



PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS

Comprehensive Annual Financial Report
For the Years Ended December 31, 2015 and 2014



PORT CORPUS CHRISTI®



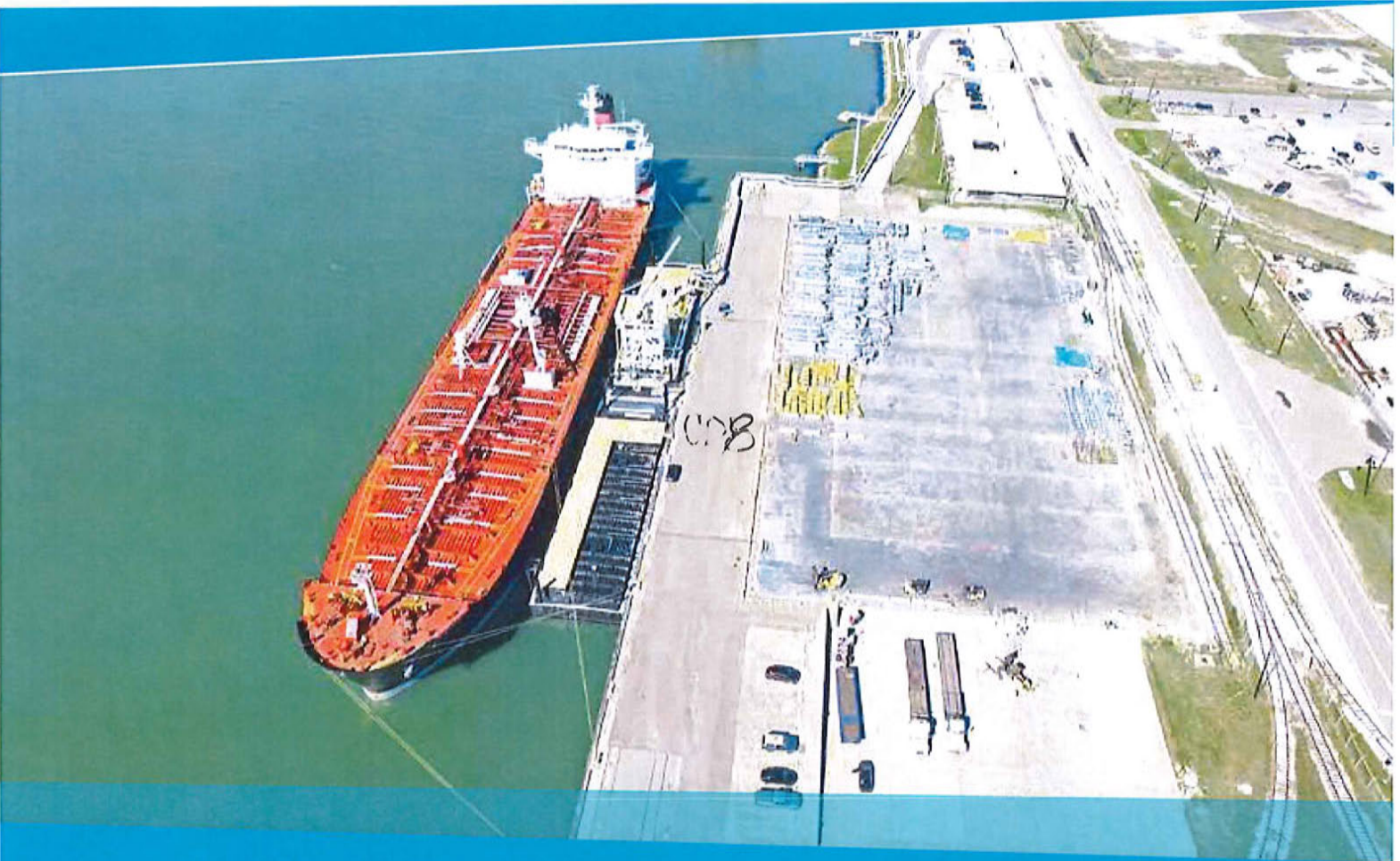
Comprehensive Annual Financial Report

Port of Corpus Christi Authority of Nueces County, Texas

For the Years Ended December 31, 2015 and 2014

Prepared by the Finance Department

Dennis J. DeVries
Director of Finance



INTRODUCTORY SECTION

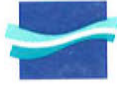


PORT CORPUS CHRISTI®



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PORT CORPUS CHRISTI

April 8, 2016

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, 2015.

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 and Woods, P. C., Certified Public Accountants, have issued an unmodified (“clean”) opinion on the Port of Corpus Christi Authority of Nueces County, Texas (Authority)’s financial statements for the year ended December 31, 2015. 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 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, and a conference center. The Authority also owns a grain elevator, and cotton warehouses that are leased to third parties. In addition, the Authority leases land, and buildings and improvements, along with maintaining areas for the placement of dredged materials.

The Port of Corpus Christi's docks consists of both Authority owned and privately owned facilities. The Authority owned docks consist of seven general cargo docks, thirteen liquid bulk cargo docks, two bulk material docks, several layberthing areas, two bagging facilities, a shipside grain elevator, cotton storage facilities, and a 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, layberth areas, and cotton warehouses that are leased. Most of the privately owned facilities at the Port of Corpus Christi are owned by, and operated exclusively for, the various refineries, chemical plants, crude oil terminals, and other industries that line the Corpus Christi Ship Channel. Approximately fifty privately owned docks are located at the Port of Corpus Christi, and some of which 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 5th largest port in the United States in terms of tonnage. The Authority has served the local economy for eighty nine years, and is continually upgrading and expanding its' facilities to better serve South Texas industry and shippers. Local Port industries as well have made significant 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 and the port industries continue to support a voluntary 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. The mission statement is as follows: leverage commerce to drive prosperity and it is the vision of the Port of Corpus Christi to be the energy port of the Americas. In pursuit of this mission, the Authority shall be guided by the following basic principles: (1) conduct affairs in a positive, open, and cooperative manner; (2) the Authority shall be operate in a fiscally responsible manner; (3) the Authority shall be a positive and proactive force in the protection of the region's marine and water related resources; and (4) the Authority 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 findings from a 2011 Port Economic Impact Study reinforce the Authority's mission statement to leverage commerce to drive prosperity. Martin Associates of Lancaster, Pennsylvania studied the economic impact of the Authority operations including the Ortiz Center. The previous economic impact study for the Authority was in 2008. Three years later, the 2011 report showed similar increases. In 2008, the Authority created 40,560 jobs, generated \$282.2 million in state and local taxes, and provided \$1.6 billion in business revenue. Today, the Authority creates approximately 66,502 jobs with 13,746 direct jobs generated from marine cargo and vessel activity. The Authority generates an additional 16,767 induced jobs that are the result of purchases by the direct jobs. The remainder of total jobs is comprised of 15,607 indirect jobs supported by the local purchases by businesses supplying services or dependent upon the Authority and 20,382 related user jobs from shippers and consignees. The 66,502 jobs provided \$4.0 billion in personal income for families throughout the Coastal Bend. Authority operations generated \$13.1 billion in revenue for businesses providing services to the Authority and port industries, and the Ortiz Center. More than \$314.9 million was paid in state and local taxes due to the activity created by the Authority. 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 for everyone in the local surrounding region. The Authority is currently engaged in updating the Port's Economic Impact Study. Since the last study, the Authority has experienced significant growth from the effects of Eagle Ford Shale activity and new industries coming on line. Accordingly, the Authority anticipates that this new study will reveal further increases in the impact the Authority has on the local region.

LONG-TERM FINANCIAL PLANNING

The Authority has a number of major projects that will require significant funding in the future. These projects will be funded from federal and state assistance, revenue bond proceeds, and the Authority's unrestricted net position of \$109 million.

Channel Improvement Project

In 2003, the Authority completed the feasibility phase of the Channel Improvement Project, and in November 2007, the project was authorized by Congress in the Water Resources Development Act (WRDA) of 2007. The authorized project includes the following navigation and ecosystem restoration features: (1) deepening the Corpus Christi Ship Channel from 45 to 52 feet, (2) adding 200-foot barge shelves across Corpus Christi Bay, (3) widening the ship channel to 530 feet from Port Aransas to the Harbor Bridge, (4) extending the La Quinta Ship Channel approximately 1.4 miles at a depth of 39 feet, and (5) constructing ecosystem restoration features to protect endangered species, wetlands and sea grass. In December 2009, the U.S. Army Corps of Engineers (COE) awarded the first construction contract associated with the extension of the La Quinta Ship Channel. This contract was for \$1.1 million and constructed a 126-acre dredge material placement area for containment of sands and clay excavated to create the La Quinta Channel extension. In 2011, the COE awarded two additional construction contracts, one for \$33.5 million to dredge the extension of the La Quinta Ship Channel and another for \$7.6 million to construct an ecosystem restoration project consisting of a rock breakwater and revetment adjacent to the La Quinta Channel near Ingleside-on-the-Bay, Texas. The ecosystem restoration project was completed in 2012, and the channel extension was completed in late 2013. In 2014, the Port deepened the extension to a depth of 45' deep and the COE agreed to assume the channel maintenance. The Channel Improvement Project was re-authorized in May 2014 by the Water

Resources Reform and Development Act of 2014 and a Limited Reevaluation Report was completed in December 2015 to update project costs and benefits of the remaining elements of the authorized project. Follow-on contracts to deepen and widen the Corpus Christi Ship Channel and to add barge shelves are pending appropriation of funding.

La Quinta Gateway Terminal

In early 2011, in conjunction with the planned extension of the La Quinta Ship Channel, the Authority completed preliminary engineering studies for the phasing of a multi-purpose dock and terminal project to be constructed on the Authority's 1,000-acre La Quinta property site. The envisioned multi-purpose dock and terminal facility will be able to handle a wide variety of general cargo such as containers, military equipment, wind turbines and steel pipe. The final designs for an initial phase of both the water and land-side infrastructure improvements for the multipurpose facility began in 2014 and are expected to be completed in summer 2016. Preliminary site preparation work is also scheduled to be initiated in the last half of 2016.

In mid-2013, the Authority secured an anchor tenant on a major portion of the La Quinta property site with the signing of a lease agreement with Austrian steelmaker, voestalpine Texas Holding, LLC, for approximately 475 acres. voestalpine's initial construction phase consists of a hot briquetted iron facility (HBI) which will include a 1,000-foot long dock facility along the recently constructed La Quinta Channel extension. The HBI plant is under construction and planned to be operational by summer 2016 and will employ approximately 150 people.

Nueces River Rail Yard

As part of the Authority's north side rail master plan, the Viola Channel site was identified as the best location to construct a new rail yard. This rail yard will become the main rail exchange for the three Class 1 railroads serving the Authority. The Authority purchased approximately 36 acres at the western end of the harbor for this purpose. This project consists of two phases. Phase I includes a 9,800-foot long unit train siding and four additional 4,000-foot parallel tracks providing storage for 200 railcars. Phase I of the project was completed in 2015 at a cost of \$17.7 million. Funding was provided by a \$10 million USDOT TIGER Grant and Authority cash reserves, with half of the Authority's funding being recovered from the railroads through a special surcharge. Phase II calls for extending four of the tracks under Phase I to full unit train sidings and constructing four additional unit train sidings, for a total of eight sidings averaging 8,500 feet long. The total cost of Phase II is approximately \$28 million, with \$22 million in funding from TXDOT and the remainder from revenue bond proceeds. Phase II of the project is under construction with completion scheduled in first quarter 2017. The new rail yard, once completed, will be capable of more efficiently handling the increased number of unit trains and cars loading and unloading cargoes at the Authority.

MAJOR INITIATIVES – 2015

Environmental Management System

Through the Authority's Environmental Management System (EMS), the Authority has remained proactive in its efforts to not only promote economic growth but at the same time be good stewards of the environment in its daily operations. The Authority's program is in its ninth year of ISO 14001 certification and its eleventh year of implementation. Each year, the program undergoes a detailed external audit to maintain its ISO 14001 certification. The EMS program is driven by a team of Authority employees from the various operational areas with the full support of management. During the past ten years, the program has identified numerous significant aspects impacting the environment such as spills, electrical consumption, storm water runoff, water consumption, and air emissions. Environmental Management Programs are established to reduce the environmental impact and to help reduce the Authority's environmental footprint. Targets for reductions or improvements

are also set. In 2015, the Authority continues to purchase 10% of its total electricity from green energy sources which resulted in the purchase of 894,000 kilowatt hours of electricity from green energy sources. In 2015, the Authority also began the design of two major storm water quality improvement projects at the Bulk Terminal and Maintenance Facility to meet the benchmark levels in the multi-sector general permit and construction is expected in 2016. The Authority has maintained a very successful recycling program that has recycled over 876,868 pounds of material that would have otherwise gone as waste to a landfill. Additionally, 59,181 gallons of liquids have been recycled. The ISO 14001 standard was updated in September 2015 and the Authority is scheduled to be certified to the revised standard in June 2016.

Wind Energy

American wind farms currently provide enough electrical power for more than 18 million typical homes. Wind Power installations in Texas led the way in 2015 with over 3,600 megawatt (MW) of new capacity and to-date installations of 17,713 (MW), while for the United States the new installations in 2015 comprised 8,598 MW and to-date installations of 74,472 MW. The Port of Corpus Christi Authority provides access to general cargo docks, close by staging areas, three class I rail roads and uncongested highway systems, which offers the necessary transportation modes to assure efficient and cost effective deliveries for all types of project cargo, including wind turbine components. In 2015, the wind turbine cargo volume moving through the Port increased by about 60% compared to the previous year and with the 5-year extension of the Production Tax Credit (PTC), it is expected to result in continued growth in the volume of wind energy cargo over the coming years. Wind-rich Texas leads the nation with over 5,000 MW of wind power capacity in advanced development or under construction. The Port is well located with easy access to major Wind Power project sites in the Great Plains and strives to maintain its established position within this renewable energy industry as the “Wind Energy Port of the Gulf”, thus adhering to its vision to be THE energy port of the Americas.

Crude Oil - Eagle Ford and Permian Basin Shale Plays

The Eagle Ford Shale Play in South Texas continues to be a significant economic stimulator for the Region, State and the Nation. The startup in April 2015 of the Cactus Pipeline from West Texas to South Texas provides an efficient route for moving crude oil from the prolific Permian Basin to the Port of Corpus Christi. The lifting of the 40 year ban on crude oil export in December 2015 allows U.S. crude oil producers to export crude oil to global markets and on December 31, 2015, the Port of Corpus Christi made history as the tanker Theo T sailed to Europe with crude oil from the U.S. Although the price of crude oil has dropped and caused drilling exploration to slow down, the Port Authority continues to play a vital role as a major refinery hub, as well as logistical and distribution center for cargoes used in drilling, fracturing, and pipeline projects. Our proximity to the Gulf Coast and the deep draft ship channel allow us to be an ideal solution for oil and gas companies looking to build condensate splitters or create storage hubs to import heavy crude and export refined products or transport light crude oil and condensate to other refineries worldwide. Barite continues to come by dry bulk vessels from China, Morocco, India and Mexico, while frac-sand comes by rail and barge from the upper Midwest USA. The Authority continues to invest in new rail infrastructure and liquid docks to support the current needs and continued growth potential of the Eagle Ford and Permian Basin Shale.

On-going Construction Projects

Projects that carried over and were completed in 2015 include construction of phase I of the Nueces River Rail Yard, construction of the West Barge mooring site, development of and improvements at existing open storage yards, rail upgrades at the bulk terminal facility, and several security grant projects that added emergency power at the southside storage and intermodal yard, and upgrades and replacement of security cameras and surveillance equipment. All of the security improvements are integrated with a command and control system that ensures that the Authority and its customers are being properly safeguarded. Other projects completed in 2015 included the installation of new belt covers for the conveyors at the bulk dock facility, electrical upgrades and new roofing for the maintenance facility buildings, new roofing of the bulk terminal facility building, and roadway and parking lot improvements at various port facilities.

Additional projects carrying over and projected to be completed in 2016 are construction of a new oil dock including an access road, fencing, access control, and security surveillance, phase II of the Nueces River Rail Yard, improvements to the fire protection systems at the Avery oil docks, construction of a new dock house at Oil Dock 10, and Permian site yard and rail improvements.

Marketing and Business Development Focus

To continue the growth of the Authority's cargo tonnage, the strategy is on cargo diversification including three focus areas for the Business Development team: 1) wind energy/project cargo, 2) dry bulk/general cargo and 3) Latin American trade development. However, energy commodities will continue to be the major revenue source for the Authority and the energy reform in Mexico creates new opportunities for export of diesel, gasoline and propane via rail to major population centers in the inland of Mexico. The Port is located close to Monterrey, Mexico and is pursuing trade development opportunities and logistics solutions to support the automobile manufacturing sector. The Authority continues to implement a targeted marketing effort for pro-actively identifying new business development opportunities and seeking to attract new foreign direct investments. The abundance and secure supply of natural gas is a big driver for companies considering to build a manufacturing plant in the Corpus Christi region. Similarly, the excess production of ethane gas versus demand and the 500 mile ethane pipeline header system from Corpus Christi via Mont Belvieu's massive storage caverns to the Mississippi River, creates an opportunity to attract new ethane cracker facilities for production of ethylene and downstream plastics industries using ethylene as feedstock.

The South Texas Alliance for Regional Trade (START) continues to be a very important marketing resource for the Authority. START is a cooperative effort among three Texas Ports formed to strengthen the region's response to logistics and transportation needs, the driving forces of our diverse economy. The Alliance is anchored by Port San Antonio to the north, Port Corpus Christi on the waters of the Gulf of Mexico, and Port Laredo located on the United States – Mexico border. Our Ports have long-standing business relationships, bolstering the efforts and resources of our region.

AWARDS AND ACKNOWLEDGMENTS

Awards

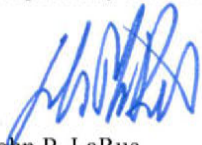
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Port of Corpus Christi Authority of Nueces County, Texas, for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2014. This was the thirty-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



Dennis J. DeVries
Director of Finance



Government Finance Officers Association

**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, 2014

Executive Director/CEO

PORT COMMISSION, PORT OF CORPUS CHRISTI AUTHORITY

Executive Director	John P. LaRue
Chief Operating Officer	Sean Strawbridge
Director of Engineering Services	David Krams
Chief Engineer	David L. Michaelsen
Chief of Channel Development	Dan Koesema
Chief of Program Management/Plan Design	Brett Flint
Director of Environmental Planning and Compliance	Sarah Garza
Coastal Development Planning Manager	Paul Carangelo
Director of Finance	Dennis J. DeVries
Chief Accountant	Audre Debler
Accounting Manager	Lynn Angerstein
Director of Information Technology	Tyler Fuhrken
Director of Emergency Management	Anthony "Tony" Alejandro
Interim Director of Operations	John Pasch
Harbormaster	Ray Harrison
Manager of Bulk Terminal	Richard "Eric" Battersby
Manager of Dock and Rail Operations	John Slubar
Maintenance Manager	David Villarreal
Safety Manager	Angela Leyva
Chief of Port Security	Tom Mylett
Police Captain	Eric Giannamore
Director of Human Resources	Sandra Terrell-Davis
Manager of Human Resource	Monica Euresti
Chief Commercial Officer	Jarl Pedersen
Manager of Foreign Trade Zone	Sonya Lopez-Sosa
Manager of BD Wind Energy & Project Cargo	Maggie Iglesias-Turner
Director of Business Development	Ruben C. Medina
BD Representative Dry Bulk and General Cargo	Eddie Martinez
BD Coordinator for Latin America	Roxana Gomez
Director of Real Estate	Darrin Aldredge
Director of Communications	Patricia Cardenas
Media Specialist	Jesse Samu
PR/Communications Coordinator	Matthew Garcia
Director of Government Affairs	Nelda Olivo
Director of Community Relations	Rosie Gonzalez Collin
Community Relations Coordinator	Liz Cantu

PORT COMMISSIONERS

Judy Hawley, Chairman

Charles W. Zahn, Jr., Vice Chairman

Barbara Canales, Secretary

David Engel, Commissioner

Richard R. Valls, Jr., Commissioner

Wayne Squires, Commissioner

Richard L. Bowers, Commissioner

EXECUTIVE STAFF

John P. LaRue, Executive Director

Sean Strawbridge, Chief Operating Officer

Jarl Pedersen, Chief Commercial Officer

Ruben C. Medina, Director of Business Development

Patricia Cardenas, Director of Communications

Rosie Gonzalez Collin, Director of Community Relations

Anthony "Tony" Alejandro, Director of Emergency Management

David Krams, Director of Engineering Services

Sarah Garza, Director of Environmental Planning & Compliance

Dennis J. DeVries, Director of Finance

Nelda Olivo, Director of Government Affairs

Sandra Terrell-Davis, Director of Human Resources

Tyler Fuhrken, Director of Information Technology

John Pasch, Interim Director of Operations

Tom Mylett, Chief of Port Security

Darrin Aldrich, Director of Real Estate



FINANCIAL SECTION



PORT CORPUS CHRISTI[®]



INDEPENDENT AUDITOR'S REPORT

April 8, 2016

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Port of Corpus Christi Authority as of for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2015 and 2014, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, the Authority has implemented Governmental Accounting Standards board Statements No. 68 and 71 related to accounting for pensions effective January 1, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 16 and other required supplementary information on page 43 through 456 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port of Corpus Christi Authority's basic financial statements. The introductory section, supplemental schedules, and the statistical section 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 financial awards, pages 92 and 93, is presented for purposes of additional analysis as required by the 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.

The supplemental schedules and the schedule of federal expenditures of awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules and the schedule of federal expenditures of awards are fairly stated in all material

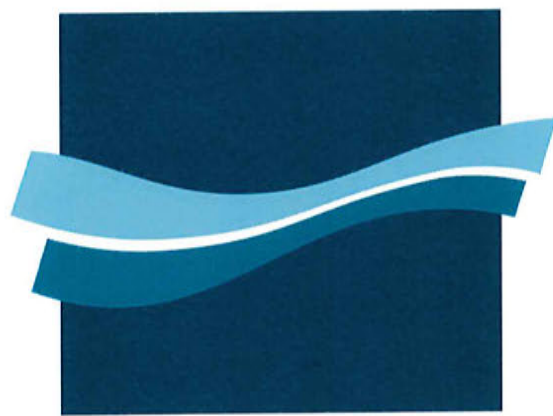
respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2016 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Collier, Johnson & Woods

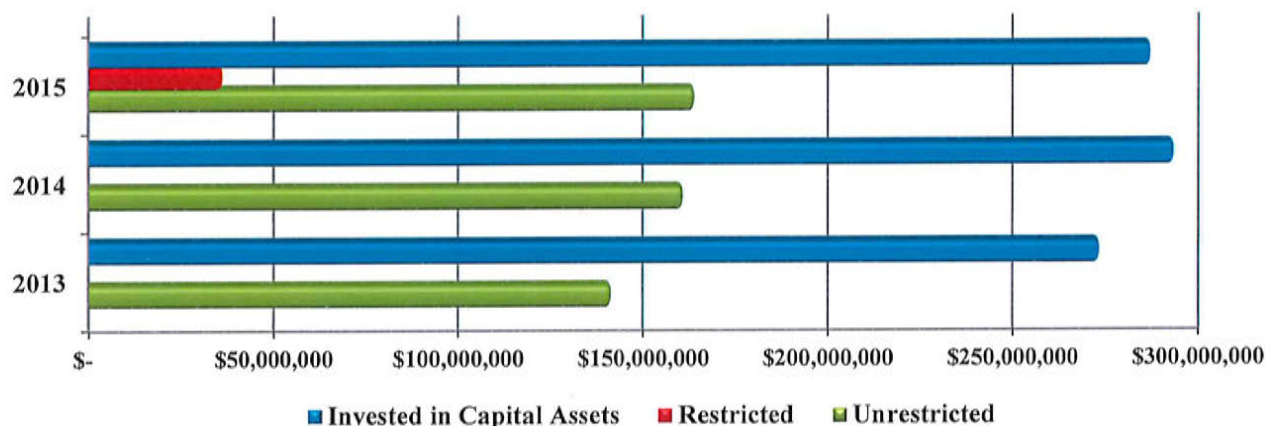


PORTCORPUSCHRISTI

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Management's Discussion and Analysis
December 31, 2015**

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 years ended December 31, 2015 and 2014. 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 total net position of the Authority at December 31, 2015 was \$487,110,145, increasing \$32,818,963 or 7.2% over the prior year. Income before contributions produced an increase in net position of \$27,408,991, capital contributions provided an increase of \$7,245,620, and the cumulative effect of a change in accounting principle due the implementation of GASB Statement 68, as amended by GASB Statement 71 resulted in a decrease of \$1,835,648 to net position.
- The net investment in capital assets (net of accumulated depreciation and related debt) decreased \$6,314,343 from the prior year. The decrease is due to capital additions net of capital retirements of \$67.2 million, depreciation expense of \$13.8 million, and an increase in capital related debt of \$59.7 million.
- Restricted net position increased \$36,118,187 over the prior year mainly attributable to an increase of \$16,116,847 restricted for debt service, and \$20,000,000 restricted for a contractual obligation under the Neighborhood Acquisition Plan of the Harbor Bridge Replacement Project.
- Unrestricted net position may be used to meet the Authority's current ongoing obligations to employees and creditors and increased \$3,015,119 over the prior year.

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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 17 through 42 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 Position includes all of the Authority's assets, liabilities, deferred inflows/outflows of resources, 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 position increases when revenues exceed expenses. An increase in assets without a corresponding increase to liabilities, results in increased net position, which indicates an improved financial position.

The Statement of Revenues, Expenses, and Changes in Net Position 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* that further explains and supports the information in the financial statements found on pages 43-45 of this report.

FINANCIAL ANALYSIS

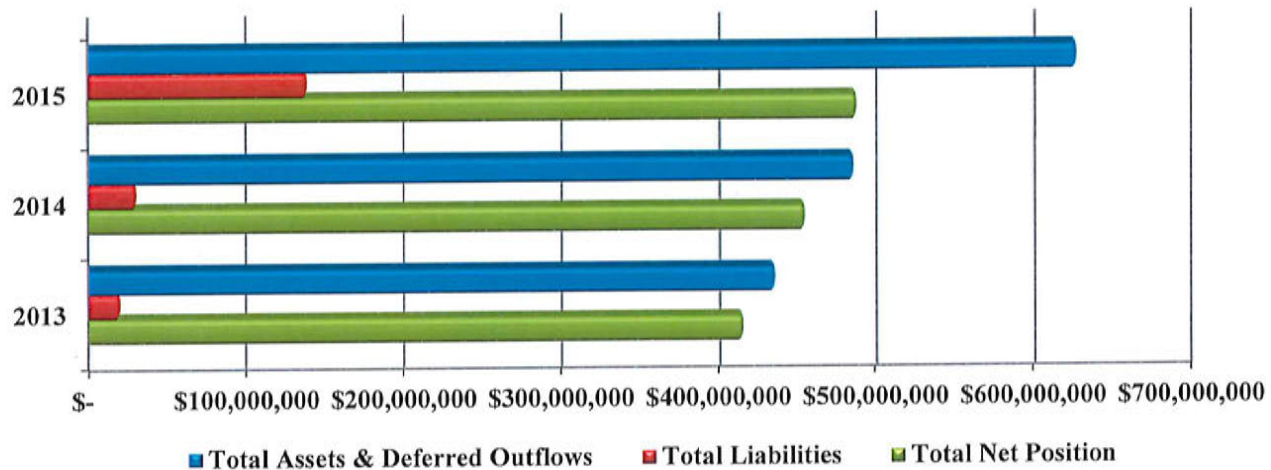
The fundamental question that is most asked of business is, as a whole "Are you better off or worse off as a result of the year's activities?" The Statement of Net Position, and the Statements of Revenues, Expenses, and Changes in Net Position report information about the Authority's activities in a way that will help answer this question. These two statements report the net position of the Authority and changes in it. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating.

