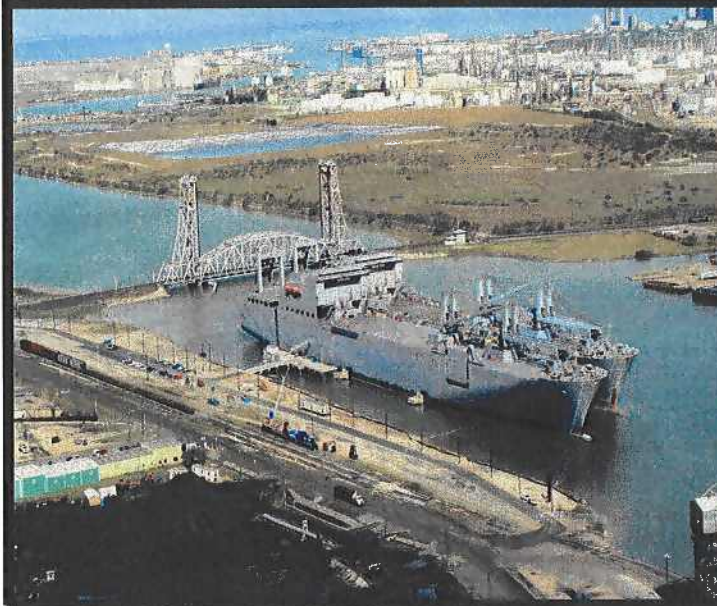


# **Port of Corpus Christi Authority of Nueces County, Texas**



## **Comprehensive Annual Financial Report For The Year Ended December 31, 2006**

# **Comprehensive Annual Financial Report**

## **Port of Corpus Christi Authority of Nueces County, Texas**

**For the Year Ended December 31, 2006**

**Prepared by the Finance Department**

**Daniel R. Hodgkins**  
*Chief Financial Officer*



# INTRODUCTORY SECTION



WINDMILLS



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

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December 31, 2006**

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

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**PORT COMMISSIONERS**

**Ruben Bonilla, Jr., Chairman**

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

**Bernard A. Paulson, Vice-Chairman**

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

**L. Michael Carrell, Secretary**

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

**Yolanda G. Olivarez, Commissioner**

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

**Robert J. Gonzalez Sr., Commissioner**

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

**Judy Hawley, Commissioner**

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

**Kenneth L. Berry, Commissioner**

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

**EXECUTIVE STAFF**

John P. LaRue, Executive Director

Frank C. Brogan, Director of Engineering Services

William J. Cotter, Director of Operations

Daniel R. Hodgkins, Chief Financial Officer

Michael Perez, Director of Business Development

Sandra Terrell-Davis, Director of Human Resources

**PORT COMMISSION, PORT OF CORPUS CHRISTI AUTHORITY**

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





April 30, 2007

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, 2006.

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.

Lovvorn & Kieschnick, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the Port of Corpus Christi Authority of Nueces County, Texas (Authority)'s financial statements for the year ended December 31, 2006. The independent auditor's report is located at the front of the financial section of this report.

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

### **PROFILE OF THE GOVERNMENT**

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

The Authority (formerly the Nueces County Navigation District No.1) is a navigation district and political subdivision of the State of Texas, having boundaries co-extensive with those of Nueces and San Patricio Counties, Texas. The Authority operates under the provisions of Article XVI, Section 59, of the Texas Constitution and related laws of the State of Texas, particularly Sections 60 and 62 of the Texas Water Code, and all amendments thereto. The Authority being a navigation district and political subdivision of the State of Texas is a separate and distinct entity of Nueces and San Patricio Counties and operates independently with its own Port Commission as its governing body. The only relationship the Authority and Nueces County have is that in the event the Port Commission deems it necessary to issue tax-supported bonds, it must request the Commissioners Court to call an election. The Commissioners Court shall call the election, canvas the vote, and if the bond issue is approved, thereafter set the necessary tax rate to service the bonds.

A Port Commission composed of seven commissioners who serve without pay governs the Authority. Each commissioner serves a staggered term of three years with appointments made to the Commission each year. Three commissioners are appointed by the Corpus Christi City Council, the governing body of the City of Corpus Christi, three commissioners are appointed by the Nueces County Commissioners Court, the governing body of Nueces County, and one commissioner is appointed by the San Patricio County Commissioners Court, the governing body of San Patricio County. The executive staff, under the leadership of the executive director, manages the operations of the Authority and assists the Commission in



planning for the future. Port Commission efforts are directed toward encouraging industrial expansion, attracting new cargo, building and maintaining public terminals, setting operational policy and cooperating with the Federal Government as a local sponsor in maintaining and further improving vital navigation channels.

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

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

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

## **LOCAL ECONOMY**

The Authority continues to remain financially strong and a primary driver of the local economy. The Authority's sound fiscal management has allowed the Authority to remain financially stable. The Authority is currently ranked as the 6th largest port in the United States in terms of tonnage. The Authority has served the local economy for over eighty years, and is continually upgrading and expanding its facilities to better serve South Texas industry and shippers. Local Port industries as well have made investments to upgrade and expand their facilities, to improve air and water quality, and improve process efficiencies, or supply utilities such as electricity and steam. Local refineries have made investments that permit them to provide clean burning gasoline during the ozone alert months, a volunteer program that has contributed to the local area's ability to maintain its "attainment" classification with environmental agencies.

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

Economic development means attracting industrial and commercial activity, private capital and waterborne cargo shipments that will create employment opportunities, sustaining and upgrading existing jobs, introducing new basic dollars to the area and broadening the tax base that supports all public services. The 2003 Port Economic Impact findings reinforce the Port's mission statement: to be an economic catalyst for the region. Martin Associates of Lancaster, PA studied the economic impact of the Authority operations including the Ortiz Center and the gaming ship *Texas Treasure*. The last economic

impact study for the Authority was in 1994. Nine years later, the 2003 report shows significant increases. In 1994, the Authority created 30,927 jobs, generated \$66.4 million in state and local taxes, and provided \$1 billion in business revenue. Today, the Authority creates approximately 39,905 jobs with 11,859 direct jobs. The Authority generates 8,930 induced jobs that are the result of purchases by the direct employees. The remainder of total jobs is comprised of 19,116 indirect jobs supported by the local purchases by businesses supplying services or dependent upon the Authority. The 39,905 jobs provide \$2.2 billion in income (direct, induced, and indirect wages and salaries) for families throughout the Coastal Bend. Authority operations generate \$1.3 billion of revenue for businesses providing services to the Authority and port industries, Ortiz Center, and Texas Treasure. More than \$195.4 million was paid in state and local taxes due to activity created by the Authority. Over the nine-year period, Authority tonnage grew by 7 million tons. Increasing by 4.7 million tons over the last nine years, petroleum and petrochemicals continue to be the Authority's top commodity; however, the 2003 report indicates the Authority's diversification efforts are working. The Authority remains an economic force via its ability to provide the commercial shippers with first class channels, docks and facilities for handling their cargo, and by providing public facilities designed to attract more tourist dollars to the area while maintaining financial stability. Ultimately, our goal is to raise the standard of living and enhance the quality of life of everyone in the local surrounding region.

### **LONG-TERM FINANCIAL PLANNING**

The Authority has two major projects that will require significant funding in the future. These projects will be funded from federal and state assistance, revenue bonds and the Authority's unrestricted net assets of \$20.1 million.

#### ***Joe Fulton International Trade Corridor***

This corridor encompasses an 11.5-mile road and rail project that will significantly improve access to more than 2,000 acres of land along the North side of the channel for existing and future development. The corridor will make approximately 1,100 acres of land (which has no access available) for use as marine terminals or industrial sites. The corridor will connect two major highway components- US Highway 181 and Interstate Highway 37; thus, establishing efficient intermodal links between highway, marine, and rail transportation systems. The corridor will address environmental and safety concerns, and facilitate international trade. Most important, the corridor will generate future economic development opportunities for South Texas.

Construction began in 2004 and is scheduled for completion in 2008. At the end of 2006 this project was over 80% complete. Total project costs are estimated at \$56.3 million. Funding for this project will be provided through federal and state assistance, and cash reserves of the Authority. Funding to complete this project will be provided from \$7.3 million of federal and state assistance, and \$13.5 million of the Authority's unrestricted net assets over the remaining years of the project.

#### ***Channel Improvement Project***

In 2003, the Authority completed the feasibility phase of the Channel Improvement Project and is currently awaiting authorization through the Water Resources Act (WRDA) to begin the project. The project will include deepening the Corpus Christi Ship Channel from 45 to 52 feet, adding barge shelves on both sides of the ship channel and extending the La Quinta Channel to serve the proposed La Quinta Trade Gateway project. Although the project is still pending WRDA authorization, the engineering and design phase is underway and costs are shared 25% from the Authority and 75% from federal funds. Cost estimates for this phase include engineering and design of the La Quinta extension, addition of barge shelves across Corpus Christi Bay, and construction of the ecosystem restoration features. The Corp of Engineers is utilizing General Investigation Federal Funds for the federal share of the project. Upon authorization of the project, the improvements will be constructed in seven contracts beginning in 2008 and ending in 2014. The initial contract will include the extension of the La Quinta Ship Channel and the construction of the barge shelves across Corpus Christi Bay. The six remaining contracts will be for various reaches of the Corpus Christi Ship Channel, beginning at the entrance in the Gulf of Mexico and progressing towards the end of the channel at the Viola Turning Basin. Total improvements will cost

approximately \$250 million. Funding for this project will come from federal assistance and revenue bonds, supported by a proposed tariff increase.

## **MAJOR INITIATIVES - 2006**

### ***Environmental Management System***

The Corpus Christi Air Quality Group and the Pollution Prevention Partnership honored the Authority's Environmental Management System with an award in January 2006. The award recognized the Authority's environmental management program for managing diesel air emissions. In addition, on March 20, 2006, in Washington D.C., the Authority was presented with a Certificate of Appreciation by the American Association of Port Authorities and the Environmental Protection Agency for our efforts and participation in the 1<sup>st</sup> Ports EMS Assistance Project. In November 2006, the Authority hosted the Pollution Prevention Partnership AutoCheck in the port area to test vehicle emissions. The event was opened to the community. In total, 232 cars were screened and 15 were identified as "dirty". Most of the "dirty" vehicles qualified for free repairs and have since been repaired and re-screened.

### ***Naval Station Ingleside Reverts to Authority***

In 2005, Congress passed legislation that will return Naval Station Ingleside to the Authority at no additional cost. While the Authority held the reversionary rights to the land that was deeded to the Navy, the deed stipulated that the Navy would be paid the fair market value of the capital improvements it constructed on the land less the value of the local and State contributions if the base ever closed. This historic legislation spearheaded by Senator Hutchinson, Chairman of the Senate Appropriations Subcommittee on Military Construction and Veterans Affairs and Senator Cochran, Chairman of the Senate Appropriations committee will save the Authority several hundred million dollars that it otherwise would have had to pay for the capital improvements. The Authority created the Coastal Bend Redevelopment Planning Committee and tasked it to commence work on identifying the regional economic impact of the closure of the base on the Coastal Bend, conducting extensive outreach with the citizens of the Coastal Bend in order to solicit their ideas for what the base could become after the Navy leaves, and developing a reuse/redevelopment plan to offset the projected economic loss of over 7,000 jobs.

### ***Port of Corpus Christi Cold Storage***

In 2006, the cold storage facility continued the Authority's aggressive sales and marketing effort with positive results. The Authority continued a second season with Ozark Mountain Poultry in Rogers, Arkansas, and Frontera Produce in Edinburg, Texas with substantial shipments of poultry, cantaloupes and honeydew melons. The poultry cargo is destined for Russia requiring certification from the country as an export cold store. The produce was imported from Guatemala through the cold store to be distributed to retailers in Texas and the Mid-West

### ***Military Cargo and Layberth***

The Authority continues to operate as a major Tier-1 Military Strategic Seaport. Since the beginning of Operation Iraqi Freedom in 2003, over 110 ships have called at the port to load or discharge of military equipment in support of the global war on terrorism. The Authority has been one of the top four U.S. public seaports handling military ships. In 2006, 12 ships moved 146 helicopters and over 44 thousand tons of cargo through the port. The Authority completed two major construction projects in 2006 to help facilitate military movements through the port. Phase I of a \$5.2 million military rail project funded by the State of Texas was completed in May 2006 and dedicated by Governor Rick Perry. A new 2-ship military layberth facility was completed at the Bulk Terminal in April and became the homeport for the USNS Fisher and the USNS Pililaau. The USNS Benavidez also continues to be layberthed at the port at Cargo Docks 14-15. With the departure of the U.S. Army's 1395<sup>th</sup> Transportation Terminal Brigade in October, the port is now used by the Army on a quarterly basis under the direction of the 842d Transportation Battalion from Beaumont Texas. Since that time, 4 additional military ships have called at the port. To support this new arrangement, in September, the Authority entered into a long-term lease agreement with the Army Corps of Engineers for 2,500 square feet of office space in the Southside General Cargo Terminal.

### ***La Quinta Trade Gateway Project***

In 2005, the Authority entered into an exclusive agreement with Dragados-S.P.L. of Madrid, Spain for development of the La Quinta Trade Gateway. Dragados-S.P.L. is active in all Spanish ports and main cities. It has established international port operations in France, Portugal, Italy, Morocco, Chile, Dominican Republic and China. Its business activities include port operation, shipping agency, transit agency, combined transport, and specialized logistics. The Authority remains in communication with Dragados-S.P.L. and is currently negotiating a financing plan that could enable Phase I of the project to begin as early as 2007.

### ***Wind Turbines***

In October the Authority began receiving regular shipments of wind turbines at the Authority's Southside General Cargo Terminal. The 450-foot tall wind-powered generators are manufactured in Denmark by Siemens and weigh 352 tons each. The initial shipments, which are destined for projects in the Texas Panhandle, have helped make Texas the number one state in the nation in wind power production. Each BBC USA vessel carries nine (9) turbines. Siemens chose Corpus Christi as the preferred port of entry because of the tremendous capabilities of Cargo Dock 8, favorable highway routes to permit truck movements out of the area, and proximity to wind farm sites in north and west Texas. Other manufacturers are also considering the port for their future shipments. With over \$11 billion of wind farm projects currently scheduled in Texas, to include several in the Coastal Bend Region, these shipments are expected to continue for the next few years.

### ***On-going Construction Projects***

The Authority continues construction on the *Joe Fulton Trade Corridor*, a road and rail route that will streamline truck and rail traffic in and out of the Authority by accessing I-37 west of the ship channel. When completed in 2008, the road will open new land to development—expanding economic opportunities by generating capital investment and jobs.

## **AWARDS AND ACKNOWLEDGMENTS**

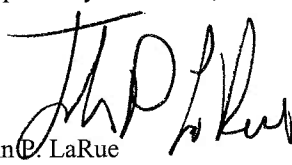
### **Awards**

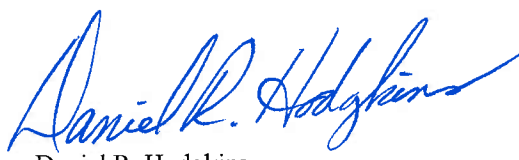
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Port of Corpus Christi Authority of Nueces County, Texas, for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2005. This was the twenty-third consecutive year that the Authority has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Acknowledgments**

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

Respectfully Submitted,

  
John P. LaRue  
Executive Director

  
Daniel R. Hodgkins  
Chief Financial Officer



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Port of Corpus Christi  
Authority of Nueces County  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2005

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



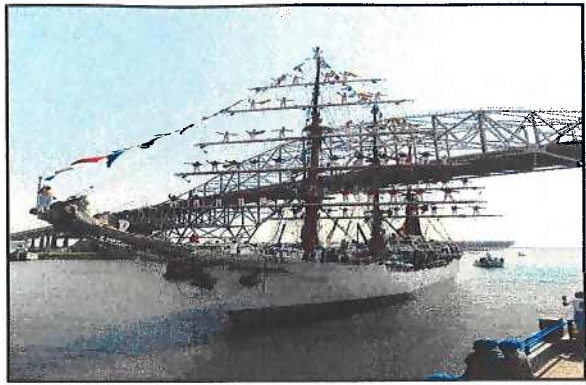
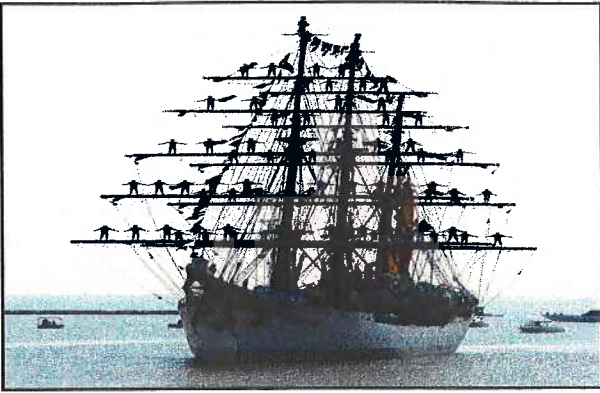
A handwritten signature in black ink, appearing to read "Thomas J. Hawn".

President

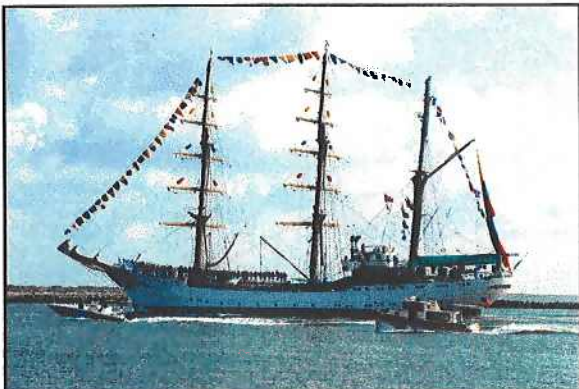
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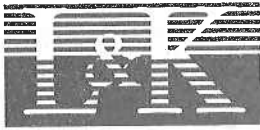
Executive Director

# FINANCIAL SECTION



SAIL CC – ARC GLORIA





**Lovvorn & Kieschnick**

CERTIFIED PUBLIC ACCOUNTANTS

418 Peoples Street, Suite 308 tele 361-884-8897  
Corpus Christi, TX 78401 fax 361-884-3457

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of net assets of the Port of Corpus Christi Authority of Nueces County, Texas as of December 31, 2006 and 2005 and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

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, 2006 and 2005, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2007 on our consideration of the Port of Corpus Christi Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral

part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the other required supplementary information on pages 3 through 10 and 29 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, supplemental schedules, and 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 awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements of the Authority. The supplemental schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Lovvorn & Kieschnick, LLP*

Lovvorn & Kieschnick, LLP  
April 30, 2007



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**PORT OF CORPUS CHRISTI AUTHORITY  
OF NUECES COUNTY, TEXAS  
Management's Discussion and Analysis (Unaudited)  
December 31, 2006**

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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, 2006 and 2005. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with Authority's financial statements taken as a whole. All amounts, unless otherwise indicated, are expressed in whole dollars.

