



Port of Corpus Christi Authority of Nueces County, Texas

**Comprehensive Annual Financial Report
For the Year Ended December 31, 2008**



Comprehensive Annual Financial Report

Port of Corpus Christi Authority of Nueces County, Texas

For the Year Ended December 31, 2008

Prepared by the Finance Department

Daniel R. Hodgkins
Chief Financial Officer

INTRODUCTORY SECTION

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

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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, Deputy Port Director of Engineering and Finance and Administration

Maynard J "Sandy" Sanders, Deputy Port Director of Operations and Business Development

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

Vacant, Director of Engineering Services

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

**Organization Chart
December 31, 2008**

PORT COMMISSION, PORT OF CORPUS CHRISTI AUTHORITY

Executive Director	John P. LaRue
Deputy Port Director of Engineering and, Finance and Administration	Frank C. Brogan
Director of Engineering Services	Vacant
Deputy Director of Engineering Services	Greg Brubeck
Chief Engineer	David L. Michaelsen
Chief Financial Officer	Daniel R. Hodgkins
Controller	Dennis J. DeVries
Chief Accountant	Audre Debler
Manager of Management Information Systems	Gustavo Espinosa
Deputy Port Director of Operations and Business Development	Maynard J. "Sandy" Sanders
Director of Operations	William J. Cotter
Deputy Director of Operations	Tony Alejandro
Manager of Foreign Trade Zone	Sonya Lopez-Sosa
Manager of Risk Management	David Solis
Chief of Port Security	Arch Archambo
Harbormaster	Jim Burns
Manager of Transportation	Fred Babin
Manager of Bulk Terminal	Paul "Skip" Kaup
Manager of Cold Storage Facility	Ron Sutter
Manager of Dock Operations	Raymond Kadlecsek
Maintenance Manager	David Throop
Director of Business Development	Michael Perez
Manager of Business Development	Vacant
Manager of Industrial Development	J. Allen Speight
Community Relations Manager	Patricia Cardenas
Marketing Manager	John Valls
Director of Human Resources	Sandra Terrell-Davis
Human Resources Generalist	Monica Euresti
Manager of Legislative Affairs	Nelda Olivo
Project Manager - Naval Station Ingleside Redevelopment	Tom Moore



PORT CORPUS CHRISTI

March 31, 2009

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, 2008.

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, 2008. 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 principles: (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. 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 \$29.8 million.

The Joe Fulton Trade Corridor – Phase II

The Authority continues construction on the final phase of the *Joe Fulton Trade Corridor*, a road and rail route that has already streamlined truck and rail traffic in and out of the Authority by providing an alternative route to access I-37 west of the ship channel. This corridor encompasses an 11.5-mile road and rail project that has significantly improved access to more than 2,000 acres of land along the North side of the channel for existing and future development. The corridor has made approximately 1,100 acres of land (which had no access available) for use as marine terminals or industrial sites. The corridor connects two major highway components- US Highway 181 and Interstate Highway 37; thus, establishing more efficient intermodal links between highway, marine, and rail transportation systems. The corridor addressed environmental and safety concerns, and facilitates international trade.

Construction began in 2004 and Phase I was completed in 2008. Total project costs for phase I was \$50.4 million. Funding for the first phase of the project was provided through federal and state assistance, and cash reserves of the Authority. Funding to complete phase II of this project is being provided from \$11.25 million of federal stimulus funding and \$3.75 million of the Authority's unrestricted net assets over 2009 and 2010. Phase II will rebuild a 2.5 mile section of substandard roadway and overlay 6.5 miles of Phase I work with asphalt.

Channel Improvement Project

In 2003, the Authority completed the feasibility phase of the Channel Improvement Project and in November 2007, the project was authorized by Congress in the Water Resources Development Act (WRDA) of 2007. The authorized project includes 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. Channel Improvements will be constructed in contracts beginning in 2009 and ending in approximately 2017. The planned initial contracts will extend the La Quinta Ship Channel. The 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 \$500 million. Funding for this project will come from federal assistance and revenue bonds, supported by a proposed tariff increase. Congress appropriated \$1.1 million in 2009 to initiate the construction of the project.

MAJOR INITIATIVES - 2008

Environmental Management System

In July 2007, the Authority's environmental management system (EMS) received ISO 14001 certification from a third-party certification body, National Quality Assurance. ISO-14001 certification demonstrates that the Authority has made a commitment to systematically reduce the environmental impacts of our operations while making a commitment to continually improve. PCCA maintained this certification in 2008 and is striving towards recertification again in 2009. Through the EMS program, the Authority has done many things to show our commitment to continual improvements. In 2008, the Authority continued to promote participation in our recycling program both with our own employees and port users. In 2008, under our recycling program, the Authority recycled approximately 794 fluorescent and mercury lamps and tires; approximately 138,115 pounds of paper, plastic, and metal; and approximately 4,612 gallons of used oil, oil filters, and anti-freeze. The Authority also hosted the Pollution Prevention Partnership AutoCheck in the port area to test vehicles on three separate occasions in 2008. The events were open to the community and well over 1,500 vehicles total were screened during the three events. Of the vehicles screened, 35 were identified as "dirty" and were sent for repairs and 20 were identified with leaking gas caps and provided a voucher for repairs. Also during 2008, an objective and target was set to improve the quality of storm water runoff from two of our facilities and reduce our electrical consumption port wide compared to tons of cargo handled. Filters were installed in the storm water outfall at both facilities and an overall improvement of 93.4% in storm water quality was seen. Additionally, in 2008, a 23% reduction was made in the amount of electricity consumed port wide.

Naval Station Ingleside Reverts to Authority

In 2005, Congress passed Base Realignment and Closure (BRAC) legislation that will close down Navy operations at Naval Station Ingleside and revert the entire base to the Authority by September 30, 2010. The main base consists of 483 acres of upland property, which provides facilities and support for approximately 2000 military personnel. The maritime portion of the base includes an 1100-foot concrete pier and over 2400 feet of wharf space. This premiere property is located next to the Authority's 45 foot deep main ship channel and less than 10 miles from the Gulf of Mexico. The Authority continues its master planning to help assess and market what would be the best use for a total of 1009 acres comprised of Naval Station Ingleside property and adjacent Authority green field property. The Authority continue working an extensive outreach with the citizens of the Coastal Bend to educate the community about what the base could become after the Navy leaves in September 2010.

Military Cargo and Layberth

The Authority continues to serve as a Military Strategic Seaport for the Department of Defense. The port is used by the military on an intermittent basis under the direction of the Army's 842d Transportation Battalion from Beaumont, Texas, which continues to maintain administrative office space on the port. Increased commercial cargo shipments through the port have required large portions of the terminal yards used for military deployments. A new 24.5 acre yard on the north side of the inner harbor will be constructed to support future military deployments and commercial cargos. The port served as the home port for the USNS Benavidez, USNS Fisher and USNS Pililaau throughout 2008. Due to the importance of military presence in the Gulf of Mexico, the port continues to pursue a full-time military presence to be stationed at the port. We are also preparing our facilities for the expected up-coming redeployment from Iraq.

La Quinta Trade Gateway Project

In 2008, The Port of Corpus Christi Authority engaged in a Strategic Memorandum of Understanding with Zachry American Infrastructure, Inc. The MOU is exploring the feasibility of various options, assessing the potential economic and financial visibility of the project. The goal of the MOU is to enter into a long term agreement for design, financing, construction and operation of the La Quinta Trade Gateway Terminal. J.P. Morgan Securities Inc. and M.E. Allison & Co., Inc. continue as its financial advisors assisting in evaluating the possible long-term concession lease of the La Quinta Trade Gateway Terminal located on a 1,100 acre parcel of land on the Northeast side of Corpus Christi Bay. The Authority's primary

objective is to develop a state of the art container and break-bulk shipping terminal that, because of its location and design, will strengthen the weak links in shippers' and ocean carriers' respective supply chains at a competitive price, and offer the latest in port security.

To accomplish this objective, the Authority intends to enter into a long-term lease agreement with a qualified private party or consortium under which the Private Operator will design, build, finance and maintain La Quinta and will be granted the exclusive right to operate the Terminal and collect revenues from terminal users during the term of the Agreement, which is anticipated to be for 30 years or more. If the MOU between the Port and Zachry American Infrastructure reaches a mutual accord, a definitive agreement will be signed in December 2009.

Wind Turbines

Texas is the number one state in the nation in wind power production and the Port of Corpus Christi has become a preferred port of entry for imported wind turbines. In addition to the tremendous capabilities of Cargo Dock 8 on the Southside, wind turbine components are now unloaded at Cargo Dock 9 and into expanded storage areas on the Northside of the Inner Harbor. The Northside area has seen improvements of 25 acres for staging immediately across from the Inner Harbor and an additional 10 acres just across the Joe Fulton International Trade Corridor. These turbines move efficiently by either truck or rail down the new Fulton Corridor to project sites in the panhandle and West Texas. E.ON Climate & Renewables is developing a wind farm in neighboring San Patricio County to encompass approximately 45,000 acres with turbine components from Vestas. The Port of Corpus Christi is facilitating the movement of wind turbine components from more manufacturers than any other Texas port and it is an active member of the American Wind Energy Association (AWEA).

Las Brisas Energy Center

In 2008, Las Brisas Energy Center, LLC, selected the Northside of the Authority's Inner Harbor as the site for the development of a state-of-the-art electric generating facility. With an initial investment of \$3 billion dollars, Las Brisas Energy Center, LLC, received its Preliminary Air Permit from the State of Texas Commission of Environmental Quality (TCEQ) in fall of 2008. The circulating fluidized bed (CFB) facility was designed to minimize the environmental impact and to be clean and efficient. It is expected to create about 1,300 direct jobs and 2,600 indirect jobs during the construction phase. Project completion is expected by early 2013, creating from 80 to 100 direct and 150 to 175 indirect jobs once operating.

On-going Construction Projects

A new 24.5 acre storage yard with 6,400LF of rail tracks will support the high demand for wind generating equipment moving through the port. This \$5 million dollars investment is scheduled to be complete in the summer of 2009.

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, 2007. This was the twenty-fifth 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,

A handwritten signature in blue ink, reading "John P. LaRue". The signature is stylized with a large, looped "J" and "L".

John P. LaRue
Executive Director

A handwritten signature in blue ink, reading "Daniel R. Hodgkins". The signature is written in a cursive style with a large "D" and "H".

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

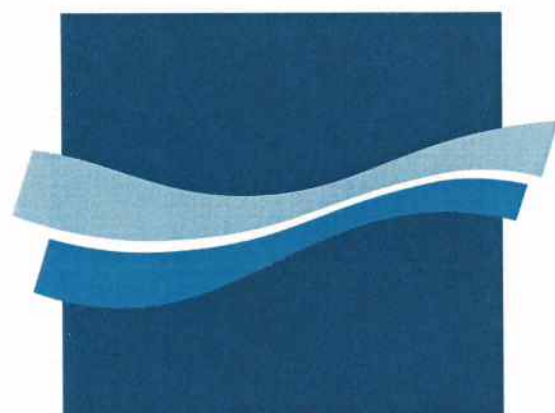
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

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.



President

Executive Director



PORTCORPUSCHRISTI

FINANCIAL SECTION



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 statements of net assets of the Port of Corpus Christi Authority of Nueces County, Texas (the Authority), as of December 31, 2008 and 2007 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 financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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, 2008 and 2007, and the respective changes in net assets and 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 March 31, 2009 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 31 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 conducted 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
March 31, 2009

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS
Management's Discussion and Analysis (Unaudited)
December 31, 2008**

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, 2008 and 2007. 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, 2008 were \$234,173,531. Of this amount, \$29,829,604 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 \$9,170,474 or 4.1% over the prior year. Income before contributions produced an increase in net assets of \$6,584,584, while capital contributions provided an increase of \$2,585,890.
- The Authority's total debt decreased by \$1,119,107 in 2008, 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 11 through 30 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 39 through 69 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, 2008, 2007 and 2006:

	2008	2007	2006	2008-07 Change	2007-06 Change
Assets					
Current assets	\$ 32,023,341	\$ 21,041,415	\$ 21,968,657	\$ 10,981,926	\$ (927,242)
Restricted assets	1,756,683	2,193,823	2,061,302	(437,140)	132,521
Capital assets	225,460,257	229,251,802	221,016,717	(3,791,545)	8,235,085
Other non-current assets	4,110,059	5,661,776	7,121,615	(1,551,717)	(1,459,839)
Total Assets	263,350,340	258,148,816	252,168,291	5,201,524	5,980,525
Liabilities					
Current liabilities	5,681,364	8,287,212	8,773,650	(2,605,848)	(486,438)
Long-term debt, net of current portion	9,822,038	10,981,145	12,092,751	(1,159,107)	(1,111,606)
Deferred income, net of current portion	11,403,487	11,860,527	12,317,567	(457,040)	(457,040)
Other liabilities	2,269,920	2,016,875	1,753,430	253,045	263,445
Total Liabilities	29,176,809	33,145,759	34,937,398	(3,968,950)	(1,791,639)
Net Assets					
Invested in capital assets, net of related debt	202,587,244	204,800,725	195,074,359	(2,213,481)	9,726,366
Restricted	1,756,683	2,193,823	2,061,302	(437,140)	132,521
Unrestricted	29,829,604	18,008,509	20,095,232	11,821,095	(2,086,723)
Total Net Assets	\$ 234,173,531	\$ 225,003,057	\$ 217,230,893	\$ 9,170,474	\$ 7,772,164

2008 – 2007

The Authority's assets exceeded its liabilities at the close of 2008 by \$234,173,531. This is an increase over 2007 of \$9,170,474. By far, the largest portion of the Authority's net assets (86.5%) 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 (0.8%) represents resources that are subject to external legal restrictions on how they may be used. The remaining balance of unrestricted net assets (12.7%) may be used to meet the Authority's ongoing obligations to employees and creditors.

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2007 – 2006

The Authority's assets exceeded its liabilities at the close of 2007 by \$225,003,057. This is an increase over 2006 of \$7,772,164. By far, the largest portion of the Authority's net assets (91.0%) 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 (8.0%) 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 serve as a measure to determine how successful the Authority was during the past year in recovering its costs through its user fees and other charges, as well as to its profitability and credit worthiness. The following Statements of Revenues, Expenses, and Change in Net Assets summarize the operations of the Authority for the years ended December 31, 2008, 2007 and 2006:

	2008	2007	2006	2008-07 Variance	2007-06 Variance
Revenues					
Operating revenues:					
Wharfage	\$ 26,359,823	\$ 27,219,535	\$ 19,351,717	\$ (859,712)	\$ 7,867,818
Dockage	7,078,197	3,655,333	3,354,723	3,422,864	300,610
Freight handling	2,178,423	2,166,118	2,065,511	12,305	100,607
Building and land rentals	4,318,458	4,545,342	4,037,572	(226,884)	507,770
Conference center services	1,451,630	1,597,594	1,495,599	(145,964)	101,995
Warehouse handling charges	1,367,306	1,211,146	1,484,404	156,160	(273,258)
FTZ user fees	284,500	295,000	243,000	(10,500)	52,000
Security surcharge fees	3,382,111	2,256,902	2,003,964	1,125,209	252,938
Other	4,630,745	1,982,487	1,999,921	2,648,258	(17,434)
Total operating revenues	51,051,193	44,929,457	36,036,411	6,121,736	8,893,046
Interest revenue	932,447	1,230,324	1,269,697	(297,877)	(39,373)
Federal Funds received as fiscal agent	284,048	-	-	284,048	-
Gain(Loss) on disposal of capital assets	(308,883)	(10,293)	(15,395)	(298,590)	5,102
Total Revenues	51,958,805	46,149,488	37,290,713	5,809,317	8,858,775
Expenses					
Operating expenses:					
Maintenance and operations	21,842,912	21,392,329	18,385,065	450,583	3,007,264
General and administrative	13,007,565	12,521,179	10,760,589	486,386	1,760,590
Depreciation	9,648,639	8,442,640	7,127,447	1,205,999	1,315,193
Total operating expenses	44,499,116	42,356,148	36,273,101	2,142,968	6,083,047
Interest expense and fiscal charges	562,442	620,495	689,611	(58,053)	(69,116)
Fiscal payments to subrecipients	284,048				
Amortization of bond issuance costs	28,615	37,828	49,458	(9,213)	(11,630)
Total Expenses	45,374,221	43,014,471	37,012,170	2,075,702	6,002,301
Income (Loss) Before Contributions	6,584,584	3,135,017	278,543	3,733,615	2,856,474
Capital Contributions	2,585,890	4,637,147	12,261,584	(2,051,257)	(7,624,437)
Changes in Net Assets	9,170,474	7,772,164	12,540,127	1,682,358	(4,767,963)
Total Net Assets, Beginning of Year	225,003,057	217,230,893	204,690,766	7,772,164	12,540,127
Total Net Assets, End of Year	\$ 234,173,531	\$ 225,003,057	\$ 217,230,893	\$ 9,454,522	\$ 7,772,164

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Revenues

2008 – 2007

Operating revenues in 2008 increased by \$6,121,736 or 13.63% over 2007. The single largest underlying factor contributing to this increase was the impact of a dockage tariff increase that was imposed in March of 2008, coupled with an associated increase in security surcharge fees directly related with the dockage increase. As a result dockage revenue and security surcharge revenues rose by \$3.4 million and \$1.1 million, respectively over 2007. In addition, the Authority recognized a significant increase in other revenues due to an increase in railcar revenue of nearly \$305 thousand, and the receipt of \$2.2 million in dredge disposal fees from the placement of dredge 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. Wharfage revenues declined \$860 thousand in 2008. This decline was due to a decrease in wharfage revenues at both the public and private oil docks of \$1.5 million and a decrease in passenger revenue of \$265 thousand associated with the discontinued operations of the *Texas Treasure* gambling ship. These decreases were offset by an increase in wharfage revenue of \$895 thousand at the Authority's dry cargo docks associated with the movement of windmill components.