Statement of Net Position

The Statement of Net Position 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.

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The following condensed Statement of Net Position provides an overview of the Authority's net position as of December 31, 2015, 2014 and 2013:



	2015	2014	2013	2015-14 Change	2014-13 Change
Assets					
Current assets	\$ 174,809,632	\$ 175,018,994	\$ 145,258,912	\$ (209,362)	\$ 29,760,082
Restricted assets	90,967,295	35,522	32,683	90,931,773	2,839
Capital assets	355,995,269	302,580,238	282,973,377	53,415,031	19,606,861
Other non-current assets	2,369,840	7,439,501	6,970,384	(5,069,661)	469,117
Total Assets	624,142,036	485,074,255	435,235,356	139,067,781	49,838,899
Deferred Outflows of Resources					
Deferred outflows related to pensions	1,958,889	-	-	1,958,889	-
Total Assets and Deferred Outflows	626,100,925	485,074,255	435,235,356	141,026,670	49,838,899
Liabilities					
Current liabilities	14,432,078	16,185,862	7,347,825	(1,753,784)	8,838,037
Long-term debt, net of current portion	110,640,000	-	-	110,640,000	-
Unearned revenue, net of current portion	10,755,796	11,424,330	10,395,824	(668,534)	1,028,506
Other liabilities	3,162,906	3,172,881	2,660,086	(9,975)	512,795
Total Liabilities	138,990,780	30,783,073	20,403,735	108,207,707	10,379,338
Net Position					
Net investment in capital assets	287,147,609	293,461,952	273,398,051	(6,314,343)	20,063,901
Restricted	36,153,709	35,522	32,683	36,118,187	2,839
Unrestricted	163,808,827	160,793,708	141,400,887	3,015,119	19,392,821
Total Net Position	\$ 487,110,145	\$ 454,291,182	\$ 414,831,621	\$ 32,818,963	\$ 39,459,561

2015 – 2014

The Authority's net position of \$487,110,145 at the close of 2015 increased by \$32,818,963 over 2014. The largest portion of the Authority's net position (59.0%) reflects its net investment in capital assets. 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. Unrestricted net position (33.6%) may be used to meet

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the Authority's ongoing obligations to employees and creditors. The remainder of the Authority's net position (7.4%) represents resources that are subject to external legal restrictions on how they may be used.

The Authority's total assets and deferred outflows increased by \$141,026,670 (29.1%) over 2014. The majority of this change is from an increase in restricted assets of \$90,931,773 and an increase in capital assets of \$53,415,031.

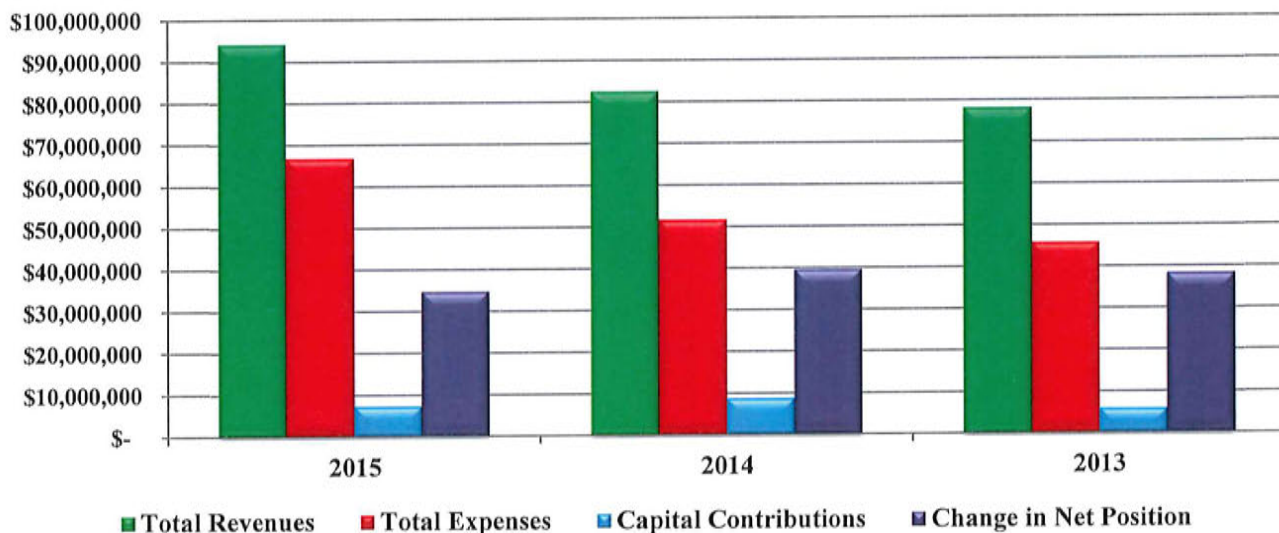
The Authority's total liabilities increased by \$108,207,707 (451.5%) over 2014. An increase in long-term debt is the primary reason for the change.

2014 – 2013

The Authority's net position of \$454,291,182 at the close of 2014 increased by \$39,459,561 over 2013. By far, the largest portion of the Authority's net position (64.6%) reflects its net investment in capital assets. 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. Unrestricted net position (35.4%) may be used to meet the Authority's ongoing obligations to employees and creditors. The remainder of the Authority's net position represents resources that are subject to external legal restrictions on how they may be used.

Statements of Revenues, Expenses, Change in Net Position

The Statements of Revenues, Expenses, and Change in Net Position serve 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 Position summarize the operations of the Authority for the years ended December 31, 2015, 2014 and 2013:

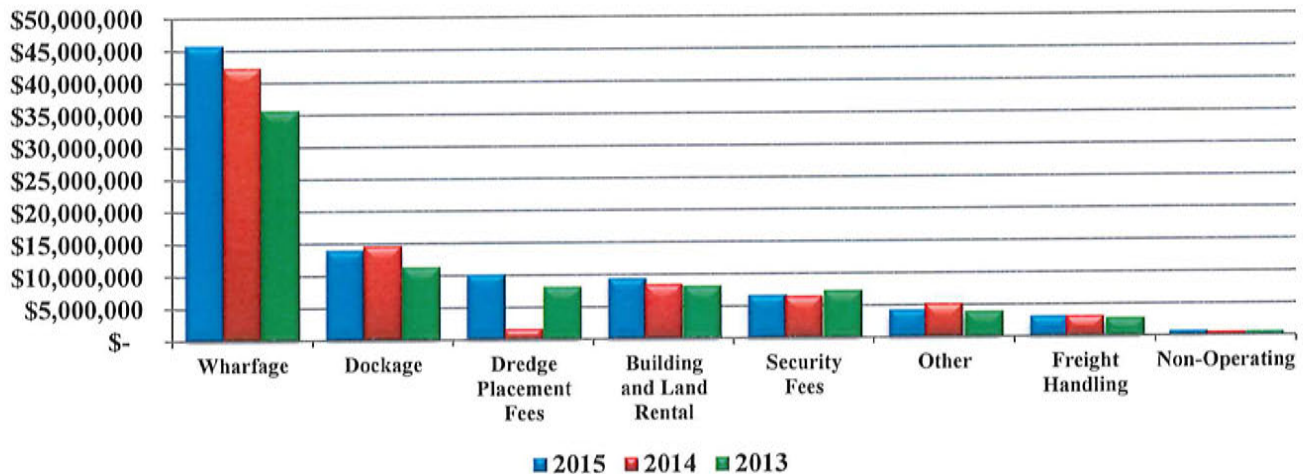


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	2015	2014	2013	2015-14 Variance	2014-13 Variance
Revenues					
Operating revenues:					
Wharfage	\$ 45,779,919	\$ 42,288,896	\$ 35,688,217	\$ 3,491,023	\$ 6,600,679
Dockage	14,003,472	14,630,404	11,358,813	(626,932)	3,271,591
Security fees	6,673,782	6,460,860	7,325,584	212,922	(864,724)
Freight handling	3,153,285	3,133,303	2,815,582	19,982	317,721
Rail Charges	699,535	893,900	1,026,819	(194,365)	(132,919)
Building and land rentals	9,391,040	8,456,174	8,152,093	934,866	304,081
Conference center services	2,209,031	1,864,556	1,688,770	344,475	175,786
FTZ user fees	207,667	222,500	253,917	(14,833)	(31,417)
Dredge placement fees	10,151,880	1,669,714	8,153,771	8,482,166	(6,484,057)
Other	1,152,244	2,189,138	1,004,387	(1,036,894)	1,184,751
Total operating revenues	93,421,855	81,809,445	77,467,953	11,612,410	4,341,492
Investment income	518,374	341,754	283,544	176,620	58,210
Federal and other grant assistance	227,714	180,655	290,727	47,059	(110,072)
Gain on disposal of assets	-	40,596	-	(40,596)	40,596
Total Revenues	94,167,943	82,372,450	78,042,224	11,795,493	4,330,226
Expenses					
Operating expenses:					
Maintenance and operations	21,470,411	23,367,865	18,144,056	(1,897,454)	5,223,809
General and administrative	19,469,477	15,891,293	15,378,025	3,578,184	513,268
Depreciation	13,819,080	12,310,557	12,024,981	1,508,523	285,576
Total operating expenses	54,758,968	51,569,715	45,547,062	3,189,253	6,022,653
Interest expense and fiscal charges	2,030,505	535	16,986	2,029,970	(16,451)
Bond issuance costs	1,139,597	-	-	1,139,597	-
Contributions to other governments	3,000,000	-	-	3,000,000	-
Loss on disposal of assets	5,829,882	-	102,957	5,829,882	(102,957)
Total Expenses	66,758,952	51,570,250	45,667,005	15,188,702	5,903,245
Income Before Contributions	27,408,991	30,802,200	32,375,219	(3,393,209)	(1,573,019)
Capital Contributions	7,245,620	8,657,361	5,842,850	(1,411,741)	2,814,511
Changes in Net Position	34,654,611	39,459,561	38,218,069	(4,804,950)	1,241,492
Total Net Position, Beginning of Year	454,291,182	414,831,621	376,613,552	39,459,561	38,218,069
Cumulative Effect of Change in Accounting Principle	(1,835,648)	-	-	(1,835,648)	-
Total Net Position, as Restated	452,455,534	414,831,621	376,613,552	37,623,913	38,218,069
Total Net Position, End of Year	\$ 487,110,145	\$ 454,291,182	\$ 414,831,621	\$ 32,818,963	\$ 39,459,561

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Revenues



2015 – 2014

Operating revenues in 2015 increased by \$11,612,410 or 14.2% over 2014. Dredge placement fees generated from depletion charges for the deposit of dredge materials into the Authority's dredge placement areas increased \$8.5 million in 2015 and were the largest single component of the revenue increase. Wharfage revenues increased \$3.5 million over 2014. The majority of the wharfage increase was at the private oil docks (\$2.0 million) and the Authority's cargo docks (\$1.6 million). Movements of petroleum products continue to increase at the private oil docks and in December, 2015 the United States crude oil ban on exports was lifted and the first vessel set sail from the Port of Corpus Christi with crude oil to be exported. Shipments of wind turbines and their components have been the main reason for the increase at the Authority's cargo docks in 2015. Building and land rentals of Authority properties have increased \$935 thousand due to new tenants and rent escalations of existing leases.

Although wharfage revenues have increased, dockage revenues have seen a decline of \$627 thousand, mainly at the bulk terminal facility. Other revenues have decreased \$1.0 million from 2014. In 2014, revenues were recognized for the collection of previously unbilled charges for the movement by rail of pet coke by a customer at the Authority's bulk docks for the years of 2006 through 2013.

2014 – 2013

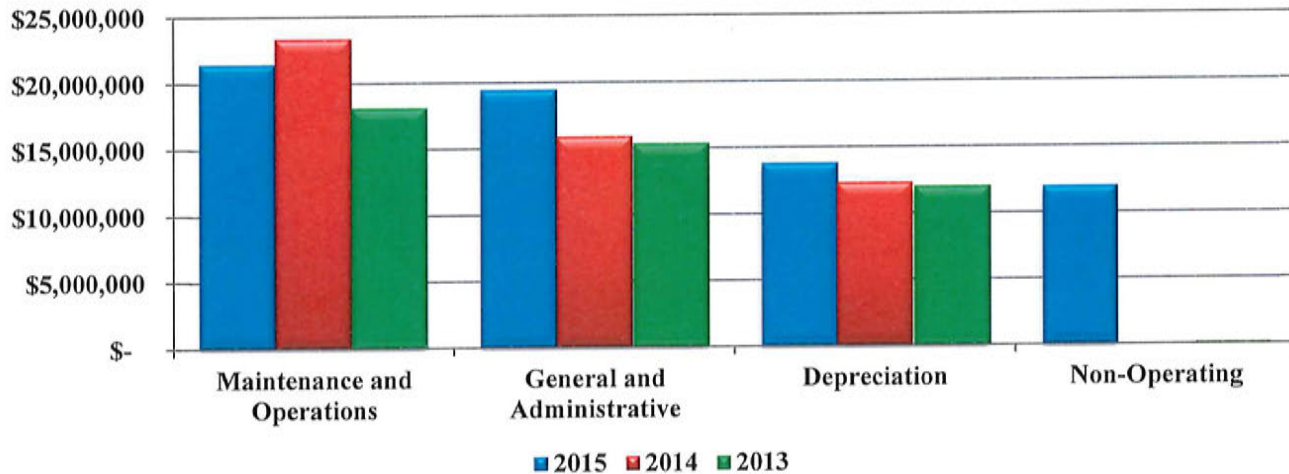
Operating revenues in 2014 increased by \$4,341,492 or 5.6% over 2013. The largest single component of the increase was in wharfage revenues which increased \$6.6 million in 2014. The majority of the increase was at the Authority's oil docks (\$3.3 million) and the private oil docks (\$2.3 million). The Authority constructed a new oil dock and converted an existing cargo dock to an oil dock in late 2013 to accommodate the increased movement of petroleum products from the Eagle Ford formation. In addition, two of the Authority's customers have converted existing docks in the inner harbor to accommodate their petroleum movements. Dockage revenues have increased \$3.3 million over the prior year and the majority of this increase, \$3.2 million, has also been at the Authority's oil docks.

Dredge placement fees generated from depletion charges for the deposit of dredge materials into the Authority's dredge placement areas decreased \$6.5 million from 2013. Security fees are also reflecting a decrease of \$865 thousand from the prior year. Although the wharfage and dockage surcharges for security are up \$734 thousand from the increased movements in 2014, the fee charged for the Marine Patrol security unit was decreased 50% in 2014 and revenues fell by \$1.6 million as a result.

Other revenues have increased \$1.2 million over 2013 due to the collection of previously unbilled charges for the movement by rail of pet coke by a customer at the Authority's bulk docks for the years of 2006 through 2013.

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Expenses



2015 – 2014

Operating expenses in 2015 increased \$3,189,253 or 6.2% over 2014. The major variances in expenses from 2015 to 2014 are as follows:

● Employee services	\$ 4,237,956
● Depreciation	1,508,523
● Maintenance	(2,344,987)
● Professional services	(1,064,518)

Of the increase in employee service costs over 2014, \$1.7 million is attributable to wages and payroll taxes. The Authority has implemented several new divisions in 2015 including Chief Commercial Officer, Community Relations, and Risk Management which added seven employees. In addition, five positions were added to the Security division as recommended by the security study and three to the Engineering division to accommodate the increase in capital projects from the 2015 revenue bond sale. The largest component of the increase in employee services, however, has been in employee benefits. Retirement benefits increased \$1.9 million, partly due to the addition of staff, but mainly in part to the implementation of GASB 68, as amended by GASB 71 which requires the Authority to recognize most changes in net pension liability in pension expense in the period of the change. The full effects of this change in accounting principle can be found in Note 6 to the financial statements on pages 32-38. In addition, the Authority is self-funded for medical and dental expenses of its employees. The cost of these benefits increased \$608 thousand over 2014.

The Authority added over \$75 million in new capital assets in 2015, and depreciation increased \$1.5 million over 2014.

Maintenance project expenses have decreased \$2 million from 2014. Major maintenance projects expenses were recorded in 2014 for structural repairs to a dock and rehabilitation of the fire systems at the Authority's oil docks in the amount of \$1.2 million, repairs to the Authority's rail system in the amount of \$682 thousand, repairs to the Authority's roads and parking lots in the amount of \$469 thousand, and concrete repairs to the bulk dock in the amount of \$407 thousand, and only minor maintenance projects were expensed in 2015.

Professional service expenses have decreased in 2015 mainly due to a non-reoccurring real estate transaction fee in the amount of \$976 thousand for property leased to a tenant at the La Quinta site recorded in 2014.

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2014 – 2013

Operating expenses in 2014 increased \$6,022,653 or 13.2% over 2013. The major cost increases are as follows:

● Maintenance	\$ 2,560,774
● Employee services	1,708,245
● Professional services	1,323,939

The Authority's staffing has increased by fifteen employees over 2013 leading to an increase in employee services expenses. Many of these positions were hired in late 2014, and the largest increases have been in the Engineering division to enable the Authority to implement an increase in its capital program due to the Eagle Ford shale oil and gas development, and in the Security division as recommended by the security study. In addition, four positions were added in late 2013, and one position in 2014, to the Bulk Materials division.

Expenses for maintenance have increased and major maintenance projects in 2014 include structural repairs to a dock and rehabilitation of the fire systems at the Authority's oil docks in the amount of \$1.2 million, repairs to the Authority's rail system in the amount of \$682 thousand, repairs to the Authority's roads and parking lots in the amount of \$469 thousand, and concrete repairs to the bulk dock in the amount of \$407 thousand.

The increase in professional services was due in part to a real estate transaction fee in the amount of \$976 thousand for property leased to a tenant at the La Quinta site. As part of a Strategic Plan begun by the Authority in 2013, an organizational study was conducted in 2014 and \$172 thousand has been incurred to date, and in addition, \$203 thousand was spent on a security improvements study.

Capital Grants and Contributions

2015 – 2014

Capital grants and contributions decreased by \$1,411,741 from 2014. 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, 2015 include the following:

● National Infrastructure Investments	\$ 2,096,740
● Security Enhancements	1,269,912
● State Funded Rail Improvements	3,830,594
● State Funded Emmission Reductions	48,374

2014 – 2013

Capital grants and contributions increased by \$2,814,511 over 2013. 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, 2014 include the following:

● National Infrastructure Investments	\$ 7,173,277
● Security Enhancements	1,134,084
● Capital contributions from customers	350,000

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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

2015 – 2014

The Authority's investment in capital assets as of December 31, 2015, amounts to \$355,995,269 (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, intangibles and construction in progress. This amount represents a net increase (additions net of retirements and depreciation) of \$53,415,031 or 17.7%. Additional information regarding the Authority's capital assets can be found in Note 3 to the financial statements on page 29.

Major capital asset additions during 2015 include the following:

● Land Purchases	\$ 35,445,109
● Rail Interchange Yard	17,673,346
● Additional Barge Mooring Areas	6,754,218
● Improvements to La Quinta Channel	5,747,967

The increase in the investment in capital assets was net of the sale of the Refrigerated Warehouse facility and equipment in 2015, resulting in a decrease in capital assets net of depreciation of \$6.3 million.

The Authority's investment in capital assets as of December 31, 2014, amounts to \$302,580,238 (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, intangibles and construction in progress. This amount represents a net increase (additions net of retirements and depreciation) of \$19,606,861 or 6.9%. Additional information regarding the Authority's capital assets can be found in Note 3 to the financial statements on page 29.

● Land & Infrastructure Improvements at La Quinta	\$ 8,764,236
● Improvements at the Bulk Docks	2,151,422
● Shoreline Stabilization at Rincon Harbor	1,515,181
● Security Enhancements	1,112,759
● Improvements to the Oil Docks	1,078,217
● Improvements to Dredge Placement Areas	912,209

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	2015	2014	2013	2015-14 Change	2014-13 Change
Capital assets, not being depreciated:					
Land	\$ 84,786,396	\$ 49,341,287	\$ 46,663,231	\$ 35,445,109	\$ 2,678,056
Channel & waterfront improvements	25,056,737	19,308,770	19,308,770	5,747,967	-
Intangibles	387,429	377,429	377,429	10,000	-
Construction in progress	59,166,446	60,764,538	46,032,175	(1,598,092)	14,732,363
	169,397,008	129,792,024	112,381,605	39,604,984	17,410,419
Capital assets, being depreciated:					
Port facilities	121,246,739	100,377,792	98,437,095	20,868,947	1,940,697
Buildings & improvements	46,658,332	52,123,240	49,702,770	(5,464,908)	2,420,470
Machinery and equipment	18,289,683	19,739,027	21,800,243	(1,449,344)	(2,061,216)
Intangibles	403,507	548,155	651,664	(144,648)	(103,509)
	186,598,261	172,788,214	170,591,772	13,810,047	2,196,442
Net Capital Assets	\$ 355,995,269	\$ 302,580,238	\$ 282,973,377	\$ 53,415,031	\$ 19,606,861

Long-Term Debt

On May 27, 2015, the Authority issued \$115,000,000 in taxable revenue bonds for the purposes of acquiring land and acquiring, purchasing, constructing, enlarging, extending, repairing or developing facilities or aids incident to or useful or necessary in the operation or development of the Authority's ports and waterways or in aid of navigation and commerce thereon. Additional information regarding the Authority's long-term debt can be found in Note 5 to the financial statements on page 30. As of December 31, 2015, the Authority had long-term debt outstanding of \$115,000,000. The following table summarizes the Authority's long-term debt outstanding as of December 31, 2015, 2014 and 2013.

	2015	2014	2013	2015-2014 Change	2014-2013 Change
General revenue bonds	\$ 115,000,000	\$ -	\$ -	\$ 115,000,000	\$ -
Total Long-term Debt	\$ 115,000,000	\$ -	\$ -	\$ 115,000,000	\$ -

The Authority maintains a A+ rating from Standard and Poor's Corporation and a A1 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 annual debt service requirements. As of December 31, 2015, the Authority's revenue bond coverage was 5.91.

ECONOMIC OUTLOOK

The Authority along with the local region has experienced the positive effects from the Eagle Ford Shale oil and gas boom, and has felt this though significant growth in the movement of outbound crude oil over both its public and private oil docks, along with increases in both wharfage and dockage revenues over the past several years. In 2015, the Authority, while still experiencing an increase, saw only modest annual growth over the preceding year. This decline in annual growth was largely contributed to a decline in crude oil pricing during the latter part of the year that resulted in a slow-down in drilling exploration and crude oil production.

The Authority continues to play a vital role as a major refinery hub, and continues to be the gateway of choice for both Eagle Ford and Permian Basin oil plays, as well as a logistical and distribution center for cargoes used in drilling, fracturing and pipeline projects. With

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the lifting of the 40 year ban on crude oil exports in December of 2015, United States crude oil producers for the first time are able to export crude oil to global markets. As a result, on December 31, 2015, the Port of Corpus Christi made history by becoming the first port to export crude oil outside of United States markets to Europe.

The Authority continues to invest in new rail infrastructure and liquid docks to support the current needs and continued growth potential of the Eagle Ford and Permian Basin Shale Plays, in addition to the significant private investment still being made in the form of storage tanks, pipelines and new dock infrastructure in and around the Authority to accommodate the increased movement of crude oil. This trend is anticipated to continue, with the nearby Eagle Ford shale formation holding estimated reserves of as much as 15 billion barrels of oil and natural gas liquids, plus some 150 trillion cubic feet of natural gas, in addition to reserves within the Permian Basin region.

These infrastructure improvements have placed our port in a unique position as a critical component in the export of U.S. crude and condensate. The Authority's deep draft ship channel and strategic location to some of the largest production areas in the U.S. provides a secure and competitive supply chain to markets worldwide.

In 2013, industry leading companies from throughout the world and United States committed to major investments at the Authority. Estimated total investment being made by these companies is now approaching in excess of \$15 billion. Several of these projects are now completed or close to being completed and ready to begin production. Several are currently under construction, and are anticipated to come on line over the next several years. These investments include the following:

The Port awarded a contract in December, 2014 to begin construction of a new public oil ship and barge dock facility adjacent to the M&G facility in the Inner Harbor. The new dock is budgeted to cost \$28 million and be complete in 2016. In 2015, the construction on a \$7 million new barge mooring area was completed. Preliminary plans are underway to expand the barge capacity of an existing Port oil dock and preliminary design has been done on construction of another new public oil dock in the Inner Harbor for an additional investment of \$36.3 million.

NuStar Energy completed construction in February, 2014 on a new dock project in the Inner Harbor including pipelines to move crude oil from incoming pipelines or tanks within its terminal to the new dock, a state-of-the-art metering system, vapor control system and a dock structure with three loading arms. These new upgrades has allowed NuStar to triple its marine loading capacity. The dock project was part of NuStar's \$185 million, multi-phase build-out of the company's South Texas crude oil pipeline.

Trafigura Terminals LLC and Buckeye Texas Partners have begun construction on a \$500 million terminal and associated oil storage facilities on the Inner Harbor to export and store Eagle Ford crude and condensate. Construction was completed in late 2014 on a second oil dock at the facility, and future phases are ongoing.

Magellan Midstream Partners LP is to begin a \$250 million project at its terminal in the Inner Harbor to include construction of a condensate splitter, one million barrels of storage, dock improvements, truck rack bays, and connectivity between Magellan's terminal and Trafigura's nearby facility. The company has indicated it will consider multiple future phases which could more than double the facility size, if initial phase is successful.

The Port constructed a main rail interchange yard for the three Class I railroads serving the Port on the north side of the Inner Harbor. The rail project includes a 9,800 foot long unit train siding capable of storing a full 150 car unit train and four parallel ladder tracks for a total yard capacity of 15,400 feet and 223 rail cars. Phase I of the project was complete in April, 2015 at a cost of \$17.7 million and was partially funded by a \$10 million federal TIGER grant and revenues from the rail carriers. Phase II of the project will extend the four interchange yard tracks to full unit train siding length and construct four additional unit train sidings at a cost of \$28 million which is partially funded by a \$22 million grant from the Texas Department of Transportation. Phase II is scheduled to be complete in 2017.

M&G Resins USA has begun construction on a \$1.1 billion dollar polyethylene terephthalate (PET) resin processing plant on the Inner Harbor adjacent to the Port's Nueces River Rail Yard. Construction of the M&G facility will generate over 3,000 construction jobs.

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Once operational, the plant will create over 250 jobs with 700 indirect jobs and is anticipated to be the largest facility of its kind in the world. It is estimated that construction will be complete before 2017.