**FINANCIAL HIGHLIGHTS**

- The net assets of the Authority at December 31, 2006 were \$217,230,893. Of this amount, \$20,095,232 is considered unrestricted net assets, and may be used to meet the Authority's current ongoing obligations to employees and creditors.
- The Authority's total net assets increased \$12,540,127 or 6.1% over the prior year. Income before contributions produced an increase in net assets of \$278,543, while capital contributions provided an increase of \$12,261,584.
- The Authority's total debt decreased by \$1,021,482 in 2006, the result of scheduled debt service payments.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Authority's basic financial statements are comprised of the financial statements and the notes to the financial statements. The basic financial statements can be found on pages 12 through 28 of this report. Since the Authority is comprised of a single enterprise fund, no fund level financial statements are shown. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Basic Financial Statements**

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

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

The Statements of Revenues, Expenses, and Changes in Fund Net Assets accounts for all of the Authority's current year's revenues and expenses. All changes in net assets are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., earned but unused vacation leave).

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

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

**Other Information**

In addition to the financial statements and accompanying notes, this report also presents certain *required supplementary information* and other *supplemental information*. Statistical information presented on a multi-year basis and other information including disclosures for compliance with the Securities and Exchange Commission Rule 15c2-12 are presented for the purpose of additional

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analysis and are not a required part of the basic financial statements. Statistical and other information can be found on pages 37 through 67 of this report.

**FINANCIAL ANALYSIS**

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

**Statement of Net Assets**

The Statement of Net Assets serves over time as a useful indicator of the Authority's financial health or position. It distinguishes assets and liabilities as to their expected use for operations, restricted purposes and capital investment.

The following condensed Statement of Net Assets provides an overview of the Authority's net assets as of December 31, 2006, 2005 and 2004:

	2006	2005	2004	2006-05 Change	2005-04 Change
<b>Assets</b>					
Current assets	\$ 21,968,657	\$ 26,322,826	\$ 30,409,389	\$ (4,354,169)	\$ (4,086,563)
Restricted assets	2,061,302	2,167,787	2,243,263	(106,485)	(75,476)
Capital assets	221,016,717	205,772,325	171,224,183	15,244,392	34,548,142
Other non-current assets	7,121,615	7,782,491	8,412,228	(660,876)	(629,737)
<b>Total Assets</b>	<b>252,168,291</b>	<b>242,045,429</b>	<b>212,289,063</b>	<b>10,122,862</b>	<b>29,756,366</b>
<b>Liabilities</b>					
Current liabilities	8,773,650	9,660,466	9,980,780	(886,816)	(320,314)
Long-term debt, net of current portion	12,092,751	13,149,233	14,157,881	(1,056,482)	(1,008,648)
Deferred income, net of current portion	12,317,567	12,774,607	-	(457,040)	12,774,607
Other liabilities	1,753,430	1,770,357	1,788,748	(16,927)	(18,391)
<b>Total Liabilities</b>	<b>34,937,398</b>	<b>37,354,663</b>	<b>25,927,409</b>	<b>(2,417,265)</b>	<b>11,427,254</b>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	195,074,359	178,351,445	156,056,302	16,722,914	22,295,143
Restricted	2,061,302	2,167,787	2,243,263	(106,485)	(75,476)
Unrestricted	20,095,232	24,171,534	28,062,089	(4,076,302)	(3,890,555)
<b>Total Net Assets</b>	<b>\$ 217,230,893</b>	<b>\$ 204,690,766</b>	<b>\$ 186,361,654</b>	<b>\$ 12,540,127</b>	<b>\$ 18,329,112</b>

**2006 – 2005**

The Authority's assets exceeded its liabilities at the close of 2006 by \$217,230,893. This is an increase over 2005 of \$12,540,127. By far, the largest portion of the Authority's net assets (89.8%) reflects its investment in capital assets, less related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to its customers and consequently, these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Authority's net assets (1.0%) represents resources that are subject to external legal restrictions on how they may be used. The remaining balance of unrestricted net assets (9.2%) may be used to meet the Authority's ongoing obligations to employees and creditors.

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**2005 – 2004**

The Authority's assets exceeded its liabilities at the close of 2005 by \$204,690,766. This is an increase over 2004 of \$18,329,112. By far, the largest portion of the Authority's net assets (87.1%) reflects its investment in capital assets, less related debt used to acquire those assets that is still outstanding. An additional portion of the Authority's net assets (1.1%) represents resources that are subject to external legal restrictions on how they may be used. The remaining balance of unrestricted net assets (11.8%) may be used to meet the Authority's ongoing obligations to employees and creditors.

**Statements of Revenues, Expenses, Change in Net Assets**

The Statements of Revenues, Expenses, and Change in Net Assets serves as a measure to determine how successful the Authority was during the past year in recovering its costs through its user fees and other charges, as well as to its profitability and credit worthiness. The following Statements of Revenues, Expenses, and Change in Net Assets summarize the operations of the Authority for the year ended December 31, 2006, 2005 and 2004:

	2006	2005	2004	2006-05 Variance	2005-04 Variance
<b>Revenues</b>					
Operating revenues:					
Wharfage	\$ 19,351,717	\$ 15,388,177	\$ 14,076,271	\$ 3,963,540	\$ 1,311,906
Dockage	3,354,723	4,153,902	3,858,120	(799,179)	295,782
Freight handling	2,065,511	2,351,619	1,976,486	(286,108)	375,133
Building and land rentals	4,037,572	3,705,185	3,409,141	332,387	296,044
Conference Center	1,495,599	1,556,200	1,663,726	(60,601)	(107,526)
Refrigerated warehouse	1,484,404	1,737,118	816,739	(252,714)	920,379
FTZ user fees	243,000	233,333	261,666	9,667	(28,333)
Security surcharge fees	2,003,964	2,018,305	830,882	(14,341)	1,187,423
Other	1,999,921	1,588,053	1,478,266	411,868	109,787
Total operating revenues	36,036,411	32,731,892	28,371,297	3,304,519	4,360,595
Interest revenue	1,269,697	1,084,006	1,116,764	185,691	(32,758)
Intergovernmental revenue	-	78,914	-	(78,914)	78,914
Gain(Loss) on disposal of capital assets	(15,395)	60,268	1,242,935	(75,663)	(1,182,667)
<b>Total Revenues</b>	<b>37,290,713</b>	<b>33,955,080</b>	<b>30,730,996</b>	<b>3,335,633</b>	<b>3,224,084</b>
<b>Expenses</b>					
Operating expenses:					
Maintenance and operations	18,385,065	16,361,152	13,937,712	2,023,913	2,423,440
General and administrative	10,760,589	10,139,046	9,630,337	621,543	508,709
Depreciation	7,127,447	6,142,055	5,513,656	985,392	628,399
Total operating expenses	36,273,101	32,642,253	29,081,705	3,630,848	3,560,548
Interest expense and fiscal charges	689,611	712,323	739,852	(22,712)	(27,529)
Amortization of bond issuance costs	49,458	63,610	81,418	(14,152)	(17,808)
<b>Total Expenses</b>	<b>37,012,170</b>	<b>33,418,186</b>	<b>29,902,975</b>	<b>3,593,984</b>	<b>3,515,211</b>
<b>Income (Loss) Before Contributions</b>	<b>278,543</b>	<b>536,894</b>	<b>828,021</b>	<b>(258,351)</b>	<b>(291,127)</b>
Capital Contributions	12,261,584	17,792,218	10,453,132	(5,530,634)	7,339,086
Changes in Net Assets	12,540,127	18,329,112	11,281,153	(5,788,985)	7,047,959
Total Net Assets, Beginning of Year	204,690,766	186,361,654	175,080,501	18,329,112	11,281,153
<b>Total Net Assets, End of Year</b>	<b>\$ 217,230,893</b>	<b>\$ 204,690,766</b>	<b>\$ 186,361,654</b>	<b>\$ 12,540,127</b>	<b>\$ 18,329,112</b>

**Revenues**

**2006 – 2005**

Operating revenues in 2006 increased by \$3,304,519 or 10.1% over 2005. The single largest contributing factor leading to this increase was the full impact felt from the increase in the wharfage tariff on liquid bulk cargoes imposed in late 2005. Wharfage

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revenues at both the Authority's public oil docks and private oil docks rose by nearly \$4.7 million in 2006 as a result of this increase. In addition, the Authority recorded increases in both building and land rentals, and other revenue. Land rentals rose as a result of leasing the Authority's newly constructed military layberth facility. The Authority also recognized a modest increase in other revenues due to the receipt of depletion charges from the placement of dredge disposal material into the Authority's dredge disposal placement areas. Customers will periodically perform maintenance dredging along their docks, and utilize our placement areas for disposal of their dredge material. On the opposing side of the revenue ledger, we saw a decline in dockage revenues at our public dry cargo docks, a result of the winding down of deployments of military equipment to Iraq in 2006, coupled with a decline in freight handling revenues at the Authority's bulk terminal facility and refrigerated warehouse revenue at the Authority's cold storage facility. Respectively, these declines were the result of a decline in petroleum coke movements, and handling of beef.

**2005 – 2004**

Operating revenues in 2005 increased by \$4,360,595 or 15.4% over 2004. The two most significant factors contributing to this increase were the full impact of a security surcharge fee that went into effect in August of 2004, and an increase in the Authority's wharfage tariff in October of 2005 on liquid bulk cargoes. The security surcharge fee which was imposed in 2004 was to assist in defraying the additional costs associated with federal mandates to provide new and expanded security measures to protect the Authority's harbors and facilities against potential terrorist attacks. The wharfage tariff on liquid bulk cargoes in 2005 was increased following a review of the Authority's overall tariff. The Authority had not increased this tariff item since 1982. The new tariff increase imposed an additional two cents a barrel on cargo crossing the Authority's public oil docks and one cent a barrel for cargo crossing private oil docks, resulting in an increase in wharfage of \$1.6 million. In addition, the Authority also saw a significant increase in warehousing revenue at its Refrigerated Warehouse Facility. This increase was the result of an increase in the handling of New Zealand and Australian beef and the repacking of pork products, coupled with new business towards the end of the year in the handling of poultry and melons. The Authority also recognized an increase in freight handling revenue at its Bulk Terminal. This increase was a result of increased throughput of coal. Conversely in 2005, the Authority experienced a slight downturn in revenues generated at its Conference Center. This downturn was the result of several significant events being cancelled due to the threat of hurricane Rita in September 2005 and the opening of the American Bank Center.

**Expenses**

**2006 – 2005**

Operating expenses in 2006 increased by \$3,630,848 or 11.1% over 2005. Varying factors have contributed to this increase. Maintenance expenses saw a rise, the result of maintenance projects undertaken at several Authority facilities. They include replacement of sheave, shaft and ropes on the Tule Lift Bridge, breasting structure repairs and lighting at several oil docks, initial costs to begin removal of submerged trestle at cargo dock 10, maintenance dredging and repairs to rail bridge at grain elevator. In addition, the Authority saw a rise in health care costs, electricity rates and property insurance premiums in 2006. Further, the Authority saw a significant increase in depreciation expense, associated with the completion of several significant capital improvement projects. These include the placing in service of breasting structure upgrades at oil dock 4, construction of a military layberth facility at bulk dock 3, south-side military rail yard improvements, and security enhancements to include security video surveillance and controlled access systems, fiber optics, security lighting and fencing.

**2005 – 2004**

Total operating expenses in 2005 increased by \$3,560,548 or 12.2% over 2004. Several factors contributed to this increase in operating expenses. The Authority experienced a significant rise in its employee services costs in 2005. This rise is contributed to several factors. They include a rise in health care costs, increased overtime, a cost of living adjustment (COLA) and the addition of new personnel. In addition, the Authority experienced a rise in maintenance expenses associated with its facilities, that included piling repairs at several of its dry cargo docks, property cleanup, levee maintenance around its dredge disposal areas and swing boom repairs



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to its fire-fighting response vessel. The Authority also felt increases in its utility costs, as well as in contracted security services and labor. The Authority saw an increase in its depreciation expense, a result of capitalizing several significant capital projects. These projects included security lighting and fencing, construction of parking lots at the Ortiz Center and baseball stadium, cotton warehouses, railroad extension and infrastructure improvements at La Quinta, and a rail load-out storage pad and conveyors at our Bulk Terminal.

**Capital Grants and Contributions**

**2006 – 2005**

Capital grants and contributions decreased by \$5,530,634 from 2005. 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, 2006 include the following:

● Joe Fulton International Trade Corridor	\$ 7,214,122
● Security enhancements	3,500,503
● Tule Lift Bridge	841,675
● Water Taxi	705,284

**2005 – 2004**

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

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

**2006 – 2005**

The Authority's investment in capital assets as December 31, 2006, amounts to \$221,016,717 (net of accumulated depreciation). This investment in capital assets includes port facilities, elevator and bulk terminal facilities, machinery and equipment, property and buildings, furniture and equipment, and construction in progress. This amount represents a net increase (additions net of retirements and depreciation) of \$15,244,392 or 7.4%. Additional information regarding the Authority's capital assets can be found in Note 4 to the financial statements on page 23.

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Major capital asset additions during 2006 include the following:

● Joe Fulton International Trade Corridor	\$ 9,456,818
● Security enhancements	4,313,525
● LMSR Layberth @ BD3	4,010,448
● Military Rail Loading/Unloading	1,921,571

**2005 – 2004**

The Authority's investment in capital assets as December 31, 2005, amounts to \$205,772,325 (net of accumulated depreciation). This investment in capital assets includes port facilities, elevator and bulk terminal facilities, machinery and equipment, property and buildings, furniture and equipment, and construction in progress. This amount represents a net increase (additions net of retirements and depreciation) of \$34,548,142 or 20.2%. Additional information regarding the Authority's capital assets can be found in Note 4 to the financial statements on page 23.

Major capital asset additions during 2005 include the following:

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

\* - Gulf Compress cotton warehouses were acquired under a long-term lease agreement. Additional information regarding the lease can be found in Note 6 to the financial statements on page 25.

The following table summarizes the Authority's capital assets (net of accumulated depreciation) as of December 31, 2006, 2005 and 2004:

	2006	2005	2004	2006-05 Change	2005-04 Change
<b>Capital assets, not being depreciated:</b>					
Land	\$ 40,209,083	\$ 40,088,186	\$ 38,768,079	\$ 120,897	\$ 1,320,107
Channel & waterfront improvements	18,868,431	18,868,431	18,868,431	-	-
Construction in progress	45,018,972	49,048,341	31,226,017	(4,029,369)	17,822,324
	104,096,486	108,004,958	88,862,527	(3,908,472)	19,142,431
<b>Capital assets, being depreciated:</b>					
Port facilities	55,230,540	48,111,049	49,605,870	7,119,491	(1,494,821)
Buildings & improvements	44,474,726	43,136,414	25,763,768	1,338,312	17,372,646
Machinery and equipment	17,214,965	6,519,904	6,992,018	10,695,061	(472,114)
	116,920,231	97,767,367	82,361,656	19,152,864	15,405,711
<b>Net Capital Assets</b>	<b>\$ 221,016,717</b>	<b>\$ 205,772,325</b>	<b>\$ 171,224,183</b>	<b>\$ 15,244,392</b>	<b>\$ 34,548,142</b>

**Long-term Debt**

As of December 31, 2006, the Authority had long-term debt outstanding of \$13,167,751. This amount is comprised of general revenue bonds. The Authority's debt decreased through its annually scheduled debt service payments during 2006 and 2005. Additional information regarding the Authority's long-term debt can be found in Note 6 to the financial statements on page 24. The following table summarizes the Authority's long-term debt outstanding as of December 31, 2006 and 2005:

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	2006	2005	2004	2006-05 Change	2005-04 Change
General revenue bonds	\$ 13,167,751	\$ 14,189,233	\$ 15,167,881	\$ (1,021,482)	\$ (978,648)
<b>Total Long-term Debt</b>	<b>\$ 13,167,751</b>	<b>\$ 14,189,233</b>	<b>\$ 15,167,881</b>	<b>\$ (1,021,482)</b>	<b>\$ (978,648)</b>

The Authority maintains a AAA rating from Standard and Poor's Corporation and a Aaa rating from Moody's Investor Service on its' general revenue bonds. In accordance with the Authority's general revenue bond covenants, the Authority is required to maintain a revenue bond coverage of at least 1.25 times the average debt service requirements of its' general revenue bonds. As of December 31, 2006 the Authority's revenue bond coverage was 4.88 times, compared to 4.46 times as of December 31, 2005.

### **ECONOMIC OUTLOOK**

The basic financial statements emphasize the Authority's intent to recover the costs of its activities through its users fees and other charges. The results in 2006 were noticeably affected by the added financial burden to provide federally mandated security protection for its harbors and facilities. However, these costs were partially defrayed by a security surcharge fee. The Authority has been successful in securing federal funding to assist in the procurement of the necessary infrastructure to meet these mandates, but the Authority has been encumbered with the financial burden of having to man and maintain this infrastructure.

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

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

During 2006, the Authority continued to work on a number of diversification initiatives that will be carried forward over the next few years. These initiatives included the following:

- Signed an expanded Memorandum of Understanding with Dragados-S.P.L of Madrid, Spain to facilitate the negotiation of a Definitive Agreement for the construction and long-term concession agreement for the operation of the La Quinta Trade Gateway Container Terminal
- Signed a new agreement with Cuba's Alimport Food Import Company to facilitate the export of poultry to Cuba, and expand its current commodities of wheat, beans and poultry, to now include rice, vegetables, pork, fruit, lentils, cotton, newsprint and utility poles
- Signed an agreement with local developer The Adame Group for development of property just south of the Congressman Solomon P. Ortiz International Center and east of Whataburger Field. Initial plans call for the development of a two building, phased facility that will ultimately contain a total of 80,000 square feet of office condominium space overlooking Whataburger Field. Future plans include retail, entertainment, hospitality and residential elements
- Selected by Siemens Power Generation division to facilitate the receipt and transfer of windmill equipment to their project sites in Amarillo and near Big Spring, Texas.
- Texas Governor inaugurated the new Southside Military Rail Facility. This two phase project will eventually double the Authority's capacity to handle military unit-trains of equipment. During peacetime, this intermodal rail facility will serve an equally valuable economic role in supporting the trans-loading of commercial, industrial and agricultural products moving through South Texas.