2007 – 2006

Operating revenues in 2007 increased by \$8,893,046 or 24.7% over 2006. The two largest contributing factors that led to this increase were the increase in the general wharfage tariff on liquid bulk cargoes imposed at the beginning of the year, and a scheduled wharfage adjustment that went into effect in conjunction with a franchise agreement at a private oil dock facility. Wharfage revenues at both the Authority's public oil docks and private oil docks rose by nearly \$7.6 million in 2007 as a result of these increases. In addition, the Authority recorded increases in revenues for dockage, freight handling, building and land rentals and security surcharge fees. The Authority recognized dockage increases at all of its public facilities, a result of increased ship and barge traffic in 2007. Freight handling, and building and land rentals also reported increases in 2007, these increases were associated with the increase in storage activities at our open public storage yards of windmill components, and ground leases associated with land development, and oil and gas exploration ventures within the Authority's Inner Harbor area, and temporary leases for cotton storage. Security surcharge fees also rose in direct relation to the increases in wharfage. The Authority recognized a decline in warehouse handling revenue at the Authority's cold storage facility. This decline was due to a reduction in the exporting of poultry to Russia and Cuba and the importing of beef that was anticipated in 2007.

Expenses

2008 – 2007

Operating expenses in 2008 increased by \$2,142,968 or 5.06% over 2007. There were a number of factors that contributed to this increase. Employee services rose in 2008, as a result of hiring twenty-one security guards to replace contracted security guards. The intent was to provide a more consistent level of trained security guard personnel throughout the Authority, by eliminating the potential impact on port security protection by the turnover of contracted security guard personnel. The Authority still retained a portion of the contracted security guards to compliment and support the Authority's security guard force. In addition, the Authority saw its self-funded employee medical and dental costs escalate in 2008, along with giving employees a cost-of-living adjustment (COLA) that went into effect at the beginning of the year. Also, the Authority capitalized several large projects that substantially increased depreciation expense in 2008. These projects included the Joe Fulton International Trade Corridor and Rail Tracks, and the Northside Military Cargo Yard.

2007 – 2006

Operating expenses in 2007 increased by \$6,083,047 or 16.8% over 2006. Several factors have contributed to this increase. Maintenance expenses saw a significant rise over 2006 as a result of the removal of a submerged trestle at cargo dock 10. The costs

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incurred on this project alone neared the \$3.0 million mark. We also saw a \$1.4 million increase in depreciation expense, a result of feeling the full first year effects of depreciation on security grant assets that were capitalized in late 2006, and the capitalization in 2007 of the vessel traffic information system (VTIS). The Authority also experienced a rise in employee services costs, associated with a COLA and employee benefit expenses, property insurance premiums, and professional services expenses associated with a master plan to assess and market what would be the uses of Naval Station Ingleside (NSI) and adjacent Authority green field property once the base is closed.

Capital Grants and Contributions

2008 – 2007

Capital grants and contributions decreased by \$2,051,257 from 2007. 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, 2008 include the following:

● Joe Fulton International Trade Corridor	\$ 2,014,508
● Security Enhancements	478,530
● Vessel Traffic Information System	71,852
● Oil Spill Donation - Workbarge & Airboat	21,000

2007 – 2006

Capital grants and contributions decreased by \$7,624,437 from 2006. 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, 2007 include the following:

● Joe Fulton International Trade Corridor	\$ 4,509,614
● Security Enhancements	127,533

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

2008 – 2007

The Authority's investment in capital assets as of December 31, 2008, amounts to \$225,460,257 (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 decrease (additions net of retirements and depreciation) of \$3,791,545 or 1.65%. Additional information regarding the Authority's capital assets can be found in Note 4 to the financial statements on page 20.

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Major capital asset additions during 2008 include the following:

● Northside Military Cargo Yard	\$ 2,493,857
● Joe Fulton International Trade Corridor	1,061,228
● Security Enhancements	669,585
● Conference Center Roof Replacement	438,510

2007 – 2006

The Authority's investment in capital assets as of December 31, 2007, amounts to \$229,251,802 (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 \$8,235,085 or 3.7%. Additional information regarding the Authority's capital assets can be found in Note 4 to the financial statements on page 20.

Major capital asset additions during 2007 include the following:

● Joe Fulton International Trade Corridor	\$ 7,355,184
● Joe Fulton International Trade Corridor Rail Tracks	6,040,107
● Northside Military Cargo Yard	976,678
● Oil Dock 8 Breasting Structure Improvements	597,863

The following table summarizes the Authority's capital assets (net of accumulated depreciation) as of December 31, 2008, 2007 and 2006:

	2008	2007	2006	2008-07 Change	2007-06 Change
Capital assets, not being depreciated:					
Land	\$ 40,265,339	\$ 40,209,083	\$ 40,209,083	\$ 56,256	\$ -
Channel & waterfront improvements	18,868,431	18,868,431	18,868,431	-	-
Construction in progress	6,873,834	55,764,814	45,018,972	(48,890,980)	10,745,842
	66,007,604	114,842,328	104,096,486	(48,834,724)	10,745,842
Capital assets, being depreciated:					
Port facilities	94,173,467	52,814,756	55,230,540	41,358,711	(2,415,784)
Buildings & improvements	49,221,531	42,912,854	44,474,726	6,308,677	(1,561,872)
Machinery and equipment	16,057,655	18,681,864	17,214,965	(2,624,209)	1,466,899
	159,452,653	114,409,474	116,920,231	45,043,179	(2,510,757)
Net Capital Assets	\$ 225,460,257	\$ 229,251,802	\$ 221,016,717	\$ (3,791,545)	\$ 8,235,085

Long-term Debt

As of December 31, 2008, the Authority had long-term debt outstanding of \$10,982,038. This amount is comprised of general revenue bonds. The Authority's debt decreased through its annually scheduled debt service payments during 2008 and 2007. Additional information regarding the Authority's long-term debt can be found in Note 6 to the financial statements on page 22. The following table summarizes the Authority's long-term debt outstanding as of December 31, 2008, 2007 and 2006:

	2008	2007	2006	2008-07 Change	2007-06 Change
General revenue bonds	\$ 10,982,038	\$ 12,101,145	\$ 13,167,751	\$ (1,119,107)	\$ (1,066,606)
Total Long-term Debt	\$ 10,982,038	\$ 12,101,145	\$ 13,167,751	\$ (1,119,107)	\$ (1,066,606)

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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, 2008 the Authority's revenue bond coverage was 10.25 times, compared to 7.33 times as of December 31, 2007.

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 of both 2008 and 2007 were positively influenced by various tariff increases imposed in each of these years. The Authority had not imposed a wharfage increase on liquid bulk cargoes since 1982. The Authority however, has continued to feel the effects of the financial burden placed on it to provide federally mandated security protection for its harbors and facilities. These costs have been partially defrayed by a security surcharge fee. The Authority has been successful in securing federal grant funding to assist in the procurement of the necessary infrastructure to meet these mandates, but the Authority in the past has been encumbered with the financial burden of having to man and maintain these infrastructure improvements. However, the Authority is optimistic that it will be receiving some relief on this financial burden through upcoming security grants that will provide some funding assistance for replacement of certain security equipment procured through previous federal security grant fundings.

The Authority continually reviews its current tariff structure, as well as looks into ways to reduce its overall operating costs. During 2008, 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:

- The Authority entered into a Strategic Memorandum of Understanding with Zachry American Infrastructure, Inc. to explore the feasibility of various options to develop a state-of-the-art container and break-bulk shipping terminal and continues to engage J.P. Morgan Securities Inc. and M.E. Allison & Co., Inc. as its financial advisors to find an operator for a long-term concession lease of the La Quinta Trade Gateway Terminal.
- To maximize productivity of its facilities, the Authority will continue its search for a company interested in a lease/purchase option of the Authority's Cold Storage Facility. During 2008, the Authority reviewed several interested proposals and continues to look for a partner. The Authority's Business Development Department continues to strongly market the facility, looking for opportunities to increase the handling of refrigerated products through the facility.
- The Authority will continue working 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.
- The Authority continues to serve as a Military Strategic Deployment Port. In 2008, the Authority finalized the improvement of a terminal providing 23 additional acres of all-weather cargo staging area for future military deployments and redeployments.
- The Authority will continue to support the growing wind turbine business by making improvements to expand its handling capacity of turbine parts along the North and South sides of the channel. Also, it continues moving forward with the possibility of building a wind energy plant along the Northside of the Inner Harbor.
- The Authority continues its preparation for the return of the U. S. Naval Station Ingleside property as part of the Base Realignment and Closure (BRAC) legislation of 2005 to the Authority. The facility is scheduled to revert to the Authority in September of 2010, which includes a 1,100-foot concrete pier and over 2,400 feet of wharf space. The premier property, located next to the Authority's 45-foot deep main channel, is situated less than 10 miles from the Gulf of Mexico.

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- The Authority continues working with Las Brisas Energy Center, LLC, for the development of a state-of-the-art electric generating facility in the north side of the Inner Harbor. Las Brisas Energy Center, LLC, received its Preliminary Air Permit from the State of Texas Commission of Environmental Quality (TCEQ) in fall of 2008. The circulating fluidized bed (CFB) facility was designed to minimize the environmental impact and to be clean and efficient. With an investment of \$3 Billion approx., it is expected to create about 1,300 direct jobs and 2,600 indirect jobs during the construction phase. Project completion is expected by early 2013, creating from 80 to 100 direct and 150 to 175 indirect jobs once operating.

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, 2008 and 2007**

	2008	2007
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	\$ 22,275,200	\$ 11,732,727
Cash and cash equivalents-restricted (Note 2)	12,544	190,342
Accounts receivable (net of allowance for doubtful accounts of \$448,361 and \$97,364 for 2008 and 2007, respectively)	6,697,953	6,159,977
Intergovernmental receivable	503,732	695,458
Notes receivable, current portion (Note 3)	713,157	660,331
Inventory	796,753	659,798
Prepaid expenses	1,024,002	942,782
<i>Total Current Assets</i>	<u>32,023,341</u>	<u>21,041,415</u>
NON-CURRENT ASSETS:		
RESTRICTED ASSETS:		
Cash and cash equivalents (Note 2)	1,756,683	2,193,823
<i>Total Restricted Assets</i>	<u>1,756,683</u>	<u>2,193,823</u>
CAPITAL ASSETS:		
Capital assets, not being depreciated (Note 4)	66,007,604	114,842,328
Capital assets, being depreciated, net (Note 4)	159,452,653	114,409,474
<i>Capital Assets, Net</i>	<u>225,460,257</u>	<u>229,251,802</u>
OTHER NON-CURRENT ASSETS:		
Notes receivable, net of current portion (Note 3)	4,078,581	5,601,683
Bond issuance costs, net of accumulated amortization	31,478	60,093
<i>Total Other Non-Current Assets</i>	<u>4,110,059</u>	<u>5,661,776</u>
<i>Total Non-Current Assets</i>	<u>231,326,999</u>	<u>237,107,401</u>
TOTAL ASSETS	<u>263,350,340</u>	<u>258,148,816</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	1,648,957	4,486,777
Accrued expenses	747,329	470,514
Deferred income	636,384	616,287
Deferred lease income, current portion (Note 6)	457,040	457,040
Current maturities of long-term debt (Note 6)	1,160,000	1,120,000
Accrued interest payable	42,395	46,181
Capital leases, current portion (Note 6)	18,831	13,975
Compensated absences, current portion (Note 6)	957,884	886,096
Current restricted liabilities payable from restricted current assets	12,544	190,342
<i>Total Current Liabilities</i>	<u>5,681,364</u>	<u>8,287,212</u>
NON-CURRENT LIABILITIES:		
Long-term debt, net of current maturities (Note 6)	9,822,038	10,981,145
Deferred lease income, net of current portion (Note 6)	11,403,487	11,860,527
Capital leases, net of current portion (Note 6)	27,384	33,647
Compensated absences, net of current portion (Note 6)	2,139,395	1,983,228
Net OPEB obligation (Note 8)	103,141	-
<i>Total Non-Current Liabilities</i>	<u>23,495,445</u>	<u>24,858,547</u>
TOTAL LIABILITIES	<u>29,176,809</u>	<u>33,145,759</u>
NET ASSETS:		
Invested in capital assets, net of related debt	202,587,244	204,800,725
Restricted:		
Debt service	1,671,141	1,671,478
Channel improvements	1,416	284,637
Health and dental benefits	-	151,686
Law enforcement	84,126	86,022
Unrestricted	29,829,604	18,008,509
TOTAL NET ASSETS	<u>\$ 234,173,531</u>	<u>\$ 225,003,057</u>

See accompanying notes to financial statements

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**Statement of Revenues, Expenses
and Changes in Net Assets
For the Years Ended December 31, 2008 and 2007**

	2008	2007
OPERATING REVENUES:		
Wharfage	\$ 26,359,823	\$ 27,219,535
Dockage	7,078,197	3,655,333
Freight handling	2,178,423	2,166,118
Building and land rentals	4,318,458	4,545,342
Conference center services	1,451,630	1,597,594
Warehouse handling charges	1,367,306	1,211,146
FTZ user fees	284,500	295,000
Security surcharge fees	3,382,111	2,256,902
Other	4,630,745	1,982,487
<i>Total Operating Revenues</i>	<u>51,051,193</u>	<u>44,929,457</u>
OPERATING EXPENSES:		
Maintenance and operations	21,842,912	21,392,329
General and administrative	13,007,565	12,521,179
Depreciation	9,648,639	8,442,640
<i>Total Operating Expenses</i>	<u>44,499,116</u>	<u>42,356,148</u>
<i>Operating Income</i>	<u>6,552,077</u>	<u>2,573,309</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest revenue	932,447	1,230,324
Federal funds received as fiscal agent	284,048	-
Fiscal payments to subrecipients	(284,048)	-
Loss on disposal of capital assets	(308,883)	(10,293)
Interest expense and fiscal charges	(562,442)	(620,495)
Amortization of bond issuance costs	(28,615)	(37,828)
<i>Net Non-Operating Revenues</i>	<u>32,507</u>	<u>561,708</u>
<i>Income Before Capital Grants and Contributions</i>	<u>6,584,584</u>	<u>3,135,017</u>
CAPITAL GRANTS AND CONTRIBUTIONS	<u>2,585,890</u>	<u>4,637,147</u>
<i>Change in Net Assets</i>	<u>9,170,474</u>	<u>7,772,164</u>
<i>Total Net Assets , Beginning of Year</i>	<u>225,003,057</u>	<u>217,230,893</u>
<i>Total Net Assets, End of Year</i>	<u><u>\$ 234,173,531</u></u>	<u><u>\$ 225,003,057</u></u>

See accompanying notes to financial statements

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**Statement of Cash Flows
For the Years Ended December 31, 2008 and 2007**