The Tianjin Pipe Company (TPCO) is China's largest producer of seamless steel pipe produced from recycling scrap steel in combination with pig iron. TPCO selected a 300 acre site across from the Port's La Quinta Trade Gateway to construct a \$1.3 billion seamless pipe mill. This is the largest single green-field investment by a Chinese company in a United States manufacturing facility. Construction of Phase I was complete in 2014, and TPCO has begun construction of Phase II. Thousands of construction jobs were created and when the manufacturing comes online, the new facility will employ a workforce of 600-800 people. It is estimated that the economic impact within the first ten years of the project will be \$3 billion for the South Texas Coastal Bend region.

Austria's voestalpine Group is investing \$750 million in its 470 acre site at La Quinta to construct a plant that will convert iron oxide pellets into purer, easier-to-transport hot briquetted iron used in steel production. Construction began in 2014 and the facility is anticipated to be operational in the second quarter of 2016. Approximately 800 construction jobs were created, and the new plant will employ 150 full-time employees.

Corpus Christi Liquefaction, LLC, a subsidiary of Cheniere Energy, commenced construction in 2015 on the first phase of a \$14.5 billion liquefied natural gas (LNG) export terminal on 337 acres at the La Quinta Ship Channel. The project has been designed to be constructed in phases, and operations are expected to commence on or before 2020.

Oxy Ingleside Energy Center, LLC purchased the former Naval Station Ingleside property from the Port in 2012. The company is investing \$55 million in a propane and oil export facility at the site and will utilize the pier and wharf constructed by the United States Navy. Operations for the export of propane began in 2015 and with oil exports expected to begin in 2016.

OxyChem and MexiChem, in a joint venture, have begun construction of a \$1 billion ethylene cracking plant located on the LaQuinta Ship Channel. Completion is anticipated in 2017 and the plant will employ around 150 people.

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 Director of Finance, 222 Power Street, Corpus Christi, TX 78401.

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

**Statement of Net Position
December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	\$ 61,921,329	\$ 81,306,322
Investments (Note 2)	93,697,394	74,795,835
Accounts receivable (net of allowance for doubtful accounts of \$3,035 and \$300 for 2015 and 2014, respectively)	14,479,257	13,992,857
Interest receivable	306,850	344,509
Intergovernmental receivable	2,806,655	3,004,378
Inventory	829,185	776,504
Prepaid expenses	768,962	798,589
<i>Total Current Assets</i>	<u>174,809,632</u>	<u>175,018,994</u>
NON-CURRENT ASSETS:		
RESTRICTED ASSETS:		
Cash and cash equivalents (Note 2)	90,967,295	35,522
<i>Total Restricted Assets</i>	<u>90,967,295</u>	<u>35,522</u>
CAPITAL ASSETS:		
Capital assets, not being depreciated (Note 3)	169,397,008	129,792,024
Capital assets, being depreciated, net (Note 3)	186,598,261	172,788,214
<i>Capital Assets, Net</i>	<u>355,995,269</u>	<u>302,580,238</u>
OTHER NON-CURRENT ASSETS:		
Purchase option deposit	100,000	-
Net pension asset (Note 6)	2,269,840	7,439,501
<i>Total Non-Current Assets</i>	<u>2,369,840</u>	<u>7,439,501</u>
TOTAL ASSETS	<u>624,142,036</u>	<u>485,074,255</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pensions (Note 6)	1,958,889	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>626,100,925</u>	<u>485,074,255</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	6,249,151	7,401,234
Accrued expenses	647,322	932,275
Accrued interest payable	344,996	-
Unearned revenue, current portion (Note 5)	1,188,606	6,407,560
Unearned capital lease, current portion (Note 5)	457,040	457,040
Current maturities of long-term debt (note 5)	4,360,000	-
Compensated absences, current portion (Note 5)	1,184,963	987,753
<i>Total Current Liabilities</i>	<u>14,432,078</u>	<u>16,185,862</u>
NON-CURRENT LIABILITIES:		
Unearned revenue, net of current portion (Note 5)	2,551,590	2,763,084
Unearned capital lease, net of current portion (Note 5)	8,204,206	8,661,246
Long-term debt, net of current maturities (Note 5)	110,640,000	-
Compensated absences, net of current portion (Note 5)	2,573,147	2,684,999
Net OPEB obligation (Note 7)	589,759	487,882
<i>Total Non-Current Liabilities</i>	<u>124,558,702</u>	<u>14,597,211</u>
TOTAL LIABILITIES	<u>138,990,780</u>	<u>30,783,073</u>
NET POSITION:		
Net investment in capital assets	287,147,609	293,461,952
Restricted:		
Bond interest and redemption	16,116,847	-
Harbor Bridge commitment	20,000,000	-
Law enforcement	36,862	35,522
Unrestricted	163,808,827	160,793,708
TOTAL NET POSITION	<u>\$ 487,110,145</u>	<u>\$ 454,291,182</u>

See accompanying notes to financial statements

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

**Statement of Revenues, Expenses
and Changes in Net Position
For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES:		
Wharfage	\$ 45,779,919	\$ 42,288,896
Dockage	14,003,472	14,630,404
Security fees	6,673,782	6,460,860
Freight handling	3,153,285	3,133,303
Rail Charges	699,535	893,900
Building and land rentals	9,391,040	8,456,174
Conference center services	2,209,031	1,864,556
FTZ user fees	207,667	222,500
Dredge placement fees	10,151,880	1,669,714
Other	1,152,244	2,189,138
<i>Total Operating Revenues</i>	<u>93,421,855</u>	<u>81,809,445</u>
OPERATING EXPENSES:		
Maintenance and operations	21,470,411	23,367,865
General and administrative	19,469,477	15,891,293
Depreciation	13,819,080	12,310,557
<i>Total Operating Expenses</i>	<u>54,758,968</u>	<u>51,569,715</u>
<i>Operating Income</i>	<u>38,662,887</u>	<u>30,239,730</u>
NON-OPERATING REVENUES (EXPENSES):		
Investment income	518,374	341,754
Federal and other grant assistance	227,714	180,655
Gain (loss) on disposal of assets	(5,829,882)	40,596
Bond issuance costs	(1,139,597)	-
Interest expense and fiscal charges	(2,030,505)	(535)
Contributions to other government agencies	(3,000,000)	-
<i>Net Non-Operating Revenues (Expenses)</i>	<u>(11,253,896)</u>	<u>562,470</u>
<i>Income Before Capital Grants and Contributions</i>	27,408,991	30,802,200
CAPITAL GRANTS AND CONTRIBUTIONS	7,245,620	8,657,361
<i>Change in Net Position</i>	<u>34,654,611</u>	<u>39,459,561</u>
<i>Total Net Position , Beginning of Year</i>	454,291,182	414,831,621
<i>Cumulative Effect of Change in Accounting Principle (Note 1)</i>	(1,835,648)	-
<i>Total Net Position , Beginning of Year, as Restated</i>	<u>452,455,534</u>	<u>414,831,621</u>
<i>Total Net Position, End of Year</i>	<u>\$ 487,110,145</u>	<u>\$ 454,291,182</u>

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

**Statement of Cash Flows
For the Years Ended December 31, 2015 and 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 87,128,288	\$ 85,605,345
Cash payments to suppliers for goods & services	(19,671,051)	(22,980,595)
Cash payments to employees for services	(19,253,420)	(16,125,514)
Cash payments to and received from other operating sources	1,835	4,268
<i>Net Cash Provided by Operating Activities</i>	<u>48,205,652</u>	<u>46,503,504</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating grants received	185,468	184,677
Payments to other governments	(3,000,000)	-
<i>Net Cash Provided (Used) by Noncapital Financing Activities</i>	<u>(2,814,532)</u>	<u>184,677</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds on issuance of capital debt	113,860,403	-
Acquisition and construction of capital assets	(75,578,523)	(29,374,229)
Capital grants and contributions	7,485,865	6,148,827
Proceeds from sale of assets	518,950	72,004
Acquisition of purchase option deposit	(100,000)	-
Interest expense and fiscal charges	(1,685,509)	(518)
<i>Net Cash Provided (Used) for Capital and Related Financing Activities</i>	<u>44,501,186</u>	<u>(23,153,916)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	1,180,387	1,357,676
Proceeds from sale and maturities of investments	144,135,000	98,054,334
Purchase of investments	(163,660,913)	(90,097,474)
<i>Net Cash Provided (Used) by Investing Activities</i>	<u>(18,345,526)</u>	<u>9,314,536</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	71,546,780	32,848,801
<i>Cash and Cash Equivalents at Beginning of Year, Including Restricted Accounts</i>	81,341,844	48,493,043
<i>Cash and Cash Equivalents at End of Year, Including Restricted Accounts</i>	<u>\$ 152,888,624</u>	<u>\$ 81,341,844</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 38,662,887	\$ 30,239,730
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	13,819,080	12,310,557
Interest expense (non-capital)	-	(17)
Changes in assets, deferred outflows of resources, and liabilities:		
Accounts receivable	(301,741)	(2,992,432)
Intergovernmental receivable	(276)	2,267
Inventories	(52,681)	(35,635)
Prepaid items	29,627	37,610
Net pension asset	2,506,866	(469,117)
Deferred outflows of resources	(1,131,742)	-
Accounts payable	658,838	(107,553)
Accrued expenses	(284,953)	244,446
Unearned revenue	(5,430,448)	7,333,341
Unearned capital lease revenue	(457,040)	(457,040)
Net OPEB obligation	101,877	88,156
Compensated absences	85,358	309,191
<i>Total Adjustments</i>	<u>9,542,765</u>	<u>16,263,774</u>
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 48,205,652</u>	<u>\$ 46,503,504</u>
Noncash Investing, Capital, and Financing Activities:		
Amortization (accretion) of premium/discounts on investments	\$ 485,852	\$ 697,215
Change in fair value of investments	138,502	56,082
Change in accrued interest on investments	37,659	262,625
Change in noncapital/capital intergovernmental receivables	197,999	(2,504,512)
Gain (loss) on disposal of assets	(5,829,882)	40,596
Acquisition of capital assets accrued but not paid, net of reimbursements	(1,995,580)	2,574,597
Bond costs paid from bond proceeds	1,139,597	-

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 Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards. GASB defines the reporting entity as the primary government and those component units for which the primary government is financially accountable.

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 as the Authority has financial accountability. The Board of the IDC is appointed by the Port Commission and it is comprised of four members of the Port Commission and two members of the staff of the Authority, and the Authority is able to impose its will on the IDC. In addition, the Authority's management has operational responsibility of the IDC. 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:

	2015	2014
Total Net Position	\$ 12,188	\$ 10,423
Change in Net Position	\$ 1,765	\$ 682

The financial statements of the IDC may be obtained from the Authority's Director of Finance 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 statement of net position. Proprietary fund equity is classified as net position. Enterprise fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

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.

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 CASH EQUIVALENTS

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. Cash and cash equivalents are included in both unrestricted and restricted assets.

INVESTMENTS

In accordance with its Investment Policy and the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code (PFIA), the Authority may invest in obligations of the US Government, its agencies and instrumentalities, fully collateralized or insured time deposits, local government investment pools having a rating not less than AAA, money market mutual funds registered with the SEC, fully collateralized repurchase agreements, general debt obligations of states, agencies, counties, cities and other subdivisions of the United States with a rating not less than AA, and fully insured brokered certificates of deposit, delivered versus payment to the Authority's safekeeping agent.

Investments that mature within one year of acquisition are stated at cost or amortized cost. Investments with the remaining maturity of more than one year at the time of purchase are carried at fair value. Any realized gains and losses in fair value are reported in the operations of the current period.

INVENTORY AND PREPAID ITEMS

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

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 \$5,000. Contributed assets are stated at cost, if available, or estimated fair market value on the date received. The Authority capitalizes, as a cost of its constructed assets, the weighted average interest expense applied to average cumulative expenditures. Capitalized interest increased the cost of assets constructed by the Authority by \$432,946 for the year ended December 31, 2015 and no interest was capitalized for the year ended December 31, 2014.

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
Intangibles	3-5 Years

RESTRICTED ASSETS

Certain resources set aside for the repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants.

Certain assets are reclassified as restricted due to the restriction on the use of these funds for a particular purpose.

All revenues received from participating in Federal equitable sharing of forfeited properties are restricted for use by 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. The Authority receives an annual allocation payment from the Law Enforcement Officer Standards and Education (LEOSE) account and that cash is restricted until spent for qualified expenses related to the continuing education of law enforcement personnel.

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

DEFERRED OUTFLOWS

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. Deferred outflows related to pensions consist of amounts paid into the retirement system after the prescribed measurement date plus the net difference between projected and actual earnings.

PENSION PLAN

For purposes of measuring the net pension asset, deferred outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCERS's fiduciary net position have been determined on the same basis as they are reported by TCERS. For this purpose benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For more information on the Authority's pension plans, see Note 6 of the Notes to the Financial Statements.

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.

UNEARNED REVENUE

Advance payments for the deposit of dredge materials into the Authority's dredge placement areas are recognized as the materials are deposited, and operating lease payments and foreign trade zone user fees are recognized as income over the term of related agreements. Amounts received but not yet earned are reflected as unearned revenue in the accompanying statement of net position.

NET POSITION

Net position represents the residual interest in the Authority's assets and deferred outflows after liabilities are deducted and consists of three sections: net investment in capital assets; restricted and unrestricted. Net investment in capital assets consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position that does not meet the definition of net investment in capital assets or restricted is classified as unrestricted.

CONCENTRATION OF REVENUES

The Authority's operating revenues are subject to risk, because of their concentration in the petroleum industry. Six customers from the petroleum industry made up over 57 percent of the Authority's wharfage and dockage revenue base for 2015, as compared to seven customers that made up 60 percent in 2014. This risk is further enhanced by the fact that petroleum cargo continues to be the Authority's top commodity representing 85.9 percent of the total cargo tonnage moved through the Authority in 2015, compared to 84.3 percent in 2014.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could

differ from those estimates.

RECENT ACCOUNTING PRONOUNCEMENTS

GASB 68 – *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No.27* – revises and establishes new financial reporting requirements for most state and local governments that provide their employees with pension benefits. Statement 68 changes the focus of pension accounting for employers from whether they are responsibly funding their plan over time to a point-in-time liability that is reflected in the employer’s financial statements for any actuarially unfunded portion of pension benefits earned to date.

GASB 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date* – amends GASB Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the net beginning net pension liability. The provisions of GASB 71 are required to be applied simultaneously with the provisions of GASB 68. GASB 68, as amended by GASB 71, was implemented in the year ended December 31, 2015.

PRIOR PERIOD RESTATEMENTS

As a result of implementing GASB Statement 68, as amended by GASB Statement 71, net position was restated at January 1, 2015 to record the Authority’s net pension liability. The effect of the change was to reduce beginning net position by the following amounts at January 1, 2015:

Beginning net position	\$ 454,291,182
Prior period adjustment-implementation of GASB 68:	
Net pension asset (measurement date of December 31, 2014)	4,776,706
Less: Net pension asset previously recorded at December 31, 2014	(7,439,501)
Deferred outflows - contributions made by the Authority during the year ended December 31, 2014	<u>827,147</u>
Beginning net position as restated	<u>\$ 452,455,534</u>

FUTURE ACCOUNTING PRONOUNCEMENTS

GASB 72 – *Fair Value Measurement and Application* – addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement will also enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government’s financial position. GASB 72 is effective for financial statements for fiscal years beginning after June 15, 2015. The Authority will implement this statement in fiscal year 2016.

2. DEPOSITS AND INVESTMENTS

At December 31, 2015 the carrying amount of the Authority's demand deposits and cash on hand was \$1,217,098. The total bank deposits 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, 2014 the carrying amount of the Authority's demand deposits and cash on hand was \$2,521,567. The total bank deposits were covered by federal depository insurance (FDIC) or were secured by collateral held by the Authority's agent in the Authority's name.

The Authority's investments at December 31, 2015 and 2014 carried at fair value were:

Investment Type	2015			2014		
	Fair Value	Weighted Average Maturity (Days)	Credit Risk	Fair Value	Weighted Average Maturity (Days)	Credit Risk
Certificates of Deposit	\$ 490,000	300		\$ 490,000	299	
Money market funds	86,847,358	1		58,779,153	1	
Local government pool	64,824,168	1	AAA	20,041,124	1	AAA
United States agencies	78,333,942	669	AAA	36,072,219	537	AAA
Municipal bonds	14,873,452	108	AAA/AA	38,233,616	179	AAA/AA
Total	245,368,920			153,616,112		
Short-term investments included in cash and cash equivalents	151,671,526			78,820,277		
Equity in Total Investments	\$ 93,697,394			\$ 74,795,835		
Portfolio weighted average maturity		222			172	

INTEREST RATE RISK

Interest rate risk is the risk associated with declines or rises in interest rates, which cause an investment in a fixed-income security to increase or decrease in value. In order to limit interest and market rate risk from changes in interest rates, the Authority's adopted Investment Policy sets maximum maturity dates for authorized investment types and a maximum dollar-weighted average maturity limit for the portfolio. The maximum stated final maturity of any investment is three years. The dollar-weighted average maturity (WAM) of the total portfolio is restricted to a maximum of one year.

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As of December 31, 2015, the portfolio contained ten structured callable notes which would be impacted by interest rate risk as listed in the following table:

Issuer	Par Value	Coupon Rate	Purchase Date	Maturity Date	Call Date	Call Structure	Book Value	Market Value
FHLMC	\$ 5,000,000	0.80%	05/12/2015	5/12/2017	02/12/2016	Callable quarterly with 5 days notice	\$ 5,000,000	\$ 4,980,175
FHLMC	2,500,000	1.00%	09/08/2015	09/08/2017	03/08/2016	Callable quarterly with 5 days notice	2,500,000	2,501,638
FHLMC	1,000,000	1.25%	09/15/2015	06/15/2018	03/15/2016	Callable quarterly with 5 days notice	1,000,000	997,630
FHLMC	1,000,000	1.00%	09/28/2015	09/28/2017	03/28/2016	Callable quarterly with 5 days notice	1,000,000	997,134
FHLMC	7,000,000	1.16%	10/29/2015	10/29/2018	01/29/2016	Callable quarterly with 5 days notice	7,000,000	6,966,946
FHLMC	5,000,000	1.45%	12/28/2015	12/28/2018	03/28/2016	Callable quarterly with 5 days notice	5,000,000	4,982,885
FHLMC	5,000,000	1.05%	12/29/2015	12/29/2017	03/29/2016	Callable quarterly with 5 days notice	5,000,000	4,982,815
FHLMC	5,000,000	0.625%	09/29/2015	09/28/2018	03/28/2016	Callable quarterly with 5 days notice Coupon steps to 1.25% on 09/28/2016 Coupon steps to 2.50% on 09/28/2017	5,000,000	4,997,090
FNMA	5,000,000	0.75%	10/30/2015	10/29/2018	04/29/2016	Callable quarterly with 5 days notice Coupon steps to 1.00% on 10/29/2016 Coupon steps to 1.25% on 04/29/2017 Coupon steps to 1.50% on 10/29/2017 Coupon steps to 2.00% on 04/29/2018	5,000,000	4,976,185
FHLMC	3,000,000	0.90%	07/14/2015	07/14/2017	01/14/2016	Callable once with 5 days notice	3,000,000	3,000,093
TOTAL							\$ 39,500,000	\$ 39,382,591

Abbreviations: FNMA Federal National Mortgage Association
FHLMC Federal Home Loan Mortgage Corporation

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As of December 31, 2014, the portfolio contained seven structured callable notes which would be impacted by interest rate risk as listed in the following table:

Issuer	Par Value	Coupon Rate	Purchase Date	Maturity Date	Call Date	Call Structure	Book Value	Market Value
FHLMC	\$ 1,000,000	0.35%	10/21/2014	12/31/2015	03/31/2015	Callable quarterly	\$ 1,000,000	\$ 994,960
FHLMC	5,000,000	0.50%	06/24/2014	06/24/2016	03/31/2015	Callable quarterly	5,000,000	4,984,465
FHLB	5,000,000	0.80%	10/14/2014	10/14/2016	01/14/2015	Callable quarterly	5,000,361	4,995,175
FFCB	5,000,000	0.43%	10/14/2014	04/14/2016	01/14/2015	Callable quarterly continuously	5,000,051	4,995,345
FHLB	5,000,000	0.80%	12/31/2014	12/30/2016	06/30/2015	Callable on call date	5,000,000	4,996,730
Nashua NH	550,000	1.14%	11/18/2013	01/15/2015	01/01/2015	Callable quarterly continuously	550,168	550,176
Derby KS	2,500,000	0.90%	06/02/2014	12/15/2015	01/31/2015	Callable quarterly continuously	2,500,762	2,500,450
Abbreviations: FFCB Federal Farm Credit Bank						TOTAL	\$ 24,051,342	\$ 24,017,301
FHLB Federal Home Loan Bank								
FHLMC Federal Home Loan Mortgage Corporation								

CREDIT RISK

The primary stated objective of the Authority's adopted Investment Policy is the safety of principal and avoidance of principal loss. Credit risk within the Authority's approved investments authorized by the adopted Investment Policy occurs only in time and demand deposits, repurchase agreements, investment pools, commercial paper, and state and municipal obligations. All other investments are rated AAA, or equivalent, by at least one nationally recognized securities rating organization (NRSRO). State law and the adopted Investment Policy requires inclusion of a procedure to monitor and act as necessary to changes in credit rating on any investment which requires a rating. The adopted Investment Policy also requires a procedure to verify continued FDIC insurance weekly on brokered certificates of deposit.

State law and the Authority's adopted Investment Policy restricts both depository time and demand deposits, including certificates of deposit (CD), to those banks doing business in the State of Texas and further requires full FDIC insurance and/or 102% collateralization from these depositors (banks only). Certificates of deposit are limited to a stated maturity of one year. Collateral, with a 102% margin, is required and restricted to obligations of the U.S. Government, its agencies, and instrumentalities, including mortgage backed securities passing the bank test. Independent safekeeping of collateral is required outside the pledging bank's holding company with monthly reporting by the custodian. Securities are priced at market on a daily basis as a contractual responsibility of the bank. The depository/collateral agreement must be executed under the terms of the Financial Industry Resource and Recovery Enforcement Act (FIRREA).

By policy and state law repurchase agreements are limited to those with defined termination dates executed with a Texas bank or a primary dealer (as defined by the Federal Reserve). The agreements require an industry standard, written master repurchase agreement and minimum 102% margin on collateral as well as delivery versus payment settlement and independent safekeeping. The maximum stated maturity is ninety days, except for bond funds flex repurchase agreements, which will match the expenditure plans on the bond funds.

State law and the adopted Policy allow for investment in general obligations of any United States state or its agencies or sub-divisions not to exceed three years to stated maturity and rated not less than AA or its equivalent by one nationally

recognized rating agency.

Public funds investment pools in Texas are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (PFIA), Chapter 2256 of the Texas Government Code. In addition to other provisions of the PFIA designed to promote liquidity and safety of principal, the PFIA require pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares; (4) must make available to the entity an annual audited financial statement of the investment pool in which the entity has funds invested.

CONCENTRATION OF RISK

The Authority recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. The adopted Investment Policy establishes diversification as a major objective of the investment program and sets diversification limits for all authorized investment types which are monitored on at least a monthly basis. Diversification limits are established as:

Investment Policy		Percent of Portfolio	
		2015	2014
United States Treasury securities	100%	-	-
United States Agency securities	100%	31.92%	23.48%
Depository Certificates of Deposit	80%	0.20%	0.32%
Repurchase Agreements	100%	-	-
Flex Agreements by bond fund	100%	-	-
Local Government Investment Pools	100%	26.42%	13.04%
Percent of pool ownership	10%		
Money Market Mutual Funds	100%	35.39%	38.26%
Percent of fund ownership	10%		
Interest bearing accounts	100%	0.01%	0.02%
Brokered Certificates of Deposit	10%	-	-
State and Local Debt Obligations	80%	6.06%	24.88%

CUSTODIAL CREDIT RISK

To control custody and safekeeping risk, State law and the Authority’s adopted Investment policy requires collateral for all time and demand deposits, as well as collateral for repurchase agreements, be transferred delivery versus payment and held by an independent party approved by the Authority. The custodian is required to provide original safekeeping receipts and monthly reporting of positions with position descriptions including market value for both type transactions. All repurchase agreements and deposits must be collateralized to 102% and be executed under written agreements. The counter-party of each type transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

The Authority's portfolio contained no repurchase agreements and all bank demand deposits were fully insured and collateralized. All pledged bank collateral for demand deposits and certificates of deposits were held by an independent institution outside the bank's holding company.

CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Transfers and Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 49,341,287	\$ 35,445,109	\$ -	\$ 84,786,396
Channel and waterfront improvements	19,308,770	5,747,967	-	25,056,737
Intangibles	377,429	10,000	-	387,429
Construction in progress	60,764,538	(1,598,092)	-	59,166,446
Total capital assets, not being depreciated	129,792,024	39,604,984	-	169,397,008
Capital assets, being depreciated:				
Port facilities	217,122,120	28,033,821	31,699	245,124,242
Buildings and improvements	91,029,778	3,596,236	9,578,552	85,047,462
Machinery and equipment	46,249,174	2,308,045	2,374,506	46,182,713
Intangibles	2,553,094	39,857	-	2,592,951
Total capital assets, being depreciated	356,954,166	33,977,959	11,984,757	378,947,368
Less: accumulated depreciation for				
Port facilities	116,744,328	7,156,011	22,836	123,877,503
Buildings and improvements	38,906,538	3,116,007	3,633,415	38,389,130
Machinery and equipment	26,510,147	3,362,557	1,979,674	27,893,030
Intangibles	2,004,939	184,505	-	2,189,444
Total accumulated depreciation	184,165,952	13,819,080	5,635,925	192,349,107
Total capital assets, being depreciated, net	172,788,214	20,158,879	6,348,832	186,598,261
Total capital assets, net	\$ 302,580,238	\$ 59,763,863	\$ 6,348,832	\$ 355,995,269

Capital asset activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Transfers and Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 46,663,231	\$ 2,678,056	\$ -	\$ 49,341,287
Channel and waterfront improvements	19,308,770	-	-	19,308,770
Intangibles	377,429	-	-	377,429
Construction in progress	46,032,175	14,732,363	-	60,764,538
Total capital assets, not being depreciated	112,381,605	17,410,419	-	129,792,024
Capital assets, being depreciated:				
Port facilities	209,905,223	7,592,657	375,760	217,122,120
Buildings and improvements	85,439,767	5,688,694	98,683	91,029,778
Machinery and equipment	45,409,980	1,191,661	352,467	46,249,174
Intangibles	2,516,939	65,395	29,240	2,553,094
Total capital assets, being depreciated	343,271,909	14,538,407	856,150	356,954,166
Less: accumulated depreciation for				
Port facilities	111,468,128	5,651,960	375,760	116,744,328
Buildings and improvements	35,736,997	3,268,224	98,683	38,906,538
Machinery and equipment	23,609,737	3,221,469	321,059	26,510,147
Intangibles	1,865,275	168,904	29,240	2,004,939
Total accumulated depreciation	172,680,137	12,310,557	824,742	184,165,952
Total capital assets, being depreciated, net	170,591,772	2,227,850	31,408	172,788,214
Total capital assets, net	\$ 282,973,377	\$ 19,638,269	\$ 31,408	\$ 302,580,238

4. LEASES

OPERATING LEASES

The Authority leases to others certain land and improvements, and these leases are classified as operating leases. As of December 31, 2015, 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	
2016	\$ 8,675,099
2017	6,130,725
2018	5,229,247
2019	4,641,751
2020	4,013,241
Thereafter	63,656,849
Total	\$ 92,346,912

As of December 31, 2015, \$3,540,126 had been received in advance payments for operating leases and has been recorded as unearned revenue. As of December 31, 2014, \$4,275,308 had been received in advance payments for operating leases and has been recorded as unearned revenue.

