Funds Investment Act (“PFIA”). The Authority’s management believes that it has complied with the requirements of the PFIA and the Authority’s investment policies.

Statutes authorize the Authority to invest in obligations of the U.S. Treasury or the State of Texas, certain U.S. agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements and common trusts. Similar to cash deposits, investments held at financial institution are categorized according to three levels of risk.

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Notes to Financial Statements
December 31, 2003 and 2002**

The categories of risk are:

- 1) Investments that are insured, registered, or held by the Authority or its agent in the Authority's name.
- 2) Investments that are uninsured and unregistered, held by the counter-party's trust department of agent in the Authority's name.
- 3) Uninsured or unregistered investments held by the counter-party, its trust department or its agent, but not in the Authority's name.

Pooled investments are not categorized because they are not evidenced by certificates that exist in physical or book form.

The Authority's investments at December 31, 2003 and 2002 are as follows:

	2003		2002		Category
	Carrying Value	Fair Value	Carrying Value	Fair Value	
Investments:					
Certificates of Deposit	\$ 22,000,000	\$ 22,000,000	\$ 19,000,000	\$ 19,000,000	1
Total investments	\$ 22,000,000	\$ 22,000,000	\$ 19,000,000	\$ 19,000,000	
Temporary investments shown as cash equivalents:					
State Treasurer's investment pool-Texpool	\$ -	\$ -	\$ 154,789	\$ 154,789	Pooled
Mutual fund-AIM	4,717,858	4,717,858	6,796,345	6,796,345	Pooled
Total temporary investments shown as cash equivalents	\$ 4,717,858	\$ 4,717,858	\$ 6,951,134	\$ 6,951,134	

In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Investment Pools", the Authority's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments, which have a remaining term of one year or less at time of purchase. The term "non-participating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of non-participating interest-earning investment contracts.

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Act designed to promote liquidity and safety of principal. The Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute shares. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

The AIM fund is an open-ended mutual fund, consisting of direct obligations of the U.S. Treasury and other securities issued or guaranteed as to principal and interest by the U.S. Government or by its agencies or instrumentalities, as well as repurchase agreements secured by such obligations. While these deposits are not covered by FDIC insurance or by

pledged collateral, the AIM fund is rated AAAM by Standard & Poors and invests in compliance with Rule 2a-7 under the Investment Company Act of 1940.

A 2a7-like pool is one that is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does operate in a manner consistent with SEC’s Rule 2a7 of the Investment Company Act of 1940.

3. NOTES RECEIVABLE

Notes Receivable as of December 31, 2003 and 2002 are summarized as follows:

	2003	2002
\$12,000,000 Note Receivable due in annual principal installments ranging from \$449,410 to \$1,131,691 through 2015; interest at 8.0 percent.	\$ 9,210,794	\$ 9,660,204
Less Current Maturities	485,363	449,410
Notes Receivable - Net	\$ 8,725,431	\$ 9,210,794

Total note receivable requirements as of December 31, 2003, are as follows:

	Principal	Interest	Total
2004	\$ 485,363	\$ 736,863	\$ 1,222,226
2005	524,192	698,035	1,222,227
2006	566,127	656,099	1,222,226
2007	611,418	610,809	1,222,227
2008	660,331	561,896	1,222,227
Thereafter	6,363,363	2,192,222	8,555,585
Total	\$ 9,210,794	\$ 5,455,924	\$ 14,666,718

Pursuant to a Construction and Installment Sale Agreement (Agreement) entered into on May 3, 1994, the Authority agreed to construct crude storage facilities on premises leased to an Authority User, and then sell the facilities to the User. On January 12, 1995, the Authority sold their undivided right, title and interest in the crude storage facilities to the User, and a Promissory Note (Note) was executed made payable to the Authority by the User in the amount of \$12,000,000.

The Note is due and payable in twenty-one annual installments, the first installment being interest only and the remaining twenty annual installments of equal principal and interest, at a rate of 8 percent, unless sooner paid. All payments are applied first to interest with the remainder, if any, applied to unpaid principal.

Note payments are based on revenue received from wharfage fees collected by the Authority for crude oil moving across the Authority’s Oil Dock 1 to the User’s crude storage facilities, and fifty percent of dockage fees collected by the Authority for ships berthing at the Authority’s Oil Dock 1 for purpose of delivering crude oil to the User’s crude storage facilities. Monthly amounts are credited to a debt service account that is used to make scheduled note payments when due. In the event there are insufficient funds in the debt service account to meet scheduled note payments, the User is required to make up any shortfall. Should a surplus exist, the excess is applied in inverse order against principal last coming due on the note. In 2003 and 2002, the Authority credited \$1,070,641 and \$977,076, respectively of applicable revenue received from wharfage and dockage fees collected to the debt service account.

4. HOMEPORT RELATED ACTIVITIES

On August 20, 1984, the citizens of Nueces County, Texas voted to issue \$25 million of unlimited tax bonds as an incentive for the United States Navy (Navy) to locate a homeport in the region. The bond proceeds were for the

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Notes to Financial Statements
December 31, 2003 and 2002**

purchase of land and waterfront improvements at the request of the Navy for navigation facilities in connection with the homeport site. Title to all property acquired was subsequently conveyed to the Navy. The Commissioner's Court of Nueces County, Texas, on behalf of the Authority's Commissioners, authorized the levy of property taxes on all taxable property in Nueces County, as defined, sufficient to pay the annual interest on said bonds and provide a sinking fund to pay the bonds at their maturity.

Property taxes were levied on behalf of the Authority each October 1 by Nueces County, Texas without legal limit as to rate or amount. The levy was based on the assessed value listed as of January 1, the date the enforceable lien attached, for all real and personal property located within the Authority. Appraised values were established by the Nueces County Appraisal District. All property was required to be assessed at 100 percent of its appraised value. Appraisals were approved by the Nueces County Appraisal Review Board and certified by the Chief Appraiser. Property is required to be reappraised at least once every four years. Nueces County was responsible for billing and collection of taxes for the Authority. Taxes were due January 31 following the October 1 billing date and became delinquent February 1, at which time they began accruing penalties and interest.

To satisfy the debt and interest expense as it became due, taxes were levied in excess of the annual requirements to accommodate for the property taxes that had not been collected. Property tax revenue was earned and recognized as required to retire future debt and related expenses. Taxes collected in excess of debt requirements became refundable to taxpayers upon collection after the retirement of the debt issue on February 1, 2002. On November 26, 2003, an interest and sinking fund agreement was approved between the Authority and Nueces County assigning and transferring to the County all of the Authority's rights, title, and interest in surplus funds and tax proceeds. The County was directed by the agreement to refund the surplus funds and tax proceeds to the taxpayers in a manner consistent with applicable law.

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2003 was as follows:

	Beginning Balance	Transfers and Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 38,438,370	\$ 262,870	\$ -	\$ 38,701,240
Channel and waterfront improvements	18,625,279	-	-	18,625,279
Construction in progress	6,901,812	3,088,221	-	9,990,033
Total capital assets, not being depreciated	63,965,461	3,351,091	-	67,316,552
Capital assets, being depreciated:				
Port facilities	119,776,961	947,475	-	120,724,436
Buildings and improvements	37,643,384	1,133,582	119,360	38,657,606
Machinery and equipment	14,972,122	575,908	167,774	15,380,256
Total capital assets, being depreciated	172,392,467	2,656,965	287,134	174,762,298
Less: accumulated depreciation for				
Port facilities	65,561,959	3,075,826	-	68,637,785
Buildings and improvements	10,904,675	1,400,095	10,195	12,294,575
Machinery and equipment	7,083,036	941,194	165,882	7,858,348
Total accumulated depreciation	83,549,670	5,417,115	176,077	88,790,708
Total capital assets, being depreciated, net	88,842,797	(2,760,150)	111,057	85,971,590
Total capital assets, net	\$ 152,808,258	\$ 590,941	\$ 111,057	\$ 153,288,142

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Notes to Financial Statements
December 31, 2003 and 2002**

Capital asset activity for the year ended December 31, 2002 was as follows:

	Beginning Balance	Transfers and Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 35,044,887	\$ 3,411,112	\$ 17,629	\$ 38,438,370
Channel and waterfront improvements	18,625,279	-	-	18,625,279
Construction in progress	5,927,057	974,755	-	6,901,812
Total capital assets, not being depreciated	59,597,223	4,385,867	17,629	63,965,461
Capital assets, being depreciated:				
Port facilities	118,484,555	1,292,406	-	119,776,961
Buildings and improvements	36,325,184	1,318,200	-	37,643,384
Machinery and equipment	13,849,069	1,349,749	226,696	14,972,122
Total capital assets, being depreciated	168,658,808	3,960,355	226,696	172,392,467
Less: accumulated depreciation for				
Port facilities	62,484,266	3,077,693	-	65,561,959
Buildings and improvements	9,562,930	1,341,745	-	10,904,675
Machinery and equipment	6,441,508	864,934	223,406	7,083,036
Total accumulated depreciation	78,488,704	5,284,372	223,406	83,549,670
Total capital assets, being depreciated, net	90,170,104	(1,324,017)	3,290	88,842,797
Total capital assets, net	\$ 149,767,327	\$ 3,061,850	\$ 20,919	\$ 152,808,258

6. LEASES

OPERATING LEASES

The Authority leases to others certain land and improvements. These leases are classified as operating leases in accordance with the criteria of Statement of Financial Accounting Standards (SFAS) No. 13. As of December 31, 2003, minimum lease payments under these operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

Years Ending	
2004	\$ 2,613,064
2005	2,487,688
2006	1,067,056
2007	704,850
2008	498,598
Thereafter	2,653,507
Total	\$ 10,024,763

7. LONG-TERM DEBT

REVENUE BONDS

On March 26, 2002, the Authority issued revenue bonds, Series 2002-A, in the amount of \$10,390,000 to reimburse for the costs associated with the acquisition, construction, and equipment of a refrigerated warehouse facility and Series 2002-B, in the amount of \$7,865,000 to reimburse for the costs associated with the acquisition, construction, and equipment of a multipurpose cruise/terminal conference facility known as the "Congressman Solomon P. Ortiz International Center". These bonds will be repaid from the pledged revenues of the Authority.

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Notes to Financial Statements
December 31, 2003 and 2002**

A statement of changes in long-term debt for the year ended December 31, 2003, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds	\$ 17,075,000	\$ -	\$ 965,000	\$ 16,110,000	\$ 980,000
Promissory notes	526,483	-	526,483	-	-
	17,601,483	-	1,491,483	16,110,000	980,000
Less Unamortized Discounts	80,663	-	70,509	10,154	
Total	\$ 17,520,820	\$ -	\$ 1,420,974	\$ 16,099,846	\$ 980,000

A statement of changes in long-term debt for the year ended December 31, 2002, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Unlimited tax bonds	\$ 905,000	\$ -	\$ 905,000	\$ -	\$ -
Revenue bonds	-	18,255,000	1,180,000	17,075,000	965,000
Promissory notes	1,052,966	-	526,483	526,483	526,483
	1,957,966	18,255,000	2,611,483	17,601,483	1,491,483
Less Unamortized Discounts	-	138,040	57,377	80,663	
Total	\$ 1,957,966	18,116,960	\$ 2,554,106	\$ 17,520,820	\$ 1,491,483

Long-term debt as of December 31, 2003 and 2002 is summarized as follows:

	2003	2002
Revenue Bonds:		
\$10,390,000 2002-A first lien revenue bonds, collateralized by a first lien on pledged revenues of the Authority, due in annual principal installments of \$545,000 to \$910,000 through 2016; interest at 1.85 percent to 5.2 percent.	\$ 9,175,000	\$ 9,720,000
\$7,865,000 2002-B first lien revenue bonds, collateralized by a first lien on pledged revenues of the Authority, due in annual principal installments of \$420,000 to \$680,000 through 2016; interest at 1.6 percent to 4.9 percent.	6,935,000	7,355,000
Total Revenue Bonds	16,110,000	17,075,000
Less Unamortized Discounts	10,154	80,663
Total Revenue Bonds and Accumulated Accretion	16,099,846	16,994,337
Promissory Note:		
\$3,685,380 promissory note dated 01/31/96; due in annual principal installments of \$526,483 plus accrued interest at 7.75 percent through 2003; secured by deed of trust on land acquired.	-	526,483
Total Promissory Notes	-	526,483
Total Principal Outstanding	16,099,846	17,520,820
Less Current Maturities	980,000	1,491,483
Long-term Debt - Net	\$ 15,119,846	\$ 16,029,337

Total debt service requirements as of December 31, 2003, are as follows:

	Principal	Interest	Total
2004	\$ 980,000	\$ 689,990	\$ 1,669,990
2005	1,010,000	664,103	1,674,103
2006	1,040,000	632,157	1,672,157
2007	1,075,000	595,548	1,670,548
2008	1,120,000	554,175	1,674,175
Thereafter	10,885,000	2,484,130	13,369,130
Total	\$ 16,110,000	\$ 5,620,103	\$ 21,730,103

8. PENSION PLAN

Plan Description

The Authority provides pension, disability, and death benefits for all its full-time employees through a nontraditional defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 535 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the Authority, within the options available in the state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service or with 30 years regardless of age or when the sum of their age and years of service equals 80 or more. Members are vested after 10 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the Authority within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Contributions

The contribution rate for employees is 7% and the Authority's rate is 11%, both as adopted by the governing body of the Authority. Employee and Authority contributions were \$444,045 and \$706,254, respectively for the year ended December 31, 2003, and \$304,712 and \$585,657, respectively for the year ended December 31, 2002. Both the employees and the Authority make monthly contributions.

Annual Pension Cost and Net Pension Obligation

The Authority's annual pension costs were equal to the Authority's required and actual contributions. Three-year trend information is as follows:

Years Ended December 31,	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
2003	\$ 706,254	100.00%	\$ -
2002	585,657	100.00%	\$ -
2001	472,892	100.00%	\$ -

The latest actuarial valuation for the Authority employees was completed as of December 31, 2002. The actuarial cost method and significant assumptions underlying the actuarial calculations have not changed from the prior valuation, and are as follows:

Actuarial Cost Method	Entry Age
Asset Valuation Basis	Long-term appreciation with adjustment
Projected Annual Salary Increases	5.5%
Assumed Rate of Return on Investments	8.00%
Inflation Factor	3.5%

Amortization Method	Level percentage of payroll, open
Amortization Periods	20 years

9. CONSTRUCTION AND IMPROVEMENT COMMITMENTS

At December 31, 2003, the Authority had remaining contractual construction and improvement commitments of approximately \$900,657. These commitments are being financed through operating revenues.