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 50,037,534	\$ 43,264,747
Cash received from other operating sources	3,066	362
Cash payments to suppliers for goods & services	(15,132,788)	(13,528,376)
Cash payments to employees for services	(20,728,207)	(19,446,377)
<i>Net Cash Provided by Operating Activities</i>	<u>14,179,605</u>	<u>10,290,356</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Fiscal payments to subrecipients	(284,048)	-
Proceeds from issuance of financing leases	15,975	17,439
Principal payments on financing leases	(8,959)	(3,008)
Interest payments on financing leases	(932)	(138)
Interest payments on vendor payables	(1,703)	(6,494)
<i>Net Cash Provided (Used) for Noncapital Financing Activities</i>	<u>(279,667)</u>	<u>7,799</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(7,787,939)	(17,821,887)
Capital grants and contributions	3,069,935	6,954,149
Proceeds from sale of assets	34,001	12,700
Principal payment of capital debt	(1,128,423)	(1,077,835)
Interest payments on capital debt	(562,700)	(608,917)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(6,375,126)</u>	<u>(12,541,790)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	370,551	619,515
Principal payments on notes receivable	1,470,276	1,373,098
Interest received on notes receivable	561,896	610,809
<i>Net Cash Provided by Investing Activities</i>	<u>2,402,723</u>	<u>2,603,422</u>
<i>Net Increase in Cash and Cash Equivalents</i>	<u>9,927,535</u>	<u>359,787</u>
<i>Cash and Cash Equivalents at Beginning of Year, Including Restricted Accounts</i>	<u>14,116,892</u>	<u>13,757,105</u>
<i>Cash and Cash Equivalents at End of Year, Including Restricted Accounts</i>	<u>\$ 24,044,427</u>	<u>\$ 14,116,892</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 6,552,077	\$ 2,573,309
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	9,648,639	8,442,640
Changes in assets and liabilities:		
Accounts receivable	(537,976)	(941,025)
Intergovernmental receivable	(29,271)	-
Inventories	(136,955)	(147,503)
Prepaid items	(81,220)	(25,053)
Accounts payable	(1,228,859)	872,025
Accrued expenses	170,805	(3,278)
Deferred income	20,097	(253,517)
Deferred lease income	(457,040)	(457,040)
Net OPEB obligation	103,141	-
Compensated absences	156,167	229,798
<i>Total Adjustments</i>	<u>7,627,528</u>	<u>7,717,047</u>
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 14,179,605</u>	<u>\$ 10,290,356</u>
Noncash Investing, Capital, and Financing Activities:		
Amortization of issue costs and discount on revenue bonds	\$ 29,508	\$ 46,222
Loss on disposal of capital assets	(308,883)	(10,293)
Borrowing under capital leases	-	36,026
Donations of capital assets	21,000	-

See accompanying notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

GENERAL HISTORY OF THE PORT OF CORPUS CHRISTI AUTHORITY

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

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

REPORTING ENTITY

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

COMPONENT UNIT

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

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

	2008	2007
Total Net Assets	\$ 2,917	\$ 4,475
Change in Net Assets	\$ (1,558)	\$ (3,965)

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

BASIS OF ACCOUNTING

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

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

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

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

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

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

CASH AND INVESTMENTS

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

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

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, 2008 consisted of 2,751,453 pounds of meat, poultry, seafood, fruit, cottonseed and grains. Inventory held by the Authority's refrigerated warehouse for others as of December 31, 2007 consisted of 4,397,347 pounds of meat, poultry, seafood, fruit, cottonseed and grains.

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 \$5,000. 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, 2008 and 2007.

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

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

RESTRICTED ASSETS

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

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sharing of forfeited properties are also restricted for use as defined by state statutes. Cash is reported as a restricted asset. The Authority participates in an IRS Section 125 plan for the reimbursement of qualified medical, dental, and child care expenses. Employee deductions are held in a separate bank account and are specifically restricted for that purpose. The Authority receives an annual allocation payment from the Law Enforcement Officer Standards and Education (LEOSE) account and that cash is restricted until spent for qualified expenses related to the continuing education of law enforcement personnel.

When an expense is incurred for purposes for which restricted and unrestricted net assets are available, the Authority's policy is to apply restricted 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. Four customers from the petroleum industry made up over 66 percent of the Authority's wharfage and dockage revenue base for 2008, as compared to 72 percent for 2007. This risk is further enhanced by the fact that petroleum cargo continues to be the Authority's top commodity representing nearly 82 percent of the total cargo tonnage moved through the Authority in 2008, compared to 84 percent in 2007.

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, 2008 and 2007 are as follows:

Investment Type	2008		Weighted Average Maturity (Days)	2007		Weighted Average Maturity (Days)
	Carrying Value	Fair Value		Carrying Value	Fair Value	
Certificates of Deposit	\$ -	\$ -		\$ -	\$ -	
Mutual fund-AIM	22,992,274	22,992,274	1	11,794,524	11,794,524	1
Total	22,992,274	22,992,274		11,794,524	11,794,524	
Short-term investments included in cash and cash equivalents	22,992,274	22,992,274		11,794,524	11,794,524	
Equity in Total Investments	\$ -	\$ -		\$ -	\$ -	
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

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy states that all investments will be of high quality with no perceived default risk. As such the Authority's investments are restricted to only U.S. Government securities, fully collateralized certificates of deposit and repurchase agreements, AAA rated constant dollar local government investment pools, and SEC registered money market funds whose assets consist exclusively of U.S. Government securities.

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 U.S. 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, 2008, 100% of the Authority's investments are in the AIM open-ended mutual fund.

At December 31, 2007, 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, 2008 the Authority's deposits held at financial institutions of \$1,825,256 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, 2007, the Authority's deposits held at financial institutions of \$2,508,071 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, 2008 and 2007 are summarized as follows:

	2008	2007
\$12,000,000 Note Receivable due in annual principal installments ranging from \$713,157 to \$1,131,691 through 2015; interest at 8.0%.	\$ 6,363,363	\$ 7,023,694
Less: Principal Prepayments	1,571,625	761,680
Principal Outstanding	4,791,738	6,262,014
Less: Current Maturities	713,157	660,331
Notes Receivable - Net	\$ 4,078,581	\$ 5,601,683

Total note receivable requirements as of December 31, 2008, are as follows:

	Principal	Interest	Total
2009	\$ 713,157	\$ 509,069	\$ 1,222,226
2010	770,210	452,016	1,222,226
2011	831,827	390,400	1,222,227
2012	898,373	323,854	1,222,227
2012	970,243	251,984	1,222,227
Thereafter	607,928	264,899	872,827
Total	\$ 4,791,738	\$ 2,192,222	\$ 6,983,960

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 2008 and 2007, the Authority credited \$2,032,171 and \$2,017,046, respectively of applicable revenue received from wharfage and dockage fees collected to the debt service account.

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4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008 was as follows:

	Beginning Balance	Transfers and Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 40,209,083	\$ 71,556	\$ 15,300	\$ 40,265,339
Channel and waterfront improvements	18,868,431	-	-	18,868,431
Construction in progress	55,764,814	-	48,890,980	6,873,834
Total capital assets, not being depreciated	114,842,328	71,556	48,906,280	66,007,604
Capital assets, being depreciated:				
Port facilities	134,429,015	45,885,191	-	180,314,206
Buildings and improvements	61,937,106	8,793,299	-	70,730,405
Machinery and equipment	31,965,967	340,911	2,312,876	29,994,002
Total capital assets, being depreciated	228,332,088	55,019,401	2,312,876	281,038,613
Less: accumulated depreciation for				
Port facilities	81,614,259	4,526,480	-	86,140,739
Buildings and improvements	19,024,252	2,484,622	-	21,508,874
Machinery and equipment	13,284,103	2,637,537	1,985,293	13,936,347
Total accumulated depreciation	113,922,614	9,648,639	1,985,293	121,585,960
Total capital assets, being depreciated, net	114,409,474	45,370,762	327,583	159,452,653
Total capital assets, net	\$ 229,251,802	\$ 45,442,318	\$ 49,233,863	\$ 225,460,257

Capital asset activity for the year ended December 31, 2007 was as follows:

	Beginning Balance	Transfers and Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 40,209,083	\$ -	\$ -	\$ 40,209,083
Channel and waterfront improvements	18,868,431	-	-	18,868,431
Construction in progress	45,018,972	10,745,842	-	55,764,814
Total capital assets, not being depreciated	104,096,486	10,745,842	-	114,842,328
Capital assets, being depreciated:				
Port facilities	133,371,913	1,057,102	-	134,429,015
Buildings and improvements	61,289,367	751,239	103,500	61,937,106
Machinery and equipment	28,029,774	4,146,535	210,342	31,965,967
Total capital assets, being depreciated	222,691,054	5,954,876	313,842	228,332,088
Less: accumulated depreciation for				
Port facilities	78,141,373	3,472,886	-	81,614,259
Buildings and improvements	16,814,641	2,295,032	85,421	19,024,252
Machinery and equipment	10,814,809	2,674,722	205,428	13,284,103
Total accumulated depreciation	105,770,823	8,442,640	290,849	113,922,614
Total capital assets, being depreciated, net	116,920,231	(2,487,764)	22,993	114,409,474
Total capital assets, net	\$ 221,016,717	\$ 8,258,078	\$ 22,993	\$ 229,251,802

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, 2008, minimum lease payments under these operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

Years Ending	
2009	\$ 2,387,815
2010	1,855,955
2011	849,907
2012	626,463
2013	424,490
Thereafter	2,264,983
Total	\$ 8,409,613

CAPITAL LEASES

The Authority has entered into lease agreements as lessee for financing the acquisition of computer equipment. These lease agreements qualify as capital leases in accordance with SFAS No. 13 and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date of the lease. Certain assets acquired through these capital leases did not meet the Authority's capitalization threshold criterion, and therefore were expensed.

The assets acquired through capital leases are as follows:

Assets:	
Capitalized:	
Machinery & Equipment	\$ 36,026
Less: Accumulated Depreciation	13,708
Capitalized, net	22,318
Expensed	33,414
Total	\$ 55,732

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2008 are as follows:

Years Ending	
2009	\$ 20,615
2010	18,042
2011	10,012
2012	525
Total minimum lease payments	49,194
Less: Amount representing interest	(2,979)
Present value of minimum lease payments	\$ 46,215

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The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2007 are as follows:

Years Ending	
2008	\$ 15,883
2009	15,883
2010	12,921
2011	6,974
Total minimum lease payments	51,661
Less: Amount representing interest	(4,039)
Present value of minimum lease payments	\$ 47,622

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, 2008, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds	\$ 12,005,000	\$ -	\$ 1,120,000	\$ 10,885,000	\$ 1,160,000
Accumulated Accretion	96,145	893	-	97,038	
Total	\$ 12,101,145	\$ 893	\$ 1,120,000	\$ 10,982,038	\$ 1,160,000

A statement of changes in long-term debt for the year ended December 31, 2007, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds	\$ 13,080,000	\$ -	\$ 1,075,000	\$ 12,005,000	\$ 1,120,000
Accumulated Accretion	87,751	8,394	-	96,145	
Total	\$ 13,167,751	\$ 8,394	\$ 1,075,000	\$ 12,101,145	\$ 1,120,000

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Long-term debt as of December 31, 2008 and 2007 is summarized as follows:

	2008	2007
Revenue Bonds:		
\$10,390,000 2002-A first lien revenue bonds, collateralized by a first lien on pledged revenues of the Authority, due in annual principal installments of \$660,000 to \$910,000 through 2016; interest at 4.25 percent to 5.2 percent.	\$ 6,215,000	\$ 6,850,000
\$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 \$500,000 to \$680,000 through 2016; interest at 4.00 percent to 4.9 percent.	4,670,000	5,155,000
Total Revenue Bonds	10,885,000	12,005,000
Accumulated Accretion	97,038	96,145
Total Revenue Bonds and Accumulated Accretion	10,982,038	12,101,145
Less Current Maturities	1,160,000	1,120,000
Long-term Debt - Net	\$ 9,822,038	\$ 10,981,145

Total debt service requirements as of December 31, 2008 are as follows:

	Principal	Interest	Total
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
Thereafter	4,550,000	462,940	5,012,940
Total	\$ 10,885,000	\$ 2,484,130	\$ 13,369,130

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, 2008, the Authority had adequate insurance coverage and all insurance premiums had been paid.

DEFERRED LEASE INCOME

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

Years Ending	
2009	\$ 457,040
2010	457,040
2011	457,040
2012	457,040
2013	457,040
Thereafter	9,575,327
Total	\$ 11,860,527

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

**Notes to Financial Statements
December 31, 2008 and 2007**

CAPITAL LEASES

The Authority has entered into lease agreements as lessee for financing the acquisition of computer equipment.

A statement of changes in capital leases for the year ended December 31, 2008, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital leases	\$ 47,622	\$ 15,975	\$ 17,382	\$ 46,215	\$ 18,831
Total	\$ 47,622	\$ 15,975	\$ 17,382	\$ 46,215	\$ 18,831

A statement of changes in capital leases for the year ended December 31, 2007, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital leases	\$ -	\$ 53,465	\$ 5,843	\$ 47,622	\$ 13,975
Total	\$ -	\$ 53,465	\$ 5,843	\$ 47,622	\$ 13,975

Capital leases as of December 31, 2008 and 2007 is summarized as follows:

	2008	2007
Capital leases	\$ 46,215	\$ 47,622
Less Current Portion	18,831	13,975
Capital leases - Net	\$ 27,384	\$ 33,647

COMPENSATED ABSENCES

A statement of changes in compensated absences for the year ended December 31, 2008, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Vacation	\$ 839,815	\$ 646,117	\$ 559,402	\$ 926,530	\$ 559,402
Sickleave	2,029,509	539,721	398,482	2,170,748	398,482
Total	\$ 2,869,324	\$ 1,185,838	\$ 957,884	\$ 3,097,278	\$ 957,884

A statement of changes in compensated absences for the year ended December 31, 2007, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Vacation	\$ 740,421	\$ 602,853	\$ 503,459	\$ 839,815	\$ 503,459
Sickleave	1,897,989	514,157	382,637	2,029,509	382,637
Total	\$ 2,638,410	\$ 1,117,010	\$ 886,096	\$ 2,869,324	\$ 886,096

Compensated Absences as of December 31, 2008 and 2007 is summarized as follows:

	2008	2007
Vacation	\$ 926,530	\$ 839,815
Sickleave	2,170,749	2,029,509
Total Compensated Absences	3,097,279	2,869,324
Less Current Portion	957,884	886,096
Compensated Absences - Net	\$ 2,139,395	\$ 1,983,228

OPEB OBLIGATION

A statement of changes in OPEB Obligation for the year ended December 31, 2008, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
OPEB Obligation	\$ -	\$ 195,399	\$ 92,258	\$ 103,141	\$ -
Total	\$ -	\$ 195,399	\$ 92,258	\$ 103,141	\$ -

OPEB Obligations as of December 31, 2008 and 2007 is summarized as follows:

	2008	2007
OPEB Obligation	\$ 103,141	\$ -
Less Current Portion	-	-
OPEB Obligation - Net	\$ 103,141	\$ -

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). TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 574 defined benefit pension plans which function similarly to cash balance-account plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

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 \$720,926 and \$1,132,885, respectively for the year ended December 31, 2008, and \$669,078 and \$1,051,409, respectively for the year ended December 31, 2007. Both the employees and the Authority make monthly contributions.

Annual Pension Cost and Net Pension Obligation

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

Years Ended December 31,	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 1,132,885	100.00%	\$ -
2007	1,051,409	100.00%	-
2006	992,226	100.00%	-

The latest actuarial valuation for the Authority employees was completed as of December 31, 2007. The actuarial cost method and significant assumptions underlying the actuarial calculations are as follows:

Actuarial Cost Method	Entry Age
Asset Valuation Method	SAF: 10-year smoothed value ESF: Fund value CSARF: Fund value
Projected Salary Increases	5.3% average
Investment Return	8.00%
Inflation	3.5%
Amortization Method:	
Unfunded Actuarial Accrued Liability	Level percent, closed
Overfunded Actuarial Accrued Liability	Level percent, open
Amortization Period:	
Unfunded Actuarial Accrued Liability	15 years
Overfunded Actuarial Accrued Liability	30 years
Cost of Living Adjustment	0.0

8. POSTRETIREMENT BENEFITS

GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postretirement Benefits Other than Pensions* (OPEB), established new accounting standards for postretirement benefits. The new standard does not require funding of OPEB expense, but any differences between the annual required contribution (ARC) and the amount funded during the year is to be recorded in the employer's financial statements as an increase (or decrease) in the net OPEB obligation. The effective date for implementation of GASB 45 by the Authority is January 1, 2008. Accordingly, the Authority did obtain an actuarial valuation in accordance with GASB 45 standards as of January 1, 2008, and discloses the following:

Plan Description

The Authority provides certain postretirement healthcare and life insurance benefits to eligible retired employees and their spouses through provisions enacted by the authority of the Port Commission. At December 31, 2008, seven former employees were eligible for these benefits. The Authority funds a portion of the premiums for health insurance, and a portion of the premiums for retiree life insurance for three grandfathered retirees. There are no retiree life insurance benefits available for other current or future retirees. Continuation of these benefits and the Authority's contributions are dependent on periodic authorization by the Port Commission.