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**REQUESTS FOR INFORMATION**

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





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**Statement of Net Assets**  
**December 31, 2006 and 2005**

**ASSETS**

	<b>2006</b>	<b>2005</b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents (Note 2)	\$ 11,428,297	\$ 12,870,636
Cash and cash equivalents-restricted (Note 2)	267,506	197,969
Accounts receivable (net of allowance for doubtful accounts of \$63,562 and \$253,343 for 2006 and 2005, respectively)	5,218,952	5,920,244
Grants receivable	3,012,460	5,439,565
Notes receivable, current portion (Note 3)	611,418	566,127
Inventory	512,295	529,061
Prepaid expenses	917,729	799,224
<i>Total Current Assets</i>	<u>21,968,657</u>	<u>26,322,826</u>
<b>NON-CURRENT ASSETS:</b>		
<b>RESTRICTED ASSETS:</b>		
Cash and cash equivalents (Note 2)	2,061,302	2,167,787
<i>Total Restricted Assets</i>	<u>2,061,302</u>	<u>2,167,787</u>
<b>CAPITAL ASSETS:</b>		
Capital assets, not being depreciated (Note 4)	104,096,486	108,004,958
Capital assets, being depreciated, net (Note 4)	116,920,231	97,767,367
<i>Capital Assets, Net</i>	<u>221,016,717</u>	<u>205,772,325</u>
<b>OTHER NON-CURRENT ASSETS:</b>		
Notes receivable, net of current portion (Note 3)	7,023,694	7,635,112
Bond issuance costs, net of accumulated amortization	97,921	147,379
<i>Total Other Non-Current Assets</i>	<u>7,121,615</u>	<u>7,782,491</u>
<i>Total Non-Current Assets</i>	<u>230,199,634</u>	<u>215,722,603</u>
<b>TOTAL ASSETS</b>	<u>252,168,291</u>	<u>242,045,429</u>

See accompanying notes to financial statements

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## LIABILITIES AND NET ASSETS

	2006	2005
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 4,771,947	\$ 5,802,482
Accrued expenses	397,744	426,543
Deferred income	869,804	913,517
Deferred lease income, current portion (Note 6)	457,040	457,040
Current maturities of long-term debt (Note 6)	1,075,000	1,040,000
Accrued interest payable	49,629	52,680
Compensated absences, current portion (Note 6)	884,980	770,235
Current restricted liabilities payable from restricted current assets	267,506	197,969
<i>Total Current Liabilities</i>	<u>8,773,650</u>	<u>9,660,466</u>
<b>NON-CURRENT LIABILITIES:</b>		
Long-term debt, net of current maturities (Note 6)	12,092,751	13,149,233
Deferred lease income, net of current portion (Note 6)	12,317,567	12,774,607
Compensated absences, net of current portion (Note 6)	1,753,430	1,770,357
<i>Total Non-Current Liabilities</i>	<u>26,163,748</u>	<u>27,694,197</u>
<b>TOTAL LIABILITIES</b>	<u>34,937,398</u>	<u>37,354,663</u>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	195,074,359	178,351,445
Restricted:		
Debt service	1,671,385	1,671,455
Channel improvements	282,266	279,935
Health and dental benefits	1,294	149,497
Law enforcement	106,357	66,900
Unrestricted	20,095,232	24,171,534
<b>TOTAL NET ASSETS</b>	<u>\$ 217,230,893</u>	<u>\$ 204,690,766</u>

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**For the Years Ended December 31, 2006 and 2005**

	<b>2006</b>	<b>2005</b>
<b>OPERATING REVENUES:</b>		
Wharfage	\$ 19,351,717	\$ 15,388,177
Dockage	3,354,723	4,153,902
Freight handling	2,065,511	2,351,619
Building and land rentals	4,037,572	3,705,185
Conference center	1,495,599	1,556,200
Refrigerated warehouse	1,484,404	1,737,118
FTZ user fees	243,000	233,333
Security surcharge fees	2,003,964	2,018,305
Other	1,999,921	1,588,053
<i><b>Total Operating Revenues</b></i>	<u>36,036,411</u>	<u>32,731,892</u>
<b>OPERATING EXPENSES:</b>		
Maintenance and operations	18,385,065	16,361,152
General and administrative	10,760,589	10,139,046
Depreciation	7,127,447	6,142,055
<i><b>Total Operating Expenses</b></i>	<u>36,273,101</u>	<u>32,642,253</u>
<i><b>Operating Income (Loss)</b></i>	<u>(236,690)</u>	<u>89,639</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Interest revenue	1,269,697	1,084,006
Intergovernmental revenue	-	78,914
Gain(Loss) on disposal of capital assets	(15,395)	60,268
Interest expense and fiscal charges	(689,611)	(712,323)
Amortization of bond issuance costs	(49,458)	(63,610)
<i><b>Net Non-Operating Revenues</b></i>	<u>515,233</u>	<u>447,255</u>
<i><b>Income Before Capital Grants and Contributions</b></i>	<u>278,543</u>	<u>536,894</u>
<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>	<u>12,261,584</u>	<u>17,792,218</u>
<i><b>Change in Net Assets</b></i>	<u>12,540,127</u>	<u>18,329,112</u>
<i><b>Total Net Assets , Beginning of Year, As Restated (Note 10)</b></i>	<u>204,690,766</u>	<u>186,361,654</u>
<i><b>Total Net Assets, End of Year</b></i>	<u><u>\$ 217,230,893</u></u>	<u><u>\$ 204,690,766</u></u>

See accompanying notes to financial statements

**PORT OF CORPUS CHRISTI AUTHORITY  
OF NUECES COUNTY, TEXAS  
Statement of Cash Flows  
For the Years Ended December 31, 2006 and 2005**

	<b>2006</b>	<b>2005</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 36,199,473	\$ 32,573,883
Cash received from other operating sources	36,394	44,922
Cash payments to suppliers for goods & services	(15,951,001)	(14,597,862)
Cash payments to employees for services	(12,748,914)	(11,807,222)
<i>Net Cash Provided by Operating Activities</i>	<u>7,535,952</u>	<u>6,213,721</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Cash received from Federal Emergency Management Agency-hurricane preparedness proceeds	-	78,914
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>-</u>	<u>78,914</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(23,864,607)	(27,794,112)
Capital grants and contributions	14,688,689	16,011,218
Proceeds from sale of assets	38,999	137,209
Principal payment of debt	(1,040,000)	(1,010,000)
Interest payments on debt	(674,144)	(683,633)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(10,851,063)</u>	<u>(13,339,318)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from maturity of investments	-	16,450,000
Interest on investments	613,598	514,408
Principal payments on notes receivable	566,127	524,192
Interest received on notes receivable	656,099	698,034
<i>Net Cash Provided by Investing Activities</i>	<u>1,835,824</u>	<u>18,186,634</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<u>(1,479,287)</u>	<u>11,139,951</u>
<i>Cash and Cash Equivalents at Beginning of Year, Including Restricted Accounts</i>	<u>15,236,392</u>	<u>4,096,441</u>
<i>Cash and Cash Equivalents at End of Year, Including Restricted Accounts</i>	<u>\$ 13,757,105</u>	<u>\$ 15,236,392</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ (236,690)	\$ 89,639
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	7,127,447	6,142,055
Changes in assets and liabilities:		
Accounts receivable	701,292	553,512
Inventories	16,766	(13,638)
Prepaid items	(118,505)	4,170
Accounts payable	407,839	(159,591)
Accrued expenses	155,483	205,493
Deferred income	(43,713)	(158,288)
Deferred lease income	(457,040)	(431,240)
Compensated absences	(16,927)	(18,391)
<i>Total Adjustments</i>	<u>7,772,642</u>	<u>6,124,082</u>
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 7,535,952</u>	<u>\$ 6,213,721</u>

See accompanying notes to financial statements

(Continued)

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**PORT OF CORPUS CHRISTI AUTHORITY  
OF NUECES COUNTY, TEXAS**  
**Statement of Cash Flows**  
**For the Years Ended December 31, 2006 and 2005**

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	<u>2006</u>	<u>2005</u>
		(Continued)
<i>Noncash Investing, Capital, and Financing Activities:</i>		
Acquisition of cotton warehouses through prepaid lease agreement	\$ -	\$ 13,662,887
Amortization of issue costs and discount on revenue bonds	67,976	94,962
Gain on disposal of capital assets	-	60,268
Loss on disposal of capital assets	(15,395)	-
Contributions of capital assets	-	2,445

See accompanying notes to financial statements



## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

### **GENERAL HISTORY OF THE PORT OF CORPUS CHRISTI AUTHORITY**

The Nueces County Navigation District No. 1 was created November 30, 1922, by an order of the Commissioners Court of Nueces County, Texas after an election duly held on October 31, 1922, at which time the establishment of said district was submitted to the qualified taxpaying voters of Nueces County, Texas. The territorial boundaries of the District were made co-extensive with those of Nueces County. In 2003, Senate Bill 1934 was passed that allowed for the annexation of San Patricio County into the territorial jurisdiction of the Authority. The District was organized under Article III, Section 52, of the Constitution of the State of Texas, but has since been transferred to and is operating under Article XVI, Section 59, of the Texas Constitution and related laws of the State of Texas, particularly Sections 60 and 62 of the Texas Water Code and all amendments thereto. The Authority being a navigation district and political subdivision of the State of Texas is a separate and distinct entity from Nueces County and operates independently with its own Port Commission as its governing body. The only relationship the Authority and Nueces County have is that in the event the Port Commission deems it necessary to issue tax supported bonds, it must request the Commissioners Court to call an election. The Commissioners Court shall call the election, canvas the vote, and if the bond issue is approved, thereafter set the necessary tax rate to service the bonds. The original property, plant and equipment of the Authority were acquired with funds from the sale of bonds, the interest and sinking funds being provided from ad valorem taxes levied on the property within Nueces County, Texas. Additions to the property, plant and equipment of the Authority have been made with surplus funds arising from the operations of the Authority facilities, grants from the Federal Government, proceeds of general revenue bonds, and improvement bonds supported by ad valorem tax levies.

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

### **REPORTING ENTITY**

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

### **COMPONENT UNIT**

The Industrial Development Corporation (IDC) was organized by the Authority under the State of Texas Development Corporation Act of 1979. The IDC is a non-profit corporation that issues industrial development revenue bonds to promote and develop commercial, industrial and manufacturing enterprises and to promote and encourage employment and public welfare. The issuance of any such bonds is adopted by the Board of Directors (Board) of the IDC, and approved by the Texas Economic Development Commission (TEDC) and the Port Commission. Net earnings of the IDC may be distributed to the Authority by action of the Board or upon dissolution of the IDC. The IDC is considered a blended component unit of the Authority as members of the Board of the IDC is comprised of two members of the Port

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

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**Notes to Financial Statements  
December 31, 2006 and 2005**

Commission and staff of the Authority, and the Authority is able to impose its will on the IDC, as defined in Government Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. The financial statements of the IDC are not material to the financial statements of the Authority, and have not been included in the basic financial statements. The condensed financial statement information of the IDC follows:

	2006	2005
Total Net Assets	\$ 8,440	\$ 19,036
Change in Net Assets	\$ (10,596)	\$ 11,215

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

**BASIS OF ACCOUNTING**

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

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

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

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

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

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

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**Notes to Financial Statements  
December 31, 2006 and 2005**

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

**CASH AND INVESTMENTS**

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

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

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**

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

**INVENTORIES HELD FOR OTHERS**

Inventory held by the Authority's refrigerated warehouse for others as of December 31, 2006 consists of 8,190,820 pounds of meat, poultry, seafood, fruit, cottonseed and grains with an estimated fair market value of \$3,337,718.

Inventory held by the Authority's refrigerated warehouse for others as of December 31, 2005 consisted of 13,446,698 pounds of meat, poultry, seafood, fruit, cottonseed and grains with an estimated fair market value of \$12,693,494.

**BOND ISSUANCE COSTS**

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

**PROPERTY, PLANT AND EQUIPMENT**

Property constructed or acquired by purchase is stated at cost. Authority policy has set the capitalization threshold for reporting capital assets at \$1,000. Contributed assets are stated at cost, if available, or estimated fair market value on the date received. Net interest costs, if material, are capitalized on major construction projects during the construction period. No interest was capitalized for the years ended December 31, 2006 and 2005.

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

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

**RESTRICTED ASSETS**

Certain resources set aside for the repayment of the Authority's revenue bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The Authority has entered into escrow agreements with the United States Army Corp of Engineers to fund the Authority's cost share of channel improvements and maintenance. These funds are maintained in separate bank accounts and are specifically restricted for that purpose. All revenues received from participating in Federal equitable sharing of forfeited properties are restricted for use in the

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

**Notes to Financial Statements  
December 31, 2006 and 2005**

*United States Department of Justice Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies* or the *United States Department of Treasury Guide of Equitable Sharing For Foreign Countries and Federal, State and Local Law Enforcement Agencies*. Revenues received from participating in the State sharing of forfeited properties are also restricted for use as defined by state statutes. Cash is reported as a restricted asset. The Authority through a trust agreement, funds the payment of employee health and dental benefits. These funds are maintained in separate bank accounts and are specifically restricted for that purpose.

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

**COMPENSATED ABSENCES**

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

**DEFERRED INCOME**

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

**CONCENTRATION OF REVENUES**

The Authority's operating revenues are subject to risk, because of their concentration in the petroleum industry. Three customers from the petroleum industry make up over 72 percent of the wharfage and dockage revenue base of the Authority for 2006. This risk is further enhanced by the fact that petroleum cargo continues to be the Authority's top commodity representing nearly 86 percent of the total cargo tonnage moved through the Authority in 2006.

**RECLASSIFICATIONS**

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

**2. DEPOSITS AND INVESTMENTS**

The Authority's investments at December 31, 2006 and 2005 are as follows:

Investment Type	2006		Weighted Average Maturity (Days)	2005		Weighted Average Maturity (Days)
	Carrying Value	Fair Value		Carrying Value	Fair Value	
Certificates of Deposit	\$ -	\$ -		\$ -	\$ -	
Mutual fund-AIM	12,136,512	12,136,512	1	13,738,552	13,738,552	1
Total	12,136,512	12,136,512		13,738,552	13,738,552	
Short-term investments included in cash and cash equivalents	12,136,512	12,136,512		13,738,552	13,738,552	
<b>Equity in Total Investments</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ -</b>	
Portfolio weighted average maturity			1			1

**INTEREST RATE RISK**

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

**CREDIT RISK**

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

The AIM fund is an open-ended mutual fund, consisting of direct obligations of the U.S. Treasury and other securities issued or guaranteed as to principal and interest by the U.S. Government or by its agencies or instrumentalities, as well as repurchase agreements secured by such obligations. While these deposits are not covered by FDIC insurance or by pledged collateral, the AIM fund is rated AAAM by Standard & Poors and invests in compliance with Rule 2a-7 under the Investment Company Act of 1940.

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

**CONCENTRATION OF RISK**

The Authority's investment policy places no limit on the amount the Authority may invest in any one issuer. As of December 31, 2006, 100% of the Authority's investments are in the AIM open-ended mutual fund.

At December 31, 2005, 100% of the Authority's investments were in the AIM open-ended mutual fund.

**CUSTODIAL CREDIT RISK – DEPOSITS AND CERTIFICATES OF DEPOSIT**

Custodial risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Investment Policy of the Authority requires that all time and demand deposits of the Authority be secured by pledged collateral with a market value equal to or greater than 102% of the principal plus accrued interest less an amount insured by FDIC. At December 31, 2006 the Authority's deposits held at financial institutions of \$1,854,544 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, 2005, the Authority's deposits held at financial institutions of \$1,986,746 were covered by FDIC insurance or were secured by collateral held by the Authority's agent in the Authority's name.

### 3. NOTES RECEIVABLE

Notes Receivable as of December 31, 2006 and 2005 are summarized as follows:

	2006	2005
\$12,000,000 Note Receivable due in annual principal installments ranging from \$611,418 to \$1,131,691 through 2015; interest at 8.0%.	\$ 7,635,112	\$ 8,201,239
Less Current Maturities	611,418	566,127
<b>Notes Receivable - Net</b>	<b>\$ 7,023,694</b>	<b>\$ 7,635,112</b>

Total note receivable requirements as of December 31, 2006, are as follows:

	Principal	Interest	Total
2007	\$ 611,418	\$ 610,809	\$ 1,222,227
2008	660,331	561,896	1,222,227
2009	713,157	509,069	1,222,226
2010	770,210	452,016	1,222,226
2011	831,827	390,400	1,222,227
Thereafter	4,048,169	840,737	4,888,906
<b>Total</b>	<b>\$ 7,635,112</b>	<b>\$ 3,364,927</b>	<b>\$ 11,000,039</b>

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

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

Note payments are based on revenue received from wharfage fees collected by the Authority for crude oil moving across the Authority's Oil Dock 1 to the User's crude storage facilities, and fifty percent of dockage fees collected by the Authority for ships berthing at the Authority's Oil Dock 1 for purpose of delivering crude oil to the User's crude storage facilities. Monthly amounts are credited to a debt service account that is used to make scheduled note payments when due. In the event there are insufficient funds in the debt service account to meet scheduled note payments, the User is required to make up any shortfall. Should a surplus exist, the excess is applied in inverse order against principal last coming due on the note. In 2006 and 2005, the Authority credited \$1,628,896 and \$1,261,804, respectively of applicable revenue received from wharfage and dockage fees collected to the debt service account.



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

**Notes to Financial Statements  
December 31, 2006 and 2005**

**4. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2006 was as follows:

	<b>Beginning Balance</b>	<b>Transfers and Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 40,088,186	\$ 120,897	\$ -	\$ 40,209,083
Channel and waterfront improvements	18,868,431	-	-	18,868,431
Construction in progress	49,048,341	-	4,029,369	45,018,972
<b>Total capital assets, not being depreciated</b>	<b>108,004,958</b>	<b>120,897</b>	<b>4,029,369</b>	<b>104,096,486</b>
Capital assets, being depreciated:				
Port facilities	122,976,534	10,395,379	-	133,371,913
Buildings and improvements	57,686,260	3,603,107	-	61,289,367
Machinery and equipment	15,834,329	12,336,219	140,774	28,029,774
<b>Total capital assets, being depreciated</b>	<b>196,497,123</b>	<b>26,334,705</b>	<b>140,774</b>	<b>222,691,054</b>
Less: accumulated depreciation for				
Port facilities	74,865,485	3,275,888	-	78,141,373
Buildings and improvements	14,549,846	2,264,795	-	16,814,641
Machinery and equipment	9,314,425	1,586,764	86,380	10,814,809
<b>Total accumulated depreciation</b>	<b>98,729,756</b>	<b>7,127,447</b>	<b>86,380</b>	<b>105,770,823</b>
<b>Total capital assets, being depreciated, net</b>	<b>97,767,367</b>	<b>19,207,258</b>	<b>54,394</b>	<b>116,920,231</b>
<b>Total capital assets, net</b>	<b>\$ 205,772,325</b>	<b>\$ 19,328,155</b>	<b>\$ 4,083,763</b>	<b>\$ 221,016,717</b>

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

	<b>Beginning Balance</b>	<b>Transfers and Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 38,768,079	\$ 1,387,347	\$ 67,240	\$ 40,088,186
Channel and waterfront improvements	18,868,431	-	-	18,868,431
Construction in progress	31,226,017	17,822,324	-	49,048,341
<b>Total capital assets, not being depreciated</b>	<b>88,862,527</b>	<b>19,209,671</b>	<b>67,240</b>	<b>108,004,958</b>
Capital assets, being depreciated:				
Port facilities	121,323,754	1,652,780	-	122,976,534
Buildings and improvements	38,272,601	19,413,659	-	57,686,260
Machinery and equipment	15,430,214	491,028	86,913	15,834,329
<b>Total capital assets, being depreciated</b>	<b>175,026,569</b>	<b>21,557,467</b>	<b>86,913</b>	<b>196,497,123</b>
Less: accumulated depreciation for				
Port facilities	71,717,884	3,147,601	-	74,865,485
Buildings and improvements	12,508,833	2,041,013	-	14,549,846
Machinery and equipment	8,438,196	953,441	77,212	9,314,425
<b>Total accumulated depreciation</b>	<b>92,664,913</b>	<b>6,142,055</b>	<b>77,212</b>	<b>98,729,756</b>
<b>Total capital assets, being depreciated, net</b>	<b>82,361,656</b>	<b>15,415,412</b>	<b>9,701</b>	<b>97,767,367</b>
<b>Total capital assets, net</b>	<b>\$ 171,224,183</b>	<b>\$ 34,625,083</b>	<b>\$ 76,941</b>	<b>\$ 205,772,325</b>

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

**Notes to Financial Statements  
December 31, 2006 and 2005**

**5. LEASES**

**OPERATING LEASES**

The Authority leases to others certain land and improvements. These leases are classified as operating leases in accordance with the criteria of Statement of Financial Accounting Standards (SFAS) No. 13. As of December 31, 2006, minimum lease payments under these operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

<b>Years Ending</b>	
2007	\$ 1,785,105
2008	1,534,200
2009	1,325,712
2010	1,256,870
2011	436,770
Thereafter	2,360,172
<b>Total</b>	<b>\$ 8,698,829</b>

**6. LONG-TERM LIABILITIES**

**LONG-TERM DEBT**

On March 26, 2002, the Authority issued revenue bonds, Series 2002-A, in the amount of \$10,390,000 to reimburse for the costs associated with the acquisition, construction, and equipment of a refrigerated warehouse facility and Series 2002-B, in the amount of \$7,865,000 to reimburse for the costs associated with the acquisition, construction, and equipment of a multipurpose cruise/terminal conference facility known as the "Congressman Solomon P. Ortiz International Center". These bonds will be repaid from the pledged revenues of the Authority. Pledged revenues, as defined by the bond resolutions include all of the Authority's revenues and expenses other than those related to a) interest expense on revenue bonds, and b) depreciation.