10. COMMITMENTS AND CONTINGENCIES

LITIGATION

From time to time, the Authority is subject to routine litigation incidental to its operations. Management believes that the results of any claims or litigation will not materially affect the Authority's financial position.

RISK MANAGEMENT

The Authority is fully self-insured on workers' compensation, and is self-insured for \$100,000 on property and \$50,000 on general liability claims annually and has purchased excess loss policies for claims in excess of these amounts. The Authority has established a self-funded health and dental plan (plan) for its employees and dependents. A specific stop loss policy is in force for individual plan claims in excess of \$100,000 annually, and an aggregate stop loss policy is in force for annual aggregate claims in excess of approximately \$1,177,182. The Authority has made no significant changes in its insurance coverage from coverage in the prior year. In the past three years the Authority has had no settlements, which exceeded insurance coverage. Changes in the balances of claims liabilities as of December 31, 2003 and 2002 are as follows:

	2003	2002
Unpaid claims, beginning of fiscal year	\$ 366,705	\$ 244,970
Incurred claims (including IBNRs)	921,334	1,277,229
Claims payments	(993,740)	(1,155,494)
Unpaid claims, end of fiscal year	\$ 294,299	\$ 366,705

FACILITIES FINANCING BONDS:

Issued by the Authority

The Authority has entered into agreements with four unrelated entities to finance construction of pollution control, solid waste disposal, and marine terminal facilities. To accomplish this the Authority acted as issuer of facilities financing revenue bonds in the original amount of \$265,845,000. The bonds are secured solely by the facilities and installment sales agreements, and the Authority assumed no current or future obligation for repayment of the bonds. The installment sales agreements were entered into with the entities for an amount equal to the outstanding bonds to secure repayment. The proceeds of the bonds were received and used by the entities and are repaid when due directly by the entities. At December 31, 2003, facilities financing revenue bonds outstanding amounted to \$265,845,000.

Issued by the Industrial Development Corporation (IDC)

The IDC has issued, on behalf of the Authority, facilities financing bonds to two unrelated entities to finance construction of pollution control, environmental facilities and waste disposal in the original amount of \$159,900,000. Such bonds are supported solely by the revenues from the commercial entities on whose behalf the bonds are issued and do not constitute indebtedness of either the Authority or the IDC. Debt service payments are made directly by the commercial entities. At December 31, 2003, facilities financing revenue bonds outstanding amounted to \$159,900,000.

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS****Required Supplementary Information
Schedule of Funding Progress - Pension Plan**

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Actuarial Valuation Date	12/31/2002	12/31/2001	12/31/2000
Actuarial Value of Assets	\$ 9,277,397	\$ 8,736,367	\$ 7,899,688
Actuarial Accrued Liability (AAL)	\$ 14,091,854	\$ 13,220,605	\$ 11,952,150
Funded Ratio	65.8%	66.1%	66.1%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 4,814,457	\$ 4,484,238	\$ 4,052,462
Annual covered Payroll	\$ 6,481,830	\$ 6,094,250	\$ 5,896,407
UAAL as a Percentage of Covered Payroll	74.3%	73.6%	68.7%

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Schedule of Revenues and Expenses
Actual and Budget (GAAP Basis)**

	Year Ended December 31, 2003		
	Actual	Budget	Variance (%)
OPERATING REVENUES:			
Wharfage	\$ 13,535,168	\$ 13,636,976	(1)
Dockage	3,218,880	3,176,984	1
Freight handling	1,492,129	2,289,700	(35)
Building and land rentals	3,361,762	3,632,397	(7)
Conference center	1,443,592	1,314,322	10
Refrigerated warehouse	1,137,336	2,334,500	(51)
FTZ user fees	264,750	250,000	6
Compress	45,598	40,000	14
Other	2,379,981	1,905,950	25
<i>Total Operating Revenues</i>	<u>26,879,196</u>	<u>28,580,829</u>	<u>(6)</u>
OPERATING EXPENSES:			
Maintenance and operations	12,474,556	12,558,540	1
General and administrative	9,573,041	9,402,980	(2)
Depreciation	5,417,115	5,263,261	(3)
<i>Total Operating Expenses</i>	<u>27,464,712</u>	<u>27,224,781</u>	<u>(1)</u>
<i>Operating Income (Loss)</i>	<u>(585,516)</u>	<u>1,356,048</u>	<u>(143)</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest revenue	1,223,111	1,300,000	(6)
Loss on disposal of fixed assets	(90,856)	-	(100)
Interest expense and fiscal charges	(781,399)	(708,940)	(10)
Amortization of bond issuance costs	(104,862)	(42,000)	(150)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>245,994</u>	<u>549,060</u>	<u>(55)</u>
<i>Income (Loss) Before Contributions</i>	<u>(339,522)</u>	<u>1,905,108</u>	<u>(118)</u>
CAPITAL CONTRIBUTIONS	1,638,527	-	100
<i>Change in Net Assets</i>	<u>\$ 1,299,005</u>	<u>\$ 1,905,108</u>	<u>(32)</u>

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Schedules of Maintenance and
Operations and General and
Administrative Expenses
For the Years Ended December 31, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
MAINTENANCE AND OPERATIONS:		
Employee services	\$ 4,144,531	\$ 3,929,041
Maintenance	2,686,825	1,970,104
Utilities	886,009	694,391
Telephone	22,358	34,045
Insurance	1,427,198	1,276,352
Professional services	228,158	202,418
Security services	1,214,619	1,335,375
Contract labor	270,539	261,674
Office and equipment rental	11,908	106,710
Operator and event expenses	1,310,806	1,225,868
Warehouse supplies	46,823	85,770
Safety/Environmental	46,293	39,985
General	178,489	253,460
<i>Total Maintenance and Operations</i>	<u>\$ 12,474,556</u>	<u>\$ 11,415,193</u>
GENERAL AND ADMINISTRATIVE:		
Employee services	\$ 5,048,655	\$ 4,523,035
Maintenance	272,419	297,592
Utilities	131,448	118,395
Telephone	103,287	98,649
Insurance	107,456	208,519
Professional services	1,781,910	1,794,681
Security services	41,570	90,621
Contract labor	26,773	3,605
Office and equipment rental	8,270	2,245
Administrative	1,533,738	1,279,119
Trade and sales development	125,484	129,229
Media advertising	88,530	124,256
Production	57,538	55,918
Safety/Environmental	19,889	13,638
General	226,074	143,727
<i>Total General and Administrative</i>	<u>\$ 9,573,041</u>	<u>\$ 8,883,229</u>

REVENUE BONDS, SERIES 2002-A

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2004	\$ 555,000	\$ 404,118	\$ 959,118
2005	570,000	388,855	958,855
2006	590,000	370,330	960,330
2007	610,000	348,795	958,795
2008	635,000	324,395	959,395
2009	660,000	298,360	958,360
2010	690,000	270,310	960,310
2011	720,000	239,605	959,605
2012	755,000	206,485	961,485
2013	790,000	171,000	961,000
2014	825,000	132,685	957,685
2015	865,000	91,435	956,435
2016	910,000	47,320	957,320
Total	\$ 9,175,000	\$ 3,293,693	\$ 12,468,693

REVENUE BONDS, SERIES 2002-B

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2004	\$ 425,000	\$ 285,872	\$ 710,872
2005	440,000	275,248	715,248
2006	450,000	261,827	711,827
2007	465,000	246,753	711,753
2008	485,000	229,780	714,780
2009	500,000	210,380	710,380
2010	520,000	190,380	710,380
2011	545,000	168,800	713,800
2012	565,000	145,365	710,365
2013	590,000	120,505	710,505
2014	620,000	93,660	713,660
2015	650,000	64,520	714,520
2016	680,000	33,320	713,320
Total	\$ 6,935,000	\$ 2,326,410	\$ 9,261,410

SUMMARY OF LONG-TERM DEBT

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2004	\$ 980,000	\$ 689,990	\$ 1,669,990
2005	1,010,000	664,103	1,674,103
2006	1,040,000	632,157	1,672,157
2007	1,075,000	595,548	1,670,548
2008	1,120,000	554,175	1,674,175
2009	1,160,000	508,740	1,668,740
2010	1,210,000	460,690	1,670,690
2011	1,265,000	408,405	1,673,405
2012	1,320,000	351,850	1,671,850
2013	1,380,000	291,505	1,671,505
2014	1,445,000	226,345	1,671,345
2015	1,515,000	155,955	1,670,955
2016	1,590,000	80,640	1,670,640
Total	\$ 16,110,000	\$ 5,620,103	\$ 21,730,103

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Schedules of Facilities Financing Bonds
December 31, 2003**

Issued by the Authority:

<u>Description</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Series Maturity</u>	<u>Original Amount</u>	<u>Balance Outstanding</u>
Pollution Control Revenue Bonds:					
Union Pacific Res., Series 1989	Variable	06/30/1989	2022	\$ 40,000,000	\$ 40,000,000
Union Pacific Res., Series 1992	Variable	09/01/1992	2010	16,650,000	16,650,000
Hoechst Celanese, Series 2002A	6.450%	05/01/2002	2030	13,995,000	13,995,000
Hoechst Celanese, Series 2002B	6.700%	05/01/2002	2030	39,000,000	39,000,000
Solid Waste Disposal Revenue Bonds:					
Flint Hills Res., Series 2002A	Variable	10/01/2002	2029	125,000,000	125,000,000
Flint Hills Res., Series 2002B	Variable	10/01/2002	2029	11,700,000	11,700,000
Flint Hills Res., Series 2003	Variable	04/01/2003	2028	19,500,000	19,500,000
Total				<u>\$ 265,845,000</u>	<u>\$ 265,845,000</u>

Issued by the Industrial Development Corporation(IDC):

<u>Description</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Series Maturity</u>	<u>Original Amount</u>	<u>Balance Outstanding</u>
Pollution Control Revenue Bonds:					
Valero Refining, Series 1997A	Variable	04/01/1997	2027	\$ 24,400,000	\$ 24,400,000
Valero Refining, Series 1997B	Variable	04/01/1997	2027	32,800,000	32,800,000
Valero Refining, Series 1997C	Variable	04/01/1997	2027	32,800,000	32,800,000
Valero Refining, Series 1997D	Variable	04/01/1997	2027	8,500,000	8,500,000
Environmental Facilities Revenue Bonds:					
Citgo Petroleum, Series 1998	Variable	08/01/1998	2028	22,200,000	22,200,000
Citgo Petroleum, Series 2003	8.250%	05/01/2003	2031	39,200,000	39,200,000
Total				<u>\$ 159,900,000</u>	<u>\$ 159,900,000</u>

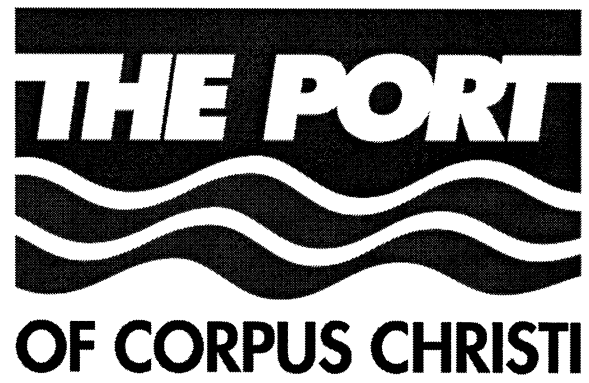


TABLE I

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Vessel Traffic
Last Ten Years

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Inner Harbor										
<i>Ships</i>										
Dry Cargo	140	119	137	197	206	268	216	224	266	244
Tankers	922	908	946	926	920	799	866	843	744	841
<i>Barges</i>	4,988	4,522	4,244	4,284	4,700	4,357	4,605	4,625	4,066	4,465
<i>Total Vessels</i>	6,050	5,549	5,327	5,407	5,826	5,424	5,687	5,692	5,076	5,550
La Quinta Harbor										
<i>Ships</i>										
Dry Cargo	88	102	91	115	132	126	123	124	119	116
Tankers	129	126	161	143	134	158	132	119	112	152
<i>Barges</i>	169	127	141	147	150	143	159	132	161	257
<i>Total Vessels</i>	386	355	393	405	416	427	414	375	392	525
Harbor Island										
<i>Ships</i>										
Dry Cargo	-	-	-	-	-	-	195	681	628	540
Tankers	22	1	-	-	-	1	-	-	-	-
<i>Barges</i>	-	-	-	-	1	2	-	8	23	5
<i>Total Vessels</i>	22	1	-	-	1	3	195	689	651	545
Ingleside Harbor										
<i>Ships</i>										
Dry Cargo	-	-	-	1	3	7	13	4	13	6
Tankers	83	47	86	80	92	87	88	65	84	80
<i>Barges</i>	18	26	78	96	70	50	18	35	52	56
<i>Total Vessels</i>	101	73	164	177	165	144	119	104	149	142
Rincon Point										
<i>Ships</i>										
Dry Cargo	-	-	-	-	-	-	-	-	-	-
Tankers	-	-	-	-	-	-	-	-	-	-
<i>Barges</i>	59	7	16	2	4	2	-	-	3	4
<i>Total Vessels</i>	59	7	16	2	4	2	-	-	3	4
Total										
<i>Ships</i>										
Dry Cargo	228	221	228	313	341	401	547	1,033	1,026	906
Tankers	1,156	1,082	1,193	1,149	1,146	1,045	1,086	1,027	940	1,073
<i>Barges</i>	5,234	4,682	4,479	4,529	4,925	4,554	4,782	4,800	4,305	4,787
<i>Total Vessels</i>	6,618	5,985	5,900	5,991	6,412	6,000	6,415	6,860	6,271	6,766

TABLE I (Continued)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Vessel Traffic
Last Ten Years

