

Comprehensive Annual Financial Report

Port of Corpus Christi Authority of Nueces County, Texas

For the Year Ended December 31, 2005

Prepared by the Finance Department

Daniel R. Hodgkins
Chief Financial Officer

INTRODUCTORY SECTION

	<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		xi
<u>FINANCIAL SECTION</u>		
Independent Auditors' Report		1
Management's Discussion and Analysis		3
Basic Financial Statements:		
Statement of Net Assets		10
Statements of Revenues, Expenses and Changes in Net Assets		12
Statements of Cash Flows		13
Notes to Financial Statements		15
Required Supplementary Information		27
Supplemental Schedules:		
Schedule of Revenues and Expenses-Actual and Budget (GAAP Basis)		29
Schedules of Maintenance and Operations and General Administrative Expenses		30
Schedules of Long-Term Debt Amortization		31
Schedules of Facilities Financing Bonds		32
<u>STATISTICAL SECTION (UNAUDITED)</u>		
Vessel Traffic - Last Ten Years	I	34
Port Commerce By Commodity - Last Ten Years	II	36
Port Commerce By Direction - Last Ten Years	III	38
Tonnage, Operating Revenues and Expenses By Cargo Classification - Last Ten Years	IV	40
Revenue Source and Application - Last Ten Years	V	41
Financial Performance Indicators - Last Ten Years	VI	42
Expenses by Type - Last Ten Years	VII	43
Revenues by Source - Last Ten Years	VIII	44
Property Tax Levies and Collections - Last Ten Years	IX	45
Assessed and Estimated True Value of Taxable Property - Last Ten Years	X	46
Property Tax Rates - Direct and Overlapping Governments - Last Ten Years	XI	47
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded		
Debt per Capita - Last Ten Years	XII	48
Revenue Bond Coverage - Last Ten Years	XIII	49
Schedule of Insurance in Force	XIV	50
Analysis of Funding Progress - Pension Plan	XV	51
Demographic Statistics - Last Ten Years	XVI	52
Construction and Property Values - Last Ten Years	XVII	53
Miscellaneous Statistical Data	XVIII	54
<u>Other Information - Municipal Securities Continuing Disclosure Information (Unaudited)</u>		
Port Commerce by Commodity - Last Ten Years	1	57
Revenues by Source - Last Ten Years	2	58
Expenses by Type - Last Ten Years	3	59
Debt Administration:		
Statement of Changes in Long-term Debt	4	60
Total Long-term Debt and Annual Principal Maturities	5	60
Notes Receivable	6	61

	<u>TABLE</u>	<u>PAGE</u>
Leases	7	62
Financial Performance Indicators - Last Ten Years	8	63
Debt Service Requirements	9	64
Pension Plan	10	65
Current Investments	11	67
<u>SINGLE AUDIT SECTION</u>		
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		69
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133		71
Schedule of Findings and Questioned Costs		73
Schedule of Prior Audit Findings		74
Schedule of Federal Expenditures of Awards		75
Notes to Schedule of Federal Expenditures of Awards		76
Map of the Corpus Christi Ship Channel		

PORT COMMISSIONERS

Ruben Bonilla, Jr., Chairman

Mr. Bonilla was appointed to the Port Commission by the City of Corpus Christi 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 by the City of Corpus Christi in 1997. He is retired.

L. Michael Carrell, Secretary

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

Yolanda G. Olivarez, Commissioner

Mrs. Olivarez was appointed to the Port Commission by Nueces County in 1997. She is a Senior Vice President with Wells Fargo Bank.

Robert J. Gonzalez Sr., Commissioner

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

Judy Hawley, Commissioner

Mrs. Hawley was appointed to the Port Commission by San Patricio County in 2004. She is Texas Business Development Director for Advanced Acoustic Concepts.

Kenneth L. Berry, Commissioner

Mr. Berry was first appointed to the Port Commission by the City of Corpus Christi in 1999. He was later appointed to the Port Commission by Nueces County in 2005. He is President and Chief Executive Officer of The Berry Co.

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																						
<table border="1"> <tr> <td>Director of Human Resources</td> <td>Sandra Terrell-Davis</td> </tr> <tr> <td> <table border="1"> <tr> <td>Community Relations Manager</td> <td>Patricia Cardenas</td> </tr> </table> </td> <td></td> </tr> </table>	Director of Human Resources	Sandra Terrell-Davis	<table border="1"> <tr> <td>Community Relations Manager</td> <td>Patricia Cardenas</td> </tr> </table>	Community Relations Manager	Patricia Cardenas																		
Director of Human Resources	Sandra Terrell-Davis																						
<table border="1"> <tr> <td>Community Relations Manager</td> <td>Patricia Cardenas</td> </tr> </table>	Community Relations Manager	Patricia Cardenas																					
Community Relations Manager	Patricia Cardenas																						
Deputy Director.....	Robert Jacobi																						
<table border="1"> <tr> <td>Director of Business Development.....</td> <td>Michael Perez</td> </tr> <tr> <td> <table border="1"> <tr> <td>Manager of Industrial Development</td> <td>J. Allen Speight</td> </tr> <tr> <td>Trade Development Representative</td> <td>Tom Moore</td> </tr> </table> </td> <td></td> </tr> <tr> <td>Marketing Manager</td> <td>John Valls</td> </tr> </table>	Director of Business Development.....	Michael Perez	<table border="1"> <tr> <td>Manager of Industrial Development</td> <td>J. Allen Speight</td> </tr> <tr> <td>Trade Development Representative</td> <td>Tom Moore</td> </tr> </table>	Manager of Industrial Development	J. Allen Speight	Trade Development Representative	Tom Moore		Marketing Manager	John Valls													
Director of Business Development.....	Michael Perez																						
<table border="1"> <tr> <td>Manager of Industrial Development</td> <td>J. Allen Speight</td> </tr> <tr> <td>Trade Development Representative</td> <td>Tom Moore</td> </tr> </table>	Manager of Industrial Development	J. Allen Speight	Trade Development Representative	Tom Moore																			
Manager of Industrial Development	J. Allen Speight																						
Trade Development Representative	Tom Moore																						
Marketing Manager	John Valls																						
Director of Engineering Services.....	Frank C. Brogan																						
<table border="1"> <tr> <td>Deputy Director of Engineering Services</td> <td>Greg Brubeck</td> </tr> <tr> <td>Chief Engineer</td> <td>David L. Michaelsen</td> </tr> </table>	Deputy Director of Engineering Services	Greg Brubeck	Chief Engineer	David L. Michaelsen																			
Deputy Director of Engineering Services	Greg Brubeck																						
Chief Engineer	David L. Michaelsen																						
Director of Operations	William J. Cotter																						
<table border="1"> <tr> <td>Deputy Director of Operations.....</td> <td>Tony Alejandro</td> </tr> <tr> <td> <table border="1"> <tr> <td>Manager of Foreign Trade Zone</td> <td>Hilda B. Boyce</td> </tr> <tr> <td>Manager of Risk Management</td> <td>David Solis</td> </tr> </table> </td> <td></td> </tr> <tr> <td>Chief of Port Security</td> <td>Luther Kim</td> </tr> <tr> <td>Harbormaster.....</td> <td>Jim Burns</td> </tr> <tr> <td>Manager of Transportation</td> <td>Fred Babin</td> </tr> <tr> <td>Manager of Bulk Terminal.....</td> <td>Joe Giannina</td> </tr> <tr> <td>Manager of Cold Storage Facility.....</td> <td>Paul Kaup</td> </tr> <tr> <td>Manager of Dock Operations</td> <td>Raymond Kadlecek</td> </tr> <tr> <td>Maintenance Manager.....</td> <td>David Throop</td> </tr> </table>	Deputy Director of Operations.....	Tony Alejandro	<table border="1"> <tr> <td>Manager of Foreign Trade Zone</td> <td>Hilda B. Boyce</td> </tr> <tr> <td>Manager of Risk Management</td> <td>David Solis</td> </tr> </table>	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 Transportation	Fred Babin	Manager of Bulk Terminal.....	Joe Giannina	Manager of Cold Storage Facility.....	Paul Kaup	Manager of Dock Operations	Raymond Kadlecek	Maintenance Manager.....	David Throop	
Deputy Director of Operations.....	Tony Alejandro																						
<table border="1"> <tr> <td>Manager of Foreign Trade Zone</td> <td>Hilda B. Boyce</td> </tr> <tr> <td>Manager of Risk Management</td> <td>David Solis</td> </tr> </table>	Manager of Foreign Trade Zone	Hilda B. Boyce	Manager of Risk Management	David Solis																			
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 Transportation	Fred Babin																						
Manager of Bulk Terminal.....	Joe Giannina																						
Manager of Cold Storage Facility.....	Paul Kaup																						
Manager of Dock Operations	Raymond Kadlecek																						
Maintenance Manager.....	David Throop																						
Chief Financial Officer	Daniel R. Hodgkins																						
<table border="1"> <tr> <td>Controller</td> <td>Dennis J. DeVries</td> </tr> <tr> <td> <table border="1"> <tr> <td>Chief Accountant.....</td> <td>Audre A. Debler</td> </tr> </table> </td> <td></td> </tr> <tr> <td>Manager of Management Information Systems</td> <td>Gustavo Espinosa</td> </tr> </table>	Controller	Dennis J. DeVries	<table border="1"> <tr> <td>Chief Accountant.....</td> <td>Audre A. Debler</td> </tr> </table>	Chief Accountant.....	Audre A. Debler		Manager of Management Information Systems	Gustavo Espinosa															
Controller	Dennis J. DeVries																						
<table border="1"> <tr> <td>Chief Accountant.....</td> <td>Audre A. Debler</td> </tr> </table>	Chief Accountant.....	Audre A. Debler																					
Chief Accountant.....	Audre A. Debler																						
Manager of Management Information Systems	Gustavo Espinosa																						
Manager of Legislative Affairs.....	Nelda Olivo																						



March 31, 2006

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

State law requires that every navigation district or port authority publish at the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the year ended December 31, 2005.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Collier, Johnson & Woods, P.C., Certified Public Accountants, have issued an unqualified (“clean”) opinion on the Port of Corpus Christi Authority of Nueces County, Texas (Authority)’s financial statements for the year ended December 31, 2005. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follow the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A compliments this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

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 co-extensive with those of Nueces and San Patricio Counties, Texas. The Authority operates under the provisions of Article XVI, Section 59, of the Texas Constitution and related laws of the State of Texas, particularly Sections 60 and 62 of the Texas Water Code, 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 and San Patricio Counties 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, three commissioners are appointed by the Nueces County Commissioners Court, the governing body of Nueces County, and one commissioner is appointed by the San Patricio County Commissioners Court, the governing body of San Patricio 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.

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 that is leased to Archer Daniels Midland (ADM), and cotton warehouses that are leased to Gulf Compress. In addition, the Authority leases land, buildings and improvements, and maintains areas for the placement of dredged materials.

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, a refrigerated warehouse, cotton warehouses 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 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 quarterly basis.

LOCAL ECONOMY

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 in terms of tonnage. The Authority has served the local economy for over eighty 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, the City of Corpus Christi and San Patricio County, 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.

LONG-TERM FINANCIAL PLANNING

The Authority has two major projects that will require significant funding in the future. These projects will be funded from federal and state assistance, revenue bonds and the Authority's unrestricted net assets of \$24.2 million.

Joe Fulton International Trade Corridor

This 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 1,100 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.

Construction began in 2004 and is scheduled for completion in 2008. At the end of 2005 this project was over 50% complete. Total project costs are estimated at \$55.8 million. Funding for this project will be provided through federal and state assistance, and cash reserves of the Authority. Funding to complete this project will be provided from \$15.0 million of federal and state assistance, and \$14.9 million of the Authority's unrestricted net assets over the remaining years of the project.

Channel Improvement Project

In 2003, the Authority completed the feasibility phase of the Channel Improvement Project and is currently awaiting authorization through the Water Resources Act (WRDA) to begin the project. The project will include deepening the Corpus Christi Ship Channel from 45 to 52 foot, adding barge shelves on both sides of the ship channel and extending the La Quinta Channel to serve the proposed La Quinta Trade Gateway project. Although the project is still pending WRDA authorization, the engineering and design phase is underway and costs are shared 25% from the Authority and 75% from federal funds. Cost estimates for this phase include engineering and design of the La Quinta extension, addition of barge shelves across Corpus Christi Bay, and construction of the ecosystem restoration features. The Corp of Engineers is utilizing General Investigation Federal Funds for the federal share of the project. Upon authorization of the project, the improvements will be constructed in seven contracts beginning in 2007 and ending in 2013. The initial contract will include the extension of the La Quinta Ship Channel and the construction of the barge shelves across Corpus Christi Bay. The six remaining contracts will be for various reaches of the Corpus Christi Ship Channel, beginning at the entrance in the Gulf of Mexico and progressing towards the end of the channel at the Viola Turning Basin. Total improvements will cost

approximately \$150 million. Funding for this project will come from federal assistance and revenue bonds, supported by a proposed tariff increase.

MAJOR INITIATIVES

Conservation & Environmental Stewardship Award

The Coastal Bend Bays Foundation honored the Authority with its 2005 Conservation & Environmental Stewardship Award. The award recognized the Authority's contributions to the protection of natural resources, habitats and native species of the Coastal Bend. Specifically, the Authority received the award for developing an Environmental Management System to integrate environmental considerations into everyday business operations to ensure that environmental stewardship becomes part of the daily responsibilities of everyone in the organization.

Naval Station Ingleside Reverts to Authority

In 2005, Congress passed a bill that will return Naval Station Ingleside to the Authority at no cost. The Authority has reversionary rights to the naval base, but the compensation issue had yet to be settled. This historic legislation spearheaded by Senator Hutchinson, Chairman of the Senate Appropriations Subcommittee on Military Construction and Veterans Affairs and Senator Cochran, Chairman of the Senate Appropriations committee will save the Authority tens of millions of dollars in reimbursement of capital improvements. A Coastal Bend Redevelopment Planning Committee will be formed and tasked to commence work on identifying the economic impact of the closure of the base and realignment of Naval Station Corpus Christi, conducting extensive outreach with the citizens of the Coastal Bend, and developing a reuse/redevelopment plan to offset the projected economic loss of over 7,000 jobs.

Port of Corpus Christi Cold Storage

In 2005, the cold storage facility saw the Authority's aggressive sales and marketing effort bear fruit. Contracts were signed with Ozark Mountain Poultry in Rogers, Arkansas, and Frontier Produce in Edinburg, Texas that call for substantial shipments of poultry, cantaloupes and honeydew melons. The poultry cargo is destined for Russia requiring certification from the country as an expert cold store. In addition, new agreements with Cuba's *Alimport Food Import Company* were signed. Having already shipped more than 50,000 tons of wheat as well as some 22,000 tons of beans and other products, the new accords set the stage for a container ship connection moving part of the 100,000 tons plus of frozen poultry that US farmers export to Cuba every year.

Baseball Stadium and Development of Adjacent Land

The Port and the City of Corpus Christi completed negotiations in late 2003 for approximately 12 acres of land (previously occupied by cotton warehouses) for use as a site for a 6,000-seat baseball stadium for major league affiliated baseball. Demolition of the cotton warehouses began in early 2004 with completion in early Spring 2005. The first game of the Corpus Christi Hooks inaugural was played to a capacity crowd in April 2005. The baseball stadium 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. The Authority is currently evaluating the best use of the site and is considering issuing an RFP for development of the land near the stadium.

Military Cargo and Layberth

The Authority continues to operate as a major Tier-1 Military Strategic Seaport. Since the beginning of Operation Iraqi Freedom in 2003, The Port of Corpus Christi has handled over 80 shiploads of military equipment in support of the global war on terrorism. The Authority is one of four major U.S. public ports regularly handling military ship loadings.

The U.S. Army's 1395th Transportation Terminal Brigade commanded by Colonel Edward Casazza is assigned to the port and directs all military port operations. Phase I of a \$5.2 million military rail project funded by the State of Texas is under construction and is scheduled to be complete by May 2006. The USNS Benavidez continues to be layberthed at the port at Cargo Docks 14-15.

In 2005, the 1395th hand led 24 ships, 3,268 rail cars and 2,683 trucks, moving 16,704 pieces of equipment in the process. In addition to equipment from Iraq being redeployed to Fort Hood, they also participated in the “New Horizons 2005” Mission, providing joint readiness training for the U.S. Military and their counterparts in the nation of Panama. The end of the year saw the deployment of the 4th *Infantry Division* to Iraq. That mission called for the transfer of rail and truck cargo (including two aviation packages) to the USNS Benavidez and USNS Bob Hope. In the midst of this middle east destined activity, the 1395th also sent soldiers to assist with disaster relief in New Orleans following Hurricane Katrina, and the Authority provided additional emergency layberth facilities for other Military Sealift Command vessels.

La Quinta Trade Gateway Project

In 2005, the Authority entered into an exclusive agreement with Dragados-S.P.L. of Madrid, Spain for development of the La Quinta Trade Gateway. Dragados-S.P.L. is active in all Spanish ports and main cities. It has established international port operations in France, Portugal, Italy, Morocco, Chile, Dominican Republic and China. Its business activities include port operation, shipping agency, transit agency, combined transport, and specialized logistics.