5. NON-CURRENT LIABILITIES

LONG-TERM DEBT

On May 27, 2015, the Authority issued revenue bonds, Series 2015 (Taxable), in the amount of \$115,000,000 to pay costs of projects to acquire land and to acquire, purchase, construct, enlarge, extend, repair or develop facilities or aids incident to or useful or necessary in the operation or development of the Authority's ports and waterways or in aid or navigation and commerce thereon. Certain proceeds of the Bonds were used to pay the costs of issuing the Bonds. Interest is payable on June 1 and December 1 of each year. The source of repayment, as defined by the bond resolutions, includes pledged revenues from the operation of Port Facilities after the deduction of maintenance and operating expenses other than those related to depreciation or the interest expense on the bonds.

A statement of changes in long-term debt for the year ended December 31, 2015, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds	\$ -	\$ 115,000,000	\$ -	\$ 115,000,000	\$ 4,360,000
Total	\$ -	\$ 115,000,000	\$ -	\$ 115,000,000	\$ 4,360,000

Total debt service requirements as of December 31, 2015, are as follows:

Years Ending	Principal		Interest		Total
2016	\$ 4,360,000	\$ 4,139,948	\$ 8,499,948		
2017	4,395,000	4,105,722	8,500,722		
2018	4,450,000	4,051,092	8,501,092		
2019	4,530,000	3,968,589	8,498,589		
2020	4,635,000	3,866,301	8,501,301		
Thereafter	92,630,000	34,874,806	127,504,806		
Total	\$ 115,000,000	\$ 55,006,458	\$ 170,006,458		

UNEARNED REVENUES

The Authority receives advance payments for dredge placement agreements, operating lease contracts, and Foreign Trade Zone agreements, and the revenues will be recorded over the terms of these agreements as follows:

Years Ending	Dredge Placement	Operating Leases	Foreign Trade Zone	Totals
2016	\$ 5,070	\$ 988,536	\$ 195,000	\$ 1,188,606
2017	-	769,518	-	769,518
2018	-	440,362	-	440,362
2019	-	267,691	-	267,691
2020	-	243,877	-	243,877
Thereafter	-	830,142	-	830,142
Total	\$ 5,070	\$ 3,540,126	\$ 195,000	\$ 3,740,196

UNEARNED CAPITAL LEASE

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 La Quinta 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	
2016	\$ 457,040
2017	457,040
2018	457,040
2019	457,040
2020	457,040
Thereafter	6,376,046
Total	\$ 8,661,246

COMPENSATED ABSENCES

A statement of changes in compensated absences for the year ended December 31, 2015, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Vacation	\$ 1,132,754	\$ 769,737	\$ 729,119	\$ 1,173,372	\$ 729,119
Sickleave	2,539,998	500,584	455,844	2,584,738	455,844
Total	\$ 3,672,752	\$ 1,270,321	\$ 1,184,963	\$ 3,758,110	\$ 1,184,963

A statement of changes in compensated absences for the year ended December 31, 2014, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Vacation	\$ 1,027,607	\$ 731,342	\$ 626,195	\$ 1,132,754	\$ 626,195
Sickleave	2,335,954	565,602	361,558	2,539,998	361,558
Total	\$ 3,363,561	\$ 1,296,944	\$ 987,753	\$ 3,672,752	\$ 987,753

OPEB OBLIGATION

A statement of changes in OPEB Obligation for the year ended December 31, 2015, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
OPEB Obligation	\$ 487,882	\$ 112,021	\$ 10,144	\$ 589,759	\$ -
Total	\$ 487,882	\$ 112,021	\$ 10,144	\$ 589,759	\$ -

A statement of changes in OPEB Obligation for the year ended December 31, 2014, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
OPEB Obligation	\$ 399,726	\$ 108,495	\$ 20,339	\$ 487,882	\$ -
Total	\$ 399,726	\$ 108,495	\$ 20,339	\$ 487,882	\$ -

6. PENSION PLAN

For the year ended December 31, 2015, the Authority has implemented the provisions of GASB Statement 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date. These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and pension expense. The implementation is based on the actuarial date of December 31, 2014 and measurement date of December 31, 2014.

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). TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 677 defined benefit pension plans which function similarly to cash balance-account 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 or is available on their website at www.tcdrs.org.

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. There are no automatic post-employment benefit changes, including automatic cost-of-living adjustments. Ad hoc post-employment benefit changes, including cost-of-living adjustments can be granted by the governing body of the Authority within guidelines of the TCDRS.

The Authority had 182 active and 51 former employees covered under the TCDRS pension plan, and 95 retirees receiving benefits for the calendar year 2014. The Authority had 166 active and 47 former employees covered under the TCDRS pension plan, and 93 retirees receiving benefits for the calendar year 2013.

Funding Policy

The Authority has elected the Annually Determined Contribution Rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the Authority is actuarially determined annually.

The actuarially determined rate for the calendar year 2015 was 5.63 percent and for the calendar year 2014 was 3.43 percent, however the governing body of the Authority adopted the rate of 7 percent for the calendar year 2015 and 7 percent for the calendar year 2014. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. Employee and Authority contributions were \$979,504 and \$979,504, respectively for the year ended December 31, 2015, and \$827,147 and \$827,147, respectively for the year ended December 31, 2014.

Actuarial Assumptions

The actuarial assumptions that determined the total net pension asset as of December 31, 2014 were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2012, except where required to be different by GASB Statement 68. The actuarial valuations were determined using the following actuarial assumptions:

Actuarial Valuation Date	<u>December 31, 2014</u>
Actuarial Cost Method	Individual Entry Age Normal
Long-term Investment Rate of Return	8.10%
Discount Rate	8.10%
Inflation Rate	3%
Projected Salary Increase Rates	4.9%
Cost-of-Living Adjustment	0%
Mortality (all Mortality tables use generational mortality with Projection Scale AA)	Among active members RP-2000 Active Mortality Table for Males + 2 years RP-2000 Active Mortality Table for Females – 4 years Among inactive vested members, service retirees & beneficiaries RP-2000 Combined Mortality Table for Males + 1 year RP-2000 Combined Mortality Table for Females + 0 years Among disability retirees RP-2000 Disabled Mortality Table for Males + 0 years RP-2000 Disabled Mortality Table for Females +2 year
Retirement Age	Experience-based table with rates of retirement ranging from 4.5% at ages 40-44 to 22% at age 74; for all eligible members ages 75 and older, retirement is assumed to occur immediately

Discount Rate

The discount rate used to determine the total pension liability was 8.10%. The discount rate was determined using an alternative method to determine the sufficiency of the fiduciary net position in all future years. This method reflects the

funding requirements under the Authority’s funding policy and the legal requirements under the TCDRS Act as follows:

- 1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20 year closed layered periods.
- 2) Under the TCDRS Act, the Authority is legally required to make the contribution specified in the funding policy.
- 3) The Authority’s assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the Authority is still required to contribute at least the normal cost.
- 4) Any increased cost due to the adoption of a cost-of living adjustment is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position was determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system the fiduciary net position as a percentage of total pension liability is expected to increase from its current level in future years. Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the Authority is equal to the long-term assumed rate of return on investments of 8.10%.

Discount Rate Sensitivity Analysis

The following presents the net pension liability of the Authority, calculated using the discount rate of 8.10%, as well as what the Authority’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.10%) or one percentage point higher (9.10%) than the current rate.

	<u>1% Decrease 7.10%</u>	<u>Current Discount Rate 8.10%</u>	<u>1% Increase 9.10%</u>
Total pension liability	\$ 48,411,000	\$ 43,516,753	\$ 39,394,391
Fiduciary net position	45,786,593	45,786,593	45,786,593
Net pension liability (asset)	\$ 2,624,407	\$ (2,269,840)	\$ (6,392,202)

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown on the following page are based on January, 2015 information for a seven to ten year time frame. The valuation assumption for long-term expected return is re-assessed a minimum of every four years, and is set based on a 30 year time horizon, the most recent analysis was performed in 2013.

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Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	0.165	0.0535
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	0.120	0.0835
Global Equities	MSCI World (net) Index	0.015	0.0565
International Equities-Developed	50% MSCI World Ex USA (net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index	0.110	0.0535
International Equities-Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	0.090	0.0635
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	0.030	0.0055
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	0.030	0.0375
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	0.050	0.0554
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	0.020	0.0580
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	0.030	0.0675
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	0.020	0.0400
Commodities	Bloomberg Commodities Index	0.020	-0.0020
Master Limited Partnerships	Alerian MLP Index	0.020	0.0530
Private Real Estate	Cambridge Associates Real Estate Index	0.030	0.0720
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	0.250	0.0515

(1) Target Asset Allocation was adopted at the April, 2015 TCDRS Board meeting

(2) Geometric Real Rates of Return in addition to assumed inflation of 1.7%

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

**Notes to Financial Statements
December 31, 2015 and 2014**

Net Pension Liability (Asset)

The changes in net pension asset for the measurement date of December 31, 2014 based on the actuarial date of December 31, 2014 is reflected below:

Changes in Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Position Liability (Asset)
Balances as of December 31, 2013	\$ 38,336,862	\$ 43,113,568	\$ (4,776,706)
Changes for the Year:			
Service cost	1,020,446	-	1,020,446
Interest on total pension liability	3,162,730	-	3,162,730
Effect of plan changes	2,280,346	-	2,280,346
Effect of economic/demographic gains or losses	570,613	-	570,613
Refund of contributions	(51,827)	(51,827)	-
Benefit payments	(1,802,417)	(1,802,417)	-
Administrative expenses	-	(34,241)	34,241
Member contributions	-	827,147	(827,147)
Net investment income	-	2,888,058	(2,888,058)
Employer contributions	-	827,147	(827,147)
Other (allocated system-wide items)	-	19,158	(19,158)
Balances as of December 31, 2014	\$ 43,516,753	\$ 45,786,593	\$ (2,269,840)

In December, 2014, the governing body of the Authority adopted an increase in the employer matching rate from 1:1 to 1.25:1 effective for the calendar year 2015. This change is reflected in the above table as a plan change of \$2,280,346.

For the year ended December 31, 2015, the Authority recognized pension expense as follows:

	January 1, 2014 to December 31, 2014
Service cost	\$ 1,020,446
Interest on total pension liability	3,162,730
Effect of plan changes	2,280,346
Administrative expenses	34,241
Member contributions	(827,147)
Expected investment return net of investment expenses	(3,517,901)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	95,102
Recognition of investment gains or losses	125,969
Other (allocated system-wide items)	(19,158)
Pension expense	\$ 2,354,628

For the year ended December 31, 2015, the Authority recorded deferred outflows of resources related to the pension as follows:

Differences between expected and actual experience	\$	475,511
Net difference between projected and actual earnings		503,874
Contributions made subsequent to measurement date		<u>979,504</u>
Deferred Outflows of Resources	\$	<u>1,958,889</u>

Amounts currently reported as deferred outflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:		
2015	\$	221,071
2016		221,071
2017		221,071
2018		221,071
2019		-
Thereafter		<u>95,220</u>
Total	\$	<u>979,504</u>

Pension Plan Prior to Implementation of GASB 68, as amended by GASB 71

GASB Statement 68, as amended by GASB Statement 71 was implemented by the Authority for calendar year 2015. For comparative purposes, the following information is presented to reflect the pension plan information prior to the implementation of those statements.

Net Pension Asset

The actuarially determined rate for the calendar year 2013 was 3.54 percent, however the governing body of the Authority adopted the rate of 7 percent. The contributions made by the Authority in excess of the actuarially determined rate was classified as net pension asset and reflected as other non-current assets.

A statement of changes in net pension asset for the year ended December 31, 2014 is as follows:

Annual required contribution	\$	405,302
Interest on net pension asset		(557,631)
Adjustment to actuarially determined rate		<u>510,359</u>
Annual pension cost		358,030
Contributions made		<u>827,147</u>
Increase in net pension asset		469,117
Net pension asset - beginning of year		6,970,384
Net pension asset - end of year	\$	<u>7,439,501</u>

Annual Pension Cost

For the Authority’s year ended December 31, 2014, the annual pension cost for the TCDRS plan for is employees was \$358,030 and the actual contributions for its employees were \$827,147. Three year annual trend information on annual pension cost is a follows:

Years Ended December 31,	Annual Pension Cost	Contributions Made	Percentage of APC Contributed	Net Pension Asset
2014	\$ 358,030	\$ 827,147	231.03%	\$ 7,439,501
2013	293,946	791,841	269.38%	6,970,384
2012	991,597	6,508,045	656.32%	6,472,489

The required contribution determined as part of the December 31, 2013 actuarial valuation was using the entry age actuarial cost method. The actuarial assumptions at December 31, 2013 included (a) 8 percent investment rate of retune (net of administrative expenses), and (b) projected salary increases of 4.9 percent. Both (a) and (b) included an inflation rate of 3 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the fair value of investments over a five year period. The overfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013 was 30 years.

As of December 31, 2013, the most recent actuarial valuation date, the plan was 103.67 percent funded. The actuarial accrued liability for benefits was \$30,786,850, and the actuarial value of assets was \$31,917,556 resulting in an overfunded actuarial accrued liability (UAAL) of \$1,130,706. The covered payroll (annual payroll of active employees covered by the plan) was \$11,312,022, and the ratio of the UAAL to the covered payroll was (10.00) percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

7. POSTRETIREMENT BENEFITS

GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postretirement Benefits Other than Pensions (OPEB)*, established accounting standards for postretirement benefits. The standard does not require funding of OPEB expense, but any differences between the annual required contribution (ARC) and the amount funded during the year is to be recorded in the employer’s financial statements as an increase (or decrease) in the net OPEB obligation. The Authority is required to obtain an actuarial valuation at least once every three years in accordance with GASB 45 standards. The Authority’s latest valuation is dated as of January 1, 2014.

Plan Description

The Authority provides postretirement healthcare benefits to eligible retired employees and their spouses through provisions enacted by the authority of the Port Commission. At December 31, 2015, one former employee was eligible for these benefits. The Authority funds a portion of the premiums for health insurance. Continuation of these benefits and the Authority’s contributions are dependent on periodic authorization by the Port Commission. The health insurance benefits provided to retirees are the same as those offered to active employees. The supplied benefits include hospital, doctor, dental and prescription drug charges.

Employees, who have reached age 62, may continue coverage under the Authority's healthcare plan as a retiree until the age of 65.

The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to fund the plan. The plan does not issue a separate financial report.

Funding Policy

The required contribution is based on a projected pay-as-you-go basis, which is expected to continue. The cost of retiree health and life benefits, recorded on a pay-as-you-go basis was \$10,144 for the year ended December 31, 2015 and \$20,339 for the year ended December 31, 2014.

Annual OPEB Cost and Net OPEB Obligation

The annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) or funding excess over a period not to exceed thirty years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Authority's net OPEB obligation. The end of year net OPEB Obligation is shown as a non-current liability on the Statement of Net Position.

A statement of the calculation of the annual OPEB contribution and the change in the net OPEB obligation for the years ended December 31, 2015 and 2014 is as follows:

	2015	2014
Determination of Annual Required Contribution		
Normal Cost at Year End	\$ 68,857	\$ 68,857
Amortization of UAAL	56,488	49,866
Annual Required Contribution (ARC)	125,345	118,723
Determination of Net OPEB Obligation		
Annual Required Contribution	125,345	118,723
Interest on Prior Year Net OPEB Obligation	19,515	15,989
Adjustment to ARC	(32,839)	(26,217)
Annual OPEB Cost	112,021	108,495
Contributions Made	(10,144)	(20,339)
Increase in Net OPEB Obligation	101,877	88,156
Net OPEB Obligation - Beginning of Year	487,882	399,726
Net OPEB Obligation - End of Year	\$ 589,759	\$ 487,882

The end of year net OPEB Obligation is shown as a non-current liability on the Statement of Net Position.

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and net OPEB obligation for the current and three preceding years were as follows:

Years Ended December 31,	Discount Rate	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2015	4.00%	\$ 112,021	9.06%	\$ 589,759
2014	4.00%	108,495	18.75%	487,882
2013	4.00%	153,655	18.61%	399,726
2012	4.00%	158,983	188.00%	274,672

Funding Status and Funding Progress

The schedule of funding progress for the current and three preceding years is as follows:

Actuarial Valuation Date, January 1	Actuarial Value of Assets	Discount Rate	Actuarial Accrued Liabilities (AAL) (1)	Unfunded Actuarial Accrued Liabilities (UAAL) (2)	Funded Ratio	Annual Covered Payroll	UAAL as % of Covered Payroll
2015	\$ -	4.0%	\$ 839,232	\$ 839,232	0.0%	\$ 13,992,927	6.0%
2014	-	4.0%	760,302	760,302	0.0%	11,816,387	6.4%
2013	-	4.0%	1,022,906	1,022,906	0.0%	11,312,022	9.0%
2012	-	4.0%	1,182,857	1,182,857	0.0%	10,982,221	10.8%

(1) Actuarial Accrued Liability determined under the projected unit credit cost method.

(2) Actuarial Accrued Liability less Actuarial Value of Assets.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Authority are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

The actuarial cost method used to determine the OPEB obligation is computed using the Projected Unit Credit Actuarial Cost Method which consists of the following cost components:

- The Normal Cost is the Actuarial Present Value of benefits allocated to the valuation year.
- The Actuarial Accrued Liability (AAL) is the actuarial present value of benefits accrued as of the valuation date.
- Valuation Assets are equal to the market value of assets as of the valuation date, if any.
- Unfunded Actuarial Accrued Liability (UAAL) is the difference between the Actuarial Accrued Liability and the Valuation Assets. The amortization of UAAL as of January 1, 2015 is calculated as a level dollar over 24 years on a closed basis.

The latest actuarial valuation for the Authority was completed as of January 1, 2014. The significant assumptions underlying the actuarial calculations are as follows:

Actuarial Cost Method	Projected Unit Credit
Discount Rate for Valuing Liabilities	Pay-as-you-go: 4.0%
Mortality Rates	RP2000 with Projection Scale AA
Healthcare Cost Trend	7.2% in the first year
	7.0% in the second year
	6.7% in the third year
	6.9% in the fourth year
	Grade down to 4.5% by the sixty-first year
Dental Cost Trend	5.46% in the first year
	5.32% in the second year
	5.19% in the third year
	5.06% in the fourth year
	Grade down to 3.86% by the thirteenth year
Healthcare Inflation Rate (Includes Administrative Expenses)	December 31, 2014 Medical 7.2%
	Dental 5.46%
	December 31, 2015 Medical 7.0%
	Dental 5.32%
	Range of Years 2016-2075:
	Medical 6.7% - 4.5%
	Dental 5.19% -3.86%
Withdrawal Rates*	Based on Years of Service
Disability Rates*	Based on Age
Retirement Rates *	Based on Age
Employee Coverage	100% eligible for benefits elect coverage
Spousal Coverage	85% eligible for benefits elect coverage
Spouse Age Difference	Same as employee
Medical Benefit Costs by Age	Varies based on projected average monthly cost for claims and administration based on experience

* Based on the 2013 pension valuation for the Texas County and District Retirement System

8. CONSTRUCTION AND IMPROVEMENT COMMITMENTS

At December 31, 2015, the Authority had remaining contractual construction and improvement commitments of approximately \$30,766,103. These commitments are being financed through operating revenues, bond proceeds, 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 has a combined risk financing approach using both risk transfer and risk retention in order to appropriately manage risk in accordance with financial and operational goals. The Authority retains a maximum \$4,000,000 retention on the property insurance program with primary limits of \$25 million and excess limits of \$75 million for a combined limit of \$100 million. In order to manage liability loss exposures, various liability policies are purchased which include; employment practices liability, property damage and bodily injury, law enforcement, and foreign liability. 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 \$2,849,606. The Authority is covered for worker's compensation claims through the Texas Municipal League Risk Pool. Prior to 2005, the Authority was self-insured for worker's compensation and estimated remaining worker's 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 that exceeded insurance coverage.

A liability for unpaid claims is reported when it is probable that a loss has occurred and the amount of 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, 2015, the liability of \$168,820 is comprised of estimated health claims of \$160,252 and estimated worker's compensation claims of \$8,568. At December 31, 2014, the liability of \$173,348 is comprised of estimated health claims of \$155,265 and estimated worker's compensation claims of \$18,053.

Changes in the balances of claims liabilities as of December 31, 2015 and 2014 are as follows:

	2015	2014
Unpaid claims, beginning of fiscal year	\$ 173,348	\$ 113,920
Incurred claims (including IBNRs)	3,484,158	2,435,394
Claim payments	(3,488,686)	(2,375,966)
Unpaid claims, end of fiscal year	\$ 168,820	\$ 173,348

FACILITIES FINANCING BONDS

The Authority and IDC have entered into agreements with three 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 \$495,395,000. 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, 2015, facilities financing revenue bonds outstanding amounted to \$475,495,000.

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

**Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios
Texas County and District Retirement System**

PENSION PLAN:

	Measurement Year 2014 *
<u>TOTAL PENSION LIABILITY</u>	
Service Cost	\$ 1,020,446
Interest on Total Pension Liability	3,162,730
Effect of Plan Changes	2,280,346
Effect of Assumption Changes/Inputs	N/A
Effect of Economic/Demographic (Gains) or Losses	570,613
Benefit Payments/Contribution Refunds	(1,854,244)
Net Change in Total Pension Liability	<u>5,179,891</u>
Total Pension Liability, Beginning	38,336,862
Total Pension Liability, Ending	<u>\$ 43,516,753</u>
<u>FIDUCIARY NET POSITION</u>	
Employer Contributions	\$ 827,147
Member Contributions	827,147
Investment Income Net of Investment Expenses	2,888,058
Benefit Payments/Contribution Refunds	(1,854,244)
Administrative Expenses	(34,241)
Other	19,158
Net Change in Fiduciary Net Position	<u>2,673,025</u>
Fiduciary Net Position, Beginning	43,113,568
Fiduciary Net Position, Ending	<u>\$ 45,786,593</u>
<i>Net Pension Liability (Asset)</i>	\$ (2,269,840)
<i>Fiduciary Net Position as a Percentage of Total Pension Asset</i>	105.22%
<i>Annual Covered Payroll</i>	\$ 11,816,386
<i>Net Pension Asset as a Percentage of Covered Payroll</i>	-(19.2%)

* This schedule is required to present information for ten years, however, prior years information is not available. Therefore, we have shown only the year for which GASB Statement 68, as amended by GASB Statement 71 was implemented.

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

**Required Supplementary Information (Unaudited)
Schedule of Employer Contributions
Texas County and District Retirement System**

PENSION PLAN:	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015*
Actuarially Determined Contribution	\$ 763,112	\$ 784,733	\$ 838,335	\$ 935,773	\$ 959,095	\$ 771,971	\$ 831,354	\$ 400,446	\$ 405,302	\$ 787,802
Actual Employer Contributions	992,226	1,051,409	1,132,885	1,253,776	1,302,474	1,158,484	6,508,045	791,841	827,147	979,505
Contribution Deficiency (Excess)	(229,114)	(266,676)	(294,550)	(318,003)	(343,379)	(386,513)	(5,676,691)	(391,395)	(421,845)	(191,703)
Annual Covered Payroll	9,020,233	9,558,262	10,298,956	11,397,962	11,840,675	10,531,666	10,982,221	11,312,022	11,816,386	13,992,927
Contribution as a Percentage of Covered Payroll	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	59.26%	7.00%	7.00%	7.00%

* The rate used to calculate the actuarially determined contribution reflects plan changes effective January 1, 2015.

NOTES TO SCHEDULE:

Valuation date: 12/31/2014

Actuarial determined contribution rates are calculated as of December 31 each year, and become effective in January, 12 months and a day later.