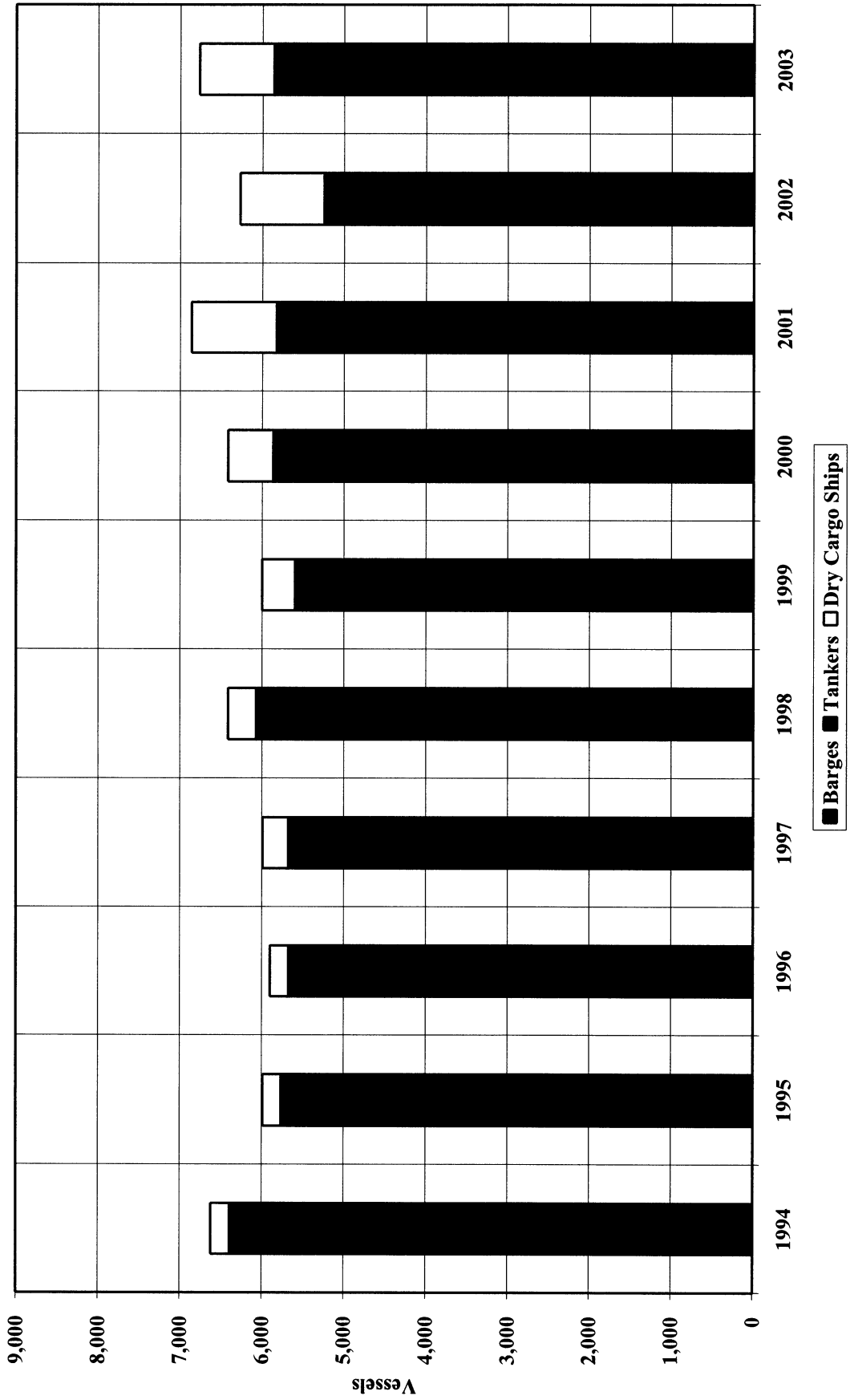


TABLE II

**Port Commerce By Commodity
Last Ten Years**

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

Commodity By Port Division - Short tons	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Inner Harbor										
Break Bulk	367,957	189,558	47,359	23,914	37,607	111,565	65,680	18,786	41,356	210,873
Grain	766,806	701,147	974,819	1,497,226	1,463,127	1,742,108	1,729,729	1,960,433	1,845,301	1,666,579
Chemical	106,992	196,632	150,742	79,954	63,116	55,008	62,109	65,394	48,861	37,243
Dry Bulk	1,833,184	1,633,444	2,018,776	2,043,499	2,520,833	1,996,667	1,989,651	2,259,592	2,501,157	2,062,015
Liquid Bulk	84,445	70,222	72,233	56,203	53,649	56,876	113,130	320,633	65,538	243,135
Petroleum	61,738,460	64,613,821	65,437,266	66,643,071	71,098,102	66,923,986	71,533,183	69,375,427	63,809,573	67,466,251
Total	64,897,844	67,404,824	68,701,195	70,343,867	75,236,434	70,886,210	75,493,482	74,000,265	68,311,786	71,686,096
La Quinta										
Break Bulk	-	-	-	-	-	64	-	-	-	-
Chemical	1,907,563	1,932,300	1,969,192	1,845,704	1,938,542	2,250,676	2,168,006	1,878,788	1,556,565	1,966,843
Dry Bulk	3,475,301	4,104,026	4,733,524	4,943,913	5,326,210	5,002,167	5,187,747	4,813,124	4,890,941	4,761,502
Petroleum	-	-	-	21,906	34,152	22,713	25,991	30,785	26,862	23,386
Total	5,382,864	6,036,326	6,702,716	6,811,523	7,298,904	7,275,620	7,381,744	6,722,697	6,474,368	6,751,731
Harbor Island										
Break Bulk	-	-	-	5,400	-	-	2	10,609	5,132	17,146
Petroleum	1,426,559	72,791	-	-	-	1,060	138	1,074	2,760	533
Total	1,426,559	72,791	-	5,400	-	1,060	140	11,683	7,892	17,679
Ingliside										
Break Bulk	-	-	-	75	99,173	58,619	6,275	186,428	93,260	133,165
Dry Bulk	-	-	-	-	-	-	-	48	-	3,506
Petroleum	5,871,390	4,502,269	5,903,325	6,091,791	6,873,407	6,285,993	6,523,003	6,111,062	6,061,259	6,531,995
Total	5,871,390	4,502,269	5,903,325	6,091,866	6,972,580	6,344,612	6,529,278	6,297,538	6,154,519	6,668,666
Rincon Point										
Break Bulk	7,731	-	1,507	-	-	-	-	-	-	62
Dry Bulk	60,345	23,093	19,172	24,317	20,215	17,468	19,847	3,774	10,358	6,890
Total	68,076	23,093	20,679	24,317	20,215	17,468	19,847	3,774	10,358	6,952
Total	77,646,733	78,039,303	81,327,915	83,276,973	89,528,133	84,524,970	89,424,491	87,035,957	80,958,923	85,131,124
Commodity Totals - Short tons										
Break Bulk	375,688	189,558	48,866	29,389	136,780	170,248	71,957	215,823	139,748	361,246
Grain	766,806	701,147	974,819	1,497,226	1,463,127	1,742,108	1,729,729	1,960,433	1,845,301	1,666,579
Chemical	2,014,555	2,128,932	2,119,934	1,925,658	2,001,658	2,305,684	2,230,115	1,944,182	1,605,426	2,004,086
Dry Bulk	5,368,830	5,760,563	6,771,472	7,011,729	7,867,258	7,016,302	7,197,245	7,076,538	7,402,456	6,833,913
Liquid Bulk	84,445	70,222	72,233	56,203	53,649	56,876	113,130	320,633	65,538	243,135
Petroleum	69,036,409	69,188,881	71,340,591	72,756,768	78,005,661	73,233,752	78,082,315	75,518,348	69,900,454	74,022,165
Total	77,646,733	78,039,303	81,327,915	83,276,973	89,528,133	84,524,970	89,424,491	87,035,957	80,958,923	85,131,124

TABLE II (Continued)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Port Commerce By Commodity
Last Ten Years**

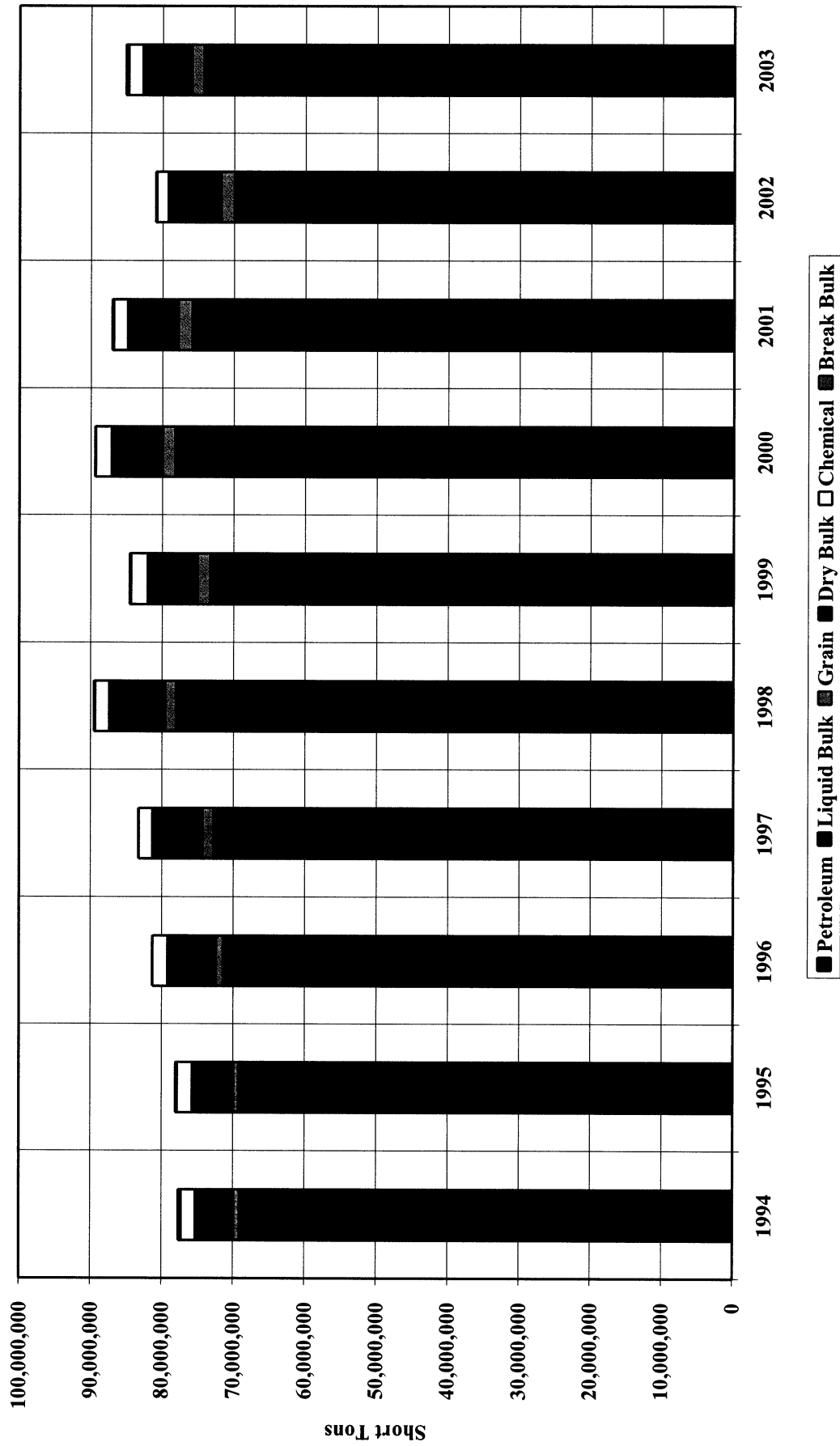


TABLE III

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

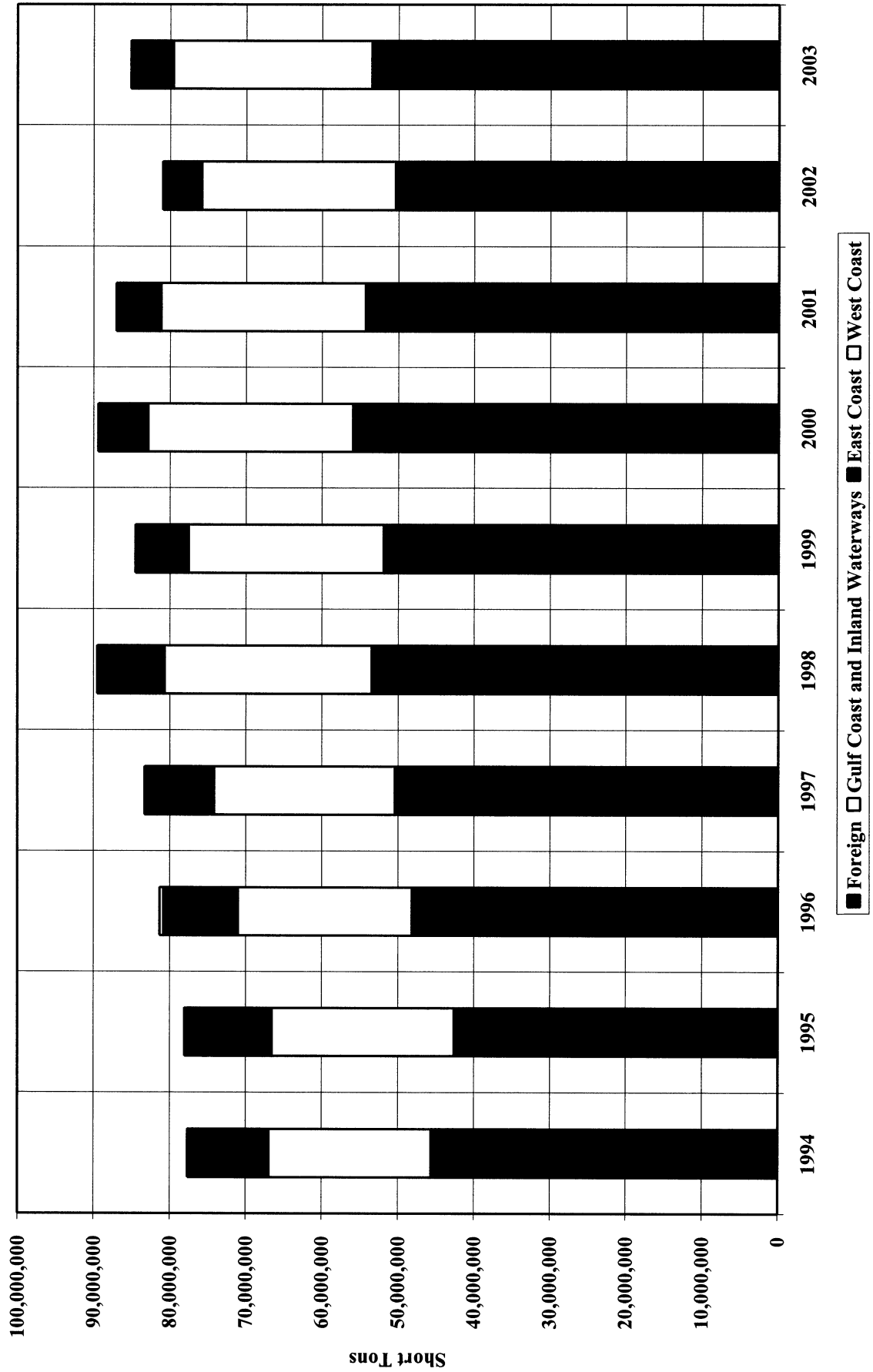
Port Commerce By Direction
Last Ten Years