Construction Projects

The Authority announced and initiated several infrastructure improvements during the last year. One of these is the *Joe Fulton Trade Corridor*, a road and rail route that will streamline truck and rail traffic in and out of the Authority by accessing I-37 west of the ship channel. When completed, the road will open new land to development—expanding economic opportunities by generating capital investment and jobs. As part of the overall plan, the Authority committed to creating a six-acre shallow water habitat along Turkey Creek.

Also taking shape on the Northwest end of the ship channel, the Authority awarded a contract for a new \$4 million berthing dock adjacent to the Tule Lift Bridge to accommodate two 950ft Navy cargo ships. While the dock is being built to meet a US Navy contract, commercial ships will be able to take advantage of the docks when the Navy vessels are not in port. The growing relationship with the Army and Navy has been tremendously beneficial to the Authority and to Corpus Christi.

Consistent with increased military presence at the Authority, the new security center was completed in 2005 and named the *William D. Dodge III Security Command Center*. The center is the heart of expanded security infrastructure throughout the Authority including new fencing, lighting and video surveillance.

AWARDS AND ACKNOWLEDGMENTS

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, 2004. This was the twenty-second 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 County,
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

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.



Carla E. Perry

President

Jeffrey R. Emery

Executive Director



FINANCIAL SECTION

**Collier, Johnson
& Woods**

A Professional
Corporation

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

INDEPENDENT AUDITOR'S REPORT

March 31, 2006

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

We have audited the accompanying statement of net assets of the Port of Corpus Christi Authority as of December 31, 2005 and 2004 and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended, which collectively comprise the Authority's basic financial statements as listed in the table of contents. 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 audits 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 audits provide a reasonable basis for our opinion.

In our opinion, the 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, 2005 and 2004, 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 31, 2006 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 and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the other required supplementary information on pages 3 through 9 and 27 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 financial statements that collectively comprise the Authority's basic financial statements. The introductory section, supplemental schedules, statistical section and other information – municipal securities continuing disclosure information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, pages 75 and 76, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements of the Authority. The supplemental schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, statistical section and other information – municipal securities continuing disclosure information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Collins, Johnson & Woods

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Management's Discussion and Analysis
December 31, 2005**

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, 2005 and 2004. 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 net assets of the Authority at December 31, 2005 were \$204,459,826. Of this amount, \$23,940,594 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 \$18,098,172 or 9.7% over the prior year. Income before contributions produced an increase in net assets of \$305,954, while capital contributions provided an increase of \$17,792,218.
- The Authority's total debt decreased by \$978,648 in 2005, the result of scheduled debt service payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's basic financial statements are comprised of the financial statements and the notes to the financial statements. The basic financial statements can be found on pages 10 through 26 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. 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. 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.

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* and other *supplemental information*. 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

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Management's Discussion and Analysis
December 31, 2005**

analysis and are not a required part of the basic financial statements. Statistical and other information can be found on pages 34 through 67 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. Over time, increases or decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating.

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 operations, restricted purposes and capital investment.

The following condensed Statement of Net Assets provides an overview of the Authority's net assets as of December 31, 2005, 2004 and 2003:

	2005	2004	2003	2005-04 Change	2004-03 Change
Assets					
Current assets	\$ 26,322,826	\$ 30,409,389	\$ 32,461,648	\$ (4,086,563)	\$ (2,052,259)
Restricted assets	2,167,787	2,243,263	2,348,028	(75,476)	(104,765)
Capital assets	205,772,325	171,224,183	153,288,142	34,548,142	17,936,041
Other non-current assets	7,782,491	8,412,228	9,017,838	(629,737)	(605,610)
Total Assets	242,045,429	212,289,063	197,115,656	29,756,366	15,173,407
Liabilities					
Current liabilities	9,891,406	9,980,780	5,238,468	(89,374)	4,742,312
Long-term debt, net of current portion	13,149,233	14,157,881	15,119,846	(1,008,648)	(961,965)
Deferred income, net of current portion	12,774,607	-	-	12,774,607	-
Other liabilities	1,770,357	1,788,748	1,676,841	(18,391)	111,907
Total Liabilities	37,585,603	25,927,409	22,035,155	11,658,194	3,892,254
Net Assets					
Invested in capital assets, net of related debt	178,351,445	156,056,302	137,188,296	22,295,143	18,868,006
Restricted	2,167,787	2,243,263	2,348,028	(75,476)	(104,765)
Unrestricted	23,940,594	28,062,089	35,544,177	(4,121,495)	(7,482,088)
Total Net Assets	\$ 204,459,826	\$ 186,361,654	\$ 175,080,501	\$ 18,098,172	\$ 11,281,153

2005 – 2004

The Authority's assets exceeded its liabilities at the close of 2005 by \$204,459,826. This is an increase over 2004 of \$18,098,172. By far, the largest portion of the Authority's net assets (87.2%) reflects its investment in capital assets, less 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 (1.1%) represents resources that are subject to external legal restrictions on how they may be used. The remaining balance of unrestricted net assets (11.7%) may be used to meet the Authority's ongoing obligations to employees and creditors.

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Management's Discussion and Analysis
December 31, 2005**

2004 – 2003

The Authority's assets exceeded its liabilities at the close of 2004 by \$186,361,654. This is an increase over 2003 of \$11,281,153. By far, the largest portion of the Authority's net assets (83.7%) reflects its investment in capital assets, less related debt used to acquire those assets that is still outstanding. An additional portion of the Authority's net assets (1.2%) represents resources that are subject to external legal restrictions on how they may be used. The remaining balance of unrestricted net assets (15.1%) 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 Statements of Revenues, Expenses, and Change in Net Assets summarize the operations of the Authority for the year ended December 31, 2005, 2004 and 2003:

	2005	2004	2003	2005-04 Variance	2004-03 Variance
Revenues					
Operating revenues:					
Wharfage	\$ 15,388,177	\$ 14,076,271	\$ 13,535,168	\$ 1,311,906	\$ 541,103
Dockage	4,153,902	3,858,120	3,218,880	295,782	639,240
Freight handling	2,351,619	1,976,486	1,492,129	375,133	484,357
Building and land rentals	3,705,185	3,409,141	3,361,762	296,044	47,379
Conference Center	1,556,200	1,663,726	1,443,592	(107,526)	220,134
Refrigerated warehouse	1,737,118	816,739	1,137,336	920,379	(320,597)
FTZ user fees	233,333	261,666	264,750	(28,333)	(3,084)
Security surcharge fees	2,018,305	830,882	-	1,187,423	830,882
Other	1,588,053	1,478,266	2,426,196	109,787	(947,930)
Total operating revenues	32,731,892	28,371,297	26,879,813	4,360,595	1,491,484
Interest revenue	1,084,006	1,116,764	1,222,899	(32,758)	(106,135)
Intergovernmental revenue	78,914	-	-	78,914	-
Gain(Loss) on disposal of capital assets	60,268	1,242,935	(90,856)	(1,182,667)	1,333,791
Total Revenues	33,955,080	30,730,996	28,011,856	3,224,084	2,719,140
Expenses					
Operating expenses:					
Maintenance and operations	16,592,092	13,937,712	12,474,555	2,654,380	1,463,157
General and administrative	10,139,046	9,630,337	9,572,631	508,709	57,706
Depreciation	6,142,055	5,513,656	5,417,115	628,399	96,541
Total operating expenses	32,873,193	29,081,705	27,464,301	3,791,488	1,617,404
Interest expense and fiscal charges	712,323	739,852	781,399	(27,529)	(41,547)
Amortization of bond issuance costs	63,610	81,418	104,862	(17,808)	(23,444)
Total Expenses	33,649,126	29,902,975	28,350,562	3,746,151	1,552,413
Income (Loss) Before Contributions	305,954	828,021	(338,706)	(522,067)	1,166,727
Capital Contributions	17,792,218	10,453,132	1,638,527	7,339,086	8,814,605
Changes in Net Assets	18,098,172	11,281,153	1,299,821	6,817,019	9,981,332
Total Net Assets, Beginning of Year	186,361,654	175,080,501	173,780,680	11,281,153	1,299,821
Total Net Assets, End of Year	\$ 204,459,826	\$ 186,361,654	\$ 175,080,501	\$ 18,098,172	\$ 11,281,153

Revenues

2005 – 2004

Operating revenues in 2005 increased by \$4,360,595 or 15.4% over 2004. The two most significant factors contributing to this increase were the full impact of a security surcharge fee that went into effect in August of 2004, and an increase in the Authority's

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Management's Discussion and Analysis
December 31, 2005**

wharfage tariff in October of 2005 on liquid bulk cargoes. The security surcharge fee which was imposed in 2004 was to assist in defraying the additional costs associated with federal mandates to provide new and expanded security measures to protect the Authority's harbors and facilities against potential terrorist attacks. The wharfage tariff on liquid bulk cargoes in 2005 was increased following a review of the Authority's overall tariff. The Authority had not increased this tariff item since 1982. The new tariff increase imposed an additional two cents a barrel on cargo crossing the Authority's public oil docks and one cent a barrel for cargo crossing private oil docks, resulting in an increase in wharfage of \$1.6 million. In addition, the Authority also saw a significant increase in warehousing revenue at its Refrigerated Warehouse Facility. This increase was the result of an increase in the handling of New Zealand and Australian beef and the repacking of pork products, coupled with new business towards the end of the year in the handling of poultry and melons. The Authority also recognized an increase in freight handling revenue at its Bulk Terminal. This increase was a result of increased throughput of coal. Conversely in 2005, the Authority experienced a slight downturn in revenues generated at its Conference Center. This downturn was the result of several significant events being cancelled due to the threat of hurricane Rita in September 2005 and the opening of the American Bank Center.

2004 – 2003

Operating revenues in 2004 increased by \$1,491,484 or 5.6% over 2003. In 2004, the most significant increase came from the implementation of a new security surcharge fee. This fee was imposed to assist in defraying the additional costs associated with federal mandates to provide new and expanded security measures to protect the Authority's harbors and facilities against potential terrorist attacks. In addition, the Authority experienced moderate increases in tonnage throughput at both its public oil dock and bulk terminal facilities, that translated into increases in revenues. The Authority also realized an increase in revenues at our dry cargo docks, through the movement of additional military cargo, the leasing of two of our dry cargo docks for the lay berthing of military vessels, and the leasing of cargo sheds for the storage of cotton. A modest increase in bookings at the Conference Center during 2004 also translated into additional revenue. Conversely in 2004, the Authority experienced a downturn in revenues generated from the disposal of dredge material into our dredge disposal sites, and from our refrigerated warehouse facility. The decline in dredge disposal revenue was anticipated due to the sporadic and cyclical nature of this activity. The decline in revenues at our refrigerated warehouse facility was the result of an embargo placed on the export of poultry and beef due to avian influenza and mad cow disease, respectively.

Gain on disposal of capital assets was mainly from the sale of property for the construction of a Double A Division baseball stadium.

Expenses

2005 – 2004

Total operating expenses in 2005 increased by \$3,791,488 or 13.0% over 2004. Several factors contributed to this increase in operating expenses. The Authority experienced a significant rise in its employee services costs in 2005. This rise is contributed to several factors. They include a rise in health care costs, increased overtime, a cost of living adjustment (COLA) and the addition of new personnel. In addition, the Authority experienced a rise in maintenance expenses associated with its facilities, that included piling repairs at several of its dry cargo docks, property cleanup, levee maintenance around its dredge disposal areas and swing boom repairs to its fire-fighting response vessel. The Authority also felt increases in its utility costs, as well as in contracted security services and labor. The Authority saw an increase in its depreciation expense, a result of capitalizing several significant capital projects. These projects included security lighting and fencing, construction of parking lots at the Ortiz Center and baseball stadium, cotton warehouses, railroad extension and infrastructure improvements at La Quinta, and a rail load-out storage pad and conveyors at our Bulk Terminal.

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Management's Discussion and Analysis
December 31, 2005**

2004 – 2003

Total operating expenses in 2004 increased by \$1,617,404 or 5.6% over 2003. The primary contributor to the overall increase in operating expenses came from the creation of a new port security department. Ten police officers, along with eight dispatchers were added to staff this department in 2004, along with associated operating overhead costs to maintain and support the department. Maintenance costs were up due primarily to dock repairs performed at our refrigerated warehouse facility and wire rope repairs made to our lift bridge. Conference center expenses increased as a result of increased bookings of events in 2004. Less significant increases were also noted in utilities costs, fire protection and equipment rental.

Capital Grants and Contributions

2005 – 2004

Capital grants and contributions increased by \$7,339,086 over 2004. The Authority is the recipient of a number of federal and state grants from a variety of programs. These grant funds are recorded on the basis of project expenditures made. As projects are advanced and expenditures incurred, grant funds are requested on a reimbursement basis and then recognized. Major capital grants and contributions at December 31, 2005 include the following:

● Joe Fulton International Trade Corridor	\$ 9,194,227
● Security enhancements	4,394,382
● Vessel Traffic Information System	2,945,932
● Water Taxi	1,255,232

2004 – 2003

Capital grants and contributions increased by \$8,814,605 over 2003. Major capital grants and contributions at December 31, 2004 include the following:

● Joe Fulton International Trade Corridor	\$ 6,416,011
● Security enhancements	3,338,691
● Vessel Traffic Information System	574,816
● Water Taxi	59,907

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

2005 – 2004

The Authority's investment in capital assets as December 31, 2005, amounts to \$205,772,325 (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 (additions net of retirements and depreciation) of \$34,548,142 or 20.2%. Additional information regarding the Authority's capital assets can be found in Note 4 to the financial statements on page 21.

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Management's Discussion and Analysis
December 31, 2005**

Major capital asset additions during 2005 include the following:

● Gulf Compress Cotton Warehouses *	\$ 13,662,887
● Joe Fulton International Trade Corridor	10,550,165
● Security enhancements	5,490,930
● Vessel Traffic Information System	2,249,855
● Waterfront Site Development	2,192,145
● Water Taxi	2,133,011
● Southside Military Rail Yard	1,619,622

* - Gulf Compress cotton warehouses were acquired under a long-term lease agreement. Additional information regarding the lease can be found in Note 6 to the financial statements on page 23.

2004 – 2003

The Authority's investment in capital assets as December 31, 2004, amounts to \$171,224,183 (net of accumulated depreciation). This amount represents a net increase (additions net of retirements and depreciation) of \$17,936,041 or 11.7%.

Major capital asset additions during 2004 include the following:

● Joe Fulton International Trade Corridor	\$ 12,180,030
● Security enhancements	5,343,783
● La Quinta Gateway Project	1,730,840
● Waterfront Site Development	1,422,146

The following table summarizes the Authority's capital assets (net of accumulated depreciation) as of December 31, 2005, 2004 and 2003:

	2005	2004	2003	2005-04 Change	2004-03 Change
Capital assets, not being depreciated:					
Land	\$ 39,734,428	\$ 38,768,079	\$ 38,701,240	\$ 966,349	\$ 66,839
Channel & waterfront improvements	18,868,431	18,868,431	18,625,279	-	243,152
Construction in progress	49,048,341	31,226,017	9,990,033	17,822,324	21,235,984
	107,651,200	88,862,527	67,316,552	18,788,673	21,545,975
Capital assets, being depreciated:					
Port facilities	48,111,049	49,605,870	52,086,651	(1,494,821)	(2,480,781)
Buildings & improvements	43,490,172	25,763,768	26,363,031	17,726,404	(599,263)
Machinery and equipment	6,519,904	6,992,018	7,521,908	(472,114)	(529,890)
	98,121,125	82,361,656	85,971,590	15,759,469	(3,609,934)
Net Capital Assets	\$ 205,772,325	\$ 171,224,183	\$ 153,288,142	\$ 34,548,142	\$ 17,936,041

Long-term Debt

As of December 31, 2005, the Authority had long-term debt outstanding of \$14,189,233. This amount is comprised of only general revenue bonds. The Authority's debt decreased through its annually scheduled debt service payments during 2005 and 2004. Additional information regarding the Authority's long-term debt can be found in Note 6 to the financial statements on page 22. The following table summarizes the Authority's long-term debt outstanding as of December 31, 2005 and 2004:

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Management's Discussion and Analysis
December 31, 2005**

	2005	2004	2003	2005-04 Change	2004-03 Change
General revenue bonds	\$ 14,189,233	\$ 15,167,881	\$ 16,099,846	\$ (978,648)	\$ (931,965)
Total Long-term Debt	\$ 14,189,233	\$ 15,167,881	\$ 16,099,846	\$ (978,648)	\$ (931,965)

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, 2005 the Authority's revenue bond coverage was 15.1 times, compared to 10.5 times as of December 31, 2004.

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 in 2005 were noticeably affected by the added financial burden to provide federally mandated security protection for its harbors and facilities. However, these costs were partially defrayed by a security surcharge fee. The Authority has been successful in securing federal funding to assist in the procurement of the necessary infrastructure to meet these mandates, but the Authority has been encumbered with the financial burden of having to man and maintain this infrastructure.