The health insurance benefits provided to retirees are the same as those offered to active employees. The supplied benefits include hospital, doctor, dental and prescription drug charges.

Life insurance coverage provided to the three grandfathered retirees varies from \$19,000 to \$22,000. Active employees receive life insurance coverage valued at 100% of their current annual salary.

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

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

Funding Policy

The required contribution is based on a projected pay-as-you-go basis, which is expected to continue. For the year ended December 31, 2008, the cost of retiree health benefits, recorded on a pay-as-you-go basis was \$92,258.

Annual OPEB Cost and Net OPEB Obligation

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

Determination of Annual Required Contribution		
Normal Cost at Year End	\$	118,405
Amortization of UAAL		76,994
Annual Required Contribution (ARC)		195,399
Determination of Net OPEB Obligation		
Annual Required Contribution		195,399
Interest on Prior Year Net OPEB Obligation		-
Adjustment to ARC		-
Annual OPEB Cost		195,399
Contributions Made		(92,258)
Increase in Net OPEB Obligation		103,141
Net OPEB Obligation - Beginning of Year		-
Net OPEB Obligation - End of Year	\$	103,141

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

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and net OPEB obligation assuming the plan is not prefunded for the current and two preceding years were as follows:

Years Ended December 31,	Discount Rate	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2008	4.00%	\$ 195,399	47.22%	\$ 103,141
2007	N/A	N/A	N/A	N/A
2006	N/A	N/A	N/A	N/A

The Authority implemented the provisions of GASB Statement No. 45 in 2008. In future years, the table above will include 3 years of data as it becomes available.

Funding Status and Funding Progress

The funded status of the plan as of December 31, 2008, was as follows:

Actuarial Accrued Liability (AAL)	\$ 1,331,381
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 1,331,381</u>
Funded Ratio	0.00%
Covered Payroll	\$ 10,298,942
UAAL as a Percentage of Payroll	<u>12.93%</u>

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

Actuarial Methods and Assumptions

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

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

- The Normal Cost is the Actuarial Present Value of benefits allocated to the valuation year.
- The Actuarial Liability is the Actuarial Present Value of benefits accrued as of the valuation date.
- Valuation Assets are equal to the market value of assets as of the valuation date, if any.
- Unfunded Actuarial Liability is the difference between the Actuarial Accrued Liability and the Valuation Assets. It is amortized over the maximum permissible period under GASB 45 of 30 years.

The latest actuarial valuation for the Authority was completed as of January 1, 2008. The significant assumptions underlying the actuarial calculations are as follows:

Actuarial Cost Method	Unit Credit
Discount Rate for Valuing Liabilities	4.0%
Mortality Rates	RP2000 Static Healthy Mortality Table (sex distinct)
Withdrawal Rates	Based on Years of Service
Disability Rates	Based on Age
Retirement Rates	Based on Age
Employee Coverage	100% eligible for benefits elect coverage
Spousal Coverage	85% eligible for benefits elect coverage
Spouse Age Difference	Same as employee
Administrative Expense Load	5.0% on Gross per Capita Claims Costs
Per Capital Medical Benefit Costs	Medical and Pharmacy Costs for Selected Ages
Per Annum Increase in Per Capita	
Medical Benefit Costs by Age	Percentage Increase with Age
Medical Inflation	Percentage Trend by Year

9. CONSTRUCTION AND IMPROVEMENT COMMITMENTS

At December 31, 2008, the Authority had remaining contractual construction and improvement commitments of approximately \$1,234,475. These commitments are being financed through operating revenues and capital grants.

10. COMMITMENTS AND CONTINGENCIES

LITIGATION

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

RISK MANAGEMENT

The Authority is self-insured for \$4,000,000 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 \$2,560,845. The Authority is covered for workers compensation claims through the Texas Municipal League Risk Pool. Prior to 2005, the Authority was self-insured for workers compensation and estimated remaining workers compensation claims are reflected below. The Authority has made no significant changes in its insurance coverage from coverage in the prior year. In the past three years the Authority has had no settlements 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, 2008, the liability of \$353,673 is comprised of estimated health claims of \$270,888 and estimated workers compensation claims of \$82,785. At December 31, 2007, the liability of \$262,537 was comprised of estimated health claims of \$182,351 and workers compensation claims of \$80,186.

Changes in the balances of claims liabilities as of December 31, 2008 and 2007 are as follows:

	2008	2007
Unpaid claims, beginning of fiscal year	\$ 262,537	\$ 352,237
Incurred claims (including IBNRs)	2,870,187	2,016,881
Claims payments	(2,779,051)	(2,106,581)
Unpaid claims, end of fiscal year	\$ 353,673	\$ 262,537

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 \$672,745,000. 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, 2008, facilities financing revenue bonds outstanding amounted to \$672,745,000.

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

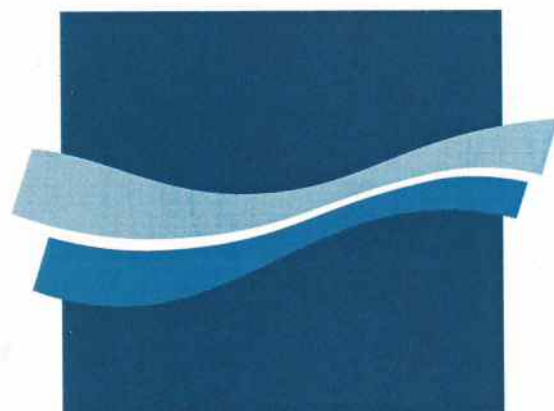
**Required Supplementary Information (Unaudited)
Schedule of Funding Progress**

PENSION PLAN:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Actuarial Valuation Date	12/31/2007	12/31/2006	12/31/2005
Actuarial Value of Assets	\$ 17,772,709	\$ 15,800,903	\$ 13,572,671
Actuarial Accrued Liability (AAL)	\$ 21,735,463	\$ 19,548,987	\$ 18,177,881
Funded Ratio	81.8%	80.8%	74.7%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 3,962,754	\$ 3,748,084	\$ 4,605,210
Annual covered Payroll	\$ 9,558,257	\$ 9,020,225	\$ 8,544,001
UAAL as a Percentage of Covered Payroll	41.5%	41.6%	53.9%

OPEB Obligation:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarial Valuation Date	01/01/2008	N/A	N/A
Actuarial Value of Assets	\$ -	N/A	N/A
Actuarial Accrued Liability (AAL)	\$ 1,331,381	N/A	N/A
Funded Ratio	0.0%	N/A	N/A
Unfunded Actuarial Accrued Liability (UAAL)	\$ 1,331,381	N/A	N/A
Annual covered Payroll	\$ 10,298,942	N/A	N/A
UAAL as a Percentage of Covered Payroll	12.9%	N/A	N/A



PORTCORPUSCHRISTI

SUPPLEMENTAL SECTION

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

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

	Year Ended December 31, 2008		
	Actual	Budget	Variance (%)
OPERATING REVENUES:			
Wharfage	\$ 26,359,823	\$ 28,881,605	(9)
Dockage	7,078,197	6,355,861	11
Freight handling	2,178,423	2,509,950	(13)
Building and land rentals	4,318,458	4,648,466	(7)
Conference center services	1,451,630	1,909,672	(24)
Warehouse handling charges	1,367,306	1,519,006	(10)
FTZ user fees	284,500	240,000	19
Security surcharge fees	3,382,111	3,588,878	(6)
Other	4,630,745	1,702,780	172
<i>Total Operating Revenues</i>	<u>51,051,193</u>	<u>51,356,218</u>	<u>(1)</u>
OPERATING EXPENSES:			
Maintenance and operations	21,842,912	24,137,990	(10)
General and administrative	13,007,565	12,933,200	1
Depreciation	9,648,639	10,747,970	(10)
<i>Total Operating Expenses</i>	<u>44,499,116</u>	<u>47,819,160</u>	<u>(7)</u>
<i>Operating Income (Loss)</i>	<u>6,552,077</u>	<u>3,537,058</u>	<u>85</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest revenue	932,447	1,303,000	(28)
Federal funds received as fiscal agents	284,048	-	100
Fiscal payments to subrecipients	(284,048)	-	(100)
Loss on disposal of fixed assets	(308,883)	(416,000)	26
Interest expense and fiscal charges	(562,442)	(604,756)	7
Amortization of bond issuance costs	(28,615)	(28,615)	0
<i>Net Non-Operating Revenues</i>	<u>32,507</u>	<u>253,629</u>	<u>(87)</u>
<i>Income (Loss) Before Capital Grants and Contributions</i>	<u>6,584,584</u>	<u>3,790,687</u>	<u>74</u>
CAPITAL GRANTS AND CONTRIBUTIONS			
	2,585,890	8,942,637	(71)
<i>Change in Net Assets</i>	<u>\$ 9,170,474</u>	<u>\$ 12,733,324</u>	<u>(28)</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, 2008 and 2007**

	2008	2007
MAINTENANCE AND OPERATIONS:		
Employee services	\$ 8,255,443	\$ 6,952,412
Maintenance	6,340,774	6,483,605
Utilities	1,357,364	1,383,059
Telephone	29,991	35,699
Insurance	1,902,331	2,017,983
Professional services	424,975	344,073
Police expenses	74,106	39,442
Contracted services	1,834,442	2,166,855
Office and equipment rental	91,004	124,691
Operator and event expenses	1,280,002	1,523,025
Warehouse supplies	68,428	38,292
Safety/Environmental	90,947	62,693
General	93,105	220,500
<i>Total Maintenance and Operations</i>	<u>\$ 21,842,912</u>	<u>\$ 21,392,329</u>
GENERAL AND ADMINISTRATIVE:		
Employee services	\$ 7,349,030	\$ 6,808,607
Maintenance	320,610	351,566
Utilities	196,865	222,481
Telephone	231,958	213,248
Insurance	84,451	108,314
Professional services	2,419,843	2,290,016
Police expenses	314	216
Contracted services	88,262	198,260
Office and equipment rental	18,264	10,173
Administrative	1,873,318	1,925,958
Trade and sales development	148,946	146,161
Media advertising	109,262	157,725
Production	27,917	30,773
Safety/Environmental	38,206	26,992
General	100,319	30,689
<i>Total General and Administrative</i>	<u>\$ 13,007,565</u>	<u>\$ 12,521,179</u>

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

**Schedules of Long-Term
Debt Amortization**

REVENUE BONDS, SERIES 2002-A

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2009	\$ 660,000	\$ 298,360	\$ 958,360
2010	690,000	270,310	960,310
2011	720,000	239,605	959,605
2012	755,000	206,485	961,485
2013	790,000	171,000	961,000
2014	825,000	132,685	957,685
2015	865,000	91,435	956,435
2016	910,000	47,320	957,320
Total	<u>\$ 6,215,000</u>	<u>\$ 1,457,200</u>	<u>\$ 7,672,200</u>

REVENUE BONDS, SERIES 2002-B

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2009	\$ 500,000	\$ 210,380	\$ 710,380
2010	520,000	190,380	710,380
2011	545,000	168,800	713,800
2012	565,000	145,365	710,365
2013	590,000	120,505	710,505
2014	620,000	93,660	713,660
2015	650,000	64,520	714,520
2016	680,000	33,320	713,320
Total	<u>\$ 4,670,000</u>	<u>\$ 1,026,930</u>	<u>\$ 5,696,930</u>

SUMMARY OF LONG-TERM DEBT

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2009	\$ 1,160,000	\$ 508,740	\$ 1,668,740
2010	1,210,000	460,690	1,670,690
2011	1,265,000	408,405	1,673,405
2012	1,320,000	351,850	1,671,850
2013	1,380,000	291,505	1,671,505
2014	1,445,000	226,345	1,671,345
2015	1,515,000	155,955	1,670,955
2016	1,590,000	80,640	1,670,640
Total	<u>\$ 10,885,000</u>	<u>\$ 2,484,130</u>	<u>\$ 13,369,130</u>

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

**Schedules of Facilities Financing Bonds
December 31, 2008**

<u>Description</u>		<u>Interest Rates</u>	<u>Issue Date</u>	<u>Series Maturity</u>	<u>Original Amount</u>	<u>Balance Outstanding</u>
Pollution Control Revenue Bonds:						
Union Pacific Res., Series 1989		Variable	06/30/1989	2022	\$ 40,000,000	\$ 40,000,000
Union Pacific Res., Series 1992		Variable	09/01/1992	2010	16,650,000	16,650,000
Valero Refining, Series 1997A	*	Variable	04/01/1997	2027	24,400,000	24,400,000
Valero Refining, Series 1997B	*	Variable	04/01/1997	2027	32,800,000	32,800,000
Valero Refining, Series 1997C	*	Variable	04/01/1997	2027	32,800,000	32,800,000
Valero Refining, Series 1997D	*	Variable	04/01/1997	2027	8,500,000	8,500,000
Hoechst Celanese, Series 2002A		6.450%	05/01/2002	2030	13,995,000	13,995,000
Hoechst Celanese, Series 2002B		6.700%	05/01/2002	2030	39,000,000	39,000,000
Environmental Facilities Revenue Bonds:						
Citgo Petroleum, Series 1998	*	Variable	08/01/1998	2028	22,200,000	22,200,000
Citgo Petroleum, Series 2003	*	8.250%	05/01/2003	2031	39,200,000	39,200,000
Citgo Petroleum, Series 2006	*	Variable	10/01/2006	2036	50,000,000	50,000,000
Citgo Petroleum, Series 2007	*	Variable	05/01/2007	2037	45,000,000	45,000,000
Citgo Petroleum, Series 2008	*	Variable	04/01/2008	2043	50,000,000	50,000,000
Solid Waste Disposal Revenue Bonds:						
Flint Hills Res., Series 2002A		Variable	10/01/2002	2029	125,000,000	125,000,000
Flint Hills Res., Series 2002B		Variable	10/01/2002	2029	11,700,000	11,700,000
Flint Hills Res., Series 2003		Variable	04/01/2003	2028	19,500,000	19,500,000
Flint Hills Res., Series 2005		Variable	03/01/2005	2030	25,000,000	25,000,000
Flint Hills Res., Series 2006		Variable	04/01/2006	2030	42,000,000	42,000,000
Flint Hills Res., Series 2007		Variable	10/01/2007	2032	35,000,000	35,000,000
Total					<u>\$ 672,745,000</u>	<u>\$ 672,745,000</u>

* - Issued by the Industrial Development Corporation (IDC)

STATISTICAL SECTION

Statistical Section

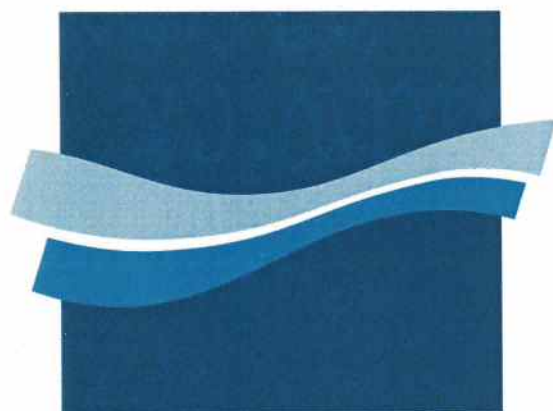
(Unaudited)

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.

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These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	
Revenue Capacity	43
These schedules contain information to help the reader access the factors affecting the Authority's ability to generate its most significant revenue sources.	
Debt Capacity	49
These schedules present information to help the reader assess the affordability of the Authority's current level of outstanding debt and the Authority's ability to issue additional debt in the future.	
Demographic and Economic Information	51
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.	
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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.	
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These schedules contain information as part of the Authority's effort to meet continuing disclosure requirements related to outstanding bonds as permitted by SEC Rule 15c2-12.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Authority's comprehensive annual financial reports and business records for the relevant years. The Authority implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.