Direction - Short tons	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Foreign:										
Imports	38,660,182	36,642,061	40,811,052	41,989,133	45,275,874	43,364,220	46,600,131	44,913,824	40,923,567	44,299,031
Exports	6,994,407	5,974,399	7,375,842	8,431,392	8,197,342	8,562,230	9,366,965	9,410,670	9,464,432	9,207,582
Total	45,654,589	42,616,460	48,186,894	50,420,525	53,473,216	51,926,450	55,967,096	54,324,494	50,387,999	53,506,613
Gulf Coast and Inland Waterways:										
Inbound	7,103,833	9,245,588	8,079,452	8,943,672	9,095,922	9,499,486	9,140,970	9,455,352	10,183,135	9,631,747
Outbound	14,165,555	14,667,346	14,739,063	14,811,150	18,088,453	16,092,321	17,758,974	17,357,278	15,292,417	16,423,427
Total	21,269,388	23,912,934	22,818,515	23,754,822	27,184,375	25,591,807	26,899,944	26,812,630	25,475,552	26,055,174
East Coast:										
Inbound	136,559	391,026	82,744	185,832	175,326	231,043	431,501	352,825	285,988	237,307
Outbound	10,529,337	11,030,008	9,743,249	8,625,349	8,476,846	6,458,762	6,003,290	5,348,948	4,780,686	5,238,667
Total	10,665,896	11,421,034	9,825,993	8,811,181	8,652,172	6,689,805	6,434,791	5,701,773	5,066,674	5,475,974
West Coast:										
Inbound	14,317	-	266,594	16,147	118,888	23,797	28,549	94,843	12,621	-
Outbound	42,543	88,875	229,919	274,298	99,482	293,111	94,111	102,217	16,077	93,363
Total	56,860	88,875	496,513	290,445	218,370	316,908	122,660	197,060	28,698	93,363
Total	77,646,733	78,039,303	81,327,915	83,276,973	89,528,133	84,524,970	89,424,491	87,035,957	80,958,923	85,131,124
Total:										
Foreign	45,654,589	42,616,460	48,186,894	50,420,525	53,473,216	51,926,450	55,967,096	54,324,494	50,387,999	53,506,613
Domestic	31,992,144	35,422,843	33,141,021	32,856,448	36,054,917	32,598,520	33,457,395	32,711,463	30,570,924	31,624,511
Total	77,646,733	78,039,303	81,327,915	83,276,973	89,528,133	84,524,970	89,424,491	87,035,957	80,958,923	85,131,124
Total:										
Inbound	45,914,891	46,278,675	49,239,842	51,134,784	54,666,010	53,118,546	56,201,151	54,816,844	51,405,311	54,168,085
Outbound	31,731,842	31,760,628	32,088,073	32,142,189	34,862,123	31,406,424	33,223,340	32,219,113	29,553,612	30,963,039
Total	77,646,733	78,039,303	81,327,915	83,276,973	89,528,133	84,524,970	89,424,491	87,035,957	80,958,923	85,131,124

TABLE III (Continued)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

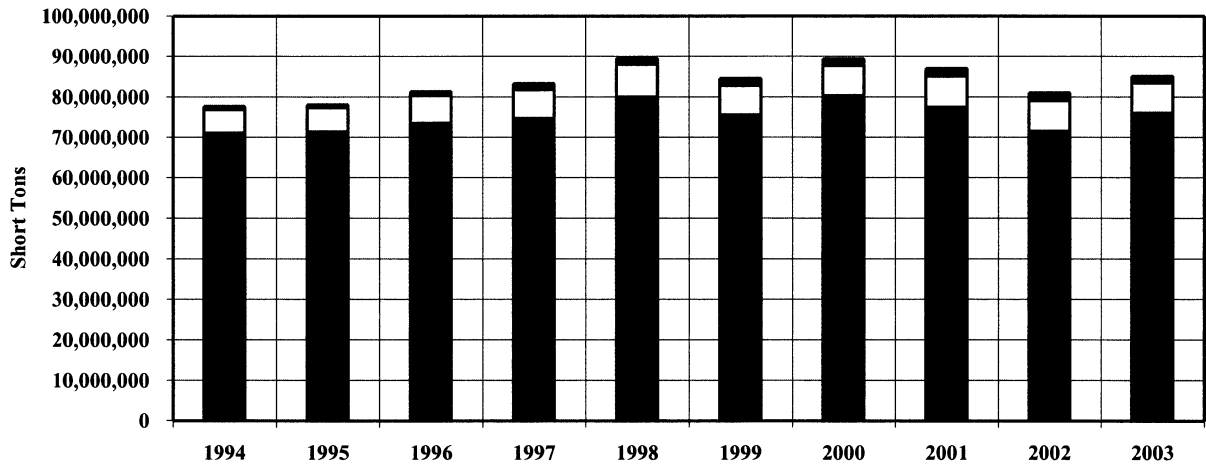
**Port Commerce By Direction
Last Ten Years**



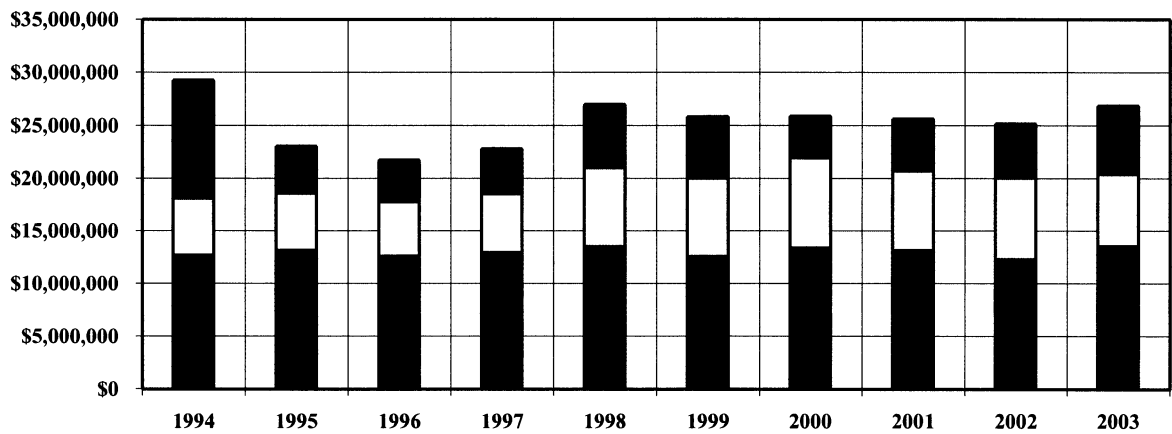
**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Tonnage, Operating Revenues and Expenses
By Cargo Classification
Last Ten Years**

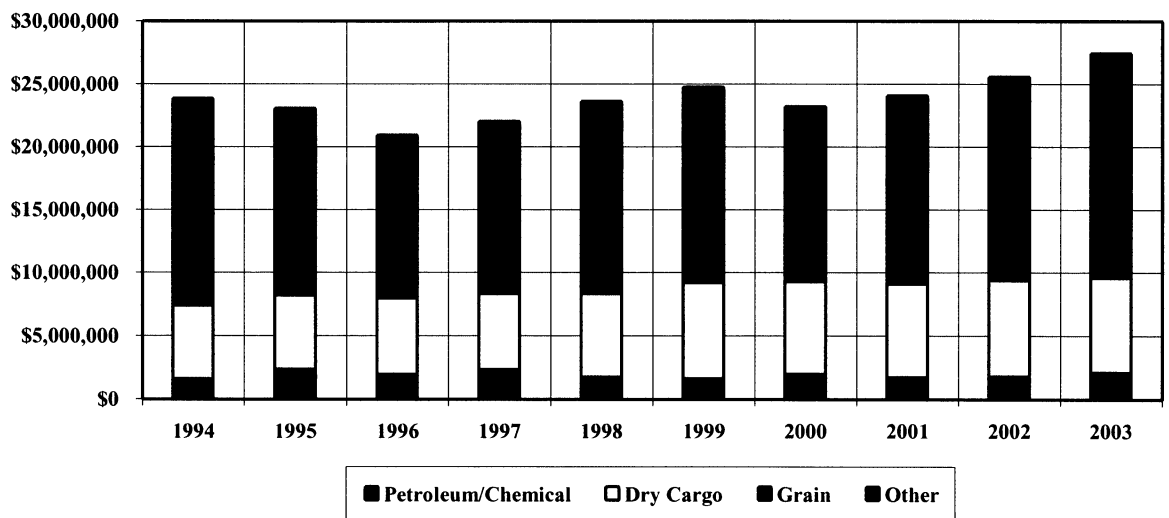
Tonnage:



Operating Revenues:



Operating Expenses:

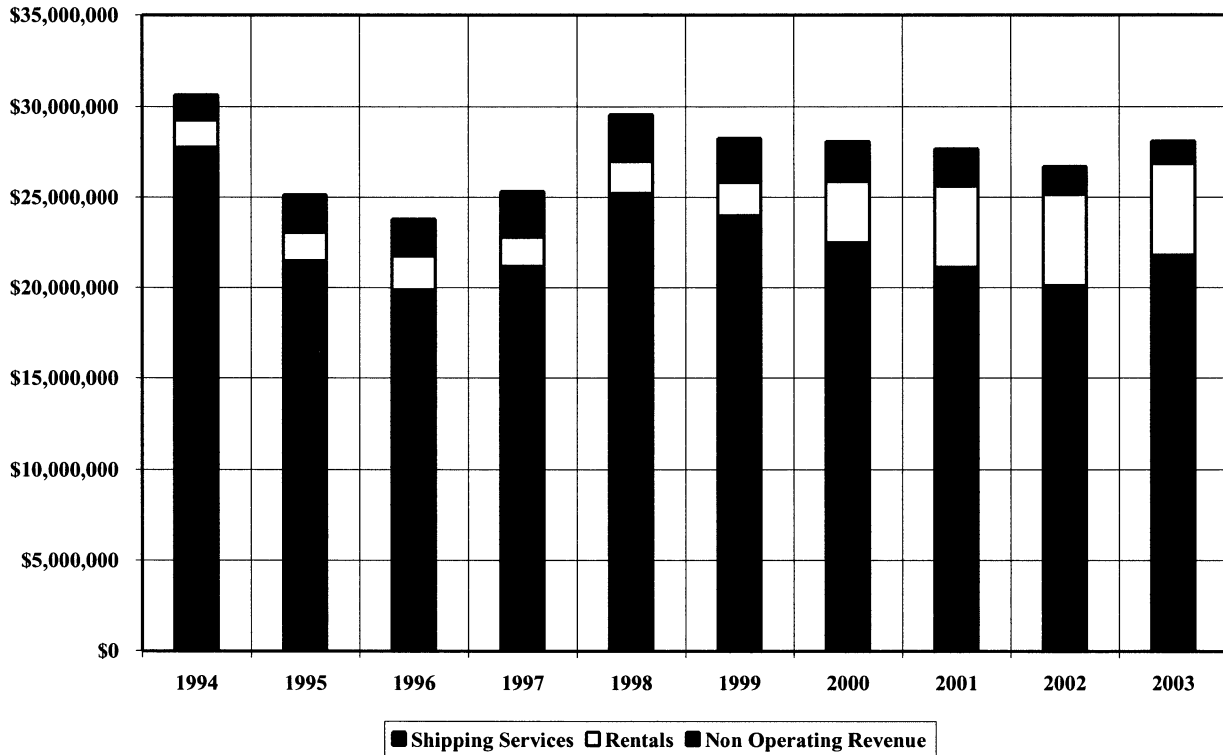


■ Petroleum/Chemical □ Dry Cargo ■ Grain ■ Other

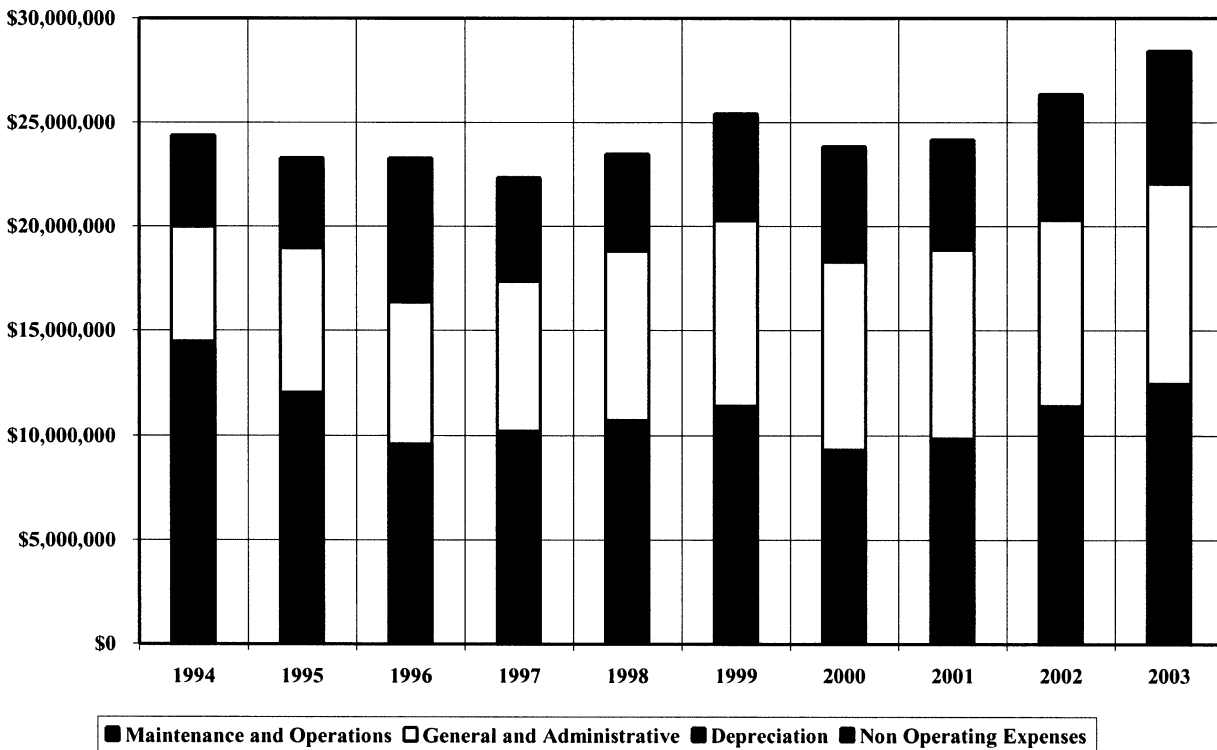
**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Revenue Source and Application
Last Ten Years**