The Authority is also currently involved in several capital projects that when completed and brought into service will have a significant impact on the operations of the Authority through increased depreciation expense. These projects are not anticipated to produce a direct source of revenue to offset this increase. Depreciation expense is estimated to increase by \$428 thousand in 2006, and by an additional \$1.7 million in 2007 as a result of these new capital projects. Additionally, depreciation expense is estimated to increase by \$2.8 million in 2009 when the Joe Fulton International Trade Corridor is placed in service.

The Authority continually reviews its current tariff structure, as well as looks into ways to reduce its overall operating costs.

During 2005, the Authority continued to work on a number of diversification initiatives that will be carried forward over the next few years. These initiatives included the following:

- Signed an exclusive agreement with Dragados-S.P.L of Madrid, Spain for development of the La Quinta Trade Gateway
- Signed new agreements with Cuba's Alimport Food Import Company to ship wheat, beans and other products to Cuba
- Signed an agreement with Ozark Mountain Poultry for the export of poultry to Russia
- Signed an agreement with Frontera Produce to import cantaloupes and honeydew melons from Guatemala
- Search continues for a developer for the planning and development of available acreage near our conference center. The plan will include retail, restaurant and hotel elements to support the Authority's conference center, the new ballpark, the expanded convention center and new arena, and office complex.

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, 2005 and 2004

ASSETS

	2005	2004
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	\$ 12,870,636	\$ 3,416,558
Cash and cash equivalents-restricted (Note 2)	197,969	108,296
Investments (Note 2)	-	14,778,324
Accounts receivable (net of allowance for doubtful accounts of \$253,343 and \$210,244 for 2005 and 2004, respectively)	5,480,436	5,994,370
Grants receivable	5,439,565	3,661,010
Notes receivable, current portion (Note 3)	566,127	524,192
Interest receivable	439,808	607,822
Inventory	529,061	515,423
Prepaid expenses	799,224	803,394
<i>Total Current Assets</i>	<u>26,322,826</u>	<u>30,409,389</u>
NON-CURRENT ASSETS:		
RESTRICTED ASSETS:		
Cash and cash equivalents (Note 2)	2,167,787	571,587
Investments (Note 2)	-	1,671,676
<i>Total Restricted Assets</i>	<u>2,167,787</u>	<u>2,243,263</u>
CAPITAL ASSETS:		
Capital assets, not being depreciated (Note 4)	107,651,200	88,862,527
Capital assets, being depreciated, net (Note 4)	98,121,125	82,361,656
<i>Capital Assets, Net</i>	<u>205,772,325</u>	<u>171,224,183</u>
OTHER NON-CURRENT ASSETS:		
Notes receivable, net of current portion (Note 3)	7,635,112	8,201,239
Bond issuance costs, net of accumulated amortization	147,379	210,989
<i>Total Other Non-Current Assets</i>	<u>7,782,491</u>	<u>8,412,228</u>
<i>Total Non-Current Assets</i>	<u>215,722,603</u>	<u>181,879,674</u>
TOTAL ASSETS	<u>242,045,429</u>	<u>212,289,063</u>

See accompanying notes to financial statements

LIABILITIES AND NET ASSETS

	2005	2004
CURRENT LIABILITIES:		
Accounts payable	\$ 5,802,482	\$ 6,654,379
Accrued expenses	657,483	409,803
Deferred income	913,517	1,071,805
Deferred lease income, current portion (Note 6)	457,040	-
Current maturities of long-term debt (Note 6)	1,040,000	1,010,000
Accrued interest payable	52,680	55,342
Compensated absences, current portion (Note 6)	770,235	671,155
Current restricted liabilities payable from restricted current assets	197,969	108,296
<i>Total Current Liabilities</i>	<u>9,891,406</u>	<u>9,980,780</u>
NON-CURRENT LIABILITIES:		
Long-term debt, net of current maturities (Note 6)	13,149,233	14,157,881
Deferred lease income, net of current portion (Note 6)	12,774,607	-
Compensated absences, net of current portion (Note 6)	1,770,357	1,788,748
<i>Total Non-Current Liabilities</i>	<u>27,694,197</u>	<u>15,946,629</u>
TOTAL LIABILITIES	<u>37,585,603</u>	<u>25,927,409</u>
NET ASSETS:		
Invested in capital assets, net of related debt	178,351,445	156,056,302
Restricted:		
Debt service	1,671,455	1,671,676
Channel improvements	279,935	342,611
Health and dental benefits	149,497	208,230
Law enforcement	66,900	20,746
Unrestricted	23,940,594	28,062,089
TOTAL NET ASSETS	<u>\$ 204,459,826</u>	<u>\$ 186,361,654</u>

See accompanying notes to financial statements

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Statement of Revenues, Expenses and Changes in Net Assets
For the Years Ended December 31, 2005 and 2004**

	2005	2004
OPERATING REVENUES:		
Wharfage	\$ 15,388,177	\$ 14,076,271
Dockage	4,153,902	3,858,120
Freight handling	2,351,619	1,976,486
Building and land rentals	3,705,185	3,409,141
Conference center	1,556,200	1,663,726
Refrigerated warehouse	1,737,118	816,739
FTZ user fees	233,333	261,666
Security surcharge fees	2,018,305	830,882
Other	1,588,053	1,478,266
<i>Total Operating Revenues</i>	<u>32,731,892</u>	<u>28,371,297</u>
OPERATING EXPENSES:		
Maintenance and operations	16,592,092	13,937,712
General and administrative	10,139,046	9,630,337
Depreciation	6,142,055	5,513,656
<i>Total Operating Expenses</i>	<u>32,873,193</u>	<u>29,081,705</u>
<i>Operating Loss</i>	<u>(141,301)</u>	<u>(710,408)</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest revenue	1,084,006	1,116,764
Intergovernmental revenue	78,914	-
Gain on disposal of capital assets	60,268	1,242,935
Interest expense and fiscal charges	(712,323)	(739,852)
Amortization of bond issuance costs	(63,610)	(81,418)
<i>Net Non-Operating Revenues</i>	<u>447,255</u>	<u>1,538,429</u>
<i>Income Before Capital Grants and Contributions</i>	<u>305,954</u>	<u>828,021</u>
CAPITAL GRANTS AND CONTRIBUTIONS	<u>17,792,218</u>	<u>10,453,132</u>
<i>Change in Net Assets</i>	<u>18,098,172</u>	<u>11,281,153</u>
<i>Total Net Assets , Beginning of Year</i>	<u>186,361,654</u>	<u>175,080,501</u>
<i>Total Net Assets, End of Year</i>	<u>\$ 204,459,826</u>	<u>\$ 186,361,654</u>

See accompanying notes to financial statements

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Statement of Cash Flows
For the Years Ended December 31, 2005 and 2004**

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 32,534,305	\$ 26,605,243
Cash received from other operating sources	44,922	22,106
Cash payments to suppliers for goods & services	(14,597,862)	(12,670,178)
Cash payments to employees for services	(11,807,222)	(10,661,851)
<i>Net Cash Provided by Operating Activities</i>	<u>6,174,143</u>	<u>3,295,320</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from Federal Emergency Management Agency-hurricane preparedness proceeds	78,914	-
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>78,914</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(27,794,112)	(19,216,048)
Capital grants and contributions	16,011,218	7,437,957
Proceeds from sale of assets	137,209	1,470,610
Principal payment of debt	(1,010,000)	(980,000)
Interest payments on debt	(683,633)	(693,974)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(13,339,318)</u>	<u>(11,981,455)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	-	(24,150,000)
Proceeds from maturity of investments	16,450,000	29,700,000
Interest on investments	514,408	432,609
Principal payments on notes receivable	524,192	485,363
Interest received on notes receivable	737,612	721,516
<i>Net Cash Provided by Investing Activities</i>	<u>18,226,212</u>	<u>7,189,488</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<u>11,139,951</u>	<u>(1,496,647)</u>
<i>Cash and Cash Equivalents at Beginning of Year, Including Restricted Accounts</i>	<u>4,096,441</u>	<u>5,593,088</u>
<i>Cash and Cash Equivalents at End of Year, Including Restricted Accounts</i>	<u>\$ 15,236,392</u>	<u>\$ 4,096,441</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	\$ (141,301)	\$ (710,408)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	6,142,055	5,513,656
Changes in assets and liabilities:		
Accounts receivable	513,934	(2,106,908)
Inventories	(13,638)	70,120
Prepaid items	4,170	110,206
Accounts payable	(159,591)	173,547
Accrued expenses	436,433	(234,980)
Deferred income	(158,288)	368,180
Deferred lease income	(431,240)	-
Compensated absences	(18,391)	111,907
<i>Total Adjustments</i>	<u>6,315,444</u>	<u>4,005,728</u>
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 6,174,143</u>	<u>\$ 3,295,320</u>

See accompanying notes to financial statements

(Continued)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Statement of Cash Flows
For the Years Ended December 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
		(Continued)
<i>Noncash Investing, Capital, and Financing Activities:</i>		
Acquisition of cotton warehouses through prepaid lease agreement	\$ 13,662,887	\$ -
Amortization of issue costs and discount on revenue bonds	94,962	129,453
Gain on disposal of capital assets	60,268	1,242,935
Contributions of capital assets	2,445	53,603

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 boundaries of the District were made co-extensive with those of Nueces County. In 2003, Senate Bill 1934 was passed that allowed for the annexation of San Patricio County into the territorial jurisdiction of the Authority. 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 Texas Constitution and related laws of the State of Texas, particularly Sections 60 and 62 of the Texas Water Code 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.

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.

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*. The financial statements of the IDC are not material to the financial statements of the Authority, and have not been included in the basic financial statements. The condensed financial statement information of the IDC follows:

	2005	2004
Total Net Assets	\$ 19,036	\$ 7,821
Change in Net Assets	\$ 11,215	\$ 614

The financial statements of the IDC may be obtained from the Authority's Chief Financial Officer at 222 Power Street, Corpus Christi, Texas 78401.

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, 2005 consists of 13,446,698 pounds of meat, poultry, seafood, fruit, cottonseed and grains with an estimated fair market value of \$12,693,494.

Inventory held by the Authority's refrigerated warehouse for others as of December 31, 2004 consisted of 4,043,139 pounds of meat, seafood, cottonseed and grains with an estimated fair market value of \$4,851,767.

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, 2005 and 2004.

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

RESTRICTED ASSETS

Certain resources set aside for the repayment of the Authority's revenue bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The Authority has entered into escrow agreements with the United States Army Corp of Engineers to fund the Authority's cost share of channel improvements and maintenance. These funds are maintained in separate bank accounts and are specifically restricted for that purpose. All revenues received from participating in Federal equitable sharing of forfeited properties are restricted for use in the *United States Department of Justice Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies* or the *United States Department of Treasury Guide of Equitable Sharing For Foreign Countries and Federal, State and Local Law Enforcement Agencies*. Revenues received from participating in the State

sharing of forfeited properties are also restricted for use as defined by state statutes. Cash is reported as a restricted asset. The Authority through a trust agreement, funds the payment of employee health and dental benefits. These funds are maintained in separate bank accounts and are specifically restricted for that purpose.

When an expense is incurred for purposes for which restricted and unrestricted net assets are available, the Authority's policy is to apply restricted net assets first.

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 2005. This risk is further enhanced by the fact that petroleum cargo continues to be the Authority's top commodity representing nearly 85 percent of the total cargo tonnage moved through the Authority in 2005.

RECLASSIFICATIONS

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

2. DEPOSITS AND INVESTMENTS

The Authority's investments at December 31, 2005 and 2004 are as follows:

Investment Type	2005		Weighted Average Maturity (Days)	2004		Weighted Average Maturity (Days)
	Carrying Value	Fair Value		Carrying Value	Fair Value	
Certificates of Deposit	\$ -	\$ -		\$ 16,450,000	\$ 16,450,000	101
Mutual fund-AIM	13,738,552	13,738,552	1	3,168,919	3,168,919	1
Total	13,738,552	13,738,552		19,618,919	19,618,919	
Short-term investments included in cash and cash equivalents	13,738,552	13,738,552		3,168,919	3,168,919	
Equity in Total Investments	\$ -	\$ -		\$ 16,450,000	\$ 16,450,000	
Portfolio weighted average maturity			1			86

INTEREST RATE RISK

In accordance with the Authority's investment policy, the Authority manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to one year or less.

CREDIT RISK

The Public Funds Investment Act ("PFIA") governs the types of investments that the Authority may invest in. The PFIA authorizes the Authority to invest in (1) obligations of the US Government, its agencies and instrumentalities with a maximum stated maturity of two-years, excluding mortgage backed securities; (2) fully insured or collateralized certificates of deposit issued by banks doing business in Texas, with a maximum stated maturity of one year; (3) fully collateralized repurchase agreements, with a maximum stated maturity of 90 days except for bond fund flex repurchase agreements, which will match expenditure plans on the bond funds; (4) AAA Rated, constant dollar local government investment pools; and (5) money market mutual funds whose assets consist exclusively of obligations of the US Government, its agencies or instrumentalities and repurchase agreements backed by those securities.

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.

CONCENTRATION OF RISK

The Authority's investment policy places no limit on the amount the Authority may invest in any one issuer. As of December 31, 2005, 100% of the Authority's investments are in the AIM open-ended mutual fund.

At December 31, 2004, 84% of the Authority's investments were in certificates of deposit held by the First National Bank and 16% were held in the AIM open-ended mutual fund.

CUSTODIAL CREDIT RISK – DEPOSITS AND CERTIFICATES OF DEPOSIT

Custodial risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Investment Policy of the Authority requires that all time and demand deposits of the Authority be secured by pledged collateral with a market value equal to or greater than 102% of the principal plus accrued interest less an amount insured by FDIC. At December 31, 2005 the Authority's deposits held at financial institutions of \$1,986,746 were covered by federal depository insurance (FDIC) or were secured by collateral held by the Authority's agent in the Authority's name.

At December 31, 2004, the Authority's deposits held at financial institutions of \$1,781,195 and \$16,450,000 in certificates of deposit were covered by FDIC insurance or were secured by collateral held by the Authority's agent in the Authority's name.

3. NOTES RECEIVABLE

Notes Receivable as of December 31, 2005 and 2004 are summarized as follows:

	2005	2004
\$12,000,000 Note Receivable due in annual principal installments ranging from \$566,127 to \$1,131,691 through 2015; interest at 8.0%.	\$ 8,201,239	\$ 8,725,431
Less Current Maturities	566,127	524,192
Notes Receivable - Net	\$ 7,635,112	\$ 8,201,239

Total note receivable requirements as of December 31, 2005, are as follows:

	Principal	Interest	Total
2006	\$ 566,127	\$ 656,099	\$ 1,222,226
2007	611,418	610,809	1,222,227
2008	660,331	561,896	1,222,227
2009	713,157	509,069	1,222,226
2010	770,210	452,016	1,222,226
Thereafter	4,879,996	1,231,137	6,111,133
Total	\$ 8,201,239	\$ 4,021,026	\$ 12,222,265

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 2005 and 2004, the Authority credited \$1,261,804 and \$1,206,878, respectively of applicable revenue received from wharfage and dockage fees collected to the debt service account.

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

**Notes to Financial Statements
December 31, 2005 and 2004**

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005 was as follows:

	Beginning Balance	Transfers and Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 38,768,079	\$ 1,033,589	\$ 67,240	\$ 39,734,428
Channel and waterfront improvements	18,868,431	-	-	18,868,431
Construction in progress	31,226,017	17,822,324	-	49,048,341
Total capital assets, not being depreciated	88,862,527	18,855,913	67,240	107,651,200
Capital assets, being depreciated:				
Port facilities	121,323,754	1,652,780	-	122,976,534
Buildings and improvements	38,272,601	19,767,417	-	58,040,018
Machinery and equipment	15,430,214	491,028	86,913	15,834,329
Total capital assets, being depreciated	175,026,569	21,911,225	86,913	196,850,881
Less: accumulated depreciation for				
Port facilities	71,717,884	3,147,601	-	74,865,485
Buildings and improvements	12,508,833	2,041,013	-	14,549,846
Machinery and equipment	8,438,196	953,441	77,212	9,314,425
Total accumulated depreciation	92,664,913	6,142,055	77,212	98,729,756
Total capital assets, being depreciated, net	82,361,656	15,769,170	9,701	98,121,125
Total capital assets, net	\$ 171,224,183	\$ 34,625,083	\$ 76,941	\$ 205,772,325

Capital asset activity for the year ended December 31, 2004 was as follows:

	Beginning Balance	Transfers and Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 38,701,240	\$ 110,975	\$ 44,136	\$ 38,768,079
Channel and waterfront improvements	18,625,279	243,152	-	18,868,431
Construction in progress	9,990,033	21,235,984	-	31,226,017
Total capital assets, not being depreciated	67,316,552	21,590,111	44,136	88,862,527
Capital assets, being depreciated:				
Port facilities	120,724,436	599,318	-	121,323,754
Buildings and improvements	38,657,606	1,056,695	1,441,700	38,272,601
Machinery and equipment	15,380,256	431,249	381,291	15,430,214
Total capital assets, being depreciated	174,762,298	2,087,262	1,822,991	175,026,569
Less: accumulated depreciation for				
Port facilities	68,637,785	3,080,099	-	71,717,884
Buildings and improvements	12,294,575	1,485,808	1,271,550	12,508,833
Machinery and equipment	7,858,348	947,749	367,901	8,438,196
Total accumulated depreciation	88,790,708	5,513,656	1,639,451	92,664,913
Total capital assets, being depreciated, net	85,971,590	(3,426,394)	183,540	82,361,656
Total capital assets, net	\$ 153,288,142	\$ 18,163,717	\$ 227,676	\$ 171,224,183

5. 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, 2005, 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	
2006	\$ 2,207,101
2007	1,799,084
2008	1,583,623
2009	1,415,700
2010	1,351,658
Thereafter	2,591,438
Total	\$ 10,948,604

6. LONG-TERM LIABILITIES

LONG-TERM DEBT

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. Pledged revenues, as defined by the bond resolutions include all of the Authority's revenues and expenses other than those related to a) interest expense on revenue bonds, and b) depreciation.