A statement of changes in long-term debt for the year ended December 31, 2006, is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Revenue bonds	\$ 14,120,000	\$ -	\$ 1,040,000	\$ 13,080,000	\$ 1,075,000
Accumulated Accretion	69,233	18,518	-	87,751	
<b>Total</b>	<b>\$ 14,189,233</b>	<b>\$ 18,518</b>	<b>\$ 1,040,000</b>	<b>\$ 13,167,751</b>	<b>\$ 1,075,000</b>

A statement of changes in long-term debt for the year ended December 31, 2006, is as follows:

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

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

**Notes to Financial Statements  
December 31, 2006 and 2005**

Long-term debt as of December 31, 2006 and 2005 is summarized as follows:

	2006	2005
<b>Revenue Bonds:</b>		
\$10,390,000 2002-A first lien revenue bonds, collateralized by a first lien on pledged revenues of the Authority, due in annual principal installments of \$590,000 to \$910,000 through 2016; interest at 3.65 percent to 5.2 percent.	\$ 7,460,000	\$ 8,050,000
\$7,865,000 2002-B first lien revenue bonds, collateralized by a first lien on pledged revenues of the Authority, due in annual principal installments of \$450,000 to \$680,000 through 2016; interest at 3.35 percent to 4.9 percent.	5,620,000	6,070,000
Total Revenue Bonds	13,080,000	14,120,000
Accumulated Accretion	87,751	69,233
Total Revenue Bonds and Accumulated Accretion	13,167,751	14,189,233
Less Current Maturities	1,075,000	1,040,000
<b>Long-term Debt - Net</b>	<b>\$ 12,092,751</b>	<b>\$ 13,149,233</b>

Total debt service requirements as of December 31, 2006 are as follows:

	Principal	Interest	Total
2007	\$ 1,075,000	\$ 595,548	\$ 1,670,548
2008	1,120,000	554,175	1,674,175
2009	1,160,000	508,740	1,668,740
2010	1,210,000	460,690	1,670,690
2011	1,265,000	408,405	1,673,405
Thereafter	7,250,000	1,106,295	8,356,295
<b>Total</b>	<b>\$ 13,080,000</b>	<b>\$ 3,633,853</b>	<b>\$ 16,713,853</b>

The Authority is required to maintain adequate insurance coverage as defined in the applicable covenants of the revenue bonds, Series 2002 A & B. As of December 31, 2006, the Authority had adequate insurance coverage and all insurance premiums had been paid.

**DEFERRED LEASE INCOME**

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

<b>Years Ending</b>	
2007	\$ 457,040
2008	457,040
2009	457,040
2010	457,040
2011	457,040
Thereafter	10,489,407
<b>Total</b>	<b>\$ 12,774,607</b>

**COMPENSATED ABSENCES**

A statement of changes in compensated absences for the year ended December 31, 2006, is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Vacation	\$ 707,063	\$ 542,808	\$ 509,450	\$ 740,421	\$ 509,450
Sickleave	1,833,529	439,990	375,530	1,897,989	375,530
<b>Total</b>	<b>\$ 2,540,592</b>	<b>\$ 982,798</b>	<b>\$ 884,980</b>	<b>\$ 2,638,410</b>	<b>\$ 884,980</b>

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

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

Compensated Absences as of December 31, 2006 and 2005 is summarized as follows:

	<b>2006</b>	<b>2005</b>
Vacation	\$ 740,421	\$ 707,063
Sickleave	1,897,989	1,833,529
Total Compensated Absences	2,638,410	2,540,592
Less Current Portion	884,980	770,235
<b>Compensated Absences - Net</b>	<b>\$ 1,753,430</b>	<b>\$ 1,770,357</b>

**7. PENSION PLAN**

**Plan Description**

The Authority provides pension, disability, and death benefits for all its full-time employees through a nontraditional defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 575 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

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

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

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

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**Notes to Financial Statements  
December 31, 2006 and 2005**

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**Contributions**

The contribution rate for employees is 7% and the Authority's rate is 11%, both as adopted by the governing body of the Authority. Employee and Authority contributions were \$631,416 and \$992,226, respectively for the year ended December 31, 2006, and \$598,081 and \$939,842, respectively for the year ended December 31, 2005. Both the employees and the Authority make monthly contributions.

**Annual Pension Cost and Net Pension Obligation**

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

<b>Years Ended December 31,</b>	<b>Annual Pension Cost</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2006	\$ 992,226	100.00%	\$ -
2005	939,842	100.00%	-
2004	871,036	100.00%	-

The latest actuarial valuation for the Authority employees was completed as of December 31, 2005. The actuarial cost method and significant assumptions underlying the actuarial calculations have not changed from the prior valuation, and are as follows:

Actuarial Cost Method	Entry Age
Asset Valuation Basis	Long-term appreciation with adjustment
Projected Annual Salary Increases	5.3%
Assumed Rate of Return on Investments	8.00%
Inflation Factor	3.5%
Amortization Method	Level percentage of payroll, open
Amortization Periods	20 years

**8. CONSTRUCTION AND IMPROVEMENT COMMITMENTS**

At December 31, 2006, the Authority had remaining contractual construction and improvement commitments of approximately \$12,913,715. These commitments are being financed through operating revenues and capital grants.

**9. COMMITMENTS AND CONTINGENCIES**

**LITIGATION**

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

**RISK MANAGEMENT**

The Authority is self-insured for \$100,000 on property and \$50,000 on general liability claims annually and has purchased excess loss policies for claims in excess of these amounts. The Authority has established a self-funded health and dental plan (plan) for its employees and dependents. A specific stop loss policy is in force for individual plan claims in excess of \$100,000 annually, and an aggregate stop loss policy is in force for annual aggregate claims in excess of approximately \$2,045,940. The Authority is covered for workers compensation claims through the Texas Municipal League Risk Pool. Prior to 2005, the Authority was self-insured for workers compensation and estimated remaining

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

**Notes to Financial Statements  
December 31, 2006 and 2005**

workers compensation claims are reflected below. The Authority has made no significant changes in its insurance coverage from coverage in the prior year. In the past three years the Authority has had no settlements that exceeded insurance coverage.

A liability for unpaid claims is reported when it is probable that a loss has occurred and the amount the loss can be reasonably estimated. The Authority's liability is an estimate and includes an amount for claims that have been incurred but not reported (IBNR). The methodology used to determine the liability is based on recent claim settlement trends, including frequency and amount of payouts, and other factors such as inflation, changes in legal doctrines and damage awards. At December 31, 2006, the liability of \$352,327 is comprised of estimated health claims of \$259,409 and estimated workers compensation claims of \$92,918. The liability at December 31, 2005, was comprised of estimated health claims of \$195,823 and workers compensation claims of \$122,030.

Changes in the balances of claims liabilities as of December 31, 2006 and 2005 are as follows:

	<b>2006</b>	<b>2005</b>
Unpaid claims, beginning of fiscal year	\$ 317,853	\$ 246,242
Incurred claims (including IBNRs)	1,984,357	1,677,260
Claims payments	(1,949,883)	(1,605,649)
<b>Unpaid claims, end of fiscal year</b>	<b>\$ 352,327</b>	<b>\$ 317,853</b>

**FACILITIES FINANCING BONDS**

The Authority and IDC have entered into agreements with five unrelated entities to finance construction of pollution control, environmental, and solid waste disposal facilities. To accomplish this, the Authority and IDC acted as issuers of facilities financing revenue bonds in the original amount of \$542,745,000. The bonds are secured solely by the facilities and installment sales agreements, and the Authority and IDC assumed no current or future obligation for repayment of the bonds. The installment sales agreements were entered into with the entities for an amount equal to the outstanding bonds to secure repayment. The proceeds of the bonds were received and used by the entities and are repaid when due directly by the entities. At December 31, 2006, facilities financing revenue bonds outstanding amounted to \$542,745,000.

**10. RESTATEMENT OF NET ASSETS**

During the year, management determined that certain accrued liabilities had been overstated at December 31, 2005. Net Assets have been restated as follows:

	<b>Net Assets</b>
Beginning balance, as previously reported	\$ 204,459,826
Restatement for accrued liabilities	230,940
<b>Beginning balance, as restated</b>	<b>\$ 204,690,766</b>



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

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**Required Supplementary Information (Unaudited)  
Schedule of Funding Progress - Pension Plan**

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	<u>2005</u>	<u>2004</u>	<u>2003</u>
Actuarial Valuation Date	12/31/2005	12/31/2004	12/31/2003
Actuarial Value of Assets	\$ 13,572,671	\$ 12,187,288	\$ 10,728,469
Actuarial Accrued Liability (AAL)	\$ 18,177,881	\$ 16,966,500	\$ 15,445,423
Funded Ratio	74.7%	71.8%	69.5%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 4,605,210	\$ 4,779,212	\$ 4,716,954
Annual covered Payroll	\$ 8,544,001	\$ 7,918,506	\$ 6,522,619
UAAL as a Percentage of Covered Payroll	53.9%	60.4%	72.3%



# SUPPLEMENTAL SECTION



WATER TAXI LANDING



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

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

	Year Ended December 31, 2006		
	Actual	Budget	Variance (%)
<b>OPERATING REVENUES:</b>			
Wharfage	\$ 19,351,717	\$ 20,589,688	(6)
Dockage	3,354,723	3,680,303	(9)
Freight handling	2,065,511	2,201,000	(6)
Building and land rentals	4,037,572	4,194,613	(4)
Conference center	1,495,599	1,962,313	(24)
Refrigerated warehouse	1,484,404	2,358,600	(37)
FTZ user fees	243,000	240,000	1
Security surcharge fees	2,003,964	2,133,958	(6)
Other	1,999,921	1,338,941	49
<i>Total Operating Revenues</i>	<u>36,036,411</u>	<u>38,699,416</u>	<u>(7)</u>
<b>OPERATING EXPENSES:</b>			
Maintenance and operations	18,385,065	19,872,092	7
General and administrative	10,760,589	11,913,366	11
Depreciation	7,127,447	7,900,438	11
<i>Total Operating Expenses</i>	<u>36,273,101</u>	<u>39,685,896</u>	<u>9</u>
<i>Operating Loss</i>	<u>(236,690)</u>	<u>(986,480)</u>	<u>76</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Interest revenue	1,269,697	1,050,000	21
Intergovernmental revenue	-	2,147,500	100
Loss on disposal of fixed assets	(15,395)	-	100
Interest expense and fiscal charges	(689,611)	(664,825)	(4)
Amortization of bond issuance costs	(49,458)	(49,459)	0
<i>Net Non-Operating Revenues</i>	<u>515,233</u>	<u>2,483,216</u>	<u>(79)</u>
<i>Income (Loss) Before Capital Grants and Contributions</i>	<u>278,543</u>	<u>1,496,736</u>	<u>81</u>
<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>	<u>12,261,584</u>	<u>7,796,000</u>	<u>57</u>
<i>Change in Net Assets</i>	<u>\$ 12,540,127</u>	<u>\$ 9,292,736</u>	<u>35</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, 2006 and 2005**

	<b>2006</b>	<b>2005</b>
<b>MAINTENANCE AND OPERATIONS:</b>		
Employee services	\$ 6,768,333	\$ 6,296,241
Maintenance	4,173,668	3,317,396
Utilities	1,399,011	1,095,452
Telephone	23,716	19,694
Insurance	1,726,286	1,264,823
Professional services	400,085	544,189
Police expenses	53,276	36,788
Contracted services	2,110,723	2,155,840
Office and equipment rental	129,527	78,665
Operator and event expenses	1,311,334	1,287,428
Warehouse supplies	64,946	136,382
Safety/Environmental	50,970	53,509
General	173,190	74,745
<i><b>Total Maintenance and Operations</b></i>	<u><u>\$ 18,385,065</u></u>	<u><u>\$ 16,361,152</u></u>
<b>GENERAL AND ADMINISTRATIVE:</b>		
Employee services	\$ 6,150,455	\$ 5,711,388
Maintenance	324,760	229,548
Utilities	218,586	162,864
Telephone	205,520	209,939
Insurance	111,670	119,854
Professional services	1,864,026	1,713,073
Police expenses	654	1,341
Contracted services	134,754	54,189
Office and equipment rental	6,852	4,451
Administrative	1,647,031	1,483,098
Trade and sales development	123,054	107,450
Media advertising	73,557	91,527
Production	56,861	45,124
Safety/Environmental	36,047	20,439
General	(193,238)	184,761
<i><b>Total General and Administrative</b></i>	<u><u>\$ 10,760,589</u></u>	<u><u>\$ 10,139,046</u></u>

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

**Schedules of Long-Term  
Debt Amortization**

**REVENUE BONDS, SERIES 2002-A**

<b>Years Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
2007	\$ 610,000	\$ 348,795	\$ 958,795
2008	635,000	324,395	959,395
2009	660,000	298,360	958,360
2010	690,000	270,310	960,310
2011	720,000	239,605	959,605
2012	755,000	206,485	961,485
2013	790,000	171,000	961,000
2014	825,000	132,685	957,685
2015	865,000	91,435	956,435
2016	910,000	47,320	957,320
<b>Total</b>	<b>\$ 7,460,000</b>	<b>\$ 2,130,390</b>	<b>\$ 9,590,390</b>

**REVENUE BONDS, SERIES 2002-B**

<b>Years Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
2007	\$ 465,000	\$ 246,753	\$ 711,753
2008	485,000	229,780	714,780
2009	500,000	210,380	710,380
2010	520,000	190,380	710,380
2011	545,000	168,800	713,800
2012	565,000	145,365	710,365
2013	590,000	120,505	710,505
2014	620,000	93,660	713,660
2015	650,000	64,520	714,520
2016	680,000	33,320	713,320
<b>Total</b>	<b>\$ 5,620,000</b>	<b>\$ 1,503,463</b>	<b>\$ 7,123,463</b>

**SUMMARY OF LONG-TERM DEBT**

<b>Years Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
2007	\$ 1,075,000	\$ 595,548	\$ 1,670,548
2008	1,120,000	554,175	1,674,175
2009	1,160,000	508,740	1,668,740
2010	1,210,000	460,690	1,670,690
2011	1,265,000	408,405	1,673,405
2012	1,320,000	351,850	1,671,850
2013	1,380,000	291,505	1,671,505
2014	1,445,000	226,345	1,671,345
2015	1,515,000	155,955	1,670,955
2016	1,590,000	80,640	1,670,640
<b>Total</b>	<b>\$ 13,080,000</b>	<b>\$ 3,633,853</b>	<b>\$ 16,713,853</b>



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

**Schedules of Facilities Financing Bonds  
December 31, 2006**

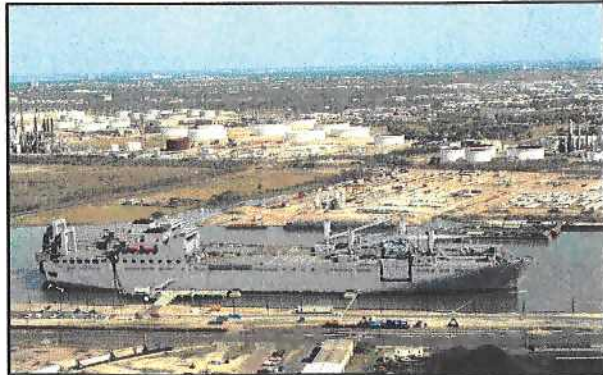
<b>Description</b>		<b>Interest Rates</b>	<b>Issue Date</b>	<b>Series Maturity</b>	<b>Original Amount</b>	<b>Balance Outstanding</b>
<b>Pollution Control Revenue Bonds:</b>						
Union Pacific Res., Series 1989		Variable	06/30/1989	2022	\$ 40,000,000	\$ 40,000,000
Union Pacific Res., Series 1992		Variable	09/01/1992	2010	16,650,000	16,650,000
Valero Refining, Series 1997A	*	Variable	04/01/1997	2027	24,400,000	24,400,000
Valero Refining, Series 1997B	*	Variable	04/01/1997	2027	32,800,000	32,800,000
Valero Refining, Series 1997C	*	Variable	04/01/1997	2027	32,800,000	32,800,000
Valero Refining, Series 1997D	*	Variable	04/01/1997	2027	8,500,000	8,500,000
Hoechst Celanese, Series 2002A		6.450%	05/01/2002	2030	13,995,000	13,995,000
Hoechst Celanese, Series 2002B		6.700%	05/01/2002	2030	39,000,000	39,000,000
<b>Environmental Facilities Revenue Bonds:</b>						
Citgo Petroleum, Series 1998	*	Variable	08/01/1998	2028	22,200,000	22,200,000
Citgo Petroleum, Series 2003	*	8.250%	05/01/2003	2031	39,200,000	39,200,000
Citgo Petroleum, Series 2006	*	Variable	10/01/2006	2036	50,000,000	50,000,000
<b>Solid Waste Disposal Revenue Bonds:</b>						
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
Total					<u>\$ 542,745,000</u>	<u>\$ 542,745,000</u>

\* - Issued by the Industrial Development Corporation (IDC)

# STATISTICAL SECTION



LMSR LAYBERTH



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# *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**

	<b><u>Page</u></b>
<b>Financial Trends</b>	<b>37</b>
These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>41</b>
These schedules contain information to help the reader access the factors affecting the Authority's ability to generate its most significant revenue sources.	
<b>Debt Capacity</b>	<b>47</b>
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.	
<b>Demographic and Economic Information</b>	<b>49</b>
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.	
<b>Operating Information</b>	<b>51</b>
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.	
<b>Additional Information</b>	<b>57</b>
These schedules contain information as part of the Authority's effort to meet continuing disclosure requirements related to outstanding bonds.	
<b>Sources:</b>	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years. The Authority implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.	