Methods and Assumptions Used to Determine Contribution Rate for 2015:

Actuarial Cost Method	Entry age actuarial cost method
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	14 years for plan change *
	20 years for UAAL layer
Asset Valuation Method	Subdivision Accumulation Fund - 5 year smoothed value
	Employees Saving Fund - fund value
Inflation	3.00%
Salary Increases	4.90% (Includes inflation at the stated rate)
Investment Rate of Return	8.00% (Includes inflation at the stated rate)
Retirement Age	Experience-based table with rates of retirement ranging from 4.5% at ages 40-44 to 22% at age 74; for all eligible members ages 75 and older, retirement is assumed to occur immediately.
Mortality (all Mortality tables use generational mortality with Projection Scale AA)	Among active members
	RP-2000 Active Mortality Table for Males + 2 years
	RP-2000 Active Mortality Table for Females - 4 years
	Among inactive vested members, service retirees and beneficiaries
	RP-2000 Combined Mortality Table for Males + 1 year
	RP-2000 Combined Mortality Table for Females + 0 year
	Among disability retirees
	RP-2000 Disabled Mortality Table for Males + 0 years
	RP-2000 Disabled Mortality Table for Females + 2 years

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

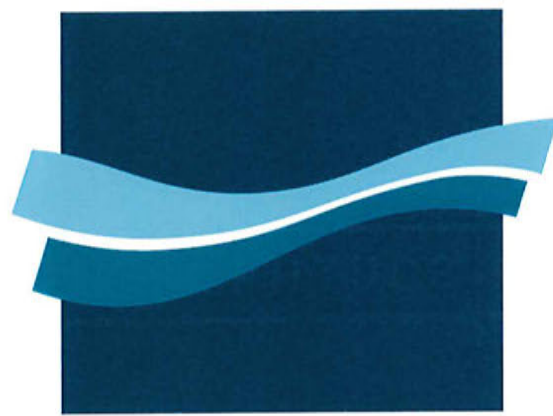
**Required Supplementary Information (Unaudited)
Schedule of Funding Progress**

OPEB OBLIGATION:

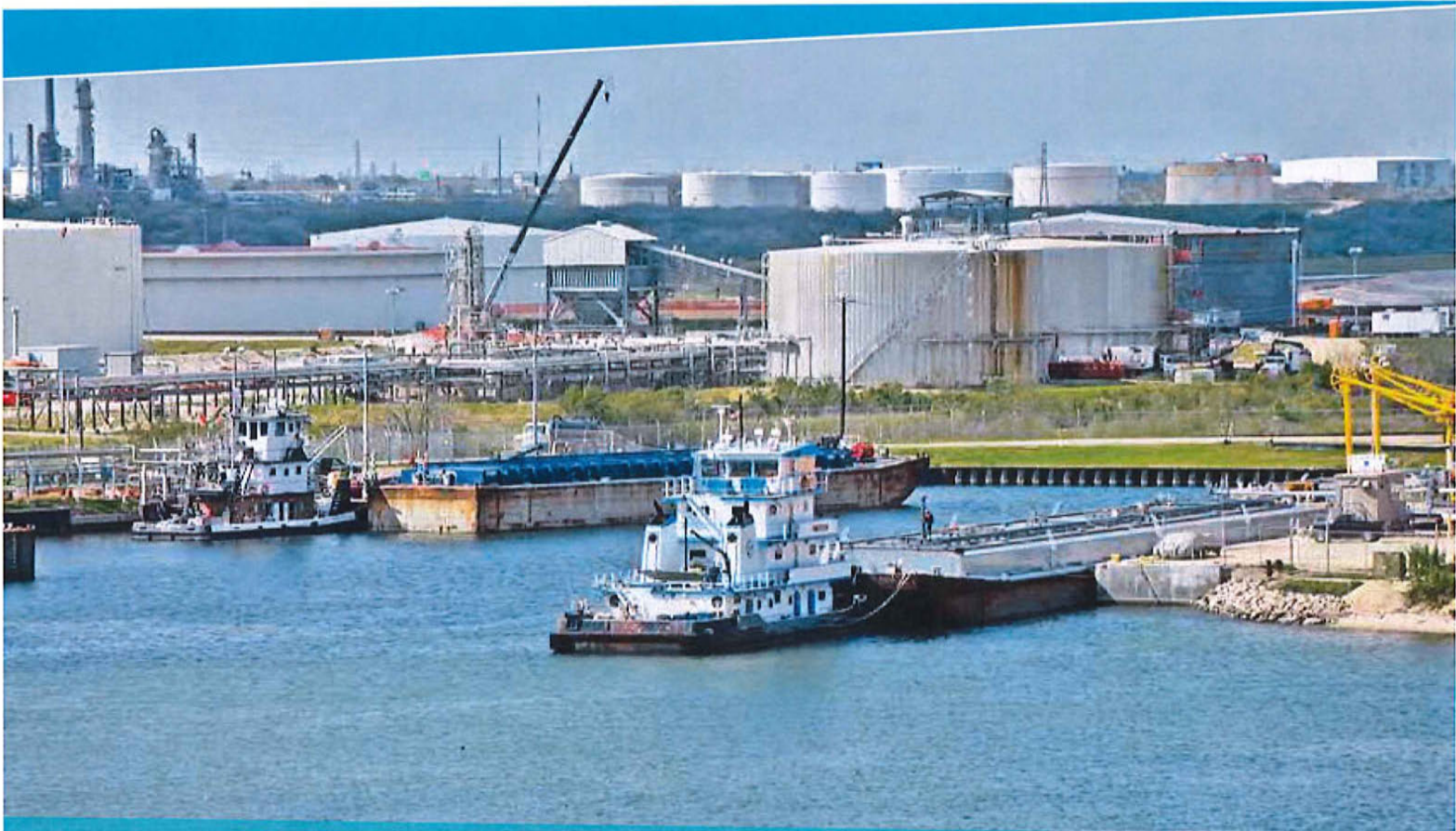
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actuarial Valuation Date	1/1/2011	1/1/2014	1/1/2014
Actuarial Value of Assets	\$ -	\$ -	\$ -
Actuarial Accrued Liability (AAL)	\$ 1,022,906	\$ 760,302	\$ 839,232
Funded Ratio	0.0%	0.0%	0.0%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 1,022,906	\$ 760,302	\$ 839,232
Annual covered Payroll	\$ 11,312,022	\$ 11,816,387	\$ 13,992,927
UAAL as a Percentage of Covered Payroll	9.0%	6.4%	6.0%

PENSION PLAN:

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Actuarial Valuation Date	12/31/2011	12/31/2012	12/31/2013
Actuarial Value of Assets	\$ 28,148,929	\$ 29,524,708	\$ 31,917,556
Actuarial Accrued Liability (AAL)	\$ 28,169,728	\$ 29,044,854	\$ 30,786,850
Funded Ratio	99.9%	101.7%	103.7%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 20,799	\$ (479,854)	\$ (1,130,706)
Annual covered Payroll	\$ 10,531,666	\$ 10,982,221	\$ 11,312,022
UAAL as a Percentage of Covered Payroll	0.20%	-(4.4%)	-(10.0%)



PORTCORPUSCHRISTI



SUPPLEMENTAL SECTION



PORT CORPUS CHRISTI®



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

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

	Year Ended December 31, 2015		
	Actual	Budget	Variance (%)
OPERATING REVENUES:			
Wharfage	\$ 45,779,919	\$ 43,805,928	5
Dockage	14,003,472	14,877,025	(6)
Security fees	6,673,782	6,601,221	1
Freight handling	3,153,285	2,835,996	11
Rail Charges	699,535	891,050	(21)
Building and land rentals	9,391,040	8,715,780	8
Conference center services	2,209,031	2,098,289	5
FTZ user fees	207,667	216,000	(4)
Dredge placement fees	10,151,880	-	100
Other	1,152,244	992,911	16
<i>Total Operating Revenues</i>	<u>93,421,855</u>	<u>81,034,200</u>	<u>15</u>
OPERATING EXPENSES:			
Maintenance and operations	21,470,411	26,608,718	19
General and administrative	19,469,477	19,073,787	(2)
Depreciation	13,819,080	12,058,897	(15)
<i>Total Operating Expenses</i>	<u>54,758,968</u>	<u>57,741,402</u>	<u>5</u>
<i>Operating Income</i>	<u>38,662,887</u>	<u>23,292,798</u>	<u>66</u>
NON-OPERATING REVENUES (EXPENSES):			
Investment income	518,374	406,725	27
Federal and other grant assistance	227,714	-	100
Loss on disposal of assets	(5,829,882)	-	(100)
Bond issuance costs	(1,139,597)	-	(100)
Interest expense and fiscal charges	(2,030,505)	(400)	(507526)
Contributions to other governmental agencies	(3,000,000)	-	(100)
<i>Net Non-Operating Revenues</i>	<u>(11,253,896)</u>	<u>406,325</u>	<u>(2870)</u>
<i>Income Before Capital Grants and Contributions</i>	<u>27,408,991</u>	<u>23,699,123</u>	<u>16</u>
CAPITAL GRANTS AND CONTRIBUTIONS	<u>7,245,620</u>	<u>16,693,639</u>	<u>(57)</u>
<i>Change in Net Position</i>	<u>\$ 34,654,611</u>	<u>\$ 40,392,762</u>	<u>(14)</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, 2015 and 2014**

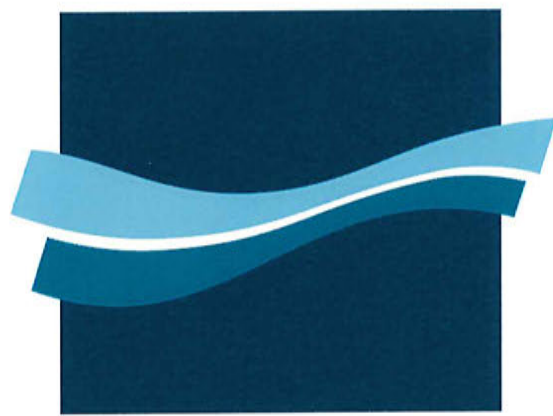
	<u>2015</u>	<u>2014</u>
MAINTENANCE AND OPERATIONS:		
Employee services	\$ 9,993,556	\$ 8,304,043
Maintenance	3,667,189	6,122,959
Utilities	1,073,706	1,004,905
Telephone	78,674	80,639
Insurance & claims	1,745,262	1,911,090
Professional services	864,991	2,422,320
Police expenses	31,320	16,461
Contracted services	1,334,780	1,277,137
Office and equipment rental	109,355	79,023
Operator and event expenses	1,624,343	1,547,155
Safety/Environmental	70,797	107,859
General	876,438	494,274
<i>Total Maintenance and Operations</i>	<u>\$ 21,470,411</u>	<u>\$ 23,367,865</u>
GENERAL AND ADMINISTRATIVE:		
Employee services	\$ 10,549,722	\$ 8,001,279
Maintenance	759,004	648,221
Utilities	160,630	159,148
Telephone	91,439	83,776
Insurance & claims	109,887	99,451
Professional services	4,363,193	3,870,383
Police expenses	1,227	1,616
Contracted services	49,477	26,167
Office and equipment rental	99,176	86,761
Administrative	2,667,808	2,309,972
Trade and sales development	165,955	209,900
Media advertising	311,184	232,608
Production	74,566	41,061
Safety/Environmental	43,037	28,007
General	23,172	92,943
<i>Total General and Administrative</i>	<u>\$ 19,469,477</u>	<u>\$ 15,891,293</u>

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

**Schedules of Facilities Financing Bonds
December 31, 2015**

<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:					
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 2003	* 8.250%	05/01/2003	2031	39,200,000	19,300,000
Citgo Petroleum, Series 2006	* Variable	10/01/2006	2036	50,000,000	50,000,000
Citgo Petroleum, Series 2007	* Variable	05/01/2007	2037	45,000,000	45,000,000
Citgo Petroleum, Series 2008	* Variable	04/01/2008	2043	50,000,000	50,000,000
Solid Waste Disposal Revenue Bonds:					
Flint Hills Res., Series 2002A	Variable	10/01/2002	2029	125,000,000	125,000,000
Flint Hills Res., Series 2002B	Variable	10/01/2002	2029	11,700,000	11,700,000
Flint Hills Res., Series 2003	Variable	04/01/2003	2028	19,500,000	19,500,000
Flint Hills Res., Series 2005	Variable	03/01/2005	2030	25,000,000	25,000,000
Flint Hills Res., Series 2006	Variable	04/01/2006	2030	42,000,000	42,000,000
Flint Hills Res., Series 2007	Variable	10/01/2007	2032	35,000,000	35,000,000
Total				<u>\$ 495,395,000</u>	<u>\$ 475,495,000</u>

* - Issued by the Industrial Development Corporation (IDC)



PORTCORPUSCHRISTI



STATISTICAL SECTION



PORT CORPUS CHRISTI®



Statistical Section

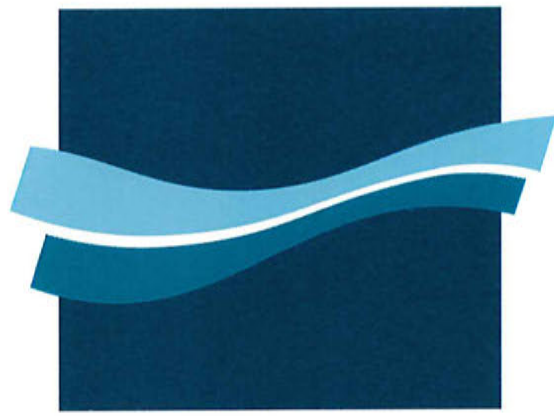
(Unaudited)

This part of the Port of Corpus Christi’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority’s overall financial health.

Contents

	<u>Page</u>
Financial Trends	53
These schedules contain trend information to help the reader understand how the Authority’s financial performance and well-being have changed over time.	
Revenue Capacity	57
These schedules contain information to help the reader access the factors affecting the Authority’s ability to generate its most significant revenue sources.	
Debt Capacity	63
These schedules present information to help the reader assess the affordability of the Authority’s current level of outstanding debt and the Authority’s ability to issue additional debt in the future.	
Demographic and Economic Information	65
These schedules offer demographic and economic indicators to help the reader understand the environment with which the Authority’s financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	67
These schedules contain information about the Authority’s operations and resources to help the reader understand how the Authority’s financial information relates to the services the Authority provides and the activities it performs.	
Additional Information	73
These schedules contain information as part of the Authority’s effort to meet Continuing disclosure requirements related to outstanding bonds as permitted by SEC Rule 15c2-12.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Authority’s comprehensive annual financial reports and business records for the relevant years.



PORTCORPUSCHRISTI

TABLE 1 (Unaudited)

Changes in Net Position
Last Ten Years

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Operating revenues:										
Wharfage	\$ 19,351,717	\$ 27,219,535	\$ 26,359,823	\$ 24,826,670	\$ 26,567,587	\$ 27,410,252	\$ 31,293,692	\$ 35,688,217	\$ 42,288,896	\$ 45,779,919
Dockage	3,354,723	3,655,333	7,078,197	7,319,259	8,138,326	8,948,217	10,331,997	11,358,813	14,630,404	14,003,472
Security fees	2,158,237	2,351,695	3,474,748	3,412,485	6,170,288	6,319,747	6,528,526	7,325,584	6,460,860	6,673,782
Freight handling	2,065,511	2,166,118	2,178,423	2,428,621	2,316,667	2,387,583	2,191,682	2,815,582	3,133,303	3,153,285
Rail Charges	337,024	687,079	980,131	754,366	839,342	1,252,172	1,151,977	1,026,819	893,900	699,535
Building and land rentals	4,037,572	4,545,342	4,318,458	3,924,060	4,417,518	6,411,552	7,490,936	8,152,093	8,456,174	9,391,040
Conference center services	1,495,599	1,597,594	1,451,630	2,007,407	1,679,885	1,814,456	2,008,474	1,688,770	1,864,556	2,209,031
Warehouse handling charges	1,484,404	1,211,146	1,367,306	596,168	426,093	368,950	-	-	-	-
FTZ user fees	243,000	295,000	284,500	326,000	337,000	302,750	301,250	253,917	222,500	207,667
Dredge placement fees	501,690	251,554	2,477,710	28,405	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714	10,151,880
Other	1,006,934	949,061	1,080,267	802,449	1,390,425	2,107,663	1,170,509	1,004,387	2,189,138	1,152,244
Total operating revenues	36,036,411	44,929,457	51,051,193	46,425,890	52,279,852	58,698,961	62,432,414	77,467,953	81,809,445	93,421,855
Investment income	1,269,697	1,230,324	932,447	584,849	478,291	467,494	163,804	283,544	341,754	518,374
Federal and other grant assistance	-	-	284,048	17,570	60,806	169,966	337,965	290,727	180,655	227,714
Donation of personal property	-	-	-	-	225,825	4,500	-	-	-	-
Gain on disposal of assets	-	-	-	7,266	-	3,727,517	-	-	40,596	-
Total Revenues	37,306,108	46,159,781	52,267,688	47,035,575	53,044,774	63,068,438	62,934,183	78,042,224	82,372,450	94,167,943
Expenses										
Operating expenses:										
Maintenance and operations	18,385,065	21,392,329	21,842,912	20,697,782	20,248,511	22,760,814	22,721,681	18,144,056	23,367,865	21,470,411
General and administrative	10,760,589	12,521,179	13,007,565	15,029,743	14,939,210	13,830,284	17,835,428	15,378,025	15,891,293	19,469,477
Depreciation	7,127,447	8,442,640	9,648,639	10,060,645	12,165,114	13,381,562	13,738,571	12,024,981	12,310,557	13,819,080
Total operating expenses	36,273,101	42,356,148	44,499,116	45,788,170	47,352,835	49,972,669	54,295,680	45,547,062	51,569,715	54,758,968
Interest expense and fiscal charges	689,611	620,495	562,442	504,030	450,602	392,699	(51,908)	16,986	535	2,030,505
Bond issuance costs	49,458	37,828	-	20,735	10,743	-	-	-	-	1,139,597
Fiscal payments to subrecipients	-	-	284,048	-	-	-	128,730	-	-	-
Contributions to other government agencies	-	-	-	-	-	-	-	-	-	-
Loss on disposal of assets	-	-	-	-	-	-	-	-	-	-
Total Expenses	15,395	10,293	308,883	8,643	8,643	-	9,517,670	102,957	-	3,000,000
Income(Loss) Before Contributions	37,027,565	43,024,764	45,683,104	46,312,935	47,822,823	50,365,359	63,890,172	45,667,005	51,570,250	66,758,952
Capital Contributions	278,543	3,135,017	6,584,584	722,640	5,221,951	12,703,079	(955,989)	32,375,219	30,802,200	27,408,991
Changes in Net Position	12,261,584	4,633,770	2,510,746	2,090,573	111,670,700	5,402,273	5,663,315	5,842,850	8,657,361	7,245,620
Total Net Position, Beginning of Year	12,340,127	7,768,787	9,095,330	2,813,213	116,892,651	18,105,352	4,707,326	38,218,069	39,459,561	34,654,611
Cumulative Effect of Change in Accounting Principle	204,690,766	217,230,893	224,999,680	234,095,010	236,908,223	353,800,874	371,906,226	376,613,552	414,831,621	454,291,182
Total Net Position, End of Year	\$ 217,230,893	\$ 224,999,680	\$ 234,095,010	\$ 236,908,223	\$ 353,800,874	\$ 371,906,226	\$ 376,613,552	\$ 414,831,621	\$ 454,291,182	\$ 487,110,145
Net Position at Year End										
Net investment in capital assets	\$ 195,074,359	\$ 204,800,725	\$ 202,587,244	\$ 211,984,713	\$ 321,470,695	\$ 334,092,868	\$ 245,665,607	\$ 273,398,051	\$ 293,461,952	\$ 287,147,609
Restricted	2,061,302	2,193,823	1,756,683	1,747,632	1,927,662	1,924,226	252,763	32,683	35,522	36,153,709
Unrestricted	20,095,232	18,005,132	29,751,083	23,175,878	30,402,517	35,889,132	130,695,182	141,400,887	160,793,708	163,808,827
Total Net Position	\$ 217,230,893	\$ 224,999,680	\$ 234,095,010	\$ 236,908,223	\$ 353,800,874	\$ 371,906,226	\$ 376,613,552	\$ 414,831,621	\$ 454,291,182	\$ 487,110,145

TABLE 2 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Revenues by Source
Last Ten Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Operating Revenues:										
Wharfage	\$19,351,717	\$27,219,535	\$26,359,823	\$24,826,670	\$26,567,587	\$27,410,252	\$31,293,692	\$35,688,217	\$42,288,896	\$45,779,919
Dockage	3,354,723	3,655,333	7,078,197	7,319,259	8,138,326	8,948,217	10,331,997	11,358,813	14,630,404	14,003,472
Security fees	2,158,237	2,351,695	3,474,748	3,412,485	6,170,288	6,319,747	6,528,526	7,325,584	6,460,860	6,673,782
Freight handling	2,065,511	2,166,118	2,178,423	2,428,621	2,316,667	2,387,583	2,191,682	2,815,582	3,133,303	3,153,285
Rail Charges	337,024	687,079	980,131	754,366	839,342	1,252,172	1,151,977	1,026,819	893,900	699,535
Building and land rentals	4,037,572	4,545,342	4,318,458	3,924,060	4,417,518	6,411,552	7,490,936	8,152,093	8,456,174	9,391,040
Conference center services	1,495,599	1,597,594	1,451,630	2,007,407	1,679,885	1,814,456	2,008,474	1,688,770	1,864,556	2,209,031
Warehouse handling charges	1,484,404	1,211,146	1,367,306	596,168	426,093	368,950	-	-	-	-
FTZ user fees	243,000	295,000	284,500	326,000	337,000	302,750	301,250	253,917	222,500	207,667
Dredge placement fees	501,690	251,554	2,477,710	28,405	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714	10,151,880
Other	1,006,934	949,061	1,080,267	802,449	1,390,425	2,107,663	1,170,509	1,004,387	2,189,138	1,152,244
	<u>\$36,036,411</u>	<u>\$44,929,457</u>	<u>\$51,051,193</u>	<u>\$46,425,890</u>	<u>\$52,279,852</u>	<u>\$58,698,961</u>	<u>\$62,432,414</u>	<u>\$77,467,953</u>	<u>\$81,809,445</u>	<u>\$93,421,855</u>
Non-Operating Revenues:										
Other:										
Investment income	\$ 1,269,697	\$ 1,230,324	\$ 932,447	\$ 584,849	\$ 478,291	\$ 467,494	\$ 163,804	\$ 283,544	\$ 341,754	\$ 518,374
Other	-	-	284,048	24,836	286,631	3,901,983	337,965	290,727	221,251	227,714
	<u>\$ 1,269,697</u>	<u>\$ 1,230,324</u>	<u>\$ 1,216,495</u>	<u>\$ 609,685</u>	<u>\$ 764,922</u>	<u>\$ 4,369,477</u>	<u>\$ 501,769</u>	<u>\$ 574,271</u>	<u>\$ 563,005</u>	<u>\$ 746,088</u>

TABLE 3 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Expenses by Type
Last Ten Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Operating Expenses:										
Maintenance and Operation:										
Employee services	\$ 6,768,333	\$ 6,952,412	\$ 8,255,443	\$ 7,866,038	\$ 8,374,106	\$ 7,810,947	\$ 8,258,807	\$ 7,324,312	\$ 8,304,043	\$ 9,993,556
Maintenance	4,173,668	6,483,605	6,340,774	4,987,113	3,538,398	5,136,098	4,896,773	3,679,718	6,122,959	3,667,189
Utilities	1,399,011	1,383,059	1,357,364	1,631,307	1,702,868	2,327,822	1,735,122	902,342	1,004,905	1,073,706
Telephone	23,716	35,699	29,991	26,436	35,286	101,960	94,604	85,538	80,639	78,674
Insurance & claims	1,726,286	2,017,983	1,902,331	1,844,918	2,266,112	2,099,345	2,311,581	2,023,472	1,911,090	1,745,262
Professional services	400,085	344,073	424,975	900,742	691,191	1,415,731	1,771,323	974,998	2,422,320	864,991
Police expenses	53,276	39,442	74,106	55,218	66,434	14,233	24,006	14,435	16,461	31,320
Contracted services	2,110,723	2,166,855	1,834,442	1,426,265	1,876,695	1,897,144	1,633,668	1,336,574	1,277,137	1,334,780
Office and equipment rental	129,527	124,691	91,004	97,627	73,983	142,778	65,037	55,691	79,023	109,355
Operator and event expenses	1,311,334	1,523,025	1,280,002	1,550,059	1,415,417	1,538,092	1,678,367	1,427,944	1,547,155	1,624,343
Warehouse supplies	64,946	38,292	68,428	44,700	9,037	8,024	-	-	-	-
Safety/Environmental	50,970	62,693	90,947	71,246	69,075	83,442	77,086	98,478	107,859	70,797
General	173,190	220,500	93,105	196,113	129,909	185,198	175,307	220,554	494,274	876,438
	<u>\$18,385,065</u>	<u>\$21,392,329</u>	<u>\$21,842,912</u>	<u>\$20,697,782</u>	<u>\$20,248,511</u>	<u>\$22,760,814</u>	<u>\$22,721,681</u>	<u>\$18,144,056</u>	<u>\$23,367,865</u>	<u>\$21,470,411</u>
General and Administrative:										
Employee services	\$ 6,150,455	\$ 6,808,607	\$ 7,349,030	\$ 7,837,903	\$ 7,692,080	\$ 7,224,377	\$ 7,423,777	\$ 7,272,765	\$ 8,001,279	\$ 10,549,722
Maintenance	324,760	351,566	320,610	432,088	453,408	501,087	509,303	530,688	648,221	739,004
Utilities	218,586	222,481	196,865	224,245	172,703	194,864	171,122	149,405	159,148	160,630
Telephone	205,520	213,248	231,958	209,267	196,626	115,447	100,921	73,896	83,776	91,439
Insurance & claims	111,670	108,314	84,451	96,638	124,620	92,492	97,774	429,990	99,451	109,887
Professional services	1,864,026	2,290,016	2,419,843	3,322,950	3,526,850	3,046,566	7,092,409	3,993,766	3,870,383	4,363,193
Police expenses	654	216	314	174	82	82	-	190	1,616	1,227
Contracted services	134,754	198,260	88,262	64,213	151,445	100,952	59,756	23,431	26,167	49,477
Office and equipment rental	6,852	10,173	18,264	40,406	59,809	65,104	76,941	92,118	86,761	99,176
Administrative	1,647,031	1,925,958	1,873,318	2,392,822	2,108,277	2,035,746	1,869,480	2,140,507	2,309,972	2,667,808
Trade and sales development	123,054	146,161	148,946	204,427	157,237	184,528	188,894	200,500	209,900	165,955
Media advertising	73,557	157,725	109,262	108,425	206,557	193,766	190,661	225,363	232,608	311,184
Production	56,861	30,773	27,917	48,319	25,678	24,222	21,774	33,424	41,061	74,566
Safety/Environmental	36,047	26,992	38,206	22,681	21,544	23,299	23,651	26,732	28,007	43,037
General	(193,238)	30,689	100,319	25,185	42,294	25,752	8,965	185,250	92,943	23,172
	<u>\$10,760,589</u>	<u>\$12,521,179</u>	<u>\$13,007,565</u>	<u>\$15,029,743</u>	<u>\$14,939,210</u>	<u>\$13,830,284</u>	<u>\$17,835,428</u>	<u>\$15,378,025</u>	<u>\$15,891,293</u>	<u>\$19,469,477</u>
Depreciation	\$ 7,127,447	\$ 8,442,640	\$ 9,648,639	\$ 10,060,645	\$ 12,165,114	\$ 13,381,562	\$ 13,738,571	\$ 12,024,981	\$ 12,310,557	\$ 13,819,080
Non-Operating Expenses:										
Other:										
Interest	\$ 739,069	\$ 658,323	\$ 591,057	\$ 504,030	\$ 450,602	\$ 392,699	\$ (51,908)	\$ 16,986	\$ 535	\$ 2,030,505
Other	15,395	10,293	592,931	20,735	19,386	-	9,646,400	102,957	-	9,969,479
	<u>\$ 754,464</u>	<u>\$ 668,616</u>	<u>\$ 1,183,988</u>	<u>\$ 524,765</u>	<u>\$ 469,988</u>	<u>\$ 392,699</u>	<u>\$ 9,594,492</u>	<u>\$ 119,943</u>	<u>\$ 535</u>	<u>\$11,999,984</u>

TABLE 4 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Financial Performance Indicators
Last Ten Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2014
Operating Revenues (OR)	\$ 36,036,411	\$ 44,929,457	\$ 51,051,193	\$ 46,425,890	\$ 52,279,852	\$ 58,698,961	\$ 62,432,414	\$ 77,467,953	\$ 81,809,445	\$ 93,421,855
Operating Expenses (OE) *	(29,145,654)	(33,913,508)	(34,850,477)	(35,727,525)	(35,187,721)	(36,591,098)	(40,557,109)	(33,522,081)	(39,259,158)	(40,939,888)
Net Operating Income (NOI)	6,890,757	11,015,949	16,200,716	10,698,365	17,092,131	22,107,863	21,875,305	43,945,872	42,550,287	52,481,967
Non-Operating Revenues	1,269,697	1,230,324	1,216,495	609,685	764,922	4,369,477	501,769	574,271	563,005	746,088
Non-Operating Expenses	(754,464)	(668,616)	(1,183,988)	(524,765)	(469,988)	(392,699)	(9,594,492)	(119,943)	(535)	(11,999,984)
Net Income "A" (NI"A")	7,405,990	11,577,657	16,233,223	10,783,285	17,387,065	26,084,641	12,782,582	44,400,200	43,112,757	41,228,071
Depreciation	(7,127,447)	(8,442,640)	(9,648,639)	(10,060,645)	(12,165,114)	(13,381,562)	(13,738,571)	(12,024,981)	(12,310,557)	(13,819,080)
Net Income (Loss) "B" (NI"B")	\$ 278,543	\$ 3,135,017	\$ 6,584,584	\$ 722,640	\$ 5,221,951	\$ 12,703,079	\$ (955,989)	\$ 32,375,219	\$ 30,802,200	\$ 27,408,991
Net Capital Assets (NCA) **	\$ 175,997,475	\$ 173,486,988	\$ 218,586,423	\$ 216,324,078	\$ 310,154,387	\$ 308,029,828	\$ 205,249,468	\$ 236,941,202	\$ 241,815,700	\$ 296,828,823
Total Assets (TA)	\$ 252,168,291	\$ 258,145,439	\$ 263,271,819	\$ 265,643,291	\$ 383,387,219	\$ 399,959,365	\$ 398,840,431	\$ 435,235,356	\$ 485,074,255	\$ 624,142,036