A statement of changes in long-term debt for the year ended December 31, 2005, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds	\$ 15,130,000	\$ -	\$ 1,010,000	\$ 14,120,000	\$ 1,040,000
Accumulated Accretion	37,881	31,352	-	69,233	
Total	\$ 15,167,881	\$ 31,352	\$ 1,010,000	\$ 14,189,233	\$ 1,040,000

A statement of changes in long-term debt for the year ended December 31, 2004, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds	\$ 16,110,000	\$ -	\$ 980,000	\$ 15,130,000	\$ 1,010,000
Accumulated Accretion	(10,154)	48,035	-	37,881	
Total	\$ 16,099,846	\$ 48,035	\$ 980,000	\$ 15,167,881	\$ 1,010,000

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

**Notes to Financial Statements
December 31, 2005 and 2004**

Long-term debt as of December 31, 2005 and 2004 is summarized as follows:

	2005	2004
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 \$590,000 to \$910,000 through 2016; interest at 3.65 percent to 5.2 percent.	\$ 8,050,000	\$ 8,620,000
\$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 \$450,000 to \$680,000 through 2016; interest at 3.35 percent to 4.9 percent.	6,070,000	6,510,000
Total Revenue Bonds	14,120,000	15,130,000
Accumulated Accretion	69,233	37,881
Total Revenue Bonds and Accumulated Accretion	14,189,233	15,167,881
Less Current Maturities	1,040,000	1,010,000
Long-term Debt - Net	\$ 13,149,233	\$ 14,157,881

Total debt service requirements as of December 31, 2005 are as follows:

	Principal	Interest	Total
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
Thereafter	8,515,000	1,514,700	10,029,700
Total	\$ 14,120,000	\$ 4,266,010	\$ 18,386,010

The Authority is required to maintain adequate insurance coverage as defined in the applicable covenants of the revenue bonds, Series 2002 A & B. As of December 31, 2005, the Authority had adequate insurance coverage and all insurance premiums had been paid.

DEFERRED LEASE INCOME

The Authority entered into a lease agreement with Gulf Compress. Under the terms of the lease, Gulf Compress constructed 550,000 square feet of cotton warehouses on property owned by the Port at the proposed site of the LaQuinta Container Terminal Facility. On January 21, 2005, the cotton warehouses were completed and ownership was transferred to the Authority in consideration of a thirty year prepaid lease. Prepaid lease rentals will be amortized over the lease term as follows:

Years Ending	
2006	\$ 457,040
2007	457,040
2008	457,040
2009	457,040
2010	457,040
Thereafter	10,946,447
Total	\$ 13,231,647

COMPENSATED ABSENCES

A statement of changes in compensated absences for the year ended December 31, 2005, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Vacation	\$ 675,826	\$ 521,304	\$ 490,067	\$ 707,063	\$ 490,067
Sickleave	1,784,077	329,689	280,237	1,833,529	280,168
Total	\$ 2,459,903	\$ 850,993	\$ 770,304	\$ 2,540,592	\$ 770,235

A statement of changes in compensated absences for the year ended December 31, 2004, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Vacation	\$ 596,874	\$ 506,839	\$ 427,887	\$ 675,826	\$ 444,556
Sickleave	1,636,124	384,782	236,829	1,784,077	226,599
Total	\$ 2,232,998	\$ 891,621	\$ 664,716	\$ 2,459,903	\$ 671,155

Compensated Absences as of December 31, 2005 and 2004 is summarized as follows:

	2005	2004
Vacation	\$ 707,063	\$ 675,826
Sickleave	1,833,529	1,784,077
Total Compensated Absences	2,540,592	2,459,903
Less Current Portion	770,235	671,155
Compensated Absences - Net	\$ 1,770,357	\$ 1,788,748

7. 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 559 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 \$598,081 and \$939,842, respectively for the year ended December 31, 2005, and \$554,295 and \$871,036, respectively for the year ended December 31, 2004. Both the employees and the Authority make monthly contributions.

Annual Pension Cost and Net Pension Obligation

The Authority's annual pension costs (APC) 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
2005	\$ 939,842	100.00%	\$ -
2004	871,036	100.00%	-
2003	717,489	100.00%	-

The latest actuarial valuation for the Authority employees was completed as of December 31, 2004. 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

8. CONSTRUCTION AND IMPROVEMENT COMMITMENTS

At December 31, 2005, the Authority had remaining contractual construction and improvement commitments of approximately \$27,107,625. These commitments are being financed through operating revenues and capital grants.

9. 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 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 \$1,616,685. The Authority is covered for workers compensation claims through the Texas Municipal League Risk Pool. Prior to 2005, the Authority was self-insured for workers compensation and estimated remaining

workers compensation claims are reflected below. 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.

A liability for unpaid claims is reported when it is probable that a loss has occurred and the amount the loss can be reasonably estimated. The Authority's liability is an estimate and includes an amount for claims that have been incurred but not reported (IBNR). The methodology used to determine the liability is based on recent claim settlement trends, including frequency and amount of payouts, and other factors such as inflation, changes in legal doctrines and damage awards. At December 31, 2005, the liability of \$317,853 is comprised of estimated health claims of \$195,823 and estimated workers compensation claims of \$122,030. The liability at December 31, 2004, was comprised of estimated health claims of \$104,566 and workers compensation claims of \$141,676.

Changes in the balances of claims liabilities as of December 31, 2005 and 2004 are as follows:

	2005	2004
Unpaid claims, beginning of fiscal year	\$ 246,242	\$ 294,299
Incurred claims (including IBNRs)	1,677,260	1,316,578
Claims payments	(1,605,649)	(1,364,635)
Unpaid claims, end of fiscal year	\$ 317,853	\$ 246,242

FACILITIES FINANCING BONDS

The Authority and IDC have entered into agreements with five unrelated entities to finance construction of pollution control, environmental, and solid waste disposal facilities. To accomplish this, the Authority and IDC acted as issuers of facilities financing revenue bonds in the original amount of \$450,745,000. The bonds are secured solely by the facilities and installment sales agreements, and the Authority and IDC 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, 2005, facilities financing revenue bonds outstanding amounted to \$450,745,000.

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

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Actuarial Valuation Date	12/31/2004	12/31/2003	12/31/2002
Actuarial Value of Assets	\$ 12,187,288	\$ 10,728,469	\$ 9,277,397
Actuarial Accrued Liability (AAL)	\$ 16,966,500	\$ 15,445,423	\$ 14,091,854
Funded Ratio	71.8%	69.5%	65.8%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 4,779,212	\$ 4,716,954	\$ 4,814,457
Annual covered Payroll	\$ 7,918,506	\$ 6,522,619	\$ 6,094,250
UAAL as a Percentage of Covered Payroll	60.4%	72.3%	79.0%



SUPPLEMENTAL SCHEDULES

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

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

	Year Ended December 31, 2005		
	Actual	Budget	Variance (%)
OPERATING REVENUES:			
Wharfage	\$ 15,388,177	\$ 14,288,371	8
Dockage	4,153,902	3,588,946	16
Freight handling	2,351,619	1,705,200	38
Building and land rentals	3,705,185	3,677,067	1
Conference center	1,556,200	2,069,313	(25)
Refrigerated warehouse	1,737,118	1,496,700	16
FTZ user fees	233,333	240,000	(3)
Security surcharge fees	2,018,305	1,951,797	3
Other	1,588,053	1,610,476	(1)
<i>Total Operating Revenues</i>	<u>32,731,892</u>	<u>30,627,870</u>	<u>7</u>
OPERATING EXPENSES:			
Maintenance and operations	16,592,092	15,930,981	(4)
General and administrative	10,139,046	10,381,422	2
Depreciation	6,142,055	5,591,014	(9)
<i>Total Operating Expenses</i>	<u>32,873,193</u>	<u>31,903,417</u>	<u>(3)</u>
<i>Operating Loss</i>	<u>(141,301)</u>	<u>(1,275,547)</u>	<u>89</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest revenue	1,084,006	1,050,000	3
Intergovernmental revenue	78,914	-	100
Gain on disposal of fixed assets	60,268	-	100
Interest expense and fiscal charges	(712,323)	(693,565)	(3)
Amortization of bond issuance costs	(63,610)	(63,610)	0
<i>Net Non-Operating Revenues</i>	<u>447,255</u>	<u>292,825</u>	<u>53</u>
<i>Income (Loss) Before Capital Grants and Contributions</i>	<u>305,954</u>	<u>(982,722)</u>	<u>131</u>
CAPITAL GRANTS AND CONTRIBUTIONS			
	17,792,218	20,223,887	(12)
<i>Change in Net Assets</i>	<u>\$ 18,098,172</u>	<u>\$ 19,241,165</u>	<u>(6)</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, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
MAINTENANCE AND OPERATIONS:		
Employee services	\$ 6,527,181	\$ 5,206,360
Maintenance	3,317,396	2,641,655
Utilities	1,095,452	964,332
Telephone	19,694	20,468
Insurance	1,264,823	1,327,486
Professional services	544,189	444,902
Police expenses	36,788	64,252
Contracted services	2,155,840	1,483,850
Office and equipment rental	78,665	25,941
Operator and event expenses	1,287,428	1,438,345
Warehouse supplies	136,382	51,281
Safety/Environmental	53,509	43,180
General	74,745	225,660
<i>Total Maintenance and Operations</i>	<u>\$ 16,592,092</u>	<u>\$ 13,937,712</u>
GENERAL AND ADMINISTRATIVE:		
Employee services	\$ 5,711,388	\$ 5,367,098
Maintenance	229,548	274,342
Utilities	162,864	135,135
Telephone	209,939	108,862
Insurance	119,854	45,278
Professional services	1,713,073	1,642,718
Police expenses	1,341	1,429
Contracted services	54,189	60,516
Office and equipment rental	4,451	3,042
Administrative	1,483,098	1,598,908
Trade and sales development	107,450	143,296
Media advertising	91,527	102,957
Production	45,124	25,460
Safety/Environmental	20,439	20,992
General	184,761	100,304
<i>Total General and Administrative</i>	<u>\$ 10,139,046</u>	<u>\$ 9,630,337</u>

REVENUE BONDS, SERIES 2002-A

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
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	<u>\$ 8,050,000</u>	<u>\$ 2,500,720</u>	<u>\$ 10,550,720</u>

REVENUE BONDS, SERIES 2002-B

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
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	<u>\$ 6,070,000</u>	<u>\$ 1,765,290</u>	<u>\$ 7,835,290</u>

SUMMARY OF LONG-TERM DEBT

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
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	<u>\$ 14,120,000</u>	<u>\$ 4,266,010</u>	<u>\$ 18,386,010</u>

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

**Schedules of Facilities Financing Bonds
December 31, 2005**

<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
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
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
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
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
Flint Hills Res., Series 2005	Variable	03/01/2005	2030	25,000,000	25,000,000
Total				<u>\$ 450,745,000</u>	<u>\$ 450,745,000</u>

* - Issued by the Industrial Development Corporation (IDC)

STATISTICAL SECTION



TABLE I

**Vessel Traffic
Last Ten Years**

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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Inner Harbor										
<i>Ships</i>										
Dry Cargo	137	197	206	268	216	224	266	244	210	268
Tankers	946	926	920	799	866	843	744	841	803	808
<i>Barges</i>	4,244	4,284	4,700	4,357	4,605	4,625	4,066	4,465	4,818	4,820
<i>Total Vessels</i>	5,327	5,407	5,826	5,424	5,687	5,692	5,076	5,550	5,831	5,896
La Quinta Harbor										
<i>Ships</i>										
Dry Cargo	91	115	132	126	123	124	119	116	101	147
Tankers	161	143	134	158	132	119	112	152	167	104
<i>Barges</i>	141	147	150	143	159	132	161	257	281	310
<i>Total Vessels</i>	393	405	416	427	414	375	392	525	549	561
Harbor Island										
<i>Ships</i>										
Dry Cargo	-	-	-	-	195	681	628	540	581	610
Tankers	-	-	-	1	-	-	-	-	-	-
<i>Barges</i>	-	-	1	2	-	8	23	5	-	-
<i>Total Vessels</i>	-	-	1	3	195	689	651	545	581	610
Ingleside Harbor										
<i>Ships</i>										
Dry Cargo	-	1	3	7	13	4	13	6	13	12
Tankers	86	80	92	87	88	65	84	80	86	88
<i>Barges</i>	78	96	70	50	18	35	52	56	111	54
<i>Total Vessels</i>	164	177	165	144	119	104	149	142	210	154
Rincon Point										
<i>Ships</i>										
Dry Cargo	-	-	-	-	-	-	-	-	-	-
Tankers	-	-	-	-	-	-	-	-	-	-
<i>Barges</i>	16	2	4	2	-	-	3	4	66	114
<i>Total Vessels</i>	16	2	4	2	-	-	3	4	66	114
Total										
<i>Ships</i>										
Dry Cargo	228	313	341	401	547	1,033	1,026	906	905	1,037
Tankers	1,193	1,149	1,146	1,045	1,086	1,027	940	1,073	1,056	1,000
<i>Barges</i>	4,479	4,529	4,925	4,554	4,782	4,800	4,305	4,787	5,276	5,298
<i>Total Vessels</i>	5,900	5,991	6,412	6,000	6,415	6,860	6,271	6,766	7,237	7,335

TABLE I (Continued)

**Vessel Traffic
Last Ten Years**

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

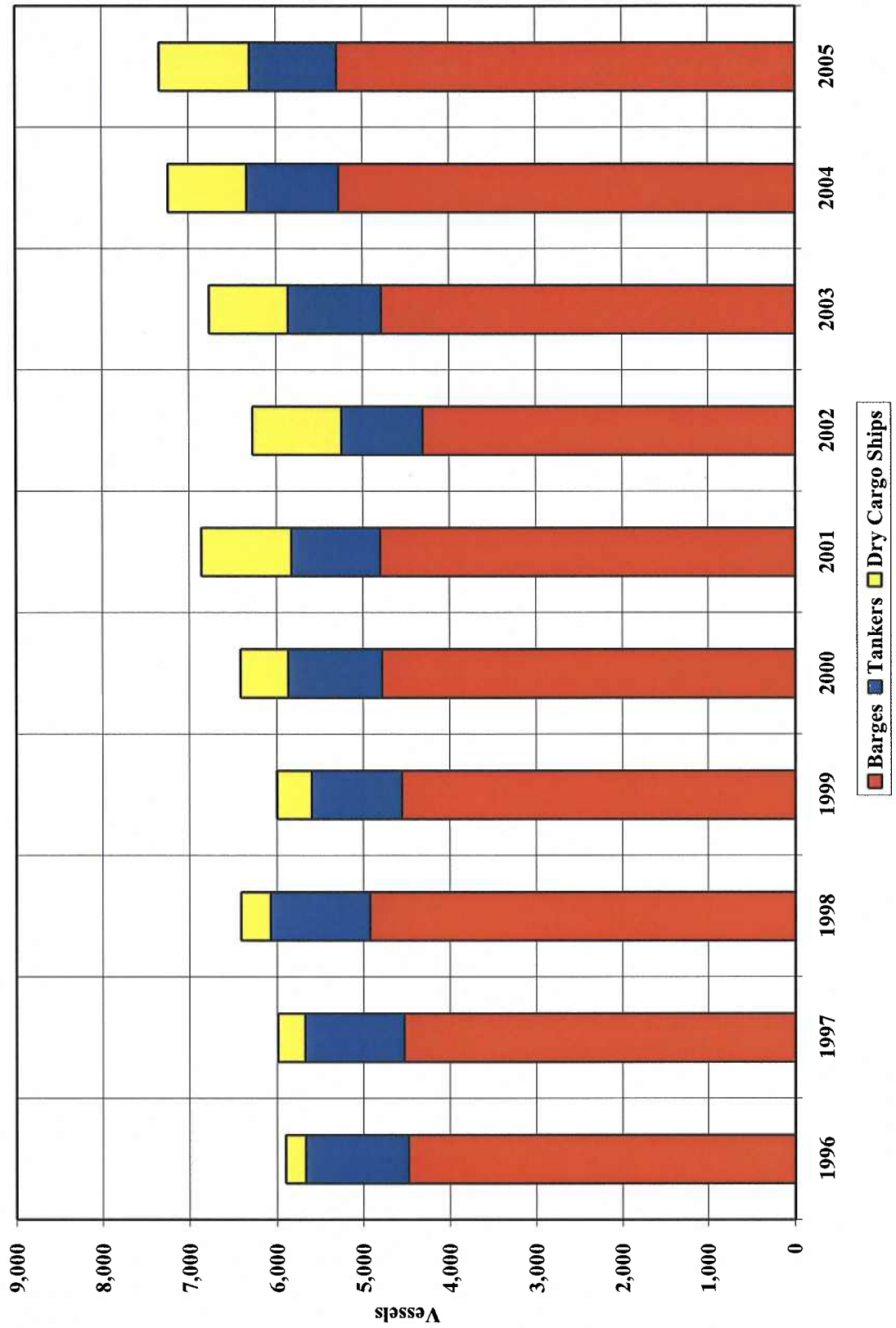


TABLE II

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Port Commerce By Commodity
Last Ten Years