TABLE 1 (Unaudited)

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

**Net Assets and Changes in Net Assets  
Last Ten Years**

	1997*	1998*	1999*	2000*	2001*	2002	2003	2004	2005	2006
<b>Revenues</b>										
Operating revenues:										
Wharfage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,534,632	\$ 13,535,168	\$ 14,076,271	\$ 15,388,177	\$ 19,351,717
Dockage	-	-	-	-	-	2,733,667	3,218,880	3,858,120	4,153,902	3,354,723
Freight handling	-	-	-	-	-	2,410,795	1,492,129	1,976,486	2,351,619	2,065,511
Bagging	-	-	-	-	-	-	-	-	-	-
Building and land rentals	-	-	-	-	-	3,385,964	3,361,762	3,409,141	3,705,185	4,037,572
Conference center	-	-	-	-	-	1,367,934	1,443,592	1,663,726	1,556,200	1,495,599
Refrigerated warehouse	-	-	-	-	-	954,178	1,137,336	816,739	1,737,118	1,484,404
FTZ user fees	-	-	-	-	-	287,115	264,750	261,666	233,333	243,000
Security surcharge fees	-	-	-	-	-	-	-	830,882	2,018,305	2,003,964
Compress	-	-	-	-	-	185,538	45,598	-	-	-
Other	-	-	-	-	-	1,301,176	2,380,598	1,478,266	1,588,053	1,999,921
Total operating revenues	-	-	-	-	-	25,160,999	26,879,813	28,371,297	32,731,892	36,036,411
Interest revenue	-	-	-	-	-	1,314,593	1,222,899	1,116,764	1,084,006	1,269,697
Intergovernmental revenue	-	-	-	-	-	-	-	-	78,914	-
Gain(Loss) on disposal of capital assets	-	-	-	-	-	236,214	-	1,242,935	60,268	(15,395)
Total Revenues	-	-	-	-	-	26,711,806	28,102,712	30,730,996	33,955,080	37,290,713
<b>Expenses</b>										
Operating expenses:										
Maintenance and operations	-	-	-	-	-	11,415,193	12,474,555	13,937,712	16,361,152	18,385,065
General and administrative	-	-	-	-	-	8,883,174	9,572,631	9,630,337	10,139,046	10,760,589
Depreciation	-	-	-	-	-	5,284,372	5,417,115	5,513,656	6,142,055	7,127,447
Total operating expenses	-	-	-	-	-	25,582,739	27,464,301	29,081,705	32,642,253	36,273,101
Interest expense and fiscal charges	-	-	-	-	-	656,585	781,399	739,852	712,323	689,611
Amortization of bond issuance costs	-	-	-	-	-	78,392	104,862	81,418	63,610	49,458
Other	-	-	-	-	-	-	90,856	-	-	-
Total Expenses	-	-	-	-	-	26,317,716	28,441,418	29,902,975	33,418,186	37,012,170
Income(Loss) Before Contributions	-	-	-	-	-	394,090	(338,706)	828,021	536,894	278,543
Capital Contributions	-	-	-	-	-	1,123,096	1,638,527	10,453,132	17,792,218	12,261,584
Changes in Net Assets	-	-	-	-	-	1,517,186	1,299,821	11,281,153	18,329,112	12,540,127
Total Net Assets, Beginning of Year	-	-	-	-	-	172,263,494	173,780,680	175,080,501	186,361,654	204,690,766
Total Net Assets, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 173,780,680	\$ 175,080,501	\$ 186,361,654	\$ 204,690,766	\$ 217,230,893
<b>Net Assets at Year End</b>										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,287,438	\$ 137,188,296	\$ 156,056,302	\$ 178,351,445	\$ 195,074,359
Restricted	-	-	-	-	-	2,660,144	2,348,028	2,243,263	2,167,787	2,061,302
Unrestricted	-	-	-	-	-	35,833,098	35,544,177	28,062,089	24,171,534	20,095,232
Total Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 173,780,680	\$ 175,080,501	\$ 186,361,654	\$ 204,690,766	\$ 217,230,893

\* - Not available, prior to implementation of GASB 34



TABLE 2 (Unaudited)

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

**Revenues by Source  
Last Ten Years**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Operating Revenues:</b>										
Wharfage	\$ 12,683,762	\$ 13,546,195	\$ 12,592,047	\$ 13,282,469	\$ 13,215,302	\$ 12,534,632	\$ 13,535,168	\$ 14,076,271	\$ 15,388,177	\$ 19,351,717
Dockage	3,582,641	4,020,559	3,619,507	3,229,447	3,009,600	2,733,667	3,218,880	3,858,120	4,153,902	3,354,723
Freight handling	3,652,867	4,683,526	4,158,629	2,019,205	2,033,916	2,410,795	1,492,129	1,976,486	2,351,619	2,065,511
Bagging	96,928	841,439	41,344	-	-	-	-	-	-	-
Building and land rentals	1,306,175	1,430,634	1,495,070	2,835,108	3,363,438	3,385,964	3,361,762	3,409,141	3,705,185	4,037,572
Conference center	-	-	-	296,861	833,712	1,367,934	1,443,592	1,663,726	1,556,200	1,495,599
Refrigerated warehouse	-	-	-	-	102,623	954,178	1,137,336	816,739	1,737,118	1,484,404
FTZ user fees	298,827	335,160	346,660	261,250	281,750	287,115	264,750	261,666	233,333	243,000
Security surcharge fees	-	-	-	-	-	-	-	830,882	2,018,305	2,003,964
Compress	403,509	922,611	2,298,035	2,734,668	1,477,844	185,538	45,598	-	-	-
Other	775,336	1,215,739	1,285,615	1,231,395	1,306,133	1,301,176	2,380,598	1,478,266	1,588,053	1,999,921
	<u>\$ 22,800,045</u>	<u>\$ 26,995,863</u>	<u>\$ 25,836,907</u>	<u>\$ 25,890,403</u>	<u>\$ 25,624,318</u>	<u>\$ 25,160,999</u>	<u>\$ 26,879,813</u>	<u>\$ 28,371,297</u>	<u>\$ 32,731,892</u>	<u>\$ 36,036,411</u>
<b>Non-Operating Revenues:</b>										
Other:										
Interest	\$ 1,947,942	\$ 2,031,442	\$ 1,751,857	\$ 1,619,461	\$ 1,261,435	\$ 1,314,593	\$ 1,222,899	\$ 1,116,764	\$ 1,084,006	\$ 1,269,697
Other	584,104	540,587	674,757	572,907	787,431	236,214	-	1,242,935	139,182	-
	<u>\$ 2,532,046</u>	<u>\$ 2,572,029</u>	<u>\$ 2,426,614</u>	<u>\$ 2,192,368</u>	<u>\$ 2,048,866</u>	<u>\$ 1,550,807</u>	<u>\$ 1,222,899</u>	<u>\$ 2,359,699</u>	<u>\$ 1,223,188</u>	<u>\$ 1,269,697</u>

Non-Operating Revenues:

Other:

Interest

Other

TABLE 3 (Unaudited)

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

**Expenses by Type  
Last Ten Years**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Operating Expenses:</b>										
Maintenance and Operation:										
Employee services	\$ 3,933,523	\$ 4,113,336	\$ 4,563,345	\$ 3,293,465	\$ 3,570,749	\$ 3,929,041	\$ 4,144,531	\$ 5,206,360	\$ 6,296,241	\$ 6,768,333
Maintenance	2,674,863	2,919,585	2,213,199	1,756,682	1,761,065	1,970,104	2,686,825	2,641,655	3,317,396	4,173,668
Utilities	646,548	625,315	660,189	468,382	615,609	694,391	886,009	964,332	1,095,452	1,399,011
Telephone	17,473	22,204	26,092	30,158	33,212	34,045	22,358	20,468	19,694	23,716
Insurance	1,299,047	1,026,451	978,421	966,835	966,114	1,276,352	1,427,198	1,327,486	1,264,823	1,726,286
Professional services	260,363	115,416	182,015	114,171	137,700	202,418	228,158	444,902	544,189	400,085
Police expenses	-	-	-	-	-	-	-	64,252	36,788	53,276
Contracted services	912,584	988,017	1,128,658	1,062,328	1,205,445	1,597,049	1,485,158	1,483,850	2,155,840	2,110,723
Office and equipment rental	10,786	9,152	55,208	51,250	40,616	106,710	11,908	25,941	78,665	129,527
Operator and event expenses	-	-	-	244,174	708,885	1,225,868	1,310,806	1,438,345	1,287,428	1,311,334
Warehouse supplies	-	-	-	-	1,898	85,770	46,823	51,281	136,382	64,946
Grain handling	67,937	463,180	58,274	1,094	-	-	-	-	-	-
Ginning	157,606	366,040	1,258,237	1,096,642	546,622	-	-	-	-	-
Safety/Environmental	40,703	43,647	58,281	21,034	33,018	39,985	46,293	43,180	53,509	50,970
General	203,042	220,682	228,439	227,802	246,706	253,460	178,488	225,660	74,745	173,190
	<u>\$10,224,475</u>	<u>\$10,913,025</u>	<u>\$11,410,358</u>	<u>\$ 9,334,017</u>	<u>\$ 9,867,639</u>	<u>\$11,415,193</u>	<u>\$12,474,555</u>	<u>\$13,937,712</u>	<u>\$16,361,152</u>	<u>\$18,385,065</u>
<b>General and Administrative:</b>										
Employee services	\$ 4,060,736	\$ 4,170,496	\$ 4,521,403	\$ 4,484,449	\$ 4,485,094	\$ 4,523,035	\$ 5,048,655	\$ 5,367,098	\$ 5,711,388	\$ 6,150,455
Maintenance	262,002	298,099	317,737	281,890	234,515	297,592	272,419	274,342	229,548	324,760
Utilities	119,642	110,965	102,943	125,271	154,595	118,395	131,448	135,135	162,864	218,586
Telephone	86,186	105,203	103,524	129,241	124,877	98,649	103,287	108,862	209,939	205,520
Insurance	110,179	99,291	79,152	39,961	85,113	208,519	107,456	45,278	119,854	111,670
Professional services	1,111,892	1,641,139	1,665,601	1,761,967	1,914,403	1,794,626	1,781,500	1,642,718	1,713,073	1,864,026
Police expenses	-	-	-	-	-	-	-	1,429	1,341	654
Contracted services	14,727	10,151	25,609	79,711	105,890	94,226	68,343	60,516	54,189	134,754
Office and equipment rental	24,717	25,087	44,365	30,848	46,307	2,245	8,270	3,042	4,451	6,852
Administrative	1,004,757	1,209,395	1,361,721	1,344,684	1,262,105	1,279,119	1,533,738	1,598,908	1,483,098	1,647,031
Trade and sales development	103,137	163,991	227,183	209,492	178,538	129,229	125,484	143,296	107,450	123,054
Media advertising	194,785	295,463	238,715	248,392	211,051	124,256	88,530	102,957	91,527	73,557
Production	80,363	105,620	107,252	111,049	77,551	55,918	57,538	25,460	45,124	56,861
Safety/Environmental	19,607	(9,176)	20,227	6,869	11,241	13,638	19,889	20,992	20,439	36,047
General	(77,766)	62,602	43,826	91,181	106,490	143,727	226,074	100,304	184,761	(193,238)
	<u>\$ 7,114,964</u>	<u>\$ 8,288,326</u>	<u>\$ 8,859,258</u>	<u>\$ 8,945,005</u>	<u>\$ 8,997,770</u>	<u>\$ 8,883,174</u>	<u>\$ 9,572,631</u>	<u>\$ 9,630,337</u>	<u>\$10,139,046</u>	<u>\$10,760,589</u>
Depreciation	\$ 4,695,995	\$ 4,425,667	\$ 4,509,898	\$ 4,944,421	\$ 5,224,868	\$ 5,284,372	\$ 5,417,115	\$ 5,513,656	\$ 6,142,055	\$ 7,127,447
<b>Non-Operating Expenses:</b>										
Other:										
Interest	\$ 315,995	\$ 252,987	\$ 167,605	\$ 128,862	\$ 85,005	\$ 734,977	\$ 886,261	\$ 821,270	\$ 775,933	\$ 739,069
Other	-	11,502	488,569	498,208	-	-	90,856	-	-	15,395
	<u>\$ 315,995</u>	<u>\$ 264,489</u>	<u>\$ 656,174</u>	<u>\$ 627,070</u>	<u>\$ 85,005</u>	<u>\$ 734,977</u>	<u>\$ 977,117</u>	<u>\$ 821,270</u>	<u>\$ 775,933</u>	<u>\$ 754,464</u>

TABLE 4 (Unaudited)

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

**Financial Performance Indicators**

**Last Ten Years**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Operating Revenues (OR)	\$ 22,800,045	\$ 26,995,863	\$ 25,836,907	\$ 25,890,403	\$ 25,624,318	\$ 25,160,999	\$ 26,879,813	\$ 28,371,297	\$ 32,731,892	\$ 36,036,411
Operating Expenses (OE) *	(17,339,439)	(19,201,351)	(20,269,616)	(18,279,022)	(18,865,409)	(20,298,367)	(22,047,186)	(23,568,049)	(26,500,198)	(29,145,654)
Net Operating Income (NOI)	5,460,606	7,794,512	5,567,291	7,611,381	6,758,909	4,862,632	4,832,627	4,803,248	6,231,694	6,890,757
Non-Operating Revenues	2,532,046	2,572,029	2,426,614	2,192,369	2,055,366	1,550,807	1,222,899	2,359,699	1,223,188	1,269,697
Non-Operating Expenses	(315,995)	(264,489)	(656,174)	(627,071)	(85,005)	(734,977)	(977,117)	(821,270)	(775,933)	(754,464)
Net Income "A" (NI"A")	7,676,657	10,102,052	7,337,731	9,176,679	8,729,270	5,678,462	5,078,409	6,341,677	6,678,949	7,405,990
Depreciation	(4,695,994)	(4,425,667)	(4,509,898)	(4,944,421)	(5,224,868)	(5,284,372)	(5,417,115)	(5,513,656)	(6,142,055)	(7,127,447)
Net Income (Loss) "B" (NI"B")	\$ 2,980,663	\$ 5,676,385	\$ 2,827,833	\$ 4,232,258	\$ 3,504,402	\$ 394,090	\$ (338,706)	\$ 828,021	\$ 536,894	\$ 278,543
Net Capital Assets (NCA) **	\$ 117,956,248	\$ 118,269,753	\$ 122,779,056	\$ 147,286,699	\$ 143,840,270	\$ 145,906,446	\$ 143,298,109	\$ 139,998,166	\$ 156,723,984	\$ 175,997,745
Total Assets (TA)	\$ 172,384,118	\$ 178,459,639	\$ 179,958,670	\$ 179,630,724	\$ 179,679,554	\$ 196,391,543	\$ 197,115,656	\$ 212,289,063	\$ 242,045,429	\$ 252,168,291

**Operating Indicators:**

Operating ROI (NOI/NCA)	4.63%	6.59%	4.53%	5.17%	4.70%	3.33%	3.37%	3.43%	3.98%	3.92%
Operating Margin (NOI/OR)	23.95%	28.87%	21.55%	29.40%	26.38%	19.33%	17.98%	16.93%	19.04%	19.12%
Operating Ratio (OE/OR)	76.05%	71.13%	78.45%	70.60%	73.62%	80.67%	82.02%	83.07%	80.96%	80.88%

**Other ROI Indicators:**

ROI "A" (NI"A"/TA)	4.45%	5.66%	4.08%	5.11%	4.86%	2.89%	2.58%	2.99%	2.76%	2.94%
ROI "B" (NI"B"/TA)	1.73%	3.18%	1.57%	2.36%	1.95%	0.20%	-0.17%	0.39%	0.22%	0.11%

\* - Excludes Depreciation

\*\* - Excludes Construction in Progress



TABLE 5 (Unaudited)

**Port Commerce By Commodity  
Last Ten Years**

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

Commodity By Port Division - Short tons										
Inner Harbor										
Break Bulk	23,914	37,607	111,565	65,680	18,786	41,356	210,873	253,084	200,159	183,544
Grain	1,497,226	1,463,127	1,742,108	1,729,729	1,960,433	1,845,301	1,666,579	1,836,090	2,098,829	2,025,864
Chemical	79,954	63,116	55,008	62,109	65,394	48,861	37,243	47,295	66,514	59,851
Dry Bulk	2,043,499	2,520,833	1,996,667	1,989,651	2,259,592	2,501,157	2,062,015	2,541,606	2,544,880	2,008,088
Liquid Bulk	56,203	53,649	56,876	113,130	320,633	65,538	243,135	407,906	518,403	248,355
Petroleum	66,643,071	71,098,102	66,923,986	71,533,183	69,375,427	63,809,573	67,466,251	67,414,002	66,391,484	68,242,433
Total	70,343,867	75,236,434	70,886,210	75,493,482	74,000,265	68,311,786	71,686,096	72,499,983	71,820,269	72,768,135
La Quinta										
Break Bulk	-	-	64	-	-	-	-	-	-	-
Chemical	1,845,704	1,938,542	2,250,676	2,168,006	1,878,788	1,556,565	1,966,843	2,095,441	1,728,815	1,510,142
Dry Bulk	4,943,913	5,326,210	5,002,167	5,187,747	4,813,124	4,890,941	4,761,502	4,689,730	5,812,484	5,690,335
Petroleum	21,906	34,152	22,713	25,991	30,785	26,862	23,386	31,518	25,081	24,030
Total	6,811,523	7,298,904	7,275,620	7,381,744	6,722,697	6,474,368	6,751,731	6,816,689	7,566,380	7,224,507
Harbor Island										
Break Bulk	5,400	-	-	2	10,609	5,132	17,146	1,816	6	6
Petroleum	-	-	1,060	138	1,074	2,760	533	-	332	-
Total	5,400	-	1,060	140	11,683	7,892	17,679	1,816	338	6
Ingleside										
Break Bulk	75	99,173	58,619	6,275	186,428	93,260	133,165	241,882	226,899	46,637
Dry Bulk	-	-	-	-	48	-	3,506	(3,506)	-	-
Petroleum	6,091,791	6,873,407	6,285,993	6,523,003	6,111,062	6,061,259	6,531,995	6,769,131	7,115,455	6,909,586
Total	6,091,866	6,972,580	6,344,612	6,529,278	6,297,538	6,154,519	6,668,666	7,007,507	7,342,354	6,956,223
Rincon Point										
Break Bulk	-	-	-	-	-	-	62	6,234	17,918	26,510
Grain	-	-	-	-	-	-	-	-	-	5,746
Dry Bulk	24,317	20,215	17,468	19,847	3,774	10,358	6,890	61,574	38,690	1,707
Total	24,317	20,215	17,468	19,847	3,774	10,358	6,952	67,808	56,608	33,963
Total	83,276,973	89,528,133	84,524,970	89,424,491	87,035,957	80,958,923	85,131,124	86,393,803	86,785,949	86,982,834
Commodity Totals - Short tons										
Break Bulk	29,389	136,780	170,248	71,957	215,823	139,748	361,246	503,016	444,982	256,697
Grain	1,497,226	1,463,127	1,742,108	1,729,729	1,960,433	1,845,301	1,666,579	1,836,090	2,098,829	2,031,610
Chemical	1,925,658	2,001,658	2,305,684	2,230,115	1,944,182	1,605,426	2,004,086	2,142,736	1,795,329	1,569,993
Dry Bulk	7,011,729	7,867,258	7,016,302	7,197,245	7,076,538	7,402,456	6,833,913	7,289,404	8,396,054	7,700,130
Liquid Bulk	56,203	53,649	56,876	113,130	320,633	65,538	243,135	407,906	518,403	248,355
Petroleum	72,756,768	78,005,661	73,233,752	78,082,315	75,518,348	69,900,454	74,022,165	74,214,651	73,532,352	75,176,049
Total	83,276,973	89,528,133	84,524,970	89,424,491	87,035,957	80,958,923	85,131,124	86,393,803	86,785,949	86,982,834