Revenue Source:



Revenue Application:



**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Financial Performance Indicators
Last Ten Years**

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Operating Revenues (OR)	\$ 29,272,645	\$ 23,057,266	\$ 21,757,378	\$ 22,800,045	\$ 26,995,863	\$ 25,836,907	\$ 25,890,403	\$ 25,624,318	\$ 25,161,399	\$ 26,879,196
Operating Expenses (OE) *	(19,978,349)	(19,012,450)	(16,351,360)	(17,339,439)	(19,201,351)	(20,269,616)	(18,279,022)	(18,865,409)	(20,298,422)	(22,047,597)
Net Operating Income (NOI)	9,294,296	4,044,816	5,406,018	5,460,606	7,794,512	5,567,291	7,611,381	6,758,909	4,862,977	4,831,599
Non-Operating Revenues	1,365,719	2,143,950	2,039,893	2,532,046	2,572,029	2,426,614	2,192,369	2,055,366	1,550,874	1,223,111
Non-Operating Expenses	(360,088)	(257,408)	(2,372,750)	(315,995)	(264,489)	(656,174)	(627,071)	(85,005)	(734,977)	(977,117)
Net Income "A" (NI"A")	10,299,927	5,931,358	5,073,161	7,676,657	10,102,052	7,337,731	9,176,679	8,729,270	5,678,874	5,077,593
Depreciation	(4,048,776)	(4,102,915)	(4,569,389)	(4,695,994)	(4,425,667)	(4,509,898)	(4,944,421)	(5,224,868)	(5,284,372)	(5,417,115)
Net Income (Loss) "B" (NI"B")	\$ 6,251,151	\$ 1,828,443	\$ 503,772	\$ 2,980,663	\$ 5,676,385	\$ 2,827,833	\$ 4,232,258	\$ 3,504,402	\$ 394,502	\$ (339,522)
Net Capital Assets (NCA)	\$ 106,597,488	\$ 112,986,967	\$ 117,399,178	\$ 117,956,248	\$ 118,269,753	\$ 122,779,056	\$ 147,286,699	\$ 143,840,270	\$ 145,906,446	\$ 143,298,109
Total Assets (TA)	\$ 169,356,016	\$ 170,735,538	\$ 171,285,596	\$ 172,384,118	\$ 178,459,639	\$ 179,958,670	\$ 179,630,724	\$ 179,679,554	\$ 196,399,565	\$ 197,123,233

Operating Indicators:

Operating ROI (NOI/NCA)	8.72%	3.58%	4.60%	4.63%	6.59%	4.53%	5.17%	4.70%	3.33%	3.37%
Operating Margin (NOI/OR)	31.75%	17.54%	24.85%	23.95%	28.87%	21.55%	29.40%	26.38%	19.33%	17.98%
Operating Ratio (OE/OR)	68.25%	82.46%	75.15%	76.05%	71.13%	78.45%	70.60%	73.62%	80.67%	82.02%

Other ROI Indicators:

ROI "A" (NI"A"/TA)	6.08%	3.47%	2.96%	4.45%	5.66%	4.08%	5.11%	4.86%	2.89%	2.58%
ROI "B" (NI"B"/TA)	3.69%	1.07%	0.29%	1.73%	3.18%	1.57%	2.36%	1.95%	0.20%	-0.17%

* - Excludes Depreciation

TABLE VII

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Expenses by Type
Last Ten Years

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Operating Expenses:										
Maintenance and Operation:										
Employee services	\$ 3,403,556	\$ 3,565,559	\$ 3,482,579	\$ 3,933,523	\$ 4,113,336	\$ 4,563,345	\$ 3,293,465	\$ 3,570,749	\$ 3,929,041	\$ 4,144,531
Maintenance	2,989,837	3,470,301	2,597,113	2,674,863	2,919,585	2,213,199	1,756,682	1,761,065	1,970,104	2,686,825
Utilities	820,734	701,970	747,251	646,548	625,315	660,189	468,382	615,609	694,391	886,009
Telephone	3,643	6,650	12,897	17,473	22,204	26,092	30,158	33,212	34,045	22,358
Insurance	1,540,777	1,265,256	1,164,276	1,299,047	1,026,451	978,421	966,835	966,114	1,276,352	1,427,198
Professional services	260,888	203,254	117,050	260,363	115,416	182,015	114,171	137,700	202,418	228,158
Security services	746,209	800,602	825,411	826,088	832,026	950,138	828,607	1,070,460	1,335,375	1,214,619
Contract labor	888,715	234,083	49,182	86,496	155,991	178,520	233,721	134,985	261,674	270,539
Office and equipment rental	31,026	35,692	32,717	10,786	9,152	55,208	51,250	40,616	106,710	11,908
Operator and event expenses	-	-	-	-	-	-	244,174	708,885	1,225,868	1,310,806
Warehouse supplies	-	-	-	-	-	-	-	1,898	85,770	46,823
Grain handling	3,228,888	961,392	228,595	67,937	463,180	58,274	1,094	-	-	-
Ginning	307,445	474,470	138,701	157,606	366,040	1,258,237	1,096,642	546,622	-	-
Safety/Environmental	36,149	56,987	69,315	40,703	43,647	58,281	21,034	33,018	39,985	46,293
General	228,293	280,525	148,349	203,042	220,682	228,439	227,802	246,706	253,460	178,489
	<u>\$14,486,160</u>	<u>\$12,056,741</u>	<u>\$ 9,613,436</u>	<u>\$10,224,475</u>	<u>\$10,913,025</u>	<u>\$11,410,358</u>	<u>\$ 9,334,017</u>	<u>\$ 9,867,639</u>	<u>\$11,415,193</u>	<u>\$12,474,556</u>
General and Administrative:										
Employee services	\$ 2,884,933	\$ 3,553,344	\$ 3,541,346	\$ 4,060,736	\$ 4,170,496	\$ 4,521,403	\$ 4,484,449	\$ 4,485,094	\$ 4,523,035	\$ 5,048,655
Maintenance	170,569	247,741	336,266	262,002	298,099	317,737	281,890	234,515	297,592	272,419
Utilities	67,643	74,609	106,470	119,642	110,965	102,943	125,271	154,595	118,395	131,448
Telephone	57,591	70,564	88,594	86,186	105,203	103,524	129,241	124,877	98,649	103,287
Insurance	58,984	70,563	113,865	110,179	99,291	79,152	39,961	85,113	208,519	107,456
Professional services	810,909	1,551,796	1,145,952	1,111,892	1,641,139	1,665,601	1,761,967	1,914,403	1,794,681	1,781,910
Security services	1,442	1,158	2,676	3,636	3,231	10,109	63,525	75,346	90,621	41,570
Contract labor	-	-	-	11,091	6,920	15,500	16,186	30,544	3,605	26,773
Office and equipment rental	44,715	26,406	27,169	24,717	25,087	44,365	30,848	46,307	2,245	8,270
Administrative	952,360	971,390	856,011	1,004,757	1,209,395	1,361,721	1,344,684	1,262,105	1,279,119	1,533,738
Trade and sales development	85,790	85,783	76,558	103,137	163,991	227,183	209,492	178,538	129,229	125,484
Media advertising	104,676	143,919	151,408	194,785	295,463	238,715	248,392	211,051	124,256	88,530
Production	109,485	102,075	78,222	80,363	105,620	107,252	111,049	77,551	55,918	57,538
Safety/Environmental	24,133	21,298	29,920	19,607	(9,176)	20,227	6,869	11,241	13,638	19,889
General	119,959	35,063	183,467	(77,766)	62,602	43,826	91,181	106,490	143,727	226,074
	<u>\$ 5,493,189</u>	<u>\$ 6,955,709</u>	<u>\$ 6,737,924</u>	<u>\$ 7,114,964</u>	<u>\$ 8,288,326</u>	<u>\$ 8,859,258</u>	<u>\$ 8,945,005</u>	<u>\$ 8,997,770</u>	<u>\$ 8,883,229</u>	<u>\$ 9,573,041</u>
Depreciation	\$ 4,048,776	\$ 4,102,915	\$ 4,569,389	\$ 4,695,995	\$ 4,425,667	\$ 4,509,898	\$ 4,944,421	\$ 5,224,868	\$ 5,284,372	\$ 5,417,115
Non-Operating Expenses:										
Other:										
Interest	\$ 359,300	\$ 257,408	\$ 421,672	\$ 315,995	\$ 252,987	\$ 167,605	\$ 128,862	\$ 85,005	\$ 734,977	\$ 886,261
Loss - suspended capital projects	-	-	1,951,078	-	-	-	-	-	-	-
Other	788	-	-	-	11,502	488,569	498,208	-	-	90,856
	<u>\$ 360,088</u>	<u>\$ 257,408</u>	<u>\$ 2,372,750</u>	<u>\$ 315,995</u>	<u>\$ 264,489</u>	<u>\$ 656,174</u>	<u>\$ 627,070</u>	<u>\$ 85,005</u>	<u>\$ 734,977</u>	<u>\$ 977,117</u>

TABLE VIII

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

	Revenues by Source Last Ten Years									
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Operating Revenues:										
Wharfage	\$ 12,303,245	\$ 12,587,356	\$ 12,504,190	\$ 12,683,762	\$ 13,546,195	\$ 12,592,047	\$ 13,282,469	\$ 13,215,302	\$ 12,534,632	\$ 13,535,168
Dockage	3,093,250	2,937,117	2,778,378	3,582,641	4,020,559	3,619,507	3,229,447	3,009,600	2,733,667	3,218,880
Freight handling	4,032,726	2,732,128	3,222,755	3,652,867	4,683,526	4,158,629	2,019,205	2,033,916	2,410,795	1,492,129
Bagging	7,027,300	1,704,566	368,417	96,928	841,439	41,344	-	-	-	-
Building and land rentals	1,251,475	1,313,366	1,512,873	1,306,175	1,430,634	1,495,070	2,835,108	3,363,438	3,385,964	3,361,762
Conference center	-	-	-	-	-	-	296,861	833,712	1,367,934	1,443,592
Refrigerated warehouse	-	-	-	-	-	-	-	102,623	954,178	1,137,336
FTZ user fees	253,960	252,427	358,182	298,827	335,160	346,660	261,250	281,750	287,115	264,750
Compress	843,109	1,133,973	307,392	403,509	922,611	2,298,035	2,734,668	1,477,844	185,538	45,598
Other	467,580	396,333	705,191	775,336	1,215,739	1,285,615	1,231,395	1,306,133	1,301,576	2,379,981
	<u>\$ 29,272,645</u>	<u>\$ 23,057,266</u>	<u>\$ 21,757,378</u>	<u>\$ 22,800,045</u>	<u>\$ 26,995,863</u>	<u>\$ 25,836,907</u>	<u>\$ 25,890,403</u>	<u>\$ 25,624,318</u>	<u>\$ 25,161,399</u>	<u>\$ 26,879,196</u>
Non-Operating Revenues:										
Other:										
Interest	\$ 1,196,446	\$ 1,854,116	\$ 1,803,343	\$ 1,947,942	\$ 2,031,442	\$ 1,751,857	\$ 1,619,461	\$ 1,261,435	\$ 1,314,660	\$ 1,223,111
Other	169,273	289,834	236,550	584,104	540,587	674,757	572,907	787,431	236,214	-
	<u>\$ 1,365,719</u>	<u>\$ 2,143,950</u>	<u>\$ 2,039,893</u>	<u>\$ 2,532,046</u>	<u>\$ 2,572,029</u>	<u>\$ 2,426,614</u>	<u>\$ 2,192,368</u>	<u>\$ 2,048,866</u>	<u>\$ 1,550,874</u>	<u>\$ 1,223,111</u>

TABLE IX

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Property Tax Levies and Collections
Last Ten Years

Year	Current Tax Levy	Current Tax Collections	Percent of Levy Collected Tax Year	Unpaid End of Tax Year	Subsequent Collections	Total Collections	Total Collections As Percent of Levy	Unpaid Taxes December 31, 2003	Unpaid Taxes As Percent of Levy
1994	\$2,761,604	\$ 1,991,670	72.12%	\$ 769,934	\$ 759,894	\$ 2,751,564	99.64%	\$ 10,040	0.36%
1995	2,650,938	894,626	33.75%	1,756,312	1,746,603	2,641,229	99.63%	9,709	0.37%
1996	2,629,887	1,014,562	38.58%	1,615,325	1,605,039	2,619,601	99.61%	10,286	0.39%
1997	2,757,300	1,018,880	36.95%	1,738,420	1,727,892	2,746,772	99.62%	10,528	0.38%
1998	2,683,336	1,055,716	39.34%	1,627,620	1,605,949	2,661,665	99.19%	21,671	0.81%
1999	2,548,703	982,346	38.54%	1,566,357	1,544,856	2,527,202	99.16%	21,501	0.84%
2000	2,484,092	961,998	38.73%	1,522,094	1,501,032	2,463,030	99.15%	21,062	0.85%
2001	235,945	88,340	37.44%	147,605	145,062	233,402	98.92%	2,543	1.08%
2002 *	-	-	-	-	-	-	-	-	-
2003 *	-	-	-	-	-	-	-	-	-

* Tax supported debt was retired in 2002 and no tax levy was required.