Operating Indicators:

Operating ROI (NOI/NCA)	3.92%	6.35%	7.41%	4.95%	5.51%	7.18%	10.66%	18.55%	17.60%	17.68%
Operating Margin (NOI/OR)	19.12%	24.52%	31.73%	23.04%	32.69%	37.66%	35.04%	56.73%	52.01%	56.18%
Operating Ratio (OE/OR)	80.88%	75.48%	68.27%	76.96%	67.31%	62.34%	64.96%	43.27%	47.99%	43.82%

Other ROI Indicators:

ROI "A" (NI"A"/TA)	2.94%	4.48%	6.17%	4.06%	4.54%	6.52%	3.20%	10.20%	8.89%	6.61%
ROI "B" (NI"B"/TA)	0.11%	1.21%	2.50%	0.27%	1.36%	3.18%	-0.24%	7.44%	6.35%	4.39%

* - Excludes Depreciation

** - Excludes Construction in Progress

TABLE 5 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Port Commerce By Commodity
Last Ten Years

Commodity By Port Division - Short tons	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Inner Harbor										
Break Bulk	183,544	215,964	256,612	133,037	157,781	122,055	214,010	62,310	133,938	238,695
Grain	2,025,864	3,367,057	5,409,827	3,951,347	4,100,774	4,183,095	2,563,535	2,972,973	4,068,716	3,396,829
Chemical	59,851	52,709	68,760	43,982	37,814	58,377	58,066	41,198	99,979	135,841
Dry Bulk	2,008,088	2,420,282	2,318,675	1,974,232	2,038,029	2,821,831	2,317,603	2,805,899	3,639,556	3,834,620
Liquid Bulk	248,355	513,036	301,007	131,100	506,211	533,543	554,336	475,785	493,850	580,055
Petroleum	68,242,433	67,124,801	62,558,169	56,586,340	61,163,028	59,446,567	60,393,806	67,817,495	78,273,324	83,327,585
Total	72,768,135	73,693,849	70,913,050	62,820,038	68,003,637	67,165,468	66,101,356	74,175,660	86,709,363	91,513,625
La Quinta										
Break Bulk	-	-	-	-	1,369	-	-	3,551	105,282	111,346
Chemical	1,510,142	1,796,165	1,561,258	1,366,046	1,430,429	1,685,331	1,907,946	1,910,564	2,105,444	1,822,132
Dry Bulk	5,690,335	5,780,287	5,572,667	4,467,692	4,809,114	5,817,275	5,585,549	6,078,632	5,518,508	4,448,951
Petroleum	24,030	26,925	26,607	18,766	22,404	41,750	25,319	14,228	23,906	17,370
Total	7,224,507	7,603,347	7,160,532	5,852,504	6,263,316	7,544,356	7,518,814	8,006,975	7,753,140	6,399,799
Harbor Island										
Break Bulk	6	6	2	-	-	-	-	-	-	-
Petroleum	-	-	-	-	-	-	-	-	-	-
Total	6	6	2	-	-	-	-	-	-	-
Ingleside										
Break Bulk	46,637	224,714	277,147	178,826	169,609	175,551	175,287	263,119	31,458	58,348
Dry Bulk	-	42,722	-	-	7,012	4,615	10,742	829	5,274	2,804
Petroleum	6,909,586	7,741,913	7,475,838	7,660,416	7,715,429	5,330,829	4,957,218	6,427,951	6,087,182	5,503,512
Total	6,956,223	8,009,349	7,752,985	7,839,242	7,892,050	5,510,995	5,143,247	6,691,899	6,123,914	5,564,664
Rincon Point										
Break Bulk	26,510	4,519	18,829	6,130	10,500	9,025	1,669	-	-	-
Grain	5,746	10,329	14,040	-	12,503	31,726	15,312	11,235	1,600	-
Dry Bulk	1,707	(1,707)	-	1,734	12,291	48,647	25,790	5,835	-	-
Total	33,963	13,141	32,869	7,864	35,294	89,398	42,771	17,070	1,600	-
Total	86,982,834	89,319,692	85,859,438	76,519,648	82,194,297	80,310,217	78,806,188	88,891,604	100,588,017	103,478,088
Commodity Totals - Short tons										
Break Bulk	256,697	445,203	552,590	317,993	339,259	306,631	390,966	328,980	270,678	408,389
Grain	2,031,610	3,377,386	5,423,867	3,951,347	4,113,277	4,214,821	2,578,847	2,984,208	4,070,316	3,396,829
Chemical	1,569,993	1,848,874	1,630,018	1,410,028	1,468,243	1,743,708	1,966,012	1,951,762	2,205,423	1,957,973
Dry Bulk	7,700,130	8,241,554	7,891,342	6,443,658	6,866,446	8,692,368	7,939,684	8,891,195	9,163,338	8,286,375
Liquid Bulk	248,355	513,036	301,007	131,100	506,211	533,543	554,336	475,785	493,850	580,055
Petroleum	75,176,049	74,893,639	70,060,614	64,265,522	68,900,861	64,819,146	65,376,343	74,259,674	84,384,412	88,848,467
Total	86,982,834	89,319,692	85,859,438	76,519,648	82,194,297	80,310,217	78,806,188	88,891,604	100,588,017	103,478,088

TABLE 5 (Unaudited - Continued)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Port Commerce By Commodity
Last Ten Years

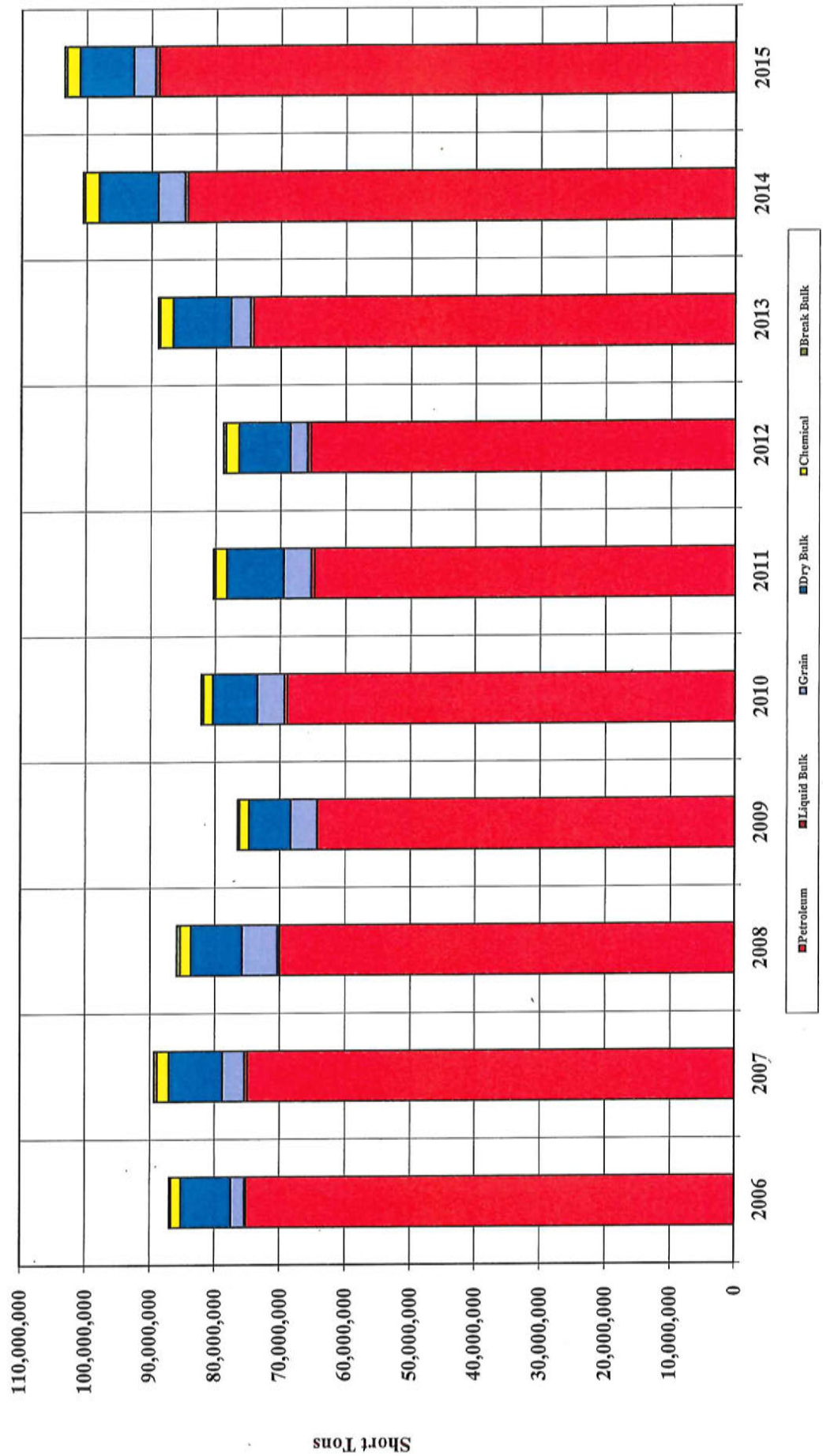


TABLE 6 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Vessel Traffic
Last Ten Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Inner Harbor										
<i>Ships</i>										
Dry Cargo	233	300	377	217	234	271	221	223	223	283
Tankers	817	825	819	779	816	789	765	874	986	1,143
<i>Barges</i>	4,440	4,393	4,112	3,691	4,168	3,878	4,579	5,085	6,475	5,479
<i>Total Vessels</i>	5,490	5,518	5,308	4,687	5,218	4,938	5,565	6,182	7,684	6,905
La Quinta Harbor										
<i>Ships</i>										
Dry Cargo	128	117	107	100	124	117	114	126	130	102
Tankers	110	135	104	85	69	101	116	113	130	124
<i>Barges</i>	175	166	102	80	123	89	59	88	101	118
<i>Total Vessels</i>	413	418	313	265	316	307	289	327	361	344
Harbor Island										
<i>Ships</i>										
Dry Cargo	566	632	227	-	-	-	-	-	-	-
Tankers	-	-	-	-	-	-	-	5	-	-
<i>Barges</i>	-	-	-	-	-	1	-	2	-	-
<i>Total Vessels</i>	566	632	227	-	-	1	-	7	-	-
Ingleside Harbor										
<i>Ships</i>										
Dry Cargo	15	28	19	22	58	42	37	29	60	31
Tankers	92	97	98	109	107	75	67	94	70	89
<i>Barges</i>	55	45	49	66	67	48	122	225	353	190
<i>Total Vessels</i>	162	170	166	197	232	165	226	348	483	310
Rincon Point										
<i>Barges</i>	2	6	8	2	3	2	2	6	-	-
<i>Total Vessels</i>	2	6	8	2	3	2	2	6	-	-
Total										
<i>Ships</i>										
Dry Cargo	942	1,077	730	339	416	430	372	378	413	416
Tankers	1,019	1,057	1,021	973	992	965	948	1,086	1,186	1,356
<i>Barges</i>	4,672	4,610	4,271	3,839	4,361	4,018	4,762	5,406	6,929	5,787
<i>Total Vessels</i>	6,633	6,744	6,022	5,151	5,769	5,413	6,082	6,872	8,528	7,559

TABLE 6 (Unaudited - Continued)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Vessel Traffic
Last Ten Years

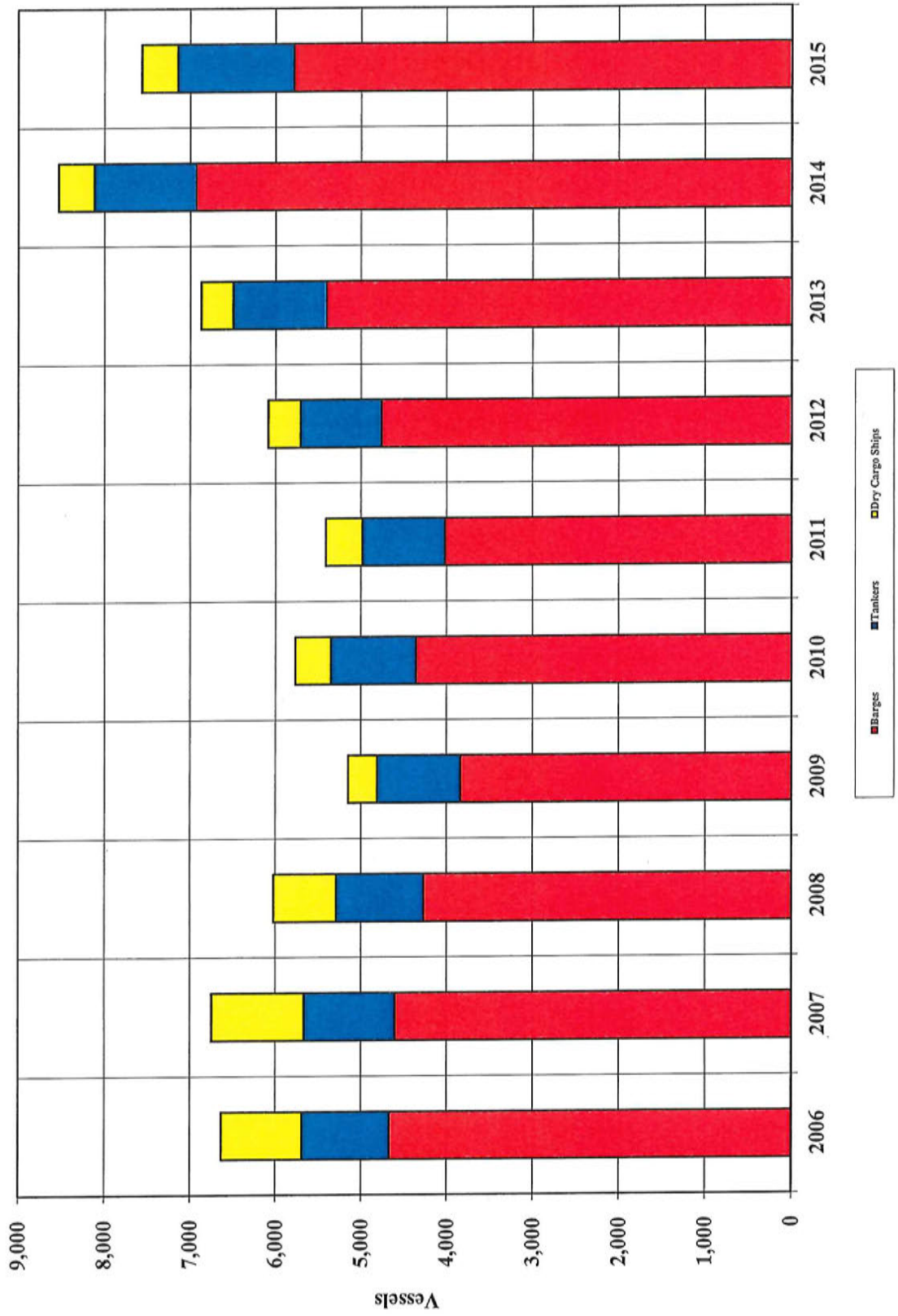


TABLE 7 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Tariff Rates
Last Ten Years

U/M	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Wharfage Rates										
All Cargo NOS	W/M	\$2,5000	\$2,5000	\$2,8600	\$2,8500	\$2,8900	\$3,0400	\$3,1000	\$3,2200	\$3,3100
Dry Bulk	S/T	\$0,6000	\$0,6000	\$0,6200	\$0,9000	\$1,0500	\$1,2500	\$1,2800	\$1,3300	\$1,3700
Liquid Bulk	BRL	\$0,0600	\$0,0800	\$0,0831	\$0,0828	\$0,0839	\$0,0883	\$0,0901	\$0,0937	\$0,0965
Beans, Lentils & Peas	S/T	\$0,5000	\$0,5000	\$0,5700	\$0,5700	\$0,5800	\$0,6100	\$0,6200	\$0,6400	\$0,6600
Cotton	Bale	\$0,4800	\$0,4800	\$0,4800	\$0,5000	\$0,5100	\$0,5400	\$0,5500	\$0,5700	\$0,5900
Grain and Grain Products	S/T	\$0,5000	\$0,5000	\$1,3000	\$1,2900	\$1,3100	\$1,3800	\$1,4100	\$1,4700	\$1,5100
Grain and Grain Products (bulk)	S/T	\$0,1700	\$0,1700	\$0,2600	\$0,2600	\$0,2600	\$0,2700	\$0,2800	\$0,2900	\$0,3000
Iron and Steel Articles	S/T	\$1,2000	\$1,2000	\$1,8700	\$1,8600	\$1,8800	\$1,9800	\$2,0200	\$2,1000	\$2,1600
Machinery, agricultural	S/T	\$1,7600	\$1,7600	\$2,8600	\$2,8500	\$2,8900	\$3,0400	\$3,1000	\$3,2200	\$3,3310
Machinery, grading, earth moving	S/T	\$2,0000	\$2,0000	\$2,8600	\$2,8500	\$2,8900	\$3,0400	\$3,1000	\$3,2200	\$3,3310
Military Cargo	S/T	\$2,3000	\$2,3000	\$5,3800	\$5,3600	\$5,4300	\$5,7200	\$5,8400	\$6,0700	\$6,2500
Milk, dehydrated	S/T	\$0,5000	\$0,5000	\$1,5200	\$1,5100	\$1,5300	\$1,6100	\$1,6400	\$1,7100	\$1,7600
Passengers	Person	\$5,0000	\$5,0000	\$5,0000	\$4,9800	\$5,0500	\$5,5300	\$5,6400	\$5,8600	\$6,0300
Power Generation/Plant Equipment	S/T	\$1,9000	\$1,9000	\$2,8500	\$2,8400	\$2,8800	\$3,0300	\$3,1000	\$3,2200	\$3,3000
Refrigerated Cargo	S/T	\$1,3000	\$1,3000	\$1,3000	\$1,2900	\$1,3100	\$1,3800	\$1,4100	\$1,4700	\$1,5100
Rice and Rice Products	S/T	\$0,5000	\$0,5000	\$1,3000	\$1,2900	\$1,3100	\$1,3800	\$1,4100	\$1,4700	\$1,5100
Sand, aggregates, caliche, limestone	S/T	\$0,6000	\$0,6000	\$0,6200	\$0,9000	\$1,0500	\$1,2500	\$1,2800	\$1,3300	\$1,3700
Vegetable oil	S/T	\$1,2000	\$1,2000	\$1,2500	\$1,2500	\$1,2700	\$1,3400	\$1,3700	\$1,4200	\$1,4600
Vehicles	S/T	\$3,4000	\$3,4000	\$4,7500	\$4,9200	\$4,9800	\$5,2400	\$5,3500	\$5,5600	\$5,7200
Vessels, pressure	S/T	\$3,4000	\$3,4000	\$3,4000	\$3,5200	\$3,5700	\$3,7600	\$3,8400	\$3,9900	\$4,1100
Dockage Rates										
General Cargo										
Vessels			Dry/Liquid							
0-199	Feet	\$1,97	\$2,28/\$1,62	\$2,37	\$2,36	\$2,39	\$2,52	\$2,57	\$2,67	\$2,75
200-399	Feet	\$2,55	\$2,99/\$2,10	\$3,11	\$3,10	\$3,14	\$3,31	\$3,38	\$3,51	\$3,61
400-499	Feet	\$3,50	\$4,23/\$2,88	\$4,40	\$4,38	\$4,44	\$4,67	\$4,76	\$4,95	\$5,10
500-599	Feet	\$4,67	\$5,69/\$3,85	\$5,91	\$5,89	\$5,97	\$6,28	\$6,41	\$6,66	\$6,86
600-699	Feet	\$5,43	\$6,51/\$4,47	\$6,77	\$6,74	\$6,83	\$7,19	\$7,34	\$7,63	\$7,85
700-799	Feet	\$6,89	\$8,39/\$5,67	\$8,72	\$8,69	\$8,80	\$9,26	\$9,45	\$9,83	\$10,12
800-899	Feet	\$8,29	\$10,10/\$6,83	\$10,50	\$10,46	\$10,60	\$11,16	\$11,39	\$11,84	\$12,19
900 +	Feet	\$9,92	\$12,08/\$8,17	\$12,55	\$12,50	\$12,66	\$13,33	\$13,60	\$14,14	\$14,56
Barges - Inland Waterway		\$0,09 NRT	\$90,00 Flat	\$95,00 Flat	\$125,00	\$126,64	\$133,30	\$136,01	\$150,00	\$154,41
Bulk Terminal	GRT	\$0,13	\$0,49	\$0,51	\$0,41	\$0,42	\$0,44	\$0,45	\$0,47	\$0,48
Liquid Bulk										
Vessels	DWT	\$0,025	\$0,025	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid
Barges										
0-360 Feet	Barge	\$70,00	\$70,00	\$95,00	\$125,00	\$126,64	\$133,30	\$136,01	\$150,00	\$154,41
360 +	Barge	\$700,00	\$700,00	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid	See Dry/Liquid
Harbor Safety Fee ²										
Ships	Ship	\$240,00	\$240,00	\$275,00	\$2,032,00	\$2,032,00	\$2,032,00	\$2,032,00	\$1,153,00	\$1,153,00
Barges	Barge	\$30,00	\$30,00	\$35,00	\$230,00	\$230,00	\$230,00	\$230,00	\$132,00	\$132,00
Security Surcharge Fee ¹		11.0%	11.5%	12.0%	10.0%	7.5%	7.5%	7.5%	7.5%	7.5%

¹ Security surcharge fee is calculated on wharfage and dockage billings

² Harbor Safety Fees include fireboat fees and a marine patrol fee implemented in 2010

Tariff rates reported on this schedule represent the most significant of the Authority's revenue sources, all rates may be obtained from the Authority's published tariff

S/T - short tons; BRL - barrel; DWT - dead weight tons; NRT - net registered tons; GRT - gross registered tons; W/M - weight or measure

TABLE 8 (Unaudited)

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

**Ten Largest Customers
December 31, 2015 and 2006**

WHARFAGE and DOCKAGE REVENUE:

Customer	2015			2006		
	Wharfage and Dockage Revenue	Rank	%	Wharfage and Dockage Revenue	Rank	%
Valero	\$ 8,723,274	1	14.56%	\$ 8,588,469	1	35.29%
Citgo	6,644,057	2	11.09%	5,339,088	2	21.94%
Flint Hills	5,678,186	3	9.48%	3,497,141	3	14.37%
Martin Operating	5,648,267	4	9.43%			0.00%
Nu Star Logistics	4,740,670	5	7.91%	-		
Buckeye Texas Hub LLC	2,718,301	6	4.54%	-		
Moran-Gulf Shipping Agency	1,911,436	7	3.19%	-		
Max Shipping, Inc.	1,718,017	8	2.87%	-		
Biehl & Company	1,392,522	9	2.32%	-		
EF Terminals Corpus Christi LLC	1,328,578	10	2.22%	-		
Equistar	-			918,776	4	3.78%
Boyd-Campbell Co. Inc	-			666,333	5	2.74%
Port Corpus Terminal	-			419,146	6	1.72%
Jim E. Docking, Inc.	-			312,322	7	
Dix-Fairway Terminals	-			259,033	8	1.06%
Marsulex Refinery Services	-			250,881	9	1.03%
Valls Shipping Co.	-			235,251	10	0.97%
Other	-			3,848,895		15.82%
Subtotal (10 largest)	40,503,308		67.62%	24,335,335		100.00%
Other	19,393,286		32.38%			0.00%
Total	\$ 59,896,594		100.00%	\$ 24,335,335		100.00%

TONNAGE:

Customer	2015			2006		
	Tonnage	Rank	%	Tonnage	Rank	%
Citgo	24,372,147	1	23.55%	24,383,058	2	28.03%
Valero	22,032,866	2	21.29%	28,271,054	1	32.50%
Flint Hills	12,727,226	3	12.30%	11,356,199	3	13.06%
Nu Star Logistics	9,030,131	4	8.73%			0.00%
Martin Operating Partners	8,153,150	5	7.88%	-		
Buckeye Texas Hub LLC	7,596,630	6	7.34%	-		
Sherwin Alumina Company LP	4,447,763	7	4.30%	5,690,335	5	
ADM/Gromark River System, Inc.	2,329,368	8	2.25%	1,041,330	9	1.20%
Occidental Chemical Corp.	1,822,132	9	1.76%	1,510,142	7	1.74%
EF Terminals Corpus Christi LLC	1,758,015	10	1.70%			0.00%
Koch	-			7,046,356	4	8.10%
Equistar	-			1,947,833	6	2.24%
Interstate Grain Port Terminal	-			990,799	10	1.14%
Bay, Ltd	-			1,080,973	8	1.24%
Subtotal (10 largest)	94,269,428		91.10%	83,318,079		95.79%
Other	9,208,661		8.90%	3,664,755		4.21%
Total	103,478,089		100.00%	86,982,834		100.00%

* Flint Hills was formerly Koch Petroleum

TABLE 9 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Ratios of Outstanding Debt
Last Ten Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue Bonds	\$ 13,080,000	\$ 12,005,000	\$ 10,885,000	\$ 9,725,000	\$ 8,515,000	\$ 7,250,000	\$ -	\$ -	\$ -	\$ 115,000,000
Capital Leases	-	47,622	46,215	27,384	10,285	521	-	-	-	-
Total Outstanding Debt	\$ 13,080,000	\$ 12,052,622	\$ 10,931,215	\$ 9,752,384	\$ 8,525,285	\$ 7,250,521	\$ -	\$ -	\$ -	\$ 115,000,000
Per Capita	\$427	\$374	\$316	\$290	\$238	\$188	\$ -	\$ -	\$ -	\$ 2,674
Percent of Personal Income	0.10%	0.09%	0.07%	0.07%	0.06%	0.04%	-	-	-	0.6%

Details regarding the Authority's outstanding debt can be found in Note 5 of the Notes to the Financial Statements. See Table 11, schedule of Demographic and Economic Statistics for personal income and population data.