TABLE 5 (Unaudited - Continued)

Port Commerce By Commodity  
Last Ten Years

PORT OF CORPUS CHRISTI AUTHORITY  
OF NUECES COUNTY, TEXAS

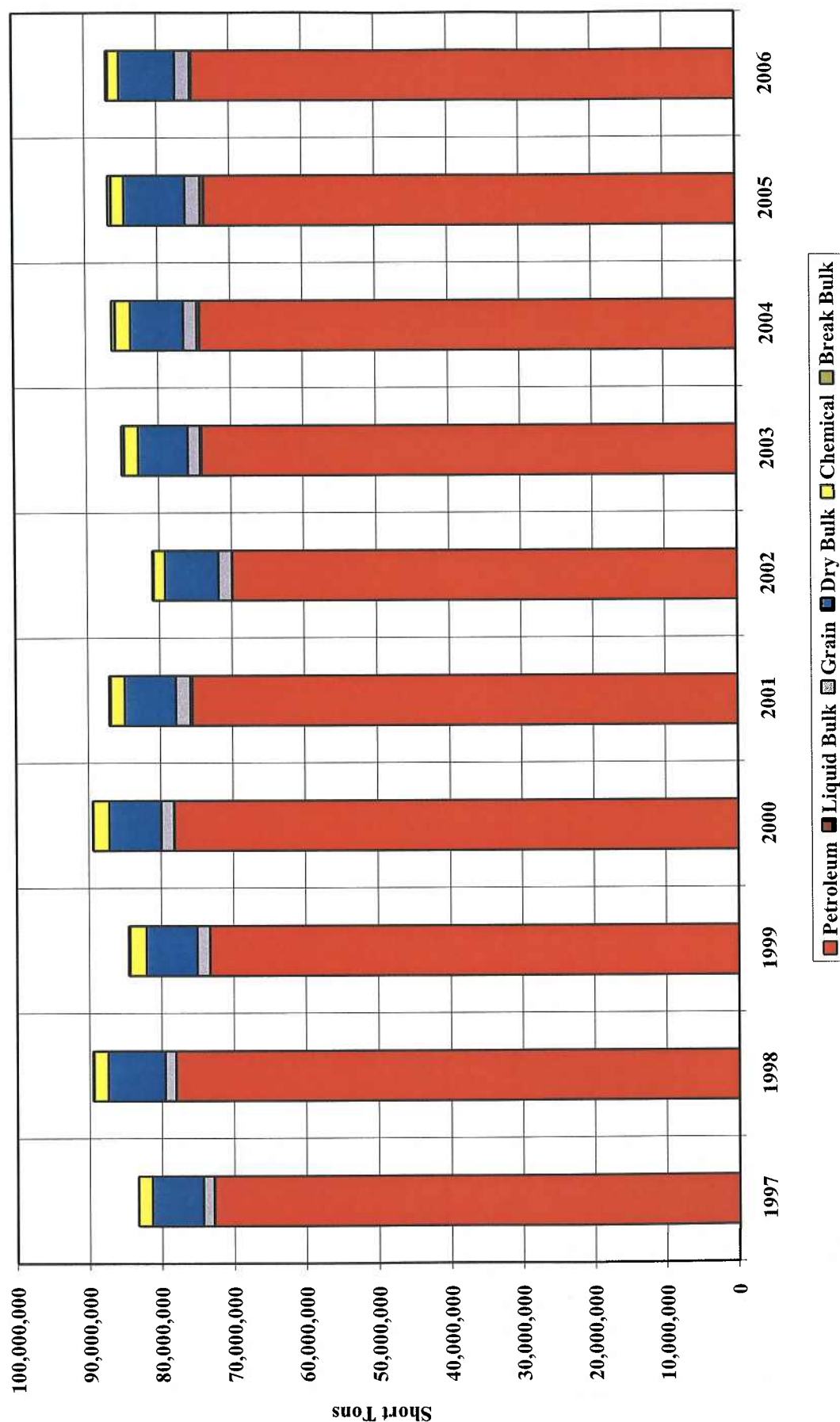


TABLE 6 (Unaudited)

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

**Vessel Traffic  
Last Ten Years**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Inner Harbor</b>										
<i>Ships</i>										
Dry Cargo	197	206	268	216	224	266	244	210	268	233
Tankers	926	920	799	866	843	744	841	803	808	817
<i>Barges</i>	4,284	4,700	4,357	4,605	4,625	4,066	4,465	4,818	4,820	4,440
<i>Total Vessels</i>	5,407	5,826	5,424	5,687	5,692	5,076	5,550	5,831	5,896	5,490
<b>La Quinta Harbor</b>										
<i>Ships</i>										
Dry Cargo	115	132	126	123	124	119	116	101	147	128
Tankers	143	134	158	132	119	112	152	167	104	110
<i>Barges</i>	147	150	143	159	132	161	257	281	310	175
<i>Total Vessels</i>	405	416	427	414	375	392	525	549	561	413
<b>Harbor Island</b>										
<i>Ships</i>										
Dry Cargo	-	-	-	195	681	628	540	581	610	566
Tankers	-	-	1	-	-	-	-	-	-	-
<i>Barges</i>	-	1	2	-	8	23	5	-	-	-
<i>Total Vessels</i>	-	1	3	195	689	651	545	581	610	566
<b>Ingleside Harbor</b>										
<i>Ships</i>										
Dry Cargo	1	3	7	13	4	13	6	13	12	15
Tankers	80	92	87	88	65	84	80	86	88	92
<i>Barges</i>	96	70	50	18	35	52	56	111	54	55
<i>Total Vessels</i>	177	165	144	119	104	149	142	210	154	162
<b>Rincon Point</b>										
<i>Ships</i>										
Dry Cargo	-	-	-	-	-	-	-	-	-	-
Tankers	-	-	-	-	-	-	-	-	-	-
<i>Barges</i>	2	4	2	-	-	3	4	66	114	2
<i>Total Vessels</i>	2	4	2	-	-	3	4	66	114	2
<b>Total</b>										
<i>Ships</i>										
Dry Cargo	313	341	401	547	1,033	1,026	906	905	1,037	942
Tankers	1,149	1,146	1,045	1,086	1,027	940	1,073	1,056	1,000	1,019
<i>Barges</i>	4,529	4,925	4,554	4,782	4,800	4,305	4,787	5,276	5,298	4,672
<i>Total Vessels</i>	5,991	6,412	6,000	6,415	6,860	6,271	6,766	7,237	7,335	6,633

TABLE 6 (Unaudited - Continued)

Vessel Traffic  
Last Ten Years

PORT OF CORPUS CHRISTI AUTHORITY  
OF NUECES COUNTY, TEXAS

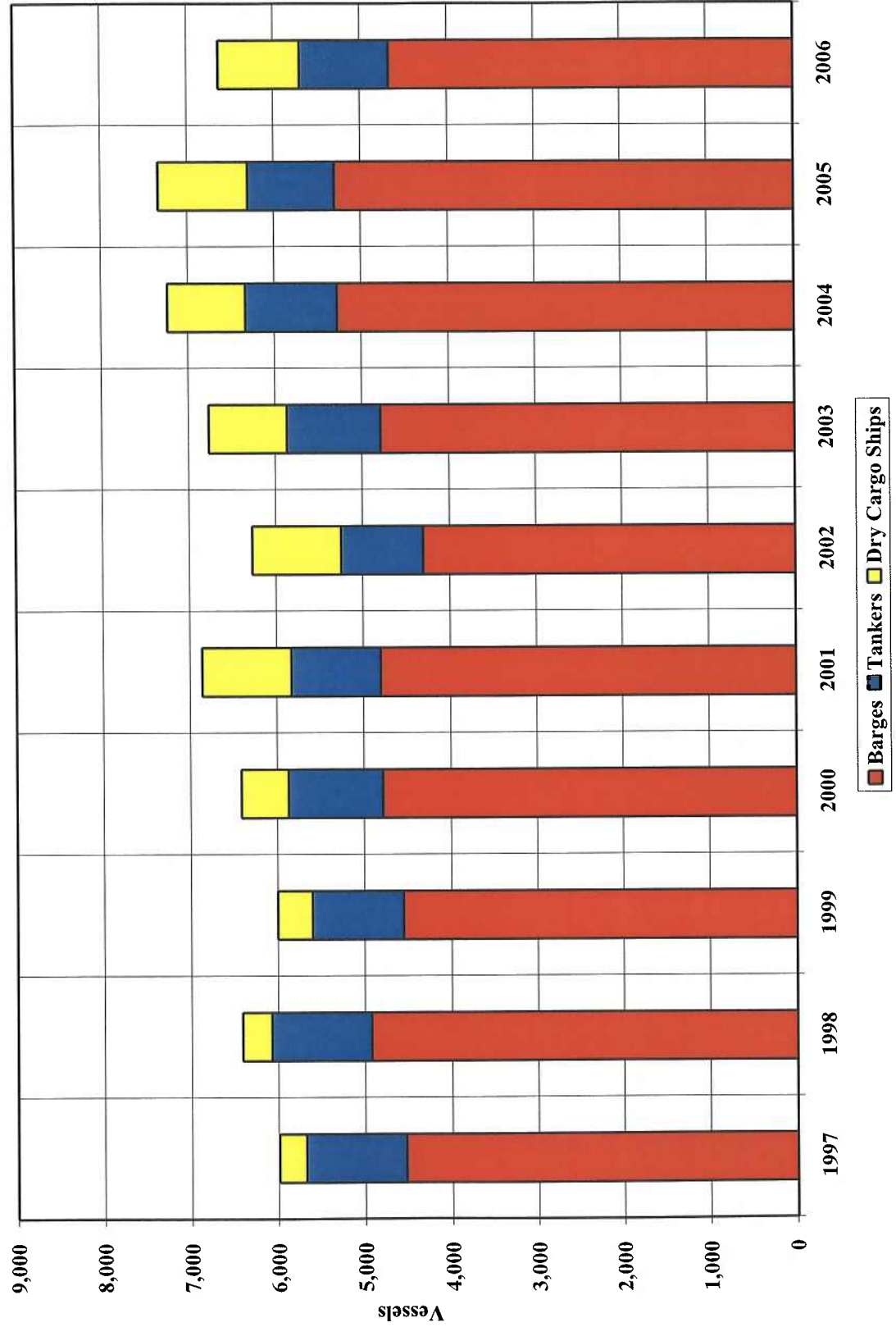


TABLE 7 (Unaudited)

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

		Tariff Rates Last Ten Years									
	U/M	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Wharfage Rates</b>											
All Cargo NOS	W/M	\$2.00	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
Dry Bulk	S/T	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60
Liquid Bulk	BRL	\$0.04	\$0.04	\$0.04	\$0.04	\$0.04	\$0.04	\$0.04	\$0.04	\$0.06	\$0.06
Beans, Lentils & Peas	S/T	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.50	\$0.50
Cotton	Bale	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.48	\$0.48
Grain and Grain Products	S/T	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.50	\$0.50
Grain and Grain Products (bulk)	S/T	\$0.17	\$0.17	\$0.17	\$0.17	\$0.17	\$0.17	\$0.17	\$0.17	\$0.17	\$0.17
Iron and Steel Articles	S/T	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20
Machinery, agricultural	S/T	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.76	\$1.76	\$1.76	\$1.76
Machinery, grading, earth moving	S/T	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
Military Cargo	S/T	\$1.20	\$1.20	\$1.20	\$1.20	\$1.30	\$1.30	\$1.30	\$1.30	\$2.30	\$2.30
Milk, dehydrated	S/T	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.50	\$0.50
Passengers	Person	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$5.00	\$5.00	\$5.00
Power Generation/Plant Equipment	S/T	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.90	\$1.90
Refrigerated Cargo	S/T	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.30	\$1.30
Rice and Rice Products	S/T	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.50	\$0.50
Sand, aggregates, caliche, limestone	S/T	\$0.30	\$0.30	\$0.30	\$0.30	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60
Vegetable oil	S/T	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20
Vehicles	S/T	\$3.40	\$3.40	\$3.40	\$3.40	\$3.40	\$3.40	\$3.40	\$3.40	\$3.40	\$3.40
Vessels, pressure	S/T	\$3.40	\$3.40	\$3.40	\$3.40	\$3.40	\$3.40	\$3.40	\$3.40	\$3.40	\$3.40
<b>Dockage Rates</b>											
<b>General Cargo</b>											
<b>Vessels</b>											
0-199	Feet	\$1.71	\$1.71	\$1.71	\$1.71	\$1.90	\$1.90	\$1.90	\$1.90	\$1.97	\$1.97
200-399	Feet	\$1.44 - \$1.80	\$1.44 - \$1.80	\$1.44 - \$1.80	\$1.44 - \$1.80	\$2.22	\$2.22	\$2.22	\$2.22	\$2.55	\$2.55
400-499	Feet	\$2.50	\$2.50	\$2.50	\$2.50	\$3.02	\$3.02	\$3.00	\$3.02	\$3.50	\$3.50
500-599	Feet	\$2.58 - \$2.62	\$2.58 - \$2.62	\$2.58 - \$2.62	\$2.58 - \$2.62	\$4.06	\$4.06	\$4.06	\$4.06	\$4.67	\$4.67
600-699	Feet	\$3.12	\$3.12	\$3.12	\$3.12	\$4.72	\$4.72	\$4.72	\$4.72	\$5.43	\$5.43
700-799	Feet	\$3.48	\$3.48	\$3.48	\$3.48	\$5.99	\$5.99	\$5.99	\$5.99	\$6.89	\$6.89
800-899	Feet	\$3.54	\$3.54	\$3.54	\$3.54	\$7.21	\$7.21	\$7.21	\$7.21	\$8.29	\$8.29
900 +	Feet	\$3.72	\$3.72	\$3.72	\$3.72	\$8.63	\$8.63	\$8.63	\$8.63	\$9.92	\$9.92
Barges - Inland Waterway	NRT	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09
Bulk Terminal	GRT	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13
Liquid Bulk	DWT	\$0.025	\$0.025	\$0.025	\$0.025	\$0.025	\$0.025	\$0.025	\$0.025	\$0.025	\$0.025
Vessels	Barge	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00
Barges	Barge	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00
0-350 Feet	Ship	-	-	-	\$325.00	\$240.00	\$240.00	\$240.00	\$240.00	\$240.00	\$240.00
350 +	Barge	-	-	-	\$40.00	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00
<b>Harbor Fee</b>											
Ships											
Barges											
<b>Security Surcharge Fee <sup>1</sup></b>											

<sup>1</sup> Security surcharge fee is calculated on wharfage and dockage billings

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, 2006 and 1997**
**WHARFAGE and DOCKAGE REVENUE:**

Customer	2006				1997			
	Wharfage and Dockage Revenue	Rank	%		Wharfage and Dockage Revenue	Rank	%	
Valero	\$ 8,588,469	1	35.29%		\$ 1,648,655	4	9.44%	
Citgo	5,339,088	2	21.94%		3,258,748	1	18.65%	
Flint Hills	3,497,141	3	14.37%		2,948,603	2	16.87%	
Equistar	918,776	4	3.78%		-	-	-	
Boyd-Campbell	585,422	5	2.41%		916,971	6	5.25%	
Port Corpus	419,146	6	1.72%		-	-	-	
Jim E. Docking	312,323	7	1.28%		-	-	-	
Dix-Fairway	259,033	8	1.06%		-	-	-	
Marsulex	250,881	9	1.03%		-	-	0.00%	
Valls Shipping	235,251	10	0.97%		573,942	8	3.28%	
Coastal	-	-	-		2,526,345	3	14.46%	
Diamond Shamrock	-	-	-		1,469,612	5	8.41%	
Occidental	-	-	-		680,809	7	3.90%	
Bill Black	-	-	-		520,283	9	2.98%	
Aimcor	-	-	-		309,720	10	1.77%	
Subtotal (10 largest)	20,405,530		83.85%		14,853,688		85.01%	
Other	3,929,806		16.15%		2,620,020		14.99%	
Total	\$ 24,335,335		100.00%		\$ 17,473,708		100.00%	

**TONNAGE:**

Customer	2006				1997			
	Tonnage	Rank	%		Tonnage	Rank	%	
Valero	28,271,055	1	32.50%		12,291,440	3	14.76%	
Citgo	24,383,058	2	28.03%		21,492,294	1	25.81%	
Flint Hills	11,356,199	3	13.06%		-	-	-	
Koch	7,046,356	4	8.10%		21,310,289	2	25.59%	
Sherwin Alumina	5,690,335	5	6.54%		4,943,913	5	5.94%	
Equistar	1,947,833	6	2.24%		-	-	-	
Occidental	1,510,142	7	1.74%		3,504,328	7	4.21%	
Bay, Ltd.	1,080,973	8	1.24%		1,369,282	8	1.64%	
ADM/Growmark	1,041,330	9	1.20%		-	-	-	
Interstate	990,799	10	1.14%		978,698	9	1.18%	
Coastal	-	-	-		9,378,122	4	11.26%	
Diamond Shamrock	-	-	-		4,387,382	6	5.27%	
Neste Trifinery	-	-	-		899,842	10	1.08%	
Subtotal (10 largest)	83,318,079		95.79%		80,555,590		96.74%	
Other	3,664,755		4.21%		2,721,383		3.26%	
Total	86,982,834		100.00%		83,276,973		100.00%	

TABLE 9 (Unaudited)

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

**Ratios of Outstanding Debt  
Last Ten Years**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Unlimited Tax Bonds	\$ 26,670,000	\$ 16,570,000	\$ 8,750,000	\$ 3,235,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bonds	-	-	-	-	-	17,075,000	16,110,000	15,130,000	14,120,000	13,080,000
Total	\$26,670,000	\$16,570,000	\$8,750,000	\$3,235,000	\$ -	\$17,075,000	\$16,110,000	\$15,130,000	\$14,120,000	\$13,080,000
Per Capita	\$1,309	\$776	\$399	\$140	\$0	\$687	\$613	\$553	\$495	\$442
Percent of Personal Income	0.33%	0.19%	0.10%	0.03%	0.00%	0.17%	0.15%	0.14%	0.12%	0.11%

Details regarding the Authority's outstanding debt can be found in Note 6 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**

**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	
1997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
1998	-	-	-	-	-	-	-
1999	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-
2002	27,835,369	20,298,422	7,536,947	1,219,643	452,024	1,671,667	4.51
2003	29,740,622	22,047,186	7,693,436	1,239,231	432,315	1,671,546	4.60
2004	30,730,996	23,568,049	7,162,947	1,260,833	410,843	1,671,676	4.28
2005	33,955,080	26,500,198	7,454,882	1,283,636	387,819	1,671,455	4.46
2006	37,306,108	29,145,654	8,160,454	1,308,000	363,385	1,671,385	4.88