Commodity	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Commodity By Port Division - Short tons										
Inner Harbor										
Break Bulk	47,359	23,914	37,607	111,565	65,680	18,786	41,356	210,873	253,084	200,159
Grain	974,819	1,497,226	1,463,127	1,742,108	1,729,729	1,960,433	1,845,301	1,666,579	1,836,090	2,098,829
Chemical	150,742	79,954	63,116	55,008	62,109	65,394	48,861	37,243	47,295	66,514
Dry Bulk	2,018,776	2,043,499	2,520,833	1,996,667	1,989,651	2,259,592	2,501,157	2,062,015	2,541,606	2,544,880
Liquid Bulk	72,233	56,203	53,649	56,876	113,130	320,633	65,538	243,135	407,906	518,403
Petroleum	65,437,266	66,643,071	71,098,102	66,923,986	71,533,183	69,375,427	63,809,573	67,466,251	67,414,002	66,391,484
Total	68,701,195	70,343,867	75,236,434	70,886,210	75,493,482	74,000,265	68,311,786	71,686,096	72,499,983	71,820,269
La Quinta										
Break Bulk	-	-	-	64	-	-	-	-	-	-
Chemical	1,969,192	1,845,704	1,938,542	2,250,676	2,168,006	1,878,788	1,556,565	1,966,843	2,095,441	1,728,815
Dry Bulk	4,733,524	4,943,913	5,326,210	5,002,167	5,187,747	4,813,124	4,890,941	4,761,502	4,689,730	5,812,484
Petroleum	-	21,906	34,152	22,713	25,991	30,785	26,862	23,386	31,518	25,081
Total	6,702,716	6,811,523	7,298,904	7,275,620	7,381,744	6,722,697	6,474,368	6,751,731	6,816,689	7,566,380
Harbor Island										
Break Bulk	-	5,400	-	-	2	10,609	5,132	17,146	1,816	6
Petroleum	-	-	-	1,060	138	1,074	2,760	533	-	332
Total	-	5,400	-	1,060	140	11,683	7,892	17,679	1,816	338
Ingleside										
Break Bulk	-	75	99,173	58,619	6,275	186,428	93,260	133,165	241,882	226,899
Dry Bulk	-	-	-	-	-	48	-	3,506	(3,506)	-
Petroleum	5,903,325	6,091,791	6,873,407	6,285,993	6,523,003	6,111,062	6,061,259	6,531,995	6,769,131	7,115,455
Total	5,903,325	6,091,866	6,972,580	6,344,612	6,529,278	6,297,538	6,154,519	6,668,666	7,007,507	7,342,354
Rincon Point										
Break Bulk	1,507	-	-	-	-	-	-	62	6,234	17,918
Dry Bulk	19,172	24,317	20,215	17,468	19,847	3,774	10,358	6,890	61,574	38,690
Total	20,679	24,317	20,215	17,468	19,847	3,774	10,358	6,952	67,808	56,608
Total	81,327,915	83,276,973	89,528,133	84,524,970	89,424,491	87,035,957	80,958,923	85,131,124	86,393,803	86,785,949
Commodity Totals - Short tons										
Break Bulk	48,866	29,389	136,780	170,248	71,957	215,823	139,748	361,246	503,016	444,982
Grain	974,819	1,497,226	1,463,127	1,742,108	1,729,729	1,960,433	1,845,301	1,666,579	1,836,090	2,098,829
Chemical	2,119,934	1,925,658	2,001,658	2,305,684	2,230,115	1,944,182	1,605,426	2,004,086	2,142,736	1,795,329
Dry Bulk	6,771,472	7,011,729	7,867,258	7,016,302	7,197,245	7,076,538	7,402,456	6,833,913	7,289,404	8,396,054
Liquid Bulk	72,233	56,203	53,649	56,876	113,130	320,633	65,538	243,135	407,906	518,403
Petroleum	71,340,591	72,756,768	78,005,661	73,233,752	78,082,315	75,518,348	69,900,454	74,022,165	74,214,651	73,532,352
Total	81,327,915	83,276,973	89,528,133	84,524,970	89,424,491	87,035,957	80,958,923	85,131,124	86,393,803	86,785,949

TABLE II (Continued)

**Port Commerce By Commodity
Last Ten Years**

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

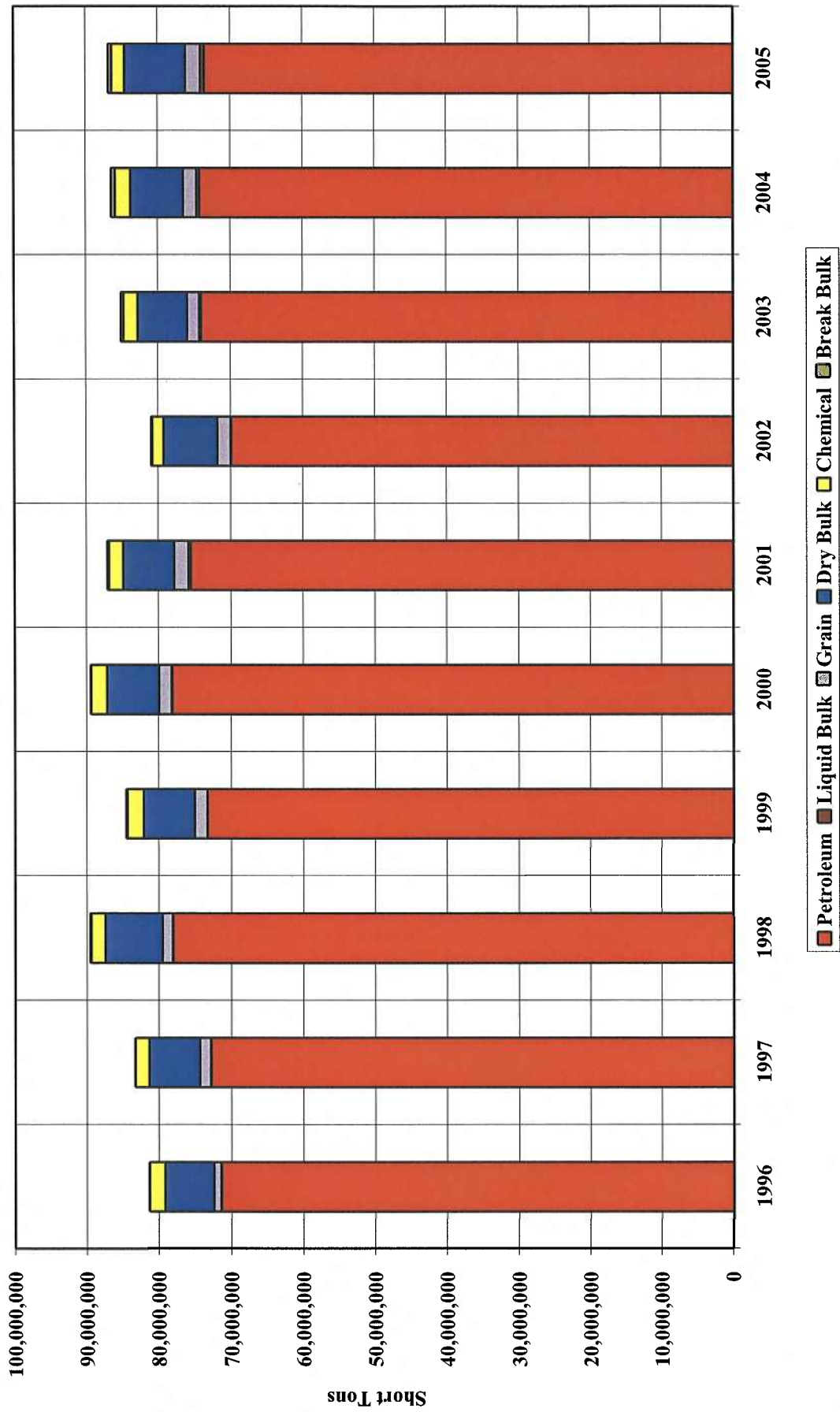


TABLE III

**Port Commerce By Direction
Last Ten Years**

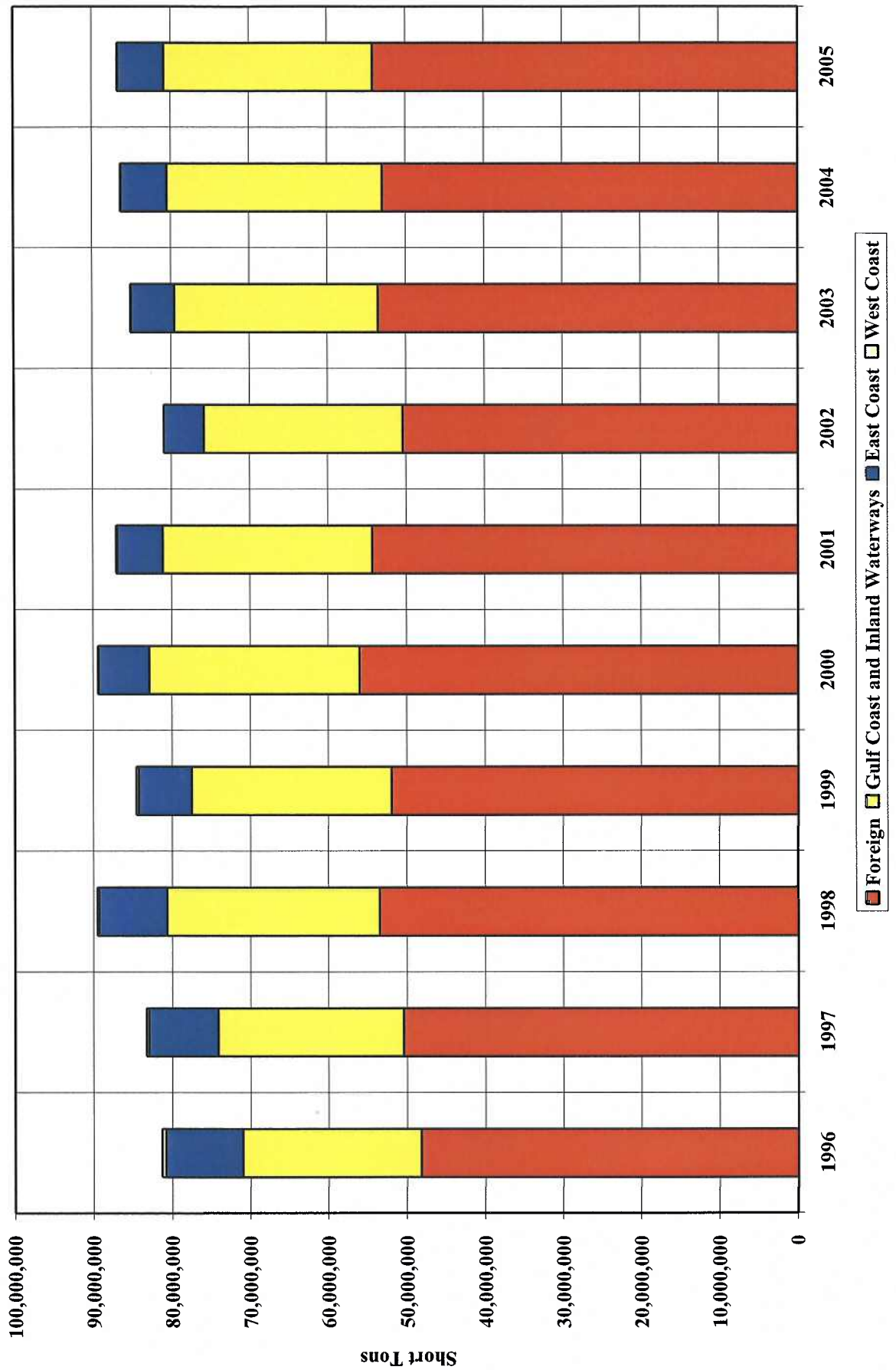
**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

Direction - Short tons	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Foreign:										
Imports	40,811,052	41,989,133	45,275,874	43,364,220	46,600,131	44,913,824	40,923,567	44,299,031	43,994,496	46,034,046
Exports	7,375,842	8,431,392	8,197,342	8,562,230	9,366,965	9,410,670	9,464,432	9,207,582	8,968,838	8,142,598
Total	48,186,894	50,420,525	53,473,216	51,926,450	55,967,096	54,324,494	50,387,999	53,506,613	52,963,334	54,176,644
Gulf Coast and Inland Waterways:										
Inbound	8,079,452	8,943,672	9,095,922	9,499,486	9,140,970	9,455,352	10,183,135	9,631,747	10,766,788	10,232,681
Outbound	14,739,063	14,811,150	18,088,453	16,092,321	17,758,974	17,357,278	15,292,417	16,423,427	16,762,133	16,483,837
Total	22,818,515	23,754,822	27,184,375	25,591,807	26,899,944	26,812,630	25,475,552	26,055,174	27,528,921	26,716,518
East Coast:										
Inbound	82,744	185,832	175,326	231,043	431,501	352,825	285,988	237,307	130,761	102,276
Outbound	9,743,249	8,625,349	8,476,846	6,458,762	6,003,290	5,348,948	4,780,686	5,238,667	5,708,837	5,703,177
Total	9,825,993	8,811,181	8,652,172	6,689,805	6,434,791	5,701,773	5,066,674	5,475,974	5,839,598	5,805,453
West Coast:										
Inbound	266,594	16,147	118,888	23,797	28,549	94,843	12,621	-	-	15,125
Outbound	229,919	274,298	99,482	293,111	94,111	102,217	16,077	93,363	61,950	72,209
Total	496,513	290,445	218,370	316,908	122,660	197,060	28,698	93,363	61,950	87,334
Total	81,327,915	83,276,973	89,528,133	84,524,970	89,424,491	87,035,957	80,958,923	85,131,124	86,393,803	86,785,949
Total:										
Foreign	48,186,894	50,420,525	53,473,216	51,926,450	55,967,096	54,324,494	50,387,999	53,506,613	52,963,334	54,176,644
Domestic	33,141,021	32,856,448	36,054,917	32,598,520	33,457,395	32,711,463	30,570,924	31,624,511	33,430,469	32,609,305
Total	81,327,915	83,276,973	89,528,133	84,524,970	89,424,491	87,035,957	80,958,923	85,131,124	86,393,803	86,785,949
Inbound	49,239,842	51,134,784	54,666,010	53,118,546	56,201,151	54,816,844	51,405,311	54,168,085	54,892,045	56,384,128
Outbound	32,088,073	32,142,189	34,862,123	31,406,424	33,223,340	32,219,113	29,553,612	30,963,039	31,501,758	30,401,821
Total	81,327,915	83,276,973	89,528,133	84,524,970	89,424,491	87,035,957	80,958,923	85,131,124	86,393,803	86,785,949

TABLE III (Continued)

Port Commerce By Direction
Last Ten Years

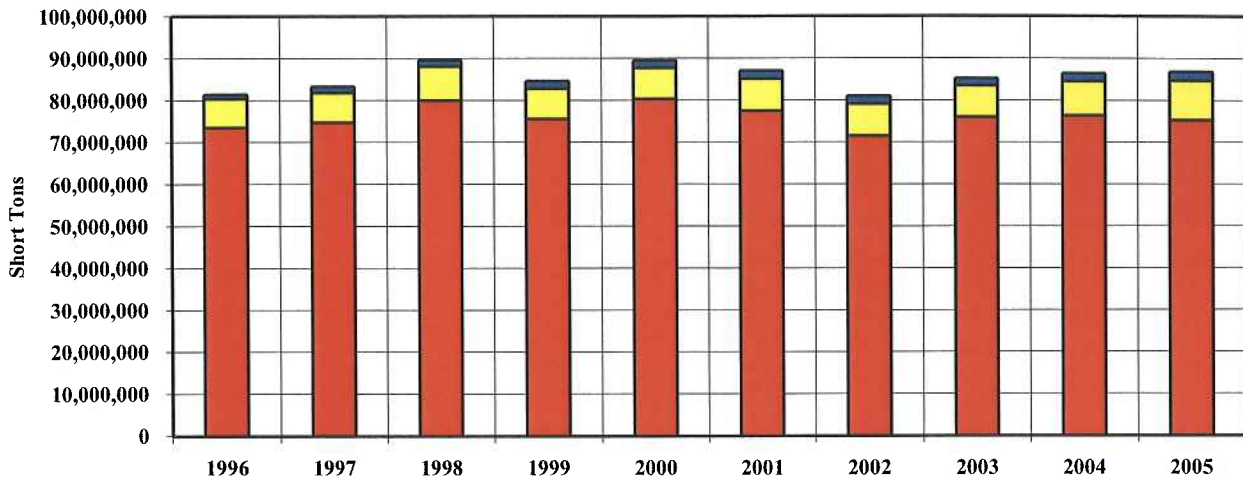
PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS



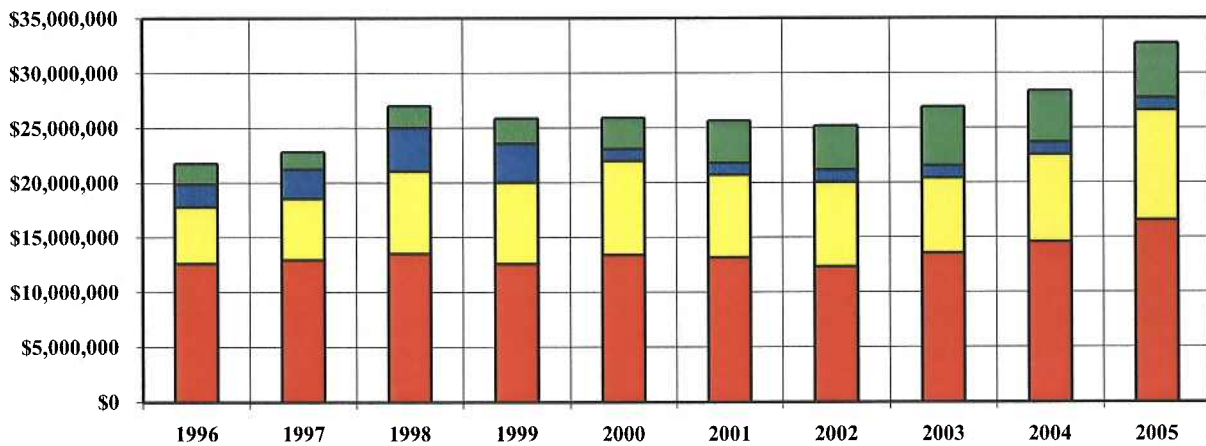
**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

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

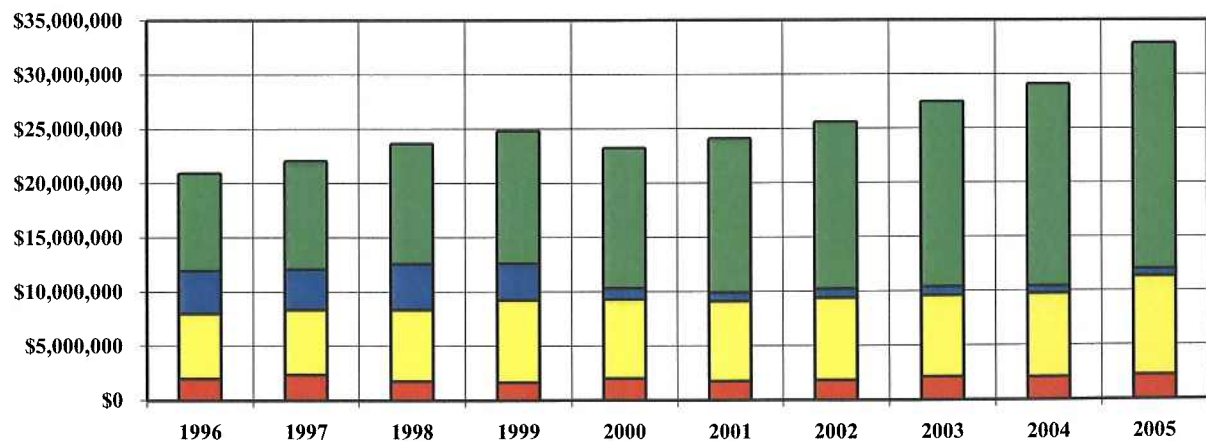
Tonnage:



Operating Revenues:



Operating Expenses:

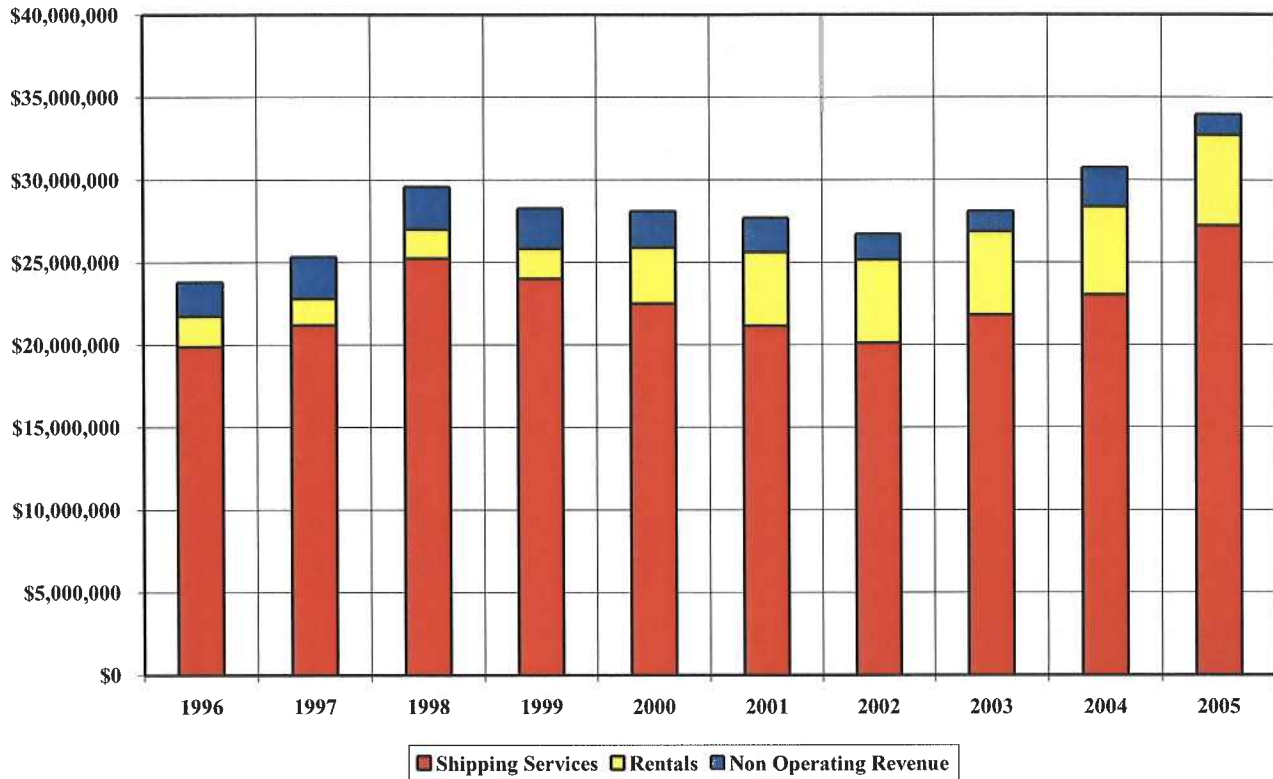


■ Petroleum/Chemical
 ■ Dry Cargo
 ■ Grain
 ■ Other

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

**Revenue Source and Application
Last Ten Years**

Revenue Source:



Revenue Application:

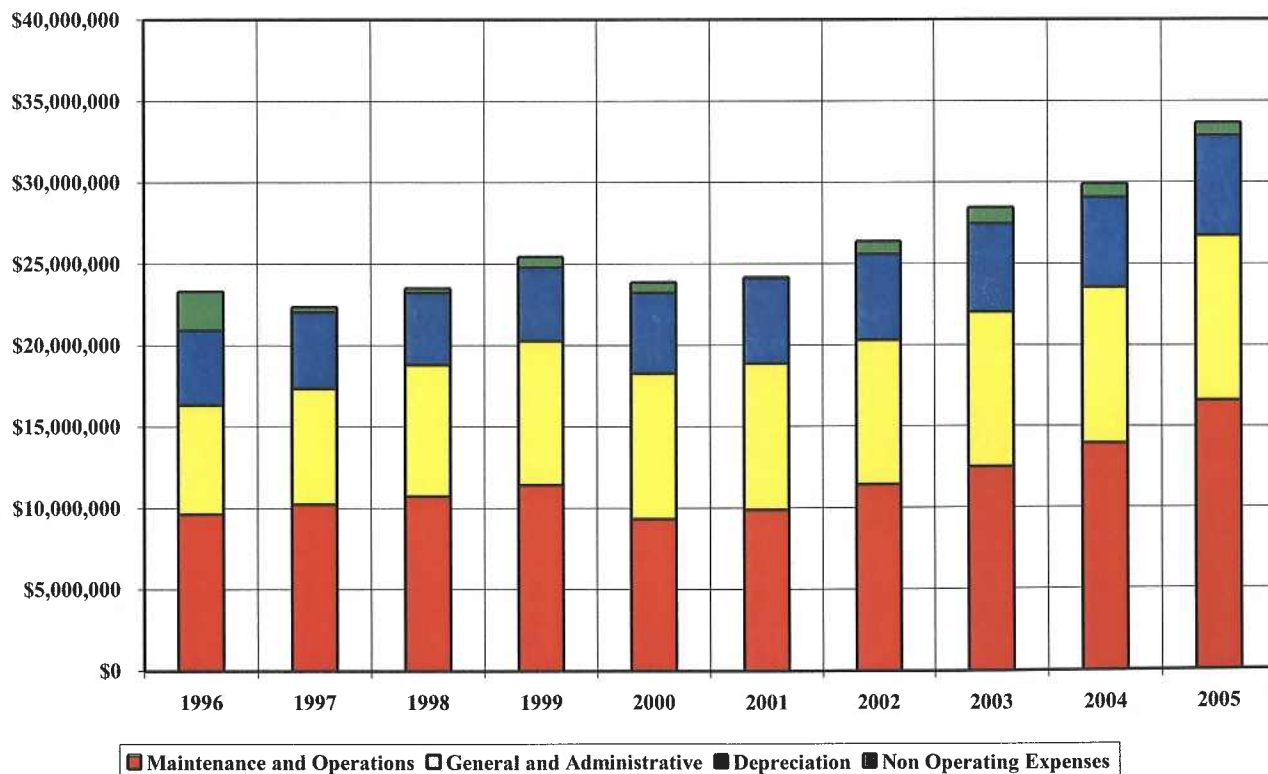


TABLE VI

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Financial Performance Indicators
Last Ten Years

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Operating Revenues (OR)	\$ 21,757,378	\$ 22,800,045	\$ 26,995,863	\$ 25,836,907	\$ 25,890,403	\$ 25,624,318	\$ 25,160,999	\$ 26,879,813	\$ 28,371,297	\$ 32,731,892
Operating Expenses (OE) *	(16,351,360)	(17,339,439)	(19,201,351)	(20,269,616)	(18,279,022)	(18,865,409)	(20,298,367)	(22,047,186)	(23,568,049)	(26,731,138)
Net Operating Income (NOI)	5,406,018	5,460,606	7,794,512	5,567,291	7,611,381	6,758,909	4,862,632	4,832,627	4,803,248	6,000,754
Non-Operating Revenues	2,039,893	2,532,046	2,572,029	2,426,614	2,192,369	2,055,366	1,550,807	1,222,899	2,359,699	1,223,188
Non-Operating Expenses	(2,372,750)	(315,995)	(264,489)	(656,174)	(627,071)	(85,005)	(734,977)	(977,117)	(821,270)	(775,933)
Net Income "A" (NI"A")	5,073,161	7,676,657	10,102,052	7,337,731	9,176,679	8,729,270	5,678,462	5,078,409	6,341,677	6,448,009
Depreciation	(4,569,389)	(4,695,994)	(4,425,667)	(4,509,898)	(4,944,421)	(5,224,868)	(5,284,372)	(5,417,115)	(5,513,656)	(6,142,055)
Net Income (Loss) "B" (NI"B")	\$ 503,772	\$ 2,980,663	\$ 5,676,385	\$ 2,827,833	\$ 4,232,258	\$ 3,504,402	\$ 394,090	\$ (338,706)	\$ 828,021	\$ 305,954
Net Capital Assets (NCA) **	\$ 117,399,178	\$ 117,956,248	\$ 118,269,753	\$ 122,779,056	\$ 147,286,699	\$ 143,840,270	\$ 145,906,446	\$ 143,298,109	\$ 139,998,166	\$ 156,723,985
Total Assets (TA)	\$ 171,285,596	\$ 172,384,118	\$ 178,459,639	\$ 179,938,670	\$ 179,630,724	\$ 179,679,534	\$ 196,391,543	\$ 197,115,656	\$ 212,289,063	\$ 242,045,429

Operating Indicators:

Operating ROI (NOI/NCA)	4.60%	4.63%	6.59%	4.53%	5.17%	4.70%	3.33%	3.37%	3.43%	3.83%
Operating Margin (NOI/OR)	24.85%	23.95%	28.87%	21.55%	29.40%	26.38%	19.33%	17.98%	16.93%	18.33%
Operating Ratio (OE/OR)	75.15%	76.05%	71.13%	78.45%	70.60%	73.62%	80.67%	82.02%	83.07%	81.67%

Other ROI Indicators:

ROI "A" (NI"A"/TA)	2.96%	4.45%	5.66%	4.08%	5.11%	4.86%	2.89%	2.58%	2.99%	2.66%
ROI "B" (NI"B"/TA)	0.29%	1.73%	3.18%	1.57%	2.36%	1.95%	0.20%	-0.17%	0.39%	0.13%

* - Excludes Depreciation

** - Excludes Construction in Progress

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Expenses by Type
Last Ten Years

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Operating Expenses:										
Maintenance and Operation:										
Employee services	\$ 3,482,579	\$ 3,933,523	\$ 4,113,336	\$ 4,563,345	\$ 3,293,465	\$ 3,570,749	\$ 3,929,041	\$ 4,144,531	\$ 5,206,360	\$ 6,527,181
Maintenance	2,597,113	2,674,863	2,919,585	2,213,199	1,756,682	1,761,065	1,970,104	2,686,825	2,641,655	3,317,396
Utilities	747,251	646,548	625,315	660,189	468,382	615,609	694,391	886,009	964,332	1,095,452
Telephone	12,897	17,473	22,204	26,092	30,158	33,212	34,045	22,358	20,468	19,694
Insurance	1,164,276	1,299,047	1,026,451	978,421	966,835	966,114	1,276,352	1,427,198	1,327,486	1,264,823
Professional services	117,050	260,363	115,416	182,015	114,171	137,700	202,418	228,158	444,902	544,189
Police expenses	-	-	-	-	-	-	-	-	64,252	36,788
Contracted services	874,593	912,584	988,017	1,128,658	1,062,328	1,205,445	1,597,049	1,485,158	1,483,850	2,155,840
Office and equipment rental	32,717	10,786	9,152	55,208	51,250	40,616	106,710	11,908	25,941	78,665
Operator and event expenses	-	-	-	-	244,174	708,885	1,225,868	1,310,806	1,438,345	1,287,428
Warehouse supplies	-	-	-	-	-	1,898	85,770	46,823	51,281	136,382
Grain handling	228,595	67,937	463,180	58,274	1,094	-	-	-	-	-
Ginning	138,701	157,606	366,040	1,258,237	1,096,642	546,622	-	-	-	-
Safety/Environmental	69,315	40,703	43,647	58,281	21,034	33,018	39,985	46,293	43,180	53,509
General	148,349	203,042	220,682	228,439	227,802	246,706	253,460	178,488	225,660	74,745
	<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>\$12,474,555</u>	<u>\$13,937,712</u>	<u>\$16,592,092</u>
General and Administrative:										
Employee services	\$ 3,541,346	\$ 4,060,736	\$ 4,170,496	\$ 4,521,403	\$ 4,484,449	\$ 4,485,094	\$ 4,523,035	\$ 5,048,655	\$ 5,367,098	\$ 5,711,388
Maintenance	336,266	262,002	298,099	317,737	281,890	234,515	297,592	272,419	274,342	229,548
Utilities	106,470	119,642	110,965	102,943	125,271	154,595	118,395	131,448	135,135	162,864
Telephone	88,594	86,186	105,203	103,524	129,241	124,877	98,649	103,287	108,862	209,939
Insurance	113,865	110,179	99,291	79,152	39,961	85,113	208,519	107,456	45,278	119,854
Professional services	1,145,952	1,111,892	1,641,139	1,665,601	1,761,967	1,914,403	1,794,626	1,781,500	1,642,718	1,713,073
Police expenses	-	-	-	-	-	-	-	-	1,429	1,341
Contracted services	2,676	14,727	10,151	25,609	79,711	105,890	94,226	68,343	60,516	54,189
Office and equipment rental	27,169	24,717	25,087	44,365	30,848	46,307	2,245	8,270	3,042	4,451
Administrative	856,011	1,004,757	1,209,395	1,361,721	1,344,684	1,262,105	1,279,119	1,533,738	1,598,908	1,483,098
Trade and sales development	76,558	103,137	163,991	227,183	209,492	178,538	129,229	125,484	143,296	107,450
Media advertising	151,408	194,785	295,463	238,715	248,392	211,051	124,256	88,530	102,957	91,527
Production	78,222	80,363	105,620	107,252	111,049	77,551	55,918	57,538	25,460	45,124
Safety/Environmental	29,920	19,607	(9,176)	20,227	6,869	11,241	13,638	19,889	20,992	20,439
General	183,467	(77,766)	62,602	43,826	91,181	106,490	143,727	226,074	100,304	184,761
	<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>\$ 8,883,174</u>	<u>\$ 9,572,631</u>	<u>\$ 9,630,337</u>	<u>\$10,139,046</u>
Depreciation	\$ 4,569,389	\$ 4,695,995	\$ 4,425,667	\$ 4,509,898	\$ 4,944,421	\$ 5,224,868	\$ 5,284,372	\$ 5,417,115	\$ 5,513,656	\$ 6,142,055
Non-Operating Expenses:										
Other:										
Interest	\$ 421,672	\$ 315,995	\$ 252,987	\$ 167,605	\$ 128,862	\$ 85,005	\$ 734,977	\$ 886,261	\$ 821,270	\$ 775,933
Loss - suspended capital projects	1,951,078	-	-	-	-	-	-	-	-	-
Other	-	-	11,502	488,569	498,208	-	-	90,856	-	-
	<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>	<u>\$ 821,270</u>	<u>\$ 775,933</u>