TABLE X

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Assessed and Estimated True Value of Taxable Property
Last Ten Years**

Year	Minerals	Real Property	Personal Property	Total	Less Exemptions	Assessed Valuation	True Value	Percentage of Assessed to True Value
1994	\$ 240,086,040	\$ 9,644,802,862	\$ 1,652,803,410	\$ 11,537,692,312	\$ 2,228,989,930	\$ 9,308,702,382	\$ 9,308,702,382	100%
1995	203,360,540	9,798,555,202	1,761,448,129	11,763,363,871	2,276,176,302	9,487,187,569	9,487,187,569	100%
1996	157,245,270	9,941,008,053	1,717,281,833	11,815,535,156	2,140,492,535	9,675,042,621	9,675,042,621	100%
1997	190,042,450	10,070,119,027	1,723,132,828	11,983,294,305	2,083,917,183	9,899,377,122	9,899,377,122	100%
1998	198,951,378	10,344,835,260	1,666,778,846	12,210,565,484	2,120,174,085	10,090,391,399	10,090,391,399	100%
1999	144,161,950	10,589,017,231	1,681,544,034	12,414,723,215	2,136,440,457	10,278,282,758	10,278,282,758	100%
2000	191,485,540	10,798,381,895	1,718,537,663	12,708,405,098	2,234,972,638	10,473,432,460	10,473,432,460	100%
2001	344,843,680	11,284,528,832	1,800,919,381	13,430,291,893	2,285,588,602	11,144,703,291	11,144,703,291	100%
2002 *	-	-	-	-	-	-	-	-
2003 *	-	-	-	-	-	-	-	-

Source - Nueces County Tax Appraisal District

* Tax supported debt was retired in 2002

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Property Tax Rates
Direct and Overlapping Governments
Last Ten Years**

	1994	1995	1996	1997	1998	1999	2000	2001	2002 *	2003 *
Port of Corpus Christi Authority	\$ 0.02967	\$ 0.02795	\$ 0.02719	\$ 0.02785	\$ 0.02659	\$ 0.02480	\$ 0.02372	\$ 0.00212	\$ -	\$ -
Nueces County	0.31175	0.32877	0.33459	0.33459	0.33459	0.34462	0.35274	0.35024	-	-
Hospital District	0.23921	0.24470	0.24170	0.23316	0.22803	0.22803	0.22803	0.22803	-	-
Water Control and Improvement District No. IV	0.07987	0.07464	0.07785	0.07931	0.07640	0.06682	0.06250	0.05000	-	-
Water Control and Improvement District No. V	-	0.17507	0.18068	0.18068	0.15845	0.16938	-	-	-	-
Drainage District No. II	0.37050	0.37050	0.37960	0.38467	0.38470	0.38470	0.38895	0.42440	-	-
City of Agua Dulce	0.72225	0.72225	0.72250	0.72225	0.63704	0.68369	0.68369	0.68136	-	-
City of Aransas Pass	**	**	**	**	**	**	**	**	-	-
City of Bishop	0.52636	0.52636	0.54811	0.86952	0.88866	0.85429	0.87954	0.86675	-	-
City of Corpus Christi	0.61273	0.61273	0.82373	0.62373	0.62373	0.62373	0.62373	0.64418	-	-
City of Driscoll	**	0.63000	0.64541	0.66339	0.66339	0.58643	0.59883	0.66000	-	-
City of Port Aransas	0.47000	0.47000	0.47000	0.47000	0.47000	0.47000	0.47000	0.47000	-	-
City of Robstown	1.08208	1.08208	1.08208	1.08208	1.08208	1.08208	1.08208	1.08208	-	-
Del Mar College District	0.18566	0.19682	0.20781	0.20781	0.20781	0.22047	0.22047	0.21988	-	-
Agua Dulce ISD	1.52700	1.85626	1.94490	1.94490	1.94490	1.86730	1.84430	1.74280	-	-
Banquete ISD	1.52157	1.52150	1.52150	1.61150	1.66150	1.75000	1.55500	1.38000	-	-
Bishop ISD	1.29500	1.34460	1.42000	1.50000	1.50000	1.61000	1.62500	1.62764	-	-
Calallen ISD	**	1.52200	1.57000	1.57000	1.57000	1.48581	1.52417	1.59883	-	-
Corpus Christi ISD	1.43800	1.42800	1.45800	1.51800	1.55500	1.50000	1.57000	1.57000	-	-
Driscoll ISD	1.37100	1.37100	1.42600	1.42600	1.42600	1.50000	1.91000	1.63470	-	-
Flour Bluff ISD	1.39700	1.37908	1.43947	1.43947	1.49672	1.49192	1.52620	1.52620	-	-
London ISD	1.49000	1.49000	1.43913	1.43000	1.41000	1.41000	1.33690	1.26480	-	-
Port Aransas ISD	1.44000	1.44000	1.44000	1.44000	1.44000	1.42030	1.44906	1.46200	-	-
Robstown ISD	1.51000	1.56909	1.56909	1.56909	1.56000	1.61400	1.61400	1.61400	-	-
Tuloso-Midway ISD	1.49990	1.49990	1.56205	1.56205	1.59205	1.67205	1.75005	1.73970	-	-
West Oso ISD	1.53000	1.51000	1.51000	1.51000	1.51000	1.48000	1.54000	1.54000	-	-
South Texas Water Authority	0.13500	0.14171	0.14171	0.14171	0.14171	0.14171	0.13297	0.11150	-	-

Property tax rates based on per \$100 assessed valuation.
Source - Nueces County Tax Appraisal District

* Tax supported debt was retired in 2002
** Rate not available

TABLE XII

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Ratio of Net General Bonded Debt to Assessed Valuation
and Net Bonded Debt Per Capita
Last Ten Years

Year	Estimated Population (a)	Assessed Valuation	Gross Bonded Debt (b)	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita
1994	310,881	\$ 9,487,187,569	\$ 15,907,864	\$ 1,014,857	\$ 14,893,007	0.0016	\$ 47.91
1995	317,099	9,675,042,621	14,002,864	1,403,071	12,599,793	0.0013	39.73
1996	317,099	9,675,042,621	12,145,000	1,590,326	10,554,674	0.0011	33.29
1997	315,722	9,899,377,122	10,100,000	1,638,483	8,461,517	0.0009	26.80
1998	312,708	10,090,391,399	7,820,000	1,690,640	6,129,360	0.0006	19.60
1999	316,498	10,278,282,758	5,515,000	1,617,883	3,897,117	0.0004	12.31
2000	313,645	10,473,432,460	3,235,000	1,691,680	1,543,320	0.0001	4.92
2001	316,280	11,144,703,291	905,000	883,257	21,743	0.0000	0.07
2002 *	-	-	-	-	-	-	-
2003 *	-	-	-	-	-	-	-

(a) Source - BEA Regional Facts - Nueces County; U.S. Census Bureau

(b) Only unlimited tax bonds are included since revenue bonds are not tax supported.

* Tax supported debt was retired in 2002

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Revenue Bond Coverage
Last Ten Years

Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements (A)			Total	Coverage
				Principal	Interest	Reserve		
1994	\$ 26,795,850	1a \$ 20,139,138	2a \$ 6,656,712	\$ 220,000	\$ 84,721	\$ 30,472	\$ 335,193	19.86
1995	22,607,359	1a 19,576,773	2a 3,030,586	230,000	68,144	29,815	327,959	9.24
1996	-	-	-	-	-	-	-	-
1997	-	-	-	-	-	-	-	-
1998	-	-	-	-	-	-	-	-
1999	-	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-	-
2002	27,835,369	1b 20,298,422	2b 7,536,947	1,219,643	452,024	-	1,671,667	4.51
2003	29,740,834	2b 22,047,597	2b 7,693,237	1,239,231	432,315	-	1,671,546	4.60

(1a) Gross revenues represent operating revenues less revenues from grain elevator and other debt related revenues as per bond resolutions.

(1b) Gross revenues represent all revenues, income and receipts, including interest income, and any other revenues

(2a) Operating expenses represent operating expenses less bond interest, operating expenses from grain elevator and other debt related expenses, as per bond resolutions.

(2b) Operating expenses represent maintenance and operating expenses

(A) Prior to 2002 debt service requirements represent current year annual debt service; Beginning in 2002 debt service requirements represent average annual debt service

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Schedule of Insurance in Force
December 31, 2003**

Details of Coverage	Policy Period	Deductible	Liability Limits
All risk property	04/01/03-04	\$100,000	\$ 100,000,000
Cotton Compress Windstorm - Primary	07/17/03-02/01/04	25,000	6,302,000
Harbor Island Property - Primary	08/05/03-04	100,000	3,000,000
Boiler and Machinery	04/01/03-04	100,000	20,000,000
Tide & Wave Equipment	06/07/03-04	2,500	96,683
Business Auto Liability	10/01/03-04		10,000,000
Comprehensive Marine Liability	10/01/03-04	50,000	20,000,000
Foreign Liability	10/01/03-04		1,000,000
Pollution Legal Liability	10/16/03-04	100,000	5,000,000
Non-owned Aircraft Liability	10/01/03-04		2,000,000
Liability and Firebarge hull - Primary	10/01/03-04		3,500,000
Firebarge Hull - Excess	10/01/03-04	50,000	80,000,000 excess of 20,000,000
Public Officials Liability	10/01/03-04	50,000	10,000,000
Law Enforcement Liability	10/01/03-04	10,000	5,000,000
Executive Risk	10/01/01-04		5,000,000
Customs Bond/Importer Bond	09/28/03-04		50,000
Customs Bond - FTZ Operator	09/28/03-04		250,000
Customs Bond - Cold Storage Warehouse	02/07/03-04		50,000

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

Analysis of Funding Progress - Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL As a Percentage of Covered Payroll
1993	\$ 3,401,828	\$ 6,606,104	51.5%	\$ 3,204,276	\$ 4,963,627	64.6%
1994	3,540,058	6,898,979	51.3%	3,358,921	4,808,482	69.9%
1995	4,206,457	8,115,396	51.8%	3,908,939	5,236,934	74.6%
1996	4,853,421	8,837,031	54.9%	3,983,610	5,258,846	75.8%
1997	5,620,580	9,925,817	56.6%	4,305,237	5,706,173	75.5%
1998	6,507,706	10,880,153	59.8%	4,372,447	6,841,985	63.9%
1999	7,482,804	11,795,117	63.4%	4,312,313	5,759,469	74.9%
2000	7,899,688	11,952,150	66.1%	4,052,462	5,896,407	68.7%
2001	8,736,367	13,220,605	66.1%	4,484,238	6,094,250	73.6%
2002	9,277,397	14,091,854	65.8%	4,814,457	6,481,830	74.3%

Note: The data disclosed above represents required supplemental information in accordance with GASB 27.

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Demographic Statistics
Last Ten Years**

Year	Population (1)	Per Capita Income (1)	Public School Enrollment (2)	Unemployment Rate (3)
1994	310,881	\$11,936	56,195	8.9%
1995	317,099	12,194	55,964	8.4%
1996	317,099	12,194	56,038	8.6%
1997	315,722	13,500	55,191	7.6%
1998	312,708	17,350	55,088	6.1%
1999	316,498	20,673	51,566	6.6%
2000	313,645	22,275	53,461	6.2%
2001	316,280	22,864	53,528	5.6%
2002	316,499	19,829	52,598	6.1%
2003	318,879	18,843	52,931	6.6%

(1) Source - Corpus Christi Regional Economic Development Corporation

(2) Source - Independent School Districts

(3) Source - Texas Workforce Commission

TABLE XVII

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Construction, Bank Deposits and Property Values
Last Ten Years**

Year	Construction (1)				Property Values (2)		
	Commercial		Residential		Market Value	Exemptions	Taxable Value
	Number of Units	Value	Number of Units	Value			
1994	85	\$ 35,420,095	867	\$ 89,462,266	\$ 11,537,692,312	\$ 2,228,989,930	\$ 9,308,702,382
1995	142	53,879,334	768	82,067,732	11,763,363,871	2,276,176,302	9,487,187,569
1996	202	46,787,010	1,040	119,324,365	11,815,535,156	2,140,492,535	9,675,042,621
1997	245	68,190,468	881	114,343,122	11,983,294,305	2,083,917,183	9,899,377,122
1998	327	72,965,197	941	104,693,919	12,210,565,484	2,120,174,085	10,090,391,399
1999	271	44,346,551	701	82,260,573	12,414,723,215	2,136,440,457	10,278,282,758
2000	301	73,324,601	686	78,250,728	12,708,405,098	2,234,972,638	10,473,432,460
2001	235	61,258,982	876	89,891,377	13,430,291,893	2,285,588,602	11,144,703,291
2002	163	88,733,837	985	109,830,371	14,017,256,361	2,577,290,418	11,439,965,943
2003	157	198,745,734	1,264	131,999,592	14,742,391,603	2,711,844,657	12,030,546,946

(1) Source - City of Corpus Christi

(2) Source - Nueces County Tax Assessor and Appraisal District

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Principal Taxpayers
December 31, 2003**