PORTCORPUSCHRISTI

TABLE 1 (Unaudited)

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

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

	1999*	2000*	2001*	2002	2003	2004	2005	2006	2007	2008
Revenues										
Operating revenues:										
Wharfage	\$ -	\$ -	\$ -	\$ 12,534,632	\$ 13,535,168	\$ 14,076,271	\$ 15,388,177	\$ 19,351,717	\$ 27,219,535	\$ 26,359,823
Dockage	-	-	-	2,733,667	3,218,880	3,858,120	4,153,902	3,354,723	3,655,333	7,078,197
Freight handling	-	-	-	2,410,795	1,492,129	1,976,486	2,351,619	2,065,511	2,166,118	2,178,423
Building and land rentals	-	-	-	3,385,964	3,361,762	3,409,141	3,705,185	4,037,572	4,545,342	4,318,458
Conference center services	-	-	-	1,367,934	1,443,592	1,663,726	1,556,200	1,495,599	1,597,594	1,451,630
Warehouse handling charges	-	-	-	954,178	1,137,336	816,739	1,737,118	1,484,404	1,211,146	1,367,306
FTZ user fees	-	-	-	287,115	264,750	261,666	233,333	243,000	295,000	284,500
Security surcharge fees	-	-	-	-	-	830,882	2,018,305	2,003,964	2,256,902	3,382,111
Compress	-	-	-	185,538	45,598	-	-	-	-	-
Other	-	-	-	1,301,176	2,380,598	1,478,266	1,588,053	1,999,921	1,982,487	4,630,745
Total operating revenues	-	-	-	25,160,999	26,879,813	28,371,297	32,731,892	36,036,411	44,929,457	51,051,193
Interest revenue	-	-	-	1,314,593	1,222,899	1,116,764	1,084,006	1,269,697	1,230,324	932,447
Federal Funds received as fiscal agent	-	-	-	-	-	-	78,914	-	-	284,048
Gain on disposal of capital assets	-	-	-	236,214	-	1,242,935	60,268	-	-	-
Total Revenues	-	-	-	26,711,806	28,102,712	30,730,996	33,955,080	37,306,108	46,159,781	52,267,688
Expenses										
Operating expenses:										
Maintenance and operations	-	-	-	11,415,193	12,474,555	13,937,712	16,361,152	18,385,065	21,392,329	21,842,912
General and administrative	-	-	-	8,883,174	9,572,631	9,630,337	10,139,046	10,760,589	12,521,179	13,007,565
Depreciation	-	-	-	5,284,372	5,417,115	5,513,656	6,142,055	7,127,447	8,442,640	9,648,639
Total operating expenses	-	-	-	25,582,739	27,464,301	29,081,705	32,642,253	36,273,101	42,356,148	44,499,116
Interest expense and fiscal charges	-	-	-	656,585	781,399	739,852	712,323	689,611	620,495	562,442
Amortization of bond issuance costs	-	-	-	78,392	104,862	81,418	63,610	49,458	37,828	28,615
Fiscal payments to subrecipients	-	-	-	-	-	-	-	-	-	284,048
Loss on disposal of capital assets	-	-	-	-	90,856	-	-	15,395	10,293	308,883
Total Expenses	-	-	-	26,317,716	28,441,418	29,902,975	33,418,186	37,027,565	43,024,764	45,683,104
Income(Loss) Before Contributions	-	-	-	394,090	(338,706)	828,021	536,894	278,543	3,135,017	6,584,584
Capital Contributions	-	-	-	1,123,096	1,638,527	10,453,132	17,792,218	12,261,584	4,637,147	2,585,890
Changes in Net Assets	-	-	-	1,517,186	1,299,821	11,281,153	18,329,112	12,540,127	7,772,164	9,170,474
Total Net Assets, Beginning of Year	-	-	-	172,263,494	173,780,680	175,080,501	186,361,654	204,690,766	217,230,893	225,003,057
Total Net Assets, End of Year	\$ -	\$ -	\$ -	\$ 173,780,680	\$ 175,080,501	\$ 186,361,654	\$ 204,690,766	\$ 217,230,893	\$ 225,003,057	\$ 234,173,531
Net Assets at Year End										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ 135,287,438	\$ 137,188,296	\$ 156,056,302	\$ 178,351,445	\$ 195,074,359	\$ 204,800,725	\$ 202,587,244
Restricted	-	-	-	2,660,144	2,348,028	2,243,263	2,167,787	2,061,302	2,193,823	1,756,683
Unrestricted	-	-	-	35,833,098	35,544,177	28,062,089	24,171,534	20,095,232	18,008,509	29,829,604
Total Net Assets	\$ -	\$ -	\$ -	\$ 173,780,680	\$ 175,080,501	\$ 186,361,654	\$ 204,690,766	\$ 217,230,893	\$ 225,003,057	\$ 234,173,531

* - Not available, prior to implementation of GASB 34

TABLE 2 (Unaudited)

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Operating Revenues:										
Wharfage	\$ 12,592,047	\$ 13,282,469	\$ 13,215,302	\$ 12,534,632	\$ 13,535,168	\$ 14,076,271	\$ 15,388,177	\$ 19,351,717	\$ 27,219,535	\$ 26,359,823
Dockage	3,619,507	3,229,447	3,009,600	2,733,667	3,218,880	3,858,120	4,153,902	3,354,723	3,655,333	7,078,197
Freight handling	4,158,629	2,019,205	2,033,916	2,410,795	1,492,129	1,976,486	2,351,619	2,065,511	2,166,118	2,178,423
Bagging	41,344	-	-	-	-	-	-	-	-	-
Building and land rentals	1,495,070	2,835,108	3,363,438	3,385,964	3,361,762	3,409,141	3,705,185	4,037,572	4,545,342	4,318,458
Conference center services	-	296,861	833,712	1,367,934	1,443,592	1,663,726	1,556,200	1,495,599	1,597,594	1,451,630
Warehouse handling charges	-	-	102,623	954,178	1,137,336	816,739	1,737,118	1,484,404	1,211,146	1,367,306
FTZ user fees	346,660	261,250	281,750	287,115	264,750	261,666	233,333	243,000	295,000	284,500
Security surcharge fees	-	-	-	-	-	830,882	2,018,305	2,003,964	2,256,902	3,382,111
Compress	2,298,035	2,734,668	1,477,844	185,538	45,598	-	-	-	-	-
Other	1,285,615	1,231,395	1,306,133	1,301,176	2,380,598	1,478,266	1,588,053	1,999,921	1,982,487	4,630,745
	<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>	<u>\$ 44,929,457</u>	<u>\$ 51,051,193</u>
Non-Operating Revenues:										
Other:										
Interest	\$ 1,751,857	\$ 1,619,461	\$ 1,261,435	\$ 1,314,593	\$ 1,222,899	\$ 1,116,764	\$ 1,084,006	\$ 1,269,697	\$ 1,230,324	\$ 932,447
Other	674,757	572,907	787,431	236,214	-	1,242,935	139,182	-	-	284,048
	<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>	<u>\$ 1,230,324</u>	<u>\$ 1,216,495</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**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Operating Expenses:										
Maintenance and Operation:										
Employee services	\$ 4,563,345	\$ 3,293,465	\$ 3,570,749	\$ 3,929,041	\$ 4,144,531	\$ 5,206,360	\$ 6,296,241	\$ 6,768,333	\$ 6,952,412	\$ 8,255,443
Maintenance	2,213,199	1,756,682	1,761,065	1,970,104	2,686,825	2,641,655	3,317,396	4,173,668	6,483,605	6,340,774
Utilities	660,189	468,382	615,609	694,391	886,009	964,332	1,095,452	1,399,011	1,383,059	1,357,364
Telephone	26,092	30,158	33,212	34,045	22,358	20,468	19,694	23,716	35,699	29,991
Insurance	978,421	966,835	966,114	1,276,352	1,427,198	1,327,486	1,264,823	1,726,286	2,017,983	1,902,331
Professional services	182,015	114,171	137,700	202,418	228,158	444,902	544,189	400,085	344,073	424,975
Police expenses	-	-	-	-	-	64,252	36,788	53,276	39,442	74,106
Contracted services	1,128,658	1,062,328	1,205,445	1,597,049	1,485,158	1,483,850	2,155,840	2,110,723	2,166,855	1,834,442
Office and equipment rental	55,208	51,250	40,616	106,710	11,908	25,941	78,665	129,527	124,691	91,004
Operator and event expenses	-	244,174	708,885	1,225,868	1,310,806	1,438,345	1,287,428	1,311,334	1,523,025	1,280,002
Warehouse supplies	-	-	1,898	85,770	46,823	51,281	136,382	64,946	38,292	68,428
Grain handling	58,274	1,094	-	-	-	-	-	-	-	-
Ginning	1,258,237	1,096,642	546,622	-	-	43,180	53,509	50,970	62,693	90,947
Safety/Environmental	58,281	21,034	33,018	39,985	46,293	225,660	74,745	173,190	220,500	93,105
General	228,439	227,802	246,706	253,460	178,488	\$13,937,712	\$16,361,152	\$18,385,065	\$21,392,329	\$21,842,912
	<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>	<u>\$21,392,329</u>	<u>\$21,842,912</u>
General and Administrative:										
Employee services	\$ 4,521,403	\$ 4,484,449	\$ 4,485,094	\$ 4,523,035	\$ 5,048,655	\$ 5,367,098	\$ 5,711,388	\$ 6,150,455	\$ 6,808,607	\$ 7,349,030
Maintenance	317,737	281,890	234,515	297,592	272,419	274,342	229,548	324,760	351,566	320,610
Utilities	102,943	125,271	154,595	118,395	131,448	135,135	162,864	218,586	222,481	196,865
Telephone	103,524	129,241	124,877	98,649	103,287	108,862	209,939	205,520	213,248	231,958
Insurance	79,152	39,961	85,113	208,519	107,456	45,278	119,854	111,670	108,314	84,451
Professional services	1,665,601	1,761,967	1,914,403	1,794,626	1,781,500	1,642,718	1,713,073	1,864,026	2,290,016	2,419,843
Police expenses	-	-	-	-	-	1,429	1,341	654	216	314
Contracted services	25,609	79,711	105,890	94,226	68,343	60,516	54,189	134,754	198,260	88,262
Office and equipment rental	44,365	30,848	46,307	2,245	8,270	3,042	4,451	6,852	10,173	18,264
Administrative	1,361,721	1,344,684	1,262,105	1,279,119	1,533,738	1,598,908	1,483,098	1,647,031	1,925,958	1,873,318
Trade and sales development	227,183	209,492	178,538	129,229	125,484	143,296	107,450	123,054	146,161	148,946
Media advertising	238,715	248,392	211,051	124,256	88,530	102,957	91,527	73,557	157,725	109,262
Production	107,252	111,049	77,551	55,918	57,538	25,460	45,124	56,861	30,773	27,917
Safety/Environmental	20,227	6,869	11,241	13,638	19,889	20,992	20,439	36,047	26,992	38,206
General	43,826	91,181	106,490	143,727	226,074	100,304	184,761	(193,238)	30,689	100,319
	<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>	<u>\$12,521,179</u>	<u>\$13,007,565</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>	<u>\$ 8,442,640</u>	<u>\$ 9,648,639</u>
Depreciation										
Non-Operating Expenses:										
Other:										
Interest	\$ 167,605	\$ 128,862	\$ 85,005	\$ 734,977	\$ 886,261	\$ 821,270	\$ 775,933	\$ 739,069	\$ 658,323	\$ 591,057
Other	488,569	498,208	-	-	90,856	-	-	15,395	10,293	592,931
	<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>	<u>\$ 668,616</u>	<u>\$ 1,183,988</u>

TABLE 4 (Unaudited)

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

**Financial Performance Indicators
Last Ten Years**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Operating Revenues (OR)	\$ 25,836,907	\$ 25,890,403	\$ 25,624,318	\$ 25,160,999	\$ 26,879,813	\$ 28,371,297	\$ 32,731,892	\$ 36,036,411	\$ 44,929,457	\$ 51,051,193
Operating Expenses (OE) *	(20,269,616)	(18,279,022)	(18,865,409)	(20,298,367)	(22,047,186)	(23,568,049)	(26,500,198)	(29,145,654)	(33,913,508)	(34,850,477)
Net Operating Income (NOI)	5,567,291	7,611,381	6,758,909	4,862,632	4,832,627	4,803,248	6,231,694	6,890,757	11,015,949	16,200,716
Non-Operating Revenues	2,426,614	2,192,369	2,055,366	1,550,807	1,222,899	2,359,699	1,223,188	1,269,697	1,230,324	1,216,495
Non-Operating Expenses	(656,174)	(627,071)	(85,005)	(734,977)	(977,117)	(821,270)	(775,933)	(754,464)	(668,616)	(1,183,988)
Net Income "A" (NI"A")	7,337,731	9,176,679	8,729,270	5,678,462	5,078,409	6,341,677	6,678,949	7,405,990	11,577,657	16,233,223
Depreciation	(4,509,898)	(4,944,421)	(5,224,868)	(5,284,372)	(5,417,115)	(5,513,656)	(6,142,055)	(7,127,447)	(8,442,640)	(9,648,639)
Net Income (Loss) "B" (NI"B")	\$ 2,827,833	\$ 4,232,258	\$ 3,504,402	\$ 394,090	\$ (338,706)	\$ 828,021	\$ 536,894	\$ 278,543	\$ 3,135,017	\$ 6,584,584
Net Capital Assets (NCA) **	\$ 122,779,056	\$ 147,286,699	\$ 143,840,270	\$ 145,906,446	\$ 143,298,109	\$ 139,998,166	\$ 156,723,984	\$ 175,997,745	\$ 173,486,988	\$ 218,586,423
Total Assets (TA)	\$ 179,958,670	\$ 179,630,724	\$ 179,679,554	\$ 196,391,543	\$ 197,115,656	\$ 212,289,063	\$ 242,045,429	\$ 252,168,291	\$ 258,148,816	\$ 263,350,340

Operating Indicators:

Operating ROI (NOI/NCA)	4.53%	5.17%	4.70%	3.33%	3.37%	3.43%	3.98%	3.92%	6.35%	7.41%
Operating Margin (NOI/OR)	21.55%	29.40%	26.38%	19.33%	17.98%	16.93%	19.04%	19.12%	24.52%	31.73%
Operating Ratio (OE/OR)	78.45%	70.60%	73.62%	80.67%	82.02%	83.07%	80.96%	80.88%	75.48%	68.27%

Other ROI Indicators:

ROI "A" (NI"A"/TA)	4.08%	5.11%	4.86%	2.89%	2.58%	2.99%	2.76%	2.94%	4.48%	6.16%
ROI "B" (NI"B"/TA)	1.57%	2.36%	1.95%	0.20%	-0.17%	0.39%	0.22%	0.11%	1.21%	2.50%

* - Excludes Depreciation

** - Excludes Construction in Progress

TABLE 5 (Unaudited)

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

**Port Commerce By Commodity
Last Ten Years**

Commodity By Port Division - Short tons	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Inner Harbor										
Break Bulk	111,565	65,680	18,786	41,356	210,873	253,084	200,159	183,544	215,964	256,612
Grain	1,742,108	1,729,729	1,960,433	1,845,301	1,666,579	1,836,090	2,098,829	2,025,864	3,367,057	5,409,827
Chemical	55,008	62,109	65,394	48,861	37,243	47,295	66,514	59,851	52,709	68,760
Dry Bulk	1,996,667	1,989,651	2,259,592	2,501,157	2,062,015	2,541,606	2,544,880	2,008,088	2,420,282	2,318,675
Liquid Bulk	56,876	113,130	320,633	65,538	243,135	407,906	518,403	248,355	513,036	301,007
Petroleum	66,923,986	71,533,183	69,375,427	63,809,573	67,466,251	67,414,002	66,391,484	68,242,433	67,124,801	63,866,539
Total	70,886,210	75,493,482	74,000,265	68,311,786	71,686,096	72,499,983	71,820,269	72,768,135	73,693,849	72,221,420
La Quinta										
Break Bulk	64	-	-	-	-	-	-	-	-	-
Chemical	2,250,676	2,168,006	1,878,788	1,556,565	1,966,843	2,095,441	1,728,815	1,510,142	1,796,165	1,561,258
Dry Bulk	5,002,167	5,187,747	4,813,124	4,890,941	4,761,502	4,689,730	5,812,484	5,690,335	5,780,257	5,572,667
Petroleum	22,713	25,991	30,785	26,862	23,386	31,518	25,081	24,030	26,925	26,607
Total	7,275,620	7,381,744	6,722,697	6,474,368	6,751,731	6,816,689	7,566,380	7,224,507	7,603,347	7,160,532
Harbor Island										
Break Bulk	-	2	10,609	5,132	17,146	1,816	6	6	6	2
Petroleum	1,060	138	1,074	2,760	533	-	332	-	-	-
Total	1,060	140	11,683	7,892	17,679	1,816	338	6	6	2
Ingleside										
Break Bulk	58,619	6,275	186,428	93,260	133,165	241,882	226,899	46,637	224,714	277,147
Dry Bulk	-	-	48	-	3,506	(3,506)	-	-	42,722	-
Petroleum	6,285,993	6,523,003	6,111,062	6,061,259	6,531,995	6,769,131	7,115,455	6,909,586	7,741,913	7,475,838
Total	6,344,612	6,529,278	6,297,538	6,154,519	6,668,666	7,007,507	7,342,354	6,956,223	8,009,349	7,752,985
Rincon Point										
Break Bulk	-	-	-	-	62	6,234	17,918	26,510	4,519	18,829
Grain	-	-	-	-	-	-	-	5,746	10,329	14,040
Dry Bulk	17,468	19,847	3,774	10,358	6,890	61,574	38,690	1,707	(1,707)	-
Total	17,468	19,847	3,774	10,358	6,952	67,808	56,608	33,963	13,141	32,869
Total	84,524,970	89,424,491	87,035,957	80,958,923	85,131,124	86,393,803	86,785,949	86,982,834	89,319,692	87,167,808
Commodity Totals - Short tons										
Break Bulk	170,248	71,957	215,823	139,748	361,246	503,016	444,982	256,697	445,203	552,590
Grain	1,742,108	1,729,729	1,960,433	1,845,301	1,666,579	1,836,090	2,098,829	2,031,610	3,377,386	5,423,867
Chemical	2,305,684	2,230,115	1,944,182	1,605,426	2,004,086	2,142,736	1,795,329	1,569,993	1,848,874	1,630,018
Dry Bulk	7,016,302	7,197,245	7,076,538	7,402,456	6,833,913	7,289,404	8,396,054	7,700,130	8,241,554	7,891,342
Liquid Bulk	56,876	113,130	320,633	65,538	243,135	407,906	518,403	248,355	513,036	301,007
Petroleum	73,233,752	78,082,315	75,518,348	69,900,454	74,022,165	74,214,651	73,532,352	75,176,049	74,893,639	71,368,984
Total	84,524,970	89,424,491	87,035,957	80,958,923	85,131,124	86,393,803	86,785,949	86,982,834	89,319,692	87,167,808