TABLE 10 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
 OF NUECES COUNTY, TEXAS

Pledged Revenue Bond Coverage
 Last Ten Years

Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (A)			Coverage
				Principal	Interest	Total	
2006	\$ 37,306,108	\$ 29,145,654	\$ 8,160,454	\$ 1,308,000	\$ 363,385	\$ 1,671,385	4.88
2007	46,159,781	33,913,508	12,246,273	1,333,889	337,589	1,671,478	7.33
2008	51,983,640	34,850,477	17,133,163	1,360,625	310,516	1,671,141	10.25
2009	47,035,575	35,727,525	11,308,050	1,389,286	282,198	1,671,484	6.77
2010	53,044,774	35,187,721	17,857,053	1,419,167	252,450	1,671,617	10.68
2011	63,068,438	36,591,098	26,477,340	1,450,000	221,259	1,671,259	15.84
2012	62,805,453	40,557,109	22,248,344	-	-	-	-
2013	78,042,224	33,522,081	44,520,143	-	-	-	-
2014	82,372,450	39,259,158	43,113,292	-	-	-	-
2015	94,167,943	43,942,020	50,225,923	5,750,000	2,750,323	8,500,323	5.91

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

(2) Operating expenses represent maintenance and operating, and general and administrative expenses and interest on retainage and other non-operating expenses paid in cash, excluding depreciation and gain (loss) on disposal of capital assets

(A) Debt service requirements represent average annual debt service

TABLE 11 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Demographic and Economic Statistics
Last Ten Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015(E)
Population (1)	419,530	420,407	423,168	427,262	428,026	431,051	437,012	443,448	448,108	449,323
Personal Income-(in thousands) (1)	\$ 12,847,269	\$ 13,558,105	\$ 14,647,211	\$ 14,375,529	\$ 15,329,854	\$ 16,581,718	\$ 17,615,056	\$ 17,923,570	\$ 18,803,037	\$ 19,325,282
Per Capita Personal Income (1)	\$ 30,623	\$ 32,250	\$ 34,613	\$ 33,646	\$ 35,815	\$ 38,468	\$ 40,308	\$ 40,419	\$ 41,961	\$ 43,010
Unemployment rate (2)	4.90%	4.40%	4.70%	6.90%	8.10%	8.00%	6.50%	6.00%	5.05%	4.95%

Source:

(1) Bureau of Economic Analysis (updated November 19, 2015 with revised estimates for 2006-2014)

(2) Bureau of Labor Statistics

(E) Estimate of 2015 population from the Texas Department of State Health Services

<u>Unemployment % 2015</u>	
Jan	5.00%
Feb	4.70%
Mar	4.60%
Apr	4.50%
May	4.70%
Jun	5.00%
Jul	5.10%
Aug	5.00%
Sep	5.00%
Oct	5.20%
Nov	5.40%
Dec	5.20%
Avg	<u>4.95%</u>

TABLE 12 (Unaudited)

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

**Principal Employers
December 31, 2015 and 2006**

Employer	2015			2006		
	Number of Employees	Rank	Percent of Total MSA Employment	Number of Employees	Rank	Percent of Total MSA Employment
Corpus Christi Army Depot	5,800	1	2.23%	5,404	2	2.30%
Corpus Christi ISD	5,178	2	1.99%	5,500	1	2.34%
Christus Spohn Health System	5,144	3	1.98%	4,500	3	1.92%
HEB Grocery Co.	5,000	4	1.92%	2,200	6/7	0.94%
City of Corpus Christi	3,171	5	1.22%	2,007	8	0.86%
Naval Air Station Corpus Christi	2,822	6	1.08%	2,654	5	1.13%
Bay, Ltd.	2,100	7	0.81%	2,200	6/7	0.94%
Driscoll Children's Hospital	1,800	8	0.69%	-	-	-
Del Mar College	1,542	9	0.59%	1,680	9	0.72%
Corpus Christi Medical Center	1,300	10	0.50%	-	-	-
Columbia Healthcare Corp.				2882	4	1.23%
APAC Teleservices				1200	10	0.51%
Total	33,857		13.01%	30,227		11.15%

Source:

Employers and Number of Employees provided by Corpus Christi Regional Economic and Development Corporation

Corpus Christi, Texas MSA Employment provided by Bureau of Economic Analysis

TABLE 13 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Employees by Function
Last Ten Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Operations:										
Cold Storage Facility	13	12	9	-	-	-	-	-	-	-
Bulk Terminal Facility	17	16	17	17	14	17	18	22	23	22
Harbormaster's Office	11	10	10	10	9	9	9	9	8	9
Lift Bridge	8	5	-	-	-	-	-	-	-	-
Maintenance	39	43	43	48	46	45	45	38	40	43
Police Department	22	40	44	49	51	46	44	43	48	48
	110	126	123	124	120	117	116	112	119	122
Administration:										
Executive Director	2	2	5	4	6	2	2	2	3	2
Chief Operating Officer	-	-	-	-	-	-	2	2	2	2
Deputy Port Director	-	-	3	4	4	4	2	-	-	-
Chief Commercial Officer	-	-	-	-	-	-	-	-	-	2
Government Affairs	1	1	1	1	1	1	1	1	1	1
Human Resources	4	5	5	5	5	5	5	5	5	6
Business Development	7	7	5	7	3	3	3	4	4	5
Communications	-	-	-	-	2	3	3	3	4	4
Community Relations	-	-	-	-	-	-	-	-	-	3
Property & Industrial Development	1	1	1	1	1	3	3	3	3	3
Finance and Administration	2	2	2	2	2	2	2	2	2	2
Accounting	8	8	9	9	7	8	8	10	9	10
Risk Management	-	-	-	-	-	-	-	-	-	2
Safety Management	-	-	-	-	-	-	-	-	1	2
Information Technology	7	9	9	7	7	6	7	6	8	13
Engineering	11	10	8	10	9	8	8	10	13	16
Environmental Planning & Compliance	2	3	2	4	3	4	4	4	6	5
Operations	7	7	5	7	4	4	4	5	4	4
	52	55	55	61	54	53	54	57	65	82
	162	181	178	185	174	170	170	169	184	204

TABLE 14 (Unaudited)

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Capital Asset Statistics
Last Five Years**

	2011	2012	2013	2014	2015
Harbor divisions	6	6	6	7	7
Turning basins	5	5	5	6	6
Corpus Christi Ship Channel (miles)	35	35	35	37	37
Authorized channel draft (feet)	45	45	45	45	45
General cargo docks	8	7	7	6	7
Covered docks	3	3	3	3	3
Open docks	2	2	2	2	4
Special public use dock	1	1	1	1	1
Covered storage (square feet)	295,000	295,000	295,000	295,000	295,000
Dockside rail access (docks)	4	4	4	4	4
Roll-on/ Roll-off ramps	1	1	1	1	1
Liquid bulk docks	11	11	12	13	13
Ship	6	6	6	7	7
Barge	5	5	6	6	6
Bulk material docks	2	2	2	2	2
Gantry cranes	1	1	1	1	1
Unloading rate per hour (short tons)	600	600	600	600	600
Radial ship loaders	1	1	1	1	1
Loading rate per hour (short tons)	1,500	1,500	1,500	1,500	1,500
Layberth facilities/docks	3	3	3	3	3
Intermodal terminal	1	1	1	1	1
Open storage (acres)	30	30	30	35	35
Container handling machines	2	0	0	0	0
Bagging facilities	2	2	2	2	2
Grain	1	1	1	1	1
General purpose	1	1	1	1	1
Grain elevator	1	1	1	1	1
Bushel capacity (bushels)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Ship loading capacity per hour (bushels)	120,000	120,000	120,000	120,000	120,000
Truck unloading capacity per hour (bushels)	40,000	40,000	40,000	40,000	40,000
Railcar unloading capacity per hour (bushels)	80,000	80,000	80,000	80,000	80,000
Cotton warehouses	1	1	1	1	1
Covered storage (square feet)	575,000	575,000	575,000	575,000	575,000
Multi-purpose cruise terminal/meeting banquet center	1	1	1	1	1
Meeting rooms	5	5	5	5	5
Banquet hall	1	1	1	1	1
Outdoor plaza	1	1	1	1	1
Indoor square feet (approximate)	24,000	24,000	24,000	24,000	24,000
Outdoor square feet (approximate)	50,000	50,000	50,000	50,000	50,000
Industrial parks	1	1	1	1	1
Acreage	318	318	285	285	285
Barge canals	2	2	2	2	2
Land					
Submerged (acres)	18,750	18,750	17,770	17,770	18,062
Emerged (acres)	6,256	5,822	7,286	7,296	7,301
Dredge Placement Areas	4,688	4,688	4,974	4,974	4,974
Open storage/development (acres)	2,400	2,400	2,312	2,322	2,327
Railroads					
Railway (miles)	42	42	43	45	48
Security Command Center	1	1	1	1	1
Naval Station Ingleside					
Land-emerged (acres)	480	-	-	-	-
Land-submerged (acres)	429	-	-	-	-
Wharfs and piers (linear feet)	3450	-	-	-	-
Buildings-office/classrooms,barracks,warehouse (sq ft)	781,217	-	-	-	-

TABLE 15 (Unaudited)

**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 (Overfunded)		Annual Covered Payroll	UAAL As a Percentage of Covered Payroll
				Actuarial Accrued Liability (UAAL)	Actuarial Accrued Liability (UAAL)		
2004	\$ 12,187,288.00	\$ 16,966,500.00	\$	0.72	\$	\$ 7,918,506.00	60.4%
2005	13,572,671	18,177,881		74.7%	4,605,210	8,544,001	53.9%
2006	15,800,903	19,925,412		79.3%	4,124,509	9,020,233	45.7%
2007	17,772,707	22,044,720		80.6%	4,272,013	9,558,262	44.7%
2008	18,097,936	23,421,983		77.3%	5,324,047	10,298,956	51.7%
2009	20,143,863	24,899,158		80.9%	4,755,295	11,397,962	41.7%
2010	21,744,295	26,372,629		82.5%	4,628,334	11,840,675	39.1%
2011	28,148,929	28,169,728		99.9%	20,799	10,531,666	0.2%
2012	29,524,708	29,044,854		101.7%	(479,854)	10,982,221	(4.4%)
2013	31,917,556	30,786,850		103.7%	(1,130,706)	11,312,022	(10.0%)
2014	34,405,338	34,812,267		98.8%	406,929	11,816,386	3.4%

TABLE 16 (Unaudited)

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

**Schedule of Insurance in Force
December 31, 2015**

Details of Coverage	Policy Period	Deductible	Liability Limits
All Risk Property	04/01/15-16	\$4,000,000/\$100,000	\$ 100,000,000
Federal Flood Insurance	Varies	1,250	Varies
Boiler and Machinery	04/01/15-16	5,000	23,575,270
Business Auto Liability	10/01/15-16	5,000/10,000	10,000,000
Group Travel Accident	01/11/14-17	-	750,000
Foreign Liability	10/01/15-16	-	1,000,000
Marine Liability and Primary P&I	10/01/15-16	50,000	20,000,000
Firebarge Hull & Machinery	10/01/15-16	25,000	3,500,000
29' Safeboat Hull & Machinery			159,065
31' Safeboat Hull & Machinery	10/01/15-16	25,000	350,000
Other boats & motors			224,895
Firebarge and Excess P&I	10/01/15-16	-	40,000,000 excess of 20,000,000
Errors and Omissions Liability	10/01/15-16	10,000	5,000,000/10,000,000
Law Enforcement Liability	10/01/15-16	10,000	5,000,000/10,000,000
Kidnap and Ransom	12/21/15-16	-	250,000/500,000
Customs Bond - FTZ Operator	09/28/15-16	-	250,000
Marine Terminal Operator Bond	02/15/15-16	-	100,000
Employee Fidelity (Crime) Bond	10/01/15-16	25,000	1,000,000
Public Officials Bonds (8)	Varies	-	5,000
Workers' Compensation	01/01/15-16	-	Statutory
Terrorism	04/01/15-16	25,000	100,000,000

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

**Miscellaneous Statistical Data
December 31, 2015**

Date of Incorporation:	1922			
Form of Government:	A public corporation and political subdivision of the State of Texas			
Number of Employees:	204			
Geographic Location:	Southeastern coast of Texas on the Gulf of Mexico approximately 150 miles north of the Mexican Border			
Area:	7,286 - Emergent acres 18,062 - 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
	2010	305,215	340,223	64,804
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	138 feet			
Temperature:	Annual Average - 72.15° Average Low- 62.8° Average High- 81.5°			
Average Seasonal Rainfall:	31.7			

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

**Miscellaneous Statistical Data
December 31, 2015**

Public Docks:

Bulk liquid		13 - Main Harbor
Dry cargo		6 - Main Harbor
Dry cargo		1 - Rincon
Bulk materials		2 - Main Harbor
		<u>22</u>

Private Docks:

Bulk liquid	- Citgo	7 - Main Harbor
	- Equistar	1 - Main Harbor
	- Flint Hills	3 - Main Harbor
	- Flint Hills	1 - Ingleside
	- NuStar	1 - Main Harbor
	- Trafigura	5 - Main Harbor
	- Valero	6 - Main Harbor
	- Occidental Energy (NSI)	6 - Ingleside
	- Koch Gathering	1 - Ingleside
	Dry cargo	- Bay Inc.
- Heldenfels		1 - Main Harbor
- Texas Lehigh Cement		1 - Main Harbor
- Fordyce		1 - Main Harbor
- Tor Minerals International, Inc.		1 - Rincon
- McDermott		1 - Harbor Island
- Gulf Marine Fabricators		2 - Ingleside
- Kiewit Offshore Services, Inc.		1 - LaQuinta
- EMAS AMC		1 - LaQuinta
- voestalpine		1 - LaQuinta
- Occidental Chemical		3 - LaQuinta
- Signet Maritime		1 - Jewell Fulton
Bulk materials		- ADM/Growmark
	- Interstate Grain	1 - Main Harbor
	- Vulcan Materials	1 - Main Harbor
	- Sherwin Alumina	1 - La Quinta
		<u>50</u>



CONTINUING BOND DISCLOSURES



PORT CORPUS CHRISTI®



TABLE 18 (Unaudited)

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

**Port Commerce By Commodity
Last Ten Years**

Table 1:

Commodity	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Commodity By Port Division - Short tons										
Inner Harbor										
Break Bulk	183,544	215,964	256,612	133,037	157,781	122,055	214,010	62,310	133,938	238,695
Grain	2,025,864	3,367,057	5,409,827	3,951,347	4,100,774	4,183,095	2,563,535	2,972,973	4,068,716	3,396,829
Chemical	59,851	52,709	68,760	43,982	37,814	58,377	58,066	41,198	99,979	135,841
Dry Bulk	2,008,088	2,420,282	2,318,675	1,974,232	2,038,029	2,821,831	2,317,603	2,805,899	3,639,556	3,834,620
Liquid Bulk	248,355	513,036	301,007	131,100	506,211	533,543	554,336	475,785	493,850	580,055
Petroleum	68,242,433	67,124,801	62,558,169	56,586,340	61,163,028	59,446,567	60,393,806	67,817,495	78,273,324	83,327,585
Total	72,768,135	73,693,849	70,913,050	62,820,038	68,003,637	67,165,468	66,101,556	74,175,660	86,709,363	91,513,625
La Quinta										
Break Bulk	-	-	-	-	1,369	-	-	3,551	105,282	111,346
Chemical	1,510,142	1,796,165	1,561,258	1,366,046	1,430,429	1,685,331	1,907,946	1,910,564	2,105,444	1,822,132
Dry Bulk	5,690,335	5,780,257	5,572,667	4,467,692	4,809,114	5,817,275	5,585,549	6,078,632	5,518,508	4,448,951
Petroleum	24,030	26,925	26,607	18,766	22,404	41,750	25,319	14,228	23,906	17,370
Total	7,224,507	7,603,347	7,160,532	5,852,504	6,263,316	7,544,356	7,518,814	8,006,975	7,753,140	6,399,799
Harbor Island										
Break Bulk	6	6	2	-	-	-	-	-	-	-
Petroleum	-	-	-	-	-	-	-	-	-	-
Total	6	6	2	-	-	-	-	-	-	-
Ingleside										
Break Bulk	46,637	224,714	277,147	178,826	169,609	175,551	175,287	263,119	31,458	58,348
Dry Bulk	-	42,722	-	-	7,012	4,615	10,742	829	5,274	2,804
Petroleum	6,909,586	7,741,913	7,475,838	7,660,416	7,715,429	5,330,829	4,957,218	6,427,951	6,087,182	5,503,512
Total	6,956,223	8,009,349	7,752,985	7,839,242	7,892,050	5,510,995	5,143,247	6,691,899	6,123,914	5,564,664
Rincon Point										
Break Bulk	26,510	4,519	18,829	6,130	10,500	9,025	1,669	-	-	-
Grain	5,746	10,329	14,040	-	12,503	31,726	15,312	11,235	1,600	-
Dry Bulk	1,707	(1,707)	-	1,734	12,291	48,647	25,790	5,835	-	-
Total	33,963	13,141	32,869	7,864	35,294	89,398	42,771	17,070	1,600	-
Total	86,982,834	89,319,692	85,859,438	76,519,648	82,194,297	80,310,217	78,806,188	88,891,604	100,588,017	103,478,088
Commodity Totals - Short tons										
Break Bulk	256,697	445,203	552,590	317,993	339,259	306,631	390,966	328,980	270,678	408,389
Grain	2,031,610	3,377,386	5,423,867	3,951,347	4,113,277	4,214,821	2,578,847	2,984,208	4,070,316	3,396,829
Chemical	1,569,993	1,848,874	1,630,018	1,410,028	1,468,243	1,743,708	1,966,012	1,951,762	2,205,423	1,957,973
Dry Bulk	7,700,130	8,241,554	7,891,342	6,443,658	6,866,446	8,692,368	7,939,684	8,891,195	9,163,338	8,286,375
Liquid Bulk	248,355	513,036	301,007	131,100	506,211	533,543	554,336	475,785	493,850	580,055
Petroleum	75,176,049	74,893,639	70,060,614	64,265,522	68,900,861	64,819,146	65,376,343	74,259,674	84,384,412	88,848,467
Total	86,982,834	89,319,692	85,859,438	76,519,648	82,194,297	80,310,217	78,806,188	88,891,604	100,588,017	103,478,088

TABLE 19 (Unaudited)

	Revenues by Source Last Ten Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Operating Revenues:										
Wharfage	\$19,351,717	\$27,219,535	\$26,359,823	\$24,826,670	\$26,567,587	\$27,410,252	\$31,293,692	\$35,688,217	\$42,288,896	\$45,779,919
Dockage	3,354,723	3,655,333	7,078,197	7,319,259	8,138,326	8,948,217	10,331,997	11,358,813	14,630,404	14,003,472
Security fees	2,158,237	2,351,695	3,474,748	3,412,485	6,170,288	6,319,747	6,528,526	7,325,584	6,460,860	6,673,782
Freight handling	2,065,511	2,166,118	2,178,423	2,428,621	2,316,667	2,387,583	2,191,682	2,815,582	3,133,303	3,153,285
Rail Charges	337,024	687,079	980,131	754,366	839,342	1,252,172	1,151,977	1,026,819	893,900	699,535
Building and land rentals	4,037,572	4,545,342	4,318,458	3,924,060	4,417,518	6,411,552	7,490,936	8,152,093	8,456,174	9,391,040
Conference center services	1,495,599	1,597,594	1,451,630	2,007,407	1,679,885	1,814,456	2,008,474	1,688,770	1,864,556	2,209,031
Warehouse handling charges	1,484,404	1,211,146	1,367,306	596,168	426,093	368,950	-	-	-	-
FTZ user fees	243,000	295,000	284,500	326,000	337,000	302,750	301,250	253,917	222,500	207,667
Dredge placement fees	501,690	251,554	2,477,710	28,405	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714	10,151,880
Other	1,006,934	949,061	1,080,267	802,449	1,390,425	2,107,663	1,170,509	1,004,387	2,189,138	1,152,244
	<u>\$36,036,411</u>	<u>\$44,929,457</u>	<u>\$51,051,193</u>	<u>\$46,425,890</u>	<u>\$52,279,852</u>	<u>\$58,698,961</u>	<u>\$62,432,414</u>	<u>\$77,467,953</u>	<u>\$81,809,445</u>	<u>\$93,421,855</u>

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Non-Operating Revenues:										
Other:										
Investment income	\$ 1,269,697	\$ 1,230,324	\$ 932,447	\$ 584,849	\$ 478,291	\$ 467,494	\$ 163,804	\$ 283,544	\$ 341,754	\$ 518,374
Other	-	-	284,048	24,836	286,631	3,901,983	337,965	290,727	221,251	227,714
	<u>\$ 1,269,697</u>	<u>\$ 1,230,324</u>	<u>\$ 1,216,495</u>	<u>\$ 609,685</u>	<u>\$ 764,922</u>	<u>\$ 4,369,477</u>	<u>\$ 501,769</u>	<u>\$ 574,271</u>	<u>\$ 563,005</u>	<u>\$ 746,088</u>

TABLE 20 (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Expenses by Type
Last Ten Years

Table 3:

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Operating Expenses:										
Maintenance and Operation:										
Employee services	\$ 6,768,333	\$ 6,952,412	\$ 8,255,443	\$ 7,866,038	\$ 8,374,106	\$ 7,810,947	\$ 8,258,807	\$ 7,324,312	\$ 8,304,043	\$ 9,993,556
Maintenance	4,173,668	6,483,605	6,340,774	4,987,113	3,538,398	5,136,098	4,896,773	3,679,718	6,122,959	3,667,189
Utilities	1,399,011	1,383,059	1,357,364	1,631,307	1,702,868	2,327,822	1,735,122	902,342	1,004,905	1,073,706
Telephone	23,716	35,699	29,991	26,436	35,286	101,960	94,604	85,538	80,639	78,674
Insurance & claims	1,726,286	2,017,983	1,902,331	1,844,918	2,266,112	2,099,345	2,311,581	2,023,472	1,911,090	1,745,262
Professional services	400,085	344,073	424,975	900,742	691,191	1,415,731	1,771,323	974,998	2,422,320	864,991
Police expenses	53,276	39,442	74,106	55,218	66,434	14,233	24,006	14,435	16,461	31,320
Contracted services	2,110,723	2,166,855	1,834,442	1,426,265	1,876,695	1,897,144	1,633,668	1,336,574	1,277,137	1,334,780
Office and equipment rental	129,527	124,691	91,004	97,627	73,983	142,778	65,037	55,691	79,023	109,355
Operator and event expenses	1,311,334	1,523,025	1,280,002	1,550,059	1,415,417	1,538,092	1,678,367	1,427,944	1,547,155	1,624,343
Warehouse supplies	64,946	38,292	68,428	44,700	9,037	8,024	-	-	-	-
Safety/Environmental	50,970	62,693	90,947	71,246	69,075	83,442	77,086	98,478	107,859	70,797
General	173,190	220,500	93,105	196,113	129,909	185,198	175,307	220,554	494,274	876,438
	<u>\$18,385,065</u>	<u>\$21,392,329</u>	<u>\$21,842,912</u>	<u>\$20,697,782</u>	<u>\$20,248,511</u>	<u>\$22,760,814</u>	<u>\$22,721,681</u>	<u>\$18,144,056</u>	<u>\$23,367,865</u>	<u>\$21,470,411</u>
General and Administrative:										
Employee services	\$ 6,150,455	\$ 6,808,607	\$ 7,349,030	\$ 7,837,903	\$ 7,692,080	\$ 7,224,377	\$ 7,423,777	\$ 7,272,765	\$ 8,001,279	\$10,549,722
Maintenance	324,760	351,566	320,610	432,088	453,408	501,087	509,303	530,688	648,221	759,004
Utilities	218,586	222,481	196,865	224,245	172,703	194,864	171,122	149,405	159,148	160,630
Telephone	205,520	213,248	231,958	209,267	196,626	115,447	100,921	73,896	83,776	91,439
Insurance & claims	111,670	108,314	84,451	96,638	124,620	92,492	97,774	429,990	99,451	109,887
Professional services	1,864,026	2,290,016	2,419,843	3,322,950	3,526,850	3,046,566	7,092,409	3,993,766	3,870,383	4,363,193
Police expenses	654	216	314	174	82	82	-	190	1,616	1,227
Contracted services	134,754	198,260	88,262	64,213	151,445	100,952	59,756	23,431	26,167	49,477
Office and equipment rental	6,852	10,173	18,264	40,406	59,809	65,104	76,941	92,118	86,761	99,176
Administrative	1,647,031	1,925,958	1,873,318	2,392,822	2,108,277	2,035,746	1,869,480	2,140,507	2,309,972	2,667,808
Trade and sales development	123,054	146,161	148,946	204,427	157,237	184,528	188,894	200,500	209,900	165,955
Media advertising	73,557	157,725	109,262	108,425	206,557	195,766	190,661	225,363	232,608	311,184
Production	56,861	30,773	27,917	48,319	25,678	24,222	21,774	33,424	41,061	74,566
Safety/Environmental	36,047	26,992	38,206	22,681	21,544	23,299	23,651	26,732	28,007	43,037
General	(193,238)	30,689	100,319	25,185	42,294	25,752	8,965	185,250	92,943	23,172
	<u>\$10,760,589</u>	<u>\$12,521,179</u>	<u>\$13,007,565</u>	<u>\$15,029,743</u>	<u>\$14,939,210</u>	<u>\$13,830,284</u>	<u>\$17,835,428</u>	<u>\$15,378,025</u>	<u>\$15,891,293</u>	<u>\$19,469,477</u>
Depreciation	\$ 7,127,447	\$ 8,442,640	\$ 9,648,639	\$10,060,645	\$12,165,114	\$13,381,562	\$13,738,571	\$12,024,981	\$12,310,557	\$13,819,080
Non-Operating Expenses:										
Other:										
Interest	\$ 739,069	\$ 658,323	\$ 591,057	\$ 504,030	\$ 450,602	\$ 392,699	\$ (51,908)	\$ 16,986	\$ 535	\$ 2,030,505
Other	15,395	10,293	592,931	20,735	19,386	-	9,646,400	102,957	-	9,969,479
	<u>\$ 754,464</u>	<u>\$ 668,616</u>	<u>\$ 1,183,988</u>	<u>\$ 524,765</u>	<u>\$ 469,988</u>	<u>\$ 392,699</u>	<u>\$ 9,594,492</u>	<u>\$ 119,943</u>	<u>\$ 535</u>	<u>\$11,999,984</u>

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

**Leases
December 31, 2015**

Table 4:**OPERATING LEASES**

The Authority leases to others certain land and improvements, and these leases are classified as operating leases. As of December 31, 2015, 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	
2016	\$ 8,675,099
2017	6,130,725
2018	5,229,247
2019	4,641,751
2020	4,013,241
Thereafter	63,656,849
Total	\$ 92,346,912

As of December 31, 2015, \$3,540,126 had been received in advance payments for operating leases and has been recorded as unearned revenue. As of December 31, 2014, \$4,275,308 had been received in advance payments for operating leases and has been recorded as unearned revenue.