TABLE VIII

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

**Revenues by Source
Last Ten Years**

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Operating Revenues:										
Wharfage	\$ 12,504,190	\$ 12,683,762	\$ 13,546,195	\$ 12,592,047	\$ 13,282,469	\$ 13,215,302	\$ 12,534,632	\$ 13,535,168	\$ 14,076,271	\$ 15,388,177
Dockage	2,778,378	3,582,641	4,020,559	3,619,507	3,229,447	3,009,600	2,733,667	3,218,880	3,858,120	4,153,902
Freight handling	3,222,755	3,652,867	4,683,526	4,158,629	2,019,205	2,033,916	2,410,795	1,492,129	1,976,486	2,351,619
Bagging	368,417	96,928	841,439	41,344	-	-	-	-	-	-
Building and land rentals	1,512,873	1,306,175	1,430,634	1,495,070	2,835,108	3,363,438	3,385,964	3,361,762	3,409,141	3,705,185
Conference center	-	-	-	-	296,861	833,712	1,367,934	1,443,592	1,663,726	1,556,200
Refrigerated warehouse	-	-	-	-	-	102,623	954,178	1,137,336	816,739	1,737,118
FTZ user fees	358,182	298,827	335,160	346,660	261,250	281,750	287,115	264,750	261,666	233,333
Security surcharge fees	-	-	-	-	-	-	-	-	830,882	2,018,305
Compress	307,392	403,509	922,611	2,298,035	2,734,668	1,477,844	185,538	45,598	-	-
Other	705,191	775,336	1,215,739	1,285,615	1,231,395	1,306,133	1,301,176	2,380,598	1,478,266	1,588,053
	<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>\$ 25,160,999</u>	<u>\$ 26,879,813</u>	<u>\$ 28,371,297</u>	<u>\$ 32,731,892</u>
Non-Operating Revenues:										
Other:										
Interest	\$ 1,803,343	\$ 1,947,942	\$ 2,031,442	\$ 1,751,857	\$ 1,619,461	\$ 1,261,435	\$ 1,314,593	\$ 1,222,899	\$ 1,116,764	\$ 1,084,006
Other	236,550	584,104	540,587	674,757	572,907	787,431	236,214	-	1,242,935	139,182
	<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>\$ 1,550,807</u>	<u>\$ 1,222,899</u>	<u>\$ 2,359,699</u>	<u>\$ 1,223,188</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, 2004	Unpaid Taxes As Percent of Levy
1996	\$ 2,629,887	\$ 1,014,562	38.58%	\$ 1,615,325	\$ 1,606,875	\$ 2,621,437	99.68%	\$ 8,450	0.32%
1997	2,757,300	1,018,880	36.95%	1,738,420	1,729,257	2,748,137	99.67%	9,163	0.33%
1998	2,683,336	1,055,716	39.34%	1,627,620	1,616,711	2,672,427	99.59%	10,909	0.41%
1999	2,548,703	982,346	38.54%	1,566,357	1,553,874	2,536,220	99.51%	12,483	0.49%
2000	2,484,092	961,998	38.73%	1,522,094	1,508,196	2,470,194	99.44%	13,898	0.56%
2001	235,945	88,340	37.44%	147,605	146,044	234,384	99.34%	1,561	0.66%
2002 *	-	-	-	-	-	-	-	-	-
2003 *	-	-	-	-	-	-	-	-	-
2004 *	-	-	-	-	-	-	-	-	-
2005 *	-	-	-	-	-	-	-	-	-

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

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
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	-	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-	-

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**

	1996	1997	1998	1999	2000	2001	2002 *	2003 *	2004 *	2005 *
Port of Corpus Christi Authority	\$ 0.02719	\$ 0.02785	\$ 0.02659	\$ 0.02480	\$ 0.02372	\$ 0.00212	\$ -	\$ -	\$ -	\$ -
Nueces County	0.33459	0.33459	0.33459	0.34462	0.35274	0.35024	-	-	-	-
Hospital District	0.24170	0.23316	0.22803	0.22803	0.22803	0.22803	-	-	-	-
Water Control and Improvement District No. IV	0.07785	0.07931	0.07640	0.06682	0.06250	0.05000	-	-	-	-
Water Control and Improvement District No. V	0.18068	0.18068	0.15845	0.16938	-	-	-	-	-	-
Drainage District No. II	0.37960	0.38467	0.38470	0.38470	0.38895	0.42440	-	-	-	-
City of Agua Dulce	0.72250	0.72225	0.63704	0.68369	0.68369	0.68136	-	-	-	-
City of Aransas Pass	**	**	**	**	**	**	-	-	-	-
City of Bishop	0.54811	0.86952	0.88866	0.85429	0.87954	0.86675	-	-	-	-
City of Corpus Christi	0.82373	0.62373	0.62373	0.62373	0.62373	0.64418	-	-	-	-
City of Driscoll	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	-	-	-	-
City of Robstown	1.08208	1.08208	1.08208	1.08208	1.08208	1.08208	-	-	-	-
Del Mar College District	0.20781	0.20781	0.20781	0.22047	0.22047	0.21988	-	-	-	-
Agua Dulce ISD	1.94490	1.94490	1.94490	1.86730	1.84430	1.74280	-	-	-	-
Banquete ISD	1.52150	1.61150	1.66150	1.75000	1.55500	1.38000	-	-	-	-
Bishop ISD	1.42000	1.50000	1.50000	1.61000	1.62500	1.62764	-	-	-	-
Calallen ISD	1.57000	1.57000	1.57000	1.48581	1.52417	1.59883	-	-	-	-
Corpus Christi ISD	1.45800	1.51800	1.55500	1.50000	1.57000	1.57000	-	-	-	-
Driscoll ISD	1.42600	1.42600	1.42600	1.50000	1.91000	1.63470	-	-	-	-
Flour Bluff ISD	1.43947	1.43947	1.49672	1.49192	1.52620	1.52620	-	-	-	-
London ISD	1.43913	1.43000	1.41000	1.41000	1.33690	1.26480	-	-	-	-
Port Aransas ISD	1.44000	1.44000	1.44000	1.42030	1.44906	1.46200	-	-	-	-
Robstown ISD	1.56909	1.56909	1.56000	1.61400	1.61400	1.61400	-	-	-	-
Tuloso-Midway ISD	1.56205	1.56205	1.59205	1.67205	1.75005	1.73970	-	-	-	-
West Oso ISD	1.51000	1.51000	1.51000	1.48000	1.54000	1.54000	-	-	-	-
South Texas Water Authority	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

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
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 *	-	-	-	-	-	-	-
2004 *	-	-	-	-	-	-	-
2005 *	-	-	-	-	-	-	-

(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

TABLE XIII

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Revenue Bond Coverage
Last Ten Years

Year	Gross Revenues (1)		Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (A)			Total	Coverage
	\$				Principal	Interest	Reserve		
1996	\$	-	\$	-	\$	-	\$	-	
1997		-	-	-	-	-	-	-	
1998		-	-	-	-	-	-	-	
1999		-	-	-	-	-	-	-	
2000		-	-	-	-	-	-	-	
2001		-	-	-	-	-	-	-	
2002		27,835,369	20,298,422	7,536,947	1,219,643	452,024	1,671,667	4.51	
2003		29,740,622	22,047,186	7,693,436	1,239,231	432,315	1,671,546	4.60	
2004		41,184,128	23,568,049	17,616,079	1,260,833	410,843	1,671,676	10.54	
2005		51,747,298	26,731,138	25,016,160	1,283,636	387,819	1,671,455	14.97	

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

(2) Operating expenses represent maintenance and operating expenses

(A) Debt service requirements represent average annual debt service

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Schedule of Insurance in Force
December 31, 2005**

Details of Coverage	Policy Period	Deductible	Liability Limits
All risk property	04/01/05-06	\$100,000	\$ 100,000,000
Harbor Island Property - Primary	08/05/05-06	100,000	3,000,000
Boiler and Machinery	04/01/05-06	100,000	20,000,000
Boiler and Machinery	10/01/05-06	5,000	25,000,000
Tide & Wave Equipment	06/07/05-06	2,500	96,683
Business Auto Liability	10/01/05-06		10,000,000
Business Travel & Accident	01/11/05-08		500,000
Comprehensive Marine Liability	10/01/05-06	50,000	20,000,000
Foreign Liability	10/01/05-06		1,000,000
Pollution Legal Liability	10/16/03-08	100,000	5,000,000
Non-owned Aircraft Liability	10/01/05-06		2,000,000
Marine Liability and Primary P&I/Firebarge Hull	10/01/05-06		3,500,000
Excess P & I/ Firebarge	10/01/05-06	50,000	80,000,000 excess of 20,000,000
Public Officials Liability	10/01/05-06	50,000	10,000,000
Law Enforcement Liability	10/01/05-06	10,000	5,000,000
Executive Risk	10/01/04-07		5,000,000
Customs Bond/Importer Bond	09/28/05-06		50,000
Customs Bond - FTZ Operator	09/28/05-06		250,000
Customs Bond - Cold Storage Warehouse	02/07/05-06		50,000
Public Officials Bonds (7)	03/01/04-07		5,000
Employee Fidelity Bond	12/21/05-08	25,000	2,000,000
Workers' Compensation	01/01/05-06		Statutory

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
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	6,311,717	69.3%
1999	7,482,804	11,795,117	63.4%	4,312,313	6,841,985	63.0%
2000	7,899,688	11,952,150	66.1%	4,052,462	5,759,469	70.4%
2001	8,736,367	13,220,605	66.1%	4,484,238	5,896,407	76.1%
2002	9,277,397	14,091,854	65.8%	4,814,457	6,094,250	79.0%
2003	10,728,469	15,445,423	69.5%	4,716,954	6,522,619	72.3%
2004	12,187,288	16,966,500	71.8%	4,779,212	7,918,506	60.4%

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

Year	Population (1)	Per Capita Income (2)	Public School Enrollment (3)	Unemployment Rate (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%
2004 *	385,956	16,752	77,000	6.7%
2005 * **	386,733	25,696	77,174	5.8%

(1) Source - Texas State Data Center

(2) Source - Bureau of Economic Analysis (BEA)

(3) Source - Texas Education Agency/PEIMS

(4) Source - U.S. Department of Labor-Bureau of Labor Statistics

* Nueces and San Patricio Counties

** Corpus Christi MSA (Aransas, Nueces and San Patricio Counties)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Construction and Property Values
Last Ten Years

Year	Construction (1)		Property Values (2)				
	Commercial Number of Units	Value	Residential Number of Units	Value	Market Value	Exemptions	Taxable Value
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
2004 *	306	118,167,688	1,457	172,818,160	19,719,717,498	4,100,066,409	15,619,651,089
2005	334	229,755,356	1,648	206,528,924	20,577,952,653	3,798,801,390	16,779,151,263

(1) Source - City of Corpus Christi

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

* Includes Nueces County only

** Nueces and San Patricio Counties

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

**Miscellaneous Statistical Data
December 31, 2005**

Date of Incorporation:	1922			
Form of Government:	A public corporation and political subdivision of the State of Texas			
Number of Employees:	158			
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:		City of	Nueces	San Patricio
	Year	Corpus Christi	County	County
	1920	10,522	22,807	11,386
	1930	27,741	51,779	23,836
	1940	57,301	92,661	28,871
	1950	108,053	165,471	35,842
	1960	167,690	221,573	45,021
	1970	204,525	237,544	47,288
	1980	232,119	268,215	58,013
	1990	256,632	296,527	58,749
	2000	277,454	313,645	67,138
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			

Miscellaneous Statistical Data
December 31, 2005**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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Commodity By Port Division - Short tons										
Inner Harbor										
Break Bulk	47,359	23,914	37,607	111,565	65,680	18,786	41,356	210,873	253,084	200,159
Grain	974,819	1,497,226	1,463,127	1,742,108	1,729,729	1,960,433	1,845,301	1,666,579	1,836,090	2,098,829
Chemical	150,742	79,954	63,116	55,008	62,109	65,394	48,861	37,243	47,295	66,514
Dry Bulk	2,018,776	2,043,499	2,520,833	1,996,667	1,989,651	2,259,592	2,501,157	2,062,015	2,541,606	2,544,880
Liquid Bulk	72,233	56,203	53,649	56,876	113,130	320,633	65,538	243,135	407,906	518,403
Petroleum	65,437,266	66,643,071	71,098,102	66,923,986	71,533,183	69,375,427	63,809,573	67,466,251	67,414,002	66,391,484
Total	68,701,195	70,343,867	75,236,434	70,886,210	75,493,482	74,000,265	68,311,786	71,686,096	72,499,983	71,820,269
La Quinta										
Break Bulk	-	-	-	64	-	-	-	-	-	-
Chemical	1,969,192	1,845,704	1,938,542	2,250,676	2,168,006	1,878,788	1,556,565	1,966,843	2,095,441	1,728,815
Dry Bulk	4,733,524	4,943,913	5,326,210	5,002,167	5,187,747	4,813,124	4,890,941	4,761,502	4,689,730	5,812,484
Petroleum	-	21,906	34,152	22,713	25,991	30,785	26,862	23,386	31,518	25,081
Total	6,702,716	6,811,523	7,298,904	7,275,620	7,381,744	6,722,697	6,474,368	6,751,731	6,816,689	7,566,380
Harbor Island										
Break Bulk	-	5,400	-	-	2	10,609	5,132	17,146	1,816	6
Petroleum	-	-	-	1,060	138	1,074	2,760	533	-	332
Total	-	5,400	-	1,060	140	11,683	7,892	17,679	1,816	338
Ingleside										
Break Bulk	-	75	99,173	58,619	6,275	186,428	93,260	133,165	241,882	226,899
Dry Bulk	-	-	-	-	-	48	-	3,506	(3,506)	-
Petroleum	5,903,325	6,091,791	6,873,407	6,285,993	6,523,003	6,111,062	6,061,259	6,531,995	6,769,131	7,115,455
Total	5,903,325	6,091,866	6,972,580	6,344,612	6,529,278	6,297,538	6,154,519	6,668,666	7,007,507	7,342,354
Rincon Point										
Break Bulk	1,507	-	-	-	-	-	-	62	6,234	17,918
Dry Bulk	19,172	24,317	20,215	17,468	19,847	3,774	10,358	6,890	61,574	38,690
Total	20,679	24,317	20,215	17,468	19,847	3,774	10,358	6,952	67,808	56,608
Total	81,327,915	83,276,973	89,528,133	84,524,970	89,424,491	87,035,957	80,958,923	85,131,124	86,393,803	86,785,949
Commodity Totals - Short tons										
Break Bulk	48,866	29,389	136,780	170,248	71,957	215,823	139,748	361,246	503,016	444,982
Grain	974,819	1,497,226	1,463,127	1,742,108	1,729,729	1,960,433	1,845,301	1,666,579	1,836,090	2,098,829
Chemical	2,119,934	1,925,658	2,001,658	2,305,684	2,230,115	1,944,182	1,605,426	2,004,086	2,142,736	1,795,329
Dry Bulk	6,771,472	7,011,729	7,867,258	7,016,302	7,197,245	7,076,538	7,402,456	6,833,913	7,289,404	8,396,054
Liquid Bulk	72,233	56,203	53,649	56,876	113,130	320,633	65,538	243,135	407,906	518,403
Petroleum	71,340,591	72,756,768	78,005,661	73,233,752	78,082,315	75,518,348	69,900,454	74,022,165	74,214,651	73,532,352
Total	81,327,915	83,276,973	89,528,133	84,524,970	89,424,491	87,035,957	80,958,923	85,131,124	86,393,803	86,785,949