(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

(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**

	1997	1998	1999	2000	2001	2002	2003	2004	2005 (P)	2006 (E)
Population (1)	402,504	403,818	404,155	403,247	402,105	404,400	405,916	409,645	413,553	415,566
Personal Income-(in thousands) (1)	\$ 8,203,490	\$ 8,617,486	\$ 8,870,496	\$ 9,348,023	\$ 9,706,189	\$ 10,047,316	\$ 10,663,767	\$ 11,199,871	\$ 11,802,243	\$ 12,287,276
Per Capita Personal Income (1)	\$20,381	\$21,340	\$21,948	\$23,182	\$24,138	\$24,845	\$26,271	\$27,340	\$28,539	\$29,568
Unemployment rate (2)	-	-	-	5.40%	5.50%	6.30%	6.80%	6.60%	5.70%	5.20%

Source:

- (1) Bureau of Economic Analysis  
(2) Texas Workforce Commission

(P) Preliminary

(E) Estimated based on growth trend from 2001-2005

TABLE 12 (Unaudited)

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

**Principal Employers  
December 31, 2006 and 1997**

Employer	2006			1997*		
	Number of Employees	Rank	Percent of Total MSA Employment	Number of Employees	Rank	Percent of Total MSA Employment
Corpus Christi ISD	5,500	1	2.89%	-	-	-
Naval Air Station Corpus Christi	5,404	2	2.84%	-	-	-
Christus Spohn Health System	4,500	3	2.36%	-	-	-
Columbia Healthcare Corp.	2,882	4	1.51%	-	-	-
Corpus Christi Army Depot	2,654	5	1.39%	-	-	-
Bay, Inc.	2,200	6	1.15%	-	-	-
HEB Grocery Co.	2,200	7	1.15%	-	-	-
City of Corpus Christi	2,007	8	1.05%	-	-	-
Del Mar College	1,680	9	0.88%	-	-	-
APAC Teleservices	1,200	10	0.63%	-	-	-
<b>Total</b>	<b>30,227</b>		<b>15.85%</b>	<b>-</b>		<b>-</b>

Corpus Christi Regional Economic and Development Corporation  
Texas Workforce Commission

\* Information for 1997 not available

TABLE 13 (Unaudited)

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

**Employees by Function  
Last Ten Years**

	1997*	1998*	1999*	2000	2001	2002	2003	2004	2005	2006
<b>Operations:</b>										
Cold Storage Facility	-	-	-	0	8	12	12	13	13	13
Bulk Terminal Facility	-	-	-	17	17	16	16	16	16	17
Harbormaster's Office	-	-	-	20	19	19	12	12	12	11
Lift Bridge	-	-	-	0	0	0	8	8	8	8
Maintenance	-	-	-	25	29	34	38	37	38	39
Police Department	-	-	-	0	0	0	0	20	21	22
Corpus Christi Public Compress	-	-	-	6	5	0	0	0	0	0
	-	-	-	68	78	81	86	106	108	110
<b>Administration:</b>										
Executive Director	-	-	-	3	2	2	2	2	2	2
Government Affairs	-	-	-	2	1	1	1	1	1	1
Human Resources	-	-	-	4	5	5	5	5	4	4
Business Development	-	-	-	8	8	7	8	8	8	7
Industrial Development	-	-	-	1	1	1	1	1	1	1
Finance and Administration	-	-	-	2	2	2	2	2	2	2
Accounting	-	-	-	9	8	7	7	8	8	8
Management Information Systems	-	-	-	4	5	5	5	7	7	7
Engineering	-	-	-	11	12	12	12	12	11	13
Operations	-	-	-	5	6	6	7	6	7	7
	-	-	-	49	50	48	50	52	51	52
	-	-	-	117	128	129	136	158	159	162

\* Information not available

TABLE 14 (Unaudited)

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

	2002	2003	2004	2005	2006
Harbor divisions	6	6	6	6	6
Turning basins	5	5	5	5	5
Corpus Christi Ship Channel (miles)	35	35	35	35	35
Authorized channel draft (feet)	45	45	45	45	45
General cargo docks	8	8	8	8	8
Covered docks	5	5	5	5	5
Open docks	2	2	2	2	2
Special public use dock	1	1	1	1	1
Covered storage (square feet)	295,500	295,500	295,500	295,500	295,500
Dockside rail access (docks)	6	6	6	6	6
Roll-on/ Roll-off ramps	1	1	1	1	1
Liquid bulk docks	11	11	11	11	11
Ship	6	6	6	6	6
Barge	5	5	5	5	5
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	2	2	2	3	3
Intermodal terminal	1	1	1	1	1
Open storage (acres)	23	23	23	23	23
Container handling machines	2	2	2	2	2
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)	1,072,400	1,072,400	575,000	575,000	575,000
Cold storage facilities	1	1	1	1	1
Refrigerated storage-chill and frozen (square feet)	100,000	100,000	100,000	100,000	100,000
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	318	318	318
Barge canals	2	2	2	2	2
Land					
Submerged (acres)	18,750	18,750	18,750	18,750	18,750
Emerged (acres)	6,250	6,250	6,250	6,250	6,250
Dredge Placement Areas	4,688	4,688	4,688	4,688	4,688
Open storage/development	2,400	2,400	2,400	2,400	2,400
Railroads					
Railway (miles)	26	26	26	26	26
Security Command Center	0	0	1	1	1

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 Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL As a Percentage of Covered Payroll
1996	\$	\$		\$	\$	
1997	4,853,421	8,837,031	54.9%	3,983,610	5,258,846	75.8%
1998	5,620,580	9,925,817	56.6%	4,305,237	5,706,173	75.5%
1999	6,507,706	10,880,153	59.8%	4,372,447	6,311,717	69.3%
2000	7,482,804	11,795,117	63.4%	4,312,313	6,841,985	63.0%
2001	7,899,688	11,952,150	66.1%	4,052,462	5,759,469	70.4%
2002	8,736,367	13,220,605	66.1%	4,484,238	5,896,407	76.1%
2003	9,277,397	14,091,854	65.8%	4,814,457	6,094,250	79.0%
2004	10,728,469	15,445,423	69.5%	4,716,954	6,522,619	72.3%
2005	12,187,288	16,966,500	71.8%	4,779,212	7,918,506	60.4%
	13,572,671	18,177,881	74.7%	4,605,210	8,544,001	53.9%

**TABLE 16 (Unaudited)****PORT OF CORPUS CHRISTI AUTHORITY  
OF NUECES COUNTY, TEXAS****Schedule of Insurance in Force  
December 31, 2006**

<b>Details of Coverage</b>	<b>Policy Period</b>	<b>Deductible</b>	<b>Liability Limits</b>
All risk property	04/01/06-07	\$3,000,000/\$100,000	\$ 100,000,000
Harbor Island Property - Primary	08/05/06-07	100,000	3,000,000
Boiler and Machinery	04/01/06-07	100,000	20,000,000
Tide & Wave Equipment	06/07/06-07	2,500	111,000
Business Auto Liability	10/01/06-07		10,000,000
Business Travel & Accident	01/11/05-08		500,000
Comprehensive Marine Liability	10/01/06-07	50,000	20,000,000
Foreign Liability	10/01/06-07		1,000,000
Pollution Legal Liability	10/16/03-08	100,000	5,000,000
Non-owned Aircraft Liability	10/01/06-07		2,000,000
Marine Liability and Primary P&I Including Firebarge Hull	10/01/06-07		10,000,000 3,500,000
Excess Marine Liability and Primary P & I		50,000	10,000,000 excess of 10,000,000
Firebarge and Excess P&I	10/01/06-07		80,000,000 excess of 20,000,000
Errors and Omissions Liability	10/01/06-07	50,000	10,000,000
Law Enforcement Liability	10/01/06-07	10,000	5,000,000
Executive Risk	10/01/04-07		5,000,000
Customs Bond/Importer Bond	09/28/06-07		50,000
Customs Bond - FTZ Operator	09/28/06-07		250,000
Customs Bond - Cold Storage Warehouse	02/07/06-07		50,000
Public Officials Bonds (8)	03/01/04-07		5,000
Workers' Compensation	01/01/06-07		Statutory

**PORT OF CORPUS CHRISTI AUTHORITY  
OF NUECES COUNTY, TEXAS**
**Miscellaneous Statistical Data  
December 31, 2006**

<b>Date of Incorporation:</b>	1922		
<b>Form of Government:</b>	A public corporation and political subdivision of the State of Texas		
<b>Number of Employees:</b>	164		
<b>Geographic Location:</b>	Southeastern coast of Texas on the Gulf of Mexico approximately 150 miles north of the Mexican Border		
<b>Area:</b>	6,250 - Emergent acres 18,750 - Submerged acres		
<b>Population:</b>	<b>Year</b>	<b>City of Corpus Christi</b>	<b>Nueces County</b>
			<b>San Patricio County</b>
	1920	10,522	22,807
	1930	27,741	51,779
	1940	57,301	92,661
	1950	108,053	165,471
	1960	167,690	221,573
	1970	204,525	237,544
	1980	232,119	268,215
	1990	256,632	296,527
	2000	277,454	313,645
			67,138
<b>Elevation:</b>	Sea level to 85 feet, average 35 feet		
<b>Tidal Data:</b>			
<b>Average Water Level:</b>			
Inner Harbor	2.08 feet above Mean Low Tide (MLT)		
<b>Tidal Range:</b>			
Inner Harbor	Insignificant		
Aransas Pass	1.5 feet		
<b>Aerial Clearance:</b>			
Harbor Bridge and Upper Harbor Lift Bridge	138 feet		
<b>Temperature:</b>			
	Annual Average - 71°		
	January Average - 56°		
	July Average - 84°		
<b>Average Seasonal Rainfall:</b>	30.4 inches		

**PORT OF CORPUS CHRISTI AUTHORITY  
OF NUECES COUNTY, TEXAS**
**Miscellaneous Statistical Data  
December 31, 2006**
**Public Docks:**

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

**Private Docks:**

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



TABLE 18 (Unaudited)

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

**Port Commerce By Commodity  
Last Ten Years**

Commodity By Port Division - Short tons										Table 1:	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	
<b>Inner Harbor</b>											
Break Bulk	23,914	37,607	111,565	65,680	18,786	41,356	210,873	253,084	200,159	183,544	
Grain	1,497,226	1,463,127	1,742,108	1,729,729	1,960,433	1,845,301	1,666,579	1,836,090	2,098,829	2,025,864	
Chemical	79,954	63,116	55,008	62,109	65,394	48,861	37,243	47,295	66,514	59,851	
Dry Bulk	2,043,499	2,520,833	1,996,667	1,989,651	2,259,592	2,501,157	2,062,015	2,541,606	2,544,880	2,008,088	
Liquid Bulk	56,203	53,649	56,876	113,130	320,633	65,538	243,135	407,906	518,403	248,355	
Petroleum	66,643,071	71,098,102	66,923,986	71,533,183	69,375,427	63,809,573	67,466,251	67,414,002	66,391,484	68,242,433	
<b>Total</b>	<b>70,343,867</b>	<b>75,236,434</b>	<b>70,886,210</b>	<b>75,493,482</b>	<b>74,000,265</b>	<b>68,311,786</b>	<b>71,686,096</b>	<b>72,499,983</b>	<b>71,820,269</b>	<b>72,768,135</b>	
<b>La Quinta</b>											
Break Bulk	-	-	64	-	-	-	-	-	-	-	
Chemical	1,845,704	1,938,542	2,250,676	2,168,006	1,878,788	1,556,565	1,966,843	2,095,441	1,728,815	1,510,142	
Dry Bulk	4,943,913	5,326,210	5,002,167	5,187,747	4,813,124	4,890,941	4,761,502	4,689,730	5,812,484	5,690,335	
Petroleum	21,906	34,152	22,713	25,991	30,785	26,862	23,386	31,518	25,081	24,030	
<b>Total</b>	<b>6,811,523</b>	<b>7,298,904</b>	<b>7,275,620</b>	<b>7,381,744</b>	<b>6,722,697</b>	<b>6,474,368</b>	<b>6,751,731</b>	<b>6,816,689</b>	<b>7,566,380</b>	<b>7,224,507</b>	
<b>Harbor Island</b>											
Break Bulk	5,400	-	-	2	10,609	5,132	17,146	1,816	6	6	
Petroleum	-	-	1,060	138	1,074	2,760	533	-	332	-	
<b>Total</b>	<b>5,400</b>	<b>-</b>	<b>1,060</b>	<b>140</b>	<b>11,683</b>	<b>7,892</b>	<b>17,679</b>	<b>1,816</b>	<b>338</b>	<b>6</b>	
<b>Ingleside</b>											
Break Bulk	75	99,173	58,619	6,275	186,428	93,260	133,165	241,882	226,899	46,637	
Dry Bulk	-	-	-	-	48	-	3,506	(3,506)	-	-	
Petroleum	6,091,791	6,873,407	6,285,993	6,523,003	6,111,062	6,061,259	6,531,995	6,769,131	7,115,455	6,909,586	
<b>Total</b>	<b>6,091,866</b>	<b>6,972,580</b>	<b>6,344,612</b>	<b>6,529,278</b>	<b>6,297,538</b>	<b>6,154,519</b>	<b>6,668,666</b>	<b>7,007,507</b>	<b>7,342,354</b>	<b>6,956,223</b>	
<b>Rincon Point</b>											
Break Bulk	-	-	-	-	-	-	62	6,234	17,918	26,510	
Grain	-	-	-	-	-	-	-	-	-	5,746	
Dry Bulk	24,317	20,215	17,468	19,847	3,774	10,358	6,890	61,574	38,690	1,707	
<b>Total</b>	<b>24,317</b>	<b>20,215</b>	<b>17,468</b>	<b>19,847</b>	<b>3,774</b>	<b>10,358</b>	<b>6,952</b>	<b>67,808</b>	<b>56,608</b>	<b>33,963</b>	
<b>Total</b>	<b>83,276,973</b>	<b>89,528,133</b>	<b>84,524,970</b>	<b>89,424,491</b>	<b>87,035,957</b>	<b>80,958,923</b>	<b>85,131,124</b>	<b>86,393,803</b>	<b>86,785,949</b>	<b>86,982,834</b>	
<b>Commodity Totals - Short tons</b>											
Break Bulk	29,389	136,780	170,248	71,957	215,823	139,748	361,246	503,016	444,982	256,697	
Grain	1,497,226	1,463,127	1,742,108	1,729,729	1,960,433	1,845,301	1,666,579	1,836,090	2,098,829	2,031,610	
Chemical	1,925,658	2,001,658	2,305,684	2,230,115	1,944,182	1,605,426	2,004,086	2,142,736	1,795,329	1,569,993	
Dry Bulk	7,011,729	7,867,258	7,016,302	7,197,245	7,076,538	7,402,456	6,833,913	7,289,404	8,396,054	7,700,130	
Liquid Bulk	56,203	53,649	56,876	113,130	320,633	65,538	243,135	407,906	518,403	248,355	
Petroleum	72,756,768	78,005,661	73,233,752	78,082,315	75,518,348	69,900,454	74,022,165	74,214,651	73,532,352	75,176,049	
<b>Total</b>	<b>83,276,973</b>	<b>89,528,133</b>	<b>84,524,970</b>	<b>89,424,491</b>	<b>87,035,957</b>	<b>80,958,923</b>	<b>85,131,124</b>	<b>86,393,803</b>	<b>86,785,949</b>	<b>86,982,834</b>	

TABLE 19 (Unaudited)

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

**Revenues by Source  
Last Ten Years**

Table 2:

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Operating Revenues:</b>										
Wharfage	\$ 12,683,762	\$ 13,546,195	\$ 12,592,047	\$ 13,282,469	\$ 13,215,302	\$ 12,534,632	\$ 13,535,168	\$ 14,076,271	\$ 15,388,177	\$ 19,351,717
Dockage	3,582,641	4,020,559	3,619,507	3,229,447	3,009,600	2,733,667	3,218,880	3,858,120	4,153,902	3,354,723
Freight handling	3,652,867	4,683,526	4,158,629	2,019,205	2,033,916	2,410,795	1,492,129	1,976,486	2,351,619	2,065,511
Bagging	96,928	841,439	41,344	-	-	-	-	-	-	-
Building and land rentals	1,306,175	1,430,634	1,495,070	2,835,108	3,363,438	3,385,964	3,361,762	3,409,141	3,705,185	4,037,572
Conference center	-	-	-	296,861	833,712	1,367,934	1,443,592	1,663,726	1,556,200	1,495,599
Refrigerated warehouse	-	-	-	-	102,623	954,178	1,137,336	816,739	1,737,118	1,484,404
FTZ user fees	298,827	335,160	346,660	261,250	281,750	287,115	264,750	261,666	233,333	243,000
Security surcharge fees	-	-	-	-	-	-	-	830,882	2,018,305	2,003,964
Compress	403,509	922,611	2,298,035	2,734,668	1,477,844	185,538	45,598	-	-	-
Other	775,336	1,215,739	1,285,615	1,231,395	1,306,133	1,301,176	2,380,598	1,478,266	1,588,053	1,999,921
	<u>\$ 22,800,045</u>	<u>\$ 26,995,863</u>	<u>\$ 25,836,907</u>	<u>\$ 25,890,403</u>	<u>\$ 25,624,318</u>	<u>\$ 25,160,999</u>	<u>\$ 26,879,813</u>	<u>\$ 28,371,297</u>	<u>\$ 32,731,892</u>	<u>\$ 36,036,411</u>
<b>Non-Operating Revenues:</b>										
Other:										
Interest	\$ 1,947,942	\$ 2,031,442	\$ 1,751,857	\$ 1,619,461	\$ 1,261,435	\$ 1,314,593	\$ 1,222,899	\$ 1,116,764	\$ 1,084,006	\$ 1,269,697
Other	584,104	540,587	674,757	572,907	787,431	236,214	-	1,242,935	139,182	-
	<u>\$ 2,532,046</u>	<u>\$ 2,572,029</u>	<u>\$ 2,426,614</u>	<u>\$ 2,192,368</u>	<u>\$ 2,048,866</u>	<u>\$ 1,550,807</u>	<u>\$ 1,222,899</u>	<u>\$ 2,359,699</u>	<u>\$ 1,223,188</u>	<u>\$ 1,269,697</u>

TABLE 20 (Unaudited)

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

**Expenses by Type  
Last Ten Years**

Table 3:

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Operating Expenses:</b>										
Maintenance and Operation:										
Employee services	\$ 3,933,523	\$ 4,113,336	\$ 4,563,345	\$ 3,293,465	\$ 3,570,749	\$ 3,929,041	\$ 4,144,531	\$ 5,206,360	\$ 6,296,241	\$ 6,768,333
Maintenance	2,674,863	2,919,585	2,213,199	1,756,682	1,761,065	1,970,104	2,686,825	2,641,655	3,317,396	4,173,668
Utilities	646,548	625,315	660,189	468,382	615,609	694,391	886,009	964,332	1,095,452	1,399,011
Telephone	17,473	22,204	26,092	30,158	33,212	34,045	22,358	20,468	19,694	23,716
Insurance	1,299,047	1,026,451	978,421	966,835	966,114	1,276,352	1,427,198	1,377,486	1,264,823	1,726,286
Professional services	260,363	115,416	182,015	114,171	137,700	202,418	228,158	444,902	544,189	400,085
Police expenses	-	-	-	-	-	-	-	64,252	36,788	53,276
Contracted services	912,584	988,017	1,128,658	1,062,328	1,205,445	1,597,049	1,485,158	1,483,850	2,155,840	2,110,723
Office and equipment rental	10,786	9,152	55,208	51,250	40,616	106,710	11,908	25,941	78,665	129,527
Operator and event expenses	-	-	-	244,174	708,885	1,225,868	1,310,806	1,438,345	1,287,428	1,311,334
Warehouse supplies	-	-	-	-	1,898	85,770	46,823	51,281	136,382	64,946
Grain handling	67,937	463,180	58,274	1,094	-	-	-	-	-	-
Ginning	157,606	366,040	1,258,237	1,096,642	546,622	-	-	-	-	-
Safety/Environmental	40,703	43,647	58,281	21,034	33,018	39,985	46,293	43,180	53,509	50,970
General	203,042	220,682	228,439	227,802	246,706	253,460	178,488	225,660	74,745	173,190
	<u>\$10,224,475</u>	<u>\$10,913,025</u>	<u>\$11,410,358</u>	<u>\$ 9,334,017</u>	<u>\$ 9,867,639</u>	<u>\$11,415,193</u>	<u>\$12,474,555</u>	<u>\$13,937,712</u>	<u>\$16,361,152</u>	<u>\$18,385,065</u>
<b>General and Administrative:</b>										
Employee services	\$ 4,060,736	\$ 4,170,496	\$ 4,521,403	\$ 4,484,449	\$ 4,485,094	\$ 4,523,035	\$ 5,048,655	\$ 5,367,098	\$ 5,711,388	\$ 6,150,455
Maintenance	262,002	298,099	317,737	281,890	234,515	297,592	272,419	274,342	229,548	324,760
Utilities	119,642	110,965	102,943	125,271	154,595	118,395	131,448	135,135	162,864	218,586
Telephone	86,186	105,203	103,524	129,241	124,877	98,649	103,287	108,862	209,939	205,520
Insurance	110,179	99,291	79,152	39,961	85,113	208,519	107,456	45,278	119,854	111,670
Professional services	1,111,892	1,641,139	1,665,601	1,761,967	1,914,403	1,794,626	1,781,500	1,642,718	1,713,073	1,864,026
Police expenses	-	-	-	-	-	-	-	1,429	1,341	654
Contracted services	14,727	10,151	25,609	79,711	105,890	94,226	68,343	60,516	54,189	134,754
Office and equipment rental	24,717	25,087	44,365	30,848	46,307	2,245	8,270	3,042	4,451	6,852
Administrative	1,004,757	1,209,395	1,361,721	1,344,684	1,262,105	1,279,119	1,533,738	1,598,908	1,483,098	1,647,031
Trade and sales development	103,137	163,991	227,183	209,492	178,538	129,229	125,484	143,296	107,450	123,054
Media advertising	194,785	295,463	238,715	248,392	211,051	124,256	88,530	102,957	91,527	73,557
Production	80,363	105,620	107,252	111,049	77,551	55,918	57,538	25,460	45,124	56,861
Safety/Environmental	19,607	(9,176)	20,227	6,869	11,241	13,638	19,889	20,992	20,439	36,047
General	(77,766)	62,602	43,826	91,181	106,490	143,727	226,074	100,304	184,761	(193,238)
	<u>\$ 7,114,964</u>	<u>\$ 8,288,326</u>	<u>\$ 8,859,258</u>	<u>\$ 8,945,005</u>	<u>\$ 8,997,770</u>	<u>\$ 8,883,174</u>	<u>\$ 9,572,631</u>	<u>\$ 9,630,337</u>	<u>\$10,139,046</u>	<u>\$10,760,589</u>
<b>Depreciation</b>	<u>\$ 4,695,995</u>	<u>\$ 4,425,667</u>	<u>\$ 4,509,898</u>	<u>\$ 4,944,421</u>	<u>\$ 5,224,868</u>	<u>\$ 5,284,372</u>	<u>\$ 5,417,115</u>	<u>\$ 5,513,656</u>	<u>\$ 6,142,055</u>	<u>\$ 7,127,447</u>
<b>Non-Operating Expenses:</b>										
Other:										
Interest	\$ 315,995	\$ 252,987	\$ 167,605	\$ 128,862	\$ 85,005	\$ 734,977	\$ 886,261	\$ 821,270	\$ 775,933	\$ 739,069
Other	-	11,502	488,569	498,208	-	-	90,856	-	-	15,395
	<u>\$ 315,995</u>	<u>\$ 264,489</u>	<u>\$ 656,174</u>	<u>\$ 627,070</u>	<u>\$ 85,005</u>	<u>\$ 734,977</u>	<u>\$ 977,117</u>	<u>\$ 821,270</u>	<u>\$ 775,933</u>	<u>\$ 754,464</u>

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

**Debt Administration  
December 31, 2006**

At December 31, 2006, the Authority had one debt issue outstanding. This issue included \$13,080,000 in general revenue bonds. The Authority has maintained an AAA rating from Standard and Poor's Corporation and an Aaa rating from Moody's Investor Service on general revenue bond issues.

The following is a statement of changes in long-term debt for the year ended December 31, 2006:

**Table 4:**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Revenue bonds	\$ 14,120,000	\$ -	\$ 1,040,000	\$ 13,080,000	\$ 1,075,000
Accumulated Accretion	69,233	18,518	-	87,751	
<b>Total</b>	<b>\$ 14,189,233</b>	<b>\$ 18,518</b>	<b>\$ 1,040,000</b>	<b>\$ 13,167,751</b>	<b>\$ 1,075,000</b>

At December 31, 2006, total debt service requirements are as follows:

**Table 5:**

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2007	\$ 1,075,000	\$ 595,548	\$ 1,670,548
2008	1,120,000	554,175	1,674,175
2009	1,160,000	508,740	1,668,740
2010	1,210,000	460,690	1,670,690
2011	1,265,000	408,405	1,673,405
Thereafter	7,250,000	1,106,295	8,356,295
<b>Total</b>	<b>\$ 13,080,000</b>	<b>\$ 3,633,853</b>	<b>\$ 16,713,853</b>

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

**Notes Receivable  
December 31, 2006**

**Table 6:**

A summary of changes in notes receivable for the year ended December 31, 2006, is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Maturities</b>	<b>Ending Balance</b>	<b>Current Portion</b>
<b>Notes Receivable</b>	<b>\$ 8,201,239</b>	<b>\$ -</b>	<b>\$ 566,127</b>	<b>\$ 7,635,112</b>	<b>\$ 611,418</b>

Notes Receivable as of December 31, 2006 is summarized as follows:

	<b>Principal Outstanding</b>
\$12,000,000 Note Receivable due in annual principal installments ranging from \$524,192 to \$1,131,691 through 2015; interest at 8.0 percent.	\$ 7,635,112
Less Current Maturities	611,418
<b>Notes Receivable - Net</b>	<b>\$ 7,023,694</b>

Total note receivable requirements as of December 31, 2006, are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2007	\$ 611,418	\$ 610,809	\$ 1,222,227
2008	660,331	561,896	1,222,227
2009	713,157	509,069	1,222,226
2010	770,210	452,016	1,222,226
2011	831,827	390,400	1,222,227
Thereafter	4,048,169	840,737	4,888,906
<b>Total</b>	<b>\$ 7,635,112</b>	<b>\$ 3,364,927</b>	<b>\$ 11,000,039</b>

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

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

Note payments are based on revenue received from wharfage fees collected by the Authority for crude oil moving across the Authority's Oil Dock 1 to the User's crude storage facilities, and fifty percent of dockage fees collected by the Authority for ships berthing at the Authority's Oil Dock 1 for purpose of delivering crude oil to the User's crude storage facilities. Monthly amounts are credited to a debt service account that is used to make scheduled note payments when due. In the event there are insufficient funds in the debt service account to meet scheduled note payments, the User is required to make up any shortfall. Should a surplus exist, the excess is applied in inverse order against principal last coming due on the note. In 2006, the Authority credited \$1,628,896 of applicable revenue received from wharfage and dockage fees collected to the debt service account.

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

**Leases  
December 31, 2006**

**Table 7:****Operating Leases**

The Authority leases to others certain land and improvements. These leases are classified as operating leases in accordance with the criteria of Statement of Financial Accounting Standards (SFAS) No. 13. As of December 31, 2006, minimum lease payments under these operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

<b>Years Ending</b>	
2007	\$ 1,785,105
2008	1,534,200
2009	1,325,712
2010	1,256,870
2011	436,770
Thereafter	2,360,172
<b>Total</b>	<b>\$ 8,698,829</b>

TABLE 24 (Unaudited)

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

**Financial Performance Indicators  
Last Ten Years**

Table 8:

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Operating Revenues (OR)	\$ 22,800,045	\$ 26,995,863	\$ 25,836,907	\$ 25,890,403	\$ 25,624,318	\$ 25,160,999	\$ 26,879,813	\$ 28,371,297	\$ 32,731,892	\$ 36,036,411
Operating Expenses (OE) *	(17,339,439)	(19,201,351)	(20,269,616)	(18,279,022)	(18,865,409)	(20,298,367)	(22,047,186)	(23,568,049)	(26,500,198)	(29,145,654)
Net Operating Income (NOI)	5,460,606	7,794,512	5,567,291	7,611,381	6,758,909	4,862,632	4,832,627	4,803,248	6,231,694	6,890,757
Non-Operating Revenues	2,532,046	2,572,029	2,426,614	2,192,369	2,055,366	1,550,807	1,222,899	2,359,699	1,223,188	1,269,697
Non-Operating Expenses	(315,995)	(264,489)	(656,174)	(627,071)	(85,005)	(734,977)	(977,117)	(821,270)	(775,933)	(754,464)
Net Income "A" (NI"A")	7,676,657	10,102,052	7,337,731	9,176,679	8,729,270	5,678,462	5,078,409	6,341,677	6,678,949	7,405,990
Depreciation	(4,695,994)	(4,425,667)	(4,509,898)	(4,944,421)	(5,224,868)	(5,284,372)	(5,417,115)	(5,513,656)	(6,142,055)	(7,127,447)
Net Income (Loss) "B" (NI"B")	\$ 2,980,663	\$ 5,676,385	\$ 2,827,833	\$ 4,232,258	\$ 3,504,402	\$ 394,090	\$ (338,706)	\$ 828,021	\$ 536,894	\$ 278,543
Net Capital Assets (NCA) **	\$ 117,956,248	\$ 118,269,753	\$ 122,779,056	\$ 147,286,699	\$ 143,840,270	\$ 145,906,446	\$ 143,298,109	\$ 139,998,166	\$ 156,723,985	\$ 175,997,745
Total Assets (TA)	\$ 172,384,118	\$ 178,459,639	\$ 179,958,670	\$ 179,630,724	\$ 179,679,554	\$ 196,391,543	\$ 197,115,656	\$ 212,289,063	\$ 242,045,429	\$ 252,168,291
<b>Operating Indicators:</b>										
Operating ROI (NOI/NCA)	4.63%	6.59%	4.53%	5.17%	4.70%	3.33%	3.37%	3.43%	3.98%	3.92%
Operating Margin (NOI/OR)	23.95%	28.87%	21.55%	29.40%	26.38%	19.33%	17.98%	16.93%	19.04%	19.12%
Operating Ratio (OE/OR)	76.05%	71.13%	78.45%	70.60%	73.62%	80.67%	82.02%	83.07%	80.96%	80.88%
<b>Other ROI Indicators:</b>										
ROI "A" (NI"A"/TA)	4.45%	5.66%	4.08%	5.11%	4.86%	2.89%	2.58%	2.99%	2.76%	2.94%
ROI "B" (NI"B"/TA)	1.73%	3.18%	1.57%	2.36%	1.95%	0.20%	-0.17%	0.39%	0.22%	0.11%

\* - Excludes Depreciation

\*\* - Excludes Construction in Progress

**TABLE 25 (Unaudited)****PORT OF CORPUS CHRISTI AUTHORITY  
OF NUECES COUNTY, TEXAS****Debt Service Requirements  
December 31, 2005****Table 9:**

<b>Year Ending</b>	<b>Series 2002-A Bonds</b>			<b>Series 2002-B Bonds</b>			<b>Grand Total</b>
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2007	\$ 610,000	\$ 348,795	\$ 958,795	\$ 465,000	\$ 246,753	\$ 711,753	\$ 1,670,548
2008	635,000	324,395	959,395	485,000	229,780	714,780	1,674,175
2009	660,000	298,360	958,360	500,000	210,380	710,380	1,668,740
2010	690,000	270,310	960,310	520,000	190,380	710,380	1,670,690
2011	720,000	239,605	959,605	545,000	168,800	713,800	1,673,405
2012	755,000	206,485	961,485	565,000	145,365	710,365	1,671,850
2013	790,000	171,000	961,000	590,000	120,505	710,505	1,671,505
2014	825,000	132,685	957,685	620,000	93,660	713,660	1,671,345
2015	865,000	91,435	956,435	650,000	64,520	714,520	1,670,955
2016	910,000	47,320	957,320	680,000	33,320	713,320	1,670,640
	<b>\$ 7,460,000</b>	<b>\$ 2,130,390</b>	<b>\$ 9,590,390</b>	<b>\$ 5,620,000</b>	<b>\$ 1,503,463</b>	<b>\$ 7,123,463</b>	<b>\$ 16,713,853</b>
<b>Average</b>							<b>\$ 1,671,385</b>



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

**Pension Plan  
December 31, 2006**

**Table 10:****Plan Description**

The Authority provides pension, disability, and death benefits for all its full-time employees through a nontraditional defined benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 575 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

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

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

**Contributions**

The contribution rate for employees is 7% and the Authority's rate is 11%, both as adopted by the governing body of the Authority. Employee and Authority contributions were \$631,416 and \$992,226, respectively for the year ended December 31, 2006. Both the employees and the Authority make monthly contributions.

**Annual Pension Cost and Net Pension Obligation**

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

<b>Years Ended December 31,</b>	<b>Annual Pension Cost</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2006	\$ 992,226	100.00%	\$ -
2005	939,842	100.00%	\$ -
2004	871,036	100.00%	\$ -

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

**Pension Plan  
December 31, 2006**

**Table 10 (Continued):**

The latest actuarial valuation for the Authority employees was completed as of December 31, 2005. The actuarial cost method and significant assumptions underlying the actuarial calculations are as follows:

Actuarial Cost Method	Entry Age
Asset Valuation Basis	Long-term appreciation with adjustment
Projected Annual Salary Increases	5.3%
Assumed Rate of Return on Investments	8.00%
Inflation Factor	3.5%
Amortization Method	Level percentage of payroll, open
Amortization Periods	20 years

**Schedule of Funding**

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

<b>Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Unfunded</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>Percentage of Covered Payroll</b>
<b>December 31,</b>						
2005	\$ 13,572,671	\$ 18,177,881	\$ 4,605,210	74.67%	\$ 8,544,001	53.90%
2004	12,187,288	16,966,500	4,779,212	71.83%	7,918,506	60.35%
2003	10,728,469	15,445,423	4,716,954	69.46%	6,522,619	72.32%

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

**Current Investments  
December 31, 2006**

**Table 11:**

The Authority's investments at December 31, 2006, are shown below:

	Carrying Value	Fair Value	Category
Investments:			
Certificates of Deposit	\$ -	\$ -	1
Total investments	\$ -	\$ -	
Temporary investments shown as cash equivalents:			
Mutual fund-AIM	\$ 12,136,512	\$ 12,136,512	Pooled
Total temporary investments shown as cash equivalents	\$ 12,136,512	\$ 12,136,512	





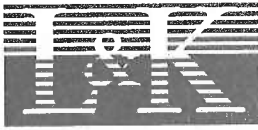
# SINGLE AUDIT SECTION



FULTON CORRIDOR







**Lovvorn & Kieschnick**

CERTIFIED PUBLIC ACCOUNTANTS

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## **Independent Auditor's Report**

### **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**

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

We have audited the basic financial statements of the Port of Corpus Christi Authority, as of and for the year ended December 31, 2006 and 2005, and have issued our report thereon dated April 30, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Port of Corpus Christi Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies

in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Port of Corpus Christi Authority's 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 or other matters that are required to be reported under *Government Auditing Standards*.

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

*Lovvorn + Kieschnick, LLP*

Lovvorn & Kieschnick, LLP  
April 30, 2007



**Lovvorn & Kieschnick**

CERTIFIED PUBLIC ACCOUNTANTS

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## **Independent Auditor's Report**

### Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

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

#### Compliance

We have audited the compliance of the Port of Corpus Christi Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Port of Corpus Christi Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.



### Internal Control over Compliance

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

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

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

*Lovvorn + Kieschnick, LLP*

Lovvorn & Kieschnick, LLP  
April 30, 2007

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2006

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?        Yes   X   No

Significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None Reported

Noncompliance material to financial statements noted?        Yes   X   No

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified?        Yes   X   No

Significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?        Yes   X   No

Identification of major programs:

<u>CFDA Numbers(s)</u>	<u>Name of Federal Program or Cluster</u>
	U.S. Department of Transportation:
20.000	Water Taxi Project
20.205	Water Taxi Project
20.000	Joe Fulton International Trade Corridor
20.000	Tule Lake Lift Bridge Rehabilitation Project

Dollar threshold used to distinguish between type A and type B programs: \$364,890

Auditee qualified as low-risk auditee?   X   Yes        No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2006

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
N/A - No prior findings		

**PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

<b><u>Program Title</u></b>	<b><u>CFDA Number</u></b>	<b><u>Grant Number</u></b>	<b><u>Expenditures</u></b>
<b>Federal Assistance</b>			
U.S. Department of Homeland Security			
Direct Programs			
Port Security Grant #2	20.420	D TSA20-03-G-01089	\$ 179,881
Port Security Grant #3	97.056	HSTS04-04-G-GPS330	1,625,618
Port Security Grant #4	97.056	HSTS04-04-G-GPS609	1,695,004
Total U.S. Department of Homeland Security			<u>3,500,503</u>
U.S. Department of Transportation			
Passed through Texas State Department of Transportation			
Water Taxi Project	20.000	CSJ0916-35-088	205,284
Water Taxi Project	20.205	HEPP-0603-Q68-0006	500,000
Joe Fulton International Trade Corridor	20.000	CSJ0916-35-046	7,214,122
Tule Lake Lift Bridge Rehabilitation Project	20.000	CSJ0916-35-132	743,093
Total U.S. Department of Transportation			<u>8,662,499</u>
Total Expenditures of Federal Awards			<u>12,163,002</u>
<b>State Assistance</b>			
Texas Transportation Commission			
Passed through Texas State Department of Transportation			
Tule Lake Lift Bridge Rehab Project		CSJ0916-35-132	92,887
Total Texas Transportation Commission			<u>92,887</u>
Total Expenditures of State Awards			<u>92,887</u>
Total Expenditures of Federal and State Awards			<u>\$ 12,255,889</u>

The accompanying notes are an integral part of this schedule.

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2006

1. **General**

The accompanying Schedule of Expenditures of Federal/State Awards presents the activity of all Federal and State financial assistance programs of the 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 and State financial assistance received directly from Federal and State agencies and passed through other governmental agencies is included on the schedule.

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.