<u>Taxpayers</u>	<u>Type of Business</u>	<u>2003 Assessed Value</u>	<u>Percentage of Total Assessed Valuation</u>
Flint Hills Resources	Refining Company	\$ 667,474,893	5.55%
Citgo Refining & Chemicals	Chemical Plant	306,505,388	2.55%
Valero Refining Company	Refining Company	266,990,370	2.22%
Equistar Chemicals LP	Petrochemical Plant	260,888,920	2.17%
Ticona Polymers, Plastic Division	Plastic Facility	248,882,540	2.07%
AEP Texas Central	Electric Utility	226,576,310	1.88%
Corpus Christi Cogeneration LP	Energy Generation Facility	147,580,780	1.23%
Southwestern Bell Telephone	Telephone Utility	85,310,986	0.71%
H.E. Butt Grocery	Grocery Retail Stores	66,957,198	0.56%
BASF Corporation	Ibuprofen Plant	55,592,860	0.46%
Columbia Bay Area Realty LTD	Hospital	46,252,636	0.38%
El Paso Javelina Company	Chemical Company	45,673,260	0.38%
Apache Corporation	Oil & Gas Exploration	44,541,470	0.37%
Devon Energy Production Co. LP	Oil & Gas Production	43,596,170	0.36%
Wal-Mart Properties Inc	Retail Sales	41,083,022	0.34%
TRT Development Company	Commercial Property	38,639,145	0.32%
Sabco Operating Company	Oil & Gas Exploration	29,792,510	0.25%
Time Warner Cable	Cable Communications Company	29,051,402	0.24%
South Padre Drive LP	Commercial Property	23,500,000	0.20%
Air Liquide America Corporation	Chemical Company	22,004,670	0.18%
Total		<u>\$ 2,696,894,530</u>	<u>22.42%</u>
Total 2003 Assessed Values		<u>\$ 12,030,546,946</u>	

Source - Nueces County Tax Appraisal District

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Miscellaneous Statistical Data
December 31, 2003**

Date of Incorporation:	1922		
Form of Government:	A public corporation and political subdivision of the State of Texas		
Number of Employees:	137		
Geographic Location:	Southeastern coast of Texas on the Gulf of Mexico approximately 150 miles north of the Mexican Border		
Area:	6,423 - Emergent acres 16,000 - Submerged acres		
Population:	Year	City of Corpus Christi	Nueces County
	1920	10,522	22,807
	1930	27,741	51,779
	1940	57,301	92,661
	1950	108,053	165,471
	1960	167,690	221,573
	1970	204,525	237,544
	1980	232,119	268,215
	1990	256,632	296,527
	2000	277,454	313,645
Elevation:	Sea level to 85 feet, average 35 feet		
Tidal Data:			
Average Water Level:			
Inner Harbor	2.08 feet above Mean Low Tide (MLT)		
Tidal Range:			
Inner Harbor	Insignificant		
Aransas Pass	1.5 feet		
Aerial Clearance:			
Harbor Bridge and Upper Harbor Lift Bridge	138 feet		
Temperature:	Annual Average - 71° January Average - 56° July Average - 84°		
Average Seasonal Rainfall:	30.4 inches		

TABLE XIX (Continued)**Miscellaneous Statistical Data
December 31, 2003**

Public Docks:

Bulk oil	11 - Main Harbor
Dry cargo	8 - Main Harbor
Bulk materials	<u>2 - Main Harbor</u>
	<u>21</u>

Private Docks:

Dry cargo	- ADM/Growmark	1 - Main Harbor
	- Bay, Inc.	2 - Main Harbor
	- Heldenfels	1 - Main Harbor
	- Interstate Grain	1 - Main Harbor
	- Cemex USA	1 - Main Harbor
	- Texas Lehigh Cement	1 - Main Harbor
	- Corpus Christi Equipment Co.	1 - Rincon
	- Tor Minerals International, Inc.	1 - Rincon
	- Sherwin Alumina Company	1 - La Quinta
	- McDermott	1 - Harbor Island
	- Corpus Christi Day Cruises	1 - Harbor Island
	- Gulf Marine Fabricators	1 - Ingleside
	- Kiewit Offshore Services, Inc.	1 - Ingleside
Bulk liquids	- Citgo	6 - Main Harbor
	- Equistar	1 - Main Harbor
	- Flint Hills	3 - Main Harbor
	- Valero	3 - Main Harbor
	- Occidental Chemical	1 - La Quinta
	- Koch Gathering	1 - Ingleside
	- Channel Investments	1 - Jewel Fulton
	- Arco	1 - Jewel Fulton
	- Braswell	<u>1 - Jewel Fulton</u>
		<u>32</u>

Other Information (Unaudited)

Annual financial information disclosure in compliance with the Securities Exchange Commission's Rule 15c2-12. This rule requires issuers of municipal securities to provide annual updates of selected financial information to a nationally recognized municipal securities information repository. This report will be filed with the State of Texas's Municipal Advisory Council in conformance with this requirement.

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Port Commerce By Commodity
Last Ten Years**

Table 1

Commodity By Port Division - <i>Short tons</i>	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Inner Harbor										
Break Bulk	367,957	189,558	47,359	23,914	37,607	111,565	65,680	18,786	41,356	210,873
Grain	766,806	701,147	974,819	1,497,226	1,463,127	1,742,108	1,729,729	1,960,433	1,845,301	1,666,579
Chemical	106,992	196,632	150,742	79,954	63,116	55,008	62,109	65,394	48,861	37,243
Dry Bulk	1,833,184	1,633,444	2,018,776	2,043,499	2,520,833	1,996,667	1,989,651	2,259,592	2,501,157	2,062,015
Liquid Bulk	84,445	70,222	72,233	56,203	53,649	56,876	113,130	320,633	65,538	243,135
Petroleum	61,738,460	64,613,821	65,437,266	66,643,071	71,098,102	66,923,986	71,533,183	69,375,427	63,809,573	67,466,251
Total	64,897,844	67,404,824	68,701,195	70,343,867	75,236,434	70,886,210	75,493,482	74,000,265	68,311,786	71,686,096
La Quinta										
Break Bulk	-	-	-	-	-	64	-	-	-	-
Chemical	1,907,563	1,932,300	1,969,192	1,845,704	1,938,542	2,250,676	2,168,006	1,878,788	1,556,565	1,966,843
Dry Bulk	3,475,301	4,104,026	4,733,524	4,943,913	5,326,210	5,002,167	5,187,747	4,813,124	4,890,941	4,761,502
Petroleum	-	-	-	21,906	34,152	22,713	25,991	30,785	26,862	23,386
Total	5,382,864	6,036,326	6,702,716	6,811,523	7,298,904	7,275,620	7,381,744	6,722,697	6,474,368	6,751,731
Harbor Island										
Break Bulk	-	-	-	5,400	-	-	2	10,609	5,132	17,146
Petroleum	1,426,559	72,791	-	-	-	1,060	138	1,074	2,760	533
Total	1,426,559	72,791	-	5,400	-	1,060	140	11,683	7,892	17,679
Ingleside										
Break Bulk	-	-	-	75	99,173	58,619	6,275	186,428	93,260	133,165
Dry Bulk	-	-	-	-	-	-	-	48	-	3,506
Petroleum	5,871,390	4,502,269	5,903,325	6,091,791	6,873,407	6,285,993	6,523,003	6,111,062	6,061,259	6,531,995
Total	5,871,390	4,502,269	5,903,325	6,091,866	6,972,580	6,344,612	6,529,278	6,297,538	6,154,519	6,668,666
Rincon Point										
Break Bulk	7,731	-	1,507	-	-	-	-	-	-	62.00
Dry Bulk	60,345	23,093	19,172	24,317	20,215	17,468	19,847	3,774	10,358	6,890
Total	68,076	23,093	20,679	24,317	20,215	17,468	19,847	3,774	10,358	6,952
Total	77,646,733	78,039,303	81,327,915	83,276,973	89,528,133	84,524,970	89,424,491	87,035,957	80,958,923	85,131,124
Commodity Totals - Short tons										
Break Bulk	375,688	189,558	48,866	29,389	136,780	170,248	71,957	215,823	139,748	361,246
Grain	766,806	701,147	974,819	1,497,226	1,463,127	1,742,108	1,729,729	1,960,433	1,845,301	1,666,579
Chemical	2,014,555	2,128,932	2,119,934	1,925,658	2,001,658	2,305,684	2,230,115	1,944,182	1,605,426	2,004,086
Dry Bulk	5,368,830	5,760,563	6,771,472	7,011,729	7,867,258	7,016,302	7,197,245	7,076,538	7,402,456	6,833,913
Liquid Bulk	84,445	70,222	72,233	56,203	53,649	56,876	113,130	320,633	65,538	243,135
Petroleum	69,036,409	69,188,881	71,340,591	72,756,768	78,005,661	73,233,752	78,082,315	75,518,348	69,900,454	74,022,165
Total	77,646,733	78,039,303	81,327,915	83,276,973	89,528,133	84,524,970	89,424,491	87,035,957	80,958,923	85,131,124

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Revenues by Source
Last Ten Years**

Table 2

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Operating Revenues:										
Wharfage	\$ 12,303,245	\$ 12,587,356	\$ 12,504,190	\$ 12,683,762	\$ 13,546,195	\$ 12,592,047	\$ 13,282,469	\$ 13,215,302	\$ 12,534,632	\$ 13,535,168
Dockage	3,093,250	2,937,117	2,778,378	3,582,641	4,020,559	3,619,507	3,229,447	3,009,600	2,733,667	3,218,880
Freight handling	4,032,726	2,732,128	3,222,755	3,652,867	4,683,526	4,158,629	2,019,205	2,033,916	2,410,795	1,492,129
Bagging	7,027,300	1,704,566	368,417	96,928	841,439	41,344	-	-	-	-
Building and land rentals	1,251,475	1,313,366	1,512,873	1,306,175	1,430,634	1,495,070	2,835,108	3,363,438	3,385,964	3,361,762
Conference center	-	-	-	-	-	-	296,861	833,712	1,367,934	1,443,592
Refrigerated warehouse	-	-	-	-	-	-	-	102,623	954,178	1,137,336
FTZ user fees	253,960	252,427	358,182	298,827	335,160	346,660	261,250	281,750	287,115	264,750
Compress	843,109	1,133,973	307,392	403,509	922,611	2,298,035	2,734,668	1,477,844	185,538	45,598
Other	467,580	396,333	705,191	775,336	1,215,739	1,285,615	1,231,395	1,306,133	1,301,576	2,379,981
	<u>\$ 29,272,645</u>	<u>\$ 23,057,266</u>	<u>\$ 21,757,378</u>	<u>\$ 22,800,045</u>	<u>\$ 26,995,863</u>	<u>\$ 25,836,907</u>	<u>\$ 25,890,403</u>	<u>\$ 25,624,318</u>	<u>\$ 25,161,399</u>	<u>\$ 26,879,196</u>
Non-Operating Revenues:										
Other:										
Interest	\$ 1,196,446	\$ 1,854,116	\$ 1,803,343	\$ 1,947,942	\$ 2,031,442	\$ 1,751,857	\$ 1,619,461	\$ 1,261,435	\$ 1,314,660	\$ 1,223,111
Other	169,273	289,834	236,550	584,104	540,587	674,757	572,907	787,430	236,214	-
	<u>\$ 1,365,719</u>	<u>\$ 2,143,950</u>	<u>\$ 2,039,893</u>	<u>\$ 2,532,046</u>	<u>\$ 2,572,029</u>	<u>\$ 2,426,614</u>	<u>\$ 2,192,368</u>	<u>\$ 2,048,865</u>	<u>\$ 1,550,874</u>	<u>\$ 1,223,111</u>

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Expenses By Type
Last Ten Years**