TABLE 5 (Unaudited - Continued)

Port Commerce By Commodity
Last Ten Years

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

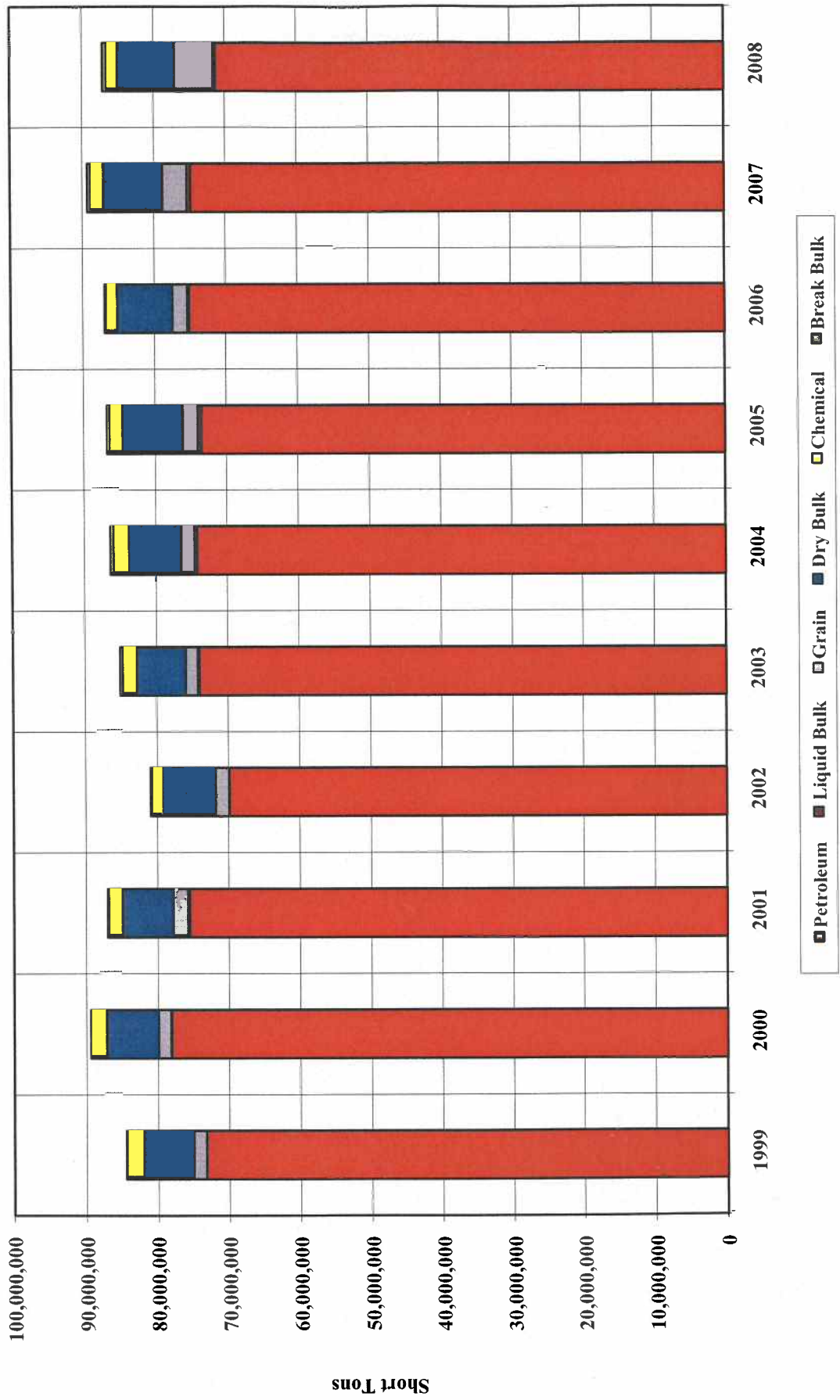


TABLE 6 (Unaudited)

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

**Vessel Traffic
Last Ten Years**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Inner Harbor										
<i>Ships</i>										
Dry Cargo	268	216	224	266	244	210	268	233	300	377
Tankers	799	866	843	744	841	803	808	817	825	819
<i>Barges</i>	4,357	4,605	4,625	4,066	4,465	4,818	4,820	4,440	4,393	4,112
<i>Total Vessels</i>	5,424	5,687	5,692	5,076	5,550	5,831	5,896	5,490	5,518	5,308
La Quinta Harbor										
<i>Ships</i>										
Dry Cargo	126	123	124	119	116	101	147	128	117	107
Tankers	158	132	119	112	152	167	104	110	135	104
<i>Barges</i>	143	159	132	161	257	281	310	175	166	102
<i>Total Vessels</i>	427	414	375	392	525	549	561	413	418	313
Harbor Island										
<i>Ships</i>										
Dry Cargo	-	195	681	628	540	581	610	566	632	227
Tankers	1	-	-	-	-	-	-	-	-	-
<i>Barges</i>	2	-	8	23	5	-	-	-	-	-
<i>Total Vessels</i>	3	195	689	651	545	581	610	566	632	227
Ingleside Harbor										
<i>Ships</i>										
Dry Cargo	7	13	4	13	6	13	12	15	28	19
Tankers	87	88	65	84	80	86	88	92	97	98
<i>Barges</i>	50	18	35	52	56	111	54	55	45	49
<i>Total Vessels</i>	144	119	104	149	142	210	154	162	170	166
Rincon Point										
<i>Ships</i>										
Dry Cargo	-	-	-	-	-	-	-	-	-	-
Tankers	-	-	-	-	-	-	-	-	-	-
<i>Barges</i>	2	-	-	3	4	66	114	2	6	8
<i>Total Vessels</i>	2	-	-	3	4	66	114	2	6	8
Total										
<i>Ships</i>										
Dry Cargo	401	547	1,033	1,026	906	905	1,037	942	1,077	730
Tankers	1,045	1,086	1,027	940	1,073	1,056	1,000	1,019	1,057	1,021
<i>Barges</i>	4,554	4,782	4,800	4,305	4,787	5,276	5,298	4,672	4,610	4,271
<i>Total Vessels</i>	6,000	6,415	6,860	6,271	6,766	7,237	7,335	6,633	6,744	6,022

TABLE 6 (Unaudited - Continued)

Vessel Traffic
Last Ten Years

PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS

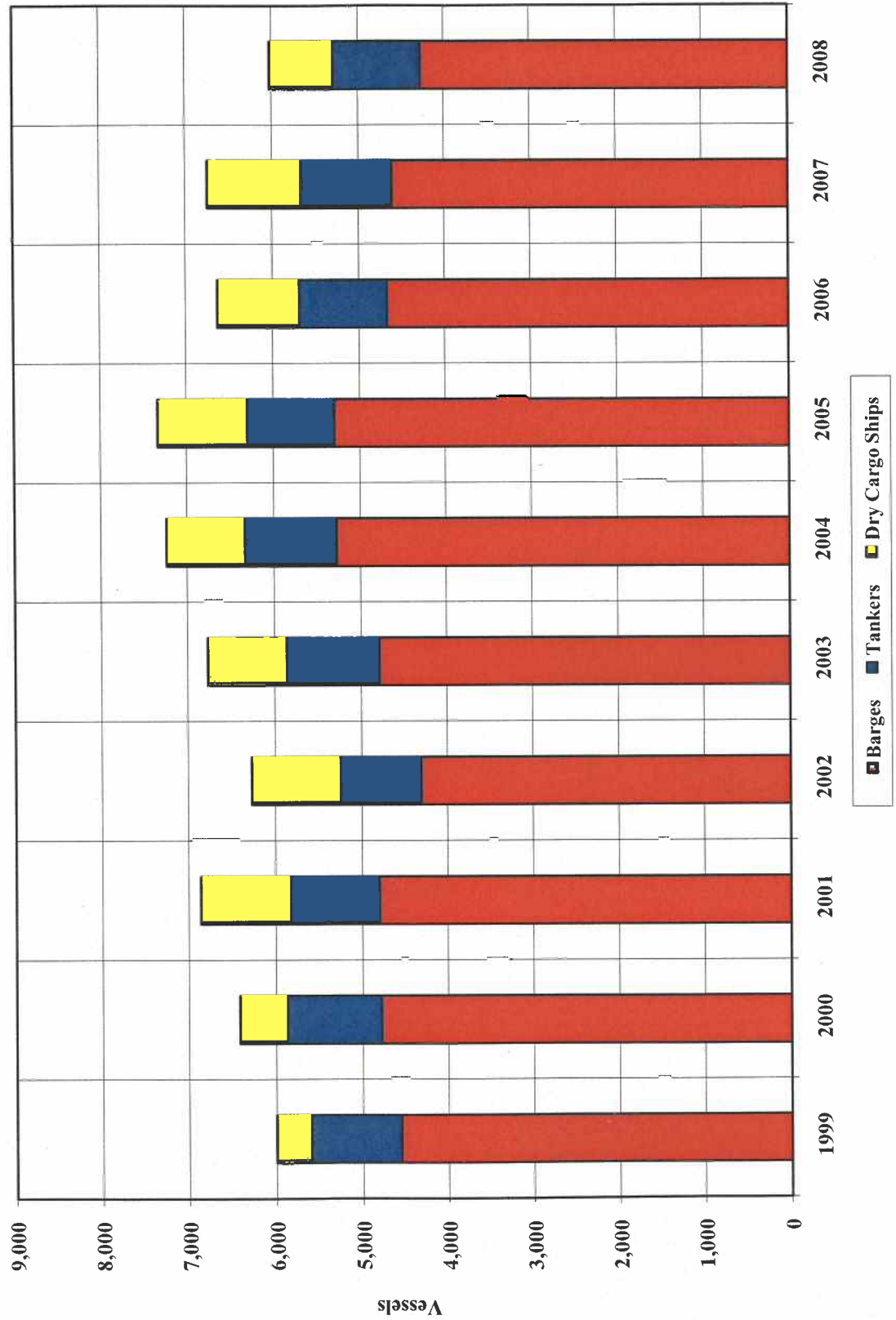


TABLE 7 (Unaudited)

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

**Tariff Rates
Last Ten Years**

	U/M	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Wharfage Rates											
All Cargo NOS	W/M	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.75
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	\$0.04	\$0.08
Beans, Lentils & Peas	S/T	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.50	\$0.50	\$0.50	\$0.55
Cotton	Bale	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.48	\$0.48	\$0.48	\$0.48
Grain and Grain Products	S/T	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.50	\$0.50	\$0.50	\$0.70
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	\$0.25
Iron and Steel Articles	S/T	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.80
Machinery, agricultural	S/T	\$0.00	\$0.00	\$0.00	\$0.00	\$1.76	\$1.76	\$1.76	\$1.76	\$1.76	\$2.75
Machinery, grading, earth moving	S/T	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.75
Military Cargo	S/T	\$1.20	\$1.20	\$1.30	\$1.30	\$1.30	\$1.30	\$2.30	\$2.30	\$2.30	\$2.30
Milk, dehydrated	S/T	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.50	\$0.50	\$0.50	\$0.70
Passengers	Person	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$5.00	\$5.00	\$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	\$1.90	\$1.90	\$2.75
Refrigerated Cargo	S/T	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.30	\$1.30	\$1.30	\$1.30
Rice and Rice Products	S/T	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.50	\$0.50	\$0.50	\$0.70
Sand, aggregates, caliche, limestone	S/T	\$0.30	\$0.30	\$0.30	\$0.60	\$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	\$4.75
Vessels, pressure	S/T	\$3.40	\$3.40	\$3.40	\$3.40	\$3.40	\$3.40	\$3.40	\$3.40	\$3.40	\$3.40
Dockage Rates											
General Cargo											
Vessels											
0-199	Feet	\$1.71	\$1.71	\$1.90	\$1.90	\$1.90	\$1.90	\$1.97	\$1.97	\$1.97	\$2.28/\$1.62
200-399	Feet	\$1.44 - \$1.80	\$1.44 - \$1.80	\$2.22	\$2.22	\$2.22	\$2.22	\$2.55	\$2.55	\$2.55	\$2.99/\$2.10
400-499	Feet	\$2.50	\$2.50	\$3.02	\$3.02	\$3.02	\$3.02	\$3.50	\$3.50	\$3.50	\$4.23/\$2.88
500-599	Feet	\$2.58 - \$2.62	\$2.58 - \$2.62	\$4.06	\$4.06	\$4.06	\$4.06	\$4.67	\$4.67	\$4.67	\$5.69/\$3.85
600-699	Feet	\$3.12	\$3.12	\$4.72	\$4.72	\$4.72	\$4.72	\$5.43	\$5.43	\$5.43	\$6.51/\$4.47
700-799	Feet	\$3.48	\$3.48	\$5.99	\$5.99	\$5.99	\$5.99	\$6.89	\$6.89	\$6.89	\$8.39/\$5.67
800-899	Feet	\$3.54	\$3.54	\$7.21	\$7.21	\$7.21	\$7.21	\$8.29	\$8.29	\$8.29	\$10.10/\$6.83
900 +	Feet	\$3.72	\$3.72	\$8.63	\$8.63	\$8.63	\$8.63	\$9.92	\$9.92	\$9.92	\$12.08/\$8.17
Barges - Inland Waterway	Feet	\$0.09 NRT	\$0.09 NRT	\$0.09 NRT	\$0.09 NRT	\$0.09 NRT	\$0.09 NRT	\$0.09 NRT	\$0.09 NRT	\$0.09 NRT	\$90.00 Flat
Bulk Terminal	GRT	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13	\$0.49
Liquid Bulk											
Vessels											
DWT	DWT	\$0.025	\$0.025	\$0.025	\$0.025	\$0.025	\$0.025	\$0.025	\$0.025	\$0.025	See Dry/Liquid
Barges	Barge	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$90.00
0-360 Feet	Barge	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	See Dry/Liquid
360 +											
Harbor Fee											
Ships	Ship	-	\$325.00	\$240.00	\$240.00	\$240.00	\$240.00	\$240.00	\$240.00	\$240.00	\$275.00
Barges	Barge	-	\$40.00	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	\$35.00
Security Surcharge Fee ¹											
		-	-	-	-	-	10.0%	10.5%	11.0%	11.5%	12.0%

¹ 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, 2008 and 1999**
WHARFAGE and DOCKAGE REVENUE:

Customer	2008				1999			
	Wharfage and Dockage Revenue	Rank	%		Wharfage and Dockage Revenue	Rank	%	
Valero	\$ 8,183,270	1	23.10%		\$ 1,642,019	4	9.37%	
Citgo	7,013,773	2	19.80%		3,557,899	1	20.31%	
Flint Hills	5,790,398	3	16.34%		1,768,406	3	10.10%	
NuStar Logistics	2,491,246	4	7.03%		1,394,958	5	7.96%	
Equistar	1,089,242	5	3.07%		470,478	9	2.69%	
Valls Shipping	834,214	6	2.35%		446,671	10	2.55%	
Biehl & Company	682,106	7	1.93%		-		-	
Sanco Co.	660,324	8	1.86%		-		-	
GE Energy Logistics	551,839	9	1.56%		-		-	
Dix-Fairway	388,364	10	1.10%		-		-	
Coastal	-	-	-		2,175,405	2	12.42%	
Boyd-Campbell	-	-	-		968,649	6	5.53%	
Koch Petroleum Group	-	-	-		630,296	7	3.60%	
Aimcor	-	-	-		452,968	8	2.59%	
Subtotal (10 largest)	27,684,776		78.14%		13,507,749		77.12%	
Other	7,745,415		21.86%		4,007,792		22.88%	
Total	\$ 35,430,191		100.00%		\$ 17,515,541		100.00%	