Table 5:**CAPITAL LEASES**

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 La Quinta 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	
2016	\$ 457,040
2017	457,040
2018	457,040
2019	457,040
2020	457,040
Thereafter	6,376,046
Total	\$ 8,661,246

TABLE 22 (Unaudited)

Changes in Net Position
Last Ten Years

Table 6:

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Operating revenues:										
Wharfage	\$ 19,351,717	\$ 27,219,535	\$ 26,359,823	\$ 24,826,670	\$ 26,567,587	\$ 27,410,252	\$ 31,293,692	\$ 35,688,217	\$ 42,288,896	\$ 45,779,919
Dockage	3,354,723	3,655,333	7,078,197	7,319,259	8,138,326	8,948,217	10,331,997	11,358,813	14,630,404	14,003,472
Security fees	2,158,237	2,351,695	3,474,748	3,412,485	6,170,288	6,319,747	6,528,526	7,325,584	6,460,860	6,673,782
Freight handling	2,065,511	2,166,118	2,178,423	2,428,621	2,316,667	2,387,583	2,191,682	2,815,582	3,133,303	3,153,285
Rail Charges	337,024	687,079	980,131	754,366	839,342	1,252,172	1,151,977	1,026,819	893,900	699,535
Building and land rentals	4,037,572	4,545,342	4,318,458	3,924,060	4,417,518	6,411,552	7,490,936	8,152,093	8,456,174	9,391,040
Conference center services	1,495,599	1,597,594	1,451,630	2,007,407	1,679,885	1,814,456	2,008,474	1,688,770	1,864,556	2,209,031
Warehouse handling charges	1,484,404	1,211,146	1,367,306	596,168	426,093	368,950	-	-	-	-
FTZ user fees	243,000	295,000	284,500	326,000	337,000	302,750	301,250	253,917	222,500	207,667
Dredge placement fees	501,690	251,554	2,477,710	28,405	(3,279)	1,375,619	(36,629)	8,153,771	1,669,714	10,151,880
Other	1,006,934	949,061	1,080,267	802,449	1,390,425	2,107,663	1,170,509	1,004,387	2,189,138	1,152,244
Total operating revenues	36,036,411	44,929,457	51,051,193	46,425,890	52,279,852	58,698,961	62,432,414	77,467,953	81,809,445	93,421,855
Investment income	1,269,697	1,230,324	932,447	584,849	478,291	467,494	163,804	283,544	341,754	518,374
Federal and other grant assistance	-	-	284,048	17,570	60,806	169,966	337,965	290,727	180,655	227,714
Donation of personal property	-	-	-	-	225,825	4,500	-	-	-	-
Gain on disposal of assets	-	-	-	7,266	-	3,727,517	-	-	40,596	-
Total Revenues	37,306,108	46,159,781	52,267,688	47,035,575	53,044,774	63,068,438	62,934,183	78,042,224	82,372,450	94,167,943
Expenses										
Operating expenses:										
Maintenance and operations	18,385,065	21,392,329	21,842,912	20,697,782	20,248,511	22,760,814	22,721,681	18,144,056	23,367,865	21,470,411
General and administrative	10,760,589	12,521,179	13,007,565	15,029,743	14,939,210	13,830,284	17,835,428	15,378,025	15,891,293	19,469,477
Depreciation	7,127,447	8,442,640	9,648,639	10,060,645	12,165,114	13,381,562	13,738,571	12,024,981	12,310,557	13,819,080
Total operating expenses	36,273,101	42,356,148	44,499,116	45,788,170	47,352,835	49,972,660	54,295,680	45,547,062	51,569,715	54,758,968
Interest expense and fiscal charges	689,611	620,495	562,442	504,030	450,602	392,699	(51,908)	16,986	535	2,030,505
Bond issuance costs	49,458	37,828	28,615	20,735	10,743	-	-	-	-	1,139,597
Fiscal payments to subrecipients	-	-	284,048	-	-	-	128,730	-	-	-
Contributions to other government agencies	-	-	-	-	-	-	-	-	-	-
Loss on disposal of assets	15,395	10,293	308,883	-	8,643	-	9,517,670	102,957	-	3,000,000
Total Expenses	37,027,565	43,024,764	45,683,104	46,312,935	47,822,823	50,365,359	63,890,172	45,667,005	51,570,250	66,758,932
Income(Loss) Before Contributions	278,543	3,135,017	6,584,584	722,640	5,221,951	12,703,079	(955,989)	32,375,219	30,802,200	27,408,991
Capital Contributions	12,261,584	4,633,770	2,510,746	2,090,573	1,111,670,700	5,402,273	5,663,315	5,842,850	8,657,361	7,245,620
Changes in Net Position	12,540,127	7,768,787	9,095,330	2,813,213	116,892,651	18,105,352	4,707,326	38,218,069	39,459,561	34,654,611
Total Net Position, Beginning of Year	204,690,766	217,230,893	224,999,680	234,095,010	236,908,223	353,800,874	371,906,226	376,613,552	414,831,621	454,291,182
Cumulative Effect of Change in Accounting Principle	-	-	-	-	-	-	-	-	-	1,835,648
Total Net Position, End of Year	\$ 217,230,893	\$ 224,999,680	\$ 234,095,010	\$ 236,908,223	\$ 353,800,874	\$ 371,906,226	\$ 376,613,552	\$ 414,831,621	\$ 454,291,182	\$ 487,110,145
Net Position at Year End										
Net investment in capital assets	\$ 195,074,359	\$ 204,800,725	\$ 202,587,244	\$ 211,984,713	\$ 321,470,695	\$ 334,092,868	\$ 245,665,607	\$ 273,398,051	\$ 293,461,952	\$ 287,147,609
Restricted	2,061,302	2,193,823	1,756,683	1,747,632	1,927,662	1,924,226	252,763	32,683	35,522	36,153,709
Unrestricted	20,995,232	18,005,132	29,751,083	23,175,878	30,402,517	35,889,132	130,695,182	141,400,887	160,793,708	163,808,827
Total Net Position	\$ 217,230,893	\$ 224,999,680	\$ 234,095,010	\$ 236,908,223	\$ 353,800,874	\$ 371,906,226	\$ 376,613,552	\$ 414,831,621	\$ 454,291,182	\$ 487,110,145

TABLE 23 (Unaudited)

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

**Projected Operating Results and Debt Service Coverage
Next Five Years**

Table 7:

	2015	2016	2017	2018	2019
Operating Revenues:					
Wharfage	\$ 45,779,919	\$ 49,579,073	\$ 56,334,528	\$ 59,607,843	\$ 66,880,289
Dockage	14,003,472	16,188,060	16,959,586	17,298,778	16,578,541
Security	6,673,782	7,132,535	7,697,058	7,967,996	7,848,883
Freight Handling	2,371,616	2,362,061	2,573,012	2,624,472	2,804,041
Storage	781,669	475,000	484,500	494,190	439,463
Rail Charges	699,535	686,200	1,264,698	1,854,766	2,151,435
Other Revenue	11,304,124	3,842,402	1,063,250	1,084,515	790,725
Conference Center Services	2,209,031	2,194,901	2,238,799	2,283,575	2,271,255
Building and Land Rentals	9,391,040	9,470,652	9,660,065	9,853,266	10,578,658
Foreign Trade User Fees	207,667	246,000	246,000	246,000	224,726
Total Operating Revenues	93,421,855	92,176,884	98,521,496	103,315,401	110,568,016
Operating Expenses:					
Direct Expenses	21,470,411	23,788,897	20,939,442	20,822,730	21,461,965
Indirect Expenses	19,469,477	21,243,797	21,668,673	22,102,046	21,734,294
Total Operating Expenses	40,939,888	45,032,694	42,608,115	42,924,776	43,196,259
Other Revenues (Expenses):					
Investment Income	518,374	713,925	728,204	742,768	440,252
Other Income	227,714	228,925	37,650	37,650	284,033
Interest Expense	(2,132)	(2,175)	(2,218)	(2,262)	(2,308)
Contributions to other government agencies	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Total Other Revenues (Expenses)	(2,256,044)	(2,059,325)	(2,236,364)	(2,221,844)	(2,278,023)
Net Operating Revenues Available for Debt Service	\$ 50,225,923	\$ 45,084,865	\$ 53,677,017	\$ 58,168,781	\$ 65,093,734
Debt Service	2,115,973	8,499,948	8,500,722	8,501,092	8,498,589
Total Debt Service	\$ 2,115,973	\$ 8,499,948	\$ 8,500,722	\$ 8,501,092	\$ 8,498,589
Average Annual Debt Service Coverage	5.91	5.30	6.31	6.84	7.66
Maximum Debt Service Coverage	5.91	5.30	6.31	6.84	7.66

See Table 8-Debt Service Requirements, for the debt service requirements on the bonds.

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

**Debt Service Requirements
December 31, 2015**

At December 31, 2015, total debt service requirements are as follows:

Table 8:

	Principal	Interest	Total
2016	\$ 4,360,000	\$ 4,139,948	\$ 8,499,948
2017	4,395,000	4,105,722	8,500,722
2018	4,450,000	4,051,092	8,501,092
2019	4,530,000	3,968,589	8,498,589
2020	4,635,000	3,866,301	8,501,301
2021	4,755,000	3,745,421	8,500,421
2022	4,895,000	3,608,096	8,503,096
2023	5,045,000	3,454,491	8,499,491
2024	5,210,000	3,288,662	8,498,662
2025	5,390,000	3,112,199	8,502,199
2026	5,575,000	2,924,250	8,499,250
2027	5,785,000	2,715,912	8,500,912
2028	6,010,000	2,491,049	8,501,049
2029	6,250,000	2,248,426	8,498,426
2030	6,510,000	1,989,863	8,499,863
2031	6,785,000	1,714,034	8,499,034
2032	7,100,000	1,401,449	8,501,449
2033	7,425,000	1,074,352	8,499,352
2034	7,770,000	732,283	8,502,283
2035	8,125,000	374,319	8,499,319
Total	\$ 115,000,000	\$ 55,006,458	\$ 170,006,458

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

**Pension Plan
December 31, 2015**

Table 9:

PENSION PLAN

For the year ended December 31, 2015, the Authority has implemented the provisions of GASB Statement 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date. These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and pension expense. The implementation is based on the actuarial date of December 31, 2014 and measurement date of December 31, 2014.

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). TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 677 defined benefit pension plans which function similarly to cash balance-account 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 or is available on their website at www.tcdrs.org.

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. There are no automatic post-employment benefit changes, including automatic cost-of-living adjustments. Ad hoc post-employment benefit changes, including cost-of-living adjustments can be granted by the governing body of the Authority within guidelines of the TCDRS.

The Authority had 182 active and 51 former employees covered under the TCDRS pension plan, and 95 retirees receiving benefits for the calendar year 2014. The Authority had 166 active and 47 former employees covered under the TCDRS pension plan, and 93 retirees receiving benefits for the calendar year 2013.

Funding Policy

The Authority has elected the Annually Determined Contribution Rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the Authority is actuarially determined annually.

The actuarially determined rate for the calendar year 2015 was 5.63 percent and for the calendar year 2014 was 3.43 percent, however the governing body of the Authority adopted the rate of 7 percent for the calendar year 2015 and 7 percent for the calendar year 2014. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. Employee and Authority contributions were \$979,504 and \$979,504, respectively for the year ended December 31, 2015, and \$827,147 and \$827,147, respectively for the year ended December 31, 2014.

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Pension Plan
December 31, 2015

Actuarial Assumptions

The actuarial assumptions that determined the total net pension asset as of December 31, 2014 were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2012, except where required to be different by GASB Statement 68. The actuarial valuations were determined using the following actuarial assumptions:

Actuarial Valuation Date	<u>December 31, 2014</u>
Actuarial Cost Method	Individual Entry Age Normal
Long-term Investment Rate of Return	8.10%
Discount Rate	8.10%
Inflation Rate	3%
Projected Salary Increase Rates	4.9%
Cost-of-Living Adjustment	0%
Mortality (all Mortality tables use generational mortality with Projection Scale AA)	Among active members RP-2000 Active Mortality Table for Males + 2 years RP-2000 Active Mortality Table for Females – 4 years Among inactive vested members, service retirees & beneficiaries RP-2000 Combined Mortality Table for Males + 1 year RP-2000 Combined Mortality Table for Females + 0 years Among disability retirees RP-2000 Disabled Mortality Table for Males + 0 years RP-2000 Disabled Mortality Table for Females +2 year
Retirement Age	Experience-based table with rates of retirement ranging from 4.5% at ages 40-44 to 22% at age 74; for all eligible members ages 75 and older, retirement is assumed to occur immediately

Discount Rate

The discount rate used to determine the total pension liability was 8.10%. The discount rate was determined using an alternative method to determine the sufficiency of the fiduciary net position in all future years. This method reflects the funding requirements under the Authority’s funding policy and the legal requirements under the TCDRS Act as follows:

- 1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20 year closed layered periods.
- 2) Under the TCDRS Act, the Authority is legally required to make the contribution specified in the funding policy.
- 3) The Authority’s assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the Authority is still required to contribute at least the normal cost.
- 4) Any increased cost due to the adoption of a cost-of living adjustment is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position was determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system the fiduciary net position as a percentage of total pension liability is expected to increase from its current level in future years. Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the Authority is equal to the long-term assumed rate of return on investments of 8.10%.

TABLE 25 (continued) (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Pension Plan
December 31, 2015

Discount Rate Sensitivity Analysis

The following presents the net pension liability of the Authority, calculated using the discount rate of 8.10%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.10%) or one percentage point higher (9.10%) than the current rate.

	<u>1%</u> <u>Decrease</u> <u>7.10%</u>	<u>Current</u> <u>Discount Rate</u> <u>8.10%</u>	<u>1%</u> <u>Increase</u> <u>9.10%</u>
Total pension liability	\$ 48,411,000	\$ 43,516,753	\$ 39,394,391
Fiduciary net position	45,786,593	45,786,593	45,786,593
Net pension liability (asset)	<u>\$ 2,624,407</u>	<u>\$ (2,269,840)</u>	<u>\$ (6,392,202)</u>

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown on the following page are based on January, 2015 information for a seven to ten year time frame. The valuation assumption for long-term expected return is re-assessed a minimum of every four years, and is set based on a 30 year time horizon, the most recent analysis was performed in 2013.

TABLE 25 (continued) (Unaudited)

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

**Pension Plan
December 31, 2015**

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	0.165	0.0535
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	0.120	0.0835
Global Equities	MSCI World (net) Index	0.015	0.0565
International Equities-Developed	50% MSCI World Ex USA (net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index	0.110	0.0535
International Equities-Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	0.090	0.0635
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	0.030	0.0055
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	0.030	0.0375
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	0.050	0.0554
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	0.020	0.0580
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	0.030	0.0675
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	0.020	0.0400
Commodities	Bloomberg Commodities Index	0.020	-0.0020
Master Limited Partnerships	Alerian MLP Index	0.020	0.0530
Private Real Estate	Cambridge Associates Real Estate Index	0.030	0.0720
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	0.250	0.0515

(1) Target Asset Allocation was adopted at the April, 2015 TCDRS Board meeting

(2) Geometric Real Rates of Return in addition to assumed inflation of 1.7%

TABLE 25 (continued) (Unaudited)

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

Pension Plan
December 31, 2015

Net Pension Liability (Asset)

The changes in net pension asset for the measurement date of December 31, 2014 based on the actuarial date of December 31, 2014 is reflected below:

Changes in Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Position Liability (Asset)
Balances as of December 31, 2013	\$ 38,336,862	\$ 43,113,568	\$ (4,776,706)
Changes for the Year:			
Service cost	1,020,446	-	1,020,446
Interest on total pension liability	3,162,730	-	3,162,730
Effect of plan changes	2,280,346	-	2,280,346
Effect of economic/demographic gains or losses	570,613	-	570,613
Refund of contributions	(51,827)	(51,827)	-
Benefit payments	(1,802,417)	(1,802,417)	-
Administrative expenses	-	(34,241)	34,241
Member contributions	-	827,147	(827,147)
Net investment income	-	2,888,058	(2,888,058)
Employer contributions	-	827,147	(827,147)
Other (allocated system-wide items)	-	19,158	(19,158)
Balances as of December 31, 2014	\$ 43,516,753	\$ 45,786,593	\$ (2,269,840)

In December, 2014, the governing body of the Authority adopted an increase in the employer matching rate from 1:1 to 1.25:1 effective for the calendar year 2015. This change is reflected in the above table as a plan change of \$2,280,346.

For the year ended December 31, 2015, the Authority recognized pension expense as follows:

	January 1, 2014 to December 31, 2014
Service cost	\$ 1,020,446
Interest on total pension liability	3,162,730
Effect of plan changes	2,280,346
Administrative expenses	34,241
Member contributions	(827,147)
Expected investment return net of investment expenses	(3,517,901)
Recognition of deferred inflows/outflows of resources:	
Recognition of economic/demographic gains or losses	95,102
Recognition of assumption changes or inputs	-
Recognition of investment gains or losses	125,969
Other (allocated system-wide items)	(19,158)
Pension expense	\$ 2,354,628

TABLE 25 (continued) (Unaudited)

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

**Pension Plan
December 31, 2015**

For the year ended December 31, 2015, the Authority recorded deferred outflows of resources related to the pension as follows:

Differences between expected and actual experience	\$ 475,511
Net difference between projected and actual earnings	503,874
Contributions made subsequent to measurement date	<u>979,504</u>
Deferred Outflows of Resources	<u>\$ 1,958,889</u>

Amounts currently reported as deferred outflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:	
2015	\$ 221,071
2016	221,071
2017	221,071
2018	221,071
2019	95,220
Thereafter	-
Total	<u>\$ 979,504</u>

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

**Current Investments
December 31, 2015**

Table 10:

The Authority's investments at December 31, 2015 are shown below:

Investment Type	2015	
	Carrying Value	Fair Value
Certificates of Deposit	\$ 490,000	\$ 490,000
Money market funds	86,847,358	86,847,358
Local government pool	64,824,168	64,824,168
United States agencies	78,333,942	78,333,942
Municipal bonds	14,871,708	14,873,452
Total	245,367,176	245,368,920
Short-term investments included in cash and cash equivalents	151,671,526	151,671,526
Equity in Total Investments	\$ 93,695,650	\$ 93,697,394



SINGLE AUDIT SECTION



PORT CORPUS CHRISTI®



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

April 8, 2016

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

We have audited, 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 and the State of Texas, *Single Audit Circular*, the financial statements of the Port of Corpus Christi Authority as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 8, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Collier, Johnson & Woods

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

April 8, 2016

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

Report on Compliance for Each Major Federal Program

We have audited the Port of Corpus Christi Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2015. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination on the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Collins, Johnson & Woods

PORT OF CORPUS CHRISTI AUTHORITY
FEDERAL SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2015

I. Summary of Audit Results:

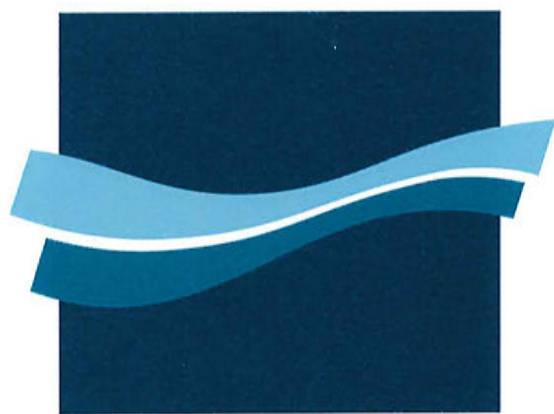
1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Port of Corpus Christi Authority.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the "Independent Auditor's Report on Internal Control 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 Port of Corpus Christi Authority which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the "Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance."
5. The auditor's report on compliance for major Federal award programs for the Port of Corpus Christi Authority expresses an unmodified opinion on all major programs.
6. No audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
7. The programs tested as major programs included:

U.S. Department of Transportation
National Infrastructure Investments Discretionary Grant (CFDA – 20.933)
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The Authority was determined to be a low-risk auditee.

II. Findings related to the financial statements – None

III. Findings and questioned costs for Federal awards – None

IV. Prior year audit findings requiring corrective action – None



PORTCORPUSCHRISTI

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

April 8, 2016

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

Report on Compliance for Each Major State Program

We have audited the Port of Corpus Christi Authority's compliance with the types of compliance requirements described in *the State of Texas Single Audit Circular* that could have a direct and material effect on each of the Authority's major state programs for the year ended December 31, 2015. The Authority's major state programs are identified in the summary of auditor's results section of the accompanying state schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major state programs based on our audit of the types of compliance requirements referred to above. 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 the *State of Texas Single Audit Circular* issued by the Governor's Office of Budget and Planning. Those standards and the Circular 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 state 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 on compliance for each major state program. However, our audit does not provide a legal determination on the Authority's compliance.

Opinion on Each Major State Program

In our opinion, the Port of Corpus Christi Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2015.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Texas Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Texas Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.

Collier, Johnson & Woods

PORT OF CORPUS CHRISTI AUTHORITY

STATE SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2015

I. Summary of Audit Results:

- a. The auditor's report expresses an unmodified opinion on the basic financial statements of the Port of Corpus Christi Authority.
- b. No significant deficiencies or material weaknesses 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*."
- c. No instances of noncompliance material to the financial statements of the Port of Corpus Christi Authority which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
- d. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the "Independent Auditor's Report on Compliance with Each Major State Program and on Internal Control over Compliance in Accordance with State of Texas Single Audit Circular."
- e. The auditor's report on compliance for major State award programs for the Port of Corpus Christi Authority expresses an unmodified opinion on all major programs.
- f. There are no audit findings that are required to be reported in accordance with Section 510(a) of State of Texas Single Audit Circular.
- g. The programs tested as major programs included:
 - Texas Department of Transportation
 - Construction of Nueces River Rail Yard Phase II
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i. The Authority was determined to be a low-risk auditee.

II. Findings related to the financial statements – None

III. Findings and questioned costs for Federal awards – None

IV. Prior year audit findings requiring corrective action – None

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS
SCHEDULE OF FEDERAL/STATE EXPENDITURES OF AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Federal Assistance			
U.S. Department of Homeland Security			
Direct Programs			
Port Security Grant #13	97.056	EMW-2013-PU-00309	\$ 1,370,950
Port Security Grant #14	97.056	EMW-2014-PU-00478	\$ 124,411
Port Security Grant #15	97.056	EMW-2015-PU-00228	\$ 2,264
Total Direct Programs			<u>1,497,626</u>
Total U.S. Department of Homeland Security			<u>1,497,626</u>
U.S. Department of Transportation			
Direct Programs			
Maritime Administration			
National Infrastructure Investments Discretionary Grant	20.933	DTMA-91-G-2012-0004	<u>2,096,740</u>
Total U.S. Department of Transportation			<u>2,096,740</u>
Total Federal and Passed through assistance			<u>3,594,366</u>
State Assistance			
Texas Commission on Environmental Quality			
Texas Emmisions Reduction Plan Rebate Grant		582-15-55967-0978	17,906
Texas Emmisions Reduction Plan Rebate Grant		582-15-55965-0978	4,839
Texas Emmisions Reduction Plan Rebate Grant		582-15-55964-0978	25,629
Total Texas Commission on Environmental Quality			<u>48,374</u>
Texas Department of Transportation			
Construction of Nueces River Rail Yard Phase II		CSJ0916-35-172	3,830,594
Total Texas Department of Transportation			<u>3,830,594</u>
Total State Asisstance			<u>3,878,968</u>
Total Federal, State, and passed through assistance			<u>\$ 7,473,334</u>

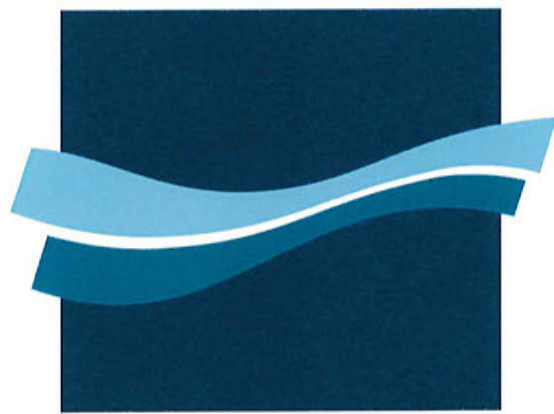
PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. **General**

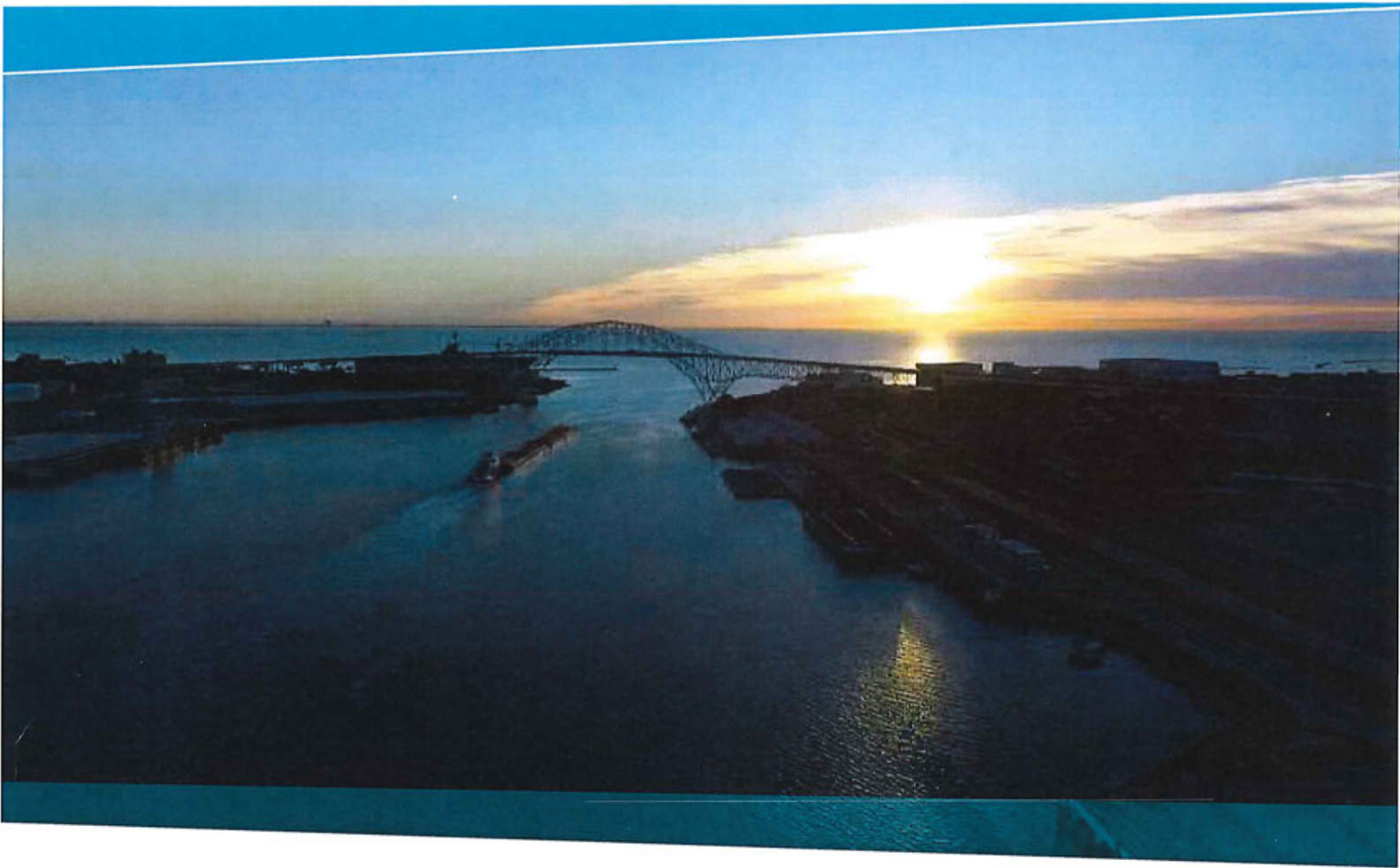
The accompanying Schedule of Expenditures of Federal/State Awards presents the activity of all Federal and State financial assistance programs of Port of Corpus Christi Authority of Nueces County, Texas (Authority). The Authority's reporting entity is defined in the Notes to the Authority's financial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

2. **Basis of Accounting**

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



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