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

**Revenues by Source
Last Ten Years**

Table 2

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Operating Revenues:										
Wharfage	\$ 12,504,190	\$ 12,683,762	\$ 13,546,195	\$ 12,592,047	\$ 13,282,469	\$ 13,215,302	\$ 12,534,632	\$ 13,535,168	\$ 14,076,271	\$ 15,388,177
Dockage	2,778,378	3,582,641	4,020,559	3,619,507	3,229,447	3,009,600	2,733,667	3,218,880	3,858,120	4,153,902
Freight handling	3,222,755	3,652,867	4,683,526	4,158,629	2,019,205	2,033,916	2,410,795	1,492,129	1,976,486	2,351,619
Bagging	368,417	96,928	841,439	41,344	-	-	-	-	-	-
Building and land rentals	1,512,873	1,306,175	1,430,634	1,495,070	2,835,108	3,363,438	3,385,964	3,361,762	3,409,141	3,705,185
Conference center	-	-	-	-	296,861	833,712	1,367,934	1,443,592	1,663,726	1,556,200
Refrigerated warehouse	-	-	-	-	-	102,623	954,178	1,137,336	816,739	1,737,118
FTZ user fees	358,182	298,827	335,160	346,660	261,250	281,750	287,115	264,750	261,666	233,333
Security surcharge fees	-	-	-	-	-	-	-	-	830,882	2,018,305
Compress	307,392	403,509	922,611	2,298,035	2,734,668	1,477,844	185,538	45,598	-	-
Other	705,191	775,336	1,215,739	1,285,615	1,231,395	1,306,133	1,301,176	2,380,598	1,478,266	1,588,053
	<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>\$ 25,160,999</u>	<u>\$ 26,879,813</u>	<u>\$ 28,371,297</u>	<u>\$ 32,731,892</u>
Non-Operating Revenues:										
Other:										
Interest	\$ 1,803,343	\$ 1,947,942	\$ 2,031,442	\$ 1,751,857	\$ 1,619,461	\$ 1,261,435	\$ 1,314,593	\$ 1,222,899	\$ 1,116,764	\$ 1,084,006
Other	236,550	584,104	540,587	674,757	572,907	787,431	236,214	-	1,242,935	139,182
	<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>\$ 1,550,807</u>	<u>\$ 1,222,899</u>	<u>\$ 2,359,699</u>	<u>\$ 1,223,188</u>

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

**Expenses By Type
Last Ten Years**

Table 3

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Operating Expenses:										
Direct:										
Employee services	\$ 3,482,579	\$ 3,933,523	\$ 4,113,336	\$ 4,563,345	\$ 3,293,465	\$ 3,570,749	\$ 3,929,041	\$ 4,144,531	\$ 5,206,360	\$ 6,527,181
Maintenance	2,597,113	2,674,863	2,919,585	2,213,199	1,756,682	1,761,065	1,970,104	2,686,825	2,641,655	3,317,396
Utilities	747,251	646,548	625,315	660,189	468,382	615,609	694,391	886,009	964,332	1,095,452
Telephone	12,897	17,473	22,204	26,092	30,158	33,212	34,045	22,358	20,468	19,694
Insurance	1,164,276	1,299,047	1,026,451	978,421	966,835	966,114	1,276,352	1,427,198	1,327,486	1,264,823
Professional services	117,050	260,363	115,416	182,015	114,171	137,700	202,418	228,158	444,902	544,189
Police expenses	-	-	-	-	-	-	-	-	64,252	36,788
Contracted services	874,593	912,584	988,017	1,128,658	1,062,328	1,205,445	1,597,049	1,485,158	1,483,850	2,155,840
Office and equipment rental	32,717	10,786	9,152	55,208	51,250	40,616	106,710	11,908	25,941	78,665
Operator and event expenses	-	-	-	-	244,174	708,885	1,225,868	1,310,806	1,438,345	1,287,428
Warehouse supplies	-	-	-	-	-	1,898	85,770	46,823	51,281	136,382
Grain handling	228,595	67,937	463,180	58,274	1,094	-	-	-	-	-
Ginning	138,701	157,606	366,040	1,258,237	1,096,642	546,622	-	-	43,180	53,509
Safety/Environmental	69,315	40,703	43,647	58,281	21,034	33,018	39,985	46,293	225,660	74,745
General	148,349	203,042	220,682	228,439	227,802	246,706	253,460	178,488	13,937,712	\$ 16,592,092
\$ 9,613,436	\$ 10,224,475	\$ 10,913,025	\$ 11,410,358	\$ 9,334,017	\$ 9,867,639	\$ 11,415,193	\$ 12,474,555	\$ 13,937,712	\$ 5,367,098	\$ 5,711,388
Indirect:										
Employee services	\$ 3,541,346	\$ 4,060,736	\$ 4,170,496	\$ 4,521,403	\$ 4,484,449	\$ 4,485,094	\$ 4,523,035	\$ 5,048,655	\$ 5,367,098	\$ 5,711,388
Maintenance	336,266	262,002	298,099	317,737	281,890	234,515	297,592	272,419	274,342	229,548
Utilities	106,470	119,642	110,965	102,943	125,271	154,595	118,395	131,448	135,135	162,864
Telephone	88,594	86,186	105,203	103,524	129,241	124,877	98,649	103,287	108,862	209,939
Insurance	113,865	110,179	99,291	79,152	39,961	85,113	208,519	107,456	45,278	119,854
Professional services	1,145,952	1,111,892	1,641,139	1,665,601	1,761,967	1,914,403	1,794,626	1,781,500	1,642,718	1,713,073
Police expenses	-	-	-	-	-	-	-	-	1,429	1,341
Contracted services	2,676	14,727	10,151	25,609	79,711	105,890	94,226	68,343	60,516	54,189
Office and equipment rental	27,169	24,717	25,087	44,365	30,848	46,307	2,245	8,270	3,042	4,451
Administrative	856,011	1,004,757	1,209,395	1,361,721	1,344,684	1,262,105	1,279,119	1,533,738	1,598,908	1,483,098
Trade and sales development	76,558	103,137	163,991	227,183	209,492	178,538	129,229	125,484	143,296	107,450
Media advertising	151,408	194,785	295,463	238,715	248,392	211,051	124,256	88,530	102,957	91,527
Production	78,222	80,363	105,620	107,252	111,049	77,551	55,918	57,538	25,460	45,124
Safety/Environmental	29,920	19,607	(9,176)	20,227	6,869	11,241	13,638	19,889	20,992	20,439
General	183,467	(77,766)	62,602	43,826	91,181	106,490	143,727	226,074	100,304	184,761
\$ 6,737,924	\$ 7,114,964	\$ 8,288,326	\$ 8,859,258	\$ 8,945,005	\$ 8,997,770	\$ 8,883,174	\$ 8,883,174	\$ 9,572,631	\$ 9,630,337	\$ 10,139,046
Depreciation	\$ 4,569,389	\$ 4,695,995	\$ 4,425,667	\$ 4,509,898	\$ 4,944,421	\$ 5,224,868	\$ 5,284,372	\$ 5,417,115	\$ 5,513,656	\$ 6,142,055
Non-Operating Expenses:										
Other:										
Interest	\$ 421,672	\$ 315,995	\$ 252,987	\$ 167,605	\$ 128,862	\$ 85,005	\$ 734,977	\$ 886,261	\$ 821,270	\$ 775,933
Loss on suspended capital projects	1,951,078	-	-	-	498,208	-	-	-	-	-
Other	-	-	11,502	488,569	-	-	-	90,856	-	-
\$ 2,372,750	\$ 315,995	\$ 264,489	\$ 656,174	\$ 627,070	\$ 85,005	\$ 734,977	\$ 977,117	\$ 821,270	\$ 821,270	\$ 775,933

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

**Debt Administration
December 31, 2005**

At December 31, 2005, the Authority had one debt issue outstanding. This issue included \$14,120,000 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, 2005:

Table 4

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds	\$ 15,130,000	\$ -	\$ 1,010,000	\$ 14,120,000	\$ 1,040,000
Accumulated Accretion	37,881	31,352	-	69,233	
Total	\$ 15,167,881	\$ 31,352	\$ 1,010,000	\$ 14,189,233	\$ 1,040,000

At December 31, 2005, total debt service requirements are as follows:

Table 5

	Principal	Interest	Total
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
Thereafter	8,515,000	1,514,700	10,029,700
Total	\$ 14,120,000	\$ 4,266,010	\$ 18,386,010

Table 6

A summary of changes in notes receivable for the year ended December 31, 2005, is as follows:

	Beginning Balance	Additions	Maturities	Ending Balance	Current Portion
Notes Receivable	\$ 8,725,431	\$ -	\$ 524,192	\$ 8,201,239	\$ 566,127

Notes Receivable as of December 31, 2005 is summarized as follows:

	Principal Outstanding
\$12,000,000 Note Receivable due in annual principal installments ranging from \$524,192 to \$1,131,691 through 2015; interest at 8.0 percent.	\$ 8,201,239
Less Current Maturities	566,127
Notes Receivable - Net	\$ 7,635,112

Total note receivable requirements as of December 31, 2005, are as follows:

	Principal	Interest	Total
2006	\$ 566,127	\$ 656,099	\$ 1,222,226
2007	611,418	610,809	1,222,227
2008	660,331	561,896	1,222,227
2009	713,157	509,069	1,222,226
2010	770,210	452,016	1,222,226
Thereafter	4,879,996	1,231,137	6,111,133
Total	\$ 8,201,239	\$ 4,021,026	\$ 12,222,265

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 2005, the Authority credited \$1,261,804 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, 2005, 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	
2006	\$ 2,613,064
2007	2,790,768
2008	1,443,876
2009	716,730
2010	510,478
Thereafter	2,710,027
Total	\$ 10,784,943

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

**Financial Performance Indicators
Last Ten Years**

Table 8

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Operating Revenues (OR)	\$ 21,757,378	\$ 22,800,045	\$ 26,995,863	\$ 25,836,907	\$ 25,890,403	\$ 25,624,318	\$ 25,160,999	\$ 26,879,813	\$ 28,371,297	\$ 32,731,892
Operating Expenses (OE) *	(16,351,360)	(17,339,439)	(19,201,351)	(20,269,616)	(18,279,022)	(18,865,409)	(20,298,367)	(22,047,186)	(23,568,049)	(26,731,138)
Net Operating Income (NOI)	5,406,018	5,460,606	7,794,512	5,567,291	7,611,381	6,758,909	4,862,632	4,832,627	4,803,248	6,000,754
Non-Operating Revenues	2,039,893	2,532,046	2,572,029	2,426,614	2,192,369	2,055,365	1,550,807	1,222,899	2,359,699	1,223,188
Non-Operating Expenses	(2,372,750)	(315,995)	(264,489)	(656,174)	(627,071)	(85,005)	(734,977)	(977,117)	(821,270)	(775,933)
Net Income "A" (NI"A")	5,073,161	7,676,657	10,102,052	7,337,731	9,176,679	8,729,269	5,678,462	5,078,409	6,341,677	6,448,009
Depreciation	(4,569,389)	(4,695,994)	(4,425,667)	(4,509,898)	(4,944,421)	(5,224,868)	(5,284,372)	(5,417,115)	(5,513,656)	(6,142,055)
Net Income "B" (NI"B")	\$ 503,772	\$ 2,980,663	\$ 5,676,385	\$ 2,827,833	\$ 4,232,258	\$ 3,504,401	\$ 394,090	\$ (338,706)	\$ 828,021	\$ 305,954
Net Capital Assets (NCA)	\$117,399,178	\$117,956,248	\$118,269,753	\$122,779,056	\$147,286,699	\$143,840,270	\$145,906,446	\$143,298,109	\$139,998,166	\$156,723,985
Total Assets (TA)	\$171,285,596	\$172,384,118	\$178,459,639	\$179,958,670	\$179,630,724	\$179,679,554	\$196,391,543	\$197,115,656	\$212,289,063	\$242,045,429

Operating Indicators:

Operating ROI (NOI/NCA)	4.60%	4.63%	6.59%	4.53%	5.17%	4.70%	3.33%	3.37%	3.43%	3.83%
Operating Margin (NOI/OR)	24.85%	23.95%	28.87%	21.55%	29.40%	26.38%	19.33%	17.98%	16.93%	18.33%
Operating Ratio (OE/OR)	75.15%	76.05%	71.13%	78.45%	70.60%	73.62%	80.67%	82.02%	83.07%	81.67%

Other ROI Indicators:

ROI "A" (NI"A"/TA)	2.96%	4.45%	5.66%	4.08%	5.11%	4.86%	2.89%	2.58%	2.99%	2.66%
ROI "B" (NI"B"/TA)	0.29%	1.73%	3.18%	1.57%	2.36%	1.95%	0.20%	-0.17%	0.39%	0.13%

* - Excludes Depreciation

Table 9

Year Ending	Series 2002-A Bonds			Series 2002-B Bonds			Grand Total
	Principal	Interest	Total	Principal	Interest	Total	
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
	\$ 8,050,000	\$ 2,500,720	\$ 10,550,720	\$ 6,070,000	\$ 1,765,290	\$ 7,835,290	\$ 18,386,010
					Average		\$ 1,671,455

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 559 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 \$598,081 and \$939,842, respectively for the year ended December 31, 2005. 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
2005	\$ 939,842	100.00%	\$ -
2004	871,036	100.00%	\$ -
2003	717,489	100.00%	\$ -

Table 10 (Continued)

The latest actuarial valuation for the Authority employees was completed as of December 31, 2004. 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
December 31, 2004	\$ 12,187,288	\$ 16,966,500	\$ 4,779,212	71.83%	\$ 7,918,506	60.35%
2003	10,728,469	15,445,423	4,716,954	69.46%	6,522,619	72.32%
2002	9,277,397	14,091,854	4,814,457	65.84%	6,094,250	79.00%

Table 11

The Authority's investments at December 31, 2005, are shown below:

	Carrying Value	Fair Value	Category
Investments:			
Certificates of Deposit	\$ -	\$ -	1
Total investments	\$ -	\$ -	
Temporary investments shown as cash equivalents:			
Mutual fund-AIM	\$ 13,738,552	\$ 13,738,552	Pooled
Total temporary investments shown as cash equivalents	\$ 13,738,552	\$ 13,738,552	



SINGLE AUDIT SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

March 31, 2006

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

We have audited the basic financial statements of the Port of Corpus Christi Authority, as of and for the year ended December 31, 2005 and 2004, and have issued our report thereon dated March 31, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the Commissioners, management, federal awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

Collins, Johnson & Woods

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

March 31, 2006

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

Compliance

We have audited the compliance of the Port of Corpus Christi Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2005. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major Federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Port of Corpus Christi Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Commissioners, management, federal awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

Collins, Johnson & Woods

PORT OF CORPUS CHRISTI AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2005

I. Summary of Audit Results:

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the Port of Corpus Christi Authority.
2. No reportable conditions relating to the audit of the financial statements are reported in the "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*".
3. No instances of noncompliance material to the financial statements of the Authority, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the "Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133".
5. The auditor's report on compliance for the major Federal award programs for the Authority expresses an unqualified opinion on all major programs.
6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs included:
 - U.S. Department of Transportation – Passed Through Texas State Department of Transportation
Joe Fulton International Trade Corridor (CFDA – 20.000)
Water Taxi Project (CFDA – 20.000)
 - U.S. Department of Homeland Security
State Domestic Preparedness Equipment Support Program (CFDA 97.004)
Port Security Grant #2 (CFDA – 97.056)
Port Security Grant #3 (CFDA – 97.056)
Port Security Grant #4 (CFDA – 97.056)
8. The dollar threshold for distinguishing Type A and Type B programs was \$500,000.
9. The Port was determined to be a low-risk auditee.

II. Findings Related to the Financial Statements

The audit disclosed no findings required to be reported.

III. Findings and questioned cost for Federal awards:

The audit disclosed no findings required to be reported.

PORT OF CORPUS CHRISTI AUTHORITY

SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2005

The audit disclosed no findings required to be reported.

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2005

<u>Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
U.S. Department of Transportation			
Passed through Texas State Department of Transportation			
Water Taxi Project	20.000	CSJ0916-35-088	\$ 1,255,232
Joe Fulton International Trade Corridor	20.000	CSJ0916-35-046	9,194,227
Total U.S. Department of Transportation			<u>10,449,459</u>
U.S. Department of Homeland Security			
Direct Programs			
Port Security Grant #2	97.056	DTSA20-03-G-01089	2,419,099
Port Security Grant #3	97.056	HSTS04-04-G-GPS330	1,050,277
Port Security Grant #4	97.056	HSTS04-04-G-GPS609	425,006
Total Port Security Grants			<u>3,894,382</u>
Passed through Texas Engineering Extension Service			
State Domestic Preparedness Equipment Support Program			
	97.004	2003-MU-T3-0020	<u>500,000</u>
Passed through Texas Department of Public Safety			
Hurricane Preparedness			
	97.036	FEMA-TX-DR1606	<u>78,914</u>
Total U.S. Department of Homeland Security			<u>4,473,296</u>
Total Federal and passed through assistance			<u>\$ 14,922,755</u>

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2005

1. **General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal financial assistance programs of Port of Corpus Christi Authority of Nueces County, Texas (Authority). The Authority's reporting entity is defined in the Notes to the Authority's financial statements. All Federal financial assistance received directly from Federal agencies and passed through other governmental agencies is included on the schedule.

2. **Basis of Accounting**

The accompanying Schedule of Federal Financial Assistance is presented using the accrual basis of accounting, which is described in the Notes to the Authority's financial statements.