TONNAGE:

Customer	2008				1999			
	Tonnage	Rank	%		Tonnage	Rank	%	
Citgo	24,669,706	1	28.30%		24,741,877	1	29.27%	
Valero	21,624,215	2	24.81%		12,203,516	2	14.44%	
Flint Hills	18,107,010	3	20.77%		7,007,513	4	8.29%	
Sherwin Alumina	5,572,667	4	6.39%		5,002,168	6	5.92%	
NuStar Logistics	3,827,343	5	4.39%		4,183,866	8	4.95%	
Equistar	1,405,221	6	1.61%		1,699,563	10	2.01%	
ADM/Growmark	3,876,266	7	4.45%		-		-	
Occidental	1,561,258	8	1.79%		2,250,676	9	2.66%	
Interstate	1,517,946	9	1.74%		-		-	
Dix-Fairway	640,096	10	0.73%		-		-	
Coastal	-	-	-		8,355,500	3	9.89%	
Koch	-	-	-		5,990,041	5	7.09%	
Koch Petroleum Group	-	-	-		4,791,150	7	5.67%	
Subtotal (10 largest)	82,801,728		94.98%		76,225,870		90.19%	
Other	4,366,080		5.01%		8,299,100		9.81%	
Total	87,167,808		99.99%		84,524,970		100.00%	

TABLE 9 (Unaudited)

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

**Ratios of Outstanding Debt
Last Ten Years**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Unlimited Tax Bonds	\$ 8,750,000	\$ 3,235,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bonds	-	-	-	17,075,000	16,110,000	15,130,000	14,120,000	13,080,000	12,005,000	10,885,000
Total	\$8,750,000	\$3,235,000	\$0	\$ 17,075,000	\$16,110,000	\$15,130,000	\$14,120,000	\$13,080,000	\$12,005,000	\$10,885,000
Per Capita	\$399	\$140	\$0	\$685	\$619	\$554	\$481	\$416	\$356	\$316
Percent of Personal Income	0.10%	0.03%	0.00%	0.17%	0.15%	0.14%	0.12%	0.10%	0.09%	0.08%

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)		
				Principal	Interest	Total Coverage
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
2007	46,159,781	33,913,508	12,246,273	1,333,889	337,589	1,671,478 7.33
2008	51,983,640	34,850,477	17,133,163	1,360,625	310,516	1,671,141 10.25

(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**

	1999	2000	2001	2002	2003	2004	2005	2006	2007 (P)	2008 (E)
Population (1)	404,155	403,199	401,387	403,153	403,892	407,440	411,035	413,365	414,376	417,312
Personal Income-(in thousands) (1)	\$ 8,870,496	\$ 9,348,023	\$ 9,706,189	\$ 10,047,316	\$ 10,504,810	\$ 11,128,603	\$ 12,065,045	\$ 13,006,066	\$ 13,978,069	\$ 14,389,925
Per Capita Personal Income (1)	\$21,948	\$23,185	\$24,182	\$24,922	\$26,009	\$27,313	\$29,353	\$31,464	\$33,733	\$34,482
Unemployment rate (2)	-	5.40%	5.50%	6.30%	6.80%	6.60%	5.20%	4.70%	4.20%	4.56%

Source:

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

(P) Preliminary

(E) Estimated based on growth trend from 2001-2007

TABLE 12 (Unaudited)

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

**Principal Employers
December 31, 2008 and 1999**

Employer	2008			1999*		
	Number of Employees	Rank	Percent of Total MSA Employment	Number of Employees	Rank	Percent of Total MSA Employment
Corpus Christi Army Depot	4,876	1	2.56%	-	-	-
Corpus Christi ISD	4,776	2	2.51%	-	-	-
Christus Spohn Health System	4,260	3	2.24%	-	-	-
City of Corpus Christi	3,434	4	1.80%	-	-	-
HEB Grocery Co.	2,539	5	1.33%	-	-	-
Bay, Ltd.	2,500	6	1.31%	-	-	-
Texas A&M - Corpus Christi	1,994	7	1.05%	-	-	-
Driscoll Children's Hospital	1,705	8	0.90%	-	-	-
Naval Air Station Corpus Christi	1,630	9	0.86%	-	-	-
Corpus Christi Medical Center	1,347	10	0.71%	-	-	-
Total	29,061		15.27%	-		-

Corpus Christi Regional Economic and Development Corporation
Texas Workforce Commission

* Information for 1998 not available

TABLE 13 (Unaudited)

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

**Employees by Function
Last Ten Years**

	1998*	2000	2001	2002	2003	2004	2005	2006	2007	2008
Operations:										
Cold Storage Facility	0	0	8	12	12	13	13	13	12	9
Bulk Terminal Facility	0	17	17	16	16	16	16	17	16	17
Harbormaster's Office	0	20	19	19	12	12	12	11	10	10
Lift Bridge	0	0	0	0	8	8	8	8	5	0
Maintenance	0	25	29	34	38	37	38	39	43	43
Police Department	0	0	0	0	0	20	21	22	40	44
Corpus Christi Public Compress	0	6	5	0	0	0	0	0	0	0
	0	68	78	81	86	106	108	110	126	123
Administration:										
Executive Director	0	3	2	2	2	2	2	2	2	5
Government Affairs	0	2	1	1	1	1	1	1	1	1
Human Resources	0	4	5	5	5	5	4	4	5	5
Deputy Port Directors	0	0	0	0	0	0	0	0	0	3
Business Development	0	8	8	7	8	8	8	7	7	5
Industrial Development	0	1	1	1	1	1	1	1	1	1
Finance and Administration	0	2	2	2	2	2	2	2	2	2
Accounting	0	9	8	7	7	8	8	8	8	9
Management Information Systems	0	4	5	5	5	7	7	7	9	9
Engineering	0	11	12	12	12	12	11	13	13	10
Operations	0	5	6	6	7	6	7	7	7	5
	0	49	50	48	50	52	51	52	55	55
	0	117	128	129	136	158	159	162	181	178

* Information not available

TABLE 14 (Unaudited)

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

	2004	2005	2006	2007	2008
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	3	3	3	3	3
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)	4	4	4	4	4
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	3	3	3	3
Intermodal terminal	1	1	1	1	1
Open storage (acres)	23	23	23	23	25
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)	575,000	575,000	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	35
Security Command Center	1	1	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
1998	\$ 6,507,706	\$ 10,880,153	59.8%	\$ 4,372,447	\$ 6,311,717	69.3%
1999	7,482,804	11,795,117	63.4%	4,312,313	6,841,985	63.0%
2000	7,899,688	11,952,150	66.1%	4,052,462	5,759,469	70.4%
2001	8,736,367	13,220,605	66.1%	4,484,238	5,896,407	76.1%
2002	9,277,397	14,091,854	65.8%	4,814,457	6,094,250	79.0%
2003	10,728,469	15,445,423	69.5%	4,716,954	6,522,619	72.3%
2004	12,187,288	16,966,500	71.8%	4,779,212	7,918,506	60.4%
2005	13,572,671	18,177,881	74.7%	4,605,210	8,544,001	53.9%
2006	15,800,903	19,548,987	80.8%	3,748,084	9,020,225	41.6%
2007	17,772,709	21,735,463	81.8%	3,962,754	9,558,257	41.5%

TABLE 16 (Unaudited)

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

**Schedule of Insurance in Force
December 31, 2008**

Details of Coverage	Policy Period	Deductible	Liability Limits
All risk property	04/01/08-09	\$4,000,000/\$100,000	\$ 100,000,000
Harbor Island Property - Primary	08/05/08-09	100,000	3,000,000
Boiler and Machinery	04/01/08-09	100,000	20,000,000
Business Auto Liability	10/01/08-09		10,000,000
Warehouse Legal Liability	10/01/08-09	20,000	5,000,000
Foreign Liability	10/01/08-09		1,000,000
Pollution Legal Liability	10/16/08-13	100,000	5,000,000
Non-owned Aircraft Liability	10/01/08-09		2,000,000
Marine Liability and Primary P&I Including Firebarge Hull	10/01/08-09	50,000	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	10/01/08-09		80,000,000 excess of 20,000,000
Errors and Omissions Liability	10/01/08-09	50,000	10,000,000
Law Enforcement Liability	10/01/08-09	10,000	5,000,000
Executive Risk	10/01/07-10		5,000,000
Customs Bond/Importer Bond	09/28/08-09		50,000
Customs Bond - FTZ Operator	09/28/08-09		250,000
Customs Bond - Cold Storage Warehouse	02/07/08-09		50,000
Public Officials Bonds (8)	03/01/07-10		5,000
Workers' Compensation	01/01/08-09		Statutory

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Miscellaneous Statistical Data
December 31, 2008**

Date of Incorporation:	1922		
Form of Government:	A public corporation and political subdivision of the State of Texas		
Number of Employees:	178		
Geographic Location:	Southeastern coast of Texas on the Gulf of Mexico approximately 150 miles north of the Mexican Border		
Area:	6,250 - Emergent acres 18,750 - Submerged acres		
Population:	Year	City of Corpus Christi	Nueces County
			San Patricio County
	1920	10,522	22,807
	1930	27,741	51,779
	1940	57,301	92,661
	1950	108,053	165,471
	1960	167,690	221,573
	1970	204,525	237,544
	1980	232,119	268,215
	1990	256,632	296,527
	2000	277,454	313,645
Elevation:	Sea level to 85 feet, average 35 feet		
Tidal Data:			
Average Water Level:			
Inner Harbor	2.08 feet above Mean Low Tide (MLT)		
Tidal Range:			
Inner Harbor	Insignificant		
Aransas Pass	1.5 feet		
Aerial Clearance:			
Harbor Bridge and Upper Harbor Lift Bridge	138 feet		
Temperature:			
	Annual Average - 71°		
	January Average - 56°		
	July Average - 84°		
Average Seasonal Rainfall:	30.4 inches		

**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**
**Miscellaneous Statistical Data
December 31, 2008**
Public Docks:

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

Private Docks:

Bulk liquid	- Citgo	6 - Main Harbor
	- Equistar	1 - Main Harbor
	- Flint Hills	3 - Main Harbor
	- Valero	3 - Main Harbor
	- Occidental Chemical	1 - La Quinta
Dry cargo	- Koch Gathering	1 - Ingleside
	- Bay Inc.	2 - Main Harbor
	- Heldenfels	1 - Main Harbor
	- Texas Lehigh Cement	1 - Main Harbor
	- Tor Minerals International, Inc.	1 - Rincon
	- McDermott	1 - Harbor Island
	- Gulf Marine Fabricators	1 - Ingleside
	- Kiewit Offshore Services, Inc.	1 - Ingleside
	- Texas Docks & Rail	2 - Main Harbor
	- Rincon A	1 - Rincon
Bulk materials	- ADM/Gromark	1 - Main Harbor
	- Interstate Grain	1 - Main Harbor
	- Sherwin Alumina	1 - La Quinta
	- Vulcan Materials	1 - Main Harbor
		<u>30</u>

TABLE 18 (Unaudited)

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

**Port Commerce By Commodity
Last Ten Years**

Table 1:

Commodity By Port Division - Short tons										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Inner Harbor										
Break Bulk	111,565	65,680	18,786	41,356	210,873	253,084	200,159	183,544	215,964	256,612
Grain	1,742,108	1,729,729	1,960,433	1,845,301	1,666,579	1,836,090	2,098,829	2,025,864	3,367,057	5,409,827
Chemical	55,008	62,109	65,394	48,861	37,243	47,295	66,514	59,851	52,709	68,760
Dry Bulk	1,996,667	1,989,651	2,259,592	2,501,157	2,062,015	2,541,606	2,544,880	2,008,088	2,420,282	2,318,675
Liquid Bulk	56,876	113,130	320,633	65,538	243,135	407,906	518,403	248,355	513,036	301,007
Petroleum	66,923,986	71,533,183	69,375,427	63,809,573	67,466,251	67,414,002	66,391,484	68,242,433	67,124,801	63,866,539
Total	70,886,210	75,493,482	74,000,265	68,311,786	71,686,096	72,499,983	71,820,269	72,768,135	73,693,849	72,221,420
La Quinta										
Break Bulk	64	-	-	-	-	-	-	-	-	-
Chemical	2,250,676	2,168,006	1,878,788	1,556,565	1,966,843	2,095,441	1,728,815	1,510,142	1,796,165	1,561,258
Dry Bulk	5,002,167	5,187,747	4,813,124	4,890,941	4,761,502	4,689,730	5,812,484	5,690,335	5,780,257	5,572,667
Petroleum	22,713	25,991	30,785	26,862	23,386	31,518	25,081	24,030	26,925	26,607
Total	7,275,620	7,381,744	6,722,697	6,474,368	6,751,731	6,816,689	7,566,380	7,224,507	7,603,347	7,160,532
Harbor Island										
Break Bulk	-	2	10,609	5,132	17,146	1,816	6	6	6	2
Petroleum	1,060	138	1,074	2,760	533	-	332	-	-	-
Total	1,060	140	11,683	7,892	17,679	1,816	338	6	6	2
Ingleside										
Break Bulk	58,619	6,275	186,428	93,260	133,165	241,882	226,899	46,637	224,714	277,147
Dry Bulk	-	-	48	-	3,506	(3,506)	-	-	42,722	-
Petroleum	6,285,993	6,523,003	6,111,062	6,061,259	6,531,995	6,769,131	7,115,455	6,909,586	7,741,913	7,475,838
Total	6,344,612	6,529,278	6,297,538	6,154,519	6,668,666	7,007,507	7,342,354	6,956,223	8,009,349	7,752,985
Rincon Point										
Break Bulk	-	-	-	-	62	6,234	17,918	26,510	4,519	18,829
Grain	-	-	-	-	-	-	-	5,746	10,329	14,040
Dry Bulk	17,468	19,847	3,774	10,358	6,890	61,574	38,690	1,707	(1,707)	-
Total	17,468	19,847	3,774	10,358	6,952	67,808	56,608	33,963	13,141	32,869
Total	84,524,970	89,424,491	87,035,957	80,958,923	85,131,124	86,393,803	86,785,949	86,982,834	89,319,692	87,167,808
Commodity Totals - Short tons										
Break Bulk	170,248	71,957	215,823	139,748	361,246	503,016	444,982	256,697	445,203	552,590
Grain	1,742,108	1,729,729	1,960,433	1,845,301	1,666,579	1,836,090	2,098,829	2,031,610	3,377,386	5,423,867
Chemical	2,305,684	2,230,115	1,944,182	1,605,426	2,004,086	2,142,736	1,795,329	1,569,993	1,848,874	1,630,018
Dry Bulk	7,016,302	7,197,245	7,076,538	7,402,456	6,833,913	7,289,404	8,396,054	7,700,130	8,241,554	7,891,342
Liquid Bulk	56,876	113,130	320,633	65,538	243,135	407,906	518,403	248,355	513,036	301,007
Petroleum	73,233,752	78,082,315	75,518,348	69,900,454	74,022,165	74,214,651	73,532,352	75,176,049	74,893,639	71,368,984
Total	84,524,970	89,424,491	87,035,957	80,958,923	85,131,124	86,393,803	86,785,949	86,982,834	89,319,692	87,167,808

TABLE 19 (Unaudited)

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

**Revenues by Source
Last Ten Years**

Table 2:

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Operating Revenues:										
Wharfage	\$ 12,592,047	\$ 13,282,469	\$ 13,215,302	\$ 12,534,632	\$ 13,535,168	\$ 14,076,271	\$ 15,388,177	\$ 19,351,717	\$ 27,219,535	\$ 26,359,823
Dockage	3,619,507	3,229,447	3,009,600	2,733,667	3,218,880	3,858,120	4,153,902	3,354,723	3,655,333	7,078,197
Freight handling	4,158,629	2,019,205	2,033,916	2,410,795	1,492,129	1,976,486	2,351,619	2,065,511	2,166,118	2,178,423
Bagging	41,344	-	-	-	-	-	-	-	-	-
Building and land rentals	1,495,070	2,835,108	3,363,438	3,385,964	3,361,762	3,409,141	3,705,185	4,037,572	4,545,342	4,318,458
Conference center services	-	296,861	833,712	1,367,934	1,443,592	1,663,726	1,556,200	1,495,599	1,597,594	1,451,630
Warehouse handling charges	-	-	102,623	954,178	1,137,336	816,739	1,737,118	1,484,404	1,211,146	1,367,306
FTZ user fees	346,660	261,250	281,750	287,115	264,750	261,666	233,333	243,000	295,000	284,500
Security surcharge fees	-	-	-	-	-	830,882	2,018,305	2,003,964	2,256,902	3,382,111
Compress	2,298,035	2,734,668	1,477,844	185,538	45,598	-	-	-	-	-
Other	1,285,615	1,231,395	1,306,133	1,301,176	2,380,598	1,478,266	1,588,053	1,999,921	1,982,487	4,630,745
	<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>	<u>\$ 44,929,457</u>	<u>\$ 51,051,193</u>
Non-Operating Revenues:										
Other:										
Interest	\$ 1,751,857	\$ 1,619,461	\$ 1,261,435	\$ 1,314,593	\$ 1,222,899	\$ 1,116,764	\$ 1,084,006	\$ 1,269,697	\$ 1,230,324	\$ 932,447
Other	674,757	572,907	787,431	236,214	-	1,242,935	139,182	-	-	284,048
	<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>	<u>\$ 1,230,324</u>	<u>\$ 1,216,495</u>

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TABLE 20 (Unaudited)

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

**Expenses by Type
Last Ten Years**

Table 3:

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Operating Expenses:										
Maintenance and Operation:										
Employee services	\$ 4,563,345	\$ 3,293,465	\$ 3,570,749	\$ 3,929,041	\$ 4,144,531	\$ 5,206,360	\$ 6,296,241	\$ 6,768,333	\$ 6,952,412	\$ 8,255,443
Maintenance	2,213,199	1,756,682	1,761,065	1,970,104	2,686,825	2,641,655	3,317,396	4,173,668	6,483,605	6,340,774
Utilities	660,189	468,382	615,609	694,391	886,009	964,332	1,095,452	1,399,011	1,383,059	1,357,364
Telephone	26,092	30,158	33,212	34,045	22,358	20,468	19,694	23,716	35,699	29,991
Insurance	978,421	966,835	966,114	1,276,352	1,427,198	1,327,486	1,264,823	1,726,286	2,017,983	1,902,331
Professional services	182,015	114,171	137,700	202,418	228,158	444,902	544,189	400,085	344,073	424,975
Police expenses	-	-	-	-	-	64,252	36,788	53,276	39,442	74,106
Contracted services	1,128,658	1,062,328	1,205,445	1,597,049	1,485,158	1,483,850	2,155,840	2,110,723	2,166,855	1,834,442
Office and equipment rental	55,208	51,250	40,616	106,710	11,908	25,941	78,665	129,527	124,691	91,004
Operator and event expenses	-	244,174	708,885	1,225,868	1,310,806	1,438,345	1,287,428	1,311,334	1,523,025	1,280,002
Warehouse supplies	-	-	1,898	85,770	46,823	51,281	136,382	64,946	38,292	68,428
Grain handling	58,274	1,094	-	-	-	-	-	-	-	-
Ginning	1,258,237	1,096,642	546,622	-	-	-	-	-	-	-
Safety/Environmental	58,281	21,034	33,018	39,985	46,293	43,180	53,509	50,970	62,693	90,947
General	228,439	227,802	246,706	253,460	178,488	225,660	74,745	173,190	220,500	93,105
	<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>	<u>\$21,392,329</u>	<u>\$21,842,912</u>
General and Administrative:										
Employee services	\$ 4,521,403	\$ 4,484,449	\$ 4,485,094	\$ 4,523,035	\$ 5,048,655	\$ 5,367,098	\$ 5,711,388	\$ 6,150,455	\$ 6,808,607	\$ 7,349,030
Maintenance	317,737	281,890	234,515	297,592	272,419	274,342	229,548	324,760	351,566	320,610
Utilities	102,943	125,271	154,595	118,395	131,448	135,135	162,864	218,586	222,481	196,865
Telephone	103,524	129,241	124,877	98,649	103,287	108,862	209,939	205,520	213,248	231,958
Insurance	79,152	39,961	85,113	208,519	107,456	45,278	119,854	111,670	108,314	84,451
Professional services	1,665,601	1,761,967	1,914,403	1,794,626	1,781,500	1,642,718	1,713,073	1,864,026	2,290,016	2,419,843
Police expenses	-	-	-	-	-	1,429	1,341	654	216	314
Contracted services	25,609	79,711	105,890	94,226	68,343	60,516	54,189	134,754	198,260	88,262
Office and equipment rental	44,365	30,848	46,307	2,245	8,270	3,042	4,451	6,852	10,173	18,264
Administrative	1,361,721	1,344,684	1,262,105	1,279,119	1,533,738	1,598,908	1,483,098	1,647,031	1,925,958	1,873,318
Trade and sales development	227,183	209,492	178,538	129,229	125,484	143,296	107,450	123,054	146,161	148,946
Media advertising	238,715	248,392	211,051	124,256	88,530	102,957	91,527	73,557	157,725	109,262
Production	107,252	111,049	77,551	55,918	57,538	25,460	45,124	56,861	30,773	27,917
Safety/Environmental	20,227	6,869	11,241	13,638	19,889	20,992	20,439	36,047	26,992	38,206
General	43,826	91,181	106,490	143,727	226,074	100,304	184,761	(193,238)	30,689	100,319
	<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>	<u>\$12,521,179</u>	<u>\$13,007,565</u>
Depreciation	<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>	<u>\$ 8,442,640</u>	<u>\$ 9,648,639</u>
Non-Operating Expenses:										
Other:										
Interest	\$ 167,605	\$ 128,862	\$ 85,005	\$ 734,977	\$ 886,261	\$ 821,270	\$ 775,933	\$ 739,069	\$ 658,323	\$ 591,057
Other	488,569	498,208	-	-	90,856	-	-	15,395	10,293	592,931
	<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>	<u>\$ 668,616</u>	<u>\$ 1,183,988</u>

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

**Debt Administration
December 31, 2008**

At December 31, 2008, 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, 2008:

Table 4:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds	\$ 12,005,000	\$ -	\$ 1,120,000	\$ 10,885,000	\$ 1,160,000
Accumulated Accretion	96,145	893	-	97,038	
Total	\$ 12,101,145	\$ 893	\$ 1,120,000	\$ 10,982,038	\$ 1,160,000

At December 31, 2008, total debt service requirements are as follows:

Table 5:

	Principal	Interest	Total
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
Thereafter	4,550,000	462,940	5,012,940
Total	\$ 10,885,000	\$ 2,484,130	\$ 13,369,130

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

**Notes Receivable
December 31, 2008**

Table 6:

A summary of changes in notes receivable for the year ended December 31, 2008, is as follows:

	Beginning Balance	Additions	Maturities	Ending Balance	Current Portion
Notes Receivable	\$ 6,262,014	\$ -	\$ 1,470,276	\$ 4,791,738	\$ 713,157

Notes Receivable as of December 31, 2008 is summarized as follows:

	Principal Outstanding
\$12,000,000 Note Receivable due in annual principal installments ranging from \$713,157 to \$1,131,691 through 2015; interest at 8.0%.	\$ 6,363,363
Less: Principal Prepayments	1,571,625
Principal Outstanding	4,791,738
Less: Current Maturities	713,157
Notes Receivable - Net	\$ 4,078,581

Total note receivable requirements as of December 31, 2008, are as follows:

	Principal	Interest	Total
2009	\$ 713,157	\$ 509,069	\$ 1,222,226
2010	770,210	452,016	1,222,226
2011	831,827	390,400	1,222,227
2012	898,373	323,854	1,222,227
2013	970,243	251,984	1,222,227
Thereafter	607,928	264,899	872,827
Total	\$ 4,791,738	\$ 2,192,222	\$ 6,983,960

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 2007, the Authority credited \$2,017,046 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, 2008**

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, 2008, minimum lease payments under these operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

Years Ending	
2009	\$ 2,387,815
2010	1,855,955
2011	849,907
2012	626,463
2013	424,490
Thereafter	2,264,983
Total	\$ 8,409,613

TABLE 24 (Unaudited)

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

**Financial Performance Indicators
Last Ten Years**

Table 8:

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Operating Revenues (OR)	\$ 25,836,907	\$ 25,890,403	\$ 25,624,318	\$ 25,160,999	\$ 26,879,813	\$ 28,371,297	\$ 32,731,892	\$ 36,036,411	\$ 44,929,457	\$ 51,051,193
Operating Expenses (OE) *	(20,269,616)	(18,279,022)	(18,865,409)	(20,298,367)	(22,047,186)	(23,568,049)	(26,500,198)	(29,145,654)	(33,913,508)	(34,850,477)
Net Operating Income (NOI)	5,567,291	7,611,381	6,758,909	4,862,632	4,832,627	4,803,248	6,231,694	6,890,757	11,015,949	16,200,716
Non-Operating Revenues	2,426,614	2,192,369	2,055,366	1,550,807	1,222,899	2,359,699	1,223,188	1,269,697	1,230,324	1,216,495
Non-Operating Expenses	(656,174)	(627,071)	(85,005)	(734,977)	(977,117)	(821,270)	(775,933)	(754,464)	(668,616)	(1,183,988)
Net Income "A" (NI" A")	7,337,731	9,176,679	8,729,270	5,678,462	5,078,409	6,341,677	6,678,949	7,405,990	11,577,657	16,233,223
Depreciation	(4,509,898)	(4,944,421)	(5,224,868)	(5,284,372)	(5,417,115)	(5,513,656)	(6,142,055)	(7,127,447)	(8,442,640)	(9,648,639)
Net Income (Loss) "B" (NI" B")	\$ 2,827,833	\$ 4,232,258	\$ 3,504,402	\$ 394,090	\$ (338,706)	\$ 828,021	\$ 536,894	\$ 278,543	\$ 3,135,017	\$ 6,584,584
Net Capital Assets (NCA) **	\$ 122,779,056	\$ 147,286,699	\$ 143,840,270	\$ 145,906,446	\$ 143,298,109	\$ 139,998,166	\$ 156,723,985	\$ 175,997,745	\$ 173,486,988	\$ 218,586,423
Total Assets (TA)	\$ 179,958,670	\$ 179,630,724	\$ 179,679,554	\$ 196,391,543	\$ 197,115,656	\$ 212,289,063	\$ 242,045,429	\$ 252,168,291	\$ 258,148,816	\$ 263,350,340

Operating Indicators:

Operating ROI (NOI/NCA)	4.53%	5.17%	4.70%	3.33%	3.37%	3.43%	3.98%	3.92%	6.35%	7.41%
Operating Margin (NOI/OR)	21.55%	29.40%	26.38%	19.33%	17.98%	16.93%	19.04%	19.12%	24.52%	31.73%
Operating Ratio (OE/OR)	78.45%	70.60%	73.62%	80.67%	82.02%	83.07%	80.96%	80.88%	75.48%	68.27%

Other ROI Indicators:

ROI "A" (NI" A" /TA)	4.08%	5.11%	4.86%	2.89%	2.58%	2.99%	2.76%	2.94%	4.48%	6.16%
ROI "B" (NI" B" /TA)	1.57%	2.36%	1.95%	0.20%	-0.17%	0.39%	0.22%	0.11%	1.21%	2.50%

* - Excludes Depreciation

** - Excludes Construction in Progress

TABLE 25 (Unaudited)

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

**Debt Service Requirements
December 31, 2007**

Table 9:

Year Ending	Series 2002-A Bonds			Series 2002-B Bonds			Grand Total
	Principal	Interest	Total	Principal	Interest	Total	
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
	\$ 6,215,000	\$ 1,457,200	\$ 7,672,200	\$ 4,670,000	\$ 1,026,930	\$ 5,696,930	\$ 13,369,130
Average							\$ 1,671,141

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

**Pension Plan
December 31, 2008**

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 574 cash-balance-account type 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 \$720,926 and \$1,132,885, respectively for the year ended December 31, 2008. Both the employees and the Authority make monthly contributions.

Annual Pension Cost and Net Pension Obligation

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

Years Ended December 31,	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 1,132,885	100.00%	\$ -
2007	1,051,409	100.00%	\$ -
2006	992,226	100.00%	\$ -

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

**Pension Plan
December 31, 2008**

Table 10 (Continued):

The latest actuarial valuation for the Authority employees was completed as of December 31, 2007. The actuarial cost method and significant assumptions underlying the actuarial calculations are as follows:

Actuarial Cost Method	Entry Age
Asset Valuation Method	SAF: 10-year smoothed value ESF: Fund value CSARF: Fund value
Projected Annual Salary Increases	5.3% average
Assumed Rate of Return on Investments	8.00%
Inflation Factor	3.5%
Amortization Method:	
Unfunded Actuarial Accrued Liability	Level percent, closed
Overfunded Actuarial Accrued Liability	Level percent, open
Amortization Period:	
Unfunded Actuarial Accrued Liability	15 years
Overfunded Actuarial Accrued Liability	30 years
Cost of Living Adjustment	0.0

Schedule of Funding

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

Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded	Funded Ratio	Annual Covered Payroll	Percentage of Covered Payroll
2007	\$ 17,772,709	\$ 21,735,463	\$ 3,962,754	81.77%	\$ 9,558,257	41.46%
2006	15,800,903	19,548,987	3,748,084	80.83%	9,020,225	41.55%
2005	13,572,671	18,177,881	4,605,210	74.67%	8,544,001	53.90%

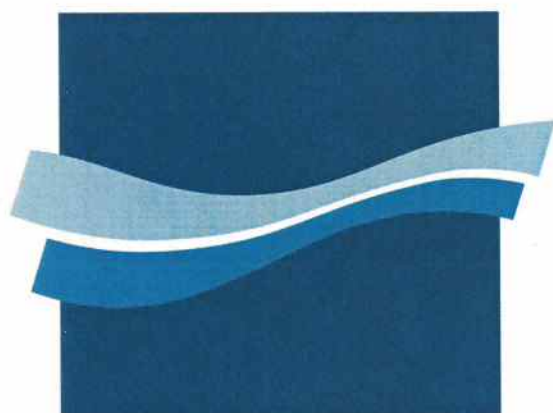
**PORT OF CORPUS CHRISTI AUTHORITY
OF NUECES COUNTY, TEXAS**

**Current Investments
December 31, 2008**

Table 11:

The Authority's investments at December 31, 2008, are shown below:

	Carrying Value	Fair Value	Category
Investments:			
Certificates of Deposit	\$ -	\$ -	1
Total investments	\$ -	\$ -	
Temporary investments shown as cash equivalents:			
Mutual fund-AIM	\$ 22,992,274	\$ 22,992,274	Pooled
Total temporary investments shown as cash equivalents	\$ 22,992,274	\$ 22,992,274	



PORTCORPUSCHRISTI

SINGLE AUDIT SECTION



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 of Nueces County, Texas (the Authority), as of and for the year ended December 31, 2008 and 2007, and have issued our report thereon dated March 31, 2009. 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 Authority'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 Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority'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 Authority'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
March 31, 2009



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 of Nueces County, Texas (the 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, 2008. The Authority's major federal programs are identified in the summary of auditor's result section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of the 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, 2008.

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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program 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 material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance 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 compliance 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
March 31, 2009

PORT OF CORPUS CHRISTI AUTHORITY OF NUECES COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more 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:

One or more material weaknesses identified? Yes X No

One or more 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>
20.000	U.S. Department of Transportation: Joe Fulton International Trade Corridor
97.056	U.S. Department of Homeland Security: Port Security Grant #6
97.056	Port Security Grant #7

Dollar threshold used to distinguish between type A and type B programs: \$300,000

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 EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008

<u>Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Federal Assistance			
U.S. Department of Homeland Security			
Direct Programs			
Port Security Grant #6	97.056	2006-GB-T6-0090	\$ 403,386
Port Security Grant #7	97.056	2007-GB-T7-0033	75,144
Port Security Grant #7 Supplemental	97.000	2007-GB-T7-K038	284,048
Total Port Security Grants			<u>762,578</u>
Passed through Texas Department of Public Safety			
Hurricane Preparedness	97.036	FEMA-TX-DR3294	<u>29,254</u>
Total U.S. Department of Homeland Security			<u>791,832</u>
U.S. Department of Transportation			
Passed through Texas State Department of Transportation			
Joe Fulton International Trade Corridor	20.000	CSJ0916-35-046	<u>2,014,508</u>
Total U.S. Department of Transportation			<u>2,014,508</u>
Total Expenditures of Federal Awards			<u>2,806,340</u>
Total Expenditures of Federal Awards			<u>\$ 2,806,340</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 AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. **General**

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

2. **Basis of Accounting**

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



PORTCORPUSCHRISTI