Table 3

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Operating Expenses:										
Direct:										
Employee services	\$ 3,403,556	\$ 3,565,559	\$ 3,482,579	\$ 3,933,523	\$ 4,113,336	\$ 4,563,345	\$ 3,293,465	\$ 3,570,749	\$ 3,929,041	\$ 4,144,531
Maintenance	2,989,837	3,470,301	2,597,113	2,674,863	2,919,585	2,213,199	1,756,682	1,761,065	1,970,104	2,686,825
Utilities	820,734	701,970	747,251	646,548	625,315	660,189	468,382	615,609	694,391	886,009
Telephone	3,643	6,650	12,897	17,473	22,204	26,092	30,158	33,212	34,045	22,358
Insurance	1,540,777	1,265,256	1,164,276	1,299,047	1,026,451	978,421	966,835	966,114	1,276,352	1,427,198
Professional services	260,888	203,254	117,050	260,363	115,416	182,015	114,171	137,700	202,418	228,158
Security services	746,209	800,602	825,411	826,088	832,026	950,138	828,607	1,070,460	1,335,375	1,214,619
Contract labor	888,715	234,083	49,182	86,496	155,991	178,520	233,721	134,985	261,674	270,539
Office and equipment rental	31,026	35,692	32,717	10,786	9,152	55,208	51,250	40,616	106,710	11,908
Operator and event expenses	-	-	-	-	-	-	244,174	708,885	1,225,868	1,310,806
Warehouse supplies	-	-	-	-	-	-	-	1,898	85,770	46,823
Grain handling	3,228,888	961,392	228,595	67,937	463,180	58,274	1,094	-	-	-
Ginning	307,445	474,470	138,701	157,606	366,040	1,258,237	1,096,642	546,622	-	-
Safety/Environmental	36,149	56,987	69,315	40,703	43,647	58,281	21,034	33,018	39,985	46,293
General	228,293	280,525	148,349	203,042	220,682	228,439	227,802	246,706	253,460	178,489
	<u>\$ 14,486,160</u>	<u>\$ 12,056,741</u>	<u>\$ 9,613,436</u>	<u>\$ 10,224,475</u>	<u>\$ 10,913,025</u>	<u>\$ 11,410,358</u>	<u>\$ 9,334,017</u>	<u>\$ 9,867,639</u>	<u>\$ 11,415,193</u>	<u>\$ 12,474,556</u>
Indirect:										
Employee services	\$ 2,884,933	\$ 3,553,344	\$ 3,541,346	\$ 4,060,736	\$ 4,170,496	\$ 4,521,403	\$ 4,484,449	\$ 4,485,094	\$ 4,523,035	\$ 5,048,655
Maintenance	170,569	247,741	336,266	262,002	298,099	317,737	281,890	234,515	297,592	272,419
Utilities	67,643	74,609	106,470	119,642	110,965	102,943	125,271	154,595	118,395	131,448
Telephone	57,591	70,564	88,594	86,186	105,203	103,524	129,241	124,877	98,649	103,287
Insurance	58,984	70,563	113,865	110,179	99,291	79,152	39,961	85,113	208,519	107,456
Professional services	810,909	1,551,796	1,145,952	1,111,892	1,641,139	1,665,601	1,761,967	1,914,403	1,794,681	1,781,910
Security services	1,442	1,158	2,676	3,636	3,231	10,109	63,525	75,346	90,621	41,570
Contract labor	-	-	-	11,091	6,920	15,500	16,186	30,544	3,605	26,773
Office and equipment rental	44,715	26,406	27,169	24,717	25,087	44,365	30,848	46,307	2,245	8,270
Administrative	952,360	971,390	856,011	1,004,757	1,209,395	1,361,721	1,344,684	1,262,105	1,279,119	1,533,738
Trade and sales development	85,790	85,783	76,558	103,137	163,991	227,183	209,492	178,538	129,229	125,484
Media advertising	104,676	143,919	151,408	194,785	295,463	238,715	248,392	211,051	124,256	88,530
Production	109,485	102,075	78,222	80,363	105,620	107,252	111,049	77,551	55,918	57,538
Safety/Environmental	24,133	21,298	29,920	19,607	(9,176)	20,227	6,869	11,241	13,638	19,889
General	119,959	35,063	183,467	(77,766)	62,602	43,826	91,181	106,490	143,727	226,074
	<u>\$ 5,493,189</u>	<u>\$ 6,955,709</u>	<u>\$ 6,737,924</u>	<u>\$ 7,114,964</u>	<u>\$ 8,288,326</u>	<u>\$ 8,859,258</u>	<u>\$ 8,945,005</u>	<u>\$ 8,997,770</u>	<u>\$ 8,883,229</u>	<u>\$ 9,573,041</u>
Depreciation	\$ 4,048,776	\$ 4,102,915	\$ 4,569,389	\$ 4,695,995	\$ 4,425,667	\$ 4,509,898	\$ 4,944,421	\$ 5,224,868	\$ 5,284,372	\$ 5,417,115
Non-Operating Expenses:										
Other:										
Interest	\$ 359,300	\$ 257,408	\$ 421,672	\$ 315,995	\$ 252,987	\$ 167,605	\$ 128,862	\$ 85,005	\$ 734,977	\$ 886,261
Loss on suspended capital projects	-	-	1,951,078	-	-	-	-	-	-	-
Other	788	-	-	-	11,502	488,569	498,208	-	-	90,856
	<u>\$ 360,088</u>	<u>\$ 257,408</u>	<u>\$ 2,372,750</u>	<u>\$ 315,995</u>	<u>\$ 264,489</u>	<u>\$ 656,174</u>	<u>\$ 627,070</u>	<u>\$ 85,005</u>	<u>\$ 734,977</u>	<u>\$ 977,117</u>

At December 31, 2003, the Authority had one debt issue outstanding. This issue included \$16,110,000 in general revenue bonds. The Authority has maintained an AAA rating from Standard and Poor's Corporation and an Aaa rating from Moody's Investor Service on general revenue bond issues.

The following is a statement of changes in long-term debt for the year ended December 31, 2003:

Table 4

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds	\$ 17,075,000	\$ -	\$ 965,000	\$ 16,110,000	\$ 980,000
Promissory notes	526,483	-	526,483	-	-
	17,601,483	-	1,491,483	16,110,000	980,000
Less Unamortized Discounts	80,663	-	70,509	10,154	
Total	\$ 17,520,820	\$ -	\$ 1,420,974	\$ 16,099,846	\$ 980,000

At December 31, 2003, total debt service requirements are as follows:

Table 5

	Principal	Interest	Total
2004	\$ 980,000	\$ 689,990	\$ 1,669,990
2005	1,010,000	664,103	1,674,103
2006	1,040,000	632,157	1,672,157
2007	1,075,000	595,548	1,670,548
2008	1,120,000	554,175	1,674,175
Thereafter	10,885,000	2,484,130	13,369,130
Total	\$ 16,110,000	\$ 5,620,103	\$ 21,730,103

Table 6

A summary of changes in notes receivable for the year ended December 31, 2003, is as follows:

	Beginning Balance	Additions	Maturities	Ending Balance	Current Portion
Notes Receivable	\$ 9,660,204	\$ -	\$ 449,410	\$ 9,210,794	\$ 485,363

Notes Receivable as of December 31, 2003 is summarized as follows:

	Principal Outstanding
\$12,000,000 Note Receivable due in annual principal installments ranging from \$449,410 to \$1,131,691 through 2015; interest at 8.0 percent.	\$ 9,210,794
Less Current Maturities	485,363
Notes Receivable - Net	\$ 8,725,431

Total note receivable requirements as of December 31, 2003, are as follows:

	Principal	Interest	Total
2004	\$ 485,363	\$ 736,863	\$ 1,222,226
2005	524,192	698,035	1,222,227
2006	566,127	656,099	1,222,226
2007	611,418	610,809	1,222,227
2008	660,331	561,896	1,222,227
Thereafter	6,363,363	2,192,222	8,555,585
Total	\$ 9,210,794	\$ 5,455,924	\$ 14,666,718

Pursuant to a Construction and Installment Sale Agreement (Agreement) entered into on May 3, 1994, the Authority agreed to construct crude storage facilities on premises leased to an Authority User, and then sell facilities to the User. On January 12, 1995, the Authority sold their undivided right, title and interest in the crude storage facilities to the User, and a Promissory Note (Note) was executed made payable to the Authority by the User in the amount of \$12,000,000.

The Note is due and payable in twenty-one annual installments, the first installment being interest only and the remaining twenty annual installments of equal principal and interest, at a rate of 8 percent, unless sooner paid. All payments are applied first to interest with the remainder, if any, applied to unpaid principal.

Note payments are based on revenue received from wharfage fees collected by the Authority for crude oil moving across the Authority's Oil Dock 1 to the User's crude storage facilities, and fifty percent of dockage fees collected by the Authority for ships berthing at the Authority's Oil Dock 1 for purpose of delivering crude oil to the User's crude storage facilities. Monthly amounts are credited to a debt service account that is used to make scheduled note payments when due. In the event there are insufficient funds in the debt service account to meet scheduled note payments, the User is required to make up any shortfall. Should a surplus exist, the excess is applied in inverse order against principal last coming due on the note. In 2003, the Authority credited \$1,070,641 of applicable revenue received from wharfage and dockage fees collected to the debt service account.

Table 7

Operating Leases

The Authority leases to others certain land and improvements. These leases are classified as operating leases in accordance with the criteria of Statement of Financial Accounting Standards (SFAS) No. 13. As of December 31, 2003, minimum lease payments under these operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

Years Ending	
2004	\$ 2,613,064
2005	2,487,688
2006	1,067,056
2007	704,850
2008	498,598
Thereafter	2,653,507
Total	\$ 10,024,763

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Financial Performance Indicators
Last Ten Years**

Table 8

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Operating Revenues (OR)	\$ 29,272,645	\$ 23,057,266	\$ 21,757,378	\$ 22,800,045	\$ 26,995,863	\$ 25,836,907	\$ 25,890,403	\$ 25,624,318	\$ 25,161,399	\$ 26,879,196
Operating Expenses (OE) *	(19,978,349)	(19,012,450)	(16,351,360)	(17,339,439)	(19,201,351)	(20,269,616)	(18,279,022)	(18,865,409)	(20,298,422)	(22,047,597)
Net Operating Income (NOI)	9,294,296	4,044,816	5,406,018	5,460,606	7,794,512	5,567,291	7,611,381	6,758,909	4,862,977	4,831,599
Non-Operating Revenues	1,365,719	2,143,950	2,039,893	2,532,046	2,572,029	2,426,614	2,192,369	2,055,365	1,550,874	1,223,111
Non-Operating Expenses	(360,088)	(257,408)	(2,372,750)	(315,995)	(264,489)	(656,174)	(627,071)	(85,005)	(734,977)	(977,117)
Net Income "A" (NI"A")	10,299,927	5,931,358	5,073,161	7,676,657	10,102,052	7,337,731	9,176,679	8,729,269	5,678,874	5,077,593
Depreciation	(4,048,776)	(4,102,915)	(4,569,389)	(4,695,994)	(4,425,667)	(4,509,898)	(4,944,421)	(5,224,868)	(5,284,372)	(5,417,115)
Net Income "B" (NI"B")	\$ 6,251,151	\$ 1,828,443	\$ 503,772	\$ 2,980,663	\$ 5,676,385	\$ 2,827,833	\$ 4,232,258	\$ 3,504,401	\$ 394,502	\$ (339,522)
Net Capital Assets (NCA)	\$106,597,488	\$112,986,967	\$117,399,178	\$117,956,248	\$118,269,753	\$122,779,056	\$147,286,699	\$143,840,270	\$145,906,446	\$143,298,109
Total Assets (TA)	\$169,356,016	\$170,735,538	\$171,285,596	\$172,384,118	\$178,459,639	\$179,958,670	\$179,630,724	\$179,679,554	\$196,399,565	\$197,123,233

Operating Indicators:

Operating ROI (NOI/NCA)	8.72%	3.58%	4.60%	4.63%	6.59%	4.53%	5.17%	4.70%	3.33%	3.37%
Operating Margin (NOI/OR)	31.75%	17.54%	24.85%	23.95%	28.87%	21.55%	29.40%	26.38%	19.33%	17.98%
Operating Ratio (OE/OR)	68.25%	82.46%	75.15%	76.05%	71.13%	78.45%	70.60%	73.62%	80.67%	82.02%

Other ROI Indicators:

ROI "A" (NI"A"/TA)	6.08%	3.47%	2.96%	4.45%	5.66%	4.08%	5.11%	4.86%	2.89%	2.58%
ROI "B" (NI"B"/TA)	3.69%	1.07%	0.29%	1.73%	3.18%	1.57%	2.36%	1.95%	0.20%	-0.17%

* - Excludes Depreciation

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Debt Service Requirements
December 31, 2003**

Table 9

Year Ending	Series 2002-A Bonds			Series 2002-B Bonds			Grand Total
	Principal	Interest	Total	Principal	Interest	Total	
2004	\$ 555,000	\$ 404,118	\$ 959,118	\$ 425,000	\$ 285,872	\$ 710,872	\$ 1,669,990
2005	570,000	388,855	958,855	440,000	275,248	715,248	1,674,103
2006	590,000	370,330	960,330	450,000	261,827	711,827	1,672,157
2007	610,000	348,795	958,795	465,000	246,753	711,753	1,670,548
2008	635,000	324,395	959,395	485,000	229,780	714,780	1,674,175
2009	660,000	298,360	958,360	500,000	210,380	710,380	1,668,740
2010	690,000	270,310	960,310	520,000	190,380	710,380	1,670,690
2011	720,000	239,605	959,605	545,000	168,800	713,800	1,673,405
2012	755,000	206,485	961,485	565,000	145,365	710,365	1,671,850
2013	790,000	171,000	961,000	590,000	120,505	710,505	1,671,505
2014	825,000	132,685	957,685	620,000	93,660	713,660	1,671,345
2015	865,000	91,435	956,435	650,000	64,520	714,520	1,670,955
2016	910,000	47,320	957,320	680,000	33,320	713,320	1,670,640
	\$ 9,175,000	\$ 3,293,693	\$ 12,468,693	\$ 6,935,000	\$ 2,326,410	\$ 9,261,410	\$ 21,730,103
						Average	\$ 1,671,546

Table 10

Plan Description

The Authority provides pension, disability, and death benefits for all its full-time employees through a nontraditional defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 535 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the Authority, within the options available in the state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service or with 30 years regardless of age or when the sum of their age and years of service equals 80 or more. Members are vested after 10 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the Authority within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Contributions

The contribution rate for employees is 7% and the Authority's rate is 11%, both as adopted by the governing body of the Authority. Employee and Authority contributions were \$444,045 and \$706,254, respectively for the year ended December 31, 2003. Both the employees and the Authority make monthly contributions.

Annual Pension Cost and Net Pension Obligation

The Authority's annual pension costs were equal to the Authority's required and actual contributions. Three-year trend information is as follows:

Years Ended December 31,	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
2003	\$ 706,254	100.00%	\$ -
2002	585,657	100.00%	\$ -
2001	472,892	100.00%	\$ -

Table 10 (Continued)

The latest actuarial valuation for the Authority employees was completed as of December 31, 2002. The actuarial cost method and significant assumptions underlying the actuarial calculations are as follows:

Actuarial Cost Method	Entry Age
Asset Valuation Basis	Long-term appreciation with adjustment
Projected Annual Salary Increases	5.5%
Assumed Rate of Return on Investments	8.00%
Inflation Factor	3.5%
Amortization Method	Level percentage of payroll, open
Amortization Periods	20 years

Schedule of Funding

Schedule of funding progress for the Pension Plan for the employees of the Authority is as follows:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded	Funded Ratio	Annual Covered Payroll	Percentage of Covered Payroll
2002	\$ 9,277,397	\$ 14,091,854	\$ 4,814,457	65.84%	\$ 6,481,530	74.28%
2001	8,736,367	13,220,605	4,484,238	66.08%	6,094,250	73.58%
2000	7,899,688	11,952,150	4,052,462	66.09%	5,896,407	68.73%

Table 11

The Authority’s investments at December 31, 2003, are shown below:

	Carrying Value	Fair Value	Category
Investments:			
Certificates of Deposit	\$ 22,000,000	\$ 22,000,000	1
Total investments	\$ 22,000,000	\$ 22,000,000	
Temporary investments shown as cash equivalents:			
Mutual fund-AIM	\$ 4,717,858	\$ 4,717,858	Pooled
Total temporary investments shown as cash equivalents	\$ 4,717,858	\$ 4,717,858	

